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TNB excited over growth prospects, says Moggie

TENAGA Nasional Bhd (TNB) is excited over growth prospects that will see it delivering even better services, catalysing new market growth by unlocking the value of network assets and improving sustainable value for its stakeholders, said chairman Tan Sri Leo Moggie.

"We see this as part of our unwavering commitment and contribution to realise the nation's ambitions," he said in TNB's financial year 2018 (FY18) integrated annual report, which also detailed much of the power utility's progress over the past 70 years.

Through the strategic efforts initiated under its Reimagining TNB (2017-2025) blueprint, Moggie said TNB continues to register revenue growth and healthy profits, fostered by a conducive regulatory environment.

TNB's group revenue grew 6.3% from FY17 to RM50.39 billion for the year ended Dec 31, 2018, driven mainly by higher electricity demand which peaked in August 2018 to 18,338MW, a rise of 3.1% over FY17.

Net profit for FY18 was lower at RM3.75 billion compared to RM6.91 billion in FY17, mainly due to regulatory adjustment as a result of regulatory changes in the Second Regulatory Period (RP2) (2018-

2020), impairment and foreign-exchange translation.

Electricity demand continued its positive momentum in FY18, with annual electricity sales increasing 1.4 percentage points than initially projected under the RP2 of the Incentive-based Regulation (IBR) framework.

Moggie said the sustainable ecosystem afforded by the IBR framework and the Imbalance Cost Pass-Through (ICPT) mechanism implemented in the last four years by the Energy Commission have resulted in Malaysia having one of the most reliable energy networks in the region that is on par with other advanced countries.

By taking a proactive and forward-looking approach, he said TNB has undertaken preparatory works to gear itself for the RP3 (2021-2023) and it is expected to submit its IBR RP3 proposal by December this year.

With constant technology disruptions affecting the industry, Moggie said TNB, which recorded a commendable 99.97% system availability in 2018, believes that it is important for the Malaysia Electricity Supply Industry (MESI) to be prepared for the oncoming fundamental shifts impacting the global



Pic by Muhd Amin Nazatul

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electricity industry.

Saying that the government's timely reform efforts through MESI 2.0 is a key step to prepare the industry ahead of global trends, he said there is a rising need to future-proof Malaysia's industry structure and regulations, and to empower consumers to make smarter choices in a more democratised and decentralised setting.

Having anticipated these market-wide reforms, he said TNB has launched its strategic plan under Reimagining TNB by putting in place a solid foundation and transforming its internal processes and structure to enable the power

utility to be more technologically advanced and cost-optimised compared to four years ago.

As electricity demand continues to increase in Peninsular Malaysia, TNB has been building a 500kV Grid Superhighway costing RM2 billion since 2015.

The 500kV Grid Superhighway, expected to be ready next year, will enable adequate and safe power transfer from other regions into TNB's Central Area of Peninsular Malaysia, which accounts for about 45% of the entire peninsula's electricity demand.

For FY18, TNB approved a single-tier interim dividend of 30.3 sen per ordinary share amounting to a dividend payout of RM1.72 billion (paid in October 2018) and a final single-tier dividend of 23 sen per ordinary share amounting to a dividend payout of RM1.31 billion.

Moggie said TNB, which aspires to be among the Top 10 global utility companies by market capitalisation in 2025, is confident that its highly skilled workforce, coupled with the measures executed under its Reimagining TNB strategy will position the group favourably to capture new opportunities in the future. — *Bernama*