



UNAUDITED FINANCIAL RESULTS 1ST QUARTER FY2008

15th January 2008



AGENDA

- ❑ **Highlights Of The Group's Performance**
- ❑ **Details Of The Group's Performance**
- ❑ **Other Highlights**

Highlights Of The Group's Performance

"Powering The Nation."

Y.Bhg. Tan Sri Leo Moggie
CHAIRMAN

KEY HIGHLIGHTS

√	Unit Demand Growth	7.7%	- Group
		8.6%	- Pen. Malaysia
		11.6%	- Sabah
√	Revenue Growth	+ 10.8%	
√	Operating Expenses	+ 11.5%	i) 27.8% increase in IPP cost principally from the additional capacity payments to Tg. Bin with the commissioning of Unit 3 on 30th Aug'07 ii) Higher coal price
√	Core Profits	+ 6.8%	Excluding forex, deferred tax writeback, one-off provisions and land & asset sales
√	EBITDA Margin	40.3%	40.0% last year
√	Total Debt	RM22.8 bn	Reduction from RM24.0 bn as at 31 st Aug'07
√	Capex	RM953.3mn	
√	Announcement of targets for FY'08 Headline KPIs		

FINANCIAL HIGHLIGHTS

RM mn

	1Q FY'07	1Q FY'08
Revenue	5,601.7	6,208.3
Operating Expenses	(4,252.7)	(4,742.6)
Other Operating Income	143.0	216.7
Operating Surplus	1,492.0	1,682.4
Finance Cost	(314.2)	(290.0)
Transaction Gain/(Loss)	(26.1)	(0.2)
Profit Before Tax & Translation Gain/(Loss)	1,151.4	1,401.6
Net Profit Before Translation Gain	1,060.0	1,272.5
Translation Gain	186.2	242.4
Profit for the period	1,247.8	1,516.9
Profit Attributable to:		
Equity Holders	1,246.2	1,514.9
Minority Interests	1.6	2.0
	1,247.8	1,516.9

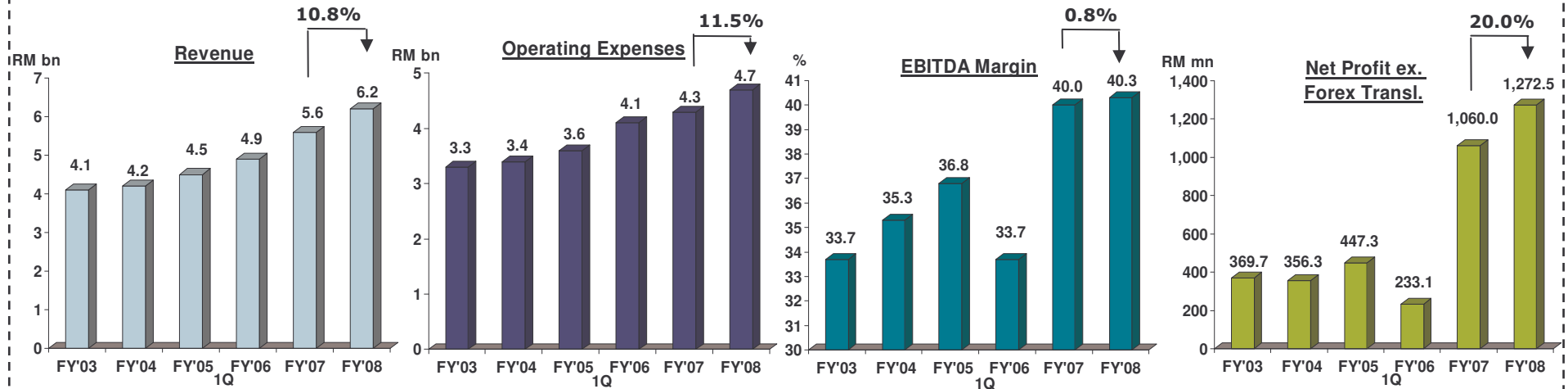
CORE PROFIT

Increased by 6.8%

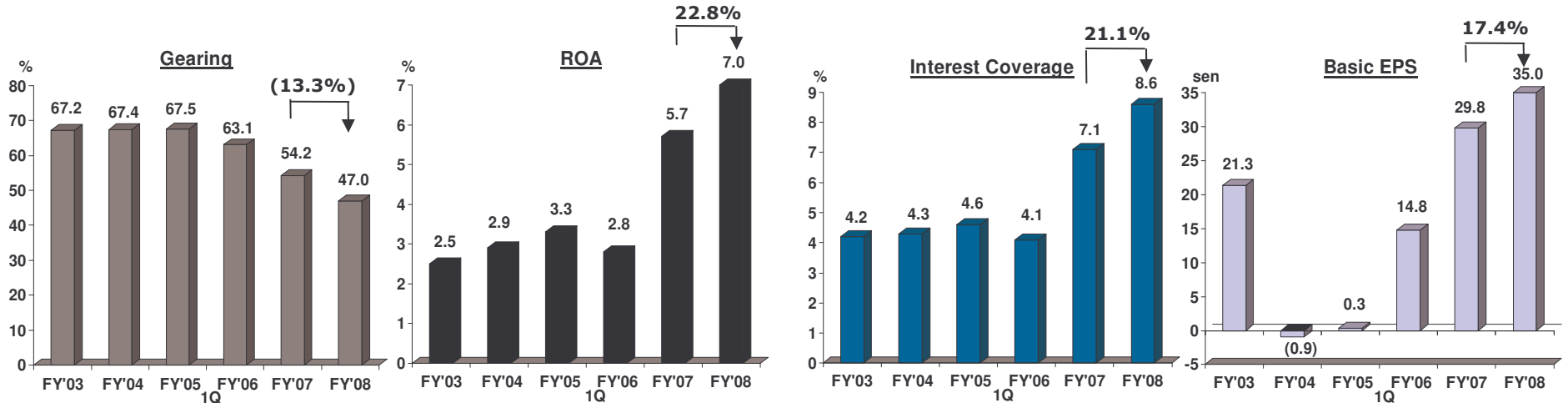
RM mn	1Q		
	<u>FY'07</u>	<u>FY'08</u>	
NET PROFIT	1,246.2	1,514.9	
ADD / (LESS)			
Forex Translation (Gain)/ Loss	(186.2)	(242.4)	
FRS 119	163.4	167.0	
Deferred Tax Provision / (Writeback)	(204.1)	(224.0)	
ADJUSTED NET PROFIT EX FOREX & DEFERRED TAX	1,019.3	1,215.5	← 19.2 % increase
LESS One-off Gains/Provisions/Writebacks			
Gains on Land & Asset Sales	0.0	(82.1)	
Provision made for DEJ	100.0	0.0	
Perwaja Writeback	(75.0)	(18.1)	
CORE PROFIT	1,044.3	1,115.3	← 6.8 % increase

