



Industry focus: **ELECTRICAL & ELECTRONICS**

Prepared by:
Lynette Lee
Toh Wei Liang

SMEBank-SCEA@smebank.com.my
(603) 2615 2020



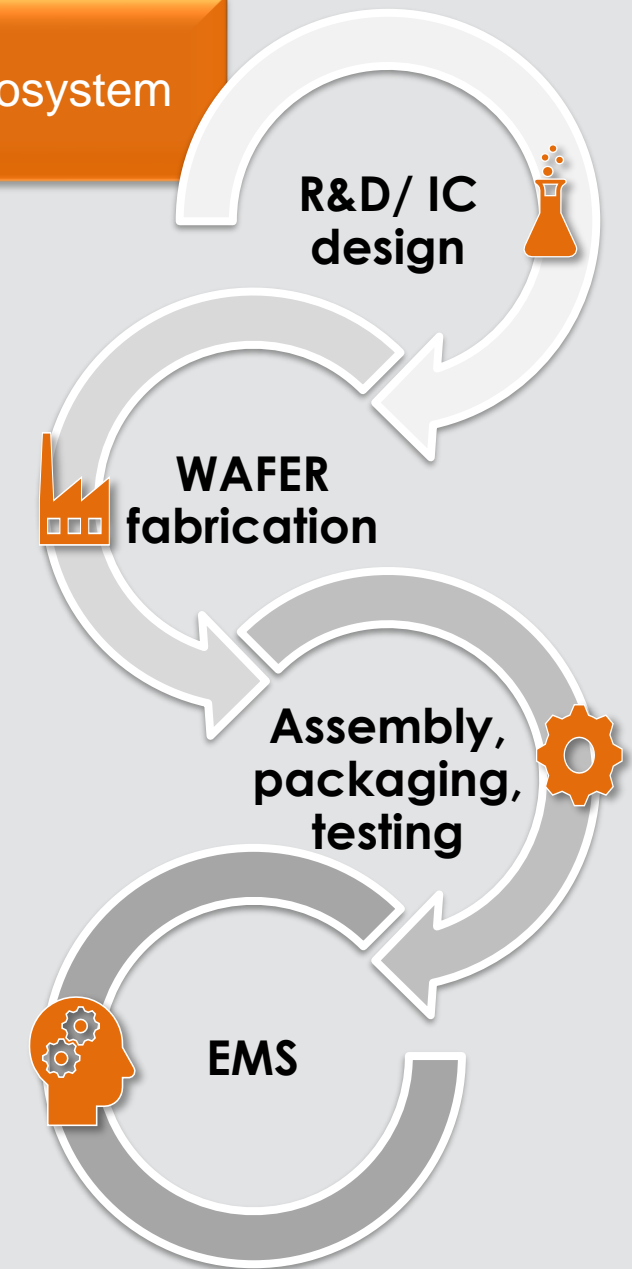


Portfolio Summary

Despite the outbreak of Covid-19, the global E&E market is estimated to be USD3,055.3 bil in 2020 and is projected to grow at a **CAGR of 7%** from 2021 and reach USD3,699 bil in 2023.

