



KHAZANAH
NASIONAL

13TH KHAZANAH ANNUAL REVIEW

Review of 2016 and Outlook for 2017

13 JANUARY 2017





13th Khazanah Annual Review

Summary of 2016

Financial Performance

- Profit Before Tax (Unaudited) rose 32% to RM1.56 billion (2015: RM1.18 billion), Dividends Declared of RM650 million
- Net Worth Adjusted (“NWA”) decreased 6.4% to RM101.9 billion (2015: RM108.9 billion).
- Long-term value creation remains intact: NWA increased 3.1x or a CAGR of 9.3% p.a., for the period May 2004 to 31 December 2016
- Realisable Asset Value (“RAV”) Cover (Assets/Liabilities) at 2.9x

Strategic Performance

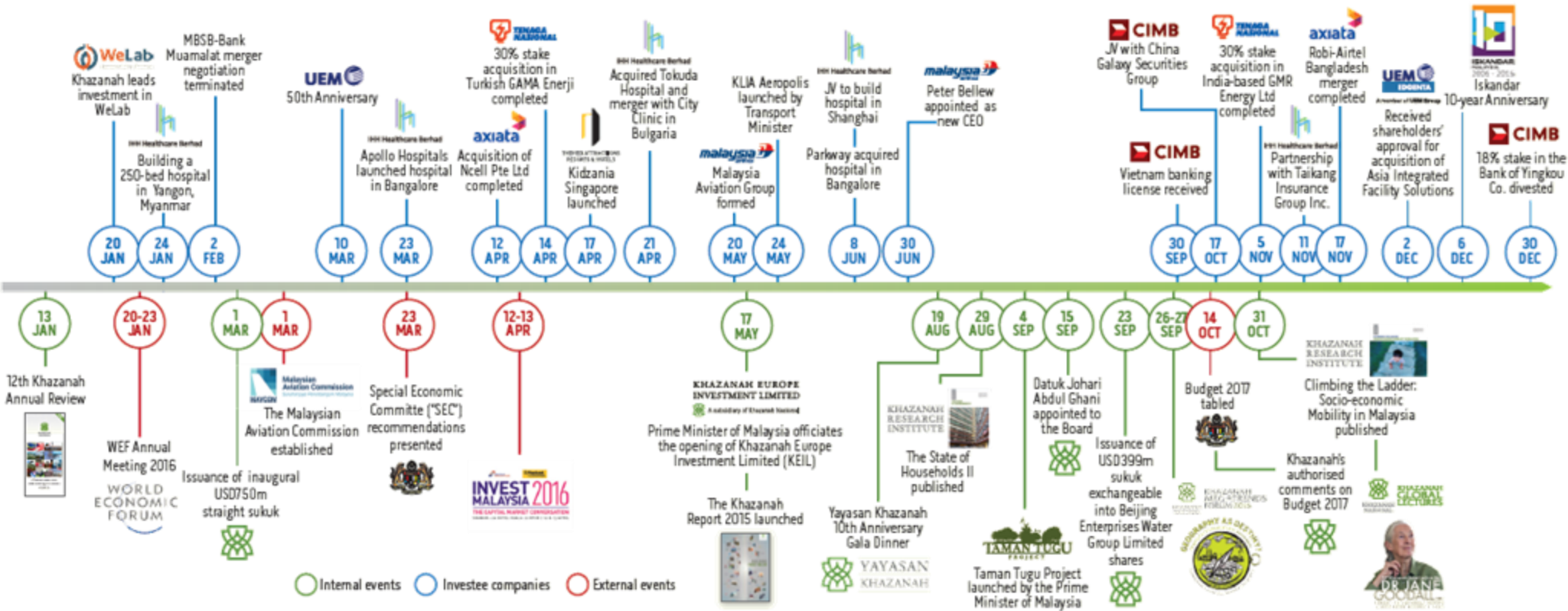
- Continued strong focus on internationalisation, innovation & technology, and domestic catalytic investments to further diversify sources of growth

Value Distribution Initiatives

- More than RM900mn spent on CR over 10-year period of 2006-2016
- Rollout of Trust Schools Programme to 21 schools, bringing total to 83 schools in 10 states
- Two new scholarship programmes under Yayasan Khazanah. Since 2006, 649 scholarships awarded in total, including 114 in 2016



2016 in Review: Overall steady progress in a volatile and uncertain year



Source: Khazanah compilation



2016 Financial Performance:

PBT higher at RM1.6bn with dividends declared of RM650m, while NWA closed at RM101.9bn (-6.4% from last year)

