



11TH KHAZANAH ANNUAL REVIEW

Review of 2014 & Outlook for 2015

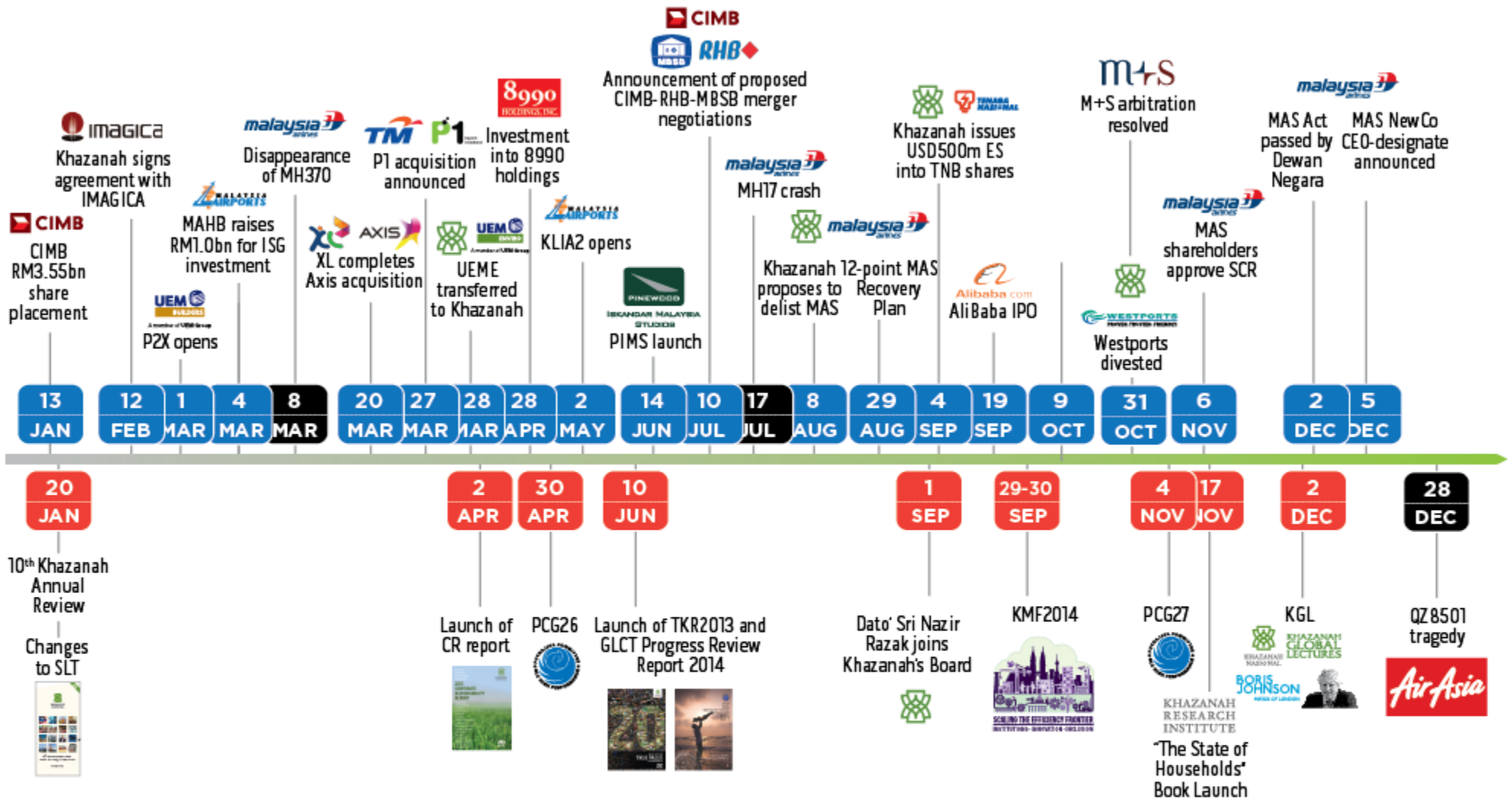
14 JANUARY 2015

KHAZANAH NASIONAL





2014: Overall steady progress over a challenging year



Source: Khazanah compilation



2014 Financial Performance:

Portfolio NWA rose to RM110.8bn as at 31 Dec 2014, 3.3 times the value since the Khazanah revamp started in 2004

