Q2 2021

TENAGA NASIONAL
Better. Brighter.

PRESENTATION TO ANALYSTS

27TH AUGUST 2021

Unaudited Consolidated Result for the

2nd Quarter FY2021 Ended 30th June 2021

CONTENT OVERVIEW

Key highlights of the period

01
Strong results for 1^{st} half and continued working capital management, albeit challenges ahead

- Operating performance remain resilient. Regulated entities earnings remain consistent.
- Reported profit for the 1^{st} half FY2021 was RM1.8bil, compared with RM1.4bil for 1^{st} half FY2020.
- Electricity revenue grew by 4.9% year-on-year.
- Subsidiaries performance improved as more businesses are allowed to operate during this current Movement Control Order (MCO).
- Balance sheet remain strong, and continuous working capital management will be observed. Capital management have been positive with gearing stood at 46.2%.

02
Sustainability Pathway Journey

- TNB's Sustainability Pathway up to 2050 endorsed by Board of Directors, strengthening our Environmental, Social & Governance (ESG) commitments.
- The formation and establishment of Vantage RE Ltd or Renewable Asset Company (RACo) has been completed on 1^{st} July 2021. Vantage is vital in pursuing our ESG ambition.
- We have recently signed a 21-year Power Purchase Agreement (PPA) for the development of a 50MW large scale solar (LSS) at Kuala Muda, Kedah under the LSS4 bidding program. This project which is scheduled to operate by 31^{st} December 2023 will increase our LSS capacity to 130MW.
- Development in Electric Vehicle (EV) :
  i. TNB and DHL have signed a Memorandum of Understanding (MOU) to explore a framework of greener supply chain that will focus on delivering environmentally friendly solutions.
  ii. TNB has established EV team in Strategy and Ventures division with objective to realize TNB's EV roadmap in support of sustainability journey.

03
Delivering on dividends

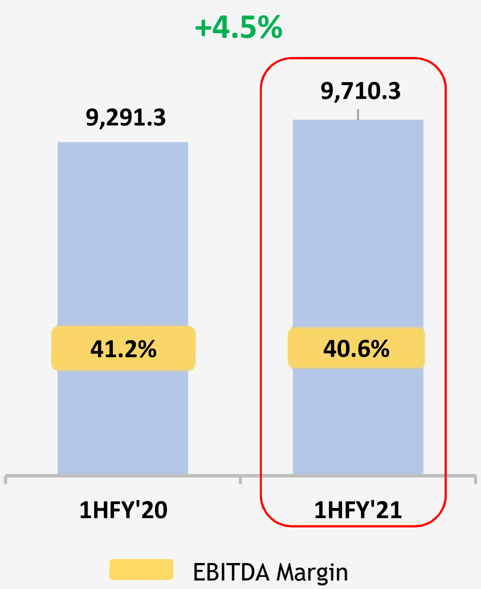
- TNB consistently honours its dividend policy by distributing sustainable dividend to its loyal shareholders
- Interim dividend per share of 22sen amounting to RM1.26bil.
- Dividend payout ratio of 53% based on the Group's Adjusted Profit After Tax After Minority Interest (PATAMI).

WORLD BRANDING AWARDS BRAND OF THE YEAR

Tenaga Nasional Bhd
2020 Brand of The Year Award (4^{th} time)

Our 1HFY'21 performance remain robust on improved economic activities; albeit some challenges ahead

EBITDA (RM mil)



Robust performance despite some challenges

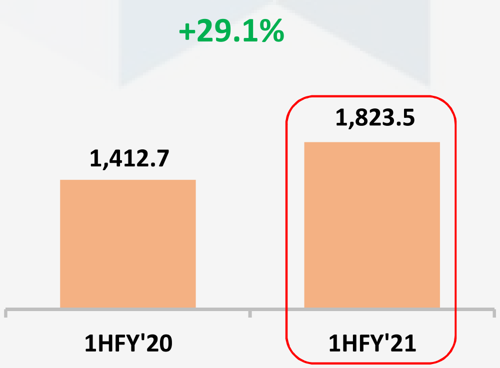
EBITDA margin sustained at **40.6%**

Our EBITDA performance includes :

- Generation business (GenCo) segment with EBITDA recorded at RM2,166.6mil.
- International Business portfolio recorded positive EBITDA equivalent to USD260.0mil. (Refer Appendix for details).

PAT increased by **29.1%**

PROFIT AFTER TAX (RM mil)



Steady return on shareholder value as TNB consistently delivers against dividend policy

	1HFY'20	1HFY'21
Dividend Payout (RM' bil)	1.26	1.26
Dividend Payout (%) (based on Adjusted PATAMI)	59.0	53.1
Dividend Per Share (sen)	22.0	22.0

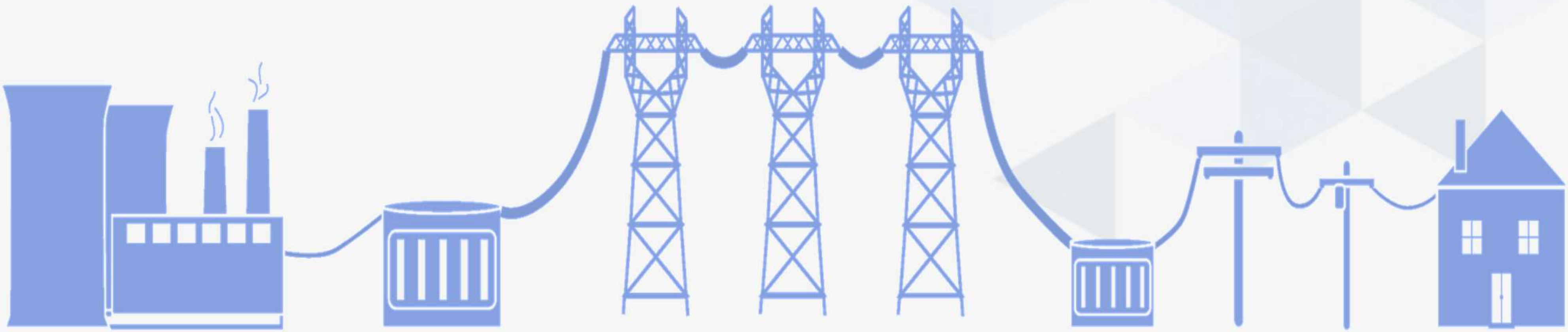
DIVIDEND POLICY

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.

Dividend yield as of 30th Jun'21 at 2.2%

Maintaining robust operational performance through a challenging period

Our domestic networks achievement with lower system minutes and SAIDI are among the best in Southeast Asia, putting us on par with developed electricity systems/industries such as France and the UK.



Equivalent Plant Availability Factor (EAF) (Generation)	System Minutes (Transmission)	SAIDI (Distribution Network)
83.78%	**0.03 mins**	**21.91 mins**
1HFY'20: 88.17%	***1HFY'20 : 0.01 mins***	***1HFY'20 : 22.10 mins***
2021 Target: 86.1%	**2021 Target**: 2.0 mins	**2021 Target**: 55.0 mins

CONTENT OVERVIEW

Sustainability is at the center of TNB's core purpose and strategy

TNB'S ROLE TO THE NATION

- As the key electricity provider and distributor for the nation, TNB aspires to be the **leading provider of sustainable energy solutions in Malaysia and internationally**
- TNB is **committed to embed the sustainability agenda** into our organization - in order to **seize opportunities** in a rapidly transforming business landscape

TNB HAS STARTED THIS JOURNEY

- TNB **started our sustainability journey in 2016** when we launched our Reimagining TNB (RT) Strategic Plan
- TNB:
  - Undertook first carbon footprint assessment in 2017
  - Published the standalone Sustainability Report since 2017

STRENGTHENING SUSTAINABILITY COMMITMENTS TODAY

- Today, **TNB strengthens our sustainability commitments and ambition**
- TNB's sustainability commitment is **guided by our Government's initiatives** and TNB commits to contributing a prominent role to drive the sustainability efforts in Malaysia
- Sustainability is a **long term journey**. Today's commitment is an initial step towards decarbonization and will be strengthened as TNB charts the path over the next 30 years

Ensure the future proofing of TNB's business –
balancing the Energy Transition with financial sustainability and protection of shareholder value

In 2016, we embarked on our Reimagining TNB journey to prepare for decarbonization, decentralization, digitalization and deregulation

**TO BE A
LEADING PROVIDER OF
SUSTAINABLE ENERGY SOLUTIONS IN MALAYSIA AND INTERNATIONALLY**

Future Generation Sources

2025 EBIT Target : RM5.0bil

Main Initiatives:

- **Growing TNB's renewable** capacity
- Expansion of capacity into selected international strategic markets with strong growth prospects
- **Improving performance of existing thermal generation** fleet

2021 Focus:

- Improve the performances of existing assets
- Operationalisation of RACo & ReDevCo
- Explore SEA for RE expansion

Grid of the Future

2025 EBIT Target: RM6.1bil

Main Initiatives:

- Leveraging on **innovation across the network to support our Energy Transition**
- Upgrading our existing network infrastructure into a **smart, automated and digitally enabled network**
- Optimising our network's productivity, efficiency and reliability

2021 Focus:

- Achieve the Smart Meter installations targets
- RAB Expansion by utilizing the allowed CAPEX on Grid modernization Project
- Reduce System Losses

Winning the Customer

2025 EBIT Target: RM0.7bil

Main Initiatives:

- Enhance our customer's experience through all customer journeys for service, interaction and communication channels
- Growth through **innovation of new sustainable customer solutions**
- Strengthen **digital presence via digital solutions, interactions and enterprise**

2021 Focus:

- Enhance customer service by ensuring our customer's experience is a seamless interaction with TNB from the start to the end through Network of Teams models
- Expansion of rooftop solar PV

Future Proof Regulation

Main Initiatives:

- Working together with key stakeholders towards a stable and sustainable regulatory landscape

2021 Focus:

- RP3 Proposal Approval
- Shape TNB's sustainability agenda

We are progressing well - in particular on Renewables and Grid of The Future

1 TNB RE Journey

Recent RE Progress

1) **Domestic renewables**
   - We have recently signed a 21-year Power Purchase Agreement (PPA) for the development of a 50MW large scale solar (LSS) at Kuala Muda, Kedah under the LSS4 bidding program, which is scheduled to commence operations by 31st December 2023.
   - The development of the new 50MW LSS plant will increase our LSS capacity to 130MW.
   - As of June 2021, GSPARX has successfully secured a total capacity of 88MW.
2) **Ambition 1: UK / Europe renewables**
   - The formation and establishment of Vantage RE Ltd or RACo has been completed on 1st July 2021.
   - Vantage RE is set to be a vital component to grow our RE capacity/portfolio with immediate growth plan to focus on the acquisition of subsidised Renewable Obligation Certificates (ROCs) and Feed-in-Tariff (FiT) assets across the UK and Ireland.
3) **Ambition 2: Growing TNB's utility business in South East Asia**
   - Singapore: Secure corporate PPAs in partnership with Sunseap and jointly bid (with Sunseap) for 100MW cross-border energy supply trial by Energy Market Authority. We are currently finalizing the shareholder's agreement.
   - Vietnam: Finalising acquisition of 39% stake from Sunseap in 21.6MW rooftop solar project which expected to be completed by 4QFY'21.

