



KHAZANAH
NASIONAL

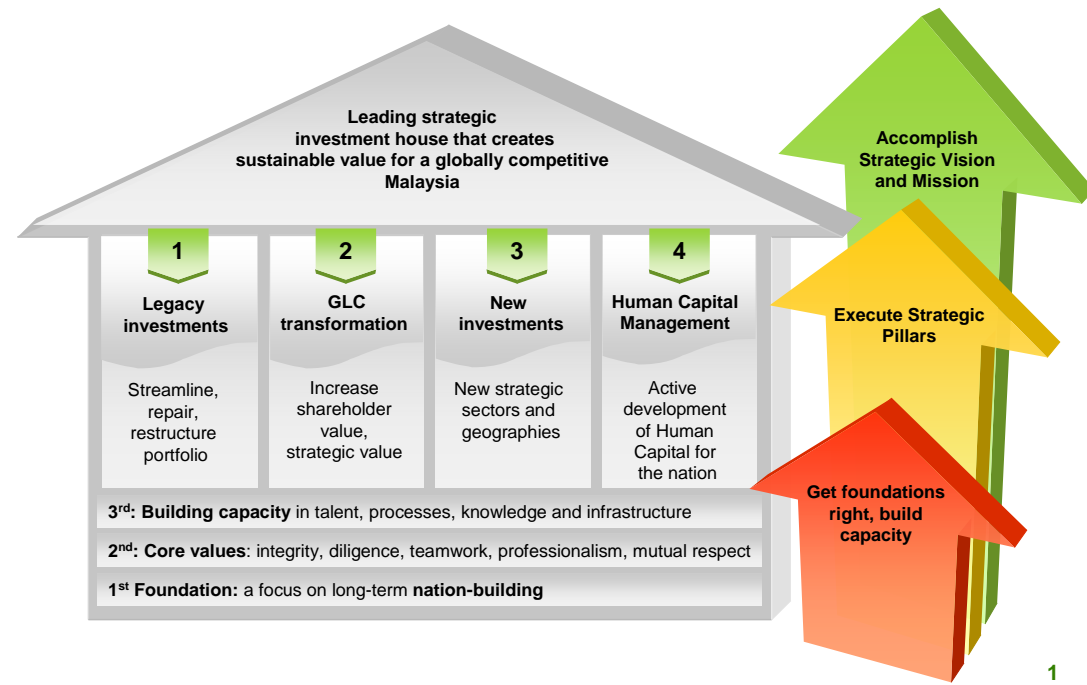
Media Review

SEVENTH KHAZANAH ANNUAL REVIEW

18 JANUARY 2011



- 2010 Financial Performance
- 2010 Strategic and Operational Performance
- Outlook and Focus for 2011

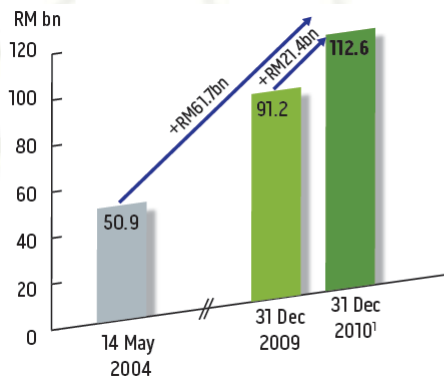


2010 Financial Performance: Significant rise in portfolio value, surpassing local equities index

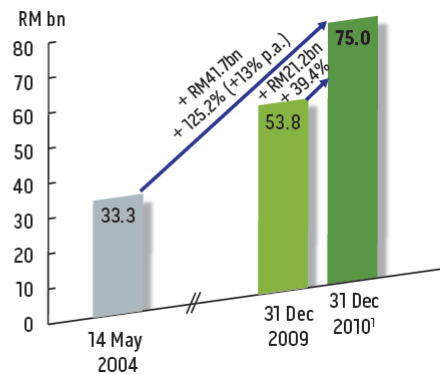
Portfolio Value as at	May 2004	Dec 2009	Dec 2010 ¹
Realisable Asset Value (RAV) (RM bn)	50.9	91.2	112.6
Net Worth Adjusted ² (NWA) (RM bn)	33.3	53.8	75.0
RAV/Liability Cover (x)	2.9	2.4	2.9

	May 2004 – Dec 2010 (6 years 7.5 months)	Dec 2009 – Dec 2010 (12 months)
Change in NWA (RM bn)	41.7	21.2
Change in NWA (%)	125.2	39.4
NWA CAGR (% p.a.)	13.0	

