

Temasek Review 2011

Media Conference

TEMASEK

Contents

Overview

Performance

Portfolio

Perspective

Temasek Review 2011

Overview

TEMASEK

Temasek Review 2011

Overview

Building for Tomorrow



- **Resilient Portfolio**
- **Anchored in Asia**
- **Active Investment Strategy**
Has Delivered Well
- **Full Financial Flexibility**
- **Well-Positioned**
for Future Opportunities

Anchored in Asia

Overview



45%

Asia ex-Singapore

32%

Singapore

20%

Australia &
New Zealand,
North America
& Europe

3%

Latin America,
Africa, Central Asia
& the Middle East

Note: Exposure by underlying assets

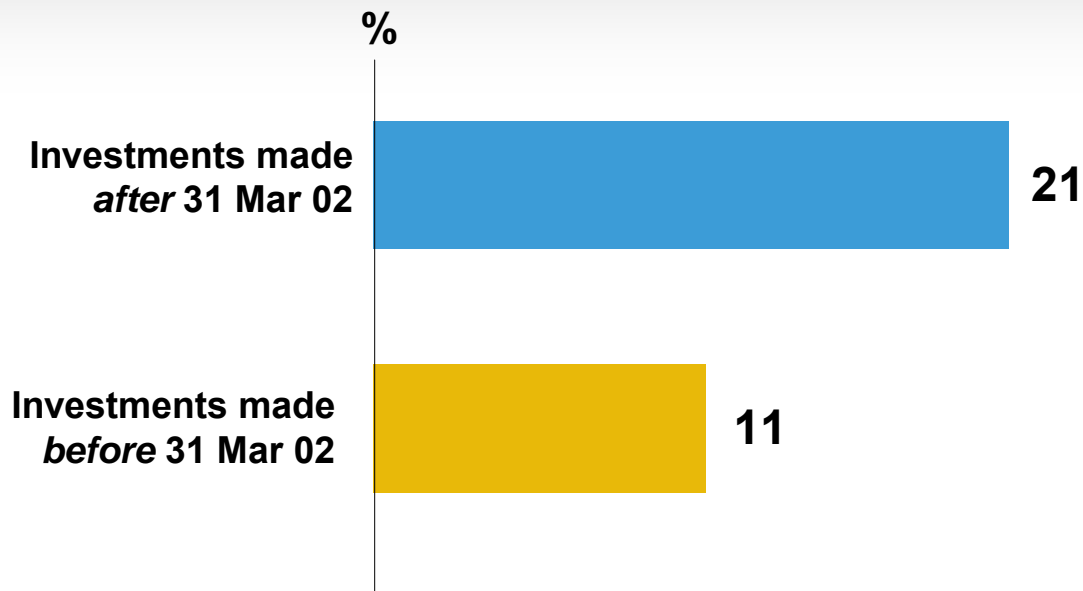
TEMASEK

Robust Returns from Active Investment

Overview

Post-02 Investments Returned Annualised 21%

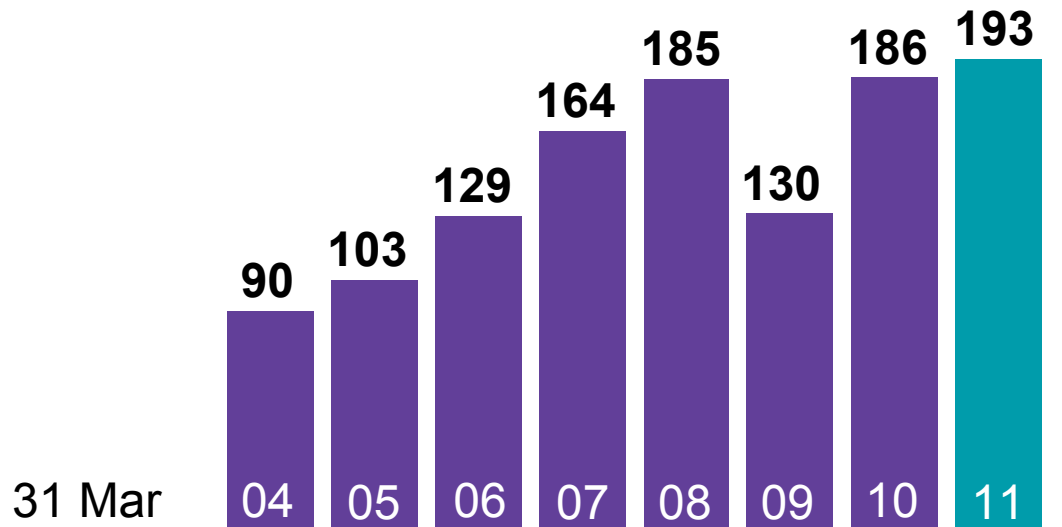
Nine-Year Annualised Returns to Temasek
(31 Mar 2002 – 31 Mar 2011)



Portfolio Value at Record S\$193 billion

[Overview](#)

Portfolio Value (S\$b)

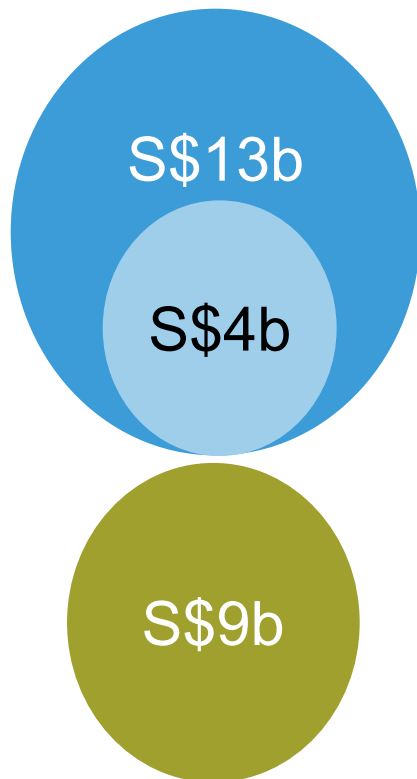


**Portfolio
doubled
in 7 years**

Full Financial Flexibility

[Overview](#)

Steady Pace of Investment



S\$13b Investments

incl S\$4b Recapitalisations

S\$9b Divestments

Ended the year with
net cash position

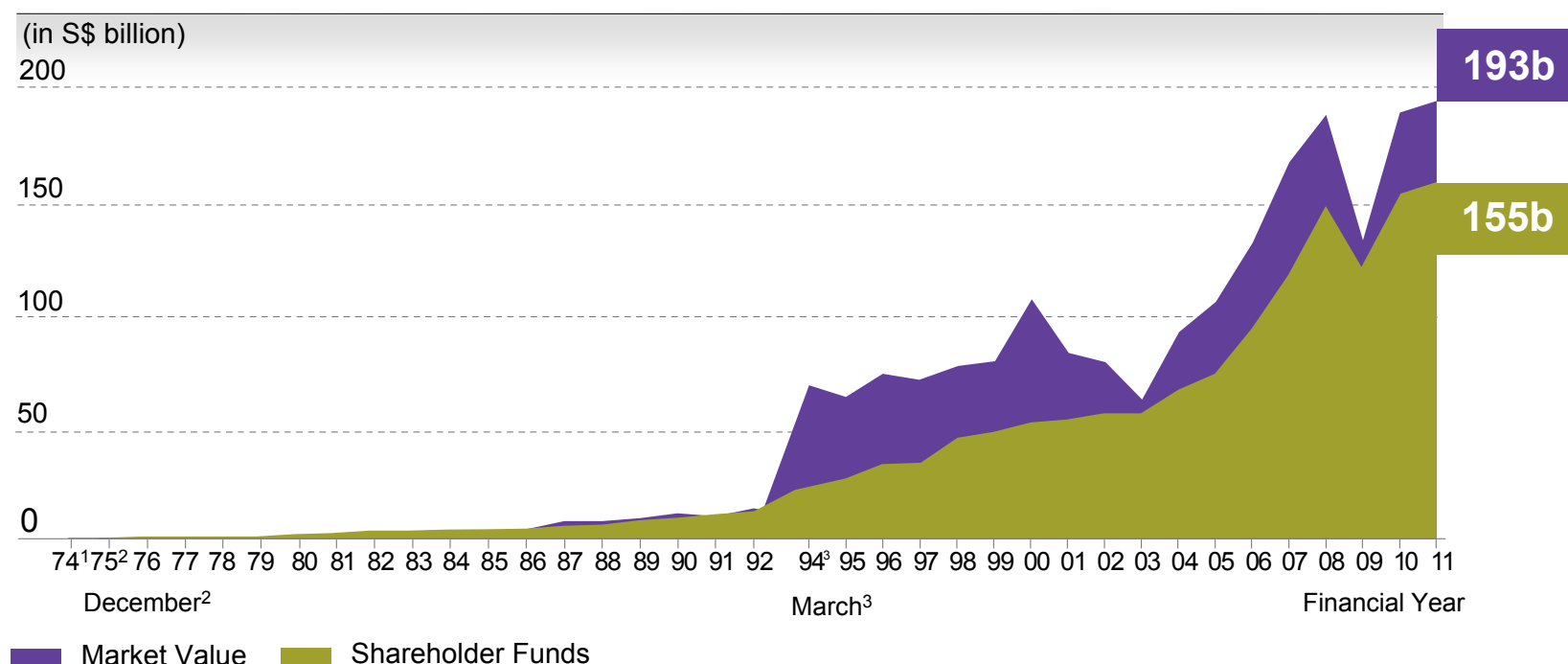
Performance

TEMASEK

Portfolio Value Since Inception

Performance

Strong Underlying Performance



¹ Incorporation of Temasek on 25 June 1974.

