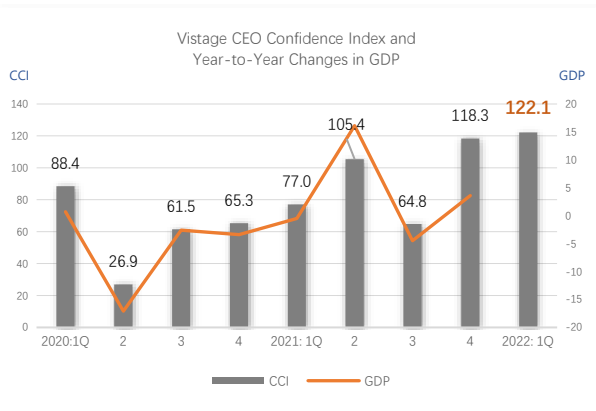


CONFIDENCE GROWS

Notwithstanding the rising numbers of infected coronavirus cases caused by the highly transmissible Omicron variant that is now sweeping across the globe, businesses are back on the path of recovery following the acceleration of the Covid-19 booster vaccination programme that allowed the gradual re-opening of the economy. The Vistage-MIER CEO Confidence Index (CCI) rose for the second consecutive quarter to 122.1 in 1Q2022, a sign that the level of confidence and expectations on the business outlook amongst CEOs are gaining further momentum moving forward.



	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022
VISTAGE-MIER CEO CONFIDENCE INDEX	26.9	61.5	65.3	77.0	105.4	64.8	118.3	122.1
Current Economic Conditions	6	14	15	39	112	18	108	138
Expected Economic Conditions	15	65	62	79	129	72	164	152
Expected Change in Employment	65	109	115	121	139	111	156	160
Planned Fixed Investment	46	91	96	108	130	94	145	148
Expected Revenue Growth	35	97	107	122	152	103	170	171
Expected Profit Growth	36	89	99	113	135	92	151	154

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

CEOs kicked off the new year 2022 with a vote of confidence for the country's economy, as indicated by the latest current economic condition index which soared to 138, gaining thirty points quarter-on-quarter. 52% of the 845 respondents believed that the economy had performed better in 1Q2022, up from 37% in 4Q2021. Those who rated the economy unfavourably have also reduced to 14% from 29% a quarter ago.

CEOs' economic outlook for the coming months is generally positive, but cautious. Indicating this is the expected index for economic conditions which, at 152, has lost twelve points on the quarter, with 62% of the CEOs replying favourably, down from 73% in 4Q2021. So while most CEOs are confident that the economy will improve further in the coming months, they are also cautious of the challenges that will confront the economy, both internally and externally, preferring to adopt a wait-and-see attitude for now.

Prospects

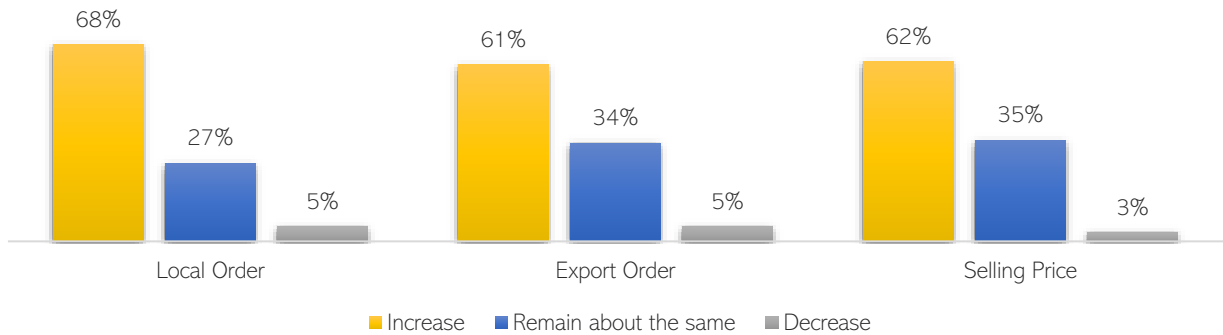
Compared to the prior quarter, across-the-board improvements were charted by all the forward-looking indicators in the latest survey, reflecting CEOs' positive expectations for their businesses into 2022. The indexes for expected revenue and profitability increased to 171 and 154, respectively, from 170 and 151 in 4Q2021, respectively. This implies that revenues and profits are expected to improve, or remain steady, in 2Q2022. Those who forecasted higher revenues last quarter have remained the same at 76% this quarter as well. Higher profits are projected by 63% of the CEOs this time, up marginally from the previous quarter's 62%.

