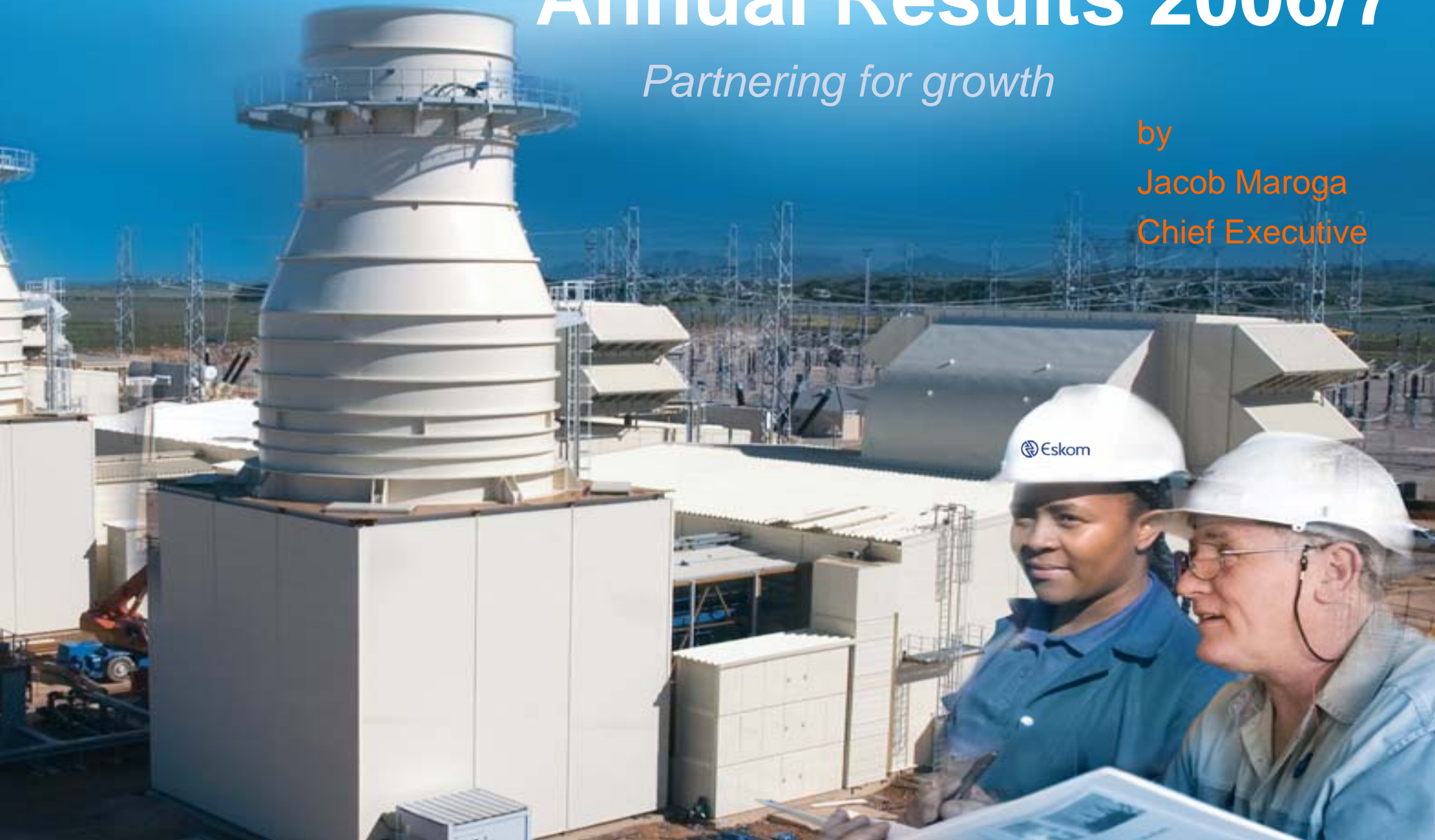


Eskom Holdings Ltd

Annual Results 2006/7

Partnering for growth

by
Jacob Maroga
Chief Executive



- Shareholder Compact
- Financial performance
- Our customers
- Learning, growth and social
- Internal business processes and initiatives
- Conclusion