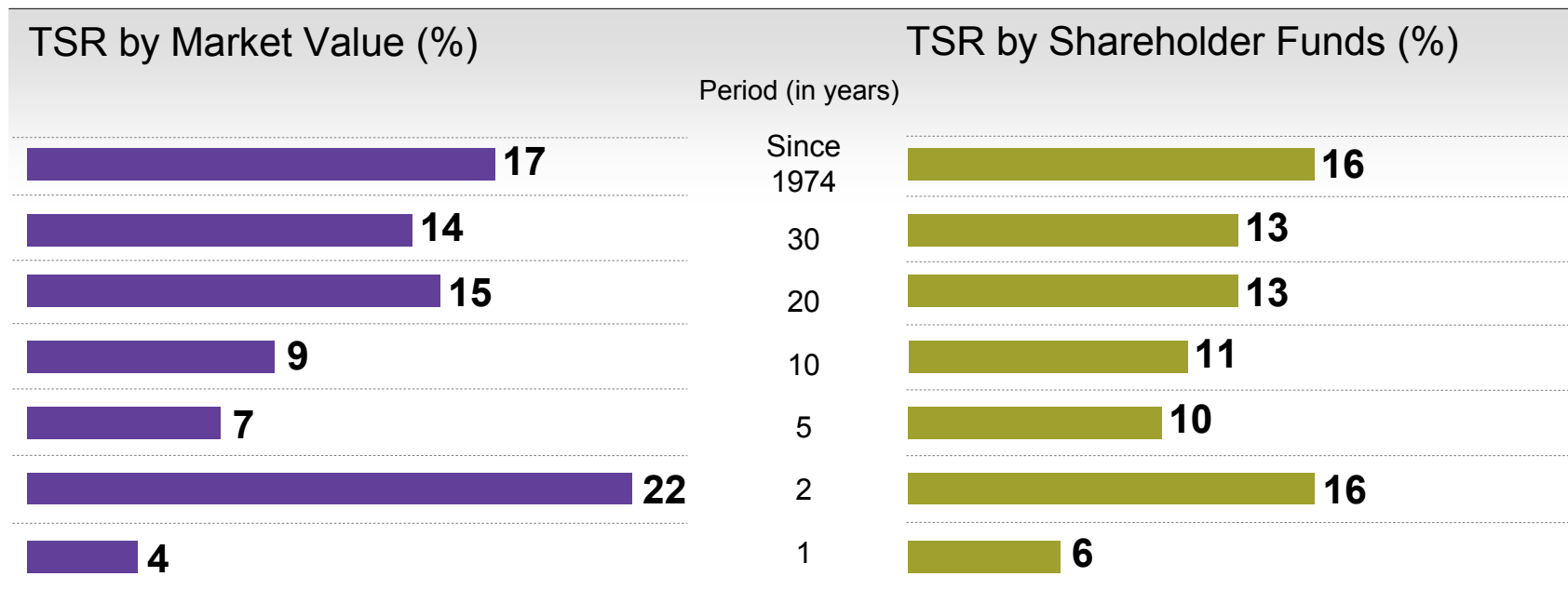
² Financial Year 75 began on 25 June 1974 and ended on 31 December 1975.

³ Financial year-end was changed from 31 December before 1993 to 31 March from 1994 onwards.

