

## UNAUDITED FINANCIAL RESULTS 1st QUARTER FY2010

20th January 2010







#### **AGENDA**



- ☐ Highlights Of The Group's Performance
- ☐ Details Of The Group's Performance
- Q & A



## Highlights Of The Group's Performance

## "Powering The Nation"



#### **KEY HIGHLIGHTS**



- Net Profit of RM706.3 million
- 6.1% decline in Operating Expenses against a 1.0% decline in Group Revenue
- 2.7% Unit electricity demand growth in Peninsular Malaysia
- EBITDA margin at 29.5% compared to 22.2% for the corresponding period in FY2009

## FINANCIAL HIGHLIGHTS



- 39.3% Increase in Operating Profit Resulting from Lower Generation CostsNet Profit Attributable to Equity Holder's of RM706.3mn

RM'mn	1Q	1Q	Variance
	FY'09	FY'10	%
Revenue	7,414.6	7,338.3	(1.0)
Operating expenses	(6,580.2)	(6,179.9)	(6.1)
Operating income	56.4	82.8	46.8
Operating profit	890.8	1,241.2	39.3
Forex			
- Transaction Gain	2.0	0.9	55.0
- Translation Loss	(1,439.7)	(45.4)	96.8
Share of results of associates & jointly controlled entities			
(net of tax)	7.8	(4.5)	(157.7)
Profit/(Loss) before finance cost	(539.1)	1,192.2	321.1
Finance income	51.6	40.9	(20.7)
Finance cost	(285.2)	(260.0)	8.8
Profit/(Loss) before taxation	(772.7)	973.1	225.9
Taxation and Zakat			
- Company and subsidiaries	(106.1)	(251.2)	(136.8)
- Deferred taxation	(61.9)	(24.4)	60.6
Profit/(Loss) for the period	(940.7)	697.5	174.1
Attributable to:			
- Equity holders of the Company	(944.1)	706.3	174.8
- Minority interests	3.4	(8.8)	(358.8)
	(940.7)	697.5	174.1

#### FINANCIAL HIGHLIGHTS



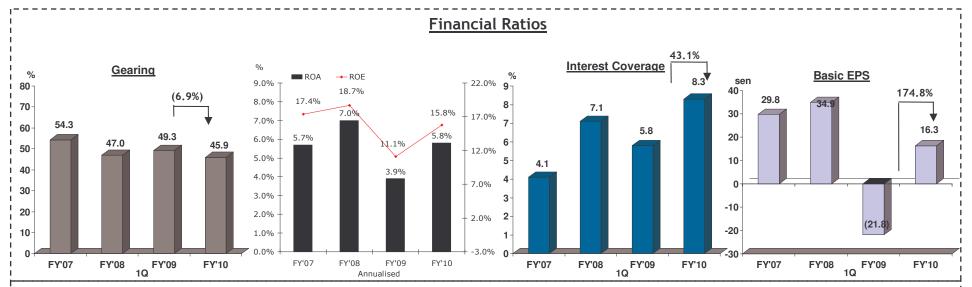
#### Year-On-Year Analysis

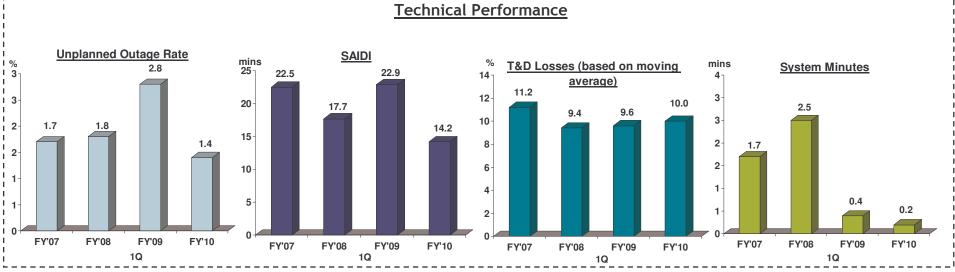
#### Improvement in EBITDA Resulted From the 11.3% Reduction in Generation Costs

RM mn	FY 2009	FY 2010
	1Q	1Q
Total Units Sold (GWh)	22,587.0	23,117.5
Revenue	7,414.6	7,338.3
Operating Expenses (without depreciation)	5,822.8	5,259.3
Operating Income	56.4	82.8
EBITDA	1,648.2	2,161.8
EBITDA Margin (%)	22.2%	29.5%
Depreciation and Amortisation	757.4	920.6
EBIT	890.8	1,241.2
EBIT Margin (%)	12.0%	16.9%
Finance Cost	285.2	260.0
Profit Before Tax & Forex Translation	667.0	1,018.5
Net Profit Before Forex Translation	495.6	751.7
Translation Gain / (Loss)	(1,439.7)	(45.4)
Net Profit attributable to :		
Equity Holders	(944.1)	706.3
Minority Interest	3.4	(8.8)

