



KHAZANAH
NASIONAL

10th KHAZANAH ANNUAL REVIEW

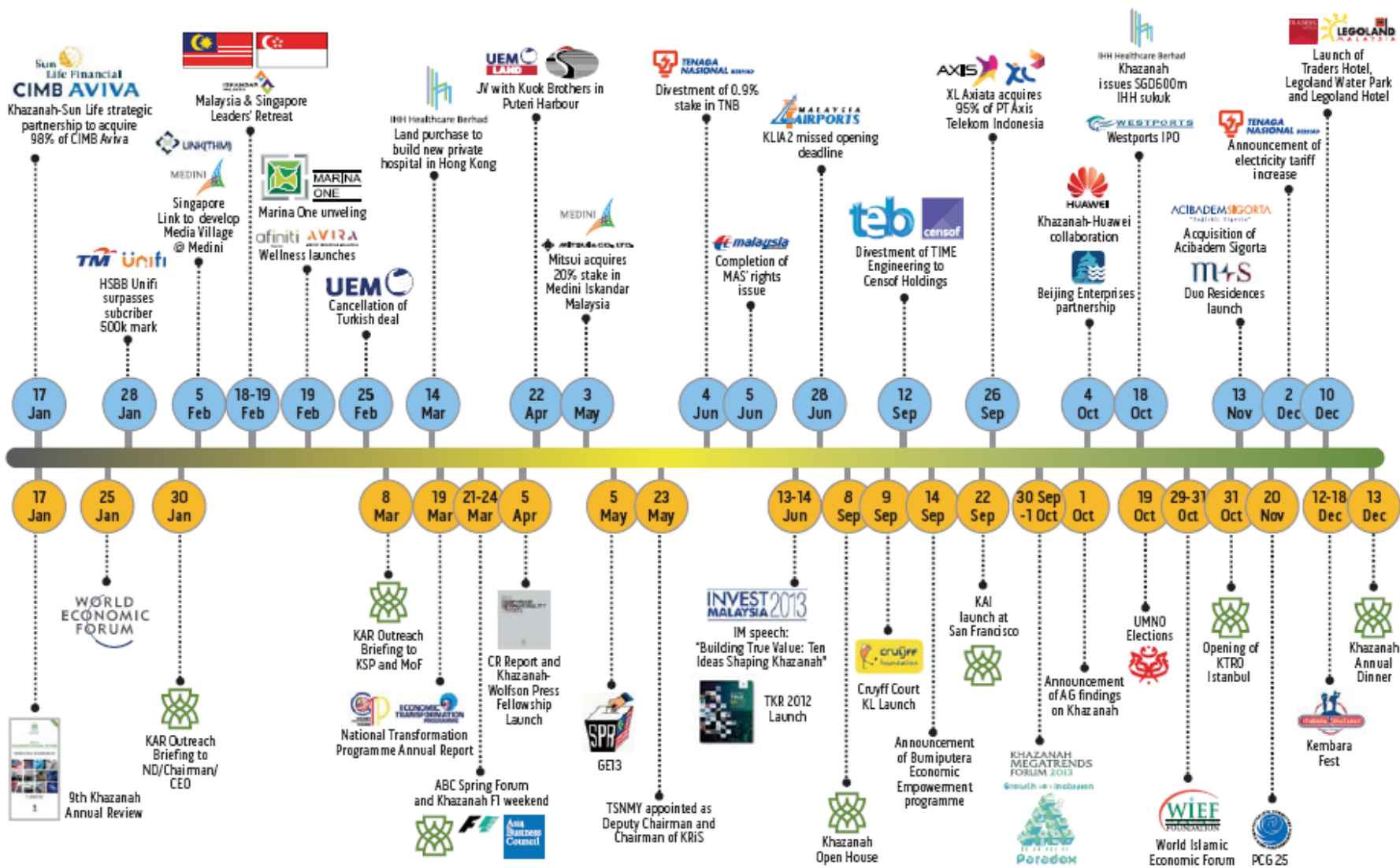
Review of 2013 & Outlook for 2014

20 January 2014





2013: A busy and eventful year



Source: Khazanah compilation



2013 Financial Performance¹: Steady growth in portfolio value with acceptable level of risk

PORTFOLIO AS AT (RM bn)	14 May 04	31 Dec 12	31 Dec 13	Δ 2012-13	Δ 2004-13
Realisable Asset Value ² ("RAV")	50.9	121.5	134.9	+RM13.4bn (+11.1%)	+RM84.0bn (+164.8% or 10.6% p.a. ⁴)
Net Worth Adjusted ³ ("NWA")	33.3	86.9	103.5	+RM16.6bn (+19.1%)	+RM70.2bn (+211.0% or 12.5% p.a. ⁴)
RAV/Liabilities ("RAV Cover") (x)	2.9	3.3	3.7		
Shareholders' Funds	7.7	27.0	28.3	+RM1.3bn (+4.9%)	+RM20.6bn (+269.8% or 14.5% p.a. ⁴)

