



14TH KHAZANAH ANNUAL REVIEW

Review of 2017 & Outlook for 2018

18 JANUARY 2018

KHAZANAH NASIONAL





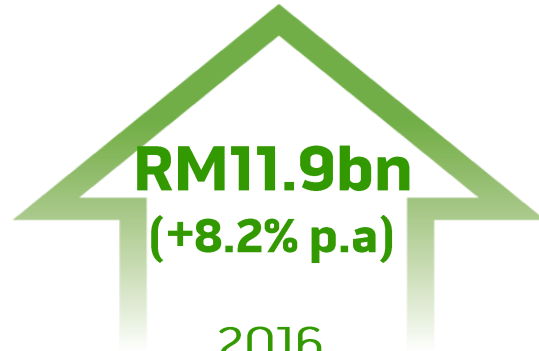
PORTFOLIO PERFORMANCE

RAV

Realisable Asset Value

2017¹

RM157.2bn



2016

RM145.3bn

2004-2017:

+RM106.3bn

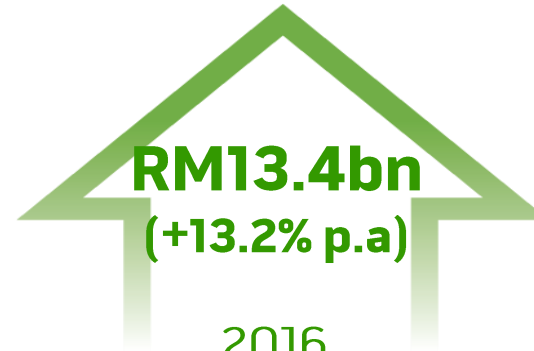
(+8.6% p.a²)

NWA

Net Worth Adjusted

2017¹

RM115.6bn



2016

RM102.1bn

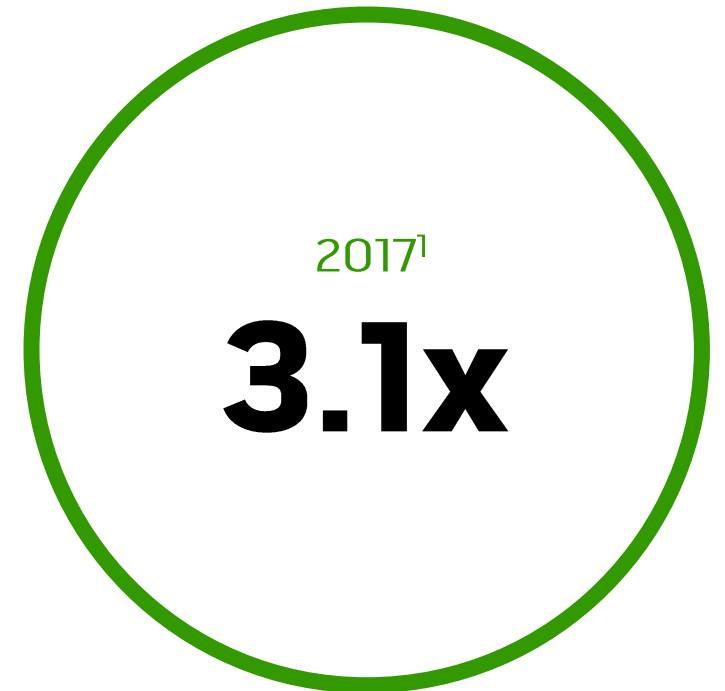
2004-2017:

+RM82.3bn

(+9.6% p.a²)

RAV Cover

(x)