FINANCIAL PERFORMANCE & RATIOS

Financial Performance

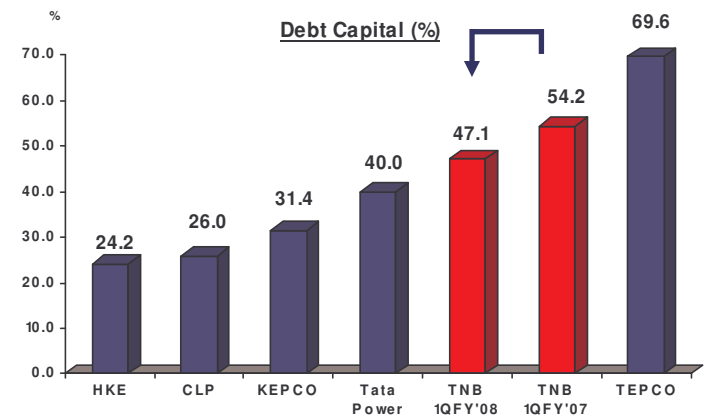
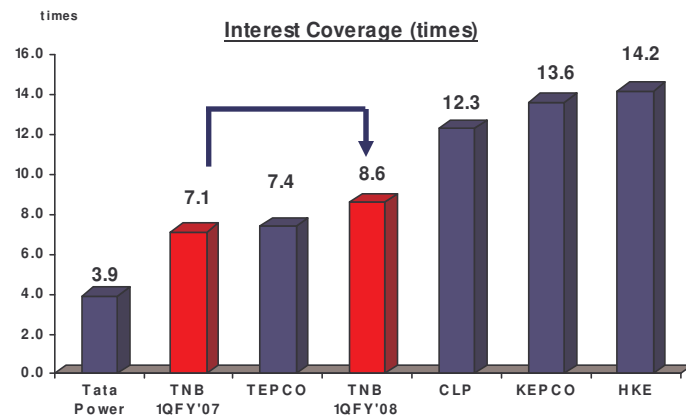
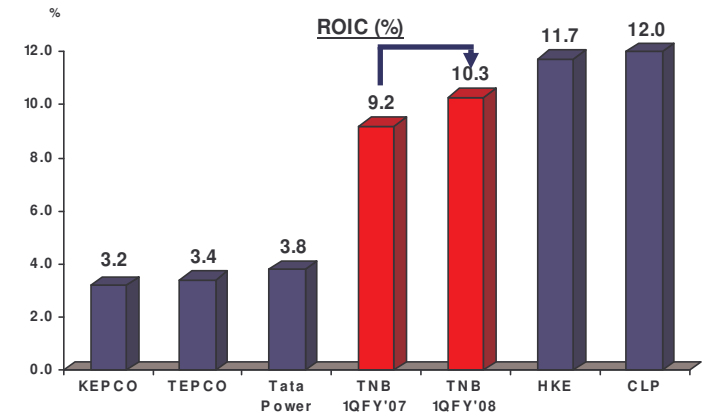
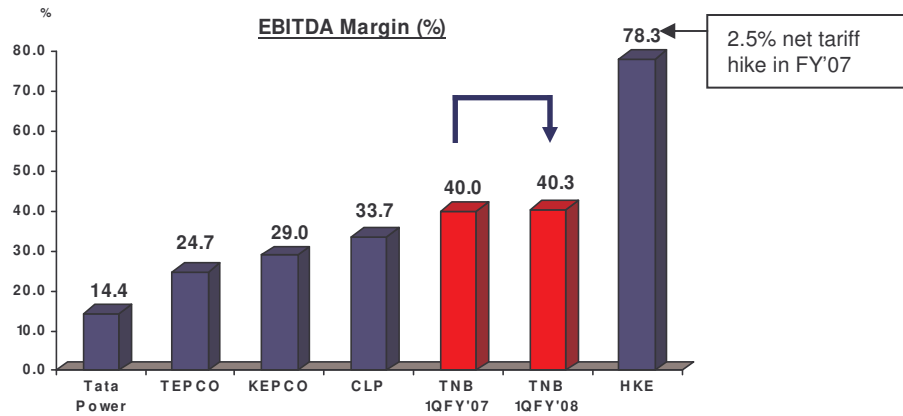


Financial Ratios



BENCHMARKED AGAINST OTHER UTILITIES

	TNB	TEPCO	Tata Power	CLP	KEPCO	HKE
Rating (Moody's/S&P)	Baa1/BBB	Aa2/AA-	Ba2/BB+	A1/A	A1/A	-/A+



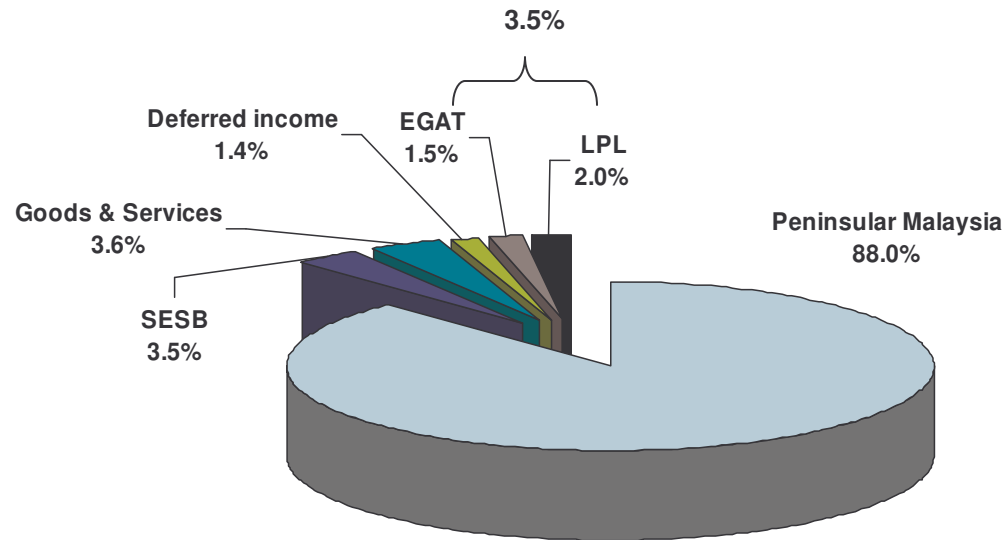
ANNOUNCEMENT OF HEADLINE KEY PERFORMANCE INDICATORS

FY'08 Targets and 1Q Performance

<i>Initiatives</i>	<i>Actual FY'07</i>	<i>Target FY'08</i>	<i>FY'08 (1Q)</i>
Return on Assets (ROA)	6.3%	5.5%	7.0%*
Gearing	49.9%	50.0%	47.0%
Unplanned Outage Rate (UOR)	2.2%	< 4.0%	1.8%
T&D Losses	10.0%	< 10.0%	9.4%
Transmission System Minutes	9.3 mins	< 7 mins	2.5 mins
Distribution SAIDI	83 mins	78 mins	17.7 mins

