

UAE

HSBC Navigator: the voice of business 2021

While COVID-19 and supply chain disruption remain high on the list of concerns, businesses in the UAE are very optimistic about growth – with ESG initiatives and increased international trade expected to drive some of that progress.

Businesses in the UAE are anticipating a strong year. **Nearly three in four survey respondents from the region (74%) expressed optimism about their future growth prospects** – eight points above the global average – with 65% forecasting a greater than 10% increase in revenue over the next 12 months. As a result, businesses in the region expect to return to pre-COVID profitability levels by September 2022, on average.

While businesses in the UAE called out sustainability threats more often than businesses in other regions (26%), **they also anticipate a larger return from investing in sustainability over the next three years (13.2% vs. 10.7% globally).** In response, **39% of businesses in the region are making their organisations more sustainability-driven** and 92% claim to

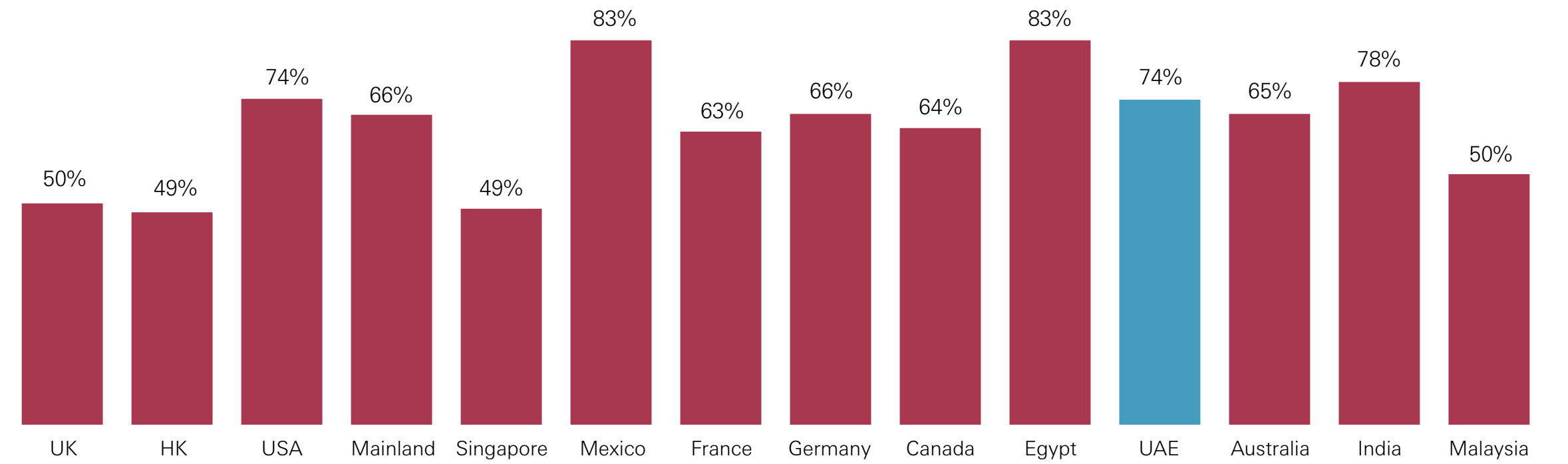
have prioritised suppliers based on sustainability rather than operational resilience and speed. Further, a remarkable **81% of businesses in the UAE projected an increase in their ability to assess sustainability practices over the next 12 months**, with only one other country (India) achieving a higher score (84%).

Another area of concern for businesses in the region was supply chain disruptions, with surveyed leaders anticipating an average negative impact to revenue of 25.6% (compared to 22.7% globally). To defend against this, **46% of businesses in the UAE expect to increase their number of international suppliers** (compared to 36% globally). In addition, **28% expect international trade to be easier over the next 12 months** (eight points above the global average). This suggests confidence that internationalisation will help solve some of the problems presented by the pandemic.

By prioritising ESG targets and relying on more international suppliers, businesses in the UAE are confident that their future will be protected from common threats like supply chain disruption and a potential resurgence of COVID-19.

Businesses are confident about growth prospects

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



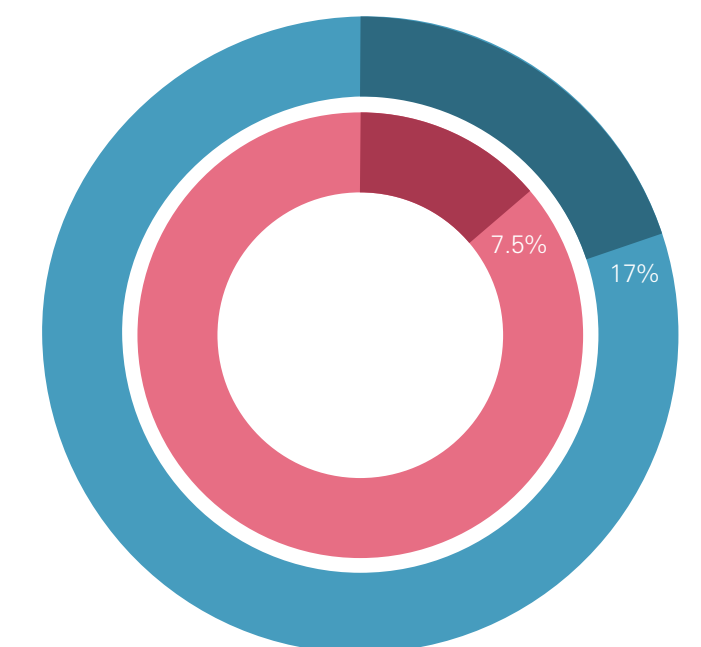
Top 3 measures businesses are taking to build resilience



Rest of world
Asia Pacific markets

Anticipated average revenue increase from greater focus on sustainability

(Global figures)



Businesses expecting 30% or more growth
Businesses expecting 30% or less growth

UAE

Key findings:

- Businesses in the UAE are more confident than their international peers that recovery plus additional growth is likely over the next 12 months.
- UAE business leaders are more concerned with sustainability and diversity of workforce than respondents from other regions. They are more likely to have ESG targets in place and expect investment toward those targets to drive growth.
- While businesses in the region expect supply chain disruptions, they are combatting this challenge by relying more on international trade.

Optimism around sales revenue

74%

are optimistic about their future growth prospects.

Supply chain concerns

92%

prioritised suppliers based on sustainability rather than operational resilience and ability to deliver quickly.

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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