



DEUTSCHE BANK - 4th ANNUAL dbACCESS ASIA CONFERENCE

Marina Bay Sands, Singapore (20th - 21st May 2013)

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KEEPING THE LIGHTS ON

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PART ONE

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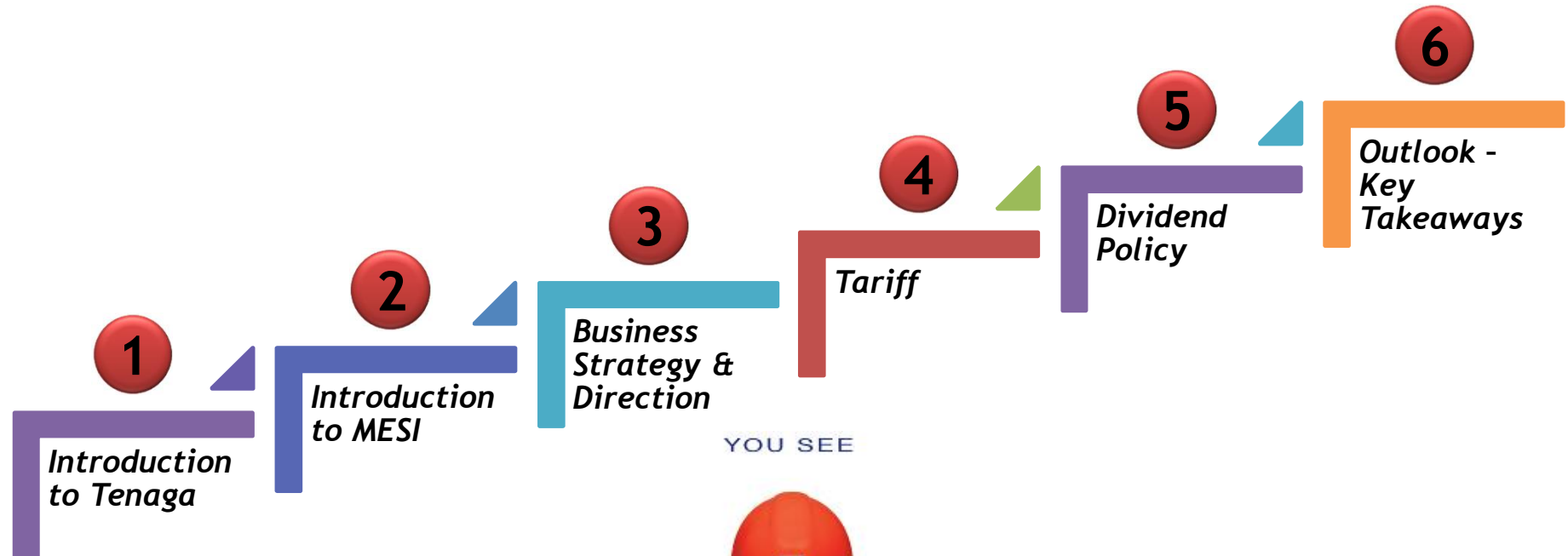


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AGENDA

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① INTRODUCTION TO TENAGA

YOU SEE



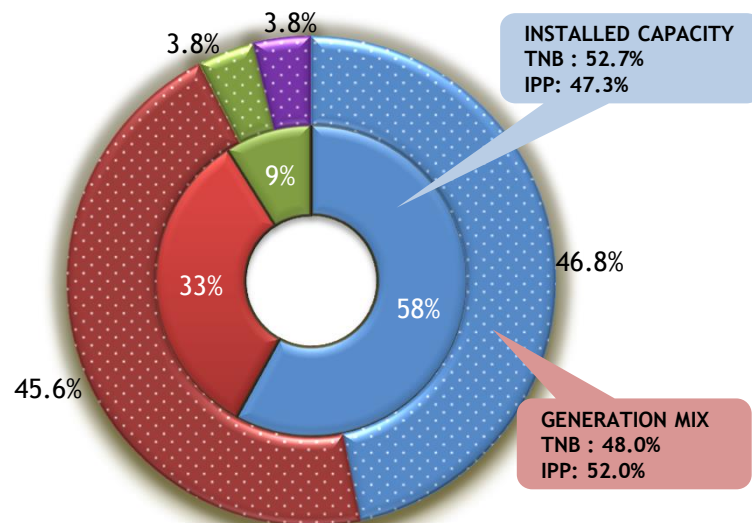
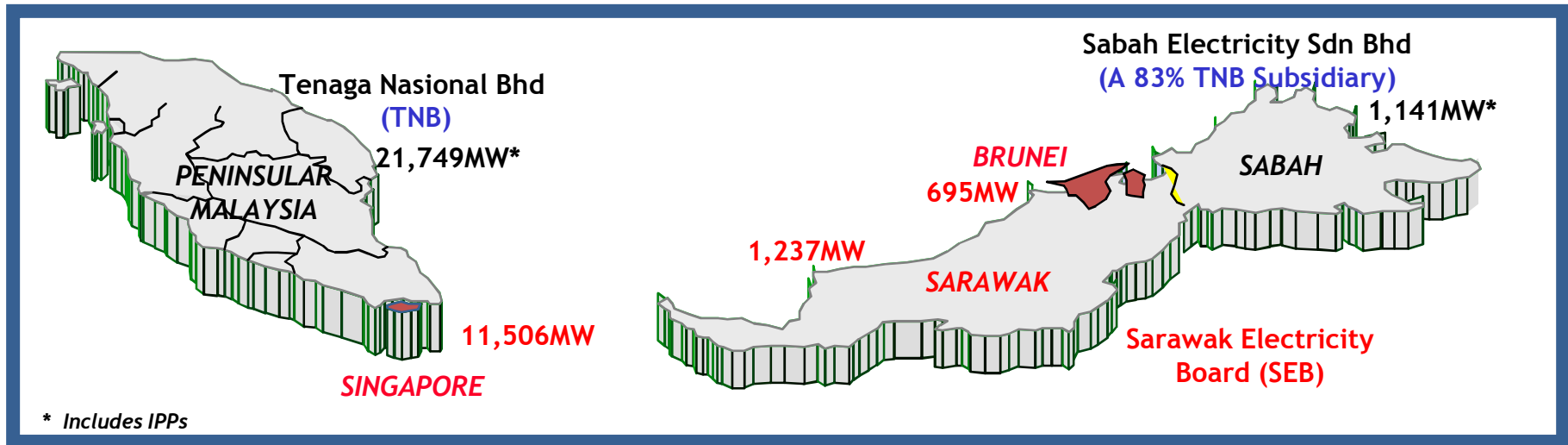
KEEPING THE LIGHTS ON



INTRODUCTION TO TENAGA

Three Major Utilities in Malaysia

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	FY'09	FY'10	FY'11	FY'12	1HFY'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	52,129
Total customers (million)	7.59	7.87	8.11	8.36	8.47
Total employees	29,149	30,535	31,935	33,568	34,353
Total assets (RM billion)	71.4	75.9	79.1	88.5	88.3

