

# TEMASEK HOLDINGS

## TEMASEK REVIEW 2007

### Frequently Asked Questions

**1. What was Temasek's performance for the year ended 31 March 2007 (FY2006)?**

- Total shareholder return (TSR) by market value and including dividends was up by more than 27%.
- TSR by shareholder funds increased by a solid 25%.
- Group wealth added was a healthy S\$23 billion, including S\$7 billion from direct investment activities.

**2. What is wealth added and how is it calculated?**

- Wealth added (WA), also known as economic profit, is total return to a shareholder less the capital charge.
- As a performance indicator, WA factors in the capital employed to achieve returns and the risks associated with each investment. To achieve positive WA, we need to deliver more than the risk adjusted hurdle called the capital charge.
- Please refer to pages 14 and 15 of the Review for a more detailed discussion of WA.

**3. What is the difference between TSR by market value and TSR by shareholder funds?**

- TSR by market value is the compounded annual return over a specified period. It takes into account changes in the market value of our portfolio, dividends paid and any net capital changes. For unlisted investments, we track changes in shareholder funds in lieu of market prices.
- TSR by shareholder funds measures the changes in the book value.

**4. What is the group's outlook for the next few years? Is maintaining a compounded annual TSR of 18% realistic?**

- Temasek's investment outlook remains one of caution in light of medium-term geo-economic risks and signs of bubbly market conditions.
- Maintaining a compounded TSR of 18% continues to be a challenging long-term goal.

**5. Why have you only included the consolidated group results in the Temasek Review?**

- The consolidated results reflect the performance of our portfolio as a whole. This is more appropriate as Temasek is an investment holding company.

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**6. What does it mean when PWC says that its auditors' reports are 'unqualified'?**

- It means that the consolidated and company accounts of Temasek represent a true and fair view of the state of affairs of the group and company, without any major issues, reservations or qualifications.
- Put simply, it means PWC does not have any reservations or any concerns about our financials.

**7. How does Temasek fare against other global fund managers or private equity investors?**

- As a group, we have achieved a TSR, by market value, of more than 18% compounded annually over a 33-year period. This includes an average annual dividend yield of more than 7% to our shareholder.
- Looking at returns as a long-term owner, our 10-year TSR by shareholder funds is a good 11% compounded annually. This measures returns in terms of the growth in shareholder funds from profits of Temasek and our portfolio companies as well as dividend flows.

**8. Beyond the S\$354 million of assets that you inherited from the Singapore Government in 1974, has there been any injection of capital or assets by your shareholder since then?**

- The Singapore government has in the past injected corporatised assets such as SingTel in exchange for more shares in Temasek. But we have also bought other assets at fair market value from the Singapore government.

**9. Where can I find a full list of Temasek's portfolio companies?**

- We have provided a list of the 32 major companies in our portfolio in the Temasek Review.
- We do not publish a full list because our portfolio is necessarily dynamic in order for us to capture opportunities.

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