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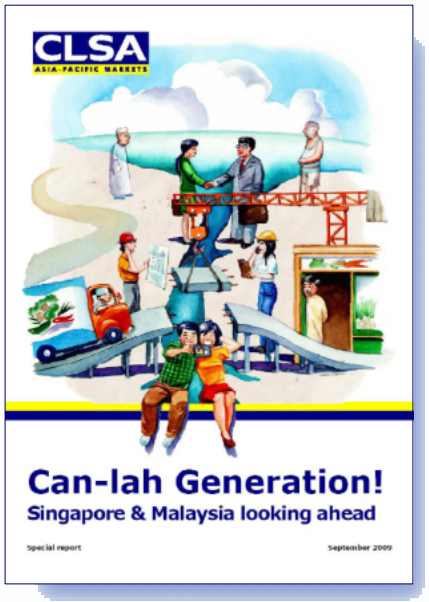
A leap of faith

Malaysia strategy



Clare Chin

Head of Research - Malaysia

December 2010

Table of contents

- Three interesting charts
- Retailers join the party?
- Reforming Malaysia

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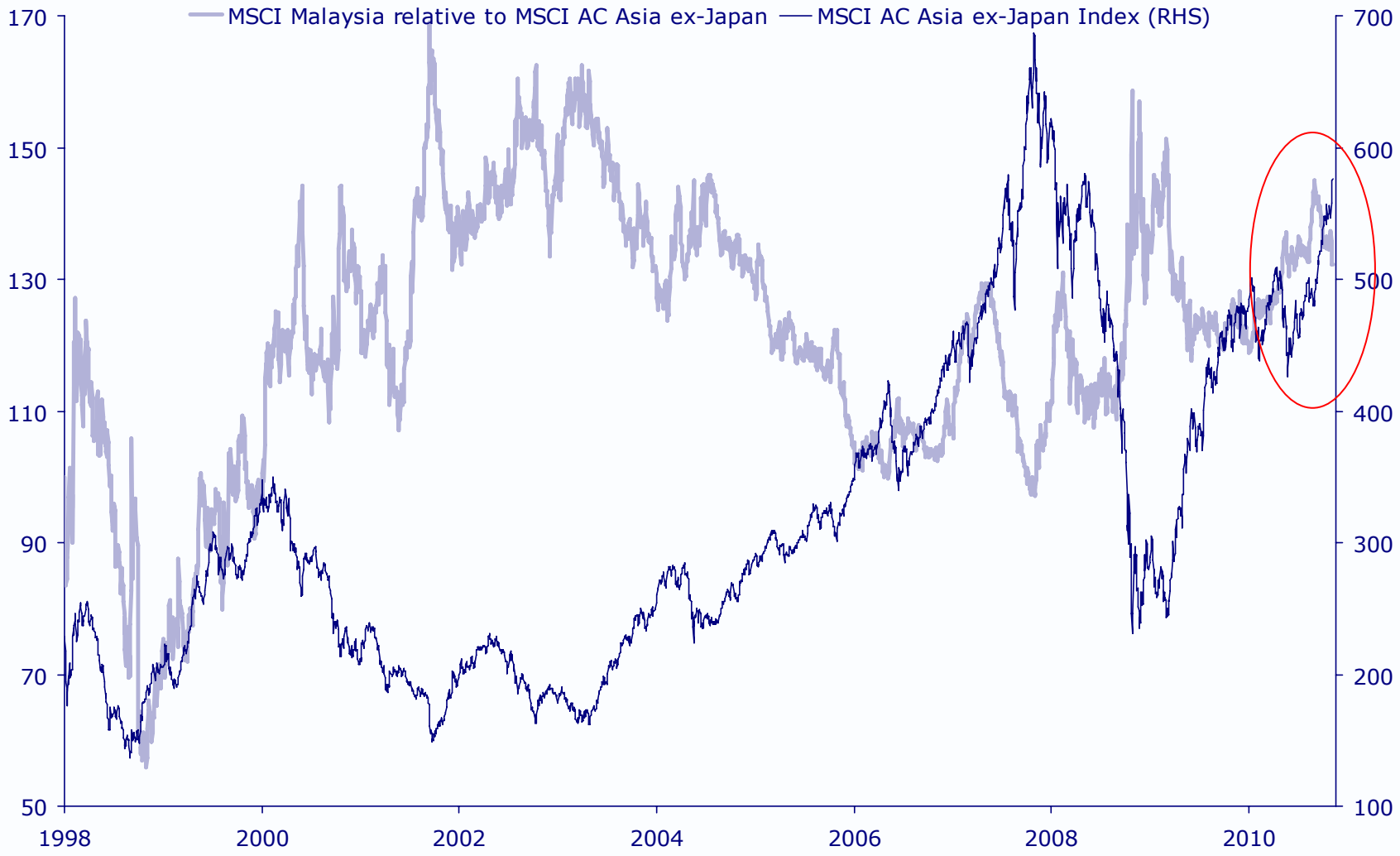
Three interesting charts

The return of beta



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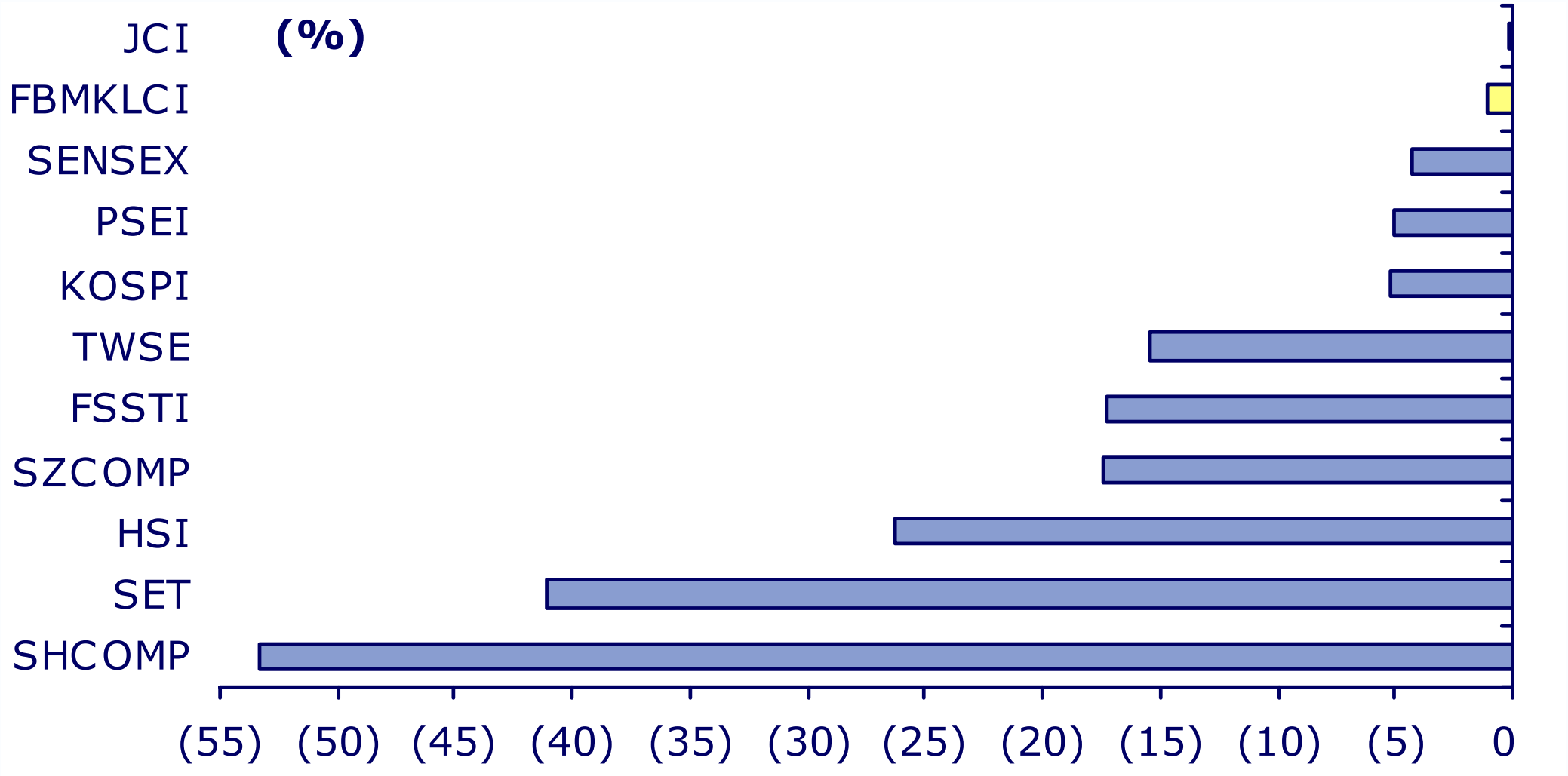
FBMKLCI hit all time high recently

