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TENAGA NASIONAL BERHAD

POWER TALK 2012

Carcosa Seri Negara, Kuala Lumpur

25th September 2012

Prepared by Investor Relations

BIMB SECURITIES SDN BHD (290163-X)

A Participating Organisation of Bursa Malaysia Securities Berhad

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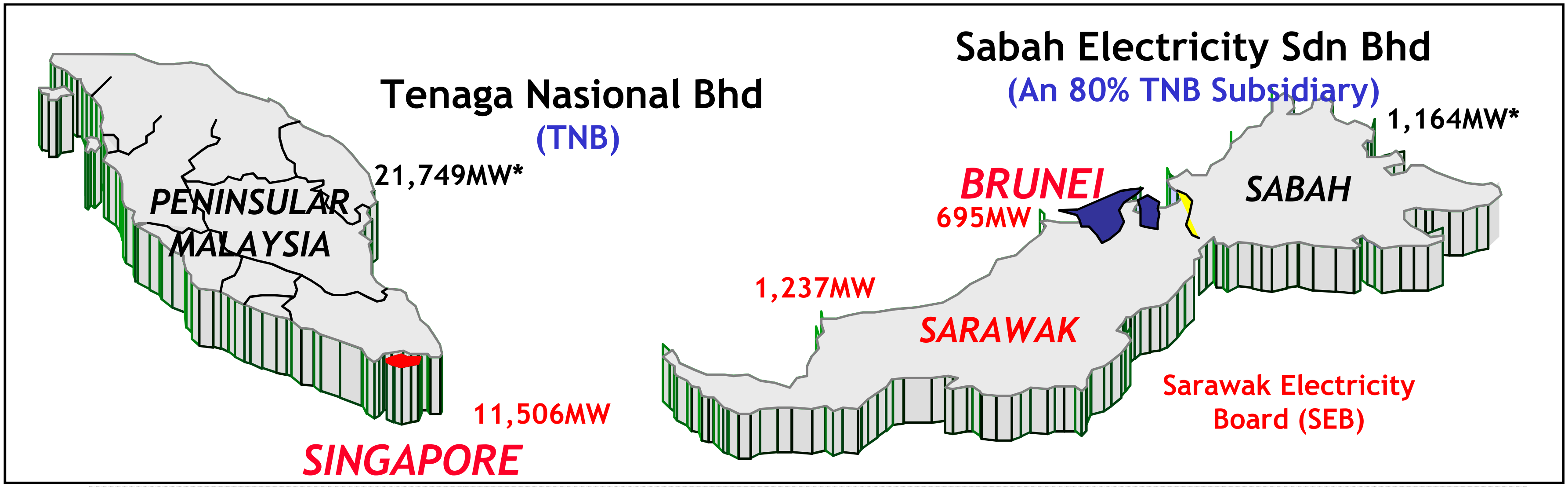
TENAGA NASIONAL BERHAD

INTRODUCTION

Three Major Utilities in Malaysia



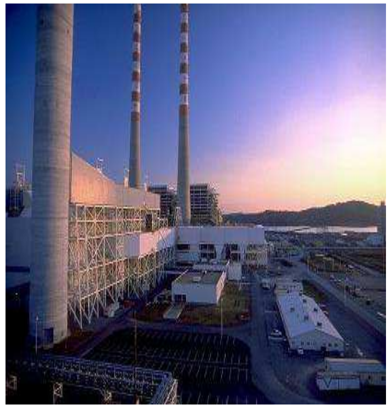
	FY'92	FY'99	FY'06	FY'07	FY'08	FY'09	FY'10	FY'11
Group Installed Capacity (MW)	5,652	7,520	11,464	11,515	11,515	11,530	11,530	11,530
Total units sold (Gwh)	22,631	49,322	82,215	86,545	90,650	87,780	95,196.6	97,1887.8
Total customers (million)	3.32	5.09	6.81	7.07	7.33	7.59	7.87	8.11
Total employees	22,752	24,786	28,067	28,822	29,210	29,149	30,535	31,935
Total assets (RM bn)	19.72	48.61	65.09	67.72	69.84	71.36	75.88	79.00

* Includes IPPs

INTRODUCTION
Vertically Integrated Utility

Core Business – Peninsula

52.8%



Generation

100%

Transmission

100%

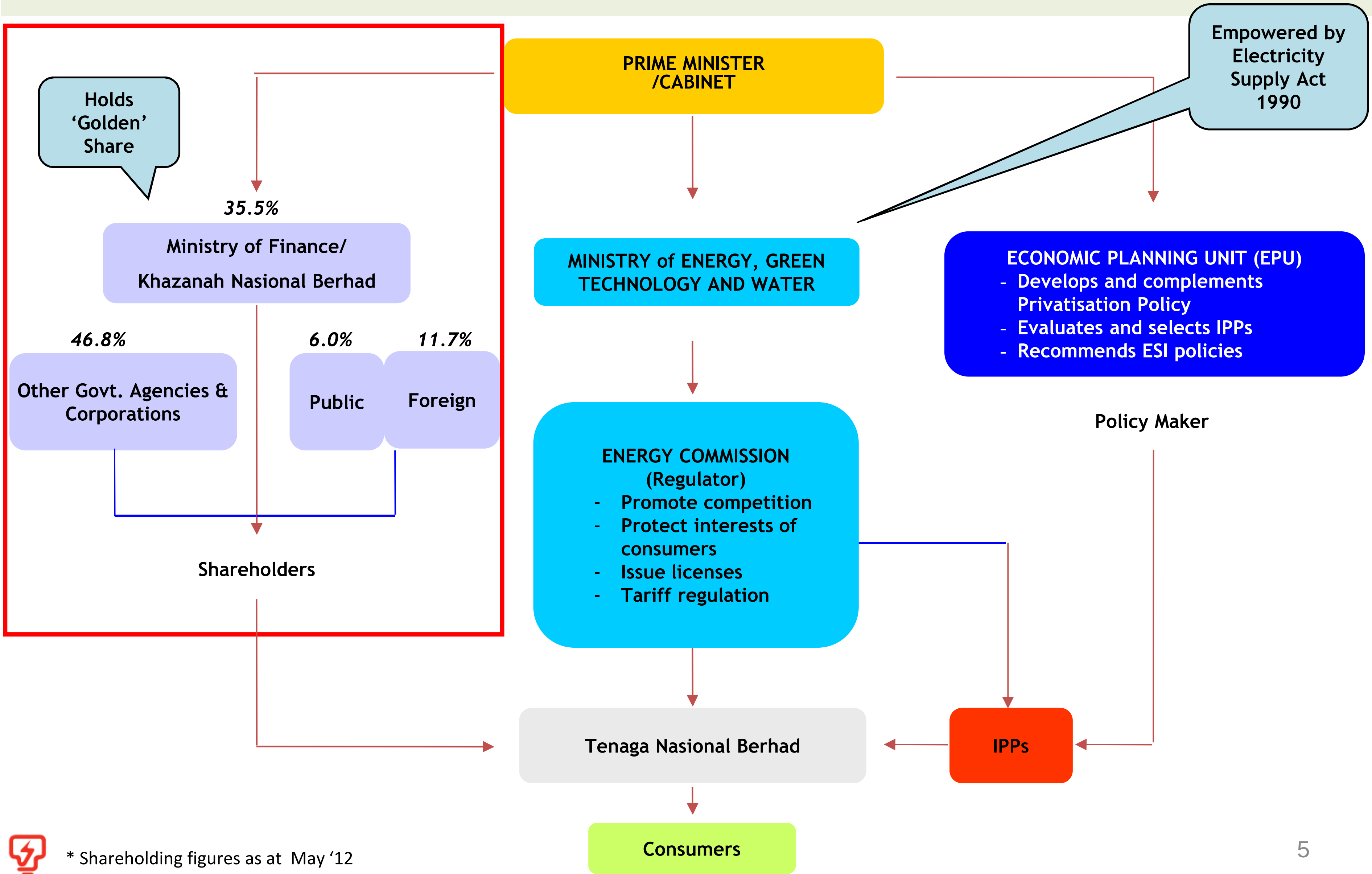
Distribution

As at May 2012:

Assets	RM 87.2 bn	(USD27.5bn)
Revenue	RM 26.5 bn	(USD8.3 bn)
Total Installed Capacity	21,749 MW	
Market Capitalisation (7th)	RM 36.7 bn	(USD11.6 bn)

