

Committed Resilient Together

- *Net Portfolio Value of S\$306 billion as at 31 March 2020*
- *One-year Total Shareholder Return (TSR) of -2.28%*
- *20-year TSR of 6%; 10-year TSR of 5%*
- *Invested S\$32 billion; divested S\$26 billion*
- *Ended the year with a strong balance sheet*
- *Achieved carbon neutrality as a company*
- *Committed to halve net portfolio carbon emissions by 2030*

Singapore, Tuesday 8 September 2020 – Temasek closed its financial year ended 31 March 2020, with a Net Portfolio Value (NPV) of S\$306 billion¹. This was up S\$120 billion over the decade, and almost tripled the NPV two decades ago.

One-year Total Shareholder Return (TSR) was -2.28%. TSR takes into account all dividends distributed to our shareholder, less any capital injections. The TSR since 1974 was an annualised return of 14% compounded over 46 years; 20-year TSR was 6%; and 10-year TSR was 5%.

During the year, Temasek invested S\$32 billion; divested S\$26 billion; and ended the year with a resilient balance sheet.

As a company, Temasek closed the year with carbon neutrality. In addition, we committed to halve the net carbon emissions attributable to our portfolio by 2030. We have also committed to a longer term ambition of net zero emissions by 2050 for our portfolio.

An Active Investor

Our portfolio remains anchored in Asia, with 66% exposure in the region by underlying assets. China and Singapore remain our top two countries by concentration, at 29% and 24% respectively. We have continued to grow our portfolio in North America (17%), where we see opportunities in line with key structural trends.

¹ As at 31 March 2020: Equivalent to US\$214 billion, at an exchange rate of S\$1: US\$0.7015; €196 billion, at an exchange rate of S\$1: €0.6407; £174 billion, at an exchange rate of S\$1: £0.5676; and RMB1.52 trillion, at an exchange rate of S\$1: RMB4.9786. The corresponding NPVs for other currencies are rounded to the nearest billion, after currency conversion from SGD based on the exchange rate as at 31 March 2020.

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The developed markets of North America and Europe (10%) now form over a quarter of our underlying portfolio exposure. Geographically, the US again accounted for the largest share of new investments during the year, followed by China and Singapore.

With a resilient balance sheet, we have full flexibility to reshape and rebalance our portfolio, whenever opportunities or challenges arise. This allows us to invest for the longer term, take advantage of market dislocations, and work to reposition our portfolio for the future.

Investment Highlights

We continue to see significant activities in the financial services, technology, and life science sectors. Financial services remained the largest sector in our portfolio (23%).

We increased our exposure to the payments sector and other non-bank financial services companies, to benefit from the acceleration in digitisation of financial services. We added to our stakes in PayPal, Mastercard and Visa; and invested in promising emerging companies such as Blend, a US-based digital lending platform for mortgages and consumer banking.

New technology investments included Duck Creek Technologies, a US-based software provider to the property and casualty insurance industry; ManoMano, a European home improvement product online marketplace; and MiningLamp, a big data solutions company in China.

Life sciences and healthcare investments included AIER Eye Hospital; CareBridge, an integrated healthcare system; and biopharma companies developing new drugs and therapeutic solutions such as Beam Therapeutics, Coherus BioSciences, Transcenta and Vir Biotechnology.

Our investments for sustainable living included Sunseap, an Asian solar developer based in Singapore. We saw growing demand for sustainably produced food, and increased our exposure in companies producing alternative and plant-based proteins, such as Calysta, Impossible Foods, and Perfect Day; and made new investments in Califia Farms and Memphis Meats.

In the US, we backed a management-led recapitalisation in Eastdil Secured, a commercial real estate brokerage company, to accelerate its growth; and invested in JAB Consumer Fund to increase our exposure to the consumer sector.

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In Europe, we invested in Danish company Haldor Topsoe, a global leader in high-performance catalysts with a clear focus on electrolysis to enable a green hydrogen economy and Power-to-X² energy solutions; and BenevolentAI, an AI-enabled drug discovery and development platform.

Investments in China included Kuaishou Technology, a short video social platform; Beijing-Shanghai High Speed Railway; and Ocumension Therapeutics, an ophthalmic pharmaceutical platform company.