RAV²
(RM bn)
134.9

NWA³
(RM bn)
103.5

RAV Cover
(times)
3.7

Note 1: Based on unaudited 2013 accounts

Note 2: RAV: Market value of all equities, securities and cash held. Where no market price is available, a conservative estimate of value is used.

Note 3: NWA: RAV less Total Liabilities and adjusted to measure value created

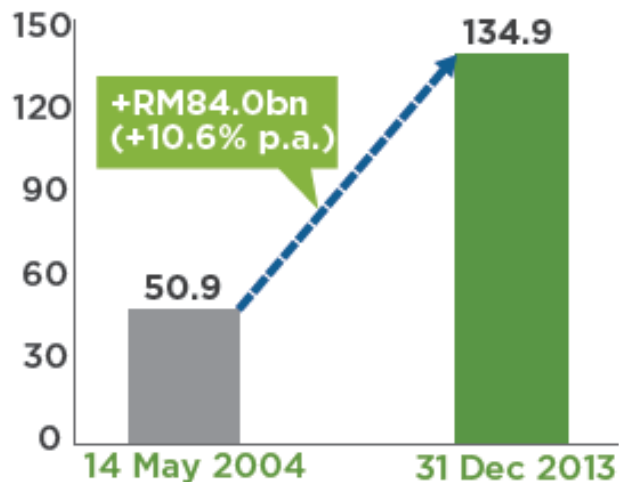
Note 4: Compounded Annual Growth Rate

Source: Khazanah analysis

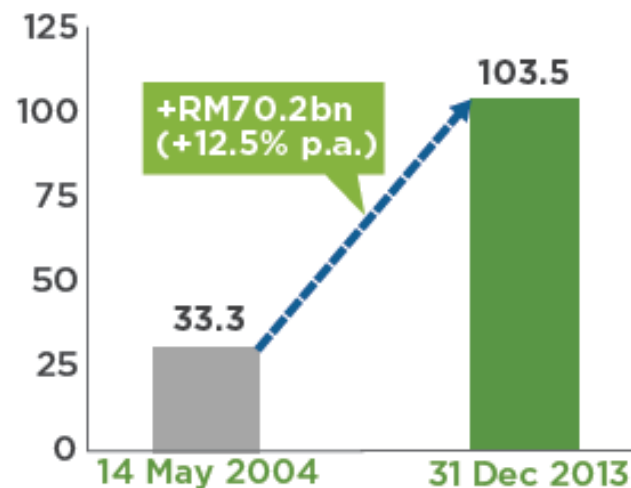


2014 coincides with the 20th year of Khazanah's incorporation and 10th year since start of Khazanah revamp – financial results over this period are encouraging

RAV (RM bn)



NWA (RM bn)



FINANCIAL STATEMENTS HIGHLIGHTS (RM m)

Financial Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 ¹	Cumulative
Profit Before Tax	282	(831)	1,014	5,110	128	791	2,081	5,342	2,077	3,089	19,083
Dividends Declared	30	30	100	1,000	100	100	500	3,000	1,000	650	6,510
Taxation	73	126	225	195	350	(25)	28	66	188	57	1,283

