

**PHILLIP MUTUAL BERHAD**

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## **The Rising EV Trend in Malaysia**

Malaysia is dedicated to reinforcing its commitment towards achieving net-zero carbon emissions by as early as 2050. The country possesses a well-defined plan and a comprehensive ecosystem, along with abundant competitive resources, to bolster the clean energy industry, particularly in supporting the growth of electric mobility. [Tesla has recently made its official entry](#) into the Malaysian market, spearheaded by the introduction of the Tesla Model Y. The starting price for the Model Y (Standard Range RWD) in Malaysia is RM199,000. Of course, Tesla's presence should not significantly threaten the local automotive sector in the near term, at least, as over 70% of vehicles sold in Malaysia fall within the price range of less than RM100,000, with nearly 40% of them priced below RM50,000<sup>[1]</sup>.

Prior to Tesla's introduction to the Malaysian market, several other electric vehicle (EV) brands had already established a presence. [As stated by Datuk Zailani Hashim from the Road Transport Department Malaysia \(JPJ\)](#), Malaysia had already recorded more than 10,000 registered EVs by December 2022. [These EVs encompassed a wide range of brands](#), such as BMW, MINI, Nissan, Renault, ORA, Hyundai, Kia, Mercedes-Benz, Volkswagen, Volvo, BYD, Audi, Lotus, and many others. The Neta V is currently the cheapest EV on sale in Malaysia, retailing at RM99,800. Additionally, following the launch of the BYD Atto 3 in December 2022, priced at RM149,800, BYD Dolphin is set to arrive in Malaysia in July. The starting price for the Dolphin model will be as low as RM99,900.

### **Various Incentives to Drive EV Adoption**

By 2030, the national goal is to have electric vehicles (EV) account for 15% of the total industry volume (TIV). To encourage the adoption of low carbon mobility and support the development of the EV industry in Malaysia, the government is offering the following incentives:

1. Complete exemption from import and excise duties for newly registered Completely Built-Up (CBU) electric vehicles until December 31, 2025.
2. 100% road tax exemption for electric vehicle owners until December 31, 2025.
3. Individual income tax relief of up to RM2,500 for electric vehicle owners on expenses related to EV charging facilities' installation, rental, purchase (including hire-purchase), or subscription fees, applicable for the assessment year 2023.
4. Moreover, companies that lease non-commercial EVs are eligible to claim tax deduction on the rental amount of up to RM300,000 from the year of assessment 2023 until 2025.

Fitch Solutions predicts that Malaysia's EV sales will undergo a substantial growth of 45.6% in 2023, reaching around 4,449 units, despite starting from a low base. This growth is primarily a result of the introduction of incentives aimed at promoting the adoption of EVs. During this period, the availability of more battery electric vehicle (BEV) models is expected to lead to a decline in market share for plug-in hybrid electric vehicles (PHEVs) (refer to Figure 1). Looking ahead, Fitch Solutions anticipates that the overall EV sales (relative to total vehicle sales), will surpass the 1% milestone by 2024. This increase will be driven by the strong performance of both PHEVs and BEVs, further accelerating the adoption of EVs throughout the country.

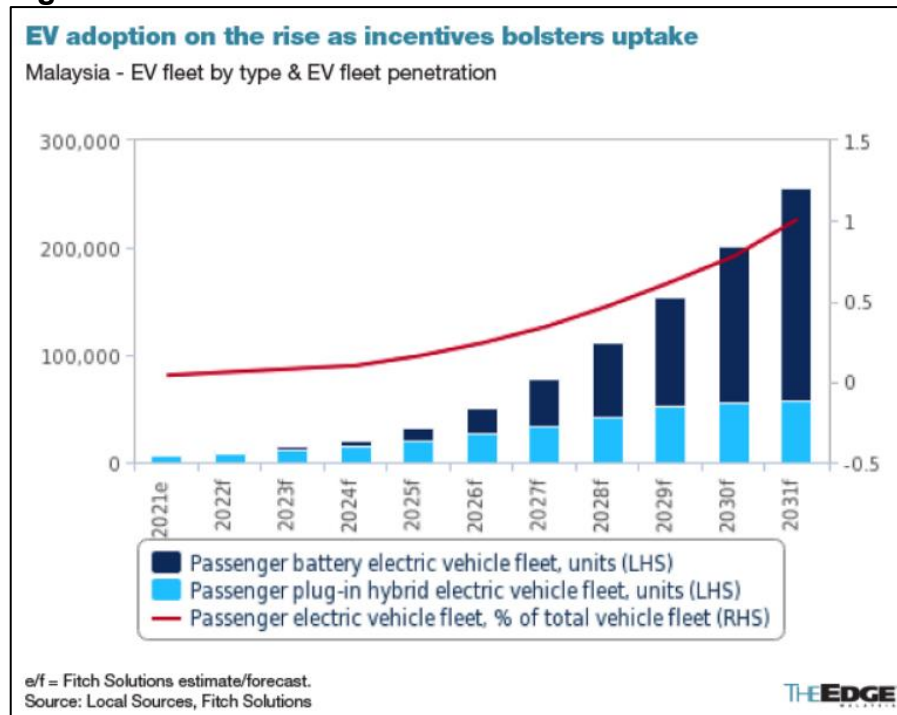
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**Figure 1**



Source: The Edge, Fitch Solutions

## Challenges Ahead

Notwithstanding the introduction of various incentives, affordability remains a concern as EVs typically come with a price tag exceeding RM100,000. Apart from that, the role of EV charging infrastructure is crucial as the current infra might not be ready to serve a sudden increase of EVs on the road. [According to MITI, Malaysia currently has 1,063 EV charging stations](#), but the target is to establish 10,000 charging stations by 2025. Out of these, 1,000 will be DC (fast) chargers, and the remaining 9,000 will be (regular) AC chargers.

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