


Temasek Review 2015

Highlights



TEMASEK



Read more about the context
of the Temasek Charter at
www.temasekreview.com.sg/charter
or scan the QR code



Marina Boulevard,
Singapore's new business district.

Cover: *"Someday, these tippy toes of mine
will lift me to greater heights!"*
Beginner ballerina enjoying her en pointe practice
with her teacher.

The Temasek Charter

Temasek is an active investor and shareholder.

We deliver sustainable value over the long term.

Temasek is a forward looking institution.

We act with integrity and are committed to the pursuit of excellence.

Temasek is a trusted steward.

We strive for the advancement of our communities across generations.



Ten-year Performance Overview

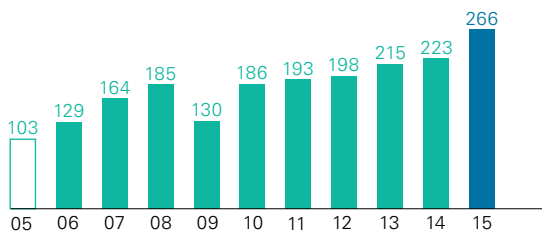
Our net portfolio value is up S\$163 billion over the last 10 years.

(as at 31 March)

Net portfolio value¹ at year end

S\$266b

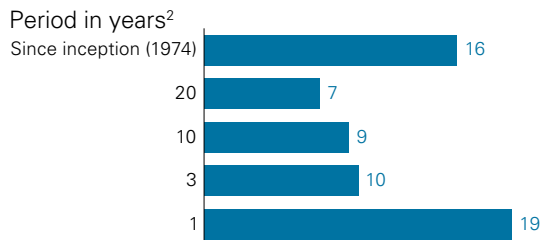
Net Portfolio Value (S\$b)



One-year return to shareholder

19.20%

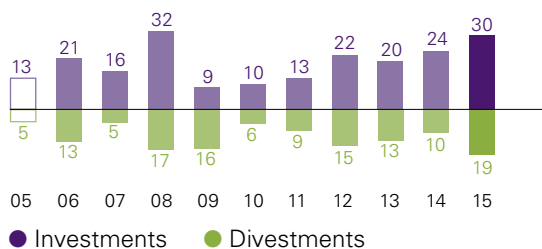
S\$ Total Shareholder Return (%)



Invested during the year

S\$30b

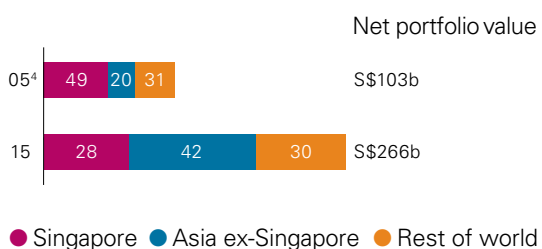
Investments & Divestments (S\$b)



Exposure to Asia

70%

Portfolio by Geography³ (%)



Read our Chairman's message at www.temasekreview.com.sg/message or scan the QR code

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

² As at 31 March 2015. TSR in US\$ terms was 9%, 7%, 11%, 7% and 17% for 1, 5, 10, 20 and 41-year periods respectively.

³ Distribution based on underlying assets.

⁴ Restated distribution basis.

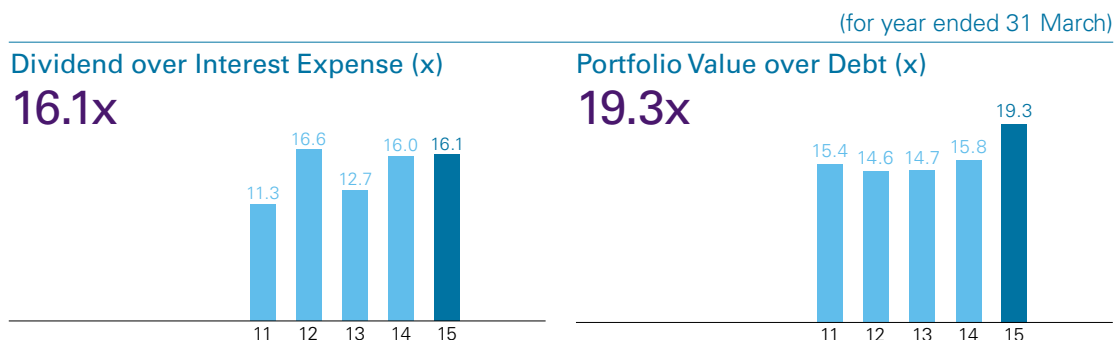
Portfolio Highlights

We have a 55:45 underlying exposure to mature⁵ and growth⁶ economies.



