

SBF National Business Survey 2010/11 Results Briefing

Tue 1 Feb, 11 am

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SBF National Business Survey 2010/11

Research Partner:



SURVEY OBJECTIVES



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- Survey Objectives

- To understand SBF members' sentiments about the economy and business environment
- To gain a deeper understanding of the concerns and issues faced locally and abroad by SBF members
- To gain insights into their business strategies for 2011, and plans with regards to investment, human resource, financing and overseas expansion
- To gather feedback from members on the 2010 Budget initiatives and impact of policies
- To identify areas of assistance required by members and how SBF / the government can play their part



SURVEY METHODOLOGY



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- Survey Methodology

Sampling Base

A total of 1,053 SBF members responded to the survey. This was slightly higher than the 1,043 responses received in the 2009 survey

Survey Method

Questionnaire

- Mail-out
- Email (EDM)
- Posting on SBF website



CHARACTERISTICS OF RESPONDENTS

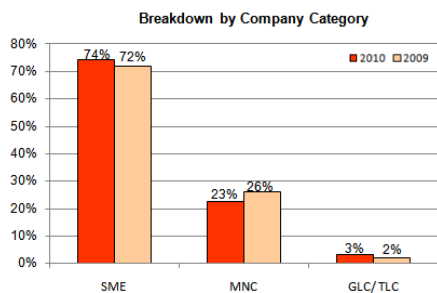


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SBF National Business Survey 2010/11 - Characteristics of Respondents



SME continues to dominate the survey respondent landscape...

- 2% increase in SME respondents
- MNC respondents dropped by 3%

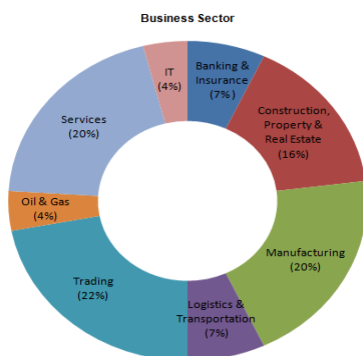


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SBF National Business Survey 2010/11 - Characteristics of Respondents



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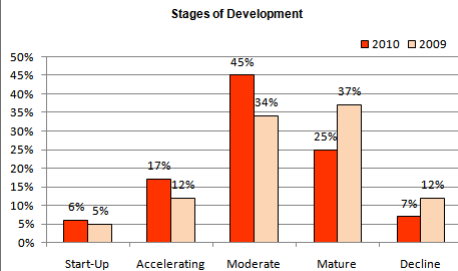
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SBF National Business Survey 2010/11 - Characteristics of Respondents



Reflecting the pickup of business, more are registering better performance...

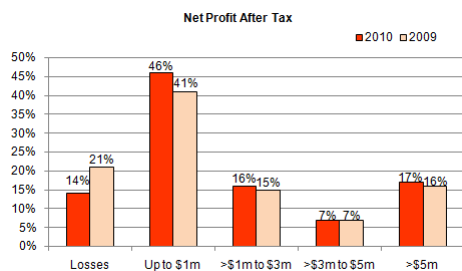
- 5% more are enjoying double-digit turnover growth
- SBF respondents registering zero and negative turnover growth have dropped by 12% and 5% respectively

Stages of Development

- Start-up: First 3 years of operation
- Accelerating Growth: turnover growth of > 10% p.a.
- Moderate Growth: turnover growth of up to 10% p.a.
- Mature: Zero turnover growth
- Decline: Negative turnover growth



SBF National Business Survey 2010/11 - Characteristics of Respondents



SBF respondents report stronger profitability in 2010...

- A significant drop from the *Construction, Property & Real Estate* (7%), *Manufacturing* (13%) and *Trading* (15%) reported Losses
- *MNCs/ GLCs/ TLCs* return to profitability faster than the *SMEs*

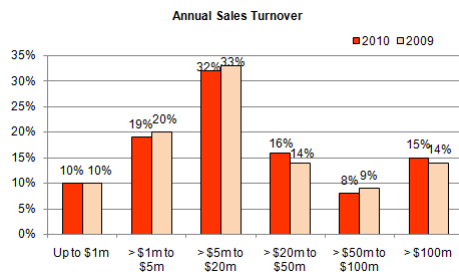


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SBF National Business Survey 2010/11 - Characteristics of Respondents



Increase in companies expecting to register more than \$20 million turnover...

