

Petronas to cut 1,000 jobs

Company targets leaner line-up to counter slump in crude oil prices

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PETALING JAYA: In a move unparalleled in its history, Petroliaam Nasional Bhd (Petronas) is cutting as many as 1,000 jobs as it reorganises its businesses and trims the fat to counter a slump in the price of crude oil.

The company said a voluntary separation scheme (VSS) will be offered within six months to select staff following an ongoing talent matching and redeployment exercise.

Non-critical contract staff will not see their employment extended.

The redundancies, Petronas said in a statement yesterday, were the expected result following an ongoing group-wide transformation programme.

"The new structure – designed for a flatter, leaner and more efficient

business operating model – is a part of deliberate, sequential measures that Petronas is undertaking to better navigate the organisation through tough external environments," the national oil giant said.

President and group chief Datuk Wan Zulkiflee Wan Ariffin had called for a closed-door townhall session yesterday to unveil the group's transformation programme.

This came a day after Petronas reported a 53% drop in pre-tax profits to RM36bil for the year ending Dec 31, 2015.

The packed townhall session was held at Petronas Twin Towers and lasted more than two hours.

It is understood that Petronas was hoping it would not reach this situation, adding that these measures were a last resort following oil

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Petronas

prices hitting new lows.

Wan Zulkiflee and his top management from the ranks of vice-president and above will forgo

their salary hikes this year as the company is expected to endure another tough year ahead.

However, pay increment for other staff in the company will not be affected, although the quantum will be reduced.

Crude oil prices went on a downward spiral beginning mid-June 2014, from US\$115 (RM483) per barrel to now trading at US\$35 (RM147) a barrel.

In the statement yesterday, Petronas also announced several changes at the top.

The new structure, which takes effect on April 1, sees appointments from within the organisation and the departure of some officials whose service contracts have ended.

The leaner line-up sees Datuk

Mohd Anuar Taib being promoted to executive vice-president and chief executive officer in charge of the group's upstream activities.

The former chairman of Shell Malaysia will take over the post from the outgoing Datuk Wee Yiau Hin, who will not be extending his contract effective April 1.

Meanwhile, the group's key downstream division will be headed by Md Ariff Mahmood. Business units will be combined to take on larger roles under the supervision of senior vice-presidents.

"It marks the start of a total group-wide transformation geared towards making it more resilient and focused to thrive both in the current and future industry landscapes," said Petronas in its statement.