



ANALYST BRIEFING
2Q 2018 Results Announcement

23 August 2018



energy & utilities

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Programme Itinerary

23 August 2018 (Thursday)

Time allocation	Agenda	Speaker
6.00 pm (5 mins)	Opening remarks	Dato' Ahmad Fuaad Kenali <i>Chief Executive Officer</i>
6:05 pm (15 mins)	Review of operations	En Habib Husin <i>Chief Operating Officer</i>
6:20 pm (20 mins)	Financial results briefing	En Mohd Nazersham Mansor <i>Chief Financial Officer</i>
6:40 pm (10 mins)	Proposed Acquisition of Alam Flora Sdn. Bhd.	Dato' Ahmad Fuaad Kenali <i>Chief Executive Officer</i>
6.50 pm (20 mins)	Q&A	Management
7:10 pm	End of briefing	

Table of Contents

No.	Item	Page
1	Highlights of 1H 2018 Financial Results	3
2	Review of Operations	5
3	1H 2018 Financial Results	10
4	Latest Corporate Developments	23

HIGHLIGHTS OF 1H 2018 FINANCIAL RESULTS



Key Highlights of Financial Results

<i>RM m</i>	2Q 2018			1H 2018		
	2Q 2018	2Q 2017	YoY Change 2Q 2018 vs 2Q 2017	1H 2018	1H 2017	YoY Change 1H 2018 vs 1H 2017
Revenue	1,944.1	1,734.6	+12.1%	3,548.3	3,515.6	+0.9%
Results from Operating Activities	302.1	338.1	-10.6%	572.3	700.9	-18.3%
PBT	140.3	153.1	-8.4%	237.3	327.7	-27.6%
PATMI	52.5	103.3	-49.2%	105.5	202.1	-47.8%
EBITDA	605.1	722.4	-16.2%	1,171.8	1,474.3	-20.5%
Basic/Diluted EPS	1.06 sen	2.07 sen	-48.8%	2.13 sen	4.04 sen	-47.3%

REVIEW OF OPERATIONS



Performance Review of Local Assets – 2Q 2018

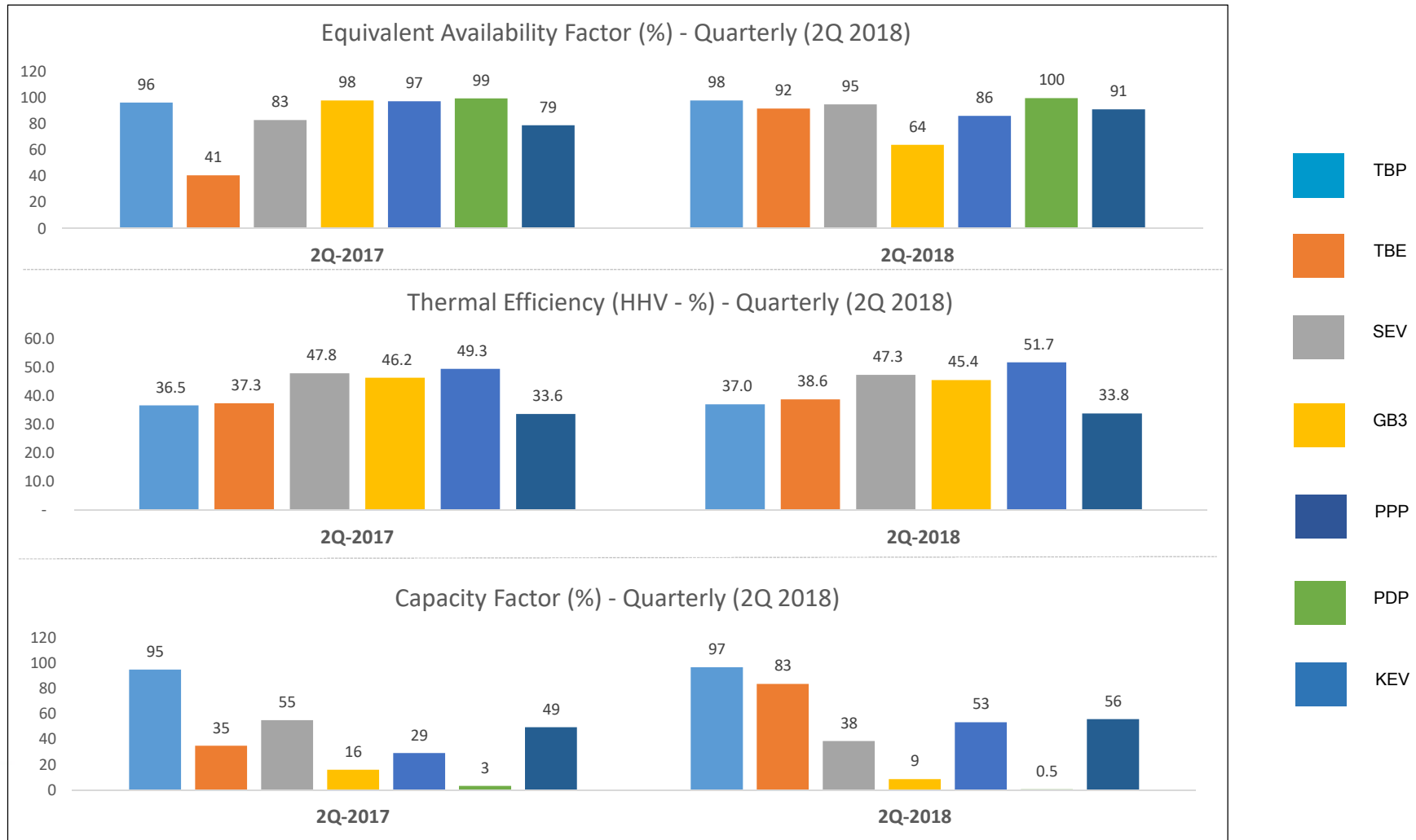
COAL FIRED POWER PLANTS (THERMAL)

- Tanjung Bin Power Plant (TBP) continues to demonstrate higher reliability and availability after completion of the improvement work done in previous years.
- Tanjung Bin Energy Power Plant (TBE) has observed improved reliability and production for months in Q2 since the completion of schedule outage in February 2018. The unit has since been in stable operation with average Equivalent Availability Factor of 92% and average capacity factor of 83%.

GAS POWER PLANTS (GAS)

- Gas fired power plants maintain a generally high Equivalent Availability Factor recorded during the year but lower Capacity Factor due to reduced demand from the Grid System Operator (GSO).

