



## SIARAN AKHBAR PRESS STATEMENT

S.A. 2015/10/112(HQ)

### TNB NET PROFIT IMPACTED BY RINGGIT DEPRECIATION

- **5.7% decline in Profit After Tax of RM6.1 billion (FY2014 : RM6.4 billion)**
- **RM0.8 billion Forex Translation Loss (FY2014 : Gain of RM0.4 billion)**
- **RM10.8 billion capital expenditure “capex” investment (FY2014 : RM10.0 billion)**

**Kuala Lumpur, 29<sup>th</sup> October 2015** – Tenaga Nasional Berhad (TNB) today announced 5.7% decline in Profit After Tax of RM6.1 billion for Financial Year 2015 (FY2015), as compared to RM6.4 billion reported in FY2014. This was due to Ringgit depreciation which resulted in Forex Translation Loss of RM0.8 billion for the year, as compared to Forex Translation Gain of RM0.4 billion recorded in corresponding period last year.

The Group continued to have high investment in capex this financial year at RM10.8 billion as compared to RM10.0 billion invested last year. Approximately 50.0% of the capex were spent towards ensuring system efficiency, security and reliability through investments in system maintenance and enhancements. The remaining of the capex was spent on Generation projects towards meeting future capacity requirement of approximately 4,100 MW. One of the projects, Manjung 4 with capacity of 1,010 MW had been successfully commissioned on 14<sup>th</sup> April 2015.

The Group’s performance saw an increase in revenue of 1.2% to RM43.3 billion for the current year as compared to RM42.8 billion for same period last year. The revenue recorded for the period under review had taken into consideration the Imbalance Costs Pass-Through (ICPT) over-recovery amount of RM1.9 billion for the period from 1<sup>st</sup> January 2014 until 31<sup>st</sup> August 2015.



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Operating expenses for FY2015 declined by 2.2% to RM35.5 billion from RM36.3 billion reported in FY2014. This was mainly due to lower generation costs resulted from lower consumption of LNG, as well as oil & distillate as compared to previous year. Lower commodity prices, namely coal and Liquefied Natural Gas (LNG) also contributed to the lower generation costs. The average coal price was recorded at RM236.0/mt as compared to RM244.6/mt last year, whilst the average LNG price was recorded at RM45.21/mmbtu as compared to RM46.45/mmbtu last year.

TNB's President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd stated; "This year's performance illustrated the effectiveness of Incentive Based Regulation (IBR) framework in providing earnings stability and visibility to TNB. The IBR framework provides a fair level of return for TNB to operate efficiently; whilst the ICPT implementation ensures TNB's neutral exposure to fluctuations in generation costs."

Datuk Seri Ir. Azman Mohd further emphasised; "The IBR implementation also benefited the consumers directly, whereby savings from the lower generation costs resulted from reduction in commodity prices have been passed back to consumers in the form of tariff rebates from March 2015 until current."

However, TNB continued to be impacted by the slowdown in the global economy and the depreciating Ringgit during the year under review. Electricity demand growth of 2.2% was recorded for the year as compared to 2.5% growth recorded in FY2014.

TNB Chairman, Tan Sri Leo Moggie said; "We are fully aware of the challenges in the current economic landscape. TNB Board and its management would again like to emphasise our commitment in delivering sustainable, long-term earnings growth for the company. Any venture that the Group undertakes will be value accretive to our shareholders. Throughout the process, we will ensure that the highest level of corporate governance standards is met. Future growth of our business and meeting the country's power needs will be amongst our forefront considerations."

For the FY2016, the electricity demand growth is expected to increase in tandem with the projected economic growth of between 4.0% and 5.0%, mainly from expansion in the



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construction, services and manufacturing sectors as mentioned in the Malaysian 2016 budget.

Given the impact of the slowdown in the global economy, including declining commodity prices, depreciation of the Ringgit and expected slower growth in major advanced economies, the Board continues to remain cautious on the Group's prospect for FY2016.

For the financial year ended 31<sup>st</sup> August 2015, the Board of Directors has recommended a final single-tier dividend of 19.0 sen per ordinary share (FY2014 : 19.0 sen). The total final dividend 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-month<br>ended 31 <sup>st</sup> August |                |
|--|---|----------------|
|  | <u>FY2015</u>                             | <u>FY2014</u>  |
| <b>Total Revenue</b>                                       | 43,286.8                                  | 42,792.4       |
| <b>Operating Expenses</b>                                  | (35,483.4)                                | (36,265.1)     |
| <b>Other Operating Income</b>                              | 824.2                                     | 653.7          |
| <b>Operating Surplus (EBIT)</b>                            | <u>8,627.6</u>                            | <u>7,181.0</u> |
| <b>Finance Cost</b>  | (944.9)                                   | (874.6)        |
| <b>Forex Translation Gain / (Loss)</b>                     | (819.3)                                   | 445.3          |
| <b>Net Profit (before Forex Translation Gain / (Loss))</b> | 6,937.7                                   | 6,021.7        |
| <b>Net Profit Attributable to Owners of the Company</b>    | 6,118.4                                   | 6,467.0        |
| <b>Earnings per share</b>                                  | 108.41 sen                                | 114.59 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](http://www.tnb.com.my)