APPENDIX C


TENAGA NASIONAL
Better. Brighter.
35TH ANNUAL GENERAL MEETING
TENAGA NASIONAL BERHAD
22 MAY 2025
LEADING THE ENERGY TRANSITION
FOR A SUSTAINABLE TOMORROW

PERMODALAN NASIONAL BERHAD (PNB)
RESPONSES

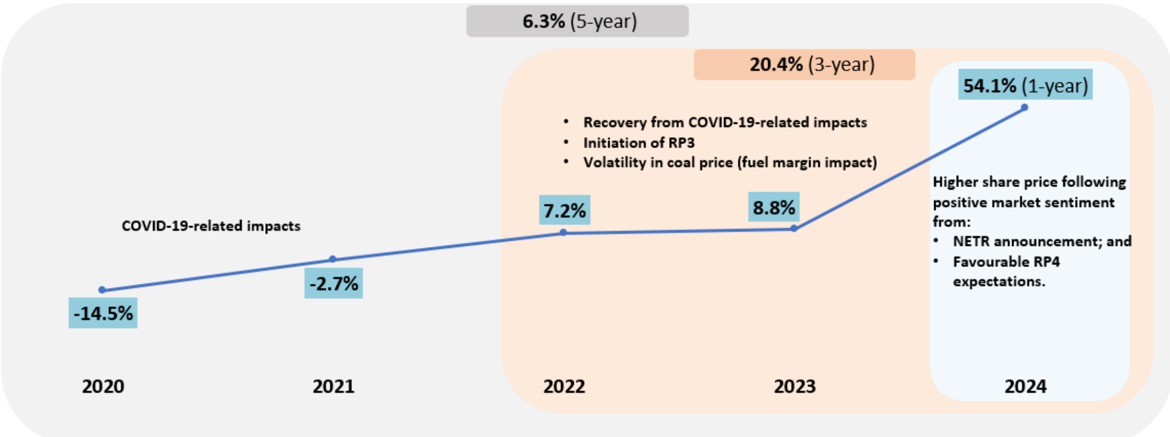
STRATEGIC QUESTIONS

1. To disclose the Total Shareholders' Returns (TSR) of TNB for the past 1, 3, and 5 years up to the end of the financial year ended 2024.
   What would the Board attribute the performance to.

   Answer:

   - The Total Shareholders' Returns (TSR) for the periods together with respective performance attributions are as follows:-

TSR



   - Whilst COVID-19 pandemic has impacted our TSR performance in year 2020 and 2021, TSR recovered in 2022 and 2023 with the announcement of National Energy Transition Roadmap (NETR). It further improved in 2024 primarily driven by developments from NETR and favourable expectations on RP4 determination.

   - In comparison to KLCI, we have achieved relative TSR outperformance during the period as follows:

Year	5 year 2020 - 2024	3 year 2022 - 2024	1 year 2024
TNB's TSR (%)	6.3	20.4	54.1
KLCI Performance* (%)	3.4	4.8	12.9

* *Source: Bloomberg*

2. The Board's views on what are the one or two key critical drivers of TSR for the Company. Would this be return on equity, EPS growth or any other metric? If so, what was the performance of these metrics for the past 1, 3 and 5 years?

Answer:

- Share price is driven by many factors including fundamentals as well as market sentiments. **TNB focuses on the fundamentals through business performance, which will translate into reward to shareholders through dividend payment. Earnings before interest and taxes (EBIT) is TNB's key financial performance metric, supplemented by earnings and dividend per share (EPS and DPS).**

- The details of these metrics for the past 5 years are summarised below:

	2020	2021	2022	2023	2024	5-year Average
EBIT (RM mil)	7,358.8	8,083.0	9,409.5	7,356.9	8,720.1	8,185.7
Earnings per share (sen)	63.06	64.05	60.35	48.00	81.00	63.3
Dividend per share (sen)	80.0*	40.0	46.0	46.0	51.0	52.6
Dividend payout ratio (%)	58.5	52.8	55.2	66.6	59.6	58.5

* *Include special dividend of 40.0 sen*

- Under Reimagining Tenaga 2.0, EBIT continues to be our key financial metric along with other business growth targets such as renewable energy (RE) capacity growth and investments into the grid to maintain our world class network. We are also committed to growing our non-regulated business through energy solutions to further drive our overall financial performance.

