

## What's Happening in Myanmar Market & Valuation Vol. 71 - November 2022 -

### **Myanmar attracted foreign direct investments of \$1.45 billion in past seven months**

2022年4月～10月期のミャンマーに対する海外直接投資は、52社から総額14億5000万ドルであった。投資の大部分は製造業に向けられているが、不動産セクターへの投資が1社あり、2,900万ドル投じたとされる。

*Learnt from The Global New Light of Myanmar (November 21, 2022)*

### **Yoma to buy Telenor's stake in Myanmar's Wave Money for \$40m, down from \$53**

シンガポールSGX上場のYoma Strategicの関連会社であるYoma MFS Holdingsが、電子決済システムを提供するDigital Money Myanmar社(Wave Money)の持分51%を取得することが明らかになった。当該持分はこれまでテレノール社が保有してきたもので、来年1月を目処に53,00万ドルで譲渡されることとなっている。

*Learnt from: Deal Street Asia News (November 22, 2022)*

### **Foreign companies in Myanmar bide their time with eye on long view**

多国籍に展開する外国企業のうち、ミャンマーからの撤退しないことを決断した企業は、長期的な成長見通しに対して期待する一方、国際的な非難に直面している軍事政権の下で、暫くは選択肢のない状況下でのビジネスを強いられることを許容せざるを得ず、現下の経営環境は厳しい。ミャンマー情勢は依然として不安定だ。

*Learnt from: Nikkei Asia News (November 23, 2022)*

**Myanmar attracted foreign direct investments of \$1.45 billion in past seven months**

A total of 35 foreign enterprises pumped US\$ 179 million into Myanmar's manufacturing sector in the past seven months (April-October) of the current financial year 2022-2023, including capital expansion by the exiting enterprises, as per the statistics released by the Directorate of Investment and Company Administration (DICA). Myanmar attracted foreign direct investments of \$1.45 billion from 52 enterprises during April-October period. The majority of the investments brought into the manufacturing sectors. Agriculture sector drew \$3.5 million from two projects. Power sector received \$817 million from 10 projects, while one enterprise put \$29 million in the real estate sector and two other foreign enterprises made an investment of \$413.068 million in the service sector respectively. One enterprise also put investments of less than a million into the hotels and tourism sector and some capital expansions of the existing businesses are also seen.

*Learnt from: The Global New Light of Myanmar (November 21, 2022)*

**Yoma to buy Telenor's stake in Myanmar's Wave Money for \$40m, down from \$53**



Logo of Telenor.

Yoma MFS Holdings, a subsidiary of Singapore-Listed Yoma Strategic, is acquiring a 51% stake in Digital Money Myanmar (Wave Money), a digital payment service provider, for \$40 million. Yoma will acquire the controlling stake from Norwegian telecom firm Telenor, a joint venture partner of Yoma Strategic in Wave Money. Both

Telenor and Yoma agreed to transfer the stake for \$53 million in January. However, based on the amendment agreement for the deal on November 18, Telenor and Yoma agreed on the new consideration, taking into account their respective long-term business strategies for Myanmar and the economic outlook since the previous announcements. The parties have obtained approval of the relevant regulatory authorities for the acquisition and will proceed to complete the sale and purchase in accordance with the terms of the amendment agreement and the new SPA. According to a Reuters report, Telenor wrote off the value of its Myanmar operations last year following a military coup in February, and in July agreed to sell its telecoms business in the Southeast Asian nation to Lebanese investment firm M1 Group for \$105 million. That deal is still awaiting approval from Myanmar authorities. Wave money is a leading provider of money transfer and digital payment solutions in Myanmar. The company was launched in November 2016 as a joint venture between Yoma Bank and Telenor Group. In 2020, Wave Money processed a total of \$8.7 billion in remittance and payments, which represented around 12% of Myanmar's GDP. The company runs a network of more than 45,000 active agents or "Wave Shops" in urban and rural areas across 295 out of 330 townships in nationwide.

*Learnt from: Deal Street Asia News (November 22, 2022)*

**Foreign companies in Myanmar bide their time with eye on long view**



The Thilawa special economic zone opened in 2015 outside Yangon, Myanmar's largest city.

Foreign multinationals that have chosen to stay in Myanmar walk a narrow path in a country that has long-term growth prospects under a military regime facing international condemnation. Toyota Motor completed a new vehicle assembly plant in Myanmar right before February 2021. After extensive delays, production began this past September. It is reported that the factory makes only about one or two units a day. Three other Japanese companies, including pesticide maker Fumakilla, have opened plants online at Thilawa since the change in government. Heavy machinery maker Kubota and food company Ajinomoto, which both opened factories in Myanmar before the takeover, are continuing operations. The coronavirus pandemic and political turmoil have ravaged Myanmar's economy, but the worst of the slump appears to be over. Customer traffic has recovered at urban shopping malls and restaurants. Yet over the economy remains on a weak footing. The Kyat, Myanmar's currency, has fallen by more than half against the dollar under the military government. Inflation and joblessness have put pressure on people's livelihoods. The S&P Global Myanmar Manufacturing Purchasing Managers' Index came to 45.7 in October, for a sixth straight month under the boom-or-bust line of 50. The international Monetary Fund forecasts Myanmar's economy to grow at 2% to more than 3% a year from fiscal 2022 onward – up from an 18% contraction in fiscal 2021, which ended in September 2021. While this would be less than half of the 6% to 7% growth logged before the pandemic, it would still mark a recovery. Outside Thilawa, European multinationals like Unilever and Heineken are maintaining production. Most Western companies have not left and are finding ways to stay in business. Among Japanese companies, probiotic-beverage maker Yakult Honsha and instant noodle maker Acecook have not resumed production at Thilawa, owing to market turmoil and difficulties of accessing supplies. As of Nov.1, the roughly 100 companies at Thilawa, a little more than half of their factories were operating above 50% of capacity.

Access to foreign currency is a major factor in the decision on whether to stay or go. Rules implemented in April to require the exchange of foreign currencies for kyat do not apply to companies in special economic zones. But problems persist in exchanging kyat from local sales into dollars needed to buy supplies. For export-oriented companies, such as garment manufacturers, a weak kyat provides a tailwind. But manufacturers focused on the Myanmar Kyat market are struggling because of their reliance on imported materials. Suzuki Motor, which has an assembly plant at Thilawa, suspended production in July over a shortage of foreign currency for procuring parts. Toyota appears to be struggling with similar problems. A number of companies have begun importing overland from Thailand, paying in Thai baht. In August 2022, Myanmar's central bank said 35% of foreign-currency earnings from exports would be exempted from the mandatory conversion rule. Some importers have begun directly transacting with exporters at the prevailing exchange rate of around 2,900 kyat to the dollar, higher than official rate of 2,100 kyat. Myanmar situation remains precarious.

*Learnt from: Nikkei Asia News (November 23, 2022)*