

27 February 2026

Tenaga Nasional

FY25 Result Above Slightly

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TENAGA's FY25 core profit of RM4.77b came in 6% above our forecast, largely due to lower-than-expected interest expenses. Growth was anchored by the commercial segment, where robust electricity demand from data centres continues to offset industrial weakness. These data centres serve as a key structural driver, enhancing operational efficiency at Genco and bolstering non-regulated earnings. While maintaining our FY26 forecasts, we have raised our dividend payout ratio assumption to 60% (from 50%), aligning with current payout trends. Consequently, we reiterate our **OUTPERFORM** rating with a revised TP of RM17.00 (from RM16.80).

FY25 results slightly above. TENAGA's FY25 core profit of RM4.77b came in slightly ahead of our forecast (+6%) and topped market consensus by 12%. This beat was partly attributed to lower-than-expected interest expenses, which totalled RM3.99b against our projection of RM4.83b. It declared a second interim dividend of 28.0 sen, bringing total FY25 NDPS to 53.0 sen. This exceeds the 51.0 sen paid in FY24 and our initial projection of 46.6 sen.

QoQ. 4QFY25 core profit jumped 48% QoQ to RM1.53b, supported by a 2% rise in revenue. While total electricity sales volume fell by 1.9%, Peninsular revenue inched up by 1%, driven by a solid 6.9% increase in the commercial segment—largely due to robust demand from data centre. This offset seasonal declines in the industrial (-11.7%) and domestic (-6.5%) segments. Meanwhile, opex rose 6%, driven by a 27% hike in non-fuel operating expenses (excluding depreciation).

YoY. FY25 core profit grew marginally by 1% to RM4.77b, despite a higher revenue growth of 19%. Overall electricity sales increased by 2.3%, underpinned by the commercial segment's 10.0% growth (fuelled by data centre). This was partially offset by a 5.8% decline in industrial demand, primarily from the iron and steel sectors. On the cost side, fuel costs, which are pass-through under the IBR framework, declined 7%, as average coal prices dropped 17%.

Outlook. TENAGA has found a new avenue of growth fuelled by electricity demand from data centre investment of >5,000MW by 2035, equivalent to 20% of total generating capacity in Malaysia. In the near term, a total of 700MW data centre is slated to come on stream by this year. This should continue to drive demand growth higher, in turn improving operation efficiency and boosting its non-regulated earnings.

Forecasts. We maintain our FY26 forecasts and introduce our FY27 estimates, where we project earnings growth of 3% based on a 3.5% electricity sales growth assumption. Furthermore, we have raised our dividend expectations by increasing our payout ratio assumption to 60% (up from 50% previously).

Valuations. Following a roll-over to FY26, our DCF-derived TP is increased slightly to RM17.00 (from RM16.80), based on unchanged WACC of 6.7% and TG of 2.0%. There is no adjustment to our TP based on our ESG 3-star rating (see Page 5).

Investment case. We continue to like TENAGA for: (i) its dominance in power generation, transmission and distribution in Malaysia, (ii) its defensive earnings backed by a resilient domestic economy and assets that are largely regulated, (iii) its new avenue of sustainable earnings growth fuelled by electricity demand from data centres and transmission & distribution (T&D) investment to cater for developing data centres, and (iv) its heavyweight index-linked stock status. Maintain **OUTPERFORM**

OUTPERFORM ↔

Price: RM14.18
Target Price: RM17.00 ↑

Share Price Performance



KLCI	1,740.94
YTD KLCI chg	3.6%
YTD stock price chg	3.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	TNB MK
Market Cap (RM m)	82,657.2
Shares Outstanding	5,829.1
52-week range (H)	14.98
52-week range (L)	12.50
3-mth avg. daily vol.	7,092,454
Free Float	68%
Beta	1.0

Major Shareholders

Employees Provident Fund	23.3%
Khazanah Nasional Bhd	15.8%
Amanah Saham Nasional	11.3%

Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	67,723	66,922	68,404
EBIT	8,532	9,765	9,772
PBT	6,177	6,498	6,682
Net Profit (NP)	4,768	4,904	5,043
Core Net Profit	4,767	4,904	5,043
Consensus (NP)	-	4,789	5,090
Earnings Rev. (%)	-	-	NEW
Core EPS (sen)	77.7	84.7	87.1
EPS Growth (%)	1.3	2.9	2.8
NDPS (sen)	46.6	50.8	52.3
BV/Share (RM)	10.72	11.06	11.41
NTA/Share (RM)	10.57	10.91	11.25
Core PER (x)	18.3	16.7	16.3
PBV (x)	1.32	1.28	1.24
Price/NTA (x)	1.34	1.30	1.26
Net Gearing (x)	0.59	0.53	0.48
Dividend Yield (%)	3.3	3.6	3.7

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as TENAGA is a long-term beneficiary of the influx of FDI to build data

centres in the country.

Risks to our recommendation include: (i) ballooning under-recovery of fuel costs, straining its cash flow, (ii) a global recession hurting demand for electricity, and (iii) non-compliance of ESG standards set by various stakeholders.

Income Statement

FYE Dec (RM m)	4Q FY25	3Q FY24	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Turnover	17,599.7	17,249.7	2%	14,378.3	22%	67,723.1	56,737.1	19%
EBITDA	5,429.5	4,818.3	13%	5,553.5	-2%	20,517.7	19,952.4	3%
Depreciation	-3,147.5	-3,006.9	5%	-2,711.8	16%	-11,985.6	-11,232.3	7%
EBIT	2,282.0	1,811.4	26%	2,841.7	-20%	8,532.1	8,720.1	-2%
Interest income	134.0	132.4	1%	183.3	-27%	631.4	628.7	0%
Interest expense	-1,002.6	-1,013.1	-1%	-1,078.4	-7%	-3,994.5	-4,097.8	-3%
Forex translation gain	301.3	-0.4	N/A	-553.8	N/A	651.5	492.2	32%
Forex transaction gain	16.7	4.2	298%	-50.7	N/A	51.1	-24.8	N/A
Associates	40.4	12.5	223%	-193.3	N/A	87.8	107.5	-18%
Exceptional items	44.2	258.0	-83%	-6.1	N/A	217.2	-11.1	N/A
Pretax profit	1,816.0	1,205.0	51%	1,142.7	59%	6,176.6	5,814.8	6%
Taxation	-163.9	-301.5	-46%	-234.9	-30%	-1,406.8	-1,224.2	15%
Minority interest	23.0	-26.6	N/A	46.7	-51%	-1.7	-31.0	-95%
Net profit	1,675.1	876.9	91%	954.5	75%	4,768.1	4,559.6	5%
Core net profit	1,533.0	1,036.7	48%	1,648.9	-7%	4,767.3	4,707.8	1%
EPS (sen)	29.7	15.5	91%	16.9	75%	84.5	80.8	5%
Core EPS (sen)	27.2	18.4	48%	29.2	-7%	84.5	83.4	1%
NDPS (sen)	28.0	0.0	N/A	26.0	8%	53.0	51.0	4%
NTA/share (RM)	8.65	8.38	3%	10.65	-19%	8.65	10.65	-19%
EBITDA margin	30.8%	27.9%		38.6%		30.3%	35.2%	
EBIT margin	13.0%	10.5%		19.8%		12.6%	15.4%	
Pretax margin	10.3%	7.0%		7.9%		9.1%	10.2%	
Effective tax rate	11.1%	31.8%		13.8%		26.5%	23.0%	

Source: Company

Generation Mix (Peninsula)

