

## MEDIA STATEMENT

Kuala Lumpur, 19 January 2009

### Khazanah emphasizes crisis preparedness measures and initiatives to catalyze economic growth

Khazanah Nasional Berhad (“Khazanah”) today held a press briefing for its Khazanah Annual Review 2009. The Review reported on the progress in the execution of its financial and strategic mandates in 2008 as well as the outlook for 2009. Particular focus was given to addressing the current challenges of the global financial and economic crisis with their implications on the impact and role of Khazanah, and the companies under its control. Three thrusts for 2009 were emphasized namely:

1. Crisis preparedness
2. Catalyzing economic growth
3. Continuing to build for the future

#### 1. PERFORMANCE IN 2008

2008 was a difficult year financially in line with sharp declines in asset values globally and domestically. The spillover of the financial crisis in developed markets also began to make its impact onto the real economic performance of Khazanah’s investee companies in the fourth quarter of 2008. The key **financial** highlights include:

- **Investment portfolio** declined in line with global and regional markets, with overall portfolio Realisable Asset Value (“RAV”) as at 31<sup>st</sup> December 2008 of RM70.4 billion (31<sup>st</sup> May 2008<sup>1</sup> : RM88.2 billion) and Net Worth<sup>2</sup> of RM33.7 billion as at 31<sup>st</sup> December 2008 (31<sup>st</sup> May 2008: RM53.1 billion). The total shareholder return of the listed portfolio of Khazanah declined 35.7% in 2008, broadly in line with the KLCI drop of 36.2% and outperforming regional indices where Khazanah is invested in and other regional and global indices that declined between 39% and 61% in 2008.
- **Financial position** remains strong, with assets over liabilities cover of 1.9 times at Khazanah while Government-Linked Companies (“GLCs”) under Khazanah have significantly strengthened its fundamentals in the last four and a half years as evidenced by indicators such as earnings, cashflow and dividends.
- In line with its long-term commitment towards **progressive divestment** of its holdings, Khazanah has also benefited from its divestments in the last 19 months that have locked-in gains of RM7.8 billion from five major divestments in RHB Bank, Excelcomindo, Mobile One, Parkson and Lippo Bank and a further two major monetizations through the issuance of exchangeable sukuks in PLUS and Parkson.
- Significant progress continued to be made in 2008 on the **strategic** front, notably in the following areas:
  - Ongoing execution of the **GLC Transformation programme** which is nearing the half-way point of the ten-year programme from 2005 to 2015

---

<sup>1</sup> Khazanah Annual Review 2008 reported date of 31<sup>st</sup> May 2008.

<sup>2</sup> Net Worth consist of RAV less Total Liabilities

- **Iskandar Malaysia:** progress across the board according to or ahead of plan, with continued securing of investments of RM43 billion to date in the three years between 2006 and 2008, 92% of the five year target of RM47 billion under the 9<sup>th</sup> Malaysia Plan.
- Several **strategic transactions**, corporate restructurings, regionalization of investments and landmark financing transactions. Key transactions during the year include:
  - The demerger of TM and TMI
  - The UEM Group restructuring and delayering
  - The Time dotCom - DiGi alliance
  - The Lippo Bank - Bank Niaga merger
  - The acquisition of 24% of Parkway Holdings, Singapore - Asia's leading private healthcare provider.
  - Creation of ACR Malaysia and ACR Retakaful – a RM250 million reinsurance provider in Malaysia, and a USD300 million world-largest retakaful venture, respectively
  - USD647 million Parkson placement and exchangeable sukuk
  - Up to USD150 million in KCS Green Energy International (Group) Investments Co. Ltd, a company which invests in waste-to-energy projects in China
  - USD76 million acquisition of 10% of Jadwa Investment, a leading Shariah-compliant investment company in Saudi Arabia
- Continued progress in capacity building and corporate responsibility that include contributions to education, human capital development through the PINTAR school adoption scheme, the GREEN unemployed graduates scheme, Khazanah Global Lectures and other knowledge events, Yayasan Khazanah scholarships, collaboration with local and international universities and collaboration with Mercy Malaysia for disaster and humanitarian relief.

## **2. OUTLOOK AND THRUSTS FOR 2009**

- **Crisis preparedness:** Of immediate focus is a crisis preparedness and crisis management programme that has been progressively implemented since fourth quarter 2008, under the overall theme of “Defence first, then Offence”. Key highlights include:
  - Stress-testing key companies. K9<sup>3</sup> roadshow has commenced, with five out of the nine companies completed and the remaining four within the first quarter of 2009.
  - Implementing operational crisis management programmes involving managing controllable costs and revenue assurance programmes.
  - Reviewing and strengthening of capital structures
  - Reviewing and updating of Key Performance Indicators
- **Catalyzing economic growth.** Key focus in 2009 and the medium-term will be on domestic investments with high economic and job creation multipliers. For the period 2004 to 2008, approximately RM36 billion was spent by Khazanah and its companies in the domestic economy. For the three-year period from 2009 to 2011, a further estimated RM58 billion of investments has been allocated, principally in Iskandar Malaysia and in the power, telecommunications, leisure and tourism, infrastructure, aviation, agriculture, life sciences,

---

<sup>3</sup> K9 refers to the nine Khazanah companies that are part of the “G20” or 20 largest GLCs that are members of the Putrajaya Committee for GLCs roundtable. The “K9 roadshow” involves detailed dialogues and planning with the companies to raise crisis preparedness.

healthcare and technology and creative sectors. The focus sectors include key essential service sectors as well as new targeted, principally services-related sectors, in line with national economic strategies to develop new engines of growth. In addition, Khazanah will continue to strengthen regional investment linkages and selectively look for two-way investment opportunities to bring in more foreign direct investment as well as continuing to selectively regionalize.

- **Continue to build for the future.** At Khazanah, the work in capacity building across all fronts, in human capital, knowledge capital and firm building will continue and not be neglected during the crisis management period. In addition, at the national level, commitments to corporate responsibility including increasing national capacity building in areas such as adoption of schools (under the PINTAR programme), improving employability of graduates (under the GREEN and upcoming GEMS programmes) and raising the livelihood and sustainability of lower-income groups (under the upcoming Sejahtera Programme) will continue, and indeed gather further pace.

**END**

*For further information, please contact Mohd Asuki Abas at +603 2034 0000 or via e-mail at [asuki.abas@khazanah.com.my](mailto:asuki.abas@khazanah.com.my).*