

PRESENTATION TO ANALYSTS

**Audited Consolidated Results for the
4th Quarter FY2017 ended 31st August 2017**

26th October 2017

RESULTS HIGHLIGHTS

RESULTS DETAILS

QUESTION & ANSWER

KEY HIGHLIGHTS

- Improved Operating Profit at 3.2% and Stable EBITDA Margin at around 32.6%
- Sustained Capital Expenditure of RM12.1bn During FY'17

Table 1:

Operating Profit

3.2%

Improved by RM0.29bn

FY'17

RM9.36bn

FY'16

RM9.07bn

Table 2:

EBITDA

FY'17

32.6 %

FY'16

33.2 %

Table 3:

Capital Expenditure



KEY HIGHLIGHTS

8.5% Reduction in Adjusted PAT Mainly from Increased in Finance Cost and Taxation

Table 1:

Profit After Tax

5.6%

Declined by RM0.41bn

FY'17

RM6.91bn

FY'16

RM7.32bn

Table 2:

Adjusted Profit After Tax

(RM mn)	FY'17	FY'16
Profit After Tax	6,912.1	7,320.8
Forex Translation Loss	13.7	390.0
Reinvestment Allowance	(851.0)	(1,073.2)
Adjusted Profit After Tax	6,074.8	6,637.6

**RM0.56bn
8.5%**

Table 3:

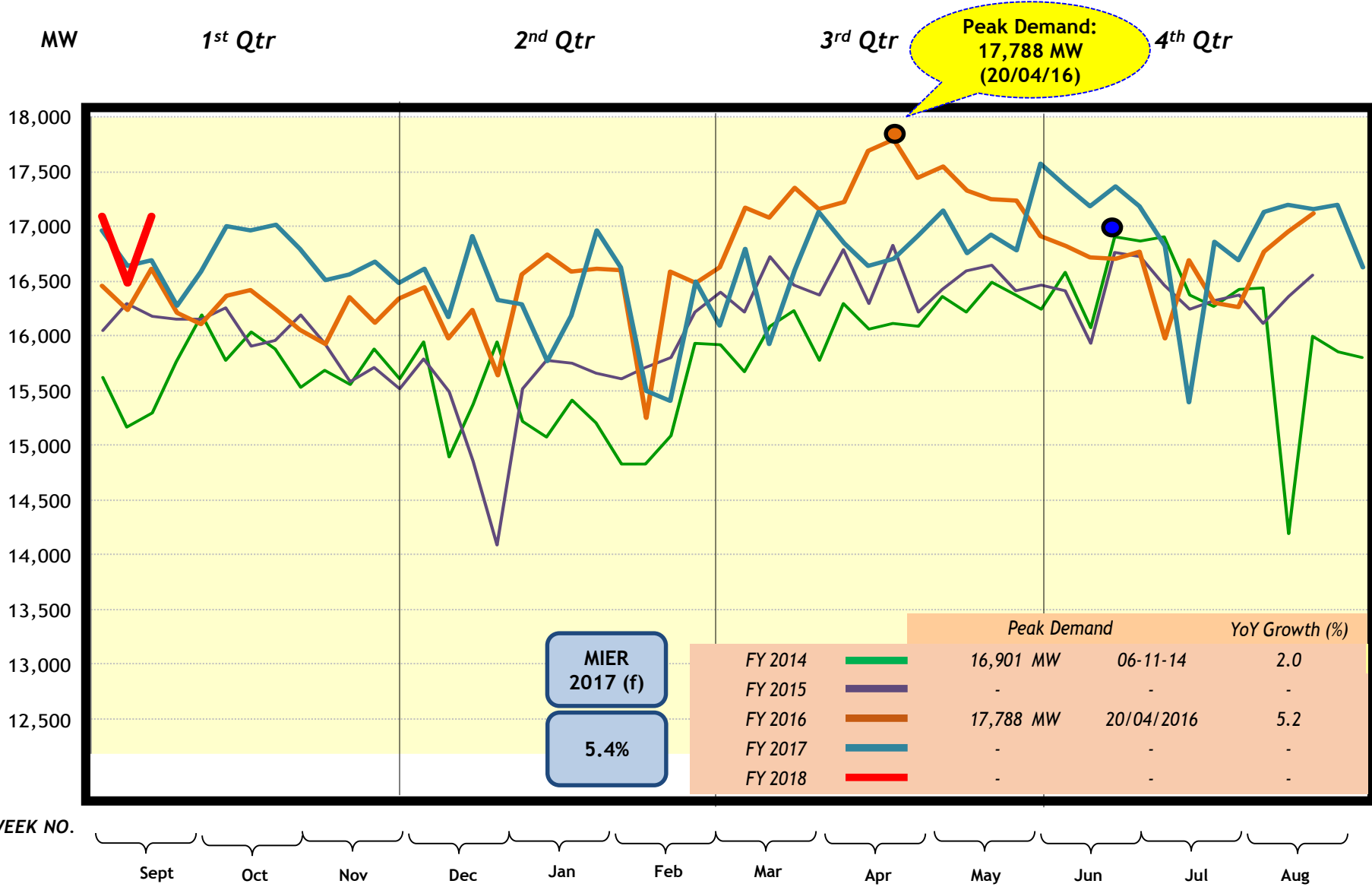
	RM bn
Increase in Deferred Taxation Expense	0.60
Increase in Finance Cost	0.23
Additional Depreciation due to New Plant-Up	0.10
Decrease in Staff Cost	(0.40)
	0.53

