

## Media Statement

*Please attribute the following comments to Fad'l Mohamed, Chief Executive Officer, Maybank Investment Bank.*

### CAPITAL RAISING ACTIVITIES COULD RETURN TO PRE-PANDEMIC LEVELS IN 2021

- Capital market activity is on track to improve in 2021, with some sectors showing a return to pre-pandemic levels.
- We see significantly increased interest across equity and debt capital markets as well as in the mergers and acquisitions (M&A) space.
- There is ample liquidity from investors to support fundraising activity.

Malaysia's capital market activity is on track to improve in 2021, with fundraising interest across some sectors showing a return to pre-pandemic levels.

In **equity capital markets**, we are seeing significantly increased interest from first-time issuers (IPOs) across three categories:

- companies which have benefited from the pandemic, such as gloves and healthcare-related firms;
- companies which have weathered the pandemic well and have shown resilience, such as finance and fintech-related firms, and
- companies which were initially impacted by the pandemic but have subsequently recovered at a stronger than expected pace, such as logistics and selected real estate players.

Additionally, the trend from 2020 in terms of primary and secondary placements as well as block trades will continue, as issuers look to fund their recovery momentum and inorganic growth opportunities (in the case of primary placements) and large shareholders look to recycle capital via secondary placements or block trades.

In **debt capital markets**, we expect activity to match those prior to the onset of the pandemic, although corporate fundraising is currently focused more on refinancing and infrastructure, rather than new capacity building.

Malaysia's bond and sukuk markets have been widely tapped for infrastructure projects in recent years and we expect this trend to continue into 2021. With the global movement towards clean energy and net zero emissions, there is increased demand and interest in green infrastructure. Maybank is the market leader in capital market large-scale solar photovoltaic projects, having arranged 54% of all solar sukuk issuances from 2017 to 2019. We have also provided approximately RM2.7 billion of financing to green energy projects. The recent awards for the fourth large-scale solar programme ("LSS4") paves the way for more green financing and investment opportunities.

Also active in the debt market are fundraisings by financial industry sector, including capital raising by banking groups amidst the challenging credit environment.

In addition, we expect a fair share of maturities this year to be refinanced as corporates are taking advantage of the relatively low interest rate environment to continue extending their liabilities, although the appeal has somewhat diminished over the past three months compared to 2020 where yields were at an all-time low.

Within **mergers and acquisitions (M&A)**, heightened activity can be expected as confidence returns to the market and companies continue their quest for scale and in-country consolidation.

We see greater activity in companies whose valuations have been impacted by challenges in 2020 but whose underlying business remains sound, especially in the retail sector. These are opportunities for shareholders to consolidate and reorganise its businesses.

M&A is also likely to be driven by ongoing trends of private equity investors looking to monetise their investments and multinational corporations reviewing their scale of operations.

The ongoing pandemic of the past 12 months has demonstrated the resilience of Malaysia's capital markets, which will continue to remain broad and deep enough to support capital raising activity.

The successful completion of the RM1.5 billion IPO by MR D.I.Y. Group (M) Berhad, which continued to see strong aftermarket performance with active participation from foreign institutional investors, and the strong bonds and sukuk volume of RM104 billion seen in 2020 provide a lot of comfort that there is still ample liquidity in the market.

The low interest rate environment continues to support domestic liquidity, as do privatisation deals which put cash back in the hands of minority investors. While bond yields have trended up sharply in the past three months, they are still lower than the average yield in the last 10 years.

Funds are still available and growing as demand for sustainable returns remains strong. Our observation corroborates with the just-released Securities Commission Annual Report, which highlighted that total funds invested in Malaysia by licensed fund management companies grew from RM620.1 billion as at end 2019 to RM649.5 billion at end 2020, despite the impact of the pandemic.

Barring any unforeseen events such as another wave of infections, vaccine hiccups or political uncertainty, we expect capital market activity to return to healthy levels as all sectors of the economy forge ahead to rebuild and recover.

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#### **About Maybank Investment Bank**

Maybank Investment Bank Berhad, Malaysia's leading investment bank, is part of Maybank Kim Eng group, the fully-owned investment banking arm of Maybank, one of Asia's leading banking groups and South East Asia's fourth largest bank by assets. The Maybank Kim Eng group of companies comprises businesses stretching around the globe with offices in Malaysia, Singapore, Thailand, Indonesia, Philippines, Vietnam, Hong Kong, India, Great Britain and the United States of America. Maybank Kim Eng has been in Asia for more than 40 years and offers a suite of financial solutions, which include debt advisory and arrangement via bonds/sukuk, project financing, leveraged financing and loan syndication, corporate finance, equity capital markets, merger and acquisition advisory, sector advisory, strategic advisory, equities derivatives, retail and institutional securities broking and research. A leader in many of the Asian markets that it operates in, Maybank Kim Eng has won numerous prestigious awards in the markets that it serves. For more information, please visit [www.maybank-ke.com](http://www.maybank-ke.com).

For more information, please contact:

Shirley Ann Lau : +60 16 594 2007

Samantha Ho : +60 17 303 4068

E-mail: [mkestratcomms@maybank-ib.com](mailto:mkestratcomms@maybank-ib.com)