

INVEST MALAYSIA 2020

THE CAPITAL MARKET CONVERSATION

RECOVER | ADVANCE | SUSTAIN

CONVERSATION GUIDE

INFRASTRUCTURE | PALM OIL | RUBBER GLOVES

V2

THE INVEST MALAYSIA TRADITION

continues with the 16th instalment of the Bursa Malaysia annual capital market conversation that will reach a wider, global audience with a new virtual platform that is interactive, fast paced and designed to deliver insights direct from decision makers.

A series of virtual Invest Malaysia 2020 events have been designed to evoke conversation around Malaysia's recovery from this unique Covid-19 economic period and the marketplace advances that are being put in place to ensure long-term sustainable growth post Covid-19.

**OUR
RESPONSIBILITY.**

“

The Government of Malaysia, which is currently experiencing a contraction caused by the COVID-19 pandemic, is expected to fully recover next year. ”

YB Dato' Sri Mustapa Bin Mohamed
Minister of Economic Affairs, Malaysia

“

It is now our responsibility, as the Malaysian corporate collective, to do our part and advance our policies and practices to ensure the long-term sustainability of our businesses and our nation. ”

Tan Sri Abdul Wahid Omar,
Chairman, Bursa Malaysia

**OUR
OPPORTUNITY.**



RECOVER

ADVANCE

SUSTAIN

ADVANCING SUSTAINABLE GROWTH

The world is going through an unprecedented healthcare crisis.

Every government, corporation and citizen has in some way been impacted by the Covid-19 pandemic.

This unique economic period, as challenging as it has been, brings an opportunity to look forward with clarity on how we can collectively advance our nations, businesses and family structures to create a more sustainable future.



THE THREE CONVERSATIONS

01

How will Malaysia use the Covid-19 era to do the right things for the long-term?

02

How does conscious capital lead to more productive, ESG principled companies?

03

What are the other right measures Malaysia needs to take this year?

MALAYSIA HAS OUTPERFORMED REGIONAL PEERS YTD DURING THE COVID-19 ERA.

Q: Could sound fundamentals and swift action be a driver?

Malaysia (FBM KLCI) :	+ 1.11%
USA (DJI) :	- 7.61%
Hong Kong (HSI) :	- 8.58%
Thailand (SETI) :	- 15.03%
UK (FTSE) :	- 18.32%
Singapore (STI) :	- 18.33%

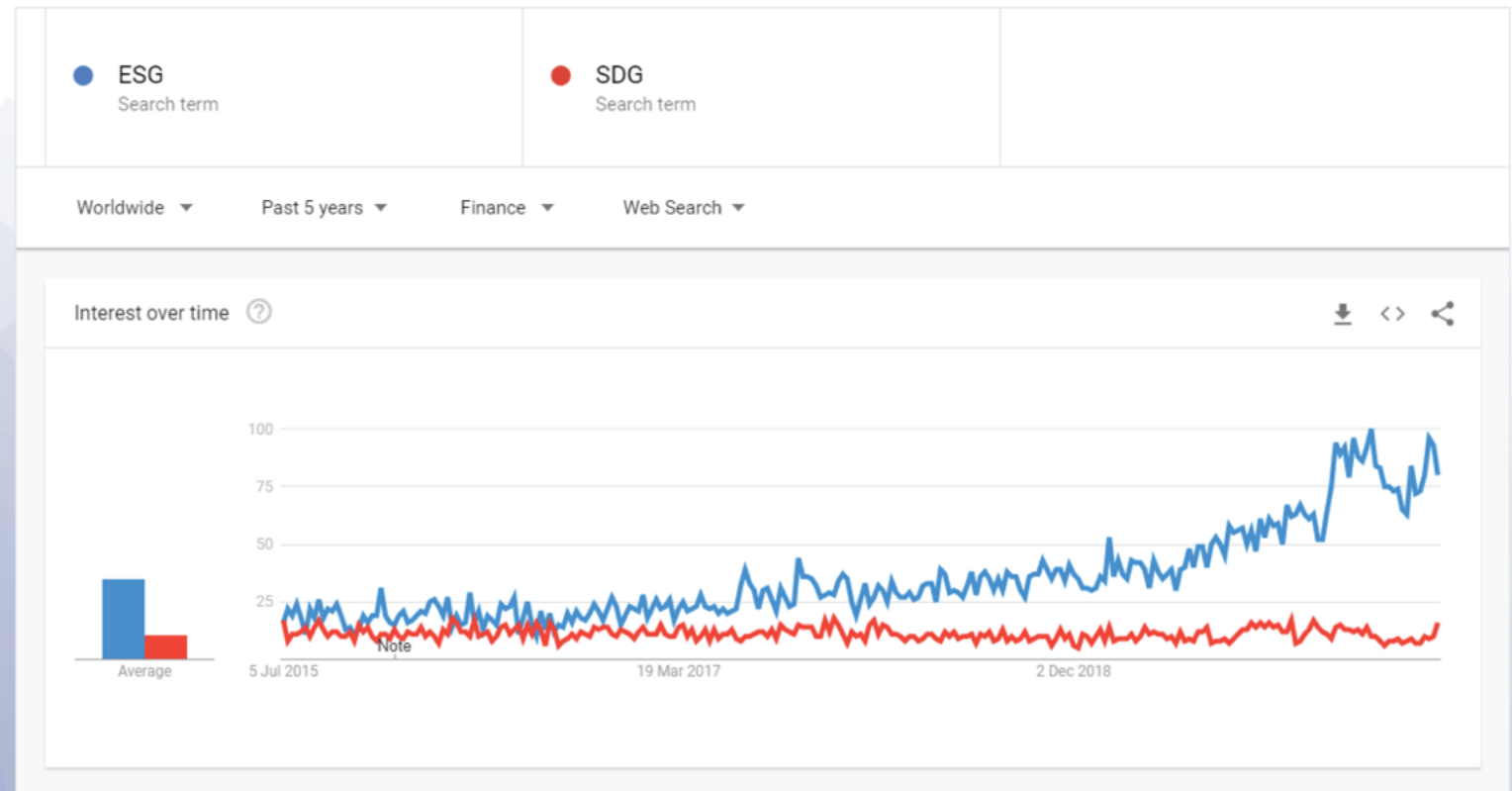


13-Jul-2020 10:25PM

Source : Thomson Reuters Eikon

ESG as a topic in Google search has significantly outpaced interest in the Sustainable Development Goals over the last 5 years.

Q: Is ESG an activation and monetising platform for SDGs?



Source : Google Trends, Interest Over Time
Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term.

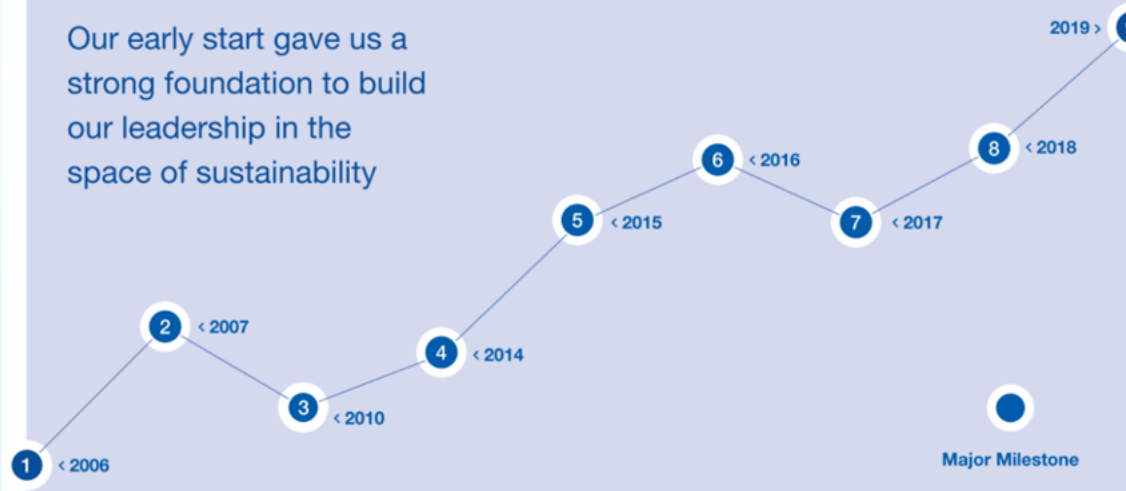
Bursa Malaysia's Sustainability Journey and Major Milestones

Supporting inclusive economic growth and sustainable development that creates lasting value for market participants – both now and for generations to come.