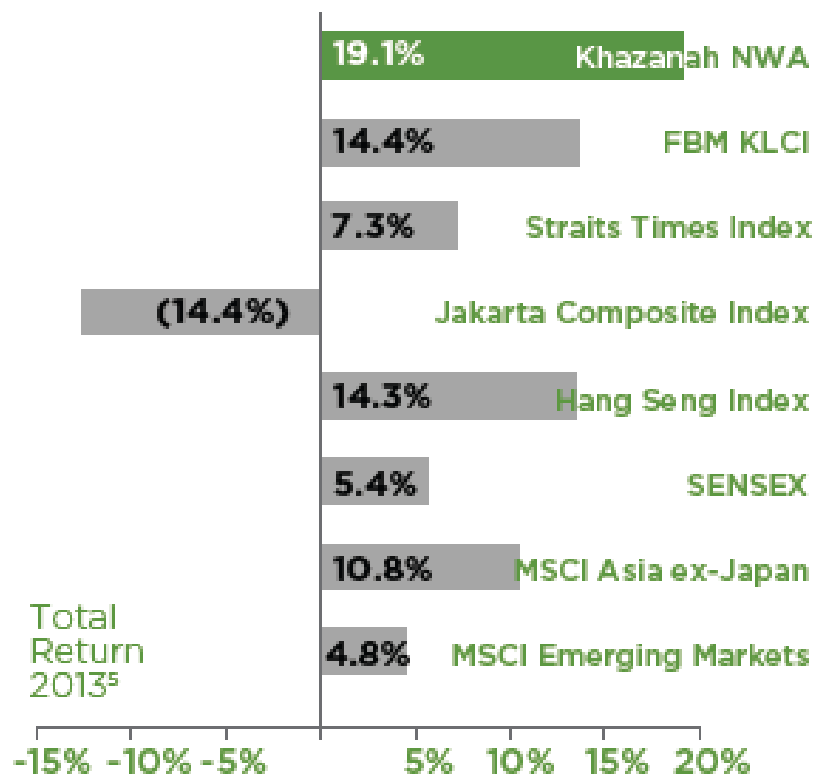
Note 1: Based on unaudited 2013 accounts

Source: Khazanah analysis

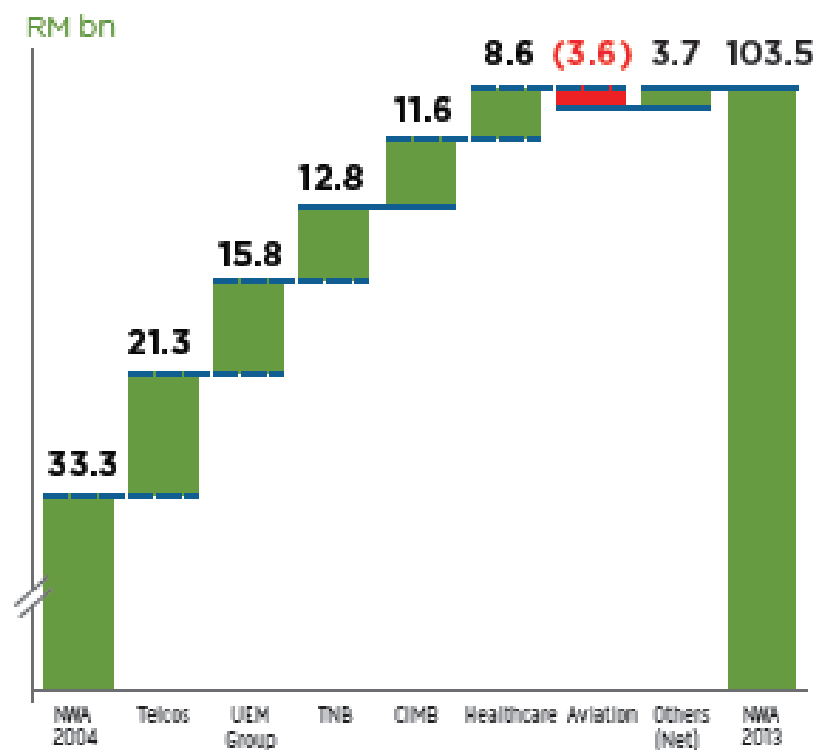


From May 2004, Khazanah's NWA growth has been driven mainly by transformation in key investee companies

