



KEMENTERIAN TENAGA DAN SUMBER ASLI

## KERATAN SURAT KHABAR

|              |   |                  |            |   |   |
|--------------|---|------------------|------------|---|---|
| SURAT KHABAR | : | STARBIZ          |            |   |   |
| TARIKH       | : | 29/9/2021 (RABU) | MUKA SURAT | : | 6 |
| JABATAN      | : | TNB              |            |   |   |

### 12MP initiatives lift utilities segment

Starbiz, 29 Sept  
2021\_7

**KUALA LUMPUR:** CGS-CIMB Equities Research is retaining its “overweight” call on the utilities sector as the 12th Malaysia Plan (12MP) initiatives reaffirms its view that renewable energy (RE) capacity will grow strongly.

More investments in grid systems are needed to facilitate energy transition towards a low-carbon nation, according to the research house.

“We see Tenaga Nasional Bhd (TNB), Malakoff Corp Bhd and Cypark Resources Bhd as beneficiaries from the opportunities in RE, while TNB should benefit from the additional investments in grid.

“Petronas Gas Bhd and Gas Malaysia Bhd, will likely benefit from the higher domestic gas demand, in our view,” CGS-CIMB Research said in its latest report.

The research house also expected stronger earnings per share growth for the utilities sector in the calendar year (CY) 2021-2022 versus CY20.

This is followed by undemanding CY2 sector average price earnings ratio of 13.6 times versus 16.6 times in CY20, decent dividend yields of about 5%, limited foreign outflows as foreign shareholdings are near historical lows and overplayed environmental, social, and governance (ESG) concerns as it sees growth potential from ESG.

“TNB and Petronas Gas are our top sector picks.

“The key downside risks are political instability and more power reforms in the pipeline,” it added.

Under the 12MP (2021-2025), CGS-CIMB Research noted that the government would

be advancing sustainability to strike a balance between socioeconomic development and environmental sustainability.

This is to fulfill Malaysia’s commitment to the Paris Agreement of reducing greenhouse gas (GHG) emissions by 35% to 45% (based on emissions intensity in 2005) by 2030.

A nationally determined contribution roadmap will be developed to create mitigation action plans, which specify the amount of emissions that need to be reduced from each of the key GHG emitting sectors.

A feasibility study will be conducted on carbon pricing, such as carbon tax and the emission trading scheme.

Malaysia is also liberalising the gas market to create a sustainable gas industry and ensure the security of supply in a bid to become a regional gas market hub.