

SIARAN AKHBAR PRESS STATEMENT

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TNB REAPS BENEFITS FROM WEAKENING OF THE YEN AND FAVOURABLE COAL PRICE

3 months ended 31st May FY2013 (3rd Quarter)

- Net Profit before Forex Translation of RM1.38 billion (2QFY2013 : RM0.88 billion)
- Strengthening of RM against Yen by 8.3%
- Average coal price of USD84.4/mt (2QFY2013 : USD84.7/mt)
- Net Profit of RM1.71 billion (2QFY2013: RM1.27 billion)
- EBITDA margin of 30.7% (2QFY2013 : 27.1%)

9 months FY2013

- Net Profit before Forex Translation of RM3.28 billion (9MFY2012 : RM3.67 billion)
- Strengthening of RM against Yen by 22.8%
- Average coal price of USD84.5/mt (9MFY2012 : USD107.5/mt)
- 4.1% unit electricity demand growth in Peninsular Malaysia
- Net Profit of RM4.39 billion (9MFY2012: RM3.35 billion)
- EBITDA margin of 29.6% (9MFY2012 : 31.9%)

Kuala Lumpur, 18 July 2013 - Tenaga Nasional Berhad (TNB) today announced a Net Profit Attributable to Shareholders of RM1.71 billion for the 3rd Quarter of the Financial Year ending 31st August 2013 (FY2013). After adjusting for foreign exchange translation gain, the Net Profit before Forex Translation was recorded at RM1.38 billion for the quarter.

For the nine-month period ended 31st May 2013, the Group reported a Net Profit Attributable to Shareholders of RM4.39 billion. However, after adjusting for foreign exchange translation gain, the Net Profit before Forex Translation was reported at RM3.28 billion. This is mainly due to increase in Revenue attributed by steady demand; and lower generation costs contributed by lower coal price.

RM million	FY2013			9-month	
	1Q	2Q	3Q	FY2013	FY2012 (Restated)
Unit Sales (Peninsula) (Gwh)	24,559.8	24,611.5	24,750.6	73,921.9	71,025.2
Revenue	9,130.8	8,850.2	9,647.5	27,628.5	26,513.6
Operating Expenses	(7,465.9)	(7,626.3)	(7,915.0)	(23,007.2)	(23,186.0)
Forex Translation Gain/(Loss)	397.4	388.6	324.7	1,110.7	(323.8)
Net Profit Attributable to Shareholders	1,415.5	1,272.1	1,707.2	4,394.8	3,349.5
EBITDA margin	31.0%	27.1%	30.7%	29.6%	31.9%

For 3QFY2013, Ringgit Malaysia has strengthened against Yen by 8.3% and remains stable against the USD. These, together with average coal price of USD84.4/mt recorded during 3QFY2013 compared to USD84.7/mt recorded during the 2QFY2013 lead to sustained financial performance during the quarter.

The year-on-year analysis of the Group's performance saw an increase in revenue of 4.2% from RM27,628.5 million during the nine-month period in FY2013 as compared to RM26,513.6 million for same period last year, in tandem with Peninsular Malaysia electricity demand growth of 4.1% recorded during the period. Operating expenses on the other hand decreased by 0.8% mainly benefitted from the favourable exchange rate and lower average coal price.

The strengthening of the Ringgit Malaysia against the USD of 1.1% compounded the savings in generation costs during nine-month period in FY2013. The average coal price during the nine-month period in FY2013 was recorded at USD84.5/mt as compared to USD107.5/mt in nine-month period in FY2012, reflecting a 21.4% decrease over a period of 12 months.

Consequently, the above translated into Net Profit Attributable to Shareholders of RM4.39 billion for nine-month period in FY2013. After adjusting for foreign exchange translation gain, the Net Profit before Forex Translation was reported at RM3.28 billion as compared to RM3.67 billion reported in the corresponding period in FY2012.

