



**UNAUDITED FINANCIAL RESULTS  
FOR THE YEAR ENDED  
31<sup>ST</sup> AUGUST 2008**

**16<sup>th</sup> October 2008**



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# AGENDA

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

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# Highlights Of The Group's Performance

*"Powering The Nation."*

**Y.Bhg. Tan Sri Leo Moggie**  
**CHAIRMAN**

## KEY HIGHLIGHTS

### 4<sup>th</sup> Qtr FY2008

- Net loss of RM282.9 million
- 15.7% increase in Group Revenue (YOY) against a 36.7% increase in Operating Expenses
- 108.5% increase in fuel costs to RM1.5 billion

### Full year FY2008

- Net Profit of RM2,594.0 million
- Return on Assets of 4.6% compared to 6.3% previously
- 10.4% increase in Group Revenue against a 22.5% increase in Operating Expenses
- Unit electricity demand growth
  - 4.7% - Group
  - 6.1% - Peninsular Malaysia
- EBITDA margin at 29.5% compared to 37.6% the year before
- Economic loss increased to RM2,043.1 million

## **OUTLOOK FOR FY2009**

- **Growth in electricity demand may slowdown**
- **Coal price in excess of USD100/tonne**
- **Higher capacity and energy payments to the IPPs**
- **Reserve margin currently at 40.8% will reach 47.0% with the full commissioning of the Jimah Power Plant**

# FINANCIAL RESULTS

**RM mn**

	FY2007	FY2008
Revenue	23,320.4	25,750.6
Operating Expenses	(18,371.4)	(22,503.4)
Other Operating Income	593.7	794.8
Operating Surplus	5,542.7	4,042.0
Finance Cost	(1,305.0)	(1,095.8)
Transaction Gain/(Loss)	33.5	(19.1)
Profit Before Tax & Translation Gain/(Loss)	4,313.6	2,972.0
Taxation & Zakat		
Company & Subsidiaries	(848.5)	(361.8)
Deferred Taxation	150.2	(63.0)
Net Profit Before Translation Gain	3,608.8	2,540.8
Translation Gain	452.3	53.2
Profit for the period	4,067.6	2,600.4
Profit Attributable to:		
Equity Holders	4,061.1	2,594.0
Minority Interests	6.5	6.4
	4,067.6	2,600.4

# FINANCIAL RESULTS

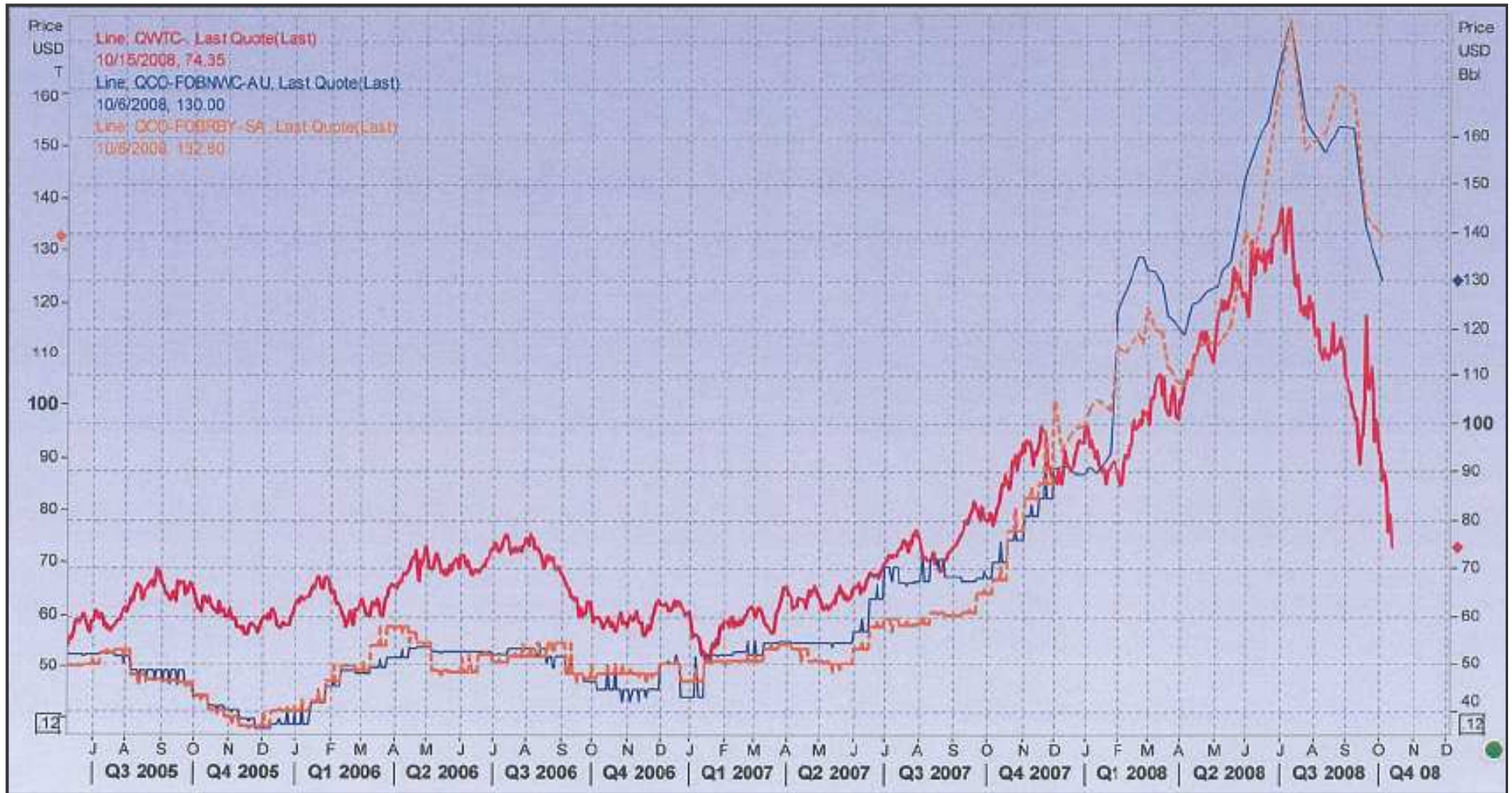
## Quarterly Analysis

### Margin Erosion in 4Q Resulted From:

- i) 2 Months of Higher Gas Price vs 1 Month Revenue from Tariff Adjustment & Higher Coal Prices
- ii) Increase in R&M and Depreciation Expenses

RM mn	FY2008			
	1Q	2Q	3Q	4Q
Total Units Sold (GWh)	22,724.8	22,456.4	22,396.3	23,072.7
Revenue	6,208.3	6,099.3	6,354.0	7,089.0
<b>Operating Expenses:</b>				
IPP Cost	2,176.0	2,285.7	2,153.3	2,839.1
Fuel Cost	692.7	704.3	1,255.1	1,504.5
Others	1,873.9	2,067.6	2,310.7	2,640.5
<b>Total Operating Expenses</b>	<b>4,742.6</b>	<b>5,057.6</b>	<b>5,719.1</b>	<b>6,984.1</b>
EBITDA Margin (%)	40.3%	33.7%	28.1%	17.7%
Profit Before Taxation	1,644.0	1,216.8	439.6	(275.2)
Net Profit attributable to Equity Holders	1,514.9	1,063.2	298.8	(282.9)
Average Contracted Coal Price (USD/MT)	55.3	53.9	85.0	100.0
Coal Consumption (mn MT)	2.7	2.8	3.0	4.0

