



SIARAN AKHBAR PRESS STATEMENT

S.A. 2018/02/16 (HQ)

TNB RECORDED LOWER PROFIT IN 2018

- **Higher Revenue of RM50.39 billion**
- **Lower Group Profit After Tax (PAT) at RM3.75 billion**
- **Declares Dividend Payout Ratio at 56% From Group PATAMI**

Kuala Lumpur, 28th February 2019 – Tenaga Nasional Berhad (TNB) today announced its financial results for Financial Year Ended 31st December 2018 (FY2018).

The Group recorded higher revenue at RM50.39 billion in FY2018, on the back of higher sales of electricity.

Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) however was recorded lower at RM13.37 billion due to the lower allowable return of 7.3% under Incentive Based Regulation (IBR) RP2 (2018 – 2020) compared to 7.5% in RP1 (2014-2017). Under RP2, the regulator introduced a revenue cap for the Distribution Network business and TNB has returned RM639 million back to the consumers for 2018. One-off cost of impairments to the Group's investments, in addition to substantial foreign exchange (FOREX) translation losses of RM0.39 billion due to the weakening of Ringgit, contributed to higher operating expenses, resulting in a lower Group Profit After Tax (PAT) of RM3.75 billion.

TNB President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd said: "On the back of stable returns ensured by IBR has enabled us to reinvest heavily into ensuring the reliability and sustainability of the national grid while enabling increasing investments in renewable energy. We intend to forge ahead with our strategic plan that is aligned towards creating value for customers while supporting the government's push towards MESI 2.0. This plan will enhance TNB's business strategy of Reimagining TNB, started in 2015, towards sustainable development across the value chain, from generation to transmission and distribution as well as customer service."

A total of RM11.82 billion capital expenditure (CAPEX) was incurred in FY2018 for maintaining, improving and modernising the power infrastructure to keep pace with the growing electricity demand as well to accommodate the growth of renewable energy in the country.

The Company is embarking on a grid of the future project where eventually its grid network will be transformed into a smart, automated and digitally enabled grid. The upgrading of the National Grid into a new super highway will help TNB meet current and future electricity needs, especially at high load areas.

As TNB accelerates its drive towards sustainability, the company and its subsidiaries have started with clean power generation and offering green solutions such as smart home technology, energy efficiency and energy solutions.

The company has increased its renewable energy (RE) generation capacity to 73.2MW through a 50MW Large Scale Solar (LSS) project in Mukim Tanjung 12, Sepang, in addition to a few joint ventures in biomass and biogas power stations. TNB's most recent venture is through its RE subsidiary, GSPARX, where the company offers self-generation financing packages for solar photovoltaic panels for commercial, industrial and residential customers.

TNB Chairman, Tan Sri Leo Moggie said: "The Group is committed to continuously creating value and rewarding our shareholders. In the interest of maximising our shareholders through dividend, the Board of Directors has approved 56% dividend payout ratio from the Group's Adjusted PATAMI of RM5.42 billion. This translates to a total of 53.27 sen per share for FY2018, of which 23.0 sen per share will be distributed as the final single tier dividend."

TNB shall continue giving back to the rakyat, through its Corporate Responsibility (CR) programs which comprise of three core pillars, education, environment and social economy of the people.

On the Economic Outlook, the Malaysian economy expanded higher by 4.7% in the fourth quarter of 2018 (3Q 2018: 4.4%) and recorded moderate growth of 4.7% for the overall 2018. Going forward, the Malaysian economy is expected to remain on a steady growth path with private sector demand expected to be the main driver of growth

Given the aforementioned scenarios, the electricity demand growth and performance of the Group is expected to remain stable for Financial Year 2019.

Financial Highlights

RM' Million	12 Months Ended 31 st Dec'18	4 Months Ended 31 st Dec'17 (Restated)
Total Revenue	50,392.5	15,692.2
Operating Expenses (Without Depreciation)	(37,850.7)	(11,141.2)
Other Operating Income	825.1	512.6
Operating Surplus (EBIT)	<u>6,875.6</u>	<u>3,012.8</u>
Finance Cost	(1,688.5)	(531.4)
Forex Translation Gain / (Loss)	(393.1)	329.7
Net Profit (before Forex Translation Gain / (Loss))	4,116.8	2,292.6
Net Profit Attributable to Owners of the Company	3,723.7	2,622.3
Earnings per share	65.62 sen	46.32 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 December 2018, TNB supplies electricity to approximately 9.6 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.

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