



CLSA 20th INVESTORS' FORUM 2013

GRAND HYATT, HONG KONG

(23rd - 25th September 2013)

YOU SEE



KEEPING THE LIGHTS ON

CLSA 20th INVESTORS' FORUM 2013

PART ONE

YOU SEE



KEEPING THE LIGHTS ON



AGENDA

YOU SEE



3QFY13

1

- INTRODUCTION TO TENAGA

2

- INTRODUCTION TO MESI

3

- BUSINESS STRATEGY & DIRECTION

4

- TARIFF

5

- DIVIDEND POLICY

6

- OUTLOOK - KEY TAKEAWAYS

YOU SEE



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CLSA 20th INVESTORS' FORUM 2013

① INTRODUCTION TO TENAGA

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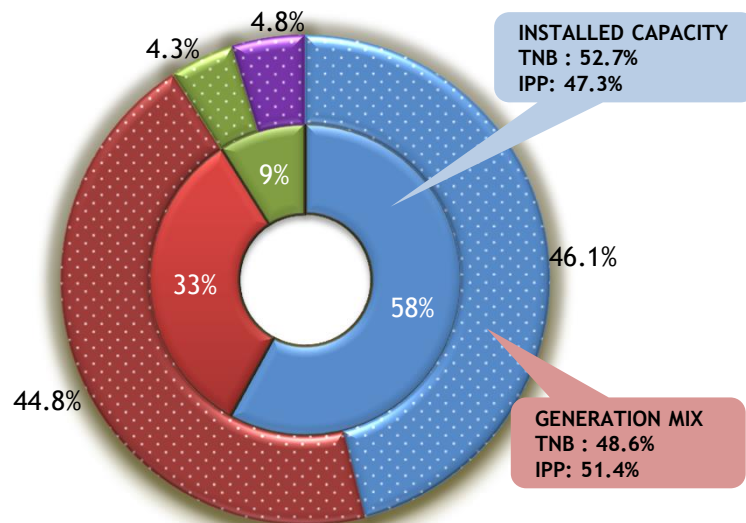
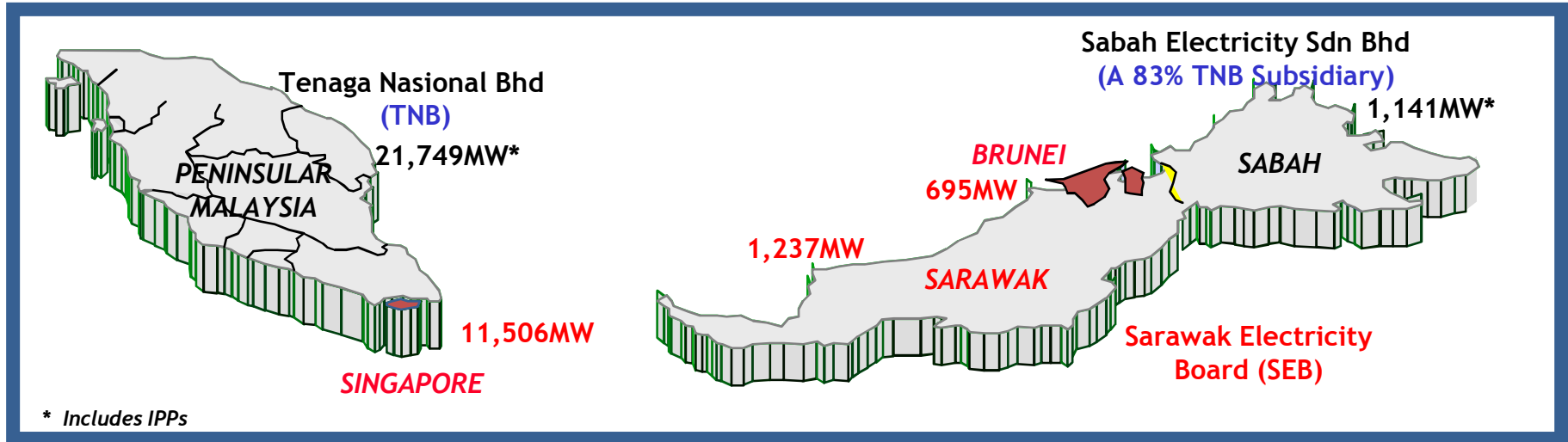
INTRODUCTION TO TENAGA

Three Major Utilities in Malaysia

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■ Gas ■ Coal ■ Hydro & Others ■ Oil & Distillate

	FY'09	FY'10	FY'11	FY'12	9MFY'13
TNB -Peninsula Installed Capacity (MW)	11,530	11,530	11,530	11,462	11,462
Total units sold (Gwh)	87,780	95,197	97,888	102,132	78,010
Total customers (million)	7.59	7.87	8.11	8.36	8.33
Total employees	29,149	30,535	31,935	33,568	34,357
Total assets (RM billion)	71.4	75.9	79.1	88.5	92.4



Installed Capacity vs. Generation mix

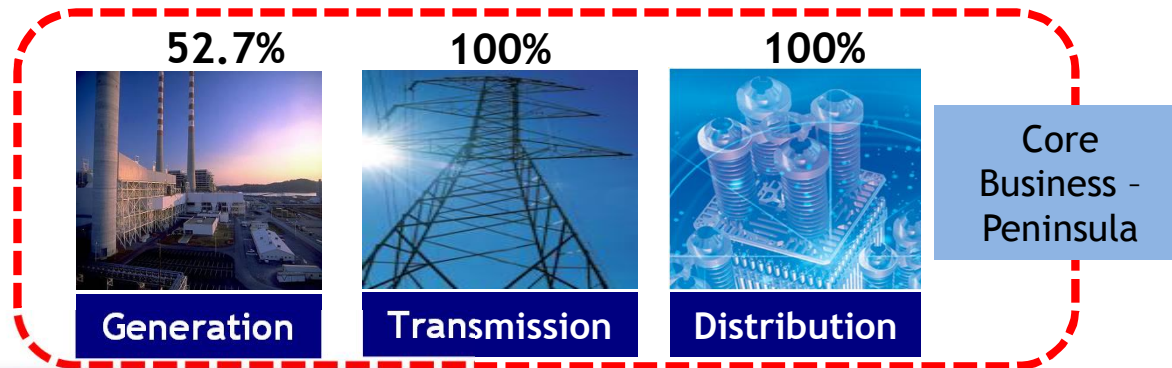
INTRODUCTION TO TENAGA

Vertically Integrated Utility

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THANK YOU

YAB Dato' Sri Mohd Najib Bin Tun Abdul Razak
Prime Minister of Malaysia

for your working visit to Tenaga Nasional Berhad (TNB)

and
your assurance to keep TNB as an
integrated electric utility company in the country

on
6 March 2013

at
Multipurpose Hall, TNB Sports Complex,
Jalan Bangsar, Kuala Lumpur



**Najib dismisses
talk of TNB split-up**

Source: The Sun; 7th March 2013

PM: TNB to power ahead as single entity

NAJIB'S GUARANTEE: Its status as country's premier utility company will be maintained
Source: The New Straits Times; 7th March 2013



