

12 January 2026

Utilities | Power

Tenaga Nasional (TNB MK)

Buy (Maintained)

Three Cheers For The New Year; Keep BUY

Target Price (Return): MYR15.60 (+15%)
 Price (Market Cap): MYR13.56 (USD19,462m)
 ESG score: 2.8 (out of 4)
 Avg Daily Turnover (MYR/USD) 80.2m/19.4m

- BUY this sector Top Pick, new MYR15.60 TP from MYR14.80, 15% upside with c.4% FY26F yield.** As Regulatory Period 4's (RP4) framework provides a stable regulated earnings base, we identify three catalysts that should boost Tenaga Nasional's earnings and valuation this year: i) Reinvestment Allowance (RIA) approvals reducing the effective tax rate (ETR); ii) contingency capex approvals; and iii) a new gas plant award and extension. This report marks the transfer of coverage on this stock to Max Koh.
- Improving tax rate from RIA.** In 3Q25, TNB recognised a one-off MYR10.6bn tax treatment in its balance sheet, thereby removing any potential impact on its P&L. More importantly, the Government has allowed it to recognise RIA for past qualifying capex to potentially reduce the ETR. From our sensitivity test, we note that every 2ppt reduction could improve its EPS and fair value by 3%. We expect a decision to be finalised this year.
- Upside from contingency capex.** Our earnings currently reflect a 7.3% approved return on the MYR26bn base capex for RP4. We see upside from further MYR16bn contingency capex approvals, which could see total RP4 capex surge by 61% to MYR42bn. We expect contingency capex approvals to accelerate this year – on finalisation of Corporate Renewable Energy Supply Scheme (CRESS), Large-Scale Solar 6 (LSS6), and MyBeST projects, which would require grid upgrades. TNB targets to get two-thirds contingency capex approvals, which should provide an 8% upside to FY26F EPS.
- New gas plant extensions.** TNB has secured letters of notification (LON) for three gas-fired power plants (1.3GW capacity) to supply power under the Energy Commission's (EC) Category 1 bid. We see the possibility of TNB securing extensions for another 1.2GW. Meanwhile, we believe the company is a frontrunner in the EC's Category 2 tender to build new gas-fired plants (generation capacity of 6-8GW) by 2030. Scenario test: Assuming TNB wins a bid to build a new 2,800MW gas plant (MYR9.8bn capex, 70% debt funding, WACC: 8.2%) we estimate a 12% project IRR and a MYR1.66 (+11%) accretion to our TP. We expect the winners to be announced in 1H.
- Earnings adjustments, valuation and risks.** We lift FY25-27F net profit (NP) by 11%, 21% and 25%, as we factored in power purchase agreement (PPA) extensions for three gas-fired plants and lower interest expense. We also adjusted NP projections to remove the MFRS 16 impact on depreciation and finance costs for "right-of-use" assets. TNB is trading below its 3-year mean P/E – unjustified, as it is the prime beneficiary of rising electricity demand. Our TP is pegged to 19x FY26 P/E (+1SD from the 3-year mean), which is a fair premium, in our view. Key downside risks: i) Carbon tax implementation; ii) delayed capex approvals; and iii) higher-than-expected ETR.

Analysts

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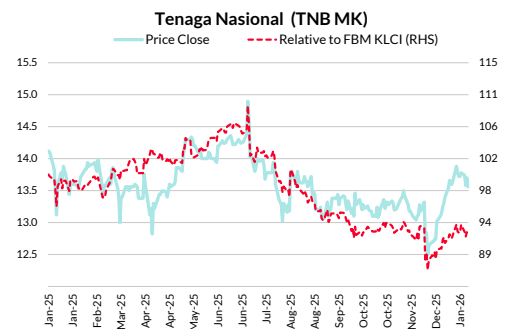


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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(1.2)	6.8	2.7	(2.2)	(5.3)
Relative	(0.6)	3.3	0.1	(11.3)	(8.7)
52-wk Price low/high (MYR)	12.5 – 14.9				



Source: Bloomberg

Forecasts and Valuation	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Total turnover (MYRm)	53,067	56,737	69,175	72,794	76,654
Recurring net profit (MYRm)	3,138	3,802	4,324	4,881	5,099
Recurring net profit growth (%)	(19.5)	21.1	13.7	12.9	4.5
Recurring P/E (x)	24.38	20.13	17.70	15.68	15.50
P/B (x)	1.6	1.5	1.5	1.4	1.4
P/CF (x)	2.38	3.41	4.62	4.19	4.12
Dividend Yield (%)	3.4	4.0	3.4	3.8	3.9
EV/EBITDA (x)	6.31	5.74	5.50	5.19	5.17
Return on average equity (%)	5.2	9.5	8.5	9.3	9.4
Net debt to equity (%)	79.0	71.8	73.7	74.6	75.0