➤ About 4 in 10 from *Manufacturing and Logistics and Transportation* generate more than \$20 million in turnover



SURVEY FINDINGS



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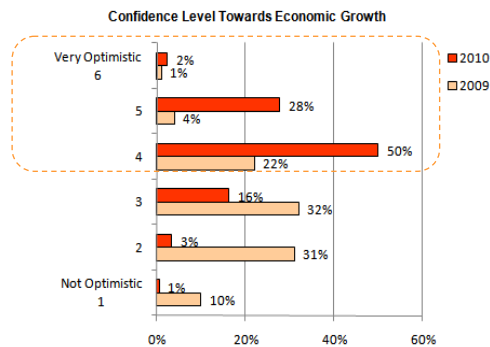
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Business Outlook



SBF National Business Survey 2010/11 - Business Outlook



The overall sentiments about the Singapore economy have improved significantly...

➤ Majority (80%) are optimistic about the Singapore's economic growth in 2011

➤ Only 27% who were upbeat about the country's growth a year ago



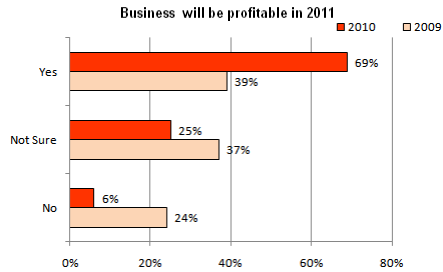
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SBF National Business Survey 2010/11

- Business Outlook



More than two thirds expect their business to be profitable in 2011...

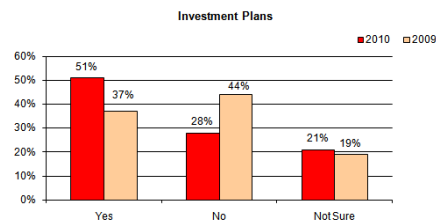
> 30% more expect to generate a profit in 2011

> A quarter remain unsure of whether they would turn in a profit in 2011



SBF National Business Survey 2010/11

- Business Outlook



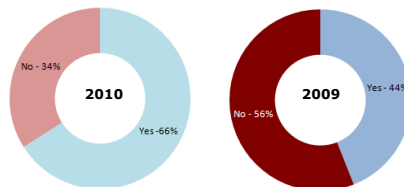
At least half of the SBF members have plans to invest in 2011...

> 14% increase in respondents plan to make investments in 2011

> 1 in 5 of the respondents is having the wait-and-see attitude

> Among those that have been making investments, 22% more are planning to increase their investments

Plans to increase investments

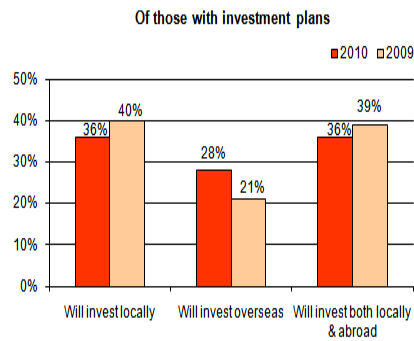


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SBF National Business Survey 2010/11 - Business Outlook



SBF members are increasingly looking to Overseas for opportunities to invest...

➤ Of those with intention to invest in 2011, we note a shift in focus to Overseas investment.

Respondents who will invest locally has dropped by 4% while those who will invest overseas has increased by 7%.

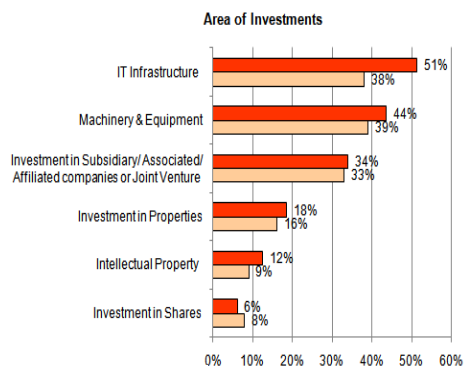


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SBF National Business Survey 2010/11 - Business Outlook



IT Infrastructure has overtaken Machinery & Equipment to be the top area of focus in 2011...

