APEX SECURITIES 鼎峰证券有限公司

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Tenaga Nasional Berhad

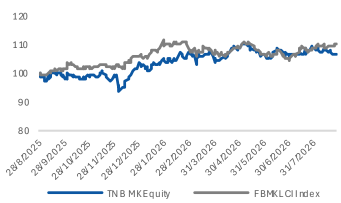
Demand Powers Ahead, Fuel Margin Bites

Recommendation:	BUY
Current Price:	RM 14.30
Previous Target Price:	RM 16.77
Target Price: ↓	16.37
Capital Upside/Downside:	14.5%
Dividend Yield (%):	3.7%
Total Upside/Downside:	**18.2%**

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)	83,823.1
52-Week Price Range (RM)	14.98-12.5
Beta (x)	0.9
Free float (%)	68.4
3M Average Volume (m)	7.3
3M Average Value (RM' m)	98.5

Top 3 Shareholders	(%)
Employees Provident Fund Board	23.3
Khazanah Nasional Bhd	15.8
Amanah Saham Nasional Bhd	11.3

Share Price Performance



	1M	3M	12M
Absolute (%)	3.2	9.1	5.7
Relative (%)	4.6	3.6	-3.0

Earnings Summary

FYE Dec (RM mn)	FY26F	FY27F	FY28F
Revenue	68,589.6	71,678.2	76,021.7
PATAMI	4,979.1	5,023.4	5,601.4
CNP	4,979.1	5,023.4	5,601.4
Core EPS (sen)	85.4	86.2	96.1
PE(x)	16.5	16.4	14.7

Source: Company, Apex Securities

- **TENAGA's 6MFY26 core net profit of RM2.09bn (+9.9% yoy) accounted for 45.6% of our FY26F forecast and 43.2% of consensus estimates, which is below market consensus.**
- **We stay constructive on TENAGA's earnings, underpinned by continued demand growth led by data centres and an expanding regulated asset base, though the Genco fuel margin will remain volatile while delivered coal runs above the ACP and Hormuz-driven LNG keeps Tier 2 gas costs elevated into 2HFY26.**
- **We raise our FY26F/FY27F core net profit forecasts by 8.7%/7.2% to RM4,979.1m/RM5,023.4m and trim FY28F by 2.4% to RM5,601.4m.**
- **Maintain BUY with a lower TP of RM16.37 (previously RM16.77), derived from our DCF valuation (WACC 7.3%, terminal growth 2.0%).**

Broadly In Line. TENAGA's **6MFY26 core net profit (CNP) of RM2.09bn** (+9.9% yoy) came in at 45.6% of our full-year forecast and 43.2% of consensus, **which is in line with our expectations but below market consensus**. While the 45.6% completion is on track against our forecast, market consensus had assumed an even 1H/2H split, so at 43.2%, it reads as a shortfall to expectations. CNP is derived after excluding net exceptional losses of RM40.6m, comprising of forex loss of RM19.8m, receivables impairment of RM29.7m, inventories obsolescence of RM13.6m, PPE impairment of RM2.5m, contract asset impairment of RM0.9m and other items of RM0.2m, partly offset by a RM26.1m gain on investment in unquoted debt securities. 2QFY26 CNP of RM929.4m grew 12.0% yoy but fell 19.8% qoq as fuel margin turned negative.

Dividend. TENAGA declared an interim **dividend of 25.0 sen per share** for 2QFY26, bringing 6MFY26 DPS to 25.0 sen, unchanged yoy. This is in line with our full-year DPS assumption of 51.0 sen, implying a yield of about 3.7%.

YoY. 2QFY26 CNP rose 12.0% yoy to RM929.4m. Revenue grew 8.3% yoy to RM18.24bn on an 8.4% increase in units sold, while the AFA/ICPT position swung to a positive RM514.9m (2QFY25: negative RM589.3m). This was largely offset by a 20.4% rise in operating expenses (excluding D&A) to RM13.69bn, led by TNB fuel costs (+35.0% yoy to RM5.38bn) on higher coal and gas prices and non-TNB IPP costs (+10.8% yoy to RM4.77bn). EBITDA rose 3.4% yoy but the margin narrowed 3.3 ppts to 28.0%, and a 6.9% increase in depreciation left EBIT 1.4% lower at RM2.09bn.

