Results Note

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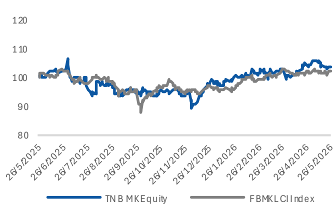
Recommendation:	**BUY**
Current Price:	RM 14.46
Previous Target Price:	RM 16.77
Target Price: ↔	RM 16.77
Capital Upside/Downside:	16.0%
Dividend Yield (%):	3.5%
Total Upside/Downside:	**19.5%**

Stock information	
Board	MAIN
Sector	Utilities
Bursa / Bloomberg Code	5347 / TNB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	5,829.1
Market Cap (RM' m)	84,289.4
52-Week Price Range (RM)	14.98-12.5
Beta (x)	0.9
Free float (%)	68.4
3M Average Volume (m)	7.0
3M Average Value (RM' m)	100.2

Top 3 Shareholders	**(%)**
Employees Provident Fund Board	24.6
Khazanah Nasional Bhd	17.7
Amanah Saham Nasional Bhd	11.2

Share Price Performance



	1M	3M	12M
Absolute (%)	-1.4	2.0	3.3
Relative (%)	-0.7	3.9	-7.2

Earnings Summary

FYE Dec (RM m)	FY26F	FY27F	FY28F
Revenue	65,669.7	68,702.3	77,804.7
PATAMI	3,958.0	4,171.7	5,738.7
CNP	3,958.0	4,171.7	5,738.7
Core EPS (sen)	68.1	71.8	98.5
PE (x)	19.6	18.6	13.5

Source: Company, Apex Securities

Tenaga Nasional Berhad

DC Demand and GenCo Underpin Structural Momentum

Executive Summary

- **1QFY26 Within Expectations: CNP of RM1.16bn (+8.2% YoY, -16.0% QoQ), at 25.5% of our FY26F forecast and 23.8% of consensus. Revenue rose 6.6% YoY to RM17.1bn on 7.0% demand growth led by the Commercial sector (+13.0%). GenCo PAT surged to RM333.7m (1QFY25: RM25.4m) on improved plant performance.**
- **Outlook Supportive: FY26 capex guided at RM18.0bn (RM13.0bn regulated, RM5.0bn non-regulated) with RAB expanding toward RM76.9bn under the RP4 framework. The secured DC pipeline of c.7.5GW anchors structural demand, while the AFA mechanism improves cash flow predictability. Cross-border energy flows via the ASEAN Power Grid further position TNB as a regional grid landlord.**
- **Earnings & Valuation: FY26–28 CNP revised to RM4.48bn/RM4.59bn/RM5.62bn on post-AR housekeeping. Maintain BUY, TP RM16.77 unchanged (DCF rolled forward to FY26F–FY35F; WACC: 7.2%, g: 1.7%).**

Within Expectations. Excluding forex translation gains (+RM21.6m), net loss on impairment of receivables (-RM60.2m), and inventory obsolesce (-RM37.4m) among others, TENAGA reported a 1QFY26 core net profit (CNP) of RM1.16bn (+8.2% YoY, -16.0% QoQ). The result was in line with our expectations at 25.5% of FY26F forecasts, and broadly consistent with consensus at 23.8%. The QoQ decline was expected given the elevated 4QFY25 base, which benefited from insurance claims recovery (RM573.3m in other operating income) and a low effective tax rate.

QoQ. CNP declined 16% QoQ from RM1.16bn, primarily due to (i) the absence of 4QFY25's elevated other operating income from GenCo insurance claims recovery, which fell from RM573.3m to RM187.4m, (ii) the normalisation of the effective tax rate to 30.5% from 4QFY25's exceptionally low 9.0%, and (iii) the reversal from 4QFY25's forex gains of RM318.0m to a modest RM31.1m. On an operational level, EBITDA was resilient at RM5.52bn (+1.7% QoQ) with margin improving 140bps to 34.0%, supported by lower fuel costs and stable non-generation opex.