Note:
- RE capacity includes large hydro
- Gross RE Capacity

2 Grid of the Future

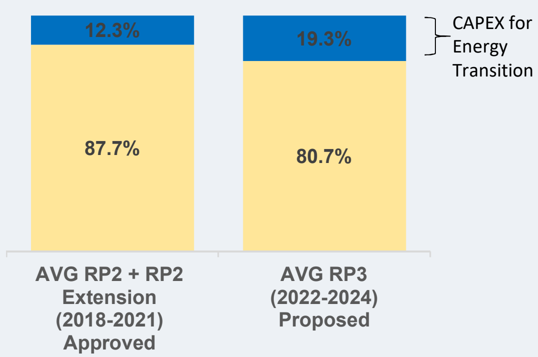
Towards becoming a
Smart Utility
by **2025**

TNB
Smart Grid Index (SGI) target by 2025 :
85%
(2020: 62.5%, 55th place)

Smart Utility will enable us to :
- Deliver a resilient, reliable and high power quality grid with bidirectional energy flow.
- Accommodate intermittent RE generation, Electric Vehicles (EVs) and distributed generation to support a green environment.
- Encourage prosumers to take part in energy trading and provide the flexibility of choosing favourable tariffs.
- Provide our workforce with better data driven decision making tools by Digitalizing TNB

Regulated businesses spends on average ~16% of its CAPEX towards supporting Energy Transition

Annual Regulated CAPEX to support Energy Transition



Today we reveal our sustainability pathway towards 2050, which we believe will open new growth opportunities whilst remaining true to our core role

Target of 8.3GW RE by 2025
Commitment of 35% reduction of our emission intensity by 2035
Aspire to achieve Net Zero emissions by 2050

Our Target for 2025

Build scale in renewable generation
Improve thermal plant efficiency

Our Commitment to 2035

Significant renewable generation growth
50% reduction in coal generation capacity

Our Aspiration to 2050

Invest and grow our emerging green technologies including Hydrogen and Carbon Capture & Utilization (CCU)

2016
Our Energy Transition journey started **here**

2025
TNB **RE Target of 8,300MW** with an acceleration of RE investments towards 2050

2035
Emission intensity **reduction of 35%**
Reduction of **coal capacity by 50%**

2050
Aspire to achieve Net Zero & Coal-Free by 2050

- TNB targets not to take any new stake in new coal plants and will honor the existing PPAs
- To achieve Net Zero, TNB **will accelerate investments in emerging green technologies** (e.g. green hydrogen, CCU) – as soon as it becomes economically-viable

In support of UN SDGs

Note:
Emission intensity (tCO2e/MWh) = Annual Emission (million tCO2e) / Annual Energy Generated (MWh)

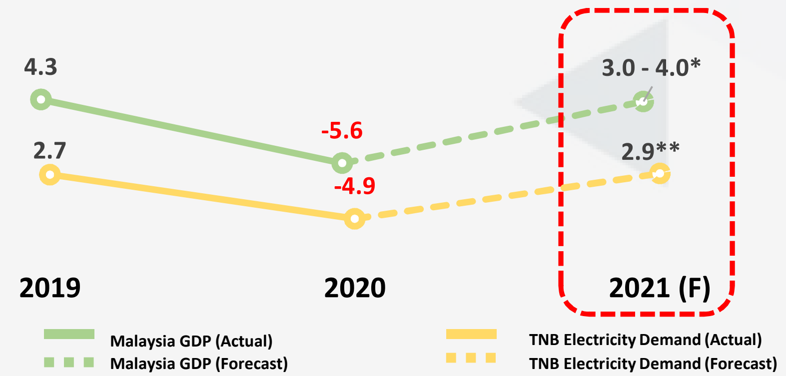
CONTENT OVERVIEW

Electricity demand is expected to recover during the year

Electricity Demand

- TNB electricity demand is expected to recover this year, in tandem with the projected growth for Malaysia gross domestic product (GDP).
- Despite the re-imposition of nationwide containment measures or MCO, we expect the impact to be less severe than in FY2020 as more businesses are allowed to operate during this current MCO.
- Nevertheless, earnings of our regulated revenue cap entities are guaranteed at demand growth as stipulated by the Incentive Based Regulation (IBR) guidelines.

GDP & Electricity Demand (%)



Regulatory Period 3 (RP3)

TNB is in the midst of discussion with Energy Commission (EC) in regards to RP3. TNB to continue to pursue the right returns, as under investments (due to insufficient returns) could potentially risk the reliability of the network, fail to meet the growing and changing needs of customers and disrupt Malaysia's energy transition efforts.

* Source: Bank Negara Malaysia

** TNB Electricity Demand 2021: 2.9% (113,909GWh) growth is based on approved demand forecast under Regulatory Period 2 extension year

Our focus is to strengthen our non-regulated business, while ramping up our sustainability efforts to deliver value to our shareholders

Business Focus

GenCo

Main focus includes:

- Performance – To deliver sustainable returns by ensuring high availability and reliability for key assets.
- Growth – To capture new clean and green plant-up opportunities whilst growing our asset-light services (Operation & Maintenance and other adjacent sectors i.e. oil & gas).
- Efficiency - To deliver plant operational excellence by scaling up turnaround programs and uplifting productivity across the business.

International Business

- For 2021, we will be executing a strategy aimed at protecting value from existing assets, which includes Liberty, Shuaiba, GEAS and GEL and creating value for performing assets (Vortex and TWV).
- Part of this strategy involves executing a plan focusing on growing TNB's international Renewable Energy business leveraging on existing assets, capabilities and experience.

Sustainability pathway 2050

- Our sustainability pathway is future proofing TNB business, it is critical to balance this transition with financial sustainability of the company and ensure that shareholder value continues to be well-protected.

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.

2021 CAPEX

RM9.5 bil →

- Regulated Recurring : RM7.3bil
- Others : RM2.2bil

CONTENT OVERVIEW

Year-on-year (Y-o-Y) analysis

RM mil		1HFY'21	1HFY'20	Variance RM mil	Variance %
Revenue	1	23,919.0	22,545.3	1,373.7	6.1
Operating expenses (without depreciation)		(13,945.1)	(13,437.9)	(507.2)	3.8
Net loss on impairment of financial instruments	2	(667.6)	(161.6)	(506.0)	>100.0
Other operating income		404.0	345.5	58.5	16.9
EBITDA		**9,710.3**	**9,291.3**	**419.0**	**4.5**
EBITDA Margin (%)		40.6%	41.2%		
Depreciation		(5,259.2)	(5,245.3)	(13.9)	0.3
EBIT		**4,451.1**	**4,046.0**	**405.1**	**10.0**
Foreign exchange:					
- Transaction (loss)/gain		(15.3)	(10.9)	(4.4)	40.4
- Translation gain (loss)/gain	3	(116.7)	(332.5)	215.8	(64.9)
Share of results of joint ventures		12.0	3.4	8.6	>100.0
Share of results of associates	4	59.0	27.6	31.4	>100.0
Profit before finance cost		**4,390.1**	**3,733.6**	**656.5**	**17.6**
Fair value changes of financial instrument		87.8	(49.1)	136.9	>(100.0)
Finance income	5	112.0	193.1	(81.1)	(42.0)
Finance cost	6	(1,910.5)	(1,816.5)	(94.0)	5.2
Profit from ordinary activities before taxation		**2,679.4**	**2,061.1**	**618.3**	**30.0**
Taxation and Zakat:					
- Company and subsidiaries		(1,064.0)	(748.8)	(315.2)	42.1
- Deferred taxation		208.1	100.4	107.7	>100.0
Profit for the period		**1,823.5**	**1,412.7**	**410.8**	**29.1**
Attributable to:					
- Owners of the Company		1,780.2	1,371.2	409.0	29.8
- Non-controlling interests		43.3	41.5	1.8	4.3
Profit for the period		**1,823.5**	**1,412.7**	**410.8**	**29.1**

Y-o-Y PAT includes:

1. Higher revenue due to higher sales of electricity and lower ICPT rebate
2. Higher due to increase in ADD of RM464.3mil and impairment of receivables for LPL of RM179.4mil
3. Lower translation loss due to strengthening of MYR against JPY and USD
4. Higher share of result of associates mainly contributed by Jimah Energy Venture and full impairment of GMR in 1QFY'21
5. Lower finance income resulted from lower placement in fixed deposit and lower interest rate from unit trust fund
6. Finance cost mainly due to the commissioned of Southern Power Generation (SPG) in February 2021

Quarter vs Previous Quarter (2QFY'21 vs 1QFY'21) analysis

RM mil		2QFY'21	1QFY'21	Variance RM mil	Variance %
Revenue	1	12,441.0	11,478.0	963.0	8.4
Operating expenses (without depreciation)	2	(7,445.6)	(6,499.5)	(946.1)	14.6
Net loss on impairment of financial instruments	3	(487.2)	(180.4)	(306.8)	>100.0
Other operating income		227.3	176.7	50.6	28.6
EBITDA		**4,735.5**	**4,974.8**	**(239.3)**	**(4.8)**
EBITDA Margin (%)		38.1%	43.3%		
Depreciation		(2,612.2)	(2,647.0)	34.8	(1.3)
EBIT		**2,123.3**	**2,327.8**	**(204.5)**	**(8.8)**
Foreign exchange:					
- Transaction gain/(loss)		26.4	(41.7)	68.1	>(100.0)
- Translation gain / (loss)		(59.9)	(56.8)	(3.1)	5.5
Share of results of joint ventures		5.7	6.3	(0.6)	(9.5)
Share of results of associates	4	42.7	16.3	26.4	>100.0
Profit before finance cost		**2,138.2**	**2,251.9**	**(113.7)**	**(5.0)**
Fair value changes of financial instrument	5	(21.5)	109.3	(130.8)	>(100.0)
Finance income		64.0	48.0	16.0	33.3
Finance cost		(978.6)	(931.9)	(46.7)	5.0
Profit from ordinary activities before taxation		**1,202.1**	**1,477.3**	**(275.2)**	**(18.6)**
Taxation and Zakat:					
- Company and subsidiaries		(499.3)	(564.7)	65.4	(11.6)
- Deferred taxation		147.2	60.9	86.3	>100.0
Profit for the period		**850.0**	**973.5**	**(123.5)**	**(12.7)**
Attributable to:					
- Owners of the Company		821.5	958.7	(137.2)	(14.3)
- Non-controlling interests		28.5	14.8	13.7	92.6
Profit for the period		**850.0**	**973.5**	**(123.5)**	**(12.7)**

Q vs Previous Q PAT includes:

1. Higher Revenue mainly due to higher sales of electricity and ICPT surcharge position as compared to rebate position in previous quarter
2. Higher mainly due to increase in generation cost
3. Higher due to increase in ADD of RM342.8mil and impairment of receivables for LPL of RM119.0mil
4. Higher share of result of associates mainly due to full impairment of GMR in 1QFY'21
5. Lower due to loss from fair value for interest rate swap

Y-o-Y normalised EBITDA & PAT for 1HFY'21

EBITDA Components		1HFY'21 RM mil	1HFY'20 RM mil
Reported EBITDA		9,710.3	9,291.3
Impairment of investment in GMR		276.4	-
Additional ADD for TNB		226.6	-
Impairment of receivables for LPL		179.4	15.4
MFRS16 impact	1	(2,130.6)	(2,237.3)
Normalised EBITDA	2	8,262.1	7,069.4

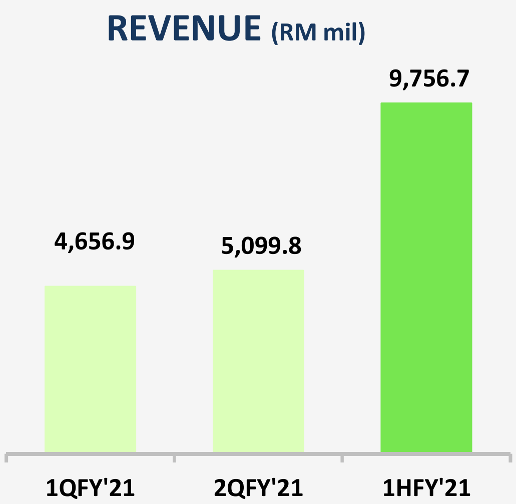
PAT Components		1HFY'21 RM mil	1HFY'20 RM mil
Reported PAT		1,823.5	1,412.7
Impairment of investment in GMR		276.4	-
Additional ADD for TNB		226.6	-
Impairment of receivables for LPL		179.4	15.4
Forex Translation		116.7	332.5
MFRS16 impact	1	286.4	306.1
Normalised PAT	2	2,909.0	2,066.7

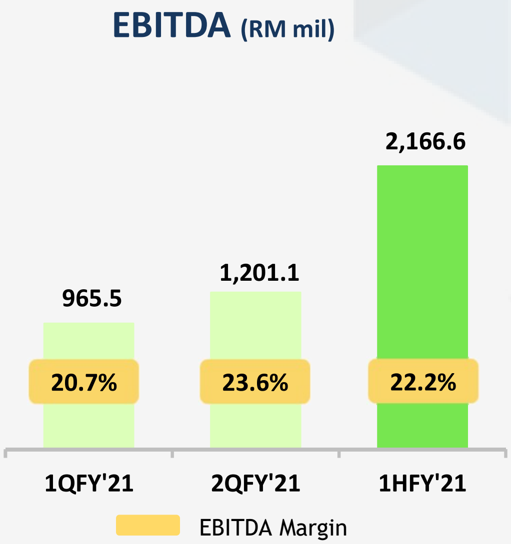
1 MFRS 16 impact for 1HFY'21 includes deferred tax. Please refer MFRS16 impact slide for details.