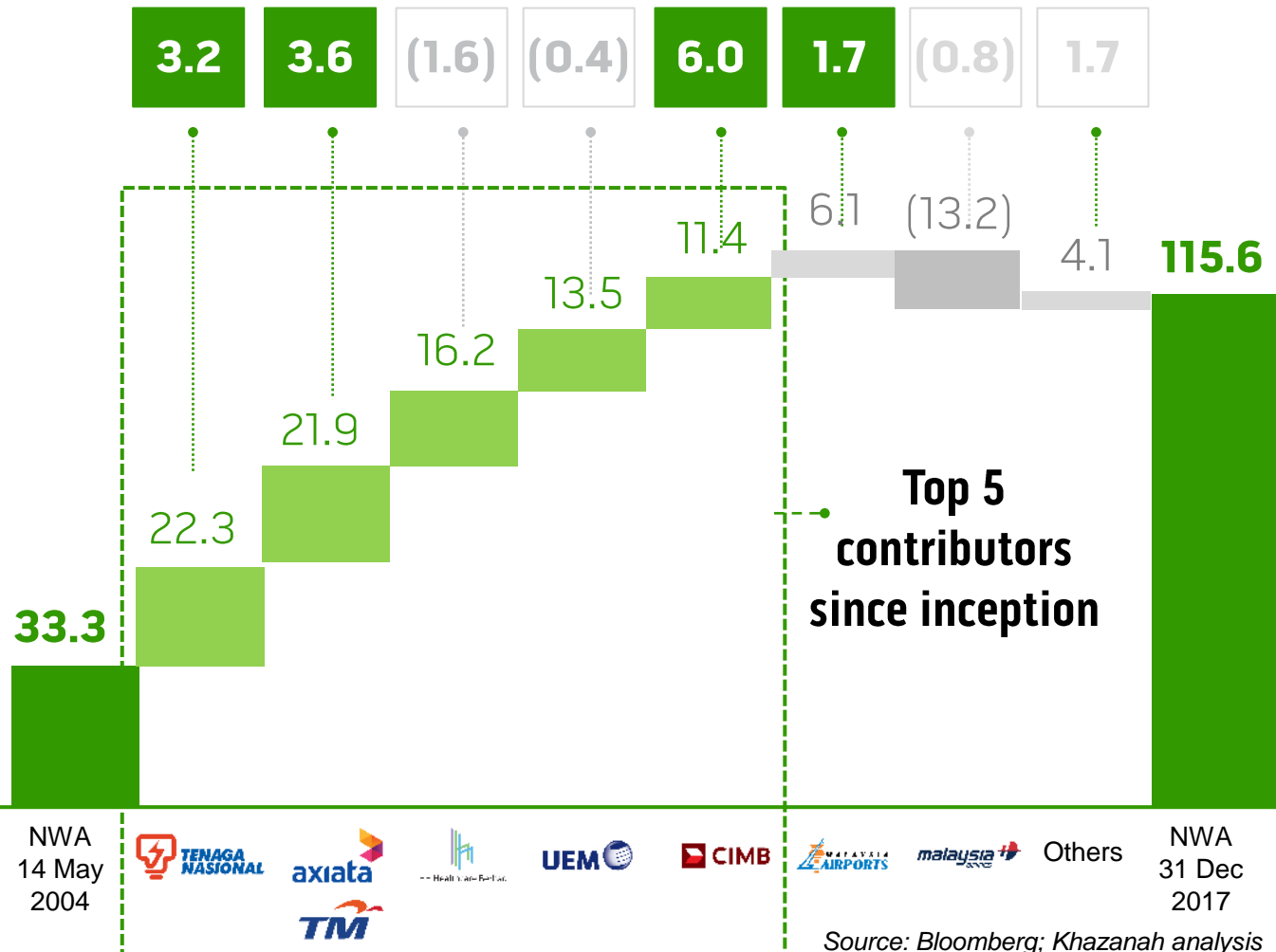
1. Based on unaudited numbers as of 31 December 2017
2. Compounded Annual Growth Rate CAGR



