



# Sector Developments & Insights

June 2021



**Bank of  
Ireland**

Classification: **Green**



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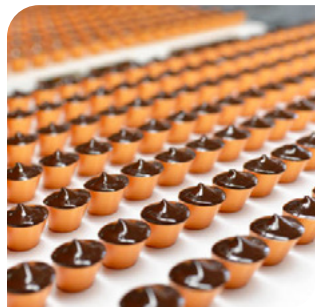
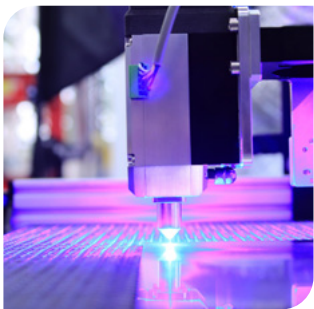
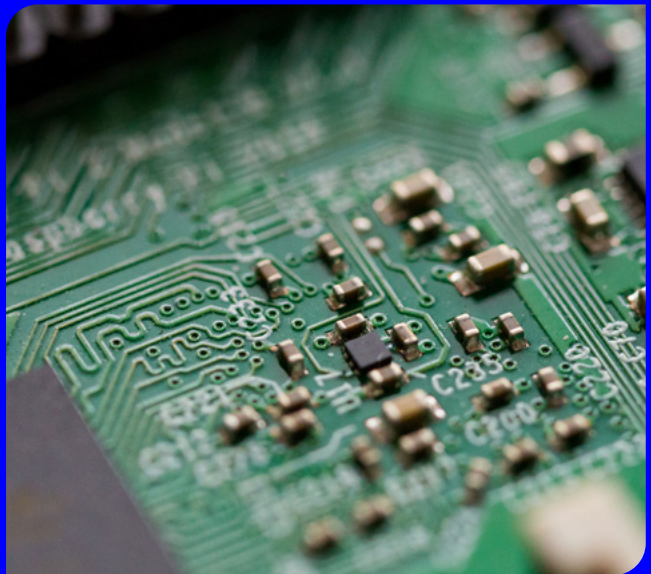


# Introduction

Welcome to the latest edition of our Sectors Developments and Insights update. As consumer and business optimism levels improve linked to the vaccine roll-out and re-opening of the economy, our sectors team examine market trends emerging and the investment focus within their respective areas. In Bank of Ireland, we continue to proactively engage with our customers and their advisors nationwide and have supported the investment plans of Irish SMEs across a range of sectors to date in 2021.

## Acceleration of Technology

The pace at which technology advances is continuously gathering speed. The COVID-19 pandemic has accelerated the assimilation of some technologies into our everyday lives by catapulting nascent trends like working from home and online shopping. Technology continues to unveil new ways of doing business and new economic opportunities, presenting both challenges and opportunities across all business sectors. These trends are set to continue, transforming the economy, jobs and our way of life.



In an upcoming publication, the second in our 2021 thought-leadership series, we examine the impact and acceleration of technology across key sectors in the Irish economy, and reflect on the impact this trend may have into the future. Our Sectors team are recognised leaders within their respective areas and passionate about the development of a vibrant Irish business eco-system. Please feel free to contact any member of the Sectors team in respect of our thought-leadership publications, our monthly updates or a specific element within an individual sector - all of our contact details are contained herein. As a team we are looking forward to engaging and supporting Irish business to adapt and develop in a post pandemic environment.

# Agriculture Sector Update





# Agriculture Sector Update

## Eoin Lowry



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### **Agricultural commodity prices surge as world returns to normal**

The prices of a range of agricultural commodities traded on the global stage, have reached their highest levels in a decade, lifted by the global economic rebound and improved growth prospects. Last month, the Food and Agriculture Organization of the United Nations (FAO) reported that global food prices rose at their fastest monthly rate since September 2011.<sup>1</sup>

In Ireland, prices for milk, meat and grains have been surging. Farm gate milk prices are at over 34c/l, harvest prices for barley are heading towards €175/t and quotes for beef are currently at €4.20/kg- all significantly higher than last year. This is to be expected as countries start returning to normal after over a year of the pandemic.

The question now turns to how long they will remain at this level. Despite the current upward trend in agri commodity prices, the scale has not yet reached that of 2007-2008 where market speculators were heavily involved. It appears with this Bull run that the more reliable fundamentals of supply and demand along with weather are playing a key role in driving prices.

