

# Embracing the Future

---

Temasek Review

Tuesday, 7 July 2015





Investor



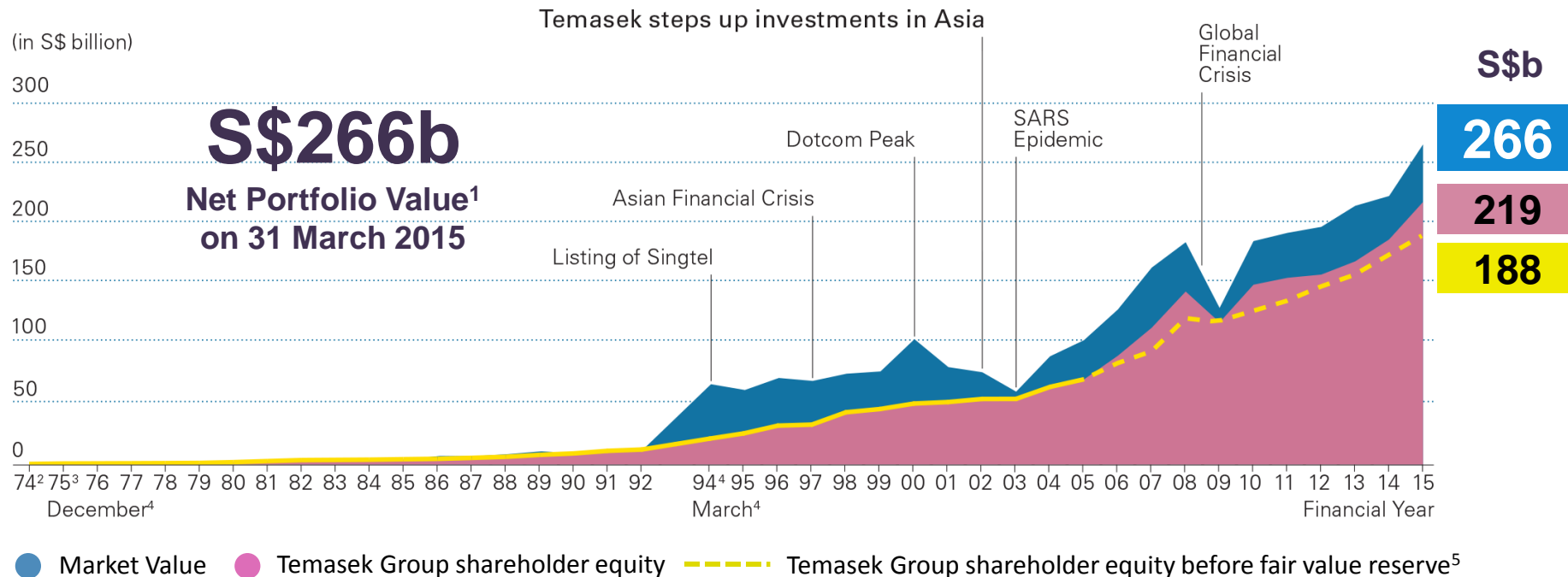
Institution



Steward

# Net Portfolio Value since Inception

*Resilient Portfolio; Up S\$43b Year-on-Year*



<sup>1</sup> Equivalent to US\$194 billion as at 31 March 2015.

<sup>2</sup> Incorporation of Temasek on 25 June 1974.

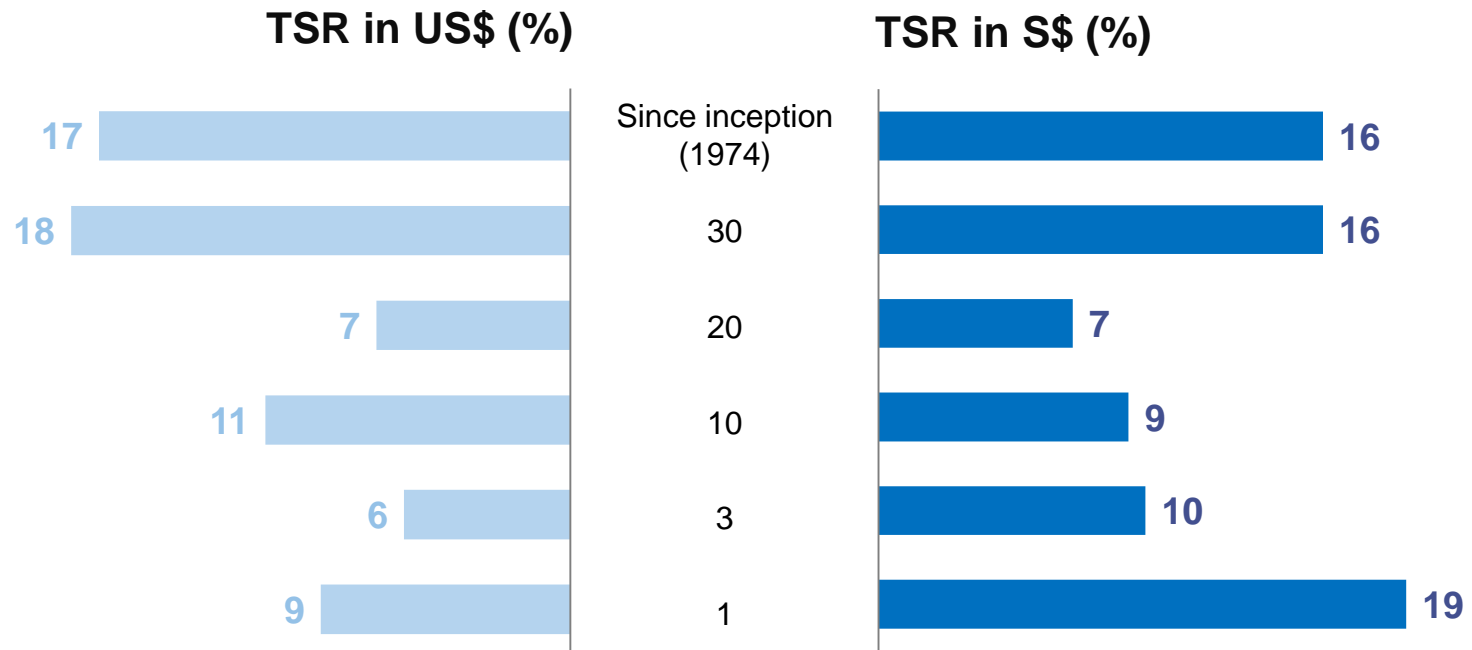
<sup>3</sup> Financial year 75 began on 25 June 1974 and ended 31 December 1975.

