



TENAGA NASIONAL BERHAD

**UNAUDITED FINANCIAL RESULTS
FOR THE 3rd QUARTER FY2006**

14th July 2006



AGENDA

- ❑ **Highlights Of Group's Performance**
- ❑ **Details Of Group's Performance**
- ❑ **Update On TNB's Latest Events**

Highlights Of Group's Performance

“One Team. One Spirit. One Goal.”

Y.Bhg. Tan Sri Datuk Amar Leo Moggie
CHAIRMAN

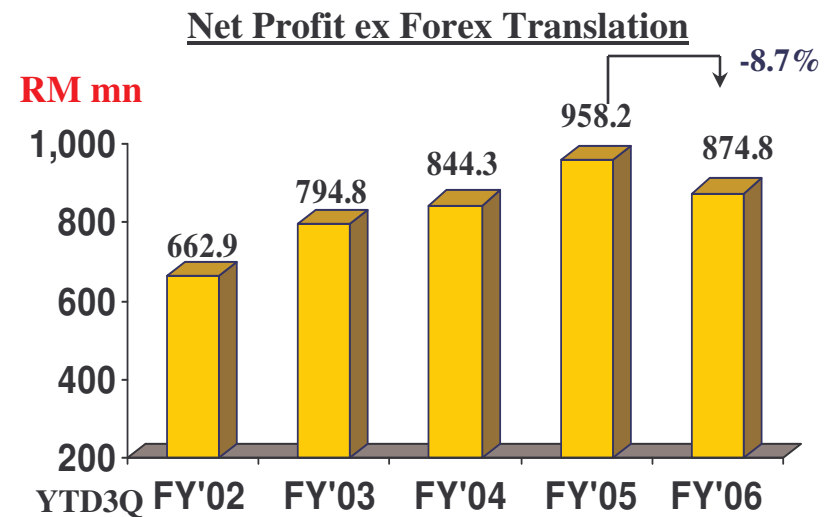
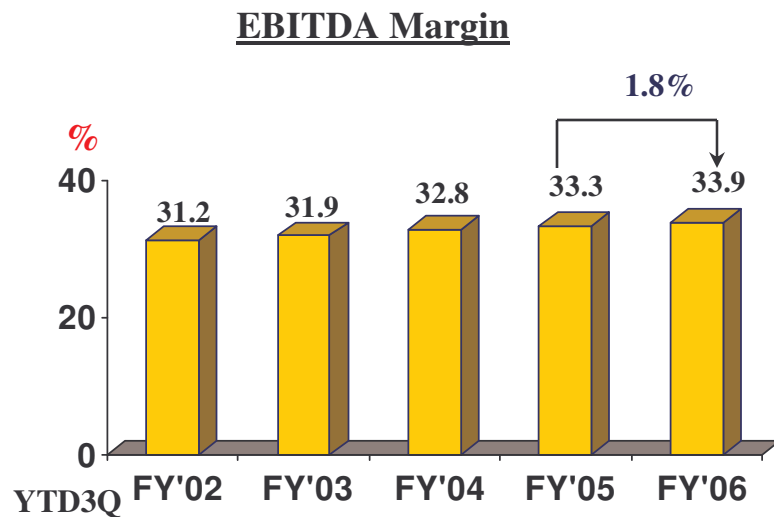
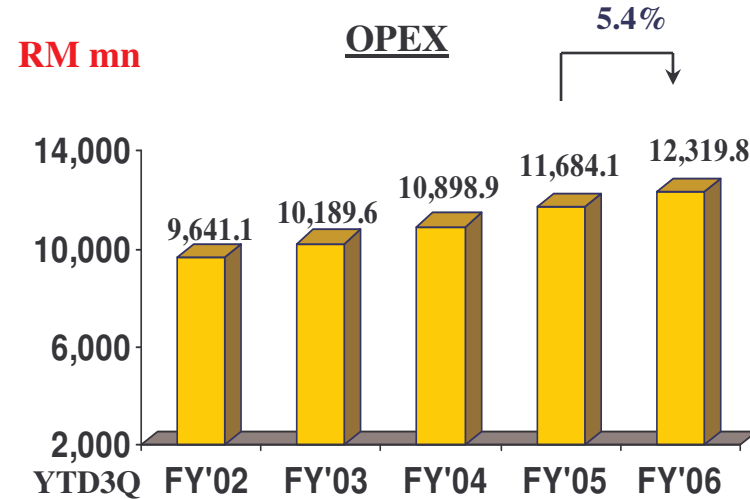
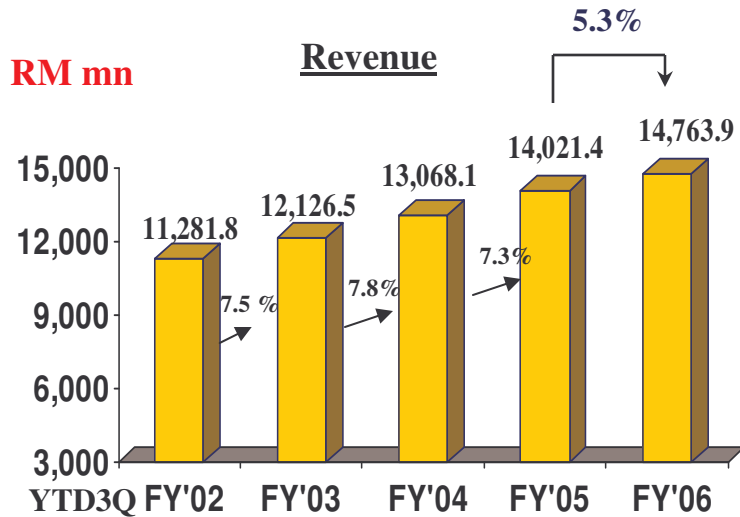
Key Highlights

√	Status of KPI		■	On track to deliver
√	Revenue Growth	+ 5.3%	■	Electricity sales in Peninsular rose by 4.9%
√	Other Operating Income	+13.6%	■	Partially due to recovery of theft back billing
√	Operating Expenses	+ 5.4%	■	Driven by: <ul style="list-style-type: none"> ➤ 6.6% increase in coal prices ➤ Aggressive preventive maintenance program
√	EBITDA EBITDA Margin	+ RM332.8 mn (33.9%)	■	Delivery of KPI targets
√	Forex Translation Gain	+ RM515.7 mn	■	Strong Ringgit

Financial Highlights.....

