2QFY2020 PRESENTATION TO ANALYST

28TH AUGUST 2020

Unaudited Consolidated Result for the

2nd Quarter FY2020 Ended 30th June 2020

CONTENT OVERVIEW

01 **KEY HIGHLIGHTS**

02 FINANCIAL DETAILS

03 STRATEGY & OUTLOOK

04 APPENDIX

Impact of MCO & COVID-19 on overall performance

- Peninsular Malaysia's electricity demand fell by 8.5% Y-o-Y due to the Movement Control Order (MCO), however our revenue cap entities were **compensated through the regulatory revenue adjustment** under the IBR framework.
- Physical closure of businesses as well as Kedai Tenaga (customer service outlets) during the MCO had affected our collections.
- Our subsidiaries & associates business performance were also disrupted by the MCO and COVID-19 pandemic.

Supports and contributions for the nation

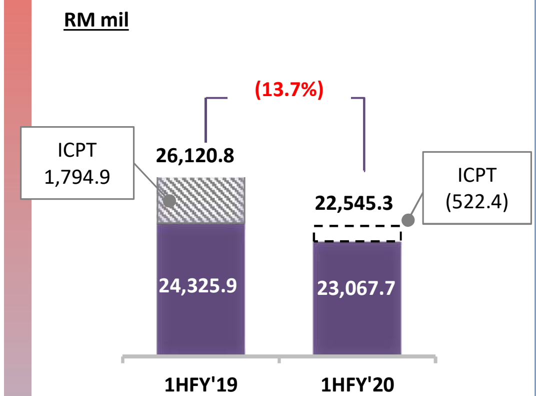
- We have initiated an action coalition with the Ministry of Health to encourage corporate companies in Malaysia to collaborate with the government and work together to fight the Covid-19 virus outbreak in the country.
- We have pledged **RM250 million** from the total of RM2.6 billion for the consumers' electricity bill discounts for the period Apr'20 – Dec'20.
- We have also contributed around **RM29 million** for the purchase of medical equipment & supplies and personal protective equipment.

Recovery post MCO

- The **electricity demand, sales,** and **collections are improving** as business activities momentum picks up under the Recovery Movement Control Order (RMCO).
- Continuous stringent initiatives to further improve collection while prudently monitoring the collection on a regular basis.

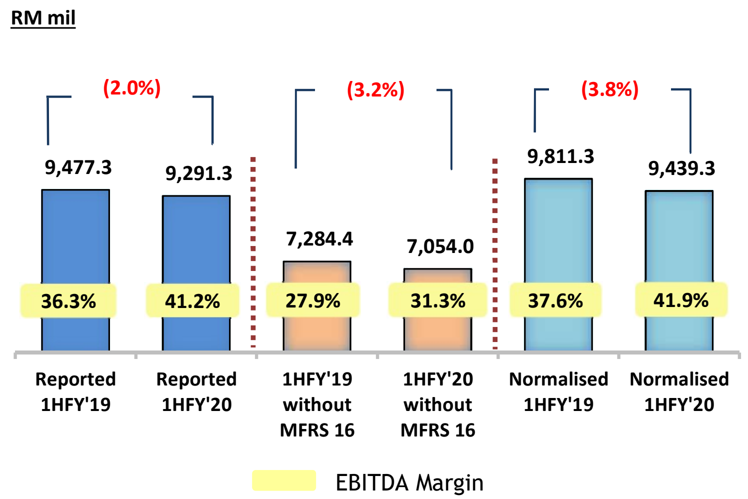
Our revenue cap entities insulated via IBR framework. However, earnings lower due to economic slowdown and forex volatility.

REVENUE



- Sales of electricity (Peninsula) decrease by 8.5% Y-o-Y at 53,535.7 GWh (58,521.1 GWh - 1HFY'19)
- Revenue includes :
  - Sales discount of RM1,753.6mil (includes TNB's portion of RM125.0mil)
  - Lower subsidiaries' contributions for the non-regulated business
  - ICPT in a rebate position which impacted the overall revenue

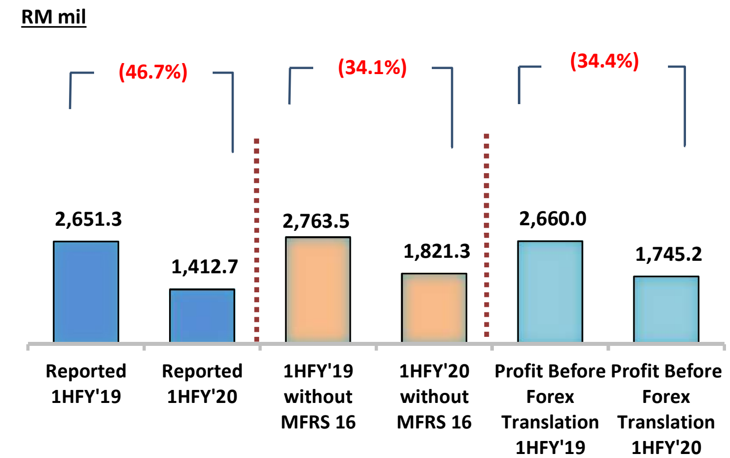
EBITDA



Reported EBITDA margin improved 4.9% Y-o-Y due to lower operating expenses by 19.6% recorded in 1HFY'20 as the Group adapts to the prevailing operational requirement

(refer Normalised EBITDA slide for details)

PROFIT AFTER TAX



Reported PAT 1HFY'20 includes:

- Negative MFRS16 impact of RM408.6mil
- Unrealised Forex loss of RM332.5mil
- Higher effective tax rate due to lower Capital Allowance resulted from delay in project completion

Y-o-Y normalised EBITDA & PAT lower in 1HFY'20 mainly due to unrealised forex loss and COVID-19 pandemic

EBITDA

Components	1H FY'19 RM mil	1H FY'20 RM mil
Reported EBITDA	9,477.3	9,291.3
Impairment (1)	+334.0	-
TNB sales discount & contribution for Covid-19	-	+148.0
Normalised EBITDA	9,811.3	(2) 9,439.3

PROFIT AFTER TAX

Components	1H FY'19 RM mil	1H FY'20 RM mil
Reported PAT	2,651.3	1,412.7
Impairments (1)	+334.0	-
TNB sales discount & contribution for Covid-19	-	+148.0
Forex Translation	+8.7	+332.5
Normalised PAT	2,994.0	(2) 1,893.2

1

Impairment Item	1Q FY'19 (RM mil)
GMR	198.3
Financial Guarantee for GAMA	135.7

2

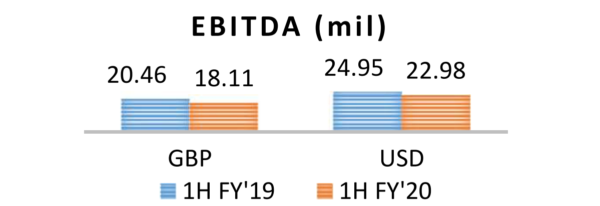
Lower Normalised EBITDA and PAT in 1HFY'20 mainly due to:

Impact from COVID-19 pandemic	**RM mil**
Lower contribution from subsidiaries	236.7
Retail loss	118.3
Lower Capital Allowance resulted from delay in project completion	219.0
Others	
Lower contribution from generation business	129.8
Higher MFRS 16 net movement	296.4
Total	**1,000.2**

Our UK investments performance: some respite due to operational efficiency

Vortex Solar UK Limited

EM: 84%



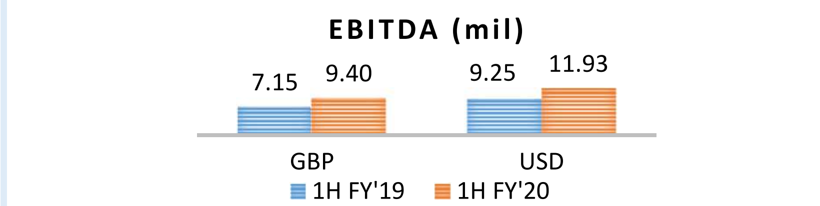
- The weaker power demand during the lockdown has negatively affected wholesale electricity price, moderating EBITDA by 11%.
- However, lower operational expenditure due to cost savings from its inverter maintenance cushioned the overall impact on EBITDA.

Outlook for Vortex:

- The solar generated energy has shown resilience during the lockdown period as its generation share increased by 10% of UK's total generation mix as at early 1HFY20.
- The easing of the lockdown is expected to further improve demand. Additionally, the seasonal factor (i.e summer) will be a boon from higher generation due to better irradiance.

Tenaga Wind Ventures (TWV)

EM: 78%



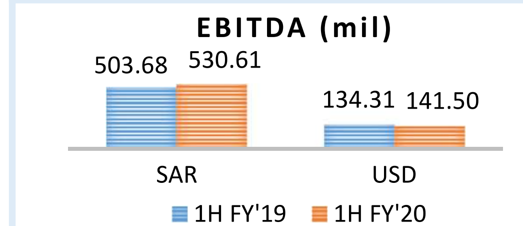
- 1HFY20 EBITDA improved due to higher revenue contribution resulted from better subsidy tariff than corresponding previous year's period. Additionally, export tariff was also better contributed by good PPA negotiations and planning.
- Lower operation expenditure by 13% against budget due to cost savings in certain operation expenditure.
- High wind availability resulted in very strong generation performance which improved by 22% compared to prior year with a portfolio availability at 98.3%.

Outlook for TWV:

- Wind generated energy remains competitive on the back of supportive regulatory framework. TWV revenue is insulated from low demand due to the FIT subsidy scheme and early lock-in PPA prices.
- TWV will continue to expand its portfolio to support the long term strategy of TNB's international business.

Shuaibah

EM: 84%



- Stable EBITDA recorded in 1QFY'20.
- Accumulated cash distribution as at Dec 2019 is c.USD37.08mil (116% of our cost of investment).

Outlook for Shuaibah:

- Immaterial impact from COVID-19 due to favourable revenue structure already in place.
- Shuaibah's performance is expected to remain positive with a steady dividend distribution to shareholders.

Outlook for UK Renewable Energy (RE) Platforms:

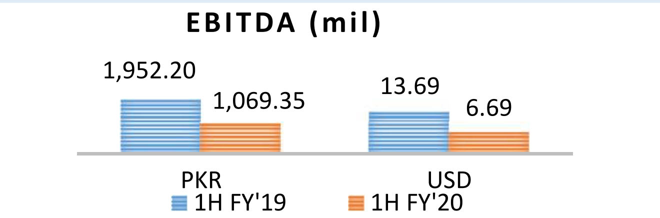
- RE has dominated generation mix during Covid-19 crisis with close to 50% share compared to pre-crisis level at c.30%.
- Policy and regulatory instruments remain intact with government providing liquidity injection to suppliers to ensure subsidy payment to generators remains uninterrupted which demonstrate the stability of RE market in the UK.
- TNB will leverage on existing UK assets and market experience to build up a sizeable renewable energy portfolio through acquisition of both operating assets and development of greenfield projects.