# COAL & OIL PRICE TREND



- Newcastle Coal
- Crude Oil
- Richard Bay South Africa Coal

Source: Reuters



# FINANCIAL RESULTS

## Economic Profit/(Loss) Computation

**175.6% Increase in Economic Losses from:-**

- i) Decline in EBIT**
- ii) Increase in Invested Capital**

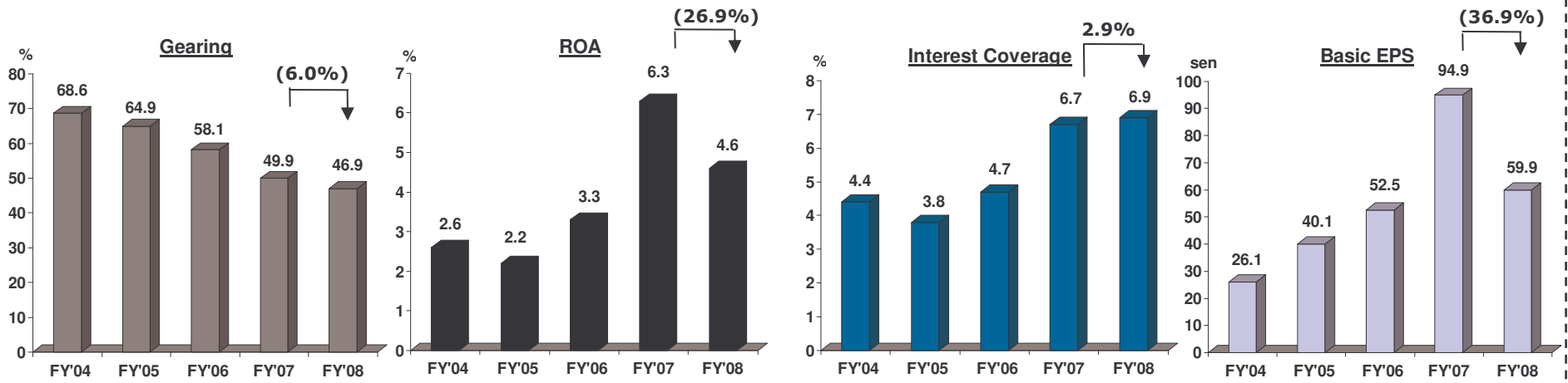
### ECONOMIC PROFIT STATEMENT

	<b>FY2007 RM mn</b>	<b>FY2008 RM mn</b>
<u>NOPLAT computation:</u>		
EBIT	4,622.1	2,902.1
Adjusted Tax	(1,248.0)	(754.5)
<b>NOPLAT</b>	<b>3,374.1</b>	<b>2,147.6</b>
<u>Economic Charge computation:</u>		
Avg. Invested Capital	53,171.7	54,142.7
WACC	7.7%	7.7%
<b>Economic Charge</b>	<b>(4,115.5)</b>	<b>(4,190.6)</b>
<b>ECONOMIC PROFIT / (LOSS) (NOPLAT + ECONOMIC CHARGE)</b>	<b>(741.4)</b>	<b>(2,043.1)</b>

# FINANCIAL RATIOS & TECHNICAL PERFORMANCE

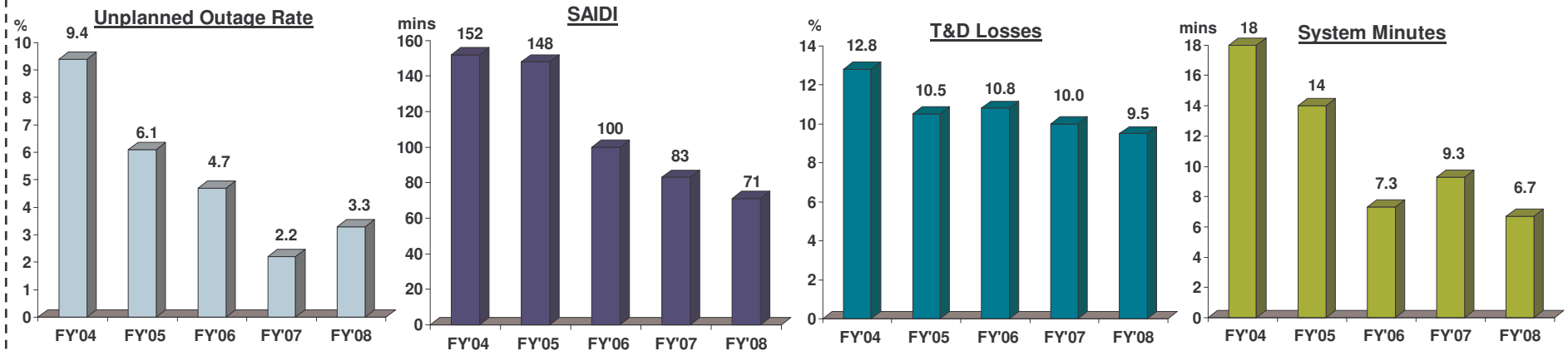
## Decline in ROA & EPS But Improvement in Gearing & Interest Coverage

### Financial Ratios



## Our Commitment to Achieve Service Excellence 10/10

### Technical Performance



# PERFORMANCE INDICATORS

## Headline Key Performance – All But ROA Achieved

Initiatives	Actual FY2007	Target FY2008	3 months FY2008	6 months FY2008	9 months FY2008	12 months FY2008
Return on Assets (ROA)	6.3%	5.0%-5.5%	7.0% <sup>1</sup>	6.5% <sup>1</sup>	5.7% <sup>1</sup>	4.6%
Gearing	49.9%	50.0%	47.0%	46.2%	46.2%	46.9%
Unplanned Outage Rate (UOR)	2.2%	<4.0%	1.8%	3.2%	2.9%	3.3%
T&D Losses	10.0%	<10.0%	9.4% <sup>2</sup> 7.8% <sup>3</sup>	9.9% <sup>2</sup> 8.2% <sup>3</sup>	9.5% <sup>2</sup> 9.2% <sup>3</sup>	9.5% <sup>2</sup> 9.5% <sup>3</sup>
Transmission System Minutes (mins)	9.3	<7.0	2.5	3.8	4.4	6.7
Distribution SAIDI (mins)	83.0	78.0	17.7	36.2	53.2	71.3

