TENAGA NASIONAL BERHAD

SIARAN AKHBAR

PRESS STATEMENT

EMBARGO

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LIGHTING THE PATH FORWARD FOR MALAYSIA'S RECOVERY IN 2010

3-months ended 31 August 2009 (4th Quarter FY2009)

- **Net profit before forex translation loss of RM408.6 million**
- **6.6% increase in Group Revenue compared to 3rd Quarter FY2009 against a 10.0% increase in Operating Expenses**
- **EBITDA margin at 22.6% compared to 25.7% for 3rd Quarter FY2009**

Full year FY2009

- **Net Profit before forex translation loss of RM2,095.7 million**
- **16.3% increase in Group Revenue against an 18.3% increase in Operating Expenses**
- **Unit electricity demand growth**
  - **3.2% contraction - Group**
  - **2.6% contraction - Peninsula**
- **Average Coal price USD90.2/mt compared to USD76.4/mt for FY2008**
- **EBITDA margin at 25.2% compared to 29.9% the year before**

Kuala Lumpur, 26 October 2009 –Tenaga Nasional Berhad (TNB) today announced a net profit of RM408.6 million before forex exchange translation for the 4th Quarter of the financial year ended 31 August 2009 (FY2009), compared to RM419.9 million reported for the 3rd Quarter. The slightly lower profit reported for the period resulted from the additional expense incurred for the proactive preventive maintenance and system improvement initiatives executed during the period to improve technical efficiency and service excellence.

For the 12-month period for FY2009, the Group reported a 17.5% decline in net profit before forex translation loss, from RM2,540.8 million in FY2008 to RM2,095.7 million, principally from the higher average coal prices incurred of USD90.2/mt (FY2008: USD76.4/mt), which exceeded the USD85/mt recoverable under the tariff adjustment effected in March 2009.

With growing signs of global economic recovery, Malaysia's gross domestic product (GDP) growth is also projected to stage a rebound in the 2nd half of 2009 after declining by 5.1% in the 1st half. This has been supported by the country's industrial production index (IPI) for August 2009 reported recently, which fell by 5.7 % Y-O-Y; lower than the drop of 8.1% reported for July 2009.

Electricity demand growth in Peninsula for the 4th Quarter FY2009 reported an increase 0.6% Y-O-Y and an encouraging 9.9% Q-O-Q, which substantiates the expectations of a rebound in the 2nd half of fiscal year 2009. In fact, industrial sector growth Q-O-Q grew by 13.3% while the commercial and domestic sector grew by 7.3% and 4.9% respectively. With the positive demand growth reported for the 4th Quarter, electricity demand growth for the full year FY2009 recorded a lower contraction of 2.6% from the previous year.

On a Q-O-Q basis, the 4th Quarter FY2009 reported a 6.6% increase in the Group's total revenue principally from the strong industrial and commercial sector growth reported. The increase in maintenance and system improvement initiatives embarked on in the 4th Quarter, resulted in a 10.0% increase in operating expenses and a decline in EBITDA margin from 25.7% in the 3rd Quarter to 22.6% in the 4th Quarter FY2009.

For the full year FY2009, the Group reported a 16.3% increase in total revenue, primarily from the 2 tariff adjustments that became effective from 1st July 2008 and 1st March 2009. Whilst the last tariff adjustment in March 2009 allows for recovery of average coal price for FY2009 up to USD85/mt, the Group reported the average price of coal consumed for the year to be USD90.2/mt. The impact of the higher coal prices incurred over and above the USD85/mt has substantially resulted in the decline in EBITDA margin from 29.9% in FY2008 to 25.2% in FY2009.

FY2009 saw a weaker Ringgit against US Dollar and Japanese Yen. Whilst the Ringgit did show some signs of recovery in the 3rd Quarter FY2009, the Japanese Yen rebounded against

US Dollar and other major currencies in the 4th Quarter. Overall the Group reported forex translation loss of RM1,177.8 million, of which 74.2% is from our exposure to Japanese Yen loans. These loans have low interest rates though and have long equally amortised repayment tenors, some repayable over 30 years.

Commenting on the Group's performance during the year, TNB's Chairman YBhg Tan Sri Datuk Amar Leo Moggie said that "the year had been truly a challenging one. We have had to manage the combination of negative electricity demand growth, higher average coal prices incurred which hit a peak of USD113.9/mt in the 1st Quarter FY2009, the additional capacity payments from the commissioning of a new IPP and not forgetting the impact of forex exposure."

