

MUTED CONFIDENCE BASED ON SURVEY PRIOR TO GE15

The survey, conducted from 16 October 2022 to 18 November 2022, received 947 responses, all of which would have reflected the type of sentiments and confidence levels felt and experienced by CEOs up till the eve of Malaysia's 15th General Elections (GE15) held a day later on 19th November, after the Vistage-MIER CCI survey had closed.

CEOs are increasingly concerned over the economy and prospects of their firms going forward as risks of a global slowdown continue to weigh on their sentiments and confidence. This is reflected in the Vistage-MIER CEO Confidence Index (CCI) which plummeted 11.7 points quarter-on-quarter to 92.5 in 4Q2022. Not only has the CCI descended for the second consecutive quarter, but it has also dipped below the 100-point optimism threshold for the first time since 4Q2021, a sign that CEOs are low in spirits and confidence as 2022 comes to an end.



	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022
VISTAGE-MIER CEO CONFIDENCE INDEX	77.0	105	64.8	118.3	122.1	117.7	104.2	92.5
Current Economic Conditions	39	112	18	108	138	143	123	97
Expected Economic Conditions	79	129	72	164	152	137	104	77
Expected Change in Employment	121	139	111	156	160	159	150	142
Planned Fixed Investment	108	130	94	145	148	148	137	124
Expected Revenue Growth	122	152	103	170	171	165	146	138
Expected Profit Growth	113	135	92	151	154	138	128	121

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

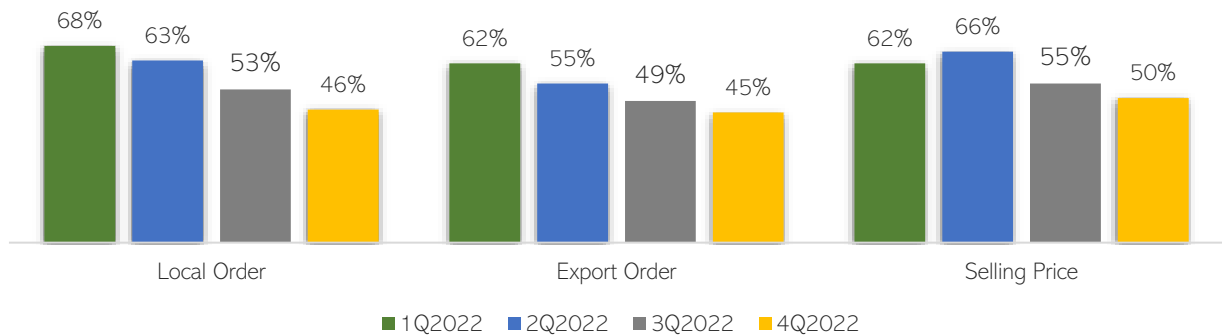
Notwithstanding the country having posted the fastest economic growth in the third quarter of 2022, CEOs begged to differ. Indicating this is the current economic conditions index which, at 97, had declined for the second quarter in a row, losing 26 points from 3Q2022. It is also the lowest reading since 3Q2021. 34% of the 947 CEOs who responded to the survey saw an improvement in economic conditions in Malaysia in 4Q2022, down from 49% in 3Q2022, while negative responses rose to 37% from 26% last quarter. CEOs' outlook of the local economy in the near term is equally cloudy, as shown by the latest expected economic conditions index which plunged to its five-quarter low of 77. 23% of the CEOs believed that the economy will improve soon, down from 35% a quarter ago. Those expecting the economy to fare worse in the coming months had recently grown to 46% from the prior quarter's 31%.

CEOs are bracing for a slow start to 2023, with lower expectations across the board in all indicators of their businesses, namely, employment, capital investment, revenue and profit. Revenue expectations are moderating, as depicted by the latest index for expected revenue which fell to a five-quarter low of 138. 53% of the CEOs are projecting an increase in revenues soon, down from 60% in 3Q2022. Another 15% lowered their revenue projections lately, more than doubling the 7% who voted likewise in the previous survey.

