



TENAGA NASIONAL BERHAD

**UNAUDITED FINANCIAL RESULTS
1ST QUARTER FY2007**

25th January 2007



AGENDA

- ❑ **Highlights Of Group's Performance**
- ❑ **Details Of Group's Performance**
- ❑ **Moving Forward**

Highlights Of Group's Performance

"We've Got The Power – To Serve. To Deliver. To Excel."

Y.Bhg. Tan Sri Datuk Amar Leo Moggie
CHAIRMAN

Key Highlights

✓ KPI's		■ Announcement of Headline KPIs and Company Wide Initiatives
✓ Electricity Sales Growth	+ 14.2%	■ Increase from 4.6% unit demand growth and new tariff rate effective 1 st June'06
✓ Operating Expenses	+ 3.9%	■ Increase in IPP costs offset by 33.3% decrease in general expenses provisions
✓ EBITDA Margin	40.0%	■ 18.7% increase from 1QFY'06
✓ Reduction In Total Debt	- RM1.2 bn (from 31.8.06)	■ Reduction following the conversion of GEBs to equity
✓ Economic Loss	- RM70.0 mn	■ Lower economic loss

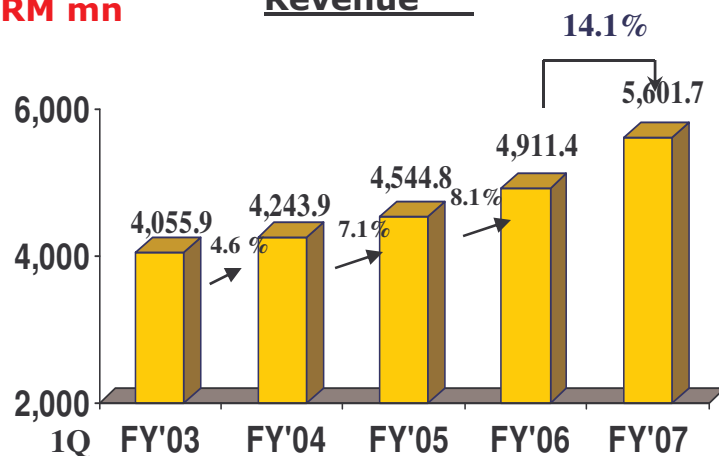
Financial Highlights.....

RM mn	1QFY'06	1QFY'07
Revenue	4,911.4	5,601.7
Operating Expenses	(4,092.4)	(4,252.7)
Other Operating Income	103.6	143.0
Operating Surplus	922.6	1,492.0
Finance Cost	(403.1)	(314.2)
Transaction Loss	(140.9)	(26.1)
Profit Before Tax & Translation Gain/(Loss)	385.1	1,151.4
Net Profit Before Translation Gain/(Loss)	233.1	1,060.0
Translation Gain	362.5	186.2
Net Profit	604.5	1,247.8
Attributable to:		
Equity Holders	595.6	1,246.2
Minority Interests	8.9	1.6