YoY. CNP expanded 8.2% YoY, supported by a 6.6% increase in revenue to RM17.1bn, driven by higher electricity sales across the Commercial (+13.0%), Domestic (+9.7%), and Others (+142.8%) sectors. The Commercial sector's growth was led by data centre loads, retail, and business services. This was partially offset by a 10.2% decline in Industrial demand, attributable to softer metal manufacturing and cement products. EBITDA grew 6.5% to RM5.52bn with margin expanding 130bps to 34.0%, reflecting the higher revenue base and lower fuel costs. Total fuel and power purchase costs fell 3.2% YoY to RM7.75bn, as average delivered coal prices declined 4.2% to USD100.3/MT (CIF). However, finance income fell 81.6% to RM31.4m due to lower fixed deposit balances following the RM5.3bn tax-related cash outflows in 3QFY25. The effective tax rate improved to 30.5% from 33.0% in 1QFY25, reflecting partial benefits from the Schedule 7B Investment Allowance but remained above the statutory rate due to non-deductible tax expenses.

Cashflow and Balance Sheet. Net debt improved RM1.6bn QoQ to RM44.5bn despite total debt rising RM1.4bn to RM60.5bn, implying a c.RM3.0bn rebuild in cash balances. Net gearing fell 190bps to 39.3%, with effective borrowing cost steady at 4.62% (FY25: 4.63%) on a 95:5 fixed-to-floating ratio. Group capex of RM3.26bn (1QFY25: RM3.20bn) included RM2.47bn in regulated capex, lifting the RAB to RM76.9bn. Trade receivables were stable at RM4.1bn with ACP improving to 26 days (Mar'25: 27 days).

Electricity Demand Growth. Peninsular Malaysia electricity demand grew 20.6% YoY to 33,710 GWh, marking the strongest quarterly growth since 1QFY24 (+9.6%). Demand growth was primarily driven by the Commercial sector (+13.0%), reflecting structural load growth from data centre expansions, retail activity, and business services. Domestic demand rose 9.7%, while Industrial demand declined 2.1% due to softer output from metal manufacturers and cement producers. Peninsular peak demand reached 21,469 MW (recorded 23 Apr 2026), a new all-time high. The sector mix continued to tilt toward Commercial, now representing 39% of total sales (1QFY25: 37%), consistent with the structural shift from DC-driven load growth.

Generation Business. GenCo was the quarter's standout performer. Revenue rose 5.7% YoY to RM6.04bn, EBIT surged 81.9% to RM665.1m, and PAT jumped to RM333.7m from RM25.4m in 1QFY25. Normalised for MFRS16 and forex translation, GenCo PAT reached RM322.3m (1QFY25: RM68.2m), a 4.7x improvement driven by higher units generated from improved plant performance. The generation mix shifted materially, with gas rising to 39.4% (1QFY25: 34.4%) at the expense of coal, which fell to 54.4% (1QFY25: 58.0%), reflecting both planned optimisation and lower hydro output (2.9% vs 5.2%).

Outlook. We expect sequential earnings growth to be supported by a higher RAB expanding toward RM76.9bn under the RP4 framework, with management guiding for FY26 total capex of RM18.0bn (RM13.0bn regulated, RM5.0bn non-regulated) and a utilisation target of 80–85% of the RM42.82bn RP4 allocation. The secured DC pipeline of c.7.5GW of maximum demand remains the key structural demand driver. The Automatic Fuel Adjustment (AFA) mechanism enhances cash flow predictability, while the monthly recalibration of fuel cost pass-through reduces ICPT working capital volatility. Internationally, TNBI's EBITDA improved to RM118.2m (1QFY25: RM111.3m), driven by stronger wind asset contributions, and the group remains focused on converting its RE development pipeline into operational assets. Cross-border energy flows via the ASEAN Power Grid, including the Malaysia-Singapore interconnection (COD 2029–2030), continue to position TNB as a regional grid infrastructure landlord. Malaysia's GDP growth forecast of 4.0–5.0% for 2026 supports continued demand resilience.