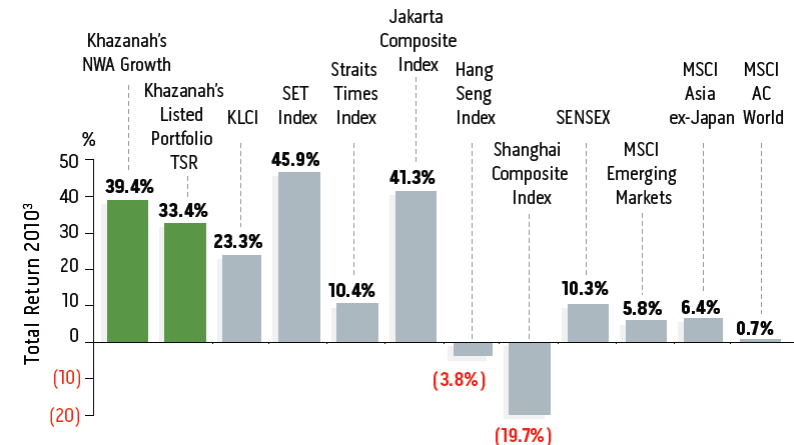
RAV (2004 – 2010)



NWA (2004 – 2010)



Selected Global Equity Indices – Total Return for 2010 (%)



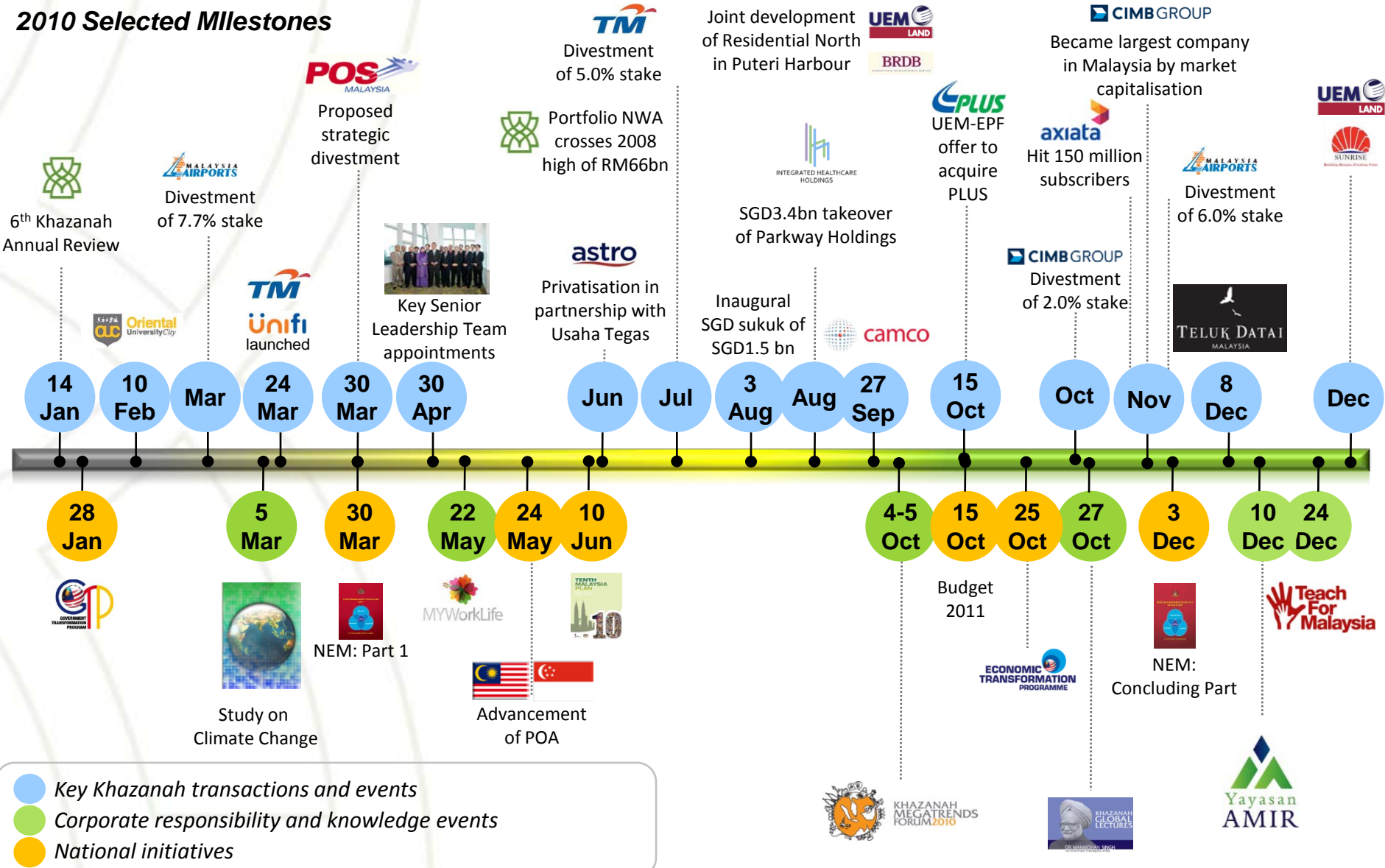
Note: ¹ Based on unaudited accounts

² NWA is defined as RAV less Total Liabilities and adjusted for equity injections less dividends paid, and is a measure of value created

