GLOBAL BUSINESS MONITOR

2019

EULER HERMES

BIBBY
FINANCIAL SERVICES

CONTENTS

FOREWORD

In the years following the economic crisis of 2008 the global economy didn't exactly return to a time of milk and honey, but there was undoubtedly renewed optimism across international markets. This optimism brought about a recovery of sorts, and small and medium sized enterprises (SMEs) had a significant part to play in this.

According to the World Bank these businesses contribute up to 60 per cent of employment and up to 40 per cent of GDP in emerging economies.[1]

The link between SMEs and global growth cannot be understated. SMEs themselves are sentiment barometers. They react to international trends, respond to technological advances, and form the nucleus that local economies revolve around.

Correspondingly, the output of these businesses directly relates to confidence in the markets in which they operate. It's this optimism that fortifies supply chains, creates jobs and generates investment to fuel economies and prosperity.

THE CURRENT STATE OF PLAY

In 2016 we launched our first Global Business Monitor report to better understand the opportunities and threats faced by SMEs across Asia, North America and Europe. At the time, I noted that amid geopolitical change and rising economic uncertainty, business owners were still optimistic about their own prospects, despite lacking confidence in both domestic and global markets.

Three years on we have partnered with credit insurance experts, Euler Hermes, combining our SME funding specialism - built-up over almost 40 years - with unique economic analysis across 13 markets to produce the 2019 Global Business Monitor.

Our findings highlight similar headwinds facing small businesses amid a slowdown in global growth. More than half of SMEs say they have concerns about the global economy, and a quarter say rising costs are stifling growth.

Across geographies, similar issues are cited: deceleration in China amid the ongoing trade war with the U.S., fears of a recession in Germany - the economic powerhouse of Europe - and Brexit, the UK's ongoing political impasse.

However, if compared with our findings in 2017, when almost two-thirds voiced concern about the global economic outlook, these results show an improvement. It remains to be seen whether business owners are indeed more positive about global prospects, or if they are becoming accustomed to the possibility of a downturn and, in pockets, taking advantage of the changing environment.

At a more local level, challenges facing SMEs follow a familiar refrain. Late payment from customers, cashflow pressures, skills shortages and access to finance are all perennial issues.

THE FUNDING LANDSCAPE

Although bank loans remain the primary source of external funding for many (alongside private equity and overdraft facilities), there has been an undeniable shift in the funding landscape for SMEs in recent years around the globe.

There are now more options than ever to access working capital and cashflow solutions and many finance markets are awash with liquidity. From bank lending, to receivables finance and transactional peer-to-peer lenders, SMEs aren't limited in relation to the options they can explore. Although it is evident that options don't always equate to access as perceptions of viability differ greatly between lenders.

Almost a quarter of the businesses we spoke with across the world said they felt access to finance was inadequate or poor. This rose to a third in Ireland, France and Slovakia.

One in five said they have been rejected for finance, with poor credit history being cited as the primary reason for declined applications. While there will always be businesses that offer financiers a little too much risk for comfort, I believe this figure can be reduced, and this is where types of funding like invoice finance can really help.

Fundamentally, businesses value relationships and a strong bond between financier and client - especially in times of trouble - can make all the difference.

OPTIMISM OVER UNCERTAINTY

Despite micro and macro-economic challenges, SMEs continue to seek opportunities for growth and many are investing to make this growth happen. Social media, developing new products and services, and finding new market segments are seen as the key areas for capital expenditure.

Almost half say they believe their business performance will improve in the next 12 months, and a third believe they will maintain existing growth levels.

So amid global events outside of their control, SMEs remain undeterred in their resolve and many are taking matters into their own hands, investing in capability and expansion.

It's these businesses that will position themselves best to overcome challenges at home and away, over the coming years.

DAVID POSTINGS
Global Chief Executive
Bibby Financial Services
October 2019

1 https://www.worldbank.org/en/topic/smefinance

RESEARCH HIGHLIGHTS

LOCAL ECONOMY

U.S. SMEs are the most positive about their local economy, with 69% of those surveyed saying the economy is performing well currently

SMEs in Hong Kong are the least optimistic about the next 12 months with only 41% viewing the performance of their local economy positively

BUSINESS SENTIMENT

64% $ 30% HK$

U.S. SMEs are also most confident about future sales, with 64% expecting growth, in contrast, just under a third (30%) of SMEs in Hong Kong expect sales growth

41% 20%

Overall, two fifths (41%) of SMEs have seen their business grow over the past 12 months, compared to 20% that have seen a decline

46%

Just under half (46%) of SMEs surveyed are expecting sales to increase in the next 12 months

CHALLENGES AND OPPORTUNITIES

42% 36% 32%

Businesses across the 13 regions surveyed identified rising overheads/cost (42%), red tape (36%) and cashflow (32%) as the top three challenges faced, and expected these to remain the top three for the next twelve months

14% 13% 12%

84% of SMEs feel there are growth opportunities for their business and the most frequently identified opportunity was social media (14%), closely followed by developing new products and services (13%) and finding new market segments (12%)

INTERNATIONAL TRADE

18% 15% 9%

Foreign exchange fluctuations remain the most significant challenge to SMEs that trade internationally (18%), followed by government legislation / red tape (15%) and lack of business network and contacts (9%)

The countries presenting the biggest opportunities to exporters are the U.S., China and Germany

Of the regions surveyed, Singapore has the largest percentage of importers (41%), while Hong Kong has the largest proportion exporting (48%)

PAYMENT PRACTICES

SMEs in Singapore and Hong Kong have the longest payment delays, at around 15 days longer than the global average

31% of SMEs surveyed have experienced bad debt in the last year

Of those that experienced bad debt, 44% said it affected their growth/profits

ACCESS TO FINANCE

1 in 3 SMEs feel the availability of finance is excellent/good

15% of SMEs surveyed say they are likely to apply for external finance in the next twelve months

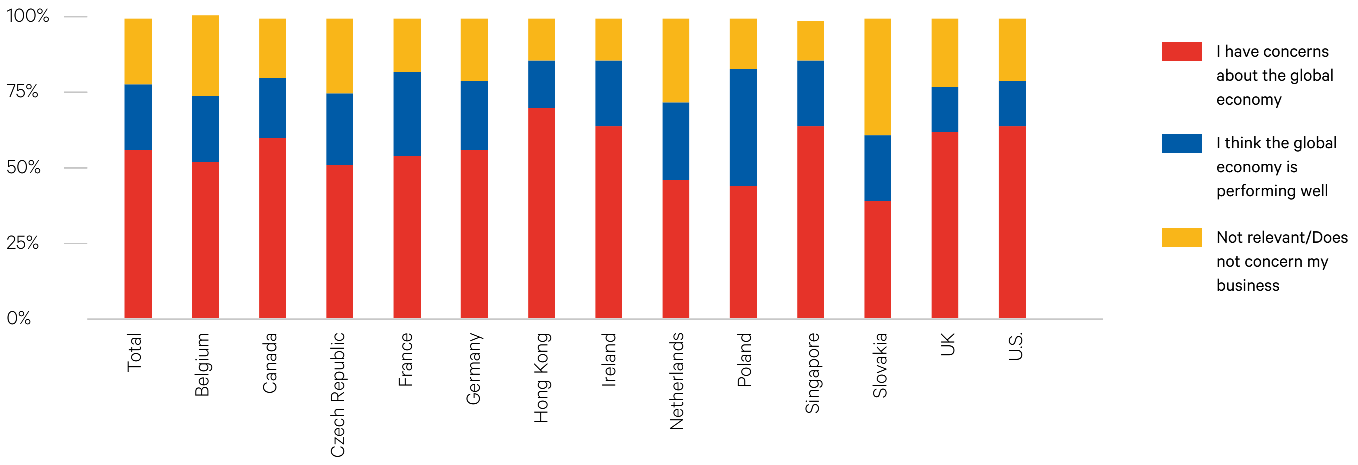
35% 25% 10%

For 35% of SMEs' their main source of funding is reinvestment of profits, followed by savings (25%) and bank loans (10%)

INTERNATIONAL ANALYSIS

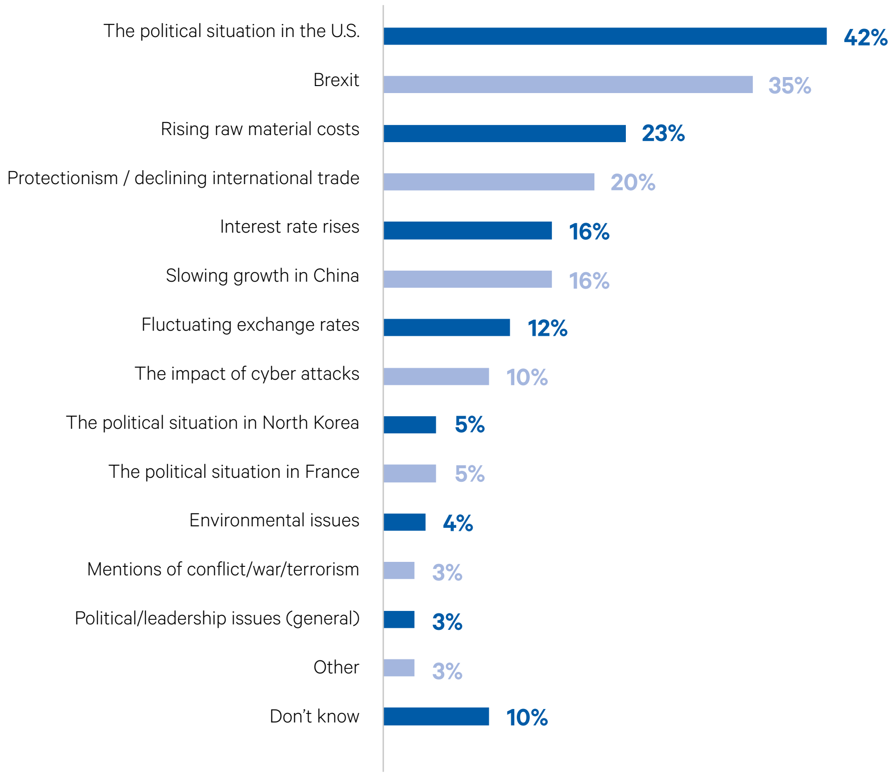
Overall, the proportion of SMEs voicing concern about the global economy has fallen to 56 per cent from 65 per cent in 2017. However only 20 per cent of SMEs think the global economy is performing well, down from 30 per cent in 2017. Views differ by region and are influenced by the degree of dependence on international rather than domestic trade. SMEs in Hong Kong are most concerned (70%) compared to 2017, when it was Singaporean SMEs that were most concerned (79%). The reasons for concerns vary from country to country, but common themes emerged around global politics, rising costs and the administrative burden resulting from local legislation and red tape. In 2017, at 41 per cent, Czech SMEs were most positive about the global economy, compared to 39 per cent of Polish SMEs that were most positive about the global economy in 2019.

SME PERCEPTIONS OF THE GLOBAL ECONOMY



TOP THREE THREATS TO GLOBAL ECONOMIC GROWTH IN 2019

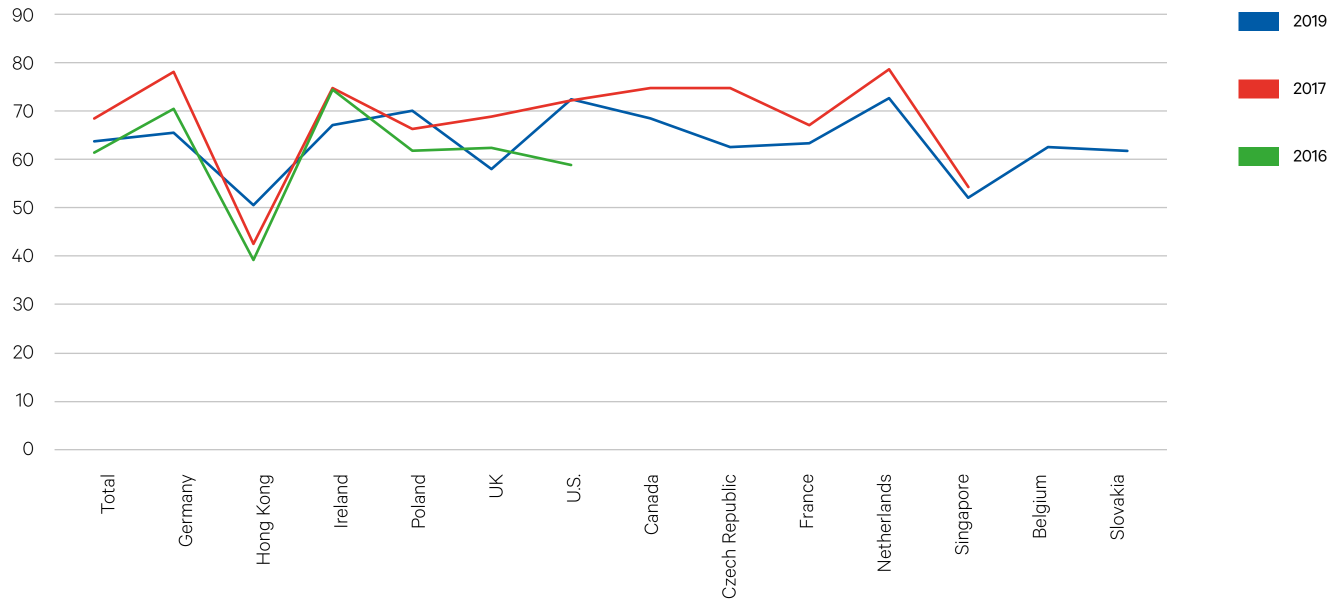
According to the SMEs surveyed, when asked for the top three threats to global economic growth in 2019, the political situation in the U.S. (42%), Brexit (35%) and rising raw material costs (23%), featured most frequently, broadly the same as in 2017. That said, exposure to each varies, with Ireland and the UK predictably mentioning Brexit, whilst SMEs in countries more dependent on international trade and therefore more exposed, were more likely to highlight other political challenges as potential threats to growth.



CONFIDENCE INDEX - 2019

The Confidence Index is compiled by equally weighting SME sentiment on sales performance over the past 12 months, with expectations of the coming year ahead.

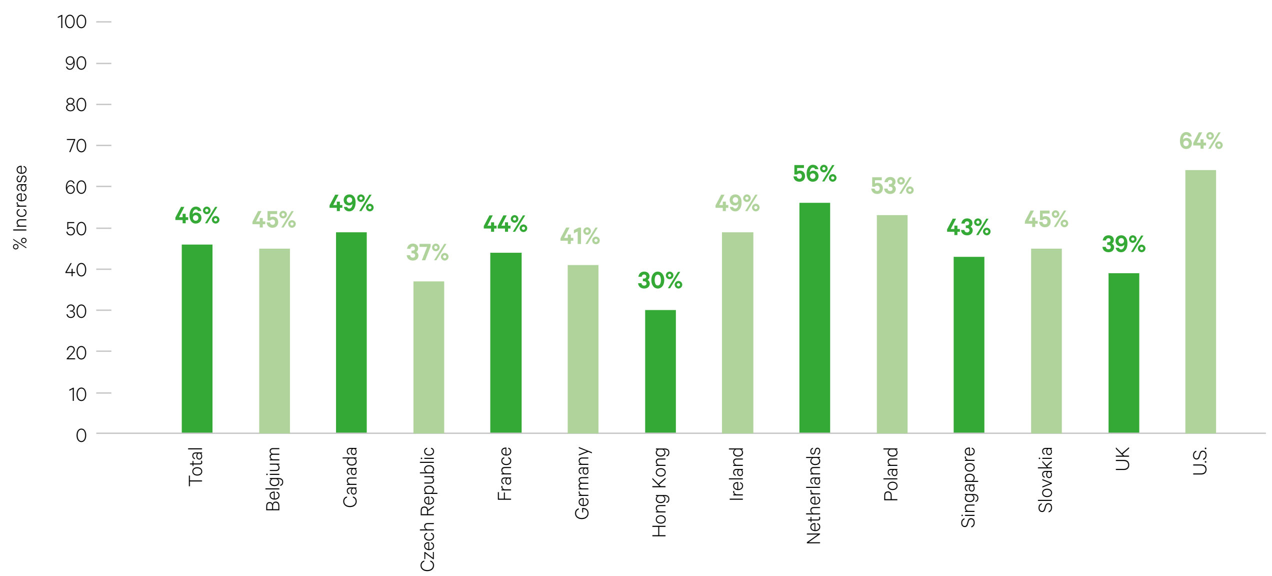
This composite index shows confidence is down overall, at 63.66, compared to 68.39 in 2017. Dutch, U.S. and Polish SMEs are most confident overall, whilst in 2017, it was Dutch and German SMEs. SMEs in Hong Kong remain the least confident. Confidence levels did correlate somewhat to reported sales success, however cultural factors also seem to have played a part in SME responses, with the traditionally optimistic Americans scoring highly on confidence.



Belgium and Slovakia are new additions to the 2019 research, while Canada, Czech Republic, France, Netherlands and Singapore were added in 2017.

BUSINESS PERFORMANCE EXPECTATIONS FOR THE NEXT 12 MONTHS

Just under half of the SMEs surveyed (46%) are expecting sales to increase over the next 12 months, reflecting falling confidence in international trade. U.S. SMEs are most confident about future sales, with 64 per cent expecting growth. In contrast, just under a third (30%) of SMEs in Hong Kong expect sales growth, reflecting their general pessimism across the piece.

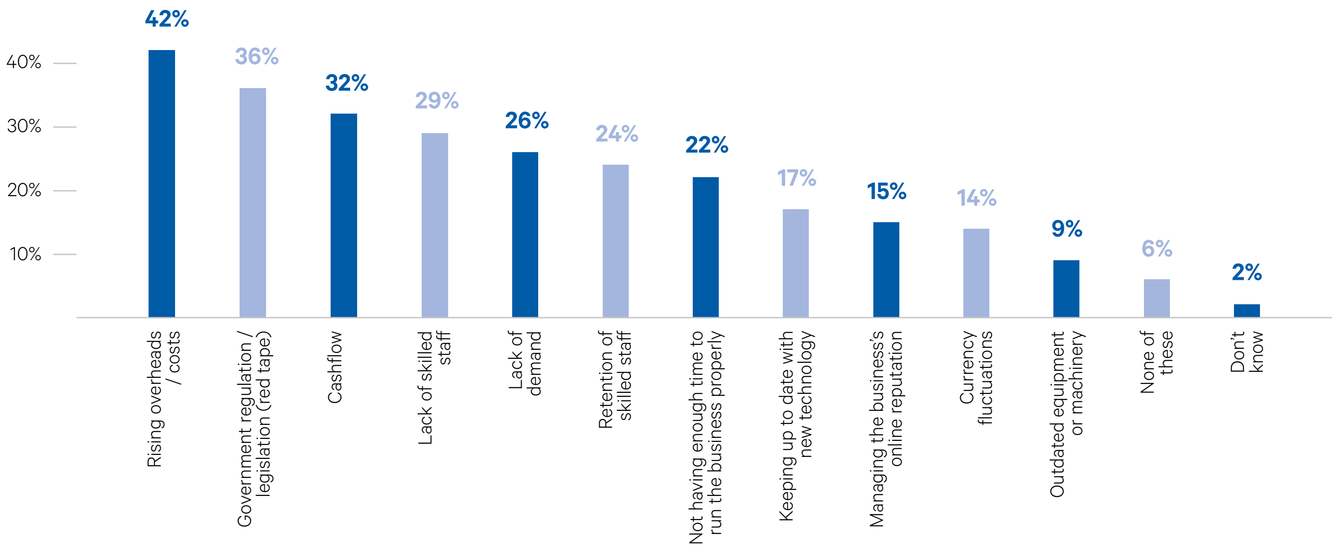


CHALLENGES AND GROWTH OPPORTUNITIES

GREATEST CHALLENGES IN 2019

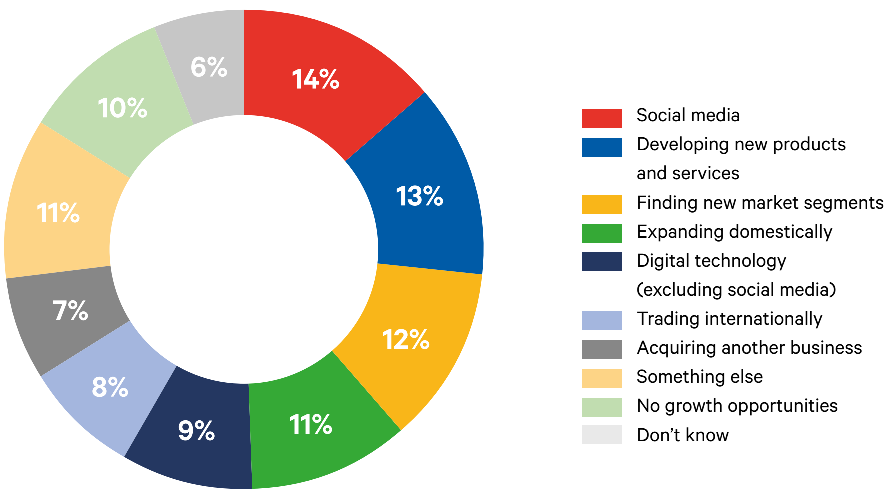
Overall, the greatest challenges currently facing SMEs are rising overheads/cost (42%), government regulation/legislation (red tape) (36%) and cashflow (32%).

