



# Extending Pathways

Temasek Review 2012

Media Conference 5 July

TEMASEK

Performance

Portfolio

Outlook + Strategy

Institution + Steward

TEMASEK



# Temasek Review 2012

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- **A resilient portfolio**
- **Full financial flexibility**
- **Investing for long term growth**
- **Building for the future**

A wide-angle photograph of the Singapore skyline, featuring numerous skyscrapers and modern buildings along the waterfront. The sky is a clear, pale blue. A semi-transparent blue rectangular box is positioned in the upper-middle section of the image, containing the word "Performance" in white. The bottom of the image transitions into a dark purple gradient, which contains the word "TEMASEK" in white capital letters.

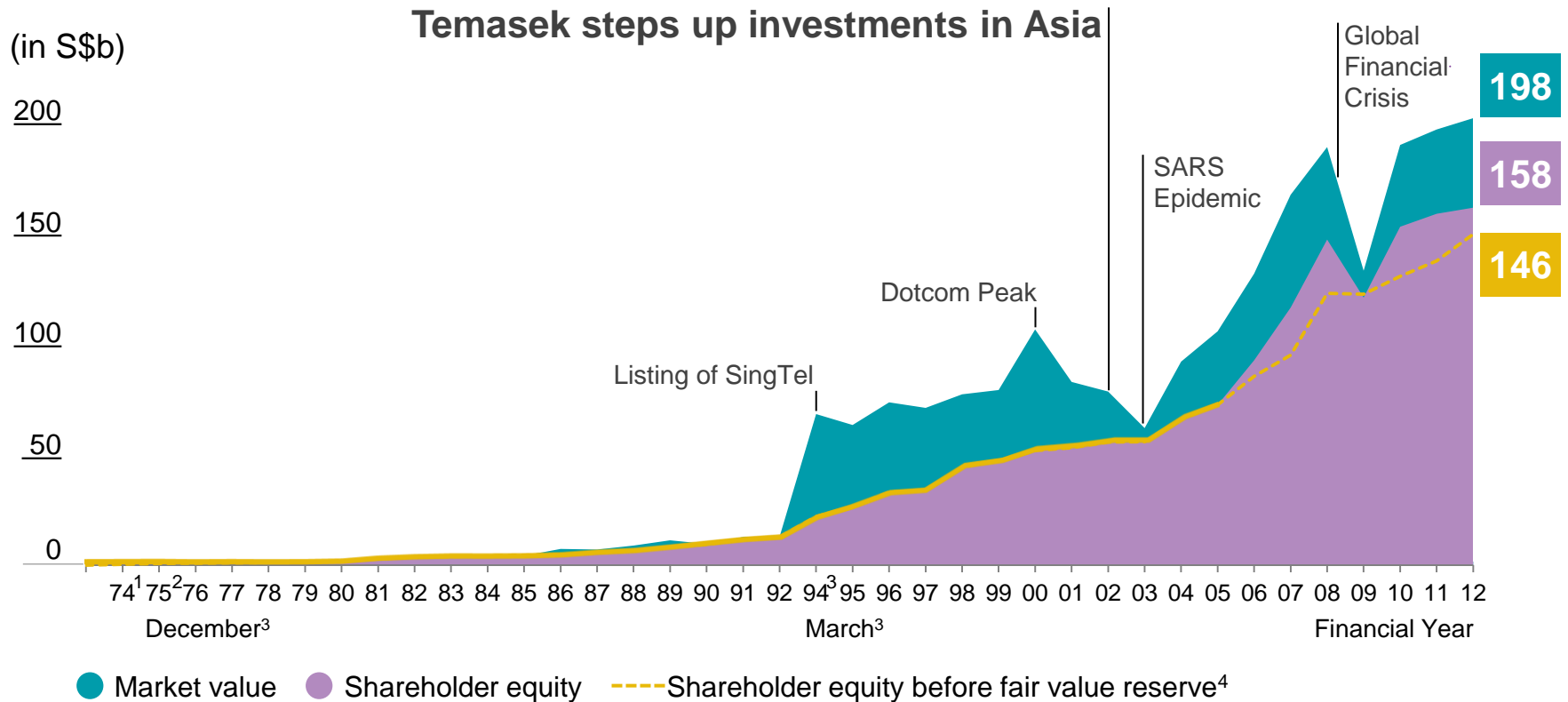
# Performance

TEMASEK

# Temasek's Portfolio Value Since Inception

Performance

## Resilient Portfolio



<sup>1</sup> Incorporation of Temasek on 25 June 1974.

<sup>2</sup> Financial year 75 began on 25 June 1974 and ended 31 December 1975.

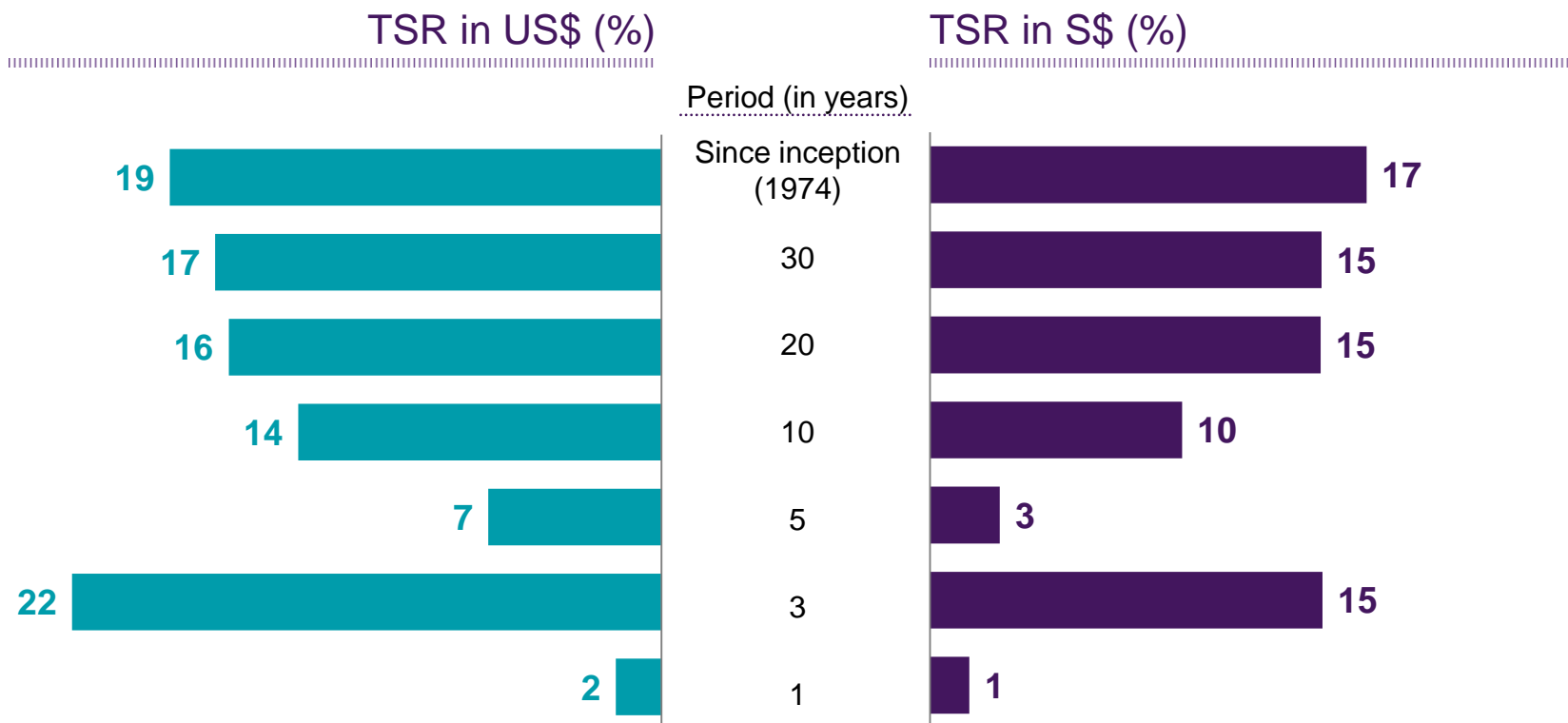
<sup>3</sup> Financial year-end was changed from 31 December before 1993 to 31 March from 1994 onwards.

<sup>4</sup> FRS39 *Financial Instruments: Recognition and Measurement*, introduced during year ended 31 March 2006, requires available-for-sale financial assets to be measured at fair value.

# Robust Long Term Returns to Shareholder

Performance

17% Compounded Annual Return to Shareholder  
Since Inception by Market Value in S\$ terms

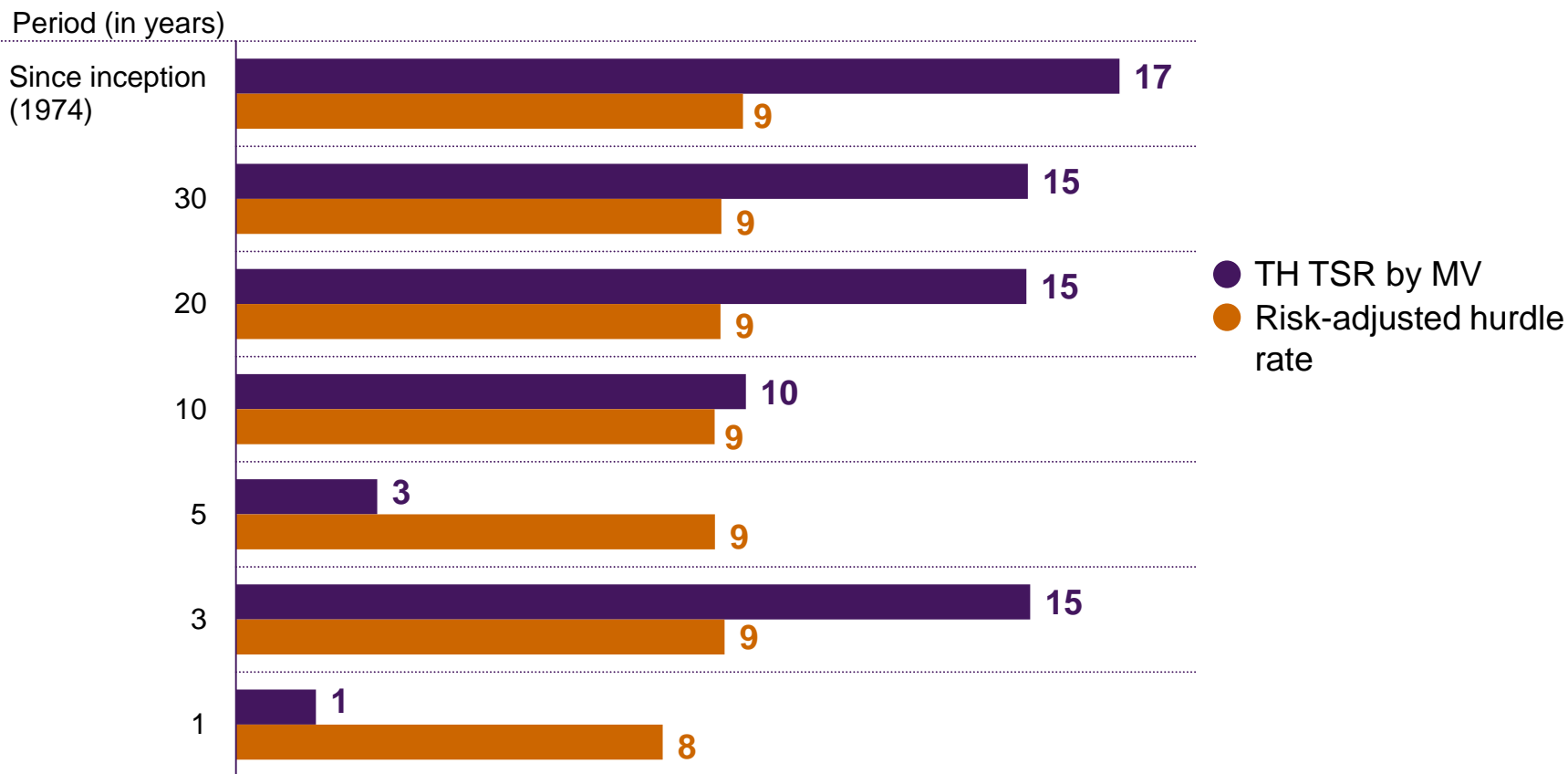


(as at 31 March 2012)