Source: Company data, RHB

Overall ESG Score: 2.8 (out of 4)
E Score: 2.2 (GOOD)
S Score: 3.3 (EXCELLENT)
G Score: 3.3 (EXCELLENT)

Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis	Emissions (tCO2e)	Dec-22	Dec-23	Dec-24	Dec-25
In FY24, TNB's total greenhouse gas (GHG) emissions decreased by 0.5% to 39.2m tCO2e.	Scope 1	38,580,000	38,920,000	38,750,000	na
	Scope 2	292,000	331,000	321,000	na
	Scope 3	na	100,000	98,000	na
	Total emissions	38,872,000	39,351,000	39,169,000	na

Source: Company data, RHB

Latest ESG-Related Developments

TNB is reducing its coal capacity through ongoing initiatives under the Future Generation Sources strategy, and is on track to achieve its target of decreasing coal capacity by 50% by 2035 and 100% by 2050, compared to the baseline year of 2021.

TNB is spearheading at least 3GW worth of renewable energy (RE) projects (500MW solar parks and 2.5GW hybrid hydro floating solar projects) from the National Energy Transition Roadmap (NETR).

It has also signed an MoU with Siemens Energy to accelerate the decarbonisation of its thermal power plants by leveraging green hydrogen generated from RE resources.

ESG Unbundled

Overall ESG Score: 2.88 (out of 4)

Last Updated: 31 Dec 2024

E Score: 2.22 (GOOD)

TNB's thermal power plants primarily use coal or fossil fuels to generate power, but the group aims to be completely coal-free by 2050, with an interim target of a 35% reduction in emissions intensity by 2035. In FY24, total GHG emissions decreased by 0.5% to 39.2m tCO2e. Last year, its RE portfolio rose 7% to 4.6GW, making up 22% of total capacity. TNB will add another 8.8GW by 2030, which will further reduce GHG emissions by 9m tCO2e.

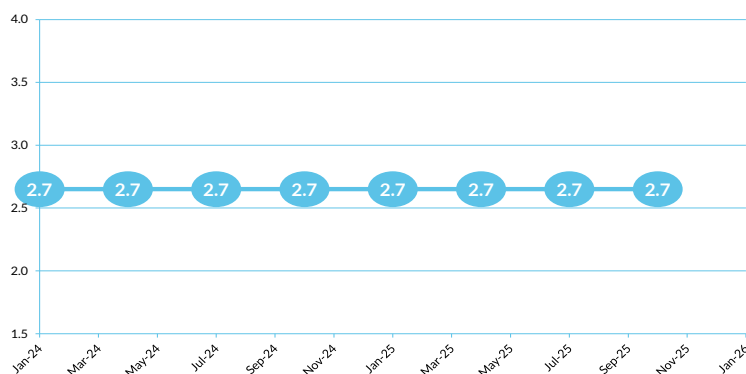
S Score: 3.3 (EXCELLENT)

Policies on employee relations, health & safety, and community engagement are robust. It has health and safety policies and processes in place, and seeks to maintain a good safety record. However, its lost time incident rate increased to 0.87 in 2024 (2022: 0.74) and four fatalities were recorded, justifying the lower score for this pillar. Its community engagement focuses on outreach programmes that focus on the availability of electricity to those in need.

G Score: 3.3 (EXCELLENT)

Board characteristics are within Bursa Malaysia requirements, with 50% comprising independent directors. Women comprise 33% of the board. TNB ensures timely, reliable and accurate information is provided, and within regulatory and market guidelines. Shareholder rights are protected, as the group ensures that investors are able to participate and contribute to the general meeting.