### **Weather impacting supply**

It is likely that global supply across many agri commodities will be tighter in 2021. Challenging weather for farmers around the world has worsened the availability of various agri commodities and will likely continue to drive prices for the remainder of 2021. Dry weather in South America, particularly Brazil and parts of Argentina has impacted crops such as wheat and soyabean. The US Midwest, a key grain growing region in the world, has also suffered from dryness.

### **Stock piling driving demand**

We can expect to see stock piling at destination while exporting-country stocks diminish. Import demand is rising as countries seek to build up their domestic stocks of commodities like wheat, maize, and soyabeans. Highest among them is China as its economy rebounds leading to high demand for grains used in animal feed. Along with this rising level of demand we are seeing major agri exporters such as Russia holding stocks back by introducing export taxes on wheat and Argentina placing quotas on maize exports.

Coupled to this, there is an amount of stock building along the supply chain, especially by major food companies such as Tyson Foods and Danone and retailers wary of running out of product, aiming to avoid any future Covid-19 disruptions.

### **Speculators**

An increasing number of investors are looking at agricultural commodities as investment assets. While nowhere near the levels seen in 2007-2008, these speculators have also been responsible for driving prices, buying up record amounts of agri commodity futures over the year. Their positions will be key to the evolution of prices in the months ahead.

### **Uncertainty ahead**

The higher farm-gate prices are a welcome reprieve to farmers who have had a number of lean years coupled with rising costs. While not wanting to talk the market down, spikes like the current one are a regular feature of agricultural commodity markets. Most farmers know that the problem with periods of high prices is that a period of low prices usually follows.

The current Bull run in agri commodity prices will ultimately depend on a number of factors including the evolution of the COVID-19 pandemic as well as policy support measures in advanced economies and production decisions in major commodity producers.

It is important to note that food demand globally hasn't fundamentally grown any faster than it would in other years. Furthermore most global food commodity markets appear to be adequately supplied by historical standards. This could lead to prices stabilizing over the coming months.

However, the climate and environmental challenge for the agri sector globally could substantially impact the price of agricultural commodities over the longer term. If the environmental footprint of the sector must be reduced globally, this should lead to fewer animals being reared, reduced stocking levels, less land being farmed coupled with fewer inputs such as fertiliser or feed all impacting supply. Meanwhile rising population and increasing wealth will continue to drive demand. Ultimately new Environmental policies could lead to a real shift in the fundamentals and prices of agri commodities over time. Whether Governments around the world will have the appetite for higher food prices over the longer term remains to be seen.

<sup>1</sup> United Nations FAO Global food price index – May 2021



# Food & Drink Sector Update





# Food & Drink Sector Update

## Roisin O'Shea



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A recent Bord Bia report<sup>2</sup> sought to quantify business sentiment amongst operators in the food and drink sector and to review the industry's views and preparedness for evolving key developments such as the impact of Brexit, the evolution of technology and the climate change challenge amongst others.

**82% of businesses surveyed are optimistic about the future prospects of the sector.** The interlinked nature of the British/Irish food supply chains mean that Brexit continues to impact on the industry. For many food businesses, Brexit has not had an impact as of yet, however 32% describe the new trading environment as a significant or critical risk. Given forthcoming strengthened border enforcement on the UK side, the preparedness of the sector is to be welcomed with almost 93% of exporters having made preparations for border controls. One of the key issues however is likely to be around groupage, particularly in the light of how groupage was particularly affected on imports once EU post Brexit border enforcement was in place. For the 30% of respondents that are significantly or wholly dependent on groupage for exports to the UK this is a concern and may result in some loss of business if they are unable to move to bulk loads.

Importers will be mindful of the recent news that Britain is facing a shortage of HGV drivers. The UK Federation of Wholesale Distributors<sup>3</sup> highlighted concerns on food supply chains due to a shortage of 70,000 lorry drivers due to Brexit and advised the British government to have the army on standby. From an Irish perspective, food importers will look to continue to maintain elevated stock levels of British sourced products, where alternatives are unavailable, in order to avoid any additional supply chain delays. The shortage of UK drivers may also impact the increasing move to unaccompanied trailers for export as exporters will be concerned on potential delays and ensuing wastage for product destined for UK warehouses.

A key concern for the industry here was the impact of the UK's ambition to strike new trade deals with nations outside the EU. The recently agreed Australian deal is the largest trade deal the UK has negotiated which has not replaced a previously existing EU deal. The most significant element from an Irish Agrifood perspective is that the deal allows for an increase in tariff free access for Australian beef and lamb, with tariffs to be phased out totally after fifteen years. From a beef perspective the tariff free level is 35,000 Tonnes which is a significant increase on the total amount imported in 2019 of 1,766 Tonnes<sup>4</sup>. While it stops short of unlimited access to the UK market, it is likely nonetheless to cause concern to the industry here as it risks being undercut by cheaper lower standard Australian product in the foodservice channel. Beef exports from Ireland to the UK were worth €836M<sup>5</sup> with c56% going to manufacturing and foodservice channels (pre-COVID-19) where country of origin is not as visible to consumers and therefore more liable to price based switching.