# Longer Term TSRs above Risk-Adjusted Hurdle Rate

Performance

## S\$ Total Shareholder Return vs Risk-adjusted Hurdle Rate (%)



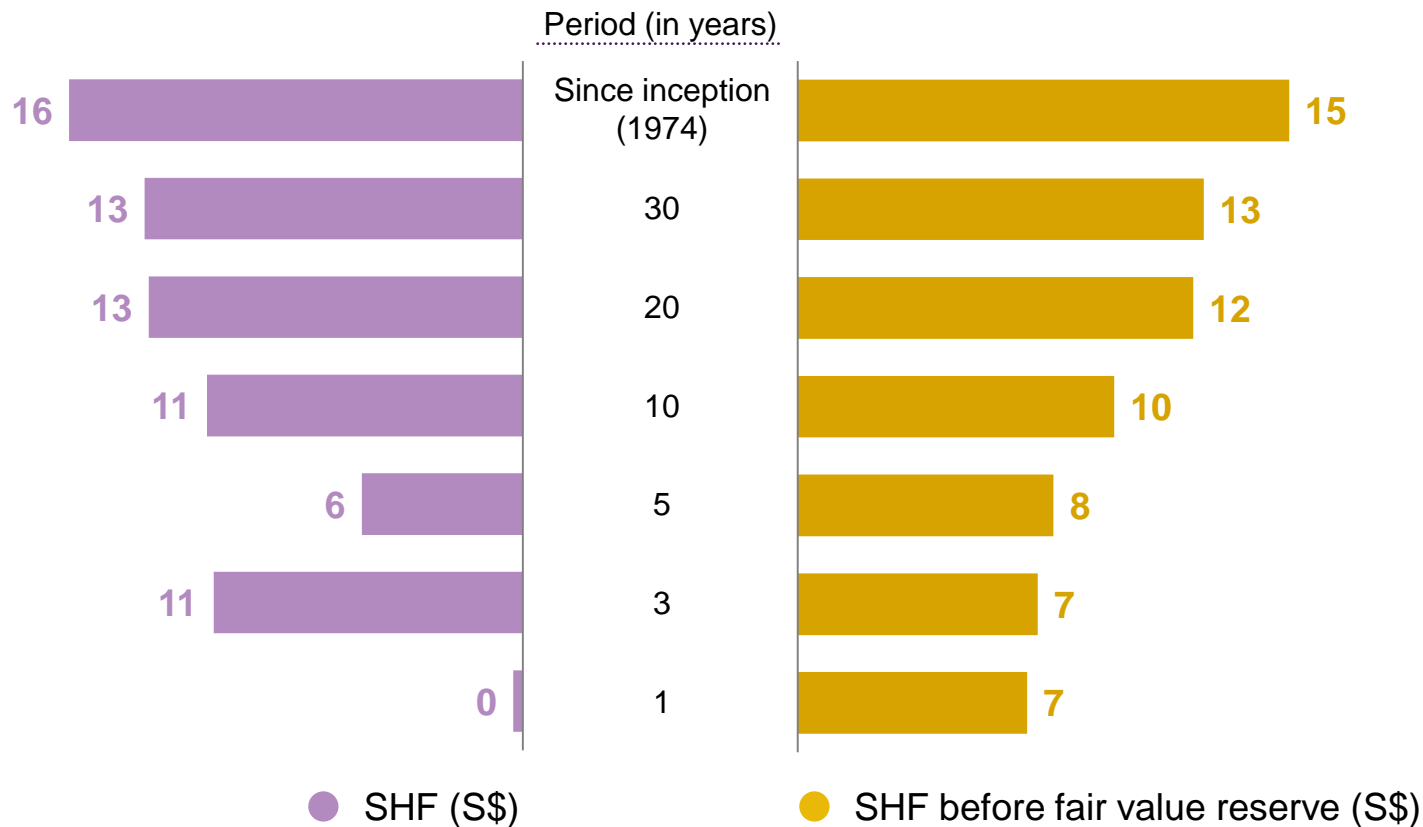
(as at 31 March 2012)

# Total Shareholder Return by Shareholder Fund

Performance

Strong Underlying Performance

TSR in S\$ (%)



(as at 31 March 2012)

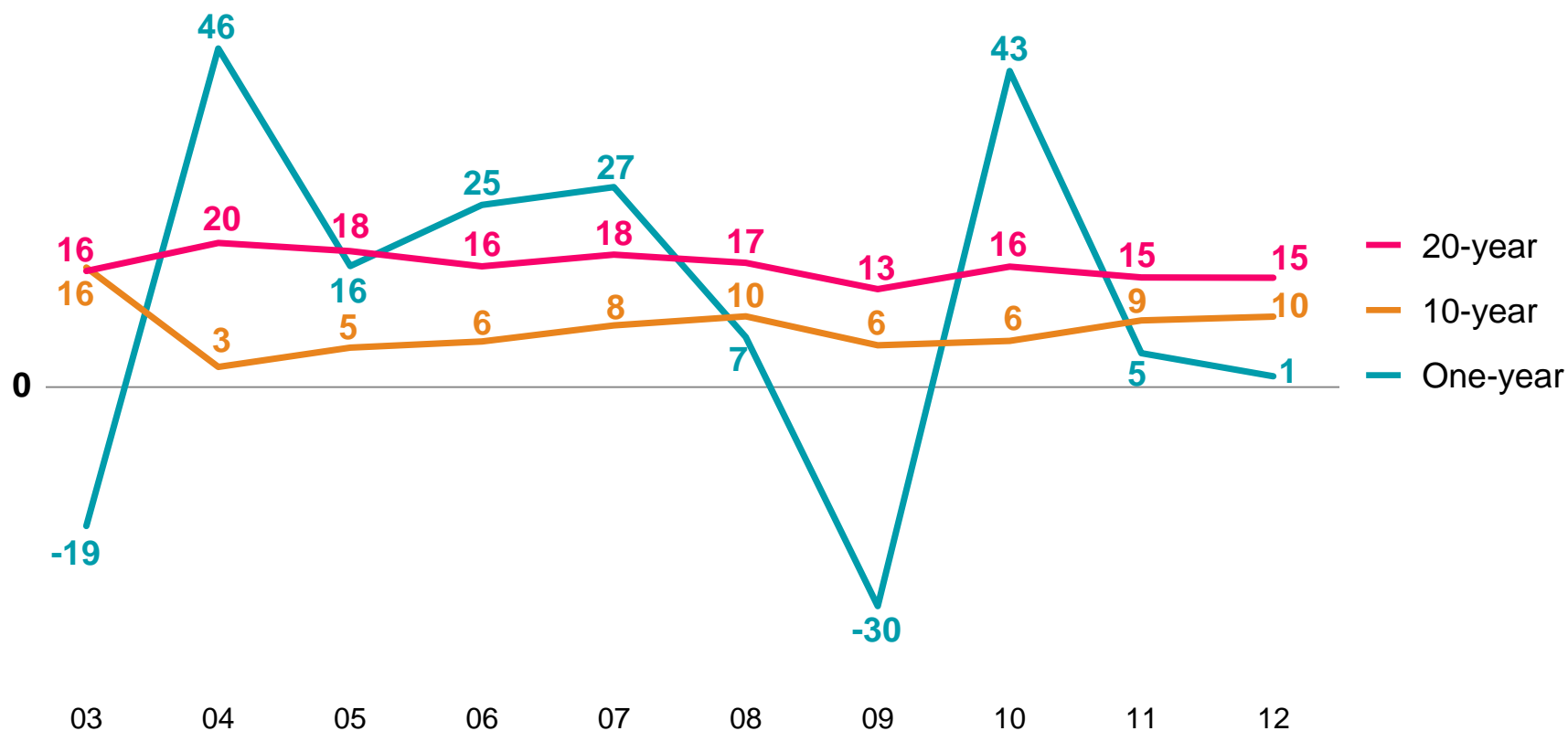


# One, 10, & 20-Year S\$ Returns to Shareholder

Performance

Stable Long Term Performance

Rolling TSR (%)



(as at 31 March)

