

Headline	PublicInvest upgrades TNB to 'buy'		
MediaTitle	New Straits Times		
Date	13 Apr 2019	Language	English
Circulation	36,278	Readership	108,834
Section	Business Times	Page No	19
ArticleSize	225 cm ²	Journalist	N/A
PR Value	RM 23,268		



OUTLOOK

PublicInvest upgrades TNB to 'buy'

KUALA LUMPUR: Public Investment Bank (PublicInvest) upgraded Tenaga Nasional Bhd (TNB) to "buy" from "neutral".

In a note yesterday, it said at current market price, TNB's dividend yield of four per cent looked attractive.

"We are maintaining our earnings forecasts with an unchanged discounted cash flow-based target price of RM14.12.

"Although sentiment was dragged down by news of Khazanah Nasional Bhd's share disposal, TNB's fundamental remains unaffected and, hence, we see the weakness in share price as a good opportunity to accumulate.

"While the incentive-based regulation framework would cap the return on TNB's regulated assets, we believe its profitability could still be improved through cost efficiency and higher return



on its non-regulated assets."

In an announcement to Bursa Malaysia, TNB said Khazanah sold 85 million shares, which represented a 1.5 per cent stake in the national utility.

The disposal saw Khazanah's shareholding in the utility giant

dropping to 27.27 per cent from 28.76 per cent, previously.

It also said Bloomberg data showed the disposal by Khazanah was worth RM1 billion at a price of RM12.33 a share, representing a two per cent discount to its closing price of RM12.58.

"Although we believe the disposal was part of asset value realisation by Khazanah, TNB remains a strategic holding of the sovereign wealth fund.

"Given that TNB's market capitalisation fell by RM18.5 billion year-to-date, compared with a loss in revenue of RM640 million in financial year 2018, we feel the sell-down was over-rated," it said.

On the upcoming electricity tariffs review in June, the investment bank said there was less pressure to hike the base tariff for residential customers due to falling global coal prices. **Bernama**