Mainly From

SYSTEM WEEKLY MAXIMUM DEMAND (PENINSULA)

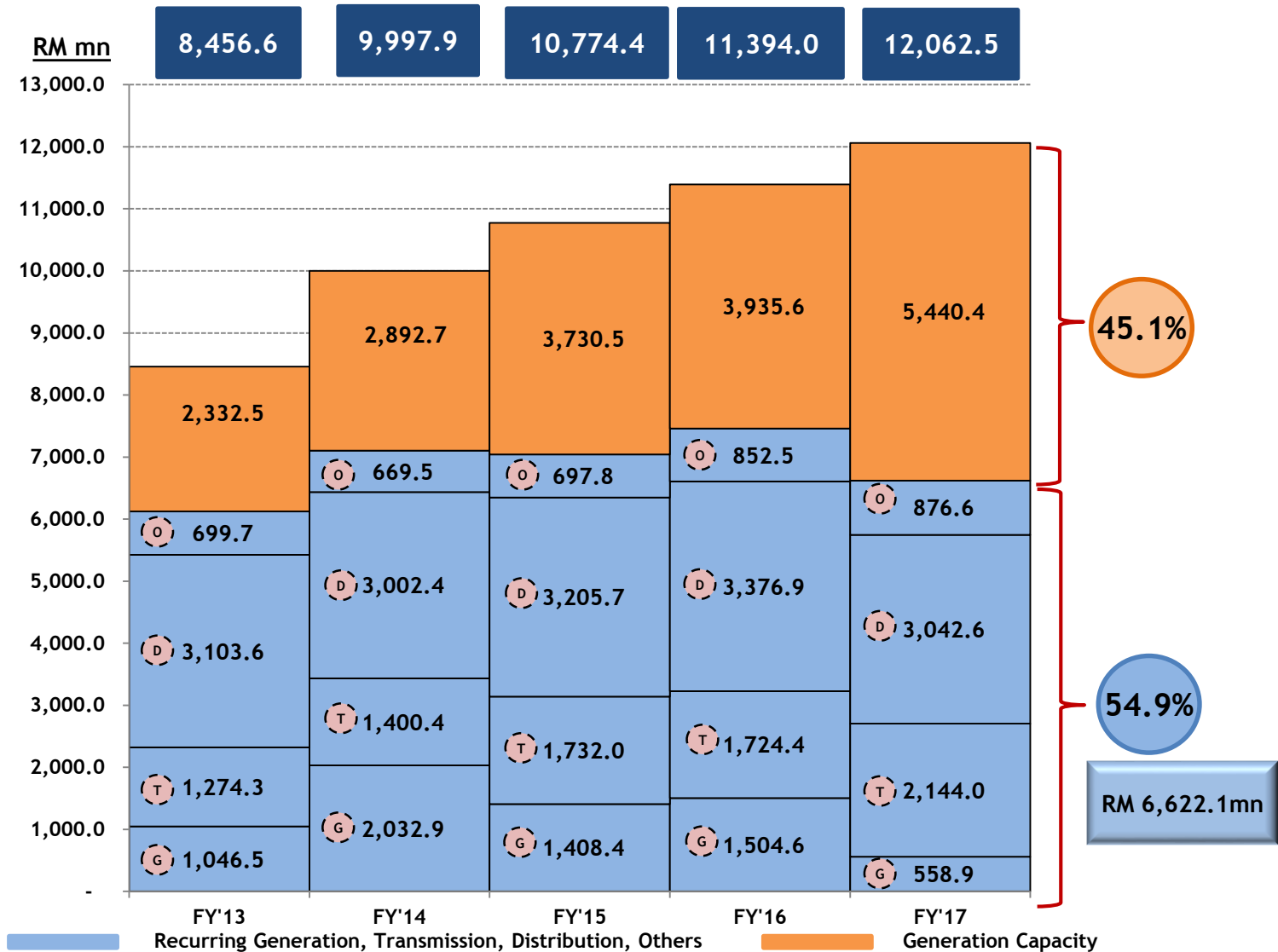


For FY2014 to FY2018



CAPITAL EXPENDITURE

Major Projects Represent 45.1% of Total CAPEX



STATUS OF MAJOR PROJECTS

- 1 Generation Project With Capacity of 1GW Successfully Commissioned
- 1 Generation Project With 2GW Capacity in the Pipeline
- 1 Large-Scale Solar Project Awarded by Energy Commission on 2nd March 2017