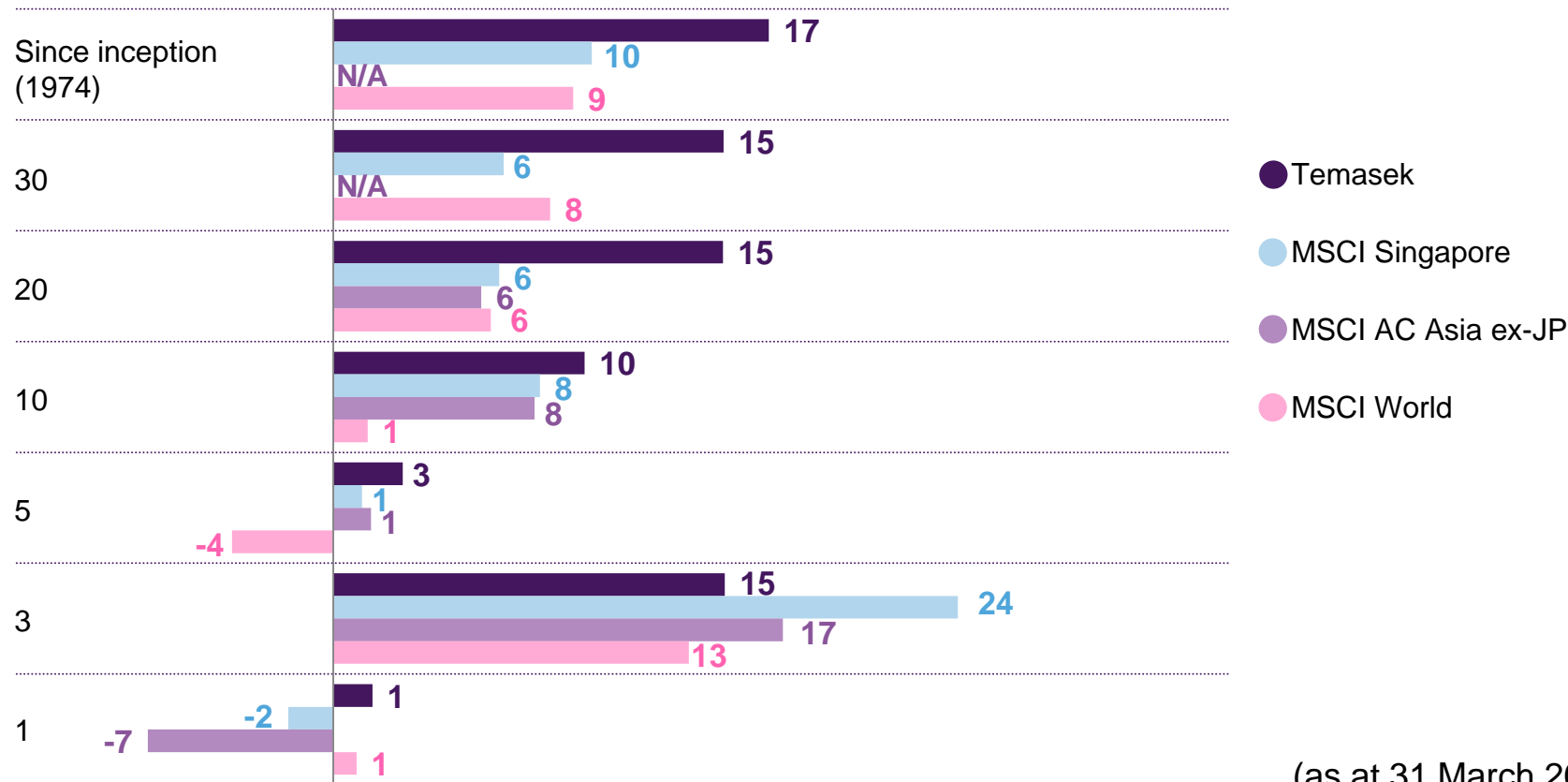
# Delivering Consistent Performance

Performance

## Steady Long Term Returns (S\$)

% Returns to Shareholder (compounded annually)

Period (in years)



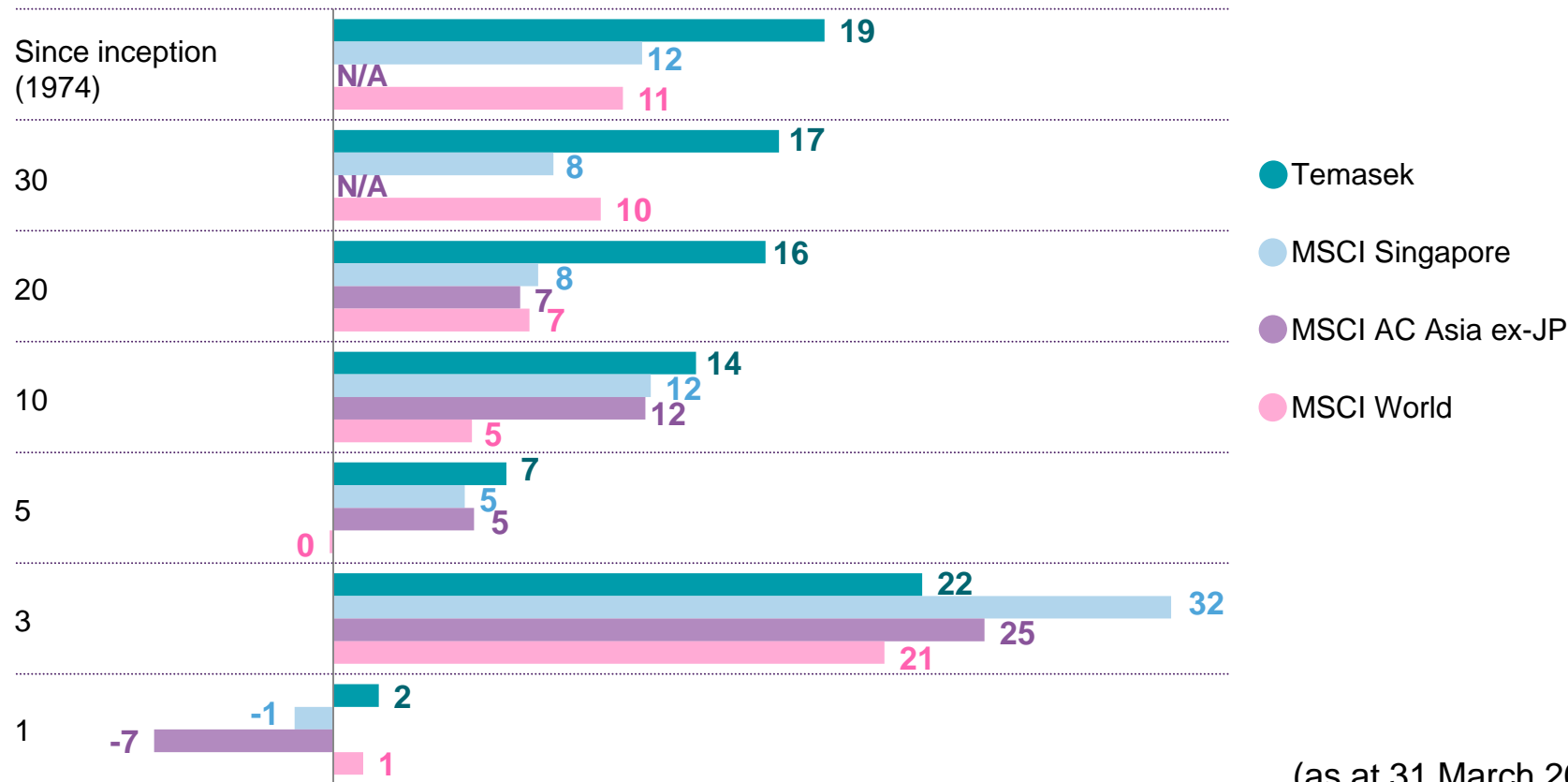
# Delivering Consistent Performance

Performance

## Steady Long Term Returns (US\$)

% Returns to Shareholder (compounded annually)

Period (in years)



(as at 31 March 2012)

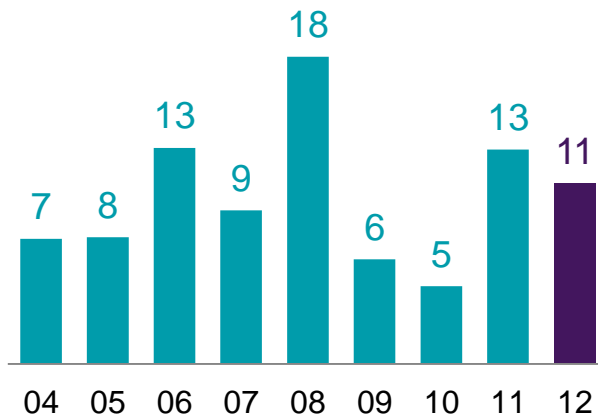
# Steady Group Net Profit

Performance

## Group Income Statements

(S\$b)

For year ended 31 Mar	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue	56.5	67.5	79.8	74.6	83.3	79.6	76.7	83.5	83.5
Profit before income tax	11.8	12.2	19.0	14.3	25.5	10.4	8.5	17.8	14.8
<b>Profit attributable to equity holder of the Company</b>	<b>7.4</b>	<b>7.5</b>	<b>12.8</b>	<b>9.1</b>	<b>18.2</b>	<b>6.2</b>	<b>4.6</b>	<b>12.7</b>	<b>10.7</b>



### Group Net Profit: S\$11b

- Lower Temasek contribution
- Lower operating profits from portfolio companies





# Strong Foundation Built Over Decades

Performance

## Group Balance Sheets

(S\$b)

As at 31 Mar	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total assets	180.8	199.1	213.7	242.4	295.5	247.9	284.8	297.9	302.6
Shareholder equity before fair value reserve	64.5	70.9	83.6	92.9	120.2	119.9	127.8	134.6	146.4
Fair value reserve <sup>1</sup>	-	-	7.0	21.1	23.9	(1.5)	21.9	20.9	11.8
<b>Shareholder equity</b>	<b>64.5</b>	<b>70.9</b>	<b>90.6</b>	<b>114.0</b>	<b>144.1</b>	<b>118.4</b>	<b>149.7</b>	<b>155.5</b>	<b>158.2</b>
Net debt <sup>2</sup>	21.9	26.9	16.7	23.6	33.8	22.1	17.8	9.5	16.1

**Full Financial Flexibility**  
Temasek ended the year  
in a net cash position

**Group Shareholder Equity: S\$158b**

- Steady secular growth



<sup>1</sup> FRS39 *Financial Instruments: Recognition and Measurement*, introduced during year ended 31 March 2006, requires available-for-sale financial assets to be measured at fair value.

<sup>2</sup> Total debt less cash and cash equivalents.