The challenges are similar to those mentioned in 2017, which were: lack of skilled staff (49%), rising overheads/costs (48%) and government red tape (44%). The exception is cashflow, which has become a greater challenge in the intervening period, moving from fifth to third on the list of challenges.



GROWTH OPPORTUNITIES

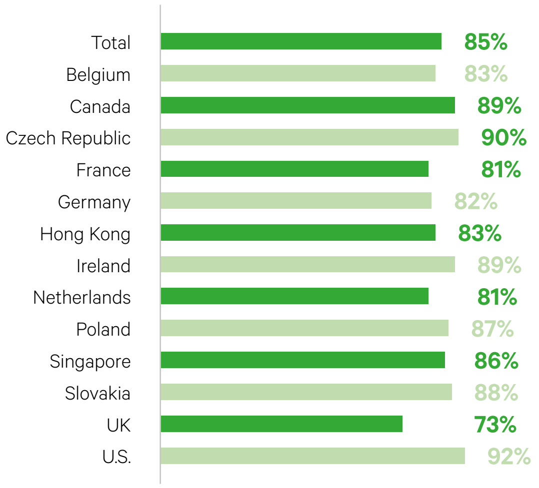
84 per cent of SMEs feel there are growth opportunities for their business and the greatest opportunity is social media (14%), closely followed by developing new products and services (13%). These have climbed from third and fourth place respectively since 2017, when finding new segments to market and sell goods and services to, alongside domestic expansion, were seen as the two key opportunities for growth. It seems that SMEs are seeking to connect directly with their customers and social media is identified as a key channel to market which is readily accessible to even the smallest of SMEs.



INVESTMENT INTENTIONS AND BUSINESS FINANCE

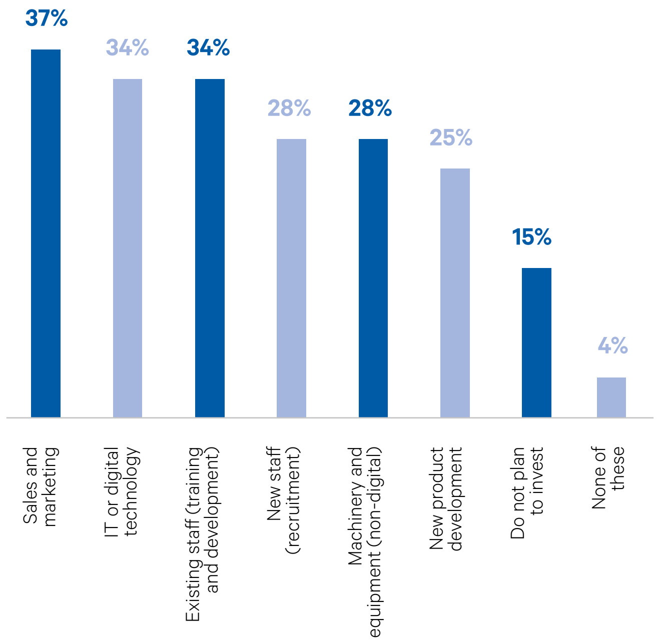
PROPORTION OF SMES PLANNING TO INVEST

Overall, 85 per cent of SMEs surveyed plan to invest in their business in 2019. Those in the U.S. (92%) and Czech (90%) are most likely to invest, whilst those in the UK are least likely. In the UK, many have been deterred from investing whilst Brexit discussions continue. With no clear definition of what a British trading environment outside of the EU might look like, they are unwilling to burn precious resource to invest in what might turn out to be the wrong strategy. What investment has occurred so far has been used to offset risks associated with a no-deal Brexit.



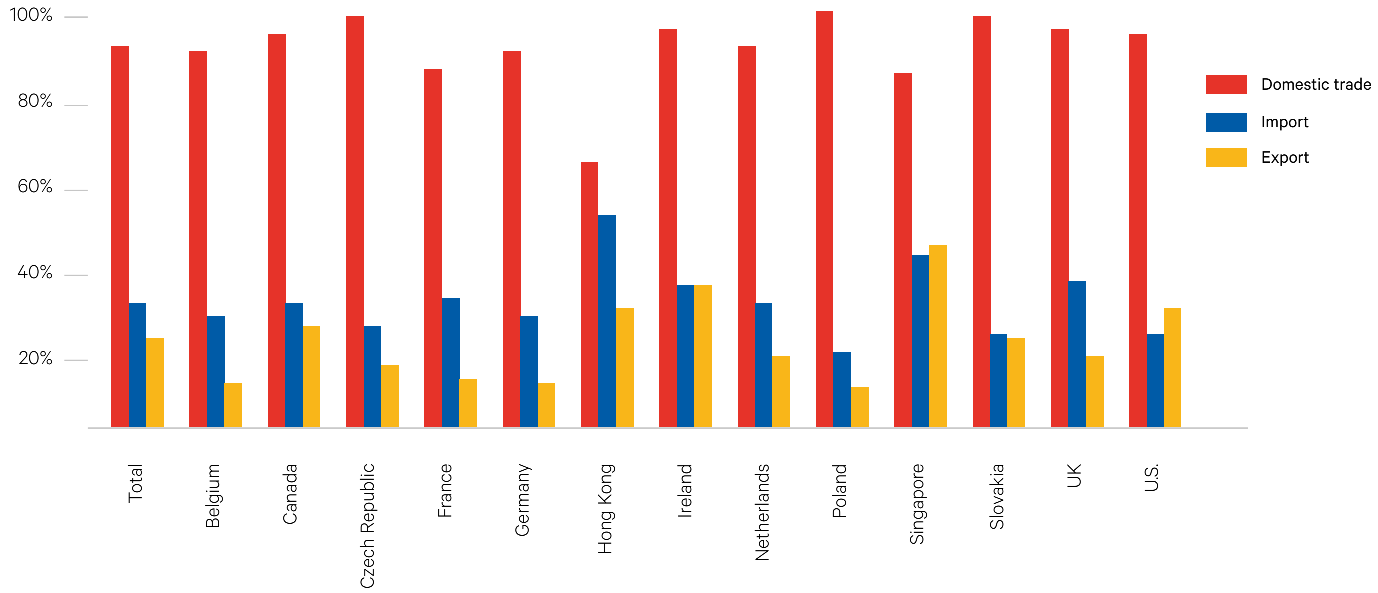
AREAS OF INVESTMENT

Overall, the top areas of investment are sales and marketing (37%), followed by IT or digital technology (34%) and existing staff (training and development) (34%). As in 2017, SMEs remain more likely to train existing staff than recruit new employees.



INTERNATIONAL TRADE

Overall, 28 per cent of businesses are exporting, while 20 per cent are importing, looking across all 13 regions surveyed. Singapore is top for importing (41%), while Hong Kong is top exporter (48%). Of those surveyed, a third (34%) of SMEs say more than half of their turnover is export related. Around half (51%) of Hong Kong SMEs say over 50 per cent of their turnover is export related, followed by the Netherlands (47%). Foreign exchange fluctuation remains the greatest challenge to SMEs that trade internationally (18% in 2019 vs 20% in 2017). Of those seeking government support they typically needed help to identify overseas markets and assistance collecting payments to begin exporting.



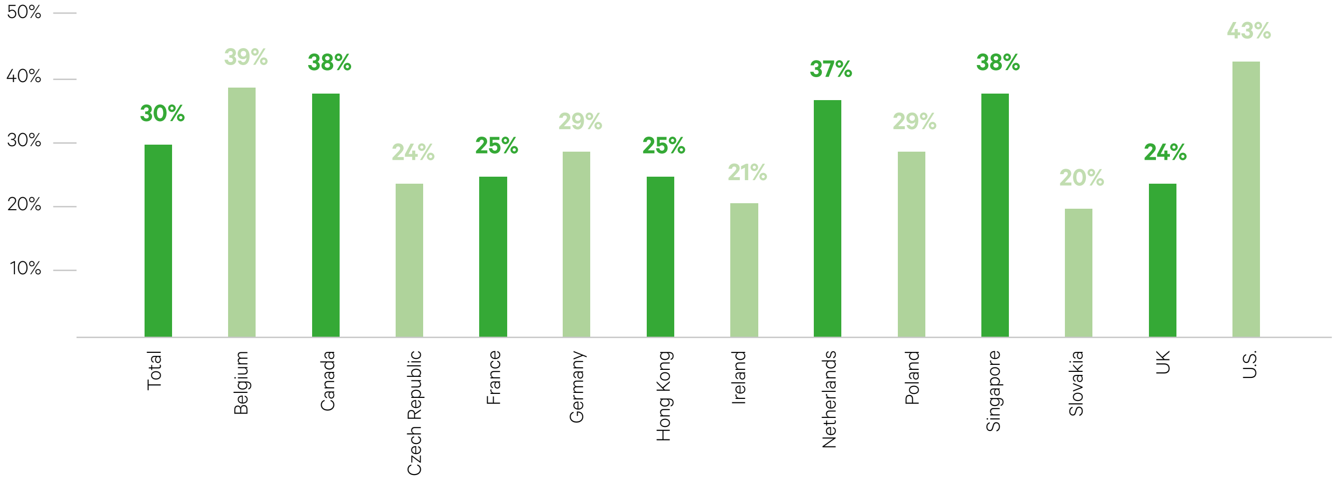
ACCESS TO FINANCE

AVAILABILITY OF FINANCE

Overall, 1 in 3 SMEs feel the availability of finance is excellent/good. As shown in the graph below, those in the U.S.. (43%), Belgium (39%), Canada (38%) and Singapore (38%) are most likely to think access to finance is excellent/good. In contrast, those in Slovakia (34%), France (33%) and Ireland (33%) are likely to believe access to finance is poor. For those saying access to finance is difficult, it is the documentation/paperwork required (48%) and high interest rate (40%) that makes access challenging.

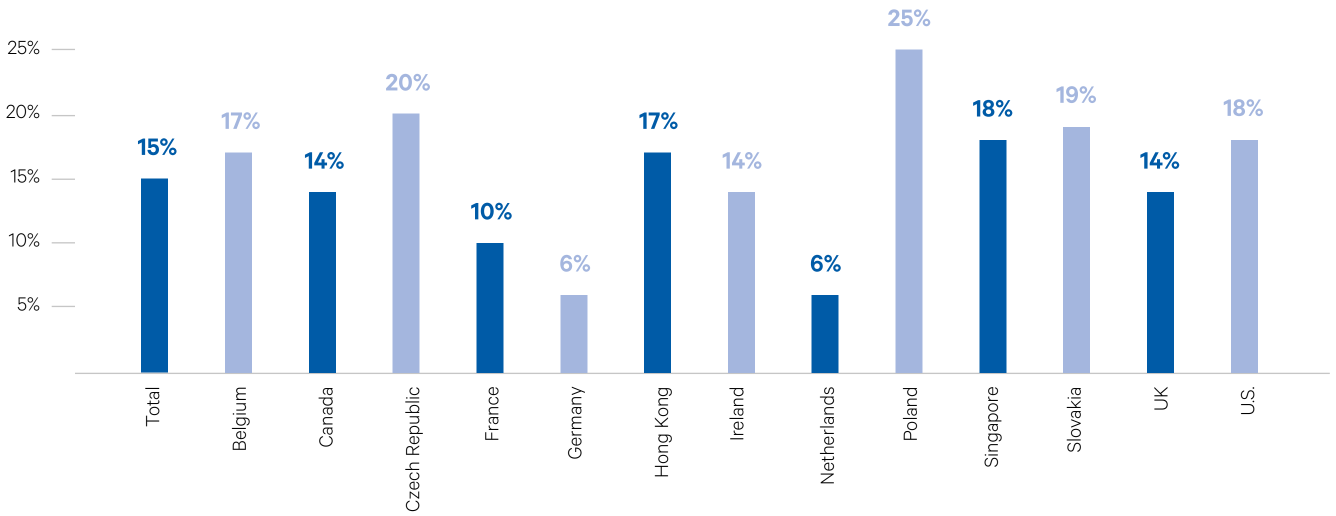
In 2019, 1 in 5 SMEs report having been rejected for external finance, with SMEs in France (37%), and the Czech Republic (33%) experiencing the highest levels of rejection. Of those that have been rejected for external finance, the main reason cited was poor credit rating/history (31%). For a quarter of SMEs that were rejected, the reasons varied: inability to demonstrate viable business projections (37%) or a poor credit rating and trading history (30%). The main difficulties in accessing finance are attributed to unfair repayment terms (41%) and lengthy decision processes (37%). This typifies the challenges faced by SMEs worldwide in their search for appropriate finance to grow their businesses and supports the need for such new and growing businesses to be more creative in their search for best fit funding models.

PROPORTION THAT THINK ACCESS TO FINANCE IS SUFFICIENT



APPLYING FOR FINANCE IN THE NEXT 12 MONTHS

Across the sample, 15 per cent of SMEs are likely to apply for external finance in the next 12 months. Polish SMEs are most likely to apply (25%), while only 6 per cent of German and Dutch SMEs say they are likely to apply.



PAYMENT PRACTICES

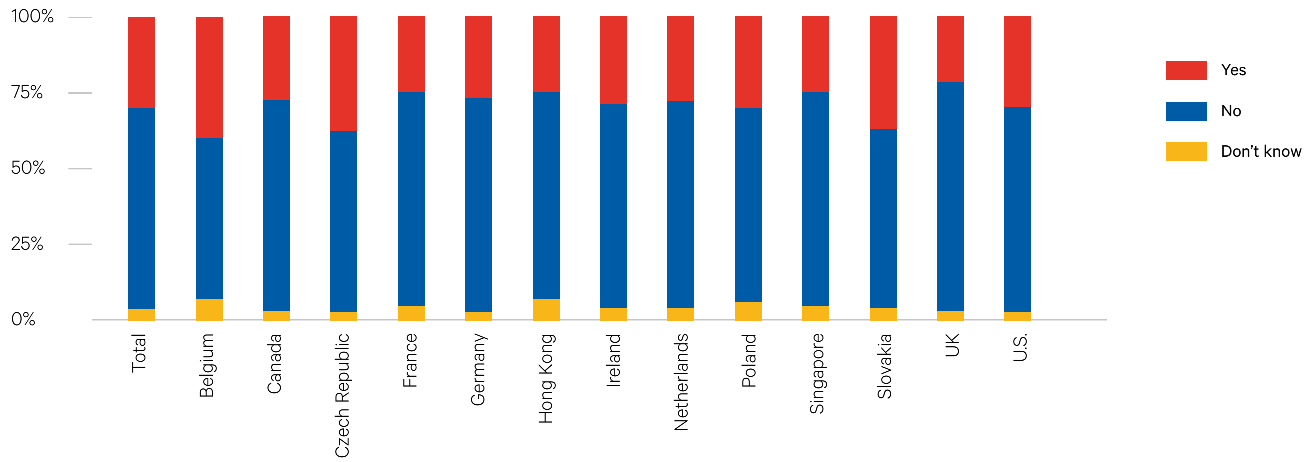
According to this year's survey, collecting payment from customers on time remains the most problematic area of managing cashflow for SMEs (44% in 2019 vs 55% in 2017). SMEs in Singapore and Hong Kong have to wait the longest for payment from customers, whilst German SMEs wait less than half as long. SMEs typically lack the negotiating power in asymmetrical relationships with larger organisations to obtain favourable payment terms.

BAD DEBT OVER THE LAST 12 MONTHS

The proportion of surveyed SMEs that suffered a bad debt that they were unable to recover has broadly remained the same (30% in 2019 versus 35% in 2017). SMEs in Belgium (40%), the Czech Republic (38%) and the Slovakian Republic (37%) are more likely to have suffered a bad debt.

Of the SMEs that reported suffering a bad debt, over two fifths (44%) said it has affected their growth/profits.

SUFFERED FROM BAD DEBT IN THE LAST 12 MONTHS



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WHY SMEs NEED TO BE HUMBLE AND HUNGRY

It may sound like a bad choice for a tattoo or t-shirt, or the cheesy title of a self-help book, but in today's complex and volatile world, small and medium enterprises (SMEs) do need to be "humble and hungry".

HUMBLE BECAUSE POLITICAL RISK AND TRADE UNCERTAINTIES ARE THE NEW NORMAL

Amid the renewed zeal for protectionism around the world, and rapidly changing financing conditions, smaller companies are less diversified, and less protected, than their bigger counterparts. So do not think you know it all; always gather new information and be open to new ideas and strategies to take your business to new geographies and new outlets. Be open to being challenged and be nimble when faced with unprecedented situations.

Humility does not mean you think less of yourself. It means you think of yourself less. In the business world, it means making sure you have your antennas out, especially when it comes to country and sector risks affecting your clients. Indeed, their environment may be turned upside down overnight by interventionist political leaders, depreciating currencies, and new legal impediments. Trust is everything but being accompanied by professional service providers will come in handy in times of uncertainty. Smaller companies should also be super prepared when doing business internationally, with stellar credit management practices (to avoid credit risk), solid cash positions to overcome the unpredictable, and short feedback loops to avoid higher losses down the road. Going abroad with larger companies is a proven recipe for success, as is working with local distribution partners, and ensuring your client-facing functions are indeed close to your customer base. These steps may not completely make going abroad risk-free, but they will certainly help manage expectations, and mitigate newbie risks.

BE HUNGRY: THE SKY IS THE LIMIT, EVEN FOR YOU

Looking at the glass half-empty is a classic approach for insurers, but I also see too many companies unable to make a decision in the current environment. My advice to them is always the same: Be confident to be bold! Dare! Do not freeze!

Hungry does not mean greedy. Yes, follow your passion and your dreams, push yourself out of your comfort zone, invest the time and dedication to be the best, be willing to pay the price that greatness requires, and focus on where you go. But that does not mean taking uncalculated risks.

Being hungry means that you test and learn, and, more importantly, that you take your chances. Very often, well-established SMEs underinvest in their digital transformation or their geographical outreach. Young SMEs are more daring (that's why they call them startups) but every company should try to find new growth opportunities. Though less visible than the risks, there are emerging customers, new needs, and certainly well-functioning ecosystems ready to help you address new outlets. Wait-and-see mode is the enemy. As Albert Einstein allegedly put it: "[Corporate] life is like riding a bicycle. To keep your balance, you must keep moving."

THE GLOBAL BUSINESS MONITOR IS YOUR COMPASS

Since you cannot be unassuming and starving all the time, or the next startup will definitely have your cake and eat it too, the Global Business Monitor can be your guide when doing business. The findings in this year's issue are fascinating.

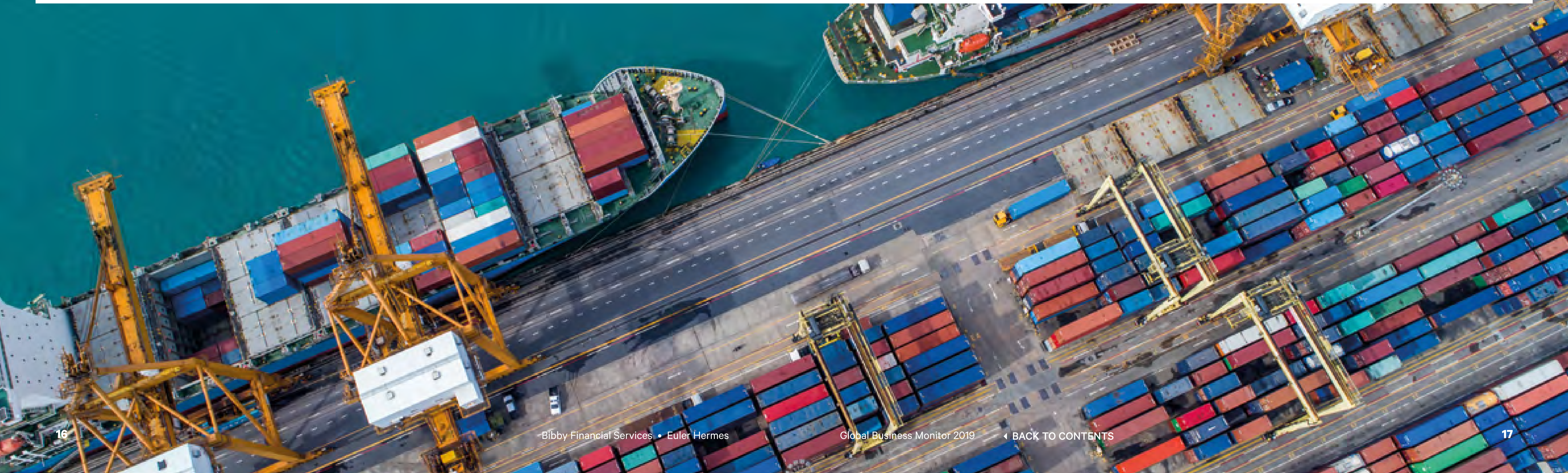
First, skills and staffing continue to be a top issue for SMEs. Deemed less attractive (though much more fun to work for than their larger counterparts), they struggle to compete for tomorrow's scarcer resource: human capital. This reveals a lot about the real-life problem companies encounter: hiring right to be the best. Upskilling becomes essential for SME attractiveness as life-long learning is borne by companies. And it is harder to offer mobility and compensation packages to star recruits, but the daily impact your employees make, and the control and influence they have, are a strong motivation for engagement and success.

