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ANALYST BRIEFING

Q2 2019 Results Announcement

23 August 2019

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energy & utilities

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HIGHLIGHTS OF
Q2 2019 PERFORMANCE






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Key Highlights of Financial Results

RM m	Q2 2019 vs Q2 2018			1H 2019 vs 1H 2018		
	Q2 2019	Q2 2018	*YoY Change*	1H 2019	1H 2018	*YoY Change*
Revenue	1,814.8	1,944.1	*-6.7%*	3,822.1	3,548.3	*+7.7%*
Results from Operating Activities	289.2	302.1	*-4.3%*	579.8	572.3	*+1.3%*
PBT	122.8	140.3	*-12.5%*	254.3	237.3	*+7.2%*
PATMI	52.3	52.5	*-0.4%*	119.3	105.5	*+13.1%*
EBITDA	573.6	605.2	*-5.2%*	1,162.3	1,171.8	*-0.8%*
Basic/Diluted EPS	1.07	1.06	*-1.9%*	2.44	2.13	*+14.6%*

REVIEW OF OPERATIONS

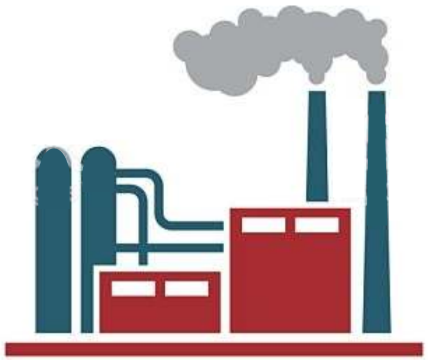
Performance Review of Local Assets – Q2 2019

COAL-FIRED POWER PLANTS

- **Tanjung Bin Power Plant (TBP)** continues to demonstrate **higher stability** and **reliability** after **completion of the improvement work done** in the previous years. **Plant Equivalent Availability Factor (EAF) increased** from 67% in Q1 2019 to **89%** in **Q2 2019.** No major maintenance works in the quarter under review.

- **Tanjung Bin Energy Power Plant (TBE)** observed a **significant decrease in EAF** from 98% in Q1 2019 to **55%** in **Q2 2019** due to the **planned outage**. Major scope includes **Automatic Voltage Regulator (AVR) cooling system upgrades**, **intermediate pressure turbine blade replacement** and **final reheater tube replacement.**

GAS-FIRED POWER PLANTS



- **Gas fired power plants** achieved a generally **high EAF** during the quarter under review but **lower Capacity Factor** was due to **low demand from the Grid System Operator (GSO).**

Q2 2019 - Plant Performance (Local Assets)

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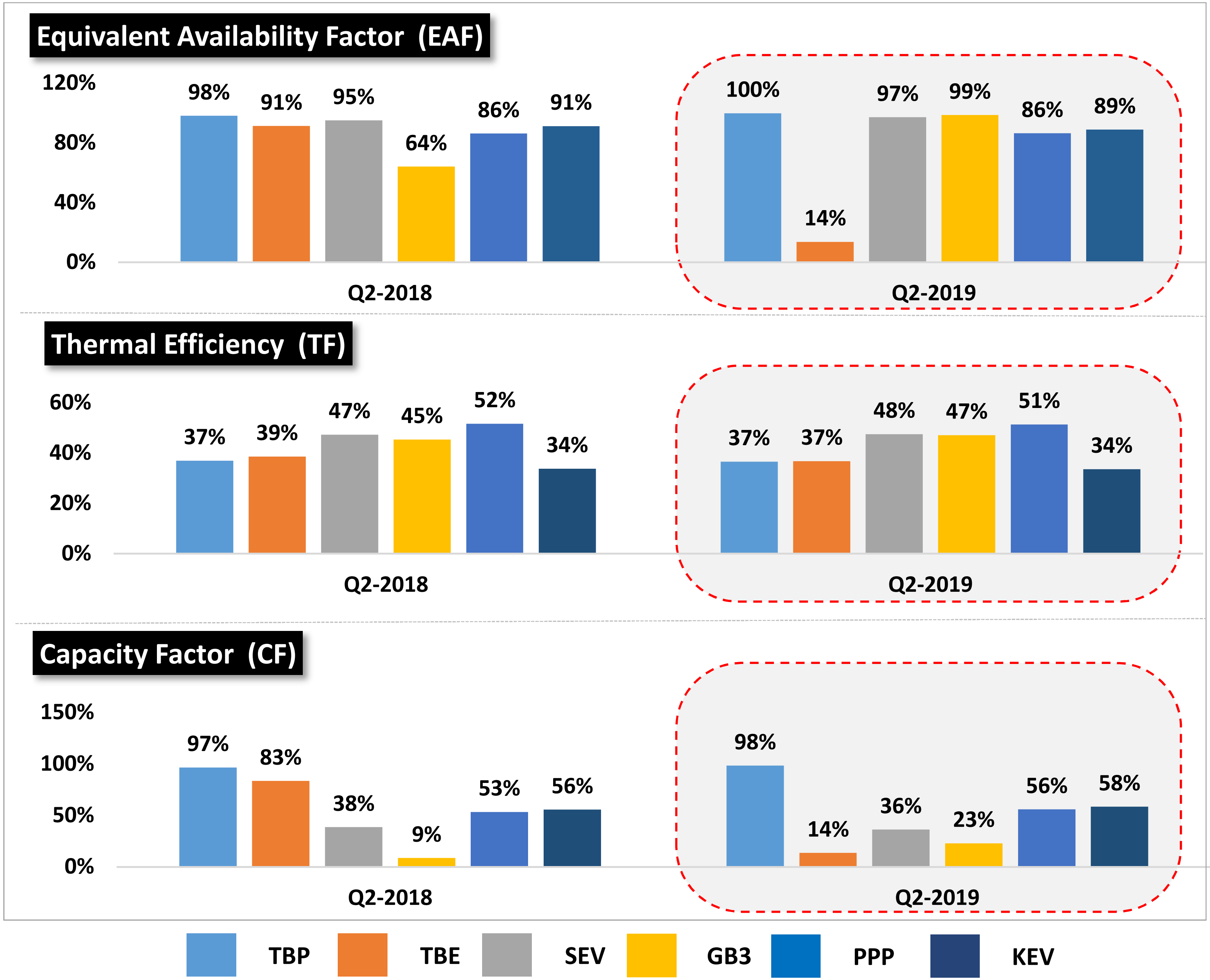

Q2 2019 vs Q2 2018

TBP
- Higher EAF and CF attributed to lower Scheduled Outage (SO) and Forced Outage (FO).

TBE
- Lower EAF and CF due to 73 days of SO.

SEV
- Higher EAF attributed to lower SO. Consistent CF and efficiency.

GB3
- Higher EAF and CF attributed to lower SO.

PPP
- Consistent EAF and CF attributed to lower SO and FO.

KEV
- Lower EAF due to increase in SO and FO for GF3, due to the Unit 6 LP Turbine B rectification.

