

SIARAN AKHBAR PRESS STATEMENT

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BETTER PERFORMANCE FROM HIGHER DEMAND AND STRONGER RINGGIT

3-months ended 31 August 2010 (4th Quarter FY2010)

- Net profit before forex translation loss of RM423.9 million
- 1.9% increase in Group Revenue compared to 3rd Quarter FY2010 against a 4.7% increase in Operating Expenses
- EBITDA margin at 22.9% compared to 23.3% for 3rd Quarter FY2010

Full year FY2010

- Group revenue of RM30.32 billion
- Net profit of RM3.2 billion
- Net profit before forex translation gain of RM2.6 billion
- 5.3% increase in Group Revenue against a 4.2% increase in Operating Expenses
- Unit electricity demand growth
 - 8.4% - Group
 - 8.8% - Peninsula
- Average coal price USD88.2/mt compared to USD90.2/mt for FY2009
- EBITDA margin at 26.8% compared to 25.2% in the previous year
- Final gross dividend of 20.0 sen per ordinary share

Kuala Lumpur, 28 October 2010 –Tenaga Nasional Berhad (TNB) today announced a net profit before forex translation loss of RM423.9 million for the 4th Quarter of the financial year ended 31 August 2010 (FY2010), compared to RM538.0 million reported for the 3rd Quarter.

For the full year FY2010, the Group reported total revenue of RM30.32 billion and a net profit before forex translation gain of RM2.6 billion, reflecting an improvement of 22.6% as compared to the RM2.1 billion reported in FY2009. Net profit after forex translation gain was reported at RM3.2 billion. The higher profit was mainly attributed to stronger demand growth and the lower average coal prices incurred of USD88.2/mt (FY2009: USD90.2/mt).

RM million	FY2010				12-months	
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	FY2010	FY2009
Unit Sales (Gwh)						
(Peninsula)	21,743.2	21,873.7	22,691.3	23,224.3	89,532.5	82,275.6
Revenue	7,338.3	7,389.1	7,723.3	7,869.4	30,320.1	28,785.6
Operating Expenses	(6,179.9)	(6,166.5)	(6,924.1)	(7,249.2)	(26,519.7)	(25,443.9)
Forex Translation						
Gain/(Loss)	(45.4)	144.4	569.1	(35.5)	632.6	(1,177.8)
Net Profit/(Loss)						
before forex	751.7	855.7	538.0	423.9	2,569.3	2,095.7
Net Profit	706.3	1,000.1	1,107.1	388.4	3,201.9	917.9
EBITDA margin	29.5%	32.1%	23.3%	22.9%	26.8%	25.2%

FY2010 saw the overall Malaysian economy turning around and recovering from the impact of the global crisis in FY2009. Electricity demand growth in Peninsula for the 4th Quarter FY2010 reported an increase of 5.9% Y-O-Y and 2.3% Q-O-Q, as the electricity demand growth slowed down in the second half of year 2010. For the financial year 2010, electricity demand in Peninsula recorded a growth of 8.8%, driven by the economic recovery and the lower base effect recorded in the previous financial year.

On a Q-O-Q basis, the 4th Quarter FY2010 reported a 1.9% increase in the Group's total revenue. Operating expenses increased by 4.7% mainly due to higher repair and maintenance costs as well as depreciation costs. This has resulted in a decline in EBITDA margin from 23.3% in the 3rd Quarter to 22.9% in the 4th Quarter FY2010.

For the full year FY2010, the Group reported a 5.3% increase in total revenue, primarily from the stronger demand growth. Operating expenses increased by 4.2% as a result of higher generation costs attributed to rising demand and full year capacity payments to Jimah Energy Ventures Sdn. Bhd.

FY2010 saw a stronger Ringgit against US Dollar and Japanese Yen. For the full year 2010 the Group reported forex translation gain of RM632.6 million mainly attributed to the appreciation of Ringgit against US Dollar of 11.0%.

Commenting on the Group's performance during the year, TNB's Chairman Y. Bhg. Tan Sri Leo Moggie said that "The year had been very good for TNB. The Malaysian economy had recovered faster than expected and that was reflected in higher electricity demand growth in Peninsula of 8.8%. All sectors, namely industrial, commercial and domestic, recorded positive growth of 10.5%, 7.2% and 8.5% respectively. FY2010 also recorded a new peak demand of 15,072MW on 24th May 2010, an increase of 5.8% from FY2009."

At the operating level, TNB's President/Chief Executive Officer, Y. Bhg. Dato' Sri Che Khalib Mohamad Noh explained that "Due to higher demand and limited allocation of gas, there was a shift in the generation mix. Generation from coal fired power plants increased by 52.8% to 40.2% from 28.5% in FY2009. This has resulted in a 53.4% increase in coal consumption to 17.8 million tonnes from 11.6 million tonnes recorded in FY2009. However, with the appreciation of Ringgit against US Dollar by 11.0% and lower average price of coal consumed for the year at USD88.2/mt, the increase in coal costs was within expectations."

Moving on to the achievements under the Group's Headline KPIs, Tan Sri Leo Moggie went on to say, "This year marked the end of the 1st Phase of TNB's 20-Year Strategic Plan. The past 5 years have been significant in TNB's move towards Service Excellence, and we have proven to be committed to this by achieving the targets set for us – be it financially or operationally. Next year, we will be putting forth plans to achieve Global Expansion by building on our core competencies and extensive experience within the power sector. To date, TNB has begun to set its footprint in the Middle East and the Asia region, and plan to be more aggressive in pursuing projects in these areas in the next 5 years."

For the financial year ended 31 August 2010, The Board of Directors has recommended a final dividend of 20.0 sen gross per ordinary share less income tax of 25% (FY2009:10.0 sen), 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.

The government's proactive efforts through various stimulus packages, to ensure that the economy recovers from the global crisis, has shown to be effective. Resulting from this, TNB Group recorded a very encouraging revenue for FY2010.

The recently announced Economic Transformation Programme and 2011 budget have placed emphasis on transforming the nation into a developed and high income nation by year 2020. The Government has also announced that Malaysia's economy is expected to achieve growth of 6.0% in 2011, to be driven by private investments, private consumption and exports, expanding at 10.2%, 6.3% and 6.7% respectively. With the expected growth in GDP, TNB is expected to benefit from the expanding economy.

However, the Group is mindful of the challenges that lie ahead. The expected increase in demand will be met through higher electricity generation from the coal fired power plants. This will be challenging especially with the increase in coal prices in the near term.

Given the foregoing scenario the Board of Directors expects the Group's performance for the financial year ending 31 August 2011 to remain challenging.

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Financial Highlights

RM' Million	12 months ended 31 August	
	<u>FY2010</u>	<u>FY2009</u>
Total Revenue	30,320.1	28,785.6
Operating Expenses	(26,519.7)	(25,443.9)
Other Operating Income	382.3	357.2
Operating Surplus (EBIT)	<u>4,182.7</u>	<u>3,698.9</u>
Finance Cost	(1,070.9)	(1,126.8)
Forex Translation gain/(loss)	632.6	(1,177.8)
Net Profit (before forex translation gain)	2,569.3	2,095.7
Dividend per ordinary share (gross)		
First Interim	6.00 sen	4.70 sen
Tax-exempt final	-	*3.07 sen
Ordinary final	<u>20.00 sen</u>	<u>10.00 sen</u>
Total	<u>26.00 sen</u>	<u>17.77 sen</u>
Earnings per share	73.74 sen	21.18 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 2010, TNB supplies electricity to approximately 7.9 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