ESG Rating History



Source: RHB

Financial Exhibits

Asia	Financial summary (MYR)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Malaysia	Recurring EPS	0.56	0.67	0.77	0.86	0.87
Utilities	DPS	0.46	0.54	0.46	0.52	0.52
Tenaga Nasional	BVPS	8.68	8.83	9.13	9.48	9.53
TNB MK	Return on average equity (%)	5.2	9.5	8.5	9.3	9.4
Buy						
	Valuation metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Valuation basis	Recurring P/E (x)	24.38	20.13	17.70	15.68	15.50
P/E	P/B (x)	1.6	1.5	1.5	1.4	1.4
	FCF Yield (%)	28.3	14.6	4.6	6.2	7.1
	Dividend Yield (%)	3.4	4.0	3.4	3.8	3.9
Key drivers	EV/EBITDA (x)	6.31	5.74	5.50	5.19	5.17
i. Recognition of contingency capex;	EV/EBIT (x)	15.98	13.14	12.32	10.88	10.52
ii. Higher reinvestment allowance reducing the effective tax rate.						
	Income statement (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
Key risks	Total turnover	53,067	56,737	69,175	72,794	76,654
i. Introduction of a carbon tax;	Gross profit	26,639	29,488	26,380	28,332	30,010
ii. Delays in contingency capex approvals and mechanism.	EBITDA	18,623	19,953	21,280	22,932	23,854
	Depreciation and amortisation	(11,266)	(11,232)	(11,788)	(11,989)	(12,120)
	Operating profit	7,357	8,720	9,491	10,943	11,734
	Net interest	(3,836)	(3,480)	(3,257)	(3,900)	(4,377)
	Pre-tax profit	3,374	5,815	6,294	7,115	7,432
	Taxation	(770)	(1,085)	(1,870)	(2,113)	(2,207)
	Reported net profit	2,770	4,699	4,324	4,881	5,099
	Recurring net profit	3,138	3,802	4,324	4,881	5,099
	Cash flow (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Change in working capital	14,273	1,150	(2,860)	(2,564)	(2,459)
	Cash flow from operations	32,219	22,447	16,550	18,255	19,188
	Capex	(10,571)	(11,264)	(13,000)	(13,477)	(13,577)
	Cash flow from investing activities	(5,782)	(11,595)	(12,325)	(12,802)	(12,853)
	Dividends paid	(2,538)	(3,074)	(2,594)	(2,929)	(3,059)
	Cash flow from financing activities	(12,985)	(12,752)	(1,326)	(2,113)	(2,729)
	Cash at beginning of period	4,893	19,391	19,601	22,500	25,840
	Net change in cash	13,452	(1,900)	2,899	3,340	3,605
	Ending balance cash	18,345	17,491	22,500	25,840	29,445
	Balance sheet (MYRm)	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Total cash and equivalents	21,005	20,047	22,946	26,286	29,891
	Tangible fixed assets	121,932	125,611	126,823	128,310	129,767
	Total investments	1,667	1,488	1,548	1,620	1,695
	Total assets	200,124	200,380	208,192	214,971	222,005
	Short-term debt	7,031	6,276	6,276	6,276	6,276
	Total long-term debt	54,440	51,131	56,331	61,722	67,153
	Total liabilities	148,879	148,369	154,351	159,056	163,925
	Total equity	51,245	52,011	53,841	55,914	58,080
	Total liabilities & equity	200,124	200,380	208,192	214,971	222,005
	Key metrics	Dec-23	Dec-24	Dec-25F	Dec-26F	Dec-27F
	Revenue growth (%)	4.3	6.9	21.9	5.2	5.3
	Recurrent EPS growth (%)	(19.5)	21.1	13.7	12.9	1.1
	Gross margin (%)	50.2	52.0	38.1	38.9	39.2
	Operating EBITDA margin (%)	35.1	35.2	30.8	31.5	31.1
	Net profit margin (%)	5.2	8.3	6.3	6.7	6.7
	Dividend payout ratio (%)	93.7	65.0	60.0	60.0	60.0
	Capex/sales (%)	19.9	19.9	18.8	18.5	17.7
	Interest cover (x)	1.68	2.12	2.41	2.39	2.30

Source: Company data, RHB

Catalyst 1: Reinvestment allowance to improve ETR

IRB tax dispute overhang removed... The longstanding regulatory and tax overhang issue for TNB has been removed, with the utility firm recognising a one-off MYR10.6bn tax treatment in the balance sheet in its 3Q25 financial results. This is positive, in our view, as it removes any potential downside to earnings, given concerns over potential P&L impact in the past. Consequentially, FY24 retained earnings were adjusted down by 17% to MYR48.9bn, to reflect the tax treatment retrospectively.

...with upside from the RIA. More importantly, the Ministry of Finance (MoF) has allowed for TNB to apply for a RIA under Schedule 7B for past qualifying capex of up to MYR10.6bn. Its ETR rose to 30% for 9MFY24 (vs 19% in FY24) due to higher expenses that were not allowed for tax deductions. Management had guided for ETR to remain at a similar level in FY26.

Sensitivity test: 2ppt reduction in ETR will improve earnings and fair value (FV) by 3%. Nevertheless, we see positive upside as we expect TNB to finalise the total claimable tax allowance this year, which could reduce TNB's future ETRs. We currently forecast a 30% ETR for FY26-27. A sensitivity test: Every 2ppt reduction in the ETR (or approval of a MYR141m RIA) will improve TNB's FY26 EPS and FV by 3%. Assuming a MYR1bn tax reduction, we expect FY26 EPS to improve by 16% – resulting in a bull-case FV of MYR18.15 (+16% from our TP).

Figure 1: Sensitivity test – every 2ppt ETR reduction will improve FY26 EPS/FV by 3%

FY26	+4ppts	+2ppts	Base case	-2ppts	-4ppts	-6ppts
Tax rate assumption (%)	34%	32%	30%	28%	26%	24%
NP (MYRm)	4599	4740	4,881	5022	5163	5304
Difference (MYRm)	-282	-141		141	282	423
change %	-6%	-3%		3%	6%	9%
FV (MYR)	14.70	15.15	15.60	16.05	16.50	16.95
change %	-6%	-3%		3%	6%	9%

Source: Company data, RHB

Catalyst 2: Upside from contingency capex approvals

TNB's capex to be sustained in FY26. As at end-3Q25, TNB had utilised 76% of its MYR10bn base capex allocation for FY25, and MYR0.7bn for contingency capex (out of MYR2bn planned for the year). Given TNB's track record in fulfilling its allocation, we believe TNB should be to sustain similar base capex allocation in FY26. While the contingency capex utilisation appears to be low for the 9M period, we expect this to accelerate in FY26 as we expect the Government to approve more contingency projects to meet higher electricity demand. The contingency capex allocation in 9M25 were for investments involving data centres (DCs), the East Coast Rail Link, and government projects.