FYE Dec (RM m)	4Q FY25	3Q FY24	Q-o-Q Chg	4Q FY24	Y-o-Y Chg	12M FY25	12M FY24	Y-o-Y Chg
Fuel Costs								
Gas	2,952.8	2,982.3	-1%	2,551.1	16%	11,675.8	11,738.9	-1%
Coal	3,819.2	4,062.1	-6%	4,579.8	-17%	16,086.3	17,828.2	-10%
Dist	328.6	76.9	327%	39.8	726%	471.7	166.5	183%
Oil	124.3	3.5	3451%	0.0	N/A	170.8	25.9	559%
	7,224.9	7,124.8	1%	7,170.7	1%	28,404.6	29,759.5	-5%
Unit Generated (Gwh)								
Gas & LNG	12,625.7	12,289.9	3%	11,747.2	7%	48,368.3	51,677.2	-6%
Coal	20,783.0	21,808.5	-5%	20,554.1	1%	84,751.3	80,365.8	5%
Dist	436.8	129.2	238%	0.0	N/A	619.4	85.1	628%
Oil	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Hydro	1,824.2	1,910.8	-5%	2,055.7	-11%	7,020.0	6,647.8	6%
Solar	763.2	862.9	-12%	737.6	3%	3,284.8	3,014.4	9%

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36,432.9 37,001.3 -2% 35,094.6 4% 144,043.8 141,790.3 2%

Source: Company

Breakdown of Electricity Sales & ICPT

	4Q	3Q	Q-o-Q	4Q	Y-o-Y	12M	12M	Y-o-Y
FYE Dec (RM m)	FY25	FY24	Chg	FY24	Chg	FY25	FY24	Chg
Peninsular Malaysia	15,260.2	15,091.7	1%	13,001.5	17%	56,595.0	52,675.0	7%
Sales Discount	0.0	0.0	N/A	0.0	N/A	0.0	0.0	N/A
Accrued Revenue	180.6	618.9	-71%	37.3	384%	824.0	161.7	410%
Energy Export	37.3	46.1	-19%	24.7	51%	170.9	25.3	575%
SESB	582.7	602.0	-3%	565.2	3%	2,334.8	2,280.5	2%
TNBI	182.3	209.6	-13%	170.6	7%	830.3	876.7	-5%
	16,243.1	16,568.3	-2%	13,799.3	18%	60,755.0	56,019.2	8%
ICPT	-920.2	-1,053.9	-13%	1,726.1	-153%	-2,738.6	9,097.7	-130%

Source: Company

Breakdown of Operating Expenses

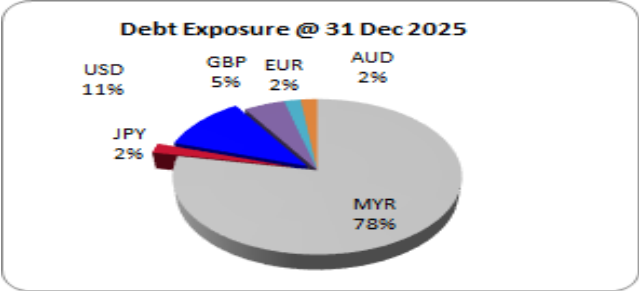
	4Q	3Q	Q-o-Q	4Q	Y-o-Y	12M	12M	Y-o-Y
FYE Dec (RM m)	FY25	FY24	Chg	FY24	Chg	FY25	FY24	Chg
Total IPP Costs	3,623.4	4,084.5	-11%	4,086.7	-11%	16,471.8	17,626.9	-7%
TNB Fuel Costs	4,568.5	4,174.5	9%	4,298.6	6%	16,284.8	17,460.0	-7%
Total Opex – Non-Fuel	3,954.9	3,107.1	27%	3,300.3	20%	12,960.7	12,639.1	3%
Depreciation	3,147.5	3,006.9	5%	2,711.8	16%	11,985.6	11,232.3	7%
Total Operating Expenses	15,294.3	14,373.0	6%	14,397.4	6%	57,702.9	58,958.3	-2%
Ave. Coal Price (USD/MT)	99.1	97.4	2%	115.3	-14%	100.2	113.2	-11%
Ave. Coal Price (RM/MT)	415.2	412.0	1%	505.8	-18%	430.6	517.9	-17%
Gas Ref Mkt Price(RM/mmbtu)								
- Tier 1	32.3	34.5	-6%	30.0	8%	34.2	32.9	4%
- Tier 2	41.6	43.0	-3%	45.4	-8%	44.8	45.8	-2%
Ave. Gas/LNG Vol (mmscfd)	885.0	866.0	2%	837.0	6%	856.0	946.0	-10%