³ In MYR terms

Source: Bloomberg; Khazanah analysis

2010 Selected Milestones

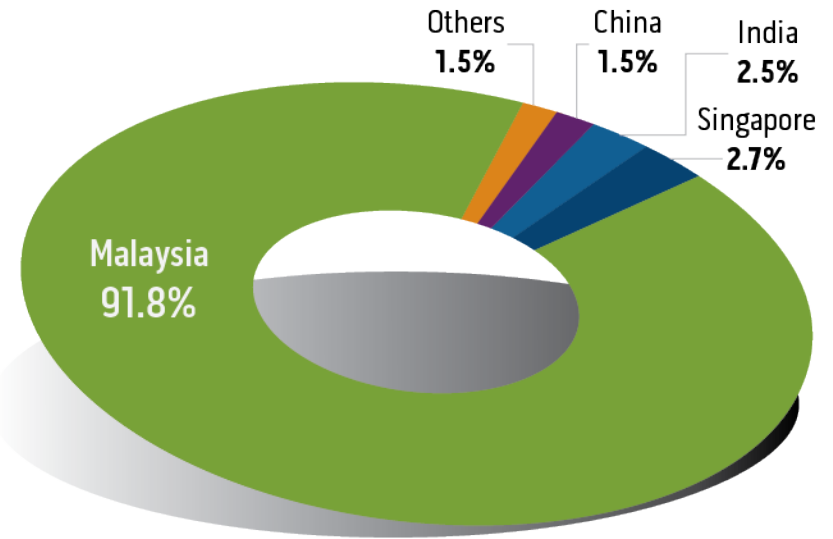
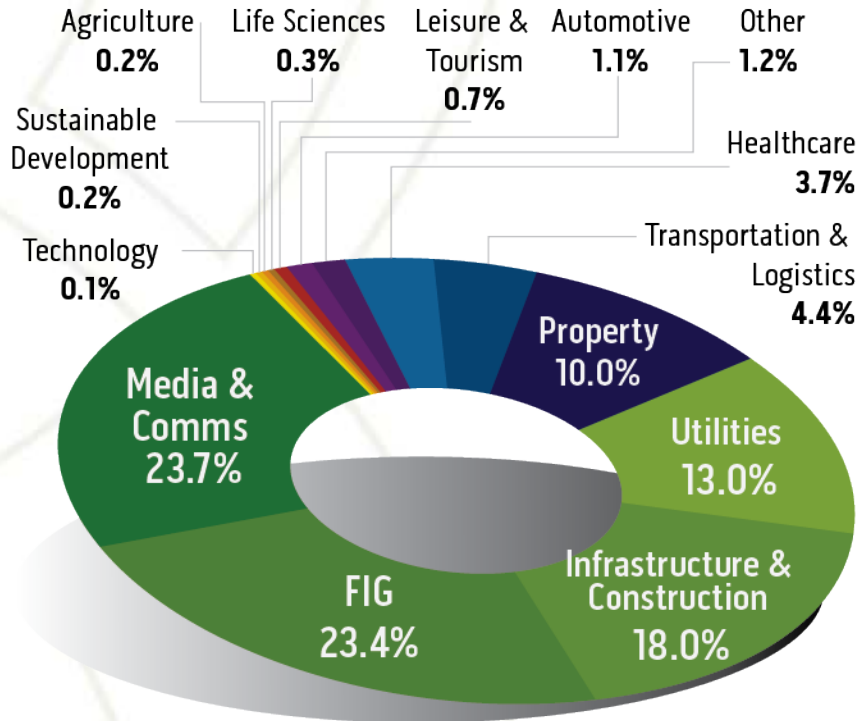


Source: Khazanah compilation

2010 Financial Performance:

Malaysian investments make up almost 92% of Khazanah's equities portfolio

Breakdown of Equities Portfolio by Sector and Geography as at 31 Dec 2010



*Note: Based on unaudited accounts

Source: Khazanah analysis

Year	# of transactions	Investment Amount (RM bn)
2004 – 2009	66	33.6
2010	12	6.5
Total	78	40.1

Selected New Economy Investments (NEI):

Healthcare



Successful SGD3.4bn takeover of Parkway Holdings to strengthen Khazanah's regional healthcare franchise

Award winning transaction and SGD 1.5bn funding arrangement



Best Deal – Singapore
Best Cross Border M&A



Deal of the Year – Singapore



Most Innovative Deal

Leisure & Tourism



Collaborative partnership with private sector in leisure and tourism with commitments of more than RM1bn