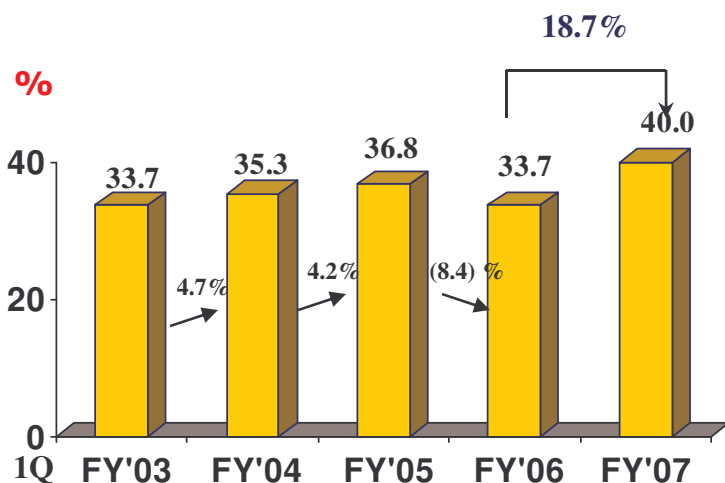
Snapshot of Financial Performance Trend

RM mn

Revenue

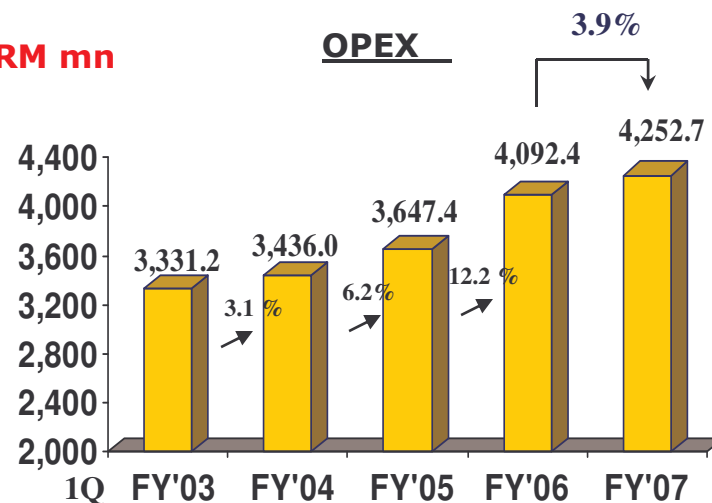


EBITDA Margin



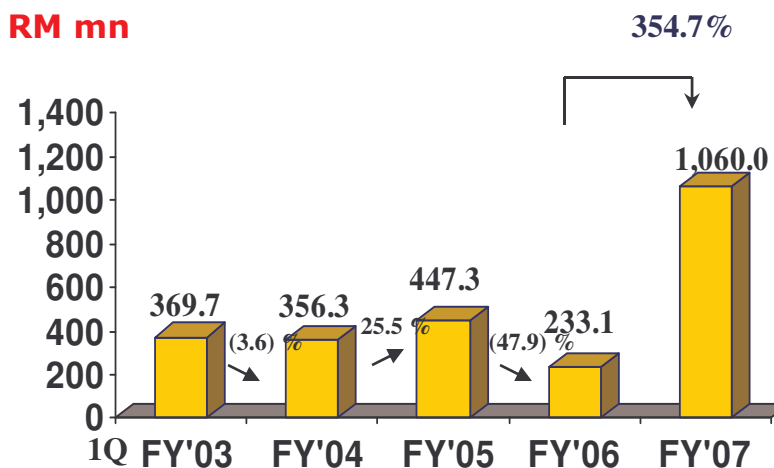
RM mn

OPEX



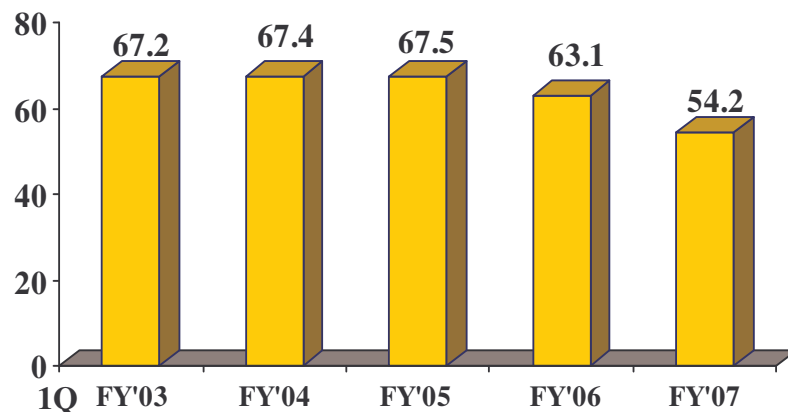
Net Profit ex Forex Translation

RM mn

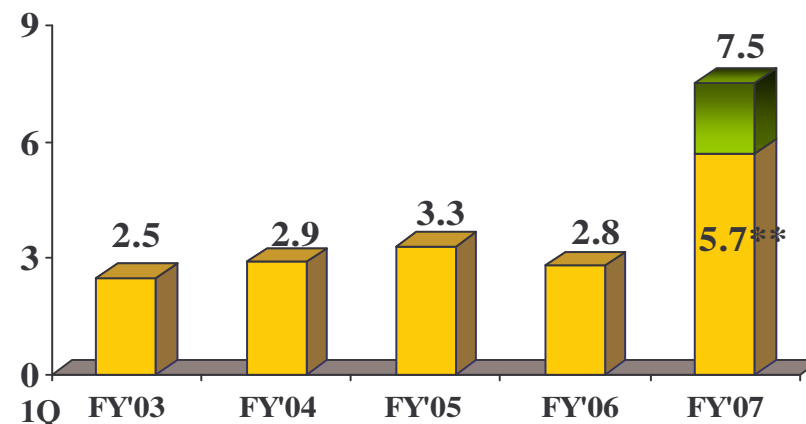


Improvements In Financial Ratios

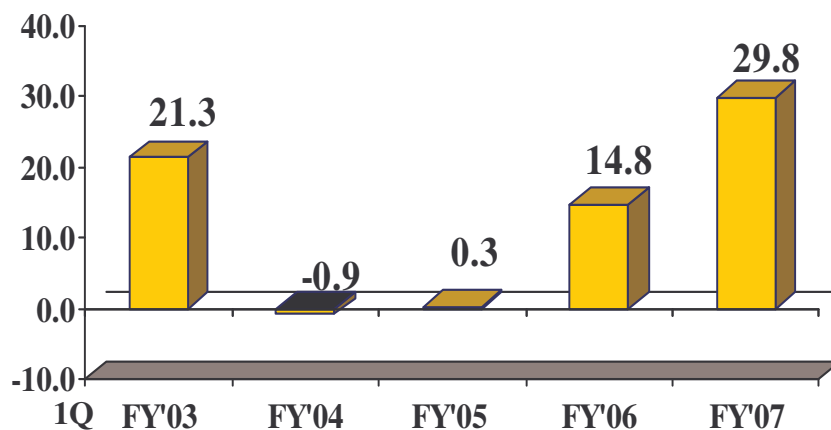
Gross Gearing (%)



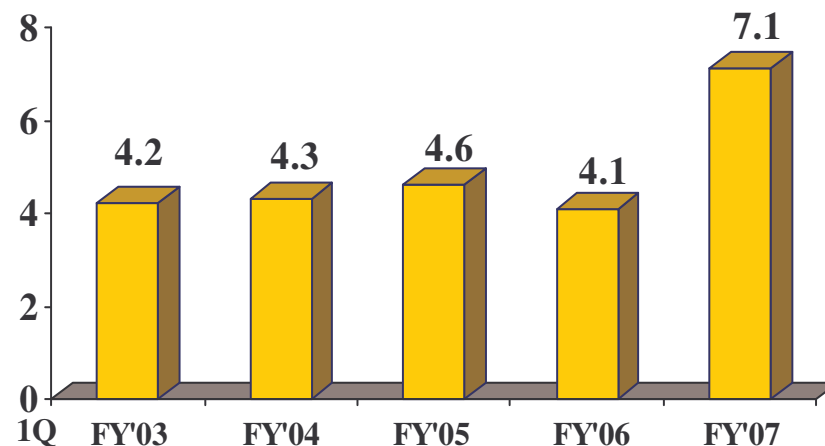
ROA* (%)



Basic Earnings Per Share (Sen)



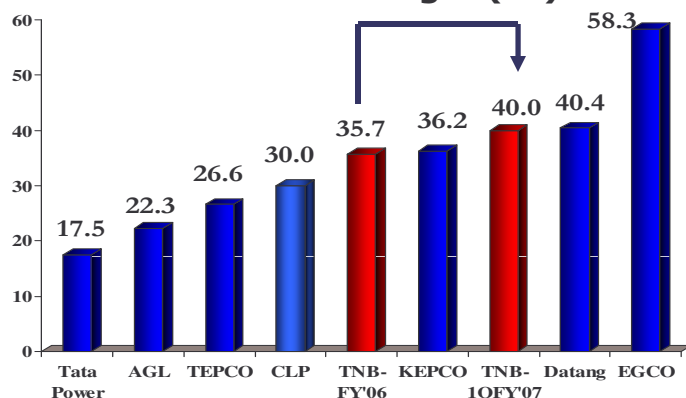
Interest Coverage (X)



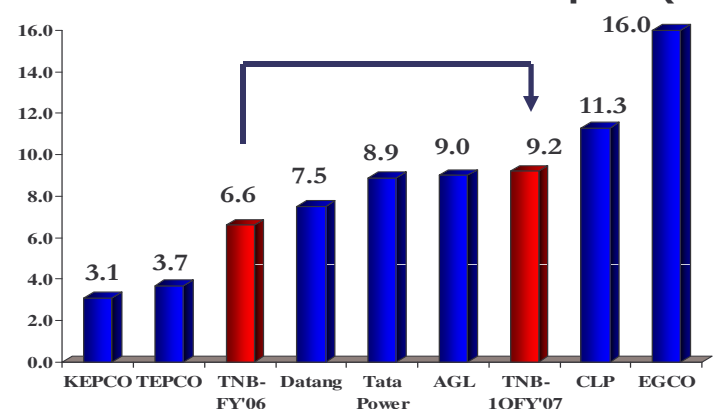
Benchmarked Against Other Utilities

	TNB	TEPCO	Tata Power	CLP	KEPCO	Datang	AGL	ECGO
Rating (Moody's/S&P)	Baa1/BBB	Aa3/AA-	Ba2/BB+	A1/A	A1/A	-/BBB	Baa1/BBB	Not rated

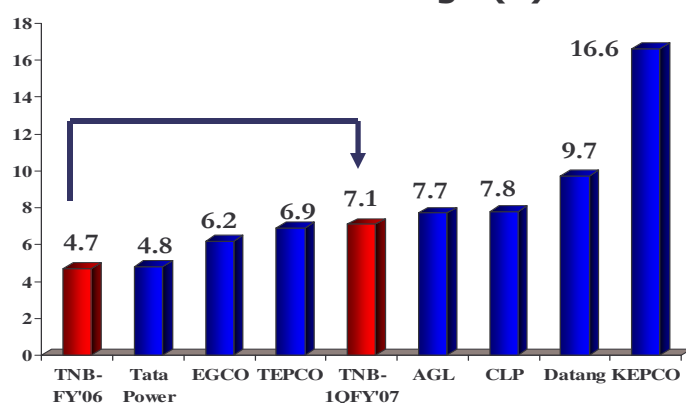
EBITDA Margin (%)