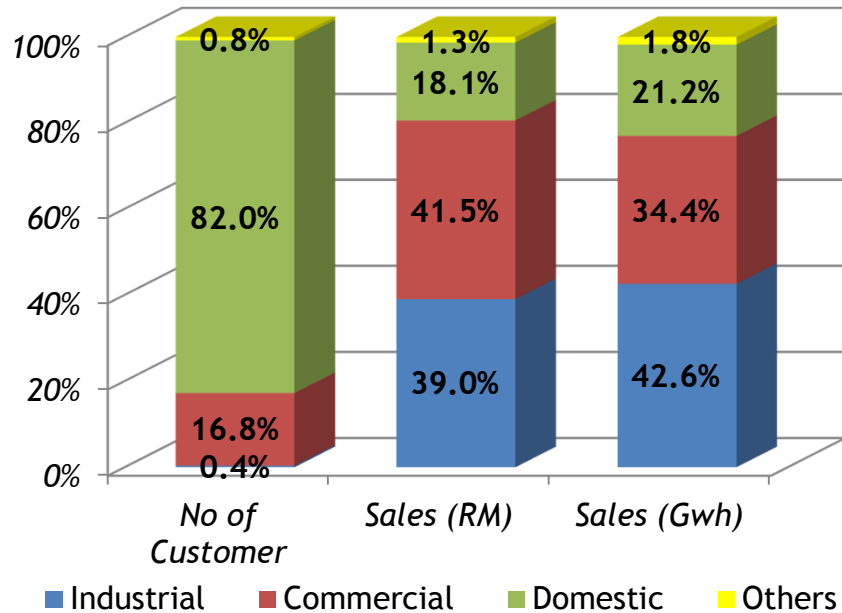
INTRODUCTION TO TENAGA

No of Customer vs. Sales Value vs. Unit Sales

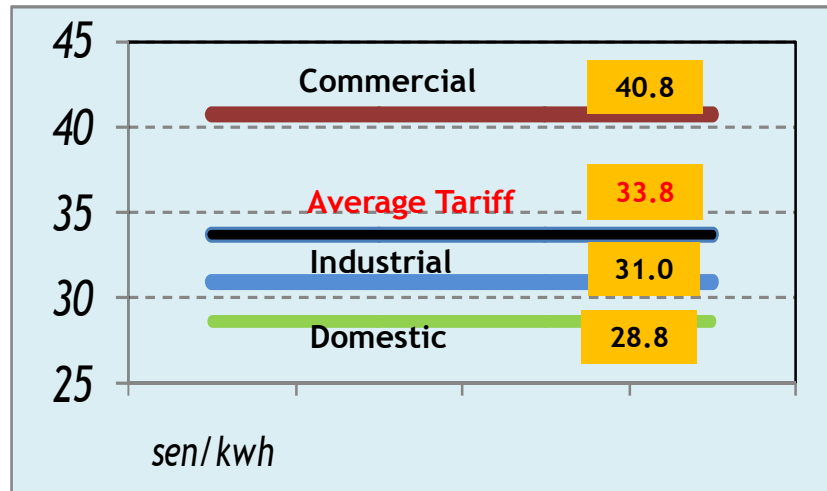
YOU SEE



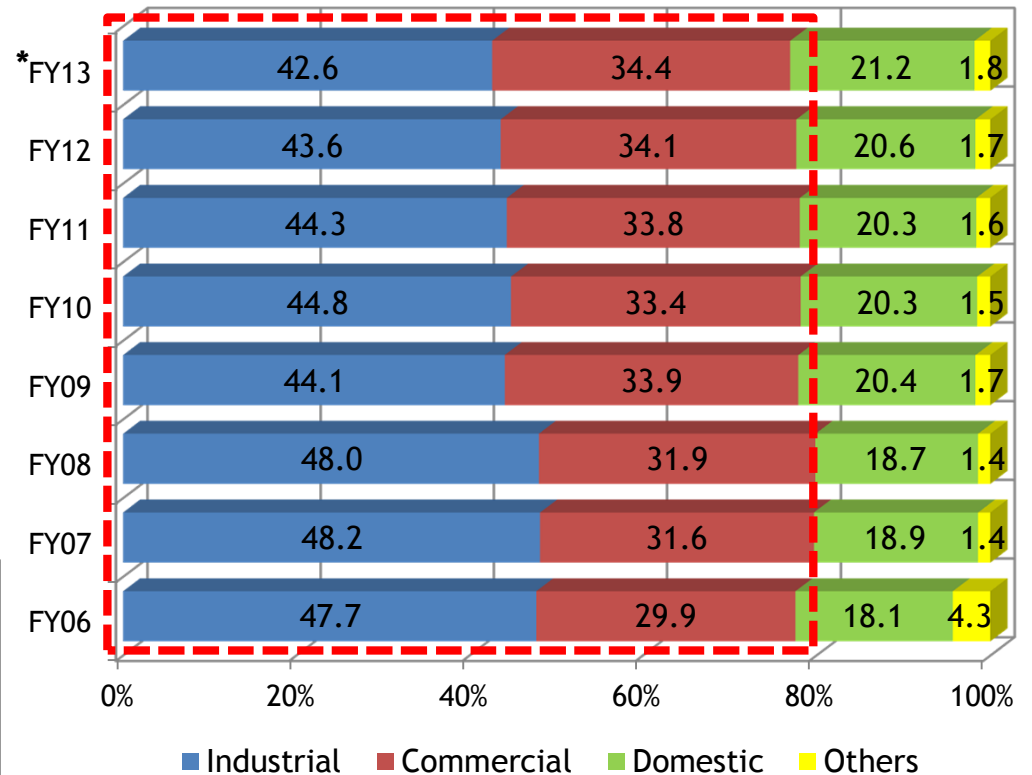
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Average Tariff by Sector



Sectoral Sales Analysis (Gwh)

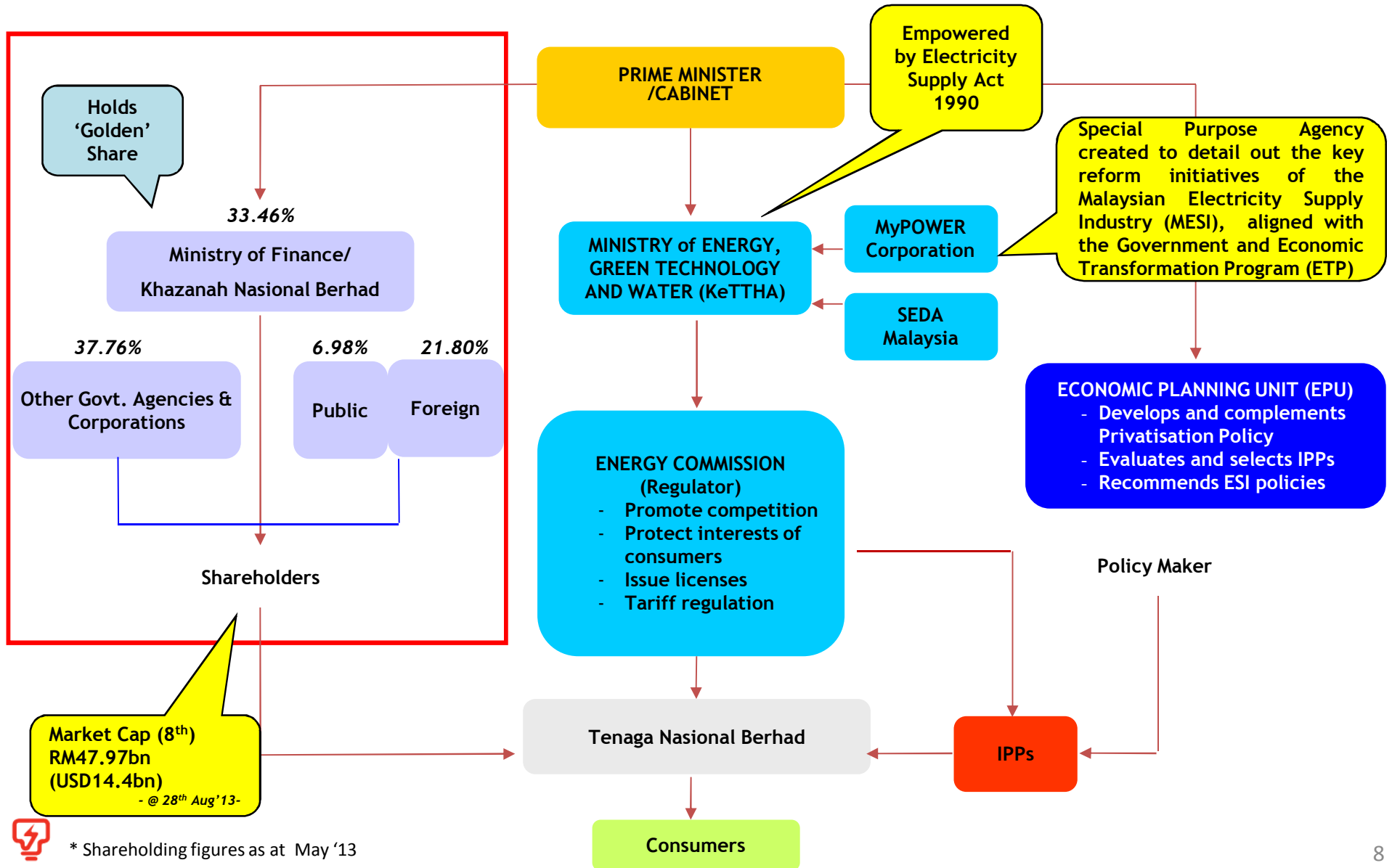


- “ Shift from Industrial-based to Service-based economy
- “ Increasing market share from Commercial sector
- “ Commercial sector contributes the highest electricity sales margin

*FY'13 - 9MFY13

INTRODUCTION TO TENAGA

Industry Regulatory Framework



* Shareholding figures as at May '13

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2 INTRODUCTION TO MALAYSIAN ELECTRICITY SUPPLY INDUSTRY (MESI)

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KEEPING THE LIGHTS ON



INTRODUCTION TO MESI

Transformation Initiatives by Government

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Jun - Dec 2008
Khazanah's MESI Study

Jan - Dec 2009
KeTTHA-led syndication

4 Dec 2009
Cabinet endorsement to transform ESI



1st Gen IPP /
Restricted
Bidding

Subsidy
Rationalisation
Programme

FCPT
Mechanism

LNG
Importation

Nuclear Energy
Capacity
Building

National RE
Policy & Action
Plan

FIT & RE Fund

Legal &
Regulatory
Framework
Enhancement

Aimed at delivering a reliable, transparent, efficient and sustainable ESI



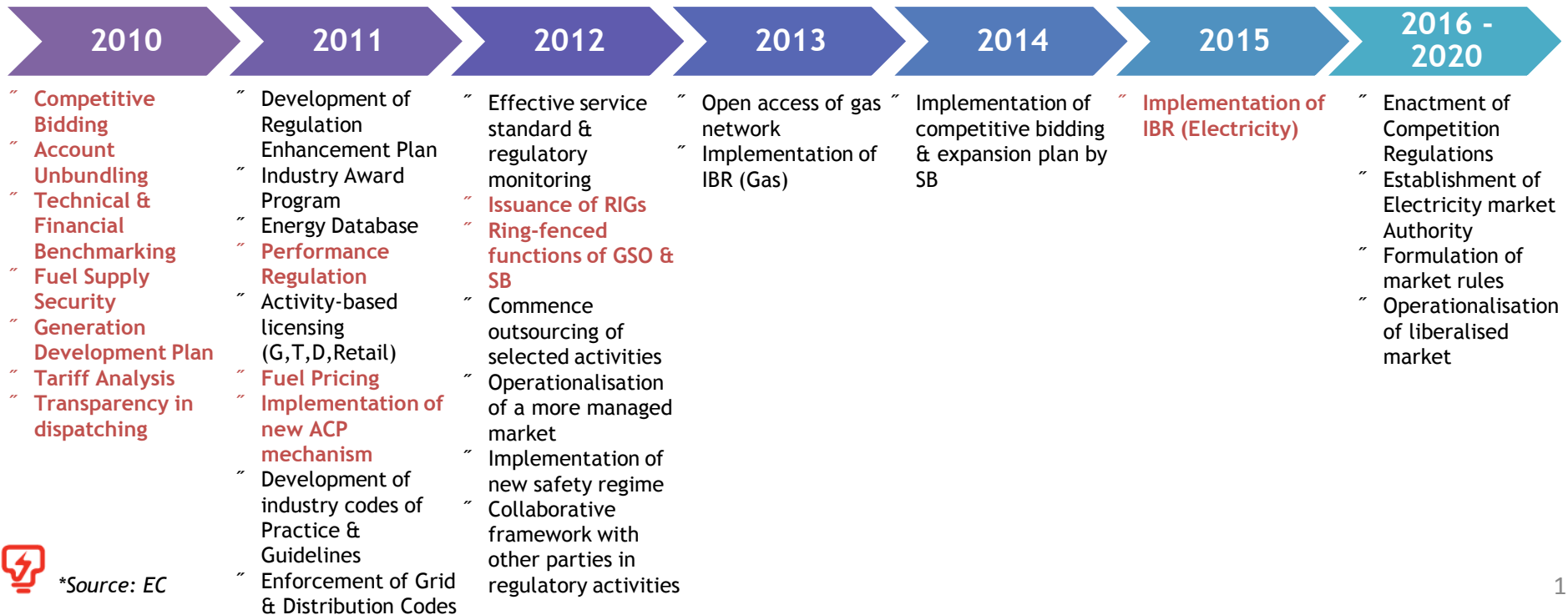
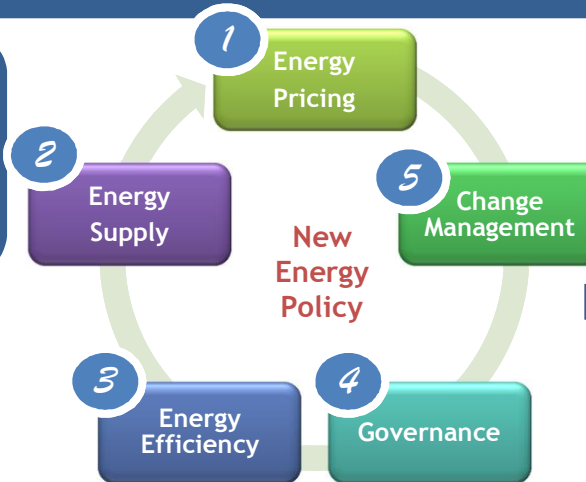
*Source: MyPower