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

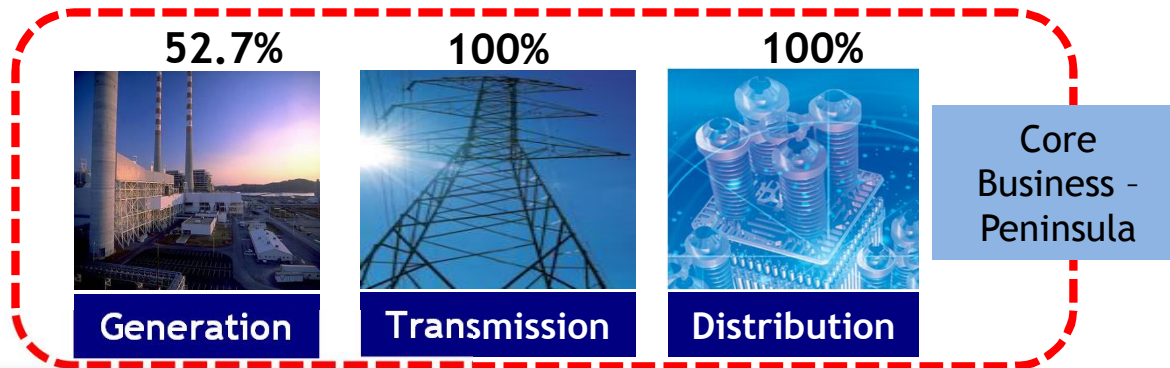


Installed Capacity vs Generation mix

INTRODUCTION TO TENAGA

Vertically Integrated Utility

YOU SEE



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

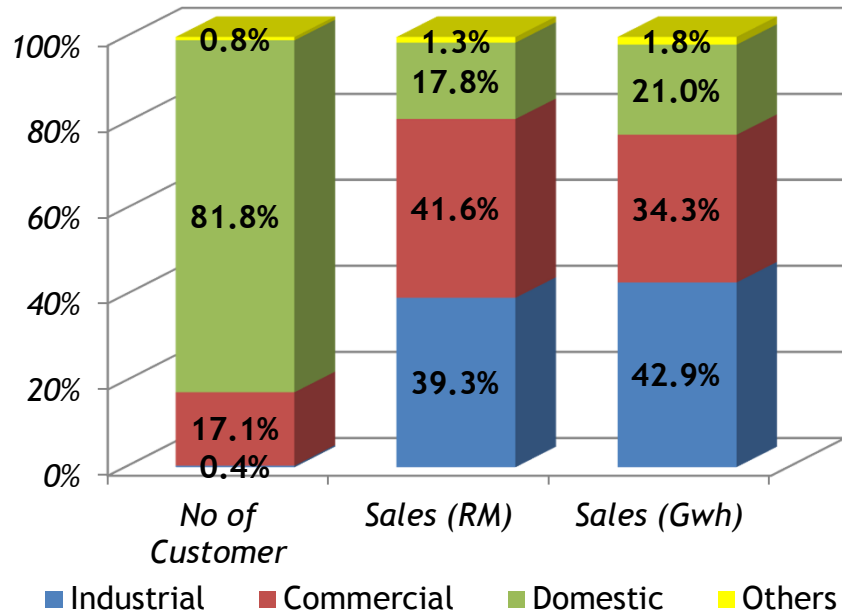
PM: TNB to power ahead as single entity

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

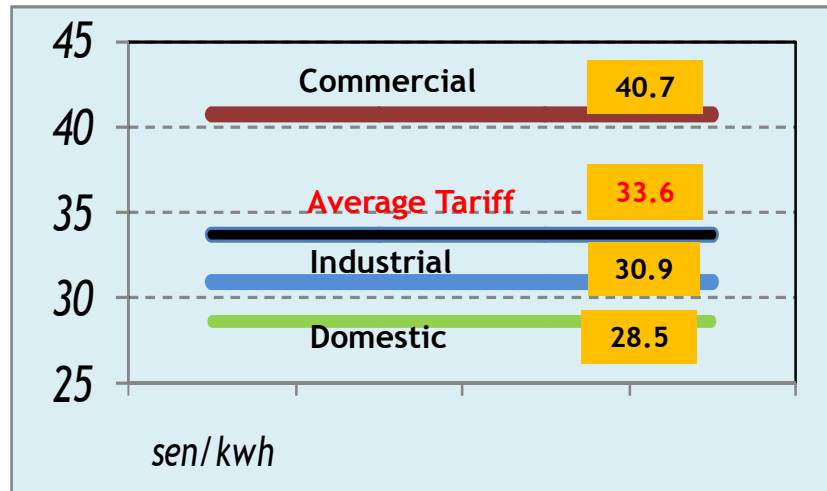


INTRODUCTION TO TENAGA

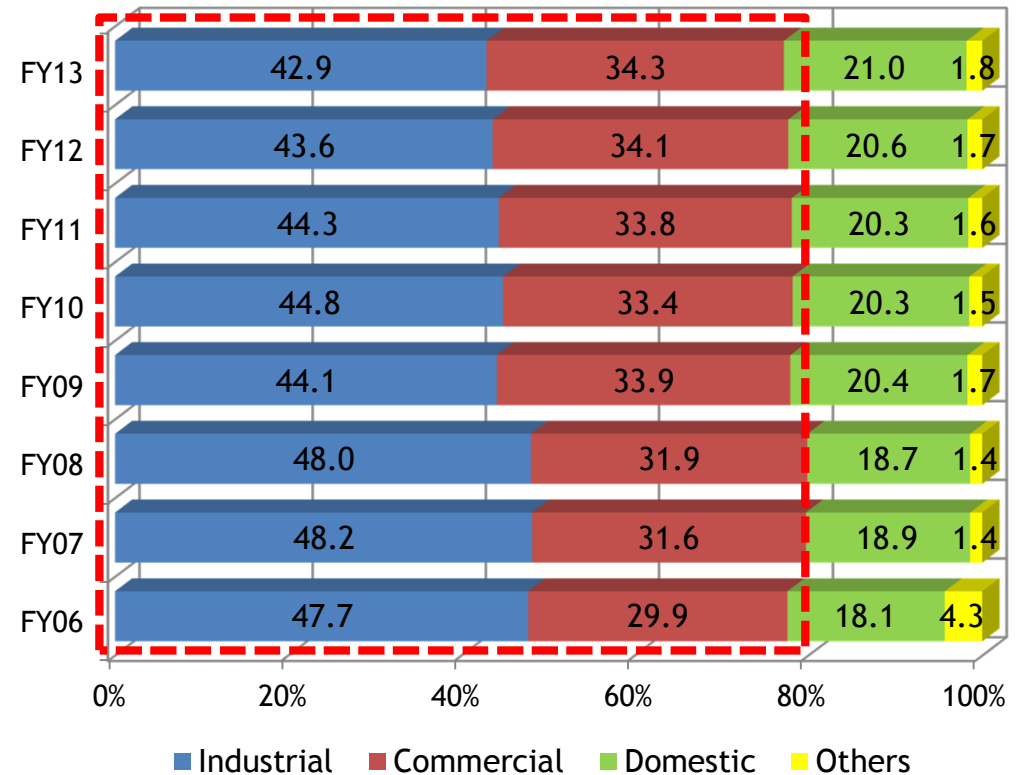
No of Customer vs Sales Value vs Unit Sales



Average Tariff by Sector



Sectoral Sales Analysis (Gwh)

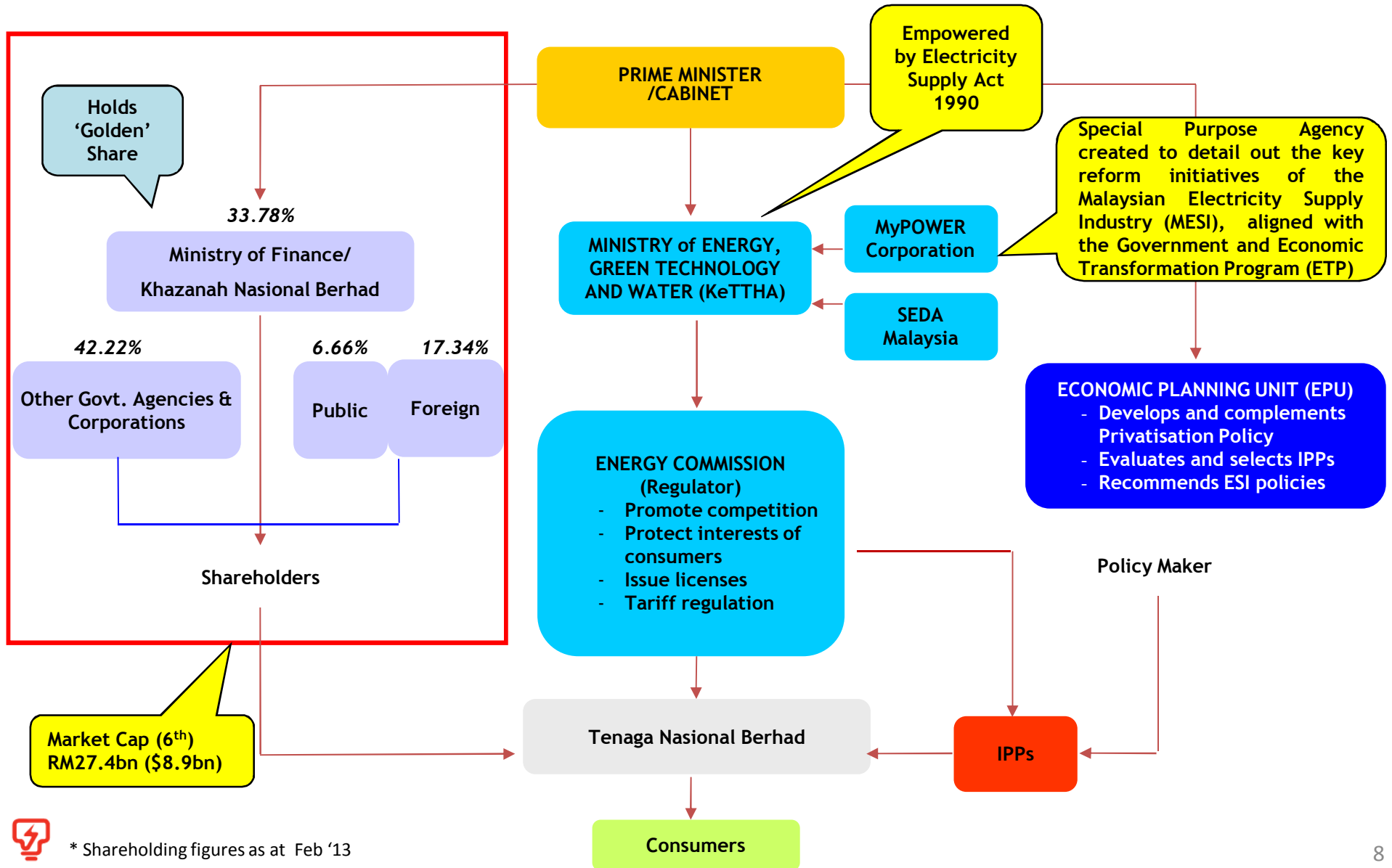
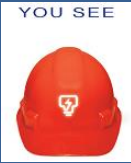