Notes :
YTD EBITDA at 100% shareholding
EM : YTD EBITDA Margin

KEY HIGHLIGHTS > INTERNATIONAL BUSINESS

…However, GMR and LPL's performance weakened mainly due to operational issues

TNB Liberty Power Limited (LPL) — EM: 18%

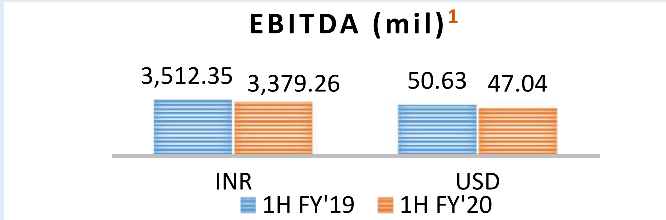


- Lower EBITDA in 1H FY'20 was mainly because of lower generation due to gas supply issues.

Outlook for Liberty:

- To date, efforts by the government of Pakistan to reform power sector and address outstanding debt issue have not led to any visible improvement on the ground. Consequently, LPL's operating cash flows are being tied up due to outstanding receivables from the offtaker.
- In April 2020, LPL won its arbitration award and was awarded with all its major claims. Currently, LPL management is pursuing to recover the amount dues from the offtaker.
- LPL management is now exploring various restructuring strategy.

GMR Energy Limited (GEL) — EM: 33%

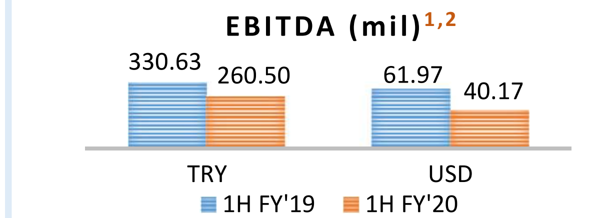


- Lower EBITDA in 1H FY'20 due to lower energy sales and fuel supply issues in coal power plants.

Outlook for GEL:

- Due to the economic lockdown, power demand fell significantly which led to further liquidity stress in the power sector. Consequently, this resulted in lower revenue for coal assets. In addition, the off taker risk (lower takeup and delay in realization of receivables) increased from the lower power demand.
- Despite lockdown lift, businesses are not recovering because of labor shortage from uncertainty in job availability. The labor shortages is expected to persist in 2H FY'20, therefore prolonging the recovery of power demand.
- DISCOMs (Distribution Company) are also under further stress with the expected liquidity injection from financial institution hit a hurdle as state governments are unwilling to guarantee loans. Subsequently, the GENCOs will also suffer liquidity issues.

GAMA Enerji A.S. (GEAS) — EM: 33%



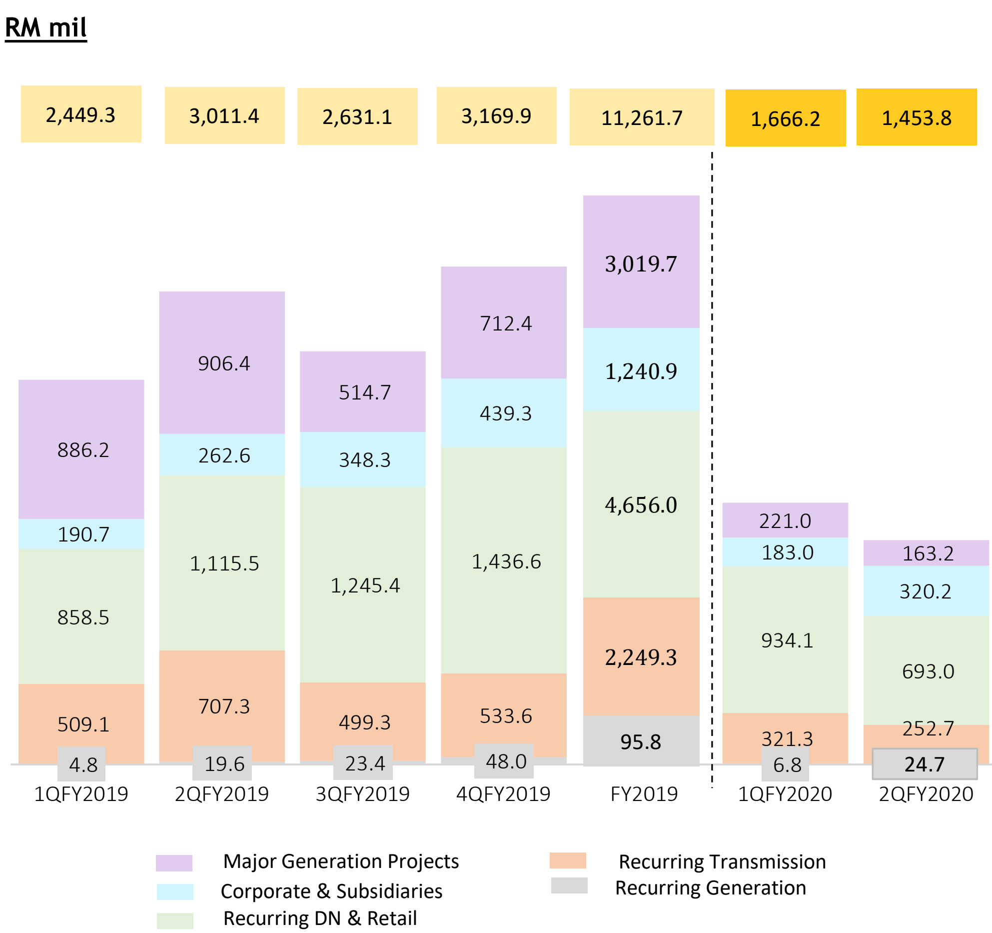
- GAMA Enerji has turned around operationally by sustaining high availability and reliability for all of its assets with minimal forced outage. GAMA Enerji's CCGT has been operating at full block capacity post turbine breakdown.
- Lower EBITDA in 1H FY'20 was due to lower merchant prices as a result of higher dispatch from state owned hydro power plants due to better hydrology season. The EBITDA is further impacted by maintenance expenses due to planned partial major overhaul.

Outlook for GEAS:

- Electricity market prices have been depressed between March to April on the back of weak power demand due to economic lockdown from Covid-19. Nevertheless, there are signs of improvement in 2H FY'20 as Turkey had reopened its economy in early June FY'20 post Covid-19 lockdown.
- GAMA Enerji's CCGT debt restructuring had achieved a positive milestone with the signing of a Non Binding Term Sheet by GEAS and the lenders
- Definitive agreement is expected to be completed by Q3 - Q4 FY'20.

Notes :
YTD EBITDA at 100% shareholding
EM : YTD EBITDA Margin
[1]Reported 3 months lagging
[2]Exclude impairment made at asset level in 1Q (driven by unfavorable economy condition i.e. low electricity market prices and high forex)

Regulated CAPEX spending is on track



FY	RP2 REGULATED ENTITIES CAPEX		
	IBR Approved (RM mil)	Actual YTD (RM mil)	Utilization (%)
2018	6,263.7	6,680.0	
2019	6,188.1	7,097.6	
2020	6,391.4	2,224.3 As at Jun'20	
TOTAL	18,843.2	16,001.9	84.9

*The balance of the Regulated CAPEX for FY2020 is RM2,841.3 million

Major Generation Projects Physical progress as at Jun'20

99%
Plan : 99%

Southern Power Generation (Gas)
1,440MW
COD :
U1 : 30th Nov'20
U2 : 31st Dec'20

96%
Plan : 96%

TNB Bukit Selambau (Solar)
30MW

COD : 22nd Sep'20

KEY HIGHLIGHTS > DIVIDEND

Despite the challenging macro environment, we continue to honour our dividend policy with high dividend payout ratio

DIVIDEND POLICY

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

	1HFY'18	1HFY'19	1HFY'20
Dividend Payout (RM' bil)	1.72	1.71	1.26
Dividend Payout (%) (based on Adjusted PATAMI)	50.0	54.5	59.0
Dividend Per Share (sen)	30.3	30.0	22.0

	1HFY'18 Interim Dividend	1HFY'19 Interim Dividend	1HFY'20 Interim Dividend
Group Profit After Tax	3,385.2	2,651.3	1,412.7
Non-controlling Interests	(28.2)	21.7	(41.5)
Group PATAMI (Attributable to Owners of the Company (RM mil)	3,357.0	2,673.0	1,371.2
Total Adjustments	80.6	454.9	756.3
1) Impairment	-	334.0	-
2) Forex translation loss	80.6	8.7	332.5
3) TNB sales discount & contribution for Covid-19	-	-	148.0
4) MFRS 16	-	112.2	408.6
5) Reversal of provision made for subsidiary	-	-	(132.8)
Adjusted Group PATAMI (RM mil)	3,437.6	3,127.9	2,127.5
Distributable of Adjusted / Normalised Group PATAMI for Dividend (RM mil)	1,718.8	1,706.1	1,255.0
Dividend Payout Ratio (%)	50.0	54.5	59.0
Dividend per share (sen)	30.27	30.00	22.00

CONTENT OVERVIEW

FINANCIAL DETAILS > REVENUE

Lower sales of electricity compensated through regulatory adjustment, while non-regulated business impacted by COVID-19 pandemic

UNITS SOLD	1QFY'20 GWh	2QFY'20 GWh	1HFY'20 GWh	1HFY'19 GWh	Variance (1HFY'20 vs 1HFY'19) GWh	%
Sales of Electricity (GWh)						
- TNB	27,938.1	25,597.6	53,535.7	58,521.1	(4,985.4)	(8.5)
- SESB	1,336.8	1,257.2	2,594.0	2,803.9	(209.9)	(7.5)
- EGAT (Export)	-	2.1	2.1	-	2.1	-
- LPL	68.2	274.4	342.6	516.7	(174.1)	(33.7)
- UK WIND (TNBI)	31.8	17.2	49.0	40.3	8.7	21.6
Total Units Sold (GWh)	**29,374.9**	**27,148.5**	**56,523.4**	**61,882.0**	**(5,358.6)**	**(8.7)**

