

ECONOMIC/THEMATIC RESEARCH:

KEDAH/LANGKAWI

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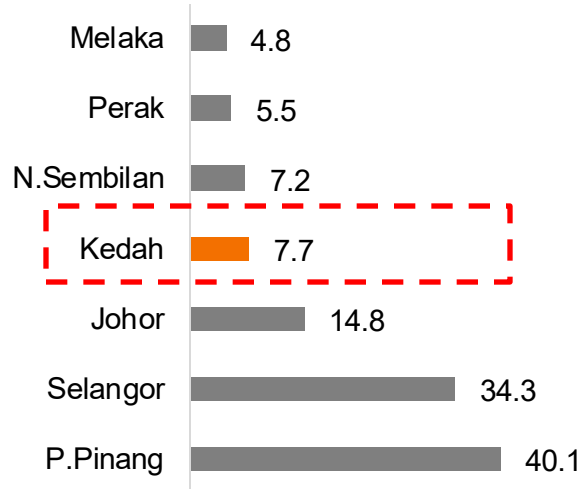


Kedah: Summary

Kedah's economy is mainly contributed by **services, manufacturing and agriculture sectors**. All economic sectors have surpassed their pre-pandemic (2019)'s GDP level except agriculture and mining. **Tourism-related** and **government services** subsectors remain key services activities in Kedah, with the **education industry showing potential** due to a high population of youths. The state's manufacturing is heavily skewed towards the **electrical & electronic subsector**, spearheaded via Kulim High Tech Park, which creates opportunities to its supply chain and construction sector. However, the State faces challenges including below historical GDP growth, low-income levels and low working population.

State
Kedah

Manufacturing GDP of Electric, Electronic and Optical in 2023 (RM bil)



E&E is the biggest manufacturing subsector in Kedah and it **ranks 4th nationwide**, creating opportunities for MSMEs via its supply chain

Upcycle in approved manufacturing investment, supportive of high construction work done

Among **major agrifood producer** in Malaysia

High young population in the state, brings about **demand for education**

OPPORTUNITIES & CHALLENGES

Low working population, low income level and **low productivity** could **limit purchasing power**

Tourism gradually recovers, but **tourist arrival** still below 2019 level and **average occupancy rate** below national level

Investment inflow mostly centered at Kulim High Tech Park, could lead to **inequality** in terms of **infrastructure development**

Pending investment projects which require federal government support. Some projects announced **no progress**

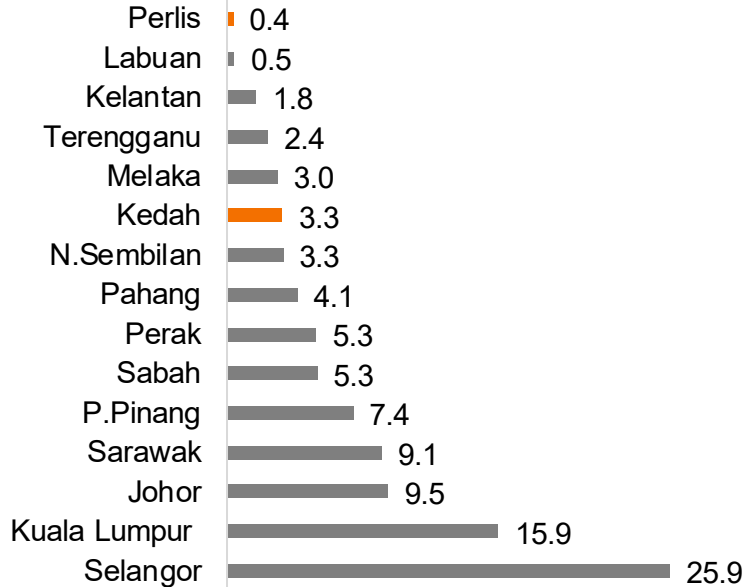


Kedah: Summary

1

Ranked 10th contributor to Malaysia's GDP

% share to Malaysia GDP 2023

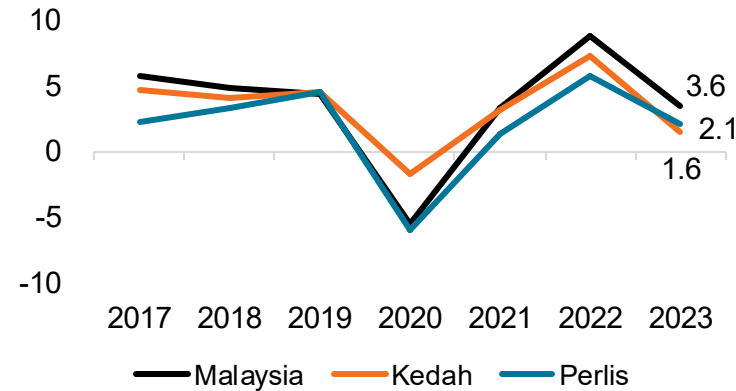


- Kedah has consistently contributed around **3% to Malaysia's GDP** over the last decade (2014 - 2023), ranked 10th among the states and territories in 2023.
- Meanwhile, Perlis, the smallest state in Malaysia, contributed around 0.4% (2014 - 2023), ranked last in 2023.

2

Kedah GDP growth below national level

GDP: Kedah & Perlis vs Malaysia (% YoY)

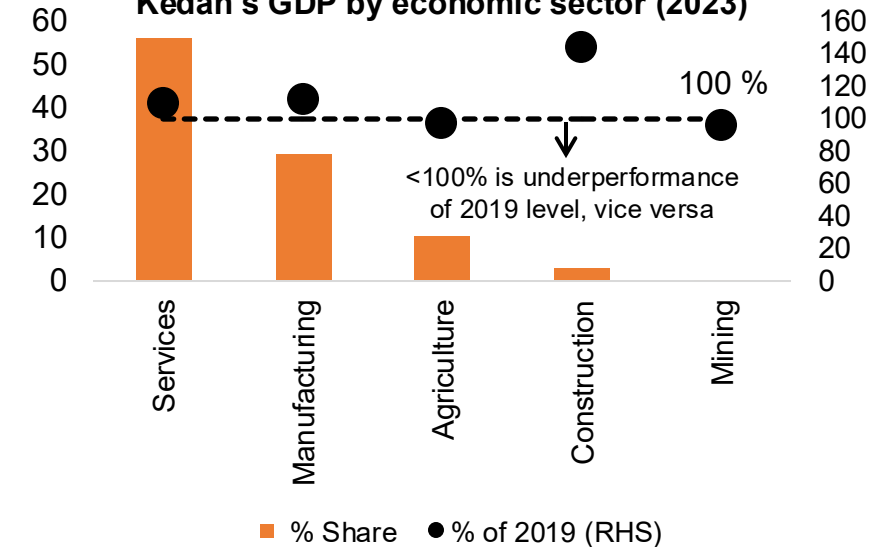


- Kedah's GDP expanded by **1.6% YoY** in 2023. It was **below national** GDP of 3.6% and Perlis's 2.1%.
- Kedah's GDP growth rate was lower than its 2022's performance of 7.3%. It also underperformed its 10-year historical trend (2013 - 2022) of 4.1% and the State's **12th Malaysia Plan target** of 6.3%.
- This could be dragged by the manufacturing sector – the State's 2nd contributor to its economy – which contracted by 3.2% in 2023 vs national level's manufacturing growth of +0.7%.
- This was likely caused by the downcycle in electrical & electronic (E&E) sector. Kedah's E&E contributed 51% of the State's manufacturing GDP and this subsector contracted by 4.6% YoY in 2023.

3

3 sectors above pre-pandemic level in 2023

Kedah's GDP by economic sector (2023)



- Kedah's economic sector is dominated by **services** (56.2% share to GDP in 2023) and **manufacturing** (29.2%). This is followed by **agriculture** (10.7%), construction (3.0%), and mining (0.2%).
- In 2023, **3 sectors overperformed pre-pandemic level** (2019) i.e. **construction, manufacturing & services**.
- Despite small share to Kedah's GDP, construction sector charted the highest recovery in 2023, at 144.6% of 2019 level.
- Agriculture sector had recovered from Covid-19 in 2021 at 100.4% of 2019 level, however, it slipped again in 2023 due to decline in production of palm oil, paddy, rubber, fruits, fish landing & forestry.
- Meanwhile, mining sector remains sluggish as it has yet to recover in 2023.



4

All services subsectors posted growth led by utilities, transport & storage and ICT

Kedah Services GDP	% Share to Kedah GDP (2023)	% Share to services GDP (2023)	Average annual growth 2016 – 2023 (%)
Government services	14.5	25.7	3.7
Wholesale and retail trade	13.4	23.7	4.2
Food & beverage and accommodation	4.0	7.2	
Utilities, transport & storage and information & communications	10.0	17.8	5.4
Finance and insurance, real estate and business services	7.5	13.4	3.2
Other services	6.9	12.2	3.0

- Service sector has **consistently held the largest share** of Kedah's GDP, hovering around 55% in the past 5 years.
- This was largely contributed by wholesale and retail trade, food & beverage and accommodation with total services share of **30.9%** in 2023, where **F&B and accommodation** subsector contributes 4.0% to Kedah's GDP.
- In terms of growth, utilities, transport & storage and information & communications charted the highest average annual growth of **5.4%** between 2016 – 2023. The 2nd was wholesale and retail trade, food & beverages and accommodation at **4.2%**.

5

E&E dominated manufacturing sector

Kedah Manufacturing GDP	% Share to Kedah GDP (2023)	% Share to mfg GDP (2023)	Average annual growth 2016 – 2023 (%)
Electrical, electronic and optical products	15.0	51.2	5.8
Petroleum, chemical, rubber and plastic products	5.3	18.0	2.0
Non-metallic mineral products, base metals and engineered metal products	3.7	12.7	1.8
Oils and fats from vegetables & animals, processed foods, beverages and tobacco products	2.0	6.9	4.8
Transportation equipment, other manufacturing and repair	1.6	5.4	-1.4
Wood products, furniture, paper products and printing	1.5	5.3	4.5
Textiles, clothing and leather products	0.2	0.7	0.4

- Manufacturing, the **2nd largest sector in Kedah**, has consistently contributed around **30% to the GDP** over the past 5 years.
- Kedah's manufacturing sector is primarily made up of E&E products with total share of **51.2%** in 2023.
- This is followed by the petroleum, chemical, rubber and plastic products (**18.0%**) and non-metallic mineral products, base metals and engineered metal products (**12.7%**).
- In terms of growth, electronic and electrical products recorded the highest average annual growth of **5.8%** between 2016 – 2023. The 2nd highest was oils and fats from vegetables & animals, processed foods, beverages and tobacco products at **4.8%**.

