



JUNE 2017

MALAYSIA'S CHART-TOPPING GROWTH TO SPUR A BETTER 2017?

STRONG Q1 GDP SETS MALAYSIA, RINGGIT NICELY UP FOR 2017

AS ADEX DROOPS, MEDIA INDUSTRY CONSOLIDATES

APRIL ADEX SLIDES; CINEMA SUPPLANTS PAYTV AS STAR PERFORMER



STRONG Q1 GDP SETS MALAYSIA, RINGGIT NICELY UP FOR 2017

1

Q1 GDP of 5.6% YoY
(vs 4.5% 4Q 2016)
topped consensus forecasts
by a wide margin,
due to “surprisingly strong”
domestic demand.

2

Household
spending accounted
for 3.6% of growth,
the most in eight quarters,
despite falling wage
growth.

HOUSEHOLD
SPENDING:
3.6%
OF GROWTH

3

Combined
with investment growth
of 10.0% YoY
(vs 2.4% in 4Q 2016),
a broad-based recovery
is indicated.



4

While **Ringgit**
has “turned the corner”
for now, there are few signs
of a recovery to 4.0/USD-levels
as demand for Malaysian assets
remain “tepid” while foreign
reserves are “much weaker”
historically speaking.

5

Stronger Ringgit
and outperforming **Q1**
GDP could nonetheless
dampen inflation, increase
market confidence.

6

For rest of 2017,
average Q1 inflation of 4.3%
expected to moderate,
domestic growth to continue
and interest rates
(Overnight Policy Rates) of
3% to stay “supportive”.

Q4 GDP
2016
4.5%
YOY

VS

Q1 GDP
2017
5.6%
YOY



AS ADEX DROOPS, MEDIA INDUSTRY CONSOLIDATES



1 Media Prima's RM 105m acquisition of Rev Asia nearly doubles its digital reach to 9m monthly users, expanding non-traditional business.

2 Rev acquisition leapfrogs Media Prima to No.3 country rank behind Google (15.7 monthly users) and Facebook (14.0m monthly users).



