



PRESS STATEMENT

S.A. 2019/11/77 (HQ)

TNB RECORDS BETTER EARNINGS, FORGES AHEAD WITH TRANSFORMATION

- **TNB records Group Profit After Tax (PAT) of RM3.86 billion in nine months FY2019**
- **Group revenue 2.4% higher at RM38.76 billion**
- **Higher sales of electricity, improved performance in share of results of associates & additional other operating income**

Tenaga Nasional Berhad (TNB) reported a Group Profit After Tax of RM3.86 billion for the first nine months of financial year ended 30th September 2019 (9MFY2019). The group revenue recorded at RM38.76 billion, which is an increase of 2.4 per cent from RM37.85 billion in the same period last year.

The company's performance was mainly attributable to higher sales of electricity, improved performance in TNB's share of results of associates, additional other operating income in the period, as well as lower impairments recorded in 9MFY2019.

Sales in electricity for the Group increased 4.2 per cent in the reporting period to RM36.93 billion, from RM35.43 billion in 2018. In terms of Gigawatt hours (GWh), electricity sales grew by 3.4 per cent to 92,832.4 GWh, in tandem with the 3.2 per cent demand growth in Peninsular Malaysia in the same period.

TNB's share of results of associates grew further in 9MFY2019, with a positive contribution of RM93.1 million compared to a loss of RM183.9 million previously. This share of associates reflects contribution from TNB's investment portfolio, both locally and overseas.

"TNB has recorded a resilient year-on-year performance, driven by our focus on delivering results across both our core businesses as well as our international investment portfolio," said TNB President and Chief Executive Officer, Datuk Seri Amir Hamzah Azizan.

"As we progress TNB's strategic business plan and the parallel transformation initiatives to realise the plan's 2025 targets, it is important that we maintain this focus to ensure operational excellence and continuous improvements to our efficiency levels," he said.

On TNB's international investments, Amir said that the Group's U.K. portfolio performed better than anticipated while its investment in Turkey showed signs of recovery following a

turnaround plan implementation. TNB owns two renewable energy companies in the U.K., namely Vortex Solar (50 per cent stake) and Tenaga Wind Ventures (80 per cent stake), and a 30 per cent equity interest in GAMA Enerji in Turkey.

Going forward, he said, “TNB will leverage on its existing UK assets and market experience to build up a sizeable renewable energy portfolio by 2021 through acquisition of both brown and green field projects.”

He also said that in accordance with a corporate restructuring exercise announced in July 2019, two wholly-owned subsidiaries have been incorporated, namely TNB Power Generation Sdn Bhd (TPGSB) and TNB Retail Sdn Bhd (TRSB).

“The restructuring is a key enabler of TNB’s current strategic business plan to strengthen the company’s position in anticipation of pending reforms to the Malaysian Electricity Supply Industry. We are on track with the legal processes of asset and liability transfer for the two new subsidiaries, and expect to complete them by July next year.”

TNB had earlier this month inked separate conditional share purchase agreements (SPA) and conditional asset purchase agreements (APA) with TPGSB and TRSB for the transfer of its generation and retail businesses to the respective companies.

TPGSB’s principal activities are the ownership, management and operation of domestic power plants, renewable energy generation business, power plant operation and maintenance business as well as dry bulk terminal operations business.

Meanwhile, TRSB’s principal activities are the sale of electricity to customers, collection of revenues from customers, the provision of customer services, operation of call management centres, green energy solution services and beyond the meter solution services.

On the Economic Outlook, growth in the Malaysian economy moderated to 4.4% in the third quarter of 2019 (2Q 2019: 4.9%), primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. Overall, growth is expected to be within projections in 2019 and the pace sustained going into 2020. This is underpinned mainly by private sector activity, particularly household spending.

Given the aforementioned scenarios, the performance of the Group is expected to remain stable for Financial Year 2019.

Financial Highlights

RM' Million	9 Months Ended 30 th Sep'19	9 Months Ended 30 th Sep'18 (Restated)
Total Revenue	38,762.6	37,845.7
Operating Expenses	(32,268.4)	(32,040.2)
Other Operating Income	776.7	574.0
Operating Surplus (EBIT)	<u>6,857.0</u>	<u>6,178.6</u>
Finance Cost	(2,426.3)	(1,201.7)
Forex Translation Gain / (Loss)	(76.0)	(247.3)
Profit (before Forex Translation Gain / (Loss))	3,951.9	4,105.3
Profit Attributable to Owners of the Company	3,875.9	3,858.0
Profit for the Period	3,860.9	3,896.6
Earnings per share	68.16 sen	68.01 sen

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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 30 September 2019, TNB supplies electricity to approximately 9.8 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.