Earnings Revision. We have made minor housekeeping adjustments to our FY26–28 CNP estimates following the release of the FY25 Annual Report, revising to RM4.48bn/RM4.59bn/RM5.62bn (from RM4.54bn/RM4.66bn/RM5.25bn). The FY26–27 trims of 1.2–1.6% reflect updated depreciation and non-generation cost assumptions, while FY28 is raised 7.0% on a more constructive view of RAB-driven revenue accretion in the outer year. These changes are not driven by the 1QFY26 results, which were in line with expectations. We continue to model a 24% effective tax rate for FY26F onwards under the Schedule 7B IA framework, though we note the 1QFY26 ETR of 30.5% implies heavier tax benefits are likely to be recognised in subsequent quarters.

Valuation and Recommendation. We reiterate BUY with an unchanged TP of RM16.77, derived from our DCF model now rolled forward to FY26F–FY35F (WACC: 7.2%, g: 1.7%, from 2.0% previously). The lower terminal growth rate reflects a more conservative long-run assumption, offset by the rollforward effect and the upward revision to FY28F earnings. No ESG premium or discount is applied, consistent with the Group's three-star rating. At RM14.46, TNB trades at 16.9x FY26F PE, which is reasonable for a regulated utility with structural earnings upgrade catalysts still unfolding - namely RP4 RAB growth, Schedule 7B tax efficiency, DC-driven demand acceleration, and emergent gas infrastructure optionality from the Lumut RGT discussions.

Risk. Rapid plunge in coal prices, unplanned shutdowns of power plants, weakening of Ringgit, policy risk.

Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	17,103.7	16,038.7	*6.6*	17,599.7	*(2.8)*	17,103.7	16,038.7	*6.6*
ICPT/AFA	(861.7)	(175.2)	*391.8*	(920.2)	*(6.4)*	(861.7)	(175.2)	*391.8*
Operating expenses (exclusive of depreciation)	(10,850.9)	(10,839.2)	*0.1*	(12,146.8)	*(10.7)*	(10,850.9)	(10,839.2)	*0.1*
Net loss on impaiment of financial instruments	(56.7)	(18.6)	*204.8*	323.5	*nm*	(56.7)	(18.6)	*204.8*
Other operating income	187.4	181.3	*3.4*	573.3	*(67.3)*	187.4	181.3	*3.4*
EBITDA	**5,521.8**	**5,187.0**	***6.5***	**5,429.5**	***1.7***	**5,521.8**	**5,187.0**	***6.5***
Depreciation & amortisation	(3,069.7)	(2,865.3)	*7.1*	(3,147.5)	*(2.5)*	(3,069.7)	(2,865.3)	*7.1*
EBIT	**2,452.1**	**2,321.7**	***5.6***	**2,282.0**	***7.5***	**2,452.1**	**2,321.7**	***5.6***
Forex gain / (loss)	31.1	38.9	*(20.1)*	318.0	*(90.2)*	31.1	38.9	*(20.1)*
Finance income	31.4	170.4	*(81.6)*	134.0	*(76.6)*	31.4	170.4	*(81.6)*
Finance costs	(980.6)	(969.9)	*1.1*	(1,002.6)	*(2.2)*	(980.6)	(969.9)	*1.1*
FV changes of financial instruments	3.8	(26.5)	*nm*	44.2	*(91.4)*	3.8	(26.5)	*nm*
Share of results of JVs	5.1	5.1	-	10.9	*(53.2)*	5.1	5.1	-
Share of results of associates	22.1	14.5	*52.4*	29.5	*(25.1)*	22.1	14.5	*52.4*
Pre-tax profit	**1,565.0**	**1,554.2**	***0.7***	**1,816.0**	***(13.8)***	**1,565.0**	**1,554.2**	***0.7***
Taxation & zakat	(478.1)	(513.4)	*(6.9)*	(163.9)	*191.7*	(478.1)	(513.4)	*(6.9)*
Profit after tax	**1,086.9**	**1,040.8**	***4.4***	**1,652.1**	***(34.2)***	**1,086.9**	**1,040.8**	***4.4***
(-) Minority interest	(10.7)	(17.2)	*(37.8)*	(23.0)	*(53.5)*	(10.7)	(17.2)	*(37.8)*
Net profit	**1,097.6**	**1,058.0**	***3.7***	**1,675.1**	***(34.5)***	**1,097.6**	**1,058.0**	***3.7***
Core net profit *	**1,158.2**	**1,070.1**	***8.2***	**1,379.5**	***(16.0)***	**1,158.2**	**1,070.1**	***8.2***
Core EPS (sen)	19.9	18.4	*8.0*	23.7	*(16.0)*	19.9	18.4	*8.0*
DPS (sen)	-	-	-	28.0	*(100.0)*	53.0	-	*nm*
			%-pts		*%-pts*			*%-pts*
EBITDA margin (%) ^	34.0%	32.7%	*1.3%*	32.6%	*1.4%*	34.0%	32.7%	*1.3%*
EBIT margin (%) ^	15.1%	14.6%	*0.5%*	13.7%	*1.4%*	15.1%	14.6%	*0.5%*
PBT margin (%) ^	9.6%	9.8%	*-0.2%*	10.9%	*-1.3%*	9.6%	9.8%	*-0.2%*
Effective tax rate (%) ^	30.5%	33.0%	*-2.5%*	9.0%	*21.5%*	30.5%	33.0%	*-2.5%*
Core net profit margin (%) ^	7.1%	6.7%	*0.4%*	8.3%	*-1.1%*	7.1%	6.7%	*0.4%*

