



AmInvestment Bank

INFRASTRUCTURE DEBT SECURITIES

The Case of Sukuk in Malaysia

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Infrastructure Debt Securities: The Case of Sukuk in Malaysia

Presentation Outline

► PART I

- Introduction
- Malaysia's Experience in Infrastructure Financing
- Typical Financing Plan and Strategy

► PART II

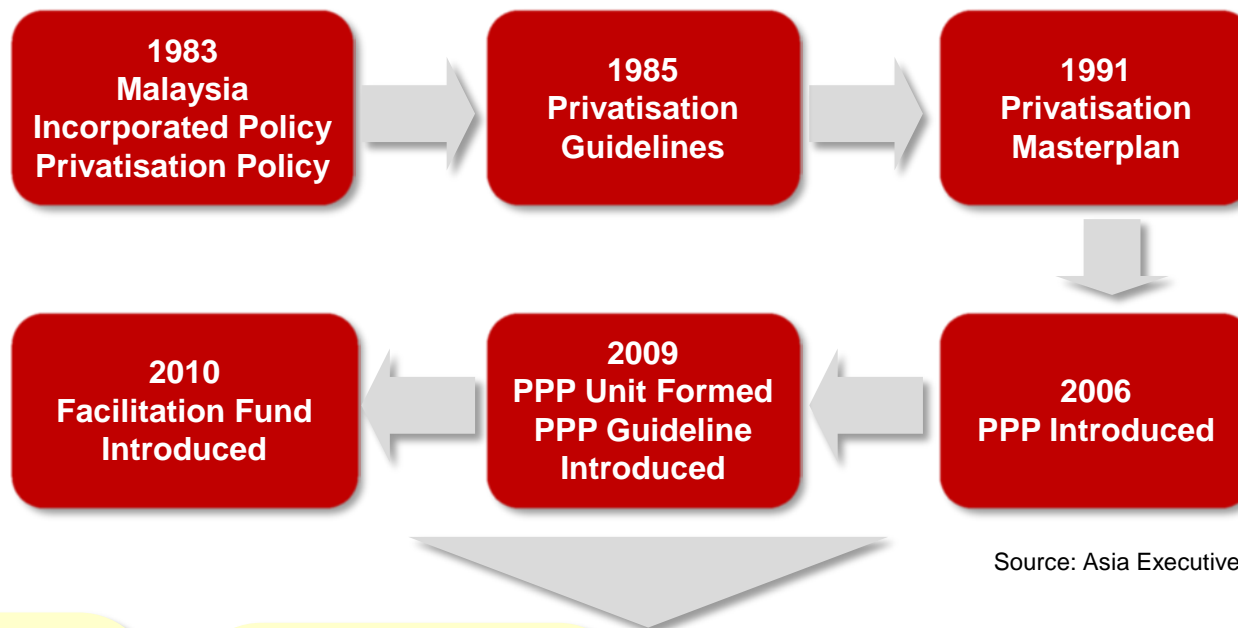
- Rating Considerations and Credit Enhancement
- Case Studies
- Why AmInvestment Bank?



Introduction



Evolution PPP in Malaysia



Source: Asia Executive Programs workshop

Various PPP Models adopted:

- Build-Operate-Transfer
- Build-Operate-Own
- Build-Lease-Maintain-Transfer
- Build-Lease-Maintain-Operate-Transfer
- Management / Operation outsourcing
- Leasing and land swap
- Sales of public asset / equity

Current Emphasis:

- Highways
- Education
- Health
- Government administrative building
- RM20 billion Facilitation Fund established as tipping point to encourage private investment

Private Funding

- Equity
- Bank borrowing / loans
- Private debt securities / Sukuk
- Typical debt-to-equity ratio of 80% - 90% to 10% - 20%

Public / Government Funding

- Government soft loan
- Government subsidy
- Government grants (for land acquisition)

Evolution PPP in Malaysia (cont'd)

- PFI - first mentioned in the Ninth Malaysia Plan in March 2006 as an alternative procurement method for the Government.
- Aim - to facilitate greater participation of the Private Sector to improve the delivery of infrastructure facilities and public services.
- 2009 - Privatisation and Private Finance Initiative (PFI) Unit was established under the Prime Minister's Department.
- Currently known as Unit Kerjasama Awam Swasta (“UKAS”).

UKAS' main responsibilities

Legislate and strategize a PPP policy that is suitable to the country's economic situation and time

Study and endorse the PPP proposals for the approval of the Cabinet

Plan, administer, control and evaluate the implementation of the National PPP programmes

Manage the PPP's Facilitation Fund

Structure of PPP Project

Structuring a PPP project involves bringing together relevant private sector parties with clearly defined tasks and risks of the project. The main parties would include:

Main parties in PPP Project

- Special purpose vehicle created specifically for the project
- Financiers
- Construction contractor
- Facilities management operator
- Public sector (procuring authority)

Typical PPP Business Models

The typical PPP Business Models are as follows:

PPP Business Models

- Build-Lease-Maintain-Transfer
- Build-Lease-Maintain-Operate-Transfer
- Build-Own-Transfer
- Build-Operate-Own