Malaysia's sustainability journey had a comfortable head start

The principles of **Islamic Finance** and **Responsible Investing** share many characteristics; therefore Malaysia's building of an Islamic Finance Marketplace has underpinned its journey towards the development of a sustainable marketplace.

Our early start gave us a strong foundation to build our leadership in the space of sustainability

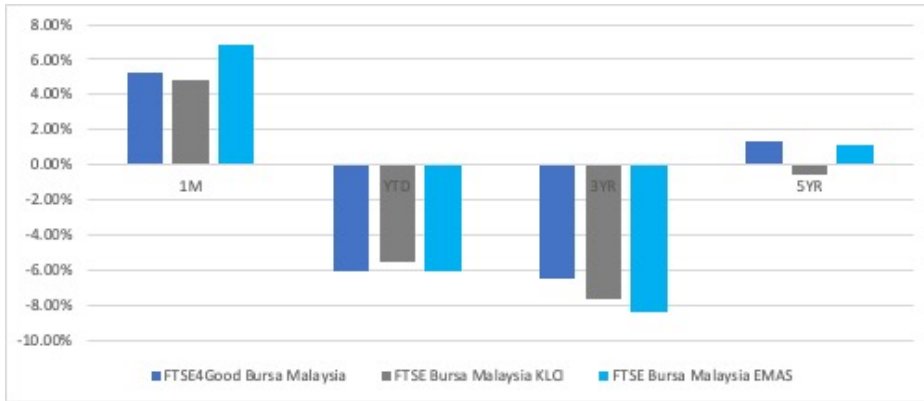


Our Sustainability Journey and Major Milestones:

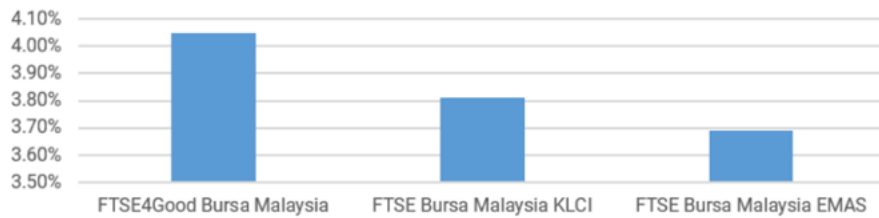
- 1 **2006:** - Introduced Corporate Social Responsibility (CSR) Framework to Public Listed Companies (PLCs)
- 2 **2007:** - Mandated CSR reporting for PLCs took effect
- 3 **2010:** - Launched the Business Sustainability Programme for PLCs
 - Corporate Sustainability Committee (formerly known as Sustainability Committee) was established
- 4 **2014:** - Launched first FTSE4Good Bursa Malaysia (F4GBM) Index
 - Bursa Malaysia also became a constituent of the Index
- 5 **2015:** - Became a member of the Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges (WFE) Sustainability Working Group
 - Introduced the Sustainability Reporting Framework for our PLCs (amended relevant Listing Requirements, issued new guide and toolkits)
- 6 **2016:** - Implemented the Sustainability Engagement Series for PLCs
- 7 **2017:** - Established a dedicated Sustainability Department to reinforce our commitment to promoting sustainability
- 8 **2018:** - Launched BURSASUSTAIN, a one-stop knowledge portal to support market participants on Corporate Governance (CG), sustainability and responsible investment
 - Developed our Sustainability Roadmap 2019-2020
 - Became an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
 - Enhanced the Sustainability Reporting Framework for our PLCs (amended guide and toolkits)
- 9 **2019:** - Became an official supporter of Women's Empowerment Principles (WEPs)
 - Developed an internal Sustainability Policy to articulate our commitment to sustainability within our business operations and guide employee behaviour and conduct

ESG Enabled Companies Outperform in Malaysia

ESG(FTSE4Good) vs Benchmark Indices



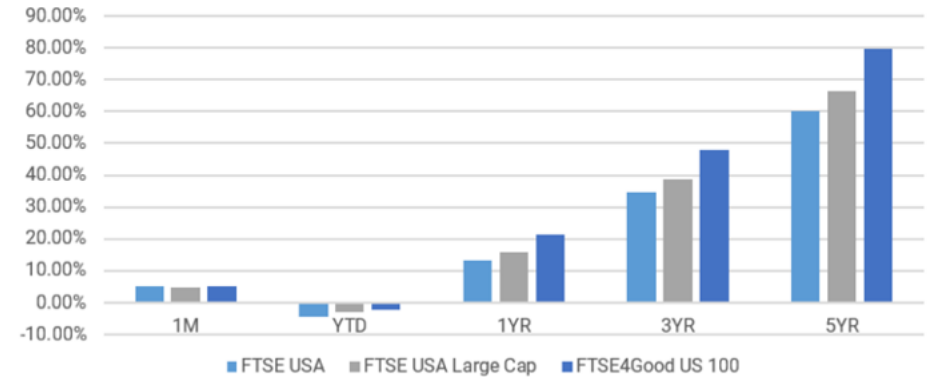
Div Yield%



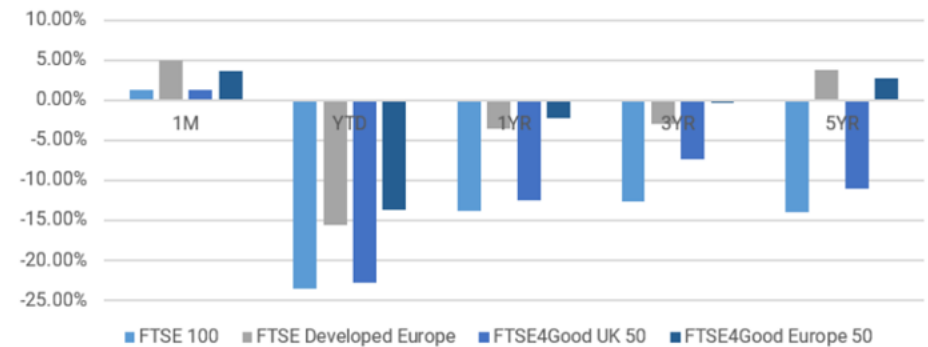
29 May 2020	Performance						
	1M	YTD	3YR	5YR	Constituents	Net Mcap (RM)	Div Yield %
FTSE4Good Bursa Malaysia	5.27%	-6.08%	-6.48%	1.32%	69	467,141	4.05%
FTSE Bursa Malaysia KLCI	4.80%	-5.54%	-7.66%	-0.62%	30	460,529	3.81%
FTSE Bursa Malaysia EMAS	6.83%	-6.07%	-8.36%	1.10%	231	635,044	3.69%