** Core profit is not adjusted for MFRS16*
^ ICPT/AFA included in the calculatation of profitability margins
Source: Company, Apex Securities

Electricity Sales Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
TNB (Peninsular Malaysia)	15,138.2	12,569.3	*20.4*	15,260.2	*(0.8)*	15,138.2	12,569.3	*20.4*
SESB (Sabah)	610.2	555.7	*9.8*	582.7	*4.7*	610.2	555.7	*9.8*
Accrued revenue	288.5	68.3	*322.4*	180.6	*59.7*	288.5	68.3	*322.4*
Energy Export	8.7	57.0	*(84.7)*	37.3	*(76.7)*	8.7	57.0	*(84.7)*
TNBI	179.6	184.7	*(2.8)*	182.3	*(1.5)*	179.6	184.7	*(2.8)*
Sub-total	**16,225.2**	**13,435.0**	***20.8***	**16,243.1**	***(0.1)***	**16,225.2**	**13,435.0**	***20.8***
Other regulatory adjustment	156.7	1,998.3	*(92.2)*	262.7	*(40.4)*	156.7	1,998.3	*(92.2)*
Tariff support subsidy	7.5	81.9	*(90.8)*	97.7	*(92.3)*	7.5	81.9	*(90.8)*
Fuel subsidy-SESB	74.8	87.9	*(14.9)*	277.1	*(73.0)*	74.8	87.9	*(14.9)*
Total sales of electricity	**16,464.2**	**15,603.1**	***5.5***	**16,880.6**	***(2.5)***	**16,464.2**	**15,603.1**	***5.5***
Goods and services	361.1	297.3	*21.5*	440.9	*(18.1)*	361.1	297.3	*21.5*
Construction contracts	30.8	29.4	*4.8*	124.0	*(75.2)*	30.8	29.4	*4.8*
Insurance contract revenue	97.5	34.4	*183.4*	31.6	*208.5*	97.5	34.4	*183.4*
Customers' contribution	150.1	74.5	*101.5*	122.6	*22.4*	150.1	74.5	*101.5*
Total Revenue	**17,103.7**	**16,038.7**	***6.6***	**17,599.7**	***(2.8)***	**17,103.7**	**16,038.7**	***6.6***