3. What are the strategic initiatives that are being put in place by the Company to improve these key drivers and enhance TSR for the next three years?

Answer:

- Under Reimagining Tenaga 2.0, we have identified strategic initiatives within **four core pillars** aimed at driving EBIT growth, enhancing our global footprint, and aligning with the Group's long-term aspiration to achieve Net Zero aspiration by 2050 (i.e., under the 3 value levers: Growth, Global and Green)

- Details on the four pillars are as below:

Deliver Clean Generation

- ➢ This pillar emphasises improving our generation asset operational performance to ensure efficient and reliable energy generation, to maximise energy payments and minimise capacity payment losses.

- ➢ TNB is actively expanding the development of new clean energy sources both domestically and globally. A key focus is on the transition from traditional to cleaner energy sources, including a potential early retirement of coal-fired power plants and repowering them with greener energy sources.

Develop Energy Transition Network

- ➢ Under this pillar, the focus is on expanding and upgrading the existing electricity network to enable more stable and widespread distribution of renewable energy (RE). Key initiatives include connecting to RE generation zones, deploying energy storage systems at substations to enhance system stability, and increasing the overall sales of renewable energy in kilowatt-hours.

- ➢ Our grid modernisation efforts form a substantial part of our RP4 CAPEX spending for the next three years. In addition, we are also at the vanguard of driving the ASEAN Power Grid regionally to enhance our region's electricity supply security and sustainability.

Dynamic Energy Solutions

- ➢ This pillar aims to enhance customer delivery by leveraging innovative digital solutions and existing data. It also encourages greater customer involvement in the energy transition journey. Solutions offered include clean energy, energy storage, distributed generation, energy efficiency, electric mobility, expansion of the Charging Point Operator (CPO) network, new business models beyond kWh sales, and District Cooling Systems (DCS). Additionally, the transition to electric mobility is expected to grow with more than 700,000 EVs, contributing to a reduction of approximately 174,308 tonnes of CO_2e.

- ➢ Offering these new dynamic energy solutions to our 11 million+ customers create new revenue stream opportunities for the group.

Drive Regulatory Evolution

- The final pillar focuses on identifying and exploring new regulatory levers to accelerate TNB's energy transition efforts. This includes working with policy makers and relevant stakeholders to develop regulatory frameworks that support innovation, green investments, and the overall transformation of the energy sector.

- With these initiatives, we aim to increase our profitability by growing our revenue streams in both regulated and non-regulated business while improving our costs through better operational efficiency.

OTHER QUESTIONS

4. What are the key driving factors in the declining ROE trend during the last decade (FY15: 16.3% vs FY24: 7.9%) and is there a ROE target the Company is striving for?

Answer:

- The ROE trend as tabulated below:

Year	RP1 (2015 – 2017)	RP2 & RP2 Extension (2018 – 2021)	RP3 (2022 – 2024)
ROE (%)	15.2	7.2	5.9

- Factors contributing to ROE performance:

i. **RP1**: Strong regulatory performance attributed to first time implementation of Incentive Base Regulation (IBR) framework. TNB benefited from higher sales and average selling price (ASP).

ii. **RP2 and RP2 Extension**: Refinement in Regulatory Implementation Guidelines (RIGs) and impact of Covid-19.

iii. **RP3**: Prosperity tax in 2022 and negative fuel margin impact on generation business due to volatility in fuel price in 2023.

- Following the positive IBR RP4 determination for year 2025 – 2027, we expect a stronger financial performance given the increased allowed CAPEX of RM42.8 bil (RM26.6 bil base CAPEX + RM16.2 bil contingent CAPEX) along with a maintained regulatory rate of return of 7.3%.

