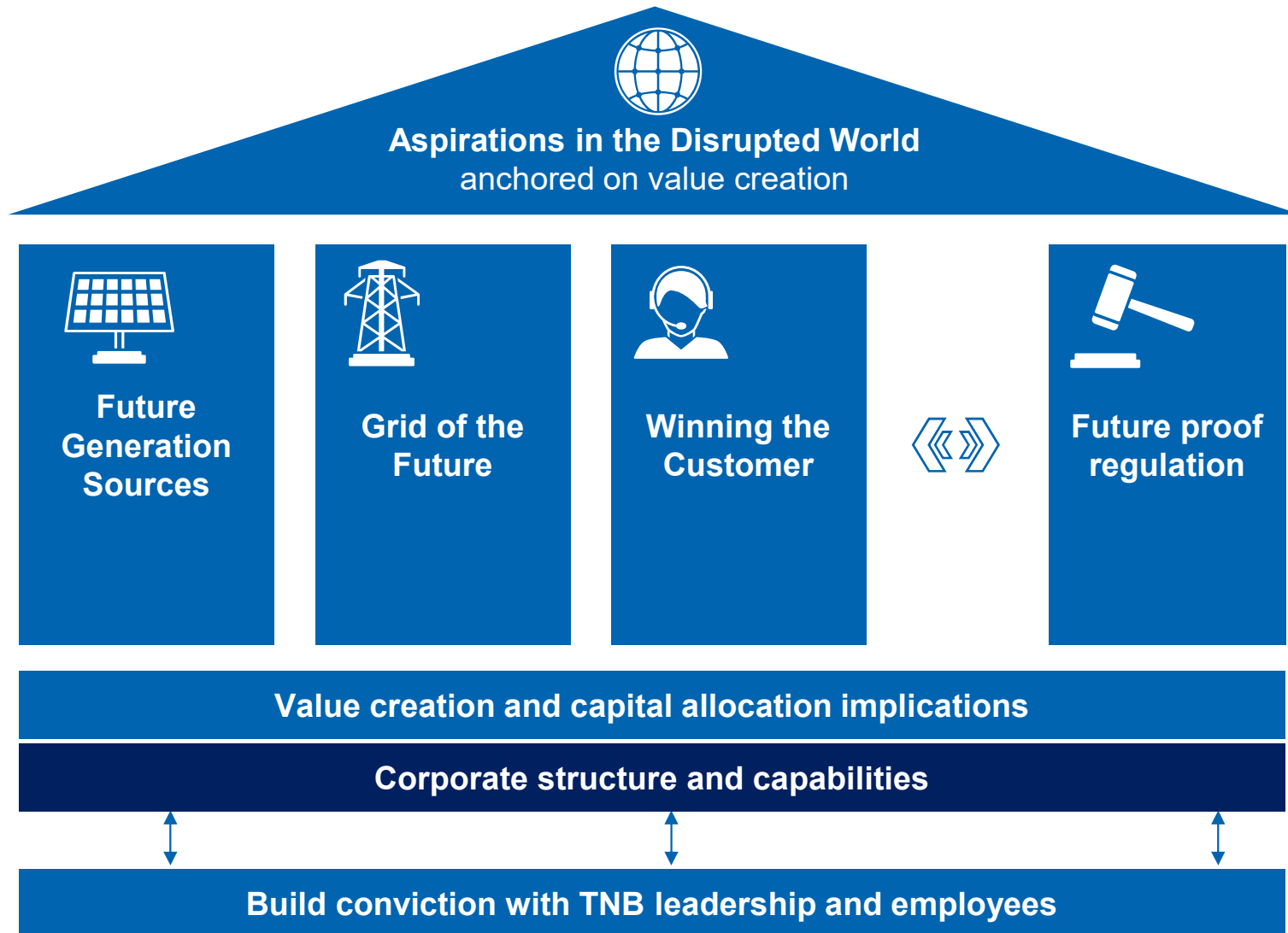


Proposed Internal Reorganisation of TNB Group

Generation and Retail corporatisation

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



TNB 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



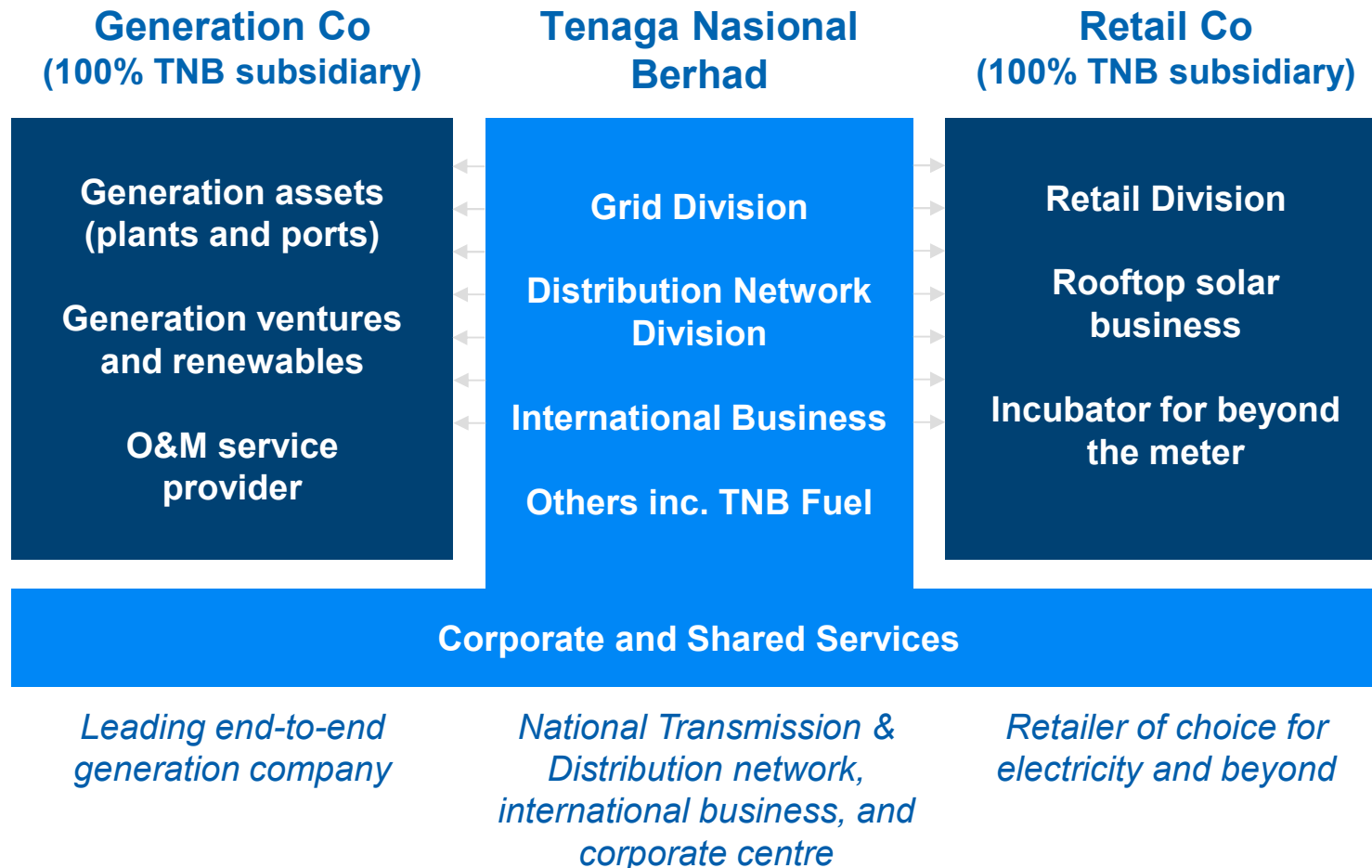
MESTECC indicated that reforms are imminent

"The ministry is scrutinising and studying the proposal to liberalise the electricity retail sector...With regards to this, the ministry is expected to table its findings to the Cabinet in the near future."

MESTECC (Jul 2019)

1. YB Yeo Opening Speech at CEPSI 2018
Source : YB Yeo Opening Speech at CEPSI 2018, YB Yeo Edge interview on 26 Nov 2018

Internal reorganisation is focused on Generation and Retail corporatisation



Rationale for internal reorganisation driven by value, transparency, and preparedness for disruption



Value and focus



- Focus on efficiency, agility and performance
- GenCo and RetailCo with separate boards and management
- Flexibility in capital management

Transparency



- Clarity on business performance of each value chain segment
- Separation of regulated and major non-regulated businesses