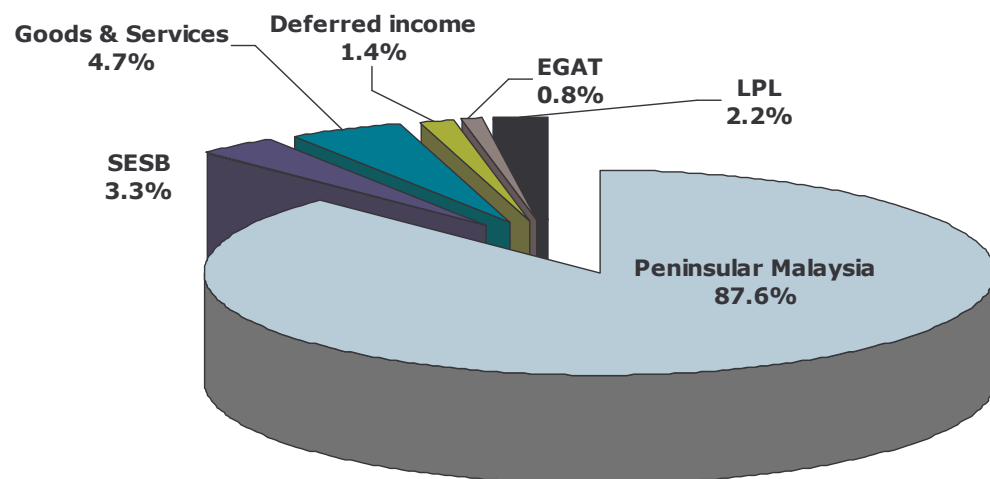
"ACHIEVED!"

$$\text{Gearing} = \frac{\text{Long-term \& Short-term debt}}{\text{Long-term \& Short-term debt} + \text{Shareholders Funds} + \text{MI}}$$

Note: <sup>1</sup> based on adjusted annualised net profit as calculated above  
<sup>2</sup> based on 12-month rolling averages  
<sup>3</sup> based on YTD

# CORE REVENUE

## Breakdown Of Electricity Sales



**FY2008 Total RM25,750.6mn**  
**FY2007 Total RM23,320.4mn**

	RM mn			Gwh		
	FY 2007	FY 2008	Growth (%)	FY 2007	FY 2008	Growth (%)
<b>Electricity Sales</b>						
<b>Pen. Malaysia</b>	20,696.5	22,555.0	9.0	79,575.3	84,464.0	6.1
<b>EGAT</b>	412.4	206.6	(49.9)	2,443.7	1,152.9	(52.8)
<b>SESB</b>	807.0	853.9	5.8	3,215.8	3,384.7	5.3
<b>Liberty</b>	468.1	574.6	22.8	1,310.2	1,648.6	25.8
<b>TOTAL SALES</b>	<b>22,384.0</b>	<b>24,190.1</b>	<b>8.1</b>	<b>86,545.0</b>	<b>90,650.2</b>	<b>4.7</b>

# ANALYSIS OF ELECTRICITY GROWTH IN PENINSULAR MALAYSIA

		FY2007				FY2008												
		1Q	2Q	3Q	4Q	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Industrial	Gwh	9,211	9,537	9,539	10,034	3,486	3,283	3,226	3,277	3,355	3,447	3,108	3,412	3,403	3,532	3,417	3,565	3,501
	Growth (%)	4.0	5.6	3.9	3.3	7.2	8.5	10.0	(1.7)	6.4	13.0	8.4	2.1	2.2	4.6	4.2	5.5	0.43
Commercial	Gwh	6,103	6,090	6,297	6,633	2,324	2,154	2,223	2,183	2,235	2,152	2,091	2,253	2,377	2,330	2,282	2,336	2,349
	Growth (%)	6.3	7.7	7.9	8.2	8.5	11.6	9.4	5.6	10.3	7.8	8.7	1.4	10.4	3.6	5.1	5.6	1.1
Domestic	Gwh	3,694	3,577	3,897	3,879	1,331	1,293	1,315	1,259	1,269	1,310	1,284	1,289	1,431	1,350	1,336	1,343	1,318
	Growth (%)	4.1	5.0	5.9	6.6	4.5	17.4	(0.3)	4.8	1.3	16.7	4.0	(2.5)	6.8	0.6	4.3	6.8	(0.9)
TOTAL		1Q	2Q	3Q	4Q	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	FY'07 (Gwh)	19,273	19,476	20,013	20,814	7,242	6,828	6,863	6,817	6,963	7,010	6,579	7,051	7,313	7,314	7,134	7,349	7,268
	FY'06 (Gwh)	18,547	18,136	19,269	19,494													
	Growth (%)	3.9	7.4	3.9	6.8	7.2	11.2	7.7	1.9	6.7	12.0	7.6	1.0	5.7	3.6	4.5	6.0	0.4

