



PRESS RELEASE

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TNB STAYS RESILIENT AMIDST ENERGY CRISIS

- PAT impacted by foreign currency losses
- Group taking prudent measures to remain resilient

Tenaga Nasional Berhad (TNB) reported a fair financial performance in the nine months of Financial Year 2022 (9MFY2022), supported by higher Group electricity demand of 7.2% year-on-year, in line with Malaysia's economic growth.

Group revenue without cost recovery of the Imbalance Cost Pass-Through (ICPT) for the period increased by 6.6% to RM37.95 billion from RM35.59 billion, attributed to the increase in TNB sales of electricity in all sectors.

TNB President and Chief Executive Officer, Dato' Indera Ir. Baharin Din said the under-recovery of ICPT for the 9MFY2022 has surged to RM15.92 billion from RM1.30 billion in the same period last year due to the current high fuel price environment.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) were reported higher at RM16.31 billion as compared to RM14.39 billion in the same period last year. EBITDA margin (without ICPT cost recovery) improved to 43.0% from 40.4% last year, reflecting an improvement in TNB's operational performance.

However, the profit after taxation (PAT) for the period under review dropped by 4.3% to RM2.75 billion from RM2.87 billion in the same period last year. This was mainly contributed by the higher foreign currency translation losses, finance cost and tax expenses which include Cukai Makmur for FY2022.

ICPT mechanism

In spite of the current high fuel price cost environment, the ICPT mechanism under the Incentive Based Regulation (IBR) allows TNB to remain neutral as it allows the Group to pass through any variations in generation cost in the form of rebates or surcharges. The ICPT is a six-month pass-through mechanism of variations in uncontrollable fuel cost and other electricity generation-specific costs incurred by the utility for the preceding six-month period.

For the ICPT recovery period from July to December 2022, the Government has agreed to reimburse TNB the ICPT cost amounting to RM5.8 billion. "We are pleased to share that we have received to date a total of RM4.8 billion ICPT cost recovery for July to November 2022 claims from the Government," said Baharin.

Accelerating Energy Transition Initiatives

In supporting our energy transition initiatives, Baharin said TNB is accelerating its efforts by retiring selected coal plants earlier than planned and repowering fossil-fired power plants with new green technology.

“In August, we announced our intention to work with PETRONAS on joint feasibility studies in the areas of Hydrogen and Carbon Capture with a view to unlock the commercial value of at least RM10 billion up to 2035.”

“In addition, we have also received a Letter of Intent (LoI) from the Government for the development of a 2,100 MW Combined Cycle Power Plant in Kapar, Selangor. The new gas-fired power plants will be developed with future hydrogen technology as an alternate fuel to gas.”

He also added that TNB will commence research and development (R&D) on green hydrogen production with more efficient electrolyzers that aim to reduce the levelised cost of energy (average cost per unit generated) for green hydrogen.

For Electric Vehicles (EV), as a key enabler in building the ecosystem in Malaysia, TNB is committed to ensure that its infrastructure, which spans across the whole of Peninsular Malaysia, is EV-ready.

“We have pledged to install DC Fast Chargers along our highways, to address range anxiety. However, the volume of EVs in Malaysia can only increase once more affordable models can be offered to the masses.”

Prospects

For the first nine months of 2022, the country’s overall economy expanded by 9.3%*, consistent with Peninsular Malaysia’s electricity demand growth of 8.1%, which has contributed to the Group’s resilient performance during the period. However, challenges remain as the ongoing high fuel price environment continues to put pressure on the Group receivables balances.

For the full year 2022, the Malaysian economy is expected to remain robust with full-year growth projections between 6.5% to 7.0%*. Amid a challenging global environment, overall growth is expected to normalise in 2023.

Taking into consideration the challenging business environment, the Group anticipates a reasonable performance for the year 2022. Nevertheless, the Group remains cautious and has taken prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

*Source: Bank Negara Malaysia

Financial Highlights

RM' Million	9 Months Ended 30 th September 2022	9 Months Ended 30 th September 2021
Total Revenue	53,870.2	36,894.4
Operating Expenses	(46,509.2)	(30,025.9)
Other Operating Income	676.8	548.4
Operating Surplus (EBIT)	<u>7,909.5</u>	<u>6,510.0</u>
Finance Cost	(3,200.8)	(2,831.6)
Forex Translation Gain / (Loss)	608.7	(162.4)
Profit (before Forex Translation Gain / (Loss))	3,262.5	2,946.4
Profit Attributable to Owners of the Company	2,654.2	2,784.0
Profit for the Period	2,749.5	2,872.2
Earnings per share	46.29 sen	48.72 sen

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 30 September 2022, TNB supplies electricity to approximately 10.5 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.

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Kindly forward all press enquiries to Hanim Idris at 019-2617617 /

Grace Tan 016-6626229 / Faiq Haikal 013-3889606

or email us at media@tnb.com.my



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