



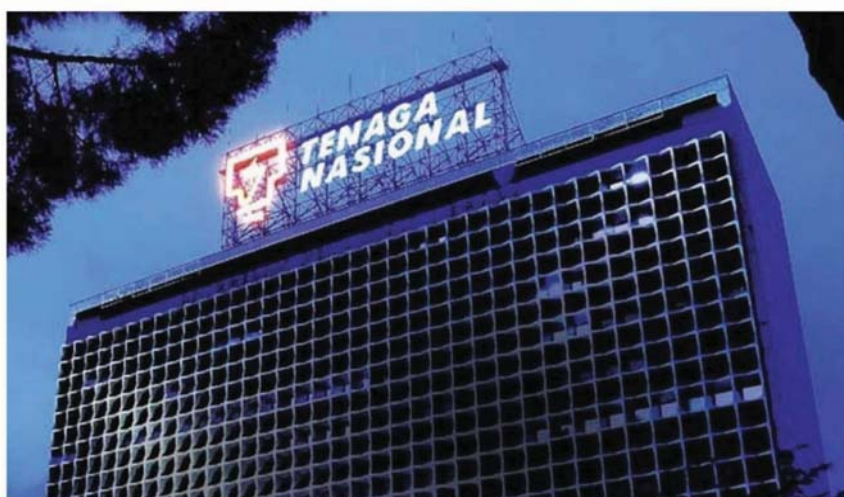
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TNB weighing up to US\$1 bil renewable unit stake sale, sources say

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(Nov 7): Tenaga Nasional Bhd (TNB) is exploring selling a minority stake in a planned renewable energy (RE) unit to help fund its expansion into the sector, *Bloomberg* reported quoting sources.

It said the country's utility giant has asked banks to submit proposals and could raise US\$300 million to US\$1 billion (RM4.74 billion) from potential investors, but hasn't picked a financial adviser yet.

"Deliberations are ongoing and there is no guarantee that TNB will proceed with the stake sale," said people with knowledge of the matter.

TNB chief new energy officer Mohd Zarihi Mohd Hashim told *The Edge* in an interview in September this year that the group was eyeing new equity of around US\$500 million within the next 12 to 18 months, and up to US\$1.5 billion in 2022-2025 for its new energy company (NECo).

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"We are still gauging investor appetite towards its RE growth plan. I believe there is no shortage of RE capital; it is more about project pipeline and investor appetite as to which market they want to go into," he noted.

With a global generation capacity of 491 megawatt peak (mwp) from solar and 165mw from wind and growing, NECo has an earnings before interest and tax (Ebit) target of RM2.5 billion by 2025.

Under NECo, Tenaga aims to develop new RE projects (80% to 90% of the 3.6gw project pipeline are greenfield projects), rather than buying into operational assets, as it pursues a higher economic internal rate of return of 7%-9% from 7% currently.

TNB's UK RE unit, which owns 530.4mw of solar and wind generation capacity, posted an earnings before interest, taxes, depreciation and amortisation (Ebitda) of US\$45.16 million in 1HFY2022 — an encouraging result but still small at 2% of group Ebitda of US\$2.48 billion during the period.

Mohd Zarihi said TNB is still at an early stage of developing its capital strategy, and expects the RE entity to attract investors aligned with their strategic goals, according to *Bloomberg*.

The group aims to achieve net-zero emissions by 2050 and to be coal-free by the early 2040s. It is focusing on renewable energy markets in the UK, Malaysia, Thailand, the Philippines and Vietnam, with plans to expand to other markets in Asia and Europe.

It expects to have 0.7-gigawatt of installed renewable capacity by year end, and targets to increase that to 14.3GW by 2050.

TNB has bought several wind assets in the UK, including a 97.3-megawatt onshore wind portfolio earlier this year, and a 49% stake in offshore wind farm company Blyth Onshore Demonstrator Ltd in 2021.