Source: Company, Apex Securities

Operating Expenses Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Non-TNB IPPs costs	3,526.7	4,459.9	*(20.9)*	3,623.4	*(2.7)*	3,526.7	4,459.9	*(20.9)*
TNB Fuel Costs	4,227.4	3,553.7	*19.0*	4,568.5	*(7.5)*	4,227.4	3,553.7	*19.0*
Total Generations Costs	**7,754.1**	**8,013.6**	***(3.2)***	**8,191.9**	***(5.3)***	**7,754.1**	**8,013.6**	***(3.2)***
Staff Costs	-	1,016.8	*nm*	-	*nm*	-	1,016.8	*nm*
Repair and Maintenance	-	733.4	*nm*	-	*nm*	-	733.4	*nm*
TNB General Expenses	-	441.5	*nm*	-	*nm*	-	441.5	*nm*
Subsidiaries' Cost of Sales & General Expenses	-	633.9	*nm*	-	*nm*	-	633.9	*nm*
Total Non-Generation Costs	**3,096.8**	**2,825.6**	***9.6***	**3,954.9**	***(21.7)***	**3,096.8**	**2,825.6**	***9.6***
Total Operating Expenses (Excluding D&A)	**10,850.9**	**10,839.2**	***0.1***	**12,146.8**	***(10.7)***	**10,850.9**	**10,839.2**	***0.1***
Depreciation & Amortisation	3,069.7	2,865.3	*7.1*	3,147.5	*(2.5)*	3,069.7	2,865.3	*7.1*
Total Operating Expenses	**13,920.6**	**13,704.5**	***1.6***	**15,294.3**	***(9.0)***	**13,920.6**	**13,704.5**	***1.6***

Source: Company, Apex Securities

Electricity Demand

Sector (GWh)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Industrial	9,508.0	10,592.0	*(10.2)*	9,097.0	*4.5*	9,508.0	10,592.0	*(10.2)*
Commercial	13,170.0	11,672.0	*12.8*	13,939.0	*(5.5)*	13,170.0	11,672.0	*12.8*
Domestic	9,405.0	8,575.0	*9.7*	9,022.0	*4.2*	9,405.0	8,575.0	*9.7*
Others	1,627.0	670.0	*142.8*	1,907.0	*(14.7)*	1,627.0	670.0	*142.8*
Total	**33,710.0**	**31,509.0**	***7.0***	**33,965.0**	***(0.8)***	**33,710.0**	**31,509.0**	***7.0***

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25A	FY26F	FY27F	FY28F
Revenue	**56,737.1**	**67,723.1**	**69,502.5**	**72,659.5**	**77,804.7**
ICPT/AFA	9,097.7	-2,738.6	0.0	0.0	0.0
EBITDA	**19,952.5**	**20,512.4**	**22,414.3**	**23,613.4**	**25,350.5**
Depreciation & Amortisation	-11,232.4	-11,980.3	-12,292.3	-13,173.3	-13,465.3
EBIT	**8,720.1**	**8,532.1**	**10,122.1**	**10,440.1**	**11,885.2**
Net Finance Income/ (Cost)	-3,469.1	-3,363.1	-4,148.9	-4,337.5	-4,383.5
Associates & JV	107.5	87.8	85.9	93.7	89.1
Forex gain/(loss)	467.4	702.6	0.0	0.0	0.0
FV changes of financial instruments	-11.1	217.2	0.0	0.0	0.0
Pre-tax Profit	**5,814.8**	**6,176.6**	**6,059.0**	**6,196.3**	**7,590.9**
Tax	-1,085.2	-1,406.8	-1,454.2	-1,487.1	-1,821.8
Profit After Tax	**4,729.6**	**4,769.8**	**4,604.9**	**4,709.2**	**5,769.1**
(-) Minority Interest	31.0	1.7	24.2	24.8	30.4
Net Profit	**4,698.6**	**4,768.1**	**4,580.6**	**4,684.4**	**5,738.7**
(-) Exceptionals	936.0	952.7	0.0	0.0	0.0
Core Net Profit *	**3,762.6**	**3,815.4**	**4,580.6**	**4,684.4**	**5,738.7**

