



SIARAN AKHBAR PRESS STATEMENT

S.A.2017/10/73(HQ)

RECORD HIGH DIVIDEND PAYOUT OF RM3.5 BILLION

12 months ended 31st August 2017 (FY2017)

- **5.6% decline in Profit After Tax of RM6.91 billion [FY2016 : RM7.32 billion] due to Increased Finance Cost and Taxation**
- **EBITDA has improved to RM15.47 billion from RM14.79 billion**
- **Returned RM1.6 billion to customers as Imbalance Cost Pass Through ('ICPT') rebates in FY2017**

Tenaga Nasional Berhad (TNB) posted a 5.6% decline in Group Profit After Tax ('PAT') to RM6.91 billion for the financial year ended Aug 31, 2017 (FY2017) from RM7.32 billion in the corresponding period of 2016, mainly due to higher finance cost and taxation.

The increase in finance cost of 40.1% compared to FY2016 were mainly due to the interest made payable to the government on Power Purchase Agreement ('PPA') Savings Fund of RM0.13 billion, and accrued interest of Sukuk Programmes amounting to RM0.10 billion. The increase in taxation, mainly due to increase in deferred taxation expense had further impacted the PAT. In terms of unit electricity demand growth, FY2017 only recorded 1.0% increase.

FY2017 capex is RM12.06 billion as compared to RM11.39 billion and RM10.77 billion in FY2016 and FY2015 respectively. RM5.4 billion of this capex were from two generation projects totalling 3,000MW. Of the two, Janamanjung 5 with 1,000MW capacity was successfully commissioned on 28th September 2017. The capex investments were made to ensure adequacy in reserve margin in line with the country's aim to become a high income country post-2020. The investments strengthened the Group balance sheet with total Group asset base increasing to RM142.01 billion as at 31st August 2017.

TNB President and Chief Executive Officer, Datuk Seri Ir. Azman Mohd commented: “TNB is continuously spending a considerable amount of capex to ensure safe, reliable and efficient supply of electricity. Accordingly, our interruption index has dropped substantially from 64.2 minutes/customer in 2013 to 50.2 minutes/customer this year, indicating significant improvement in reliability, on par with other developed countries.”

Since the implementation of IBR mechanism in Jan 2014 by the Government, TNB earnings on the regulated business has achieved greater certainty. The PAT of the regulated business under IBR framework, comprising mainly of Transmission and Distribution businesses stood at RM4.50 billion for FY2017. In return, the company is in a better position to share the value creation with its customers and shareholders through ICPT rebates and dividends.

Datuk Seri Ir. Azman Mohd, further added: “For the first regulatory period, we have given back RM4.30 billion to our 9.0 million customers as rebates since March 2015, from the generation costs savings via the IBR mechanism.

TNB Chairman, Tan Sri Leo Moggie said TNB has revised its dividend policy to 30% - 60% dividend payout ratio of PATAMI.

“For FY2017, the recommended total dividend payout is 50% of PATAMI which is almost doubled the dividend payout in FY2016, marking the highest dividend payout thus far. We will continue to maximise shareholders value through consistent and sustainable dividend payout. This RM3.5 billion dividend would not just directly benefit TNB shareholders such as KWSP, PNB, KWAP and Lembaga Tabung Haji, more importantly, it will also enrich the Rakyat as the account holders of these institutions.”

The Malaysian Institute of Economic Research (‘MIER’) projected the growth outlook for 2018 to maintain between 4.7% - 5.3%, with upward revision of its 2017 growth forecast to 5.4%. This is evident by the improved performance of the manufacturing index and major export-oriented subsectors in first half of 2017.

As such, it is expected that the unit electricity demand growth will be stable in line with the above. Continual implementation of Incentive Based Regulation (‘IBR’) also allows better earnings predictability for TNB as fuel costs risks are mitigated.

Given the aforementioned scenarios, the Board of Directors views the prospects of the Group for the Financial Year 2018 to remain stable.

For the financial year ended 31st August 2017, the recommended final single tier dividend is 44.0 sen, totalling to 61.0 sen per ordinary share for FY2017. In FY2016, the total dividend was 32.0 sen per ordinary share.

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.

Financial Highlights

| RM' Million | 12-month ended 31 st August | |
|---|---|----------------|
| | <u>FY2017</u> | <u>FY2016</u> |
| Total Revenue | 47,416.9 | 44,531.5 |
| Operating Expenses | (39,074.2) | (36,171.0) |
| Other Operating Income | 1,021.3 | 711.5 |
| Operating Surplus (EBIT) | <u>9,364.0</u> | <u>9,072.0</u> |
| Finance Cost | (1,456.0) | (1,039.3) |
| Forex Translation Loss | (13.7) | (390.0) |
| Net Profit (before Forex Translation Loss) | 6,917.7 | 7,757.6 |
| Net Profit Attributable to Owners of the Company | 6,904.0 | 7,367.6 |
| Earnings per share | 122.00 sen | 130.55 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 2017, 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.

Released in Kuala Lumpur on October 26th, 2017

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