



**TENAGA NASIONAL BERHAD**

**UNAUDITED FINANCIAL RESULTS  
1<sup>ST</sup> QUARTER FY2006**

**25<sup>TH</sup> January 2006**



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# AGENDA

- ❑ **Highlights Of Group's Performance**
- ❑ **Details Of Group's Performance**
- ❑ **Recent Developments**
- ❑ **Tenaga's Strategy For FY'06**

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## **Highlights Of Group's Performance**

***“One Team One Spirit One Goal”***

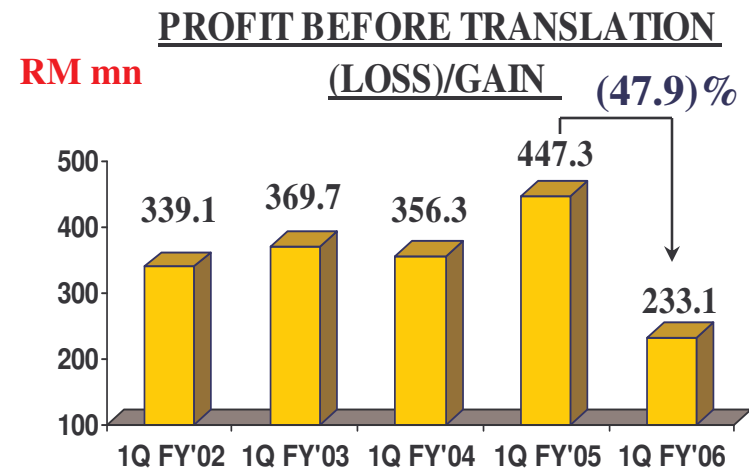
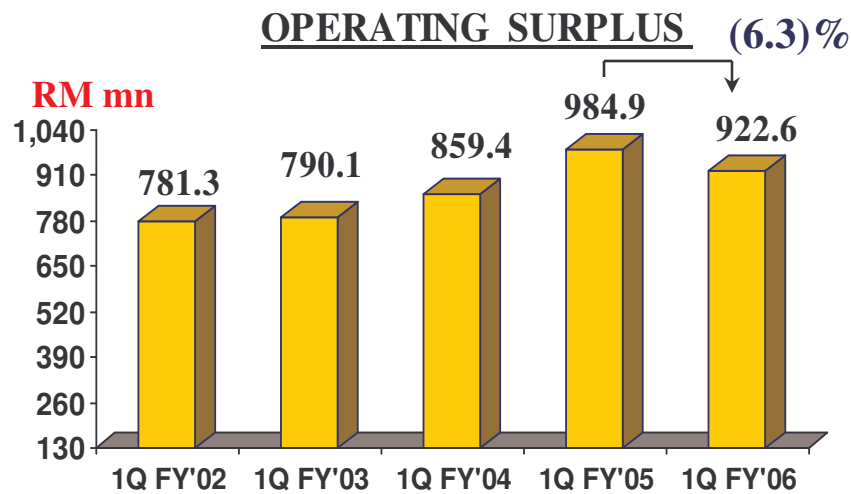
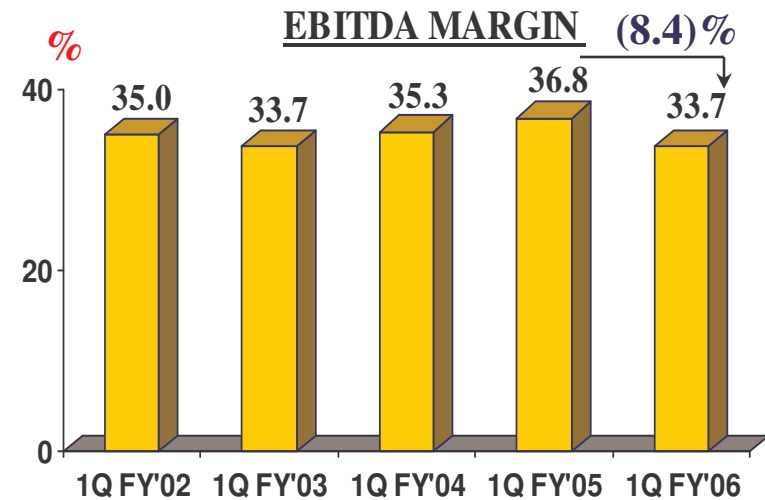
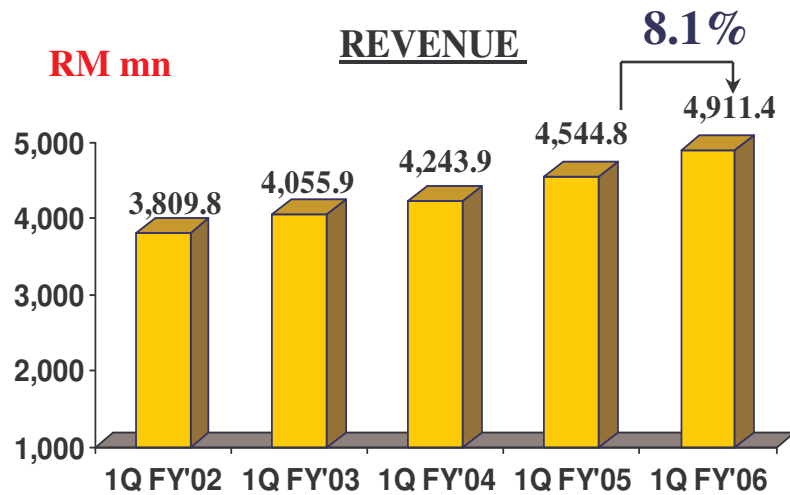
**Y.Bhg. Tan Sri Datuk Amar Leo Moggie**