Life Sciences



USD33m to bring leading bone reconstruction technology to Malaysia

Sustainable Development



USD30m joint venture to invest in clean energy projects

Education



RM150m investment into China and reverse investment into Iskandar Malaysia's education sector

Year	# of transactions	Divestment Proceeds (RM bn)	Gains on Divestments (RM bn)
2004 – 2009	29	17.8	8.1
2010	7	6.2	3.5
Total	36	24.0	11.6

Selected strategic and non-core divestment activities:

Rationalisation of core holdings – enhancing shareholder value via flagships

 **CIMB NIAGA**

 **CIMB GROUP**





Divestment of non-core assets / streamlining ownership


transaction in progress


transaction in progress



EON CAPITAL
transaction in progress


transaction in progress

Divestment of non-core holdings to increase free float and investability





 **CIMB GROUP**

Monetising holdings in companies through exchangeable sukuk



Building on the fundamentals strengthened during the 2009 crisis, Khazanah has emphasised value creation in 2010

Focused on strengthening existing or legacy investments, especially with regards to resolving R&R cases and ensuring value creation on the M&M and GLCT fronts



Focused on catalysing and spurring the domestic economy, with an emphasis on careful execution of New Economy Investments and collaborative partnerships



camco



astro



KHAZANAH
GLOBAL
LECTURES



SEJUHTERA

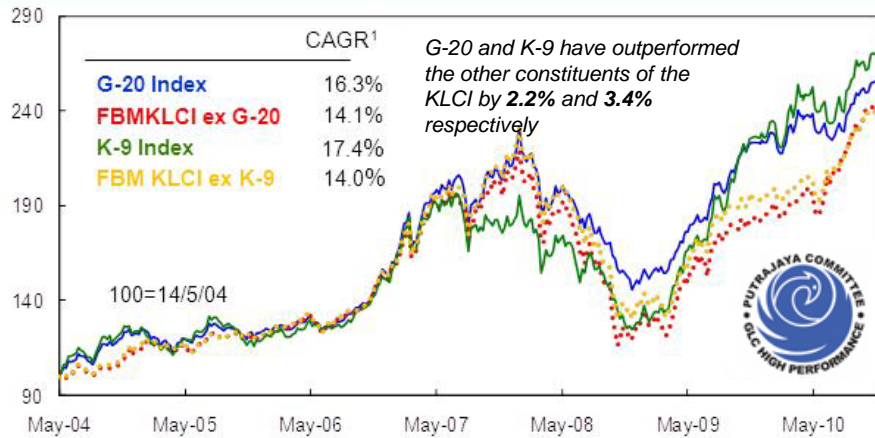


Focused on supporting the national transformation agenda, driving Corporate Responsibility and knowledge development programmes



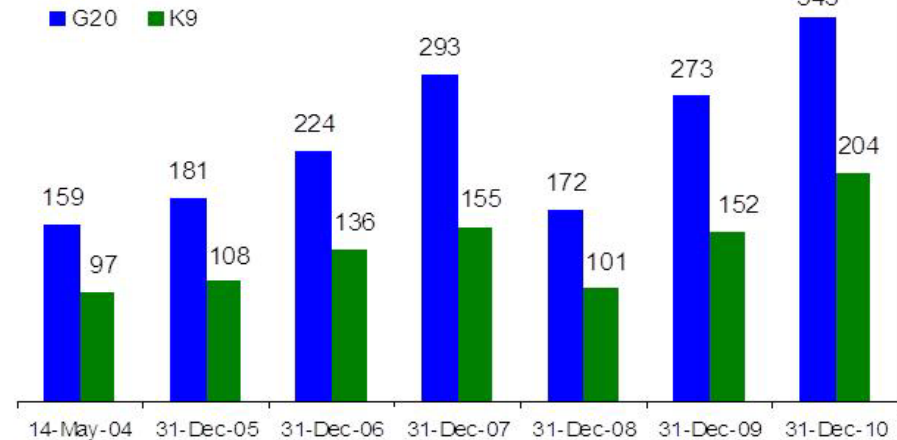
2010 Strategic and Operational Performance: GLC Transformation work continues, with strong results from K-9 companies and benefits to multiple stakeholder groups

TSR Index from 14 May 04 to 31 December 10



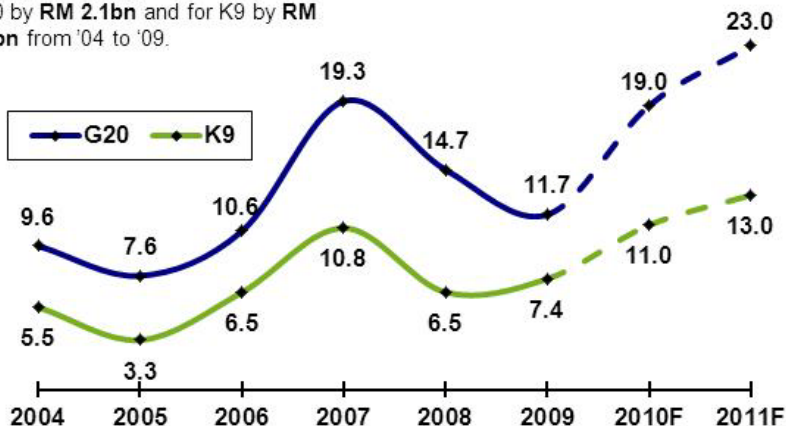
¹Compounded Annual Growth Rate for the period 14 May 2004 to 31 December 2010.