Credit Profile

Our Credit Profile provides a snapshot of our credit quality and the strength of Temasek's financial position⁷.



⁵ Singapore, Japan & Korea, North America and Europe, Australia & New Zealand.

⁶ Asia (excluding Singapore, Japan & Korea), Latin America, Africa, Central Asia & the Middle East.

⁷ See footnote 2 on page 7.

As an Active Investor

We are owners of our portfolio and an active investor in companies, working to deliver long term sustainable value to our stakeholders.

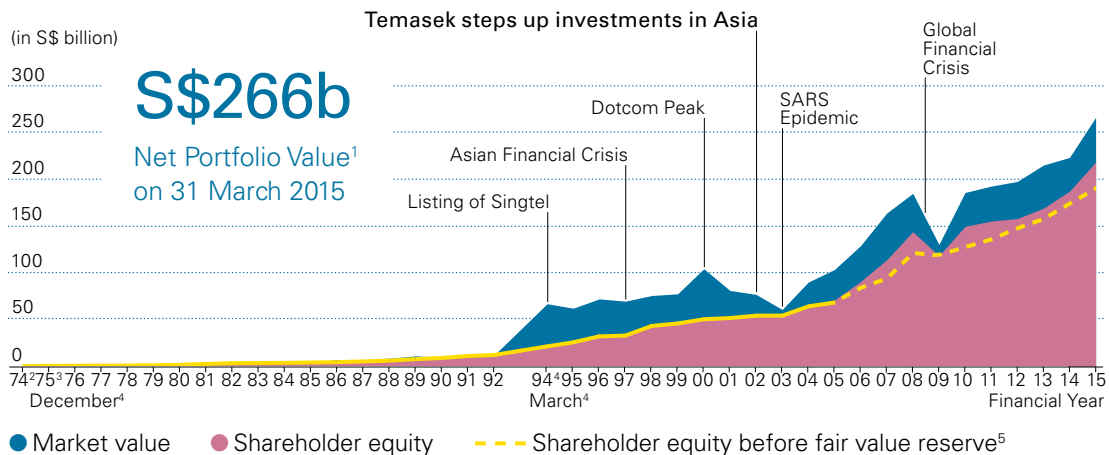
Our investment philosophy remains largely unchanged as an owner and investor for the longer term, even as our sector focus and priorities have evolved with time. We reshape and actively rebalance our portfolio as opportunities arise, and are willing to take concentrated positions.

Four themes guide our investments:

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

As at 31 March 2015, our net portfolio value was S\$266 billion¹, up S\$43 billion from last year.

Temasek Net Portfolio Value since Inception



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

² Incorporation of Temasek on 25 June 1974.

³ Financial year 75 began on 25 June 1974 and ended 31 December 1975.

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

⁵ 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.

As a Forward Looking Institution

We are guided by the principles of good governance and sustainability.

At Temasek, we do things today with tomorrow in mind.

Our MERITT values underpin our actions – how we do things is as important as what we do. We believe in Meritocracy, strive for Excellence, and always act with Integrity and Respect for others. Teamwork and Trust complete our values set.

Sustainable Investing

The generation of long term sustainable returns depends on stable, well-functioning and well-governed social, environmental and economic systems. We consider social, environmental and governance factors in all that we do.

We believe that dialogue and robust exchanges of best practices and ideas between stakeholders from the public and private sectors are important catalysts for sustainable growth.

We continue to advocate good governance and to uphold the Santiago Principles for sovereign investing, which we helped shape in 2008.