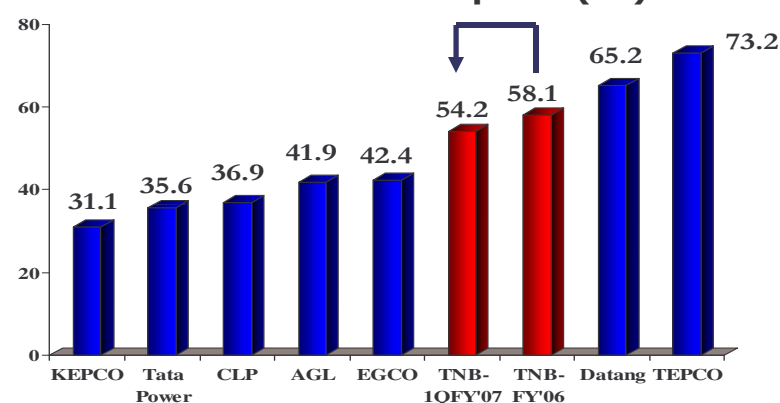
Return On Invested Capital (%)



Interest Coverage (x)

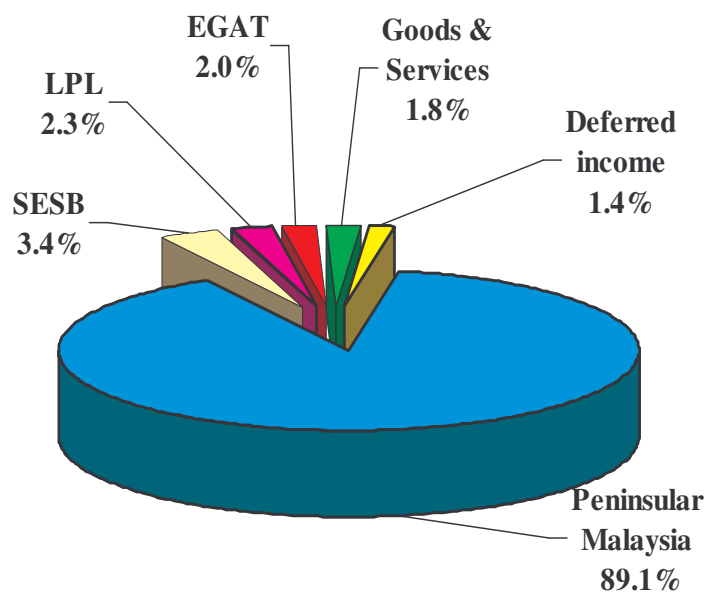


Debt to Total Capital (%)



Source: Citigroup

Revenue – Predominantly From Electricity Sales



1QFY'07 Total RM5,601.7 mn

1QFY'06 Total RM4,911.4 mn

Breakdown of Electricity Sales

	1Q FY'06	1Q FY'07
	<u>RM mn</u>	<u>RM mn</u>
Peninsular Malaysia	4,364.1	4,989.9
EGAT	106.2	111.8
SESB	181.1	192.1
LPL	94.8	127.6
Total	4,746.2	5,421.4

Unit Demand Growth In Line With 1QFY'06

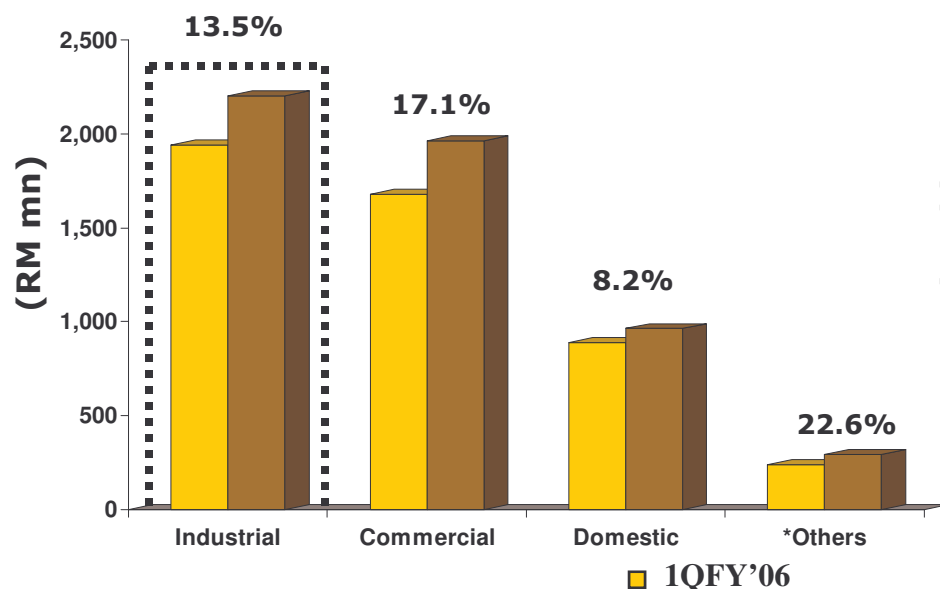
76.9% Of Revenue From Industrial & Commercial Sectors...

1QFY'07 electricity sales growth = 14.2%

1QFY'06 electricity sales growth = 8.0%

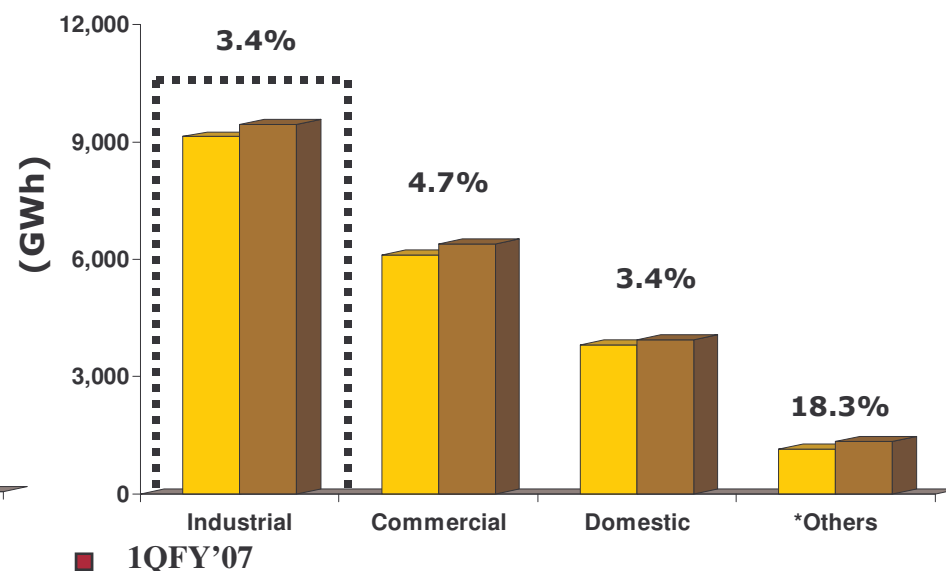
1QFY'07 unit sold growth = 4.6%

1QFY'06 unit sold growth = 4.8%



1QFY'07 Total RM5,421.4 mn

1QFY'06 Total RM4,746.2 mn



1QFY'07 Total 21,107.6 GWh

1QFY'06 Total 20,173.9 GWh

- Credit Notes are raised upon approval of SIT and for backdating of effective date
- Credit Notes raised :- **1Q FY'06 - RM 18.2 mn**
1Q FY'07 - RM 8.8 mn

