



SIARAN AKHBAR PRESS STATEMENT

S.A. 2016/10/112(HQ)

CHALLENGING OUTLOOK AMID UNCERTAIN GLOBAL ECONOMIC LANDSCAPE

3 months ended 30th November 2015 (1st Quarter FY2016)

- 16.5% reduction in Profit After Tax of RM1.96 billion (1QFY2015 : RM2.35 billion)
- RM58.5 million Forex Translation Loss (1QFY2015 : Gain of RM45.9 million)
- 3.2% decline in Revenue
- 3.2% unit electricity demand growth in Peninsular Malaysia

Kuala Lumpur, 28th January 2016 – Tenaga Nasional Berhad (TNB) today announced 16.5% reduction in Profit After Tax of RM1.96 billion for the 1st Quarter of the Financial Year ending 31st August 2016 (FY2016), as compared to RM2.35 billion reported for the same period last year. The Group also recorded a Forex Translation Loss amounting to RM58.5 million for the quarter, as compared to Forex Translation Gain of RM45.9 million recorded in corresponding period last year, resulted from the continued Ringgit depreciation during the period under review.

The Group reported total revenue of RM10.68 billion in 1QFY2016 as compared to RM11.03 billion recorded in corresponding period last year, reflecting a decrease of 3.2%. This is due to the recognition of Imbalance Cost Pass-Through (ICPT) over-recovery for 1QFY2016 amounting to RM681.8 million.

The ICPT over-recovery were savings derived from lower generation costs, mainly as a result of reduction in world commodity prices. These savings are being passed back to consumers in the form of tariff rebates.

To recap, the reporting of the ICPT amount in TNB's financial statements was done for the first time in 3QFY2015 after a thorough review and deliberation between TNB and the relevant parties. As such, the ICPT over-recovery was not reflected in 1QFY2015 and this caused the negative

year-on-year variance in revenue. For fair comparison, we adjusted the ICPT over-recovery for 1QFY2015. We also removed the impacts of forex translation and Reinvestment Allowance to better reflect the performance of the company as per illustrated in Table 1.

Peninsula (Gwh)	3-month	
	FY2016	FY2015
Unit Sales	26,846.2	26,024.7

Group (RM million)	3-month	
	FY2016	FY2015
Profit After Tax	1,962.2	2,351.0
Forex Translation (Gain) / Loss	58.5	(45.9)
Reinvestment Allowance	(388.0)	(392.8)
ICPT Adjustment	-	(365.0)
Adjusted Profit After Tax	1,632.7	1,547.3

Table 1

As a result, the Adjusted Profit After Tax for the first three (3) months ended 30th November 2015 recorded an improvement of 5.5% at RM1.63 billion as compared to RM1.55 billion recorded during the same period last financial year. The improvement is mainly attributed by steady unit electricity demand growth of 3.2% for Peninsular Malaysia.

TNB's President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd said; "We are mindful of the prevailing challenges and risks in the current economic landscape. TNB is fortunate to some extent for the implementation of Incentive Based Regulation (IBR) and ICPT. The former allows TNB to have a fair level of return so that we can operate efficiently, whilst the latter naturally insulates TNB from fluctuations in generation costs. We will continue to monitor TNB primary exposures on the short to medium term growth prospects, as well as long term forex cost impact on our current on-going projects."

The International Monetary Fund (IMF) on 19th January 2016 has revised downwards forecasts for global growth by 0.2 percentage point for both 2016 and 2017, taking into consideration slowdown and rebalancing of the Chinese economy, lower oil and other commodity prices and strains in some large emerging market economies. The pickup in global activity is projected to be more gradual, especially in emerging market and developing economies.

Additionally, the Malaysian Government today announced the recalibration of the 2016 Budget to ensure the Malaysian economic growth remains on track with a reduced 2016 GDP growth outlook of 4 - 4.5%.

Given the foregoing scenario and the volatility of the Ringgit, the Board of Directors recognises the challenging prospects of the Group for the year ending 31st August 2016.

Released in Kuala Lumpur on January 28th, 2016

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Financial Highlights

RM' Million	3-month ended 30 th November	
	<u>FY2016</u>	<u>FY2015</u>
Total Revenue	10,676.8	11,027.1
Operating Expenses	(8,418.4)	(8,419.2)
Other Operating Income	139.3	136.9
Operating Surplus (EBIT)	<u>2,397.7</u>	<u>2,744.8</u>
Finance Cost	(259.7)	(253.9)
Forex Translation Gain / (Loss)	(58.5)	45.9
Net Profit (before Forex Translation Gain / (Loss))	2,034.5	2,306.0
Net Profit Attributable to Owners of the Company	1,976.0	2,351.9
Earnings per share	35.01 sen	41.67 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 2015, TNB supplies electricity to approximately 8.9 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.