



**UNAUDITED FINANCIAL RESULTS  
FOR THE 9 MONTHS OF THE YEAR ENDING  
31<sup>ST</sup> AUGUST 2007**

**13th July 2007**



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# AGENDA

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

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# Highlights Of The Group's Performance

*"Powering The Nation."*

Y.Bhg. Tan Sri Datuk Amar Leo Moggie  
CHAIRMAN

## Key Highlights

✓ <b>Revenue Growth</b>	+16.5%	Principally from 5.2% increase in unit demand growth and new tariff
✓ <b>Operating Expenses</b>	+7.6%	17.1% increase in IPP cost
✓ <b>EBITDA Margin</b>	38.6%	33.9% last year
✓ <b>ROA</b>	6.2%	Based on annualised adjusted net profit
✓ <b>Total Debt</b>	RM23.5 bn	Reduction from RM32.5 bn as at 31 <sup>st</sup> Aug'04
✓ <b>Capex</b>	RM3.2 bn	RM907.4 mn was spent to improve system reliability
✓ <b>Repair &amp; Maintenance Expenses</b>	RM648.9 mn	From RM597.9 mn in FY'06

# Financial Highlights.....

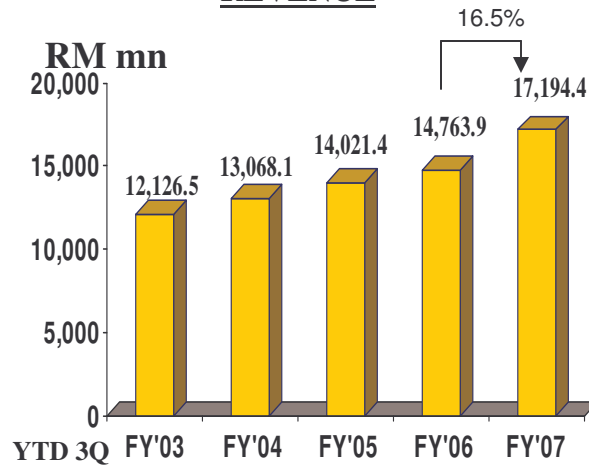
**RM mn**

	YTD FY'06	YTD FY'07
Revenue	14,763.9	17,194.4
Operating Expenses	(12,319.8)	(13,261.7)
Other Operating Income	327.6	407.2
Operating Surplus	2,771.7	4,339.9
Finance Cost	(1,194.9)	(966.8)
Transaction Gain/(Loss)	(137.5)	28.5
Profit Before Tax & Translation Gain/(Loss)*	1,445.3	3,435.1
Net Profit Before Translation Gain	874.8	2,891.4
Translation Gain	515.7	1,001.3
Profit for the period	1,416.1	3,927.8
Profit Attributable to:		
Equity Holders	1,390.5	3,892.7
Minority Interests	25.6	35.1
	1,416.1	3,927.8

