

## MEDIA STATEMENT

Kuala Lumpur, 20 January 2014

### TENTH KHAZANAH ANNUAL REVIEW (“KAR 2014”)

#### *Khazanah’s 10-Year transformation shows steady all-round progress*

#### Highlights:

- Portfolio value (“NWA”) rises 19.1% in 2013, increases threefold to RM103.5 billion since May 2004, with strong Asset Cover (assets over liabilities) of more than 3.7x
- Significant progress in improving Government-linked Companies (“GLC”), building regional champions, and developing new industries and regional development
- Beyond financial and strategic returns, significant progress in overall stakeholder benefits through the sharing and distribution of gains, with dividend and tax payments totaling RM7.8 billion since 2004, equivalent to a 10.9x increase over the previous 10-year period, as well as increased and enhanced Corporate Responsibility (“CR”)
- Ongoing institutionalisation of Khazanah, creation of Yayasan Hasanah and Khazanah Research Institute as part of ongoing transformation and capacity building agenda in support of the National Transformation Program.

Khazanah Nasional Berhad (“Khazanah”) today presented its Tenth Khazanah Annual Review (“KAR 2014”), with 2014 representing a milestone year being the tenth year of the Khazanah and Government-linked Company (“GLC”) Transformation Programme that was launched in 2004. Khazanah is pleased to report overall steady progress on all its mandated areas of focus, specifically, in financial performance, strategic development, societal and distributional activities and in ongoing capacity building and institutionalisation.

#### 1. Financial Performance

Khazanah’s portfolio value as measured by its Net Worth Adjusted (“NWA”) has tripled in the ten years, growing by 211% to RM103.5 billion as at 31st December 2013, from RM33.3 billion in May 2004 at the start of the Khazanah revamp. This translates into a compounded annual growth rate (“CAGR”) of 12.5% per annum since 2004.

In terms of contribution in that period from May 2004 to December 2013, Khazanah’s NWA was primarily driven by its holdings in the telecommunications sector comprising Telekom Malaysia Berhad and Axiata Group Berhad (RM21.3 billion), UEM Group Berhad (RM15.8 billion), Tenaga

Nasional Berhad (“TNB”) with RM12.8 billion, CIMB Group Berhad (RM11.6 billion), and the healthcare sector with a contribution of RM8.6 billion.

Meanwhile, overall Realisable Asset Value (“RAV”) increased 164.8% or RM84 billion to RM134.9 billion as at 31<sup>st</sup> December 2013, from RM50.9 billion in May 2004.

In 2013, Khazanah posted a new high in its investment portfolio value with overall RAV increasing 11.1% from RM121.5 billion as at 31<sup>st</sup> December 2012, while NWA rose RM16.6 billion or 19.1% from RM86.9 billion. The growth in NWA year-on-year outperformed FBM KLCI total returns of 14.4%.

The increase in NWA in 2013 of 19.1% year-on-year also compares favourably with regional indices such as the Singapore Straits Times Index (7.3%), Hong Kong Hang Seng Index (14.3%) and MSCI Asia ex-Japan (10.8%).

Khazanah’s total revenue for the year ended 31<sup>st</sup> December 2013 amounted to RM7.6 billion, comprising dividend income totaling RM6.6 billion, with divestment gains and other income making up more than RM1 billion. Khazanah also recorded an unaudited Proforma Company profit before tax of RM3.1 billion (2012: RM2.1 billion), resulting in a proposed dividend of RM650 million.

## **2. Strategic and Operational Performance**

Between 2004 and 2013, Khazanah made 109 investments worth RM58.1 billion and 61 divestments valued at RM37.2 billion, recording gains on divestments of RM16.4 billion. In 2013, Khazanah made a total of 14 investments amounting to RM6.7 billion, and six divestments with a gain of RM682 million.

The year 2013 was eventful with highlights including better operating performance across practically all of Khazanah’s investee companies, deepening of the regional presence of various companies including IHH Healthcare Berhad, further delivery and progress of catalytic projects in Iskandar Malaysia and the joint investments in Singapore, facilitating inward investments into the country, continuing to drive the GLC Transformation Programme in its ninth year as its secretariat, and supporting key national initiatives under the National Transformation Programme.

Khazanah’s regional footprint also expanded further in 2013 with the opening of two overseas offices in San Francisco, USA and Istanbul, Turkey. With the two new locations, Khazanah now has five offices globally including its headquarters in Kuala Lumpur and regional offices in Beijing, China and Mumbai, India.

## **3. Sharing stakeholder returns and distributions**

Khazanah is pleased to also report that it has been able to continue delivering and distributing value across a broad stakeholder base.



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Over the transformation period since 2004, Khazanah has been able to declare and pay dividends totaling RM6.5 billion. This is 19 times the amount of RM335 million paid in the ten years from Khazanah's formation in 1994. In total, dividends and taxes paid over the period since 2004 amounted to RM7.8 billion, which is 10.9 times the total of RM718 million paid in the preceding 10 years.

As a proxy to a broader set of Khazanah's investee companies, the seven Khazanah companies<sup>1</sup> in the "G20" index of key GLCs under the GLC Transformation Programme (referred to as "K7"), have paid a total of RM23 billion in taxes (of which RM18 billion was paid in Malaysia) and RM38 billion in dividends over the period from 2004 to 2012, of which RM26 billion was paid to Malaysian Government-linked entities such as Employees Provident Fund, Permodalan Nasional Berhad and Kumpulan Wang Persaraan.

Khazanah continues to be active in its CR agenda through five core areas: i) Education, ii) Community Development, iii) Environment, iv) Arts, Heritage & Culture, and v) Knowledge. In these core areas, Khazanah will support programmes that empower communities, encourage social inclusivity and improve local environments. Since 2006, Khazanah has contributed RM336 million in support of its CR initiatives.

Other stakeholder groups, *inter alia*, employees, suppliers, customers, especially in Malaysia but also regionally where Khazanah operates, have also benefited in this progress through various channels of distribution and sharing.

#### **4. Sustainability and Institutionalisation**

While Khazanah is thankful and acknowledges the steady progress achieved over the last 20 years of its existence and the last 10 years of its transformation and revamp programme, it is cognizant of a need to continue to build capacity and institutionalise in order to stand the best chance of continuing to build value across all fronts, and to support the broader national development agenda.

In this regard, 2013 has seen continued progress in our institutionalisation programme and among others, Khazanah continues to strengthen and build succession in its leadership, human capital and corporate culture; in improving its systems, controls, and risk management capabilities; and in deepening its knowledge management and development programme including the upgrading of its research division into the Khazanah Research Institute.

Additionally, Khazanah is also pleased to announce the formation of a sister entity, Yayasan Hasanah in December 2013, to consolidate and further enhance its work in the CR area including in education, community development, environment, arts and heritage, and knowledge development.

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<sup>1</sup> Telekom Malaysia Berhad, Tenaga Nasional Berhad, CIMB Group Berhad, UEM Group Berhad, Axiata Group Berhad, Malaysia Airports Holdings Berhad, Malaysian Airline System Berhad



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As both the strategic investment fund of the nation and a national agency, Khazanah will also continue to play its role in support of the national transformation initiatives and development agenda.

**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 Sunrise Bhd. For further information on Khazanah, please visit [www.khazanah.com.my](http://www.khazanah.com.my).