MALAYSIA INVESTMENT PERFORMANCE REPORT 2015

DRIVING SUSTAINABLE GROWTH

29 February 2016
FDI INFLOWS
Global FDI Inflows

Cross border M&As largely contributed to the 36% jump in global FDI flows in 2015 to ~ US$ 1.7 trillion in developed economies.
In 2015, FDI inflows into Malaysia reached RM39.5 billion, 11.8% higher than that recorded for 2014.

Source: DOSM
In 2015, FDI inflows in the Manufacturing sector increased to RM17.7 billion compared with RM4.7 billion recorded in 2014.
Gross Fixed Capital Formation (GFCF) – Private Investment

Year | 2011 | 2012 | 2013 | 2014 | 2015
--- | --- | --- | --- | --- | ---
Current Price (RM mil.) | 114,759 | 142,307 | 162,815 | 183,902 | 198,747
Constant Price (RM mil.) | 110,863 | 134,543 | 151,749 | 168,510 | 179,375

10MP:
Private investments totalled RM802.5 bil. (current price), an average of RM160.5 bil. p.a. surpassing the target of RM148 bil. p.a.

Source: DOSM
TOTAL APPROVED INVESTMENTS IN 2015
Total Approved Investments

RM186.7 billion

Projects Approved: 4,887

Employment opportunities: 180,240

Services Sector: 62.2% (112,194)

Domestic:Foreign = 81:19

FDI: RM36.1 bil. (19%)

DDI: RM150.6 bil. (81%)
### Total Approved Investments

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Exc. Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>154.6</td>
<td>46.6</td>
<td>108.0</td>
<td>151.2</td>
</tr>
<tr>
<td>2012</td>
<td>167.9</td>
<td>52.8</td>
<td>115.1</td>
<td>159.8</td>
</tr>
<tr>
<td>2013</td>
<td>219.4</td>
<td>74.3</td>
<td>145.1</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>239.7</td>
<td>87.4</td>
<td>152.3</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>186.7</td>
<td>83.3</td>
<td>103.4</td>
<td></td>
</tr>
</tbody>
</table>

Source: MIDA
Total Approved Investments – By Sector

Services Sector continues to lead with investments of RM108.2 billion

Manufacturing RM74.7 bil. (40%)

Primary RM3.8 bil. (2%)

Services RM108.2 bil. (58%)
FDI vs DDI Approved

Domestic Investments continue to spearhead private investments

**2015**
- Domestic Investments: RM150.6 bil.
- Foreign Investments: RM36.1 bil.
- 80.6% DDI, 19.4% FDI

**2014**
- Domestic Investments: RM175.1 bil.
- Foreign Investments: RM64.6 bil.
- 73% DDI, 27% FDI

MALAYSIA INVESTMENT PERFORMANCE REPORT 2015
Quality Projects Approved

Xinyi Solar (Malaysia) Sdn. Bhd

**Investments:** RM379.4 million  
**Product/Activity:** Clear and coated photovoltaic functional glass  
**Employment:** 453  
21 Engineers  
34 Management personnel  
86 Skilled workers  
**Location:** Melaka  
**Highlights:**  
Leading international high-quality float glass manufacturer. Its R&D Centre conducts research for next generation glass

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Tosoh Advanced Materials Sdn. Bhd

**Investments:** RM325 million  
**Product/Activity:** Production of synthetic zeolite, a key ingredient in the automotive, chemical and petrochemical industries.  
**Employment:** 87  
23 Management personnel  
31 Technical & supervisory personnel  
**Location:** Telok Kalong Industrial Estate, Kuala Terengganu  
**Highlights:**  
Knowledge-intensive, high value-added activities, First of its kind in Malaysia and Asia (outside Japan),
### Inari Semiconductor Labs Sdn. Bhd.

**Investments:** RM71.8 million  
**Product/Activity:** Wafer-level processing, testing and certification of advanced fibre optic components  
**Employment:** 232  
77 Engineers/Professional personnel  
25 Management personnel  
77 Skilled workers  
**Location:** Melaka  
**Highlights:** This project will help strengthen the current E&E industry ecosystem in Malaysia, expanding the scope of the value chain of local companies, spanning across both front-end and back-end semiconductor manufacturing.

