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Sentiment	Neutral	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	Chinese
Impressions	37,298	Circulation	18,649
PR Value	11,189	Page	7

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KUALA LUMPUR: An analyst has viewed Tenaga Nasional Bhd (TNB) as a relative safe haven given its earnings resilience and undemanding valuation, amid the prevailing market volatility.

In a note yesterday, Maybank Investment Bank Bhd said the electricity giant's 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.

It said TNB's earnings are anchored by a sizable (more than 70%) and resilient regulated earnings base, while the Regulatory Period 4 (RP4) base tariff has reflected a three-year base capital expenditure of RM26.6 billion (up 29% from RP3) on a 7.3% regulated return.

"Meanwhile, the contingent capex of RM16.3 billion (also on a 7.3% return and likely backloaded) is not included in the base tariff (and not in our forecasts), with the recovery mechanism still being finalised.

"By our estimate, fully deploying the contingent capex could lift our financial year 2027 estimate net profit by circa 8%," it added.

Maybank Investment noted that the generation's contribution to TNB's consolidated earnings is not immediately apparent as reported GenCo (generation company) earnings are distorted by fuel margins.

"We expect generation contribution to recover in the coming years with Manjung 4 now operational after its extended outage in 2024.

"Coal prices are trending down, which, along with the rebasing of reference coal prices in RP4, should imply lower imbalance cost pass-through surcharges, and this should help alleviate public pressure on net bill changes when the revised tariff schedule takes effect in the second half of 2025," it said. – Bernama