

REPORT

FRENCH ECONOMIC FOOTPRINT IN MALAYSIA

(February 2017)



LES CONSEILLERS DU COMMERCE
EXTÉRIEUR DE LA FRANCE
MALAISIE

FRENCH ECONOMIC FOOTPRINT

SMALL AND MEDIUM ENTERPRISES IN MALAYSIA

The French Foreign Trade Advisors, in partnership with the Malaysian French Chamber of Commerce (MFCCI) and Embassy of France in Malaysia, has undertaken in 2016 and 2017 a statistical survey on French Small and Medium Enterprises who set up in Malaysia.

The objective was to update and extend the survey undertaken by the Economic Department of the Embassy of France in Malaysia in 2015, which focused on subsidiaries of French Multi-National Companies in Malaysia, as well as further the rich economic dialogue between the MITI and the French business community in Malaysia. Extensive data pertaining to economic resources and human resources was collected, including but not limited to, the total number of employees (including expatriates), location, revenue, paid-up capital, assets, and liabilities.

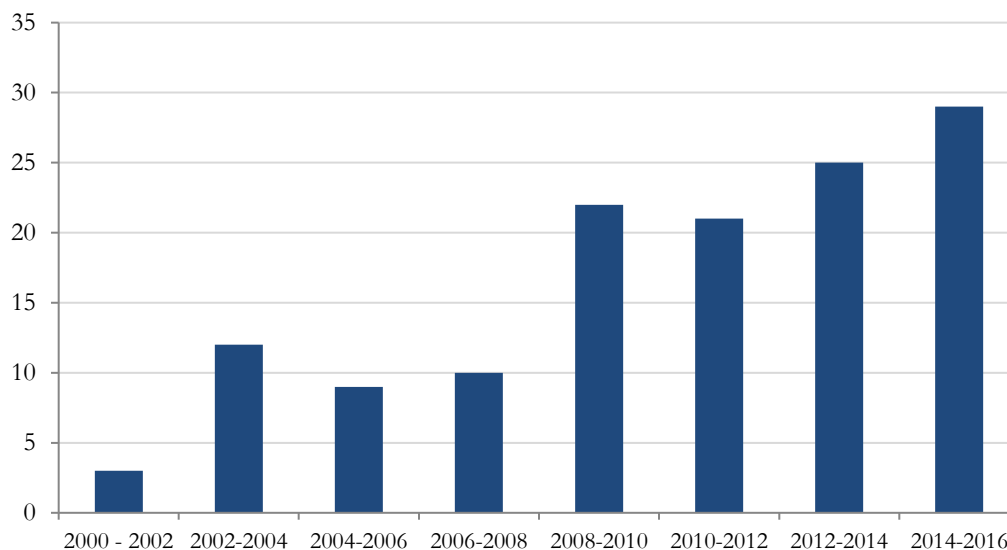
1. DEFINITIONS AND TRENDS

French companies and associations were analyzed and categorized according to French standards. Per French standards, Small and Medium Companies, *SMEs*, are companies with an annual turnover below EUR 1,500 million per year and with fewer than 5,000 employees. Above that threshold, companies are qualified as Multi-National Companies, *MNCs*.

169 SMEs were identified as currently in operation in Malaysia. Over 30 are believed to have not been identified yet, thus putting the **total estimated number of French SMEs in Malaysia at 200**.

The French economic presence in Malaysia has sustained unrelenting growth since 2009, with an average of 25 new companies incorporated per biennium. On aggregate, the **French economic footprint in Malaysia has tripled over the past 12 years**, backing and contributing to Malaysia's objective of becoming a high income nation by 2020.

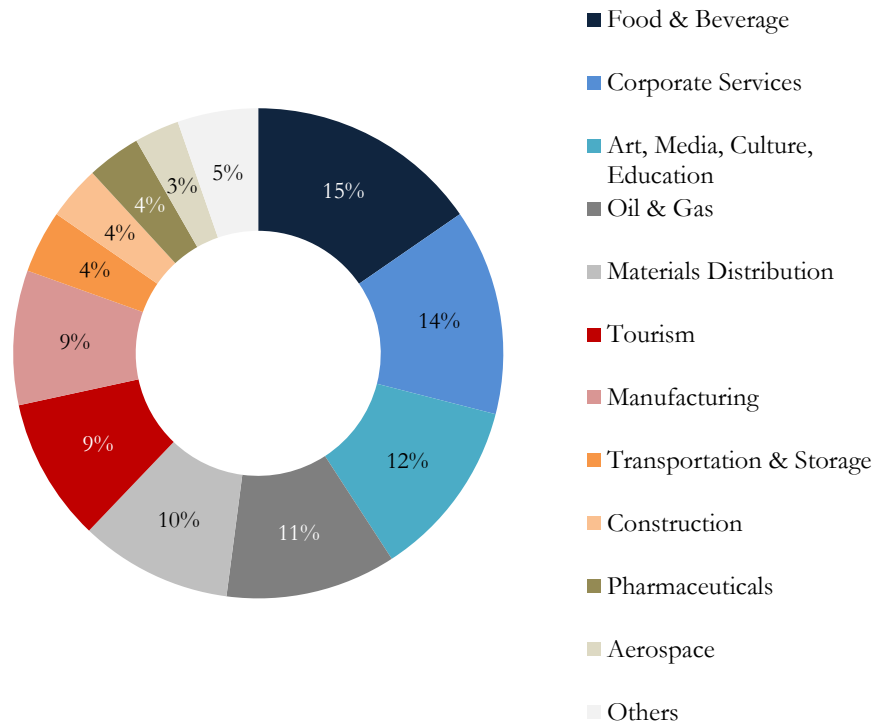
NUMBER OF COMPANIES INCORPORATED PER BIENNIUM



2. FRENCH ECONOMIC PRESENCE BY INDUSTRY

86% of these companies overall operate **in the services sector**. A quarter of the total operates in the food & beverage industry (restaurants, bakeries), and tourism (hotels), thus generating cultural value and assets, and expanding the nation's varied offer for tourism.

