

SIARAN AKHBAR PRESS STATEMENT

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POSITIVE UNDERLYING EARNINGS GROWTH AFTER ADJUSTING FOR FUEL COST COMPENSATION

3 months ended 31st August FY2012 (4th Quarter)

- Net profit of RM1.0 billion (3rd Quarter FY2012 : RM0.6 billion)
- 1.6% increase in Group revenue from 3rd Quarter FY2012
- Average coal price of USD92.2/mt (3rd Quarter FY2012 : USD104.3/mt)
- Strengthening of RM against USD and Yen by 1.6% and 1.3% respectively

Full Year FY2012 (after adjusting for Fuel Cost Compensation)

- Net profit of RM2.9 billion (FY2011: RM2.2 billion)
- 11.2% increase in Group revenue against 7.7% increase in operating expenses
- EBITDA margin at 25.1% (FY2011 : 23.3%)
- 4.3% unit electricity demand growth in Peninsular Malaysia
- Average coal price of USD103.6/mt (FY2011 :USD106.9mt)

Kuala Lumpur, 31 October 2012 – Tenaga Nasional Berhad (TNB) today announced a net profit of RM1.0 billion for the 4th Quarter of the financial year ended 31 August 2012 (FY2012).

For the full year FY2012, the Group's reported net profit improved over FY2011 mainly attributed to fuel cost compensation recognised in the current financial year. However, after adjusting to reflect this fuel cost compensation into the respective financial years, the Group recorded a net profit of RM2.94 billion in financial year 2012 as compared to RM2.19 billion recorded in financial year 2011, reflecting an improvement of 34.2%.

Table 1 : Group Results After Adjusting For Fuel Cost Compensation

RM million	FY2012				12-months	
	1 st Quarter (Restated)	2 nd Quarter (Restated)	3 rd Quarter (Restated)	4 th Quarter	FY2012	FY2011 (Restated)
Unit Sales (Peninsula) (Gwh)	23,719.1	23,270.8	24,035.3	25,232.0	96,257.2	92,291.1
Revenue	8,694.4	8,628.2	9,191.0	9,334.8	35,848.4	32,241.2
Operating Expenses	(7,801.2)	(7,590.3)	(8,007.5)	(8,193.1)	(31,592.1)	(29,326.2)
Adjusted Net Profit before forex	688.9	682.2	883.7	914.9	3,169.7	2,415.1
Forex Translation Gain/(Loss)	(419.1)	628.4	(533.1)	93.0	(230.8)	(227.0)
Adjusted Net Profit/(Loss) Attributable to Shareholders	269.8	1,310.6	350.6	1,007.9	2,938.9	2,188.1
EBITDA margin	23.2%	25.5%	25.5%	26.0%	25.1%	23.3%

Table 2 : Group Results Before Adjusting For Fuel Cost Compensation

RM million	FY2012				12-months	
	1 st Quarter (Restated)	2 nd Quarter (Restated)	3 rd Quarter (Restated)	4 th Quarter	FY2012	FY2011 (Restated)
Forex Translation Gain/(Loss)	(419.1)	628.4	(533.1)	93.0	(230.8)	(227.0)
Net Profit/(Loss) before forex	291.7	2,069.6	1,152.2	914.9	4,428.4	1,192.4
Net Profit/(Loss) Attributable to Shareholders	(127.4)	2,698.0	619.1	1,007.9	4,197.6	965.4
EBITDA margin	17.1%	47.0%	29.4%	26.0%	29.8%	18.2%

Based on the Group results after adjusting for the fuel cost compensation, as per Table 1, the 4th Quarter FY2012 recorded an improvement by almost 3 times in the net profit of RM1.0 billion as compared to RM0.35 billion in the previous quarter mainly due to stronger electricity demand growth of 5.0% and the strengthening of RM against USD and Yen by 1.6% and 1.3% respectively.