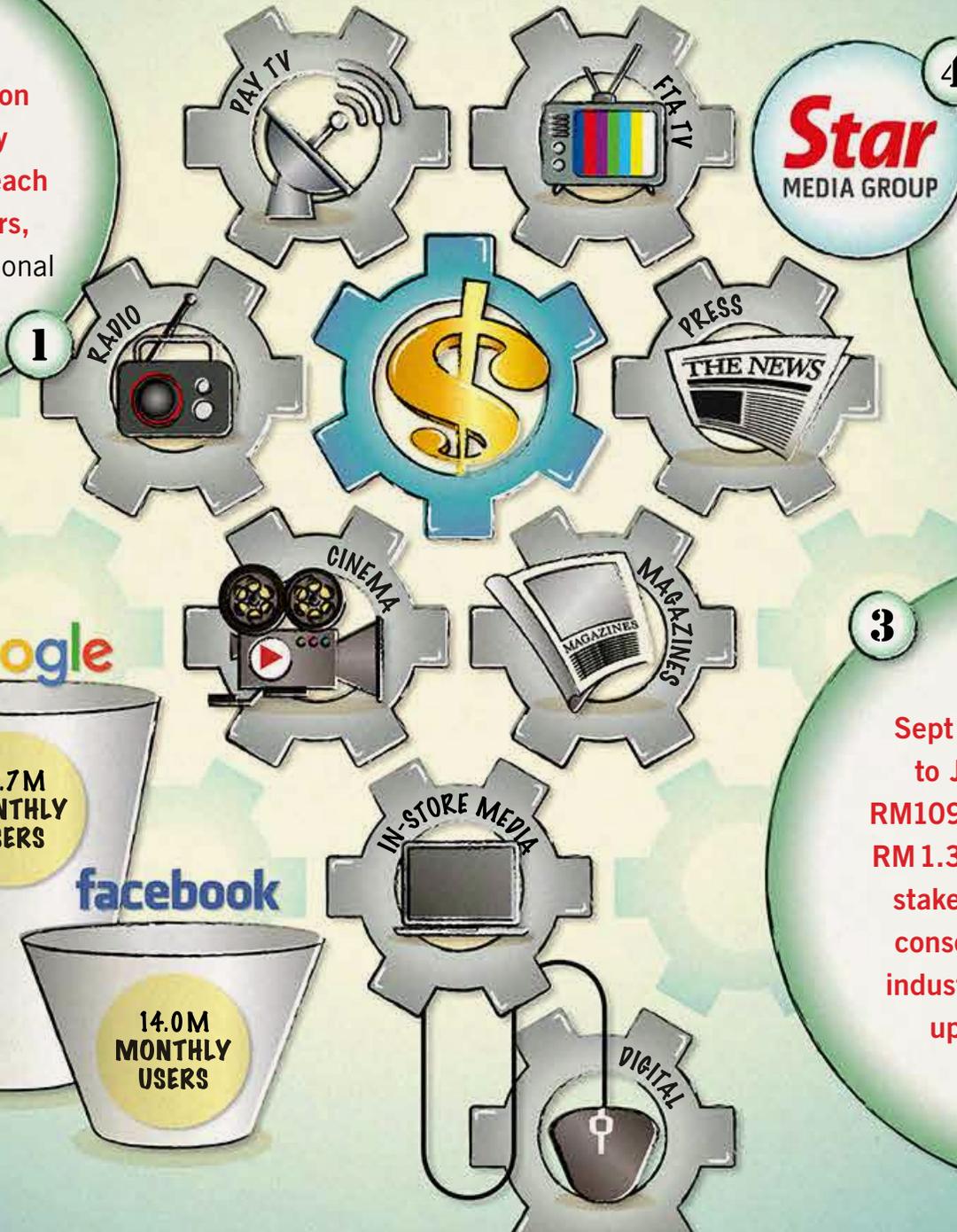
Google

15.7M MONTHLY USERS

facebook

14.0M MONTHLY USERS

SOURCES: CIMB INVESTMENT RESEARCH, KENANGA, UOBKAY HIAN



4 Star Media Group also busy, with recent sale of entire 52.51% stake in Singapore-listed Cityneon Holdings Ltd for RM 360m cash — building warchest for digital acquisitions?

3 Rev exit mirrors Sept 2011 Motor Trader sale to Japan's Proto Corp. for RM109.67m, while recent 67%, RM 1.3m EatDrink.my food blog stake sale to MyEG indicates consolidation trend in media industry as digital adex ramps up and traditional print further slides.

THE CAR, AS WE KNOW IT, DEAD BY 2030?

1 By 2030, within 10 years of regulatory approval of autonomous vehicles (AVs), **95% of U.S. passenger miles traveled will be served by on-demand autonomous electric vehicles (EVs) owned by fleets, not individuals.**

2 The disruption will be driven by economics in a new business model called **"transport-as-a-service" (TaaS).**

3 EXPECTED LIFESPAN OF **1.6M KM**

People will stop driving altogether and switch to self-drive EVs that are **10x cheaper to run than fossil-based cars**, with a **near-zero marginal cost of fuel** and an expected lifespan of **1.6 million km.**

3

NEAR-ZERO MARGINAL COST OF FUEL

SELF-DRIVE EVs **10X CHEAPER TO RUN**

4

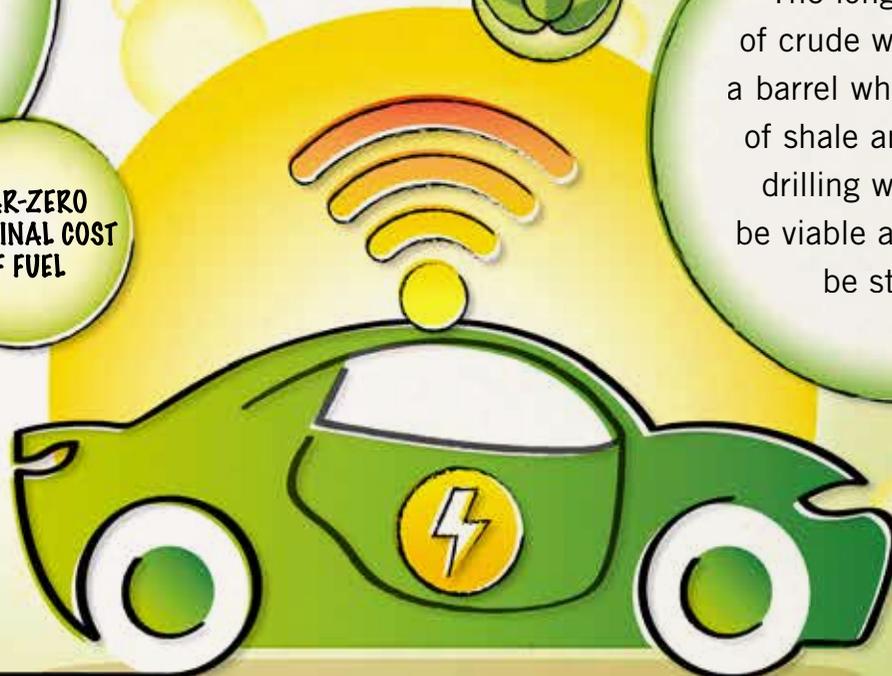
Cities will ban human drivers once data confirms the dangers of driving, spreading to suburbs and beyond. There will be a "mass stranding of existing vehicles" and residual values will plunge — and people will have to pay to dispose of old vehicles.