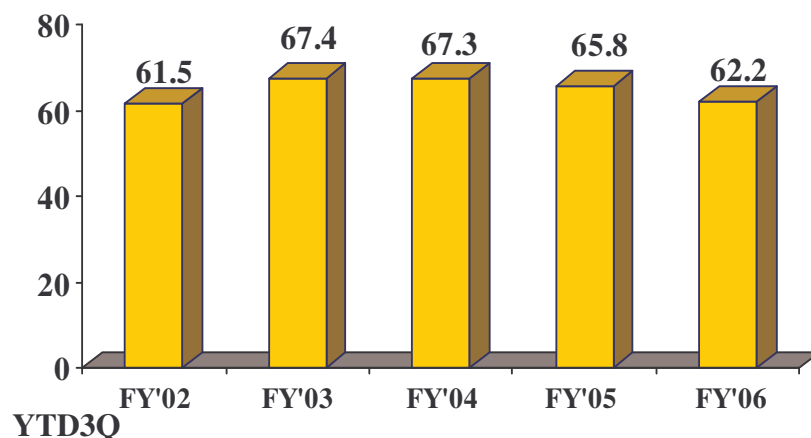
RM mn	YTD 3Q FY'05	YTD 3Q FY'06
Revenue	14,021.4	14,763.9
Operating Expenses	(11,684.1)	(12,319.8)
Other Operating Income	288.3	327.6
Operating Surplus	2,625.6	2,771.7
Finance Cost	(1,157.5)	(1,194.9)
Transaction Loss	(46.8)	(137.5)
Profit Before Tax & Translation gain/(loss)	1,503.8	1,448.4
Net Profit Before Translation gain/(loss)	958.2	874.8
Translation gain/(loss)	(81.8)	515.7
Net Profit	876.4	1,390.5

Snapshot of Financial Performance Trend

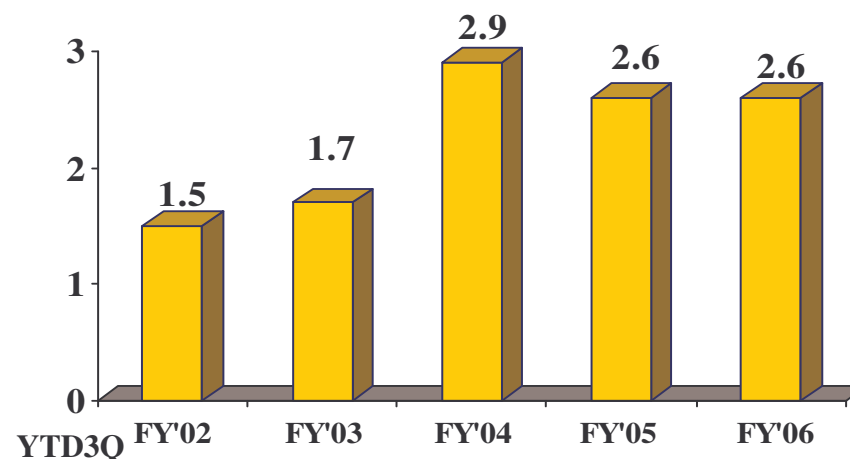


Improvements In Financial Ratios

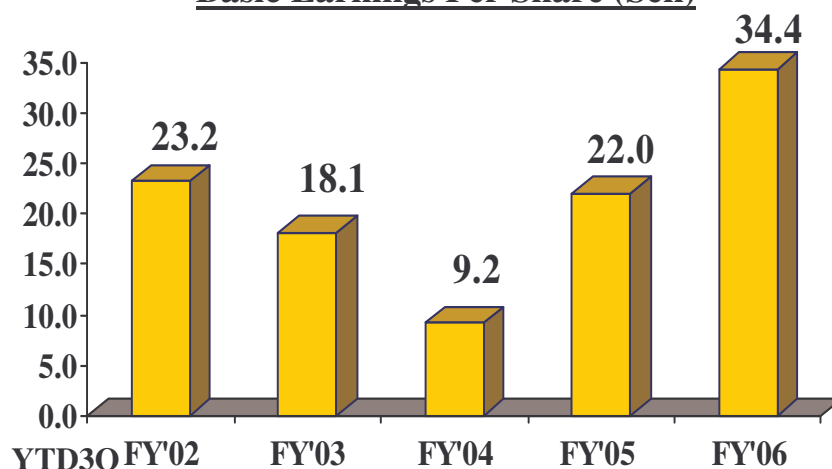
Gearing (%)



ROA* (%)

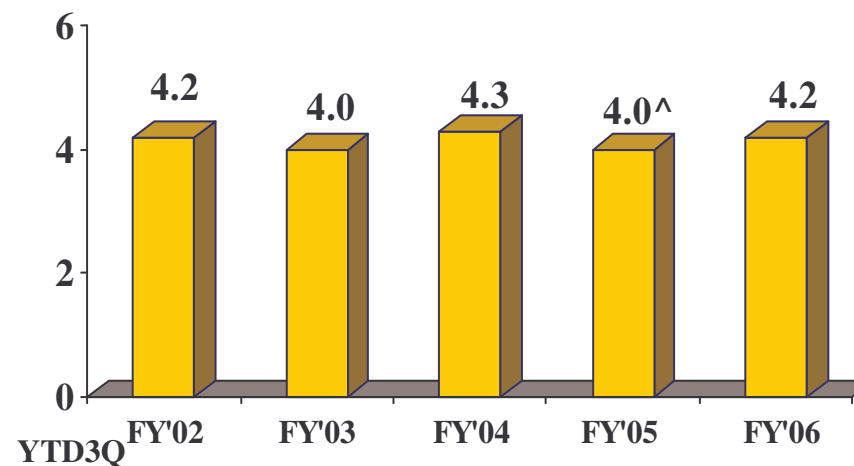


Basic Earnings Per Share (Sen)



In accordance with FRS 133

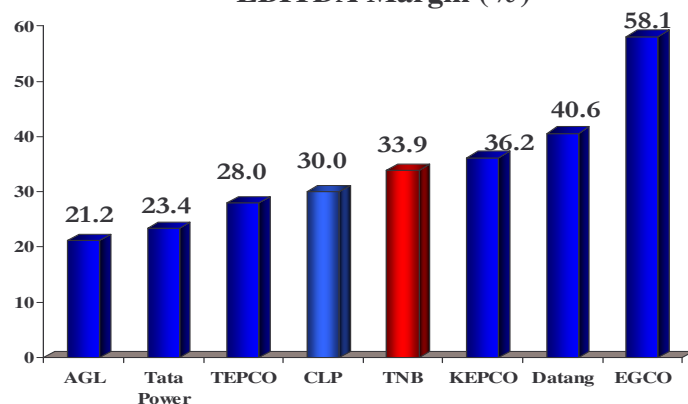
Interest Coverage (X)



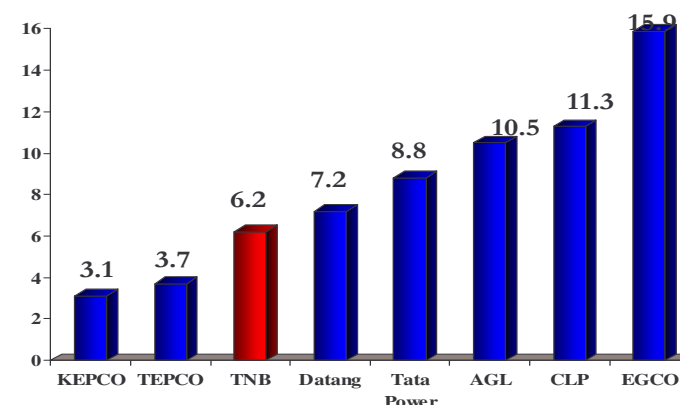
Benchmarked Against Other Utilities

	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

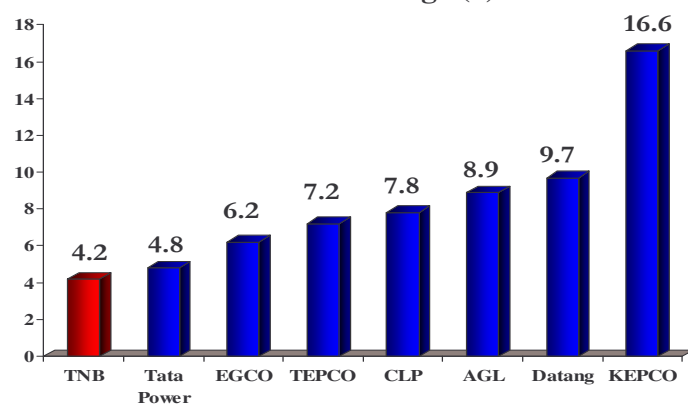
EBITDA Margin (%)