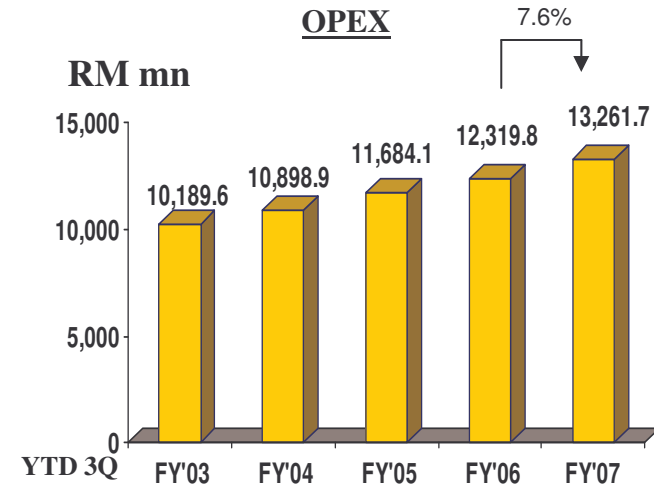
\* In accordance with FRS 101

# Performance Trend

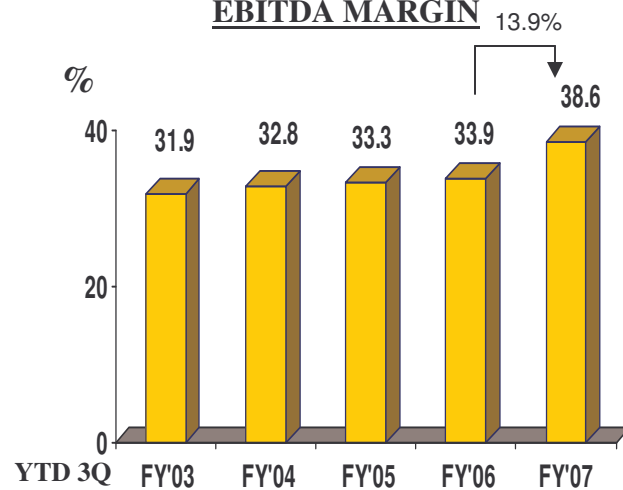
## REVENUE



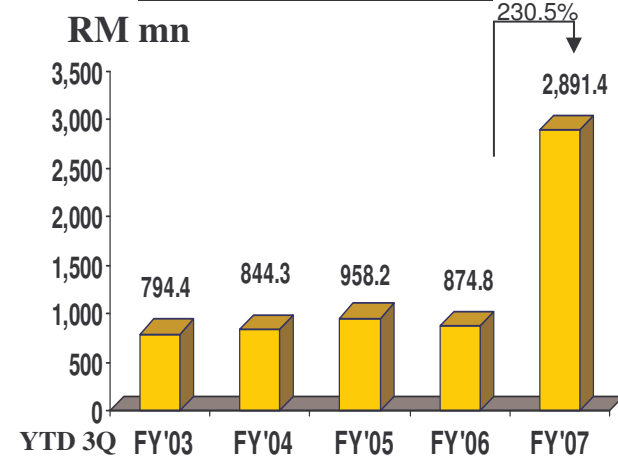
## OPEX



## EBITDA MARGIN

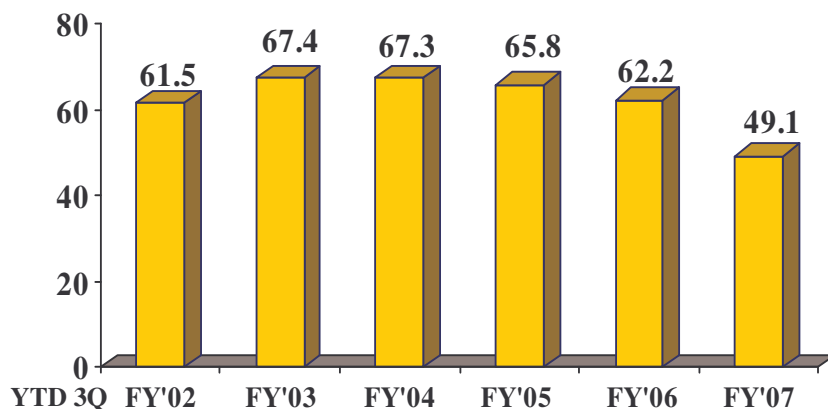


## NET PROFIT\* EX. FOREX TRANSLATION

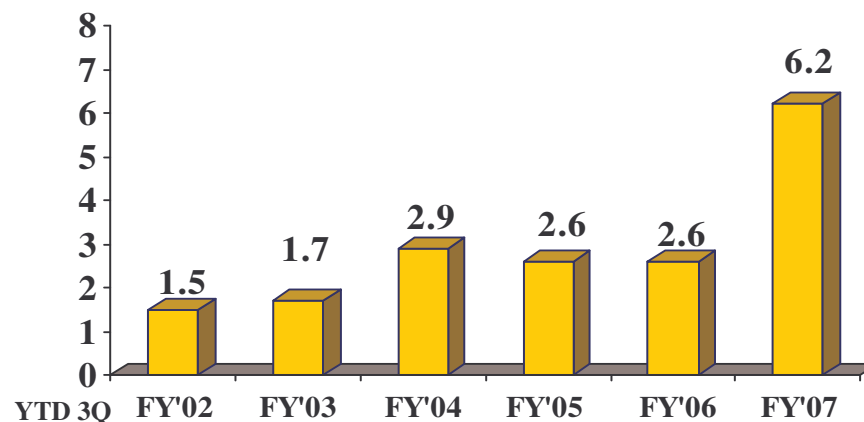


# Improvement In Financial Ratios

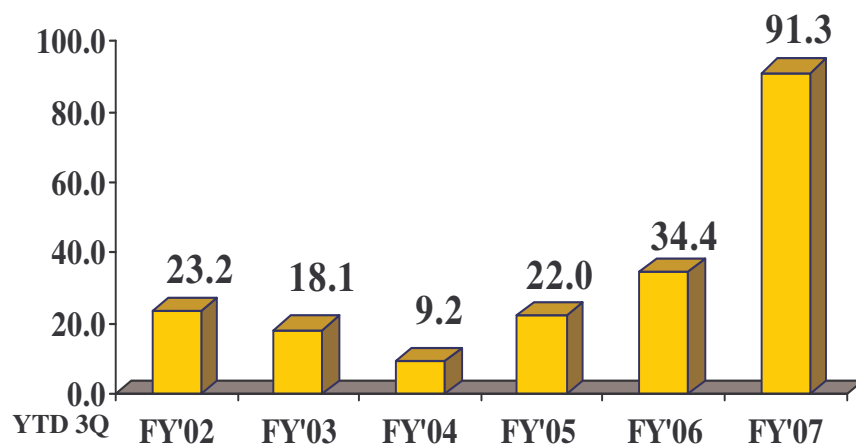
Gearing (%)



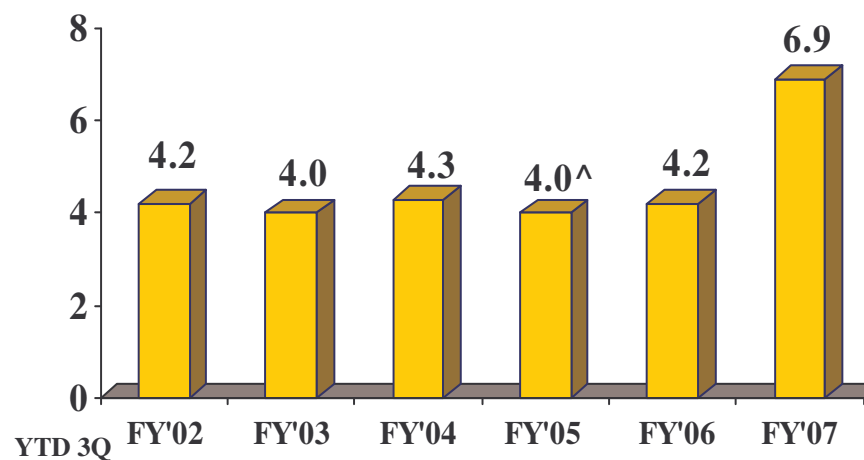
ROA\* (%)



Basic Earnings Per Share (Sen)



Interest Coverage (times)

