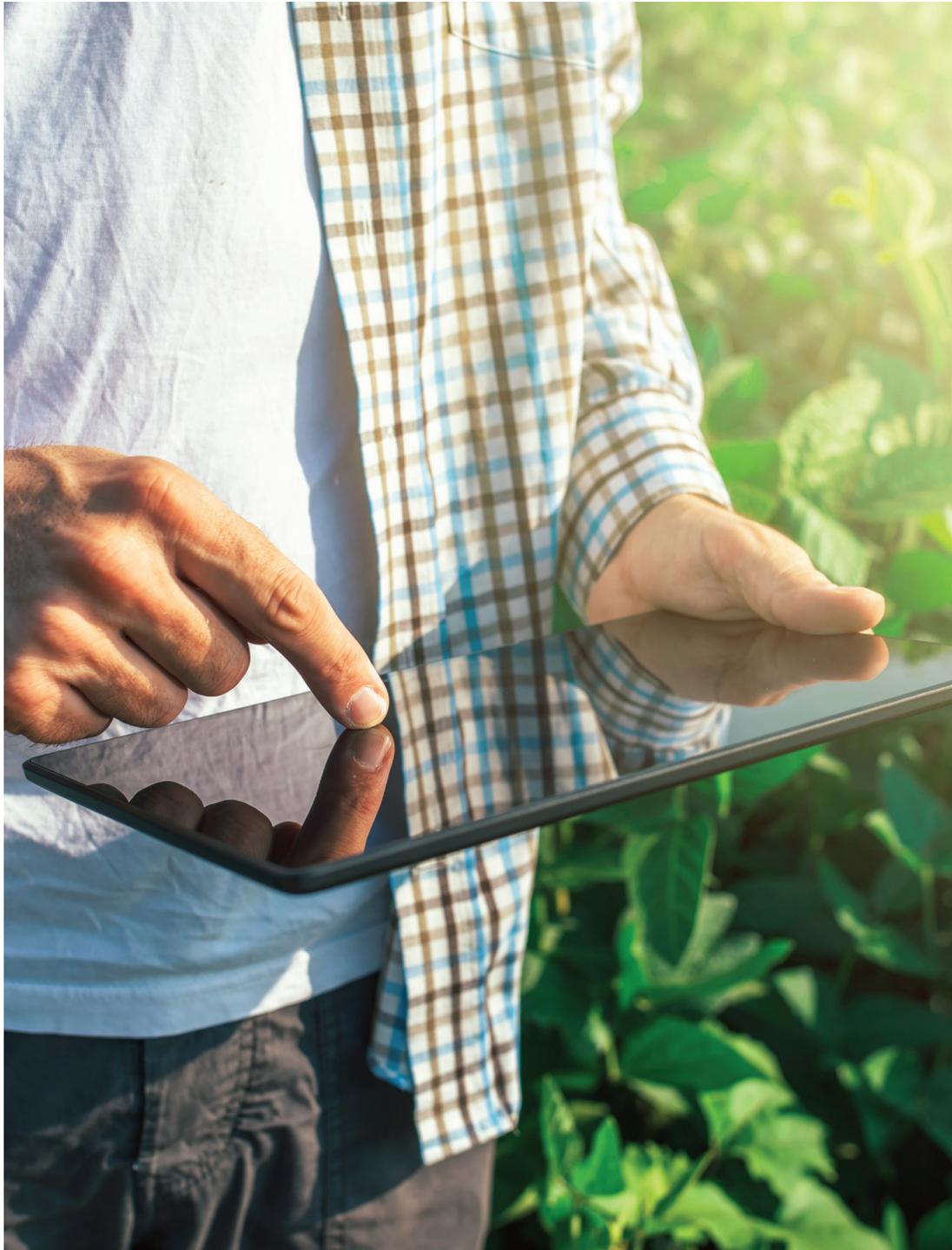


RELO

Regina Executive Leadership Outlook

Quarterly Report: November 2019



CONTENTS

PAGE 2

Executive Summary

PAGE 3

Economic Outlook Dashboard

Executive Confidence

Current Conditions

Fixed Investments

Employment

Sales Revenue

Profitability

PAGE 6

Special Topic: Regina's Food Economy

The Importance
of the Food Economy
to Regina's
Economic Future

Priorities for
Advancement

PAGE 10

Conclusion

About the Report



Executive Summary

This edition of the Regina Executive Leadership Outlook continues to show positive trends. The Executive Confidence Index remains steady at 2.21, with increases across most indicators in the percentage of Regina's executives believing the economy will remain the same over the next 12 months.