YTD. 6MFY26 CNP rose 9.9% yoy to RM2.09bn on a 7.5% increase in revenue to RM35.34bn, underpinned by 7.7% demand growth to 70,328 GWh. Genco was the key swing factor, posting PAT of RM410.5m as the fuel margin swung to a positive RM12.3m compared to negative RM69.6m during 6MFY25, alongside improved plant performance. Reported pre-tax profit fell 10.7% yoy to RM2.82bn, mainly reflecting a smaller net forex gain of RM11.3m, a net loss on impairment of financial instruments of RM61.4m and a 43.9% drop in finance income. The regulated asset base expanded to RM78.4bn on regulated capex of RM7.10bn, while net gearing eased to 39.9%.

QoQ. CNP fell 19.8% qoq to RM929.4m despite a 6.6% increase in revenue to RM18.24bn. The drag came from fuel, with total fuel and power purchase costs up 30.9% qoq to RM10.15bn as the average delivered coal price rose to USD115.7/MT from USD100.3/MT in 1QFY26 and the Tier 2 gas reference price climbed to RM62.4/mmbtu from RM44.9/mmbtu in 1QFY26. EBITDA slipped 4.8% qoq and EBIT fell 14.9%, while Genco PAT dropped 77.0% qoq to RM76.8m as the fuel margin turned negative at RM59.7m. A lower effective tax rate of 27.7% (1QFY26: 30.5%) also partly cushioned the decline.

Electricity Demand Growth Driven by Commercial Sector and Data Centres. 2QFY26 electricity demand grew 8.4% yoy to 36,618 GWh, extending the 7.0% growth recorded in 1QFY26. Growth was led by the commercial segment (+14.3% yoy), reflecting data centre, retail and business services consumption, while the "Others" segment jumped 140.5% yoy on higher offtake from water and sewerage operators, agriculture, mining and public lighting. Domestic demand grew

8.1% yoy. The industrial segment was the sole laggard, contracting 6.3% yoy as Peninsular Malaysia peak demand reached a record 22,014 MW.

Outlook. Earnings should stay supported by continued demand growth, led by data centres, and by a regulated asset base that has expanded to RM78.4bn, which anchors regulated earnings visibility. The monthly AFA mechanism keeps fuel cost recovery timely for the regulated business, though the Genco fuel margin will remain volatile while delivered coal prices run above the ACP. Key medium-term drivers are the 10GW generation pipeline, secured data centre demand and the ASEAN Power Grid interconnections. Gas is now the swing input at 39.2% of 1HFY26 industry generation, with TNB's gas bill up 34.3% qoq to RM4.23bn in 2QFY26, as the Hormuz conflict has kept LNG elevated, so Tier 2 gas has not eased from its 2QFY26 level going into 2HFY26. As the AFA recovers this, the earnings impact boils down to a timing issue, while we remain cautious on the fuel bill as the situation remains uncertain.

Earnings Revision. Following our model updates and change of analyst, we raise our FY26F/FY27F CNP by 8.7%/7.2% to RM4,979.1m/RM5,023.4m and trim FY28F by 2.4% to RM5,601.4m, from RM4,580.6m/RM4,684.4m/RM5,738.7m previously. The upgrade mainly reflects higher EBITDA assumptions, which were partially offset by higher depreciation and net finance costs.

Valuation and Recommendation. We maintain our **BUY** rating with a **lower Target Price of RM16.37** (from RM16.77), derived from our DCF valuation, which netted off higher net debt of RM88.9bn (FY26F) due to rising RP4 capex and finance costs grow borrowings faster than the near-term EBITDA upgrade adds value, while our WACC (7.3%) and terminal growth (2.0%) are unchanged. Tenaga remains the primary beneficiary of Malaysia's energy transition, supported by strong data centre demand pipeline and its leadership in the ASEAN Power Grid.

