

MEDIA STATEMENT
Kuala Lumpur, 15 July 2019

Statement on the divestment of Khazanah’s stake in Malaysian Shoaiba Consortium

We refer to various reports on the divestment of our 40% stake in Malaysian Shoaiba Consortium Sdn Bhd (“Consortium”), and would like to clarify as follows:

1. Khazanah entered into a joint investment in 2005 with Malakoff Corp Berhad (“Malakoff”) and Tenaga Nasional Berhad (“TNB”), via the Consortium, to support Malaysia’s entry into Saudi Arabia’s independent water and power producer market. As the project is completed and fully operational, Khazanah has achieved the commercial objectives of its investment in the Consortium. In accordance with the Consortium’s shareholders agreement, our 40% stake was offered to the existing partners. Malakoff subsequently took the offer, which allowed Khazanah to exit with a healthy profit at a value based on future cash flows of the project.
2. Khazanah assesses all opportunities for divestment against set financial and strategic targets. Assets may be considered for divestment once the intended investment objectives and targeted returns have been achieved, as is the case with the divestment of our stake in the Consortium. Divestments may also depend on the strength of the market, as well as the availability, quality and credibility of buyers.
3. Under Khazanah’s refreshed mandate, we operate on a two-fund model – a commercial fund and a strategic fund. In general, our commercial fund is focused on creating a global portfolio that diversifies our assets and income for the country’s benefit. Our strategic fund focuses on strategic domestic investments, particularly in infrastructure.
4. The proceeds from the divestment of our stake in the Consortium, like all other divestments by Khazanah, are reinvested based on the objectives of the two funds or are used to repay existing debts on our balance sheet. For the year to date, Khazanah has committed investments amounting to approximately RM1.4 billion and reduced overall debt by approximately RM6.4 billion, in line with our corporate strategies. We further expect to undertake more investments in the second half of 2019, based on the opportunities that we are exploring.

END

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About Khazanah Nasional Berhad

Khazanah Nasional Berhad (“Khazanah”) is the sovereign wealth fund of Malaysia entrusted with growing the nation’s long-term wealth via distinct commercial and strategic objectives. Khazanah’s commercial objective is to grow financial assets and diversify revenue sources for the nation, while its strategic objective is to hold strategic assets that bring long-term economic benefits. Khazanah is guided by its investment philosophy which emphasises attaining appropriate risk-adjusted financial returns, generating sustainable returns, and integrating ethical and responsible investing considerations. For more information on Khazanah, please visit www.khazanah.com.my.