For the full year FY2012, the Group reported an increase of 11.2% in total revenue against an increase of 7.7% in operating expenses. This has resulted in higher EBITDA margin of 25.1% as compared to 23.3% reported in the corresponding period in financial year 2011. However, if TNB were to be fully compensated for the additional fuel costs incurred due to higher usage of oil and distillate, the EBITDA margin would be at 27.2%.

The increase in EBITDA margin was also partly contributed by the improvement in the daily average gas volume of 1.5% from 946mmscfd recorded in financial year 2011 to 960mmscfd in the current financial year.

However, based on the Group results before adjusting for the fuel costs compensation as per Table 2, the Group reported a net profit of RM4.20 billion in FY2012 as compared to RM0.97 billion reported for FY2011. The significant improvement was mainly attributed to the recognition of fuel cost compensation in FY2012. During the financial year, RM3.15 billion of Fuel Cost Compensation was recorded for the January 2010 until August 2012 period, of which RM1.48 billion was related to current financial year.

Commenting on the Group's performance during the year, TNB's Chairman Y.Bhg. Tan Sri Leo Moggie said that "the higher fuel cost incurred by the Company resulting from the higher usage of oil and distillate was addressed with the implementation of the Fuel Cost Sharing Mechanism. This indicates the strong support by the Government in ensuring the sustainability of the Company and hence reliability of electricity supply".

TNB's President/Chief Executive Officer, Y.Bhg Datuk Wira Ir. Azman Mohd added that "the Fuel Cost Sharing Mechanism is only an interim measure to address the current issue. TNB is continuously engaging with the Government and respective agencies on long-term sustainable solution in ensuring reliability and security of electricity supply.

At the operational level, for the financial year 2012, electricity demand in Peninsula recorded a growth of 4.3%, driven by the commercial sector. In meeting the higher demand, we had to increase generation from coal-fired power plants resulting in an increase of 10.1% in coal consumption from 18.9 million metric tonnes in financial year 2011 to 20.8 million metric tonnes in

financial year 2012. However, the global downward trends in coal prices has cushioned the impact, as reflected in the lower average coal cost incurred for the financial year 2012 of USD103.6 per metric tonne as compared to USD106.9 per metric tonne recorded in the last financial year".

At the recent 2013 Budget announcement, the Government has emphasized the commitment in ensuring the nation's economic growth continues to flourish despite uncertainties and challenges in the global economy. The forecasted GDP of 4.5% - 5.5% for 2013 is expected to be driven by the growing vibrancy in domestic investment particularly with the implementation of the Economic Transformation Programme.

The power industry is also expected to benefit from the Government's initiative to make Malaysia into a global integrated trading hub for oil and gas. This may result in a more stable supply of fuel and assist TNB to better manage its fuel security.

However, the volatility in the global economy especially in Europe and the United States coupled with the slowdown in the China economy could have an impact to the growth in electricity demand. In addition, the uncertainties in fuel pricing may affect TNB's performance.

Given the foregoing scenario, the Board of Directors expects the Group's performance for the financial year 2013 to be challenging.

For the financial year ended 31 August 2012, The Board of Directors has recommended a final single tier dividend of 15.0 sen per ordinary share (FY2011: Nil). The total final dividend payable 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.

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Financial Highlights

RM' Million	12 months ended 31 August	
	<u>FY2012</u>	<u>FY2011</u> (Restated)
Total Revenue	35,848.4	32,241.2
Operating Expenses	(31,592.1)	(30,956.4)
Other Operating Income	2,140.6	532.0
Operating Surplus (EBIT)	<u>6,396.9</u>	<u>1,816.8</u>
Finance Cost	(823.0)	(878.5)
Forex Translation gain/(loss)	(230.8)	(227.0)
Net Profit before forex translation gain/(loss)	4,428.4	1,192.4
Net Profit Attributable to Shareholders	4,197.6	965.4
Dividend per ordinary share (gross)		
First Interim	5.09 sen	4.50 sen
Ordinary final	<u>15.00 sen</u>	-
Total	20.09 sen	4.50 sen
Earnings per share	76.82 sen	17.71 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 8.4 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.