#### FINANCIAL & TECHNICAL PERFORMANCE







#### **PERFORMANCE INDICATORS**



#### **Headline Key Performance Indicators**

INITIATIVES	ACTUAL FY 2009		1st QTR FY 2010
Return on Assets (ROA) (%) *	4.0	4.5	5.8
Gearing (%) *	46.5	44 - 46	45.9
Unplanned Outage Rate (UOR) (%) **	2.9	3.6 - 4.0	1.4
T & D Losses (%)	9.7	9.0 - 9.5	$\frac{10.0^{2}}{9.5^{3}}$
Transmission System Minutes (mins)	1.0	5 - 7	0.2
Distribution SAIDI (mins)	68.6	68 - 72	14.2

<sup>\*</sup> Key drivers are:

Note: 1 based on adjusted annualised net profit

<sup>-</sup> Demand growth at 2.3% (adopted forecast)

<sup>-</sup> Coal price at USD85/mt

<sup>-</sup> Gas price at RM10.70/mmbtu

<sup>\*\*</sup> Excluding KEV

<sup>2</sup> based on 12-month moving average (as total system)

<sup>3</sup> based on YTD (as total system)

#### ANALYSIS OF ELECTRICITY GROWTH M-O-M IN PENINSULA



#### As at Dec'09, Peninsula Reported 3.9% Growth Y-o-Y

							FY 2	.009							FY 2	2010	
UNIT	S SALES	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
rial	Gwh	3,501	3,238	3,086	3,007	2,847	2,500	2,609	2,911	2,956	3,081	3,178	3,346	3,330	3,092	3,429	3,276
Industrial	Growth (%)	0.4	(1.4)	(4.3)	(8.2)	(15.1)	(27.5)	(16.1)	(14.7)	(13.1)	(12.8)	(7.0)	(6.1)	(4.9)	(4.5)	11.1	9.0
rcial	Gwh	2,349	2,416	2,177	2,193	2,262	2,122	2,162	2,332	2,422	2,446	2,429	2,549	2,385	2,323	2,495	2,353
Commercial	Growth (%)	1.1	12.2	(2.1)	0.5	1.2	(1.4)	3.4	3.5	1.9	5.0	6.4	9.1	1.5	(3.9)	14.6	7.3
stic	Gwh	1,318	1,465	1,309	1,312	1,351	1,305	1,371	1,358	1,533	1,491	1,456	1,524	1,541	1,373	1,452	1,370
Domestic	Growth (%)	(0.9)	13.3	(0.5)	4.2	6.5	(0.4)	6.8	5.4	7.1	10.5	9.0	13.5	16.9	(6.3)	10.9	4.4
ers	Gwh	100	107	101	100	106	113	98	103	105	103	99	229	106	106	111	114
Others	Growth (%)	(1.0)	9.2	2.0	2.0	1.9	11.9	2.1	6.2	2.9	1.0	0.0	118.1	6.0	(0.9)	10.0	14.0
-AL	Gwh	7,268	7,226	6,673	6,612	6,566	6,040	6,240	6,704	7,016	7,121	7,162	7,648	7,362	6,894	7,487	7,113
TOTAL	Growth (%)	0.4	5.8	(2.8)	(3.0)	(5.7)	(13.8)	(5.2)	(4.9)	(4.1)	(2.6)	0.4	4.1	1.3	(4.6)	12.2	7.6