### UMW Aerospace Sdn. Bhd.

**Investments:** RM247.4 million  
**Product/Activity:** Fan case for aero engines.  
**Employment:** 166  
14 Engineers/Professional personnel  
21 Management/Supervisory personnel  
131 Skilled workers  
**Location:** Serendah, Selangor  
**Highlights:** Tier 1 supplier for Rolls Royce to manufacture aircraft parts in Southeast Asia.  
First in Asia to manufacture fan cases for Rolls Royce’s Trent 1000 and Trent 7000 aero engines.
Quality Projects Approved


Investments: RM254 million

Product/Activity: Principal Hub

Employment: 65

Location: Kuala Lumpur

Highlights:

Fortune 100 conglomerate and first global company to join Malaysia’s Principal Hub to support its business development plan in Malaysia and the region via its state-of-the-art technologies and solutions in aerospace, buildings, homes and industry, automobile, and oil gas industries
INVESTMENTS APPROVED IN THE MANUFACTURING SECTOR
Approved investments increased year-on-year.

- **Approved Investment**: RM74.7 billion
- **Projects**: 680
- **Jobs**: 66,490

<table>
<thead>
<tr>
<th>Year</th>
<th>RM Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>74,693</td>
</tr>
<tr>
<td>2014</td>
<td>71,852</td>
</tr>
</tbody>
</table>

Approved investments increased by 4% year-on-year.
DDI continues to drive investments

2015
- RM74.7 billion
- RM21.9 bil. (29%)
- RM52.8 bil. (71%)

2014
- RM71.9 billion
- RM32.3 bil. (45%)
- RM39.6 bil. (55%)

Approved Investments in the Manufacturing Sector
DDI vis-à-vis FDI
USA, Japan and Hong Kong were the main sources of FDI, contributing more than half of total foreign investments approved.
Approved Investments in the Manufacturing Sector - By State

<table>
<thead>
<tr>
<th>State</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johor</td>
<td>21,176</td>
<td>31,102</td>
</tr>
<tr>
<td>Sarawak</td>
<td>9,640</td>
<td>11,817</td>
</tr>
<tr>
<td>Selangor</td>
<td>7,042</td>
<td>7,964</td>
</tr>
<tr>
<td>Melaka</td>
<td>4,520</td>
<td>6,859</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>6,724</td>
<td>8,162</td>
</tr>
<tr>
<td>Perak</td>
<td>3,887</td>
<td>1,708</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>3,095</td>
<td>1,708</td>
</tr>
<tr>
<td>Terengganu</td>
<td>1,357</td>
<td>1,400</td>
</tr>
<tr>
<td>Kedah</td>
<td>5,285</td>
<td>1,357</td>
</tr>
<tr>
<td>Pahang</td>
<td>5,200</td>
<td>1,161</td>
</tr>
<tr>
<td>Kelantan</td>
<td>1,243</td>
<td>354</td>
</tr>
<tr>
<td>Sabah</td>
<td>2,918</td>
<td>348</td>
</tr>
<tr>
<td>W.P. - Kuala Lumpur</td>
<td>4</td>
<td>48</td>
</tr>
<tr>
<td>Perlis</td>
<td>213</td>
<td>3</td>
</tr>
<tr>
<td>W.P. - Labuan</td>
<td>33</td>
<td>3</td>
</tr>
</tbody>
</table>

RM Million
Approved Investments in the Manufacturing Sector - By Corridor

A total of RM25.3 billion investments approved in the investment corridors

- **RM8.1 bil.** KORIDOR UTARA
- **RM3.4 bil.** EAST COAST ECONOMIC REGION
- **RM2.9 bil.** ISKANDAR MALAYSIA
- **RM10.6 bil.** SABAH DEVELOPMENT CORRIDOR
- **RM0.3 bil.**
Approved Investments in the Manufacturing Sector

Major Projects Approved in the Corridors

- Fuji Electric (Malaysia) Sdn. Bhd.
- Horizon O & G Fabrication Sdn. Bhd.
- MSM Sugar Refinery (Johor) Sdn. Bhd.
- Petronas LNG 9 Sdn. Bhd.
The bulk of investments came from Petroleum Products, Natural Gas, E&E, Transport Equipment and Non-Metallic Mineral Products.
Malaysia remains an ideal location for new investments.

