



PRESS RELEASE

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TNB SHOWS RESILIENT 1HFY22 FINANCIAL PERFORMANCE

- Group revenue rose 4.4% to RM24.99 billion
- PAT for second quarter 2022 increased by 3.9% compared to first quarter 2022
- TNB declared 20.0 sen per share interim dividend
- Government continues to uphold ICPT mechanism, commits to pay TNB RM5.8 billion

Tenaga Nasional Berhad (TNB) reported a resilient First Half Financial Year 2022 (1HFY2022) financial performance on the back of higher electricity demand of 5.0% year-on-year in line with continued post-pandemic economic growth.

“Group revenue without cost recovery of the Imbalance Cost Pass-Through (ICPT) for the period increased by 4.4% to RM24.99 billion from RM23.93 billion,” said TNB President and Chief Executive Officer, Dato’ Indera Ir. Baharin Din to analysts today, following results announcement on Tuesday.

He attributed the higher revenue to the increase in TNB sales of electricity in all sectors, consistent with the overall improvement of Malaysia’s GDP of 6.9% year-on-year.

"Overall, we recorded a higher Profit After Tax (3.9 %) of RM 905.6 million in second quarter 2022, compared to RM 871.2 million in the first quarter of 2022," added Baharin

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) were reported at RM10.58 billion while EBITDA margin (without ICPT cost recovery) has improved to 42.3% from 40.6% as compared to the same period last year, reflecting an improvement in TNB’s operational performance.

“Our financials reflect our solid technical performance as our network remains robust with a System Minutes of 0.01 and a SAIDI of 22.01 minutes, which is better than our internal performance thresholds,” added Baharin.

Concerted Effort by the Government and TNB in Addressing the High Fuel Price

The recent announcement on a RM5.8 billion payment and a RM6 billion government guarantee loan facility showed a concerted effort by the Government and TNB in addressing the high fuel price situation.

Commenting on the substantial growth in receivables due to ICPT in 1HFY2022, Baharin said that the Group took proactive measures to manage working capital. “These include fulfilling our obligations to our suppliers and vendors through continuous cash flow monitoring and successfully raising additional borrowings when required.”

“We remained prudent in our working capital management and expect our credit rating to remain stable. We also improved our collection with an average collection rate of 98% for 1HFY2022 as compared to 92% last year.”

TNB Fast Tracks Its Responsible Energy Transition Plan

TNB had recently announced its commitment to invest around RM10 - 20 billion per year over the next 28 years as capital expenditure (Capex) for initiatives to fast-track its Energy Transition Plan that aspires to reduce its emissions intensity to net zero by 2050.

This Responsible Energy Transition Plan will bring positive business growth to the Group. “The Group will see major shifts to Renewable Energy (RE) and new green techs towards the future, meeting its Environmental, Social, and Governance (ESG) commitment while ensuring sustainable business growth.”

“This journey is anchored on ticking the boxes for both ESG commitments and business growth for TNB. Our fast-tracked initiatives along this transition are driven by a deep sense of responsibility given TNB’s footprint in the country’s energy landscape, as well as a sense of urgency to ensure the sustainability of our business,” said Baharin.

He outlined four initiatives to fast-track TNB’s sustainability agenda and these comprised efforts to accelerate decarbonisation to increase the enterprise value of TNB Genco, expand focus markets to grow TNB’s renewable energy portfolio, continued investments for the grid of the future and focus on electric vehicle ecosystem development.

Dividend Payout Remain Robust

TNB’s Board of Directors has declared an interim dividend of 20.0 sen per share for the first half of the year compared with 22.0 sen per share in the same period of 2021.

The declared dividends reflect prudent capital management by the Company, resulting in payout that remains robust relative to the performance of the KLCI. The dividend payout ratio for the first half of 2022 stood at 47.3% based on the adjusted Profit After Tax and Minority Interests (PATAMI). The dividend payout for the period amounts to RM1.15 billion.

Prospects

The Malaysian economy continued to recover in the second quarter of 2022 with a growth of 8.9% as compared to the same period last year, supported by the expansion in domestic demand, continued recovery in the labour market, resilient exports and ongoing policy support.

For the full year of 2022, the Malaysian economy is expected to grow between 5.3% to 6.3%*. Nevertheless, the growth outlook continues to face challenges mainly from the tightening of US monetary policy, worsening supply chain disruptions weighed by a further increase in global commodity prices and stronger inflation pressure which could dampen household spending and investment activities.

The Group reported a resilient performance in the first half of the financial year 2022 supported by higher electricity growth of 5.0% year-on-year. This is consistent with the overall performance of the Malaysian economy which grew at 6.9% for the same period. However, the Group continues to face challenges and remains susceptible to high fuel prices which have resulted in high receivables balances.

The Group foresees a reasonable performance for the year 2022 while remaining cautious on the prolonged impact of high fuel price and customers' credit risk outlook. The Group will continue to take prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

*Source: Bank Negara Malaysia

Financial Highlights

RM' Million	6 Months Ended 30 th June 2022	6 Months Ended 30 th June 2021
Total Revenue	34,798.8	23,919.0
Operating Expenses	(30,150.4)	(19,204.3)
Other Operating Income	429.7	404.0
Operating Profit (EBIT)	<u>4,997.9</u>	<u>4,451.1</u>
Finance Cost	(2,068.9)	(1,910.5)
Forex Translation Gain / (Loss)	(194.5)	(116.7)
Profit (before Forex Translation Gain / (Loss))	1,959.8	1,896.9
Profit Attributable to Owners of the Company	1,765.3	1,780.2
Profit for the Period	1,776.8	1,823.5
Earnings per share	30.83 sen	31.18 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 June 2022, TNB supplies electricity to approximately 10.4 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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