- “ Shift from Industrial-based to Service-based economy
- “ Increasing market share from Commercial sector
- “ Commercial sector contributes the highest electricity sales margin

*FY'13 - 1HFY13

INTRODUCTION TO TENAGA

Industry Regulatory Framework



* Shareholding figures as at Feb '13

INTRODUCTION TO

② MALAYSIAN ELECTRICITY SUPPLY INDUSTRY (MESI)

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INTRODUCTION TO MESI

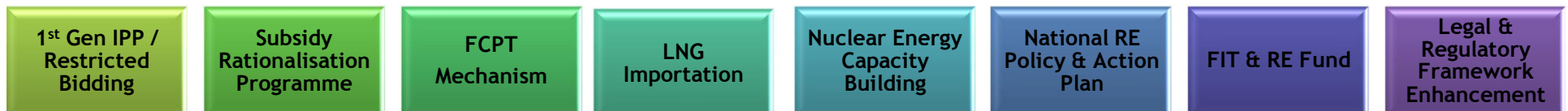
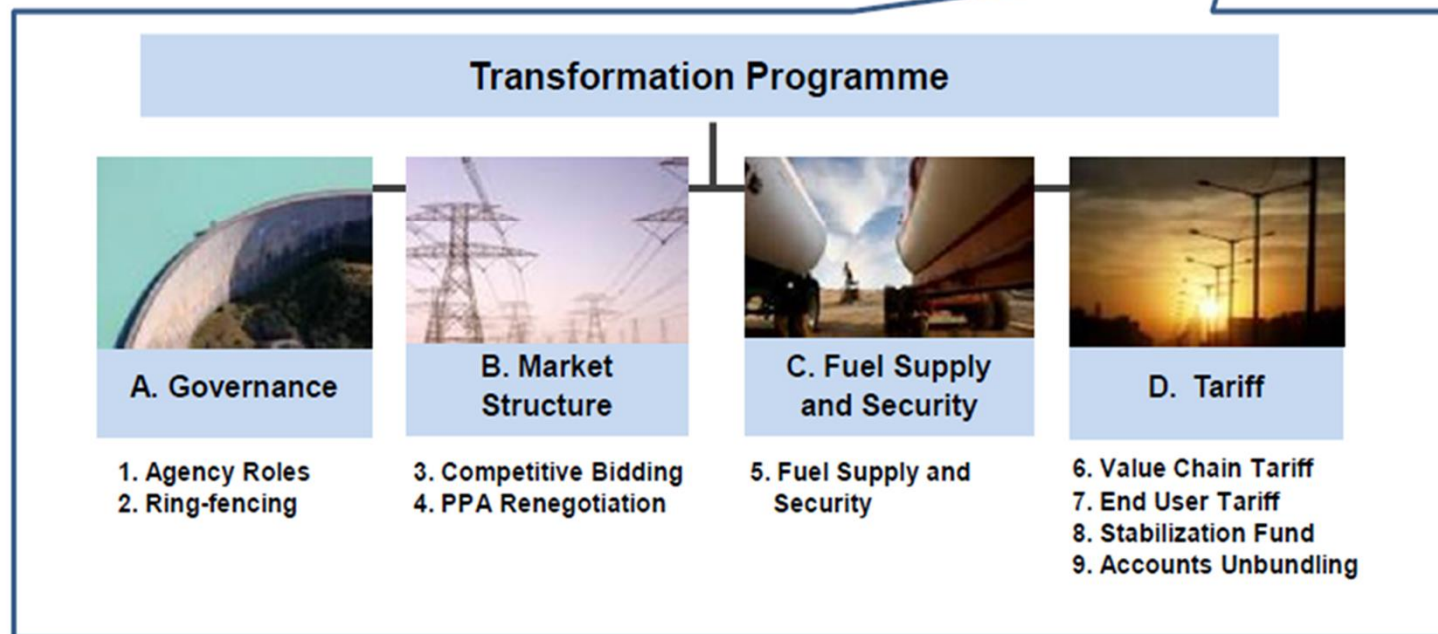
Transformation Initiatives by Government



Jun - Dec 2008
Khazanah's MESI Study

Jan - Dec 2009
KeTTHA-led syndication

4 Dec 2009
Cabinet endorsement to transform ESI



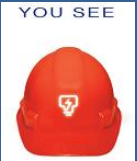
Aimed at delivering a reliable, transparent, efficient and sustainable ESI



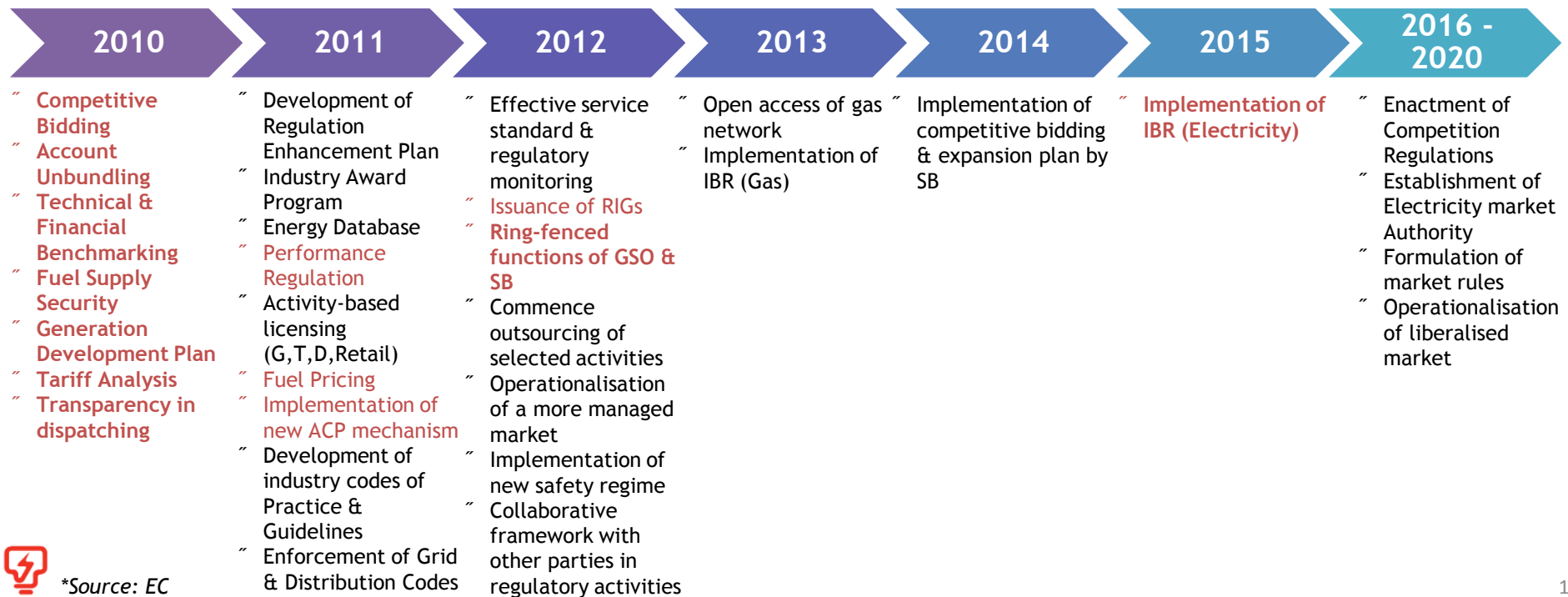
*Source: MyPower

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

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COMPLETED

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>

TRACK 2	RENEWAL OF EXPIRING PLANTS		
PLANTS	GENTING	SEGARI	TNB PASIR GUDANG
EXTENSION	10 years (until 2026)	10 years (until 2027)	5 years (until 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		

ON-GOING

TRACK 3A	1000 MW COAL-FIRED
COD	October 2017
CLOSING RFP	20 May 2013
Status	<p>2 shortlisted:</p> <ul style="list-style-type: none"> i. TNB and Marubeni Corporation (Site: Manjung, Perak) ii. 1MDB and Mitsui & Co Ltd (Site: Jimah, Negeri Sembilan)

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)



