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MEDIA STATEMENT:

Kuala Lumpur, 31 March 2010

GLCS RESILIENT IN CRISIS, BACK ON CHAMPIONSHIP PATH AND READY FOR NEM

In the sixth year of its implementation of a ten-year programme from 2005 to 2015, the Secretariat to the PCG today issued the GLC Transformation Programme Progress Review with the following highlights:

GLCs resilient throughout the global financial crisis and Malaysia's recession

The GLCs showed tremendous resilience during the 2008/2009 global financial crisis and Malaysia's 2009 recession. Debt to equity ratios of G-20¹ stood at a comfortable 42% at end 2009 and there were no major company failures among GLCs during this period. Total Shareholder Returns ("TSR") has generated a 5-year compounded return of 14.2% as at February 2010, out-performing non G-20 FBM KLCI by 2.9% per annum. While G-20 FY2009 aggregate earnings declined 20% from the previous year, it remained at RM2.1bn or 22% above 2004 levels when the Programme started. G-20 average return on equity ("ROE") rose to 9.2% in FY2009 from 7.1% in FY2005 after thus far peaking at 13.9% in FY2007. This achievement was very much due to earlier intensive restructuring and transformation efforts, including the detailed adoption of the 10 GLC Transformation initiatives, and crisis management measures swiftly undertaken at the start of the downturn.

GLCs firmly back on growth trajectory and intensifying path to become regional champions

Having successfully weathered the crisis and recession, GLCs are now firmly back on their growth and ambition trajectory in becoming regional/global champions. G-20 aggregate earnings are forecast to test the previous peak of FY2007 in this year FY2010, and surpass by FY2011. Consequently, price targets and analyst ratings of G-20 have markedly improved by 30% and 20% respectively. The GLC Transformation ("GLCT") Programme, now in Phase 4, has passed halfway its 10-year journey. Other than making its mark in financial and operational improvements in various GLCs. The Progress Report also highlighted significant progress in delivering benefits to all stakeholders, specifically, customers, employees, vendors and suppliers and Corporate Responsibility contributions such as the flagship GEMs unemployed graduates, PINTAR school adoption and SEJAHTERA hard-core poor programs.

GLCs drive for fiscal stimulus, primed for New Economic Model (NEM) implementation

In 2009, GLCs contributed significantly to fiscal stimulus with G-20 capex of RM18.8bn, 82% of which spent domestically. In its sixth year of implementation with significant improvements across the board in its business and stakeholder delivery capabilities, GLCs are primed to catalyse the Government's efforts at structural transformation of the economy under the NEM. Five core roles have been identified; 1) diligently stay the course in executing the 10-year GLCT program, 2) relentless execution to become regional champions, 3) where appropriate, pioneer entry into new economy investments in line with the NEM, 4) collaborate and co-invest with the non-GLC private sector, and 5) continue focus on core operations on a level playing field and exiting non-core and non-competitive assets.

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¹ A selection of 20 GLCs controlled by the GLIC constituents of the Putrajaya Committee on GLC High Performance. As at 28 February 2009, there are 19 GLCs following the Sime Darby merger and TM demerger. UEM Group has replaced UEM World following UEM's restructuring exercise.