2013 PERFORMANCE OF PORTFOLIO AGAINST REFERENCE ASIAN MARKETS



DECOMPOSITION OF PORTFOLIO NWA MOVEMENT SINCE MAY 2004



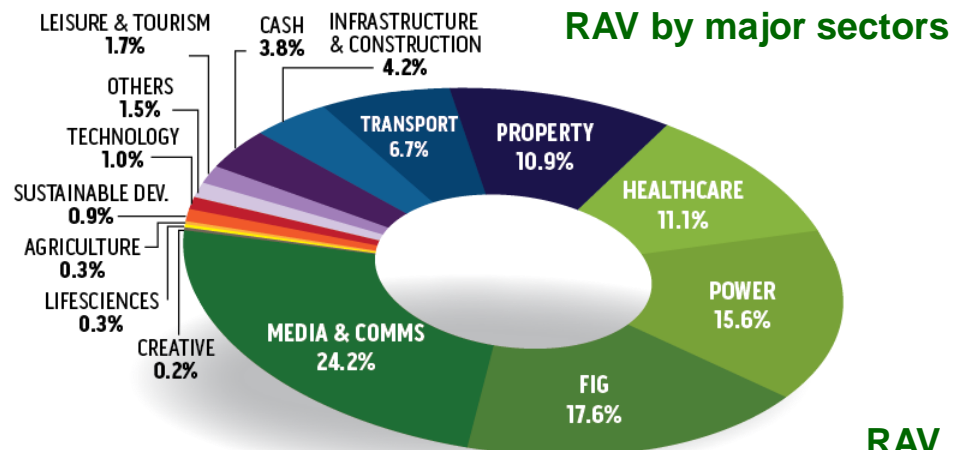
Note 5: In RM terms

Source: Bloomberg; Khazanah analysis

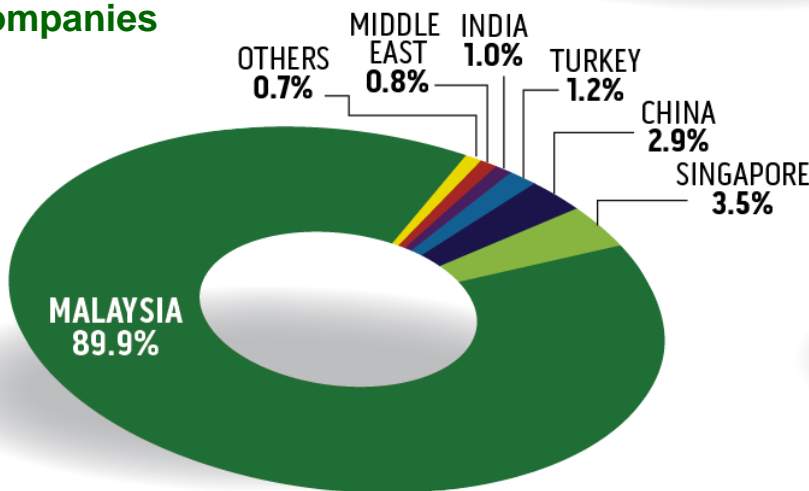


Portfolio Segmentation:

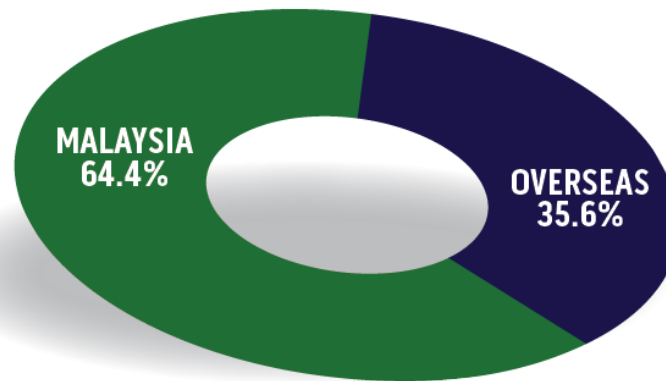
Whilst still largely domestic focused, we continue to gradually expand our regional exposure



RAV by domicile of companies



RAV by geographic exposure⁶



Note 6: An estimate of attributable value according to the countries where investee companies have operations

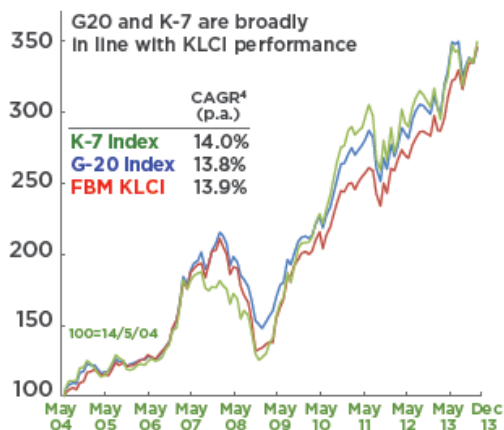
Source: Khazanah analysis



GLC Transformation:

Both the G-20 and the K-7 continue to show steady performance and strong fundamentals, while staying the course towards graduation

TOTAL SHAREHOLDERS' RETURNS ("TSR")



AGGREGATE EARNINGS (RM bn)

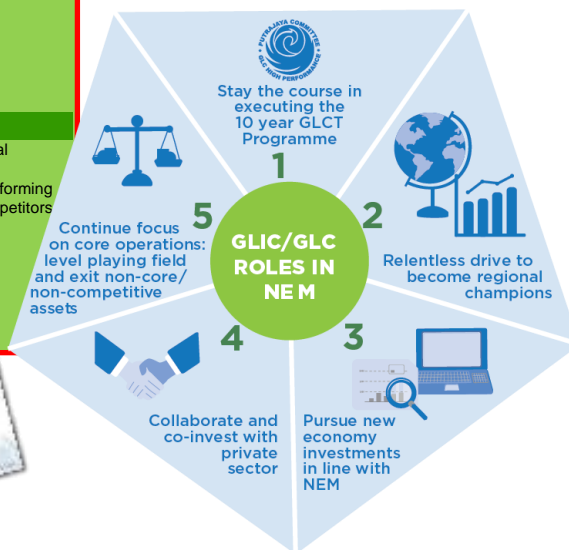
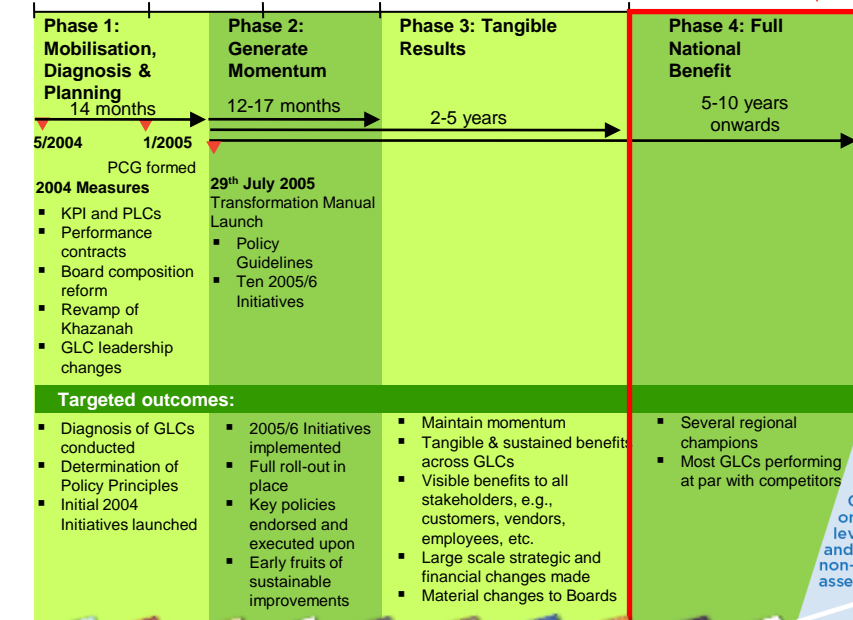
Aggregate earnings increased for G20 by RM16.5bn and for K-7 by RM8.5bn from 2004 to 2013



