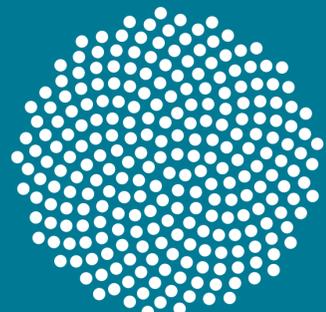


Ibec CEO Survey

February 2023



Ibec



Executive Summary

- Overall business sentiment remains high despite geopolitical and economic uncertainty
- Cost of doing business concerns impacting on wider business environment outlook
- Talent availability remains a challenge for majority of firms
- Housing market issues a concern for 70% of CEOs
- 1 in 2 CEOs concerned about difficulties in planning system

Business sentiment and trends

The increased cost of doing business has affected all companies and 'is a key driver of current business sentiment. Although turnover (69%) and demand (56%) increased in 2022, profitability remained static or declined (57%).

Overall business sentiment



86% vs 74%

Business environment more positive than year earlier mainly due to Covid effects



66% vs 81%

Assessment for next six months less positive than year earlier

Assessment of own business conditions



86% vs 83%

own business assessment slightly more positive than year earlier



80% vs 88%

Next six months outlook weaker

Key trends in 2022



Cost of doing
business up for

96%

of respondents



Turnover up for

69%

of respondents

Key trends in 2023



Turnover up for

50%

of firms



39%

of firms still planning
to grow headcount

Export sales
growth stronger
than in 2022



36%

vs 32%

Business challenges

Businesses face a wide range of challenges in the year ahead with the most significant of these centering on operational factors (costs, margin, workforce, supply chain).



Key business challenges for 2023



Input cost inflation and rising labour costs key concerns for 2023



Housing availability a challenge for
70%
of firms

Planning system concerns also identified by

1 in 2

CEOs



Key business challenges 2023 V 2022



Input and labour cost pressures more acute



Talent still a concern for
51%
of firms despite slower growth expectations

Key business challenges 2023 by sector



Manufacturing firms
most concerned about
inflationary pressures
and profitability outlook

Businesses adapting well
to new ways of working
(remote working only a
concern for 8%)



Supply chain disruption
still a challenge for
2 out of 3
manufacturing firms



2023 outlook



Increased geopolitical risks a concern for majority of CEOs



Energy security concerns remain a significant factor for 2023 outlook

Priorities for 2023

Supply chain issues will be the greatest external challenge facing Irish businesses followed by business regulations, the business environment and sustainability related issues.



Internal business priorities for 2023



Rising costs driving focus on productivity and need for digital transformation



Talent issues on a par with cost of doing business as leading business priority for 2023

External business priorities for 2023



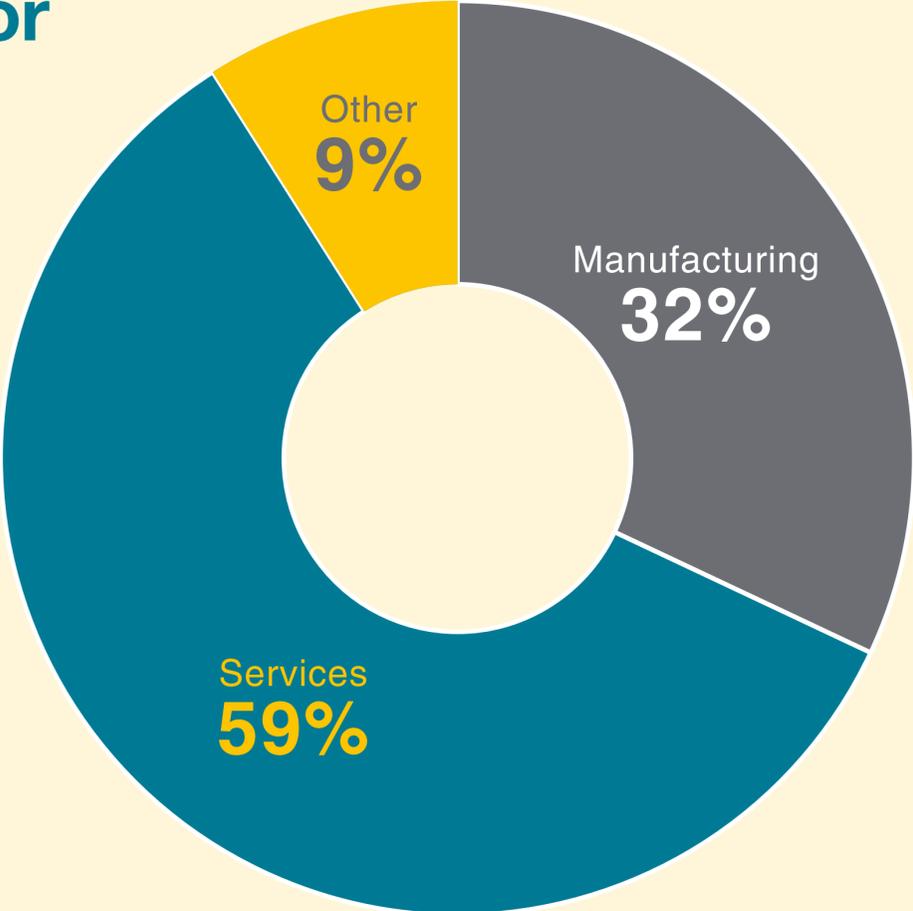
Supply chain issues, business regulation and wider business environment in the Irish economy are the top three external issues for businesses in the year ahead.