Expansion

Employment is expected to pick up further pace in the coming months, as shown by the expected index for employment which rose to an all-time high of 160 in the latest survey, an indication that CEOs will be facing a shortage of manpower in the coming months. 64% will embark on an active recruitment exercise soon, up from 61% a quarter ago. 4% are planning to downsize their workforce in the next quarter or two, while 32% will retain their current staff for the time being.

The expected index for capital expenditure (CAPEX) climbed to 148, the highest since 1Q2011, suggesting that a boost in CAPEX is in the pipeline soon. 54% of the CEOs are planning to pump in more CAPEX in the next few months, but 6% are contemplating a cutback instead.

Order Forecast & Selling Price



As the economy continues on its path of recovery, a pick-up in new local and export orders is expected in 2Q2022. 68% and 61% of the CEOs are looking forward to an increase in new local and export orders soon, respectively.

Prices are also expected to be costlier as well, with 62% of the CEOs planning to hike their selling prices in the months ahead, while 35% will not revise theirs anytime soon, but 3% will implement price-cuts soon. Among those planning to raise their selling prices, most (43%) are considering an upward adjustment of 6-10%, while 22% are looking at 11-15%, and 20% are pondering over a rate of less than 5%.

BUSINESS GROWTH EXPECTATIONS

Over the course of 2022, growth expectations of CEOs for the domestic market are more ambitious than those for the export market. While most (52%) of the CEOs focused on the domestic market are expecting a growth of up to 10%, most (32%) of those who cater to the export market are not expecting any growth for now, at least not for 2022.

For those who are projecting growth of their domestic market, 30% and 22% are targeting a growth of 6-10% and 1-5%, respectively. An aspiring 19% hoped to grow by more than 20%.

In terms of the export market outlook, most (17%) of the CEOs estimated a growth of 1-5%, while 16% and 8% are expecting growth of 6-10% and 11-20%, respectively. 7% believed they can expand their export market by more than 20% in 2022.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

The Regional Comprehensive Economic Partnership (RCEP) was rolled out on 1 January 2022 with ten countries aboard. As of December 2020, RCEP marks ASEAN's biggest free-trade pact, covering a market of 2.2 billion people, with a combined size of US\$26.2 trillion or 30% of the world's GDP. When asked if Malaysia should ratify the RCEP immediately to fully benefit from it, 59% of the CEOs voted for it, while 37% were unsure and 4% disagreed.

MAJOR BUSINESS RISKS IN 2022

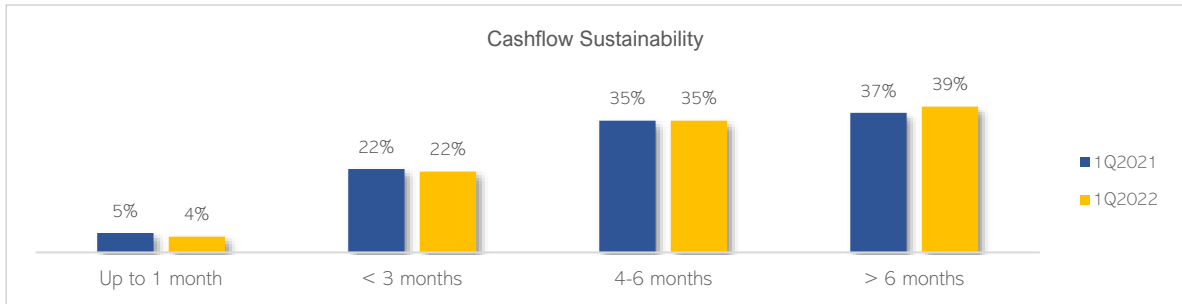
In 2022, the three major business risks that CEOs are facing or expect to face are, namely, a shortage of talent (54% responses), cost of doing business (53%) and uncertainties from Covid-19 (50%). 37% listed supply chain disruption as a major risk, while higher inflation, a weakening Ringgit and unstable public policies were identified by 28%, 19% and 18% of the CEOs, respectively.

BANK MORATORIUM

Bank moratorium for most companies will end in March 2022. This, according to most CEOs, has minimal (33% responses) or no impact (33% responses) on them. The impact on one quarter of the CEOs will likely be moderate, while that for 9% is expected to be significant.