TOTAL SHAREHOLDERS' RETURNS OF K-7 COMPANIES SINCE MAY 2004

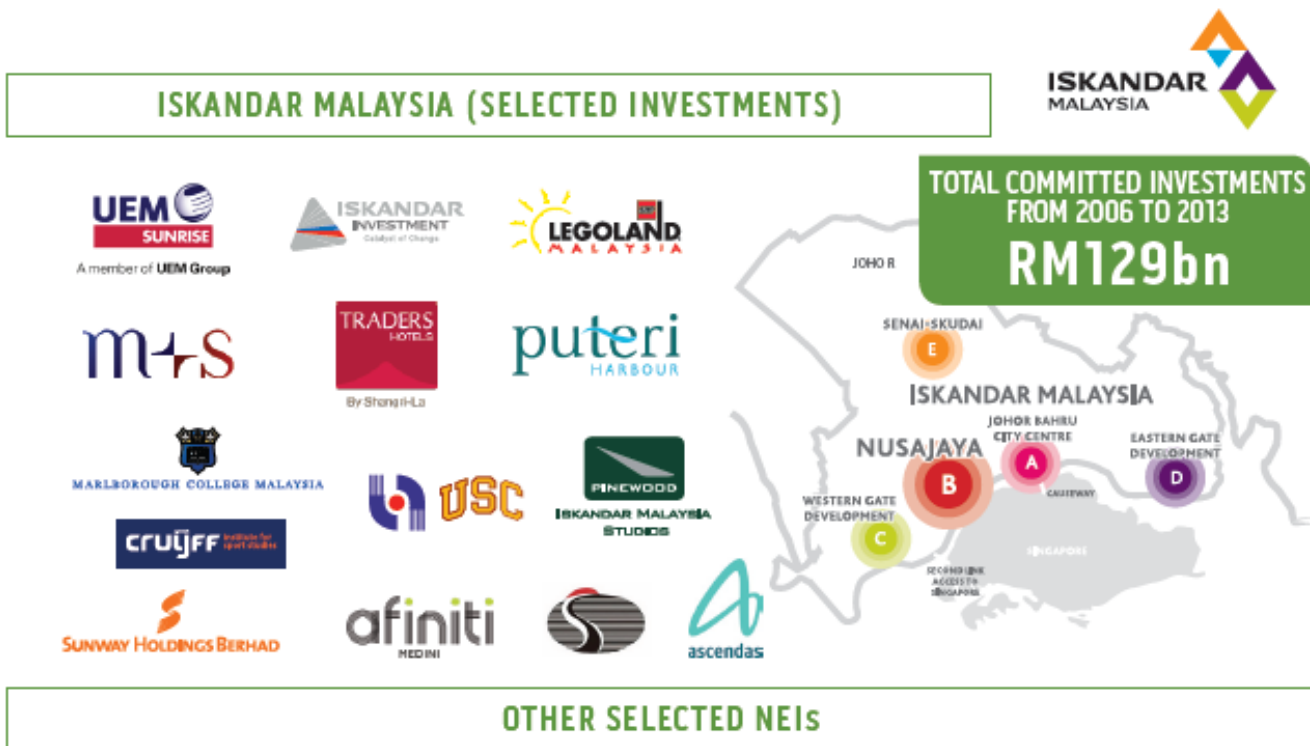


2004 2005 2006 2007 2010 **We are here** 2015





New Economy Investments (“NEIs”): Khazanah has successfully delivered on milestones in Iskandar Malaysia projects and other NEIs, with much more work in the pipeline





Investments and Divestments:

Khazanah has rolled out RM58bn of investments over the last 10 years, with several significant milestones

FROM 2004- 2013	NO. OF TRANSACTIONS	AMOUNT (RM bn)	GAINS ON DIVESTMENTS (RM bn)
INVESTMENTS	109	58.1	-
DIVESTMENTS	61	37.2	16.4