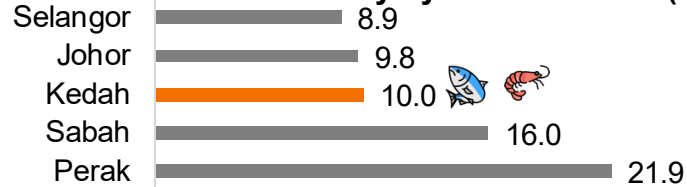


Kedah: GDP

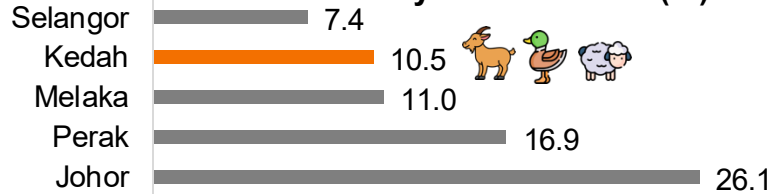
6

Agriculture, among top producers nationwide

GDP share of fishery by states in 2023 (%)



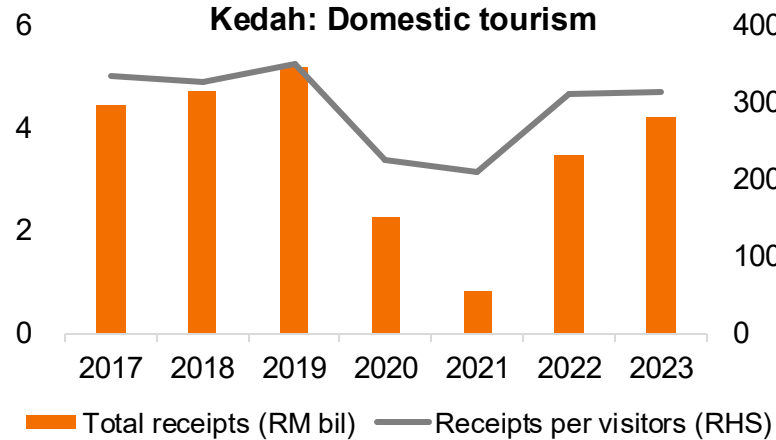
GDP share of livestock by states in 2023 (%)



- In Kedah, **plantation** is the biggest contributor to its agriculture sector in 2023. **Paddy plantation** in Kedah is the **biggest nationwide**, followed by Perak and Kelantan.
- Kedah's contribution to Malaysia's agriculture GDP came mainly from the subsector of fishery and livestock.
- Kedah's fishery share to national level stood at 10.0%, the top 3 among states/territories. While Kedah ranked 3rd for **landing of marine fish**, it also topped at **white shrimp and tiger prawn aquaculture production** (3rd nationwide after Johor & Perak)
- Kedah's livestock share (10.5%) is the 4th largest in Malaysia. In 2023, Kedah led the country's **goat production** nationwide, while ranked 3rd for **duck** production and 4th for **sheep**.

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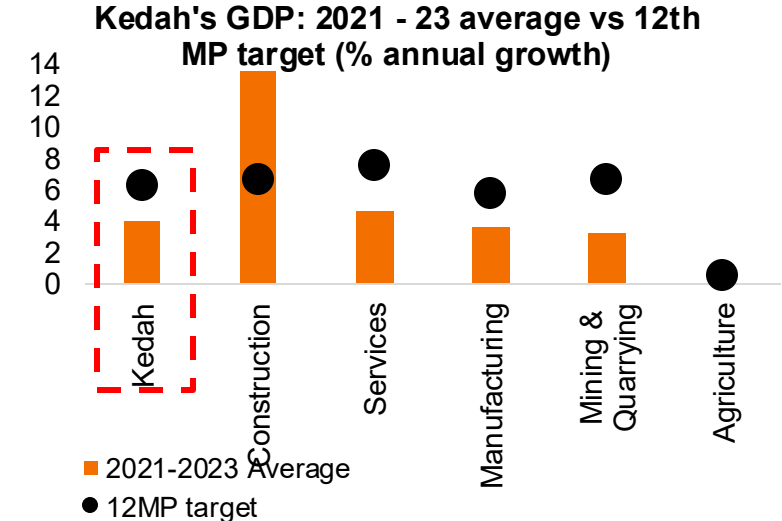
Recovery in spending lagged behind recovery in visitors



- Tourism sector in Kedah **continued its recovery** in 2023, up 21.2% YoY to RM4.2 bil in total receipts (8.1% of Kedah GDP).
- Total receipts in 2023 stood at 80.8% of 2019 level** (2022: 66.6%).
- Recovery trend in visitors' spending per capita** in Kedah is also observed, increasing to RM313/visitor in 2023 (2022: RM310/visitor). However, it is still below 2019's of RM351/visitor.
- Initiatives to boost Kedah tourism:**
 - Visit Kedah 2025 (RM5.8 mil State Budget 2025 allocation vs RM4.3 mil State Budget 2024)
 - More than 150 tourism related events is planned for 2025.

8

Construction, the only sector that achieved 12MP target, so far



- Under the **12th Malaysian Plan** (2021 - 2025), Kedah's GDP growth target is 6.3%. Currently, **Kedah's** average GDP growth between 2021 – 2023 stood at 4.0%, **below its 12MP target**.
- By breakdown of economic sectors, **only construction sector has achieved the 12MP** GDP growth target in the first 3 years of the 5 years period.
- Construction** sector **contributes 3.0%** to Kedah's economy, surged by 30.8% YoY in 2023 (2022: 18.3%) driven by **all subsectors namely construction of buildings, specialized construction, and civil engineering**.

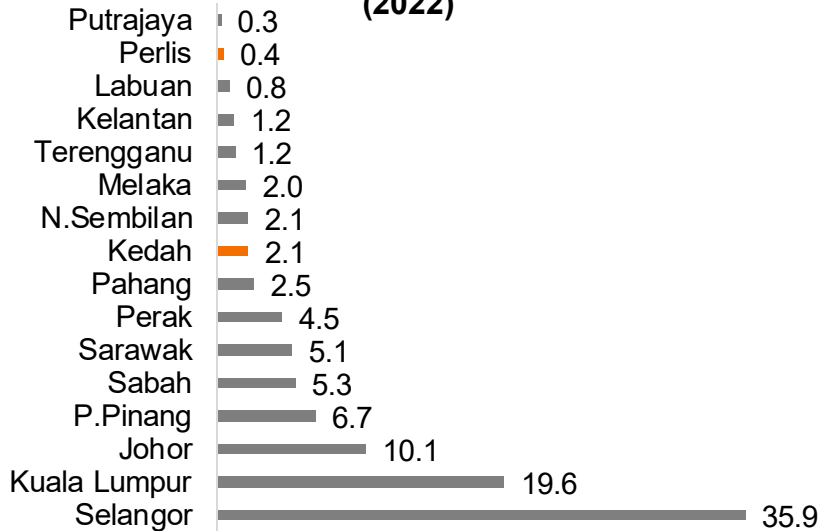


Kedah: MSMEs

1

9th top contributor to Malaysia's MSME

% share to Malaysia's MSME value added (2022)

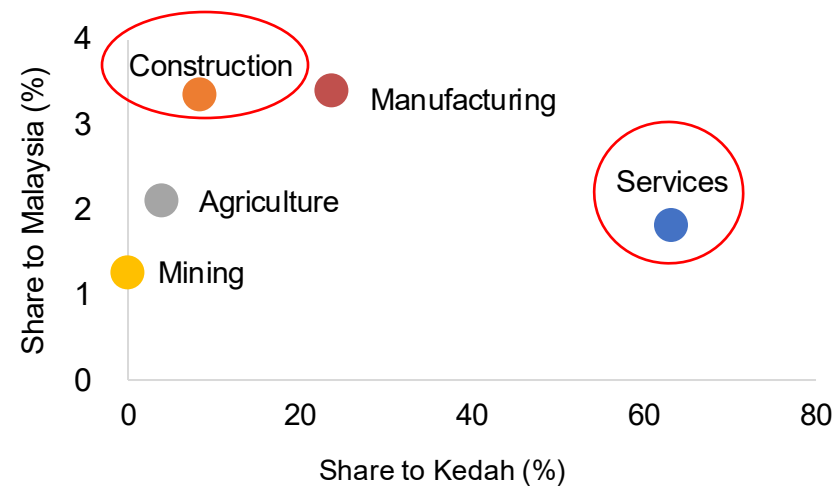


- MSMEs play an important role in Kedah's economy. MSMEs contributed **40%** to the state's value added in 2022, amounting to RM12.4 bil.
- At the national level, Kedah ranked the **9th largest** in terms of share of Malaysia's MSME value added, at **2.1%**. It had **declined from 2.6% in 2015**.
- MSMEs accounted for **98% or 48.7k of establishment in Kedah**. Kedah ranked the **8th highest number of MSMEs nationwide**, with **4.5%** share of total MSMEs establishment in Malaysia, behind Selangor (24.8%), Kuala Lumpur (12.4%), Johor (11.8%), P.Pinang (7.6%), Perak (7.2%), Sarawak (6.5%), and Sabah (6.2%)

2

More exposure towards services & construction

Kedah MSMEs value added 2022

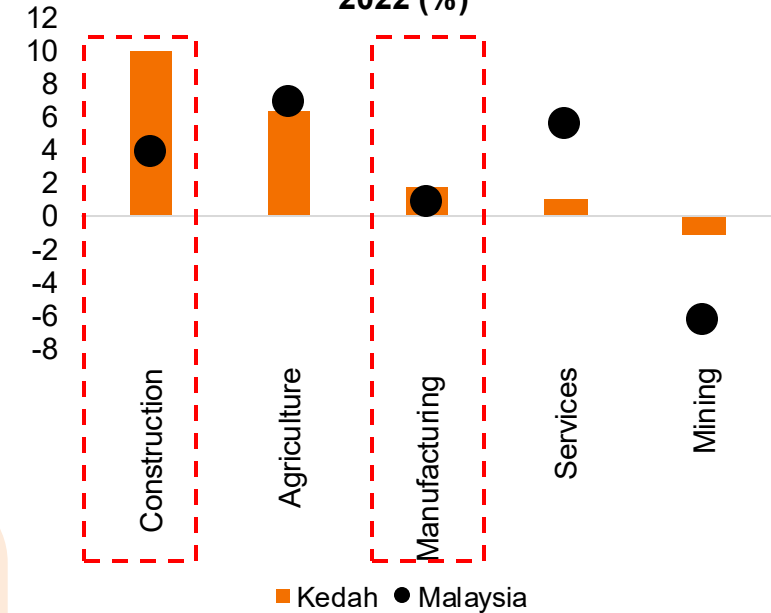


- By sectors, **Kedah MSMEs in services** recorded the largest contribution of **63.2%** followed by manufacturing (**23.8%**) and construction (**8.6%**)
- Compared to the state GDP (large + MSMEs), **MSMEs have more exposure towards services & construction**, while the state GDP (services share at 56.2% and construction at 3.0%).
- While manufacturing still ranked 2nd largest economic sector for Kedah MSMEs, its share slightly lower than the state manufacturing GDP (29.2%).
- MSMEs exposure in agriculture (4.2% share) was smaller compared to state GDP (10.7%).

