

KHAZANAH
NASIONAL

Media Review
**Khazanah Fifth
Annual Review 2009**

19th January 2009



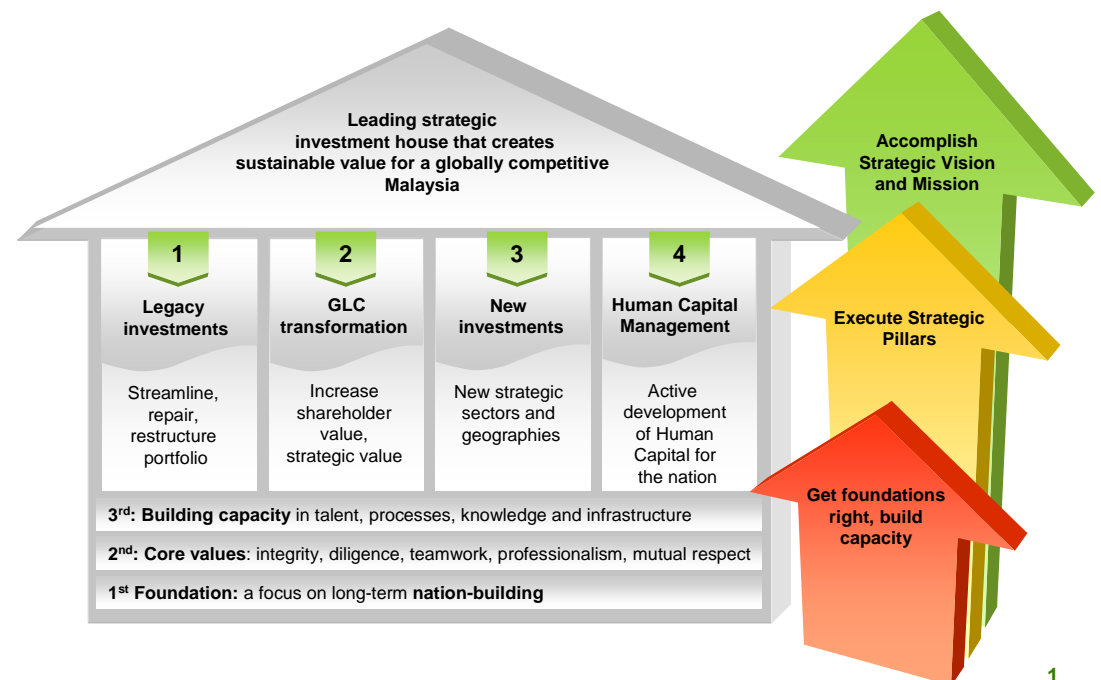


Performance 2008

- Financial
- Strategic

Outlook 2009

1. Crisis Preparedness – “Defence first, then Offence”
2. Catalysing Economic Growth
3. Continuing to Build for the Future