Risk. Sustained rise in coal prices above the ACP, unplanned shutdowns of power plants, weakening of Ringgit, slower demand growth, regulatory and policy risk.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	18,236.0	16,835.0	*8.3*	17,103.7	*6.6*	35,339.7	32,873.7	*7.5*
ICPT/AFA	514.9	(589.3)	*nm*	(861.7)	*nm*	(346.8)	(764.5)	*(54.6)*
Operating expenses (exclusive of depreciation)	(13,688.8)	(11,365.2)	*20.4*	(10,850.9)	*26.2*	(24,539.7)	(22,204.4)	*10.5*
Net loss on impaiment of financial instruments	(4.7)	(7.2)	*(34.7)*	(56.7)	*(91.7)*	(61.4)	(25.8)	*138.0*
Other operating income	199.2	209.6	*(5.0)*	187.4	*6.3*	386.6	390.9	*(1.1)*
EBITDA	**5,256.6**	**5,082.9**	***3.4***	**5,521.8**	***(4.8)***	**10,778.4**	**10,269.9**	***5.0***
Depreciation & amortisation	(3,169.7)	(2,965.9)	*6.9*	(3,069.7)	*3.3*	(6,239.4)	(5,831.2)	*7.0*
EBIT	**2,086.9**	**2,117.0**	***(1.4)***	**2,452.1**	***(14.9)***	**4,539.0**	**4,438.7**	***2.3***
Forex gain / (loss)	(19.8)	341.9	*nm*	31.1	*nm*	11.3	380.8	*(97.0)*
Finance income	173.3	194.6	*(10.9)*	31.4	*451.9*	204.7	365.0	*(43.9)*
Finance costs	(998.0)	(1,008.9)	*(1.1)*	(980.6)	*1.8*	(1,978.6)	(1,978.8)	*(0.0)*
FV changes of financial instruments	12.0	(58.5)	*nm*	3.8	*215.8*	15.8	(85.0)	*nm*
Share of results of JVs	(3.1)	2.7	*nm*	5.1	*nm*	2.0	7.8	*(74.4)*
Share of results of associates	3.0	12.6	*(76.2)*	22.1	*(86.4)*	25.1	27.1	*(7.4)*
Pre-tax profit	**1,254.3**	**1,601.4**	***(21.7)***	**1,565.0**	***(19.9)***	**2,819.3**	**3,155.6**	***(10.7)***
Taxation & zakat	(348.0)	(428.0)	*(18.7)*	(478.1)	*(27.2)*	(826.1)	(941.4)	*(12.2)*
Profit after tax	**906.3**	**1,173.4**	***(22.8)***	**1,086.9**	***(16.6)***	**1,993.2**	**2,214.2**	***(10.0)***
(-) Minority interest	17.5	15.3	*14.4*	(10.7)	*nm*	6.8	(1.9)	*nm*
Net profit	**888.8**	**1,158.1**	***(23.3)***	**1,097.6**	***(19.0)***	**1,986.4**	**2,216.1**	***(10.4)***
Core net profit *	**929.4**	**830.1**	***12.0***	**1,158.2**	***(19.8)***	**2,087.6**	**1,900.2**	***9.9***
Core EPS (sen)	15.9	14.3	*11.8*	19.9	*(19.8)*	35.8	32.7	*9.7*
DPS (sen)	25.0	25.0	-	-	*nm*	25.0	25.0	-
			%-pts		*%-pts*			*%-pts*
EBITDA margin (%) ^	28.0%	31.3%	*-3.3%*	34.0%	*-6.0%*	30.8%	32.0%	*-1.2%*
EBIT margin (%) ^	11.1%	13.0%	*-1.9%*	15.1%	*-4.0%*	13.0%	13.8%	*-0.9%*
PBT margin (%) ^	6.7%	9.9%	*-3.2%*	9.6%	*-2.9%*	8.1%	9.8%	*-1.8%*
Effective tax rate (%) ^	27.7%	26.7%	*1.0%*	30.5%	*-2.8%*	29.3%	29.8%	*-0.5%*
Core net profit margin (%) ^	5.0%	5.1%	*-0.2%*	7.1%	*-2.2%*	6.0%	5.9%	*0.0%*

