



SIARAN AKHBAR PRESS STATEMENT

S.A 2016/04/32 (HQ)

TNB UNIT SIGNS RM2.3 BILLION COAL SHIPMENT DEAL

- Promotes growth of local shipping companies
- TNB's coal requirements to increase to 40 Mtpa from 27 Mtpa

TNB Fuel Services Sdn. Bhd. ("TNBF"), a wholly-owned subsidiary of Tenaga Nasional Berhad ("TNB") today signed five (5) Long Term Contract of Affreightment ("COA"), valued approximately at USD537 million or RM2.3 billion for the shipment of coal from Indonesia.

The contract, 10 years (for secondhand vessel) and 15 years (for newbuilding vessel) are with the following Malaysian shipping companies:

- a) PNSL Berhad, Consecutive Voyage Charter ("CVC") secondhand with a vessel size of 70,000mt +/-10%, for 1.5 Million tonne per annum ("Mtpa") with an estimated contract value of about US\$99 million for a 10-year period.
- b) Prima Shipping Sdn. Bhd., CVC secondhand with a vessel size of 70,000mt +/-10%, for 1.5 Mtpa with an estimated contract value of US\$99 million for a 10-year period.
- c) Duta Marine Sdn. Bhd., CVC secondhand with a vessel size of 70,000mt +/-10%, for 1.5 Mtpa with an estimated contract value of US\$100.5 million for a 10-year period.
- d) Malaysian Bulk Carriers Berhad, CVC newbuilding with a vessel size of 80,000mt +/-10%, for 1.5 Mtpa with an estimated contract value of US\$143.1 million for a 15-year period.
- e) PNSL Berhad, CVC secondhand with a vessel size of 80,000mt +/-10%, for 1.5 Mtpa with an estimated contract value of US\$95.4 million for a 10-year period.

The awarding of the Long Term COA reflects TNBF's commitment in promoting and nurturing the growth of Malaysian owned shipping companies which eventually will allow them to own and/or operate Malaysian flagged vessels.

Simultaneously, the Long Term COA allows TNBF to diversify its freight contracts' portfolio to 60% term COA, 20% spot contract and 20% Long Term COA, subject to market condition.

As the Long Term COA commences, the total allocated 7.5 Mtpa is actually less than 30% of the total shipping services required by TNBF in 2016 i.e. 27 Mtpa. By 2019 when the coal requirement is anticipated to be around 40 Mtpa, the Long Term COA will contribute to about 18.75% of the total shipping services.

The Long Term COA is planned for shipments of coal from Indonesia since almost 60% of the coal procured by TNBF is from this country to the three (3) discharge ports namely Lekir Bulk Terminal (Manjung), Jimah Power Plant (Jimah) and Tanjung Bin Power Plant (Tg. Bin).

TNBF is the nominated coal and fuel supplier to TNB and Independent Power Producers having Power Purchase Agreements with TNB. The Company is entrusted to procure and deliver fuel at optimal cost, taking into account the quality and reliability of supply. TNBF, being the 'One-Stop Centre' for all power station fuels is non-profit oriented, its savings from the efficient and economic purchase of fuel passed through to TNB and subsequently reflected in the tariff charged to consumers. To safeguard supply, TNBF deals with a diversified network of dependable and reputable suppliers of coal from various countries such as Indonesia, Australia, South Africa and Russia.

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