- With strategic initiatives to deliver implementation of RP4 as well as efforts in place to grow our non-regulated businesses over the next few years, we expect ROE to improve going forward.

5. For the period of 2022-2024, both Regulated and Non-Regulated business has shown a commendable operational performance such as securing RoRAB return and growing RE generation capacity, respectively. In the same vein, can the Company share the financial performance of both segments during the same period together with the analysis behind the numbers?

Answer:

- During the IBR Regulatory Period 3 from 2022 to 2024, regulated business has contributed positively to the overall financial performance of the Group. Over the 3-year period, we recorded an **average RoRAB of >7.3%, outperforming the approved returns** under the IBR regime and grew the regulated asset base to RM68.8 billion at the end of the period. We successfully invested RM23.6 billion of regulated CAPEX in RP3, demonstrating our ability to deliver the required targets to develop the energy transition network as envisaged by the regulator.

- This reflects our commitment to delivering value to our stakeholders while ensuring our continuous growth going forward arising from recent positive outcome of the RP4 determination, in allowing a more sizeable CAPEX of RM42.8 billion to be deployed in the coming 3 years.

- For non-regulated business, despite the challenging environment (volatility in fuel prices), the operating assets have shown improvement in operational efficiency and achieved significant progress during the same period.

- Concurrently, we have secured positive outcome in ensuring future project pipelines. On the development phase, we have successfully achieved 41% progress for our Nenggiri hydro project and working on large scale solar developments.

- To further strengthen our position, by end of 2024, we have successfully secured approximately 8.9GW of renewable energy (RE) capacity – supporting our RE growth agenda. Separately, GSPARX now has a total of 504MWp rooftop solar capacity, in which 164MWp was secured during the year whilst we have 66 TNB charge points already operational in support of green mobility agenda.

- Moving forward, our focus will be on delivering and growing RE capacity whilst expanding our green mobility and rooftop solar business as part of our dynamic energy solutions for our customers.

6. The recent US-led trade war via the imposition of tariff has caused heightened volatility and uncertainty in the global economy. Notwithstanding the fluidity and possible changes to this policy in the coming days.
   Does the Company foresee any fuel margin risk related to coal given the heightened volatility and uncertainty?

Answer:

- TNB, through its subsidiary, TNB Fuel Services, will continuously monitor the market situation. Based on latest TNBF projection of coal price where the trending volatility remain stable despite the recent tariff war, Genco risk on fuel margin remains low.

- While on-going global trade tensions present challenges across economies, TNB is proactively managing the impact through focused strategies aligned with our long-term growth priorities.
  a. **Economic Volatility**
     - Slower global and regional growth may affect electricity demand. In light to it, we are accelerating regional interconnection through the ASEAN Power Grid and expanding our renewable energy portfolio to stimulate sustainable demand.
  b. **Market Volatility**
     - Uncertainty in global markets may pressure market valuations. TNB is enhancing investor engagement to position ourselves as a stable, defensive investment, while exploring measures to reinforce market confidence.
  c. **Foreign Exchange Fluctuations**
     - Currency movements can impact our financial exposure. We are optimising our position by securing FX-advantaged contracts and evaluating our loan obligations.
  d. **Supply Chain Disruptions**
     - Geopolitical uncertainties continue to affect the availability and cost of critical components. To mitigate this, we are diversifying our supplier base, enhancing procurement practices, and strengthening contract management.

- Despite external headwinds, TNB remains well-positioned to capture growth opportunities—particularly in clean energy, regional expansion, and infrastructure—while staying closely aligned with national policy and stakeholder priorities.

7. In line with TNB's commitment to achieve net zero emissions by 2050, including reducing emission intensity, phasing out coal, and expanding renewable capacity. What is the Company's current progress towards NETR targets (such as 70% RE by 2050)? Furthermore, what is the company's view on the possibility of expediting the early retirement of coal plants, and how would this shape TNB's sustainability agenda and operational outlook moving forward?

