



shareholder



**DAP: Just where will GLCs get RM454b for ETP?**  
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How will our government-linked companies (GLCs) squeeze out RM454 billion over the next eight to nine years when their combined market capitalisation is only half that amount, their debts amount to RM38.6 billion and their funds only RM140 billion?

This was the question raised today by DAP publicity secretary Tony Pua, who demanded that Prime Minister and Finance Minister Najib Abdul Razak gives the answer when he tables Budget 2011 on Friday.

Pua - who is the party's Petaling Jaya Utara member of parliament - said it would be "crazy" to expect the GLCs to raise RM454 billion as their 32 percent share of the RM1.4 trillion that the government says will be required for its Economic Transformation Plan (ETP).

In its presentation of the ETP last month, the government estimated that out of the total US\$444 billion investments needed to make Malaysia a high-income nation by 2020, 60 percent is expected to come from the private-private sector, with the the government providing the remaining eight percent.

Reality a different ball game

Describing these numbers as looking pretty "only on paper" and like they had been "plucked from the sky", Pua said the figures did not jive with the reality of circumstances currently faced by the GLCs.

"These companies are in no position to be investing RM454 billion over the next eight to nine years. The combined market capitalisation of these GLCs is only RM266 billion, but we are actually expecting them to invest in an amount that is nearly double their current size over the next few years.

"It is akin to a person attempting to digest food double his weight within a short period of time," said Pua.

According to the businessman-turned-politician, the top listed GLCs that are expected to invest in the ETP projects - such as Sime Darby, MISC, Tenaga Nasional, Petronas Gas and Petronas Dagang, Telekom Malaysia and MAS - are in no position to be investing RM454 billion over the next eight to nine years.

Other than their low combined market capitalisation, their consolidated debt amount to a sizeable RM38.5 billion while their total shareholder funds only RM140 billion.

"Any equity or financial analyst will tell you that it will be crazy to expect GLCs to raise additional hundreds of billions of ringgit in debt to fund the RM454 billion worth of ETP projects.

"Or (they will say) it will be similarly mad for the GLCs to be seeking to quadruple their shareholder funds by raising more money from shareholders during this period, especially

since the government itself will have to bear the brunt of the fund-raising exercises.

"The above also doesn't take into account the fact that many of these companies are facing their own set of financial problems such as Sime Darby with its follies in the energy sector, Tenaga which always faces tricky cashflow issues or MAS and Proton which are still struggling with their turnaround plans," said Pua.

Pua said while Malaysians are excited by the prospects of having higher incomes and hope the ETP projects would be realised, the government has to do more to convince the public that its sales pitch is not based on figures "plucked from the sky".

The first step towards doing that, he added, would be for Najib to explain this Friday during his Budget 2011 speech.

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