ESG Enabled Companies Outperform Worldwide

Americas FTSE Benchmark Indices



Europe FTSE Benchmark Indices



Source: FTSE Russell Factsheets | May 2020

ASEAN LEADING SECTORS

FINANCIAL SERVICES

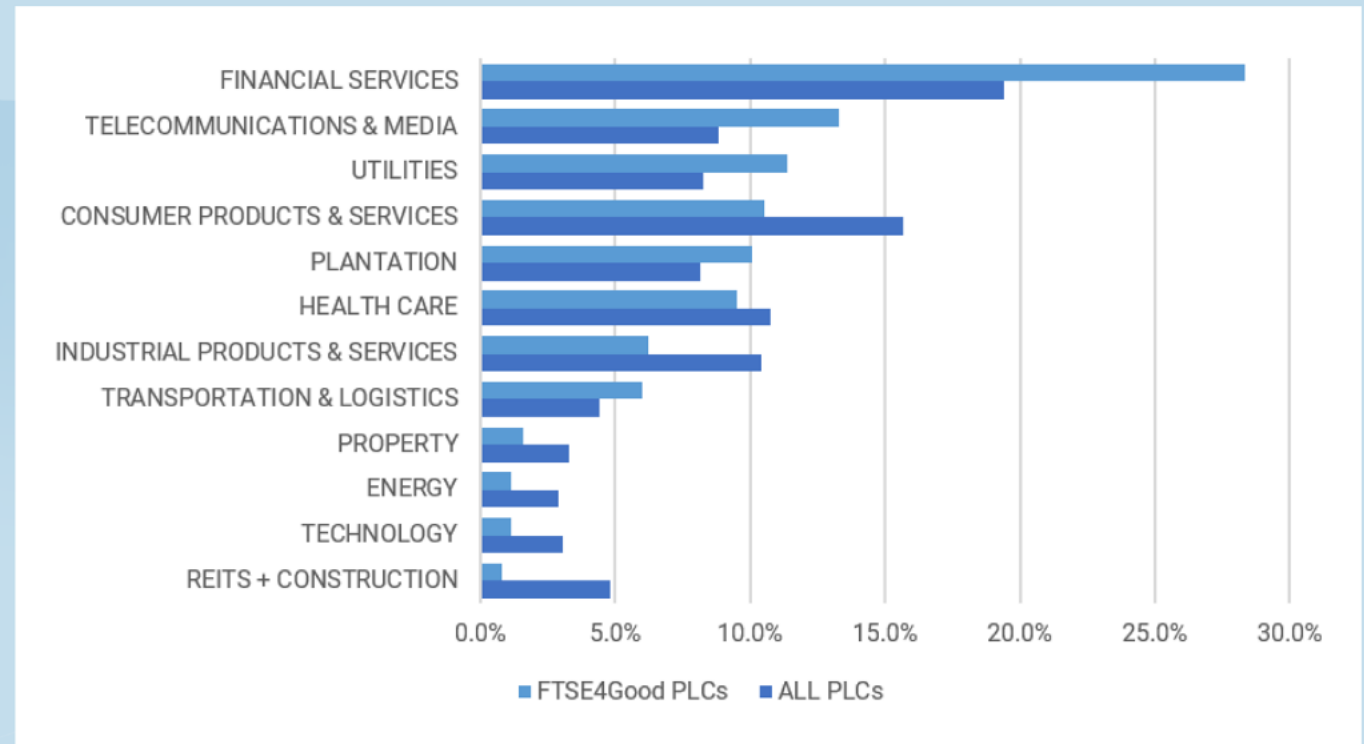
CONSUMER PRODUCTS

HEALTHCARE

TELECOMMUNICATIONS

PLANTATION

Bursa Malaysia
% Market Capitalisation by Sector
FTSE4Good PLCs vs All PLCs





INVEST MALAYSIA 2020

FRESH PERSPECTIVES

RECOVER | ADVANCE | SUSTAIN

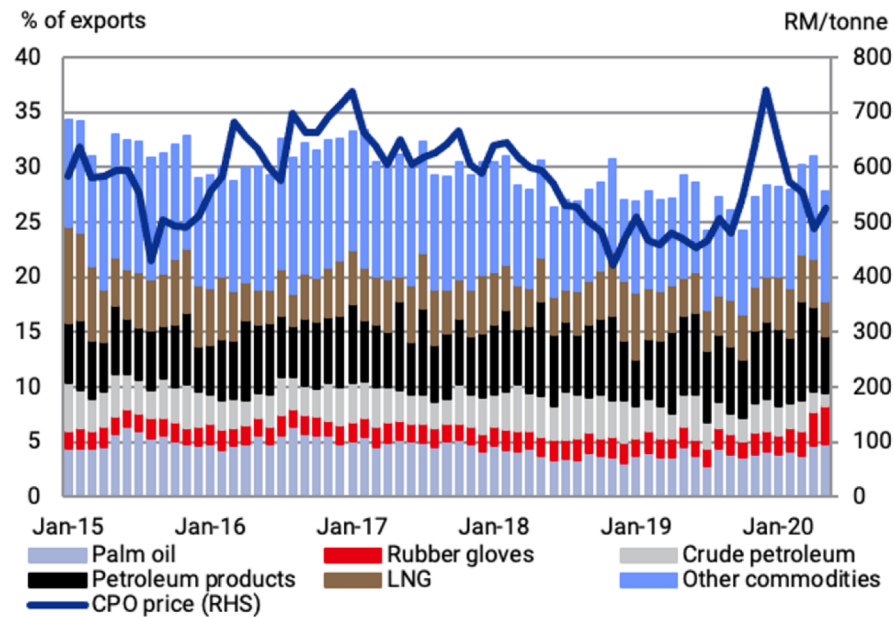
1. Bursa Malaysia has joined forces this year with Malaysia's leading investment banks and brokerage firms to carry forward the 16-year tradition of Invest Malaysia and deliver a unique virtual Invest Malaysia Series that will cover more themes, more sectors and connect with more global investors than ever before.
2. This is first time IMKL is being held fully virtual, but the tradition of providing a platform to engage directly with decision makers is stronger than ever, interaction will be bolder than ever, and the conversations should be hotter than ever.
3. IMKL 2020 will cover some of the most relevant themes shaping our near-term future, namely, Economic Recovery, Infrastructure, Commodities, Technology and 5G.
4. Conversations from a series of virtual IMKLs are designed to cover the steps Malaysia is taking to Recover from the Covid-19 health crisis, the Advances the government, investors and corporates are taking to move the nation forward faster and the ESG practices being put in place to ensure long-term Sustainability of our marketplace.