PORTFOLIO AS AT (RM bn)	14 May 04	31 Dec 15	31 Dec 16 ¹	Δ 2015-16	Δ 2004-16
Realisable Asset Value ² ("RAV")	50.9	150.2	145.1	-RM5.1bn (-3.4%)	+RM94.2bn (2.8x or 8.6% p.a. ⁴)
Net Worth Adjusted ³ ("NWA")	33.3	108.9	101.9	-RM7.0bn (-6.4%)	+RM68.6bn (3.1x or 9.3% p.a. ⁴)
RAV/Liabilities ("RAV Cover") [x]	2.9	3.1	2.9		
Shareholders' Funds	7.7	36.4	37.1	+RM0.7bn (+1.9%)	+RM29.4bn (4.8x or 13.3% p.a. ⁴)

RAV²
(RM bn)
145.1

NWA³
(RM bn)
101.9

RAV Cover
(times)
2.9

FINANCIAL STATEMENTS HIGHLIGHTS (RM m)														
Financial Year	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16 ¹	Cumulative
Profit Before Tax	282	(831)	1,014	5,110	127	791	2,081	5,342	2,077	3,128	3,217	1,181	1,561	25,080
Dividends Declared	30	30	100	1,000	100	100	500	3,000	1,000	650	900	1,050	650	9,110
Taxation	73	126	224	195	350	(25)	28	66	188	(53)	129	126	123	1,550
Shareholders' Funds	13,202	12,244	13,041	17,866	17,139	17,638	21,409	25,625	26,980	29,387	35,339	36,353	37,075	

Note 1: Based on unaudited 2016 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.

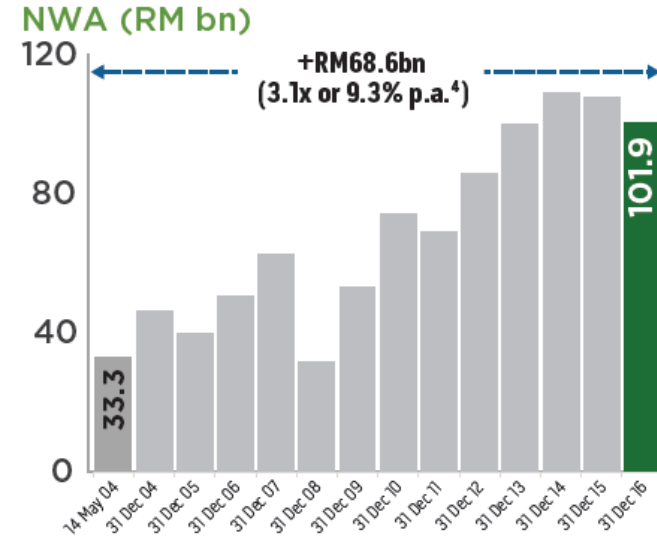
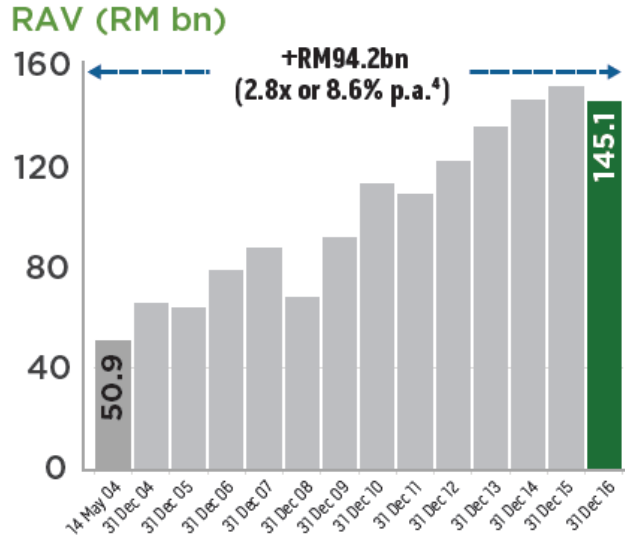
Note 3: NWA: RAV less Total Liabilities and adjusted to measure value created