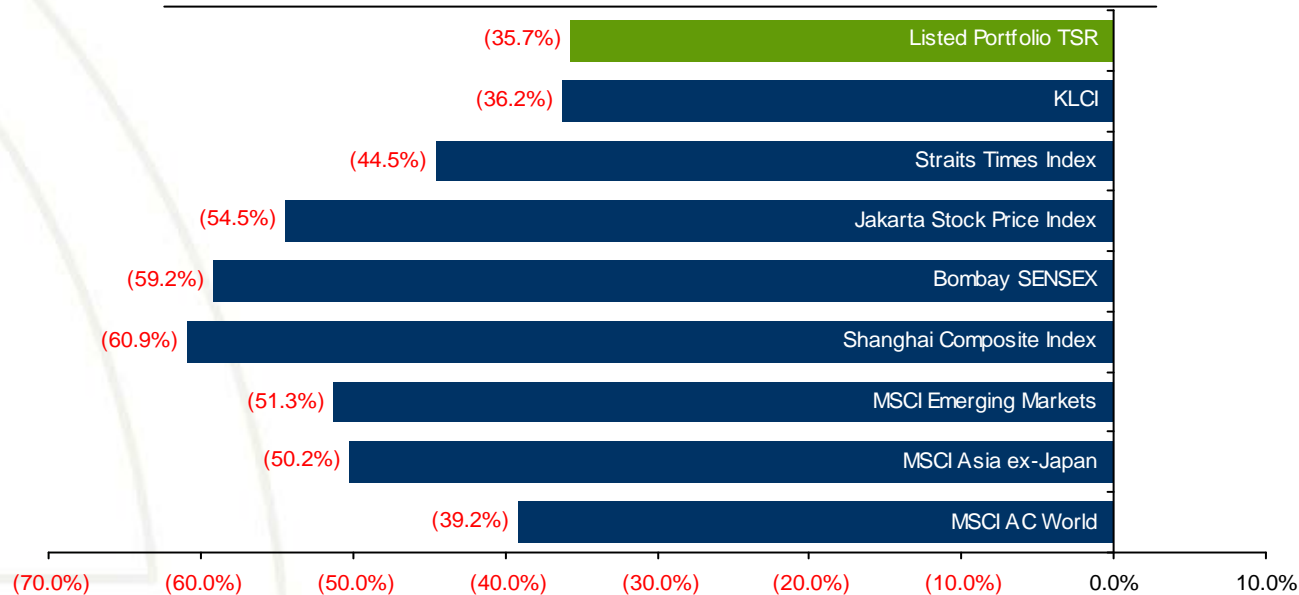


Performance 2008 - Financial: Net worth is still above where it stood in May 2004

Portfolio Value	14 May 2004 (RM bn)	31 May 2006 (RM bn)	31 May 2007 (RM bn)	31 May 2008 (RM bn)	31 Dec 2008* (RM bn)
Realisable Asset Value (RAV)	50.9	65.0	88.8	88.2	70.4
Net Worth	33.3	40.0	62.2	53.1	33.7
RAV/Liability Cover (x)	2.9	2.6	3.3	2.5	1.9

Portfolio Performance since 14 May 2004 to	31 May 2006 (RM bn)	31 May 2007 (RM bn)	31 May 2008 (RM bn)	31 Dec 2008 (RM bn)
Increase in Net Worth	6.7	28.9	19.8	0.4
Net Worth CAGR (% p.a.)	9.4%	22.8%	12.3%	0.3%
Listed Portfolio Total Shareholders Returns (TSR) CAGR (% p.a.)	9.3%	13.5%	13.5%	0.4%

Selected Global Equity Indices – Total Return for 2008 ** (%)



Source: Khazanah analysis, Bloomberg

*Note: Based on unaudited accounts

**Note: Returns in RM terms from 1 Jan 08 to 31 Dec 08

Performance 2008 - Financial:

Significant strategic investments and divestments made, resulting in more diversified portfolio

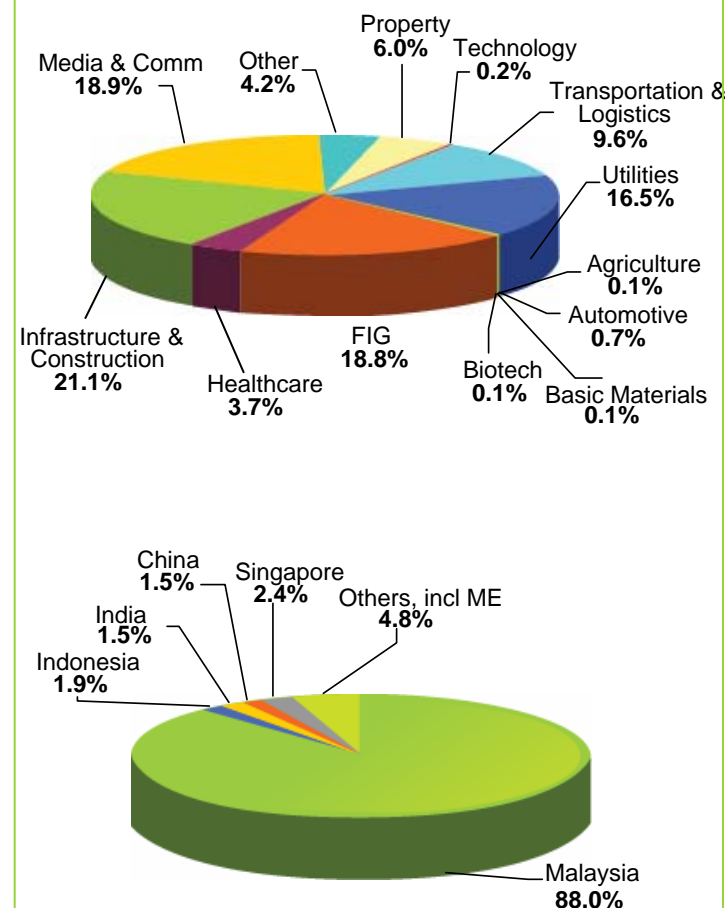
Summary of discretionary investments from 1 Jun 2004 to 31 Dec 2008

New investments	No. of investments made	Investment Amount (RM m)
Domestic	25	16,313
Foreign	22	12,857
Total	47	29,171

