

Egypt

HSBC Navigator: the voice of business 2021

Egyptian business leaders are optimistic about the next 12 months and are preparing for supply chain disruptions by increasing their number of international suppliers.

Businesses in Egypt are remarkably positive about the coming year. **83% of businesses surveyed in the region claim to be optimistic about the next 12 months** (compared with 66% of businesses globally) and expect to return to pre-COVID levels of profitability by November 2022 on average. Additionally, **more than two thirds of Egyptian businesses (68%) expect overall revenue to grow by more than 10%** over the year and more than one in five (22%) expect growth to exceed 20%. And with Egypt hosting COP27 next year, sustainability is high on the agenda. 38% of businesses are putting more than 10% of their operating profit towards becoming more sustainable (vs. 20% globally).

Potential threats were in line with other markets, including a resurgence of COVID-19 (36%) and macro challenges such as inflation (24%) but they deviated slightly in their concern for international trade. **Businesses in Egypt were significantly more likely to anticipate a big disruption to their supply chain,**

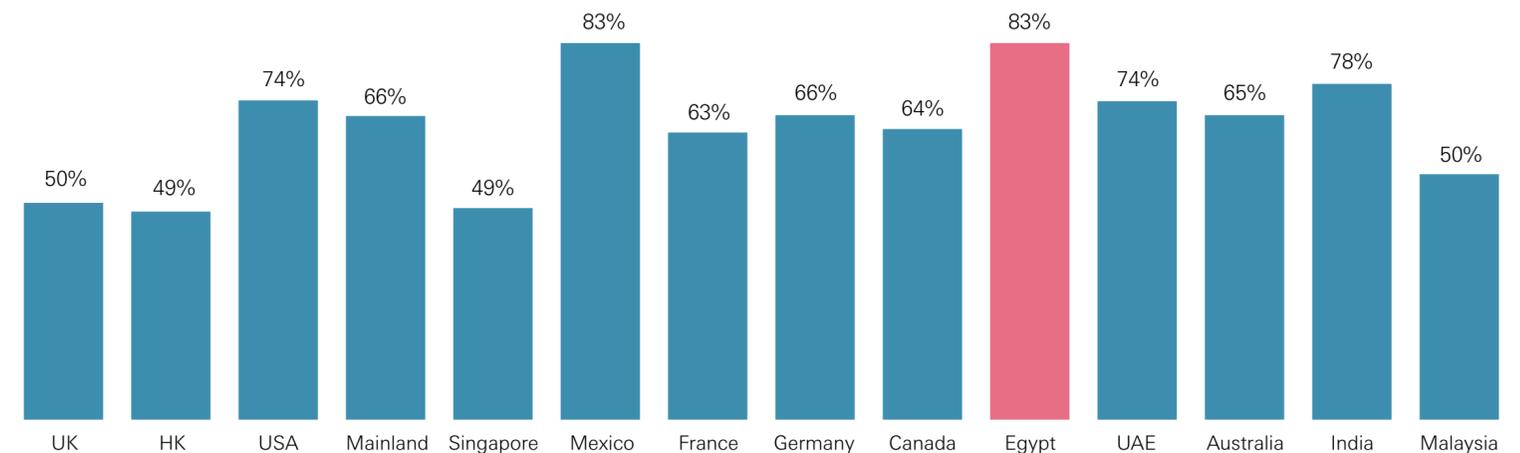
with more than two in five (42%) expecting these challenges (compared to 22% globally). The perceived impacts of these disruptions were also greater than those of their international peers as **Egyptian businesses claimed an average expected impact to revenue of 29%** (six points above the global average).

In response to international trade concerns, **almost three quarters of businesses in the region (74%) stated they've increased their number of international suppliers in the last 24 months.** That's 18 points above the global average and more than every other surveyed market. Egyptian businesses are also more likely than their international peers to consider expansion into new markets, with almost one third (33%) noting this was a priority.

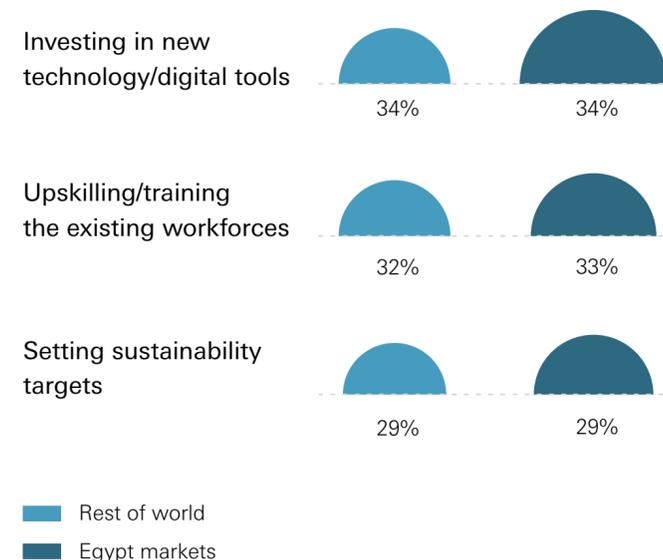
While Egyptian business leaders have a highly positive outlook on the coming year, they still share concerns with their global peers, such as a resurgence of COVID-19 and inflation. They are also much more likely to anticipate supply chain disruptions but are positioning themselves to succeed by diversifying their international suppliers and expanding into new markets.

Businesses are confident about growth prospects

(% of businesses that are more optimistic than they were 12 months ago)

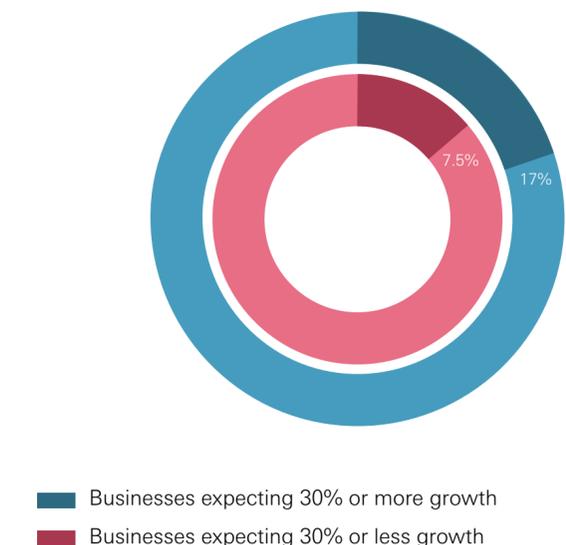


Top 3 measures businesses are taking to build resilience



Anticipated average revenue increase from greater focus on sustainability

(Global figures)



Egypt

Key findings:

- Egyptian businesses are optimistic about the next 12 months, anticipating significant revenue growth.
- They share some concerns with their international peers, like a resurgence of COVID-19 and inflation, but are much more likely to expect a big disruption to their supply chain.
- In response, businesses in the region have been increasing their number of international suppliers and look to prioritize expansion into new markets.

An optimistic outlook

83%

of businesses claim to be optimistic about the next 12 months (compared with 66% of businesses globally).

Supply chain concerns

42%

of businesses expect a big disruption to their supply chain (compared with 22% of businesses globally).

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Despite headwinds, internationalisation will be the engine of growth over the next 12 months.”

Barry O’Byrne
CEO of HSBC Global Commercial Banking