

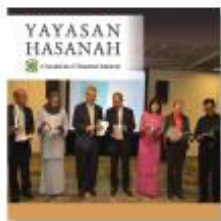


# 12<sup>TH</sup> KHAZANAH ANNUAL REVIEW

Review of 2015 and Outlook for 2016

## KHAZANAH NASIONAL

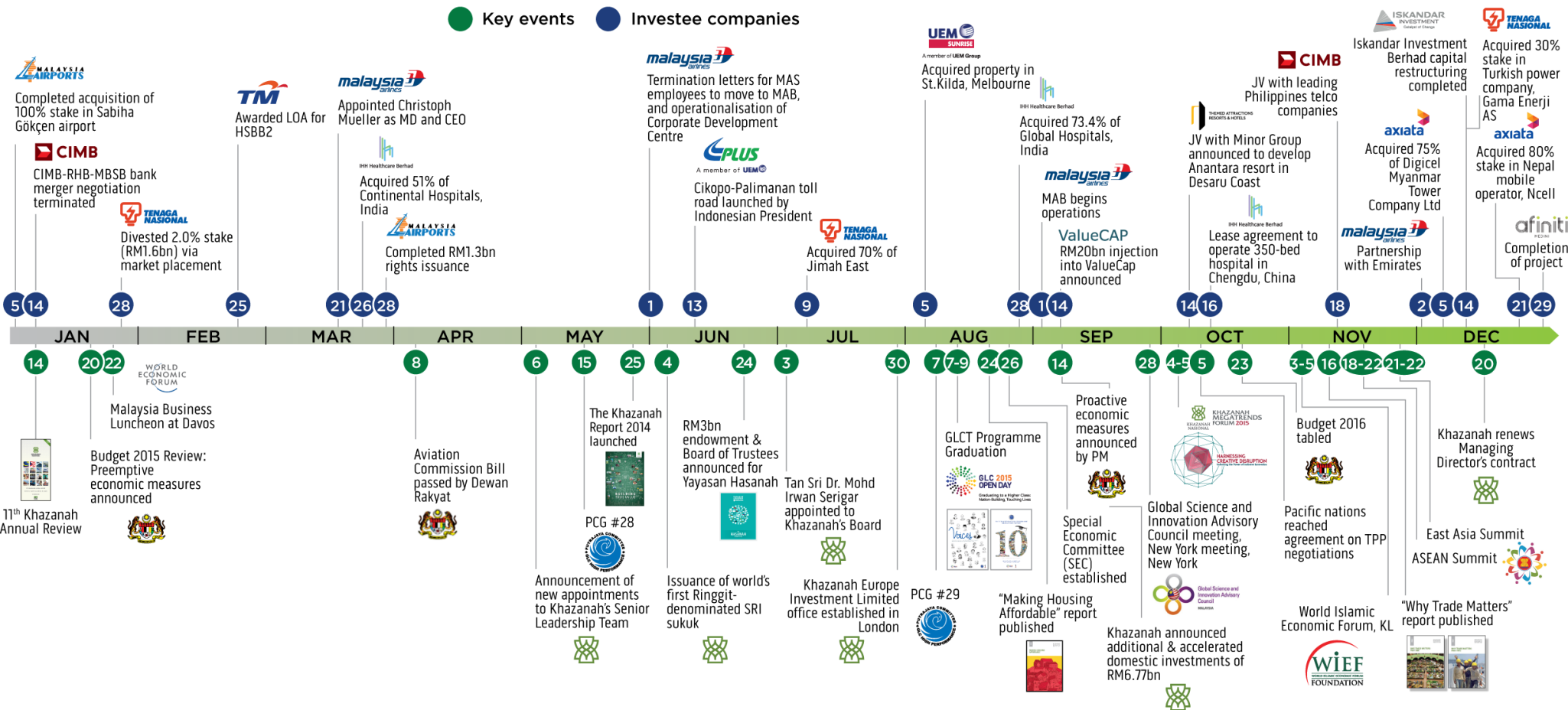
13 JANUARY 2016





# 2015 in Review: Overall steady progress in a volatile and uncertain year

● Key events ● Investee companies



Source: Khazanah compilation



## 2015 Financial Performance:

Portfolio NWA closed the year slightly lower at RM109.0bn, still 3.3 times the value since the Khazanah revamp started in 2004