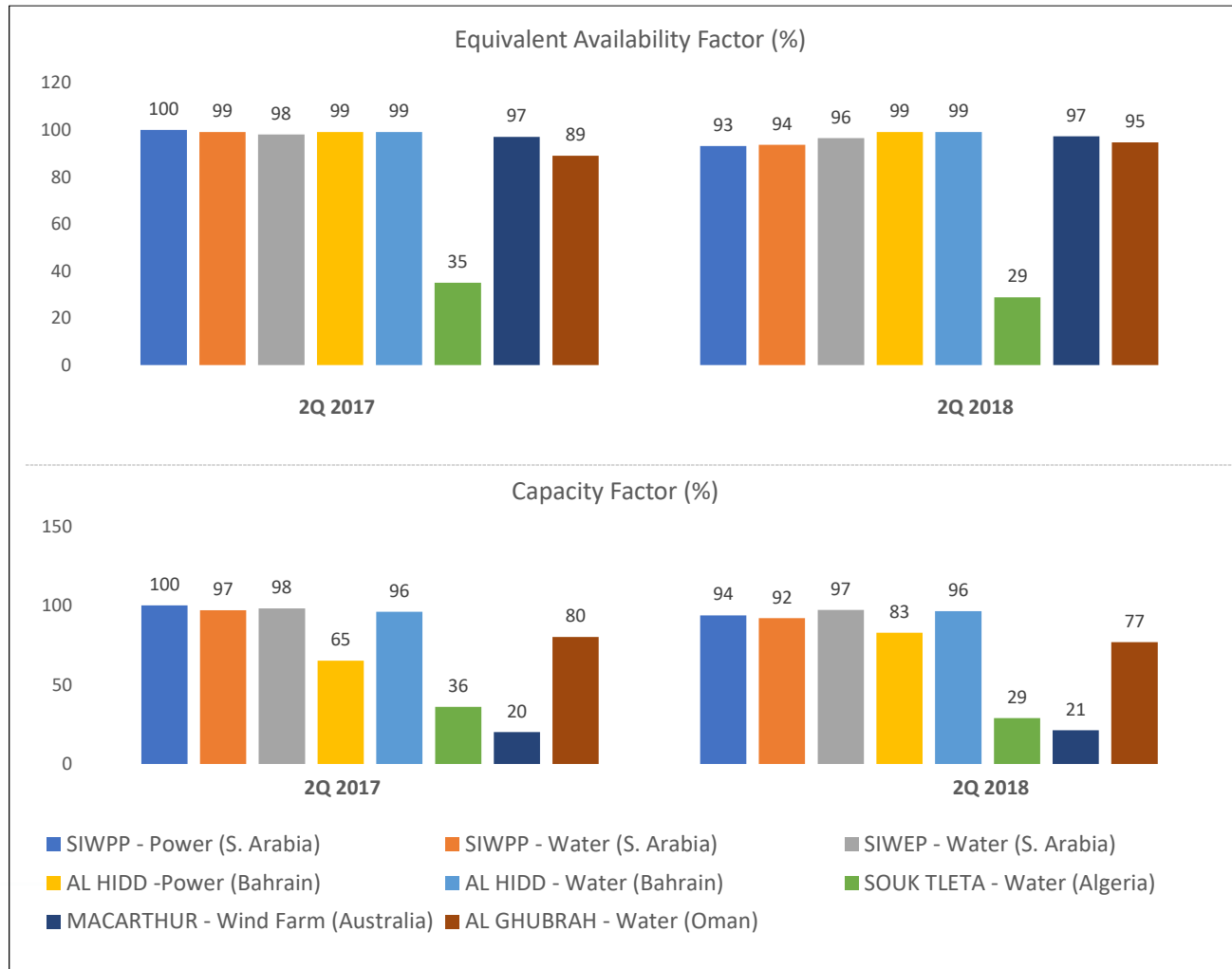
Performance of Local Assets – 2Q 2018



Electricity Generated and Sold

Plant	YTD 2Q 2018		YTD 2Q 2017	
	Power generated (GWh)	Electricity Sold (GWh)	Power generated (GWh)	Electricity Sold (GWh)
Tanjung Bin Energy (TBE)	1,904.14	1,821.57	791.17	754.60
Tanjung Bin Power (TBP)	4,642.25	4,427.48	4,626.31	4,341.71
Segari Energy (SEV)	1,115.72	1,096.98	1,572.91	1,556.21
GB3	123.31	118.60	230.97	223.90
Prai Power Plant (PPP)	410.91	405.41	226.45	221.75
Port Dickson Power (PDP)	4.55	4.55	28.95	28.95
Kapar Energy (KEV)	2,937.30	2,750.70	2,609.94	2,434.00
Total (Excluding KEV)	8,200.88	7,874.58	7,476.76	7,127.12
Total (Including KEV)	11,138.18	10,625.29	10,086.70	9,561.12

Performance of International Assets – 2Q 2018



SIWPP

- Slight drop in output capacity for both Power and Water Plants in 2Q 2018 due to scheduled outages.

SIWEP

- Sustainable performance in both 2Q 2017 and 2Q 2018.

AL HIDD

- Consistent availability factors in 2Q 2018 for both Power and Water plants. Higher power despatched in 2Q 2018 mainly due to the demand.

SOUK TLETA

- The plant is currently undergoing rehabilitation.

MACARTHUR

- Sustainable performance in both 2Q 2017 and 2Q 2018.

AL GHUBRAH

- 2Q 2018 recorded higher availability factor as compared to 2Q 2017. However, the despatch was lower in 2Q 2018, due to additional supply from the other site under commissioning.

1H 2018 FINANCIAL RESULTS



Financial Results – Income Statement

RM m	2Q 2018	2Q 2017	1H 2018 (A)	1H 2017 (B)	+/- (A)-(B)
Revenue	1,944.1	1,734.6	3,548.3	3,515.6	+32.7
Cost of Sales	(1,578.9)	(1,315.2)	(2,834.1)	(2,625.7)	-208.4
Gross Profit	365.2	419.4	714.2	889.9	-175.7
Other Income	13.7	6.0	31.4	13.6	+17.8
Administrative Expenses	(39.3)	(42.1)	(93.2)	(111.6)	+18.4
Operating Expenses	(37.5)	(45.2)	(80.1)	(91.0)	+10.9
Results from Operations	302.1	338.1	572.3	700.9	-128.6
Finance Income	59.9	53.1	119.6	103.8	+15.8
Finance Costs	(238.9)	(266.4)	(487.3)	(538.0)	+50.7
Share of Profit of Associates and JV, Net of Tax	17.2	28.3	32.8	61.0	-28.2
Profit Before Taxation	140.3	153.1	237.4	327.7	-90.3
Income Tax Expenses	(76.7)	(36.2)	(106.4)	(95.5)	-10.9
Profit for the Period	63.6	116.9	131.0	232.2	-101.2
Profit attributable to:					
Owners of the Company	52.5	103.3	105.5	202.0	-96.5
Non-controlling Interests	11.1	13.6	25.5	30.2	-4.7
Basic/Diluted EPS for Profit attributable to the Owners (sen)	1.06	2.07	2.13	4.04	-1.91
EBITDA	605.1	722.4	1,171.8	1,474.3	-302.5