Across Generations

We look across generations as a steward. Our investments in microfinance as well as small and medium enterprise financing help to support enterprise and job creation. In turn, this helps to empower local communities to progress and be self-sufficient.

Our Board and Management

Our Board and management ensure compliance with the rules and regulations wherever we have investments or operations.

(as at 31 March 2015)

Temasek Board

LIM Boon Heng	HO Ching	Peter R VOSER
CHENG Wai Keung	Michael LIEN JL	Marcus WALLENBERG
KUA Hong Pak	Robert NG CS	Lucien WONG YK
Bobby CHIN YC	TEO Ming Kian	Robert B ZOELLICK
GOH Yew Lin		

Read the full description of our Board at
www.temasekreview.com.sg/board
or scan the QR code



As a Trusted Steward

Temasek's role and reputation as a trusted steward depends on our people and values, our conduct and governance.

We own and manage our assets and portfolio with full commercial discretion and flexibility under the guidance of our Board. We have an added responsibility under the Singapore Constitution to safeguard the past reserves¹ of our Company. Neither the President of Singapore nor the Singapore Government is involved in our investment or business decisions, except in relation to the protection of our past reserves.

Temasek does not manage Central Provident Fund savings, the Singapore Government surpluses or the foreign exchange reserves of Singapore.

Relating to the President of Singapore

We have a duty to seek the President's approval before any draw on our past reserves. There is no draw on our past reserves if our total reserves equal or exceed our past reserves.

Relating to Our Shareholder

We declare dividends annually to our shareholder, based on our dividend policy.

Relating to Our Portfolio Companies

Companies in our portfolio are guided and managed by their respective boards and management. Temasek does not direct their business decisions or operations.

Relating to Our Communities

As a trusted steward, engagement with our community is based on the twin pillars of sustainability and good governance.



¹ Under the Singapore Constitution, Temasek's past reserves are those accumulated by Temasek before the current term of Government.

Public Markers

Our *Temasek Review*, Credit Profile and Temasek Bonds serve as public markers of our financial discipline and credit quality.

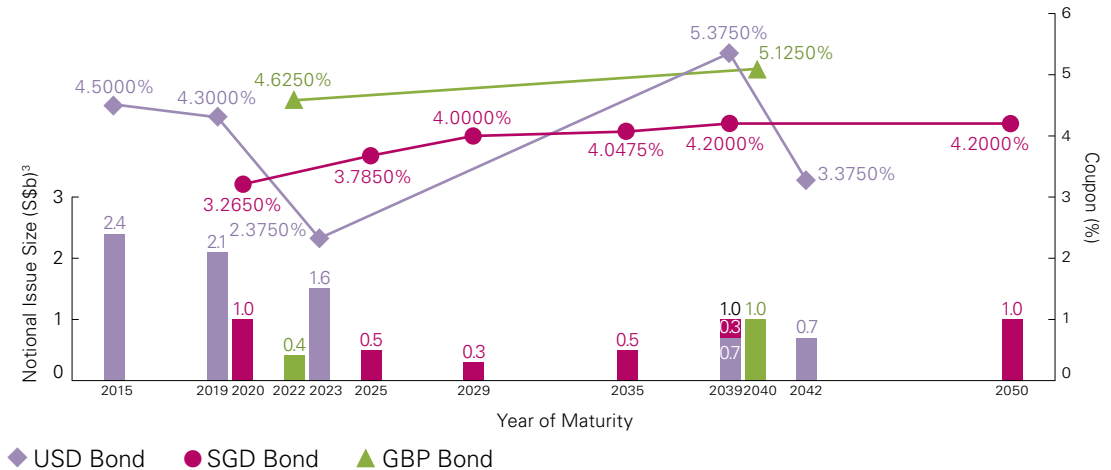
These public markers instil and preserve financial discipline. They are but one strategic facet of our commitment to lay the foundation for a robust and disciplined institution for the future.

The *Temasek Review* is a public scoreboard of our business and performance, published annually since 2004.

Our Credit Profile provides a snapshot of our credit quality. This public marker includes key credit parameters based on the financials of Temasek as an investment entity². Since 2004, we have been rated AAA/Aaa by Standard & Poor’s Ratings Services and Moody’s Investors Service respectively.