Electricity Generated and Sold

Plant	Q2 2019		Q2 2018	
	Power generated *(GWh)*	Electricity Sold *(GWh)*	Power generated *(GWh)*	Electricity Sold *(GWh)*
Tanjung Bin Energy (TBE)	305.16	291.71	1,904.14	1,821.56
Tanjung Bin Power (TBP)	4,784.13	4,510.53	4,642.25	4,427.48
Segari Energy Ventures (SEV)	1,034.62	1,024.59	1,115.72	1,096.98
GB3	328.79	320.16	123.31	118.60
Prai Power Plant (PPP)	427.63	422.52	410.91	405.41
Kapar Energy Ventures (KEV)	3,090.49	2,894.61	2,937.31	2,750.70
Total (Excluding KEV)	**6,880.35**	**6,569.52**	**8,196.34**	**7,870.04**
Total (Including KEV)	**9,970.84**	**9,464.13**	**11,133.63**	**10,620.74**

Q2 2019 - Plant Performance (International Assets)

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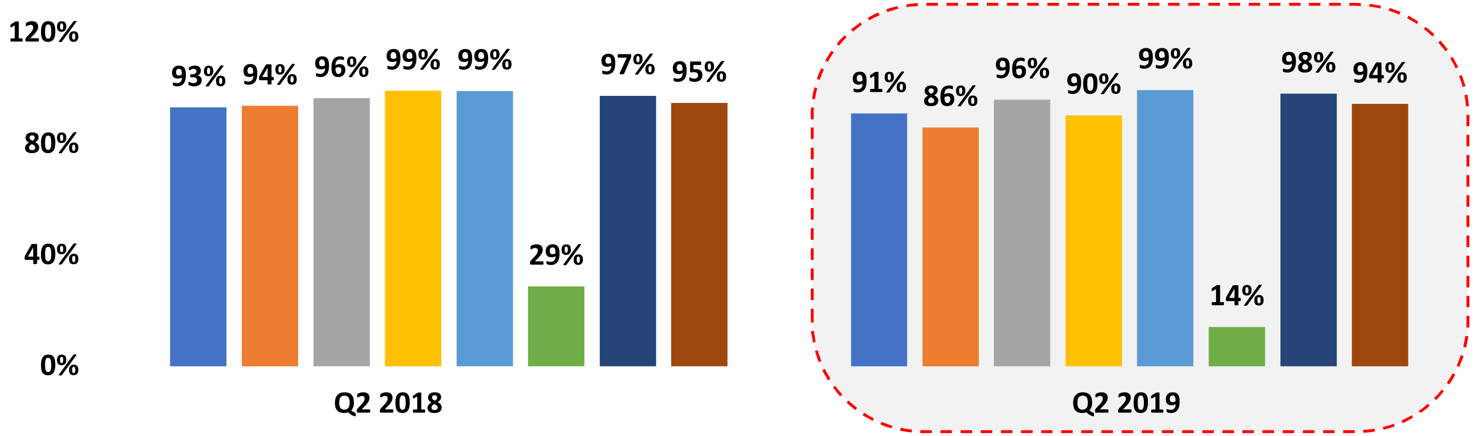
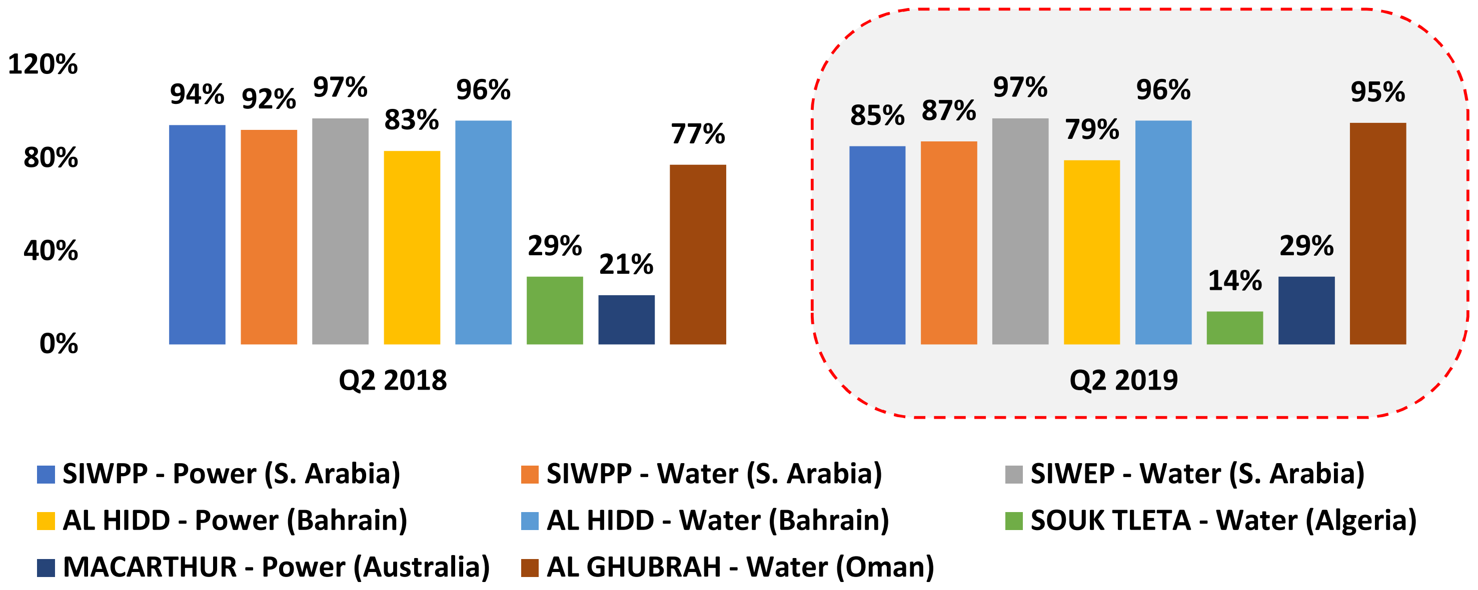
Equivalent Availability Factor (EAF)



Capacity Factor (CF)



Q2 2019 vs Q2 2018

SIWPP
- Slight decrease in availability for both power and water plants due to boiler tube leaks and annual outages.

SIWEP
- Sustainable performance in both 2019 and 2018.

AL HIDD
- Slight decrease in power availability due to GT 21 C-Inspection works and Black Start Test.

SOUK TLETA
- Plant under restoration plan.

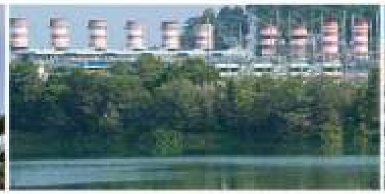
MACARTHUR
- Sustainable performance in both 2019 and 2018.

AL GHUBRAH
- Lower availability impacted by Algae bloom and maintenance outage works.

