

# MALAKOFF

A Member of  MMC Group

## ANALYST BRIEFING *Q4 2018 Results Announcement*

*22 February 2019*



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energy & utilities

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# HIGHLIGHTS OF Q4 2018 FINANCIAL RESULTS



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# Key Highlights of Financial Results

## Q4 2018 vs Q4 2017

## 2018 vs 2017

<i>RM m</i>	Q4 2018	Q4 2017	YoY Change	2018	2017	YoY Change
		Restated			Restated	
Revenue	1,887.3	1,793.4	5.2%	7,348.2	7,130.4	3.1%
Results from Operating Activities	290.7	239.0	21.6%	1,197.7	1,318.5	-9.2%
PBT	156.5	33.9	361.7%	559.2	574.5	-2.7%
PATMI	85.5	29.7	187.9%	274.4	295.9	-7.3%
EBITDA	619.6	539.8	14.8%	2,407.8	2,722.1	-11.5%
Basic/Diluted EPS	1.74 sen	0.59 sen	194.9%	5.64 sen	5.92 sen	-4.7%

# REVIEW OF OPERATIONS



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# Performance Review of Local Assets – Q4 2018

## COAL-FIRED POWER PLANTS (THERMAL)



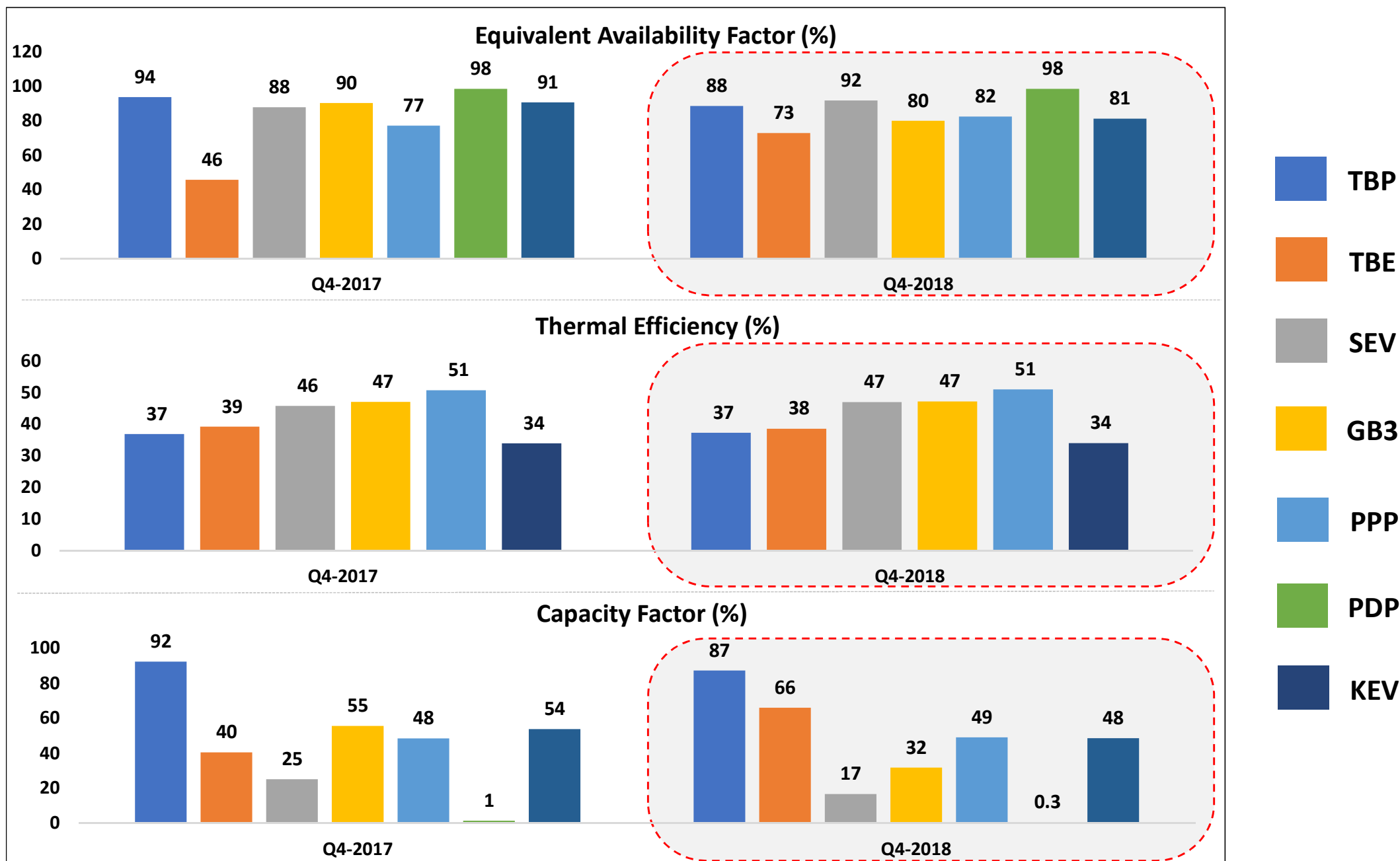
- **Tanjung Bin Power Plant (TBP)** continues to demonstrate **higher reliability and availability** after the **completion of the improvement works** done in previous years. Plant Equivalent Availability Factor (EAF) **increased from 85% in Q3 2018 to 88% in Q4 2018** due to low maintenance outages.
- **Tanjung Bin Energy Power Plant (TBE)** has observed a drop in EAF from **77% in Q3 2018 to 73% in Q4 2018**, due to **prolonged maintenance outages** for boiler tube repair and AVR rectification works which commenced on 9 Sep 2018. The unit resumed operations on 24 Oct 2018.



## GAS-FIRED POWER PLANTS (GAS)

- Gas-fired power plants **maintained a generally high EAF during the year** but registered **lower Capacity Factor** due to **reduced demand from the Grid System Operator (GSO)** and **GB3 GT33 unavailability** for generator repair.

# Performance of Local Assets – Q4 2018



Note : HHV – Higher Heating Value



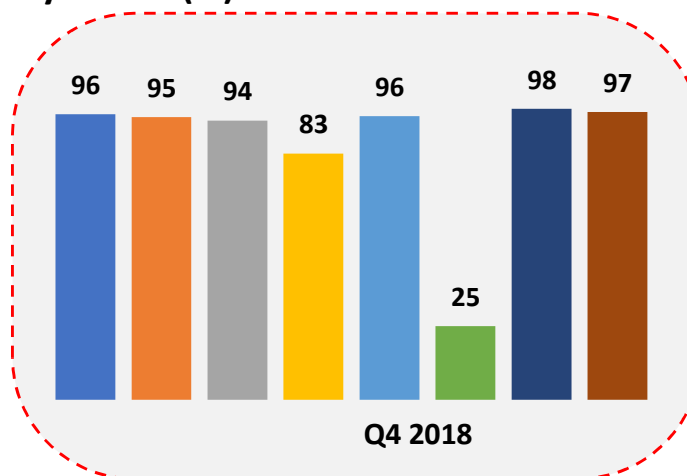
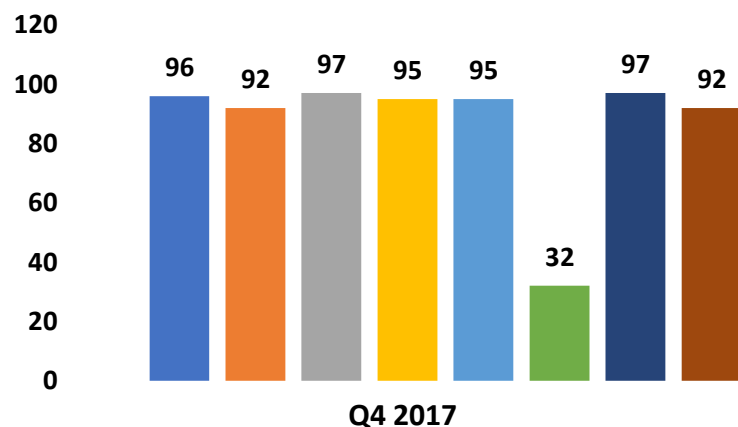
# Electricity Generated and Sold