<sup>4</sup> Financial year-end was changed from 31 December before 1993 to 31 March from 1994 onwards.

<sup>5</sup> FRS39 *Financial Instruments: Recognition and Measurement*, introduced during the year ended 31 March 2006, requires available-for-sale financial assets to be measured at fair value.

# Total Shareholder Return (TSR)

*One-year S\$ TSR at 19.20%;  
S\$ TSR since inception at 16%*



(as at 31 March 2015)

# Net Portfolio Value

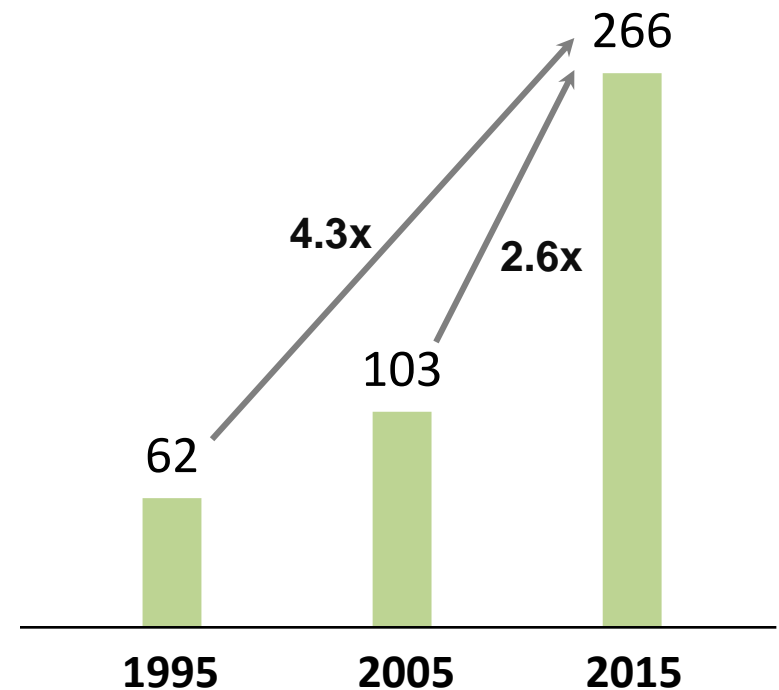
*Net Portfolio Value Quadrupled over the past 20 Years;  
More than Doubled over the past Decade*

TSR in S\$ terms (%)



(as at 31 March 2015)

Net Portfolio Value (S\$ b)