Note 4: Compounded Annual Growth Rate



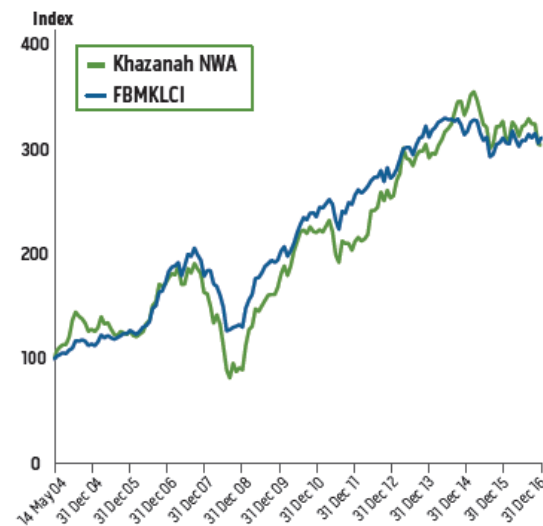
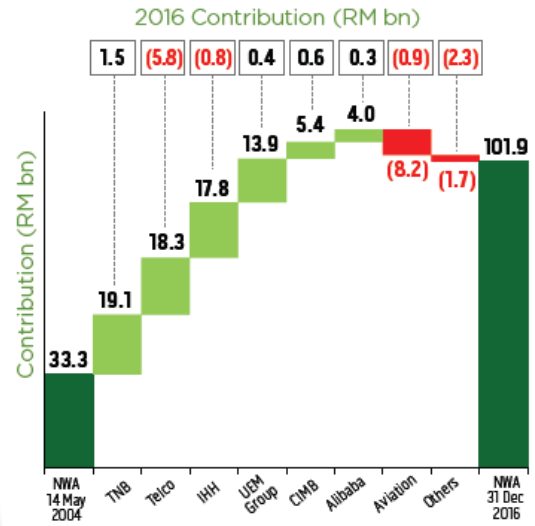
2016 Financial Performance:

Despite the volatility in most regional markets, our long-term value creation remains intact



DECOMPOSITION OF PORTFOLIO NWA MOVEMENT

PORTFOLIO NWA AGAINST FBMKLCI SINCE MAY 2004



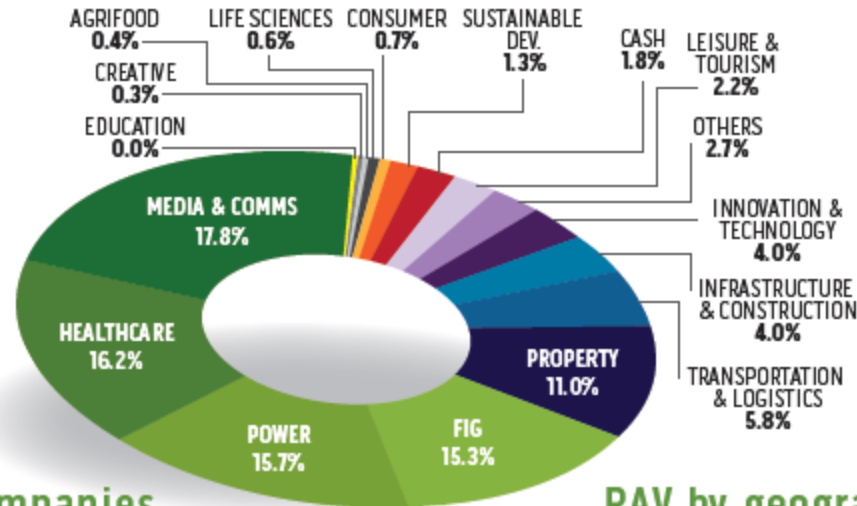
Source: Bloomberg; Khazanah analysis



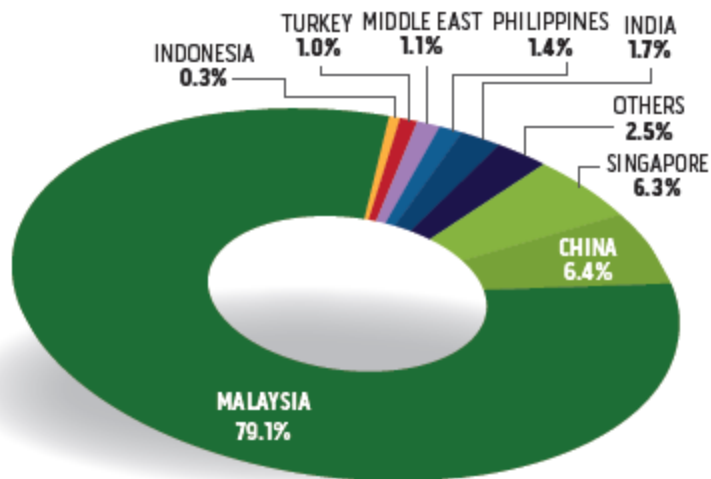
Portfolio Segmentation:

We continue to focus on our strategic role to catalyse growth domestically while driving further internationalisation