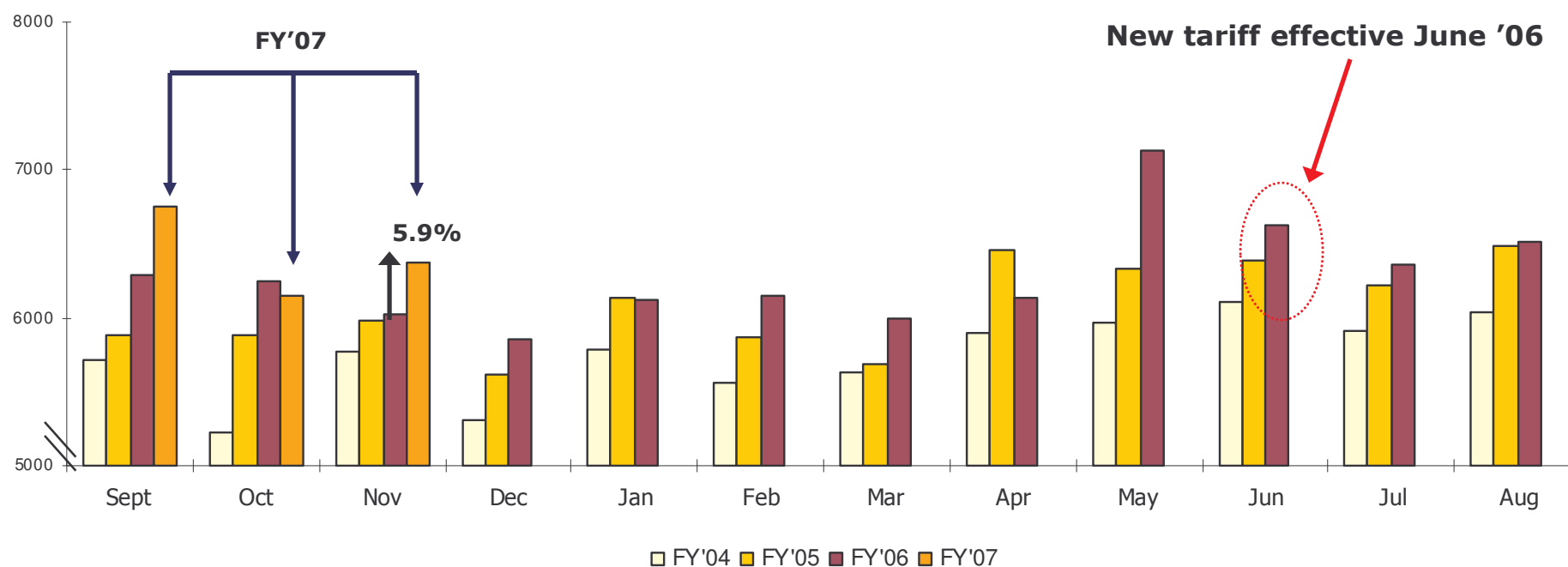


**TENAGA
NASIONAL BERHAD**

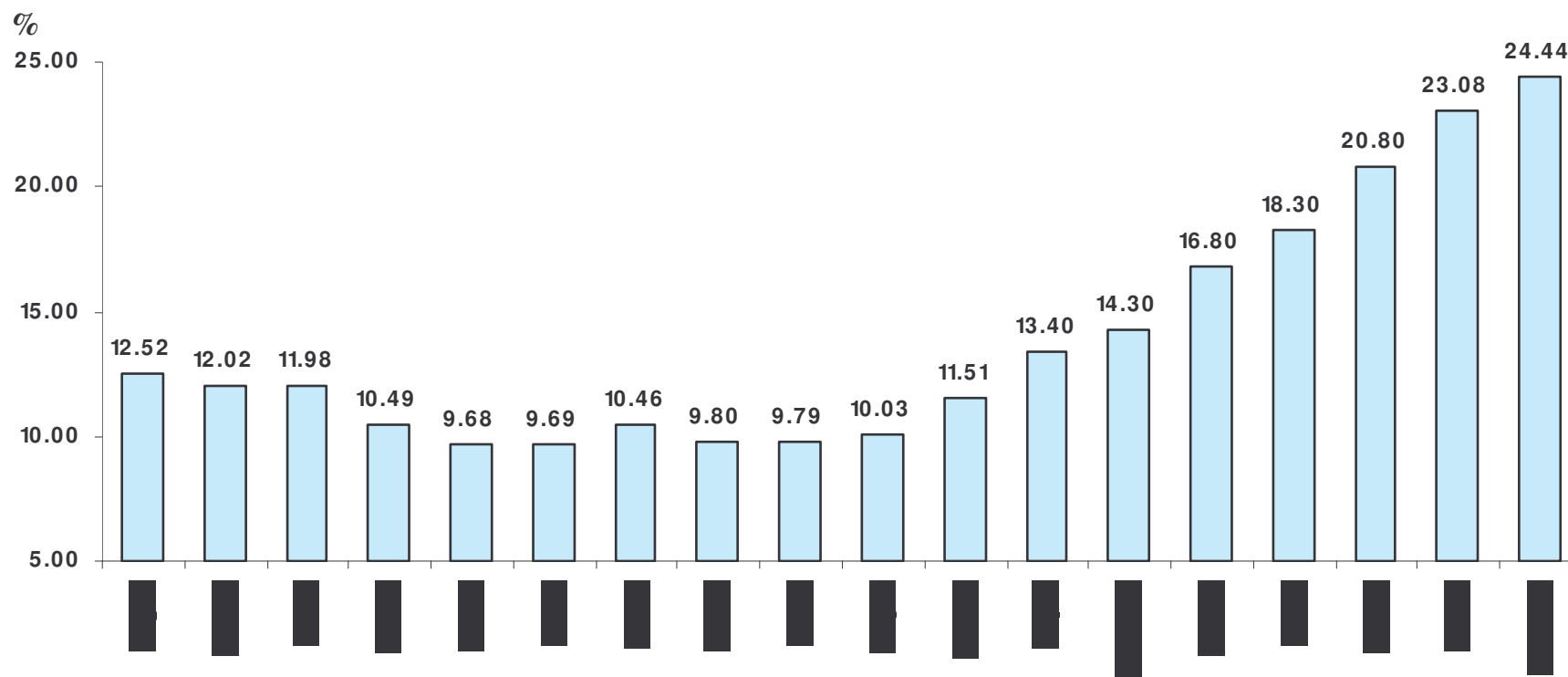
* Others include agriculture, public lighting, mining, EGAT and LPL sales

Demand Growth Maintaining Upward Trend

Gwh



Foreign Shareholding - All Time High



AGENDA

- ❑ Highlights Of Group's Performance
- ❑ Details Of Group's Performance
- ❑ Moving Forward

Details Of Group's Performance

"Service Excellence 10/10"

Y.Bhg. Dato' Sri Che Khalib Bin Mohamad Noh
President/Chief Executive Officer

Headline Key Performance Indicators

<i>Initiatives</i>	<i>Actual FY'06</i>	<i>Target FY'07</i>	<i>Actual FY'07</i>
Return on Assets (ROA)	3.3%	6.5%	7.5%*
Gearing	58.1%	50%-55%	54.2%
Unplanned Outage Rate (UOR)	4.7%	4.4%	1.7%
T&D Losses	11.03%	10.5%	11.2%
Transmission System Minutes (mins)	7.3	< 7.0	1.7
Distribution SAIDI (mins)	101.6	95.0	22.9