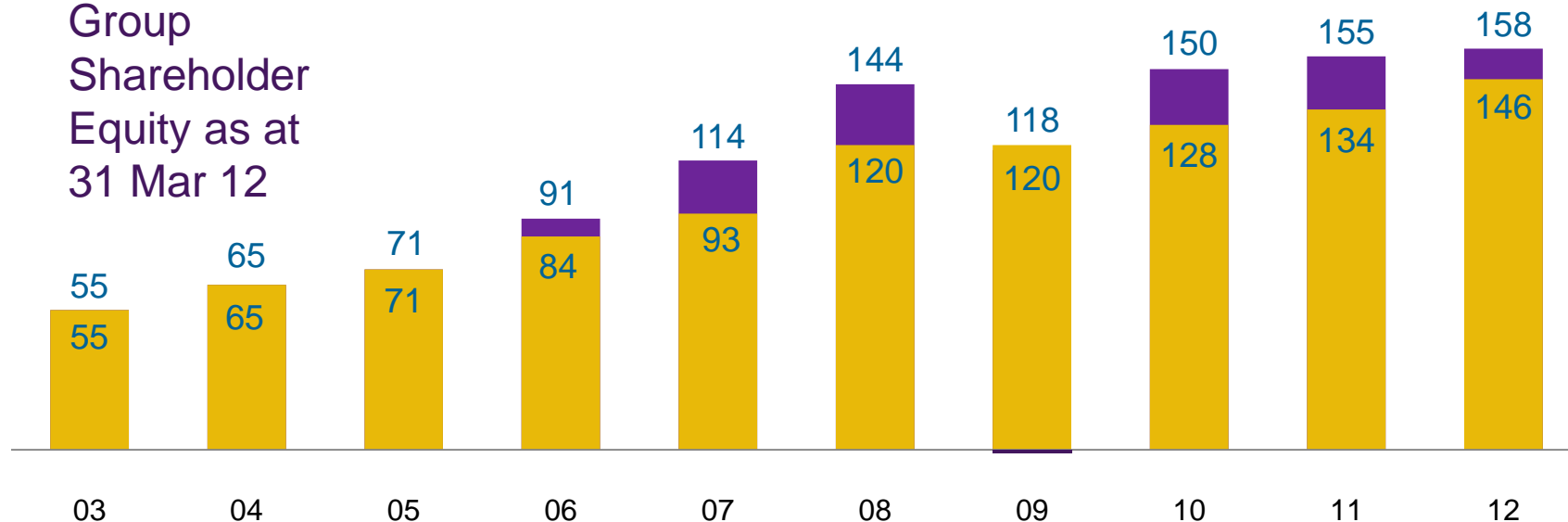
# Robust Shareholder Equity

Performance

## Group Shareholder Equity (S\$b)

**S\$158b**

Group  
Shareholder  
Equity as at  
31 Mar 12



- Fair value reserve
- Shareholder equity before fair value reserve

(as at 31 March)

A wide-angle photograph of the Singapore skyline, featuring numerous modern skyscrapers with glass facades. The buildings are reflected in the dark water of the harbor in the foreground. The sky is a pale blue with soft, white clouds. A green rectangular box is superimposed over the middle of the image, containing the word 'Portfolio' in white. In the bottom left corner, the word 'TEMASEK' is written in white capital letters on a dark purple background.

# Portfolio

TEMASEK



42%

Asia  
ex-Singapore

30%

Singapore

25%

Australia &  
New Zealand,  
North America  
& Europe

3%

Latin America,  
Africa, Central Asia  
& the Middle East

Note: Distribution based on underlying assets.

(as at 31 March 2012)



Transforming  
Economies

Tapping potential of transforming economies

Growing  
Middle Income  
Populations

Leveraging growing consumer demands

Deepening  
Comparative  
Advantages

Economies, businesses with distinctive edge

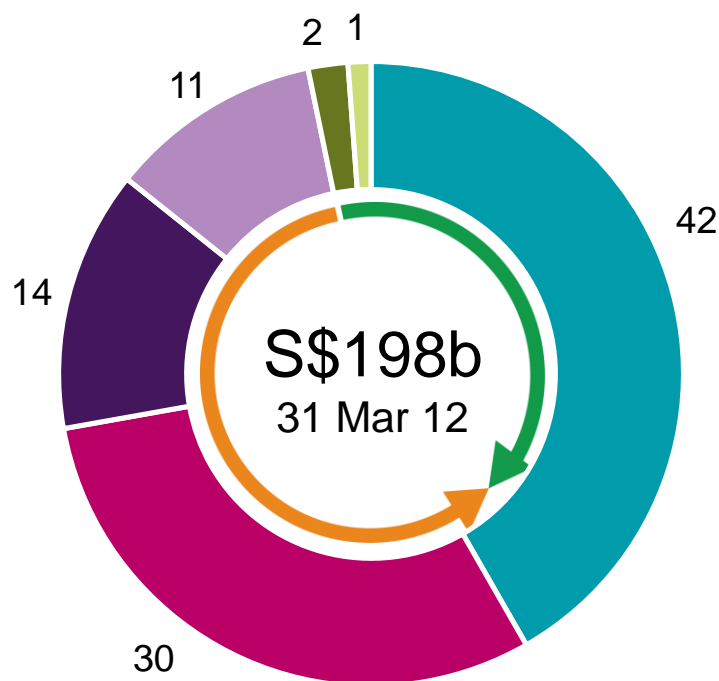
Emerging  
Champions

Companies with strong home base, at inflexion points

# Growing in North America & Europe

Portfolio

Anchored in Asia



■ Growth economies  
■ Mature markets

(%)	2012	2011
Asia ex-Singapore	42	45
Singapore	30	32
Australia & New Zealand	14	12
North America & Europe	11	8
Africa, Central Asia & the Middle East	2	2
Latin America	1	1

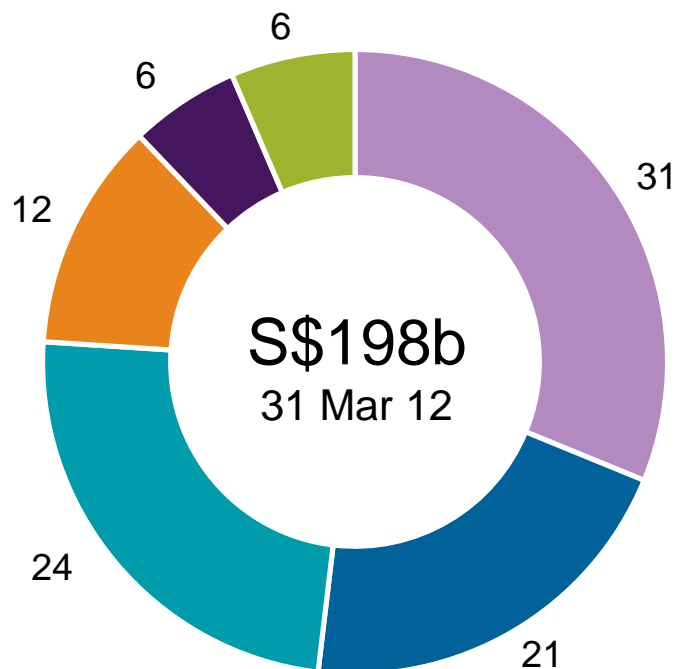
Note: Distribution based on underlying assets.

(as at 31 March)

# A Broad and Resilient Portfolio

Portfolio

Guided by Investment Themes



(%)	2012	2011
Financial Services	31	36
Transportation & Industrials	21	23
Telecommunications, Media & Technology	24	22
Life Sciences, Consumer & Real Estate	12	11
Energy & Resources	6	3
Others	6	5

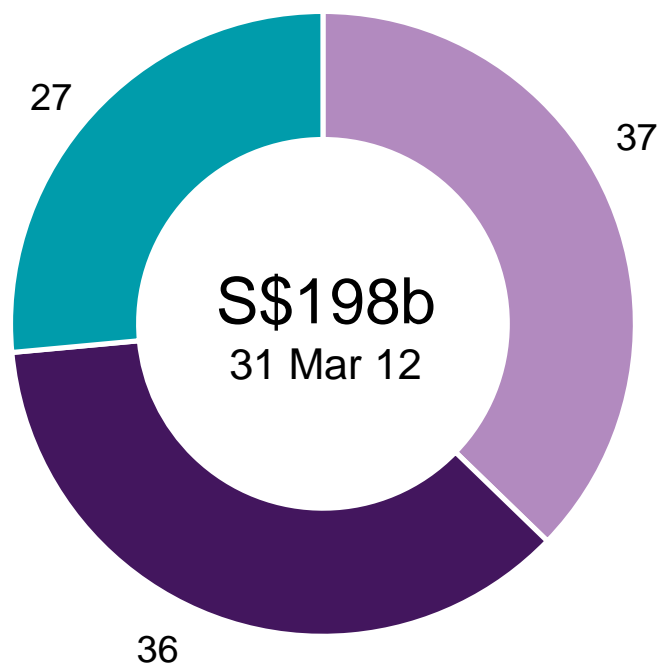
Note: Distribution based on underlying assets.

(as at 31 March)

# Portfolio Remains Liquid

Portfolio

73% Liquid & Listed



(%)	2012	2011
Listed large blocs (≥ 20%share)	37	39
Liquid & sub-20% listed assets	36	39
Unlisted assets	27	22

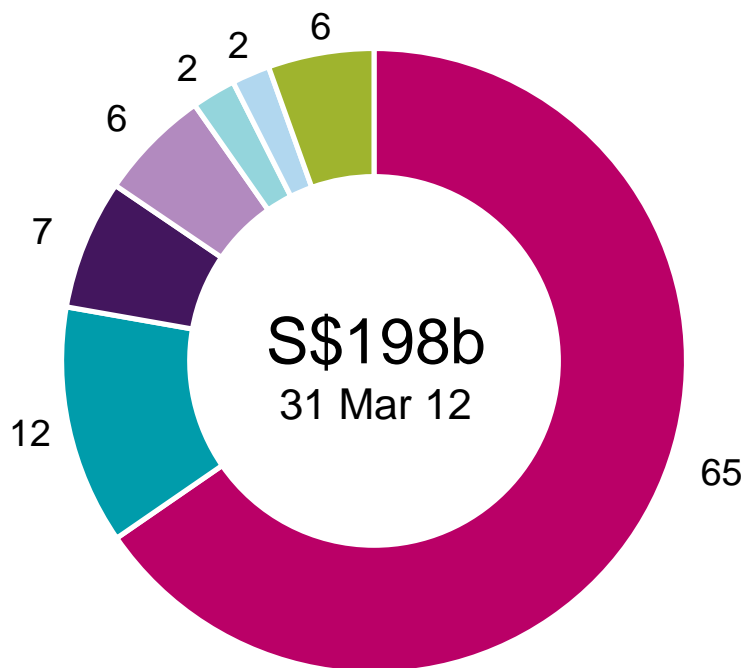
(as at 31 March)



# Currency Mix

Portfolio

Strong base in Singapore



(%)	2012	2011
● Singapore dollars	65	65
● Hong Kong dollars	12	15
● US dollars	7	4
● British pounds sterling	6	6
● Indonesia rupiah	2	3
● Indian rupees	2	3
● Others	6	4

Note: Distribution based on currency of denomination.