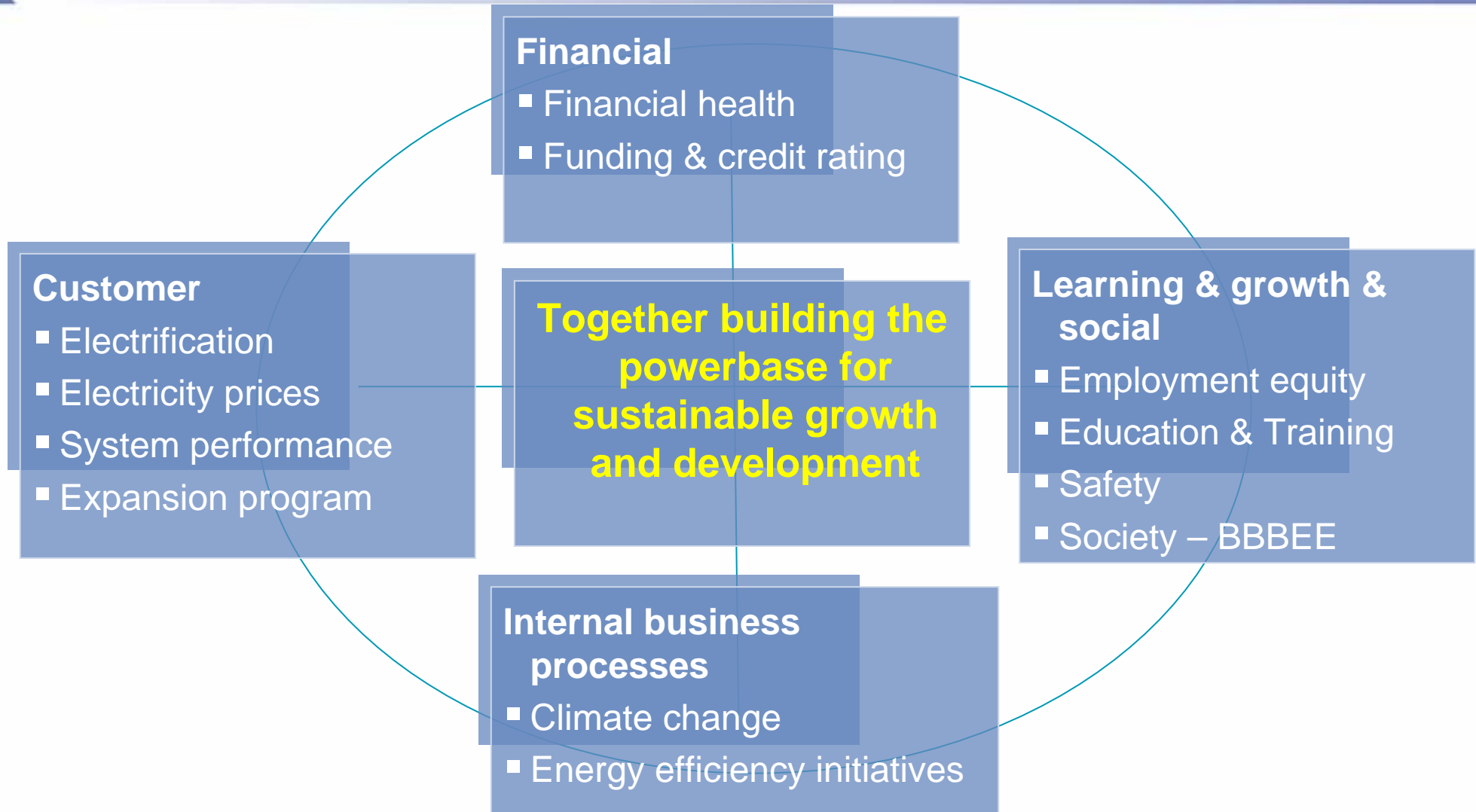
ESKOM'S 2007 SHAREHOLDER COMPACT

3

Key performance area	Key performance indicator	Unit of measure	Outcome
Maintain capital and financial efficiency	• economic operating profit	Rm	✓
Invest in infrastructure	• generation capital expenditure	Rm	✓
	• transmission capital expenditure	Rm	✓
	• generation capacity installed and commissioned	MW	✓
	• transmission lines installed	km	✓
	• transmission MVA installed	MVA	✓
	• distribution capital expenditure	Rm	✓
Maintain operating efficiency and effectiveness	• major incidents (loss of system minutes):	number	✗
	• system minutes lost (<1 system minute)	number	✓
	• unplanned capability loss factor	%	✓
	• system average interruption duration index	hours p.a.	✓
	• operating cost per megawatt hour (before embedded derivatives)	R/MWh	✓
Focus on skills development	• Eskom trainees and bursars	number	✓

ESKOM'S BALANCED SCORECARD

4



FINANCIAL OVERVIEW

5

	2006/7	2005/6
Revenue (R'milion)	40,068	36,052
Group profit after tax (excl. embedded derivatives) (R'milion)	3,419	3,705
Embedded derivatives after tax gain (R'million)	3,035	936
Group profit after tax (R'milion)	6,454	4,641
Cash generated from operations (R'million)	14,804	13,292
Capital expenditure (R'million)	17,707	10,616
Total assets (R'million)	143,754	128,286
Electricity sales growth (%)	4.9	0.8
Return on assets (%)	7.80	9.06
Debt:Equity (ratio)	0.30	0.22

Sound financial performance

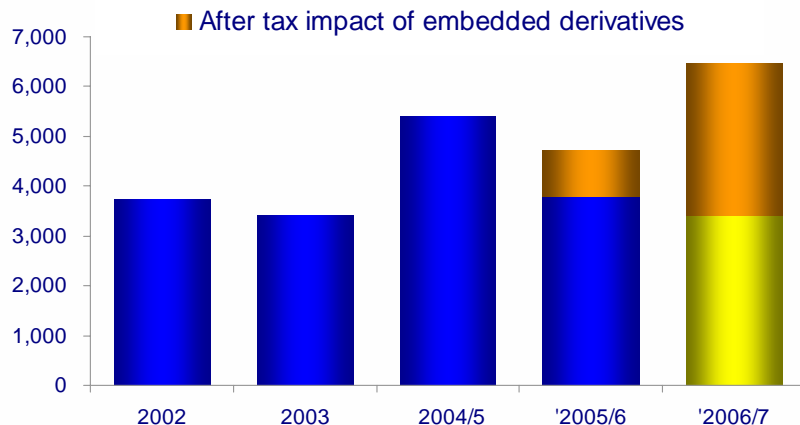
Bond issues were very successful and most were oversubscribed

