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Temasek delivers 13% return for the year; Record net portfolio value of S\$275 billion; Up S\$111 billion over the decade

- *One-year return to shareholder of 13%*
- *10- and 20-year return to shareholder of 4% and 6%, respectively*
- *15% return to shareholder, compounded annually since inception in 1974*
- *Dividend income of S\$7 billion, or about 19 times our interest expense for the year*
- *Invested S\$16 billion and divested S\$18 billion, resulting in net divestment*

Singapore, Tuesday 11 July 2017 – Singapore-headquartered investment company Temasek today published its annual *Temasek Review*, reporting a record net portfolio value of S\$275 billion¹, and closing the year in a net cash position on 31 March 2017.

Temasek's one-year Total Shareholder Return (TSR) was 13%.

Longer term 10-year and 20-year TSRs were 4% and 6% respectively. TSR compounded annually since our inception in 1974 was 15%.

Dividend income from our portfolio was S\$7 billion for the year ended 31 March 2017. This was about 19 times our interest expense for the year.

Temasek Chairman, Mr Lim Boon Heng, commented:

"While the global recovery is gaining momentum, there are still uncertainties, both in the medium as well as longer term. We have maintained an investment stance that is disciplined but nimble, and built a balance sheet that enables us to capitalise on opportunities and withstand shocks.

We have continued to rebalance our holdings towards longer term macro opportunities such as the transforming economies, as well as emerging new trends such as the digital enablers for new

¹ Equivalent to US\$197 billion, at an exchange rate of S\$1 : US\$0.72 and €184 billion at an exchange rate of S\$1 : €0.67

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businesses. The strength of our balance sheet also enables us to undertake large projects which may have longer gestation periods, such as the Mandai rejuvenation.”

Delivering Sustainable Value

Executive Director and CEO, Temasek International, Mr Lee Theng Kiat, said:

“As an active investor, we continue to reshape our portfolio during the year while adopting a measured and disciplined investment pace. We put a focus on private and negotiated opportunities, in view of our global outlook and rich equity market valuations in key markets.

We invested S\$16 billion and divested S\$18 billion of our portfolio last year, resulting in a net divestment position for the first time since the March 2009 year. Our active investment stance saw S\$206 billion invested over the last ten years along with S\$151 billion of divestments. This contributed to a S\$111 billion rise in our net portfolio value over the last decade, notwithstanding the significant impact of the Global Financial Crisis in 2008/09.”

“We continue to focus on new longer term opportunities such as technology, life sciences, agribusiness, non-bank financial services, consumer, and energy & resources. Over the last 6 years, our investments in these new focus areas have risen from 8% of our portfolio to 24% last year, delivering better returns than our average return from our portfolio as a whole,” added Mr Lee.

Temasek’s new investments are funded primarily by divestment proceeds, dividends from our portfolio companies, and distribution from funds. They are guided by our four investment themes and the long term trends they represent:

- Transforming Economies
- Growing Middle Income Populations
- Deepening Comparative Advantages
- Emerging Champions

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Today, the new comparative advantages and emerging champions include disruptive technologies and sustainable solutions. The transforming economies in and outside Asia, as well as the growing middle income populations continue to remain relevant long term themes.

Investing for the Future

The major sectors for our investments during the year were telecommunications, media & technology, transportation & industrials, and life sciences & agribusiness.

In telecommunications, media & technology, we continued to invest in companies with distinct competitive advantages. We invested in Ctrip, a Chinese online travel reservations platform; Amazon, a global online retailer and cloud computing company; Koubei, an Alibaba-affiliated local services guide platform for offline merchants in China; and Wish, a global, mobile-first e-commerce marketplace. We invested an additional S\$1.6 billion in Singtel, a telecommunications provider in Asia, via new shares. This transaction involved the sale of part of our stake in Intouch Holdings, and our remaining shareholding in Bharti Airtel, to Singtel.

In transportation & industrials, we acquired all the minority shares, via a scheme of arrangement, in SMRT Corporation, a multi-modal land transport operator in Singapore – for a consideration of S\$1.2 billion. Following completion of the acquisition, SMRT was delisted from the Singapore Exchange. We also invested in PPG Industries, a US-based manufacturer of paints and coatings.