Major Divestments and Monetisations from 1 Jun 2007 to 31 Dec 2008

	Investment Amount (RM m)	Capital Gains plus Dividends (RM m)	HPR (%)
Divestments			
RHB	725	2,558	353%
Excelcomindo	885	509	58%
Mobile One	136	87	64%
Parkson	51	262	513%
Lippo Bank	2,124	1,718	81%
Total Divestments (D)	3,921	5,134	131%
Monetisations			
PLUS	1,846	1,112	60%
Parkson	212	1,557	735%
Total Monetisations (M)	2,058	2,669	130%
Total D + M	5,979	7,803	131%

Breakdown of Portfolio by Sector and Country as at 31 Dec 2008



Source: Khazanah analysis, Bloomberg

Total Shareholder Return (TSR) Index

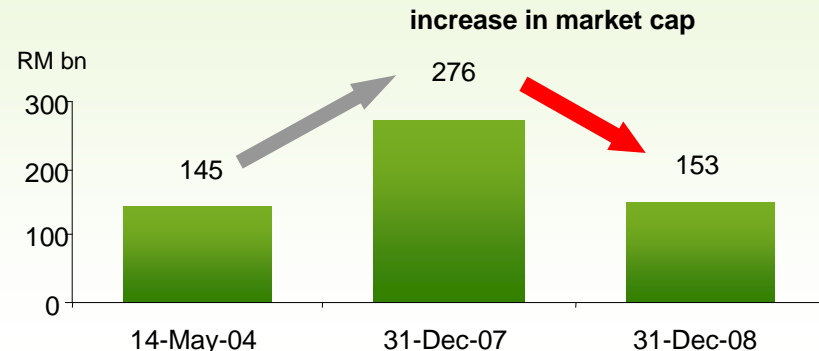
As of 31 December 2008



Source: Bloomberg and PCG Analysis

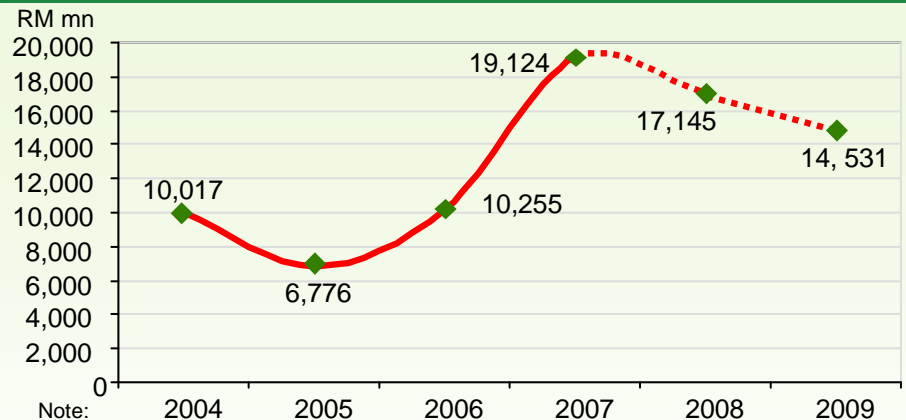
Market Capitalisation of G-20*

As of 31 December 2008



Source: Bloomberg and PCG Analysis

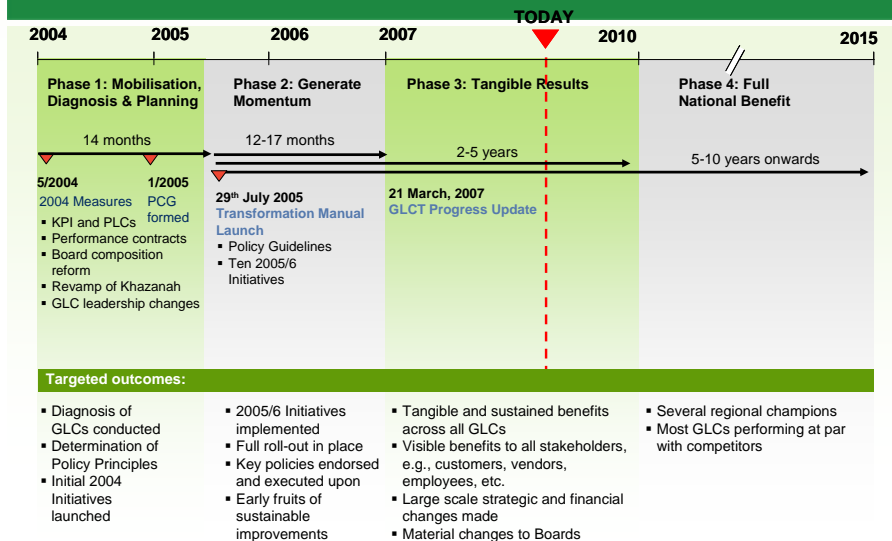
Aggregate Earnings Of G-20*



Note:

1. Data for 2008 and 2009 are analysts' consensus estimates sourced from Bloomberg, rationalised for UEM Land/UEM World.
2. Data for 2007 sourced from Transformation Management Office, Khazanah.