Current/previous peak



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CLSA *Price Action*

FBMKLCI – end of an era?

- Secular bear market over the last 14 years
- Convincing breakout above 1,500 points
- Technical chart points to 2,610 points
- >15% earnings growth and 21x PE in 2012

Source: Price Action

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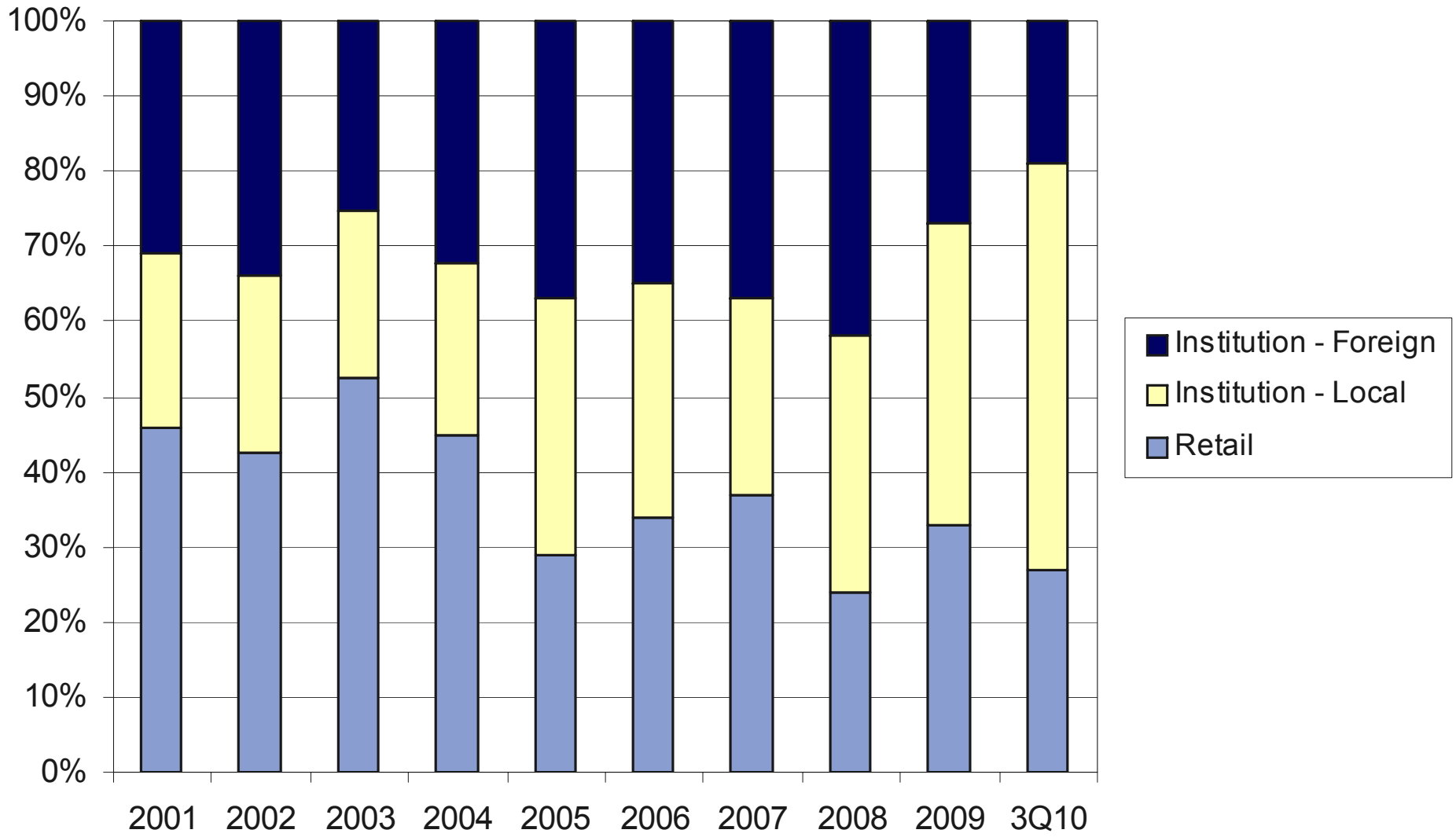
Retailers join the party?