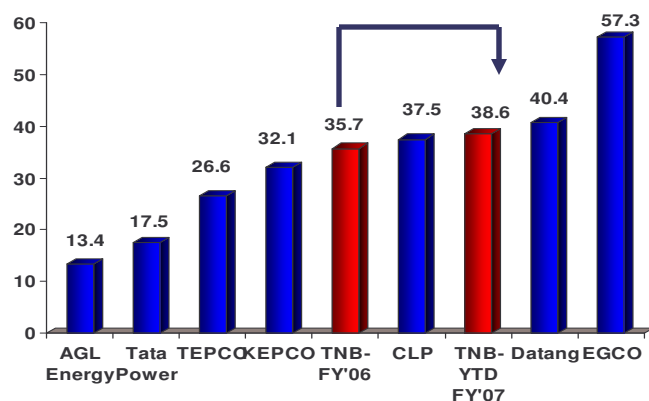


In accordance with FRS 133

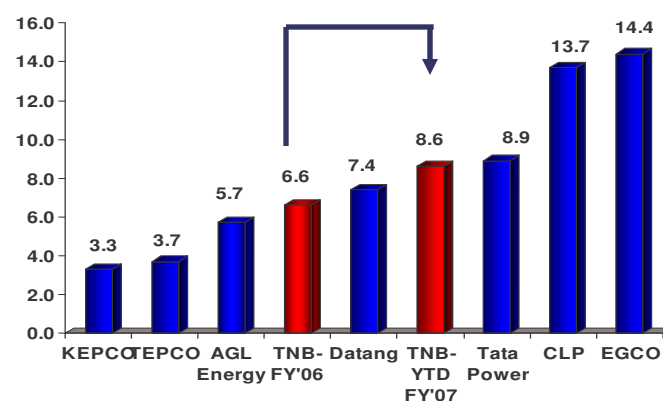
## Benchmarked Against Other Utilities

	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

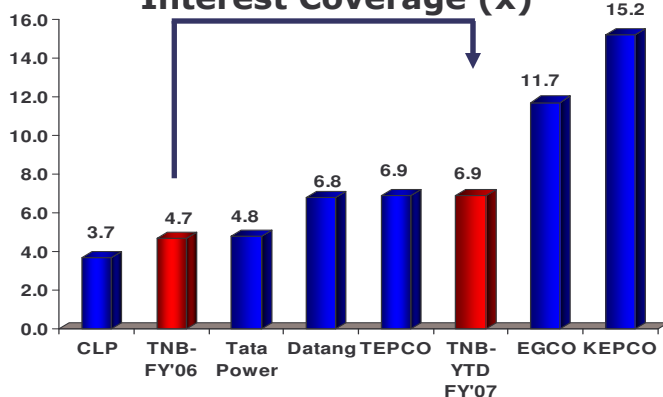
**EBITDA Margin (%)**



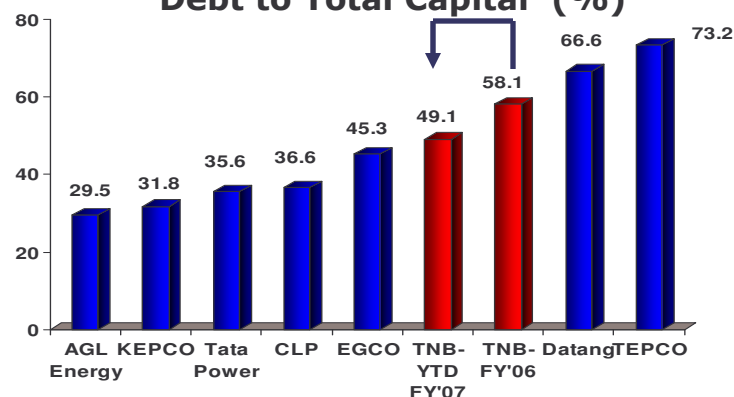
**Return On Invested Capital (%)**



**Interest Coverage (x)**



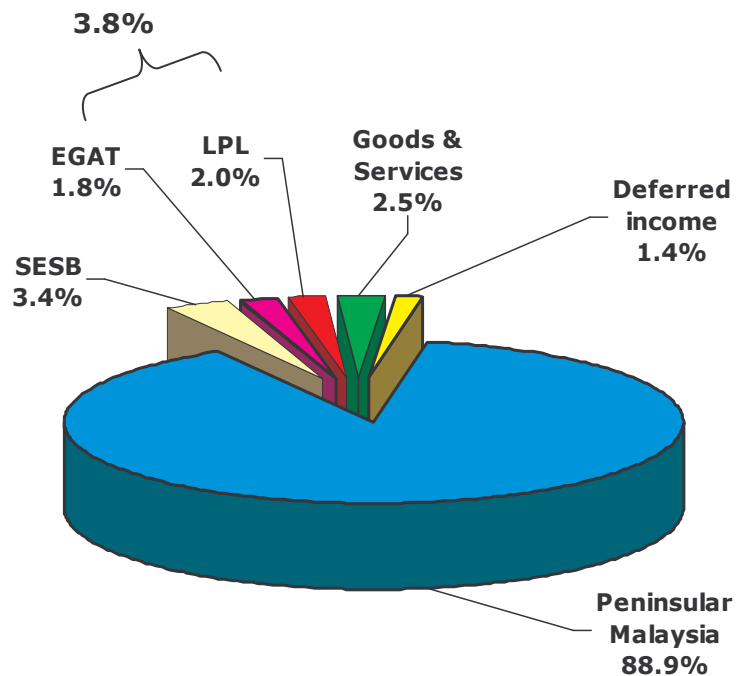
**Debt to Total Capital (%)**



Source: Citigroup



## Revenue – Largely From Peninsular Electricity Sales

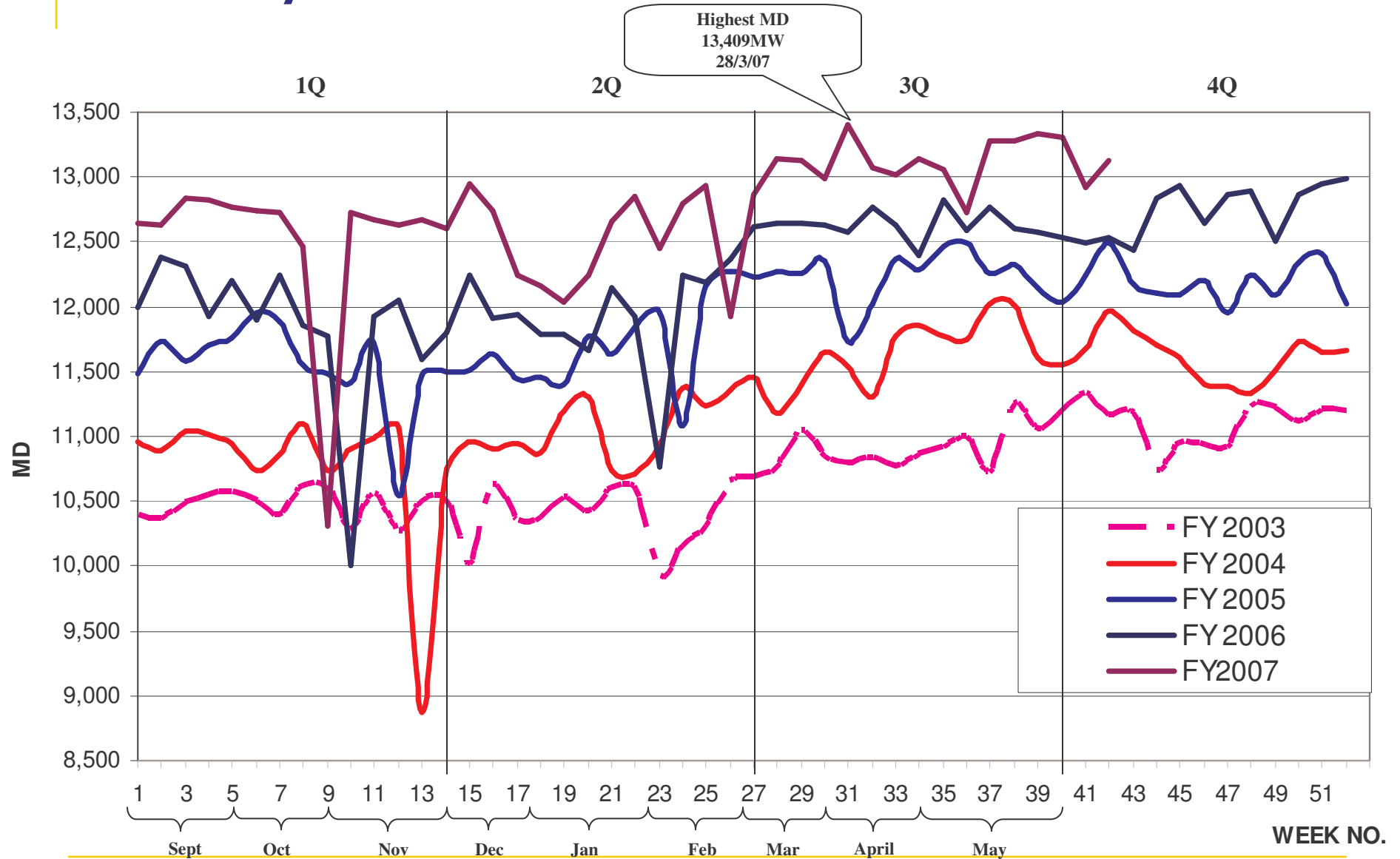


YTD FY'07 Total RM17,194.4 mn  
YTD FY'06 Total RM14,763.9 mn

### Breakdown of Electricity Sales

	YTD FY'06	YTD FY'07
	<u>RM mn</u>	<u>RM mn</u>
<b>Peninsular Malaysia</b>	13,174.5	15,285.0
<b>EGAT</b>	300.5	311.2
<b>SESB</b>	510.0	595.8
<b>LPL</b>	331.6	337.4
<b>Total</b>	<b>14,316.6</b>	<b>16,529.4</b>