REVENUE	1QFY'20 RM mil	1QFY'20 Sen/KWh	2QFY'20 RM mil	2QFY'20 Sen/KWh	1HFY'20 RM mil	1HFY'20 Sen/KWh	1HFY'19 RM mil	1HFY'19 Sen/KWh	Variance (RM mil)	Variance Sen/KWh
Sales of Electricity (RM)										
- TNB	11,477.7	40.23	10,236.1	40.14	21,713.8	40.19	23,321.5	39.85	(1,607.7)	(6.9)
- Sales Discount	-		(1,712.6)		(1,712.6)		-		(1,712.6)	-
- SESB	467.5	34.55	448.5	34.79	916.0	34.67	960.4	34.25	(44.4)	(4.6)
- Sales Discount	-		(41.0)		(41.0)		-		(41.0)	-
- Accrued Revenue	(243.0)		27.1		(215.9)		(104.2)		(111.7)	>100.0
- EGAT (Export)	0.1	-	0.6	-	0.7	-	0.1	-	0.6	>100.0
- LPL	43.1	63.20	119.4	43.51	162.5	47.43	245.9	47.59	(83.4)	(33.9)
- UK WIND (TNBI)	33.5	105.35	31.0	180.23	64.5	131.63	52.2	129.53	12.3	23.6
Sales of Electricity	**11,778.9**	**40.10**	**9,109.1**	**33.55**	**20,888.0**	**36.95**	**24,475.9**	**39.55**	**(3,587.9)**	**(14.7)**
Imbalance Cost Pass-Through	(307.5)		(214.9)		(522.4)		1,794.9		(2,317.3)	>(100.0)
Other Regulatory Adjustment	(165.7)		136.0		(29.7)		(809.5)		779.8	(96.3)
Relief Package from Government	-		1,628.6		1,628.6		-		1,628.6	-
SESB Tariff Support Subsidy	115.6		81.4		197.0		216.8		(19.8)	(9.1)
Total Sales of Electricity	**11,421.3**		**10,740.2**		**22,161.5**		**25,678.1**		**(3,516.6)**	**(13.7)**
Goods & Services	149.1		68.5		217.6		301.0		(83.4)	(27.7)
Construction contracts	12.8		10.3		23.1		16.9		6.2	36.7
Customers' Contribution	71.3		71.8		143.1		124.8		18.3	14.7
Total Revenue	**11,654.5**		**10,890.8**		**22,545.3**		**26,120.8**		**(3,575.5)**	**(13.7)**

1 Lower Y-o-Y and Q-o-Q unit sold & revenue due to lower demand in Industrial and Commercial sectors resulted from MCO

2
- Lower Y-o-Y unit sold & revenue due to shortage of gas supply and forced outages in Q1 and less demand from dispatch centre in Mar'20 (13 days) and Apr'20 (8 days)
- Higher Q-o-Q unit sold & revenue due to availability of gas supply and better power plant performance in 2QFY'20

3 Better performance due to high wind availability.

4
- Sales discount as announced by the Government
- Balance of the total discounts will be recognized in the next quarters

Government	RM1,628.6.6mil
TNB	RM125.0mil
Total	**RM1,753.6mil**

5 A rebate situation in 1HFY'20 due to lower coal and gas price (Refer Y-o-Y Fuel Cost slide)

6 Refer Other Regulatory Adjustment slide

7 Lower Y-o-Y due to lower revenue from subsidiaries resulted from MCO

Other Regulatory Adjustment

Components of Other Regulatory Adjustment	1QFY'20 (RM mil)	2QFY'20 (RM mil)	YTD Jun'20 (RM mil)
Revenue Adjustment for Revenue Cap & Price Cap	(99.9)	209.0	109.1
Refund of Excess Single Buyer Working Capital	(18.9)	(18.7)	(37.6)
Refund of Interests on Customer Deposits	(16.0)	(16.1)	(32.1)
1 Refund of Other Income Related to Regulated Business	(30.9)	(38.2)	(69.1)
TOTAL	(165.7)	136.0	(29.7)

1 The major components of the Refund of Other Income Related to Regulated Business are sales of scrap and Minimum Monthly Charge. Minimum Monthly Charge is referred to the minimum amount charged to consumers with zero consumption. The amount collected however formed part of Other Regulatory Adjustment as the regulated entities already earned from the regulated asset base derived from the CAPEX spent on building up the electricity infrastructure regardless of consumption.

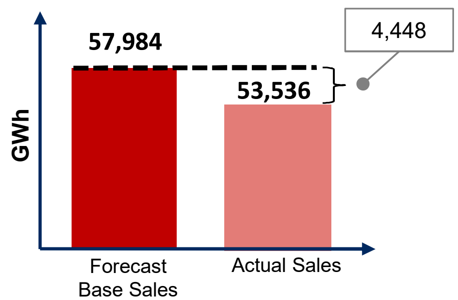
FINANCIAL DETAILS REVENUE ADJUSTMENT FOR REVENUE CAP & PRICE CAP

IBR framework upheld: revenue cap entities remain intact

Revenue Cap (Transmission, Dist. Net, GSO & SBO)

- Revenue cap entities are not allowed to earn a revenue higher than their allowed annual revenue. Any excess must be passed-through to the customers via cost and revenue adjustment mechanism
- For 1HFY'20, lower actual sales leads to lower revenue earned by the revenue cap entities

1HFY'20 Variations in Sales
(in GWh)

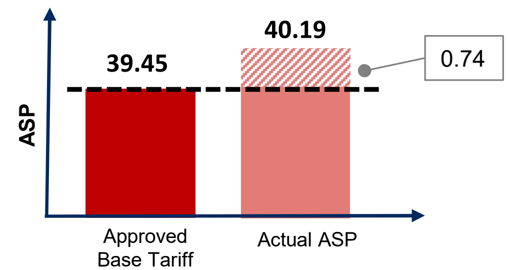


Business Entities	Allowed Tariff (sen/kWh)	Variations in Sales (GWh)	Adjustment (RM mil)
Revenue Cap Entities	11.36	4,448	505.5 *

Price Cap (Customer Service/Retail)

- Any excess revenue earned due to higher Average Selling Price (ASP) compared to Base Tariff must be passed-through to the customers via cost and revenue adjustment mechanism
- For 1HFY'20, the ASP is recorded higher than the Base Tariff

1HFY'20 Variations in ASP
(sen/kWh)

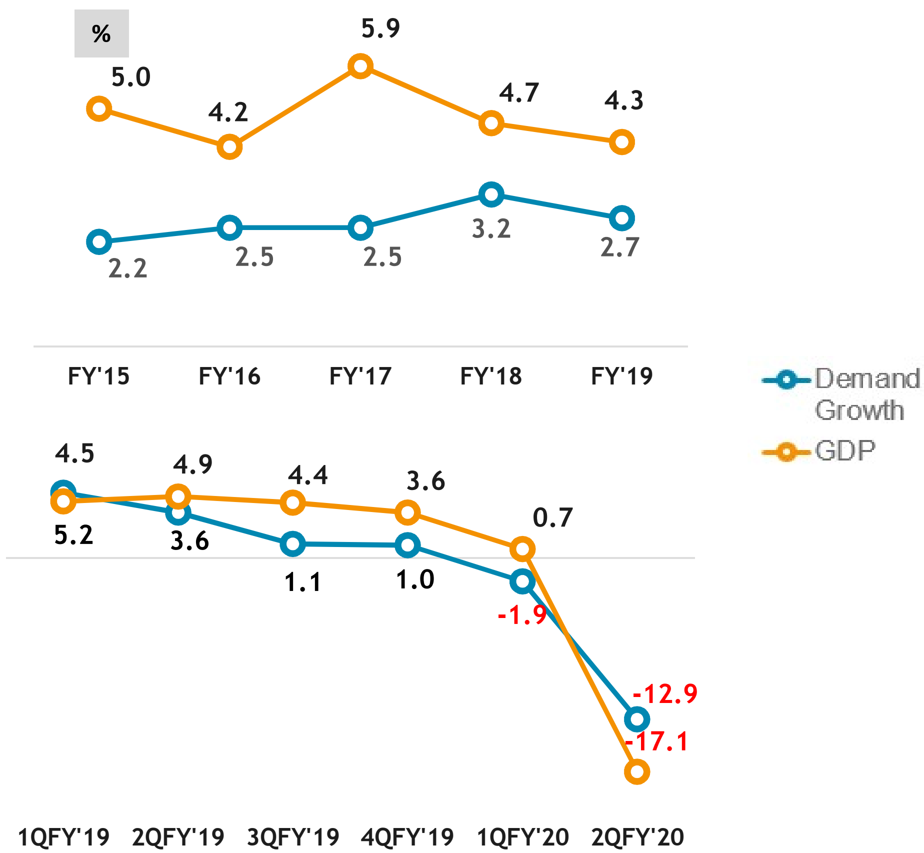


Business Entities	Actual Sales (GWh)	Variations in ASP (sen/kWh)	Adjustment (RM mil)
Price Cap Entity	53,536	- 0.74	(396.4)*

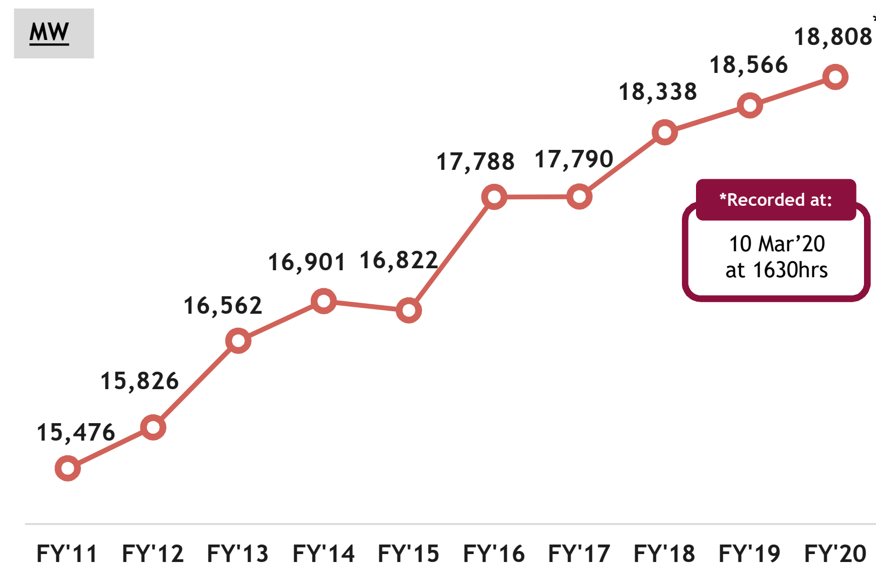
*** Numbers manually computed will not match due to decimal variance***