Robust Long Term Performance

Performance

17% Compounded Annual Return by Market Value to Shareholder Since Inception

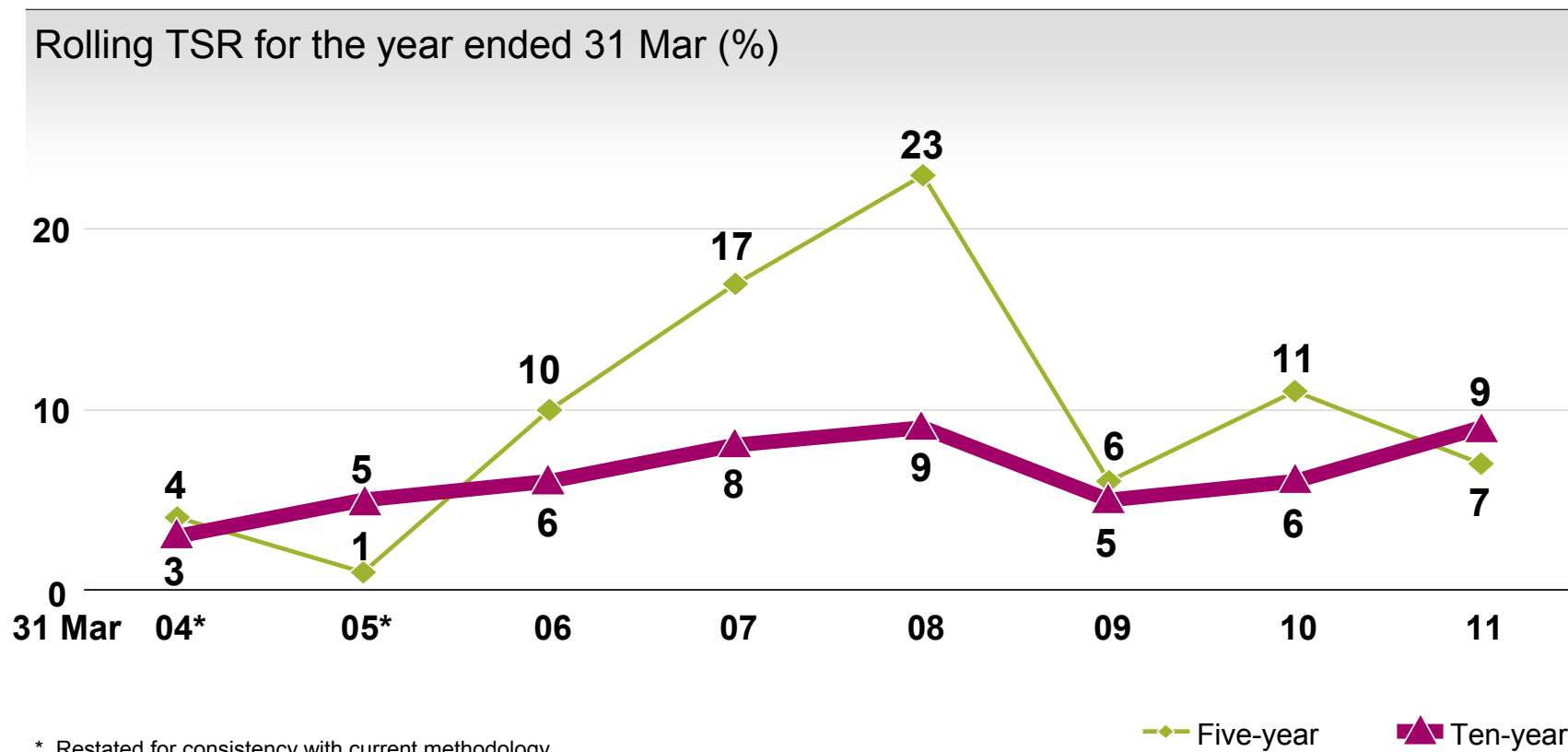


for the year ended 31 Mar 11

Stable 10-Year Returns Over Time

Performance

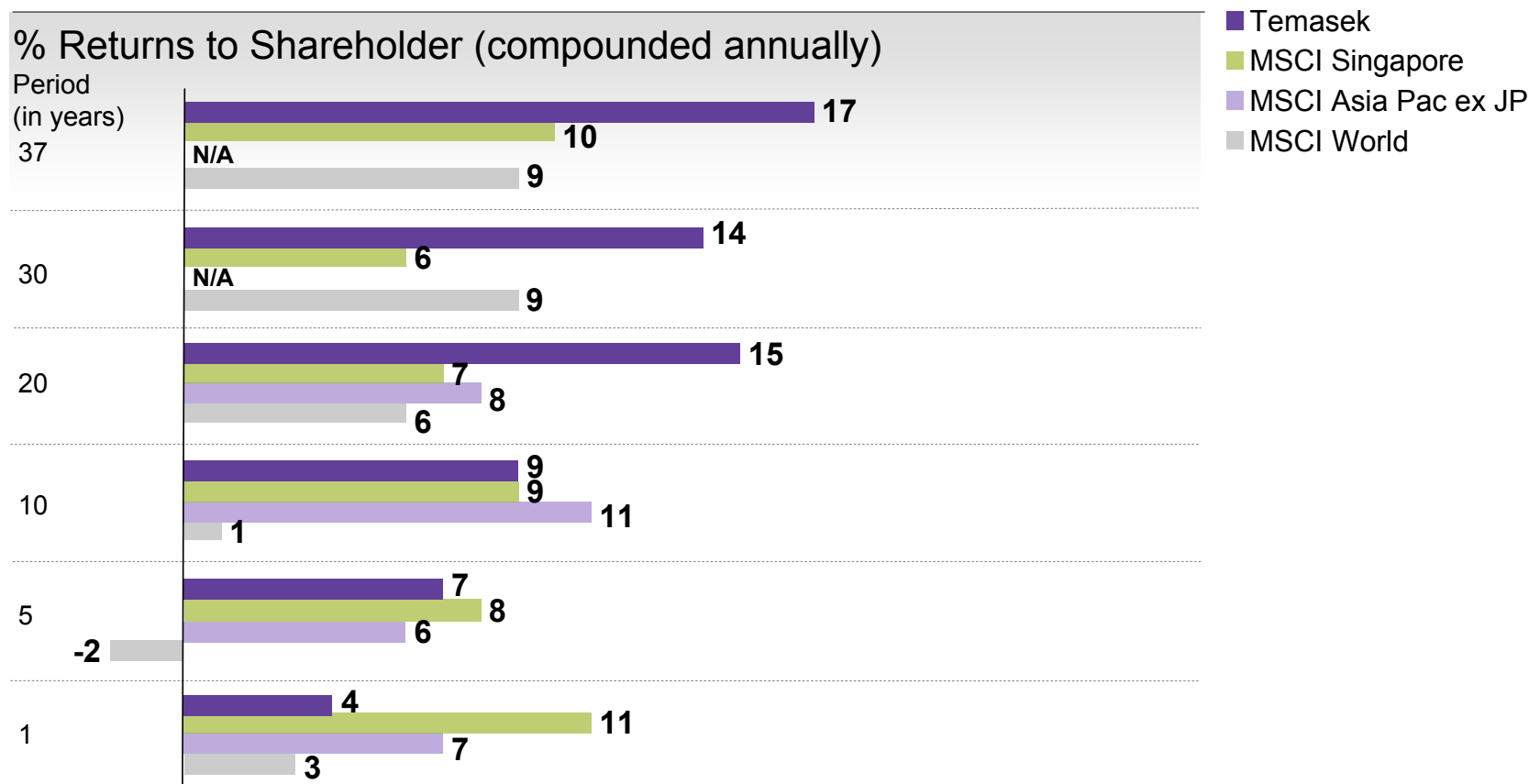
Long Term Portfolio Reshaping



Delivering Consistent Performance

Performance

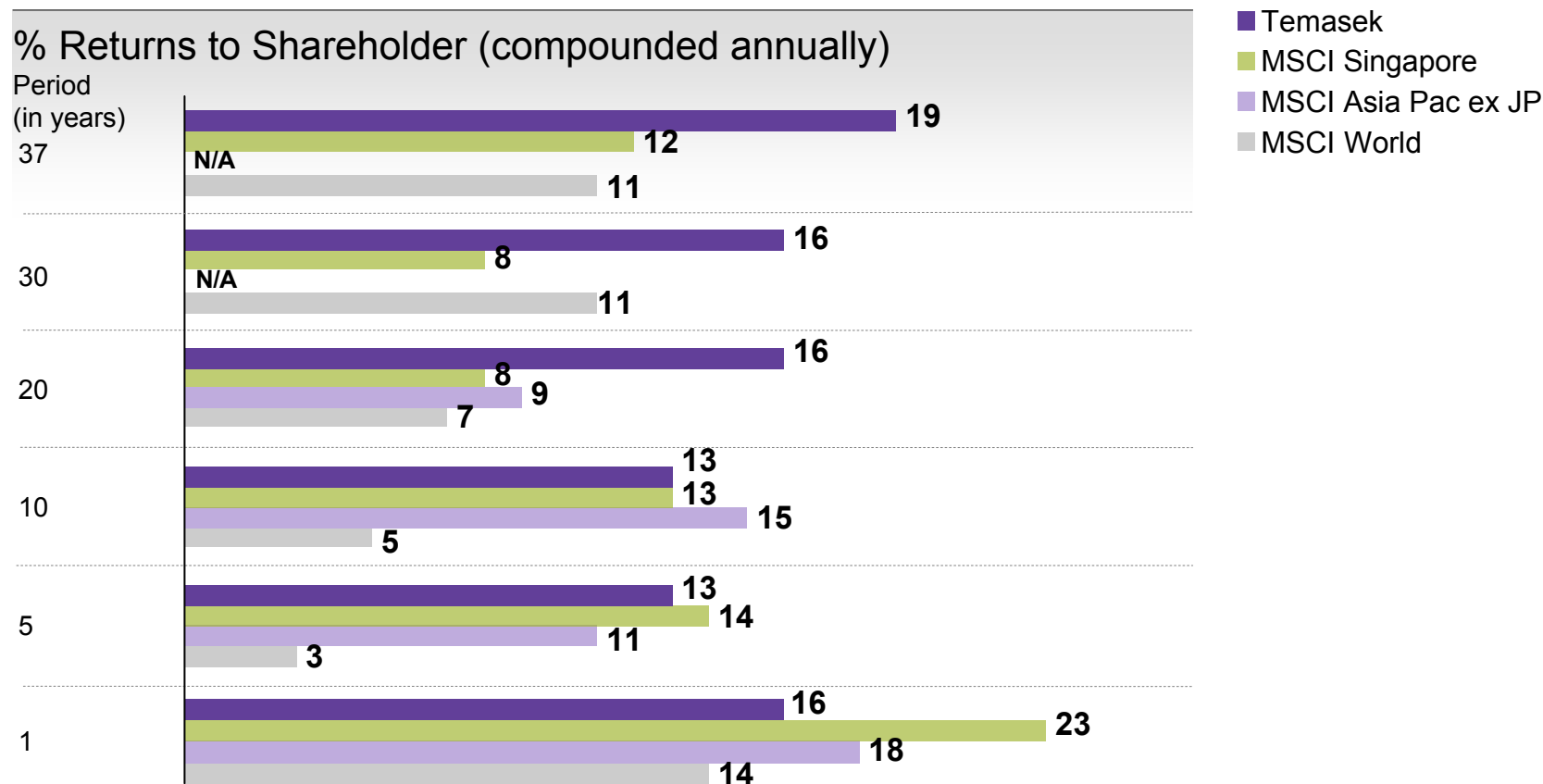
Steady Long-Term Returns (S\$)



Delivering Consistent Performance

Performance

Steady Long-Term Returns (US\$)



Group Net Profit more than Doubled

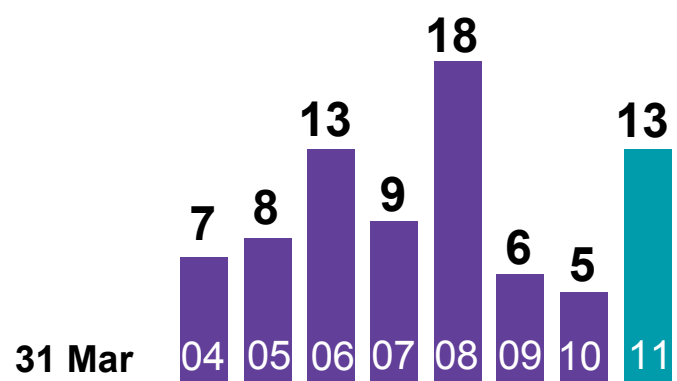
Performance

Anchored by Steady Singapore Blue-Chips

S\$ billion

For year ended 31 Mar	2004	2005	2006	2007	2008	2009	2010	2011
Revenue	56.5	67.5	79.8	74.6	83.3	79.6	76.7	83.5
Profit before income tax	11.8	12.2	19.0	14.3	25.5	10.4	8.5	17.8
Net profit attributable to equity holder	7.4	7.5	12.8	9.1	18.2	6.2	4.6	12.7

Group Net Profit (S\$b)



Group Net Profit

- Higher Temasek contribution
- Improved profits from portfolio companies



S\$13b
Group Net Profit

Robust Foundation Built Over Decades

Performance

Group Balance Sheet

S\$ billion

As at 31 Mar	2004	2005	2006	2007	2008	2009	2010	2011
Total assets	180.8	199.1	213.7	242.4	295.5	247.9	284.8	297.9
Shareholder equity	64.5	70.9	90.6	114.0	144.1	118.4	149.7	155.5
Net debt ¹	21.9	26.9	16.7	23.6	33.8	22.1	17.8	9.5

