



**UNAUDITED FINANCIAL RESULTS  
FOR THE SIX MONTHS ENDED 28 FEB 2007  
(1<sup>st</sup> HALF FY2007)**

**16th April 2007**



---

# AGENDA

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

---

## **Highlights Of The 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

✓	<b>Revenue Growth</b>	+15.8%	• Principally from 6.0% increase in unit demand growth and new tariff
✓	<b>Operating Expenses</b>	+3.7%	• Increase in IPP costs cushioned by lower general expenses and recovery of delinquent debt
✓	<b>EBITDA Margin</b>	39.9%	• 21.6% increase from 1HFY'06
✓	<b>EBIT Margin</b>	26.6%	• 50.3% increase from 1HFY'06
✓	<b>ROA</b>	6.5%	• Based on annualised adjusted net profit
✓	<b>Economic Loss</b>	(RM97.9 mn)	• Economic loss of RM998.4 mn in 1HFY'06

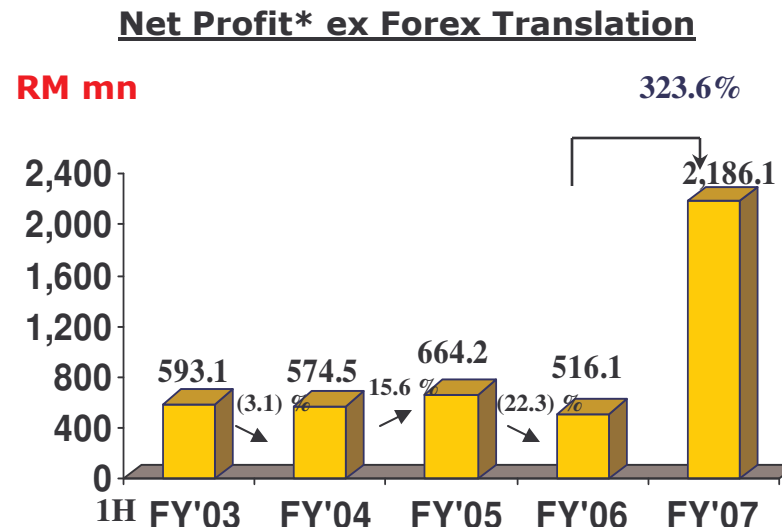
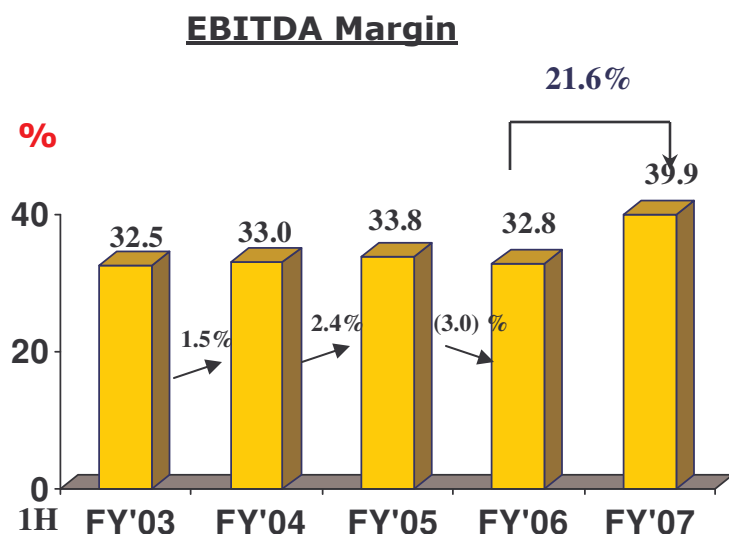
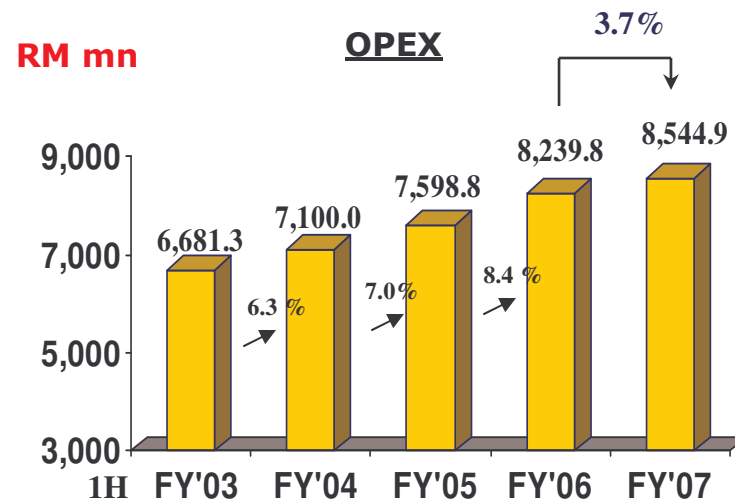
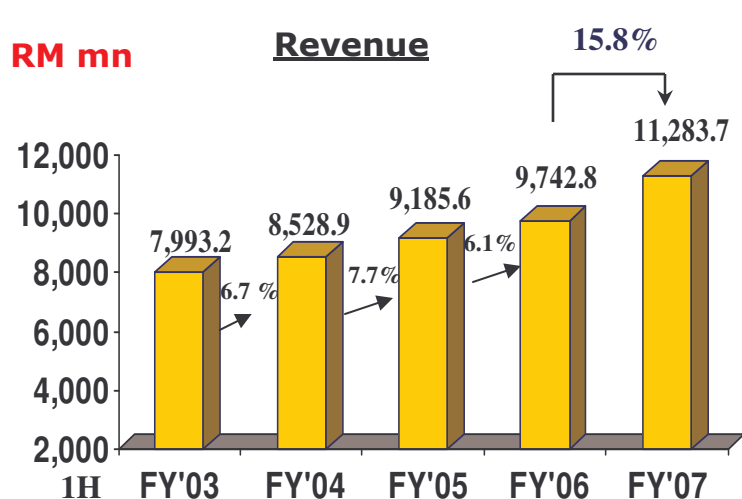
# Financial Highlights.....

**RM mn**

	1HFY'06	1HFY'07
Revenue	9,742.8	11,283.7
Operating Expenses	(8,239.8)	(8,544.9)
Other Operating Income	222.0	266.6
Operating Surplus	1,725.0	3,005.4
Finance Cost	(789.0)	(637.6)
Transaction Loss	(131.3)	(17.2)
Profit Before Tax & Translation Gain/(Loss)*	811.2	2,373.8
Net Profit Before Translation Gain/(Loss)	516.1	2,186.1
Translation Gain	479.0	614.9
Profit for the period	1,003.4	2,822.6
Net Profit Attributable to:		
Equity Holders	995.1	2,801.0
Minority Interests	8.3	21.6
	1,003.4	2,822.6

