



## PRESS RELEASE

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### TNB'S 1QFY21: RESILIENT PERFORMANCE DESPITE PROLONGED IMPACT OF COVID-19

- Group PAT increased to RM973.5 million mainly due to lower forex translation loss
- Contraction in electricity demand narrowed further to 0.3%
- RM7.3 billion regulated capex planned for 2021 will help stimulate economy

**Tenaga Nasional Berhad (TNB)** continued to perform resiliently in the First Quarter Financial Year 2021 (1QFY2021) despite the prolonged challenges caused by the COVID-19 pandemic. The Group profit after tax (PAT) increased to RM973.5 million compared to RM736.7 million in the previous year. The higher profit was due to market movement, mostly forex as the group reported lower forex translation loss of RM56.8 million (RM388.0 million previously).

Group revenue fell 1.5% year-on-year to RM11,478 million from RM11,654.5 million mainly due to lower sales of electricity. Sales of electricity continued to decline albeit at a lower contraction of 0.2% Y-o-Y at 29,316.6 GWh from the 29,374.9 GWh in 1QFY2020. This was supported by the Government's policy in allowing economic activities to continue operating.

"With economic activities still allowed to operate, contraction in electricity demand had narrowed further from 12.9% in FY2020 to 0.3% in the first quarter ended March 31, 2021," said TNB President and Chief Executive Officer (CEO) Datuk Baharin Din.

"EBITDA margin however increased to 43.3 % in 1QFY2021 due to a 6.5 % drop in operating expenses in the 1QFY2021 mainly on lower generation costs resulted from reduction in demand and lower gas price. Higher EBITDA was also supported by our generation business which recorded better hydro performance due to the monsoon season in this quarter."

The collection improved from June 2020 to March 2021 with collection efficiency rate increasing from 91% to 97% due to the ongoing campaign to encourage and facilitate payments by promoting payment channels including through the myTNB app, he added.

### Satisfactory Performance of Subsidiaries, RE Target on Track

Baharin disclosed that performance of the Group's subsidiaries also remained satisfactory in the first quarter of this year, supported by the lifting of the movement control order since last year. "We expect this momentum to continue as most businesses are allowed to operate under the current MCO."

Touching on TNB's renewable energy (RE) aspiration, he said the Group is on track to achieve its RE target of 8.3 GW by 2025. TNB has secured a total rooftop solar capacity of 85 MW through its wholly-owned subsidiary GSPARX; has been shortlisted for another 50MW large scale solar (LSS) project in Bukit Selambau, Kedah (bringing its total LSS to 130 MW); and will build a 300 MW Nenggiri Dam in Kelantan, once approved by the Energy Commission (EC). This will add another 300 MW to the existing large hydro installed capacity of 2,536.1MW

"On the international front, our partnerships in Singapore and Vietnam have started to bear fruit, moving us nearer to our aspiration of securing deals in the Southeast Asian market. As for our sustainability commitment, we are currently syndicating our Sustainability Pathway. We look forward to making an important milestone announcement in the second half of this year."

On the progress made by TNB Power Generation Sdn Bhd (TPGSB), Baharin stated that the wholly-owned generation subsidiary saw an EBIT growth of 57% due to higher dispatch of hydro plants during the monsoon season. With the formation of TPGSB last year, TNB expects to improve its plants' performance through various preventive and corrective initiatives.

"TPGSB has also successfully operationalised its 70 percent-owned Southern Power Generation plants despite numerous challenges due to the pandemic and improved productivity by 93%."

#### **Positive Engagement on RP3 Discussion, Capex Investment to Spur Economy & Create Jobs**

Commenting on the ongoing Regulatory Period 3 discussion with the EC, he said the engagement with the authorities had so far been positive.

"We will continue to pursue the right returns, as under investments from insufficient returns could potentially risk the reliability of the network, caused failure to meet the growing and changing needs of the customers, and disrupt Malaysia's energy transition efforts."

In the first quarter of 2021, Baharin said TNB has utilised 22.2 percent of its planned regulated capital expenditure (capex) investment. "The Group is on target to invest the RM7.3 billion planned for the year to expand the system for growth and development while maintaining stability in the country's electricity supply."

"Subject to EC's approval, during RP3 (2022 to 2024) the Group is forecasted to invest another RM24 billion in capex. Our capex investments will help stimulate the economy and create some 194,000 jobs annually for the country or about 584,000 in the 2022-24 period."

Going forward, he said TNB expects the impact of the lockdown this year to be less severe than in FY2020 as most businesses are allowed to operate during MCO or Conditional MCO.

"Nevertheless, earnings of our regulated revenue cap entities are guaranteed at demand growth or based on 2.9% demand growth as stipulated by the Incentive-Based Regulation (IBR) guidelines," he added.

### **Prospect**

Year 2020 was a very challenging year where the economy declined by 5.6%. However, for the first quarter 2021, the Malaysian economy registered a smaller decline of negative 0.5% compared to negative 3.4% in quarter 4, 2020. "The better performance was supported mainly by the improvement in domestic demand and robust exports performance." (Bank Negara)

Despite the recent re-imposition of containment measures, the impact on growth is expected to be less severe than that experienced in 2020, as more economic sectors are allowed to operate. With the continued policy support, the Malaysian economy remains on track for a recovery in 2021 and as projected by Bank Negara the economy is expected to rebound to between 6.0% and 7.5%.

Amid the developments surrounding the pandemic, the Board of Directors foresees a prospect of gradual recovery on the Group's performance for the year 2021, underpinned by the recovery of Malaysia and Global economies. The Group has taken prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

### Financial Highlights

RM' Million	3 Months Ended 31 <sup>st</sup> March 2021	3 Months Ended 31 <sup>st</sup> March 2020
<b>Total Revenue</b>	11,478.0	11,654.5
<b>Operating Expenses</b>	(9,146.5)	(9,544.6)
<b>Other Operating Income</b>	176.7	215.5
<b>Operating Surplus (EBIT)</b>	<u>2,327.8</u>	<u>2,223.8</u>
<b>Finance Cost</b>	(931.9)	(898.0)
<b>Forex Translation Gain / (Loss)</b>	(56.8)	(388.0)
<b>Profit (before Forex Translation Gain / (Loss))</b>	1,015.5	1,105.9
<b>Profit Attributable to Owners of the Company</b>	958.7	717.9
<b>Profit for the Period</b>	973.5	736.7
<b>Earnings per share</b>	16.81 sen	12.62 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 Federal Territory of Labuan. As at 31 March 2021, TNB supplies electricity to approximately 10.1 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](http://www.tnb.com.my).*

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