(as at 31 March)

# Investing in Proxies for Growth

Portfolio

Investments  
S\$22b



Divestments  
S\$15b



Post  
Mar 2012  
Investments



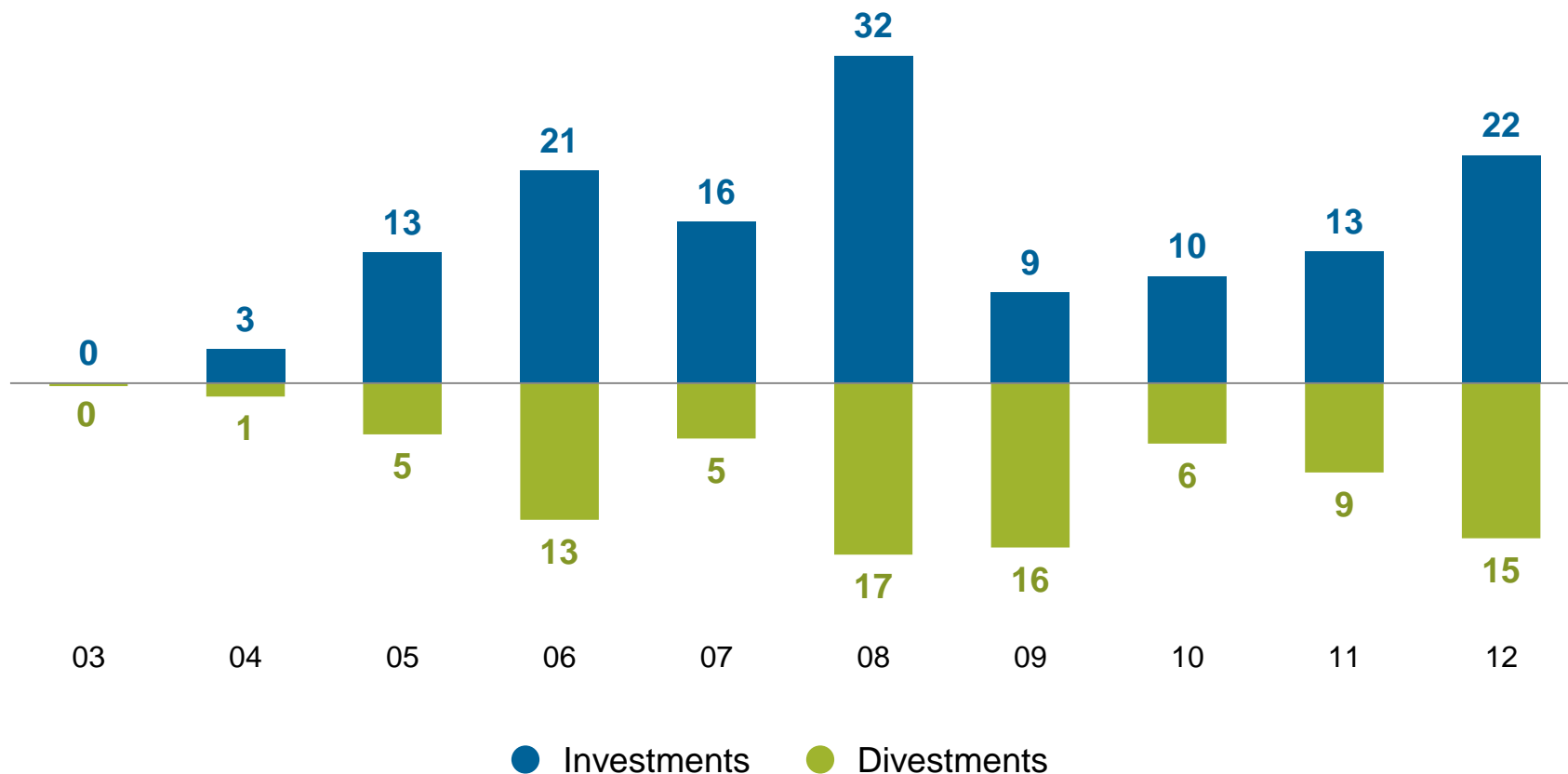
KUNLUN ENERGY COMPANY LIMITED  
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)



# Temasek as an Active Investor in Asia

Portfolio

## Investments & Divestments (S\$b)



(for year ended 31 March)

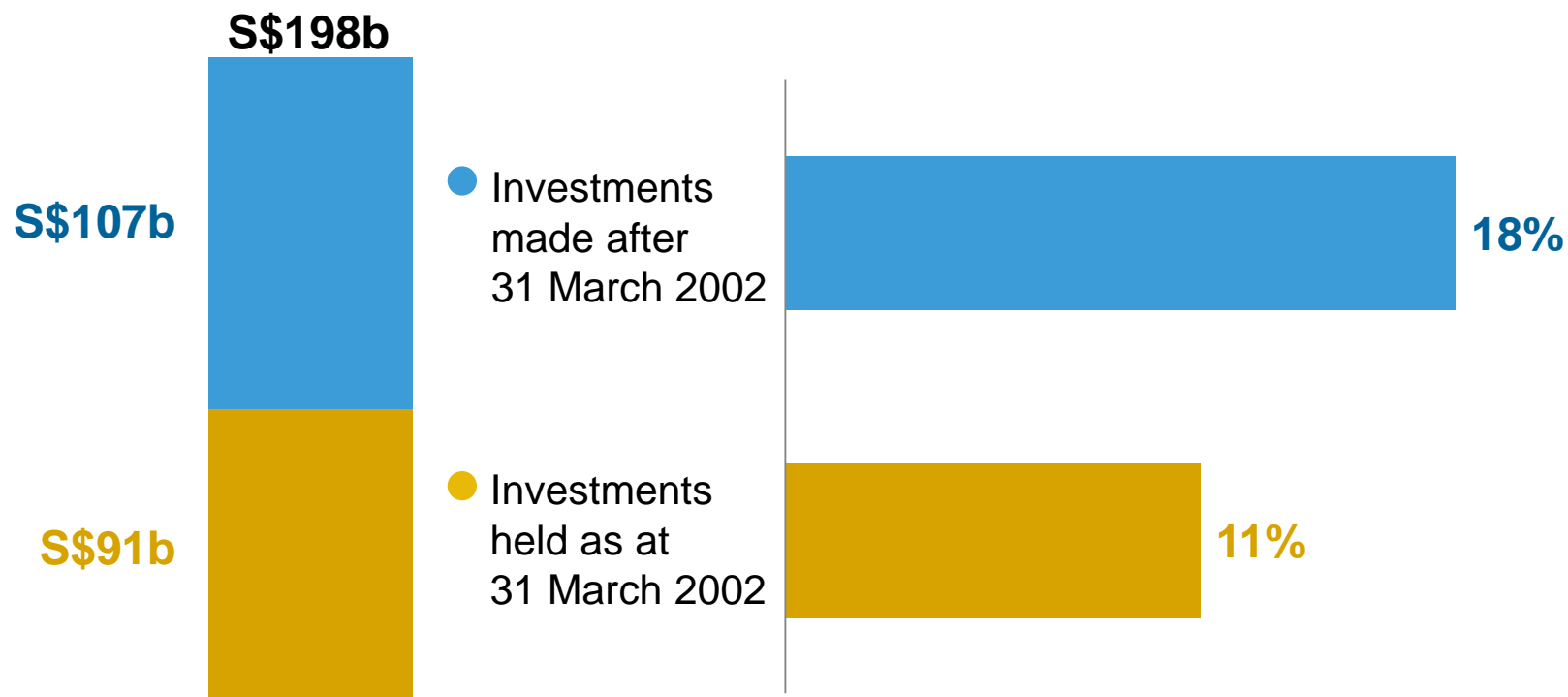
# 10-Year Returns to Temasek

Portfolio

Good returns to Temasek from new investments since 2002

Portfolio Market Value

10-year S\$ Annualised returns to Temasek



(as at 31 March 2012)



# Returns to Temasek by Investment Vintage

Portfolio

Investments  
made *after*  
March 2002



**S\$100**  
**Invested**



**S\$530**  
**Return**

**10-Year Returns**  
(March 2002 – March 2012)

Investments  
*held as at*  
March 2002



**S\$100**  
**Invested**

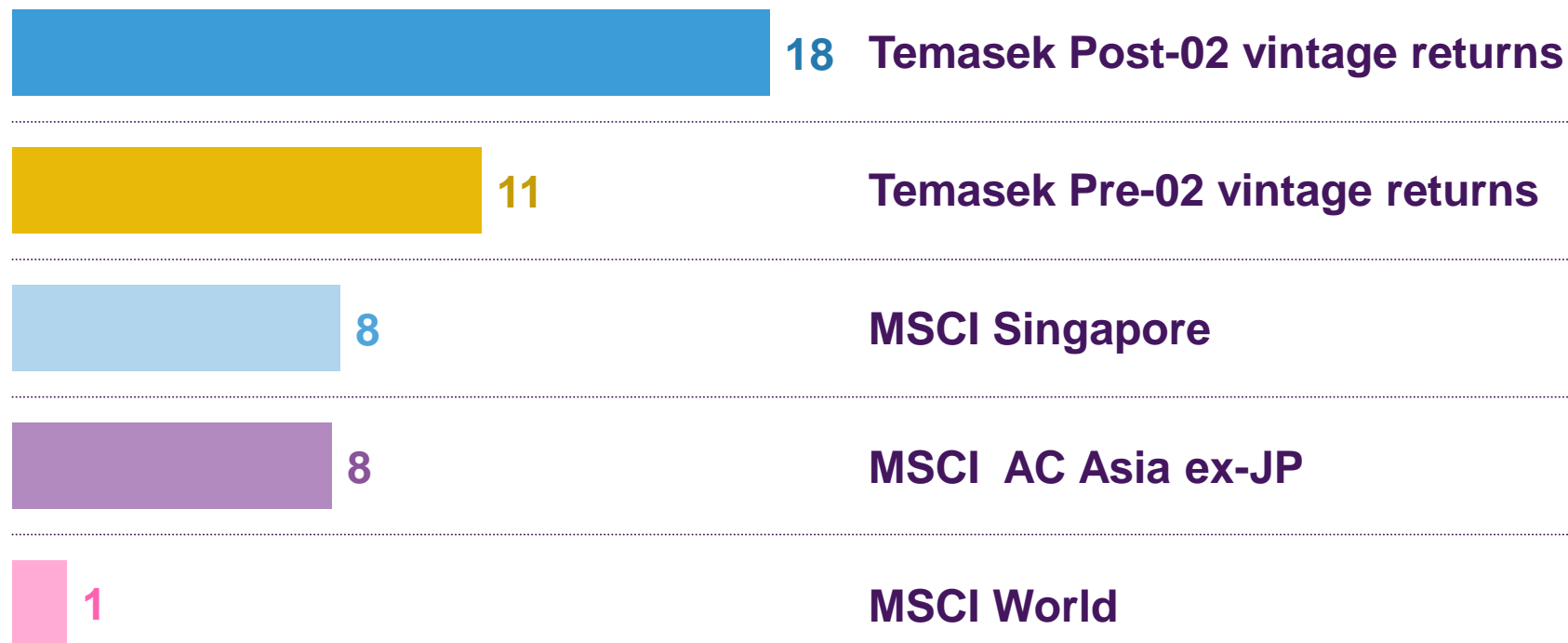


**S\$290**  
**Return**

# Annualised 10-year Returns to Temasek

Portfolio

Annualised returns between March 2002 and March 2012 (%)

