

# SIARAN AKHBAR PRESS STATEMENT

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S.A. 2013/04/47 (HQ)

## **SUSTAINED PERFORMANCE FROM STEADY DEMAND DRIVEN BY STRONG PRIVATE CONSUMPTION**

### **3 months ended 28<sup>th</sup> February FY2013 (2<sup>nd</sup> Quarter)**

- Net Profit Attributable to Shareholders of RM1.27 billion
- 2.1% increase in Operating Expenses
- Average coal price of USD84.7/mt (1QFY2013 : USD84.4/mt)
- EBITDA margin of 27.1% (1QFY2013 : 31.0%)
- Strengthening of RM against Yen by 9.1%

### **6 months FY2013**

- Net Profit Attributable to Shareholders of RM2.69 billion
- 3.8% increase in Group Revenue against a 5.4% decrease in Operating Expenses
- Average coal price of USD84.6/mt (1HFY2012 : USD109.3/mt)
- 4.6% unit electricity demand growth in Peninsular Malaysia
- EBITDA margin of 29.1% (1HFY2012 : 32.8%)
- Strengthening of RM against Yen by 15.8%

*Kuala Lumpur, 18 April 2013* - Tenaga Nasional Berhad (TNB) today announced a Net Profit Attributable to Shareholders of RM1.27 billion for the 2<sup>nd</sup>Quarter of the Financial Year ending 31<sup>st</sup> August 2013 (FY2013).

The positive results in TNB's Group was principally attributed to steady demand and the strengthening of the Ringgit against Yen. However, after adjusting for foreign exchange translation gain, the Net Profit before Forex Translation was reported at RM883.5 million.

RM million	FY2013		6 – months	
	1Q	2Q	FY2013	FY2012 (Restated)
Unit Sales (Peninsula) (Gwh)	24,559.8	24,611.5	49,171.3	46,989.9
Revenue	9,130.8	8,850.2	17,981.0	17,322.6
Operating Expenses	(7,465.9)	(7,626.3)	(15,092.2)	(15,951.9)
Forex Translation Gain/(Loss)	397.4	388.6	786.0	209.3
Net Profit Attributable to Shareholders	1,415.5	1,272.1	2,687.6	2,677.1
EBITDA margin	31.0%	27.1%	29.1%	32.8%

The 2QFY2013 financial performance was sustained with stable generation costs whereby during the quarter the average coal price was recorded at USD84.7/mt as compared USD84.4/mt recorded during the 1QFY2013.

Comparing the Group's performance for the first six months period of FY2013 against the corresponding period in FY2012, revenue increased by 3.8% from RM17,322.6 million in 1HFY2012 to RM17,981.0 million for the current period. This is in line with the increase in demand of 4.6% in Peninsular Malaysia. However, operating expenses decreased by 5.4% mainly benefitted by lower average coal price.

The average coal price during the 1HFY2013 was recorded at USD84.6/mt as compared to USD109.3/mt in 1HFY2012, reflecting a 22.6% decrease over a period of 12 months. This, coupled with the strengthening of the Ringgit against the USD of 1.1% further enhanced the savings in generation costs during 1HFY2013.

The above translated into Net Profit Attributable to Shareholders of RM2.69 billion for 1HFY2013. After adjusting for foreign exchange translation gain, the Net Profit before Forex Translation was reported at RM1.90 billion as compared to RM2.47 billion reported in the corresponding period in FY2012.

The higher Net Profit before Forex Translation reported in the 1HFY2012 was mainly due to the fuel cost compensation received for January 2010 until October 2011 period. The fuel cost compensation mechanism was first recognised in the Group accounts in 2QFY2012 as Other Income and was only restated into Operating Expenses according to respective periods in 3Q FY2012. Therefore, for fair comparison, we have adjusted fuel costs compensation for 1HFY2012 to better reflect the performance of the company as illustrated in the following table.

