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Utility firm likely to lower capex

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TENAGA Nasional Bhd expects its capital expenditure (capex) this year to be slightly lower than some RM5 billion it spent in 2001 due to slower demand for electricity in the country.

However, chairman Datuk Jamaludin Mohd Jarjis declined to reveal the figure for Tenaga's 2002 capex requirements.

Instead, he said the company will unveil the details in a statement sometime this week.

Speaking to reporters after meeting the company's staff in Kuala Lumpur yesterday, Jamaludin said Tenaga will also release its growth forecast for power demand for the current financial year by the end of the week.

The statement will be issued by the group's chief executive Pian Sukro and will also include data on Malaysia's reserve margin or spare power capacity, he said.

Tenaga's reserve margin as at July 2001 stood at 31.7 per cent.

Meanwhile, analysts contacted by Business Times said they expect Tenaga's capex to be around RM5 billion for 2002 and 2003, which is almost similar to last year's estimated amount.

"The group should be able to fund the capex for this year from its operating cash flow," said ING Barings analyst Uday Jayaram.

He said of the RM5 billion expected to be spent by Tenaga, about RM2 billion is likely to go to the distribution division, another RM2 billion for generation and the remaining RM1 billion will be spent on transmission.

As for the demand growth, researchers expect it to increase by 4 per cent in 2002 compared with 5.3 per cent last year. "However, there may be some recovery in demand for electricity later in the second half of this year as the economy is expected to pick up," said an analyst with a foreign house.

In October 2001, Jamaludin said the utility firm would reduce its 8 per cent growth forecast for 2002 power demand but did not say by how much.

The latest forecast will take into account recently-revised economic growth forecasts for this year.

Prime Minister Datuk Seri Dr Mahathir Mohamad has said the country's economy is expected to expand by 3 per cent this year, compared to earlier forecasts of between 4 and 5 per cent.

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