5 A twin "death spiral" will occur, with hugely negative implications for listed oil and auto corporations unless they adapt in time.

5

6 The long-term price of crude will fall to \$25 a barrel while most forms of shale and deepwater drilling will no longer be viable and assets will be stranded.

6



THE RISE OF THE CELLPHONE-ONLY HOUSEHOLD

1 In Malaysian households, the number of mobile phone lines outstripped direct exchange lines (DEL) in 2004, with latest official statistics (Q316) indicating a factor of **>5 mobile lines to 1 DEL.**



2 Ratio of Malaysian smartphone ownership outstrips Germany, Italy, China, France and Russia, indicating a wealthier society — contrary to the US, where mobile-only households are typically lower-income.



3 However, stratospheric Malaysian mobile penetration-to-population ratios of **>140%** likely skew economic metrics for smartphones (47% of Malaysians own more than one mobile phone, more than Indonesia and the US).

47%
OWN MORE
THAN ONE MOBILE
PHONE

Malaysia, like other Asian emerging nations, count Millennials as most likely to own smartphones, indicating a higher likelihood to conduct e-commerce activities like buying movie tickets, fashion, books, insurance and air tickets.



WANNACRY: A TEST CASE FOR MORE OUTAGES?

2 UK's National Health Service, Spain's Telefónica, FedEx and Deutsche Bahn were hit, including Nissan and Renault, which halted UK production for fear of the virus spreading.

3 By 19 May 2017, the attacks slowed and were presumed extinct, though reports allege that a newer and more powerful version will soon be released to infect global computer systems.

4 Other, more tenuous, reports allege a connection with other tech/algo-related disasters like flash crashes or other Black Swan events like Brexit and the Cypriot banking crisis as moving parts in a sequential culmination of the next global financial crisis in 2018.

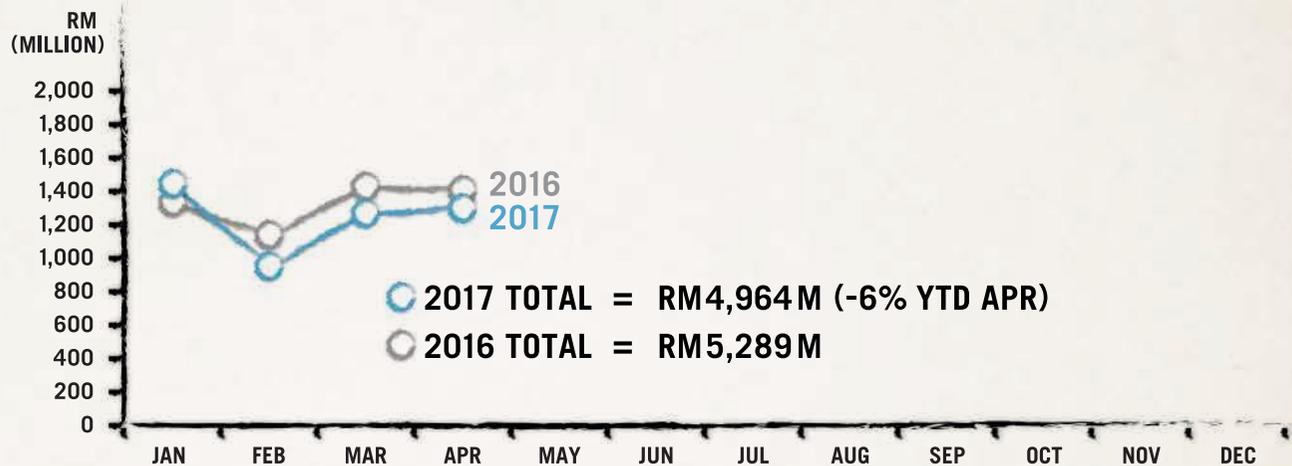
1 WannaCry ransomware was a worldwide cyberattack on computers running on Microsoft Windows OS', infecting >230k machines in 150 countries.



