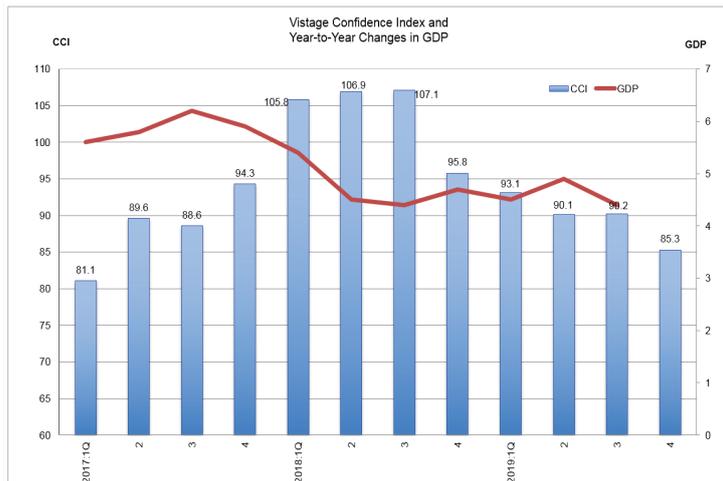


SENTIMENTS WEAKEST IN THREE YEARS

CEOs have grown even more cautious lately as global and domestic economic uncertainties continued to cloud both consumer and business sentiments, slowing business trajectories from hiring to investment going forward.

Indicating this is the VISTAGE-MIER CEO Confidence Index which fell to its lowest for the year 2019. At 85.3, it is also the lowest on record in four years, losing almost five points on the quarter.



The index for current economic conditions fell to 62 in 4Q2019 from 71 in 3Q2019. Its lowest reading since 1Q2017, this denotes CEOs' lack of confidence with the current state of economic affairs in the country. Of the 664 respondents, 45% opined that the local economy has worsened in recent months, the highest votes received since 1Q2017, while a four-year low of only 5% responded favourably. CEOs' prognosis of the economy in early 2020 is equally subdued. This is shown by the expected economic conditions index which, at 113, has shed seventeen points from 3Q2019. While a three-year high of 30% of the CEOs have forecasted a weaker economy in the next quarter, those having faith that the Malaysian economy will improve soon were reduced to a three-year low of 22%.

CEOs are adjusting their business outlook lower for the immediate term. Except for profitability and employment which have somewhat moderated from last quarter, capital expenditure (CAPEX) and revenue are expected to take a breather in 1Q2020. The latest index for expected revenue lost three points from 3Q2019 to settle at 129, implying that revenue growth will likely lose momentum in the next few months. Those projecting higher revenues soon were decreased to a three-year low of 49%, while 20% are expecting otherwise. The index for planned fixed investment declined six points quarter-on-quarter to 118, denoting smaller budgets for CAPEX early next year. 37% are planning to increase their CAPEX soon, the smallest proportion tabulated in more than two years. The expected profitability index, at 118 this quarter, has changed little from last quarter's 119, an inference of cautious, but steady, profitability in the coming months. While 40% believed their profits in the next quarter will remain the same, those anticipating theirs to increase totalled 39%, the lowest proportion since 4Q2016.

VISTAGE-MIER CEO Confidence Index Highlights

49% of CEOs expected better revenues, lowest in three years

39% of CEOs forecasted higher profits, lowest since 4Q2016

32% of CEOs projected an increase in export orders, up from 30% in 3Q2019

23% of CEOs to hike their selling prices in 1Q2020, compared to 22% in 3Q2019 and 38% in 4Q2018

78% of CEOs have no difficulty getting bank loans for their funding needs over the last nine months

41% of CEOs opined that Malaysia Budget 2020 has moderately addressed the cost of living issue

49% of CEOs planned to increase salaries of all staff by 1%-5%

44% and **47%** of CEOs planned bonus payouts of up to one month for managers and non-managers, respectively

44% of CEOs are overweight and 35% have high cholesterol

89% of CEOs attested to being better strategic thinkers since joining Vistage

46% of CEOs planned to invest in fixed deposits/cash in the first half of 2020

Employment is expected to remain stable in the near term. Reflecting this is the expected employment index which, at 126, has increased a negligible one point from 3Q2019. For the past four quarters, this index has hovered around 126-128, suggesting that hiring and retrenchment have remained relatively flat for the past year, with those adding and reducing their headcount totalling 40%-41% and 12%-14%, respectively.