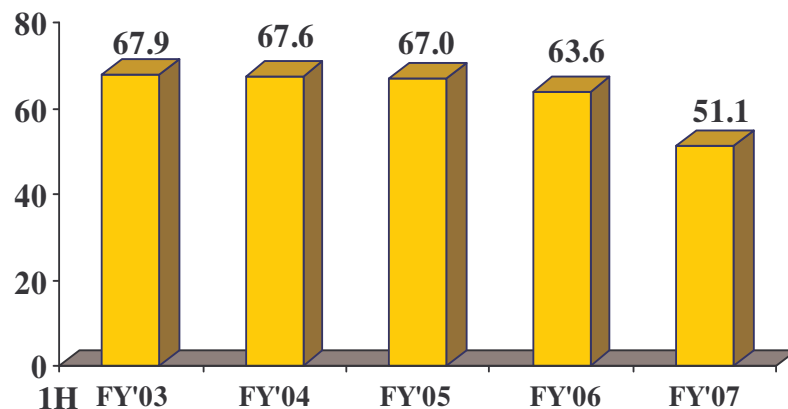
\* In accordance with FRS 101

# Snapshot of Financial Performance Trend

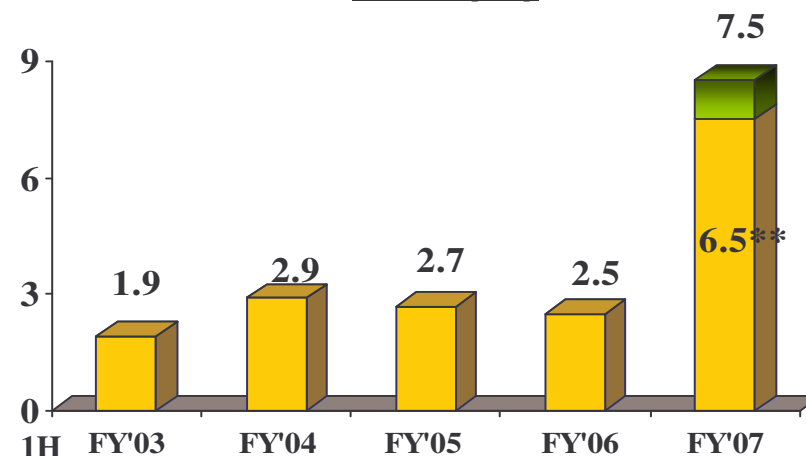


# Improvements In Financial Ratios

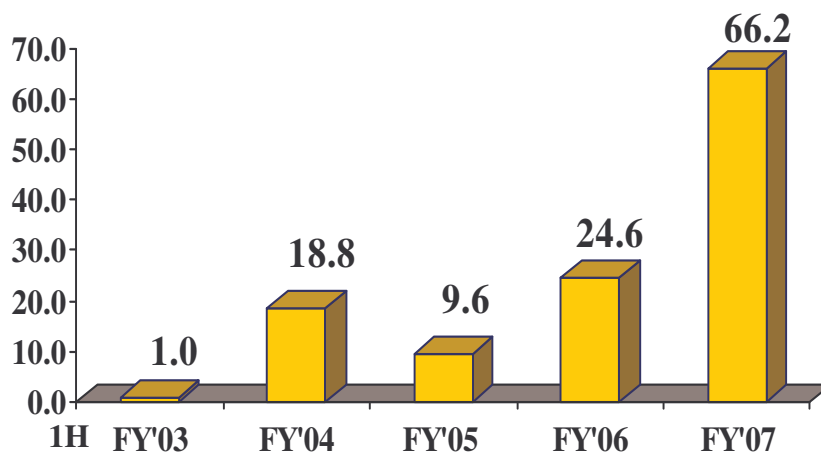
**Gross Gearing (%)**



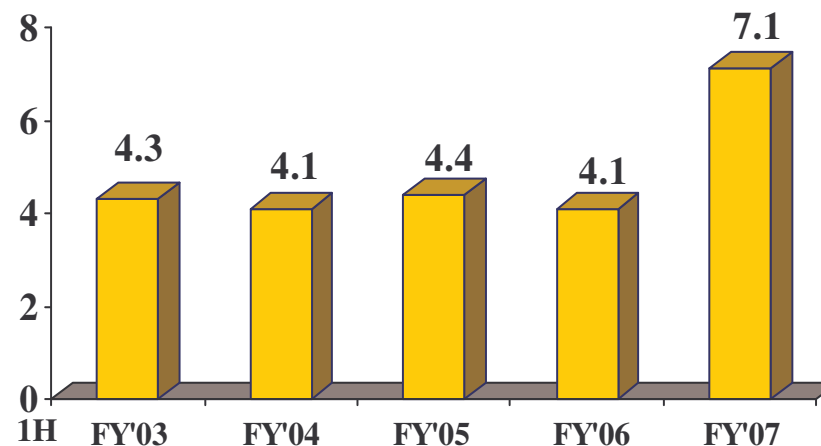
**ROA\* (%)**



**Basic Earnings Per Share (Sen)**



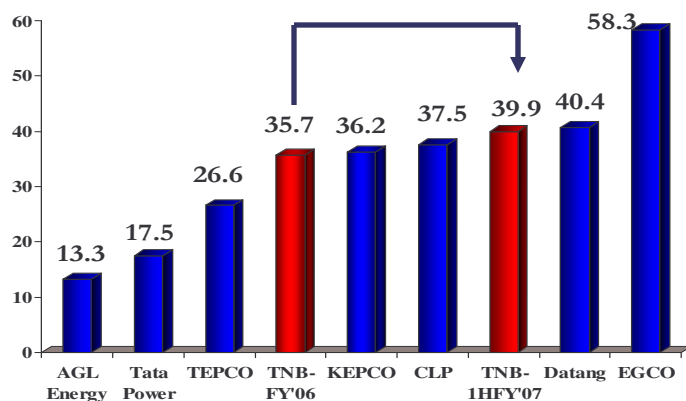
**Interest Coverage (X)**



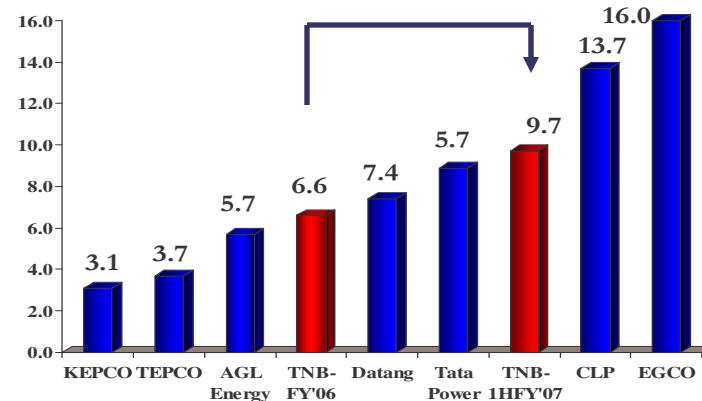
## Benchmarked Against Other Utilities

	TNB	TEPCO	Tata Power	CLP	KEPCO	Datang	AGL Energy	EGCO
Rating (Moody's/S&P)	Baa1/BBB	Aa2/AA-	Ba2/BB+	A1/A	A1/A	-/BBB	-/BBB	Not rated

