



GRID For Business Owners

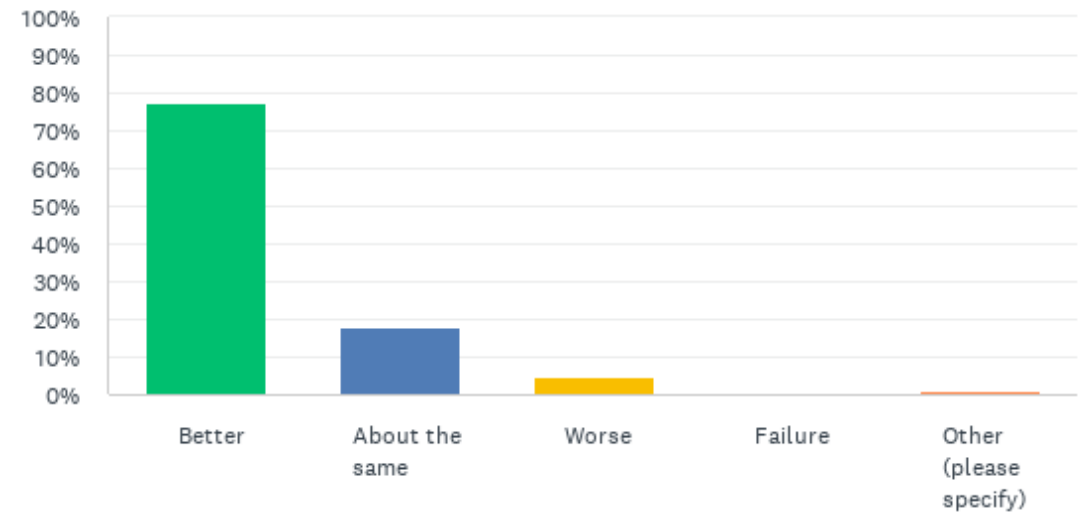
Central Bank of Ireland/EIB/ESRI
Conference – Financing and Investment

21st March 2022

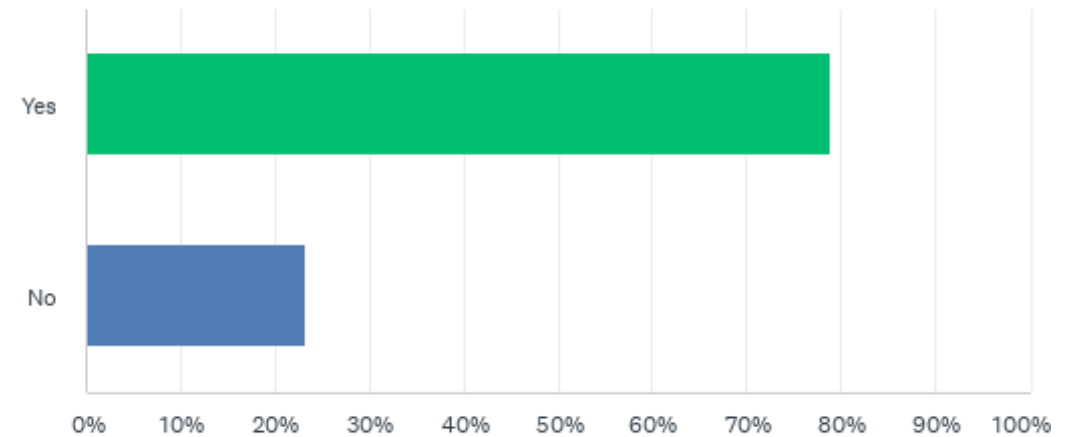
No Nonsense Customer Needs survey

Wednesday, March 16, 2022

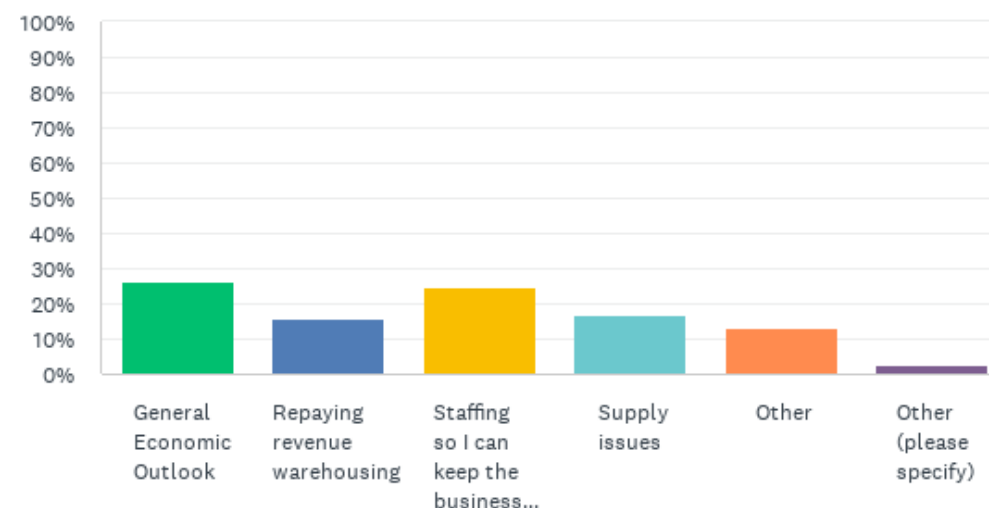
How do you think your business will perform in the coming 6 months compared to the same period last year?



Q5: Are you expecting to borrow for your business in the next 6 months



Q13: What threats to your financial security are you are worried about in the next 12 months?



SME Sector Situation

Strong performance over the course of the pandemic with high levels of resilience and adaptability

The sector bolstered by the comprehensive state intervention and policy response which GRID campaigned for in 2020 with it SME Recovery campaign – WELL DONE TO POLICY MAKERS

Significant downside risks in 2022 given geopolitical risks and wind-down of government supports

Risks remain in specific sectors and for businesses that are affected by the structural change in the workplace

- Hospitality and small scale e-commerce
- Prime retail and prime hospitality – permanent shift in footfall has occurred
- Inflation now a major risk for most SME's

SME sector remains the largest employer in the economy and a key driver of growth

There continues to be a lack of 'small first' thinking in the development of government policy



Policy Response for Restructuring and Survival

Liquidity provision to mitigate the wind down of tax warehousing and employment supports key

Long-dated repayment terms on warehoused tax is important as well as clarity asap on how this will be handled

SCARP will be a vital tool to help overly leveraged businesses

Some businesses will be non-viable and/or are badly managed and will (and should) fail

Healthy businesses will need focus from government to ensure required staffing supply

We must allow the 'New Normal' to emerge reflecting changed footfall and consumption patterns as well as re-priced goods and services as a result of input price inflation

Effect of climate change, digitalisation and other uncertainties

- Modest impact from mega trends as the SME sector has proven to be both resilient and nimble
- In March 2020 73% of GRID's customers were closed but in March 2022 we have had a 0.1% change in our default rate as a result of the pandemic
- SME's ready to embrace decarbonisation but need the funding to do it and will look at the hard economics in the first instance – our recent survey proves as much
- SME's continue to digitise but there is a spectrum of scale within SME's – the smaller the SME the less commercial incentive/ROI to digitise
- Inflation is the greatest uncertainty – already creating wage pressure which can only be partly recovered through price increases. The Ukraine crisis serves to drive inflation further





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Thank you

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