Key highlights

Revenue:

- Higher energy payment from SEV due to higher gas price
- Higher energy payment from TBE and TBP coal plants due to higher ACP
- Offset by lower capacity payment by SEV due to lower tariff

Cost of sales:

- Absence of SEV amortisation of intangible assets
- Lower depreciation of C-inspection and O&M costs

Finance income:

- Better yield on deposit placements

Finance costs:

- Lower TBEI interest on Junior EBL upon its settlement in 2017
- Fair value gain on financial instruments upon completion of Macarthur refinancing exercise

Share of associates:

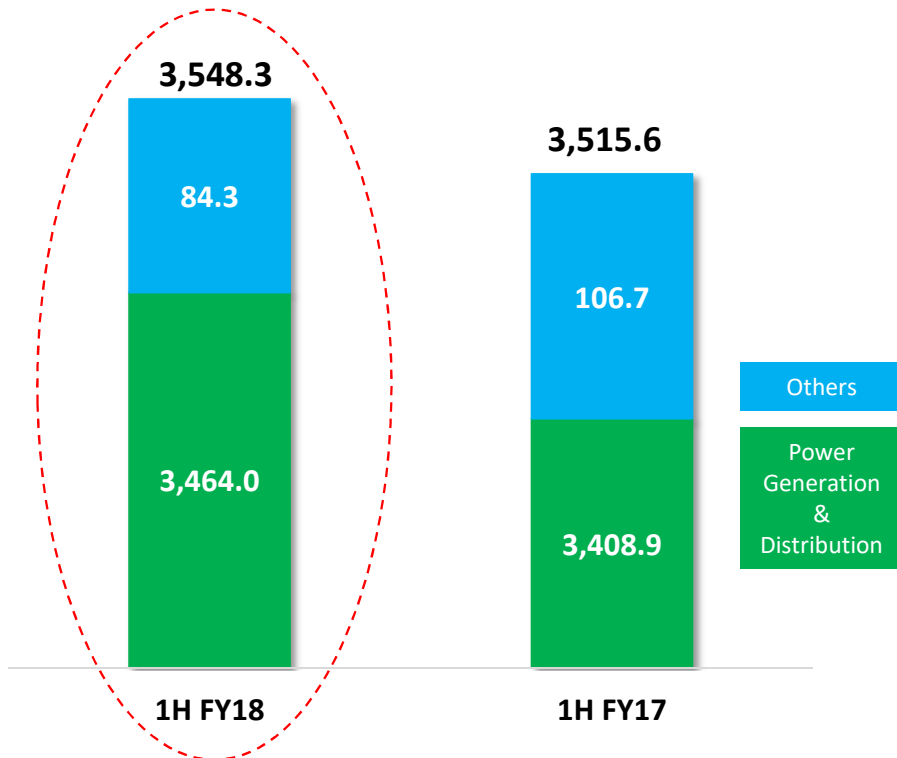
- Lower contributions from SWEC and KEV

Revenue Breakdown

	1H 2018 RM m	1H 2017 RM m
Electricity generation and distribution		
<i>Energy payment</i>	2,269.5	1,916.2
<i>Capacity payment</i>	1,023.1	1,322.2
<i>Daily Utilisation Payment</i>	101.9	104.7
<i>Electricity and chilled water distribution</i>	69.5	65.8
Finance lease income	82.1	92.2
Project management fees	0.9	0.8
Rental income from estate	1.2	2.0
Operation and maintenance fees	0.1	11.7
	3,548.3	3,515.6
Electricity generation and distribution	3,464.0	3,408.9
Others	84.3	106.7
	3,548.3	3,515.6

Revenue Mix

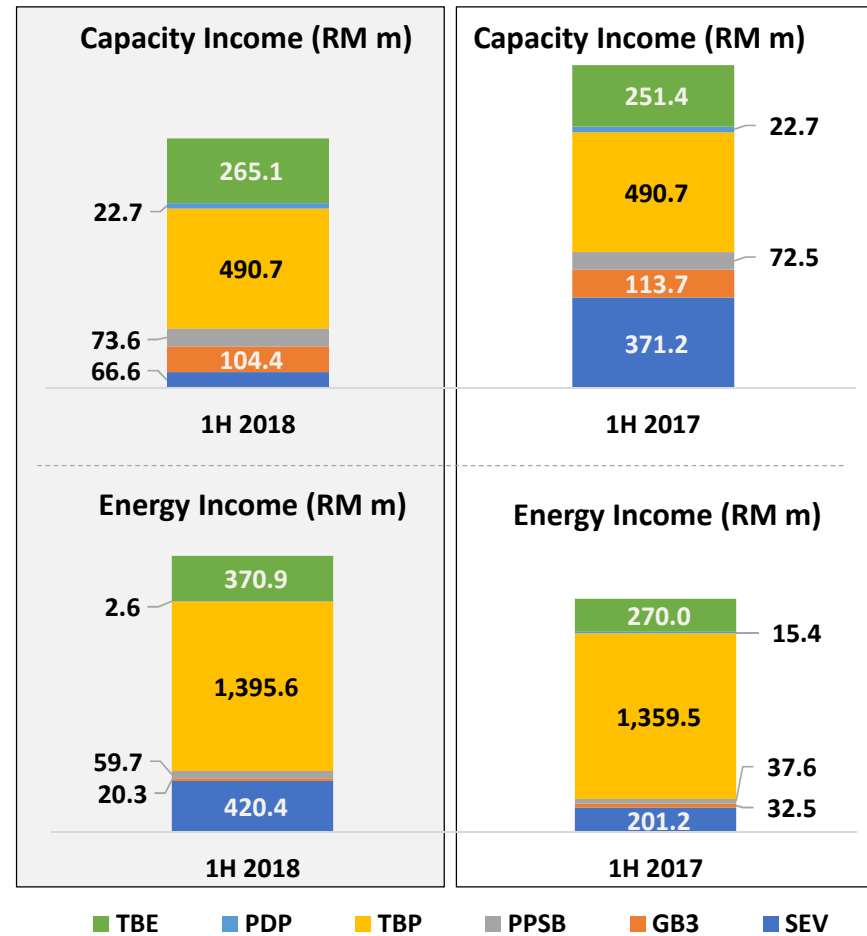
Total revenue (RM m)