Retail trading participation still low



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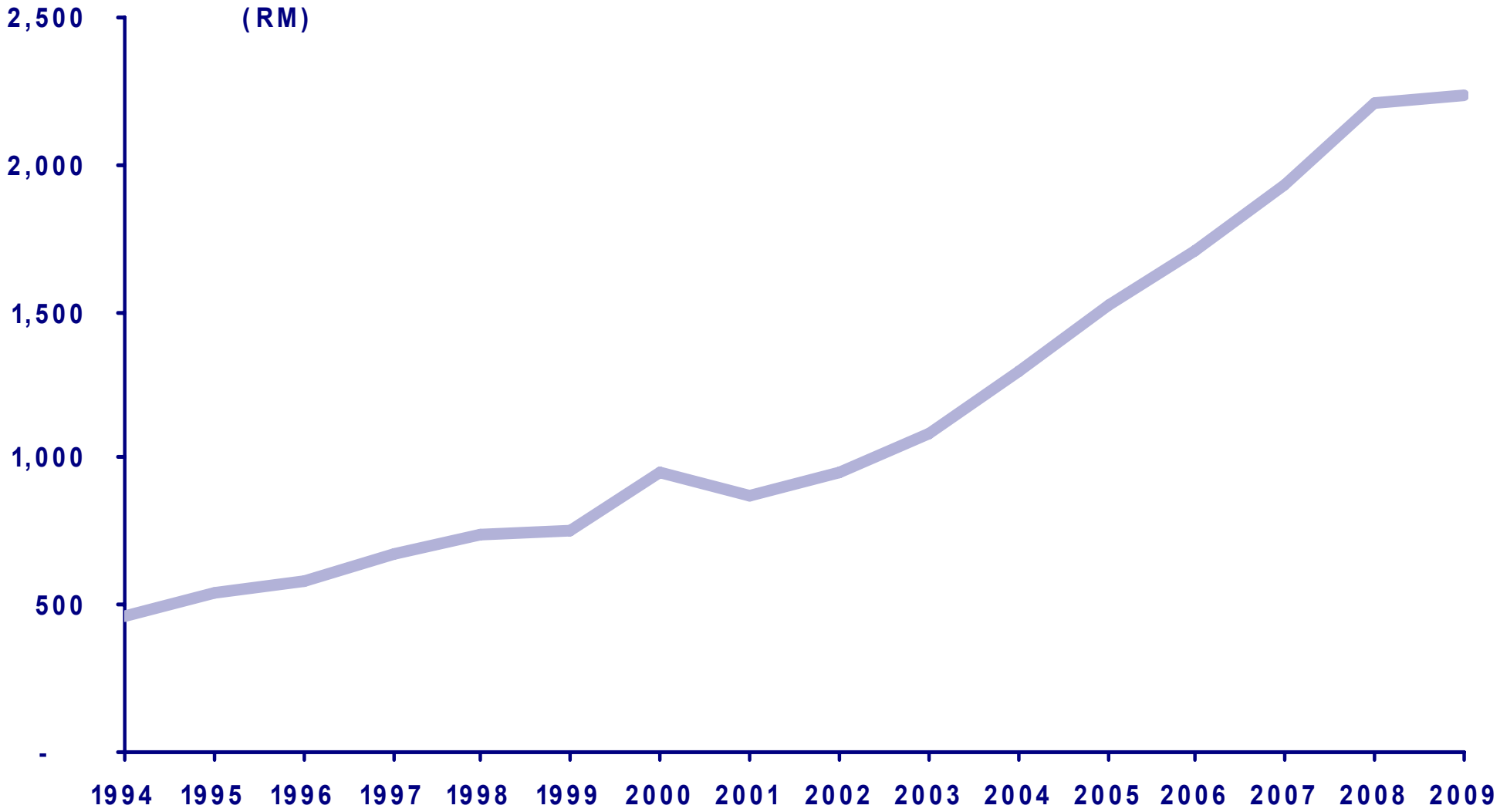
Rising savings/capita



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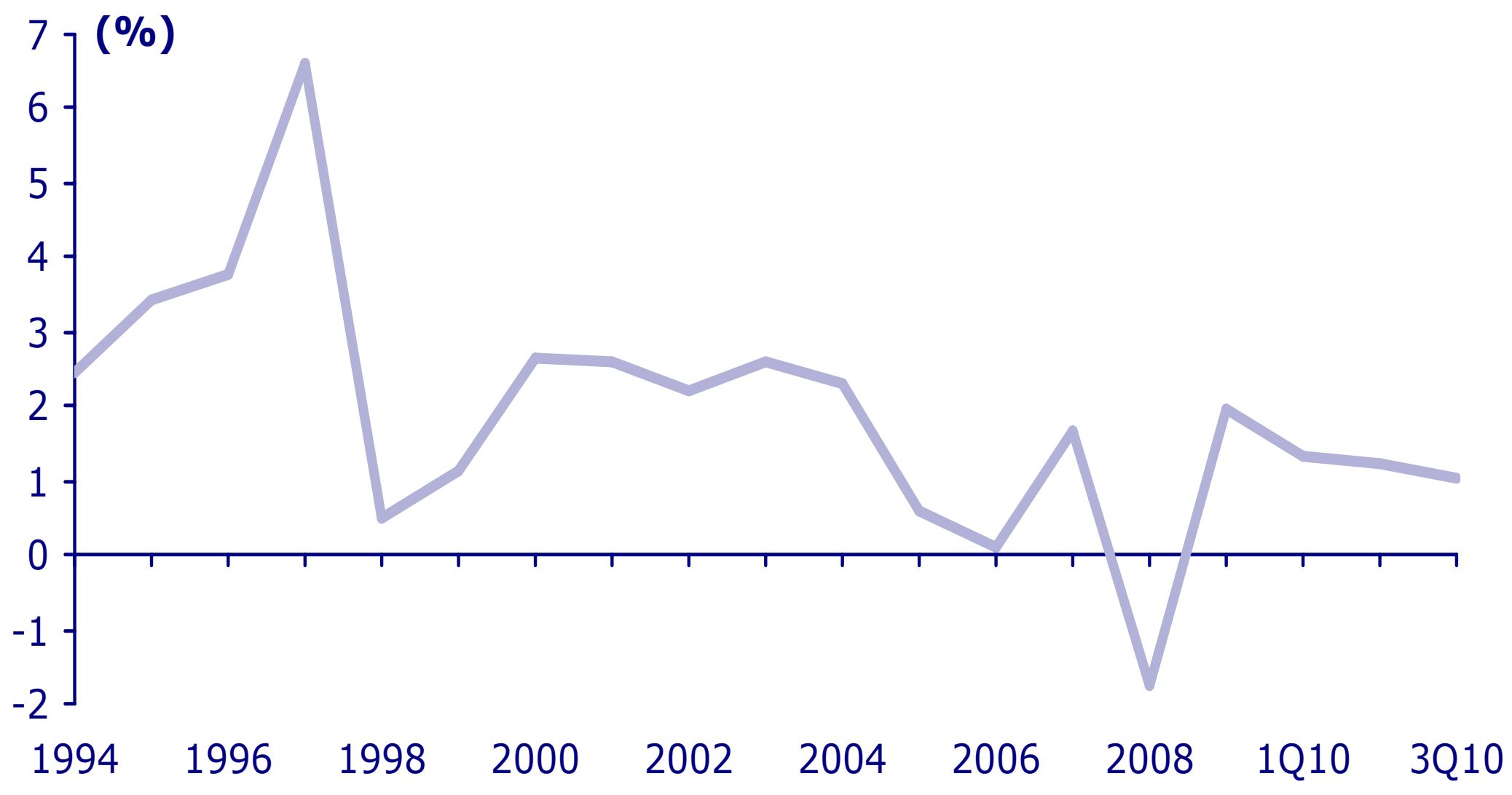
Falling real deposit rates



