

SIARAN AKHBAR

PRESS RELEASE



**TENAGA
NASIONAL BERHAD**
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POWERING UP TO SERVE CUSTOMERS BETTER

- Value Creation/Cost Savings Achieved of RM893.7million against Target of RM600 million
- Net Profit before foreign exchange translation gain increased by 51.1%
- Revenue increased by 7.4%
- Operating Expenses increased by 4.4%
- EBITDA margin at 35.7%
- EBIT margin at 19.4%
- Improvement in ROA to 3.3%
- Economic loss lower by 19.8% to RM1,726.6 million

Kuala Lumpur, 12 October 2006 - Tenaga Nasional Berhad (TNB) today announced its financial results for the 12 months ended 31 August 2006 (FY2006).

Net profit before foreign exchange translation gain for the period was reported at RM1,635.6 million compared to RM1,082.5 million for the corresponding period in FY2005; an increase of 51.1%.

The Group's total revenue for the period increased by 7.4% to RM20,384.2 million, mainly attributed to the increase in electricity demand growth and from the new tariff rate effective from 1st June 2006.

Relative to the increase in total revenue, the Group reported a 4.4% increase in operating expenses. The lower increase resulted from the benefit derived in terms of value creation and cost savings that was achieved through the various Company-Wide Initiatives put into place.

With the lower increase in operating expenses, the Group reported EBITDA margin stood at 35.7% and EBIT margin at 19.4% compared to 31.2% and 16.5% respectively in FY2005.

Speaking at the press conference today, TNB's Chairman, Tan Sri Datuk Amar Leo Moggie said that he was "pleased with the Group's financial performance. I am also happy to report that a lot has been done to improve our operational and technical efficiency levels which are measured using SAIDI, system minutes and

unplanned outage rates. This is proof of our commitment to our customers to provide "service excellence".

TNB's President/Chief Executive Officer, Dato' Che Khalib Mohamad Noh added that " in FY2005, we embarked on "housekeeping" initiatives targeted to extract value through recovery of long outstanding debt from our delinquent customers, curbing theft of electricity as well as addressing the high cost of fuel incurred by our subsidiary company. At the same time, efforts were put into place to manage cost through cost saving initiatives, to derive value from the early fruits of sustainable improvements. In FY2006, we set ourselves with even more aggressive targets under Headline Key Performance Indicators ("KPIs") and Company-Wide Initiatives. I am very pleased to say that the total value created and cost savings achieved both in FY2005 and FY2006, of RM962.4 million and RM893.7 million respectively, are in excess of the initial targets set."

Tan Sri Datuk Amar went on to highlight that "with an EBITDA margin achieved for the year of 35.7% and an ROA of 3.3%, we are now positioning ourselves to be comparable with the regional utilities. The challenges ahead would be sustainability in light of inflationary pressures and managing the cost of industry excess capacity over the medium term. "

Dato' Khalib further reiterated that "the next phase of TNB's Roadmap is towards building capacity and achieving service excellence. We are also in stride with Phase 2 of the GLC Transformation Program to generate momentum whilst at the same time recording some tangible results."

For FY2006, the Group reported a lower economic loss of RM1,726.6 million compared to RM2,154.1 million in the corresponding period last year; an improvement of 19.8%. Economic profit (or loss as the case may be) measures the value that a company generates using its capital over a period of time.

With the commitment of Management to further drive operational efficiency and service excellence, and with the full impact of the new tariff, the Board of Directors is of the view that the Group's financial performance for the next financial year will be encouraging.

For the financial year ended 31st August 2006, the Board of Directors has recommended a final gross dividend of 12.0 sen per ordinary share less income tax of 28%, and a tax-exempt dividend of 2.0 sen per ordinary share equivalent to a gross dividend of 2.8 sen per ordinary share. The total equivalent gross dividend for the year of 14.8 sen per ordinary share is subject to approval from the shareholders of TNB at the forthcoming Annual General Meeting. The Books Closure Date will be announced at a later date.

As an integrated electricity provider, TNB has and will continue to meet its crucial role in powering the nation's progress.

Financial Highlights

RM' Million	12 months ended 31 st August	
	<u>FY2006</u>	<u>FY2005</u>
Total Revenue	20,384.2	18,977.5
Operating Expenses	(16,924.9)	(16,215.9)
Other Operating Income	489.3	374.1
Operating Surplus (EBIT)	<u>3,948.6</u>	<u>3,135.7</u>
Finance Cost	(1,539.3)	(1,429.7)
Forex Translation gain/(loss)	491.3	197.5
Net Profit [before forex translation gain/(loss)]	1,635.6	1,082.5
Dividend per ordinary share (gross)		
Interim	-	*4.2 sen
Tax-exempt Final	*2.8 sen	-
Ordinary Final	<u>12.0 sen</u>	<u>12.0 sen</u>
Total	<u>14.8 sen</u>	<u>16.2 sen</u>
Earnings per share	52.52 sen	32.01 sen

- * tax-exempt dividend of 3.0 sen per ordinary share equivalent to a gross dividend of 4.2 sen per ordinary share.
- * tax-exempt dividend of 2.0 sen per ordinary share equivalent to a gross dividend of 2.8 sen per ordinary share.

About Tenaga Nasional Berhad

TNB's core activities are in the generation, transmission, and distribution of electricity. In addition to being the nation's primary electricity generation enterprise, TNB also transmits and distributes all the electricity in Peninsular Malaysia, Sabah and Federal Territory of Labuan. As at 31 August 2006, TNB supplies electricity to approximately 6.8 million customers.

TNB, through its subsidiaries, is also involved in the manufacturing of transformers, high voltage switchgears and cables; the provider of professional consultancy services, civil and electrical engineering works and services, repair and maintenance services and fuel; undertakes research and development and project management services.

For further information, please visit www.tnb.com.my.

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