

**Khazanah records RM5.9 billion profit for 2023, solidifies growth strategy  
amidst volatile market conditions**

*Demonstrated disciplined capital allocation to deliver sustainable returns while  
embedding sustainability across operations*

**2023 Highlights**

- RM5.9b profit from operations, a significant increase from RM1.6b in FY2022
- Achieved a 5-year rolling of 2.9% Net Asset Value (“NAV”) Time-Weighted Rate of Return (“TWRR”) for the Investments Portfolio
- Identified RM877m of Dana Impak projects to deliver socioeconomic benefits and enhance Malaysia’s economic competitiveness
- Established green investment platform - UEM Lestra, reaffirming commitment to Malaysia’s sustainability and energy transition agenda
- Demonstrated strong financial and operational performance for its Airline and Tourism assets

**KUALA LUMPUR, 11 March 2024** – Khazanah Nasional Berhad (“Khazanah”) announced its financial results for the year ended 31 December 2023 today, recording strong performance amidst volatile global market conditions.

2023 was challenging for Khazanah and the global markets, influenced by the anticipated peak Federal Reserve rates, a slowdown in elevated inflation, tight monetary conditions, a concentrated rally in artificial intelligence (“AI”), weak growth in China, and ongoing geopolitical conflicts.

Nevertheless, Khazanah remained resilient and demonstrated disciplined capital allocation to deliver sustainable returns while investing for the future and embedding sustainability across operations.

**Khazanah Managing Director Dato' Amirul Feisal Wan Zahir** said, "We delivered a stronger performance in 2023, more than three-fold in profit as compared to FY2022. Our commitment remains as we continue to leverage our value creation efforts and portfolio rebalancing approach to strengthen our balance sheet and build a resilient financial position. While 2024 is expected to be yet another challenging year globally with heightened political uncertainties, Advancing Malaysia will remain our overarching theme to steer our strategies and actions towards delivering national development and ensuring a sustainable future for Malaysia."

### **Financial and Portfolio Performance**

Khazanah recorded profit from operations of RM5.9b, driven by higher dividends and distributions from investee companies, fair value gains, and capital preservation. Debt increased marginally to RM50.2b from RM49.1b in the previous year. Realisable Asset Value ("RAV") over debt ratio remained healthy at 2.7x.

NAV grew from RM33b in 2004 to RM85b in 2023, resulting in a compounded annual growth rate of 5.1%, fulfilling Khazanah's mandate to deliver sustainable returns to the nation and growing Malaysia's long-term wealth. The Investment Portfolio achieved a 5-Year Rolling NAV TWRR of 2.9% and a 1-year NAV TWRR of 5.7% amidst the challenging market landscape within this period. The returns improved in 2023, driven by the developed market portfolio and a partial recovery of our listed investee companies in Malaysia. In 2023, Khazanah deployed RM7.3b in new investments and raised RM7.2b from asset monetisation.

Khazanah's Airline and Tourism assets showed improved financial and operational performance. Malaysia Aviation Group Berhad ("MAGB") recorded positive NIAT for the

first time in a full year, while Destination Resorts and Hotels (“DRH”) made a strong recovery post-pandemic. No additional capital injections were required during the year.

In April 2023, Khazanah received its first issuer credit rating of A3 and A- from Moody’s Investors Service and S&P Global Ratings, respectively. These investment grade credit ratings affirm Khazanah’s strong ability to meet its financial commitments, track record of sound investment and funding policies, and important role in growing Malaysia’s long-term wealth.

Khazanah paid a dividend of RM1b for 2023 to the Government of Malaysia, with RM18.1b cumulative dividends paid since 2004.

### **Staying focused on Advancing Malaysia**

Khazanah continued implementing its refreshed strategy and approach in 2023, anchored on Advancing Malaysia to deliver sustainable value for Malaysians.

One notable achievement was the launch of the green investment platform, UEM Lestra Berhad (“UEM Lestra”), under Khazanah’s wholly owned subsidiary, UEM Group Berhad, in support of the Government’s aspirations of achieving net-zero emissions by 2050, outlined in the National Energy Transformation Roadmap (“NETR”).

Dana Impak identified projects worth over RM800m across the six key themes, with new programmes launched to bolster Malaysia’s digital and startup ecosystem via financial investments and human capital development. Initiatives include the Future Malaysia Programme, Future Malaysia Skills, MSME Digitalisation and Khazanah Impact Innovation Challenge 2023 underscoring Khazanah’s commitment to investing in catalytic sectors. These efforts aim to enhance Malaysia’s economic competitiveness and socio-economic

benefits, reinforcing Dana Impak as one of the key pillars under the Advancing Malaysia strategy.