** 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)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
TNB (Peninsular Malaysia)	16,711.1	13,673.8	*22.2*	15,138.2	*10.4*	31,849.3	26,243.1	*21.4*
SESB (Sabah)	769.5	594.4	*29.5*	610.2	*26.1*	1,379.7	1,150.1	*20.0*
Accrued revenue	66.3	(43.8)	*nm*	288.5	*(77.0)*	354.8	24.5	*1,348.2*
Energy Export	0.2	30.5	*(99.3)*	8.7	*(97.7)*	8.9	87.5	*(89.8)*
TNBI	283.4	253.7	*11.7*	179.6	*57.8*	463.0	438.4	*5.6*
Sub-total	**17,830.5**	**14,508.6**	***22.9***	**16,225.2**	***9.9***	**34,055.7**	**27,943.6**	***21.9***
Other regulatory adjustment	(252.2)	1,596.2	*nm*	156.7	*nm*	(95.5)	3,594.5	*nm*
Tariff support subsidy	8.6	93.7	*(90.8)*	7.5	*14.7*	16.1	175.6	*(90.8)*
Fuel subsidy-SESB	85.2	95.2	*(10.5)*	74.8	*13.9*	160.0	183.1	*(12.6)*
Total sales of electricity	**17,672.1**	**16,293.7**	***8.5***	**16,464.2**	***7.3***	**34,136.3**	**31,896.8**	***7.0***
Goods and services	296.4	307.6	*(3.6)*	361.1	*(17.9)*	657.5	604.9	*8.7*
Construction contracts	34.3	34.8	*(1.4)*	30.8	*11.4*	65.1	64.2	*1.4*
Insurance contract revenue	101.3	119.7	*(15.4)*	97.5	*3.9*	198.8	154.1	*29.0*
Customers' contribution	131.9	79.2	*66.5*	150.1	*(12.1)*	282.0	153.7	*83.5*
Total Revenue	**18,236.0**	**16,835.0**	***8.3***	**17,103.7**	***6.6***	**35,339.7**	**32,873.7**	***7.5***

Source: Company, Apex Securities

Operating Expenses Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Non-TNB IPPs costs	4,769.3	4,304.0	*10.8*	3,526.7	*35.2*	8,296.0	8,763.9	*(5.3)*
TNB Fuel Costs	5,382.3	3,988.1	*35.0*	4,227.4	*27.3*	9,609.7	7,541.8	*27.4*
Total Generations Costs	**10,151.6**	**8,292.1**	***22.4***	**7,754.1**	***30.9***	**17,905.7**	**16,305.7**	***9.8***
Staff Costs	-	1,071.3	*nm*	-	*nm*	-	2,088.1	*nm*
Repair and Maintenance	-	815.7	*nm*	-	*nm*	-	1,549.1	*nm*
TNB General Expenses	-	538.4	*nm*	-	*nm*	-	979.9	*nm*
Subsidiaries' Cost of Sales & General Expenses	-	647.7	*nm*	-	*nm*	-	1,281.6	*nm*
Total Non-Generation Costs	**3,537.2**	**3,073.1**	***15.1***	**3,096.8**	***14.2***	**6,634.0**	**5,898.7**	***12.5***
Total Operating Expenses (Excluding D&A)	**13,688.8**	**11,365.2**	***20.4***	**10,850.9**	***26.2***	**24,539.7**	**22,204.4**	***10.5***
Depreciation & Amortisation	3,169.7	2,965.9	*6.9*	3,069.7	*3.3*	6,239.4	5,831.2	*7.0*
Total Operating Expenses	**16,858.5**	**14,331.1**	***17.6***	**13,920.6**	***21.1***	**30,779.1**	**28,035.6**	***9.8***

Source: Company, Apex Securities

Electricity Demand

Sector (GWh)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Industrial	10,284.0	10,973.0	*(6.3)*	9,508.0	*8.2*	19,792.0	21,565.0	*(8.2)*
Commercial	14,346.0	12,555.0	*14.3*	13,170.0	*8.9*	27,516.0	24,227.0	*13.6*
Domestic	10,319.0	9,546.0	*8.1*	9,405.0	*9.7*	19,724.0	18,121.0	*8.8*
Others	1,669.0	694.0	*140.5*	1,627.0	*2.6*	3,296.0	1,364.0	*141.6*
Total	**36,618.0**	**33,768.0**	***8.4***	**33,710.0**	***8.6***	**70,328.0**	**65,277.0**	***7.7***

Source: Company, Apex Securities

Genco (Domestic Generation)

