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DISPOSAL OF TNB SHARES

KHAZANAH: SALE IS PART OF REVAMP

Proceeds will be used for reinvestment purpose, says sovereign wealth fund

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KHANANAH Nasional Bhd has defended its move to sell 85 million Tenaga Nasional Bhd (TNB) shares off-market at a discount, which led to the stock price slumping to its lowest in 42 months.

Khazanah managing director

Datuk Shahril Ridza Ridzuan said the move was part of the government-linked investment company's strategy to restructure its portfolio.

"All proceeds will be used for Khazanah's balance sheet and reinvestment purposes," he told the *New Straits Times* yesterday.

The TNB share sale came after Khazanah reported a pre-tax loss of RM6.3 billion for last year, largely attributed to a RM7.3 billion impairment.

It is also the sovereign wealth fund's first loss since 2005.

Earlier, Bloomberg reported that Khazanah had offered to sell 85 million shares in TNB at RM12.33 each, which represented a two per cent discount to the stock's last closing price of RM12.58.

"The offer shares represent about 1.5 per cent of issued share capital (of TNB). Khazanah is subject to a 60-day lock-up. JP-Morgan and CIMB are joint book-runners," it reported.

TNB's share price subsequently slumped to its lowest level since September 30, 2015, with the stock losing close to RM3 bil-



lion in market value.

The utility giant fell 4.13 per cent to end at RM12.06 yesterday from Wednesday's close, making

it the biggest loser among FTSE Bursa Malaysia KLCI's (FBM KLCI) 30 stocks.

TNB shares dropped as much as six per cent in the afternoon session to RM11.80 but was able to counter some of the losses later.

The FBM KLCI was also down by 0.93 per cent to close 1,624.23 points from 1,639.46 on Wednesday.

Stock market analyst Nazarry Rosli said the excessive fall in TNB's share price was only temporary.

"It is sentiment-driven and that's why it would only be temporary. It does not affect the fundamental aspect of TNB."