1QFY08  
8.6%

2QFY08  
6.7%

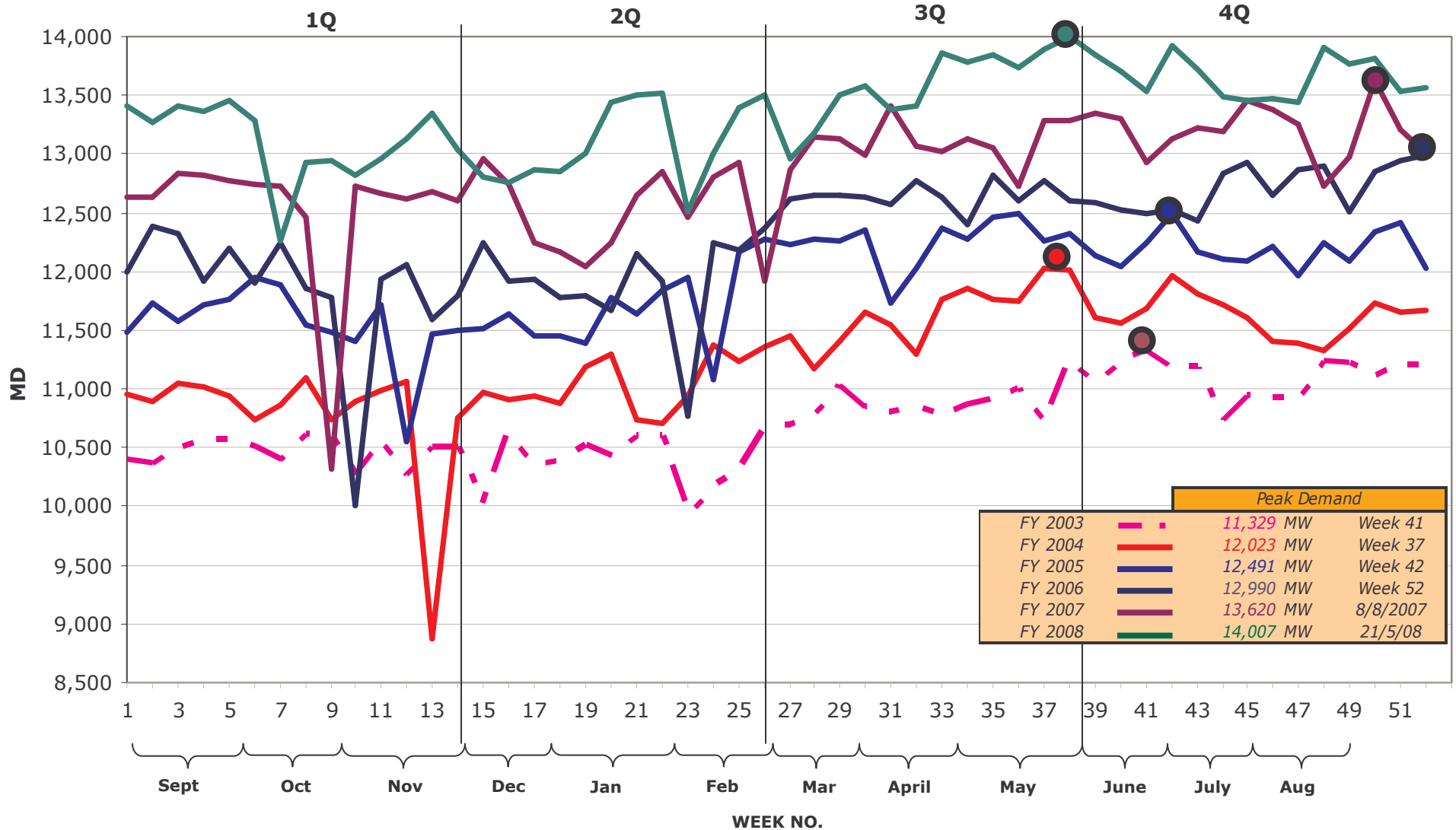
3QFY08  
4.6%

4QFY08  
4.7%

	FY2007	FY2008
Growth (%)	5.5%	6.1%

# SYSTEM WEEKLY MAXIMUM DEMAND

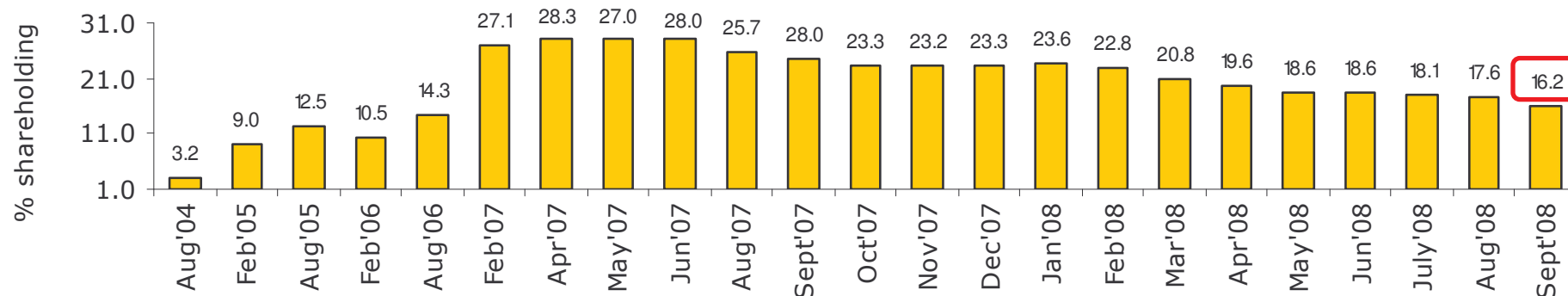
## For FY2002/03 to FY2007/08 (Sept - August Period)



Current Reserve Margin = 40.8%  
 Projected Reserve Margin with Jimah & PD2 = 47%

# SHAREHOLDING STATUS

## Foreign Shareholding



## Market Capitalization

	Share Price RM	Shares in the Index (mn)	Market Capitalization RM mn	% Weight in the Index
Sime Darby	6.50	6,009	39,062	7.91
Public Bank	8.67	3,352	30,727	6.23
MISC Bhd	8.08	3,719	30,131	6.11
<b>TNB</b>	<b>6.75</b>	<b>4,331</b>	<b>27,958</b>	<b>5.74</b>
Maybank	5.45	4,881	26,602	5.42
CIMB	7.25	3,367	24,439	5.01
Petronas Gas Bhd	9.85	1,978	19,490	3.94
Telekom International	5.09	-	19,142	3.82
IOI	3.11	5,986	18,919	3.80
Genting	4.73	3,702	17,333	3.56

Source: Bloomberg as at 15th October 2008

## Main Shareholding

	Aug'07	Nov'07	Feb'08	May'08	Aug'08	Variance (Aug'07 & Aug'08)
Name	%	%	%	%	%	%
Khazanah Nasional Berhad	37.67	37.66	37.81	37.81	37.80	0.35
Employees Provident Fund Board	10.06	9.77	9.03	9.59	11.32	12.52
Skim Amanah Saham Bumiputera	7.23	7.92	8.59	9.62	8.94	23.65
Kumpulan Wang Persaraan	3.23	3.25	3.25	3.64	3.53	9.29
Other Corporations & Govt. Agencies	9.90	11.78	12.86	14.44	17.14	73.13
<b>Subtotal</b>	<b>68.09</b>	<b>70.38</b>	<b>71.54</b>	<b>75.10</b>	<b>78.73</b>	15.63
Foreign	25.67	23.22	22.83	18.63	17.64	(31.28)
Malaysian Public	6.24	6.40	5.63	6.27	3.63	(41.83)
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	
Paid Up Capital (mn shares)	4,331.71	4,332.10	4,333.47	4,333.50	4,334.50	0.06

## **ANNOUNCEMENT ON DIVIDEND FOR FY2008**

- **In line with our Dividend Policy, the Board of Directors has recommended a final gross dividend of 10.0 sen per ordinary share less income tax of 26%.**
- **The total equivalent gross dividend for the year is 20.0 sen per ordinary share, which represents 60.6% of the Company's free cashflow.**
- **The final dividend is subject to the approval of the shareholders of TNB at the forthcoming Annual General Meeting.**
- **In total, dividends paid/payable for FY'08 is RM641.4mn.**
- **The Books Closure period for dividend entitlement & dividend payment date will be announced later.**



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# AGENDA

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

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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**

# PERFORMANCE INDICATORS

## Company-Wide Initiatives

<i>Metrics</i> RM'mn	Actual FY2007	Target FY2008	3 months FY2008	6 months FY2008	9 months FY2008	12 months FY2008
<b>Increase in Non-Tariff Revenue</b>						
Land Sales *	359.2	100.0	35.3	85.5	103.8	105.4
<b>Savings from Work Process Improvements</b>						
Improved Procurement Strategy/Planning **	0.0	50.0	1.9	14.4	24.5	118.1
Reduction in Stock Level from Effective Inventory Stock Management (excluding Fuel)	(12.9)	50.0	(255.7)	(304.1)	(270.1)	(109.8)
<b>Recoveries</b>						
Recovery from Delinquent Accounts	180.0	16.0	18.1	18.1	18.1	18.1
Recovery from Theft Backbilling	53.2	50.0	10.2	21.2	32.2	43.7
<b>TOTAL</b>	<b>579.5</b>	<b>266.0</b>	<b>(190.2)</b>	<b>(164.9)</b>	<b>(91.5)</b>	<b>175.5</b>