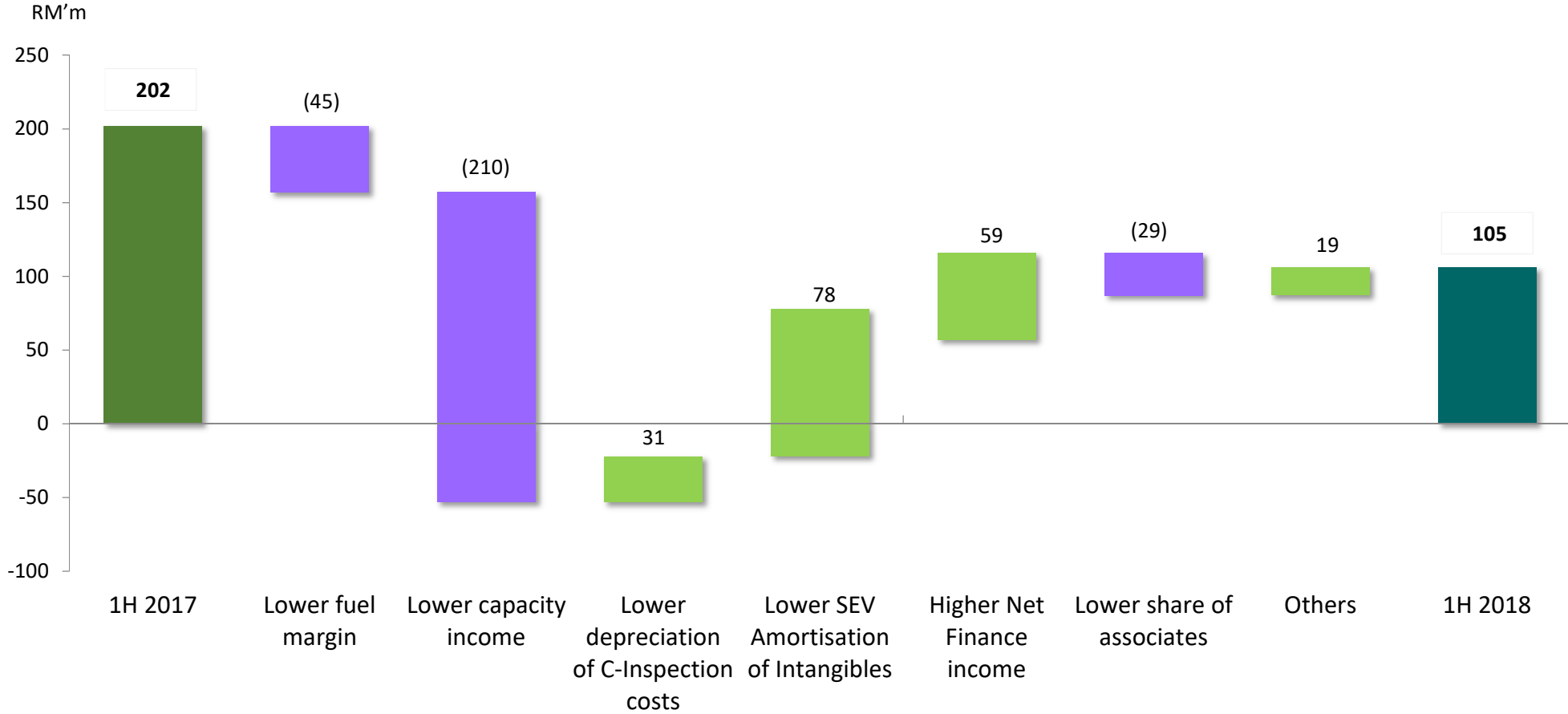
Power Generation & Distribution = Capacity income + Energy Income + Daily Utilisation Payment + Malakoff Utilities Sdn. Bhd. (MUSB)

Other revenue = Finance Lease Income + Rental Income + Project Management Fees + Operations & Maintenance (O&M) Fees

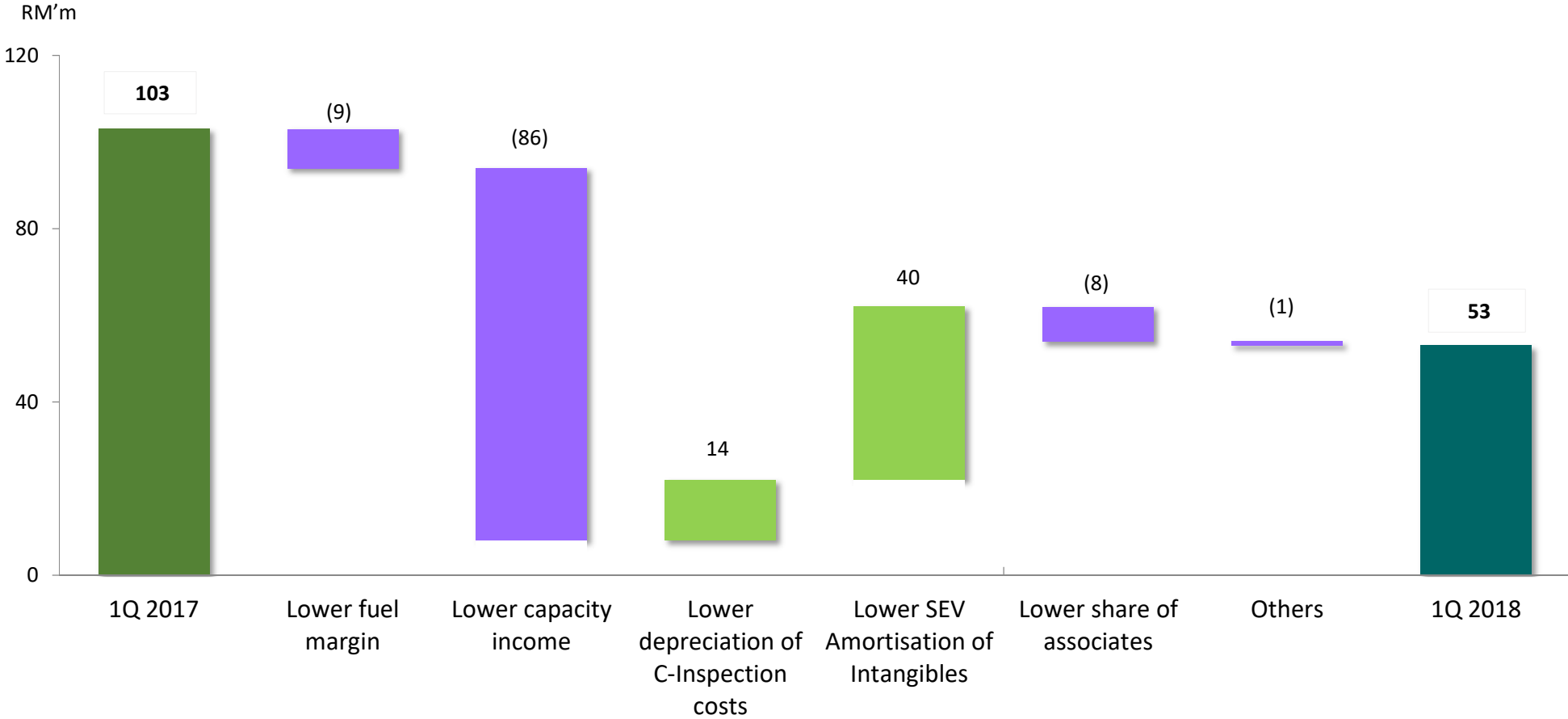
Electricity generation revenue includes:



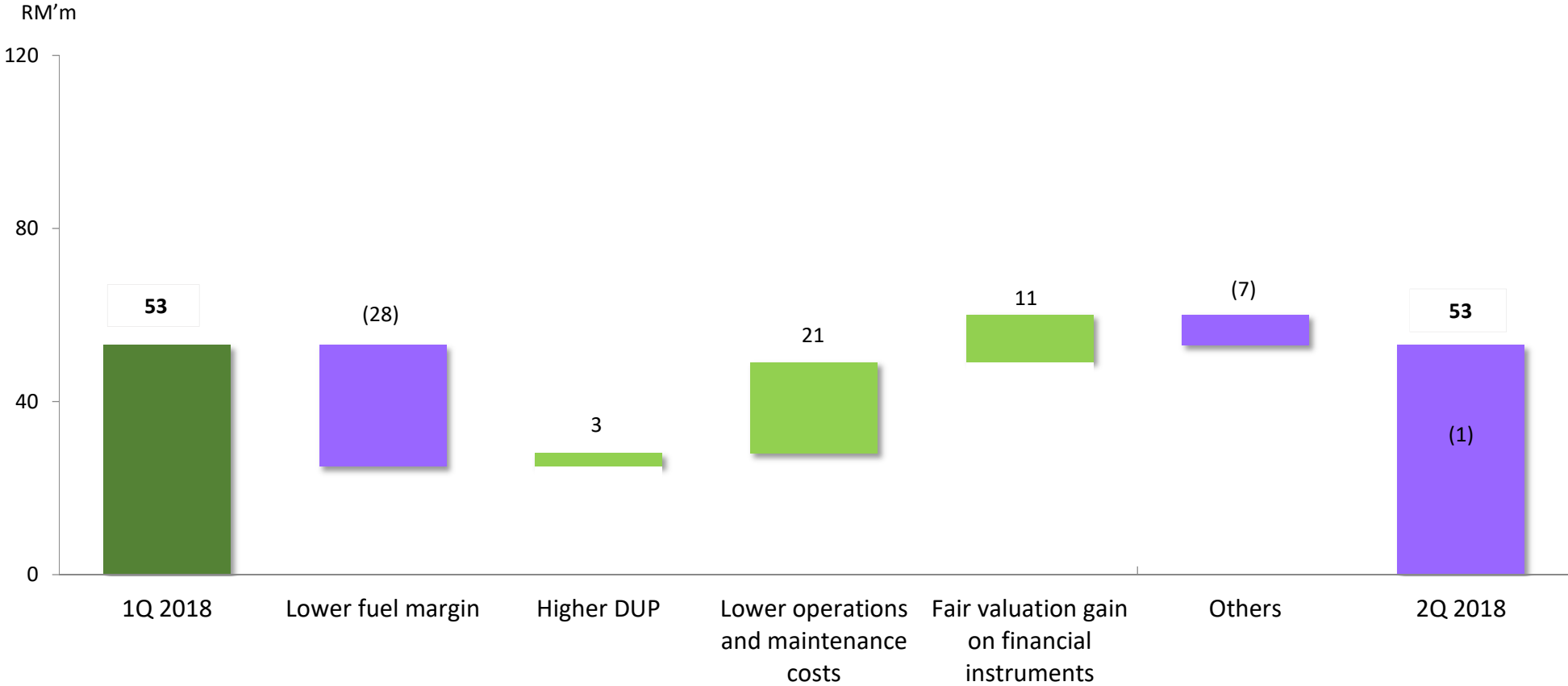
Group PATMI – 1H 2018 vs 1H 2017



Group PATMI – 2Q 2018 vs 2Q 2017



Group PATMI – 2Q 2018 vs 1Q 2018



Consolidated Statement of Financial Position as at 30 June 2018

TOTAL ASSETS	RM m	TOTAL LIABILITIES & EQUITY	RM m
<u>Assets</u>		<u>Liabilities</u>	
Cash and cash equivalents	1,922.2	Loan and borrowings	15,595.3
Other investments	3,093.6	Other liabilities	6,927.9
Current assets	2,919.3	Total liabilities	22,523.2
Investment in associates	1,632.7		
		<u>Equity</u>	
Financial lease receivables	2,081.3	Share capital	5,693.1
Property, plant & equipment	13,655.2	Treasury shares	(70.2)
Other assets	3,924.5	Reserves	107.8
		Retained profits	(13.0)
		Equity attributable to owners of the Company	5,717.7
		Perpetual sukuk	800.0
		Non-controlling interests	187.9
		Total Equity	6,705.6
Total Assets	29,228.8	Total Liabilities and Equity	29,228.8

*Total cash as at
30 Jun 2018 is
RM5,015.8m*

Consolidated Statement of Cashflows as at 30 June 2018

RM m	1H 2018	1H 2017
Profit before tax	237.4	327.7
Adjustments for:		
Non cash item	566.0	717.9
Finance costs	487.3	538.0
Finance income	(119.6)	(103.8)
Share of profit of equity-accounted associates & JVs, net of tax	(32.8)	(61.0)
	1,138.3	1,418.8
Net change in current assets	361.7	(228.9)
Net change in current liabilities	(601.4)	173.3
Net change in non-current liabilities	161.6	119.9
Cash generated from operations	1,060.2	1,483.1
Income taxes paid	(165.9)	(157.4)
Net cash from operating activities	894.3	1,325.7
Net cash used in investing activities	(459.0)	(761.4)
Net cash used in financing activities	(868.6)	(1,307.0)
Net decrease in cash and cash equivalents	(433.3)	(742.7)
Cash at beginning of the period	2,355.5	3,006.8
Cash at end of the period	1,922.2	2,264.1
Other investments*	3,093.6	2,180.0
	5,015.8	4,444.1