Second, something I also continue to struggle with, is the pessimism about the future, around the globe, among small companies and in spite of resilient growth and trade opportunities. Do not fall into the infobesity trap, where every morning you believe the world is falling apart, based on the news on your smartphone. This is particularly true for European SMEs, which hear about the U.S.-China rivalry, the tensions in the Strait of Hormuz, and the mega risks from climate change to digital disruption to the next pandemic. The reality is that most of these risks may never affect your supply chain when you are an SME because you are under the radar. Small is beautiful sometimes, far away from the current trend to "name and shame" conglomerates and superstar firms. One fair at a time, one order at a time, there are ways to increase both revenues and profits.

Last, the "invisible bank", i.e. suppliers' credit, continues to be pivotal to company financing. Our bread and butter at both Bibby Financial Services and Euler Hermes, it seems that working capital requirements continue to increase as outstanding days sales rise. Stockpiling and deteriorating payment practices are important factors behind companies' stretching their suppliers once more. As the next recession looms ahead, it is all the more important that SMEs have virtuous payment loops to avoid going bust. One in four bankruptcies comes from a non-payment.

Euler Hermes insures close to 1 trillion dollars of B2B trade flows around the world from microenterprises to multinationals. We have been around for over 100 years and we are constantly reminded that this time things are different. Credit managers are asked to make difficult decisions to secure growth. And when you work for a smaller company, every choice matters. Be confident and bold, be smart, and, more importantly, be humble and hungry!

LUDOVIC SUBRAN
Chief Economist, Allianz
and Euler Hermes



BELGIUM

POPULATION: 11.2M

NUMBER OF BUSINESSES: 1M

SME MARKET OVERVIEW

The million SMEs in Belgium represent 99.8 per cent of all Belgian companies.[2] This is a country of micro-companies, and the share of unstaffed SMEs has continued to grow. It currently accounts for 50 per cent of the total SME population.

Almost two-thirds (56%) of all Belgian SMEs are established in Flanders with the remainder clustered in Wallonia (27%) and Brussels (12%). Almost half (44.1%) of SMEs in Belgium are younger than 10 years. One third of all Belgian SMEs operate in business services, which is the most important sector for all three regions, followed by construction (11%) and manufacturing (9%). In total, Belgian SMEs create almost two million jobs which represents 64 per cent of total employment and contributes €134 billion or 62 per cent of the total Belgian gross value added. The highest productivity level, measured by the gross value added in relation to personnel costs, is noted in Flanders (174.5%) and the lowest in Brussels (146.7%). The same applies to the liquidity position and debt repayment capacity which again is the highest in Flanders.[3]

Belgian SMEs are more indebted compared to European peers with debt to total assets ratio at 31 per cent while having a lower equity to assets ratio. SMEs find it difficult to attract long-term bank finance and are usually forced to choose the most expensive financing forms which cost them four to eight times as much when compared to the larger companies in the SME sector.[4] The good news is that Belgian SMEs enjoy higher margins compared to peers.[5] In 2017, EBITDA to turnover ratio stood at 13 per cent, 2pp above the European average.[6]

ROB RETÈL, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES B.V.

ECONOMIC PERSPECTIVE

After +1.7 per cent in 2017, real GDP growth slowed down to +1.4 per cent in 2018 and should reach +1.1 per cent in 2019, the lowest level in six years. Due to the lower external demand and continuing uncertainty, economic growth is expected to be mainly driven by domestic demand as households' purchasing power increases as a result of falling unemployment, wage growth and personal income tax cuts.

Overall, lower volume growth and a slowdown in price growth should continue to put downside pressures on firms' turnover growth, which have come down from a +10 per cent year on year high in 2017 to below +5 per cent in 2018. We expect them to remain in the band of +2 per cent to +3 per cent per year.

Belgian corporate debt stands at very high level (161% of GDP, the 3rd highest corporate debt stock in the Eurozone after Luxembourg and Ireland), which is indeed a sign of vulnerability, especially to higher interest rates. Resilience could come from the firms' high margins (at 43% of the value added, +2pp above the Eurozone average), high cash holdings and high equity ratios. Wage acceleration after two years of stabilisation is a downside for margins. However, we expect past reforms to keep this acceleration in check going forward. In addition, the corporate tax reform voted in 2017 has been re-confirmed and aims at lowering corporate tax to 29 per cent in 2018-19 and 25 per cent in 2020. It is estimated to support company turnover by +1pp by end-2019 with a further +0.5pp in 2020.

ANA BOATA, SENIOR ECONOMIST, EUROPE, EULER HERMES

RESEARCH FINDINGS

Almost half the SMEs surveyed feel the current economic performance of Belgium is good and expect the same in the coming year. However, Belgian SMEs seem slightly less confident than French, German or Dutch peers.

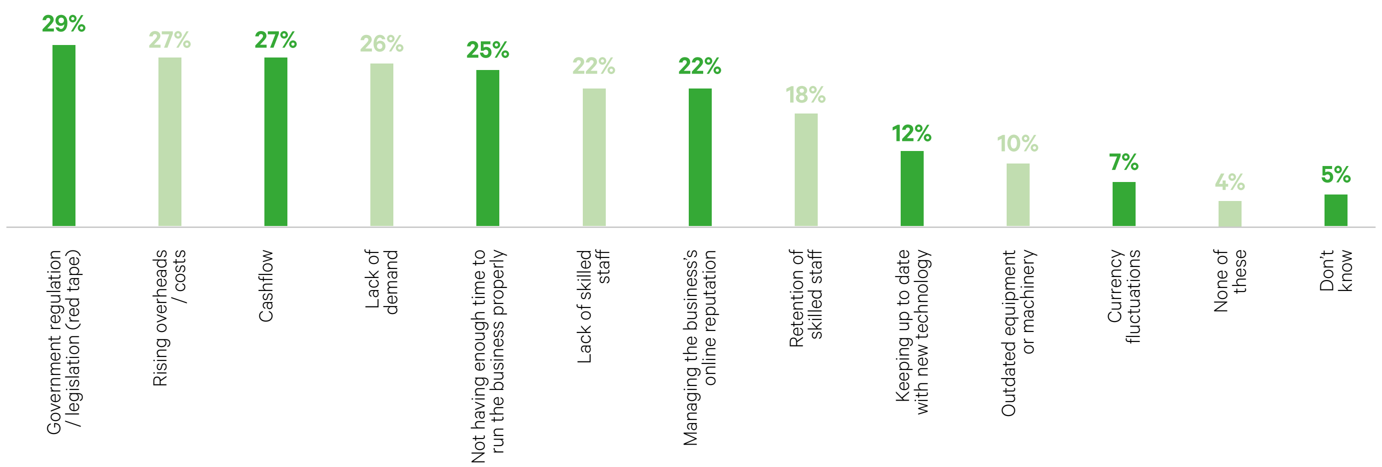
Around half voice concerns about the global economy. Domestically, 50 per cent of SMEs think the economic situation will remain the same in the next 12 months while 25 per cent think it will worsen. For 42 per cent of SMEs, sales held steady in the last 12 months whereas 37 per cent reported growth. 45 per cent of respondents expect a sales increase in the next 12 months while around 35 per cent think it will stay constant and 20 per cent that it will decrease. More than two thirds of businesses expecting sales growth see that coming from an increase in the number of new customers as the main source of growth. 83 per cent of Belgian SMEs think there are growth opportunities for their business and the greatest opportunity as developing new products and services (17%). More than one-third of SMEs also identify sales and marketing, plus IT or digital technology, as the main areas of investment for the coming year.

Belgian SMEs focus predominantly on domestic trade (85%) with a quarter of those surveyed exporting and 10 per cent importing. France, the Netherlands and Germany are seen as the most important trading partners with France representing both most value and greatest trading opportunity. 82 per cent of SMEs that trade internationally face challenges with government regulation and legislation and language barriers. More than half are concerned about the global economy with Brexit (42%), the political situation in the U.S. (38%) and rising costs of raw materials (20%) identified as main threats to business growth in 2019.

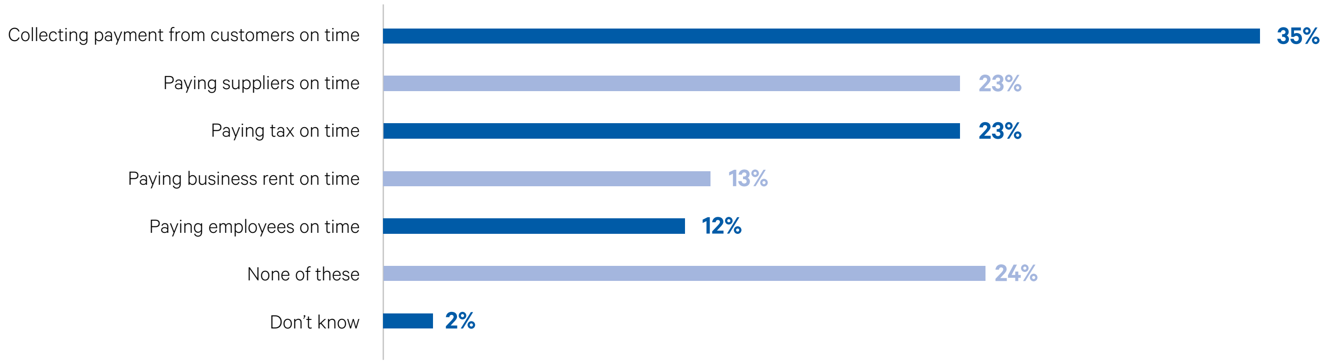
Government regulation and legislation is seen as the greatest challenge now and in the next 12 months (33% and 29%, respectively). These findings are confirmed by the European Commission, "the complexity of administrative procedures is perceived by most firms as a problem for doing business."[7] Concern around government regulation might also stem from Belgium's ongoing difficulties forming governments.[8] At 42 per cent Belgian SMEs use of external finance is highest of all 13 countries surveyed.

Rising overhead costs and cashflow are current and future challenges. Collecting payments from customers on time, paying suppliers and taxes on time are the biggest cashflow challenges (35%, 23% and 23% respectively). Almost half (43%) of Belgian SMEs suffered bad debt affecting their business growth and profits last year, which places Belgian SMEs as those suffering most from bad debt of our 13 countries.

GREATEST CHALLENGES EXPECTED IN THE NEXT 12 MONTHS



MOST PROBLEMATIC IN MANAGING CASHFLOW



2 https://economie.fgov.be/nl/publicaties/boordtabel-van-de-kmos-en-1 retrieved on 06/08/2019
3 https://www.unizo.be/sites/default/files/kmo_rapport_2018_be-print.pdf retrieved on 07/08/2019 retrieved on 07/08/2019
4 https://fdmagazine.be/operations/kleine-bedrijven-betalen-tot-acht-keer-meer-voor-krediet?utm_source=newsletter&utm_medium=email&utm_campaign=FD_w28_art3 retrieved on 08/08/2019
5 Bank of France database (BACH)
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7 https://www.politico.eu/article/belgian-government-charles-michel-deadlock-complicates-commissioner-appointment/ retrieved on 08/08/2019
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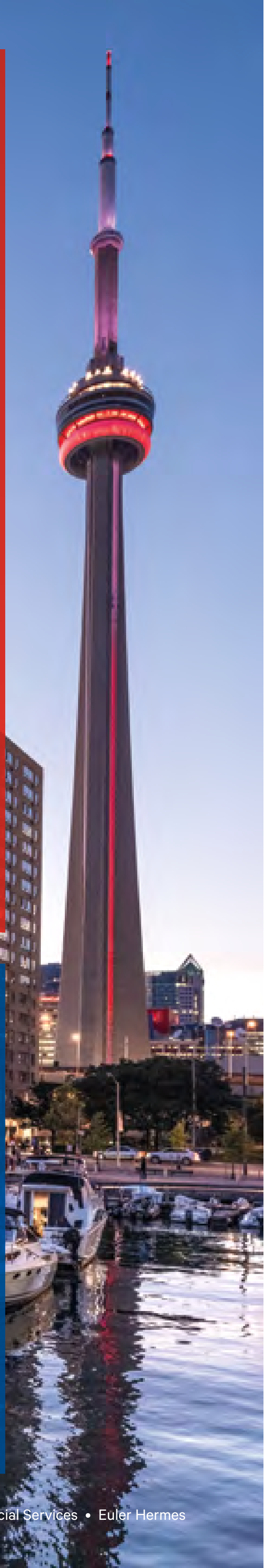


CANADA

POPULATION: 37M

NUMBER OF BUSINESSES: 1.17M[9]

SME MARKET OVERVIEW

Small and medium-sized enterprises (SMEs) are the backbone of the Canadian economy, making up 98 per cent of businesses and employing more than 8.2 million Canadians, which represents 70 per cent of the private sector workforce.

The health of these businesses within the Canadian economy generally remains strong. However, globally, Canadian SMEs have the potential to become much more prominent. A 2017 Export Development Canada (EDC) article pointed out that only 4 per cent of Canada's SMEs are exporters, significantly lower than economic competitors like France (27%), Japan (24%), and Germany (28%). If Canada exported at a rate similar to these countries, the equivalent 23 per cent export engagement by Canadian SMEs would bring in $225 billion in export growth. With more than 75 per cent of Canadian exports going to the U.S., Canadian SMEs can find opportunities identifying new markets worldwide.

It comes as no surprise that Canadian companies rank the U.S. as the most attractive export destination with 60 per cent identifying opportunity to export to their southern neighbour. The U.S. also scored top (with 37% of respondents) as a resource for imports (37%). This is an encouraging sign following the new deal (CUSMA/USMCA) in negotiation between Canada, the U.S. and Mexico. The long-awaited ratification by Canada and the U.S. would give SMEs the confidence to move forward and take advantage of export opportunities.

Regulations are a persistent challenge for SMEs in Canada. The Canadian Federation of Independent Business found that 72 per cent of small business owners identified government regulations and paper burden as one of their top issues. It also established that smaller businesses face greater regulatory costs per employee - businesses with five employees or fewer - pay approximately $6,683 in regulatory costs per employee, four times the cost faced by businesses with over 100 employees. By streamlining regulations and minimizing costs, Canada could greatly improve the power of their SMEs and the economy.

In general, business lending conditions eased slightly in Q2 2019 (Bank of Canada, June 2019). The current relatively favourable lending conditions combined with the federal government reducing the small business tax rate and lower Employment Insurance (EI) payments create an advantageous environment for Canadian SMEs to grow domestically and internationally.

KASH AHMAD, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, CANADA

ECONOMIC PERSPECTIVE

Canada's economic growth began to slow in 2018 and the trend continued through early 2019. Fears of a recession reverberated throughout the country. Nevertheless, Statistics Canada data reported that the GDP growth has recovered since with Q2 data surprising on the upside.

Significantly, the Bank of Canada has repeatedly stated that it believes the economy will make a full recovery in the coming months and experience an expansion in 2020. This rapid resurgence is largely attributed to a rebound in petroleum prices further buoyed by Prime Minister Trudeau's approval of the Trans Mountain pipeline expansion project. The project is anticipated to triple existing capacity from 300,000 to 890,000 barrels per day (bpd), driving further confidence in the industry.

However, the BoC is one of the few central banks continuing not to ease monetary conditions which keeps the $C strong, placing a drag on exports at 30 per cent of the GDP.

The housing market has also begun to stabilize after a year-long slump, inflating consumer confidence. The Bloomberg Nanos Canadian Confidence Index, a composite drawn from weekly surveys of Canadian households, hit 58.3 at the end of June, the highest level since February 2018. These gauges indicate that the economy is emerging from its sluggish year.

However, downside risks remain from the prevailing trade dispute between the U.S. and China which could increase the risk of a recession.

DAN NORTH, CHIEF ECONOMIST, NORTH AMERICA, EULER HERMES

RESEARCH FINDINGS

Canadian SMEs are optimistic about the domestic economy with only a 4 per cent drop from 54 per cent in 2017 to 50 per cent feeling that current economic performance is good. Whilst 24 per cent state that government policies are not favourable for businesses like theirs, more are concerned about the global picture, although the level of concern has declined (60% in 2019 vs 74% in 2017). Canadian SMEs cite the political situation in the U.S. (56%) as the main threat to global economic growth.

The Canadian business environment is stable with 48 per cent of SMEs reporting sales growth in the past 12 months and 49 per cent expecting to grow over the next 12 months. Rising overheads and costs continue to be the main challenges Canadian SMEs face.

With 69 per cent of businesses expecting revenue growth to come from gaining new customers, over half plan to invest in sales and marketing. This big shift from 2017 when attraction and retention of talent topped the list may be driven by a need for differentiation, whereas in 2017 the challenge was ensuring they had the talent to keep up with growth.

Almost a third (30%) of SMEs currently use external finance and a further 14 per cent expect to apply within the next 12 months. The majority of businesses (61%) reinvest their company profits, with this their main source of funding.

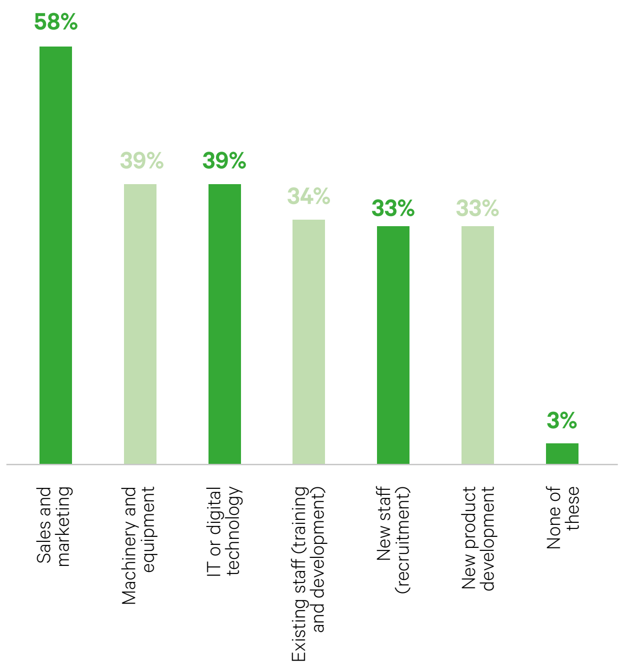
Access to finance has gotten tougher in the last two years with 21 per cent currently rating availability as poor vs only 7 per cent in 2017. The proportion of respondents that have been rejected for external finance also increased slightly to 12 per cent in 2019, up from 9 per cent in 2017. SMEs state poor credit history as the main reason lenders rejected their applications for funding. As availability of credit tightens, businesses will probably begin to explore alternative funding solutions.

Canadian SMEs have the potential to gain a strong place in global trade as a leading participant and several companies are beginning to take advantage of the opportunity. Though less than a third (28%) of the Canadian businesses surveyed export goods, nearly half (42%) report high involvement in international trade with exports accounting for more than half (50%) of their revenue.

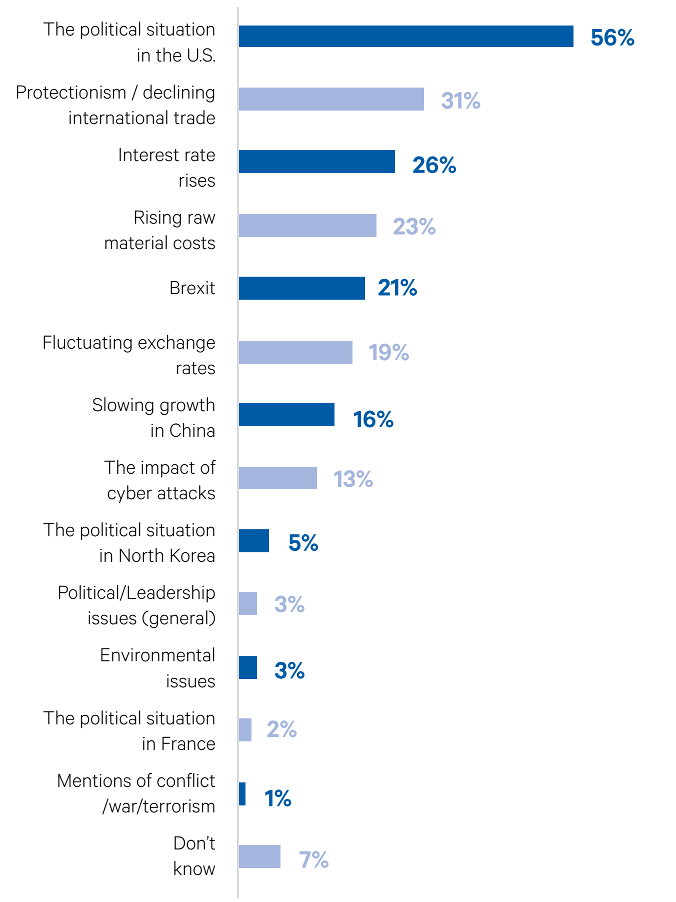
A quarter of companies trading internationally noted currency fluctuations as the greatest challenge to international trade. Further, they believe that access to funding (44%) and government support in target markets as the top key factors that would make exporting easier.

Over two thirds (72%) of Canadian SMEs do not export due to difficulty finding customers (14%), high tariffs (13%), and concerns about getting paid (13%).

AREAS OF INVESTMENT 2019



TOP THREE THREATS TO GLOBAL ECONOMIC GROWTH IN 2019



9 Government of Canada Key Small Business Statistics - Jan. 2019

CZECH REPUBLIC

POPULATION: **10.58M**

NUMBER OF BUSINESSES: **1M**[10]

SME MARKET OVERVIEW

SMEs generally benefit from an economic upswing and their business sentiment remains positive (although to a lesser degree than previous years) for the coming 12 months. They must, however, deal with the problems arising from such growth, including an acute shortage of labour in the market as well as rapidly increasing labour costs.