1HFY'20 contraction in electricity demand is reflective of current landscape

GDP & TNB (Peninsula) Demand Growth



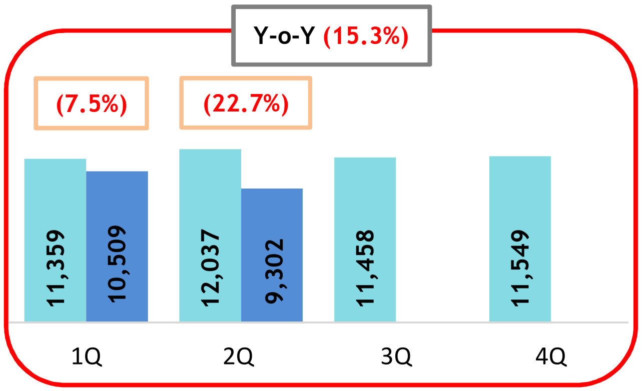
TNB (Peninsula) Yearly Peak Demand



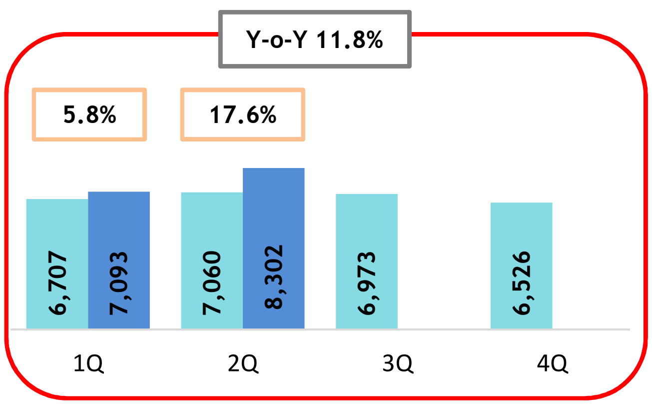
	2QFY'20	2QFY'19	Variance (%)
Maximum Demand (GWh)	14,998.3	16,931.12	(11.4)

Lower electricity demand mainly from sluggish industrial and commercial sectors

Industrial



Domestic



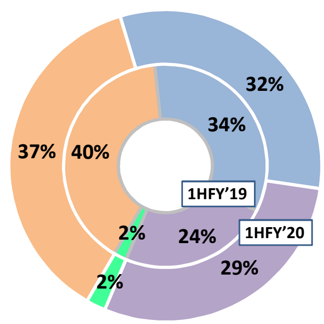
2Q main contributors for the drop

Industrial:
- **Iron and steel**
- **Cement products**
- **Electric & electronic**

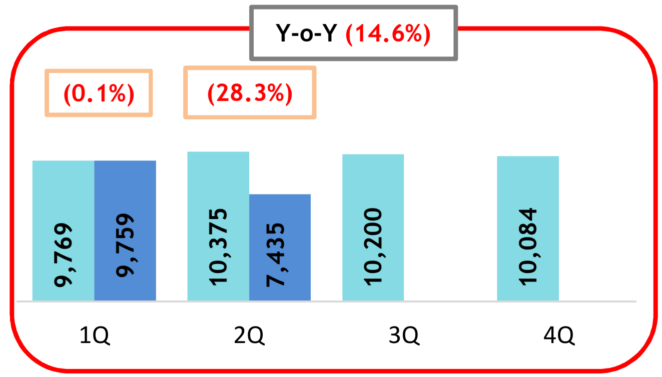
Commercial:
- **Retails**
- **Educational**
- **Accommodation**

Unit Sales (GWh)	Growth
2019	Y-o-Y
2020	Q-o-Q

Sector Mix (%) 1HFY'20 vs 1HFY'19

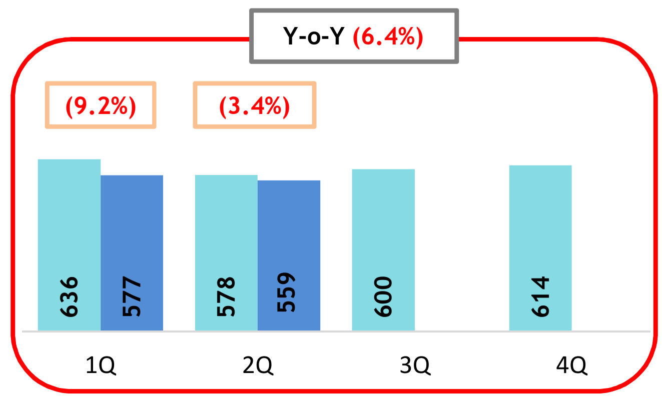


Commercial



Others*

**includes Agriculture, Mining & Public Lighting*

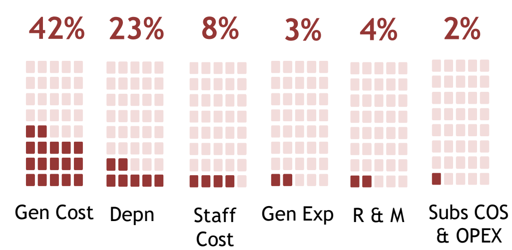


However, the IBR framework and lower non-generation cost cushioned the impact on EBITDA

	1QFY'20 (RM mil)	2QFY'20 (RM mil)	1HFY'20 (RM mil)	1HFY'19 (RM mil) (Restated)	Variance (1HFY'20 vs 1HFY'19)	
					RM mil	%
Non-TNB IPPs Costs	2,420.0	1,934.6	4,354.6	6,791.2	(2,436.6)	(35.9)
Capacity Payment	21.6	8.8	30.4	102.9	(72.5)	(70.5)
Energy Payment	2,398.4	1,925.8	4,324.2	6,688.3	(2,364.1)	(35.3)
TNB Fuel Costs	2,599.7	2,480.4	5,080.1	5,603.7	(523.6)	(9.3)
Fuel Costs	2,717.1	2,600.1	5,317.2	6,396.8	(1,079.6)	(16.9)
Fuel Price Adjustment [1]	(49.1)	(94.5)	(143.6)	(656.8)	513.2	(78.1)
Fuel Subsidy - SESB	(68.3)	(25.2)	(93.5)	(136.3)	42.8	(31.4)
Total Cost of Generation	5,019.7	4,415.0	9,434.7	12,394.9	(2,960.2)	(23.9)
Staff Costs [2]	893.9	965.0	1,858.9	1,743.2	115.7	6.6
Repair & Maintenance	504.4	450.6	955.0	950.1	4.9	0.5
TNB General Expenses [3]	439.0	343.6	782.6	1,007.0	(224.4)	(22.3)
Subs. Cost of Sales & Opex [4]	97.6	309.1	406.7	627.1	(220.4)	(35.1)
Total Non-Generation Cost	1,934.9	2,068.3	4,003.2	4,327.4	(324.2)	(7.5)
Total Operating Expenses (without Depreciation)	6,954.6	6,483.3	13,437.9	16,722.3	(3,284.4)	(19.6)
Depreciation & Amortisation [5]	2,590.0	2,655.3	5,245.3	4,898.9	346.4	7.1
Total Operating Expenses	9,544.6	9,138.6	18,683.2	21,621.2	(2,938.0)	(13.6)

1. Details of FPA can be referred to Coal Price slide
2. Includes reversal of LTIP provision made in 1HFY'19
3. Lower Y-o-Y mainly due to cost realignment, in line with the operational requirement
4. Reduction Y-o-Y mainly due to:
   - Impairment made for GMR in 1HFY'19 of RM198.3mil
   - Lower Cost of Sales & OPEX of subsidiaries
5. Higher Y-o-Y due to additional depreciation of Jimah East Power (JEP)

OPEX against Revenue



Lower fuel price from coal and gas reduced generation cost

Table A

TNB & IPP Fuel Costs for Peninsula (RM mil)				
Fuel Type	1HFY'20	1HFY'19	Variance	
			RM mil	%
Coal	4,818.9	5,627.2	(808.3)	(14.4)
Gas	3,520.5	5,415.9	(1,895.4)	(35.0)
LNG	0.0	183.7	(183.7)	(100.0)
Dist.	16.0	15.9	0.1	0.6
Oil	4.2	12.3	(8.1)	(65.9)
Total*	8,359.6	11,255.0	(2,895.4)	(25.7)

* Comprise TNB Fuel Cost & fuel payment to IPPs (part of Energy Payment)
Note: Fuel Cost exclude solar

Table B

TNB & IPP Units Generated for Peninsula (GWh)				
Fuel Type	1HFY'20	1HFY'19	Variance	
			Gwh	%
Coal	39,726.8	34,898.1	4,828.7	13.8
Gas & LNG	18,379.1	26,469.6	(8,090.5)	(30.6)
Dist.	0.0	20.7	(20.7)	(100.0)
Oil	12.9	25.9	(13.0)	(50.2)
Hydro	1,716.2	1,648.8	67.4	4.1
Solar	444.7	303.1	141.6	46.7
Total	60,279.7	63,366.2	(3,086.5)	(4.9)

Table C

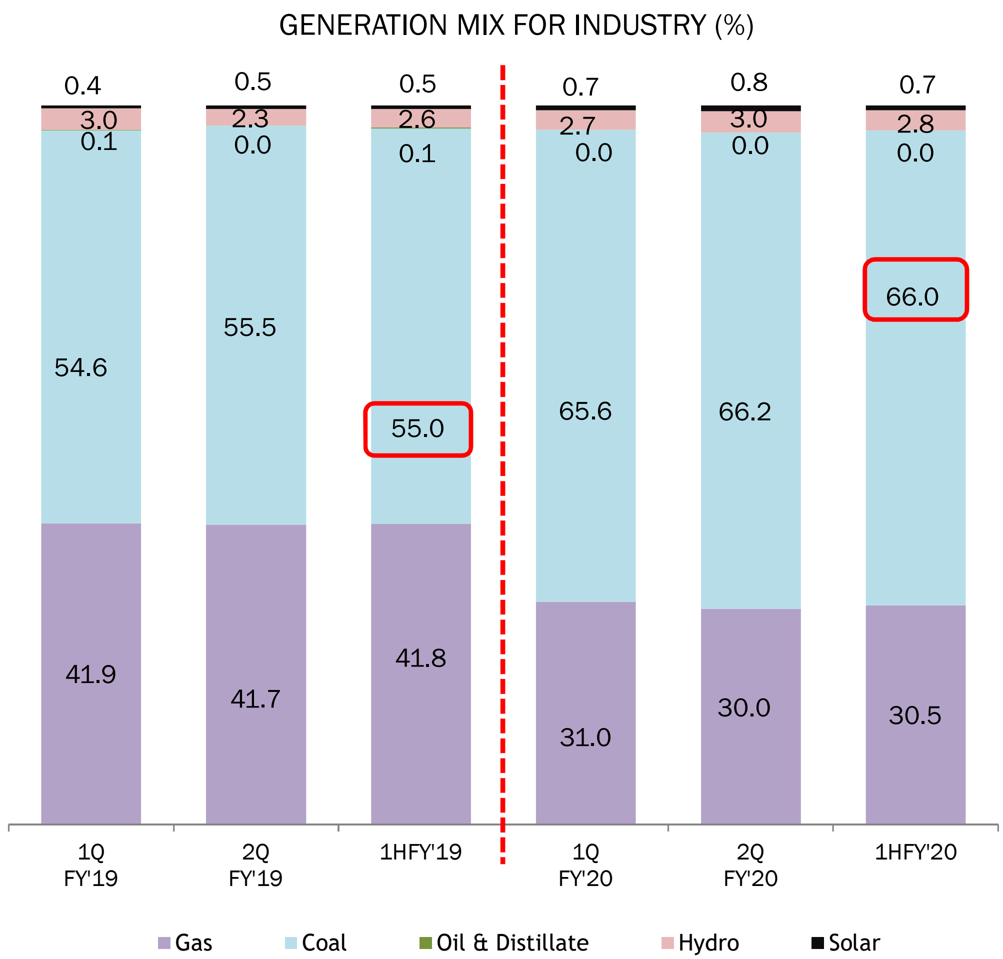
Fuel Costs Related Data	1HFY'20	1HFY'19
Daily Average Piped Gas Volume (mmscfd)	707	954
Daily Average LNG Volume (mmscfd)	NA	105
Reference Market Price (RM/mmbtu)	1Q – 26.86** 2Q – 26.25	NA
Average LNG Price (RM/mmbtu)	NA	36.2
Average Piped Gas Price (RM/mmbtu)	NA	27.2
Average Coal Price Delivered (USD/MT)(CIF)	65.1	86.6
Average Coal Price Delivered (RM/MT)(CIF)	277.9	356.8
Coal Consumption (mn MT)	17.2	14.9
Generation cost per unit (sen/kWh)	13.9	17.8

