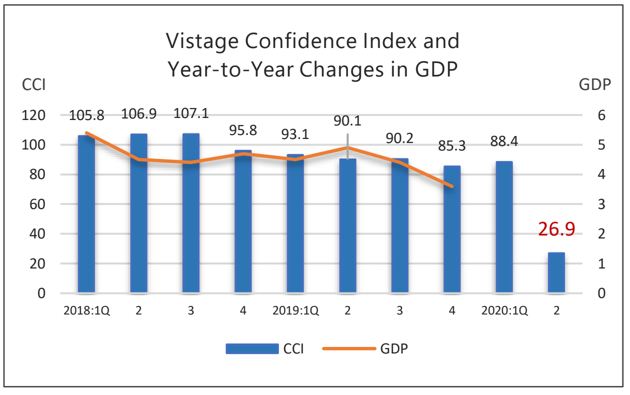
BRACING FOR UNCERTAIN TIMES AHEAD

Confidence amongst CEOs is sagging as global and domestic uncertainties brought on by the Covid-19 pandemic bite into the sustainability of their businesses and the economy recently. Reflecting this is the Vistage-MIER CEO Confidence Index which plunged to 26.9 in early 2Q2020, by far the lowest reading on record since the inception of this survey in 2003. The Movement Control Order (MCO), which was extended twice since 18 March 2020, has further exacerbated CEOs' sentiments on the economy and prospects of their firms going forward.



Note: 1Q2020 GDP will be released on 13 May 2020

	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020
VISTAGE-MIER CEO CONFIDENCE INDEX	93.1	90.1	90.2	85.3	88.4	26.9
Current Economic Conditions	75	68	71	62	66	6
Expected Economic Conditions	105	111	109	92	88	15
Expected Change in Employment	128	128	127	126	126	65
Planned Fixed Investment	128	127	124	118	123	46
Expected Revenue Growth	145	125	132	129	139	35
Expected Profit Growth	123	122	119	118	126	36

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.

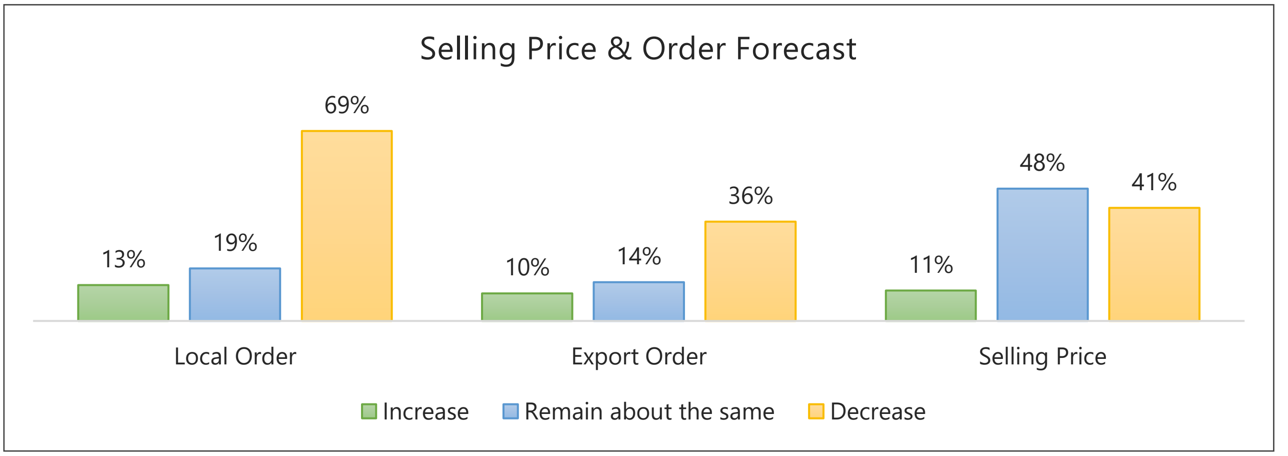
Vistage CEO Confidence Index Highlights

Economy	Prospects	Expansion
95% believe that the domestic economy will deteriorate further in the coming months, while only 4% foresee otherwise.	**75%** CEOs expecting lower revenues soon.	**52%** of the CEOs will likely retain their current manpower for now, while **42%** are considering retrenchment instead.
89% are expecting the economy to see worse months ahead, while only 4% are forward-looking in this aspect.	**73%** of the CEOs this time are anticipating a profit meltdown soon.	**65%** planning to reduce their CAPEX soon.