3

Construction & manufacturing above national CAGR

MSME CAGR in Kedah vs Malaysia 2015-2022 (%)



- 2 sectors** in Kedah recorded MSMEs CAGR above national level, namely construction (10.1%), and manufacturing (1.9%) between 2015 – 2022.
- In terms of **labour productivity** among MSMEs, **Kedah ranked bottom 3** among states to record RM48,135.6 output per worker in 2022, which is far below national level's RM88,674.

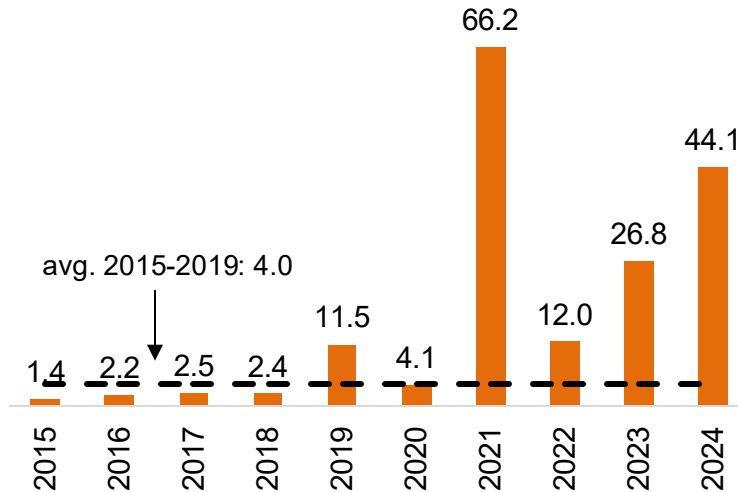


Kedah: Investment performance

1

4th largest approved investment in Malaysia, 96% to manufacturing

Approved manufacturing investment Kedah (RM bil)

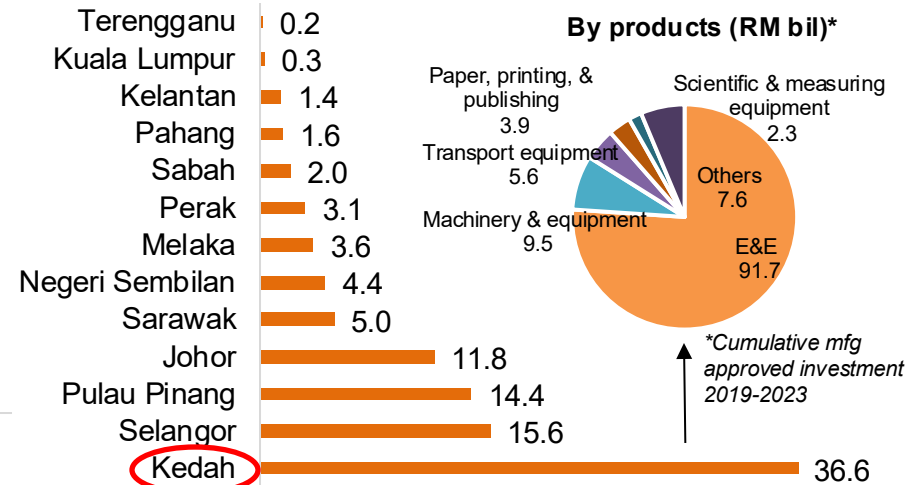


- Kedah (RM45.8 bil) posted the **4th largest total approved investment in Malaysia**, with share of 12.1% in 2024 after Selangor (26.7%), KL (24.2%), and Johor (12.8%).
- Of which, **manufacturing accounted for 96% of total Kedah's approved investment** in 2024. Manufacturing investment **has surged 11x** to RM44.1 bil in 2024 compared to historical average of RM4.0 bil in 2015-2019.
- Most (**84% share** on average) of approved manufacturing investment in Kedah between 2019 – 2024 came from **foreign investments**

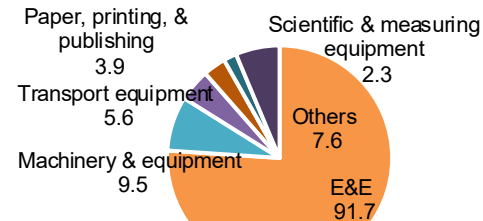
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1st nationwide for approved manufacturing investment, led by E&E

Approved manufacturing investment by states in 2024 (% share)

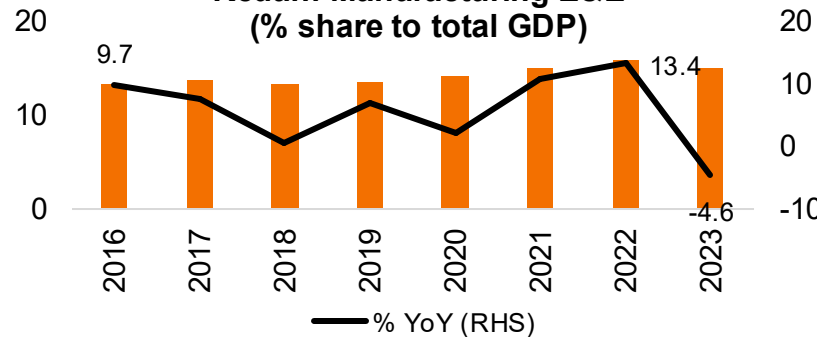


By products (RM bil)*



*Cumulative mfg approved investment 2019-2023

Kedah: Manufacturing E&E (% share to total GDP)

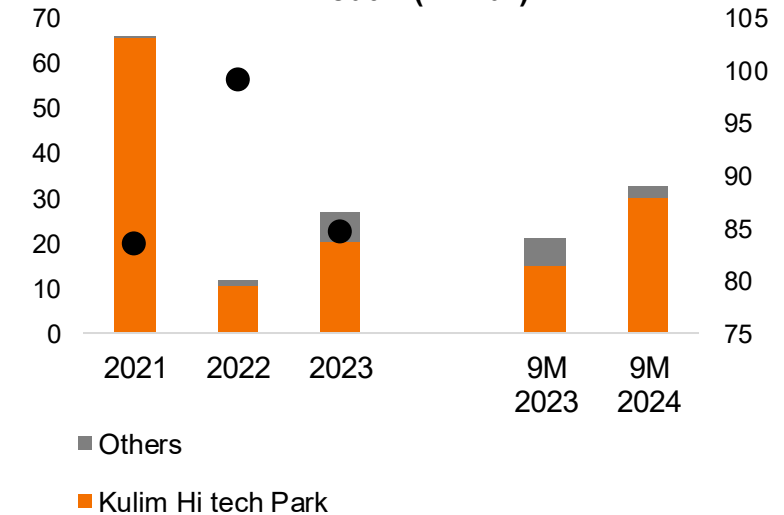


At national level, Malaysia E&E GDP also contracted by 2.1% YoY in 2023 (2022: +14.2%).

3

Kulim Hi Tech Park makes up >92% of Kedah's investment

Approved Manufacturing Investment in Kedah (RM bil)



● Realised investment to total approved Investment (RHS)

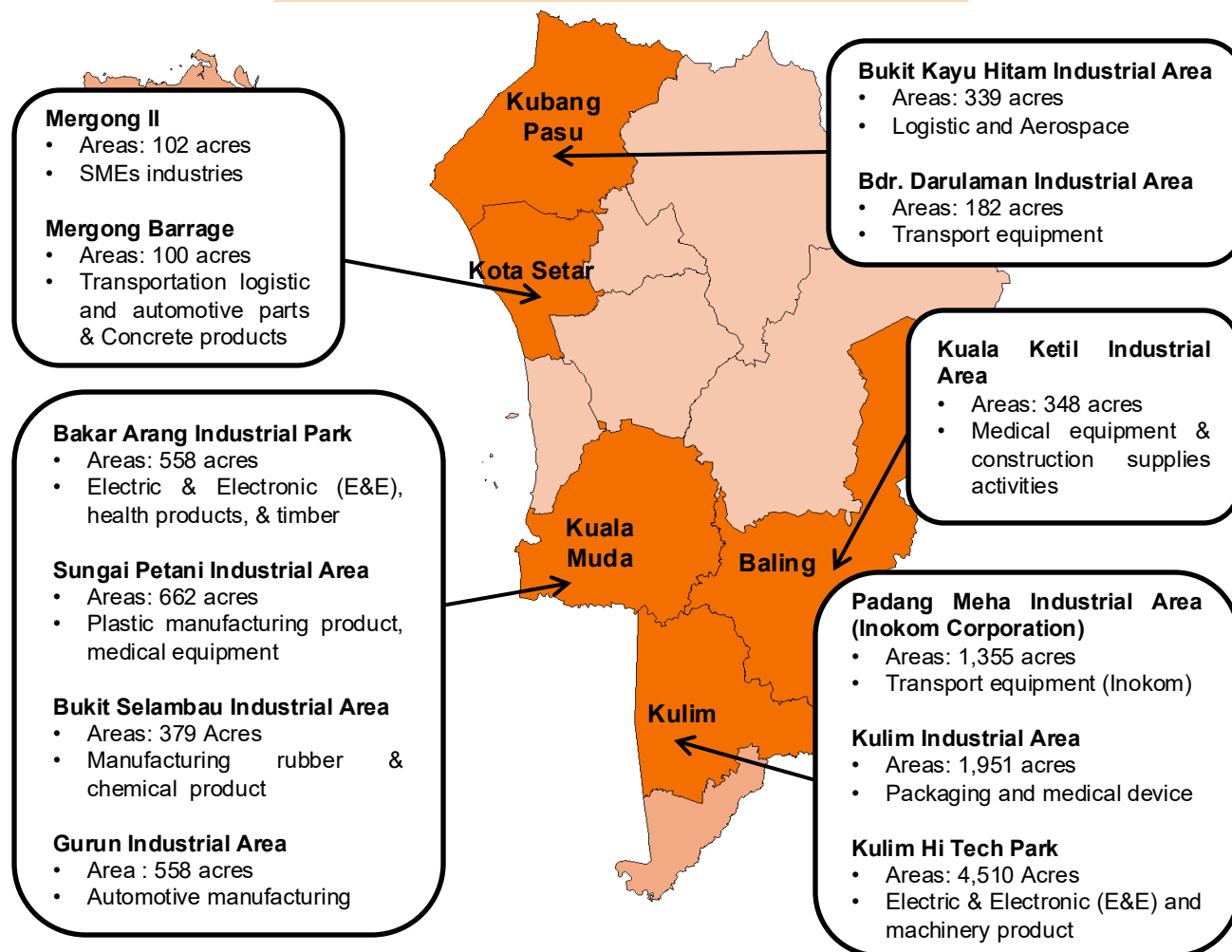
- Kulim Hi-Tech Park (KHTP) secured **>92% of Kedah's total approved manufacturing investment** between 2021 - 9M 2024.
- Approved investment in KHTP surged by 100.7% YoY in 9M 2024 (2023: 88.8%).
- Between 2021 – 2023, the average **realised manufacturing investment** in KHTP was **89.1%**.