PORTFOLIO AS AT (RM bn)	14 May 04	31 Dec 14	31 Dec 15 <sup>1</sup>	Δ 2014-15	Δ 2004-15
Realisable Asset Value <sup>2</sup> ("RAV")	50.9	145.5	150.2	+RM4.7bn (+3.2%)	+RM99.3bn (+9.7% p.a. <sup>4</sup> )
Net Worth Adjusted <sup>3</sup> ("NWA")	33.3	110.7	109.0	-RM1.8bn (-1.6%)	+RM75.7bn (+10.7% p.a. <sup>4</sup> )
RAV/Liabilities ("RAV Cover") [x]	2.9	3.7	3.1		
Shareholders' Funds	7.7	35.3	35.6	+RM0.3bn (+0.8%)	+RM28.0bn (+14.1% p.a. <sup>4</sup> )

RAV<sup>2</sup>  
(RM bn)  
**150.2**

NWA<sup>3</sup>  
(RM bn)  
**109.0**

RAV Cover  
(times)  
**3.1**

FINANCIAL STATEMENTS HIGHLIGHTS (RM m)													
Financial Year	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15 <sup>1</sup>	Cumulative
Profit Before Tax	282	(831)	1,014	5,110	128	791	2,081	5,342	2,077	3,128	3,217	1,176	23,515
Dividends Declared	30	30	100	1,000	100	100	500	3,000	1,000	650	900	1,050	8,460
Taxation	73	126	225	195	350	(25)	28	66	188	(53)	129	136	1,438
Shareholders' Funds	13,202	12,244	13,041	17,866	17,139	17,639	21,409	25,625	26,980	29,387	35,340	35,580	

Note 1: Based on unaudited 2015 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.

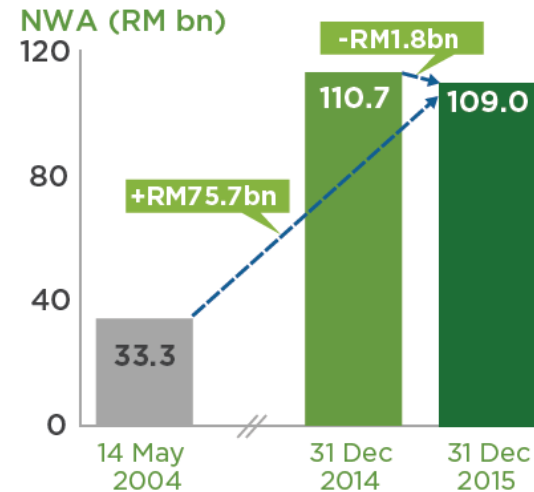
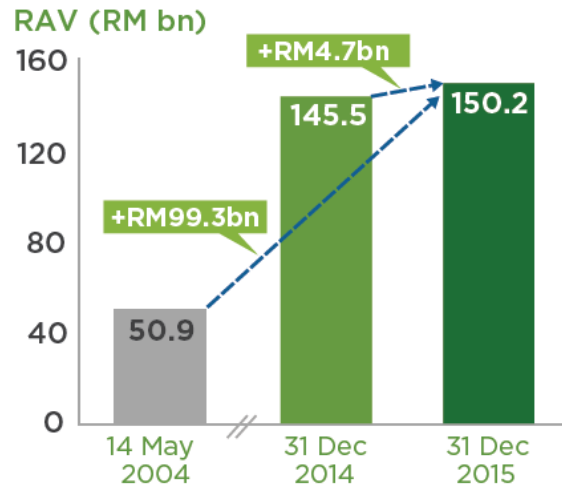
Note 3: NWA: RAV less Total Liabilities and adjusted to measure value created

