A RECORD YEAR for Investment

MALAYSIA INVESTMENT PERFORMANCE REPORT 2014
Global FDI inflows in 2014 declined by 8%.

Note: *Revised  **Preliminary Estimates
Source: UNCTAD’s Global Investment Trends Monitor, 29 January 2015
Global FDI inflows into Malaysia declined by 8% in 2014

RM Million

Source: DOSM
REALISED PRIVATE INVESTMENTS 2014

Reached a record RM181.5 billion, an increase of 13.1% compared with RM160.5 billion in 2013.

Surpassing the RM148 billion average annual target at 10.9% growth set under the 10th Malaysia Plan.

Source: DOSM
REALISED PRIVATE INVESTMENTS 2014

Yearly Gross Fixed Capital Formation (GFCF) consistently registered double-digit growth since 2010

Annual average GFCF of RM148.4 bil achieved during 2011-2014 on track to meet annual average target of RM148 bil set for 10MP period.

Source: DOSM
REALISED PRIVATE INVESTMENTS 2014

Double-Digit growth over corresponding quarters since Q1 2012

Q1 2012: 19%
Q2 2012: 25.8%
Q3 2012: 23.3%
Q4 2012: 22.8%
Q1 2013: 10%
Q2 2013: 11.1%
Q3 2013: 15.6%
Q4 2013: 16.6%
Q1 2014: 14.1%
Q2 2014: 12.1%
Q3 2014: 6.8%
Q4 2014: 11.2%
APPROVED INVESTMENTS

RM235.9 billion
A new record for approved investments

72.6 : 27.4
Domestic-Foreign investment ratio

5,942
Projects Approved

178,360
Employment opportunities
Investments in Malaysia reached a new record level

TOTAL INVESTMENTS APPROVED IN 2014

RM Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (RM Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>148.8</td>
</tr>
<tr>
<td>2008</td>
<td>137.0</td>
</tr>
<tr>
<td>2009</td>
<td>104.9</td>
</tr>
<tr>
<td>2010</td>
<td>105.6</td>
</tr>
<tr>
<td>2011</td>
<td>154.6</td>
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<tr>
<td>2012</td>
<td>167.8</td>
</tr>
<tr>
<td>2013</td>
<td>219.4</td>
</tr>
<tr>
<td>2014</td>
<td>235.9</td>
</tr>
</tbody>
</table>
TOTAL INVESTMENTS APPROVED IN 2014

RM235.9 billion
Approved investments

178,360
Jobs Created

5,942
Projects Approved

Increased by 8%

Year
2013: 219.4
2014: 235.9

RM Billion
TOTAL INVESTMENTS APPROVED IN 2014

Both Domestic Investments and FDI increased

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI (%)</th>
<th>FDI (RM)</th>
<th>DDI (%)</th>
<th>DDI (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>27.1%</td>
<td>RM59.5 bil.</td>
<td>72.9%</td>
<td>RM159.9 bil.</td>
</tr>
<tr>
<td>2014</td>
<td>27.4%</td>
<td>RM64.6 bil.</td>
<td>72.6%</td>
<td>RM171.3 bil.</td>
</tr>
</tbody>
</table>
TOTAL INVESTMENTS APPROVED IN 2014

Services continues to lead, while Manufacturing contributes significantly in approved investments

- **30.5%** Manufacturing
  - RM71.9 bil.
- **63.4%** Services
  - RM149.6 bil.
- **6.1%** Primary
  - RM14.4 bil.

RM235.9 billion
QUALITY PROJECTS APPROVED IN 2014

Infineon Technologies

- Competence Centre for Megatrend Technologies in Kulim (RM780 million for R&D activities, 32 engineers employed full time)
- Expansion of Development Centre in Melaka, focusing on R&D competencies.
- Collaboration in areas of talent development with local universities.

EMPLOYMENT:

Current: 9,390
1,315 engineers
845 managers/professionals/researchers
3,380 skilled workers

PROJECT COST:
RM4.0 bil.

PRODUCT / ACTIVITY:
Semiconductors for the automotive, power management and hardware security industries.

