



SIARAN AKHBAR PRESS STATEMENT

S.A.2017/04/26(HQ)

IMPROVED REVENUE AMIDST CHALLENGES IN GLOBAL BUSINESS ENVIRONMENT

6 months ended 28th February 2017 (1st Half FY2017)

- Revenue improved by 5.8% at RM22.40 billion, driven by 2.3% unit electricity demand growth in Peninsular Malaysia
- Investment in capital expenditure (capex) of RM4.81 billion
- Adjusted Profit After Tax declined by 5.2% to RM2.91 billion, mainly from increased provision on electricity debtors

Kuala Lumpur, 27th April 2017 – Tenaga Nasional Berhad (TNB) today announced Profit After Tax of RM3.23 billion for 1st Half of the Financial Year ending 31st August 2017 (1HFY2017), as compared to RM3.28 billion reported for the corresponding period last year.

Group revenue registered an improvement by 5.8% at RM22.40 billion, driven primarily by 2.3% unit electricity demand growth in Peninsular Malaysia. The Group continues to heavily invest in the Malaysian electricity supply industry with capital expenditure (capex) for 1HFY2017 being recorded at RM4.81 billion.

To fairly reflect the financial performance of the company, the impacts of forex translation and reinvestment allowance incentive on Profit After Tax were adjusted. Kindly refer to Table 1 on the next page.

Adjusted Profit After Tax

Peninsula (Gwh)	6-month	
	FY2017	FY2016
Unit Sales	54,768.2	53,547.8

Group (RM million)	6-month	
	FY2017	FY2016
Profit After Tax	3,228.9	3,277.2
Forex Translation Loss	202.5	235.4
Reinvestment Allowance	(518.9)	(440.1)
Adjusted Profit After Tax	2,912.5	3,072.5

Table 1

As a result, the Adjusted Profit After Tax for 1HFY2017 was recorded lower by 5.2% at RM2.91 billion as compared to RM3.07 billion recorded during the same period last year. The lower profit was attributed by higher operating expenses mainly from increased provision on electricity debtors.

TNB Board of Directors and Management are always mindful of the prevailing challenges in the current global economic landscape and acknowledged the importance on being prudent in recognising the risks associated with the company. Thus, the Group reviews its receivables at least on quarterly basis and with regards to electricity debtors in particular, the Group makes proactive assessment for individual and collective impairments of the debtors based on current operating environment. This has led to the increased provision on electricity debtors during 1HFY2017 as compared to corresponding period last year.

TNB President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd, commented: "TNB is committed in optimising operational efficiencies and unlocking value across the Group, both in the regulated and non-regulated businesses.

"For our regulated business within the Transmission and Distribution segments, TNB continued to record exceptional operational performances during 1HFY2017, at par with those in developed countries such as the United Kingdom and Australia, with our Transmission System Minutes being recorded at below two minutes and our Distribution System Average Interruption Duration Index or SAIDI performed under the 50-minutes threshold. We will strive to ensure that these achievements shall continue in the future."

“For our non-regulated business mainly in generation segment which operates in a totally competitive market, our performance is very much comparable with the market leaders. Our Generation Plant Availability Factor or EAF registered an improvement of 0.6 percentage point at 89.9%, as compared to 89.3% recorded for August 2016.”

TNB Chairman, Tan Sri Leo Moggie added: “To ensure the nation demand requirement is met, and the overall system efficiency, security and reliability are maintained, the Group continues to invest in the development of Malaysian electricity supply industry. A total of RM4.81 billion was invested in capital expenditure or capex for the First Half of Financial Year 2017, which increased the Group total asset base to RM137.56 billion.”

Bank Negara Malaysia (BNM) in its 2016 Annual Report projected that the Malaysian economy would register a sustained growth of 4.3% - 4.8% in 2017 with the gradual improvement in global growth, recovery in global commodity prices and the continued growth of domestic demand. However, investment growth is projected to remain modest in an environment of cautious business sentiment and continued uncertainties in the economy and in the global business environment.

Given the prospect of higher global commodity and energy prices and the impact of exchange rate volatility, the Board of Directors remains cautious on the Group’s prospects for the year ending 31st August 2017.

The Board of Directors has also approved an interim single-tier dividend of 17.0 sen per ordinary share amounting to approximately RM960 million. About 68% of the dividend will revert to government-linked institutions such as Khazanah Nasional, Kumpulan Wang Simpanan Pekerja, Permodalan Nasional Berhad, Tabung Haji and ultimately their stakeholders.

The Books Closure and payment dates will be announced in due course.

Released in Kuala Lumpur at 5:45pm, April 27th, 2017

*Kindly forward all press enquiries to Nor Hanim Idris at 019-2617617
/ Puti Mazlina Mashudi di 013-3642727*

media@tnb.com.my

Financial Highlights

RM' Million	6-month ended February	
	<u>FY2017</u>	<u>FY2016</u>
Total Revenue	22,403.9	21,166.1
Operating Expenses	(18,427.7)	(17,246.5)
Other Operating Income	342.5	319.9
Operating Surplus (EBIT)	<u>4,318.7</u>	<u>4,239.5</u>
Finance Cost	(669.2)	(499.2)
Forex Translation Loss	(202.5)	(235.4)
Net Profit (before Forex Translation Loss)	3,424.9	3,532.1
Net Profit Attributable to Owners of the Company	3,222.4	3,296.7
Earnings per share	57.01 sen	58.41 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 31st August 2016, TNB supplies electricity to approximately 9.1 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.