

Headline	Affin Hwang keeps 'buy' rating on TNB		
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TNB Janamanjung Sdn Bhd, a wholly-owned subsidiary of Tenaga Nasional Bhd, owns and operates four coal-fired power plants on a man-made island in Manjung, Perak. FILE PIC

## EARNINGS FORECAST TRIMMED 7pc

# Affin Hwang keeps 'buy' rating on TNB

**KUALA LUMPUR:** Tenaga Nasional Bhd's earnings forecast has been trimmed by seven per cent by Affin Hwang Capital following the outage at TNB Janamanjung Sdn Bhd.

It also revised TNB's core net profit to RM4 billion for this year — 10 per cent below the consensus forecast. This had yet to factor in the outage.

TNB Janamanjung's 1,010 megawatt (MW) coal-fired power plant has been offline since the start of December last year due to severe fractures in the intermediate pressure steam turbine.

The damaged plant components have been sent back to General Electric's facility in Germany for a detailed assessment.

"The time required to restore the plant's operations will depend on findings on the root cause of the disruption, the extent of damage to other parts of

the steam turbine and subsequent remedial action," Affin Hwang said yesterday.

TNB Janamanjung is a wholly-owned subsidiary of TNB that owns and operates four coal-fired power plants on a man-made island in Manjung, Perak.

It generates 3,100MW of electricity from its three units of 700MW and one unit of 1,010MW coal-fired power plants.

The three units of 700MW are known as generating facility 1 (GF1) and the 1,010MW unit is known as Generating Facility 2 (GF2) or Manjung 4.

TNB Janamanjung contributed RM148 million to RM286 million of net profit per annum between 2020 and 2022 on the back of RM6.2 billion to RM7.2 billion of revenue.

"Judging from RAM Ratings' press release, the issues at Manjung 4 sound major and we be-

lieve repair works may take several months.

"Assuming they take three to four quarters and the plant only resumes operations in the fourth quarter of 2024, we estimate that TNB may miss out on RM400 million of capacity payments.

"While the group should also see some reductions in energy payments and higher repair costs, these should be cushioned by higher energy payments to its other power plants and insurance claims," Affin Hwang added.

Notwithstanding the potential earnings setback from the major outage from Manjung 4, the firm maintained its "buy" rating on TNB due to optimism on Malaysia's energy transition agenda, where TNB is poised to be a key beneficiary due to ample new business prospects and the opportunities to improve its ESG rating.