CEOs have given the country's overall economic conditions between January to April 2020 the thumbs down. This is indicated by the plummeting of the index for current economic conditions to an all-time low of 6. Of the 750 CEOs who responded to the survey this time, 95% believe that the domestic economy will deteriorate further in the coming months, while only 4% foresee otherwise, the largest and smallest proportions received to date, respectively. Their expectations of the economy in the coming months are equally gloomy, as shown by the index for expected economic conditions which, at only 15, is the lowest recorded in more than twelve years.

CEOs are bracing for an overcast business outlook in the near term. In addition to the expected economic conditions index, all the other expected indexes have also nosedived. The index for expected revenue tumbled to an all-time low of 35, suggesting that revenues in the short term are likely to be lackluster as well, with three-quarters of the CEOs expecting lower revenues soon. Another fall was observed for the expected profitability index which, at 36, is the lowest since 4Q2003.

The latest expected employment index dipped to an all-time low of 65, implying that employment is expected to take a backseat in the next few months. The index for planned fixed investment slumped to an all-time low of 46, a sign that capital investment will nap in the coming months as well.

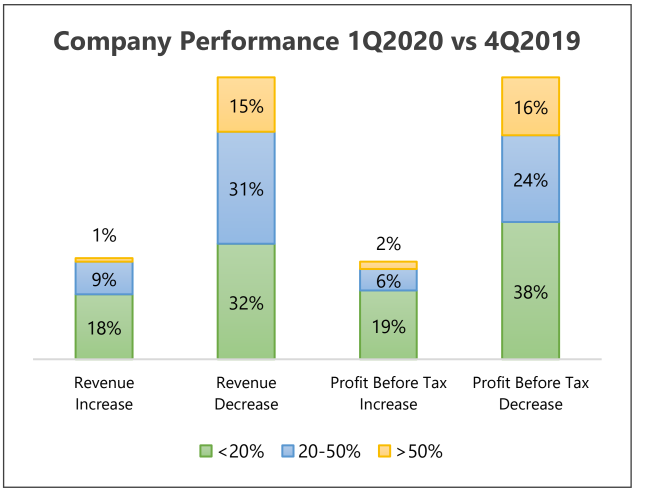


Both local and export orders, and local selling prices are expected to slow down in the months ahead. 69% of those who sell locally and 60% of those who export have lowered their expectations of orders received in the next quarter or two. 48% of the CEOs will maintain their local selling prices, while 41% are contemplating price-cuts soon.

CORPORATE PERFORMANCE 2019

Corporate revenues and profits of CEOs in 1Q2020 have fared relatively worse than 4Q2019. Of those who reported lower revenues, 63% assessed the percentage change of their revenues to be less than 20% and up to 50%, while only 15% gauged theirs at more than 50%. Higher revenues were enjoyed by 27% of the CEOs who estimated their percentage change to be less than 20% and up to 50%, while only 1% rated theirs at more than 50%.

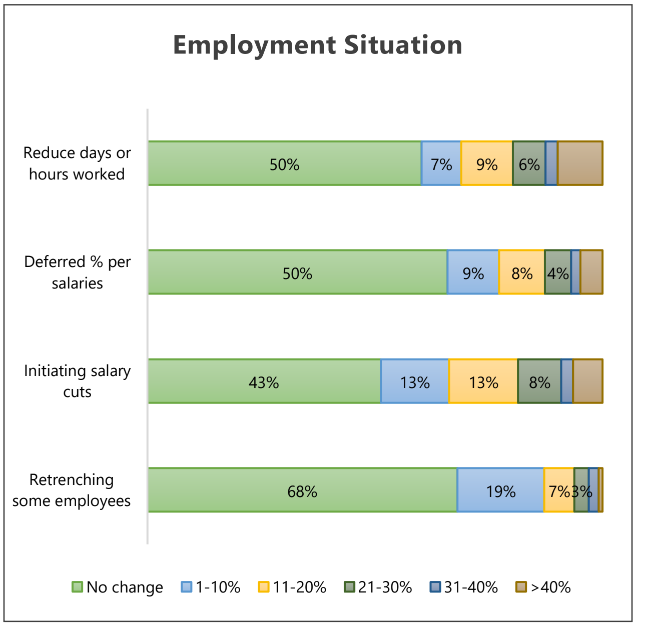
In terms of their increase in gross profits in 1Q2020 vis-à-vis 4Q2019, 19%, 6% and 1% of the CEOs calculated their percentage change to be less than 20%, 20-50% and above 50%, respectively. 62% of those who experienced a reduction in gross profits evaluated their change to be less than 20% and up to 50%, while 16% computed their decrease to be more than 50%.



