



SIARAN AKHBAR PRESS STATEMENT

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DECLINE IN PROFIT BEFORE TAX DUE TO LOWER FOREX TRANSLATION GAIN & HIGH GENERATION COSTS

3 months ended 28th February 2014 (2nd Quarter FY2014)

- Profit Before Tax declined by 23.0% to RM1.23 billion (1QFY2014 : RM1.60 billion)
- Group Operating Profit declined by 3.7% to RM1.47 billion (1QFY2014 : RM1.52 billion)
- EBITDA margin reduced by 1 percentage point to 27.0% (1QFY2014 : 28.0%)

6 months FY2014

- Profit Before Tax declined by 21.4% to RM2.84 billion (1HFY2013 : RM3.61 billion)
- Group Operating Profit declined by 3.2% to RM2.99 billion (1HFY2013 : RM3.09 billion)
- EBITDA margin reduced by 1.6 percentage point to 27.5% (1HFY2013 : 29.1%)
- Lower Forex Translation Gain of RM133.7 million (1HFY2013 : RM786.0 million)

Kuala Lumpur, 24 April 2014 – Tenaga Nasional Berhad (TNB) today announced a lower Profit Before Tax of RM1.23 billion for the 2nd Quarter of the Financial Year ending 31st August 2014 (FY2014) as compared to RM1.60 billion reported in the previous quarter.

During the quarter, the Group recorded lower effective tax rate mainly due to reversal of over provision for tax expense provided in last financial year, reversal of deferred tax provision to reflect the reduction of corporate income tax rate from 25% to 24% as announced by the Government in Budget 2014 and utilisation of reinvestment allowance incentive during the current period.

For First Half of Financial Year 2014 (1HFY2014), Profit Before Tax was registered at RM2.84 billion reflecting a reduction of 21.4% as compared to RM3.61 billion reported in the corresponding period last year. This was mainly attributed to lower Forex Translation Gain of RM133.7 million recorded for current period as compared to RM786.0 million recorded in 1HFY2013.

Peninsula (Gwh)	FY2014		6-month	
	1Q	2Q	FY2014	FY2013
Unit Sales	25,205.3	25,093.8	50,299.1	49,171.3

Group (RM million)	FY2014		6-month	
	1Q	2Q	FY2014	FY2013
Revenue	9,585.4	10,008.6	19,594.0	17,981.0
Operating Expenses	(8,130.4)	(8,657.4)	(16,787.8)	(15,092.2)
Operating Profit	1,522.9	1,466.7	2,989.6	3,089.8
EBITDA margin	28.0%	27.0%	27.5%	29.1%
Profit Before Tax	1,602.6	1,233.7	2,836.3	3,607.6
Less : Forex Translation Gain / (Loss)	252.7	(119.0)	133.7	786.0
Profit Before Forex & Tax	1,349.9	1,352.7	2,702.6	2,821.6
Taxation and Zakat	115.9	415.2	531.1	(930.7)
Profit Before Forex & After Tax	1,465.8	1,767.9	3,233.7	1,890.9
Add : Tax Adjustments	(390.4)	(737.5)	(1,127.9)	232.7
Normalised Profit Before Forex & After Tax	1,075.4	1,030.4	2,105.8	2,123.6

As illustrated in the table, the Group reported a Profit Before Forex and Tax of RM1.35 billion for the quarter and RM2.70 billion for the 1HFY 2014.

To better reflect the performance of the company, we removed the impact of forex translation and tax adjustments. As a result, the Normalised Profit Before Forex and After Tax for the first six month ended 28th February 2014 remained steady at RM2.11 billion as compared to RM2.12 billion recorded during the same period last Financial Year.

For the quarter under review, the Group reported a lower Operating Profit of RM1.47 billion as compared to RM1.52 billion recorded in 1QFY014, representing a decline of 3.7%. This mainly attributed to higher generation costs from burning the more expensive Liquefied Natural Gas (LNG), and when necessary, oil and distillate. Up to December 2013, TNB continued to bear 50.0% of the market priced LNG costs. This, coupled with increased LNG market price together

with increased usage of LNG during the quarter that further impacted the financial performance of the Group resulting in lower EBITDA margin of 27.0% for 2QFY2014 as compared to 28.0% for 1QFY2014.

Correspondingly, year-on-year analysis shows that the Group Operating Profit declined by 3.2% to RM2.99 billion for 1HFY2014 as compared to RM3.09 billion in last corresponding period. This is translated in EBITDA margin reduction by 1.6 percentage point to 27.5% for 1HFY2014.

TNB's President / Chief Executive Officer, Datuk Seri Ir. Azman Mohd remarked that the first half of financial year 2014 had been technically challenging for TNB. Coal plant outages and low hydro availability due to dry season necessitated TNB to fully utilise the gas plants which resulted in increased usage of the more expensive LNG and at times, even oil and distillates.

"TNB however, had rose to the challenges and managed to keep the lights on during this difficult quarter. Looking at our last quarter experience, I would like to reemphasise on TNB's commitment to ensure efficiencies in the operational, financial and technical performance aspects of the company whilst meeting the increasing demand for electricity and to deliver these needs at high quality to meet customers' expectations. Furthermore, our performance is closely monitored under the newly implemented Incentive Based Regulation (IBR) starting 1st January 2014, thus effective planning and execution are crucial in these trying times."

Bank Negara Malaysia (BNM) in its 2013 Annual Report expected that the Malaysian economy to remain on a steady growth path in 2014, expanding between 4.5% to 5.5%. Growth will be driven by a more moderated domestic demand primarily by the private sector across diversified range of economic activities. Uncertainties on domestic factors such as subsidy rationalisation and increasing inflation rate are expected to affect domestic demand.

In view of the above, the Directors are cautious of the Group's operational performance for the year ending 31st August 2014.

The Board of Directors has also approved an interim single-tier dividend of 10.0 sen per ordinary share in respect to the quarter ended 28th February 2014. The Books Closure and payment dates will be announced in due course.

Released in Kuala Lumpur on April 24, 2014

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Financial Highlights

RM' Million	6-month Ended 28th February	
	<u>FY2014</u>	<u>FY2013</u>
Total Revenue	19,594.0	17,981.0
Operating Expenses	(16,787.8)	(15,092.2)
Other Operating Income	183.4	201.0
Operating Surplus (EBIT)	<u>2,989.6</u>	<u>3,089.8</u>
Finance Cost	(443.6)	(436.9)
Forex Translation Gain	133.7	786.0
Net Profit (before Forex Translation Gain)	3,271.3	1,901.6
Net Profit Attributable to Shareholders	3,405.0	2,687.6
Earnings per share	60.33 sen	48.72 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 2013, TNB supplies electricity to approximately 8.4 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.