Preparedness for disruption

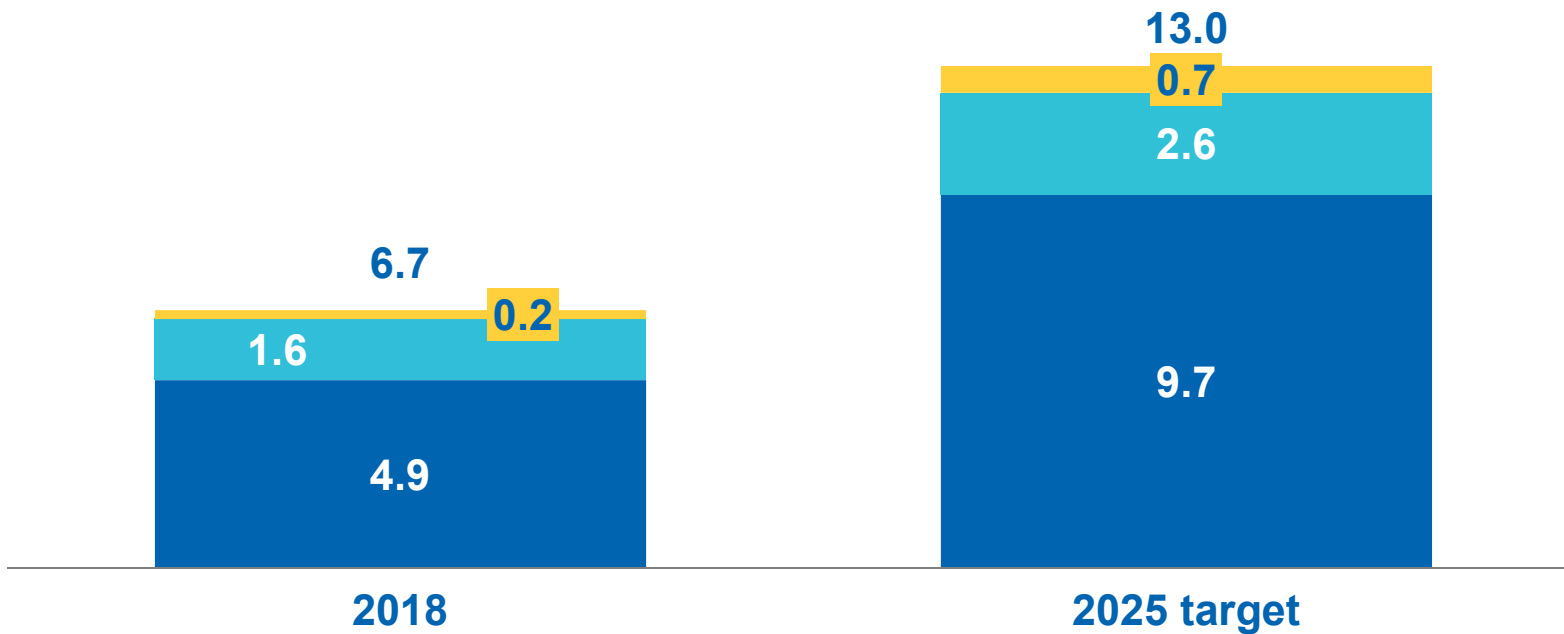


- Adapt to expected changes to the electricity supply industry
- Prepare for increased competition
- Pursue new growth opportunities

TNB is targeting RM13bn EBIT in 2025



EBIT (RMbn)



GenCo: Realize synergies from E2E capabilities to capture domestic growth



Market context

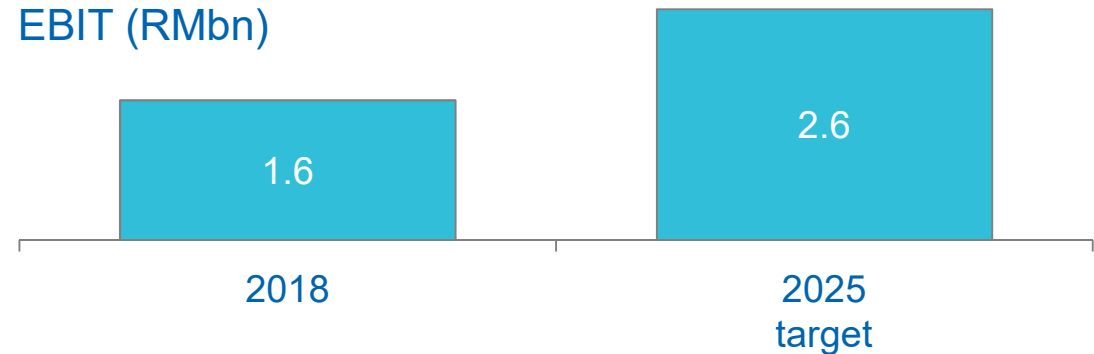
- Lower near term demand growth with PPAs expiring
- Potential higher growth conventional and in RE in the medium term
- Potential changes in market structure