EU countries remain the most common export destinations for 97 per cent of exporting SMEs, according to recent research by IPSOS and The Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic ("AMSP"). On the other hand, the exports to the Commonwealth of Independent States (CIS) countries have been slightly reduced (33%). The neighbouring countries remain the natural preferred export territories for SMEs with Germany (45%), Slovakia (31%) and Poland (13%) in the top three positions.

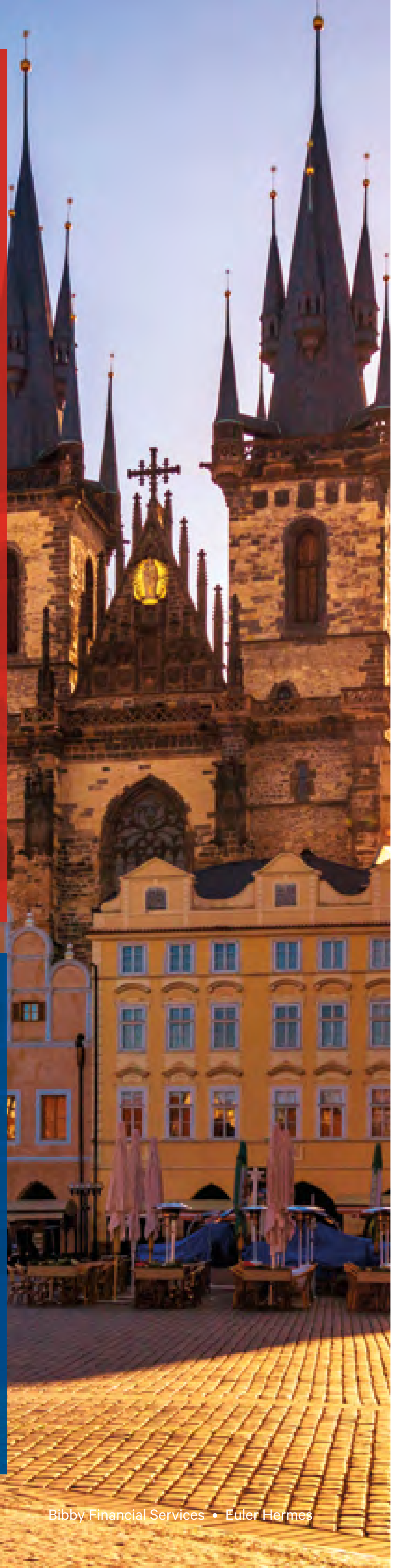
Czech SMEs realise the importance of their export activities. Two thirds of them have four or more export markets, and almost one third of SMEs export to more than 11 markets according to the AMSP study. Their "dependency" on EU markets however remains unchanged and a majority of SMEs even plan to support further expansion in the EU.

Exchange rate fluctuations are viewed as the major risk by SMEs as reported by 21 per cent of exporters in the AMSP study. However, other export risks (mainly prices and transport costs) have risen too, as a result of the increased uncertainty in the global economy.

From a local point of view, regulation and bureaucracy remain the 'evergreens' that businesses point out as major threat areas.

For SMEs to truly thrive in the next 12 months, the government needs to focus on addressing the regulations that SMEs feel are stifling their growth. By unlocking the clear ambition shown by the country's business community, SMEs will be better placed to take advantage of the global uncertainty that is likely to continue.

MICHAL GABRIEL, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, CZECH REPUBLIC AND SLOVAKIA



ECONOMIC PERSPECTIVE

The Czech economy is expected to expand at a somewhat slower pace of around 2.4 per cent this year and 2.2 per cent in 2020 as compared to previous years, since external factors have started to weigh on the outlook. Domestic demand has been the main growth booster since 2018, notable private investment and household consumption have increased rapidly. Consumption remained robust in the first half of 2019 and is likely to continue to be a major driver of growth, benefiting from rapid rises in wages, pension incomes, and economic confidence. Fixed investment and government consumption should also contribute to growth in the next two years, albeit on a lesser scale than in 2018.

However, there are risks on the horizon. A key risk is accelerating wage and price inflation leading to a more aggressive monetary policy response. Labour shortages also present a major risk and is a large contributor to the rapid wage growth. The record high number of job vacancies has led to a significant increase in labour costs in the last two years. On the external side, the Czech economy remains exposed to any disruption to trade, given already weakening exports and its strong integration into European supply chains. Notably the Czech dependence on exports to the German automotive sector is a concern amid the currently ailing German car industry and the threat of U.S. tariffs on EU cars by the end of 2019.

MANFRED STAMER, SENIOR ECONOMIST FOR EMERGING EUROPE AND THE MIDDLE EAST, EULER HERMES

RESEARCH FINDINGS

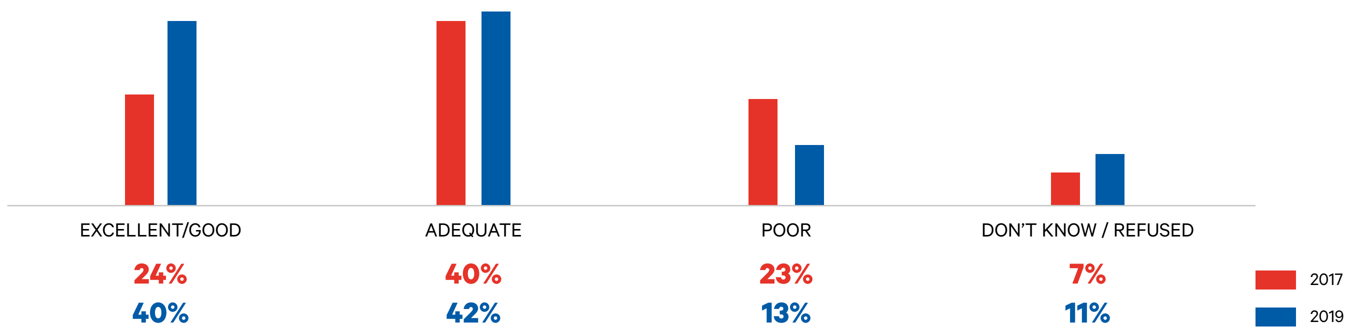
Despite relatively strong performances from the manufacturing and industrial sectors, 40 per cent of Czech SMEs expect the economy to worsen. This marks the second most pessimistic response from our survey, behind only Hong Kong at 41 per cent. Reflecting global trends, Czech perception of global economic performance has declined, with the proportion of Czech SMEs feeling the global economy is performing well declining from 41 per cent in 2017 to 24 per cent in 2019. Many Czech SMEs identify Brexit as the main threat to global economic growth (35%). This is unsurprising as the Czech economy is closely linked with that of Germany, which has struggled to respond to the dual impact of ongoing U.S. vs China trade tensions and Brexit.

Turning to government policy, a theme blamed for restricting business growth globally, the number of Czech SMEs that feel government policy is favourable to their business in 2019 is just 5 per cent. Government regulation is currently the greatest challenge facing Czech SMEs (51%) and is expected to remain so for the next 12 months. Additionally, nearly half believe local government policy needs work (47%). This is likely linked to rising wage costs, and falling national unemployment combined with skills shortages across multiple industries. While larger firms have the margins to adapt to this economic tightening, for SMEs it is more complicated and therefore challenging.

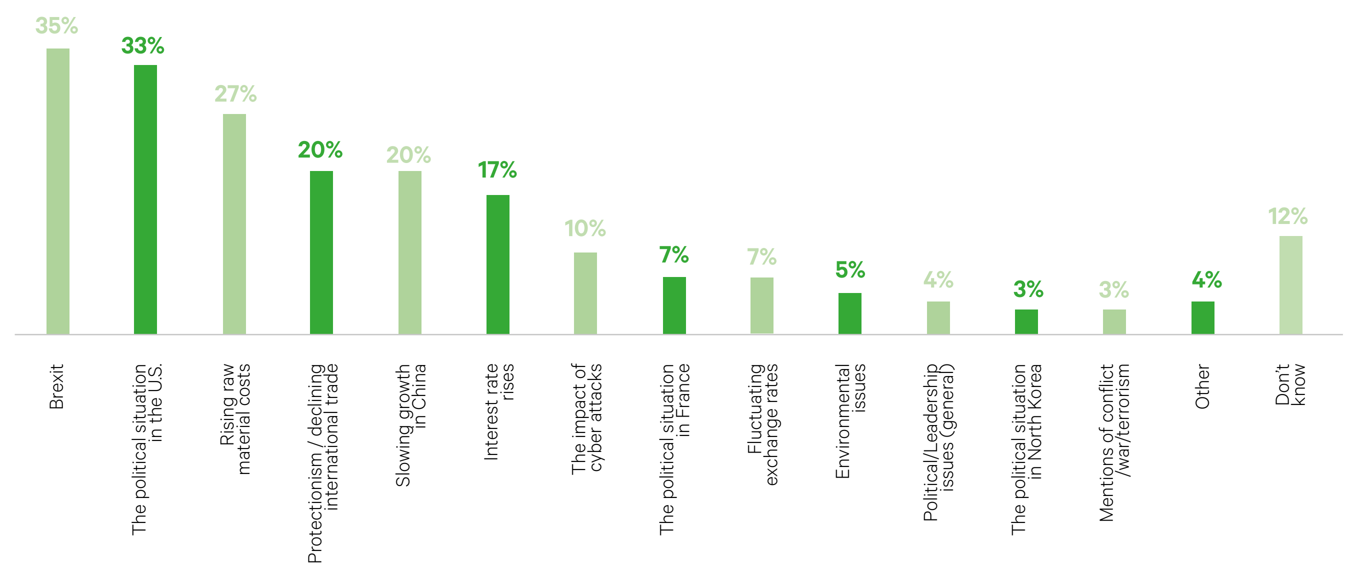
Despite broad concerns about the economy, and the challenge of government regulation, SMEs in the Czech Republic are optimistic about their growth prospects, with 85 per cent saying there are opportunities for their business, with the greatest being social media (17%). In comparison, in 2017, Czech SMEs saw their greatest opportunity as domestic expansion (13%). 90 per cent of Czech SMEs plan to invest in their business in 2019 and the main area of investment is in existing staff (training and development) (37%). Of those that are planning to invest, this will also be their main area of investment in 2020.

Investment in staff and the ambition to grow internal digital skills and focus on marketing to obtain new customers highlights a growth mindset. To fund these ambitions, Czech SMEs are using a variety of sources to research financing options, however the main source used is the internet (44%). A quarter (25%) of Czech SMEs would consider factoring as a potential source of finance for their business. The proportion of SMEs that feel the availability of finance is excellent/good has declined to 24 per cent in 2019, from 40 per cent in 2017. Documentation/paperwork required is the main reason cited for difficulty in accessing finance, the same reason cited in 2017.

AVAILABILITY OF FINANCE



TOP THREE THREATS TO GLOBAL ECONOMIC GROWTH IN 2019



10 European Commission, 2018 (rounded 1,031,762)

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FRANCE

POPULATION: 67M[11]

NUMBER OF BUSINESSES: 3M[12]

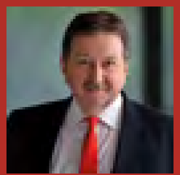
SME MARKET OVERVIEW

Compared to the rest of the EU, France's business sector has generally proven to be more resilient due to a lower reliance on external trade and thus less exposure to the challenges external trade brings, since many SMEs are not exporters. However, French businesses have their own weaknesses, such as more deteriorated payment terms (DSOs were 73 days in 2018 in France, and 62 days on average in Western Europe) with consequences for the level of insolvencies.

Business sentiment in France is set against a backdrop of imbalances that lie at the core of the country's economic model: supersized government spending (fiscal spending reached 56.5 per cent of GDP in 2017), an indebted corporate sector (74% of GDP,) high saving households (about 15% of their disposable income per year) and a sizeable national trade balance deficit (€60bn in 2018).

Whilst these are very real issues, they have not dampened business growth and corporate investment has continued as the country prepares for a digitalised future, with the tech industry alone seeing over €7bn of investment in both 2017 and 2018. Another good sign is productivity. Whilst some European economies have struggled to raise productivity, French SMEs are on average a third more productive than the European average.

The French Government also launched a €10bn fiscal stimulus package at the end of 2018 to bolster the economy against a weakening global outlook. The stimulus appears to have run out of steam and household spending, the traditional motor of French growth, grew only 0.2 per cent, the slowest rate in a year.



Against this background, corporate margins have started to recover (32.6% in Q1 2019, the highest level since Q3 2008) as a result of a lower social contribution rate implemented in 2019. However, these margins remain around -10 per cent below their level in European peers (Germany, Italy or Spain), a divergence mainly explained by higher taxes on production.

RICHARD CARTER, CEO EUROPE AND ASIA, BIBBY FINANCIAL SERVICES

ECONOMIC PERSPECTIVE

France is experiencing a wave of knowledge-based investment (half of corporate investment growth), with business creation and rising insolvencies and new business replacing older ones.

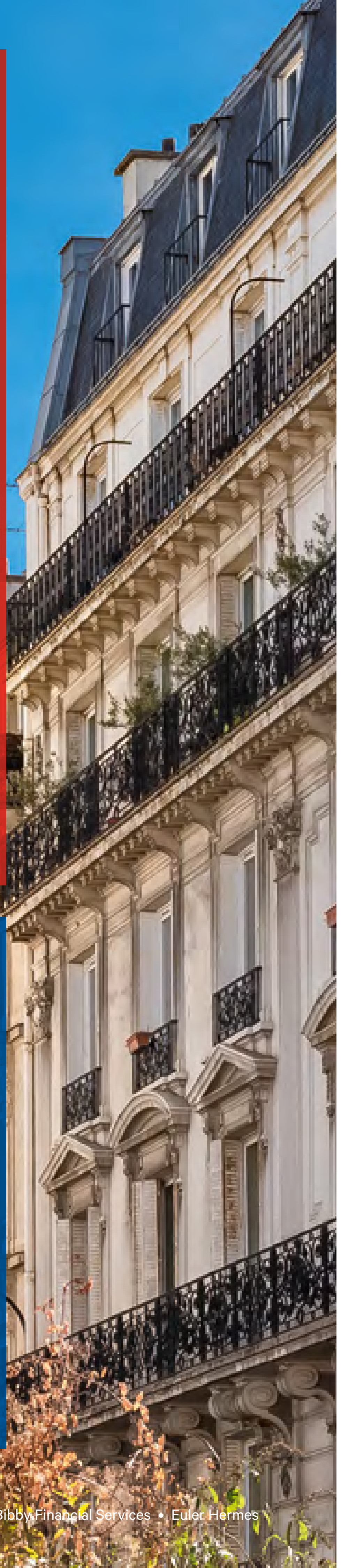
Business creation has increased by 100,000 in 2018 and should increase with the same pace in 2019. In the sectors the most impacted by automation (agri-food, retail, accommodation & catering, transportation and other services), business creation increased by +15 per cent in 2018, but was mirrored by higher business insolvencies (+6.6% in 2018). It also has a consequence in terms of job creation (270,000 jobs in 2019).

However, France is not an island in the sun, and external factors took their toll on the economy: from the oil price spike in 2018 to the difficult adaptation of the German car sector to new emission norms, and to risks related to the Brexit or the trade feud between the U.S. and China (and possible extension of trade tariffs to some European sectors).

As a result, despite a recovery of purchasing power (+3% in 2019), GDP growth is not expected to accelerate (+1.2% in 2019 and +1.2% in 2020), since households decided to increase their savings to 15.5 per cent of their disposable income, as a result of strong uncertainties.

Low income growth and low interest rates mean that France is unlikely to change the way it borrows. We expect corporate debt to increase to 76 per cent of GDP in 2019 (+16pp in the last 10 years).

STÉPHANE COLLIAC, SENIOR ECONOMIST FOR FRANCE AND AFRICA, EULER HERMES



RESEARCH FINDINGS

The research shows French businesses are generally positive about the domestic economy, with those rating current economic performance as 'good' almost doubling, from 22 per cent in 2017 to 40 per cent in 2019.

More than half of French SMEs (54%) are concerned about the global economy and foremost amongst their concerns is the political situation in the U.S. (30%) this may account for their relatively high focus on domestic markets over international ones.

International concerns have clearly hit confidence, with less than half (41%) of respondents expecting the global economy to improve over the next 12 months.

French SMEs continue to struggle with rising raw material costs (30%), which are identified as the third most significant global threat to French SMEs at 23 per cent. These costs have risen above expectations for the last 12 months and continue to do so. With tightening consumer spending, SMEs in particular are struggling to balance the need to attract business with shrinking margins.

The familiar burden of late payments continues : almost 30% said they've suffered bad debt over the past year with an average write-off of €13,141.

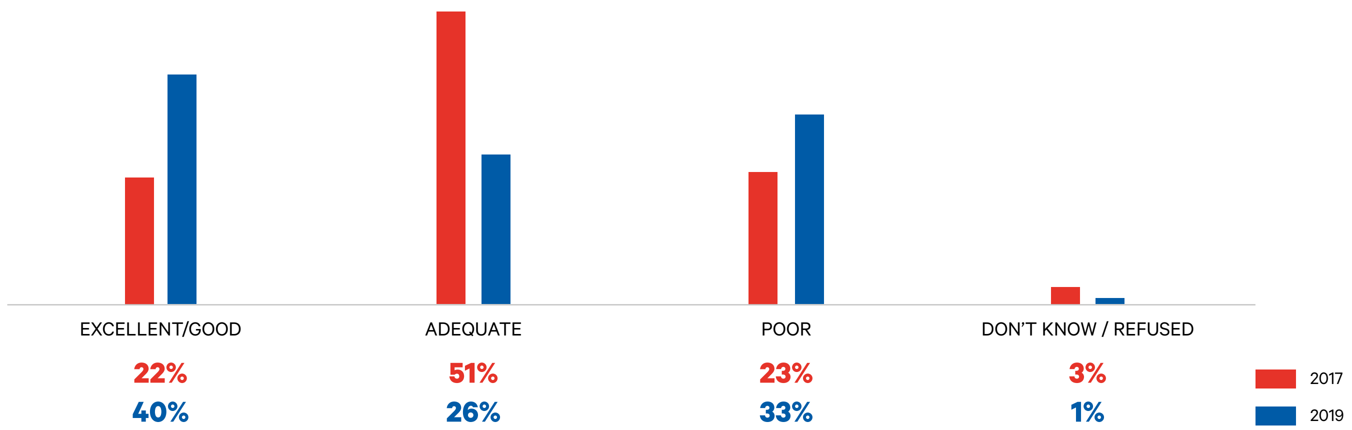
While sales performance remained strong, the number of businesses reporting growth has dropped since 2017 (39% in 2019 vs 47 per cent in 2017). Survey respondents see rising overheads as the greatest challenge they face (45%), along with regulation by the French government (45%). Additionally, with interest rates at historic lows, over half (53%) of French SMEs expect their business growth to be affected by a rate rise.

A third (33%) of French SMEs currently use external finance, one of the highest usage rates in the world - behind only Belgium (42%) and the U.S. (39%). Globally, 1 in 5 SMEs have been rejected for external finance, with those in France (37%) seeing the highest rejection rates. This is concerning as SMEs will likely need fluid cashflow in the coming year to adapt to a changing global environment and turning to unsecured methods of finance may become the default.

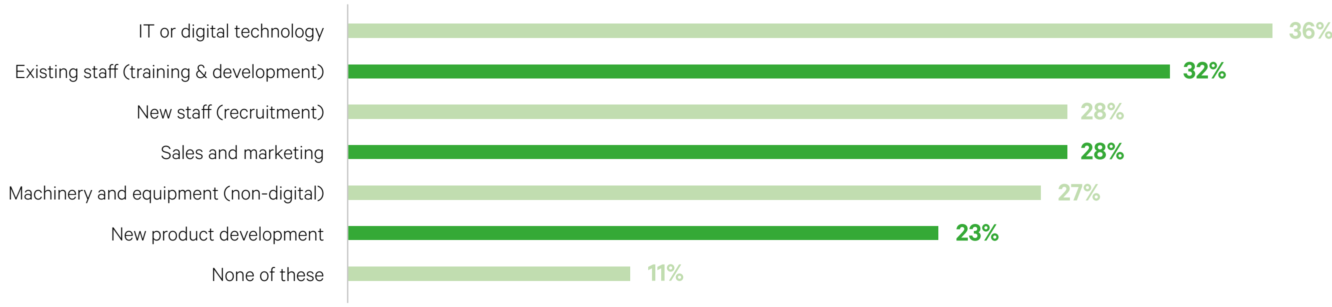
Despite these challenges, 81 per cent of French SMEs plan to invest in their business this year, primarily in digital technology - a move of emphasis away from investment in staff training and development. This is being driven by a desire to capitalise on new market segments and boost growth.

Looking ahead to the next 12 months, it is a positive picture for French SMEs, with 44 per cent expecting sales to increase. The main drivers are believed to lie in increasing demand from existing customers or domestic expansion.

PERCEPTION OF LOCAL ECONOMIC PERFORMANCE



AREAS OF INVESTMENT 2019



11 "Demography - Population at the beginning of the month - France". Insee. 2019.
12 European Commission, 2018 (rounded from 2,961,000)

GERMANY

POPULATION: **82M**

NUMBER OF BUSINESSES: **2.5M**[13]

SME MARKET OVERVIEW

Compared to the overall economic situation, the SME market is less exposed to current negative trends and the mood among SMEs is broadly optimistic. Even as downturns due to a shortage of skilled workers or increased regulatory requirements are analysed critically, many companies are still willing to accept these challenges and invest.

