

Ong Tze Hern

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Recommendation:	BUY
Current Price:	RM 13.44
Previous Target Price:	RM 16.04
Target Price:	↔ RM 16.04
Capital Upside/ Downside:	19.3%
Dividend Yield (%):	3.5%
Total Upside/ Downside:	22.8%

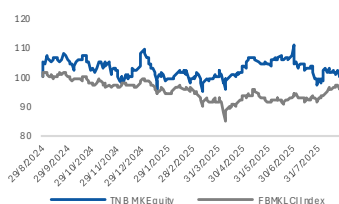
Stock information

Board	MAIN
Sector	Utilities
Bursa / Bloomberg Code	5347 / TNB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	5,829.1
Market Cap (RM' m)	78,343.7
52-Week Price Range (RM)	15.24- 12.66
Beta (x)	1.0
Freefloat (%)	65.1
3M Average Volume (m)	7.7
3M Average Value (RM' m)	107.0

Top 3 Shareholders

(%)

Employees Provident Fund Board	18.9
Khazanah Nasional Bhd	18.1
Amanah Saham Nasional Bhd	12.3

Share Price Performance

	1M	3M	12M
Absolute (%)	0.9	-4.5	-3.6
Relative (%)	-3.1	-8.6	0.5

Earnings Summary

FYE Dec (RM m)	FY24	FY25F	FY26F
Revenue	56,737.1	68,133.6	71,313.3
PATAMI	4,698.6	4,192.4	4,290.2
CNP	3,762.6	4,192.4	4,290.2
Core EPS (sen)	64.9	72.1	73.8
PE(x)	16.6	18.6	18.2

Source: Company, Apex Securities

Tenaga Nasional Berhad

Earnings Miss; RM2.7bn Tax Settlement, No Provision Pending 7B

- 2QFY25 CNP of RM830.1m (-22.4% QoQ, -47.2% YoY) brought 6MFY25 CNP to RM1.9bn (-25.3% YoY), missing expectations at 45% of our full-year forecast and 40% of consensus estimates. The shortfall stemmed mainly from higher-than-expected operating costs, which compressed margins.
- The Group declared a first interim dividend of 25.0sen (2QFY24: 25.0sen).
- CNP dropped 22.4% QoQ, weighed down by higher operating expenses across both generation and non-generation lines, as well as higher depreciation costs.
- Following the precedent-setting Federal court ruling on 2 July, TENAGA disclosed that it has paid RM2.7bn in taxes for YA 2018, 2022 and 2023. Based on consultations with tax and legal advisors, management maintains that no provision is required at this stage.
- No change to forecasts pending further clarity from the 3 Sep analyst briefing. Reiterate BUY with unchanged TP of RM16.04 based on DCF valuation (WACC: 7.1%, g: 2.0%).
- With much of the downside already priced in, we see a compelling entry point, as the market appears to be largely pricing in a scenario of no IA approval, while any approval outcome could serve as a powerful re-rating catalyst.

Missed Expectations. Excluding net forex gain (-RM341.9m), net impairment loss on receivables (+RM19.6m), reversal of impairment loss on financial guarantee (-RM12.4m), and other adjustments (+RM6.7m), 2QFY25 core net profit (CNP) came in at RM830.1m (-22.4% QoQ, -47.2% YoY). This brought 6MFY25 CNP to RM1.9bn (-25.3% YoY), representing 45% of our full-year forecast and 40% of consensus estimates. The shortfall stemmed mainly from higher-than-expected operating costs, which compressed margins.

Dividends Maintained. The Group declared a first interim dividend of 25.0sen (2QFY24: 25.0sen).

Electricity Demand. Overall demand expanded 2.0% YoY in 2QFY25, supported by a robust 7.9% increase in the Commercial segment, which more than offset contractions in Industrial (-1.8%) and Domestic (-1.1%) consumption. The strength in the Commercial segment was likely underpinned by step-loaded demand from data centres.

QoQ. CNP dropped 22.4% QoQ, weighed down by higher operating expenses across both generation and non-generation lines, as well as higher depreciation (+3.5%). Generation cost rose 3.5% in tandem with 7.2% electricity demand growth, while non-generation costs jumped 8.8% on heavier repair works and ICT spend (software and cyber-security). As a result, EBIT margin (adjusted to include ICPT) contracted 1.6%-pts. Meanwhile, Genco's PAT more than tripled, largely on lower tax expenses, as EBIT was broadly stable (-0.3% QoQ).