Note: *5.7% based on annualised adjusted net profit

Gearing (%) :
$$\frac{\text{LTD} + \text{STD}}{\text{LTD} + \text{STD} + \text{Shareholders' Fund} + \text{MI}}$$

Return on Asset :
$$\frac{\text{Group Net Profit (Adjusted for FOREX and FRS 119)}}{\text{Group (Non Current Assets + Current Assets)}}$$

Company Wide Initiatives

RM mn	Initiatives	Actual FY'06	Target FY'07	Actual FY'07
	Proceeds from landbank sales*	51.5	200.0	7.8
	Debt recovery from delinquent accounts	166.7	170.0	75.0
	Recovery from theft back billing	38.5	30.0	9.1
	TOTAL	256.7	400.0	91.9
	Average Collection Period (Pen. Malaysia excluding PLMAH)	32 days	32 days	29 days
	Debt Mix (%)** (RM vs Other Currencies)	52:48	57:43	55:45
Other previous initiatives such as managing overtime, medical expenses and general expenses will continue to be monitored as part of "Business As Usual"				

Economic Profit/(Loss)

84.3% Reduction

RM mn	CUMULATIVE PERIOD	
	3 months	
	FY'06	FY'07
<u>NOPLAT computation</u>		
Earning Before Interest and Tax (EBIT)*	744.2	1,269.3
Adjusted Tax	(208.4)	(355.4)
NOPLAT	535.8	913.9
<u>Economic Charge computation</u>		
Average Invested Capital	52,574.4	52,686.5
WACC	7.5%	7.5%
Economic Charge	(981.8)	(983.9)
Economic Profit /(Loss)	(446.0)	(70.0)

Operating Expenses Before Full Impact Of New IPP Capacity Payments Incurred For FY'07

Operating Expenses (RM mn)	1QFY'06	1QFY'07	Changes (%)
▪ IPP	1,547.2	1,702.4	10.0
▪ Fuel	903.6	923.1	2.2
▪ Fuel Subsidy - SESB	(138.1)	(114.8)	16.9
▪ Repair & Maintenance	199.2	213.6	7.2
▪ Staff	395.9	485.7	22.7
▪ Depreciation	734.4	750.5	2.2
▪ General Expenses	135.9	104.3	(23.3)
▪ Subsidiaries Cost of Sales, General Expenses & Others	314.3	187.9	(40.2)
TOTAL OPERATING EXPENSES	4,092.4	4,252.7	3.9

Additional Capacity Payment & Utilisation Payment

RM mn	Tanjung Bin	Jimah Energy Ventures	Total Capacity Payment
FY'07	630-740* (Unit 1 – Sept'06) (Unit 2 – Feb'07) (Unit 3 – Sept'07)	-	630-740*
FY'08	1,260-1,449*	-	1,260-1,449*
FY'09	1,260-1,449*	135-221* (Unit 1 – Jan'09) (Unit 2 – July'09)	1,395-1,670*
FY'10	1,260-1,449*	688-859*	1,948-2,308*
FY'11	1,260-1,499*	870-1,023*	2,130-2,522*

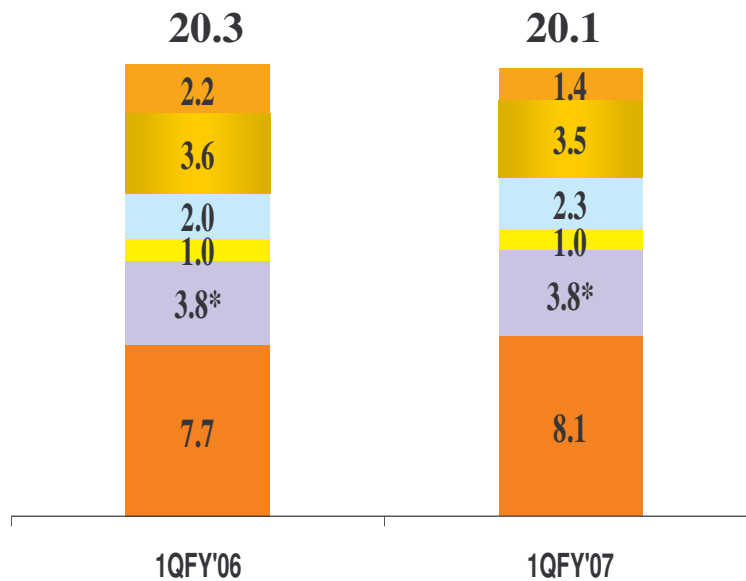
* Assuming Maximum Despatch Capacity of 100%

Cost Per Unit Sold

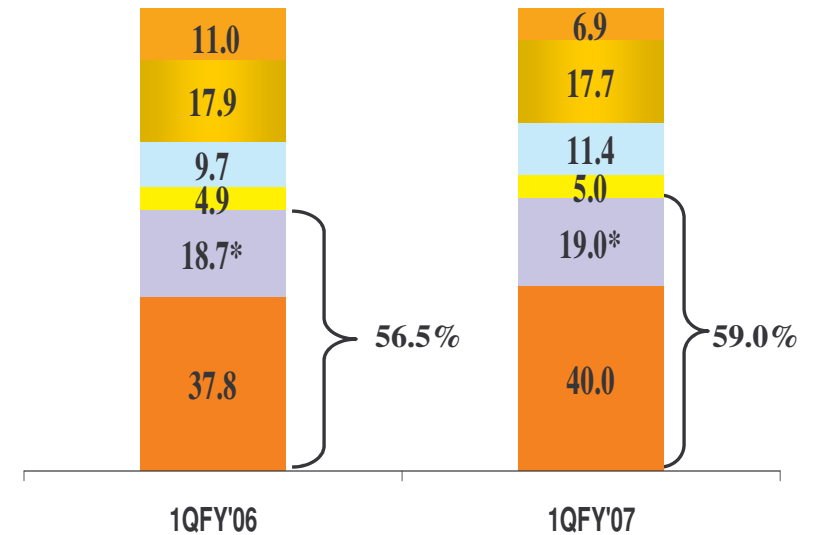
Reflects Partial Impact Of New IPP Capacity Offset By Reduction In General Expenses

COST PER UNIT SOLD (sen/kWh)	1QFY'03	1QFY'04	1QFY'05	1QFY'06	1QFY'07
	19.8	19.7	18.9	20.3	20.1

COST PER UNIT SOLD (sen/kWh)



