



MEDIA STATEMENT

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NINTH KHAZANAH ANNUAL REVIEW (“KAR 2013”)

Khazanah’s portfolio value jumps 24% in 2012 to a record high

*Portfolio value posts record RM86.9bn Net Worth Adjusted, driven by IPOs
Successful delivery of strategic and catalytic projects especially in Iskandar Malaysia*

- **Record portfolio financial performance:**
 - Portfolio scaled new record highs with Realisable Asset Value (“RAV”) at RM121.6 billion and Net Worth Adjusted (“NWA”) posting RM86.9 billion, as at 31st December 2012.
 - Growth in NWA year on year of 24.3% outstrips KLCI total return of 14.1%, driven by major IPOs.
 - Unaudited results of Profit Before Tax (“PBT”) of RM2.1 billion, with dividend RM1.0 billion declared.
 - Key prudential ratios and balance sheet indicators strengthened further.
- **Successful execution of strategic projects coupled with key defining transactions and developments to further catalyse growth and create value:**
 - Particularly strong delivery in Iskandar Malaysia, as scheduled, for the 2012 “banner year”. In other catalytic projects, three theme parks successfully opened in 2012.
 - Defining transactions include IHH and Astro IPOs; completion of major transactions – delisting of PLUS, divestment of Proton, reversal of MAS-Air Asia share swap and UEM Group’s successful USD5.7 billion Turkish highway bid.
 - GLC Transformation Programme continues its solid progress; over the eight and half years since it started, G-20¹ and K-7² recorded Total Shareholders’ Return (“TSR”) of 14.2% and 14.4% per annum respectively, outperforming KLCI’s 13.6% per annum.

Khazanah Nasional Berhad (“Khazanah”) today reported good progress on both its financial and strategic performance for 2012 at the Ninth Khazanah Annual Review (“KAR 2013”). The Review also outlined the outlook and focus areas for Khazanah in 2013.

¹ A selection of 20 largest and most significant GLCs controlled by Government Linked Investment Companies (GLICs) that undertook the GLC Transformation Programme. The G-20 currently consists of 17 GLCs, following various restructuring exercises by the GLCs.

² Seven Khazanah-linked companies under the GLC Transformation Programme.

1. FINANCIAL PERFORMANCE IN 2012

Khazanah's total investment portfolio posted new record highs in 2012, with overall **RAV** increasing by RM13.4 billion or **12.4%** to **RM121.6 billion** as at 31st December 2012 (31st December 2011: RM108.2 billion), while **NWA** surged RM16.9 billion or **24.3%** to **RM86.9 billion** as at 31st December 2012 (31st December 2011: RM70 billion).

The 2012 performance maintains the overall uptrend in the portfolio since the start of the transformation programme in May 2004. The portfolio NWA of RM86.9 billion is **RM53.7 billion higher** and represents a **Compounded Annual Growth Rate ("CAGR") of 11.8%** since May 2004. The 24.3% growth in NWA in 2012 outperformed the KLCI (14.1% total return in 2012), as well as several regional indices such as the Hang Seng Index, SENSEX, MSCI Asia ex-Japan, and MSCI Emerging Markets. The primary contributors to the strong portfolio performance were the IHH Healthcare Berhad ("IHH") and Astro Malaysia Holdings Berhad ("Astro") IPOs. Khazanah's holdings in the Telecommunications and Power sectors also contributed to NWA growth.

Khazanah recorded an unaudited Proforma Company's **PBT of RM2.1 billion** for the year ended 31st December 2012 (31st December 2011: RM5.3 billion). This enabled a **dividend pay-out of RM1.0 billion** to be declared for the year. Khazanah has declared dividends amounting to RM4.5 billion over the last three years from 2010.

Khazanah made a total of seven major new investments amounting to **RM6.2 billion** in 2012 and 10 divestments that brought in proceeds of **RM4.8 billion**, generating gains amounting to **RM2.1 billion**. In total between 2004 and 2012, Khazanah has made 95 investments worth **RM51.4 billion** and 55 divestments valued at **RM35.7 billion**, recording gains on divestments of **RM15.7 billion**.

The year 2012 saw several **key landmark transactions**, which include:

- The acquisition of Acibadem Healthcare Group in Turkey for USD1.7 billion (RM5.1 billion) in January, which subsequently became a core component of the IHH group. IHH's RM6.3 billion IPO on Bursa Malaysia and Singapore Stock Exchange in July was the world's fifth largest in 2012 that saw the creation of the world's second largest listed hospital group. The share price closed the year up 20.4% from listing, adding RM6.6 billion to Khazanah's portfolio NWA.
- The Astro IPO in October, which came after a period of operational restructuring and enhancement following its de-listing in 2010. The re-listing contributed RM2.5 billion to Khazanah's NWA.
- The full completion of the exercise in taking PLUS private in collaboration with Employees Provident Fund, and the strategic divestment of Khazanah's entire 42.7% stake in Proton to DRB-HICOM, in January and March respectively. The RM33 billion PLUS transaction was the largest corporate restructuring exercise in Malaysian history.
- The signing of six partnerships involving Iskandar Investment Berhad and UEM Land Berhad ("UEM Land") for new developments in Iskandar Malaysia with a total gross development value ("GDV") of RM28 billion in December. UEM Land had in October also entered into a joint-venture with Ascendas Land International Pte Ltd to develop a



210-hectare eco-friendly integrated technology park in Nusajaya with a projected investment value of RM3.7 billion.