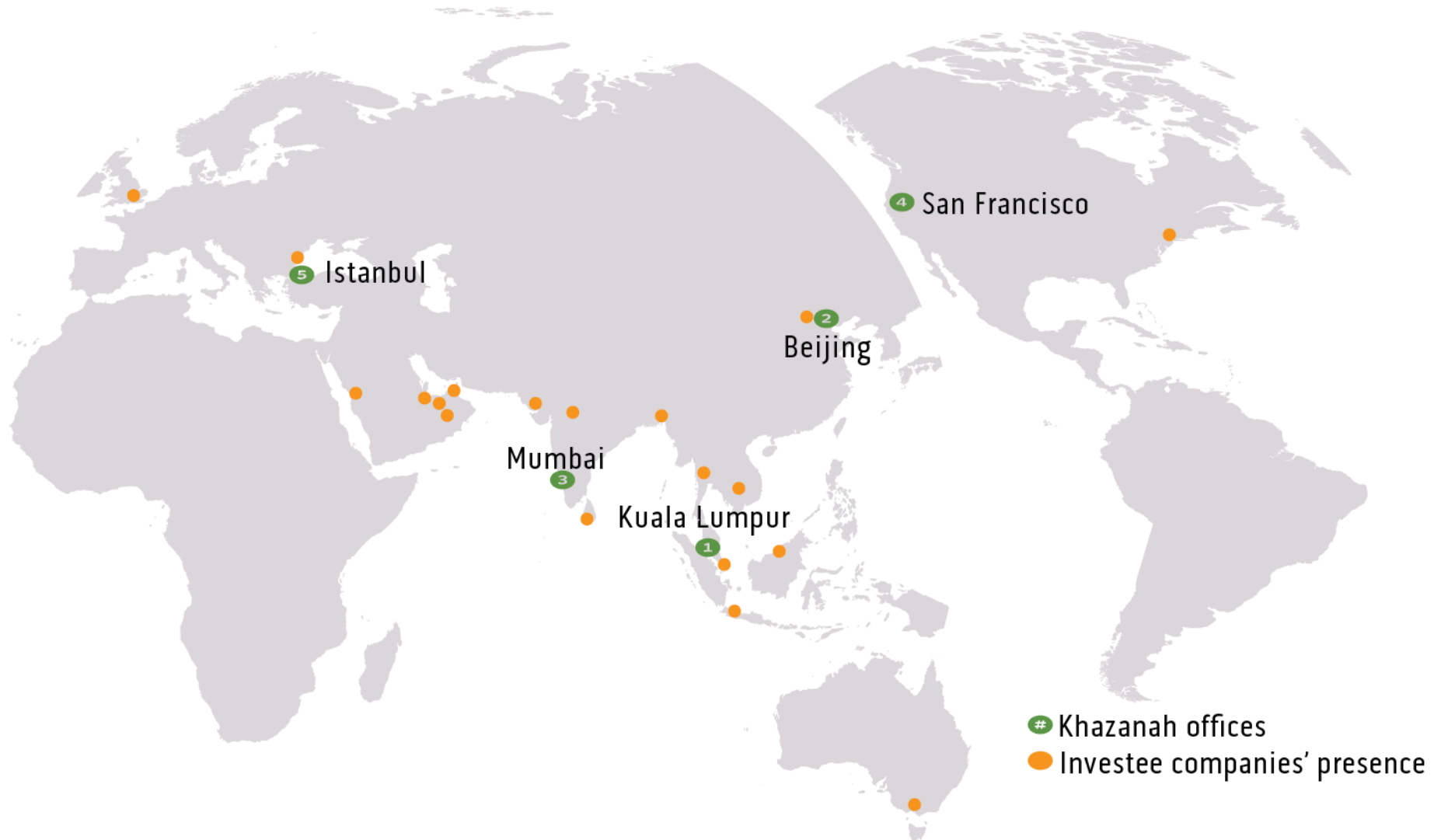
SELECTED SIGNIFICANT TRANSACTIONS AND MILESTONES

<p>TELCOS</p> <ul style="list-style-type: none"> • Demerger • Regional expansion • National project • Strengthening market position 	<p>BANKING</p> <ul style="list-style-type: none"> • Turnaround and restructuring • Mergers and acquisitions • Divestment of non-core assets 	<p>UEM GROUP</p> <ul style="list-style-type: none"> • De-layering • Privatisation • Recapitalisation and IPO⁷ • Merger
<p>INSURANCE</p> <ul style="list-style-type: none"> • Building regional platforms 	<p>HEALTHCARE</p> <ul style="list-style-type: none"> • Takeover and consolidation • IPO⁷ • Co-investments 	<p>AVIATION</p> <ul style="list-style-type: none"> • Business Turnaround Plan • Recapitalisation • Launch of A380 service • Comprehensive Collaboration Framework • Financial restructuring • Overseas presence
<p>DIVESTMENTS</p> <ul style="list-style-type: none"> • Earn-out structure • Disposal of non-core assets • Market placements • Divestment to entrepreneur 	<p>FUNDING</p> <ul style="list-style-type: none"> • Groundbreaking exchangeable sukuk • Inaugural sovereign sukuk <p>SGD1.5bn Islamic Medium Term Notes</p> <p>RMB500m sukuk</p>	

Note 7: Initial Public Offering
Source: Khazanah analysis



International Presence: Two new offices opened in 2013, with increased investee companies' presence globally



Khazanah offices
● Investee companies' presence



Returns to Stakeholders: Ongoing commitment to support social and environmental issues via various CR initiatives

- RM336 million contributed since 2006 for Corporate Responsibility ("CR") purposes
- RM10 million committed in 2013 for flood relief and disaster preparedness efforts
- Yayasan Hasanah established in Dec 2013 focusing on five core pillars: Education, Community Development, Environment, Arts, Heritage & Culture and Knowledge.