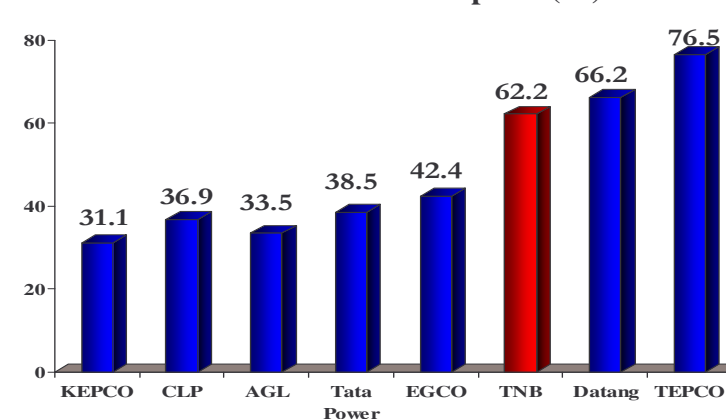
Return On Invested Capital (%)



Interest Coverage (x)



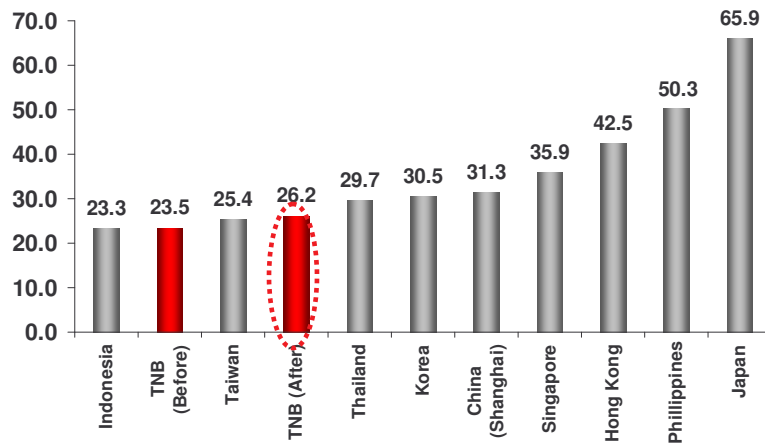
Debt to Total Capital (%)



