



36th ANNUAL GENERAL MEETING

21 MAY 2026

Delivering Tomorrow's
Energy Transition

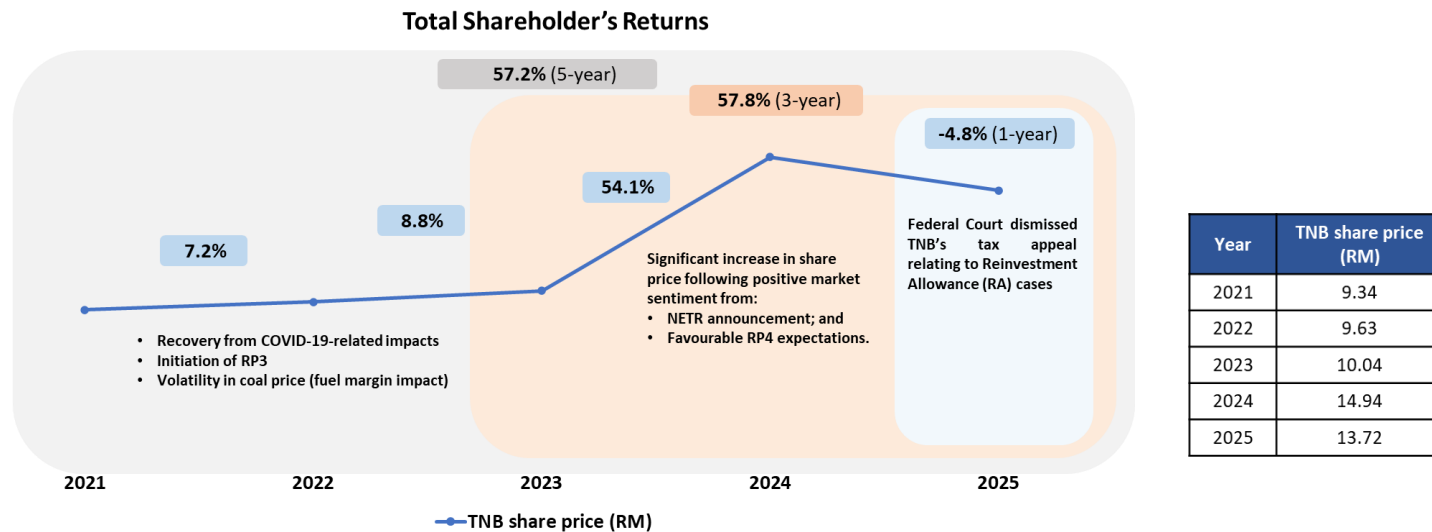


PERMODALAN NASIONAL BERHAD (PNB)

1. To disclose the Total Shareholders' Returns (TSR) of TNB over the past 1, 3, and 5 years up to the end of the financial year ended 2025. What would the Board attribute this performance to?

Answer:

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



- In 2021, TSR performance was constrained by the prolonged effects of the COVID-19 pandemic. Returns subsequently recovered in 2022 and 2023, supported by positive market sentiment following the announcement of the National Energy Transition Roadmap (NETR). TSR further strengthened in 2024, driven primarily by developments under NETR and favourable market expectations surrounding the Regulatory Period 4 (RP4) regulatory determination.
- In 2025, the company had a good start of RP4, while delivering RM12 billion regulated CAPEX, however the TSR was **moderated following unfavourable** ruling from the Federal Court in relation to Reinvestment Allowance. Nevertheless, this **tax matter has been resolved at the end of the year**.
- TNB's longer-term performance highlights more resilient shareholder value creation, as evidenced by 3-year and 5-year TSR of 57.8% and 57.2%, respectively.**

2. At the previous AGM, the Board highlighted that share price is driven by fundamental performance, primarily EBIT, supplemented by EPS and DPS.
- i. How did the improvement in profitability over the last financial year translate into overall TSR, including share price performance and dividends?

Answer:

- During FY2025, TNB delivered stronger profitability and earnings performance, supported by improved earnings per share (EPS) and resilient operational performance. Despite a lower share price at year end of RM13.72, the Group continued to **deliver shareholder return at a higher payout ratio of 65.6%**, reflecting continued commitment to reward our shareholders.
- Reflecting the stronger financial performance, TNB declared a total dividend of 53 sen per share for FY2025 as compared to 51 sen per share in FY2024.
- Nevertheless, **investor confidence was backed by TNB's earnings resilience, regulatory visibility under RP4, its long-term energy transition initiatives, and the resolution of the tax case by year-end which further strengthened positive sentiment towards TNB.**

2. At the previous AGM, the Board highlighted that share price is driven by fundamental performance, primarily EBIT, supplemented by EPS and DPS.

ii. What were the key factors underpinning the earnings growth and to what extent does the Board consider these earnings to be structural and sustainable going forward?

