

SIARAN AKHBAR PRESS STATEMENT

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TNB GEARS UP FOR HIGHER PERFORMANCE STANDARDS

3 months ended 30th November 2013 (1st Quarter FY2014)

- Group Revenue grew by 5.0%
- Group Operating Profit declined by 13.4% to RM1.52 billion
- EBITDA margin reduced by 3 percentage points to 28.0%

Kuala Lumpur, 23 January 2014 – Tenaga Nasional Berhad (TNB) today announced a growth in Group Revenue of 5.0% for the 1st Quarter of the Financial Year ending 31st August 2014 (FY2014).

The Group reported a lower Operating Profit of RM1.52 billion as compared to RM1.76 billion representing a decline of 13.4%. This is partly attributed to higher generation costs from burning the more expensive Liquefied Natural Gas (LNG), and when necessary oil and distillate. In addition, TNB's share of these expensive fuel costs has increased from 33% to 50%. This has resulted in lower EBITDA margin of 28.0% as compared to 31.0% in the last corresponding period.

Peninsula (Gwh)	3-month	
	FY2014	FY2013
Unit Sales	25,205.3	24,559.8

Group (RM million)	3-month	
	FY2014	FY2013
Revenue	9,585.4	9,130.8
Operating Expenses	(8,130.4)	(7,465.9)
Operating Profit	1,522.9	1,757.8
Forex Translation Gain	252.7	397.4
Net Profit Attributable to Shareholders	1,734.9	1,415.5
EBITDA margin	28.0%	31.0%

The financial performance remains stable with the Group's revenue for the current quarter was registered at RM9,585.4million as compared to RM9,130.8 million recorded in the corresponding period of FY2013. Electricity demand growth in Peninsular Malaysia for the quarter under review has slightly moderated due to festive seasons. However, this is expected to improve in the coming quarters in line with the improved Gross Domestic Product (GDP) forecast for 2014. Correspondingly, operating expenses increased by 8.9% as compared to the same period previous year.

During the quarter, the Group recorded lower effective tax rate resulting in 22.6% improvement in the Group Net Profit Attributable to Shareholders. The lower effective tax rate was mainly due to the recognition of prior years' reinvestment allowance incentive as well as the one-off impact from the reversal of deferred tax provision to reflect the reduction of corporate income tax rate from 25% to 24% as announced in the Budget 2014.

TNB's President / Chief Executive Officer, Datuk Seri Ir. Azman Mohd remarked that the recent pilot implementation of Incentive Based Regulation (IBR) effective 1st January 2014 will drive cost efficiencies and enhanced transparency in the operational, financial and technical performance aspects of the company.

"We are committed in meeting the increasing demand for electricity and to deliver these needs at high quality to meet customers' expectations as outlined under the Performance Standards of Electricity Supply Services of TNB set by the Energy Commission (EC). The Guaranteed Service

Levels (GSL) and Minimum Service Level (MSL) have been identified as Key Performance Indicators (KPI) for Customer Services under the IBR regime.”

The Malaysian Institute of Economic Research (MIER) projected a better growth outlook for 2014 of between 5.0% - 5.5%, whilst maintaining its 2013 growth forecast of 4.8%. With the implementation of IBR, it is anticipated that the fuel cost risks are mitigated, therefore leading to better earnings predictability for TNB.

Based on the above, The Board of Directors continue to view the prospects of the Group for the Financial Year 2014 to remain positive.

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Kindly forward all press enquiries to Mohd. 'Arshi Mat Daud at 019-2338727 / Md. Derus Bunchit at 019-2662296 / Arziril Alim Azizi at 019-2686630 / Nor Hanim Idris at 019-2617617 / Maizatul Nadiah Saadon at 017-3816602

Financial Highlights

RM' Million	3-month Ended 30th November	
	<u>FY2014</u>	<u>FY2013</u>
Total Revenue	9,585.4	9,130.8
Operating Expenses	(8,130.4)	(7,465.9)
Other Operating Income	67.9	92.9
Operating Surplus (EBIT)	<u>1,522.9</u>	<u>1,757.8</u>
Finance Cost	(240.5)	(229.6)
Forex Translation Gain	252.7	397.4
Net Profit (before Forex Translation Gain)	1,482.2	1,018.1
Net Profit Attributable to Shareholders	1,734.9	1,415.5
Earnings per share	30.74sen	25.71 sen

About Tenaga Nasional Berhad

TNB's core activities are in the generation, transmission, and distribution of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and Federal Territory of Labuan. As at 31 August 2013, TNB supplies electricity to approximately 8.4 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, construction and operating and maintenance of district cooling facilities, generation equipment, repair and maintenance, fuel supply services; services related to renewable energy, energy efficiency and power quality; higher education and skill training and undertakes research and development.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress.

For further information, please visit www.tnb.com.my.