Our base case reflects the approved MYR26bn base capex... Our FY25-27F base case earnings already reflect the approved MYR26bn base capex for RP4 (2025-2027). This implies a 29% capex growth vs RP3, and 4.9% electricity demand forecasted for FY25-27 (vs 1.7% in RP3).

... with an 8% upside from two-thirds contingency capex approvals. Compared to RP3, the government had allowed MYR16bn contingency capex that TNB can earn returns upon, if these projects are approved. TNB management had indicated that it should be able to get approval for two-thirds of the MYR16bn contingency capex, with earnings to be recognised in RP4. Sensitivity test: Assuming that two-thirds of the contingency capex is approved, we estimate an 8% upside to FY26 EPS and FV.

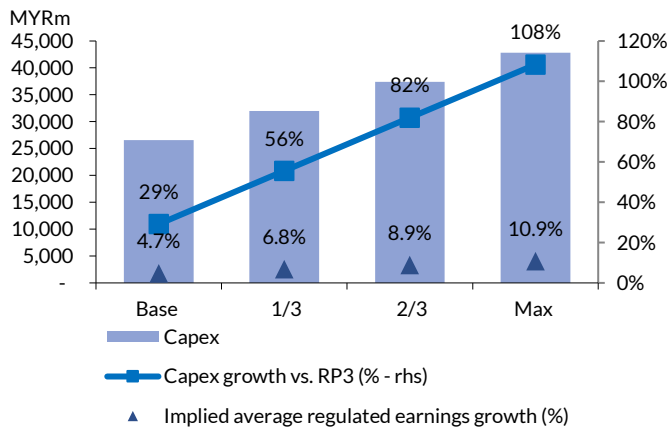
CRESS, LSS6 and MyBeST to drive contingency capex approvals. Key news flow this year include the announcement of new CRESS projects, a 2GW tender for solar/battery projects under LSS6, and the commencement of the recently shortlisted bidders of the [400MW MyBeST](#) programme. We expect these projects to drive additional grid upgrades, which should also trigger contingency capex approvals.

Figure 2: Sensitivity test – assuming approval of two-thirds of the contingency capex, we estimate an 8% upside to FY26 EPS

MYRm	Base	Contingency capex utilisation			chg % (vs. base)		
		1/3	2/3	Max	1/3	2/3	Max
Capex	26,554	31,976	37,399	42,821	20%	41%	61%
RAB at end-RP4	78,993	83,884	88,776	93,666	6%	12%	19%
Capex growth vs. RP3 (%)	29%	56%	82%	108%			
Implied average demand growth (%)	4.9%	5.4%	5.8%	6.2%			
Implied average regulated earnings growth (%)	4.7%	6.8%	8.9%	10.9%			
FY26 NP	4,881	5,082	5,280	5,478	4%	8%	12%
FY27 NP	5,099	5,437	5,820	6,203	7%	14%	22%
FV (RM) - based on 19x FY26 P/E	15.60	16.25	16.88	17.51	4%	8%	12%
FY (RM) - based on 19x FY27 P/E		17.38	18.60	19.83	11%	19%	27%

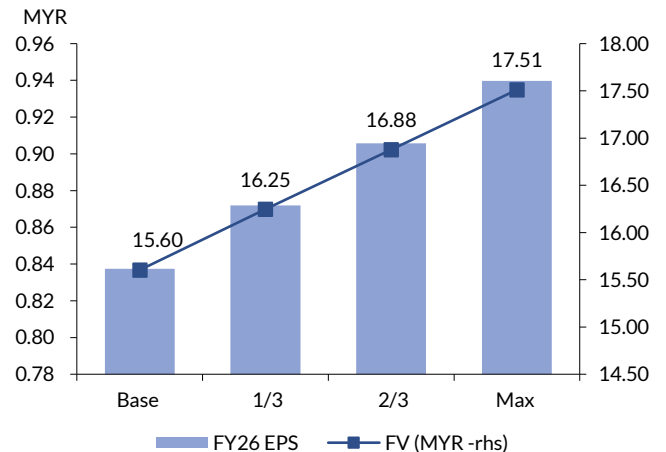
Source: RHB

Figure 3: Maximum approval of MYR42bn capex implies 10.9% average regulated earnings growth



Source: Company data, RHB

Figure 4: Maximum approval of contingency capex results in FY26 EPS and FV growing by 12%



Source: Company data, RHB

Catalyst 3: New gas plant extensions

Secured capacity extension for three gas plants. Last November, TNB announced that it secured a LON for three gas power plants to extend the power supply concession under the EC's Category 1 (CAT 1) bid. While both the EC and TNB did not provide salient details on the extension, we expect the TNB to sign a PPA in 1Q26, with commercialisation from mid-2026 until 2030. Recall that the CAT 1 plants are intended to meet 4-5GW of the demand shortfall, until 6GW in new gas plants are commissioned in 2030 as part of the EC's Category 2 (CAT 2) bid.