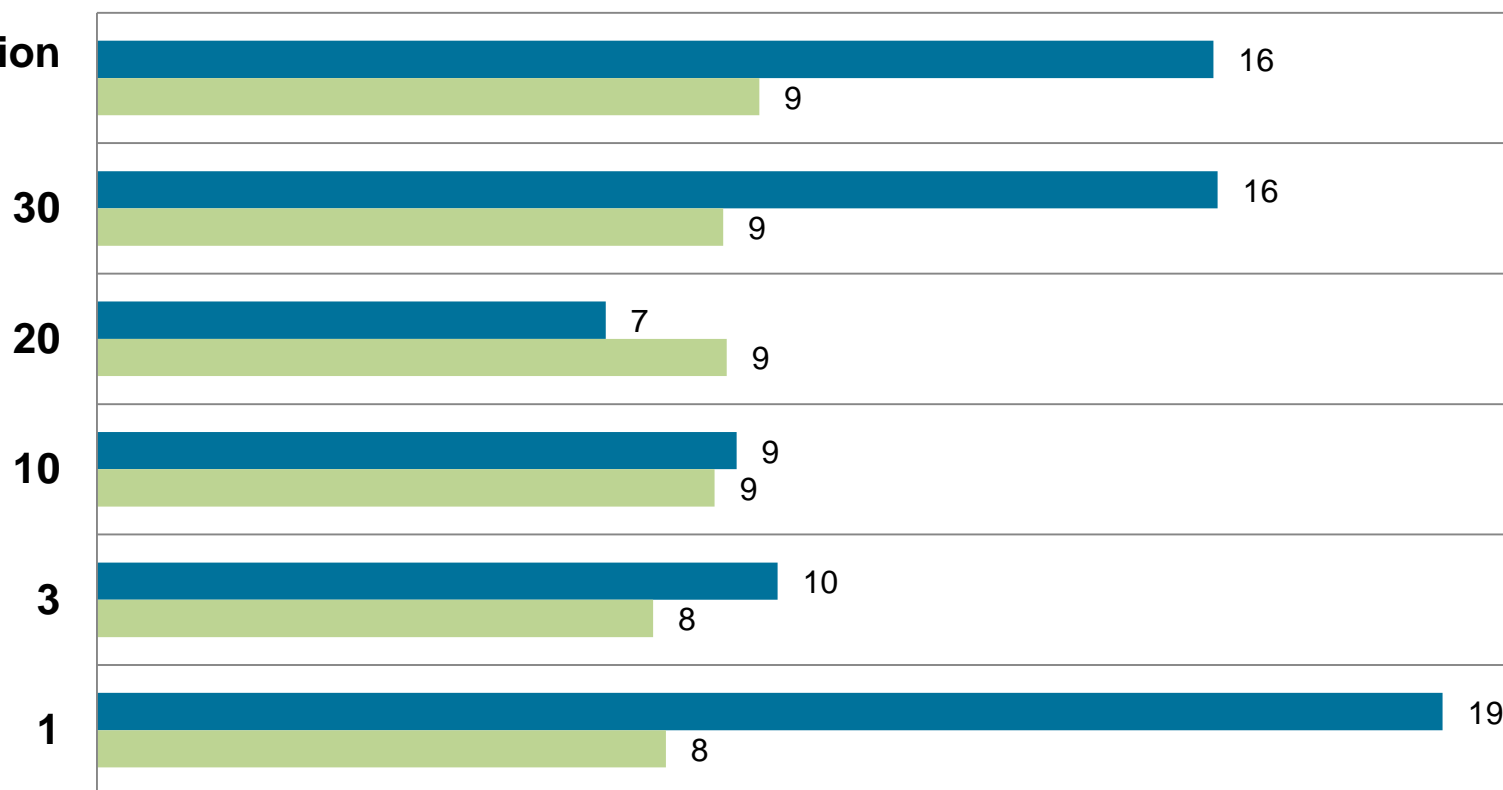
(as at 31 March)

# TSR and Risk-Adjusted Cost of Capital (%)

*One-year TSR of 19.20%;*

*Exceeded Risk-Adjusted Cost of Capital of 8%*

Since inception  
(1974)



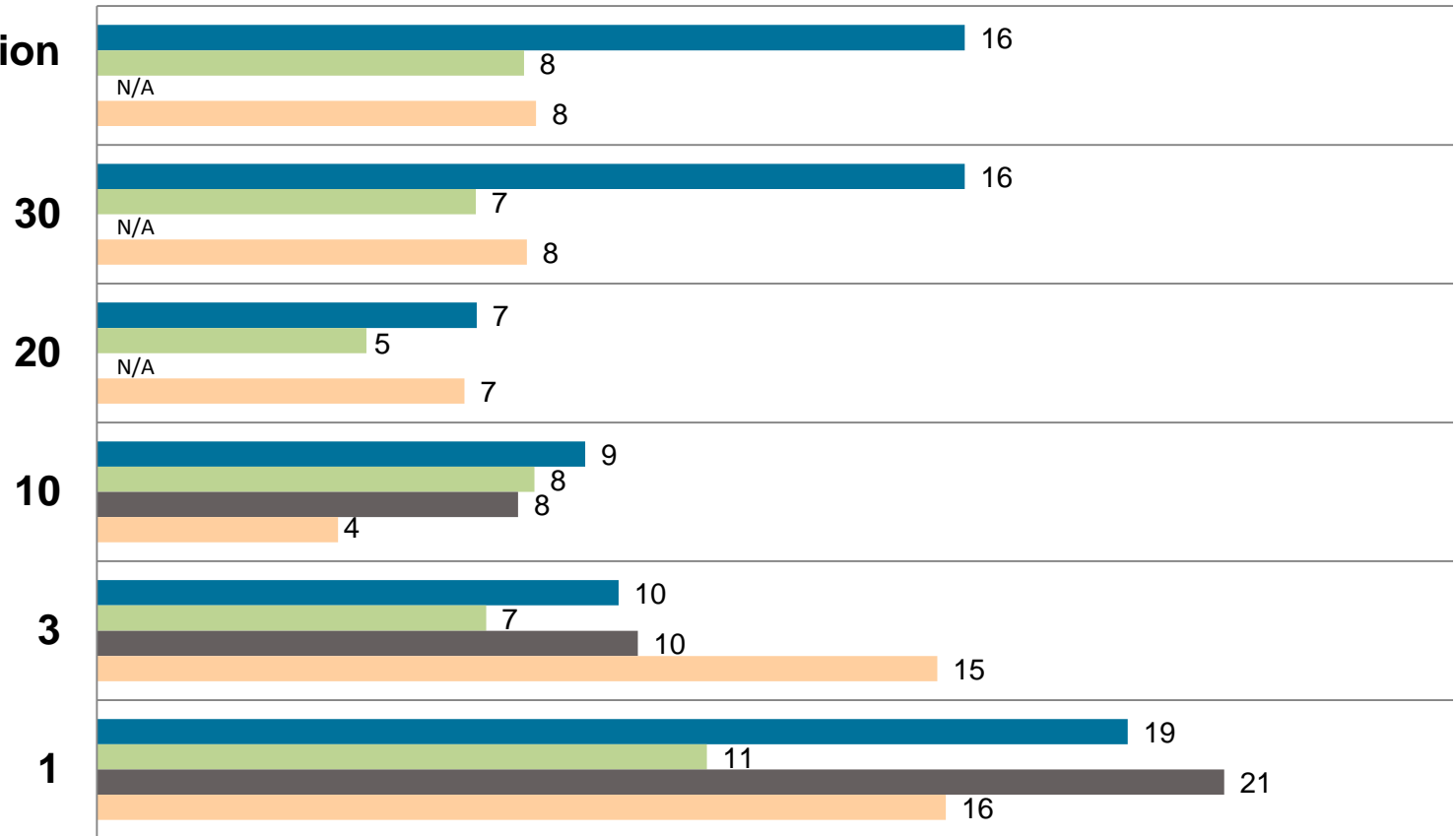
● TSR in S\$ terms ● Risk-adjusted cost of capital