Appendices and 2023 survey data



Sample population

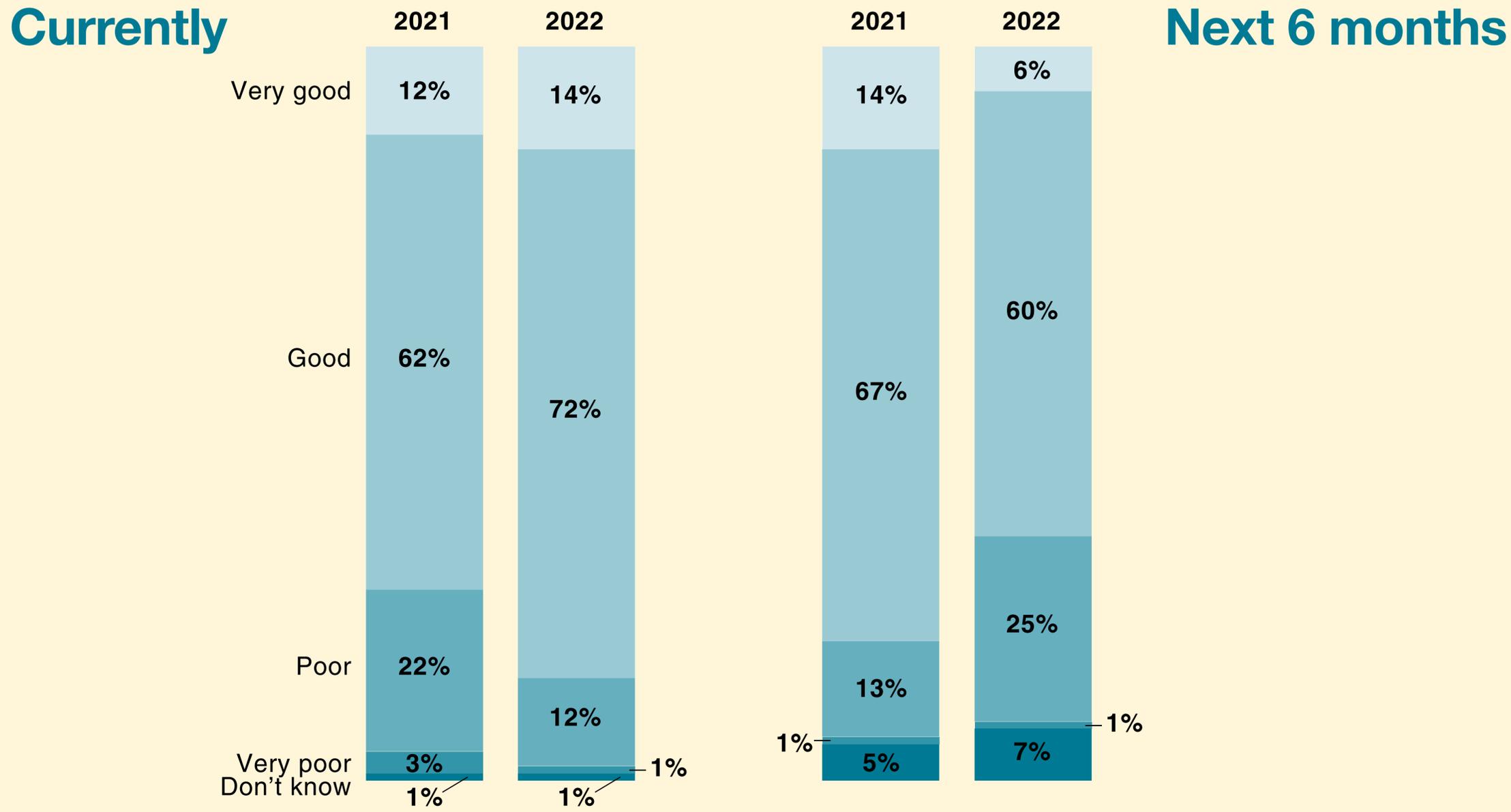
Sector



Number of employees

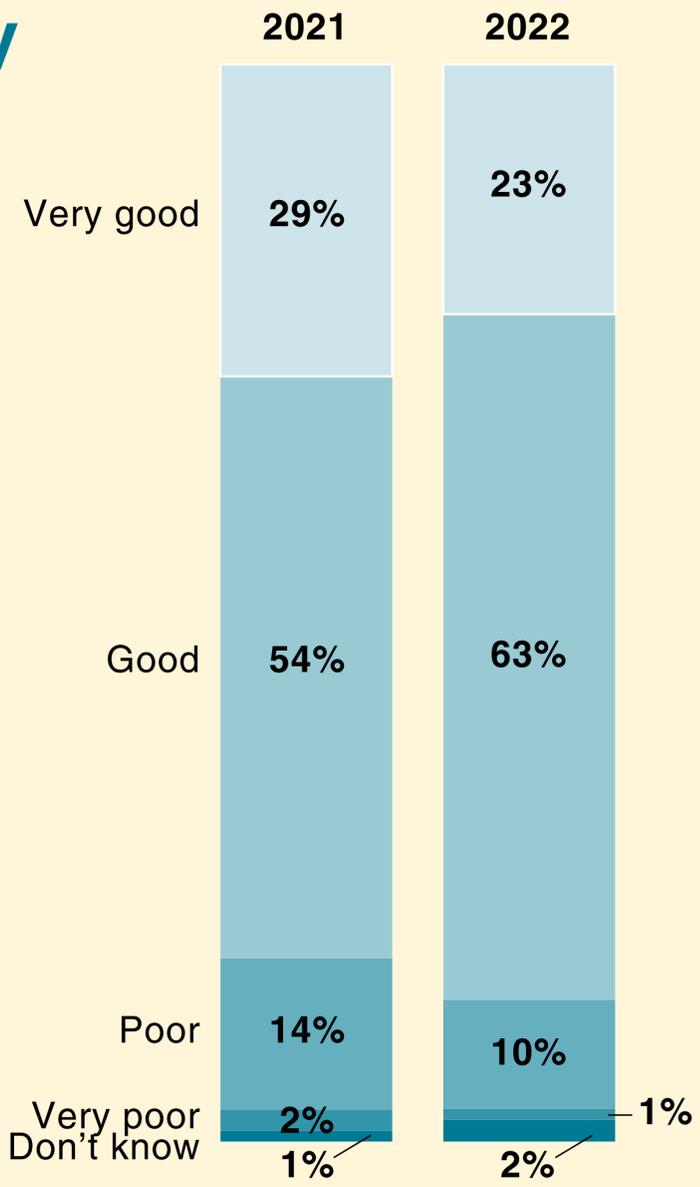


How would you rate the overall business environment in Ireland as it is currently and your expectations for 6 months time?

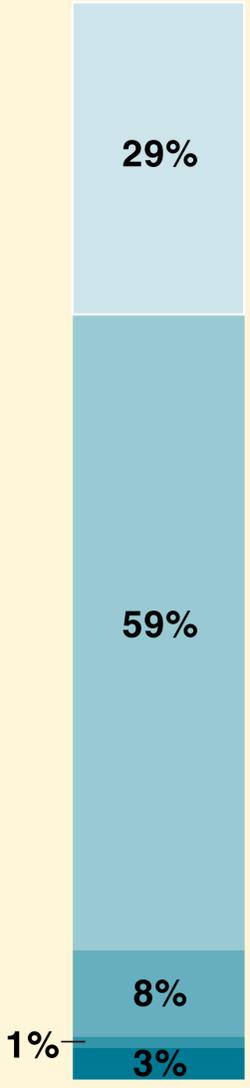


And how would you rate your own business in Ireland as it is currently and your expectations for 6 months time?