INTRODUCTION TO MESI

Transformation Plan : Timeline



The New Energy Policy Addresses Economic Efficiency, Security of Supply and Social & Environmental Objectives



*Source: EC

INTRODUCTION TO MESI

Energy Pricing - Competitive Bidding



1

TRACK 1	1071 MW CCGT PRAI
COD	January 2016
LEVELISED TARIFF	34.7 sen/kWh
STATUS	<p>TNB has signed agreements for:</p> <ul style="list-style-type: none"> i. EPC - TNB Northern Energy Bhd & Samsung Engineering & Construction (M) Sdn Bhd ii. Long term Service - TNB Prai & Siemens AG iii. O&M - TNB Prai & REMACO <p>Notice to Proceed (NTP) issued on 2 May 2013</p>

3

TRACK 3A	1 X 1000 MW COAL-FIRED
COD	October 2017
STATUS	<p>TNB has signed agreements on 16/8/13 for:</p> <ul style="list-style-type: none"> i. PPA with TNB Manjung Five Sdn Bhd "Manjung 5" to design, construct, own, operate & maintain the coal plant capacity (25 years term) ii. SFA "Shared Facilities Agreement" between TNB, Manjung 5 & TNB Janamanjung iii. CSTA "Coal Supply and Transportation Agreement between TNB Fuel Services & Manjung 5. <p>EPC contract signed on 21/8/13 between: TNB Western Energy Bhd; a wholly owned subsidiary of Manjung 5 with Consortium of Sumitomo Corp, Daelim Industrial Co Ltd, Sumi-Power M'sia Sdn Bhd & Daelim M'sia Sdn Bhd</p>
TECHNOLOGY	Ultra Super Critical Boiler Technology OEM to EPC is Hitachi

COMPLETED

2

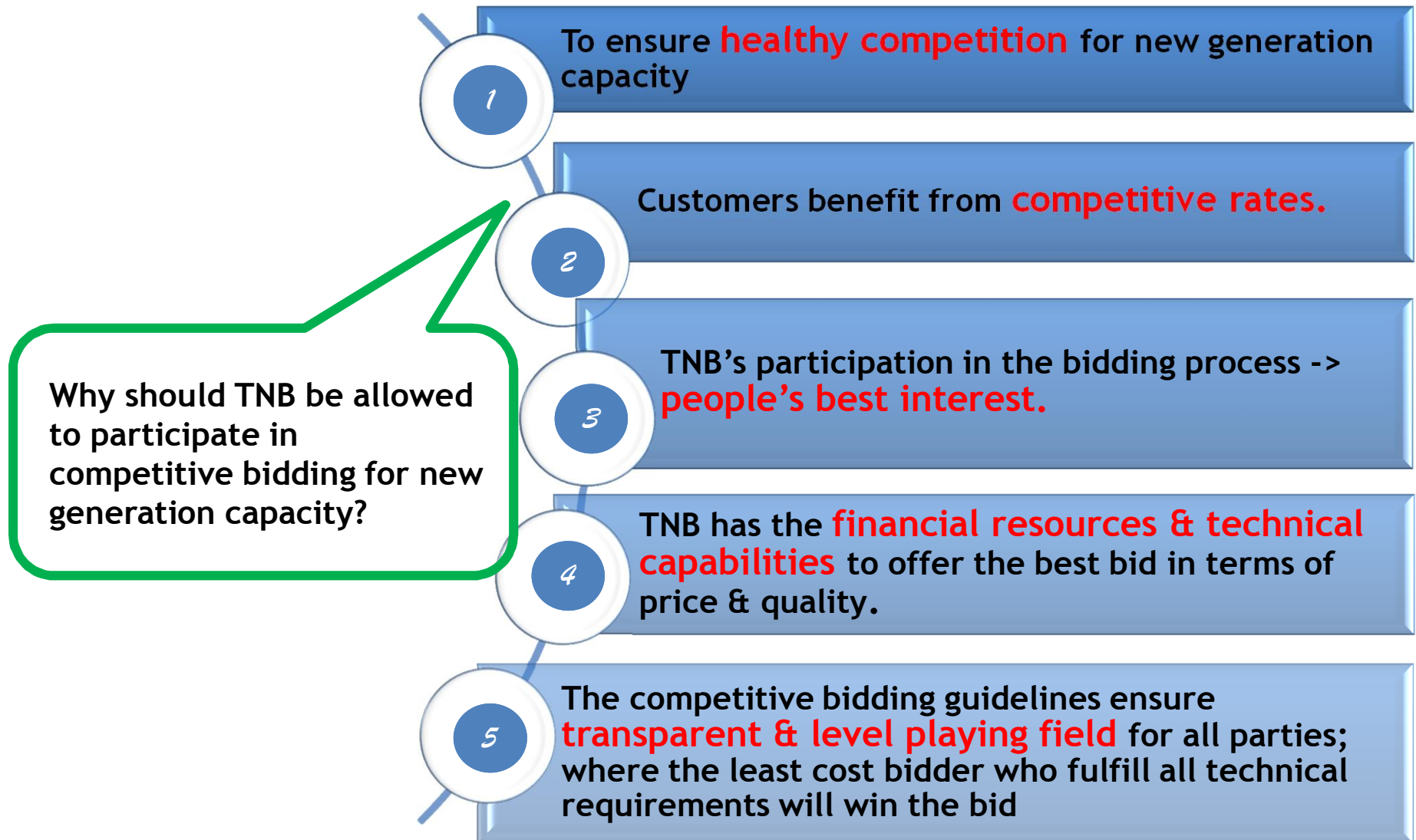
TRACK 2	RENEWAL OF EXPIRING PLANTS : 2253 MW CCGT		
PLANTS	GENTING	SEGARI	TNB PASIR GUDANG
EXTENSION	10 years (to 2026)	10 years (to 2027)	5 years (to 2022)
LEVELISED TARIFF	35.3 sen/kWh	36.3 sen/kWh	37.4 sen/kWh
STATUS	Reduction rates of CP effective 1 March 2013 until expiry of current PPA		

TRACK 3B	2 X 1000 MW COAL-FIRED
COD	October 2018 & April 2019
CLOSING RFP	30 September 2013
STATUS	<p>5 shortlisted:</p> <ul style="list-style-type: none"> i. 1MDB and Mitsui & Co Ltd (Site: Jimah) ii. Formis Resources, SIPP Energy, Posco Energy and Posco Engineering & Construction Co Ltd. (Site: Tg Tohor, Johor) iii. TNB, Global Power Ventures and China National Machinery Import & Export Corporation. (Site: Tg Hantu, Segari) iv. Malakoff and Sumitomo (Site: Carey Island, Selangor) v. YTL Power and Ranhill Power (Site: Tg Tohor, Johor)

