



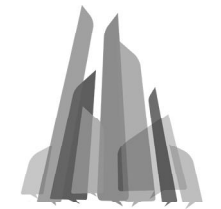
MBC EXECUTIVE OUTLOOK SURVEY FIRST SEMESTER 2012

Business Sentiment for Inclusive Growth: Going Up

HIGHLIGHTS

- Eight out of 10 of the senior business executives who participated in Makati Business Club's Executive Outlook Survey First Semester 2012 believe GDP growth will be better in 2012 than the 3.7% expansion recorded in 2011.
- About 81.7% of respondents in the survey also project higher investments approved by the country's investments promotion agencies from the P757.3 billion registered last year. Businesses are more bullish now compared to the 76.1% of respondents who expected higher investments in 2011.
- But business sentiment in terms of exports was dampened by the 6.9% drop in merchandise exports to US\$48 billion in 2011. Almost 41% of respondents believe exports will remain at the same levels in 2012 as in the previous year.
- More companies are on hiring mode this year, with 61.3% of respondents planning to expand the size of their workforces, compared to only 37.3% of respondents in 2011.
- More companies plan to make additional investments in 2012, as 63.4% of respondents' companies plan to make additional investments compared to only 56.7% in 2011.
- Conducted from 14 to 29 February 2012, 12.7% of MBC members participated in the First Semester 2012 Executive Outlook Survey.

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As much as 79.6% of the senior business executives that responded to Makati Business Club's First Semester 2012 Executive Outlook Survey believe GDP growth in 2012 will be better than the 3.7% expansion recorded in 2011. Conducted in February among MBC members, the survey also found that 17.2% of the respondents think that the domestic economy will grow at the same pace and only 3.2% believe growth will slow down this year. In the survey conducted in the same month last year, just 44.8% of respondents thought that the increase in GDP would be faster than the 7.6% growth posted in 2010.

Looking at the executives' outlook regarding investments, 81.7% of survey respondents project a rise in the level of investments approved by the country's investments promotion agencies from the P757.3 billion registered last year. The executives are more bullish now than in 2011 when respondents who expected higher investments were at 76.1%. Those who foresee that investments will remain at the same levels as the previous year or will even go down were measured at 11.8% and 5.4% of the total number of respondents, respectively.

On the other hand, it would seem that business sentiment in terms of exports was dampened by the 6.9% drop in merchandise exports to US\$48 billion in 2011. For 40.9% of this year's survey respondents, exports are expected to remain at the same levels as in the previous year. A third of respondents (33.3%) foresee exports to rise from last year's levels, while a little more than a fifth of respondents (20.4%) see exports dropping further this year.

CORPORATE PERFORMANCE

At the firm level, more companies are on a hiring mode this year, with 61.3% of the executives surveyed planning to expand the size of their workforces. This is a substantial increase from last year when only 37.3% of respondents said they would be hiring more workers. Conversely, the proportion of respondents' firms who will maintain the number of their employees at present levels has gone down to close to 25.8% from 35.8% a year ago. However, while none of last year's respondents reported that their companies had plans to lay off workers, 2.2% of this year's respondents

indicated their companies have plans to downsize their labor force.

At the same time, more companies are planning to make additional investments this year. Up to 63.4% of respondents' companies are preparing to pour in additional investments in 2012. Moreover, the average amount of new investments for each business enterprise was found to be P1.7 billion. In 2011, only 56.7% were planning additional investments, with an average amount of P1.2 billion from each firm.

The executives surveyed this year were asked to estimate their company's expected level of gross revenues for 2012. Up to 37.6% of respondents project their company's gross revenues to reach a billion pesos or more this year. Those who expect their gross corporate revenues to fall within P100 million to P299 million account for 16.1% of respondents. Those who foresee their company's gross revenues at below P100 million compose 15.1% of the total. Next are those who estimate their company's gross revenues to reach P500 million to P999 million, who account for 14.0% of the sample. Finally, 7.5% think their company's gross revenues will amount to P300 million to P499 million.

SURVEY RESPONDENTS

MBC's First Semester 2012 Executive Outlook Survey was conducted among MBC members from 14 to 29 February 2012. Ninety-three members responded, representing 12.7% of MBC's total membership of 734. In terms of the workforce size of respondent companies, a little over a quarter of the companies (26.9%) have fewer than 100 employees, while the same proportion of respondents (26.9%) have over 1,000 employees. Over a fifth (20.4%) reported a workforce size of 100 to 299 employees, 11.8% declared a workforce of 300 to 499 employees, and 10.8% fell under the category of 500 to 999 employees. ■

**MBC EXECUTIVE OUTLOOK SURVEY:
FIRST SEMESTER 2012**
(In percent of respondents)

THE ECONOMY	February 2011	February 2012
Gross Domestic Product Growth		
Better than previous year	44.8	79.6
Same as previous year	26.9	17.2
Worse than previous year	19.4	3.2
Approved Investments		
Higher than previous year	76.1	81.7
Same as previous year	11.9	11.8
Lower than previous year	6.0	5.4
Merchandise Exports		
Higher than previous year	67.2	33.3
Same as previous year	16.4	40.9
Lower than previous year	9.0	20.4
CORPORATE PERFORMANCE		
Hiring Practices		
Will hire more workers	37.3	61.3
Will lay off workers	0.0	2.2
Will hold workforce size steady	35.8	25.8
Investments		
Will make additional investments	56.7	63.4
Average amount (in million pesos)	1,241	1,665
Expected Gross Revenues		
Less than P100 million		15.1
P100 million to P299 million		16.1
P300 million to P499 million		7.5
P500 million to P999 million		14.0
P1 billion and up		37.6
RESPONDENT DATA		
Company Size		
Less than 100 employees	14.9	26.9
100 to 299 employees	26.9	20.4
300 to 499 employees	7.5	11.8
500 to 999 employees	14.9	10.8
Over 1,000 employees	26.9	26.9
<i>Respondents:</i>	<i>9.6% of MBC members</i>	<i>12.7% of MBC members</i>
<i>Survey Period:</i>	<i>8 to 28 February 2</i>	<i>14 to 29 February 2012</i>
<i>Note: Totals may not add up to 100% due to rounding off or no response.</i>		