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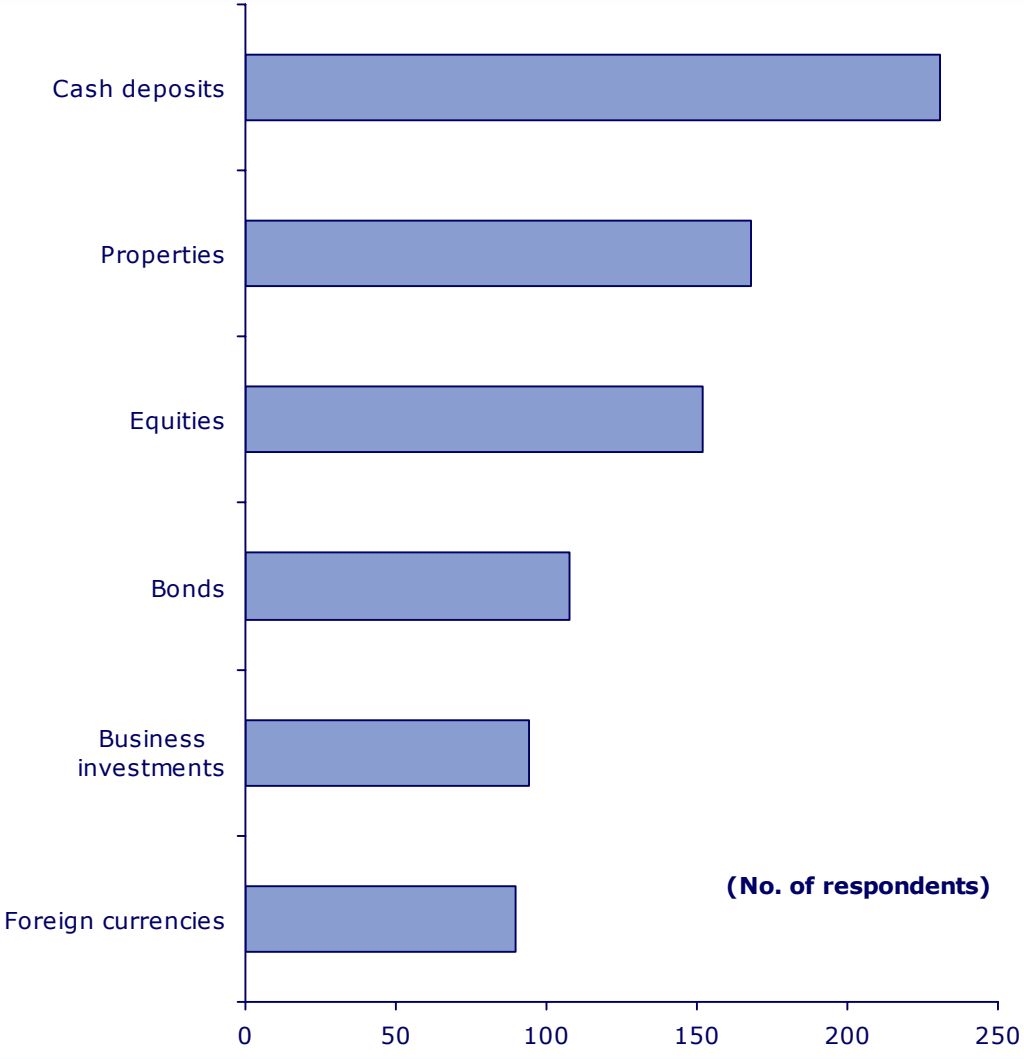
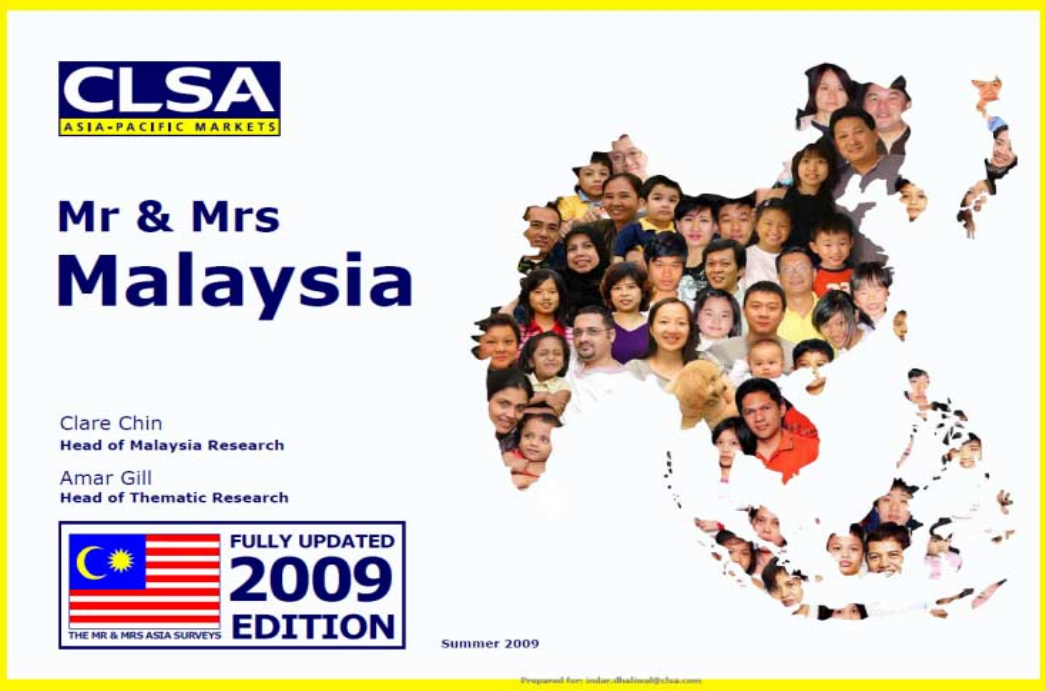
Wealth or savings composition

Where do Malaysians store their wealth?





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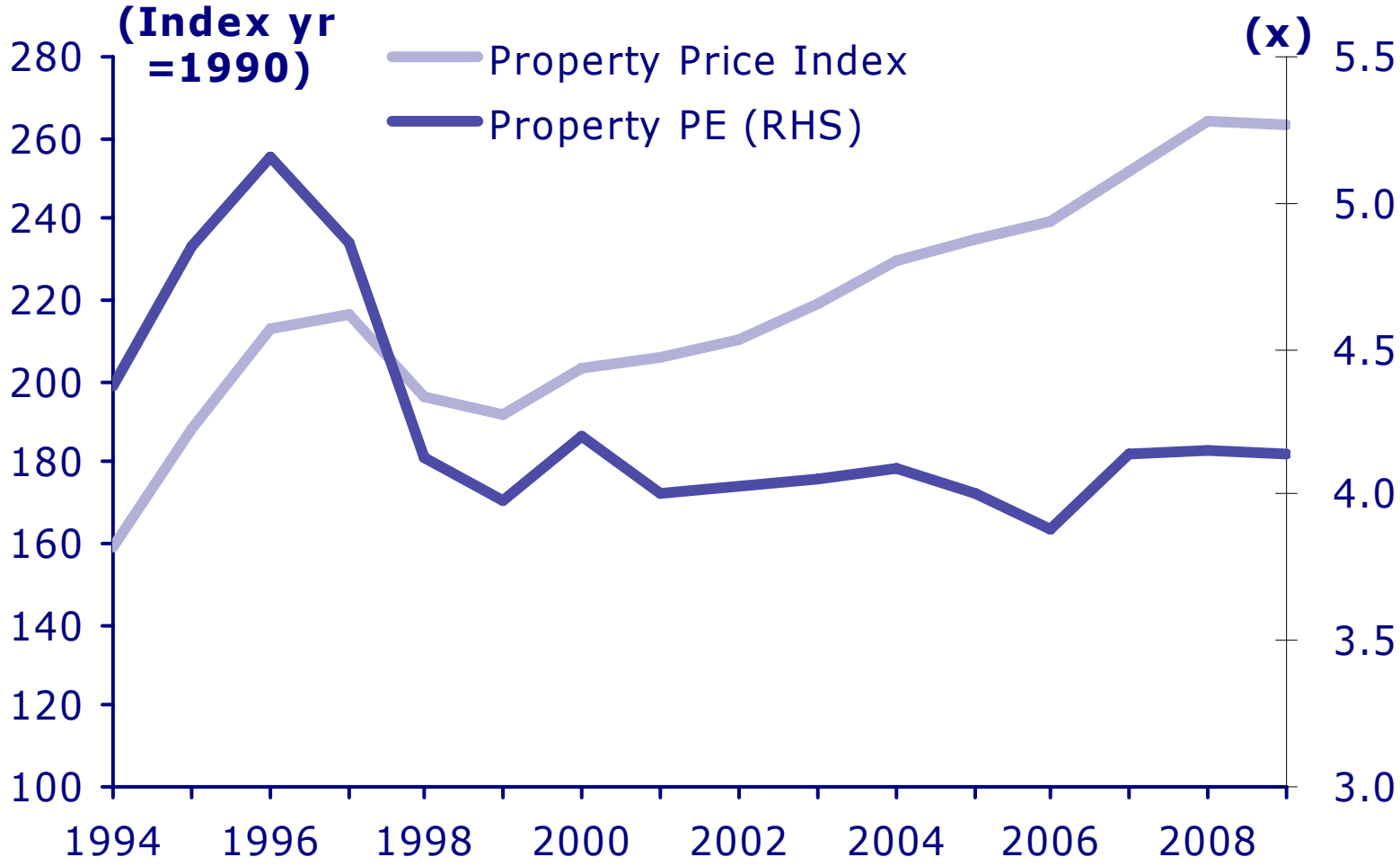
Rising property prices but PE still low