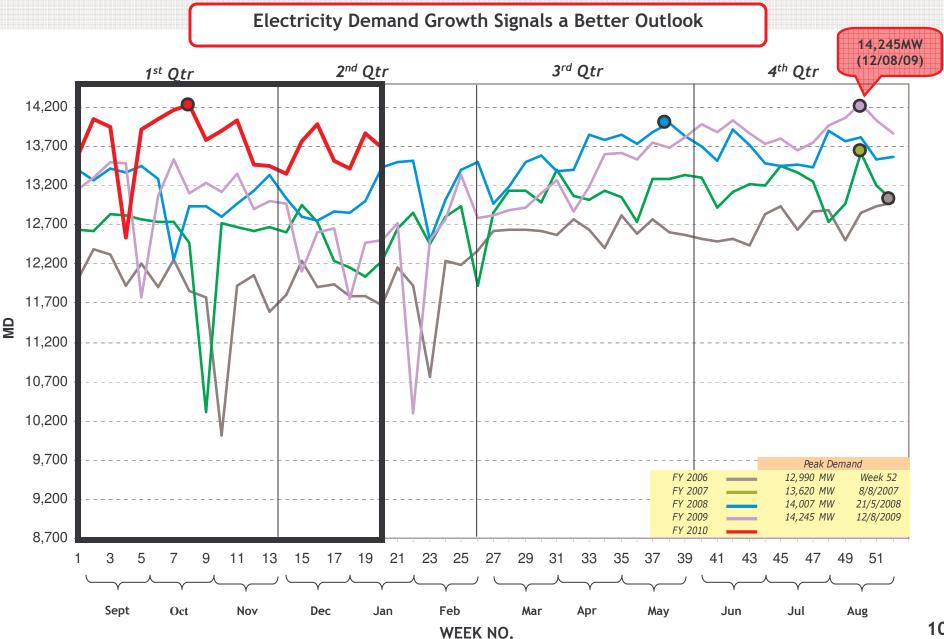
1st Qtr FY'09 1.1% 2<sup>nd</sup> Qtr FY'09 (7.6)% 3<sup>rd</sup> Qtr FY'09 (4.7)% 4<sup>th</sup> Qtr FY'09 0.6% 1<sup>st</sup> Qtr FY'10 2.7%

1 Qtr YTD FY 2009 YTD FY 2010 Growth (%) 1.1 2.7

#### SYSTEM WEEKLY PEAK DEMAND PENINSULA)



For FY2005/06 to FY2009/10 (Sept - Aug Period)



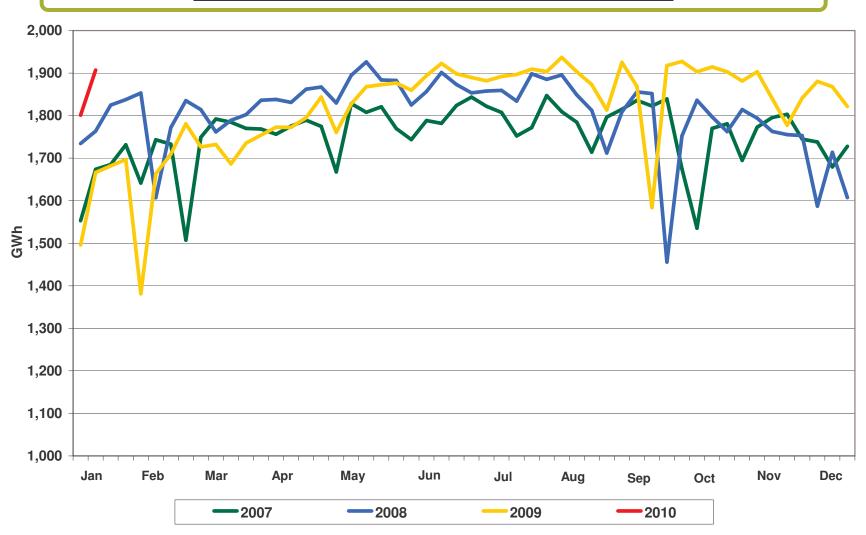
## WEEKLY ELECTRICITY DEMAND GROWTH (PENINSULA)



For FY2005/06 to FY2009/10 (Sept - Aug Period)

**Electricity Demand Growth Signals a Better Outlook** 

#### Weekly Generation (Gwh) - Week Ending 10th Jan 2010



#### **AGENDA**



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

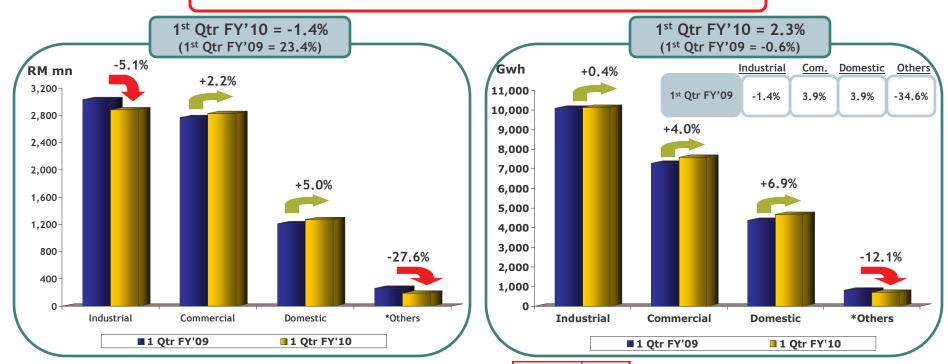
## "Service Excellence 10/10"