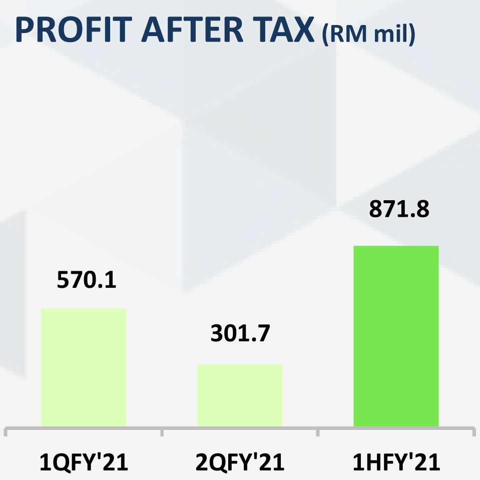
2 **Higher Normalised EBITDA and PAT in 1HFY'21 mainly due to:**

	RM mil
Higher sales of electricity in 1HFY'21	825.7
Good and Services	83.1
Total	**908.8**

Generation Business earnings due to hydro performance





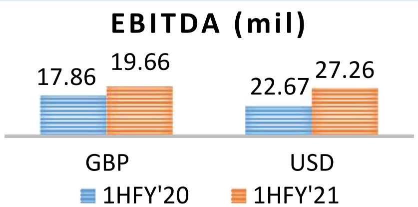


1HFY’21 PAT was mainly contributed by the increase in hydro generation during monsoon season which has resulted to a high level of water in our hydro power plants.

International Business Performance

Vortex Solar UK Limited

EM: 83%



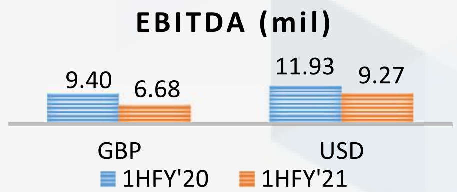
- EBITDA YoY is higher due to higher revenue by 10% as a result of the higher locked in PPA price against last year.
- With major inverter maintenance works completed in Q1 FY'21, the portfolio had fully capitalize the solar peak season at the beginning of the summer months. This improves the overall performance of Vortex against last year.
- The most recent cash distribution was declared in Dec'20 of GBP2.92mil, bringing the total cash distribution declared to date of GBP19.75mil.

Outlook for Vortex:

- The portfolio has successfully locked its PPA price for period 2022/2023 at price GBP15.4/MWh higher than market projection.
- Improvements on scheduled maintenance planning via active asset management through Vantage RE Ltd has improved portfolio's overall performance.

Tenaga Wind Ventures (TWV)

EM: 71%



- EBITDA YoY is lower due to lower revenue by 21% resulting from lower wind speed compared to previous year.
- Nevertheless, the company has sustained consistent availability of 98% YoY indicating a positive performance.
- Additional cash distribution was declared in Mar'21 of GBP11.65mil, bringing the total cash distribution declared to date of GBP42.29mil.

Outlook for TWV:

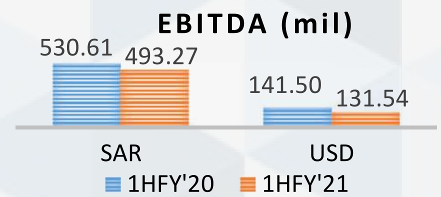
- The portfolio has successfully locked its PPA rates for 2022/2023 all TWV sites, at price GBP5.8/MWh higher than market projection.
- The portfolio's capacity has been increased by 0.5MW through acquisition on 21st May 2021, signifying positive growth prospects for the portfolio.
- TWV has managed to secure further reduction in operating expenses through the renewal of its technical site management contract with at an average reduction of 34% per site which can further improve the portfolio's EBITDA margin.

Outlook for UK Renewable Energy (RE) Platforms:

- With improved inflation rate and country GDP, the UK power sector is showing strong recovery from the pandemic impact, signifying a positive outlook for the platform which is expected to rapidly grow.
- Both RE assets are now structured under the Vantage RE Ltd (Vantage RE) that will serve as the platform with a higher capacity target through acquisitions of operational RE assets leveraging on existing assets, capabilities and experience ensuring that there are synergies and cost benefits on a larger platform versus investing in individual assets.
- Vantage RE is currently following closely several opportunities in UK and Europe that targeted to be completed by the end of 2021.
- Vantage RE is set to be a vital component of TNB's purpose-driven journey, which is anchored on the Environmental, Social and Governance (ESG) practices in the Malaysian national utility's business driving towards achieving TNB's RE target of 8,300MW by 2025.

Shuaibah

EM: 80%



- EBITDA YoY is lower due to higher revenue by 2% in Q2 FY'20 resulting from off taker paying full revenue as per Power and Water Purchase Agreement (PWPA) due the planned outage brought forward from FY2021 to FY2020.
- Nevertheless, Shuaibah maintains solid financial performance with higher EBITDA margin against industry average by 35%.
- The most recent cash distribution was declared in June'21, bringing the total cash distribution declared to date of USD41.69mil (130% of our cost of investment).

Outlook for Shuaibah:

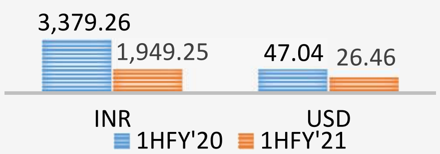
- RE target is now moving forward in Saudi after much delay, with the signing of few RE project PPAs.
- Lower commercial and government demand offset by higher residential and industrial demand maintaining demand for electricity.
- Shuaibah's performance is expected to remain positive with a steady dividend distribution to shareholders.

Note : EM : YTD EBITDA Margin

International Business Performance

GMR Energy Limited (GEL) — EM: 25%

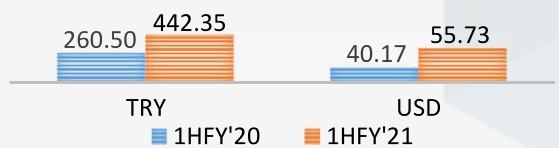
EBITDA (mil)[1]



- Although overall generation YoY is higher by 17%, revenue is still lower by 23% due to expiry of lucrative PPA in Warora which is now sold at lower merchant market price.
- In addition, GEL portfolio faced operational issues in Warora contributed by coal constraints from lack of funds.
- TNB Topaz Energy Sdn. Bhd. (TNBTE), wholly owned subsidiary of TNB had entered into an agreement with GMR Infrastructure Limited (GIL), the holding company of GEL, to divest the Compulsorily Convertible Debentures (CCD), issued by GMR Bajoli Holi Hydropower Private Limited (GBHH), a joint venture of GEL, for INR1,176mil.
- On 5 April 2019, TNBTE subscribed into Tranche 1 of the CCD investment for INR1,056mil c.USD15.28mill. The project was expected to commence commercial operations by October 2019 however its commissioning was delayed due to unforeseen circumstances. Following the delay in project completion, TNBTE did not proceed with Tranche 2 of the CCD investment subscription, originally scheduled by September 2019 and followed by the recent divestment.
- The CCD divestment is consistent with TNB's initiatives to seek monetisation options for its assets in India and other non-focus markets.

GAMA Enerji A.S. (GEAS) — EM: 31%

EBITDA (mil)[1,2]



- EBITDA YoY is higher as GEAS incurred lower operating expenses YoY due to savings from subsidized gas tariffs from gas supplier.
- The generation was higher by 20% resulting from the quick recovery of the power demand and prices on the back of progressive lifting of Covid-19 economic lockdown and stable gas prices.

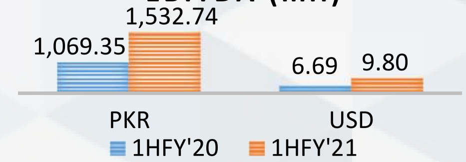
Outlook for GEAS:

- Turkish macro remains volatile concurrently benefiting exports growth . If sustained, this could aid current account and stabilize lira.
- As at Jul'21, vaccination program for COVID-19 has reached to over c.50% of the population and easing of lockdown restrictions further supporting tourism sector (exports) and lira outlook.
- GEAS has signed the ICAN facility agreement on 30 June 2021. Management targets financial close (including Condition Precedents and ancillary documents) by end of Aug'21.

Notes :
EM : YTD EBITDA Margin
[1]Reported 3 months lagging
[2]Exclude EBITDA impairment of TRY419.4mil (USD60.2mil) made at asset level in Q1 FY'20 (driven by unfavorable economy condition i.e. low electricity market prices and high forex)

TNB Liberty Power Limited (LPL) — EM: 26%

EBITDA (mil)



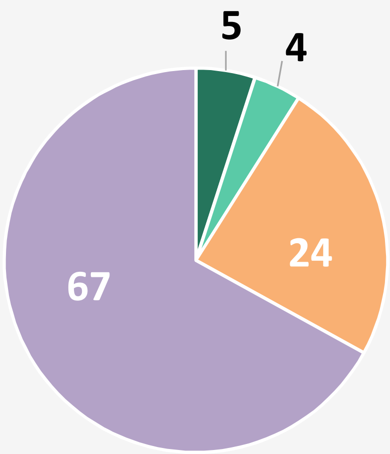
- EBITDA YoY is higher due to higher generation by 46% and lower operating expenditure resulting from lower fuel cost.

Outlook for Liberty:

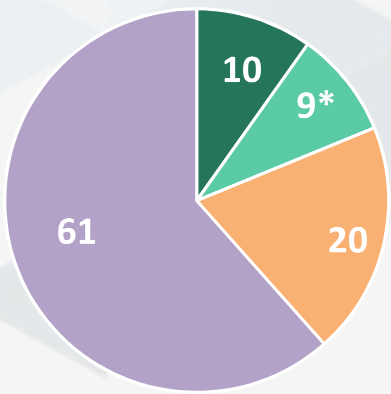
- The Pakistan power market continues to experience structural issues. The plant's cashflows continue to be affected due to increasing outstanding receivables from the offtaker.
- LPL and WAPDA (offtaker) have finalized the PPA Amendment Agreement which include a revision of tariff and settlement terms. The final form of the PPA Amendment Agreements have been agreed and approved by WAPDA Board, WAPDA has shared the agreements to Private Power & Infrastructure Board ("PPIB") to seek for relevant approval.
- LPL is dependent on the government for its gas supply as there is no valid Gas Supply Agreement (GSA) in place. LPL is in discussions with the government on concluding the terms of the GSA.
- In April 2020, LPL won its arbitration award on the disputed outstanding receivables. To date, LPL has not received a reply on the demand letter issued in November 2020 to fully recoup the outstanding receivables.
- TNB has signed a Share Sale Agreement on 27 Jan 2021 with AsiaPak and the sale is subject to satisfaction of conditions precedent which is expected to be fulfilled by 2H 2021. The sale of LPL would allow TNB to monetize its investment in LPL and to redeploy capital to grow its renewable energy portfolio. It is expected the sale would be finalized by the end of this year.

