

**KHAZANAH
NASIONAL**

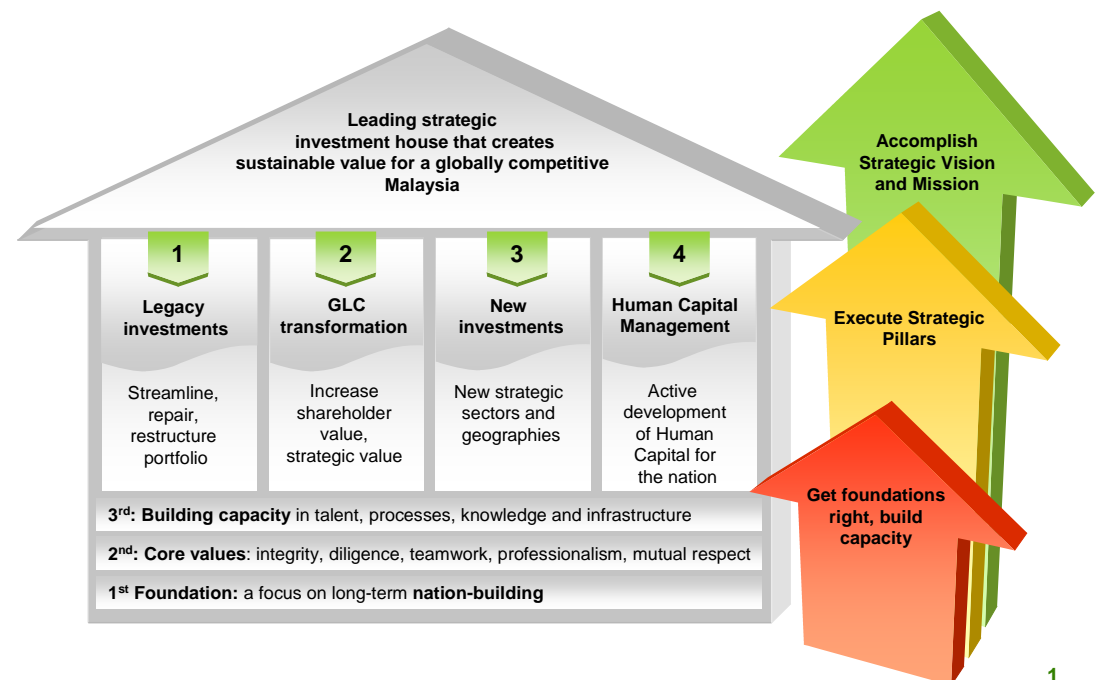
Media Review
**Khazanah Sixth
Annual Review 2010**

14th January 2010





- 2009 Financial Performance
- 2009 Strategic and Operational Performance
- Outlook and Focus for 2010