Q2 2019 FINANCIAL RESULTS





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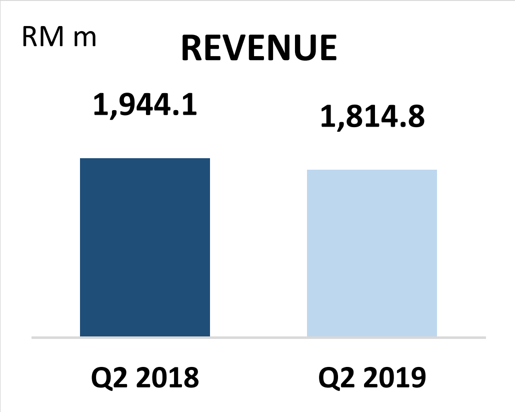
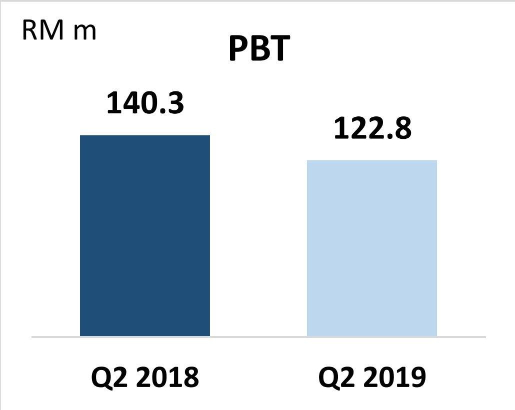
Revenue, PBT & PATMI

Q2 2018 VS Q2 2019



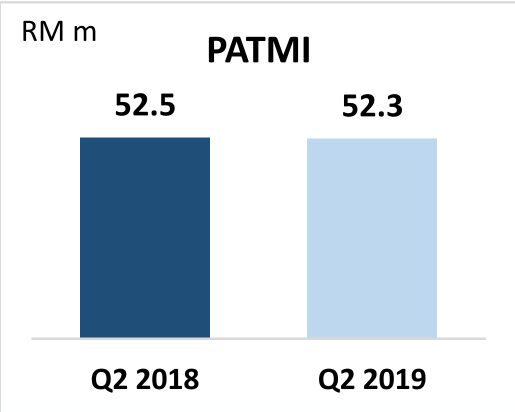
-6.7% YoY

- Primarily due to **lower energy payment from TBE** following the **73-day SO** (31 Mar – 12 Jun 19).



-12.5% YoY

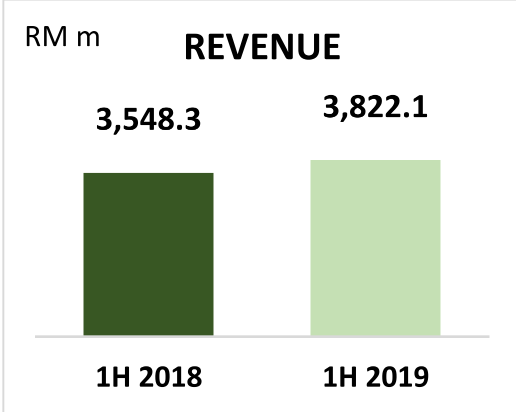
- Mainly attributed to **lower contribution from TBE** due to the scheduled maintenance and rectification works as well as **lower contributions from associate investments**.



-0.4% YoY

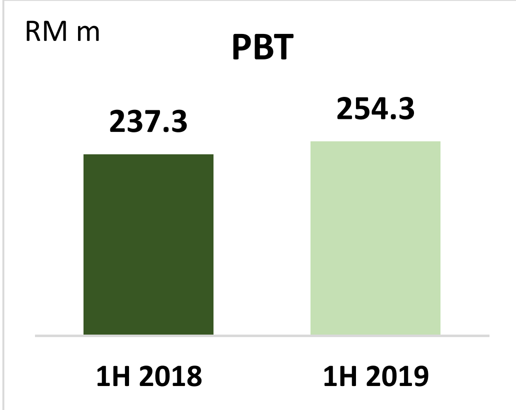
- Slight decline due to **lower contribution from TBE** and **lower share of profit from associates.**
- **Partially offset** by **higher fuel margin**, **lower O&M costs** and **lower net finance costs.**

1H 2018 VS 1H 2019



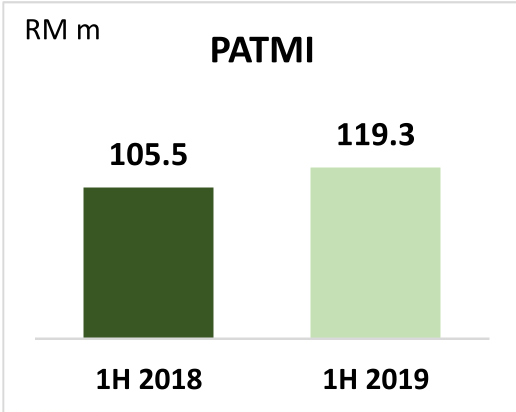
+7.7% YoY

- Primarily due to **higher energy payment recorded from TBP** on the back of **higher applicable coal price.**



+7.2% YoY

- **Improved contribution from TBE** coal plant given the shorter plant outage duration
- **Lower barging and demurrage costs** following timely completion of coal unloading jetty
- **Lower net finance costs.**

