



SIARAN AKHBAR

PRESS STATEMENT

S.A. 2015/02/27 (HQ)

TNB CONFIDENT OF ACQUIRING INTEGRAX

Tenaga Nasional Bhd (TNB) is optimistic of acquiring a controlling stake in Integrax Bhd with its offer pegged at RM3.25 per share, its President/Chief Executive Officer Datuk Seri Ir. Azman Mohd said today.

"TNB is standing firm by its revised offer of RM3.25 per share price tag to take over Integrax Bhd and is optimistic the offer will be well-received by the shareholders of the port operator," he said.

Malaysia's largest electricity utility, which currently has a 23 per cent stake in Integrax which owns and operates the Lumut Port, is eyeing the remaining 77 per cent that it does not own.

TNB had raised the offer price to RM3.25 per share on Feb 25 from the original RM2.75.

"RM3.25 is a fair offer and it provides Integrax shareholders the opportunity to exit their investment with healthy returns," said Azman.

"Since TNB's Janamanjung power plants began its operations in 2003, we have been Lekir Bulk Terminal or LBT's major client. Our coal supply to Janamanjung power plants comes through the LBT's jetty terminal and is stored at our own stockyard," he added in giving the rationale for the takeover bid.

Lumut Port consists two terminals, namely LBT, is a coal dry bulk terminal which is owned by Lekir Bulk Terminal Sdn Bhd, an 80-percent owned subsidiary of Integrax and is the sole provider of coal handling and delivery services for TNB's Janamanjung power plants. The other terminal is Lumut Maritime Terminal (LMT) which handles dry and liquid bulk.

TNB's Janamanjung power plants are one of the biggest coal power plants in Malaysia with annual coal consumption estimated around 7 million tonnes for its three 700 MW power generators.

"Acquiring the port is an obvious fit as it is an integral part of our Janamanjung power generation infrastructure network. When opportunity came knocking in 2011, TNB bought its initial stake in the port operations. With 22.12 per cent purchased then, we moved from being a major client to a major shareholder."



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Azman added that TNB has been Integrax's main customer for the past 12 years.

And with the expected operations of Manjung 4 and Manjung 5, the total annual coal consumption is expected to increase, possibly with TNB continuing to be the port operator's major revenue contributor.

"In this context, it makes business sense for TNB to acquire the port, which we see as a further vote of confidence on our already substantial investments in Perak," said the President / CEO who pointed out that in no way should TNB's move be seen as anything but positive for the state.

TNB's Janamanjung power plants have fed 10 per cent of the nation's total electricity demand for the past 12 years and by 2017, it will contribute a total of 18 per cent of the power supply to the national grid.

Currently, TNB Janamanjung's three power plants supply 2,100 MW electricity to Peninsular Malaysia. With additional two power generators which are scheduled to be in commercial operation on 31 March 2015 and 1 October 2017 respectively, the entire power plants are forecast to consume 14 million tonnes of coal annually to boost a combined capacity of 4,100 MW.

"We are optimistic of getting more than 50 per cent shareholding in Integrax and acquiring a controlling stake, so as to ensure seamless supply of coal for continuous and reliable power supply to the nation. So obviously we are pleased the board of Perak Corp has announced they will be recommending our offer to their shareholders," Azman said.

The President/CEO went on to say, "TNB is fully aligned to helping the state grow through our investments in Janamanjung power plants and we will continue to invest in Perak. Together with the state, as owner of Lumut Port, we are committed to not only to further develop the port, but also assist in Perak's growth through economic initiatives in the long term."

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