Kedah: Investment performance

4

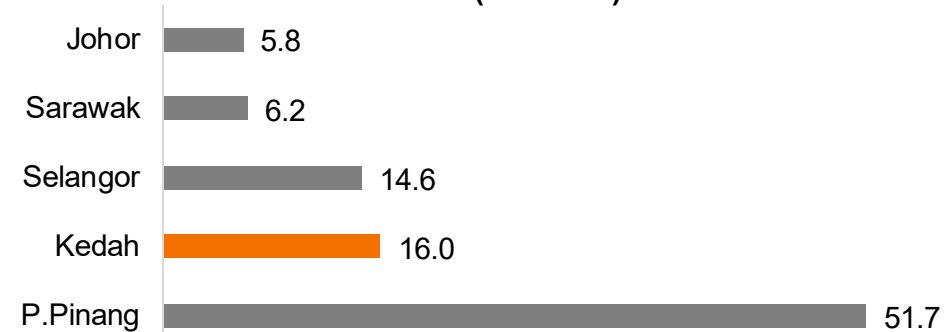
Industrial parks in Kedah



5

Expansion of Kulim Hi Tech Park

Manufacturing Investment: Expansion by State in 2023 (% Share)



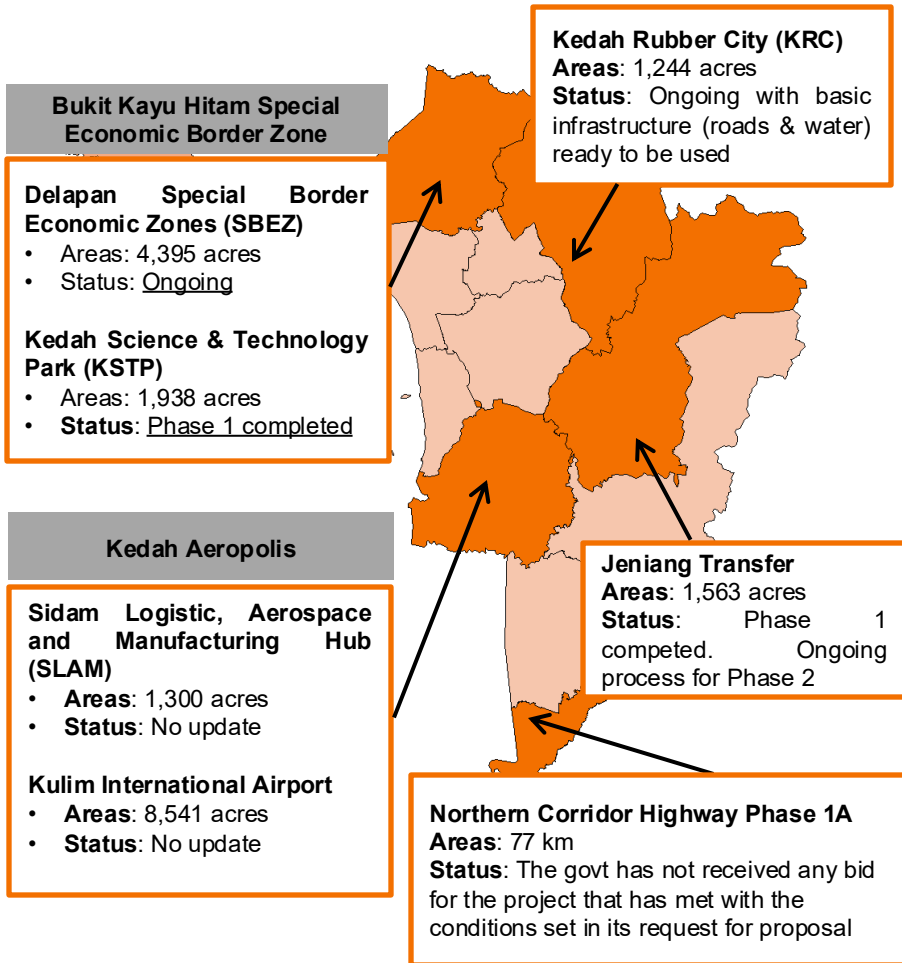
- Kulim Hi-Tech Park (KHTP) will double its total area to 12,000 acres, from its current capacity, through expansion plan for KHTP 2.
- In Aug 2024, Infineon Technologies stated that they will invest an **additional RM24.3 bil for Phase 2** (Phase 1: RM9.7 bil) to expand their facility in Kulim High Tech Park, Kedah to construct the world's largest 200mm silicon carbide (SiC) power fabrication plant.
- The attractiveness of KHTP to investors are likely due to its **proximity to P.Pinang**, and the implementation of **E10 initiative by Kulim Kedah Municipal Council**. The E10 reduces construction permit process from an average 24-months to 10 months.
- By states, Kedah's approved manufacturing investment for expansion has **consistently ranked top 3** since 2021. In 2023, Kedah ranked no. 2 with 16% share, behind P.Pinang (51.7%) for investment expansion.
- **Status:** The **RM195 mil Federal govt** allocation for KHTP expansion is pending land purchase by the State govt/KHTP authority.



Kedah: Investment performance

6

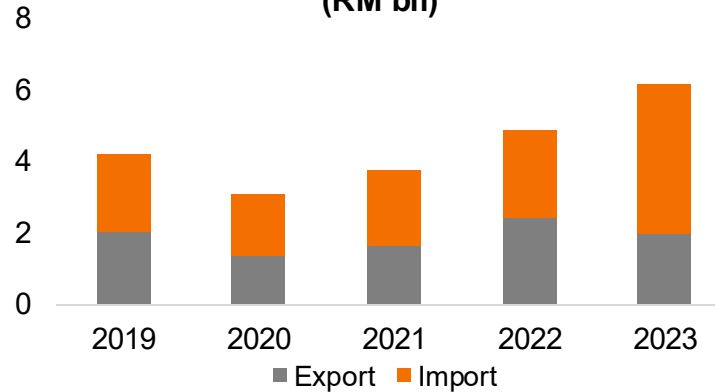
High impact projects under Kedah Development Plan 2035



6.1

Bukit Kayu Hitam Special Economic Border Zone

Kedah: Import & Export with Thailand (RM bil)

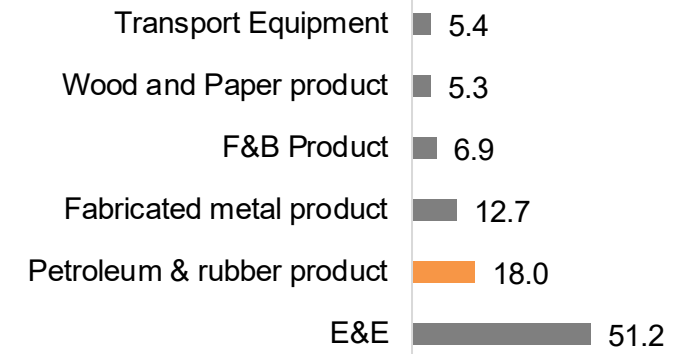


- The Bukit Kayu Hitam Special Border Economic Zone (SBEZ) is a new development located near the border area of Kedah and Sadao, Thailand. It includes the Kedah Science & Technology Park (KSTP) with an estimated RM12.9 bil investment, and Delapan (SBEZ).
- As for Kedah's trade activity with Thailand, total import and export reached **the highest in 2023** at RM6.1 bil (2019: RM4.2 bil). While import surged by double-digit growth of 71.0% YoY (2022: 17.5%), export contracted by 19.0% YoY in 2023 (2022: 45.9%).
- **Target Industries:** Logistics, Automotive, Services, Mix Development under Kota Perdana Industrial Park (Services & Automotive Hub, Commercial, Medical Hub, Housing Enclave, Theme Park), ICT, Advanced Materials, Biotech, Agro Science & Halal Science.

6.2

Kedah Rubber City

Kedah : Share of GDP Manufacturing by Sub sector (%)



- Kedah Rubber City located in Padang Terap is to be the first dedicated Rubber Industrial Park in Kedah to accelerate the development of the Malaysian rubber industry.
- Petroleum and rubber products ranked **no. 2** in Kedah's manufacturing GDP. However, the share has gradually declined since 2015 (20.6%) to 2023 (18%) as E&E activities expanded. By states, Kedah **ranked no. 10 in Malaysia** for manufacturing of petroleum and rubber product.
- **Target industries:** Specialized Latex/ Nitrile Glove, Rubber Products, Automotive Rubber Products (Passenger and Commercial Tyres), Precision Engineered Rubber Products & Green Rubber Products.