* Exchange rate of USD1 = RM3.175

INTRODUCTION
Industry Regulatory Framework

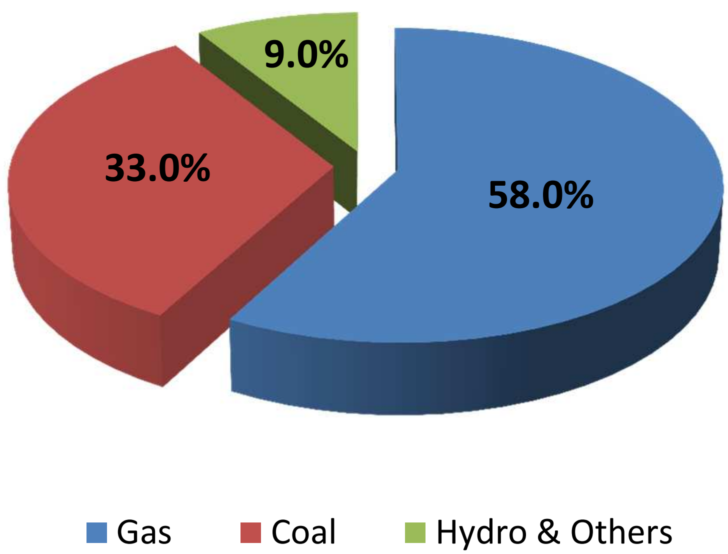


* Shareholding figures as at May '12

INTRODUCTION
Installed Capacity vs Generation Mix

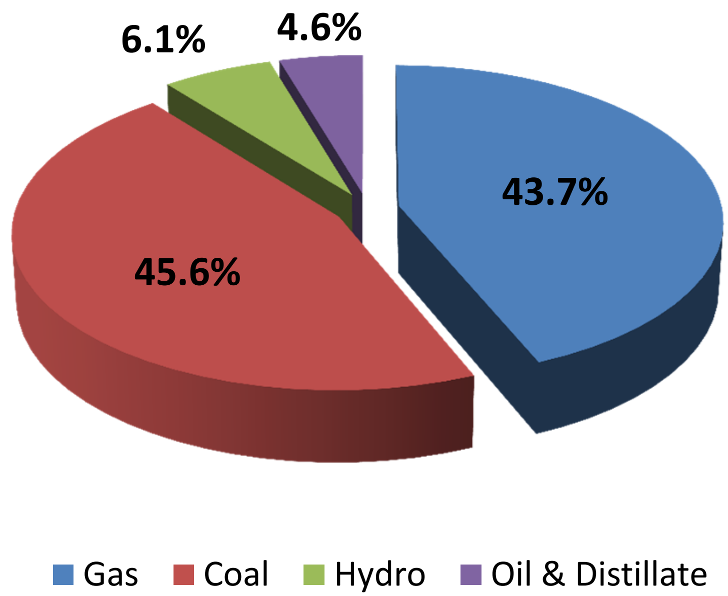
Total Installed Capacity

Installed Capacity Market Share:
TNB : 52.7%
IPP : 47.3%



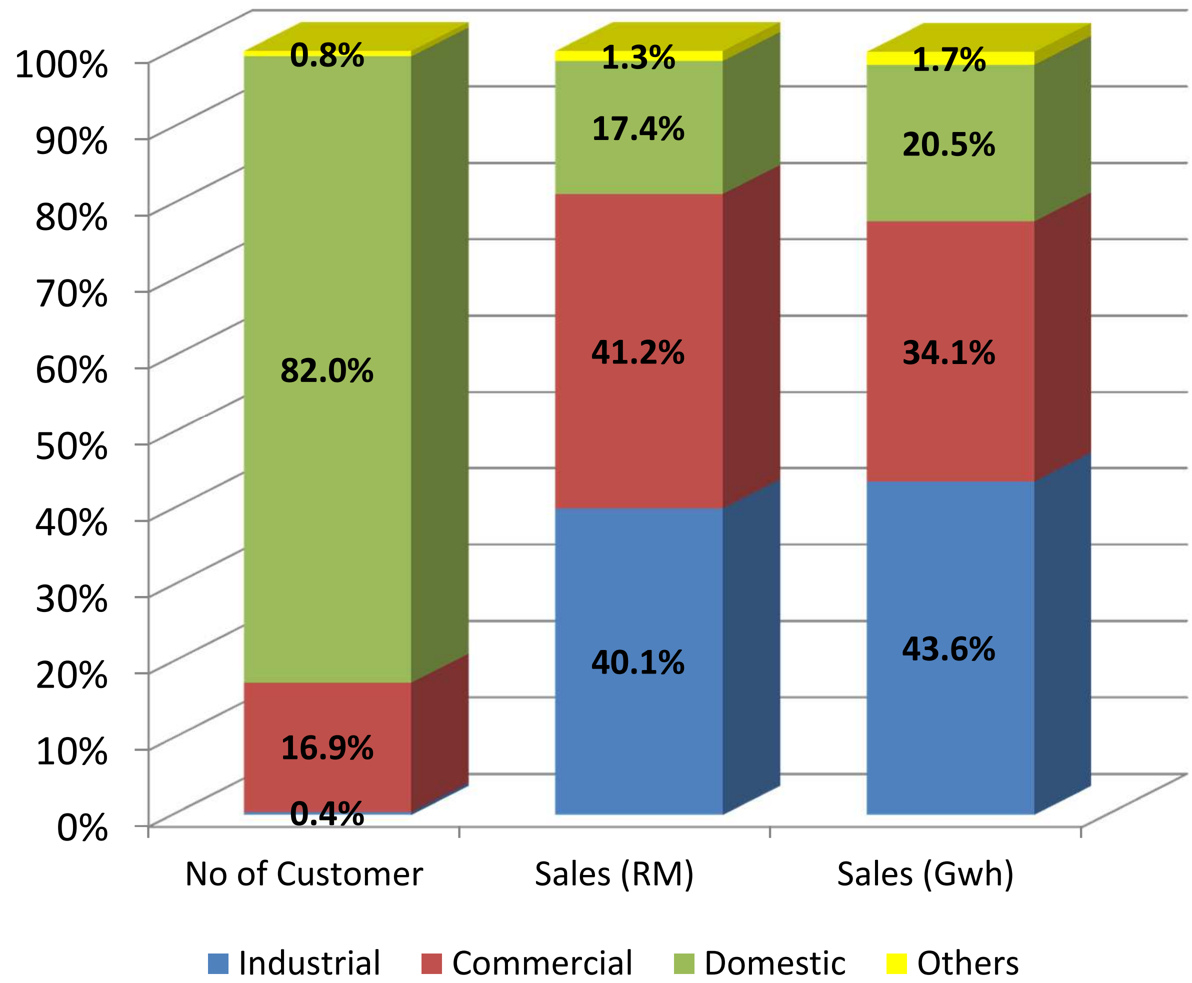
Generation Mix as at May 2012

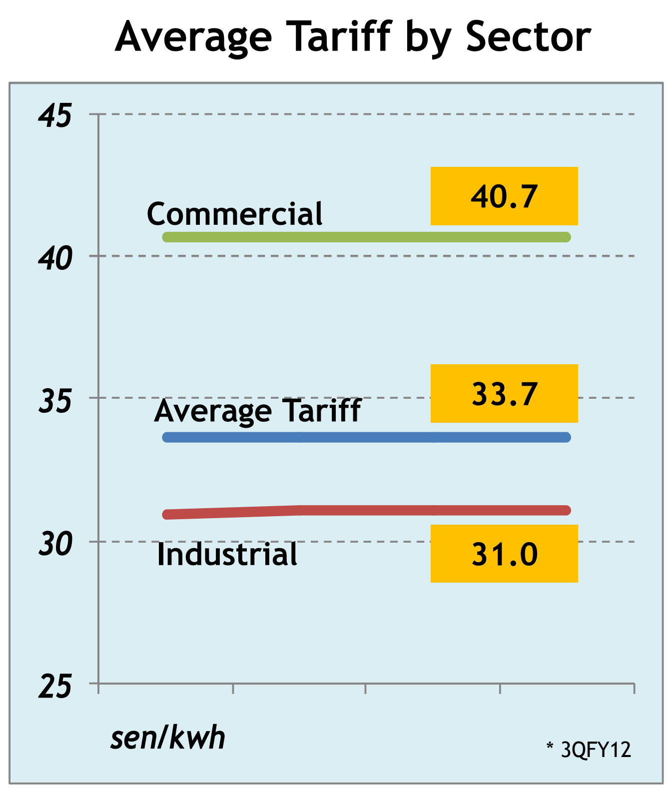
Generation Market Share :
TNB : 48.6%
IPP : 51.4%