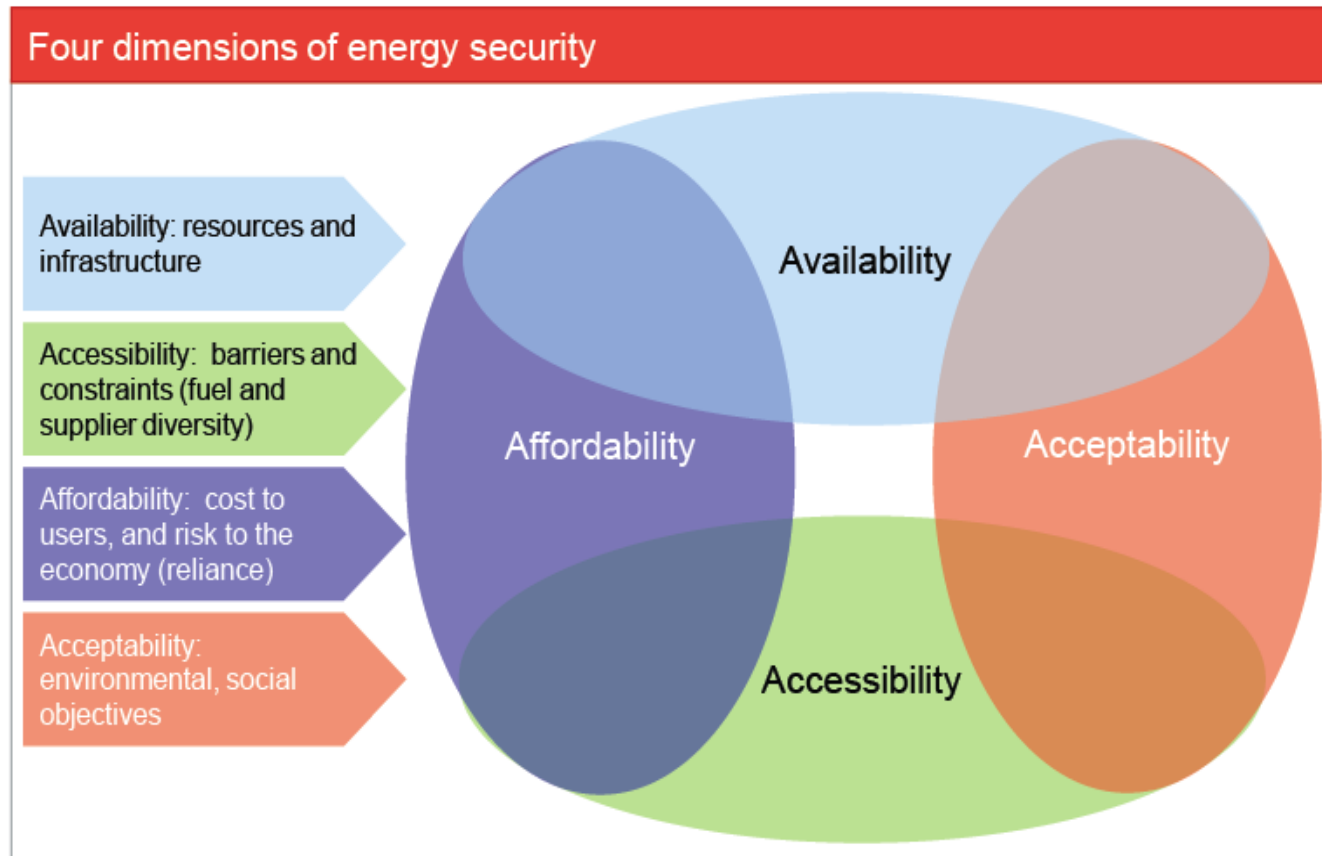
INTRODUCTION TO MESI

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

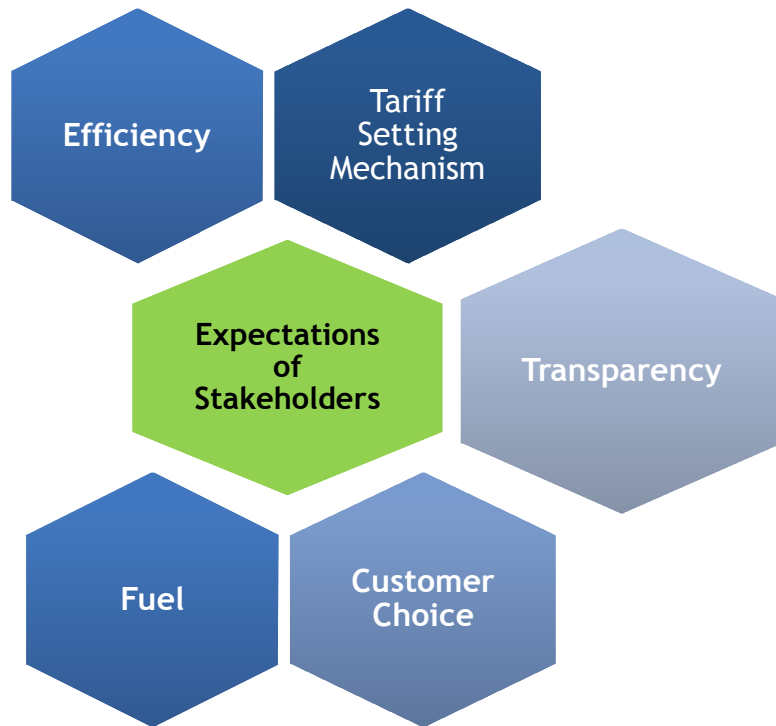
INTRODUCTION TO MESI

Energy Efficiency & Governance - Incentive Based Regulation (IBR)

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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