FINANCIAL HEALTH

6

R'm

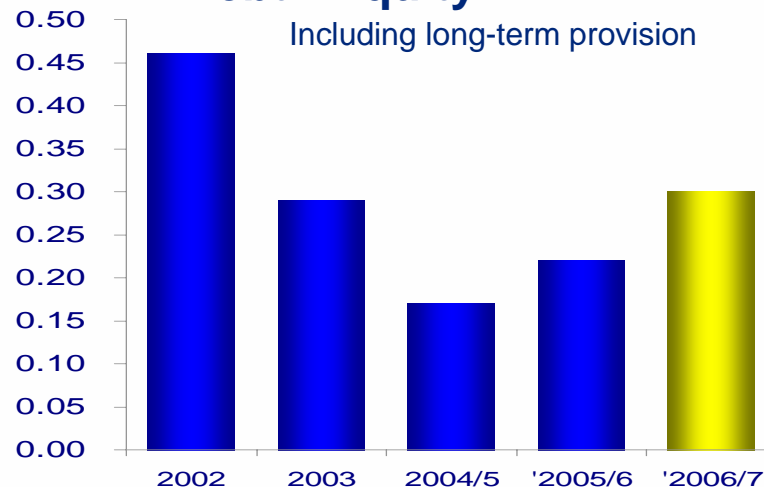
Group profit after tax



Ratio

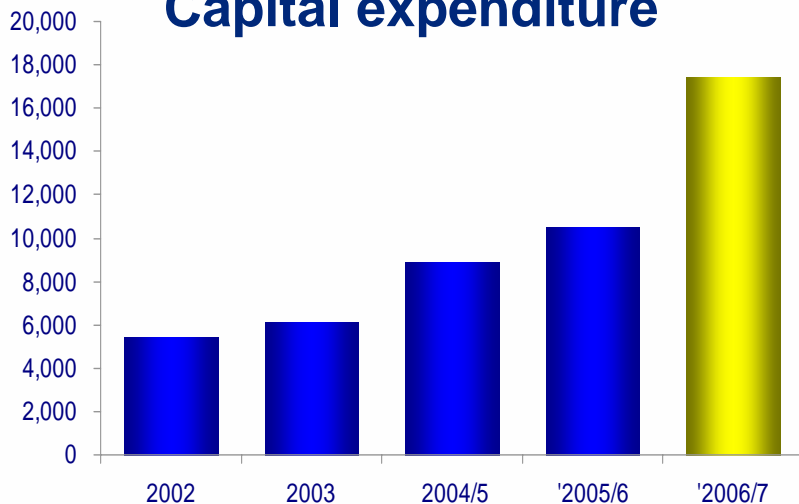
Debt : Equity

Including long-term provision



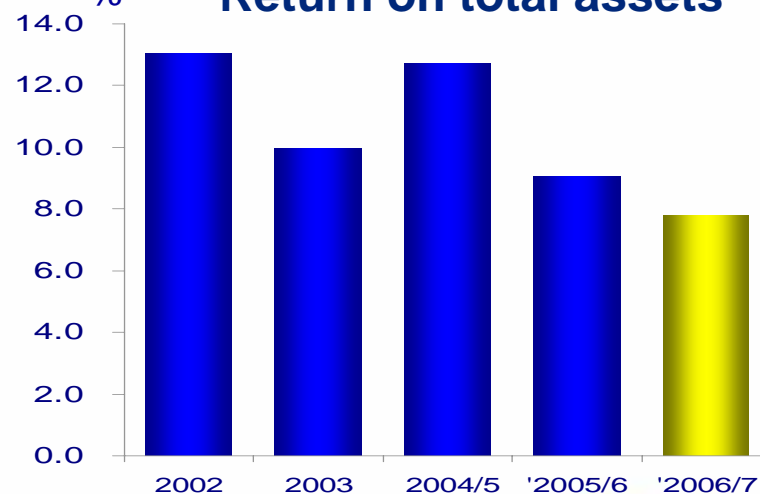
R'm

Capital expenditure



%

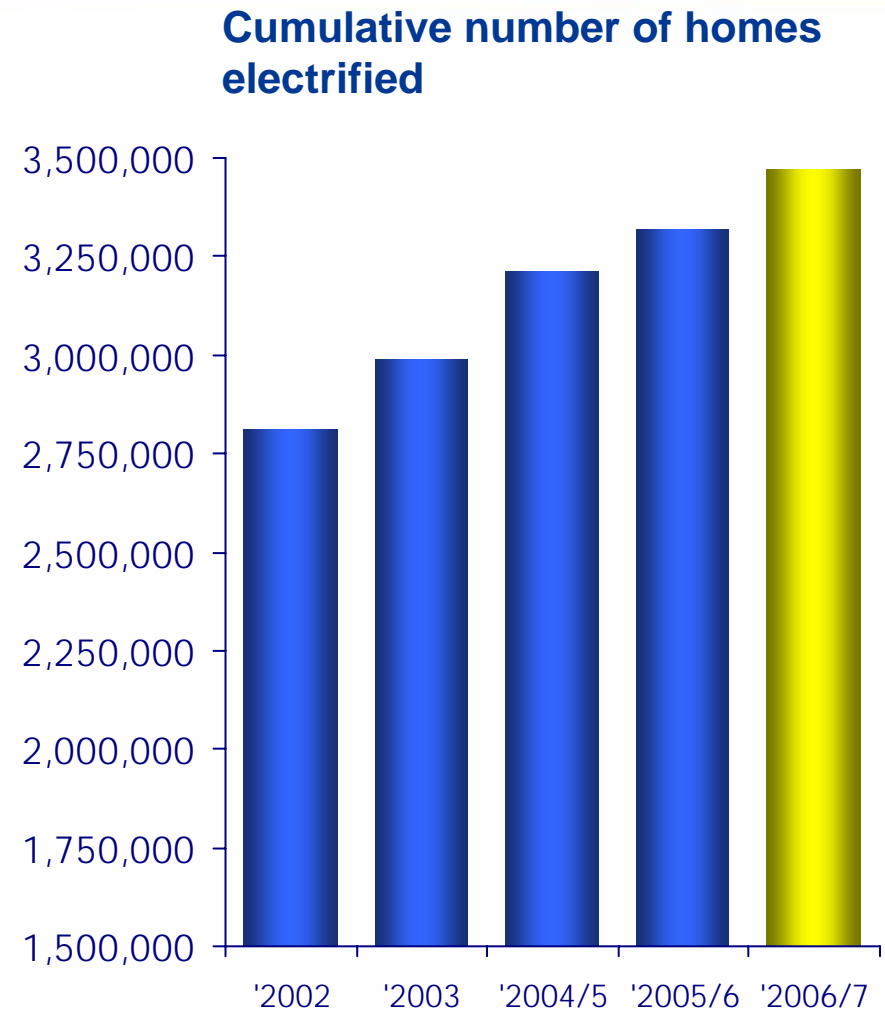
Return on total assets



ELECTRIFICATION

7

- 152 125 new connections in 2006/7
- Electrified more than 3.4 million households since 1991
- Free Basic Electricity
 - 97% of municipalities participating
 - Improved the lives of more than one million people