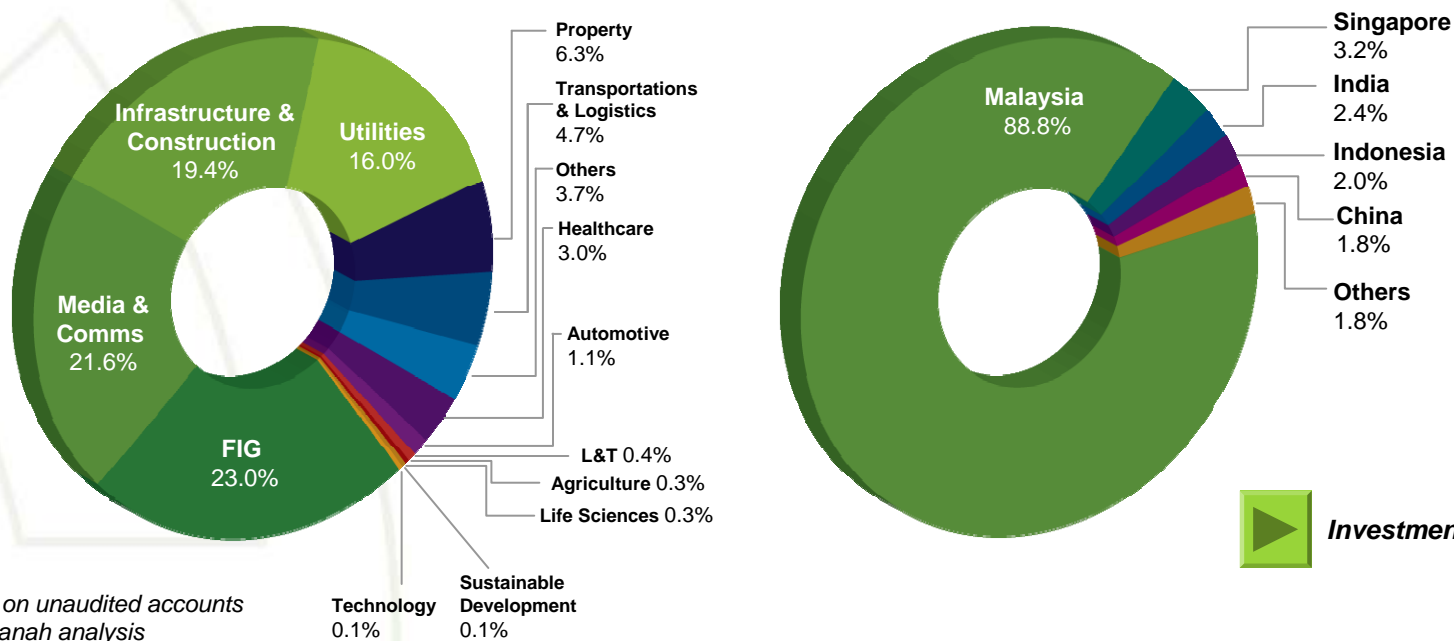


2009 Financial Performance: Significant rise in portfolio value

| Portfolio Value as at | 14 May 04 | 31 Dec 08 | 31 Dec 09* |
|-------------------------|-----------|-----------|------------|
| RAV (RM bn) | 50.9 | 68.9 | 92.2 |
| Net Worth Adj (RM bn) | 33.3 | 33.1 | 54.1 |
| RAV/Liability Cover (x) | 2.9 | 1.9 | 2.4 |

| | 14/05/04 – 31/12/09 (5 years 7.5 months) | 31/12/08 – 31/12/09 (12 months) |
|---------------------------------|---|------------------------------------|
| Change in Net Worth Adj (RM bn) | 20.8 | 21.0 |
| Change in Net Worth Adj (%) | 62.6 | 63.5 |
| Net Worth Adj CAGR (% p.a.) | 9.0 | 63.5 |

Breakdown of Portfolio by Sector and Country as at 31 Dec 2009



*Note: Based on unaudited accounts
Source: Khazanah analysis

2009 Financial Performance:

2009 divestments continue trend from previous years; gains flow to P&L account

| Year | # of transactions | Cash Proceeds from Divestments (RM m) | Non-Cash Divestments (RM m) | Total Divestment Amount (RM m) | Total Gains on Divestments (RM m) |
|-------------|-------------------|---------------------------------------|-----------------------------|--------------------------------|-----------------------------------|
| 2004 - 2008 | 21 | 10,086 | 4,739 | 14,825 | 6,890 |
| 2009 | 8 | 3,108 | 0 | 3,108 | 1,221 |
| Total | 29 | 13,194 | 4,739 | 17,933 | 8,111 |

Selected Divestment Transactions:



- Paring down of stakes by market placement to increase free float and investability of stocks



- Monetising holdings in companies through exchangeable sukuk and bond issuances



- Harvesting value by M&A and supporting regionalisation imperatives of investee companies



- Restructuring and exiting non-core asset while reaping benefit of value created

Strengthening of Companies' Balance Sheets



RM5.3bn rights issue



RM2.7bn rights issue



RM1.0bn rights issue

Positive Headway in R&R Cases



Completion of financial restructuring programme; no longer under R&R



Divestment structure that encourages entrepreneurship; turnaround of operational KPIs; no longer under R&R



