

Shahril survives

Ouster move at AGM

Institutional investors unhappy over pay package that reaches almost RM200,000 a day

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KUALA LUMPUR: Sapura Energy Bhd chief executive officer (CEO) Tan Sri Shahril Shamsuddin survived a bid to oust him as director and CEO amid unhappiness over his total pay package of RM71.92m in financial year 2018 ended Jan 31 (FY18).

At the company's AGM yesterday, Shahril, who earns nearly RM200,000 a day, managed to stave off the move by institutional investors to remove him as Sapura Energy's CEO. In a poll, Shahril managed to get about 82% of the votes to keep his job as a director of the company. All the other resolutions were passed by shareholders.

The institutional shareholders have deemed his remuneration as excessive and are unhappy, according to the Minority Shareholder Watchdog Group (MSWG).

"This is the first time that the Institutional Investors Council has taken this collective decision to vote against directors' re-election. His pay package has been excessive over the years," MSWG's general manager Lya Rahman said.

Shahril's remuneration of RM71.92m for last year consist RM7.24m in fixed monthly salaries (and other emoluments), RM55m in bonuses, RM9.34m under the defined contribution plan and RM348,000 for benefits in kind, according to its annual report.

In proportional terms, the RM71.92m was 34.91% of Sapura's profit after tax of RM206m in FY17.

In FY17, the highest remuneration paid to an executive director at Sapura Energy was RM83.394m, out of which RM74.69m was paid as performance-related remuneration. The base remuneration for that year was RM8.69m. In that year, the company did not name the executive that was paid this remuneration, but it is assumed that the money was paid to Shahril, given that he is the top executive of the board.

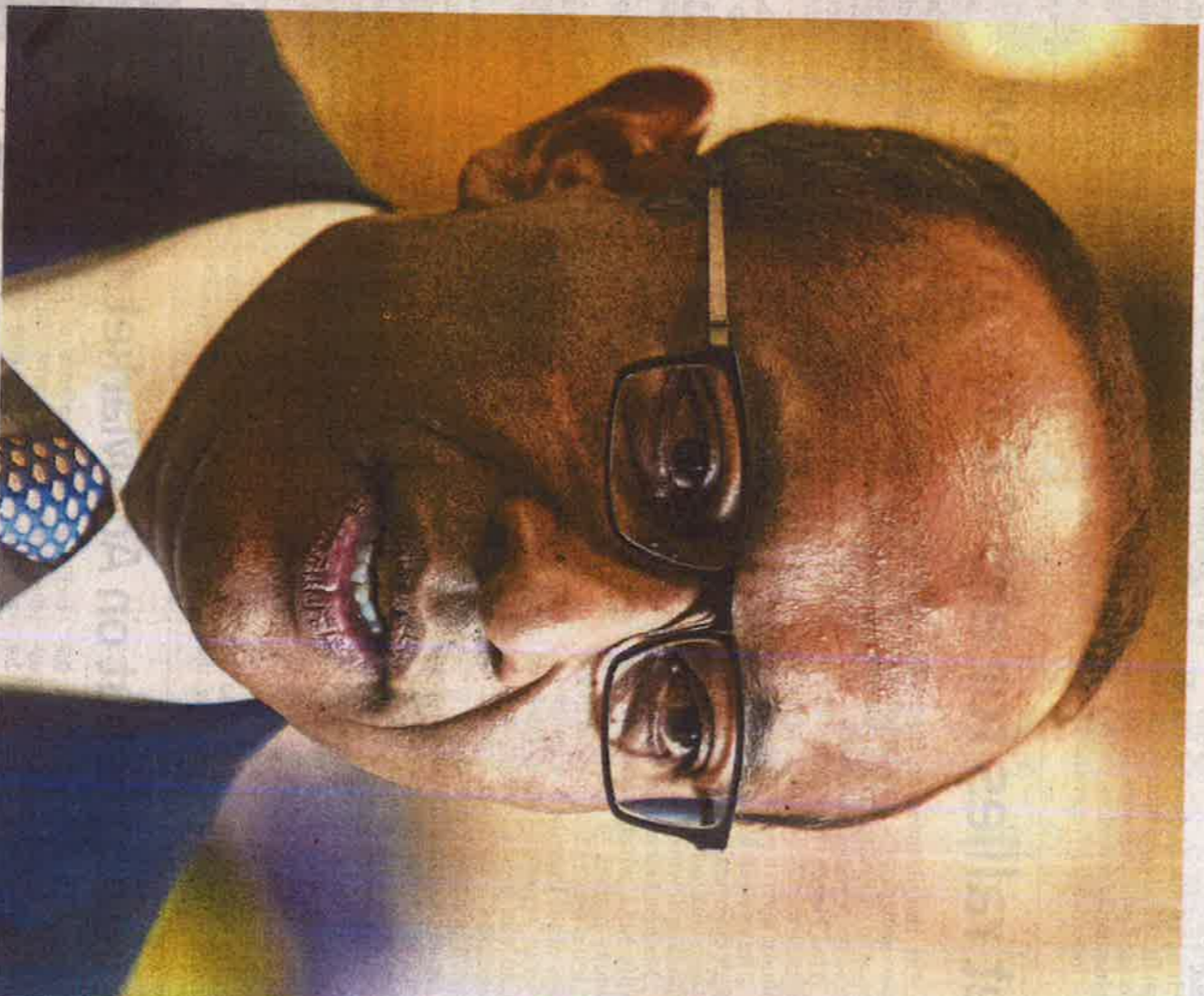
Lya told the press on the sidelines of the AGM that the issue of excessive remuneration had been brought up many times in previous AGMs, but it was only noted and no action was taken.

"This is even more pertinent because the company is not doing well at the moment (losses of RM2.51b in FY18). Why are such huge bonuses and paychecks still being paid while no dividends are being paid to shareholders? When you look at the performance of the company, it (remuneration) does not commensurate," Lya said.

"We have brought this issue up many times, but it's mostly just been noted with no concrete action being taken. Do note that this is a public-listed company with a big float, and shareholders and management's views must be aligned. Shahril only owns about a 1% stake in the company, but you have other shareholders as well," she added.

According to Sapura Energy's 2018 annual report, the EPF has a 5.21% stake in the company. It ceased to be a substantial shareholder on May 17 after having been a heavy seller of the stock for some time.

The MSWG also took issue with Sapura Energy's independent directors and voted against



Status quo: Shahril is still CEO of Sapura Energy after chalking up 82% of the votes in the AGM. — Bloomberg

their re-election. They were, however, re-elected as independent directors.

"We want to show that we are serious in wanting the directors to prove that they are committing themselves to do something about this. This is because shareholders are asking about the same thing and nothing changes every year. As an independent director, you should be looking at things in a more neutral manner to also look after the interest of all shareholders," Lya said.

"He is still the person behind the company. Our views are that it is not so much his fault. He can demand whatever pay he wants, but the board should look at it. The remuneration committee should look at it, whether it is merited to pay him so much. He can demand anything, but

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MSWG's Lya Rahman

the board should act independently looking at the interests of the shareholders and company performance as well," she added.