VISTAGE

CEO CONFIDENCE INDEX SURVEY

Q1 2025

Response Rate: 93% (1199 responses / 1284 members)

ABOUT THE VISTAGE CEO CONFIDENCE INDEX

Vistage Malaysia is a fully owned subsidiary of Vistage International, USA—the world's most trusted resource for CEOs, business owners, and key executives of small and medium-sized businesses. Vistage helps leaders become better decision-makers and deliver better results through monthly peer advisory group meetings, one-on-one business coaching, expert speaker presentations, and a global network spanning 40 countries with over 45,000 members worldwide.

In Malaysia, more than 1,400 Vistage members represent a combined annual revenue of RM90 billion and employ over 140,000 people. Vistage member companies grow, on average, 2.2 times faster than they did prior to joining Vistage.

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VISTAGE CEO Confidence Index

Highlights

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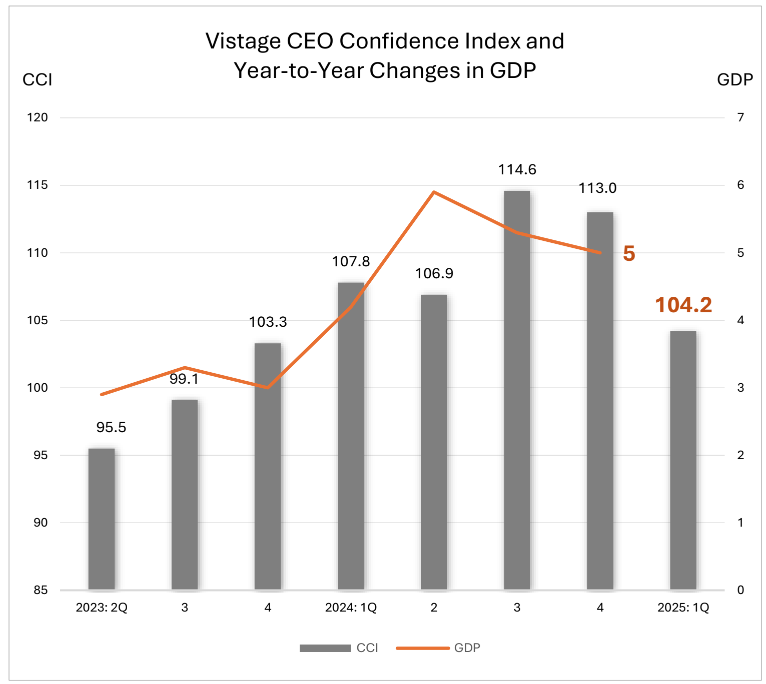
Are Tougher Times Ahead?

The latest data signals continued muted trends across the Vistage CEO Confidence Index at the end of 2024. The index dropped to 104.2 in 1Q2025, down from 113.0 in 4Q2024, reflecting a quarter-on-quarter decline of 8.8 points. On a year-on-year basis, the index also fell from 107.8 in 1Q2024. Despite the softened confidence levels, Malaysia's GDP grew by 5.0% in 1Q2025, slightly below the 5.4% recorded in 4Q2024. This moderation in GDP growth aligns with the decline in CEO confidence, as businesses face mounting cost pressures and heightened uncertainty.

	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025
VISTAGE CEO CONFIDENCE INDEX	95.5	99.1	103.3	107.8	106.9	114.6	113.0	104.2
Current Economic Conditions	90	87	89	104	103	122	116	107
Expected Economic Conditions	102	114	117	124	125	147	135	115
Expected Change in Employment	139	142	145	146	145	149	148	141
Planned Fixed Investment	128	131	135	143	144	146	146	138
Expected Revenue Growth	141	144	154	158	155	158	162	152
Expected Profit Growth	122	131	141	140	136	144	148	135



Q1
2025

VISTAGE CEO Confidence Index

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Key Indicators

↓ Current Economy

107

down from 116 in the 4Q2024, but still above 100, indicating better conditions than 2023.

