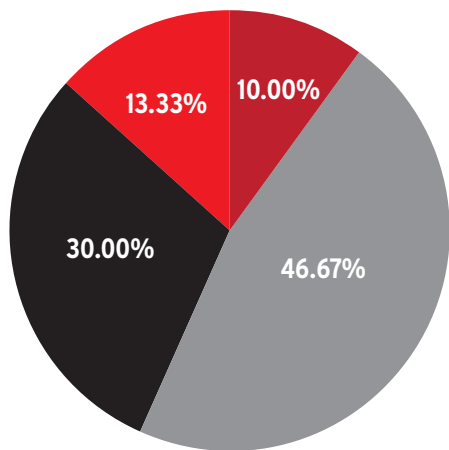


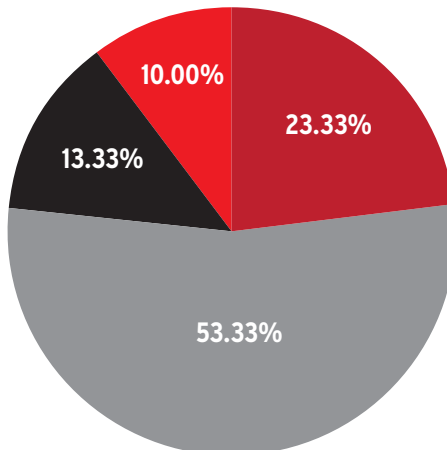
The 2019 PNG 100

Looking back on your business's performance in 2018, did your profits



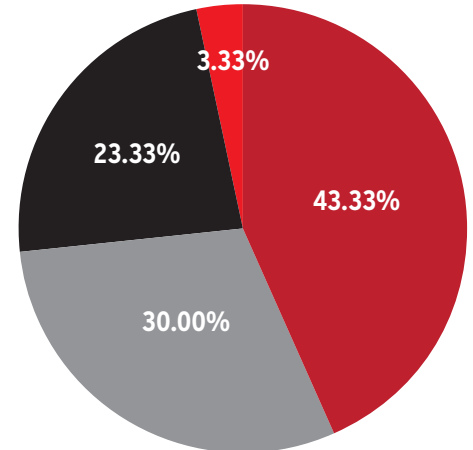
- Greatly exceed expectations?
- Slightly exceed expectations?
- Meet expectations?
- Fall slightly short of expectations?
- Substantially fall short of expectations?

In 2019, do you anticipate that your profits will



- Substantially exceed 2018?
- Somewhat exceed 2018?
- Be about the same as 2018?
- Be slightly less than 2018?
- Be substantially less than 2018?

How much investment (e.g. in plant, equipment, land or other assets) are you planning in 2019?



- A substantial increase on 2018
- A slight increase on 2018
- About the same as 2018
- Slightly less than 2018
- Substantially less than 2018

This is the eighth year Business Advantage International has run the **PNG 100 CEO Survey**—its exclusive survey of the executives who run PNG's largest companies.

Each year, the survey aims to reveal the levels of business confidence by asking CEOs about their anticipated profit levels and expectations for investment and recruitment in the year ahead—2019. They also identify the key issues that they face in their business.

Profits patchy

Twelve months ago, when we asked the CEOs what their profit expectations were for 2018, they were cautiously optimistic. About two thirds were positive. Half thought profits would 'somewhat' exceed the levels of 2017 and 15 per cent expected that they would be up 'substantially'.

A year on and those expectations were broadly met. More than half (56.7 per cent) said performance was better than expected with 10 per cent saying profits were up substantially, although this figure was down on the 15 per cent the year before. The number of respondents who said profits slightly exceeded expectations (46.7 per cent) was just over double the level in the previous year.

Thirty per cent said profits were in line with expectations, up from a quarter the previous year, and 13.3

per cent said they fell slightly short of expectations. Nobody said profits fell substantially short of what was hoped, an improvement on the previous year when 6.2 per cent were in this category.

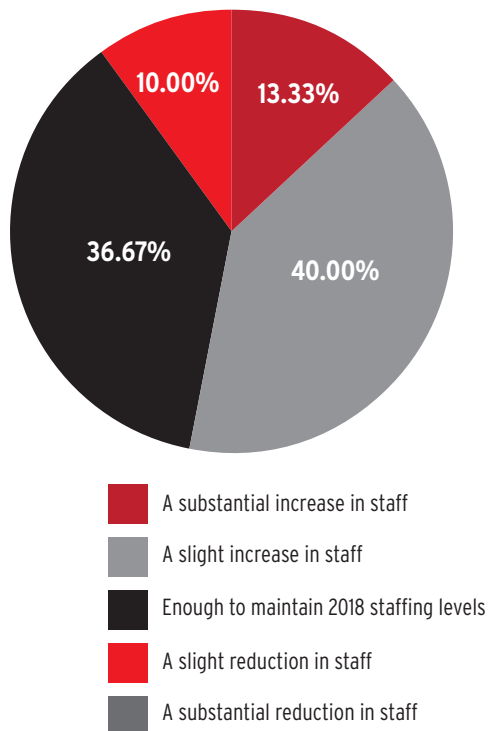
What will 2019 bring?

