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GLICs poised for stronger dividend haul despite global uncertainty

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# GLICs poised for stronger dividend haul despite global uncertainty

BY **SYAFIQAH SALIM** AND **JOHN LAI**

Malaysia's government-linked investment companies (GLICs) are on track for higher dividend income in 2026, buoyed by resilient corporate earnings and steady cash flows despite mounting geopolitical and trade-related uncertainties.

While market volatility has intensified amid escalating tensions in the Middle East and renewed US tariff measures, dividend expectations across Corporate Malaysia remain largely intact. Investors are also closely watching shareholder structures as companies with GLICs as major shareholders are generally expected to maintain consistent payouts.

Four of the country's five major GLICs — Khazanah Nasional Bhd, Permodalan Nasional Bhd (PNB), the Employees Provident Fund (EPF) and Retirement Fund Inc (KWAP) — are projected to enjoy higher dividend income this year, assuming no changes in shareholdings, based on analysts' consensus estimates compiled by Bloomberg. Only the Pilgrims' Fund Board (TH) is expected to record a decline.

PNB's dividend income from its 10 largest holdings in Bursa Malaysia-listed companies is forecast to rise 3.5% to RM5.64 billion in 2026 from RM5.45 billion a year earlier. EPF is expected to record the strongest growth among the major funds, with dividend receipts projected to climb 5.7% to RM5.54 billion from RM5.24 billion over the same period.

Sovereign wealth fund Khazanah's dividend income is projected to increase 1.5% to RM2.66 billion in 2026 from RM2.62 billion in 2025, while KWAP's is expected to rise 3.8% to RM1.91 billion from RM1.84 billion. In contrast, TH's dividend receipts may slip 2.4% to RM392.8 million from RM402.4 million.

BIMB Securities director of research Mohd Redza Abdul Rahman says Malaysian companies are well positioned to sustain their healthy dividend payouts, supported by stable domestic economic conditions and disciplined capital management. "Baseline dividends should remain robust, although the threshold for widespread special dividends is still relatively high across most sectors," he tells *The Edge*.

Mohd Redza says special payouts are more likely among cash-rich companies undertaking asset disposals, citing Sunway Construction Group Bhd (KL:SUNCON), which recently announced a special dividend of 15.2 sen per share, as an example. "We expect more [special payouts], particularly arising from divestment activities where the proceeds could be returned to shareholders," he adds.

"Companies are balancing generous shareholder returns with the need to preserve capital for expansion and capital expenditure plans. Rather than a broad wave of special dividends, Corporate Malaysia is likely to focus on improving structural capital efficiency while maintaining sustainable payout ratios that directly support the long-term income targets of the GLICs."

Still, some Bursa-listed firms may adopt a more cautious stance amid lingering geopolitical risks, including the prolonged US-Iran conflict, according to former investment banker Ian Yoong.

## Banks, utilities, telcos remain key dividend contributors

Banks, utilities, plantation outfits and telecommunications companies continue to dominate dividend contributions to GLICs.

For PNB, Malayan Banking Bhd (KL:MAYBANK) remains the largest contributor, with dividend receipts at RM2.99 billion in 2025, based on the fund manager's 39.3% stake in the country's largest lender by assets. PNB's income from Maybank is projected to rise further in 2026 as analysts forecast a dividend per share (DPS) of 66.5 sen, up from 63 sen in 2025, lifting its dividend income from the banking group to roughly RM3.16 billion.

In contrast, contributions from SD Guthrie Bhd (KL:SDG) and Sime Darby Bhd (KL:SIME) are expected to ease slightly as forecast payouts moderate.

SD Guthrie's DPS is projected to edge down to 17.9 sen in 2026 from 18.1 sen in 2025, reducing PNB's dividend income to about RM608 million from RM614.8 million, which reflects its 49.1% stake in the plantation group. Likewise, Sime Darby is expected to declare a lower DPS of 13.3 sen versus 14 sen previously, trimming PNB's returns to roughly RM410.9 million from RM432.5 million, based on its 45.3% stake in the trading and industrial conglomerate.

Dividend payouts in the banking sector are expected to trend higher this year, underpinned by strong capital buffers and resilient balance sheets capable of weathering potential economic shocks.