Plant	YTD 4Q 2018		YTD 4Q 2017	
	Power generated (GWh)	Electricity Sold (GWh)	Power generated (GWh)	Electricity Sold (GWh)
Tanjung Bin Energy (TBE)	1,514.09	1,447.87	931.27	891.31
Tanjung Bin Power (TBP)	4,274.78	4,039.48	4,484.82	4,273.87
Segari Energy Ventures (SEV)	487.18	477.47	734.03	719.88
GB3	459.13	446.82	800.31	783.17
Prai Power Plant (PPP)	380.80	376.43	377.09	371.89
Port Dickson Power (PDP)	3.16	3.16	4.24	4.24
Kapar Energy Ventures (KEV)	2,606.57	2,421.22	2,872.57	2,694.34
<b>Total (Excluding KEV)</b>	<b>7,119.15</b>	<b>6,791.23</b>	<b>6,798.21</b>	<b>6,522.25</b>
<b>Total (Including KEV)</b>	<b>9,725.71</b>	<b>9,212.45</b>	<b>9,670.78</b>	<b>9,216.59</b>

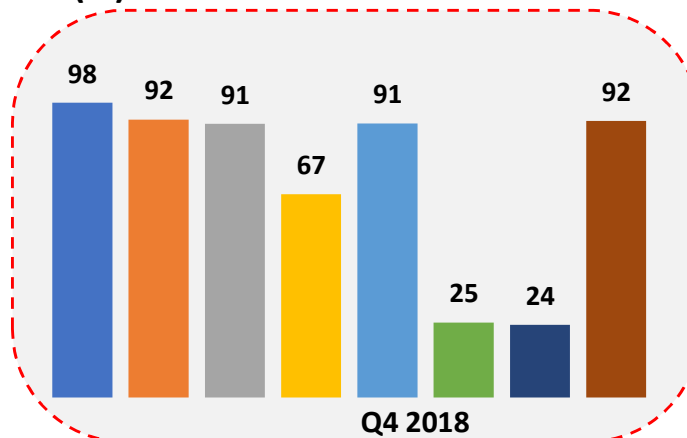
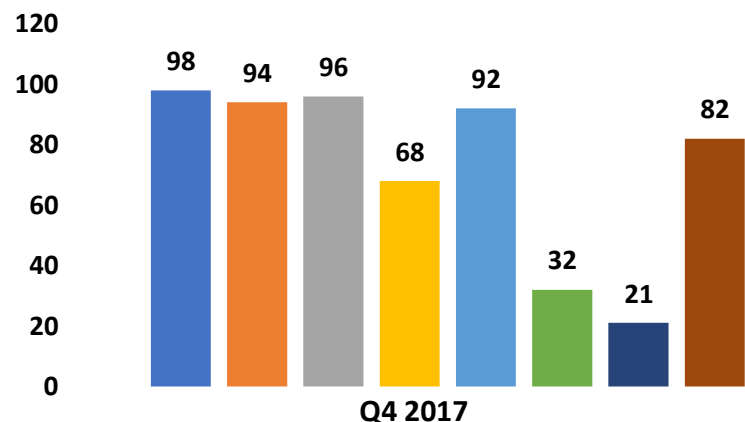


# Performance of International Assets – Q4 2018

**Equivalent Availability Factor (%)**



**Capacity Factor (%)**



■ SIWPP - Power (S. Arabia)  
 ■ AL HIDD - Power (Bahrain)  
 ■ MACARTHUR - Power (Australia)

■ SIWPP - Water (S. Arabia)  
 ■ AL HIDD - Water (Bahrain)  
 ■ AL GHUBRAH - Water (Oman)

■ SIWEP - Water (S. Arabia)  
 ■ SOUK TLETA - Water (Algeria)

## SIWPP

- Sustainable performance in both Q4 2017 and Q4 2018.

## SIWEP

- Slight decrease in availability due to pump motor failure.

## AL HIDD

- Lower in availability factor in Q4 2018 for Power plant due to schedule outage overruns.

## SOUK TLETA

- Plant under restoration plan.

## MACARTHUR

- Sustainable performance in both Q4 2017 and Q4 2018.

## AL GHUBRAH

- Sustainable performance in both Q4 2017 and Q4 2018.

# 2018 FINANCIAL RESULTS



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# Financial Results – Income Statement

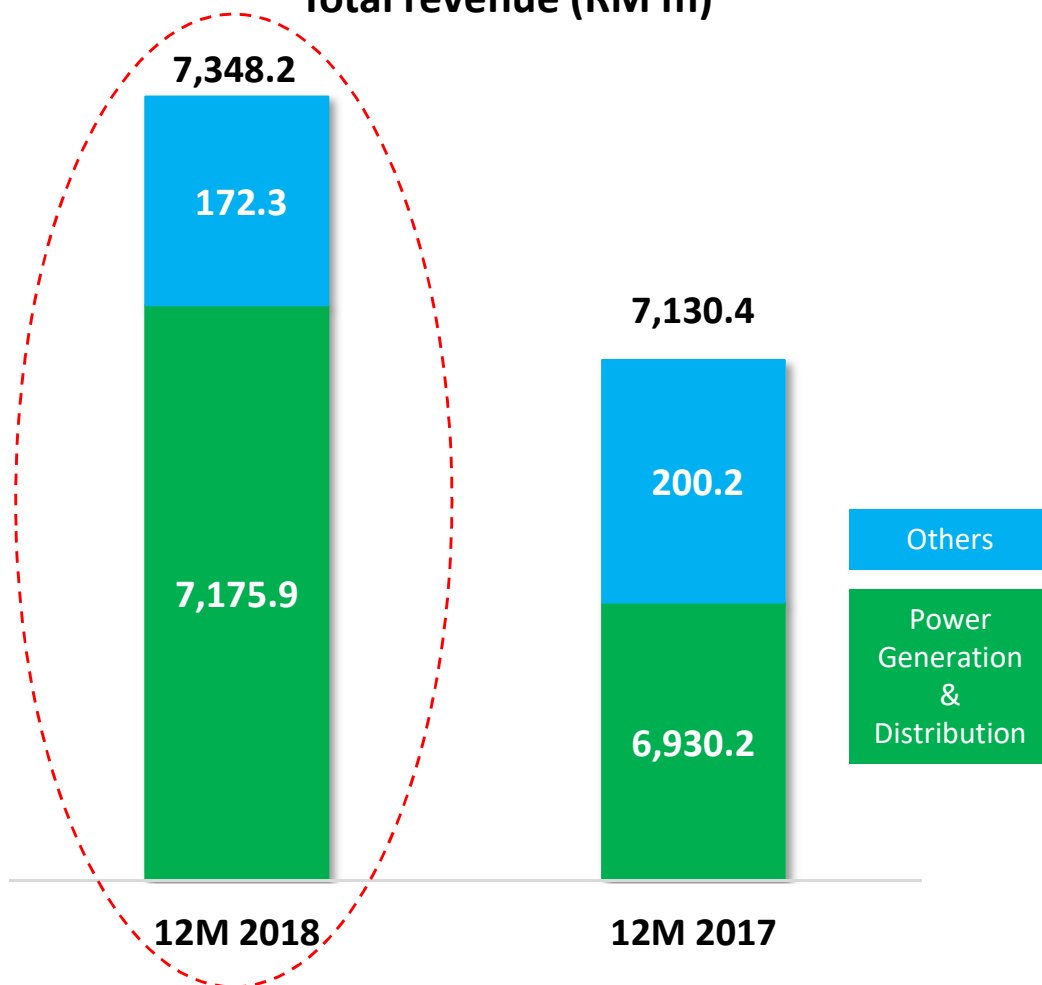
RM m	Q4 2018	Q4 2017 <i>Restated</i>	2018 (A)	2017 <i>Restated</i> (B)	+/- (A)-(B)
<b>Revenue</b>	1,887.3	1,793.4	7,348.2	7,130.4	217.8
<b>Cost of Sales</b>	(1,505.1)	(1,509.4)	(5,939.8)	(5,655.2)	(284.6)
<b>Gross Profit</b>	382.2	284.0	1,408.4	1,475.2	(66.8)
<b>Other Income</b>	3.7	13.9	102.4	166.1	(63.7)
<b>Administrative Expenses</b>	(64.6)	(58.4)	(210.5)	(233.9)	23.4
<b>Operating Expenses</b>	(30.5)	(0.5)	(102.6)	(88.8)	(13.8)
<b>Results from Operations</b>	290.8	239.0	1,197.7	1,318.6	(120.9)
<b>Finance Income</b>	54.8	57.1	241.7	213.3	28.4
<b>Finance Costs</b>	(225.6)	(253.4)	(963.9)	(1,032.6)	68.7
<b>Share of Profit of Associates &amp; JV, Net of Tax</b>	36.5	(8.8)	83.7	75.2	8.5
<b>Profit Before Taxation</b>	156.5	33.9	559.2	574.5	(15.3)
<b>Income Tax Expenses</b>	(62.4)	10.1	(235.7)	(211.6)	(24.1)
<b>Profit for the Period</b>	94.1	44.0	323.5	362.9	(39.4)
<b>Profit attributable to:</b>					
Owners of the Company	85.5	29.7	274.4	295.9	(21.5)
Non-controlling Interests	8.6	14.3	49.1	67.0	(17.9)
<b>Basic/Diluted EPS for Profit attributable to the Owners (sen)</b>	1.74	0.59	5.64	5.92	(0.3)
<b>EBITDA</b>	619.6	539.8	2,407.8	2,722.1	(314.3)