Group Shareholder Equity

- Steady secular growth



Group Net Debt Reduced

Increased Group Cash & Cash Equivalents



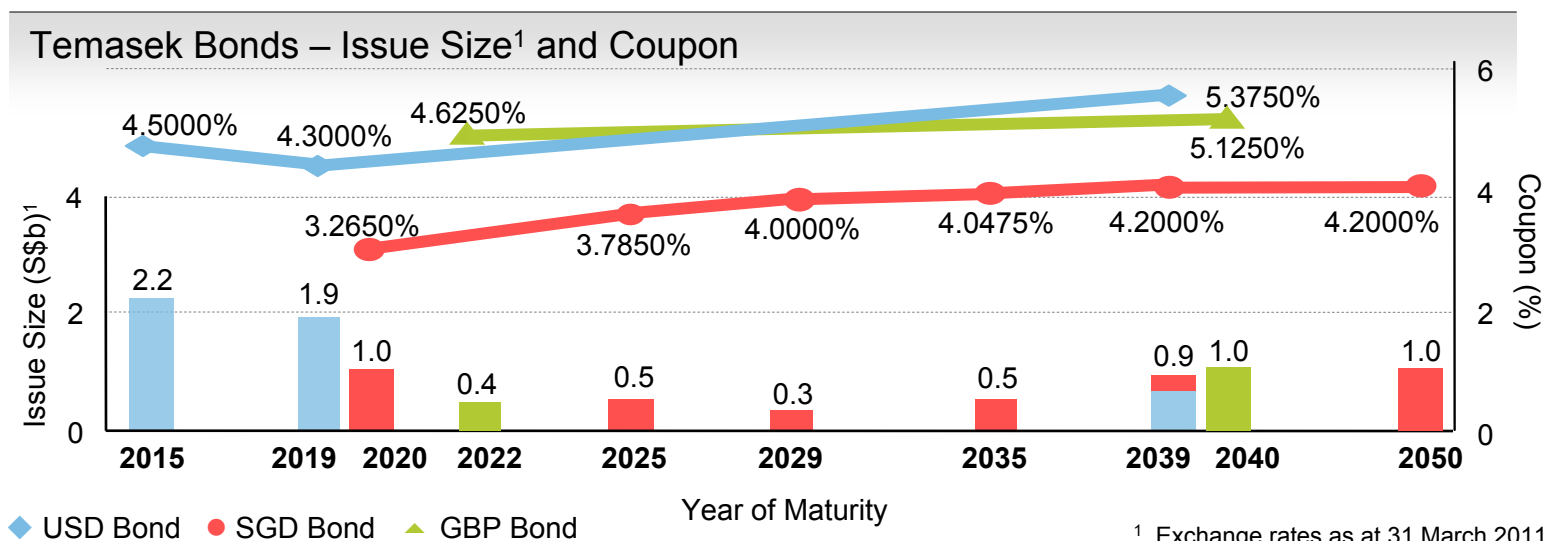
¹ Total debt less cash and cash equivalents.

Framework for Financial Discipline

Performance

11 AAA/Aaa Rated Temasek Bonds (~S\$10b)

- Public marker of our credit quality
- Expanded stakeholder base
- Long term financial discipline

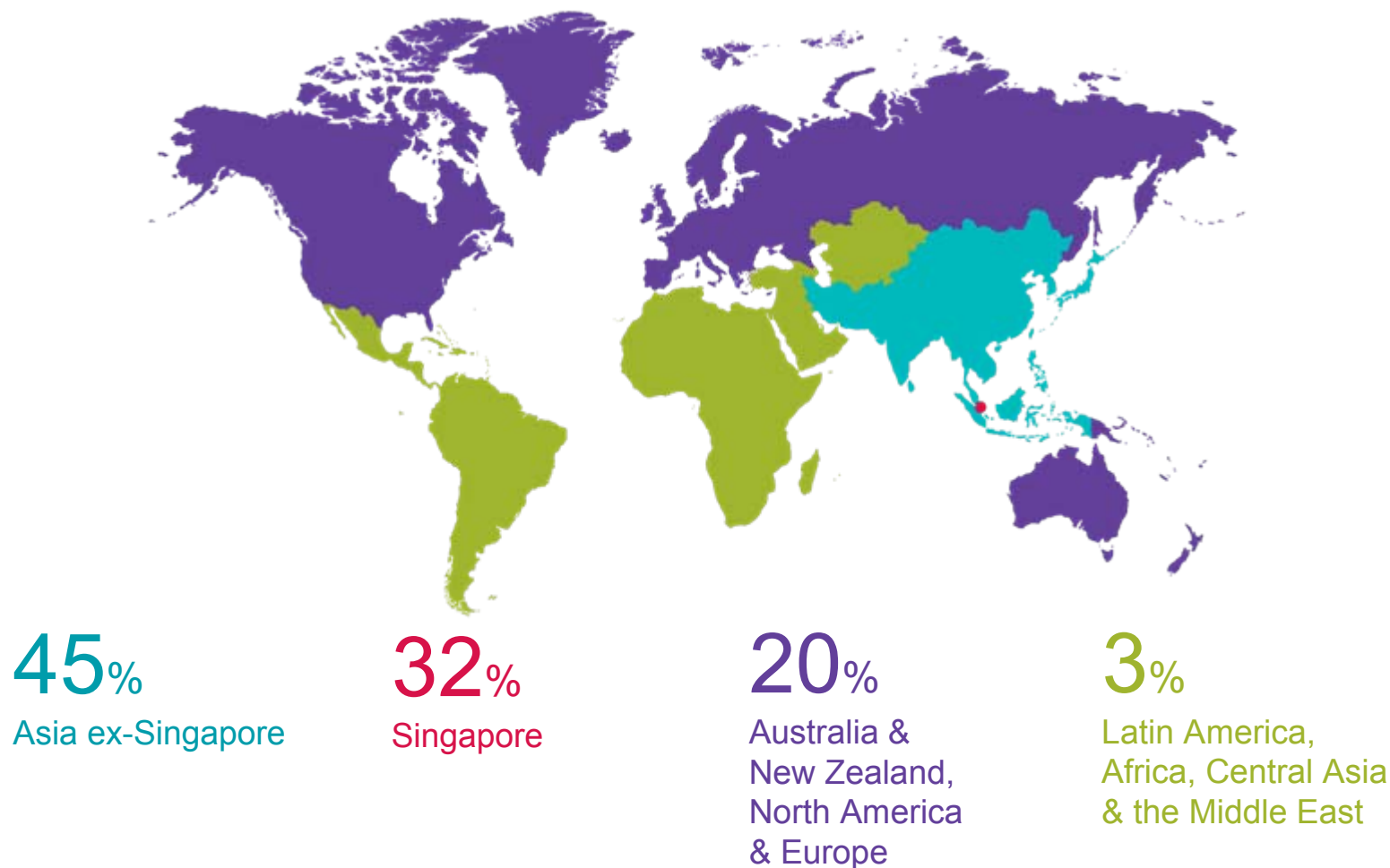


Portfolio

TEMASEK

Growing with Asia

Portfolio

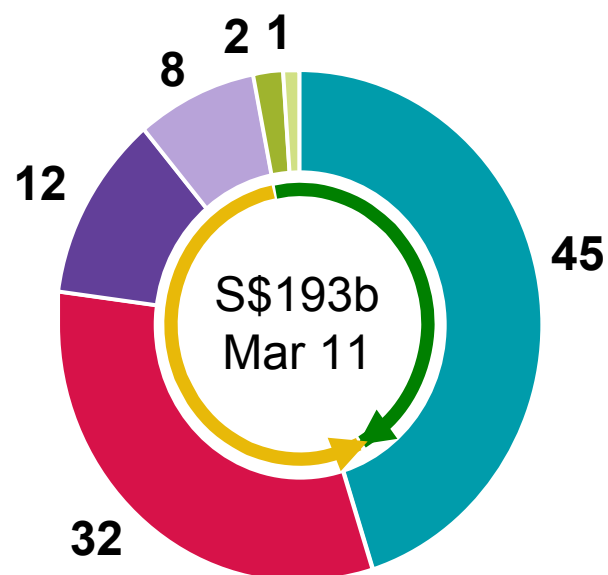


Note: Exposure by underlying assets

Growing in Tandem with Asia

Portfolio

Balanced between mature economies and growth regions

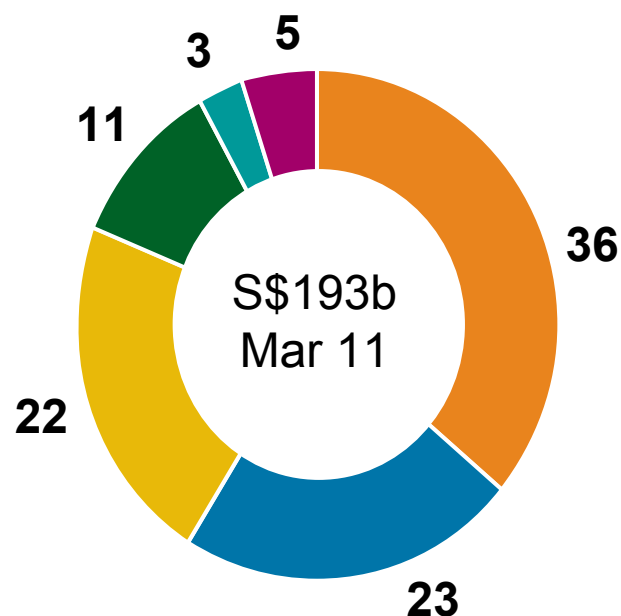


	2011	2010
● Asia ex-Singapore	45	46
● Singapore	32	32
● Australia & New Zealand	12	12
● North America & Europe	8	8
● Africa, Central Asia & the Middle East	2	1
● Latin America	1	1