***Reference Market Price (RMP) starting January 2020*

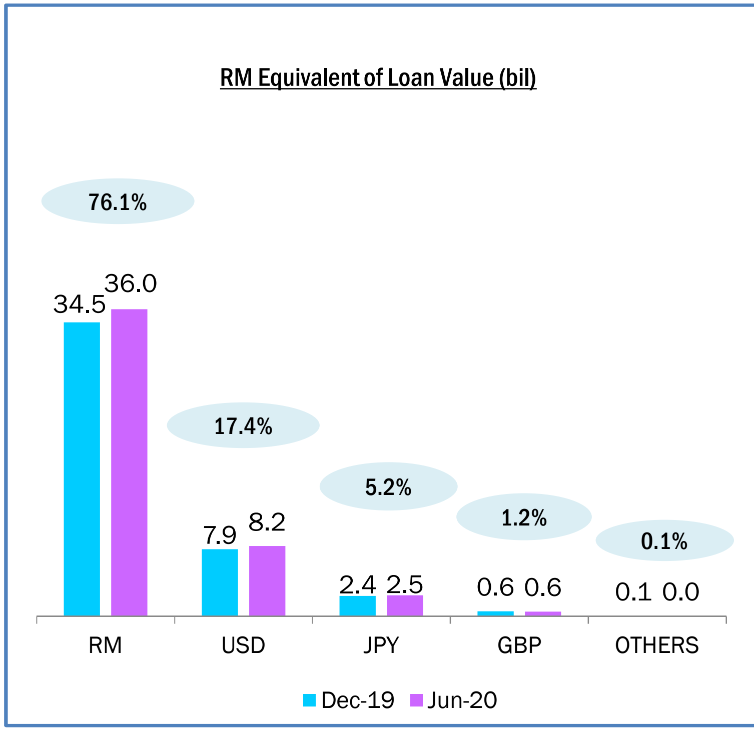
Table D

Average Coal Price Delivered (USD/MT)				
	1HFY'20	1HFY'19	Variance	
			USD	%
FOB	58.1	78.7	(20.6)	(26.2)
Freight	6.6	7.4	(0.8)	(10.8)
Others	0.4	0.5	(0.1)	(20.0)
CIF	65.1	86.6	(21.5)	(24.8)

Higher units generated from coal in 2QFY'20 with the full operation of Jimah East Power



New drawdown & FOREX translation increased the gearing, but within the optimal level



Note:
Debt consists of Principal + Accrued Interest

	Statistics	30th Jun'20	31st Dec'19
1	Total Debt (RM' Bil)	47.3	45.4
	Net Debt (RM' Bil)*	35.9	31.2
1	Gearing (%)	45.8	43.4
	Net Gearing (%)	34.8	29.8
	Fixed : Floating	98:2	98:2
	Final Exposure	98:2	98:2
2	Effective Average Cost of Borrowing (based on exposure) **	5.00	5.06

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

** Inclusive of interest rate swap

1. New drawdown of RM1bil for working capital purposes

2. Reduced due to lower interest rate of the new drawdown.

Closing FOREX	30th Jun'20	31st Dec'19
USD/RM	4.28	4.09
100YEN/RM	3.98	3.77
GBP/RM	5.25	5.37
USD/YEN	107.68	105.40

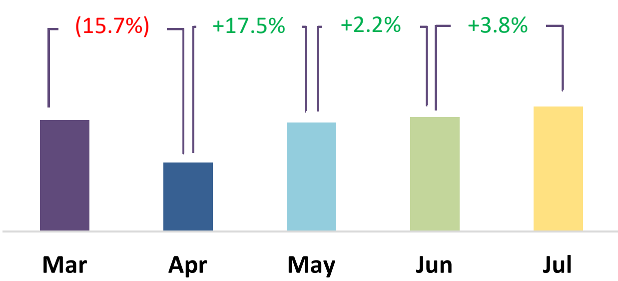
CONTENT OVERVIEW

Electricity Demand

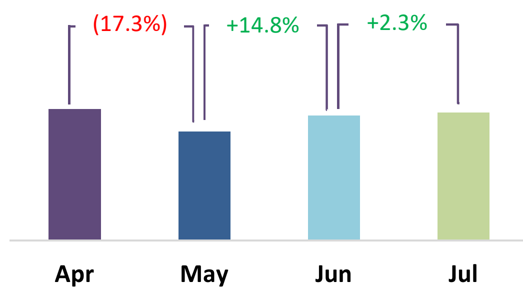
- Due to the MCO and Covid-19 pandemic, demand for Apr'20 fell by 15.7%.
- Since the implementation of Conditional Movement Control Order (CMCO), demand has started to pick up as more businesses were allowed to operate.
- Moving forward, demand and sales are expected to further improve due to the implementation of Recovery Movement Control Order (RMCO).
- For the full year, we expect the overall electricity consumption to drop between 7-15% Y-o-Y.
- Nevertheless, earnings of our regulated revenue cap entities are guaranteed at demand growth of 1.8% - 2.0% as stipulated by the IBR guidelines in RP2.

Snapshot of demand, sales & collection in FY2020 (Monthly trending)

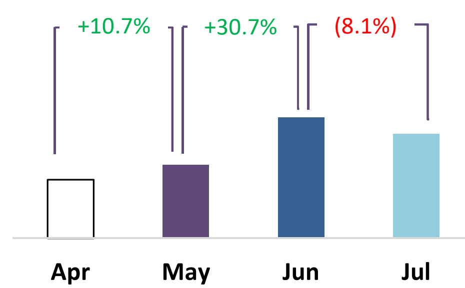
Demand / Unit Generated (GWh)



Sales (RM)



Collection (RM)

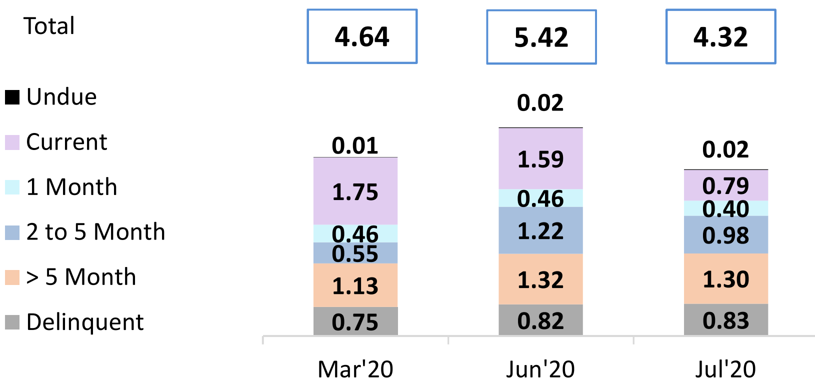


Note: There is a lagging effect between units generated and Sales e.g. units generated in Jun'20 will be reflected as Sales for Jul' 20

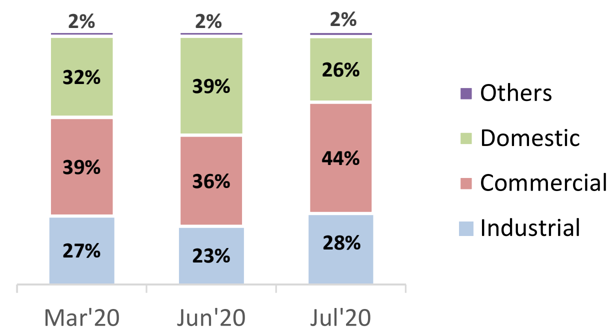
STRATEGY & OUTLOOK FY2020 OUTLOOK

Overall Y-o-Y collection impacted which led to higher trade receivables mainly from the 2-5 months bucket, reflective of MCO period. Continuous stringent initiatives undertaken to mitigate further deterioration of credit risks.

Trade Debtors Ageing (RM bil)



Trade Debtors By Sectors



Initiatives to improve collection

- Easy payment plans for domestic / residential customers' electricity bills
- Introduce more payment channels such as e-wallet (in collaboration with banks)
- Provide personalized engagement with large power consumer
- Secure credit guarantee from external institution to underwrite TNB's collection risk in offering deferment of monthly bills to targeted commercial and industrial customers
- Perform close monitoring on commercial and industrial customers with debt exposure, especially those under vulnerable sub-sectors

Cash flow

- Our cash flow is resilient supported by the recent capital drawdown. Furthermore, we commanded good rates in the exercise due to our robust and strong balance sheet.
- For 1HFY'20, the allowance for doubtful debt is RM137.7mil.
- As part of our capital management, the recent 2 programs (IMTN : RM10bil - 50 years program, ICP : RM2bil - 7 years) announced in June 2020 will provide us further flexibility to raise fund when required. On 12th August 2020, we have issued RM3.0 billion Sukuk Wakalah in relation to the IMTN Program.
- We expect the collection to improve as the country navigates through the recovery phase highlighted under PENJANA six-phase approach. We continue to prudently monitor the collection on a regular basis.