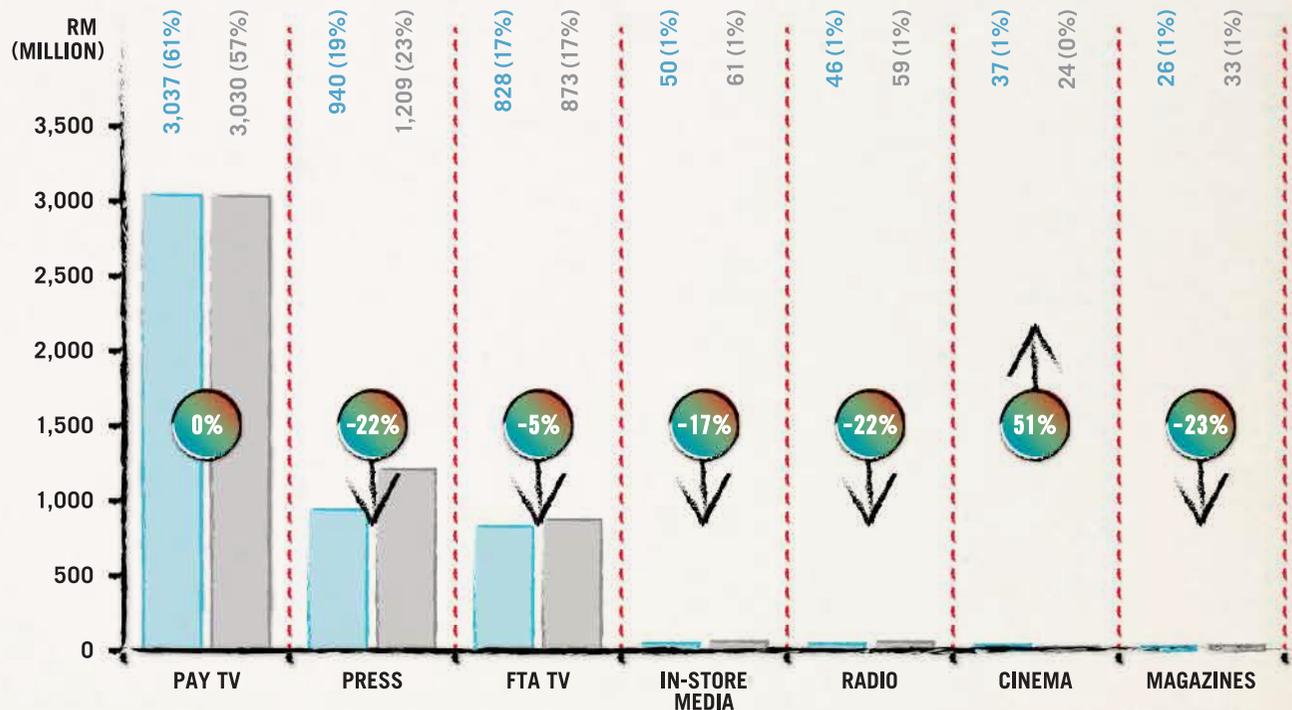
5 The economist/author James Rickards has argued that the next crash will see a global freeze on trillions in cash savings and investment funds and the supplanting of the US dollar as a global reserve currency by the International Monetary Fund's Special Drawing Rights.

APRIL ADEX SLIDES; CINEMA SUPPLANTS PAYTV AS STAR PERFORMER

- Year-to-date (YTD) Adex fell 6% to RM4.96 billion as consumers remained cautious due to inflationary concerns.
- YTD, only Cinema grew (51%) while PayTV was flat (0%).
- All other mediums declined: Magazines (-23%), Press (-22%), Radio (-22%), In-Store Media (-17%), FTA TV (-5%).
- ‘Sugar King’ Tan Sri Robert Kuok’s PPB Group Bhd, which owns Golden Screen Cinemas Sdn Bhd (GSC), has said RM215 million of its planned capital spending of RM401 million this year will be used to expand its film exhibition and distribution arm.
- Adex recovery delayed because of weak consumer sentiment (March inflation of 5.1% is an eight-year high) and shift in ad spend from traditional to digital mediums.
- On a positive note, public ad spend expected to be steadfast in buffering further downside in adex growth in the lead up to the 14th General Election, scheduled to be held by Aug 2018 at the latest.



COMPARING JAN-APR 2017 WITH JAN-APR 2016





DAN EYE is a monthly snapshot that captures the most current and essential macroeconomic, social and technological influences driving industry change. Our 'eye on everything' approach aims to provide clients with the most relevant, innovative and integrated solutions in addressing their marketing challenges today.

CARAT MALAYSIA is

Malaysian Media Awards

– Agency of the Year 2015

A+M Magazine's Agency of the Year Awards

– Media Agency of the Year 2015 (*Gold Winner*)

– Media Agency of the Year 2016 (*Silver Winner*)

Campaign Asia-Pacific Agency of the Year Awards

– Malaysian Media Agency of the Year 2014 (*Gold Winner*)

– SEA Media Agency of the Year 2014 (*Gold Winner*)

RECMA

– #1 Global, #1 APAC & #1 SEA Network in 2015

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