INTRODUCTION

No of Customer vs Sales Value vs Unit Sales





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1	INTRODUCTION
2	BUSINESS STRATEGY & DIRECTION
3	3QFY2012 RESULTS
4	OUTLOOK – KEY TAKEAWAYS

TENAGA NASIONAL BERHAD

BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan - Geographical Expansion

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T 7

SERVICE EXCELLENCE 2010

- Improve Core Operations under T7 Strategy
- Place TNB 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 TNB's knowledge and competencies in the energy business

OVERSEAS INVESTMENT 2020

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

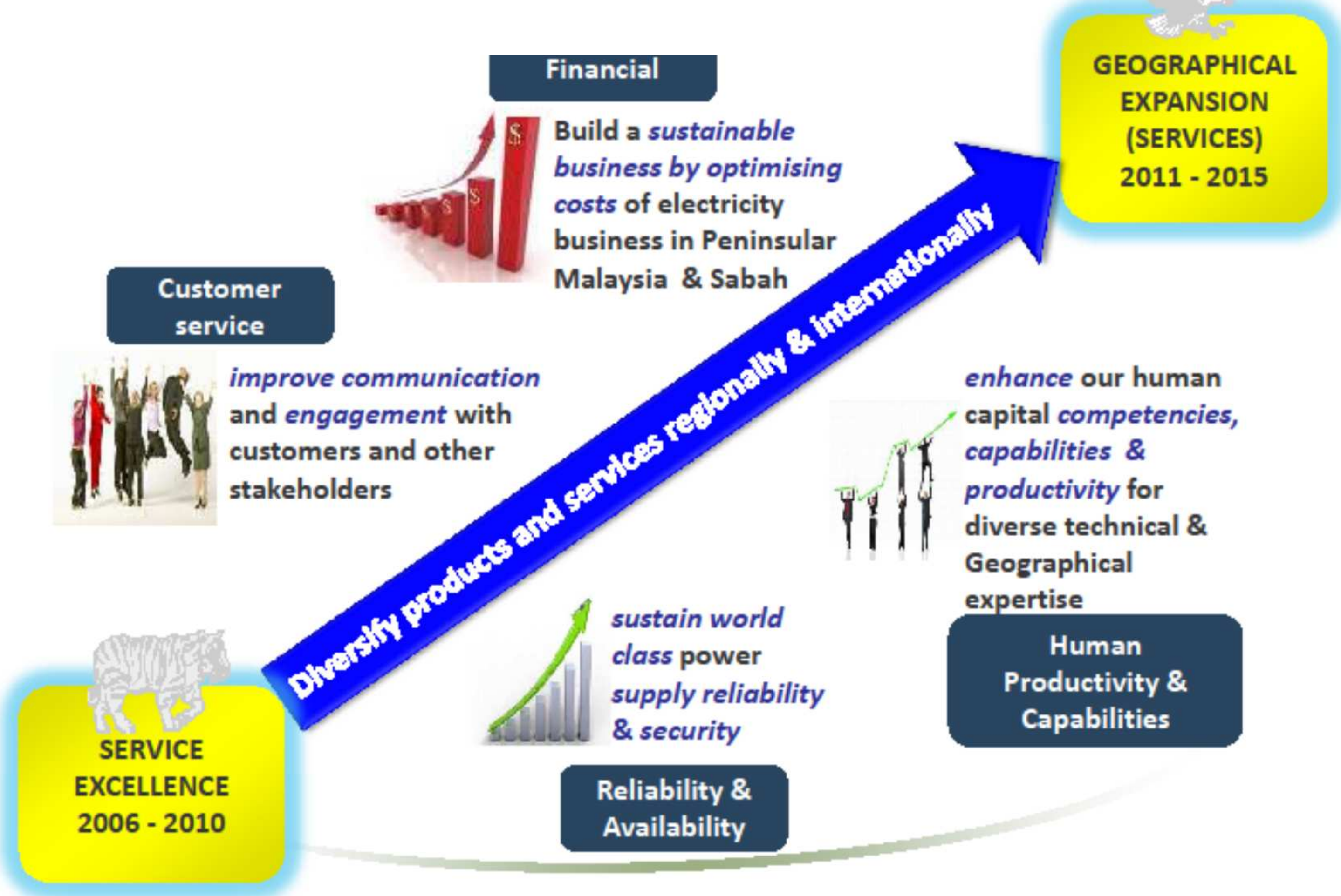
GLOBAL LEADERSHIP 2025

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

BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan - Geographical Expansion

Growth Strategies to move TNB to the Next Level



BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan – GEMILANG 2015

Leveraging on 4 Core Success Thrust

Building Trust and Relationship

Building Capacity

VIBRANT WORKFORCE

PRODUCTIVITY REVOLUTION

Building Performance

Building Growth

BUSINESS STRATEGY & DIRECTION

TNB 20-Year Strategic Plan

Sustaining Growth by Going International

- Way forward:
  - Leverage on TNB's capabilities (in MENA area) in **pursuing International Business (O&M), Project Management in Generation Business**
  - **Utilise existing related services** (consultation & training) **and manufacturing products** as stepping stone for future business in new frontier countries
  - New business area – in Renewable Energy
  - Deploy various avenues for human resource requirement
    - Hire expertise through contract scheme based on business requirement
    - Deploy attractive scheme for TNB experts
    - Alliance with strategic partners (local & international)
    - Establish knowledge management/repository for data and information sharing

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BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan - Geographical Expansion

- President/ Chief Executive Officer
  - SESB
  - TNBR
  - Strategic Management & Performance
  - Legal Services
  - Chief Financial Officer
  - **Non-Core Business**
    - Planning Division
    - Group Human Resource Division
    - Information Technology & Communication Division
    - Procurement Division
  - **Core Business**
    - Generation Division
    - Transmission Division
    - Distribution Division
  - **Corporate Affair & Services Division**
    - Corporate Services
    - Corporate Affairs & Communication
    - Regulatory & Stakeholder
    - CSR
  - **New Business & Major Project Division**
    - Investment Management
    - Major Projects
    - International Business

BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan - Geographical Expansion

New Division Focusing on Non-Regulated Businesses

New Business & Major Project Division

Investment Management

1. Market / Industry Scanning
2. Country Intelligence
3. 'Deal Maker'
4. Portfolio Management: Nurture / Grow / Exit TNB's subsidiaries Excluding:- YTN, ILSAS, UNITEN, TNBR

Major Projects

1. Generation project development
2. Bidding for new generation project domestically

International Business

1. New business development (Power, O&M, Land Bank)
2. Services – O&M
3. Supplies – BuyCo
4. Manufacturing

BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan - Geographical Expansion

New Division Focusing on Improvement in Communication and Stakeholders Engagement

Corporate Affair & Services Division

Corporate Affairs

1. Strategic communication
2. Corporate communication
3. Media relation

Regulatory & Stakeholder Management

Stakeholder Relationship

1. Identify and manage key stakeholders who have major influence in TNB's business
2. Establish rapport and build excellent relationship with stakeholders
3. Influence stakeholders to accept and endorse TNB's position on strategic matters
4. Utilise various means to further TNB's cause. Eg. NGOs, community leaders, Politicians and media

CSR

Corporate Services

1. Security services and intelligence
2. Land wayleave management
3. Property services
4. Logistics services

BUSINESS STRATEGY & DIRECTION

2nd Phase of TNB 20-Year Strategic Plan - Geographical Expansion

New Division Focusing on Performance Management

Chief Strategic Management & Performance

Performance Monitoring

1. Monitoring and reporting KPIs
2. Monitoring breakthrough strategies

Performance Management & Deliverable

1. Organise labs to identify blockers, cut red tape
2. Drive deliverables and high performance
3. Facilitate implementation o f decisions made at Labs
4. Scan issues highlighted by public/media/customer/staff
5. Identify new strategies essential for Gemilang 2015
6. Research/Strategy Unit - Economic Analysis

BUSINESS STRATEGY & DIRECTION

Headline Key Performance Indicators: 2nd Phase - GEMILANG 2015 & As At 3QFY12

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	INITIATIVES	TARGET FY 2015	ACTUAL FY 2011	TARGET FY 2012	YTD FY 2012		
					1st Qtr	2nd Qtr	3rd Qtr
Financial Indicators	Return on Assets (ROA) (%)	6 - 7	2.1	2.0 - 3.0	2.1	3.2	4.1
	Company CPU (sen/kwh)	< 29.9	32.7	32.7 - 33.7	33.9	32.3	31.1
	Revenue from Non-Regulated Business (RM bn)	5.0	1.8	1.8 - 1.9	0.4	1.0	1.5
Technical Indicators	Unplanned Outage Rate (UOR)(%)	< 4.0	7.1	3.6 - 4.0	6.0	4.4	3.8
	T & D Losses (%)	6 - 7	9.0	8.7 - <9.3	8.5	8.7	8.4
	Transmission System Minutes (mins)	< 1.0	1.0	1.1 - 2.5	0.2	0.2	1.0
	Distribution SAIDI (mins)	< 50.0	78.9	>75.0 - 80.0	14.6	27.5	43.4

BUSINESS STRATEGY & DIRECTION

TNB 20-Year Strategic Plan – 2nd Phase – Geographical Expansion (GEMILANG 2015)

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- Tenaga is currently in the 2nd phase of the 20-year Strategic Plan. In this phase we are looking at opportunities in expanding our business in the O&M services in energy related business. This initiative will be driven by REMACO, a 100% owned subsidiary.