Note: * based on adjusted annualised net profit

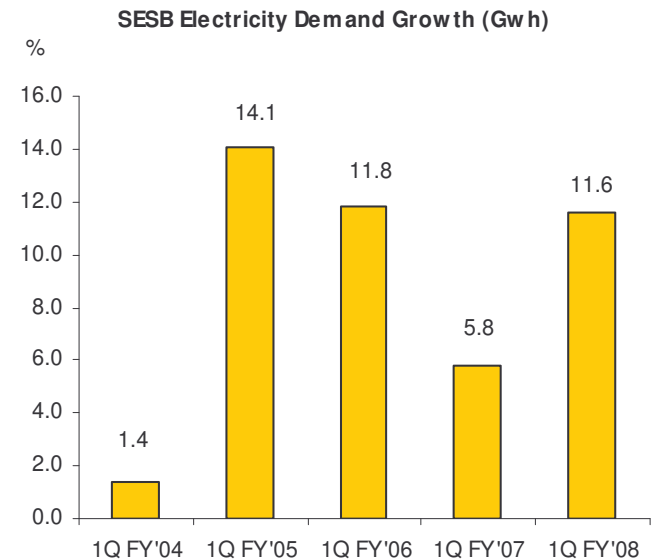
CORE REVENUE



1Q FY'08 Total RM6,208.3 mn
1Q FY'07 Total RM5,601.7 mn

Breakdown of Electricity Sales

	RM mn			Gwh		
	1Q FY'07	1Q FY'08	%	1Q FY'07	1Q FY'08	%
Pen. Malaysia	4,989.9	5,464.5	9.5	19,273.2	20,933.3	8.6
EGAT	111.8	95.3	(14.8)	699.7	546.1	(22.0)
SESB	192.1	215.9	12.4	766.9	856.1	11.6
LPL	127.6	122.7	(3.8)	367.8	389.3	5.8
Total	5,421.4	5,898.4	8.8	21,107.6	22,724.8	7.7



REMOVAL OF FOREIGN SHAREHOLDING LIMIT

- At the Annual General Meeting held on the 13th December 2007, shareholders approved the removal of the foreign shareholding limit of 25%
- With the removal of the restriction, all foreign shareholders will have the same rights, benefits, power and privileges and be subject to all liabilities, duties and obligations whether conferred or imposed by the Companies Act or the Memorandum & Articles of Association

Shareholding Structure

	Aug'07	Dec'07	Variance
Name	%	%	%
1 Khazanah Nasional Berhad	37.67	37.66	(0.03)
2 Employees Provident Fund (EPF) Board	10.06	9.66	(3.98)
3 Skim Amanah Saham Bumiputera	7.23	7.96	10.10
4 Kumpulan Wang Persaraan (Diperbadankan)(KWAP)	3.23	3.25	0.62
5 Other Corporations & Govt. Agencies	9.90	12.01	21.31
Subtotal	68.09	70.54	3.60
6 Foreign	25.67	23.27	(9.35)
7 Malaysian Public	6.24	6.19	(0.80)
Total	100.00	100.00	
Paid Up Capital (mn shares)	4,331.71	4,332.82	0.03

ECONOMIC PROFIT

RM mn

CALCULATION OF EBIT	1Q	
	YTD FY'07	YTD FY'08
P&L Items		
Revenue (exclud. release of deferred income)	5,522.0	6,123.9
Operating Cost (exclud. Depr. & Amortisation)	(3,499.5)	(3,924.1)
Depreciation	(750.5)	(818.5)
Amortisation of coal mining rights	(2.7)	0.0
Total Opex	(4,252.7)	4,742.6
EBIT	(1,269.3)	1,381.3

ECONOMIC PROFIT STATEMENT	1Q	
	YTD FY'07	YTD FY'08
NOPLAT Computation		
EBIT	1,269.3	1,381.3
Adjusted Tax	(342.7)	(359.1)
NOPLAT	926.6	1,022.2
Economic Charge Computation:		
Avg. Invested Capital	52,686.5	53,683.0
WACC	7.60%	7.60%
Economic Charge	(3,993.6)	(4,069.2)
Economic Charge Nov.	(998.4)	(1,017.3)
ECONOMIC PROFIT / (LOSS) (NOPLAT+ECONOMIC CHARGE)	(71.8)	4.9

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Details Of The Group's Performance

"Service Excellence 10/10"

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

ANNOUNCEMENT OF COMPANY WIDE INITIATIVES

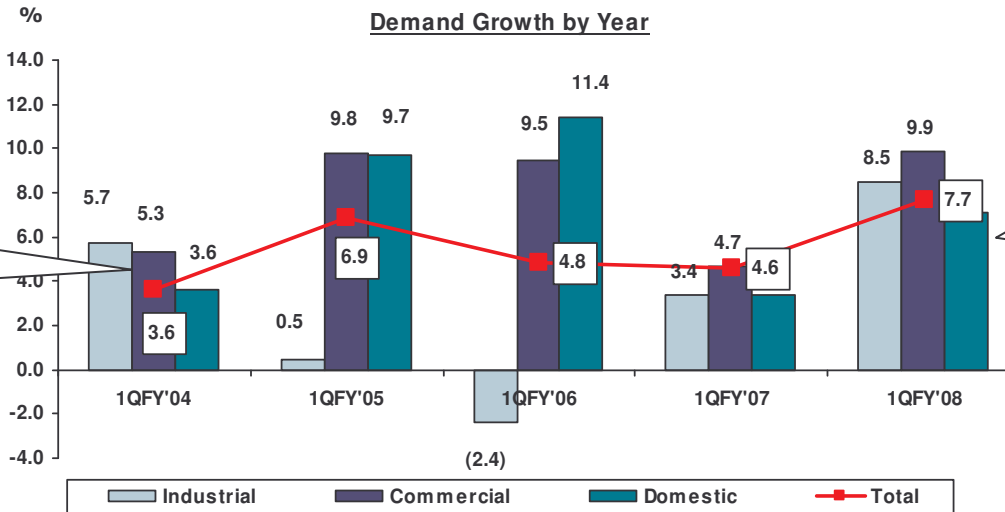
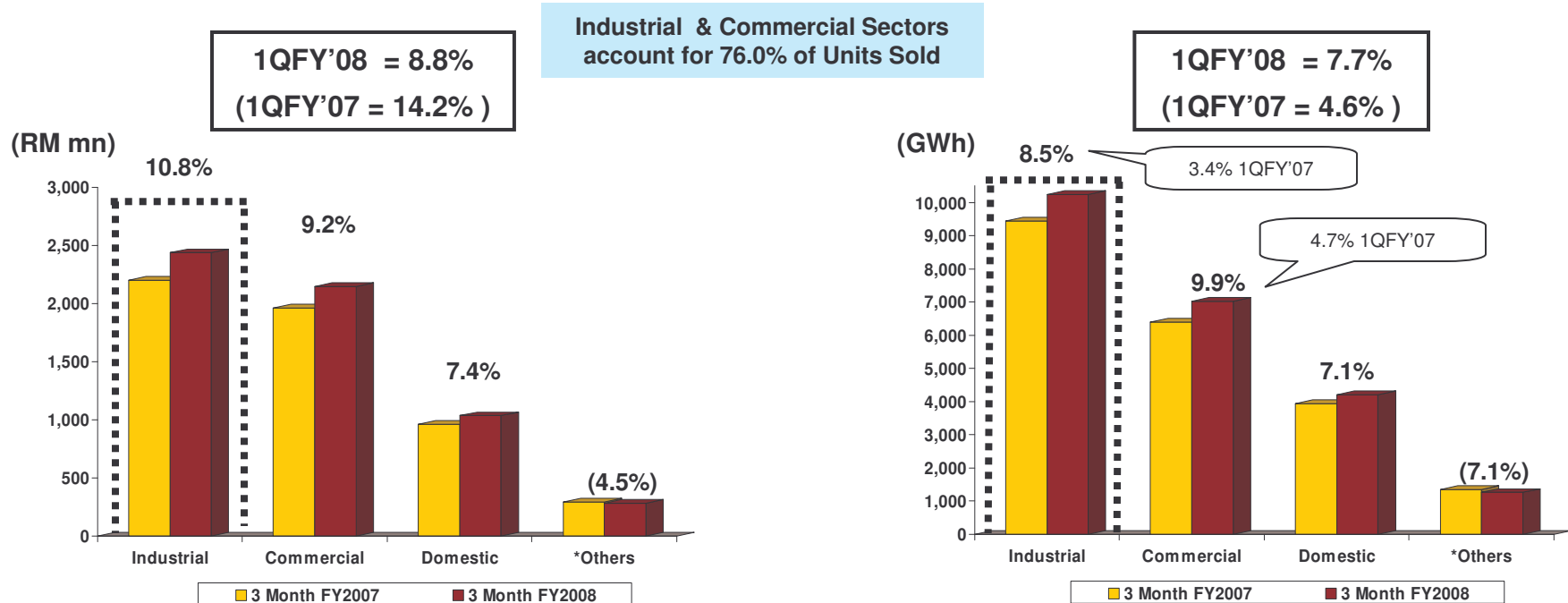
FY'08 Targets and 1Q Performance

