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MEDIA STATEMENT

Putrajaya, 15 September 2009

GLCs Resilient in Economic Downturn, Playing Key Role in Fiscal Stimulus. Prime Minister Urges GLCs to Intensify Drive to Become Champions

YAB Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak, at the 20th meeting of the Putrajaya Committee on GLC High Performance ("PCG") today, called on Government-Linked Companies ("GLCs") to accelerate their transformation for high performance. In his opening address, the Prime Minister expressed his full support to the GLC Transformation Programme and has mandated GLCs to become regional, if not global, champions.

The Prime Minister said, GLCs must be able to compete regionally and globally to support the nation's growth as the country needs to set a greater pace for development to achieve developed nation status by 2020. In order to obtain the growth rates required to realize the targets, sources of growth beyond domestic markets must be tapped and it requires GLCs to adopt an increasingly international outlook in terms of market penetration and international competitiveness.

The PCG Secretariat updated the Prime Minister that GLCs have shown the resilience required of any regionally or globally competitive company amid the economic downturn. This has allowed GLCs to focus on catalysing growth to support the country. GLCs are also supporting the 6 National Key Results Areas ("NKRA") in view of its importance to the country.

The high powered meeting was chaired by the Prime Minister and attended by the Minister in the Prime Minister's Department in charge of the Economic Planning Unit, YB Tan Sri Nor Mohamed Yakcop; the Second Finance Minister, YB Dato' Seri Ahmad Husni Hanadzlah; the Chief Secretary to the Government, Tan Sri Mohd Sidek bin Haji Hassan; Deputy Finance Minister I, YB Datuk Chor Chee Heung; Deputy Finance Minister II, YB Senator Datuk Dr Awang Adek Hussin; the Chief Secretary to the Treasury, Tan Sri Dr Wan Abdul Aziz bin Wan Abdullah; senior Ministry of Finance officials, leaders from the five Government-Linked Investment Companies¹ ("GLICs") and the Chairmen and CEOs of the G-20².

1 The five GLICs are Khazanah Nasional Berhad, Permodalan Nasional Berhad, Employees Provident Fund, Lembaga Tabung Angkatan Tentera, Lembaga Tabung Haji.

2 G-20 is a selection of approximately 20 larger GLCs controlled by GLIC constituents of the PCG. There are currently 19 GLCs following the Sime Darby merger and TM demerger. UEM Group has replaced UEM World following UEM's restructuring exercise. UEM Group's TSR is computed by using their listed subsidiaries' values as proxy.



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1) GLCs demonstrate resilience during crisis

G-20 total shareholder returns (“TSR”) continue to outperform FBMKLCI by a compounded annual growth rate of **2.4%** since the launch of the Programme. In the same period, market capitalisation of the G-20 has also increased by **64% or RM101 billion**. Although the G-20 forecast **FY2009** aggregate earnings³ of **RM9.973 billion** is a drop from FY2008 levels due to the economic slowdown, **FY2010** earnings are forecasted to rise to **RM15.243 billion**.

GLCs have proactively taken defensive measures to weather the current global crisis. As a result, gearing levels remain within limits, with the **debt-to-equity ratio** of non-financial G-20 companies at **48%** as at 30 June 2009. Net interest cover also remains stronger than pre-GLC Transformation Programme levels while cash balances remain healthy.

2) GLCs are catalysing growth in the domestic economy

In the first half of 2009 (“1H09”), GLICs and G-20 have made domestic investments of **RM13.4 billion**. They will hire an estimated **20,559 new employees in 2009** and are targeting to hire another **6,075** in the first quarter of **2010**.

GLCs have also heeded the Prime Minister’s call to play a complementary role in developing the private sector through disposing non-core activities, catalysing developments in the domestic eco-system and competing on a level playing field. The G-20 have disposed of **RM1.62 billion** worth of non-core assets in FY2008. The G-20 efforts also in supporting vendors have resulted in 1,320 vendors participating in vendor development programme in 1H09. 132 vendors have graduated since 2004.

3) GLCs continue to build for the future

GLCs are supporting the 6 NKRA through various activities. Most notably, they are widening access to affordable and quality education, where the PINTAR⁴ programme has now adopted **165** schools throughout Malaysia. Under the programme, **3,000** volunteer hours have been contributed to date, benefitting more than **66,000 students**. As a result, **9.5%** of PINTAR students scored straight ‘A’s in their UPSR exam in 2008, compared to the national average of 9.2%.

In raising the living standards of the poor, GLCs act collectively under the SEJAHTERA programme to support sustainable livelihood and basic food needs, provide basic community services and rehabilitate/build homes for the underprivileged and vulnerable communities. The programme targets to benefit 1,000 households by 2010. For the SEJAHTERA pilot project in Maran, launched on 4 September 2009, **RM1.2 million** has been contributed in cash and benefits in kind.

3 Based on analyst consensus estimates.

4 PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) is a programme initiated by PCG. Under the programme, GLCs adopt schools to provide support in terms of access to motivational and team building activities, tuition classes, teacher capability building and education on social issues.



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GLCs also build capacity through their participation in the Graduate Employability Management Scheme (GEMS) under the PCG, that aims to train and develop graduates with commercially useful skills that will enhance their employment opportunities. To date, **3,367** participants have been trained with **1,137** participants securing placement across **259** organisations and agencies.

END

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ABOUT PCG & THE CURRENT LIST OF G-20 COMPANIES

The GLC Transformation (“GLCT”) Programme was launched on 14 May 2004 while the PCG was formed in January 2005 as the Steering Committee for the Programme and leads the drive to transform GLCs into high-performing entities. PCG consists of representatives from the Minister of Finance Incorporated and the Prime Minister’s Office as well as participation from the heads of the Government-Linked Investment Companies (“GLIC”) namely Khazanah Nasional Berhad, Permodalan Nasional Berhad, Employees Provident Fund, Lembaga Tabung Angkatan Tentera and Lembaga Tabung Haji. The Minister in the Prime Minister’s Office in charge of the Economic Planning Unit, Chief Secretary to the Government and Chief Secretary to the Treasury have also been included as permanent members as of the 20th meeting of the PCG, as participation from these key people who are intimately involved with the transformation of the public sector will strengthen the role of the Government as an agent of the GLCT to create the right environment for the GLCT Programme goals to be met.

A secretariat to the PCG, the Transformation Management Office (“TMO”) has been established at Khazanah and given the responsibility for managing the roll-out and implementation of the GLCT Programme.

Current G-20 Companies

1. Affin Holdings Berhad
2. Axiata Group Berhad
3. BIMB Holdings Berhad
4. Boustead Holdings Berhad
5. CIMB Group Berhad
6. Chemical Company of Malaysia Berhad
7. Malayan Banking Berhad
8. Malaysian Airline System Berhad
9. Malaysia Airports Holdings Berhad
10. Malaysian Building Society Berhad
11. Malaysian Resources Corporation Berhad
12. Pos Malaysia Berhad
13. Proton Holdings Berhad
14. Sime Darby Berhad
15. Telekom Malaysia Berhad
16. Tenaga Nasional Berhad
17. TH Plantations Berhad
18. UEM Group Berhad
19. UMW Holdings Berhad