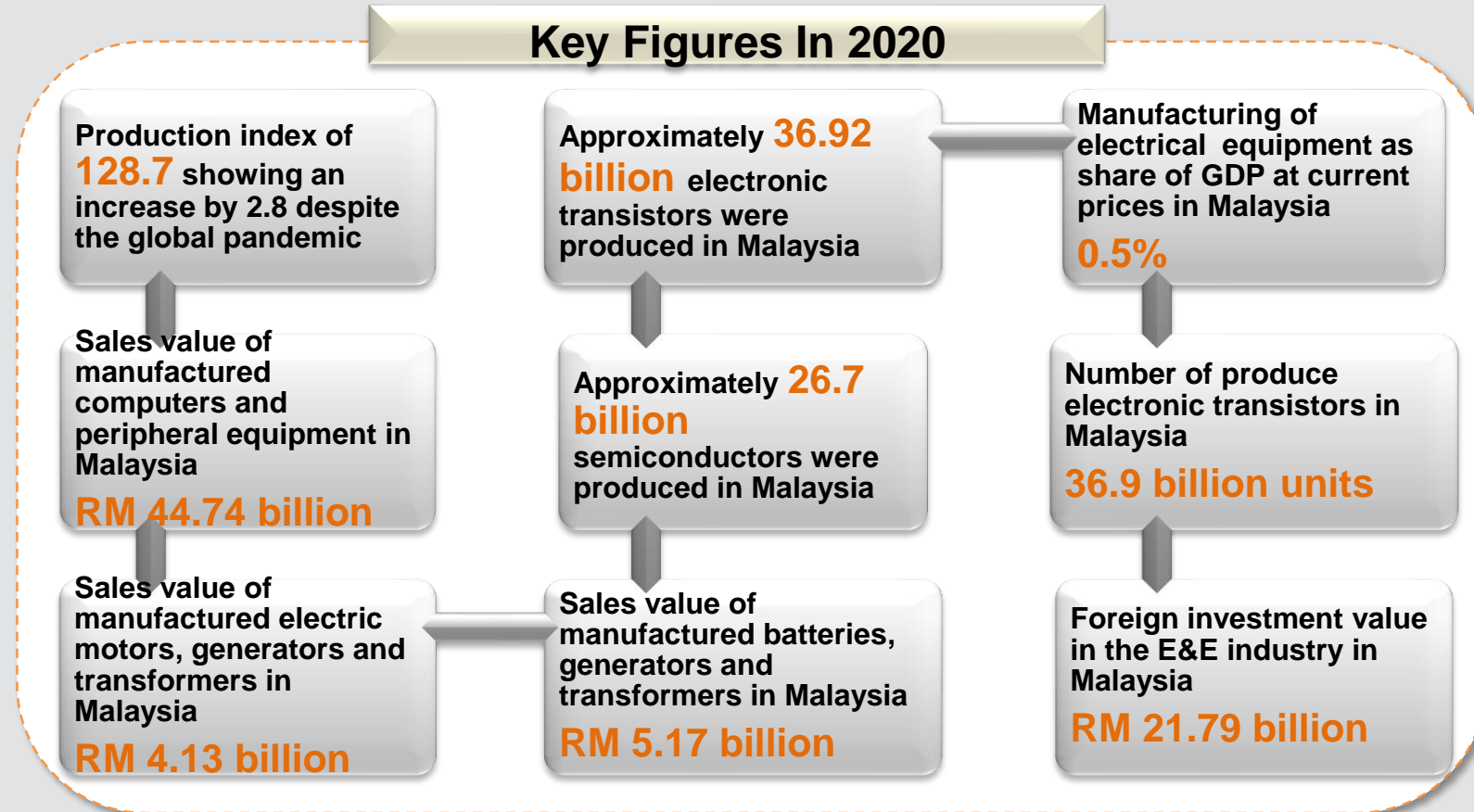
Worldwide, the average value of enterprise value to earnings before interest, tax, depreciation and amortization (EV/EBITDA) in the semiconductor equipment industry saw the highest valuation multiples with 22.9 times in 2020 (2019: 17.3 times; 2018: 7.7 times).

Semi conductor Ecosystem



Malaysia ranks 7th in Global E&E exporters (World Trade Atlas)

Key Figures In 2020



E&E at a Glance

In 2020, the E&E industry contributed **RM386 billion** in terms of export value, representing **39% of total exports** (RM373 bil; 37%).

