

Temasek closes active year with 19% one-year return; net portfolio value at S\$266 billion

- *One-year return to shareholder of 19.20%*
Underpinned by strong performance of Singapore and China portfolios
- *Portfolio value up S\$43 billion year-on-year to S\$266 billion*
More than double the portfolio value of S\$103 billion 10 years ago
- *New investments of S\$30 billion*
Almost half in growing Asia, followed by recovering North America and Europe
- *Record divestments of S\$19 billion*
Capitalising on liquidity-driven market rallies
- *Three-year return to shareholder of 9.62%*
10- and 20-year return to shareholder of 9% and 7% respectively
Return to shareholder of 16% compounded annually since 1974

Singapore, Tuesday 7 July 2015 – Singapore-based investment company Temasek today reported a net portfolio value of S\$266 billion¹ as at 31 March 2015, up S\$43 billion from the previous year, with a 19.20% one-year Total Shareholder Return (TSR)² for the year.

Temasek ended the year in a net cash position.

Three-year TSR was 9.62%. Longer term 10-year and 20-year TSRs were 9% and 7% respectively. TSR since our inception in 1974 was 16%.

¹ Equivalent to US\$194 billion as at 31 March 2015, at an exchange rate of S\$1 : US\$0.73.

² Our Wealth Added was S\$25.5 billion, representing the dollar return above our aggregated risk-adjusted cost of capital hurdle of 8% for the year.

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Temasek Chairman Mr Lim Boon Heng said, “This was the most active year for us since the Global Financial Crisis. We made S\$30 billion of new investments, and a record S\$19 billion of divestments.”

Investing in the Future

Our investments are funded primarily from dividend and distribution income, as well as proceeds from divestments, and are guided by four themes:

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

About half of our new investments are in Asia, followed by the mature markets of North America and Europe. This reflected our balanced outlook between a growing Asia and the recovering mature markets.

Overall, Singapore remains our largest country exposure by underlying assets, at 28% of our total portfolio in March this year. This is an increase of S\$24 billion over the last 10 years.

Within Asia, we have been steadily increasing our exposure to China, which is at 27% of our portfolio as of March 2015. From our earlier investments in banks as broad proxies of a transforming economy, we have broadened our exposure to include sectors like insurance, consumer, and technology, which are likely to benefit from the transformation of China.

Last year, we set up our London office to cover Europe, and our New York office for the Americas. With these new offices, we were well-placed to capitalise on investment opportunities in both regions.

In North America, we continued our strong pace of investing in the life sciences space, with new investments in US biotechnology companies BioMarin during the year and Alexion post year end. During the year, we took a stake in energy company Cheniere. In June 2015, we invested in leading chemical distribution company Univar.

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Our European investments included Deutsche Post DHL, an international logistics company, and engineering company Gaztransport & Technigaz, a global provider of membrane design for LNG transport and storage. We also invested in Origo, a North Sea oil exploration company.

The top three sectors for investments during the year were consumer, financial services, and life sciences & agriculture.

During the year, we added to our consumer retail portfolio with the completion of a US\$5.7 billion investment in A.S. Watson, a leading international health and beauty retailer.

We invested in insurance and investment management company NN Group, life insurance and financial services company Prudential plc, and leading electronic market maker Virtu Financial. These investments increase the diversity of our financial services portfolio, as we continue to gain exposure to non-banking sub-sectors.

We increased our exposure to the life sciences & agriculture sector with an additional US\$800 million stake in US-based biopharmaceutical company Gilead Sciences. In India, we added to the sector with investments in Intas, a global generics company, and Global Health, the owner of the Medanta group of hospitals.

In the telecommunications, media & technology sector, some of our investments included mobile services provider Virgin Mobile Latin America, prominent Chinese transportation network company Didi Kuaidi, and e-commerce platforms like Lazada in South East Asia and Snapdeal in India.

We have been building up our real estate asset portfolio with investments in office and mixed-use developments, such as MidCity Place and 22 Bishopsgate in the United Kingdom.

During the year, we pared down our stake in China Construction Bank, while continuing to own the pre-IPO shares that we have held since 2005. After the IPO of Alibaba in September 2014, we monetised around 10% of our long-held stake. We exited Mosaic, Cloudary, Kunlun Energy and Medreich.

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President of Temasek, Mr Lee Theng Kiat, said, “On balance, our investment and divestment activities reflect our constructive view of the global economy in the longer term, as well as our flexibility to capitalise on shorter term liquidity-driven rallies in some markets, as we had seen in the second half of last year.”

Building for Growth

Our Enterprise Development Group serves as our focal point to build and catalyse the growth of new businesses. Mr Dilhan Pillay Sandrasegara, Head of Enterprise Development Group said, “We aim to enable enterprises across a wide spectrum of growth stages, from early stage investments to disruptive business models that have the potential to be future champions.”

The combination of CitySpring Infrastructure Trust and Keppel Infrastructure Trust, announced in November 2014 and completed in May 2015, created a much larger infrastructure-focused trust.

Separately, we partnered with JTC Corporation, for the mergers of Singbridge and Ascendas as well as Surbana and Jurong International, to provide an integrated suite of capabilities for sustainable urban solutions in Asia.

