



**TENAGA
NASIONAL BERHAD**

SIARAN AKHBAR PRESS STATEMENT

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TNB'S FINANCIAL PERFORMANCE IMPACTED BY CONTINUED USE OF ALTERNATIVE FUELS

- Net loss of RM224.7 million
- 29.5% increase in Operating Expenses Year-on-Year due to continued use of oil and distillate
- 3.9% unit electricity demand growth in Peninsular Malaysia
- Lower EBITDA margin of 15.1% compared to 28.5% for the corresponding period in FY2011

Kuala Lumpur, 17 January 2012 – Tenaga Nasional Berhad (TNB) today announced a net loss of RM224.7 million, for the 1st Quarter of the Financial Year ending 31 August 2012 (FY2012).

	1Q FY2012	1Q FY2011
(Gwh)		
Unit Sales (Peninsula)	23,719.1	22,826.3
(RM million)		
Revenue	8,694.4	7,731.2
Operating Expenses	(8,491.8)	(6,557.6)
Forex Translation Gain/(Loss)	(419.1)	(104.8)
Net Profit/(Loss)	(224.7)	716.5
EBITDA Margin	15.1%	28.5%

The Group's Year-on-Year results was severely impacted due to continued use of alternative fuels to generate electricity. Oil consumption had increased by almost 26 times from 10,554 MT in the 1st Quarter FY2011 to 271,949 MT in the current quarter. The total amount incurred for oil in the current quarter was RM593.3 million as compared to RM16.4 million in the corresponding period in the last financial year. Distillate consumption had also increased by 28 times from 6.0 million litres in the 1st Quarter FY2011 to 168.9 million litres in the current quarter. The total amount incurred for distillate in the current quarter was RM413.8 million as compared to RM17.6 million for the same period in the last financial year. This has contributed significantly to the 29.5% increase in operating expenses against a 12.5% increase in Group revenue. As a consequence, the Group reported a lower EBITDA margin of 15.1% as compared to 28.5% reported in the 1st quarter of FY2011.

Commenting on the Group's electricity demand growth, TNB's Chairman, Tan Sri Leo Moggie commented that "analysis of electricity growth year-on-year in Peninsular Malaysia shows demand growth at 3.9% during the 1st Quarter of FY2012, driven principally by the industrial and commercial sectors that recorded demand growth of 4.8% and 3.3% respectively. The strong demand from the industrial sector is supported by the high Industrial Production Index seen in November 2011".

	1Q FY2012	4Q FY2011
(Gwh)		
Unit Sales (Peninsula)	23,719.1	24,122.0
(RM million)		
Revenue	8,694.4	9,120.2
Operating Expenses	(8,491.8)	(9,494.6)
Forex Translation Gain/(Loss)	(419.1)	(334.6)
Net Profit/(Loss)	(224.7)	(453.9)
EBITDA Margin	15.1%	8.9%

TNB's President/Chief Executive Officer, Dato' Sri Che Khalib Mohamad Noh elaborated on the operating expenses, in particular the impact from increased generation costs from using alternative fuels. He commented that "comparing the Group's performance in the current quarter against the preceding quarter, operating costs was lower mainly due to reduced usage of distillate and lower cost of repairs and maintenance.

The Group also saw higher generation from hydro power plants towards the end of last year resulting from the higher water level recorded at our hydro facilities. This has contributed to the improvement in the EBITDA margin from 8.9% to 15.1%. However, this is well below the EBITDA margin recorded in the 1st Quarter FY2011 of 28.5%".

For the current financial year, electricity demand growth is expected to remain healthy between 4%-5% mainly driven by domestic spending with the implementation of infrastructure and construction projects under the Economic Transformation Programme.

The Group remains cautious on its outlook for the current financial year as the prevailing operating environment has yet to indicate any sustained improvement. Higher generation costs from continued usage of oil and distillate due to lower gas availability as well as higher coal prices will have an adverse effect on TNB's operating margins. Additionally, continuous usage of distillate will have adverse impact on the performance and life span of the gas power plants.

Given the foregoing scenario, the Board of Directors expects the Group's prospects for the year ending 31 August 2012 will remain challenging.

Released in Kuala Lumpur on 17 January 2012

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Financial Highlights

RM' Million	3 months ended 30 November	
	<u>FY2012</u>	<u>FY2011</u>
Total Revenue	8,694.4	7,731.2
Operating Expenses	(8,491.8)	(6,557.6)
Other Operating Income	94.9	84.6
Operating Surplus (EBIT)	<u>297.6</u>	<u>1,258.2</u>
Finance Cost	(181.9)	(249.1)
Forex Translation (Loss)	(419.1)	(104.8)
Net Profit before Forex Translation Loss	194.4	821.3
Net Profit /(Loss) Attributable to Shareholders	(224.7)	716.5
Basic (Loss)/Earnings per Share	(4.12) sen	13.16 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 August 2011, TNB supplies electricity to approximately 8.1 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.