PORTFOLIO PERFORMANCE

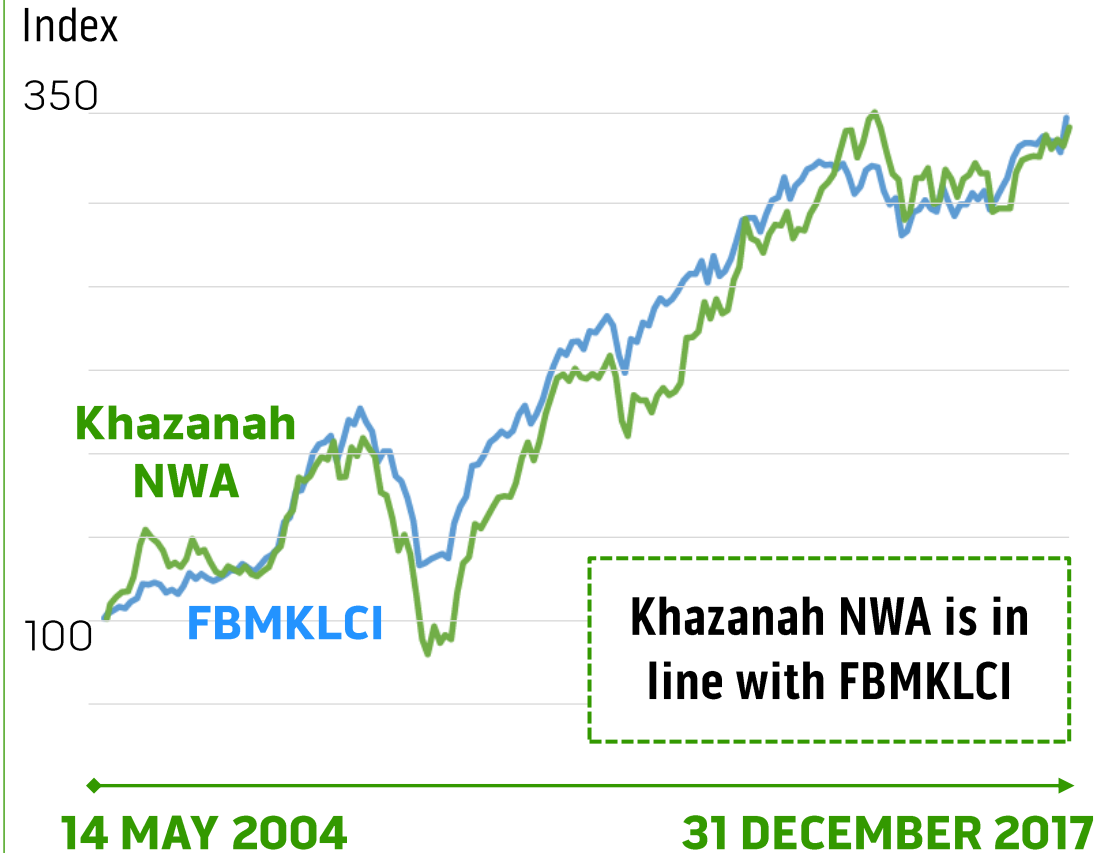
DECOMPOSITION OF PORTFOLIO NWA MOVEMENT

2017 Contribution (RM bn)



Source: Bloomberg; Khazanah analysis

NWA AGAINST FBMKLCI SINCE 14 MAY 2004



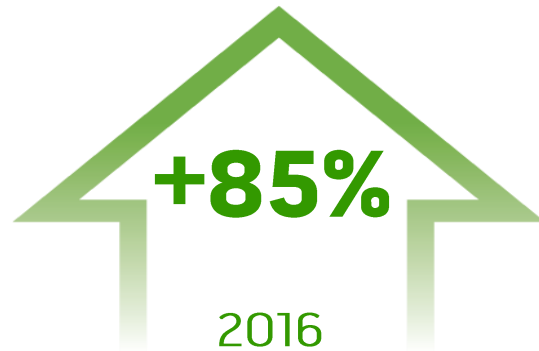


FINANCIAL PERFORMANCE

Profit Before Tax

2017¹

RM2.9bn



2016

RM1.6bn

Cumulative since 2004:

RM28.0bn

Contribution to Government / Shareholders

Dividends
+
Taxes

RM11.7bn

since 2004

Shareholders' funds

2017¹

RM40.5bn



2004

RM13.2bn



INVESTMENTS & DIVESTMENTS

Investments

2017

No. of
Transactions¹

14

Amount

RM6.3bn

2004-2017

No. of
Transactions¹

175

Amount

RM87.9bn

Divestments

2017

No. of
Transactions¹

12

Proceeds

RM6.4bn

Gain

RM2.5bn

2004-2017

No. of
Transactions¹

102

Proceeds

RM59.2bn

Gain

RM27.4bn



INVESTMENTS & DIVESTMENTS

SELECTED NEW INVESTMENTS IN 2017



Online to offline local
service platform



Europe's leading used
car marketplace



Telecommunications
infrastructure services
company



Inaugural investment in
Vietnam – consumer and
retail group



Internet-of-things
connectivity service



INVESTMENTS & DIVESTMENTS

HARVESTING VALUE CREATED IN 2017





INVESTMENTS & DIVESTMENTS

SECTORIAL EXPOSURE

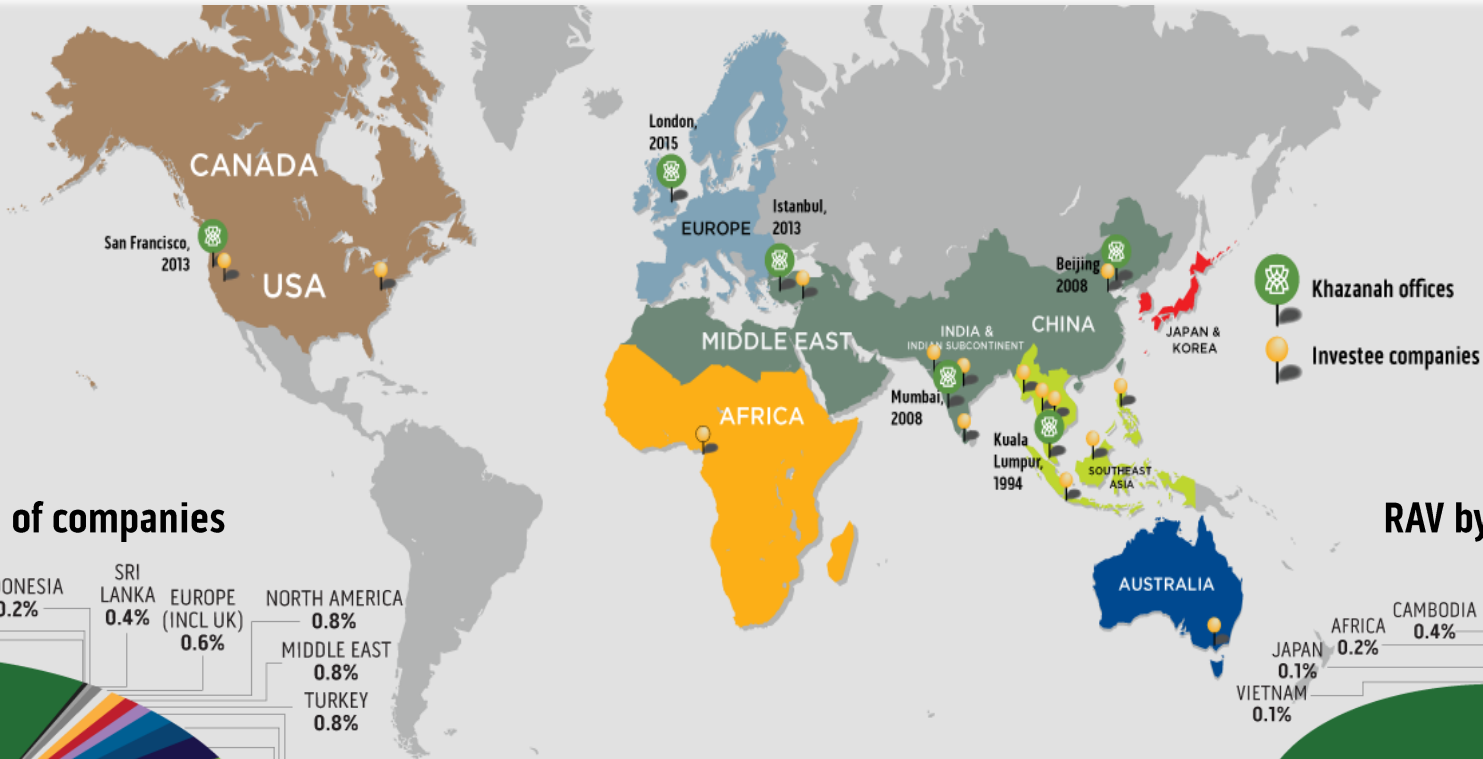
- ◆ **MEDIA & COMMS** 17.0%
- ◆ **FINANCIAL SERVICES** 16.9%
- ◆ **POWER** 15.9%
- ◆ **HEALTHCARE** 13.8%
- ◆ **PROPERTY** 9.0%
- ◆ **TRANSPORTATION & LOGISTICS** 6.0%
- ◆ **INNOVATION & TECHNOLOGY** 5.2%
- ◆ **INFRASTRUCTURE & CONSTRUCTION** 3.4%
- ◆ **OTHERS** 3.0%



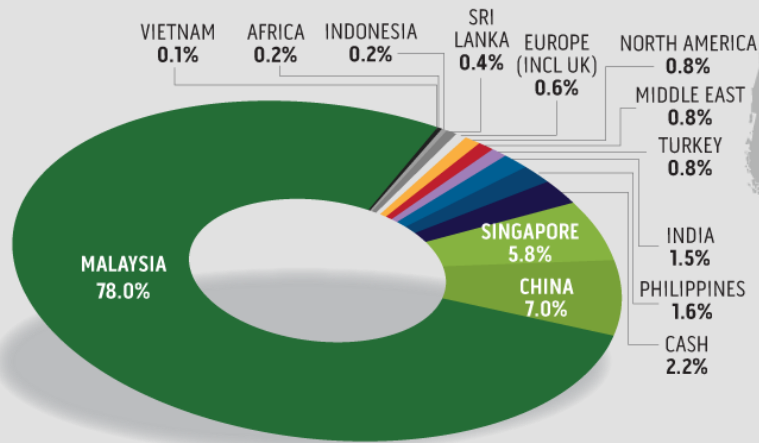
- ◆ **CREATIVE** 2.2%
- ◆ **LEISURE & TOURISM** 2.2%
- ◆ **CASH** 2.2%
- ◆ **SUSTAINABLE DEVELOPMENT** 1.2%
- ◆ **CONSUMER** 0.8%
- ◆ **LIFE SCIENCES** 0.6%
- ◆ **AGRICULTURE** 0.3%
- ◆ **WELLNESS** 0.1%
- ◆ **EDUCATION** 0.02%