Approved Investments in the Manufacturing Sector
New & Expansion/Diversification Projects Approved

- **RM74.7 billion**
  - **New Projects**: RM60.2 bil. (81%)
  - **Expansion / Diversification Projects**: RM14.5 bil. (19%)
Approved Investments in the Manufacturing Sector

- By Category of Employment

37% skilled/high-skilled job opportunities created from projects approved in 2015

Managerial: 12,825 (19%)
Technical & Supervisory: 4,759 (7%)
Craft Skills: 9,192 (14%)
Machine Operators/Assembly Workers: 10,227 (16%)
Sales, Clerical & Others: 29,487 (44%)

66,490 jobs
Investments worth RM175.1 bil. in implemented projects (2011-2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
<th>Machinery Installation</th>
<th>Site Acquired</th>
<th>Planning</th>
<th>Not Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>351</td>
<td>42</td>
<td>22</td>
<td>255</td>
<td>10</td>
</tr>
<tr>
<td>2014</td>
<td>579</td>
<td>59</td>
<td>26</td>
<td>129</td>
<td>18</td>
</tr>
<tr>
<td>2013</td>
<td>603</td>
<td>35</td>
<td>13</td>
<td>102</td>
<td>34</td>
</tr>
<tr>
<td>2012</td>
<td>577</td>
<td>44</td>
<td>14</td>
<td>102</td>
<td>67</td>
</tr>
<tr>
<td>2011</td>
<td>641</td>
<td>36</td>
<td>18</td>
<td>92</td>
<td>59</td>
</tr>
</tbody>
</table>

Implementation Rate
- 2015: 57.8%
- 2014: 78.7%
- 2013: 81.0%
- 2012: 77.3%
- 2011: 80.1%

Source: MIDA
INVESTMENTS APPROVED IN THE SERVICES SECTOR
Approved Investments in the Services Sector

Services sector contributes 58% of approved investments

- Approved Investment: RM 108.2 billion
- Projects: 4,150
- Jobs: 112,194

Comparison between 2015 and 2014:
- 2015: RM 108,236
- 2014: 153,438
Domestic investments continue to dominate

Approved Investments in the Services Sector

**DDI vis-à-vis FDI**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Investments</th>
<th>DDI</th>
<th>FDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>RM108.2 billion</td>
<td>RM12.4 bil.</td>
<td>RM95.8 bil.</td>
</tr>
<tr>
<td>2014</td>
<td>RM153.4 billion</td>
<td>RM17.7 bil.</td>
<td>RM135.7 bil.</td>
</tr>
</tbody>
</table>

- DDI: Domestic Direct Investment
- FDI: Foreign Direct Investment
Real Estate, Transport and Financial Services were the major sub-sectors.

- **Real Estate**: 26.9 RM Billion
- **Transport**: 15.7 RM Billion
- **Financial Services**: 15.4 RM Billion
- **Utilities**: 11.7 RM Billion
- **Global Establishments**: 8.2 RM Billion
- **Distributive Trade**: 6.8 RM Billion
- **Hotel & Tourism**: 5.4 RM Billion
- **MSC Status**: 4.6 RM Billion
- **Others**: 13.5 RM Billion

**Approved Investments in the Services Sector - By Industry**

2015:
- Real Estate: RM108.2 billion
- Transport: RM88.6 billion

2014:
- Real Estate: RM153.4 billion
- Transport: RM113.7 billion
Malaysia continues to strengthen its position as a competitive regional operation base for major MNCs in 2015.

