



**TENAGA
NASIONAL BERHAD**

SIARAN AKHBAR PRESS STATEMENT

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S.A. Bil. 2012/07/51 (HQ)

FUEL COST COMPENSATION AND LOWER COAL PRICES PROVIDED SOME RELIEF TO TENAGA

3 months ended 31st May FY2012 (3rd Quarter)

- Net profit of RM619.1 million
- Recognition of fuel cost compensation for Nov'11 - May'12
- 6.5% increase in Group Revenue as compared to 2nd Quarter FY2012 against a 5.9% decrease in Operating Expenses
- Average coal price of USD104.3/mt as compared to USD108.5/mt in the previous quarter
- EBITDA margin at 29.4% as compared to 47.0% reported for the previous quarter

9 months FY2012

- Net profit of RM3,189.7 million
- 14.8% increase in Group Revenue against an 8.2% increase in Operating Expenses
- Average coal price of USD107.5/mt as compared to USD103.0/mt in the YTD 3rd Quarter FY2011
- 4.2% Unit electricity demand growth in Peninsular Malaysia
- EBITDA margin at 31.1% as compared to 21.4% reported for the corresponding period in FY2011

Kuala Lumpur, 19 July 2012 –Tenaga Nasional Berhad (TNB) today announced a net profit of RM619.1 million for the 3 months period ended 31st May 2012 (3QFY12).

For the nine-month period ended 31st May 2012, the Group reported a net profit of RM3.2 billion mainly due to the recognition of the fuel cost compensation.



RM million	FY2012				FY2011
	1 st Quarter (Restated)	2 nd Quarter (Restated)	3 rd Quarter	9-months	9-months (Restated)
Unit Sales (Peninsula) (Gwh)	23,719.1	23,270.8	24,035.3	71,025.2	68,169.1
Revenue	8,694.4	8,628.2	9,191.0	26,513.6	23,086.7
Operating Expenses	(8,330.8)	(7,763.1)	(7,305.1)	(23,399.0)	(21,621.1)
Forex Translation Gain/(Loss)	(419.1)	628.4	(533.1)	(323.8)	107.6
Net Profit/(Loss) before forex	291.7	2,069.6	1,152.2	3,513.5	1,196.4
Net Profit/(Loss) Attributable to Shareholders	(127.4)	2,698.0	619.1	3,189.7	1,304.0
EBITDA margin	17.1%	47.0%	29.4%	31.1%	21.1%

The Group's performance in the 3rd Quarter FY2012 compared to 2nd Quarter FY2012 recorded a 6.5% increase in revenue from RM8,628.2 million to RM9,191.0. However, the Group's operating expenses declined by 5.9% from RM7,763.1 million to RM7,305.1 million in the 3rd Quarter due to the recognition of fuel cost compensation for the nine-month period in FY2012. The fuel cost compensation was offset against generation costs.

Comparing the Group's performance for the nine-month period in FY2012 against the corresponding period in FY2011, operating expenses increased to RM23,399.0 million in current period from RM21,621.1 million reported in the corresponding period last financial year, representing an increase of 8.2%. The increase was mainly attributed to higher generation cost from higher usage of alternative fuels, higher average price of coal and increased coal consumption.

The average price of coal during the nine-month period in FY2012 was at USD107.5/mt as compared to USD103.0/mt in the corresponding period in FY2011, reflecting a year on year increase of 4.4%. The coal consumption had also increased by 11.5% from 13.9 million metric tonnes in the nine-month period FY11 to 15.5 million metric tonnes in the current period.

Commenting on the Group's electricity demand growth in Peninsula, TNB's Chairman, Tan Sri Leo Moggie commented that "the 3rd quarter year-on-year analysis saw a strong demand growth of 4.4% driven principally by the commercial and domestic sectors that recorded demand growth of 4.8% and 5.7% respectively. A new peak demand was recorded on 20th June 2012 at 15,826MW. This represents an increase of 350MW or 2.3% from 15,476MW recorded in financial year 2011."

Commenting on the Group's performance, TNB's President/Chief Executive Officer, Dato' Ir. Azman Mohd commented that "The Group's Quarter-on-Quarter results saw marginal improvement in the gas volume and generation from hydro power plants. However, the higher demand in 3rd Quarter has resulted in the increase in the consumption of oil and distillate by 2.05 times and 2.33 times respectively.

The generation from coal-fired power plants has also reached the maximum level, consuming 5.5 million metric tonne of coal during the quarter. However, the decline in average coal prices incurred by approximately 4% from USD108.5 per metric tonne in 2nd quarter to USD104.3 per metric tonne in the current quarter, coupled with the fuel cost compensation, provided some relief to Tenaga.

Looking at the year-on-year analysis, the Group recorded a higher profit and EBITDA Margin in nine-month period in Financial Year 2012 mainly due to the recognition of fuel cost compensation. This has resulted in the Group's EBITDA Margin improving from 21.1% in the nine-month period in Financial Year 2011 to 31.1% in the current period."

The latest report by the Statistics Department reported that the Industrial Production Index (IPI) increased by 7.6% in May 2012 as compared with May 2011.

Given the projected steady GDP growth of 4.0% - 5.0% in 2012 and strong IPI recorded in May 2012, the projected electricity demand growth of 4.0% - 5.0% for financial year 2012 is achievable.

For financial year 2012, the Group is expected to record a better performance than last financial year mainly due to expected higher demand, 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.

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Financial Highlights

RM' Million	9 months ended 31 May	
	<u>FY2012</u>	<u>FY2011</u> (Restated)
Total Revenue	26,513.6	23,086.7
Operating Expenses	(23,399.0)	(21,621.1)
Other Operating Income	1,989.7	406.4
Operating Surplus (EBIT)	<u>5,104.3</u>	<u>1,872.0</u>
Finance Cost	(633.3)	(668.1)
Forex Translation gain/(loss)	(323.8)	107.6
Net Profit (before forex translation gain)	3,513.5	1,196.4
Net Profit Attributable to Shareholders	3,189.7	1,304.0
Earnings per share	58.44 sen	23.94 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.