Answer:

- A key underpinning factor was the **approval of Regulatory Period 4 (RP4)**, which provides greater earnings visibility and supports stable regulatory returns under the Incentive-Based Regulation (IBR) framework. This supports the expansion of TNB's regulated capital expenditure, which will progressively grow the regulated asset base and in turn, generate regulated returns over the long term.
- In 2025, the Government initiated an **open bidding exercise for new generation capacity** covering the period from 2025 to 2029 to ensure supply adequacy, system reliability, and to effectively meet future energy demand. In line with this initiative, we successfully **secured several key approvals to support future capacity requirements**, including the extension of three existing power plants with a combined capacity of 1,262MW, as well as the development of a new 1,400MW Combined-Cycle Gas Turbine (CCGT) plant in Paka.
- More recently, we were **granted a 5-year Power Purchase Agreement (PPA) extension for the 400MW Kenyir Hydro Power Station**. This extension supports the nation's renewable energy agenda while avoiding the significant capital costs associated with developing new hydro dams. Furthermore, upcoming developments including the commencement of the 300MW Nenggiri hydropower project in 2027, 686MWp Large-Scale Solar 5 (LSS5) in 2027 and the 700MW Sungai Perak Hydro Life Extension Programme (HLEP) are expected to **further strengthen the Group's earning sustainability and transition outlook**.
- In addition, the Group continues to benefit from **structural demand growth trends**, particularly from increasing electricity requirements driven from data centre developments and the gradual adoption of electric vehicles. These trends are expected to continue supporting electricity demand growth and grid expansion requirements over the medium to long term.
- Collectively, these growth initiatives and structural demand drivers reinforce TNB's long-term earnings sustainability. Therefore, TNB remains focused on **disciplined execution, operational efficiency and prudent financial management** to ensure sustainable long-term earnings growth and value creation.

3. At the previous AGM, the Board has also outlined the four core pillars under Reimagining Tenaga 2.0 namely: Deliver Clean Generation, Develop Energy Transition Network, Dynamic Energy Solutions, and Drive Regulatory Evolution, aimed at driving EBIT growth.

- i. Could the Company provide an update and progress under each of the four strategic pillars over the past year?
- ii. Following this, could the Company outline the key forward milestones for each of the strategic pillars?

Answer:

During FY2025, the Company continued to record substantial progress across all four pillars, while setting clear forward milestones to sustain future growth and operational resilience.

i. Deliver Clean Generation

- We **continue strengthening our generation portfolio** through operational excellence and renewable energy expansion, where we progressed our key projects both domestically and internationally.
- Focus remains on **progressing key domestic and international projects**, expanding renewable energy capacity, optimising the thermal fleet and advancing low-carbon technologies such as hydrogen, ammonia co-firing and carbon capture solutions.
- Moving forward, we will **continue executing our generation pipeline in a disciplined manner while balancing reliability, ensuring system security, decarbonisation and capacity growth**. These efforts support TNB's aspiration to achieve net zero emissions by 2050 and transition towards a lower-carbon, coal-free generation portfolio over the longer term.

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ii. **Develop Energy Transition Network**

- We **continue strengthening grid resilience and enabling energy transition infrastructure under RP4**. As at FY2025, approximately RM10.3 billion of base CAPEX and RM1.7 billion of contingent CAPEX have been utilised, mainly towards transmission and distribution expansion, grid reinforcement, smart grid deployment and renewable energy integration.
- The Company also achieved cumulative installation of approximately 5.6 million smart meters nationwide and continued accelerating distribution automation and digital grid initiatives to improve supply reliability and operational efficiency. Electricity demand growth remained encouraging, mainly driven by expansion of data centres.
- Looking ahead, TNB will continue **prioritising investments in transmission infrastructure, smart grid technologies, battery energy storage systems (BESS), network digitalisation and ASEAN interconnection initiatives** to support higher renewable energy penetration and long-term system resilience.

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iii. **Dynamic Energy Solutions**

- We continue **expanding our customer-centric and integrated energy solutions ecosystem**. During FY2025, TNB Electron's charge points expanded to 256 cumulative charge points nationwide, while demand from data centres continued to strengthen with approximately 7.5GW of maximum demand secured across 56 projects.
- Customer engagement and service quality also improved significantly, with the Customer Satisfaction Index (CSI) reaching 9.0, the highest level recorded.
- In addition, we **continue expanding rooftop solar, energy efficiency solutions, customer digitalisation initiatives and green energy offerings** to support growing electrification trends.
- Moving forward, we aim to further strengthen its EV ecosystem by installing additional 250 charge points, distributed energy solutions, energy management services and digital customer platforms, while capturing opportunities arising from electrification and Malaysia's expanding digital economy.

