



SIARAN AKHBAR PRESS STATEMENT

S.A. 2017/01/09 (HQ)

TNB REMAINED RESILIENT AMID GLOBAL ECONOMIC CHALLENGES

3 months ended 30th November 2016 (1st Quarter FY2017)

- Profit After Tax declined by 8.9% to RM1.79 billion, mainly from RM0.23 billion Forex Translation Loss
- Revenue improved by 5.3% at RM11.24 billion, driven by 3.6% unit electricity demand growth in Peninsular Malaysia
- Continued investment in capital expenditure (capex) of RM2.07 billion

Kuala Lumpur, 24th January 2017 – Tenaga Nasional Berhad (TNB) today announced Profit After Tax of RM1.79 billion for 1st Quarter of Financial Year ending 31st August 2017 (FY2017). The 8.9% reduction in profit was mainly due to the strengthening of the US Dollar against the Ringgit during the 3 months ended 30th November 2016 (1QFY2017). As a result, the Group recorded forex translation loss of RM0.23 billion as compared to RM0.06 billion recorded in corresponding period last year.

To better reflect the performance of the company, impacts of forex translation and reinvestment allowance incentive were removed. As a result, the Adjusted Profit After Tax for 1QFY2017 remained steady at RM1.69 billion as compared to RM1.63 billion recorded during the same period last year.

Peninsula (Gwh)	3-month	
	FY2017	FY2016
Unit Electricity Sales	27,811.3	26,846.2

Group (RM million)	3-month	
	FY2017	FY2016
Profit After Tax	1,788.5	1,962.2
Forex Translation (Gain) / Loss	231.2	58.5
Reinvestment Allowance	(331.5)	(388.0)
Adjusted Profit After Tax	1,688.2	1,632.7

The 3.4% improvement in Adjusted Profit After Tax was from increased revenue of 5.3% at RM11.24 billion as compared to RM10.68 billion recorded in 1QFY2016. This increase in revenue was mainly from 3.6% unit electricity demand growth in Peninsular Malaysia, contributed mostly by the commercial and domestic sectors.

The Group continued to invest in capital expenditure (capex) that will ensure the nation's energy capacity requirement is met and the overall system efficiency, security and reliability are maintained. Currently, there are three Generation projects, namely Manjung 5, Jimah East Power and Tembat with over 3,000 megawatt capacities being carried out. These projects are due to be completed between 2017 and 2019 and its capex investment represented 45.4% of the Group total capex investment of RM2.07 billion in 1QFY2017.

During the quarter under review, on 19th October 2016 TNB made the first issuance of the international sukuk amounting to USD0.75 billion from its Multicurrency Sukuk Program. The sukuk issuance managed to ensure the sustainability of the Group's efficient balance sheet through improved debt to equity gearing ratio, which was recorded at 40.7% for 1QFY2017 as compared to 32.6% recorded for 1QFY2016.

TNB's President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd said; "TNB managed to secure the lowest ever 10-year coupon rate achieved by a Malaysian corporate at 3.24%. This exhibits the confidence that the global markets have on TNB and thus, enable TNB to further tap into the liquidity of international markets to fund for future growth, especially into the global markets.

"We are confident of TNB prospects for future growth and more importantly, of its potential to provide shareholders with greater shareholder value through our aspiration of becoming a Domestic and Regional Champion or DRC. However, we are mindful of the prevailing challenges and risks in the current economic landscape, topics that are currently widely debated globally."

International Monetary Fund (IMF) in its recent World Economic Outlook Update, highlighted that the risks to the global growth outlook to be skewed to the downside, especially over the medium term. On the domestic front, Malaysian Institute of Economic Research (MIER) on 19th January 2017 had downgraded real GDP growth for 2017 to 4.5%, the lower bound of the range of its earlier forecast of 4.5% - 5.5%, as some downside risks are beginning to emerge.

Given this scenario, the Board of Directors recognises that a potential widening of global imbalances coupled with volatility in exchange rates will be challenging risks to the Group. Thus, the Board continues to remain cautious on the Group's prospect for Financial Year 2017.

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Financial Highlights

RM' Million	3-month ended 30 th November	
	<u>FY2017</u>	<u>FY2016</u>
Total Revenue	11,241.6	10,676.8
Operating Expenses	(9,086.1)	(8,418.4)
Other Operating Income	184.1	139.3
Operating Surplus (EBIT)	<u>2,339.6</u>	<u>2,397.7</u>
Finance Cost	(278.3)	(259.7)
Forex Translation Gain / (Loss)	(231.2)	(58.5)
Net Profit (before Forex Translation Gain / (Loss))	1,971.7	2,034.5
Net Profit Attributable to Owners of the Company	1,740.5	1,976.0
Earnings per share	30.79 sen	35.01 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 31st August 2016, TNB supplies electricity to approximately 9.1 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.