



# ANALYST BRIEFING

## *Q3 2018 Results Announcement*

*November 2018*



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energy & utilities

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# HIGHLIGHTS OF Q3 2018 FINANCIAL RESULTS



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# Key Highlights of Financial Results

## Q3 2018 vs Q3 2017

## 9M 2018 vs 9M 2017

<i>RM m</i>	Q3 2018	Q3 2017	YoY Change	9M 2018	9M 2017	YoY Change
Revenue	1,912.7	1,821.4	+5.0%	5,461.0	5,337.1	+2.3%
Results from Operating Activities	334.7	378.7	-11.6%	906.9	1,079.6	-16.0%
PBT	165.4	212.9	-22.3%	402.7	540.6	-25.5%
PATMI	83.5	64.2	+30.1%	189.0	266.2	-29.0%
EBITDA	616.4	707.9	-12.9%	1,788.1	2,182.2	-18.1%
Basic/Diluted EPS	1.70 sen	1.28 sen	+32.8%	3.82 sen	5.32 sen	-28.2%

# REVIEW OF OPERATIONS

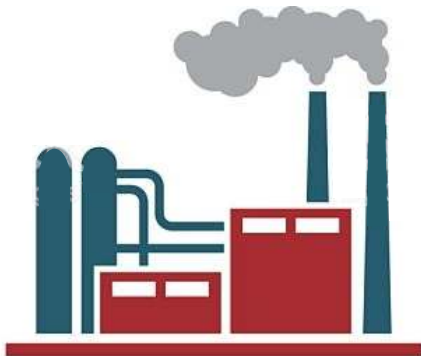


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## COAL-FIRED POWER PLANTS (THERMAL)

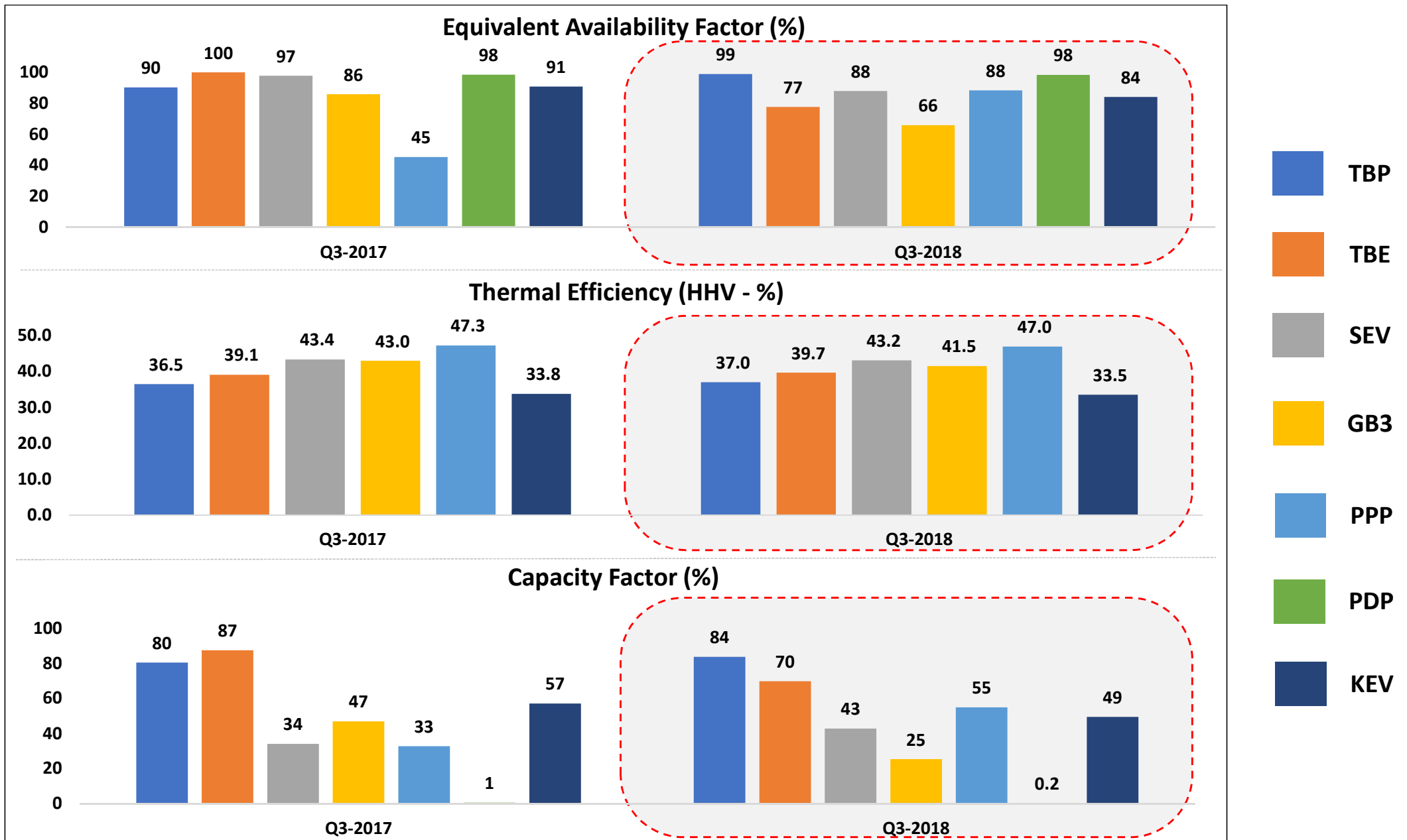
- **Tanjung Bin Power Plant (TBP)** continues to demonstrate **higher reliability** and **availability** following the completion of the improvement works done in previous years.
- **Tanjung Bin Energy Power Plant (TBE)** observed a **drop in Equivalent Availability Factor (EAF)** from 92% in Q2 2018 to **77% in Q3 2018**, due to an **unexpected boiler wall tube leak** and **Automatic Voltage Regulator (AVR) rectification works** which commenced on 9 September 2018. The unit resumed operations on 24 October 2018.



## GAS-FIRED POWER PLANTS (GAS)

- Gas-fired power plants have maintained a generally **high EAF** during the year but **lower Capacity Factor (CF)** due to **reduced demand from the Grid System Operator (GSO)**.