**CHAIRMAN**

# Highlights.....

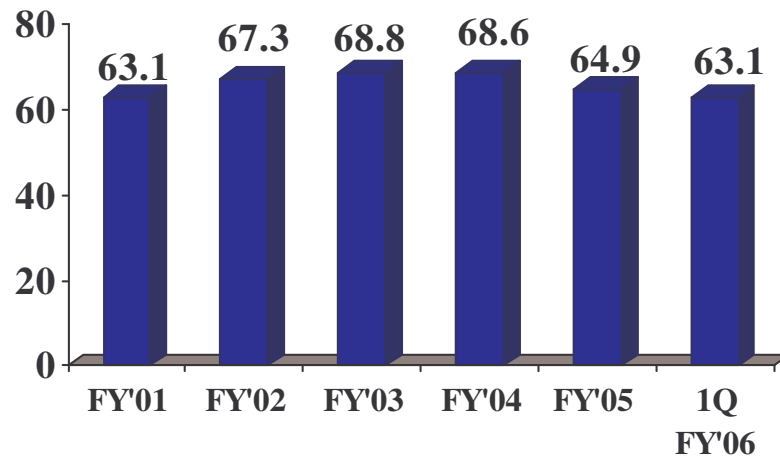
<b><u>RM mn</u></b>	<b><u>1Q FY'05</u></b>	<b><u>1Q FY'06</u></b>	<b><u>Changes</u></b> <b>(%)</b>
Revenue	4,544.8	4,911.4	8.1
Operating Expenses	(3,647.4)	(4,092.4)	12.2
Other Operating Income	87.5	103.6	18.4
Operating Surplus	984.9	922.6	(6.3)
Finance Cost	(361.8)	(403.1)	11.4
Transaction Loss	(3.3)	(140.9)	4,169.7
Profit Before Tax & Translation (loss)/gain	655.3	386.4	(41.0)
Profit Before Translation (loss)/ gain	447.3	233.1	(47.9)
Translation (loss)/gain	(438.8)	362.5	182.6
Total Profit	8.5	595.6	6,907.1

# Financial Performance Trend

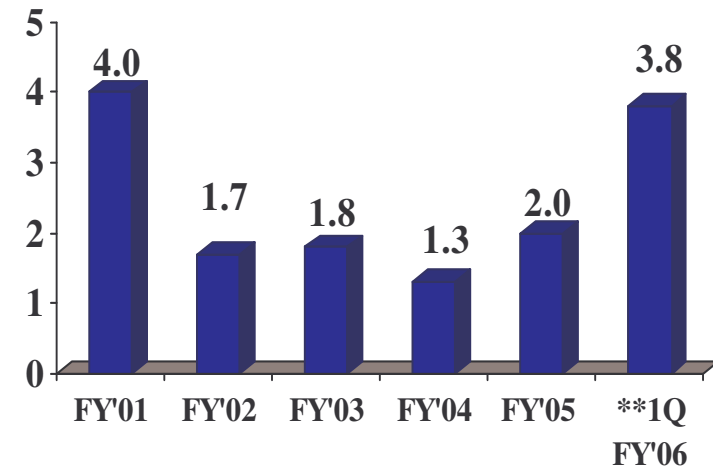


# Sustainable Performance Reflected In Financial Ratios

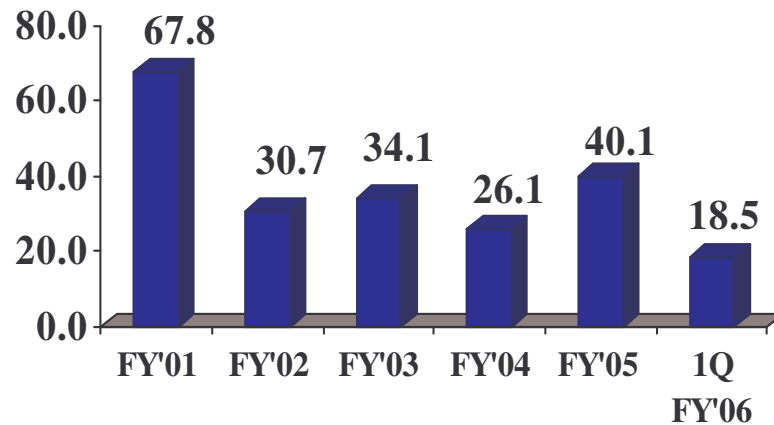
Debt to Total Capital (%)



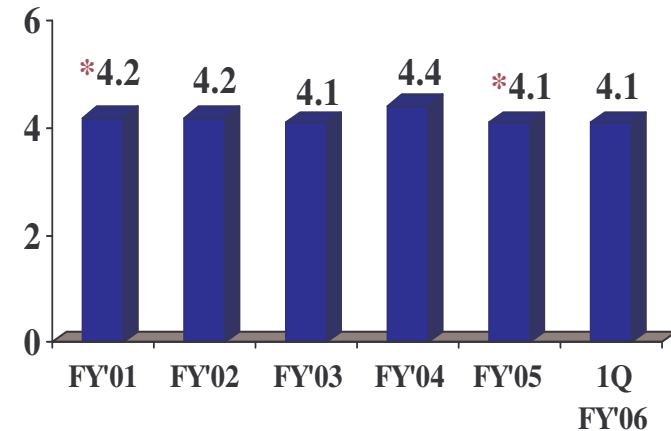
ROA (%)



Basic Earnings Per Share (Sen)

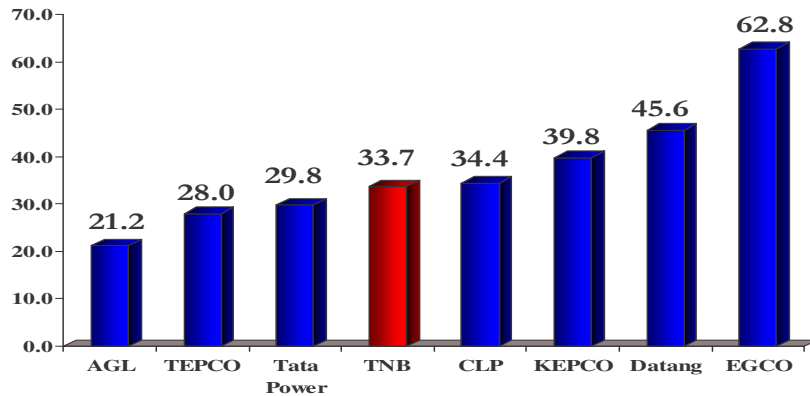


Interest Coverage (X)