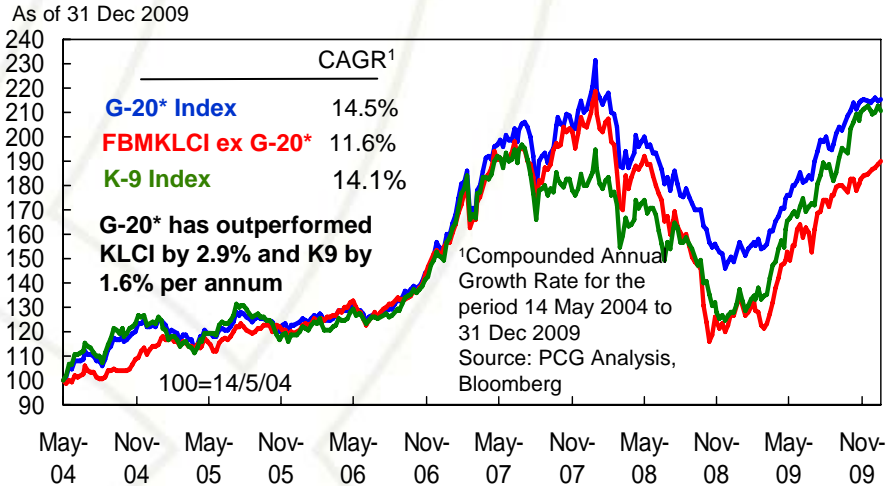
Encouraging progress on turnaround of operational metrics

"Defense First, Then Offense"

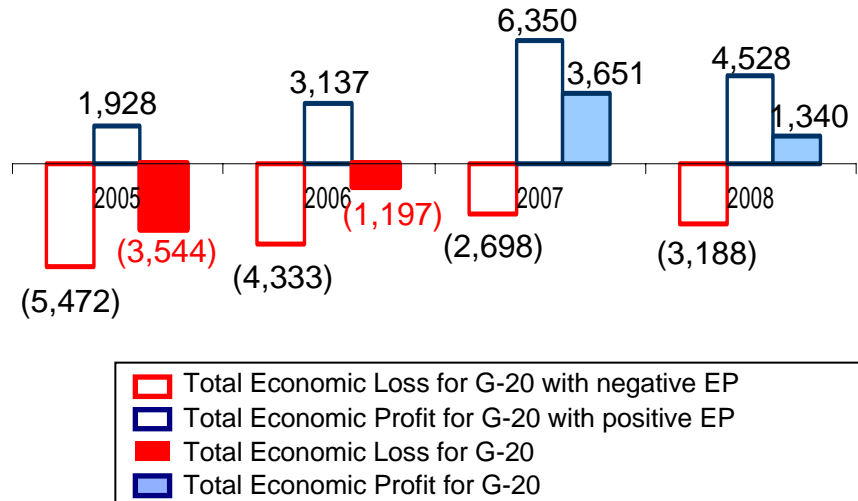
- Close monitoring with focus on securing cashflows and strengthening balance sheets of Khazanah-linked companies
- Companies have held steady and resilient through the crisis period to-date
- Paring of portfolio via orderly divestment of non-core assets, and taking advantage of market strength to harvest some value



