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Moggie: TNB upbeat about growth prospects

KUALA LUMPUR: 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, says 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 (FY2018) 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 continued to register revenue growth and healthy profits, fostered by a conducive regulatory environment.

TNB's group revenue grew 6.3% from FY2017 to RM50.39bil 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 FY2017.

Net profit for FY2018 was lower at RM3.75bil compared with RM6.91bil in FY2017, 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 FY2018, 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 mechanism implemented in the last four years by the Energy Commission had resulted in Malaysia having one of the most reliable energy networks in the region that was on par with other advanced countries.

By taking a proactive and forward-looking approach, he said TNB had undertaken preparatory works to gear itself for the Third Regulatory Period (RP3) (2021-2023) and it was 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, believed that it was important for the Malaysia Electricity Supply Industry (MESI) to be prepared for the oncoming fundamental shifts impacting the global electricity industry.

The government's timely reform efforts through MESI 2.0 was a key step to prepare the industry ahead of global trends, there was a rising need to future-proof Malaysia's industry structure and regulations, and to empower consumers to make smarter choices.

Having anticipated the market-wide reforms, he said TNB had 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 RM2bil since 2015.

The 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.

The grid network is the backbone of TNB's electricity supply chain, transporting bulk electricity from power generators to the distribution network to brighten homes, offices and commercial spaces, while supplying directly to industries for manufacturing.

In terms of dividend payout, Moggie said TNB remained committed to creating long-term value for shareholders by consistently delivering optimum dividends for each financial year.

For FY2018, TNB had approved a single-tier interim dividend of 30.3 sen per ordinary share amounting to a dividend payout of RM1.72bil (paid in October 2018) and a final single-tier dividend of 23.0 sen per share amounting to a dividend payout of RM1.31bil. — Bernama



Powerhouse: Moggie says TNB continues to register revenue growth and healthy profits. — Bernama