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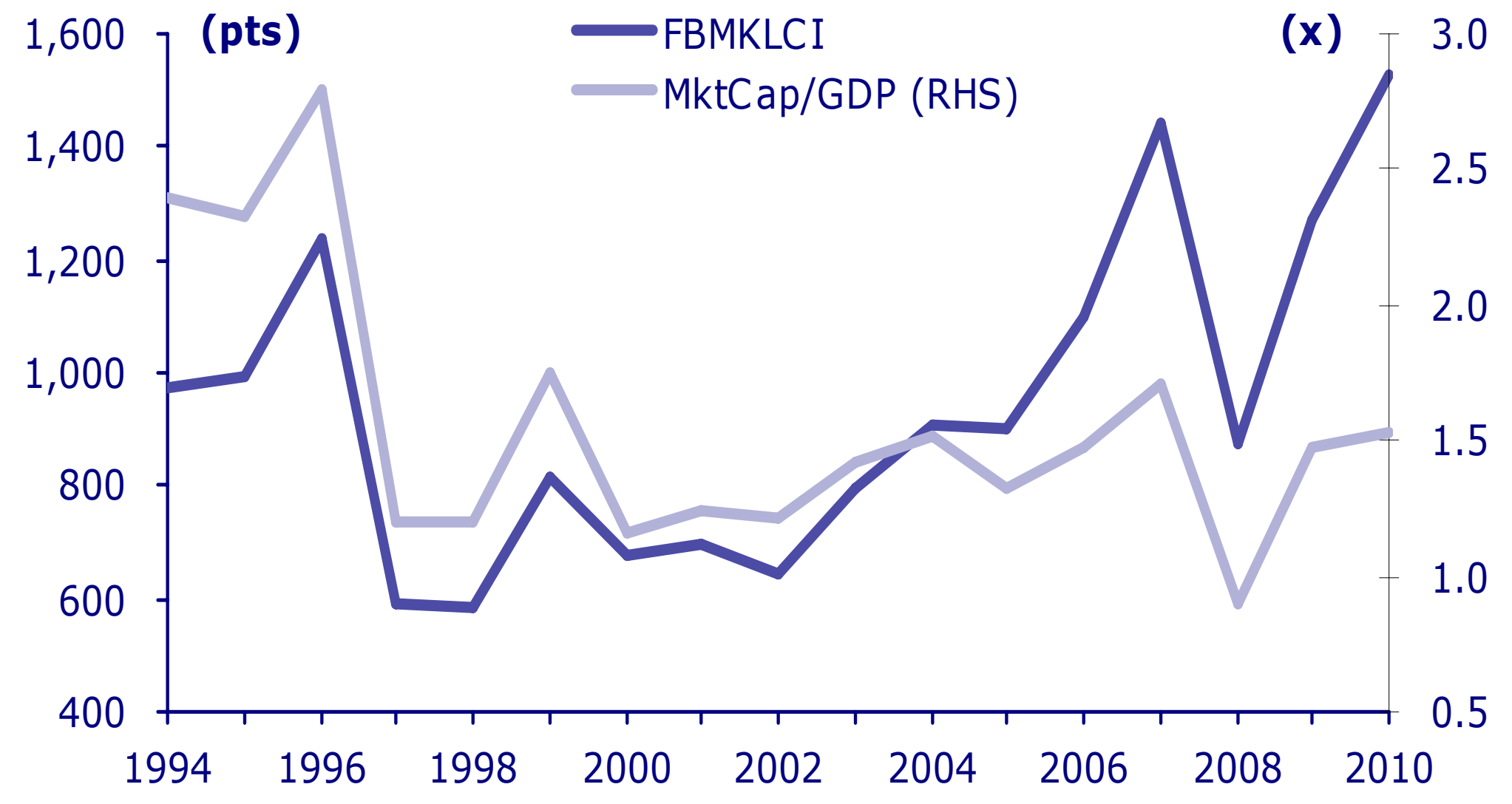
Rising FBMKLCI but market cap/GDP still low