- Currently REMACO has contracts in O&M services at:
  - Shuaibah IWPP project
  - LPL
  - Hydro plant in Azad Jammu and Kashmir, Pakistan
  - Narrawal Diesel Combined Cycle Plant, Pakistan
  - Amurang Plant, Sulawesi
  - Sibolga Plant, Sumatera

- Tenaga is focusing on the MENA (Middle East and North Africa) region, as well as South East Asia region.

- However, due to the unrest situation in MENA, we remain cautious in venturing business in the area. Meantime, we are looking at opportunities in South East Asia such as Vietnam and Indonesia.

18

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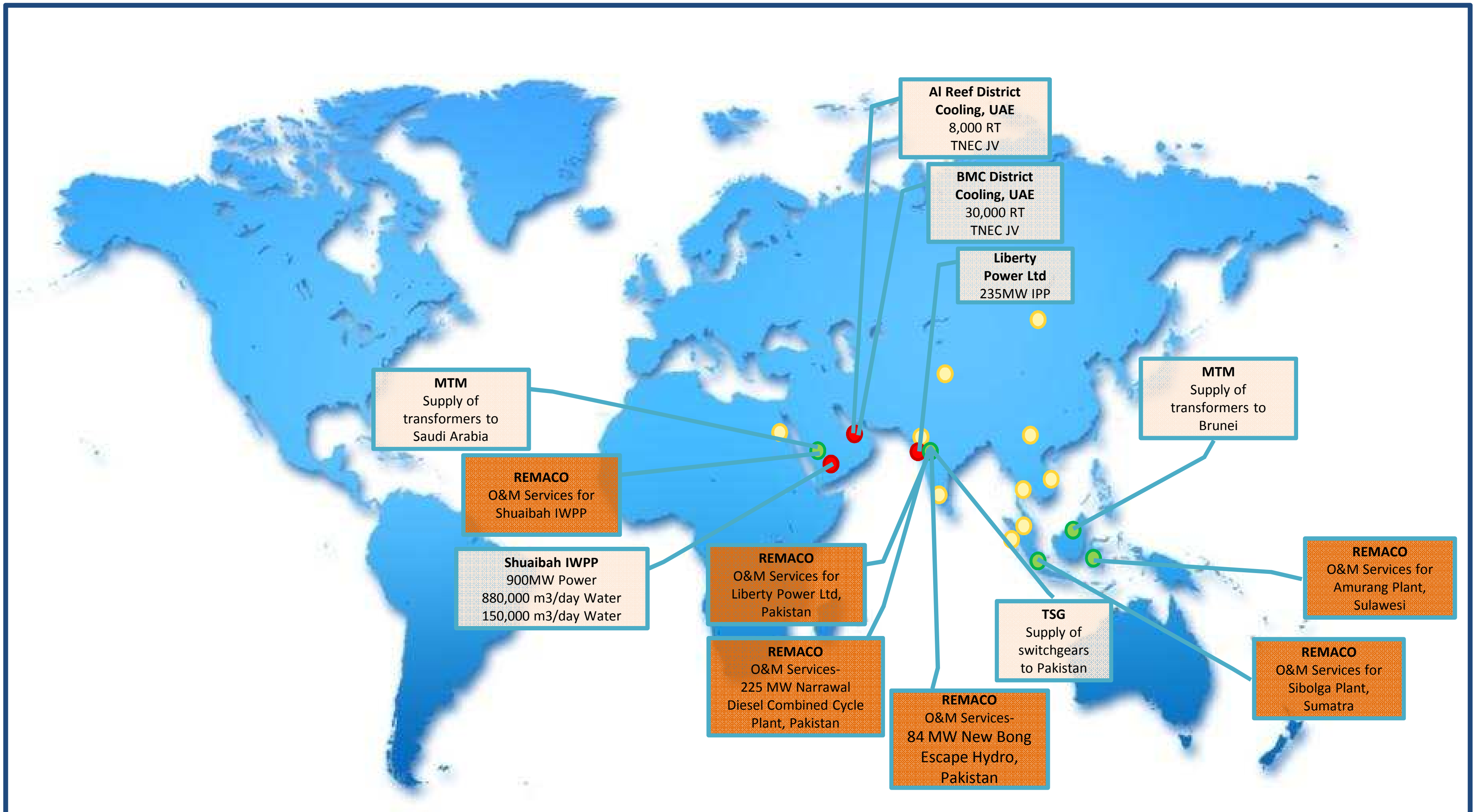
2nd PHASE OF 20-YEAR STRATEGIC PLAN

Geographical Expansion : International Experience (Completed/Ongoing Projects)



IPP, IWPP & Development Projects

Supply & Services

ILSAS continues to provide services for power companies in emerging countries including Vietnam, Yemen, Mongolia, Laos, Indonesia, Thailand, Nepal, Egypt and Pakistan

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KEY HIGHLIGHTS

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3 months ended 31st May FY2012 (3rd Quarter)

- Net profit of RM619.1 million
- Recognition of fuel cost compensation of RM777.8 million from Nov'11 - May'12
- 6.5% increase in Group Revenue as compared to 2nd Quarter FY2012 against 5.9% decrease in Operating Expenses
- Average coal price of USD104.3/mt as compared to USD108.5/mt in the previous quarter
- EBITDA margin at 29.4% as compared to 47.0% reported for the previous quarter

9 months FY2012

- Net profit of RM3,189.7 million
- 14.8% increase in Group Revenue against a 8.2% increase in Operating Expenses
- Average coal price of USD107.5/mt as compared to USD103.0/mt in the YTD 3rd Quarter FY2011
- 4.2% Unit electricity demand growth in Peninsular Malaysia
- EBITDA margin at 31.1% as compared to 21.1% reported for the corresponding period in FY2011

FINANCIAL RESULTS

Unaudited Income Statement (Group)

- 14.8% Increase in Group Revenue Against 8.2% Increase in Operating Expenses
- >100% Increase in Operating Profit mainly Attributed to Fuel Cost Compensation
- Net Profit Attributable to the Owners of the Company of RM 3.2bn

RM'mn	YTD FY2011 Restated	YTD FY2012	Variance %
Continuing Operations:			
Revenue	23,086.7	26,513.6	14.8
Operating expenses	(21,621.1)	(23,399.0)	(8.2)
Operating income	406.4	1,989.7	>100.0
Operating profit	1,872.0	5,104.3	>100.0
Forex			
- Transaction Gain / (Loss)	(5.8)	(10.3)	77.6
- Translation Gain / (Loss)	107.6	(323.8)	>(100.0)
Share of results of jointly controlled entities and associates (net of tax)	71.1	13.1	(81.6)
Profit before finance cost	2,044.9	4,783.3	>100.0
Finance income	277.1	101.7	(63.3)
Finance cost	(668.1)	(633.3)	5.2
Profit before taxation	1,653.9	4,251.7	>100.0
Taxation and Zakat			
- Company and subsidiaries	(218.5)	(756.4)	>(100.0)
- Deferred taxation	(148.4)	(303.2)	>(100.0)
Profit from continuing operations	1,287.0	3,192.1	>100.0
Discontinued Operations:			
Profit/ (Loss) from discontinued operations (net of tax)	-	-	-
Profit for the financial period	1,287.0	3,192.1	>100.0
Attributable to:			
- Owners of the Company	1,304.0	3,189.7	>100.0
- Non-controlling interests	(17.0)	2.4	>100.0
	1,287.0	3,192.1	>100.0

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FINANCIAL RESULTS
Executive Summary (Restated Fuel Cost Compensation)