# Performance of Local Assets – Q3 2018



Note : HHV – Higher Heating Value

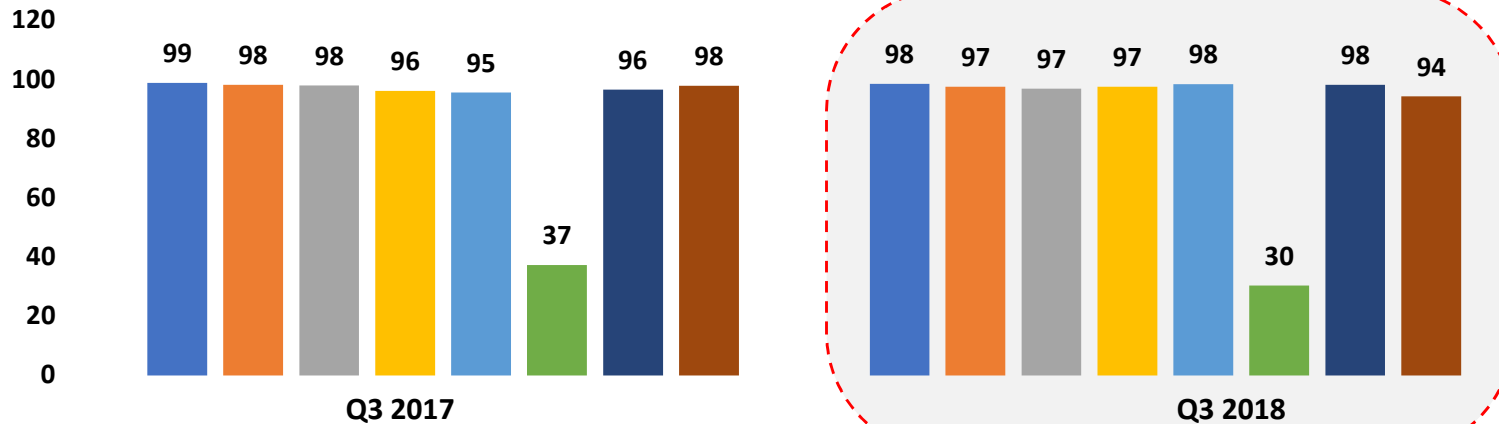
# Electricity Generated and Sold

Plant	YTD Q3 2018		YTD Q3 2017	
	Power generated (GWh)	Electricity Sold (GWh)	Power generated (GWh)	Electricity Sold (GWh)
Tanjung Bin Energy (TBE)	1,607.97	1,540.32	2,026.20	1,929.57
Tanjung Bin Power (TBP)	4,068.39	3,875.80	3,910.30	3,724.86
Segari Energy (SEV)	1,241.56	1,227.07	989.01	987.60
GB3	371.15	359.52	674.32	663.90
Prai Power Plant (PPP)	430.38	421.59	261.54	255.42
Port Dickson Power (PDP)	2.11	2.11	4.87	4.87
Kapar Energy (KEV)	2,647.87	2,464.07	3,062.61	2,855.78
<b>Total (Excluding KEV)</b>	<b>7,721.55</b>	<b>7,426.41</b>	<b>7,866.25</b>	<b>7,566.21</b>
<b>Total (Including KEV)</b>	<b>10,369.42</b>	<b>9,890.48</b>	<b>10,928.86</b>	<b>10,422.00</b>

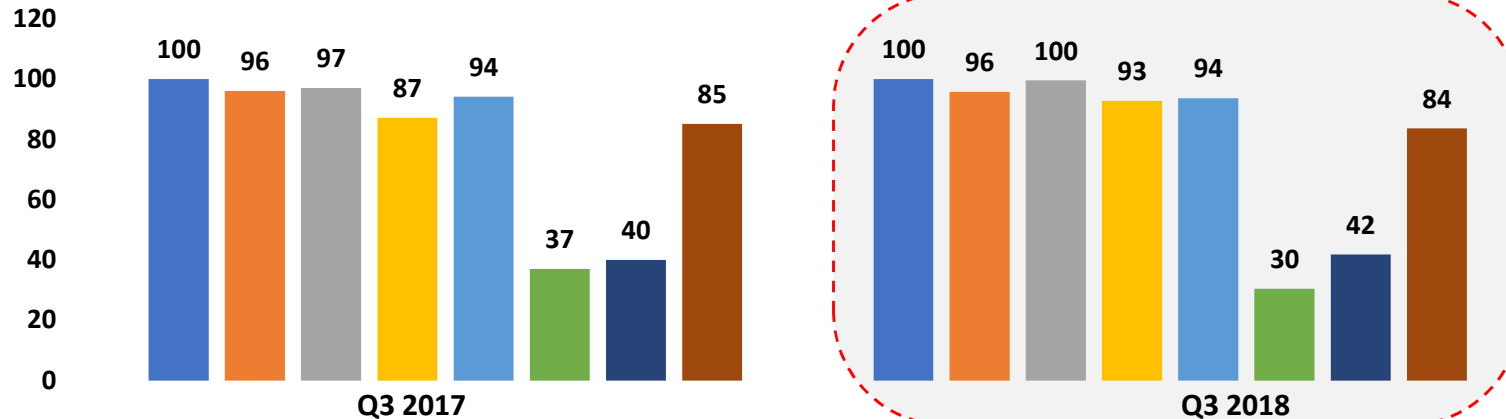


# Performance of International Assets – Q3 2018

**Equivalent Availability Factor (%)**



**Capacity Factor (%)**



- SIWPP - Power (S. Arabia)
- SIWPP - Water (S. Arabia)
- SIWEP - Water (S. Arabia)
- AL HIDD - Power (Bahrain)
- AL HIDD - Water (Bahrain)
- SOUK TLETA - Water (Algeria)
- MACARTHUR - Power (Australia)
- AL GHUBRAH - Water (Oman)

**SIWPP**

- Sustainable performance in both Q3 2017 and Q3 2018.

**SIWEP**

- Sustainable performance in both Q3 2017 and Q3 2018.

**AL HIDD**

- Slight increase in availability factor in Q3 2018 for Water plant.

**SOUK TLETA**

- Plant rehabilitation proposal has been submitted to the Offtakers for their approval.

**MACARTHUR**

- Sustainable performance in both Q3 2017 and Q3 2018.

**AL GHUBRAH**

- As compared to Q3 2017, the Algae Bloom effects in Q3 2018 were more severe, resulting in a drop in the availability.