Investments in Singapore growth companies included ShopBack, a rewards and discovery platform; and Growthwell Group, which makes plant-based meat alternatives. These create longer term growth opportunities that complement our exposure in major Singapore holdings and efforts by Heliconia Capital to enable small and medium enterprises to scale beyond Singapore.

Nurturing Innovation, Building Capabilities and Strengthening Enterprises

We strive to bring value to our stakeholders as an active global investor and forward looking institution, by investing for and building a better tomorrow.

Our multinational *OneTemasek* team of over 800 people, spans 32 nationalities across 11 offices in 8 countries. We bring with us a good mix of local knowledge and global outlook, as well as diverse backgrounds, perspectives and experiences. We have a zest for excellence and learning that has enabled us to grow individually and collectively, and prepare for the opportunities ahead.

Our focus on innovation includes building new capabilities in areas such as Artificial Intelligence (AI), Blockchain and Cybersecurity. These are new business opportunities which can provide our portfolio companies and ecosystem partners with a pool of talent and a suite of services.

In AI, we collaborated with innovation company StartupX, to organise HyperHack, the world's first global sustainability hackcelerator that focused on creating products and services that address the United Nation's (UN) Sustainable Development Goals (SDGs).

² Power-to-X is a generic term encompassing Power-to-Gas and Power-to-Liquids. It involves the storage of energy from intermittent renewable energy sources and the production of carbon-neutral fuels from CO₂ emissions.

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Around blockchain, we collaborated with the Monetary Authority of Singapore and J.P. Morgan to develop a blockchain-based prototype for multi-currency payments. We have joined Libra Association, which focuses on developing a blockchain-based payment system to enable the creation of a regulated global network for cost effective retail payments. We worked with SGX and HSBC to complete Asia's first digital bond issuance for Olam International, and pave the way for the increasing digitalisation of financial products using blockchain technologies.

In cybersecurity, we established ISTARI, a comprehensive cybersecurity platform that provides client centric solutions, with support from Ensign Infosecurity (EIS) and several other leading companies in the sector. For instance, Sygnia, our cybersecurity consulting subsidiary, is partnering EIS to conduct cyber assessments in Singapore.

The year also saw various major moves among our portfolio companies. Wholly-owned SeaTown Holdings International merged with ST Asset Management (STAM). The combined entity brings together STAM's dedicated global public credit franchise and structured credit expertise with SeaTown's dynamic approach to multi-asset investing.

Separately, CapitaLand completed its acquisition of Ascendas-Singbridge to create one of the largest diversified real estate companies in Asia.

After the end of the financial year, we participated in Singapore Airlines' rights issue to raise new capital. This helped to fortify its balance sheet to meet the severe short and medium term challenges posed by the COVID-19 outbreak, even as it prepares for a low carbon world in the longer term.

Building a Sustainable World for Generations

Sustainability is at the core of everything we do in Temasek. In line with our commitments and values, we have intensified our efforts to translate the UN SDGs into the reality of an **abc** World, of **active** economies, **beautiful** societies and a **clean** Earth.

As an owner, we want to own a resilient portfolio of companies which contributes to the progress of society. We will invest in negative emissions technologies and nature-based solutions. Meanwhile, climate risk analysis, including an internal carbon price, will guide decisions on our new investments in the decade ahead.

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One key target is to reduce net emissions attributable to our portfolio to about seven million tonnes of CO₂e³ by 2030. This represents half the estimated carbon emissions attributable to our portfolio in 2010, and approximately a quarter of the estimated emissions in 2020. This will be a decade long journey, to work with our portfolio companies on their carbon reduction plans, as well as to allocate capital to innovative solutions that contribute to emissions abatement.

We became an official supporter of the recommendations of the Task Force on Climate-related Financial Disclosures, to underscore the importance of understanding climate risks and opportunities. In the long run, our ambition is to deliver a net zero emissions portfolio by 2050.

We have mainstreamed sustainability considerations in our investment and portfolio management processes. In addition, we strengthened our Environmental, Social and Governance framework. This included enhancing emphasis on climate analysis, as well as a deeper focus on supporting companies in their own sustainability journey.