Figure 5: TNB's three gas plants that secured power supply extensions

Plant	Capacity (MW)	Original expiry date
Gelugor Power Station	310	Aug-24
Putrajaya Power Station	249	Aug-25
TuanKu Jaafar Power Station (Unit 1)	703	Aug-28
Total	1,262	

Source: Company data, RHB

Minimal earnings impact due to lower capacity payments. While TNB's extension for three plants (9% of its installed capacity) is positive, we expect it to have a minimal impact on earnings. This is because we estimate a 25% reduction in capacity payments (vs that for the original PPA terms) as the assets are already fully amortised. Hence, we estimate the PPA extensions to only account for 4% of TNB's earnings – which we have factored into our numbers.

More extensions on the cards? That said, we do not discount the possibility of further gas plant PPA extensions – in case of potential delays in the commissioning of CAT 2 new gas plants. Aside from the three aforementioned projects, we estimate that TNB has three remaining gas plants (Kapar Energy Ventures (KEV), Teknologi Tenaga Perlis Consortium, and SJ Tuanku Jaafar) with an effective 1.2GW capacity that could be extended. This would bring about another 4% upside to earnings.

Figure 6: Scheduled expiry of gas and coal plants in 2022-2030

Year	Plant	Capacity	Type	Owner
2022	GB3	640	Gas	Malakoff
2024	Teknologi Tenaga Perlis Consortium	650	Gas	80% Jati Cakerawala, 20% TNB
	Prai Power	350	Gas	Malakoff
	SJ Gelugor	310	Gas	TNB
2025	SJ Putrajaya	249	Gas	TNB
2026	Kuala Langat Power Plant	675	Gas	Edra
2027	Segari Energy Ventures	1,303	Gas	Malakoff
2028	SJ Tuanku Jaafar, PD	703	Gas	TNB
2029	Kapar Energy Ventures	578	Gas	60% TNB, 40% Malakoff
	Kapar Energy Ventures	1,474	Coal	60% TNB, 40% Malakoff
2030	SJ Tuanku Jaafar, PD	708	Gas	TNB
	TNB Janamanjung	2,070	Coal	TNB
		9,710		

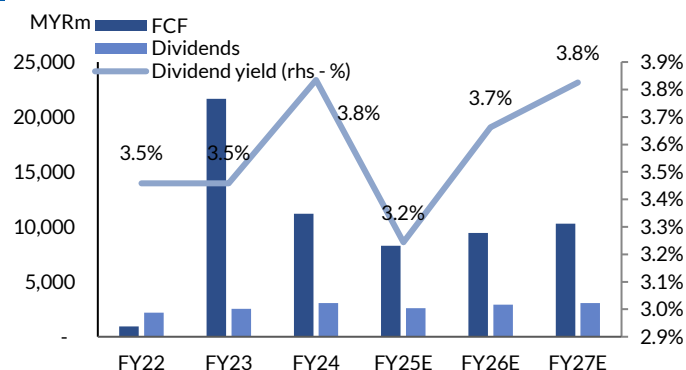
Source: Company data, RHB

Potential 11% upside from a new gas plant. More importantly, we see a stronger valuations boost from the award of the new gas plants under EC's CAT 2 tender. Recall that EC had called for an open bidding exercise to develop new gas-fired plants (with a 21-year tenure) with planned commissioning in 2030. Media reports had indicated 6-8GW of new capacity under the CAT 2 tender to meet rising demand. Given TNB's 56% share of the national 10GW gas plant installed capacity, we believe it is well-positioned to secure a bid. Scenario test: Assuming TNB wins a bid to build a new 2,800MW gas plant (MYR9.8bn capex, 70% debt funding, WACC: 8.2%) we estimate a decent 12% project IRR and a MYR1.66 (+11%) accretion to our TP.