Within life sciences & agribusiness, we committed US\$800 million to Verily Life Sciences, a life sciences research and engineering outfit spun off from Google. We continued to invest in companies developing innovative and sustainable solutions. These include SuperBAC, a Brazilian microbial fertiliser company; VoloAgri Group, a US-based vegetable seeds producer; and Impossible Foods, a company developing plant-based meat and dairy products.

Like the year before, the US accounted for the largest share of our investments during the year. In addition to Verily Life Sciences, Amazon and VoloAgri, we invested in Antero Resources, an independent energy exploration and production company; and Modern Meadow, a developer of lab-grown bio-fabricated leather.

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We continued to make investments in Asia. Singapore accounted for the largest share of these investments, driven by our increased stakes in Singtel and SMRT. In India, we invested in SBI Life, a life insurance company; and Crompton Greaves Consumer Electricals. We increased our stake in HDFC Bank, a private sector bank with exposure to retail and corporate segments.

In China, we invested in ZTO Express, a logistics provider addressing e-commerce deliveries. Our exposure to the construction materials sector was increased via Ssangyong Cement, a South Korea-based cement manufacturing company.

Reshaping Our Portfolio

Our investment stance helps us reshape and rebalance our portfolio towards longer term trends, including newer emerging trends. As and when opportunities arise, we capitalise on rich market valuations to exit some of our holdings. We maintain the flexibility to re-enter when valuations are corrected.

Our key divestments during the year included our positions in Synchrony Financial, Bharti Airtel, LafargeHolcim and Evonik Industries, as well as part of our stake in Intouch Holdings. We also exited some holdings via acquisitions by third parties, alongside the uptick in global M&A activity during the year. Examples are the divestments of our stakes in Neptune Orient Lines and B/E Aerospace.

While we divested part of our holdings in Alibaba, Univar and China Construction Bank, we still retain significant exposures in these companies.

Post March 2017, we invested in WuXi NextCODE, a fully integrated contract genomics organisation with presence in China, the US and Iceland, that is developing an end-to-end platform for genomic data. We also signed a definitive agreement to acquire a majority stake in Global Healthcare Exchange, which provides an electronic trading exchange and cloud-based supply chain software for healthcare providers and suppliers.

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Building an ABC World

We believe that collective action is required to achieve the UN Sustainable Development Goals by 2030. As an intergenerational steward, these goals find resonance in our engagement with the wider community based on the twin pillars of sustainability and good governance.

As an institution, we advocate an **Active, Beautiful and Clean World** of the UN Sustainable Development Goals – the *ABC World* of an Active and robust economy, a Beautiful and inclusive society, and a Clean and cool Earth.

As an investor, we go beyond considering environmental, social and governance factors when we invest. We also actively seek out opportunities which provide sustainable solutions for a growing global population. These include companies such as Modern Meadow and Impossible Foods. At the same time, we sponsor research and development for clean air, clear waters and cool earth in addition to innovative solutions for better healthcare and livelihood, whether in partnership with companies like Verily Life Sciences, or through our non-profit philanthropic initiatives.

Caring for Our Communities

In September 2016, we reorganised our endowments and philanthropic organisations under six Temasek Foundations, to better plan and deliver community programmes under their respective mandates, amidst a rapidly changing world. This streamlining brings focus for more effective management and alignment, and enhances our commitment and contributions to the community.

Temasek Trust, now ten years old, continues to focus on the financial management of the endowment gifts, to ensure their prudent and sustainable distributions to the six Foundations and their respective non-profit endowments. It also strives to foster thoughtful governance in the non-profit, philanthropic world.

In turn, the Foundations each focus on the development and delivery of specific programmes to beneficiaries. Their mandates centre on building people, building communities, building capabilities and rebuilding lives.

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Additionally, Temasek Foundation Management Services was created as a shared services entity to support the Foundations. This pulls together our human and other resources, and enables a deepening of the Foundations' capabilities to develop ideas and deliver services to the wider communities.