PORTFOLIO AS AT (RM bn)	14 May 04	31 Dec 13	31 Dec 14 ¹	Δ 2013-14	Δ 2004-14
Realisable Asset Value ² ("RAV")	50.9	135.1	145.6	+10.5 (+7.8%)	+94.7 (+10.4% p.a. ⁴)
Net Worth Adjusted ³ ("NWA")	33.3	101.5	110.8	+9.3 (+9.2%)	+77.5 (+12.0% p.a. ⁴)
RAV/Liabilities ("RAV Cover") (x)	2.9	3.7	3.7		
Shareholders' Funds	7.7	29.4	35.1	+5.7 (1.2x)	+27.4 (4.6x)

RAV ² (RM bn)	NWA ³ (RM bn)	RAV Cover (times)
145.6	110.8	3.7

FINANCIAL STATEMENTS HIGHLIGHTS (RM m)												
Financial Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ¹	Cumulative
Profit Before Tax	282	(831)	1,014	5,110	128	791	2,081	5,342	2,077	3,128	3,207	22,329
Dividends Declared	30	30	100	1,000	100	100	500	3,000	1,000	650	900	7,410
Taxation	73	126	225	195	350	(25)	28	66	188	(53)	24	1,197

Note 1: Based on unaudited 2014 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.

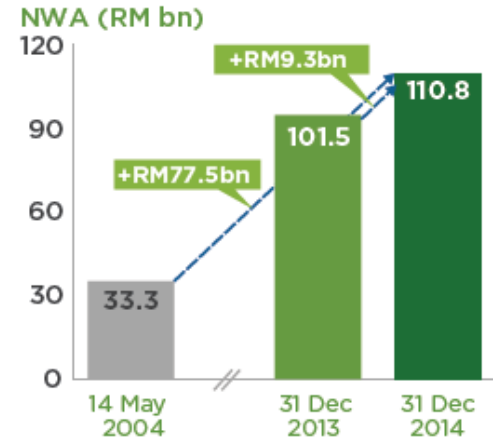
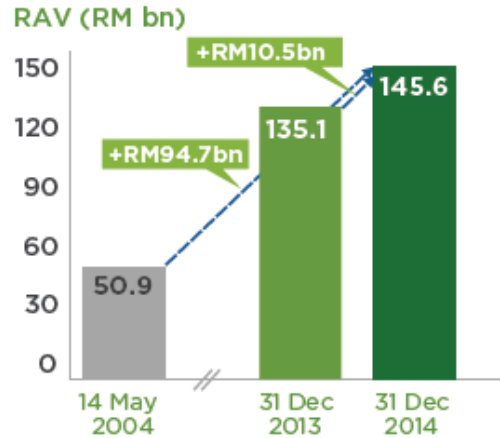
Note 3: NWA: RAV less Total Liabilities and adjusted to measure value created