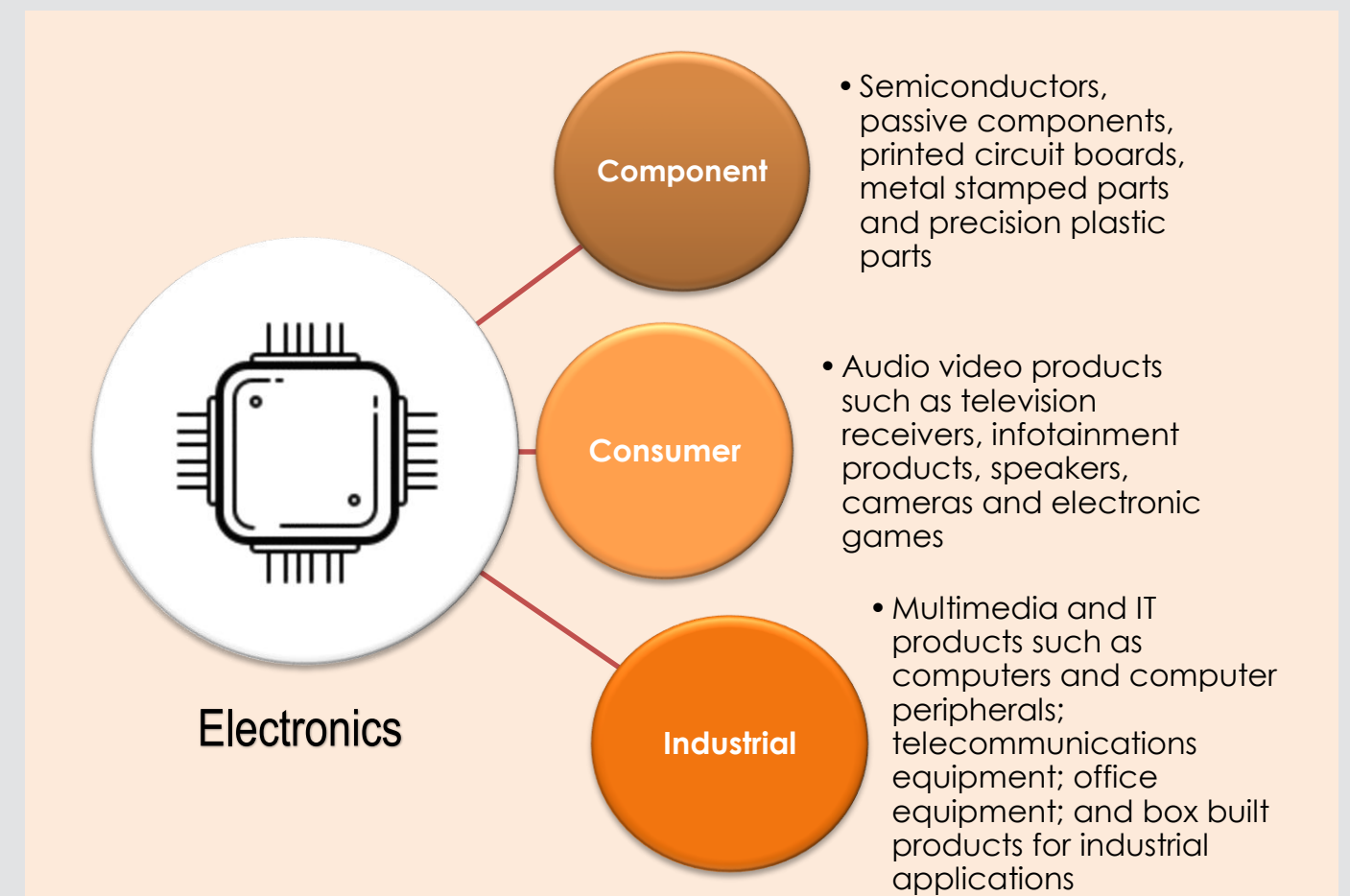
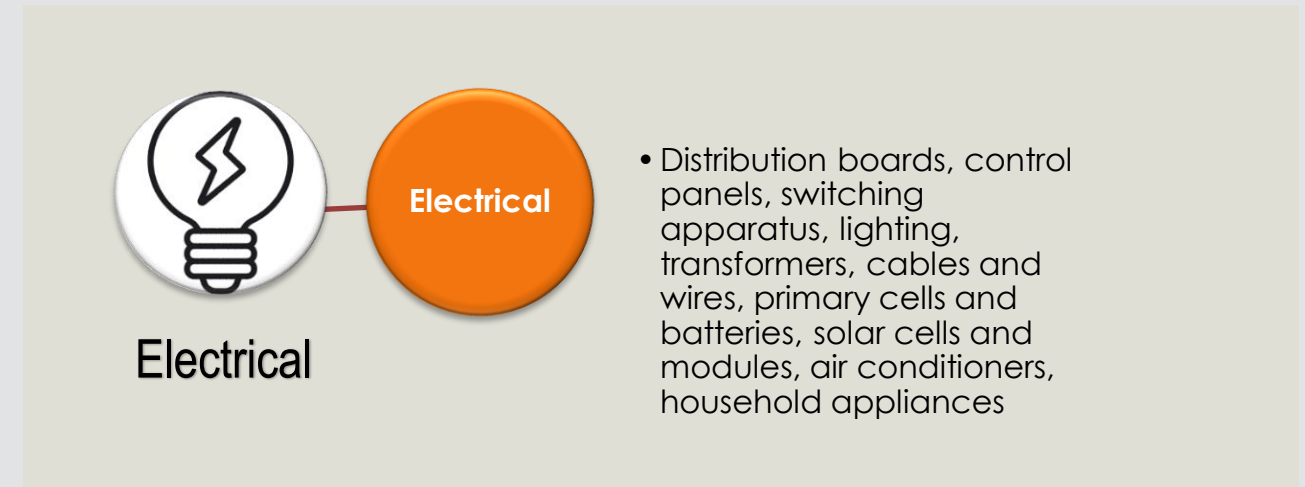
It also accounted for a remarkable **6.8% of Malaysia's GDP in 2020** (2019: 6.3%), producing components such as semiconductors for mobile devices, automotive and computer parts.