Note 4: Compounded Annual Growth Rate

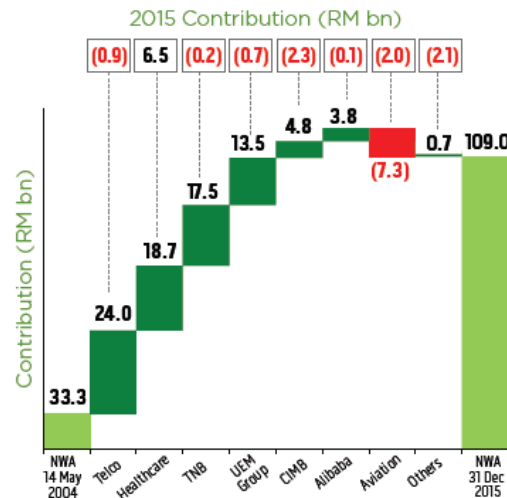


## 2015 Financial Performance:

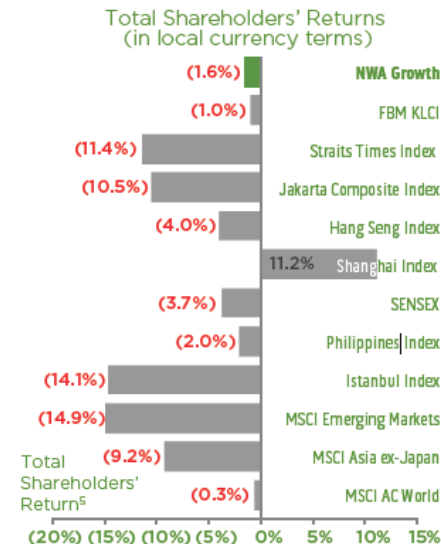
Despite the volatility in most regional markets, on a long-term basis, most of our core companies have recorded positive contributions



### DECOMPOSITION OF PORTFOLIO NWA MOVEMENT



### 2015 PERFORMANCE OF PORTFOLIO AGAINST REFERENCE REGIONAL MARKETS



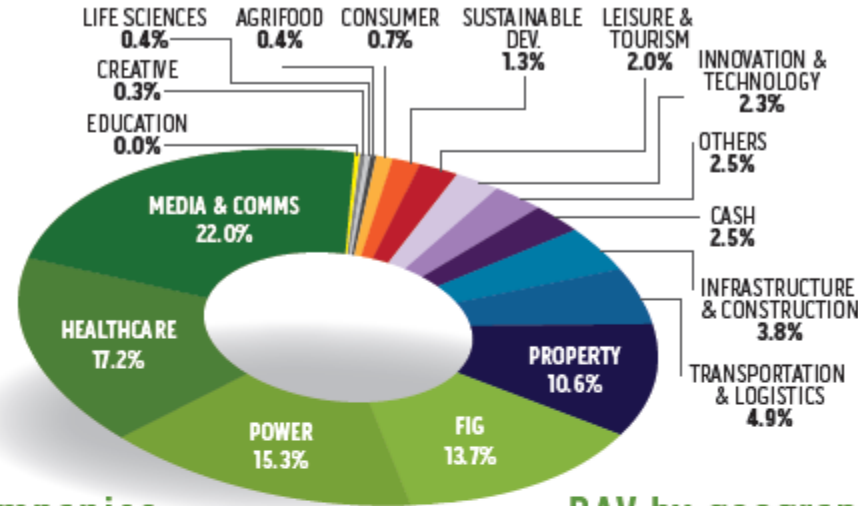
Note 5: In local currency terms  
Source: Bloomberg; Khazanah analysis



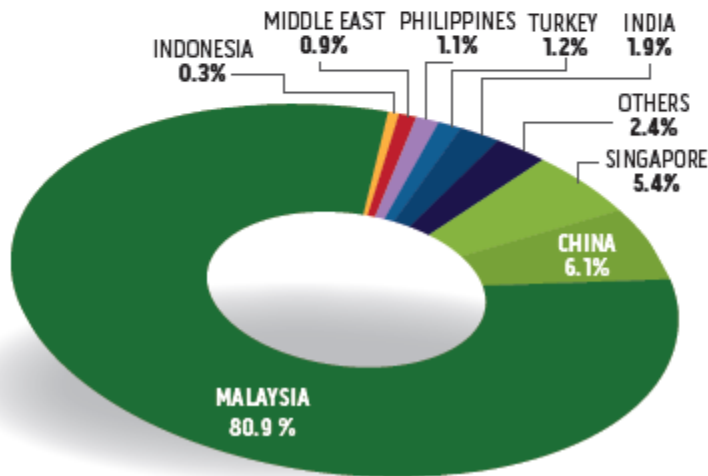
## Portfolio Segmentation:

We continue to gradually expand our regional exposure, while still largely focused on our domestic portfolio

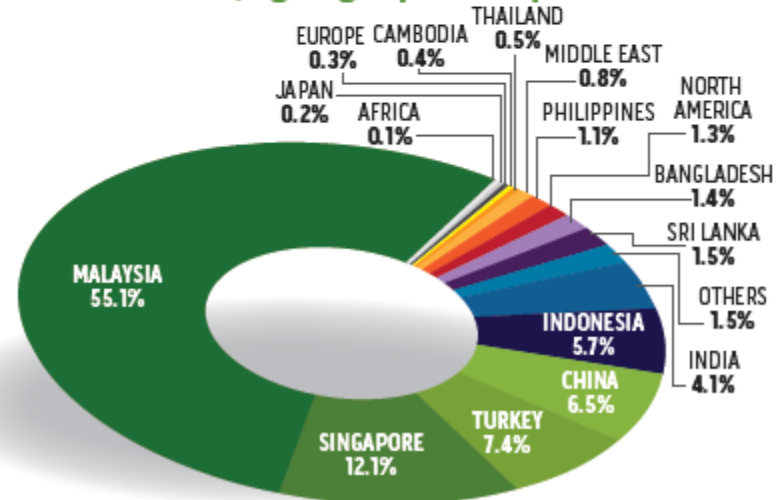
### RAV by major sectors



### RAV by domicile of companies



### RAV by geographic exposure<sup>6</sup>



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





## Investments and Divestments:

Total investments of RM8.7bn were made in 2015, with divestments gains of RM2.9bn

	INVESTMENTS		DIVESTMENTS		
	No. of transactions <sup>7</sup>	Amount (RM bn)	No. of transactions	Proceeds (RM bn)	Gains on Divestments (RM bn)
2004-2014	121	66.0	67	42.8	19.4
2015	23	8.7	10	5.3	2.9
<b>TOTAL</b>	<b>144</b>	<b>74.7</b>	<b>77</b>	<b>48.1</b>	<b>22.3</b>

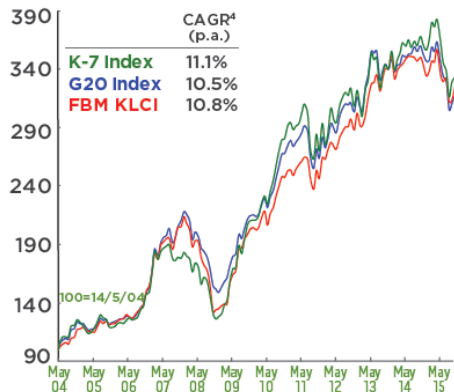
SELECTED INVESTMENTS		SELECTED DIVESTMENTS	
New investment in an international investment bank		Divested 2% stake (RM1.6bn) via market placement	
Additional injection as part of Proactive Economic Measures		Further monetisation via market transactions	