## ANALYSIS OF ELECTRICITY GROWTH BY SECTORS (GROUP)



#### Both Peninsula and SESB Reported Positive Demand Growth



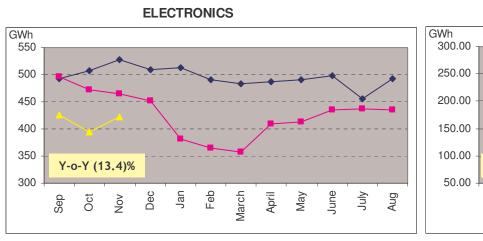
 <sup>\*</sup> Includes Specific Agriculture, Mining, Public Lighting, LPL & EGAT
 (-) Indicates Negative Growth

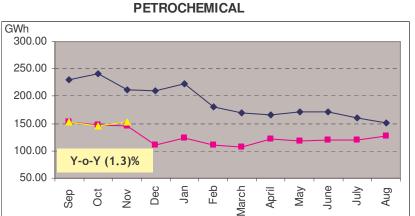
	1QFY'09	Sen/ KWh	1QFY'10	Sen/ KWh	Growth %
UNITS SOLD	GWh		GWh		
- TNB	21,167.4		21,743.2		2.7
- EGAT (Export)	79.8		3.9		(95.1)
- SESB	924.5		992.1		7.3
- LPL	415.3		378.3		(8.9)
Total units sold (Gwh)	22,587.0		23,117.5		2.3
REVENUE	RM mn		RM mn		
Sales of Electricity					
- TNB	6,854.2	32.4	6,814.3	31.3	(0.6)
- EGAT (Export)	17.3	21.7	2.3	59.0	(86.7)
- SESB	235.0	25.4	247.5	24.9	5.3
- LPL	170.0	40.9	107.4	28.4	(36.8)
Total Sales of Electricity	7,276.5	32.2	7,171.5	31.0	(1.4)
Goods & Services	51.0		76.5		50.0
Deferred Income	87.1		90.3		3.7
TOTAL REVENUE	7,414.6		7,338.3		(1.0)

## SECTORAL ANALYSIS - INDUSTRIAL SECTOR (PENINSULA)

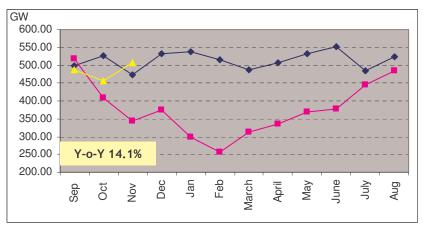


#### Industrial Sub-sectors are Showing Signs of Recovery

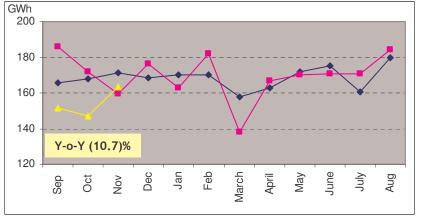




#### **IRON & STEEL**



#### **CEMENT & CONCRETE**



FY2009 FY2010

FY2008

<sup>\*</sup> Source : Top 1,000 PRIME customers database (PRIME customer YTD unit sales equivalent to 37.6% of total YTD unit sales)

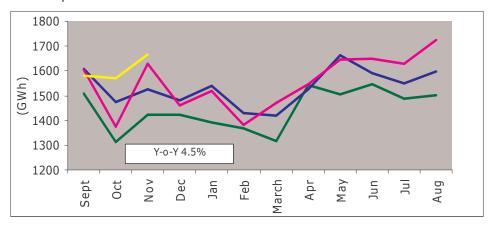
<sup>\*</sup> PRIME customers for 4 sectors above attributes 44.1% from the whole PRIME customers YTD unit sales