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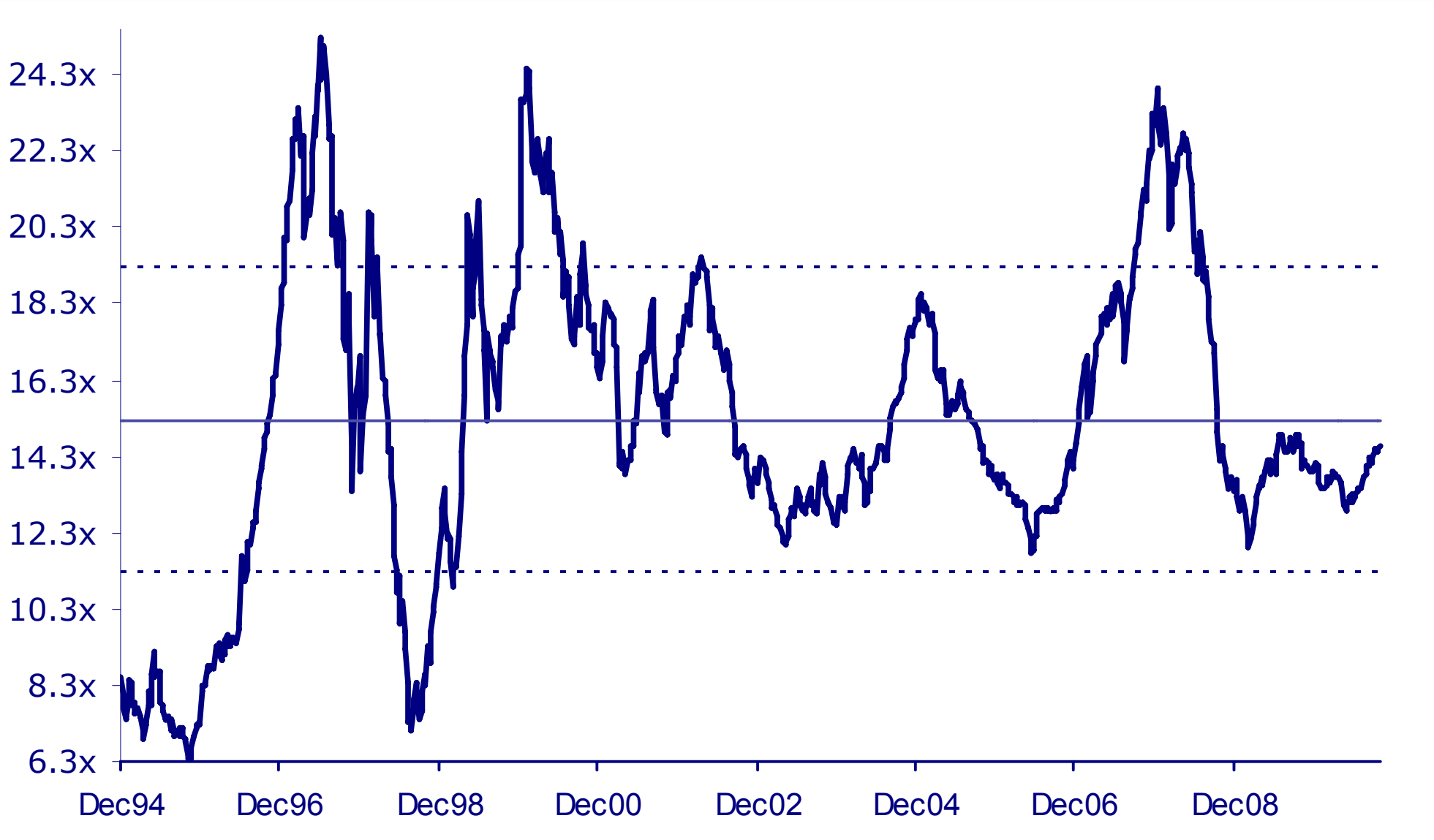
Equity market at mid-cycle valuations



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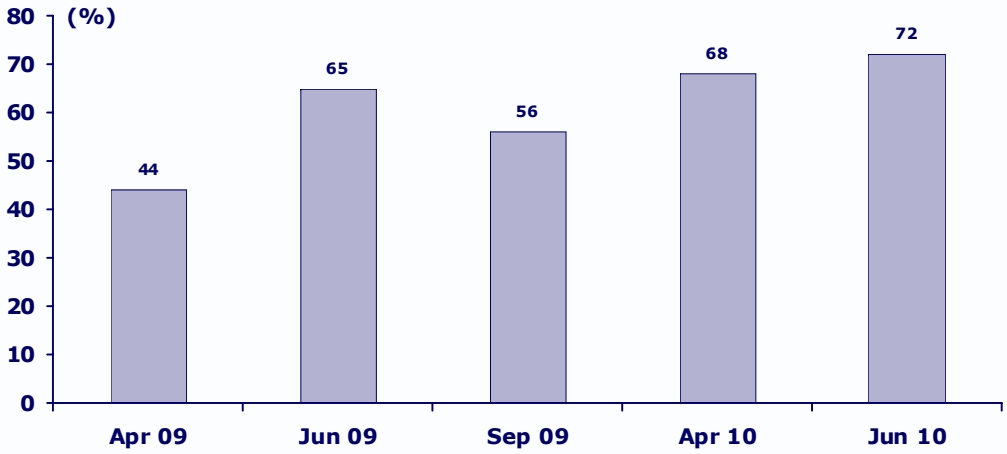
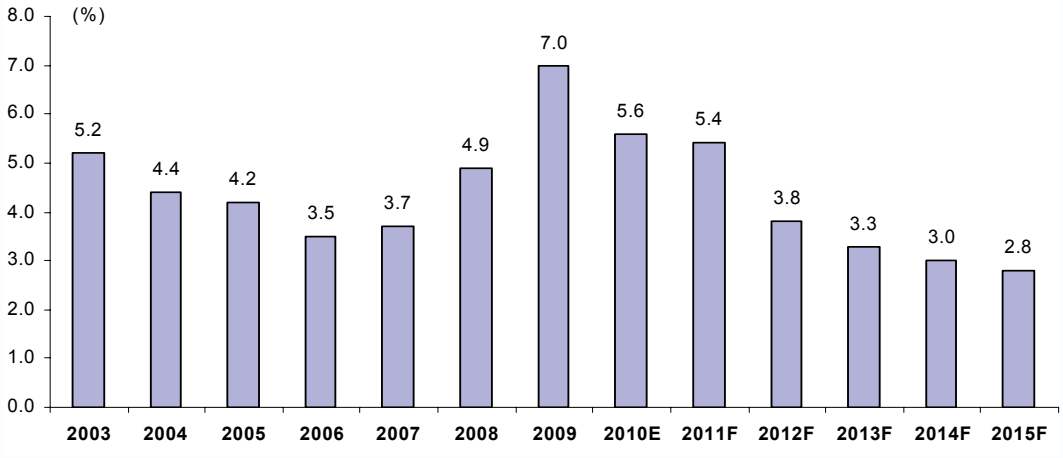
Reforming Malaysia

Najibnomics

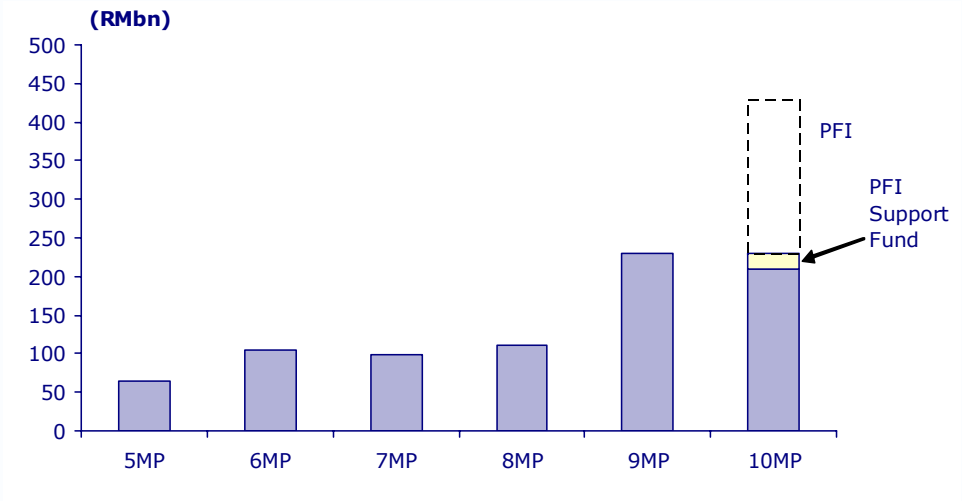
Najib's approval rating at all-time high



