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# TNB: Fibre optics business to start contributing in 2020

New ops will bring recurring earnings with wholesale model

BY JUSTIN LIM

KUALA LUMPUR: Tenaga Nasional Bhd (TNB) is expecting its connectivity business that provides fibre optic infrastructure for high-speed broadband (HSBB) to start contributing to earnings by next year, following its successful pilot project in Melaka, according to chief executive officer (CEO) Amir Hamzah Azizan.

The Melaka project involved 1,100 homes in Jasin and was implemented under the government's RM1 billion National Fiberisation and Connectivity Plan initiative announced in Budget 2019.

"Earnings (from the new business) should be coming in from next year onwards," said Amir Hamzah, adding that the group is looking at any commercially viable places for the expansion of the new business.

Amir Hamzah, who was appointed TNB CEO in early April, said the utility giant's new business is based on a wholesale model and the plan to expand this business has received support from the group's board members and shareholders.

"It is important to realise that the expansion of the fiberisation journey may take a bit longer, but the recurring earnings we can get from this wholesale business are like our utility business. We invest in the infrastructure and we [get the] yield over the years to come," he told reporters after the group's annual general meeting yesterday.

"What we are doing is we maximise the opportunity [of this business] by opening new areas, based on [our] connectivity capability. This (the pilot project in Jasin) was worked on with the Malaysian Communications and Multimedia Commission (MCMC), and they welcomed our participation as



(From left) Amir Hamzah, TNB chairman Tan Sri Leo Moggie and Nazmi at TNB's annual general meeting in Kuala Lumpur yesterday. Photo by Shahrin Yahya

the penetration of fibre (network) in our country is not high enough.

"With TNB coming into the [fibre optic infrastructure] space, both TNB and MCMC believe this will help expand fiberisation in Malaysia," Amir Hamzah added.

#### Plans to spend up to RM9.5b on capex this year

TNB has earmarked a capital expenditure (capex) of between RM9 billion and RM9.5 billion for the current financial year ending Dec 31, 2019 (FY19).

Of the total capex, RM6 billion will be used for its grid division and RM2.5 billion will be allocated to its generation division, with the latter mainly to cater to the Jimah East Power Plant and the Southern Power Generation Pasir Gudang plant, according to TNB chief financial officer Nazmi Othman, who was also present at the press conference.

The remainder will be used for its renewable energy and smart

metering expansion, Nazmi added.

Meanwhile, the group is planning to roll out smart meters in the Klang Valley this year and is now engaging with service providers who are able to deliver and instal the number of smart meters that TNB needs.

According to its annual report 2018, TNB has completed the implementation of 190,000 smart meters in Melaka. For 2019, the installation programme will expand beyond Melaka with a focus on homes and businesses in the Klang Valley.

Amir Hamzah said the smart meters offer customers more transparency in terms of their consumption throughout the day, and allows TNB to offer more services that will benefit both parties in the long run.

TNB shares rose 0.51% or six sen to close at RM11.80 yesterday, valuing it at RM67.11 billion, after some 9.08 million shares changed hands. The stock has retreated 23.44% over the past one year.