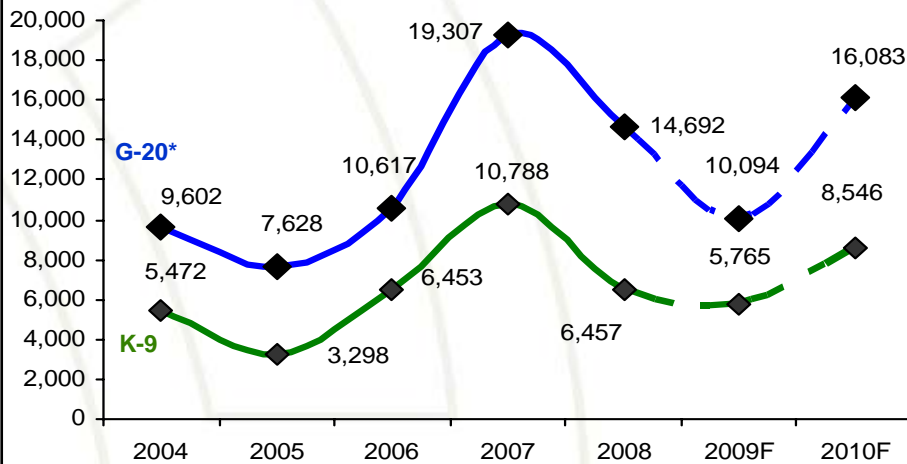
TSR Index from 14 May'04 to 31 Dec'09



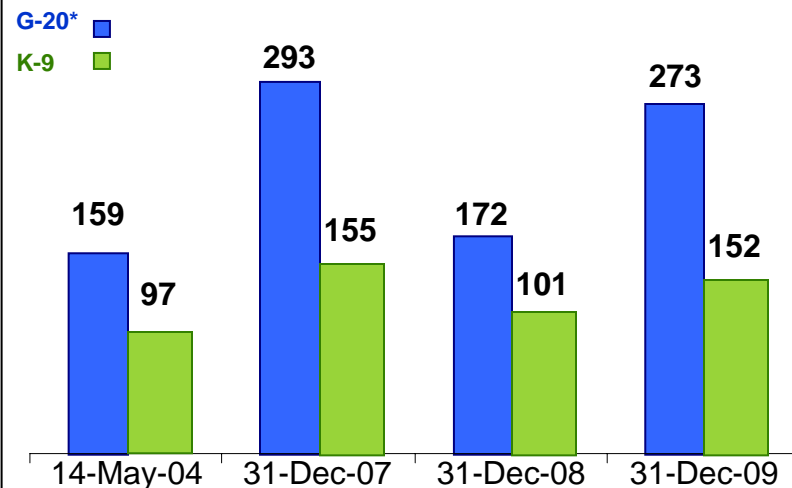
G-20 Economic Profit from 2004 to 2008 (RM m)



















G-20 & K9 Aggregate Earnings (RM m)



G-20 & K9 Market Capitalisation (RM bn)



Source: G-20 Financial Reports, Bloomberg Analyst Consensus Estimates (for 2009 and 2010 Earnings) and PCG Analysis

| Sector | Key Holdings & Initiatives | 2009 Milestones |
|---|--|---|
| Iskandar Malaysia |   <ul style="list-style-type: none"> • Medini; Educity • East Ledang | <ul style="list-style-type: none"> • Investment commitments totaling RM55.6bn secured during 2006 - 2009 • UEM Land share price has risen by 171% since its listing |
| Leisure & Tourism |   <ul style="list-style-type: none"> • L&T initiatives in Iskandar Malaysia • KidZania | <ul style="list-style-type: none"> • Puteri Harbor hotel, retail and entertainment complex; Legoland • KidZania, Mutiara Damansara |
| Creative Industries, Technology and Telecommunications Services |    | <ul style="list-style-type: none"> • Signing of agreements to develop RM400m Pinewood Iskandar Malaysia Studios (PIMS) • Roll out of High Speed BroadBand (HSBB) |
| Healthcare and Life Sciences |    | <ul style="list-style-type: none"> • Successful turnaround of business operations • Investment in SBI to spur growth in local orthopedics ecology |
| Energy and Green Technology |  <p>BeiJing China Sciences General Energy & Environment Co., Ltd.</p> | <ul style="list-style-type: none"> • First plant commissioned and commenced operations in China • Certificate of commissioning for Shuaibah IWPP |
| Islamic Financial Services |   | <ul style="list-style-type: none"> • Commitment of USD150m to Fajr Capital • Subscription of 10% of Jadwa equity for USD76m |
| Agriculture |    | <ul style="list-style-type: none"> • Ongoing investments in high value-add ventures • Entry of Biotropics products into US market in GNC stores |
| Education Services | <ul style="list-style-type: none"> • Initiatives to improve student outcomes within the national education system | <ul style="list-style-type: none"> • Securing establishment of Marlborough college |

Gradual transition from crisis management back to on-going Transformation Programme

- GLC Transformation – driving creation of national and regional champions
- Resolving remaining R&R cases
- Ongoing regionalisation