Market Capitalisation (RM bn)



Aggregate Earnings (RM bn)

Aggregate earnings has increased for G20 by **RM 2.1bn** and for K9 by **RM 1.9bn** from '04 to '09.



Stakeholder Benefits



>5,000 graduates placed in **638 companies**; 72% have secured jobs



207 schools adopted by 25 GLCs, covering more than **103,000 students**
'Straight As' UPSR results exceeded national average for 2007, 2008 and 2009



2,148 families including in East Malaysia have received benefits



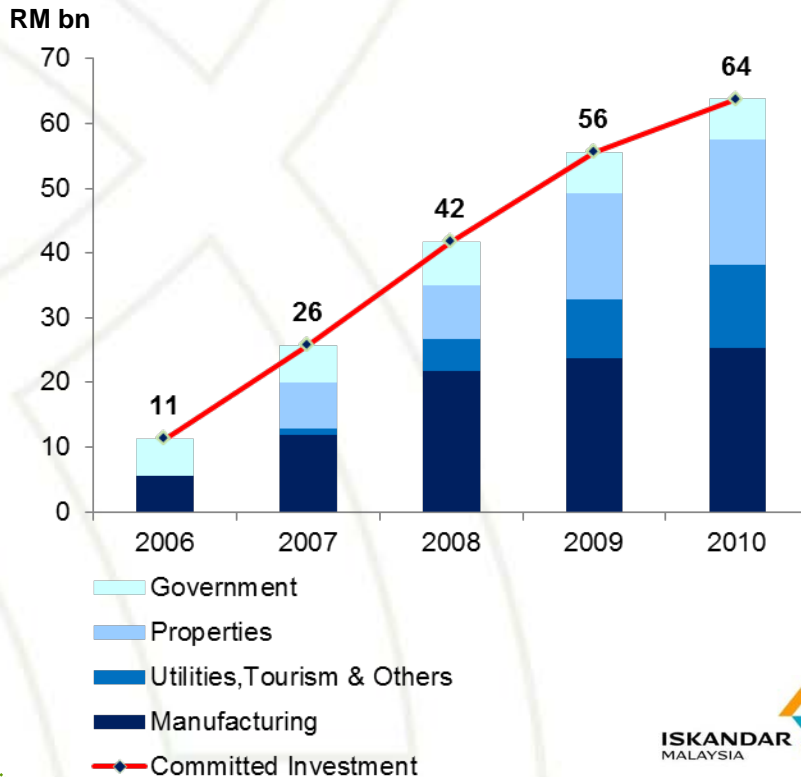
130 graduates of 'Vendor Development Programme' since 2004

Sector	Key Holdings & Initiatives	2010 Milestones
Iskandar Malaysia	  <ul style="list-style-type: none"> • Medini • Educity • East Ledang 	<ul style="list-style-type: none"> • Investment commitments totaling RM64bn secured during 2006 – 2010 • UEM Land share price rose by 99% in 2010 alone
Leisure & Tourism	   	<ul style="list-style-type: none"> • Puteri Harbor hotel, retail and entertainment complex and Legoland to be completed in 2012 • KidZania Kuala Lumpur on target for opening in 2012 • Launch of Teluk Datai master development plan; joint venture with Shangri-La to co-develop a 5-star resort in Teluk Datai
Creative Industries, Technology and Telecommunications Services	   	<ul style="list-style-type: none"> • CEO for Iskandar Malaysia Studios Sdn Bhd recruited, project currently in detailed design phase • Privatisation of Astro in partnership with Usaha Tegas Sdn Bhd • Roll out of High Speed BroadBand (HSBB) service (UniFi launched on 24 March 2010)
Healthcare and Life Sciences	  	<ul style="list-style-type: none"> • Successful takeover of Parkway Holdings to strengthen Khazanah's regional healthcare franchise
Energy and Green Technology		<ul style="list-style-type: none"> • Investment in Camco International • Joint venture with Camco International to form Camco South East Asia
Agriculture	  	<ul style="list-style-type: none"> • Ongoing investments in high value-add ventures • Entry of Biotropics products into US and Hong Kong markets
Education Services	  	<ul style="list-style-type: none"> • Investment into Oriental University City in China; and subsequent investment by Raffles Education Corporation into Iskandar Malaysia • Launch of Trust Schools Public-Private Partnership project by Yayasan Amir

Investments

RM64bn of **committed investments** secured, of which RM27bn were from foreign investors. 42% or RM27bn of this amount has been spent to date.