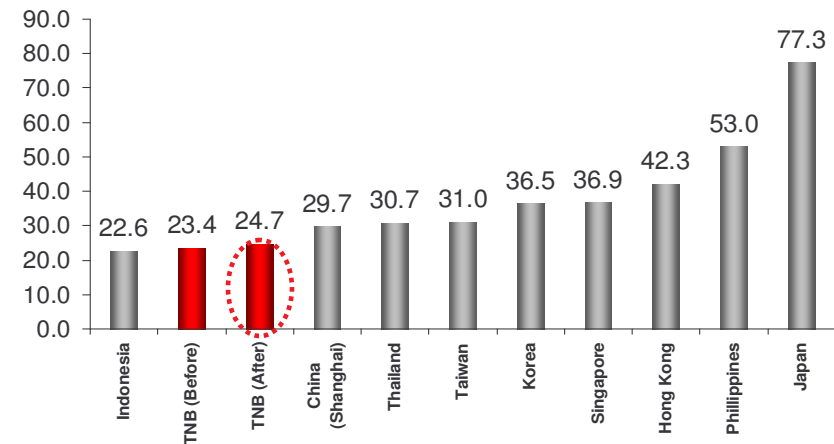
Source: Citigroup

Average Tariff Still Among The Lowest In The Region

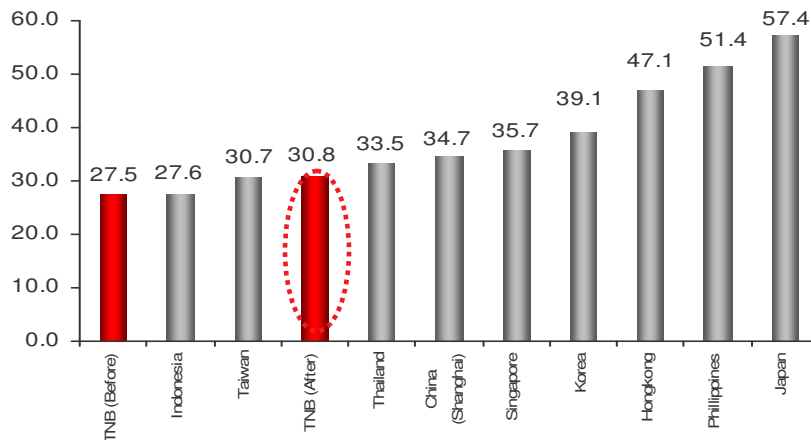
Overall



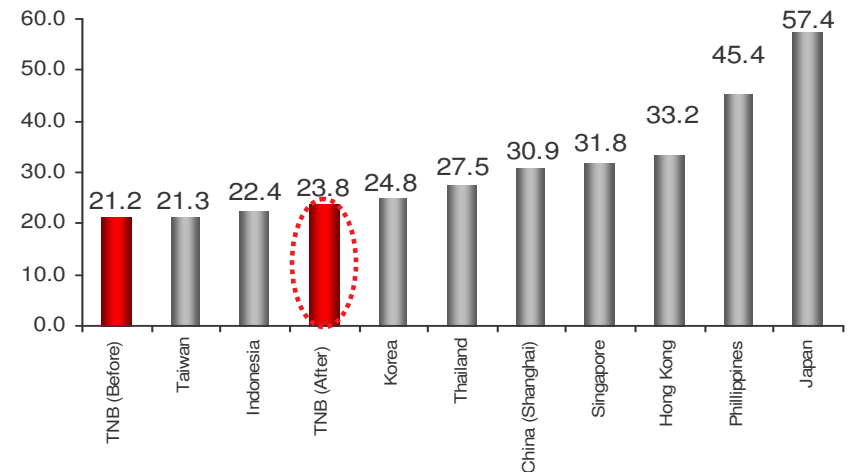
Domestic



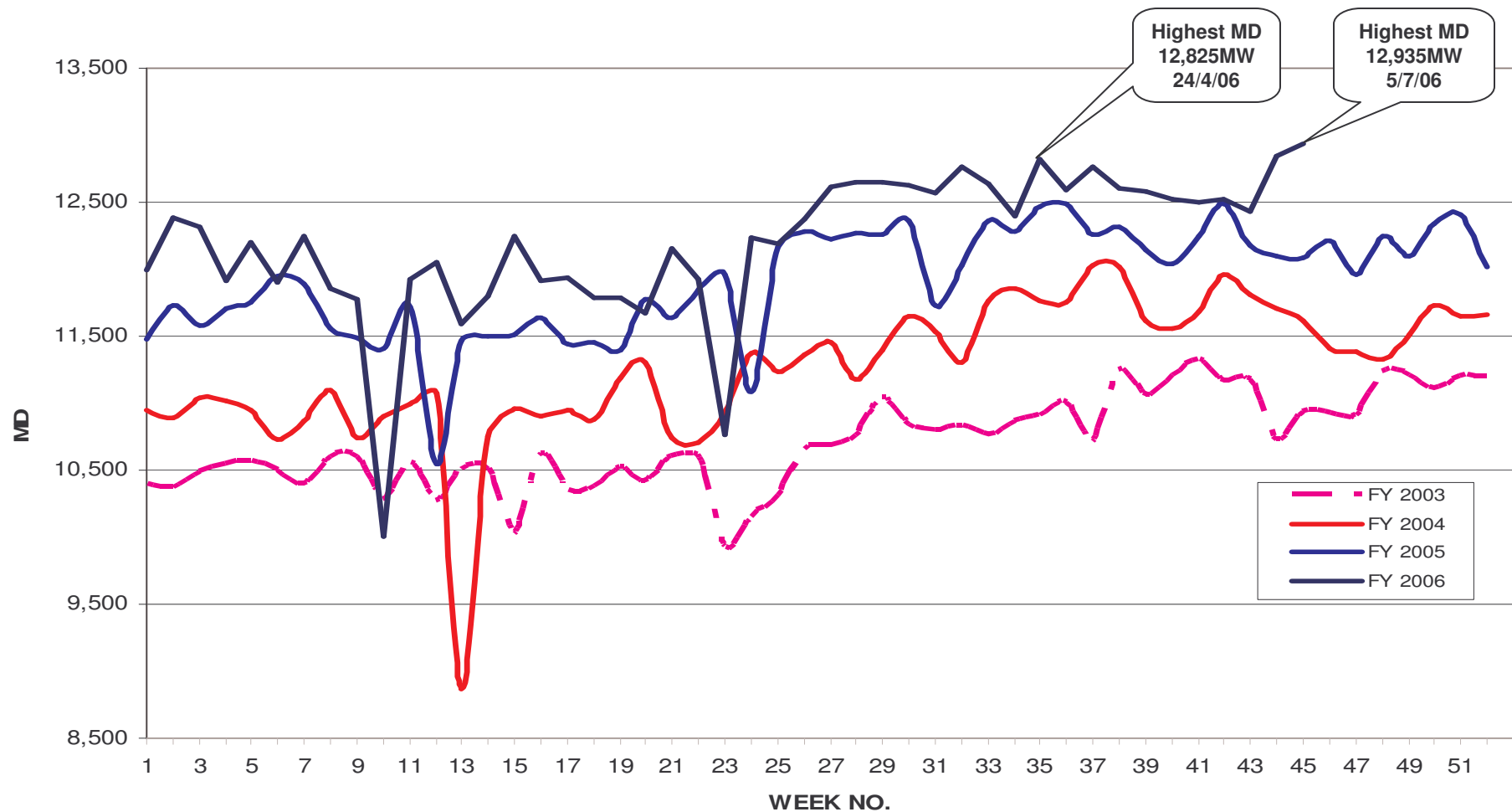
Commercial



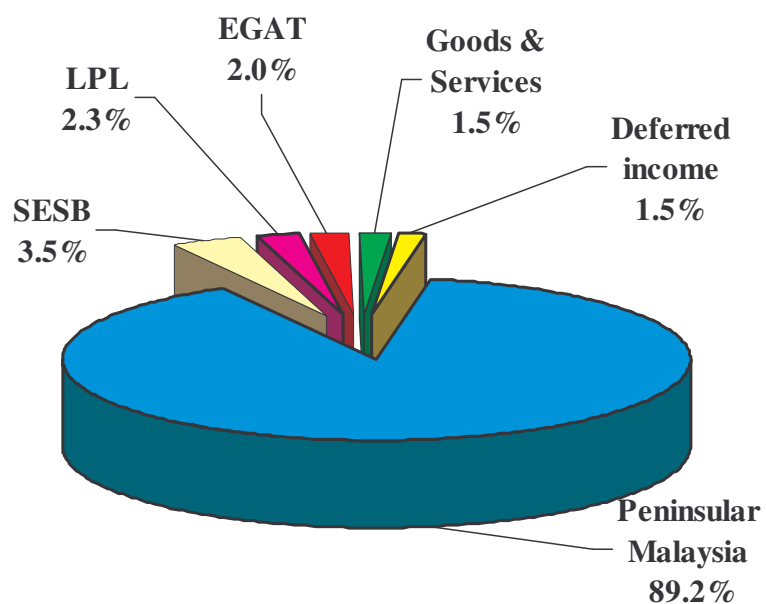
Industrial



Peak Demand Hits New Record High



Revenue – Predominantly From Electricity Sales



Revenue Breakdown (RM mn)			
	FY'05	YTD3Q FY'05	YTD3Q FY'06
Peninsular Malaysia	17,009.9	12,557.8	13,174.5
EGAT	286.1	211.7	300.5
SESB	672.7	499.4	510.0
LPL	357.7	266.1	331.6
Deferred Income	293.8	217.2	226.5
Goods & Services	357.3	269.2	220.8
Total	18,977.5	14,021.4	14,763.9

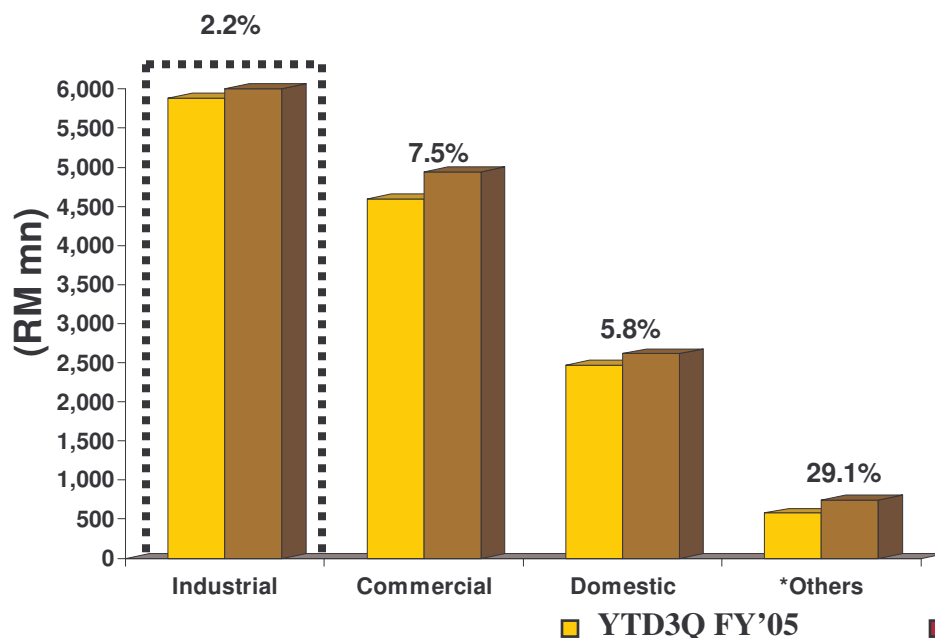
76.5% Of Revenue From Industrial & Commercial Sectors...