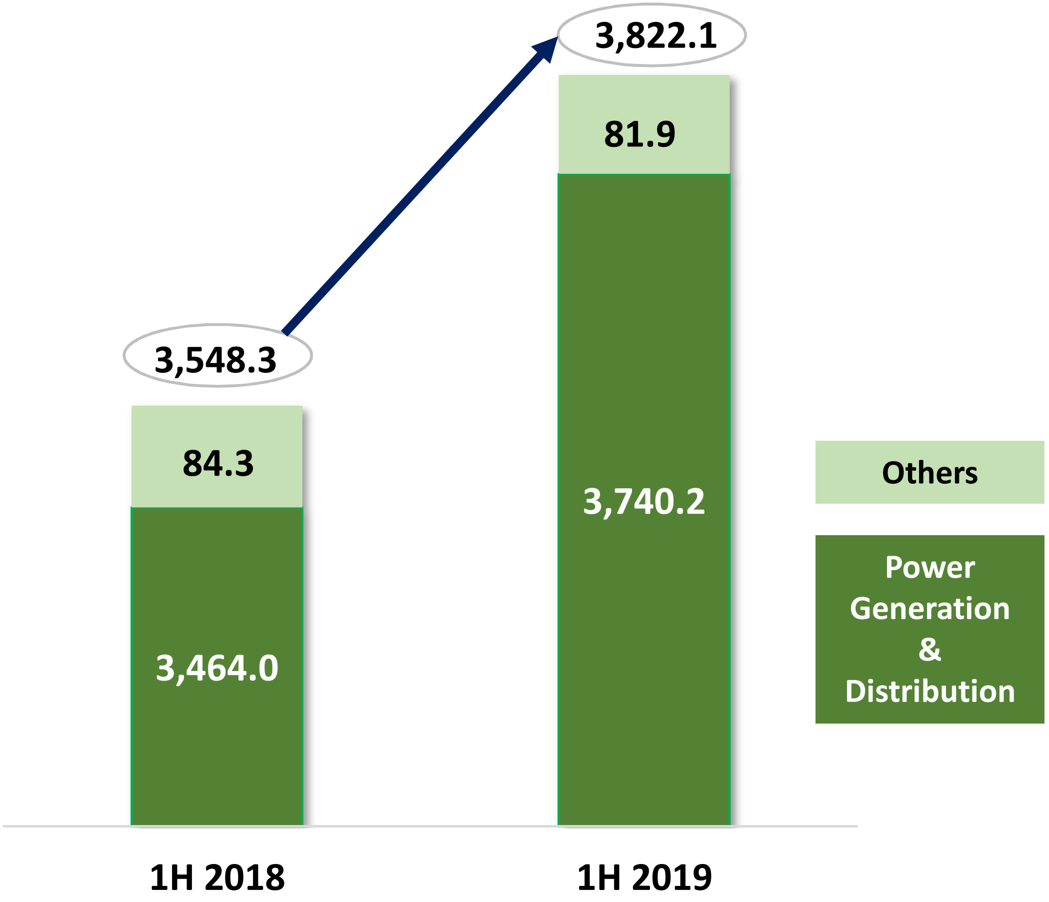


+13.1% YoY

- **Higher contribution from TBE** as well as **lower net finance costs**

1H 2019 Revenue Mix

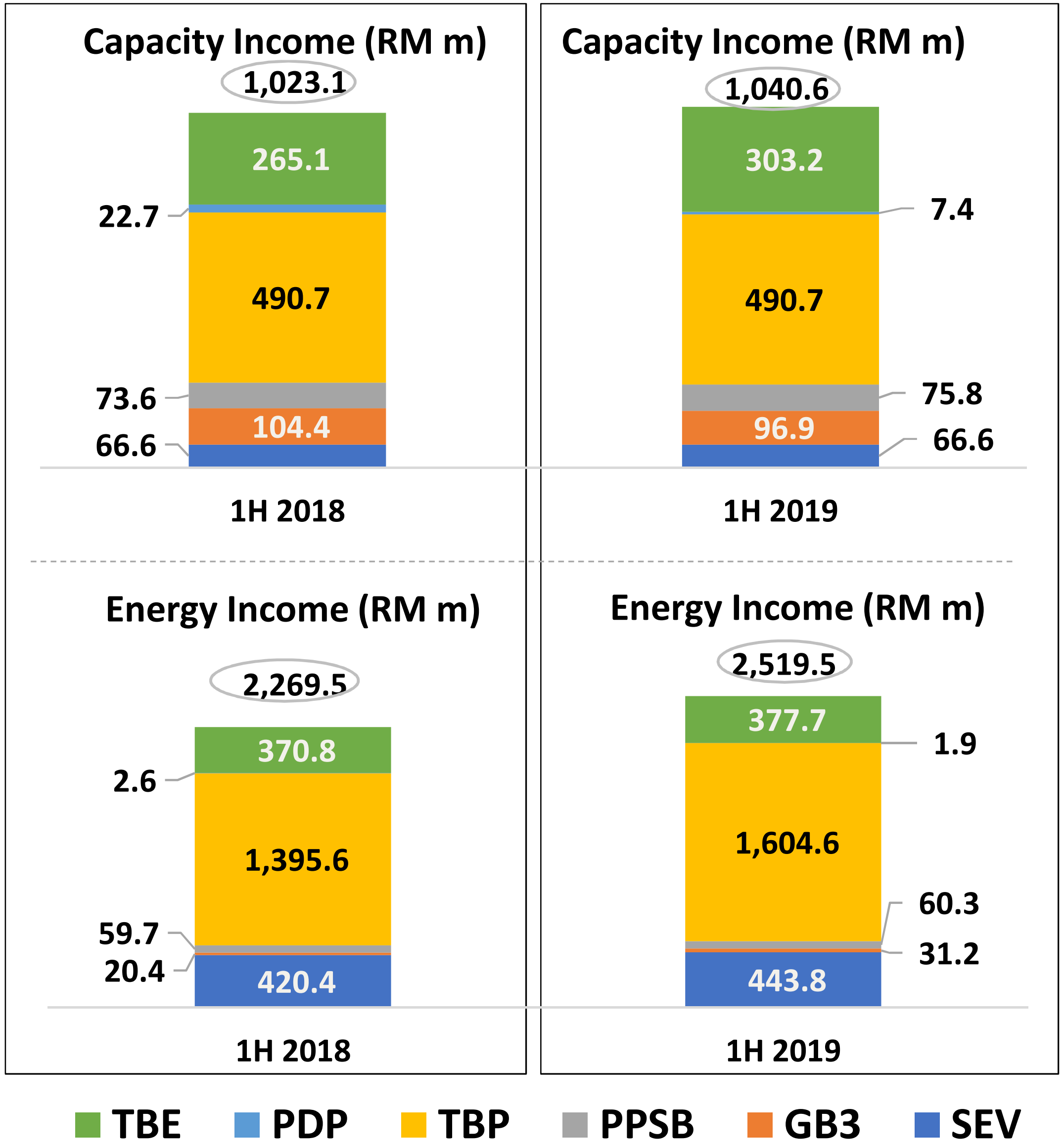
Total Revenue (RM m)



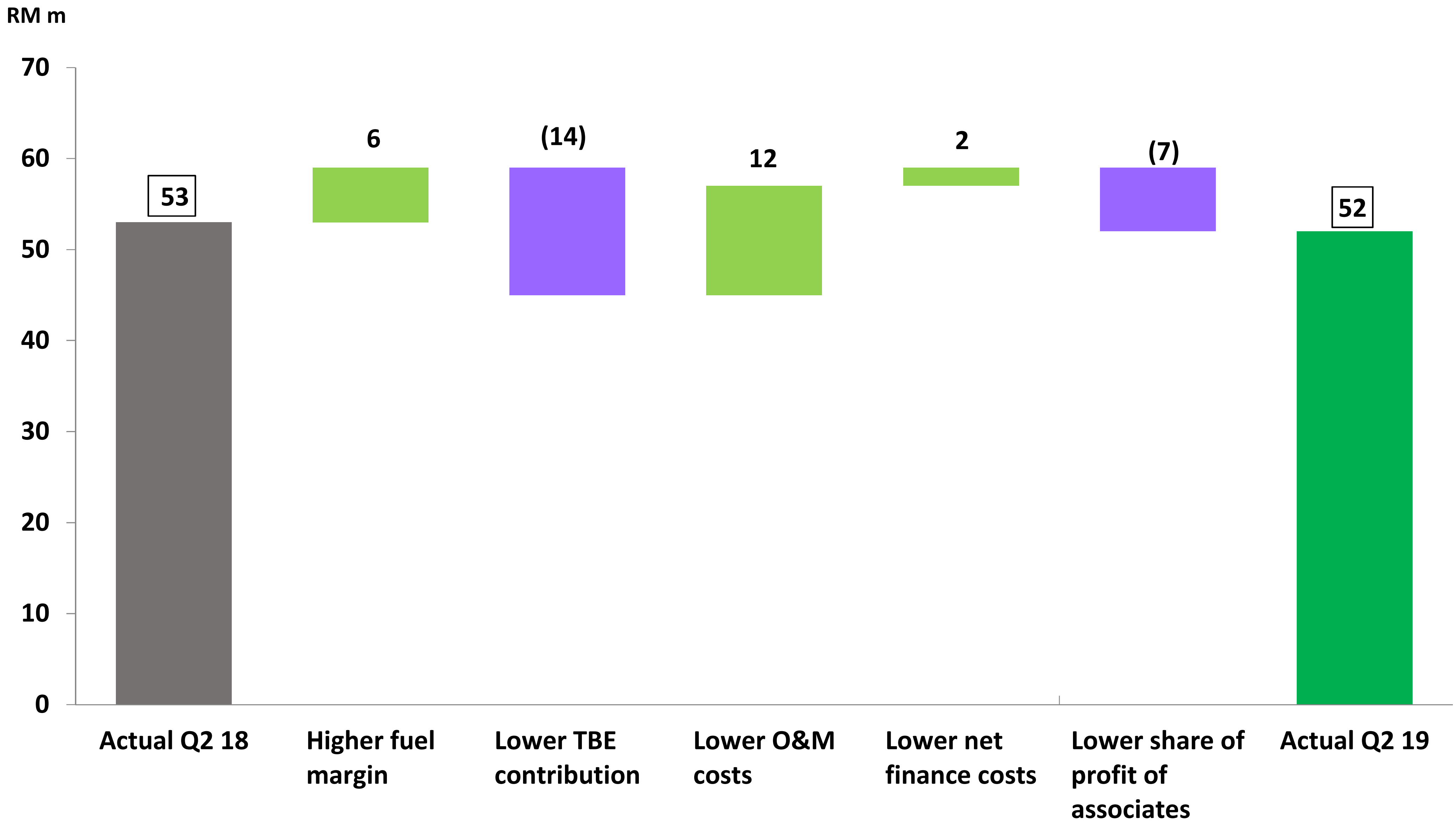
Power Generation & Distribution = *Capacity income + Energy Income + Daily Utilisation Payment + Malakoff Utilities Sdn. Bhd. (MUSB)*