Outlook for GenCo

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



EBIT (RMbn)



Growth

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

Efficiency

- Leverage synergies through procurement and generation excellence

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



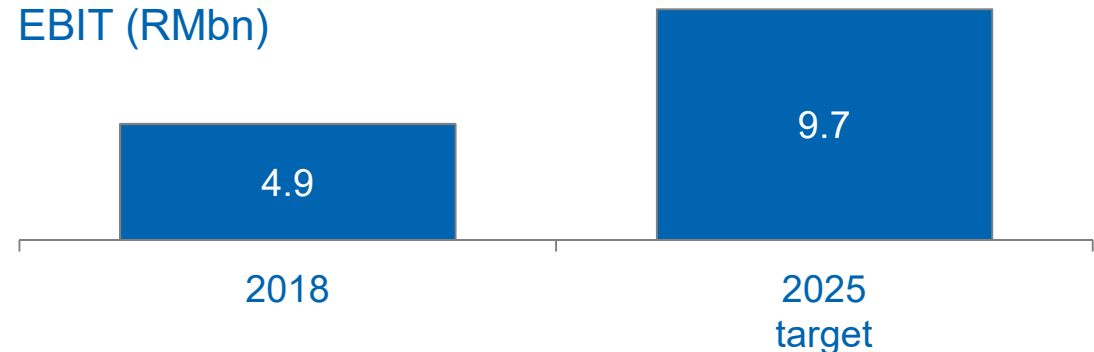
Context

- 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

EBIT (RMbn)



Growth

- 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

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

RetailCo: Retailer of choice with leading green and energy service portfolios

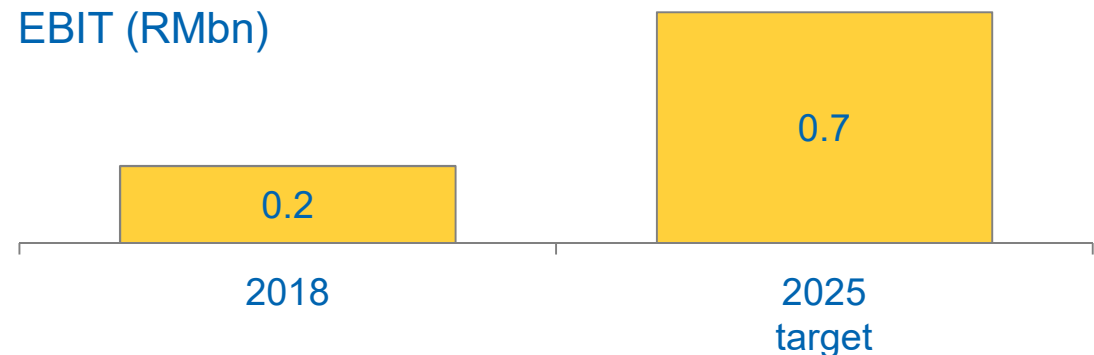


Context

- Potential market liberalization and competition
- Higher customer expectations with anticipated choice
- Increasing government support for green prosumers

Outlook for RetailCo

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



Growth

- Lead rooftop solar generation by leveraging TNB's scale and RetailCos 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

- 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



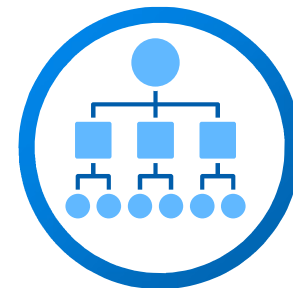
Today - Bursa Announcement

Approval of proposed internal reorganisation



H1 2020 - Court process

Legal process to transfer assets & liabilities through Scheme of Arrangement



Q3 2020 - New corporate structure

New corporate structure in place

The internal reorganisation is subject to a number of approvals being obtained

- Approval of the **shareholders of TNB at a court-convened meeting** to be convened for the Proposed Internal Reorganisation
- Order of the **High Court sanctioning the Scheme and granting of the Vesting Orders** in relation to the Proposed Internal Reorganisation
- Approval/consents of the **financiers/creditors of TNB**
- Approval/consents of **MESTECC, EC and MOF**
- Approval, consent and/or sanction of **any other relevant authorities/parties** (e.g. State Land Authorities), if required

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