(as at 31 March 2015)

# TSR and MSCI Indices – in S\$ terms (%)

## *Outperformed Indices over Longer Term*

Since inception  
(1974)



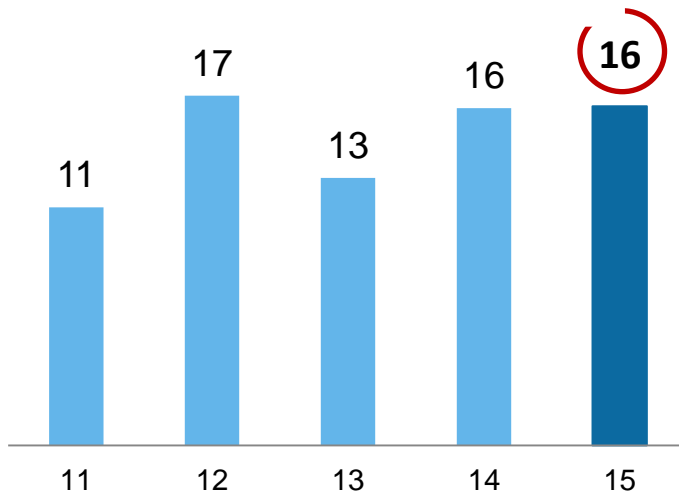
● Temasek ● MSCI Singapore ● MSCI AC Asia ex-JP ● MSCI World

(as at 31 March 2015)

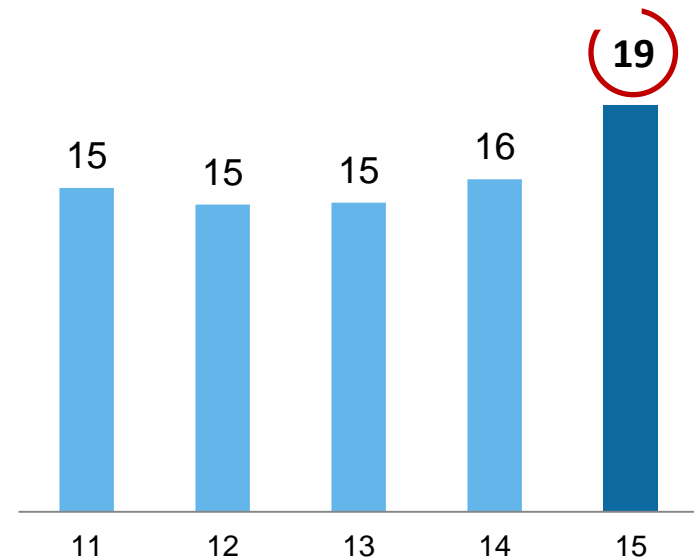
# Temasek Credit Profile<sup>1</sup>

*Reflects Credit Strength*

**Dividend over Interest Expense (x)**



**Portfolio Value over Debt (x)**



<sup>1</sup> Covers Temasek Holdings (Private) Limited and its wholly owned Investment Holding Companies.

(for year ended 31 March)





Shareholder

# Consolidated Group Financials



# Group Income Statements

*Group Net Profit at S\$14.5b for the Year*

| For year ended<br>31 March (S\$b)                                  | 2006        | 2007       | 2008        | 2009       | 2010       | 2011        | 2012        | 2013<br>Restated <sup>1</sup> | 2014<br>Restated <sup>1</sup> | 2015        |
|--|-------------|------------|-------------|------------|------------|-------------|-------------|-------------------------------|-------------------------------|-------------|
| Revenue  | 79.8        | 74.6       | 83.3        | 79.6       | 76.7       | 83.5        | 83.5        | 94.3                          | 92.4                          | 101.6       |
| Profit before income tax   | 19.0        | 14.3       | 25.5        | 10.4       | 8.5        | 17.8        | 14.8        | 16.5                          | 17.5                          | 21.2        |
| <b>Profit attributable to<br/>equity holder of the<br/>Company</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> | <b>10.7</b>                   | <b>10.9</b>                   | <b>14.5</b> |

## Group Net Profit

- Higher contribution from both Temasek and Temasek's portfolio companies

<sup>1</sup> Restated due to adoption of new accounting standards

# Group Balance Sheets

## *Group Shareholder Equity Up S\$31.2b Year-on-Year*

| As at 31 March (S\$b)                        | 2006        | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013<br>Restated <sup>1</sup> | 2014<br>Restated <sup>1</sup> | 2015         |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------------|-------------------------------|--------------|
| Total assets                                 | 213.7       | 242.4        | 295.5        | 247.9        | 284.8        | 297.9        | 302.6        | 341.5                         | 344.0                         | <b>405.8</b> |
| Shareholder equity before fair value reserve | 83.6        | 92.9         | 120.2        | 119.9        | 127.8        | 134.6        | 146.4        | 156.0                         | 172.5                         | <b>188.0</b> |
| Fair value reserve <sup>2</sup>              | 7.0         | 21.1         | 23.9         | (1.5)        | 21.9         | 20.9         | 11.8         | 13.2                          | 14.9                          | <b>30.6</b>  |
| <b>Shareholder equity</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> | <b>169.2</b>                  | <b>187.4</b>                  | <b>218.6</b> |
| Net debt <sup>3</sup>                        | 16.7        | 23.6         | 33.8         | 22.1         | 17.8         | 9.5          | 16.1         | 19.6                          | 9.0                           | <b>32.6</b>  |