- Half (50.0%) of respondents expect their firm to employ the same amount of people over the coming year (up from 47.4% last quarter).
- An increasing one-in-two (50.0%) respondents expect their firm's total fixed investments to remain the same over the next twelve months (trending up from 41.2% in Q1).
- The vast majority of respondents (94.1%) currently expect their firm's sales revenue to either increase or remain the same in the next 12 months.
- Similarly, almost nine-in-ten (88.3%) expect their firm's profitability to either increase or remain the same over the next 12 months.

The special topic this quarter was around Regina's Food Economy. The term, Food Economy, is inclusive of everything that contributes to and benefits a robust agri-business sector. It takes a holistic look at how food production, processing, manufacturing, business and leisure travellers, and service providers help our city and region attract investment, maintain a robust quality of life and strong community brand.

When asked how important the development of the Food Economy is to Regina's economic future, three-quarters (76.6%) of GRA executives say very important. Another 19.1% say somewhat important.

When asked to select the top priorities that are most important for Regina to advance in order to be the centre of agriculture innovation and investment, respondents prioritized:

1. Attracting new and supporting the growth of existing value-added processing companies (60.9%), followed by
2. supporting and advancing agriculture technology to enhance efficiencies in production and processing (47.8%).

There continues to be a cautiously optimistic sentiment among GRA's business executives as they forecast the economic environment for the end of the year and into 2020.

The development of Regina's Food Economy is clearly deemed to be of significant importance to the city's economic future by GRA's executives, with the highest priority being attracting new, and supporting the growth, of existing value-added processing companies.

Economic Outlook Dashboard

EXECUTIVE CONFIDENCE

After dropping to a two-year low of 2.13 in the fourth quarter of 2018, the Executive Confidence Index saw a slow upward trend through the first half of 2019. In the third quarter of 2019, the Executive Confidence Index has plateaued, holding steady at 2.21, the same level observed last quarter. The Executive Confidence Index remains below the overall Index Average (2.27) but is still above the neutral point of 2.0. Executives remain cautiously optimistic about the economic outlook for the next year.



The lack of shift in this quarter's Executive Confidence Index is due to an increase across most indicators in the percentage of executives believing the economy will remain the same over the coming year.

CURRENT CONDITIONS

A calculation similar to the Executive Confidence Index reports executives' perception of today's economic conditions as compared to one year ago. When asked to compare their firm's economic condition to one year ago, executives rate the current economic condition of their business at 2.02, a slight drop from 2.03 observed last quarter. The Confidence Index and Current Conditions Index continue to be strongly correlated ($r=.778$, $p < .001$), indicating that a change to the confidence index is likely to be accompanied by a similar shift in current conditions. After a steady decline in perceptions of current economic conditions through 2018 and into early 2019, executives remain fairly neutral about the current economic conditions for their business.