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

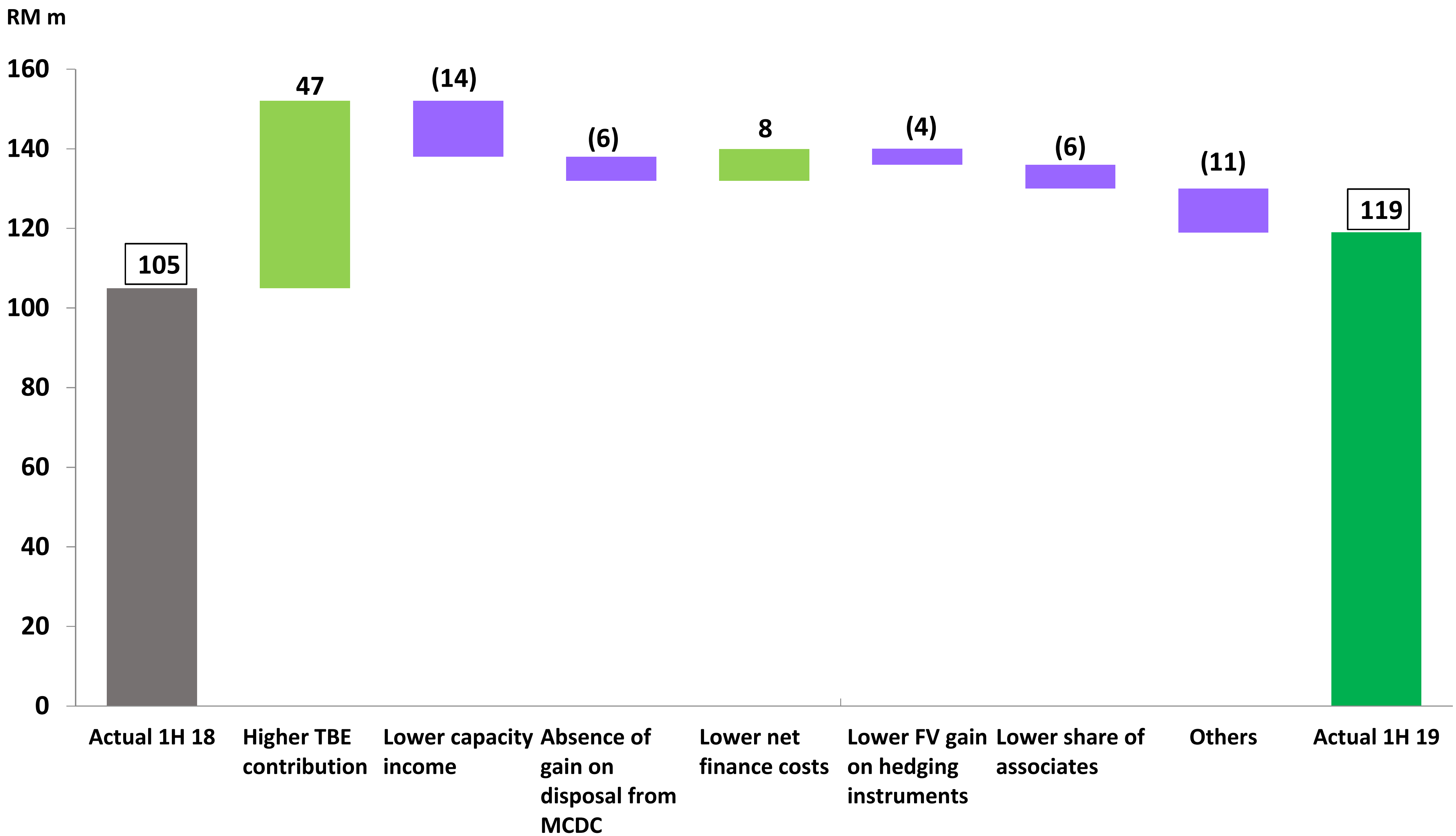
Electricity generation revenue includes:



Group PATMI – Q2 2019 vs Q2 2018 (YoY)



Group PATMI – 1H 2019 vs 1H 2018 (YoY)



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Share of Profit of Associates and JVs

	Q2 2019 RM m	Q2 2018 RM m	% change	1H 2019 RM m	1H 2018 RM m	% change
Kapar Energy Ventures (Malaysia) *(MCB effective equity 40%)*	(19.8)	(14.4)	*-38%*	(26.8)	(12.1)	*-121%*
Lekir Bulk Terminal(Malaysia) *(MCB effective equity 20%)*	-	-	-	-	1.7	-
Muscat City Desalination Company (Oman) *(MCB effective equity 32.5%)*	1.2	1.0	*+20%*	2.5	2.2	*+14%*
Shuaibah Water & Electricity Company (SWEC) (Saudi Arabia) *(MCB effective equity 12%)* **Shuaibah Expansion Project Company Limited (SEPCO) (Saudi Arabia)** *(MCB effective equity 11.9%)*	9.3	13.9	*-33%*	19.7	11.4	*+73%*
Hidd Power Co (Bahrain) *(MCB effective equity 40%)*	17.6	15.3	*+15%*	28.7	27.3	*+5%*
Muscat City Desalination Operation & Maintenance Company (MCDOMCO) (Oman) *(MCB effective equity 49.5%)*	1.4	1.3	*+8%*	2.2	2.3	*-4%*
TOTAL	**9.7**	**17.1**	***-43%***	**26.3**	**32.8**	***-20%***