Net Profit Attributable to the Owners of the Company of RM1.9bn

	YTD		
	3QFY11	3QFY12	Variance
Net Profit Attributable to the Owners of the Company	**1,304.0**	**3,189.7**	**> 100%**
Adjustments			
Prior Year Fuel Cost Compensation		(1,678.6)	
Current Year Fuel Cost Compensation	916.0		
Tax	(229.0)	419.9	
Adjusted Net Profit	**1,991.0**	**1,931.0**	**-3.0%**
Forex Translation Gain/(Loss)	107.6	(323.8)	> (100%)
Adjusted Net Profit Before Forex Translation Gain/(Loss)	**1,883.4**	**2,254.8**	**19.7%**

FINANCIAL HIGHLIGHTS

Year-On-Year Analysis (Restated Fuel Cost Compensation)

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EBITDA Margin Reflects Consistent Performance

RM mn	YTD 3Q	
	FY2011 [Restated]	FY2012
Total Units Sold (GWh)	72,266.8	75,360.8
Revenue	23,086.7	26,513.6
Operating Expenses (before depreciation)	17,715.9	20,262.4
Operating Income	406.4	311.1
EBITDA	**5,777.2**	**6,562.3**
EBITDA Margin (%)	**25.0%**	**24.8%**
Depreciation and Amortisation	2,989.2	3,136.6
EBIT	**2,788.0**	**3,425.7**
EBIT Margin (%)	**12.1%**	**12.9%**
Finance Cost	668.1	633.3
Profit Before Tax & Forex Translation	**2,462.3**	**2,896.9**
Net Profit Before Forex Translation	1,883.4	2,254.8
Translation Gain / (Loss)	107.6	(323.8)
Net Profit attributable to :		
Equity Holders	**1,991.0**	**1,931.0**
Non-controlling Interest	(17.0)	2.4

	9 Months (Sept-May)		
	FY'11	FY'12	Var (%)
Average Coal Price Consumed (USD/MT) *			
FOB	88.0	97.3	10.6%
Freight	14.6	9.7	-33.6%
Others	0.4	0.5	25.0%
CIF	103.0	107.5	4.4%
Average Coal Price Consumed (RM/MT) (CIF)	316.0	332.3	5.2%
Coal Consumption (mn MT)	13.9	15.5	11.5%

FINANCIAL HIGHLIGHTS
Year-On-Year Analysis (Restated Fuel Cost Compensation)

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EBITDA Margin Reflects Consistent Performance

RM mn	FY2012		
	1Q [Restated]	2Q [Restated]	3Q
Total Units Sold (GWh)	25,225.0	24,689.5	25,466.3
Revenue	8,694.4	8,628.2	9,191.0
Operating Expenses (before depreciation)	6,769.5	6,558.2	6,934.7
Operating Income	94.9	132.4	83.8
EBITDA	**2,019.8**	**2,202.4**	**2,340.1**
EBITDA Margin (%)	**23.2%**	**25.5%**	**25.5%**
Depreciation and Amortisation	1,031.7	1,032.1	1,072.8
EBIT	**988.1**	**1,170.3**	**1,267.3**
EBIT Margin (%)	**11.4%**	**13.6%**	**13.8%**
Finance Cost	211.9	222.4	199.0
Profit Before Tax & Forex Translation	**864.3**	**948.2**	**1,084.4**
Net Profit Before Forex Translation	688.9	682.2	883.7
Translation Gain / (Loss)	(419.1)	628.4	(533.1)
Net Profit attributable to :			
Equity Holders	**269.8**	**1,310.6**	**350.6**
Non-controlling Interest	(2.3)	(7.8)	12.5

COAL REQUIREMENT

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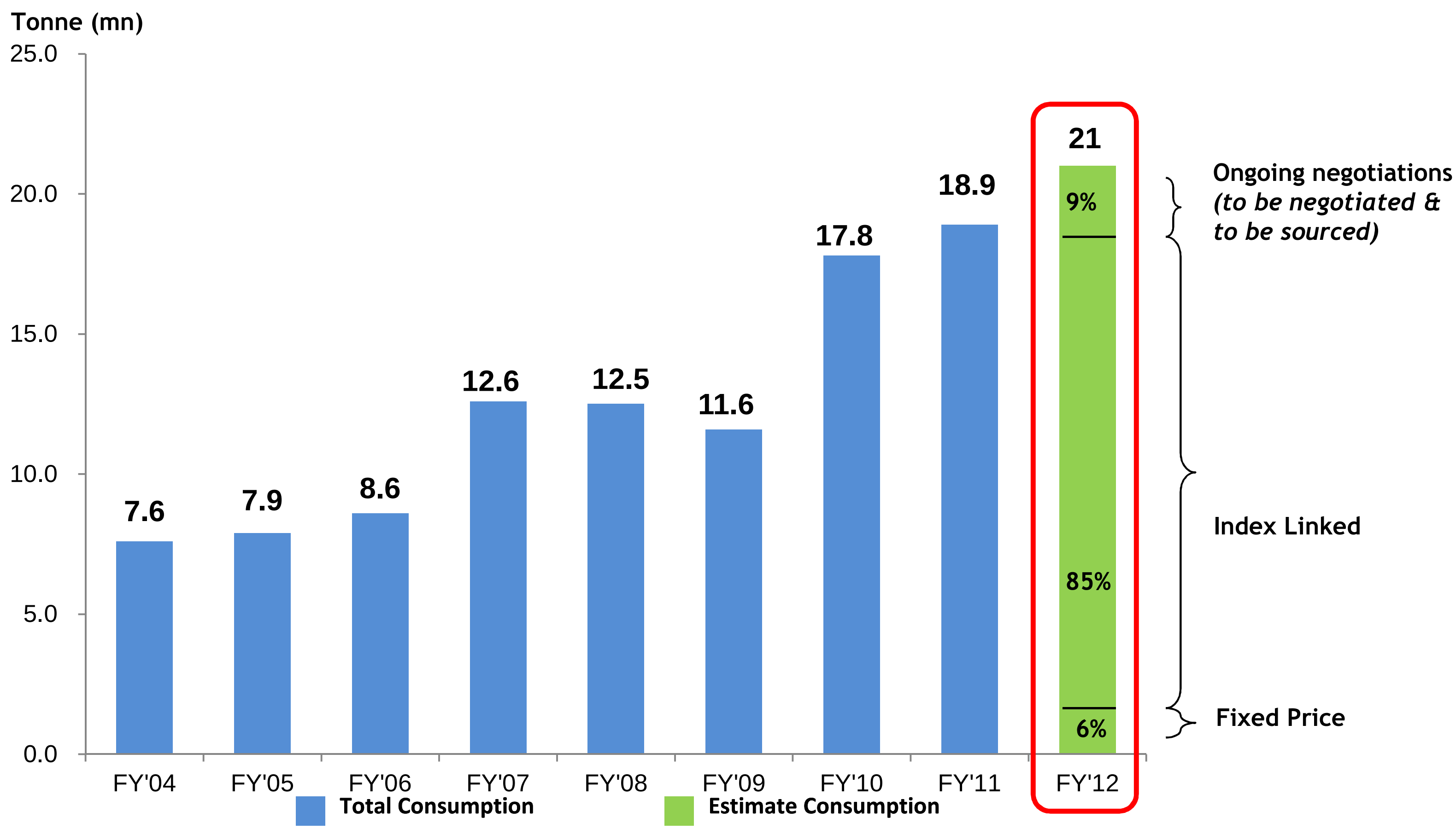
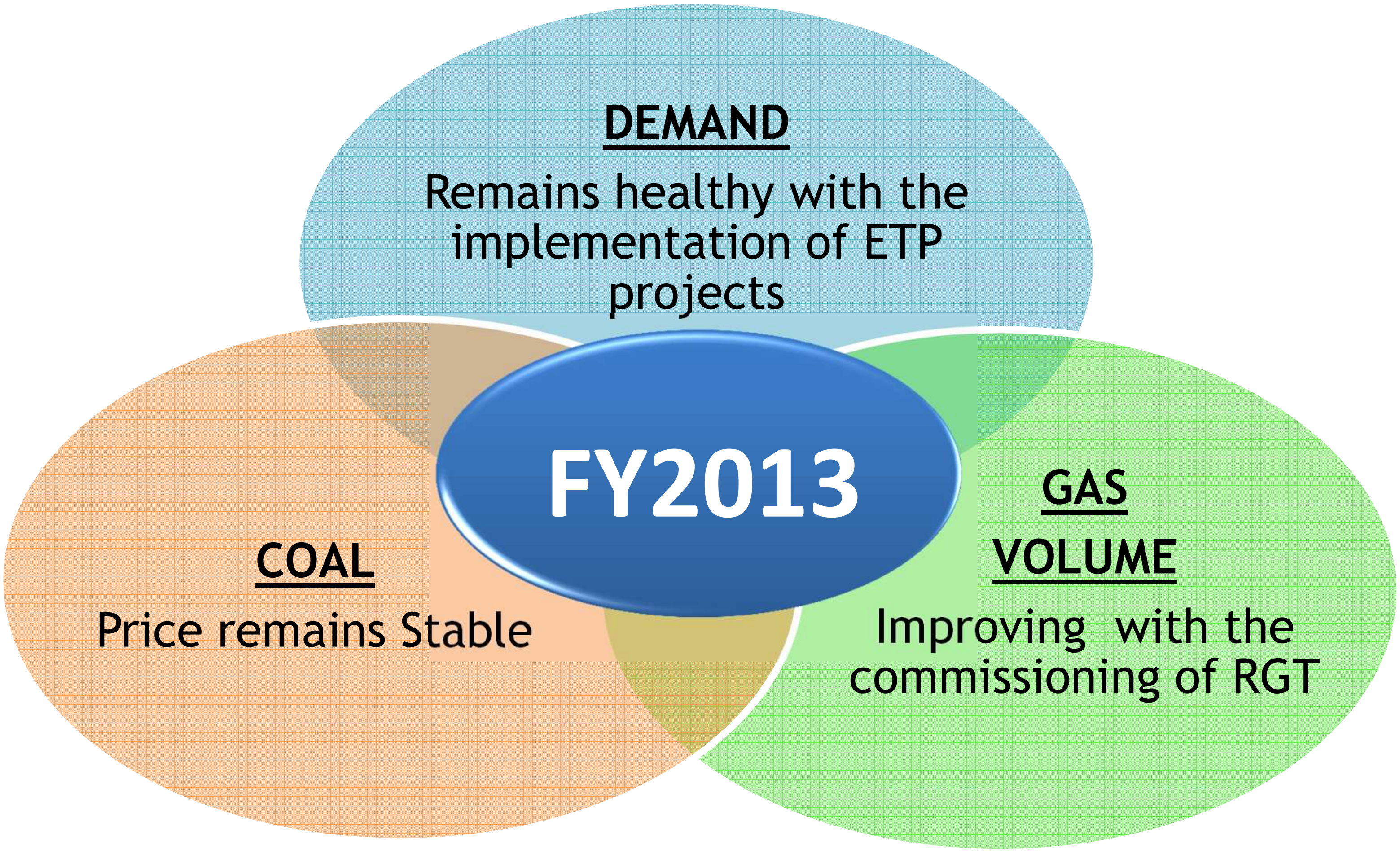
Coal Procurement Estimate for FY2012 at 21.0 mn MT