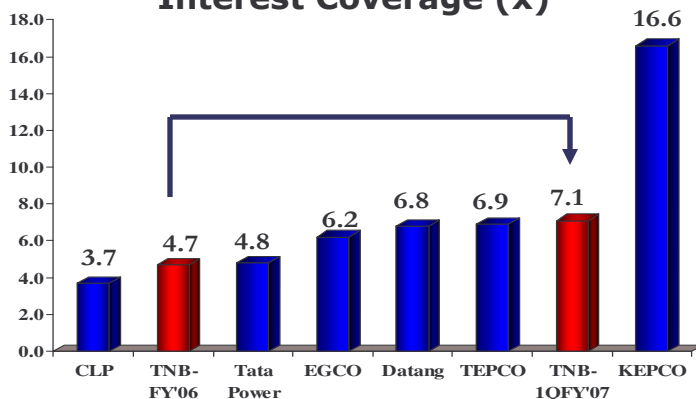
**EBITDA Margin (%)**



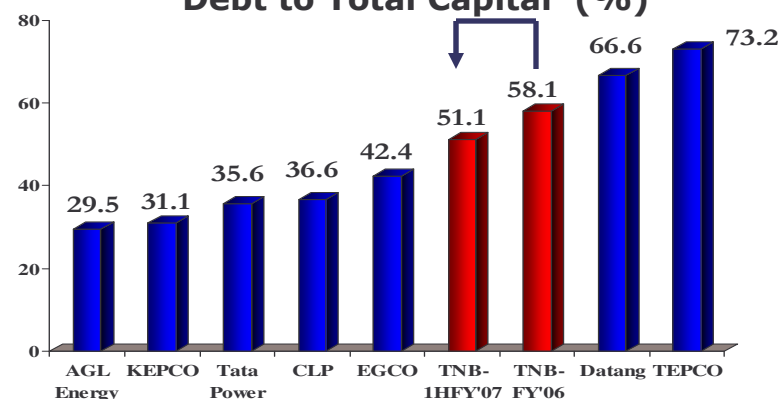
**Return On Invested Capital (%)**



**Interest Coverage (x)**



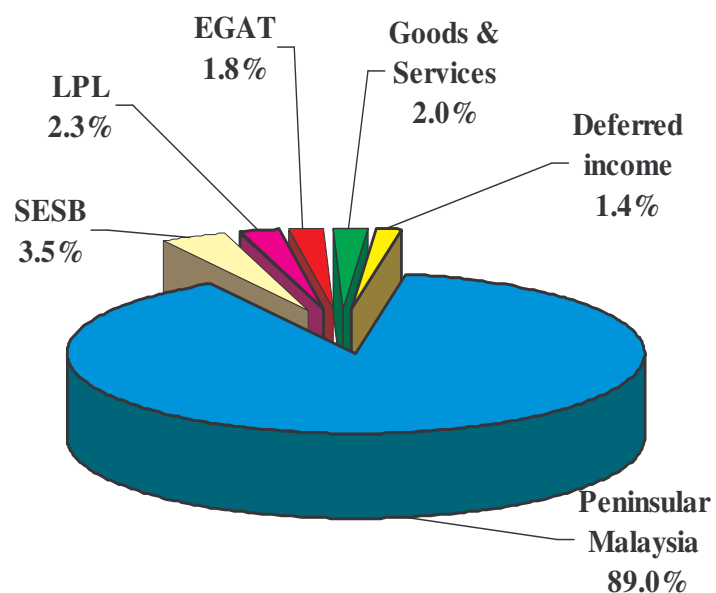
**Debt to Total Capital (%)**



Source: Citigroup



## Revenue – Largely From Peninsular Electricity Sales



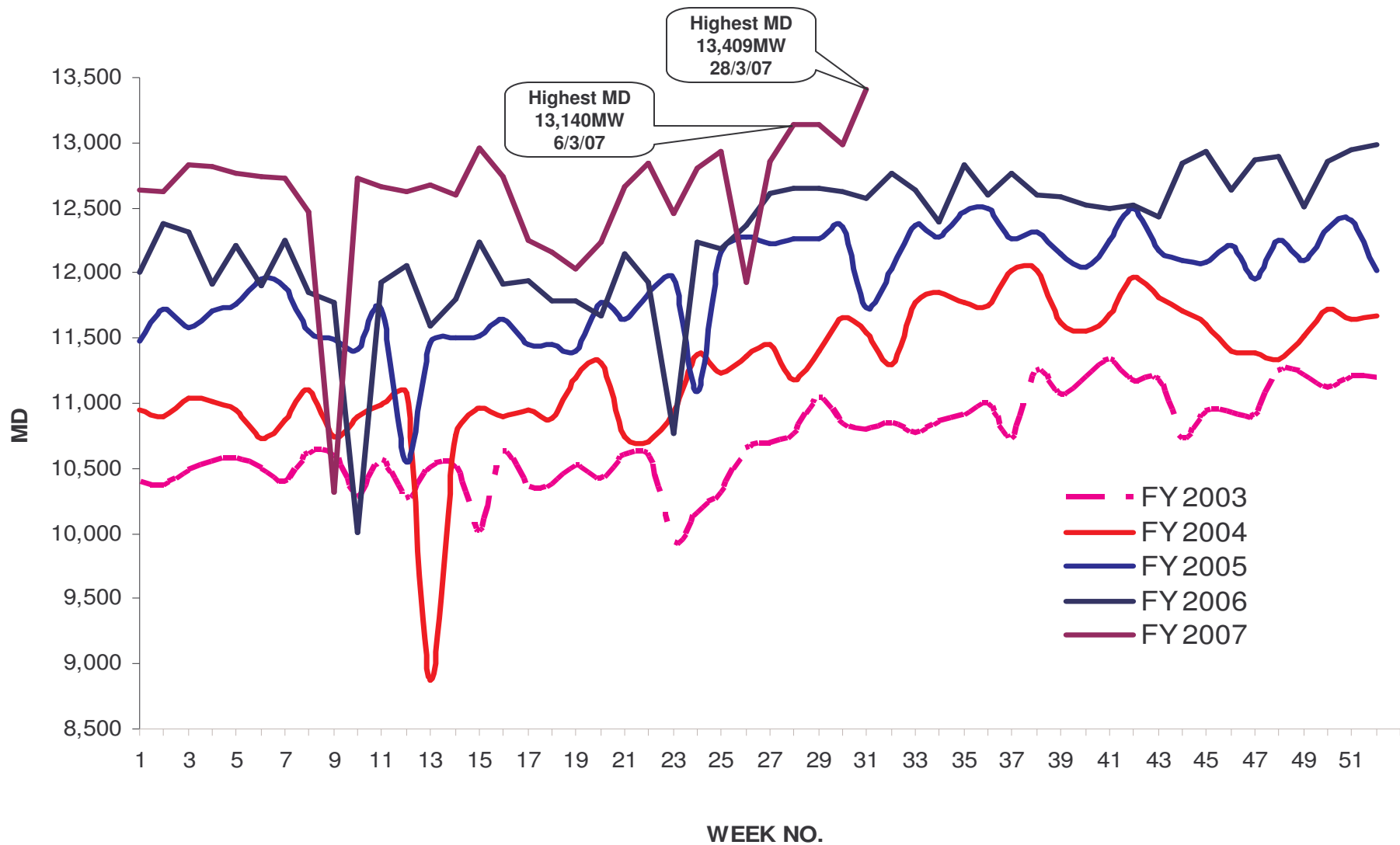
**1H FY'07 Total RM11,283.7 mn**

**1H FY'06 Total RM9,742.8 mn**

### Breakdown of Electricity Sales

	1H FY'06	1H FY'07
	<u>RM mn</u>	<u>RM mn</u>
<b>Peninsular Malaysia</b>	8,627.3	10,043.2
<b>EGAT</b>	197.4	201.5
<b>SESB</b>	350.7	391.5
<b>LPL</b>	222.8	264.8
<b>Total</b>	<b>9,398.2</b>	<b>10,901.0</b>

## Peak Demand Reached New Record High



# Sector Analysis Of Group's Electricity Growth

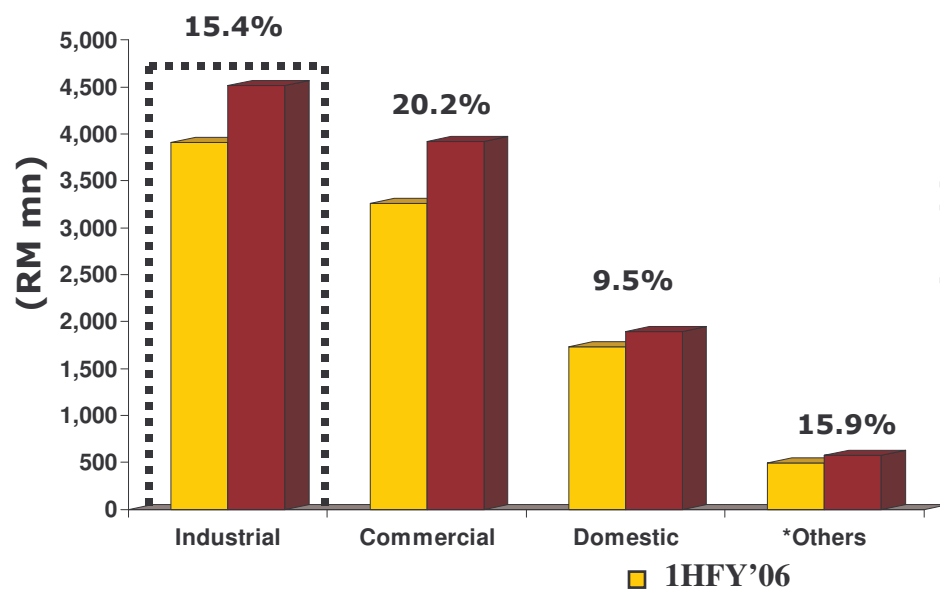
Pick-up In Industrial Sector Unit Growth From -ve 1.6% in 1HFY'06 to 4.7%