➤ The top 3 areas of investment continue to be IT Infrastructure (51%), Machinery & Equipment (44%) and Investment in Related Companies/ JV (34%)



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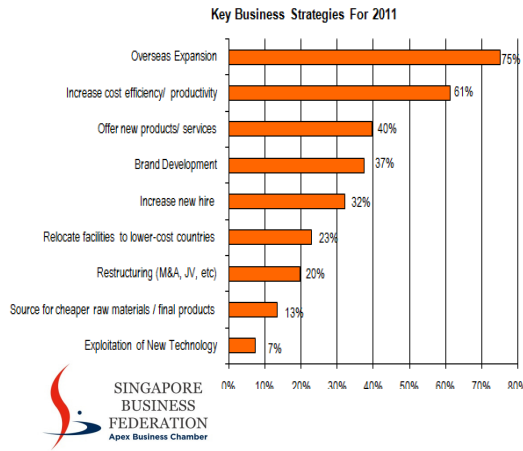
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SBF National Business Survey 2010/11 - Business Strategies for 2011



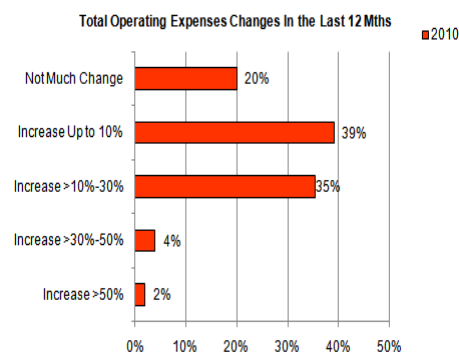
Companies are shifting their priorities from 'cost control' initiatives to 'growth' initiatives...

> The top 3 business strategies are Overseas Expansion (75%), Increase cost efficiency/ productivity (61%) and Offer new products/ services (40%)

> Slightly more than a third is looking to Brand Development to differentiate themselves



SBF National Business Survey 2010/11 - Cost Competitiveness



Operating expenses are expected to increase...

> 8 in 10 reported increases in their total operating expenses in 2010

> 41% are experiencing a more than 10% increase in total operating expenses



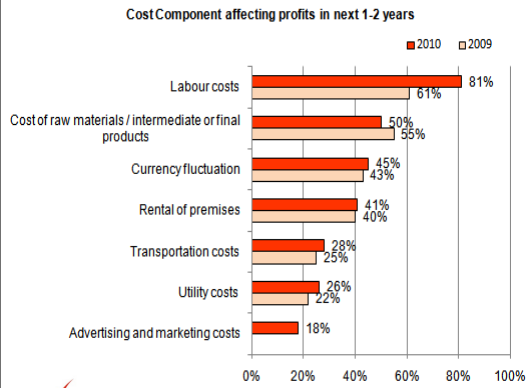
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SBF National Business Survey 2010/11

- Cost Competitiveness



Increase in cost components raises concerns about the impact on profit margin...

> Labour costs tops the lists of cost concerns

> 20% more felt that rising Labour Costs could impact profitability

> 5% lesser highlighted increases in Cost of raw materials / intermediate or final products as a concern

> 1 in 5 expresses concern over increase in Advertising and marketing costs (new option added this year)



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- Business Challenges

Challenges	2010	2009
Sales related Issues	95%	96%
Cost related issues	93%	-
Financing issues	45%	76%
General issues	97%	98%

31% lesser are confronted by Financing Issues...

> Top 3 challenges faced this year are quite similar to those faced in 2007 when the economy was doing well

Top 3 challenges	2010	2009	2007
Top 1	High labour costs (75%)	Slower sales (65%)	Increasing operating costs (64%)
Top 2	Increasing competition in area of Sales (72%)	Uncertain economic environment (61%)	Manpower issues (50%)
Top 3	Increasing competition in other areas (60%)	Increasing competition (46%)	Increasing competition (49%)



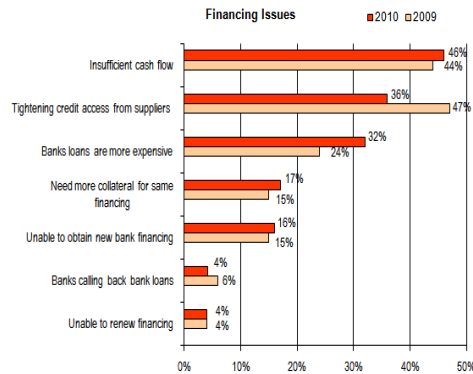
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SBF National Business Survey 2010/11

- Business Challenges



8% more are finding Bank loans to be expensive...