GLC Transformation Programme



* A selection of 20 Government-Linked Companies controlled by the Government-Linked Investment Companies constituents of the Putrajaya Committee for GLC High Performance. As of 25 April 2008 there are 19 GLCs following the Sime Darby merger and TM de-merger.

Bold Transformational Moves...



Wider Recognition of Achievements...

“Now government-linked companies look radically different ... capital structures are more efficient, meritocracy has replaced cronyism and there is greater cost discipline...”

THE LEX COLUMN
Financial Times
8 March 2008



Public Accounts
Committee



Foreign Analysts
& Fund Managers

Greater Stakeholder Impact...



StarBiz Corporate Responsibility
Awards - CCM, Telekom Malaysia



Signatories – MRCB, CIMB, TM



80,000 students reached

Customer Service
Accolades



Social
Contributions

~RM500m contributed by GLCs to social
programmes to-date in 2008
(RM548m in 2007)

Stronger Operating Results...



G-20 higher efficiency and productivity
reflected in the rise of ROE of the
companies from 2005 to 2007



G-20 Employee Engagement Survey
Results higher than Malaysian average



GLCs in Top 50 of ASEAN Wealth-Added
Index – BCHB, Telekom Malaysia, Sime
Darby



GLCs in Shareholder Value Awards 2007
– MAS, TH Plantations, Boustead, CCM
Duopharma



Performance 2008 - Strategic: Value creation – Restructuring & Reorganisation (“R&R”) and transformational transactions

Restructuring & Reorganisation

Resolved / Being executed



UDA HOLDINGS BERHAD



Tradewinds Hotels



Major restructurings to be resolved



completed in past twelve months to December 2008

Transformational transactions



TM/TMI De-merger



UEM De-layering



Time dotCom DiGi Alliance



ACR ReTakaful



Lippo-Niaga Merger



Idea Cellular



Parkway

Performance 2008 - Strategic: Iskandar Malaysia on track with significant progress to date

July 2005

Khazanah conducted feasibility study for development of special economic zone at South Johor

Oct 2005

Khazanah presented Conceptual Outline Plan for South Johor Economic Region

2 Nov 2006

Heads of Agreement signed to form South Johor Investment Corporation (now known as Iskandar Investment Berhad), super developer for strategic initiatives in Iskandar Development Region (now known as Iskandar Malaysia ("IM"))

4 Nov 2006

IM officially launched

17 Feb 2007

The Iskandar Regional Development Authority ("IRDA") Act 2007 came into effect

23 Feb 2007

IRDA and Advisory Council inaugural meetings

22 Mar 2007

IM Incentives and Support Package

15 May 2007

High level Malaysia-Singapore engagement

29 Aug 2007

IM attracts first major foreign investment amounting US\$1.2 bn to develop Medini, with projected GDV of USD20bn

9 Oct 2007

List of incentives and qualifying activities for ISP

12 Feb 2008

Social Projects Fund of RM50m announced

14 Feb 2008

Definitive agreement between Medini Iskandar Malaysia (formerly known as Rim City) and Cultural Cluster to commence Medini work

29 Feb 2008

Newcastle University invited to set up international branch campus in IM

April 2008

Rebranding of Iskandar Development Region to Iskandar Malaysia

8 May 2008

Definitive Mediini Iskandar Malaysia and Global Capital and Development to commence infrastructure work for Medini, amounting to USD522m