Note 4: Compounded Annual Growth Rate



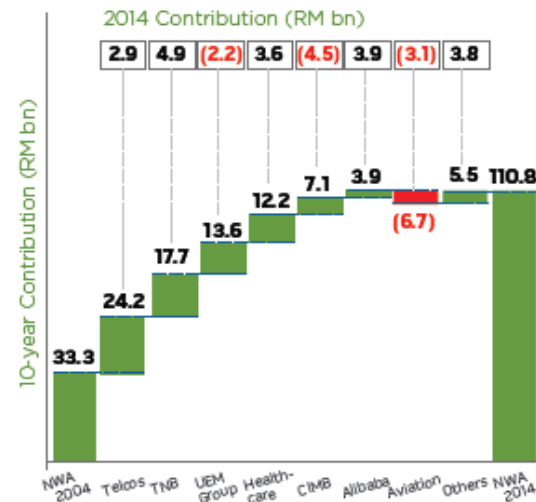
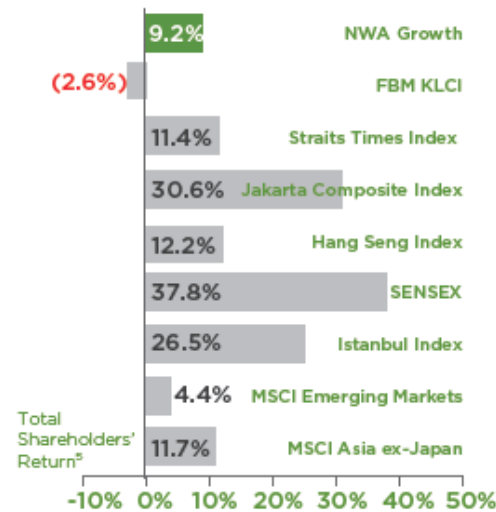
2014 Financial Performance:

This growth in NWA outperformed the FBM KLCI in 2014, driven mainly by the performance of our key investee companies, as well as upside from the Alibaba IPO



2014 PERFORMANCE OF PORTFOLIO AGAINST REFERENCE REGIONAL MARKETS

DECOMPOSITION OF PORTFOLIO NWA MOVEMENT



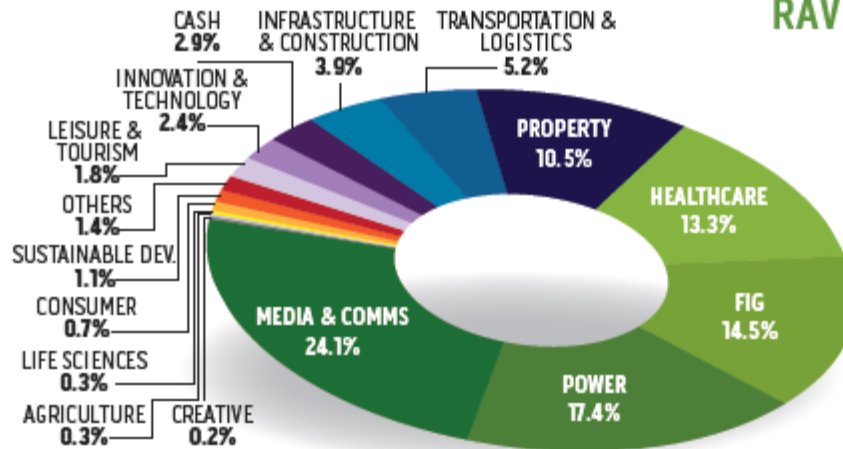
Note 5: In RM terms
Source: Bloomberg; Khazanah analysis



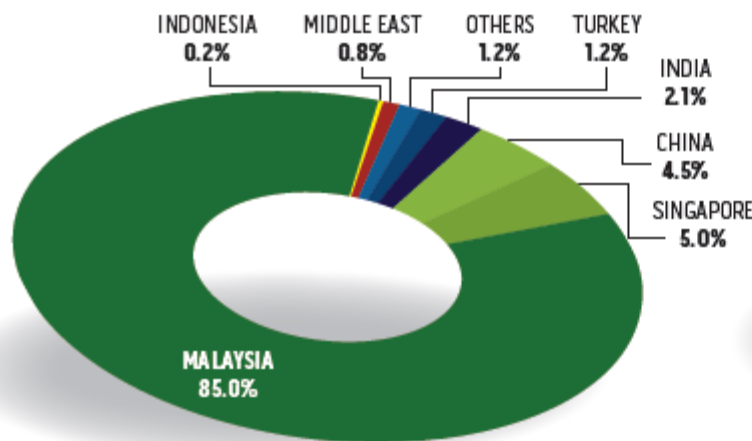
Portfolio Segmentation:

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

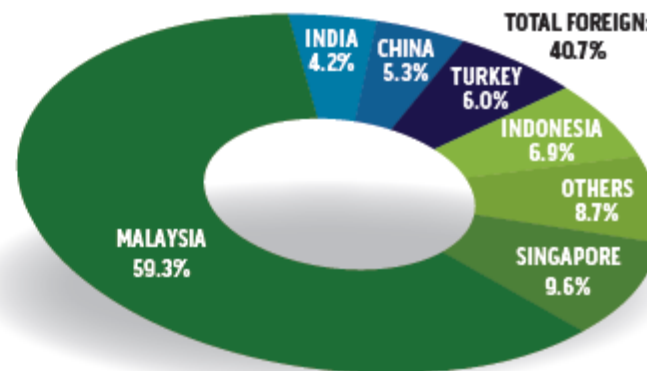
RAV by major sectors



RAV by domicile of companies



RAV by geographic exposure⁶



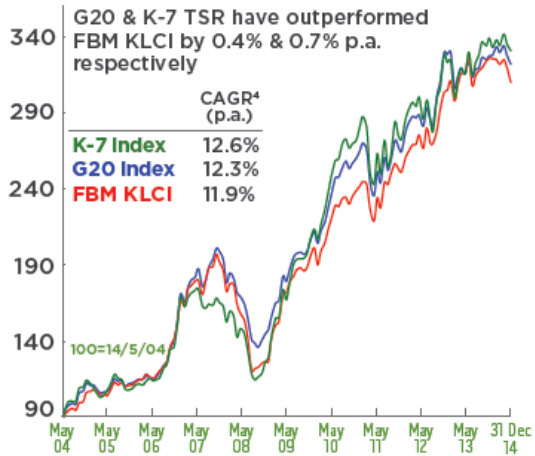
Note 6: An estimate of attributable value according to the countries where investee companies have operations
Source: Khazanah analysis



GLC Transformation:

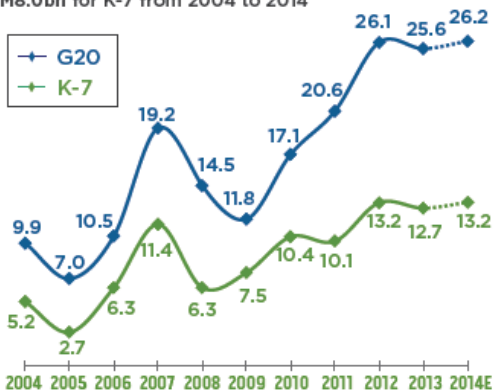
Both the G20 and the K-7 continue to show steady performance and strong fundamentals, as we gear up for “graduation” of the programme later this year

TOTAL SHAREHOLDERS' RETURN ("TSR")



AGGREGATE EARNINGS (RM bn)

Aggregate earnings increased by RM16.3bn for G20 and by RM8.0bn for K-7 from 2004 to 2014



RETURNS ON SELECTED KHAZANAH COMPANIES SINCE MAY 2004

TSR (p.a.)	19.8% ⁷	6.6% ⁷	11.3%	10.9%	18.7%	20.1%	(15.5%)
Holding period return ("HPR")	583.1% ⁷	53.4% ⁷	211.9%	201.0%	517.0%	205.9%	(83.3%)

*A member of UEM Group



Launched in July 2005

'Graduation' in August 2015



Note 7: Based on demerger reference price

Source: Bloomberg; companies' financial reports; analyst consensus estimates for 2014; PCG analysis; Khazanah analysis



Investments and Divestments: Khazanah rolled out RM7.2bn of investments in 2014, making significant progress both domestically and internationally