ON-GOING

INTRODUCTION TO MESI

Energy Pricing - Competitive Bidding



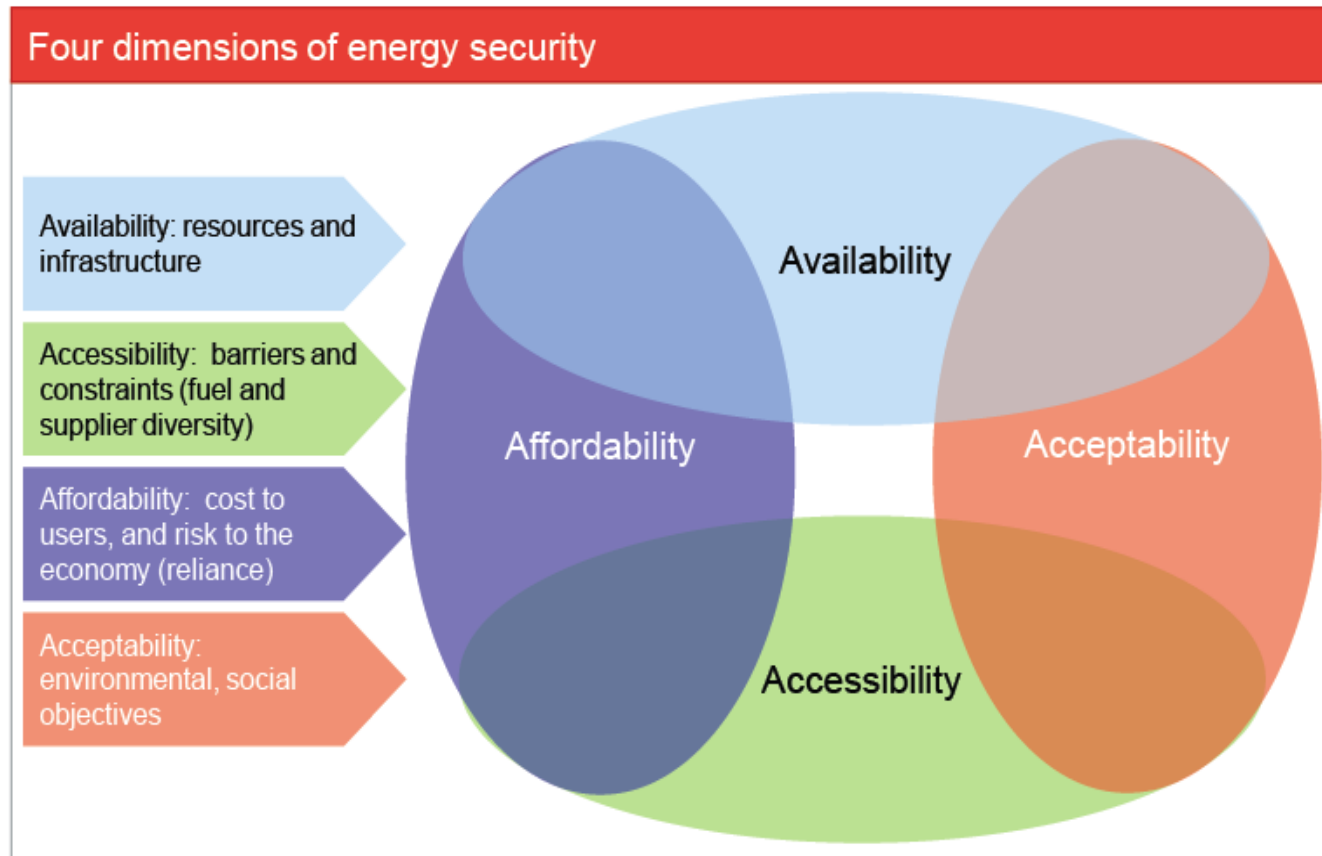
INTRODUCTION TO MESI

Energy Supply - Four Dimensions of Energy Security



**Fuel Mix and Fuel Supply Security Must Be Managed
to Ensure A Reliable Electricity Supply**

To ensure an **efficient, secure and environmentally sustainable** supply of energy
– *source Malaysia National Energy Policy 1979*



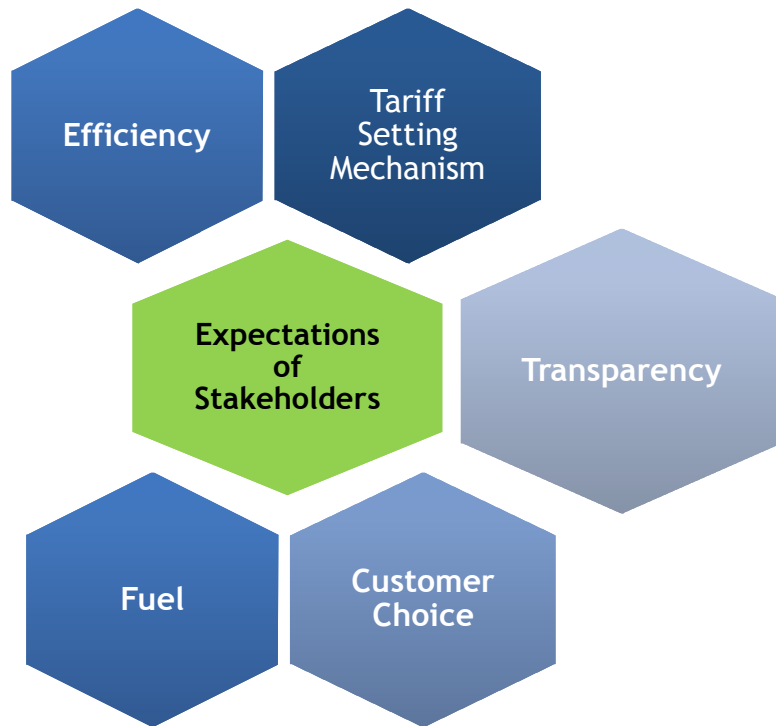
*Source: MyPower / Frontier Economics

INTRODUCTION TO MESI

Energy Efficiency & Governance - Incentive Based Regulation (IBR)



Economic regulation methodology proposed by EC to promote efficiency and transparency through incentive and penalty mechanism



3 broad efficiency categories offered by IBR:

Operational Efficiencies

- Rewarded for seeking efficiencies in operational and capital expenditure

Financial Efficiencies

- Rewarded for maintaining an efficient capital structure

Performance Efficiencies

- Rewarded for delivering improvements in network performance



INTRODUCTION TO MESI

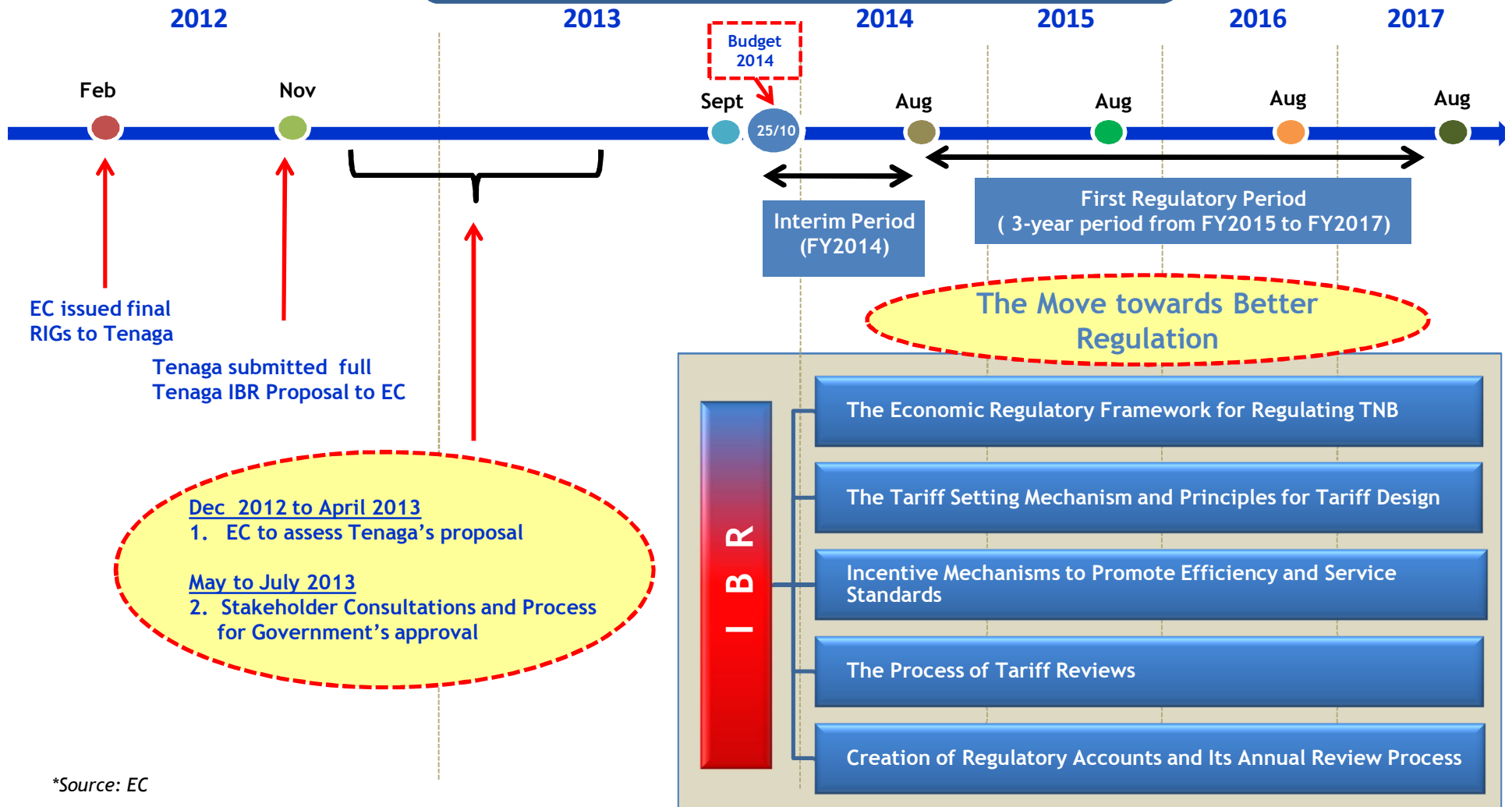
Energy Efficiency & Governance - Incentive Based Regulation (IBR)

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IBR Implementation Timeline by EC



*Source: EC



11 Regulatory Implementation Guidelines (RIGS) were developed for IBR Implementation

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3 BUSINESS STRATEGY & DIRECTION

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KEEPING THE LIGHTS ON



BUSINESS STRATEGY & DIRECTION

20-Year Strategic Plan



THE PLAN LAYS DOWN THE PATH TOWARDS
REALISING OUR VISION OF GLOBAL LEADERSHIP
It builds upon the progress of T7



SERVICE EXCELLENCE 2010

- Improve Core Operations under T7 Strategy
- Place Tenaga as the best performing company in Malaysia by 2007 and as the Regional best by 2010

GEOGRAPHICAL EXPANSION (SERVICES) 2015

- Expand works and services related to the energy sector
- Creation of new revenue stream leveraging on Tenaga's knowledge and competencies in the energy business