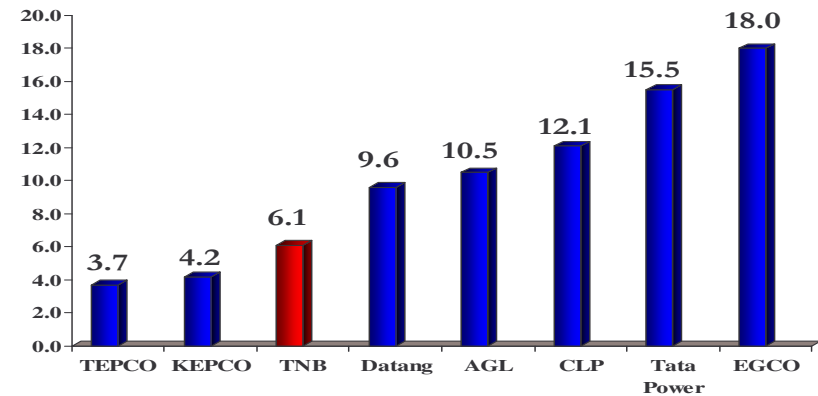


# ...Benchmarked Against Other Utilities

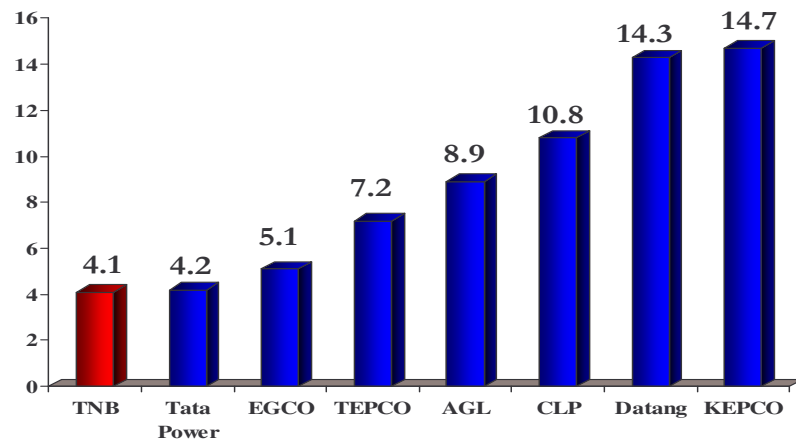
### EBITDA Margin (%)



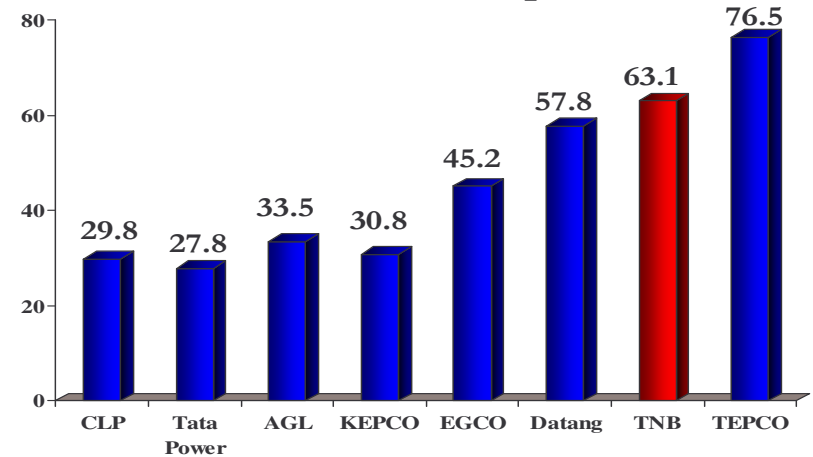
### Return On Invested Capital (%)



### Interest Coverage (x)



### Debt to Total Capital (%)

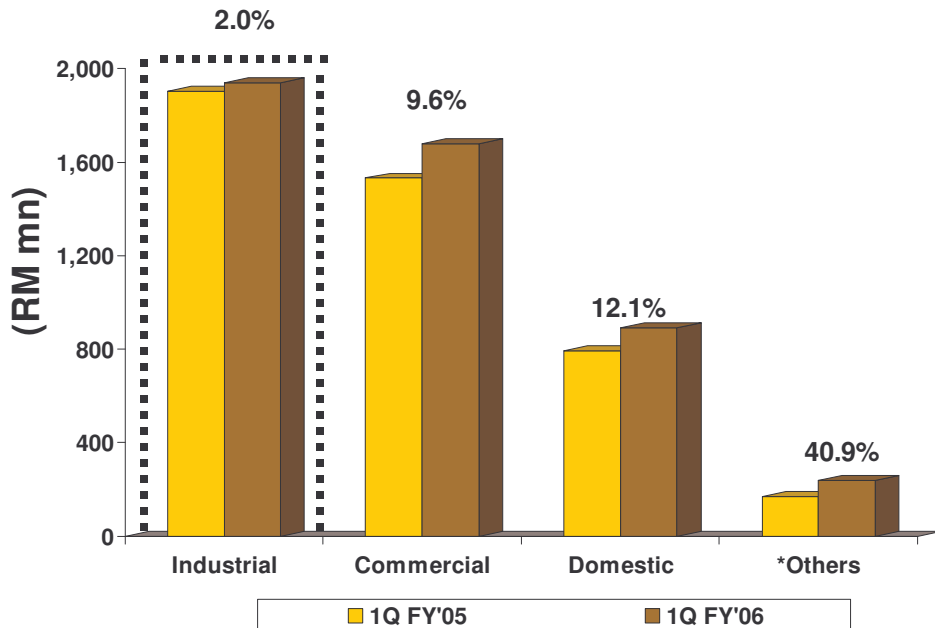


Source: Citigroup

# 76% Of Revenue From Industrial & Commercial Sectors...

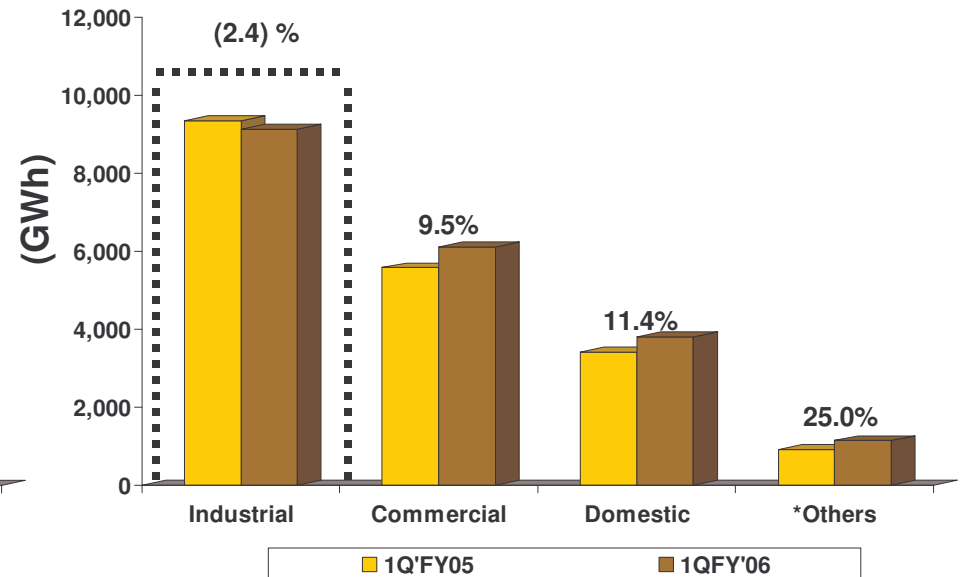
**1Q FY'05 Total RM4,396.3 mn**  
**1Q FY'06 Total RM4,746.2 mn**

**Y-o-Y revenue growth = 8.0%**



**1Q FY'05 Total 19,253.9 GWh**  
**1Q FY'06 Total 20,173.9 GWh**

**Y-o-Y unit growth = 4.8%**



Credit Notes raised :- YTD FY'05 - RM91.1 mn  
 YTD FY'06 - RM18.2 mn



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- ❑ Tenaga's Strategy For FY'06

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## **Details Of Group's Performance**

***“Maintenance For A Sustainable Future”***

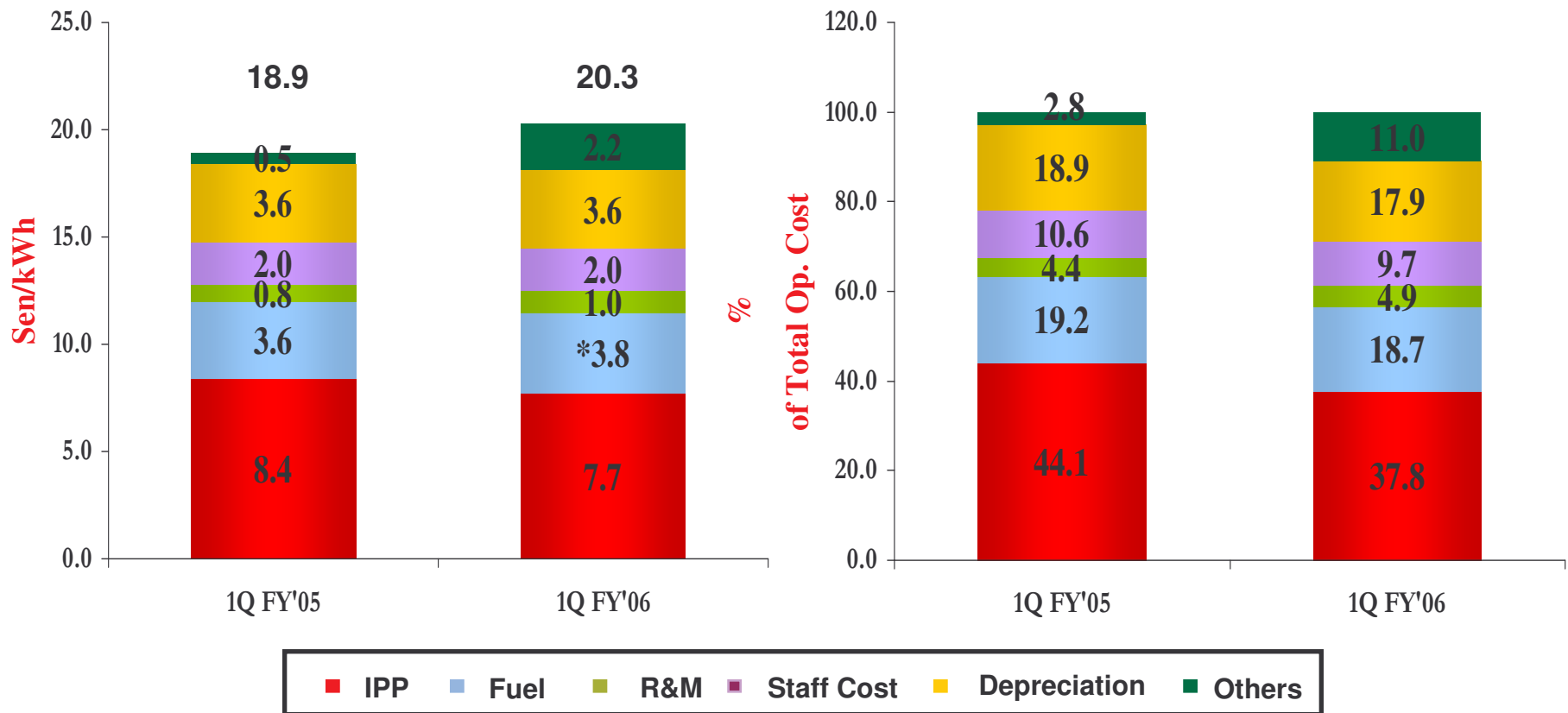
**Y.Bhg. Dato' Che Khalib Bin Mohamad Noh  
President/Chief Executive Officer**

## Operating Expenses Reflect Increases in Fuel Cost & R&M

Operating Expenses (RM mn)	1Q FY'05	1Q FY'06	Changes (%)
▪ IPP	1,608.1	1,547.2	(3.8)
▪ Fuel	701.0	903.6	28.9
▪ Fuel Subsidy - SESB	-	(138.1)	-
▪ R&M	161.0	199.2	23.7
▪ Staff	388.3	395.9	2.0
▪ Depreciation	688.7	734.4	6.6
▪ Others	100.3	450.2	348.9
<b>TOTAL OPERATING EXPENSES</b>	<b>3,647.4</b>	<b>4,092.4</b>	<b>12.2</b>

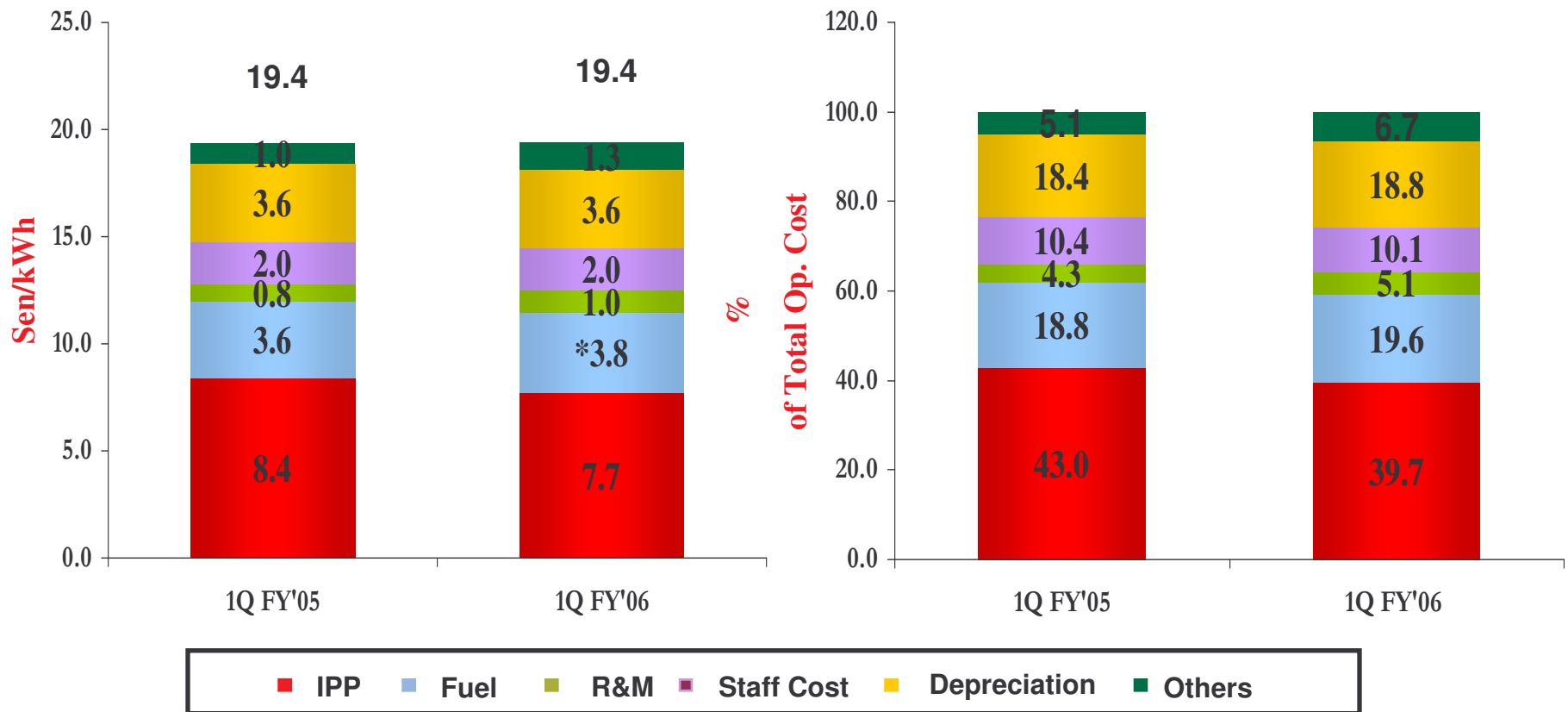
# Cost Snapshot.....

COST PER UNIT SOLD (sen/kWh)	1Q FY'02	1Q FY'03	1Q FY'04	1Q FY'05	1Q FY'06
	19.6	19.8	19.7	18.9	20.3



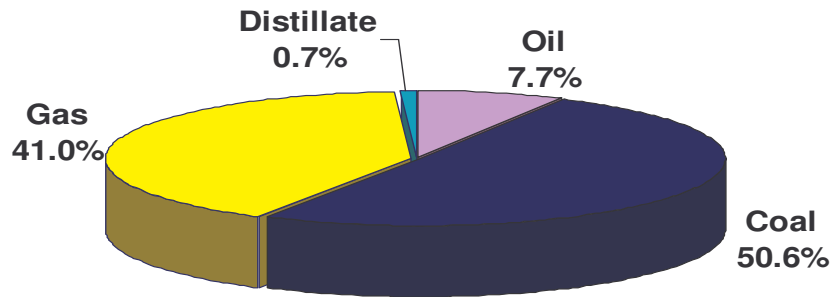
# Cost Snapshot (Before Provisioning)

COST PER UNIT SOLD (sen/kWh)	1Q FY'02	1Q FY'03	1Q FY'04	1Q FY'05	1Q FY'06
		19.5	19.5	19.5	19.4



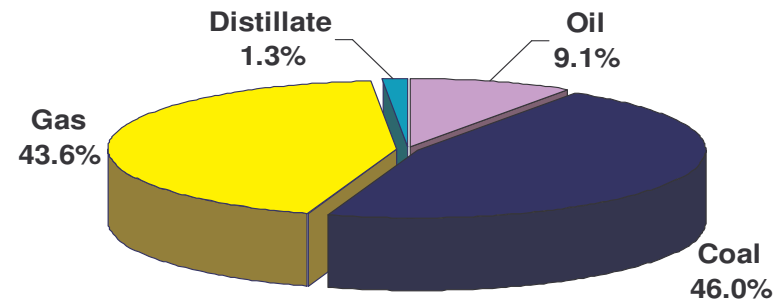
# Fuel Cost Impacted By Coal Prices & Gas Curtailment

**FUEL COST 1Q FY'05 = RM701.0 mn**



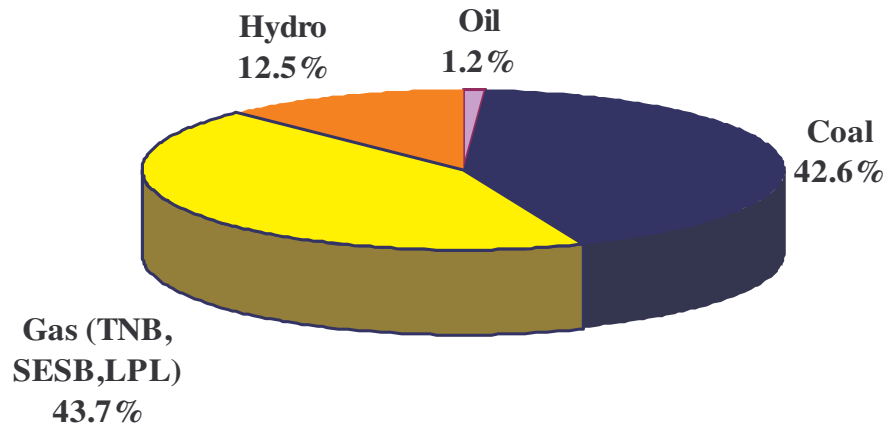
**Avg. Coal Price 1Q FY'05 = USD49.8/-per metric tonne**

**FUEL COST 1Q FY'06 = RM903.6 mn**

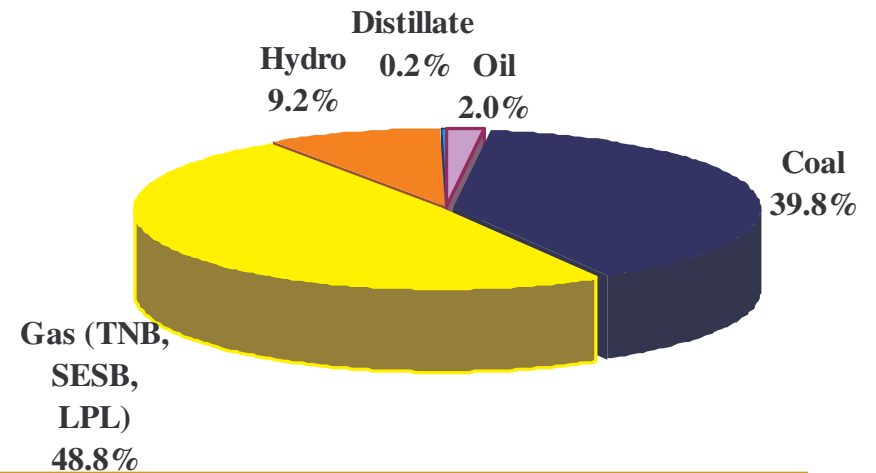


**Avg. Coal Price 1Q FY'06 = USD52.5/-per metric tonne**

**TNB GROUP GENERATION 1Q FY'05 = 11,157.6 GWh**



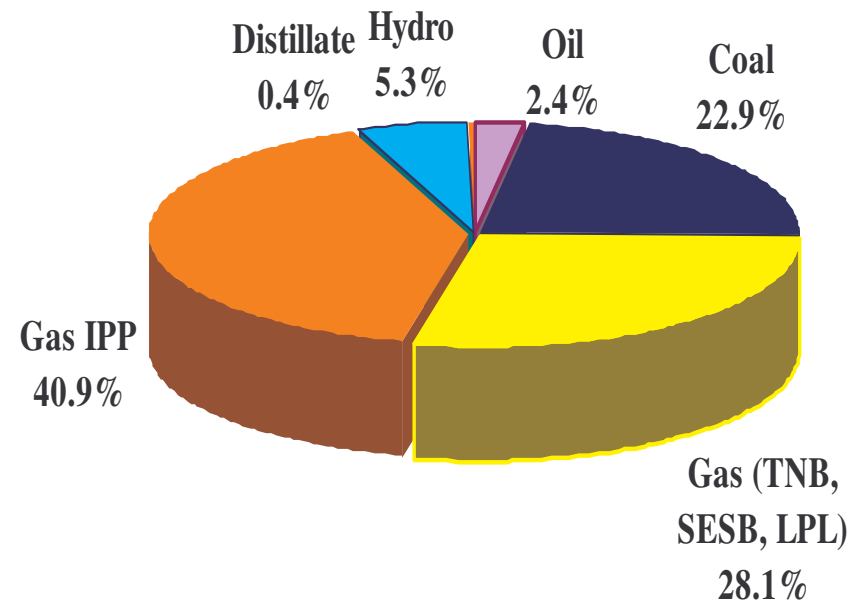
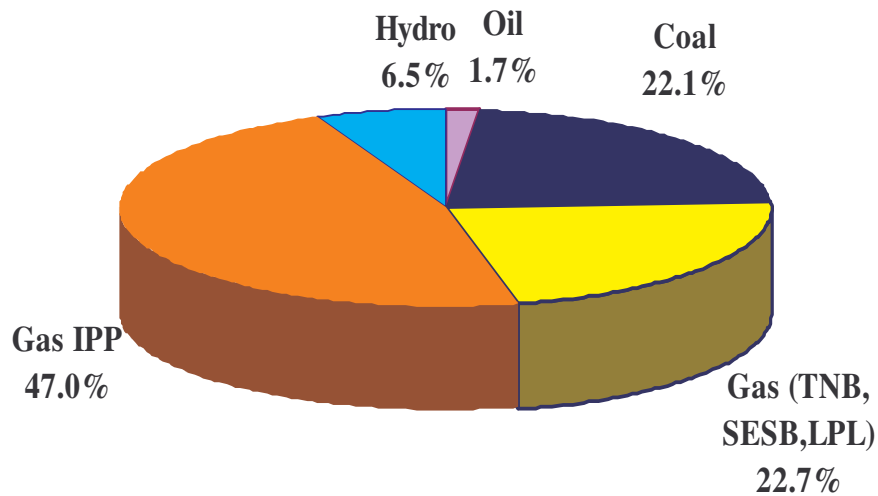
**TNB GROUP GENERATION 1Q FY'06 = 12,885.6 GWh**



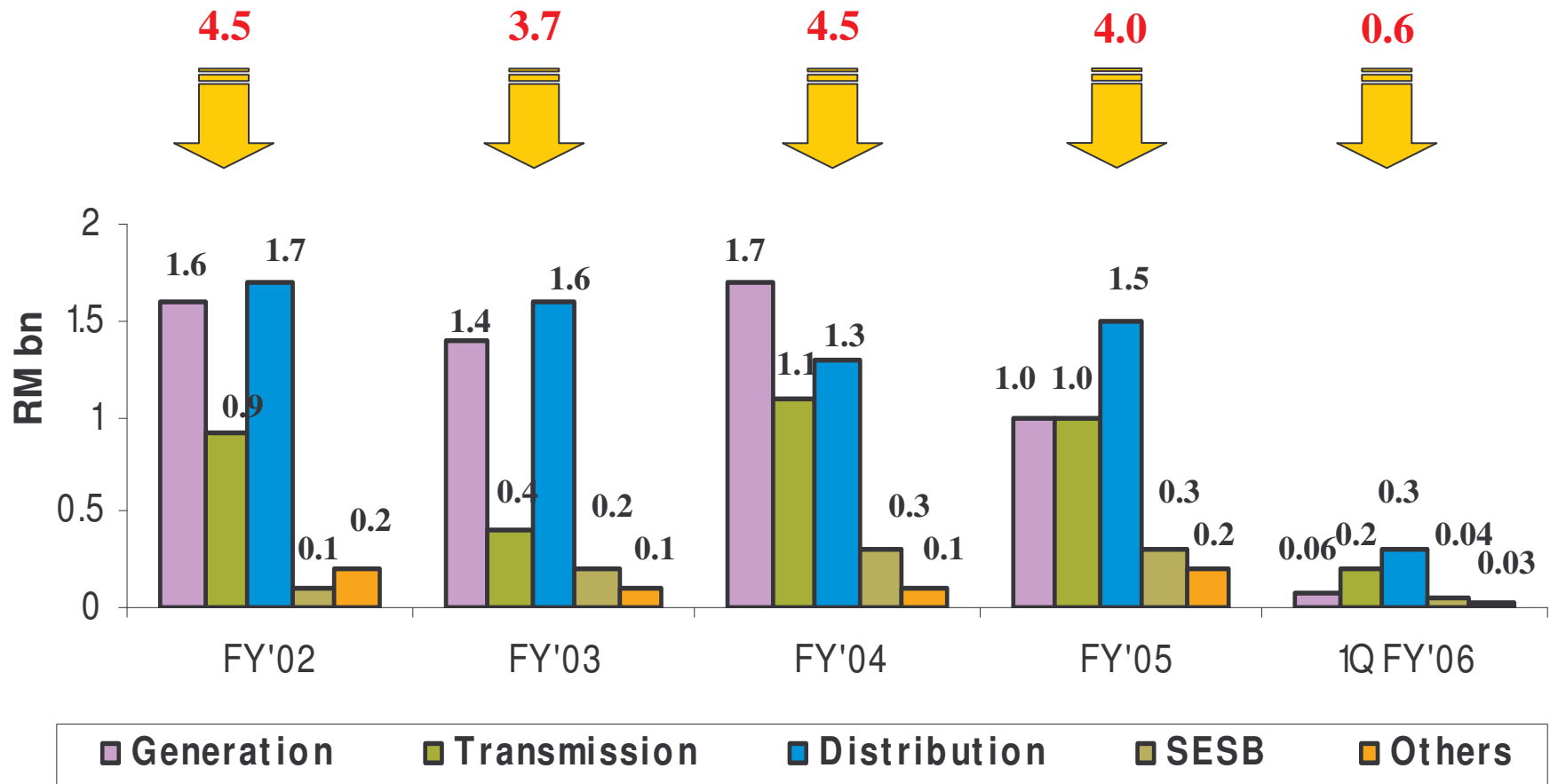
# Achieving Optimal System Mix

**INDUSTRY GENERATION**  
1Q FY'05 = 21,487.2 GWh

**INDUSTRY GENERATION**  
1Q FY'06 = 22,422.1 GWh



# Annual CAPEX Program



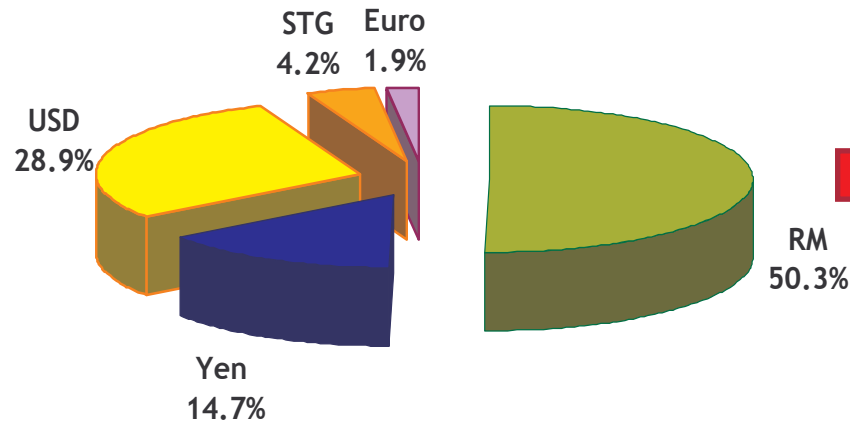


## Cash Surplus Sufficient For Capex In FY'06

RM mn	FY'02	FY'03	FY'04	FY'05	1Q FY'06
Cashflow From Operations (before debt servicing and capex)	5,032.3	4,134.2	5,237.4	5,921.6	1,633.6
Capex	4,072.7	3,114.5	3,982.6	3,611.9	620.7
<b>SURPLUS</b>	<b>959.6</b>	<b>1,019.7</b>	<b>1,254.8</b>	<b>2,309.7</b>	<b>1,012.9</b>

# Managing Debt Exposure

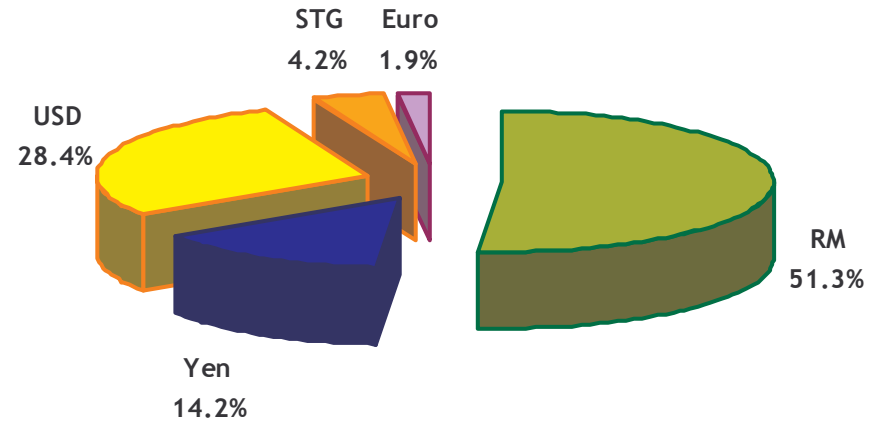
**31<sup>st</sup> August 2005**



**\*Total Debt = RM29.9 bn**  
Fixed 87.1% : 12.9%

*Effective Weighted Average Cost of Debt 5.35%*

**1Q FY'06**



**\*Total Debt = RM28.9 bn**  
Fixed 88.3% : 11.7%

*Effective Weighted Average Cost of Debt 5.70%*

<b>1Q FY'06</b>	<b>RM'bn</b>	<b>GEARING</b>
<b>TOTAL</b>	<b>28.9</b>	<b>1.7</b>
<b>CASH</b>	<b>2.8</b>	
<b>NET BORROWINGS</b>	<b>26.1</b>	<b>1.5</b>

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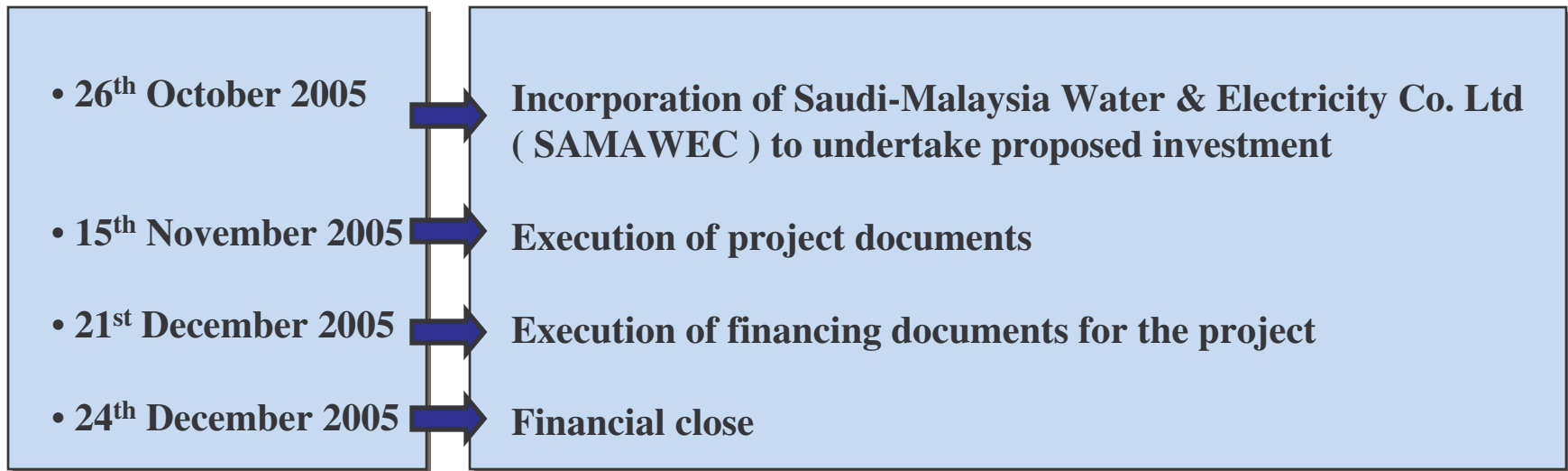
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## Bonus Issue

- TNB shareholders at the EGM on 15<sup>th</sup> December 2005 approved the bonus issue of up to 900,566,295 new ordinary shares of RM1.00 each in TNB to be credited as fully paid up, on the basis of 1 new TNB Share for every 4 existing TNB shares held on an entitlement date to be determined and announced later (“Bonus Issue”)
- Approval for the bonus issue was granted by Bursa Malaysia Securities Berhad on 28 December 2005
- The bonus issue will be implemented via the capitalisation of the share premium account of TNB
- The company is currently in the midst of implementing the Bonus Issue and is expected to be completed by early March 2006

## Status On Shuaibah Phase 3



Total project cost to be funded by a multi-tranche financing on a debt equity ratio of 80:20

USD2.5 bn

TNB's 6% effective equity interest in the Project Company

USD33.5 mn

# Value Creation From Landbank

## Proposed Properties For Disposal

No Of Plots	Area (Acres)	Book Value (RM mn)	Indicative Value (RM mn)
11	9.0	17.2	81.0

## Proposed Joint Development Of Land

No.	Land Size (Acres)	Dev.Type	Dev.Period	Land Value (RM mn)	Projected Development Value (RM mn)
1.	3.76	Residential (High end)	4-6 years	29.5	150
2.	3.34	Residential (High end)	4-6 years	26.2	130
3.	4.59	Residential (High end)	4-6 years	30.0	80
4.	3.16	Residential (High end)	4-6 years	20.6	60
<b>TOTAL</b>	<b>14.85</b>			<b>106.3</b>	<b>420</b>

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## Road Map For FY'06 - "Maintenance For A Sustainable Future"

### Improve Customer Service

- Revamp of Customer Call Management Center (CMC)
  - Migration from 13 centers to 4 regional centers
  - upgrade to full fledged contact center
  - field force automation
- Installation of RMR devices
- SEAL teams' ongoing efforts

### Service Excellence in G, T & D

- Improve generation market share
- Improve system reliability
- Service level agreement – REHDA
- Customer Charter & Distribution Code

### Effective Maintenance Program

- Proactive rather than reactive
- Instill strong maintenance culture throughout the Group

### Further Cost Management Initiatives

- e-banking platforms – reduce transaction costs and minimise "float money" – estimated savings of RM5 mn per month
- Strategic procurement for capex and opex – PC & peripherals hardware – savings of 30% from retail price
- Vendor financing – cheaper cost of borrowing for vendors with savings passed onto TNB



## “Maintenance For A Sustainable Future” .... (cont’d)

### Value Creation

- Landbank – Development /Sale
- Upgrade of Thai /Malaysian Interconnection with potential to increase sales to EGAT
- Improve collections

### Housekeeping

- Review /revamp procurement policy – a GLC transformation initiative
- Cost management rationalisation
- Streamlining processes & procedures – PSI : ISO certification for company

### Rebalance Capital Structure/ DLM

- Balance sheet design
- Refinancing RM debt and lock in current interest rates
- Reducing foreign currency exposure
- Review of working capital

### Human Capital

- Succession plan
- Increasing productivity
- Instill employee values on the acceptance of “keeping the lights on”
- Aggressive Transformation vs Organic Transformation
- “One Team. One Spirit. One Goal”

# Cost Management & Efficiency Drivers FY'06

<b>FINANCIALS</b>			
<i>Initiatives</i>	<u>RM mn</u>		
	<i>Actual FY'05</i>	<i>Target FY'06</i>	<i>1Q FY'06</i>
Recovery of Theft Backbilling	22.5	20.0	7.6
	225.0 Identified	-	41.3 Identified
Reduction In General Expenses	100.7	50.0	(47.1)
Value Creation From Landbank	-	30.0	-
SESB Turnaround (Diesel Subsidy)	145.6 recognised	300.0	138.1 recognised
	339.3 billed for 15 months	300.0 12 months	90.4 billed for 3 months
Reduction in T&D Losses (10.5% to 9.5%)	130.0	60.0	(8.0)
Recovery from Delinquent Accounts	208.9	130.0	82.2
Manage Overtime Claims Paid	(15.3)	10.0 5% reduction of FY'05	10.3
Manage Medical Claims Paid	(26.2)	No Increase	(13.3)
<b>TOTAL</b>	566.2	600.0	169.8

# Cost Management & Efficiency Drivers FY'06

<b>TECHNICALS</b>		
<i>Initiatives</i>	<i>Actual FY'05</i>	<i>Target FY'06</i>
Generation Availability	85.6%	86.5%
Unplanned Outage Rate (UOR)	6.1%	5.0%
SAIDI (Minutes)	148	133
System Minutes	14	10
Reduction in ACP : (Pen. Malaysia)	34 days	32 days*

**NOTE: \*Excluding PLMAH**

# Cost Management & Efficiency Drivers FY'06

<i>Initiatives</i>	<b>OTHERS</b>		
	<i>Actual FY'05</i>	<i>Target FY'06</i>	<i>1Q FY'06</i>
Debt Mix (%) (RM vs Other Currencies)	51:49	57:43	51:49
Gearing (%)	65	63	63
Reducing Procurement Process Time (Closing of Tenders)	80% in 90 days	90% in 90 days	78% in 90 days

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# Thank You



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