A Broad and Resilient Portfolio

Portfolio

Guided by Investment Themes

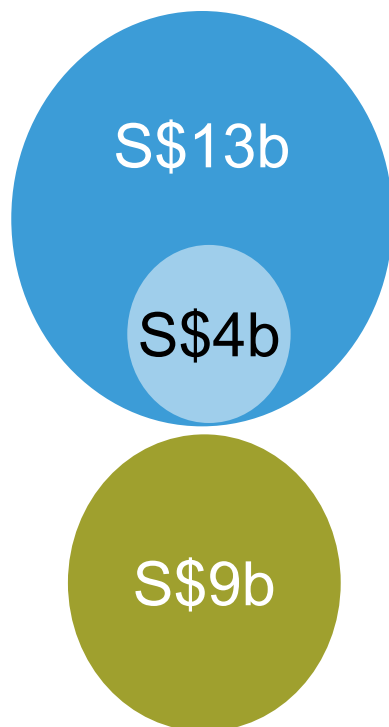


	2011	2010
Financial Services	36	35
Transportation & Industrials	23	23
Telecommunications, Media & Technology	22	24
Life Sciences, Consumer & Real Estate	11	11
Energy & Resources	3	2
Others	5	5

Measured Portfolio Reshaping

Portfolio

For the year ended 31 Mar 11



Post 31 Mar 11

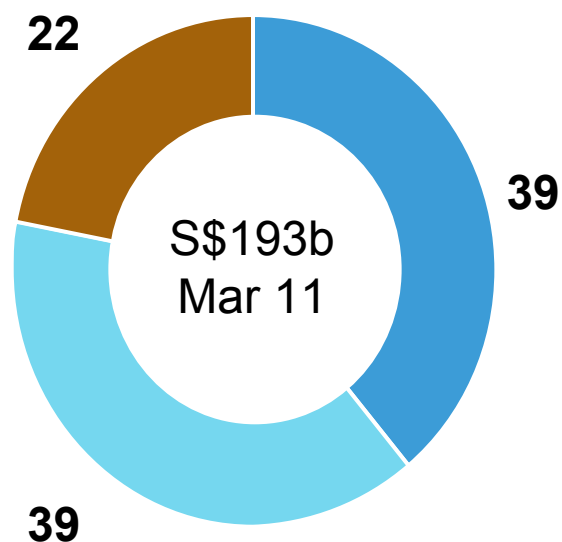


- Investments
- Recapitalisations
- Divestments

Portfolio Remains Liquid

Portfolio

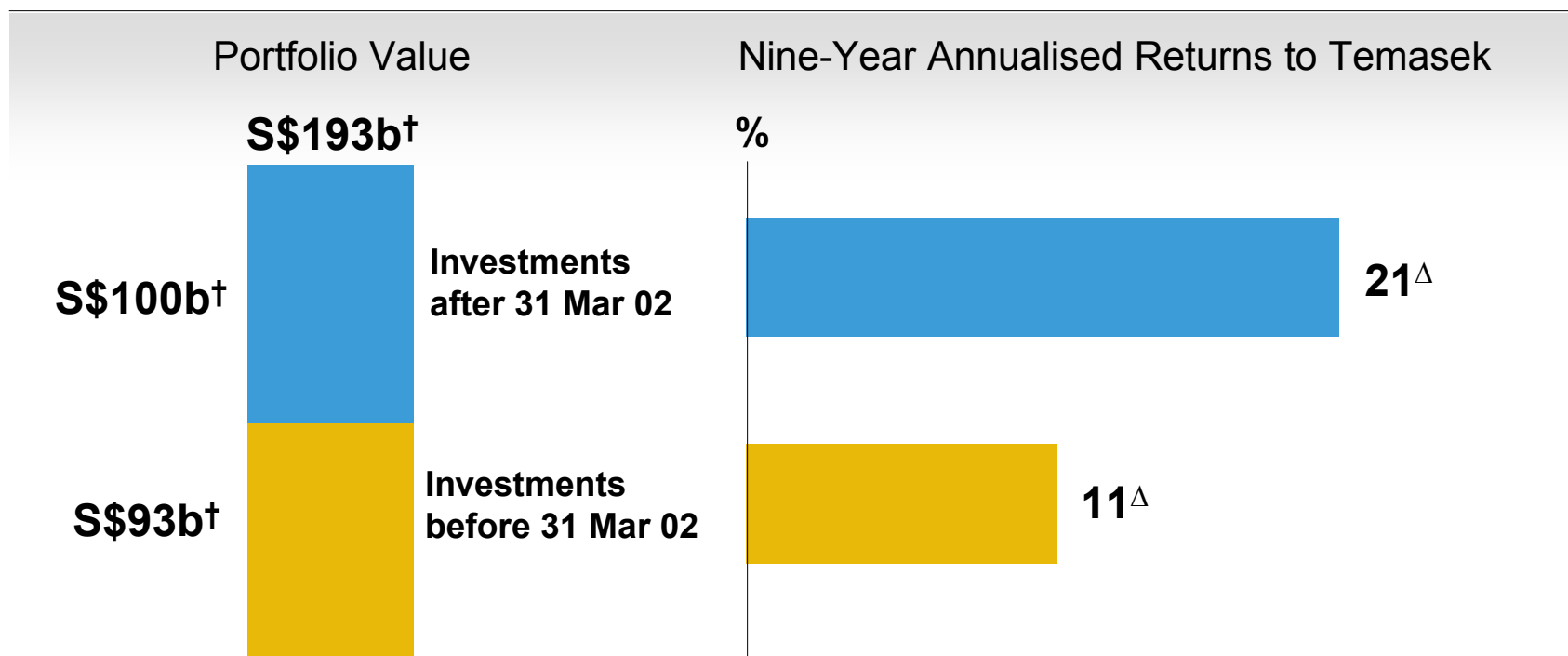
78% Liquid & Listed



	2011	2010
● Liquid & sub-20% listed assets	39	38
● Listed large blocs (≥20% share)	39	41
● Unlisted assets	22	21

Nine-Year Returns from Investments

Portfolio



† Include cash & cash equivalents

Δ Annualised returns on investments excluding cash & cash equivalents

Returns to Temasek by Investment Vintage

Portfolio

Investments
made **after**
Mar 2002



Nine-year returns
(March 2002 – March 2011)

Investments
made **before**
Mar 2002



March 2002

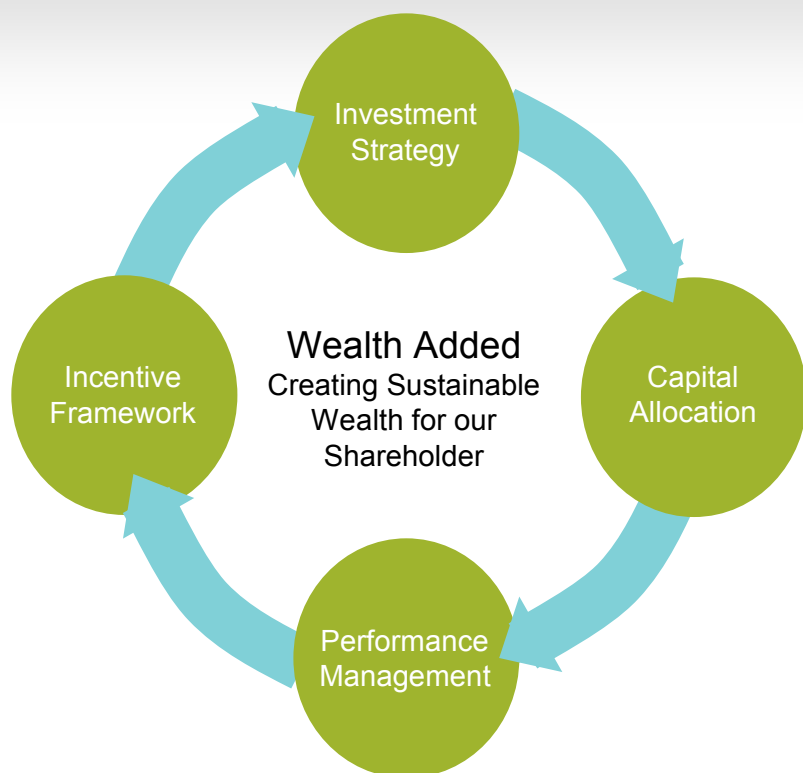
March 2011

Perspectives

TEMASEK

Investing for long term value

Perspectives



- Transforming economies
- Growing middle income populations
- Deepening comparative advantages
- Emerging champions