SELECTED CR INITIATIVES



- ▲ Yayasan Sejahtera - Poverty alleviation



- ▲ Trust schools/school transformation programme



- ▲ Cruyff Courts – providing public playing fields for disadvantaged children, youths and community





Knowledge Development: Khazanah is committed to being a learning organisation and ensuring institutionalisation of knowledge

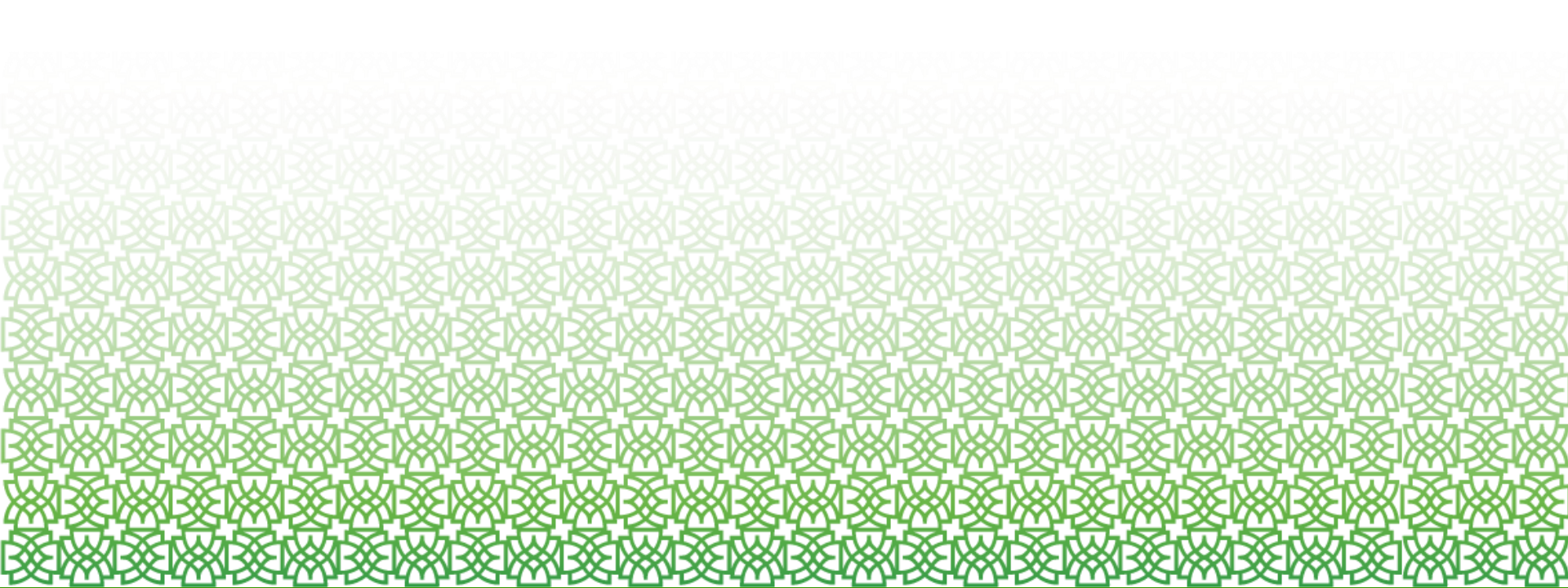
- Support for government policy formation and national knowledge development
- Building international linkages via partnerships and collaborations
- Committed to a learning organisation and deepening the national knowledge pool through events and publications
- Newly-established Khazanah Research Institute (KRiS) to provide research and analysis on matters related to the nation's on-going economic development





Outlook for 2014

- In its 10th year of the transformation programme, Khazanah will fundamentally stay the course of its revamp programme.
- General outlook in markets, economies and societal and political trends continue to be cautious and uncertain, but there are also several bright pockets in various sectors and geographies that we are invested in. Our overall investment stance remains cautious where there is a premium on remaining alert and nimble.
- Ongoing work on strengthening Khazanah as an institution will continue into 2014.
- Thankfully, we enter 2014 from a position of relative strength financially and operationally.
- As such, we look forward to taking on both the challenges and opportunities of 2014 and the medium term to 2016, mindful of three important milestones:
 - 2014: 10th anniversary of the Khazanah revamp programme and 20th anniversary of Khazanah;
 - 2015: 10th anniversary and graduation of the GLC Transformation Programme; and
 - 2016: 10th anniversary of the launch of Iskandar Malaysia.



Thank You

Visit our website at www.khazanah.com.my



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