Jimah East Power

67.7% **2,000MW**

COD:
U1: 15th Jun 2019
U2: 15th Dec 2019



Janamanjung Unit 5

COMPLETED **1,000MW**

COD:
28th Sep 2017



TNB Sepang Solar

50MW

COD:
1st Nov 2018

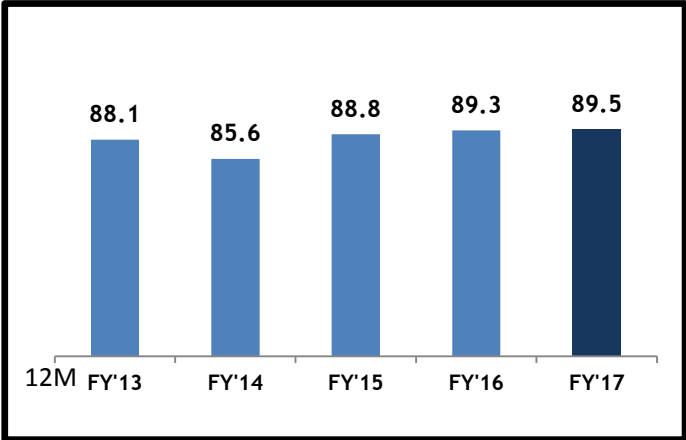


INITIATIVES

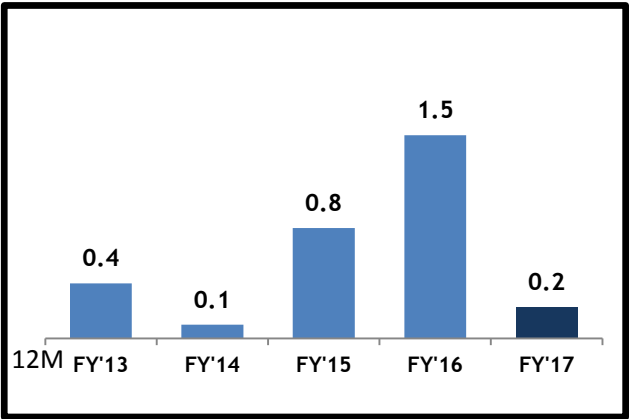
	FY'17	FY'16
• Return on Assets (ROA) (%)	5.4	6.4
• Company CPU (sen/kwh)	36.6	34.2
• Revenue from Non-Regulated Business (RM bn)*	3.3	2.7
• Equivalent Plant Availability Factor (EAF) (%)	89.5	89.3
• Transmission System Minutes (mins)	0.23	1.47
• Distribution SAIDI (mins)	50.2	49.7

TECHNICAL PERFORMANCE

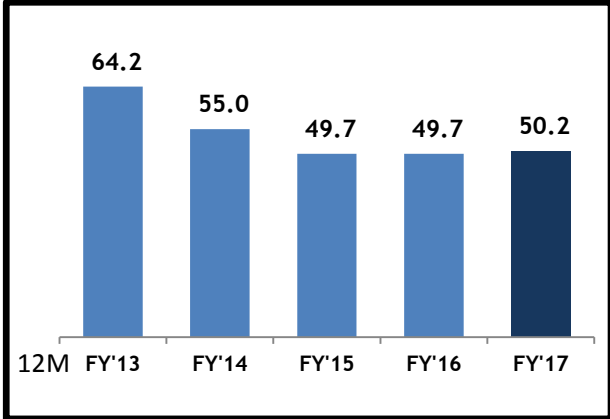
1 EQUIVALENT PLANT AVAILABILITY FACTOR (EAF) (%)



2 SYSTEM MINUTES (mins)



3 SAIDI (mins)



DIVIDEND POLICY

TNB Revised Dividend Policy

Current Policy

Distribution of dividend is based on 30% to 50% dividend payout ratio, based on the reported Consolidated Net Profit Attributable to Shareholders After Minority Interest, excluding Extraordinary, Non-Recurring items.



New Policy

Distribution of dividend is based on 30% to 60% dividend payout ratio, based on the reported Consolidated Net Profit Attributable to Shareholders After Minority Interest, excluding Extraordinary, Non-Recurring items

TNB endeavours to adopt a dividend policy that would provide stable and sustainable dividends to shareholders while maintaining an efficient capital structure and sufficient to cater to its business prospects, capital requirements growth / expansion strategy and other factors considered relevant by the Board

PROPOSED FINAL DIVIDEND

Total Dividend for FY2017: 61.0 sen per Ordinary Share

INTERIM DIVIDEND

Interim Single-Tier Dividend
of 17.0 sen per ordinary share

**PROPOSED
FINAL**

Single-Tier Dividend
of 44.0 sen per ordinary share

TOTAL DIVIDEND FOR FY2017: 61.0 sen per ordinary share

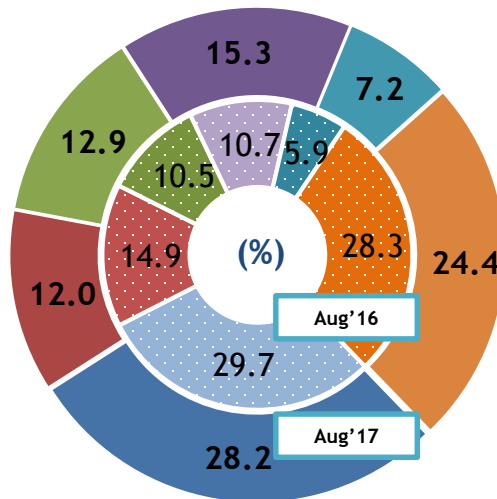
The Books Closure and payment dates will be announced in due course.