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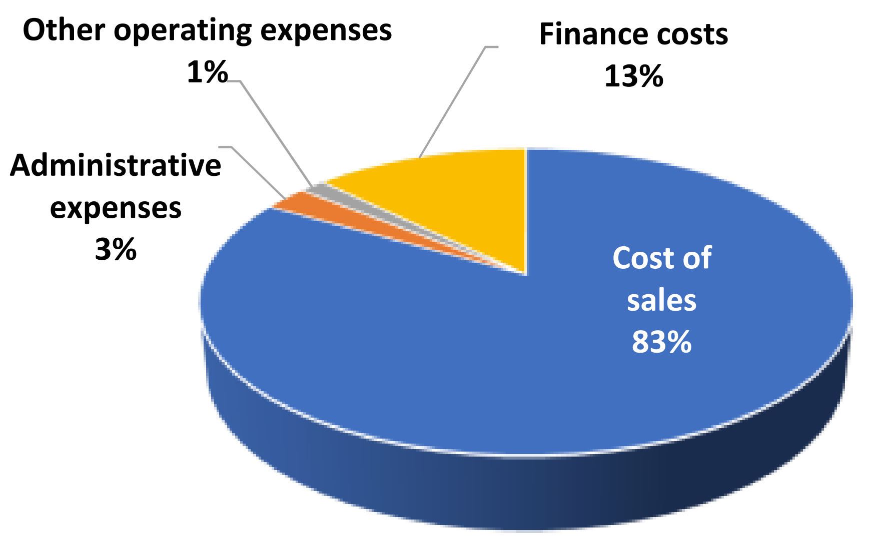
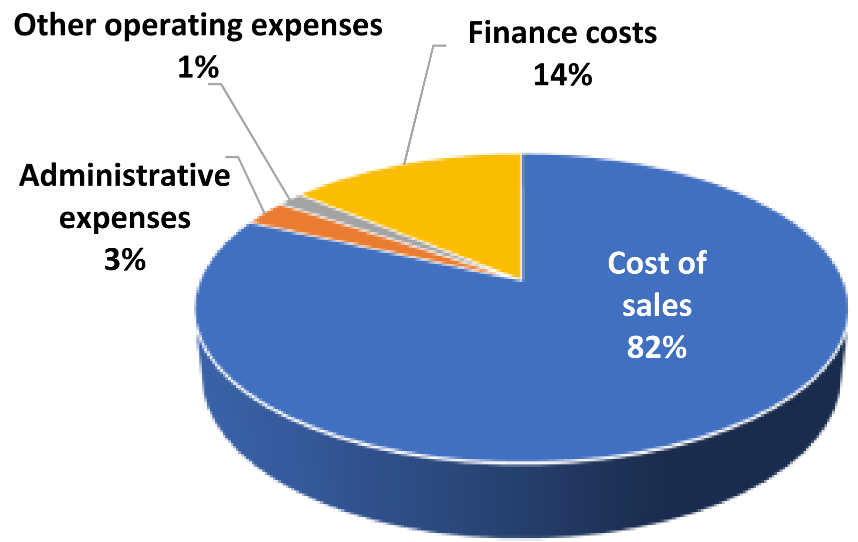
Breakdown of Costs

1H 2019



1H 2018



COST OF SALES BREAKDOWN

RM m	1H 2019	1H 2018
Fuel	2,302.7	2,091.4
Depreciation and Amortisation of C-inspection Costs	409.9	408.8
Amortisation of Intangible Assets	138.6	138.6
Operations and Maintenance Costs	146.0	140.7
Others	118.9	80.8
TOTAL	**3,116.1**	**2,860.3**

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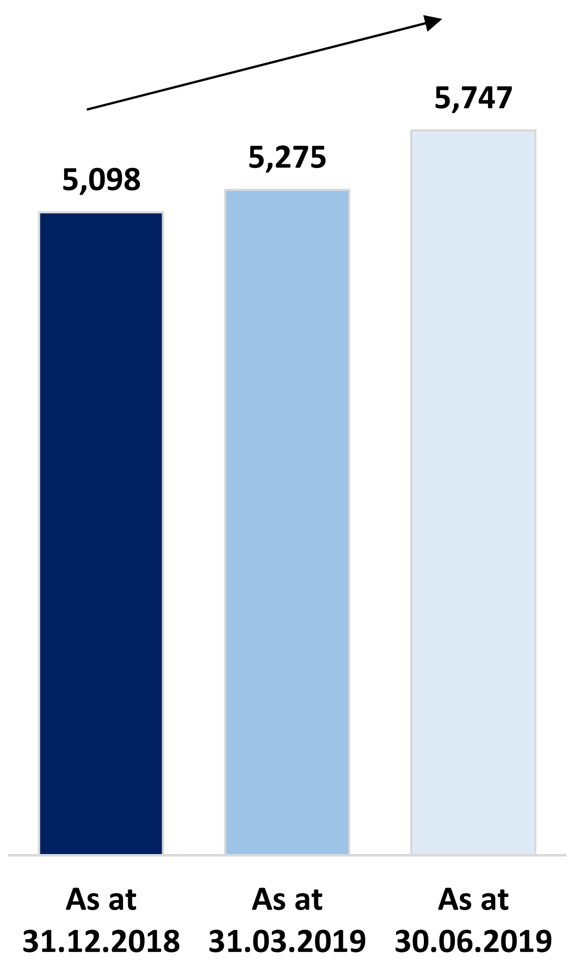
Cash & Gearing as at 30 June 2019