INTERNATIONALISATION



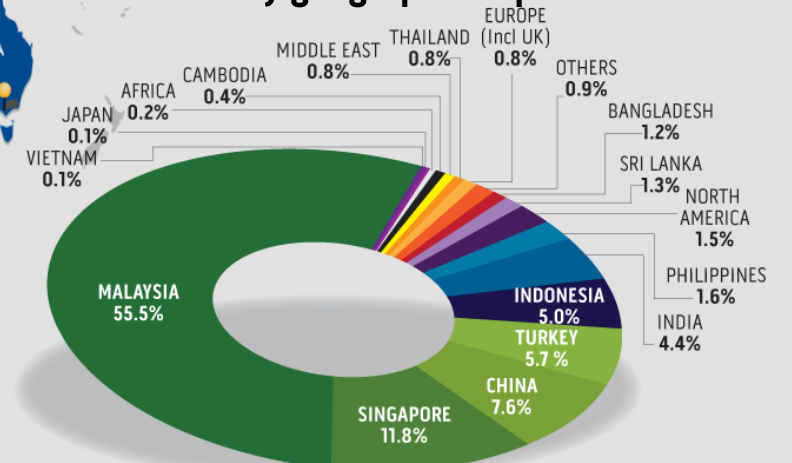
RAV by domicile of companies



Domestic **78** : **22** Foreign

- Present in **5** continents
- **7** regional offices

RAV by geographic exposure¹



Domestic **56** : **44** Foreign

1. An estimate of attributable value according to the countries where investee companies have operations

Source: Khazanah analysis



STRATEGIC PERFORMANCE

SELECTED ACHIEVEMENTS AND MILESTONES



- Increased dividend policy to 30%-60%
- Delivered Manjung 5 coal-fired power plant in September 2017



- TM One launched Iskandar Puteri Data Centre at Nusajaya Technology Park, Johor
- Completed 3,800 km of submarine cable system (SKRIM)



- Operating agreement extended by 35 years
- JV with Cainiao Smart Logistics Network to develop e-commerce hub in KLIA Aeropolis



IHH Healthcare Berhad

- Divested 10.9% stake in Apollo Hospitals
- Gleneagles Hong Kong and Acibadem Altunizade began operations
- Groundbreaking ceremonies held for Gleneagles Shanghai and IMU Hospital



STRATEGIC PERFORMANCE

SELECTED ACHIEVEMENTS AND MILESTONES



- Edotco completed USD700m private placement from Innovation Network Corporation of Japan, Khazanah and KWAP



- Touch 'n Go partnered with Alipay for mobile wallet solutions
- Strategic partnership in stock broking business with China Galaxy Securities



- Captain Izham Ismail appointed as Group CEO in October 2017
- Received new Airbus A350-900 aircraft with special Negaraku livery with four more aircrafts to be received



- Marina One and DUO development projects in Singapore completed, worth a combined SGD11bn in gross development value



STRATEGIC PERFORMANCE

TIDE PROGRAMME – TRENDING, INNOVATION, DISRUPTION, ENTREPRENEURSHIP



Multi-year programme to create awareness and encourage adoption of Innovation, Disruption, and Entrepreneurship in company cultures to drive growth and performance in our investee companies

TIDE #1
9 August 2017



TIDE FORUM
18 September 2017



TIDE #2
4 October 2017



December 2017





STRATEGIC PERFORMANCE

PROGRESS IN SELECTED CATALYTIC INVESTMENTS (“CIs”)



LEISURE & TOURISM



New CEO appointed



First phase of Desaru Coast
to open in 2018



WELLNESS



Inpatient rehabilitation hospital
to open in May 2018



AGRIFOOD



Equity swap with agro-preneur



Accelerated growth and
strengthened governance practices



STRATEGIC PERFORMANCE

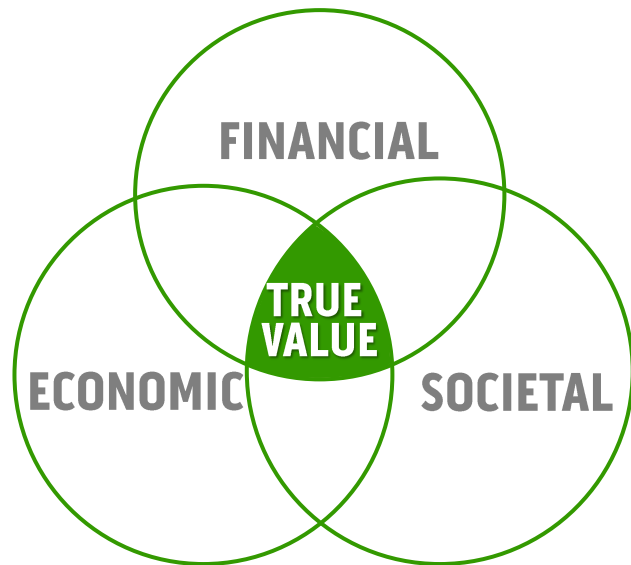
RESPONSIBLE INVESTMENTS AND SUSTAINABILITY

Project Chronos seeks to measure the societal impact of our investments in addition to their financial and economic values

Project Chronos

Pathway to sustainability

JAN 2019



Top 25 Most Responsible Asset Allocators 2017 by The Bretton Woods – Leaders List



Member of Focusing Capital on the Long Term (“FCLT”)