Our Temasek Bond spreads are like singing canaries in coal mines. They serve as real time market signals in the event of credit weakening.

Temasek Bonds – Maturity Profile and Coupon



² Refers to information of Temasek Holdings (Private) Limited (THPL) and its Investment Holding Companies (IHCs). IHCs are THPL’s wholly owned subsidiaries, whose boards of directors or equivalent governing bodies comprise employees or nominees of THPL, wholly owned Temasek Pte. Ltd. (TPL), and/or TPL’s wholly owned subsidiaries. The principal activities of THPL and its IHCs are that of investment holding, financing, or the provision of investment advisory and consultancy services to THPL and its IHCs.

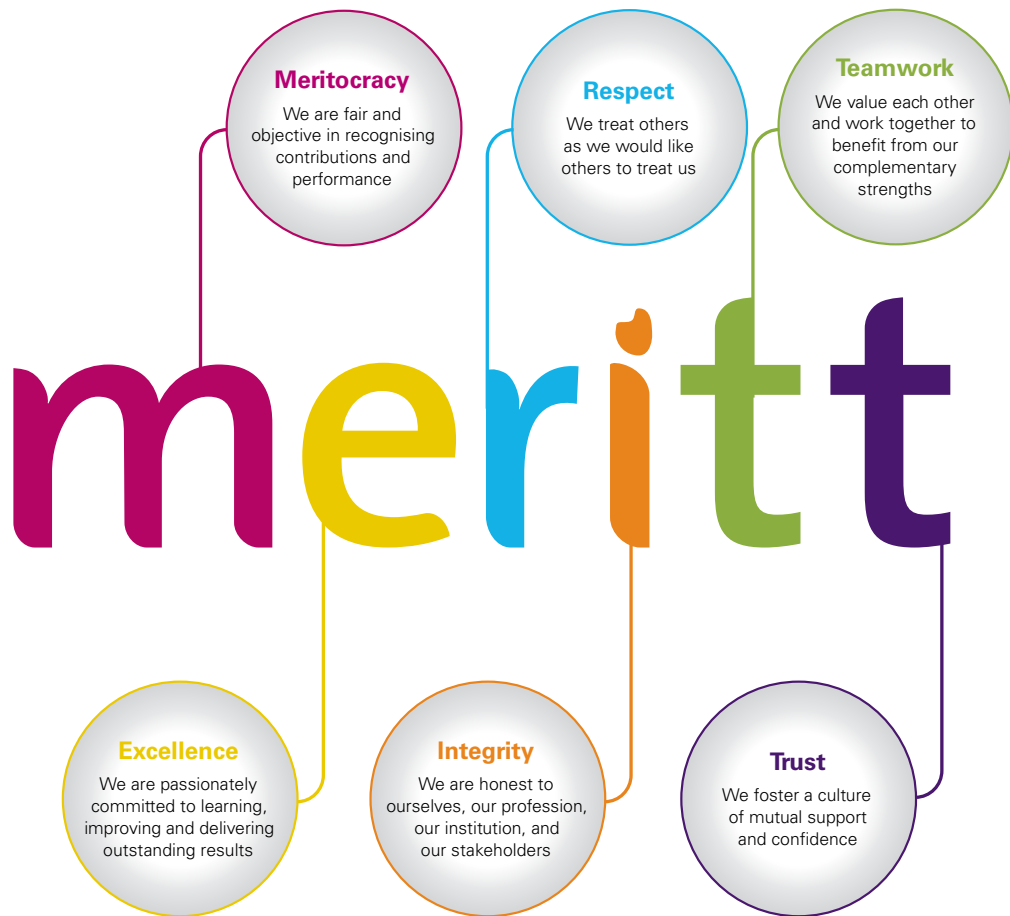
³ Exchange rates as at 31 March 2015.

Our Temasek Heartbeat

We are 530 strong, diverse in our 27 nationalities, working together as one team: this is our Temasek Heartbeat.

We believe diverse talent can inject fresh perspectives, and generate new ideas and innovative approaches. We provide opportunities to develop our people.