SHAREHOLDING

Sustained Foreign Ownership at Around 24%

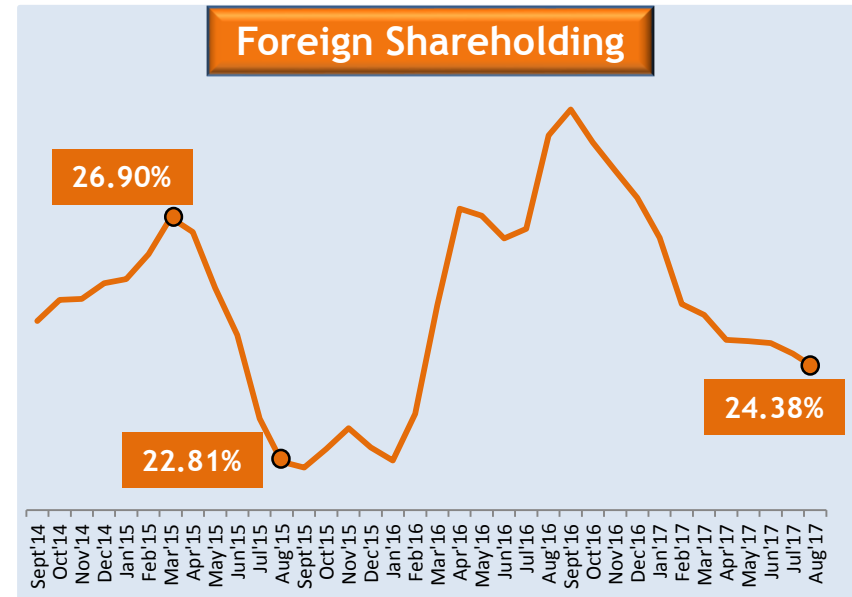
Top 100* Shareholders as at Aug'17

- Khazanah Nasional Berhad
- Employees Provident Fund Board
- Permodalan Nasional Bhd
- Other Corporations & Govt. Agencies
- Malaysian Public



* 83% of total shareholding

Foreign Shareholding



Trending of Foreign Shareholding FY2017 (%)

Aug'16	Nov'16	Feb'17	May'17	Aug'17
28.28	27.69	25.45	24.83	24.38

RESULTS HIGHLIGHTS

RESULTS DETAILS

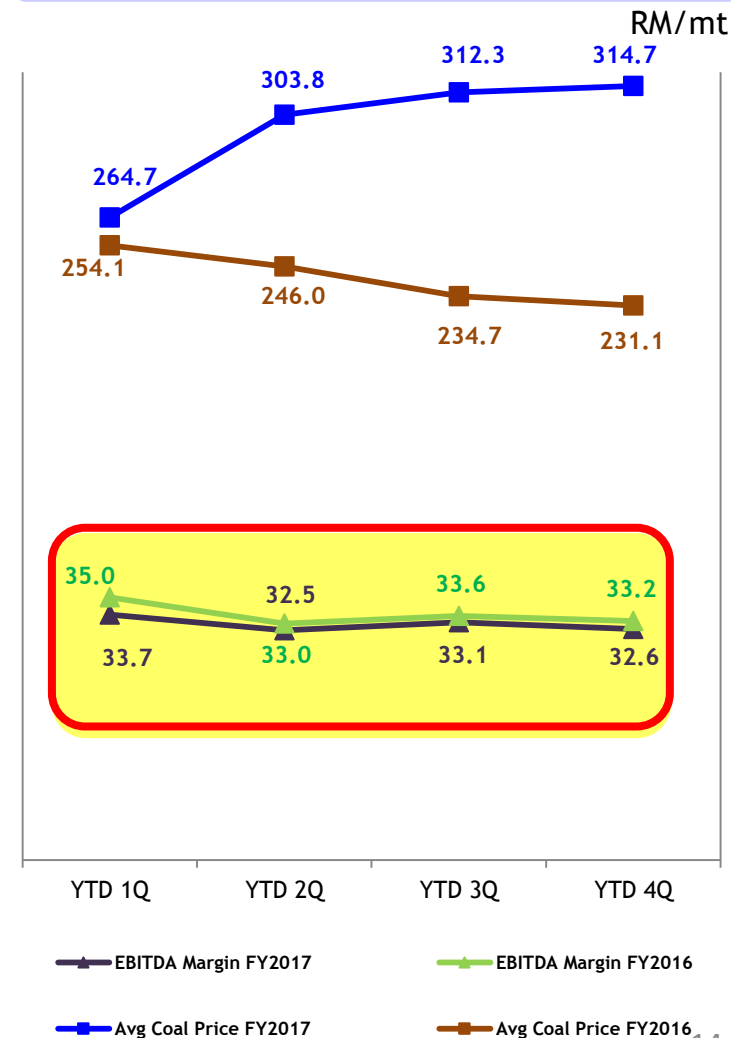
QUESTION & ANSWER

RESULTS DETAILS

Stable EBITDA Margin from Effective Implementation of ICPT Mechanism under IBR Framework

RM mn	1QFY'17	2QFY'17	3QFY'17	4QFY'17	FY'17	FY'16
Total Units Sold (GWh)	29,548.4	28,463.2	28,592.1	29,982.6	116,586.3	115,504.9
Revenue	11,241.6	11,162.3	12,549.2	12,463.8	47,416.9	44,531.5
Operating Expenses (before depreciation)	7,632.3	7,833.2	8,456.1	9,047.6	32,969.2	30,448.8
Operating Income	184.1	158.4	202.3	476.5	1,021.3	711.5
EBITDA	3,793.4	3,487.5	4,295.4	3,892.7	15,469.0	14,794.2
EBITDA Margin (%)	33.7%	31.2%	34.2%	31.2%	32.6%	33.2%
Depreciation and Amortisation	1,453.8	1,508.4	1,582.4	1,560.4	6,105.0	5,722.2
EBIT	2,339.6	1,979.1	2,713.0	2,332.3	9,364.0	9,072.0
EBIT Margin (%)	20.8%	17.7%	21.6%	18.7%	19.7%	20.4%
Finance Cost	278.3	390.9	489.3	297.5	1,456.0	1,039.3
Profit Before Tax & Forex Translation	2,226.4	1,670.9	2,243.5	2,154.7	8,295.5	8,456.8
Net Profit Before Forex Translation	1,971.7	1,453.2	1,771.3	1,721.5	6,917.7	7,757.6
Translation Gain/(Loss)	(231.2)	28.7	191.1	(2.3)	(13.7)	(390.0)
Net Profit attributable to :						
Equity Holders	1,740.5	1,481.9	1,962.4	1,719.2	6,904.0	7,367.6
Non-controlling Interest	48.0	(41.5)	(13.7)	15.3	8.1	(46.8)