Mr Dilhan Pillay, Chief Executive Officer, Temasek International, noted, “While we remain watchful on the impact of COVID-19, we are also committed to building a more sustainable planet for ourselves, and for future generations. We recognise the urgent need for businesses with innovative solutions to improve lives and increase social resilience. This has led us to accelerate our investments into low-emission and resource-efficient companies, including in the areas of energy, food, waste, water, mobility and urban development.”

Our Fight against COVID-19

Mr Lim Boon Heng, Chairman, Temasek Holdings, said, “In January this year, we saw the emergence of a new and unknown infectious disease. This became a full blown pandemic by March. It is now the worst pandemic in a century, the biggest global crisis since World War Two, with a devastating impact on lives and livelihoods.

³ CO₂e (Carbon dioxide equivalent) is a standard unit used to compare emissions from different types of greenhouse gases.

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“We decided very early to pitch in, and marshal our resources and capabilities across our network of partners and portfolio companies to help in the fight against COVID-19. Doing right and doing good has never been more critical – no one is safe, till everyone is safe. At Temasek, we worked alongside Temasek Foundation, and partnered government authorities, companies, international agencies and NGOs in Singapore and in some 35 other countries during these extraordinary times.”

In 2003, post SARS, we had committed to set aside a portion of our positive Wealth Added returns for community purposes. Our disciplined adherence to this commitment ever since, has given us the wherewithal to fund various COVID-19 related initiatives at this time.

In February, Temasek announced wage restraint measures to lend moral support to the men and women in our portfolio companies. The savings were channelled towards COVID-19 community initiatives for the wider community. This act of solidarity in the face of adversity is no different from what we had done during past crises, like SARS and the Global Financial Crisis. It is very much part of our ownership mindset, to share gains and pains alongside our shareholder, our portfolio companies, and our communities.

Over 400 of our staff volunteered in various COVID-19 initiatives in Singapore and around the world. We supported Temasek Foundation and other partners in five focus areas: diagnosis, containment & contact tracing, treatment, protection & prevention, and enablement. Our aim was to safeguard communities, frontline workers and vulnerable populations, wherever we can. Our staff in various offices not only reached out to help their respective communities, but also to other regional communities. By supporting each other as cross border teams, we worked to anticipate the shifting needs as the virus raced across the world.

In Singapore to date, we offered free hand sanitisers to all households; provided 11 million masks⁴ to Singapore residents; distributed about 1 million face shields to young school children and frontline workers in the food & beverage industry; and donated some 250,000 oximeters to various groups in our community. We actively supported ground-up initiatives, such as *Masks Sewn with Love*, where selfless volunteers hand sewed over 250,000 masks for the vulnerable, and the families of frontline workers.

⁴ Including the 9.4 million masks that were given out during the *StayMasked* initiative, a nationwide distribution exercise of reusable masks via 24/7 vending machine network in Singapore

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Our portfolio companies and network of partners helped to drive meaningful projects for the community. Alongside our transport partners SMRT Corporation, SBS Transit, Leisure Frontier, engineering firm HOPE Technik, and Sheares Healthcare, we rolled out a fleet of COVID-19 Multi-Passenger Enhanced Transporter (COMET) vehicles. These were retrofitted with negative pressure systems to facilitate the mass transfer of COVID-exposed passengers to and from testing or community care facilities, while ensuring the safety of the drivers.

Our teams also actively responded to the changing needs of a growing global challenge, as the pandemic waxed and waned in different parts of the world and disrupted supply chains. Actions taken included those around food security, as well as various risk mitigation initiatives. We worked with likeminded partners, ranging from foundations to government agencies; from non-profit organisations to companies. As the circuit breaker measures were lifted in Singapore, the *Back to School* and *Back to Work* initiatives were piloted to ensure a safe transition towards a new COVID normal.

Beyond Singapore, Temasek Foundation donated over half a million test kits; helped to expand lab capacity with lab equipment; provided over 20,000 first and last line oxygen and ventilation equipment to public and community hospitals around Asia; and distributed masks, PPEs and hand sanitisers to various communities and frontline workers where needed.