Diverse Nationalities – One Team

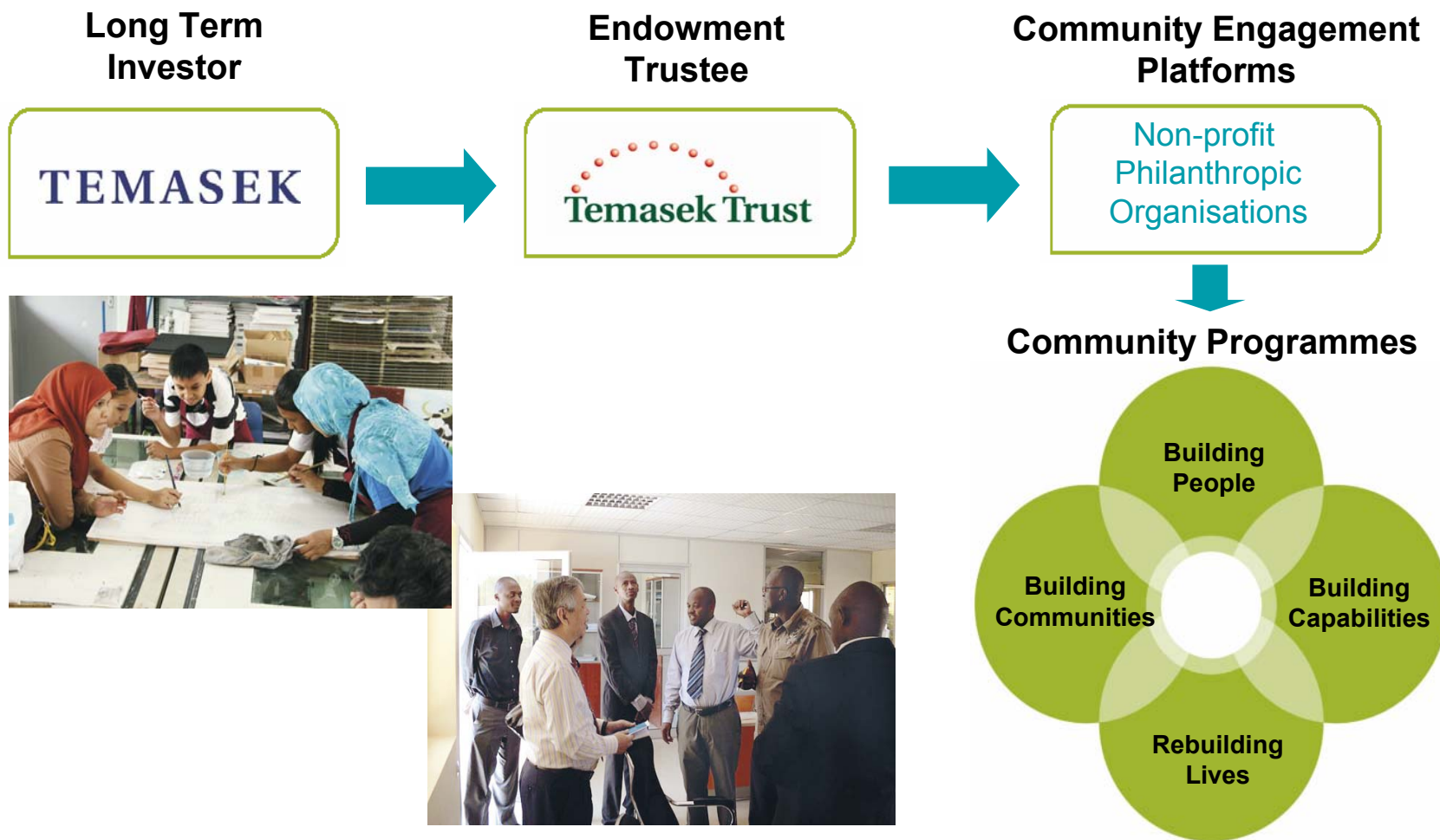
Perspectives

The Temasek Spirit



Relating to the Wider Community

Perspectives



Near Term Outlook

Perspectives

- Mature economies → modest recovery
- Growth economies → policy tightening
- Inflation risk → near-to-medium term
- Structural imbalances → unresolved

Opportunities

Perspectives

Urbanisation and Innovation

- Mid-sized cities to deliver 40% of global growth by 2025
- Rising middle-income populations, urbanisation
- Innovation will spur demand

- Transforming economies
- Growing middle income populations
- Deepening comparative advantages
- Emerging champions

Stay liquid

Invest and divest at a steady pace

Robust and Resilient Base

Perspectives



Temasek Review 2011

Perspectives

Building for Tomorrow



- **Resilient Portfolio**
- **Anchored in Asia**
- **Active Investment Strategy**
Has Delivered Well
- **Full Financial Flexibility**
- **Well-Positioned**
for Future Opportunities

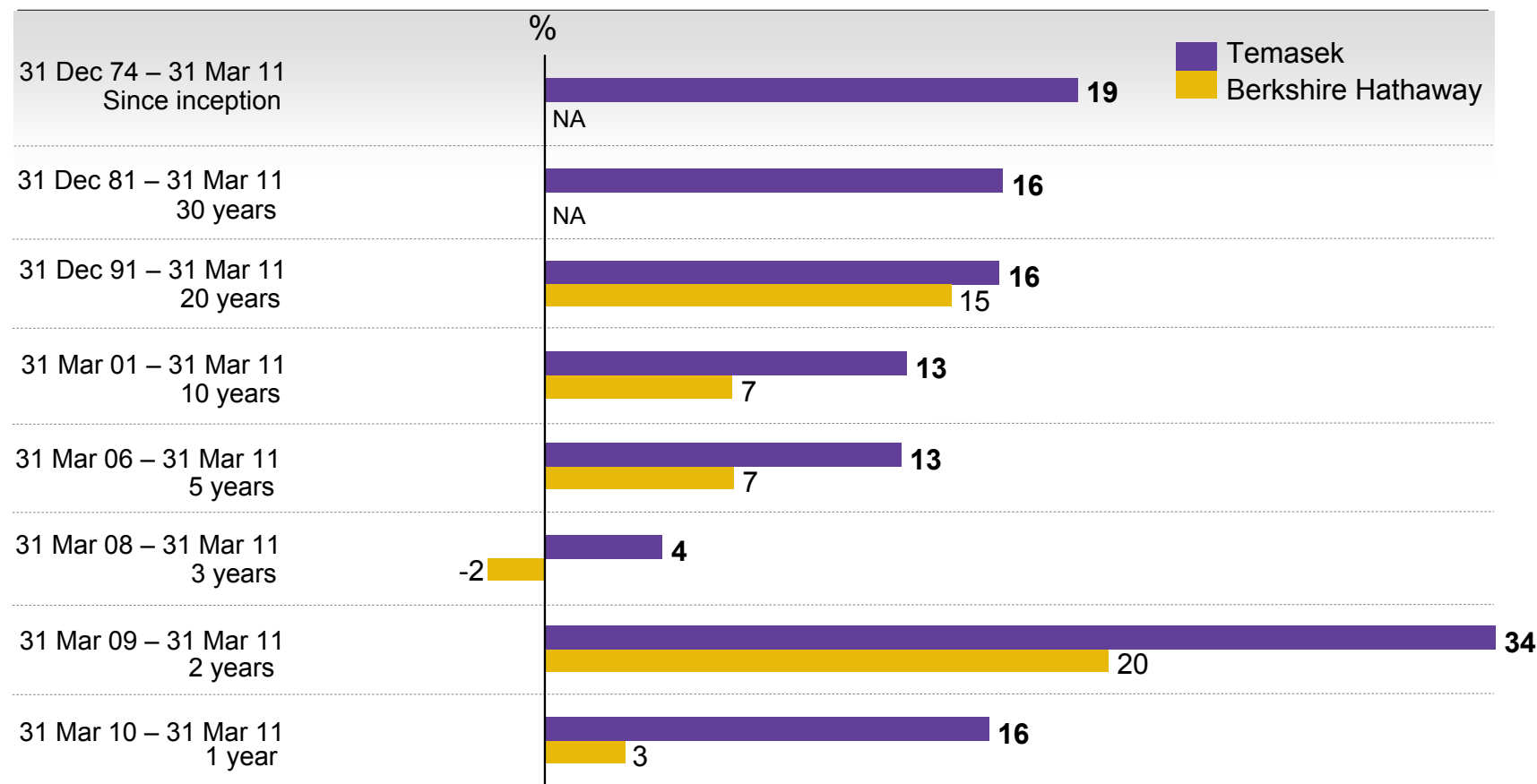
Questions

TEMASEK

Total Returns to Shareholder (US\$)