**1HFY'07 electricity sales growth = 16.0%**

**1HFY'06 electricity sales growth = 6.0%**

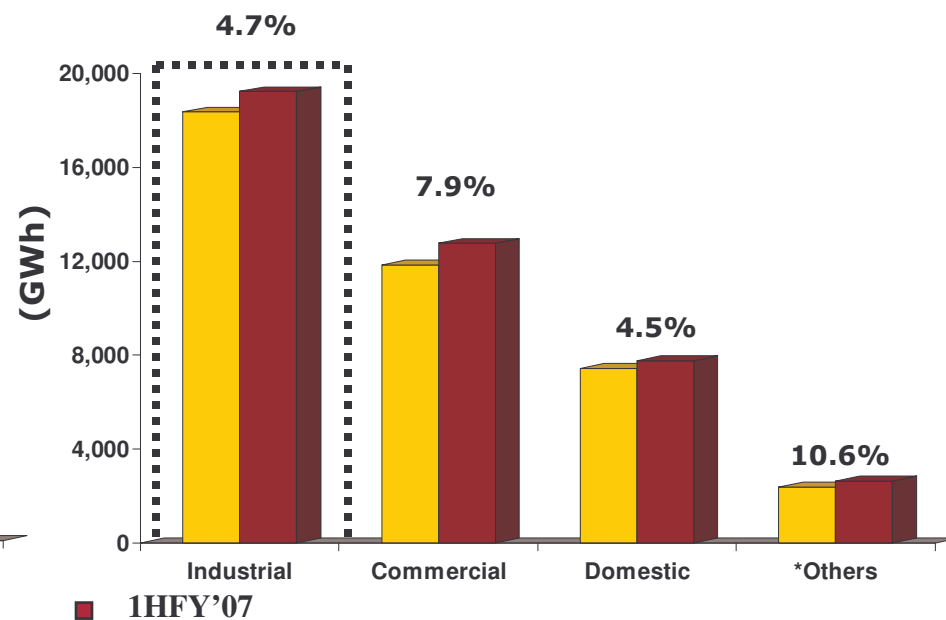
**1HFY'07 unit sold growth = 6.0%**

**1HFY'06 unit sold growth = 4.1%**



**1HFY'07 Total RM10,901.0 mn**

**1HFY'06 Total RM9,398.2 mn**



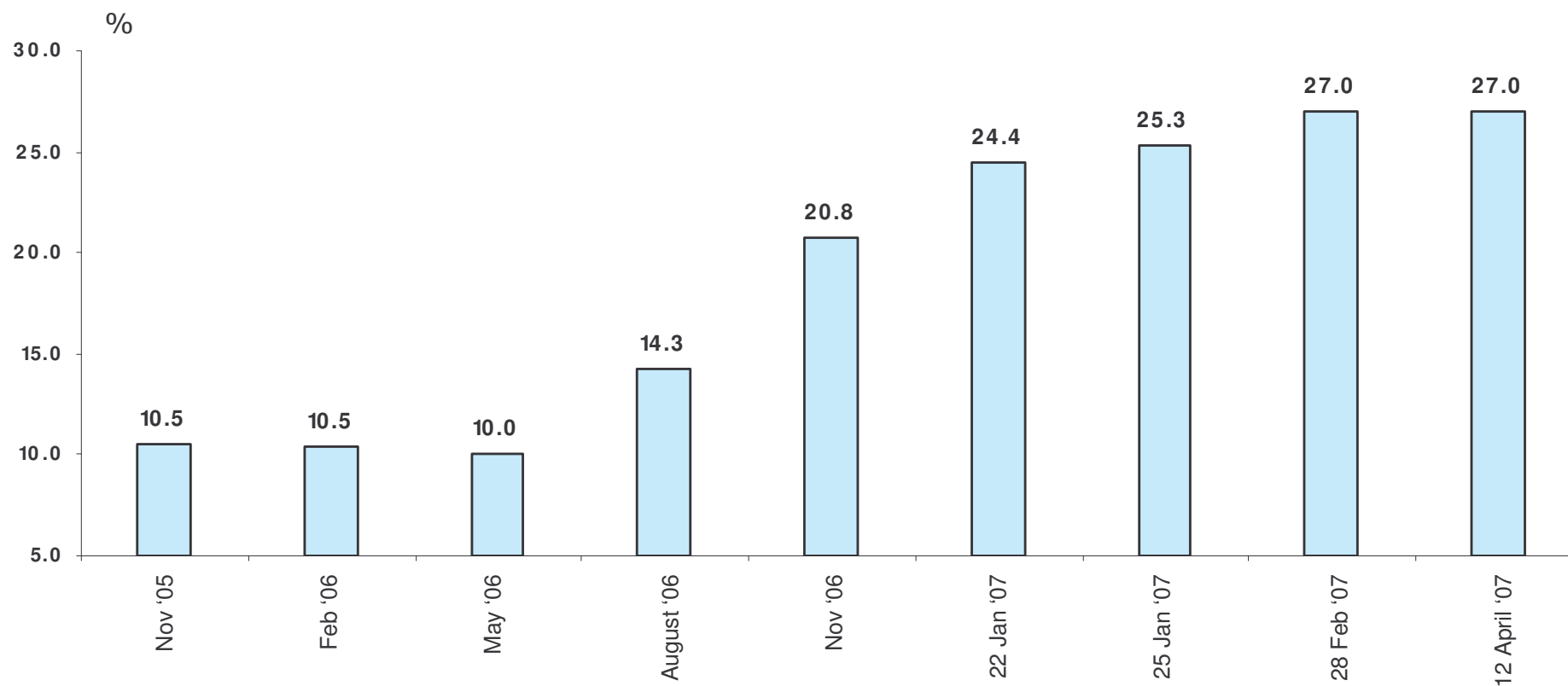
**1HFY'07 Total 42,377.3 GWh**

**1HFY'06 Total 39,989.4 GWh**

- Credit Notes are raised upon approval of SIT and for backdating of effective date
- Credit Notes raised :- **1H FY'06 – RM 28.4 mn**  
**1H FY'07 – RM 36.2 mn**

# Foreign Shareholding

27.0% As At 12<sup>th</sup> April '07



# Announcement Of Dividend Policy

- **TNB is pleased to announce today its dividend policy. Under the policy, TNB intends to distribute dividends of 40% to 60% of its annual free cashflow\* to shareholders, with effect from FY2007, declared and paid semi-annually. The intention is to adopt a progressive dividend policy which enables the Company to provide stable and sustainable dividends to shareholders, while maintaining an efficient capital structure and ensuring sufficiency of funding or future growth.**
- **Dividends will be paid only if approved by the Board of Directors, out of funds available for such distribution. The actual amount and timing of dividend payments will depend upon TNB's financial condition, results of operations, business prospects, current and expected obligations, and such other matters as the Board of Directors may deem relevant.**

**\*Defined as Operating cashflow# less normalised capital expenditure and interest servicing**

**#Defined as Profit after tax + depreciation, +/- non-cash charges, +/- investments in working capital**

## **Announcement of Interim Dividend For FY'07**

**The Board of Directors has approved an interim gross dividend of 10.0 sen per ordinary share, less income tax of 27%, equivalent to a net dividend of 7.3 sen per ordinary share in respect of the financial year ending 31<sup>st</sup> August '07.**