TUNE IN INVEST MALAYSIA 2020 V2

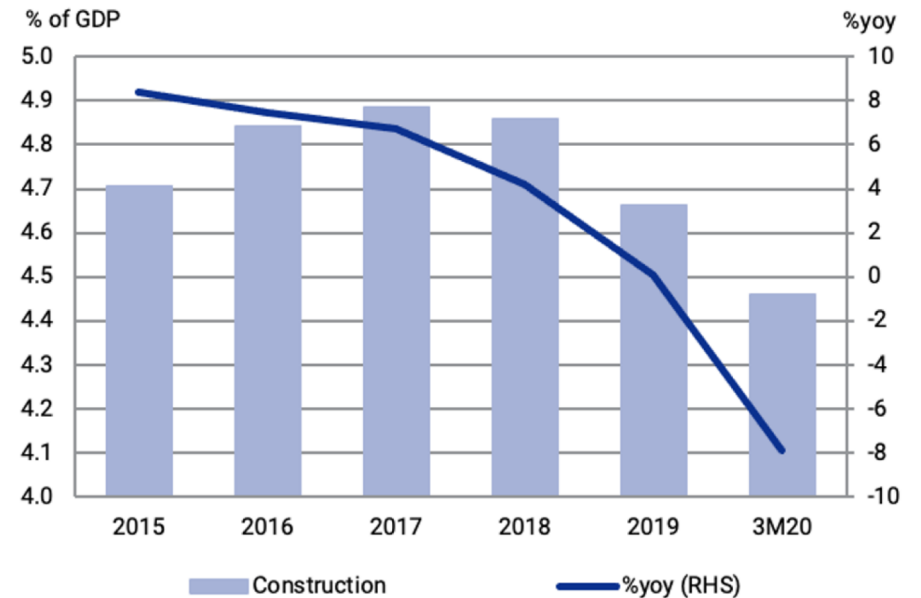
OPPORTUNITY TO POWER
MALAYSIA'S GROWTH ENGINES

COMMODITIES AND INFRASTRUCTURE

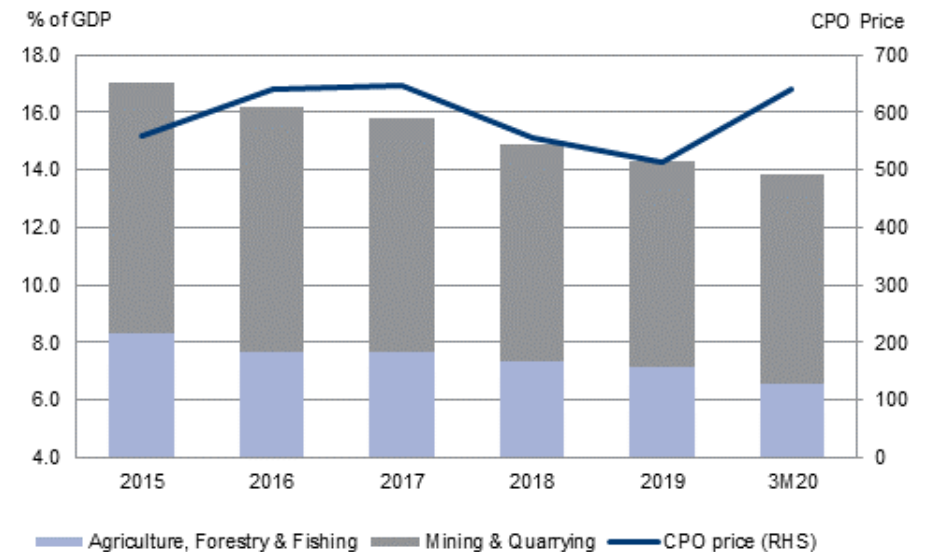
Contribution to total exports vs CPO price



Infrastructure contribution to GDP



Commodities contribution to GDP vs. CPO price



TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER
MALAYSIA'S GROWTH ENGINES

PALM OIL

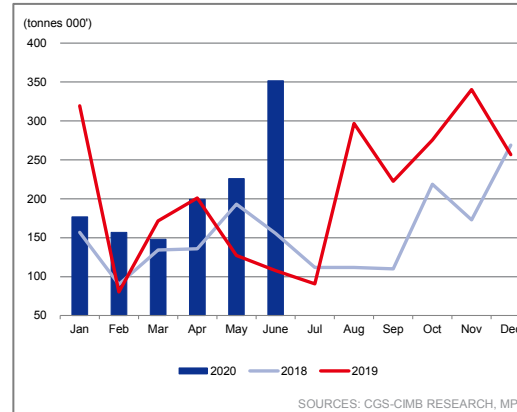
Jumping back on the B20 bandwagon and
India revisits buying Malaysia's CPO

Malaysia biodiesel usage as % of local CPO usage and output

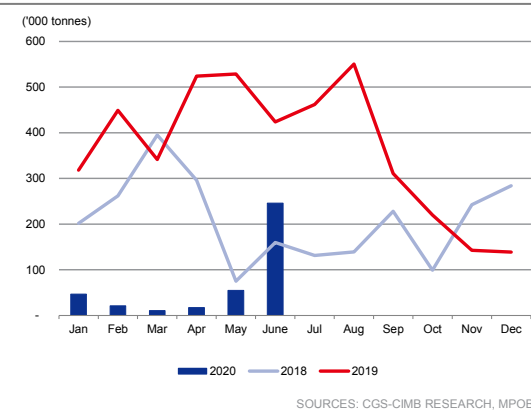
Malaysia's biodiesel usage (#'000 tonnes)	2014	2015	2016	2017	2018	2019F	2020F	2021F	2022F
Biodiesel blended locally	295	382	350	359	429	627	720	1,076	1,300
% of domestic palm oil usage	10.4%	13.1%	13.2%	12.6%	12.7%	15.6%	15.2%	18.5%	18.3%
% of domestic palm oil output	1.5%	1.9%	2.0%	1.8%	2.2%	3.2%	3.7%	5.3%	6.2%

SOURCES: CGS-CIMB RESEARCH, MPOB

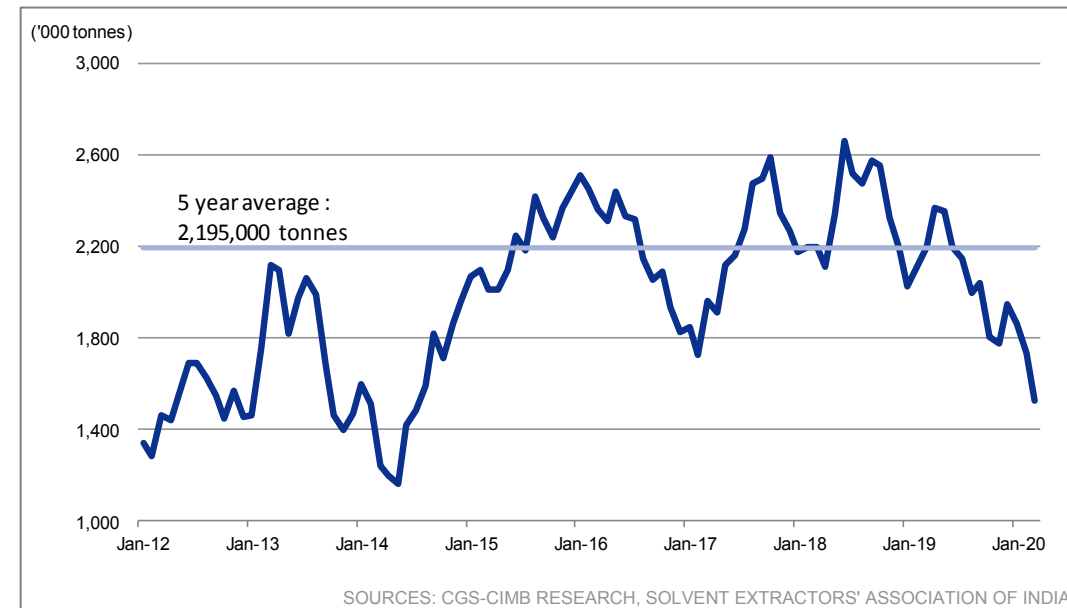
Malaysia's monthly exports to China were strong in
June potentially due to restocking activities



