

Strategy

POWR And DCII: Scaling Up Capacity

Highlights

- **POWR is a direct beneficiary of rising data centre demand**, and it expects demand from data centre players to increase from 274MVA to 447MVA by 2028. Meanwhile, DCII's 120MW H1 expansion could generate enquiries for up to 200MW of power demand for POWR.
- **Power-related costs accounted for 37.2% of DCII's 1H26 cost of revenue. Rising data centre demand will drive higher electricity consumption, directly benefitting POWR through increased power demand.**
- **DCII is scaling from 132MW to over 2GW**, while its 4-12 months build time and 13-year track record of 100% uptime remain key differentiators.

What's New

- **AI boom beneficiary.** The AI boom is generating positive spillover effects across the broader ecosystem in Indonesia, benefitting data centre operators, construction companies, industrial estate developers, and utilities. This trend is evident from DCI Indonesia's (DCII) expansion, with the company developing an additional 120MW in the H1 area, which should further increase demand for utilities and power supply from providers such as Cikarang Listrindo (POWR). Furthermore, NexAI Digital Infrastruktur's planned data centre development of 42MW in Kawasan Industri Jababeka (KIJA) should create additional demand for industrial estate demand and power supply, benefitting both KIJA and POWR.
- **Power generation footprint in Bekasi.** POWR has an integrated power infrastructure platform serving five of the largest industrial estates in Bekasi, covering MM2100, East Jakarta Industrial Park, Hyundai Inti Development, Lippo Cikarang and Jababeka Industrial Estate. The company serves over 96% of industrial estate tenants, providing a strong captive customer base as these estates continue to expand. Its generation and transmission network includes the 755MW gas and steam power plant (PLTGU) Jababeka, 109MW gas power plant (PLTG) MM-2100, and 280MW stream power plant (PLTU) Babelan, including 70MW co-firing capacity. POWR also operates 50.5MWp of solar capacity as per 1H26, providing an additional renewable power source. Additionally, the company is currently commissioning a 50 MW gas engine project in MM-2100.
- **Input cost is passed through to customers.** Electricity input costs are generally passed through to customers. This helps mitigate direct exposure to fluctuations in fuel costs and provides greater visibility on margins. POWR operates a diversified fuel mix. The current portfolio includes approximately 280MW of coal capacity with approximately 25% biomass mix. The current power generation portfolio includes approximately 280MW of coal-fired capacity with a 25% biomass mix, alongside 864MW of gas-fired generation capacity. For gas, POWR indicated several pricing references, including around US\$8.20/MMBtu from Pertamina EP, and approximately US\$9.00/MMBtu from PGN, depending on the source and contract.
- **Increasing power demand from data centres.** Current data centre usage is approximately 274MVA, expected to increase to around 303MVA by end-26, 385MVA by 2027, and approximately 447MVA by 2028, based on existing customer forecasts and expected ramp-up. Nevertheless, contracted demand does not immediately translate into full electricity consumption. Customers typically require time to ramp up their power usage, meaning the timing of actual utilisation remains an important variable for POWR. POWR is continuing negotiations with customers on additional contracted capacity, with some potential commitments expected around end-26 or in 2027.

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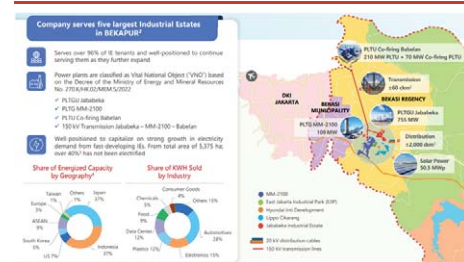
Valuation

	Mkt Cap	3M Avg Turnover	PE (1H26) Annualized	ROE 2026F	Div. Yield LTM	Net Gearing
Ticker	(US\$m)	(US\$m)	(x)	(%)	(%)	(%)
POWR	920	0.3	12.8	10.8	7.3	4.9
TNB MK	18,945	20.5	20.1	9	3.5	144.6

Source: Bloomberg

- **Importance of reliability for data centre users.** POWR emphasised the importance of reliability for data centre customers, where power interruption can result in significant operational disruption. POWR conducts regular testing and maintenance of its generation assets to ensure reliability. Fuel supply security is supported by a diversified energy mix comprising coal, gas, biomass, with diesel fuel available. This is also supported by dedicated storage infrastructure, including coal and biomass yard as well as fuel tanks. In addition, POWR also has standby units that operate when the main generating units are out or undergoing scheduled maintenance.
- **Zero downtime for the past 13 years.** DCII described a data centre as similar to an apartment building, where the servers are effectively the tenants. The key difference is that a data centre cannot tolerate downtime. Customers require continuous operation because even short disruptions can result in significant financial and operational consequences. DCII therefore focuses heavily on three core requirements: Power, cooling and security. The company highlighted its operating track record of maintaining 100% uptime with zero downtime over approximately 13 years. This long operating history is important because customers prioritise proven reliability when selecting a data centre provider.
- **Spillover demand from AI boom.** Demand is increasingly being driven by hyperscalers and AI-related workloads. AI applications require significantly more computing power than traditional workloads, around 10x more intensive, resulting in substantially higher electricity consumption per unit of computing capacity. Structure research projects global data centre demand increasing from around 13.2GW in 2025 to 121.8GW by 2030, reflecting the rapid expansion of AI and data centre infrastructure requirements.
- **Increasing capacity from higher demand.** DCII is targeting a major expansion of its data centre footprint with total planned capacity expected to increase from approximately 132MW currently to more than 2GW over time. One of DCII's competitive advantages is development speed, with new data centres able to be completed in four months, while the longest projects take less than 12 months, depending on specifications and customer requirements.
- **Power as the largest cost for data centres.** Power is one of the largest operating costs for data centres, accounting for 37.2% of cost of revenue in 1H26. However, the cost is passed through to customers. Other major cost components include: cooling equipment, maintenance, facility infrastructure, and security systems. The electricity usage is beneficial for POWR as it provides electricity to DCII. With DCII adding a 120 MW data centre in the H1-Campus area, it could generate enquiries for up to 200MW of power demand for POWR.
- **Security, reliability and operational track record.** Security is a critical part of DCII's offering where the company uses physical security infrastructure and anti-drone systems to detect unauthorised or unidentified drones around the facility. DCII also highlighted its compliance with high infrastructure and operational standards, which it has standardised across all its data centres. Certification itself is viewed as a standard requirement rather than the primary competitive differentiator. In practice, customers place greater importance on reliability, security, redundancy and operational track record.
- **Co-located infrastructure reduces latency and connectivity risk.** DCII's campus approach allows multiple companies or customers to connect within the same infrastructure ecosystem. Having facilities in the same location can reduce network latency between customers and lower the risk associated with external connectivity disruption.
- **One-year lead time between contracted capacity and delivery.** DCII highlighted strong contracted demand, with the broader national data centre market targeting approximately 2GW of contracted capacity over the next two years. Contracted capacity does not immediately translate into delivered or revenue-generating capacity as there is typically at least a one-year gap between contract signing and delivery.

POWR Footprint



Source: POWR

Powr PLTGU Jababeka

Source: UOB Kay Hian

DCII 120MW Data Center Development



Source: UOB Kay Hian

DCII H1-Campus



Source: DCII.

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