21 May 2008

MOU between IRDA and MDEC to work towards MSC status for Iskandar Malaysia

6 October 2008

Medini brand name launched at Cityscape Dubai

20 November 2008

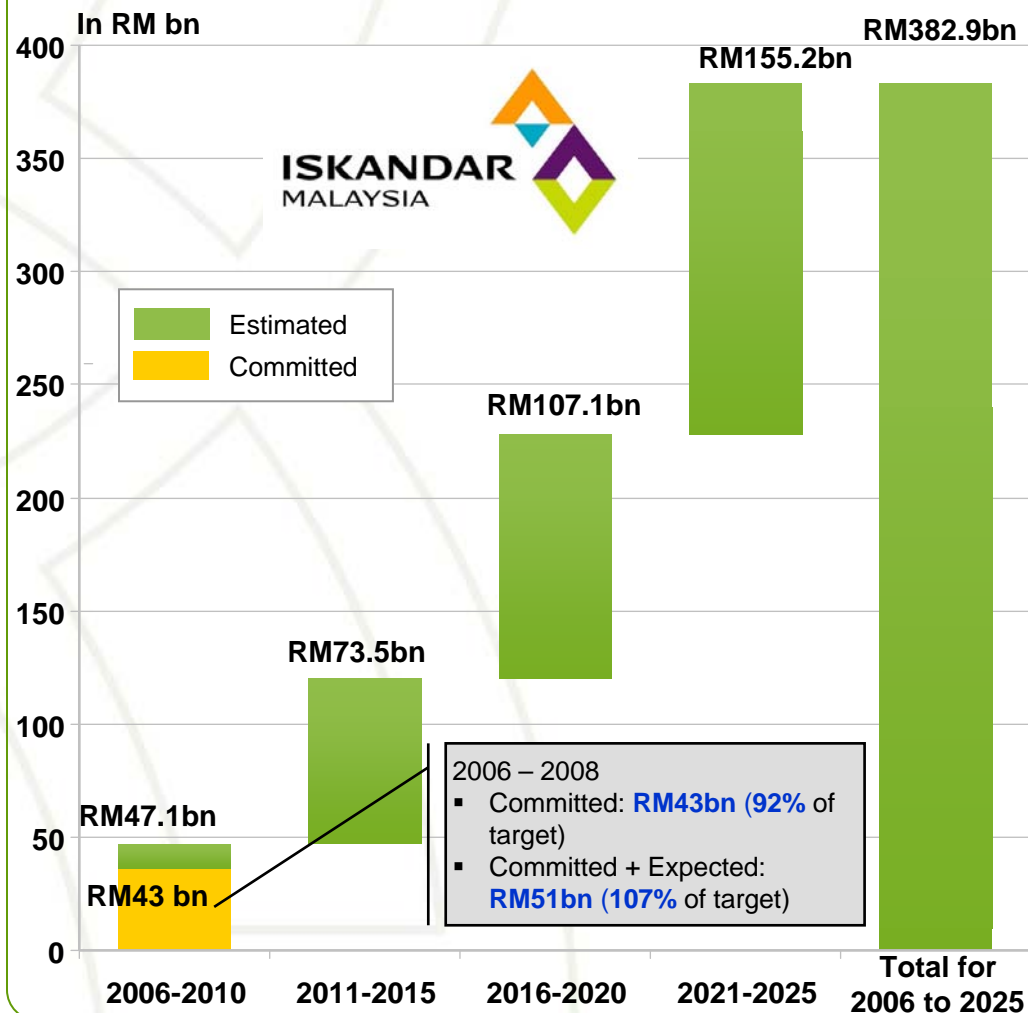
The Definitive Agreement between IIB and Newcastle Medical University was signed at Info Day. Collaborative Agreement was also signed between IIB and Cempaka.

13 Dec 2008

Signed JV agreement with Merlin Entertainments to build a Legoland Park in Medini.



Estimated Capital Investment Required for Iskandar (at constant 2005 price)



RMK9 Projects (2008 – 2010) with approximately RM1.9bn Worth of Contracts

RMK 9 Projects

- Construction of Coastal Highway (JB-Nusajaya)
- Upgrading of Jalan Abu Bakar - Jalan Skudai
- Construction of Jalan Yahya Awal Interchange
- Construction of Jalan Abu Bakar Interchange
- Upgrading of Senai - Skudai highway
- Ulu Tiram Interchange
- Upgrading and realignment of Jalan Kolam Air

Capacity Building Human Capital Programme

- IM GREEN Programme
- IM-CIDB Training Programme
- Akademi Binaan Malaysia ("ABM") / CIDB – IM Accreditation
- Foreign Worker Placement Guidelines
- Construction Worker Certification
- IM Human Capital Study

Socio-Economic Initiatives

- Public Housing
- Squatter Initiatives



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Performance 2008 - Strategic: Deepening of regional footprint



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TMI



Awards and recognition

**USD766,000,000 sale
of Telekom Malaysia
shares
2004**

Best Secondary Offering
Best Malaysia Deal 2004



**Shuaibah IWPP
Phase III**

Power and Water
Deal of the Year
2005



Project
Finance Deal of
the Year 2005



Desalination
Deal of the
Year 2006



Power Deal
of the Year
2005



**Asia Capital
Reinsurance Group
USD620,000,000
Private Placement
2006**

Most Innovative Deal - Equity



**USD750,000,000
Exchangeable Trust
Certificates Due 2011
2006**

Best Equity-Linked
Deal Best Deal
(Malaysia)



Most Innovative Deal
Best Deal (Malaysia)
Sovereign of the Year



Best Equity-Linked
Deal
Best Islamic Finance
Deal



Best Equity-
Linked Deal



Most Innovative
Product



Best Equity Linked
Deal
Best Cap Market
Deal



Best Sukuk Deal



Deal of the Year
(Malaysia)