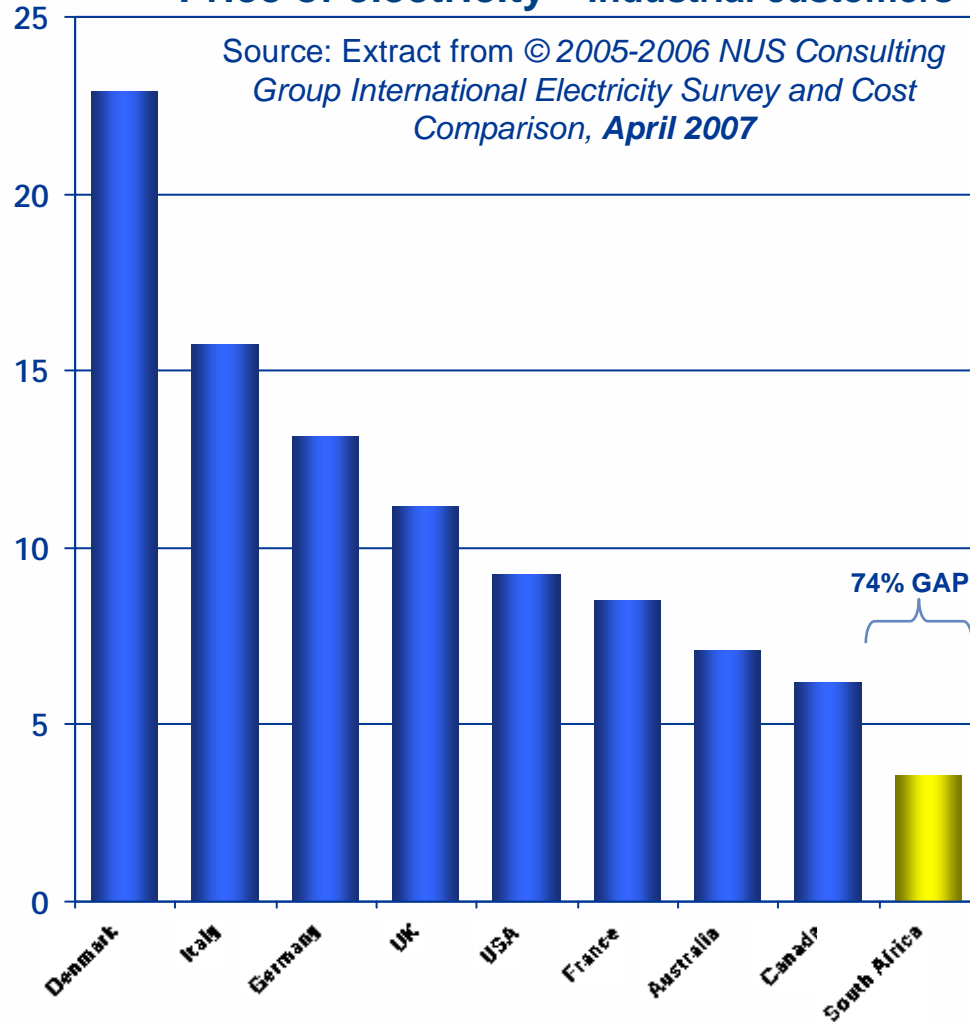
ELECTRICITY PRICES

8

USc/kWh

Price of electricity – Industrial customers

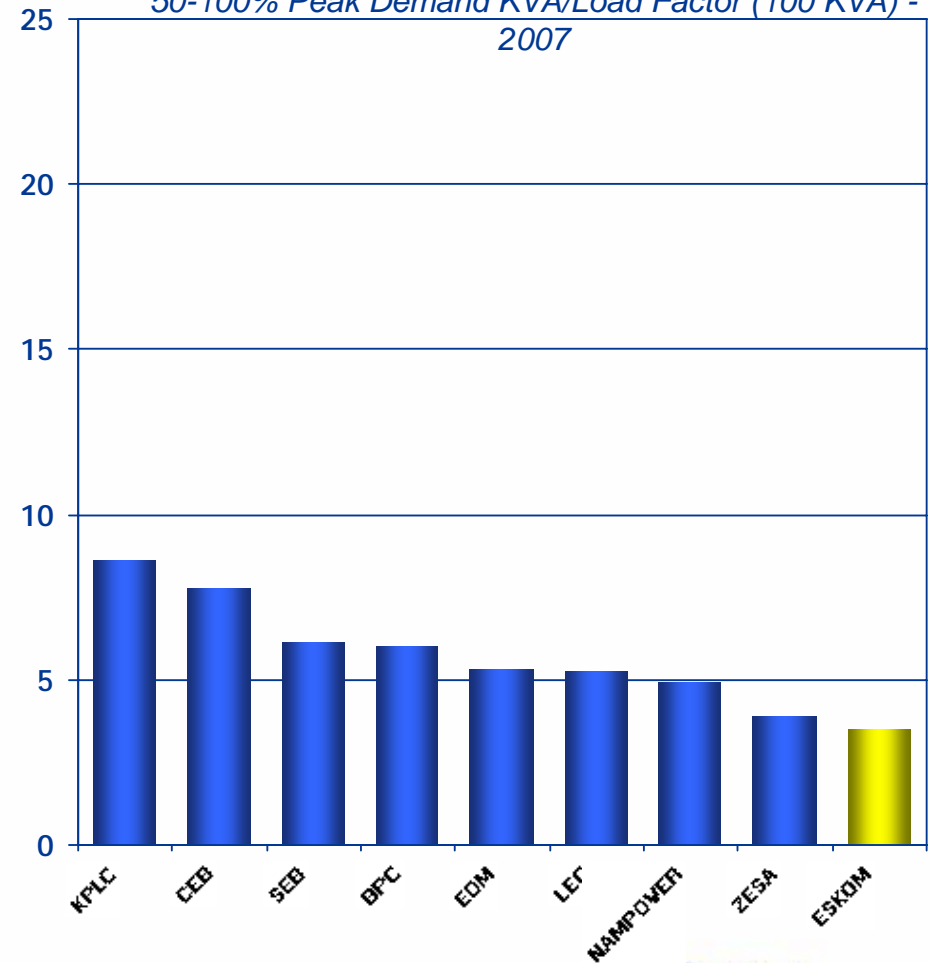
Source: Extract from © 2005-2006 NUS Consulting Group International Electricity Survey and Cost Comparison, **April 2007**



USc/kWh

SADC average selling price of electricity – Industrial customers

50-100% Peak Demand KVA/Load Factor (100 KVA) - 2007



2006/7 Results: Partnering for growth



TIGHT SUPPLY AND DEMAND

9

- Our reserve margin is currently less 10% against an aspiration of 15%
- Power stations are being run harder
- A number of generation units in 'mid life' requiring major planned maintenance and refurbishment
- Some key transmission corridors are constrained
- Maintenance and refurbishment backlog in municipal supply areas