INVESTMENTS:
Existing: RM11 bil. (1 Kulim, 2 Melaka)
Additional: RM4 bil. (Kulim)
QUALITY PROJECTS APPROVED IN 2014

Pengerang Integrated Complex

- An entity of Johor State Pengerang Integrated Petroleum Complex (PIPC) under the ETP to establish new engines of growth for Malaysia.

- Meeting future energy requirement and strengthening PETRONAS’ position as a key player in the Asian chemicals market, focusing on differentiated and specialty chemicals.

PROJECT COST
US$27 billion (2019 Forecast)

PRODUCT / ACTIVITY:
Refinery and Petrochemical Integrated Development (RAPID) complex and its associated facilities.

EMPLOYMENT:
4,000 people (projected employment opportunities during PIC Operations (2019)
800 Management
1,600 Technical Professionals
1,600 Skilled Technicians
Vitrox Technologies Sdn. Bhd.

Homegrown SME making its mark

- Centre of Excellence (COE) for Machine Vision technology. Two main functions of the COE: A R&D/Incubator Centre and a Training Centre.

- The R&D/Incubator Centre enables SMEs to gain access to vision technology for their products.

- The Training Centre provides training to technopreneurs, professionals, researchers and institutions of higher learning on vision machine technology.

PROJECT COST:
RM604.7 mil.

INVESTMENTS:
Existing: RM621.3 mil.
Additional: RM604.7 mil.

PRODUCT / ACTIVITY:
Automated machine vision inspection solution providers

EMPLOYMENT:
Current: 164
Additional 2014: 336
2016 – 2020: 1,000 (forecast)
555 engineers
26 researchers
152 technicians/skilled workers
INVESTMENTS APPROVED IN THE MANUFACTURING SECTOR
Approved investments grew year-on-year

811 PROJECTS

78,340 JOBS

CIPE Ratio of RM917,155 in 2014, a surge of 64% from RM560,299 in 2013.

Note: CIPE - Capital Investment Per Employee
Investments approved increased by 38% in 2014 vis-à-vis 2013 – A new record
Continued investors’ confidence in Malaysia as an investment destination

2013
- 58.5% FDI
  - RM30.5 bil.
- 41.5% DDI
  - RM21.6 bil.
- RM52.1 billion

2014
- 55.1% FDI
  - RM39.6 bil.
- 44.9% DDI
  - RM32.3 bil.
- RM71.9 billion
MANUFACTURING SECTOR

70.1% of FDI came from Asian Countries while 24.5% were from EU and the USA

RM Million

- Japan: 10,870
- European Union: 8,359
- Singapore: 7,822
- China: 4,752
- Korea, Rep.: 1,549
- USA: 1,350
MANUFACTURING SECTOR
Investment Hotspots

- Investments Approved (RM bil.)
  - Klang Valley: 7.1
  - Iskandar Malaysia: 3.6
  - East Coast Economic Region: 8.0
  - Sabah: 2.9
  - Kobilor Utara: 13.7

MIDA
MANUFACTURING SECTOR

Petroleum, E&E, Chemical, Basic Metal & Transport Industries contribute the lion’s share of approved investments in 2014

2013

RM52.1 bil.

- E&E: 9.8 (18.8%)
- Transport: 6.6 (12.7%)
- Chemicals: 5.8
- Petroleum: 5.6
- Basic Metals: 4.3
- Food: 3.6
- Rubber: 2.3
- Non-Metallic: 2.0
- Others: 5.9

2014

RM71.9 bil.

- E&E: 16.0 (22.3%)
- Transport: 9.9
- Chemicals: 10.8 (15.4%)
- Petroleum: 11.1 (15.0%)
- Basic Metals: 5.6
- Food: 2.5
- Non-Metallic: 3.5
- Machinery & Equip.: 2.9
- Others: 7.4
- Fabricated Metal: 2.2
MANUFACTURING SECTOR

Malaysia remains an ideal location for new investments and sustains existing investors’ confidence to reinvest

39.5% Expansion / Diversification Projects RM28.4 bil.

60.5% New Projects RM43.5 bil.

RM71.9 billion
MANUFACTURING SECTOR

Working together with partners to attract investments

52.6% Economic Corridors RM37.8 bil.

47.4% Other Region RM34.1 bil.

