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17 AUG, 2026

TNB key beneficiary of energy transition

The Malaysian Reserve, Malaysia

TNB key beneficiary of energy transition

TENAGA NASIONAL BHD			
FYE DEC	2026	2027F	2028F
REVENUE (RM mil)	65,038	68,508	71,604
CORE PATAMI (RM mil)	5,220	5,734	6,393
CORE EPS (sen)	89.8	90.2	91.2
DIVIDEND YIELD (%)	3.8	3.8	3.8

▶ **Recommendation: Buy**
Target Price: RM16.40
by MBSB Investment Bank Bhd (Aug 7)

Source: Media Mulia

WE MAINTAIN our 'Buy' recommendation on Tenaga Nasional Bhd (TNB) with an unchanged DCF-derived TP of RM16.40.

Its UK operations through Vantage RE Ltd albeit a small contributor to the group's earnings, remains strategically important to the group, providing exposure to a mature RE market.

In Malaysia, the latest tariff framework under RP4 provides greater stability and transparency, especially through the dynamic Automatic Fuel Adjustment (AFA) that removes the lag in fuel-cost recovery thus, protecting TNB from fuel price swings.

Electricity demand is also expected to be strong moving forward, where we expect a growth of +5.4% in CY26.

We continue to view TNB as a key beneficiary and enabler of Malaysia's energy transition, supported by rising regulated grid capex, growing battery energy storage system (BESS) requirements and sizeable renewable energy (RE) opportunities through initiatives such as HHFS.

Technical visit to the UK. TNB hosted a technical visit to the UK recently, where we visited the Whiteside Hill onshore wind farm and the Eastfields solar farm under Vantage RE, a wholly owned subsidiary of TNB.

These two assets are part of Vantage RE's larger portfolio of 908.5 megawatts (MW) of operating assets across the UK and Ireland, comprising 743MW of solar, 124MW of onshore wind and 41.5MW of offshore wind.

Background of TNB's entry into UK. TNB's entry into the UK RE market began in 2017 when it invested £86m (RM475m) for a 50% stake in Vortex Solar Investments and subsequently into wind generation in 2018 after acquiring 80% in GVO Wind Ltd and Bluemerang Capital Ltd.

In 2020, TNB acquired an additional 5% in Vortex Solar and the remaining 20% of GVO Wind and Bluemerang.

The RE assets were then structured under Vantage RE, which was launched in July 21. Management targets 1.1GW of operating capacity by 2030.

Overview of Vantage RE's operations. It manages a total portfolio of close to 1.3GW. Other than the 908.5MW of operational assets, the pipeline overview includes 245MW of co-located BESS projects and 114.6MW of onshore wind farm projects.

Approximately 60% of revenue is supported by long-term contractual arrangements, including renewable obligation certificates (ROCs), feed-in tariffs (FiT), contract for difference (CfD) and corporate power-purchase agreements (CPPA).

More than 50% of revenue is expected to be inflationlinked in 2026, providing a natural hedge against inflation and greater cashflow stability.

Vantage RE operates with a relatively lean 38-person team, supported by external EPC contractors, O&M providers and technical advisors.

TNB's first internally built UK RE project. The 102MW Kampana portfolio, comprising the Eastfield and Bunkers Hill solar farms, represents the first large-scale UK renewable project developed and constructed by TNB through Vantage RE.

The projects use bifacial modules and single-axis trackers and are equipped for a proposed 65MW/130MWh DC-coupled BESS.