The higher Net Profit before Forex Translation reported in the nine-month period in FY2012 was mainly due to the fuel cost compensation received for January 2010 until October 2011 period. The fuel cost compensation received for September 2011 until October 2011 has been restated into its respective period whilst the fuel cost compensation for period prior to FY2012 are recognised as Other Operating Income in FY2012. Therefore, for fair comparison, we have adjusted fuel costs compensation for nine-month period in FY2012 to better reflect the performance of the company as illustrated in the following table.

RM million	FY2013			9-month	
	1Q	2Q	3Q	FY2013	FY2012 (Restated)
Unit Sales (Peninsula) (Gwh)	24,559.8	24,611.5	24,750.6	73,921.9	71,025.2
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Net Profit Attributable to Shareholders	1,415.5	1,272.1	1,707.2	4,394.8	2,090.6
EBITDA margin	31.0%	27.1%	30.7%	29.6%	25.6%

After adjusting for fuel costs compensation, the EBITDA margin improved by 4 percentage points year-on-year mainly driven by electricity demand growth and lower coal price.

TNB Chairman, Tan Sri Leo Moggie remarked that electricity demand growth is picking up in tandem with current economic growth contributed by recovering external demand and continued solid domestic demand. However, TNB will not remain complacent with sustainability in the domestic market only and will explore opportunities in the international frontier towards becoming a regional champion, in line with the 10th Malaysia Plan and TNB's own 20-Year Strategic Plan.

"We must leverage on our experience and technical competencies to compete globally. Reliable, high-quality and cost effective supply of energy is fundamental in any economy and TNB has proven our capabilities in providing these efficiently, locally and internationally."

Commenting on demand, TNB's President/Chief Executive Officer, Datuk Seri Ir. Azman Mohd said that "a new peak demand of 16,562 MW was recorded on 13th May 2013, reflecting an increase of 1.3% from 16,356 MW peak demand recorded on 16th April 2013. We would also like to highlight that year-on-year analysis shows that current peak demand reflected an improvement of 4.7% compared to peak demand recorded in June last year. Steady electricity demand is

expected for the remaining second half of this financial year primarily driven by domestic and commercial sectors, in tandem with the economic growth.

In meeting the higher demand in the third quarter of Financial Year 2013, the usage of alternative fuels was unavoidable. However, we are pleased to inform that the volume of gas supply has shown an improvement towards the end of third quarter of Financial Year 2013.”

He also reiterated TNB's commitment in maintaining prudent fuel costs management while supporting sustained domestic economic growth, although currently TNB continues to enjoy the benefits of favourable exchange rate and lower coal price.

The reaffirmation of Malaysia's A3 sovereign rating by Moody's in June 2013 confirms that Malaysian economic outlook is expected to remain stable. The Group therefore continues to expect the electricity demand growth rate to remain steady for the current financial year.

The current improved results of the period is mainly due to increase in demand and a more favourable coal price. The weakening of the Yen has also contributed to the better performance for the period.

The Board of Directors is of the view that the prospects of the Group for the year ending 31 August 2013 remains stable.

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Kindly forward all press enquiries to Md. Derus Bunchit at 019-2662296 / Arziril Alim Azizi at 019-2686630 /
Nor Hanim Idris at 019-2617617 / Maizatul Nadiah Saadon at 017-3816602

Financial Highlights

RM' Million	9-month ended 31 st May	
	<u>FY2013</u>	<u>FY2012</u> <u>(Restated)</u>
Total Revenue	27,628.5	26,513.6
Operating Expenses	(23,007.2)	(23,186.0)
Other Operating Income	320.3	1,989.7
Operating Surplus (EBIT)	<u>4,941.6</u>	<u>5,317.3</u>
Finance Cost	(643.1)	(633.3)
Forex Translation gain / (loss)	1,110.7	(323.8)
Net Profit (before forex translation gain)	3,284.1	3,673.3
Net Profit Attributable to Shareholders	4,394.8	3,349.5
Earnings per share	79.37 sen	61.37 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.