**\*ACHIEVED!**

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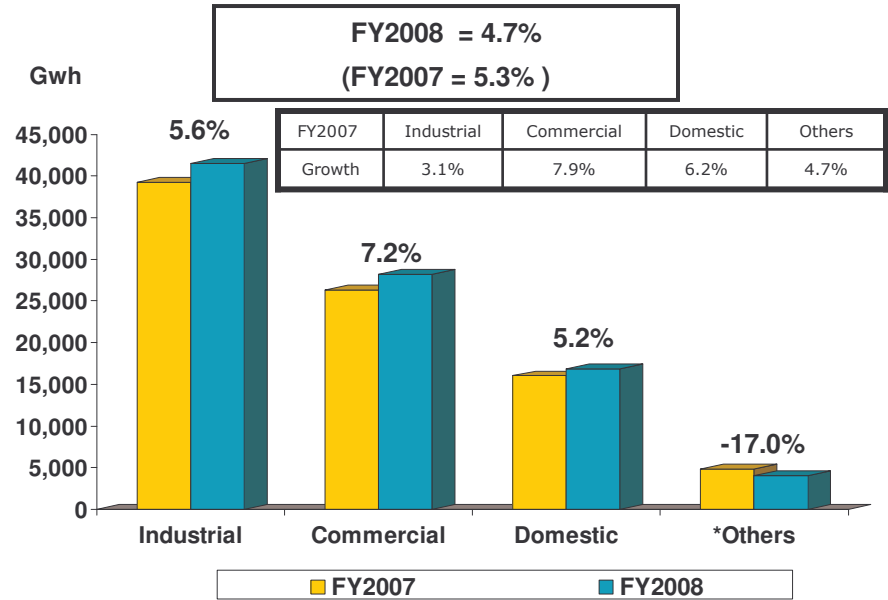
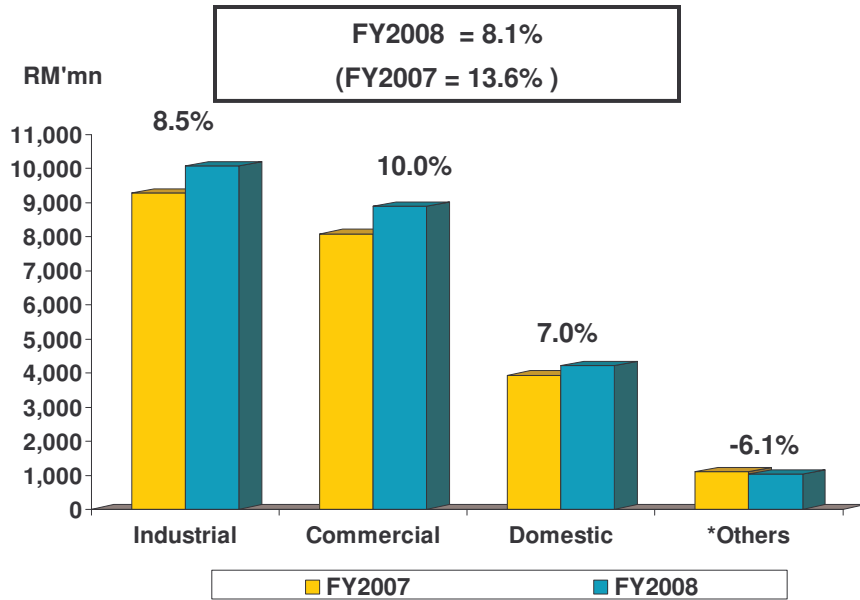
**\*ACHIEVED!**

\* Based on S&P signing

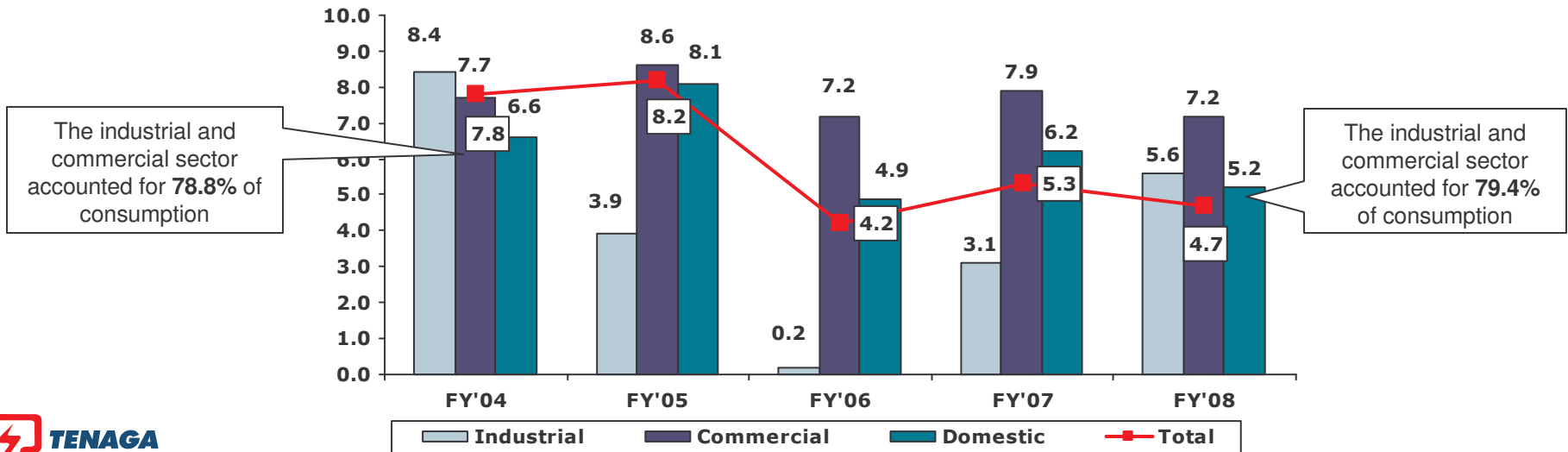
\*\* Savings derived from effective contract management and consolidated purchases

# DETAILS OF REVENUE BY SECTORS

## Industrial & Commercial Sectors Recorded Strong Growth While Domestic Sector Recorded Lower Growth



**Demand Growth by Year**



\* Includes Mining, Public Lighting and LPL

## OPERATING EXPENSES

27.4% Increase in Generation Cost Against an 8.1% Increase in Revenue from Electricity Sales

RM mn	FY2007	FY2008	Changes (%)	Increase
Sales of Electricity	22,384.0	24,190.1	8.1%	1,806.1
IPP	(7,726.0)	(9,454.1)	22.4%	(1,728.1)
Fuel	(2,959.5)	(4,156.6)	40.4%	(1,197.1)
R&M	(895.9)	(990.2)	10.5%	(94.3)
Salary & Related Costs	(1,521.3)	(1,673.5)	10.0%	(152.2)
FRS 119 (Staff Benefits)	(657.5)	(669.2)	1.8%	(11.7)
Depreciation	(3,222.0)	(3,555.3)	10.3%	(333.3)
General Expenses	(617.2)	(671.1)	8.7%	(53.9)
Provisions	58.5	13.2	(77.4%)	(45.3)
Subs. Cost of Sales	(692.8)	(1,276.1)	84.2%	(583.3)
Subs. General Expenses	(137.7)	(70.5)	(48.8%)	67.2
<b>TOTAL OPERATING EXPENSES</b>	<b>(18,371.4)</b>	<b>(22,503.4)</b>	<b>22.5%</b>	<b>(4,132.0)</b>