Softer-than-expected investment growth has not dampened CEOs' sentiments as they are forecasting higher local and export orders for 1Q2020. 46% and 32% are looking forward to receiving more orders from abroad and locally in the months ahead, up from 43% and 30% in 3Q2019, respectively. Selling prices will also likely remain stable for now. Notwithstanding the 23% who are planning to hike their prices soon, 19% are offering price cuts, compared to 22% and 16% previously.

	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019
VISTAGE-MIER CEO CONFIDENCE INDEX	107.1	95.8	93.1	90.1	90.2	85.3
Current Economic Conditions	107	80	75	68	71	62
Expected Economic Conditions	146	113	105	111	109	92
Expected Change in Employment	136	130	128	128	127	126
Planned Fixed Investment	136	130	128	127	124	118
Expected Revenue Growth	148	142	145	125	132	129
Expected Profit Growth	137	129	123	122	119	118

Note: All component questions are scored as the percent giving favorable replies minus the percent for unfavorable plus 100. The VISTAGE-MIER CEO Confidence Index is the sum of the components calculated as a percentage of the level recorded in 2nd quarter 2003 survey.

MEASURES TO MITIGATE SUPPLY OF SKILLED EMPLOYEES

Results of the 3Q2019 Vistage-MIER CEO Confidence Survey show that inadequate supply of skilled employees and higher salaries were the top two factors affecting CEOs’ costs of doing business. In terms of the measures CEOs are undertaking or planning to take to mitigate these issues, the latest survey results found that staff training and automation were highly popular among them. While some CEOs prefer to increase their sales, prices or salaries, there were others who opt to rationalise their headcount, salaries and operating expenditure. Recruitment of more local workers, interns and fresh graduates, selective hiring of talent, performance-based incentive scheme to attract top talents and increase productivity were among other measures cited by CEOs.

SME FUNDING

Local banks are intensifying their efforts to lend to SMEs. Slightly more than half of the CEOs have sought funding from these banks over the last nine months. Among them, 78% said they have not encountered any difficulty getting bank loans for their funding needs. For the 22% who did, the main reason was due to their business viability, followed by reasons of their overly high gearing and inadequate collateral.

BUDGET 2020

As to whether or not Malaysia Budget 2020 has adequately addressed the cost of living issue, most CEOs (41%) opined that it has, but moderately. 39% believed it has done so minimally and 18% did not think it has addressed this issue at all.

SALARY INCREMENT AND BONUS PAYOUT 2019

Salary increments and bonuses are expected to be leaner than last year. For financial year ending 31 December 2019, most CEOs are considering salary increments of up to 5% only, and bonus payout of up to one month, for both their managers and non-managers. See charts below on the projected payout.

SALARY INCREMENT	Managerial	Non-Managerial
1% - 5%	49%	49%
> 5% - 7%	21%	24%
> 7% - 10%	7%	11%
> 10%	5%	5%
No Increment	23%	14%