Cumulative Committed Year on Year Investments

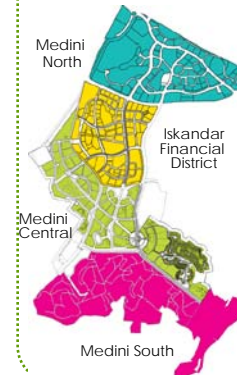


Educity @ Iskandar



- **Commenced physical construction** on Educity infrastructure facilities sports complex, Marlborough College and Newcastle University Medicine Malaysia
- **Signed agreements** with Netherlands Maritime Institute of Technology in Iskandar Malaysia, Raffles Education Corporation and Management Development Institute of Singapore

Medini Iskandar Malaysia



- Initial investment of USD1.2 bn by Middle Eastern investors
- Expected Gross Development Value (GDV) of USD20 bn over 15 – 20 years.



Creative Industries



Agreements for Pinewood Iskandar Malaysia Studios signed in 2009, currently in detailed design phase

Leisure & Tourism

- LEGOLAND
- Puteri Harbor hotel, retail and entertainment complex



Selected transactions in 2010:



Malaysian consortium for construction of the USD2.5bn Shuaibah IWPP, Saudi Arabia; commissioned in January 2010



Partnership with Usaha Tegas to buy out RM4.2bn of minority shareholdings; privatisation to facilitate creation of a leading regional integrated media group



Joint ventures with Shangri-La Hotels and original founders to invest more than RM1bn to roll out Teluk Datai master development plan in Langkawi