CURRENT EMPLOYEMENT

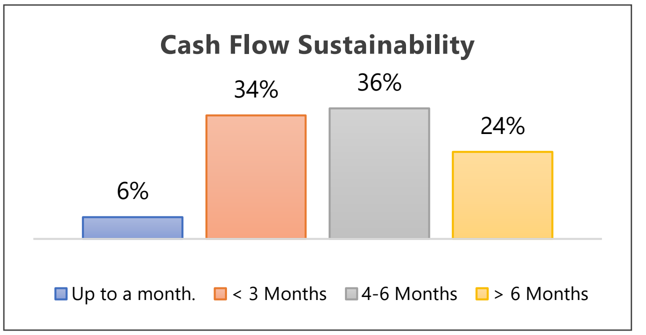
Between January and April 2020, CEOs implemented measures to address their human resource issues arising from the current pandemic. Notwithstanding the sluggish business conditions, 65% of the CEOs have retained all their employees, while another 7% retained 1-20% of their workers, and 10% retained theirs by more than 40%. Retrenchment was also carried out by 18% of the CEOs on 1-10% of their labour force in recent months, while 10% reduced theirs by 11-30% and 2% axed 31-40% of their headcount. Only 1% laid off more than 40% of their staff.

Salary cuts were initiated by 26% of the CEOs on up to 20% of their workforce, while another 10% and 6% implemented the same on 21-40%, and more than 40%, of their personnel, respectively. Salaries of 1-10% of employees were deferred by 9% of the CEOs lately, while that of 11-30% and 21-40% were postponed by 12% and 6% of their employers, respectively. 16% of the CEOs reduced the work days and hours of up to 20% of their staff, with the same being imposed by 8% on 21-40% of their employees.



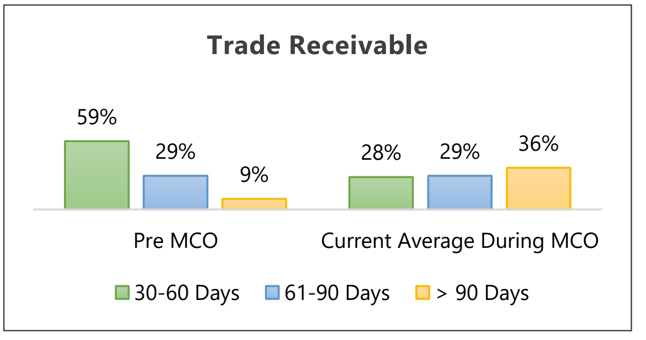
CASH FLOW TO SUSTAIN BUSINESS OPERATIONS

Most CEOs do not think that their companies' cash flow can sustain their business operations for more than six months. 36% estimated their cash flow sustainability at 4-6 months, while another 34% are anticipating less than three months and 24% are projecting a duration of more than six months. Only 6% are looking at up to a month.



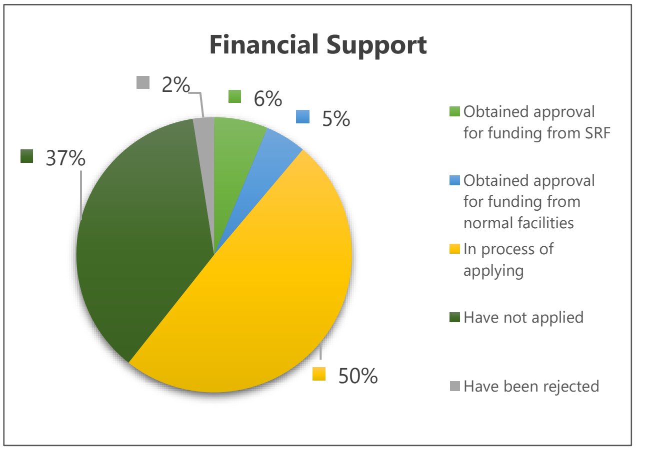
CURRENT TRADE RECEIVABLES

Trade receivables (in collection days) during the MCO have changed for most CEOs compared to pre-MCO, particularly those of 30-60 days and above 90 days. Prior to the MCO, trade receivables of 59% of the CEOs were 30-60 days but during the MCO, the total have dwindled by almost half (28%). While the receivables of 61-90 days remained relatively unchanged for 29% of the CEOs pre-MCO compared to 30% during the MCO, the pre-MCO receivables of more than 90 days for 9% of the CEOs have now broadened to 37% during the MCO.