** Core profit is not adjusted for MFRS16*

Key Financial Metrics

FYE Dec	FY24	FY25A	FY26F	FY27F	FY28F
Revenue Growth (%)	6.9%	19.4%	2.6%	4.5%	7.1%
EPS (sen)	81.0	81.9	78.6	80.4	98.5
Core EPS (sen)	64.9	65.5	78.6	80.4	98.5
Core EPS Growth (%)	22.0%	1.0%	20.1%	2.3%	22.5%
DPS (sen)	51.0	51.0	51.0	52.0	54.0
Dividend Yield (%)	3.8%	3.8%	3.8%	3.9%	4.1%
P/E (x)	16.4	16.3	16.9	16.6	13.5
P/B (x)	1.3	1.5	1.5	1.4	1.4
EV/EBITDA (x)	7.3	7.6	7.4	7.2	6.8
EBITDA margin (%) ^	30.3%	31.6%	32.2%	32.5%	32.6%
EBIT margin (%) ^	13.2%	13.1%	14.6%	14.4%	15.3%
PBT margin (%) ^	8.8%	9.5%	8.7%	8.5%	9.8%
PAT margin (%) ^	7.2%	7.3%	6.6%	6.5%	7.4%
NP margin (%) ^	7.1%	7.3%	6.6%	6.4%	7.4%
CNP margin (%) ^	5.7%	5.9%	6.6%	6.4%	7.4%
ROE (%)	7.8%	9.4%	8.7%	8.6%	10.2%
ROA (%)	2.3%	2.4%	2.2%	2.2%	2.5%
Gearing (%) #	137.6%	169.1%	179.5%	181.1%	182.1%
Net gearing (%) #	106.3%	144.8%	155.9%	158.0%	158.5%

^ ICPT included in the calculatation of profitability margins

 # Gearing includes lease liabilities

Balance Sheet

FYE Dec (RM m)	FY24	FY25A	FY26F	FY27F	FY28F
Deposits, banks & cash balances	19,601.1	12,836.7	13,005.8	13,064.2	13,864.9
Receivables	10,857.4	6,719.7	6,896.3	7,209.5	7,720.0
Inventories	2,543.6	2,561.8	2,698.5	2,810.5	3,002.6
Other current assets	7,306.1	6,398.3	6,450.8	6,544.0	6,695.9
Total Current Assets	**40,308.2**	**28,516.5**	**29,051.3**	**29,628.2**	**31,283.4**
Fixed Assets	125,611.1	132,884.8	141,981.5	150,468.8	156,387.3
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	39,136.8	36,953.2	39,697.3	37,214.2	37,556.0
Total Non-Current Assets	**164,747.9**	**169,838.0**	**181,678.8**	**187,683.0**	**193,943.3**
Short-term debt #	6,275.6	11,951.7	14,451.7	16,951.7	18,451.7
Payables	14,215.4	11,155.2	11,750.2	12,238.1	13,074.6
Other current liabilities	13,477.1	13,481.0	14,084.3	14,182.1	14,341.4
Total Current Liabilities	**33,968.1**	**36,587.9**	**40,286.2**	**43,371.9**	**45,867.7**
Long-term debt #	51,131.0	47,134.0	49,634.0	52,134.0	53,634.0
Other non-current liabilities	57,387.3	61,658.6	65,910.3	65,167.1	66,929.0
Total Non-Current Liabilities	**108,518.3**	**108,792.6**	**115,544.3**	**117,301.1**	**120,563.0**
Shareholders' equity	60,371.1	50,789.5	52,690.8	54,404.7	56,532.1
Minority interest	2,198.6	2,184.5	2,208.7	2,233.5	2,263.9
Total Equity	**62,569.7**	**52,974.0**	**54,899.6**	**56,638.2**	**58,796.0**