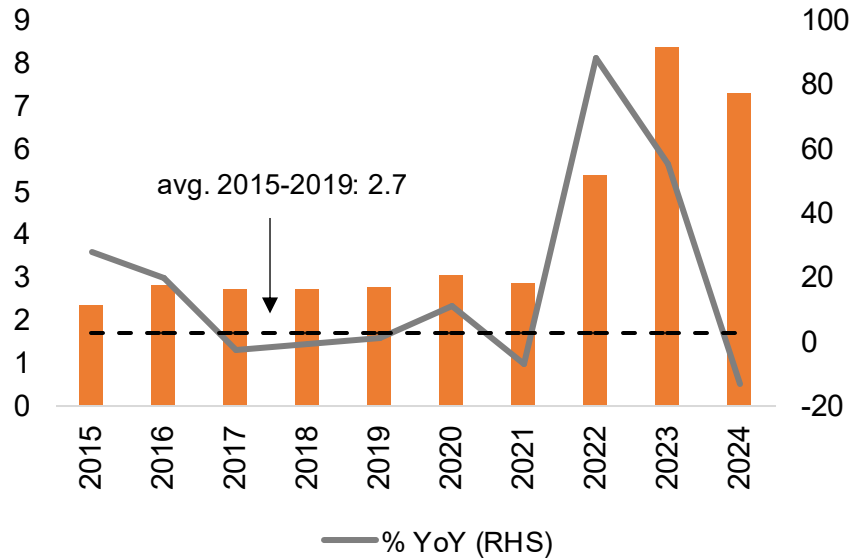


Kedah: Construction sector

1

Construction activity above historical average

Kedah construction work done (RM bil)

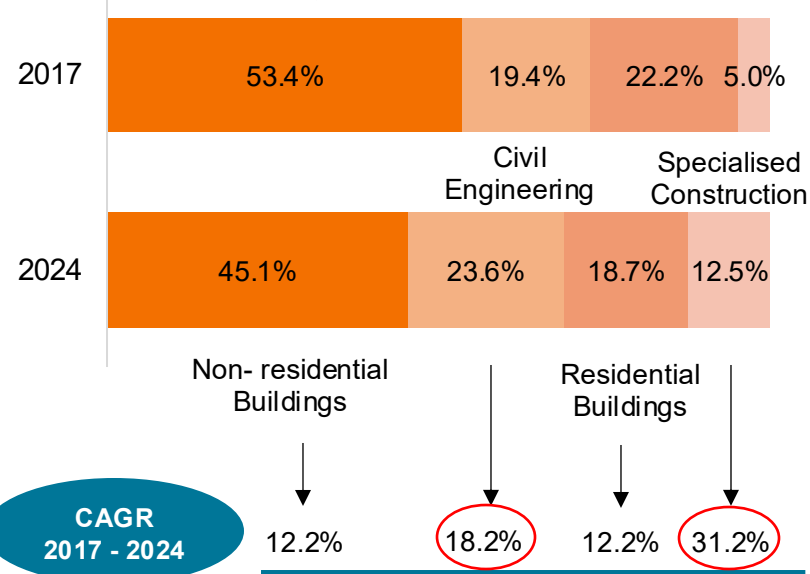


- Kedah construction work done declined by -13.0% YoY in 2024 to RM7.3 bil. Despite that, the value remained well above historical average of RM2.7 bil in 2015 - 2019.
- Even though Kedah's construction work done contributed only 4.6% to total Malaysia in 2024, its share had improved from a 1.9% average in 2017 - 2019. Kedah ranked 8th nationwide in 2024.

2

Growth in civil engineering & specialised construction activities

Kedah construction work done by segment (% share)

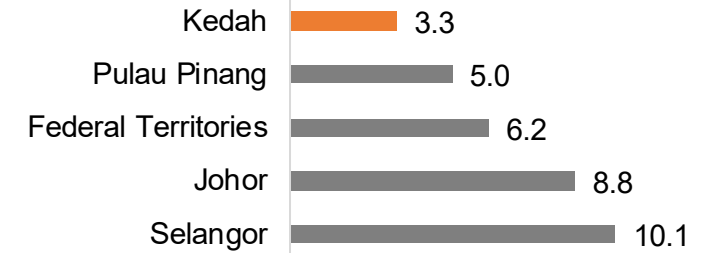


- Kedah's construction work done in 2024 was dominated by **non-residential building** (45.1%), followed by civil engineering (23.6%), residential buildings (18.7%), and specialised construction activities (12.5%).
- In terms of performance, CAGR of Kedah's construction work done between 2017 - 2024 expanded by 15.0%. This was driven by all segments, particularly **specialised construction (31.2%)** and **civil engineering (18.2%)**.

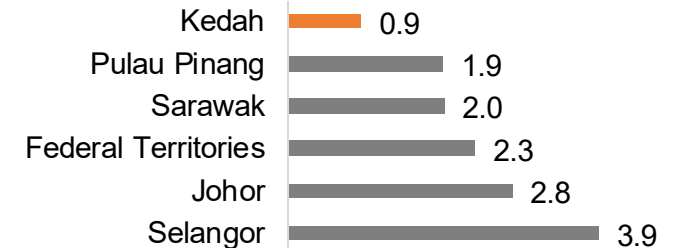
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Top ranks for non-residential & specialised construction

Work done non-residential Buildings 2024 (RM bil)



Work done specialized construction 2024 (RM bil)



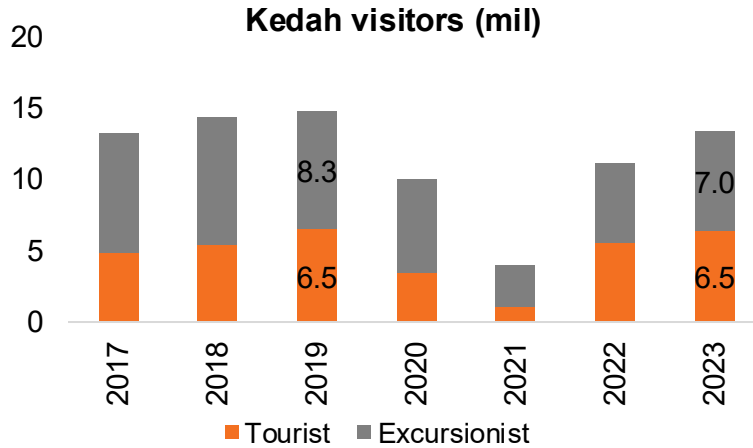
- Kedah's non-residential building construction work done ranked 5th nationwide in 2024. This could be supported by the **robust approved manufacturing investment** into Kedah in recent years, increasing **construction activities for non-buildings (i.e factories)**.
- Meanwhile, Kedah ranked 6th among other states for specialised construction work done.



Kedah: Tourism

1

Tourist recovers, almost back to pre-pandemic level

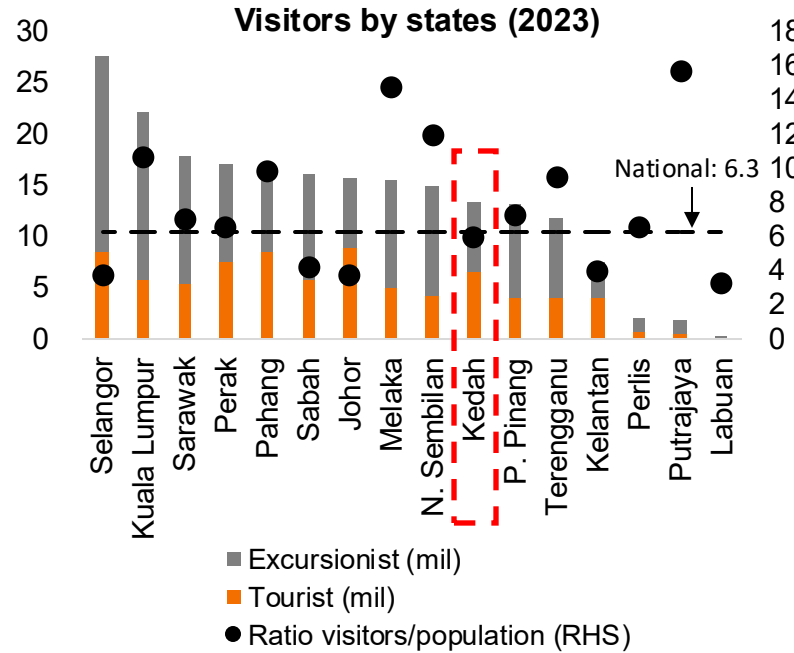


Visitors = Tourist + Excursionist
 Tourist = Travel at least 1 night (>24 hours)
 Excursionist = Day trip (<24 hours)

- Visitors to Kedah **continued its recovery** in 2023, which surged by 20.2% YoY to 13.4 mil (average 2017 - 2019: 14.2 mil). The increase is led by a 25% YoY rise in excursionist while tourist with at least 1 night stay rose 15.3%.
- Compared to pre-pandemic level (2019), total visitor has reached **90.6%** of 2019 level – **tourist with at least 1 night stay (98.6%)** and **excursionist (84.4%)**.
- Kedah's visitor share to national stood at 6.3% in 2023 (average 2017 - 2023: 6.4%).

2

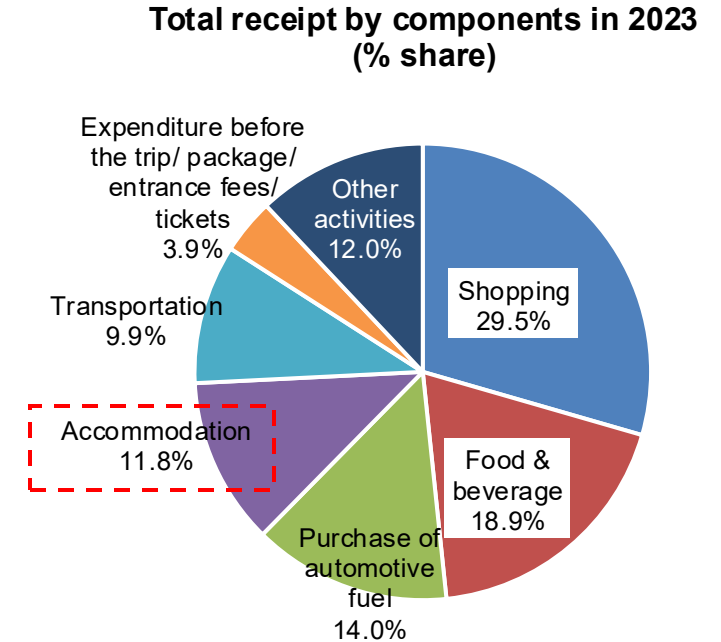
Ranked 5th for tourist arrivals nationwide



- Although Kedah ranked **no. 10 for the total number of visitors** in 2023, in terms of **tourist number** (at least 1 night stay, >24 hours), Kedah performed better, **ranked no. 5** after Johor, Pahang, Selangor, and Perak.
- Langkawi (Pantai Cenang, Cable Car, & Under Water World), Aman Central Mall, and Pantai Merdeka** are the top 5 tourist destinations in Kedah.
- Meanwhile, Kedah's **visitor per population** stood at 6.1 visitors, slightly below the national level of 6.3 visitors.