FCF to sustain dividend payouts

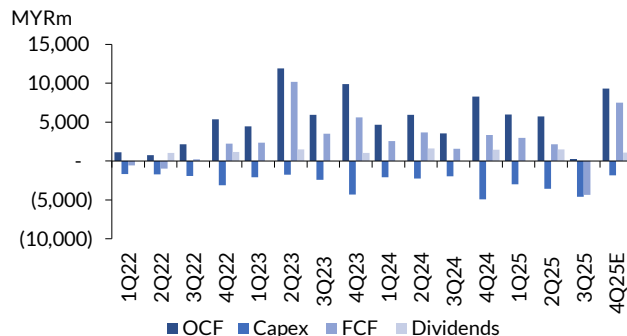
Stable FCF to sustain 4% dividend yield. TNB reported negative FCF of MYR4.3bn in 3Q25, due mainly to one-off additional tax payments made. For the full year, we expect it to report a positive FCF of MYR10bn, as we do not expect any more significant cash outflow in 4Q25. This should make for a strong base for the company to maintain its dividend payments. For FY25, we forecast TNB to pay MYR2.6bn (premised on a 60% payout ratio) – which makes up 30% of FCF. This translates to a c.4% yield at the current price. We expect dividend payouts to be sustained in FY26-27.

Figure 7: We expect positive FCF to sustain dividends



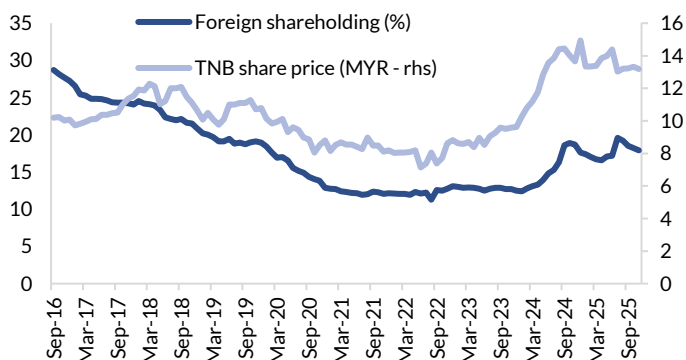
Source: Company data, RHB

Figure 8: TNB reported negative FCF in 3Q25 due to one-off tax payment to IRB. We expect positive FCF in 4Q25



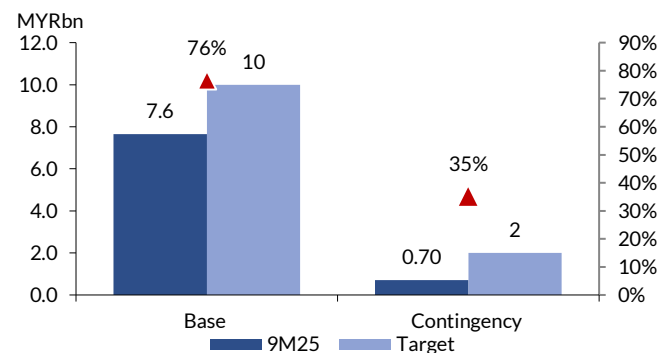
Source: Company data, RHB

Figure 9: Foreign shareholding has fallen from a 6-year high of 19% since the Court's rule on tax claims in July



Source: Company data, RHB

Figure 10: As at end-September, TNB had spent 75% of its target base capex for FY25



Source: Company data, RHB

Changes in estimates

Figure 11: Changes to our estimates

MYRm	Old			New			% Variation		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue	56,984	59,005	61,110	69,175	72,794	76,654	21%	23%	25%
EBITDA	21,138	21,859	22,067	21,280	22,932	23,854	1%	5%	8%
Recurring net profit	3,882	4,042	4,076	4,324	4,881	5,099	11%	21%	25%
EPS (sen)	67	69	70	74	84	87	11%	21%	25%
DPS (sen)	43	45	45	45	50	52	3%	11%	15%

Source: Company data, RHB

Figure 12: Consensus vs RHB estimates

MYRm	BBG consensus			RHB estimates			% Variation		
	FY25	FY26	FY27	FY25	FY26	FY27	FY25	FY26	FY27
Revenue	63,513	66,702	70,520	69,175	72,794	76,654	9%	9%	9%
EBITDA	19,940	21,506	22,876	21,280	22,932	23,854	7%	7%	4%
Recurring net profit	4,234	4,730	4,984	4,324	4,881	5,099	2%	3%	2%
EPS (sen)	73	82	86	74	84	87	2%	3%	2%
DPS (sen)	45	49	53	45	50	52	-1%	2%	-2%

Source: Company data, RHB

Changes to estimates. We lift FY25, FY26 and FY27 NP forecasts by 11%, 21% and 25% as we factored in PPA extensions for the three gas plants as well as lower net interest expenses – mitigating a 1ppt increase in ETR to 30%. We have also adjusted our recurring net profit numbers to remove the non-cash impact from the MFRS 16 accounting treatment, which requires TNB to recognise depreciation and finance costs for “right-of-use” assets. Our FY25-27 estimates are 2-3% higher than that of the consensus.

Valuation and recommendation

Keep BUY, new MYR15.60 TP from MYR14.80, 15% upside with c.4% FY26F yield. We increased our TP by 9%, as we changed our valuation methodology from DCF to P/E. Our TP is pegged to 19x FY26 P/E, which is at +1SD from the counter’s 3-year mean. This premium is justified, as TNB is the prime beneficiary of the NETR, which will drive new generation and grid investments until 2050. We expect DCs to drive 4.7% average electricity demand growth until 2030 (vs 1.6% in 2010-2023).

