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KUALA LUMPUR: Tenaga Nasional Bhd (TNB), which posted a net profit of RM888.9mil in the third quarter ended Sept 30, 2022 (3Q22), anticipates a reasonable performance for this year with electricity demand rising by 7.2% year-on-year (y-o-y) in line with Malaysia's economic growth.

"Taking into consideration the challenging business environment, the group anticipates a reasonable performance for 2022.

"Nevertheless, the group remains cautious and has taken prudent measures in terms of its operational and financial requirements to ensure it remains resilient," TNB said in a filing with Bursa Malaysia yesterday.

For comparison, TNB posted earnings of RM1bil in 3Q21.

The power utility said challenges remained as the ongoing high fuel price environment continued to put pressure on the group receivables balances.

TNB revenue jump 47% year-on-year to

RM19.07bil in the third quarter on higher under-recovery of Imbalance Cost Pass-Through (ICPT) of RM6.1bil as compared to RM1.3bil in 3Q21.

Revenue for the nine-month period, without cost recovery of the ICPT, increased by 6.6% to RM37.95bil from RM35.59bil, attributed to the increase in TNB sales of electricity in all sectors.

The ICPT mechanism allows TNB to remain neutral as it allows the group to pass through any variations in generation cost in the form of rebates or surcharges.

It is a six-month pass-through mechanism of variations in uncontrollable fuel cost and other electricity generation-specific costs incurred by the utility for the preceding six-month period.

"We have received a total of RM4.8bil ICPT cost recovery from July to November 2022 claims from the government," said TNB president and chief executive officer Datuk

Baharin Din in a statement yesterday.

TNB's earnings per share (EPS) for the quarter stood at 15.50 sen versus 17.57 sen in 3Q21.

Operating expenses increased by 51.2% y-o-y in the quarter mainly due to higher generation costs.

The utility's operating profit increased from RM2.06bil to RM2.91bil, an increment of RM852.7mil or 41.4% due to the above, coupled with lower net loss on financial instruments and higher other operating income recorded in the current quarter.

For the nine months to Sept 30, TNB posted a net profit of RM2.65bil, or 46.29 sen EPS down 4.7% y-o-y from RM2.78bil, or 48.72 sen EPS while revenue jumped 46% y-o-y to RM53.9bil against RM36.9bil last year.

TNB is accelerating its efforts by retiring selected coal plants earlier than planned and repowering fossil-fired power plants with new green technology, according to Baharin.