With some signs of economic recovery, it is not surprising that business leaders are reasonably bullish. More than three quarters (76.6 per cent) believe that profits will rise this year, up from 65.6 per cent figure in 2018.

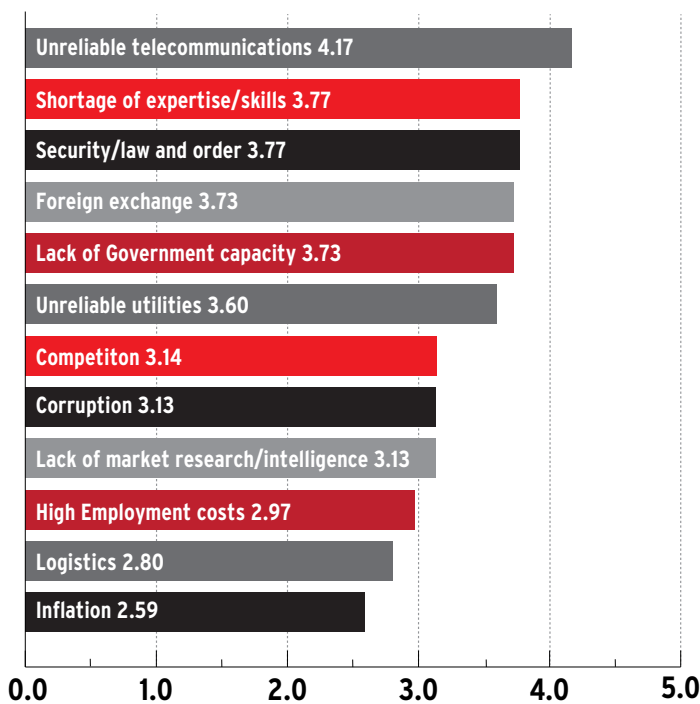
The number of CEOs who expect profits to be substantially up was also higher: 23.3 per cent compared with 15.6 per cent in the previous year. A tenth believe profits will be worse, while 13.3 per cent believe they will be the same, compared with a quarter in the previous year. Once again, no CEOs expect substantially lower profits.

CEO Survey

What level of recruitment are you planning in 2019?



What are the impediments facing your business right now?



Investment & employment intentions

Investment and employment intentions are two useful indicators of business confidence. The patterns of intended investment suggest that business optimism is rising, with 43.3 per cent of respondents saying they will substantially increase their outlays, up from 37.5 per cent in the previous year. Thirty per cent expect to make a slight increase in investment, up from a quarter in the previous year and a return to the levels of 2017.

Only 3.3 per cent expect to make slightly less investment, down from 9.4 per cent in the previous year, and none said they would substantially decrease investment. This intensifies a medium term trend of increased investment as businesses position for the future, despite the difficult economic conditions.

Recruitment intentions are more conservative but still positive. More than half (53.3 per cent) expect to increase staffing levels, while 13.3 expect a sharp rise (slightly up from 12.5 per cent per cent in the previous year).

Issues facing PNG business

While access to foreign exchange features again as a significant issue faced by PNG's major businesses, it is superseded in this years survey by unreliable telecommunications, which is listed as the top impediment for the first time in eight years of our survey. It also implies that the Coral Sea Cable System, to be introduced in late 2019 (see page 41), will have a big impact on business in PNG. Foreign exchange is nominated by 63.34 per cent of respondents as a first order issue, down from 71 per cent in the previous year. It is considered 'mission

critical' by 36.7 per cent of respondents, down from 41.9 per cent in the previous year.

Unreliable telecommunications was rated even higher than foreign exchange, with 83.4 per cent ranking it as a first order issue and 36.7 per cent saying it was 'mission critical'. Other issues considered mission critical are: shortage of expertise and skills (30 per cent, up from 22.6 per cent the previous year), security and law and order (23.3 per cent, up from 9.7 per cent the previous year), and lack of government capacity (16.7 per cent, down from 22.6 per cent). ♦

The 2019 PNG 100 CEO Survey was conducted by Business Advantage International between October and December 2018. The survey included senior executives from a representative sample of PNG's largest companies, across all sectors of the economy.