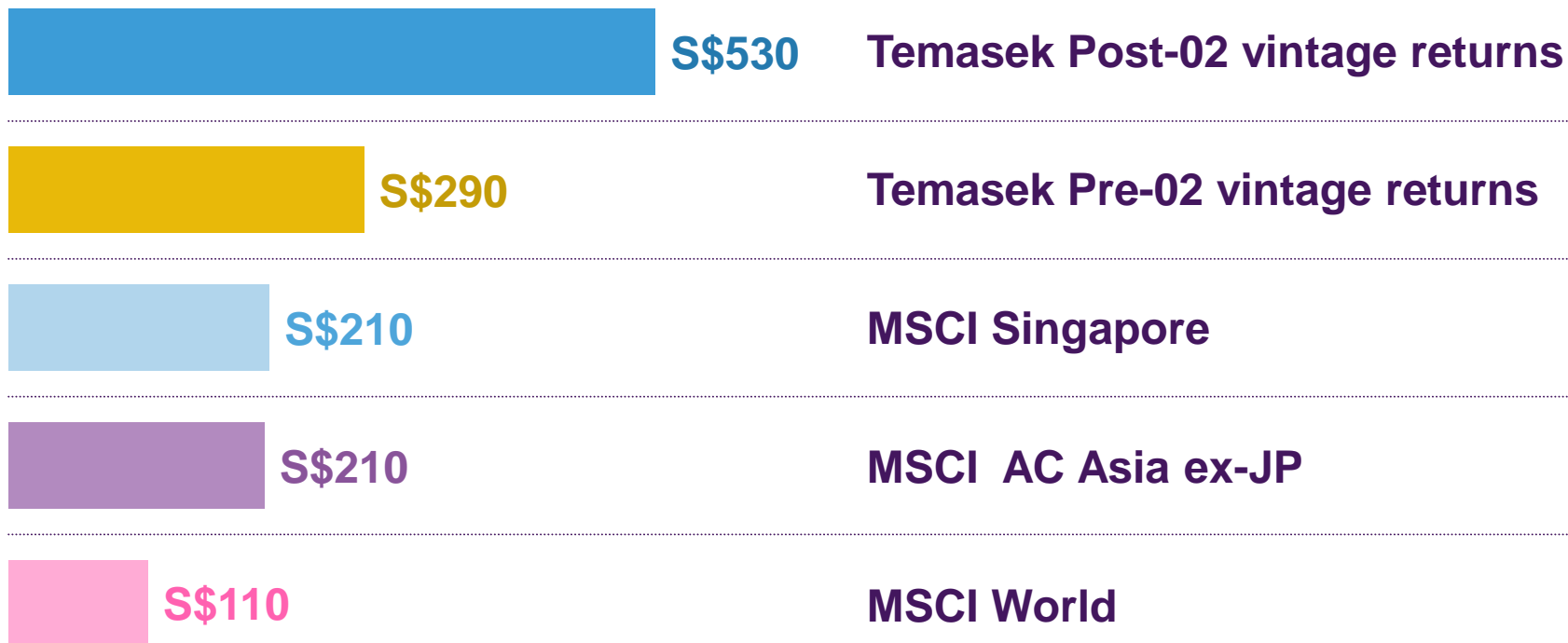


(as at 31 March 2012)

# S\$100 Invested on 1 April 2002

Portfolio

S\$ Value of Investment

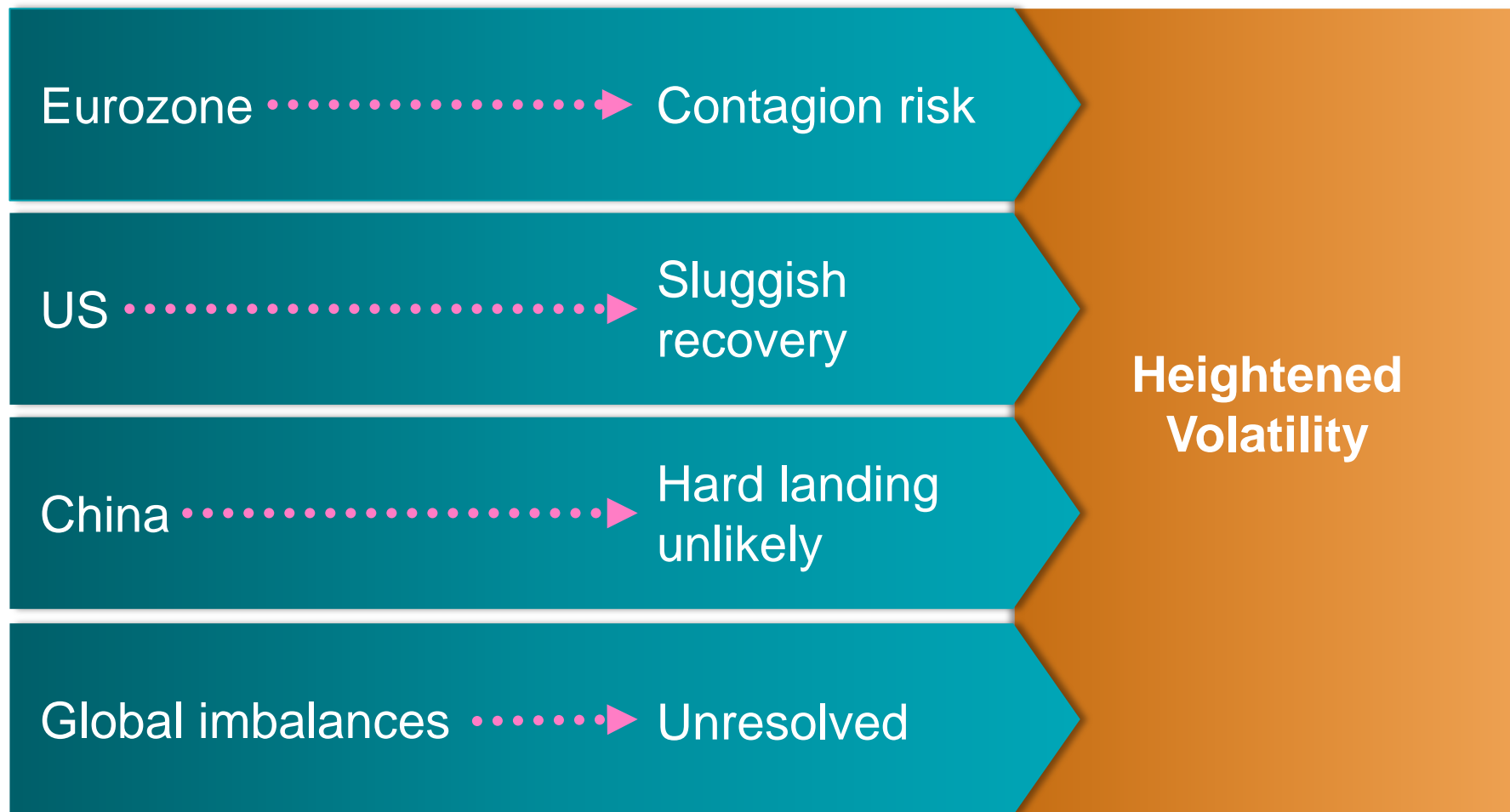


(as at 31 March 2012)

A wide-angle photograph of the Singapore skyline, featuring numerous modern skyscrapers with glass facades reflecting the sky. The buildings are situated along a waterfront, with a body of water in the foreground. The sky is a clear, pale blue with some light, wispy clouds. A semi-transparent purple rectangular box is centered over the middle of the image, containing the text "Outlook + Strategy" in white. In the bottom left corner, the word "TEMASEK" is written in a white, serif font. The bottom portion of the image has a dark purple gradient overlay with several thin, white, curved dotted lines that sweep across the frame from left to right.

# Outlook + Strategy

TEMASEK

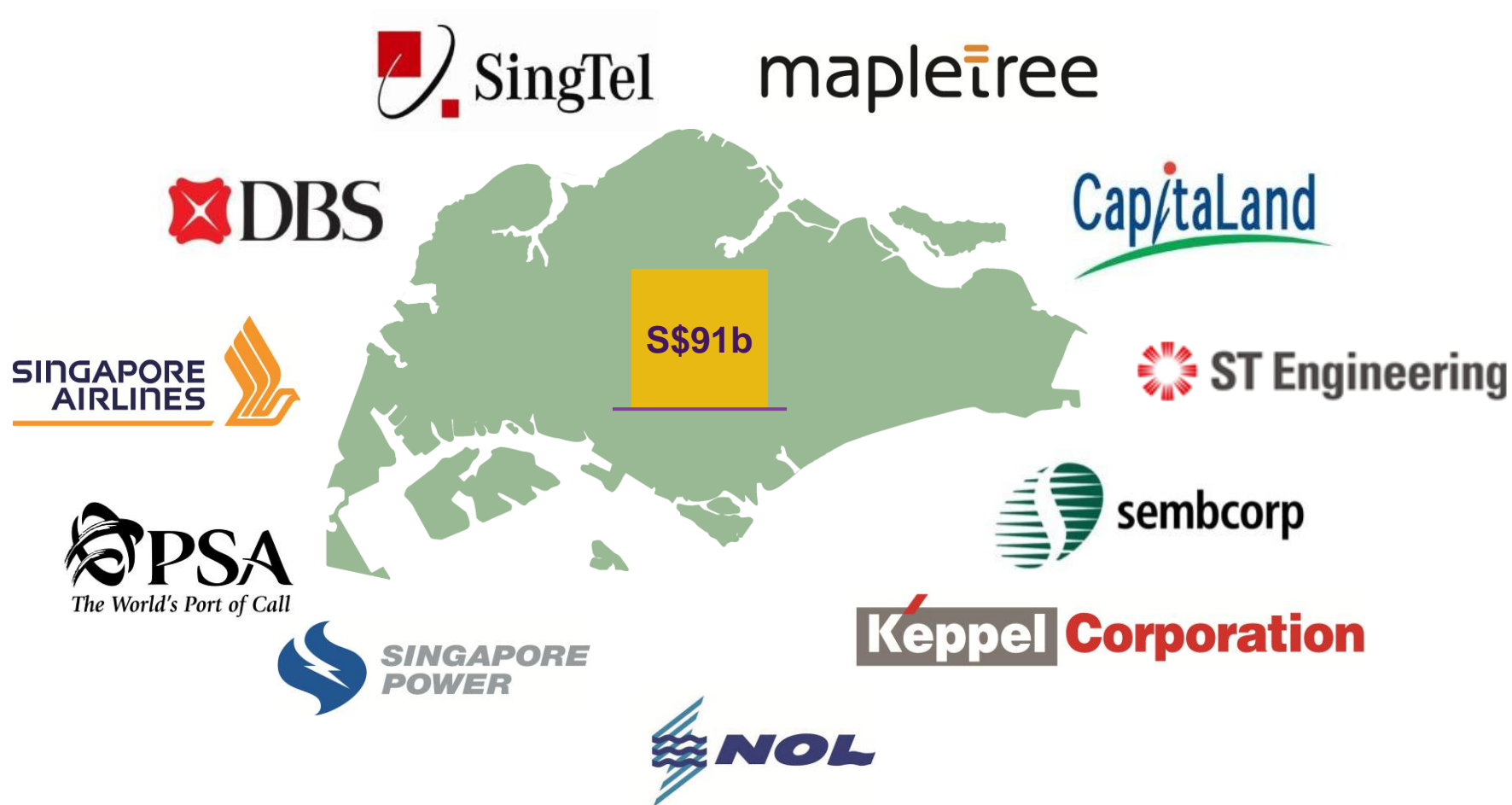


- Increasing urbanisation
- Ascent of consumption in growth economies
- Rising technology influence on consumer
- Rising demand for energy and resources

## Investment themes remain valid

.....

