

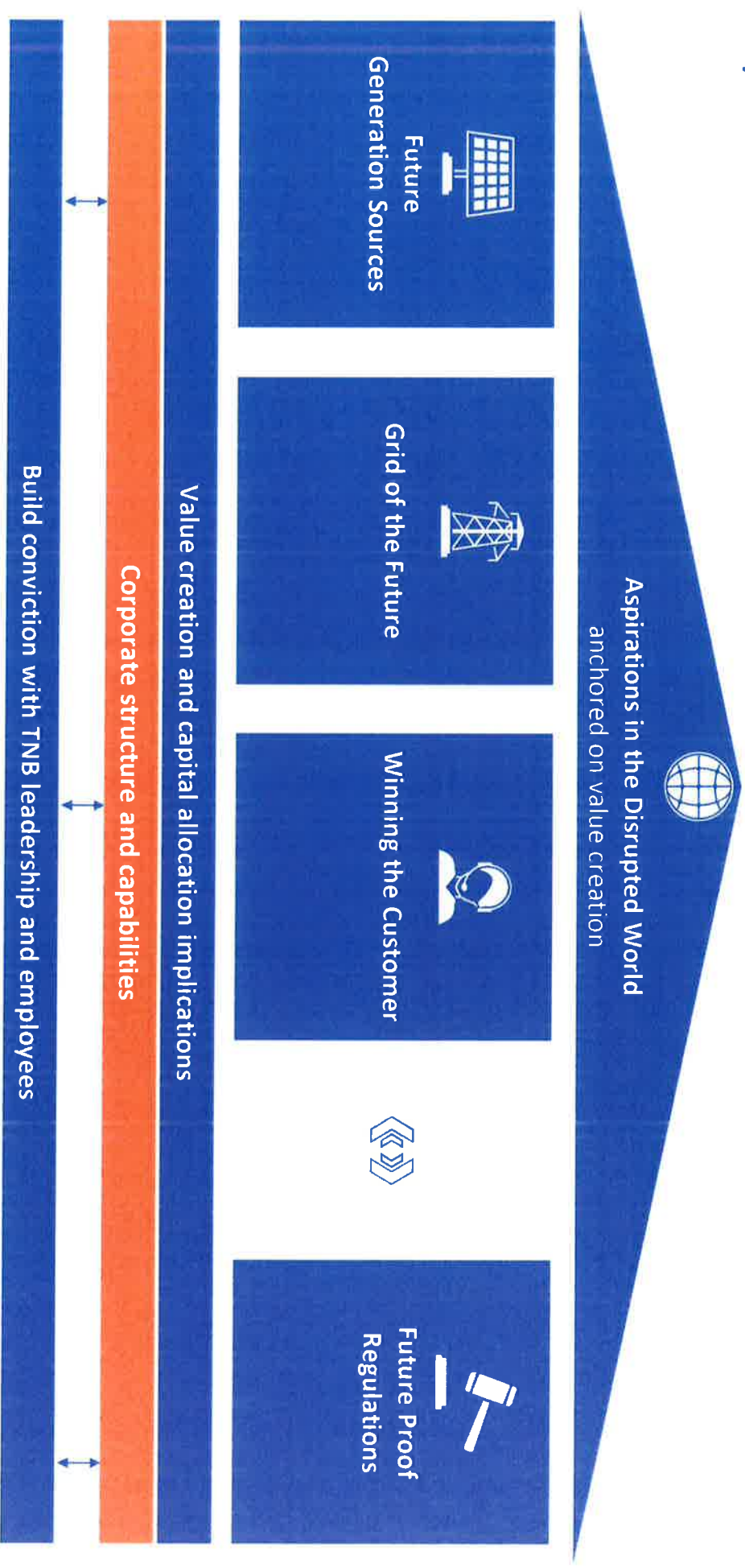
COURT CONVENED MEETING

Tenaga Nasional Berhad

11 February 2020



Reimagining TNB is TNB's strategic aspiration – a key enabler is the corporate structure