- The power system is now more vulnerable to unplanned events
- Increased probability of power interruptions and load shedding

ESKOM'S RESPONSE TO SUPPLY CHALLENGES

10

- Increased energy efficiency drive (DSM) to save 3 000MW by 2012
- Maintain and improve on current levels of plant performance
- Robust national contingency planning and emergency preparedness in the event of power outages
- Accelerated the capacity expansion programme from R97bn to R150bn for 2007-2012
- Partnering with stakeholders to manage the supply challenges

R150 BILLION OVER FIVE YEARS

11

14% *Distribution*

- Lines and cables
- Network improvements
- Refurbishment

14% *Transmission*

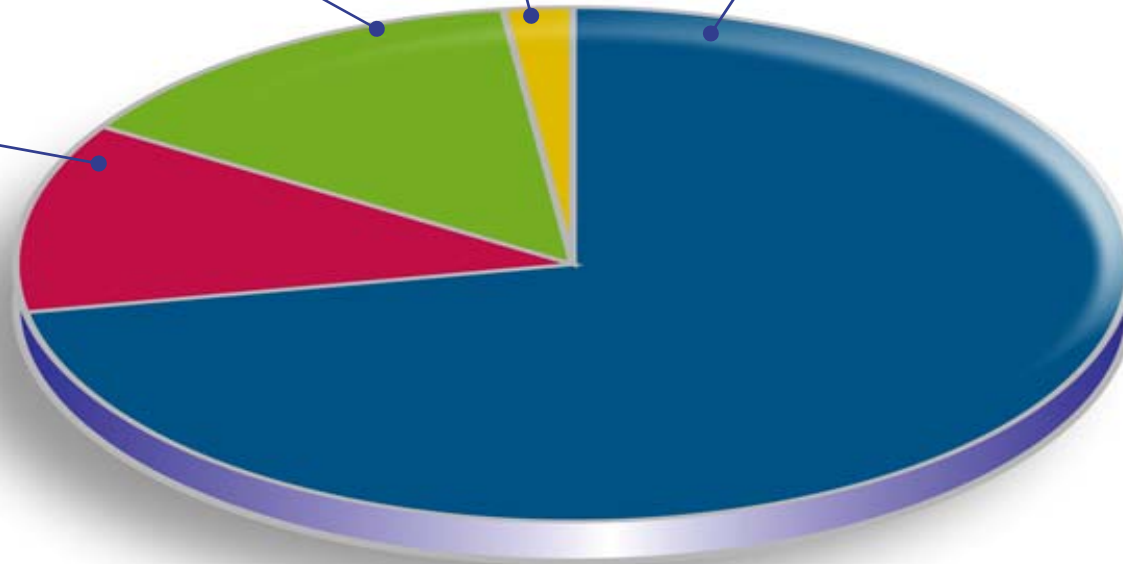
- Network strengthening
- Cater for growth
- Refurbishment