RM71.9 billion

RM13.7 billion
RM9.6 billion
RM8.0 billion
RM3.6 billion
RM2.9 billion

Sarawak Economic Development Corp
Multimedia Development Economic Corporation
Biotechnology Corporation
Small Medium Enterprise Corporation
Kedah Investment Centre
Selangor State Investment Centre
Johor State Investment Centre
InvestPenang
InvestPerak
ISKANDAR MALAYSIA
EAST COAST ECONOMIC REGION
InvestKL
INVEST MALAYSIA
KICO
Driving Transformation
MIDEC
Negeri Sembilan Investment Centre
Pahang State Development Corporation
Invest o Melaka
Trade & Investment Missions and Specific Project Missions undertaken in 2014

Trade And Investment Mission to India
26-31 Jan 2014 (Bangalore & Chennai)

Trade and Investment Mission to Philippines
23 May 2014 (Manila)

Trade and Investment Mission To China
26 May – 1 June 2014 (Guangzhou, Xi’an and Beijing)

Trade and Investment Mission To Australia
9-15 August 2014 (Sydney, Melbourne and Adelaide)

Trade and Investment Mission to Singapore
3-4 September 2014 (Singapore)

Trade and Investment Mission to Canada and USA
21-26 September 2014 (Toronto, Boston and New York)

Trade and Investment Mission to Korea and Japan
29 Sept – 3 Oct 2014 (Seoul, Tokyo and Osaka)

Trade and Investment Mission to Europe
11-23 October 2014 (Munich, Dusseldorf, Frankfurt, Milan & Madrid)

Specific Project Missions: 22
MANUFACTURING SECTOR

Other promotion activities undertaken in 2014

**World Economic Forum 2014**
22 - 25 January 2014 (Davos, Switzerland)

**Offshore Technology Conference 2014**
5 - 8 May 2014 (Houston, USA)

**World Economic Forum East Asia 2014**
21-22 May (Manila, Philippines)

**The 18th China International Fair for Investment and Trade (CIFIT)**
8 – 9 September 2014 (Xiamen, China)

**The 11th China ASEAN Expo (CAEXPO)**
15 – 19 September 2014 (Nanning, China)

**10th WIEF Dubai**
26 – 30 November 2014 (Dubai, UAE)

**14th Asia Pacific Conference For German Business**
20-22 November 2014 (Ho Chi Minh City, Vietnam)
MANUFACTURING SECTOR

Projects Implemented as at 31 December 2014

Investments worth RM172.9 bil. in implemented projects

Year of Approval

2010: 86.0%
2011: 80.9%
2012: 76.4%
2013: 76.4%
2014: 64.2%
81.8% skilled/high-skilled employment realised in 2014 from projects approved between 2010 - 2014

83,420 jobs

62.4% Skilled Workers 52,060
19.4% Managerial, Technical & Supervisory 16,200
16.1% Sales, Clerical & Others 13,440
2.1% Unskilled Workers 1,720
INVESTMENTS APPROVED IN THE SERVICES SECTOR
Services sector continues to dominate Malaysia’s economy, contributing 63% of approved investments

5,059 PROJECTS

98,540 JOBS

[Chart showing RM Billion for 2013 and 2014]
Services sector sustained its investments in 2014

RM Billion

- 2007: 66.4
- 2008: 50.1
- 2009: 38.7
- 2010: 36.7
- 2011: 70.4
- 2012: 122.9
- 2013: 147.7
- 2014: 149.6
Domestic investments continue to dominate

2013
- 12.9% FDI
  RM19.0 bil.
- 87.1% DDI
  RM147.7 billion

2014
- 12% FDI
  RM17.7 bil.
- 88% DDI
  RM149.6 billion

MIDA
Real Estate, Utility & Distributive Trade were the major sub-sectors

**2013**
- Real Estate: 14.5 (56.4%)
- Distributive Trade: 7.0
- Hotel & Tourism: 9.1
- Transport: 7.9
- Telecomm.: 8.8
- Utility: 12.1 (8.2%)
- Regional Establishments: 5.0
- Others: 7.9

**2014**
- Real Estate: 8.3 (59.2%)
- Distributive Trade: 9.0 (6.0%)
- Utility: 4.5
- Regional Establishments: 8.7
- Telecomm.: 6.1
- Hotel & Tourism: 5.3
- Transport: 6.7
- Support Services: 6.9
- Others: 5.6

RM Billion
Malaysia continued to strengthen its position as a competitive regional operation base for major MNCs in 2014.