Deal of the Year
(Malaysia)



Best Debt Market
Deal
Best SE Asia Deal



**Human Capital
Management**

Contribution to Organisation



HR Leadership Award



Mumbai, 2007

**USD850,000,000 Islamic
Exchangeable Sukuk
Issue on PLUS
2007**

Best Cross Border Deal 2007
Best Equity Deal 2007



**Asia Capital Reinsurance
Group Pte Ltd
2007**



Company Launch of
the Year, Worldwide
Reinsurance Awards
2007

**Lippo Bank
2007**

Best National
Bank 2007



Best Bank
of the Year



**TdC – DiGi Alliance
2007**

Innovative Deal of the Year 2007



Best M&A 2008



**USD550,000,000 Islamic
Exchangeable Sukuk
Issue on Parkson
2008**

Best Deal (Malaysia)
Best Equity-Linked Deal



Best Deal (Malaysia)



Top 10 Asia Deals



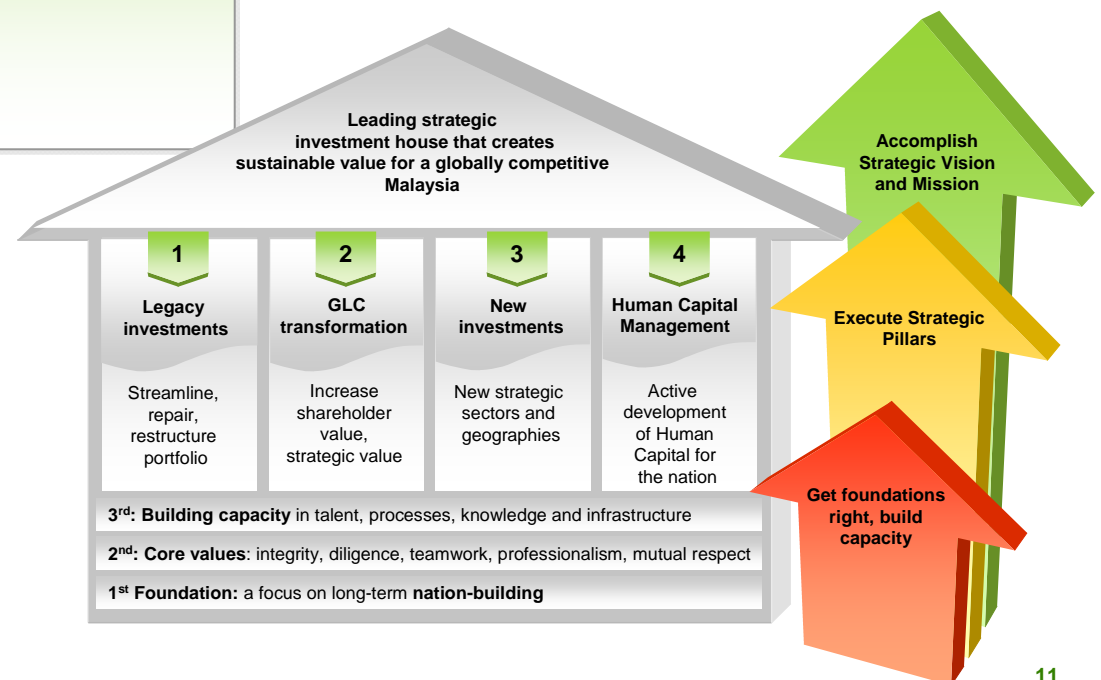


Performance 2008

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- Strategic

Outlook 2009

1. Crisis Preparedness – “Defence first, then Offence”
2. Catalysing Economic Growth
3. Continuing to Build for the Future





“Defence first, then Offence”

GLCs will be impacted but are fundamentally much stronger entering into the crisis