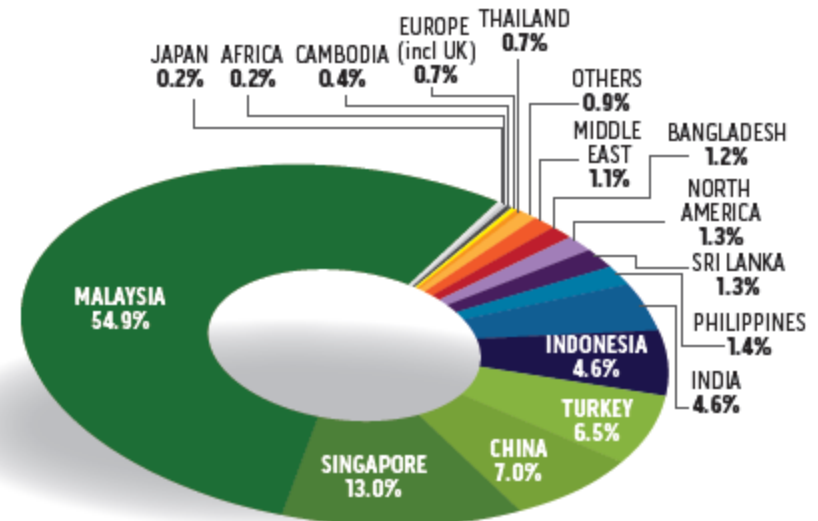
RAV by major sectors



RAV by domicile of companies



RAV by geographic exposure⁵



Note 5: An estimate of attributable value according to the countries where investee companies have operations
Source: Khazanah analysis



Investments and Divestments:

Total investments of RM6.9bn were made, with continued strong focus on innovation and technology; Total divestments gains of RM2.6bn






	INVESTMENTS		DIVESTMENTS		
	No. of transactions ⁶	Amount (RM bn)	No. of transactions	Proceeds (RM bn)	Gains on Divestments (RM bn)
2004-2015	144	74.7	77	48.1	22.3
2016	17	6.9	13	4.7	2.6
TOTAL	161	81.6	90	52.8	24.9

SELECTED TRANSACTIONS

New Investments

- 
 - Games publishing platform
- 
 - Data analytics
- 
 - Online luxury fashion marketplace
- 
 - Augmented reality and visual discovery
- 
 - Asian renal healthcare platform
- 
 - Technology services and consulting company
- 
 - Technology-based logistics company

Harvesting Value Created

- 
 - Placement of 1.60% stake
- 
 - Placement of 1.45% stake
- 
 - Placement of 2.45% stake
- 
 - Fully divested
- 
 - Fully divested

Funding








- 
 - 5-year USD750m straight sukuk
- 
 - 5-year USD399m sukuk exchangeable into Beijing Enterprises Water Group Limited shares

Note 6: Number of discrete new investments
Source: Khazanah analysis



Khazanah-linked Companies (“KLCs”) Performance: KLC’s further expanded their international presence

Total Shareholders’ Return Since May 2004

						 <small>A member of UEM Group</small>	 <small>IHH Healthcare Berhad</small>
TSR (p.a.)	15.7% ⁷	1.1% ⁷	8.2%	9.6%	15.2%	11.3%	20.6% ⁸
Holding period return ("HPR")	529.9% ⁷	9.7% ⁷	170.1%	217.0%	497.3%	138.2%	130.1% ⁸

Selected International Milestones

 <ul style="list-style-type: none"> Acquired Nepalese Ncell Pte Ltd Merger of Robi-Airtel in Bangladesh 	 <ul style="list-style-type: none"> Building a 250-bed hospital in Yangon, Myanmar Opening of hospital in Bangalore Joint venture to build hospital in Shanghai Acquired Tokuda Hospital and merger with City Clinic in Bulgaria Partnership with Taikang Insurance Group Inc.
 <ul style="list-style-type: none"> Acquired 30% stake in Turkish Gama Enerji Acquired 30% stake in India’s GMR Energy 	 <ul style="list-style-type: none"> Received Vietnam banking license Joint venture with China Galaxy Securities Group to set up stockbroking business Divested 18% stake in the Bank of Yingkou Co.
 <small>A member of UEM Group</small> <ul style="list-style-type: none"> Received shareholders’ approval for the acquisition of Asia Integrated Facility Solutions, facilities management company in Singapore 	

Note 7: Based on demerger reference price

Note 8: Since its Initial Public Offering

Source: Khazanah analysis



Catalysing Growth & Value Creation: Khazanah and investee companies continue to drive growth and value creation both domestically and abroad

PROGRESS IN SELECTED CATALYTIC INVESTMENTS ("CIs")

SELECTED ACHIEVEMENTS IN ISKANDAR MALAYSIA (2006-2016)