International Business

- For 2020, we will be executing a strategy aimed at either protecting or creating value from existing assets.
- Part of this strategy involves executing a growth strategy focusing on growing TNB's international Renewable Energy (RE) business leveraging on existing assets, capabilities and experience.
- Our immediate strategy is to grow TNB's international RE business through :
  1. acquisitions of operational assets
  2. greenfield development.
- The 2020 lockdown recession was expected to hugely impact energy industry in terms of demand and supply shifts. Within this new setting, we see RE being a resilient energy source, where it has increased its market share during the lockdown period. The resilience of RE is contributed by market model dynamics and RE's low marginal costs.

CAPEX

RM9.5 – 10.0 bil

- Regulated Recurring : RM5.0 – 5.5bil
- Others : RM4.0 - 5.0bil

Dividend Policy

We will continue to honour our dividend policy of 30% to 60% dividend payout ratio, based on the reported Consolidated Net Profit Attributable to Shareholders After Minority Interest, excluding Extraordinary, Non-Recurring items.

Strive to grow RE portfolio through domestic LSS projects & increase stake in international RE businesses

Wind

In the portfolio
- International: Total 144 MW
- Completed the acquisition of the remaining **20% stake in TWV** in March 2020 with a total combined capacity of 26.1 MW

Biogas & Biomass

In the portfolio
- Domestic Biogas: Total 3MW
- Domestic Biomass: Total 10MW

Solar

In the portfolio
- International: Total 391 MW
- Domestic LSS: Total 50 MW
- Rooftop Solar: Total 56 MW (Total secured capacity)

Upcoming LSS:
- TNB Bukit Selambau (30 MW), to be COD on 22nd September 2020
- In the bidding process for LSS4

Hydro

In the portfolio
- International: Total 131 MW
- Domestic: Large Hydro - total 2,596 MW
  Mini Hydro - total 22 MW

Upcoming Mini Hydro:
- Sg. Tersat, Kuala Berang (4MW), to be COD in Dec 2020
- Sg. Telom, Lemoi, Jelai Kecil (45 MW) – currently in negotiation
- Sg. Pelus (26 MW) – currently in negotiation

RE Capacity

Domestic – 141MW*
International – 666MW
**exclude large hydro*

GHG

Total GHG Emissions Mitigation 5.38 million tCO2e through renewable assets as at December 2019

myGreen+

Total Subscription 480,500 kWh with a total of 137 customers as at 25th August 2020

mGats

Renewable Energy Certificates of 1,207,089.706 MWh tradable units as at July 2020

Progress on internal reorganization & Regulatory Period (RP) interim year

4 STRATEGIC PILLARS

- Future Generation Sources
- Grid of the Future
- Winning the Customer
- Future Proof Regulations

Internal Reorganization

TNB Power Generation Sdn Bhd	TNB Retail Sdn Bhd
October 2020	January 2021

Interim year in 2021

- Energy Commission (EC) has agreed for RP3 to be in 2022-2024, and RP2 to be extended (FY2021 – Interim year).
- TNB is in discussion with EC on the parameters for the interim year in FY2021.
- This is to allow TNB and EC to understand and determine:
  - The starting base of demand and CAPEX for the next RP.
  - Better fuel prices forecast to minimise huge fluctuation in the ICPT.

CONTENT OVERVIEW

01 KEY HIGHLIGHTS

02 FINANCIAL DETAILS

03 STRATEGY & OUTLOOK

04 **APPENDIX**

Year-on-Year (Y-o-Y) and Quarter-on-Quarter (Q-o-Q) analysis

RM mil	1QFY'20	2QFY'20	1HFY'20	1HFY'19	Variance RM mil	Variance %
Revenue	11,654.5	10,890.8	22,545.3	26,120.8	(3,575.5)	(13.7)
Operating expenses (without depreciation)	(6,954.6)	(6,483.3)	(13,437.9)	(16,722.3)	3,284.4	(19.6)
Net loss on impairment of financial instruments	(101.6)	(60.0)	(161.6)	(369.6)	208.0	(56.3)
Other operating income	215.5	130.0	345.5	448.4	(102.9)	(22.9)
EBITDA	**4,813.8**	**4,477.5**	**9,291.3**	**9,477.3**	**(186.0)**	**(2.0)**
EBITDA Margin (%)	41.3%	41.1%	41.2%	36.3%		
Depreciation	(2,590.0)	(2,655.3)	(5,245.3)	(4,898.9)	(346.4)	7.1
EBIT	**2,223.8**	**1,822.2**	**4,046.0**	**4,578.4**	**(532.4)**	**(11.6)**
Foreign exchange:						
- Transaction loss	(14.8)	3.9	(10.9)	(62.7)	51.8	(82.6)
- Translation gain / (loss)	(388.0)	55.5	(332.5)	(8.7)	(323.8)	>100.0
Share of results of joint ventures	6.3	(2.9)	3.4	12.1	(8.7)	(71.9)
Share of results of associates	9.4	18.2	27.6	70.0	(42.4)	(60.6)
Profit before finance cost	**1,836.7**	**1,896.9**	**3,733.6**	**4,589.1**	**(855.5)**	**(18.6)**
Fair value changes of financial instrument	(26.0)	(23.1)	(49.1)	(49.9)	0.8	(1.6)
Finance income	103.7	89.4	193.1	261.8	(68.7)	(26.2)
Finance cost	(898.0)	(918.5)	(1,816.5)	(1,644.6)	(171.9)	10.5
Profit from ordinary activities before taxation	**1,016.4**	**1,044.7**	**2,061.1**	**3,156.4**	**(1,095.3)**	**(34.7)**
Taxation and Zakat:						
- Company and subsidiaries	(479.0)	(269.8)	(748.8)	(630.6)	(118.2)	18.7
- Deferred taxation	199.3	(98.9)	100.4	125.5	(25.1)	(20.0)
Profit for the period	**736.7**	**676.0**	**1,412.7**	**2,651.3**	**(1,238.6)**	**(46.7)**
Attributable to:						
- Owners of the Company	717.9	653.3	1,371.2	2,673.0	(1,301.8)	(48.7)
- Non-controlling interests	18.8	22.7	41.5	(21.7)	63.2	>(100.0)
Profit for the period	**736.7**	**676.0**	**1,412.7**	**2,651.3**	**(1,238.6)**	**(46.7)**

The net impact of MFRS 16 reduced the Group PAT by RM408.6mil

Profit & Loss Items 1HFY'20			
RM mil	With MFRS 16	Without MFRS 16	Variance
Revenue	**22,545.3**	**22,545.3**	**0.0**
Capacity Payment	(30.4)	(2,267.7)	2,237.3
EBITDA	**9,291.3**	**7,054.0**	**2,237.3**
Depreciation	(5,245.3)	(3,404.6)	(1,840.7)
Finance Cost	(1,816.5)	(1,011.3)	(805.2)
Profit After Tax	**1,412.7**	**1,821.3**	**(408.6)**

Net Impact of MFRS 16 (Y-o-Y) analysis

	1HFY'20 (RM mil)	1HFY'19 (RM mil)	Variance (RM mil)	Remarks
Capacity Payment	2,237.3	2,192.9	44.4	**Increasing EBITDA and PAT in 1HFY'20**
Depreciation	(1,840.7)	(1,595.6)	(245.1)	**Decreasing PAT in 1HFY'20**
Finance Cost	(805.2)	(709.5)	(95.7)	**Decreasing PAT in 1HFY'20**
Net Impact	**(408.6)**	**(112.2)**	**(296.4)**	**Reducing PAT in 1HFY'20**

Higher net impact for 1HFY2020 was mainly due to step down of the Capacity Rate Financial of one of the IPP.

APPENDIX 3 Q-o-Q FUEL COST (PENINSULA)

Lower fuel cost due to cheaper fuel prices

Table A

TNB & IPP Fuel Costs for Peninsula (RM mil)				
Fuel Type	2QFY'20	1QFY'20	Variance	
			RM mil	%
Coal	2,242.0	2,577.0	(335.0)	(13.0)
Gas	1,620.3	1,900.2	(279.9)	(14.7)
LNG	0.0	0.0	0.0	0.0
Dist.	5.3	10.7	(5.4)	(50.5)
Oil	(2.9)	7.1	(10.0)	(140.8)
Total*	3,864.7	4,495.0	(630.3)	(14.0)

* Comprise TNB Fuel Cost & fuel payment to IPPs (part of Energy Payment)
Note: Fuel Cost exclude solar

Table B

TNB & IPP Units Generated for Peninsula (GWh)				
Fuel Type	2QFY'20	1QFY'20	Variance	
			Gwh	%
Coal	19,100.1	20,626.7	(1,526.6)	(7.4)
Gas & LNG	8,657.8	9,721.3	(1,063.5)	(10.9)
Dist.	-	-	0.0	0.0
Oil	12.8	0.1	12.7	12,700.0
Hydro	854.8	861.4	(6.6)	(0.8)
Solar	218.7	226.0	(7.3)	(3.2)
Total	28,844.2	31,435.5	(2,591.3)	(8.2)

