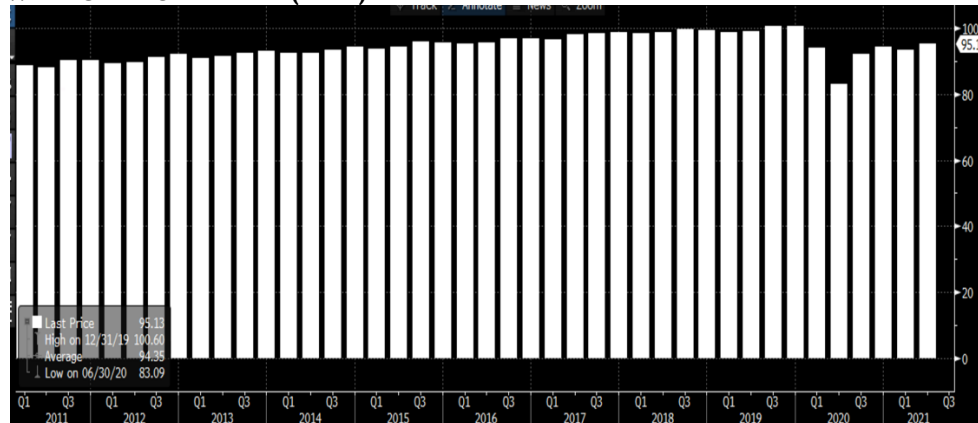


EFFECT OF THE COVID-LED SUPPLY DISRUPTION: PART 1

14 October 2021

- The COVID-19 pandemic has impacted the demand and supply of global commodities, particularly crude oil.
- According to the Organisation of Petroleum Exporting Countries (OPEC), global oil demand plunged from 100.03 million barrels per day (mb/d) in 2019 to 90.79 mb/d in 2020, as mobility control led to weaker usage of oil. Subsequently, Brent Crude Oil prices fell to an all-time low of USD19.3 per barrel in April 2020 from a peak of USD68.9 per barrel in January 2020.

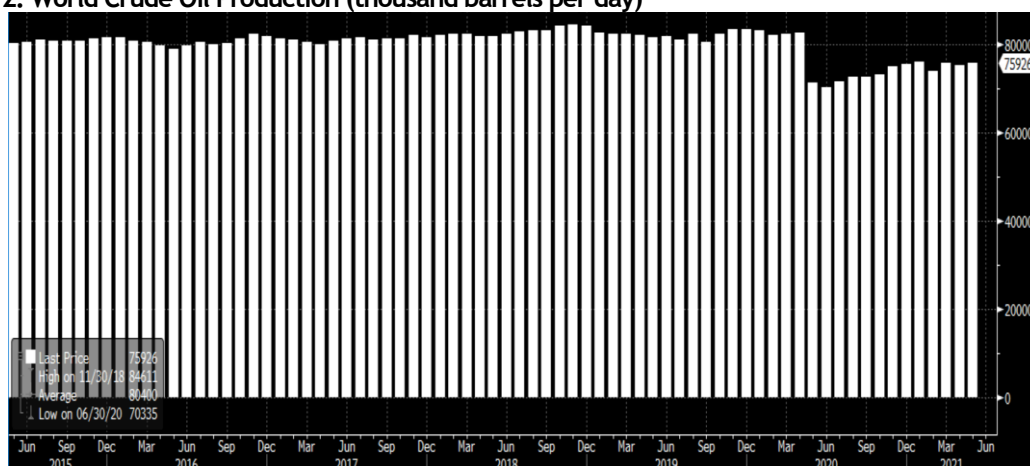
Figure 1: World Crude Oil Demand (mb/d)



Source: Bloomberg

- As the global economy reopens, the global oil demand has quickly rebounded to its 10-year average oil demand of 95.9 million barrels per day. However, the supply chain has been disrupted due to COVID lockdowns. This mismatch of supply and demand has caused the oil price to rise as Brent Crude gained +332.8% from its all-time low of USD19.3 per barrel. Price of Brent Crude further breached the USD80 per barrel in October as energy crisis in Europe further dampened the supply condition.
- OPEC projected the world oil demand to reach 96.6 million barrels per day in 2021 and further increased to 100.76 million barrels per day in 2022.

Figure 2: World Crude Oil Production (thousand barrels per day)



Source: Bloomberg

Figure 3: Brent Crude Oil Price (USD per barrel)