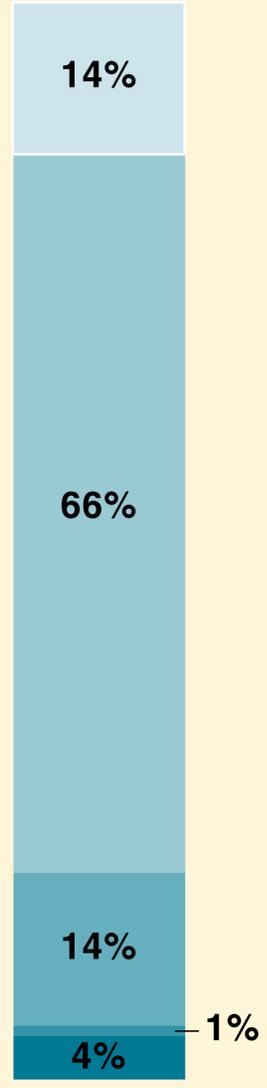
Currently



2021



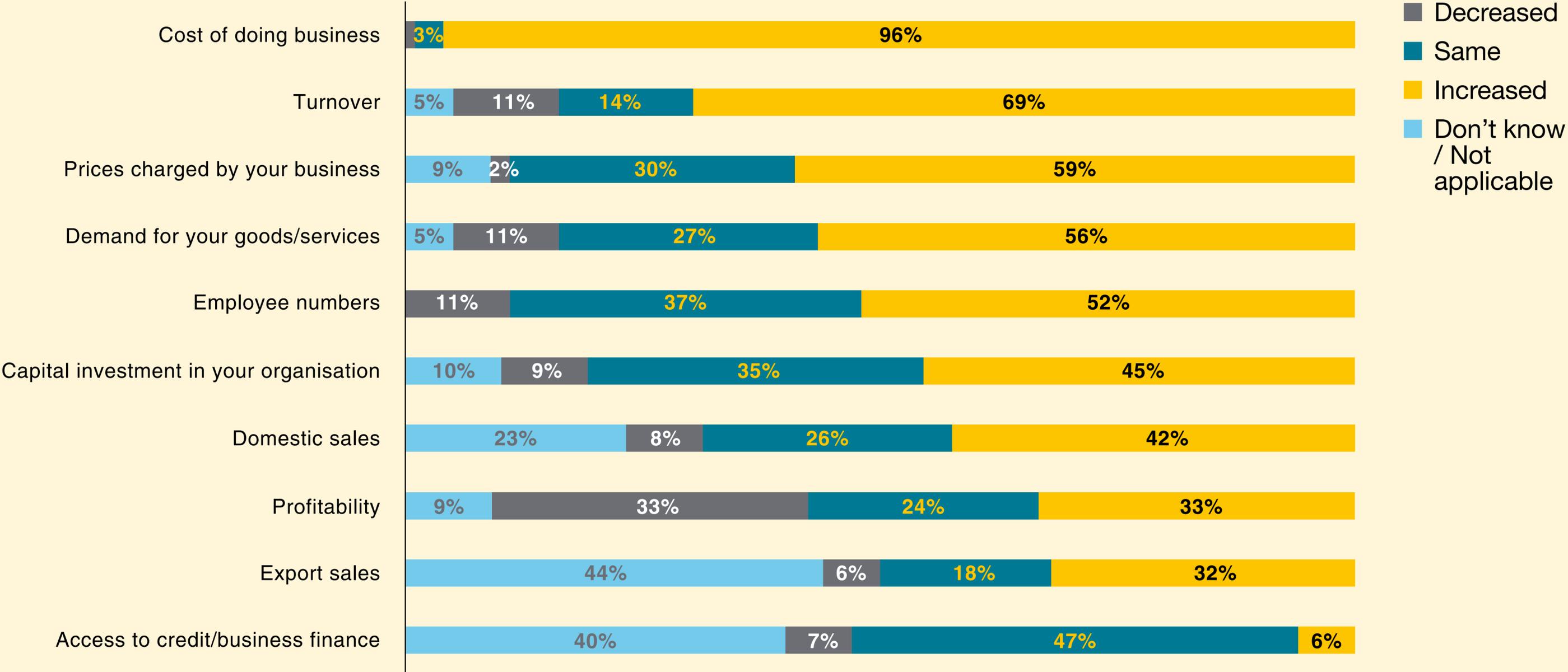
2022



Next 6 months

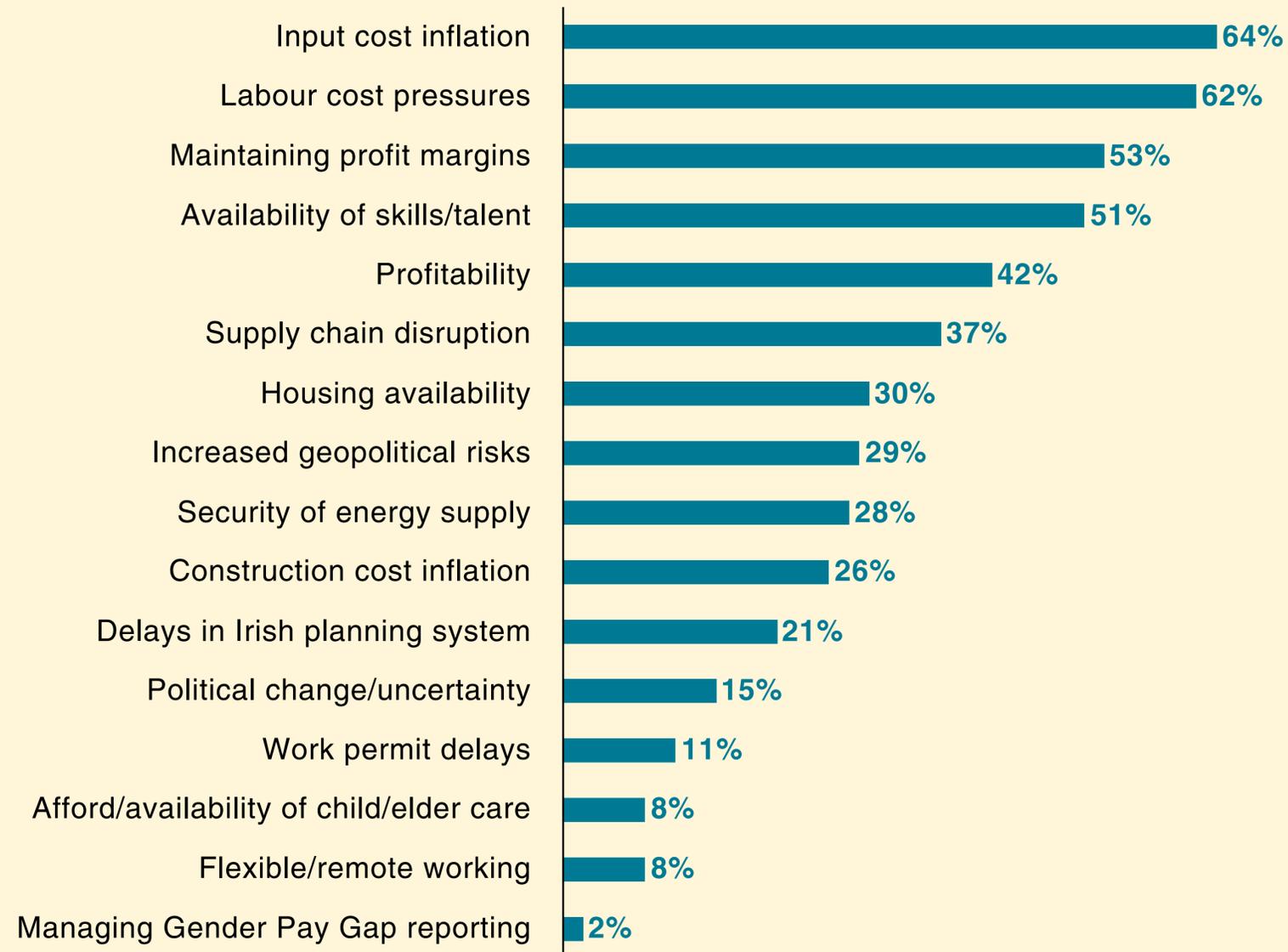


In 2022, have the following increased, stayed the same or decreased for your business in Ireland?



Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2023?

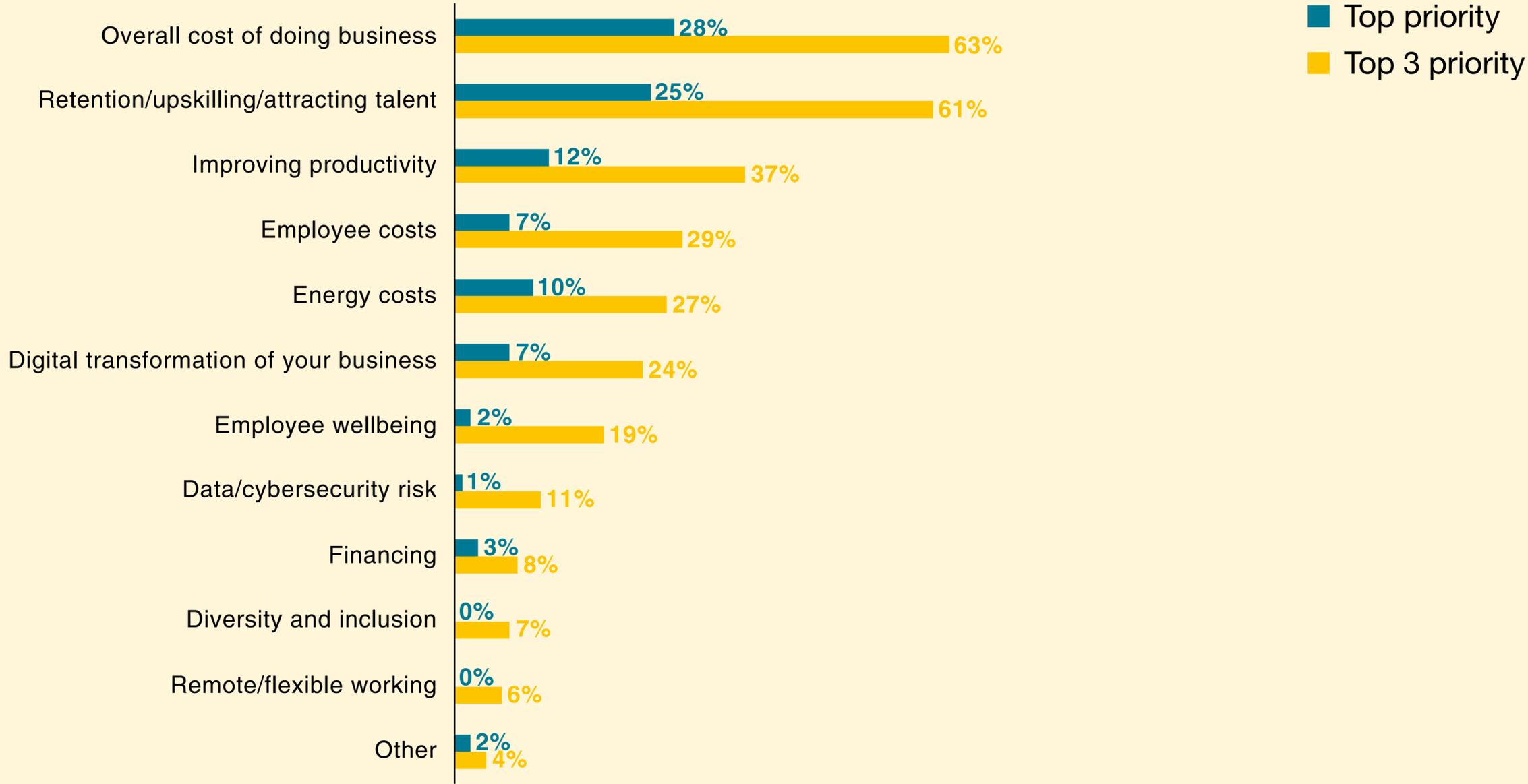
Major challenges for 2023



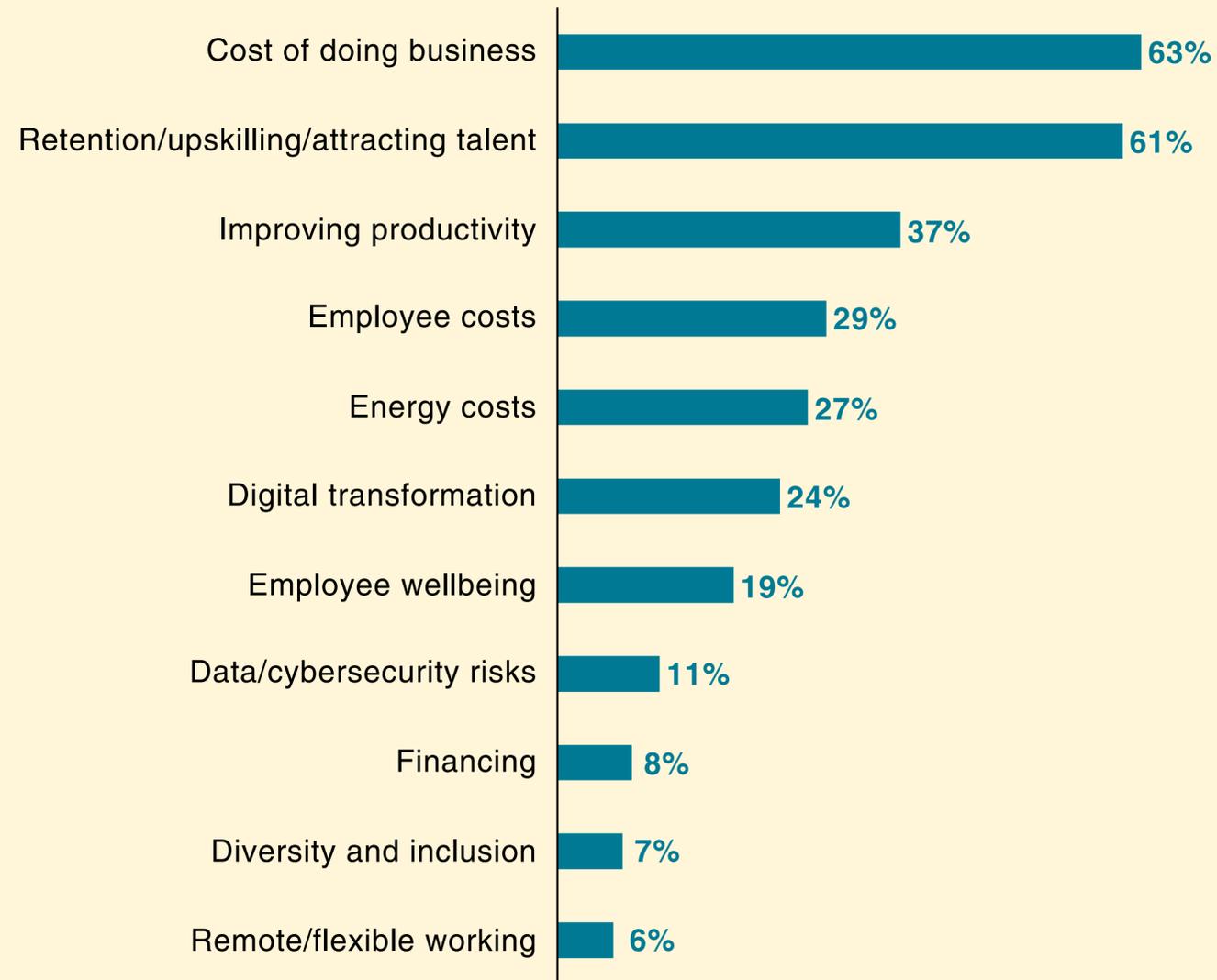
	Manufacturing (65 companies or respondents)	Services (119 companies or respondents)	Other (18 companies or respondents)
Input cost inflation	78%	55%	72%
Labour cost pressures	57%	63%	72%
Maintaining profit margins	71%	45%	44%
Availability of skills/talent	45%	51%	72%
Profitability	57%	34%	39%
Supply chain disruption	62%	24%	33%
Housing availability	23%	32%	39%
Increased geopolitical risks	35%	24%	33%