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	5,993.5	6,050.3	*(0.9)*	6,044.7	*(0.8)*	12,038.2	11,769.7	*2.3*
EBIT	316.3	364.4	*(13.2)*	665.1	*(52.4)*	981.4	730.0	*34.4*
Fuel Margin	(59.7)	(35.9)	*66.3*	72.0	*nm*	12.3	(69.6)	*nm*
PAT	**76.8**	**95.8**	***(19.8)***	**333.7**	***(77.0)***	**410.5**	**121.2**	***238.7***

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**56,737.1**	**67,723.1**	**69,502.5**	**72,659.5**	**77,804.7**
EBITDA	**19,952.5**	**20,512.4**	**22,414.4**	**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**	**6,059.1**	**6,196.3**	**7,590.8**
Tax	-1,805.6	-1,406.8	-1,454.2	-1,487.1	-1,821.8
Profit After Tax	**4,009.2**	**4,769.8**	**4,604.9**	**4,709.2**	**5,769.0**
(-) Minority Interest	31.0	1.7	24.3	24.8	30.3
Net Profit	**3,978.2**	**4,768.1**	**4,580.6**	**4,684.4**	**5,738.7**
(-) Exceptionals	936.0	735.7	0.0	0.0	0.0
Core Net Profit *	**3,042.2**	**4,032.4**	**4,580.6**	**4,684.4**	**5,738.7**

** Core profit is not adjusted for MFRS16*

Key Financial Metrics

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue Growth (%)	6.9%	19.4%	2.6%	4.5%	7.1%
EPS (sen)	68.6	81.8	78.6	80.4	98.4
Core EPS (sen)	52.4	69.2	78.6	80.4	98.4
Core EPS Growth (%)	-1.4%	31.9%	13.6%	2.3%	22.5%
DPS (sen)	51.0	53.0	51.0	52.0	54.0
Dividend Yield (%)	3.6%	3.8%	3.6%	3.7%	3.8%
P/E (x)	20.6	17.2	17.9	17.5	14.3
P/B (x)	1.6	1.6	1.6	1.5	1.5
EV/EBITDA (x)	7.3	7.6	7.6	7.4	7.0
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 (%) ^	6.1%	7.3%	6.6%	6.5%	7.4%
NP margin (%) ^	6.0%	7.3%	6.6%	6.4%	7.4%
CNP margin (%) ^	4.6%	6.2%	6.6%	6.4%	7.4%
ROE (%)	8.0%	9.4%	8.7%	8.6%	10.2%
ROA (%)	2.0%	2.4%	2.2%	2.2%	2.5%
Gearing (%) #	165.6%	169.1%	179.9%	181.5%	182.5%
Net gearing (%) #	127.9%	144.8%	163.5%	166.8%	168.2%

^ ICPT included in the calculatation of profitability margins

 # Gearing includes lease liabilities

DCF Valuation	Value (RM m)	Valuation method
Enterprise Value	174,203.7	WACC: 7.3%, g: 1.5%
(-) Net Debt/(Cash)	76,596.3	
(-) Minority Interests	2,184.5	
Total Equity Value	**95,422.9**	
Enlarged share base (m share)	5,829.1	
Equity Value/share (RM)	**16.37**	
ESG premium/discount	0.0%	
Fair Value (RM)	**16.37**	