Signatory of United Nations-supported Principles for Responsible Investment



Signatory of Malaysian Code of Institutional Investors Council



Strategic partner for World Economic Forum, Davos



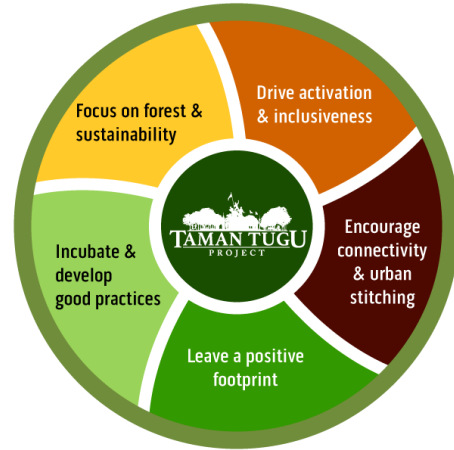
VALUE DISTRIBUTION

DELIVERING SOCIETAL RETURNS



Amanah Warisan Negara
("AWAN") established

Masterplan for
Khazanah ILMU finalised



Inaugural on 4 September 2017

>30,000
people impacted

>300
initiatives

**Launched in
October 2017**



**Received up
to 700+
applications
to-date**



**Second tranche of 7-year SRI
Sukuk of RM100m with a
RM5m retail portion launched**

147 schools
rolled out to-
