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TNB shares take RM1.10 dip

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THE Prime Minister's announcement yesterday that Tenaga Nasional Bhd will take up a majority stake in the RM9 billion Bakun hydro-electric project prompted a sell-down of the power giant's shares, causing its chief to clarify that the equity will only be a "small" one.

Almost immediately after Datuk Seri Dr Mahathir Mohamad made the announcement during a working visit to TNB headquarters in Kuala Lumpur in the morning, the share price began falling.

TNB chairman Datuk Dr Jamaludin Jarjis called the Press to his office in the afternoon to clarify on the equity stake but the counter still closed RM1.10 lower at RM8.70.

Analysts said investors were concerned about the cost to TNB if it took a majority stake as they feel the group's current debt level is already quite high.

Jamaludin explained that the "small" stake was in fact part of the group's bigger offer of providing assistance in project management and engineering services for the project in Sarawak.

The offer, which was made to the Government several months back, also included the development and management of the Trans-Borneo transmission lines, he added.

"Additionally, TNB will also assist in the operations and maintenance of the hydro-electric station to ensure proper implementation of the facilities.

Earlier yesterday, the Prime Minister, when visiting TNB headquarters said TNB would probably own most of the shares in the project which is being undertaken by Minister of Finance Inc's wholly-owned subsidiary Bakun Hydroelectric Sdn Bhd.

"Tenaga will probably own most of Bakun," he said, adding: "Bakun is looking brighter now, as you know. The power problem in the US... a lot of aluminium smelters are closing down and are moving out. We may be able to attract some of them."

Jamaludin told reporters in the afternoon: "I have to clarify what (Dr Mahathir) meant. Today the Government confirmed that it will consider Tenaga's offers including the offer to take up a small stake in the project."

Asked why TNB would need to take a direct stake in the project, he said: "(When) you do this work, they may ask you to take some shares."

TNB did not specify the stake, he said. "We leave it to the Government to decide."

Jamaludin stressed that TNB would not be doing its national duty if it did not offer its services to the Government. "We are the only one (in the country) to have hydro-electric plants ... We feel irresponsible if we do not offer our services."

Besides various other plants powered by diesel, gas or coal, TNB owns five hydro-electric plants - Kenyir in Terengganu, Chenderoh and Temenggor, both in Perak and Joh and Woh in Pahang.

Jamaludin also said the Government's decision to revive the Bakun project would enable TNB to mitigate the losses of its diesel-powered Sabah subsidiary.

The subsidiary loses more than RM100 million every year.

MoF Inc took over the Bakun project, initially estimated to cost about RM15 billion, from Bakun Hydroelectric Corp Bhd in August 1999 after it

was shelved because of the economic slowdown.

In March, the Cabinet gave the green light for the dam to be developed on a reduced scale with a total generation capacity of 2,400MW.