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KUALA LUMPUR CONVENTION CENTRE
KUALA LUMPUR, MALAYSIA
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SIARAN AKHBAR PRESS STATEMENT

S.A.2018/02/10 (HQ)

SUSTAINABLE DIVIDEND PAYOUT RATIO AT 50%

4 Months for Period Ended 31st December 2017

- **EBITDA Margin at 32.8%**
- **The Group Profit After Tax (PAT) recorded at RM2.74 billion, with FOREX translation gain of RM329.7 million**

Kuala Lumpur, 28th February 2018 – Tenaga Nasional Berhad (TNB) today announced its financial results for the Four Months for Period Ended 31st December 2017 (4M Period Ended Dec'17). This short financial year commenced from 1st September 2017 to 31st December 2017, covering a period of four months. Thereafter, the financial year of the Group shall revert to twelve months ending 31st December.

The Group revenue for 4M Period Ended Dec'17 recorded at RM15.83 billion while the operating expense (OPEX) stood at RM11.14 billion. The Group EBITDA was recorded at RM5.20 billion, with EBITDA Margin at 32.8%. The Group PAT was recorded at RM2.74 billion, of which 44.4% is attributed to the regulated business.

TNB President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd commented: "The closing period of December 2017 marked the end of the First Regulatory Period (RP1) of Incentive Based Regulation or IBR Framework. During the period, the mechanism has been successfully implemented, resulted in improvement of TNB overall efficiency in operations and businesses. Furthermore, the company's stable earnings from the successful of IBR implementation is vital as it ensures that the company will be able to continuously contribute to the nation's overall infrastructure. This is in line with supporting the country's Transformation 2050 or TN50 to become a top 20 nation in economic development, social advancement and innovation. The aspiration

amongst others is to develop smart buildings, transport vehicles and city assets that are interconnected to the smart grid. ”

Datuk Seri Ir. Azman Mohd further added: “To strengthen TNB non-regulated business as well as achieving our growth aspiration, TNB will continue to explore and identify growth opportunities, locally and abroad, which are value accretive and able to provide favourable return for the company and our shareholders.”

TNB Chairman, Tan Sri Leo Moggie said for Period Ended December 2017, the Board has approved 50% dividend payout ratio of the Group’s PATAMI, which is on the higher tier of the 30% to 60% company’s dividend policy. Tan Sri Leo Moggie added: “It has always been our commitment to continuously reward our shareholders through consistent and sustainable dividend payout.”

On the economic outlook, the Malaysian economy grew by 5.9% in 2017 compared to 4.2% recorded in 2016, as per reported by Bank Negara Malaysia (BNM) in its Economic and Financial Developments in Malaysia in the Fourth Quarter of 2017 report. The full-year performance was slightly above market expectations with initial official projection was between 5.2 – 5.7%. Moving forward, the Malaysian economy is expected to remain favourable in 2018.

As such, unit electricity demand growth is expected to remain stable in line with the above. Continual implementation of Incentive Based Regulation (IBR) in the Second Regulatory Period (2018 – 2020) will also allow better earnings predictability for TNB as fuel costs risks are mitigated.

Given the aforementioned scenarios, the Board of Directors expects the result of the Group for the Financial Year 2018 to remain stable.

For the Period Ended December 2017, the approved final dividend is 21.4 sen per share. The Books Closure and Payment Dates will be announced in due course.

Financial Highlights

RM' Million	<u>4 Months</u> <u>Ended</u> <u>31st Dec'17</u>	<u>12 Months</u> <u>Ended</u> <u>31st Aug'17</u>
Total Revenue	15,827.1	47,416.9
Operating Expenses (Without Depreciation)	(11,141.2)	(39,074.2)
Other Operating Income	512.6	1,021.3
Operating Surplus (EBIT)	<u>3,148.6</u>	<u>9,364.0</u>
Finance Cost	(576.0)	(1,456.0)
Forex Translation Gain / (Loss)	329.7	(13.7)
Net Profit (before Forex Translation Gain / (Loss))	2,426.0	6,917.7
Net Profit Attributable to Owners of the Company	2,755.7	6,904.0
Earnings per share	48.68 sen	122.00 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 December 2017, TNB supplies electricity to approximately 9.0 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.

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