Catalysing growth

- New Economy Investments (NEIs)
- Collaboration and co-investments with local and foreign private sector
- Ongoing progressive divestments of non-core and non-competitive holdings

Continued institutionalisation

- Human capital
- Knowledge
- Supporting national agenda projects





2009 Financial Performance

- ★ Investment Portfolio recovered significantly; RAV stands at RM92.2bn and NWA rose by RM21.0bn to RM54.1bn or 63.5%
- ★ Portfolio financial position comfortable with asset cover of 2.4x
- ★ Continued progressive divestments totalling RM3.1bn

2009 Strategic and Operational Performance

- ★ Ongoing execution of GLCT programme
- ★ Focus on catalysing domestic growth with NEIs
- ★ Significant progress on several corporate R&R
- ★ Continued progress in capacity building and corporate responsibility and support of national level projects

Outlook and Focus for 2010

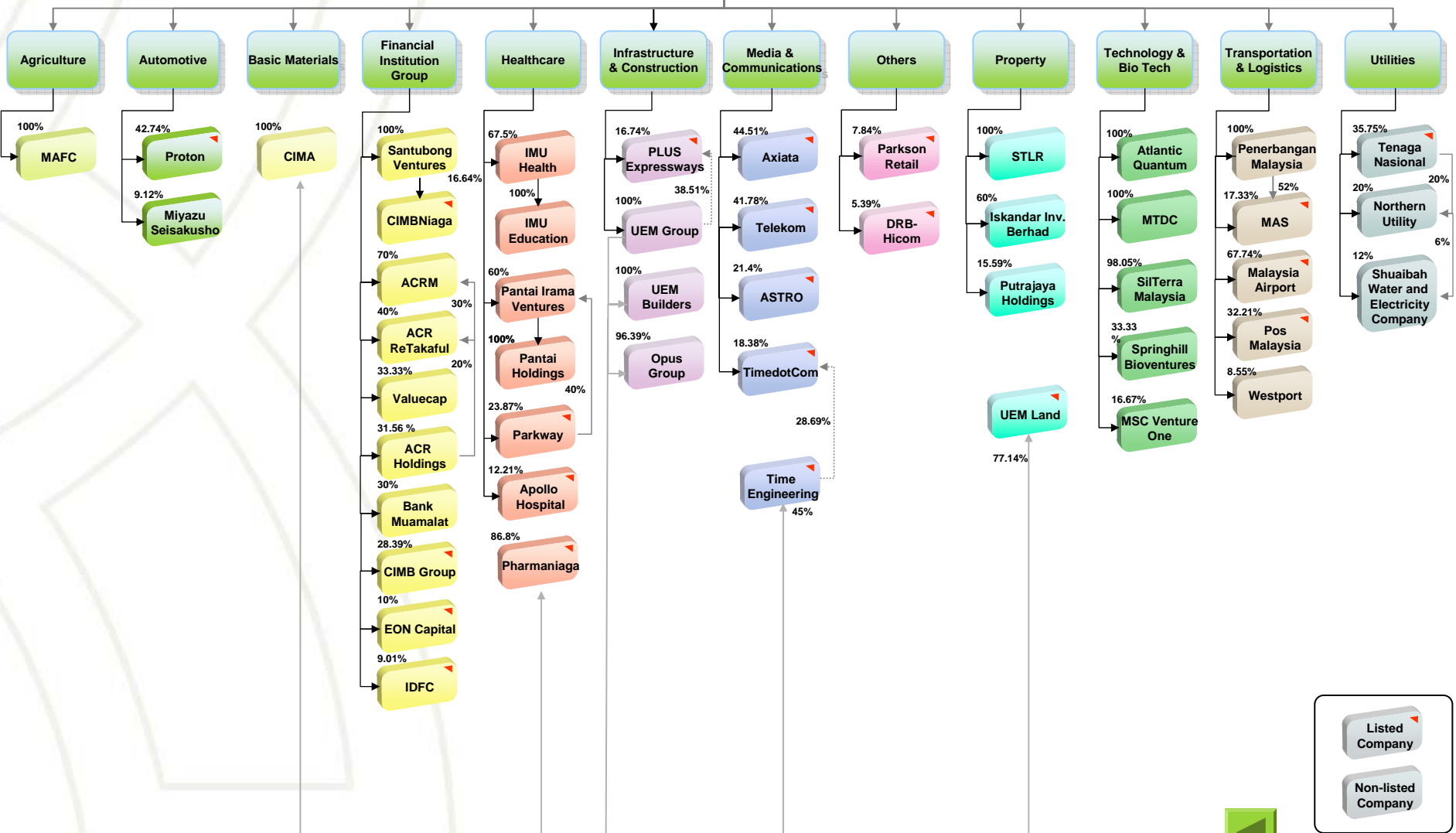
- ★ Fragile global recovery means cautious stance in 2010
- ★ Strengthening further the investment portfolio: including reverting back to transformation mode and orderly divestment of non-core and non-competitive holdings
- ★ Catalysing domestic economic growth in NEIs
- ★ Continue to build for the future at Khazanah and supporting at national level