<i>Metrics</i>	<i>Target FY'08</i>	<i>FY'08 (1Q)</i>
RM mn		
Increase in Non-Tariff Revenue		
Land Sales *	100.0	35.3
Savings from Work Process Improvements		
Improved Procurement Strategy/Planning **	50.0	1.9
Reduction in Stock Level from Effective Inventory Stock Management (excluding fuel)	50.0	(255.7)
Recoveries		
Recovery from Delinquent Accounts	16.0	18.1
Recovery from Theft Backbilling	50.0	10.2
TOTAL	266.0	(190.2)

* Based on S&P signing

** Savings derived from effective contract management and consolidated purchases

ANALYSIS OF ELECTRICITY GROWTH BY SECTORS



The industrial sector accounted for **51.1%** of consumption while the commercial sector accounted for **29.1%**

The industrial sector accounted for **45.1%** of consumption while the commercial sector accounted for **30.9%**



* Includes Mining, Public Lighting and LPL

ANALYSIS OF ELECTRICITY GROWTH IN PENINSULAR MALAYSIA

8.6% Unit Demand Growth Reported in 1QFY'08 with Commercial & Industrial Sectors at 9.8% & 8.5% respectively

		Sep'06	Oct'06	Nov'06	Dec'06	Jan'07	Feb'07	Mar'07	Apr'07	May'07	Jun'07	Jul'07	Aug'07	Sep'07	Oct'07	Nov'07
Industrial	Gw h	3,251	3,027	2,933	3,334	3,153	3,050	2,866	3,342	3,252	3,376	3,278	3,380	3,486	3,283	3,226
	Grow th (%)	4.6	3.8	3.4	6.1	6.0	4.7	3.5	5.0	3.1	3.1	3.3	3.4	7.2	8.5	10.0
Commercial	Gw h	2,143	1,929	2,031	2,067	2,027	1,996	1,923	2,222	2,451	2,249	2,171	2,213	2,324	2,154	2,223
	Grow th (%)	10.4	3.7	4.7	7.5	7.6	7.9	7.5	8.2	7.9	8.1	8.3	8.3	8.5	11.6	9.4
Domestic	Gw h	1,273	1,102	1,319	1,201	1,253	1,123	1,235	1,322	1,340	1,341	1,281	1,257	1,331	1,293	1,315
	Grow th (%)	8.8	(0.1)	3.4	4.9	5.5	4.5	5.5	6.0	6.2	6.5	6.7	6.6	4.5	17.4	(0.3)
Others	Gw h	90	85	91	90	94	(56)	958	96	(125)	92	94	82	101	99	99
	Grow th (%)	20.6	14.6	22.5	23.1	30.7	12.8	29.0	37.3	19.2	24.6	20.1	10.7	12.2	16.1	8.8
TOTAL																
	FY'07 (Gw h)	6,757	6,143	6,373	6,692	6,527	6,113	6,982	6,982	6,918	7,058	6,824	6,932	7,242	6,828	6,863
	FY'06 (Gw h)	6,287	6,243	6,017	5,856	6,125	6,155	6,002	6,136	7,131	6,620	6,355	6,519			
	Grow th (%)	7.5	(1.6)	5.9	14.3	6.6	1.7	1.8	13.8	(3.0)	6.6	7.4	6.3	7.2	11.2	7.7