Malaysia's monthly exports to India remain very
weak



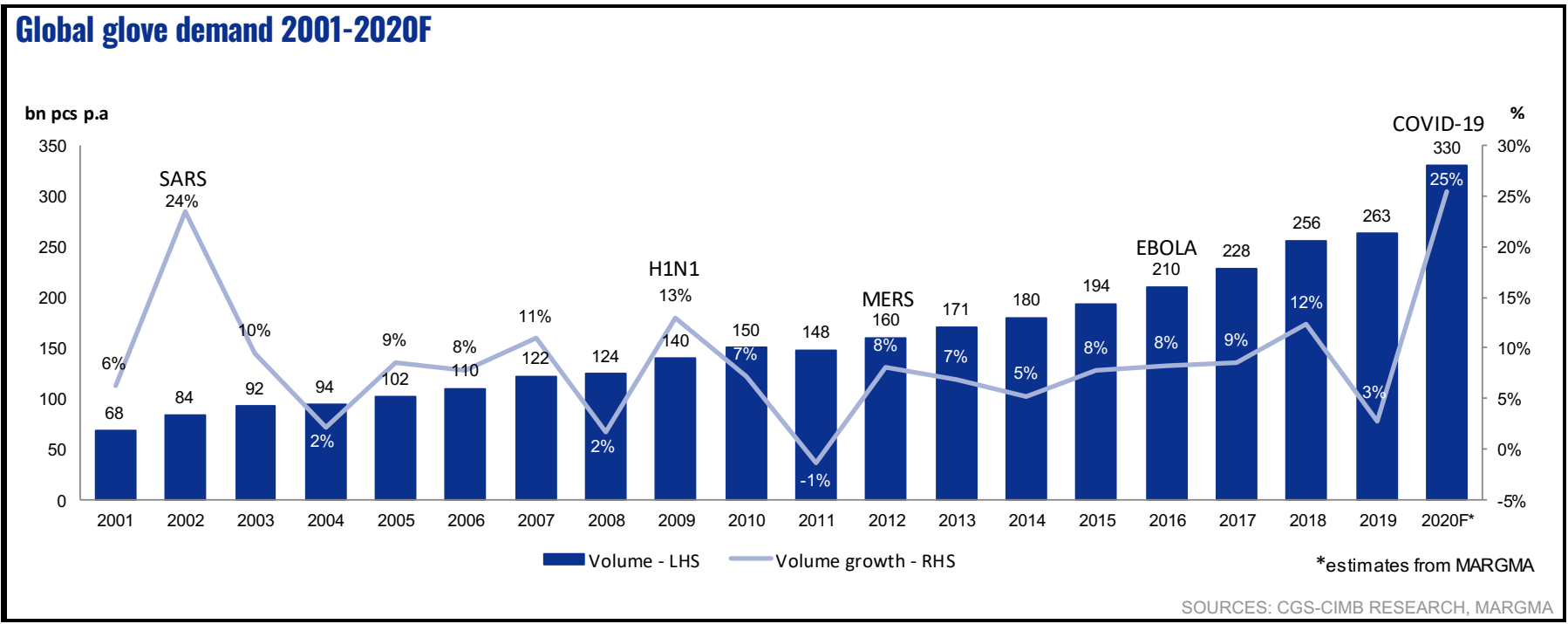
Indian edible oil stocks at ports and pipelines (1 Mar 2020: 1,530,000 tonnes)



TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER MALAYSIA'S GROWTH ENGINES

RUBBER GLOVES



TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER MALAYSIA'S GROWTH ENGINES

RUBBER GLOVES

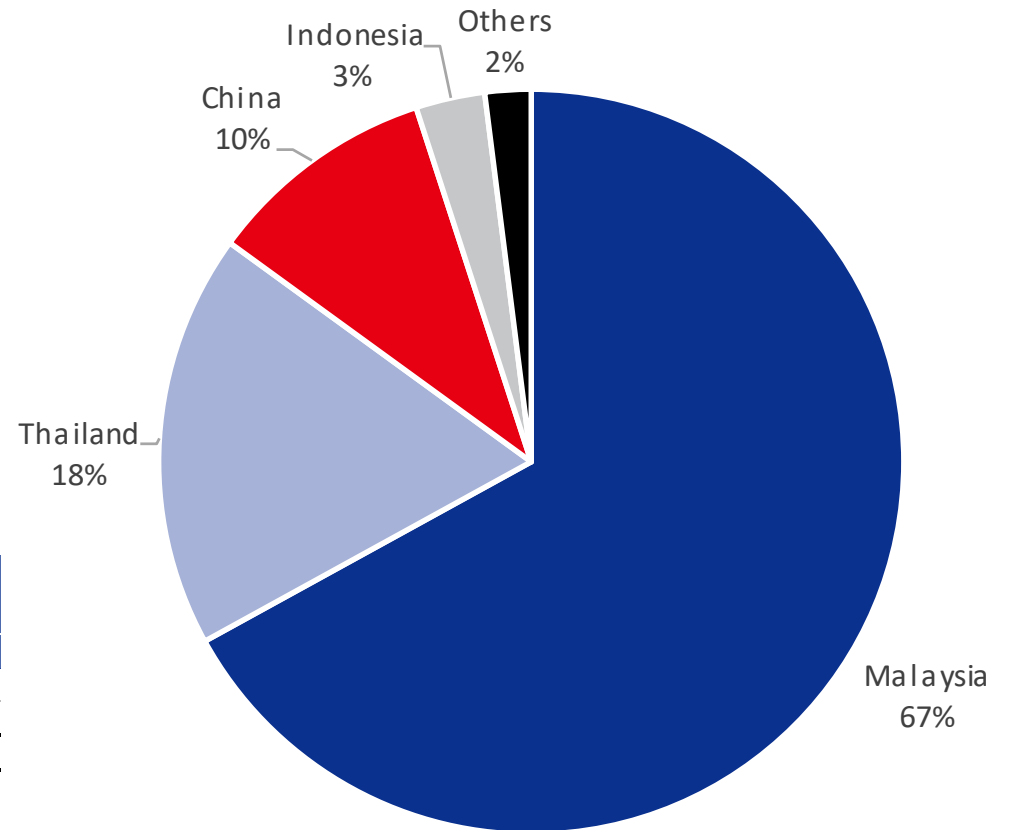
Malaysia dominates global rubber glove exports with rising glove exports in terms of value and quantity

Malaysia's Total Glove Exports (Jan – Mar 2019 & 2020)

Malaysia's Export To the World	Value (RM bn)			Value (US\$ bn)			Quantity (bn pairs)		
	1Q19	1Q20	%	1Q19	1Q20	%	1Q19	1Q20	%
Natural Rubber Gloves (NR)	1.5	1.8	19.5%	0.3	0.4	19.1%	7.3	8.9	8.2%
Synthetic Rubber Gloves (NBR)	2.7	3.1	14.7%	0.6	0.7	14.7%	12.5	14.7	17.3%
Total	4.2	4.9	16.3%	1.0	1.1	16.3%	19.8	22.6	14.0%

SOURCES: CGS-CIMB RESEARCH, MARGMA

Estimated global glove market share (2020F)



SOURCES: CGS-CIMB RESEARCH, MARGMA

TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER
MALAYSIA'S GROWTH ENGINES

RUBBER GLOVES

Malaysia to contribute 67% of global
rubber glove demand (2020F)