# 9M 2018 FINANCIAL RESULTS



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# Financial Results – Income Statement

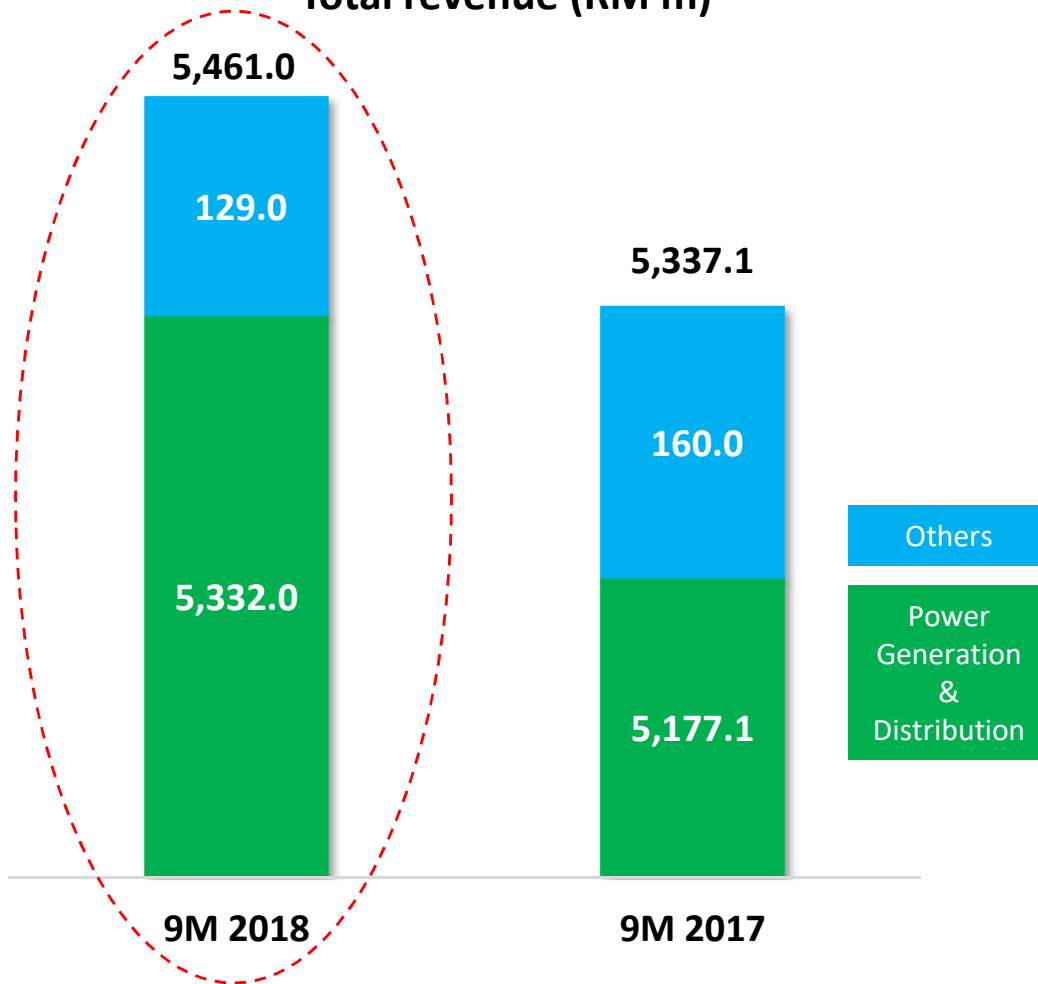
RM m	Q3 2018	Q3 2017	9M 2018 (A)	9M 2017 (B)	+/- (A)-(B)
<b>Revenue</b>	1,912.7	1,821.4	5,461.0	5,337.1	+123.9
<b>Cost of Sales</b>	(1,560.4)	(1,482.2)	(4,394.5)	(4,107.9)	-286.6
<b>Gross Profit</b>	352.3	339.2	1,066.5	1,229.2	-162.7
<b>Other Income</b>	67.3	138.6	98.6	152.2	-53.6
<b>Administrative Expenses</b>	(52.8)	(63.9)	(146.0)	(175.5)	+29.5
<b>Operating Expenses</b>	(32.1)	(35.2)	(112.2)	(126.3)	14.1
<b>Results from Operations</b>	334.7	378.7	906.9	1,079.6	-172.7
<b>Finance Income</b>	67.3	52.4	186.9	156.2	+30.7
<b>Finance Costs</b>	(251.0)	(241.2)	(738.3)	(779.2)	+40.9
<b>Share of Profit of Associates &amp; JV, Net of Tax</b>	14.4	23.0	47.2	84.0	-36.8
<b>Profit Before Taxation</b>	165.4	212.9	402.7	540.6	-137.9
<b>Income Tax Expenses</b>	(66.9)	(126.2)	(173.3)	(221.7)	+48.4
<b>Profit for the Period</b>	98.5	86.7	229.4	318.9	-89.5
<b>Profit attributable to:</b>					
<i>Owners of the Company</i>	83.5	64.2	189.0	266.2	-77.2
<i>Non-controlling Interests</i>	15.0	22.5	40.4	52.7	-12.3
<b>Basic/Diluted EPS for Profit attributable to the Owners (sen)</b>	1.70	1.28	3.82	5.32	-1.50
<b>EBITDA</b>	616.4	707.9	1,788.1	2,182.2	-394.1

# Revenue Breakdown

	Q3 2018 RM m	Q3 2017 RM m
Electricity generation and distribution		
<i>Energy payment</i>	3,501.1	3,045.5
<i>Capacity payment</i>	1,569.1	1,874.8
<i>Daily Utilisation Payment</i>	155.5	157.1
<i>Electricity and chilled water distribution</i>	106.3	99.7
Finance lease income	123.2	137.8
Project management fees	1.3	1.2
Rental income from estate	1.7	2.9
Operation and maintenance fees	2.8	18.1
	<b>5,461.0</b>	<b>5,337.1</b>
Electricity generation and distribution	5,332.0	5,177.1
Others	129.0	160.0
	<b>5,461.0</b>	<b>5,337.1</b>

