

TEMASEK HOLDINGS

KEY HIGHLIGHTS OF TEMASEK REVIEW 2008

- Group net profit was a record S\$18 billion, double the year before.
- Total shareholder return (TSR) by market value for the year was 7% with lower marked-to-market gains due to market uncertainties at the March year end.
- TSR by shareholder funds was a solid 17%, reflecting strong operating performance of Temasek portfolio companies and realised gains from investment activities.
- Wealth added (WA) was S\$6 billion below cost of capital hurdle due to sharp global corrections.
- Net portfolio value grew 13% to S\$185 billion, or 24% in USD terms to US\$134 billion.
- The reshaping of Temasek's portfolio continued. Exposure to Asia (ex-Singapore and Japan) rose to 41% from 40% previously despite S\$12 billion worth of divestments, while investments in OECD economies (excluding Korea) increased from 20% to 23% of the portfolio.
- Temasek's exposure to Singapore was stable at S\$60 billion but this accounted for a smaller share of the portfolio – 33%, compared to 38% last year.
- Investments post-2002, when the focus on Asia began, are now valued at S\$77 billion, delivering a six-year compounded return of 32% per year compared to a six-year compounded return of 16% per year for the rest of the portfolio.
- Investments in the financial services sector form the largest sector of the portfolio at 40%, with telecommunications and media being the second largest sectoral exposure at 24% of the portfolio (versus 38% and 23% respectively in financial year ended March 2007).

- During financial year ended March 2008, Temasek made S\$32 billion of new investments and monetised S\$17 billion of its portfolio, compared with S\$16 billion of new investments and S\$5 billion of divestments the year before.
 - Volatility has increased substantially. Value-at-Risk has increased to S\$40 billion on a portfolio of S\$185 billion. This means a 16% probability of a value loss of over S\$40 billion on a marked-to-market basis in the 12 months to March 2009.
 - Temasek's support for the community is almost S\$1 billion over the last decade with S\$500 million of endowment to Temasek Trust. Among its principal beneficiaries, Temasek Foundation confirmed a commitment of S\$16 million to fund 14 projects across Asia in its first year since its formation in May 2007.
-
-