TENAGA NASIONAL BERHAD

SIARAN AKHBAR

PRESS STATEMENT

EMBARGO
NOT TO BE PUBLISHED BEFORE 5.00 PM, 15TH APRIL 2009

S.A. 2009/04/19 (HQ)

KEEPING A WATCHING BRIEF ON ELECTRICITY DEMAND GROWTH

3 months ended 28 February FY2009 (2nd Quarter)

- **Net profit of RM674.6 million**
- **6.9% decline in Group Revenue compared to 1st Quarter FY2009 whilst Operating Expenses decreased by 11.2%**
- **EBITDA margin at 30.7%**
- **Forex translation loss of RM97 million**

6 months FY2009

- **Net loss of RM269.5 million**
- **19.2% increase in Group Revenue against a 30.7% increase in Operating Expenses**
- **(3.2%) unit electricity demand growth in Peninsula**
- **Average Coal price of USD100.9/mt**
- **EBITDA margin at 26.3% compared to 37.1% for the corresponding period in FY2008**
- **Economic loss of RM786.3 million**

Kuala Lumpur, 15 April 2009 –Tenaga Nasional Berhad (TNB) today announced a net profit of RM674.6 million for the 3 month period ended 28 February 2009 (2nd Quarter FY2009). The improvement in the Group's performance for the Quarter was principally attributed to a more stable coal prices incurred as well as from several cost control measures adopted.

For the six month period of FY2009 however, the Group reported a net loss of RM269.5 million, principally from the higher operating expenses incurred in the 1st Quarter FY2009 as well as the impact of forex translation loss incurred of RM1,536.7 million from the weakening of Ringgit against the US Dollar and Japanese Yen

RM million	**FY2009**			**FY2008**
	1st Quarter	**2nd Quarter**	**6-months**	**6-months**
Unit Sales (Peninsula) (Gwh)	21,167.4	19,218.0	40,385.4	41,722.9
Revenue	7,414.6	6,906.6	14,321.2	12,014.8
Operating Expenses	(6,580.2)	(5,846.2)	(12,426.4)	(9,507.4)
Forex Translation	(1,439.7)	(97.0)	(1,536.7)	522.8
Net Profit/(Loss)	(944.1)	674.6	(269.5)	2,578.1
EBITDA margin	22.2%	30.7%	26.3%	37.1%

The Group's performance in the 2nd Quarter FY2009 compared to 1st Quarter FY2009 recorded a 6.9% drop in revenue from RM7,414.6 million to RM6,906.6 million as a result of lower electricity demand. However, the benefit of an 11.2% reduction in operating expenses from RM6,580.2 million to RM5,846.2 million in the 2nd Quarter resulted in a 38.3% improvement to the Group's EBITDA margin from 22.2% in the 1st Quarter to 30.7% in the 2nd Quarter.

Comparing the Group's performance for the six month period FY2009 against the corresponding period in FY2008, operating expenses increased from RM9,507.4 million to RM12,426.4 million for the current period, representing an increase of 30.7%. With the decline in electricity demand especially in the 2nd Quarter, revenue for the six month period FY2009 only increased by 19.2%.

The higher operating expenses incurred were principally from the overall higher average contracted coal prices incurred of USD100.9 /mt for the six month period compared to the average of USD53.9/mt in the corresponding period of FY2008. This caused the EBITDA margin to decline from 37.1% to 26.3% in FY2008 and FY2009 respectively.

As expected, unit electricity demand growth in Peninsula in the 2nd Quarter FY2009 registered a very sharp decline of (9.2%) when compared to 1st Quarter FY2009 arising from the numerous and extended festive holidays, the short February month as well as the combination of three day work week declared by a number of factories, reduction in factory-shifts as a result of the decline in export demand and over-stockpile position at several factories. For the six month period FY2009, demand was weak at (3.2%) compared to previous year, principally dragged by a (9.4%) decline in industrial sector growth, while all other sectors recorded positive growth. On further analysis of the industrial sector growth, the petrochemical and iron and steel sectors recorded the highest decline in unit sales of (38.9%) and (28.7%) respectively followed by furniture and wood, rubber and plastic and electronics.

On an encouraging note, the food and beverage sector, chemical products related to consumer items as well as paper and packaging registered positive demand growth of 24.9%, 26.9% and 28.1% respectively.