} RM2,925.2mn

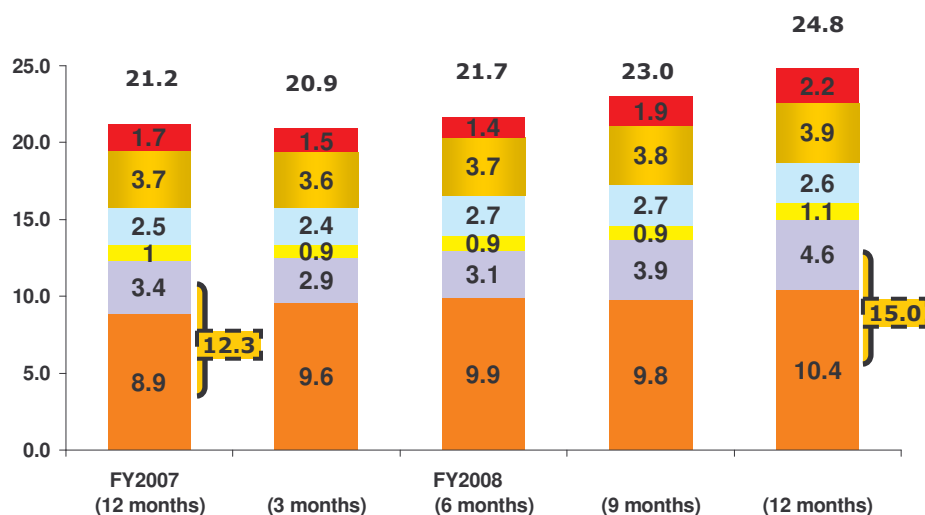
# COST PER UNIT

17% Increase in Cost Per Unit Sold

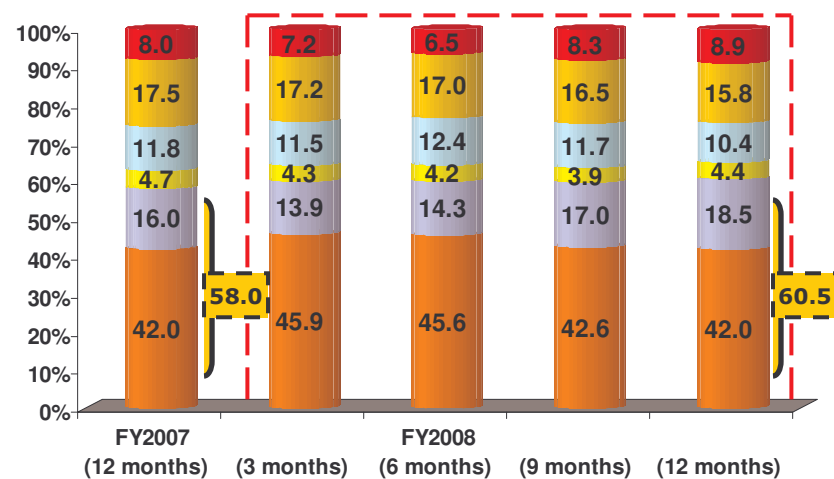
22% Increase in IPP & Fuel Cost Per Unit Sold

COST PER UNIT SOLD (sen/kWh)	FY'03	FY'04	FY'05	FY'06	FY'07	FY'08
		20.3	20.2	20.5	20.6	21.2

**Cost Per Unit Sold (sen/kWh)**

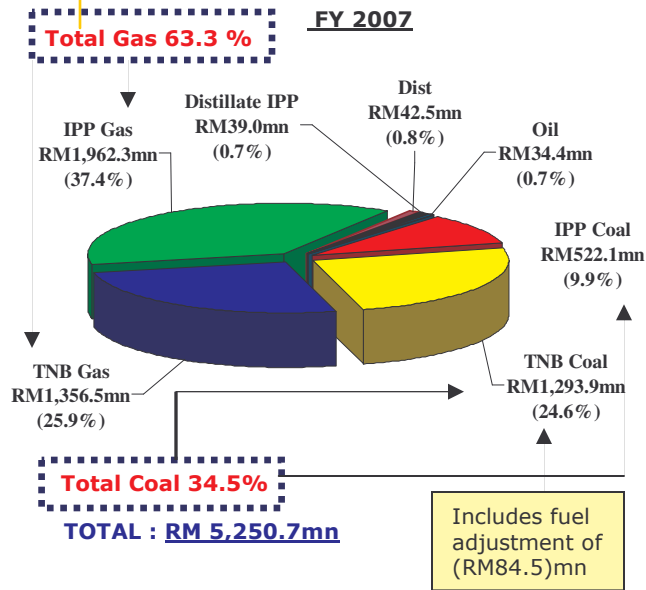


**% of Total Operating Cost**

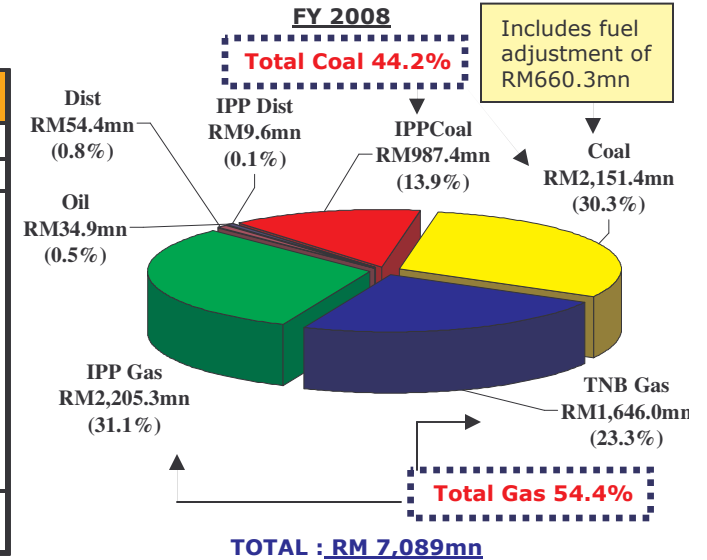


# FUEL COST (PEN. MALAYSIA ONLY) TNB & IPPs

## 72.8% Increase in Coal Cost

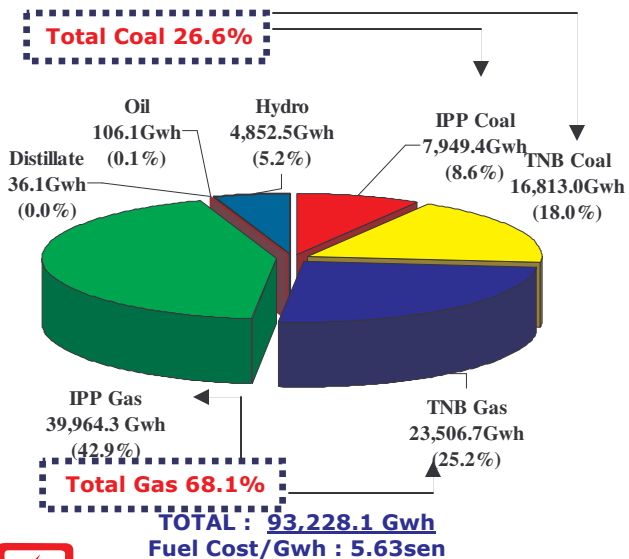


Fuel Cost (RM mn)				
Fuel Type	12 months		Variance	
	FY 2007	FY 2008	RM	%
Gas	3,318.8	3,851.3	532.5	16.0
Coal	1,816.0	3,138.8	1,322.8	72.8
Dist.	81.5	64.0	(17.5)	(21.5)
Oil	34.4	34.9	0.5	1.5
Hydro	0.0	0.0	0.0	-
<b>Total</b>	<b>5,250.7</b>	<b>7,089.0</b>	<b>1,838.3</b>	<b>35.0</b>