At the beginning of 2015, Temasek also partnered the Singapore Government to spearhead the rejuvenation of Mandai into an integrated wildlife and nature heritage precinct. Together with various stakeholders, public and private, we hope to build upon Mandai’s heritage as a nature destination that celebrates and protects our biodiversity.

We expect technologies to enable new disruptive businesses. Hence, we increased our investment in Vertex Venture, which has widened its venture investment coverage to technology and healthcare investments in Asia, the US, and Israel.

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Contributing to Communities

To date, we have contributed to 16 endowments. This included the Temasek Emergency Preparedness Endowment Fund launched last year as part of our 40th anniversary commemoration. In total, our non-profit philanthropic organisations have touched the lives of over 240,000 people in Singapore and Asia.

Our 2013 sponsorship of ST Engineering to develop the next generation of N95 masks, including sizes for children, has borne fruit. ST Engineering launched the AIR⁺ Smart Mask and the AIR⁺ Micro Ventilator in early 2015. The AIR⁺ Smart Mask is the first N95 mask in the world that is certified with sizes to fit school children from about age 7 and up. The Air⁺ Micro Ventilator helps make usage of the N95 Air⁺ Smart Masks much more comfortable.

Over 13,000 disadvantaged and vulnerable children in Singapore were provided with these masks and micro ventilators under a Temasek Cares Stay Prepared initiative in April 2015. This followed Temasek Cares' initiative to distribute N95 masks to all households in Singapore a year ago.

In line with efforts to build resilience and prepare for emergencies and recovery, Temasek Cares also initiated a programme in 2014 to train counsellors in Singapore to support children who have experienced trauma. Following the Mount Kinabalu earthquake in June 2015, the first batch of trained counsellors was activated to support the primary school students who survived the disaster, as well as their classmates and friends.

Temasek is also working with the Singapore Ministry of Education (MOE) to support families affected by the loss of their breadwinners in the Mount Kinabalu earthquake. Contributions to the Sabah Earthquake fund will go towards the dependents of the Singaporean victims, as well as families of Sabahan mountain guides and trainers who have lost their lives, or had their livelihoods affected by the earthquake. Temasek Foundation is undertaking the administration of funds collected, while Temasek volunteers will work with MOE to set up suitable trusts to provide assurance for longer term financial annuity support for the family dependents.

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Embracing the Future

Commenting on the economic outlook, Mr Ravi Lambah, Senior Managing Director, Investment, noted, “We are cautiously optimistic for the next few years. The US economic recovery, while uneven at times, remains on track. In China, growth is taking place at a more sustainable rate.”

“While our portfolio has benefited from the favourable global environment for equities,” Mr Neil McGregor, Senior Managing Director, Enterprise Development Group, added, “we remain vigilant, given the continued policy and regulatory risks around the world.”

“At Temasek, we embrace the future and all that it brings,” Mr Lim concluded, “we continue to look to tomorrow, as we have always done, working together to turn bold dreams into enduring reality.”

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About Temasek

Incorporated in 1974, Temasek is an investment company based in Singapore, with a S\$266 billion portfolio as at 31 March 2015.

Temasek's portfolio covers a broad spectrum of sectors: financial services; telecommunications, media & technology; transportation & industrials; consumer & real estate; energy & resources; life sciences & agriculture. Its investment themes reflect Temasek's perspectives on long term trends:

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

Temasek's compounded annualised Total Shareholder Return since inception in 1974 is 16% in Singapore Dollar terms, or 17% in US Dollar terms.

The company has had a corporate credit rating of AAA/Aaa since its inaugural credit rating in 2004, by rating agencies Standard & Poor's and Moody's respectively.

Temasek has offices in 11 cities around the world, including São Paulo and Mexico City in Latin America; and London and New York, which both opened in 2014. The other offices are in Asia, including China and India.

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

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Temasek Review 2015 Key Figures in S\$ and US\$

Net portfolio value

As at 31 March	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
in S\$ b	266	223	215	198	193	186	130	185	164	129
in US\$ b	194	177	173	157	153	133	86	134	108	80

Total Shareholder Return (TSR) as at 31 March 2015

TSR (%)	One-year	Three-year	10-year	20-year	Since 1974
in S\$ terms	19.20	9.62	9	7	16
in US\$ terms	9	6	11	7	17

Investments & divestments for the year ended 31 March 2015

	Investments	Divestments
in S\$ b	30	19
in US\$ b	22	14

Cumulative investments & divestments for the decade ended 31 March 2015

	Investments	Divestments
in S\$ b	197	123
in US\$ b	144	89

Group Shareholder Equity

As at 31 March	2015	2014 Restated ¹	2013 Restated ¹	2012	2011	2010	2009	2008	2007	2006
in S\$ b	219	187	169	158	155	150	118	144	114	91
in US\$ b	160	149	136	126	123	107	78	105	75	56

Group Net Profit

For year ended 31 March	2015	2014 Restated ¹	2013 Restated ¹	2012	2011	2010	2009	2008	2007	2006
in S\$ b	14	11	11	11	13	5	6	18	9	13
in US\$ b	11	9	9	9	10	3	4	13	6	8

¹ Restated due to adoption of new accounting standards.