### Group Shareholder Equity

- Steady growth in net profit
- Increase in fair value of sub-20% investments

### Group Net Debt

- Consolidation of more entities; FRS 110
- Increase in portfolio companies' financing activities

<sup>1</sup> Restated due to adoption of new accounting standards.

<sup>2</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>3</sup> Total debt less cash and cash equivalents.



# Investor

**Ended Year in  
Net Cash Position**

**Full Financial  
Flexibility**





Investor



Institution



Steward



# Investment Themes

---

*Continuing to Guide our Investments*



Transforming Economies



Growing Middle Income Populations



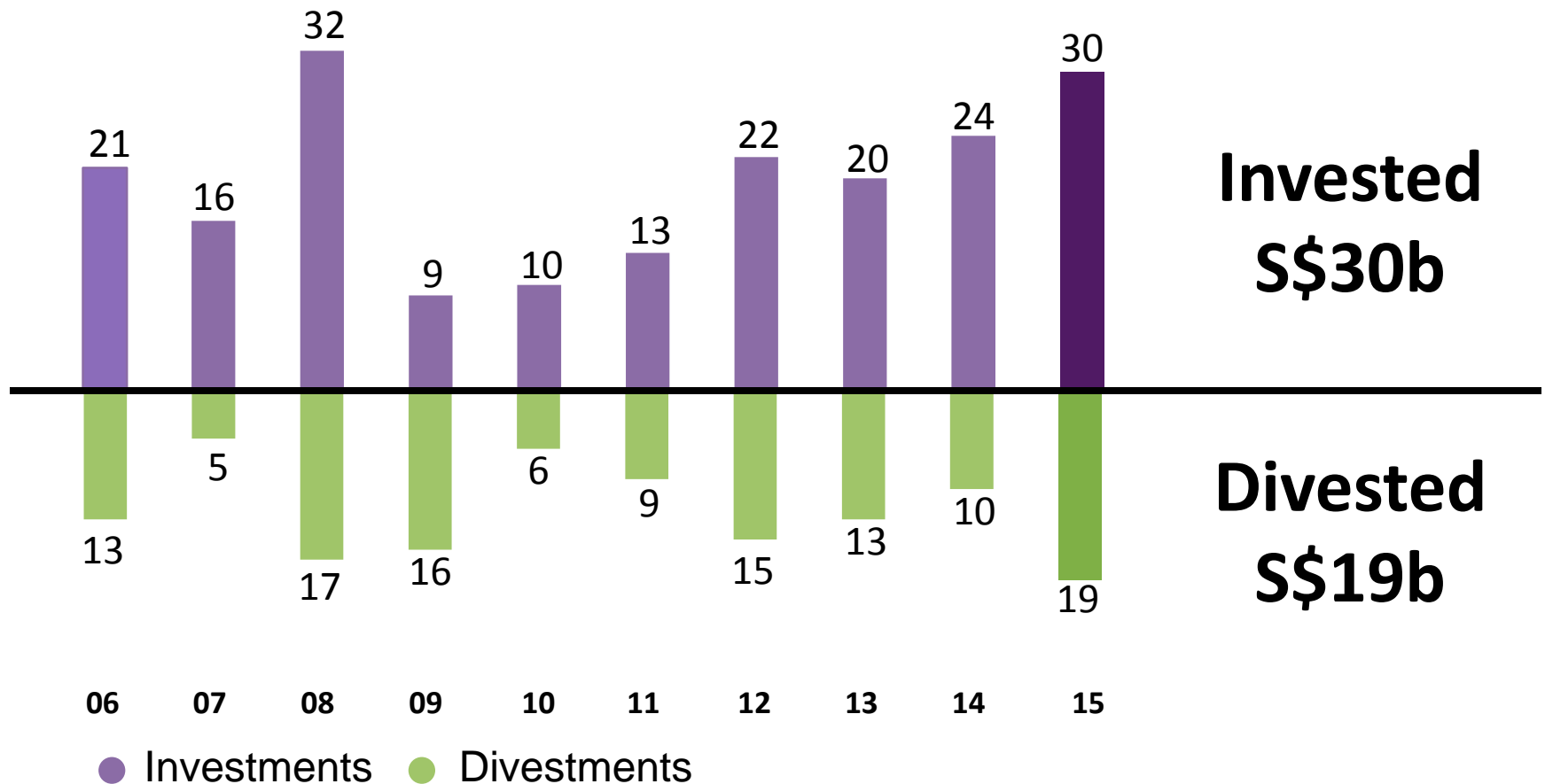
Emerging Champions



Deepening Comparative Advantages

# Investments and Divestments

*Most Active Year since Global Financial Crisis*



(for year ended 31 March)