1Q FY'07
3.9%

2Q FY'07
6.6%

3Q FY'07
8.4%

4Q FY'07
6.8%

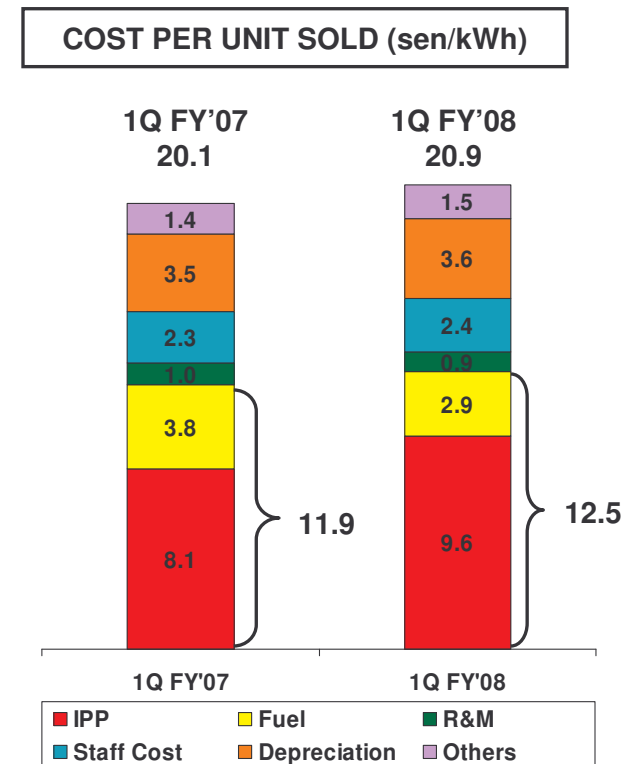
1Q FY'08
8.6%

OPERATING EXPENSES & COST PER UNIT SOLD

27.8% Increase in IPP Cost Principally from Higher Capacity Payments

COST PER UNIT SOLD (sen/kWh)	1Q FY'03	1Q FY'04	1Q FY'05	1Q FY'06	1Q FY'07	1Q FY'08
	19.8	19.7	18.9	20.3	20.1	20.9

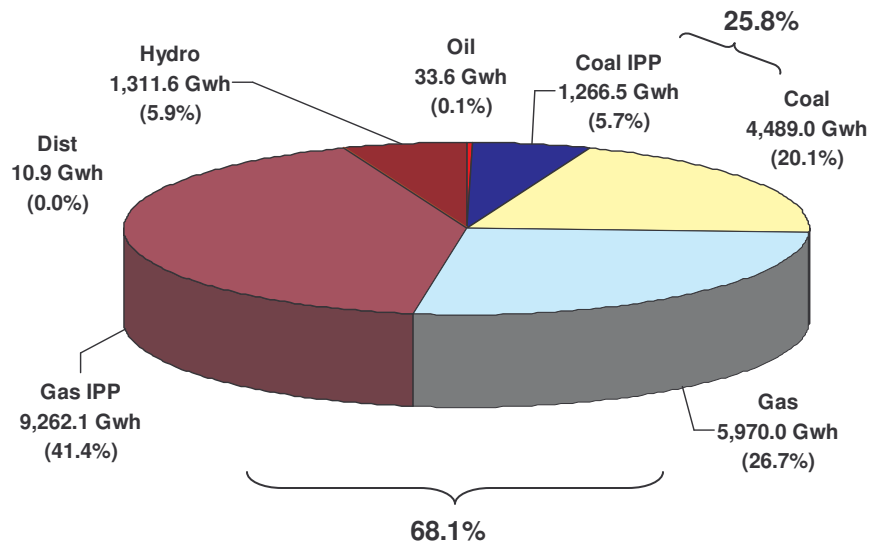
Operating Expenses (RM mn)	1Q FY'07	1Q FY'08	Changes (%)
IPP	1,702.4	2,176.0	27.8%
Fuel	923.1	773.9	(16.2%)
Fuel Subsidy - SESB	(114.8)	(106.1)	(7.6%)
R&M	213.6	204.8	(4.1%)
Salary & Related Costs	322.3	369.1	14.5%
FRS 119 (Staff Benefits)	163.4	167.0	2.2%
Depreciation	750.5	818.5	9.1%
General Expenses	116.1	100.3	(13.6%)
Provisions	11.6	14.3	23.3%
Subsidiaries Cost of Sales & General Expenses	164.5	224.8	36.7%
TOTAL OPERATING EXPENSES	4,252.7	4,742.6	11.5%



INDUSTRY GENERATION

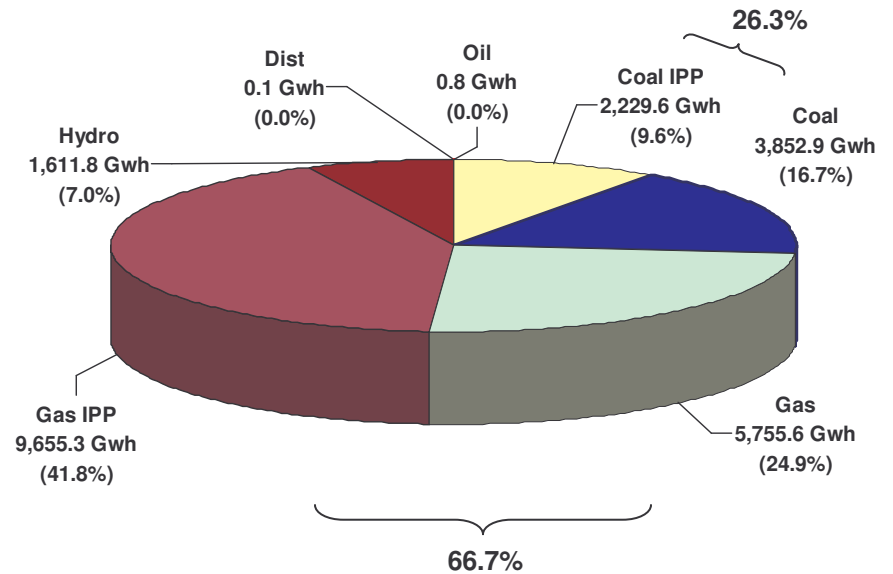
Unit Demand Growth Met by Coal Generated Plants

INDUSTRY GENERATION
1Q FY'07 = 22,343.7 GWh



Average coal price USD45.3/MT

INDUSTRY GENERATION
1Q FY'08 = 23,106.1 GWh



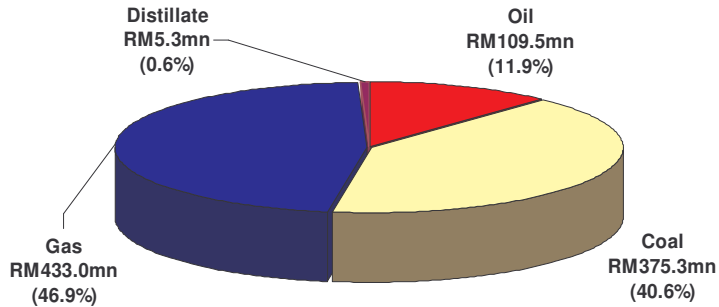
Average coal price USD52.5/MT

Note : Peninsular Malaysia only

- Units generated from coal-fired plants accounted for 26.3% of industry generation
- In 1QFY'08, total industry coal consumption amounted to 2.7 mn metric tonnes

ANALYSIS OF FUEL COST BY GENERATION MIX – TNB GROUP

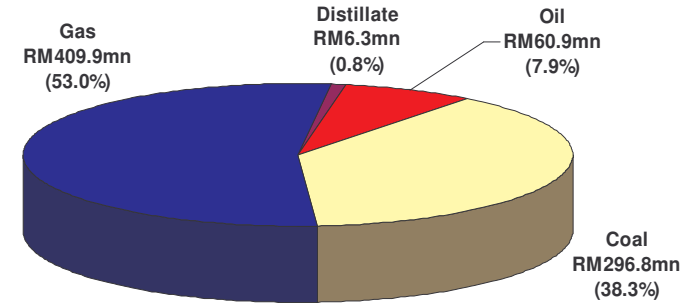
1Q FY'07



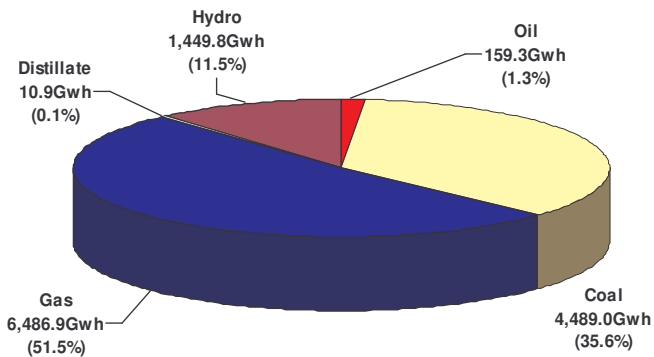
TOTAL: RM923.1 mn
NET OF SESB'S FUEL SUBSIDY = RM808.3 mn

