

**WELCOME REMARKS FOR TAN SRI ABDUL WAHID OMAR
LAUNCH OF PLC TRANSFORMATION PROGRAMME
AND THE PROGRAMME'S FIRST DIGITAL GUIDEBOOK
2 MARCH 2022**

OPENING

**Yang Berhormat Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz,
Minister of Finance**

**Yang Berbahagia Datuk Syed Zaid Albar
Executive Chairman of Securities Commission**

**Yang Berbahagia Datuk Muhamad Umar Swift
Chief Executive Officer of Bursa Malaysia**

Chairmen, Board members, CEOs and leaders of Corporate Malaysia,

Members of the Media,

Distinguished Guests,

Ladies and Gentlemen,

Assalamu'alaikum warahmatullahi wabarakatuh and a very good morning.

1. It gives me great pleasure to welcome you to the launch of the **Public Listed Companies Transformation Programme** and the programme's first **digital guidebook** entitled "**Creating Purpose & Performance Driven Public Listed Companies**".
2. I am sorry for not being able to be with you in person due to my commitment as a Visiting Fellow at the Oxford Centre for Islamic Studies. This PLC Transformation Programme is one that I am very enthusiastic about, and so I am very pleased that Bursa Malaysia has been tasked to spearhead this initiative.
3. We are indeed honoured that our Finance Minister, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, has agreed to grace the launch of our PLC Transformation Programme and deliver the opening keynote address. Thank you, YB Tengku.

4. Please allow me to cover three areas in my welcome address this morning:-
 - Firstly, the big picture, **corporate reforms and the case for Corporate Malaysia to perform;**
 - Secondly, sharing my perspective in **transforming large corporates**, and some **key lessons learnt;** and
 - Third, a **broad outline of the PLC Transformation Programme**, and what is **in store for Corporate Malaysia.**

THE BIG PICTURE: CORPORATE REFORMS AND THE CASE FOR CORPORATE MALAYSIA TO PERFORM

Ladies and Gentlemen,

5. Based on the Exchange's Assessment of Corporate Malaysia, while the performance of PLCs had generally been on an upward trend between 2004 to 2015, PLCs showed a decline in profitability over the four years period between 2016 - 2019, even before the Covid-19 hit us badly in 2020. The earnings of FBMKLCI component stocks declined by 4.3 percent, while the earnings for FBMEmas component stocks declined by 1.2 percent over the four-year period.
6. With lower earnings, the FBMKLCI declined by 6.1 percent while the broader market FBMEMAS index declined by 4.0 percent over the same period. The positive part about our stock market is the relatively good dividend yield of 13.4 percent for FBMKLCI stocks and 13.3 percent for FBMEMAS index stocks or average of 3.3 percent per annum. This contributes to a total shareholder return of 7.3 percent for FBMKLCI stocks and 9.3 percent for FBMEMAS stocks over the four-year period.
7. Although the recent fourth quarter 2021 financial results announcement have been encouraging, it seems the earnings outlook for Malaysian corporates is still subdued. Based on the MSCI Country Index between 2020 to 2022, our market's forecast Earnings Per Share and the compound annual growth rate are among the lowest in the region at 2.5 percent, when compared to neighbours Indonesia and Thailand, which are at 22.5 percent and 10.3 percent, respectively.
8. Another point to note is that Malaysia's weight in the MSCI Emerging Markets Index has further declined to 1.39 percent as of end 2021, from 3.26 percent in 2015, negatively impacting our capture of global funds. Therefore, it is quite evident that corporate reforms are needed; not only to improve PLCs'

lacklustre performance, but also to future-proof them, especially as global competition intensifies.

9. Immediate action and sound commitment will be required to ensure Malaysian businesses remain competitive on a regional and global scale, and to serve as catalysts for the country's transition towards a developed market with strong value-add, and a high-income economy.

Ladies and Gentlemen,

10. Currently, our current market valuation (based on forward Price to Earnings ratio) is fairly attractive. This makes the Malaysian market appealing now; however, we cannot be satisfied with being a 'bargain' pick. PLCs must undergo some transformation and improve their performance if investor interest is to be revived and sustained over a longer period.
11. We have arrived at a point where shareholders, including institutional investors and even retail investors are demanding more from the Boards of Directors and Management of the PLCs they invest in. These realities were part of the call-to-action arising from the corporate reform workshop hosted by Bursa Malaysia and the Economic Action Council Secretariat involving institutional investors, investment bankers, audit firms, and corporate leaders back in September 2020, and that led to the idea of kicking off a PLC Transformation Programme, to spur growth among PLCs.
12. We were, to some extent, inspired to replicate some of the tenets of the GLC Transformation programme, to drive desired outcomes. Through the GLC Transformation Programme back in 2004-2015, with much support from Khazanah as the Secretariat, GLCs then became stronger companies. The then-group of G20 companies' net profit **grew by 10.2 percent per annum** from 9.9 billion ringgit to 26.2 billion ringgit, while their combined **market capitalisation grew 2.9 times** from 133.8 billion ringgit to 386 billion ringgit. Over the same period, total shareholder returns increased to 11.1 percent per annum
13. Hence, today, we will witness the launch of the PLC Transformation Programme - but it will be simplified and broadened to include all PLCs.