YTD3Q FY'06 electricity sales growth = 5.8%

YTD3Q FY'05 electricity sales growth = 6.5%

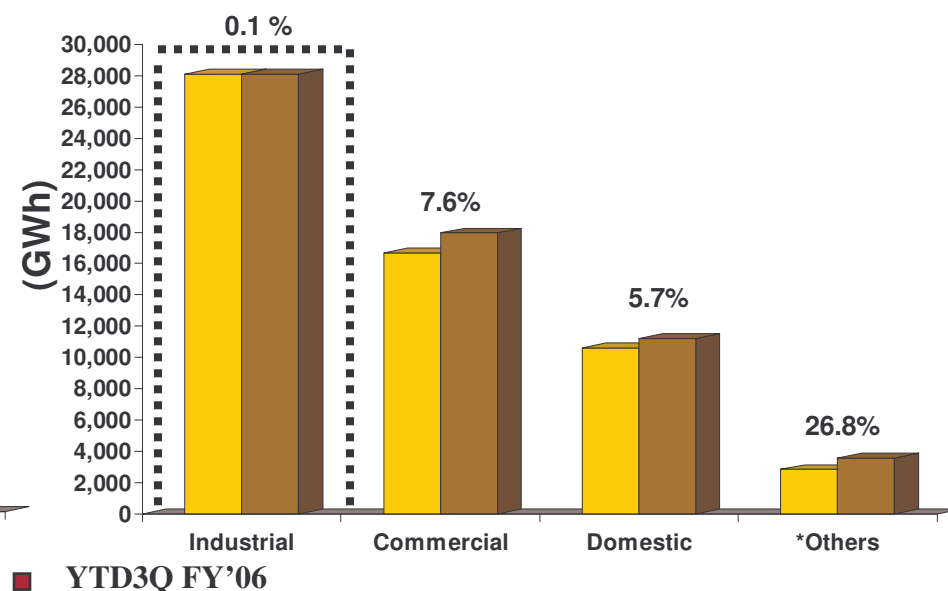
YTD3Q FY'06 unit sold growth = 4.6%

YTD3Q FY'05 unit sold growth = 8.2%



YTD3Q FY'06 Total RM14,316.6 mn

YTD3Q FY'05 Total RM13,535.0 mn



YTD3Q FY'06 Total 60,891.7 GWh

YTD3Q FY'05 Total 58,228.2 GWh

Credit Notes raised :- YTD FY'05 - RM124.4 mn
YTD FY'06 - RM38.6 mn

- The low growth in the Industrial Sector is attributable to May meter readings captured in June. If we were to include these readings, industrial revenue growth would be **2.3%** while unit growth would be **0.4%**.



**TENAGA
NASIONAL BERHAD**

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

Headline Key Performance Indicators

On Track To Deliver

<i>Initiatives</i>	<i>Target FY'06</i>	<i>YTD 3QFY'06</i>
Return on Assets (ROA)	2.4%	*2.6%
Gearing	63.0%	62.2%
Unplanned Outage Rate (UOR)	5.0%	3.3%
Reduction in Transmission & Distribution Losses	9.5%	10.67%
Distribution SAIDI	133 minutes	**72.9 minutes
<div> <p>* Based on annualised figure</p> <p>** YTD figure</p> </div> <div> <p>Gearing (%) : $\frac{\text{LTD} + \text{STD}}{\text{LTD} + \text{STD} + \text{Shareholders' Fund} + \text{MI}}$</p> <p>Return on Asset : $\frac{\text{Group Net Profit (Adjusted for FOREX and FRS 119)}}{\text{Group (Non Current Assets + Current Assets)}}$</p> </div>		

AGENDA

- ❑ Highlights Of Group's Performance
- ❑ **Details Of Group's Performance**
- ❑ Update On TNB's Latest Events

Details Of Group's Performance

“Maintenance For A Sustainable Future”

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

Company Wide Initiatives On Track To Deliver

FINANCIALS		
<i>Initiatives</i>	<i>Target FY'06</i>	<i>RM mn</i> <i>YTD 3QFY'06</i>
Recovery of Theft Backbilling	20.0	32.8
	-	106.8 Identified
Reduction In General Expenses	50.0	33.4
Value Creation From Landbank	30.0	4.3
SESB Turnaround (Diesel Subsidy)	300.0	199.3 recognised
	300.0 12 months	269.1 billed for 9 months
Reduction in T&D Losses (10.5% to 9.5%)	60.0	(20.4)
		10.67%
Recovery from Delinquent Accounts	130.0	166.7
Manage Overtime Claims Paid	10.0	15.3
	5% reduction of FY'05	
Manage Medical Claims Paid	No Increase	(5.1)
TOTAL	600.0	426.3

Based on S&P, sales of RM13.39 mn has been achieved

Excludes RM89.9 mn received on 5/7/06

Company Wide Initiatives On Track To Deliver

OTHERS		
<i>Initiatives</i>	<i>Target FY2006</i>	<i>YTD 3QFY'06</i>
Debt Mix (%) (RM vs Other Currencies)	57:43	52:48
Generation Availability	86.5%	89.4%
System Minutes	10	**5.5
Reduction in ACP (Pen. Malaysia)	*32 days	*34 days
Reducing Procurement Process Time (Closing of Tenders)	90% in 90 days	85% in 90 days

Note: *Excluding PLMAH
** YTD Figure

Economic Profit /(Loss)