Note : Numbers manually computed will not match due to decimal variance

Table C

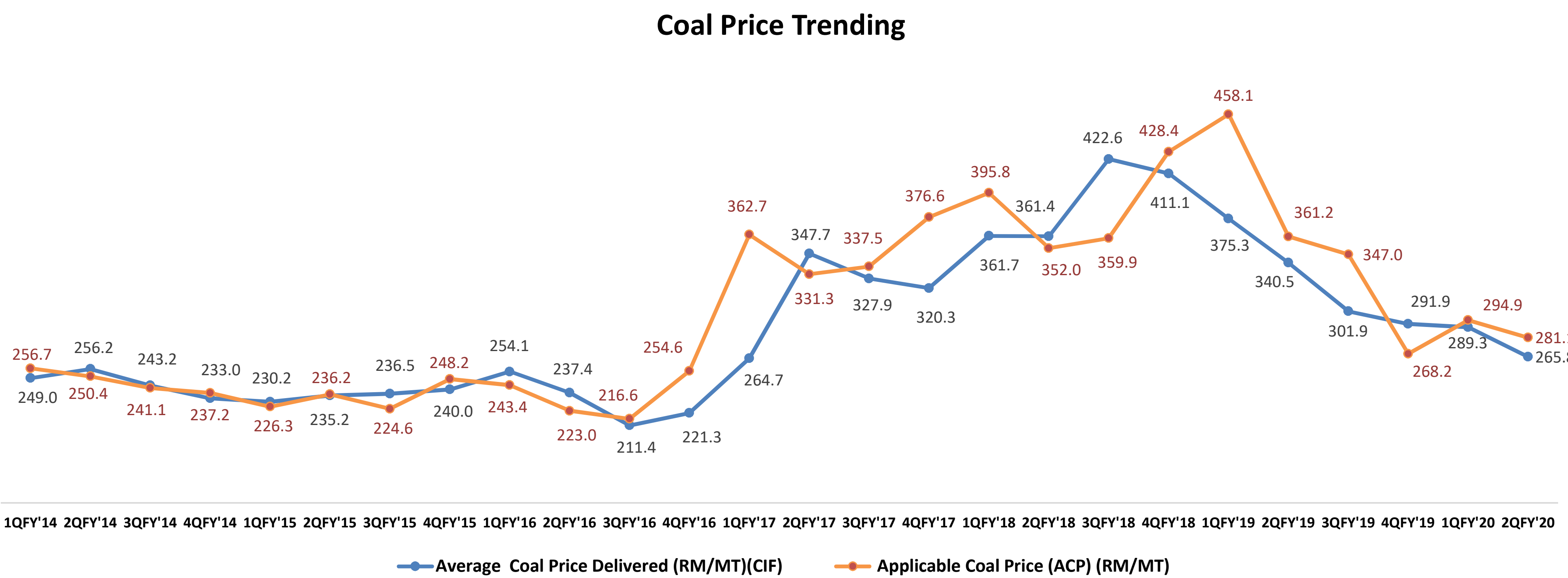
Fuel Costs Related Data	2QFY'20	1QFY'20
Daily Average Gas Volume (mmscfd)	660	755
Gas Reference Market Price (RM/mmbtu) *	26.25	26.86
Average Coal Price Delivered (USD/MT)(CIF)	61.7	68.6
Average Coal Price Delivered (RM/MT)(CIF)	265.8	289.3
Coal Consumption (mn MT)	8.4	8.8
Generation cost per unit (sen/kWh)	13.4	14.3

**Reference Market Price (RMP) starting January 2020*

Table D

Average Coal Price Delivered (USD/MT)				
	2QFY'20	1QFY'20	Variance	
			USD	%
FOB	55.1	60.9	(5.8)	(9.5)
Freight	6.1	7.2	(1.1)	(15.3)
Others	0.5	0.6	(0.1)	(16.7)
CIF	61.7	68.7	(7.0)	(10.2)

Continuous downward trending of coal price will relieve pressure on future ICPT



Coal price & Applicable Coal Price (ACP) comparison

	1QFY20	2QFY20
Average Coal Price Delivered (RM/MT)	289.33	265.81
Average Coal Price Delivered (RM/mmBtu) *	13.48	12.09
ACP (RM/mmBtu)	13.51	12.88

* Based on internal conversion

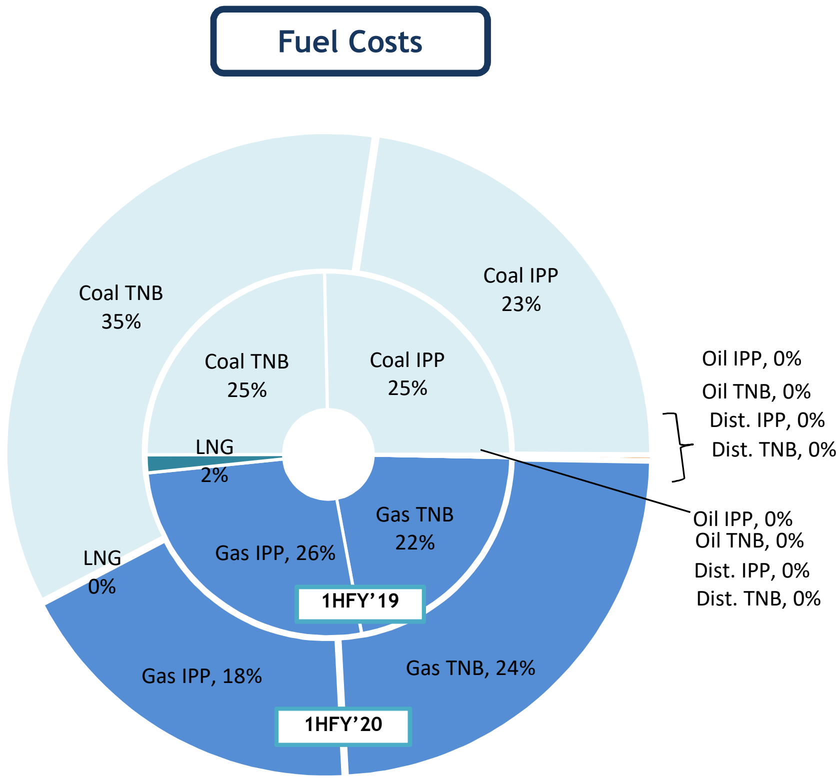
- Fuel Price Adjustments (FPA) is the difference between the Applicable Coal Price (ACP) used to bill the generators and the actual coal price paid to supplier. The difference is caused by higher or lower coal price or due to currency exchange.
- In 2QFY'20, the base ACP (RM12.88/mmBtu) used for billing the generators is higher than the coal price paid to supplier (RM12.09/mmBtu)

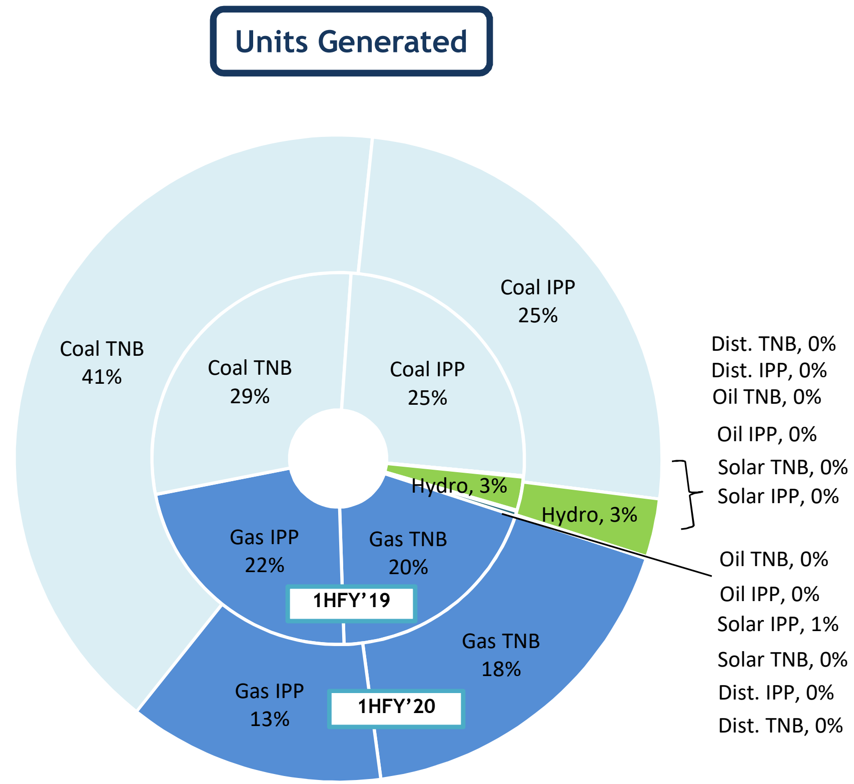
Continuous effective ICPT implementation neutralises the fluctuation in fuel costs

	2QFY'19 (RM mil)	3QFY'19 (RM mil)	4QFY'19 (RM mn)	1QFY'20 (RM mn)	2QFY'20 (RM mil)
Reported Total Cost of Generation (with MFRS16)	6,302.6	5,903.4	5,844.1	5,019.7	**4,415.0**
Adjustment not related to IBR:	1,107.7	1,263.1	800.0	1,008.7	**975.8**
Fuel Price Adjustment	*64.8*	*311.6*	*(90.5)*	*49.1*	*94.5*
MFRS16 & 117 (Capacity payment)	*1,286.3*	*1,210.1*	*1,121.9*	*1,102.4*	*1,103.2*
SESB Net Generation Cost	*(118.8)*	*(154.4)*	*(157.0)*	*(117.6)*	*(131.7)*
LPL Fuel Cost	*(124.6)*	*(104.2)*	*(74.4)*	*(25.2)*	*(90.2)*
TNB Capacity and VOR: SLA & SPV	1,143.5	943.5	1,058.0	1,220.8	**1,318.0**
Total Generation Costs (Related to IBR)	8,553.8	8,110.0	7,702.1	7,249.2	6,708.8

	2QFY'19 (RM mil)	3QFY'19 (RM mil)	4QFY'19 (RM mn)	1QFY'20 (RM mn)	2QFY'20 (RM mil)
Single Buyer Actual Generation Costs: (A)	8,553.8	8,110.0	7,702.1	7,249.2	6,708.8
Actual Sales (Gwh)	30,050.0	29,230.4	28,773.9	27,938.2	**25,597.6**
Single Buyer Tariff (RM/kwh)	0.2705	0.2705	0.2705	0.2705	0.2705
Actual Gen Cost Recovered (RM mn) (B)	8,127.4	7,906.3	7,782.9	7,556.7	**6,923.7**
ICPT Surcharge / (Rebate) (C) (C = A – B)	426.3	203.8	(80.8)	(307.5)	**(214.9)**
(+) Prior Year Accounting Adjustment	(0.5)	0.0	0.0	0.0	0.0
ICPT	425.8	203.8	(80.8)	(307.5)	(214.9)

Fuel costs (TNB & IPPs – Peninsula)





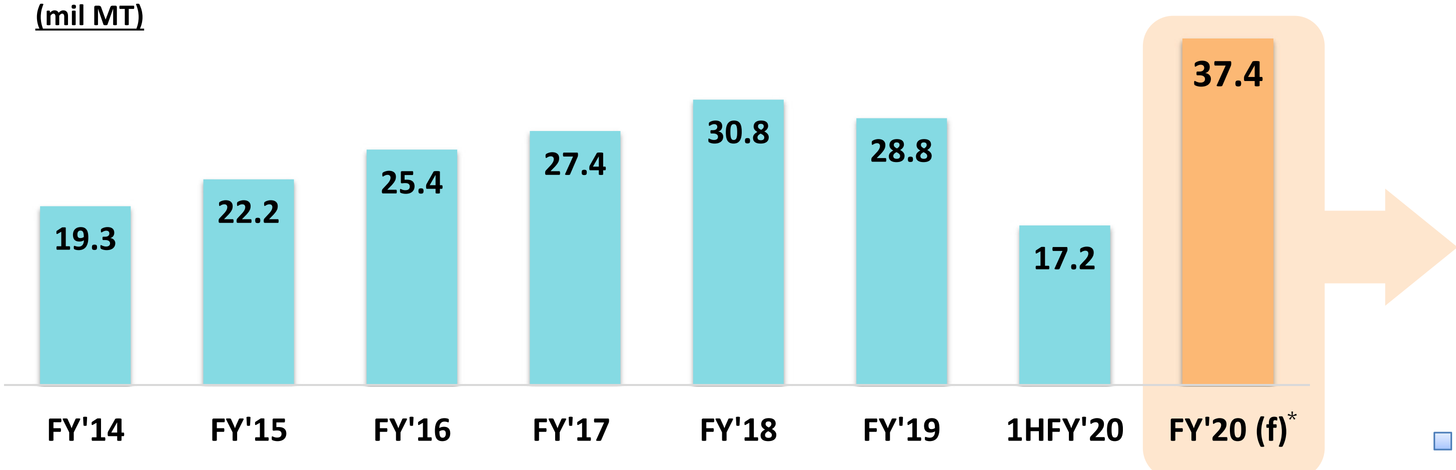
% indicates generation market share

Note: Fuel Cost exclude solar

Higher coal requirement expected for 2020 with the full operation of Jimah East Power