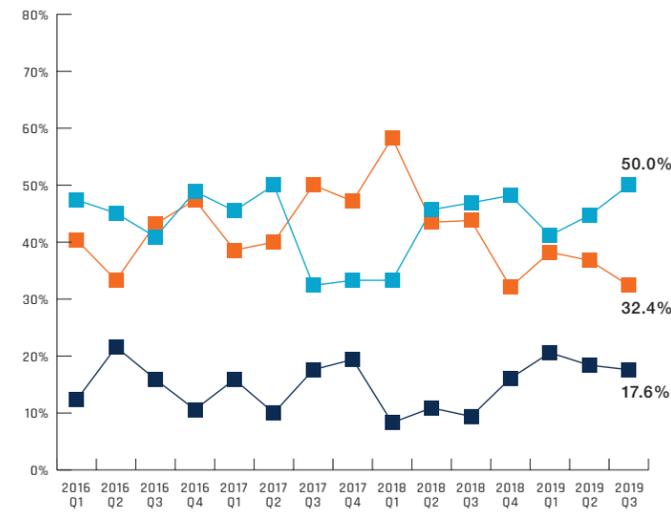
Just over half (52.9%) of executive respondents believe the current economy is performing about the same as compared to one year ago (trending up from 47.1% in the first quarter of 2019). The balance believes the current economy is either performing better (8.8%, trending down from 11.8% in Q1) or worse (38.2%, trending down from 41.2% in Q1) compared to one year ago.

FIXED INVESTMENTS

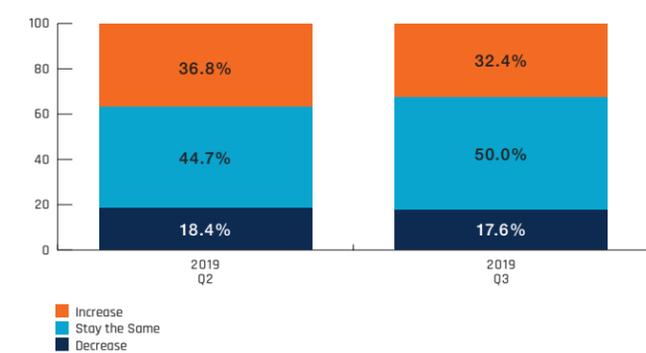
An increasing one-in-two (50.0%) respondents expect their firm's total fixed investments to remain the same over the next twelve months (trending up from 41.2% in Q1). There has been a corresponding decline in both the proportion of respondents who expect their firm's total fixed investments to increase (32.4%, trending down from 38.2% in Q1) and the proportion who expect their firm's total fixed investments to decrease (17.6%, trending down from 20.6% in Q1).

In the next 12 months, will your firm's total fixed investments...

HISTORICAL COMPARISON



QUARTERLY COMPARISON

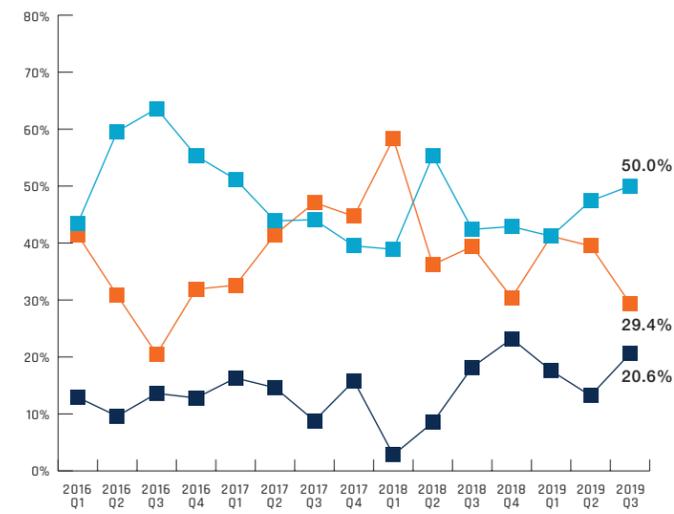


EMPLOYMENT

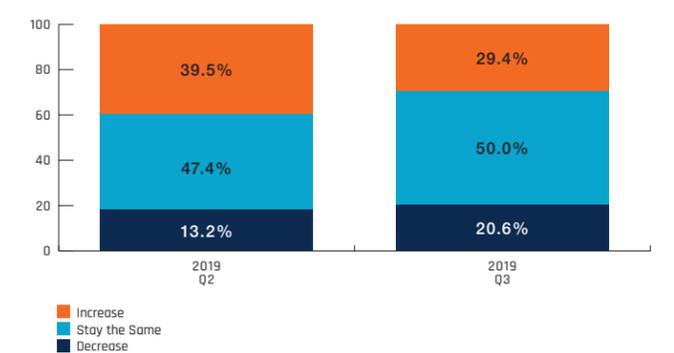
Half (50.0%) of respondents expect their firm to employ the same amount of people over the coming year (up from 47.4% last quarter). By comparison, there has been a jump in the proportion of respondents who expect their firm to employ fewer people over the next twelve months (20.6%, up from 13.2%), and a significant drop in the proportion who expect to employ more (29.4%, down from 39.4%).