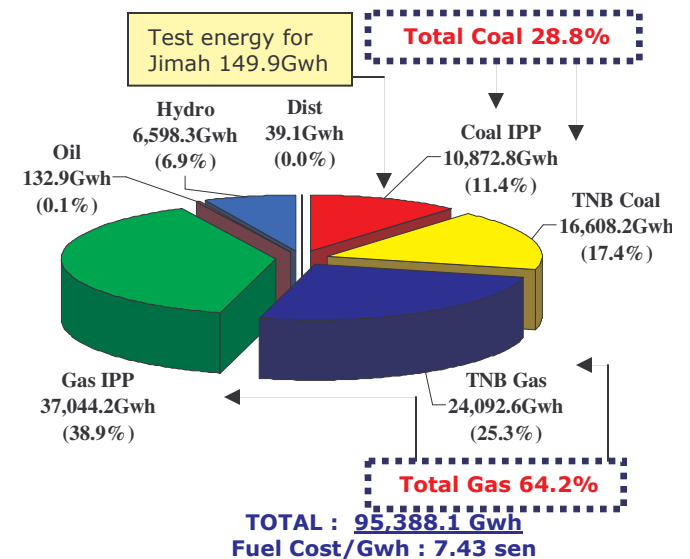


Total Coal Consumption = 12.6mn MT  
Average Contracted Price of coal consumed = USD45.0/MT

Total Coal Consumption = 12.5mn MT  
Average Contracted Price of coal consumed = USD76.4/MT



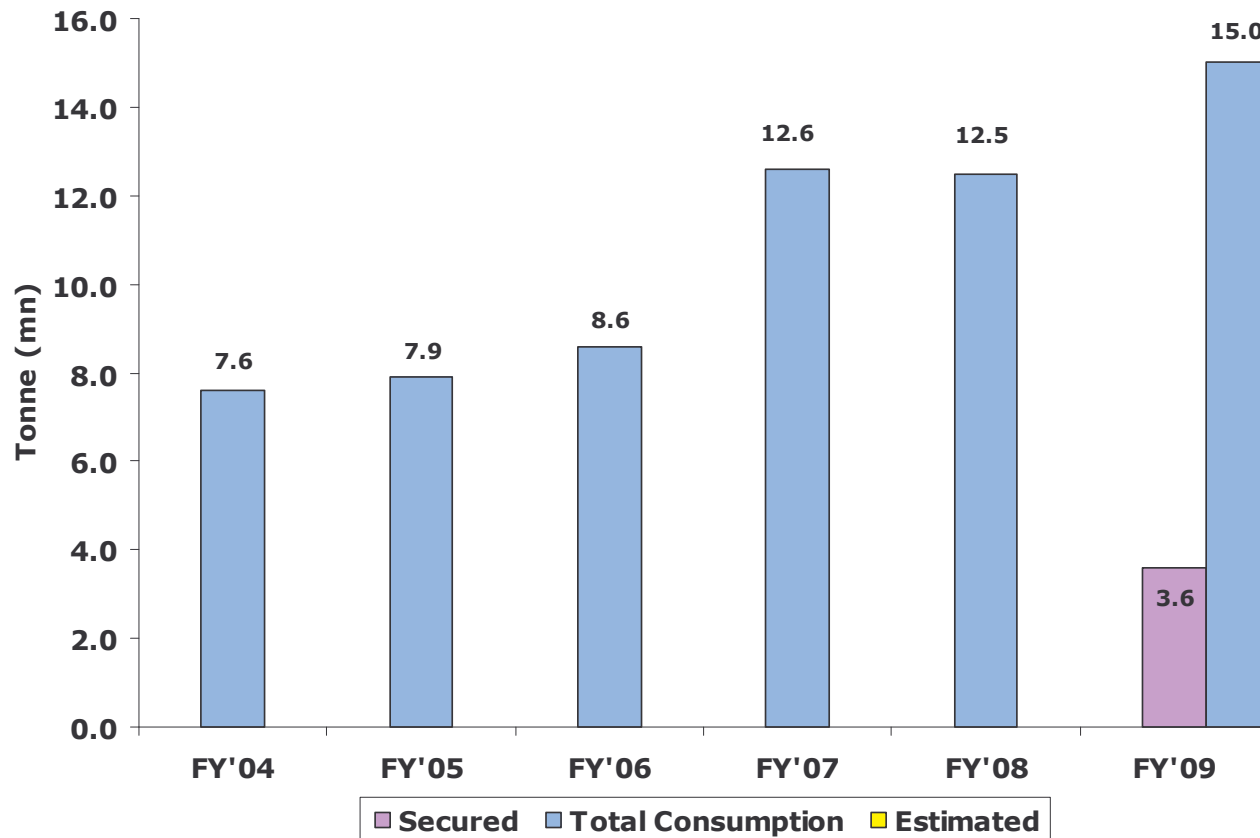
Units Generated (Gwh)				
Fuel Type	12 months		Variance	
	FY 2007	FY 2008		%
Gas	63,471.0	61,136.8	(2,334.2)	(3.7)
Coal	24,762.4	27,481.0	2,718.6	11.0
Dist.	36.1	39.1	3.0	8.3
Oil	106.1	132.9	26.8	25.3
Hydro	4,852.5	6,598.3	1,745.8	36.0
<b>Total</b>	<b>93,228.1</b>	<b>95,388.1</b>	<b>2,160.0</b>	<b>2.3</b>



# COAL REQUIREMENT FOR FY'09 OF 15MN MT HAS BEEN SECURED

Price Fixed for 24%

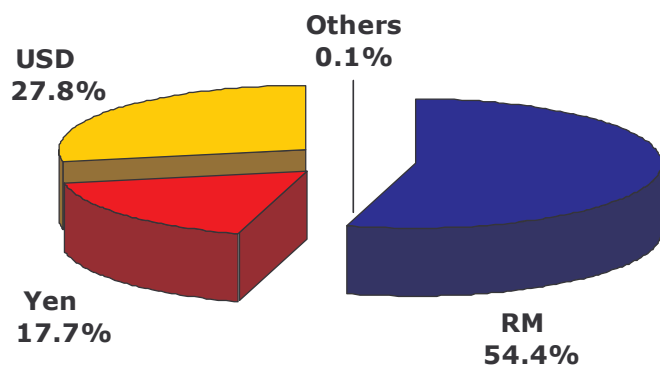
	FY'04	FY'05	FY'06	FY'07	FY'08	1QFY'09
Average Coal Price (CIF) (USD/metric tonne)	34.0	49.8	52.8	45.3	76.4	113.9