Security of energy supply	45%	18%	28%
Construction cost inflation	37%	17%	44%
Delays in Irish planning system	22%	14%	67%
Political change/uncertainty	11%	16%	22%
Work permit delays	9%	9%	28%
Afford/availability of child/elder care	9%	8%	6%
Flexible/remote working	8%	9%	–
Managing Gender Pay Gap reporting	3%	1%	6%



What are the top 3 internal priorities for your business in Ireland in 2023? Please record as 1 for the most important priority, 2 for the next most important priority and so on.



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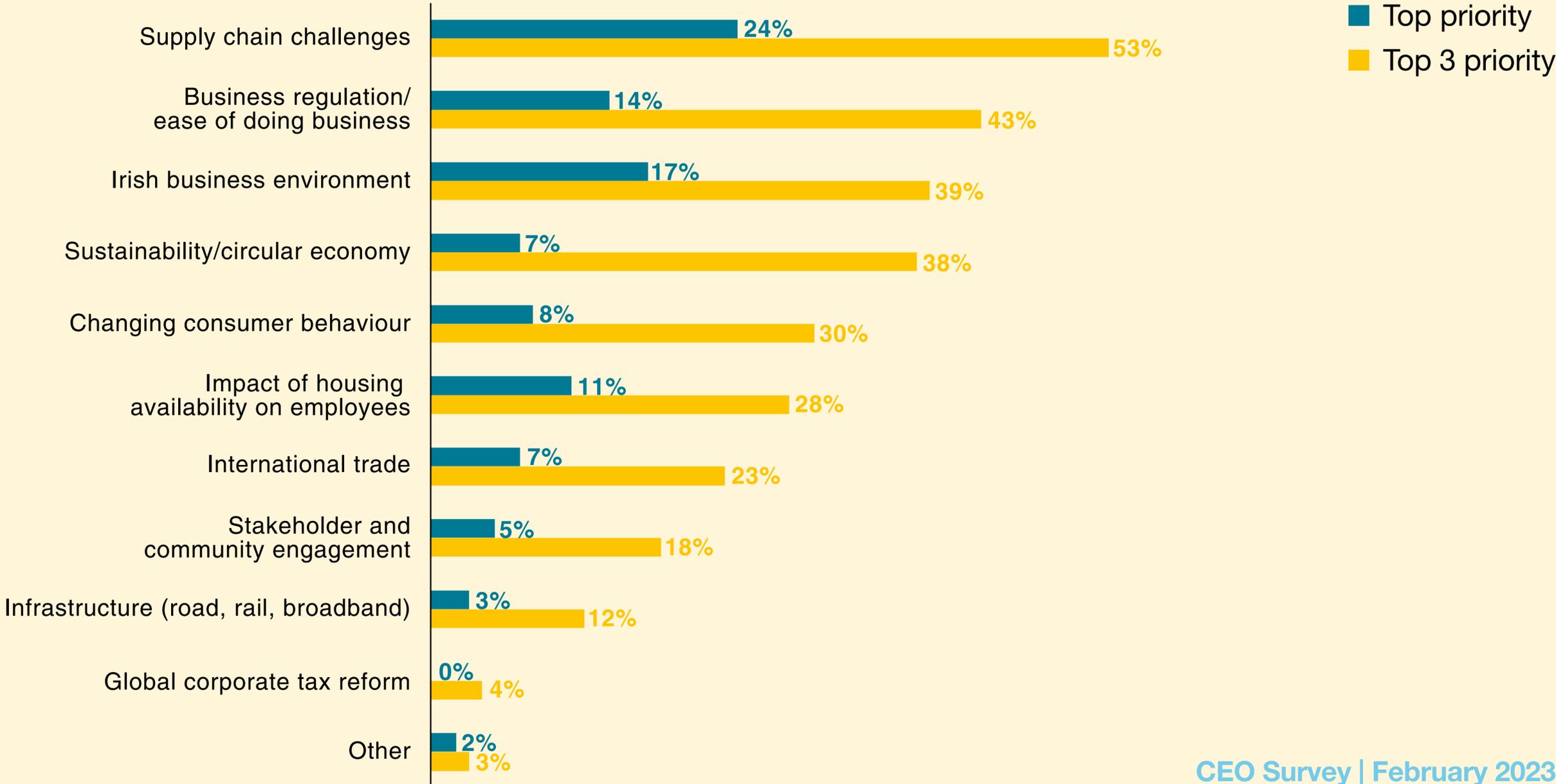


