

Headline	TNB net profit down 39pc in 2Q16 due to higher apex		
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TNB net profit down 39% in 2Q16 due to higher opex

The company remains cautious on the group's prospects for FY16

by **PREMALATHA JAYARAMAN**

TENAGA Nasional Bhd (TNB) has recorded a lower net profit of RM1.32 billion, down 38.7%, in the second-quarter ended March 31, 2016 (2Q16), compared to RM2.16 billion a year earlier, due to higher operating expenses (opex).

Its revenue declined 1.13% to RM10.5 billion from RM10.61 billion in the same quarter last year due to the recognition of the over recoverability of imbalance cost



pass through (ICPT).

In a filing to Bursa Malaysia yesterday, TNB said the ICPT offset the 4.6% increase of the group's sales of electricity to RM11.05 billion from

RM10.57 billion.

"At the same time, the ICPT mechanism has also demonstrated that, in spite of a 3.6% increase in demand growth for the current period, savings from lower generation costs resulting from the decline in global fuel prices will be passed back to consumers," TNB's president and CEO Datuk Seri Azman Mohd (*picture*) said in a statement yesterday.

The increase in the group's sales of electricity was mainly from the sales of electricity in Peninsular Malaysia which recorded an increase of 4.7%, with a corresponding growth in units of 4%.

For the six-month period,

TNB's net profit fell 26.87% to RM3.3 billion from RM4.5 billion a year before, while revenue declined 2.2% to RM21.2 billion from RM21.6 billion.

Given the current challenging scenario, the company remains cautious on the group's prospects for the financial year ending Aug 31, 2016 (FY16).

On Tuesday, TNB has sealed a coal shipment deal worth RM2.3 billion with four Malaysian shipping companies.

Its unit, TNB Fuel Services Sdn Bhd, has signed five long-term contracts of affreightment for the shipment of coal from Indonesia, 10 years for second-hand vessels and 15 years for a newbuilding vessel.