# Revenue Mix

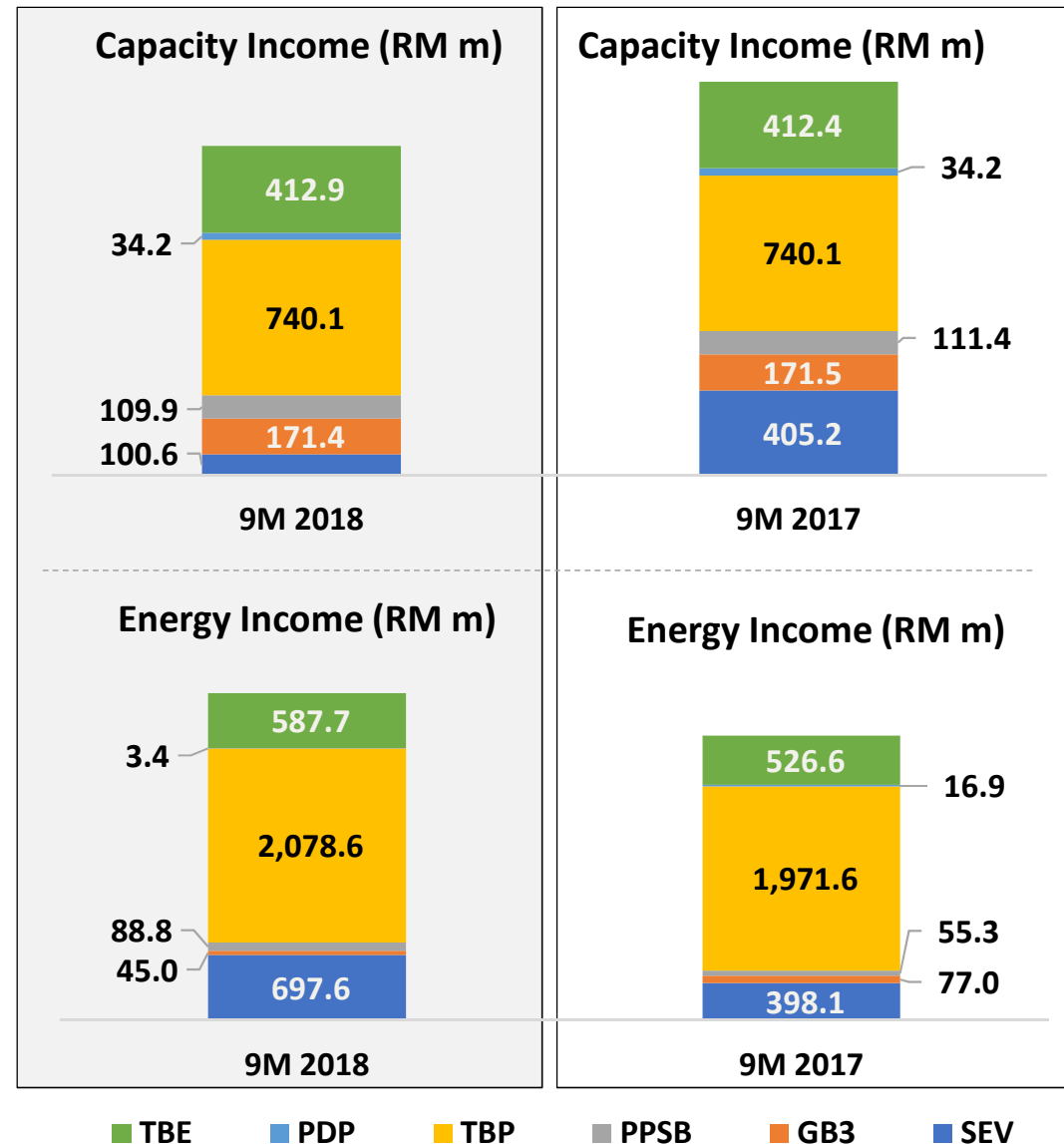
Total revenue (RM m)



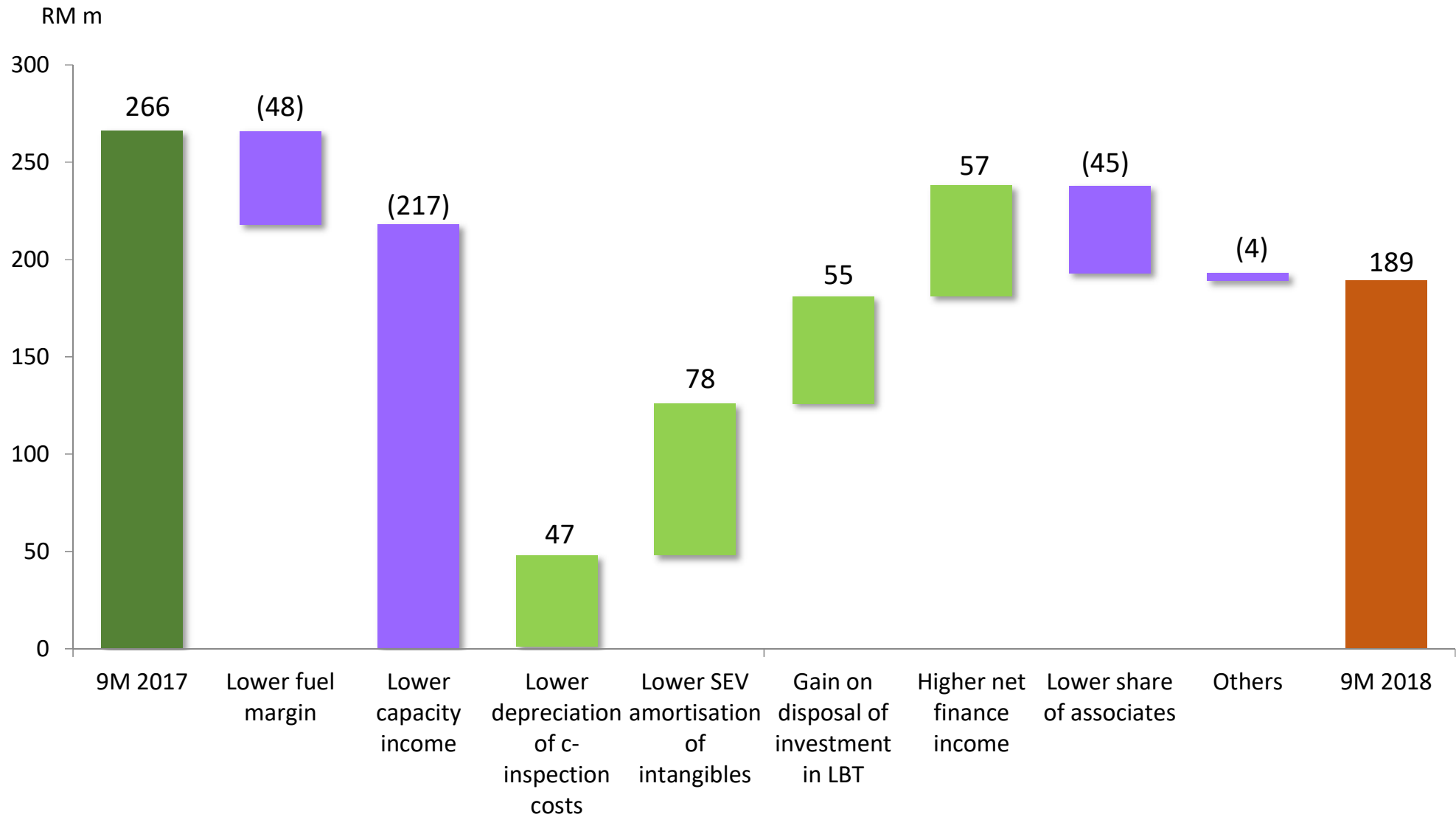
**Power Generation & Distribution** = Capacity income + Energy Income + Daily Utilisation Payment + Malakoff Utilities Sdn. Bhd. (MUSB)