■ Will increase in 2023

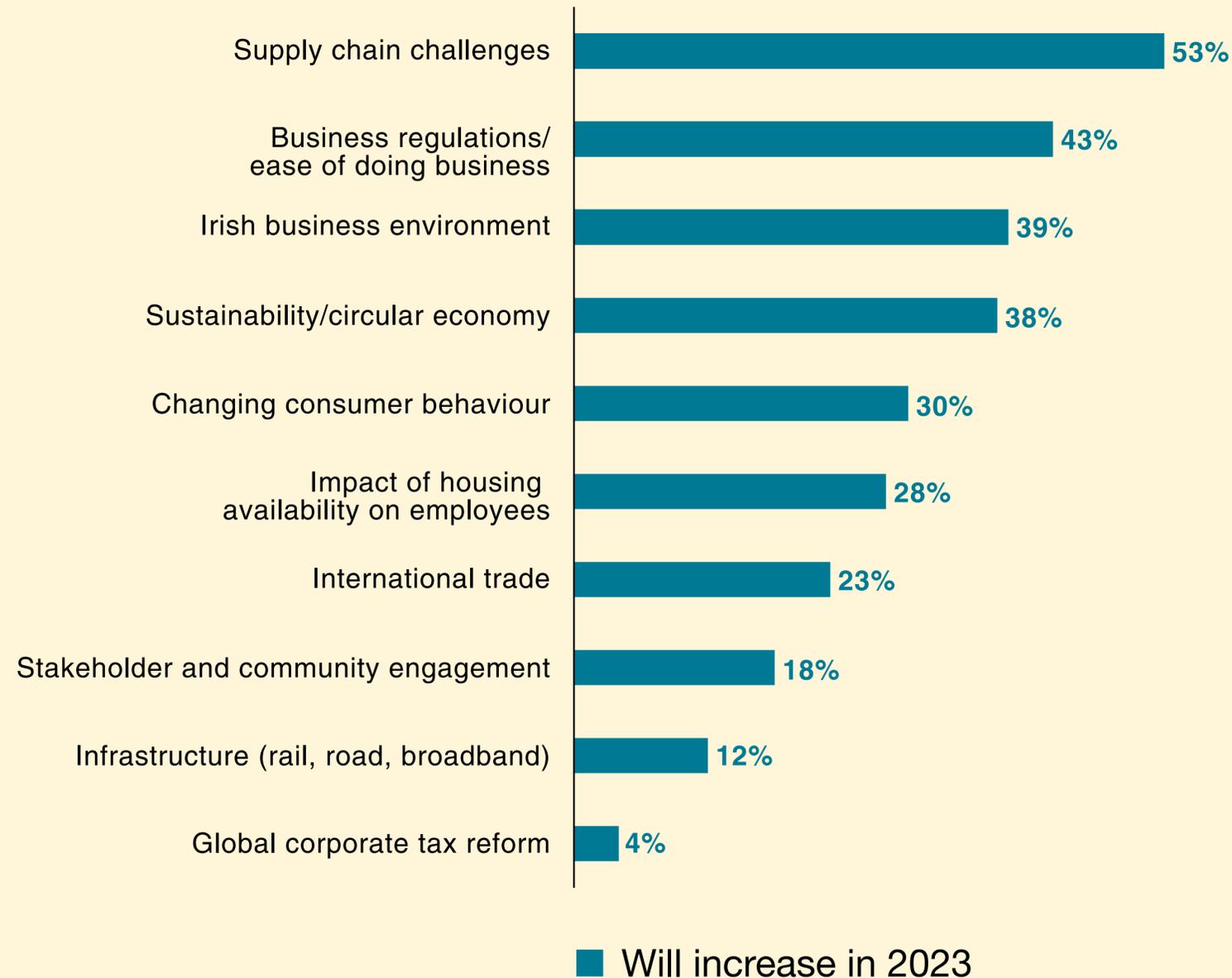
	Manufacturing (65)	Services (119)	Other (18)
Cost of doing business	74%	59%	50%
Retention/upskilling/attracting talent	49%	64%	83%
Improving productivity	43%	33%	44%
Employee costs	26%	34%	11%
Energy costs	51%	17%	6%
Digital transformation	17%	28%	28%
Employee wellbeing	15%	19%	28%
Data/cybersecurity risks	3%	15%	11%
Financing	8%	5%	33%
Diversity and inclusion	5%	9%	6%
Remote/flexible working	–	10%	–



What are the top 3 external priorities for your business in Ireland in 2023? Please record as 1 for the most important priority, 2 for the next most important priority and so on.



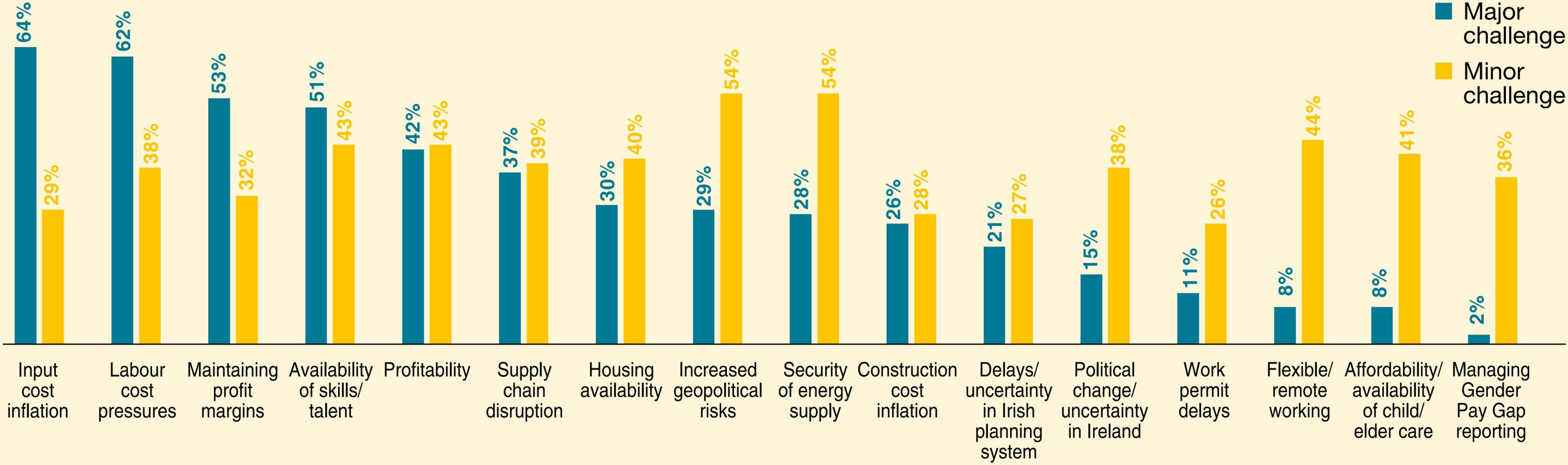
What are the top 3 external priorities for your business in Ireland in 2023? Please record as 1 for the most important priority, 2 for the next most important priority and so on.



	Manufacturing (65)	Services (119)	Other (18)
Supply chain challenges	85%	37%	50%
Business regulations/ease of doing business	28%	48%	67%
Irish business environment	31%	44%	39%
Sustainability/circular economy	46%	33%	39%
Changing consumer behaviour	23%	34%	28%
Impact of housing availability on employees	23%	31%	22%
International trade	35%	19%	–
Stakeholder and community engagement	5%	24%	28%
Infrastructure (rail, road, broadband)	18%	8%	17%
Global corporate tax reform	2%	5%	6%



To what extent do you expect the following to be a challenge to your business in Ireland in 2023? Please select one response for each statement.