## SECTORAL ANALYSIS - COMMERCIAL SECTOR (PENINSULA)

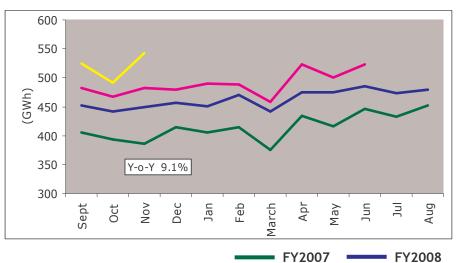


#### **Strong Growth from Commercial Sub-sectors**

<u>Low Voltage</u> Shop Lots & Retail Business

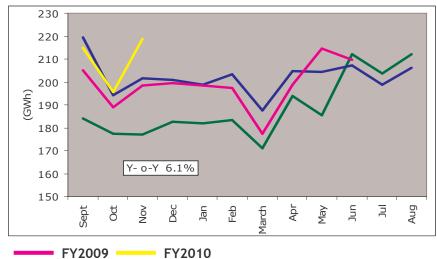


## <u>Medium Voltage</u> Shopping malls, 3 star hotels, office buildings



#### Medium Voltage (peak/off-peak)

Mega shopping malls, 4-5 star hotels, hospitals, airports and ports



## **OPERATING EXPENSES**



#### **6.1% Decline in Operating Expenses**

RM'mn	40714100	42-1442	Increase / (decrease)		
	1QFY'09	1QFY'10	RM mn	%	
Revenue	7,414.6	7,338.3	(76.3)	(1.0%)	
Total IPP Purchases	3,036.1	3,137.5	101.4	3.3%	
Fuel Costs	1,580.6	957.8	(622.8)	(39.4%)	
Repair & Maintenance	222.4	228.5	6.1	2.7%	
Staff costs	709.3	695.4	(13.9)	(2.0%)	
TNB General Expenses	89.6	160.5	70.9	79.1%	
* Main Subs.Gen Exp & Cost of Sales, Other Subsidiaries & Provisions	184.8	79.6	(105.2)	(56.9%)	
Depreciation & Amortisation	757.4	920.6	163.2	21.5%	
	6,580.2	6,179.9	(400.3)	(6.1%)	

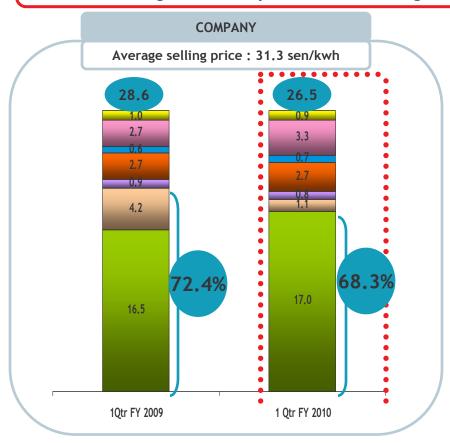
<sup>\*</sup> TNB Fuel's Cost of Sales eliminated and set off against Revenue from Goods & Services

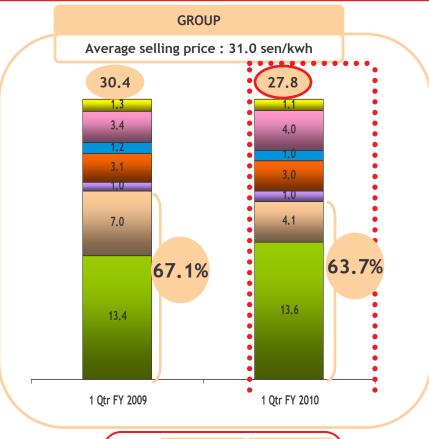
#### **COST PER UNIT**



#### • 8.6% Decline In Cost Per Unit Sold

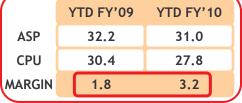
Significant Improvement in Margin from 1.8 sen/kwh to 3.2 sen/kwh in FY2010





*	General expenses exclude TNB Fuel's 3rd
	Party Cost of Sales as TNB Fuel is now treated
	as an agent
**	Company's IRR cost includes TNR I & VEV

\*\* Company's IPP cost includes TNBJ & KEV





## INDUSTRY GENERATION IN PENINSULA (TNB & IPPs)

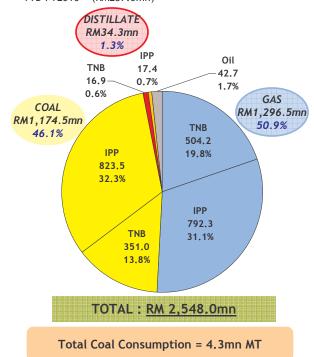


#### Y-o-Y Analysis

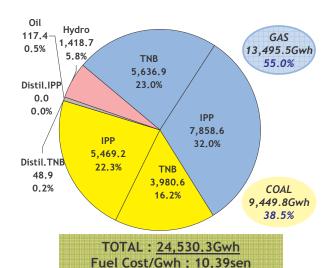
#### 30.5% Increase in Coal Generation Resulting from Reduction in Gas Allocation & Higher Demand