YoY/YTD. 2QFY25 CNP plunged 47.2% YoY/25.3% YTD, due to (i) higher depreciation expenses from asset build up, (ii) higher taxes following cessation of reinvestment allowance in 2025, (iii) the absence of the RM163m Southern Power Generation's (SPG) LAD claim booked in 2QFY24, and (iv) the absence of RM213.7m hyperinflationary accounting gain from Türkiye associate in 2QFY24. The effective tax rate spiked to 29.8% in 1HFY25 (vs. 21.7% in 1HFY24). Meanwhile, ICPT swung into an over-recovery of RM764.5m in 1HFY25 (vs under-recovery of RM5.2bn in 1HFY24) as actual fuel costs undershot forecasts. Genco's PAT slumped 76.0% YoY/62.0% YTD, reflecting the expiry of SJ Gelugor's SLA in Aug 2024 and the absence of SPG LAD claim.

Reinvestment Allowance Tax Update. Following the precedent-setting Federal court ruling on 2 July, TENAGA disclosed that it has paid RM2.7bn in taxes for YA 2018, 2022 and 2023 (Figure 1). The Group is now seeking to reclaim this amount through its application for Investment Allowance (IA) under Schedule 7B for YAs 2003–2024, which remains under MoF review. Based on consultations with tax and legal advisors, management maintains that no provision is required at this stage. If all IA claims are rejected, maximum profit impact is RM10.0bn, with associated cash outflow of up to RM3.8bn. Including an additional c.RM681.8m Reinvestment Allowance (RA)

claim for YA2024 for which the Notice of Assessment has not yet been issued by the IRB, the maximum tax exposure could rise to RM10.7bn, with cash outflow of up to RM4.5bn (Figure 2).

Outlook. We expect YoY earnings growth to be supported by higher allowed Capex under RP4, which expands the RAB and hence allowed return. Further upside potential arises from the deployment of contingent Capex, where management is confident of securing 60%-70% of the allocation under RP4. However, the risk of failed IA claims could raise tax expenses and weigh materially on earnings and dividends. Our [stress tests](#) suggest limited dividend risk in the base case (50% IA approved) and best case (100% IA approved), but material dividend pressure in the worst case (nil IA approved).

Earnings Revision. No change to forecasts pending further clarity from the 3 Sep analyst briefing.

Valuation and Recommendation. Reiterate **BUY** with an unchanged TP of **RM16.04** based on DCF valuation (WACC: 7.1%, g: 2.0%). No ESG premium or discount has been applied, given the Group's three-star ESG rating. We view the sharp share price retracement following the 2 July court ruling as an overreaction. TENAGA has fallen RM1.46/share below its pre-ruling close of RM14.90, already pricing in close to our worst-case earnings impact of RM1.84/share should none of the IA claims be approved. We view such an outcome as unlikely given TENAGA's strategic importance as the national utility and history of regulatory support. With downside largely priced in, we see a compelling entry opportunity, while any progress on IA approvals could act as a powerful re-rating catalyst.

Risk. Sharp plunge in coal prices, unplanned shutdowns of power plants, weakening of Ringgit, policy risks.

Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	16,835.0	14,366.8	17.2	16,038.7	5.0	32,873.7	28,007.2	17.4	Base tariff hike effective 1 Jan 2025 (funded by KWIE).
ICPT	(589.3)	2,822.2	nm	(175.2)	236.4	(764.5)	5,175.2	nm	ICPT over-recovery as fuel cost came below forecast.
Operating expenses (exclusive of depreciation)	(11,365.2)	(12,442.2)	(8.7)	(10,839.2)	4.9	(22,204.4)	(23,744.6)	(6.5)	
Net loss on impairment of financial instruments	(7.2)	14.4	nm	(18.6)	(61.3)	(25.8)	(45.0)	(42.7)	
Other operating income	209.6	338.3	(38.0)	181.3	15.6	390.9	511.7	(23.6)	SPG LAD claim RM163m in 2QFY24
EBITDA	5,082.9	5,099.5	(0.3)	5,187.0	(2.0)	10,269.9	9,904.5	3.7	
Depreciation & amortisation	(2,965.9)	(2,858.3)	3.8	(2,865.3)	3.5	(5,831.2)	(5,638.5)	3.4	Higher depreciation due to higher assets build up.
EBIT	2,117.0	2,241.2	(5.5)	2,321.7	(8.8)	4,438.7	4,266.0	4.0	
Forex gain / (loss)	341.9	123.1	177.7	38.9	778.9	380.8	(48.2)	nm	Forex gain due to strengthening of Ringgit.
Finance income	194.6	159.1	22.3	170.4	14.2	365.0	315.3	15.8	
Finance costs	(1,008.9)	(1,013.8)	(0.5)	(969.9)	4.0	(1,978.8)	(2,040.9)	(3.0)	
FV changes of financial instruments	(58.5)	11.5	nm	(26.5)	120.8	(85.0)	39.1	nm	
Share of results of JVs	2.7	2.1	28.6	5.1	(47.1)	7.8	7.0	11.4	
Share of results of associates	12.6	243.7	(94.8)	14.5	(13.1)	27.1	258.4	(89.5)	Hyperinflationary accounting (+RM213.7m) from associate in Türkiye in 2QFY24.
Pre-tax profit	1,601.4	1,766.9	(9.4)	1,554.2	3.0	3,155.6	2,796.7	12.8	
Taxation & zakat	(428.0)	(254.5)	68.2	(513.4)	(16.6)	(941.4)	(606.4)	55.2	Higher tax expense from cessation of reinvestment allowance in 2025.
Profit after tax	1,173.4	1,512.4	(22.4)	1,040.8	12.7	2,214.2	2,190.3	1.1	
(-) Minority interest	15.3	68.3	(77.6)	(17.2)	nm	(1.9)	30.5	nm	
Net profit	1,158.1	1,444.1	(19.8)	1,058.0	9.5	2,216.1	2,159.8	2.6	
Core net profit *	830.1	1,573.0	(47.2)	1,070.1	(22.4)	1,900.2	2,543.6	(25.3)	
Core EPS (sen)	14.3	27.2	(47.5)	18.4	(22.5)	32.7	43.9	(25.7)	
DPS (sen)	25.0	25.0	-	-	nm	25.0	25.0	-	
			%-pts		%-pts			%-pts	
EBITDA margin (%) ^	30.2%	35.5%	-5.3%	32.3%	-2.1%	31.2%	35.4%	-4.1%	
EBIT margin (%) ^	13.0%	13.0%	0.0%	14.6%	-1.6%	13.8%	12.9%	1.0%	
PBT margin (%) ^	9.5%	12.3%	-2.8%	9.7%	-0.2%	9.6%	10.0%	-0.4%	
Effective tax rate (%) ^	26.7%	14.4%	12.3%	33.0%	-6.3%	29.8%	21.7%	8.1%	
Core net profit margin (%) ^	4.9%	10.9%	-6.0%	6.7%	-1.7%	5.8%	9.1%	-3.3%	

* Core profit is not adjusted for MFRS16

^ ICPT included in the calculation of profitability margins

Source: Company, Apex Securities

Electricity Demand

Sector (GWh)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Industrial	10,973.0	11,170.0	(1.8)	10,592.0	3.6	21,565.0	22,380.0	(3.6)	YoY drop due to lower demand from iron & steel and utility electrical.
Commercial	12,555.0	11,641.0	7.9	11,672.0	7.6	24,227.0	22,743.0	6.5	Strong data centre demand.
Domestic	9,546.0	9,650.0	(1.1)	8,575.0	11.3	18,121.0	18,582.0	(2.5)	YoY drop due to milder weather.
Others	694.0	660.0	5.2	670.0	3.6	1,364.0	1,315.0	3.7	
Total	33,768.0	33,121.0	2.0	31,509.0	7.2	65,277.0	65,020.0	0.4	