	FY'04	FY'05	FY'06	FY'07	FY'08	FY'09	FY'10	FY'11	3QFY'12
Average Coal Price (CIF) (USD/metric tonne)	34.0	49.8	52.8	45.3	76.4	90.2	88.2	106.9	107.5



OUTLOOK - KEY TAKEAWAYS

POSITIVE OUTLOOK FOR FY2013

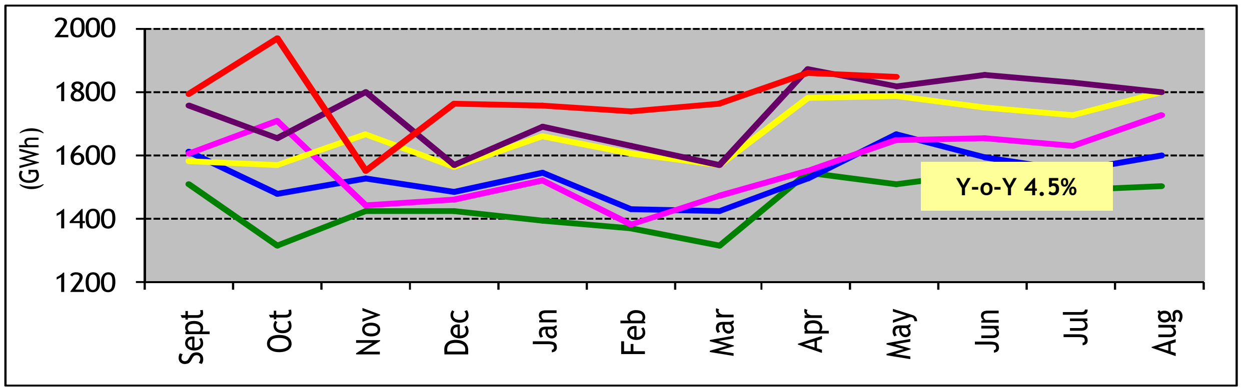


OUTLOOK - KEY TAKEAWAYS

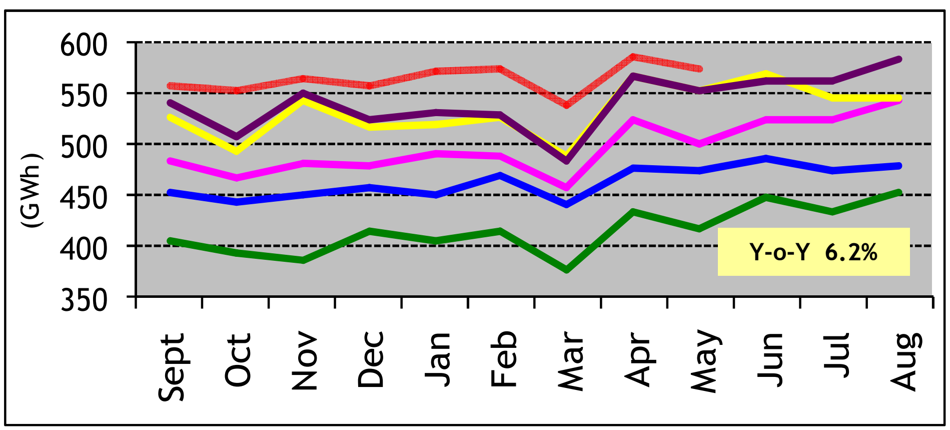
1 Demand Growth Driven by Commercial Sector

Commercial sectors recorded positive growth Y-o-Y of 5.3%

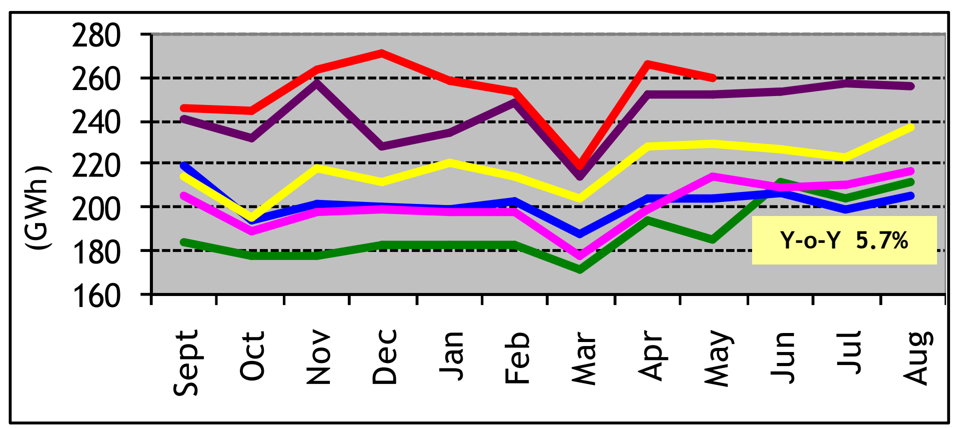
Low Voltage
Shop Lots & Retail Business



Medium Voltage
Shopping Malls, 3 Star Hotels, Office Buildings



Medium Voltage (Peak / Off-Peak)
Mega Shopping Malls, 4-5 Star Hotels, Hospitals, Airports, Ports