Fuel Cost (RM mn)							
Fuel	1st	Qtr	Variance				
Type	YTD FY'09	YTD FY'10	RM mn	%			
Gas	1,704.9	1,296.5	(408.4)	(24.0)			
Coal*	1,230.8	1,174.5	(56.3)	(4.6)			
Dist.	12.3	34.3	22.0	178.9			
Oil	0.7	42.7	42.0	> 200.0			
Hydro	0.0	0.0	-	-			
Total	2,948.7	2,548.0	(400.7)	(13.6)			

\* Includes fuel adj: YTD FY2009 = RM375.3mn YTD FY2010 = (RM237.0mn)



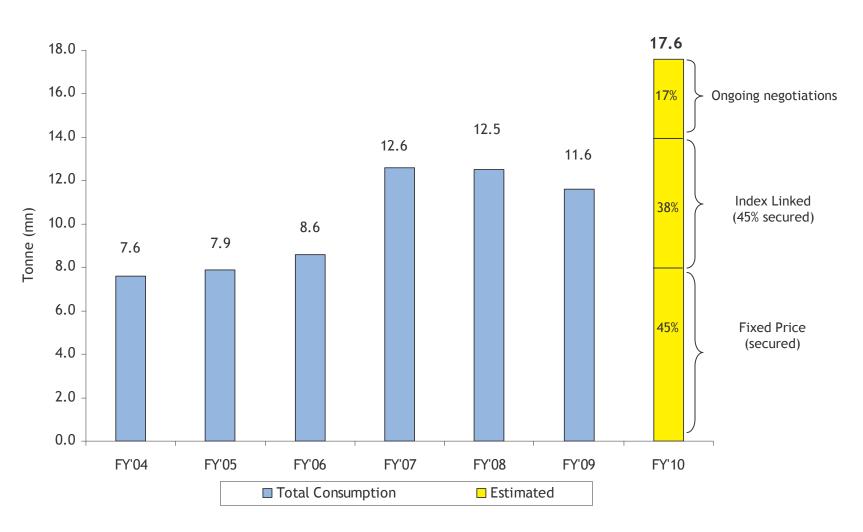
Units Generated (Gwh)							
Fuel	1st	Qtr	Variance				
Type	YTD FY'09	YTD FY'10	Gwh	%			
Gas	14,617.0	13,495.5	(1,121.5)	(7.7)			
Coal	7,239.5	9,449.8	2,210.3	30.5			
Dist.	0.1	48.9	48.8	> 200.0			
Oil	0.6	117.4	116.8	> 200.0			
Hydro	1,575.0	1,418.7	(156.3)	(9.9)			
Total	23,432.2	24,530.3	1,098.1	4.7			



## **COAL REQUIREMENT**



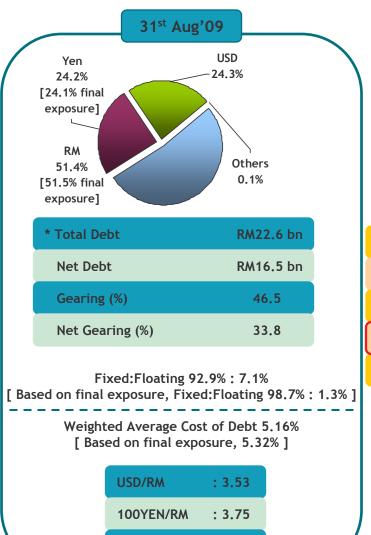
#### Coal Procurement Estimate for FY2010 at 17.6 mn MT



#### ANALYSIS OF DEBT EXPOSURE & FOREX



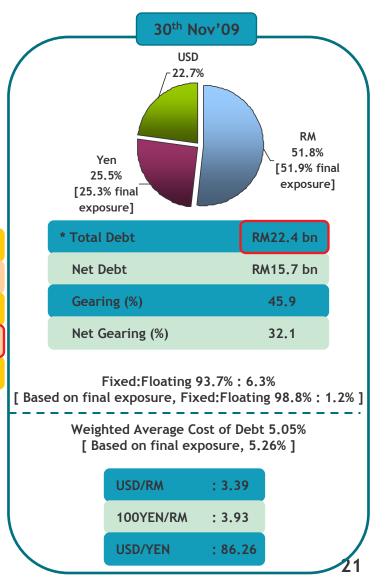
#### USD Exposure Reduced by 6.6% Resulting from Strengthening of RM & Bond Buybacks