OVERSEAS INVESTMENT 2020

- Improve financial position and human resource readiness of Tenaga
- Venture into power/energy related investments in the international arena

GLOBAL LEADERSHIP 2025

- Excel in:
 - All business areas
 - Reputation as a strong business partner
 - Ability to continue to create shareholder value
- Tenaga acknowledged as amongst the most admired companies globally

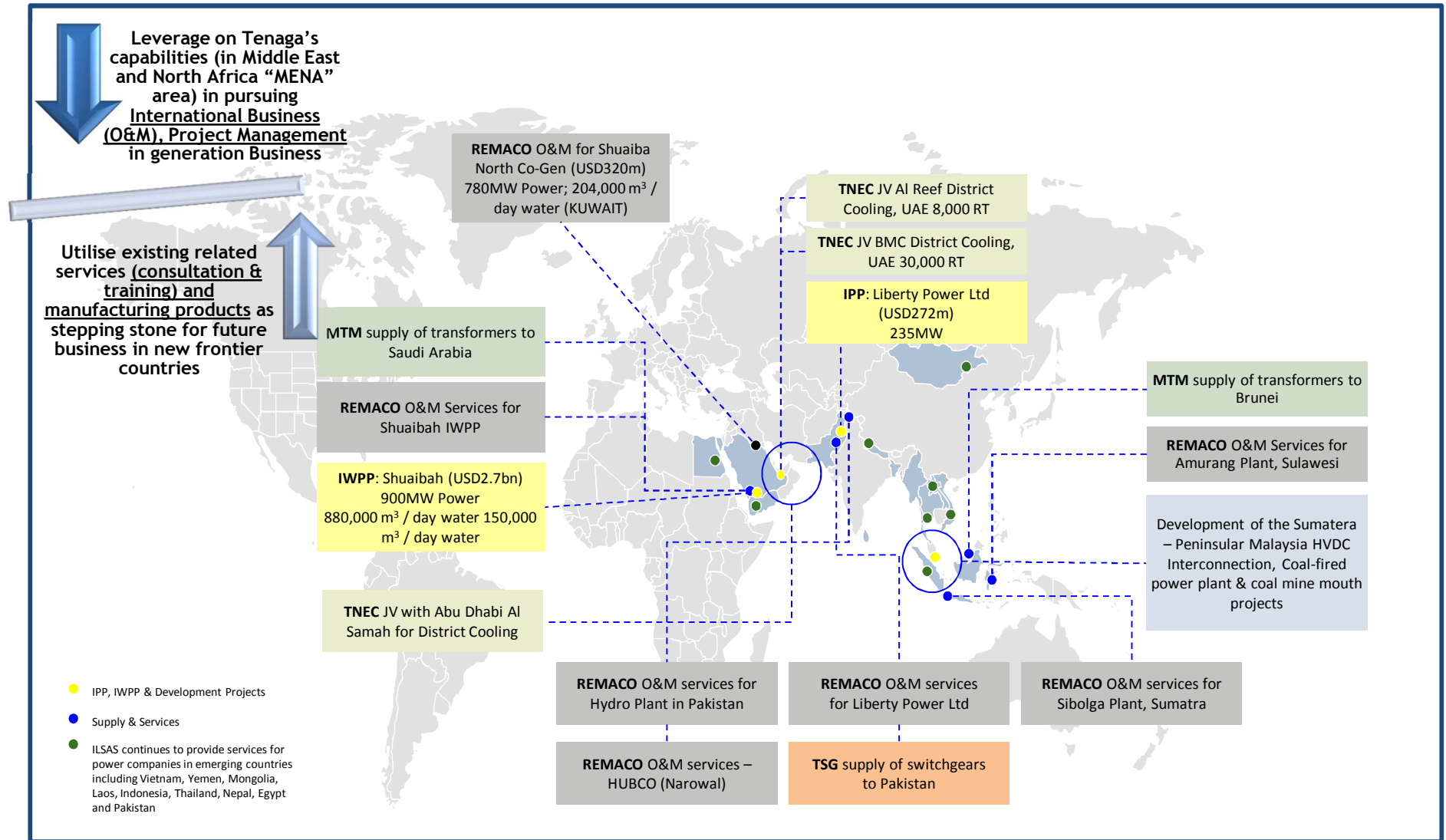
BUSINESS STRATEGY & DIRECTION

International Footprint

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Source: Company presentation; Note: REMACO is a 100% owned subsidiary with a focus on O&M; MTM is a wholly owned subsidiary manufacturing transformers; TSG is a subsidiary manufacturing high voltage switchgears; TNEC is a wholly owned subsidiary providing project services and developing energy related projects



BUSINESS STRATEGY & DIRECTION

Domestic Dominance Regional Champion “DDRC”

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**TNB Transformation Paves the Way for TNB to Become
a Strong Leader at Home while Growing as a Regional Champion**

Strong domestic leader

Develop our country



Ensure universal access to power

Develop power supply to enable national and economic development

Delight our customers



Deliver secure and reliable supply

Excellent customer service that exceeds customer expectations

Inspire our people



Large, growing and admired employer of choice

International mobility opportunities and world-class capability building

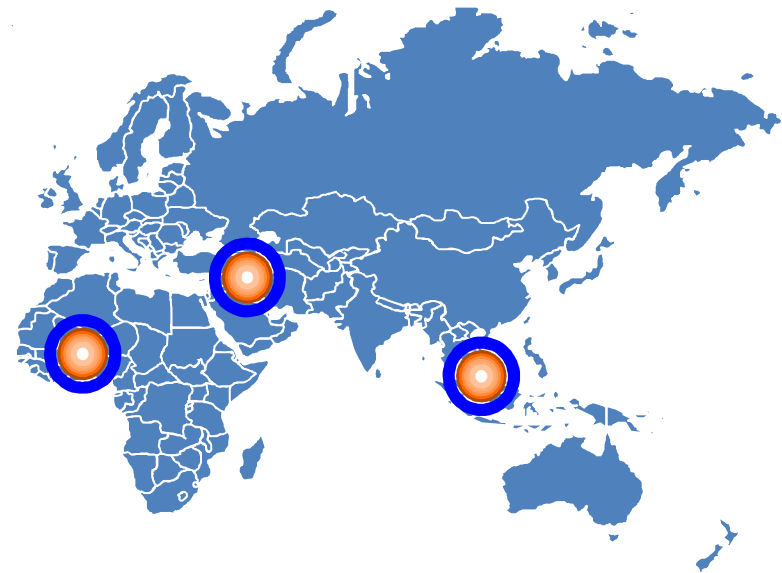
Increase shareholder value



Fair and stable returns in Malaysia - return on RAB > 9% p.a.

Robust growth of business - net profit growth of 7-11% p.a.

Regional champion



Presence in 7-10 countries by 2025



BUSINESS STRATEGY & DIRECTION

Headline KPIs : 2nd Phase TNB 20-Year Strategic Plan

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Most Targets that were Set in 2005 were Met Ahead of Target Date

1ST PHASE

2ND PHASE

INITIATIVES		TARGET FY'10	ACTUAL FY'05	ACTUAL FY'06	ACTUAL FY'07	ACTUAL FY'08	ACTUAL FY'09	ACTUAL FY'10	ACTUAL FY'11 (Restated)	ACTUAL FY'12 (Restated)	ACTUAL 9MFY'13	TARGET FY15
Financial Indicators	Return on Assets (ROA) (%)	6.5	2.2	3.3	6.3	4.6	4.0	4.7	4.1	4.5	5.3	6 - 7
	Gearing (%)	< 60.0	64.9	58.1	49.9	46.9	46.5	42.5				
	Company CPU (sen/kwh)								30.9	31.9	30.2	< 29.9
	Revenue from Non-Regulated Business (RM bn)								1.9	2.3	1.5	5.0
Technical Indicators	Unplanned Outage Rate (UOR)(%)	No target	6.1	4.7	2.2	3.3	2.9	2.7	7.1	3.5	5.3	< 4.0
	T & D Losses (%)	No target	10.5	11.0	10.0	9.5	9.7	9.5	9.0	8.2	8.5	6 - 7
	Transmission System Minutes (mins)	9.0	14.0	7.3	9.3	6.6	1.0	0.9	1.0	1.0	0.4	< 1.0
	Distribution SAIDI (mins)	< 100.0	148.0	101.6	83.0	78.0	68.6	65.0	78.9	62.3	46.7	< 50.0

Note:



Not track as TNB Headline KPI

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4 TARIFF

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KEEPING THE LIGHTS ON



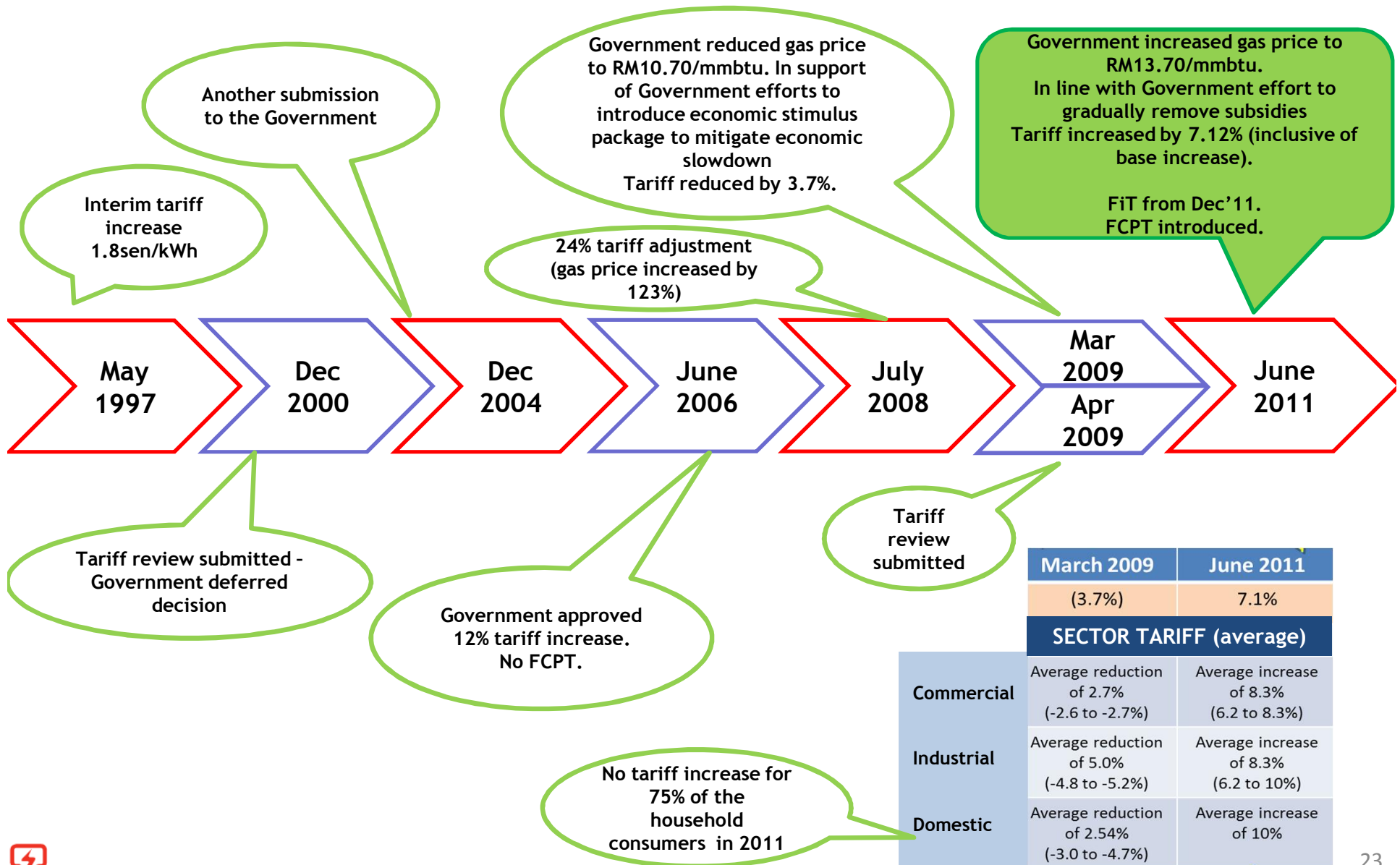
TARIFF

History: Timeline

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TARIFF

Electricity Tariff Review

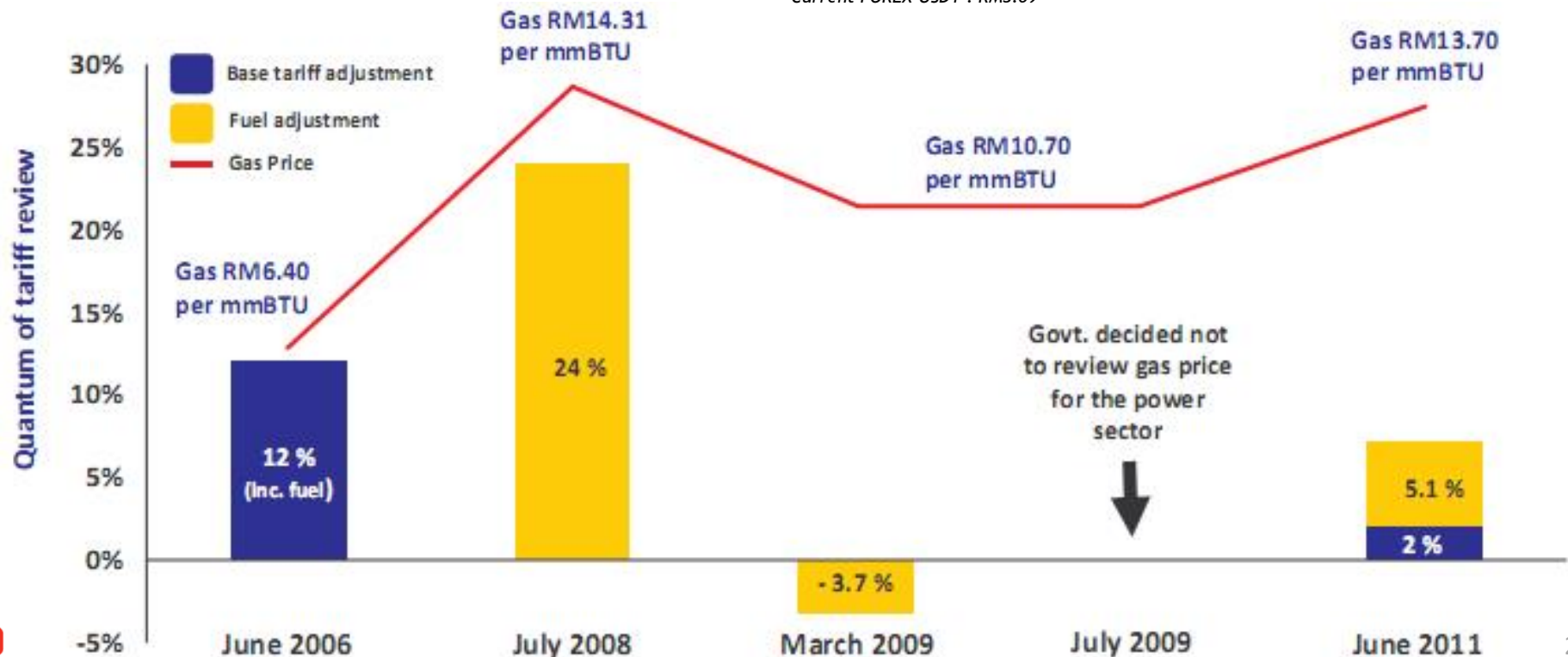
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3QFY13

Approval date	May 2006	Jun 2008	Feb 2009	Jun 2009	May 2011
Effective date	Jun 2006	Jul 2008	Mar 2009	Jul 2009	Jun 2011
Quantum	12%	23 - 24%	(3.7%)	Neutral	7.1%
Gas (RM/mmbtu)	6.40	14.31	10.70	10.70	13.70
Coal (USD/MT)	45.00	75.00	85.00*	85.00*	85.00*
Average Tariff (sen/kWh)	26.2	32.5	31.3	31.3	33.5

* Tariff setting assumption of FOREX USD1 : RM3.60
Current FOREX USD1 : RM3.09



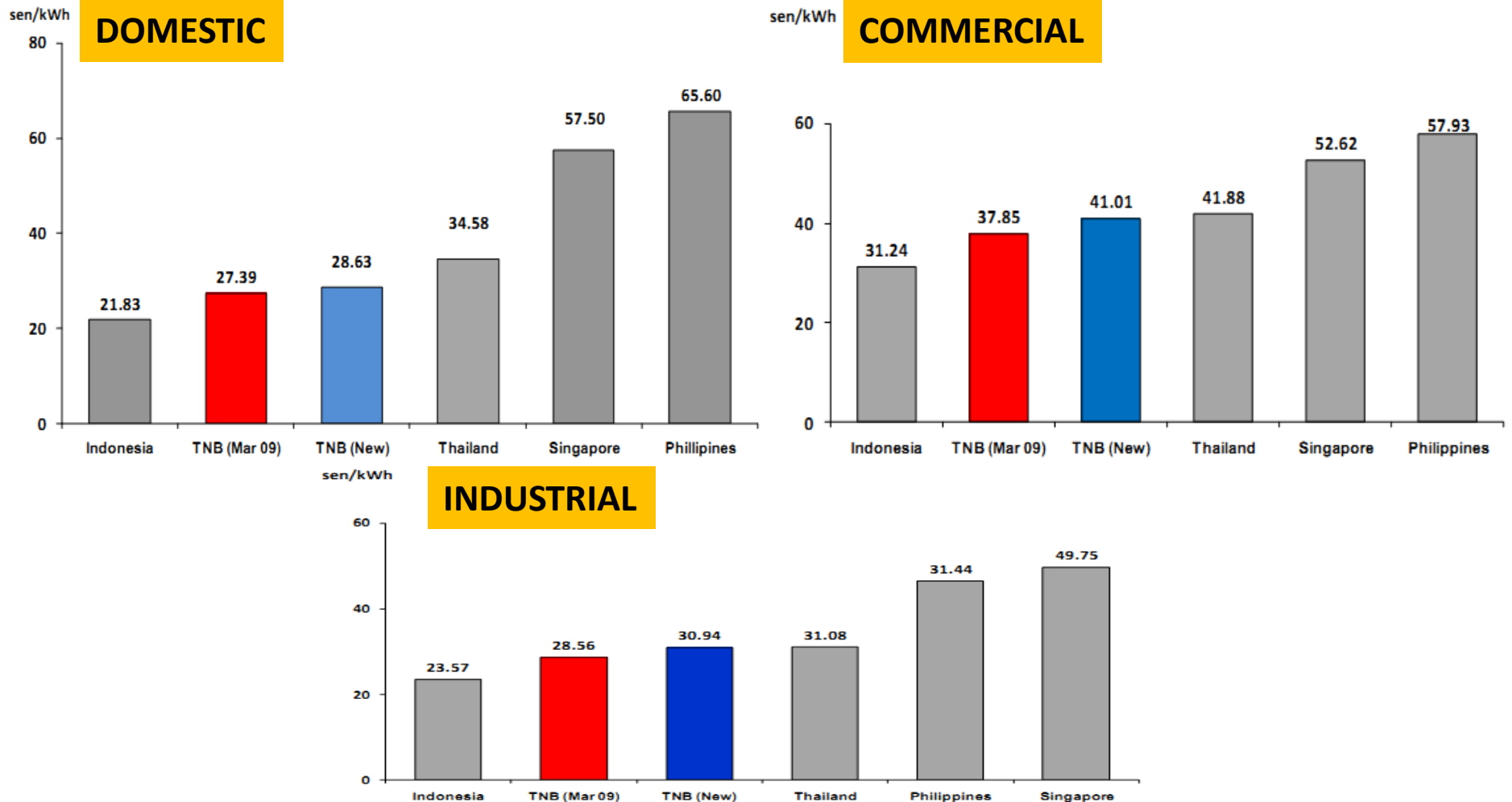
TARIFF

Benchmarking : Comparison with Regional Countries

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3QFY13



Notes:

1. Singapore - Average reduction of 3.3% from 1st Oct 2010 based on latest fuel cost pass-through
2. Thailand - Jan-Dec 2010, include fuel adjustment, (Ft). Ft has been maintained since Jan 2009.
3. Indonesia (PLN) - 10% tariff increase effective 1st July 2010, Indonesia Govt. subsidy of about USD7billion per year
4. Philippines (Meralco) - Jan-Dec 2008
5. TNB (New) - average 7.12% increase effective 1st June 2011

Source: TNB Analysis, ASEAN Utility Data Exchange, SP Services



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5 DIVIDEND

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DIVIDEND

Policy and Yield

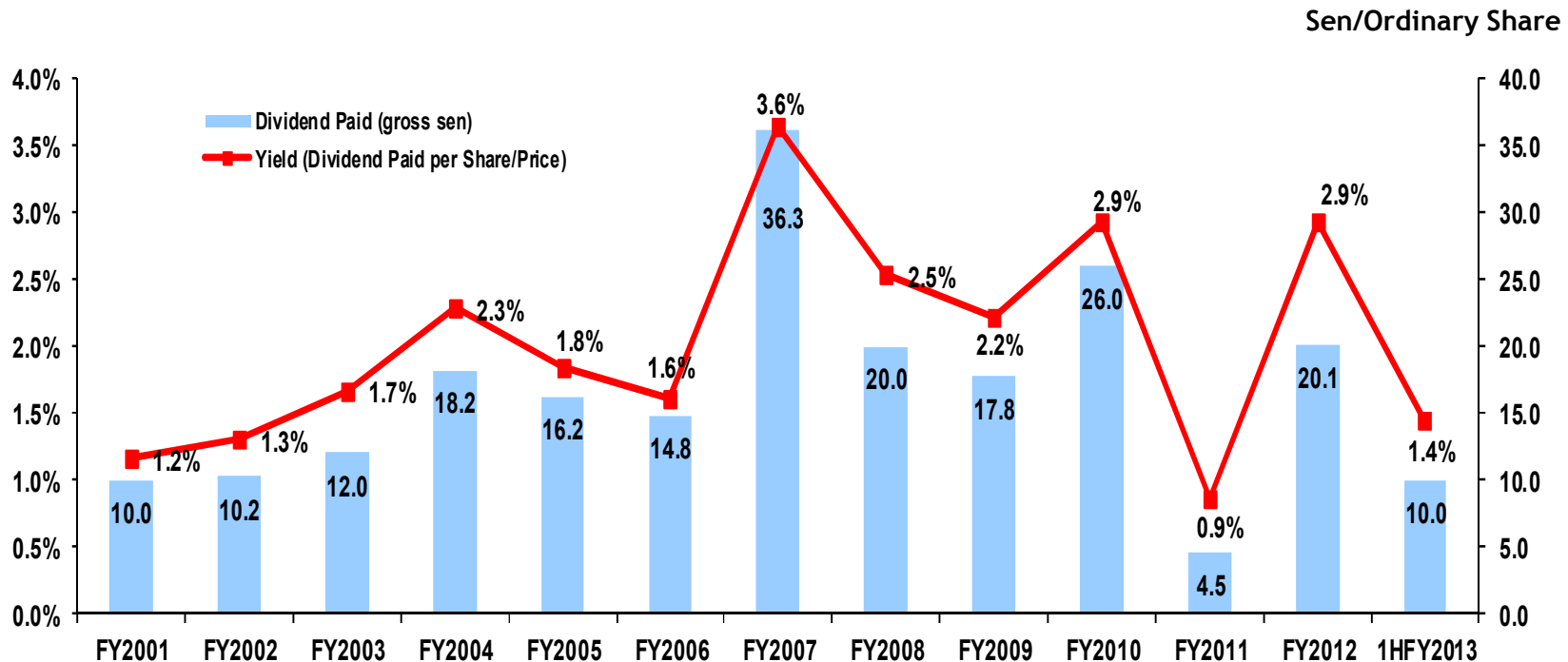


Tenaga is committed to pay out dividend based on its Dividend Policy whereby:

Dividend is paid out based on 40% to 60% of its Company's annual free cash flow;
Cash flow from Operations less Normalized Capex and Interest Servicing

1HFY'13

The Board of Directors has approved a Single-Tier Interim dividend of 10.0 sen per ordinary share representing 53% of the Company's Free Cashflow.



CLSA 20th INVESTORS' FORUM 2013

6 OUTLOOK - KEY TAKEAWAYS

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KEEPING THE LIGHTS ON



OUTLOOK - KEY TAKEAWAYS

Outlook FY2013 - Demand

YOU SEE



3QFY13

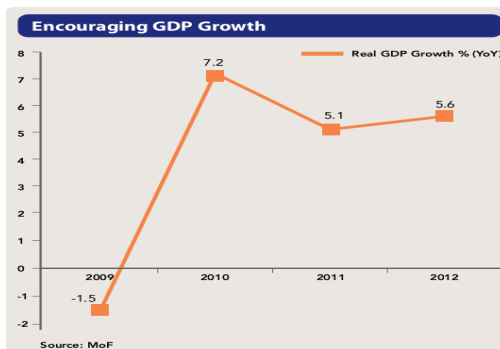
Group's Performance for the FY Ending 31st August 2013
is Expected to Remain Stable

1

DEMAND

Remains steady with the implementation of ETP

"Malaysia Central Bank has revised 2013 GDP growth to 4.5% - 5% due to prolonged weakness in the external environment. Going forward, domestic demand is expected to remain on its steady growth trajectory." - Bank Negara Malaysia (BNM), 21st August 2013



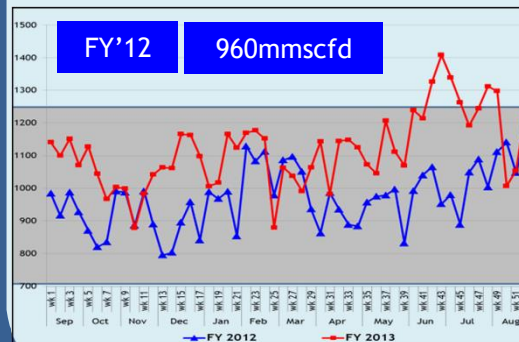
2

GAS VOLUME

Expected to improve with commencement of RGT in Malacca.

	Daily average gas volume (mmscfd)
4QFY12	1,015
1QFY13	1,043
2QFY13	1,105
3QFY13	1,106

GAS SUPPLY



3

COAL PRICE

Coal price is expected to remain stable for the next 1 year.

Average coal price for FY2013 is forecasted at below USD90/mt.

	Average Coal Price (CIF) (USD/MT)
FY07	45.3
FY08	76.4
FY09	90.2
FY10	88.2
FY11	106.9
FY12	103.6
9MFY13	84.5



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PART TWO

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9MFY2013 RESULTS HIGHLIGHTS

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KEEPING THE LIGHTS ON



RESULTS HIGHLIGHTS

Results Snapshots

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3QFY13

3-Month Ended 31st May 2013 (3rd Quarter FY2013)

- “ Net Profit before Forex Translation of RM1.38 billion (2QFY2013: RM0.88 billion).
- “ Strengthening of RM against Yen by 8.3%.
- “ Average Coal Price of USD84.4/mt (2QFY2013: USD84.7/mt).
- “ Net Profit of RM1.71 billion (2QFY2013: RM1.27 billion).
- “ EBITDA margin at 30.7% (2QFY2013: 27.1%).

9-Month Ended 31st May 2013

- “ Net Profit before Forex Translation of RM3.28 billion (9MFY2012: RM3.67 billion).
- “ Strengthening of RM against Yen by 22.8%.
- “ Average Coal Price of USD84.5/mt (9MFY2012: USD107.5/mt).
- “ 4.1% unit electricity demand growth in Peninsular Malaysia.
- “ Net Profit of RM4.39 billion (9MFY2012: RM3.35 billion).
- “ EBITDA margin at 29.6% (9MFY2012: 31.9%).

RESULTS HIGHLIGHTS

Adjusted Net Profit (Restated Fuel Cost Compensation)

YOU SEE



3QFY13

**36.0% Improvement in Adjusted Net Profit Before Forex Translation
Mainly Attributed to Electricity Demand Growth and Lower Coal Price**

- “ The Fuel Cost Sharing Mechanism was approved to address the current increased cost borne by Tenaga due to gas shortage.
- “ The decision provides that Tenaga, Petronas and the Government will each equally share the differential cost incurred by Tenaga due to dispatching of alternative fuels and also imports.
- “ The Fuel Cost Sharing Mechanism will continue until the Regasification Terminal in Melaka is in operation.

