



PRESS RELEASE

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TNB ANTICIPATES REDUCTION IN ICPT RECEIVABLES AMID EASING COAL PRICE, STRENGTHENS CASH FLOW POSITION AND GEARING LEVEL

- Easing coal price strengthens TNB cash flow position and gearing level
- ICPT mechanism remains intact; fully recovered RM10.4 bil of ICPT costs for 1H2023

Tenaga Nasional Berhad (TNB) is likely to see a decline in its Imbalance Cost Pass-Through (ICPT) receivables, attributing this positive trend to moderating coal prices. This development significantly enhances TNB's working capital, consequently boosting its cash flow, and improving gearing levels in 2023, according to TNB President and Chief Executive Officer, Dato' Indera Ir. Baharin Din.

Easing coal price strengthens TNB cash flow position and gearing level

The global reduction in coal prices, combined with TNB's proactive approach to enhancing revenue collection, has positioned the company for an improved cash flow outlook. This is further supported by the RM6 billion government-guaranteed loan to stabilise the energy industry. These factors collectively contribute to TNB's strengthened cash flow position and gearing level in first half of 2023 (1H2023).

"TNB's prudent capital management enables the company to reward the shareholders with an interim dividend of 18 sen, which accounts for 49.4% of the Adjusted Profit After Tax After Minority Interest (PATAMI)," Baharin said during a recent analyst briefing on the Group's second-quarter financial results.

ICPT mechanism remains intact; fully recovered RM10.4 bil of ICPT cost for 1H2023

Improvement in ICPT receivables is underscored by the successful recovery of RM10.4 billion in ICPT costs for the period of January to June 2023. This demonstrates the Government's continued commitment to the IBR framework and ICPT mechanism for the past 18 cycles since 2015. Moreover, the company is expected to recover RM4.7 billion of ICPT costs from the Government in the second half of the year.

ICPT Outlook

For the first half of the 2024 financial year, TNB estimates a recovery of approximately RM 7.0 billion from ICPT, based on current fuel price trends. This forward-looking perspective reflects TNB's proactive stance in managing its financial outlook and controlling fuel-related expenditures.

Fair Performance Despite Challenges

Baharin also commented on TNB's performance during the first half of the year ending 30 June 2023. Despite challenges stemming from negative fuel margins and foreign exchange volatility, TNB reported a commendable performance in this demanding environment. During this period, TNB reported a profit after tax (PAT) of RM1.20 billion, while revenue saw a 3.8 per cent increase to RM25.95 billion, compared to the corresponding period in 2022.

TNB's ability to navigate through such challenging conditions and achieve notable financial milestones underscores its resilience and strategic foresight in the energy sector.

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