Commenting on electricity demand growth in Peninsula, TNB's Chairman, Y. Bhg. Tan Sri Leo Moggie reiterated his concern on the weak demand growth numbers. He mentioned that "as highlighted by the Rating Agency of Malaysia in their report dated 8 April 2009, the Malaysian manufacturers are faced with innumerable challenges, the biggest obstacle being the dismal outlook in export demand. We are hopeful however that the several pre-emptive measures launched by the Government together with the Second Stimulus Plan to prevent the domestic economy from further deceleration will provide the backbone for signs of economic recovery."

TNB's President/Chief Executive Officer, Dato' Sri Che Khalib Mohamad Noh, elaborated on the Group's performance. "Our 1st Quarter results was poor despite recording demand growth of 1.1% year on year in Peninsula. This was due to the high coal prices incurred which averaged at USD113.9/mt for the period. In the 2nd Quarter, operating expenses were significantly lower, partially from the benefits derived under "Operations-Trim-X", a program introduced across the organization to trim excesses, wastage and unnecessary costs. The Quarter also saw an easing of coal prices which contributed to the lower average contracted coal price of USD100.9/mt for the six month period FY2009. However this is still 87% higher than the average coal price incurred during the corresponding period in FY2008."

Dato' Sri Che Khalib went on to highlight the performance under the Group's Headline Key Performance Indicators (KPIs). "Under the key technical indicators, the six months report shows Unplanned Outage Rate has exceeded the target set, principally from several forced outages which occurred at one of our base-load plants but the problem was resolved at the end of January 2009. As for Transmission & Distribution losses, which has been reported at 9.9%, we are confident that we will be able to lower this within the set targets by year end. I would also like to add that we have revised our ROA target for the year from 2.8% to 3.7%

based on the revised assumptions made for demand growth and average coal prices for the year. This is still lower than the actual ROA that we achieved for FY2008 of 4.6% and against our weighted average cost of capital of 7.6%."

Based on the lower operating profit margin reported, the Group reported an economic loss of RM786.3 million for the period compared to an economic loss of RM310.1 million reported last year.

As outlined by the Minister of Finance in his Mini Budget Speech on 10 March 2009, Malaysia as a "highly open economy" is likely to be impacted by the global economic recession as a result of declining exports, sharp drop in commodity prices, reduced FDIs and adverse investor/consumer sentiment as well as services sector stemming from poor performance of the equity markets. With the 2009 Budget allocation and the two Stimulus Packages totalling RM273 billion as well as a conducive monetary policy, the Government expects the impact of the global contraction on the domestic economy to be mitigated and revised the GDP growth for 2009 downwards from 3.5% previously to between (1.0%) and 1.0%.

Electricity demand in Peninsula is the main driver of the Group's earnings growth. The slowdown in economic activity and the declining exports which affected the industrial sector caused TNB to register an unprecedented (3.2%) demand growth for the 6-month period ended 28 February 2009.

Operationally, higher fuel cost and IPP payments continue to impinge on the Group's profitability wherein operating expenditure increased by RM2.9 billion or 30.7% in the previous year. Whilst the higher tariff approved earlier on 1 July 2008 mitigated the rising operating expenditure particularly fuel cost, the lower demand growth has also resulted in a lower dispatch from the coal-fired power plants thereby improving profit margins. Further, the more stable coal price for the year will ease the financial burden although a weaker Ringgit will lessen the advantage.

Given the foregoing scenario, the Board of Directors affirms the view that the Group's financial performance for FY2009 will be lower than the previous year and remain weak.

Released in Kuala Lumpur on 15 April 2009

Kindly forward all press enquiries to Mohd. 'Arshi Mat Daud at 019-2338727
or Arziril Alim Azizi at 019-2686630 or Hanim Idris at 019-2617617

Financial Highlights

RM million	6months ended 28 February FY2009	FY2008
Total Revenue	14,321.2	12,014.8
Operating Expenses	(12,426.4)	(9,507.4)
Other Operating Income	156.9	273.0
Operating Surplus (EBIT)	2,051.7	2,780.4
Finance Cost	(572.0)	(570.1)
Forex Translation (loss)/gain	(1,536.7)	522.8
Net (Loss)/Profit	(269.5)	2,578.1
Interim Dividend per ordinary share (gross)	4.7 sen	10.0 sen
Earnings per share	(6.22) sen	59.51sen

* gross dividend of 2.0 sen plus a tax-exempt dividend of 2.0 sen equivalent to 2.7 sen gross

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 2008, TNB supplies electricity to approximately 7.3 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.