TNB is proactively adapting to anticipated market reforms in Malaysia

MESI 2.0 launched in 2018 with three objectives¹



Encourage competition
along the value chain



Increase renewables
generation



Increase consumer
choice

MESTECC has announced that extensive reforms will take place in the next 5 years

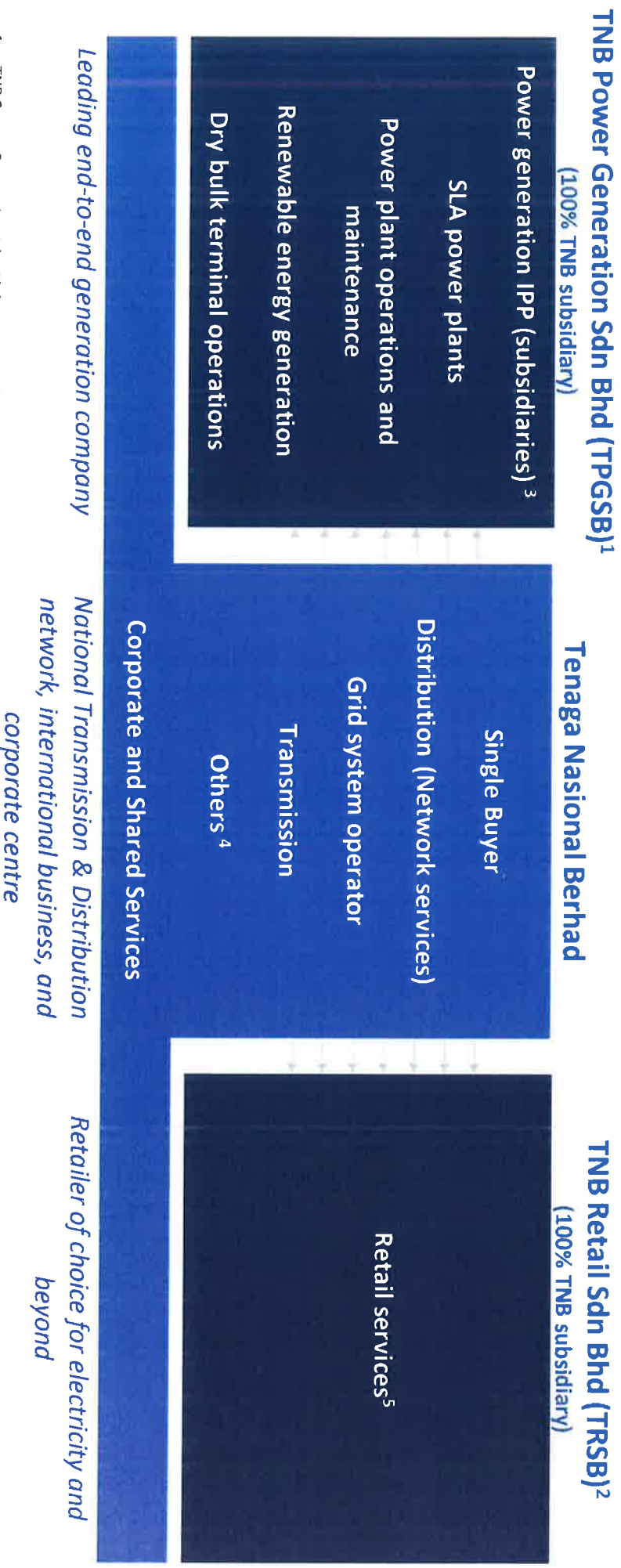
"With the current and future challenges we see, the government wants to make the electricity industry more competitive, to future-proof it. ... It must create value not only to consumers but also investors."

MESTECC (Sep 2019)

¹. YB Yeo Opening Speech at CEPSI 2018
Source : YB Yeo Opening Speech at CEPSI 2018, YB Yeo Edge Interview on 17 September 2019



Internal reorganisation is focused on Generation and Retail corporatisation



1. TNB Power Generation Sdn. Bhd incorporated on 1 Aug 2019, referred to as TPGSB.
2. TNB Retail Sdn. Bhd. Incorporated on 1 Aug 2019, referred to as TRSB
3. Excluding the Excluded Power Plants situated at Ulu Jelai, Pahang and Hulu Terengganu, Terengganu which shall remain in TNB
4. Including the Excluded Power Plants, other subsidiaries and associated companies, and other division and business units including the power generation IPP (associated companies), international IPPs and international renewable energy generation business.
5. Including TRSB subsidiaries, i.e. GSPARX and TNBX

