

**SIARAN AKHBAR
PRESS STATEMENT**

**EMBARGO
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S.A. Bil. 2013/01/06 (HQ)

**SUSTAINED FINANCIAL PERFORMANCE RESULTING FROM LOWER COAL
PRICES AND STRENGTHENING OF RINGGIT**

- Net Profit Attributable to Shareholders of RM1,415.5 million
- 9.6% decrease in Operating Expenses
- Average coal price of USD110.0/mt (1QFY2012 : USD84.4/mt)
- 3.5% unit electricity demand growth in Peninsular Malaysia
- EBITDA margin of 31.0% (1QFY2012 : 18.0%)
- Strengthening of RM against Yen and USD by 7.4% and 2.7% respectively

Kuala Lumpur, 23 January 2013 – Tenaga Nasional Berhad (TNB) today announced a Net Profit Attributable to Shareholders of RM1,415.5 million, for the 1st Quarter of the Financial Year ending 31 August 2013 (FY2013).

The positive results in TNB's Group Performance for the first three month period in FY2013 is principally attributed to lower generation costs and foreign exchange translation gain. The foreign translation gain was resulted from strengthening of Ringgit against Yen and USD by 7.4% and 2.7% respectively. However, after adjusting for foreign exchange translation gain, the Net Profit before Forex Translation is reported at RM1,018.1 million.

	1Q FY2013	1Q FY2012 (Restated)
(Gwh)		
Unit Sales (Peninsula)	24,559.8	23,719.1
(RM million)		
Revenue	9,130.8	8,694.4
Operating Expenses	(7,465.9)	(8,259.8)
Forex Translation Gain/(Loss)	397.4	(419.1)
Net Profit /(Loss) Attributable to Shareholders	1,415.5	(74.1)
EBITDA Margin	31.0%	18.0%

Comparing the Group's performance for 1st Quarter 2013 against the corresponding period in FY2012, the operating costs registered a reduction of 9.6% from RM8,259.8 million to RM7,465.9 million. This was mainly attributed to the recognition of fuel cost compensation in 1st Quarter FY2013 and the lower generation costs in line with declining global coal market price. During the current quarter, the average coal price was recorded at USD84.4 per metric tonne as compared USD110.0 per metric tonne recorded in the corresponding period in FY2012, reflecting a reduction of 23.3%. This coupled with the strengthening of the Ringgit against the USD during the quarter further enhance the savings in generation costs for 1Q FY2013.

In FY2012, the Fuel Cost Compensation mechanism was only recognised and restated into respective periods during the third quarter. Therefore, for fair comparison, we have restated Fuel Costs Compensation for 1st Quarter 2012 to better reflect the performance of the company as illustrated in the following table. The operating costs registered a decrease of 3.4% from RM7,730.2 million to RM7,465.9 million. Correspondingly, this contributed to the improvement in the EBITDA margin from 24.0% to 31.0%.

	1Q FY2013	1Q FY2012 (Restated)
(Gwh)		
Unit Sales (Peninsula)	24,559.8	23,719.1
(RM million)		
Revenue	9,130.8	8,694.4
Operating Expenses	(7,465.9)	(7,730.2)
Forex Translation Gain/(Loss)	397.4	(419.1)
Net Profit /(Loss) Attributable to Shareholders	1,415.5	323.1
EBITDA Margin	31.0%	24.0%

According to Chairman, Tan Sri Leo Moggie, although TNB has enjoyed the benefits of lower coal prices which contributed to the reduction in the costs of generation, TNB has to be vigilant on the impact of continued use of alternative fuels on its operating expenses.

"Our plants will run on shorter maintenance cycle which in the long run, will adversely impact our operating expenses as well as the performance of the power plants," he added.

Despite the increase in generation from gas-fired and coal-fired power plants of 8.9% and 1.4% respectively during the 1st Quarter 2013 as compared to the last corresponding quarter, the usage of alternative fuel has remained constant to meet the 3.5% increase in unit electricity demand growth in Peninsular Malaysia.

TNB's President/Chief Executive Officer, Datuk Wira Ir. Azman Mohd said that the 3.5% electricity growth are driven principally by the commercial and domestic sectors that recorded demand growth of 5.0% and 6.1% respectively. This is in line with Bank Negara's forecast in its Monetary Policy Statement issued on 6 September 2012, whereby domestic demand will continue to support economic growth through private consumption resulting from income growth and stable employment conditions. Investment activity is forecasted to be mainly driven by capital spending in the domestic-oriented sector.

The Malaysian economy remains stable despite the uncertainties and continued weakness in Europe. The Malaysian Institute of Economic Research (MIER) expects domestic demand to remain resilient and to continue picking up the slack of weak external demand and has forecasted a 5.6% GDP growth. The growth is expected to be driven by strong domestic demand in services, manufacturing and construction sectors resulting from the implementation of the Economic Transformation Programme as announced by the Government.

The Group remains cautious on its outlook for the current financial year as the prevailing operating environment has yet to indicate any sustained improvement. The availability of gas supply has become a major concern to the Group following the revised commissioning date of the Liquefied Natural Gas (LNG) Regasification Terminal in Sungai Udang, Malacca. To make up for the shortfall in gas and meeting rising demand, usage of alternative fuels will have to continue, resulting in higher generating costs. Additionally, continuous usage of distillate will have an adverse impact on the performance and life-span of the gas-power plants.

Given the foregoing scenario, the Board of Directors remains cautious on the Group's prospects for the year ending 31 August 2013.

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Financial Highlights

RM' Million	3 months ended 30 November	
	<u>FY2013</u>	<u>FY2012</u> <u>(restated)</u>
Total Revenue	9,130.8	8,694.4
Operating Expenses	(7,465.9)	(8,259.8)
Other Operating Income	92.9	94.9
Operating Surplus (EBIT)	<u>1,757.8</u>	<u>529.5</u>
Finance Cost	(229.6)	(211.9)
Forex Translation Gain/(Loss)	397.4	(419.1)
Net Profit before Forex Translation	1,018.1	345.0
Net Profit /(Loss) Attributable to Shareholders	1,415.5	(74.1)
Basic (Loss)/Earnings per Share	25.71 sen	(1.36) 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 2012, TNB supplies electricity to approximately 8.36 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.