RM m

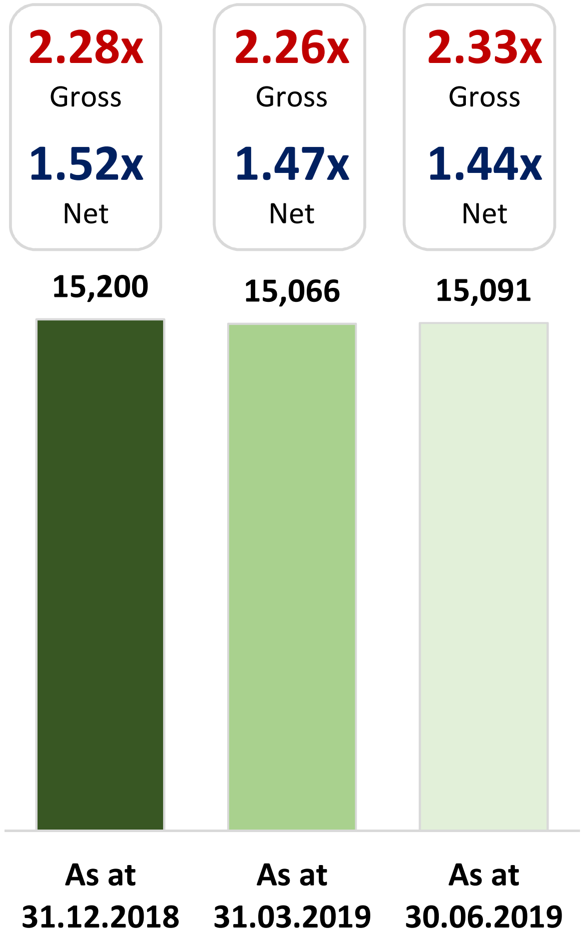
Total Cash & Bank Balance*



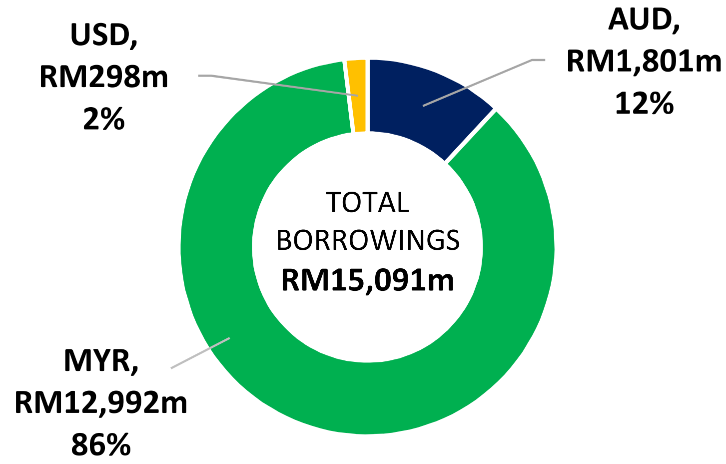
**includes Cash from Other Investments*

RM m

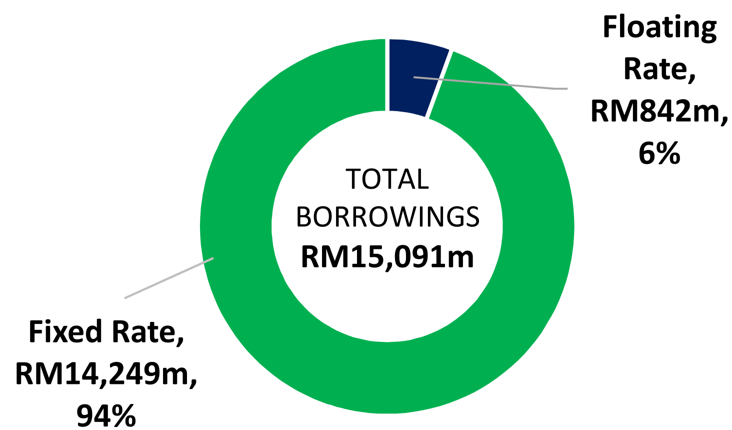
Total Borrowings & Gearing Ratio



Debt Profile by Currency



Debt Profile by Fixed/Floating Rate



The Group continues to embark on stringent capital management, maintaining gearing at a healthy level and sustaining a cash balance of RM5 billion.

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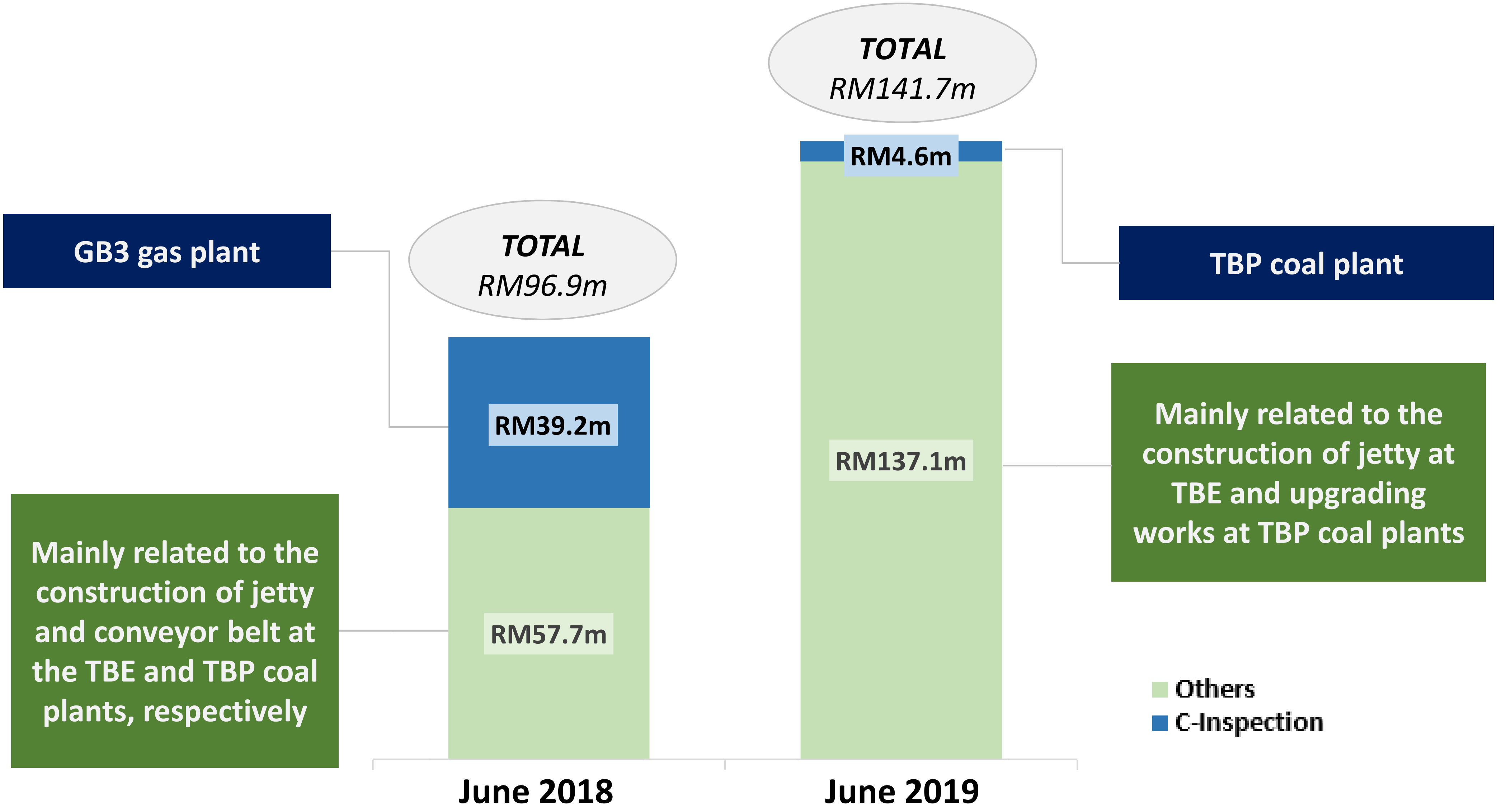
Capital Expenditure 1H 2019