Rationale for internal reorganisation: Driven by value, transparency, and preparedness for disruption



Greater focus driving improvements

- Focus on efficiency, agility and performance
- Tailored business strategies, performance management and investment initiatives to meet the specific needs of each business
- Clarity on business performance of each value chain segment



Greater independence

- Separate boards and management for TPGSB and TRSB
- Promotes ownership, entrepreneurship and innovation
- Maintains ability to leverage operational synergy and scale of TNB Group



Preparedness for disruption

- Adapt to expected changes to the electricity supply industry
- Prepare for increased competition
- Separation of regulated and major-unregulated businesses



Flexibility in capital management

- Option for TPGSB and TRSB to raise capital directly
- Increased flexibility to pursue unique new growth opportunities

TNB Power Generation Sdn Bhd (TPGSB): Realise synergies from E2E capabilities to capture domestic growth



Market context

- Lower growth of near-term demand with PPAs¹ expiring
- Potential higher growth of conventional and Renewable Energy (RE) in the medium term
- Potential changes in market structure



Outlook for TPGSB

- Realise synergies and efficiencies of end-to-end (E2E) power generation
- Capture opportunities in RE and medium term conventional prospects



Growth drivers

- Increase conventional capacity (incl. hydro) through potential plant-ups and repowering projects
- Increase RE generation through continued participation in the Large Scale Solar (LSS) scheme
- Continue international expansion of REMACO²



Efficiency drivers

- Leverage synergies through procurement and generation excellence

TNB: National network operator, strategic guide, and international growth driver



Market context

- Expectations for network to support distributed generation, energy efficiency and electric vehicle aspirations
- International opportunities across power value chain



Outlook for TNB

- Sustain and enhance the national grid
- Focus first on turnaround of international assets; take a more hands-on role in overseas ventures



Growth drivers

- Investment into smart grid, supporting distributed generation and variable loads
- Turnaround and strengthen existing international assets ahead of growth through more activist participation
- Continue to identify growth opportunities in the utilities sector



Efficiency drivers

- Optimise network through procurement excellence, and operations & maintenance best practices
- Streamline corporate costs



TNB Retail Sdn Bhd (TRSB): Retailer of choice with leading green and energy service portfolios



Market context

- Likely market liberalisation and competition
- Higher customer expectations with anticipated choices
- Increasing government support for green prosumers



Outlook for TRSB

- Win customers with enhanced customer service and offerings
- Serve emerging green retail market



Growth drivers

- Lead rooftop solar generation by leveraging TNB's scale and TRSB customer relationships
- Push out beyond meter products such as smart solutions for homes and businesses, battery storage, or energy trading platforms
- Push out beyond energy offerings such as multi-utility bundling and billing, Fibre-To-The-Home (FTTH) broadband, or sales of third-party products



Efficiency drivers

- Improve cost-competitiveness of the solar rooftop business through efficient procurement and financing strategies
- Increase customer collection rates even further from today



Internal reorganisation targets Q3 2020 completion



H1 2020 - Court process

Legal process to transfer assets & liabilities through Scheme of Arrangement

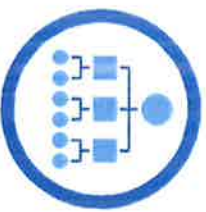
In progress



Court Convened Meeting

Meeting convened to consider and approve a scheme of arrangement proposed between TNB and its shareholders pursuant to Section 366(1) of the Companies Act 2016

Today



Q3 2020 - New corporate structure

New corporate structure in place

In progress



TNB has completed or is in the process of obtaining the major consents for internal reorganisation

Consents sought

Status

Shareholder's approval on the Scheme

Purpose of meeting today

Consent from **MOF** on the Proposed Internal Reorganisation



Consent from **EC** on the issuance of the necessary licenses and the change in IPP shareholding



(endorsed by EC board, pending approval by MESTEC)

Consents from **financiers/creditors** of TNB



Order of the **High Court sanctioning the Scheme and granting of the Vesting Orders** in relation to the Proposed Internal Reorganisation

Target Q2 2020

Note: TNB has obtained approval-in-principle from JICA for OECF and JBIC loans

Q&A

THANK YOU



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