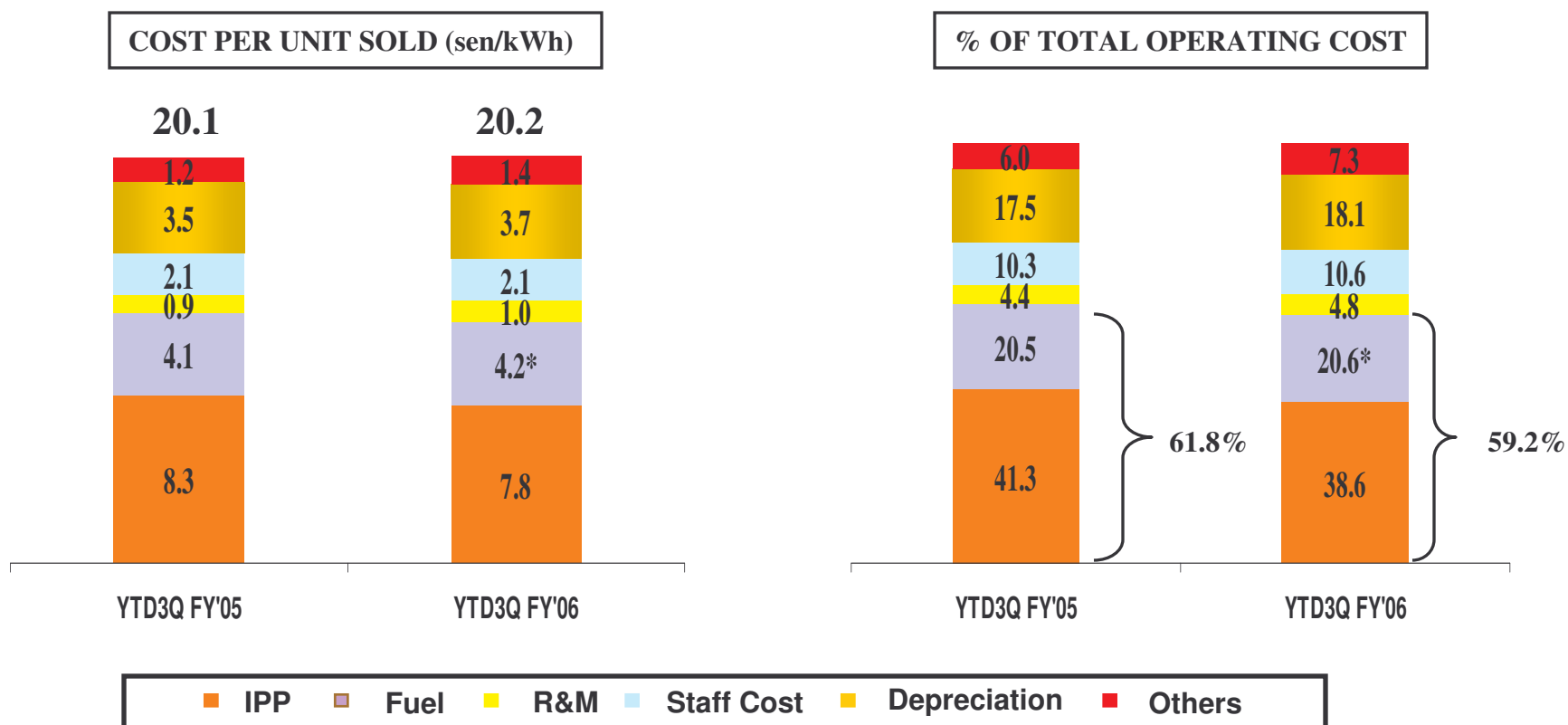
RM mn	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3Q		YTD3Q	
	FY'05	FY'06	FY'05	FY'06
<u>NOPLAT computation</u>				
Earning Before Interest and Tax (EBIT)*	678.1	865.0	2,120.1	2,217.6
Adjusted TAX	(189.9)	(242.2)	(593.6)	(620.9)
NOPLAT	488.2	622.8	1,526.5	1,596.7
<u>Economic Charge computation</u>				
Average Invested Capital	52,284.2	52,807.4	52,284.2	52,807.4
WACC	7.5%	7.5%	7.5%	7.5%
Economic Charge	(979.0)	(988.8)	(2,937.1)	(2,966.5)
Economic Profit / (Loss)	(490.8)	(366.0)	(1,410.6)	(1,369.8)

Higher Operating Expenses Partially Cushioned By Operational Efficiencies Achieved at G, T & D

Operating Expenses (RM mn)	YTD3Q FY'05	YTD3Q FY'06	Changes (%)
▪ IPP	4,823.3	4,752.1	(1.5)
▪ Fuel	2,395.5	2,742.1	14.5
▪ Fuel Subsidy - SESB	-	(199.3)	-
▪ R&M	516.4	597.9	15.8
▪ Staff	1,209.0	1,300.7	7.6
▪ Depreciation	2,043.6	2,230.3	9.1
▪ General Expenses	418.6	385.2	(8.0)
▪ Subsidiaries Cost of Sales, General Expenses & Others	277.7	510.8	83.9
TOTAL OPERATING EXPENSES	11,684.1	12,319.8	5.4

Cost Per Unit Sold

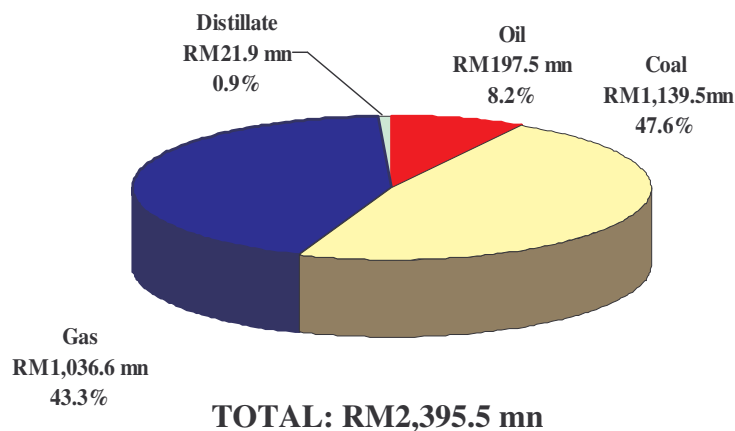
COST PER UNIT SOLD (sen/kWh)	YTD3Q FY'02	YTD3Q FY'03	YTD3Q FY'04	YTD3Q FY'05	YTD3Q FY'06
	20.7	20.2	20.2	20.1	20.2



* Includes SESB diesel subsidy

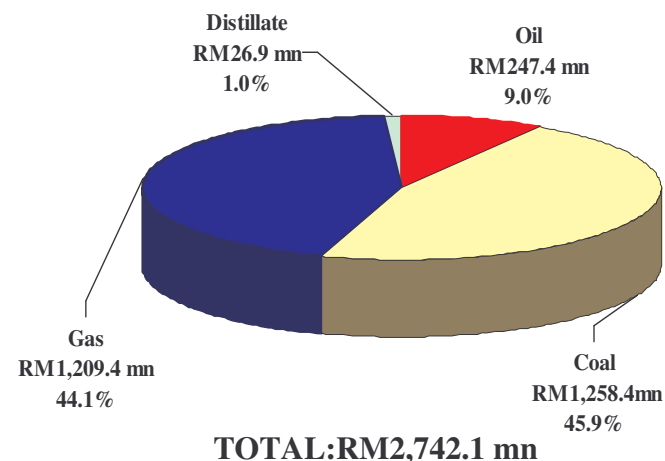
Higher Fuel Costs Impacted by 14.9% Increase In Units Generated and 6.6% in Coal Prices