RM million	FY2013		6 - months	
	1Q	2Q	FY2013	FY2012 (Restated)
Unit Sales (Peninsula) (Gwh)	24,559.8	24,611.5	49,171.3	46,989.9
Revenue	9,130.8	8,850.2	17,981.0	17,322.6
Operating Expenses	(7,465.9)	(7,626.3)	(15,092.2)	(15,249.5)
Forex Translation Gain/(Loss)	397.4	388.6	786.0	209.3
Net Profit Attributable to Shareholders	1,415.5	1,272.1	2,687.6	1,686.7
EBITDA margin	31.0%	27.1%	29.1%	25.2%

After adjusting for fuel costs compensation, the Year-on-Year analysis shows an improvement in the EBITDA margin of 3.9 percentage points mainly driven by electricity demand growth and lower coal price.

Tan Sri Leo Moggie commented that although TNB continues to enjoy the benefits of steady coal price which contributed to the reduction in the costs of generation, TNB will always be prudent in managing its fuel costs while supporting sustained domestic economic growth.

“Ensuring energy supply security and sustainability is our primary objective. TNB will continue to support the country’s economic growth by keeping the lights on while at the same time maintaining our financial and technical performances towards long term sustainability.”

TNB’s President / Chief Executive Officer, Datuk Seri Ir. Azman Mohd said that “we have recorded a new peak demand on 16<sup>th</sup> April 2013 of 16,356 MW, reflecting an increase of 3.3% from 15,826 MW recorded on 20<sup>th</sup> June 2012. Given the projected steady GDP growth in 2013 and past years’ electricity growth trend, demand is expected to be stronger in the 2HFY2013 as compared to 1HFY2013, to be driven primarily by the commercial sector.

To fulfil the anticipated increase in demand, the usage of alternative fuels is unavoidable in the 2HFY2013. Although the volume of gas supply has shown marginal improvement during 2QFY2013, it is still below the required level and insufficient to meet the rising demand. Therefore, we need to use alternative fuels to make up for the shortfall.”

Bank Negara Malaysia in its 2012 Annual Report expects that the Malaysian economy will continue to remain on a solid and steady growth trajectory in 2013. The country's economic growth is expected to be sustained at between 5% – 6% in 2013, propelled by strong private consumption and more recently, the resurgence of private investment within the economy.

For the current financial year, electricity demand growth is expected to remain steady, mainly driven by commercial sector energy consumptions. However, issues relating to gas supply remain a concern.

Based on the above, the Group is expected to incur higher generation costs with continued usage of alternative fuels to make up for the shortfall in gas and meeting higher demand. Concerns over rising fuel prices will continue to pose as main challenges for the Group and is foreseen to have an impact on TNB's earnings in the coming quarters. Nonetheless, the Group will remain steadfast in ensuring energy supply security and sustainability for the country whilst balancing the Group's financial and technical performance towards long term sustainability.

Given the foregoing scenario, the Board of Directors recognises the Group's prospects for the year ending 31<sup>st</sup> August 2013 remain challenging.

The Board of Directors has also approved a single tier interim dividend of 10.0 sen per ordinary share in respect to the quarter ended 28<sup>th</sup> February 2013. The Books Closure and payment dates will be announced in due course.

**Released in Kuala Lumpur on April 18, 2013**

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## Financial Highlights

RM' Million	6 months ended 28 <sup>th</sup> February	
	<u>FY2013</u>	<u>FY2012</u> <u>(Restated)</u>
<b>Total Revenue</b>	17,981.0	17,322.6
<b>Operating Expenses</b>	(15,092.2)	(15,951.9)
<b>Other Operating Income</b>	201.0	2,250.3
<b>Operating Surplus (EBIT)</b>	<u>3,089.8</u>	<u>3,621.0</u>
<b>Finance Cost</b>	(436.9)	(434.3)
<b>Forex Translation gain</b>	786.0	209.3
<b>Net Profit (before forex translation gain)</b>	1,901.6	2,467.8
<b>Net Profit Attributable to Shareholders</b>	2,687.6	2,677.1
<b>Interim Dividend per ordinary share</b>		
i. gross less income tax	-	5.09 sen
ii. single tier	10.0 sen	-
<b>Earnings per share</b>	48.72 sen	49.06 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](http://www.tnb.com.my).