Forging Ahead

We have a constructive outlook on the global economy. This is tempered by signs of political risks and stretched public market valuations, especially over the medium term.

Michael Buchanan, Head, Strategy and Senior Managing Director, Portfolio Strategy & Risk Group, noted, "Going forward, we expect the more synchronised global growth we've seen over the past year to continue, driven by key markets in both mature and growth economies. There are some political and geopolitical risks on the horizon, as well as some downside scenarios, but overall, we are cautiously confident that the various key economies will weather their medium term challenges."

Sulian Tay, Managing Director, Investment, added, "With our balance sheet, we are confident that we can manage with resilience and flexibility through cycles. This allows us to capture the opportunities that create sustainable value for us and our stakeholders, including opportunities with long gestation periods."

Temasek's Chairman, Mr Lim Boon Heng, concluded, "Temasek invests for the long term and for our present as well as future generations. As we manage for the present, we also keep a close eye on the future threats and opportunities. We encapsulate our roles as an Investor, Institution and Steward, as a way to signpost our values and ethos as a generational investor. We will continue to work hand in hand with our many stakeholders to make a difference in all that we do, doing things today with tomorrow clearly in our minds."

##END##

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About Temasek

Incorporated in 1974, Temasek is an investment company headquartered in Singapore. Supported by 10 offices internationally, Temasek owns a S\$275 billion (US\$197 billion, €184 billion, £158 billion, RMB1.35 trillion)* portfolio as at 31 March 2017, mainly in Singapore and the rest of Asia.

Our portfolio covers a broad spectrum of industries: financial services; telecommunications, media & technology; transportation & industrials; consumer & real estate; life sciences & agribusiness; as well as energy & resources. Our investment activities are guided by four investment themes and the long term trends they represent:

- Transforming Economies;
- Growing Middle Income Populations;
- Deepening Comparative Advantages; and
- Emerging Champions.

Our compounded annualised Total Shareholder Return since inception in 1974 is 15% in Singapore dollar terms, or 17% in US dollar terms.

Temasek has had an overall corporate credit rating of AAA/Aaa by rating agencies S&P Global Ratings and Moody's Investors Service respectively, since our inaugural credit rating in 2004.

Along with our Singapore headquarters, our offices are also located in New York, San Francisco, São Paulo and Mexico City in the Americas; London in Europe; Beijing and Shanghai in China; Mumbai in India; and Hanoi in Vietnam.

As an institution, we have a stake in the well-being of our larger community. We recognise that environmental, social and governance factors can impact our stakeholders as well as the long term sustainability of companies and businesses.

We believe collective action is needed to achieve the United Nations Sustainable Development Goals by 2030 to uplift the global community and deliver a sustainable world. We will do our part as a responsible investor, institution and steward, for our present and future generations.

For more information on Temasek, please visit www.temasek.com.sg

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* Exchange rates as at 31 March 2017

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Temasek Review 2017 Key Figures in S\$ and US\$²

Net Portfolio Value

As at 31 March	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
in S\$ b	275	242	266	223	215	198	193	186	130	185
in US\$ b	197	180	194	177	173	157	153	133	86	134

Total Shareholder Return (TSR) as at 31 March 2017

TSR (%)	One-year	Three-year	10-year	20-year	Since 1974
in S\$ terms	13.37	7.13	4	6	15
in US\$ terms	9.25	3.50	5	7	17

Investments & divestments for the year ended 31 March 2017

	Investments	Divestments
in S\$ b	16	18
in US\$ b	12	13

Cumulative investments & divestments for the decade ended 31 March 2017

	Investments	Divestments
in S\$ b	206	151
in US\$ b	154	112

Group Shareholder Equity

As at 31 March	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
in S\$ b	239	218	219	187	169	158	155	150	118	144
in US\$ b	171	162	160	149	136	126	123	107	78	105

Group Net Profit

For year ended 31 March	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
in S\$ b	14	8	14	11	11	11	13	5	6	18
in US\$ b	10	6	11	9	9	9	10	3	4	13

² Using S\$-US\$ Exchange Rate as at 31 March of the respective years