# Revenue Breakdown

	2018 RM m	2017 RM m	Var RM m	Var %
<b>Electricity generation and distribution</b>				
<i>Energy payment</i>	4,747.6	4,205.1	542.5	12.9%
<i>Capacity payment</i>	2,079.3	2,378.9	(299.6)	-12.6%
<i>Daily Utilisation Payment</i>	205.7	210.7	(5.0)	-2.4%
<i>Electricity and chilled water distribution</i>	143.3	135.5	7.8	5.8%
<b>Finance lease income</b>	163.4	181.4	(18.0)	-9.9%
<b>Project management fees</b>	1.7	1.6	0.1	6.3%
<b>Rental income from estate</b>	1.9	3.7	(1.8)	-48.6%
<b>Operation and maintenance fees</b>	5.3	13.5	(8.2)	-60.7%
	7,348.2	7,130.4	217.8	3.1%
<b>Electricity generation and distribution</b>	7,175.9	6,930.2	245.7	3.5%
<b>Others</b>	172.3	200.2	(27.9)	-13.9%
	7,348.2	7,130.4	217.8	3.1%

# Revenue Mix

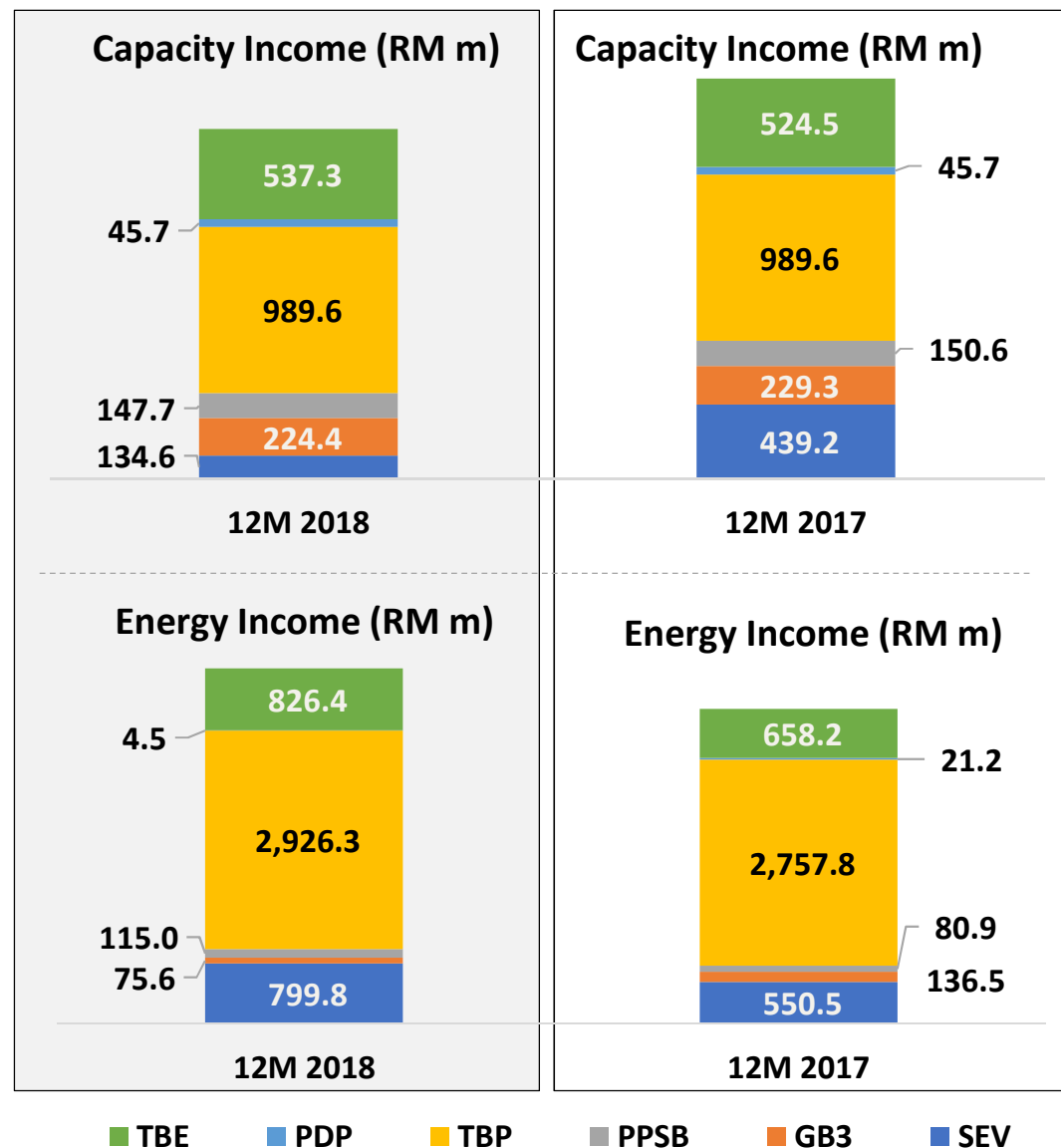
Total revenue (RM m)