% OF TOTAL OPERATING COST



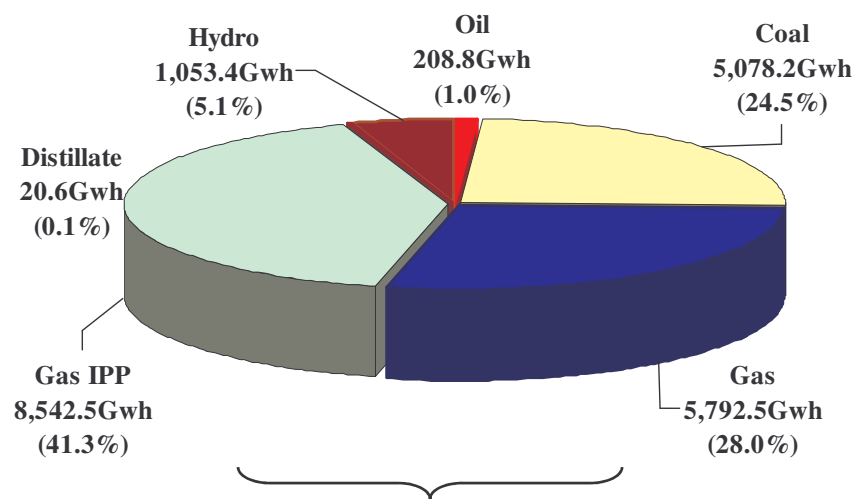
IPP Fuel R&M Staff Cost Depreciation Others

* Includes SESB diesel subsidy

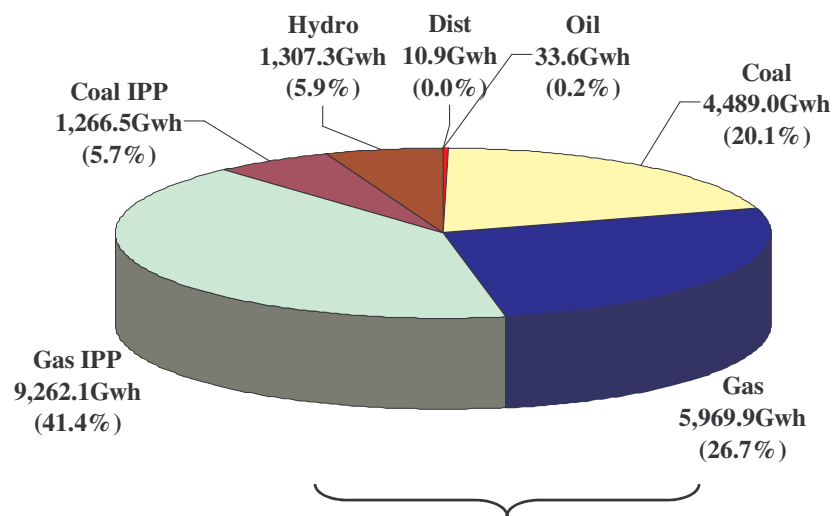
Industry Generation Targeted Towards Optimal System Mix

INDUSTRY GENERATION
1QFY'06 = 20,696.0 GWh

INDUSTRY GENERATION
1QFY'07 = 22,339.3 GWh



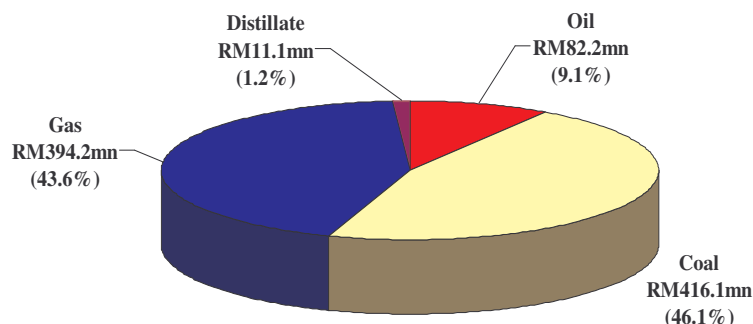
Note : Peninsular Malaysia only



Hydro generation increased by 24.1% while coal generation increased by 13.3%

Breakdown Of Group's Fuel Costs

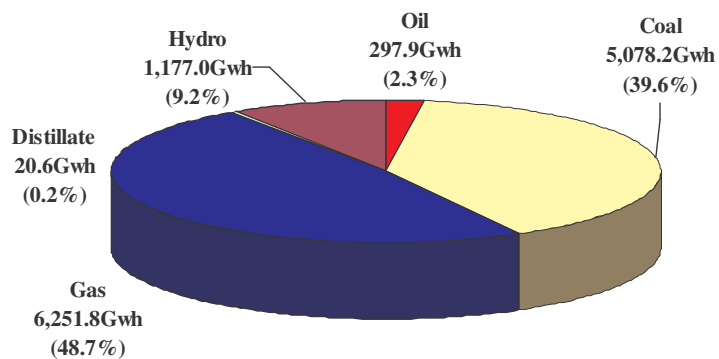
1QFY'06



TOTAL: RM903.6 mn

NET OF SESB'S FUEL SUBSIDY = RM765.5 mn

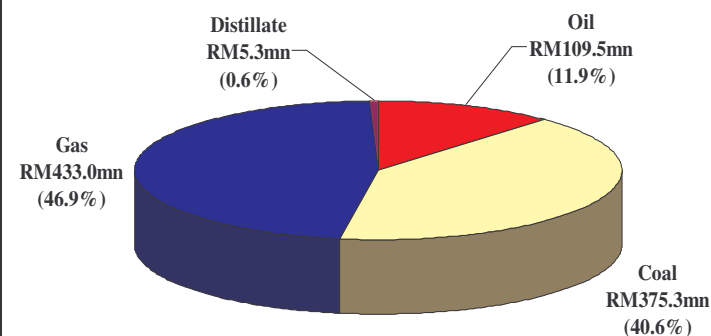
Average coal price USD52.5/MT (RM 198.2/MT)
Consumption of Coal 2.1 MT



TOTAL: 12,825.5 GWh

RM mn	1QFY'06	1QFY'07
Gas		
TNB	335.4	340.1
SESB	11.7	11.0
LPL	47.1	81.9
Total	394.2	433.0
Oil		
TNB	26.8	11.5
SESB	55.4	98.0
Total	82.2	109.5
GWh		
	1QFY'06	1QFY'07
Gas		
TNB	5,792.5	5,969.9
SESB	162.2	149.1
LPL	297.1	367.8
Total	6,251.8	6,486.8
Oil		
TNB	208.8	33.6
SESB	89.1	125.7
Total	297.9	159.3

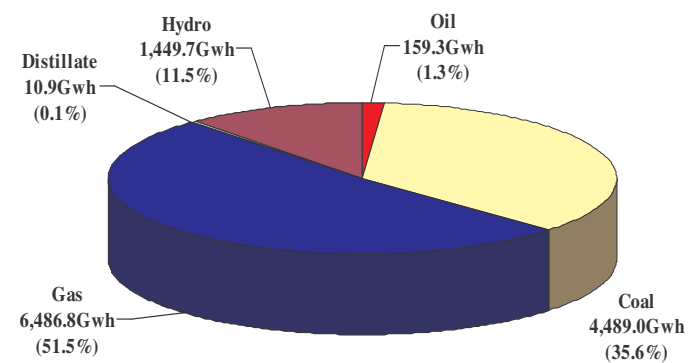
1QFY'07



TOTAL: RM923.1 mn

NET OF SESB'S FUEL SUBSIDY = RM808.3 mn

Average coal price USD53.7/MT (RM 194.4/MT)
Consumption of Coal 2.0 MT

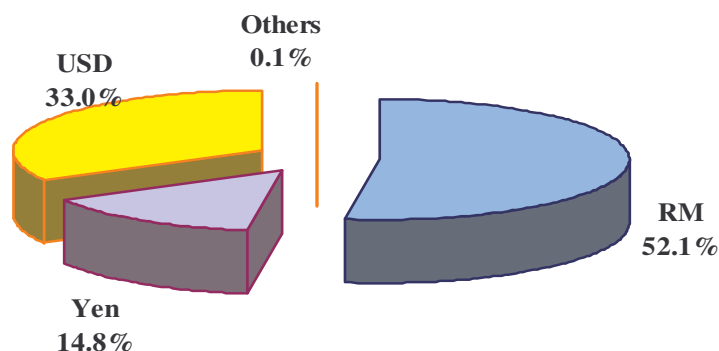


TOTAL: 12,595.7 GWh

Debt Exposure & Forex

Reduction in foreign currency exposure from conversion of GEBs and cross currency swap effected from Yen to RM