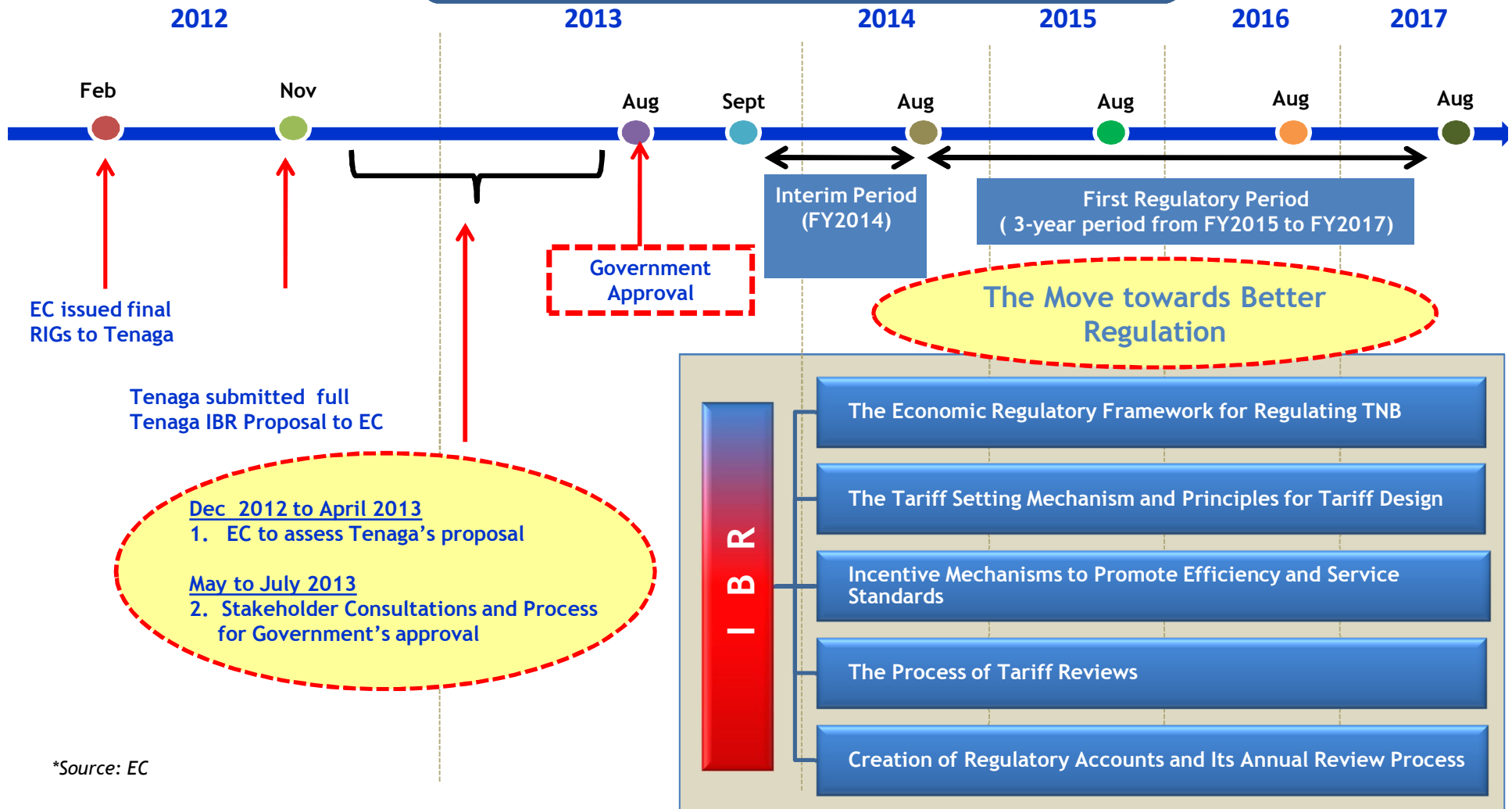
INTRODUCTION TO MESI

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

3 BUSINESS STRATEGY & DIRECTION

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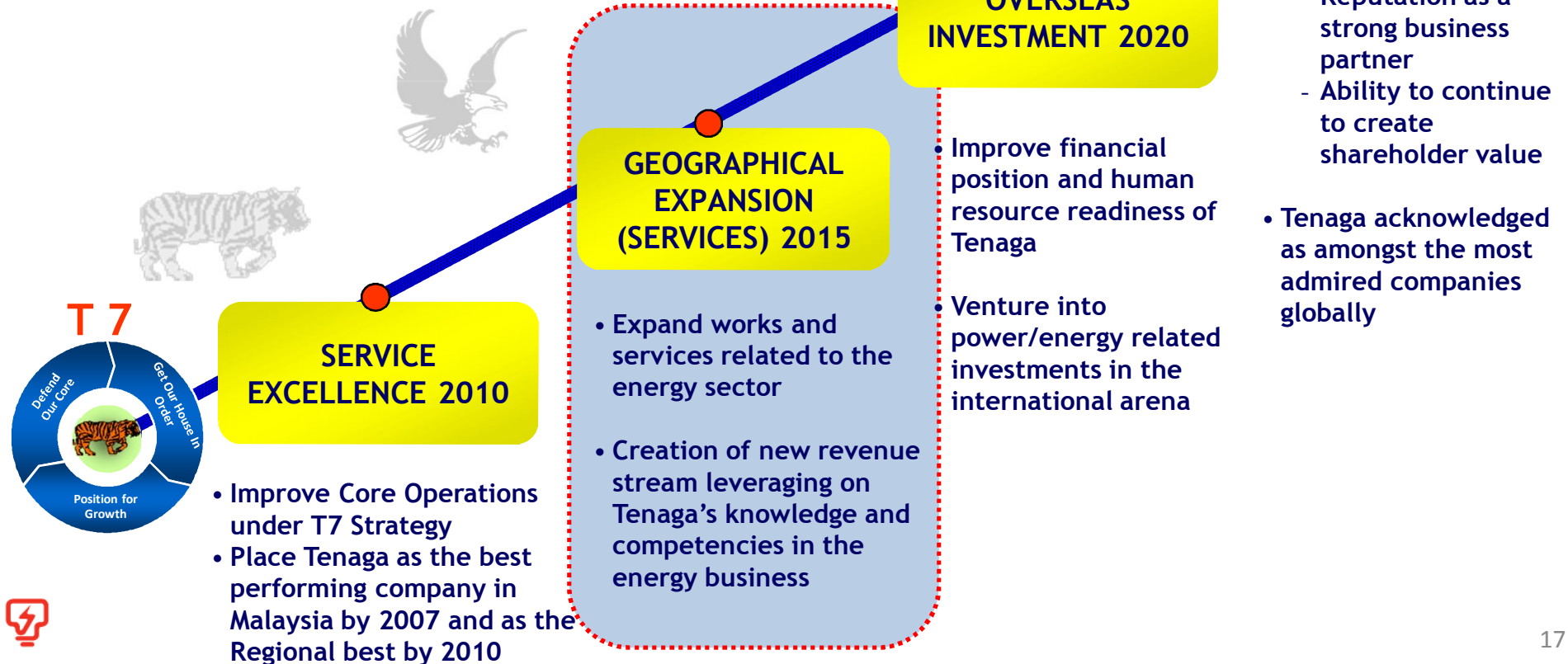


BUSINESS STRATEGY & DIRECTION

20-Year Strategic Plan



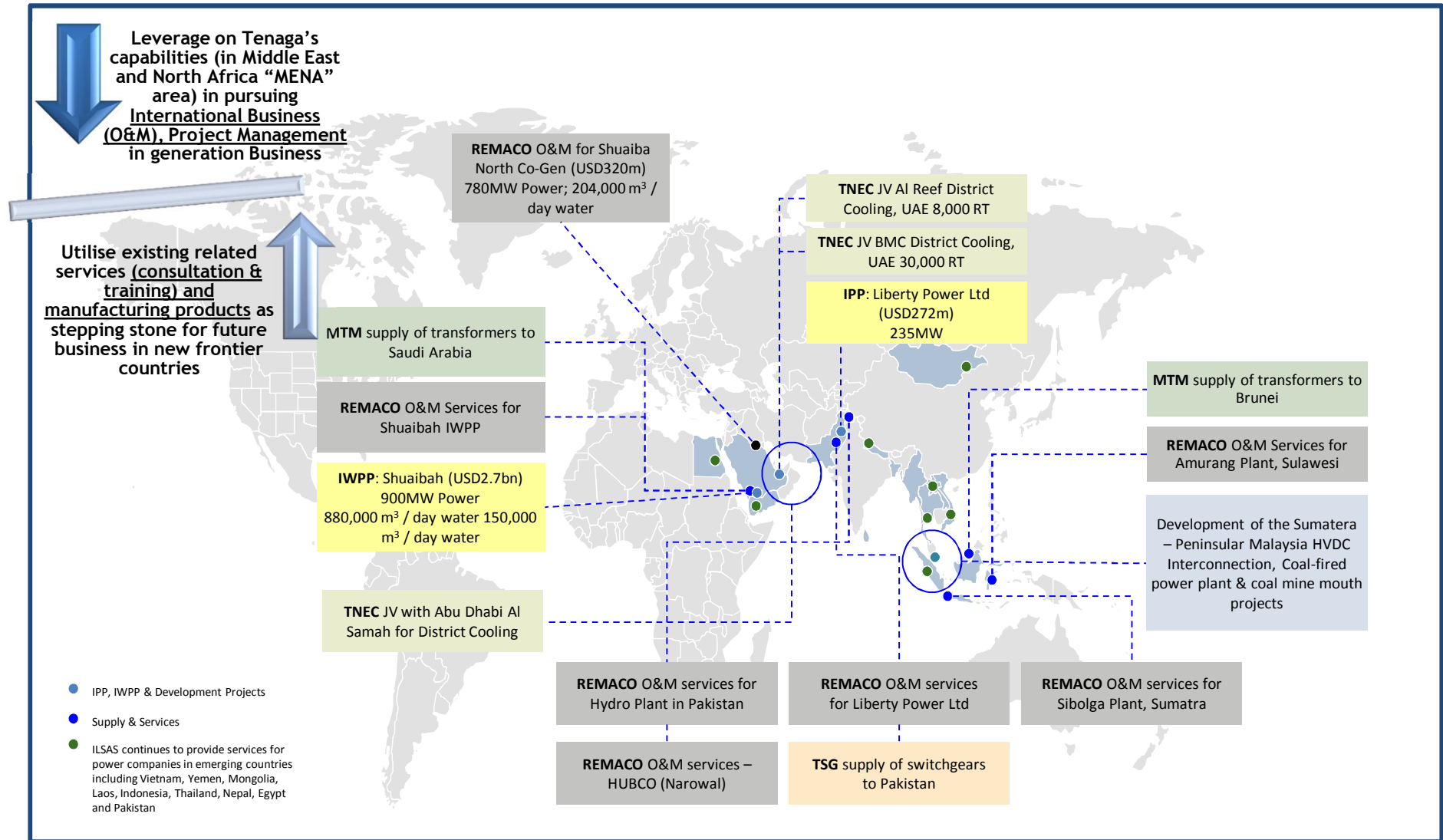
THE PLAN LAYS DOWN THE PATH TOWARDS
REALISING OUR VISION OF GLOBAL LEADERSHIP
It builds upon the progress of T7



BUSINESS STRATEGY & DIRECTION

International Footprint

YOU SEE



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

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

YOU SEE



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	ACTUAL FY'12 (Restated)	ACTUAL 1HFY'13	TARGET FY15
Financial Indicators	Return on Assets (ROA) (%)	6.5	2.2	3.3	6.3	4.6	4.0	4.7	2.1	4.5	5.2	6 - 7
	Gearing (%)	< 60.0	64.9	58.1	49.9	46.9	46.5	42.5				
	Company CPU (sen/kwh)								32.7	31.9	29.2	< 29.9
	Revenue from Non-Regulated Business (RM bn)								1.8	2.3	1.0	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	3.6	< 4.0
	T & D Losses (%)	No target	10.5	11.0	10.0	9.5	9.7	9.5	9.0	8.2	8.2	6 - 7
	Transmission System Minutes (mins)	9.0	14.0	7.3	9.3	6.6	1.0	0.9	1.0	1.0	0.1	< 1.0
	Distribution SAIDI (mins)	< 100.0	148.0	101.6	83.0	78.0	68.6	65.0	78.9	62.3	30.0	< 50.0