In the next 12 months, will the number of people your firm employs...

HISTORICAL COMPARISON



QUARTERLY COMPARISON

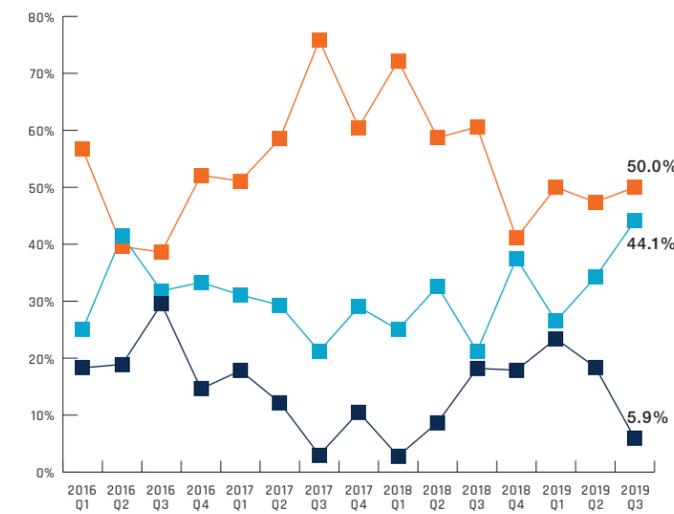


SALES REVENUE

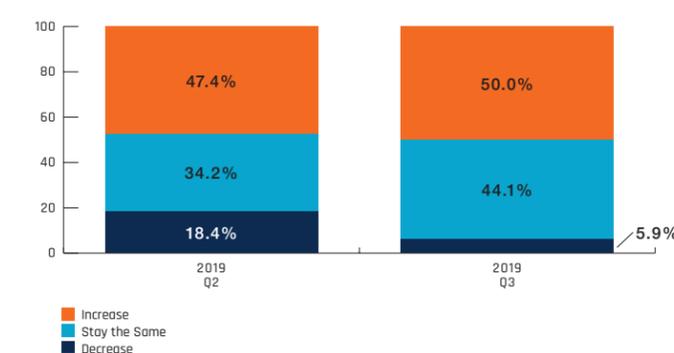
The vast majority of respondents (94.1%) currently expect sales revenue to either increase or remain the same in the next 12 months. While the proportion of respondents expecting their firm's sales revenue to increase over the next year has increased marginally this quarter (50.0%, up 2.6%), there has been a spike in the proportion of respondents expecting sales revenue to stay the same (44.1%, up 9.9%) and a commensurate decline expecting sales revenue to drop (5.9%, down 12.5%).

In the next 12 months, will your firm's sales revenue...