2% *Other*

Research development
and demonstration

70% *Generation*

- Mothballed stations
- 2 Coal base load stations
- Hydro and gas options
- Nuclear plant
- Refurbishment



Over the next five years, Eskom will spend an average of R15 million per working hour



- Total approximately 40 000 MW will be added at a estimated cost of R1,3 trillion over the next 20 years
- Two new gas-fired power stations in the Cape
- 962MW returned to service (Camden)
- Installed 430km additional transmission lines to the Cape and the Platinum Basin



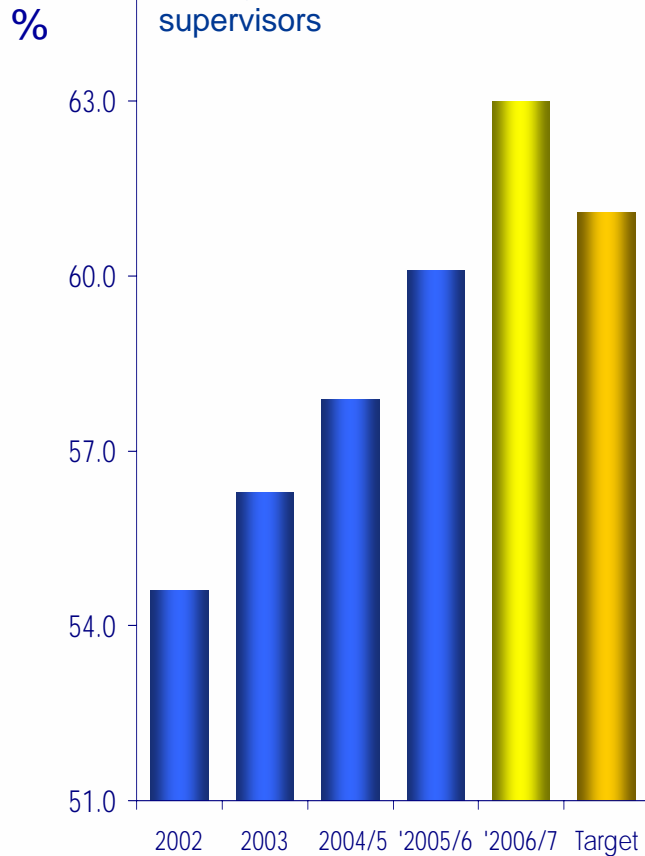
- Construction work on the Medupi power station commenced during May 2007
- Construction of Ingula pumped storage scheme underway
- ROD has been granted for Bravo and site will be established in first quarter 2008
- Gas1 is currently in execution
- ASGISA - Propelling growth by maximising local content, BEE, SME and BWO procurement in existing business operations and in rolling out the build programme, whilst delivering quality and value for money,

