



PRESS RELEASE

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TNB RECORDS STRONG FY2022 EBITDA, INTENSIFIES PROGRESS IN ENERGY TRANSITION PLAN

- EBITDA improved 10.9%, revenue increased 5.7% while Peninsular Malaysia electricity demand at 6.0% YoY
- PAT declined 8.0% due to higher taxes
- Effective working capital management alleviates pressures from high fuel prices
- TNB the key driver of the Nation's Energy Transition (ET)

TENAGA NASIONAL BERHAD (TNB) registered a 5.7% increase in revenue for the financial year (FY) ended 31 December 2022 to RM50.87 billion from RM48.12 billion in the corresponding period of 2021.

“This was propelled by a 5.2% year-on-year (YoY) improvement in electricity demand, mainly in the industrial and commercial sector. Electricity demand in Peninsular Malaysia alone, grew by 6.0% YoY,” said TNB President and Chief Executive Officer, Dato’ Indera Ir. Baharin Din.

The Group’s earnings before interest, taxes, depreciation and amortisation (EBITDA) rose 10.9% to RM20.81 billion in FY2022 from RM18.77 billion previously, driven by higher Group electricity revenue and lower Allowance for Doubtful Debts, contributed by the improvement in collections. As a result, EBITDA margin has improved to 40.9% from 39.0% as compared to the same period last year.

TNB’s Group profit after tax (PAT) however, was 8.0% lower at RM3.56 billion compared with RM3.86 billion in the same period of last year. “The PAT was impacted by higher taxes due to deferred tax movement of RM520.7 mil and the imposition of the Prosperity Tax of RM340.8 mil,” said Baharin.

Effective working capital management alleviates pressures from high fuel prices

Amidst the high fuel cost in 2022, Baharin said TNB’s Imbalance Cost Pass Through (ICPT) receivables remained relatively high due to the timing mismatch between the upfront payment made by TNB and recovery of the surcharges via the ICPT framework.

“Going forward, the pressure on ICPT receivables is expected to ease given the current fuel price trends and the Government upholding the IBR framework. From July to December 2022, TNB has obtained a full ICPT recovery of RM5.8 billion. In the first half of FY2023, the total ICPT cost recovery stood at RM16.2 billion. TNB will fully recover the net imbalance cost through the ICPT surcharge that will be passed through the non-domestic customers (medium voltage and high voltage) at 20.0 sen/kWh, as well as RM10.4 billion of cost recovery from the

government. TNB has received RM4 billion in January 2023 while the remaining amount will be paid by the Government in five equal instalments. The Government's decision on the recent ICPT showed their commitment in ensuring that the industry remains resilient."

Based on the current fuel price trends, Baharin stated that the ICPT to be recovered for 2HFY23 is forecasted to be around RM12 billion.

Separately, TNB will continue to be proactive in its working capital management given the current high fuel prices environment. Among others, it has taken appropriate steps to improve collection in 2022, which has lowered its trade receivable risk.

Meanwhile, Total Group Capital Expenditure (Capex) for 2023 is planned to be at RM12.8 billion, out of which RM7 billion will be for regulated Capex (including ET related Capex of RM1 billion) and the balance of RM5.8 billion will be allocated for other major projects.

TNB's Responsible Energy Transition Initiatives Intensified in 2022

"We went through an encouraging 2022 with exciting accomplishments in TNB's Responsible Energy Transition initiatives. The initiatives were intensified across four businesses namely Generation (wholly-owned subsidiary, TNB Power Generation Sdn Bhd (TNB GenCo)); New Energy Division (NED); Grid and Electric Vehicles (EV) ecosystem."

Baharin highlighted that TNB GenCo was awarded a 950 Megawatt (MW) renewable energy (RE) assets consisting Sungai Perak Life Extension Programme (LEP) Project (650MW) and Nenggiri Hydro Project in Kelantan (300MW). There is an additional 3,600MW RE generation capacity in the pipeline from the Repowering of Paka, Terengganu; a New Combined Cycle Power Plant (CCGT) in Kapar, Selangor and electricity export to Singapore. For the Sungai Perak LEP, TNB has completed the Engineering, Procurement, Construction and Commissioning (EPCC) proposal. The Nenggiri project which commenced in March 2022 is currently 10.5% completed while for the CCGT Kapar, TNB GenCo is conducting the feasibility study with a consultant.

Meanwhile, in the UK he said NED has successfully acquired 97.3MW Onshore Wind Portfolio, 102MW of solar farms and potential development of 65MW for battery storage. NED has successfully refinanced its solar portfolio of 365MW, totaling £275 million. Locally, it has commenced the 50MW Large Scale Solar (LSS) in Bukit Selambau, Kedah last year.

"As for Grid, we have completed the upgrading of the electricity interconnector for Malaysia and Singapore. We have also accelerated efforts towards an Interconnected ASEAN Power Grid in support of the region's collective decarbonisation goal. We achieved a Smart Grid Index (SGI) of 71.4%, an improvement from the previous year. Another interesting accomplishment is the installation of over 800,000 units of smart meters, which exceeded the 600,000 units targeted for the year."

For EV, TNB has signed six MoUs with prominent e-mobility partners to stimulate the growth of the battery electric vehicles (BEV) ecosystem, and an MoU with Gamuda to build the

nation's first solar-powered electron stations for EV at Gamuda Cove and Gamuda Gardens. "In addition, we have completed two TNB Electron Charging Points at R&R Ayer Keroh Northbound and R&R Paka Northbound, as well as completed the first rural electric bus service infrastructure in Langkawi which is expected to commence during LIMA, the Langkawi International Maritime and Aerospace Exhibition 2023."

TNB to Remain Key Enabler of the Nation's Energy Transition in 2023

Baharin emphasized TNB's commitment to drive the nation's Energy Transition. The journey towards TNB's Net Zero 2050 Aspiration will bring positive business growth and enhance value to its shareholders.

"Looking ahead into 2023, we will continue to drive our strategic initiatives in reaching our Net Zero commitments while ensuring business growth. Our ET pathway will bring positive business growth to the Group while creating long-term value to our shareholders through earnings growth."

He explained that TNB GenCo will continue with its investments in green technologies as part of TNB's Energy Transition journey (domestically and regionally) and remain focused on plant performance enhancement programmes at five key domestic plants.

NED, with 4.4GW renewable assets in the pipeline, will continue to explore opportunities not only in the UK, but also the ASEAN and APAC region. Grid on the other hand, will be conducting two feasibility studies under collaboration with TNB's counterparts in Thailand, Electricity Generating Authority of Thailand (EGAT) and Indonesia, PT Perusahaan Listrik Negara (PLN) on strengthening regional grid interconnection. As for EV, TNB will be spending approximately RM22 million to support the EV ecosystem in Malaysia. The focus on the energy transition will also further accelerate the digital transformation of customers to adopt a more sustainable and smarter lifestyle.

"We are committed to deliver value to shareholders while aspiring to be a leading provider of sustainable energy solutions, cutting across all our strategic pillars, namely Future Generation Sources, Grid of the Future, and Winning the Customer," added Baharin.

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About Tenaga Nasional Berhad

TNB's core activities are in the generation, transmission, and distribution of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and the Federal Territory of Labuan. As of 31 December 2022, TNB supplies electricity to approximately 10.6 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, construction and operating and maintenance of district cooling facilities, generation equipment, repair and maintenance, fuel supply services; services related to renewable energy, energy efficiency and power quality; higher education and skill training and undertakes research and development.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress. For further information, please visit www.tnb.com.my.



TNB President and Chief Executive Officer, Dato' Indera Ir. Baharin Din