4 TARIFF

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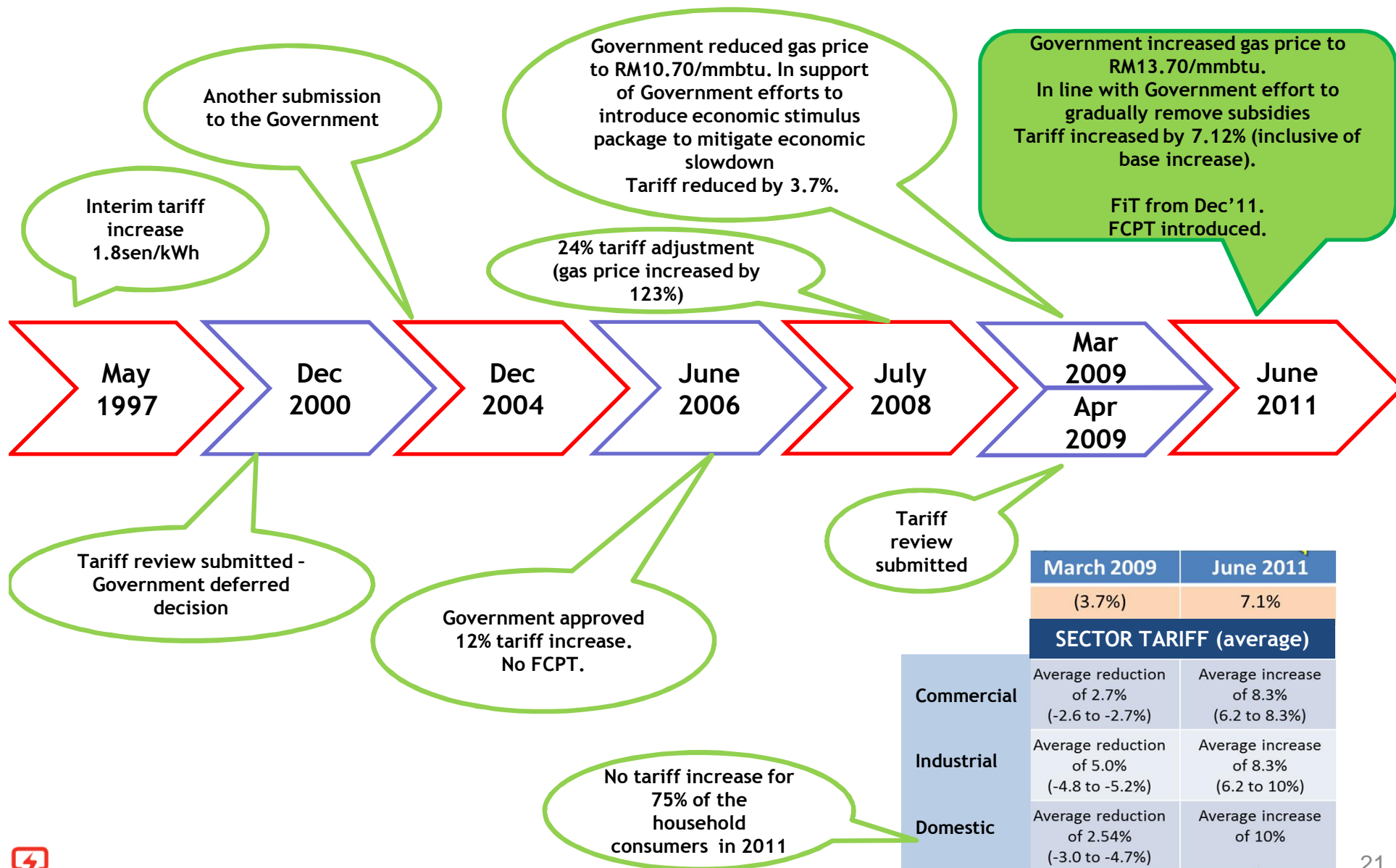
KEEPING THE LIGHTS ON



TARIFF

History: Timeline

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	March 2009	June 2011
	(3.7%)	7.1%
SECTOR TARIFF (average)		
Commercial	Average reduction of 2.7% (-2.6 to -2.7%)	Average increase of 8.3% (6.2 to 8.3%)
Industrial	Average reduction of 5.0% (-4.8 to -5.2%)	Average increase of 8.3% (6.2 to 10%)
Domestic	Average reduction of 2.54% (-3.0 to -4.7%)	Average increase of 10%