EMPLOYMENT EQUITY

14

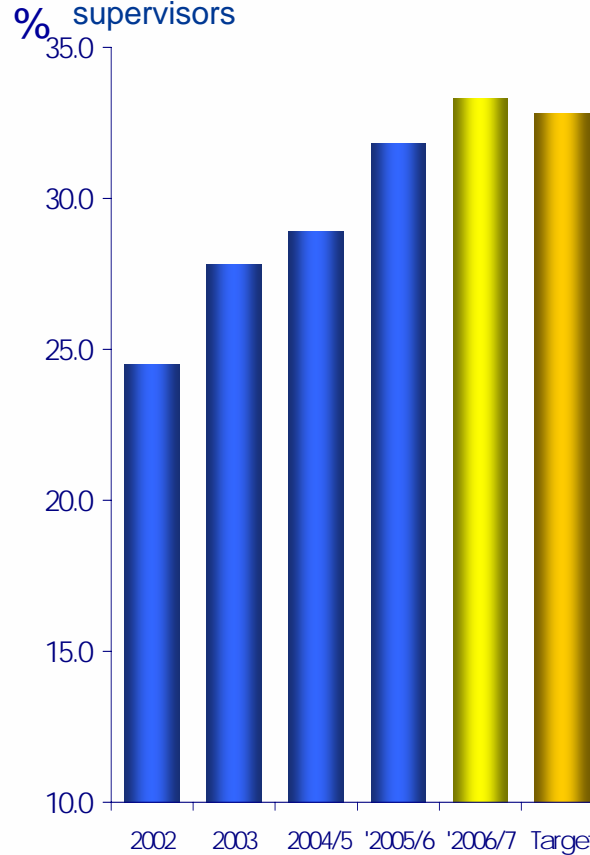
Racial Equity

Managers, professionals and supervisors



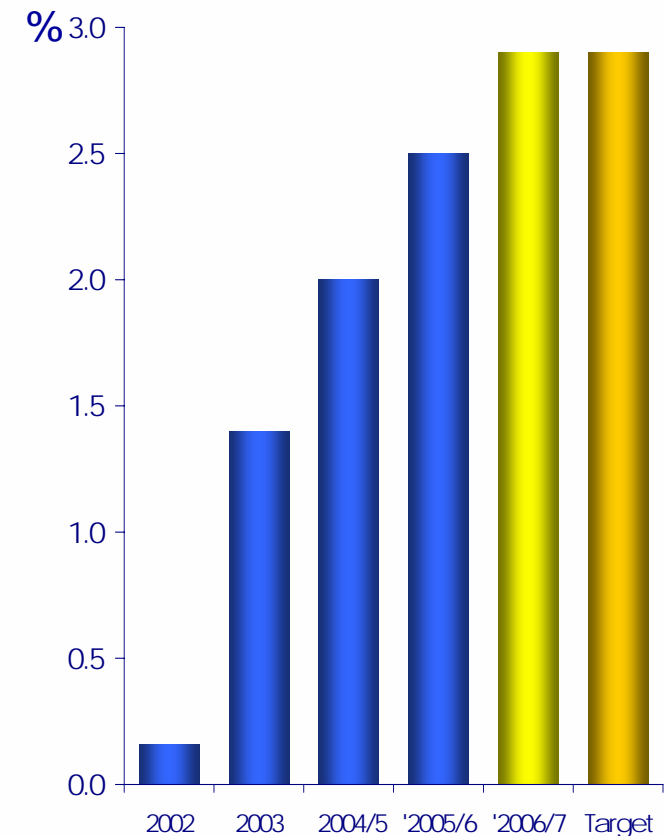
Gender Equity

Managers, professionals and supervisors



Disabilities

All employees



Continue to lead

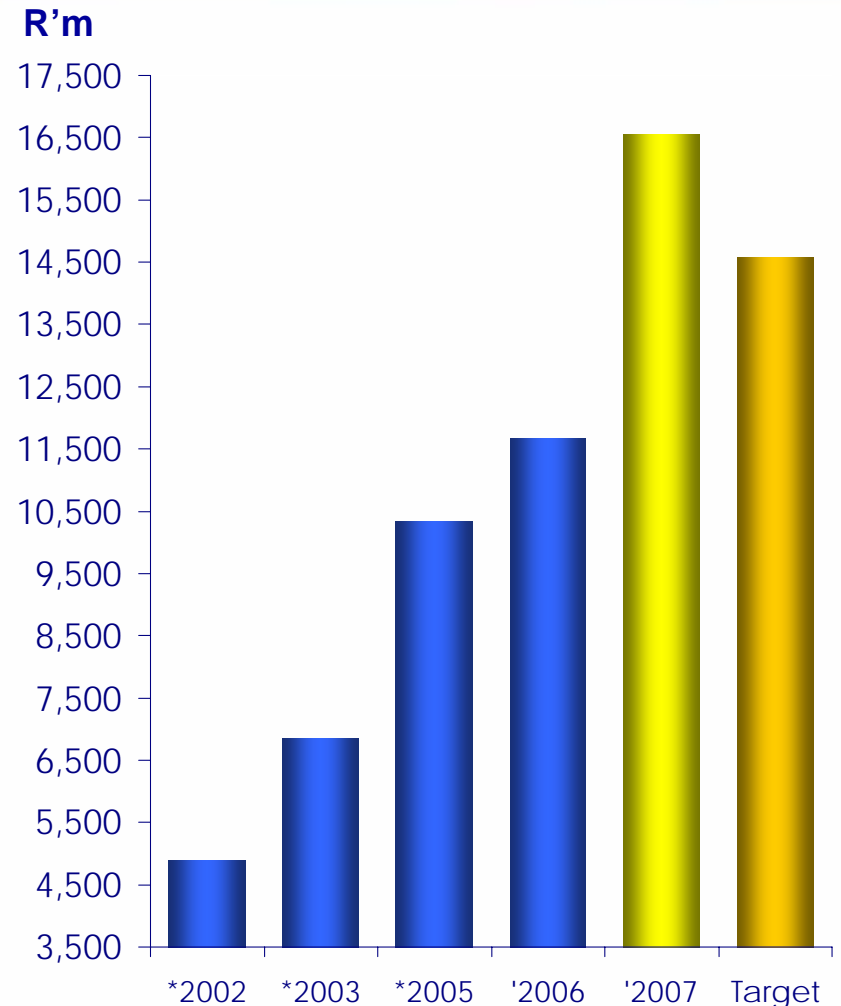
2006/7 Results: Partnering for growth

EDUCATION & TRAINING

- Invested R748m in development and training
- 1 722 Bursaries and scholarships
- 1 738 Learnerships
- 1 676 Graduates and learners-in-training
- Qualitative and quantitative focus
 - Leadership
 - Technical and engineering
 - Artisan

- Regrettably we lost lives during the year
 - 8 employees
 - 18 contractor employees
 - 41 members of the public
- As leadership we feel very strongly about the loss of lives
- We are partnering with employees, contractors and the public to intensify focus on safety improvement
- Working with DuPont on **Visible Felt Leadership on Safety**