ANALYSIS OF EBITDA MARGIN & COAL PRICE



DETAILS OF REVENUE

6.5% Increase in Revenue Mainly due to Lower Over-Recovery of RM0.1bn (FY'16:RM2.8bn)

	FY'17		FY'16		Growth
UNITS SOLD	GWh		GWh		%
- TNB	109,986.4		108,858.3		1.0
- EGAT (Export)	23.3		3.5		>100.0
- SESB	5,145.4		5,137.7		0.1
- LPL	1,431.2		1,505.4		(4.9)
Total Units Sold (GWh)	116,586.3		115,504.9		0.9
REVENUE	RM mn	Sen/KWh	RM mn	Sen/KWh	
Sales of Electricity					
- TNB	43,392.0	39.5	43,099.5	39.6	0.7
- EGAT (Export)	15.5	66.5	2.4	68.6	>100.0
- SESB	1,769.8	34.4	1,776.6	34.6	(0.4)
- LPL	452.8	31.6	514.7	34.2	(12.0)
Sales of Electricity	45,630.1	39.1	45,393.2	39.3	0.5
Intercompany Sales			-		
LPL Operating Lease (MFRS117)	44.5		42.6		4.5
Unbilled Revenue	355.5		(2.5)		>100.0
Imbalance Cost Pass-Through	(227.0)		(2,788.5)		(91.9)
Total Sales of Electricity	45,803.1		42,644.8		7.4
Goods & Services	1,207.3		1,505.6		(19.8)
Deferred Income	406.5		381.1		6.7
Total Revenue	47,416.9		44,531.5		6.5

ELECTRICITY GROWTH IN PENINSULA

1.0% Demand Growth Registered in FY2017

UNITS SALES		FY2016					FY2017				
		1Q	2Q	3Q	4Q	FY'16	1Q	2Q	3Q	4Q	FY'17
Industrial	Gwh	11,101	10,819	10,603	10,400	42,923	10,975	10,966	10,794	11,118	43,853
	Growth (%)	1.2	(1.4)	(1.5)	(5.5)	(1.8)	(1.1)	1.4	1.8	6.9	2.2
Commercial	Gwh	9,368	9,404	9,804	10,065	38,641	10,053	9,530	9,649	10,017	39,249
	Growth (%)	3.9	6.1	9.1	7.5	6.7	7.3	1.3	(1.6)	(0.5)	1.6
Domestic	Gwh	5,886	5,981	6,700	6,756	25,323	6,244	5,930	5,980	6,586	24,740
	Growth (%)	6.3	12.0	16.0	10.4	11.2	6.1	(0.9)	(10.7)	(2.5)	(2.3)
Others	Gwh	491	498	494	488	1,971	539	531	530	545	2,145
	Growth (%)	(1.0)	1.0	6.9	1.0	2.0	9.8	6.6	7.3	11.7	8.8
Total	Gwh	26,846	26,702	27,601	27,709	108,858	27,811	26,957	26,953	28,265	109,986
	Growth (%)	3.2	4.0	6.2	2.7	4.0	3.6	1.0	(2.3)	2.0	1.0

	FY'17	FY'16	FY'15
Growth (%)	1.0	4.0	2.2

Average: 2.5%

OPERATING EXPENSES

8.0% Increase in Operating Expenses Mainly due to Generation Costs Escalation from Higher Coal Price

RM mn	FY'17	FY'16	Variance RM mn	Variance %
Capacity Payment	4,398.0	4,434.1	36.1	0.8
Energy Payment	9,715.9	8,076.1	(1,639.8)	(20.3)
Total IPPs Purchases/Costs	14,113.9	12,510.2	(1,603.7)	(12.8)
Fuel Costs	23,367.5 { 9,253.6	21,245.6 { 8,735.4	(2,121.9) { (518.2)	(5.9)
Repair & Maintenance	2,060.4	2,058.3	(2.1)	(0.1)
Staff Costs	3,756.4	4,144.3	387.9	9.4
TNB General Expenses	2,696.7	2,250.3	(446.4)	(19.8)
Subs. Cost of Sales & Opex □	1,088.2	750.3	(337.9)	(45.0)
Depreciation & Amortisation	6,105.0	5,722.2	(382.8)	(6.7)
Total Operating Expenses	39,074.2	36,171.0	(2,903.2)	(8.0)

GENERATION MIX (PENINSULA)

Year-on-Year Analysis



14.0% Increase in Fuel Costs Mainly due to Higher Coal Price and Coal Consumption

Table 1:

Fuel Costs (RM mn)				
Fuel Type	FY'17	FY'16	Variance	
			RM mn	%
Gas	8,256.8	7,801.2	455.6	5.8
LNG	272.8	986.6	(713.8)	(72.3)
Coal	8,569.6	6,128.6	2,441.0	39.8
Dist.	68.2	62.9	5.3	8.4
Oil	83.5	155.7	(72.2)	(46.4)
Total	17,250.9	15,135.0	2,115.9	14.0

Units Generated (Gwh)				
Fuel Type	FY'17	FY'16	Variance	
			Gwh	%
Gas & LNG	50,934.7	54,235.3	(3,300.6)	(6.1)
Coal	63,562.9	61,028.1	2,534.8	4.2
Dist.	79.1	93.5	(14.4)	(15.4)
Oil	278.8	446.2	(167.4)	(37.5)
Hydro	5,611.1	4,255.7	1,355.4	31.8
Total	120,466.6	120,058.8	407.8	0.3

Table 2:

	FY'17	FY'16	Var (%)
Average Coal Price Consumed (USD/MT) *			
FOB	66.0	50.0	32.0%
Freight	6.2	5.3	17.0%
Others	0.5	0.4	25.0%
CIF	72.7	55.7	30.5%
Average Coal Price Consumed (RM/MT) (CIF)	314.7	231.1	36.2%
Coal Consumption (mn MT)	27.4	25.4	7.9%
Average Coal Price Delivered (USD/MT) (CIF)	70.2	58.2	20.6%

Table 3:

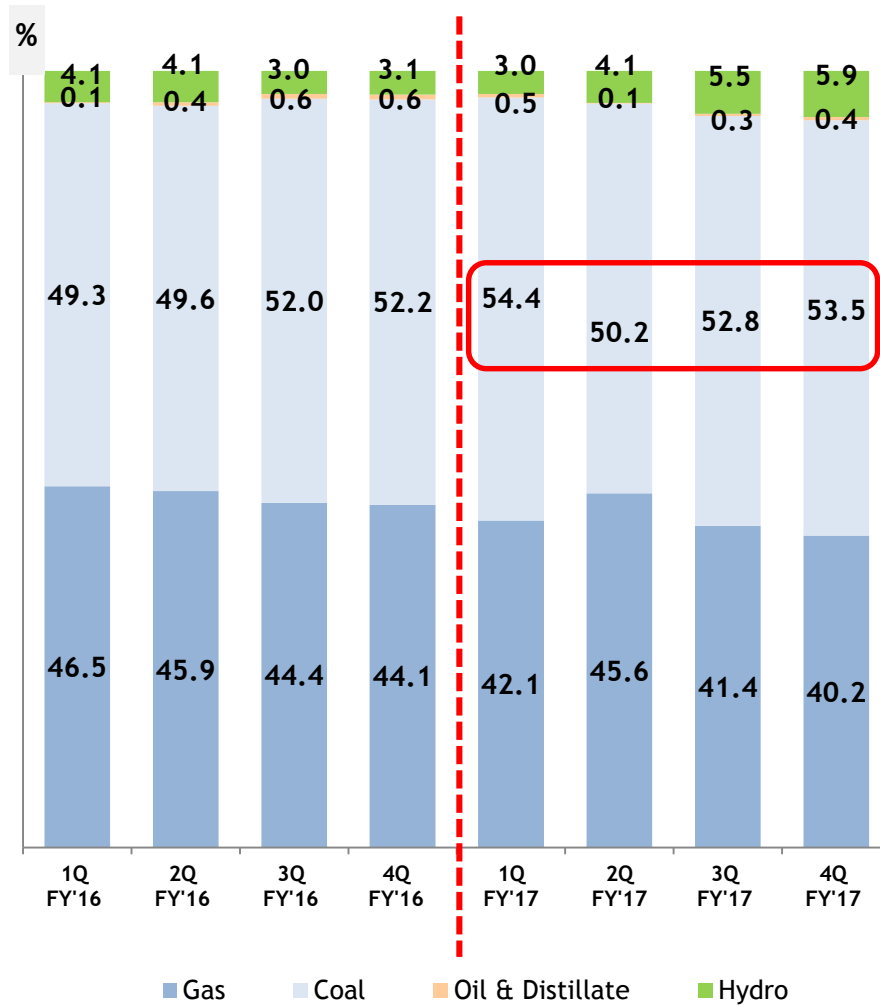
	FY'17	FY'16
Daily Average Gas Volume (mmscfd)	1,042	1,128
Average LNG Price (RM/mmbtu)	28.44	32.76
Average Piped Gas Price (RM/mmbtu)	20.95	17.95

* Conversion from USD to RM using average MTD, QTD & YTD Forex rate respectively

GENERATION MIX (PENINSULA)