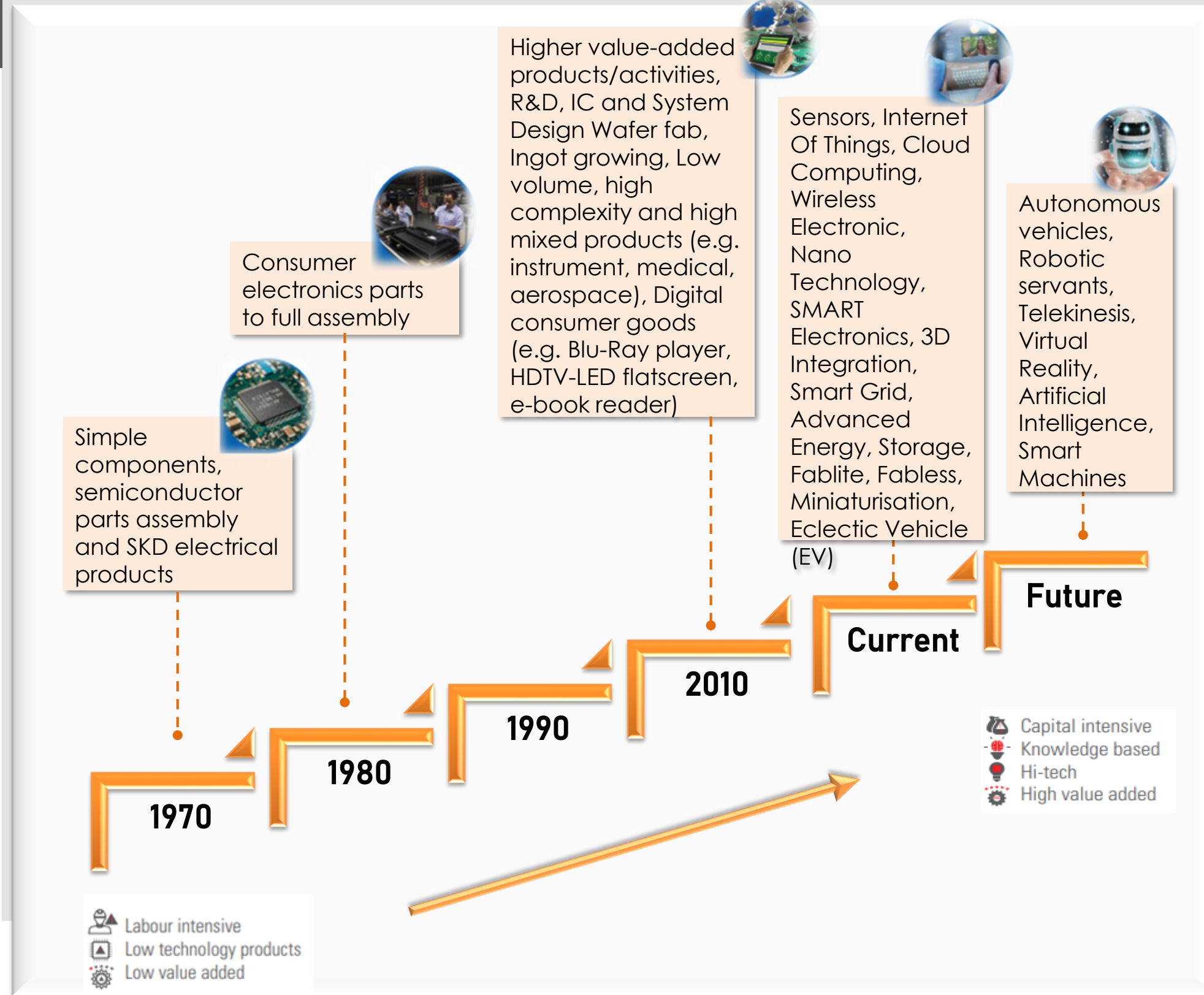
Key export destinations include China, US, Singapore, Hong Kong and Japan.