RM mn	1QFY'07	1QFY'08
Gas		
TNB	340.1	319.4
SESB	11.0	14.6
LPL	81.9	75.9
Total	433.0	409.9
Oil		
TNB	11.5	1.0
SESB	98.0	59.9
Total	109.5	60.9

1Q FY'08

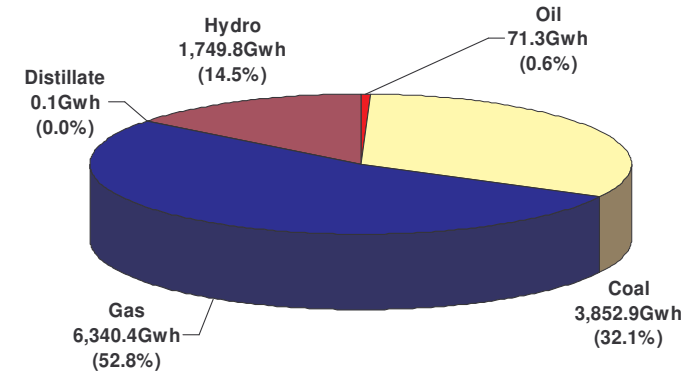


TOTAL: RM773.9 mn
NET OF SESB'S FUEL SUBSIDY = RM667.8 mn



TOTAL: 12,600.1 GWh

Gwh	1QFY'07	1QFY'08
Gas		
TNB	5,970.0	5,755.6
SESB	149.1	195.5
LPL	367.8	389.3
Total	6,486.9	6,340.4
Oil		
TNB	33.6	0.8
SESB	125.7	70.5
Total	159.3	71.3



TOTAL: 12,014.5 GWh

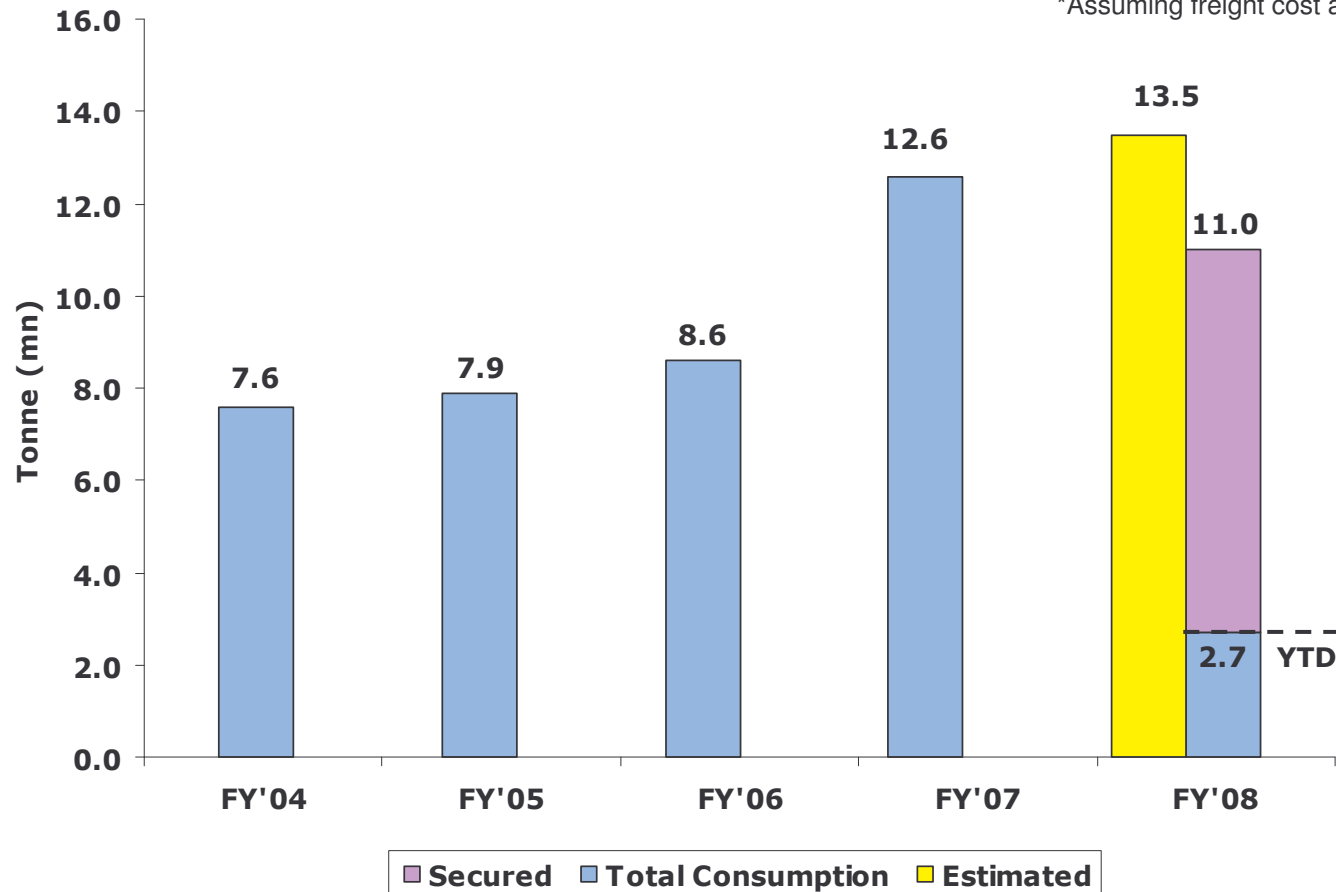


* inclusive of units generated by hydro plants

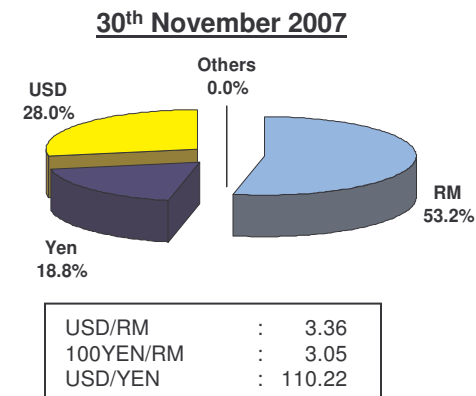
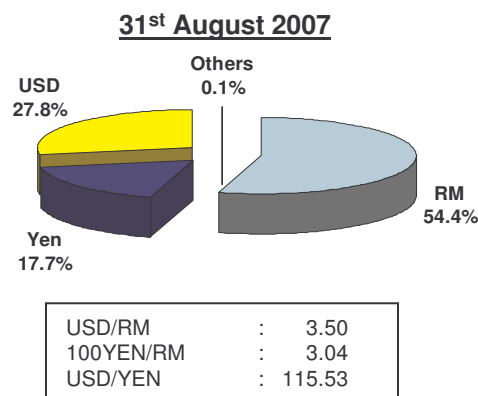
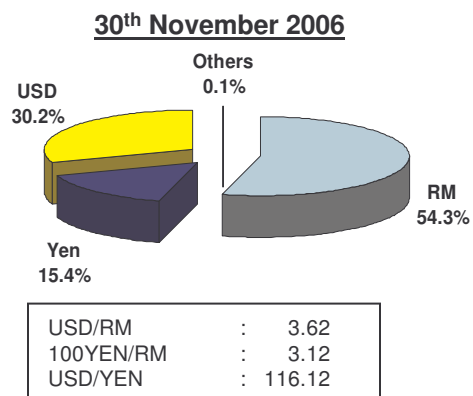
81% OF FY'08 COAL REQUIREMENT HAS BEEN SECURED

