



MEDIA STATEMENT

Kuala Lumpur, 18 January 2012

EIGHTH KHAZANAH ANNUAL REVIEW (“KAR 2012”)

Khazanah posts steady progress on financial and strategic performance
Announces record Profit Before Tax of RM5.3 billion and dividend payout of RM3 billion for 2011

- Overall strong financial performance in several areas:
 - Profit Before Tax jumped 156.3% to RM5.3 billion from RM2.1 billion in 2010
 - Record dividend payout of RM3 billion declared
 - Overall uptrend and progress on investment portfolio in 2011 continues, marginally dragged by softer markets especially in regulated companies
 - Key prudential ratios and balance sheet indicators strengthened further in 2011
- Key defining transactions and significant progress in catalysing growth and value creation
 - Landmark progress at 5th anniversary of Iskandar Malaysia, POS Malaysia strategic divestment, MAS-AirAsia collaboration, joint developments with Temasek Holdings and Sunway Holdings, PLUS privatisation, Acibadem acquisition
 - G-20 and K-9 record TSR of 14.5% and 15.1% per annum respectively, outperforming the rest of the KLCI by 1.1% and 2%
- 2012 sees continued focus on execution and institutionalisation

Khazanah Nasional Berhad (“Khazanah”) today reported good progress on both its financial and strategic performance for 2011 at the Eighth Khazanah Annual Review (“KAR 2012”). The Review also outlined the outlook and focus areas for Khazanah in 2012.

1. FINANCIAL PERFORMANCE IN 2011

Significant developments for the year include:

Proforma Company’s **Profit Before Tax** for the year ended 31st December 2011 surged **156.3%** to **RM5.334 billion** (31st December 2010: RM2.081 billion) and the strong profits has enabled Khazanah to declare a record **dividends payout of RM3 billion** for the year. The sterling performance was boosted by continuing strategic divestments, in particular the privatisation of PLUS Expressways during the year.

While Khazanah’s total investment portfolio declined marginally with the overall **Realisable Asset Value (“RAV”)** decreasing by RM4.5 billion or 4% to **RM108.1 billion** as at 31st December 2011 (31st December 2010: RM112.6 billion) and **Net Worth Adjusted (“NWA”)** declined RM5.2 billion or 6.9% to **RM70 billion** compared to RM75.2 billion as at 31st December 2010, the overall uptrend in the portfolio since inception of the transformation



programme in 2004 remains intact. The NWA of the portfolio at RM70 billion is 110% higher than at the start of the program in May 2004 and 30% higher than the RM53.8 billion at the end of 2009. The drag in portfolio performance in 2011 can be traced to three portfolio companies affected by regulatory and industry issues, namely CIMB (regulatory uncertainty in Indonesia), TNB (gas curtailment and other regulatory uncertainty) and in Aviation. Excluding this, the portfolio posted modest growth in 2011.

Khazanah made a total of 13 investments amounting to **RM5.8 billion** in 2011 and eight divestments that brought in proceeds of **RM7.7 billion**, generating gains amounting to **RM2.0 billion**. In total between 2004 and 2011, Khazanah has made 89 investments worth **RM45.5 billion** and 45 divestments valued at **RM31.7 billion**, recording gains on divestments of **RM13.6 billion**.

The year 2011 saw several **key defining transactions and collaborations** that marked significant milestones for Khazanah. They include:

- In April 2011, the strategic divestment of Khazanah's 32% stake POS Malaysia to DRB-HICOM valued at RM622.8 million.
- In April 2011, the entry of Mitsui & Co. Ltd as a strategic partner and shareholder of Integrated Healthcare Holdings Berhad ("IHH") through its acquisition of a 30% stake in IHH for RM3.3 billion.
- In June 2011, Khazanah and Temasek Holdings Pte Ltd ("Temasek") announced joint investments for the development of projects in Singapore and Iskandar Malaysia with a total estimated Gross Development Value ("GDV") of RM30 billion.
- In August 2011, Malaysia Airlines System Bhd ("MAS"), AirAsia and AirAsia X entered into a Collaborative Collaboration Framework ("CCF").
- In December 2011, IHH's acquisition of a 60% stake in Acibadem Saglik Yatirimlari Holding A.S. ("ASYH") and co-investment by Khazanah through the acquisition of a 15% stake in the company. ASYH holds a 92% stake in Acibadem Saglik Hizmetlerive Ticaret A.S., a leading private healthcare services provider in Turkey.
- In December 2011, Khazanah and Sunway Holdings Berhad joint development in Medini Iskandar with an estimated GDV of RM12 billion.
- In December 2011, the completion of the privatisation of PLUS through a joint acquisition by UEM Group Berhad and Employees Provident Fund, which also saw a revision of related toll concessions.

Other highlights include the issuance of a **3-year benchmark offshore RMB500 million** by Khazanah in October 2011, which was the **world's first RMB-denominated offshore Sukuk**. The ground-breaking transaction drew a **demand of 3.6 times** book size, enabling Khazanah to upsize the deal from an earlier announced size of RMB300 million to RMB500 million. It attracted a diverse group of investors comprising financial institutions, asset management companies, private banks and statutory bodies from Malaysia, Singapore, Hong Kong, the Middle East and Europe.