Source: Company, Apex Securities

Results Note

Friday, 29 Aug, 2025

Electricity Sales Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
TNB (Peninsular Malaysia)	13,673.8	13,587.1	0.6	12,569.3	8.8	26,243.1	26,235.3	0.0	QoQ growth due to higher electricity demand.
SESB (Sabah)	594.4	595.9	(0.3)	555.7	7.0	1,150.1	1,145.1	0.4	
Accrued revenue	(43.8)	(122.5)	(64.2)	68.3	nm	24.5	82.5	(70.3)	
Energy Export	30.5	0.1	30,400.0	57.0	(46.5)	87.5	0.4	21,775.0	Higher export from Cross Border Electricity Sales commenced in 4QFY24.
TNBI	253.7	273.0	(7.1)	184.7	37.4	438.4	475.4	(7.8)	
Sub-total	14,508.6	14,333.6	1.2	13,435.0	8.0	27,943.6	27,938.7	0.0	
Other regulatory adjustment	1,596.2	(739.2)	nm	1,998.3	(20.1)	3,594.5	(1,207.6)	nm	
Tariff support subsidy	93.7	79.3	18.2	81.9	14.4	175.6	153.3	14.5	
Fuel subsidy-SESB	95.2	79.6	19.6	87.9	8.3	183.1	152.8	19.8	
Total sales of electricity	16,293.7	13,753.3	18.5	15,603.1	4.4	31,896.8	27,037.2	18.0	
Goods and services	427.3	513.9	(16.9)	331.7	28.8	759.0	763.6	(0.6)	
Construction contracts	34.8	27.3	27.5	29.4	18.4	64.2	61.8	3.9	
Customers' contribution	79.2	72.3	9.5	74.5	6.3	153.7	144.6	6.3	
Total Revenue	16,835.0	14,366.8	17.2	16,038.7	5.0	32,873.7	28,007.2	17.4	

Source: Company, Apex Securities

Operating Expenses Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Non-TNB IPPs costs	4,304.0	4,694.8	(8.3)	4,459.9	(3.5)	8,763.9	8,928.2	(1.8)	
TNB Fuel Costs	3,988.1	4,552.9	(12.4)	3,553.7	12.2	7,541.8	8,887.8	(15.1)	YoY decline from lower fuel prices (coal).
Total Generations Costs	8,292.1	9,247.7	(10.3)	8,013.6	3.5	16,305.7	17,816.0	(8.5)	
Staff Costs	1,071.3	966.5	10.8	1,016.8	5.4	2,088.1	1,918.5	8.8	
Repair and Maintenance	815.7	801.0	1.8	733.4	11.2	1,549.1	1,493.2	3.7	
TNB General Expenses	538.4	434.2	24.0	441.5	21.9	979.9	863.3	13.5	Higher IT expense.
Subsidiaries' Cost of Sales & General Expenses	647.7	992.8	(34.8)	633.9	2.2	1,281.6	1,653.6	(22.5)	2QFY24 includes associate impairment RM213.7m.
Total Non-Generation Costs	3,073.1	3,194.5	(3.8)	2,825.6	8.8	5,898.7	5,928.6	(0.5)	
Total Operating Expenses (Excluding D&A)	11,365.2	12,442.2	(8.7)	10,839.2	4.9	22,204.4	23,744.6	(6.5)	
Depreciation & Amortisation	2,965.9	2,858.3	3.8	2,865.3	3.5	5,831.2	5,638.5	3.4	Higher depreciation due to higher assets build up.
Total Operating Expenses	14,331.1	15,300.5	(6.3)	13,704.5	4.6	28,035.6	29,383.1	(4.6)	

Source: Company, Apex Securities

Genco (Domestic Generation)

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6MFY25	6MFY24	yoy (%)	Comments
Revenue	6,050.3	6,192.9	(2.3)	5,719.4	5.8	11,769.7	11,945.5	(1.5)	SJ Gelugot PPA expired in Aug 2024.
EBIT	364.4	617.0	(40.9)	365.6	(0.3)	730.0	791.8	(7.8)	2QFY24 benefited from SPG LAD claim RM163m.
Fuel Margin	(35.9)	(44.0)	(18.4)	(33.7)	6.5	(69.6)	(69.8)	(0.3)	
PAT	95.8	399.4	(76.0)	25.4	277.2	121.2	319.0	(62.0)	1H FY25 affected by forex loss (MYR weaken vs. JPY).