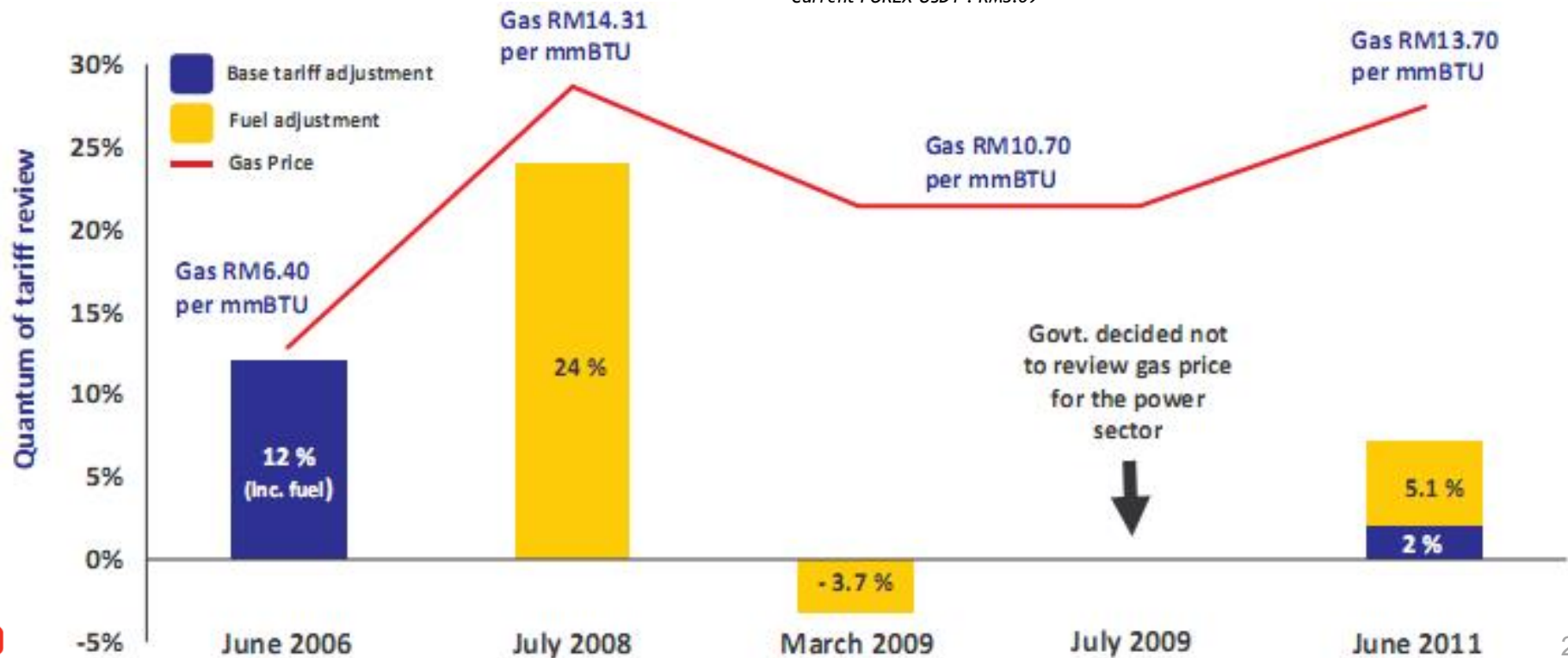
TARIFF

Electricity Tariff Review



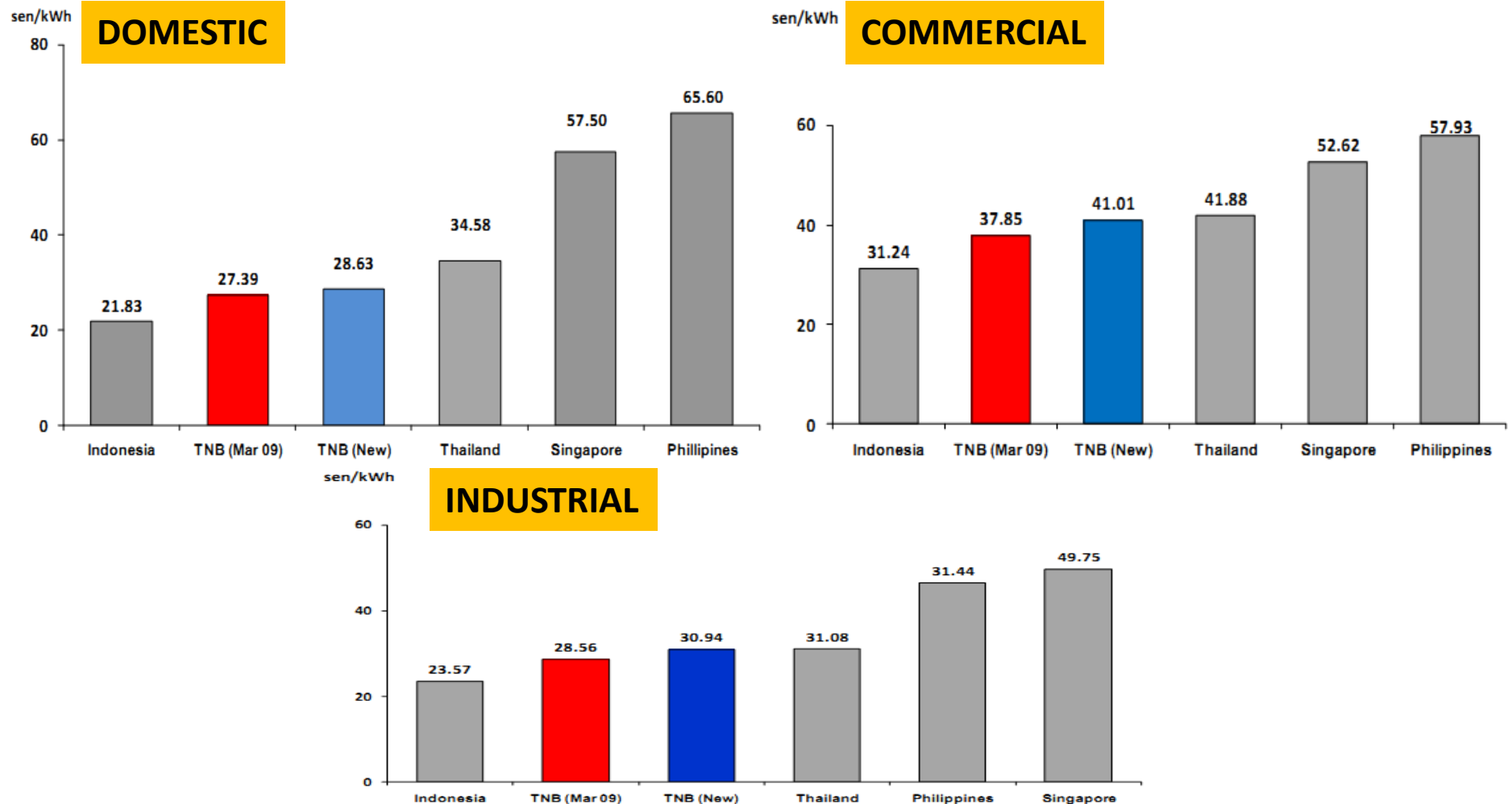
Approval date	May 2006	Jun 2008	Feb 2009	Jun 2009	May 2011
Effective date	Jun 2006	Jul 2008	Mar 2009	Jul 2009	Jun 2011
Quantum	12%	23 - 24%	(3.7%)	Neutral	7.1%
Gas (RM/mmbtu)	6.40	14.31	10.70	10.70	13.70
Coal (USD/MT)	45.00	75.00	85.00*	85.00*	85.00*
Average Tariff (sen/kWh)	26.2	32.5	31.3	31.3	33.5

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



TARIFF

Benchmarking: Comparison with Regional Countries



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



5 DIVIDEND

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DIVIDEND

Policy and Yield

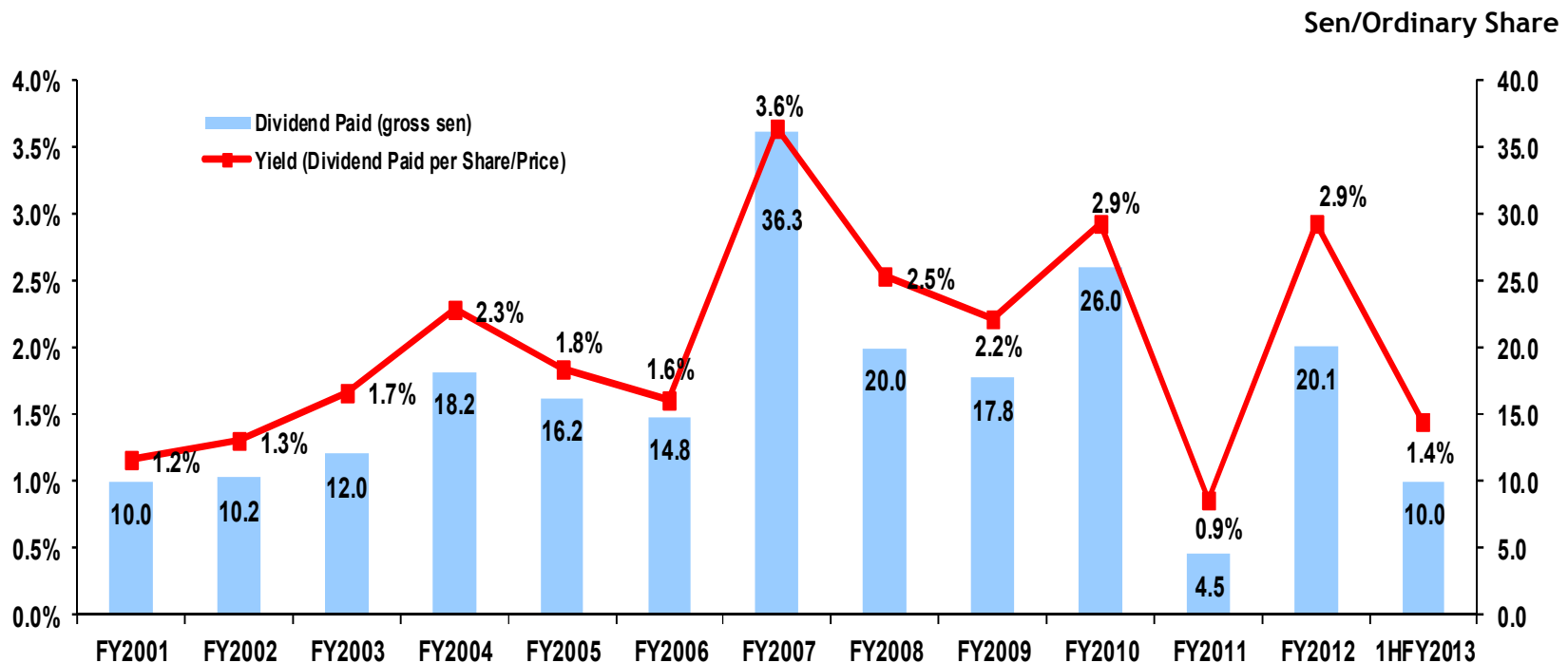


Tenaga is committed to pay out dividend based on its Dividend Policy whereby:

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.



6 OUTLOOK - KEY TAKEAWAYS

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OUTLOOK - KEY TAKEAWAYS

Outlook FY2013

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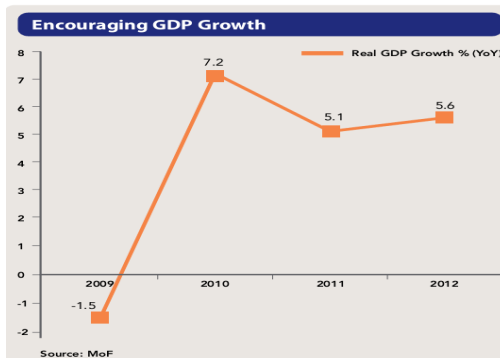
Group's Performance for the FY Ending 31st August 2013
is Expected to Remain Challenging

1 DEMAND

Remains steady with the implementation of ETP

“Malaysia Central Bank has pegged 2013 GDP growth to rest within 5% - 6%, and expects domestic demand to remain robust amid continued challenges in the external environment” -

The Edge, 16th May 2013

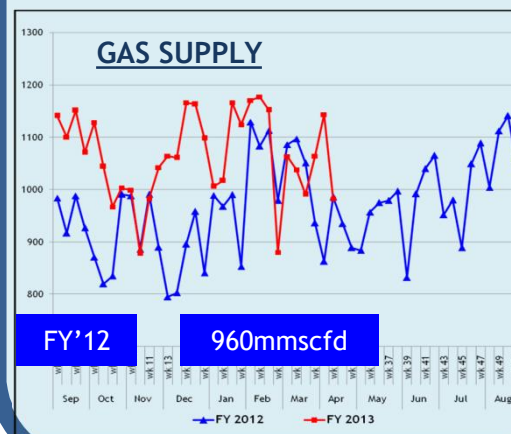


2 GAS VOLUME

Expected to improve with commencement of RGT in Malacca.