Profits and capital investment are expected to be rationalized in the next quarter or two. This is denoted by the expected profitability index which lost 7 points from 3Q2022 to stand at 121 in 4Q2022, its lowest reading since 3Q2021. 43% of the CEOs are looking forward to higher profits in early 2023, down from 48% previously. The index for expected capital investment (CAPEX) fell to 124 in the latest survey, another five-quarter low. 40% of the CEOs are planning to increase their CAPEX soon, down from the previous quarter's 48%. Cutbacks on this expenditure are on the agendas of 16% of the CEOs for the coming months, up from 11% a quarter ago.

Another index that slipped to its lowest in five quarters was the expected index for employment. At 142, it implies that recruitment is expected to slow down in the months ahead. 49% of the CEOs are planning to expand their workforce in 1Q2023, down from 57% a quarter ago. 44% are putting their hiring plans on hold for now, while 7% are contemplating reducing their headcount soon.

Local Order, Export Order & Prices



An abatement in local and export orders is expected in the near term as well. Reflecting this are the positive responses for both orders which had also shrunk to their lowest proportions since 3Q2021. While 46% of the CEOs in 4Q2022 are forecasting higher local orders soon, 45% of those who export are anticipating the same for the quarter ahead. Selling prices, on the other hand, are looking better now than before. With half of the CEOs disclosing plans to increase their selling prices soon, this proportion represents the second consecutive quarterly reduction and the lowest being tabulated since 3Q2021. 8% are considering imposing price cuts soon, little changed from the previous quarter's 9%.

MEASURES TO BE UNDERTAKEN OF AN IMPENDING ECONOMIC SLOWDOWN

In light of an impending economic slowdown in 2023, or possibly a recession in some countries, CEOs were asked of the measures that their businesses will undertake to address such possibilities. 62% of CEOs disclosed that they will watch their receivables very closely and nurture their 'keepers' (highly productive staff). More than half of them will likely secure their financial resources, including drawing on all available lines of credit, as well as tailor-fit their expenses to the level of performance expeditiously.

IMPACT OF WEAKENING RINGGIT ON BUSINESS AND ITS SUSTAINABILITY

The Ringgit depreciated to an all-time low against the USD on 14 October 2022, with possible further hikes in the US interest rate expected by year-end 2022. Should this happen, most CEOs believed that the impact of the weakening Ringgit on their businesses will be either marginally negative or moderately negative, with 34% and 35% saying so, respectively. Only 18% will be significantly impacted negatively.

In terms of sustainability due to a further weakening of the Ringgit, 63% of the CEOs opined that their businesses can be sustained for more than a year. While 18% estimated their business sustainability at more than 6 months but less than one year, another 16% believed theirs to be more than 3 months and up to 6 months. A sustainability of less than 3 months was disclosed by 3% of the CEOs.

INCREASING MALAYSIA'S ATTRACTIVENESS AS PREFERRED INVESTMENT DESTINATION

CEOs were asked for suggestions on how Malaysia can increase its attractiveness as a preferred investment destination to attract more foreign direct investments (FDIs). Among the numerous suggestions put forth, the top three most popularly cited were political stability, that is, stable and corruption-free government, lower corporate tax and red tape, as well as the provision of more tax incentives for new investments. Many also called for an upgrade in infrastructure, improvement in the policy on foreign workers and training of more local skilled and technical workers.

RANSOMWARE AND ITS PREVENTION

Ransomware is defined as a type of malware that prevents or limits users from accessing their system, either by locking the system’s screen or by locking the users’ files until a ransom is paid. CEOs were then asked if they had fallen victim to such incident in the past twelve months. Except for 9% who have had this unfortunate experience, the rest of the CEOs have not.

For those who were victimized, they have taken or will take preventive measures against ransomware. Most (74%) of them are now promptly backing up their files and information, and keeping them in a different site. Another popular measure adopted by 65% of the CEOs is giving clear instructions to all their employees that they should not click on unchecked attachments from unverified emails.