Performance

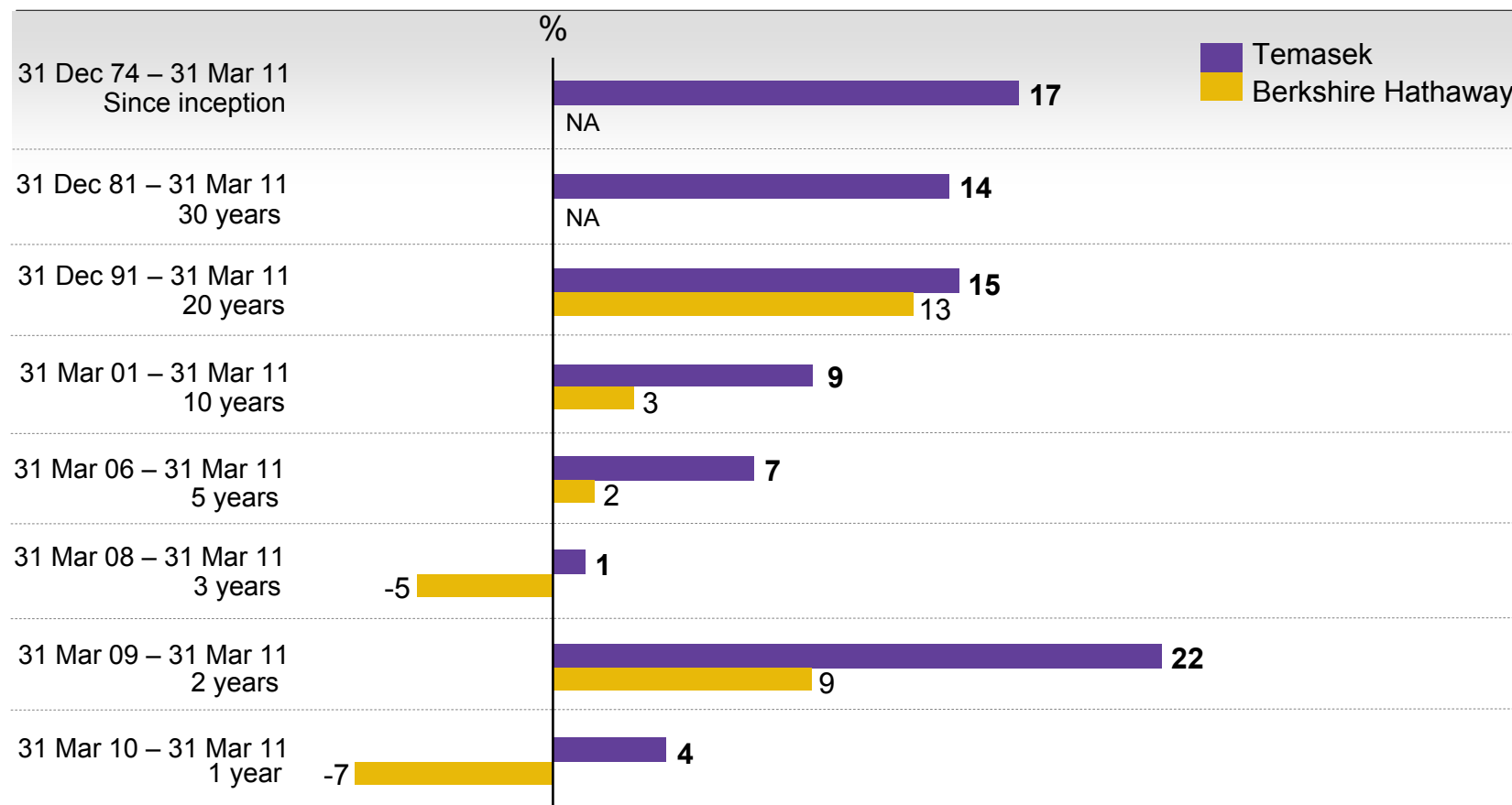
A Comparison with Berkshire Hathaway



Total Returns to Shareholder (S\$)

Performance

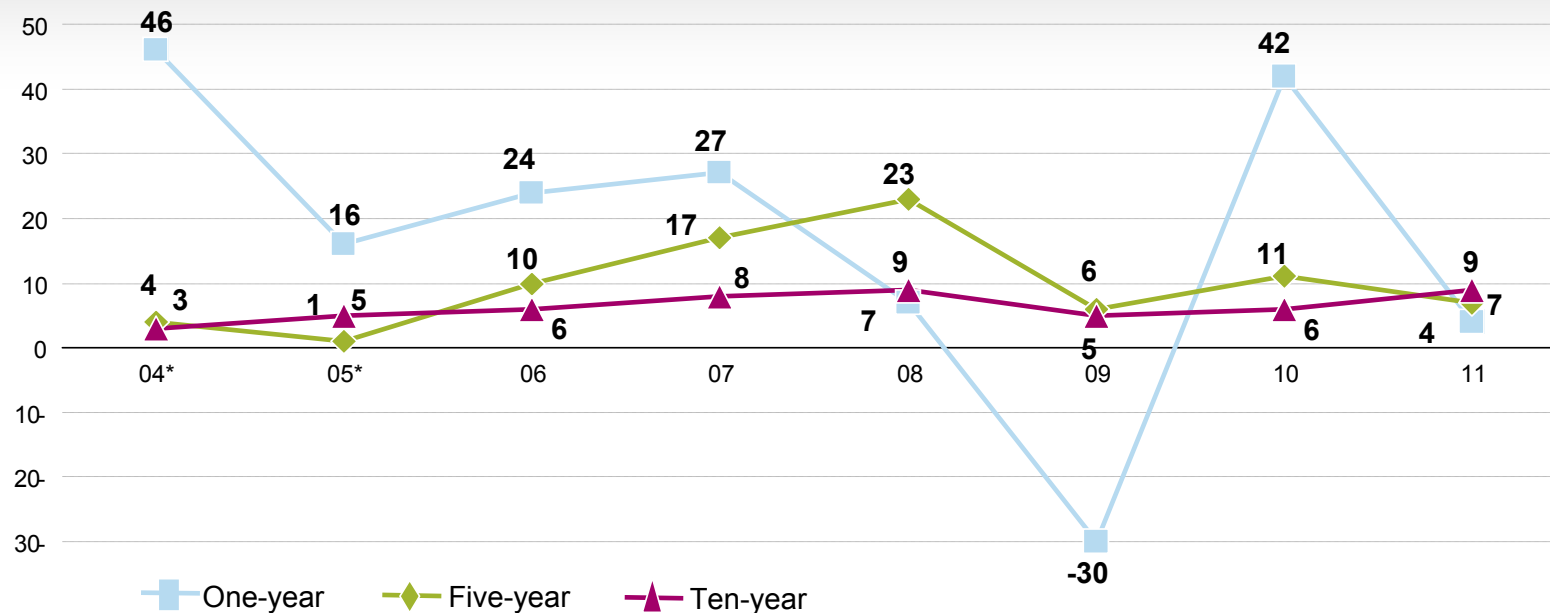
A Comparison with Berkshire Hathaway



Rolling Total Shareholder Return

Stable 10-Year Returns Over Time

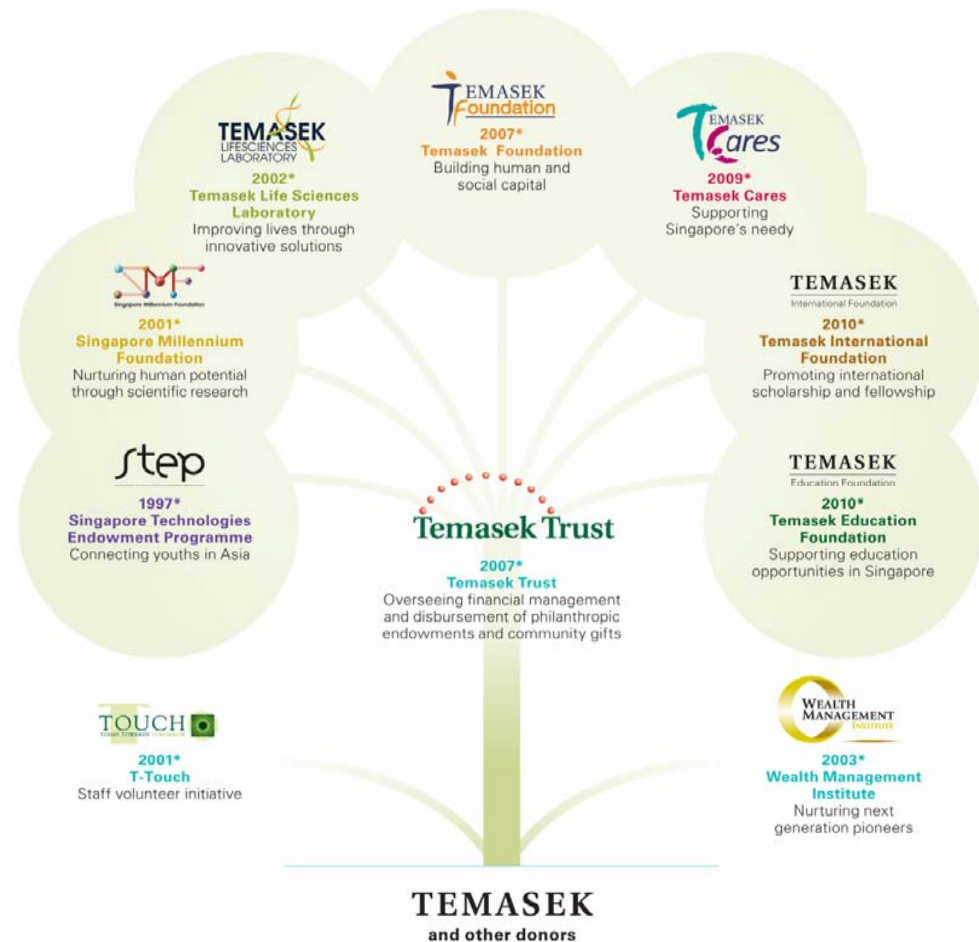
Rolling TSR for the year ended 31 Mar (%)



* Restated for consistency with current methodology.

Community Engagement Platforms

- Building people
- Building communities
- Building capabilities
- Rebuilding lives

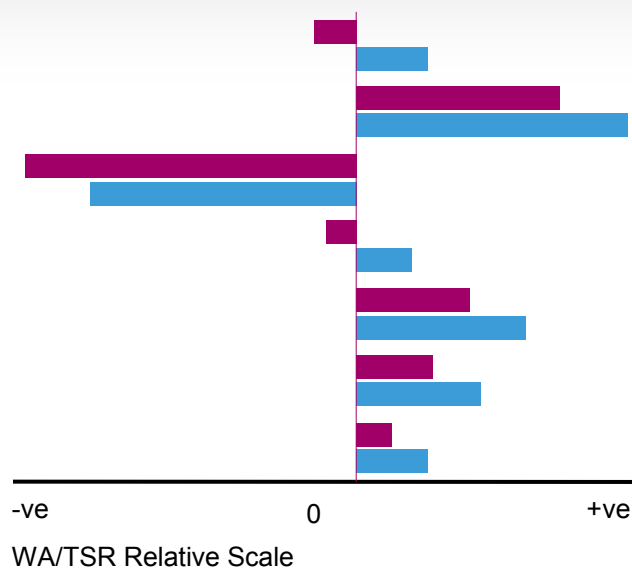


* Year of establishment.