3

Visitors spent >1/2 of total receipts for shopping, F&B and fuel



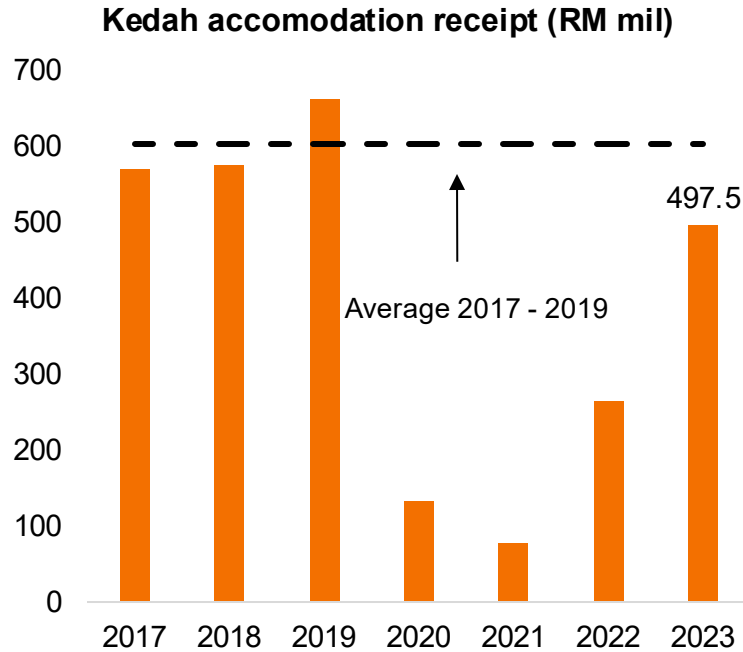
- Based on component spending by visitors in Kedah, shopping makes up the biggest share at **29.5%** of total receipt.
- This is followed by food and beverages (**18.9%**) and purchase of automotive fuel (14.0%).
- Nationwide comparison, visitor to Labuan tops the share of accommodation spending, at 19.1% while Putrajaya is the lowest (8.1%). **Kedah ranked no. 8 for accommodation spending (11.8% share of total expenditure).**



Kedah: Tourism

4

Spending for accommodation below historical average



- Compared to pre-pandemic level (2019), spending for accommodation stood at 75.0% of 2019 level, below the recovery in overall receipt at 80.8% level.
- Share of accommodation to total receipts has also **dropped to 11.8% in 2023** from an **average of 12.6% in 2017 - 2019**.

5

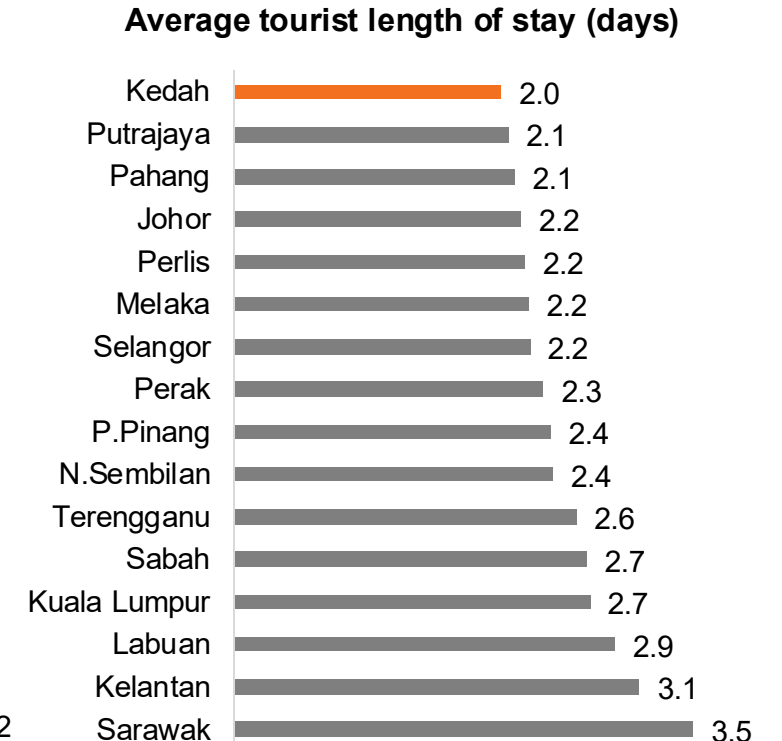
Lowest accommodation budget per tourist in Malaysia



- Kedah had the **lowest accommodation per tourist** out of all states. Tourists to KL spent 3.8 times more on accommodation compared to Kedah tourists.

6

Shortest stay among tourist in Malaysia



- Average length of stay for tourists in Kedah was **only 2 days** in 2023 (average 2017 - 2019: 2.2 days), the **shortest nationwide**.

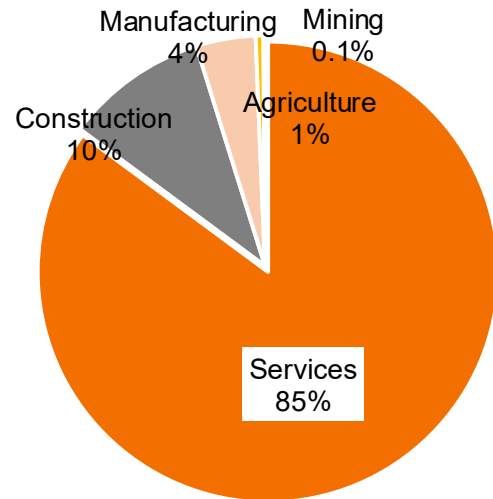


Kedah: Langkawi & Tourism activity

1

Langkawi dominated by services related to tourism activities

Langkawi's registered businesses in 2024

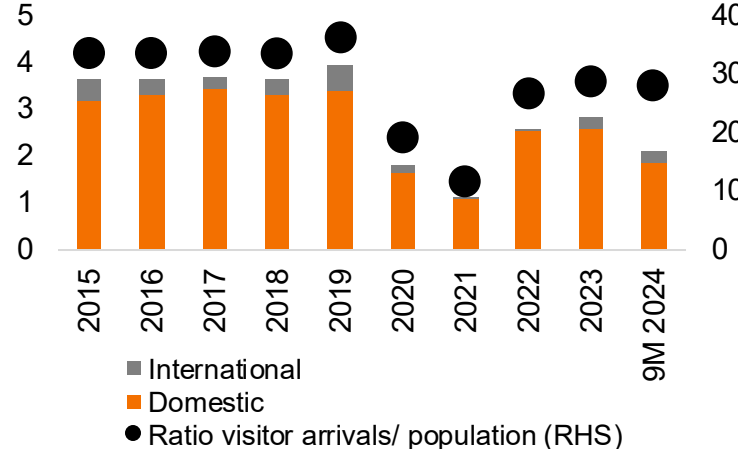


- In 2024, 85% or 2.5k of registered businesses in Langkawi are in the **services sector**. This is followed by construction (294 businesses), manufacturing (122), agriculture (16) and mining (3).
- Within services sector, majority is in the **wholesale and retail trade, repair of motor vehicles and motorcycles** (31% of services), **transportation and storage** (25%), and **accommodation & F&B services** (21%).

2

Visitors are the backbone of Langkawi

Langkawi visitor arrivals (mil)

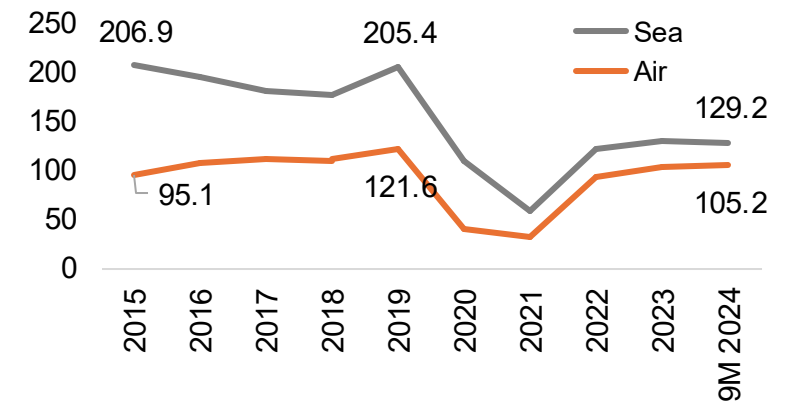


- Visitor arrivals in Langkawi grew 3.2% YoY to 2.1 mil in 9M 2024 (2023: 8.9%) driven by international growth. **LADA targets 3.5 mil visitors in 2025, albeit below historical average of 3.7 mil in 2015 - 2019.**
- In terms of share, **domestic arrivals in Langkawi contributed 87.9%** of total arrival in Langkawi (2019: 86.1%), whereas the balance from **international arrivals (9M 2024: 12.1%; 2019: 13.9%)**
- Compared to pre-pandemic level (2019), the visitors stood at 76.2% of 2019 level in 9M 2024 (2023: 71.6%).
- There were 28 visitors for every local in Langkawi (2019: 36 visitors), signaling the dependency of its economy on tourism industry (Kedah: 6.1; Malaysia: 6.3).

3

Visitors via cruise ship yet to recover

Average monthly visitors by transportation type to Langkawi ('000)



- Sea transportation into Langkawi has always been higher than air travel. While there is recovery in visitor arrivals in 9M 2024, the average monthly visitor via sea of 129.2k is slightly below 2023's 130.2k visitors. Whereas visitors via air performed better at 105.2k (2023: 103.9k).
- Similarly, recovery in air transportation (86.5% of 2019 level) is better than sea (62.9%), compared to pre-pandemic level.
- Cruise ship makes up 7.7% of total visitors via sea** in 9M 2024. The average monthly visitor grew from 11.5k between 2014 – 2016 to peak at 18.3k in 2019 (after Dermaga Tanjung Lembang upgrade) but only stood at 9.9k as at 9M 2024.
- Initiatives to improve transportation to Langkawi in 2025:**
 - New direct flights to Langkawi from (India, Poland, Singapore, UAE)
 - Kuala Kedah jetty & terminal upgrade (from 800 to 3,000 passenger capacity), as well as cargo and ro-ro services.