# Some Examples

---



A.S. Watson Group



Invested

---

Divested

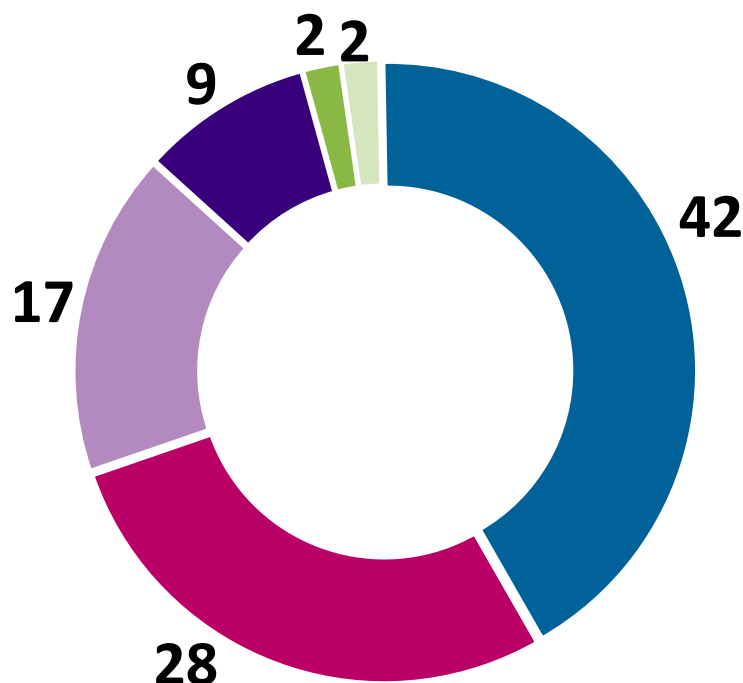


KUNLUN ENERGY COMPANY LIMITED  
(Incorporated in Bermuda with limited liability)  
昆侖能源有限公司



# Portfolio Mix – Geography

*Balanced Outlook between Growing Asia and Recovering Mature Markets*

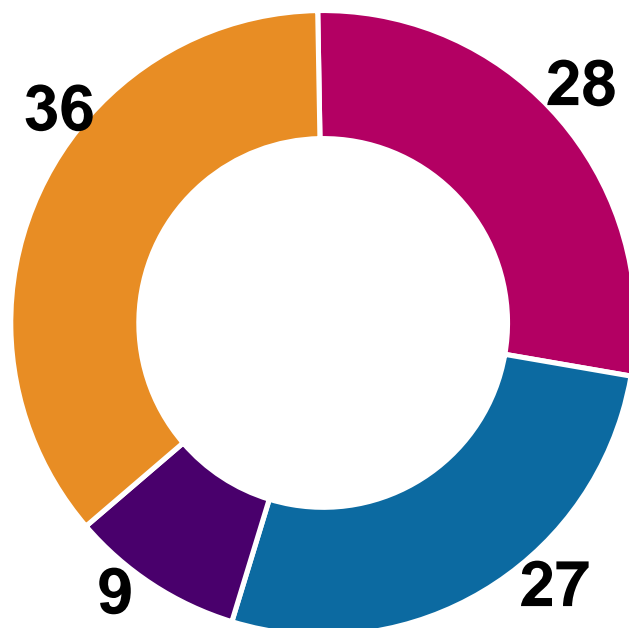


| (%)                                    | 2015 | 2014 | 2013 |
|--|------|------|------|
| Asia ex-Singapore                      | 42   | 41   | 41   |
| Singapore                              | 28   | 31   | 30   |
| North America and Europe               | 17   | 14   | 12   |
| Australia & New Zealand                | 9    | 10   | 13   |
| Africa, Central Asia & the Middle East | 2    | 2    | 2    |
| Latin America                          | 2    | 2    | 2    |

Note: Distribution based on underlying assets.

(as at 31 March)

# Portfolio Mix – Top Three Countries



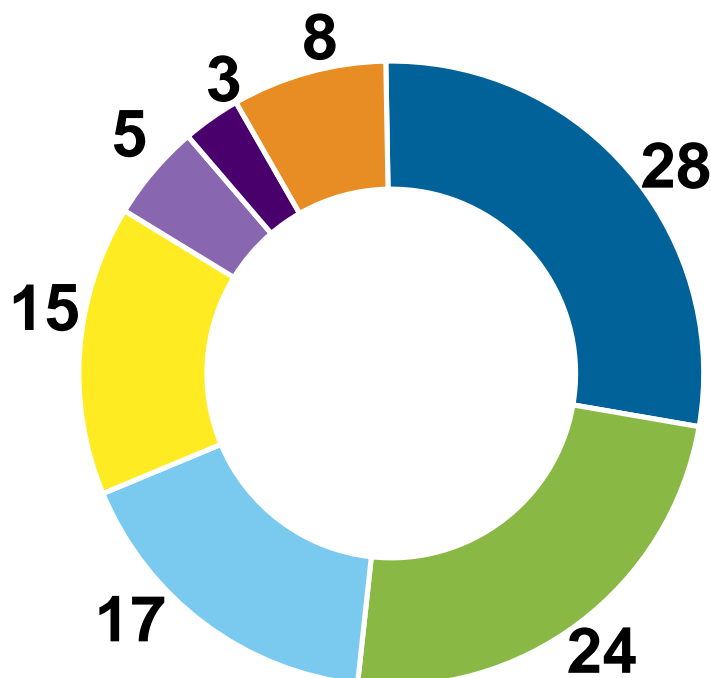
| (%)                 | 2015 | 2014 | 2013 |
|---------------------|------|------|------|
| ● Singapore         | 28   | 31   | 30   |
| ● China             | 27   | 25   | 23   |
| ● Australia         | 9    | 10   | 13   |
| ● Rest of Portfolio | 36   | 34   | 34   |