**USD/YEN** 

: 94.13

	RM bn
Total Debt 31/08/09	22.6
- Debt Repayments	(0.4)
+ Drawdowns	0.1
Forex Translation Loss	0.1
Total Debt 30/11/09	22.4



#### **DEBT EXPOSURE & FOREX**



#### RM45.4mn Translation Loss Principally from Japanese Yen Exposure

Ex. Rate

1USD:RM

31/08/09	
3.53	
3.75	

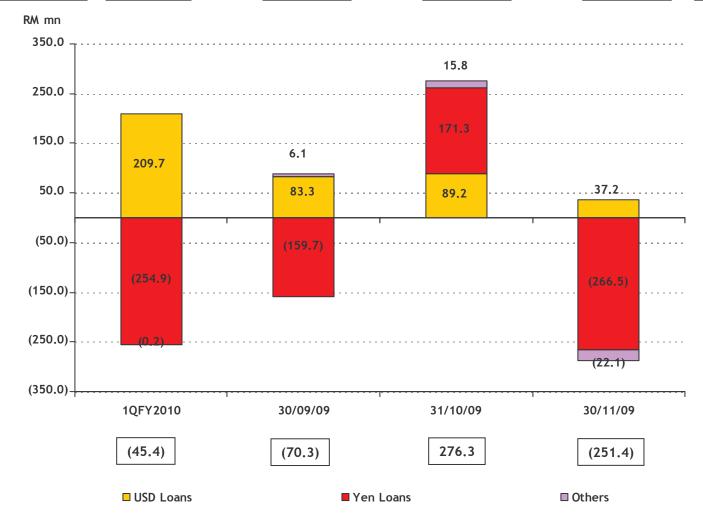
1QFY'10	
3.39	
3.93	

30/09/09
3.47
3.87

31/10/09
3.41
3.75

30/11/09
3.39
3.93

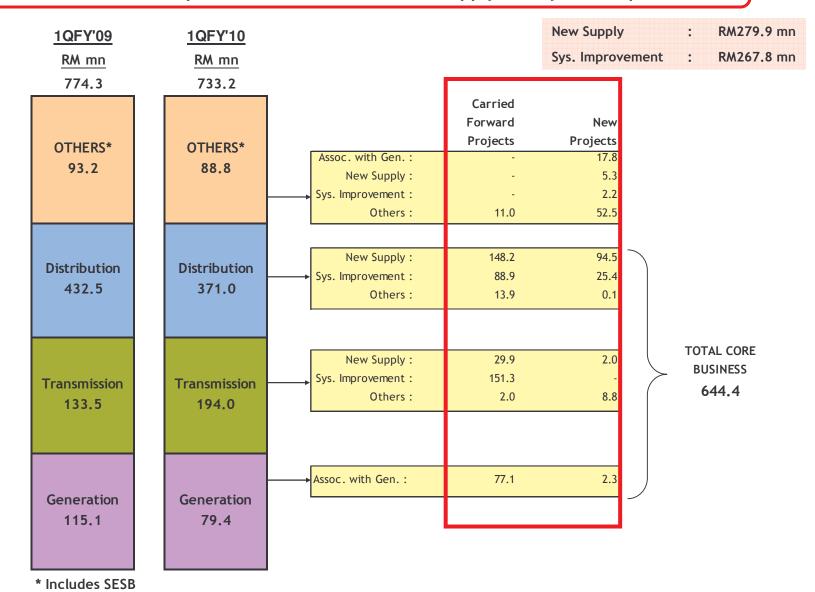
18/01/10
3.34
3.68



#### **CAPITAL EXPENDITURE**



- 71.2% of Total Capex Incurred are Carried Forward Projects
- 74.7% of Total Capex Incurred Relates to New Supply and System Improvement