Note 7: Number of discrete new investments  
Source: Khazanah analysis

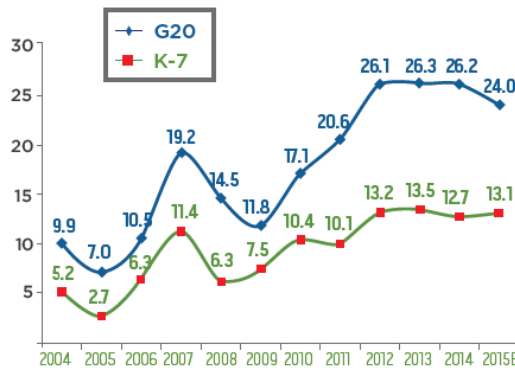


# GLC Transformation: Key milestone achieved with the Graduation Ceremony on 7 August 2015

TOTAL SHAREHOLDERS' RETURN ("TSR")<sup>8</sup>

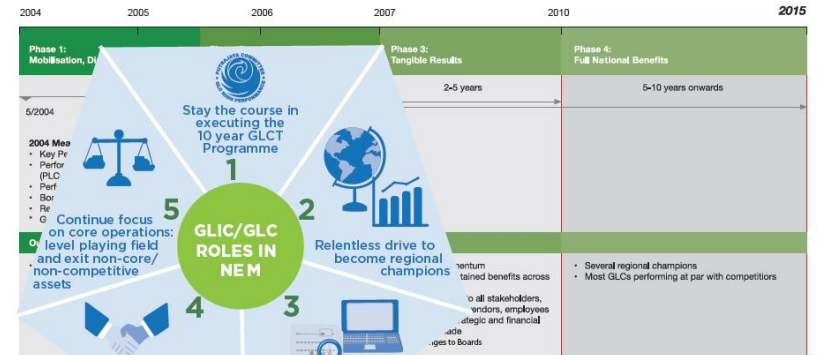


AGGREGATE EARNINGS (RM bn)<sup>9</sup>



TSR of Khazanah Linked Companies ("KLCs") Since May 2004

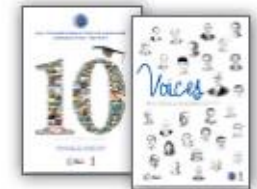
	TM	axiata	CIMB	TENAGA NASIONAL	MALAYSIA AIRPORTS	UEM SUNRISE A member of UEM Group
TSR (p.a.)	18.1% <sup>10</sup>	4.9% <sup>10</sup>	8.5%	9.8%	15.7%	13.7%
Holding period return ("HPR")	595.3% <sup>10</sup>	44.5% <sup>10</sup>	158.4%	196.9%	445.6%	150.1%



**GLCT Programme  
Graduation  
7 August 2015**



Graduating to a Higher Class:  
Nation-Building, Touching Lives



Note 8: TSR comprises of capital gains and dividends, net of taxes

Note 9: 2015 estimates exclude Malaysia Airlines Berhad ("MAB") as it is currently undergoing restructuring

Note 10: Based on demerger reference price

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



# Catalysing Growth & Value Creation:

Further progress recorded in NEIs, while additional and accelerated domestic investments announced, as well as a few milestones achieved in our internationalisation strategy

## SELECTED NEW ECONOMY INVESTMENTS (“NEIs”)

**1 ISKANDAR MALAYSIA**

- RM187bn cumulative committed investments
- 605,381 jobs created from 2007-2014
- 3,830 units affordable houses delivered to-date

**2 INNOVATION & TECHNOLOGY**

- Various direct investments made

**3 CREATIVE & MEDIA**

- Several international productions “Asia’s Got Talent”, “Marco Polo 2” and “Lost in the Pacific”
- Venture into latest motion capture technology
- 2,123 jobs created since 2014

**4 LEISURE & TOURISM**

- Continued progress on Desaru Coast

**5 WELLNESS**

- Completion of project

## ADDITIONAL & ACCELERATED DOMESTIC INVESTMENTS

Projects announced in September 2015 in support of the Government’s proactive economic measures: **RM6.77bn**

Desaru Coast Destination Resort [RM4.5bn]		In-patient Rehabilitation Hospital Business [RM100m]		i2M Sdn Bhd to provide incentives to attract investments in BPO sector [RM90m]	
Tourism Venture Fund [RM50m]		Taman Tugu & Dataran Muzium [RM1.1bn]		Domestic Innovation and Technology [RM115m]	
New IHH hospitals and extension of existing hospitals [RM670m]		Sonneratia Capital, a fund to finance production of local content [RM50m]		Skim Latihan 1Malaysia (“SLIM”) Programme [RM95m]	

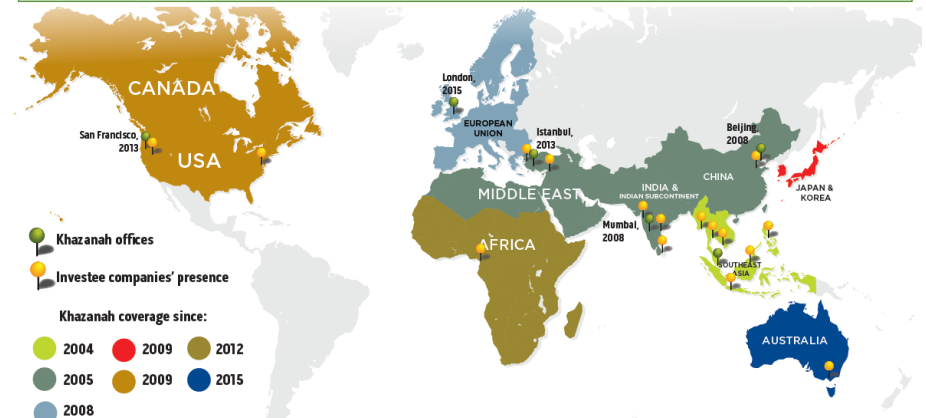
Khazanah projects announced in National Budget 2016: **RM2.5bn**

