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RM11 TARGET PRICE

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KUALA LUMPUR: Hong Leong Investment Bank Bhd (HLIB Research) has downgraded Tenaga Nasional Bhd (TNB) to “hold” as the utility giant’s loss-making domestic power generation segment is expected to face continued pressure.

It said while TNB was a strong beneficiary of the National Energy Transition Roadmap (NETR), it expected a longer than anticipated gestation period for TNB to show strong earnings growth under the NETR.

In the meantime, TNB will have to contend with its domestic power generation segment’s con-

tinued weakness.

HLIB Research has an unchanged target price of RM11 for TNB.

TNB’s core earnings for the fourth quarter of financial year 2023 came in at RM644.7 million, bringing its full-year earnings to RM3.3 billion.

The results were within HLIB Research’s expectations but made up only 87 per cent of consensus estimates.

On outlook, HLIB Research expects power demand to be sustained in financial year 2024 in tandem with the country’s economic growth.