 # Debts do not include lease liabilties

Cash Flow

FYE Dec (RM m)	FY24	FY25A	FY26F	FY27F	FY28F
Pre-tax profit	**5,814.8**	**6,176.6**	**6,059.0**	**6,196.3**	**7,590.9**
Depreciation & amortisation	11,232.4	11,980.3	12,292.3	13,173.3	13,465.3
Changes in working capital	4,225.0	3,450.9	1,037.1	240.2	266.8
Others	1,106.1	-5,775.7	3,127.8	3,256.1	3,000.5
Operating cash flow	**22,378.3**	**15,832.1**	**22,516.2**	**22,865.9**	**24,323.4**
Capex	-11,184.2	-16,271.8	-18,000.0	-18,000.0	-16,000.0
Others	-153.2	3,118.7	0.0	0.0	0.0
Investing cash flow	**-11,337.4**	**-13,153.1**	**-18,000.0**	**-18,000.0**	**-16,000.0**
Dividends paid to shareholders	-3,073.7	-2,968.7	-2,679.3	-2,970.5	-3,611.3
Others	-10,022.7	-4,206.9	-1,667.8	-1,836.9	-3,911.5
Financing cash flow	**-13,096.4**	**-7,175.6**	**-4,347.1**	**-4,807.5**	**-7,522.7**
Net cash flow	**-2,055.5**	**-4,496.6**	**169.1**	**58.4**	**800.7**
Forex	43.1	-63.9	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash and cash equivalents	17,225.2	15,212.8	10,652.3	10,821.4	10,879.8
Ending cash and cash equivalents	**15,212.8**	**10,652.3**	**10,821.4**	**10,879.8**	**11,680.5**
Deposits with maturity>90 days & others	4,388.3	2,184.4	2,184.4	2,184.4	2,184.4
Deposits, bank and cash balances	**19,601.1**	**12,836.7**	**13,005.8**	**13,064.2**	**13,864.9**

DCF Valuation	Value (RM m)	Valuation method
Enterprise Value	185,390.8	WACC: 7.2%, g: 1.7%
(-) Net Debt/(Cash)	85,427.2	
(-) Minority Interests	2,208.7	
Total Equity Value	**97,754.9**	
Enlarged share base (m share)	5,829.1	
Equity Value/share (RM)	**16.77**	
ESG premium/discount	0.0%	
Fair Value (RM)	**16.77**	

Source: Company, Apex Securities

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★	Scope 1 and Scope 2 GHG emissions totaled 39.3m tCO^2e in 2023, marking a 1.1% yoy increase from 2022. 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 2023, a 47% recycling rate for hazardous waste was achieved, surpassing the 30% target set for 2025.
Energy	★★	Generation mix in 2023 remained dominated by fossil fuels, with coal accounting for 41.7% and gas 32.4%. The Group plans to reduce its coal capacity by 50% by 2035 and fully phase it out by 2050. In 2023, TENAGA's renewable energy capacity reached 4.4GW, reflecting a 15.7% yoy increase, though still significantly below its target of 8.3GW by 2025.
Water	★★	In power generation operations, 80% of water consumption is used for steam generation and power plant cooling systems. Total water consumed amounted to 10,096 ML in 2023, reflecting a 4.1% 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 2023, 15% of non-executive staff and 41% of executive staff are female.
Human Rights	★★	TENAGA is poised to introduce the Group's comprehensive stance on labour rights.
Occupational Safety and Health	★★	In 2023, four work-related fatalities were reported. The Lost Time Incident Rate (LTIR) stood at 0.74, 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 2023, the Group invested over RM99m in community initiatives.
Management	★★★	In 2023, women made up 26% of the senior management team, falling short of the 30% female representation target set for 2025. Among the board members, 42% (5 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

As of **Tuesday, 26 May, 2026**, 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.