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

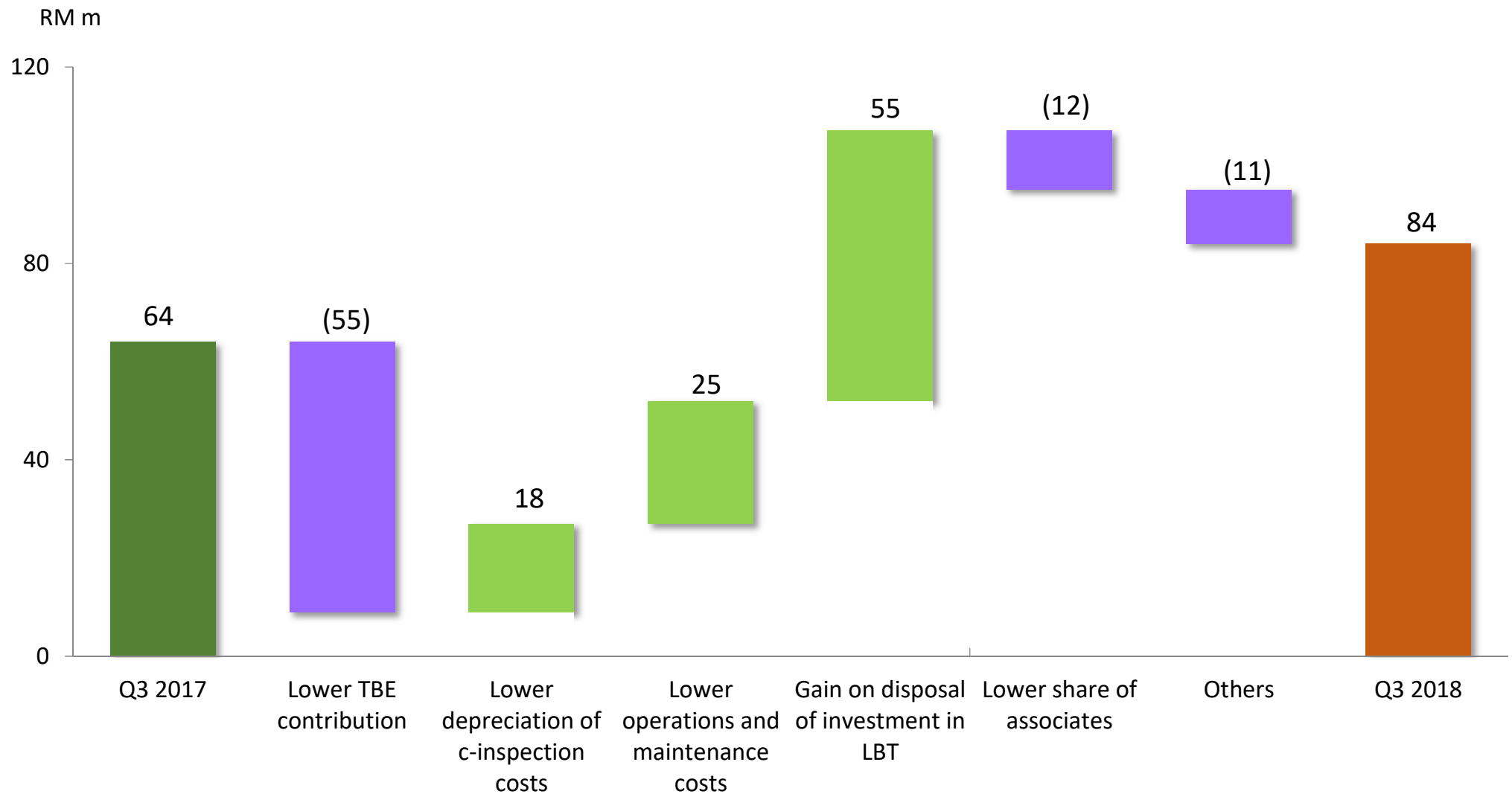
Electricity generation revenue includes:



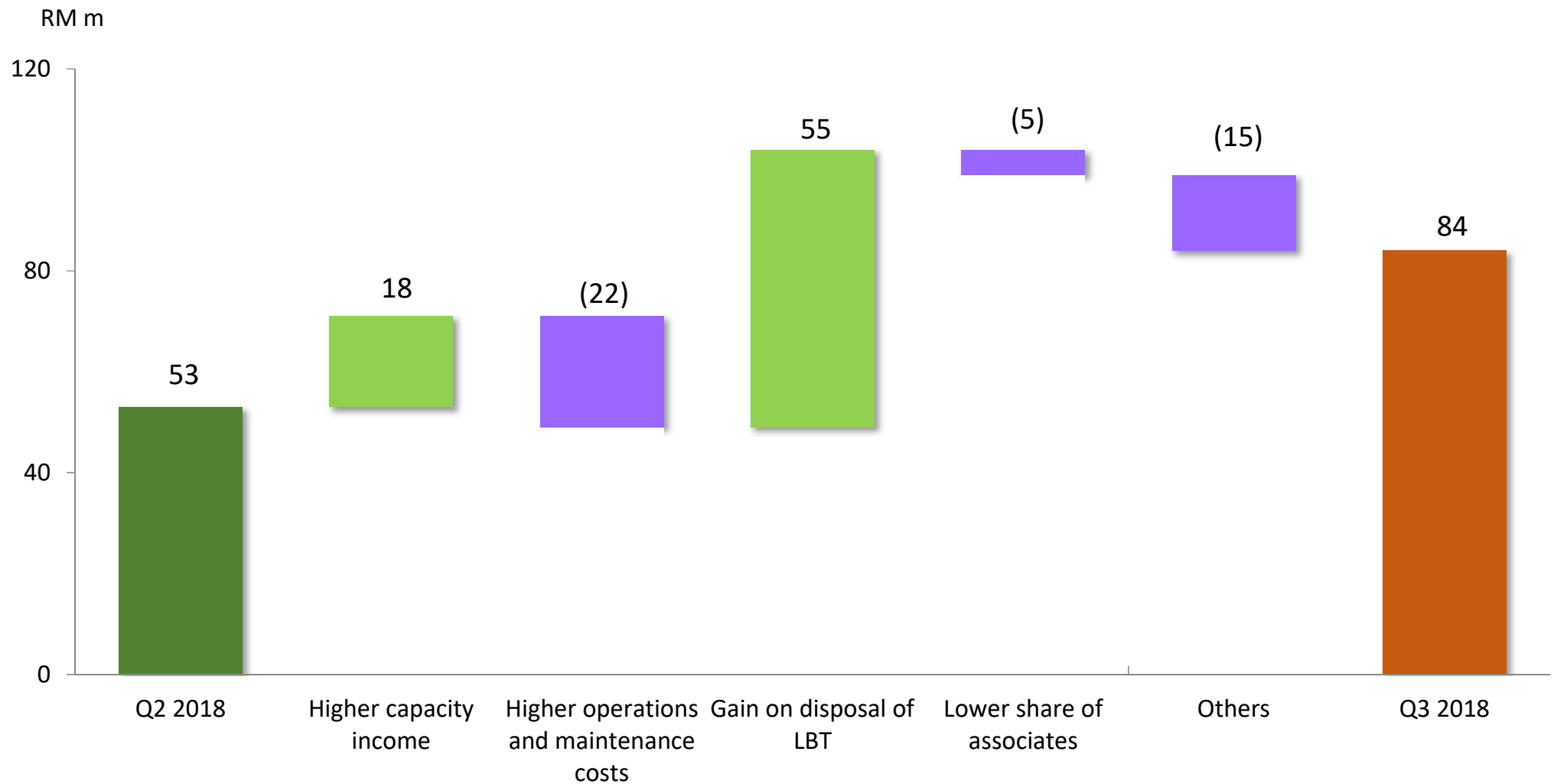
# Group PATMI – 9M 2018 vs 9M 2017



# Group PATMI – Q3 2018 vs Q3 2017



# Group PATMI – Q3 2018 vs Q2 2018





# Financial Position as at 30 Sep 2018

TOTAL ASSETS	RM m	TOTAL LIABILITIES & EQUITY	RM m
<b>Total cash as at 30 Sep 2018 is RM5,183.0m</b>			
<u>Assets</u>		<u>Liabilities</u>	
Cash and cash equivalents	1,234.3	Loan and borrowings	15,549.7
Other investments	3,948.7	Other liabilities	6,851.2
Current assets	2,972.3	Total liabilities	22,400.9
Investment in associates	1,581.2		
		<u>Equity</u>	
Financial lease receivables	2,080.0	Share capital	5,693.1
Property, plant & equipment	13,481.5	Treasury shares	(83.2)
Other assets	3,849.0	Reserves	78.8
		Retained profits	46.3
		Equity attributable to owners of the Company	5,735.0
		Perpetual sukuk	800.0
		Non-controlling interests	211.1
		Total Equity	6,746.1
<b>Total Assets</b>	<b>29,147.0</b>	<b>Total Liabilities and Equity</b>	<b>29,147.0</b>

# Consolidated Statement of Cashflows as at 30 Sep 2018

RM m	9M 2018	9M 2017
Profit before tax	402.7	540.6
Adjustments for:		
Non cash item	802.4	1,026.9
Finance costs	738.3	779.2
Finance income	(186.9)	(156.2)
Share of profit of equity-accounted associates & JVs, net of tax	(47.2)	(84.0)
	1,709.3	2,106.5
Net change in current assets	283.9	(375.0)
Net change in current liabilities	(614.8)	262.8
Net change in non-current liabilities	233.8	202.2
	1,612.2	2,196.5
Cash generated from operations	1,612.2	2,196.5
Income taxes paid	(321.4)	(303.1)
<b>Net cash from operating activities</b>	<b>1,290.8</b>	<b>1,893.4</b>
<b>Net cash used in investing activities</b>	<b>(1,202.2)</b>	<b>(733.2)</b>
<b>Net cash used in financing activities</b>	<b>(1,209.8)</b>	<b>(1,589.9)</b>
Net decrease in cash and cash equivalents	(1,121.2)	(429.7)
Cash at beginning of the period	2,355.5	3,006.8
<b>Cash at end of the period</b>	<b>1,234.3</b>	<b>2,577.1</b>
<b>Other investments*</b>	<b>3,948.7</b>	<b>2,641.8</b>
	<b>5,183.0</b>	<b>5,218.9</b>

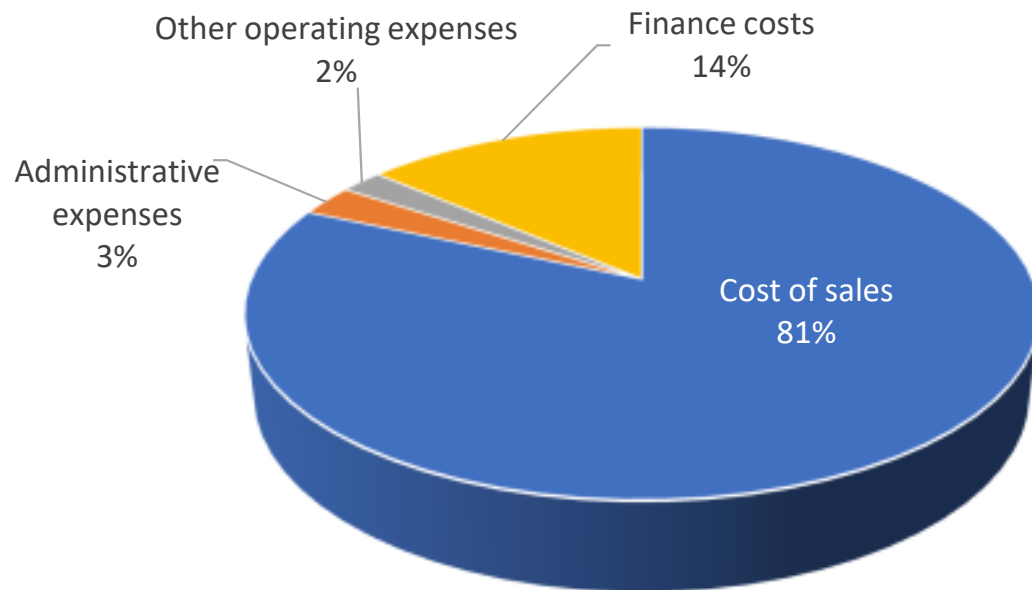
\*Other investments = deposits of more than 3 months maturity