"For the 9-month period FY2009, electricity demand growth in Peninsula dropped by 3.7% principally from the industrial sector; however we have seen a continued pattern of pickup in M-O-M demand commencing from March 2009 especially in the 4th Quarter, which accounted for the lower decline of 2.6% for the full year FY2009. Further positive news came from yet another new peak demand level recorded of 14,245MW on 12 August 2009."

At the operating level, TNB's President/Chief Executive Officer, YBhg Dato' Sri Che Khalib Mohamad Noh explained that "the tariff adjustment in March 2009 provided the mechanism to recover the impact of high coal prices, capped at USD85/mt. With the average price of coal consumed for the year at USD90.2/mt we have had to bear that additional cost of USD5.2/mt, and this is reflected in the 3.9% decline in the Group's operating profit. With the commissioning of Jimah power plant, the capacity payments to the new IPP has further added to our operating cost level."

"In managing our exposure to foreign currency, we had in the course of the year, taken advantage of opportunities to buyback some of our US Dollar bonds. This has thus reduced our exposure to US Dollar from 27.8% to 24.3% and reduced our weighted average cost of debt from 5.44% to 5.19%."

Moving on to the achievements under the Group's Headline Key Performance Indicators (KPIs), Tan Sri went on to say, "we have made exceptional progress with our key technical indicators namely Unplanned Outage Rate, Transmission System Minutes and Distribution System Average Interruption Duration Index (SAIDI), all of which have surpassed expectations. I am also happy to note the initiatives embarked on during the year under 'Operations Trim-X' were effective to control and manage costs and in this respect we have managed to reduce our capital expenditure during the year by RM586 million. In addition, indirect operating expenses throughout the Group has reduced by RM113 million."

For the financial year ended 31 August 2009, The Board of Directors has recommended a final dividend of 10.0 sen gross per ordinary share less income tax of 25% (FY2008:10.0 sen) and a tax exempt dividend of 2.3 sen per ordinary share. The total final dividend payable is equivalent to a gross dividend of 13.07 sen per ordinary share and is subject to the approval of the shareholders of TNB at the forthcoming Annual General meeting. The Books Closure and Payment Dates will be announced in due course.

Amidst the current global economic scenario which had deteriorated rapidly over the 1st half of FY2009, the Group's results for the full year was affected by weak electricity demand and higher operational costs.

Following the Government's proactive measures, the economy has begun to show signs of recovery. This is evident from the GDP contracting at a slower pace of -3.9% in the 2nd Quarter of fiscal year 2009, as compared to -6.2% in the 1st Quarter. The Government has also announced that Malaysia's economy is expected to expand to 2% to 3% in fiscal year 2010.

Although, with the indications of increase in demand for electricity recorded recently, the industry outlook may remain challenging for some time due to continued concern over rising costs. Nonetheless, we will continue to enhance and strive to improve efficiency and productivity, as well as the quality of electricity supply to our customers.

Given the foregoing, scenario the Board of Directors expects the Group's performance for the financial year ending 31 August 2010 to continue to remain challenging.

Released in Kuala Lumpur on 26 Oct 2009

Kindly forward all press enquiries to Evelyn Kuang at 019-260 1292

Financial Highlights

RM' Million		12 months ended 31 August FY2009	FY2008
Total Revenue		28,785.6	24,755.3
Operating Expenses		(25,443.9)	(21,508.1)
Other Operating Income		357.2	603.8
Operating Surplus (EBIT)		3,698.9	3,851.0
Finance Cost		(1,126.8)	(1,095.8)
Forex Translation gain/(loss)		(1,177.8)	53.2
Net Profit (before forex translation gain)		2,095.7	2,540.8
Dividend per ordinary share (gross)			
First Interim		4.70 sen	10.00 sen
Tax-exempt final		*3.07 sen	-
Ordinary final		10.00 sen	10.00 sen
	Total	17.77 sen	20.00 sen
Earnings per share		21.18 sen	59.87 sen

* tax-exempt dividend of 2.30 sen per ordinary share equivalent to a gross dividend of 3.07 sen per ordinary share.

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 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.