



PRESS RELEASE

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TNB REMAINS RESILIENT AMIDST NATIONAL ECONOMIC RECOVERY

- Sees room for growth for expected returns
- Provides update on TNB Sustainability Pathway

Tenaga Nasional Berhad (TNB) continued to perform resiliently as the nation recovers from the adverse impact of the Covid-19 pandemic, charting an increase in revenue and net profit in tandem with increased economic activity in the first nine months of financial year 2021 (9MFY2021).

TNB's group revenue edged up 9.6% year-on-year to RM36.9 billion from RM33.7 billion in line with the overall improvement in the Malaysian economy which grew 3% in the first nine months of 2021. This has contributed to a slightly higher group sales of electricity which grew by 1.1% to 87,950 GWh in the same period, and RM2.9 billion in net profit. The improvement in economic activities has also lent support to a positive performance in TNB's subsidiaries.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) was reported at RM14.4 billion (up 4.6%). Overall, EBITDA margin was sustained at 39.0%, moderated by higher expenses which grew by 8.7% from increased business activities.

Resilient Nine Months

"We recorded another period of resilient performance mainly on the back of improved economic activities. However, we saw a contraction of 6.7% of our third quarter electricity sales compared with the previous quarter, an effect of the shifting dynamics caused by the ongoing pandemic, and we continue to brace ourselves for prevailing uncertainties ahead," said TNB President/Chief Executive Officer, Datuk Ir. Baharin Din

Comparing the Group's performance pre-COVID-19, he said, "We see potential room for growth. As the custodian of the nation's critical power infrastructures, maintaining reasonable returns is critical for TNB to balance value creation for our shareholders and reinvesting into the system to ensure reliable and secure power supply."

On a positive note, he said the increase in demand is expected to improve in the coming months and into next year as more economic activities open for business. "TNB also continues to work with the government on multiple fronts to support the nation's economic recovery. These include multiplier effect initiatives through our ongoing scholarship programmes,

vendor development programmes as well as an intensive reskilling programme to train and place workers in jobs.”

Progress on Renewable Energy (RE) Targets

TNB has charted new milestones on their journey towards achieving its target of 8,300MW of RE by 2025, with the recently announced RM5 billion, 300MW Nenggiri hydroelectric power plant in Gua Musang, Kelantan and the acquisition of a 49% stake in an offshore wind farm in Blyth, UK.

The RE target is part of TNB’s Sustainability Pathway announced in August, a blueprint for the Group’s aspiration to achieve net zero emissions by 2050. The Pathway is underpinned by TNB’s commitment to reduce 35% emissions intensity as well as 50% of coal generation capacity by 2035.

“We believe our Sustainability Pathway will open up new growth opportunities, anchored on our strategic aspiration to be a leading provider of sustainable energy solutions in Malaysia and internationally. We are taking initiatives and putting in place resources towards these goals to deliver on TNB’s Environmental, Social and Governance (ESG) targets under the Pathway.

“By 2035, TNB’s planned portfolio will be 66% RE, 24% non-coal thermal and 10% coal compared with 14% RE, 41% non-coal thermal and 45% coal in 2021. We are exploring and investing into green technology that have the potential to accelerate our journey towards net zero, post 2035,” stressed Baharin.

New Energy Division to Accelerate RE Growth

Baharin added that TNB has recently formed a New Energy Division (NED) to advance the Group’s international business commitments to expand the company’s RE portfolio in targeted markets and set up strategic partnerships with leading RE players to leverage on their technical expertise.

“The NED essentially streamlines our RE expansion arms, giving us a sharper focus on growing our RE portfolio both domestically and internationally. This includes looking at opportunities to monetise assets in non-focus markets so that the proceeds can be redeployed to assets with better value creation potential,” he said.

The NED oversees two key entities: Vantage RE operating out of the UK to focus on UK and Europe markets, and TNB Renewables based out of Malaysia to focus on the domestic and Southeast Asian markets.

Prospect

For the first nine months of FY 2021, the Group's performance improved compared with the same period last financial year despite the continued challenges faced during the Covid-19 pandemic. Demand has started to show improvements, growing at 0.6% against a contraction of 6.2% in the same period last financial year. This is in line with the increase in the country's Gross Domestic Product (GDP) of 3% in the first nine months of 2021.

Going forward, the country is on track to achieve GDP growth of between 3% and 4% in 2021. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, amid continued policy support. The various relaxations of restrictions for fully vaccinated individuals including for interstate travel would spur tourism-related activities. In addition, the strength in global demand will continue to support export growth.*

Hence, the Group believes that the improvement in the overall economy will result in higher electricity demand and support the positive momentum seen across the Group's operation.

Amid the encouraging developments, the Group foresees a stable performance for the remaining quarter of the financial year. Nonetheless, the Group will continue to take prudent measures in terms of its operational and financial requirements to ensure it remains resilient.

*Bank Negara 3rd quarter report

Financial Highlights

RM' Million	9 Months Ended 30 th September 2021	9 Months Ended 30 th September 2020
Total Revenue	36,894.4	33,651.7
Operating Expenses	(30,025.9)	(28,238.4)
Other Operating Income	548.4	832.2
Operating Surplus (EBIT)	<u>6,510.0</u>	<u>5,903.8</u>
Finance Cost	(2,831.6)	(2,733.5)
Forex Translation Gain / (Loss)	(162.4)	(174.3)
Profit (before Forex Translation Gain / (Loss))	2,946.4	2,555.1
Profit Attributable to Owners of the Company	2,784.0	2,380.8
Profit for the Period	2,872.2	2,414.6
Earnings per share	48.72 sen	41.81 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 30 September 2021, TNB supplies electricity to approximately 10.3 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 Norfadzilah Sha'ary 019-3369681 /
Grace Tan 016-6626229 / Fazreen Eksan Kulup Wahab 019-3160401
or email us at: media@tnb.com.my*



TNB President/Chief Executive Officer, Datuk Ir. Baharin Din