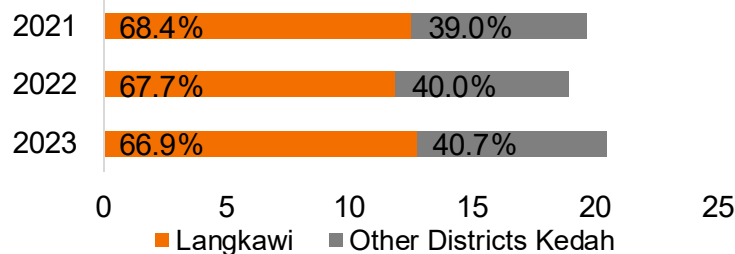


Kedah: Langkawi & Tourism activity

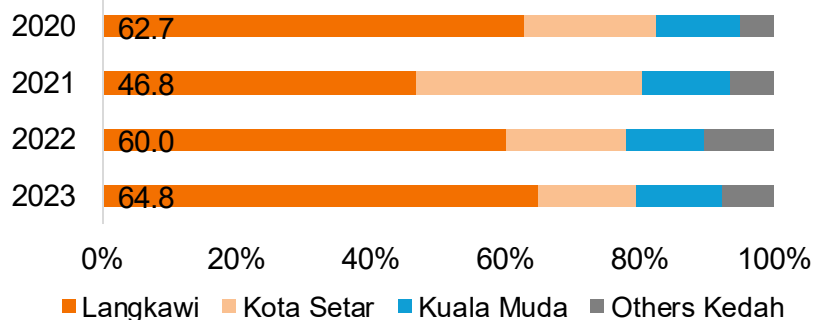
4

Langkawi is the hub of Kedah's hotel industry

Kedah accomodation rooms ('000)



Share of hotel guest by district in Kedah (%)

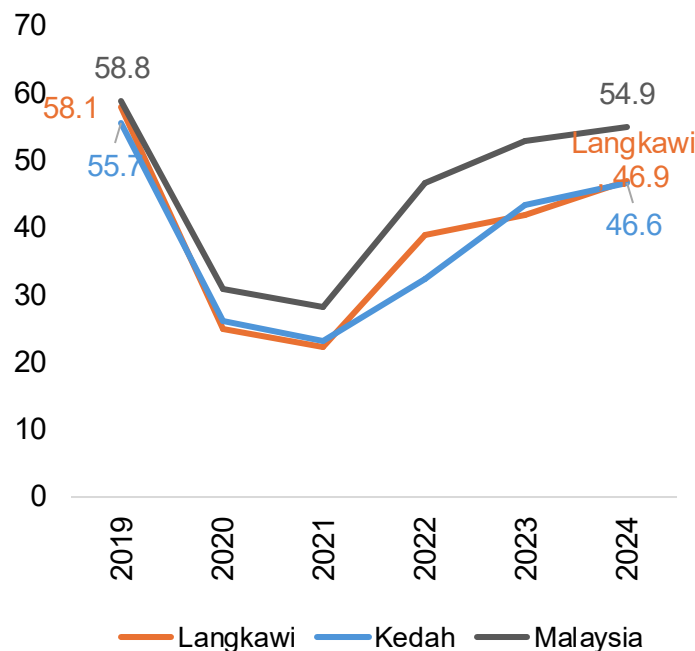


- Although there is an increase in total hotel guests coming to Kedah in 2023 to 4.3 mil (2022: 3.8 mil), it is still lower than national average of 5.8 mil.
- Langkawi's hotel guests make up the largest share of hotel guest by district in Kedah, at 64.8% share in 2023, indicating the importance of Langkawi's hotel industry compared to other districts in Kedah.

5

Recovery but still below pre-pandemic

Average Occupancy Rate (%)

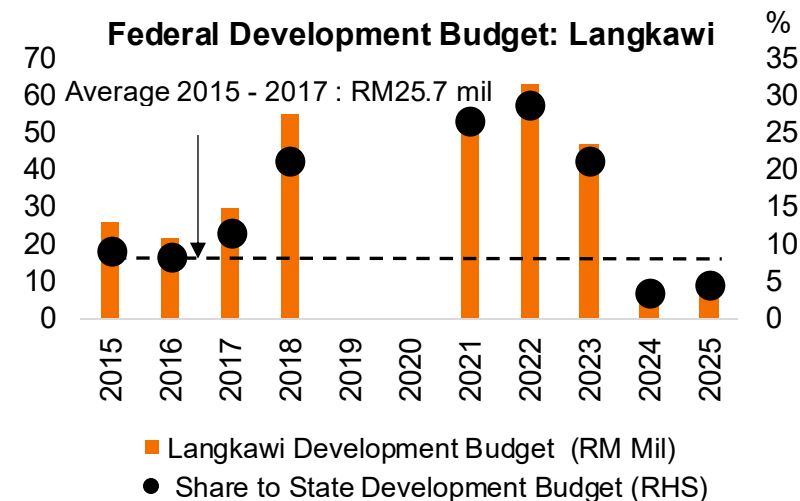


- Average occupancy rate (AOR)** in Langkawi improved gradually to **46.9% in 2024**, however still below 2019 levels (2019: 58.1%).
- The rate was **marginally above Kedah's** level of 46.6%, but **below national AOR** of 54.9% in the latest available data 2024.

6

Langkawi development budget

Federal Development Budget: Langkawi



Notes:

- No federal allocation for Langkawi development in 2019 - 2020.
- Share to Federal development budget is very small, between range of 0.01% - 0.11%, hence not included in the chart.

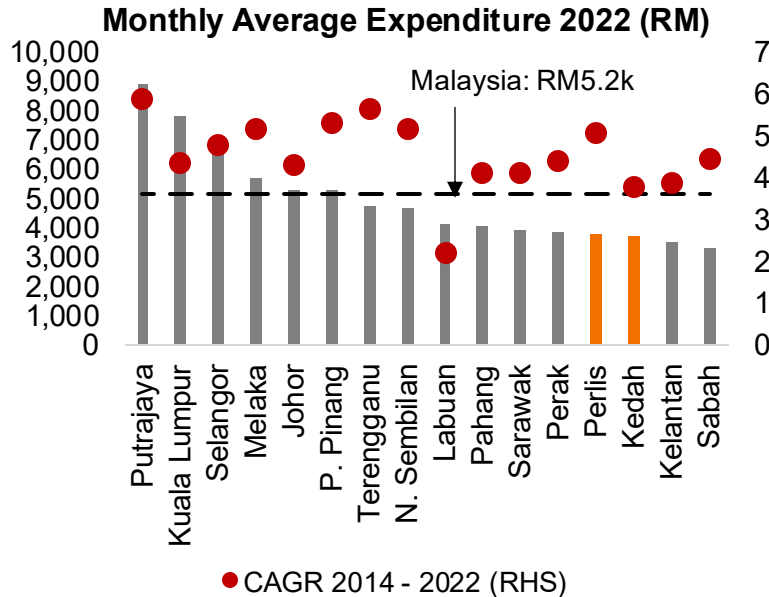
- The development budget for Langkawi under Malaysia's National Budget 2025 has grown to RM9.5 mil (2024: RM7.7 mil). Nonetheless, these are below the 2015 - 2017 average of RM25.7 mil.
- The allocation to Langkawi as a share of Kedah's development budget shrunk to 4.5% in 2025 (2015: 9.3%), from its peak of 28.8% in 2022.
- Initiatives to improve visitors to Langkawi in 2025:**
 - Host for a few ASEAN Chairmanship meetings
 - Visit Kedah 2025
 - More events in Langkawi (2025: 36; 2024: 22)
 - LADA allocates RM2 mil for landscape enhancement projects



Kedah: Household expenditure

1

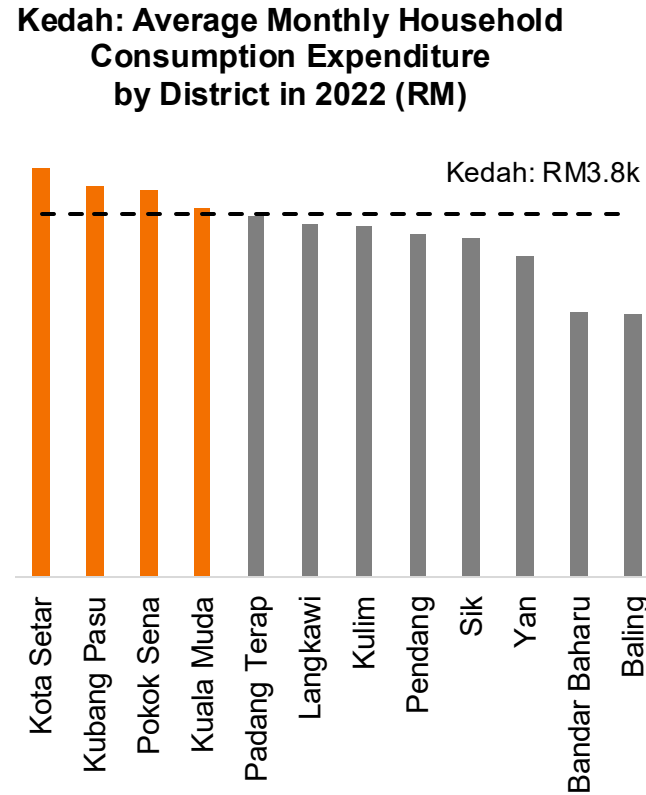
Household monthly average expenditure below national level



- The monthly average expenditure in Kedah is rather contained, at RM3.8k. In fact, the State ranked one of the **bottom 3 for monthly average expenditure** in Malaysia, after Kelantan (RM3.5k), and Sabah (RM3.3k).
- In terms of **CAGR growth** between 2014 - 2022, Perak is the 2nd lowest among states/territories at **3.8%**, below national level (4.7%).
- On the other hand, Kedah's mean income also ranked the 2nd from the bottom (RM5.6k), significantly below national level of RM8.5k.