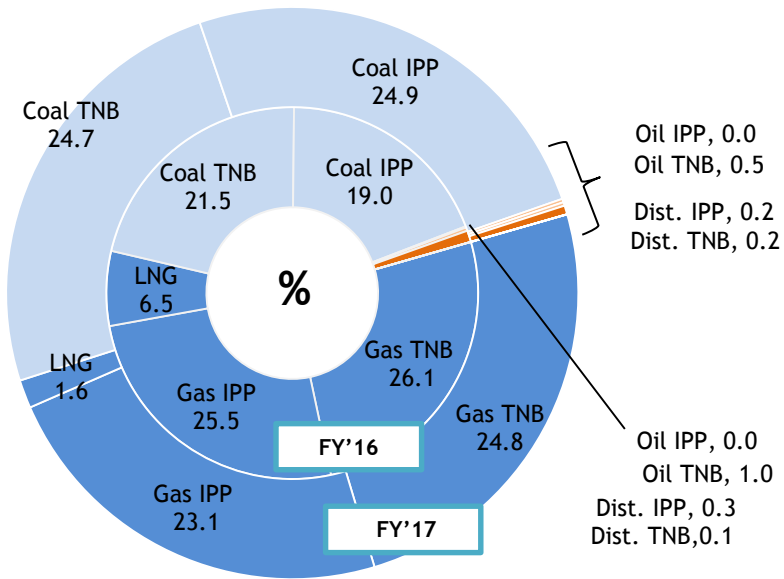
Quarterly Analysis

Higher Coal Generation due to Improved Coal Plants Performance

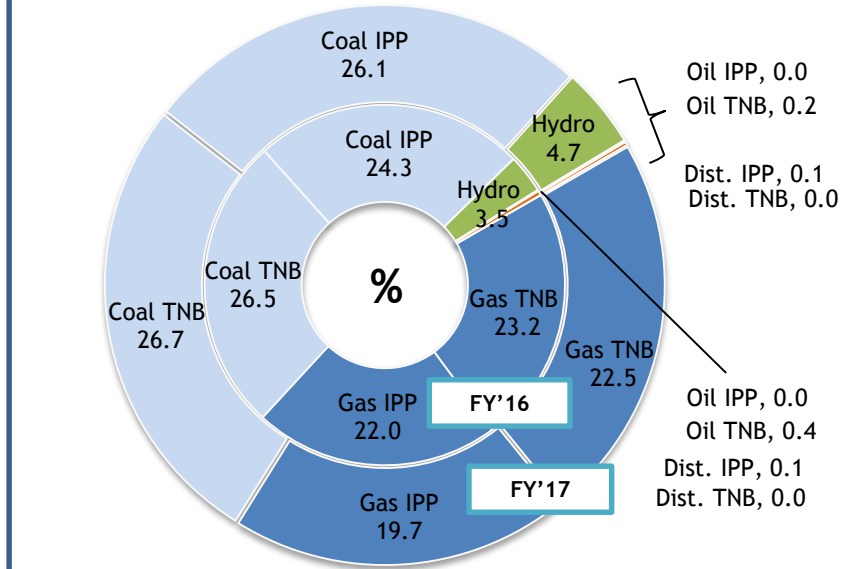


FUEL COSTS (TNB & IPPs - PENINSULA)