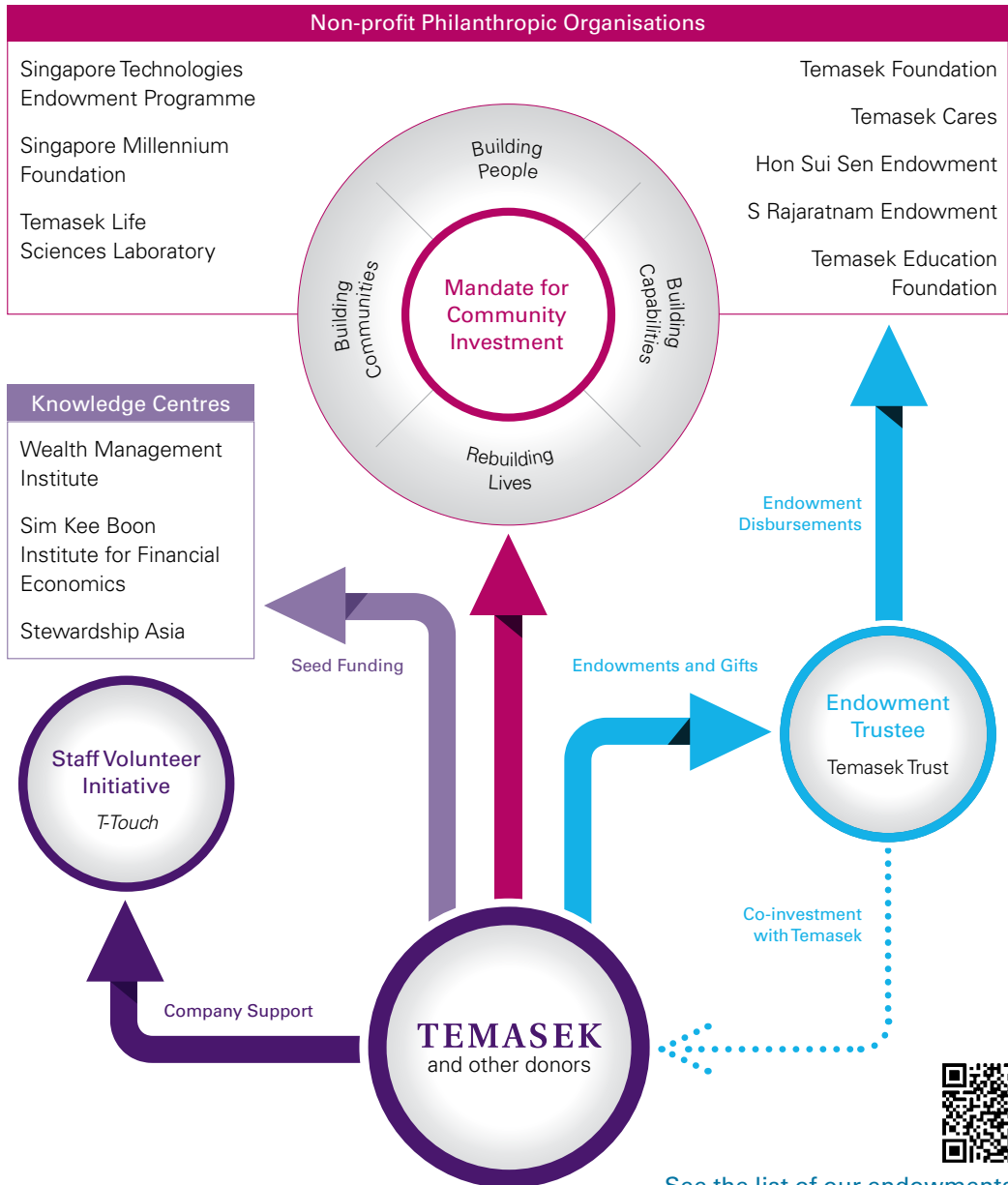
We are active volunteers in more ways than one, inside and outside Temasek. Through *T-Touch*, our staff volunteer initiative, we reach out to support the community.