Most of the local E&E companies listed on Bursa Malaysia are involved in the **mid to lower end of the value chain**, serving foreign semiconductor manufacturers, brand owners, integrated circuit (IC) developers and fabricators. **Malaysia E&E industry has minimal participation in the higher value-added activities** such as generating intellectual property (IP), design and development (D&D).

Activities for Manufacture of electrical equipment includes (1) Manufacture of current-carrying and non-current carrying wiring devices for electrical circuit regardless of material; (2) Manufacture of fibre optic cables and (3) Manufacture of other electronic and electric wires and cables.

Activities for Manufacture of electronic equipment includes (1) Manufacture of computers; (2) Manufacture of consumer electronics; (3) Manufacture of display components; (4) Manufacture of electrical capacitors and resistors; (5) Manufacture of industrial process control equipment; (6) Manufacture of irradiation, electro medical and electrotherapeutic equipment; (7) Manufacture of magnetic and optical recording media; (8) Manufacture of optical instruments and equipment; (9) Manufacture of peripheral equipment; (10) Manufacture of printed circuit boards and (11) Manufacture of watches and clocks parts.





E&E Developments Impacting Global Industry



The technology convergence of nanotech, biotech and information sciences drives the creation of new products, particularly in the advanced manufacturing of medical devices and imaging technology, ICT and clean & green technology.

These industries and others have benefited from advances in the top 50 technologies, including digital and smart manufacturing, cloud computing, advanced energy storage, smart textiles, and flexible electronics.

The industry acts as a catalyst in the development of all other industries due to its propensity for innovation, firm commitment to capital investment, and substantial funding for research and development (R&D).

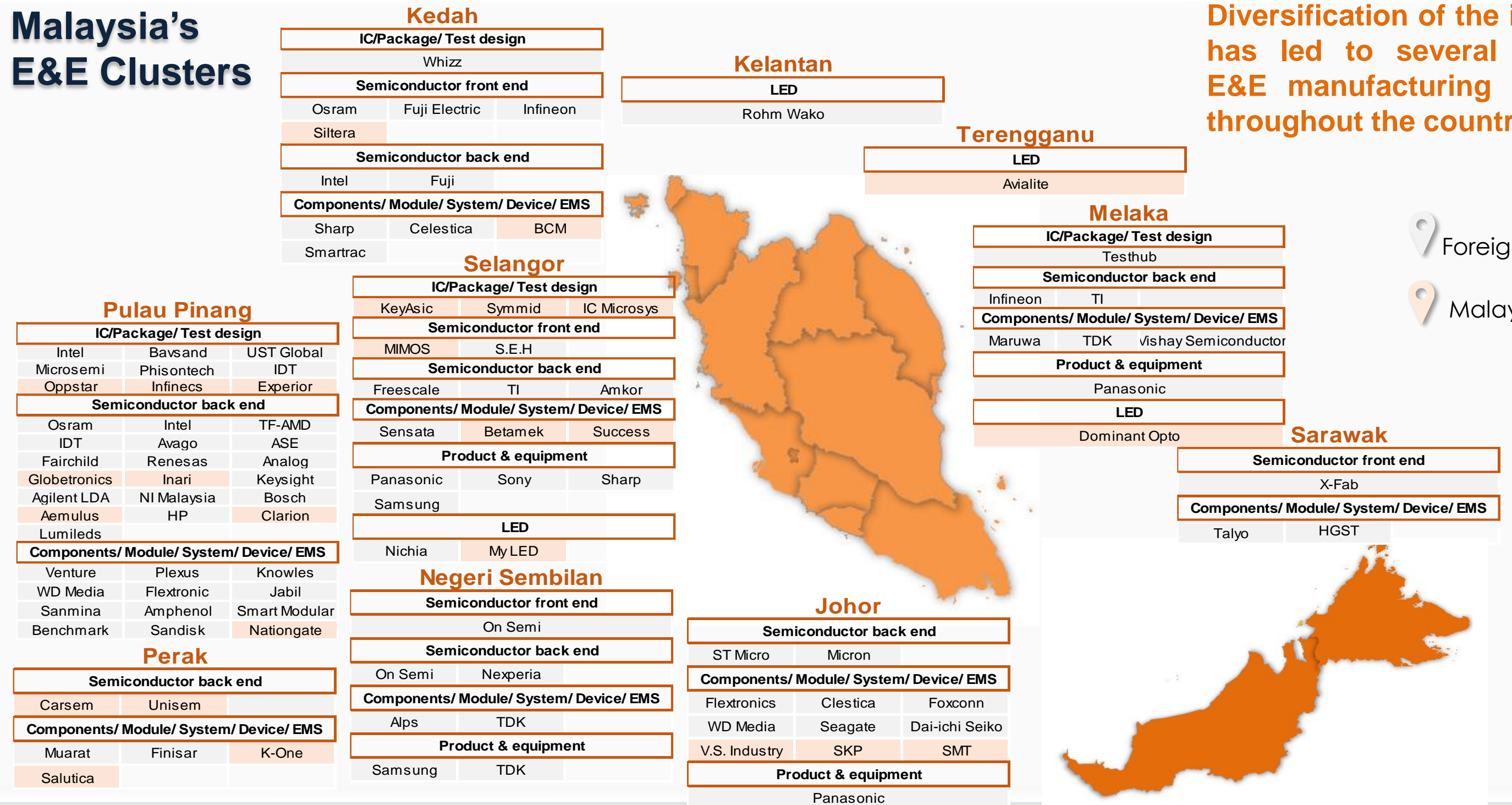
This enhances the industry's value chain, the development of a pool of product design talent, and the training of employees who can address issues such as IP protection, licensing, and R&D spending.