**The Books Closure period for dividend entitlement & dividend payment date will be announced later.**

---

# AGENDA

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

---

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

***"Service Excellence 10/10"***

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



## Quarter-By-Quarter Performance.....

Higher Net Profit In 2QFY'07 From 130.2% Increase In Translation Gain

<b>RM mn</b>	<b><u>1Q</u> <u>FY'07</u></b>	<b><u>2Q</u> <u>FY'07</u></b>	<b><u>1H</u> <u>FY'07</u></b>	<b><u>Q-o-Q</u> <u>(%)</u></b>
Revenue	5,601.7	5,682.0	11,283.7	1.4
Operating Expenses*	(3,502.2)	(3,545.7)	(7,047.9)	1.2
EBITDA	2,242.5	2,259.9	4,502.4	0.8
EBITDA Margin (%)	40.0	39.8	39.9	(0.6)
EBIT	1,492.0	1,513.4	3,005.4	1.4
EBIT Margin (%)	26.6	26.6	26.6	-
Interest expense	(314.2)	(323.4)	(637.6)	2.9
Profit Before Taxation & Translation Gain/(Loss)**	1,151.4	1,222.4	2,373.8	6.2
Net Profit Before Translation Gain/(Loss)	1,060.0	1,126.1	2,186.1	6.2
Translation Gain	186.2	428.7	614.9	130.2
Net Profit Attributable To Equity Holders	1,246.2	1,554.8	2,801.0	24.8

\* Excluding depreciation

\*\* In accordance with FRS 101

# Financial Performance Ex New Tariff, Forex Translation & Deferred Tax Provision Writeback.....

**RM mn**

**NET PROFIT**

**LESS Revenue Increase from new tariff**

**ADD/(LESS)**

**Translation (Gain)/Loss**

**Deferred Tax Provision Writeback**

**ADJUSTED NET PROFIT**

**EX. FOREX & DEFERRED TAX PROVISION WRITEBACK**

**1H FY'06**

**1H FY'07**

**995.1**

**2,801.0**

**-**

**(930.0)**

**(479.0)**

**(614.9)**

**-**

**(408.3)**

**516.1**

**847.8**

**Reflects a 64.3% increase from the combination of unit demand growth and Company's aggressive initiatives to improve operational and financial performance**

# Headline Key Performance Indicators

## Commitment To Deliver

<i>Initiatives</i>	<i>Target FY'07</i>	<i>Actual 1Q FY'07</i>	<i>Actual 1H FY'07</i>
Return on Assets (ROA)	6.5%	7.5%*	7.5%*
Gearing	50%-55%	54.2%	51.1%
Unplanned Outage Rate (UOR)	4.4%	1.7%	1.8%
T&D Losses	10.5%	11.2%	10.5%
Transmission System Minutes (mins)	< 7.0	1.7	4.8
Distribution SAIDI (mins)	95.0	22.9	41.9

**Note:**

Based on annualised adjusted net profit:

- 5.8% - 1QFY '07
- 6.5% - 1HFY '07

Gearing (%) :

LTD + STD

LTD + STD + Shareholders' Fund + MI

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

# Company Wide Initiatives – On Track

<i>Initiatives</i> <u>RM mn</u>	<i>Target FY'07</i>	<i>Actual 1Q FY'07</i>	<i>Actual 1H FY'07</i>
Proceeds from landbank sales*	200.0	7.8	155.9
Debt recovery from delinquent accounts	170.0	75.0	106.5
Recovery from theft back billing	30.0	9.1	18.6
<b>TOTAL</b>	<b>400.0</b>	<b>91.9</b>	<b>281.0</b>
Average Collection Period (Pen. Malaysia excluding PLMAH)	32 days	29 days	30 days
Debt Mix (%)** (RM vs Other Currencies)	57:43	55:45	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"			

Cash received till 28<sup>th</sup> Feb'07 is RM13.8 mn

RM117.0mn including RM10.5mn received on 1.3.2007

# Economic Profit/(Loss)

**Achieved Annualised Return of 7.1% Compared to 3.7% In 1HFY'06**

RM mn	1HFY'06	1HFY'07
<u>NOPLAT computation</u>		
Earning Before Interest and Tax (EBIT)*	1,352.7	2,578.7
Adjusted Tax	(378.8)	(696.2)
<b>NOPLAT</b>	<b>973.9</b>	<b>1,882.5</b>
<u>Economic Charge computation</u>		
Average Invested Capital	52,807.1	53,022.1
WACC	7.5%	7.5%
<b>Economic Charge</b>	<b>(1,972.3)</b>	<b>(1,980.4)</b>
<b>Economic Profit /(Loss)</b>	<b>(998.4)</b>	<b>(97.9)</b>

## Impact Of Higher IPP Costs Cushioned By Lower General Expenses & Recovery Of Delinquent Debt

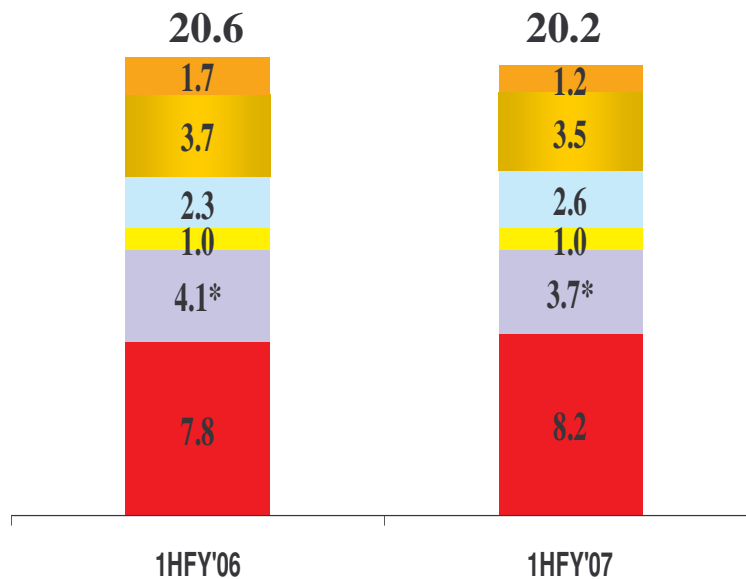
Operating Expenses (RM mn)	1HFY'06	1HFY'07	Changes (%)
▪ IPP	3,123.8	3,488.3	11.7
▪ Fuel	1,773.9	1,746.0	(1.6)
▪ Fuel Subsidy - SESB	(138.1)	(203.3)	47.2
▪ Repair & Maintenance	380.7	431.3	13.3
▪ Staff	928.0	1,096.8	18.2
▪ Depreciation	1,475.3	1,497.0	1.5
▪ Company General Expenses/Provisions	420.1	219.3	(47.8)
▪ Subsidiaries Cost of Sales & General Expenses	276.1	269.5	(2.4)
<b>TOTAL OPERATING EXPENSES</b>	<b>8,239.8</b>	<b>8,544.9</b>	<b>3.7</b>