Nonetheless, uncertainty about future business development is increasingly widespread among German SMEs. According to a survey by Creditreform, only 36.7 per cent of companies expected order numbers to rise, down from 41.3 per cent in the previous year.

The proportion of companies whose incoming orders declined increased from 11.8 per cent to 15.1 per cent. A significant downturn was particularly noticeable in the manufacturing sector. Once again, sales in the service sector developed very positively.

Despite the less optimistic outlook, SMEs are still willing to continue hiring skilled personnel. 29.4 per cent of medium-sized companies plan to employ more people in the future, and this, coupled with increased labour costs, means customers will have to prepare for higher prices.

The equity ratio for German SMEs remains high and has been rising for years. In view of the continuing positive economic situation, many small and medium-sized companies are trying to increase their equity ratio, and this also applies to usually weaker sectors such as the construction and retail industries, but in view of the weaker forecasts, this trend could change in the future.

Funding continues to be provided primarily through loans from the company's bank. About 93 per cent of SMEs maintain a close relationship with such a primary credit institution. With an average duration of 20 years, these relationships prove to be extremely stable. Decision-makers especially appreciate the personal relationship. For example, nine out of ten business meetings take place at a bank outlet. While over half (52%) of medium-sized companies work with only one bank, it can be observed that with increasing company size the appetite to engage multiple credit institutions also increases.

ANDREAS DEHLZEIT, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, GERMANY

ECONOMIC PERSPECTIVE

After four consecutive years of strong economic growth above the potential rate, the high-flying German economy has experienced a sharp deceleration since early 2018. The combination of some key characteristics of Europe's largest economy - including its export-dependence, large share of gross value added accounted for by industry, focus on capital goods and cars, as well as its geographic export concentration (China and the UK account for almost 15% of exports) - has proven highly unfavourable in an environment of slowing global momentum, elevated political uncertainty and significant structural challenges in the auto sector. Given the persistent weakness in leading indicators, a swift industrial recovery is not on the cards. Up until now private consumption and investment have kept the German economy afloat. However, the weakness in industry is increasingly spreading to other sectors of the economy. The longer German industrial troubles persist, the more they will weigh on private investment and spending decisions. For instance, in light of subdued business prospects and sharply declining capacity utilisation rates in the industrial sector, German corporates are likely to correct their investment plans downwards. Moreover, the gradual rise in unemployment could see consumers cut back on consumption in an effort to boost their precautionary savings. The risk of Germany slipping into recession is now at a high level and at best marginal growth rates can be expected in the coming quarters. After 1.5 per cent in 2018 we expect growth to more than halve to 0.6 per cent in 2019.

KATHARINA UTERMÖHL, SENIOR ECONOMIST, EUROPE, EULER HERMES

RESEARCH FINDINGS

The results of our 2019 research broadly confirm what has been seen in the market for some time now. With the overall economic situation deteriorating considerably in recent months, it remains to be seen whether Germany is at the beginning of a recession or a brief economic slowdown.

A comparison with the results of our previous SME market research in 2017 shows that German SMEs are also far less optimistic about the future than they were two years ago. Only slightly more than half of those surveyed rate the current economic situation as "good". Two years ago, they were at 81 per cent.

German SMEs appear to be less concerned about the global environment as the expected shocks stemming from a chaotic Brexit and unpredictable policy from the U.S. including the trade war with China, have as yet failed to materialise.

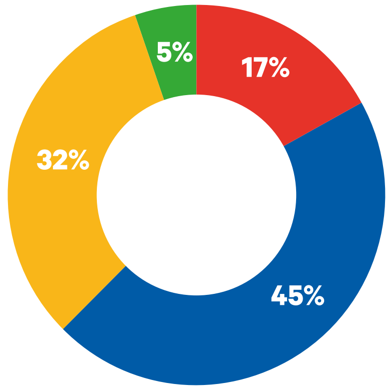
Nonetheless, 51 per cent continue to see the political situation in the U.S. as the biggest threat to economic growth. Based on what BFS sees in daily business, this concern is absolutely justified. Even as predicted major economic crashes have failed to materialise, the trade dispute between the U.S. and China is already leaving its mark in Germany. A good indicator of this is the automotive supplier industry with its dependence on steel from the Far East resulting on a sharp increase in insolvencies in recent months.

As a factoring provider, BFS sees an increasing number of insolvencies on the debtor side, which can have significant consequences in an industry with a comparatively high concentration of debtors. If this trend continues, an increase in bad debts is expected for the future. So far, German companies have been largely spared bad debts and the number of those that experience such losses has fallen by 8 per cent in the past two years to just under a third.

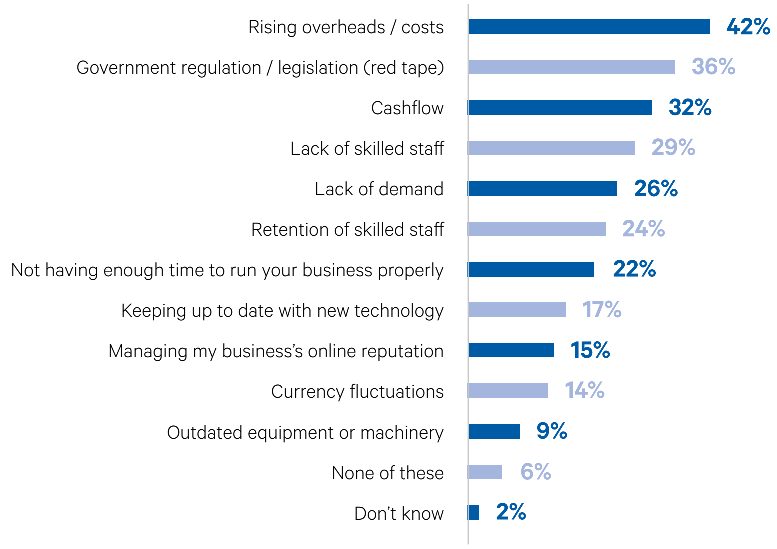
Around half of respondents cited local economic policy and regulation as the greatest obstacle to growth, with 23 per cent asserting that current policy was not acting in their favour at all. This figure has doubled since 2017.

With regard to their assessment of future growth opportunities, German SMEs are somewhat peculiar when compared internationally, instead prioritising the development of new products and services and digital technologies over social media. However, this does not mean that local SMEs are not aware of the importance of social media. In comparison to 2017, when social media ranked only seventh, this future trend has also been recognised and embraced.

EXPECTATION OF GERMANY'S ECONOMIC PERFORMANCE IN THE NEXT 12 MONTHS



GREATEST CHALLENGES TO BUSINESS TODAY



13 European Commission, 2018 (rounded from 2,453,000)

HONG KONG

POPULATION: 7.4M

NUMBER OF BUSINESSES: 340,000[14]

SME MARKET OVERVIEW

There are about 340,000 small and medium enterprises (SMEs) in Hong Kong. They constitute over 98 per cent of Hong Kong's business establishments and employ around 45 per cent of the workforce in the private sector. The vitality and business performance of such SMEs are of crucial importance to the development of the economy.

Among the 13 economies surveyed, Hong Kong's SMEs are the least focused on domestic trade (60% versus an average of 86%) while they have the highest share in export business (48% versus an average of 28% across all countries/ regions surveyed). This makes them particularly vulnerable to the deceleration in global trade growth and the rising uncertainties with regard to trade tensions and protectionism.

Across the 2019 study, Hong Kong SMEs are the least optimistic about future economic growth, with 41 per cent expecting Hong Kong's economic performance to get worse in next 12 months. This compares to 28 per cent in the 2017 survey (also the least optimistic then), with the deterioration in Hong Kong and elsewhere clearly reflecting the worsened economic outlook, respectively.

Another challenge for Hong Kong SMEs, reflecting the experiences of SMEs in all countries/ regions surveyed this year, remains timely collection of payment from customers, with an increase to 48 per cent (versus 43% in 2017) saying this is the most problematic area in terms of cashflow management.

Second only to Singapore, Hong Kong SMEs have to wait the longest for payment from customers as of 2019 though the duration of their wait has improved significantly since 2017. More than a quarter (27%, unchanged from 2017) of Hong Kong SMEs surveyed have experienced bad debt over the past year.

MARIA CHUNG, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, HONG KONG

ECONOMIC PERSPECTIVE

Hong Kong's economy expanded modestly by 0.6 per cent year-on-year in real terms in the first half of 2019, a marked deceleration from 3.0 per cent in 2018 as a whole. The slowdown was broad-based. Private consumption increased by a meagre 0.7 per cent in H1 2019 and fixed investment dropped by -9.7 per cent. What's more, external trade activity declined - with exports of goods down by -4.7 per cent and imports by -5.9 per cent - reflecting shrinking demand from mainland China amid escalating U.S. - China trade tensions. Mainland China is Hong Kong's major trading partner, accounting for around 55 per cent of its exports and 46 per cent of its imports in 2018. Moreover, over 8 per cent of Hong Kong's exports are shipped to the U.S., making it the second most important export destination. Hence, the likely deceleration in global economic expansion and increasing uncertainties from the external environment do not bode well for the economic outlook. Nominal retail sales decreased by -7.6 per cent year-on-year in June 2019, marking the fifth consecutive month of decline, and are likely to remain subdued in the second half of 2019, dampened by ongoing anti-government protests. As consumer price inflation has also picked up to 3.3 per cent in June from a recent low of 2.1 per cent in March 2019, private consumption is likely to remain weak in H2 2019, even though the unemployment rate has remained at the lowest level in more than 20 years (seasonally adjusted 2.8% in Q2 2019). Overall, Euler Hermes forecasts Hong Kong's economy to grow by about 0.4 per cent in 2019 as a whole.

MANFRED STAMER, SENIOR ECONOMIST FOR EMERGING EUROPE AND THE MIDDLE EAST, EULER HERMES

RESEARCH FINDINGS

Cashflow remains one of the key challenges for Hong Kong's SMEs despite improved government support. Hong Kong SMEs are the least optimistic of all the surveyed countries/ regions about future economic growth, with only 30 per cent expecting the local economy to grow over the next 12 months. This pessimism stems from a combination of both internal and external challenges facing SMEs in the region, including rising costs and cashflow problems, mentioned by 36 per cent and 30 per cent of Hong Kong SMEs respectively. Cost increases and cashflow problems are not restricted to Hong Kong as these two issues were also the two greatest challenges for Singaporean SMEs. Cashflow problems also emerged as the top challenge to growth identified by 42 per cent of SMEs across 13 countries/ regions surveyed. These are expected to remain the biggest challenges facing Hong Kong's SME for the near future, exacerbated by increasing pressure from a lack of demand.

Hong Kong SMEs identified collecting payment from customers on time as the most problematic aspect of managing cashflow, reflecting a trend across SMEs. Hong Kong SMEs were also a standout territory in other aspects of the research, with 70 per cent of them (the largest cross-economy share) being concerned about global economic growth.

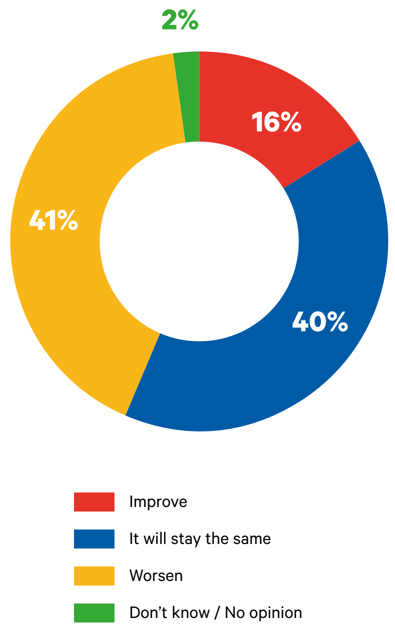
So, what is feeding this pessimism? Major concerns refer to worries shared with SMEs in other regions, including the political situation in the U.S. (54%), protectionism and declining international trade (32%) and slowing growth in China (32%), as in Singapore. Improvement has been seen in government support, with 16 per cent (up from 9% in 2017) saying that government policy is favourable to businesses like theirs. However, SMEs are calling for further support from government to increase funding available to them (38%).

Hong Kong SMEs are amongst the most open to considering innovative external sources of financing, with an increasing proportion (26% in 2019 versus 16% in 2017) using external finance, 32 per cent (as in 2017) saying that they would consider factoring as a potential source of finance for their business, and 29 per cent saying they would consider Peer-to peer (P2P) lending.

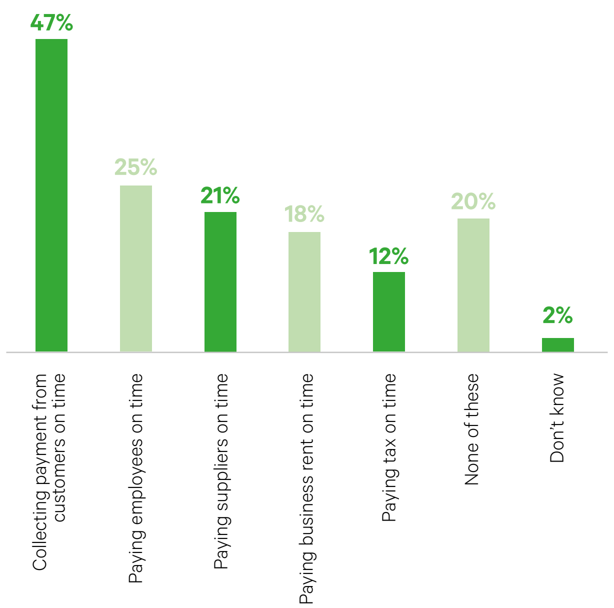
In common with SMEs around the world, a large proportion (48%) of Hong Kong SMEs identified documentation and paperwork as the main obstacles for SMEs seeking access to finance. Rejected applications for external finance have increased sharply in the last two years, doubling from 8 per cent in 2017 to 17 per cent in 2019.

Due to ongoing concerns about peer to peer data security and the lack of regulation of P2P, factoring was considered to be significantly more attractive.

EXPECTATION OF HONG KONG'S ECONOMIC PERFORMANCE IN THE NEXT 12 MONTHS



MOST PROBLEMATIC IN MANAGING CASHFLOW



14 Trade and Industry Department, The Government of the Hong Kong Special Administrative Region, sourced Sept, 2019

IRELAND

POPULATION: 4.9M

NUMBER OF BUSINESSES: 255,475[1]

SME MARKET OVERVIEW

Despite the continuing threat of Brexit, the business environment for Irish small and medium enterprises remains largely positive, acting as the main source of jobs for the Irish economy. The Irish economy is performing strongly, with GDP growing 8.2 per cent in 2018 according to the Central Statistics Office.[2] Excluding multinationals, the economy grew at the slightly lower rate of 6.5 per cent.

In particular, it has benefitted from the strong performance of the macro Irish economy and a 13 per cent rise in exports for the first five months of 2019 compared to the same time last year according to the Central Statistics Office. There has also been increasing diversification in the destination of Irish exports ahead of Brexit, with a 35 per cent increase in exports to Germany, a 19.6 per cent increase to the Netherlands and a 13.8 per cent increase to Italy. According to a recent report from the Banking and Payments Federation Ireland, SMEs in the retail, food and accommodations sectors are concerned about recent falls in consumer spending and sentiment, in addition to a drop in the number of tourists visiting from the UK.

Despite considerable uncertainty surrounding trade relations once the UK leaves the EU, only two fifths (39%) of Irish SMEs say they are considering export markets beyond the UK due to Brexit. More worryingly, two-thirds (66%) say they haven't spent any money preparing for Brexit. Irish businesses need to continually plan ahead and be ready to face the challenges that will accompany this changed business environment. Businesses that manage their exposure to Brexit disruption at a customer, currency and supply chain level will be well placed to create the most competitive solutions post-Brexit.

However, it's clear that Brexit will have a disproportionate impact on the SME market, and several regulatory changes could lead to better protection for businesses. A Seanad Public Consultation Committee recently recommended bringing capital gains tax rates and reliefs in line with international norms and increasing collaboration and cohesion between bodies and initiatives supporting SMEs. Additional challenges facing the SME market include delays in the roll-out of the National Broadband Plan, the high cost of rent, insurance and rates, and difficulties in accessing competitive rates.

MARK O'ROURKE, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, IRELAND

ECONOMIC PERSPECTIVE

The Irish economy is performing strongly, with GDP growing 8.2 per cent in 2018 according to the Central Statistics Office. Excluding multinationals, the economy grew at the slightly lower rate of 6.5 per cent.

We expect economic performance to remain strong in 2019 (above 4% growth). Consumer spending has accelerated (+3% year on year) on the back of strong wage growth which reached its highest level since 2009. Saving rate remains high, above 12 per cent of gross disposable income compared to 8.6 per cent historical average. In addition, the unemployment rate reached its lowest level at 4.6 per cent given the dynamic economic environment. Company investment accelerated too (+8% year on year) while external performance has been strong (+4.4pp of contribution to real GDP growth in 2018), notably thanks to the strong performance of the ITC sector. Non-financial corporations' margins stand at very high levels compared to European peers (73% of the value added in Q1 2019). The high profit margins provides an important buffer against the high indebtedness of the Irish companies (192% of GDP for the stock of debt in 2018, second highest in the Eurozone after Luxembourg).

Ireland's high exposure to the UK makes it very vulnerable to a possible no deal scenario. Euler Hermes estimates an annual negative impact on real GDP growth of -1.5pp from its current 3.0 per cent forecast in 2019 and 2.5 per cent in 2020 with –EUR1.3bn of export losses and –EUR2.2bn in investment losses.

ANA BOATA, SENIOR ECONOMIST FOR EUROPE, EULER HERMES

RESEARCH FINDINGS

The research findings echo wider economic indicators: Irish SMEs are more confident in the strength of the domestic economy rather than global. Over half (57%) described the Irish economy as performing well, while two-thirds (64%) remain concerned about the global economy, above the global average of 56 per cent.

The significance Irish SMEs place on Brexit as a threat to the global economy is unsurprising, with 72 per cent citing it as the major concern. After Brexit, the U.S. political situation and declining international trade were cited as the most pressing global threats, by 42 per cent and 19 per cent, respectively.

More encouragingly, over half (53%) of Irish SMEs have reported sales increases over the past 12 months, with nearly half (49%) expecting sales to increase over the next 12 months. Of those expecting growth, the majority (72%) expect it to come from an increase in new customers.

Sales strength, plus positive sentiment regarding the broader Irish economy, is translating into increased confidence. 89 per cent are set to invest in their businesses over the year ahead, prioritising sales & marketing (50%), IT and digital technology (49%) and training existing staff (43%).

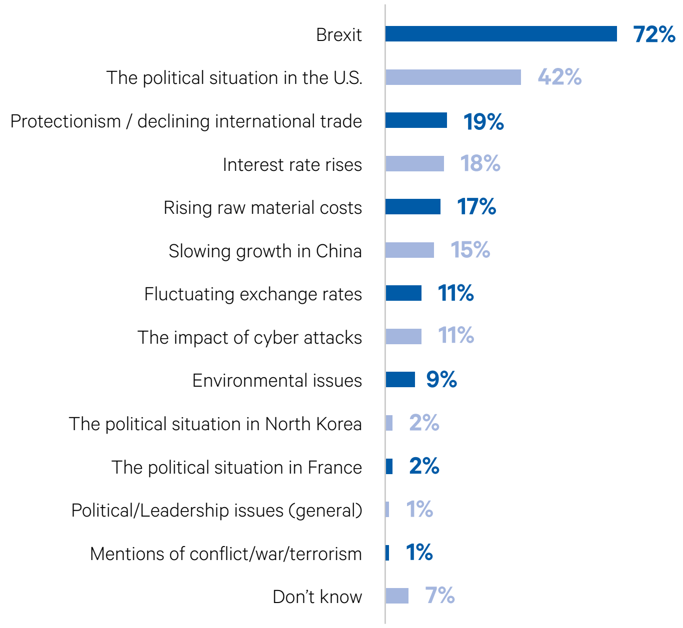
Rising costs were the top concern at 49 per cent, followed by cashflow management and government regulations (both at 38%). Regarding government policy, over half (54%) believe more could be done to support Irish SMEs. 42 per cent of respondents cited collecting payment from customers on time as the biggest challenge to cashflow.

Whilst a fifth (22%) of Irish SMEs use external finance for their businesses, reinvestment of company profits (36%) continues to be their main source of funding. Over a third (33%) of Irish SMEs cite the availability of finance as poor, with 1 in 5 (19%) experiencing rejection for finance in the past 12 months. Overall, 36 per cent of SMEs cited a poor credit rating as the main reason for rejection.

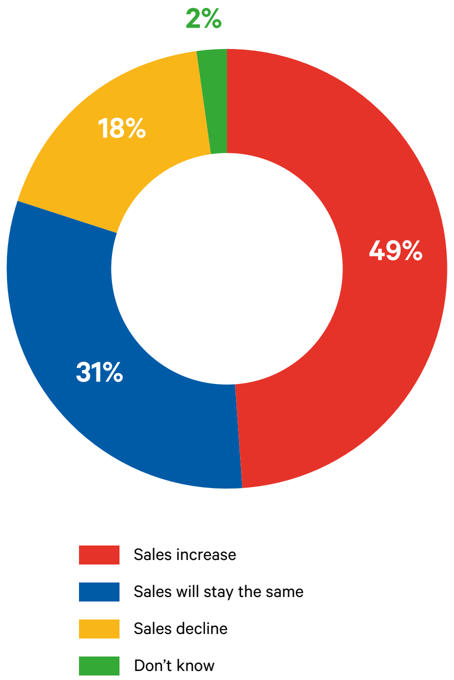
Almost a third of SMEs (30%) suffered from bad debt over the past 12 months, with an average of €26,603 written-off by each business, and the majority (80%) stating it has had an impact on their business, affecting profits and in some cases leading them to cease trading.