Fiscal budget deficit to be reduced by 2.8% by 15F



Development budget under the Malaysia Plans



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Malaysia market
Special strategy report
Najibnomics

Source: Merdeka Centre, EPU

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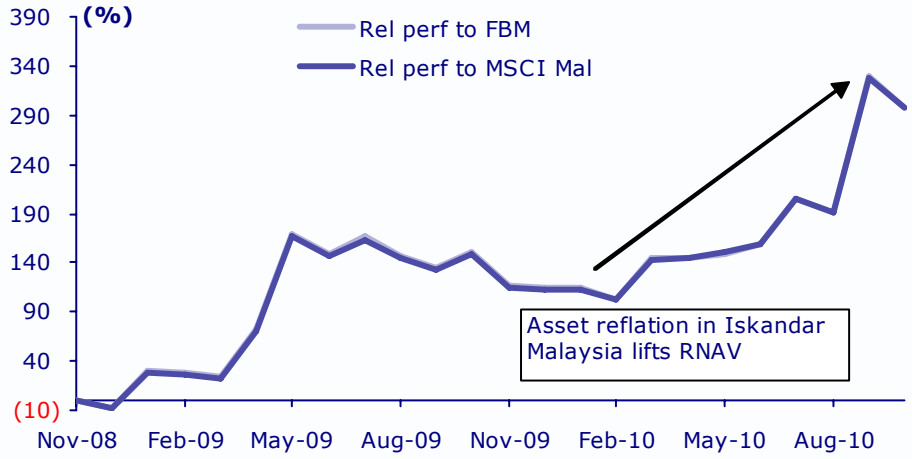
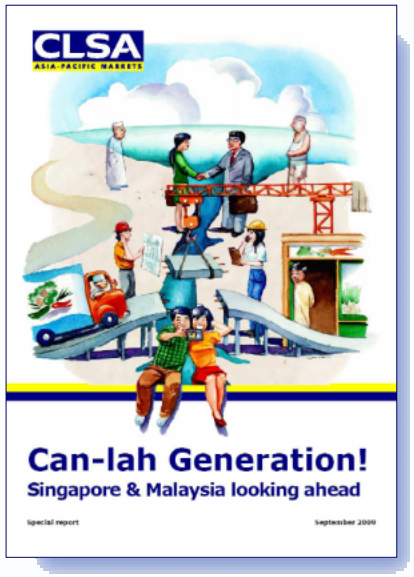
Can-lah Generation!

Planned infrastructure in Iskandar Malaysia

Source: The Edge, Bloomberg

UEM Land relative performance





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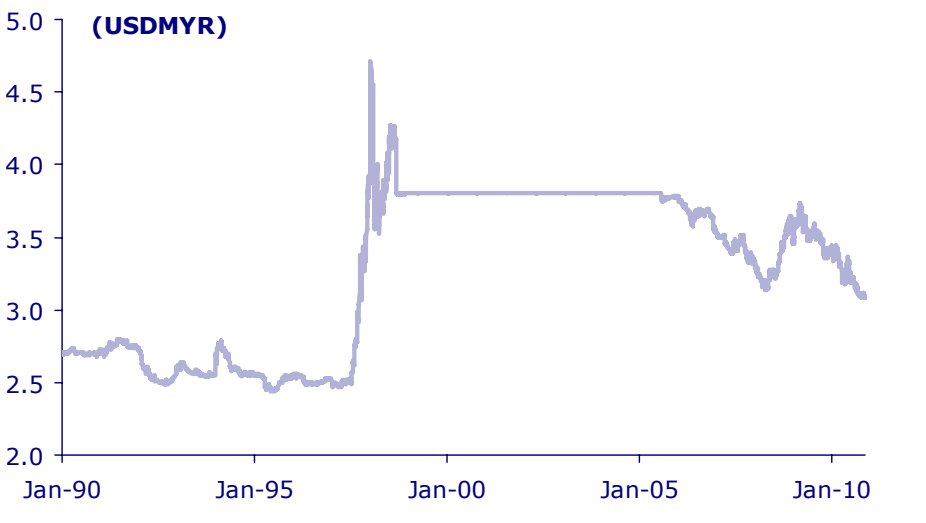
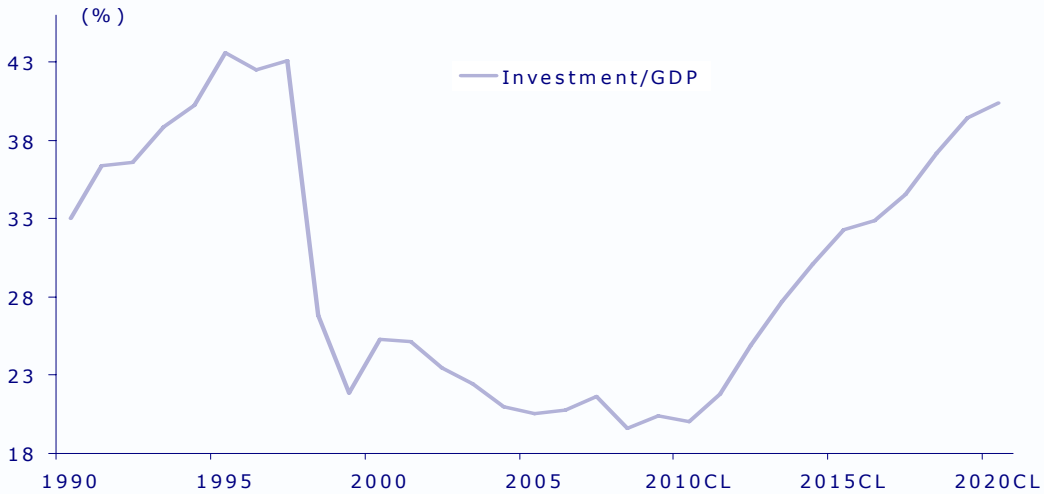
'C' change