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







A wide-angle photograph of the Singapore skyline, featuring numerous modern skyscrapers with glass facades reflecting the sky. The buildings are situated along a waterfront, with a body of water in the foreground. The sky is a clear, pale blue with some light clouds. An orange rectangular box is superimposed over the middle of the image, containing the text "Institution + Steward".

# Institution + Steward

TEMASEK

## **Temasek is an active investor and shareholder.**

We deliver sustainable value over the long term.

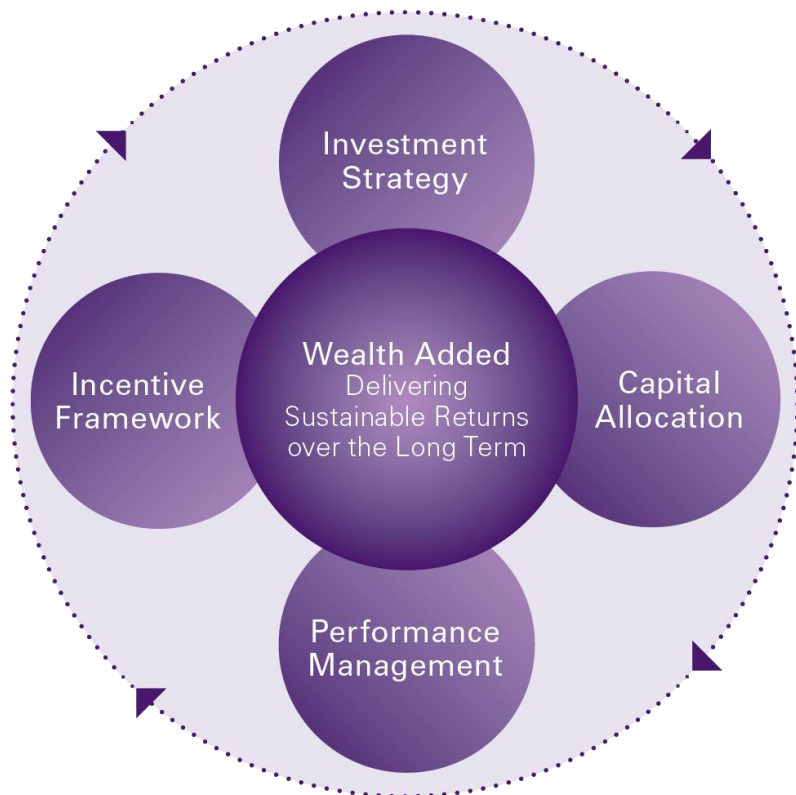
## **Temasek is a forward looking institution.**

We act with integrity and are committed to the pursuit of excellence.

## **Temasek is a trusted steward.**

We strive for the advancement of our communities across generations.

Creating Sustainable Wealth for our Shareholder

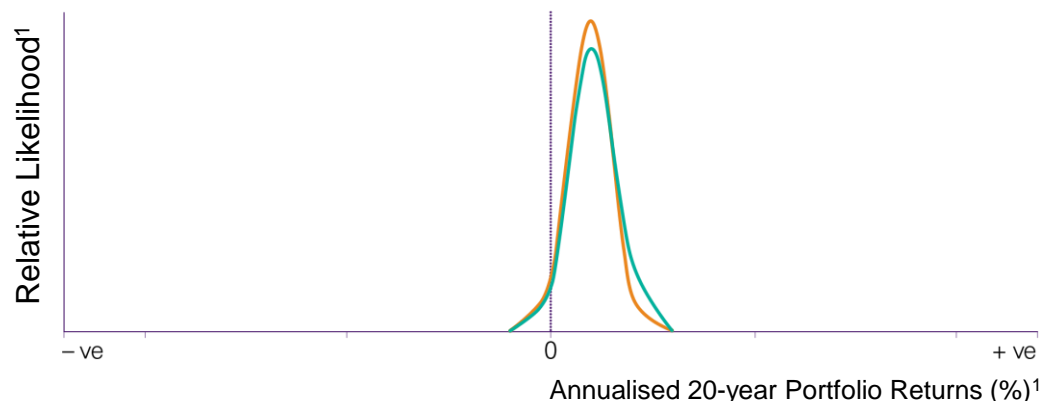
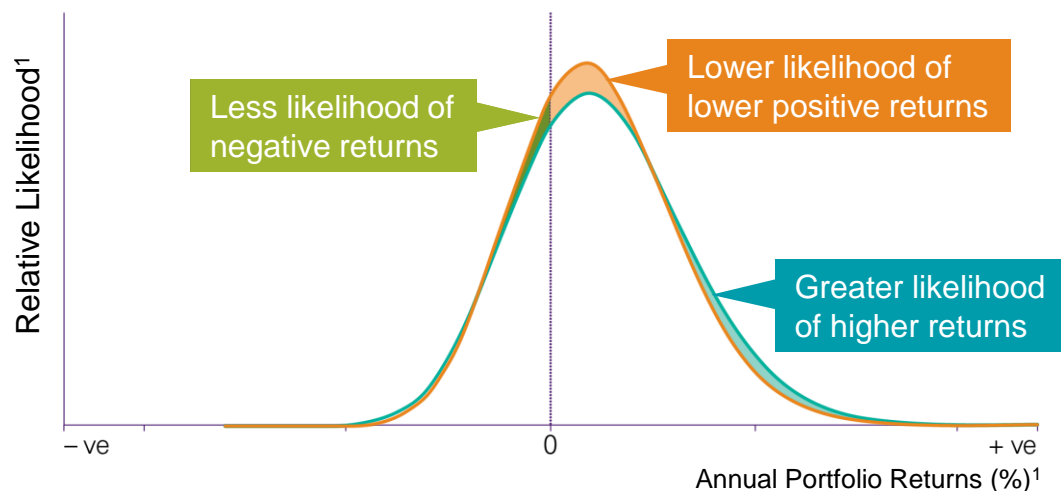


## Investment themes

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



## Assessing Long Term Impact on Portfolio



— Global equity portfolio  
— Thematic portfolio

<sup>1</sup> Horizontal axis: same scale; vertical axis: different scale.

### Annual Returns

Used to assess year to year risk/volatility

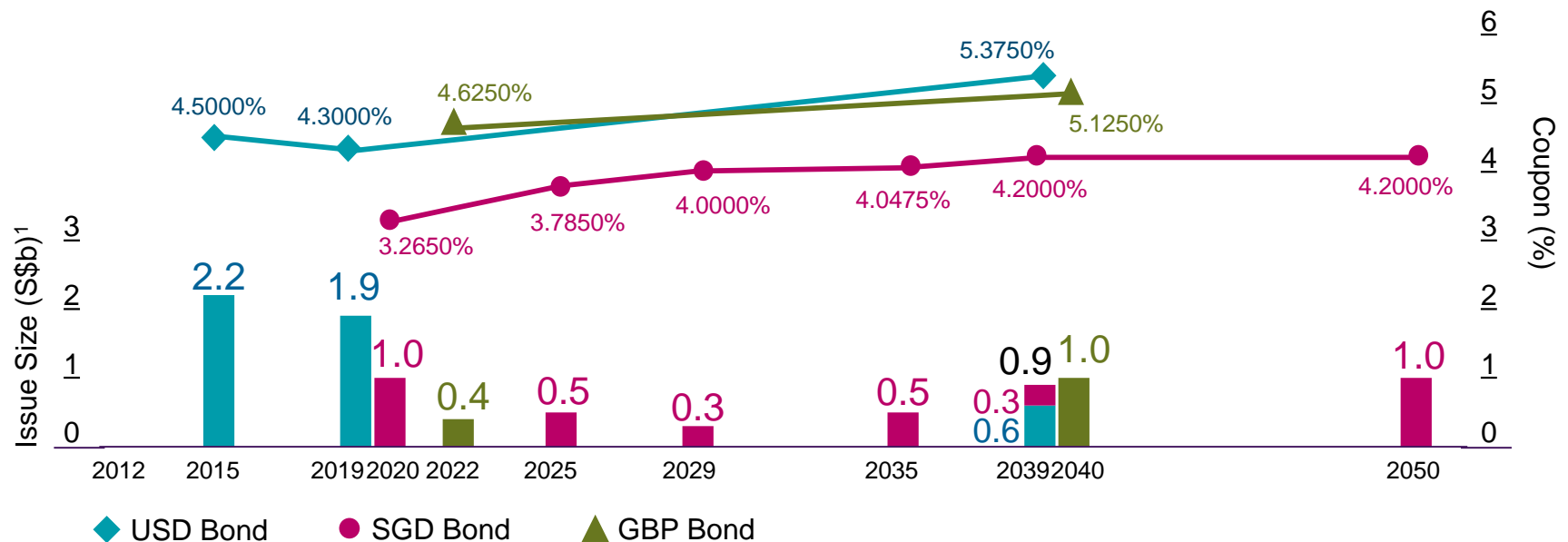
### Geometric Returns or Annualised Compounded Returns