Note: Distribution based on underlying assets

(as at 31 March)

# Portfolio Mix – Sector

## *Tracking Growth Opportunities*






| (%)                                    | 2015 | 2014 | 2013 |
|--|------|------|------|
| Financial Services                     | 28   | 30   | 31   |
| Telecommunications, Media & Technology | 24   | 23   | 24   |
| Transportation & Industrials           | 17   | 20   | 20   |
| Consumer & Real Estate                 | 15   | 12   | 11   |
| Energy & Resources                     | 5    | 6    | 6    |
| Life Sciences & Agriculture            | 3    | 2    | 1    |
| Others                                 | 8    | 7    | 7    |

Note: Distribution based on underlying assets.

(as at 31 March)

# Portfolio Mix – Top Three Holdings

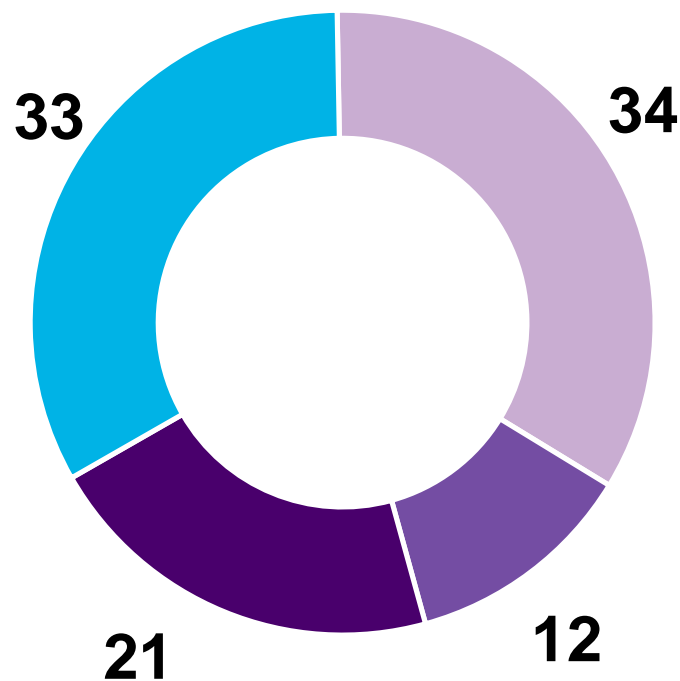
| (%)   |                                     | 2015 | 2014 | 2013 |
|---|-------------------------------------|------|------|------|
|  | Singapore Telecommunications Ltd    | 13   | 13   | 14   |
|   | DBS Group Holdings Ltd              | 6    | 5    | *    |
|  | China Construction Bank Corporation | 6    | 6    | 8    |

\* Standard Chartered PLC was the third largest counter at 7% of 2013 portfolio value.

(as at 31 March)

# Portfolio Mix – Liquidity

## *Liquid Portfolio with Full Flexibility*

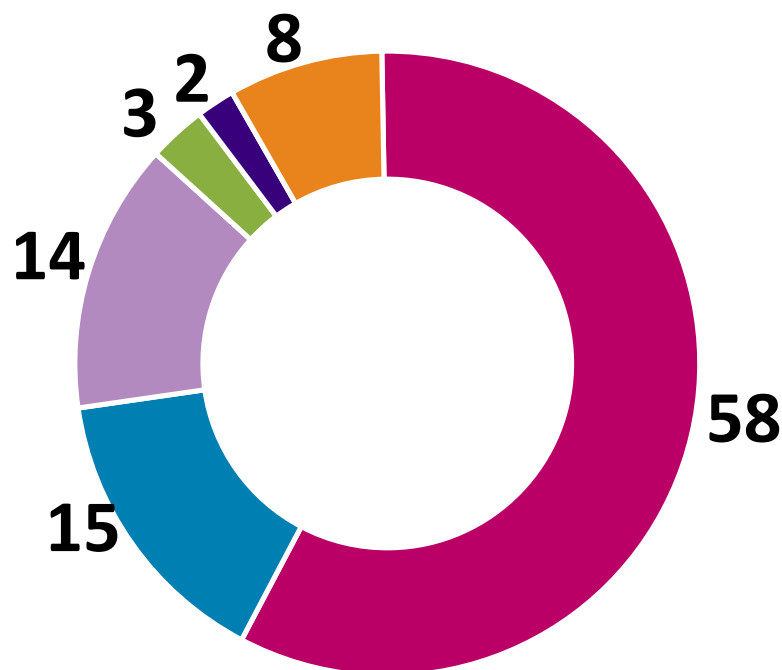


| (%)  | 2015 | 2014 | 2013 |
|--|------|------|------|
| <div></div> Liquid & sub-20% listed assets           | 34   | 36   | 35   |
| <div></div> Listed large blocs (≥ 20% to <50% share) | 12   | 14   | 15   |
| <div></div> Listed large blocs (≥ 50% share)         | 21   | 20   | 23   |
| <div></div> Unlisted assets                          | 33   | 30   | 27   |

(as at 31 March)