# Share of Profit of Associates and JVs

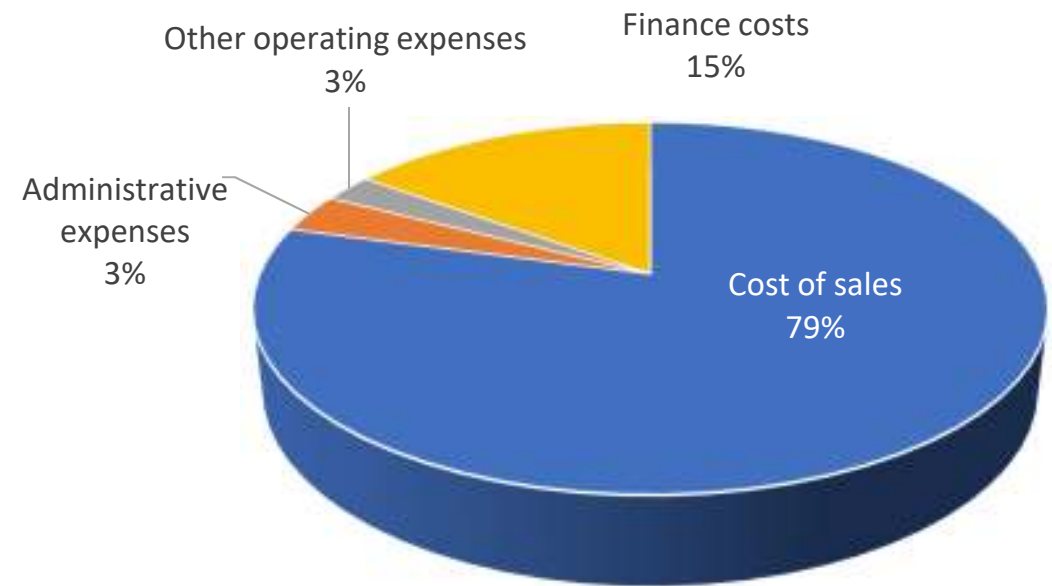
	9M 2018 RM m	9M 2017 RM m
<b>Kapar Energy Ventures (Malaysia)</b> <i>(MCB effective equity 40%)</i>	(32.9)	(12.4)
<b>Lekir Bulk Terminal(Malaysia)</b> <i>(MCB effective equity 20%)</i>	1.7	3.0
<b>Muscat City Desalination Company (Oman)</b> <i>(MCB effective equity 32.5%)</i>	3.0	(4.1)
<b>Shuaibah Water &amp; Electricity Company (SWEC) (Saudi Arabia)</b> <i>(MCB effective equity 12%)</i>	27.3	48.3
<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>	44.6	49.2
<b>Muscat City Desalination Operation &amp; Maintenance Company (MCDOMCO) (Oman)</b> <i>(MCB effective equity 49.5%)</i>	3.5	-
<b>TOTAL</b>	<b>47.2</b>	<b>84.0</b>

# Breakdown of Costs

## 9M 2018



## 9M 2017

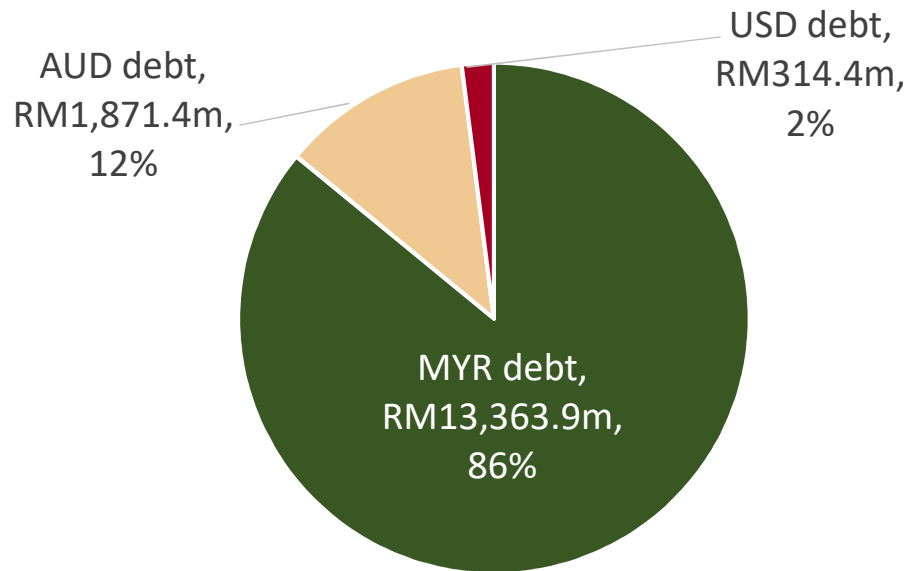


### COST OF SALES BREAKDOWN

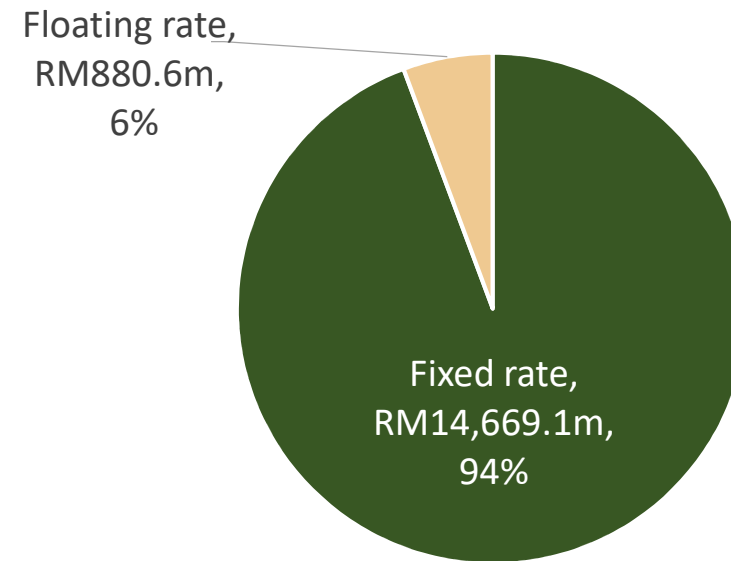
<i>RM m</i>	9M 2018	9M 2017
Fuel	3,225.9	2,729.0
Depreciation and amortisation of C-inspection costs	616.3	677.4
Amortisation of intangible assets	207.9	311.2
Operations and maintenance costs	217.3	268.7
Others	127.1	121.6
<b>TOTAL</b>	<b>4,394.5</b>	<b>4,107.9</b>