Of those Irish SMEs trading internationally, almost a third (32%) of businesses are exporting and the same proportion are importing. 82 per cent of SMEs that trade internationally face challenges with the greatest being foreign exchange fluctuations (21%). The UK, Germany and the U.S. represent the most value by way of exports. For Irish SMEs, the UK is the predominant import market, and the fall in the value of Sterling will have significant implications for businesses across Ireland.

TOP THREE THREATS TO GLOBAL ECONOMIC GROWTH IN 2019



BUSINESS PERFORMANCE EXPECTATIONS FOR THE NEXT 12 MONTHS



15 European Commission, 2018
16 https://www.rte.ie/news/business/2019/0711/1061482-cso-gdp-figures/

NETHERLANDS

POPULATION: 17M

NUMBER OF BUSINESSES: 1.15M[17]

SME MARKET OVERVIEW

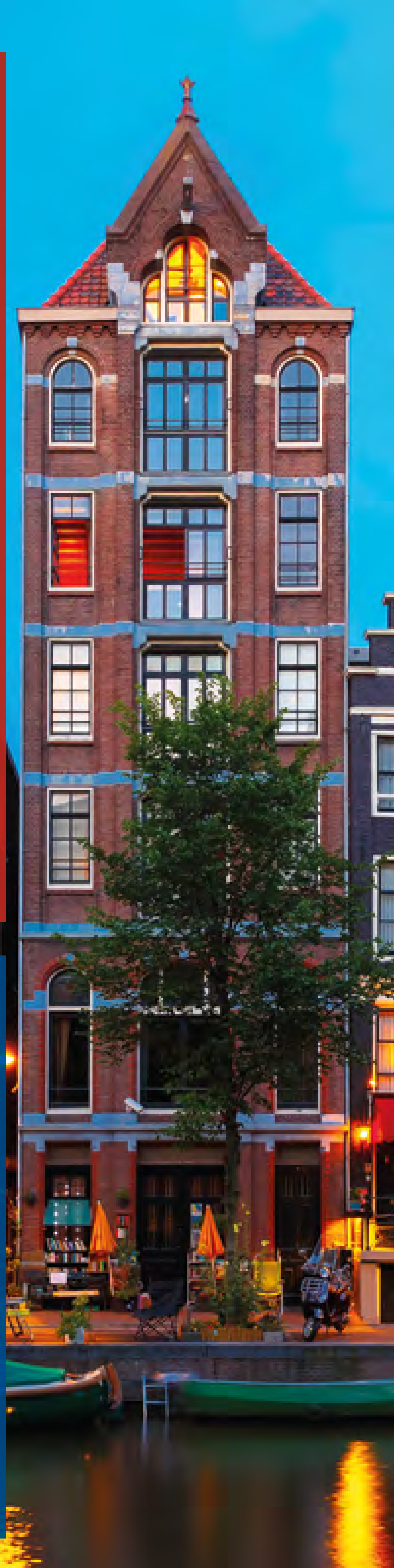
There are more than 1 million small and medium-sized enterprises in the Netherlands representing 99 per cent of all Dutch companies.[18] These SMEs provided more than four million jobs in the Netherlands in 2018 accounting for 72 per cent of the total Dutch employment and generated €226 billion or 62 per cent of total Dutch gross value added.[19] Industries that are performing extremely well are manufacturing, logistics, business services, and construction as a result of the flourishing housing market and increased investment in infrastructure).[20]

The Dutch government is working hard to stimulate the growth of the SME sector and make doing business in the Netherlands attractive. Corporate income tax will effectively decrease by 5 per cent between 2019 and 2021 to 15 per cent and 20 per cent depending on the reported profit.[21] Moreover, the government is also working on a legislative proposal to abolish ban on assignment that will broaden financing options for SMEs.

According to Euler Hermes, the Netherlands has the biggest SME bank loan financing gap in Europe at 22 per cent of GDP.[22] Bank loans are still the most important external financing option for SMEs, however, Dutch SMEs receive fewer bank loans when compared to other Eurozone countries.[23] Except for financing constraints, the main growth obstacle to a big portion of Dutch SMEs at present is the shortage of skilled personnel as the supply of available jobs outpaces the growth in labour demand. The low unemployment rate that currently stands at 3.3 per cent is expected to remain at this level until 2021.[24]

Other challenges faced by SMEs are digitisation, efficiency and sustainability. According to the Dutch Committee for Entrepreneurship the success factors of the fastest growing SMEs are investment in intangible assets such IT, software and data analysis as well as in product, process, marketing and organisational innovations.[25]

ROB RETÈL, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES B.V.



ECONOMIC PERSPECTIVE

After several years of GDP growth above 2 per cent levels, strong household consumption and a declining unemployment rate, we expect GDP growth to reach +1.8 per cent in 2019 and +1.4 per cent in 2020, above the Eurozone average, but the lowest level since 2014. Consumers should continue to support economic growth as wage growth is accelerating on the back of increasing labour shortages. Their savings rate remains at a high level (above 15% of the gross disposable income) which provides an important buffer ahead.

Company investment remains dynamic and prospects remain relatively good when looking at the capacity utilisation rates (84.3% in Q3 2019), still above the long-term average. Downside risks could arise from a stronger than expected slowdown in activity in the Eurozone and from secondary round effects from the U.S.-China trade dispute. Indeed, the Netherlands, as an export-driven economy is vulnerable to the global economic cycle. For 2019 and 2020, we expect a further slowdown in global GDP growth below the 3 per cent level with particularly low growth in the Eurozone (1.2% in 2019 and 1.3% in 2020) with which the Netherlands has the strongest trade ties.

Non-financial corporations' margins stand at 39.9 per cent of the value added, slightly below the Eurozone average. In addition, their debt stands at very high levels (172% of GDP, down from the 183% in 2016), third highest in the Eurozone after Luxembourg and Ireland. Turnover growth has so far been resilient and grew by almost +6 per cent in 2018 in the manufacturing sector (vs. +2% in Germany for example).

ANA BOATA, SENIOR ECONOMIST, EUROPE, EULER HERMES

RESEARCH FINDINGS

The results of this year's research are encouraging, with Dutch SMEs the second most confident, after the US, from the 13 countries surveyed.

Two-thirds (66%) of Dutch SMEs believe the economy is doing well. SMEs are also optimistic for the next 12 months, with 30 per cent expecting economic growth to pick up and almost half (47%) expecting that it will stay the same. This optimism might also stem from more than half (52%) of SMEs reporting sales growth in the last 12 months and 56 per cent expecting sales to increase in the next 12 months, putting Dutch SMEs second only to the US (64%).

Increasing the number of new customers and increasing demand from existing customers are seen as the biggest sources of growth for the year ahead. 81 per cent of Dutch SMEs see international trade as the greatest business opportunity (13%) with Germany best export and import partner. In addition, 81 per cent of SMEs plan to invest in their business this year, with the main areas of investment IT or digital technology (32%) and sales and marketing (29%).

According to the survey, the percentage of exporting businesses has dropped from 43 per cent to 28 per cent since 2017 and importing businesses from 35 per cent to 16 per cent due to sustained uncertainty around economic developments abroad. 46 per cent of the SMEs are concerned about the global economy, threatened mainly by the political situation in the US and Brexit.

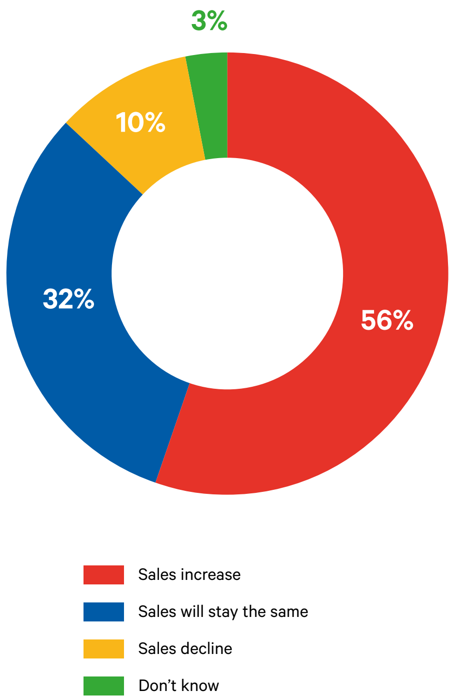
86 per cent of Dutch SMEs focus on domestic trade as their main growth driver.

43 per cent of Dutch SMEs agree local government policy supports their business needs. The lobbying efforts of the Royal Dutch SME Association (MKB-Nederland) have already resulted in substantial tax reliefs and cheaper social insurance options, as well various initiatives to reduce bureaucratic burden and pass favourable legislation around bans on assignment.[26]

Cashflow is the greatest challenge now and for the next 12 months (26%), with 32 per cent of respondents finding customer payment collection the most problematic area. Moreover, one third of Dutch SMEs suffered a bad debt last year which had affected their business growth and profits. The average amount lost in bad debt was €18,109.

44 per cent of Dutch SMEs reinvest company profits while 25 per cent use external funding. The proportion of SMEs that feel availability of finance is good or excellent in the Netherlands has declined from 47 per cent in 2017 to 37 per cent in 2019. The number of respondents to have been rejected for external finance (mainly due to poor credit rating or trading history) has increased slightly to 15 per cent in 2019, from 12 per cent in 2017.

BUSINESS PERFORMANCE EXPECTATIONS FOR THE NEXT 12 MONTHS



GREATEST GROWTH OPPORTUNITY FOR BUSINESS TODAY

17 European Commission, 2018 (1,146,351 rounded)
18 https://www.staatvanhetmkb.nl/factsfigures?grootte=50-tot-250-werkzame-personen retrieved 26/07/2019
19 https://www.mkb.nl/over-mkb-nederland/jaarverslag?utm_source=Nieuwsbrief_MKB-Nederland&utm_campaign=nieuwsbrief&utm_medium=e-mail retrieved 26/07/2019
20 https://www.eshuis.com/files/biz/sra-sra-biz-sectorrapport-branches-in-zicht-2019.pdf retrieved 26/07/2019
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23 https://www.cpb.nl/sites/default/files/omnidownload/Policy%20Brief%20SME%2009072019_0.pdf retrieved 24/07/2019
24 https://www.dnb.nl/en/news/dnb-publications/economische-ramingen/index.jsp retrieved on 24/07/2019
25 https://cms.staatvanhetmkb.nl/wp-content/uploads/2018/10/Jaarbericht-De_staat_van_het_MKB-2018-4MB.pdf retrieved 30/07/2019
26 https://www.mkb.nl/over-mkb-nederland/jaarverslag?utm_source=Nieuwsbrief_MKB-Nederland&utm_campaign=nieuwsbrief&utm_medium=e-mail retrieved 26/07/2019

POLAND

POPULATION: 38.4M

NUMBER OF BUSINESSES: 1.7M[27]

SME MARKET OVERVIEW

Polish state intervention targeted at SMEs focuses on growth entrepreneurship. One of the proposed lines of action in this area is to improve the legal environment for conducting business.

Over the past two years, several laws have been put into force to facilitate business in Poland. This so-called "Constitution for Business" came into force in 2018 along with the facilitation package for entrepreneurs "100 changes for enterprises". It is hoped this will lead to more partnerships between entrepreneurs and public administration.

The income of enterprises rose, despite increasing labour costs. Among enterprises employing more than nine people, revenues from overall activity grew nominally by 7.8 per cent and the financial result improved by almost 12 per cent. Revenues from export sales grew much faster than total revenues (by 10.4%).

According to studies conducted by the European Commission and the European Central Bank, the availability of qualified staff (23%) and winning and retaining customers (18.5%) are currently the main challenges faced by Polish enterprises. SMEs also identified a lack of access to capital and debt financing, indicating the need to ensure SMEs can acquire funds to finance their development.

At the same time, support must be targeted and adjusted to the needs of entrepreneurs, depending on scale and type of operations or stage of enterprise life cycle. The Polish Development Fund (PDF) Group will play an important role in achieving these objectives.

Significant structural change in the Polish economy is due to the relatively faster growth of value added in modern sectors compared with the relatively sluggish growth or even decline in some more "traditional" sectors. In the period from 2010 to 2017, information and communication was the business type with the highest relative increase in value added, followed by administrative and support service activities. These consist of administrative office services and other business support activities, order maintenance activities, labour market intermediation activities and rental and leasing activities. Furthermore, the value of financial and insurance, transportation and storage as well as manufacturing services demonstrated dynamic growth.

JERZY DĄBROWSKI, CHAIRMAN OF THE BOARD, BIBBY FINANCIAL SERVICES, POLAND

ECONOMIC PERSPECTIVE

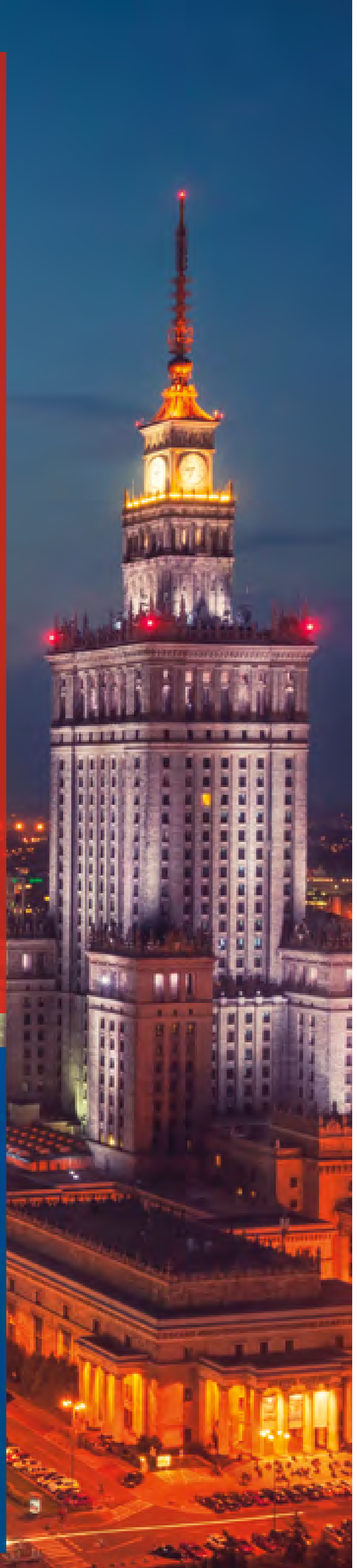
Polish real GDP grew by 5.1 per cent in 2018. The economic growth (the highest since 2007) was primarily driven by domestic demand (consumer and public spending as well as investment). The economy has slowed somewhat in the first half of 2019 and Euler Hermes expects full-year growth to come in at around 4 per cent.

The country's sustainable development reflects its solid macroeconomic fundamentals as well as strong domestic demand. The 2008/2009 global economic crisis affected Poland less than others, with Poland being the only major economy in Europe that avoided a recession.

In a recent study Euler Hermes showed that profit margins for Polish SMEs have actually declined since 2016, mainly due to increased unit labour costs.

It should also be noted that the optimism expressed by the SMEs in this survey is not reflected in other surveys. For example, the Manufacturing PMI survey conducted by IHS Markit has been below 50.0 points since November 2018 and reached a more than six-year low of 47.4 points in July 2019, reflecting that a majority of purchasing managers in the manufacturing sector are relatively pessimistic about the current and future situation of their businesses.

MANFRED STAMER, SENIOR ECONOMIST FOR EUROPE AND THE MIDDLE EAST, EULER HERMES



RESEARCH FINDINGS

Polish SMEs experienced strong sales over the past 12 months, with 44 per cent growing and 96 per cent identifying growth opportunities. 53 per cent expect sales to increase over the next 12 months with larger businesses most likely to expect an increase. 6 per cent expect growth to come from exporting for the first time whilst 71 per cent expect growth to come from an increase in new customers.

Rising overheads and costs (68%) is currently the greatest challenge to Polish SMEs, while 61 per cent expect it to be the greatest challenge in the next 12 months. For 46 per cent, collecting payment from customers on time remains the biggest challenge to cashflow in 2019.

Polish SMEs are using a variety of methods to fund their business, however the majority are self-funding, with half (52%) self-funded (from savings).

Almost 1 in 3 businesses are using external finance, and the bigger the business, the more likely they are to use external finance. A quarter (25%) of Polish SMEs surveyed said they would consider factoring as a source of finance.

The proportion of SMEs that feel the availability of finance is excellent or good has declined from 41 per cent in 2017 to 29 per cent in 2019. Again, Polish businesses cited poor credit rating and history (26%) as the main reason for rejection (48% in 2017).

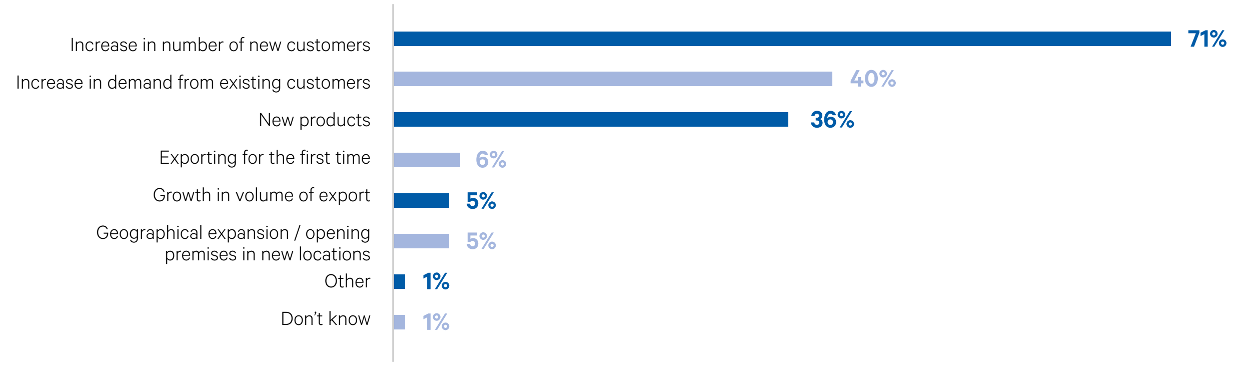
Over half (51%) of respondents said bad debts had affected their growth/profits.

Recently, intensive legislative work has been carried out to solve the problem of payment backlogs and improve financial liquidity for SMEs. The resulting new act comes into force in 2020. The crucial change will be shortening payment dates in transactions with large companies (so-called asymmetric transactions) - up to 60 days. Suppliers for public entities will obtain a shortening of payment terms up to 30 days.

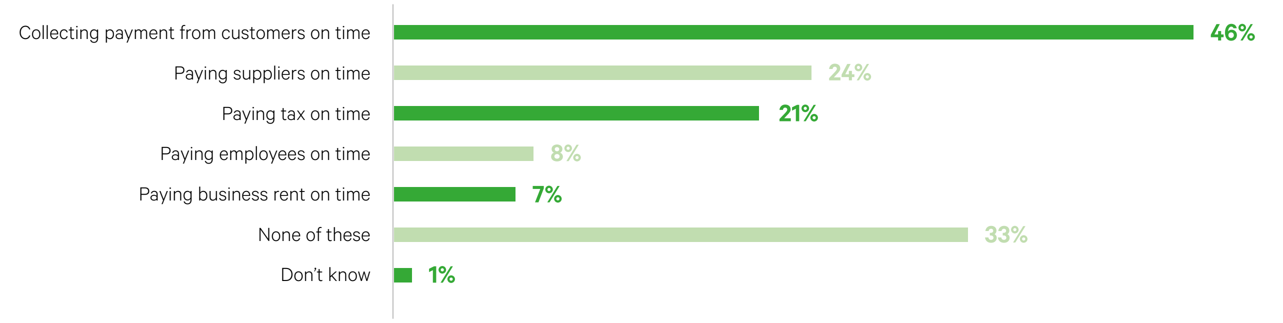
In addition, the president of the Office for Competition and Consumer Protection (UOKiK) is to impose administrative fines on companies that delay the settlement of their obligations the most.

The new act draws attention to important problems and introduces solutions that have worked well in other countries, e.g. the list of notoriously late payers in the UK is an excellent signpost for SMEs. However, according to the analysis of the Polish Factors Association, actions aimed at unblocking payment bottlenecks would be more effective if they also considered the abolition of Bans on Assignment in commercial contracts. At the moment, not all entrepreneurs can use invoice finance and this problem is particularly visible in transactions with large entities and companies of the State Treasury.

POTENTIAL SOURCES OF GROWTH



MOST PROBLEMATIC IN MANAGING CASHFLOW



27 European Commission, 2018 (rounded 1,695,991)

SINGAPORE

POPULATION: 5.6M

NUMBER OF BUSINESSES: 261,000[28]

SME MARKET OVERVIEW

SMEs, defined as enterprises with operating receipts no more than $100m, or less than 200 workers for all sectors, account for 72 per cent of the 3.5 million people employed across Singapore in 2019. As of Sep 2019, there was an estimated 261,000 SMEs across the 50 square-mile city state.