Ensuring revenue from coal remains below 25%, towards longer-term aspiration

Group Revenue forecast FY2021 (%)



Group Revenue Forecast FY2025 (%)



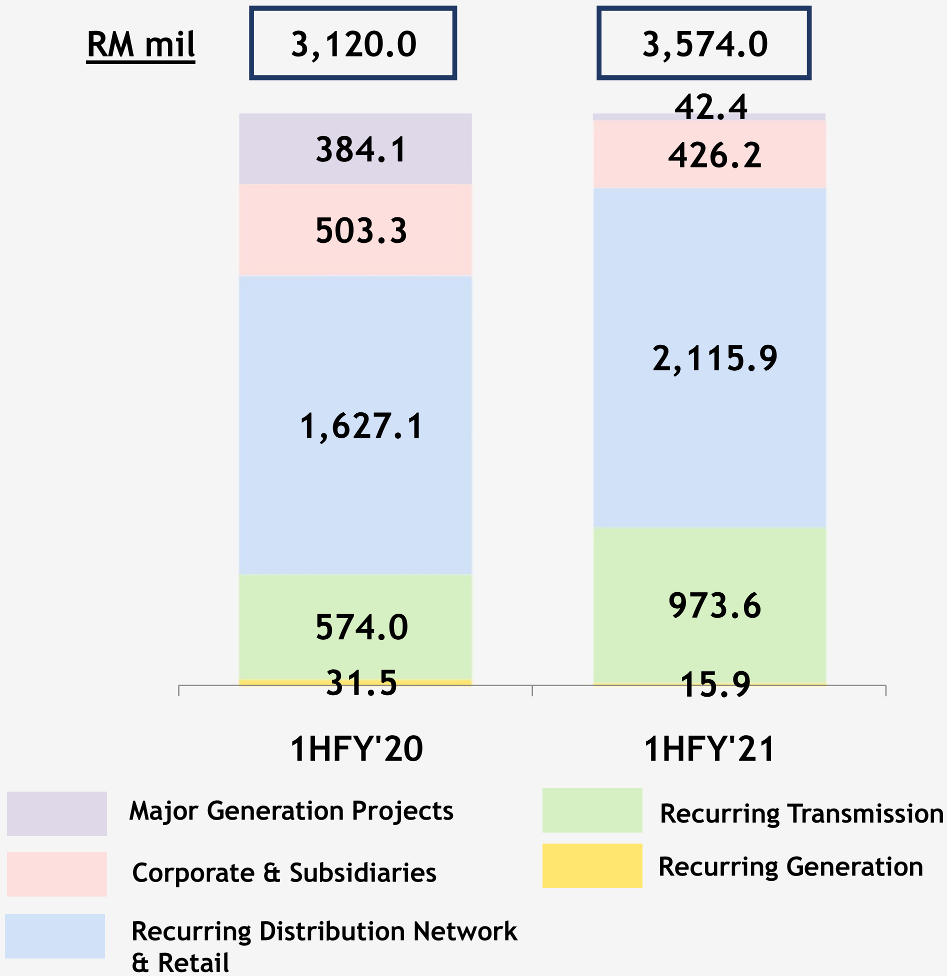
RE | Related to Energy Transition (ET) | Coal | Others**

* Assumed RP3 proposed numbers
** Others include revenue from regulated entities, subsidiaries and generation from gas

Long-term aspiration : aims to be coal-free by 2050

- No new coal plant investment in the pipeline
- Reduction of coal capacity by 50% by 2035 & coal-free by 2050

Regulated CAPEX spending is on track



FY	RP2 EXTENSION REGULATED ENTITIES CAPEX		
	IBR Approved (RM mil)	Actual YTD (RM mil)	Utilization (%)
2021	7,295.7	3,109.1 As at Jun'21	42.6%

The balance of the Regulated CAPEX for FY2021 is RM4,186.6mil

Southern Power Generation (1,440MW)
The most efficient natural gas–fired power plant
POWER's 2021 Plant of the Year Award

Higher sales of electricity due to improved economic activities under current MCO guidelines

	2QFY'21	1QFY'21		Variance (2QFY'21 vs 1QFY'21)		1HFY'21	1HFY'20		Variance (1HFY'21 vs 1HFY'20)	
UNITS SOLD	GWh	GWh		GWh	%	GWh	GWh		GWh	%
Sales of Electricity (GWh)										
- TNB	28,055.1	27,852.8	1	202.3	0.7	55,907.9	53,535.7	1	2,372.2	4.4
- SESB	1,379.7	1,286.8		92.9	7.2	2,666.5	2,594.0		72.5	2.8
- EGAT (Export)	0.8	-		0.8	>100.0	0.8	2.1		(1.3)	(61.9)
- LPL	398.0	103.2	2	294.8	285.7	501.2	342.6	2	158.6	46.3
- TNBI (UK Wind)	14.1	24.4	3	(10.3)	(42.2)	38.5	49.0	3	(10.5)	(21.4)
- TNBI (Vortex)	140.0	49.4	4	90.6	183.4	189.4	-		189.4	>100.0
Total Units Sold (GWh)	**29,987.7**	**29,316.6**		**671.1**	**2.3**	**59,304.3**	**56,523.4**		**2,780.9**	**4.9**

REVENUE	2QFY'21 RM mil	2QFY'21 Sen/KWh	1QFY'21 RM mil	1QFY'21 Sen/KWh		Variance (RM mil)	%	1HFY'21 RM mil	1HFY'21 Sen/KWh	1HFY'20 RM mil	1HFY'20 Sen/KWh		Variance (RM mil)	%
Sales of Electricity (RM)														
- TNB	11,795.5	40.11	10,939.1	39.76		856.4	7.8	22,734.6	39.94	21,713.8	40.19		1,020.8	4.7
- Sales Discount	(44.5)		(20.9)			(23.6)	112.9	(65.4)		(1,712.6)			1,647.2	(96.2)
- SESB	483.0	35.51	431.7	34.11		51.3	11.9	914.7	34.83	916.0	34.67		(1.3)	(0.1)
- Sales Discount	(0.6)		-			(0.6)	>(100.0)	(0.6)		(41.0)			40.4	(98.5)
- Accrued Revenue	(536.3)		143.7			(680.0)	(473.2)	(392.6)		(215.9)			(176.7)	81.8
- EGAT (Export)	0.2	-	-	-		0.2	>100.0	0.2	-	0.7	-		(0.5)	(71.4)
- LPL	99.4	24.97	53.7	52.03		45.7	85.1	153.1	30.55	162.5	47.43		(9.4)	(5.8)
- TNBI (UK Wind)	20.7	146.81	33.3	136.48		(12.6)	(37.8)	54.0	140.26	64.5	131.74		(10.5)	(16.3)
- TNBI (Vortex)	101.8	72.71	33.1	67.00		68.7	207.6	134.9	71.22	-	-		134.9	>100.0
Sales of Electricity	**11,919.2**	**39.75**	**11,613.7**	**39.61**		**305.5**	**2.63**	**23,532.9**	**39.68**	**20,888.0**	**36.95**		**2,644.9**	**12.7**
Imbalance Cost Pass-Through	314.6		(327.3)		5	641.9	(196.1)	(12.7)		(522.4)		5	509.7	(97.6)
Other Regulatory Adjustment	(195.8)		(55.7)		6	(140.1)	251.5	(251.5)		(29.7)		6	(221.8)	746.8
Relief Package from Government	40.7		20.9			19.8	94.7	61.6		1,628.6			(1,567.0)	(96.2)
SESB Tariff Support Subsidy	94.8		87.0			7.8	9.0	181.8		197.0			(15.2)	(7.7)
Others	(18.8)		(18.6)			(0.2)	1.1	(37.4)		-			(37.4)	>(100.0)
Total Sales of Electricity	**12,154.7**		**11,320.0**			**834.7**	**7.4**	**23,474.7**		**22,161.5**			**1,313.2**	**5.9**
Goods & Services	207.2		93.5		7	113.7	121.6	300.7		217.6		7	83.1	38.2
Construction contracts	12.6		10.5			2.1	20.0	23.1		23.1			-	-
Customers' Contribution	66.5		54.0			12.5	23.1	120.5		143.1			(22.6)	(15.8)
Total Revenue	**12,441.0**		**11,478.0**			**963.0**	**8.4**	**23,919.0**		**22,545.3**			**1,373.7**	**6.1**

1 2QFY'21 vs 1QFY'21 : Higher unit sold & sales of electricity are mainly due to domestic sector resulted from MCO

1HFY'21 vs 1HFY'20 : Higher unit sold & sales of electricity are mainly due to industrial sector resulted from lesser economy restrictions

2 2QFY'21 vs 1QFY'21 : Higher unit sold & sales of electricity are due to sufficient gas supply in Jun'21 and no major operational issues

1HFY'21 vs 1HFY'20 : Higher unit sold is due to higher dispatch

3 2QFY'21 vs 1QFY'21 : Lower generation (wind) was due to seasonality

1HFY'21 vs 1HFY'20 : Lower generation mainly due to lower wind speed as compared to previous year

4 Higher generation (solar) was due to seasonality

5 2QFY'21 vs 1QFY'21 : Under-recovery in 2QFY'21 vs over-recovery 1QFY'21 is mainly due to higher coal prices (USD92.0/MT vs USD 79.2/MT)

1HFY'21 vs 1HFY'20 : Lower under-recovery due to higher fuel prices

6 Refer Other Regulatory Adjustment slide

7 Higher 2QFY'21 vs 1QFY'20 and Y-o-Y due to higher contribution from subsidiaries resulted from less business restriction

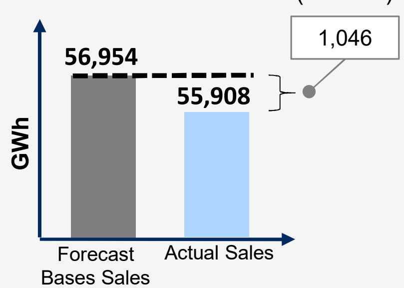
As at 1HFY'21, RM251.5mil of other regulatory adjustment to be returned mainly due to higher average selling price from price cap entity

Components of Other Regulatory Adjustment	1QFY'21 (RM mil)	2QFY'21 (RM mil)	1HFY'21 (RM mil)
1 Revenue Adjustment for Revenue Cap & Price Cap	(10.8)	(132.2)	(143.0)
Refund of Other Income Related to Regulated Business	(44.9)	(63.6)	(108.5)
TOTAL	(55.7)	(195.8)	(251.5)

1

Revenue Cap

1HFY'21 Variations in Sales (in GWh)

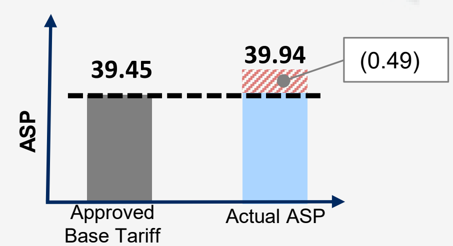


- The allowed annual revenue for revenue cap entities is based on 2.9% demand growth. Any excess/shortfall is adjusted through revenue adjustment mechanism
- For 1HFY'21, lower actual sales leads to lower revenue earned by the revenue cap entities.