	FY'04	FY'05	FY'06	FY'07	FY'08
Average Coal Price (CIF) (USD/metric tonne)	34.0	49.8	52.8	45.3	60.3*

*Assuming freight cost at USD\$15/MT



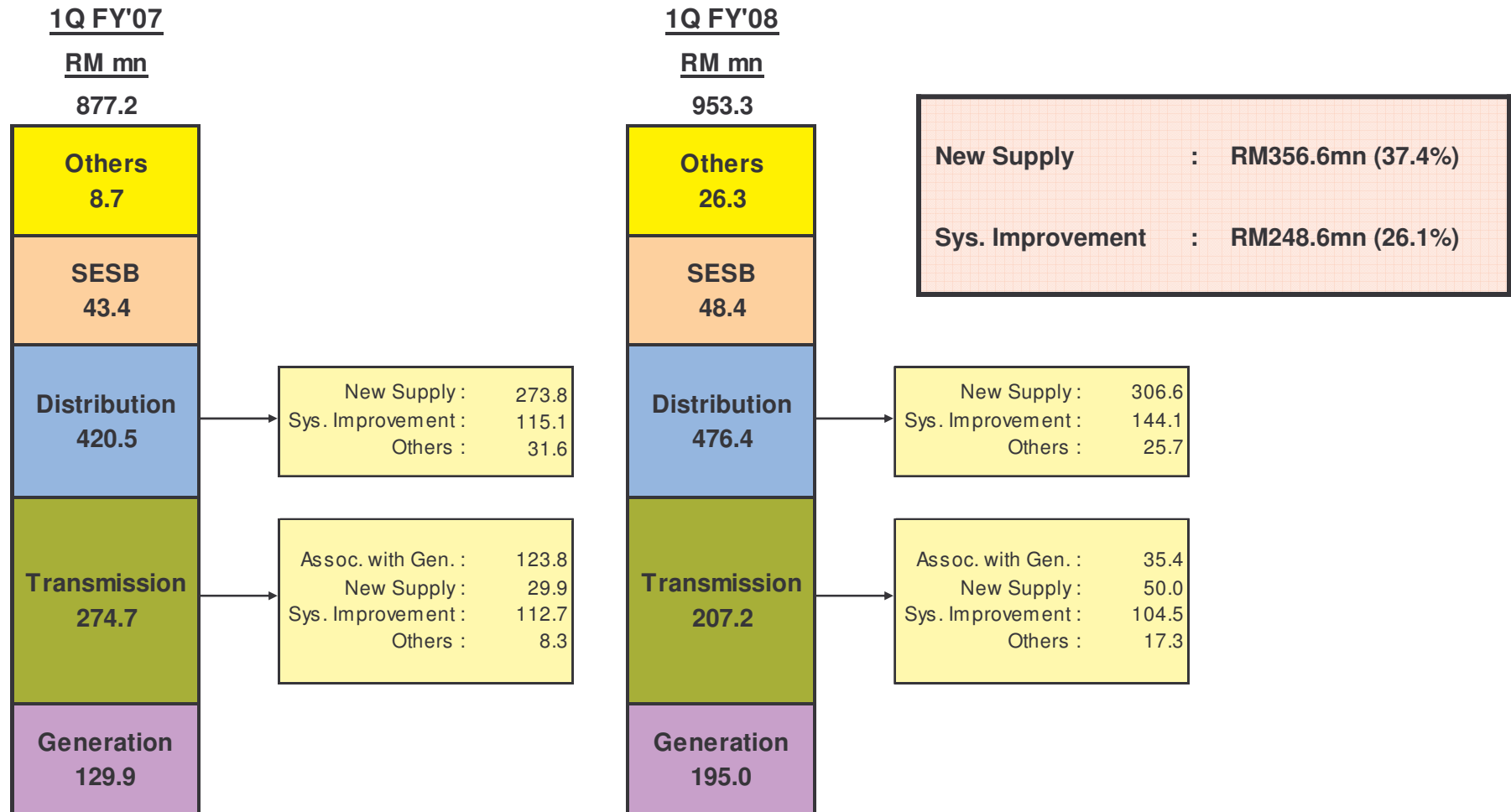
ANALYSIS OF DEBT EXPOSURE



	1QFY'07	As at 8/31/2007	1QFY'08
	RM mn	RM mn	RM mn
Total Debt	25,906.9	23,979.4	22,763.0
Cash Balance	5,204.2	5,299.3	5,055.3
Net debt	20,702.7	18,680.1	17,707.7
Total Finance Cost	314.2	1,305.0	290.0
Gross Gearing	54.2%	49.9%	47.0%
Net Gearing	43.3%	38.9%	36.6%
Weighted Average Cost of Debt	6.00%	5.85%	5.75%
Fixed/Floating	90.4%:9.6%	91.9%:8.1%	92.0%:8.0%

CAPITAL EXPENDITURE

63.5% Utilised for New Supply and System Improvement



CASHFLOW

	<u>Group</u>		<u>Company</u>	
	31-Aug-07	30-Nov-07	31-Aug-07	30-Nov-07
Cashflow From Operations	9,894.6	1,738.6	7,751.7	1,470.9
(-) Capex	(5,063.6)	(935.4)	(4,574.0)	(867.9)
(-) Interest Servicing	(1,483.7)	(258.8)	(1,008.8)	(207.8)
FREE CASHFLOW	3,347.3	544.4	2,168.9	395.2
(+) New Debt	814.5	85.0	622.0	50.9
(-) Repayment	(3,494.9)	(1,038.1)	(2,072.8)	(954.2)
(+) Proceeds from issuance of shares	1,525.6	6.2	1,525.6	6.2
Cashflow After Debt Service	2,192.5	(402.5)	2,243.7	(501.9)
Others	(822.9)	172.5	(844.1)	137.4
Net Cash	1,369.6	(230.0)	1,399.6	(364.5)
Currency translation differences	(7.0)	-	-	-
Cash Balance	5,299.3	5,055.3	4,524.3	4,159.8

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REALIZATION OF VALUE FROM LAND BANK