FINANCIAL SUPPORT

In terms of financial support from Bank Negara Malaysia and/or banks under the Special Relief Fund (SRF) and other banking loans/overdraft, half of the CEOs confirmed that they are in the process of applying, but 37% have not applied yet. While 6% have obtained approval for funding from the SRF, 5% have obtained approval for funding under normal facilities. Only 2% have their applications rejected so far.

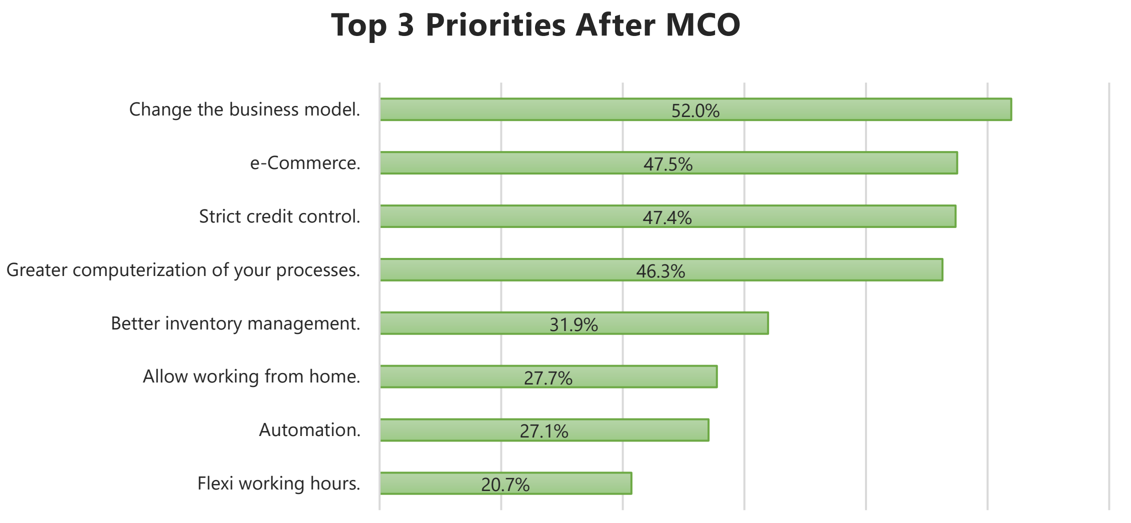


POSSIBLE GOVERNMENT MEASURES TO SUPPORT BUSINESS

CEOs were also asked to suggest measures that the Government should undertake to support all businesses. Heading this list are those relating to taxes, subsidies and the Employees' Provident Fund (EPF).

Most of them would like to see more tax reliefs and rebates, including reductions or waivers for both personal and corporate taxes of between six and twelve months. While many called for a reduction or deferment of the EPF for both employees and employers for up to a year, subsidies were also popular amongst the CEOs. Besides EPF subsidies, there were also proposals for subsidies for all salary ranges, schools and eCommerce/virtual/digital initiatives.

Other suggestions were also put forth by CEOs, among which included the following: lower/deferment of levy on foreign workers, lower tariffs and import costs, zero interest financing loans to small and medium enterprises (SMEs) and urging affected parties to honour the spirit of Force Majeure. Some CEOs also recommended that more export manufacturers, including those under the non-essential goods category, be allowed to operate at low capacities during the MCO with strict precautionary measures and approvals from the local authorities.



CEOS' TOP 3 PRIORITIES POST-MCO

Post-MCO, the top three priorities of CEOs are, namely, the change in their business model (52% responses), e-Commerce (48%) and strict credit control (47%). 46% also voted for greater computerization of processes, while better inventory management and allowing staff to work from home are the priorities of 32% and 28% of the CEOs, respectively. 27% believe automation is important and 20% are opting for flexi working hours.

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 24,000 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.