



# SIARAN AKHBAR PRESS STATEMENT

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## TNB REGISTERS HIGHER REVENUE AND PROFITS FOR 9-MONTH PERIOD OF FY2010

### 9-month period ended 31 May FY2010

- Net profit before forex translation of RM2,145.4 million
- 5.3% increase in Group Revenue against a 3.5% increase in Operating Expenses
- Electricity demand growth in Peninsula increased by 9.9%
- EBITDA margin at 28.2% compared to 26.1% for the corresponding period in FY2009
- Forex translation gain of RM668.1 million

### 3-month period (3<sup>rd</sup> Quarter)

- Net profit before forex translation of RM538.0 million
- 4.5% increase in Group Revenue compared to 2<sup>nd</sup> Quarter FY2010 whilst Operating Expenses increased by 12.3%
- EBITDA margin at 23.3% compared to 32.1% for 2<sup>nd</sup> Quarter FY2010
- Forex translation gain of RM569.1 million

**Kuala Lumpur, 14 July 2010** – Tenaga Nasional Berhad (TNB) today announced a net profit before forex translation of RM2,145.4 million for the 9-month period of FY2010 compared to RM1,687.1 million in FY2009 principally due to stronger demand growth.

For the 3-month period ended 31 May 2010 (3<sup>rd</sup> Quarter FY2010) the Group reported net profit before forex translation of RM538.0 million compared to RM855.7 million reported for the 2<sup>nd</sup> Quarter FY2010; the lower profits resulted from the higher cost of generation from coal in the 3<sup>rd</sup> quarter to meet rising demand.

RM million	FY2010				FY2009
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	9-months	9-months
Unit Sales (Gwh) (Peninsula)	21,743.2	21,873.7	22,691.4	66,308.2	60,345.3
Revenue	7,338.3	7,389.1	7,723.3	22,450.7	21,323.0
Operating Expenses	(6,179.9)	(6,166.5)	(6,924.1)	(19,270.5)	(18,624.4)
Forex Translation Gain/(Loss)	(45.4)	144.4	569.1	668.1	(933.5)
Net Profit/(Loss) before forex	751.7	855.7	538.0	2,145.4	1,687.1
Net Profit	706.3	1,000.1	1,107.1	2,813.5	753.6
EBITDA margin	29.5%	32.1%	23.3%	28.2%	26.1%

Comparing the Group's performance for the 9-month period FY2010 against the corresponding period in FY2009, operating expenses increased from RM18,624.4 million to RM19,270.5 million for the current period, representing an increase of 3.5%. With the improvement in electricity demand and higher revenue for the 9-month period FY2010 of 5.3%, the Group recorded a slight improvement in EBITDA margin from 26.1% in the 3<sup>rd</sup> Quarter FY2009 to 28.2% in the corresponding period in FY2010.

The Group's performance in the 3<sup>rd</sup> Quarter FY2010 when compared to 2<sup>nd</sup> Quarter FY2010 recorded a 4.5% increase in revenue from RM7,389.1 million to RM7,723.3 million as a result of higher electricity demand. However, operating expenses increased by 12.3% from RM6,166.5 million to RM6,924.1 million in the 3<sup>rd</sup> Quarter, principally from the increased cost in coal generation, resulting in a 27.4% reduction to the Group's EBITDA margin from 32.1% in the 2<sup>nd</sup> Quarter to 23.3% in the 3<sup>rd</sup> Quarter.

Comparing the Peninsula electricity demand growth in 3<sup>rd</sup> Quarter FY2010 against the 2<sup>nd</sup> quarter FY2010, 3<sup>rd</sup> Quarter FY2010 recorded an increase of 3.7%. For the 9-month period FY2010 electricity demand growth continued to record a stronger growth of 9.9% when compared to the previous year.

Commenting on electricity demand growth in the Peninsula, TNB's Chairman, YBhg. Tan Sri Datuk Amar Leo Moggie was pleased to declare that, "a new peak demand level has been recorded in the Peninsula on 24 May 2010 at 15,072MW, representing an increase of 5.8% from FY2009 peak demand. The industrial and commercial sectors continued to record a strong growth of 11.7% and 7.9% respectively. On further year-on-year analysis of the industrial sector growth, the petrochemical and iron and steel sectors recorded the highest increase in electricity unit sales of 17.1% and 31.2% respectively."

TNB's President/Chief Executive Officer, YBhg. Dato' Sri Che Khalib Mohamad Noh, elaborated on the Group's performance. "In the 3<sup>rd</sup> Quarter we were faced with stronger electricity demand growth and this demand was met by higher generation from coal-fired power plants. The upward trend in coal prices has started to erode our margins but with the strengthening of the Ringgit against the US Dollar, the impact has been cushioned. Over the 9 months period to 31 May 2010, the Ringgit has strengthened by 7.6% against the US Dollar. The higher cost of coal generation was the principal reason for the 31.5% decline in operating profit compared to the 2<sup>nd</sup> Quarter and accounted for the decline in EBITDA margin to 23.3%."

Commenting on TNB's foreign currency exposure, Dato' Sri said that, "during the 3<sup>rd</sup> Quarter, there was considerable volatility in the forex currency market which resulted in a stronger Ringgit against US Dollar and Japanese Yen, and contributed to the Group's forex translation gain reported for the quarter of RM569.1 million. The Ringgit at the closing of 3<sup>rd</sup> Quarter was stronger than the opening book rate against US Dollar and Japanese Yen at the start of FY2010, and thus accounted for the Group forex translation gain reported for the 9-month period of RM668.1million."

Briefly commenting on the Group's Headline Key Performance Indicators ("KPIs") Dato' Sri mentioned that "due to higher coal generation costs incurred in 3<sup>rd</sup> quarter FY2010, ROA has declined from 5.7% reported in 2<sup>nd</sup> quarter FY2010 to 4.9%. Under the key technical indicators, the 9-month's results show Distribution SAIDI (mins) of 63.2, principally from several major breakdowns. As for Transmission & Distribution losses, it was reported at 9.7%, a slight improvement compared to the 2<sup>nd</sup> quarter as a result of on going improvement efforts."

The proactive efforts by the Government through various stimulus packages to improve the Malaysian economy have shown positive results evident by a resounding 10% growth in Gross Domestic Product in the first quarter of the year 2010 and the increase of 12.5% in Industrial Production Index (IPI) in May from a year ago.

With the improving economic environment, TNB's prospects for FY2010 seem encouraging. The Group continues to record strong recovery in demand for the industrial and commercial sectors. Other sectors are also showing continued trends of improvement in demand. However, the Group remains cautious of the challenges posed by the uncertainties in foreign exchange rate for US Dollar and Japanese Yen, and increases in fuel price due to expected increase in coal prices.

In view of the above, the Directors are of the opinion that the Group's performance for the year ending 31 August 2010 to be within expectation.

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### Financial Highlights

RM' Million	9months ended 31 May	
	<u>FY2010</u>	<u>FY2009</u>
<b>Total Revenue</b>	22,450.7	21,323.0
<b>Operating Expenses</b>	(19,270.5)	(18,624.4)
<b>Other Operating Income</b>	286.1	264.3
<b>Operating Surplus (EBIT)</b>	<u>3,466.3</u>	<u>2,962.9</u>
<b>Finance Cost</b>	(794.4)	(845.7)
<b>Forex Translation gain/(loss)</b>	668.1	(933.5)
<b>Net Profit</b>	2,813.5	753.6
<b>Earnings per share</b>	64.83 sen	17.39 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 2009, TNB supplies electricity to approximately 7.6 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 operation 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).