date

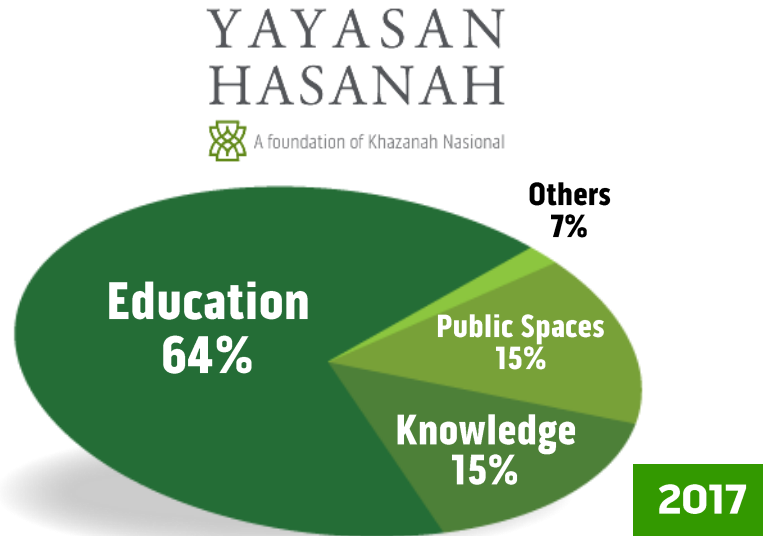
8,000
teachers
impacted

110,000
students
impacted



VALUE DISTRIBUTION

CORPORATE SOCIAL RESPONSIBILITY



Khazanah and Hasanah CSR expenditure

RM233.5m
spent in 2017

RM1.2bn
spent since 2006

Selected Yayasan Hasanah Partners





VALUE DISTRIBUTION

HUMAN CAPITAL DEVELOPMENT & SOCIAL INCLUSION



110 scholarships awarded
in 2017, totaling **756** since 2006



RM78m
spent in 2017

4,220 graduates
trained in 2017, totaling
9,380 to-date

ISKANDAR
MALAYSIA



RM24m committed
in 2017



Affordable
housing



Capacity
building



Entrepreneurship
development



Liveability
enhancement