# Group Debt & Gearing (as at Sep 2018)

## Debt Profile by Currency

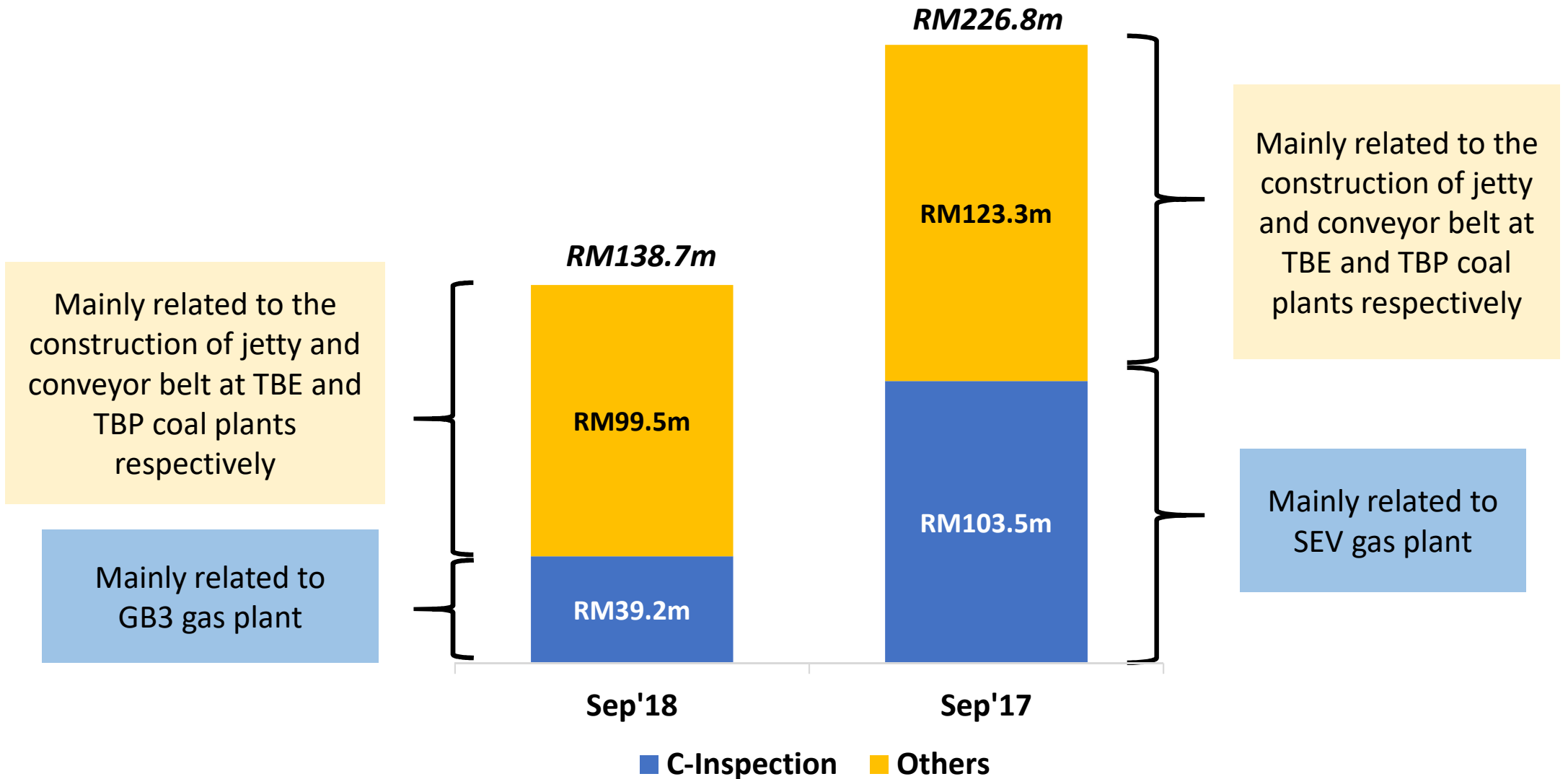


## Debt Profile by Fixed/Floating Rate



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

# Capital Expenditure 9M 2018



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

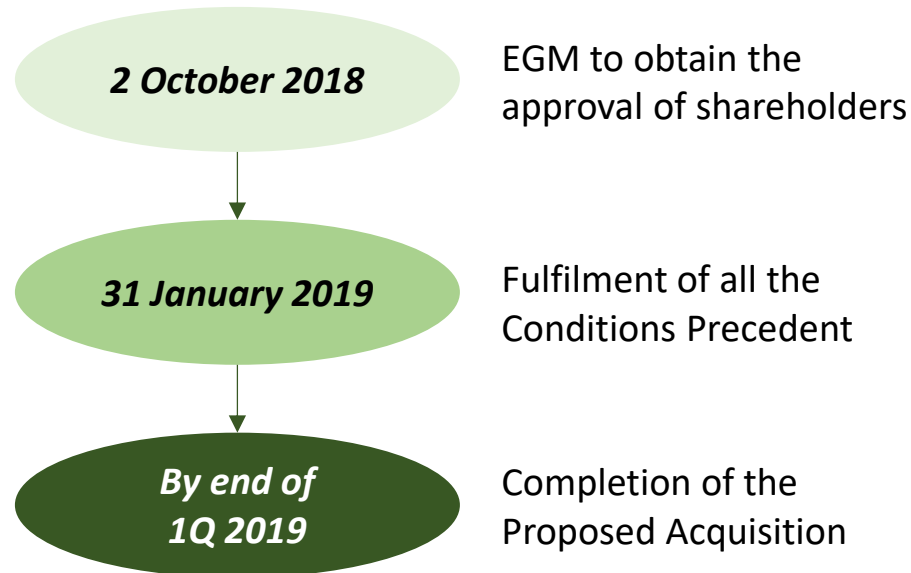
# LATEST CORPORATE DEVELOPMENTS



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# Progress of Alam Flora Acquisition

## KEY MILESTONES



## EGM - 2 OCT 2018



**On 2 Oct 2018, Malakoff's shareholders gave the nod for its proposed RM944.61m deal to acquire Alam Flora Sdn Bhd, with an overwhelming voting approval of 96.8%**



## Collaboration with Concord Alliance Sdn Bhd



- On 7 September 2018, Malakoff signed a **Joint-Development Agreement (JDA)** with **Concord Alliance Sdn Bhd** to **explore and develop biogas-based power generation projects**
- Under the collaboration, both parties intend to **jointly develop, operate and maintain renewable energy projects** including **biogas** and **biomass-based power generation** identified by both parties
- This collaboration is part of Malakoff's strategy to **expand its RE segment** and contribute towards meeting the Government's target of **increasing Malaysia's RE capacity** from the current 2% to **20% by 2030**

# JDA with Touch Meccanica Sdn Bhd

## 08 JANUARY 2018

- Malakoff and Touch Meccanica Sdn Bhd (TMSB) signed an MoU to **jointly secure, develop and implement several renewable energy projects** in the **state of Pahang**
- 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.

## 14 AUGUST 2018

- Both companies mutually agreed to **extend the validity period of the MoU for another 6 months**, from 7 Jul '18 to 7 Jan '19.
- 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.



Touch Meccanica  
Sdn Bhd

## 01 NOVEMBER 2018

- Malakoff entered into a **Joint Development Agreement (JDA)** with TMSB to **jointly develop several small hydropower projects** at the identified sites in Pahang, as part of the renewable energy projects identified in the earlier MOU.
- Under the JDA, **Malakoff will lead the project development work covering technical, operational and financial matters**, while TMSB will manage relevant stakeholders in securing approvals from relevant State and Federal authorities.

# THANK YOU



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