International trade was given a boost by the news that the US and EU have agreed a 5 year ceasefire (following a temporary cessation in March 2021) on the imposition of tariffs as part of the Boeing/Airbus dispute<sup>6</sup>. As part of this dispute, tariffs of up to 25% were imposed on Irish butter, cheese and cream liqueur entering into the US. As a result of this, growth slowed on exports of these key commodities in 2020, however the certainty of the five year agreement will allow for a more structured investment plan in the market.

After COVID-19 the volatility in commodity costs was the next most pressing issue for food and drink producers identified in the most recent Bord Bia Readiness Report. The UN Food & Agricultural Organisation index<sup>7</sup> showed that commodity costs had increased by 4.8% in May compared to April and were now at their highest level since September 2011. Anecdotal evidence suggests that a significant number of players in the industry have proposed price increases to their customers. This can take a number of weeks to filter through to the price on the shelf however is likely to be seen by consumers at the end of quarter 2 and into quarter 3, 2021.

<sup>2</sup> [https://www.bordbia.ie/globalassets/bordbia.ie/industry/readiness-radar/readiness-radar\\_report\\_webversion.pdf](https://www.bordbia.ie/globalassets/bordbia.ie/industry/readiness-radar/readiness-radar_report_webversion.pdf)

<sup>3</sup> <https://theloadstar.com/uk-driver-shortage-so-bad-wholesalers-want-army-trucks-to-deliver-the-goods/>

<sup>4</sup> <https://www.theguardian.com/politics/2021/jun/15/uk-australia-trade-deal-to-include-15-year-cap-on-tariff-free-imports>

<sup>5</sup> <https://www.irishtimes.com/business/agribusiness-and-food/uk-australia-trade-deal-a-dangerous-precedent-warn-irish-food-and-farm-groups-1.4594335>

<sup>6</sup> <https://www.theguardian.com/world/2021/jun/16/us-eu-agree-ceasefire-in-long-running-trade-war-over-aircraft-subsidies>

<sup>7</sup> <http://www.fao.org/news/story/en/item/1403339/icode/>



# Hospitality Sector Update





# Hospitality Sector Update

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Businesses across the Hospitality and Tourism sector were able to resume 'on-trade' this month as the government began the gradual lifting/easing of COVID-19 related restrictions. Service provision remains limited to open air food/drink up to July 19th at the earliest based on the latest Government update. The government's timely initiative for the rollout of outdoor dining grants at a business and local County council level has led the development of a number of sidewalk widening projects in Dublin and the regions. The much anticipated pent up demand has delivered strong numbers for premises across a number of locations driven by the novelty of leaving the house for a couple of days, the lure of dining 'al fresco', and the accelerated delivery of the vaccines. Due to logistical issues some premises have chosen to remain closed until such time as indoor dining is allowed (particularly a number of fine dining establishments).

- The Economic Recovery Plan released by the government ([www.gov.ie](http://www.gov.ie)) on June 1st included a number of enhanced measures to support the recovery of the sector. Key measures included;
  - Employment Wage Subsidy Scheme will be extended beyond 30 June 2021 until the 31st December 2021. Qualifying criteria was also amended, the decline in turnover is now measured over 12 months rather than 6, which means most hotels could continue to qualify even if they report a strong H2.
  - The lower tourism VAT rate of 9% will be extended until 1st September 2022.
  - COVID-19 Restrictions Support Scheme (CRSS) extended until the end of the year. An enhanced restart payment of three weeks at double rate of payment was put in place to support businesses in meeting the costs of re-opening as they exit the scheme.
  - Commercial rates waiver extension to end-September 2021.
  - The Tax Debt Warehousing Scheme (TDWS), available to support businesses that are experiencing tax payment difficulties arising from the COVID-19 pandemic, will be extended to the end of 2021 with an interest free period during 2022. COVID related liabilities will then fall to be paid from 1 January 2023.
- The right of an employee to trigger a redundancy claim following certain periods of lay-off or short time work due to COVID-19 has been extended to 30 September 2021 to allow employers the opportunity to assess their business.
- An extra €13m is being spread among local authorities in a bid to encourage outdoor dining and social activities this summer, with funding for measures such as kerb widening, street furniture, and pedestrian safety measures ([hospitalitynews.ie](http://hospitalitynews.ie))
- New legislation regarding paid sick leave will introduce mandatory sick pay leave for 3 sick days in 2022 moving to 5 days in 2023, 7 days in 2024 and 10 days in 2025. Although not immediately a game changer this could erode what are already tight margins for the sector. ([www.thejournal.ie](http://www.thejournal.ie))
- Intent for travel within ROI in the next 6 months rose significantly since the last report, as did the proportion of those booking domestic holidays. An influx of those targeting short breaks in July was also noted, signalling consumers are eager to get away ([Fáilte Ireland](http://Fáilte Ireland))