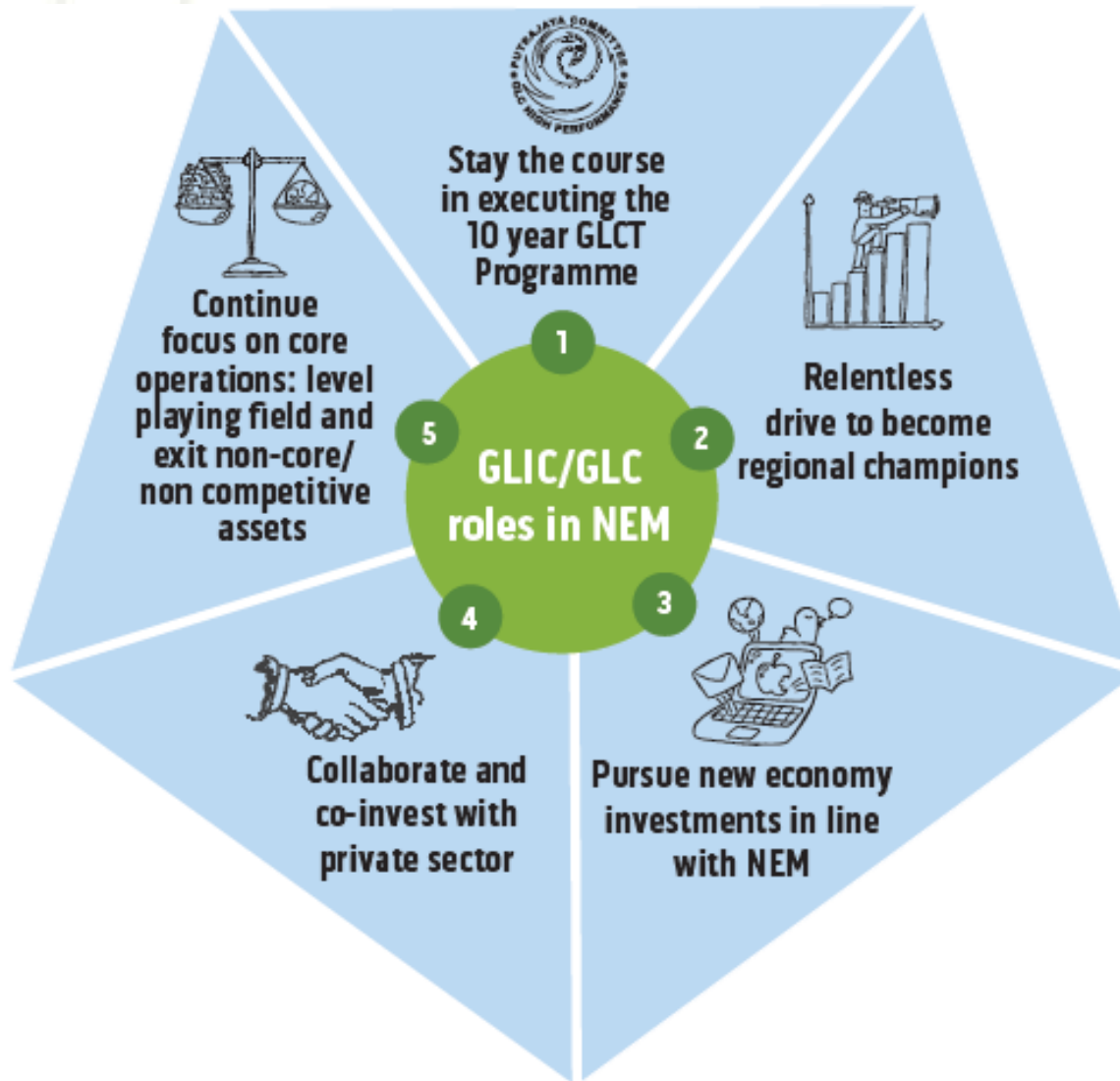


UEM Land and Bandar Raya Developments Bhd to jointly develop Residential North, a RM2.3bn waterfront development project in Puteri Harbour, Nusajaya



Ongoing merger between UEM Land and Sunrise for Malaysia's largest property developer with a combined market capitalisation of more than RM13bn

2010 Strategic and Operational Performance: Khazanah and investee companies have been closely aligned with the New Economic Model



Implementation of high-impact Corporate Responsibility and knowledge development programmes, as well as participation by providing inputs into national initiatives, including Government Transformation Programme, Economic Transformation Programme, New Economic Model and Talent Corporation.

Corporate Responsibility



SEJUHTERA



Knowledge Development



Support of National Transformation Initiatives



Talent Corporation

Financial Portfolio Value Creation

- Addition by addition: Ongoing value creation at portfolio companies – M&M value creation, GLC Transformation, resolve R&R cases, regionalization
- Addition by subtraction: Ongoing divestment program of non-core assets and non-core holdings; as well as strategic divestments of selected companies
- Continue prudent and innovative liability management

Strategic Value Creation through Catalytic Initiatives

- Execution of New Economy Investments
- Intensify Co-investment and collaboration activities with both GLC and non-GLC sectors
- Ongoing support of National Transformation Programmes (GTP, ETP, NEM)



Institutionalisation – Two Thirds Way Through of a Ten Year Khazanah Revamp Programme

- Ongoing continuous development of systems, controls, risk management capabilities
- Ongoing human capital development (482 staff), strengthening the corporate culture
- Learning Organization initiatives

2010 Financial Performance

- ✦ Investment Portfolio made significant gains; RAV rose to at RM112.6bn and NWA rose by RM21.2bn or 39.4% to RM75.0bn
- ✦ Comfortable financial position with asset cover of 2.9x
- ✦ Disciplined investments totalling RM6.5bn in key sectors, while orderly divestments amounted to RM6.2bn

2010 Strategic and Operational Performance

- ✦ Driving shareholder value creation via the GLCT Programme and transactions based on collaborations and co-investments
- ✦ Significant progress on various catalytic NEI initiatives including in Iskandar Malaysia
- ✦ Continued to support the national transformation agenda; driving Corporate Responsibility and knowledge development programmes

Outlook and Focus for 2011

- ✦ Execution – financial portfolio value creation
- ✦ Strategic value creation through catalytic activities
- ✦ Institutionalisation – two-thirds way through of a ten-year Khazanah revamp programme