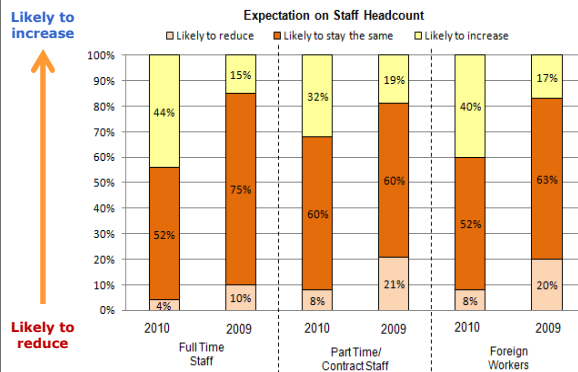
> This could be attributable to the increase in banks' interest rates as guarantees for loans under the SRI scheme are reduced

> 38% lesser from the *Construction, Property & Real Estate* and *Manufacturing* sectors are facing *Financing Issues*



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- Human Resource



Companies are hiring more staff to support their levels of activities...

> 29% more respondents shared that they will be hiring more *Full-Time Staff*

> *Part-Time/ Contract Staff* and *Foreign Workers* have also increased by 13% and 23% respectively.



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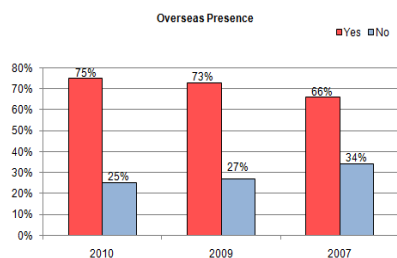
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Overseas Expansion



SBF National Business Survey 2010/11 - Overseas Expansion



There is an upward trend in respondents engaging in overseas activities...

➤ Respondents engaging in overseas activities increase from 66% in 2007 to 73% in 2009 and to 75% in 2010

➤ *Oil & Gas, IT and Manufacturing* sectors have a higher percentage of SBF members with overseas engagement

Top 3 Biz Sectors

- OIL & GAS (94%)
- IT (92%)
- MANUFACTURING (90%)



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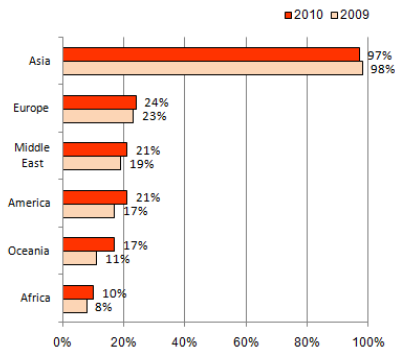
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- Overseas Expansion

Overseas Presence By Region



More (97%) SBF members are establishing their footprints in the Asian markets...

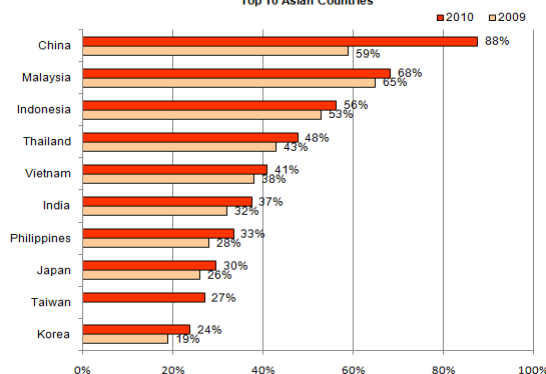
➤ An increasing presence of SBF members was noted in the *Oceania* region (6% increase) and *America* (4% increase).



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- Overseas Expansion

Top 10 Asian Countries



Within Asia, China (88%) is the most popular destination for overseas venture ...