RP4 will provide stable regulated earnings in FY26-27F, and we see upside from:

- i. Contingency capex approvals;
- ii. Lower ETR from RIA approvals;
- iii. New gas plant extensions.

We have also reduced our ESG discount to 4% (from 6%) to reflect TNB’s improving RE portfolio (+7% YoY to 4.6GW currently, with another 8.8GW in the pipeline) which could further reduce CO2 emissions by 23%. Our TP implies a FY26 target EV/EBITDA of 7.4x – close to +1SD from the mean. TNB’s share price is still at a 6% discount from the recent high when the [Federal Court’s ruling on additional tax assessment](#) from the Inland Revenue Board (IRB) was made in July. We believe this is a good time to accumulate TNB shares, given the removal of the IRB tax dispute overhang.

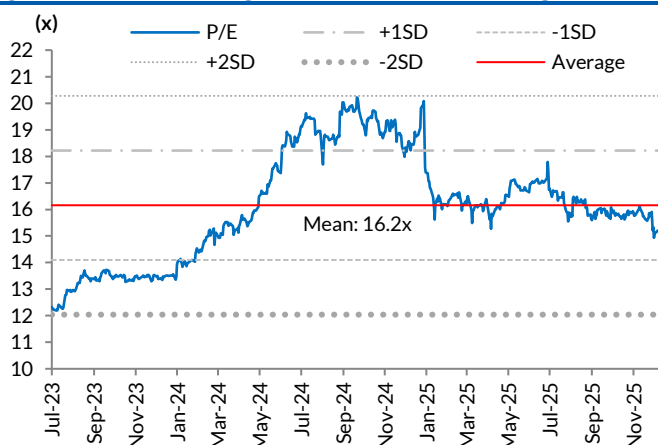
Key downside risks: The implementation of carbon tax is a risk to TNB’s earnings. Assuming a MYR10 per tonne of CO2 carbon tax on Scope 1 emissions, we estimate this will have an 8% impact on TNB’s FY26-27 EPS. Other key risks include delays in contingency capex approvals and a higher-than-expected ETR.

Figure 13: P/E valuation

FY26 recurring net profit (MYRm)	4,881
P/E (x)	19.4
Total value (MYRm)	94,694
Outstanding shares (m)	5,829
	16.24
ESG discount (%)	4%
TP (MYR)	15.60