↓ Future Economy

115

down from 135 in 4Q2024 yet remains a positive outlook despite the decline.

↓ Workforce Plan

50%

down from 56%. Hiring slowing down, as the employment index drops to 141.

↓ Investment Plans

138

down by 8 points. Businesses reducing planned investments.

↓ Revenue Projections

61%

down from 68%. Revenue index fell 10 points to 152.

↓ Profitability Projections

52%

down from 55%. Profitability index dropped 13 points to 148.

The survey for 1Q2025 indicates a decline in current economic conditions, with the index falling to 107, down from 116 in the previous quarter. Despite this drop, the index remains above 100, indicating a better business environment compared to 2023, when it consistently stayed below 100. This suggests that while business sentiment has softened from its peak of 122 in 3Q2024, it remains more positive than the challenging conditions of 2023.

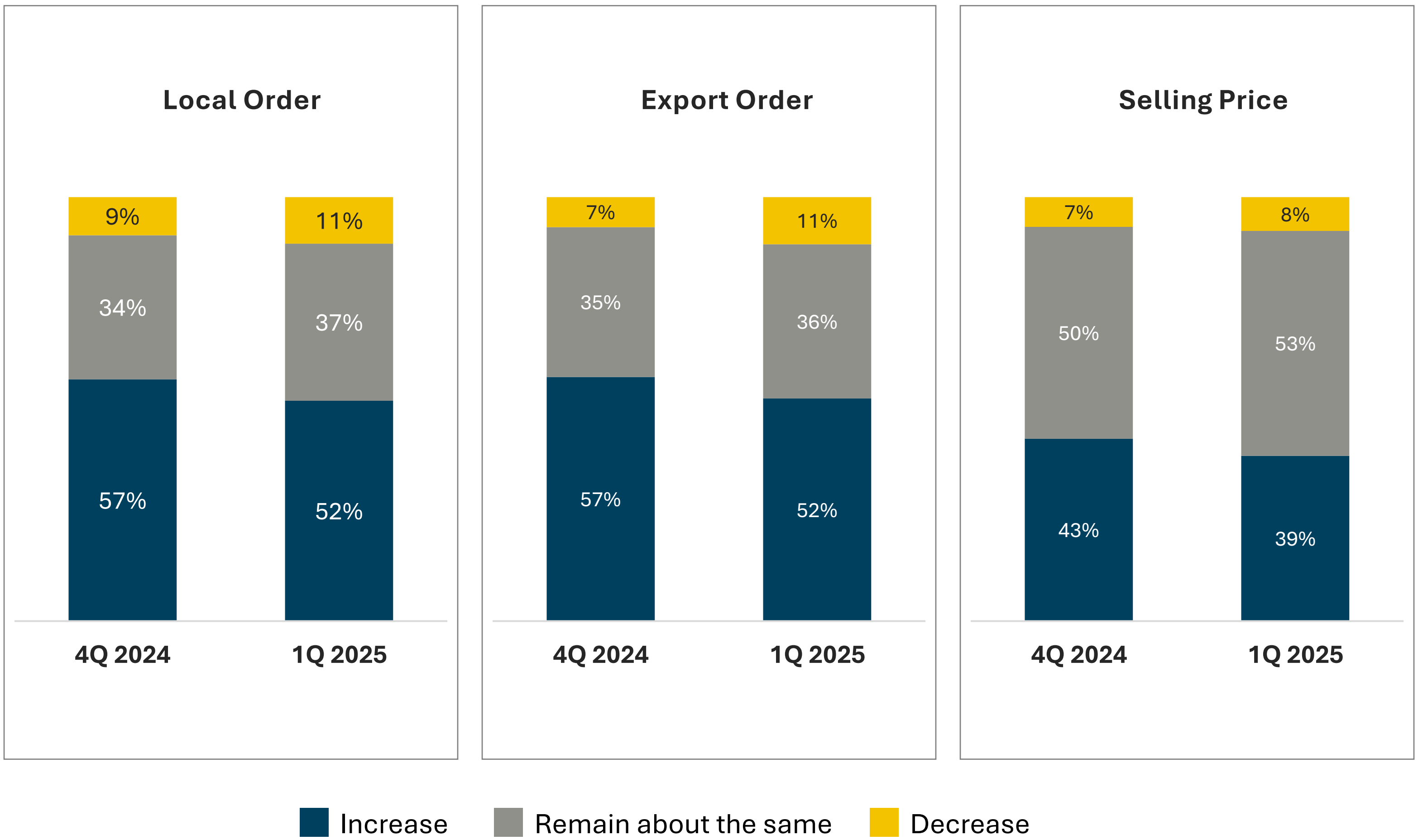
Expected economic conditions also decreased to 115 in 1Q2025, down from 135 in 4Q2024. Although lower, this figure indicates that businesses still hold a positive outlook for future economic performance.

Over the next 12 months, the employment index for 1Q2025 dropped by seven points from 4Q2024, reaching 141, suggesting a slight slowdown in hiring. The percentage of CEOs planning to increase their workforce fell to 50%, down from 56%. Similarly, businesses are reducing their investment plans, with the planned fixed investment index declining by eight points to 138.

The expected revenue index fell by 10 points to 152, with 61% of CEOs anticipating higher revenues, down from 68% in 4Q2024. Profitability expectations also weakened, as the expected profits index dropped 13 points to 148, with 52% of CEOs expecting higher profits, a slight decrease from 55% in the previous quarter 4Q2024.

Growth In Orders & Selling Prices

Recent trends show declines in both local and export orders, suggesting a potential slowdown in domestic and external demand. In 1Q2025, 52% of CEOs expect an increase in local and export orders. Meanwhile, local selling prices have slightly decreased compared to the previous quarter, with 53% of CEOs keeping their prices unchanged and 8% expecting a reduction.



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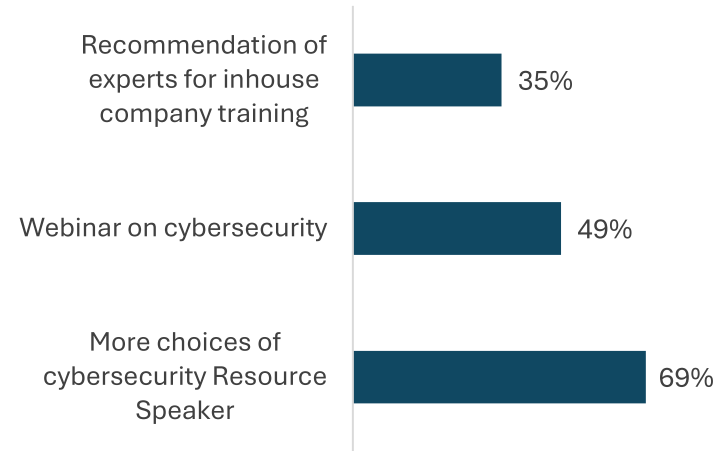
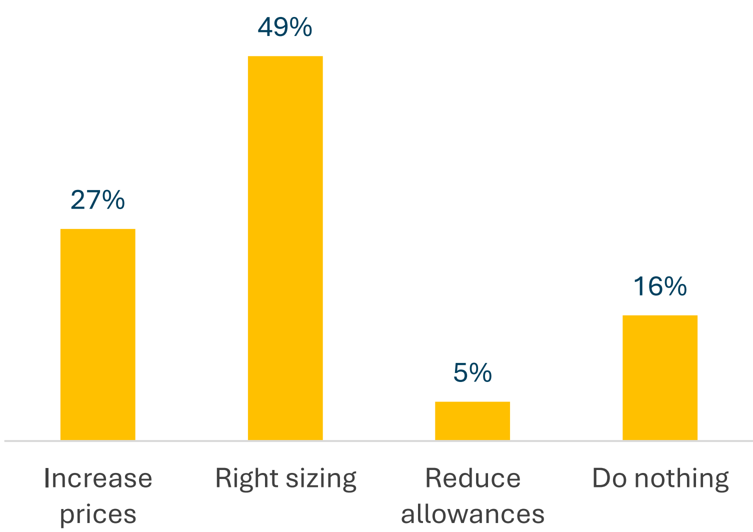
Cybersecurity Awareness & Minimum Wage Impact in 2025

CYBERSECURITY

In the 4Q2024 survey, 75% of respondents indicated they do not receive regular cybersecurity training, while 14% reported having it once a year, revealing a significant gap in cybersecurity awareness. However, there are signs of growing interest in addressing this issue. Nearly 70% of CEOs expressed a desire for more cybersecurity resource speakers to improve their understanding. Additionally, between 35% to 50% of CEOs are interested in cybersecurity webinars and expert recommendations for in-house training, indicating a proactive approach to strengthening cybersecurity practices within their organizations.





MINIMUM WAGE RISE 2025

60% of respondents indicated that the minimum wage hike featured in Budget 2025 is expected to have a negative impact on their businesses. To mitigate these effects, 49% of CEOs plan to implement right-sizing measures, making it the most common strategy. 27% of CEOs intend to increase prices to offset rising labor costs, while 5% are considering reducing employee allowances. Meanwhile, 16% of CEOs reported that they will take no action in response to the wage increase. This suggests that while most businesses are preparing to adjust their operations, a small portion remains confident in maintaining their current strategies despite the anticipated challenges arising from such a wage hike.

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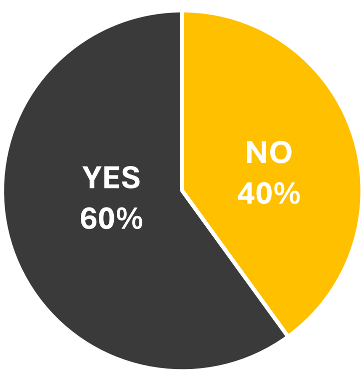
Trade Sentiments & Tariff Impact

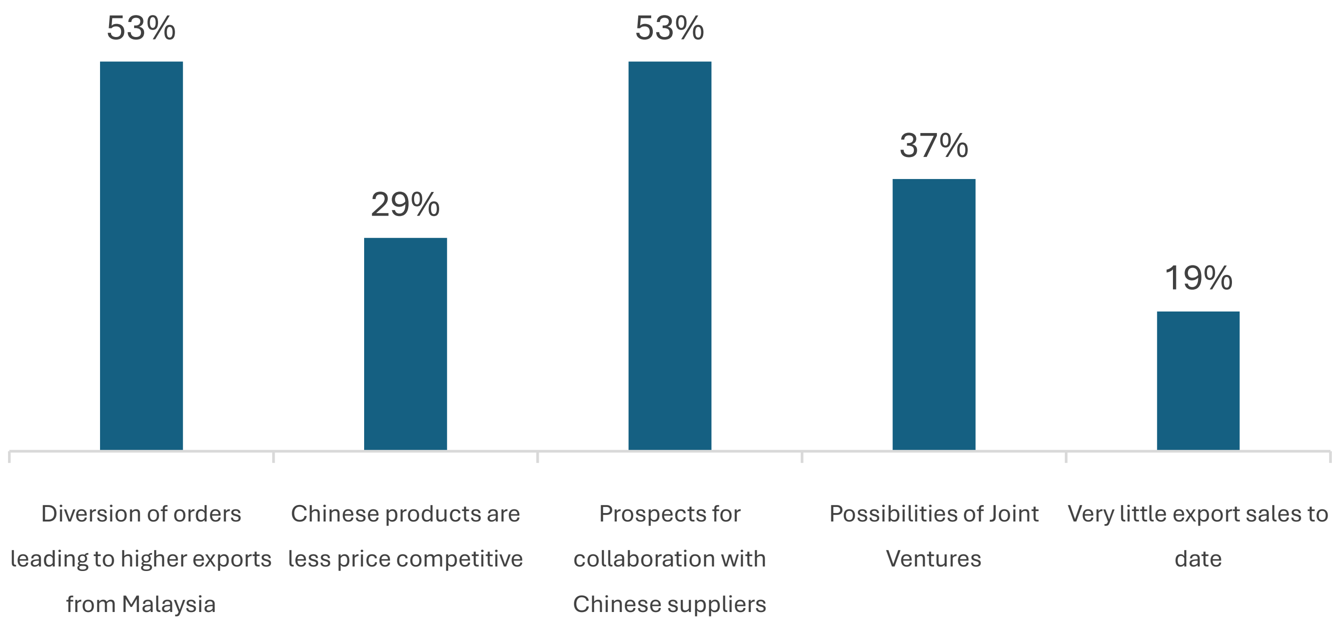
REASONS FOR CONTINUING TRADE SENTIMENTS

Since the Trump Administration imposed higher tariffs on Chinese exports, 60% of CEOs have maintained their expectations about the impact on their businesses, while 40% have adjusted their views.

Among those who maintain their outlook, 53% expect order diversion to drive higher exports from Malaysia, and an equal 53% foresee collaboration opportunities with Chinese suppliers. Additionally, 37% believe the tariffs could open doors for joint ventures, while 29% view Chinese products as becoming less price competitive. 19% of CEOs reported limited export sales, suggesting that the direct benefits from the tariff changes remain modest for some.

These findings highlight a mixed response, with many businesses identifying growth opportunities through increased exports and partnerships, while others remain cautious about the broader implications.

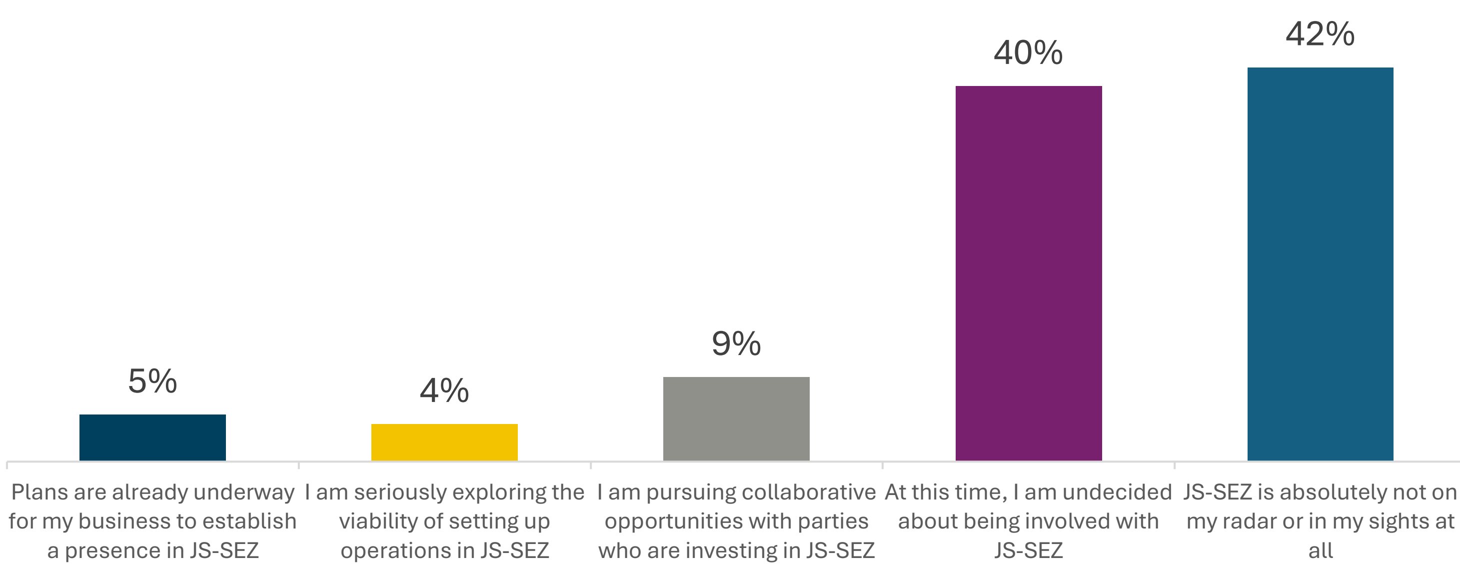




Johor-Singapore Special Economic Zone (JS-SEZ)

The Johor-Singapore Special Economic Zone (JS-SEZ), launched on January 1, 2025, has generated mixed reactions. While the initiative offers attractive tax incentives across key sectors such as AI, supply chain, medical devices, and aerospace manufacturing, 82% of CEOs remain undecided or uninterested. Fewer than 5% have started plans to establish a presence or are actively evaluating opportunities. Only 9% are seeking collaborative opportunities with parties investing in JS-SEZ.

For those considering participation, the target industries closely align with the JS-SEZ's key focus areas. CEOs exploring opportunities within the zone are primarily interested in sectors such as artificial intelligence (AI), construction, property development, healthcare, digital services, manufacturing, etc. These industries reflect the zone's emphasis on fostering innovation and enhancing cross-border collaboration between Johor and Singapore. Additionally, CEOs view JS-SEZ as a strategic gateway to expand their market reach, strengthen supply chains, and leverage advanced technological capabilities.



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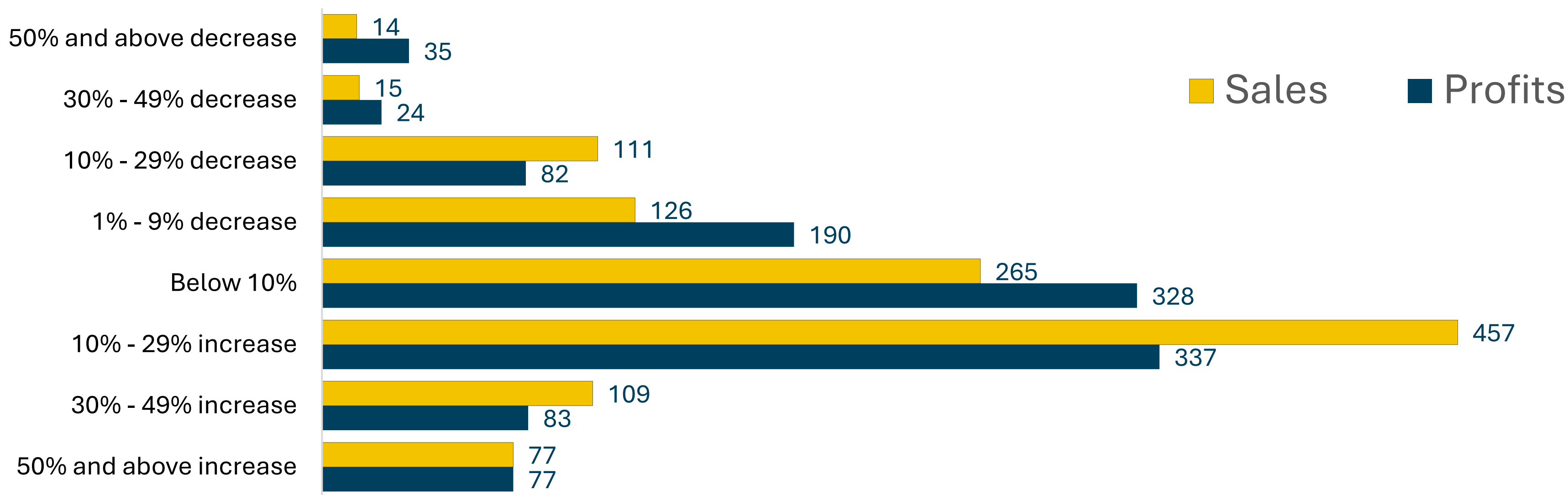
Sales and Profits

Company Sales and Profit performances achieved in 2024 compared to 2023 ranged and varied significantly. The majority saw moderate growth, with 457 companies reporting a sales increase between 10% and 29%, while 337 companies recorded a similar rise in profits. A smaller segment of 77 companies experienced exceptional growth, with both sales and profits increasing by 50% or more. Meanwhile, a group of 14 companies saw sales decline by at least 50%, and 35 companies reported the same level of profit reduction. Additionally, 265 companies recorded minimal sales growth below 10%, while 328 reported little profit improvement.

Across these performance categories, Industrial Markets, Consumer Markets, and ICT were the most prominent sectors, reflecting their strong presence in both growth and decline cases. Infrastructure contributed significantly to high-growth companies, whereas Construction & Property faced notable challenges, particularly in sales performance. Professional Services also appeared among the sectors with limited growth, indicating a slower recovery in that industry.

Regionally, businesses in the Klang Valley continued to be the primary drivers of economic activity, with strong contributions from Industrial Markets and ICT. The Southern and Northern Regions showed mixed performance, with some sectors experiencing moderate growth while others faced stagnation. In East Malaysia, infrastructure development played a key role in boosting high-performing companies, though certain industries struggled to maintain stability.



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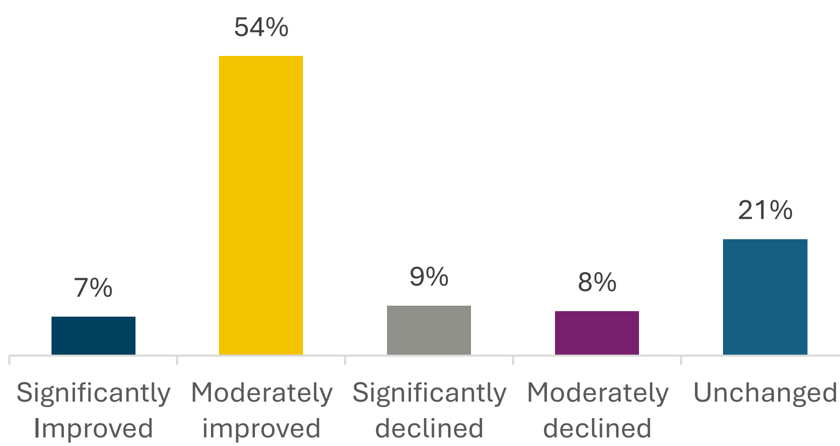
Enhancing Business Productivity and Strategic Growth

FIRMS' PRODUCTIVITY

Over the past 12 months, many firms have experienced positive changes in productivity, with a significant portion reporting moderate improvements (54%). This suggests that businesses are adopting more efficient processes or leveraging technology to enhance output per worker. However, not all firms share this upward trend, and some continue to face productivity challenges, indicating ongoing pressures such as rising costs, labor shortages, or operational inefficiencies. Meanwhile, a substantial 21% group of firms reported no change in productivity, suggesting a steady but stagnant performance. These mixed outcomes reflect the varying ability of businesses to adapt to changing market conditions and operational demands.



BUSINESS PLAN

Many businesses have identified key 'Stop/Start/Continue' actions in order to respectively enhance productivity and drive growth. A notable number intend to 'Stop' unproductive practices such as complaining, micromanaging, procrastinating, and wasting resources, reflecting a desire to eliminate barriers that hinder progress. Meanwhile, there is a clear push to 'Start' new initiatives, with common themes including the adoption of AI, increased delegation, a stronger emphasis on key performance indicators, and diversification. These steps suggest a focus on innovation, efficiency, and strategic expansion. At the same time, businesses plan to 'Continue' efforts centered on growth, succession planning, business development, and overall improvement, demonstrating a commitment to sustaining effective practices. Taken together, these decisions illustrate a balanced approach: eliminating inefficiencies, embracing fresh strategies, and building on proven methods to ensure long-term success.

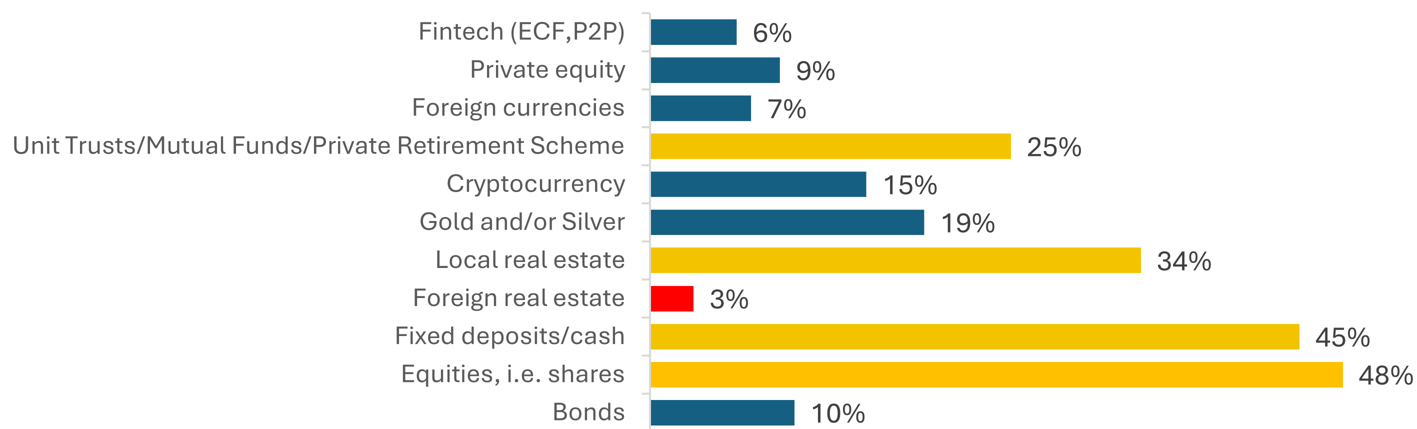
Personal Growth and Investment

PERSONAL LIFE PLAN

On the personal front. CEOs are also consciously adopting the 'Stop/Start/Continue' approach to temper and/or improve some of their behaviors and personal routines. Many aim to eliminate unproductive habits such as complaining, procrastinating, and worrying, along with personal health concerns like smoking and excessive eating. To replace these habits, they plan to adopt healthier routines, including regular exercise, meditation, reading, and spending more time with family. Additionally, they will maintain beneficial practices such as continuous learning, exercising, and maintaining a healthy diet. These personal commitments reflect a holistic approach, reinforcing the notion that self-improvement does align and is congruent with effective business leadership.

INVESTMENT IN THE NEXT SIX MONTHS

In the next six months, CEOs prioritize traditional and stable investments. Equities and fixed deposits remain the most popular choices, with 48% and 45% of CEOs favoring these options, respectively. Local real estate continues to attract interest, with 34% of respondents indicating plans to invest in this sector. Diversified financial products such as unit trusts and mutual funds are gaining traction, with 25% showing interest, while 19% of CEOs consider gold and silver as a hedge against market volatility. Cryptocurrency is viewed favorably by 15% of respondents. Other investments such as bonds and foreign assets, remain less favored, reflecting these financial products' lower appeal to our CEO community.



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Capturing the sentiment of small and midsize business CEOs since 2003

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