Read the full description of our senior team at www.temasekreview.com.sg/team or scan the QR code

Community Stewardship

Beyond Temasek, our investments in people, through various endowments, focus on education and health care, community building, scientific and medical research, as well as institutional development.



See the list of our endowments at www.temasekreview.com.sg/endowments or scan the QR code



Remuneration Philosophy

Our ownership ethos puts the institution above the individual, emphasises long term over short term, and aligns employee and shareholder interests over economic cycles.

Our performance incentives are deferred between three and 12 years, and subject to market risks and clawbacks, to account for sustainability of returns over market cycles.

Our bonus plans include clawback features. We have exercised clawbacks six times in the last decade, including two carry-forward clawbacks.

Co-ownership Incentives

We share risks and rewards based on our returns. If our returns fall below our risk-adjusted hurdle, the negative Wealth Added (WA) incentives will trigger clawbacks from bonuses deferred from prior years, and if needed, from future year bonuses too.

Annual Cash Bonuses, Short Term Incentive

Annual cash bonuses are driven by company-wide, team and individual performance, and capped within budgeted limits.

WA Bonus Bank, Medium Term Incentive

Returns above risk-adjusted hurdles will see WA bonuses added to individual notional WA bonus bank accounts, with payouts of one third for senior management and two thirds for junior staff. Balances are at risk of clawbacks.

Co-ownership Grants, Long Term Incentive

Co-investment grants may be awarded. These vest according to performance or time-based conditions, and lapse after 12 years.

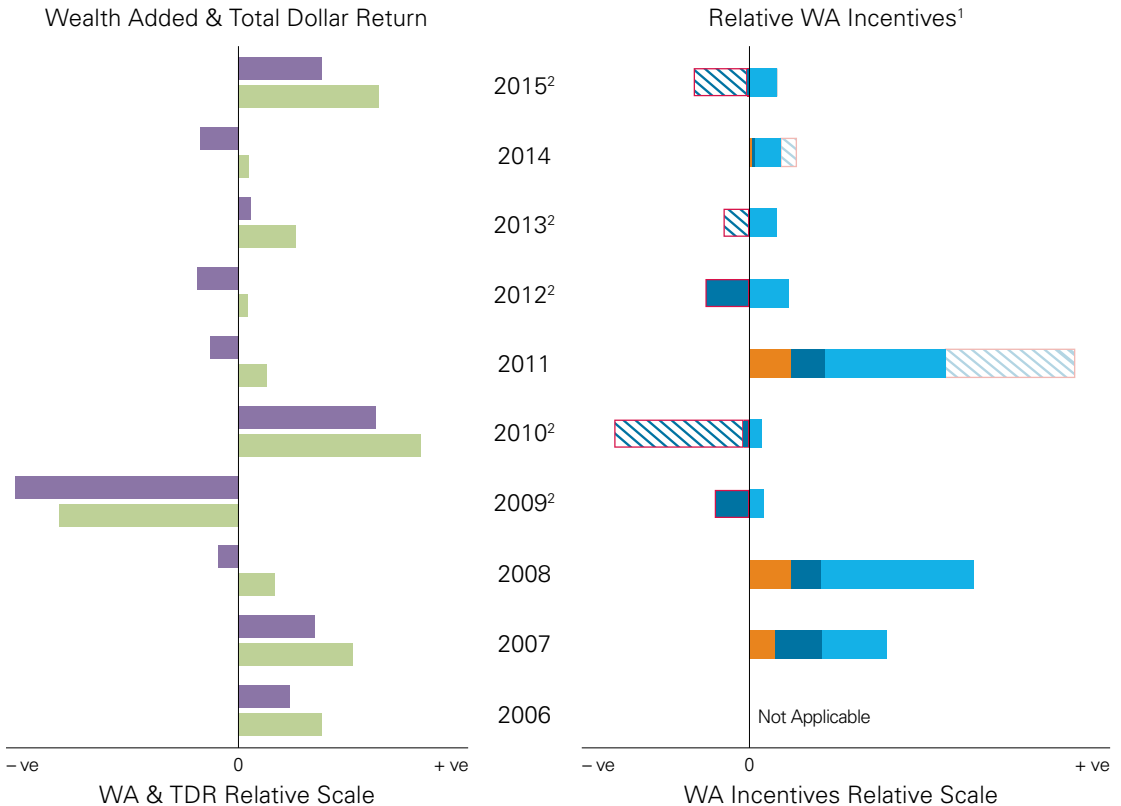
Co-ownership Alignment in Practice

When our portfolio returns fell below our risk-adjusted hurdle for the year ended 31 March 2014, a negative WA incentive pool was added to the accumulated clawback balance carried forward from prior years, to be made good in the future.