<b>ValueCAP</b> • Additional fund injection		• RM500m NEI Venture Fund
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### Other selected initiatives by KLCs:

• Development of KLIA Aeropolis and adjacencies [RM7.4bn]		• RM3.4bn investments over the next 10 years in High Speed Broadband 2 (“HSBB2”) and Sub Urban Broadband (“SUBB”)
• Jimah East power station, Negeri Sembilan [RM4.7bn] • Manjung 4 & 5 power stations, Perak [RM9.6bn]		• Gleneagles Medini, 300 beds [RM502m] • Gleneagles Kuala Lumpur 100-bed expansion [RM29m] • Further domestic hospital expansions planned

## INTERNATIONAL PRESENCE



### Selected international milestones:

- KLCs**
- Strategic stake in GAMA Enerji, Turkey
  - 73.4% stake in Global Hospitals, India  
• 51.0% stake in Continental Hospitals, India  
• JV to set up a 350-bed hospital in Chengdu, China
  - 80% stake in NCell, Nepal  
• 75% stake in Digicel Myanmar Tower Company
  - Completion of Cikopo-Palimanan toll road, Indonesia

### Khazanah Europe Investment Limited office established in London



### Investments in Frontier Markets







## Returns to Stakeholders:

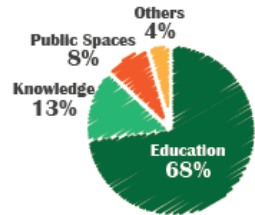
Our commitment to value distribution and contribution to national development continues through Yayasan Hasanah, Khazanah Research Institute and various initiatives

## VALUE DISTRIBUTION

Khazanah continues to deepen its role in social development through several initiatives, in particular via Yayasan Hasanah ("YH").

**RM575m** CR spent by Khazanah and YH since 2006

**YAYASAN HASANAH**  
A foundation of Khazanah Nasional



**RM96m** CR contribution in 2015

- **RM80m** committed for Khazanah SLIM Programme with **1,083** graduates enrolled
- Khazanah-IHH Healthcare Fund – **RM20m** sponsored treatment for **3,100** patients over two years
- **RM17.4m** spent on flood relief and various humanitarian efforts since 2013

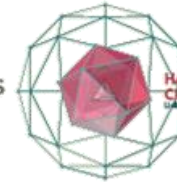
- **32 Trust Schools** rolled out in 2015, bringing total to **62** schools
- Inaugural **RM100m** Sustainable and Responsible Investments ("SRI") sukuk



## CONTRIBUTION TO NATIONAL DEVELOPMENT

### KNOWLEDGE DEVELOPMENT

Continuous learning among employees and stakeholders, enabling the exchange of views and information in the business and academic world, and society in general.



HARNESSING CREATIVE DISRUPTION



### POLICY SUPPORT

Khazanah Research Institute ("KRI") has undertaken fact-based analysis and research on the nation's economic development.

**KHAZANAH RESEARCH INSTITUTE**

Research includes impact of trade policies, housing affordability, and public transportation.



In addition, Khazanah continues to support government policy formation through various channels including boards of public service organisations in areas such as Economic Management, Education, Technology and Innovation, Trade and Export Promotion.



- Volatile and uncertain conditions expected to continue in 2016.
- 2016 also marks the 10-year anniversary of Iskandar Malaysia.
- Khazanah will continue to stay the course with focus on:
  - Delivering long-term financial and strategic performance
  - National development initiatives including value distribution
  - Expanding international presence
  - Strengthening institutional integrity
- Khazanah's portfolio is resilient and well positioned to continue to undertake its commercial and national development mandate.



KHAZANAH  
NASIONAL

## Terima Kasih

The following books are available should you wish to have a copy