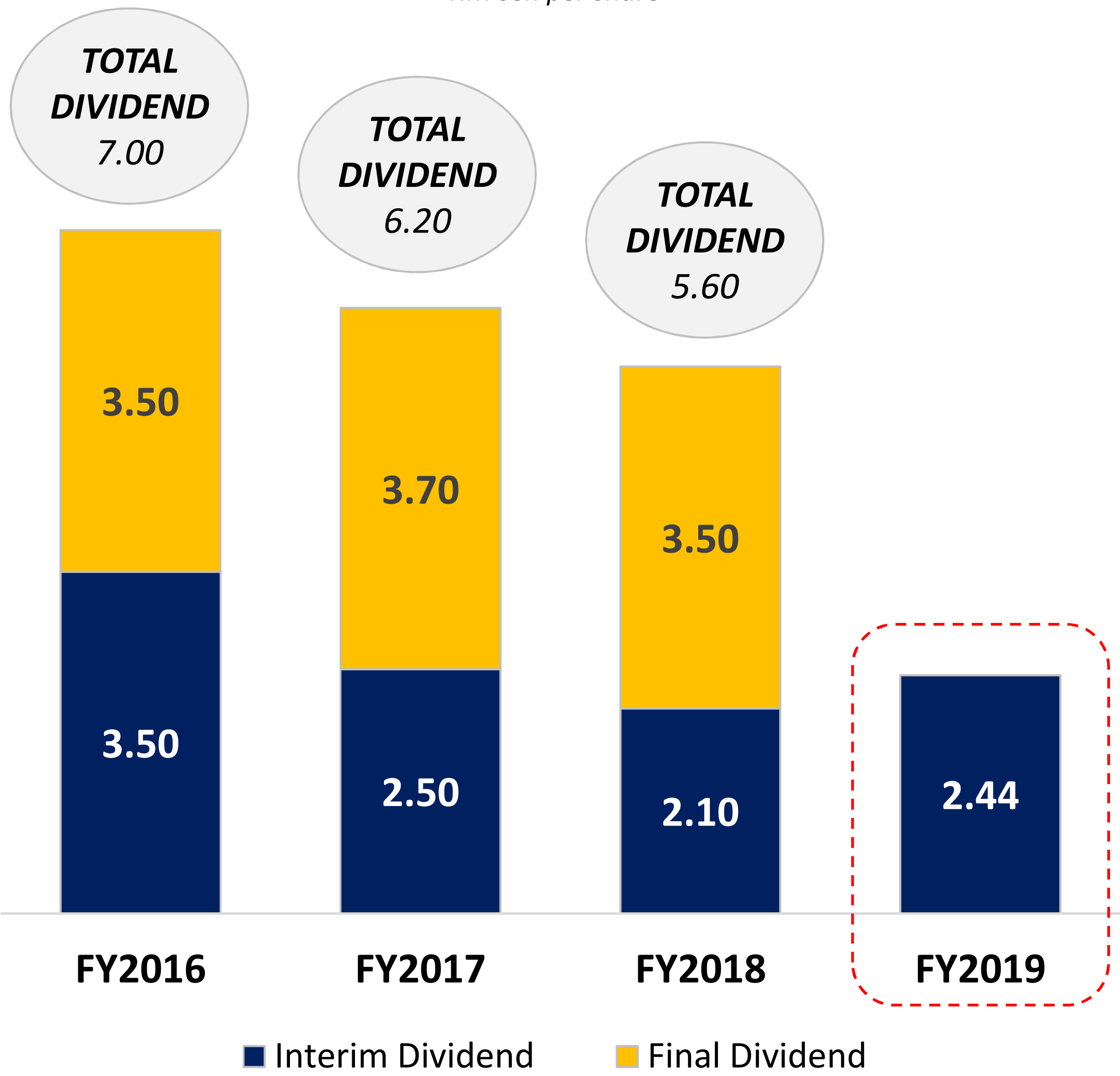


Capex budgeted for FY2019 is between RM250-350m, mainly for the construction of the jetty at the TBE power plant, upgrading works at TBP power plant and C-inspection works at SEV power plant.

Interim Dividend of 2.44 sen per share for FY2019

Interim and Final Dividend (FY2016 – FY2019)

RM sen per share



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

CORPORATE UPDATE

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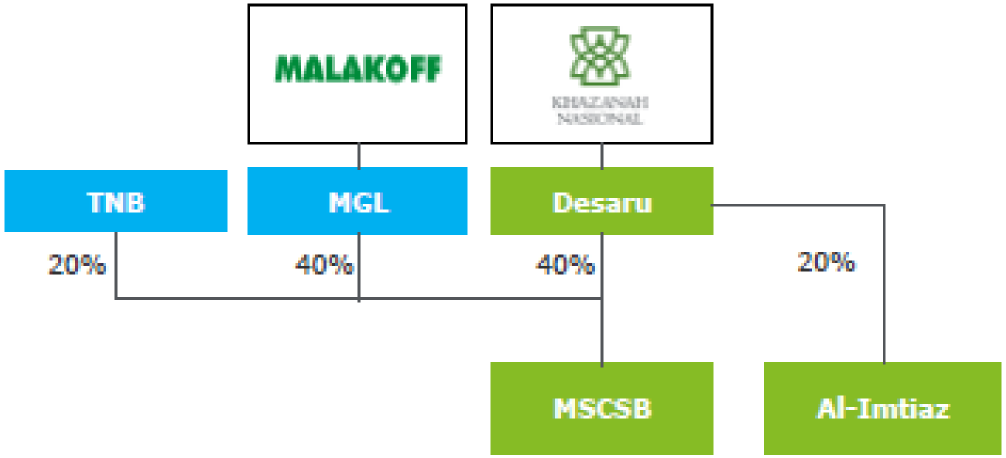
Acquisition of Khazanah's Equity Interest in Shuaibah

- On 11 July 2019, Malakoff Corporation Berhad entered into a **Share Sale Agreement** with Khazanah Nasional Berhad to **acquire its entire interest** in Desaru Investments (Cayman Isl.) Limited for a cash consideration of **USD70 million**.
- The completion of this acquisition will **double Malakoff's current stake** in **Shuaibah 3 Independent Water and Power Plant (IWPP)** and **Shuaibah 3 Expansion Independent Water Plant (IWP)** from 12% to 24%.
- This would increase the Group's overall power generation and water production capacity to **6,708MW** and **544,375 m3/day**, respectively

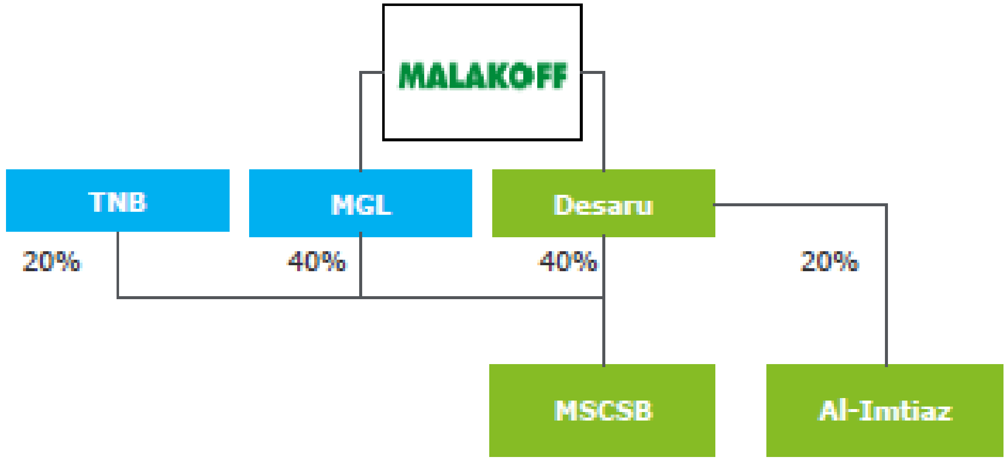
Shuaibah Phase 3 IWPP, Saudi Arabia
105,600 m^3/day, 108MW

Shuaibah Phase 3 Expansion IWP, Saudi Arabia
17,850 m^3/day

Before the Proposed Transaction



After the Proposed Transaction



Updates on Alam Flora, Touch Meccanica, Biogas

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Alamflora
Appreciating LIFE

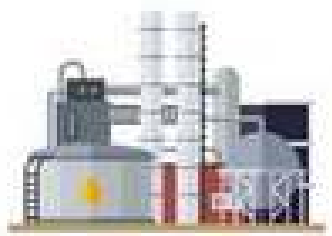
Acquisition of Alam Flora Sdn. Bhd

- The Share Sale Agreement (SSA) has been **extended for another six months** (up till 31 Jan 2020) to allow for the **fulfilment of all Conditions Precedent** and **finalisation of the Supplemental Concession Agreement** with the Government.

HYDROPOWER

Progress on the Collaboration with Touch Meccanica

- **Feasibility study is currently ongoing** at one of the identified sites for the mini-hydro project
- The Government has launched the **inaugural e-bidding exercise for mini hydro projects**, which we will be participating in.



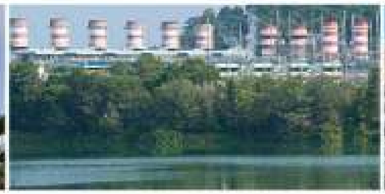
2.4MW Biogas Project at Sg. Kachur, Johor

- **Project development works** (e.g. identifying EPCC and securing financing) have commenced and the deadline for plant COD is **Jan 2022.**

THANK YOU





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