	Investments	
	No. of transactions ^a	Amount (RM bn)
2004-2013	109	58.1
2014	12	7.2
TOTAL	121	65.3

	Divestments		
	No. of transactions	Proceeds (RM bn)	Gains on Divestments (RM bn)
2004-2013	61	37.2	16.4
2014	6	5.6	3.0
TOTAL	67	42.8	19.4

SELECTED TRANSACTIONS

Restructuring



- "Rebuilding a National Icon – The MAS Recovery Plan"
- MAS Bill passed
- Appointment of CEO-designate of MAS

Strategic M&As



- Acquired 100% of Istanbul Sabiha Gökçen International Airport
- Strategic acquisition of PT

Harvesting Value Created



- Monetisation via Initial Public Offering ("IPO")
- USD500m negative yield exchangeable sukuk



- Fully divested

National Projects



- KLIA2 Opening
- Second Penang Bridge launched



- HSBB rollout expanded

SELECTED NEW ECONOMY INVESTMENTS ("NEIs")

RM 156.4bn

cumulative committed investments since 2006

6.6million

attendance to theme parks since opening

6,640 units

affordable homes launched in Iskandar Malaysia



A member of UEM Group

Milestones achieved in selected NEIs



- Pinewood Iskandar Malaysia Studios launched in June



- Restructuring completed



- The Els Club Teluk Datai launched



- Successful outcome in arbitration on development charges

Progress in other NEIs



INTERNATIONALISATION

Regional Champions and Challengers



New Acquisitions



- Acquisition of PT Axis, Indonesia



- Istanbul Sabiha Gökçen International Airport, Turkey



A member of UEM Group

- Aurora Melbourne Central, Australia



- Maiden foray into the Philippines

Note 8: Number of discrete new investments
Source: Khazanah analysis



Returns to Stakeholders:

Khazanah's commitment to corporate responsibility and knowledge development is in line with its nation-building aspirations

YAYASAN HASANAH ("YH") & CORPORATE RESPONSIBILITY ("CR")

- YH established with a RM3bn endowment from Khazanah. The endowment is positioned to provide approximately RM150m annual funding to YH for various initiatives in Education, Community Development, Environment, Arts, Heritage & Culture and Knowledge
- Khazanah Research Institute established for research and analysis on national level issues
- RM468m spent on YH and CR initiatives since 2006
- RM20m committed for 2014 flood relief and disaster preparedness efforts

Selected partner organisations

KNOWLEDGE DEVELOPMENT & PUBLICATIONS

Logos for KHAZANAH MEGATRENDS FORUM and KHAZANAH GLOBAL LECTURES. A photo of Boris Johnson, Mayor of London. Report covers include '2013 CORPORATE RESPONSIBILITY REPORT', 'GLC TRANSFORMATION PROGRAMME PROGRESS REVIEW 2014', and 'TRUE VALUE'.

- Continuous support for government policy formation and deepening of national knowledge pool and linkages across global knowledge networks
- Events include Annual Khazanah Megatrends Forum and Khazanah Global Lecture by Boris Johnson, and publications include "The State of Households" published by Khazanah Research Institute, The Khazanah Report 2013, 2013 Corporate Responsibility Report and GLC Transformation Programme Progress Review 2014

KHAZANAH RESEARCH INSTITUTE logo and cover of the report 'THE STATE OF HOUSEHOLDS'.



2015 outlook in summary

- Continued steady progress in 2014 in spite of a challenging year
- Entering 2015 from a position of relative strength
- Several milestones anticipated:
 - "Graduation" of the GLC Transformation programme (2005-2015)
 - Launch of the 11th Malaysia Plan
 - ASEAN Economic Community, with Malaysia as Chair of ASEAN
- Khazanah will continue to stay the course with enhanced emphasis on:
 - Ongoing and sustained rollout of investment strategies
 - Institutionalisation
 - Special focus in 2015 on innovation and inclusivity