

MYANMAR DEAL FLOW 2014-2016

Since 2014 Ronoc has sent economic and political bulletins to a growing list of Myanmar-focused analysts, and during that time it has noted the publicised inbound investments recorded by mainstream press. These media-driven figures offer an insight into the higher profile deals proposed by foreign private and state enterprises and their commitments to Asia’s new emerging economy.

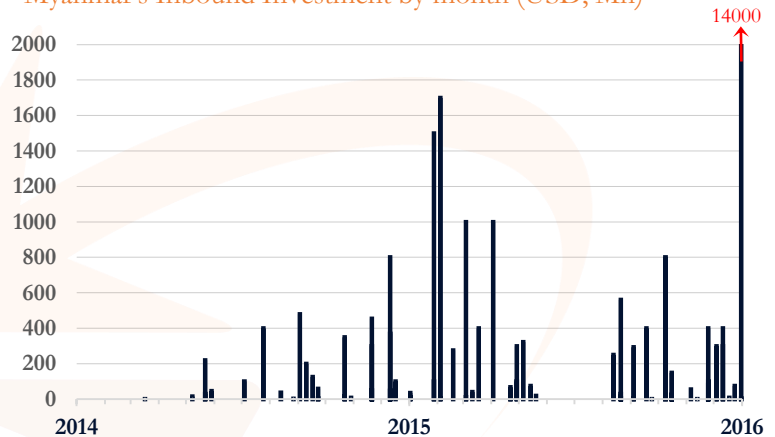
As Myanmar waits for a decision on its new President, we take a look back on the international investment stories of the past 2 years that have helped build the springboard for Aung San Suu Kyi’s new government.

From our data Myanmar’s investment inflows have risen in volume since 2014, spiking at the beginning of last year and at the end of 2015 from some major Chinese commitments into Oil & Gas.

The Kyaukphu industrial zone and country-long gas pipeline projects are by far the largest commitments made to Myanmar by international parties over the past two years.

A Rising Tide

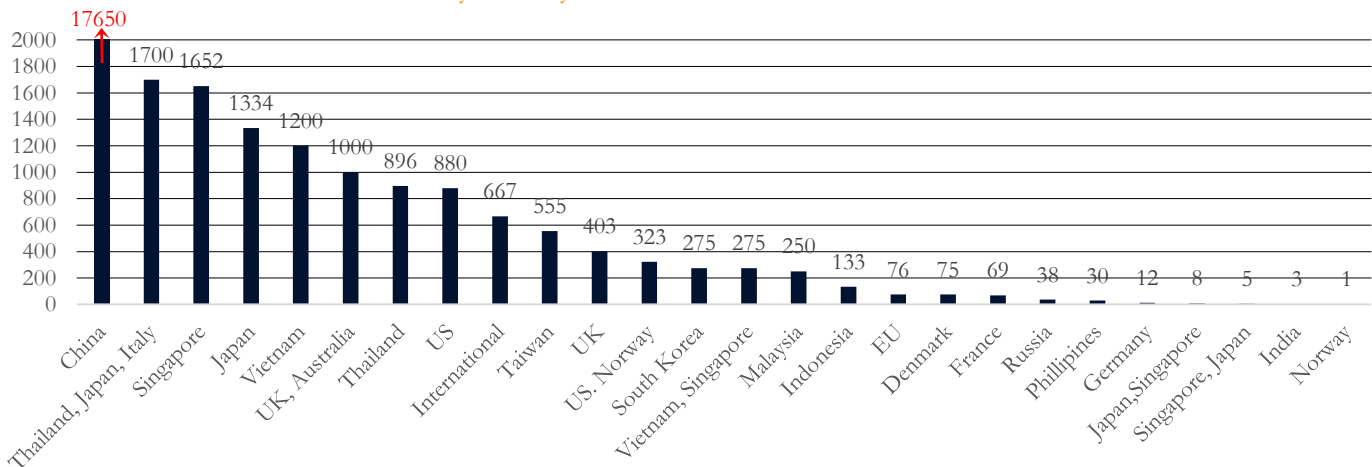
Myanmar's Inbound Investment by month (USD, Mn)



Despite well-publicised interest from Western nations on the back of Myanmar’s democratic transition, China continues to dominate the overall investment landscape. Japan has also made strong commitments, with a notably wider range of projects and better-received local press coverage. These two Asian giants compete through Myanmar for political gain as well as economical return, especially given the South China Sea tensions at home and a drive to cement influence in the region.