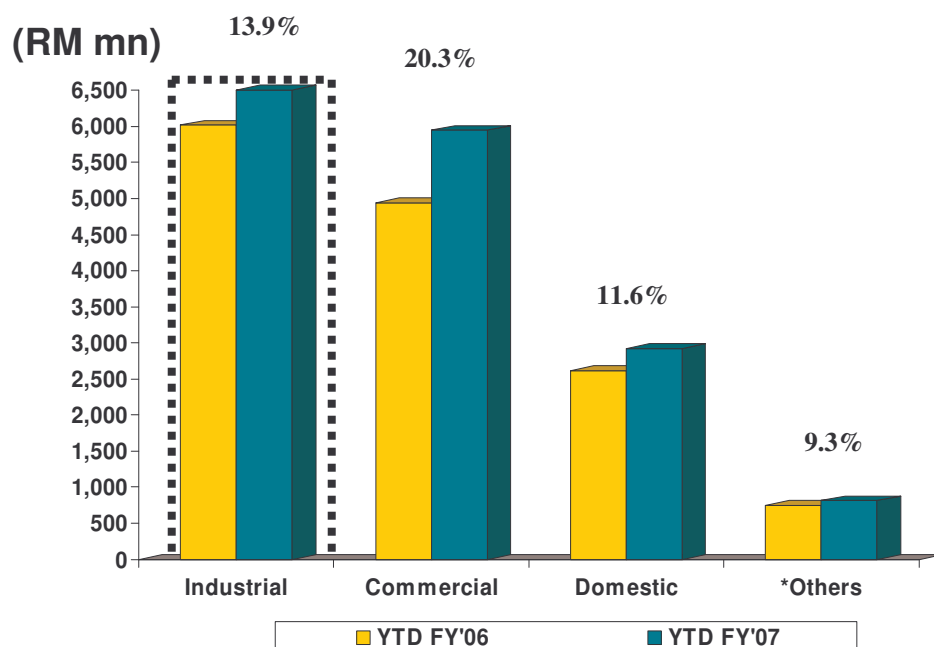
# Electricity Demand Trend



# Analysis of Electricity Growth by Sectors

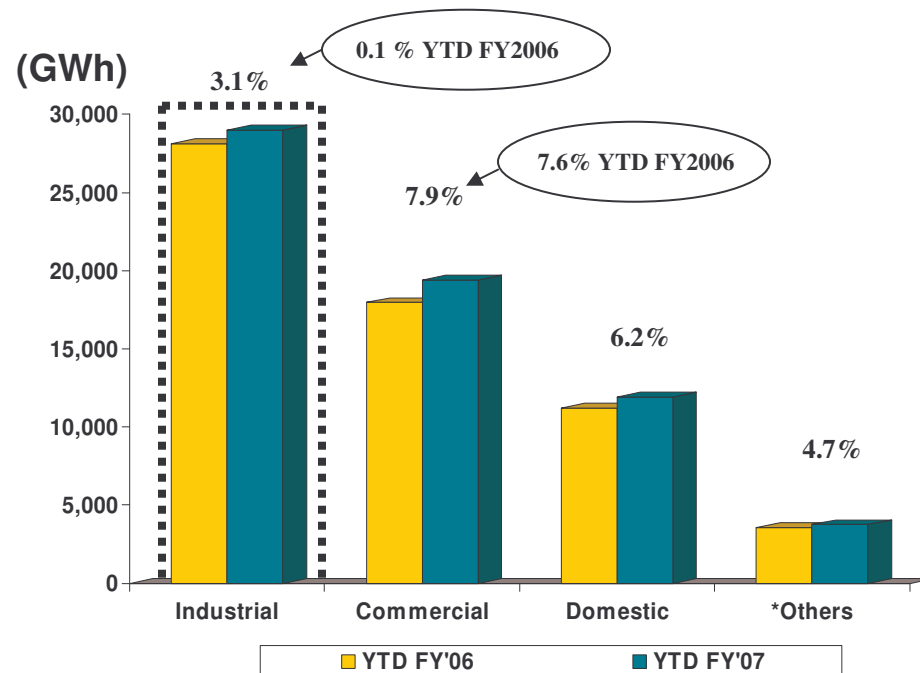
**YTD FY'07 = 15.5%**

( YTD FY'06 = 5.8% )



**YTD FY'07 = 5.2%**

( YTD FY'06 = 4.6% )

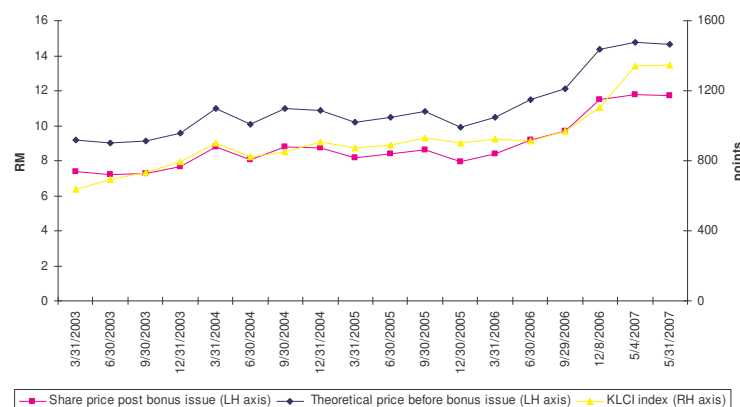


- Credit notes raised upon approval of SIT and for backdating of effective date
- Credit notes raised :- YTD FY'06 – RM 38.6 mn
- YTD FY'07 – RM 52.3 mn

\* Includes Mining, Public Lighting and LPL

# Foreign Shareholding & Weight in KLCI

## Share Price Movement



## Name of Shareholders

	%
1. Khazanah Nasional Berhad	37.71
2. Employees Provident Fund (EPF) Board	9.36
3. Kumpulan Wang Amanah Pencen	3.32
4. Skim Amanah Saham Bumiputera	6.76
5. Other Corporations & Govt. Agencies	7.40
<b>Subtotal</b>	<b>64.55</b>
6. Foreign	28.38
7. Malaysian Public	7.07
<b>Total</b>	<b>100.00</b>

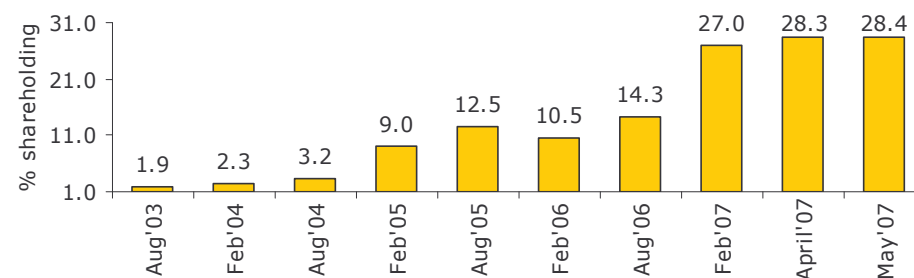
Paid Up Capital : RM4,326.5 mn as at 31<sup>st</sup> May 2007

## Market Capitalization

	% Weight in the Index	Shares in the Index (mn)	Market Capitalization RM mn	Share Price RM
<b>Tenaga Nasional</b>	<b>6.88</b>	<b>4,328</b>	<b>50,205</b>	<b>11.60</b>
Malayan Banking	6.55	3,889	47,835	12.30
CIMB	5.54	3,369	40,428	12.00
MISC	4.99	3,719	36,446	9.80
Telekom	4.93	3,432	36,036	10.50
Public Bank	4.74	3,510	34,574	9.85
IOI Corp	4.72	6,258	34,419	5.50
Genting	4.31	3,696	31,416	8.50
Sime Darby	3.49	2,522	25,472	10.10
Petronas	2.00	1,978	21,165	10.70

Source: Bloomberg as at 13th July 2007

## Foreign Shareholding



Local financial institutions/fund managers account for 30% of shareholding

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

**The Board of Directors has approved a second 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.**

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# AGENDA

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

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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**

# Headline Key Performance Indicators

## On Track

<i>Initiatives</i>	<i>Actual FY'06</i>	<i>Target FY'07</i>	<i>Actual FY'07</i>		
			<i>3 Mths</i>	<i>6 Mths</i>	<i>9 Mths</i>
Return on Assets (ROA)	3.3%	6.5%	7.5% 5.7%*	7.5% 6.5%*	6.6% 6.2%*
Gearing	58.1%	50.0 - 55.0%	54.2%	51.1%	49.1%
Unplanned Outage Rate (UOR)	4.7%	4.4%	1.7%	1.8%	2.0%
T&D Losses	11.0%	10.5%	11.2%** 	10.5%** 9.0%	10.5%** 10.1%
Transmission System Minutes (mins)	7.3	<7.0	1.7	4.8	8.9
Distribution SAIDI (mins)	101.6	95.0	22.9	41.9	59.2

Note: \* based on adjusted annualised net profit as calculated above

\*\* based on 12-month moving average



# Company Wide Initiatives Exceeded Targets

<i>Initiatives</i>	<i>Actual FY'06</i>	<i>Target FY'07</i>	<i>Actual FY'07</i>		
RM mn			<i>3 Mths</i>	<i>6 Mths</i>	<i>9 Mths</i>
Proceeds from Landbank Sales*	51.5	200.0	7.8	155.9	314.3
Debt recovery from Delinquent Accounts	166.7	170.0	75.0	106.5	138.0
Recovery from Theft Backbilling	38.5	30.0	9.1	18.6	33.0
<b>TOTAL</b>	<b>256.7</b>	<b>400.0</b>	<b>91.9</b>	<b>281.0</b>	<b>485.3</b>
Average Collection Period (Pen. Malaysia excluding PLMAH)	32 days	32 days	29 days	30 days	26 days
Debt Mix (%) ** (RM vs Other Currencies)	52:48	57:43	55:45	55:45	57:43
Other previous initiatives such as managing overtime, medical expenses, general expenses will continue to be monitored as part of “Business As Usual”					

