



# Resilient earnings set to boost TNB

<b>Sentiment</b>	Neutral	<b>Frequency</b>	Daily
<b>Outlet Country</b>	Malaysia	<b>Outlet Language</b>	English
<b>Impressions</b>	582,136	<b>Circulation</b>	291,068
<b>PR Value</b>	174,641	<b>Page</b>	5



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**PETALING JAYA:** Tenaga Nasional Bhd (TNB) is seen as a defensive investment play amid the current volatile equity market as its earnings are resilient and valuation is undemanding.

Maybank Investment Bank (Maybank IB) Research stated over 70% of the power utility's earnings are anchored by a resilient regulated earnings base.

"Medium-term earnings are anchored by a fixed return on a growing domestic-centric regulated asset base, with potential upside risk from contingent capital expenditure (capex) deployment and recovering generation contribution," the investment bank forecast in its latest report on TNB.

Under the regulatory period 2025 to 2027 or RP4, the proposed higher base tariff rate has factored a three-year base capex of RM26.6bil on a 7.3% regulated return. The contingent capex of RM16.3bil is not included in the base tariff, with the recovery mechanism still being finalised.

"By our estimate, fully deploying the contingent capex could lift our financial year 2027 (FY27) net profit by circa 8%," the investment bank added.

Another positive for the stock is the group's generation business contribution is set to recover with Manjung 4 now operational after its extended outage in FY24, Maybank IB said.

It added the generation segment's contribution to TNB's consolidated earnings is not immediately apparent as reported generation segment's earnings are distorted by fuel margins.

Despite the positives, Maybank IB has for now maintained its earnings forecast and has a "hold" call on TNB with a target price of RM14.50 a share after having incorporated the base RP4 parameters and a 50% dividend payout.