CONTRIBUTION TO NATIONAL AGENDA

KNOWLEDGE DEVELOPMENT



CEREBRUM



ALGORITHM

Building True Value
in a Post-Truth World



POLICY & ADVISORY SUPPORT

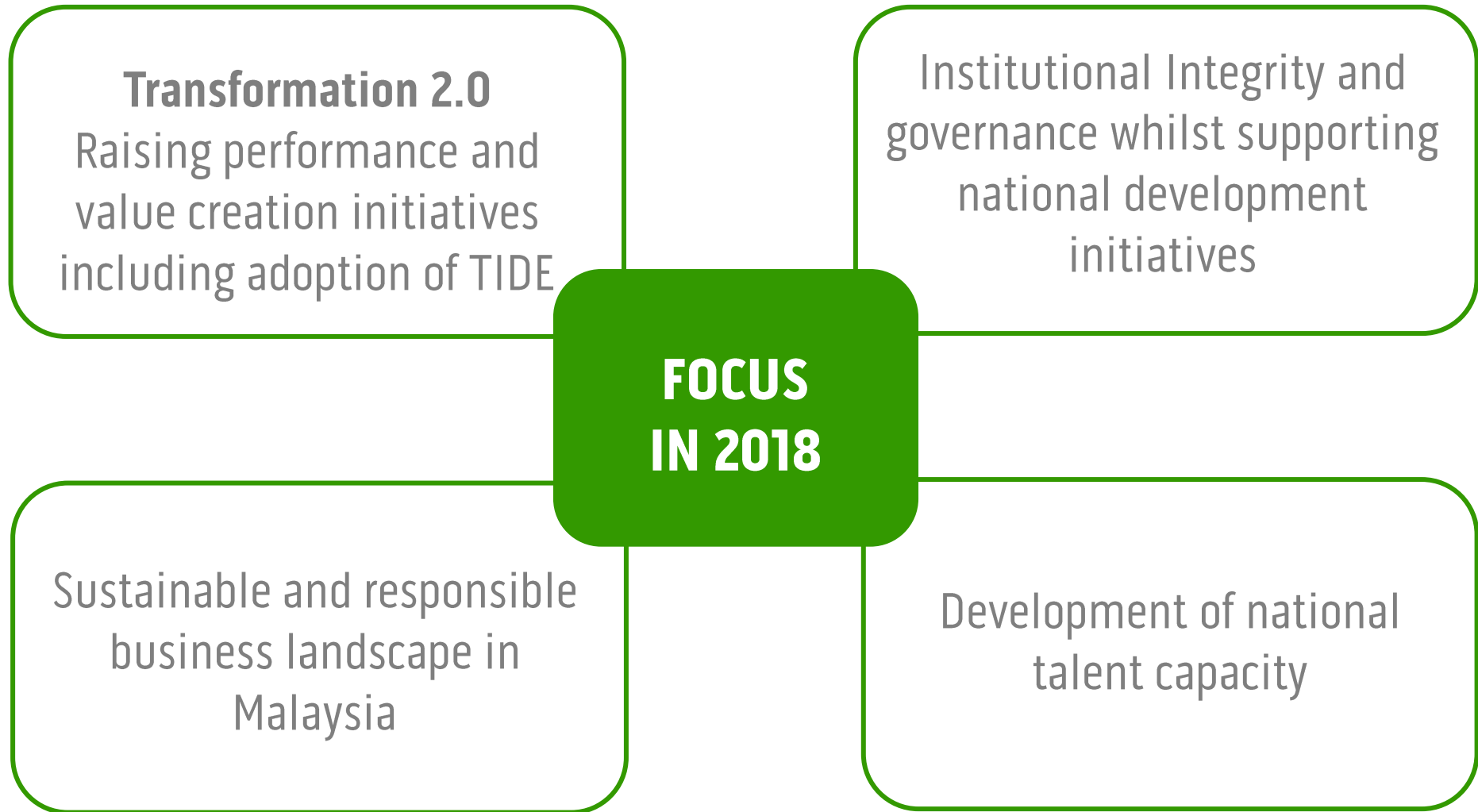


KHAZANAH
RESEARCH
INSTITUTE



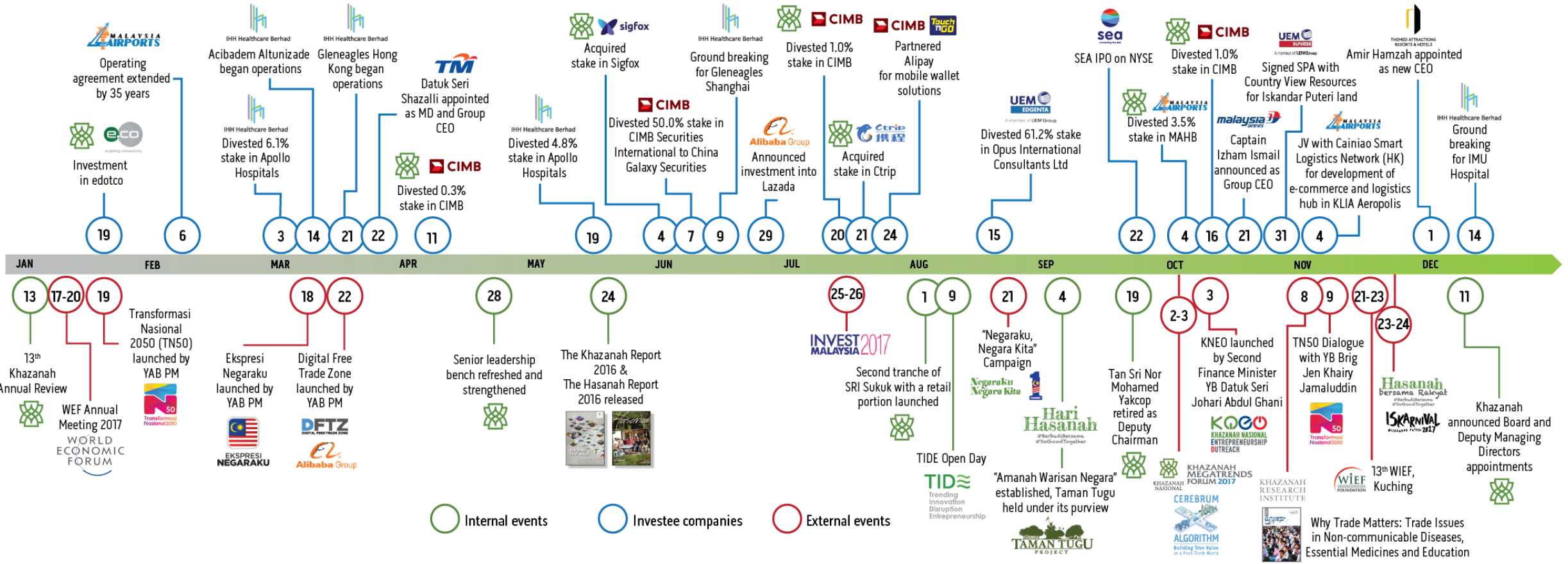


2018 OUTLOOK





2017 IN REVIEW

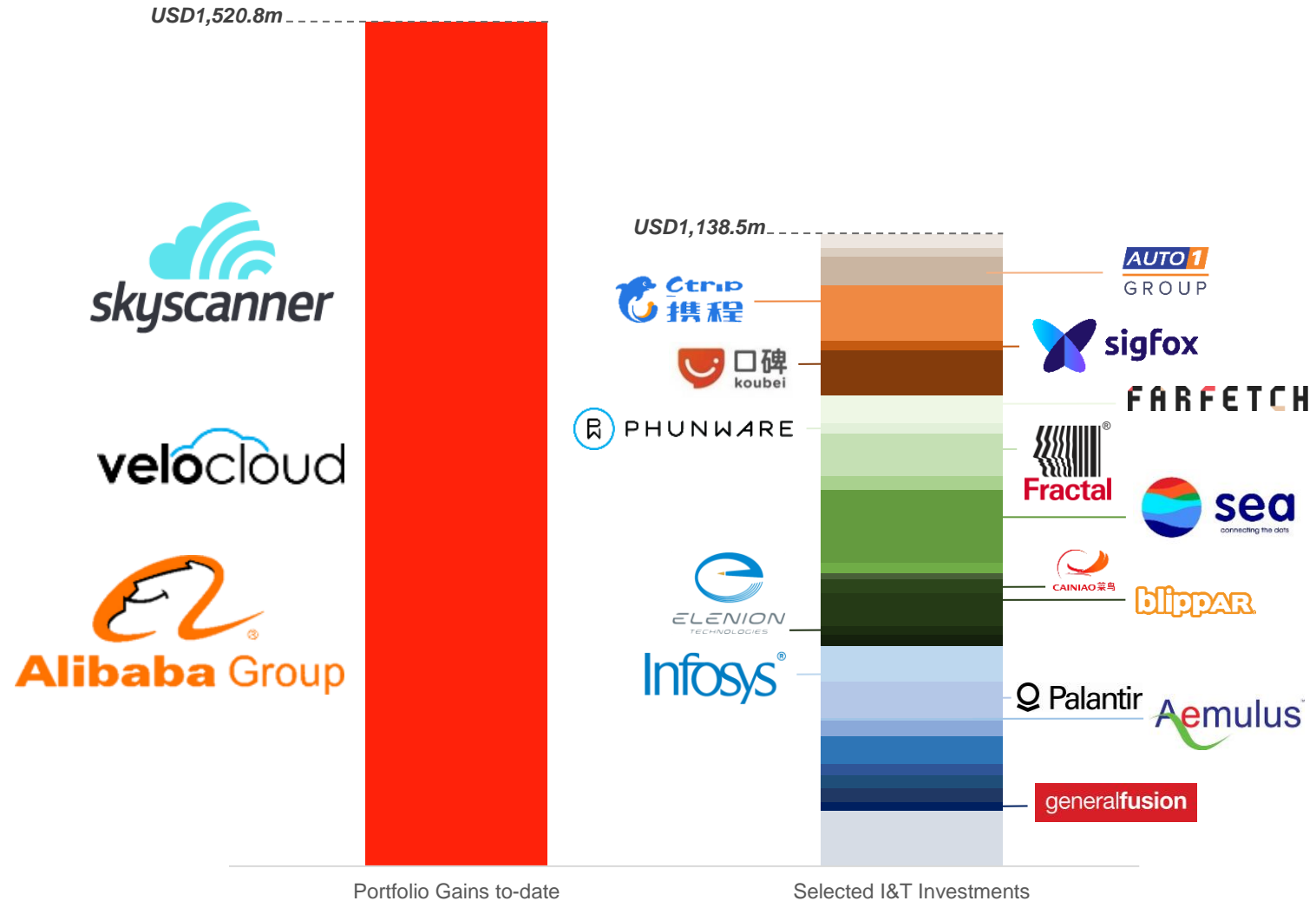




APPENDIX



PORTFOLIO GAINS HAVE BEEN SEEDED INTO NEW TECHNOLOGY INVESTMENTS



Source: Khazanah, as at 31 Dec 2017. Illustrative, not drawn to scale
Note: Sea Ltd. was formally known as Garena Interactive Holdings Ltd.



KHAZANAH
NASIONAL

Thank You

Visit our website at www.khazanah.com.my