

Headline	Creation of shareholder value remains TNB's priority		
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Creation of shareholder value remains TNB's priority

KUALA LUMPUR: Tenaga Nasional Bhd (TNB) will continue to make the creation of shareholder value a priority of its business, underpinned by the stable industry landscape enabled by the incentive-based regulation (IBR) framework and imbalance cost pass-through (ICPT) mechanism.

Since its first implementation in March 2015, the ICPT had consistently cushioned TNB from the effect of fluctuations in generation costs and fuel prices, said President and Chief Executive Officer, Datuk Seri Azman Mohd.

The first regulatory period ended in December 2017, during which the government approved seven cycles of ICPT implementation.

For the current regulatory period (2018-2020), the government has decided to maintain the existing rates in the tariff schedule from the first regulatory period, with the ICPT rebate maintained at 1.52 sen/kWh for the ICPT implementation period of Jan 1 to June 30, 2018.

"Included in these rates are new capital allowances for TNB to invest in further improving and modernising our grid.

"(Hence), we continue to make the creation of shareholder value a priority of our business. We are proud that during the four months under review, our performance has sustained value creation for you, our shareholders, delivering a total shareholder return of 6.7 per cent in the four-month financial period ended Dec 31, 2017," Azman said in the company's interim annual report (IAR) released recently.

The IAR, produced due to the change in TNB's financial year end from Aug 31 to Dec 31, is for the period from Sept 1, 2017, to Dec 31, 2017. The financial year will



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revert to 12 months ending Dec 31 subsequently.

He said the management was pleased to have achieved the shareholder return in conjunction with ensuring the delivery of an electric system for Malaysia which was on par with the best performing systems.

This had been demonstrated with TNB's annualised System Average Interruption Duration Index (SAIDI) for the period, of 54.15 minutes/customer/year and system minutes, of 0.05 minute, Azman said.

"The performance of our

electricity industry is further validated by Malaysia's eighth ranking for 'Getting Electricity in the World Bank's Doing Business 2018 Report'.

"These achievements clearly demonstrate the value we have delivered both to you, our shareholders, as well as, in enhancing the energy landscape," he added.

On the outlook, TNB Chairman Tan Sri Leo Moggie said the energy industry remained as exciting as ever due to the rapid developments in the regulatory landscape, as well as, consumer and energy trends.

TNB aspires to become a global top 10 utility by 2025.

"Against this backdrop, we remain confident that our 10-year strategic plan, launched last year, has introduced the measures needed to ensure continued growth and sustainability for TNB," he said.

He added the company was optimistic that the upcoming regulatory period would remain supportive of the company's fundamentals, ensuring the continued delivery of value for it, shareholders and all other stakeholders. — Bernama