FY2007 FY2008 FY2009 FY2010 FY2011 FY2012

OUTLOOK - KEY TAKEAWAYS

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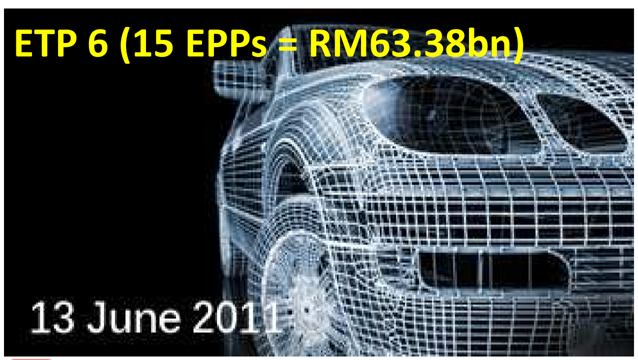
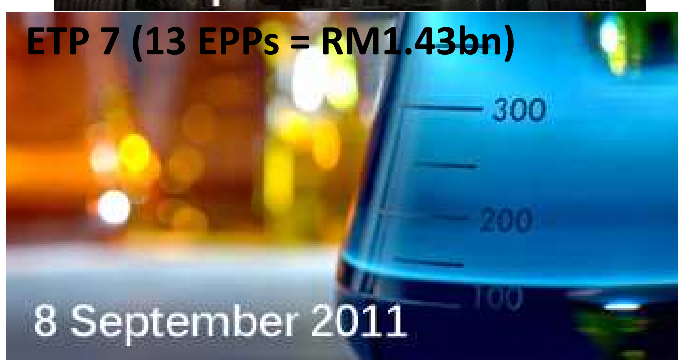
1 Demand Growth Driven by <u>Commercial</u> Sector

To-date Total ETP 120 Projects; with Combined Investment Value of RM182.7bn





KEY TAKEAWAYS

1 Demand Growth Driven by Commercial Sector: Tenaga's Role in ETP2

The Infrastructure Investment Creates a Solid Foundation in Supporting the Implementation of ETP

ENSURING RELIABILITY OF ELECTRICITY SUPPLY

KEY TAKEAWAYS

1 Demand Growth Driven by <u>Commercial</u> Sector: 2 NKEAs that Directly Benefit Tenaga

GREATER KUALA LUMPUR/KLANG VALLEY

RM21bn GNI
20,000 JOBS

1 Building an Integrated Urban Mass Rapid Transit System

- The proposed MRT system for Greater KL/KV will span 141 kilometres with three major routes serving a radius of 20 kilometres of the city centre.
- The system is estimated to be able to carry up to 2 million riders by 2020, serving 11% of total trips within Greater KL/KV and 64% of travel in and out of the KL city centre.

RM6.2bn GNI
28,700 JOBS

2 Connecting to Singapore via a High Speed Rail (HSR) System

- The proposed deployment of an HSR system connecting Greater KL/KV and Singapore will connect Southeast Asia's two largest economic agglomerations and **<u>unlock economic growth</u>** in intermediate Malaysia cities.
- The HSR service will essentially transform travel on the Greater KL/KV – Singapore route by making daily travel a viable alternative.
- Door-to-door travel time will take just 1.5-2hours. This represents a savings of over two hours over air travel, the fastest available mode today.

POTENTIAL CUSTOMERS FROM COMMERCIAL CATEGORY

KEY TAKEAWAYS

1 Demand Growth Driven by Commercial Sector: 2 NKEAs that Directly Benefit Tenaga

RM464.4mn GNI
13,481 JOBS

GREATER KUALA LUMPUR/KLANG VALLEY

3 Creating Iconic Places and Attractions

- Greater KL/KV has immense potential to further leverage existing heritage sites that can be preserved and redeveloped in a manner that both celebrates the history and heritage of Greater KL/KV, but also embraces a future as a **cosmopolitan and global city**.
- These iconic places also generate higher economic activities through **additional hotel stays, retail revenues** from visitors and locals and additional employment.

KEY TAKEAWAYS

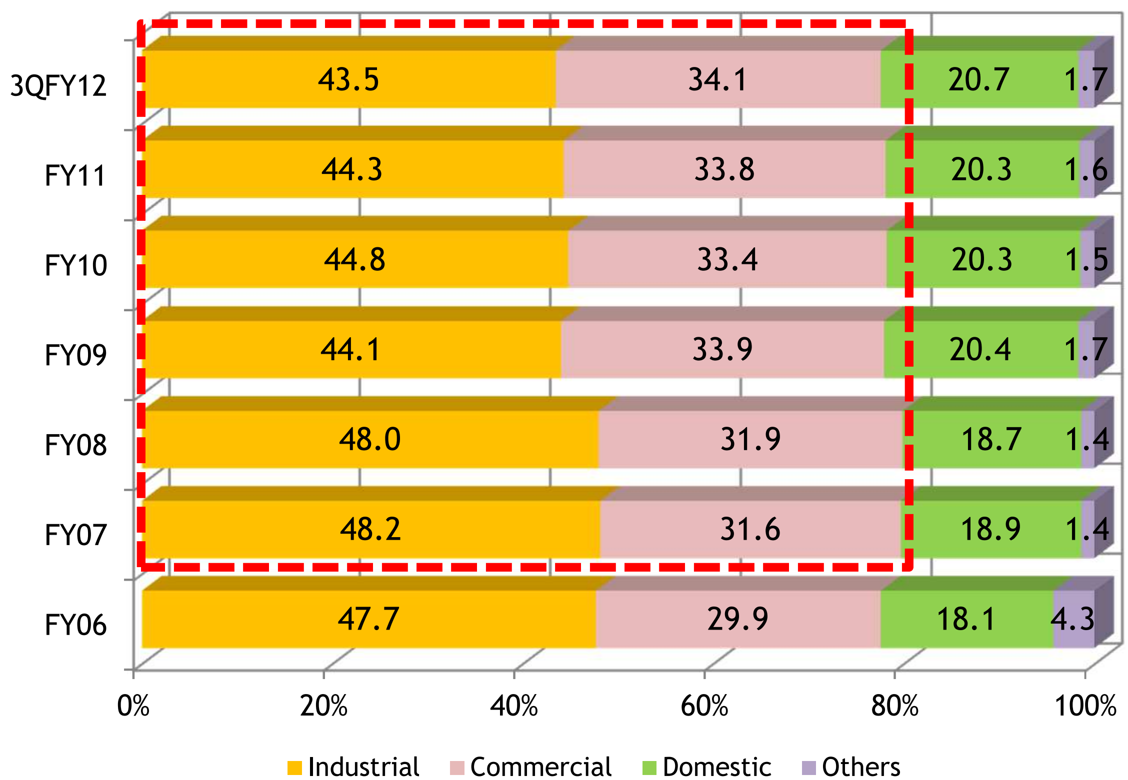
1 Demand Growth Driven by <u>Commercial</u> Sector: 2 NKEAs that Directly Benefit Tenaga

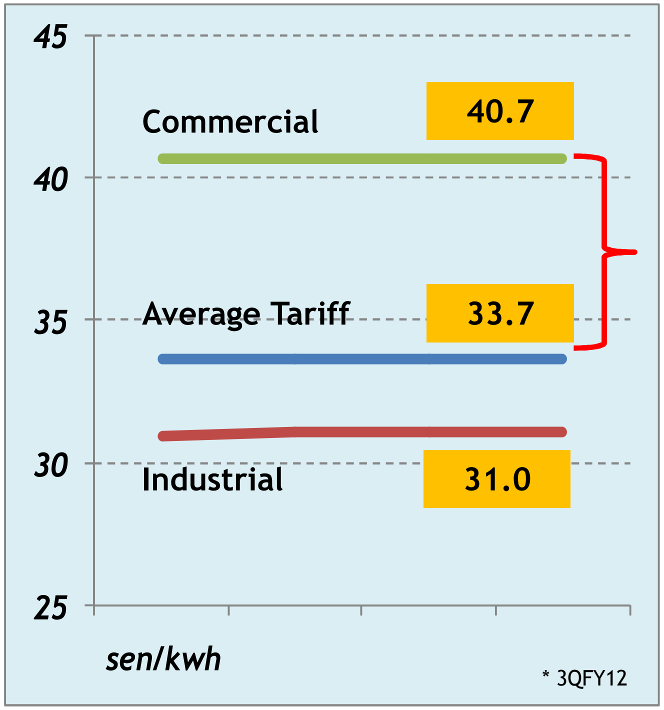
Shift from Industrial-based to **<u>Service-based economy</u>**

Increasing market share from **<u>Commercial</u>** sector

Commercial sector contributes the **<u>highest</u>** electricity sales **<u>margin</u>**