31st Aug '06

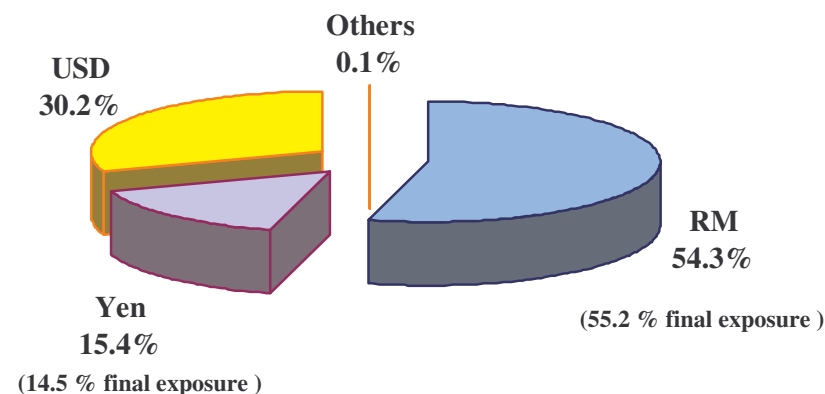


*Total Debt	RM27.1 bn
Net Debt	RM23.2 bn
Gearing (%)	58.1
Net Gearing (%)	49.6

Fixed 90.4% : 9.6%
Weighted Average Cost of Debt 5.86%

USD/RM	:	3.68
100YEN/RM	:	3.14
USD/YEN	:	117.00

30th Nov '06



*Total Debt	RM25.9 bn
Net Debt	RM20.7 bn
Gearing (%)	54.2
Net Gearing (%)	43.3

Fixed 90.4% : 9.6%
Weighted Average Cost of Debt 6.00%

USD/RM	:	3.62
100YEN/RM	:	3.12
USD/YEN	:	116.12

* In accordance with FRS 132

Cash Surplus Sufficient For Capex In FY'07

RM mn

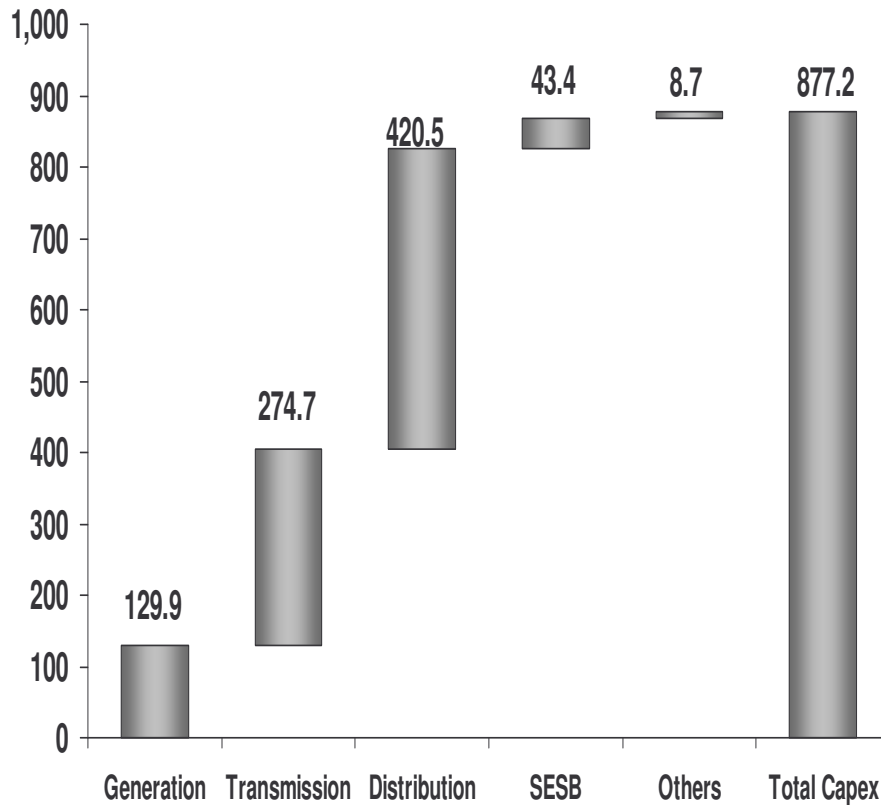
	FY'02	FY'03	FY'04	FY'05	FY'06	1QFY'07
Cashflow From Operations	5,032.3	4,134.2	5,237.4	6,020.5	7,632.9	2,304.0
(-) Capex	4,072.7	3,114.5	3,982.6	3,797.5	3,967.7	817.8
SURPLUS	959.6	1,019.7	1,254.8	2,223.0	3,665.2	1,486.2
(+) New Debt	8,624.6	9,656.4	9,534.7	7,136.8	3,764.8	109.9
(-) Repayment	7,979.8	8,017.5	8,597.8	9,635.9	5,511.3	1,154.3
(-) Interest	1,276.3	1,501.8	1,538.1	1,665.3	1,658.5	341.4
Free Cash Flow	328.1	1,156.8	653.6	(1,941.4)	260.2	100.4

Proceeds from issuance of shares	43.3	-	306.2	610.1	837.8	1,087.8
Others	(95.0)	(934.1)	1,416.3	420.3	9.8	76.6
Changes in cash & cash equivalents	276.4	222.7	2,376.1	(911.0)	1,107.8	1,264.8

Cash Balance	1,147.6	1,372.0	3,746.4	2,833.4	3,936.7	5,198.3
---------------------	----------------	----------------	----------------	----------------	----------------	----------------

60.6% of CAPEX Spent on New Supply and System Improvement (58.9% in FY'06)