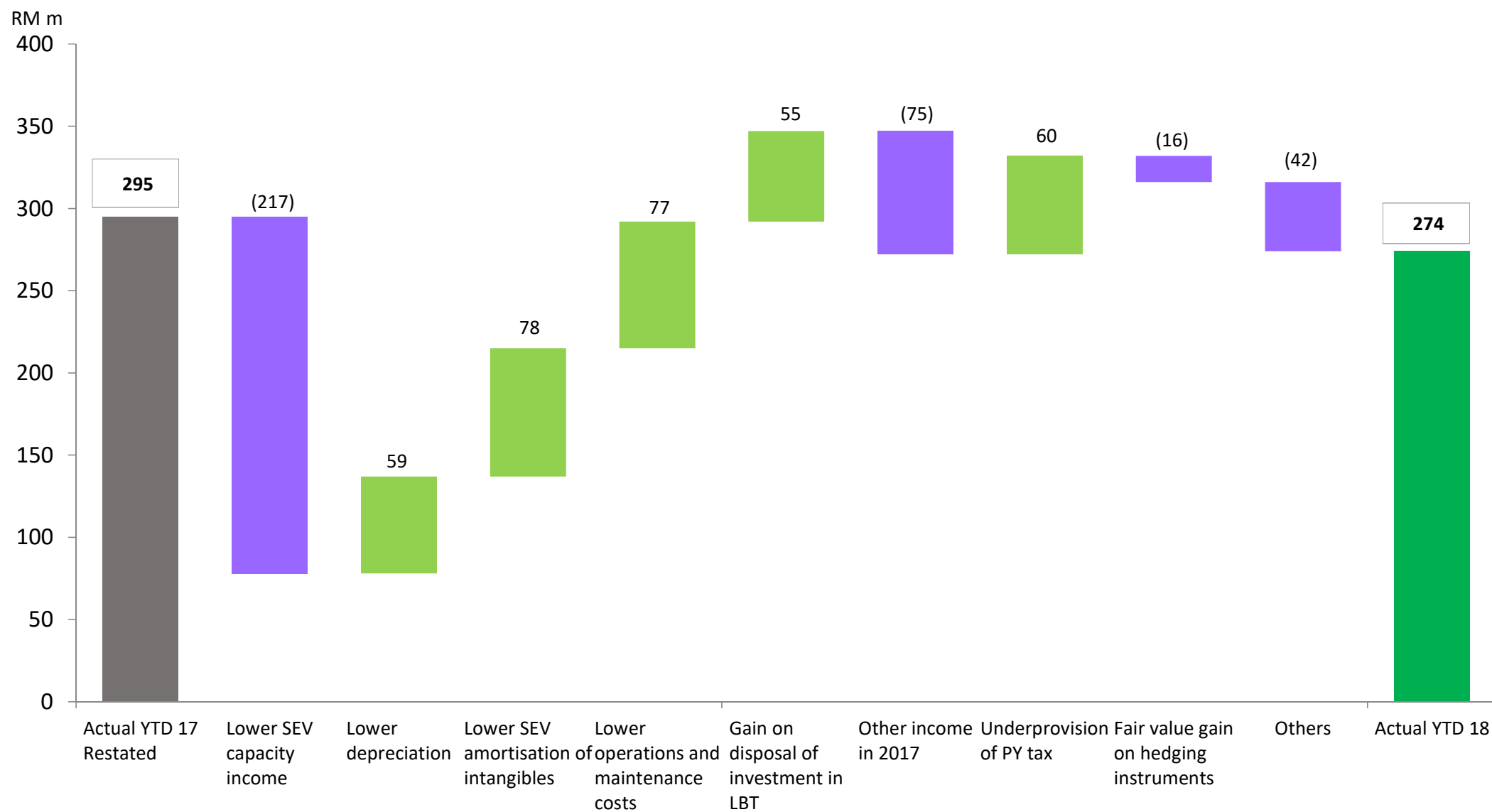
**Power Generation & Distribution** = Capacity income + Energy Income + Daily Utilisation Payment + Malakoff Utilities Sdn. Bhd. (MUSB)

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

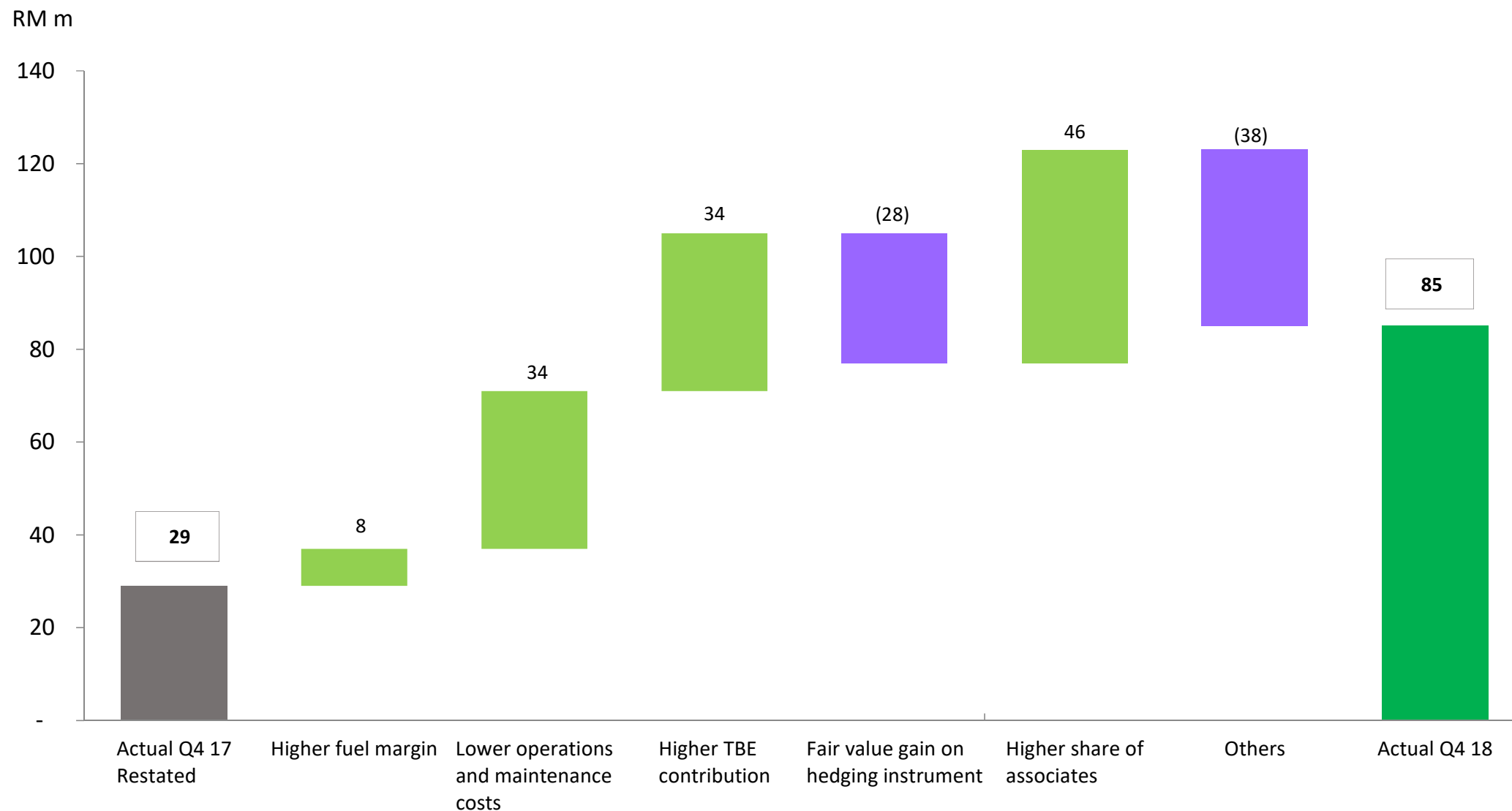
Electricity generation revenue includes:



# Group PATMI – 2018 vs 2017

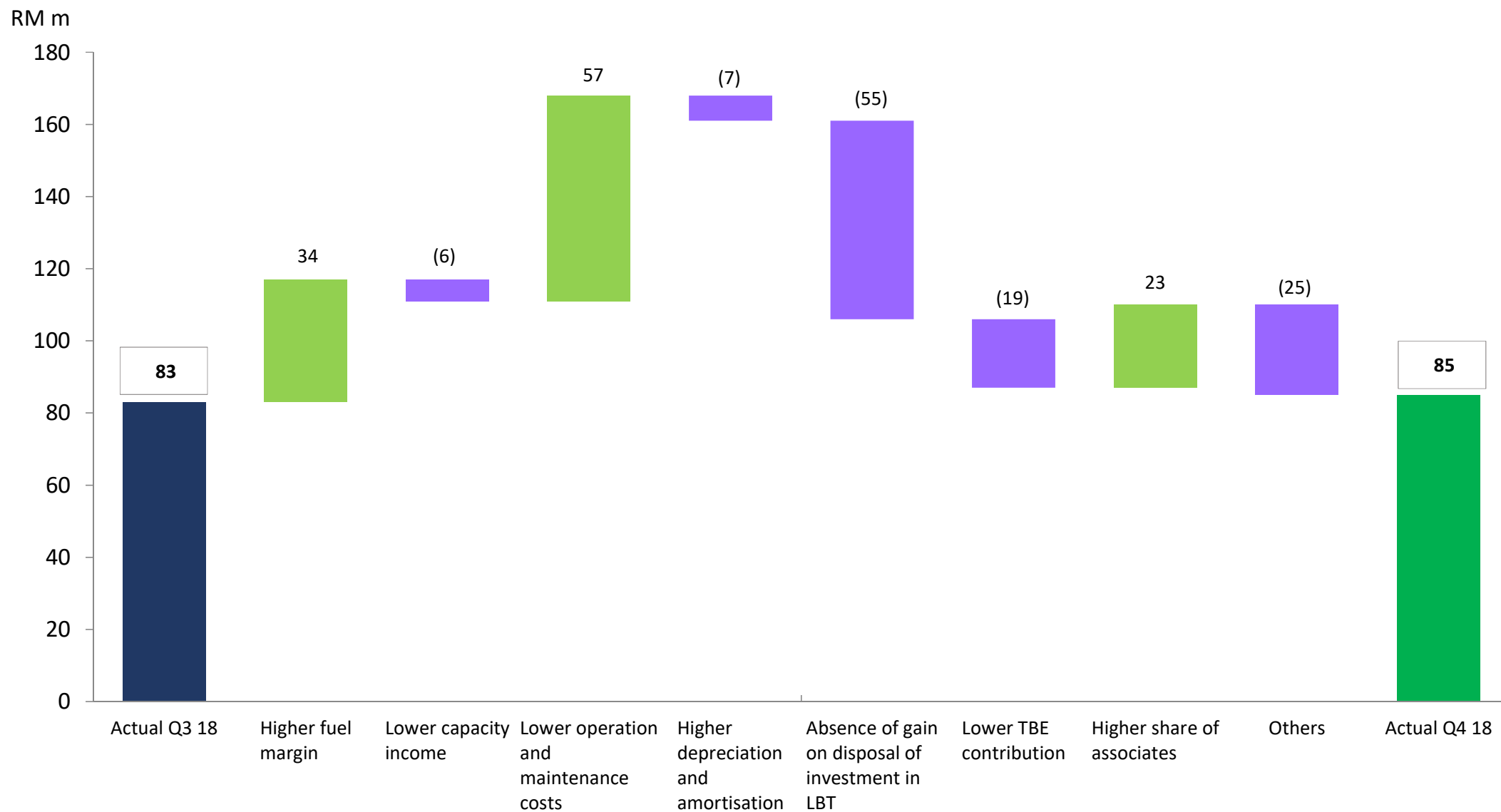


# Group PATMI – Q4 2018 vs Q4 2017





# Group PATMI – Q4 2018 vs Q3 2018



# Financial Position as at 31 Dec 2018

TOTAL ASSETS	<i>Total cash as at 31 Dec 2018 is RM5,097.6m (31 Dec 2017 : RM4,997.3m)</i>		TOTAL LIABILITIES & EQUITY		
	31 Dec 18 RM m	31 Dec 17 RM m (restated)		31 Dec 18 RM m	31 Dec 17 RM m (restated)
<u>Assets</u>			<u>Liabilities</u>		
Cash and cash equivalents	1,515.1	2,355.5	Loan and borrowings	15,200.4	15,831.0
Other investments	3,582.5	2,641.8	Other liabilities	7,116.8	7,170.3
Current assets	3,116.0	3,116.9	Total liabilities	22,317.2	23,001.3
Investment in associates	1,529.7	1,532.9			
Financial lease receivables	2,019.0	2,208.2	<u>Equity</u>		
Property, plant & equipment	13,443.2	13,976.3	Share capital	5,693.0	5,693.0
Other assets	3,776.1	4,048.2	Treasury shares	(97.6)	(1.6)
			Reserves	131.7	180.5
			Accumulated losses	(82.4)	(19.0)
			Equity attributable to owners of the Company	5,644.7	5,852.9
			Perpetual sukuk	800.0	800.0
			Non-controlling interests	219.7	225.6
			Total Equity	6,664.4	6,878.5
<b>Total Assets</b>	<b>28,981.6</b>	<b>29,879.8</b>	<b>Total Liabilities and Equity</b>	<b>28,981.6</b>	<b>29,879.8</b>

# Consolidated Statement of Cashflows as at 31 Dec 2018

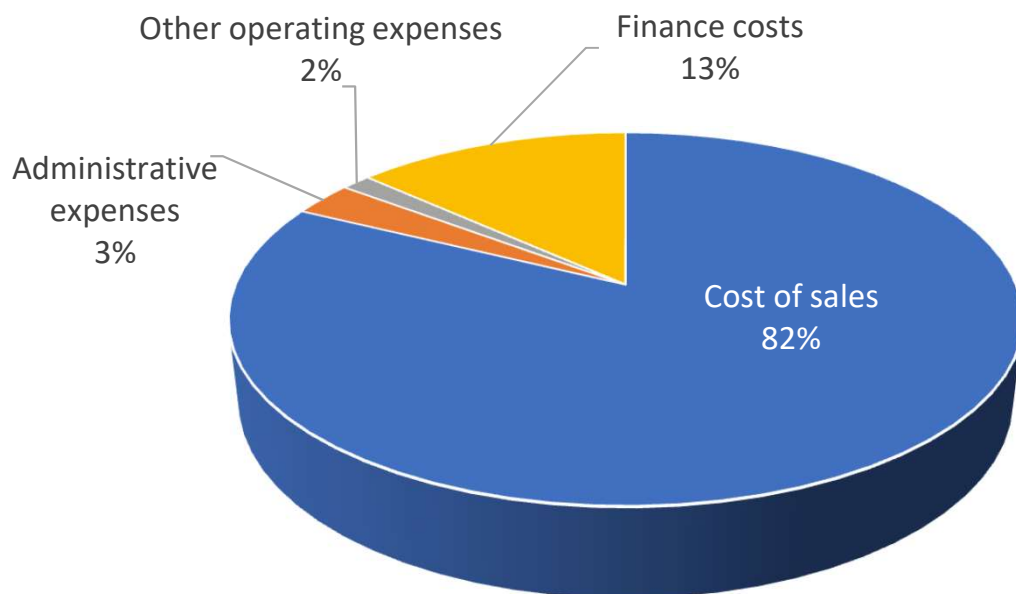
RM m	2018	2017 Restated
Profit before tax	559.2	574.5
Adjustments for:		
Non cash item	1,137.5	1,314.9
Finance costs	963.9	1,032.6
Finance income	(241.7)	(213.3)
Share of profit of equity-accounted associates & JVs, net of tax	(83.7)	(75.2)
	2,335.2	2,633.5
Net change in current assets	221.7	88.1
Net change in current liabilities	(393.5)	149.3
Net change in non-current liabilities	309.6	284.5
Cash generated from operations	2,473.0	3,155.4
Income taxes paid	(459.9)	(435.1)
<b>Net cash from operating activities</b>	<b>2,013.1</b>	<b>2,720.3</b>
<b>Net cash used in investing activities</b>	<b>(1,025.5)</b>	<b>(1,350.6)</b>
<b>Net cash used in financing activities</b>	<b>(1,828.0)</b>	<b>(2,021.0)</b>
Net decrease in cash and cash equivalents	(840.4)	(651.3)
Cash at beginning of the period	2,355.5	3,006.8
<b>Cash at end of the period</b>	<b>1,515.1</b>	<b>2,355.5</b>
<b>Other investments*</b>	<b>3,582.5</b>	<b>2,641.8</b>
	<b>5,097.6</b>	<b>4,997.3</b>

