


Headline	Tenaga Nasional Bhd		
MediaTitle	The Edge		
Date	09 Dec 2013	Language	English
Circulation	23,565	Readership	120,000
Section	Corporate	Page No	46
ArticleSize	123 cm ²	Journalist	N/A
PR Value	RM 6,402		



Tenaga Nasional Bhd

Target price: **RM11.90 BUY**



RHB RESEARCH INSTITUTE (DEC 3): Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili has announced that electricity rates in Malaysia, excluding Sarawak, will go up by an average 14.9% to 38.5 sen per kWh, effective from Jan 1, 2014. Correspondingly, natural gas prices for power generation will be raised to RM15.20 per million British thermal unit (mmbtu) for the first 1,000 million standard cubic feet per day (mmscfd) from RM13.70, while the remaining 200 to 300 mmscfd of imported liquefied natural gas will be supplied at a fixed price of RM41.68 per mmbtu.

The tariff revision will be a boon for TNB as this may potentially mark the commencement of the much-anticipated fuel costs pass-through mechanism that will allow the company to pass on the fluctuations in fuel costs to the end-consumer.

We lift our core earnings forecasts for FY14 and FY15 marginally higher by 1.5% and 3.2% respectively. Given that positive reforms are materialising, we peg a revised FY14 P/E multiple at 15.4 times. Maintain "buy" recommendation.