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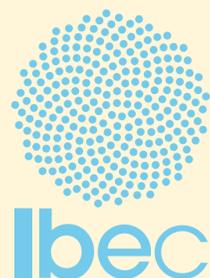


To what extent do you expect the following to be a challenge to your business in Ireland in 2023? Please select one response for each statement.

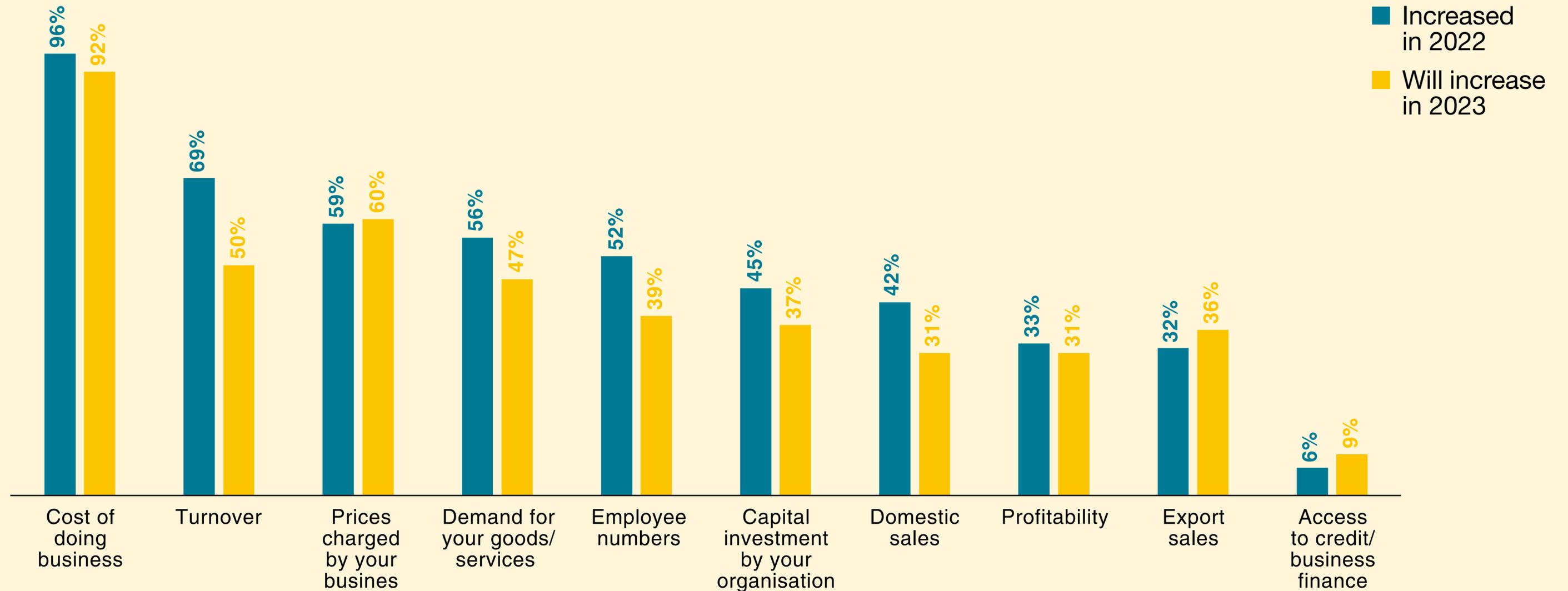
Minor challenges for 2023



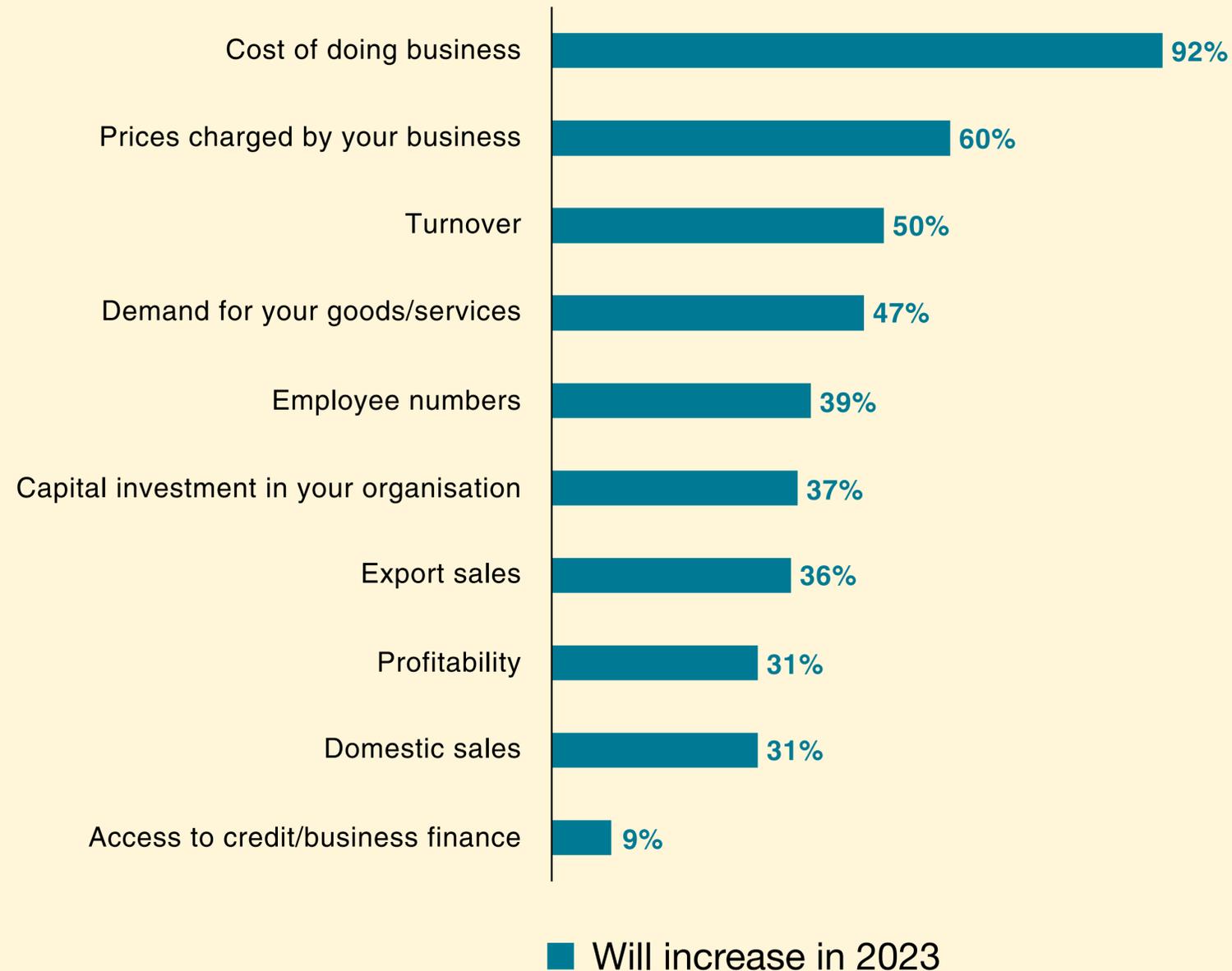
	Manufacturing (65 companies or respondents)	Services (119 companies or respondents)	Other (18 companies or respondents)
Increased geopolitical risks	49%	58%	50%
Security of energy supply	48%	59%	44%
Flexible/remote working	40%	45%	56%
Availability of skills/talent	48%	42%	28%
Profitability	37%	50%	22%
Afford/availability of child/elder care	32%	41%	72%
Housing availability	42%	38%	50%
Supply chain disruption	34%	39%	50%
Political change/uncertainty	38%	39%	28%
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In 2022, have the following increased, stayed the same or decreased for your business in Ireland? Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2023?