Used to assess long term performance

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

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

### Temasek Bonds – Issue Size and Coupon

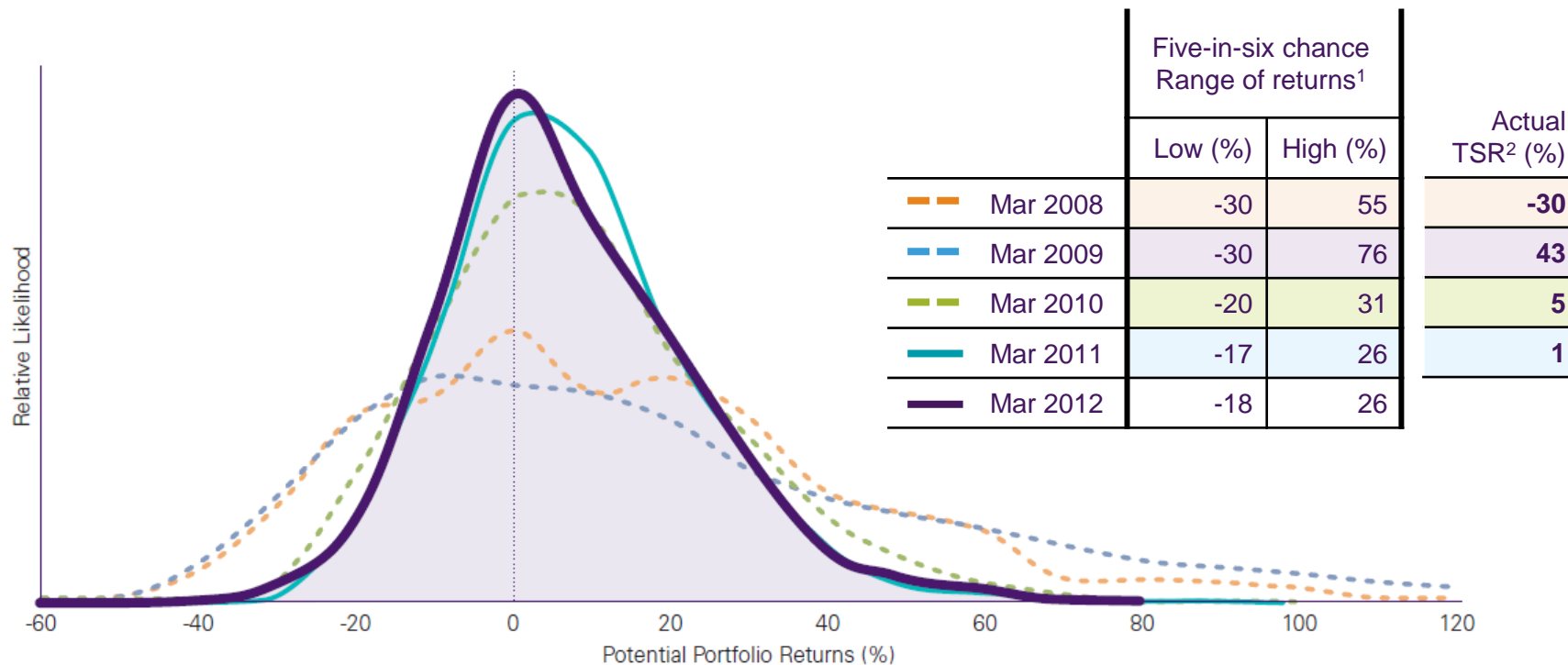


<sup>1</sup> Exchange rate as at 31 March 2012.

# 12-month Simulated S\$ Returns Likelihood

Institution + Steward

## Simulation of 12-month Forward Portfolio Returns



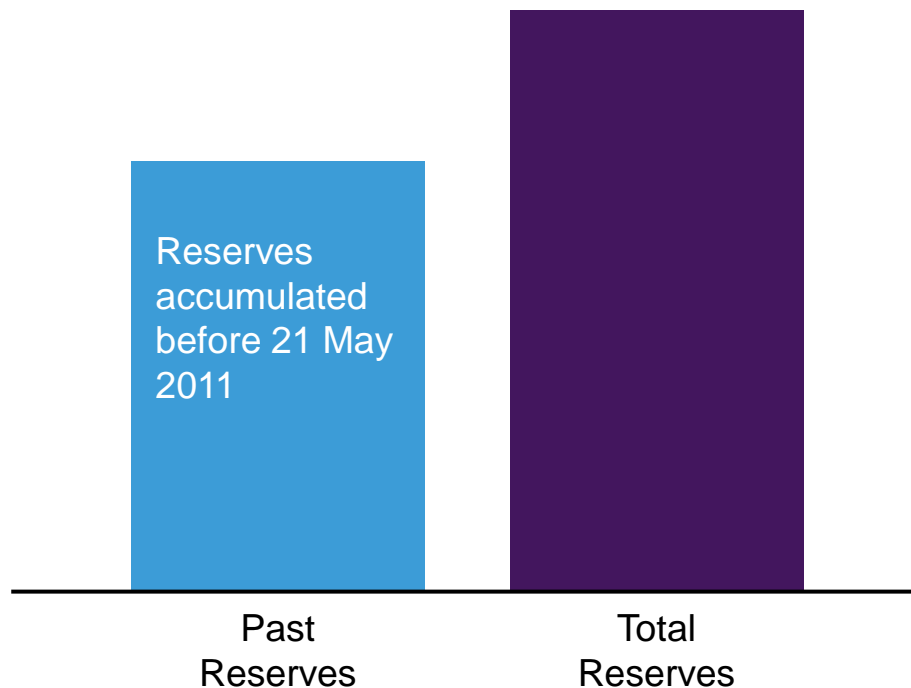
<sup>1</sup> Based on Monte Carlo simulation for 12-month forward portfolio returns distribution, assuming no change in market conditions or portfolio mix.

<sup>2</sup> Actual TSR achieved one year later.

(as at 31 March)

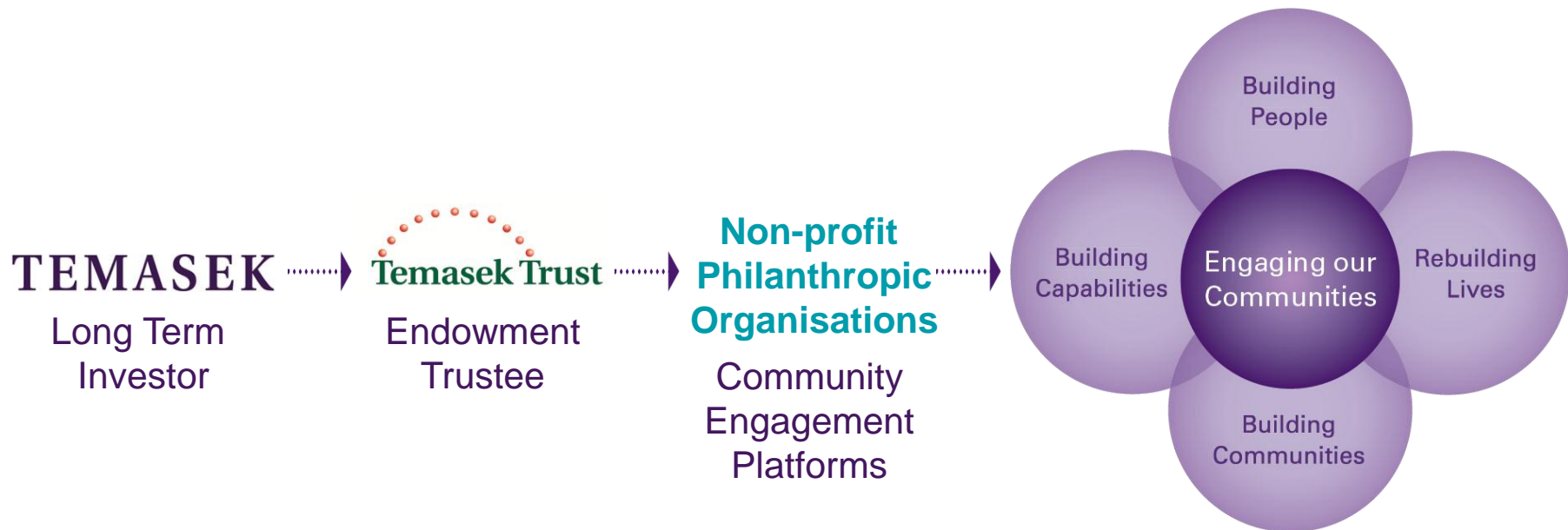




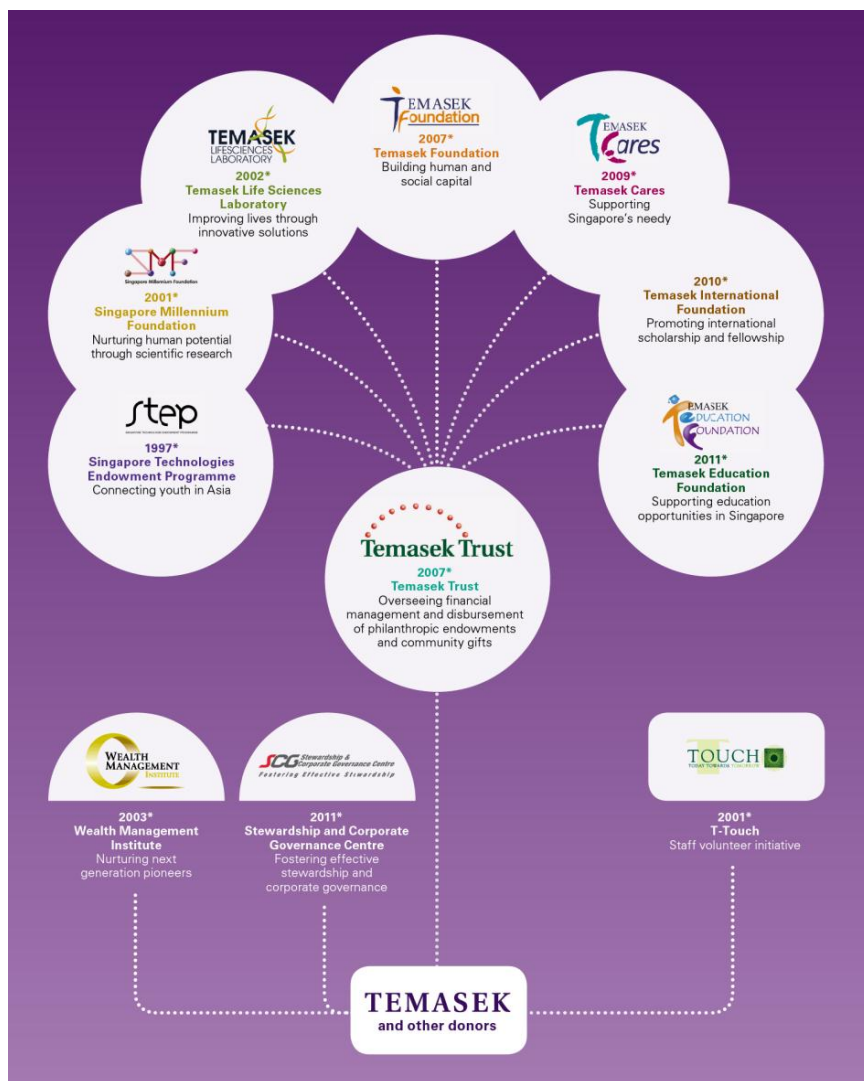


There is no draw when total reserves exceeds past reserves.

Reserves is defined as excess of assets over liabilities



Over S\$1b committed since inception for community causes



**S\$35 million**

Gifted to  
Dr Balaji Sadasivan  
endowment fund for  
healthcare services

**S\$35 million**

Gifted to  
Dr Ee Peng Liang  
endowment fund for  
social services

# Temasek Review 2012

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- **A resilient portfolio**
- **Full financial flexibility**
- **Investing for long term growth**
- **Building for the future**





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