SHARING MY PERSPECTIVES IN TRANSFORMING LARGE CORPORATES, AND SOME KEY LESSONS LEARNT

Ladies and Gentlemen,

14. It is understandable that some PLC leaders who are already growing their business well and who have led their companies for many years may view the PLC Transformation Programme with skepticism. I can expect this, because I was in a similar position, or in your shoes so to speak before.
15. I was the Group CEO of Telekom Malaysia when the GLC Transformation Programme was launched in 2005. As the CEO delivering double digit earnings growth, I was confident that I knew what needed to be done in my business, yet there were elements or best practices from the programme that were in hindsight very useful and powerful. These included the requirement (introduced in March 2006) of announcing upfront the company's headline KPIs - that further cemented the commitment to deliver.
16. As I reflect on my experience in corporate turnaround and transformation, allow me to share three (short) key lessons learnt:-
 - First, successful corporates are led by leaders (Board members, CEO and management alike) who believe in purpose. Be clear on your mandate and objectives. Embrace the three key attributes of being a good and effective leader: Integrity, Competence, and Humility. Do good and you will be blessed and gain 'barakah', InshaAllah;
 - Second, focus on the fundamentals rather than form and do not worry about short-term market fluctuations. Form without substance will not get you anywhere. But once you have achieved fundamental improvements, then you can complement it with branding or rebranding as the case may be; and
 - Third, keep innovating and think outside the box / 'blue ocean' in coming out with solutions. Keep up with technology and truly embrace sustainability.
17. Some of these elements and more, are touched on in the guidebooks that will be released under the PLC Transformation Programme. We also envision that other corporate leaders from the PLC Transformation Programme or the Champions as we call them, would also informally share more on their lessons learnt and know-how to help nurture other corporate leaders.

A BROAD OUTLINE OF THE PLC TRANSFORMATION PROGRAMME AND WHAT IS IN STORE FOR CORPORATE MALAYSIA

18. As I mentioned earlier, the PLC Transformation Programme aims to transform Malaysian corporates into high-performing entities. The goal is to steer Corporate Malaysia to higher performance levels and increase the attractiveness and “investability” of listed companies in Malaysia, by strengthening the growth narrative of PLCs of all sizes.
19. The PLC Transformation Programme will focus on five pillars where the PLCs are to be Purpose and Performance-Driven; grow as Sustainable, Socially Responsible and Ethical organisations; have stronger Stakeholder Management and Investor Relations; be Digitally Enabled; and contribute towards overall Nation Building.
20. The PLC Transformation Programme includes the issuance of five digital guideline books, one for each of the five pillars, which will provide PLCs with best practices, benchmarks and case studies to help spearhead their transformation journeys. The guidelines are intended to benefit all PLCs, regardless of size, in an effort to nurture stronger corporates, which will improve PLCs appeal to global investors.
21. The first digital book that will be unveiled today is entitled “Creating Purpose and Performance-Driven PLCs”. One of the key best practices I would like to call out from this book is to encourage PLCs to share specific growth metrics and targets with shareholders and fund managers. The targets can be a combination of financial and non-financial KPIs, with the goal of increasing commitment to achieve business growth. It is not Bursa Malaysia’s place to dictate relevant metrics and the appropriate targets for each PLC or industry, as each company has its own growth plans and journeys. However, I would strongly encourage Board members of PLCs to step up and see where commitments can be made especially by setting stretched targets for management.
22. The programme, which covers best practices in a variety of key areas, will help in developing robust businesses in our marketplace. Furthermore, instead of focusing solely on issues specific to a company, we envision that the programme’s Champions (specifically the institutional investors and GLICs) can also collectively help nudge improvements on topical issues in the wider market - such as climate change preparedness, enhancing board governance and employee diversity - with the goal of reducing inherent, systemic risks that might dampen companies’ and the broader capital market’s attractiveness.

23. Having been involved in transformation of three large corporates, I find that there are elements in the GLCT guidebooks that were useful. Hence, I would like to encourage leaders of PLCs - at any stage of growth or maturity - to participate in the PLC Transformation Programme whole-heartedly. Be constructive in considering the best practices, to realise areas that can be enhanced for performance. Ultimately, these improvements in practices would not only benefit Corporate Malaysia, but would also deliver several positive outcomes that will boost market confidence in our economic growth and aid the country's overall recovery.

CLOSING

Ladies and Gentlemen,

24. Before I conclude my remarks, I would like to once again express our heartfelt gratitude to YB Finance Minister for entrusting Bursa Malaysia to spearhead this PLC Transformation Programme, through 2025.
25. We are just at the start; the success of this PLC Transformation Programme hinges on a holistic approach by industry – where PLCs, investors and regulators all come together to continuously encourage and guide one another in the journey of growth. My fervent hope is to see wide participation from as many of our PLCs in this programme, which is light touch and non-prescriptive in nature – yet designed as tools to facilitate in your journey of growth.
26. Industry champions and corporate leaders' support is critical throughout the PLC Transformation Programme. Therefore, on behalf of Bursa Malaysia, my sincere thanks and appreciation goes out to the institutional investors and other stakeholders who have and will come on board to help promote the programme among their investee companies and beyond.
27. With that, it gives me great pleasure to invite our Finance Minister, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz to deliver his keynote address. YB Tengku.

Thank you.

Wabillahi taufiq wal hidayah wassalamualaikum warahmatullahiwabarakatuh.