Rm 8.2 bil.
Approved investments

4,217
Jobs

Approved Investments in the Services Sector
Global Establishment

2014
2015

Approved investments

No. of Projects

250
200
150
100
50
0

Principal Hub
Global Operations Hub
Representative Office (RE)
Regional Office (RO)
Regional Distribution Centre (RDC)
Treasury Management Centre (TMC)
International Procurement Centre (IPC)
Operational Headquarters (OHQ)
Global Establishments are now making inroads into other States other than FT of Kuala Lumpur and Selangor

<table>
<thead>
<tr>
<th>State</th>
<th>Approved Investments in the Services Sector (RM Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>K. Lumpur</td>
<td>5,485</td>
</tr>
<tr>
<td>Selangor</td>
<td>1,623</td>
</tr>
<tr>
<td>P. Pinang</td>
<td>369</td>
</tr>
<tr>
<td>Johor</td>
<td>315</td>
</tr>
<tr>
<td>Others</td>
<td>268</td>
</tr>
<tr>
<td>Kedah</td>
<td>71</td>
</tr>
<tr>
<td>Melaka</td>
<td>41</td>
</tr>
<tr>
<td>N. Sembilan</td>
<td>39</td>
</tr>
<tr>
<td>Sarawak</td>
<td>5</td>
</tr>
<tr>
<td>Sabah</td>
<td>4</td>
</tr>
<tr>
<td>Labuan</td>
<td>2</td>
</tr>
<tr>
<td>Perak</td>
<td>1</td>
</tr>
</tbody>
</table>

Cont'd
INVESTMENTS APPROVED IN THE PRIMARY SECTOR
### Approved Investments in the Primary Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>2015 (RM Billion)</th>
<th>2014 (RM Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>Plantation &amp; Commodities</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Mining</td>
<td>2.8</td>
<td>13.5</td>
</tr>
</tbody>
</table>

- Approved Investment: RM 3.8 billion
- Projects: 57
- Jobs: 1,556
THE WAY FORWARD
IMF World Economic Outlook Update, January 2016 forecasts world output will grow at 3.4% in 2016 and 3.6% in 2017. Emerging Market and Developing Economies are expected to grow at 4.3% in 2016 and 4.7% in 2017.

UNCTAD forecasts FDI flows are expected to decline in 2016 reflecting the fragility of the global economy, volatility of global financial markets, with aggregate demand and a significant deceleration in some large emerging market economies.

The World Bank projects Malaysia’s GDP to record 4.5% growth in 2016 and 2017, a revision from 4.2% that was forecast earlier.

Source: IMF / UNCTAD / The World Bank
Way Forward

Mitigating Strategies

MIDA’s investment strategies/policy formulations in the manufacturing sector, would focus on 11MP’s “3+2” catalytic and growth sectors.

- Increase efforts to develop and enhance local supply chain to support MNCs.
- Intensifying promotion of high quality projects with focus on R&D, productivity, green technology and other quality features to locate in Malaysia.
- To make costs of doing business competitive.
- Leverage on the FTA Networks, AEC and TPPA, in making Malaysia an investment gateway and to gain better market access.
- Intensify handholding and facilitation efforts to actualise implementation of approved projects.
- Carrying out more direct engagement and outreach programmes with the private sector and relevant stakeholders via Turun Padang visits, Roundtable Meetings, etc.

Challenges...

- Uncertain Global Economic Scenario
- Currency Volatility
- Low Energy and Commodity Prices
- Subdued FDI Outlook
- China Factor
- Increasing Costs of Doing Business
Investments in the Pipeline
As at February 2016

• Manufacturing (RM24.0 billion)
  ❖ Sub-sectors
    • Chemicals & Chemical Products
    • Machinery & Metal
    • E&E
    • Other

• Services (RM9.8 billion)
  ❖ Sub-sectors
    • Global Establishments
    • Clean technology
    • Others

• Major Foreign Sources of Investments
  • The Netherlands, United Kingdom, China and Japan

Manufacturing & Services: RM33.8 bil.
THANK YOU

MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY