Flying the flag overseas

Malaysia’s unfolding journey through the 20th century has taken its economy through various political, social, and structural changes. Along the way, homegrown corporations have evolved to become major players in their respective industries.

By Khairie Hisyam Aliman

Datuk Wan Zulkiflee Wan Ariffin
President and CEO
Petronas Nasional Bhd

Tan Sri Mohd Bakke Salieh
President and group CEO
Sime Darby Bhd

Datuk Abdul Farid Alias
Group president and CEO
Malayan Banking Bhd

Born through the Petroleum Development Act 1974, Petronas Nasional Bhd (Petronas) is mandated to develop the nation’s oil and gas resources.

Since then, the company has transformed itself from a small oil and gas company into an integrated global multinational with over 31,000 employees across 50 countries. Today, it is the only Malaysian company in the Fortune Global 500.

Last year, it contributed RM7.5 billion to federal and state governments and had a positive contribution for over 20% of national taxes and dividends despite a low oil price environment that has persisted since mid-2014.

As a conglomerate, Sime Darby Bhd was only born in 2007 after Sime Darby, Golden Hope Plantations Bhd and Kumpulan Guthrie Bhd merged to form the world’s largest palm oil player in Singapore.

But its collective history stretches back to the colonial days in the 19th century. Its deep roots are intertwined with Malaysia’s economic journey.

“In 1917, the Jalan Alor based company first planted commercially in the group’s Tennamore Estate, laying the foundation for Malaysia’s palm oil industry,” says president and group CEO Tan Sri Mohd Bakke Salieh.

“In 1922, Guthrie & Co obtained the agency of Buick motor cars, and managed to sell them at every nook in the country. The Gulungan built their first factory in one afternoon,”

As the economy evolved and shifted to heavy industries and manufacturing, so did the group. It marched along the economy to expand into heavy equipment manufacturing and oil and gas, among others.

If there is any bank that can be described as the nation’s bank, it is probably Malayan Banking Bhd (Maybank).

Established by a group of Chinese entrepreneurs led by Khoon Hock Seng in 1949 as a virtual counter-culture of Kuala Lumpur’s Straits Settlements, it is today the country’s largest bank with a strong regional footprint.

The symbol of the Maybank logo can be seen on Malaysia’s modern skyscrapers and in any corner of the world where Malay nationals reside.

A recent example was the 2016 takeover of the renowned Swiss watchmaker, Audemars Piguet, for RM11 billion.

Today, it is the fourth largest bank in Asia by assets as well as the fifth largest Islamic bank globally, with 2,200 offices across 20 countries, including all Southeast Asian countries.

“In 2014, Maybank celebrated another significant milestone when it became the first in the world to issue a bond in euros,” Maybank CEO and managing director, Kamaruddin Tuanku Jaafar, said.

Along the way, it overcame numerous challenges. One early crisis was a run on the bank in October 1998, which saw RM4 billion in deposits withdrawn at one go.

The government eventually took a 49% controlling stake in the bank in 1999. The stake was later transferred to Permodalan Nasional Bhd, which was set up in 1978.


For Maybank group president and CEO Datuk Abdul Farid Alias, the key to weathering the tough times lies in the bank’s DNA of “humanizing financial services”, as he describes in the bank’s latest annual report.

“Having built many long-term relationships with clients over our extensive 56-year history in key markets such as Malaysia, Singapore and Indonesia, our approach is to advise customers based on their needs and to select a banking partner that sets an example for others,” he says.

We focused on not only cutting costs but also prioritizing our growth areas and leveraging efficiency, technology and collaboration internally and across the industry to get more for less. We initiated a change in the way we think and behave, which paved the way for our people to embrace the new culture to make us leaner and more agile to face current and future challenges.”
The decades have seen transformations, a number of long histories that march in tandem with the nation’s development, while others seized opportunities at specific periods to kick-start their growth stories. We review a select number of these giants proudly flying the Malaysian flag beyond the nation’s shores.

Tan Sri Dr Lim Wee Chai
Founder and chairman
TOP GLOVE CORP BHD

The world’s largest rubber glove manufacturer today, Top Glove Corp Bhd began with just one factory and three production lines in 1991 when Malaysia pushed for privatization and looked to the private sector for growth.

Various government agencies helped in terms of research and development, promotion and marketing, recalls founder Tan Sri Dr Lim Wee Chai. “They were instrumental in helping us snow during the initial stages.”

As Malaysia had a sizable rubber industry, the strategic advantage helped Top Glove reach top spot in the world by 2005, overtaking a number of multinational players four years after it was listed as Malaysia moved past the Asian financial crisis in the late 1990s.

But getting there was not easy. Early on, raising capital was tough, says Lim, who recalls starting the factory with RM80,000.

“Finding customers was also not easy, and we’d go by driving around the US and approach individual companies. Again, we had to work very hard to gain their trust. As we were unethical to the business,” he says.

The company also had to navigate stringent buying criteria. “We were always looking for overseas markets,” he says. “We’ve operated in 35 countries so far.”

Another challenge was when one of Top Glove’s bankers withdrew its facilities amid the bearish outlook on the industry at the time. Lim says the handle soon was to constant fielding of letters of credit at minimal rates.

“Today, Top Glove leads a pack of Malaysian manufacturers that underpin the nation’s dominance in the global rubber glove sector. Last year, it completed a secondary listing on the Singapore Stock Exchange. “It wasn’t easy to meet the stringent listing requirements, and it was a testament to how well managed our business is and our consistently good performance,” says Lim.

Tan Sri Tony Fernandes
Group CEO
AIRASIA BHD

While it was established in the 1990s, AirAsia had only truly started its pivot to becoming Asia’s lowest-cost carrier group in 2001 — just as the world was facing more severe terrorist attacks in the world.

Co-founders Tan Sri Tony Fernandes and Datuk Kamarudin Meranun took over the then-adverse airline from DRB-Hicom Bhd for a token GM in December that year, plus RM40 million in debt.

With 2,560 cabin crew and just one destination then, AirAsia repositioned itself as a budget airline for the masses. The plan was to “democratize air travel” as economic growth boosted disposable income levels.

The airline turned a profit in 2002 and launched its first international route the following year. By mid-2004, the company had established itself online in Malaysia and now boasts a market capitalisation of RM10.3 billion.

A key milestone for Fernandes is when AirAsia became a sponsor of British football giant Manchester United for the first time in 2005. “We were on the billboards at Old Trafford. No one knew who we were, but we didn’t care. Malaysians are as good as anybody else,” says Fernandes.

But there were also testing times. Fernandes recalls the 2007-08 crisis. “It was like a war.”

To Fernandes, what stands out amid the tragedy was the resilience and strength of AirAsia’s people.

“I always see many people as a company that just happens to operate an airline — our incredible people make us what we are,” he says.

Today, with associate airlines spanning seven countries, AirAsia counts a combined fleet of 174 Airbus A320 planes that flies to 109 destinations across 19 countries, according to its latest annual report.

And 16 years on, AirAsia is still aggressively growing — it has orders for nearly 400 more planes in the coming years. The secret is to dream big, says Fernandes.

“Too many companies are content to stay in Malaysia if they are afraid to go out. That’s not the right mindset to have,” he adds.

Datuk Seri Nazir Razak
Chairman
CIMB GROUP HOLDINGS BHD

Started as a small merchant bank in the mid-1970s, CIMB Group Holdings Bhd’s rise began in the late 1980s.

It was too young to carve out a niche in mass public offerings amid Malaysia’s privatization drive of major state-owned enterprises and defied the odds to clinch the landmark Tenaga Nasional Bhd’s IPO in 1992.

“I remember being told by a few observers that we were obviously just making up the numbers,” reminisces chairman Datuk Seri Nazir Razak, who joined the group in 1989.

TNB’s successful IPO catapulted CIMB to the top of the league table as it rode the Malaysian capital market’s exponential growth in the 1990s, parallelising the development of the nation’s financial landscape.

Then, CIMB was involved in defining deals for Corporate Malaysia, including the Khsasah National Bhd takeover of UEM Group in the early 2000s and the Synergy Drive Bhd mega merger in 2007 that created Sime Darby Bhd.

It moved into stockbroking, amid the mid-1990s bull markets and used the huge returns to build a fixed income business.

As it did little lending, CIMB made it through the 1997-98 financial crisis unscathed and instead the subsequent bond market boom to be Malaysia’s top investment bank by the early 2000s.

By 2003, CIMB began transforming into a regional universal bank. A series of high-profile acquisitions followed, including a hostile takeover of Southern Stone in 2003.

“Unfortunately, the major shareholder and CEO of Southern Bank was also my landlord, and the day we signed the deal, my family received an eviction notice,” Nazir recalls.

CIMB went on to buy banks in Indonesia, Thailand while starting new consumer franchises in Singapore, Cambodia and Laos. Today, CIMB is Asia’s fifth largest banking group by assets, with almost 40,000 employees across 95 countries.

Along the way, its total assets grew from RM242 million in 1989 to RM45 billion last year. “It has been an incredible growth story,” says Nazir.