Thank You

Visit our website at : www.khazanah.com.my

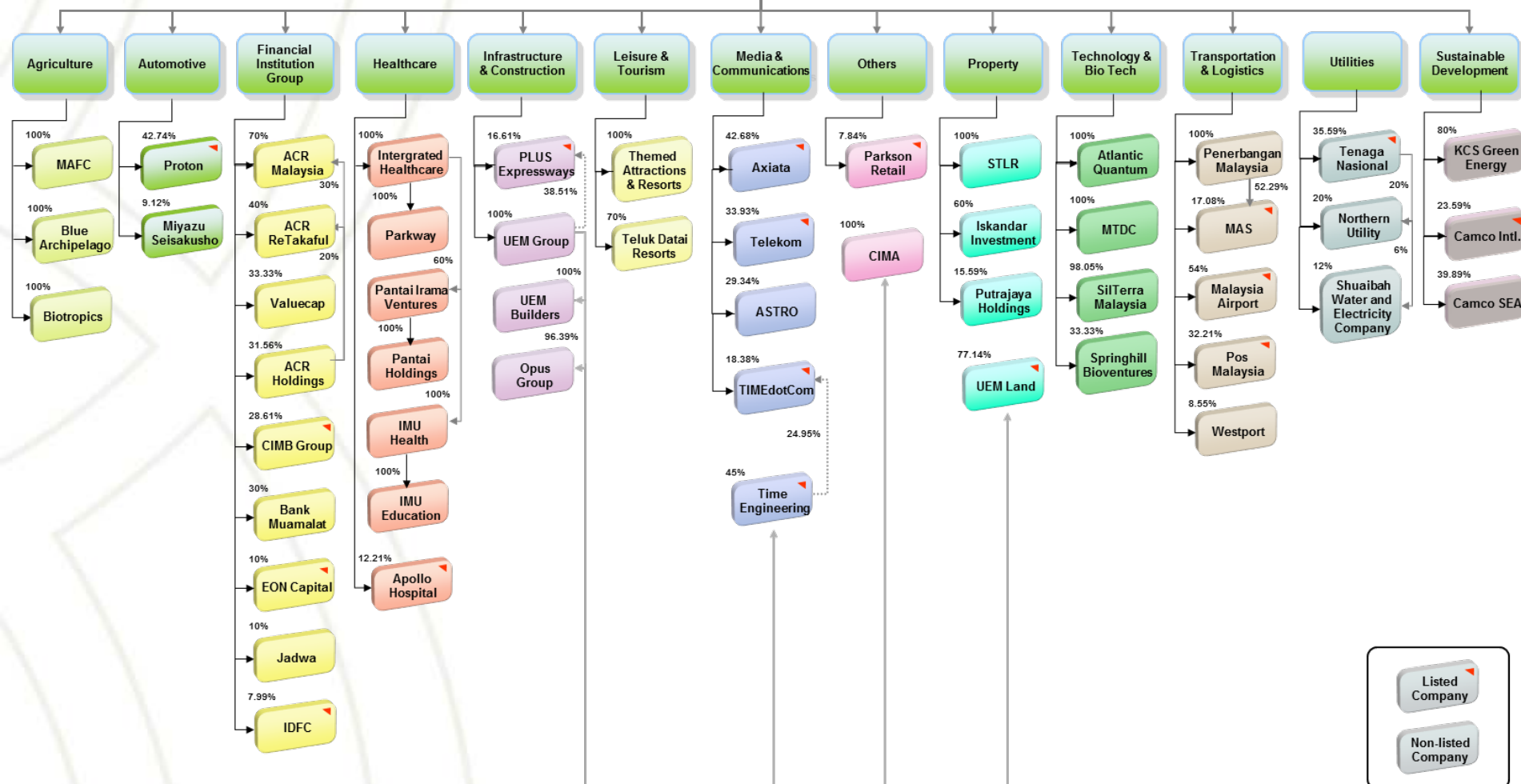


APPENDICES



Khazanah Leadership Team
3rd Chevron 2010-2013
May 2010

Khazanah Nasional Berhad



Appendix 3: Awards and recognition



Outstanding
Contribution by a SWF
to the Islamic Finance
Industry 2010



Best Cross Border M&A
&
Best Deal – Singapore



Singapore Deal
of the Year



Most Innovative Deal
of the Year 2010



ICQCC 2010
Gold Award

ICC National Convention
Championship 2009
National 3 Gold Stars
Top 10 Service Sector



Top Investment Bank in
Asia 2010



Strongest Bank in Malaysia
Award 2010



Banking Awards 2010



Best Islamic Bank in Asia 2010



Most Outstanding Islamic
Investment Bank 2009



Best Investment Bank
(Malaysia) 2009



Best Islamic Finance House
2009



Best of the Best Awards 2009

FROST & SULLIVAN

Malaysia Telecom
Awards 2009 & 2010



Top 10 Masterbrand
Awards 2010
Communications



Best Employer in
Malaysia 2009



Supplier of the Year
Award
Famous Brands 2010
Food Division
Fresh Produce Category



Telecom Asia Awards 2010
-Best Regional Mobile Group
-Best Mobile Carrier
-Telecom CEO of the Year

FROST & SULLIVAN

Asia Pacific ICT Award 2009
-Best Telecom Group of the Year
-Managed Service Provider of the Year



Alpha South East Asia
Annual Deal Awards 2009
Best Secondary Deal of
2009 in Southeast
Asia



Celcom Axiata
Masterclass CEO of the Year

Malaysian Corporate
Governance Index 2009
Merit Award

FROST & SULLIVAN

Asia Pacific Aerospace &
Defence Awards 2010
-Best Value Airline of the Year



Skytrax
5-Star Airline Award 2009/2010



World Travel Awards
Asia's Leading Airline 2009

Global Traveller Magazine
Best Airline in Southeast Asia
2009



GCC Investment &
Development Award 2010
Best GCC Asset Management
Company



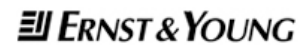
Power Categories 2010
-Power Company of the Year
-CEO of the Year



Brand Leadership Award
2010



Singapore VC and Private
Equity Association Annual
Awards 2010
Best Performing VC/PE-
Backed Company



Entrepreneur of the Year
2010
Singapore