Source: Company, Apex Securities

Figure 1: Summary of Tax Liabilities Relating to Reinvestment Allowance for TENAGA (Group)

Year of Assessment (YA)	Amount (RM m)	Per Share (RM)	Status/Ruling	Next Key Date
2018	1,812.5	0.31	Federal Court reinstated IRB notice	N/A
2013-2014	2,068.2	0.36	Under dispute scheduling	Special Commissioners of Income Tax (SCIT) hearing 26 Sep 2025.
2015-2017	3,977.9	0.68	Under dispute scheduling	Court of Appeal scheduled next case management on 29 Aug 2025.
2020-2021	1,391.0	0.24	Under dispute scheduling	High Court scheduled hearing on 6 Oct 2025 for the judicial review application.
(-) Remission of Penalty YA 2013-2018	-2,438.9	-0.42	Penalty remitted following advance payment arrangement	N/A
2022	840.1	0.14	IRB issued additional notice, TENAGA reviewing legal options	N/A
2023	609.0	0.10	IRB issued additional notice, TENAGA reviewing legal options	N/A
2006, 2008-2012	1,765.2	0.30	Tax recoverable	N/A
Total Maximum Liability	10,025.0	1.72		
(-) Cash Outflow (YA 2006, 2008-2012)	-1,765.2	-0.30	Advance payment	
(-) Cash Outflow (YA 2016-2017)	-1,757.2	-0.30	Advance payment arrangement	
(-) Cash Outflow (YA 2018)	-1,250.0	-0.22	Payment settled (penalties waived)	Paid 29 Jul 2025.
(-) Cash Outflow (YA 2022)	-840.1	-0.14	Payment settled	Paid 25 Aug 2025.
(-) Cash Outflow (YA 2023)	-609.0	-0.10	Payment settled	Paid 28 Aug 2025.
Total Maximum Cash Outflow	3,803.5	0.65		

Note 1: No provision was made. Figures reflect maximum potential exposure if IA (Schedule 7B) is not approved.

Note 2: Figures may not add up precisely due to rounding.

Source: Company, Apex Securities

Results Note

Friday, 29 Aug, 2025

Figure 2: Profit impact and Cash flows relating to Reinvestment Allowance

Scenario/Item	Amount (RM m)	Per Share (RM)
Estimated Additional Tax Liabilities - YA 2024	681.8	0.12
Best Case (100% IA Claim Approved)	0.0	0.00
Net Cash Inflow/(Outflow) - Best Case	6,221.5	1.07
Base Case (50% IA Claim Approved)	5,353.4	0.92
Net Cash Inflow/(Outflow) - Base Case	868.1	0.15
Worst Case (0% IA Claim Approved)	10,706.8	1.84
Net Cash Inflow/(Outflow) - Worst Case	-4,485.3	-0.77

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	53,066.9	56,737.1	68,133.6	71,313.3	74,508.8
ICPT	10,598.2	9,097.7	0.0	0.0	0.0
EBITDA	18,622.6	19,952.5	21,249.6	23,179.0	24,320.5
Depreciation & Amortisation	-11,265.7	-11,232.4	-11,394.6	-12,726.9	-13,574.1
EBIT	7,356.9	8,720.1	9,854.9	10,452.1	10,746.5
Net Finance Income/(Cost)	-3,786.8	-3,469.1	-3,795.0	-4,254.0	-4,473.5
Associates & JV	62.4	107.5	105.3	111.1	94.6
Forex gain/(loss)	-209.5	467.4	0.0	0.0	0.0
FV changes of financial instruments	-49.4	-11.1	0.0	0.0	0.0
Pre-tax Profit	3,373.6	5,814.8	6,165.3	6,309.1	6,367.5
Tax	-770.0	-1,085.2	-1,849.6	-1,892.7	-1,910.3
Profit After Tax	2,603.6	4,729.6	4,315.7	4,416.4	4,457.3
(-) Minority Interest	-166.7	31.0	123.3	126.2	127.4
Net Profit	2,770.3	4,698.6	4,192.4	4,290.2	4,329.9
(-) Exceptionals	-299.0	936.0	0.0	0.0	0.0
Core Net Profit *	3,069.3	3,762.6	4,192.4	4,290.2	4,329.9