<u>Sectoral Sales Analysis (Gwh)</u>





KEY TAKEAWAYS

2 Improving Gas Volume: 2 NKEAs that Directly Benefit Tenaga

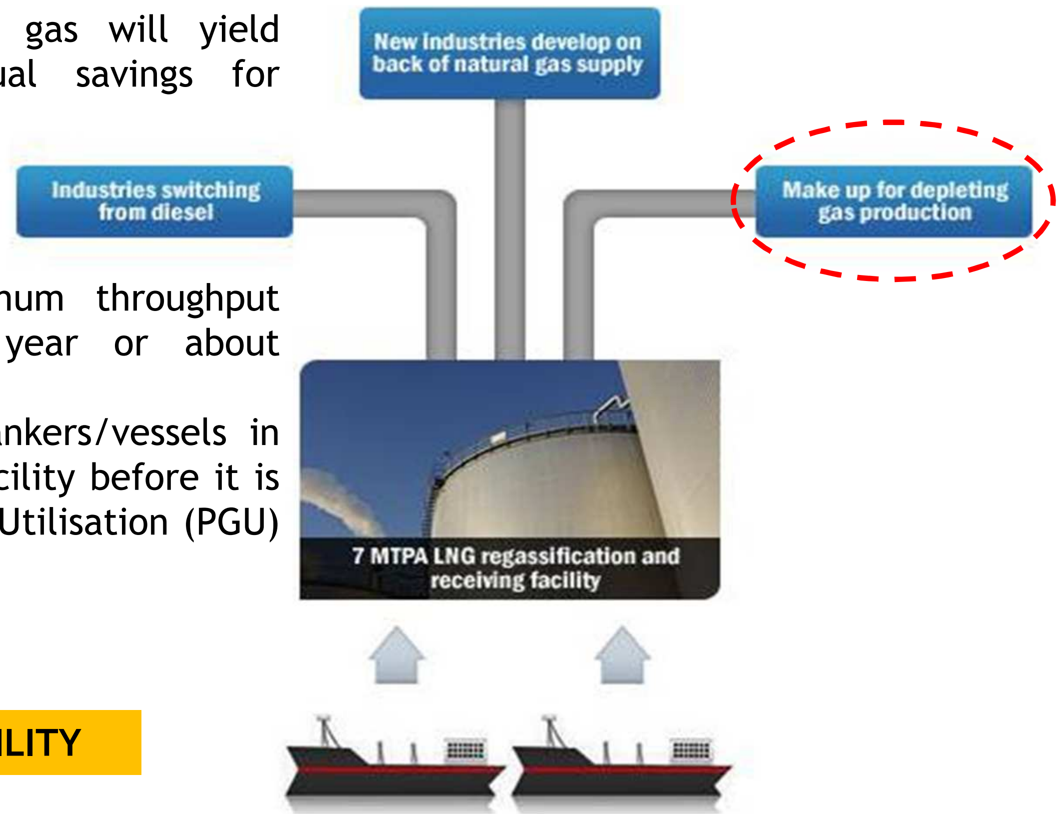
OIL, GAS & ENERGY

RM2.4bn GNI
RM1.07bn
INVESTMENT

Unlocking Premium Gas Demand in Peninsular Malaysia

- Unlocking gas demand will have an estimated GNI impact for Malaysia of approximately USD0.81bn by 2020.
- Switching from diesel to natural gas will yield approximately USD0.6bn in annual savings for Malaysian industries.
- The facilities will have a maximum throughput capacity of 3.8mn tonnes per year or about 530mmscfd.
- Gas would be imported in LNG tankers/vessels in liquid form and regasified at the facility before it is transported into the Peninsular Gas Utilisation (PGU) pipeline network.

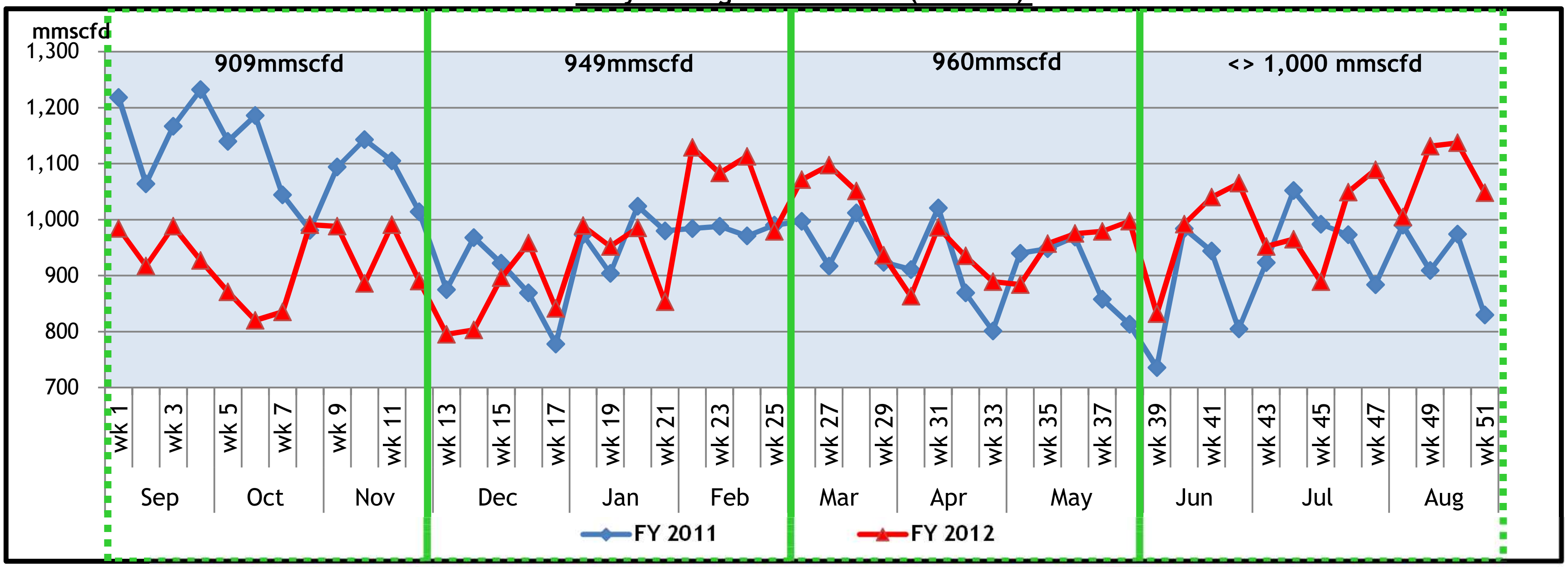
HIGHER GAS AVAILABILITY



KEY TAKEAWAYS

2 Improving Gas Volume: Better Outlook when LNG Terminal is Commissioned

Daily Average Gas Volume (mmscfd)



Construction of the plant in Sungai Udang port in Melaka by consortium of Muhibbah and Perunding Ranhill Worley has commenced in April 2011

KEY TAKEAWAYS

3 Stable Coal Price in FY2013

API 4 ($/t)			
Mid points	Aug 24th	Aug 31st	+/-
Q4 2012	89.80	90.10	0.30
Q1 2013	92.80	93.00	0.20
Q2 2013	95.30	95.30	0.00
Q3 2013	98.00	97.90	-0.10
Cal 2013	96.70	96.65	-0.05
Cal 2014	104.73	104.85	0.12

Source: IHS McCloskey

Coal swaps expected to remain fairly steady in FY2013; below USD100/mt

McCloskey SWAP China CFR (5,500kc NAR) ($/t)			
Mid points	Aug 24th	Aug 31st	+/-
Aug-12	80.10	80.50	0.40
Sep-12	82.50	81.40	-1.10
Oct-12	83.05	82.85	-0.20
Q4 12	83.50	83.15	-0.35
Q1 13	85.75	85.65	-0.10
Q2 13	87.50	87.40	-0.10
Q3 13	89.25	89.15	-0.10
Cal 2013	88.40	88.30	-0.10

Source: Tullet Prebon, Ginga, Marex Spectron

globalCOAL Swap Newc ($/t)			
Mid points	Aug 24th	Aug 31st	+/-
Aug'12	91.55	91.25	-0.30
Sep'12	90.45	90.80	0.35
Oct'12	91.55	91.70	0.15
Q4'12	92.45	92.50	0.05
Q1'13	95.65	95.45	-0.20
Q2'13	97.45	97.15	-0.30
Q3'13	99.90	99.70	-0.20
Cal 2013	96.85	96.60	-0.25

Source: globalCOAL

McCloskey Swap Indonesian Sub-Bit ($/t)			
Mid points	Aug 24th	Aug 31st	+/-
Aug-12	61.05	60.70	-0.35
Sep-12	61.75	61.60	-0.15
Oct-12	63.20	63.00	-0.20
Q4 12	63.85	63.55	-0.30
Q1 13	66.33	66.18	-0.15
Q2 13	68.20	67.95	-0.25
Q3 13	69.80	69.65	-0.15
Cal 2013	66.95	66.80	-0.15

Source: Tullet Prebon, Ginga, Marex Spectron

Australia and Indonesia -> Newcastle Index
South Africa -> Richards Bay API4

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THANK YOU

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