Total cumulative investments of RM218.8bn (2006 - Sep 2016)

Leisure and Tourism

EduCity

Other catalytic projects

MILESTONES ACHIEVED IN SELECTED CIs

- Completion of The Els Club Desaru Coast
- Launch of Kidzania Singapore
- Completion of corporate exercise
- 21 trust schools rolled out, bringing total to 83 schools

SELECTED KEY INITIATIVES

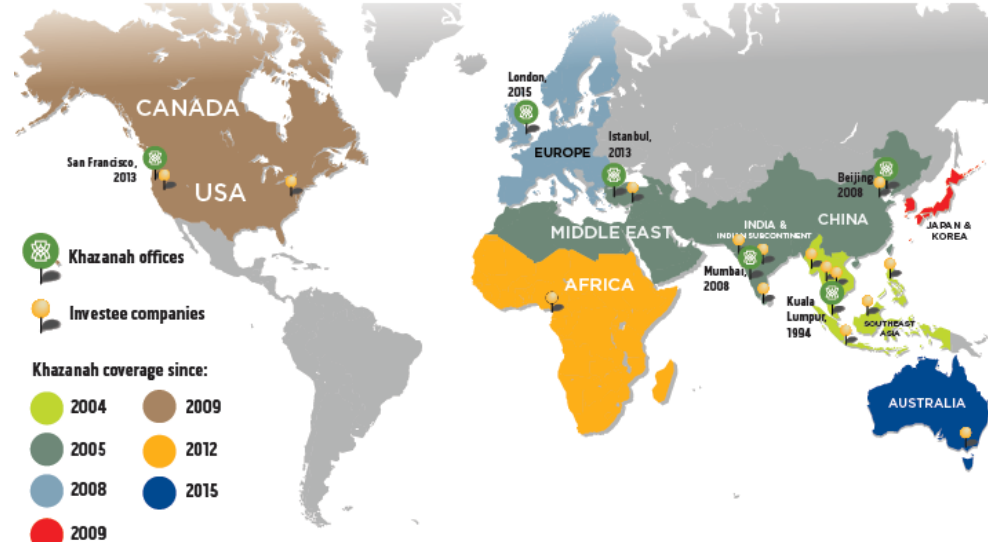
NATIONAL PROJECTS

-
- Runway to Success 2020 (RtS2020) business plan
 - Launch of KLIA Aeropolis
 - Broadband Improvement Plan 2017
 - Launch of webe, a digital mobility service provider
 - Launch of Taman Tugu Project by the Prime Minister of Malaysia

RESTRUCTURING

-
- Formation of Malaysia Aviation Group
 - Appointment of Peter Bellew as new CEO
 - Malaysia Aviation Commission established

INTERNATIONAL PRESENCE

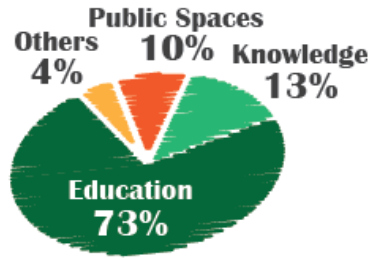


Selected Investments in Technology Companies



Value Distribution & National Agenda

Delivering societal returns remains a priority with more than RM900m spent by Khazanah and Yayasan Hasanah on CSR initiatives since 2006



RM3bn endowment provided to Hasanah and more than **RM900m** spent by Khazanah and Hasanah on Corporate Social Responsibility ("CSR") initiatives since 2006



SELECTED INITIATIVES

HUMAN CAPITAL DEVELOPMENT



- 649 scholarships awarded since 2006, of which 114 awarded in 2016
- 2 new scholarships launched - Rhodes Scholarship for Malaysia and Chevening - Khazanah Scholarship programme



- RM89m spent and 5,160 graduates trained over 2015 and 2016
- 21 trust schools rolled out, bringing total to 83 schools in 10 states to-date

KNOWLEDGE DEVELOPMENT



SOCIAL INCLUSION



- RM71m committed to ongoing social development initiatives in Iskandar Malaysia mainly in 4 focus areas namely affordable housing, capacity building, entrepreneurship development and livability enhancement

PUBLIC SPACES



POLICY & ADVISORY SUPPORT





- A volatile, uncertain, complex and ambiguous global business and market environment is expected to continue in 2017
- Khazanah continues to drive:
 - Long-term value creation
 - Development of a high quality and resilient portfolio
 - Holistic value creation in financial, economic and societal terms
 - Strengthening of institutional integrity and governance



KHAZANAH
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Terima Kasih



Gains from Alibaba have been seeded into new technology investments



Source: Khazanah, as at 31 Dec 2016