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PR Value	RM 73,526		



Profit dampener

TENAGA Nasional says rebate to consumers has dented its profit despite higher first-quarter sales.

REPORT ON **B2**

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DOWN 38.7PC: Results mainly due to Imbalance Cost Pass-Through recognition

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TENAGA Nasional Bhd's (TNB) net profit declined 38.7 per cent, or RM835.5 million, to RM1.32 billion for the second quarter ended February 29 2016, from RM2.16 billion a year ago.

This was mainly due to the recognition of the over recoverability of Imbalance Cost Pass-Through (ICPT), said TNB in a filing to Bursa Malaysia yesterday.

The ICPT recognition also dented the group's revenue for the quarter by 1.1 per cent, or RM120.7 million, to RM10.49 billion from RM10.61 billion a year ago. This was despite the overall sales of electricity that grew 4.6 per cent to RM11.05 billion from RM10.57 billion.

For the first half, TNB's net profit fell 26.9 per cent to RM3.28 billion from RM4.48 billion a year ago, again mainly due to the ICPT recognition.

Group revenue for the six months shed 2.2 per cent to RM21.17 billion from RM21.64 billion previously.

In a separate statement, TNB said the ICPT recognition was first reflected in its third-quarter 2015 financial year.

After a thorough review and deliberation with the regulatory parties, TNB adjusted its net profit for the first half of the 2016 financial year. It now posted a 7.7 per cent increase to RM3.07 billion net profit from RM2.85 billion a year ago.

The improvement was mainly attributed to unit electricity demand growth of 3.6 per cent in the first half of the 2016 financial year for Peninsular Malaysia.

"TNB continues to experience the benefits of the ICPT under the Incentive-Based Regulation in terms of stabilised earnings and limiting

its exposure to variations in generation and fuel costs," said president and chief executive officer Datuk Seri Azman Mohd.

He said the ICPT mechanism has demonstrated that in spite of a 3.6 per cent increase in demand growth for the current period, savings from

lower generation costs resulting from the decline in global fuel prices would be passed back to consumers.

TNB remains cautious of its prospects this year in view of the challenging financial landscape.

It said Bank Negara Malaysia, in its 2015 annual report, expects the economy to grow by four to 4.5 per cent this year, 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 this year, investments in the non-energy sectors are expected to continue, thus generating positive spillovers into the rest of the economy," it added.

TNB shares closed unchanged at RM14.40 yesterday.



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