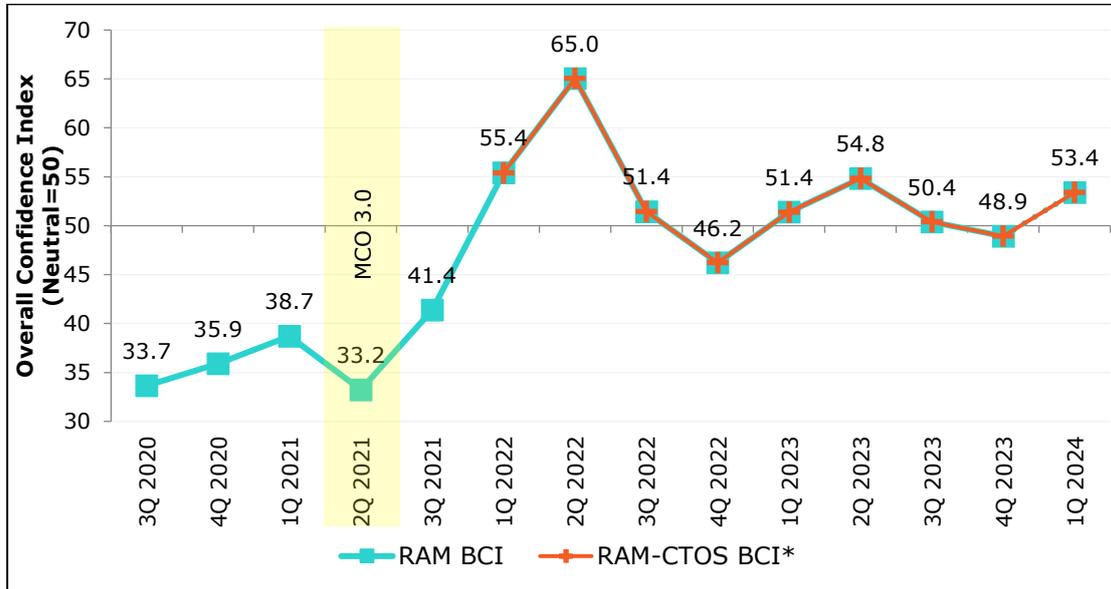


RAM-CTOS BCI: Improved business sentiments in 1Q 2024

KUALA LUMPUR, 9 April 2024 – The 1Q 2024 RAM-CTOS Business Confidence Index (BCI) survey revealed that sentiments regarding business prospects have improved following two consecutive quarters of deterioration. The overall BCI index rose to 53.4 in 1Q 2024 (4Q 2023: 48.9), above the neutral level of 50 delineating positive and negative sentiments. The upturn in sentiments was observed across all five surveyed aspects of doing business. Respondents were sanguine about higher sales, capital investments and hiring prospects, but the still-elevated cost pressures inhibited their profitability expectations.

Figure 1: Business sentiment turned positive in 1Q 2024



* The RAM-CTOS sub-index commenced in 1Q 2022. Data points prior to this are derived from the main RAM BCI. The threshold that indicates positive sentiment is 50.

Sources: RAM BCI and RAM-CTOS BCI

MCO = Movement Control Order

Commenting on the improved sentiment, Chris W.K. Lee, RAM Holdings Berhad Group CEO and Executive Director said, “The latest BCI readings coincide with the recent uptick in macroeconomic and trade data, signalling that the Malaysian economy is poised for higher growth this year. This aligns with RAM’s 2024 GDP growth projection of 4.5%-5.5%, an acceleration after a relatively weak 3.7% last year.”

Erick Hamburger, Group CEO of CTOS Digital Berhad added, “While the latest BCI reflects a notable upturn, it's crucial for companies to leverage this positive sentiment wisely to navigate the challenges ahead, particularly concerning profitability outlook amidst rising costs. Embracing credit management best

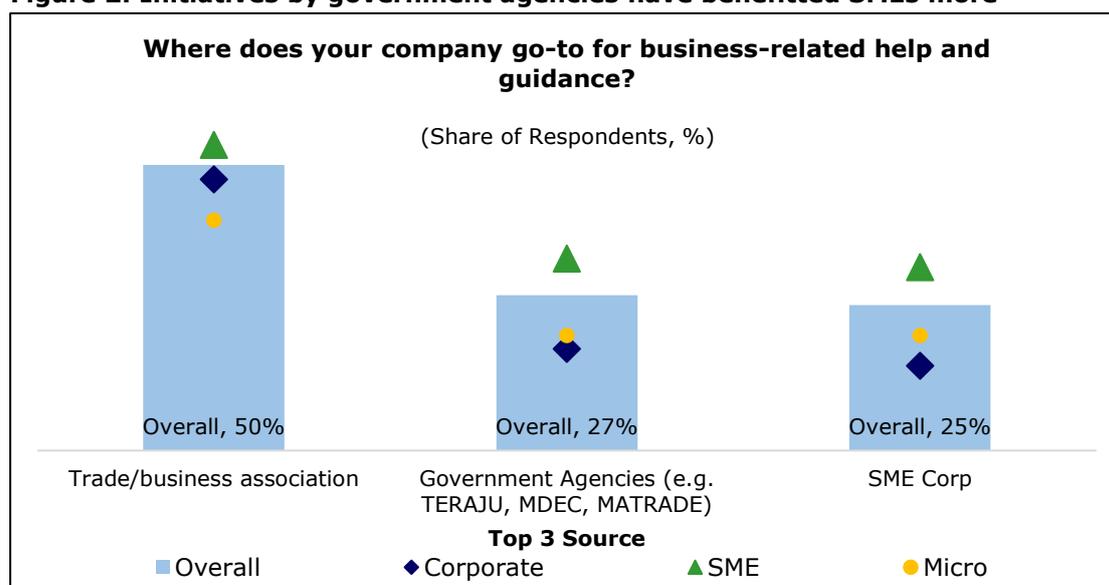
practices becomes paramount in harnessing these opportunities effectively. By prioritizing prudent credit assessments and fostering healthy financial relationships, SMEs can fortify their positions in the market and capitalize on the emerging economic upswing."

Rising cost of doing business continued to top the list of challenges for the ninth consecutive survey and was cited even more widely than in the last quarter. Among the 115 firms polled in this survey, around 90% cited rising costs as their top challenge in the next three months. Growing competition, which is the other top challenge cited by over 60% of firms surveyed, could also limit their ability to fully pass on costs, thereby crimping profitability despite higher sales prospects.

Firms often turn to trade associations and government agencies for help

In this survey's thematic query on where firms turn to for assistance, around 50% of respondents – mainly small and medium enterprises (SMEs) – rely on their trade or business associations. These organisations provide firms with an efficient and critical support network within their trade segments. Government agencies such as SME Corporation Malaysia (SME Corp), Bumiputera Agenda Leadership Unit (TERAJU) and Malaysia External Trade Development Corporation (MATRADE) are also relatively popular, cited by about a quarter of surveyed firms. These agencies support SMEs through various initiatives such as grants, training and business programmes. However, their outreach could be enhanced as some respondents (28%, primarily SMEs) are unaware of such assistance.

Figure 2: Initiatives by government agencies have benefitted SMEs more



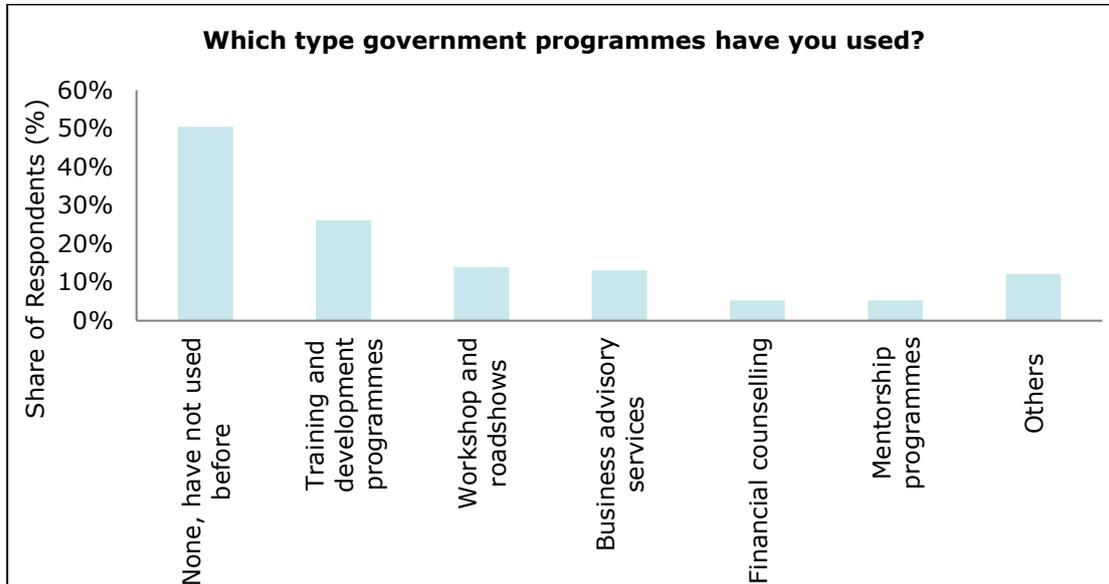
*Percentages sum to more than 100% as firms are allowed to pick more than one response
Source: RAM-CTOS BCI

Media Release

Training and development most commonly used government programme

Of the firms that have benefited from government programmes, training and development as well as workshops were the most popular among respondents, particularly SMEs. This suggests continuous upskilling remains important as firms move up the value chain. However, micro firms appreciate business advisory services more. This segment, comprising mostly individual entrepreneurs who are most at risk from rising cost pressures, would likely require ongoing government assistance provided under the various schemes and subsidy programmes.

Figure 3: Needs in government assistance differ across business segments



* Percentages sum to more than 100% as firms are allowed to pick more than one response

Source: RAM-CTOS BCI

Analytical contact

Woon Khai Jhek, CFA
 (603) 3385 2512
 khaijhek@ram.com.my

Media contact

Sakinah Arifin
 (603) 3385 2500
 sakinah@ram.com.my

Norine Erica MJ
 (603) 2722 8806
 norine@ctos.com.my

Date of release: 9 April 2024

The RAM-CTOS Business Confidence Index (RAM-CTOS BCI) is a comprehensive survey jointly conducted by RAM and CTOS, starting 1Q 2022, on forward looking business sentiment and topical issues faced by the small and medium business community in Malaysia. Released quarterly, the index offers a timely barometer of future economic activity to guide businesses' investment decisions and planning as well as provide inputs for strategic policymaking by various stakeholders of the economy. This is done through the indication of positive and negative sentiment on five key aspects that are pertinent to their business operations over the next three months. The five business aspects surveyed are turnover, profitability, hiring, capital investment and capacity utilisation. An index value of 50 is the neutral benchmark, a value of above 50 indicates positive sentiment, and below 50 shows negative sentiment.

About RAM Holdings Berhad

RAM Holdings is a leading provider of independent credit research and advisory services. RAM Holdings (formerly known as Rating Agency Malaysia Berhad) was established in November 1990 as a catalyst for the domestic debt capital market and as the nation's first credit rating agency. Its shareholders comprise both local and foreign financial institutions. On 1 July 2007, the rating operations were novated to a newly formed subsidiary, RAM Rating Services Berhad (or RAM Ratings). Today, RAM Holdings spearheads the cultivation of new businesses and continues to provide training as well as economic research that promotes financial and credit expertise, in addition to soft skills. For more information, log on to www.ram.com.my

About CTOS

CTOS is Malaysia's leading registered Credit Reporting Agency (CRA), regulated by the Ministry of Finance under the Credit Reporting Agencies Act 2010. Established in 1990, CTOS facilitates credit extensions by empowering individuals and businesses with access to crucial information at greater ease and speed. CTOS delivers a complete portfolio of credit risk management solutions and services and is widely used by the country's banking and financial institutions, insurance companies, telecommunication companies, large corporations, SMEs, legal firms and state bodies. For more information, visit our website at www.ctoscredit.com.my

No statement in this paper is to be construed as a recommendation to buy, sell or hold securities, or as investment advice, as it does not comment on the security's market price or suitability for any particular investor.

Published jointly by RAM Holdings Berhad and CTOS Data Systems Sdn Bhd
© Copyright 2024 by RAM Holdings Berhad and CTOS Data Systems Sdn Bhd