Mr Pillay explained, “Everyone, from partners within our ecosystem to individuals including our staff and others in our portfolio companies, came together as one. They stepped up and contributed in whatever ways they could. They gave their time and energy to strengthen our communities and foster collective resilience. We hope that these initiatives continue to enable individuals to help our wider community overcome the COVID-19 challenges.

“Only when the communities thrive, can we as an investor thrive.”

Looking Ahead

The global market outlook remains volatile and uncertain, with new challenges emerging every day. The resurgence of COVID-19 infections in some countries threatens to derail recovery.

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Mr Michael Buchanan, Head, Macro Strategy and Head, Portfolio Strategy & Risk Group, pointed out, “There remain growing concerns around rising geopolitical and trade tensions caused by the US-China strategic rivalry and the impending US presidential election in November. These would likely create a more challenging environment for long term investors and asset owners. Hence, we remain cautious and watchful around the risks surrounding the global economy.”

In China, work has resumed steadily, and recent data suggests that the domestic economic recovery is underway. We anticipate that overall policy will stay accommodative to support the economic and job recovery. While implementing reforms may be challenging, authorities remain focused on rebalancing the economy.

Europe entered a recession in the first half of 2020. While the initial recovery pace had been sharper than expected, that has now moderated. Monetary and fiscal policies remain expansionary, to help offset the negative impact of the crisis. We see downside risks relating to a resurgence of COVID-19 cases and a potential tightening of credit conditions affecting domestic demand growth as fiscal support schemes expire.

In Singapore, the economy has experienced a severe contraction. Nonetheless, parts of the economy have shown resilience, and the ongoing fiscal support has helped to support employment and alleviate pressures on businesses. Countries around the world are pacing their transition into a “new normal”, adapting as the situation continues to develop and new waves of infection occur, then recede. Despite this, we expect certain segments of the economy, especially technology services, to remain resilient amidst the shift in lifestyles such as remote working arrangements.

Ms Png Chin Yee, Deputy Chief Financial Officer and Head, Financial Services, shared, “The outlook for economic recovery remains clouded, despite significant fiscal and monetary policy support. The unpredictable paths of COVID-19 and geopolitical issues pose significant uncertainties in the near term.

“We will stay watchful and remain disciplined in our investment approach, as we focus on building a portfolio that will benefit from policy tailwinds and is resilient in the long term.”

Mr Yeoh Keat Chuan, Senior Managing Director, Enterprise Development Group and Deputy Head, Singapore Projects, noted, “The COVID-19 pandemic has amplified and accelerated the structural trends that guide our investment direction. These trends are driven by social progress, demographic shifts and changing consumption patterns, as well as enabled by technological advances. They have been brought into sharper focus for us by this pandemic.

“One way for us to shape our portfolio for the future is to seek innovative companies at the forefront of developing new, sometimes disruptive, solutions that create new opportunities.”

Mr Wu Yibing, Joint Head, Enterprise Development Group and Head, China, added, “Sustainability is at the core of everything we do. We see the urgent need for solutions that address the growing needs of the world’s population. We are spurred by the opportunities to invest in or work with companies that can help address global sustainability challenges. Collaboration is the way to go for us to tackle these challenges meaningfully – to work closely with our portfolio companies and the companies in our wider ecosystem, in order to build a better world for this and future generations.”

Mr Lim Boon Heng, Chairman, Temasek Holdings, concluded, “Ultimately, the purpose of enterprises is to offer sustainable solutions for a better world. Temasek is no different. We are a long term investor, institution and steward. We must do things today, with the next one, two or three decades in mind. We can overcome any short term challenges, by being **committed** to help one another, staying **resilient** and working **together** as one team, one community, one world. Only then, can we maintain our long term compass, and leave a better world for our future generations.”

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About Temasek

Temasek is an investment company with a net portfolio value of S\$306 billion (US\$214b, €196b, £174b, RMB1.52t)⁵ as at 31 March 2020.

Our three roles as an Investor, Institution and Steward, as defined in our Temasek Charter, shape our ethos to do well, do right and do good.

Our investment philosophy is anchored around four key themes: Transforming Economies; Growing Middle Income Populations; Deepening Comparative Advantages; and Emerging Champions.