RM mn

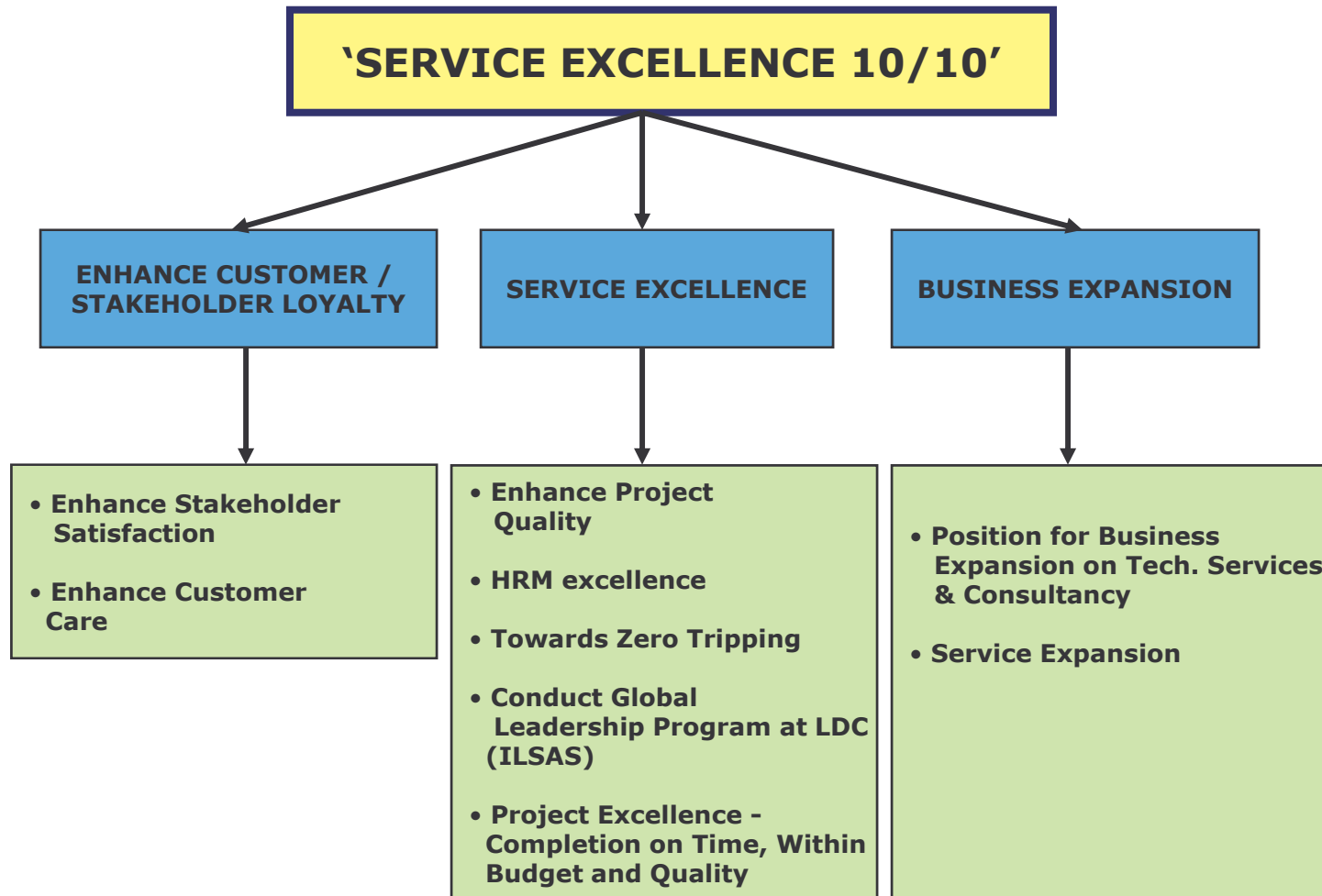


- New supply and system improvement accounted for RM303.8 mn (34.6%) & RM227.8 mn (26.0%) respectively of total capex

AGENDA

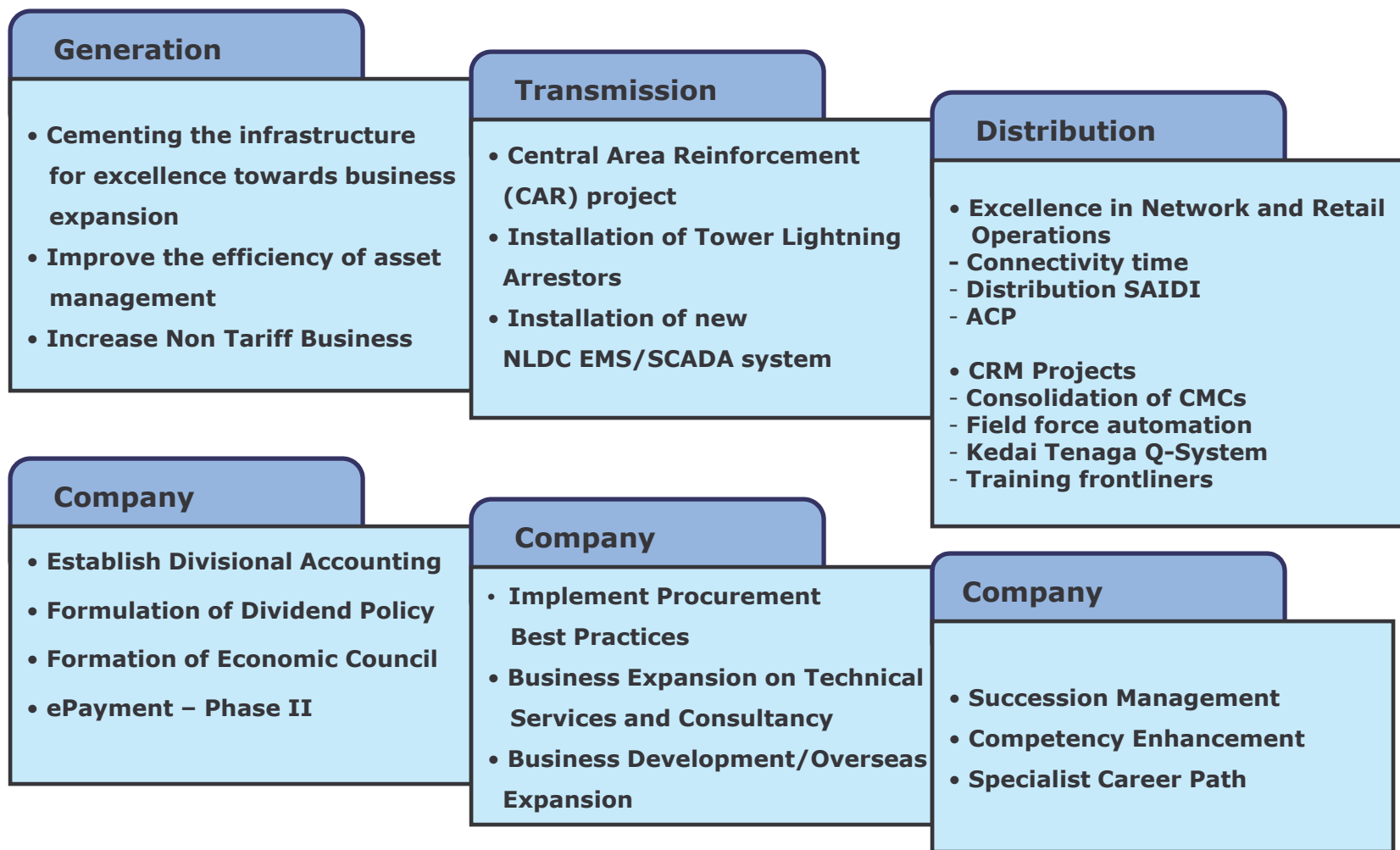
- ❑ **Highlights Of Group's Performance**
- ❑ **Details Of Group's Performance**
- ❑ **Moving Forward**

'Service Excellence 10/10' Program Founded On Three Strategic Themes...



FY'07 – Key Focus Areas

- Towards Achieving Service Excellence by 2010
- In Preparation For Aggressive Expansion Into The International Arena From 2010 Onwards



Thank You



Powering The Nation's Progress

www.tnb.com.my