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BRITISH BUSINESS BULLISH ON GROWTH

***80% of businesses expect double digit growth in next 12 months ***
One in four businesses will have returned to pre-pandemic profits by year end
79% view international expansion as a key growth driver

Business leaders are confident about both domestic and international growth, despite supply chain disruption and the lingering threat of Covid-19, according to new research from HSBC.

The survey, which polled business decision-makers in the UK, found that a significant 80% of businesses are expecting growth of at least 10% in the next 12 months.

Over half of UK businesses are also more optimistic about growth (53%) than they were 12 months ago (27%) and optimism is above pre-pandemic levels (2019: 51%). Despite concerns about rising inflation (34%), further covid-19 outbreaks (34%) and ongoing supply chain disruption (31%).

Impact of the Covid-19 pandemic

A quarter of UK businesses have said that they have already returned to pre-pandemic levels of profitability or will have done by the end of the year and a further 30% expect to do so by the end of 2022.

With businesses still reeling from a turbulent 18 months, unsurprisingly leaders are still focused on managing costs (33%), revenue growth (32%) and expanding their product offering (27%).

International expansion key growth driver

With growth firmly on the agenda, the vast majority (79%) of businesses view expanding into new markets as a key growth driver for 2022, despite over half (61%) recognising that international trade will become more challenging in the next twelve months.

Supply chains pose short term challenge

Nearly three quarters of businesses (73%) are expecting there to be ongoing supply chain issues in 2022. With key concerns being increasing cost (70%), significant delays in the movement of goods and services in the supply chain (70%) and the lack of availability of raw materials in the supply chain (63%).

Nearly half (45%) of businesses have mitigated the risk by increasing the number of suppliers they are working with and a quarter have increased the number of suppliers they are working with internationally.

Businesses continue to focus on sustainability in their supply chain with over three quarter (77%) prioritising suppliers based on their sustainability practices rather than their operational resilience and ability to deliver quickly.

Ian Tandy MBE, Head of International Trade at HSBC UK, said: “British businesses are firmly back in growth mode and are optimistic about 2022, testament to the innovation and entrepreneurial spirit of UK businesses. Business leaders are taking

a longer term and more global view and are undeterred by short term economic uncertainty; such as rising inflation and supply chains issues to focus on international growth and sustainability to drive substantial growth.

To achieve these ambitions, a third of businesses are planning to finance growth from their balance sheets and a quarter of businesses are also hiring new talent, a sure sign that they are preparing for future growth. A sustainable and multi-market strategy can push UK businesses to new levels and open up a world of opportunity.”

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Notes to editors:

Media enquiries to:

Katie Cohen

katie.cohen@hsbc.com

+44 (0) 77 4724 6445

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1. HSBC's Navigator: Voice of Business report, was conducted from 1st to 13th October 2021 with over 7,000 respondents who are involved with or influence the strategic direction for their company. Research was conducted across 14 countries.

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