A Co-Owner Ethos

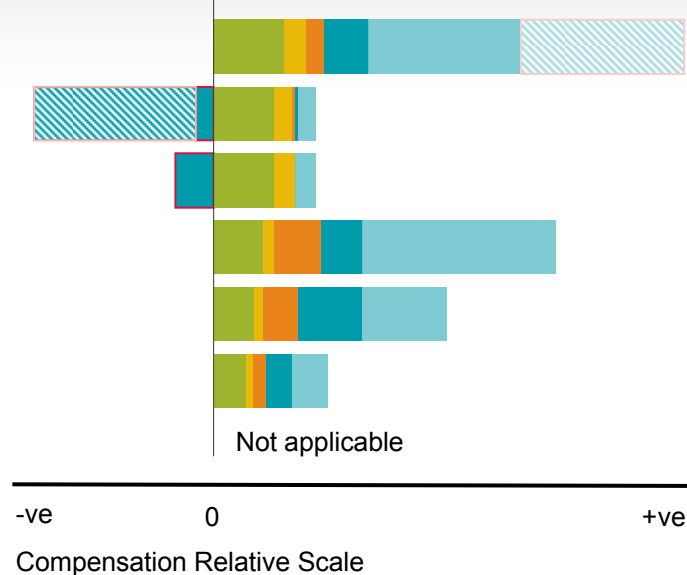
Compensation of Key Team

Wealth Added/Total Shareholder Return



- Wealth Added
- Total Shareholder Return
- Salaries & Benefits
- Annual Cash Bonuses
- WA Cash Bonus
- Deferred WA Cash Bonus
- Co-Investment Units
- Negative WA Bonus
- Excess Negative WA Bonus Carried Forward
- Negative WA Bonus Made Good

Relative Compensation¹



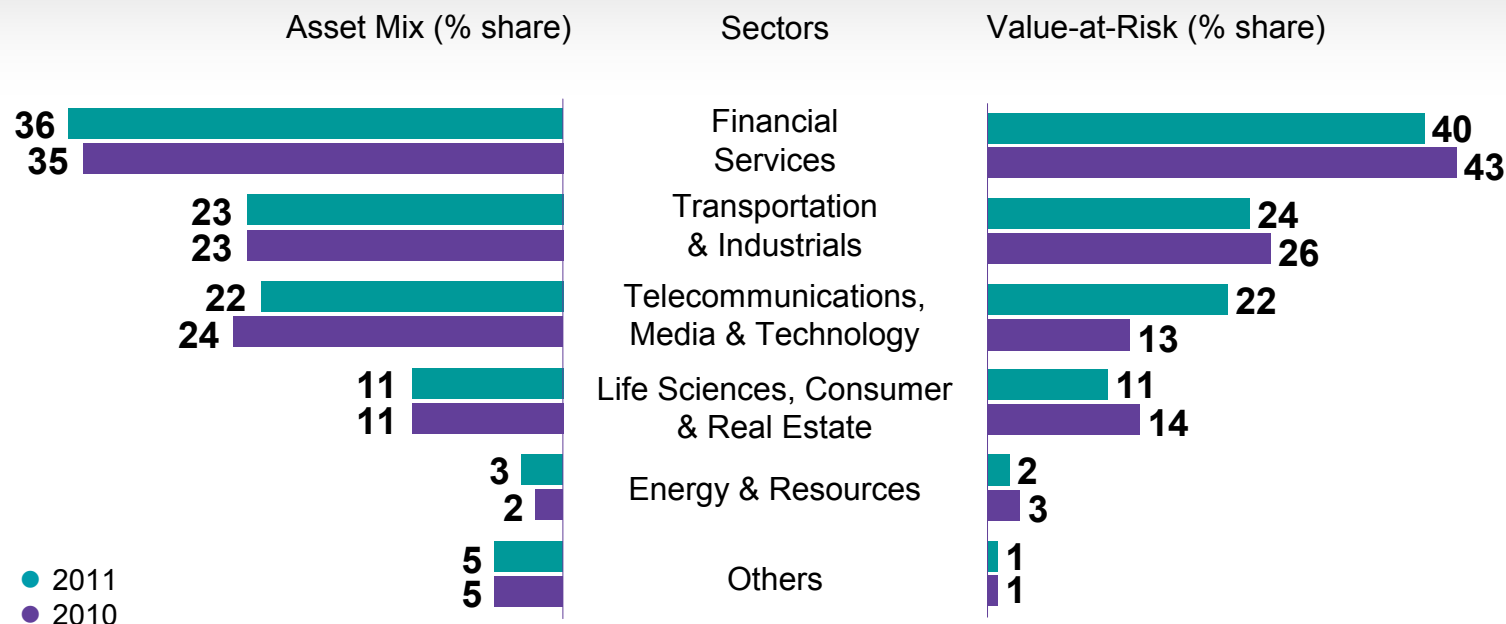
- ¹ Relative compensation of key management team which includes CEO, Presidents & Senior Managing Directors, Managing Directors, management Directors, as well as Executive Directors.
- ² No T-Scope units were awarded due to negative WA of the previous year.

Volatility has Decreased

Portfolio VaR was S\$22b or 12% of our Portfolio

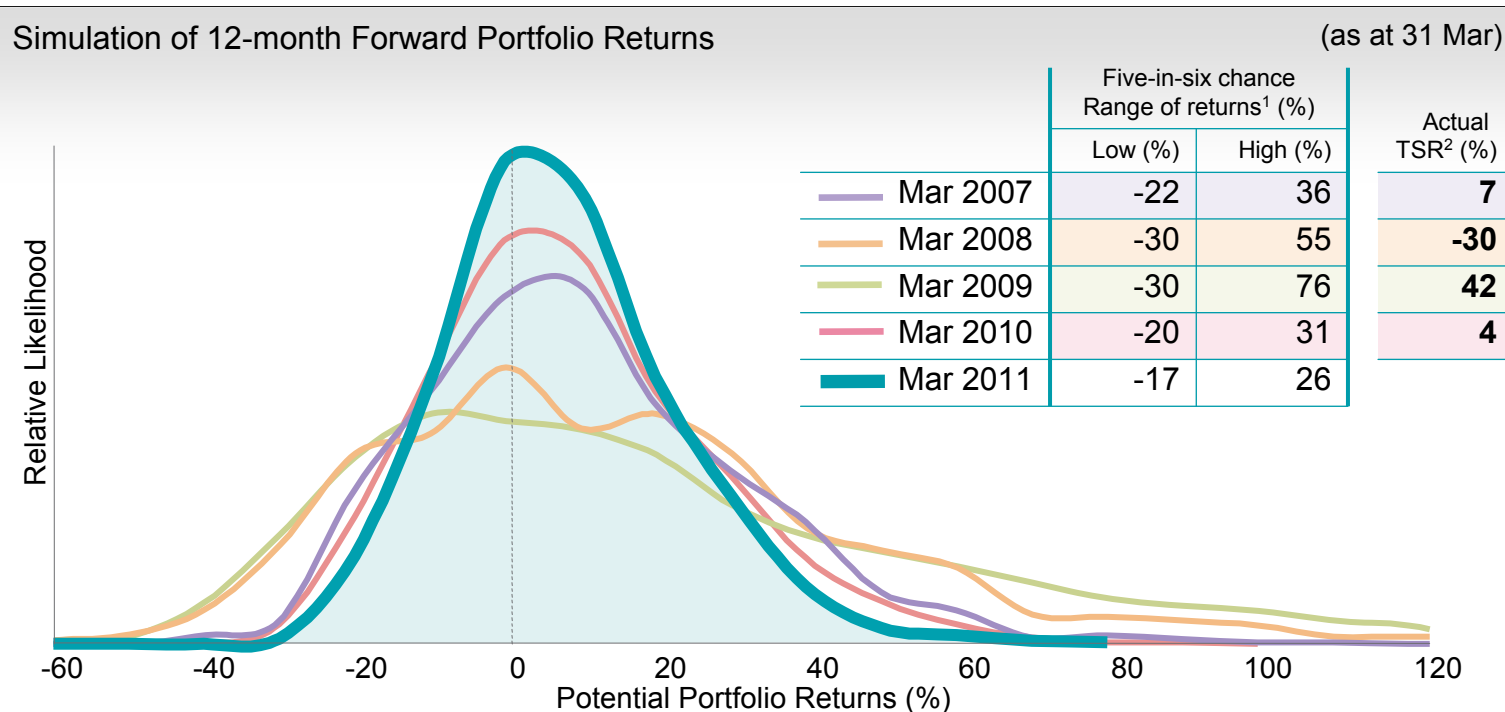
Share of Value-at-Risk by Sector

(as at 31 Mar)



12-month Simulated Returns

Markets Have Calmed Down



¹ Based on Monte Carlo simulation for 12-month forward portfolio returns distributions, assuming no change in market conditions or portfolio mix.

² Actual TSR achieved one year later.

Building a More Resilient Portfolio

Improving Long Term Risk-Adjusted Returns