2. STRATEGIC & OPERATIONAL PERFORMANCE

Khazanah continued to execute on its mandate to further catalyse growth and create value, in line with the various corporate and national transformation programmes initiated under the New Economic Model. These include the GLC Transformation Programme (“GLCT Programme”), the growth and development of Iskandar Malaysia, as well as driving several initiatives within the New Economy Investments (“NEIs”) sphere.

Under the GLCT Programme, GLCs continue to grow at pace and make inroads in their drive to become regional champions. The forecast aggregate earnings of the G-20¹ for 2011 is estimated at **RM19 billion** and is expected to rise further to **RM23.1 billion** in 2012. The total shareholder return (“TSR”) of the G-20 has also risen by a CAGR of **14.5%** since May 2004, outperforming the rest of the KLCI by **1.1%** per annum. Meanwhile, the Khazanah-linked companies within the G-20 (“K-9”) recorded a TSR of **15.1%** per annum, outperforming the rest of KLCI by **2.0%** per annum.

As part of the GLCT Programme, Khazanah organised the **inaugural GLC Open Day in June 2011** to enhance awareness and increase the understanding of the public on the unique roles played by the Government-Linked Investment Companies (“GLICs”) and GLCs whilst highlighting their contribution towards the development of the Malaysian economy. The three-day event was a significant success, attracting over 30,000 visitors to the exhibition, talks and other activities by the participating 18 GLCs and five GLICs.

Iskandar Malaysia celebrated its fifth anniversary in November 2011, displaying tremendous progress since its launch in 2006. By the end of 2011, overall cumulative investment commitments in Iskandar Malaysia has hit **RM84.8 billion**, with **45%** of it having been actualised. This figure far surpasses the RM47 billion investment commitment target set for the first phase of its development from 2006 to 2010. Iskandar Malaysia continues to attract great interest from investors, with **new investment commitments** for 2011 alone amounting to **RM15.3 billion**.

Solid **progress on the ground** in Iskandar Malaysia has also been made with the operationalisation of several **key catalyst projects** in 2011, including the opening of Newcastle University Medicine campus and Johor Premium Outlets, and the launch of the benchmark setting Perumahan Rakyat Iskandar Malaysia public housing project. Other significant developments include the **completion of critical infrastructure projects** such as roads and highways, drainage and river cleaning.

The year 2012 is set to be a **banner year for Iskandar Malaysia** with the scheduled completion and operations of **more catalyst projects** including the LEGOLAND Malaysia theme park, Indoor Theme Park at Puteri Harbour and Marlborough College, which are part of Khazanah’s NEIs. Others NEIs include edutainment theme park KidZania Kuala Lumpur and integrated

¹ A selection of 20 largest and most significant GLCs controlled by Government Linked Investment Companies (GLICs) constituents of the Putrajaya Committee on GLC High Performance. The G-20 currently consists of 18 GLCs, following various restructuring exercises by the GLCs.

media production facility Pinewood Iskandar Malaysia Studios which are scheduled to open in 2012 and 2013, respectively.

Khazanah remains a significant driver of activity through its direct investments and developments undertaken by major subsidiaries Iskandar Investment Berhad and UEM Land Berhad, especially in Medini Iskandar.

Khazanah's **corporate responsibility, human capital development and knowledge development** activities showed steady progress in 2011, with ongoing programmes such as the various scholarship programmes under Yayasan Khazanah; school adoption under Yayasan PINTAR, improving the livelihood of the lower-income group under Yayasan Sejahtera, and enhancing graduates' employability in the Graduate Employability Management Scheme ("GEMS"). The work on knowledge development continued further under our flagship events including the Khazanah Global Lectures and the Khazanah Megatrends Forum.

3. OUTLOOK AND FOCUS FOR 2012

Khazanah will continue to focus on execution and institutionalisation in three areas:

Careful Monitoring & Management ("M&M") in anticipation of external challenges:

With uncertainty in the global economy, Khazanah will drive value creation and enhance crisis preparedness of its portfolio companies, in the context of the ongoing GLCT Programme and regionalisation initiatives. In addition, Khazanah will further conduct gradual and orderly divestment of non-core assets and non-core holdings, while continuing with strategic divestments of selected companies and maintaining prudent and innovative liability management.

Strategic value creation across all stakeholder groups: Khazanah will continue to roll out NEIs, especially in Iskandar Malaysia, which will see more catalyst developments coming on stream in 2012. In addition, Khazanah will intensify co-investments and collaboration activities with both GLCs and non-GLCs, and continue to provide on-going support for various national transformation programmes and initiatives which include the Government Transformation Programme, Economic Transformation Programme, Talent Corporation and Teraju.

Deliver an institution: Khazanah will further drive the ongoing continuous development of systems, controls, and risk management capabilities; efforts related to talent management and succession planning; as well as initiatives related to the transformation of Khazanah into a learning organisation.

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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, airport management, infrastructure, property development, broadcasting, semiconductor, steel production, electronics, investment holding, technology and venture capital. Some of the key listed companies in Khazanah's investment portfolio include Telekom Malaysia Bhd., Tenaga Nasional Bhd., CIMB Group, PLUS Expressway Bhd., Malaysia Airlines System Bhd., Malaysia Airport Bhd., UEM Land Holdings Bhd., Axiata Group Bhd. and Time dotCom Bhd.

For further information on Khazanah, please visit www.khazanah.com.my.