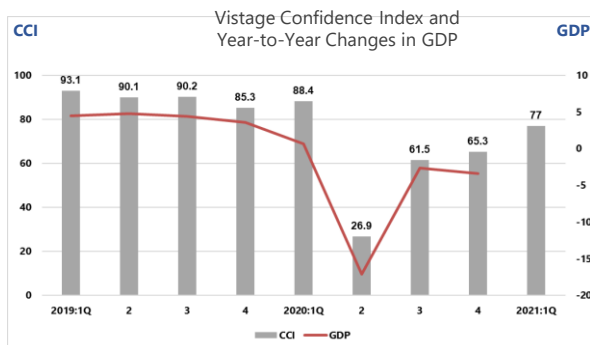


## CONFIDENCE LACKING AMID IMPROVING SENTIMENTS

CEOs kicked off 2021 in better mood, but remained in trepidation, as indicated by the latest Vistage-MIER CEO Confidence Index (CCI) which rose 11.7 points on the quarter to 77. Having persistently stayed below the 100-point optimism threshold shows a continuing lack of optimism amongst CEOs as they continue to cast caution on the economy and prospects of their firms moving forward. Renewed movement controls imposed by the government from early January to 4 March 2021 and a state of emergency that was announced as part of wider efforts to curb infections of the Covid-19 are likely weighing on CEOs' sentiments this time around.



	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021
VISTAGE-MIER CEO CONFIDENCE INDEX	93.1	90.1	90.2	85.3	88.4	26.9	61.5	65.3	77
Current Economic Conditions	75	68	71	62	66	6	14	15	39
Expected Economic Conditions	105	111	109	92	88	15	65	62	79
Expected Change in Employment	128	128	127	126	126	65	109	115	121
Planned Fixed Investment	128	127	124	118	123	46	91	96	108
Expected Revenue Growth	145	125	132	129	139	35	97	107	122
Expected Profit Growth	123	122	119	118	126	36	89	99	113

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.

### Vistage CEO Confidence Index Highlights

#### Economy

Most CEOs have continued to give the economy a poor scorecard, although the proportion has reduced from the prior quarter. Reflecting this is the index for current economic conditions which rose to 39 from 15 previously. Its stay below the demarcation level clearly denotes, once again, a lack of economic optimism amongst CEOs. 67% of the 791 CEOs believed that current economic conditions have worsened in 1Q2021, down from 87% in 4Q2020. Only 6% rated it positively, up from 2% a quarter ago.

CEOs' economic outlook is better this quarter than the last three quarters. At 79, the index for expected economic conditions has gained 17 points from 4Q2020, an inference that CEOs are expecting the economy to perform better in the months ahead.

#### Prospects

CEOs are projecting better prospects for their businesses in the near term, with all the latest forward-looking indexes registering higher than the prior quarter. The index for expected revenue rose to 122 from 107 in 4Q2020, an indication that revenues are expected to beef up soon. 44% are expecting an increase in their revenues in 2Q2021, up from 39% last quarter. 22% expected worse, down from 32% previously.

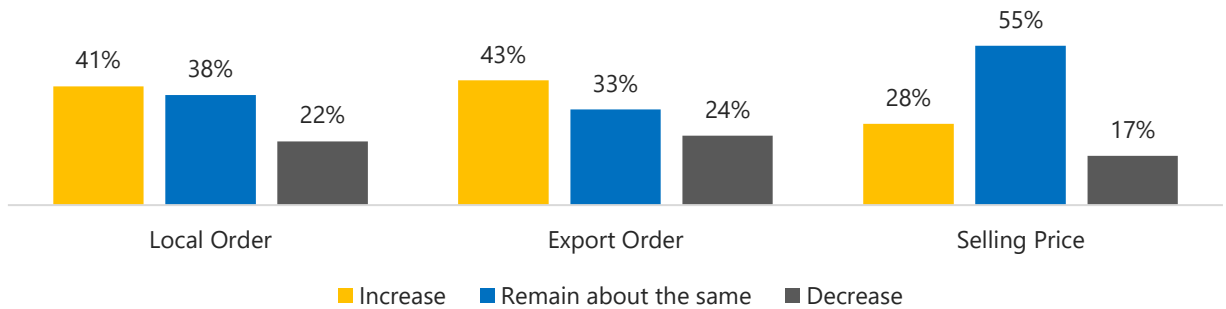
The expected profitability index this quarter rose past the optimism threshold to 113 from 99 a quarter ago, suggesting a higher profitability outlook in the pipeline. 39% of the CEOs are anticipating an increase in profits soon, up from 33% in 4Q2020. Those expecting their profits to worsen in 2Q2021 have also reduced to 26% from 34% a quarter ago.