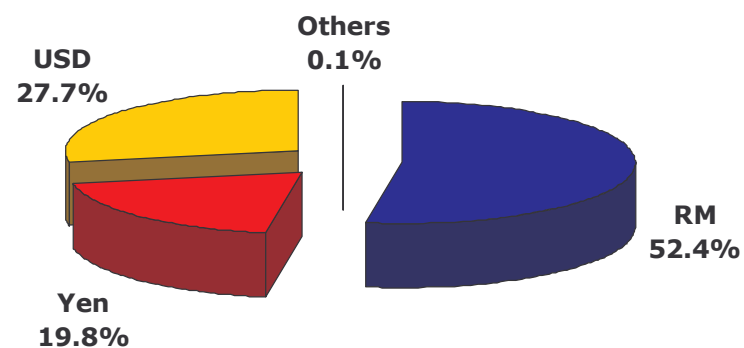


# ANALYSIS OF DEBT EXPOSURE

**31st Aug 2007**



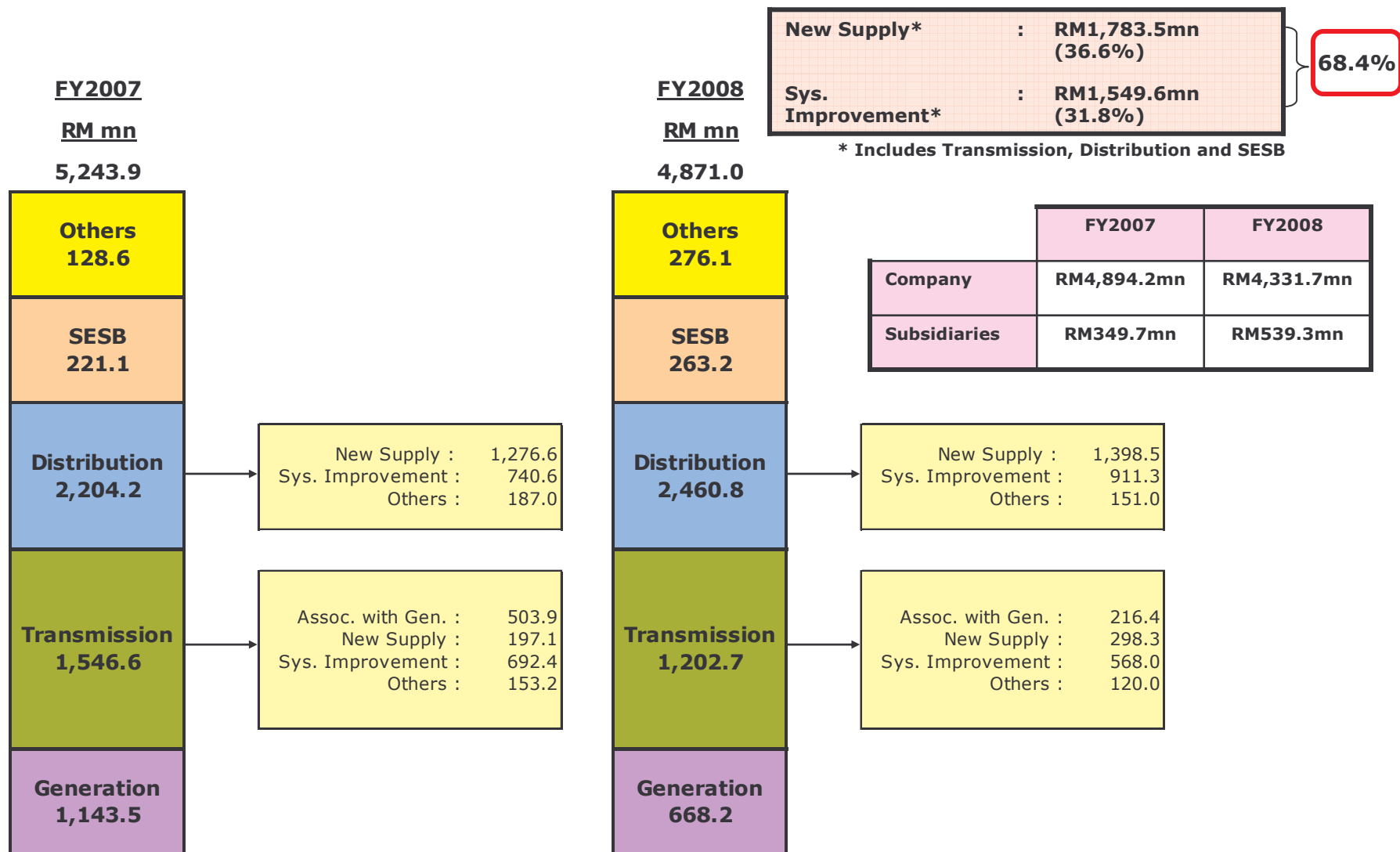
**31st Aug 2008**



	As at 31-Aug-07	As at 31-Aug-08
<b>RM mn</b>		
Total Debt	23,979.4	22,740.4
Cash Balance	5,299.3	5,383.9
<b>Net debt</b>	<b>18,680.1</b>	<b>17,356.5</b>
Gross Gearing (%)	49.9	46.9
Net Gearing (%)	38.9	35.8
Weighted Average Cost of Debt (%)	5.85	5.49
Fixed/Floating (%)	91.9 : 8.1	92.2 : 7.8

# CAPITAL EXPENDITURE

## 68.4% Utilised for New Supply and System Improvement



# CASHFLOW

RM'mn	Group		Company	
	31-Aug-07	31-Aug-08	31-Aug-07	31-Aug-08
Cashflow From Operations	9,865.2	7,341.4	7,751.7	5,508.1
(-) Capex	(5,063.6)	(4,607.4)	(4,574.0)	(4,137.6)
(-) Interest Servicing	(1,483.7)	(1,225.1)	(1,008.8)	(876.6)
(+) Dividend from Subsidiaries	3.9	3.6	3.9	542.9
<b>FREE CASH FLOW</b>	<b>3,321.8</b>	<b>1,512.5</b>	<b>2,172.8</b>	<b>1,036.8</b>
(+) New Debt	814.5	815.8	622.0	375.4
(-) Repayment	(3,494.9)	(1,967.3)	(2,072.8)	(1,461.0)
(+) Proceeds from issuance of shares	1,525.6	19.6	1,525.6	19.6
<b>Cash Flow After Debt Service</b>	<b>2,167.0</b>	<b>380.6</b>	<b>2,247.6</b>	<b>(29.2)</b>
<b>Others</b>	<b>(810.4)</b>	<b>(275.9)</b>	<b>(848.0)</b>	<b>(282.2)</b>
<b>Net Cash</b>	<b>1,356.6</b>	<b>104.7</b>	<b>1,399.6</b>	<b>(311.4)</b>
Currency translation differences	(7.0)	(20.1)	-	-
<b>Cash Balance</b>	<b>5,299.3</b>	<b>5,383.9</b>	<b>4,524.3</b>	<b>4,213.0</b>

## Cash Balance as at 31 Aug 2008

TNB	KEV	SESB	LPL	MTM	TNBJ	TNBF	TNB Capital	Others	GROUP
4,213.0	327.8	283.3	62.8	16.2	292.2	3.6	122.5	63.5	5,383.9

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# AGENDA

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

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

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# Thank You



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