## **CASHFLOW**



#### **Cash Balance Continues to Improve**

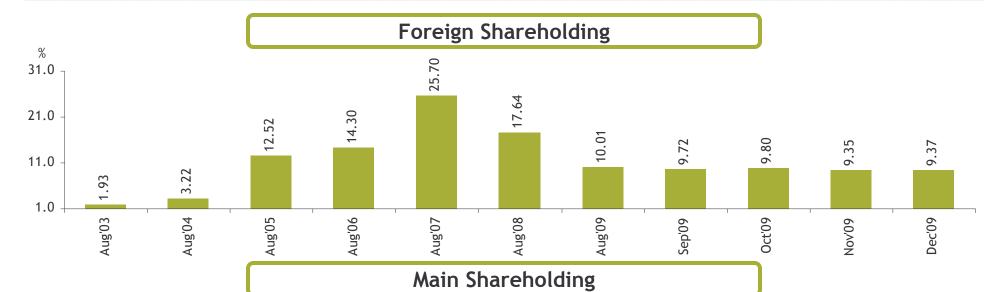
			Group		Company					
	FY 2009				FY 2010	FY 2009				FY 2010
	3 Mths	6 Mths	9 Mths	12 Mths	3 Mths	3 Mths	6 Mths	9 Mths	12 Mths	3 Mths
Cashflow From Operations	778.1	2,486.9	4,711.5	7,409.9	1,550.0	301.8	1,831.2	3,524.8	5,930.4	1,022.1
(-) Capex	(683.4)	(1,800.5)	(2,795.8)	(4,128.4)	(635.8)	(601.8)	(1,638.3)	(2,467.1)	(3,575.1)	(557.2)
(-) Interest Servicing	(258.2)	(617.3)	(857.5)	(1,188.8)	(234.9)	(180.2)	(438.7)	(596.0)	(829.8)	(169.7)
(+) Dividend from Subs/	0.0	54.0	54.0	54.0		0.0	54.0	54.0	54.1	16.4
Assocs.										
FREE CASH FLOW	(163.5)	123.1	1,112.2	2,146.7	679.3	(480.2)	(191.8)	515.7	1,579.6	311.6
(+) New Debt	330.7	628.0	652.1	592.2	109.1	40.2	65.0	249.2	289.0	53.4
(-) Repayment	(438.7)	(1,404.8)	(1,615.8)	(1,796.7)	(393.7)	(120.4)	(754.0)	(1,139.9)	(1,178.2)	(237.6)
(+) Proceeds from	0.8	0.8	1.6	15.2	17.6	0.8	0.8	1.6	15.2	17.6
Issuance of Shares										
Cash Flow After										
Debt Service	(270.7)	(652.9)	150.1	957.4	412.3	(559.6)	(880.0)	(373.4)	705.6	145.0
Others	53.4	(208.3)	(438.8)	(174.5)	85.8	45.3	(207.2)	315.9	271.2	42.9
Net Cash	(217.3)	(861.2)	(288.7)	782.9	498.1	(514.3)	(1,087.2)	(689.3)	976.8	187.9
Currency translation		, ,					,	,		
differences	2.0	2.6	(1.9)	(2.9)	(5.2)	0.0	0.0	0.0	0.0	0.0
Cash Balance	5,168.6	4,525.3	5,093.3	6,163.9	6,656.8	3,698.6	3,125.8	3,523.7	5,189.8	5,377.7

#### Cash Balance as at 30th Nov 2009 (RM mn)

TNB	KEV	SESB	LPL	MTM	TNBJ	TNEC	UNITEN	TSG	TNB ES	ILSAS	OTHERS	GROUP
5,377.7	518.5	147.8	24.4	50.3	418.3	19.4	8.4	30.3	9.7	36.8	15.2	6,656.8

## **SHAREHOLDING**





	Aug'07	Aug'08	Aug'09	Nov'09	Variance (Nov'09 & Aug'09)
Name	%	%	%	%	%
Khazanah Nasional Berhad	37.67	37.80	37.78	37.77	(0.03)
Employees Provident Fund Board	10.06	11.32	13.99	14.27	2.00
Skim Amanah Saham Bumiputera	7.23	8.94	9.60	9.39	(2.19)
Kumpulan Wang Persaraan	3.23	3.53	3.15	2.50	(20.63)
Other Corporations & Govt. Agencies	9.90	17.14	19.51	20.37	4.41
Subtotal	68.09	78.73	84.03	84.30	0.32
Foreign	25.67	17.64	10.01	9.35	(6.59)
Malaysian Public	6.24	3.63	5.96	6.35	6.54
Total	100.00	100.00	100.00	100.00	
Paid Up Capital (mn shares)	4,331.71	4,334.50	4,337.00	4,338.20	0.03

#### **AGENDA**



- ☐ Highlights Of The Group's Performance
- ☐ Details Of The Group's Performance
- Q & A



# We now open the session for **Q&A**





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## **THANK YOU**

"Powering The Nation's Progress"