# Economic Profit

<b><u>CALCULATION OF EBIT</u></b>	<b>YTD FY'06</b>	<b>YTD FY'07</b>
P&L Items	<b>RM mn</b>	<b>RM mn</b>
Revenue (exclud. released of deferred income)	14,537.4	16,954.1
Operating costs (exclud. Depr. & Amortisation)	(10,081.4)	(10,950.2)
Depreciation & amortisation	(2,230.3)	(2,303.4)
Amortisation of coal mining rights	(8.1)	(8.1)
Total Opex	(12,319.8)	(13,261.7)
<b>EBIT</b>	<b>2,217.6</b>	<b>3,692.4</b>

<b><u>ECONOMIC PROFIT STATEMENT</u></b>	<b>YTD FY'06</b>	<b>YTD FY'07</b>
	<b>RM mn</b>	<b>RM mn</b>
<u>NOPLAT computation:</u>		
EBIT	2,217.6	3,692.4
Adjusted Tax	(620.9)	(996.9)
<b>NOPLAT</b>	<b>1,596.7</b>	<b>2,695.5</b>
<u>Economic Charge computation:</u>		
Avg. Invested Capital	52,807.4	53,077.9
WACC	7.5%	7.5%
<b>Economic Charge</b>	<b>(3,944.7)</b>	<b>(3,964.9)</b>
<b>Economic Charge Sep-May.</b>	<b>(2,958.5)</b>	<b>(2,973.7)</b>
<b>ECONOMIC PROFIT (NOPLAT + ECONOMIC CHARGE )</b>	<b>(1,361.9)</b>	<b>(278.2)</b>

## Details of Operating Expenses

### Higher IPP Cost from Commissioning of Tg. Bin Unit 1 & 2

Operating Expenses (RM mn)	YTD FY'06	YTD FY'07	Changes (%)
IPP	4,752.1	5,565.7	17.1%
Fuel	2,742.1	2,611.5	(4.8%)
Fuel Subsidy - SESB	(199.3)	(316.1)	58.6%
R&M	597.9	648.9	8.5%
Staff	1,300.7	1,656.9	27.4%
Depreciation	2,230.3	2,303.4	3.3%
General Expenses/Provisions	517.1	292.4	(43.5%)
Subsidiaries Cost of Sales and General Expenses*	378.9	499.0	31.7%
<b>TOTAL OPERATING EXPENSES</b>	<b>12,319.8</b>	<b>13,261.7</b>	<b>7.6%</b>

\* includes procurement of coal for Tg. Bin

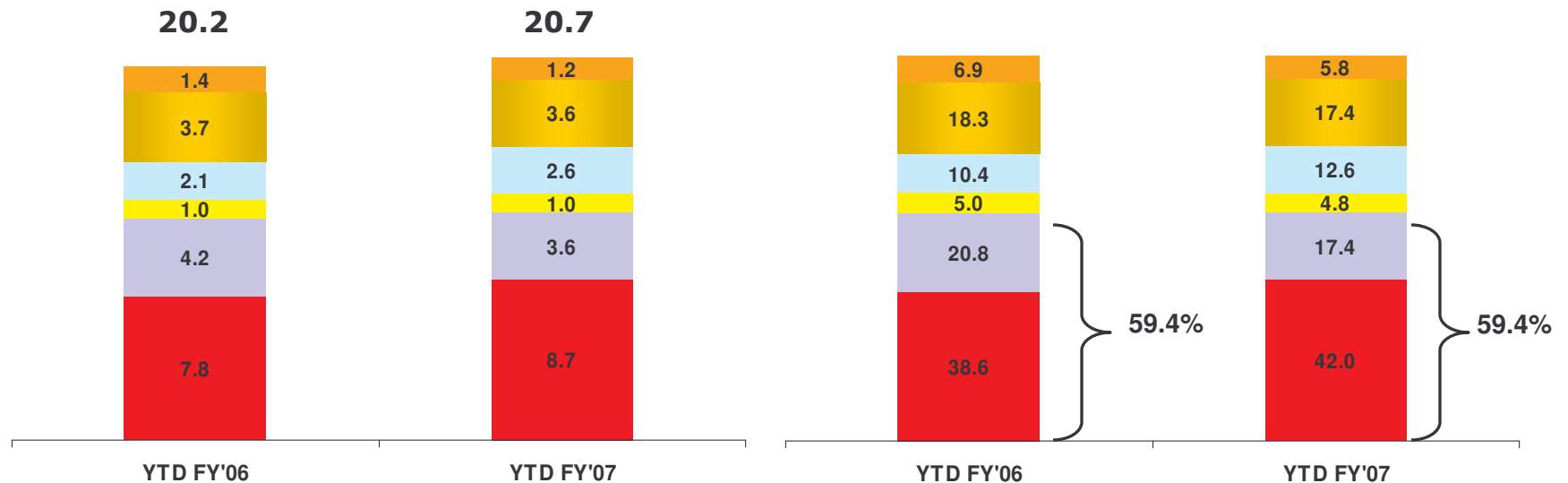
# Increase Cost Per Unit Sold

## 11.5% Increase in IPP Cost Per Unit Sold

COST PER UNIT SOLD (sen/kWh)	YTD FY'03	YTD FY'04	YTD FY'05	YTD FY'06	YTD FY'07
	20.2	20.2	20.1	20.2	20.7

COST PER UNIT SOLD (sen/kWh)

% OF TOTAL OPERATING COST



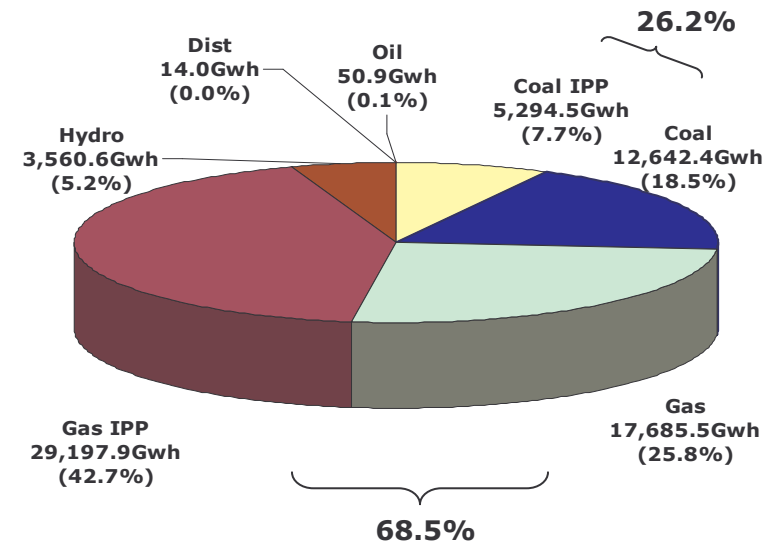
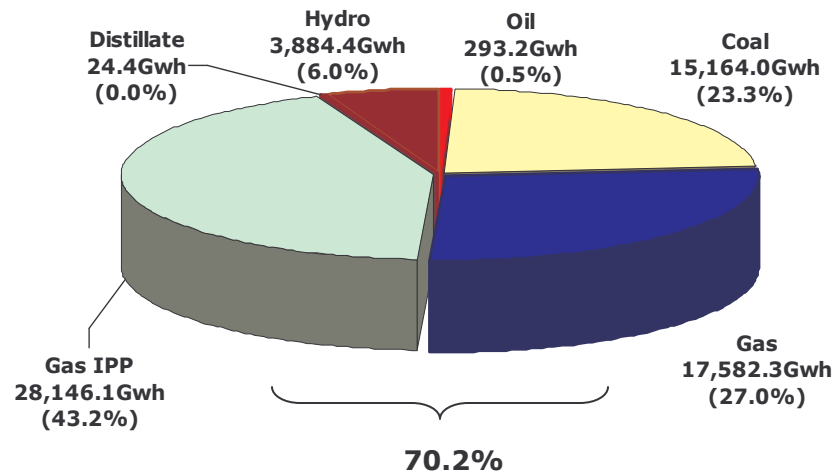
IPP Fuel R&M Staff Cost Depreciation Others