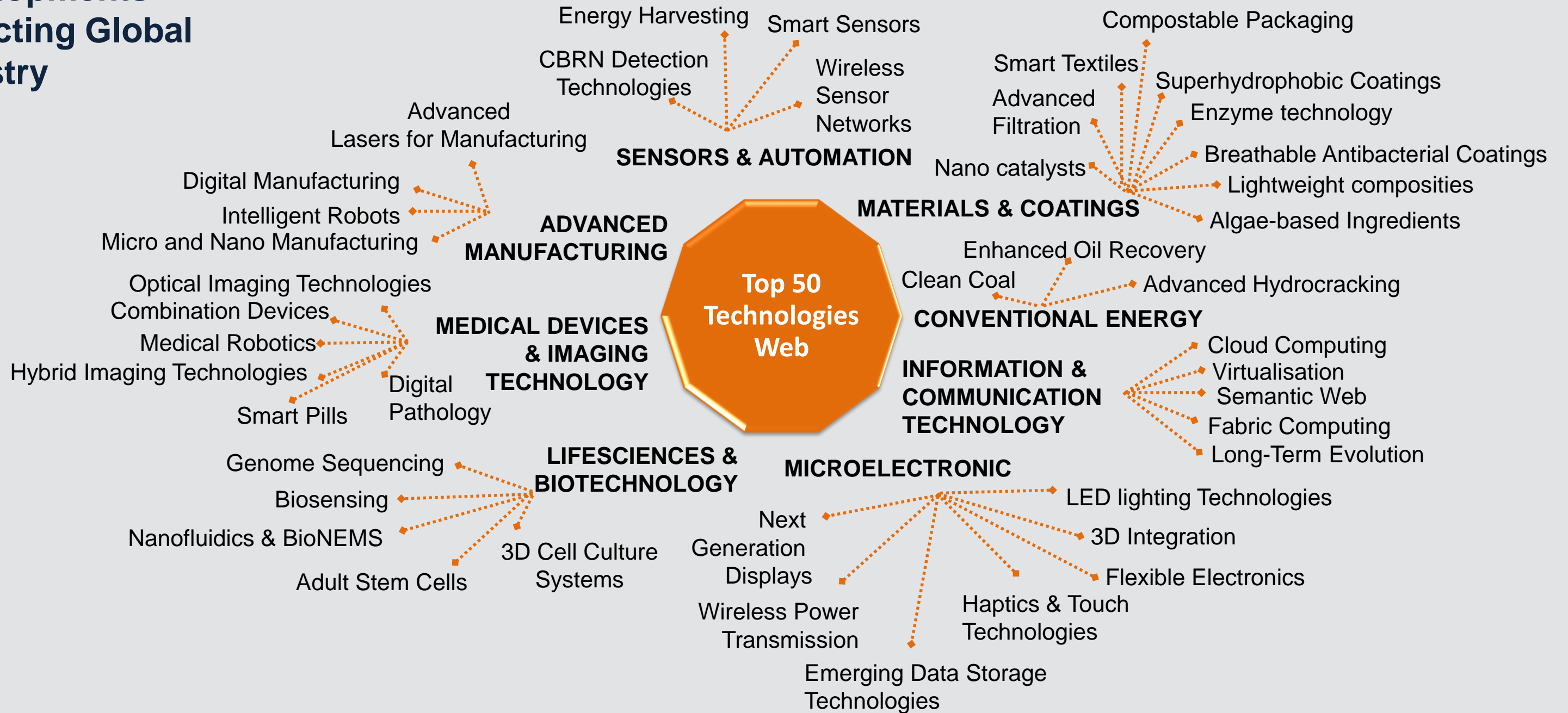
Malaysia's E&E Clusters

Diversification of the industry has led to several distinct E&E manufacturing clusters throughout the country.

Foreign
Malaysian



Developments Impacting Global Industry



DISCLAIMER

SME BANK has exclusive proprietary rights in the data or information provided herein. This document is the property of SME BANK and is protected by Malaysian and international copyright laws and conventions. The data and information shall only be used for intended purposes and not for any improper or unauthorised purpose. All information contained herein shall not be copied or otherwise reproduced, repackaged, transmitted, transferred, disseminated, redistributed or resold for any purpose, in whole or in part, in any form or manner, or by any means or person without SME BANK's prior written consent.

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment or any options, futures or derivatives related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities or other investments, if any, may fluctuate and that price or value of such securities and investments may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Any opinion, analysis, observation, commentary and/or statement made by SME BANK are solely statements of opinion based on information obtained from sources which SME BANK believes to be reliable and therefore, shall not be taken as a statement of fact under any circumstance. SME BANK does not and is in no position to independently audit or verify the truth and accuracy of the information contained in the document and shall not be responsible for any error or omission or for the loss or damage caused by, resulting from or relating to the use of such information. Analysts based in SME BANK offices produce research on macroeconomics, equities, fixed income, currencies, commodities and portfolio strategy.

SME BANK and its affiliates, subsidiaries and employees shall not be liable for any damage or loss arising from the use of and/or reliance on documents produced by SME BANK or any information contained therein. Anyone using and/or relying on SME BANK document and information contained therein solely assumes the risk in making use of and/or relying on such document and all information contained therein and acknowledges that this disclaimer has been read and understood, and agrees to be bounded by it.



Small Medium Enterprise Development Bank Malaysia Berhad 49572-H

Menara SME Bank, Jalan Sultan Ismail 50250 Kuala Lumpur

Tel: 03-2615 2020 **Fax:** 03-2698 1748 **Email:** customercare@smebank.com.my

www.smebank.com.my

 smebank |  sme_bank |  smebank_malaysia |  smebankmalaysia



An agency under



**KEMENTERIAN PEMBANGUNAN
USAHAWAN DAN KOPERASI**
MINISTRY OF ENTREPRENEUR DEVELOPMENT AND COOPERATIVES