Execution of S&P Agreements in 1QFY'08 for Total Land Sale Value of RM35.3 mn

Sales FY'07

EXECUTION OF S&P	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)
Sept'06	3.5	8.0	8.8	5.3
Dec'06	16.8	34.9	49.6	32.8
Jan'07	8.5	16.4	19.0	10.5
Feb'07	12.7	29.7	43.7	31.0
Mar'07	4.2	20.0	22.0	17.8
May'07	37.8	127.0	171.2	133.4
Jun'07	0.5	1.9	2.0	1.5
Aug'07	10.3	40.1	42.9	32.6
TOTAL	94.3	278.0	359.2	264.9

Completed Sales

SITES	AREA (Acres)	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)
Jln Wickham	0.9	3.5	8.0	8.8	5.3
Jln Pulau Pinang	7.9	8.5	16.4	19.0	10.5
Pinggiran Tunku	2.0	4.2	20.0	22.0	17.8
Jln Ipoh	1.8	0.7	3.2	3.4	2.7
TOTAL FY'07	12.6	16.9	47.6	53.2	36.3
Cameron Highland	Shophouse	0.2	0.4	0.6	0.4
Taman Duta	3.2	6.6	24.5	24.5	17.9
7 Lots Bkt. Tunku	6.2	20.6	51.8	73.9	53.3
Port Klang	2.5	0.5	1.9	2.0	1.5
TOTAL FY'08	11.8	27.9	78.6	101.0	73.0

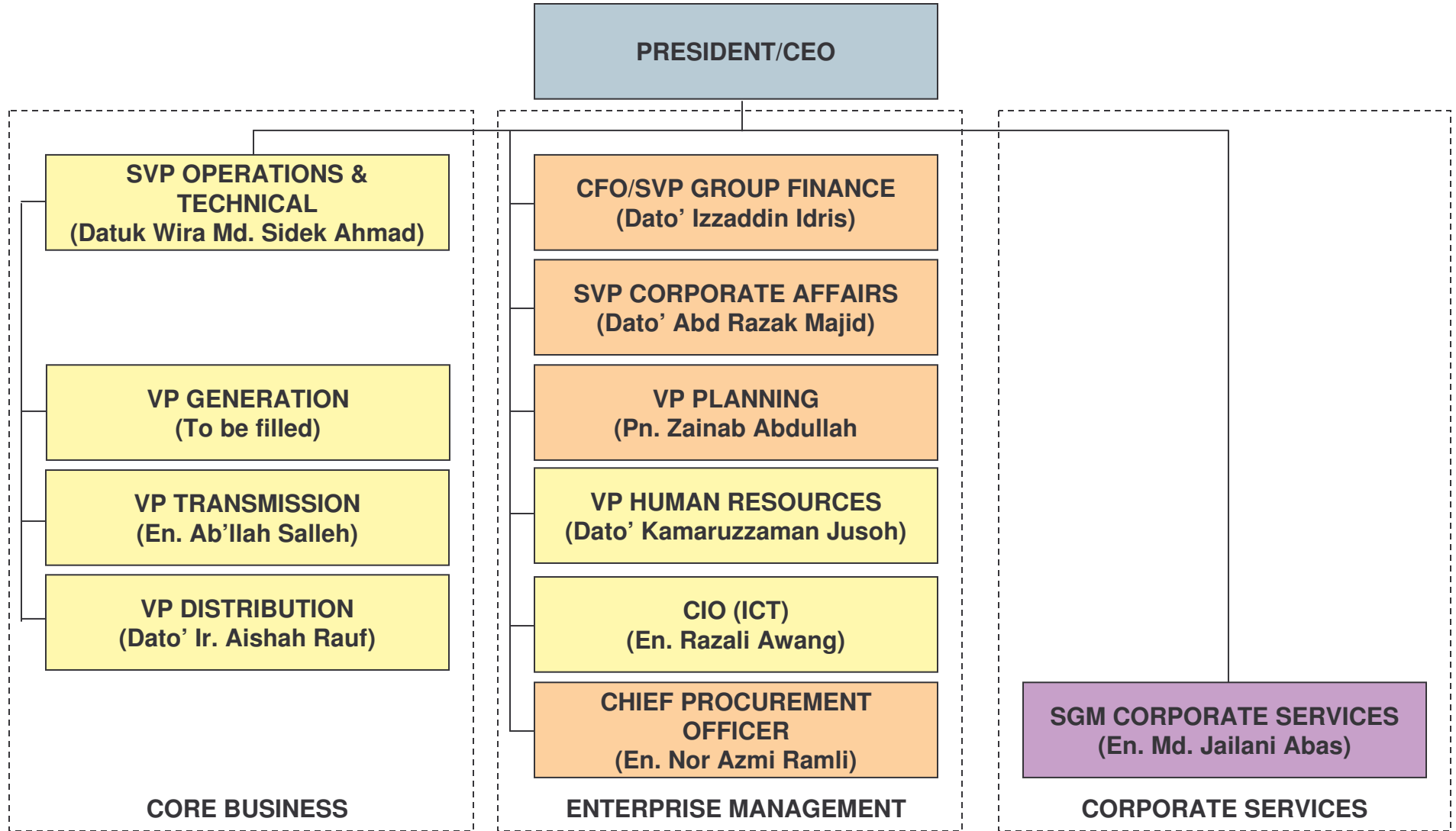
Sales for 1QFY'08

EXECUTION OF S&P	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)
Sept'07	4.9	22.4	27.1	22.2
Oct'07	1.6	5.7	8.2	6.6
TOTAL	6.5	28.1	35.3	28.7

MANAGING FUEL COSTS IN THE FUTURE THROUGH HYDRO GENERATION

- **Increase in fossil fuel cost necessitates TNB to identify and harness possible hydro power potential**
- **TNB has identified Ulu Jelai and Hulu Terengganu hydro power plants which will have a combined capacity of 600MW and are expected to be completed in 2013/2014**
- **The power plants will be part of TNB's plan for the development of the East Coast Economic Region (ECER)**
- **Initial works will commence mid-2008**
- **By 2012 the expected reserve margin will decline to 25%**

NEW STRUCTURE TO FACILITATE THE MOVE TO THE NEXT PHASE OF THE 20-YEAR STRATEGY PLAN



FY'08 – KEY INITIATIVES & VALUE CREATION POTENTIALS

STAKEHOLDER MANAGEMENT

- Energy Supply Industry (ESI) issues
- Tariff formula and fuel pass-through
- IPP renegotiations

BUSINESS DEVELOPMENT

- Realising the potential of REMACO
- Exploring opportunities for investment in regional assets
- License to build 300MW coal-fired plant in Sabah

STRATEGY FOR COAL & PROCUREMENT

- Tactical purchasing
- Exploring coal purchases from South Africa and new suppliers from Indonesia

DEBT LIABILITY MANAGEMENT

- Restructuring/repayment of loans
- Conversion of loans to Middle East Syariah Compliance
- Bond buy-back

EARNINGS GROWTH

- Stimulus from the rollout of projects under the 9MP
- Sabah – potential for higher growth with the completion of the East-West Grid
- Realisation of gain from land sales targeted at RM200 mn

OPERATIONS

- Completion of coal-mine sale
- Improving procurement activities
 - strategic outsourcing
- Improving work processes
 - outsourcing
- Asset management activities
- Reengineering O&M activities

Thank You



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