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## TNB positioned for growth amid energy shift

The Star, Malaysia



### CORPORATE

**PETALING JAYA:** Tenaga Nasional Bhd (TNB) appears well positioned for sustained earnings growth, underpinned by a robust capital expenditure programme and continued regulatory support.

Despite some short-term fluctuations in electricity demand, analysts believe the utility giant's prospects remain compelling, particularly as it stands to benefit from Malaysia's accelerating energy transition and data centre expansion.

Maybank Investment Bank Research (Maybank IB) noted that TNB's first-quarter results for 2025 were in line with expectations, as the group recorded a shortfall in regulated revenue due to a lower realised tariff and softer demand – shortfalls that will be recovered through the Industry Fund.

"The eventual finalisation of the recovery mechanism is a potential re-rating catalyst," it said, raising its earnings forecast for 2026 and 2027 by 3% and 7%, respectively, on the back of RM10bil in contingent capital expenditure (capex) under Regulatory Period 4.

Maybank IB upgraded its call for TNB to "buy" with a target price of RM15.50.

Hong Leong Investment Bank (HLIB)

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Higher spending and demand fuel profit momentum

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Maybank Investment Bank Research

Research highlighted a slight decline in overall power demand in Peninsular Malaysia but emphasised that the commercial segment showed strong growth, driven by data centres, business and accommodation services.

"We expect TNB to leverage the full potential of strong electricity demand

(mainly driven by data centre development), given the higher capex allocation of RM42.8bil to increase the regulated asset base substantially," it said.

HLIB Research maintained its "buy" call on TNB with an unchanged target price of RM16.20.

CIMB Research likewise kept its "buy"

stance with a target price of RM15.80, noting that core earnings per share (EPS) rose 18% quarter-on-quarter and 7% year-on-year on lower non-fuel costs and interest expenses.

"Given the in-line earnings, we maintain our core EPS forecast and target price of RM15.80," it said.

CIMB Research sees steady dividend yields of 3.5% to 3.9% over 2024 to 2026 while flagging downside risks, including potential cost overruns and delays in contingent capex spending.

CGS International Research viewed TNB as a critical enabler of the country's National Energy Transition Roadmap, in addition to being an indirect play on the data centre theme in Malaysia.