A recent survey by the Singapore Business Federation found that businesses across Singapore were well aware of the importance of innovation in their business. Interestingly, innovation was seen as vital in not just product development, but also in customer experience, operational processes, business models and services. However, despite its importance to the business, many organisations cited the cost of technology and the lack of skilled workers as key concerns for their business.

In fact, the lack of skilled workers is something that is impacting businesses of all sizes, with large corporations and SMEs alike struggling to hire those with the right skills. Lack of skilled workers (61%) was identified as a key concern for businesses, followed by business competition (50%) and compliance costs (49%). Both SMEs (50%) and large corporations (45%) identified compliance costs as a challenge, highlighting that economies of scale may not always provide as much of an advantage for large corporations.

Having access to finance to help businesses maintain cashflow and invest in themselves is vital for SMEs, with 71 per cent citing favourable financing conditions as the factor that would make the biggest difference to their businesses.

To facilitate their expansion to overseas markets, companies find collaboration with other businesses or entities most helpful. More than half of Singapore businesses identified having relevant contacts in the target overseas market(s) as helpful or very helpful.

ALAN WONG, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, SINGAPORE AND MALAYSIA

ECONOMIC PERSPECTIVE

Singapore's real GDP contracted by -0.8 per cent quarter-on-quarter in Q2 2019, after +0.9 per cent quarter-on-quarter in Q1. In year-on-year terms, the economy thus came to a near-standstill (+0.1% year-on-year) in Q2, decelerating from +1.1 per cent year-on-year in Q1 2019 and +3.2 per cent in 2018 as a whole. The manufacturing sector (-3.1% year-on-year in Q2) was the main drag on the economy, bearing the brunt of the downturn in the global electronics cycle, slowing expansion in China, and the ongoing China-U.S. trade tensions. This is reflected in a decline of non-oil domestic exports and especially a drop in semi-conductor shipments.

Positively, the construction sector has rebounded from a -3.7 per cent decline in 2018 to an increase of just under +3 per cent in 2019 year-to-date, thanks to rising public sector activity and some megaprojects, which should continue to support this sector in the coming quarters. The government also intends to continue its support towards digitalization and automation of production processes, as Singapore gears up to embrace Industry 4.0.

Regarding monetary policy, we now expect the Monetary Authority of Singapore to turn accommodative by easing policy in its meeting in October in light of the poor economic data and inflation expected to remain well below +1 per cent.

Nonetheless, we expect a short recession (two quarters of negative quarter-on-quarter GDP growth) around the turn of the year, followed by a mild recovery in Q2-Q4 2020. As a result, we project full-year GDP growth at just +0.4 per cent in both 2019 and 2020.

MANFRED STAMER, SENIOR ECONOMIST FOR EMERGING EUROPE AND THE MIDDLE EAST, EULER HERMES

RESEARCH FINDINGS

Optimism in the local economy is showing signs of rising amongst Singapore's small to medium enterprises', rising 8 points to 42 per cent on the survey. However, the challenges facing businesses in Singapore remain the focus for the majority of SMEs. For almost half of SMEs in the country, rising overheads/costs (49%) is currently the greatest challenge, followed by cashflow (45%). However, cashflow is expected to move into the number one spot and become their biggest challenge in the next 12 months (43%), with collecting payment from customers on time the most problematic of cashflow issues (56%).

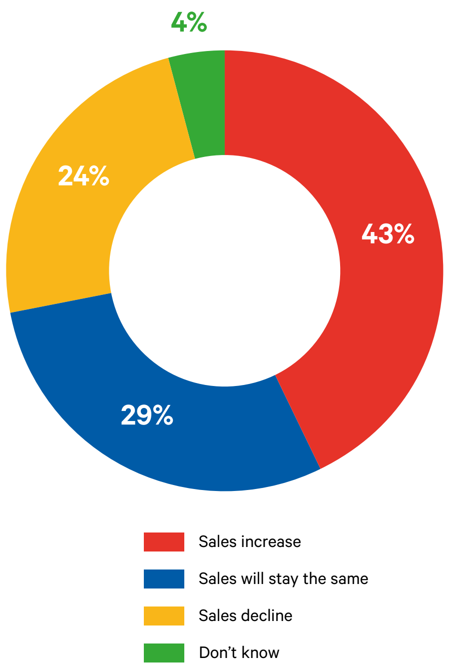
Despite these challenges, SMEs are optimistic about their growth opportunities, with 80 per cent believing there are opportunities for their business. SMEs identified multiple avenues of growth including finding new market segments (22%), and trading internationally (13%).

Against this backdrop of optimism and expected growth, 86 per cent of SMEs plan to invest in their business in 2019, with 41 per cent of Singaporean SMEs investing in the training and development of existing staff, 34 per cent in sales and marketing, and 33 per cent in IT or digital technology.

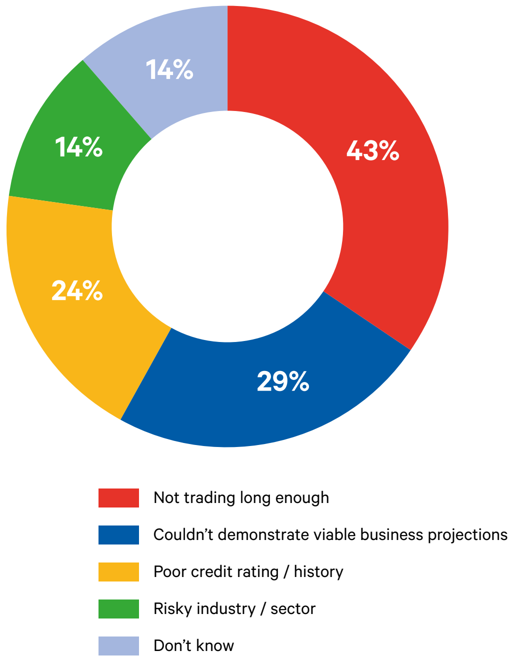
More than one in three SMEs in Singapore (38%) rated the availability of finance as excellent/good and 30 per cent are using external finance. With the majority of SMEs looking to invest, there is clearly a demand for finance. However, there are barriers for many SMEs, with documentation/paperwork required (60%) cited as the main reason for struggling to access finance. As numerous start-ups continue to appear in Singapore, many are finding difficulty in accessing finance with the main reason given for rejection for financing as that the company has not been trading long enough (43%).

In order to finance investing in their business, almost two fifths (39%) say they would consider factoring as a potential source of finance and 30 per cent would consider peer to peer funding or online funding. However, these forms of funding come with both pros and cons, with SMEs identifying the ease of use (70%) and concerns about data security (44%) as reasons for and against turning to this form of finance. Businesses in Singapore must balance investment in their company against securing sustainable forms of funding, a challenge seen by SMEs globally.

BUSINESS PERFORMANCE EXPECTATIONS FOR THE NEXT 12 MONTHS



REASONS GIVEN FOR REJECTION FOR EXTERNAL FINANCE



28 Department of Statistics, Singapore

SLOVAKIA

POPULATION: **5.4M**

NUMBER OF BUSINESSES: **434,619**[29]

SME MARKET OVERVIEW

Since the last report, and after a period of growth, the number of SMEs in Slovakia decreased to 434,619, mainly due to a decline in the number of sole traders, reflected in a 1.4 per cent decrease in the number of micro-enterprises. An increase in the number of small (1.1%) and medium-sized enterprises (1.2%) is attributed to continuous employment growth in SMEs over the past three years.

Compared to other EU countries, Slovakia is characterised by high business activity and the highest representation of micro-enterprises. Slovakia has a significantly higher share of industry and construction compared to the EU-28 but conversely, the service sector is less represented.

More than one in five (21.9%) active SMEs are based in Bratislava with the remainder evenly spread across Slovakia.

An increase of 1.4 per cent to 7.3 per cent of employment attributed to SMEs in Slovakia confirmed the role SMEs play in job creation, helping to boost employment rates in Slovakia to 58.8 per cent.

Positive economic indicators for the SME sector echo those of the broader economy. The value added by (non-financial) SMEs increased by up to 11.0 per cent year-on-year to €24,179 million. Euro growth achieved via the value added by SMEs has been most significant over the past eight years. More than two thirds of SMEs added value was created by businesses operating in industry, trade and business services.

Large enterprises have long maintained a dominant position in exporting, however in 2018, preliminary results of the Statistical Office of the Slovakian Republic, showed exports by SMEs increased by 3.6 per cent. SMEs accounted for 27.4 per cent of total exports, the lowest level since 2010. The majority of Slovakian SME exports go to the EU with only 9.0 per cent going elsewhere.

With 97.2 per cent of small enterprises and 99.1 per cent of medium-sized enterprises using computer networks in 2018, online revenues for SMEs were amongst the lowest in the EU.[30]

MICHAL GABRIEL, MANAGING DIRECTOR, BIBBY FINANCIAL SERVICES, CZECH REPUBLIC AND SLOVAKIA

ECONOMIC PERSPECTIVE

Economic growth decelerated markedly from 4.1 per cent in 2018 as a whole to 3.4 per cent year-on-year in the first quarter of 2019 and 2.5 per cent year-on-year in the second quarter, in seasonally adjusted terms. Demand-side details for Q1 2019 show that private consumption (1% year-on-year, unadjusted) and fixed investment (2.1% year-on-year) expanded considerably slower than in 2018. External trade activity was still strong in Q1, but collapsed in Q2. Nominal exports of goods rose by 8.7 per cent year-on-year in Q1 but fell by -1.4 per cent in Q2 (with a -7.3% drop in June). As Slovakia's economy is highly export-dependent, this export plunge translated directly into a marked deceleration of industrial production growth from 6.9 per cent year-on-year in Q1 to just 1.9 per cent in Q2. The key sectors contributing to this slowdown were chemicals and related products as well as transport equipment. The latter declined by -7.6 per cent year-on-year in June 2019, indicating that the European car sector crisis has finally also reached Slovakia, almost a year later than in other large automotive producer countries. In fact, that automotive crisis was partly masked in Slovakia by British car-maker Jaguar Land Rover which has been relocating a significant part of its production to Slovakia over the past year. Going forward, we expect these trends to continue in the next 18 months and Slovakian economic growth is forecast to come in at about 2.5 per cent in full year 2019 before moderately recovering to 2.8 per cent in 2020.

MANFRED STAMER, SENIOR ECONOMIST FOR EMERGING EUROPE AND THE MIDDLE EAST, EULER HERMES

RESEARCH FINDINGS

Slovakian SMEs have seen strong business performance over the past 12 months, with most either maintaining (36%) or increasing sales (38%). This places Slovakia only slightly behind equivalent responses for the Czech Republic (49% and 41% respectively).

Those surveyed are also optimistic for the future, with 63 per cent expecting sales growth to come from an increase in new customers. 88 per cent of SMEs plan to invest in their business in 2019 and the main area of investment for 41 per cent is sales and marketing. This optimism extends to their broader view of opportunities for growth, with 77 per cent saying that there are growth opportunities for their business, and 14 per cent with new product and service development as the greatest opportunity.

As elsewhere, the most problematic area of managing cashflow for SMEs in Slovakia was collecting payment from customers (47%) and more than two fifths (43%) of SMEs felt an increase in the interest rate would impact the growth of their business.

SMEs in Slovakia are using a variety of methods to fund their business; however, the majority are reinvesting their company profits (39%). Nearly a third (31%) are using external finance, whilst 1 in 5 are likely to apply in the next 12 months.

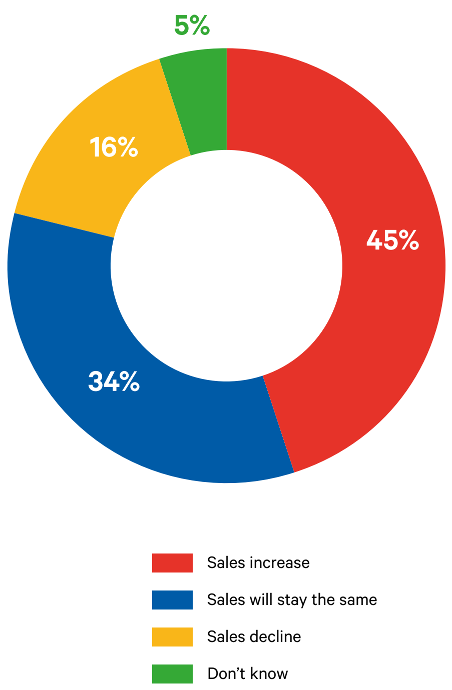
Over a quarter (29%) of SMEs would consider factoring as a potential source of finance for their business which is a similar proportion to those in the Czech Republic (25%). SMEs in Slovakia are more likely to feel the availability of finance is poor (34%), compared to those in Czech (23%). Documentation and paperwork required is cited by 65 per cent of SMEs as the main reason for difficulty accessing finance. A quarter (25%) of SMEs in Slovakia said they have been rejected for external finance, with the main reason for rejection given as "not trading long enough" (29%).

38 per cent of respondents said they have suffered a bad debt which they were not able to recover, and this proportion is in line with Czech (39%) and the average amount lost in bad debt was €12,337.

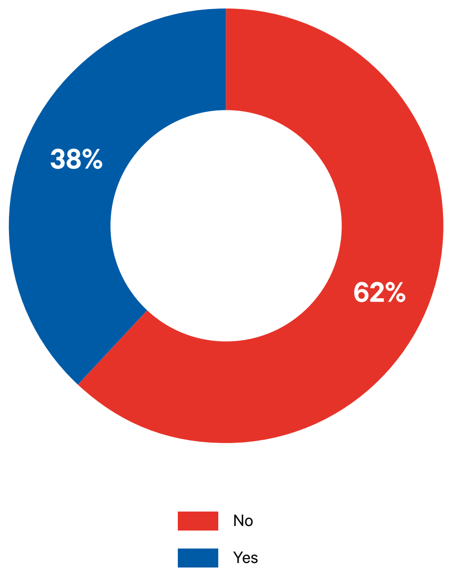
Half said that the main impact of bad debt was on growth and profits.

Czech and Slovakian SMEs have much in common, due to their recent shared history as a single trading nation. 1 in 5 Slovakian SMEs are exporting and a similar proportion are importing. 34 per cent of exporters say more than 31 per cent - 50 per cent of their turnover is export related. 62 per cent of SMEs that trade internationally face challenges, the greatest of which is a lack of business contacts and networks (14%). In contrast, the biggest challenge for Czech SMEs is foreign exchange fluctuations.

BUSINESS PERFORMANCE EXPECTATIONS FOR THE NEXT 12 MONTHS



SUFFERED FROM BAD DEBT IN THE LAST 12 MONTHS



29 European Commission, 2018
30 http://www.sbagency.sk/sites/default/files/msp_v_cislach_2018.pdf

UK

POPULATION: 66M

NUMBER OF BUSINESSES: 5.7M[31]

SME MARKET OVERVIEW

Businesses in the UK continue to be impacted by global uncertainty, as well as more home-grown issues such as stubbornly low productivity. 2019 has been further affected by the introduction of a cyclical form of stockpiling to deal with shifting Brexit dates. Spending spikes translated into sharp dips as companies were forced to run down materials held in reserve ahead of a predicted withdrawal from the EU and concerns about supply chains.

The manufacturing sector has been dealt a double blow as a global slump rippled through the UK market. Long-term trends indicate that the sector is trending towards a contraction and it will be SMEs along the construction supply chain that are put under the most strain. Whilst larger companies can afford to weather periods of low demand, SMEs simply do not have the capital reserves to do so.

With low interest rates the norm for a decade, rates cannot remain at their current levels forever, and there are far cheaper finance options available to the market. With competition increasing, companies fuelled by credit card debt may soon feel the pressure.

The research indicates a long-term rise in the number of SMEs seeking external finance. Ordinarily a rise in the number of companies investing in themselves would be a good thing, however the research indicates that with increasing competition, rising materials costs as a result of a weakened pound and the broader economy stalling, investments are being used to smooth cashflow rather than for growth.

Its striking that despite 30 per cent of UK GDP reliant on exports, analysis from Berenberg Economic puts the level of business investment 13 per cent lower than it would have been had it followed the pre-referendum trend line.

The next 12 months will be critical for the UK economy and its long-term strength. For SMEs, the challenges will require careful navigation to ensure emerging opportunities can be seized.

EDWARD WINTERTON, CHIEF EXECUTIVE OFFICER, BIBBY FINANCIAL SERVICES, UK

ECONOMIC PERSPECTIVE

In the immediate aftermath of the Brexit referendum vote back in 2016, the UK economy managed to maintain its solid momentum. However, prolonged high Brexit uncertainty, notably since July 2018, has significantly reduced the pockets of resilience in the UK economy. The sterling depreciation has increased import costs and triggered a fall in companies' margins, which have reached their lowest level since mid-2014. Investment stands almost 2 per cent below the pre-referendum level and contracted by -0.9 per cent in 2018 for the first time since the Great Recession. Consumer spending growth (+1.7% in 2018) reached its lowest level in five years. Consumer confidence reached similarly low levels found in the aftermath of the Brexit referendum, while the savings rate fell to a record low (around half of the pre-referendum levels). Strong wage acceleration (close to 4% year on year in Q2 2019) gave some additional purchasing power to households but has been a drag on company margins. Company turnover in the manufacturing sector fell by -0.9 per cent 3M year on year in June 2019, for the first time in contraction since 2015-16. This, in turn, slowed down the services sector to +3.6 per cent 3M year on year, the lowest since start of 2018.

Overall, prolonged Brexit related uncertainty is estimated to cost UK GDP growth -0.3pp every year. We expect GDP growth to slow to below +1.0 per cent in 2020 after a meagre +1.2 per cent in 2019. A technical recession is to be expected at the turn of the year as contingency stockpiling would need to be absorbed.

ANA BOATA, SENIOR ECONOMIST FOR EUROPE, EULER HERMES

RESEARCH FINDINGS

UK SME confidence has fallen 10 per cent since 2017 - from 68 per cent to 58 per cent with only a third (34%) surveyed believing the UK is performing well. 39 per cent expect the economy to worsen over the next year with only Czech (40%) and Hong Kong (41%) SMEs reflecting a higher degree of pessimism.

Two thirds (67%) of UK SMEs have not seen business growth over the last year, whilst nearly a third (27%) have seen a reduction. Looking 12 months ahead, SMEs are slightly more optimistic with 39 per cent expecting sales to increase, with medium sized businesses more likely to expect an increase.

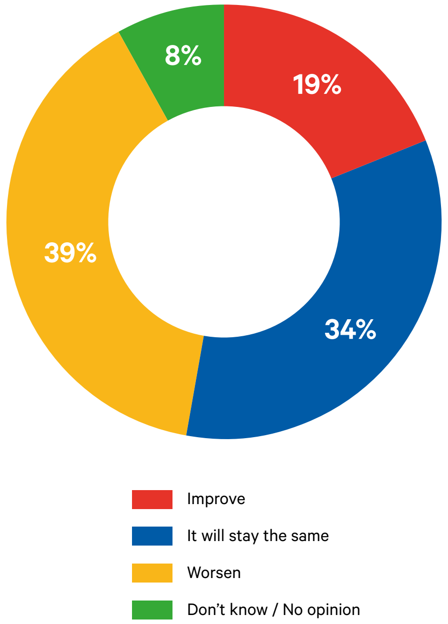
Two thirds (66%) of UK SMEs identified Brexit as a threat to the global economy, followed by the political situation in the U.S. (43%) and interest rate rises (25%). UK SMEs see Brexit as a threat to the global economy as it will fundamentally change the way they are able to interact with global markets, the expenses associated with trade, and the freedom to access goods, services and staff.

Three quarters of UK SMEs plan to invest in their businesses in 2019, prioritising sales and marketing (35%), training and development for existing staff (33%) and recruitment (32%). There is a sense that SMEs simply could not delay investment any longer and have focused their efforts on achievable growth metrics that are not dependent on global events. While any form of investment is positive, its prudent for SMEs to look beyond the immediate and plan for the longer term. It is more than likely that the pound will experience fluctuations over the coming year, so putting financing in place now to mitigate the extremes of those changes will help SMEs manage cashflow and mitigate some uncertainty.

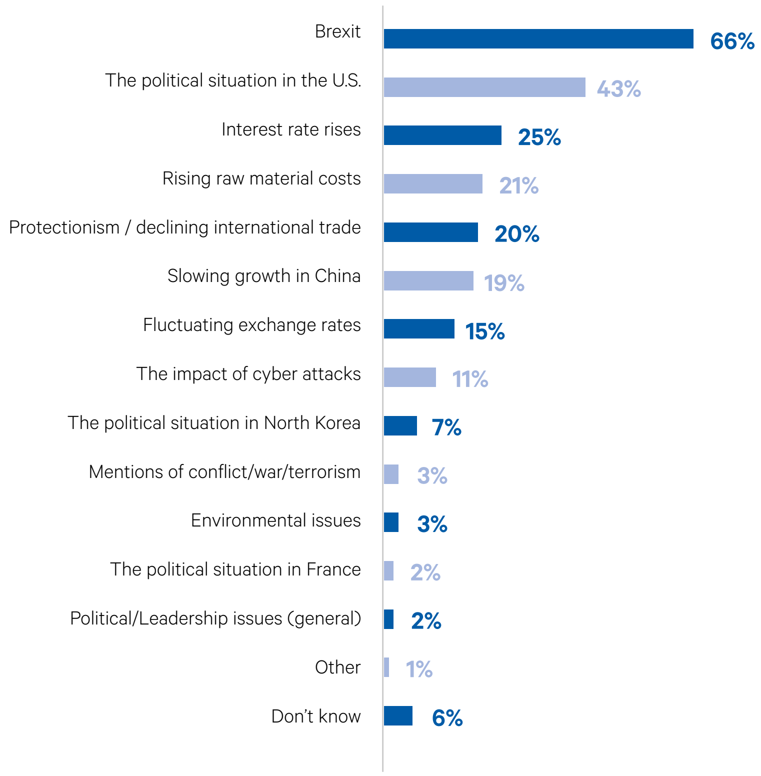
Reinvestment of company profits continues to be the main source of funding for SMEs, but some also turn to credit cards and personal loans. While this has likely been fuelled by historically low interest rates, it is also based on a lack of awareness of the far lower cost forms of flexible finance available.