RM 5.6 BIL. APPROVED INVESTMENTS

3,100 JOBS
While predominantly located in FT of Kuala Lumpur and Selangor, Regional Establishments are now making inroads into other States.

<table>
<thead>
<tr>
<th>Location</th>
<th>RM Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>W.P. Kuala Lumpur</td>
<td>2,437</td>
</tr>
<tr>
<td>Selangor</td>
<td>2,377</td>
</tr>
<tr>
<td>Kedah</td>
<td>247</td>
</tr>
<tr>
<td>P. Pinang</td>
<td>234</td>
</tr>
<tr>
<td>Johor</td>
<td>121</td>
</tr>
<tr>
<td>N. Sembilan</td>
<td>89</td>
</tr>
<tr>
<td>Melaka</td>
<td>45</td>
</tr>
<tr>
<td>Others</td>
<td>36</td>
</tr>
<tr>
<td>Sabah</td>
<td>14</td>
</tr>
<tr>
<td>Sarawak</td>
<td>1</td>
</tr>
</tbody>
</table>
SERVICES SECTOR

Major global operations hub & OHQ approved in 2014

Atos Worldline Sdn. Bhd. : Innovation and Management hub

SanDisk Corporation : Global Supply Chain Management Centre

Zurich : Regional hub – Shared Services

Scomi Oiltools Sdn. Bhd. : Regional Headquarters

First Solar Inc. : Global Shared Services Centre of Excellence
INVESTMENTS APPROVED IN THE PRIMARY SECTOR
Oil & Gas propels investments in the sector

72 PROJECTS

1,500 JOBS
THE WAY FORWARD
INVESTMENT OUTLOOK

- IMF World Economic Outlook Update, January 2015 forecasts world output will grow at 3.5% in 2015, slightly lower than the earlier forecast (3.8%).

- UNCTAD forecasts uncertainty in trends of global FDI flows in 2015. The fragility of the world economy, with growth tempered by hesitant consumer demand, volatility in currency markets and geopolitical instability will act as a deterrent for investors.

- Malaysia’s economy is projected to grow between 4.5% and 5.5% in 2015.

Source: IMF / UNCTAD / Ministry of Finance
WAY FORWARD

• Amid the current global economic challenges, MIDA, as the ‘single window’ for investment into Malaysia, will further enhance its central coordination functions.

  ▪ Workshop on Coordination of National Investment Agenda 2015 – Outcome:
    i. Strengthening the coordination of investment promotion activities among IPAs;
    ii. Enhancing facilitation of approved investments to ensure actualisation of project implementation; and
    iii. Improving the compilation and dissemination of investment statistics.

• Continue to focus on the ecosystem approach for targeted industries.
WAY FORWARD

• The Government will continue to introduce various measures to enhance Malaysia’s competitiveness. Among measures addressed in Budget 2015:
  
i. Tax incentives for principal hubs and projects that invest in innovation, technology and involving the creation of high-income jobs.

  ii. 200% capital allowance on automation expenditure to encourage automation, especially for labour-intensive industries.

  iii. Five-year full tax exemption to manage, maintain and upgrade industrial estates.

  iv. Special locational Incentive packages for less developed areas.

• Projects in the Pipeline (2015) - RM65.1 billion
  
  Manufacturing : RM51.4 billion
  Services : RM13.7 billion
WAY FORWARD

Proposed Trade & Investment Missions & Specific Project Missions in 2015

Working Visits to Qatar & Belgium, and Trade and Investment Mission to Spain
2–6 May 2015 (Doha, Barcelona and Brussels)

Trade and Investment Mission to Japan
7–9 September 2015 (Tokyo and Osaka)

Trade and Investment Mission to China
16–17 September 2015 (Guangdong and Nanning)

Trade and Investment Mission to Germany and Turkey
12 – 16 October 2015 (Stuttgart and Istanbul)

Working Visit to Saudi Arabia
November 2015 (Riyadh/Jeddah)

Specific Project Missions : 20
A RECORD YEAR for Investment

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