Answer:

- TNB is making steady progress toward its Net Zero 2050 aspiration. As of FY2024, TNB's total installed **Renewable Energy (RE) capacity** stands at **4.5GW**, representing approximately **21%** of our total generation capacity. This reflects our commitment to decarbonise the power sector through a balanced and scalable shift to clean energy sources.

- As of December 2024, we have secured 13.3GW of RE capacity which will increase our RE portfolio to approximately 47% of our total installed capacity by 2030.

- TNB has demonstrated solid progress in its growth, aligned to NETR, covering key focus areas such as:
  - **Solar Park**: Over 700MWp in LSS projects, 750MWp Centralised Solar Park, and 577MWp residential solar pipeline under a JV with Sime Darby Property.
  - **Floating Solar**: Completed pilot project - installation at Hydro Kenyir Dam (154kWp)
  - **New Technology**: Initiatives include green hydrogen (TNB-PETRONAS), co-firing with biomass/ammonia, carbon capture and utilisation (CCUS), and exploration of nuclear energy.
  - **Energy Storage**: 100MW/400MWh grid-connected Battery Energy Storage System (BESS) pilot project.
  - **EV Chargers**: 66 chargers commissioned along major highways and retail stations.
  - **RE International**: 958MW in offshore/onshore RE equity and expanded regional power trade with Singapore.

- On the possibility of early retirement of coal plants, we are guided by three key considerations as follows:
  i. Security of supply for the nation;
  ii. Commercial viability; and
  iii. Development in carbon capture technology.

  However, this is **subject to shareholders' agreement and approvals from the relevant authorities and regulators.**

- With all these RE initiatives, we are on track to achieve 5% annual reduction in carbon emission intensity; in line with our 35% intensity reduction target by 2035.
  Source: https://www.tnb.com.my/sustainability/strengthening-tnb-carbon-management

8. Can TNB elaborate on its long-term strategy for past investments such as
   i. Gama Enerji in Turkey, and;
   ii. The cable network business under Allo?
   What has been the return profile for these investment ventures over the years and what has the Company done to maximise return or are there potential for divestment?

Answer:

Gama Enerji (GEAS) in Turkey

- TNB's investment in GEAS was made in 2016 as part of a long-term strategy to selectively expand into high-potential emerging markets. Türkiye presented strong investment fundamentals—robust electricity demand, macroeconomic growth, and an evolving power sector transitioning towards open market.

- We are monitoring the business closely and **remain open to evaluating all strategic options** where it aligns with TNB value creation.

Allo Technology

- Allo's long term strategy is to further unlock values by leveraging on our infrastructure and seize opportunities from the market through B2B collaborations and partnership. These includes marketing the connectivity service to mega customer such as data centres, and to other wholesale/retail customers through other retail telcos. These would accelerate the take up rate in the high growth broadband market.

9. **Congratulations on the new contract won in Kuwait by REMACO. Can the company share how much REMACO contributes to the group? Both on revenue and PATMI.**

Answer:

- The Group provides revenue by geographical areas as disclosed in **Note 44 of the TNB Financial Statements FY2024**.

Revenue by location of the Group's operation is analysed as follows:

	Group	
	2024 RM'million	2023 RM'million
Malaysia	**55,205.8**	52,145.2
United Kingdom	**740.7**	769.0
Kuwait	**595.4**	88.1
Republic of Ireland	**112.3**	0.4
Australia	**23.7**	7.0
Other countries	**59.2**	57.2
	56,737.1	53,066.9

- Currently, contribution from REMACO to **bottom line is relatively small (~1%)**. Apart from Kuwait, TNB REMACO has ongoing operations and maintenance (O&M) projects in Cambodia and Pakistan. TNB REMACO is continuously seeking to grow its existing services portfolio and strengthen its position in international markets.

- While Kuwait is not a new market, this deal further reinforces its commitment to expanding overseas and building long-term strategic partnerships. The project will contribute stable international revenue, enhance TNB's technical capabilities and track record, reduce reliance on the domestic market, and support TNB's global growth ambitions.