\* Includes SESB diesel subsidy

# Industry Generation Targeted Towards Optimal System Mix

**INDUSTRY GENERATION**  
YTD FY'06 = 65,094.4 GWh

**INDUSTRY GENERATION**  
YTD FY'07 = 68,445.8 GWh

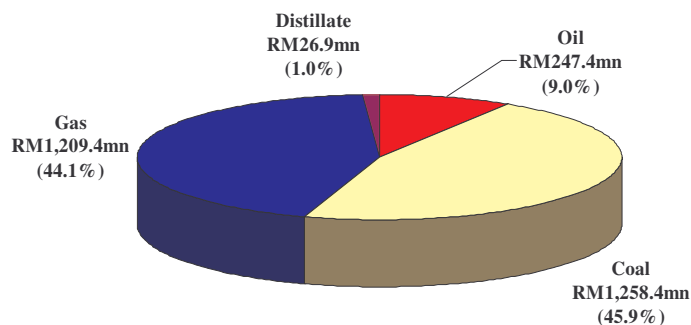


**Note : Peninsular Malaysia only**

- Units generated from coal-fired plants accounted for 26.2% of industry generation
- In YTD FY'07, total industry coal consumption amounted to 8.7mn metric tonne

# Analysis of Fuel Cost by Generation Mix

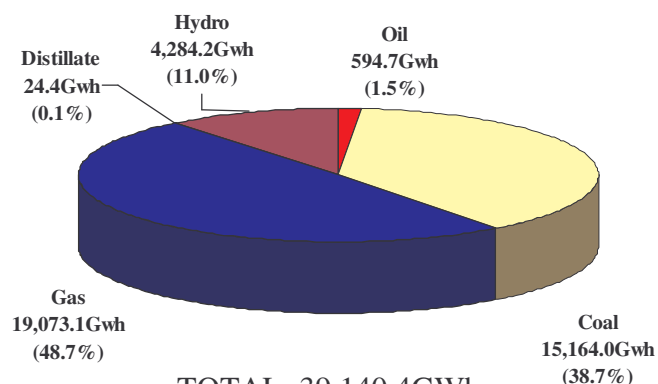
**YTD FY'06**



TOTAL: RM2,742.1 mn

NET OF SESB'S FUEL SUBSIDY = RM2,542.8 mn

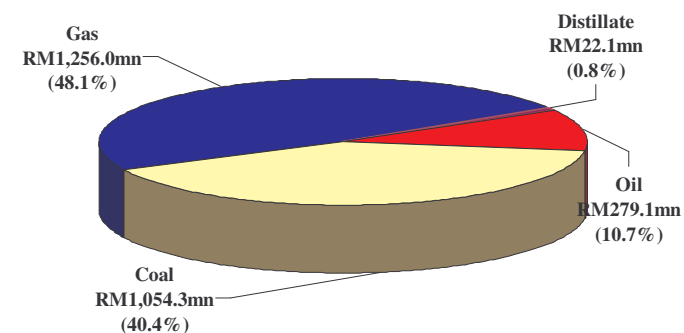
*Average coal price USD53.1/MT*  
*Consumption of Coal 6.4mn MT*



TOTAL: 39,140.4GWh

RM mn	YTD FY'06	YTD FY'07
<b>Gas</b>		
TNB	987.9	1,029.6
SESB	33.5	31.4
LPL	188.0	195.0
<b>Total</b>	<b>1,209.4</b>	<b>1,256.0</b>
<b>Oil</b>		
TNB	54.1	17.1
SESB	193.3	262.0
<b>Total</b>	<b>247.4</b>	<b>279.1</b>

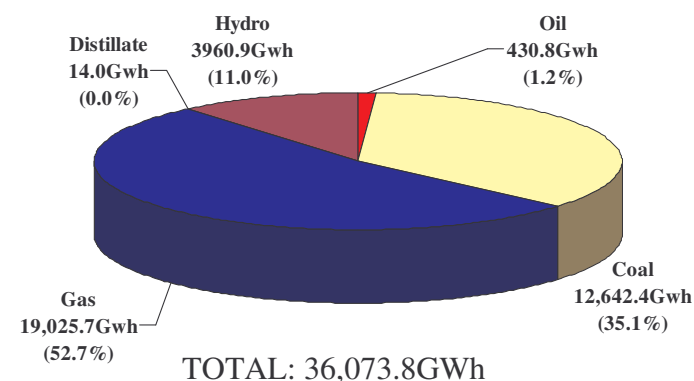
**YTD FY'07**



TOTAL: RM2,611.5 mn

NET OF SESB'S FUEL SUBSIDY = RM2,295.4 mn

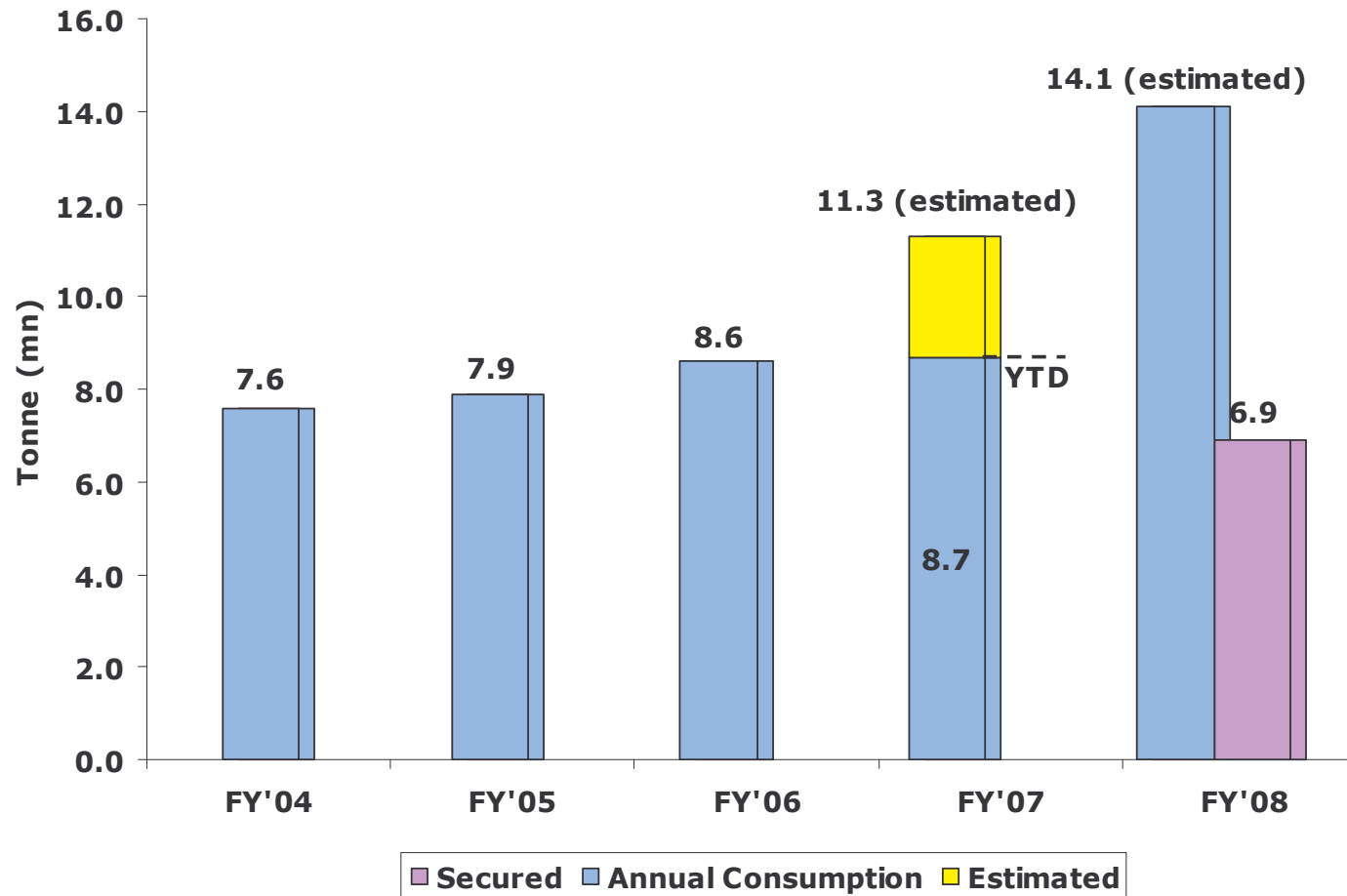
*Average coal price USD51.0/MT*  
*Consumption of Coal 5.6 mn MT*