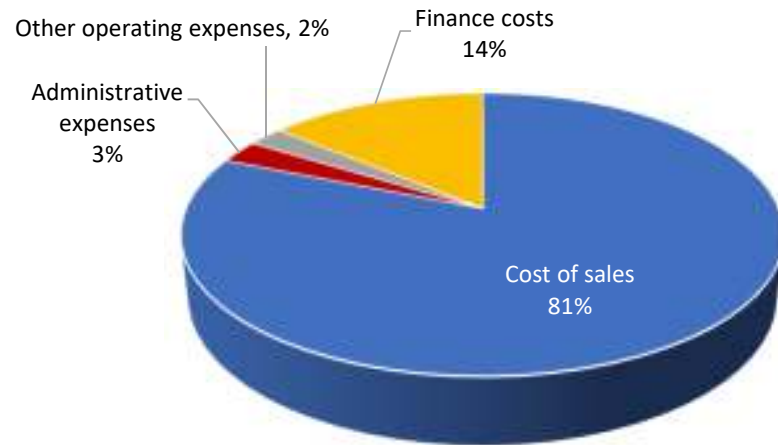
**Other investments = deposits of more than 3 months maturity*

Share of Profit of Associates and JVs

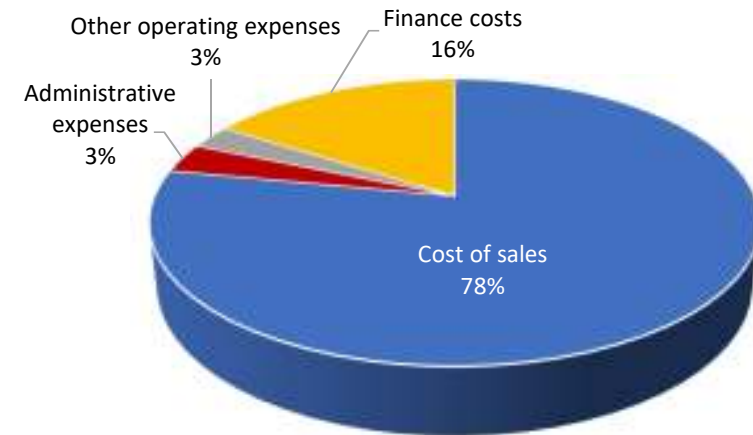
	1H 2018 RM m	1H 2017 RM m
Kapar Energy Ventures (Malaysia) <i>(MCB effective equity 40%)</i>	(12.1)	0.1
Lekir Bulk Terminal(Malaysia) <i>(MCB effective equity 20%)</i>	1.7	2.7
Muscat City Desalination Company <i>(MCB effective equity 32.5%)</i>	2.2	(5.4)
Shuaibah Water & Electricity Company / Shuaibah Expansion Project Company (Saudi Arabia) <i>(MCB effective equity 12% SAMAWEC and 11.9% SEPCO)</i> Shuaibah Expansion Project Company Limited (SEPCO) <i>(MCB effective equity 11.9%)</i>	11.3	29.3
Hidd Power Co (Bahrain) <i>(MCB effective equity 40%)</i>	27.4	34.3
Muscat City Desalination Operation & Maintenance Company (MCDOMCO) <i>(MCB effective equity 49.5%)</i>	2.3	-
TOTAL	32.8	61.0

Breakdown of Costs

1H 2018



1H 2017

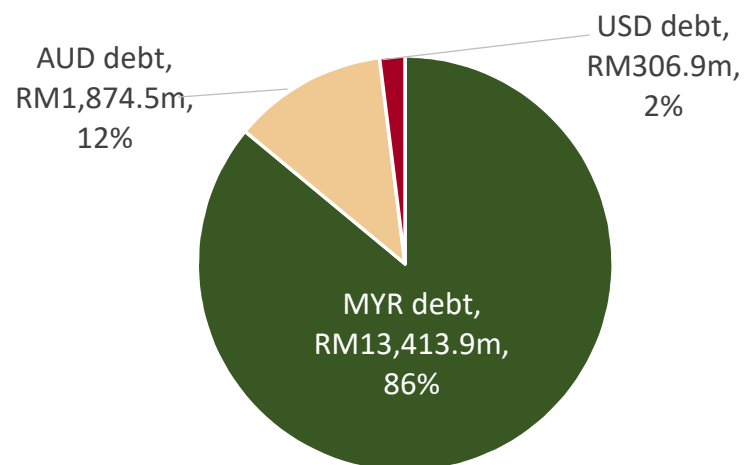


COST OF SALES BREAKDOWN

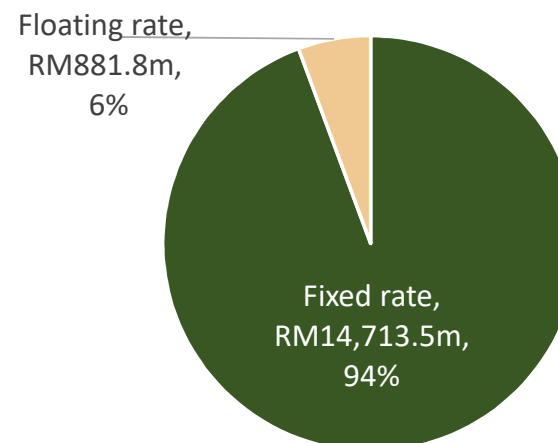
RM m	1H 2018	1H 2017
Fuel	2,091.4	1,697.7
Depreciation and amortisation of C-inspection costs	408.8	450.4
Amortisation of intangible assets	138.6	241.9
Operations and maintenance costs	134.8	153.9
Others	60.5	81.8
TOTAL	2,834.1	2,625.7

Group Debt & Gearing (as at June 2018)

Debt Profile by Currency (RM m)