Winning Favour

Amount of Investment in Mn USD by Country



Myanmar's Top 10

Deals from the past 2 years

Amount (USD, Mn)	Date	Foreign Company	Country of Origin	Industry
14000	Dec-15	CITIC	China	Oil & Gas
1700	Feb-15	Italian Thai Development Pcl	Thailand, Japan, Italy	Construction
1500	Jan-15	China National Petroleum Corporation	China	Oil & Gas
1000	Mar-15	China National Offshore Oil Corporation	China	Oil & Gas
1000	Apr-15	BG	UK, Australia	Oil & Gas
800	Dec-14	Viettel	Vietnam	Telecommunications
800	Oct-15	CPI Yunnan International Power	China	Energy
560	Aug-15	Kirin Holdings	Japan	Alcoholic Beverage
480	Sep-14	ACO Investment Group	US	Energy
455	Nov-14	TEEMA	Taiwan	Construction

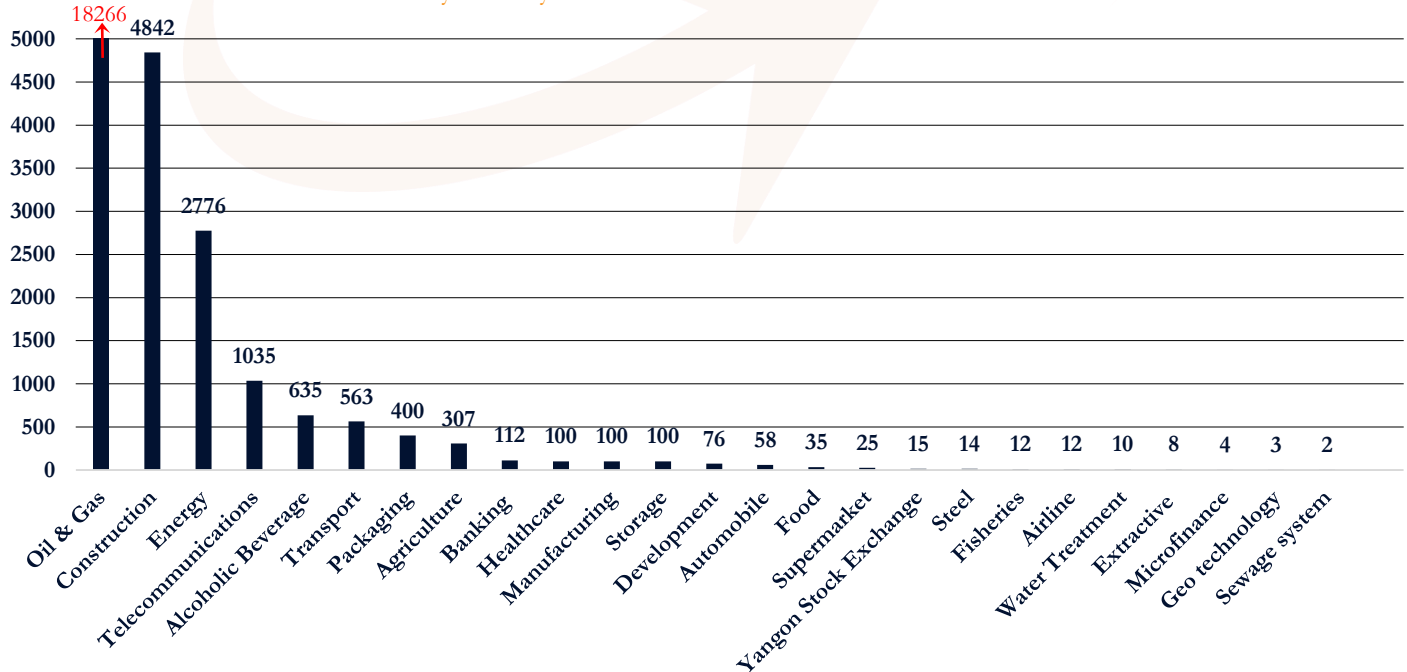
In the Top 10 deals table, three of the top five are sourced from China, all of which focus on or around the Oil & Gas space. Two of the largest deals were proposed solely to fund Myanmar's ambitious industrial zones.

The elusive 4th Telecoms license deal marked at USD 800Mn between Yadanarpon Teleport and Viettel has dropped off the radar in recent months, but talks are ongoing.

Oil and Gas dwarfs other industries in terms of inbound investment volume, accounting for more than all other sectors combined. Construction has boomed in the last two years driven by hotel and office block projects that are beginning to pepper the Yangon cityscape, many through Singapore. For a country that is still majority off-grid with limited or no access to electricity, the Energy sector is attracting significant funds. The three large telecommunications deals in Myanmar have been much higher profile investments but as an industry ranks 4th in our records since 2014.