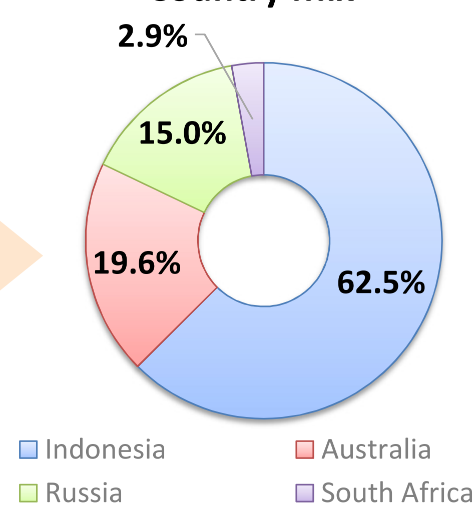
Average Coal Price (CIF)	FY'14	FY'15	FY'16	FY'17	FY'18	FY'19	1HFY'20
USD/metric tonne (MT)	75.4	66.0	55.7	72.7	95.9	79.3	65.1
RM/metric tonne (MT)	244.6	236.0	231.1	314.7	388.1	326.3	277.9

Coal Consumption (mil MT)

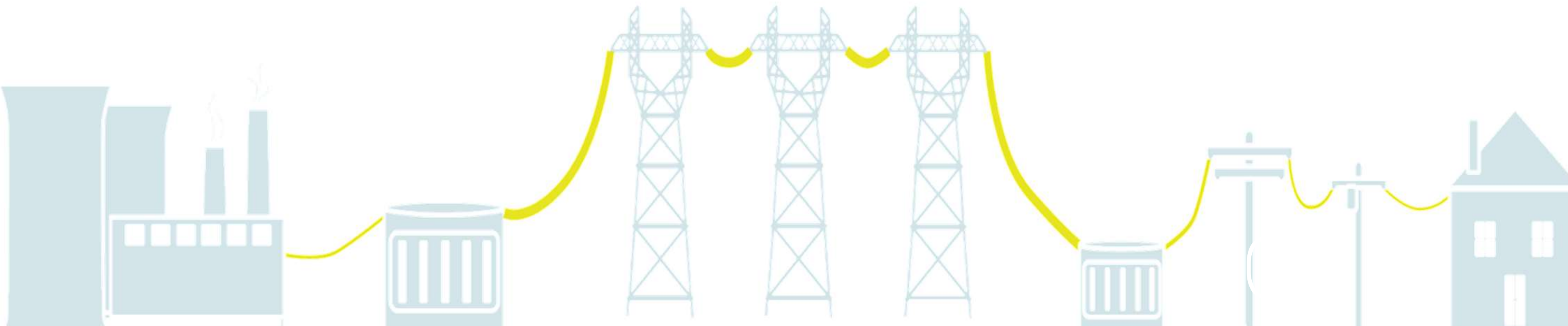


* Based on tonnage planned for delivery in FY'20

Country Mix

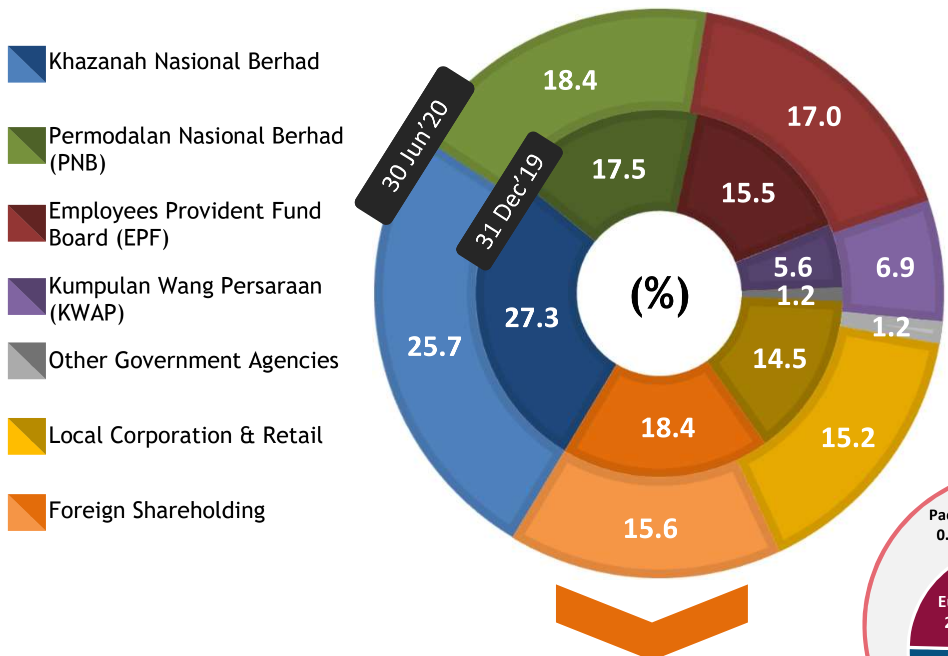


Technical Performance

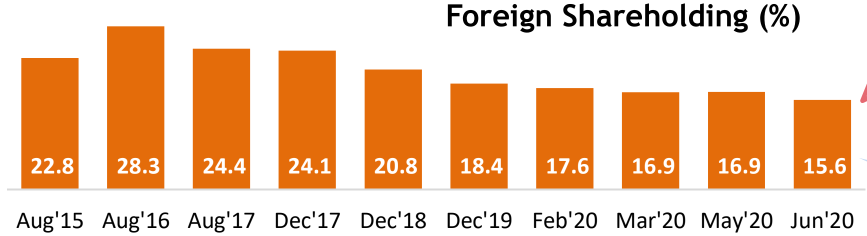


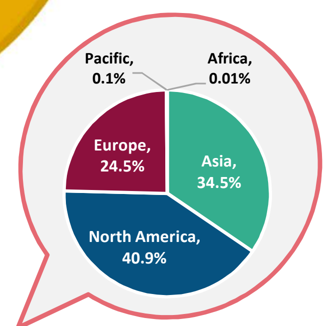
Equivalent Plant Availability Factor (EAF) (Generation)	System Minutes (Transmission)	SAIDI (Distribution Network)
88.17%	**0.01 mins**	**22.1 mins**
1HFY'19: 91.5%	*1HFY'19 : 0.12 mins*	*1HFY'19 : 25.8 mins*

TNB market capitalisation of RM66.3bil as at 30th June 2020



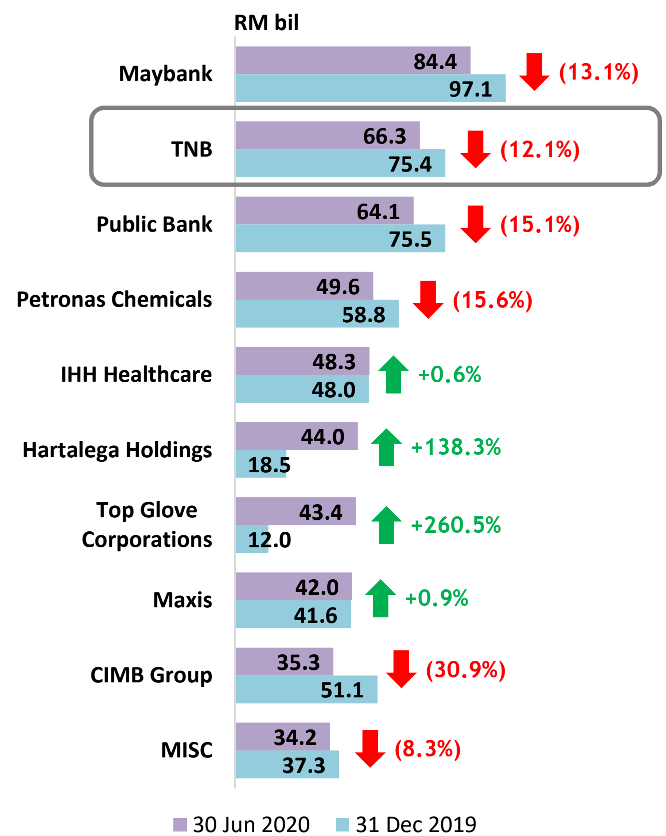
Foreign Shareholding (%)





Institutional: 15.58%
Individual: 0.02%

Top 10 KLCI Stocks by Market Capitalisation



Note:
1. Top 10 KLCI ranking by Market Capitalisation as at 30th June 2020
2. TNB Latest Market Cap: RM62.9bil (4th), as at 26th August 2020

Source: Share Registrar, Bloomberg and IR Internal Analysis

TNB is among the leading corporation and one of the notable contributor during this COVID-19 pandemic

Staggered electricity bill discounts until end of the year

TNB supports the Government with **RM250 million** while the balance will be funded by the Government and KWIE (EIF)

Industry	Prihatin & Bantuan Prihatin Elektrik	
	Apr – June 2020	**July – Dec 2020**
Hotel Operators, Travel Agencies, Local Airlines Offices, Shopping Malls, Convention Centers and Theme Parks	15%	15%
Commercial	2%	2%
Industrial	2%	2%
Specific Agriculture	2%	2%
Domestic :		
1) 0 - 200 kWh	100%	50%
2) 201 - 300 kWh	100%	25%
3) 301 - 600 kWh	15%	15%
4) 601 - 900 kWh	10%	10%
5) >900 kWh	2%	2%

Medical Supplies

RM10 million for the Ministry of Health's purchase of medical equipment and supplies.

RM17.5 million to the State Governments to procure the necessary medical equipment like ventilators and other supplies.

RM1 million contribution from staff through TNB Women's Association (PELITAWANIS) to help the B40 community & orphanages and to purchase materials to make personal protective equipment for the medical frontliners.

Easy Payment Plan for residential customers' electricity bills

THANK YOU

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