# Share of Profit of Associates and JVs

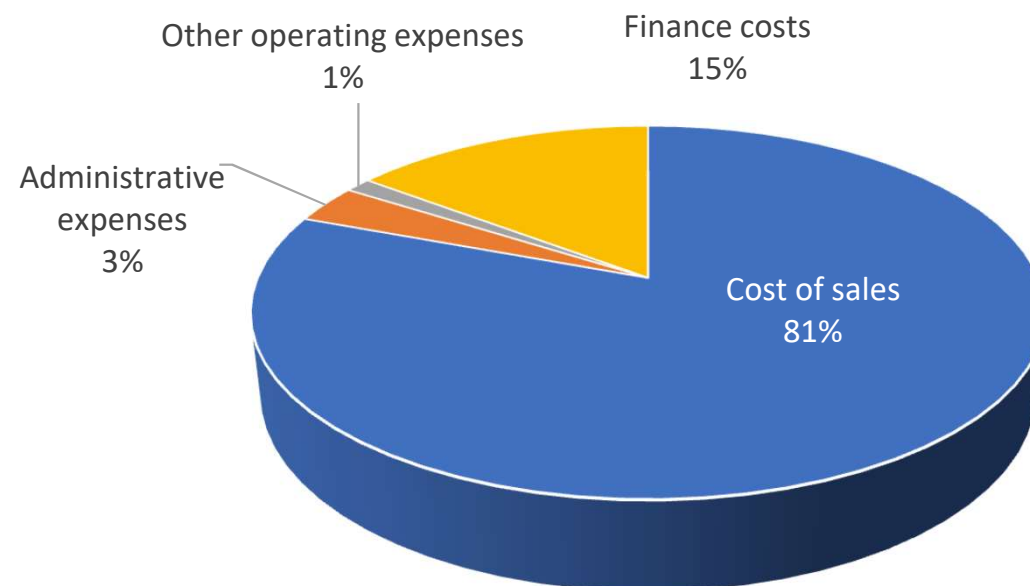
	2018 RM m	2017 RM m <i>Restated</i>
<b>Kapar Energy Ventures (Malaysia)</b> <i>(MCB effective equity 40%)</i>	(32.2)	(30.2)
<b>Lekir Bulk Terminal(Malaysia)</b> <i>(MCB effective equity 20%)</i>	1.7	4.5
<b>Muscat City Desalination Company (Oman)</b> <i>(MCB effective equity 32.5%)</i>	3.9	(1.5)
<b>Shuaibah Water &amp; Electricity Company (SWEC) (Saudi Arabia)</b> <i>(MCB effective equity 12%)</i>	47.5	43.5
<b>Shuaibah Expansion Project Company Limited (SEPCO) (Saudi Arabia)</b> <i>(MCB effective equity 11.9%)</i>		
<b>Hidd Power Co (Bahrain)</b> <i>(MCB effective equity 40%)</i>	58.6	58.9
<b>Muscat City Desalination Operation &amp; Maintenance Company (MCDOMCO) (Oman)</b> <i>(MCB effective equity 49.5%)</i>	4.2	-
<b>TOTAL</b>	83.7	75.2

# Breakdown of Costs

**2018**



**2017**

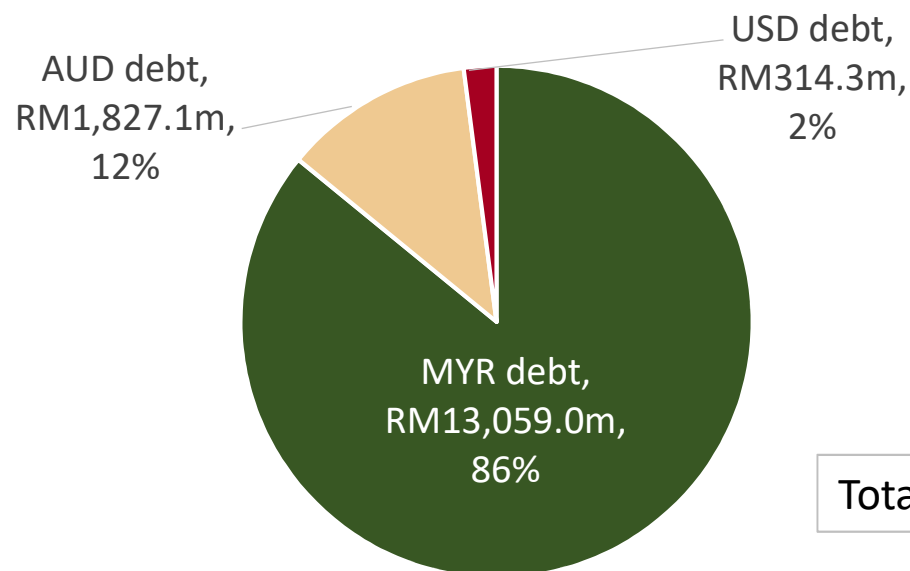


## COST OF SALES BREAKDOWN

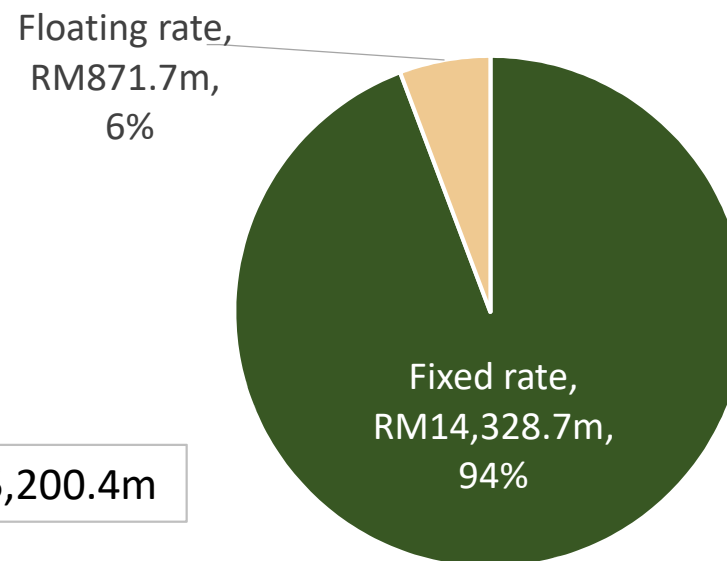
RM m	2018	2017
Fuel	4,322.1	3,733.5
Depreciation and amortisation of C-inspection costs	833.9	907.1
Amortisation of intangible assets	277.2	380.5
Operations and maintenance costs	226.2	325.7
Others	280.4	308.4
<b>TOTAL</b>	<b>5,939.8</b>	<b>5,655.2</b>