#### Expansion

Recruitment plans are equally encouraging. The expected index for employment rose higher than the previous quarter to 121, with 36% of the CEOs planning to add their headcount soon, up from 33% in the preceding quarter. 49% are contemplating retaining their existing workforce, while only 15% will implement retrenchment.

The index for expected capital expenditure also rose past the optimism threshold this quarter to reach 108 from the prior quarter's 96. This suggests that an increase in CAPEX can be expected in the coming months, with 32% of the CEOs attesting to having such plans, up from the previous quarter's 28%.

### Order Forecast & Selling Price



New orders, both local and abroad, are expected to increase in 2Q2021, a sign that a pick-up in domestic and external demand is expected soon. A four-quarter high of 41% of the CEOs are looking forward to receiving more local orders soon. Of those who export, 43% are projecting higher orders in the coming months, the largest proportion tabulated since 2Q2018 (when this indicator was first included in this survey).

Local selling prices are expected to adjust higher as well, with 28% divulging such plans, the highest in four quarters. 55% will not review their prices anytime soon, while 17% are considering price cuts instead.

### BUSINESS PERFORMANCE 2020

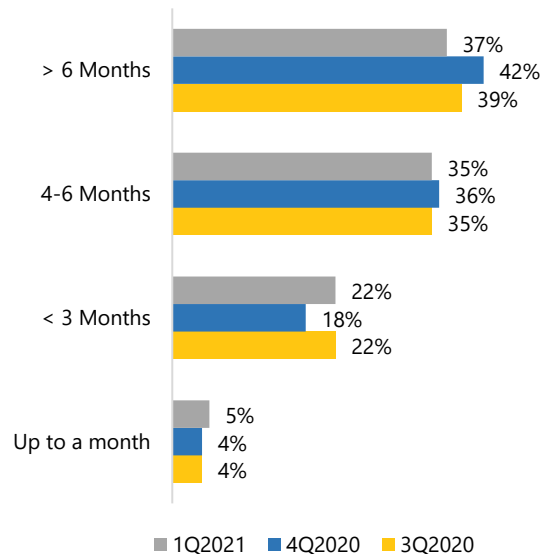
Respondents were asked of their sales, profit before tax and workers in 2020 vis-à-vis 2019. Most of those who experienced an increase or decrease in all these three indicators estimated their increase or decrease at 0-25%.

In terms of sales, 33% sold up to 25% more in 2020 relatively to 2019, while 32% sold up to 25% less. The same quantum of increase or decrease also applies to those who reported an increase or decrease in profit before tax. 37% reported an increase of up to 25% profit before tax in 2020 compared to 2019, while 31% confirmed a decrease of 0-25% as well. Most (43%) of the CEOs who have employed more workers in 2020 than 2019 estimated their increase at 0-25%, with the same quantum confirmed by most (36%) of those who retrenched their staff.

### CASHFLOW TO SUSTAIN BUSINESS OPERATIONS

The cashflow situation of CEOs in 1Q2021 is somewhat similar to their situation in 3Q2020. The proportions of those who estimated their cashflow in sustaining their business operations at less than three months, and 4-6 months, have remained the same in 1Q2021 as in 3Q2020, at 22% and 35%, respectively. Those who believed their cashflow sustainability is more than six months totalled 37%, down from 39% in 3Q2020.