Business Entities	Allowed Tariff (sen/kWh)	Variations in Sales (GWh)	Adjustment (RM mil)
Revenue Cap Entities	12.10	1,046	126.6*

Price Cap

1HFY'21 Variations in ASP (sen/kWh)

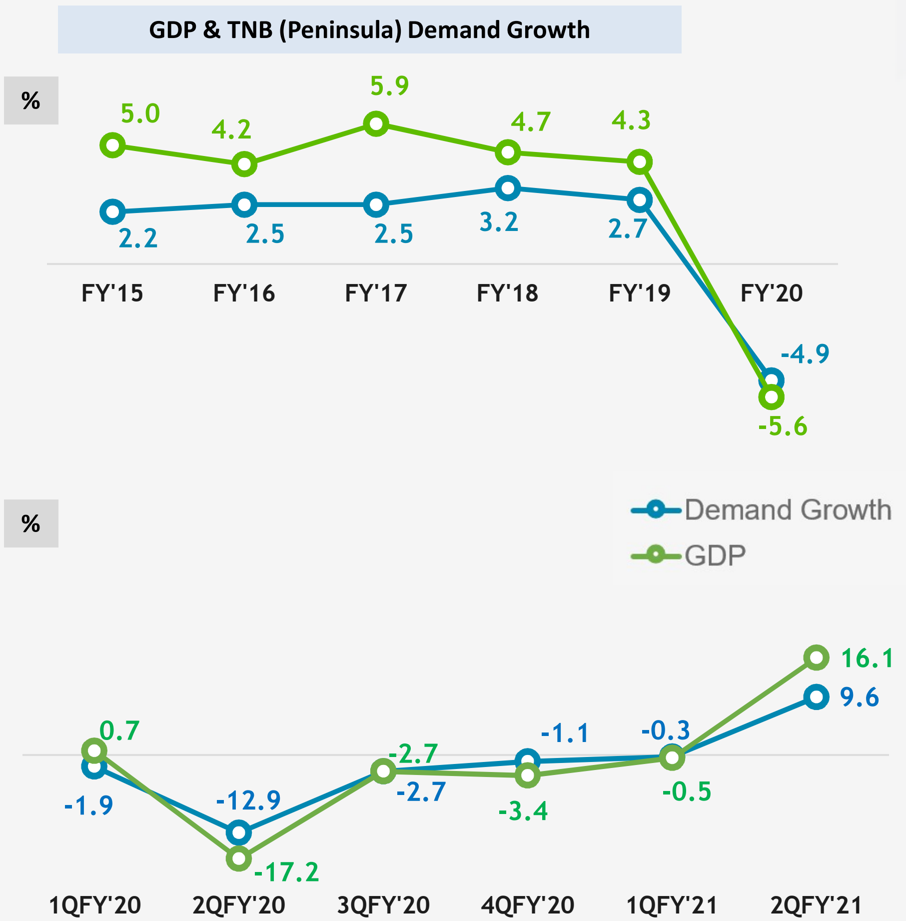


- Any excess/shortfall of revenue earned due to higher/lower Average Selling Price (ASP) compared to Base Tariff is adjusted through revenue adjustment mechanism
- For 1HFY'21, the ASP is recorded higher than the Base Tariff.

Business Entities	Actual Sales (GWh)	Variations in ASP (sen/kWh)	Adjustment (RM mil)
Price Cap Entity	55,908	(0.49)	(269.6) *

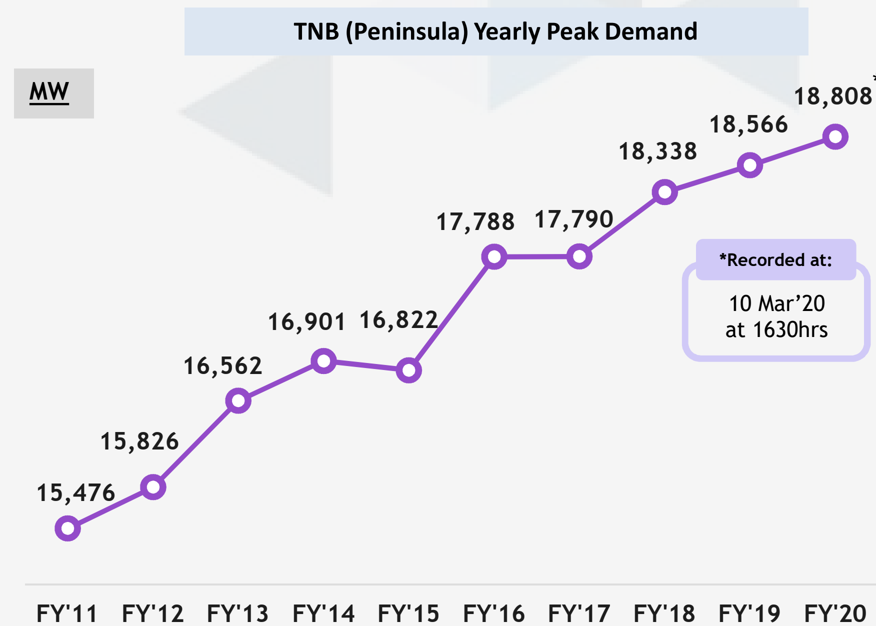
** Numbers manually computed will not match due to decimal variance*

Y-o-Y electricity demand improved in tandem with GDP



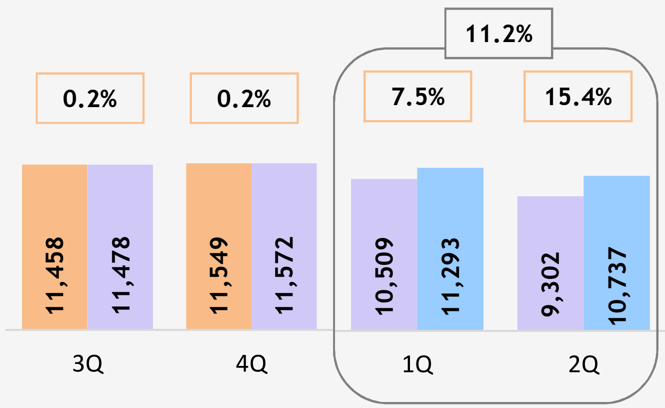
TNB (Peninsula) Maximum Demand

	1HFY'21	1HFY'20	Variance (%)
Maximum Demand (GWh)	18,366	18,808	-2.4

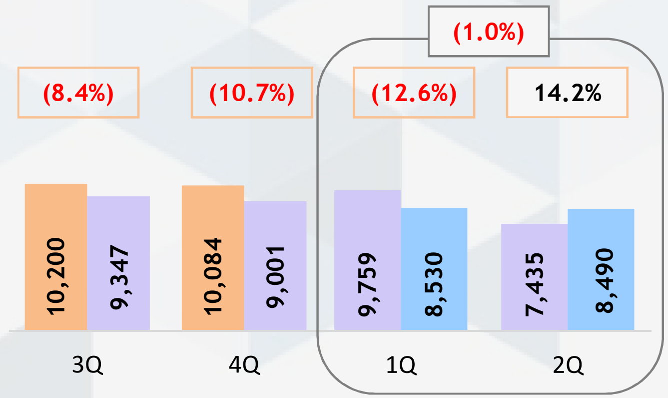


Higher Y-o-Y electricity demand from improved industrial sector due to resumption of business operation

Industrial



Commercial



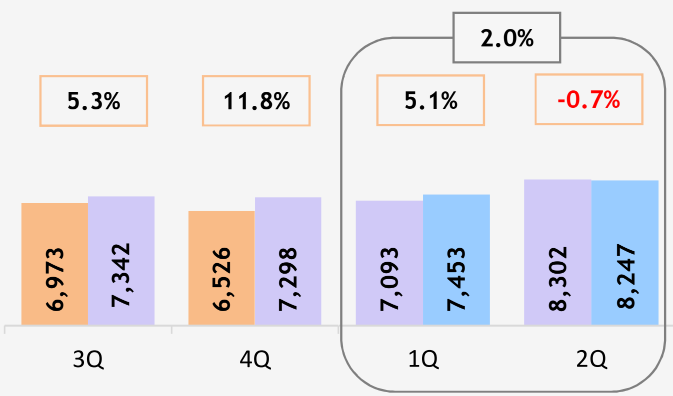
1HFY'21 main contributors for the drop in commercial sector:

- Accommodation
- Educational
- Transportation

Unit Sales (GWh): 2019, 2020, 2021

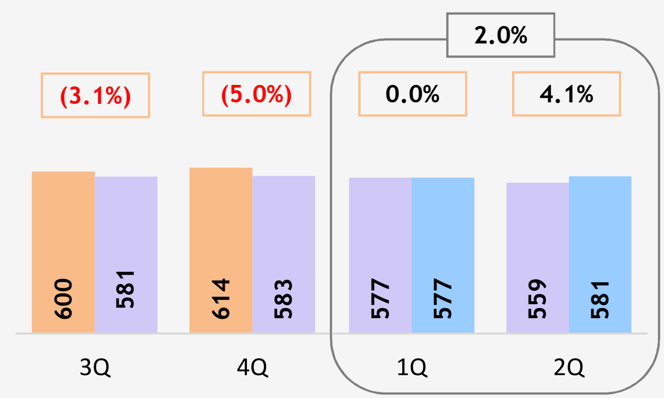
Growth: Y-o-Y, Q-o-Q

Domestic

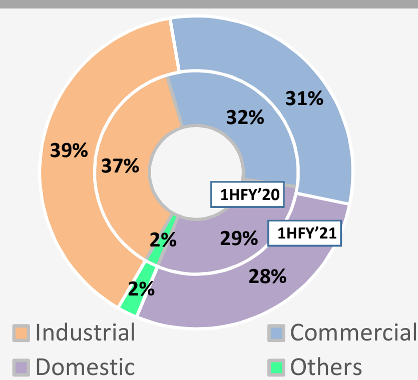


Others

includes Agriculture, Mining & Public Lighting



Sector Mix (%) 1HFY'21 vs 1HFY'20



Higher Y-o-Y operating expenses due to increase in subsidiaries cost

	2QFY'21 (RM mil)	1QFY'21 (RM mil)	Variance (1QFY'21 vs 4QFY'20)		1HFY'21 (RM mil)	1HFY'20 (RM mil)	Variance (1HFY'21 vs 1HFY'20)	
			RM mil	%			RM mil	%
Non-TNB IPPs Costs	1,945.5	1,656.0	289.5	17.5	3,601.5	4,354.6	(753.1)	(17.3)
Capacity Payment	40.0	31.6	8.4	26.6	71.6	30.4	41.2	>100.0
Energy Payment	1,905.5	1,624.4	281.1	17.3	3,529.9	4,324.2	(794.3)	(18.4)
TNB Fuel Costs	3,088.0	2,543.9	544.1	21.4	5,631.9	5,080.1	551.8	10.9
Fuel Costs	2,624.7	2,051.6	573.1	27.9	4,676.3	5,317.2	(640.9)	(12.1)
Fuel Price Adjustment	533.0	539.2	(6.2)	(1.1)	1,072.2	(143.6)	1,215.8	>(100.0)
Fuel Subsidy - SESB	(69.7)	(46.9)	(22.8)	48.6	(116.6)	(93.5)	(23.1)	24.7
Total Cost of Generation (1)	5,033.5	4,199.9	833.6	19.8	(1) 9,233.4	9,434.7	(201.3)	(2.1)
Staff Costs	993.3	955.4	37.9	4.0	1,948.7	1,858.9	89.8	4.8
Repair & Maintenance	480.1	458.1	22.0	4.8	938.2	955.0	(16.8)	(1.8)
TNB General Expenses (2)	408.2	359.7	48.5	13.5	767.9	775.9	(8.0)	(1.0)
Subs. General Expenses	530.5	526.4	4.1	0.8	(3) 1,056.9	413.4	643.5	>100.0
Total Non-Generation Cost	2,412.1	2,299.6	112.5	4.9	4,711.7	4,003.2	708.5	17.7
Total Operating Expenses (without Depreciation)	7,445.6	6,499.5	946.1	14.6	13,945.1	13,437.9	507.2	3.8
Depreciation & Amortisation	2,612.2	2,647.0	(34.8)	(1.3)	5,259.2	5,245.3	13.9	0.3
Total Operating Expenses	10,057.8	9,146.5	911.3	10.0	19,204.3	18,683.2	521.1	2.8

1 2QFY'21 vs 1QFY'21 : Higher generation cost mainly due to higher coal price

1HFY'21 vs 1HFY'20 : Lower generation cost mainly due to lower gas price

2 2QFY'21 vs 1QFY'21 : Higher expenses from general & corporate expenses due to lesser business restriction

3 Higher mainly due to :
- Impairment made for GMR of RM276.4mil
- Reversal of provision made for subsidiary of RM132.8mil in 1QFY'20
- Higher expenses from subsidiaries due to lesser business restriction

Lower Y-o-Y fuel cost mainly due to reduction in gas price

Table A – TNB & IPP Fuel Costs for Peninsula (RM mil)

Fuel Type	1HFY'21	1HFY'20	Variance	
			RM mil	%
Coal	5,563.4	4,818.9	744.5	15.4
Gas	2,481.9	3,520.5	(1,038.6)	(29.5)
Dist.	46.5	16.0	30.5	>100.0
Oil	0.7	4.2	(3.5)	(83.3)
Total*	8,092.5	8,359.6	(267.1)	(3.2)

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

Note: Fuel Cost exclude solar

Table C – Fuel Costs Related Data

	1HFY'21	1HFY'20
Daily Average Piped Gas Volume (mmscfd)	770	707
Gas Reference Market Price (RM/mmbtu)	1Q – 15.40 2Q – 18.92	1Q - 26.86 2Q – 26.25
Average Coal Price Delivered (USD/MT)(CIF)	86.0	65.1
Average Coal Price Delivered (RM/MT)(CIF)	352.2	277.9
Coal Consumption (mn MT)	16.1	17.2
Generation cost per unit (sen/kWh)	13.0	13.9

Table B – TNB & IPP Units Generated for Peninsula (GWh)

Fuel Type	1HFY'21	1HFY'20	Variance	
			Gwh	%
Coal	36,800.9	39,726.8	(2,925.9)	(7.4)
Gas & LNG	21,221.1	18,379.1	2,842.0	15.5
Dist.	47.0	-	47.0	>100.0
Oil	-	12.9	(12.9)	(100.0)
Hydro	3,593.7	1,716.2	1,877.5	>100.0
Solar	569.7	444.7	125.0	28.1
Total	62,232.4	60,279.7	1,952.7	3.2

Table D – Average Coal Price Delivered (USD/MT)

	1HFY'21	1HFY'20	Variance	
			USD	%
FOB	75.9	58.1	17.8	30.6
Freight	9.6	6.6	3.0	45.5
Others	0.5	0.4	0.1	25.0
CIF	86.0	65.1	20.9	32.1

Higher 2Qvs1Q fuel cost from higher fuel prices

Table A – TNB & IPP Fuel Costs for Peninsula (RM mil)

Fuel Type	2QFY'21	1QFY'21	Variance RM mil	Variance %
Coal	2,938.6	2,624.8	313.8	12.0
Gas	1,476.6	1,005.3	471.3	46.9
Dist.	8.7	37.8	(29.1)	(77.0)
Oil	0.3	0.4	(0.1)	(25.0)
Total*	4,424.2	3,668.3	755.9	20.6

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

Note: Fuel Cost exclude solar

Table C – Fuel Costs Related Data

	2QFY'21	1QFY'21
Daily Average Piped Gas Volume (mmscfd)	817	722
Gas Reference Market Price (RM/mmbtu)	18.92	15.40
Average Coal Price Delivered (USD/MT)(CIF)	92.0	79.20
Average Coal Price Delivered (RM/MT)(CIF)	379.8	321.56
Coal Consumption (mn MT)	7.8	8.2
Generation cost per unit (sen/kWh)	14.1	11.9

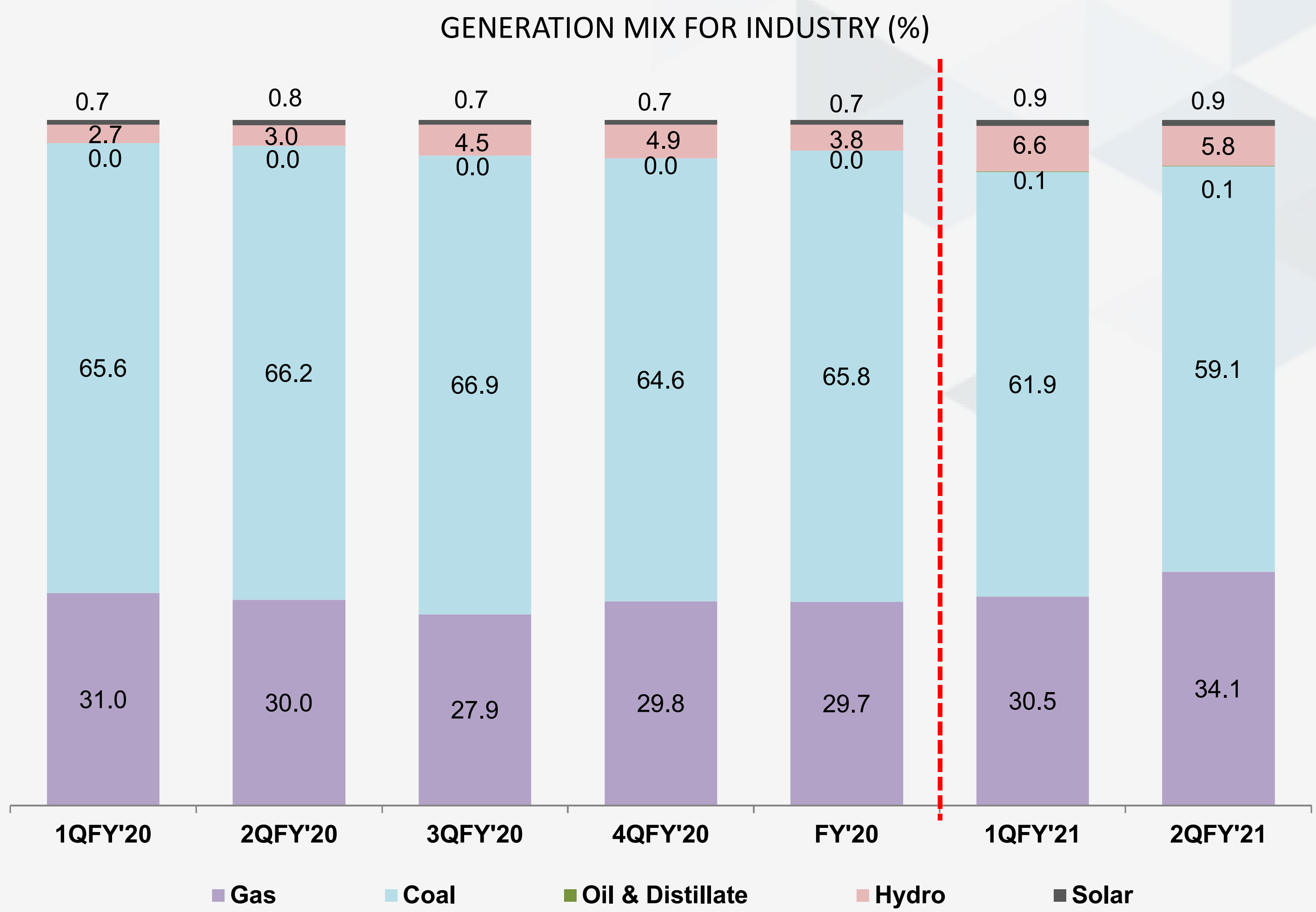
Table B – TNB & IPP Units Generated for Peninsula (GWh)

Fuel Type	2QFY'21	1QFY'21	Variance Gwh	Variance %
Coal	17,701.3	19,099.6	(1,398.3)	(7.3)
Gas & LNG	11,803.5	9,417.6	2,385.9	25.3
Dist.	0.0	47.0	(47.0)	(100.0)
Oil	-	-	0.0	-
Hydro	1,564.5	2,029.2	(464.7)	(22.9)
Solar	284.0	285.7	(1.7)	(0.6)
Total	31,353.3	30,879.1	474.2	1.5

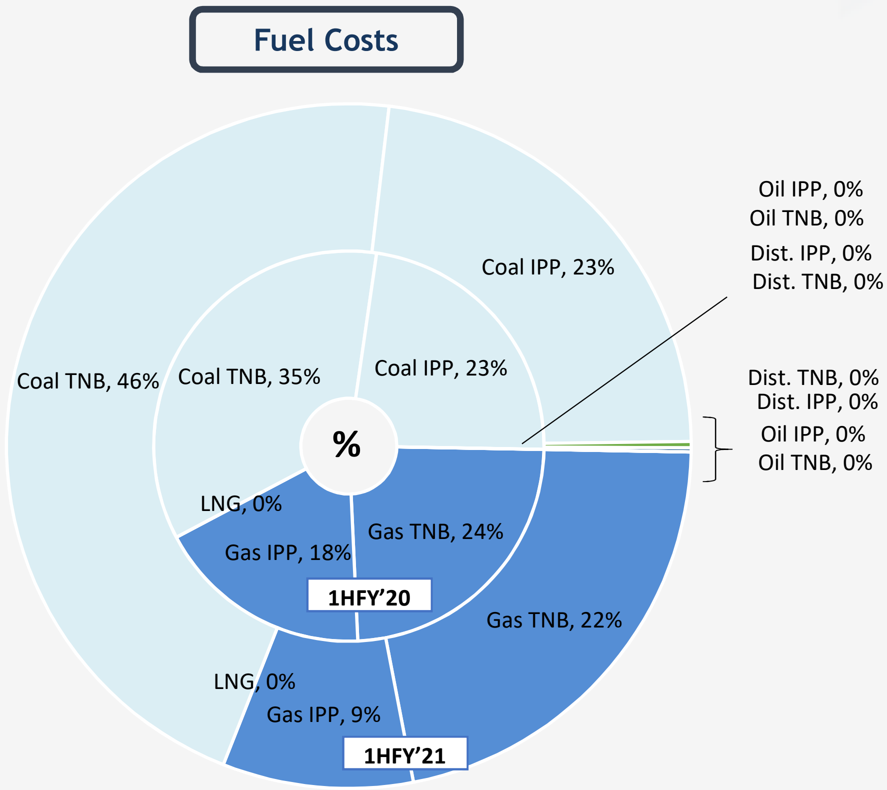
Table D – Average Coal Price Delivered (USD/MT)

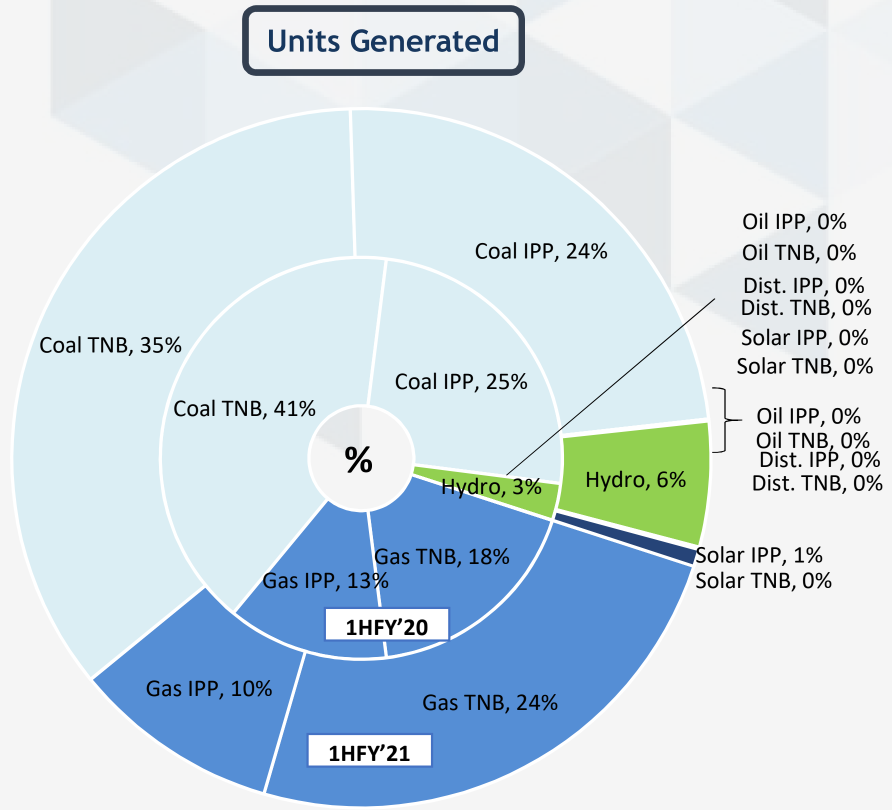
	2QFY'21	1QFY'21	Variance USD	Variance %
FOB	80.7	70.6	10.1	14.3
Freight	10.9	8.2	2.7	33.7
Others	0.5	0.5	(0.0)	(4.9)
CIF	92.0	79.2	12.8	16.2

Higher units generated from hydro in 1HFY'21 due to monsoon season



Fuel costs (TNB & IPPs - Peninsula)





% indicates generation market share

Note: Fuel Cost exclude solar

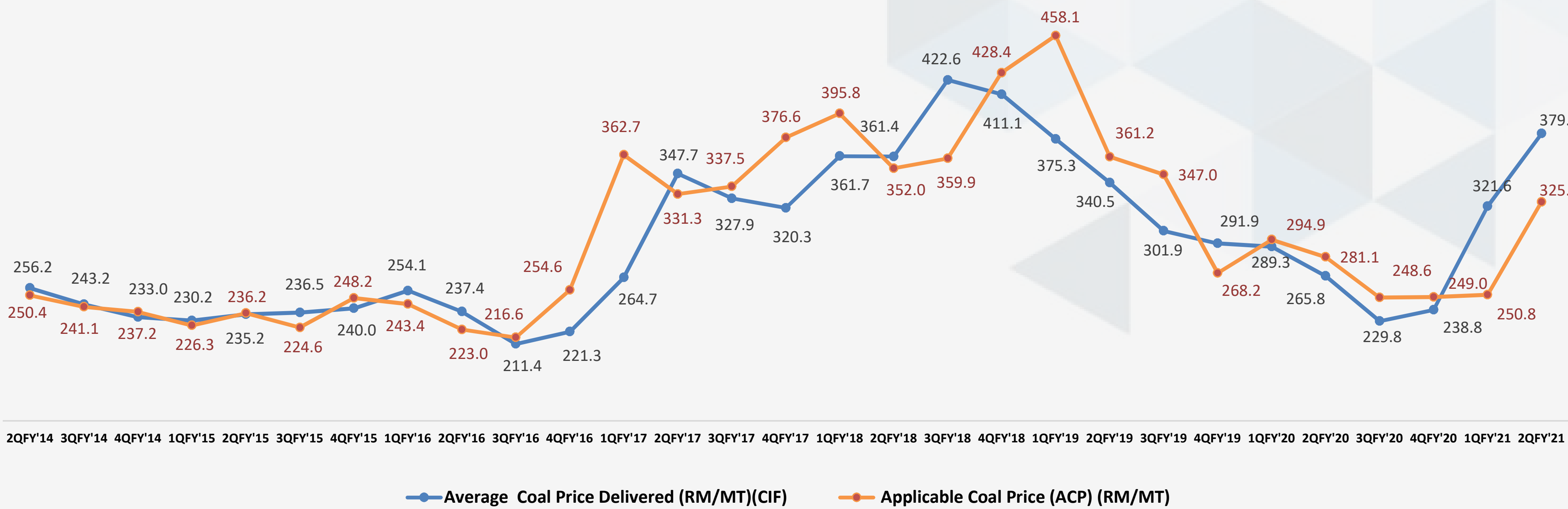
Continuous effective ICPT implementation neutralises the fluctuation in fuel costs

	2QFY'20 (RM mil)	3QFY'20 (RM mil)	4QFY'20 (RM mil)	1QFY'21 (RM mn)	2QFY'21 (RM mn)
Reported Total Cost of Generation (with MFRS16)	4,415.0	4,404.5	3,745.9	4,199.9	5,033.5
Adjustment not related to IBR	975.8	989.5	993.4	902.1	830.9
TNB Capacity and VOR: SLA & SPV	1,318.0	1,424.9	1,402.1	1,757.6	1,689.3
Total Generation Costs (Related to IBR)	**6,708.8**	**6,818.9**	**6,141.4**	**6,859.6**	**7,553.7**

	2QFY'20 (RM mil)	3QFY'20 (RM mil)	4QFY'20 (RM mil)	1QFY'21 (RM mn)	2QFY'21 (RM mn)
Single Buyer Actual Generation Costs: (A)	6,708.8	6,818.9	6,141.4	6,859.6	7,553.7
Actual Sales (Gwh)	25,597.6	28,747.9	28,455.4	27,852.8	28,055.1
Single Buyer Tariff (RM/kwh)	0.2705	0.2705	0.2705	0.2580	0.2580
Actual Gen Cost Recovered (RM mn) (B)	6,923.7	7,775.8	7,696.6	7,186.9	7,239.1
ICPT Surcharge / (Rebate) (C) (C = A – B)	(214.9)	(956.8)	(1,555.3)	(327.3)	314.6
(+) Prior Year Accounting Adjustment	0.0	0.0	0.0	0.0	0.0
ICPT	(214.9)	(956.8)	(1,555.3)	(327.3)	314.6

Coal price is on an increasing trend in FY2021

Coal Price Trending



Coal price & Applicable Coal Price (ACP) comparison

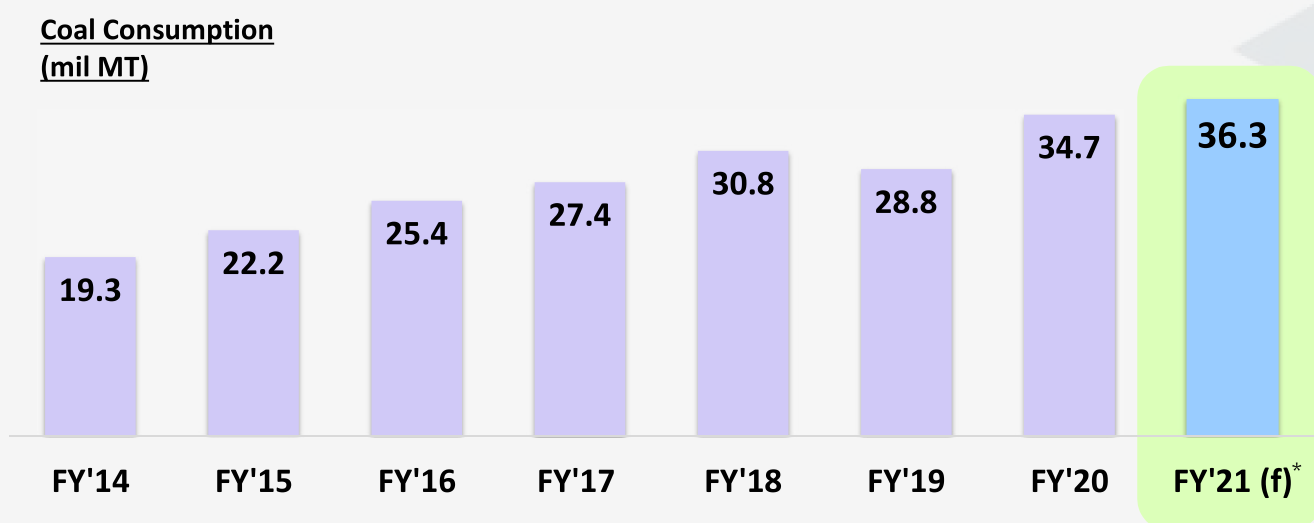
	3QFY20	4QFY20	1QFY21	2QFY21
Average Coal Price Delivered (RM/MT)	229.80	238.80	321.56	379.84
Average Coal Price Delivered (RM/mmBtu) *	10.41	10.62	15.08	17.51
ACP (RM/mmBtu)	11.39	11.41	11.49	14.89

* Based on internal conversion

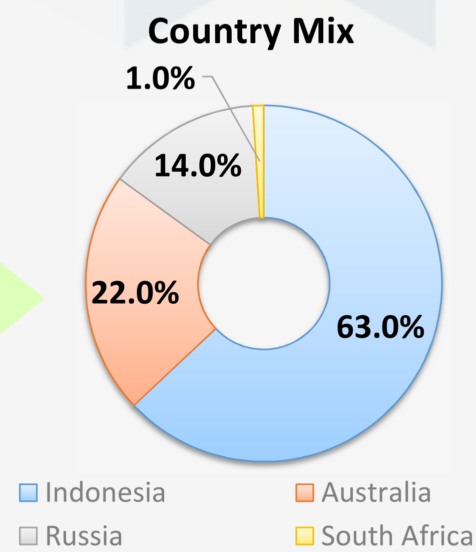
- Fuel Price Adjustments (FPA) is the difference between the Applicable Coal Price (ACP) used to bill the generators and the actual coal price paid to supplier. The difference is caused by higher or lower coal price or due to currency exchange.
- In 2QFY'21, the base ACP (RM14.89/mmBtu) used for billing the generators is lower than the coal price paid to supplier (RM17.51/mmBtu)

Higher coal requirement for FY2021

Average Coal Price (CIF)	FY'14	FY'15	FY'16	FY'17	FY'18	FY'19	FY'20	1HFY'21
USD/metric tonne (MT)	75.4	66.0	55.7	72.7	95.9	79.3	60.6	86.0
RM/metric tonne (MT)	244.6	236.0	231.1	314.7	388.1	326.3	255.6	352.2



* Based on tonnage planned for delivery in FY'21



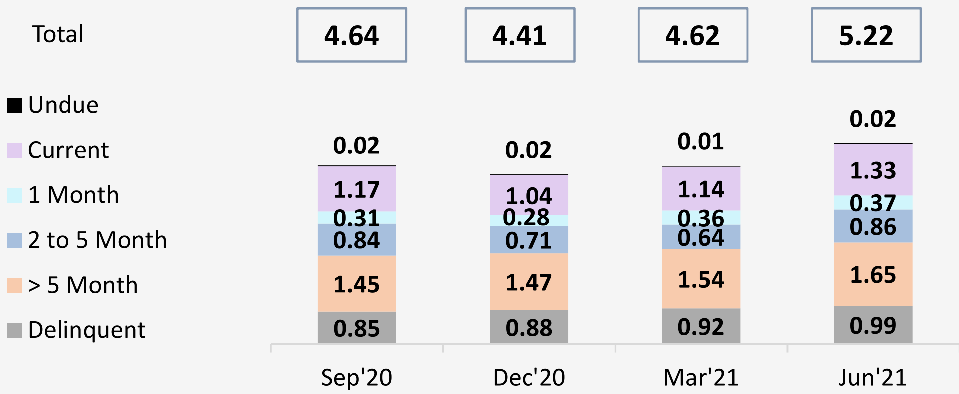
The net impact of MFRS 16 reduced the group PAT by RM286.4mil

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

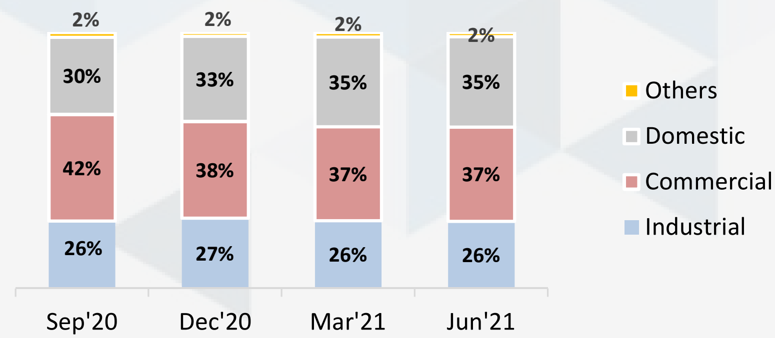
	1HFY'21 (RM mil)	1HFY'20 (RM mil)	Variance (RM mil)	Remarks
Capacity Payment	2,130.6	2,237.3	(106.7)	Decreasing EBITDA and PAT in 1HFY'21
Depreciation	(1,756.1)	(1,826.0)	69.9	Increasing PAT in 1HFY'21
Finance Cost	(740.4)	(805.2)	64.8	Increasing PAT in 1HFY'21
Deferred Tax	79.5	87.8	(8.3)	Decreasing PAT in 1HFY'21
Net Impact	**(286.4)**	**(306.1)**	**19.7**	Increasing PAT in 1HFY'21

Our cash flow remain resilient despite increase in trade debtors

Trade Debtors Ageing (RM bil)



Trade Debtors By Sectors



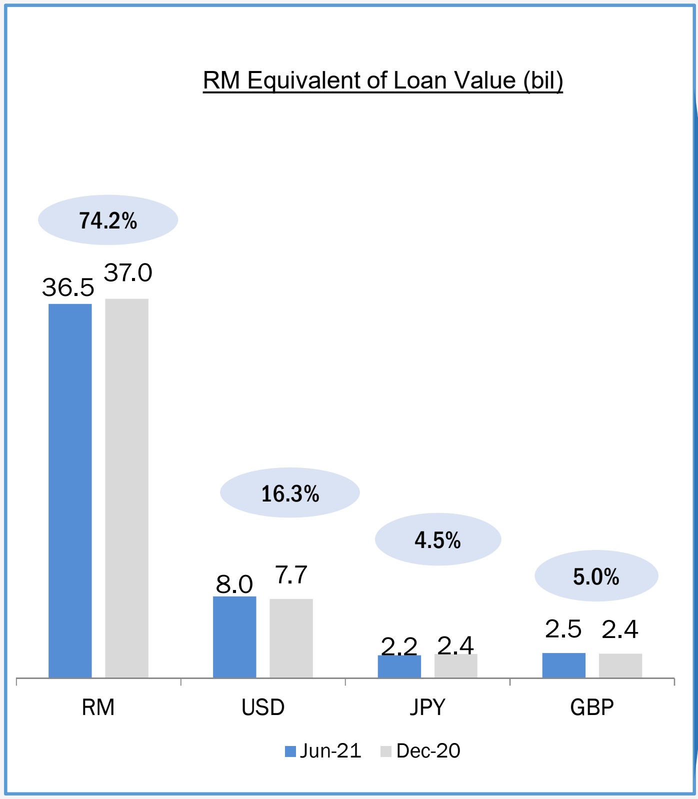
Initiatives to improve collection

- Easy payment plans for domestic / residential customers' electricity bills.
- Repayment plan on case by case basis for non-Domestic customers.
- Promote adoption of digital payment channels such as myTNB app and myTNB portal.
- Introduce more payment channels such as e-wallet.
- Provide personalized engagement with large power consumer such as SME and Government and Large Business (GLB).
- Perform close monitoring on commercial and industrial customers with debt exposure, especially those under vulnerable sub-sectors.

Cash flow

- Our cash flow remains resilient. We continuously monitor our cash flow position on a daily basis and remain prudent on our working capital management.
- In the event there is a shortfall in the cash flow position, we have readily available short term banking facilities and funding program to manage the funding gap.
- For 1HFY'21, the allowance for doubtful debt for TNB is RM464.3mil.

Gearing stood at 46.2% in 1HFY'21, capital headroom remains healthy



Statistics	30th Jun'21	31st Dec'20
Total Debt (RM' Bil)	49.2	49.5
Net Debt (RM' Bil)*	37.4	36.0
Gearing (%)	46.2	46.3
Net Gearing (%)	35.1	33.7
Fixed : Floating		
Underlying	95:5	95:5
Final Exposure	99:1	99:1
1 Effective Average Cost of Borrowing (based on exposure) **	4.82	4.88

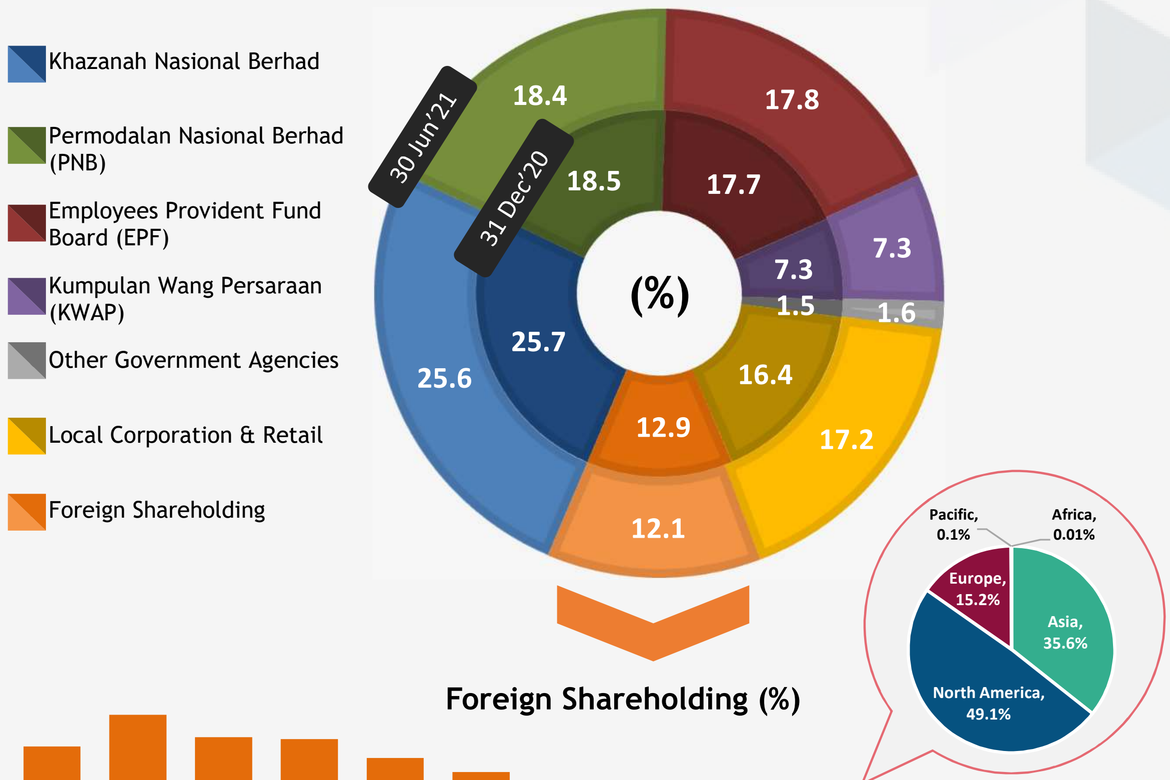
* Net Debt excludes deposits, bank and cash balances & investment in UTF
** Inclusive of interest rate swap

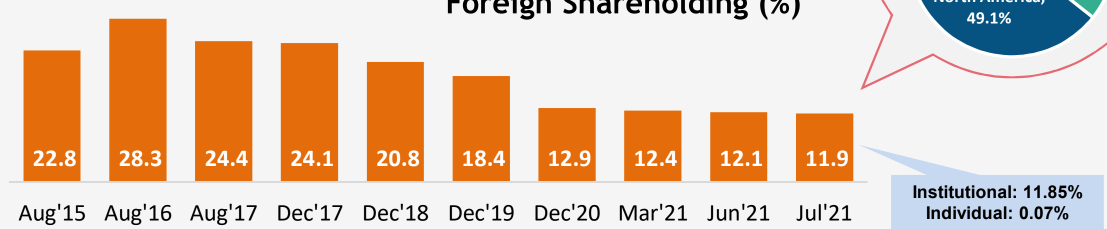
1 Reduction due to lower interest rate of the new drawdown

Closing FOREX	30th Jun'21	31st Mar'21	31st Dec'20
USD/RM	4.16	4.16	4.02
100YEN/RM	3.76	3.75	3.90
GBP/RM	5.75	5.71	5.48
USD/YEN	110.64	110.93	103.12

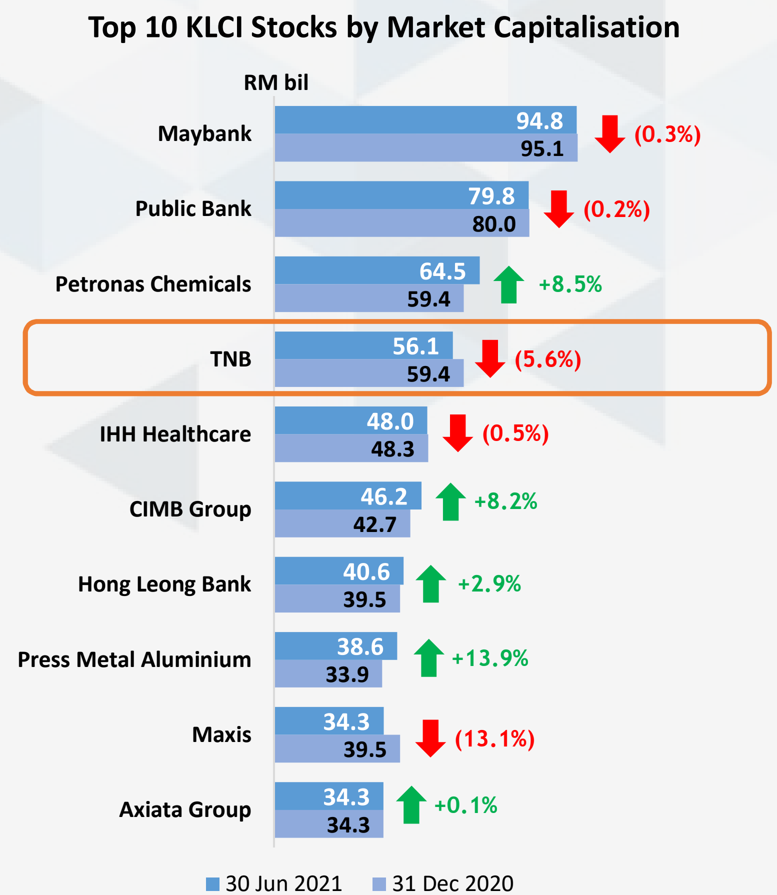
Note:
Debt consists of Principal + Accrued Interest

TNB market capitalisation of RM56.1bil as at 30th June 2021





Source: Share Registrar, Bloomberg and IR Internal Analysis



Note:
1. Top 10 KLCI ranking by Market Capitalisation as at 30th June 2021
2. TNB Latest Market Cap: RM57.1bil (4th), as at 24th August 2021

THANK YOU

CoE INVESTOR RELATIONS
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