# Group Debt & Gearing (as at Dec 2018)

## Debt Profile by Currency

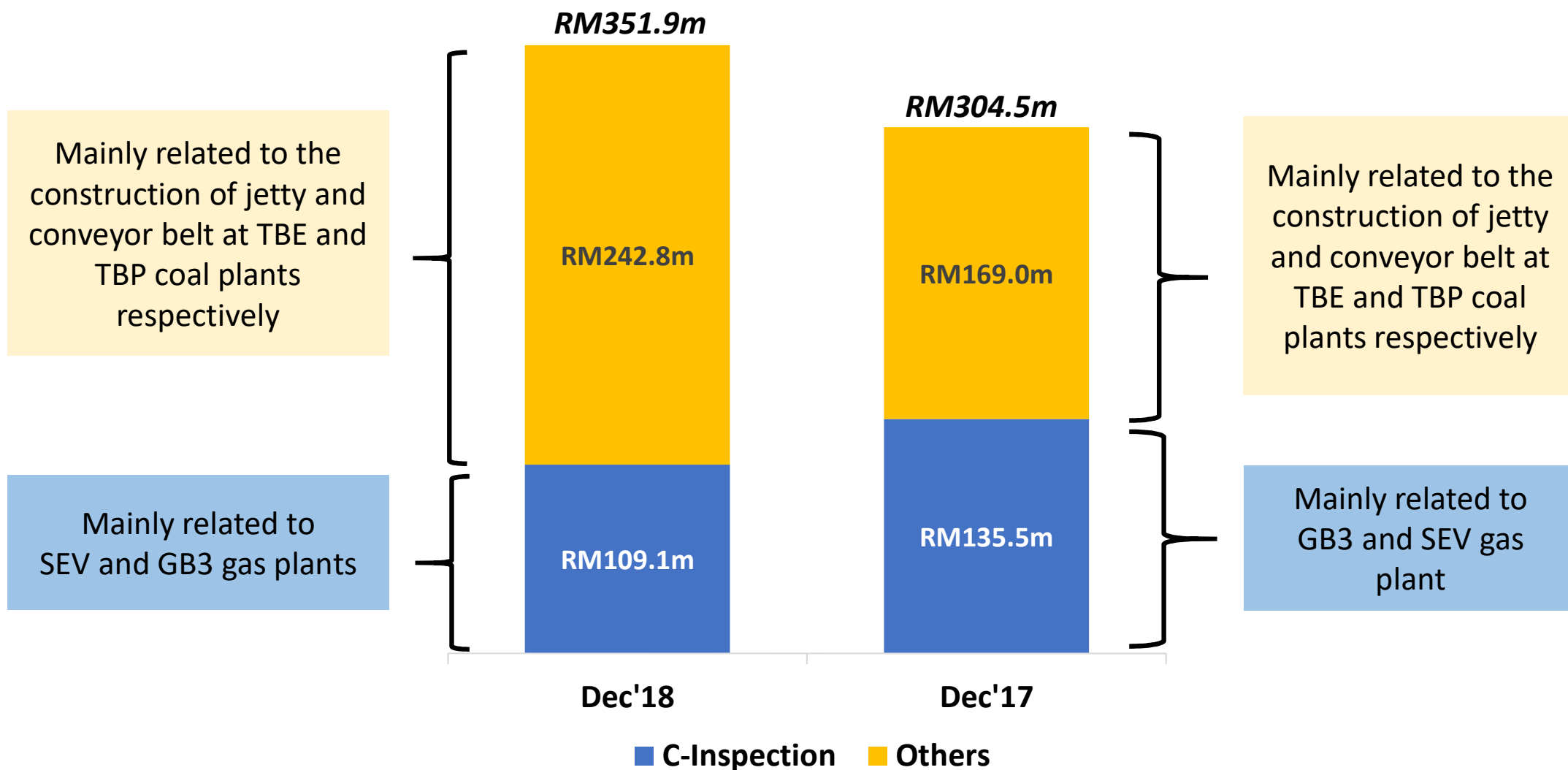


## Debt Profile by Fixed/Floating Rate



	As at Dec 18	As at Dec 17
Gearing Ratio	2.3x	2.3x
Net Gearing Ratio	1.5x	1.6x

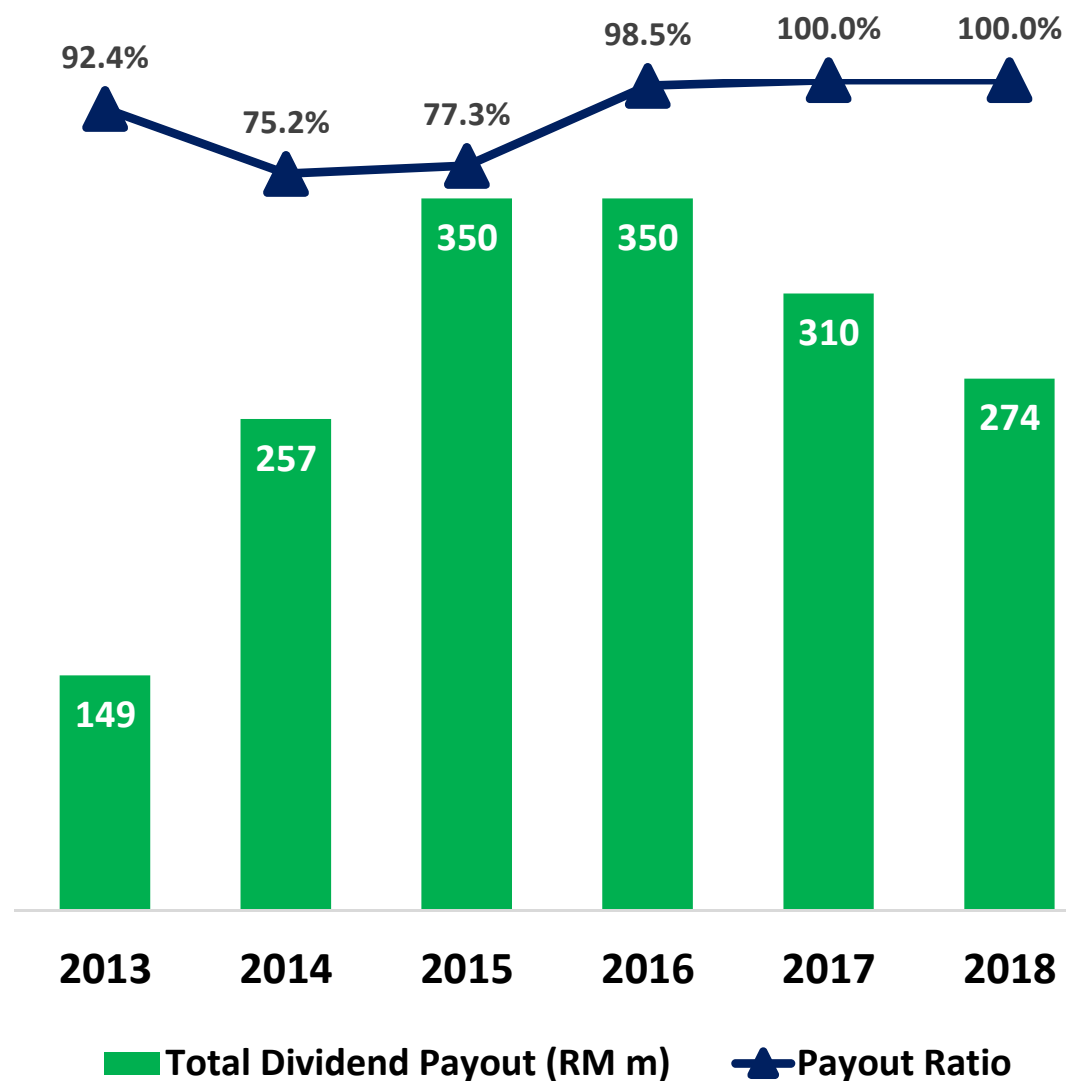
# Capital Expenditure 12M 2018



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



# Proposed Dividend for the Financial Year ended 30 Dec 2018



The Board of Directors has recommended the payment of a **final single-tier dividend** of **3.5 sen** per share in respect of the **financial year ended 31 December 2018** to bring the total dividend for 2018 to **5.6 sen per share\***