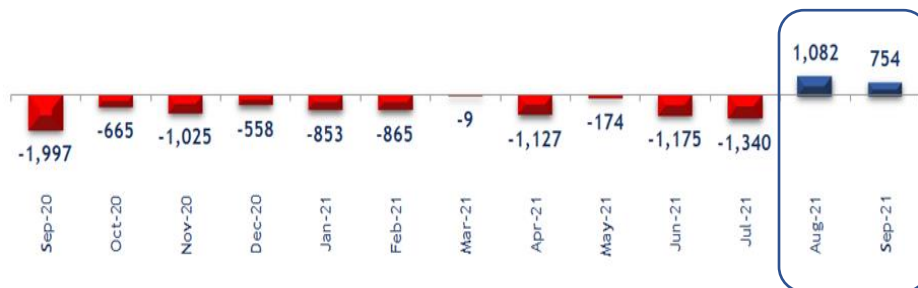


Source: Bloomberg

Malaysia landscape

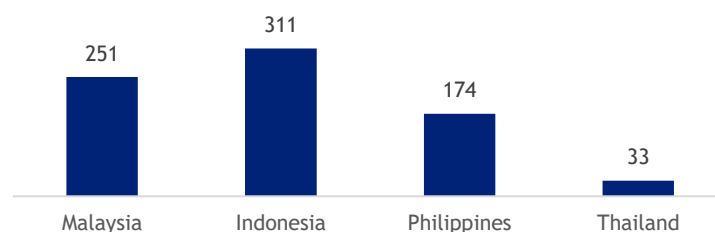
- According to OPEC, Malaysia exported 280 thousand barrels of crude oil per day and imported 247.5 thousand barrels of crude oil per day in 2020, making the country a net exporter of crude oil.
- According to the Malaysian Investment Development Authority (MIDA), oil and gas contributed 20% to our annual GDP.
- Of late, we have seen increased interest in foreign net fund flows (*see Figure 4*). In October, foreign investors net buy of RM45 million in the energy sector as the PLCs are set to benefit from the rising crude oil price.
- On regional front, Malaysia registered the second highest net foreign inflow after Indonesia which is also an oil producer (*see Figure 5*)

Figure 4: Bursa Malaysia Monthly Net Foreign Fund Flow



Source: Bursa Malaysia

Figure 5: ASEAN Net Foreign Fund Flow (USD Million), September 2021



Source: Bloomberg

- Bursa Malaysia Energy Index have surged by +20.0% since September 2021 following the spike in Brent Crude Oil prices.
- A surge in volume indicating positive investor sentiment in September 2021.

Figure 6: Bursa Malaysia Energy Index



Source: Bloomberg

Figure 7: Opportunities for oil-related companies (data updated as at 14 October 2021)

Name	Weight (%)	Shares Outstanding (million)	Last Price (RM)	Market Cap (RM bil)	Beta (x)	Revenue (RM mil)	EPS (sen)	EPS Growth (%)	DPS (sen)	PER (x)
Dialog Group Bhd	40.7	5,645.7	3.0	16.9	0.8	1,609.9	9.6	-13.9	3.10	31.2
Yinson Holdings Bhd	15.3	1,099.8	5.8	6.2	1.2	4,849.0	29.5	53.6	6.00	15.3
Bumi Armada Bhd	7.4	5,907.0	0.5	3.1	1.9	2,339.9	2.1	113.0	0.00	5.7
Hibiscus Petroleum Bhd	4.4	2,006.8	0.9	1.8	1.8	802.7	5.9	NA	0.00	16.3
Sapura Energy Bhd	4.0	15,979.1	0.1	1.7	1.6	5,347.8	-1.0	96.5	0.00	NA
Hengyuan Refining Co Bhd	3.5	300.0	4.8	1.4	1.2	7,176.1	84.0	600.0	0.00	5.1
Serba Dinamik Holdings Bhd	3.4	3,727.2	0.4	1.4	1.7	5,889.6	12.9	-24.3	0.00	2.2
Petron Malaysia Refining & Marketing Bhd	3.1	270.0	4.8	1.3	1.3	6,461.7	-4.9	NA	5.00	4.5
Velesto Energy Bhd	3.1	8,215.6	0.2	1.3	1.8	546.9	-6.0	NA	0.00	NA
Dayang Enterprise Holdings Bhd	3.0	1,157.8	1.1	1.3	1.8	731.4	5.3	-77.7	0.00	545.0
Malaysia Marine and Heavy Engineering Holdings Berhad	1.9	1,600.0	0.5	0.8	1.7	1,566.8	-24.8	-1058.9	0.00	NA
Coastal Contracts Bhd	1.8	535.4	1.4	0.7	1.6	161.6	6.2	NA	0.00	22.8
KNM Group Bhd	1.8	3,328.0	0.2	0.7	1.9	1,343.3	2.4	-8.8	0.00	17.7
Wah Seong Corp Bhd	1.4	774.9	0.8	0.6	1.5	1,409.1	-38.2	NA	0.00	NA
Petra Energy Bhd	0.8	321.8	1.0	0.3	1.8	422.4	5.0	-74.1	2.00	10.0
Perdana Petroleum Bhd	0.7	2,216.1	0.1	0.3	1.8	208.3	-3.2	-8.5	0.00	NA
Icon Offshore Bhd	0.7	2,703.2	0.1	0.3	0.6	212.1	1.2	NA	0.00	72.2
Deleum Bhd	0.6	401.6	0.6	0.2	1.5	592.1	1.9	-77.6	1.00	10.1
Uzma Bhd	0.5	320.0	0.7	0.2	1.7	387.5	4.0	NA	0.00	17.4
T7 Global Bhd	0.5	633.9	0.4	0.2	1.0	189.4	0.8	-51.8	0.00	35.0
Carimin Petroleum Bhd	0.4	233.9	0.8	0.2	1.8	165.2	5.6	2.0	0.00	13.6
TECHNA-X Bhd	0.4	2,001.8	0.1	0.2	1.3	20.6	-11.8	-682.8	0.00	NA
Reach Energy Bhd	0.2	1,096.4	0.1	0.1	1.6	79.5	-12.0	0.0	0.00	NA
Alam Maritim Resources Bhd	0.2	1,433.9	0.1	0.1	1.6	255.2	-9.7	-15.0	0.00	NA
Handal Energy Bhd	0.1	231.1	0.3	0.1	1.5	73.7	0.1	NA	0.00	250.0

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