2

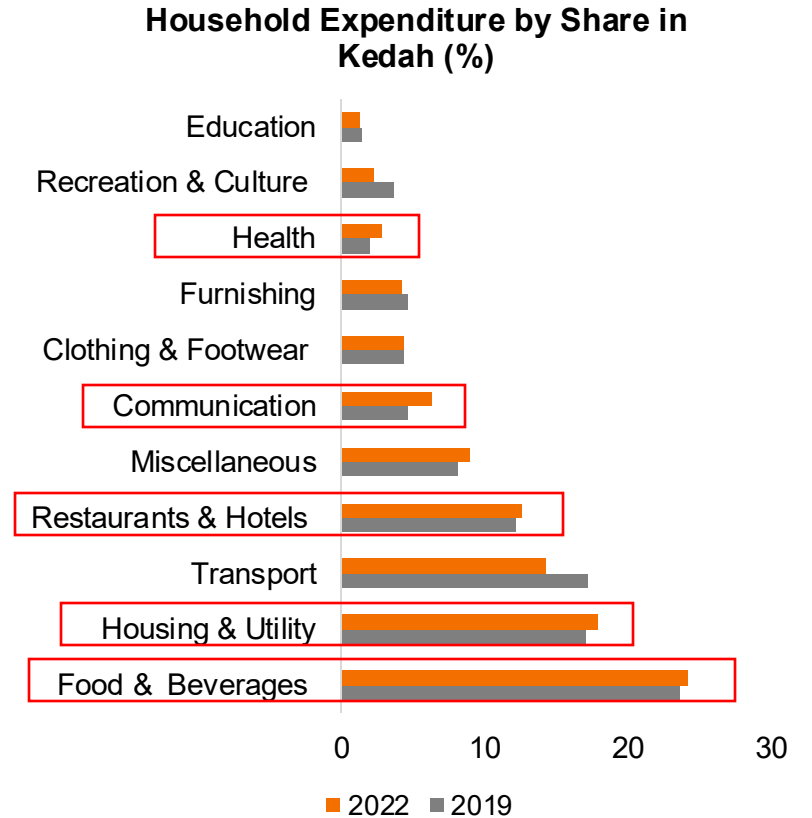
4 districts above State level



- By district**, Kota Setar (Alor setar), Kubang Pasu, Pokok Sena and Kuala Muda have the highest household spending, above the State's level of RM3.8k.

3

Households mostly spend on Food and Beverages



- Kedah's households **mostly spend on food and beverages (F&B)**, with a share of 24.3% of total expenditure in 2022 (2019: 23.8%).
- Household's share of **spending have increased** in the **F&B, housing & utility, restaurant and hotel, communication, and health** subsectors in 2022 compared to 2019.

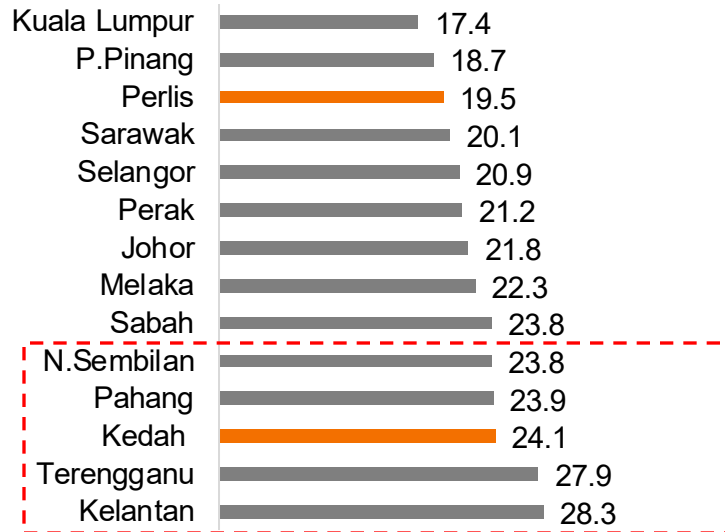


Kedah: Young population

1

Large pool of young population, boosts education demand

Population aged ≤14 years by States in 2024 (%)

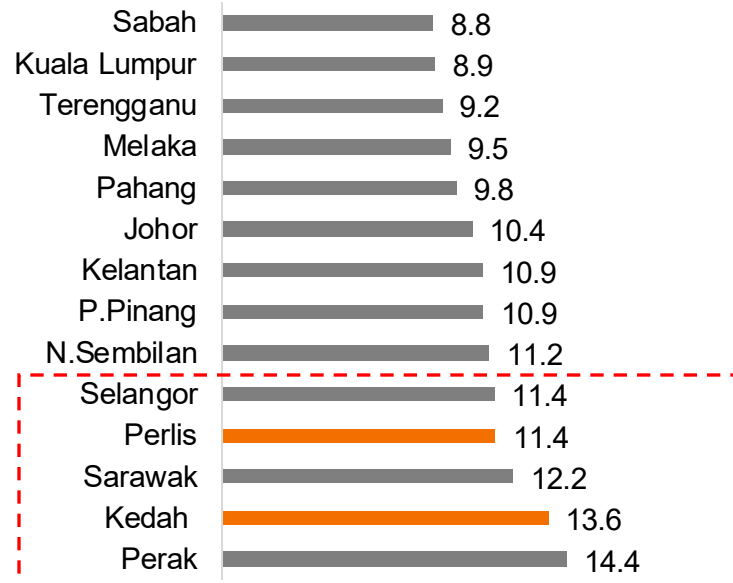


- Among states, Kedah ranked no. 3 for having the largest young population below 14 years old in 2024. It represents 24.1% share of Kedah's population.
- Kedah's **primary private education (majority religious schools)** services industry **ranked no. 4 nationwide** in total value added 2022 at RM40.6 mil (2015: RM6.7 mil) after Selangor, KL, and Johor. The sector posted **CAGR of 29.5%** between 2015 - 2022. Meanwhile, **pre-primary education (7th nationwide)** was at RM47.4 mil (2015: RM26.1 mil) with **CAGR of 8.9%**.

2

High old age dependency to working population

Old age dependency ratio in 2024 (%)

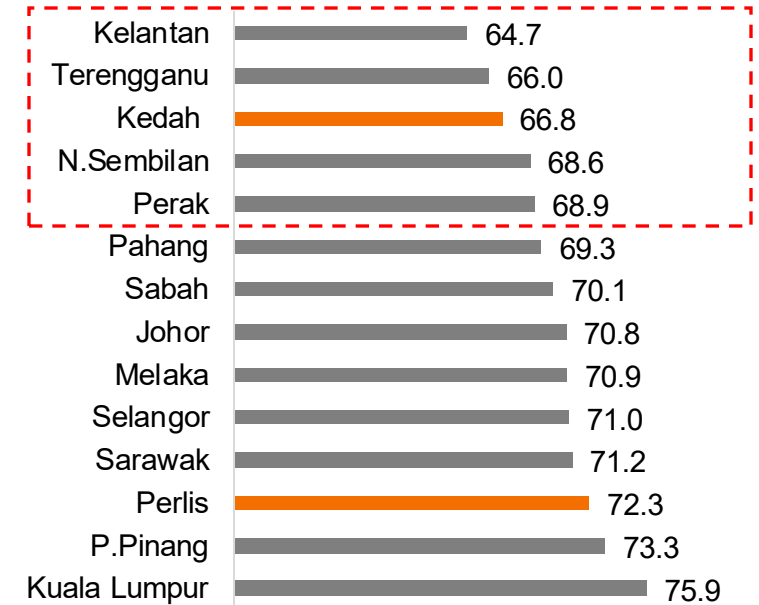


- Kedah has the 2nd highest aging population in Malaysia, after Perak.
- The old age dependency ratio which measures the aging population relative to the working population came in at 13.6% for Kedah in 2024, also the 2nd highest nationwide.

3

Low working aged population creates challenges

Population aged 15 - 64 years by States in 2024 (%)



- Kedah is at the bottom 3 States, having the least working population. It represents 66.8% share of Kedah's population.
- In terms of labour productivity, Kedah ranked among the bottom 5 states to record RM55,830 output per worker in 2023, distantly below national level's RM99,520.

A Subsidiary of



Kedah Development Plan 2035 (Relaunched in 2024)

Initiative

- **Bukit Kayu Hitam** Special Border Economic Zone (BKH SBEZ)
- **Kulim International Airport** (KXP) and **Kedah Aerotropolis** SLAM
- **Rice farming** with the concept of estate rice cultivation
- Development of Kedah river
- Development of **Kulim industrial arena**
- Development of **Kedah Rubber City** (KRC)



Initiative



- Development of **Langkawi as a low carbon island**
- Gazettement of Ulu Muda area as a state park
- Establishment of Environmental Sustainability Guidelines in development planning
- Construction of Flood Mitigation Plan
- Project to address high tides and coastal erosion
- Restructuring of the development of Kedah Geopark

Initiative



- Development of Digital Economy Entrepreneur Hub
- Technical and vocational education program
- Development of athletes to the international stage
- Kedah Islamic Excellence Center
- Development of religious education hub for pondok & tahfiz schools
- Development of sports city

Initiative

- District development plan
- Cultivating MICAT (Friendly, Integrity, Efficient, Accountability & Transparency) among Civil Servants
- Developing departmental application systems in all state government departments & agencies
- **Upgrading internet speed** in state government departments & agencies
- Integrity certification for Kedah state civil servants
- Strategic plan for government departments & agencies



Initiative



- **Construction** of the Northern Corridor Highway (NCH)
- **Constructing an elevated road** across Changlun Town
- Development of a **solar energy hub**
- **Upgrading the fiber optic broadband network** infrastructure
- Implementation of the Non-Revenue Water (NRW) reduction program
- Construction of an **integrated land public transport hub**

Initiative



- **Construction of affordable housing**
- Empowerment program for urban poverty eradication for the B40 Group
- Creating a 'Safe & Healthy' environment in local authority areas
- Provision of Special Zones for hawker/ small trader activities in local authority areas
- Construction of public housing schemes (RPA) & people's housing program (PPR)





Kedah: SME Sentiment Index 2H 2024

57% (1H 2024: 49%) of respondents foresee **sales to increase** in the next 6 to 12 months

- Mfg wearing apparel
- Accommodation
- Mfg chemicals and chemical products

82% (1H: 74%) expect **cost of doing business to go up** particularly those of **raw material cost**

Currency fluctuation may pose limited risk depending on segments as **92%** of respondents sell locally, while **34%** importing raw material (1H: 26%)

Improving hiring decisions

48% (1H: 28%) wants to increase hiring, while another **43%** intend to maintain **current workforce** (1H: 67%)



SME SENTIMENT INDEX 2H 2024

48% feel that **digital transformation** (1H: 49%) **have positive impact** on their business operations

- Mfg wearing apparel
- Human health activities
- Mfg chemicals and chemical products

77% (1H: 40%) prefer to **prioritise business expansion** as their **focus area** in the next 6 to 12 months

- Food and beverage services
- Mfg wearing apparel
- Accommodation

More respondents require **cash reserves** to sustain their businesses. **69%** of **MSMEs** have **cash buffer of less than 1 year** (1H: 29%)

- Food and beverage services
- Mfg wearing apparel
- Land transport including petrol stations

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