HISTORICAL COMPARISON



QUARTERLY COMPARISON

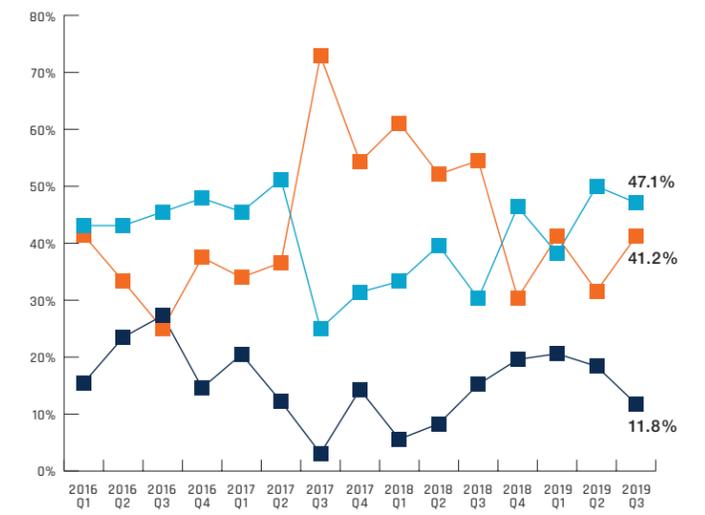


PROFITABILITY

Similarly, almost nine-in-ten (88.3%) respondents expect their firm's profitability to either increase or remain the same over the next 12 months. While the proportion expecting their firm's profitability to stay the same has dropped slightly since last quarter (47.1%, down 2.9%), there has been a jump in the proportion expecting profitability to increase (41.2%, up 9.6%) and a drop in those expecting profitability to decrease (11.8%, down 6.6%).

In the next 12 months, will your firm's profitability...

HISTORICAL COMPARISON



QUARTERLY COMPARISON



Special Topic:

REGINA'S FOOD ECONOMY



The special topic this quarter was around Regina's Food Economy. To set the stage, the following introduction was shown to respondents:

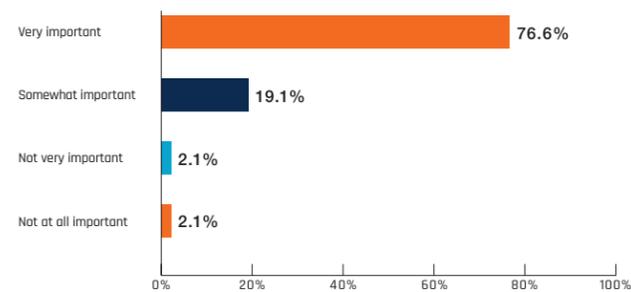
There will be 9.7 billion people in the world by 2050. We will need to grow more food starting today than we have in the history of humanity.

Economic Development Regina (EDR) is advancing new ways to tell our agri-business story and grow our economy.

The next few questions are about Regina's Food Economy. The term, Food Economy, is inclusive of everything that contributes to and benefits a robust agri-business sector. It takes a holistic look at how food production, processing, manufacturing, business and leisure travelers, and service providers (i.e. restaurants with local fare) help a city and region attract investment, maintain a robust quality of life and strong brand.

THE IMPORTANCE OF THE FOOD ECONOMY TO REGINA'S ECONOMIC FUTURE

When asked how important the development of the Food Economy is to Regina's economic future, three-quarters (76.6%) of GRA executives say very important. Another 19.1% say somewhat important.



As the demand for food increases and as our climate changes, we will be in a great position to use Saskatchewan's agricultural industry as a leverage point.

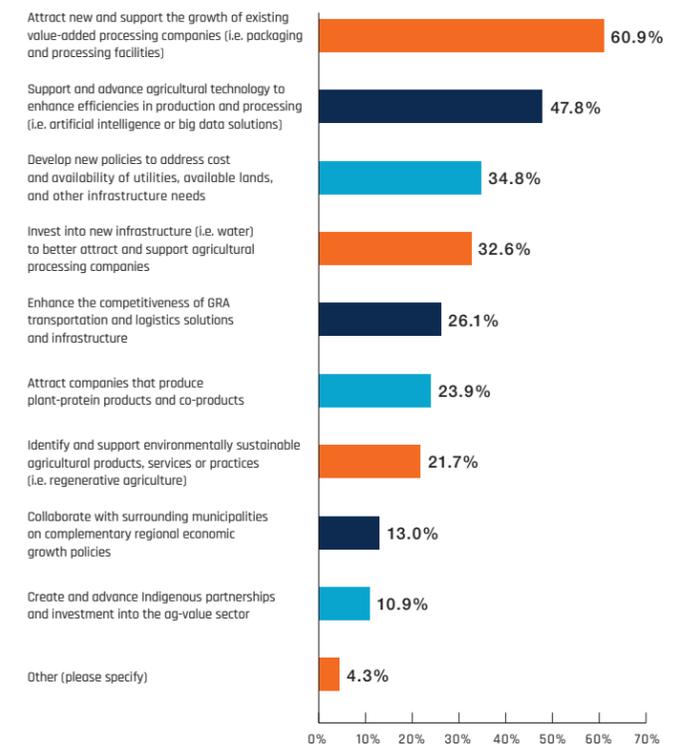
When asked the reason for their answer, those who said very important made mention of the stability of the agriculture sector, economic diversification, and capitalizing on the province's strengths (responses displayed in alphabetical order):