Source: Company

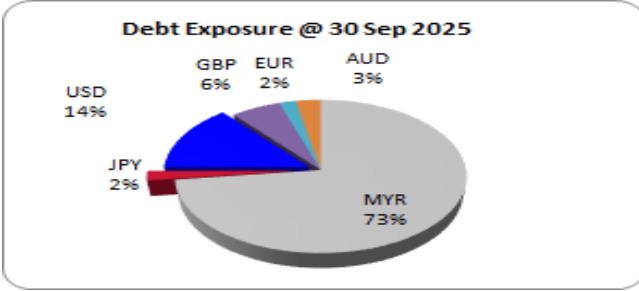
Debt Exposure & Forex

Debt Exposure & Forex

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Source: Company



Source: Company

Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAS MALAYSIA BHD	MP	4.76	4.50	-5.5%	6,111.8	Y	12/2026	31.7	32.1	5.6%	1.3%	15.0	14.8	3.7	25.4%	25.3	5.3%
KJTS GROUP BHD	OP	0.805	1.30	61.5%	555.9	Y	12/2026	3.1	3.7	18.1%	20%	26.8	20.1	3.1	15.2%	61.5	76.4%
MALAKOFF CORP BHD	OP	0.810	1.00	23.5%	3,958.4	Y	12/2026	3.6	4.8	58.2%	32.9%	22.6	17.0	0.9	3.9%	2.9	3.5%
PEKAT GROUP BHD	OP	1.35	1.68	24.4%	953.5	Y	12/2025	7.2	8.5	109.0%	17.5%	18.8	16.0	3.3	24.0%	0.0	0.0%
PETRONAS GAS BHD	MP	18.44	18.80	2.0%	36,487.8	Y	12/2026	95.9	97.2	12.1%	1.4%	19.2	19.0	2.5	13.1%	72.0	3.9%
SAMAIDEN GROUP BHD	OP	1.13	2.08	84.1%	567.9	Y	06/2026	6.9	8.4	24.0%	21.6%	16.3	13.4	4.5	29.8%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	2.32	3.45	48.7%	2,201.0	Y	03/2026	10.3	14.3	51.9%	39.2%	22.5	16.2	4.5	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.205	0.470	129.3%	205.2	Y	09/2026	1.3	2.0	-29.3%	53.8%	15.8	10.3	2.6	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	14.18	17.00	19.9%	82,657.2	Y	12/2026	85.6	88.1	2.9%	2.8%	16.6	16.1	1.3	7.8%	50.8	3.6%
YTL POWER INTERNATIONAL BHD	OP	2.91	3.80	30.6%	25,138.3	N	06/2026	25.8	25.1	-27.1%	-2.6%	11.3	11.6	1.0	9.2%	8.0	2.7%
Sector Aggregate	MP	4.76	4.50	-5.5%	6,111.8	Y	12/2026	31.7	32.1	5.6%	1.3%	15.0	14.8	3.7	25.4%	25.3	5.3%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★	★	
	Corporate Governance	★	★	★	★	
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★			
SPECIFIC	Transition to Renewables	★	★	☆		
	Reliable Energy & Fair Tariff	★	★	★		
	Effluent/Waste Management	★	★	★		
	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★		
	Customer Satisfaction	★	★	★		
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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