Rubber Glove PLCs YTD Price Movement



Source : Thomson Reuters Eikon

Rubber Glove Major 4 YTD Rebased Performance



Source : Thomson Reuters Eikon

YTD Performance FTSE4Good Index

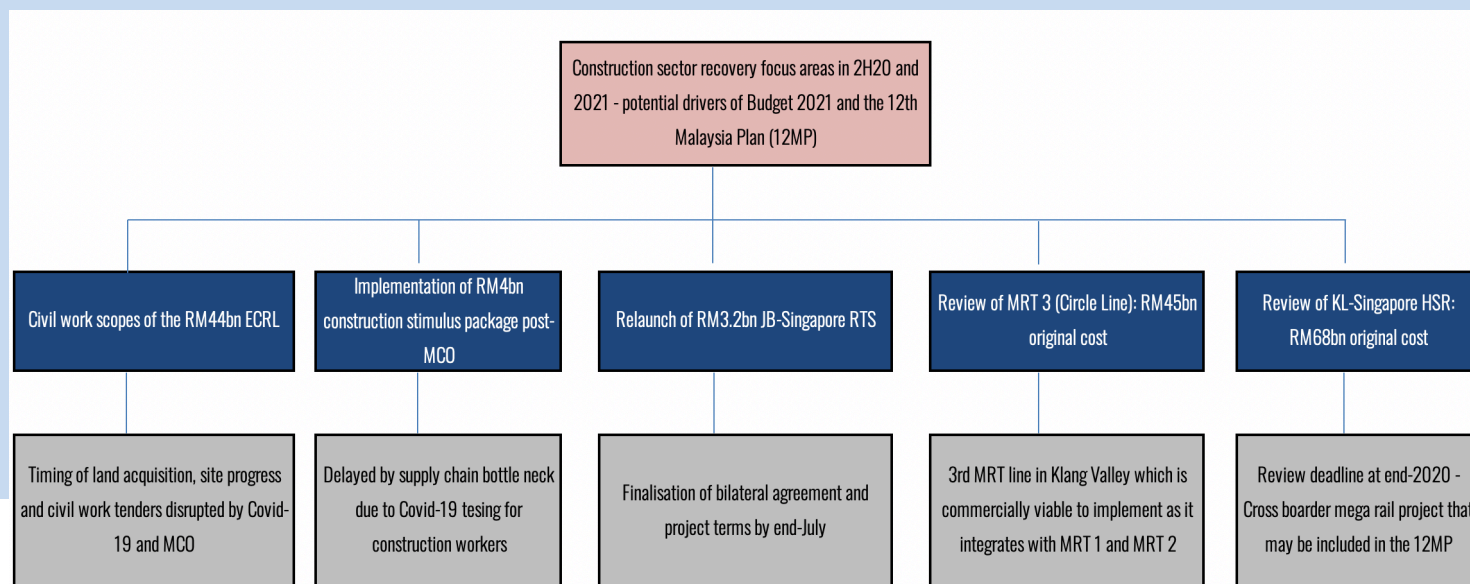
Supermax (SUPM) :	+ 1,049.64%	NO
Top Glove (TPGC) :	+ 410.64%	YES
Hartalega (HTHB) :	+ 226.64%	YES
Kossan (KRIB) :	+ 205.29%	NO

TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER MALAYSIA'S GROWTH ENGINES

INFRASTRUCTURE

Reviving public transport infrastructure could potentially be part of the overall economic recovery strategy, and one of the key components of Budget 2021 and the 12th Malaysia Plan (12MP, 2021-2025)



List of high impact public transport projects that can be considered under private finance initiative (PFI)

	Cost (RM m)	Status	Target Completion
KL-Singapore High Speed Rail (HSR)	68,000	Deadline of review period extended from end-May to end-2020	na
MRT 3 (Circle Line)	45,000	Government and MRT PDP have been in discussions with no targeted milestones	na
Penang Transport Master Plan (PTMP) - Bayan Lepas LRT, PIL1, PSR	18,000	PDP agreement signed in July; No RM10bn GG bonds from federal government	2030
Serendah-Port Klang Rail by Pass and Logistics Highway linking ports	8,300	Highlighted in Budget 2020; status of feasibility studies unknown	na
JB-Singapore Rapid Transit System (RTS)	3,160	Pending conclusion of new agreements in end-July; project to commence in November	na
Trans-Borneo Highway (phase 1)	600	Highlighted in Budget 2020; completion in 10 years	na
Total	143,060		

HSR: High Speed Rail (based on latest reported cost estimated in 2020)

MRT: Mass Rapid Transit (project cost in 2018, prior to cancellation)

PDP: Project Delivery Partner

PIL1: Pan Island Link phase 1

PSR: Penang South Reclamation

GG: Government guaranteed

Ongoing major projects that is delayed due to Covid-19/MCO

	Cost (RM m)	Status	Target Completion
East Coast Rail Line (ECRL)	44,000.0	17% completed; resumption of new construction works in 2H20	2026
Pan Borneo Highway (PBH) Sabah	12,860.0	12 packages at 22% completion; PDP model removed; RM1.2bn cost savings	2023
Pan Borneo Highway (PBH) Sarawak	16,480.0	RM2.9bn cost savings from removing PDP model; 11 packages	2022
Total	73,340.0		

TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER MALAYSIA'S GROWTH ENGINES

PALM OIL

Moving closer to pre-Covid levels



Source : Thomson Reuters Eikon

Top 4 Constituents of KLFTPLN Index (YTD Rebased Performance)



Source : Thomson Reuters Eikon

YTD Performance	FTSE4Good Index
IOI (IOIB) : - 3.04%	YES
Genting Plantations (GENP) : - 6.43%	YES
Sime Darby Plantation (SIPL) : - 8.07%	YES
Kuala Lumpur Kepong (KLKK) : - 8.55%	YES

IOI (IOIB) : - 3.04%

YES

Genting Plantations (GENP) : - 6.43%

YES

Sime Darby Plantation (SIPL) : - 8.07%

YES

Kuala Lumpur Kepong (KLKK) : - 8.55%

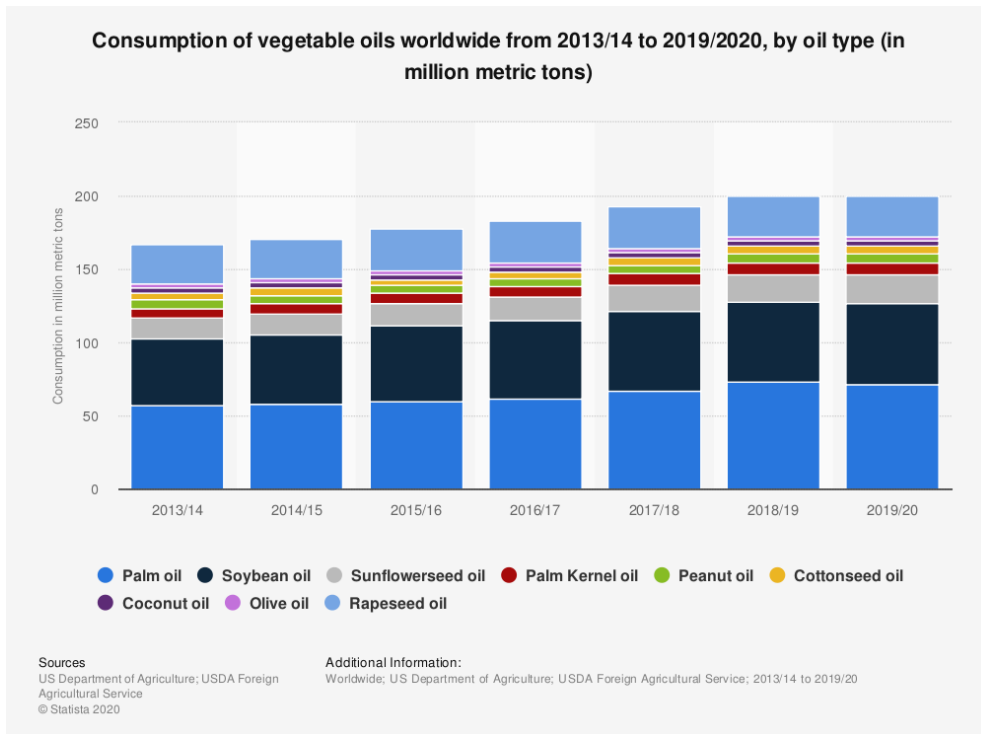
YES

TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER
MALAYSIA'S GROWTH ENGINES