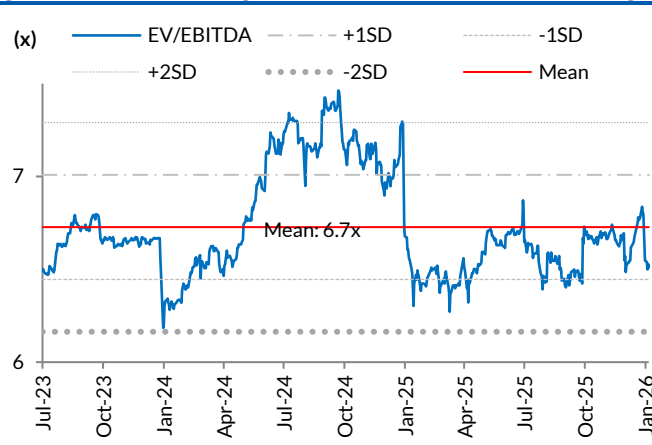
Source: RHB

Figure 14: TNB is trading below its 3-year P/E average



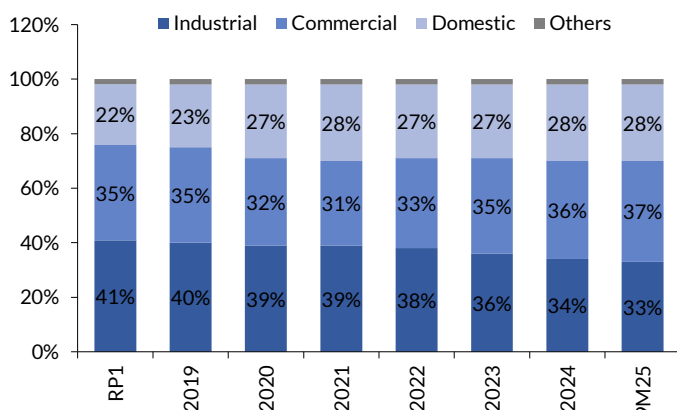
Source: Bloomberg, RHB

Figure 15: TNB is trading below its 3-year EV/EBITDA average



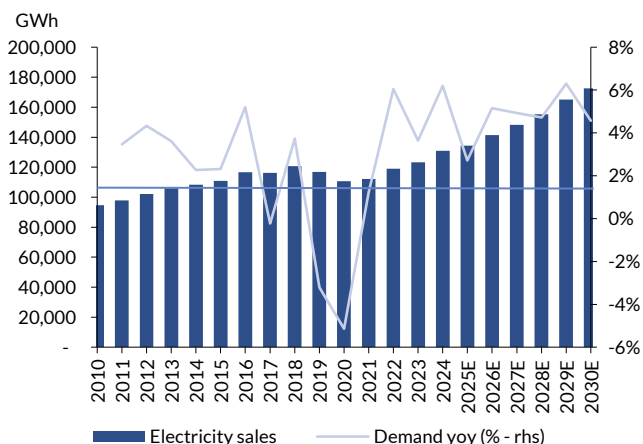
Source: Bloomberg, RHB

Figure 16: Its commercial sales mix is growing due to rising demand from DCs



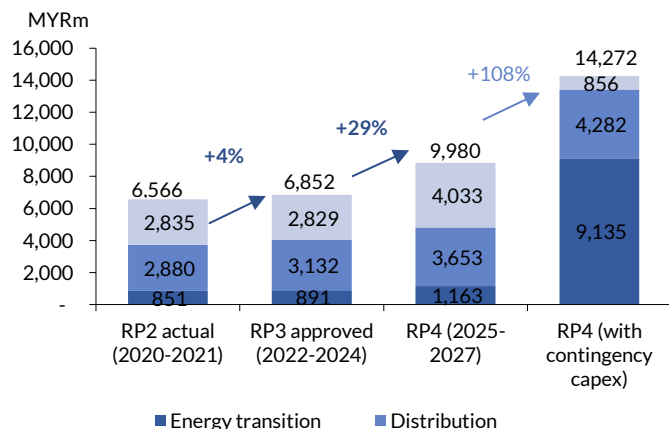
Source: Company data, RHB

Figure 17: We forecast 4.7% average electricity demand growth in FY25-FY30E (vs the 1.6% average in 2010-2023)



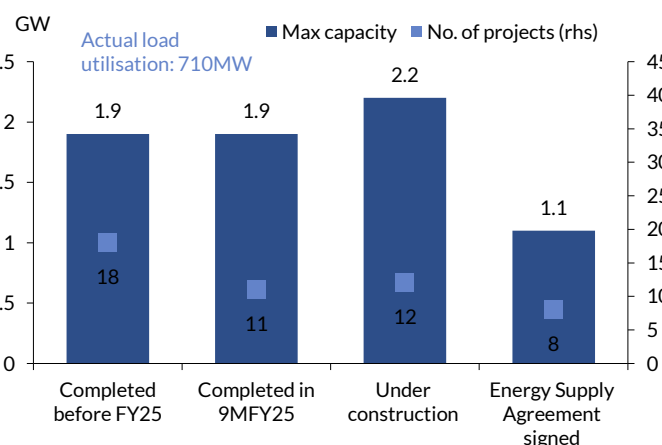
Source: Company data, RHB

Figure 18: The Government has approved a 29% increase in the annual base capex for RP4 (2025-2027), with upside from additional contingency capex



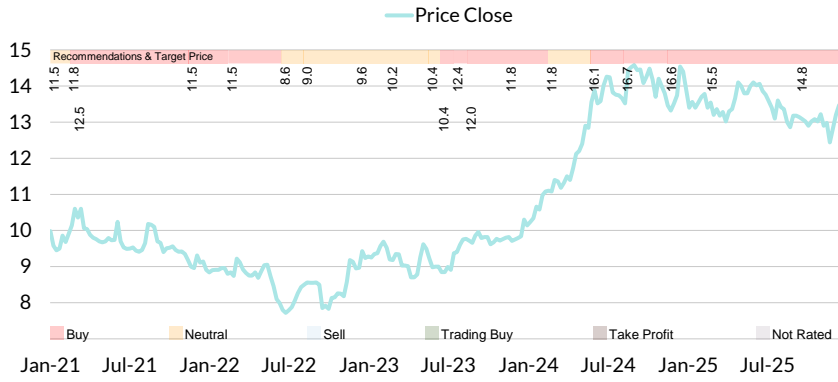
Source: Company data, RHB

Figure 19: TNB has completed supply to 31 DCs with a maximum load of 3.8GW



Source: Company data, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-12-01	Buy	14.8	13.3
2025-05-28	Buy	15.5	14.1
2025-03-03	Buy	15.5	13.7
2024-11-29	Buy	16.6	13.7
2024-08-29	Buy	16.7	13.9
2024-08-19	Buy	16.7	13.9
2024-06-03	Buy	16.1	13.0
2024-02-28	Neutral	11.8	11.0
2023-11-27	Buy	11.8	9.8
2023-08-27	Buy	12.0	10.0
2023-07-28	Buy	12.4	9.6
2023-06-25	Buy	10.4	9.2
2023-05-30	Neutral	10.4	9.6
2023-02-28	Neutral	10.2	9.4
2022-12-19	Neutral	9.6	9.3

Source: RHB, Bloomberg

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