

KERATAN AKHBAR

TARIKH : 16 DISEMBER 2022
AKHBAR : NEW STRAITS TIMES
MUKA SURAT : 17

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TARIFF RESTRUCTURING

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KUALA LUMPUR: The new potential electricity tariff restructuring will positively impact Tenaga Nasional Bhd (TNB) and the power sector, said Hong Leong Investment Bank Bhd (HLIB Research).

The research firm said Prime Minister Datuk Seri Anwar Ibrahim had indicated a potential electricity tariff restructuring in the first half of next year, which could mean a higher tariff rate for multinational companies and profitable "giant" companies while remaining unchanged for domestic users, small and medium enterprises,

and agriculture and food product sectors.

It said the move this would ensure the long-term sustainability of the power sector and lower the government's high subsidy commitments.

"The news also indicates the new government's commitment to the Imbalance Cost Pass-Through (ICPT) framework, protecting TNB's earnings from fuel and energy cost volatility."

HLIB Research said TNB recently updated that the government had fully paid the RM5.8 billion subsidies for the second



Tenaga Nasional Bhd says the government has fully paid the RM5.8 billion subsidies for the second half of the year. FILE PIC

half of the year.

"Based on the RM16.4 billion ICPT in the first half of next year, we estimate a surcharge of circa 27.7 sen/kilowatt per hour (kWh), which we expect to burden ev-

eryone and pose a risk to inflation and economic recovery if the government decides not to subsidise that amount.

"Hence, the government is implementing a balanced approach

to protect the end users while supporting economic recovery.

"We also maintain our 'buy' rating on TNB with an unchanged target price of RM11.65," said HLIB Research.