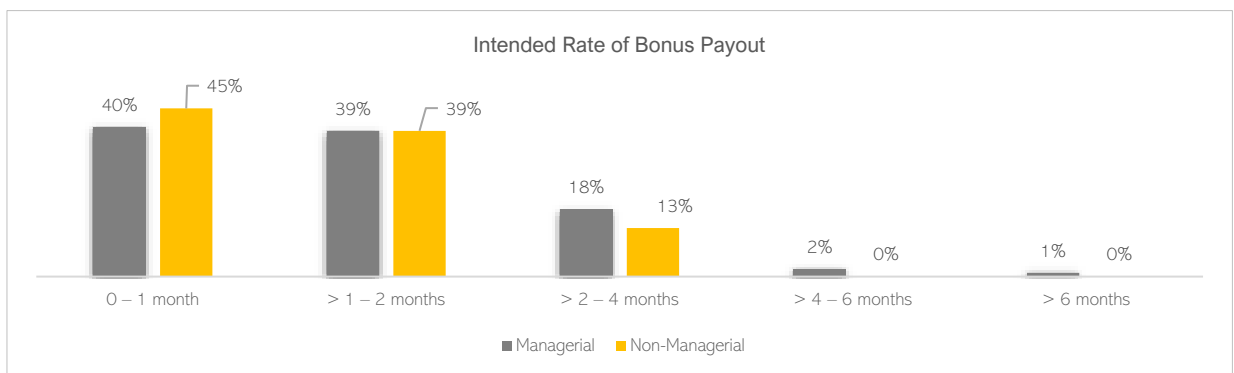
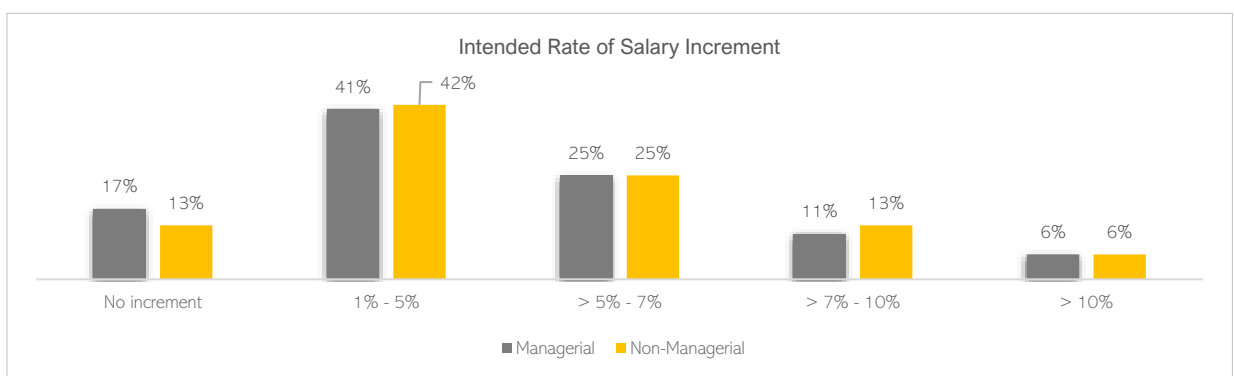
54% of those victims have also installed/will install the latest high quality or trusted ransomware protection software, while 46% update their operating system and 40% create 2-tier security passwords with at least 12 characters.

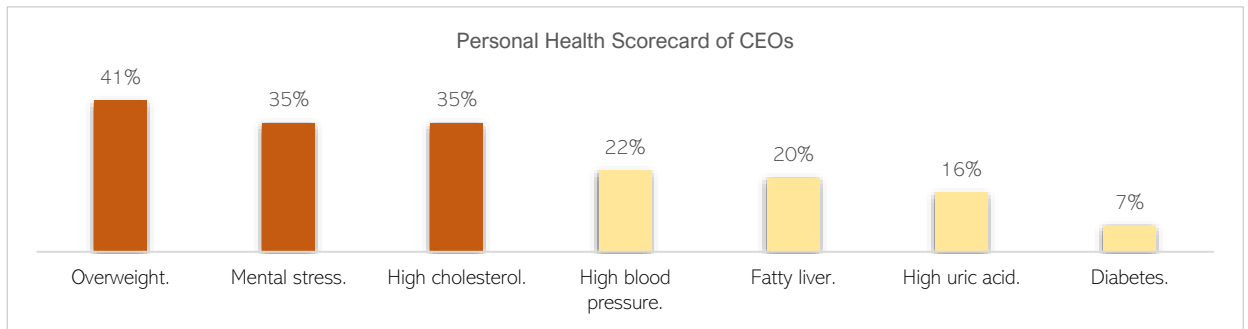
SALARY INCREMENT AND BONUS PAYOUT IN 2022

Salary increments and bonuses in 2022 are expected to be more generous than 2021. For financial year ending 31 December 2022 (FYE 2022), most CEOs are considering salary increments of up to 7%, and bonus payouts of up to two months, for both their managers and non-managers.