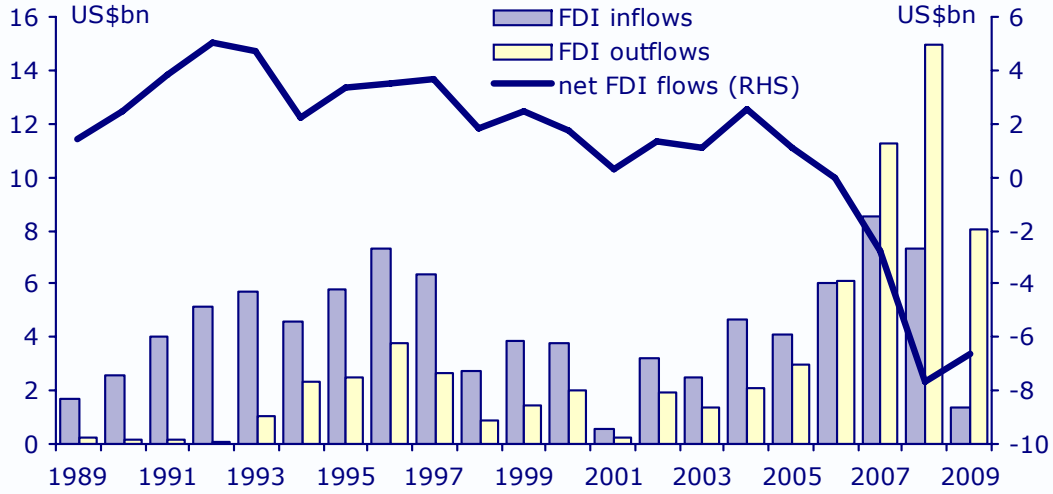
Stronger currency



New capex cycle



Reversing FDI outflows



Source: BNM, CLSA Asia-Pacific Markets

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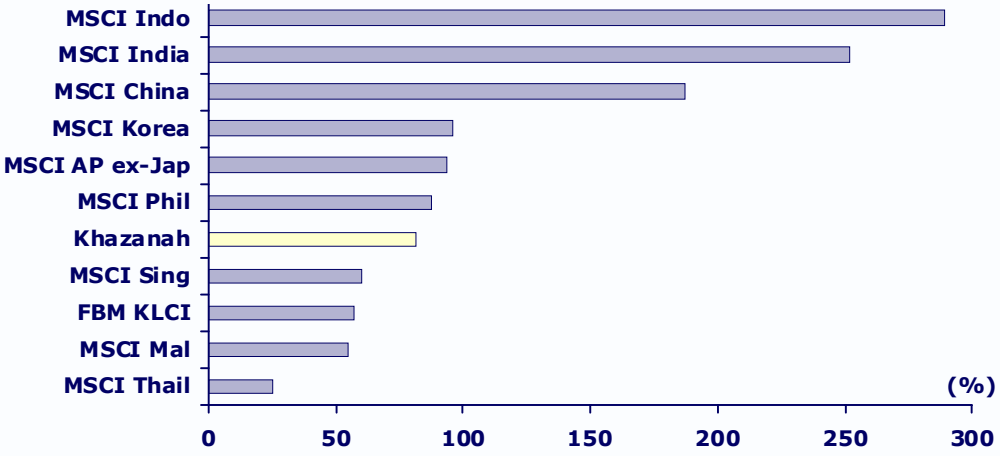
Setting them free

Khazanah outperformed local indices 2004-09



Report card for Khazanah's GLC transformation programme

Success story	Reforms pending
Axiata	MAS
CIMB	PLUS
Faber	Proton
MAHB	Tenaga
Pharmaniaga	TdC
POS	Time
UEM Land	TM

Khazanah creating value for GLCs

Company	Corporate restructuring	Sale of strategic stake	Capital management	Overseas expansion	National policy obligations
Axiata	*		*	*	
CIMB	*			*	
Faber			*	*	WIP
MAHB		*		*	*
MAS			*		WIP
Pharmaniaga		WIP		*	*
PLUS		*	*	*	WIP
POS		WIP	*		*
Proton	WIP	WIP			
TdC		WIP	*		
Tenaga		*	*		WIP
Time		WIP	WIP		
TM	*	*	*		WIP
UEM Land			*	*	

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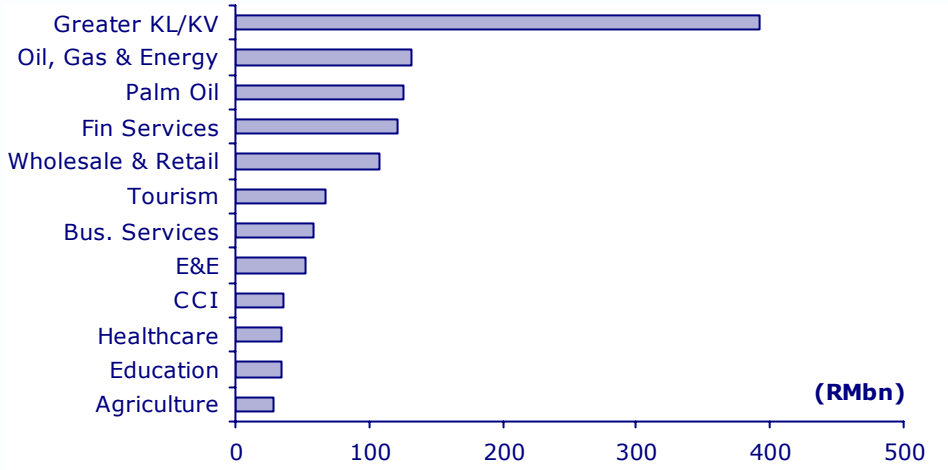
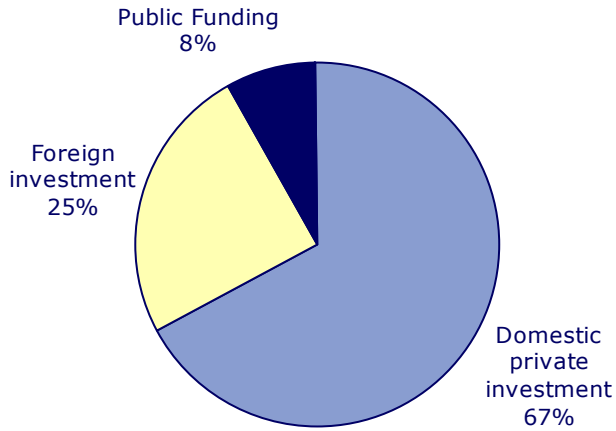
Economic Transformation Programme

Incremental GNI for the next 10 years

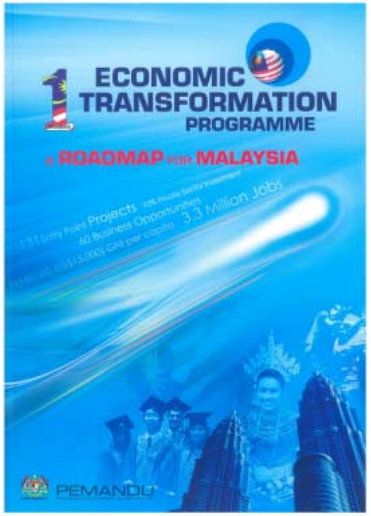


USD444bn investments over the next 10 years



Enhancing accountability

Key sector	Person(s) in charge of the sector
Oil, gas & energy	Najib Razak Peter Chin
Palm Oil	Bernard Dompok
Financial Services	Zeti Akhtar Aziz Zarinah Anwar
Wholesale & retail	Ismail Sabri Yaakob
Tourism	Ng Yen Yen
Business Services	NA
Electronics & electrical	Mustapa Mohamed Maximus Ongkili
Communications, content & infra	Rais Yatim
Healthcare	Liow Tiong Lai
Education	Muhyiddin Yassin Mohamed Khaled Nordin
Agriculture	Noh Omar
Greater Kuala Lumpur	Raja Nong Chik



Source: ETP, Government of Malaysia

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Asean Forum 2011

9-11 February, Bangkok

Japan Forum 2011

28 February-3 March, Tokyo

Corporate Access Forum 2011

11-13 May, Singapore

China Forum 2011

16-18 May, Beijing

Investors' Forum 2011

19-23 September, Hong Kong

AsiaUSA™ Forum 2011

7-9 November, San Francisco

India Forum 2011

14-16 November, Gurgaon

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