* Core profit is not adjusted for MFRS 16

Key Financial Metrics

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
Revenue Growth (%)	4.3%	6.9%	20.1%	4.7%	4.5%
EPS (sen)	48.0	81.0	72.1	73.8	74.5
Core EPS (sen)	53.2	64.9	72.1	73.8	74.5
Core EPS Growth (%)	-22.4%	22.0%	11.2%	2.3%	0.9%
DPS (sen)	46.0	51.0	47.0	48.0	48.0
Dividend Yield (%)	3.4%	3.8%	3.5%	3.6%	3.6%
P/E (x)	28.0	16.6	18.6	18.2	18.0
P/B (x)	1.3	1.3	1.3	1.2	1.2
EV/EBITDA (x)	8.2	7.4	7.5	7.3	7.2
EBITDA margin (%) ^	29.3%	30.3%	31.2%	32.5%	32.6%
EBIT margin (%) ^	11.6%	13.2%	14.5%	14.7%	14.4%
PBT margin (%) ^	5.3%	8.8%	9.0%	8.8%	8.5%
PAT margin (%) ^	4.1%	7.2%	6.3%	6.2%	6.0%
NP margin (%) ^	4.4%	7.1%	6.2%	6.0%	5.8%
CNP margin (%) ^	4.8%	5.7%	6.2%	6.0%	5.8%
ROE (%)	4.7%	7.8%	6.8%	6.8%	6.7%
ROA (%)	1.4%	2.3%	2.0%	1.9%	1.9%
Gearing (%) #	151.6%	137.6%	141.9%	151.9%	154.1%
Net gearing (%) #	119.9%	106.3%	124.0%	135.9%	138.6%

^ ICPT included in the calculation of profitability margins

Gearing includes lease liabilities

DCF Valuation	Value (RM m)	Valuation method
Enterprise Value	174,936.6	WACC: 7.1%, g: 2.0%
(-) Net Debt/(Cash)	79,163.8	
(-) Minority Interests	2,321.9	
Total Equity Value	93,450.8	
Enlarged share base (m share)	5,826.9	
Equity Value/share (RM)	16.04	
ESG premium/discount	0.0%	
Fair Value (RM)	16.04	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Deposits, banks & cash balances	19,390.5	19,601.1	11,507.5	10,560.7	10,441.6
Receivables	10,408.2	10,857.4	11,760.1	12,308.9	13,064.6
Inventories	2,758.0	2,543.6	2,358.5	2,420.2	2,521.4
Other current assets	8,091.5	7,306.1	7,694.6	7,816.3	7,938.6
Total Current Assets	40,648.2	40,308.2	33,320.7	33,106.1	33,966.1
Fixed Assets	121,932.1	125,611.1	137,446.4	146,237.5	154,439.6
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	42,163.3	39,136.8	40,762.4	43,562.1	41,088.2
Total Non-Current Assets	164,095.4	164,747.9	178,208.7	189,799.6	195,527.8
Short-term debt #	7,330.6	6,275.6	6,775.6	9,275.6	11,775.6
Payables	12,830.7	14,215.4	13,364.9	13,714.3	14,287.7
Other current liabilities	12,677.3	13,477.1	13,916.8	14,015.3	14,114.2
Total Current Liabilities	32,838.6	33,968.1	34,057.3	37,005.2	40,177.6
Long-term debt #	54,439.6	51,131.0	51,631.0	54,131.0	56,631.0
Other non-current liabilities	56,382.7	57,387.3	61,626.5	65,870.4	65,119.2
Total Non-Current Liabilities	110,822.3	108,518.3	113,257.5	120,001.4	121,750.2
Shareholders' equity	58,825.8	60,371.1	61,892.8	63,450.9	64,990.6
Minority interest	2,256.9	2,198.6	2,321.9	2,448.1	2,575.4
Total Equity	61,082.7	62,569.7	64,214.7	65,899.0	67,566.1

Debts do not include lease liabilities

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	3,373.6	5,814.8	6,165.3	6,309.1	6,367.5
Depreciation & amortisation	11,265.7	11,232.4	11,394.6	12,726.9	13,574.1
Changes in working capital	14,641.7	4,225.0	-28.0	-246.9	-265.7
Others	2,962.4	1,106.1	2,481.6	2,728.3	2,886.9
Operating cash flow	32,243.4	22,378.3	20,013.5	21,517.5	22,562.8
Capex	-10,599.2	-11,184.2	-20,000.0	-18,000.0	-18,000.0
Others	4,814.5	-153.2	0.0	0.0	0.0
Investing cash flow	-5,784.7	-11,337.4	-20,000.0	-18,000.0	-18,000.0
Dividends paid to shareholders	-2,537.5	-3,073.7	-2,670.7	-2,732.1	-2,790.2
Others	-10,774.3	-10,022.7	-5,436.5	-1,732.2	-1,891.8
Financing cash flow	-13,311.8	-13,096.4	-8,107.2	-4,464.2	-4,682.0
Net cash flow	13,146.9	-2,055.5	-8,093.6	-946.7	-119.1
Forex	22.2	43.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash and cash equivalents	4,056.1	17,225.2	15,212.8	7,119.2	6,172.4
Ending cash and cash equivalents	17,225.2	15,212.8	7,119.2	6,172.4	6,053.3
Deposits with maturity > 90 days & others	2,165.3	4,388.3	4,388.3	4,388.3	4,388.3
Deposits, bank and cash balances	19,390.5	19,601.1	11,507.5	10,560.7	10,441.6

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★	Scope 1 and Scope 2 GHG emissions totaled 39.1m tCO ₂ e in 2024, marking a 0.5% yoy reduction from 2023. TENAGA aims to reduce its GHG emissions intensity by 35% by 2035 and achieve Net Zero Emissions by 2050.
Waste & Effluent	★★★★	Implemented the Scheduled Waste Roadmap 2018-2030 to strengthen hazardous waste management. In 2024, a 56% recycling rate for hazardous waste was achieved, surpassing the 30% target set for 2025.
Energy	★★	Generation capacity mix in 2024 remained dominated by fossil fuels, with coal accounting for 38% and gas 32%. The Group plans to reduce its coal capacity by 50% by 2035 and fully phase it out by 2050. In 2024, TENAGA's renewable energy capacity reached 4.2GW, reflecting a 4.1% yoy increase, though still significantly below its target of 8.3GW by 2025.
Water	★★	In power generation operations, majority of water consumed is used for steam generation and power plant cooling systems. Total water consumed amounted to 9,234 ML in 2024, reflecting an 8.5% yoy reduction.
Compliance	★★★	The Group is in compliance with local and international environmental regulations.

Social

Diversity	★★★	Established the TNB Diversity & Inclusion policy in 2022. As of 2024, 14% of non-executive staff and 41% of executive staff are female.
Human Rights	★★★	TENAGA has approved its TNB Labour Rights Policy Statement in 2024. The Group is dedicated to upholding labour rights, promoting safe working environment, and preventing discrimination.
Occupational Safety and Health	★★	In 2024, 4 work-related fatalities were reported. The Lost Time Incident Rate (LTIR) stood at 0.87, below the target of 1.0.
Labour Practices	★★★	TENAGA complies with all relevant labor laws and supports the rights to freedom of association and collective bargaining.

Governance

CSR Strategy	★★★★★	Aspire to bring positive impact to the community by allocating 1% of its PAT for various corporate responsibility programmes. In 2024, the Group allocated RM141m to CSR projects.
Management	★★★	In 2024, women made up 25% of the senior management team, falling short of the 30% female representation target set for 2025. Among the board members, 33% (4 out of 12) were female, while 50% (6 out of 12) were independent directors.
Stakeholders	★★★★	Regularly engages with stakeholders to understand and address their needs. For instance, the Group organises annual one-to-one engagements with NGOs, annual feedback sessions with government bodies and regulators, annual general meeting (AGM) for investors, and quarterly results briefings for analysts.

Overall ESG Scoring: ★★★

Recommendation Framework:**BUY:** Total returns* are expected to exceed 10% within the next 12 months.**HOLD:** Total returns* are expected to be within +10% to – 10% within the next 12 months.**SELL:** Total returns* are expected to be below -10% within the next 12 months.**TRADING BUY:** Total returns* are expected to exceed 10% within the next 3 months.**TRADING SELL:** Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.**ESG Rating Framework:**

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of Friday, 29 Aug, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.