TOTAL: 36,073.8GWh

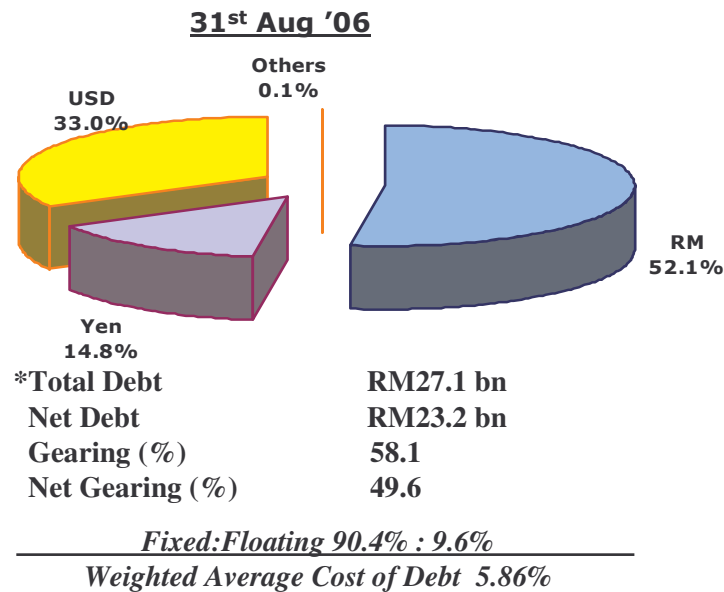
## 49% of FY'08 Coal Requirement Has Been Secured

	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	44.3



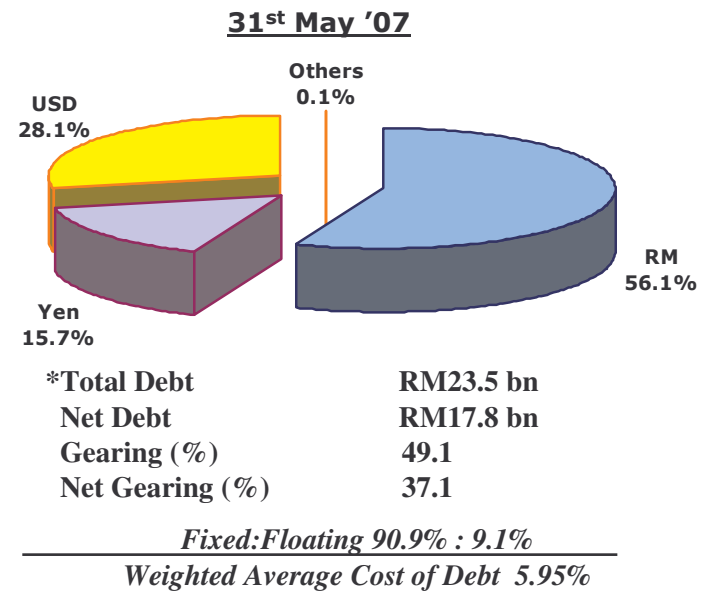
# Analysis of Debt Exposure

## Reduction from RM32.5bn as at 31<sup>st</sup> Aug'04



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

\* In accordance with FRS 132



USD/RM	:	3.40
100YEN/RM	:	2.79
USD/YEN	:	121.68



## Healthy Cashflow Position

In RM mn

	FY'02	FY'03	FY'04	FY'05	FY'06	YTD 3QFY'07
Cashflow From Operations	5,032.3	4,134.2	5,237.4	6,020.5	7,632.9	7,268.1
(-) Capex	(4,072.7)	(3,114.5)	(3,982.6)	(3,797.5)	(3,967.7)	(3,025.1)
(-) Interest Servicing	(1,276.3)	(1,501.8)	(1,538.1)	(1,665.3)	(1,658.5)	(1,049.9)
<b>FREE CASH FLOW</b>	<b>(316.7)</b>	<b>(482.1)</b>	<b>(283.3)</b>	<b>557.7</b>	<b>2,006.7</b>	<b>3,193.1</b>

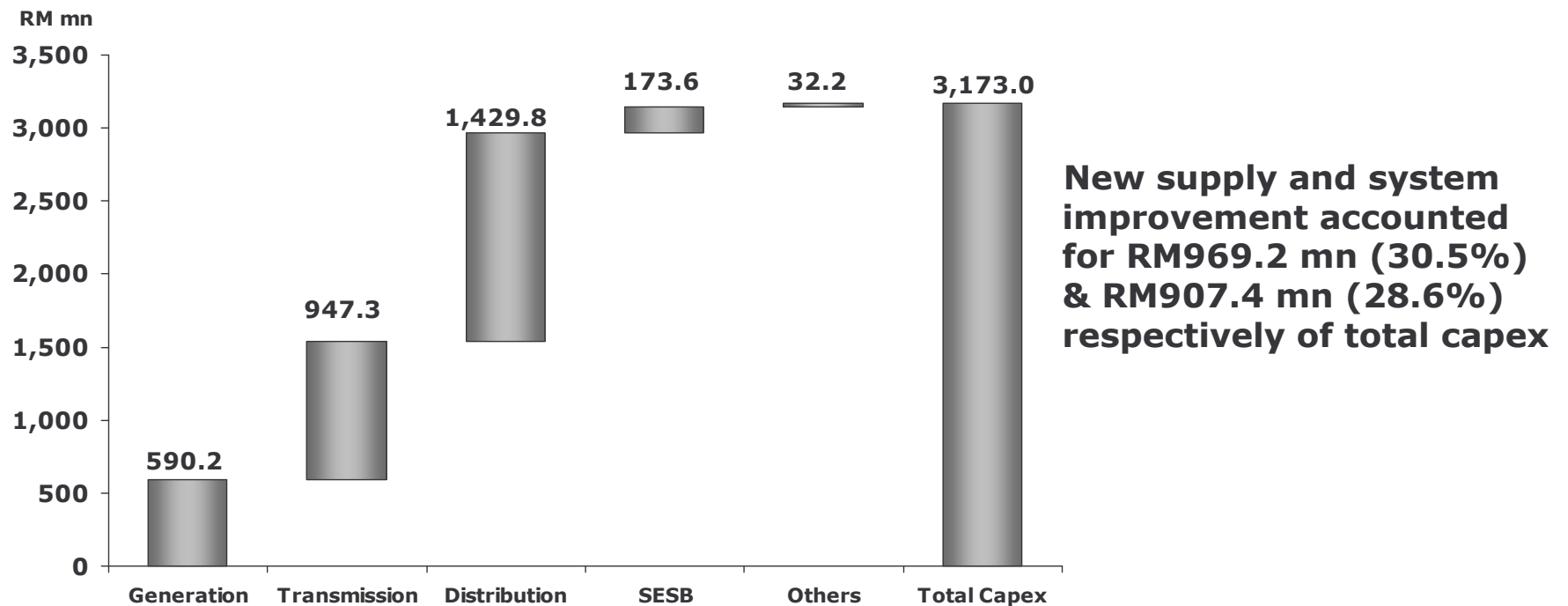
(+) New Debt	8,624.6	9,656.4	9,534.7	7,136.8	3,764.8	524.1
(-) Repayment	(7,979.8)	(8,017.5)	(8,597.8)	(9,635.9)	(5,511.3)	(3,169.4)
(+) Proceeds from issuance of shares	43.3	-	306.2	610.1	837.8	1,489.4
<b>Cash Flow After Debt Service</b>	<b>371.4</b>	<b>1,156.8</b>	<b>959.8</b>	<b>(1,331.3)</b>	<b>1,098.0</b>	<b>2,037.2</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>(252.8)</b>
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<b>Net Cash</b>	<b>276.0</b>	<b>222.7</b>	<b>2,376.1</b>	<b>(911.0)</b>	<b>1,107.8</b>	<b>1,784.4</b>
Currency translation differences	3.0	1.7	(1.7)	(2.0)	(4.5)	(10.9)