Our investment direction in Temasek is shaped by structural trends: *longer lifespans, rising affluence and sustainable living* drive social progress, enabled by technological solutions for *sharing economies, smarter systems* and a *more connected world*.

We actively seek sustainable solutions to address present and future challenges, as we capture investment and other opportunities that help to bring about a better, smarter and more sustainable world.

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

Headquartered in Singapore, we have 11 offices around the world: Beijing, Hanoi, Mumbai, Shanghai and Singapore in Asia; and London, New York, San Francisco, Washington DC, Mexico City, and Sao Paulo outside Asia.

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

For *Temasek Review 2020*, please visit www.temasekreview.com.sg

Connect with us on social media: Facebook ([Temasek](#)); LinkedIn ([Temasek](#)); Twitter ([@Temasek](#)); Instagram ([@temasekseen](#)); YouTube ([TemasekDigital](#)); WhatsApp (+65 9101 0207) and WeChat ([temasek_digital](#)).

⁵ As at 31 March 2020: Equivalent to US\$214 billion, at an exchange rate of S\$1: US\$0.7015; €196 billion, at an exchange rate of S\$1: €0.6407, £174 billion, at an exchange rate of S\$1: £0.5676 and RMB1.52 trillion, at an exchange rate of S\$1: RMB4.9786. The corresponding NPVs for other currencies are rounded to the nearest billion, after currency conversion from SGD based on the exchange rate as at 31 March 2020.

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Temasek Review 2020 Key Figures in S\$ and US\$⁶

Net Portfolio Value

| As at 31 March | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------|------------------|------|------|------|------|------|------|------|------|------|
| in S\$ b | 306 ⁷ | 313 | 308 | 275 | 242 | 266 | 223 | 215 | 198 | 193 |
| in US\$ b | 214 | 231 | 235 | 197 | 180 | 194 | 177 | 173 | 157 | 153 |

Total Shareholder Return as at 31 March 2020

| TSR (%) | One-year | 3-year | 10-year | 20-year | 30-year | 40-year | Since 1974 |
|---------------|----------|--------|---------|---------|---------|---------|------------|
| in S\$ terms | (2.28) | 3.63 | 5 | 6 | 11 | 14 | 14 |
| in US\$ terms | (7.07) | 2.93 | 5 | 7 | 12 | 15 | 16 |

Investments & divestments for the year ended 31 March 2020

| | Investments | Divestments |
|-----------|-------------|-------------|
| in S\$ b | 32 | 26 |
| in US\$ b | 23 | 18 |

Cumulative investments & divestments for the decade ended 31 March 2020

| | Investments | Divestments |
|-----------|-------------|-------------|
| in S\$ b | 240 | 182 |
| in US\$ b | 181 | 137 |

Group Shareholder Equity

| As at 31 March ⁸ | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|
| in S\$ b | 291 | 283 | 272 | 239 | 218 | 219 | 187 | 169 | 158 | 155 |
| in US\$ b | 204 | 210 | 208 | 171 | 162 | 160 | 149 | 136 | 126 | 123 |

Group Net Profit

| For year ended 31 March ⁸ | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------------------------|------|------|------|------|------|------|------|------|------|------|
| in S\$ b | 9 | 12 | 22 | 14 | 8 | 14 | 11 | 11 | 11 | 13 |
| in US\$ b | 6 | 9 | 17 | 10 | 6 | 11 | 9 | 9 | 9 | 10 |

⁶ Using S\$-US\$ Exchange Rate as at 31 March of the respective years.

⁷ As at 31 March 2020: Equivalent to US\$214 billion, at an exchange rate of S\$1: US\$0.7015; €196 billion, at an exchange rate of S\$1: €0.6407; £174 billion, at an exchange rate of S\$1: £0.5676; and RMB1.52 trillion, at an exchange rate of S\$1: RMB4.9786. The corresponding NPVs for other currencies are rounded to the nearest billion, after currency conversion from SGD based on the exchange rate as at 31 March 2020.

⁸ On 1 April 2018, the Group adopted International Financial Reporting Standards (IFRS) with retrospective application for the year ended 31 March 2018. Comparative financial statements for year ended 31 March 2011 to 2017 were prepared based on Singapore Financial Reporting Standards.