- The successful bid in December by a consortium which included UEM Group in a privatisation exercise involving an infrastructure concession package of 1,976km of toll roads, two connecting roads and two bridges in Turkey for USD5.7 billion (RM17.2 billion).
- The issuance of Khazanah's USD357.8 million (RM1.1 billion) exchangeable sukuk in March, the first sukuk to be priced at negative yield. The sukuk received multiple awards including the Bank Negara Malaysia "Emas" status.

Other highlights in 2012 include the announcement of all five of the Khazanah-linked companies to be divested under the Government-led divestment plan to encourage Bumiputera entrepreneurship and equity growth. The companies are STLR Sdn Bhd, TM Resorts Sdn Bhd, Celcom Childcare Sdn Bhd, Special Builders Sdn Bhd and Time Engineering Bhd.

2. STRATEGIC & OPERATIONAL PERFORMANCE

Khazanah's delivery of strategic and catalyst projects and initiatives continue at pace, in line with the Government's strong focus on socioeconomic transformation for the country. These include the further growth and development of Iskandar Malaysia, the GLC Transformation Programme ("GLCT Programme"), and several initiatives within the New Economy Investments ("NEIs") sphere.

Iskandar Malaysia delivered on its "banner year" in 2012 with the rollout, on schedule, of various catalyst projects. In the leisure and tourism ("L&T") sector, projects that were launched include LEGOLAND Malaysia, Puteri Harbour Family Theme Park, and the first phase of the Mall of Medini. The education sector saw the opening of the University of Southampton campus and the International Student Village in EduCity, as well as Marlborough College Malaysia. Iskandar Malaysia also benefitted from the full operationalisation of key infrastructure, including the 16km Coastal Highway which links Johor Bahru city centre and Nusajaya. Since its inception in 2006, Iskandar Malaysia has recorded total cumulative committed investments of RM105.1 billion up to end-November 2012, out of which 42% have been realised. Beyond Iskandar Malaysia, Khazanah continues in its work on developing other projects in line with the New Economic Model. These include Kidzania Kuala Lumpur and the continued rollout of Telekom Malaysia Bhd's high-speed broadband network, which reached 1.3 million premises passed under the first phase of the rollout that ended in 2012.

Under the GLCT Programme, **GLCs continue to record solid progress and penetrate further in its regionalisation drive**. Aggregate earnings of the G-20 for 2012 are forecasted to record a new high at an estimated **RM23.9 billion**. The TSR of the G-20 has also risen by a **CAGR of 14.2% since May 2004**, outperforming the KLCI by **0.6% per annum**. Meanwhile, the **K-7** recorded a TSR of **14.4% per annum**, outperforming KLCI by **0.8% per annum**. The **GLC regionalisation drive has seen further solid progress** in 2012. Among the highlights are CIMB Group's acquisitions in the Philippines as well as of Royal Bank of Scotland's cash equities and associated investment banking businesses in the Asia-Pacific region; UEM Group's successful highway bid in Turkey; and the continued growth and expansion of IHH on its regional footprint.

3. OUTLOOK AND FOCUS FOR 2013

Khazanah will **continue to focus on portfolio management, value creation and institutionalisation** in 2013.

2012's sterling performance further strengthens Khazanah's portfolio with all prudential ratios across the board significantly enhanced. Notwithstanding that 2012's record IPO performance is not expected to be a yearly recurrence, we believe the portfolio is balanced and well-positioned to benefit from exposure into the Asia-Pacific growth region as well as several dynamic sectors that we expect to continue outperforming.

In view of continuing uncertainty in economic outlook throughout the world and the volatility in markets, Khazanah places a strong emphasis on enhancing the crisis preparedness of its portfolio companies in addition to the ongoing value creation work in both operations and non-organic spheres. Khazanah will stay the course on the GLCT Programme, especially in driving GLC regionalisation initiatives forward.

Moving forward in 2013, the delivery and further development of major NEIs and national projects will continue. Key projects expected to be launched or delivered in 2013 include the Desaru integrated leisure development in Johor; completion of the revamp of the Datai resort in Langkawi; the official launch of joint investments by Khazanah and Temasek Holdings (Pte) Ltd in Iskandar Malaysia and Singapore; the launch of Pinewood Iskandar Malaysia Studios; and the completion of the Penang Second Bridge and KLIA2. In addition, the LEGOLAND Malaysia Water Theme Park, Traders Hotel Puteri Harbour, as well as property developments in Medini Iskandar and more facilities in EduCity are set to be launched.

Khazanah will continue with its on-going **institutionalisation programme** in its systems, processes, people and knowledge capabilities. Khazanah will also continue to play a supporting role on various national transformation initiatives. The period 2013 to 2016 will also see several key milestones including the 10th anniversary of the Khazanah revamp plan in 2014, the completion of the 10-year GLCT Programme in 2015, and the second five-year milestone in 2016 of Iskandar Malaysia's 20-year Comprehensive Development Plan (2006-2025).

End

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About Khazanah Nasional Berhad

Khazanah is the strategic investment fund of the Government of Malaysia entrusted to hold and manage the commercial assets of the Government and to undertake strategic investments. Khazanah is involved in various sectors such as power, telecommunications, banking, healthcare, airport management, infrastructure, leisure & tourism, property development, broadcasting, investment holding, and technology. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Bhd, Tenaga Nasional Bhd, CIMB Group, Axiata Group Bhd, IHH Healthcare Bhd, Malaysia Airports Holdings Bhd, and UEM Land Holdings Bhd. For further information on Khazanah, please visit www.khazanah.com.my.