PALM OIL

Vegetable oils consumption led by palm oil



FCPO 1mo (Jul) 5 Year as at 10 July 2020



Source: Thompson Reuters Eikon

FCPO 3mo (Sep) 1 Year as at 10 July 2020



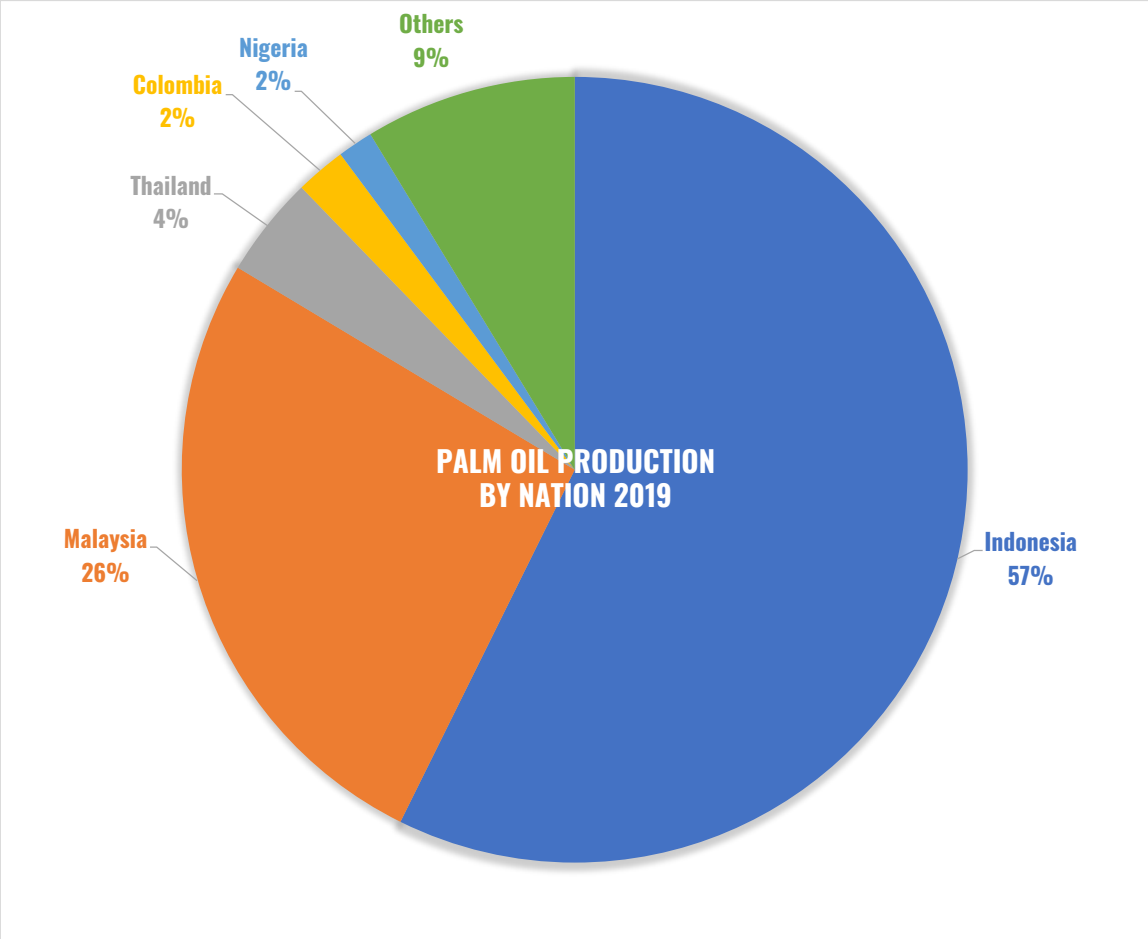
Source: Thompson Reuters Eikon

TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER MALAYSIA'S GROWTH ENGINES

PALM OIL

Malaysia represents 26% of palm oil production measured in ('000) tonnes



TUNE IN INVEST MALAYSIA 2020 V2

OPPORTUNITY TO POWER MALAYSIA'S GROWTH ENGINES

PALM OIL

What should the conversation be?

World Bank Forest Area is land under natural or planted stands of trees of at least 5 meters in situ, whether productive or not, and excludes tree stands in agricultural production systems (for example, in fruit plantations and agroforestry systems) and trees in urban parks and gardens.

Per hectare basis, oil palm trees are 6-10 times more efficient at producing oil than temperate oilseed crops such as rapeseed, soybean, olive and sunflower.

At 4.1Mt/ha for oil palm, the amount of oil that could be produced on 4.8 million palm-planted hectares would require about 55 million hectares of soybean, almost double the area of the entire US soybean crop (estimated at 31 million ha in 2009)

Source: AOCS.org author Denis J. Murphy, Professor of Biotechnology Research, University of South Wales

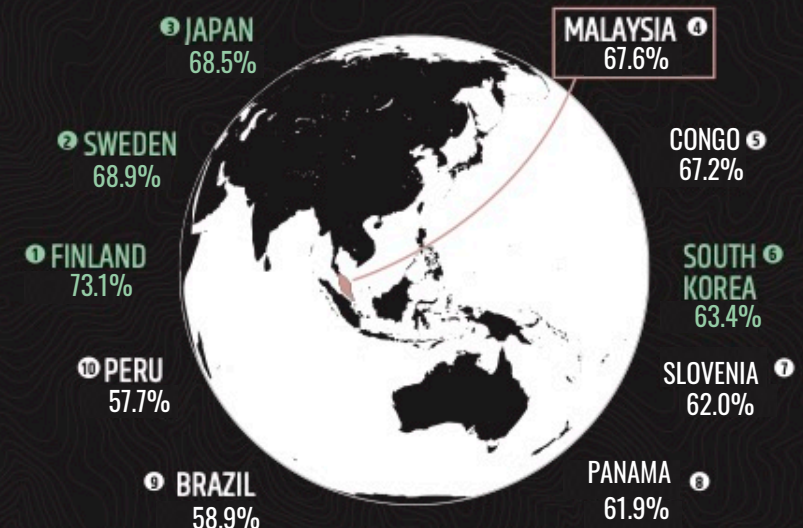
According to RSPO.org, 4.28 million hectares in Malaysia are certified.

European Union Forest Area is 39.6%, United Kingdom is 13.1% and USA is 33.9% according to 2016 World Bank Data.

According to World Bank data, Malaysia is the most forested emerging market amongst the world's Top 100 Economies.

% LAND AREA COVERED BY FOREST

■ Advanced ■ Emerging and Developing



TUNE IN INVEST MALAYSIA 2020 V1

NOTABLE CONVERSATIONS 7 JULY 2020

“ Over the 11-year period [2004-2015], the net profit of the 17 GLCs grew by 10.2% p.a.

Between 2015 and 2019, earning of Malaysian PLCs have declined by 5.4%. This is something we need to address.

Tan Sri Abdul Wahid Omar
Chairman, Bursa Malaysia

“ Companies with good governance have shown better resiliency...
...this is further supported by MSCI's research that companies with a higher ESG score have a substantively lower cost of capital.

YB Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Minister of Finance, Malaysia

“ Shareholders must also play a more critical and influential role in corporate governance. They can keep boards on their toes and engage them on governance issues.