YTD3Q FY'05

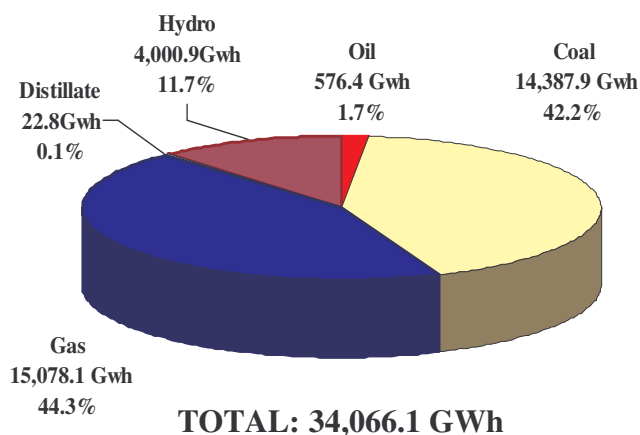


RM mn	YTD3Q FY'05	YTD3Q FY'06
Gas		
TNB	880.0	987.9
SESB	23.5	33.5
LPL	133.1	188.0
Total	1,036.6	1,209.4
Oil		
TNB	18.0	54.1
SESB	179.5	193.3
Total	197.5	247.4

YTD3Q FY'06

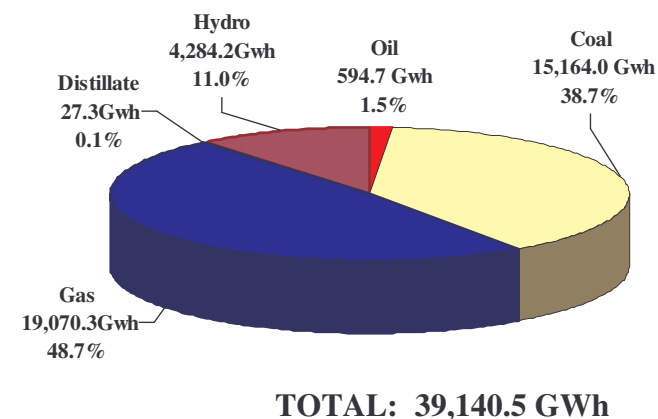


Average coal price USD 49.8 per metric tonne*
Consumption of Coal 5.9 MT



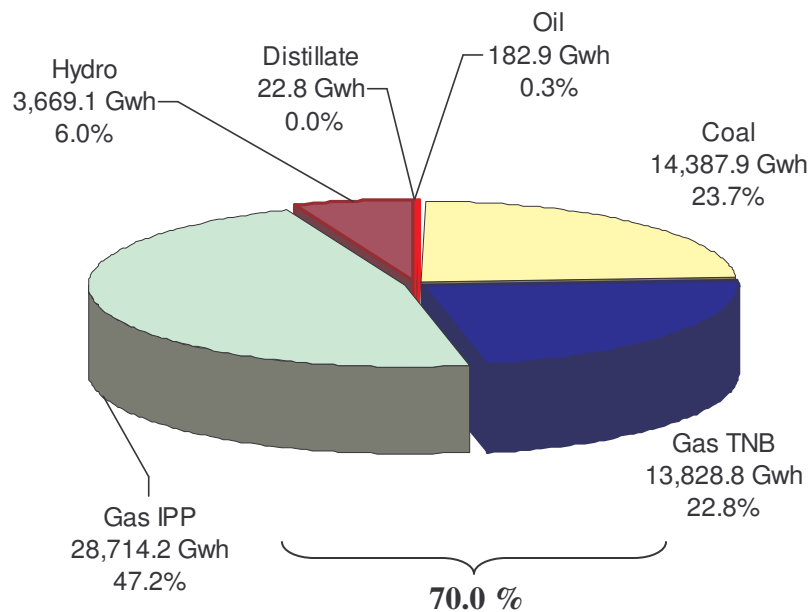
GWh	YTD3Q FY'05	YTD3Q FY'06
Gas		
TNB	13,828.8	17,579.5
SESB	303.2	458.8
LPL	946.1	1,032.0
Total	15,078.1	19,070.3
Oil		
TNB	182.9	293.2
SESB	393.5	301.5
Total	576.4	594.7

Average coal price USD 53.1 per metric tonne*
Consumption of Coal 6.4 MT

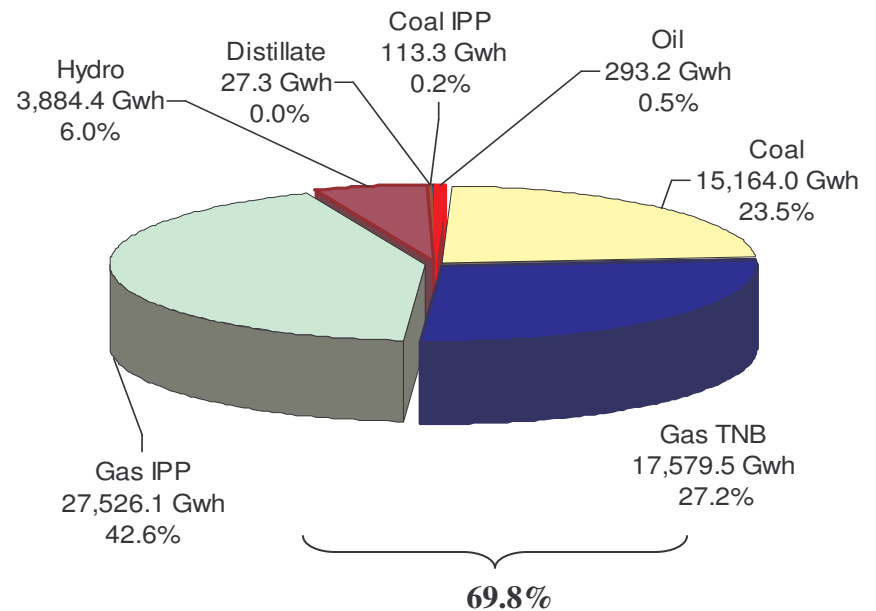


Achieving Optimal System Mix But Constrained By Gas Allocation

INDUSTRY GENERATION
YTD3Q FY'05 = 60,805.7 GWh



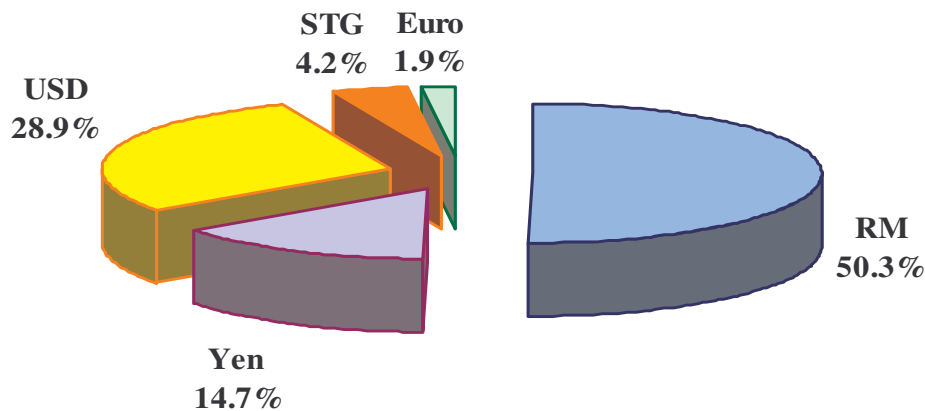
INDUSTRY GENERATION
YTD3Q FY'06 = 64,587.8 GWh