➤ 6 of the top 10 Asian countries have seen at least a 5% increase in SBF members presence

➤ This year, Taiwan emerged amongst the top 10 Asian destinations for overseas ventures



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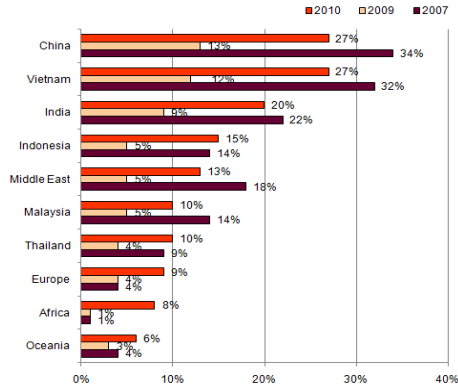
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- Overseas Expansion

Top 10 Keen Overseas Venture



Africa is gaining popularity amongst the SBF members...

> 7% more respondents cited *Africa* as the Top 10 overseas countries that they are keen to venture

> Countries that most SBF members would like to venture into are *China* (27%) and *Vietnam* (27%)



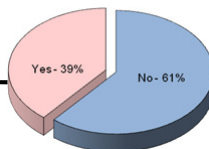
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- Overseas Expansion

Top 3 FTAs

- 1 ASEAN (48%)
- 2 ACFTA (26%)
- 3 CSFTA (26%)

Benefitted from FTAs



4 in 10 have benefitted from the FTA(s)...

> Close to half of the respondents that had benefitted from the FTA(s) cited *ASEAN* as the most beneficial one

> The benefits that most of the respondents gained from FTAs are *Tax savings and open trade*

Benefits gained from FTAs	% of Respondents
Tax savings and open trade	41%
More business opportunities	40%
Tariff savings	33%
Product quality	4%
Access to government tenders	4%
Technology	2%
Copyright & IP Finance / Banking IPR protection	1%



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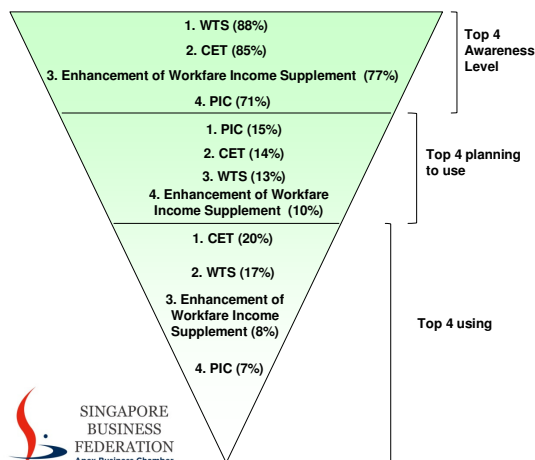
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Usefulness Of Government Initiatives



SBF National Business Survey 2010/11 - Usefulness of Government Initiatives



PIC has emerged as the top initiative that respondents plan to use...

- While 7 in 10 are aware of PIC, only 7% are currently using it
- On a positive note, 15% are planning to use PIC

Leveraging on PIC would have helped to defray some of the investment costs in automation through technology and training



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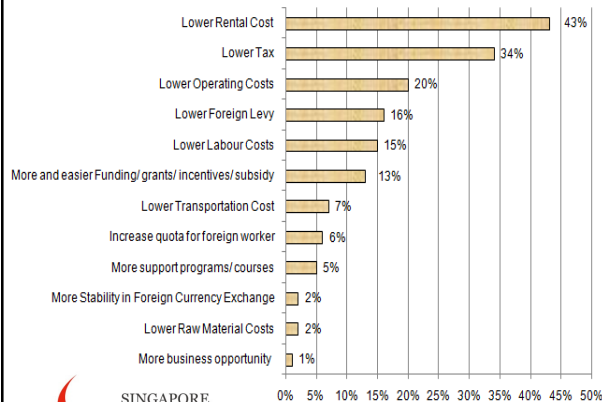
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- Usefulness of Government Initiatives

Wish List for Budget 2011



More highlighted the need for support in the area of rental, tax and operating costs...

➤ Majority have expressed *Lower Rental Cost* (43%), *Lower Tax* (34%) and *Lower Operating Costs* (20%) as their top wish list



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