<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>5,710.2</b>
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## 59.1% of CAPEX Spent on New Supply and System Improvement



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# AGENDA

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# 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)	CASH	RECEIVED
							Amount till 31 MAY '07 (RM mn)	Date
Sept '06	Jalan Wickham	0.9	3.5	8.0	8.8	5.3		RM0.88 mn – FY2006
Dec'06	Ampang	3.76	16.6	34.5	49.0	32.4	22.05	RM4.9 mn – 7 Dec 06 RM17.15 mn – 9 Apr 07
	Cameron Highland	Shop house	0.22	0.58	0.58	0.36		RM0.06 mn – FY2006
Jan '07	Pulau Pinang	7.86	8.5	16.4	19.0	10.5	1.9	RM1.9 mn – 4 Jan 07
Feb '07	Penggawa Lot 39, 40, 252 & 113	3.35	12.7	43.73	43.73	31.03	19.68	RM0.87 mn – 21 Oct 06 RM3.5 mn – 16 Feb 07 RM15.3 mn – 18 May 07
Mar '07	Pinggiran Tunku	2.0	4.2	20.0	22.0	17.8	2.19	RM2.19 mn – 12 Mar 07
May '07	Ipoh	1.83	0.7	3.2	3.36	2.66	0.34	RM0.05 mn – 6 Dec 06 RM0.017 mn – 26 Feb 07 RM0.269 mn – 27 Mar 07
	San Peng	3.00	5.1	30.0	52.5	47.4	5.25	RM0.1 mn – 12 Oct 06 RM0.95 mn – 28 Dec 06 RM4.2 mn – 20 Apr 07
	Taman Duta	3.16	6.6	24.5	24.5	17.9	2.45	RM0.49 mn – 30 Nov 06 RM1.96 mn – 23 Mar 07
	7 Lots,Bkt Tunku	6.2	20.6	51.8	73.87	53.27	7.39	RM1.48 mn – 9 Apr 07 RM5.91 mn – 14 May 07
	Kuala Berang	108.7	4.8	17.5	17.0	12.2	1.02	RM0.34 mn - 20 Jan 07 RM0.1 mn – 18 Feb 07 RM0.58 mn – 22 Apr 07
<b>Sub Total</b>			<b>83.52</b>	<b>250.21</b>	<b>314.34</b>	<b>230.82</b>	<b>62.27</b>	

## Other Land Plots Identified For Sale

### Targeted Execution of S&P Agreements by 31 August '07

EXECUTION OF S&P	SITES	AREA ( ACRES )	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)	CASH	RECEIVED
							Amount till 31st MAY'07 (RM mn)	Date
Jul/Aug '07	Port Klang	2.46	0.5	1.9	2.0	1.5	0.04	RM0.04 mn – 4 Mar 07
	Bentong, Pahang	0.67	0.36	0.75	0.75	0.39		
	Lots 4794-4795 Bukit Tunku	2.1	4.9	21.5	27.08	22.18	0.54	RM0.05 mn – 19 Oct 06 RM0.49 mn – 28 Dec 06
	Jalan Merchu	0.77	1.7	6.8	7.25	5.55	0.15	RM0.05 mn – 23 Feb 07 Rm0.10 mn – 10 Apr 07
	Jalan Persiaran Bukit Tunku	2.89	6.0	26.0	27.5	21.5	0.55	Rm0.1 mn – 23 Feb 07 RM0.45 – 11 Apr 07
	Hiliran, Terengganu	1.59	0.61	5.36	5.36	4.75		
	Jalan Kelang Lama, KL	8.79	7.75	17.22	17.22	9.47	0.28	RM0.28 mn – 26 Apr 07
	Teluk Intan, Perak	3.5	0.99	1.38	1.38	0.39		
	<b>Sub Total</b>		<b>22.81</b>	<b>80.91</b>	<b>88.54</b>	<b>65.73</b>	<b>1.56</b>	

 Transaction expected to be completed in FY2007

## Other Land Plots Identified For Sale – Cont'd

EXECUTION OF S&P	SITES	AREA ( ACRES )	BOOK VALUE (RM mn)	MARKET VALUE (RM mn)	SALE PRICE (RM mn)	GAIN FROM DISPOSAL (RM mn)	CASH RECEIVED	
							Amount till 31 MAY '07 (RM mn)	Date
Sept '07	Taiping, Perak	0.39	lease	-	0.79	0.79	0.02	RM0.02 mn – 9 Feb 07
	Lorong Gurney, KL	0.95	1.5	6.0	6.0	4.5	0.12	RM0.12 mn – 28 Mar 07
	14 & 24, Jln Tun Dr. Ismail, Ipoh	2.99	1.17	4.41	4.41	3.24		
	Jln Yahya Awal, Johor	5.5	4.97	15.0	15.0	10.03		
	Pengkalan Chepa, Kota Bharu, Kelantan	0.4	0.35	1.06	1.06	0.71		
	Lots 4802-4803 Bukit Tunku	1.68	3.4	15.0	15.0	11.6		
	<b>Sub total</b>		<b>11.39</b>	<b>41.47</b>	<b>42.26</b>	<b>30.87</b>	<b>0.14</b>	
	<b>GRAND TOTAL</b>		<b>117.72</b>	<b>372.59</b>	<b>445.14</b>	<b>327.42</b>	<b>63.97</b>	

## **Sabah's 1<sup>st</sup> IPP Project Awarded under a Bidding Process Coal-fired IPP Project**

On 20<sup>th</sup> June 2007 the Government announced the award for the Proposed 300MW Coal-fired IPP Project at Lahad Datu, Sabah (the Project) to the Consortium which consists of the following members:

<b>Consortium members</b>	<b>% in Equity Interest in the Consortium</b>
<b>TNB Repair &amp; Maintenance Sdn. Bhd. (REMACO) – a wholly owned subsidiary of TNB</b>	<b>51%</b>
<b>Eden-Nova</b>	<b>35%</b>
<b>Maser</b>	<b>14%</b>
<b>TOTAL</b>	<b>100%</b>

The Consortium's interest in the Project is only 80%, whilst the remaining 20% will be held by Yayasan Sabah.

The details with regard to the Project is being discussed among the Consortium members and will be announced in due course.

## **Divestment of DEJ, Subsidiary of TNB Coal**

### **Current Status**

- On 30 April 2007, TNB announced that Dynamic Acres Sdn. Bhd. ("DASB") had entered into a Share Sale Agreement ("SSA") with PT Pamapersada Nusantara ("PAMA") in relation to the divestment of DASB's entire 99% shareholding in PT Dasa Eka Jasatama ("DEJ").
- The completion of this divestment exercise is subject to the fulfillment of all conditions precedent under the SSA.
- The Condition Precedent ("CP") period is 9 months (unless mutually extended by the parties).
- The parties are currently working towards fulfilling all the CPs.



## Lifting of Foreign Shareholding Limit

### Current Status

	Timeline
•Ministry of Finance approval to lift foreign shareholding limit	19 <sup>th</sup> April 2007
•FIC/EPU approval	On-going
•Due Diligence Completion	Mid August
•Amend Memorandum and Articles of Association of TNB	On-going
•Drafting of circular to shareholders	On-going
•Lenders' Consent	Mid September
•EGM	End of October

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# Thank You



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