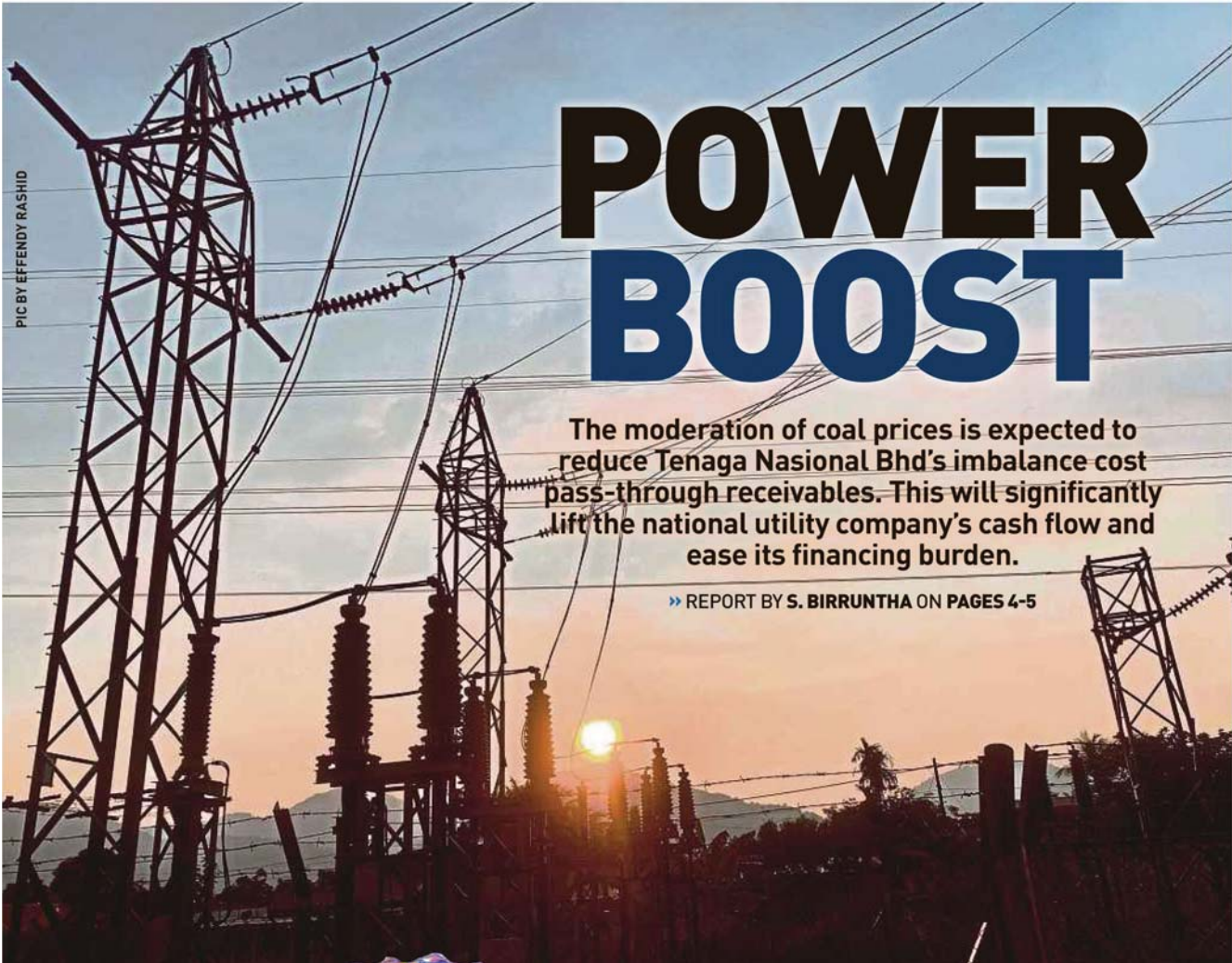




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IMPROVED CASH FLOW OUTLOOK

TNB EXPECTS TO RECOVER RM4.7B FROM GOVT IN H2

Lower global coal price to help reduce ICPT receivables

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THE moderation of coal price will help reduce Tenaga Nasional Bhd's (TNB) imbalance cost pass-through (ICPT) receivables, which once stood at a record high of RM14.07 billion in the first quarter ended March 31 last year.

TNB expects to recover RM4.7 billion of ICPT costs from the government in the second half of this year.

For the first half of the year, the national power company estimates a recovery of about RM7 billion from ICPT, based on current fuel price trends.

The global thermal coal price is stabilising this year near US\$200 a tonne, less than half of last year's record highs.

The benchmark Newcastle coal index is expected to average US\$175-US\$212 a tonne this year, a steep premium to the US\$86 average for the 10 years preceding Russia's invasion of Ukraine, but is down more than 50 per cent from last year's September high of US\$440.

The lower ICPT costs would significantly boost TNB's cash flow and ease its financing burden, said president and chief executive officer Datuk Baharin Din yesterday.

This reflects TNB's proactive stance in managing its financial outlook and controlling fuel-related expenditures.

The global reduction in coal prices, combined with TNB's proactive approach to enhancing revenue

collection, had positioned the company for an improved cash flow outlook, said Baharin.

This is further supported by the RM6 billion government-guaranteed loan to stabilise the energy industry.

These factors collectively contribute to TNB's strengthened cash flow and gearing level in the first half of this year.

Improvement in TNB's ICPT receivables is underscored by the



TNB president and chief executive officer Datuk Baharin Din

successful recovery of RM10.4 billion in ICPT costs from January to June.

"This demonstrates the government's continued commitment to the Incentive Based Regulation framework and ICPT mechanism for the past 18 cycles since 2015," said Baharin.

He said despite challenges stemming from negative fuel margins and foreign exchange volatility, TNB reported a commendable performance.

"TNB's prudent capital management enables the company to reward the shareholders with an interim dividend of 18 sen, which accounts for 49.4 per cent of the adjusted profit-after-tax and minority interests."

For the six months ended June 30, TNB's net profit declined to RM1.33 billion from RM1.77 billion a year ago, while revenue rose to RM25.95 billion from RM25 billion.