# Portfolio Mix – Currency

*Increase in HKD and USD*



| (%)                       | 2015 | 2014 | 2013 |
|---------------------------|------|------|------|
| ● Singapore dollars       | 58   | 61   | 65   |
| ● Hong Kong dollars       | 15   | 12   | 11   |
| ● US dollars              | 14   | 12   | 6    |
| ● British pounds sterling | 3    | 4    | 6    |
| ● Indian rupees           | 2    | 2    | 2    |
| ● Others                  | 8    | 9    | 10   |

Note: Distribution based on currency of denomination

(as at 31 March)

# Near Term Outlook and Opportunities

---

## Growth Markets

- Opportunities: Transforming economies
- China: Anticipate slower but sustainable growth

## Mature Markets

- US: Envision continued economic recovery
- Europe: Watchful, seeking opportunities

# Conclusion – Outlook and Opportunities

---

**Guided by our investment themes**

**Technology enabling many new businesses**

**New consumption patterns to emerge**





Investor



Institution



Steward



# The Temasek Charter

*Temasek is an active investor and shareholder.*

*Temasek is a forward looking institution.*

*Temasek is a trusted steward.*



# Our MERITT Values

---

*Shaping our Thoughts, Actions and Habits*



# Delivering Sustainable Returns

---

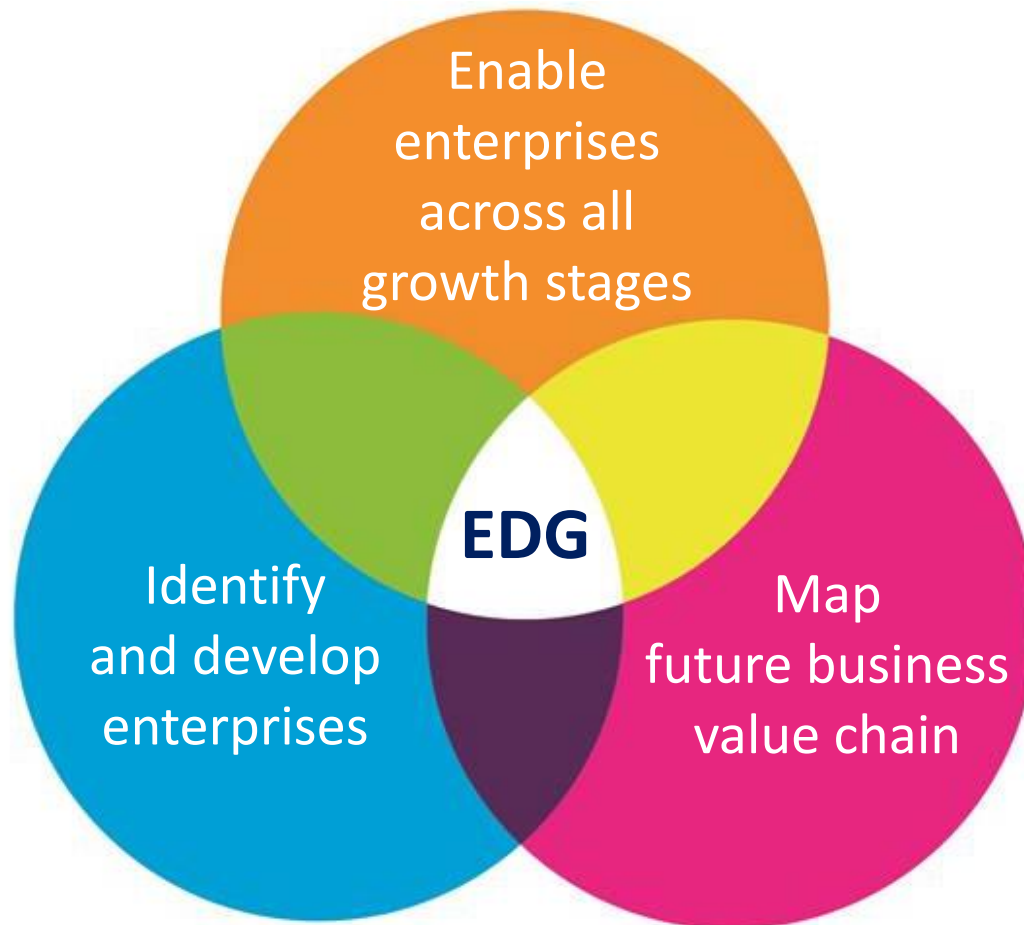
*Balancing Short Term Performance  
and Long Term Value Creation*



# Builder for Growth

---

*Enterprise Development Group (EDG)*  
*Builds and Catalyses Growth of Businesses*



# Early Stage to Growth Capital

---

*Incubating Growth and Providing Liquidity*





# Transforming Businesses

---

*Enabling Growth, Creating Synergy*



Infrastructure-focused business trust



Solutions for sustainable urbanization in Asia

# Seeding New Businesses

---

## *Rejuvenating Mandai, a Nature Destination*







Investor



Institution



Steward



# Some of our Community Initiatives

---



*16 Endowments;  
240,000 Lives  
Touched*

# Building Community Resilience

## Innovating to Fill a Gap



Sponsored  
ST Engineering to develop  
new generation of  
N95 masks,  
including sizes for children  
— a world first

## Emergency Preparedness



Temasek Cares  
distributed N95 masks  
to over 13,000  
disadvantaged children

## Support for Children



Temasek Cares  
trained counselors for  
children who have been  
traumatised

# Getting Connected

---



@Temasek



Temasek



Temasek



Temasek Digital



@temasekseen





Investor



Institution



Steward

# Q&A

---

## Temasek Review

Tuesday, 7 July 2015