## Cost Per Unit Sold

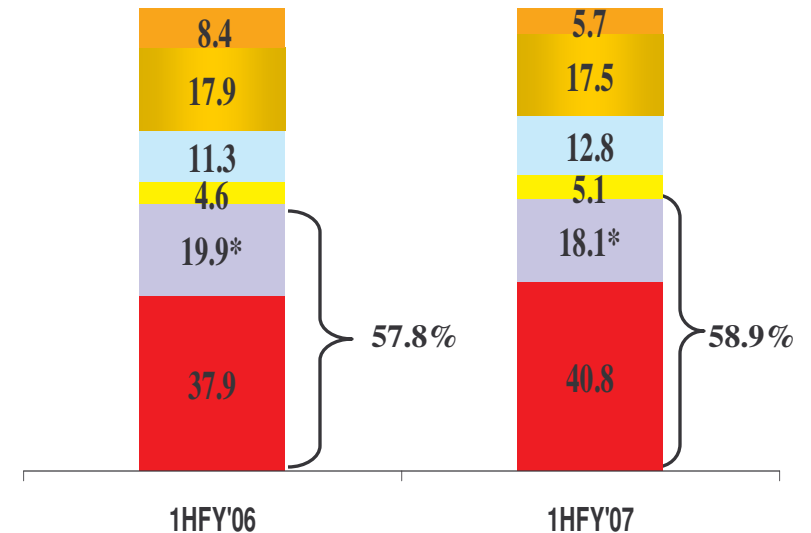
**3.7% Increase In Total Expenses But 1.9% Reduction In Cost Per Unit Sold**

COST PER UNIT SOLD (sen/kWh)	1HFY'03	1HFY'04	1HFY'05	1HFY'06	1HFY'07
	20.1	20.2	19.8	20.6	20.2

COST PER UNIT SOLD (sen/kWh)



% OF TOTAL OPERATING COST

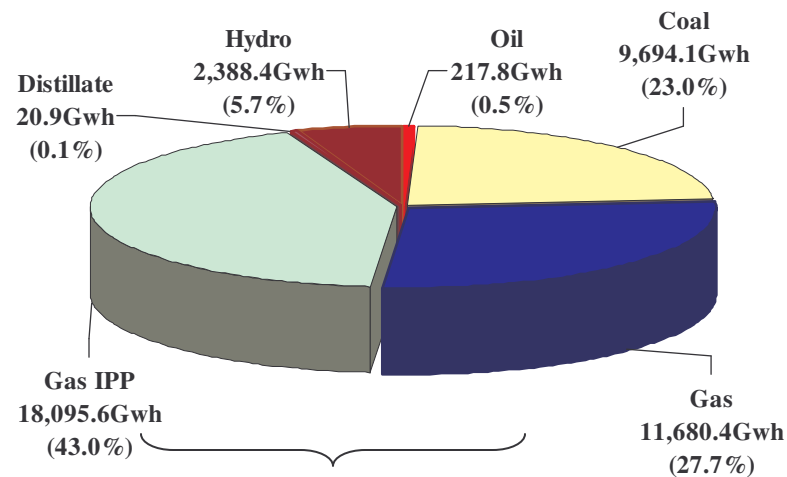


IPP Fuel R&M Staff Cost Depreciation Others

\* Includes SESB diesel subsidy

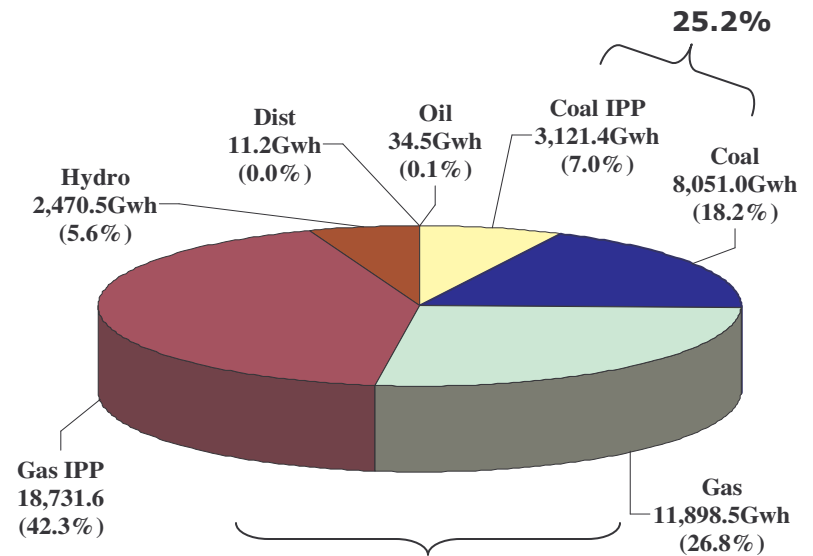
# Industry Generation Targeted Towards Optimal System Mix

**INDUSTRY GENERATION**  
1HFY'06 = 42,097.2 GWh



**Note : Peninsular Malaysia only**

**INDUSTRY GENERATION**  
1HFY'07 = 44,318.7 GWh

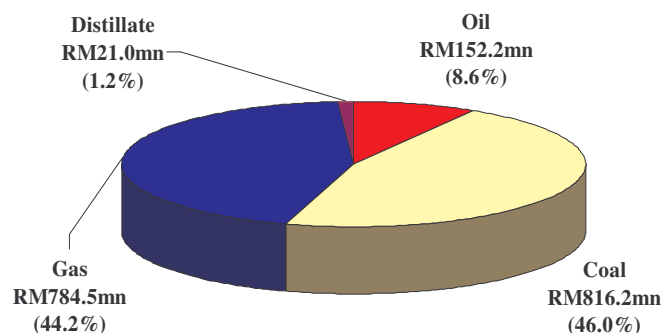


- Units generated from coal-fired plants accounted for 25.2% of industry generation
- In 1HFY'07, total industry coal consumption amounted to 5.0 MT



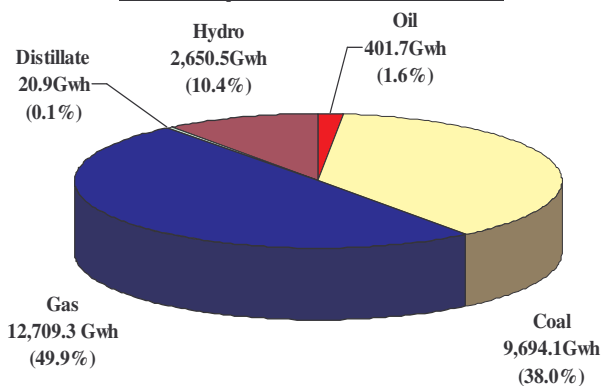
# Breakdown Of The Group's Fuel Costs

## 1HFY'06



**TOTAL: RM1,773.9 mn**  
**NET OF SESB'S FUEL SUBSIDY = RM1,635.8 mn**

**Average coal price USD53.5/MT (RM 197.8/MT)**  
**Consumption of Coal 4.1 MT**

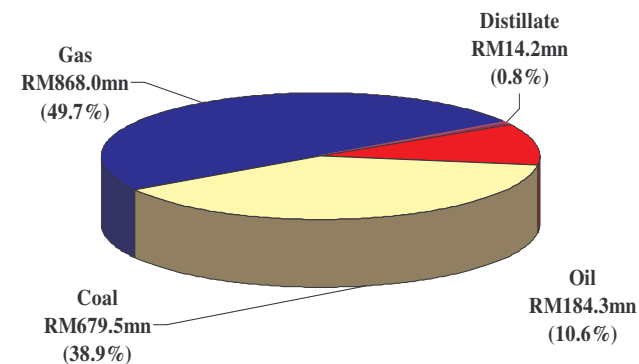


**TOTAL: 25,476.5 GWh**

RM mn	1HFY'06	1HFY'07
<b>Gas</b>		
TNB	652.0	676.3
SESB	21.7	19.4
LPL	110.8	172.3
<b>Total</b>	<b>784.5</b>	<b>868.0</b>
<b>Oil</b>		
TNB	38.4	12.5
SESB	113.8	171.8
<b>Total</b>	<b>152.2</b>	<b>184.3</b>