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iv. Drive Regulatory Evolution

- We **continued engaging closely with regulators and policymakers** to strengthen the Incentive-Based Regulation (IBR) framework and support the long-term industry sustainability.
- Key developments during FY2025 include the implementation of the Automatic Fuel Adjustment (AFA) mechanism, enhancements relating to contingent CAPEX recognition under RP4, and tariff restructuring, which improve cost recovery visibility that led to efficient cash flow management and enhance regulatory certainty.
- We also continue to support broader regulatory enhancements that facilitate energy transition investments while balancing affordability, reliability and energy security.

4. The conflict in the Middle East has contributed to heightened volatility and uncertainty in the global economy, particularly in energy markets.

i. How might this affect TNB's overall performance, particularly in terms of fuel supply, fuel costs, and broader supply chain dynamics?

Answer:

- **TNB's core assets and electricity supply system remain largely insulated**, as the Group's generation, transmission and distribution **assets are predominantly located in Peninsular Malaysia and Sabah**, with no direct exposure to the conflict region.
- The escalation in the Middle East crisis have elevated the global fuel prices. Higher fuel prices translate to increase in generation costs, which are a key component in electricity tariff determination. However, the new **Automatic Fuel Adjustment (AFA) mechanism is designed to ensure TNB remains financially neutral to fuel price volatility and enable immediate recovery as compared to previous Imbalance Cost Pass Through (ICPT)**.
- While the Automatic Fuel Adjustment (AFA) mechanism enables allows fuel cost variations to be passed through under the regulatory framework, **TNB remains focused on ensuring operational resilience and security of supply through several mitigation measures:**
 - i. **Diversified fuel sourcing strategy**
 - ii. **Proactive fuel and logistics management**
 - iii. **Regular contingency planning and inventory management to minimise disruption risks**
 - iv. **Strategic procurement and contract management for critical and specialised equipment**
- For coal, TNB Fuel Sdn. Bhd. has secured its full volume requirements up to Q4 2026 and more than half of tonnage supply requirement for 2027 through long-term contractual agreements. Similarly, the gas supply remains unaffected, given that approximately above 80% of total gas supply is sourced domestically.
- Overall, while geopolitical developments may continue to create uncertainties in global energy and logistics markets, TNB remains **proactive in strengthening supply chain resilience, maintaining diversified sourcing strategies**, and ensuring continuity of operations to support reliable electricity supply.

4. The conflict in the Middle East has contributed to heightened volatility and uncertainty in the global economy, particularly in energy markets.
- ii. To what extent could TNB's overseas operations be impacted, given its presence in the Middle East?

Answer:

- TNB's exposure to the ongoing conflict in the Middle East **remains limited and is largely unaffected**. In the region, TNB's presence is primarily through TNB REMACO and Shuaiba, which provides operation and maintenance (O&M) services in Saudi Arabia and Kuwait.
- Additionally, TNB's international operations account for **less than 5% of Groups earnings**. As such, the Group has **minimal direct exposure** to operational disruptions or asset-related impacts arising from the conflict.

4. The conflict in the Middle East has contributed to heightened volatility and uncertainty in the global economy, particularly in energy markets.

iii. Considering rising gas prices and tighter fuel supply, many power generation companies are shifting towards coal. How might this impact the Company's plan for coal plant retirement as part of its aspiration to achieve Net Zero by 2050?

Answer:

- We remain committed to our aspiration of achieving Net Zero emissions and coal-free plant operations by 2050, as outlined under our Energy Transition Plan and Carbon Management Strategy. While rising gas prices and tighter fuel supply may influence short-term dispatch trends and increase reliance on coal generation across the industry to ensure energy security and affordability, this does not change the Company's long-term decarbonisation direction.
- Our coal retirement approach remains measured and phased, balancing the energy trilemma of sustainability, security, and affordability. **Current plans involve the phased down of coal-fired generation from 2029 onwards, with opportunities for repowering using cleaner and more sustainable technologies when commercially viable.**
- At the same time, the Company **continues to accelerate renewable energy expansion, grid modernisation, flexible generation, and low-carbon technologies such as hydrogen, ammonia-biomass co-firing, and carbon capture solutions to support an orderly and resilient transition towards Net Zero by 2050.**

5. Could the Company share the current utilisation of approved CAPEX under RP4 particularly the contingent CAPEX? Additionally, will the approved CAPEX both base and contingent be fully utilised by the end of the regulatory period in 2027?

Answer:

- The utilisation of approved CAPEX under RP4 in FY2025 is progressing in line with the Group's planned investment deployment.
- For FY2025, TNB invested approximately RM12 billion in regulated CAPEX, comprising of RM10.3 billion in base CAPEX and RM1.7 billion in contingent CAPEX. The overall execution reflects strong delivery of the approved RP4 investment plan.
- TNB **remains committed to optimising the utilisation of both base and contingent CAPEX throughout RP4**, ensuring disciplined capital deployment while supporting system reliability, grid resilience and the energy transition agenda.