Source: UKAS PPP Guidelines, Asia Executive Programs workshop

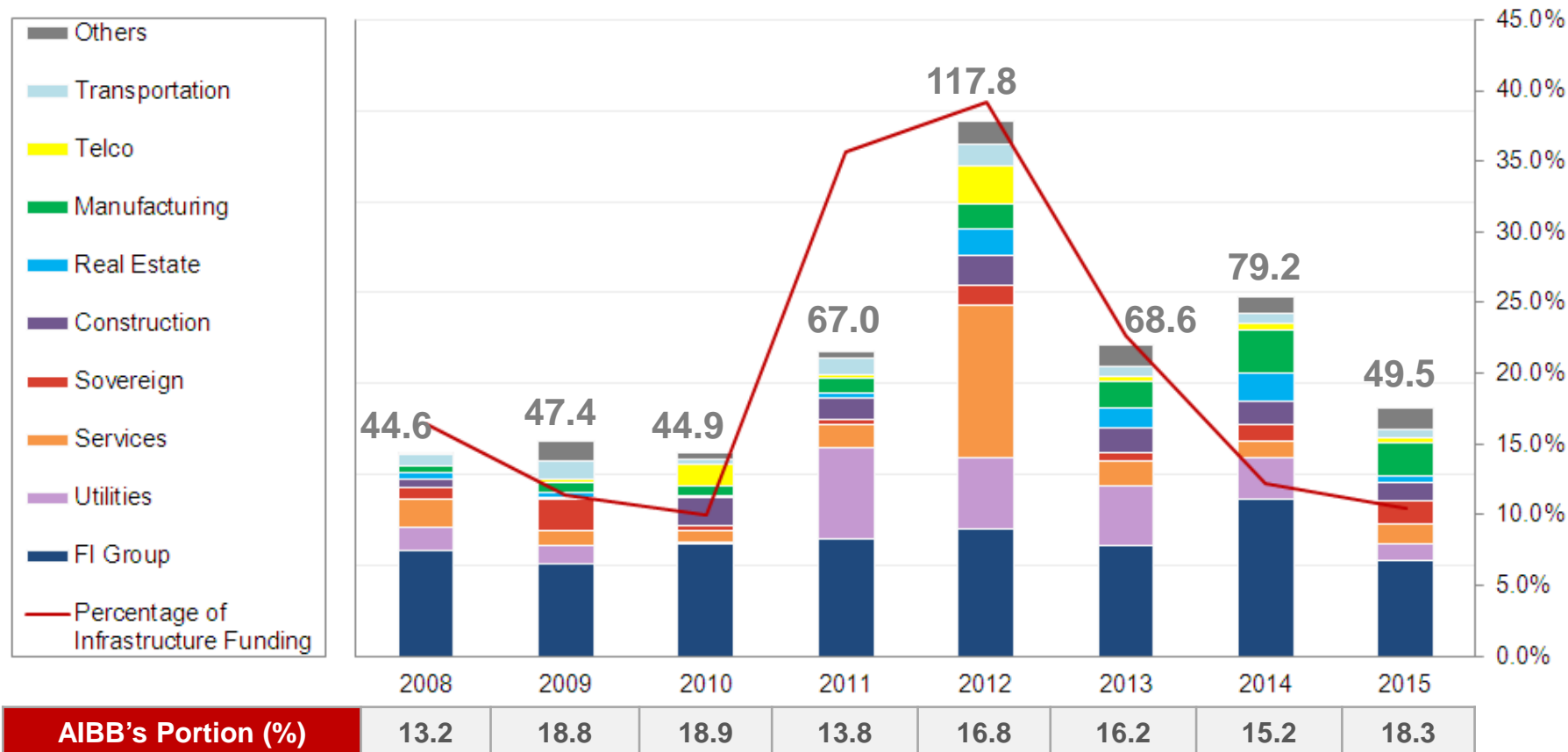
Malaysia's Experience in Infrastructure Financing



Malaysian Debt Capital Market

Private Debt Securities / Sukuk Issuance Amount

Source: Bloomberg (13 Nov 2015)



- YTD issuance of PDS / Sukuk is 37.5% down from last year in the first few months of the year, with total PDS / Sukuk issuance being recorded at MYR45.9 billion (2014: MYR79.2 billion). However, the market is expected to close with MYR70 to 80 billion by the year end.
- New issues improved across these sectors: finance (MYR24 billion, 48.1%), real estate (MYR2 billion, 4.8%) and business services (MYR300 million, 0.6%) sector, which has remained the chief driver of PDS / Sukuk issuance.

Malaysian Debt Capital Market (cont'd)

Supply Profile of Government Bonds / Sukuk in 4Q15

Source: Bloomberg / BNM

	Projected 2016			Projected 2016 – 2018
	<i>Issuance</i>	<i>Redemption</i>	<i>Net</i>	<i>% of Total Issuance</i>
MGS	45.4	(26.7)	18.7	47 – 52%
GII	44.4	(22.0)	22.4	49 – 52%
Others	0.8	-	0.8	
Total Issuance	90.6	(48.7)	41.9	

- Expect gross issuance of government debt to decline over the next 3 years, with importance of GII to gradually rise beyond an alternative to MGS.
- Total issuance of government debt is estimated at MYR93.6 billion in 2015, MYR90.6 billion in 2016, MYR90.5 billion in 2017 and MYR88.9 billion in 2018.

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_3804