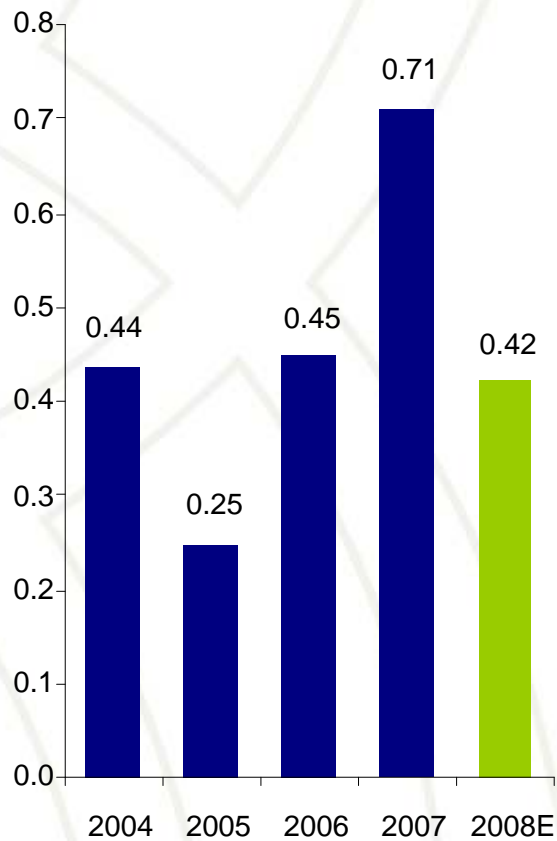
Measures in place / being put in place

- Stress testing, K-9 roadshows, managing downside risks
- Strengthening capital structures
- Conserving capital, managing controllable costs
- Crisis Management Programme at Khazanah
- Scanning for situational opportunities

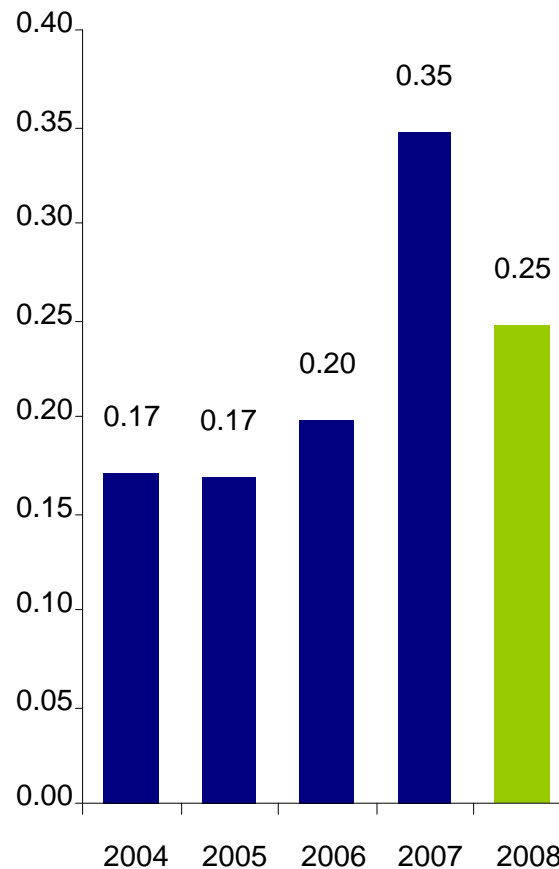


Outlook 2009 – (1) Crisis Preparedness: K-9 + 1* fundamentals are stronger and more resilient

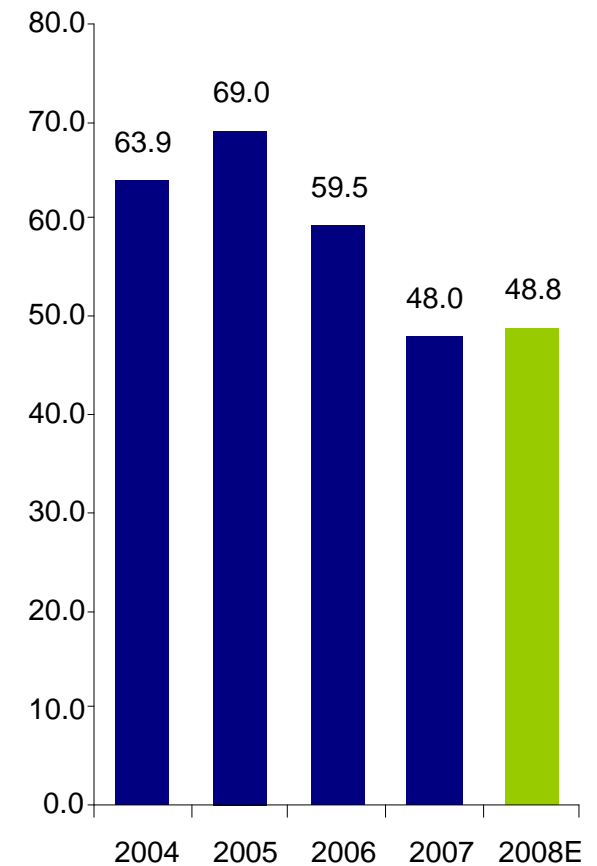
Aggregate Earnings Per Share**
(2004-2008E) – RM



Aggregate Trailing 12 month Gross
Dividend Per Share**
(2004-2008) – RM



Net Gearing
(2004-2008E) – %



Source: Khazanah analysis, Bloomberg

Notes:

*K-9 +1 comprises TM, TMI, TNB, UEM, Proton, CIMB, MAS, MAHB, POS and PLUS

** Weighted by Market Capitalisation



Outlook 2009 – (1) Crisis Preparedness: Khazanah's capital structure

Robust coverage ratios

- *RAV cover remains strong at 1.9x*
- *Other coverage ratios well within tolerable limit*

Significant progress in terms of funding

- *Significant work in terming out liabilities over past four and a half years*
- *Khazanah enjoys a well diversified funding base with multiple sources of funding*
- *Record of innovative, award-winning funding structures*

Khazanah's award winning Exchangeable Bonds and Sukuk

Dec 2004

US\$414.5m
Exchangeable
Bonds into shares
of PLUS

Oct 2006

US\$750m
Exchangeable
Sukuk into shares
of TM

Jul 2007

US\$850m
Exchangeable
Sukuk into shares
of PLUS

Mar 2008

US\$550m
Exchangeable
Sukuk into shares
of Parkson Retail
Group Ltd

Outlook 2009 – (2) Catalysing Domestic Growth: Developmental investments by Khazanah and its investee companies



Significant capex planned to meet energy needs



National Airport Master Plan



HSBB network to enhance connectivity



Catalytic role in developing food industry



3G network build-up and network expansion



Various RMK9 projects



Introduction of low cost carrier based in Penang – Firefly



Significant role in Iskandar Malaysia with several key developments



- Development of new hospitals
- Supporting investments in healthcare education to ensure sufficient qualified medical professionals



- Significant catalytic investments planned in Iskandar Malaysia, incl. Legoland and Educity
- Role in providing supporting infrastructure

- *Khazanah domestic development agenda focuses on the following :*
 - *Investments with a high economic multiplier, which create jobs and raise employability*
 - *Investments which help enhance regional networks/ footprint to increase FDI, talent infusion and yield two way growth opportunities*
- *Focus industries include technology, financial services, agriculture, healthcare, bio-technology and life-sciences, education, leisure and tourism, as well as the creative sector*
- *Significant investments already made, as well as on the cards:*
 - *Khazanah and its investee companies have spent over RM36bn in catalytic domestic investments since 2004.*
 - *An estimated RM58bn of further spending on the cards in next three years*

Knowledge Capital

- KGL – World-renowned leaders, Carlos Ghosn & Dr APJ Abdul Kalam spoke at the KGL 2008
- KMF – The fourth annual installment of the KMF was attended by over 500 corporate captains and industry leaders
- MINDA – 2nd group of 30 GLIC & GLC directors successfully completed the flagship programmes meant to produce high performing directors



MINDA
MALAYSIAN DIRECTORS ACADEMY

**KHAZANAH
MERDEKA
SERIES
INITIATIVE**

**KHAZANAH
GLOBAL
LECTURES**

**KHAZANAH
NATIONAL
DEVELOPMENT
SEMINAR**

**KHAZANAH
MEGATRENDS
FORUM**

Yayasan Khazanah

- YK introduced the Merdeka Scholarships (in collaboration with Oxford Centre for Islamic Studies), Watan Scholarship (for Malaysians to study at local universities) and Asia Scholarship (for foreign students to study at Malaysian universities) in 2008



Linkages with Knowledge Centres of Excellence

- Collaboration with Oxford, World Bank, IMD, USM and UM



The World Bank



Corporate Responsibility



- PINTAR – 157 schools adopted by 23 GLCs covering approximately 80,000 students.
- MERCY – Khazanah via UEM provided a total of RM1mil in Emergency Relief for Cyclone Nargis & the Gaza War
- SEJAHTERA – Rehabilitation and rebuilding of 5,000 houses (Pilot programme to be launched in Feb 09)

Human Capital



- 302 staff today vs. 33 in May 2004.
- Staff from diverse range of backgrounds and industries
- GREEN – Over 80% of the 1,193 unemployed graduates managed to secure jobs within 3 months after completing the 1-year programme/ industrial training since 2006
- Graduate Employability Management Scheme (“GEMS”) – provide training for up to 12,000 unemployed graduates (Programme will be launched in March 2009)



2008 Performance

- ★ Tough 2008 financially, portfolio down in line with broader markets
- ★ GLCs impacted but significantly more resilient to weather the crisis
- ★ Continued progress on strategic initiatives related to GLC Transformation, Iskandar Malaysia, strategic investments, legacy restructuring, regionalisation and capacity building

Outlook 2009

- ★ Crisis preparedness
- ★ Catalysing economic growth with focus on domestic investments
- ★ Continuing to build for the future and to institutionalise Khazanah



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Thank You

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