For the year ended 31 March 2015, with a WA of S\$25.5 billion, we will have an incentive pool that allows us to fully clear the clawback pool carried forward from prior years, with a balance for distribution to employees.

The Global Financial Crisis and its aftermath tested and reaffirmed our ownership ethos of sharing gains and the associated risks and pains through market cycles.

WA Incentives of Key Team



- Wealth Added (WA) in dollars
- Total Shareholder Return in dollars (Total Dollar Return or TDR)
- Paid-out portion of WA Bonus earned for prior year's performance
- Deferred portion of WA Bonus earned for prior year's performance, with future clawback risks
- Co-investment units which grow or shrink with total returns to shareholder, and are subject to performance and time-based conditions
- Clawback of deferred WA Bonus from prior years
- Clawback balances carried forward for future bonus offset
- Part of earned incentive used to offset the clawback balances brought forward from prior year(s)

¹ WA incentives on relative scale for key management team which includes CEO, Presidents, Senior Managing Directors, Managing Directors, management Directors, as well as Executive Directors.

² No T-Scope units were awarded due to negative WA of the previous year.

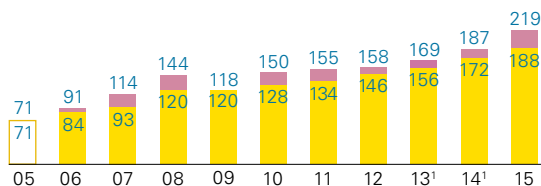
Group Financial Highlights

Our group shareholder equity increased to S\$219 billion, including fair value reserve of S\$31 billion. Group net profit was S\$14 billion.

(as at 31 March)

Group Shareholder Equity (S\$b)

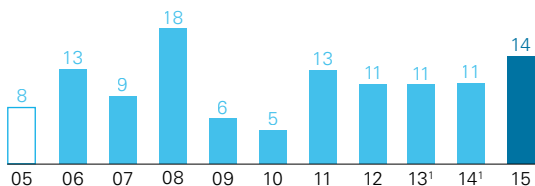
S\$219b



- Fair value reserve
- Shareholder equity before fair value reserve

Group Net Profit (S\$b)

S\$14b



Group Income Statements (in S\$ billion)

For year ended 31 March	2006	2007	2008	2009	2010	2011	2012	2013 Restated ¹	2014 Restated ¹	2015
Revenue	79.8	74.6	83.3	79.6	76.7	83.5	83.5	94.3	92.4	101.6
Profit before tax	19.0	14.3	25.5	10.4	8.5	17.8	14.8	16.5	17.5	21.2
Profit attributable to equity holder of the Company	12.8	9.1	18.2	6.2	4.6	12.7	10.7	10.7	10.9	14.5

Group Balance Sheets (in S\$ billion)

As at 31 March	2006	2007	2008	2009	2010	2011	2012	2013 Restated ¹	2014 Restated ¹	2015
Total assets	213.7	242.4	295.5	247.9	284.8	297.9	302.6	341.5	344.0	405.8
Shareholder equity	90.6	114.0	144.1	118.4	149.7	155.5	158.2	169.2	187.4	218.6
Net debt ²	16.7	23.6	33.8	22.1	17.8	9.5	16.1	19.6	9.0	32.6

¹ Restated due to adoption of new accounting standards.

² Total debt less cash and cash equivalents.

Contact Information

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● Temasek offices

TEMASEK

"To the young and to the not so old,
I say, look at that horizon,
follow that rainbow, go ride it."

Lee Kuan Yew

Founding Prime Minister, Republic of Singapore

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of *Temasek Review 2015* at
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