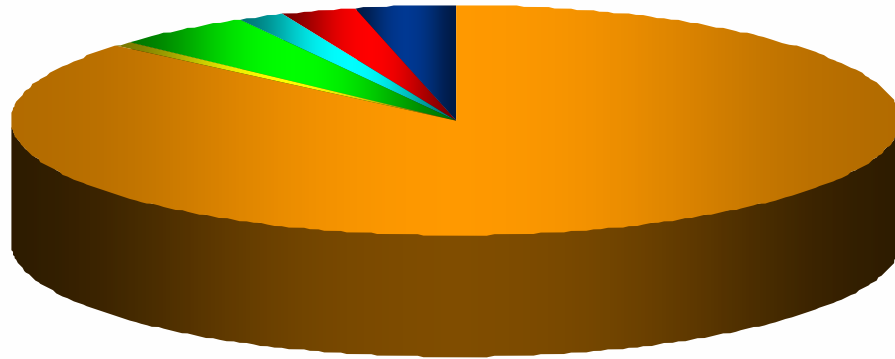
- During the year the group spent
 - R16.6 billion with BEE entities
 - included in the above is R2.1 billion with black women-owned enterprises



* Prior to 2006 the BEE spend included VAT

DIVERSIFICATION OF PRIMARY ENERGY MIX ¹⁸

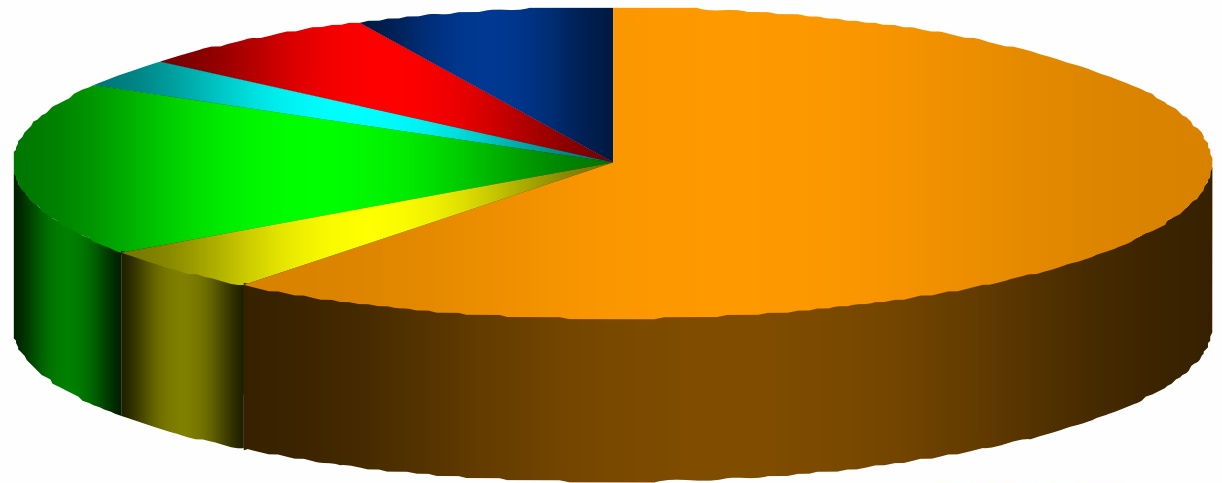
Existing



- Coal-fired stations currently constitute 88% of our generation fleet
- Government policy supports nuclear as part of the energy mix
- Currently in the process of conducting feasibility studies for new nuclear build



Mix by 2025



Meeting the challenges

19

- Ensuring continuity of supply – keeping the lights burning
- Successful execution of capacity expansion programme
- Maintaining financial sustainability of Eskom
- Responding to climate change
- Successful implementation of EDI restructuring
- Building public confidence in Eskom and the system

WHAT CAN YOU EXPECT FROM ESKOM INTO THE FUTURE... ²⁰

- We will play a leading role in the electricity sector to support the high economic growth in South Africa by always ensuring a long term view of the industry
- South Africa to remain an attractive investment destination for energy intensive industry
- We will achieve the objective of the capacity expansion programme
- We will deliver on our commitment to our customers and engage with all stakeholders

ESKOM HOLDINGS LTD ANNUAL RESULTS 2006/7

THANK YOU



Back-up slides

APPLICATION FOR RULE CHANGE TO NERSA²³

- Primary energy cost adjustment
 - Full recovery of primary energy costs subject to a reasonableness review
 - No windfall gains or losses to Eskom or customers stemming from changing fuel costs
- Accelerated capital expenditure
 - Revenue allowance aligned with Eskom's capital expansion plan
 - Recovers only efficient cost of supply
- Triggers for re-opening the MYPD1
 - Proposed trigger for the re-opener based on an 'Earnings Band' that accounts for unanticipated changes to both sales revenue, and costs - better reflecting overall business performance.

Stage 1

Analysis and evaluation:

- Primary energy
- Capital expenditure
- Operating expenditure
- Demand side Management

18 July 2007

Stage 2

Price modeling and recommendations

- Model various scenarios and select the best based on regulatory objectives

31 August 2007

Stage 3

Stakeholder consultation

- Publication of draft determination

7~21 September 2007

- Stakeholder workshop

26 September 2007

- and update of draft

Stage 4

Approval by Regulator

- Approve first draft
- Publish for public hearings
- Public hearings
- Approve final report and determination

20 December 2007