RM mn	9MFY'12 (Restated)	9MFY'13 ^{**}	Variance
Net Profit Attributable to Owners of the Company	3,349.5	4,394.8	31.2%
<i>Adjustments*</i>			
Fuel Cost Compensation Recognised in Other Income	(1,678.6)		
Tax	419.7		
Adjusted Net Profit	2,090.6	4,394.8	>100%
Forex Translation Gain / (Loss)	(323.8)	1,110.7	>100%
Adjusted Net Profit Before Forex Translation Gain / (Loss)	2,414.4	3,284.1	36.0%

* Mechanism was approved in Apr 2012, and only restated into respective periods in 3QFY12

** Includes Fuel Cost Compensation of RM1,173.1mn

RESULTS HIGHLIGHTS

Year-on-Year Analysis (Restated Fuel Cost Compensation for FY2012)

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3QFY13

Improved Net Profit Resulted from Forex Translation Gain & Lower Coal Price

RM mn	9MFY2012 (Restated)	9MFY2013	1QFY2013	2QFY2013	3QFY2013
Total Units Sold (Gwh)	75,400.9	78,009.8	26,070.4	26,058.7	25,880.7
Revenue	26,513.6	27,628.5	9,130.8	8,850.2	9,647.5
Operating Expenses (before depreciation)	20,049.4	19,766.2	6,394.5	6,562.6	6,809.1
Operating Income	311.1	320.3	92.9	108.1	119.3
EBITDA	6,775.3	8,182.6	2,829.2	2,395.7	2,957.7
EBITDA Margin (%)	25.6%	29.6%	31.0%	27.1%	30.7%
Depreciation and Amortisation	3,136.6	3,241.0	1,071.4	1,063.7	1,105.9
EBIT	3,638.7	4,941.6	1,757.8	1,332.0	1,851.8
EBIT Margin (%)	13.7%	17.9%	19.3%	15.1%	19.2%
Finance Cost	633.3	643.1	229.6	207.3	206.2
Profit Before Tax & Forex Translation	3,109.9	4,538.9	1,605.2	1,216.4	1,717.3
Net Profit Before Forex Translation	2,414.4	3,284.1	1,018.1	883.5	1,382.5
Translation Gain	(323.8)	1,110.7	397.4	388.6	324.7
Net Profit Attributable to Equity Holders	2,090.6	4,394.8	1,415.5	1,272.1	1,707.2
Non-controlling Interest	2.4	24.1	(0.1)	(10.6)	34.8

COAL PRICE & CONSUMPTION	9MFY'12	9MFY'13	Var (%)
Average Coal Price Consumed (USD/MT)			
FOB	97.3	74.8	-23.1%
Freight	9.7	9.2	-5.2%
Others	0.5	0.5	0.0%
CIF	107.5	84.5	-21.4%
Average Coal Price Consumed (RM/MT) (CIF)	332.3	259.5	-21.9%
Coal Consumption (mn MT)	15.5	15.7	1.3%

RESULTS HIGHLIGHTS

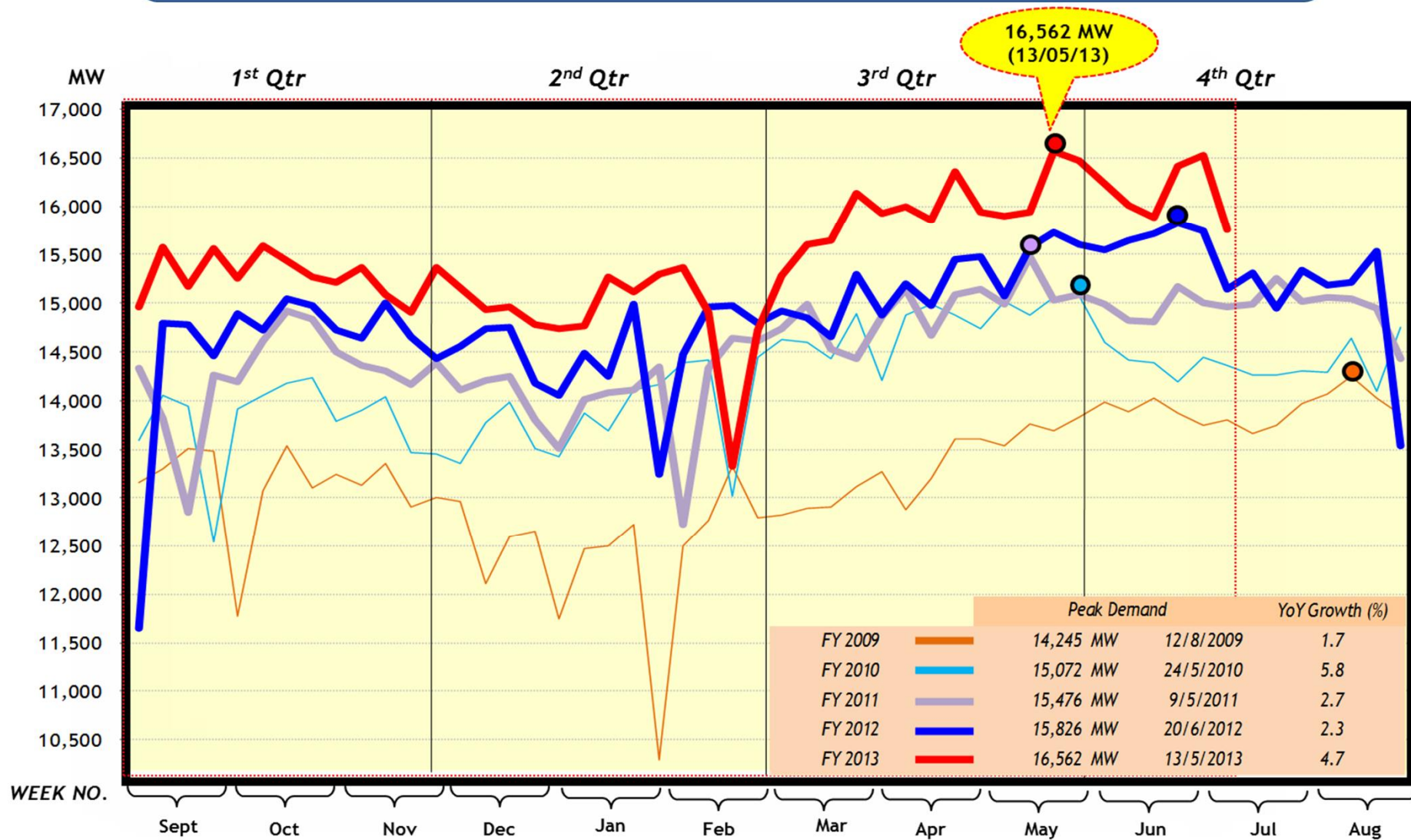
System Weekly Peak Demand (Peninsula) for FY2009/10 to FY2013/14

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3QFY13

Weekly Peak Demand & Trough (MW)



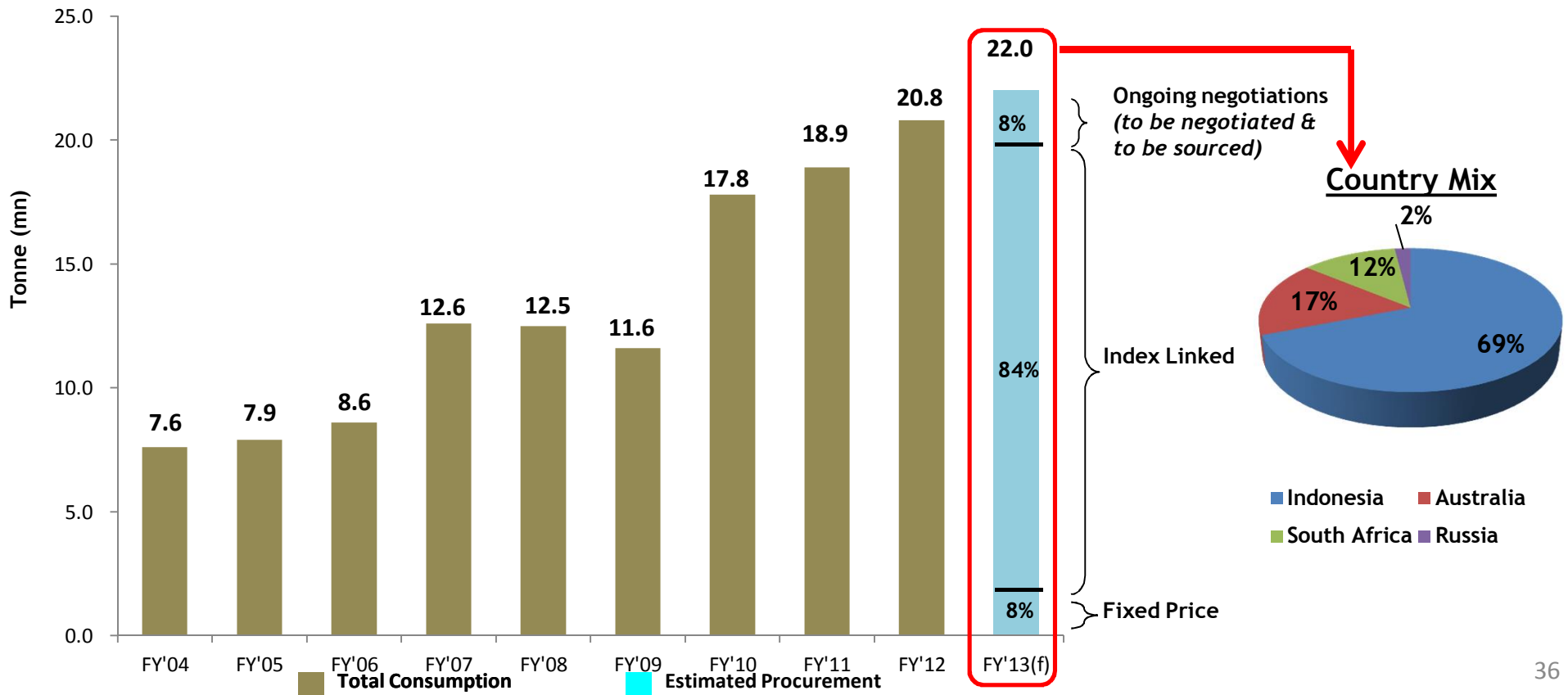
RESULTS DETAILS

Coal Requirement



Coal Procurement Estimate for FY2013 is at 22.0 mn MT

	FY'04	FY'05	FY'06	FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	9MFY'13
Average Coal Price (CIF) (USD/metric tonne)	34.0	49.8	52.8	45.3	76.4	90.2	88.2	106.9	103.6	84.5



DISCLAIMER

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CONTACT DETAILS

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For further enquiries, kindly contact us at:

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THANK YOU

www.tnb.com.my

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