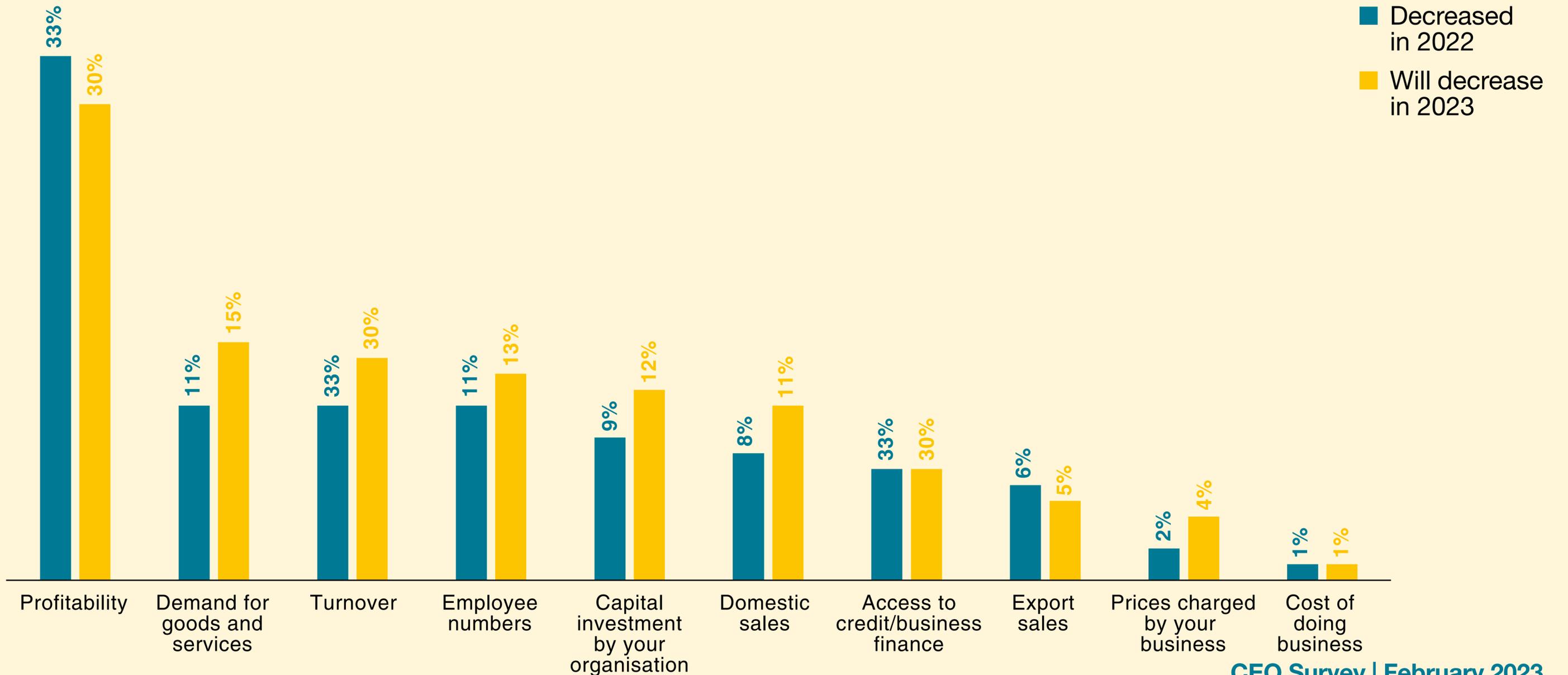
Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2023?



	Manufacturing (65 companies or respondents)	Services (119 companies or respondents)	Other (18 companies or respondents)
Cost of doing business	91%	92%	94%
Prices charged by your business	66%	58%	56%
Turnover	46%	53%	50%
Demand for your goods/services	45%	47%	56%
Employee numbers	28%	43%	56%
Capital investment in your organisation	42%	33%	50%
Export sales	62%	25%	17%
Profitability	26%	33%	33%
Domestic sales	18%	36%	39%
Access to credit/business finance	8%	8%	22%



In 2022, have the following increased, stayed the same or decreased for your business in Ireland? Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2023?



Annual CEO Questionnaire

Part 1: Company Profile

- P1 Name of Company
- P2 What is the principal activity of your organisation?
- P3 Name
- P4 Job Title
- P5 Number of Employees: How many full and part-time employees does your organisation have in Ireland?
- P6 In which county is the head office of your organisation located?

Part 2: Business Sentiment

- Q1 How would you rate the overall business environment in Ireland as it is currently and your expectations for 6 months time?
- Q2 And how would you rate your own business in Ireland as it is currently and your expectations for 6 months time?
- Q3 In 2022, have the following increased, stayed the same or decreased for your business in Ireland?
- Q4 Do you expect the following to increase, stay the same or decrease for your business in Ireland in 2023?

continued on next page



Annual CEO Questionnaire (continued)

Part 3: Top Business Priorities for 2023

Q5a What are the top 3 internal priorities for your business in Ireland in 2023? Please record as 1 for the most important priority, 2 for the next most important priority and so on.

Q5b And what are the top 3 external priorities for your business in Ireland in 2023? Please record as 1 for the most important priority, 2 for the next most important priority and so on.

Part 3: Challenges for 2023

Q6 To what extent do you expect the following to be a challenge to your business in Ireland in 2023? Please select one response for each statement.

Q7 What do you feel is the biggest threat to your business in the next 3-5 years? Please record your response in the space below.

Q8 What do you feel is the biggest opportunity for your business in the next 3-5 years? Please record your response in the space below.

Part 5: Final comments

Q9 Is there any other feedback you would like to give to Ibec? Please record in the space provided below.



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