Daily average gas volume (mmscfd)

4QFY12	1,015
1QFY13	1,043
2QFY13	1,105



3 COAL PRICE

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

Average coal price for FY2013 is forecasted at below USD100/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
1HFY13	84.6



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PART TWO

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1HFY2013 RESULTS HIGHLIGHTS

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RESULTS HIGHLIGHTS

Results Snapshots



3-Month Ended 28th February 2013 (2nd Quarter FY2013)

- “ Net Profit of RM1.27 billion (1QFY2013: RM1.42 billion).
- “ 2.1% increase in Operating Expenses.
- “ Average Coal Price of USD84.7/mt (1QFY2013: USD84.4/mt).
- “ EBITDA margin at 27.1% (1QFY2013: 31.0%).
- “ Strengthening of RM against Yen by 9.1%.

6-Month Ended 28th February 2013 (First Half FY2013)

- “ Net Profit of RM2.69 billion (1HFY2012: RM2.68 billion).
- “ 3.8% increase in Group Revenue against 5.4% decrease in Operating Expenses.
- “ Average Coal Price of USD84.6/mt (1HFY2012: USD109.3/mt).
- “ 4.6% unit electricity demand growth in Peninsular Malaysia.
- “ EBITDA margin at 29.1% (1HFY2012: 32.8%).
- “ Strengthening of RM against Yen by 15.8%.

RESULTS HIGHLIGHTS

Adjusted Net Profit (Restated Fuel Cost Compensation)

YOU SEE



**28.7% 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, projected by middle 2013.

RM mn	1HFY'12 (Restated)	1HFY'13**	Variance
Net Profit Attributable to the Owners of the Company	2,677.1	2,687.6	0.4%
Adjustments *			
Fuel Cost Compensation Recognised in Other Income	(2,023.0)		
Current Year Fuel Cost Compensation	702.4		
Tax	330.2		
Adjusted Net Profit	1,686.7	2,687.6	59.3%
Forex Translation Gain	209.3	786.0	>100%
Adjusted Net Profit Before Forex Translation Gain	1,477.4	1,901.6	28.7%

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

** Includes Fuel Cost Compensation of RM580.7mn

RESULTS HIGHLIGHTS

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

YOU SEE



Improved EBITDA Margin Resulted from Lower Generation Costs & Steady Demand Growth from Commercial Sector

RM mn	1HFY2012 (Restated)	1HFY2013	1QFY2013	2QFY2013
Total Units Sold (Gwh)	49,923.5	52,129.1	26,070.4	26,058.7
Revenue	17,322.6	17,981.0	9,130.8	8,850.2
Operating Expenses (before depreciation)	13,185.7	12,957.1	6,394.5	6,562.6
Operating Income	227.3	201.0	92.9	108.1
EBITDA	4,364.2	5,224.9	2,829.2	2,395.7
EBITDA Margin (%)	25.2%	29.1%	31.0%	27.1%
Depreciation and Amortisation	2,063.8	2,135.1	1,071.4	1,063.7
EBIT	2,300.4	3,089.8	1,757.8	1,332.0
EBIT Margin (%)	13.3%	17.2%	19.3%	15.1%
Finance Cost	434.3	436.9	229.6	207.3
Profit Before Tax & Forex Translation	1,954.5	2,821.6	1,605.2	1,216.4
Net Profit Before Forex Translation	1,477.4	1,901.6	1,018.1	883.5
Translation Gain	209.3	786.0	397.4	388.6
Net Profit Attributable to Equity Holders	1,686.7	2,687.6	1,415.5	1,272.1
Non-controlling Interest	(10.1)	(10.7)	(0.1)	(10.6)

COAL PRICE & CONSUMPTION

	1HFY'12	1HFY'13	Var (%)
Average Coal Price Consumed (USD/MT)			
FOB	99.6	74.9	-24.8%
Freight	9.2	9.1	-1.1%
Others	0.5	0.6	20.0%
CIF	109.3	84.6	-22.6%
Average Coal Price Consumed (RM/MT) (CIF)	339.6	259.8	-23.5%
Coal Consumption (mn MT)	10.0	10.3	3.0%

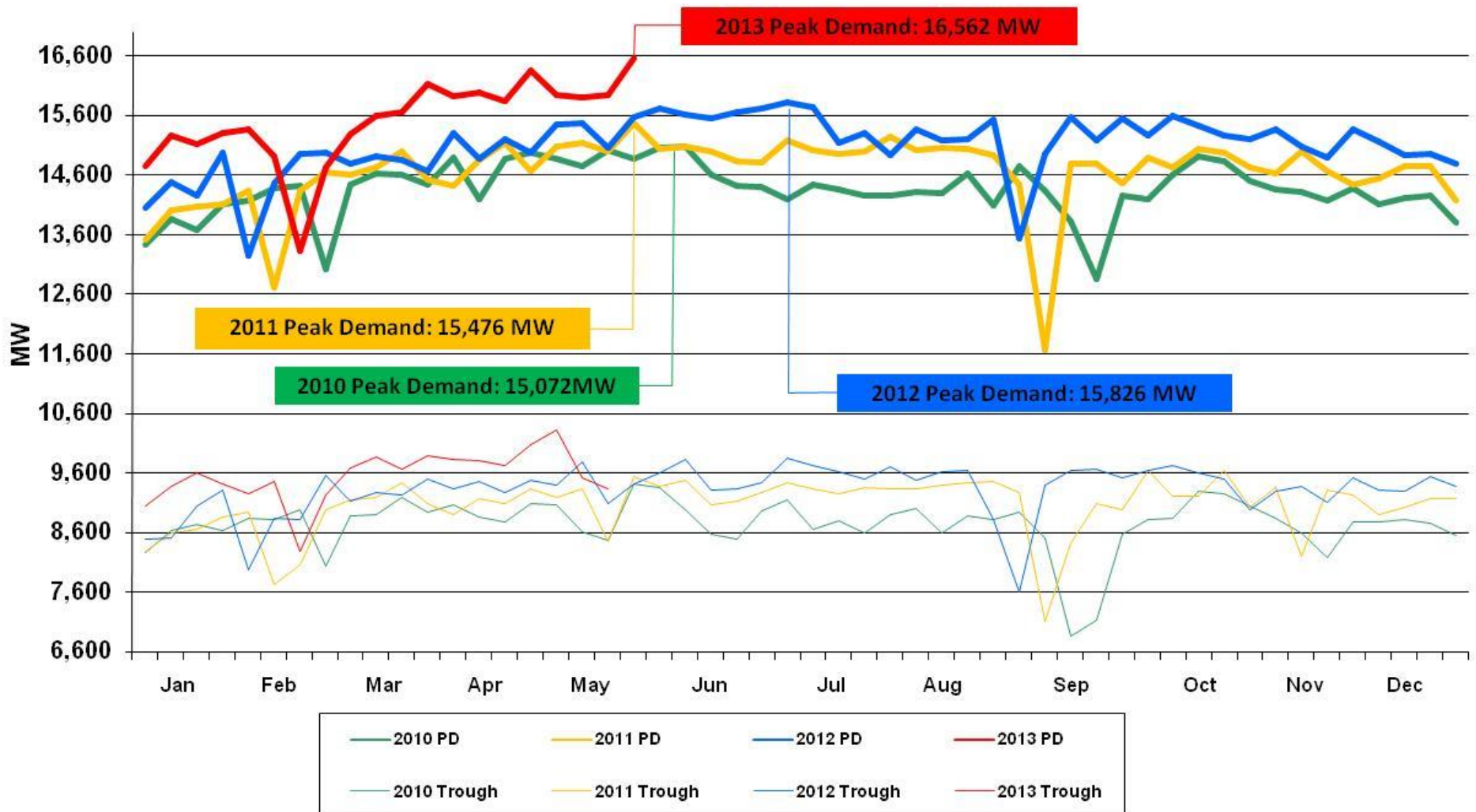
RESULTS HIGHLIGHTS

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

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Weekly Peak Demand & Trough (MW)



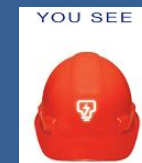
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CONTACT DETAILS



For further enquiries, kindly contact us at:

**INVESTOR RELATIONS & MANAGEMENT
REPORTING DEPARTMENT**

**Tenaga Nasional Berhad
4th Floor, TNB Headquarters
No.129, Jalan Bangsar,
59200 Kuala Lumpur, MALAYSIA**

Tel : +603 2296 5566

Fax : +603 2284 0095

Email : tenaga_ird@tnb.com.my

Website : www.tnb.com.my

IR OFFICERS:

<i>Anida</i>	+603 2296 6077	anidai@tnb.com.my
<i>Sherleen</i>	+603 2296 6183	sherleenaa@tnb.com.my
<i>Effa</i>	+603 2296 6647	effarizamn@tnb.com.my
<i>Nadia</i>	+603 2296 6787	nuranadiaah@tnb.com.my



THANK YOU

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