TENAGA NASIONAL BERHAD

SIARAN AKHBAR

PRESS STATEMENT

S.A. Bil. 2012/04/21 (HQ)

TNB RECORDS HIGHER EARNINGS FOLLOWING RESOLUTION OF FUEL COST SHARING MECHANISM

3 months ended 29th February FY2012 (2nd Quarter)

- Net profit of RM2,815.2 million
- Recognition of fuel cost compensation of RM2.023 billion from Petronas and the Government
- 0.8% decline in Group Revenue compared to 1st Quarter 2012 against a 10.5% decline in Operating Expenses
- Average coal price of USD108.5/mt
- EBITDA margin at 49.0% as compared to 15.1% reported for the previous quarter

6 months FY2012

- Net profit of RM2,590.5 million
- 14.7% increase in Group Revenue against a 20.5% increase in Operating Expenses
- Average coal price of USD109.3/mt
- 4.1% Unit electricity demand growth in Peninsular Malaysia
- EBITDA margin at 32.0% as compared to 26.2% reported for the corresponding period in FY2011

Kuala Lumpur, 12 April 2012 –Tenaga Nasional Berhad (TNB) today announced a net profit of RM2,815.2 million for the 3 months period ended 29th February 2012 (2QFY12) mainly from the fuel cost compensation received of RM2.023 billion. Excluding the fuel cost compensation, TNB recorded a net profit of RM1,298.2 million as compared to a net loss of RM224.7 million reported in the previous quarter.

The improvement in the Group's performance for the Quarter was principally attributed to the receipt of the fuel cost compensation payment, lower usage of alternative fuels and the strengthening of the Ringgit.

RM million	FY2012			6 - months	
	1st Quarter	2nd Quarter		FY2012	FY2011
Unit Sales (Peninsula) (Gwh)	23,719.1	23,270.8		46,989.9	45,137.1
Revenue	8,694.4	8,628.2		17,322.6	15,102.5
Operating Expenses	(8,491.8)	(7,599.0)		(16,090.8)	(13,351.6)
Forex Translation Gain/(Loss)	(419.1)	628.4		209.3	47.6
Net Profit before forex	194.4	2,186.8		2,381.2	1,422.9
Net Profit/(Loss) Attributable to Shareholders	(224.7)	2,815.2		2,590.5	1,470.5
EBITDA margin	15.1%	49.0%		32.0%	26.2%
Group Results Excluding Fuel Cost Compensation					
Net Profit before forex	194.4	669.8		864.2	1,422.9
Net Profit/(Loss) Attributable to Shareholders	(224.7)	1,298.2		1,073.5	1,470.5
EBITDA margin	15.1%	25.6%		20.3%	26.2%

The Group's performance in the 2nd Quarter FY2012 compared to 1st Quarter FY2012 recorded a 0.8% reduction in revenue from RM8,694.4 million to RM8,628.2 million due to the slower period over the festive holidays. However, the Group's operating expenses has also declined by 10.5% from RM8,491.8 million to RM7,599.0 million in the 2nd Quarter from lower usage of alternative fuels.

Comparing the Group's performance for the six months period FY2012 against the corresponding period in FY2011, operating expenses increased from RM13,351.6 million to RM16,090.8 million for the current period, representing an increase of 20.5%. The increase was mainly attributed to higher generation cost from higher usage of alternative fuels and higher average price of coal and increased coal consumption.

The average price of coal during the 1HFY2012 of USD109.3/mt as compared to USD100.0/mt in 1HFY2011, reflected a 9.3% increase over a 12 months period. The coal consumption had also increased by 9.9% from 9.1 million metric tonnes in 1HFY11 to 10.0 million metric tonnes in 1HFY12. This has caused the EBITDA margin to decline from 26.2% in FY2011 to 20.3% (excluding the fuel cost compensation) in FY2012.

Commenting on the Group's electricity demand growth in Peninsula, TNB's Chairman, Tan Sri Leo Moggie commented that "analysis of electricity growth year-on-year shows demand growth at 4.1%, driven principally by the commercial and domestic sectors that recorded demand growth of 5.6% and 5.5% respectively. This is in line with the Bank Negara 2011 Annual Report, whereby the services sector remained the key contributor to growth amid robust domestic demand.

Due to the challenging and uncertain global economic environment, as well as the festive holidays during the second quarter, the growth in the industrial sector was recorded at a slower pace. The demand in the industrial sector is expected to pick up in the 2HFY2012, consistent with the trends that have been recorded over the last few years. For the financial year 2012, the demand growth is projected at 4% – 5%."

Commenting on the Group's performance, TNB's President/Chief Executive Officer, Dato' Sri Che Khalib Mohamad Noh commented that "The Group's Quarter-on-Quarter results saw improvement in the gas volume and generation from hydro power plants resulting in reduction in the usage of alternative fuels to generate electricity. Oil consumption declined by 70.7% from 271,949 MT in the 1st Quarter FY2012 to 79,673 MT in the current quarter. The total cost incurred for oil in the current quarter was RM190.6 million as compared to RM593.3 million in the previous quarter.

Distillate consumption had also declined by 67.5% from 169.0 million litres in the 1st Quarter FY2012 to 55.0 million litres in the current quarter. The total cost incurred for distillate in the current quarter was RM138.8 million as compared to RM413.8 million in the previous quarter. This has contributed significantly to the 10.5% reduction in operating expenses against a 0.8% reduction in Group revenue. As a consequence, the Group reported a 69.5% improvement to the Group's EBITDA margin from 15.1% in the 1st Quarter to 25.6% (excluding the fuel cost compensation) in the 2nd Quarter. The strengthening of the Ringgit against the Yen and US Dollar by 8.6% and 5.7% respectively have also further reduced TNB's operating costs."

The Malaysian economy is projected to experience a steady pace of growth of 4% - 5% in 2012 based on the report from Bank Negara Malaysia as published on 21st March 2012. The steady growth is expected to be driven by domestic demand and the ongoing implementation of projects under the Economic Transformation Plan (ETP).

Given the projected steady GDP growth in 2012 and past years' electricity growth, demand is expected to be better in the 2HFY12 compared to 1HFY12. Though the volume of gas supply has shown an improvement commencing from January this year, it is still lower than prior years. The volume of gas is expected to continue to be lower than the required level. Thus, the usage of alternative fuels will still be required in the 2HFY12 to fulfill the expected increase in demand.

For financial year 2012, the Group is expected to record a better performance than last year mainly due to the improvement in gas volume, implementation of fuel cost sharing mechanism and higher coal plant availability.

Given the foregoing scenario, the Board of Directors expects the Group's prospects for the year ending 31 August 2012 to improve compared to the last financial year.

The Board of Directors has also approved an interim dividend of 5.09 sen gross per ordinary share in respect of the financial year ending 31 August 2012. The Books Closure and Dividend Payment dates will be announced in due course.

Financial Highlights

	6 months ended 29 February	
RM' Million	**FY2012**	**FY2011**
Total Revenue	17,322.6	15,102.5
Operating Expenses	(16,090.8)	(13,351.6)
Other Operating Income	2,250.3	252.7
Operating Surplus (EBIT)	3,482.1	2,003.6
Finance Cost	(410.1)	(416.3)
Forex Translation gain	209.3	47.6
Net Profit (before forex translation gain)	2,381.2	1,422.9
Net Profit Attributable to Shareholders	2,590.5	1,470.5
Interim Dividend per ordinary share (gross)	5.09 sen	4.5 sen
Earnings per share	47.47 sen	26.60 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.