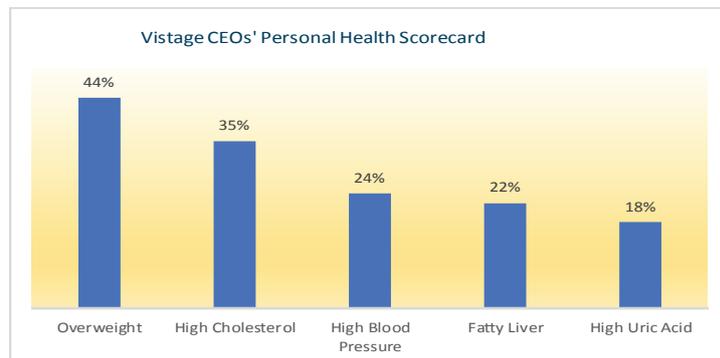
BONUS PAYOUT	Managerial	Non-Managerial
0 – 1 month	44%	47%
> 1 – 2 months	37%	37%
> 2 – 4 months	17%	11%
> 4 – 6 months	3%	1%
> 6 months	1%	1%

ABOUT VISTAGE MALAYSIA AND MIER

Vistage Malaysia is a licensee of Vistage International, USA, the world’s leading chief executive leadership development organization, providing unparalleled access to issue resolution and better performance through monthly peer advisor groups, one-on-one business coaching, expert speaker presentations, and extensive online connectivity spread over 1,800 cities in 22 countries with more than 23,000 members worldwide.

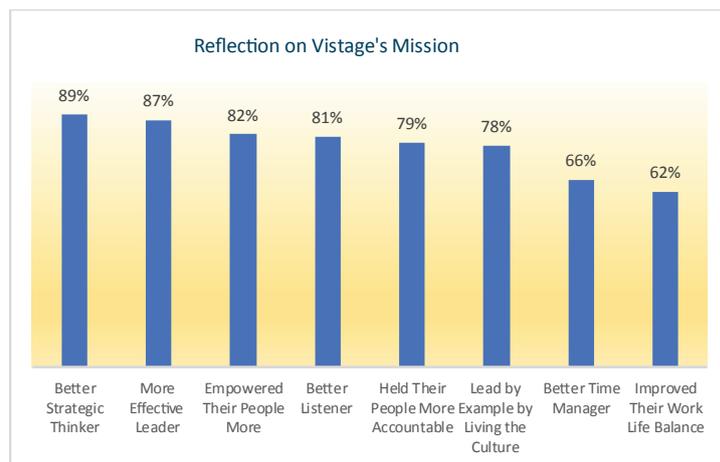
PERSONAL HEALTH SCORECARD OF CEOs

As health is wealth, the survey hopes to obtain a scorecard on CEOs personal health. When asked to assess their current level of fitness and health, the top three health issues most CEOs are currently experiencing include being overweight, high cholesterol and high blood pressure as shown in the chart below.



REFLECTION ON VISTAGE’S MISSION

Reflecting on Vistage’s mission of increasing the effectiveness and enhancing the lives of CEOs and their key executives, majority of the CEOs responded positively. As in 4Q2018, in descending order of votes, most CEOs in 4Q2019 continued to attest to being better strategic thinkers, more effective leaders and able to empower their people since joining Vistage. The result is reflected in the chart.



INVESTMENT IN THE NEXT SIX MONTHS

For the first half of 2020, fixed deposits/cash is the top personal investment plan of most CEOs (46% votes), followed by equities (40%), local real estate (32%), unit trusts/mutual funds (28%) and bonds (12%). 9% each of the CEOs are setting their sights on private equity and gold and/or silver, while Fintech and cryptocurrency are the choice of 7% and 5% of the CEOs, respectively. 8% are planning to invest in foreign currencies and 6% in foreign real estate.

Vistage Malaysia has more than 800 members with combined annual revenue of RM60 billion and employing over 120,000 employees. Vistage member companies grow, on average, 2.2 times faster than they did prior to joining Vistage. In 4Q2005, Vistage Malaysia entered into a strategic alliance with the Malaysian Institute of Economic Research (MIER) to co-brand the CEO Confidence Index. MIER is an independent, private, non-profit organization, devoted to economic, financial, and business research that would serve as a think-tank for the government and private sector by providing an objective and impartial understanding of socio-economic issues of national, regional and global importance.