



# 26<sup>TH</sup> ANNUAL GENERAL MEETING

## *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KWAP)*

15<sup>th</sup> December 2016

**A BRIGHTER  
TOMORROW  
BEGINS WITH A  
BETTER TODAY.**



**Q1** TNB continues to install new domestic capacity - a total of 1,882MW in FY2016 with another 3,201MW in the pipeline to be commissioned between the end of 2016 and 2019 (refer page 26, 2016 Annual Report). With regards to this expansion, please provide the following:

**Q1a** What is TNB's view of electricity demand in Malaysia, generation mix levels, reserve margins and new power plant projects?

Answer:

- Electricity demand is expected to grow moderately in the future with average growth rates of about 2.0% per annum in the short to medium term.
- For the next few years, reserve margin level as indicated by Kementerian Tenaga, Teknologi Hijau dan Air (KeTTHA) and Energy Commission (EC) is expected to remain above 20% after taking into account the committed new projects and power plants life extension.
- The generation mix in Peninsular Malaysia is dominated by coal and gas and this trend is expected to continue for the next few years.
- The new major power plant projects for the next 5 years have been awarded by EC to the relevant bidders or developers.

**Q1** TNB continues to install new domestic capacity - a total of 1,882MW in FY2016 with another 3,201MW in the pipeline to be commissioned between the end of 2016 and 2019 (refer page 26, 2016 Annual Report).  
With regards to this expansion, please provide the following:

**Q1b** The additional capex required to support this expansion.

Answer:

- TNB as a player in the Malaysian generation market will aim to participate in any generation opportunity as sought by the Energy Commission (EC) either through competitive bidding exercise and conditional award.
- The capital expenditure requirement will be determined by the generation development projects awarded to TNB.
- In the pipeline, we have approximately 3GW of generation development projects under construction, namely Manjung 5 and Jimah East Power.
- These projects will be commissioned in 2017 and 2019, and will require capital expenditure investments totalling RM3.0 bn to RM3.5 bn per annum until 2019.

Q2

TNB financial statement showed that revenues increased by 2.9% from RM43.3 billion to RM44.5 billion in FY2016.

Please share the company's targeted revenue growth for the next few years and how does the company plan to diversify its revenue sources without compromising margins.

Answer:

- Under our 2015 to 2025 Strategic Plan, TNB has identify new growth areas whereby revenue will be mainly derived from:
  - Future Generation Sources from international and domestic generation markets,
  - Grid of The Future from international and domestic grid, and
  - Through Winning the Customers.
- From these areas, TNB aspires to grow its Earnings before Interest and Tax (EBIT) from RM8 bn to RM20 bn in 2025 through domestic and international investments.

**Q3**

TNB on 23<sup>rd</sup> November 2015 received Notices of Additional Assessment for the years of assessment 2013 and 2014 for the sum of RM985,574,533.39 and RM1,082,614,007.13 respectively.

Assuming TNB does not win the claim, what is TNB's expectations of the normalised tax rate in coming years?

Answer:

- For Year of Assessment 2016, TNB normalised effective tax rate without the Reinvestment Allowance incentive, and based on the current Profit Before Tax and business as usual is around 23%.
- For future years, TNB effective tax rate is expected to be either at or lower than the statutory tax rate of 24%.

**Q4** Given that TNB recently acquired a 30% stake in Gama Enerji and GMR Energy, gaining a foothold in Turkey and India, should we expect further expansion outside Malaysia? (refer page 38, 2016 Annual Report).

Answer:

- TNB will continue to explore potential investment opportunities for both conventional and renewable power generations and related businesses in the South East Asia as well as in the Middle East regions.

**Q5** TNB is also venturing into Renewable Energy (RE) internationally. Please share with us the latest updates on the Sweihan 350MW solar PV independent power plant project in Abu Dhabi, UAE (refer page 39, 2016 Annual Report).

Answer:

- TNB participated as a member of a consortium that submitted the bid for the Sweihan 350MW Solar PV project on 19<sup>th</sup> September 2016.
- The bid submissions are currently undergoing review and clarification process.
- The official Shortlisted Bidder announcement is yet to be made.