- Agriculture drove our provincial politics and our economy until the early 2000's, when Oil & Gas and Potash took over the narrative. With prices now flat in those sectors and the popular support for non-renewable energy waning, Agriculture has remained a constant. Plus, hyper-local food sourcing is increasingly popular. People want to know where their food comes from and they want to support local producers in most cases.
- Agriculture is a stable, core industry for us. This presents significant development opportunities for the region.
- As the demand for food increases and as our climate changes, we will be in a great position to use Saskatchewan's agricultural industry as a leverage point.
- Because of the surrounding primary agricultural production environment, Regina's economy will always be heavily impacted by food production and the markets tied to it. By developing more secondary and tertiary functions within our economy, it enables a greater portion of the revenues to remain in Saskatchewan.
- Economics are about creating competitive advantage in the global marketplace. We have all of the assets to create competitive advantage in the global marketplace around food. It will require tremendous innovation and collaboration, however it also represents the area of great opportunity for Regina and Saskatchewan.
- Meeting the world's food demand is of vital importance. Without food security, the world becomes a much more dangerous and unstable community. Regina is uniquely positioned to be a leader in developing new technologies and techniques to help satisfy global food demand.

PRIORITIES FOR ADVANCEMENT

When asked to select the top priorities that are most important for Regina to advance in order to be the centre of agriculture innovation and investment, respondents prioritize attracting new and supporting the growth of existing value-added processing companies (60.9%), followed by supporting and advancing agriculture technology to enhance efficiencies in production and processing (47.8%).

To be the centre of agriculture innovation and investment, which of the following priorities are most important for Regina to advance? Please rank your top 3, assigning a 1 to the most important aspect.



Other (please specify) responses:

- Innovation in Agriculture
- Support structures for young innovators in agriculture – the “high risk” takers that create truly game-changing products and services.

- The global population is growing, but farmland to grow food and feed the world is finite, so let's play to our strengths.
- This will boost economic activities and diversify our revenue sources.
- This is an opportunity to decrease our reliance on export markets for bulk commodities and establish the Province as a major player in “value-added agriculture”.
- We contribute to the food economy in Regina and around the world with our seeding systems and autonomous agriculture solutions. Businesses fully focus on growing food more efficiently with higher returns for farmers in an environmentally sustainable model.

Those who did not place as high of an importance on the development of Regina's Food Economy to the city's economic future made mention of other issues and sectors that are of greater perceived importance, such as the economy and technology.

- Agriculture and ag-value are obviously large components of our economy, but Regina's challenge is ensuring the technology associated with increasing nutritional and production density is developed and tested here.
- Technology is a larger sector to go after as it will improve food. It is the constant infrastructure. If you own that you own all sectors.
- The economy is very diversified. Many other opportunities exist. Food processing requires access to infrastructure (power, water, natural gas) and that can be a challenge for the region.

Conclusion

There continues to be a cautiously optimistic sentiment among GRA's business executives as they forecast the economic environment for the end of the year and into 2020. While there is improved optimism surrounding profitability and sales revenue over the course of the next twelve months, the remaining indicators show a plurality of respondents anticipating little change.

The Executive Confidence Index has held steady at 2.21, unchanged since last quarter. The metric remains consistent with results observed in late 2016 to early 2017, but below results seen in the second half of 2017 and into 2018.

The development of Regina's Food Economy is clearly deemed to be of significant importance to the city's economic future by GRA's executives, with the highest priority being attracting new, and supporting the growth, of existing value-added processing companies.

