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It remains cautious about FY16 prospects

BY MEENA LAKSHANA

KUALA LUMPUR: Tenaga Nasional Bhd (TNB) saw its net profit fall 38.89% to RM1.32 billion or 23.4 sen a share for the second quarter ended Feb 29, 2016 (2QFY16), from RM2.16 billion or 38.21 sen a share a year ago, on the recognition of the over recoverability of imbalance cost pass through (ICPT).

In a filing with Bursa Malaysia yesterday, the utility giant said the recognition of ICPT also dented revenue by 1.13% to RM10.49 billion compared with RM10.61 billion in 2QFY15.

For the first half of financial year 2016 (1HFY16), net profit declined 26.83% to RM3.3 billion or 58.41 sen a share from RM4.51 billion or 79.88 sen a share in 1HFY15, on the back of a 2.17% decline in revenue to RM21.17 billion from RM21.64 billion.

TNB said the recognition of ICPT during 2QFY16 had resulted in a lower profit attributable



to the owners of the company.

It said the cost had offset the 4.6% rise in sales of electricity from RM10.57 billion to RM11.05 billion. The higher sales were mainly in Peninsular Malaysia, which recorded an increase of 4.7%, with a corresponding growth in units of 4%.

The group said the recognition

of the cost also dented its 1HFY16 net profit, despite a 4.2% increase in sales of electricity during the period to RM22.23 billion from RM21.33 billion in 1HFY15.

TNB said it remains cautious about the group's prospects for FY16 in view of the challenging financial landscape that will influence the Malaysian economy.

"Bank Negara Malaysia, in its 2015 annual report, expects that the Malaysian economy will grow by 4% to 4.5% in 2016, with domestic demand continuing to be the principal driver of growth, sustained primarily by private-sector spending.

"While investments in the oil and gas industry are likely to remain weak in 2016, investments in the non-energy sectors are expected to continue in 2016, thus generating positive spillovers into the rest of the economy," said TNB.

TNB shares closed unchanged yesterday at RM14.40, with a market capitalisation of RM81.27 billion.