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Deposits, banks & cash balances	19,601.1	12,836.7	9,016.0	8,319.3	8,399.4
Receivables	10,857.4	6,719.7	11,996.3	12,740.3	13,642.5
Inventories	2,543.6	2,561.8	2,375.1	2,473.7	2,642.8
Other current assets	6,152.8	6,398.3	6,450.8	6,544.0	6,695.9
Total Current Assets	**39,154.9**	**28,516.5**	**29,838.2**	**30,077.3**	**31,380.5**
Fixed Assets	125,611.1	132,884.8	141,981.5	150,468.8	156,387.3
Intangibles	-2.0	-1.0	0.0	0.0	0.0
Other non-current assets	35,616.4	36,954.2	39,705.6	37,237.2	37,602.9
Total Non-Current Assets	**161,225.5**	**169,838.0**	**181,687.1**	**187,705.9**	**193,990.2**
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	13,458.8	14,017.7	14,975.7
Other current liabilities	19,314.6	13,481.0	13,521.7	13,593.9	13,711.7
Total Current Liabilities	**39,805.6**	**36,587.9**	**41,432.3**	**44,563.3**	**47,139.1**
Long-term debt #	51,131.0	47,134.0	49,634.0	52,134.0	53,634.0
Other non-current liabilities	57,432.5	61,658.6	65,910.3	65,167.1	66,929.0
Total Non-Current Liabilities	**108,563.5**	**108,792.6**	**115,544.3**	**117,301.1**	**120,563.0**
Shareholders' equity	49,812.7	50,789.5	52,572.1	54,283.6	56,408.3
Minority interest	2,198.6	2,184.5	2,208.8	2,233.6	2,264.0
Total Equity	**52,011.3**	**52,974.0**	**54,780.9**	**56,517.3**	**58,672.3**

 # Debts do not include lease liabilties

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**5,814.8**	**6,176.6**	**6,059.1**	**6,196.3**	**7,590.8**
Depreciation & amortisation	11,232.4	11,980.3	12,292.3	13,173.3	13,465.3
Changes in working capital	4,900.2	-3,855.2	-2,601.8	-146.4	-45.8
Others	430.9	1,530.4	3,127.7	3,104.4	2,810.8
Operating cash flow	**22,378.3**	**15,832.1**	**18,877.3**	**22,327.7**	**23,821.0**
Capex	-11,184.2	-16,271.8	-18,000.0	-18,000.0	-16,000.0
Others	4,814.5	-153.2	3,118.7	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	-2,798.0	-2,972.9	-3,614.1
Others	-10,022.7	-4,206.9	-1,900.0	-2,051.5	-4,126.9
Financing cash flow	**-13,096.4**	**-7,175.6**	**-4,698.0**	**-5,024.4**	**-7,741.0**
Net cash flow	**-2,055.5**	**-4,496.6**	**-3,820.7**	**-696.7**	**80.1**
Forex	22.2	43.1	-63.9	0.0	0.0
Others	-2.0	-1.0	0.0	0.0	0.0
Beginning cash and cash equivalents	17,225.2	15,212.8	10,652.3	6,831.6	6,134.9
Ending cash and cash equivalents	**15,212.8**	**10,652.3**	**6,831.6**	**6,134.9**	**6,215.0**
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**	**9,016.0**	**8,319.3**	**8,399.4**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Scope 1 and 2 emissions of 39.62m tCO_2e in FY2025, on track for a 35% intensity cut by 2035 and Net Zero by 2050.
Waste & Effluent	★★★	54.14% hazardous-waste recycling in FY2025 (30% target), with coal ash (about 97% of waste) phasing out alongside coal plants.
Energy	★★★	Capacity mix of 39% coal, 30% gas, 14% hydro, 10% renewables and 7% others, with coal exit by 2045 and RE at 4,681 MW (22%) toward 10 GW by 2030.
Water	★★★	Water use down 11.6% from 2023 to 8,920 ML in FY2025, with 99.76% of thermal-plant withdrawal treated and returned.
Compliance	★★★	Full environmental compliance in FY2025, with zero non-compliance incidents.

Social

Diversity	★★★	Women at 46% of executives (from 41%) and 33.3% of the Board, above the 30% target.
Human Rights	★★★	TNB Labour Rights Policy implemented across operations and vendors, with zero forced or child-labour grievances in FY2025.
Occupational Safety and Health	★★★	Three fatalities in FY2025 (from four in 2023), with employee LTIFR of 0.83, below the 1.0 target.
Labour Practices	★★★	Compliant with the minimum wage and committed to a RM3,100/month living wage by December 2027, averaging 57.56 training hours per employee.

Governance

CSR Strategy	★★★	RM232.3m in community investment in FY2025, including RM37.6m in scholarships and 51 adopted schools.
Management	★★★	Women at 27.47% of senior management (30% target by 2026), with a Board that is 50% independent and 33.3% female.
Stakeholders	★★★	Customer satisfaction at 90%, RRSI at 96%, zero privacy complaints and 57% local procurement in FY2025.

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 **Friday, 28 Aug, 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.