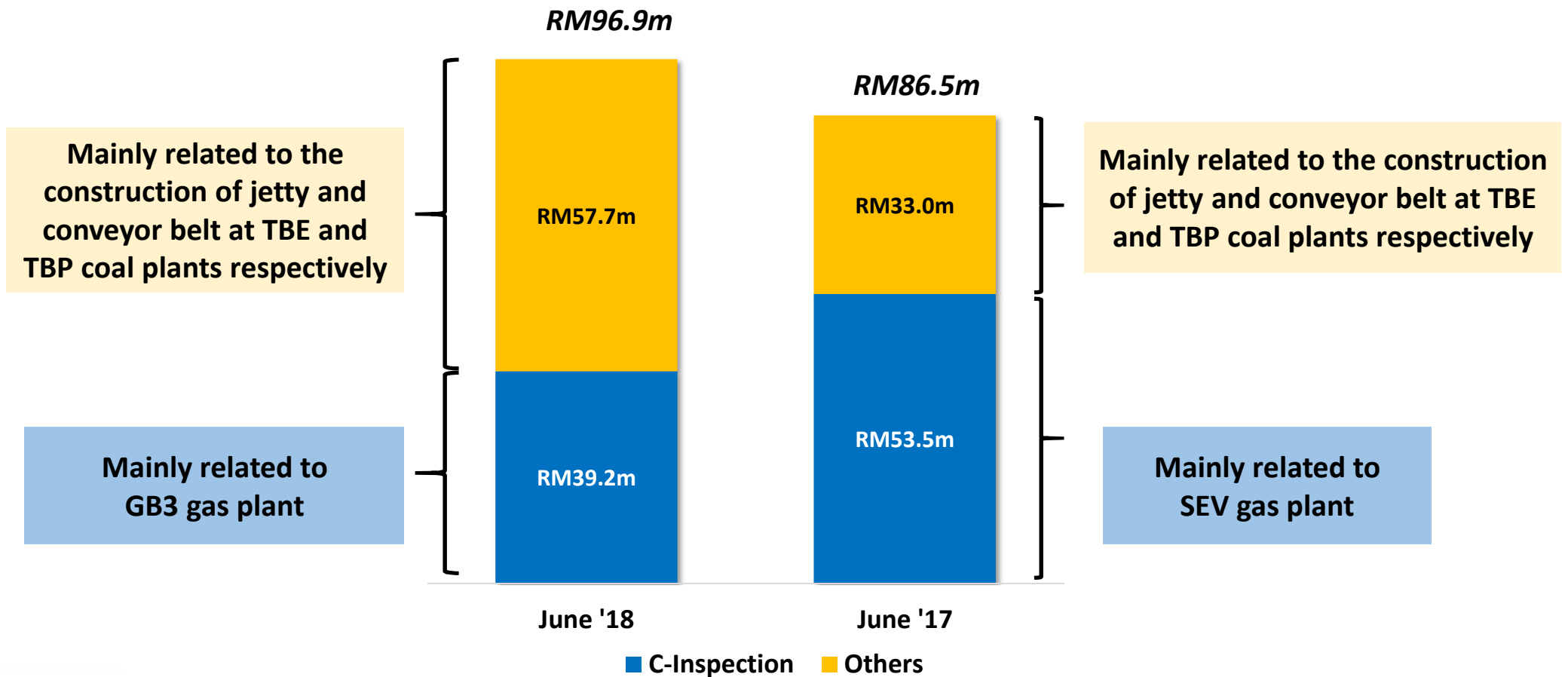


Debt Profile by Fixed/Floating Rate (RM m)



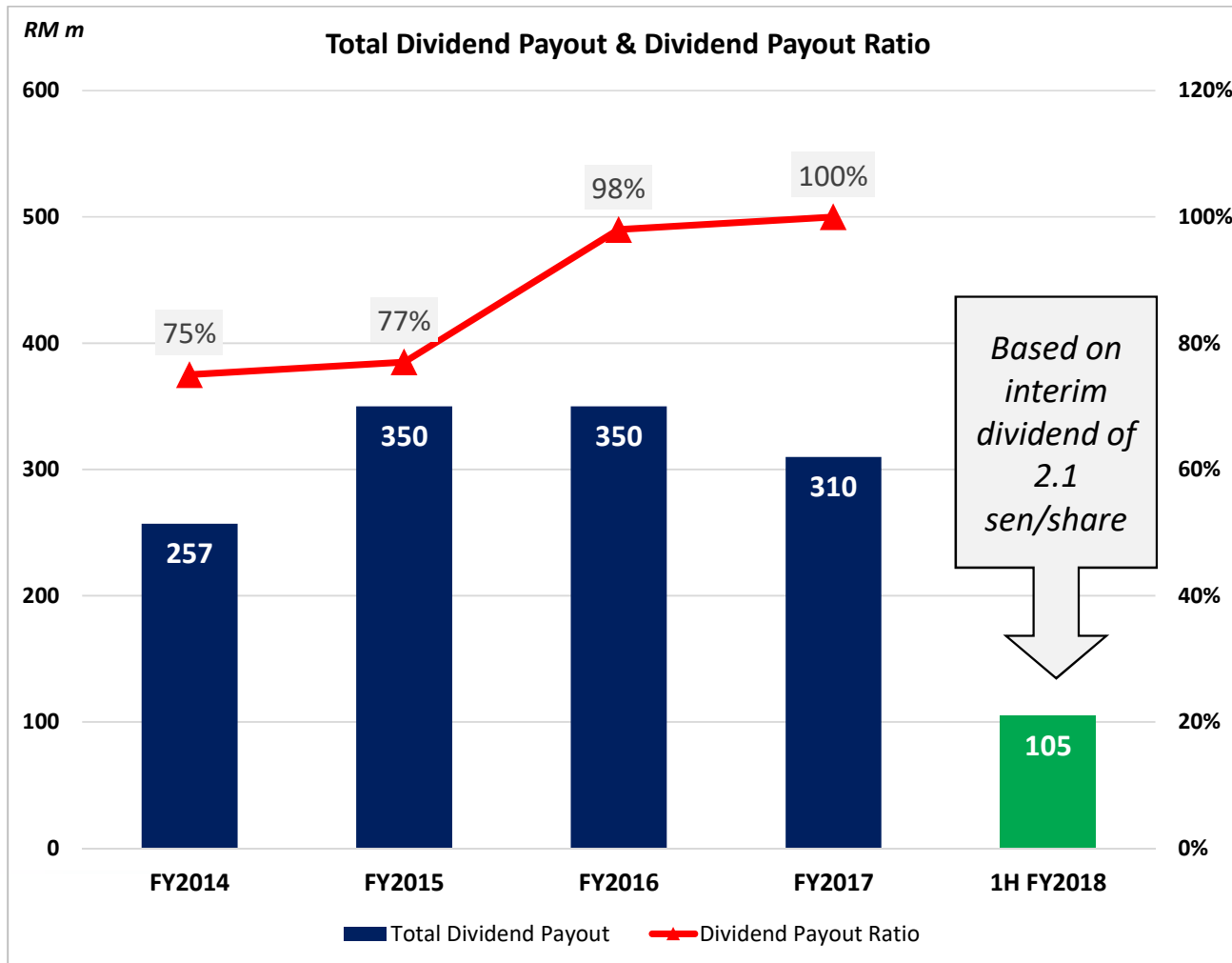
	As at June 2018	As at June 2017
Gearing Ratio	2.3x	2.3x
Net Gearing Ratio	1.6x	1.7x

Capital Expenditure 1H FY2018



Total Capex Budgeted for FY2018 is between RM300-400m, mainly for the construction of the jetty at the TBE plant

Interim Dividend of 2.1 sen per share for FY2018



Malakoff is committed towards maintaining its dividend policy of distributing not less than 70% of its consolidated PATMI to the shareholders.