CASH FLOW TO SUSTAIN BUSINESS OPERATIONS

Compared to 1Q2021, the cash flow of CEOs in sustaining their businesses is little changed in 1Q2022. To date, 61% of the CEOs revealed that their cash flow can sustain their business operations for up to six months. Of this proportion, 35% believed that their cash flow can sustain their businesses for 4-6 months, while 22% estimated theirs at less than three months and only 4% are sustainable up to a month. 39% are even able to sustain their businesses by more than six months.



MINIMUM WAGE RATE

The minimum wage rate is due for a review in 2022. Most (35%) of the CEOs opined that the rate be maintained at the current level of RM1,200, while 31% are agreeable to the proposed rate of RM1,500. A slight adjustment to RM1,300 was suggested by 23% of the CEOs, while another 12% recommended a quantum of RM1,400 instead.

BUSINESS GROWTH IN THE NEXT 6 MONTHS

In the next six months, the top three strategies that most CEOs are planning to undertake to drive growth in their companies are to seek operational efficiency (76% responses), launch new product/service (62%) and form a new strategic alliance (49%). Entering a new market and collaborating with other entrepreneurs are also popular, as divulged by 43% and 35% of the CEOs, respectively.

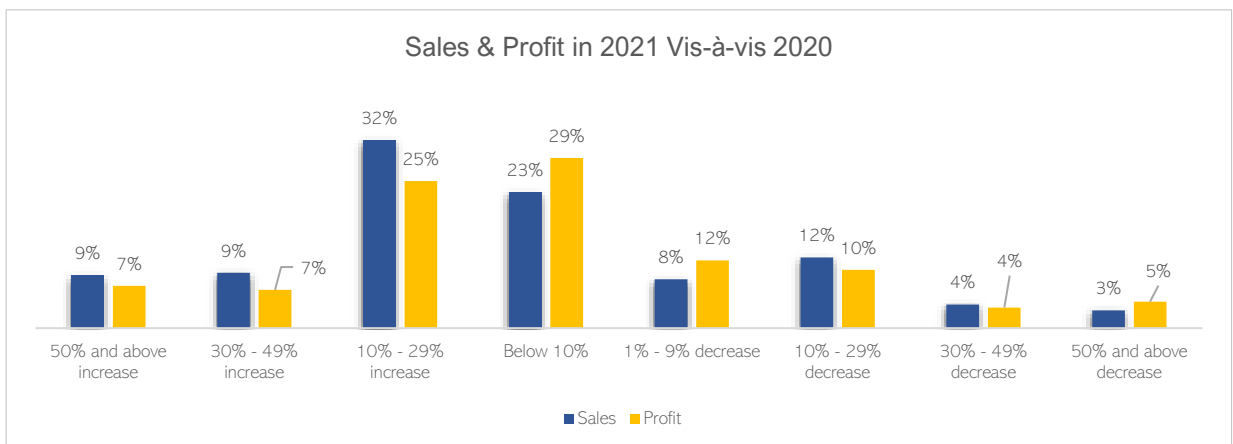
FREIGHT COSTS

To address the astronomical increases in freight costs, most exporters (45% responses) and importers (58%) are absorbing the increases partially. Among the exporters, 28% are fully passing on such burden, while 6% are fully absorbing these increases themselves. For those who import, 26% are also passing on such burden fully, while 14% absorb them fully.

SALES AND PROFITS IN 2021 VIS-À-VIS 2020

Both sales and profits in 2021 vis-à-vis 2020 had increased by less than 10% up to 29%, with more than half of the CEOs disclosing this. Of those who reported higher sales, 32% sold more by 10-29%, while 23% estimated their increase at less than 10%. Most (12%) of those who sold less assessed their sales decline at 10-29%, while a lower sales of 50% and above was revealed by 3% of the CEOs.

In terms of profits, most (29%) noted an increase of less than 10%, while that for another 25% of the CEOs were higher by 10-29%. Among those reporting lower profits, most (12%) suffered a decline of 1-9%, while almost 5% acknowledged a reduction of at least 50%.



COST INCREASES IN 2021

The top three cost increases that had affected CEOs in 2021 were funding, advertising/promotion/marketing and labour, as shared by 56%, 52% and 41% of the CEOs, respectively. These cost increases were estimated at 1-10%, including logistics that had affected 36% of the CEOs. Cost increases in logistics, raw materials, labour, advertising/promotion/marketing and funding of 11-20% were reported by 15-25% of the CEOs, but 3-17% have had to put up with increases of more than 30% in 2021.

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 29 partner locations across 26 countries with more than 26,000 members worldwide.

Vistage Malaysia has more than 1,000 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.