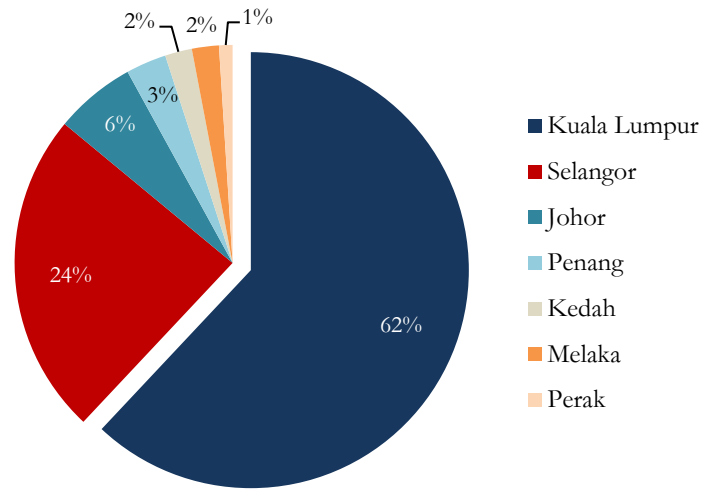
They are also active in the corporate services industry (14%, namely in accounting, audit, human resources), the art/media/culture/education/communication industry (12%, educational facilities), as well as the oil & gas industry (11%, engineering services). SMEs are often working in partnership with MNCs in Malaysia and as such, bring their niche expertise and unique *savoir-faire*.



3. FRENCH ECONOMIC PRESENCE BY LOCATION

The majority of SMEs are based in the Klang Valley. In particular, over a hundred of them have established their headquarters in Kuala Lumpur, availing of the city's central location, high-connectivity and advanced infrastructure.

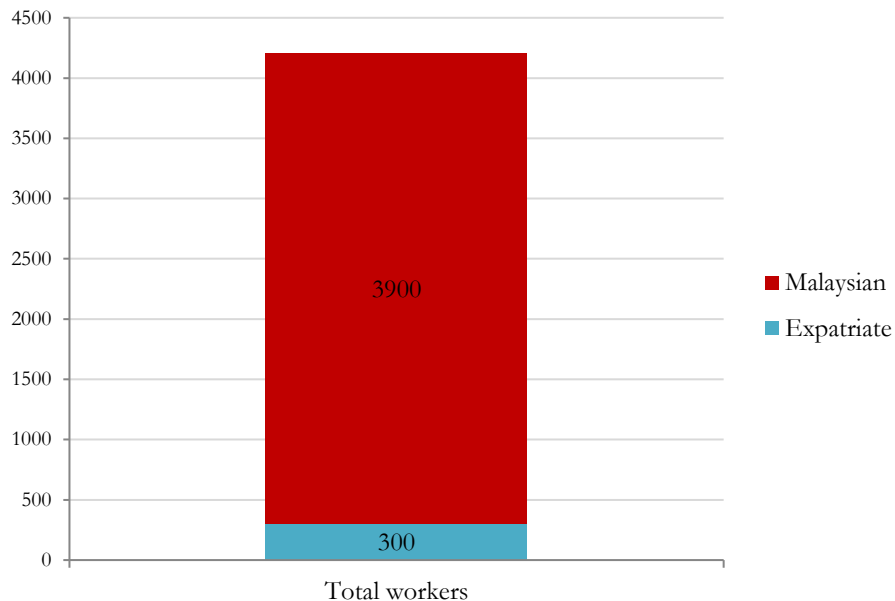
Johor is also a preferred location for SMEs operating in the manufacturing sector (such as Terreal Malaysia Sdn. Bhd., Serimax Welding Services Sdn. Bhd., or Dubois-Natural Esters Sdn. Bhd. for instance).



4. FRENCH ECONOMIC PRESENCE IN TERMS OF EMPLOYMENT

SMEs employ more than **4,200 persons**, both high-skilled and medium to low-skilled workers, **93% of which are Malaysians**. This figure illustrates the considerable employment value created by the French community in Malaysia, as it evidences that **1 French Entrepreneur established in Malaysia creates in average jobs for 7 Malaysians workers**, encouraging exposure to global perspectives and cultivating innovation.

The largest employers (i.e. companies with 200 employees and over) are amongst others Mafipro Sdn. Bhd., International SOS (Malaysia) Sdn. Bhd., Terreal Malaysia Sdn. Bhd., or SFI Food Sdn. Bhd.



5. FRENCH ECONOMIC PRESENCE IN TERMS OF ASSETS, TURNOVER AND NET EQUITY

The **total turnover** for SMEs reaches **RM 2 billion** for the year 2015. This represents a net equity value of over RM 500 million for the year 2015.

The asset base stands in the range of **RM 1.5 billion** for the year 2015.

TURNOVER PER INDUSTRY (%)

