



SIARAN AKHBAR PRESS STATEMENT

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TNB INVESTED RECORD HIGH CAPEX OF RM10.0 BILLION ON THE BACK OF RM6.4 BILLION NET PROFIT

Full Year FY2014

- Profit After Tax of RM6.4 billion (FY2013 : RM5.4 billion)
- CAPEX of RM10.0 billion (FY2013 : RM8.5 billion)
- Operating Expenses increased 13.9% against 15.2% increase in Group Revenue
- 2.5% unit electricity demand growth in Peninsular Malaysia (FY2013 : 3.8%)
- Average Coal Price of USD75.4/mt (FY2013: USD83.6/mt)
- SAIDI fell to 55.0 (FY2013 : 64.2)

Kuala Lumpur, 31 October 2014 - Tenaga Nasional Berhad (TNB) today announced a Profit After Tax of RM6.4 billion for the full Financial Year ended 31st August 2014 (FY2014) as compared to RM5.4 billion reported in the last Financial Year (FY2013). This reflected an increase of RM1.0 billion in Profit After Tax, of which 56.4% of the increase was attributed to reduction in corporate tax rate and write-back of provision for a subsidiary, which are non-recurring items, recognised in FY2014.

In this financial year, the Group invested a historical high capex of RM10.0 billion as compared to RM8.5 billion invested last year. Commenting on the high capex, TNB's President/Chief Executive Officer, Datuk Seri Ir. Azman Mohd explained that "out of the RM10.0 billion invested on capex in this financial year, RM4.9 billion or 48.9% was mainly for system maintenance and improvement to ensure system efficiency, security and reliability.

The investment in system maintenance and improvement had shown results as evidenced in the lowest SAIDI, which tracks the average duration of interruption in minutes experienced by a customer in a year, recorded this year. SAIDI was recorded at 55.0 minutes this year as compared to 64.2 minutes recorded last year. This is comparable to the SAIDI of other world class utilities." He further explained that "TNB also invested RM4.4 billion for the construction of new power plants with total capacity of 3,700 MW to meet future capacity requirement. This represents additional 17.6% to the existing capacity."

For FY2014, the Group total operating expenses increased by 13.9% due to higher generation costs incurred from higher consumption of LNG. The generation costs, which represents 64.8% of the total operating costs, increased by 17.6%. This was however, partly compensated by the 15.2% increase in the Group revenue mainly from tariff adjustments effective January 2014. The lower average coal price incurred in FY2014 of USD75.4/MT as compared to USD83.6/MT in FY2013 had also cushioned the impact of the higher generation costs.

During the year the Group had made an assessment on the value of investment in Liberty Power based on the requirement of the accounting standard. This had resulted in a write-back of the provisions amounting to approximately RM0.3 billion. This partly contributed to the improvement in Operating Profit of 21.6% to RM7.2 billion compared to RM5.9 billion recorded in last financial year.

The reduction in the corporate tax rate recorded in FY2014 had also contributed to the higher net profit. Thus, for analysis purposes, we removed the impact of the two non-comparative items as well as impact of forex translation, to show the normalised profit for both FY2013 and FY2014. The details of these non-comparative items between FY2013 and FY2014 and the Normalised Profit Before Forex & After Tax are shown in the Table 1 as below:

Table 1 : Non-comparative items and Normalised Profit Before Forex & After Tax

Group (RM billion)	12-month	
	FY2014	FY2013
Profit from ordinary activities before taxation	7.11	5.93
Less : Forex Translation Gain / (Loss)	0.45	0.49
Profit Before Forex & Tax	6.67	5.43
Taxation and Zakat	(0.69)	(0.54)
Profit Before Forex & After Tax	5.98	4.89
Adj for non-comparative items:		
Write back of Provision for LPL	(0.35)	-
Change in Corporate Tax Rate	(0.24)	-
Normalised Profit Before Forex & After Tax	5.39	4.89

Commenting on electricity demand growth, TNB Chairman, Tan Sri Leo Moggie said that "this financial year, the electricity demand growth in Peninsular Malaysia was slightly slower than last year mainly due to lower consumption by the iron and steel sector. The electricity demand growth in Peninsular Malaysia was registered at 2.5% compared to 3.8% in the previous year."

At the operating level, Datuk Seri Ir. Azman explained that "the financial year 2014 had been challenging to us. The year started with a promising outlook as the gas volume improved with the commissioning of the regasification terminal. However, during the second quarter of the financial year, both IPPs and TNB's coal-fired power plants were hit with series of unplanned outages resulting in higher usage of LNG, distillate and oil. Consequently, the higher generation costs have resulted in margin compression.

The prolonged outages at the coal-fired power plants were gradually improved in the second half of this financial year. With the commissioning of Manjung 4 in early next year, and higher availability of existing coal-fired power plants, the fuel mix is expected to shift from gas to coal."

For the Financial Year 2015, the electricity demand growth is expected to be in line with the projected economic growth of between 5.0% and 6.0%, as announced in the latest Government budget.

Based on the aforementioned scenario, The Board of Directors views the prospects of the Group for the Financial Year 2015 to remain stable.

For the financial year ended 31st August 2014, the Board of Directors has recommended a final single-tier dividend of 19.0 sen per ordinary share (FY2013 : 15.0 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 ended 31 st August	
	<u>FY2014</u>	<u>FY2013</u> <u>(Restated)</u>
Total Revenue	42,792.4	37,130.7
Operating Expenses	(36,265.1)	(31,847.2)
Other Operating Income	653.7	623.4
Operating Surplus (EBIT)	<u>7,181.0</u>	<u>5,906.9</u>
Finance Cost	(874.6)	(894.2)
Forex Translation gain / (loss)	445.3	493.6
Net Profit (before forex translation gain)	6,021.7	4,862.6
Net Profit Attributable to Shareholders	6,467.0	5,356.2
Earnings per share	114.59 sen	96.13 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 2014, TNB supplies electricity to approximately 8.6 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.