Fuel Costs



Units Generated

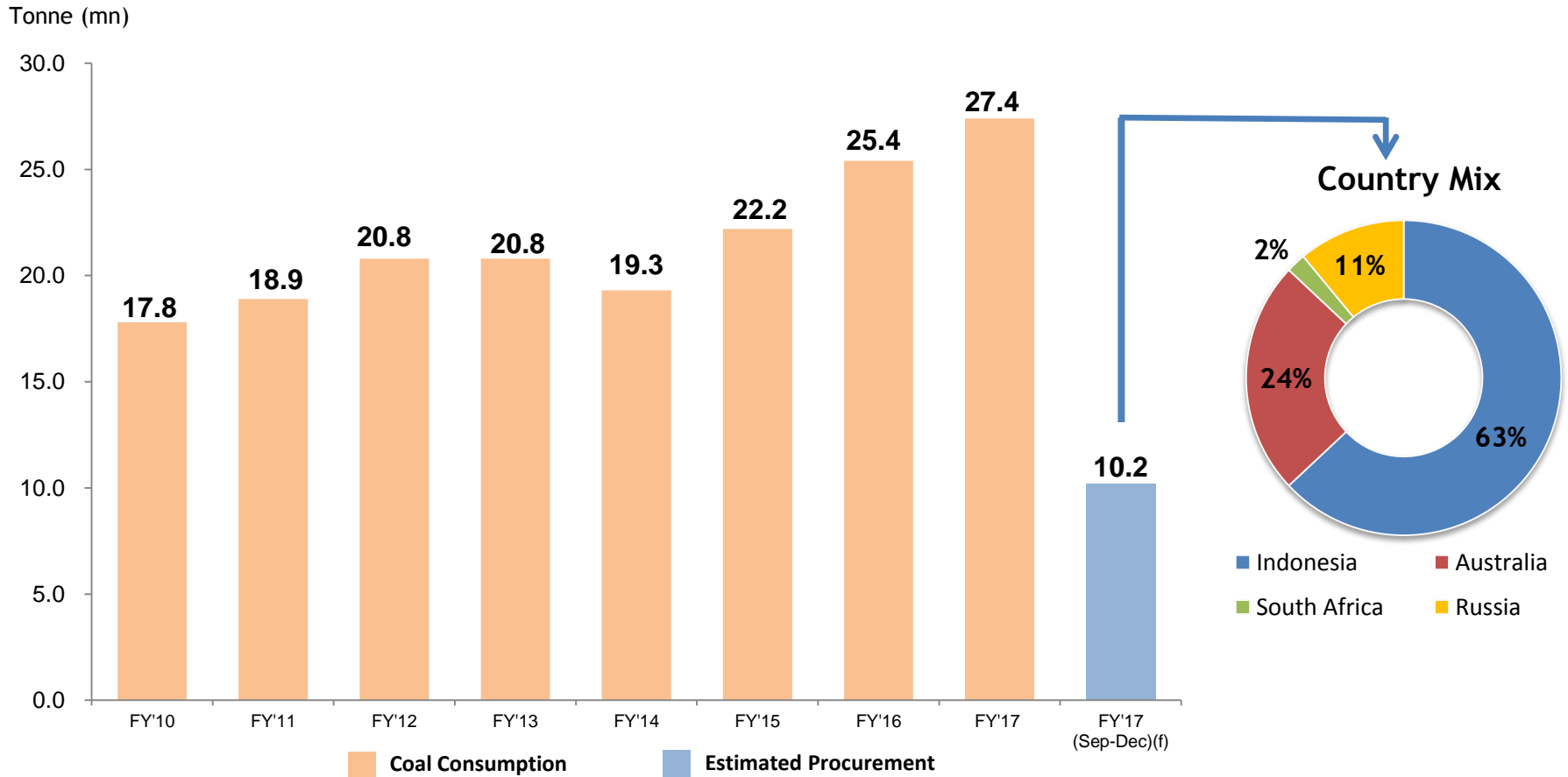


% indicates generation market share

COAL REQUIREMENT

Average Coal Price for FY'17 was at USD72.7/MT @ RM314.7/MT

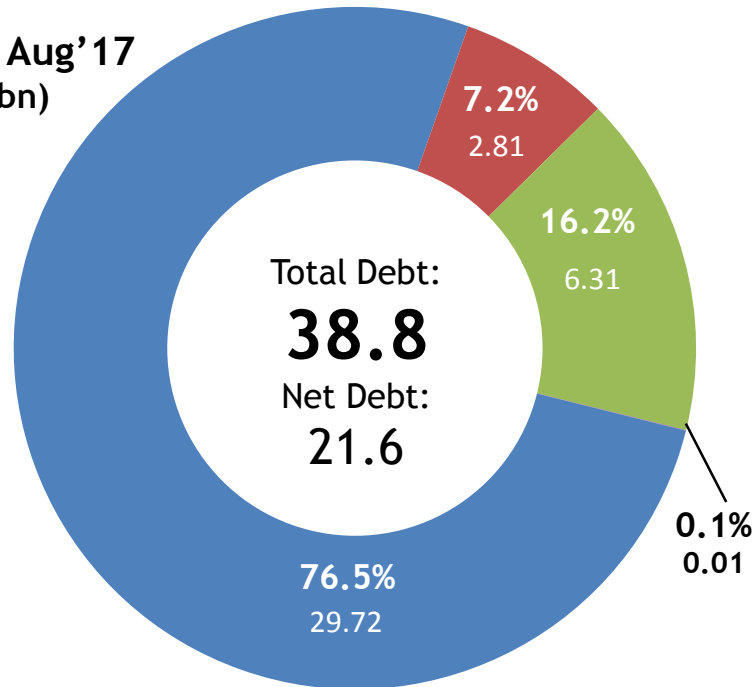
Average Coal Price (CIF)	FY'10	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17
USD/metric tonne	88.2	106.9	103.6	83.6	75.4	66.0	55.7	72.7
RM/metric tonne	293.8	325.9	321.9	259.5	244.6	236.0	231.1	314.7



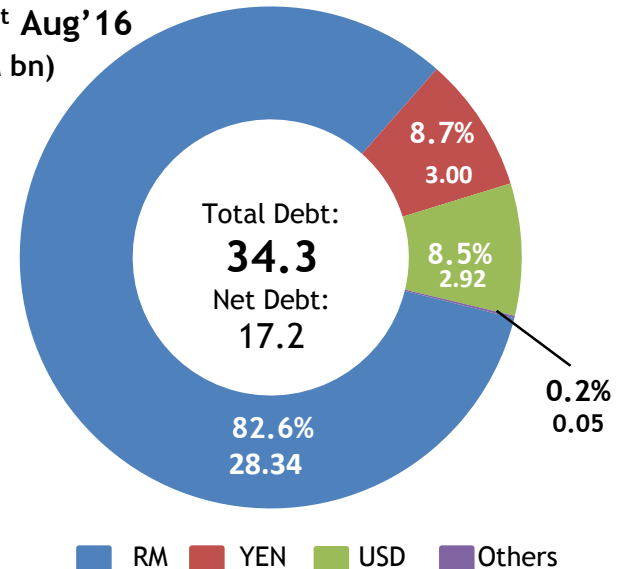
DEBT EXPOSURE & GEARING

Higher Debt due to Issuance of Islamic Medium Term Note (IMTN) of RM2.0bn

31st Aug'17
(RM bn)



31st Aug'16
(RM bn)



■ RM ■ YEN ■ USD ■ Others

Statistics	31st Aug'17	31st Aug'16
Gearing (%)	40.3	39.5
Net Gearing (%)	22.4	19.7
Fixed : Floating (%)	96.6 : 3.4	96.4 : 3.6
Final Exposure (%)	96.6 : 3.4	96.4 : 3.6
Weighted Average Cost of Debt (%)	4.69	5.06
Final Exposure (%)	4.69	5.06

Closing	31 st Aug'17	31 st Aug'16
USD/RM	4.27	4.06
100YEN/RM	3.88	3.96
USD/YEN	110.05	102.53

* Net Debt excludes deposits, bank and cash balances & investment in UTF

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THANK YOU

**Audited Consolidated Results for the
4th Quarter FY2017 ended 31st Aug 2017**