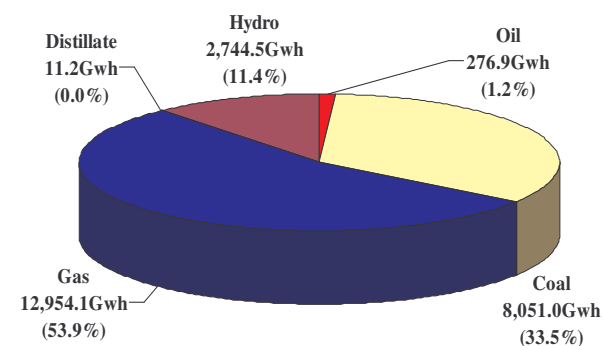
GWh	1HFY'06	1HFY'07
<b>Gas</b>		
TNB	11,680.4	11,898.5
SESB	302.4	273.0
LPL	726.5	782.6
<b>Total</b>	<b>12,709.3</b>	<b>12,954.1</b>
<b>Oil</b>		
TNB	217.8	34.5
SESB	183.9	242.4
<b>Total</b>	<b>401.7</b>	<b>276.9</b>

## 1HFY'07



**TOTAL: RM1,746.0 mn**  
**NET OF SESB'S FUEL SUBSIDY = RM1,542.7 mn**

**Average coal price USD51.3/MT (RM 185.9/MT)**  
**Consumption of Coal 3.6 MT**

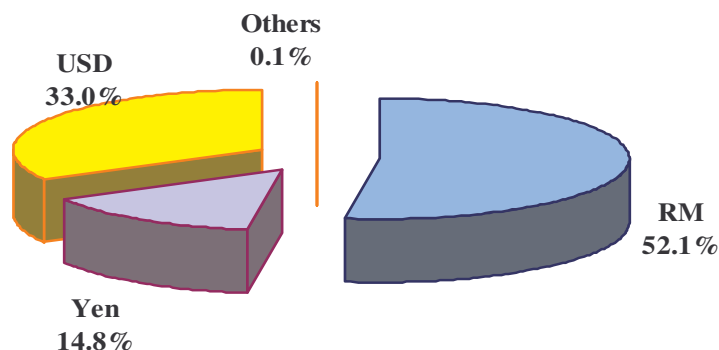


**TOTAL: 24,037.7 GWh**

# Debt Exposure & Forex

**12.1% Reduction In Gearing Resulting From A 9.6% Reduction In Total Debt**

**31<sup>st</sup> Aug '06**

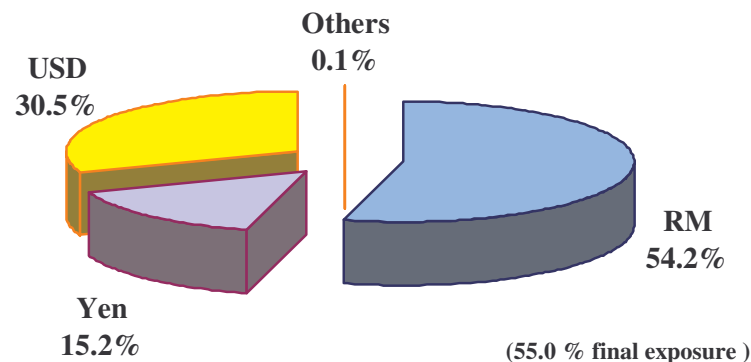


**\*Total Debt** RM27.1 bn  
**Net Debt** RM23.2 bn  
**Gearing** 58.1 %  
**Net Gearing** 49.6 %

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

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

**28<sup>th</sup> Feb '07**



(14.4 % final exposure )

**\*Total Debt** RM24.5 bn  
**Net Debt** RM19.6 bn  
**Gearing** 51.1 %  
**Net Gearing** 41.0 %

**Fixed 90.9% : 9.1%**  
**Weighted Average Cost of Debt 6.00%**

USD/RM	:	3.50
100YEN/RM	:	2.95
USD/YEN	:	118.60

\* In accordance with FRS 132

## +Ve Cash Flow Position After Debt Service

In RM mn

	FY'02	FY'03	FY'04	FY'05	FY'06	1HFY'07
Cashflow From Operations	5,032.3	4,134.2	5,237.4	6,020.5	7,632.9	4,458.3
(-) Capex	(4,072.7)	(3,114.5)	(3,982.6)	(3,797.5)	(3,967.7)	(1,857.3)
<b>FREE CASH FLOW</b>	<b>959.6</b>	<b>1,019.7</b>	<b>1,254.8</b>	<b>2,223.0</b>	<b>3,665.2</b>	<b>2,601.0</b>

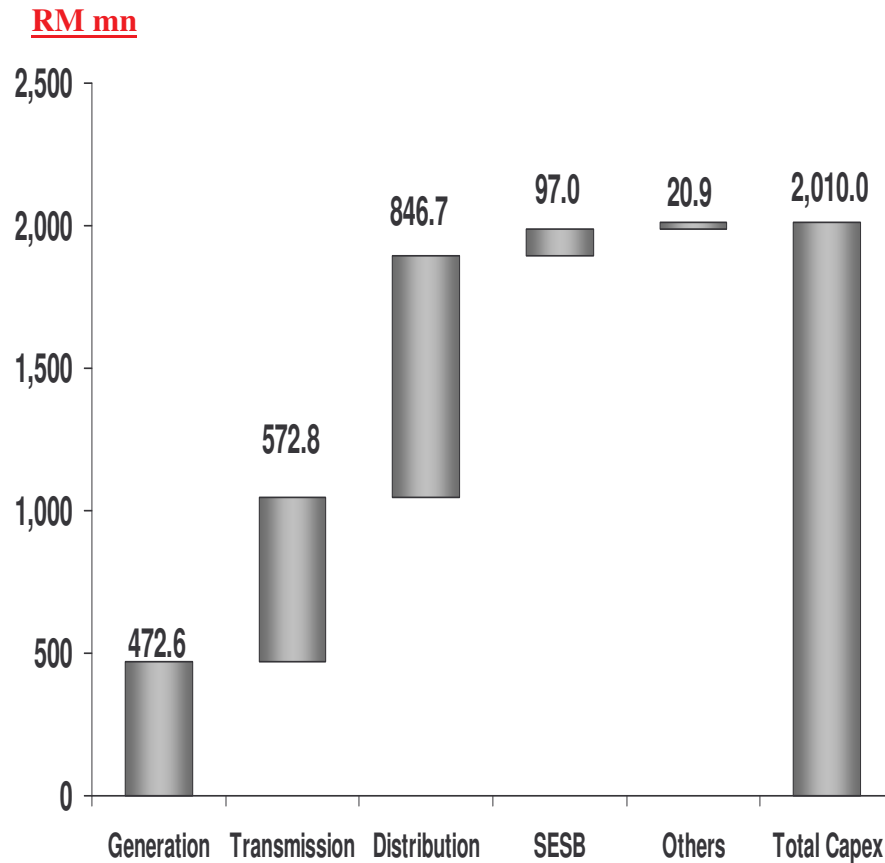
(+) New Debt	8,624.6	9,656.4	9,534.7	7,136.8	3,764.8	294.0
(-) Repayment	(7,979.8)	(8,017.5)	(8,597.8)	(9,635.9)	(5,511.3)	(2,308.8)
(-) Interest	(1,276.3)	(1,501.8)	(1,538.1)	(1,665.3)	(1,658.5)	(742.0)
(+) Proceeds from issuance of shares	43.3	-	306.2	610.1	837.8	1,380.8
<b>Cash Flow After Debt Service</b>	<b>371.4</b>	<b>1,156.8</b>	<b>959.8</b>	<b>(1,331.3)</b>	<b>1,098.0</b>	<b>1,225.0</b>

<b>Others</b>	<b>(95.4)</b>	<b>(934.1)</b>	<b>1,416.3</b>	<b>420.3</b>	<b>9.8</b>	<b>(398.6)</b>
---------------	---------------	----------------	----------------	--------------	------------	----------------

<b>Net Cash</b>	<b>276.4</b>	<b>222.7</b>	<b>2,376.1</b>	<b>(911.0)</b>	<b>1,107.8</b>	<b>826.4</b>
Currency translation differences	3.0	1.7	(1.7)	(2.0)	(4.5)	(7.0)