For managers, 41% and 25% of the CEOs are planning a pay raise of 1%-5% and >5%-7%, respectively. The same incremental rates are also being considered by 42% and 25% of CEOs for their non-managers, respectively. A higher increment of >7%-10% is being decided on by 11% and 13% of the CEOs for their managers and non-managers, respectively, while 6% are contemplating an upward salary revision of >10% for all their staff. 17% are planning to retain the existing salaries of their managers for now, with the same decision likely to be adopted by 13% of the CEOs for their non-managers as well.

In terms of bonus, 39% of the CEOs are planning a payout of up to two months for all their staff. A higher bonus of >2-4 months is being planned by 18% and 13% of the CEOs for their managers and non-managers, respectively. Managers of 2% of the CEOs may expect a bonus of >4-6 months, and those of 1% may receive bonuses of >6 months. While 40% of the CEOs are mulling over a bonus of up to one month for their managers, 45% are planning the same quantum for their non-managers.



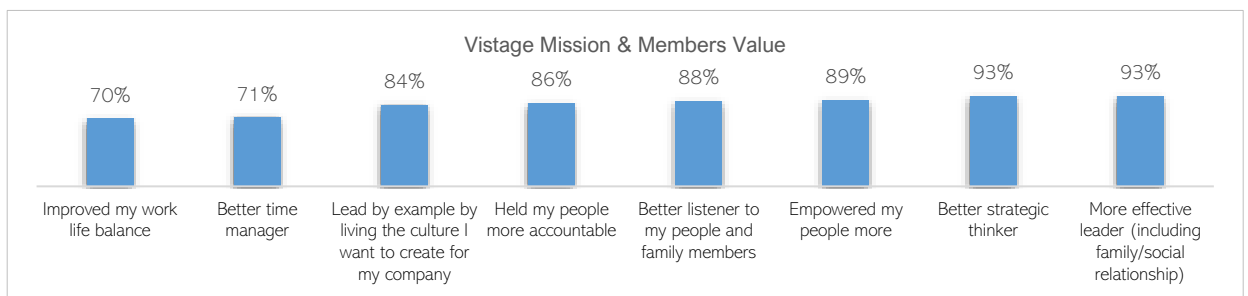


PERSONAL HEALTH SCORECARD

Health is indeed wealth which is why the survey seeks to obtain a scorecard on the personal health of CEOs. CEOs' health has generally worsened in 4Q2022 as more of them this year are suffering from various health issues compared to a year ago. Being overweight topped the list this time around, with 41% divulging this, up from 33% in 4Q2021. High cholesterol and mental stress followed next with 35% responses each, compared to 28% and 35% twelve months ago, respectively. While 22% of the CEOs have high blood pressure, 20% are suffering from fatty liver, up from 19% and 17% last year, respectively. High uric acid was disclosed by 16% of the CEOs, up four percentage points from 4Q2021.

REFLECTION OF VISTAGE'S MISSION

Reflecting on Vistage's mission of increasing the effectiveness and enhancing the lives of CEOs and their key executives, more CEOs this time than last year responded positively. Since joining Vistage, 93% of CEOs believed they have become more effective leaders now (including family/social relationship) and better strategic thinkers, up from 89% and 91% in 4Q2021, respectively. 89% are now able to empower their people more, while 88% are better listeners to their people and family members, up from 84% and 83% a year ago, respectively. 86% are also able to hold their people more accountable, while 84% lead by example by living the culture they want to create for their companies, up from 4Q2021's 81%. 71% are now able to manage their time better, while 70% see an improvement in their work life balance, up from 67% and 66% last year, respectively.



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 27 countries with more than 28,000 members worldwide.

Vistage Malaysia has more than 1,100 members with combined annual revenue of RM80 billion and employing over 130,000 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.