*Note : Interim dividend of 2.1 sen per share was paid out on 11 Oct 2018*

*\*subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.*

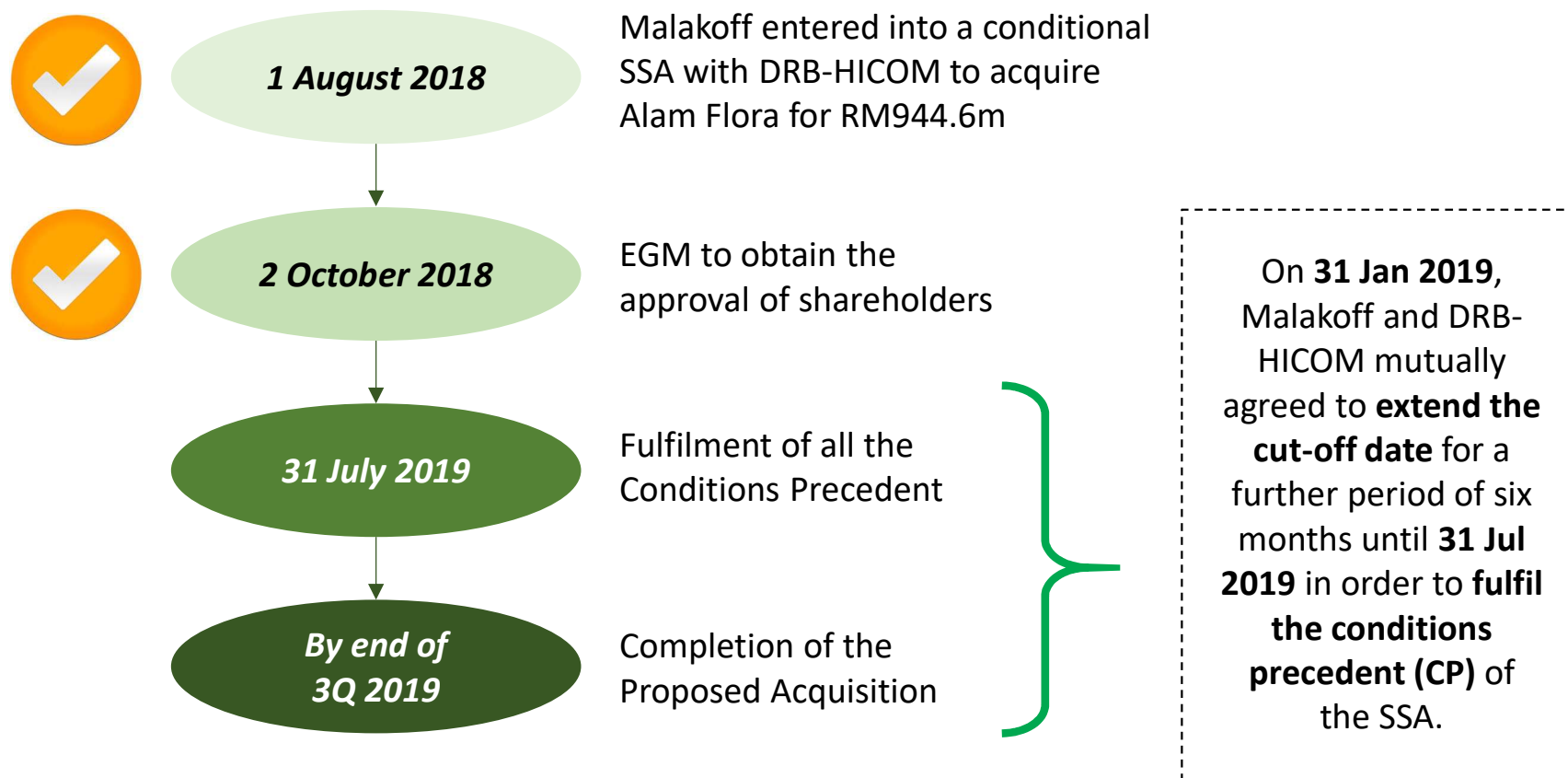
# LATEST CORPORATE DEVELOPMENTS



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# Progress of Alam Flora Acquisition

## KEY MILESTONES



The Alam Flora acquisition is expected to be completed by the third quarter of this year.  
The cut-off date to fulfil the CPs has been extended, pending approval from the  
Public Private Partnership Unit (UKAS) and the Ministry of Finance (MOF)

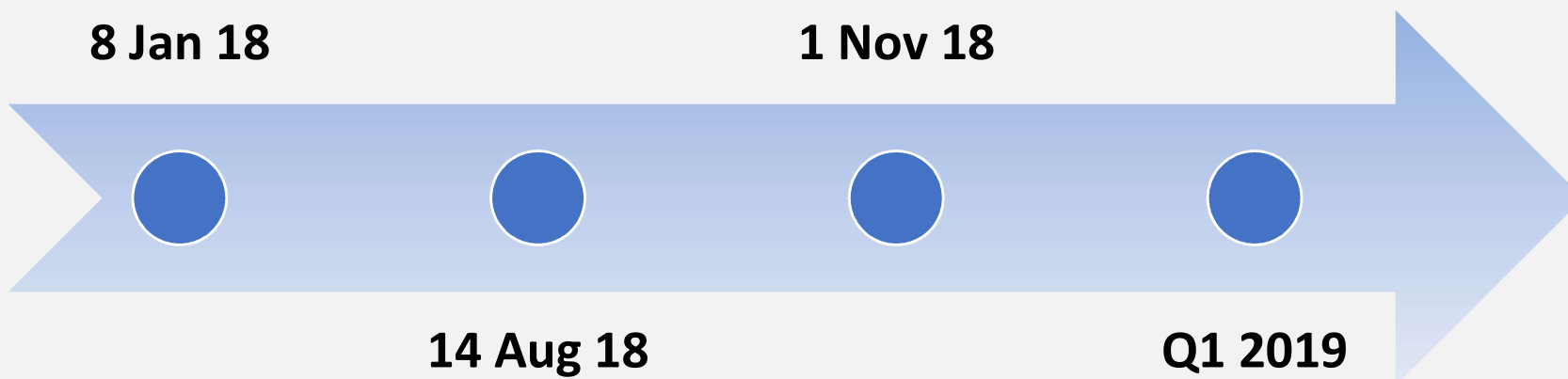
# Progress of Strategic Partnership with Touch Meccanica

Malakoff and Touch Meccanica signed an MoU to jointly secure, develop and implement several renewable energy projects in the state of Pahang

**8 Jan 18**

Both companies entered into a JDA to jointly develop several small hydropower projects at the identified sites in Pahang

**1 Nov 18**



The MoU was extended for another 6 months to 7 Jan 2019 - to facilitate the feasibility study and finalisation of the Definitive Agreement and other relevant regulatory matters.

A power system study for the proposed mini hydro projects was conducted and the necessary approvals from Tenaga Nasional Bhd. were obtained.

**A full feasibility study is being initiated at one of the mini hydro project sites, which is expected to take about 6 months. Subject to the outcome of the study, the Feed-in-Tariff application will be submitted to the Sustainable Energy Development Authority (SEDA).**

# Launch of 500MW Large Scale Solar (LSS3) Open Tender



## KEY POINTS

- The 500MW capacity LSS3 scheme would be offered through **open competitive bidding** (27 Feb – 19 Aug 19)
- There is **no longer specific capacity range packages** as in previous cycles, participants can bid **up to a maximum capacity of 100MW** and the projects can be at a single site or at multiple sites
- The **Engineering, Construction and Commissioning components** of LSS3 must be **completely carried out by local contractors** registered with the Construction Industry Development Board (CIDB).
- Successful bidders may participate in the **New Enhanced Dispatch Arrangement (NEDA) market** which is administered by the Single Buyer Department for the sale of energy exceeding the Maximum Annual Allowable Quantity (MAAQ)
- The **tender process** will be **finalised by the end of the year**
- Target for the **Commercial Operation Date (COD) : 2021**

Source : MESTECC

**Malakoff will be participating in the Government's open tender for the LSS3 projects as part of the Company's strategy to grow its presence in the Renewable Energy sector. This is in line with the Government's target to increase the country's power generation mix from RE to 20% from the current 2%, by 2025**

# THANK YOU



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