UK SMEs for whom government policy is favourable has fallen from 42 per cent in 2017 to 29 per cent in 2019. Rising costs are named as the greatest challenge to SMEs as 38 per cent, followed by cashflow (37%) and government regulation (31%). Brexit preparations have introduced additional compliance cost and complexity on a short timeline and continuing uncertainty has left many SMEs wondering if it is worth preparing at all.

EXPECTATIONS OF UK ECONOMIC PERFORMANCE OVER THE NEXT 12 MONTHS



TOP THREE THREATS TO GLOBAL ECONOMIC GROWTH IN 2019



31 UK, House of Commons, 2018

U.S.

POPULATION: 327M

NUMBER OF BUSINESSES: 30.2M[32]

SME MARKET OVERVIEW

Small and medium-sized enterprises (SMEs) are historically responsible for creating two-thirds of all new jobs in the U.S. economy. Their forecast looks good - the MetLife & U.S. Chamber of Commerce Small Business Index saw a 3.1 point rise in the second quarter of 2019 to a score of 68.7. That figure implies that almost 69 per cent of SME owners currently have a positive outlook on their business and the larger economic environment.

While the U.S. generally offers a favourable business environment, SMEs find themselves disproportionately impacted by federal regulations. According to the U.S. Chamber of Commerce Foundation, the regulatory costs for SMEs with 50 employees or fewer are almost 20 per cent higher than the average for all businesses. Despite this figure, SMEs operating within the U.S. economy have seen vast improvements in the past three years as over a half dozen regulators, including the Treasury Department, have streamlined their policies, especially in regard to financing.

There are a number of avenues that SMEs in the U.S. can take to finance their business. The rise of financial technology has driven the popularity of alternative lenders in recent years. Traditional banking continues to be popular, with the approval percentage for SME loan applicants hitting a record high of 27.3 per cent at big banks in March. According to the National Federation of Independent Business's (NFIB) May 2019 report, SME owners reporting capital outlays increased 6 points to 64 per cent, the highest in a year. Together, these figures indicate that it is a good time to be in the SME market in the U.S.

DAVID CICCOLO, CHIEF EXECUTIVE OFFICER, BIBBY FINANCIAL SERVICES, NAM

ECONOMIC PERSPECTIVE

The U.S. economy has given a solid performance to date, with GDP growing at a 3.1 per cent quarter on quarter annualised rate in Q1 and 2.1 per cent in Q2, including a strong 4.3 per cent rise in consumption. Continued growth in consumption is expected to be supported by a strong labour market. The economy is tracking for a 2.5 per cent growth rate for 2019.

However, there are significant signs of slowing. Job growth, a lagging indicator, is decelerating. And manufacturing is now contracting as the ISM index has fallen below 50, industrial production is down -0.5 per cent y/y and durable goods orders are tepid. And while the services sector continues to grow, overall corporate profits are faltering especially with the dwindling effects of last year's tax cut. Other leading indicators suggest the possibility of a recession in 2020, including consumers' concerns about the future, falling transportation indicators, and the most compelling metric of all, a yield curve which has been inverted since May. Unfortunately for the Federal Reserve, its upcoming rate cuts may be too late to counter monetary policy which had previously been too tight.

U.S. businesses have pulled back on spending as they eye the possibility of a trade war between Washington and Beijing. An easing of tensions would likely do much for the beleaguered manufacturing industry. However, as the U.S. economy enters a record-breaking expansion, it seems possible that the growth cycle is simply coming to a natural close.

DAN NORTH, CHIEF ECONOMIST, NORTH AMERICA, EULER HERMES

RESEARCH FINDINGS

SMEs in the U.S. remain positive about the country's current economic performance, with almost two thirds (65%) describing it as good, similar to the 67 per cent in 2017. In contrast, 59 per cent of American SMEs expressed concern about the global economy.

49 per cent of the SMEs surveyed experienced growth last year and 59 per cent expect to grow sales over the next year. Growth is anticipated from an increase both in the number of new customers (66%) and in demand from existing customers (59%); only 35 per cent of companies expect growth to come from developing new products.

In 2017, respondents named the U.S. political situation as top threat to global economic growth, and two years later, that sentiment remains the same. Rising material costs (33%) and rising interest rates (25%) also ranked highly.

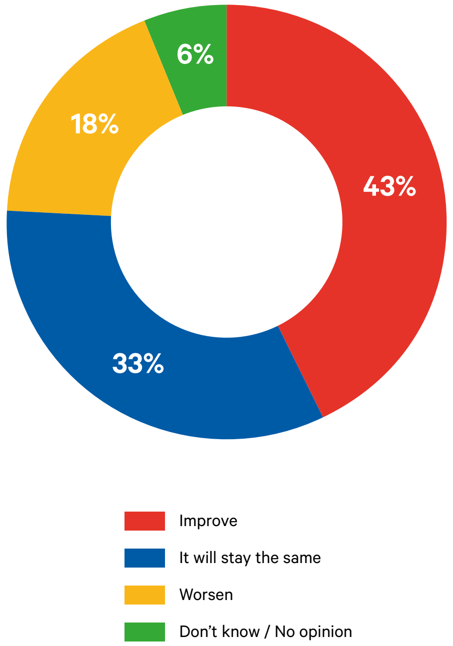
When it comes to their individual businesses, American SMEs rank cashflow issues, rising overheads and costs, and lack of demand as the biggest challenges they currently face and will continue to face in the foreseeable future.

The positive sentiment about business performance is reflected in SMEs' decisions to invest, with 90 per cent saying that they plan on investing in their business to take advantage of growth opportunities. SMEs ranked Sales and Marketing as the number one area of investment in 2019.

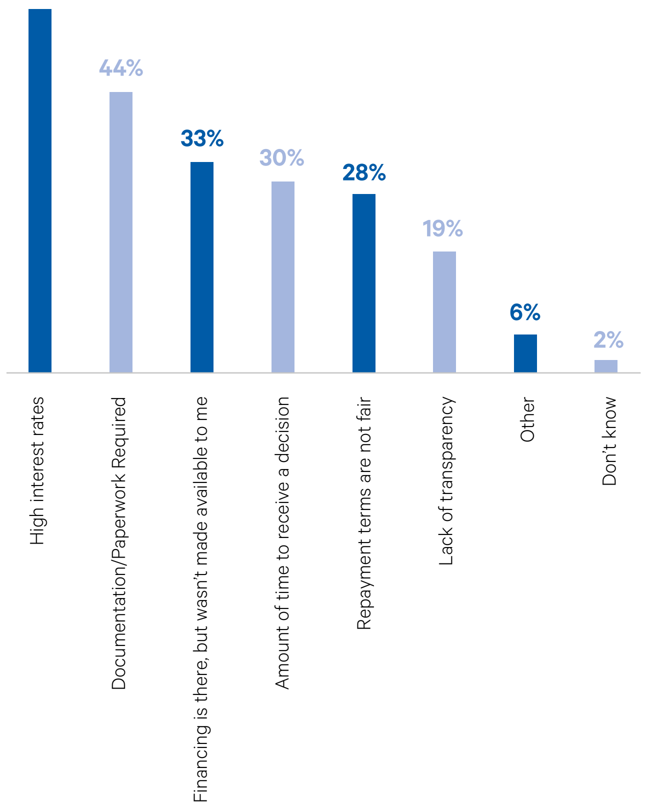
American SMEs mainly finance their operations through reinvestment of company profits and savings. Despite 43 per cent of respondents feeling that availability of finance is excellent or good, a rising number express that access to financing is tightening rating availability as poor - 19 per cent in 2019 compared to 12 per cent in 2017. In addition, there is a shift in the reasons why accessing finance can be difficult. Two years ago, businesses rated required documentation and paperwork as the main obstacle to accessing finance, while this year, respondents put high interest rates top of the list. Funding rejection rates are the same in 2019 as they were in 2017, with 25 per cent of businesses stating that their applications were rejected by lenders.

23 per cent of U.S. companies surveyed are exporting internationally. When asked, 29 per cent of the businesses that trade internationally cited major obstacles created by government regulation, followed by foreign exchange fluctuations (14%) and logistics (12%). 39 per cent of the exporters said that more than 30 per cent of their revenue is export related. Amongst many reasons more SMEs don't trade internationally, high tariffs (18%), concerns about getting paid (15%), and difficulty finding customers abroad (14%) are lead concerns. American SMEs that are interested in getting started in exporting rate funding support and help connecting to potential customers as their greatest needs.

EXPECTATION OF U.S. ECONOMIC PERFORMANCE IN THE NEXT 12 MONTHS



CHALLENGES FACED BY U.S. SMES WHEN SEEKING ACCESS TO FINANCE



32 Office of the U.S. Trade Representative

2020 - THE YEAR AHEAD

Twenty years on from the creation of the Eurozone, the current challenges faced by the EU can be related back to its political origins. Politicians of the 1990s were more focused on the progression of a European political ideology via monetary integration than considerations of how it could be economically stable and equitable. That's politics. However, business success depends on much more than currency. The availability and mobility of capital and labour (both skilled and unskilled) to businesses of all sizes are key to success and growth, as highlighted in the 2017 report.

Today's EU faces new challenges, the rise of far-right politics and the prospect of Britain leaving altogether. Even the European industrial powerhouse, Germany, is suffering its biggest annual decline in nine years as the escalating trade war between the U.S. and China impacts exports.

Tensions between the U.S. and China seem likely to continue well into 2020 and beyond, impacting confidence, supply chains and foreign exchange. It is therefore likely all businesses involved in international trade, including SMEs, will benefit from hedging against forex fluctuations over the short to medium term or risk further uncertainties.

With elections due in the U.S. in 2020, and in Canada in late 2019, it is possible that the North American business environment could pivot over the coming year. Trudeau's liberal agenda is coming under attack from the right, and whilst Canadians typically like to give their Prime Ministers two terms or more to demonstrate performance, the coming election is expected to be much closer than usual.

Whatever the political agenda, all are affected by it, to varying degrees. The top two of the top three threats to international trade the SMEs identified were political in nature, Brexit (35%) and the political situation in the U.S. (42%).

Whilst a small number of large companies may command much of the business news, in reality the much larger number of small businesses have a more significant role to play in the day to day business of our lives. The catering company, the freelance consultants, the tooling manufacturers; not all have the business model or appetite to trade internationally, but many do. Their millions of connections and micro transactions are the enablers of economies, of innovation and of daily life.

It is notable that the two countries with the greatest percentage of SMEs voicing concern about the global economy (Hong Kong 70% and Ireland 64% respectively) are those whose fortunes are most closely bound to the activities of their neighbours. Ireland faces significant exposure to challenges around Brexit, whilst Hong Kong's relationship with mainland China brings exposure to China's own slowing growth. The Czech Republic sees Germany as both the country offering the greatest export and import opportunity, so the recent German slowdown is hardly good news.

Despite this apparent threat coming from the global political agenda, the actual impact of international politics on the day to day business of SMEs is harder to quantify. It's easy to focus on the politics of the moment, but politics moves slowly compared to business.

In terms of real-life challenges currently facing SMEs worldwide, the surveyed group reported the same three as in 2017, and predicted these would continue as the three biggest threats into 2020. Rising overheads and costs (37%) were identified as the single biggest challenge, followed by government regulation/legislation and red tape (highlighted by 36% of SMEs) and cashflow (32%), which speaks more to the administrative burden of running an SME day to day than any specific political affiliation.

Opportunities abound for SMEs in 2020, if they're prepared to capitalise on them

More than a quarter of the SMEs consulted expect their local economy to improve over the next twelve months, and this optimism can't exclusively be culturally biased. The number of SMEs voicing concern about the global economy has significantly fallen, from 65 per cent in 2017, to 56 per cent in 2019.

More than twice as many saw their company grow as decline in the last year, which demonstrates their flexibility as much as their hard work and tenacity. Just under half (46%) are expecting sales to increase over the next 12 months. U.S. SMEs are the most confident about future sales, with 64 per cent expecting growth; in contrast, just under a third (30%) of SMEs in Hong Kong expect sales to grow in 2020.

This year's SME interviewees, representing nearly two and a half thousand businesses in thirteen countries, saw opportunity everywhere, with 14 per cent naming social media as the top opportunity for their business.

Putting the right financing in place is critical to SMEs making the most of opportunities in 2020

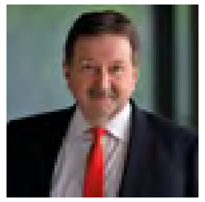
To thrive and grow as a business, SMEs must define their own goals and steer their own path. Business as usual is the business of the everyday, managing cashflow, seeking new customers, finding new ways to connect. Effectively meeting the challenges posed by fluctuating exchange rates means proactively considering new ways to manage this exposure.

The top three challenges facing SMEs over the coming year will be more practical than political: rising overheads / cost (37%), followed by government regulation / legislation (red tape) (35%) and cashflow (31%). Optimising financing to protect themselves against rising costs is a strategy appealing to both importing and exporting SMEs, enabling them to take advantage of bulk-buying discounts and protecting themselves from the worst impacts of rising prices.

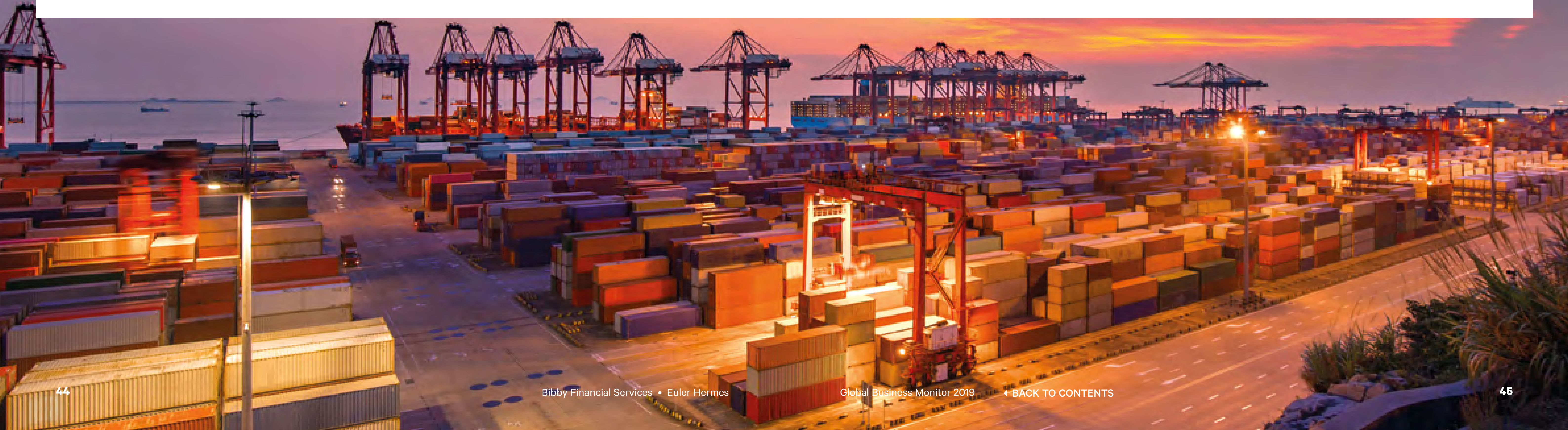
This report demonstrates the benefits of optimising your cashflow by getting flexible, tailored funding in place. Many of our clients have been turned down elsewhere simply because the lender didn't offer the right funding for them. Rejection in these cases has led to the clients becoming more creative and innovative in their search, and for all the companies featured, that approach has led to them not just surviving, but thriving.

This report for 2019 and its predecessors certainly tells the story of the research, but also reflect the personal stories of real SMEs run by real entrepreneurs. It tells the tale of rejection for finance, of struggling to balance the books, to find the right team, getting the right support. Of modern business models, agile and flexible, seeking financing that is fit for their purpose.

More than one in five (21%) of SMEs have been turned down for finance, not for any failing, but rather because banks are unable to service some sectors, certain business models, and very young start-ups. These ambitious new businesses must look further afield and be more creative in their search for financing. Success may depend on leveraging every advantage, and/or every opportunity to grow. Rather than just relying on reinvesting profits, SMEs can explode their growth by increasing their cashflow, by borrowing to invest, whether this is in new technology, staff training, or simply to exploit bulk pricing opportunities. Fortune favours the inventive and the bold.



RICHARD CARTER
CEO, Bibby Financial Services, Europe and Asia



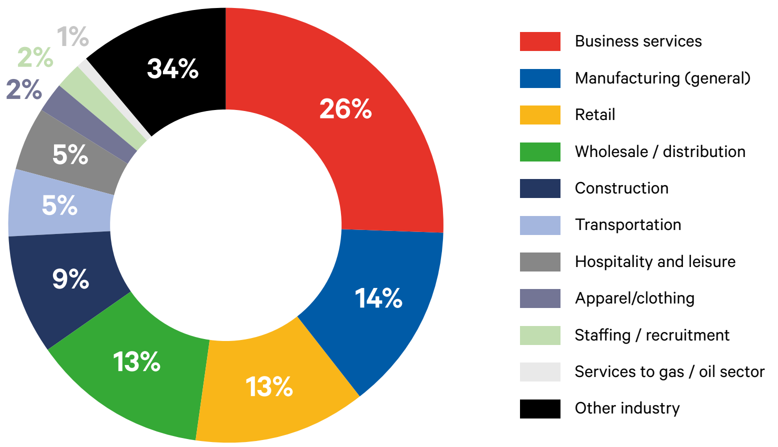
METHODOLOGY

The Global Business Monitor is an international survey of Small and Medium Sized Enterprises (SMEs) across Asia, Europe and North America, conducted by Critical Research on behalf of Bibby Financial Services.

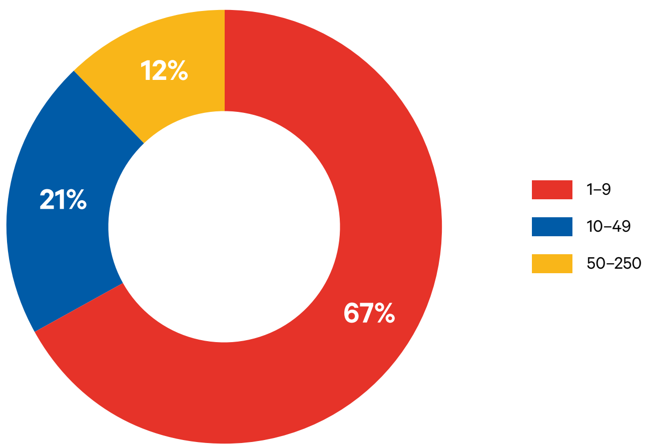
Approximately 2,300 SMEs were surveyed across 13 countries / regions. Approximately 150 SMEs were surveyed in each country / region (with the exception of the U.S. with 500 interviews) across wholesale, manufacturing, construction, transport and service sectors.

The findings of this report are drawn from telephone research undertaken in Q2/2019 with a randomly selected sample of business owners and senior decision makers in the following countries: Canada, U.S., Ireland, UK, Netherlands, Belgium, France, Germany, Poland, Czech Republic, Slovakia, Hong Kong and Singapore.

INDUSTRY



NUMBER OF EMPLOYEES



ABOUT BIBBY FINANCIAL SERVICES

Bibby Financial Services (BFS) is a leading independent financial services partner to over 10,500 businesses worldwide.

With over 40 operations in 14 countries spanning Asia, Europe and North America, BFS provides specialist and adaptable FX services, trade, asset and working capital finance, helping businesses to grow in domestic and international markets.

Formed in 1982, BFS is part of the Bibby Line Group (BLG), a diverse and forward-looking family business delivering personal, responsive and flexible customer solutions for over 200 years.

In 2011, 2012, 2014, 2015, 2016, 2017, 2018 and 2019 the business was awarded a place in The Sunday Times 100 Best Companies to Work For, ranking 42nd in the most recent poll.

To find out more about Bibby Financial Services, visit:
www.bibbyfinancialservices.com

ABOUT EULER HERMES

Euler Hermes is the global leader in trade credit insurance and a recognised specialist in the areas of surety, collections, structured trade credit and political risk. Our proprietary intelligence network analyses daily changes in corporate solvency representing 92 per cent of global GDP. We give companies the confidence to trade, and be paid. We compensate your company in the event of a bad debt, but more importantly, we help you avoid bad debt in the first place. Whenever we provide trade credit insurance or other finance solutions, our priority is predictive protection. But, when the unexpected arrives, our AA credit rating means we have the resources, backed by Allianz to provide compensation to maintain your business. Headquartered in Paris, Euler Hermes is present in 50+ countries with 5,800 employees. In 2018, our consolidated turnover was €2.7 billion and insured global business transactions represented €962 billion in exposure.

For more information, please visit:
www.eulerhermes.com

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