Khazanah also successfully met its 2023 Environmental, Social, and Governance (“ESG”) targets, which included achieving carbon-neutral operations, establishing a Diversity, Equity, and Inclusion (“DEI”) framework, and incorporating ESG-linked KPIs for key leadership positions across its portfolio companies.

### **Delivering Societal Value**

Alongside financial achievements, Khazanah continued to deliver societal value and impact to the Malaysian community through its affiliated entities, focusing on building capacity and vibrant communities toward advancing Malaysia.

In 2023, Yayasan Hasanah allocated RM54m in grant funding towards 119 impact-based projects across education, community development, environment, art and public spaces and knowledge impact areas.

The Khazanah Research Institute (“KRI”) released 39 publications in the same year, providing crucial insights and policy recommendations. These studies played a pivotal role in supporting the Government and stakeholders in shaping policies for the well-being of Malaysians. Key policy proposals from KRI included studies on “Decent Shelter for the Urban Poor: A Study of Program Perumahan Rakyat (“PPR”)” and “The Returns to Malaysian Labour Part II – Wage gaps within and between subgroups from 2010 to 2019.”

Taman Tugu, a non-profit initiative by Khazanah, emerged as a vital green space in the heart of Kuala Lumpur, attracting over one million visitors since its opening and serving as a hub for community engagements and environmental preservation.

Think City, a wholly owned subsidiary of Khazanah focusing on making cities more resilient and liveable, took catalytic actions in 2023. Initiatives include the Kita-Untuk-Kita (K2K) programme enhanced public housing communities, and key revitalisation projects of Malaysian heritage buildings in the city to complement the overall Kuala Lumpur Creative and Cultural District strategic master plan.

### **Moving Forward**

In 2024, the global macroeconomic and market environment is expected to remain challenging and volatile, with ongoing geopolitical conflicts in the Middle East, the continuation of the Russia-Ukraine War, and global competition between China and the US. Additionally, a significant global election cycle involving 76 countries representing over 60% of the world's GDP will introduce further volatility. In this environment, Khazanah remains vigilant in its investment activities to maintain portfolio resilience through strategic diversification.

Khazanah's Malaysia Strategy for 2024 will focus on four key areas that will guide the transformation and success of its Malaysian portfolio amidst evolving global megatrends:

- **Connectivity:** Enhancing Malaysia's role as a hub through strategic investments in MAHB and MAGB, essential for attracting capital, investors, and talent in line with the New Industrial Master Plan 2030.
- **Energy Transition:** Supporting Malaysia's goal of net zero emissions by 2050 through Khazanah's leadership in TNB's NETR execution and UEM Lestra's green energy projects, to ensure a just and sustainable energy transition. UEM Lestra, along with other UEM Group of companies will undertake this initiative by investing in and building domestic champions in various green sectors comprising Renewable Energy and Storage as well as Green Buildings and Energy Efficiency.

- **Digitalisation:** Leading the digital transformation across its portfolio companies to boost productivity and global competitiveness.
- **Catalytic/New Growth Areas:** Through its Dana Impak initiative, Khazanah aims to invigorate ecosystems, collaborate with stakeholders, and influence policy for sustained economic growth and resilience.

This mission-based approach is set to drive long-term returns and sustainable value for the nation, aligning with the aspirations of Ekonomi MADANI to raise the ceiling and the floor.

In 2024, Dana Impak, through a combination of existing as well as new initiatives and programmes aims to commit an additional RM600m for Malaysian companies. The financial investment aims to support companies of varying sizes and stages of growth ranging from startups, MSMEs to medium-sized companies, with the dual objectives of nurturing local and regional champions, as well as catalysing new economic growth for the nation.

Additionally, Khazanah together with other GLCs and GLICs are committed to supporting the Government's efforts in empowering and reforming the Bumiputera economic development agenda.

"We are optimistic as we mark our 30-year anniversary this year, a milestone that is reflected through our collaborative efforts in nation-building as a sovereign wealth fund. As we forge ahead, we aim to grow our portfolio by executing value-creation plans for our Malaysian assets and ensuring a diversified portfolio through rebalancing and a disciplined investment approach. Our efforts and commitment to our stakeholders will continue to align with the goals of Ekonomi MADANI, fostering inclusive growth for all," Dato' Amirul Feisal concluded.

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**About Khazanah Nasional Berhad**

Khazanah Nasional Berhad (“Khazanah”) is the sovereign wealth fund of Malaysia entrusted to deliver sustainable value for Malaysians. In line with its long-term strategy of Advancing Malaysia, Khazanah aims to deliver its purpose by investing in catalytic sectors, creating value through active stewardship, increasing its global presence, as well as building capacity and vibrant communities for the benefit of Malaysians.

For more information on Khazanah, visit [www.khazanah.com.my](http://www.khazanah.com.my)