<b>Cash Balance</b>	<b>1,147.6</b>	<b>1,372.0</b>	<b>3,746.4</b>	<b>2,833.4</b>	<b>3,936.7</b>	<b>4,756.1</b>
---------------------	----------------	----------------	----------------	----------------	----------------	----------------

## 55.8% of CAPEX Spent on New Supply and System Improvement



**New supply and system improvement accounted for RM596.7 mn (29.7%) & RM523.3 mn (26.1%) respectively of total capex**

---

# AGENDA

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

## Realization of Value From Land Bank

EXECUTION OF S&P	SITES	AREA (ACRES)	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)
<b>Sept '06</b>	Jalan Wickham	0.9	3.5	8.0	8.8	5.3
<b>Dec'06</b>	Ampang	3.76	16.6	34.5	49.0	32.4
<b>Jan '07</b>	Pulau Pinang	7.86	8.5	16.4	19.0	10.5
<b>Feb '07</b>	Penggawa	5.05	19.4	43.1	57.1	37.7
<b>Mar '07</b>	Pinggiran Tunku	2.0	4.2	20.0	22.0	17.8
<b>April '07</b>	7 Lots in Bukit Tunku	6.2	20.6	51.8	73.87	53.27
<b>Total</b>		<b>25.77</b>	<b>72.8</b>	<b>173.8</b>	<b>229.77</b>	<b>156.97</b>

**IN LINE WITH COMPANY WIDE INITIATIVES SET FOR FY'07**

## Other Land Plots Identified For Sale

SITES	AREA (ACRES)	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)
San Peng	3.00	5.1	30.0	52.5	47.4
Lots 4794-4795 Bukit Tunku	2.1	4.9	21.5	27.1	22.2
Taman Duta	3.16	6.6	24.5	24.5	17.9
Kuala Berang	108	4.8	17.5	17.0	12.2
Lorong Gurney, KL	0.95	1.5	6.0	6.0	4.5
Ipoh	1.83	0.7	3.2	3.4	2.7
Port Klang	2.46	0.5	1.9	2.0	1.5
Bentong, Pahang	0.67	0.36	0.75	0.75	0.39
Others : Jinjang, S'ban & Pahang	0.21	0.3	0.8	0.8	0.5

## Other Land Plots Identified For Sale (Con't)

SITES	AREA (ACRES)	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)
Jalan Merchu	0.77	1.7	6.8	7.25	5.55
Jalan Persiaran Bukit Tunku	2.89	6.0	26.0	27.5	21.5
Lots 4802-4803 Bukit Tunku	1.68	3.4	15.0	15.0	11.6
<b>GRAND TOTAL</b>	<b>153.49</b>	<b>108.66</b>	<b>327.75</b>	<b>413.57</b>	<b>304.91</b>



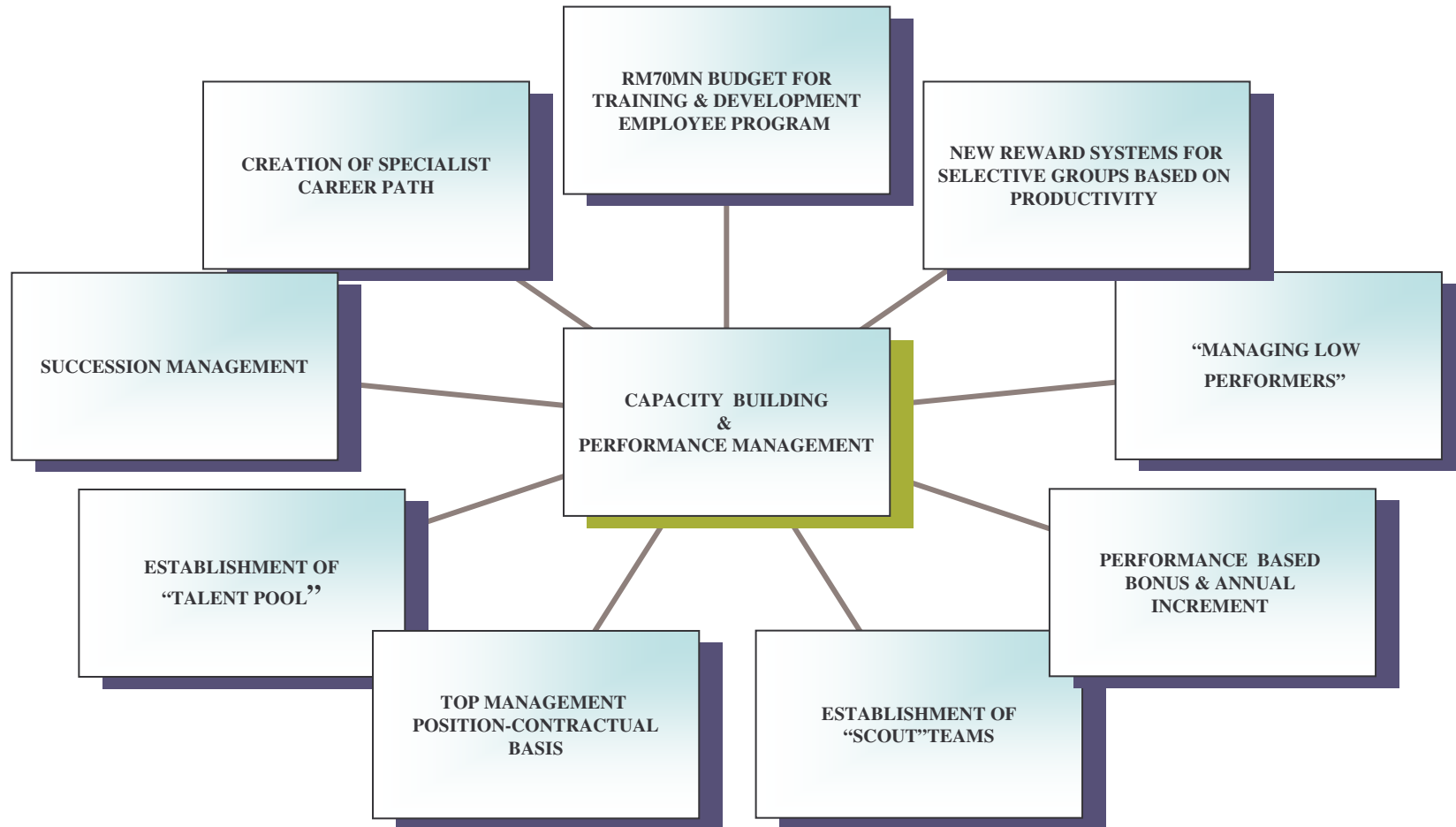
# Malaysia Electricity Supply Industry Trust Account Cess Fund (AAIBE)

## Background:

- **Established on 1<sup>st</sup> January 1997**
- **Objective:**
  - To provide a special cess fund that allows the IPPs to fulfill their national obligation to the development of the electricity supply industry in Peninsular Malaysia
- **TNB & IPPs are required to contribute 1% of the total annual audited generation revenue less fuel costs to the Trust Account.**
- **Programs under the Trust Fund:-**
  - Funding electricity supply to the rural areas
  - Promoting R&D projects, education & training
  - Promoting renewable energy & energy efficiency
  - Developing and promoting the electricity supply industry
- **Annual contribution to the fund in 2005 – RM64.2 mn**
- **Balance of fund as at 31 December 2005 - RM311.1 mn**

Source: Ministry of Energy, Water & Communications Annual Report 2005

## OUR COMMITMENT TO DEVELOPING & NURTURING HUMAN CAPITAL WITHIN THE ORGANISATION



---

# Thank You



*Powering The Nation's Progress*

[www.tnb.com.my](http://www.tnb.com.my)