Quarter-on-quarter, 5% of the CEOs in 1Q2021 opined that their cashflow can sustain their business operations for up to a month, while 22% assessed their sustainability at less than three months, up from 4% and 18% in 4Q2020, respectively. Another 35% estimated their cashflow sustainability at 4-6 months, while 37% gauged theirs at more than six months, down from 36% and 42% in 4Q2020, respectively.



### BUSINESS FUNDING IN 2020

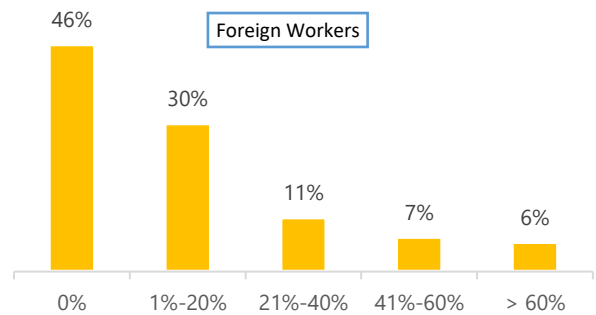
In 2020, there was no need for 54% of the CEOs to inject or raise funds for their businesses, while 46% have had to do so.

### COVID-19 VACCINATION

As to whether or not the Covid-19 vaccination should be made compulsory for all employees, a clear majority of 65% believed that it should.

## FOREIGN WORKERS

In terms of their foreign workers as a percentage of their workforce, 30% of the CEOs estimated that their foreign workers comprised 1%-20% of their total workforce, while 11% put theirs at between 21%-40%. 7% said foreign workers made up 41%-60% of their total workforce and 6% hired more than 60% foreigners. 46% do not employ any foreign workers at all.



## EMPLOYMENT PLANS

With the current restrictions on the employment of foreign workers and the plan for a multi-tier levy mechanism, CEOs were asked what their hiring plans are going forward. 36% of the CEOs are planning to hire more local workers, while 33% will increase the automation of their operations and 24% will continue to hire, but fewer, foreign workers. Only 5% are considering relocating their labour-intensive operations.

## REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

The RCEP was signed on 15 November 2020. It is the world's largest Free Trade Agreement consisting of the ASEAN countries with China, Japan, South Korea, Australia and New Zealand, accounting for 30% of the world's population and economy. While 68% of the CEOs are aware of this FTA, they need more information on it. The rest are not aware of it yet.

## RE-INTRODUCTION OF GST V2.0

The Government is studying the introduction of GST V2.0 to replace the SST. When asked if they would support the re-introduction of the former, 71% said they would but subject to improvements in the GST V2.0, including a lower rate of, say, 4% and a more efficient refund mechanism.

## INVESTMENT PLANS IN THE NEXT 6 MONTHS

In the next six months, the top three investment plans of CEOs are equities, local real estate and unit trusts/mutual funds/private retirement scheme, with responses totalling 65%, 36% and 31%, respectively. Bonds are the choice of 13% of the CEOs, while gold and/or silver, as well as cryptocurrency received 12% votes each. 10% of the CEOs are looking at foreign currencies, while another 10% are interested in private equity and 10% in Fintech (ECF, P2P). Only 4% are setting their sights on foreign real estate.

## ABOUT VISTAGE MALAYSIA AND MIER

Vistage Malaysia is a licensee of Vistage International, USA, the world's most trusted resource for CEOs, business owners and key executives of small and medium sized businesses to help them become better leaders, make better decisions and deliver better results, providing unparalleled access to issue resolution and better performance through monthly peer advisory group meetings, 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.

Vistage Malaysia has more than 800 members with combined annual revenue of RM70 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 socioeconomic issues of national, regional and global importance.