Datuk Syed Zaid Albar
Chairman, Securities Commission

TUNE IN INVEST MALAYSIA 2020 V1

NOTABLE CONVERSATIONS
7 JULY 2020

“ We think that ESG is the best barometer for a company that is well run.

Make sure your ESG is in place before EPF comes knocking on your door.

”

Tunku Alizakri Alias
Chief EPF Officer, EPF

“ We should not only be measured for our returns on financial capital, but also human, social and natural capital.

Increasingly, there are other parameters also being applied to our corporate activities - ESG scores being one - to measure our efforts to create profits while delivering on sustainability.

”

YB Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Minister of Finance, Malaysia

“ We have always been encouraging a really meaningful dialogue with our investee companies around the issues of sustainability and around the issues of stewardship of the earth.

”

Datuk Shahril Ridza Ridzuan
MD, Khazanah

“ We have ESG principles embedded into all of our investment proposals.

”

Tuan Syed Hamadah Syed Othman
CEO, KWAP

TUNE IN INVEST MALAYSIA 2020 V1

SUSTAINABLE ECONOMIC RECOVERY

ESG Ratings and the Cost of Capital World vs. Emerging Markets



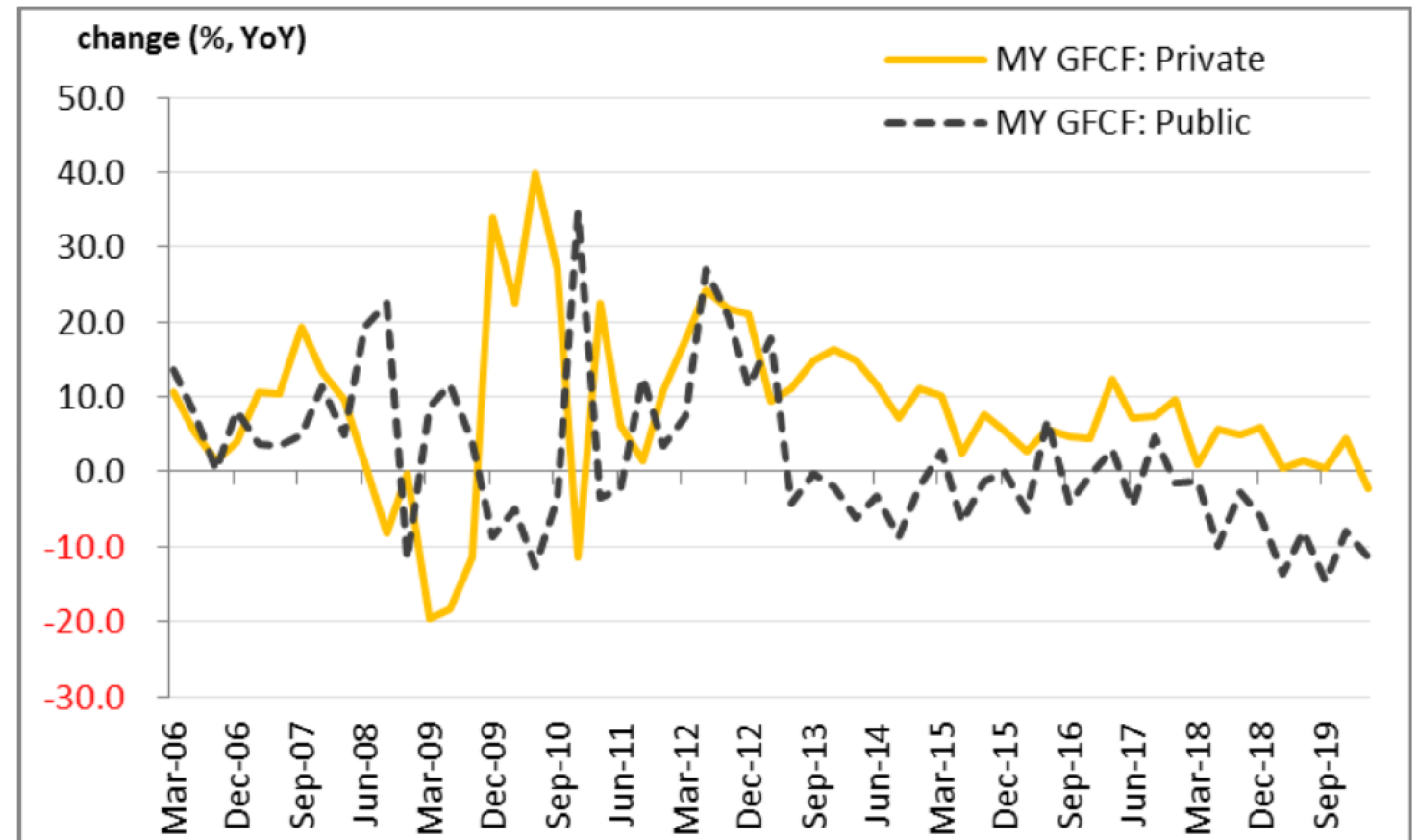
Source: From Ashish Lodh, ESG and the Cost of Capital, MSCI ESG Research 25 February 2020, Maybank Kim Eng Research

Monthly averages were reported over the period from Dec. 31, 2015, to Nov. 29, 2019. The average number of companies in the MSCI World Index and MSCI Emerging Markets Index over the analysis period was 1,552 and 960, respectively.

TUNE IN INVEST MALAYSIA 2020 V1

TRENDS IN GROSS FIXED CAPITAL FORMATION, MALAYSIA

Public and private sector investments needed for rebuilding.



TUNE IN INVEST MALAYSIA 2020 V3

5G AND INDUSTRY 4.0

5G



5G networks will lead to 90% decline in data cost.

Telcos will have to roll out 5G to keep a competitive cost structure and keep high-ARPU customers. 5G opens the door to Enterprise and Industrial IoT but gradually and after 2021.

Surveillance, Auto and Industrial should be the largest markets.

Why must telcos roll out 5G?

Cheaper data, keep pace with competition

5G innovations are concentrated in the radio access (RAN) and in the core network (CN) areas.

In the RAN, 5G is evolutionary relative to 4G: more pipelines (frequencies), larger pipelines (bandwidth) and new tools to push more data in the pipelines (massive MiMo, NOMA/

SOMA, etc) means the cost of a data packet will decline quickly.

The new 5G CN is revolutionary, replacing the traditional rigid IT architecture with a flexible and elastic software-defined architecture pioneered by internet hyper-scale firms. This means

a software platform accessing pooled physical resources. The implication is that Telcos will be able to provide guaranteed performance and industry-specific applications, affecting video, cars, TV broadcast, manufacturing, medicine, etc.

RECOVER ADVANCE SUSTAIN

DISCLAIMER

This brochure has been provided for general information purposes only. The information contained does not constitute legal, financial, trading or investment advice and neither does it make any recommendation or endorsement regarding the product mentioned herein. Although care has been taken to ensure the accuracy of the information within this brochure, Bursa Malaysia does not warrant or represent, expressly or impliedly as to the completeness of the information herein. Bursa Malaysia does not accept any liability for any trading/investment decisions made on the basis of this information. You are advised to seek independent advice and/or consult relevant laws, regulations and rules prior to trading and /or investing.

COMPANY REGISTRATION NO: Bursa Malaysia Berhad 30632 - P

**INVEST
MALAYSIA 2020**
THE CAPITAL MARKET CONVERSATION

ADVANCING MALAYSIA
5G AND INDUSTRY 4.0

VIRTUAL SERIES 3
SEPTEMBER 2020