ABOUT THE REPORT

Economic Development Regina (EDR), in partnership with Praxis Consulting (Praxis), began a quarterly publication entitled, "Regina Executive Leadership Outlook" in September 2014 that captures the thought leadership of senior business leaders in the Greater Regina Area (GRA) on key issues facing Regina and surrounding areas.

The survey is distributed to a list of approximately 80 senior business leaders. The survey has a standard component entitled "The Economic Outlook." This is a set of static questions asked each quarter that inform a unique Executive Confidence Index. This index is used to measure how confident executives are in Regina's overall economy across each quarter.

Every second or third quarter, Praxis and EDR pick a specific topic as the focus of the publication. Praxis then develops a survey questionnaire to gather quantitative data which is augmented with qualitative data on the chosen topic.

Survey

Fieldwork for this project included 34 surveys completed by CEOs and senior executives in Regina's business community. Survey responses were received via an online survey, delivered to each participant by email. Responses were collected September 12th to 26th, 2019.

A total of 76 survey invitations were sent, yielding a response rate of 44.7%. Margins of error cannot be applied to this type of non-probability sample.

In many cases data is captured on symmetrical, verbally-anchored five-point response scales.

· On this scale, responses of 1 or 2 are negative; a response of 3 is neutral, and responses of 4 or 5 are positive.

· This report shows frequency of response at every option in the response set, along with a mean, to indicate the overall level of response.

Methodology

The Executive Confidence Index is a single statistic calculated to gauge leadership confidence in the future economy. It is an average taken from a series of questions asking executives to look ahead 12 months. These questions ask executives about the future of the economy in the Greater Regina Area (GRA), their business' future investments, future number of employees, future sales revenue, and future profitability. In each question, a numeric value is assigned to a verbal response. A value of '1' indicates an expected decrease. A value of '2' indicates an expectation of the status quo, while a value of '3' indicates an expected increase.

This statistic assumes equal weight across all five economic questions. The result is an average of all responses. In this calculation, the lowest possible result is 1.0 and the highest possible result is 3.0. A result above 2.0 means that executives are optimistic about the economic outlook for their business, while a result under 2.0 suggests that executives are pessimistic about the economic outlook for their business.

Deep Dive: Special Topic Questions

The special topic was administered via the same online survey platform this quarter. EDR supplied a supplemental list of 18 area-based leaders whose perspective, industry, or background aligned closely with the survey topic. This list garnered 12 responses from industry leaders, whose responses were aggregated with the responses from the 34 GRA executive respondents.

The development of Regina's Food Economy is clearly deemed to be of significant importance to the city's economic future by GRA's executives.



Economic
Development Regina Inc.

ABOUT EDR

Economic Development Regina Inc. (EDR) is the economic development agency for the Greater Regina Area.

EDR is a not for profit economic development corporation, governed by a volunteer board of directors. EDR provides leadership to the community to support industry growth and diversification through retention and expansion of existing business and encouraging investment, development of industry and tourism.

In collaboration with key stakeholders, we work to identify, develop and promote opportunities that advance economic prosperity and ensure the Greater Regina Area offers a vibrant and diversified economy for investors, is a positive destination experience for visitors and offers a high quality of life for residents.

David Froh, Vice President

E: dfroh@economicdevelopmentregina.com

P: 306-565-6389

PRAXIS

RESEARCH | STRATEGY | RESULTS

ABOUT PRAXIS

Praxis Consulting is Saskatchewan's largest locally-based management consulting firm.

Praxis works collaboratively with clients in the facilitation of growth and excellence. Leveraging an unmatched wealth of experience across multiple sectors, Praxis adds value to their clients through:

- **Research:** Information gathering and data analytics.
- **Strategy:** Thought-leadership, rigorous planning, and pragmatic strategies.
- **Results:** Cascading strategy and culture within the organization.

Valerie Sluth, CEO

E: vsluth@praxis-consulting.ca

P: 306-545-3755