CIMB Group Holdings Bhd's (KL:CIMB) DPS is forecast at 48.7 sen, up from 47.1 sen, while RHB Bank Bhd (KL:RHBBANK) is expected to raise its dividend payout to 51 sen per share from 50 sen previously. Meanwhile, Public Bank Bhd (KL:PBBANK) could declare its highest payout in seven years, with its DPS projected at 27.6 sen, versus 22.5 sen previously.

The outlook bodes well for EPF as banks remain its largest dividend contributors. CIMB contributed RM929.7 million in 2025, based on the provident fund's 18.3% stake in the lender, with the figure expected to rise to RM961.3 million in 2026.

EPF is projected to receive RM917.1 million from Maybank in 2026, up from RM868.8 million in 2025, as well as RM847.7 million from RHB Bank versus RM831.1 million previously. Contributions from Public Bank are expected to reach RM967.7 million from RM788.9 million. The provident fund holds 11.4%, 38.1% and 18.1% equity interest in Maybank, RHB Bank and Public Bank respectively.

Meanwhile, Hong Leong Bank Bhd (KL:HLBANK) is expected to deliver another record dividend payout of RM1.03 per share in 2026, up from 96 sen in 2025, potentially lifting EPF's dividend income from the bank to RM213.8 million from RM199.1 million previously.

For Khazanah, key dividend contributors include CIMB, Tenaga Nasional Bhd (KL:TENAGA) and Axiata Group Bhd (KL:AXIATA). Contributions from CIMB and Tenaga stood at RM1.09 billion and RM557.5 million respectively in 2025, and are projected to rise to RM1.13 billion and RM566 million this year.

Axiata Group is also expected to declare a slightly higher dividend of 10.2 sen per share, up from 10 sen, lifting the sovereign wealth fund's dividend income to RM341.1 million this year from RM334.4 million in 2025.

Khazanah is set to receive RM255.9 million from IHH Healthcare Bhd (KL:IHH), up from RM239.9 million previously, as the healthcare group expands in India through Fortis Healthcare. IHH's DPS is projected to rise to 11.2 sen from 10.5 sen.

There were no dividend payments from Astro Malaysia Holdings Bhd (KL:ASTRO) in 2025, which has been hit by intensifying competition from streaming platforms and rising costs. Khazanah holds a 20.7% stake in Astro through Pantai Cahaya Bulan Ventures Sdn Bhd.

Similarly, UEM Edgenta Bhd (KL:EDGENTA) did not declare dividends last year as it was undergoing a privatisation exercise conducted by UEM Group Bhd, a wholly-owned unit of Khazanah, via a selective capital reduction and repayment at RM1.10 per share.

Nevertheless, Astro is expected to resume a modest dividend of one sen per share this year, translating into about RM1.08 million for Khazanah — still among its lowest payouts on record after only 0.25 sen per share for the financial year ended Jan 31, 2025.

Beyond KWAP's equity interest in Maybank, CIMB and Public Bank, it also derives sizeable contributions from Tenaga, which is benefiting from rising electricity demand driven by commercial activity and the rapid expansion of the country's data centre sector. In 2025, the retirement fund received RM235.7 million from Tenaga and RM141.3 million from PETRONAS Gas Bhd (KL:PETGAS), which plans to develop a third regasification terminal in Lumut, Perak.

Dividend contributions from both companies are expected to increase modestly in 2026. Tenaga is projected to declare a DPS of 53.8 sen, up from 53 sen, while PETRONAS Gas may raise its payout to 73.4 sen per share from 72 sen, lifting KWAP's dividend receipts to RM239.3 million and RM144.1 million respectively.

As for TH, Bank Islam Malaysia Bhd (KL:BIMB) remains the largest contributor. The pilgrims' fund received RM160.1 million in 2025, based on its 48.9% stake, with the contribution expected to increase to RM169.5 million this year as its DPS rises to 15.3 sen from 14.45 sen.

Meanwhile, the contribution from Syarikat Takaful Malaysia Keluarga Bhd (KL:TAKAFUL) is expected to edge lower to RM48.9 million from RM49.7 million as its DPS eases slightly to 18.2 sen from 18.5 sen.