LATEST CORPORATE DEVELOPMENTS



Proposed Acquisition of Alam Flora Sdn Bhd

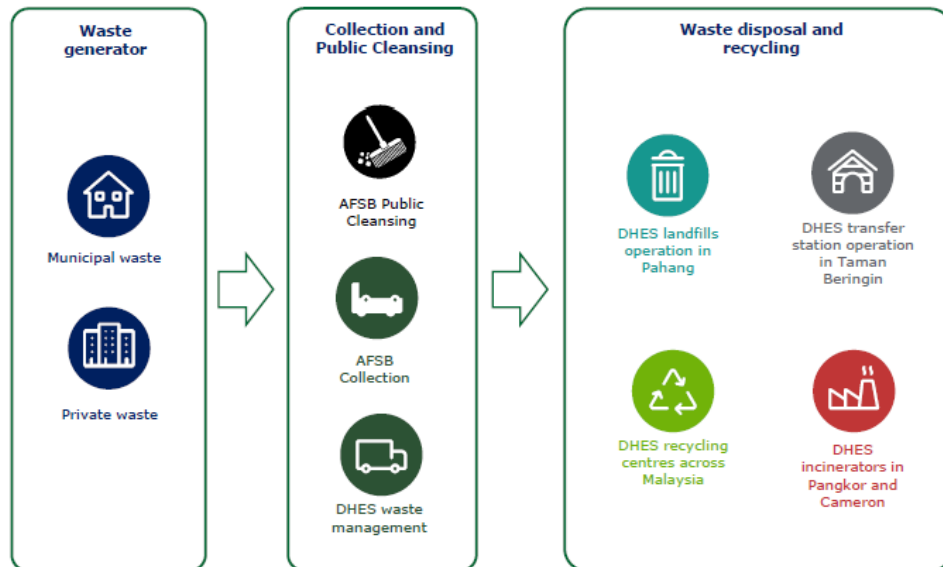


RM944.61 million

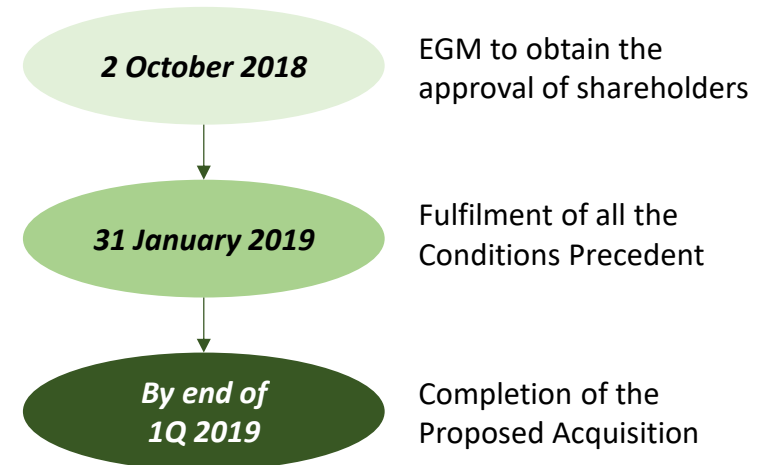
Total Purchase Consideration

97.37%

*Equity Stake in Alam Flora
(74,000,000 ordinary shares)*



KEY MILESTONES



Proposed Disposal of 20% Equity Interest in Lekir Bulk Terminal (LBT)



23 AUGUST 2018

Tuah Utama Sdn Bhd (a wholly-owned subsidiary of Malakoff Corp Bhd) and Pelabuhan Lumut Sdn Bhd (a wholly-owned subsidiary of Integrax Berhad) will enter into a Share Sale Agreement on the proposed disposal of MCB's 20% equity stake in LBT to Integrax (a wholly-owned subsidiary of Tenaga Nasional Bhd) for a total cash consideration of RM90 million.

RM90 million

Cash Proceeds from Disposal

20%

*Sale of Equity Interest in LBT Sdn. Bhd.
(13,600,000 ordinary shares)*

RM55.3 million

Gain on Disposal

R A T I O N A L E

- Part of MCB's effort to **rationalize its investments** to focus on higher growth areas
- To **unlock the value** of Malakoff's investment in LBT, a non-core business of MCB Group, at a reasonable price
- Cash proceeds from the proposed disposal will be utilised towards **funding future investments** to be undertaken by MCB Group, as well **as meeting its working capital requirements**

Recent Corporate Developments

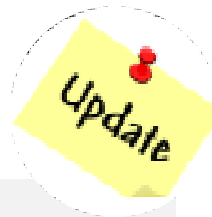
Update on Collaboration with Touch Meccanica



SOLAR ENERGY



HYDROPOWER



14 August 2018

- Malakoff Corporation Bhd (MCB) and Touch Meccanica Sdn Bhd (TMSB) mutually agreed to **extend the validity period of the MoU for another six months**, from 7 July 2018 to 7 January 2019.
- The extension is to facilitate both companies to **continue to work on the feasibility study and finalise discussion on the Definitive Agreement** and the relevant regulatory matters.

Background

- On 8 January 2018, MCB and TMSB signed an MoU to jointly secure, develop and implement several energy projects in the state of Pahang, particularly a large scale solar photovoltaic and small hydro power projects.
- Under the MoU, a period of 6 months is provided for MCB to conduct feasibility studies, prior to forming a definitive partnership arrangement with TMSB for these projects.

Malakoff signs Coal Ash Offtake Agreement with G-Cast



14 August 2018

- Tanjung Bin Power Sdn Bhd, a subsidiary of MCB, entered into a Coal Ash Offtake Agreement with G-Cast Concrete Sdn Bhd for the collection of coal ash from its Tanjung Bin Power Plant (TBPP) in Johor.
- With the agreement, G-Cast will collect coal ash from TBPP for a period of 10 years, with an option to extend for an additional 3 years.
- This is in line with Malakoff's sustainability initiatives to recycle the ash generated from the company's 2,100 MW coal-fired plant into construction material such as sand replacement as practiced in Japan and Europe.

THANK YOU

