

DATE	11 / 3 / 2011	SECTION	National
PAGE	18, 74	COLUMN	Corporate

Dividends galore for GLICs in 2012

BY ISABELLE FRANCIS

Government-linked investment companies have declared record dividends on the back of record profits in 2012, buoyed by their holdings in the banking sector, which performed exceptionally well last year.

Market watchers say the better performance and dividends ahead of the 13th general election also show that the government-linked company transformation programme is yielding tangible results.

The Employees Provident Fund (EPF), Permodalan Nasional Bhd (PNB) and Lembaga Tabung Haji (LTH) all posted better, if not record, performances.

Lembaga Tabung Angkatan Tentera (LTAT) is also expected to unveil its best profits and dividends in 40 years, sources say. The army fund has not officially announced its 2012 results as Defence Minister Datuk Seri Ahmad Zahid Hamidi, who was supposed to brief the press last week, is busy attending to the crisis in Sabah.

All the funds, except for the EPF, invest largely in equities. As for the provident fund, more than 61% of its asset allocation is in government securities, the money market and real estate while the remaining 39% is in equities. Still, fixed income and equities contributed almost equally to total income in 2012, at 55.2% and 44.8% respectively.

Be that as it may, several of the funds' holdings in plantation companies underperformed, given the challenging backdrop for the sector last year.

These include PNB's second-biggest holding, Sime Darby Bhd, which posted a 22% decline in earnings to RM1.7 billion in its first half ended Dec 31, 2012, mainly due to lower crude palm oil prices. However, for the full year ended June 30, 2012, net profit increased 13% to RM4.15 billion. Sime Darby has proposed a higher dividend of 69.09 sen per share.

TH Plantations Bhd, which is LTH's core holding in the plantation segment, saw net profit rise 25% to RM167.53 million in FY2012 ended Dec 31. This was, however, mainly due

a revaluation of assets, which saw a gain of RM101 million. TH Plantations has declared a lower dividend of 4.6 sen per share versus 12.5 sen the year before.

Still, both PNB and LTH managed to achieve record performances in 2012 as their holdings in the banking sector cushioned the returns shortfall in the plantation sector.

LTH has declared a dividend of 6.5% and a bonus of 1.5%, the highest in five years, on the back of record profits, although the bulk of its equity investments is in the plantation sector. This also marks the first time the pilgrim fund has breached the RM2 billion mark in profit.

Contributing to LTH's better performance were its other top holdings, including BIMB Holdings Bhd, which saw FY2012 earnings rise 18.3% to RM250.77 million.

PNB had a record year in terms of profits and dividends, driven by better performance at its 46.05%-owned Malayan Banking Bhd.

The country's largest lender by asset posted a net profit of RM5.74 billion, a 17.62% increase from 2011's RM4.88 billion. It declared a higher-than-expected final net dividend per share of 28.5 sen.

Another PNB top holding, UMW Holdings Bhd, saw record earnings of RM956 million in FY2012 -- almost double that in FY2011. The automotive and industrial conglomerate also declared a much higher dividend payout for 2012.

PNB's 7.16% investment in Axiata Group Bhd paid off handsomely as well. The telecommunications giant almost doubled its dividend payout to RM3 billion in FY2012 from RM1.6 billion in FY2011.

Although PNB did not reveal how much income it made, its assets under management rose 10% to RM220 billion from a year ago, according to officials.

For PNB, FY2012 was also the first time it paid out more than RM10 billion in dividends. Unit holders received some RM11 billion, which was up 12% from RM9.8 billion a year ago.

The lowest dividend PNB paid for its nine products in FY2012 was 6.3 sen per unit while the highest was 7.75 sen per unit, excluding bonus payouts.

DATE	11 / 3 / 2011	SECTION	National
PAGE	18 / 74	COLUMN	Corporate

6.15% payout by EPF the highest in 12 years

FROM PAGE 18

Amanah Saham Malaysia Bhd (ASB), PNB's largest fund, declared a dividend of 8.85 sen per unit for the year. This includes a bonus of 1.15 sen per unit, the highest in five years. ASB makes up about 74% of PNB's total units distributed under the nine products.

As at Dec 19, 2012, ASB recorded gross income of RM8.54 billion. Dividend income from investee companies contributed RM4.8 billion or 56.21% to gross income.

The EPF declared its highest dividend in 12 years with a 6.15% payout in FY2012. The highest dividend it has declared so far is 6.84% in FY1999.

The provident fund's total investment assets as at Dec 31, 2012, stood at RM526.75 billion, up 12.31% from RM469.04 billion recorded in the previous year.

In FY2012, the EPF posted its highest gross investment income to date of RM31.02 billion, up 13.91% from the year before. It also saw the highest-ever dividend payout of RM27.45 billion.

One of the EPF's top holdings is RHB Capital Bhd, in which it has a 41.01% stake. The bank registered an increase of 5.7% in its net profit to RM1.8 billion and 13.4% return on equity. It has proposed a single-tier dividend of 16.09% per share.

The EPF's two other top holdings are Malaysia Building Society Bhd (64.18%) and Malaysian Resources Corp Bhd (42.16%).

LTAT, meanwhile, is expected to announce its highest profits and dividends in 40 years. In FY2011, profits and dividends stood at RM859.9 million and 15% respectively, according to sources.

If FY2011 is taken as guidance, LTAT's wealth should have grown, judging by the increased market capitalisation and better earnings recorded by its listed entities.

Affin Bank Bhd, which is LTAT's core holding in the banking segment, posted a record net profit of RM628.9 million in FY2012 on improved performance at its banking and insurance units. The bank recorded a net profit of RM508 million in FY2011.

However, LTAT subsidiary Boustead Group Holdings Bhd saw a 29% plunge in net profit to RM517.7 million in FY2012 due to lower contribution from its shipbuilding division, which saw cost overruns in building navy patrol vessels. This resulted in a lower proposed dividend of 32.5 sen per share versus 39 sen the previous year.

Still, the record dividends that LTAT is expected to announce at the top will give its unit holders reason to cheer. ■

How GLICs performed

FUNDS	INCOME 2011	DIVIDENDS 2011	INCOME 2012	DIVIDENDS 2012
EPF	RM27.24 bil	6%, totaling RM24.47 bil	RM31.02 bil	6.15%, totaling RM27.45 bil
ASB (PNB's largest fund)	RM7.52 bil	8.8%, totaling RM7.04 bil	RM8.54 bil	8.85%, totaling RM8.13 bil
LTH	RM1.68 bil	6%, totaling RM1.68 bil	RM2.15 bil	8%, totaling RM2.13 bil
LTAT	RM859.9 mil	15%	NA	NA