Creating Jobs

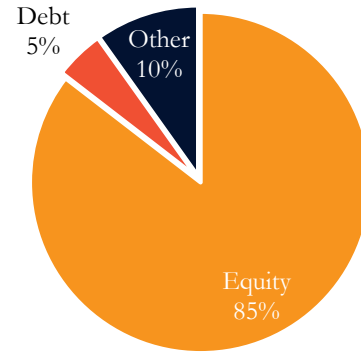
Amount of Investment in Mn USD by Industry



Past 2 Years' Inbound Investment

Type of investment by value

The vast majority of deals into Myanmar have come as equity joint ventures, with only a few large scale debt write-offs and loans to domestic companies. Many of Myanmar's tenders over the past two years have mandated a local partner joint venture which has led to a typical emerging market structure for inbound funds, weighing heavily on equity partnerships. The IFC have pushed for USD convertible debt notes to domestic companies but the private debt market for Myanmar remains limited.

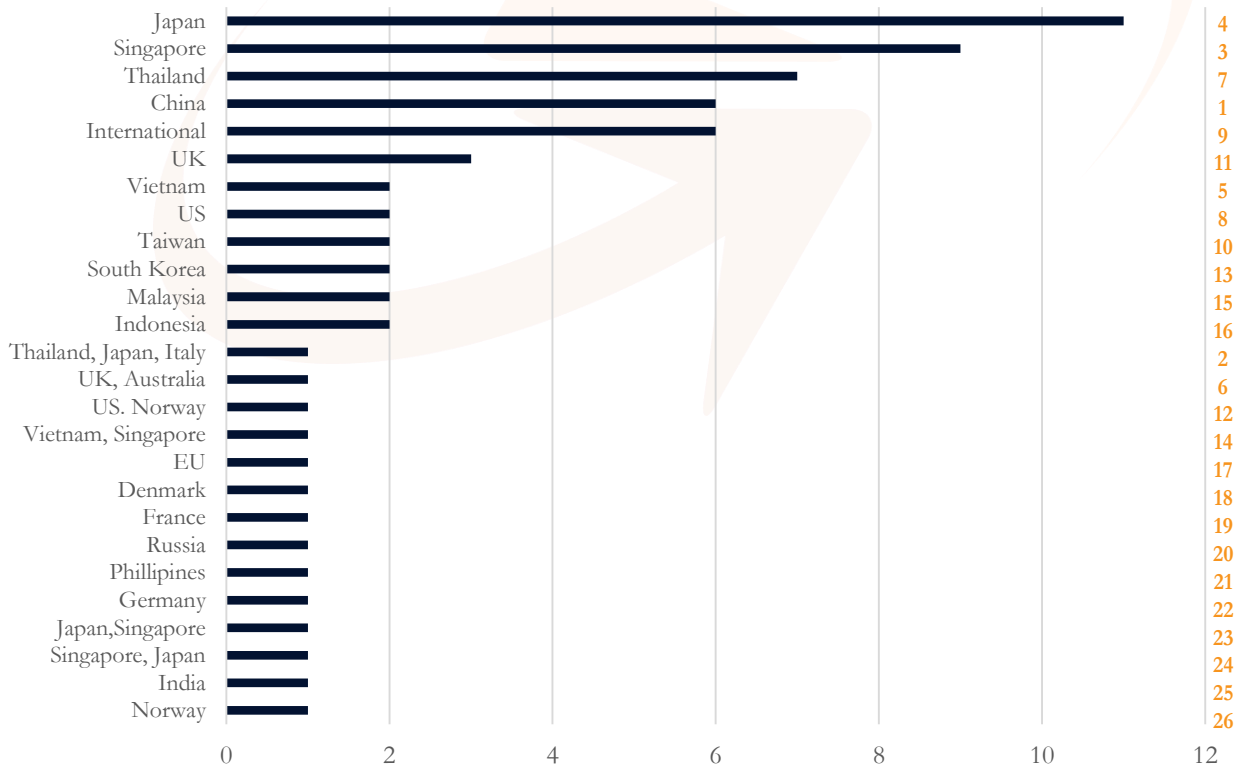


Japan leads the scoreboard in terms of quantity of deals, as well as diversity across industries. JICA, Mitsubishi, Sumitomo and others have committed to deals from Beverages to Transport and Banking, many of which are well publicized and have received positive coverage locally. The Yangon Stock Exchange, for example, although a relatively small investment volume, promises to be one of the biggest crowd-pleasers for the new government in 2016.

Quantity or Quality

Count of Investments by Country

Investment Volume Rank



Myanmar's investment landscape has changed over the time Ronoc has been reporting on investment flows, and as new legislation and structures open up to the outside world an increasing variety of projects will be funded. Yet below the surface the core economic fuel for the country's growth remains with its natural resources, and through its long term Asian partners as opposed to Western newcomers.