Note : Peninsular Malaysia only

Debt Portfolio Benefits From Strengthening of Ringgit

31st Aug '05



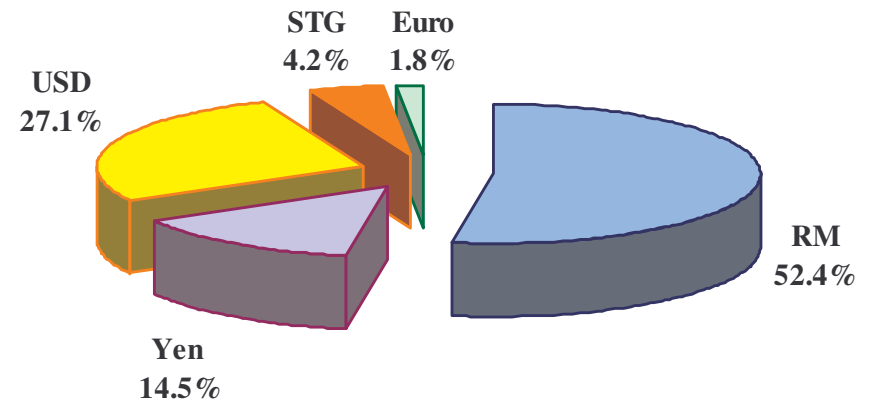
*Total Debt = RM29.9 bn

Fixed 87.1% : 12.9%

Weighted Average Cost of Debt 5.35%

USD/RM	:	3.77
100YEN/RM	:	3.39
STG/RM	:	6.8
EURO/RM	:	4.6
USD/YEN	:	111.0

31st May '06



*Total Debt = RM28.8 bn

Fixed 89.6% : 10.4%

Weighted Average Cost of Debt 5.72%

USD/RM	:	3.62
100YEN/RM	:	3.24
STG/RM	:	6.83
EURO/RM	:	4.67
USD/YEN	:	111.79

* In accordance with FRS 132

TNB Is Continuously Exploring Various Financing Alternatives To Meet Funding Requirements

Benefits of different financing instruments

Primary Equity

- Strengthen balance sheet
- Enhance credit rating
- Diversify shareholding among blue-chip institutions
- Earnings dilution minimal if issued at right price

Preferred

- Perpetual maturity
- Accounting equity credit
- Equity credit with rating agencies
- Diversify funding sources
- No impact on shareholder base

Straight Debt

- Cheaper than preferred or equity financing
- Long-term funding source
- Tax deductible interest expense
- No impact on shareholder base

Convertible

- Lowest coupon and yield
- Potentially issuing new equity at a substantial premium to current market
- Defers dilution to shareholders

As at 31st May 2005 :-

- Deposits, bank and cash balances
- Medium/long term debt facilities
- Short term debt facilities

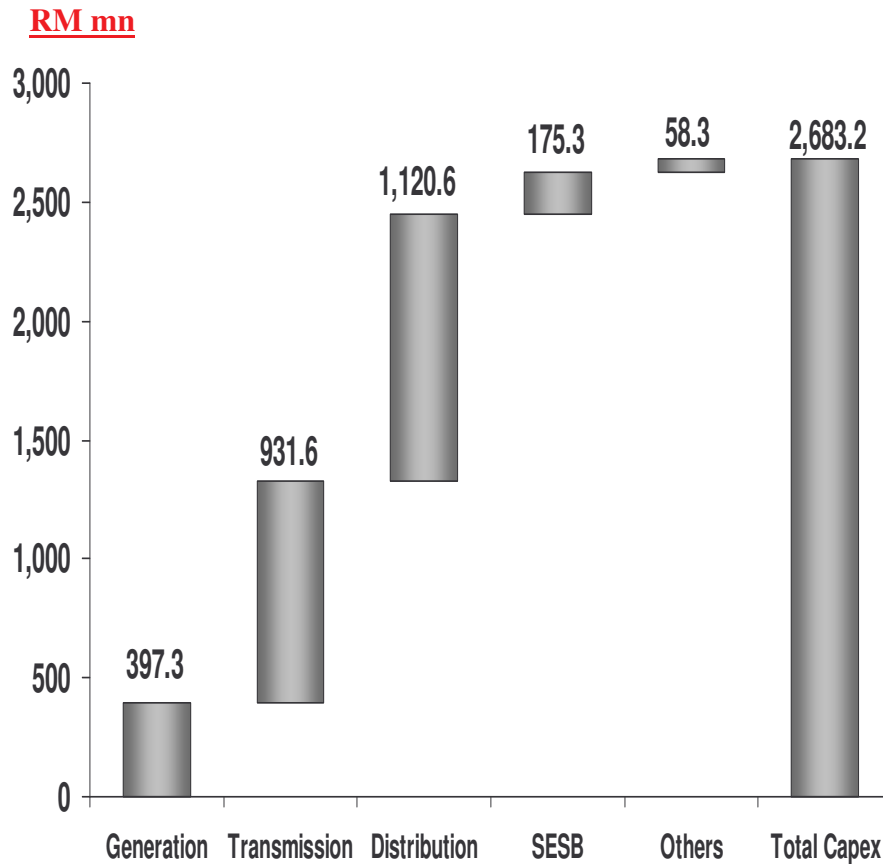
RM mn

3,413.6

6,196.2

2,617.0

58.2% of CAPEX Spent on Supply and System Improvement



- Supply and system improvement accounted for RM858.7 mn (32%) & RM702.6 mn (26.2%) respectively of total capex
- Increase in number of customers in Peninsular Malaysia : 147,998

Cash Surplus Sufficient For Capex In FY'06

RM mn	FY'02	FY'03	FY'04	FY'05	YTD3Q FY'06
Cashflow From Operations (before debt servicing and capex)	5,032.3	4,134.2	5,237.4	5,921.6	5,223.8
Capex	4,072.7	3,114.5	3,982.6	3,611.9	2,587.6
SURPLUS	959.6	1,019.7	1,254.8	2,309.7	2,636.2

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Proposed Acquisition Of Business And Business Assets of Northern Utility Resources (“NUR”)

- On 3rd July 2006, TNB announced the termination of Conditional Sale of Business Agreement (SBA) for non-fulfillment of Conditions Precedent.
- All deposit paid by TNB pursuant to the terms and conditions of the SBA and all interest earned to be returned.
- TNB will be exploring with the Vendors on a no-obligation basis alternative business arrangements or agreements in respect of the assets of NUR including the purchase of its transmission and distribution facilities.

Conversion of GEB

53.2 mn Shares Issued Since Its Issuance

	<u>Amount Converted</u>	<u>Nominal Amount</u>	<u>Shares Issued</u>
	<u>USD mn</u>	<u>USD mn</u>	<u>mn</u>
<u>Issuance of GEB in Nov. '02</u>	-	400.0	-
As at 31st Aug. '05	0.1	399.9	0.04
<u>Balance as at 1 Sept '05</u>	-	399.9	-
May '06	14.5	385.4	6.8
June '06	13.7	371.7	6.4
Up to 11th July 2006	85.2	286.5	40.0
Total	113.5		53.2

In Summary

We Stand by Our Commitment - To Improve Shareholder Value



Thank You



Powering The Nation's Progress

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