



Transformation Management Office (TMO)  
The Putrajaya Committee on GLC High Performance (PCG) Secretariat  
Level 33 Tower 2  
Petronas Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur, Malaysia  
Tel: +603 2034 0000 Fax: +603 2034 0106  
tmo@khazanah.com.my



## MEDIA STATEMENT

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### GLCs make further strides, continue to play key role towards transforming Malaysia

The Putrajaya Committee on GLC High Performance (“PCG”) today reported that Government-linked companies (“GLCs”) continue to make strong progress under the GLC Transformation (“GLCT”) Programme, while sharing the gains and benefits that are being reaped and securing a solid footing to move forward together as “Team 1Malaysia”.

In the eighth year of implementation of a 10-year programme beginning in 2005, the GLCT Programme has ensured that the GLCs remain on a robust growth trajectory while making further inroads in regional markets, and continuing to contribute significantly to the national economy.

The transformation of the GLCs has yielded wide-ranging results and has strengthened their capacity to further play a major role towards transforming Malaysia.

The Secretariat to the PCG today issued the GLC Transformation (“GLCT”) Programme Report Card, with the following key highlights:

#### A. The Transformation of the GLCs

Transformation is a cornerstone of Malaysia’s development journey. The GLCs have undertaken fundamental improvements under the GLCT Programme which has yielded strong results in a number of areas. This has enabled the GLCs to contribute significantly to national economic development.

##### **I. GLCs on a strong growth trajectory**

The G20<sup>1</sup> have shown significant tangible improvements in all key financial areas, and have shown tremendous resilience during US financial and European debt crisis. FY2011 results indicate that the G20 are on a growth trajectory, with key financial indicators such as net income, total shareholder return (“TSR”) and economic profit showing significant improvements.

G20 **net income** in FY2011 grew **18.2%** year-on-year to **RM20.1 billion**, and is expected to grow further to **RM22.5 billion**<sup>2</sup> in FY2012. The G20 TSR generated a **compounded annual return** of **14.5%** from 14 May 2004 (at the start of the Programme) to 13 April 2012, **out-performing** non-G20 FBM KLCI by **2.4%**. As of 13 April 2012, **market capitalisation** of the G20 more than doubled to **RM336 billion** since the start of the Programme. G20 delivered a return on equity of **11.8%** in FY2011, up from **10.6%** in FY2010.



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Financial performance is one of the main objectives of the Programme. The G20 have demonstrated success in this aspect and have returned **RM62bn** of **dividends** and **RM40bn** in **taxes** over the period from 2004 to 2011. These dividend and taxes have benefitted the Malaysian public, both directly and indirectly via GLCs. The headline **Key Performance Indicators** (“KPIs”) were steady at **67%** in FY2011

## **II. GLCs are advancing further in their regional expansion aspirations**

Since the start of the Programme, GLCs have made inroads into regional markets. From FY2004 to FY2011, G20 **foreign sales** (as a percentage of total sales) grew from 31% to **33%**. Several GLCs are well on their way to become regional players and even leaders, such as Axiata Group Berhad, Malayan Banking Berhad, CIMB Group Holdings Berhad, and Sime Darby Berhad. Several others are successfully extending their footprints outside of Malaysia, such as Malaysia Airports Holdings Berhad (in India, Maldives and Turkey), UEM Group (in Indonesia and India) and UMW Holdings Berhad (in Indonesia, Thailand, Vietnam, Papua New Guinea, Australia, Taiwan, China, India, Oman and Turkmenistan).

## **III. Government-linked Investment Companies (GLICs) and GLCs are contributing significantly to the economy**

GLICs and GLCs continue to invest and provide on-going support for various national transformation programmes and initiatives which include Government Transformation Programme (GTP), Economic Transformation Programme (ETP), national corridors developments, and Bumiputera Economic Transformation Programme (BETP). They will continue to align with NEM as they both support Malaysia’s Vision 2020 goals of becoming a high income nation. They have been actively investing in new economy investments (“NEIs”), forming successful partnerships with the non-GLC private sector and divesting non-core and non-competitive assets. Among the key milestone for 2011 until to date are the strategic divestment of Pos Malaysia, acquisition of Kim Eng Holdings by Maybank, privatisation of PLUS through a joint acquisition by UEM Group and EPF, completion of MGO on SP Setia by PNB and the recent divestment of Proton to DRB-Hicom. In supporting the bumiputera agenda, PNB and Khazanah have also identified five companies each that will undergo a divestment process to bumiputera companies in order to increase bumiputera participation in the economy.

### **B. Equitable sharing of gains and benefits with stakeholders**

The broad progress that has been made by the GLCs has created value which has and is being shared equitably with all stakeholders. The GLCs remain committed to enhance this further.

The GLCT Programme has delivered benefits on all fronts, touching lives of all key stakeholder groups, including the general public and GLCs’ employees. The G20 are responsible for almost **360,000 employees** and have continued to focus on employee welfare. Non-executive salaries have grown by **7.5% annually** on average over the last three years, higher than the national average of 5.4% p.a. Spending on human capital development have ramped up to **RM315 million** in 2011 compared to RM127 million in 2004. This has created opportunities for skills upgrading and career progression, with **9,764 non-executives** promoted to executive level since 2004.



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In reaching out to stakeholders, the PCG organised the **inaugural GLC Open Day in June 2011** to enhance awareness and increase the understanding of the public on the unique roles played by the GLICs and GLCs whilst highlighting their contribution towards the development of the Malaysian economy.

To show further appreciation and assistance to the employees of the GLICs and GLCs, the PCG today agreed at its meeting that:

1. The G20 fraternity will implement soonest the minimum wage that was recently announced by the Government.
2. Performance-linked compensation in the form of a Long Term Incentive Plan will be put in place for the G20 employees.
3. G20 GLCs will put in place an upward mobility scheme to help their non-executive employees who have limited options to expand opportunities.

### **C. GLCs move onwards Towards Transforming Malaysia**

With the performance recorded thus far, GLCs will move ahead to ensure that the transformation agenda achieves ultimate success, with collaboration among the GLCs, as well as collective collaboration with the Government, being a key driver that is underpinned by the theme, “Towards Transforming Malaysia”.

“Towards Transforming Malaysia” is a call for a coherent and collective effort from the GLCs to take the lead in carrying out transformation initiatives articulated by the Government. The Government has intensified the transformation effort with the recent introduction of various Transformation Programmes such like Rural Transformation Programme and Digital Transformation Programme. The GLCs’ active involvements in these initiatives are critical as the fraternity forms a significant part of the country’s economy.

Expectations are on the GLCs to lead in areas related to Nation Building such as supplying talents and investing in human capital, driving innovation; and promoting equitable distribution. Based on the encouraging performance of the GLCs under the GLCT Programme, these companies should not only remain steadfast in their focus, but also double their efforts to continue playing a key role “Towards Transforming Malaysia”.

**End**

*For further information, please contact Mohd Asuki Abas at +603-20340000 or via e-mail to [asuki.abas@khazanah.com.my](mailto:asuki.abas@khazanah.com.my)*

<sup>1</sup> *A selection of 20 GLCs controlled by the Government-Linked Investment Company (GLIC) constituents of the Putrajaya Committee on GLC High Performance (PCG). There are currently 17 GLCs in the G20 due to various mergers, demergers and other corporate restructuring exercises.*

<sup>2</sup> *Bloomberg Analyst consensus estimates*