APPENDICES

Appendix 1: Investment Structure as at 31 December 2009

Khazanah Nasional Berhad



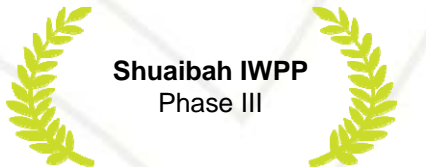
Appendix 2: Awards and recognition



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

Best Secondary Offering
Best Malaysia Deal 2004

FinanceAsia



**Shuaibah IWPP
Phase III**

Power and Water
Deal of the Year 2005

EUROMONEY

Project Finance
Deal of the Year
2005

ProjectFinance

Desalination Deal
of the Year 2006

GW

Power Deal of
the Year
2005

IFLR



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

Most Innovative Deal - Equity

THE Asset



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

Best Equity-Linked Deal
Best Deal (Malaysia) Best Equity Linked Deal
Best Cap Market Deal

THE Asset

IFR
INTERNATIONAL FINANCING REVIEW

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

Islamic Finance news

Best Sukuk Deal

EUROMONEY

Best Equity-Linked
Deal
Best Islamic Finance
Deal

FinanceAsia

Deal of the Year
(Malaysia)

FT
FINANCIAL
TIMES

Best Equity-Linked
Deal

ASIAMONEY

Deal of the Year
(Malaysia)

The Banker

Most Innovative Product

KLIFF

Best Debt Market Deal
Best SE Asia Deal

**ASE Asia Law Awards
2007**



**Human Capital
Management**

the Asia HRD Congress 2007

HR Leadership Award

Asia Pacific HRM Congress

Contribution to Organisation
Mumbai, 2007



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

Best Cross Border Deal 2007
Best Equity Deal 2007

Islamic Finance news



**Asia Capital
Reinsurance Group
Pte Ltd
2007**

Company Launch of
the Year, Worldwide
Reinsurance Awards
2007

THE Review



**Lippo Bank
2007**

Best National
Bank 2007

Harian Ekonomi
Bisnis Indonesia
REFERENSI BISNIS TERPERCAYA

Best Bank
of the Year

Investor



**TdC – DiGi Alliance
2007**

**MALAYSIAN
MERGERS
&
ACQUISITIONS
ASSOCIATION**

Innovative Deal of
the Year 2007

THE EDGE
MALAYSIA

Best M&A 2008



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

Best Deal Malaysia
Best Equity-Linked
Deal

THE Asset

Top 10 Asia Deals

CFO Asia
.COM

The Best Equity Linked
Deal of the Year (SEA)

α
Sukuk Award Asia

Groundbreakers of
2008 (Top 10 Deals of
2008)

**Islamic Finance
Asia**

Best Islamic
Deal of the Year

The Banker

Best Quasi-Sovereign
Sukuk
Most Innovative Islamic
Finance Deal

THE Asset

Best Malaysian Deal

KLIFF

Sukuk Deal of the Year

EUROMONEY

Best Islamic Financial
Services Product

HalalJournal



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Thank You

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