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## TNB posts 14percent drop in 3Q profit while receivables jump to RM22.3 bil

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KUALA LUMPUR (Nov 23): Tenaga Nasional Bhd (TNB) reported a 14% year-on-year (y-o-y) drop in net profit for its third quarter ended Sept 30, 2022 (3QFY2022), as higher foreign currency translation losses, finance cost and Cukai Makmur (prosperity tax) weigh on its earnings.

Hence, net profit for 3QFY2022 fell to RM888.9 million from RM1.03 billion a year ago, despite operating profit increasing by 21.5% to RM7.91 billion from RM6.51 billion following a 47% growth in revenue to RM19.07 billion from RM12.98 billion, its Bursa Malaysia filing showed. No dividend was declared.

Revenue was driven mainly by higher under-recovery of Imbalance Cost Pass-Through (ICPT) of RM6.11 billion, as compared to the previous corresponding period's RM1.31 billion. Operating expenses grew 51.2% y-o-y, due mainly to higher generation cost.

The group's receivables, meanwhile, expanded further to RM22.3 billion as at 3QFY2022, up 16.3% from RM19.17 billion as at 2QFY2022.

"The continued high fuel prices in 1H 2022 has resulted in TNB carrying even higher receivables and borrowings balances in this quarter. The recovery of the receivables will be subjected to the next ICPT cycle. TNB is finalising a government guaranteed facility of up to RM6.0 billion to fund this additional generation cost," it said.

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It further said that to keep the tariff and the surcharge at 3.7 sen/kWh for non-domestic customers and the rebate of 2 sen/kWh for domestic customer unchanged, the government has agreed to fund the re-

bate and surcharge for 1H 2022 totalling RM5.8 billion. "TNB will fully recover this RM5.8 billion by the end of the financial year."

For the first nine months of this year (9MFY2022), TNB's net profit eased 4.7% to RM2.65 billion from RM2.78 billion in the previous year's corresponding period, despite revenue growing 46% to RM53.87 billion from RM36.89 billion.

"This was mainly contributed by the higher foreign currency translation losses, finance cost and tax expenses which include additional tax on Cukai Makmur for FY2022 amounting to RM414.3 million," it said.

TNB also said electricity demand grew 8.1% in 9MFY2022, and while that contributed to its "resilient" performance, challenges remained as the ongoing high fuel price environment continued to put pressure on the group's receivable balances.

"Taking into consideration the challenging business environment, the group anticipates a reasonable performance for the year 2022. Nevertheless, the group remains cautious and has taken prudent measures in terms of its operational and financial requirements to ensure it remains resilient," added TNB.

TNB closed two sen or 0.2% lower at RM8.42 per share on Wednesday, giving the utility giant a market capitalisation of RM48.44 billion.