**Table 1. Domestic market trip Intentions (Fáilte Ireland CP&I – Consumer Update - May 2021)**

↑ **61%** (from 56% Apr.21)  
Intend to take a **short break** in Ireland **in the next 12 months**

↑ **53%** (from 46% Apr.21)  
Intend to take a **short break** in Ireland **in the next 6 months**

↑ **42%** (from 29% Apr.21)  
Intend to take a **short break** in Ireland **in the next 3 months**

- Revenue reports on alcohol consumption in Ireland show a steep decline in the sale of alcoholic beverages during 2020 and year to date 2021. The steep decline in year to date beer consumption reported for 2021 is expected to bounce back with the reopening of pubs.
  - A number of wedding venues are focusing on 'hotel' bedroom sales as they wait for the easing on event restrictions and an increase in the number of guests that are permitted to attend these functions.
  - Hotel, guesthouse and B&B owners have all reported increased levels of accommodation bookings since the government announced the easing of restrictions.
- However Dublin is still lagging behind the regions, an issue that could soon be exacerbated by upcoming hotel openings in the city centre. The relaxing of restrictions against non-essential travel will be the first step in the recovery of overseas demand.
- Hotel development pipeline remains strong despite the challenges faced by the sector:
    - Dublin – 5,967 new rooms by 2023 plus an additional 13,390 speculative (**STR**)
    - Center Parcs has confirmed an upcoming spend of €85m expanding its forest resort in Co Longford. (**Hospitalitynews.ie**)

**Table 2. Revenue quarterly excise receipts and volumes (Revenue.ie)**

Product	YE Dec 2018 vs YE Dec 2013	YE Dec 2019 vs YE Dec 2018	YE Dec 2020vs YE Dec 2019	Q1 2021 vs Q1 2020
Beer	7%	-2%	-17%	-53%
Spirits	20%	1%	1%	-8%
Wine	14%	1%	12%	-3%
Cider	25%	-2%	-11%	-16%
<i>Change in overseas visitors</i>	52%	2%	N/A	N/A

**Table 3. Summer Bookings for Irish Hotels by Region (Irish Hotels Federation)**

Hotel Bookings Summer 2021 - ROI	2021 Bookings (Feb)			2021 Bookings (March)			2021 Bookings (April)			2021 Bookings (May)		
	286 Properties sampled			303 Properties sampled			330 Properties sampled			306 Properties sampled		
	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep	Jul	Aug	Sep
<b>26 Counties</b>	<b>21%</b>	<b>20%</b>	<b>19%</b>	<b>22%</b>	<b>20%</b>	<b>18%</b>	<b>23%</b>	<b>21%</b>	<b>18%</b>	<b>25%</b>	<b>31%</b>	<b>27%</b>
Border region	21%	<b>20%</b>	17%	28%	<b>25%</b>	18%	30%	<b>28%</b>	20%	26%	<b>40%</b>	37%
Dublin region	12%	<b>14%</b>	16%	13%	<b>12%</b>	16%	11%	<b>12%</b>	15%	10%	<b>11%</b>	11%
Mid West region	26%	<b>23%</b>	23%	20%	<b>15%</b>	17%	21%	<b>18%</b>	16%	26%	<b>32%</b>	25%
Midlands/ Mid East region	22%	<b>20%</b>	21%	17%	<b>18%</b>	17%	21%	<b>20%</b>	21%	30%	<b>31%</b>	28%
South East region	34%	<b>27%</b>	22%	39%	<b>32%</b>	24%	38%	<b>33%</b>	26%	50%	<b>57%</b>	45%
South West region	29%	<b>29%</b>	23%	30%	<b>29%</b>	21%	35%	<b>33%</b>	23%	33%	<b>44%</b>	39%
West region	20%	<b>18%</b>	15%	27%	<b>22%</b>	18%	29%	<b>22%</b>	16%	34%	<b>45%</b>	32%





# Manufacturing Sector Update



# Manufacturing Sector Update

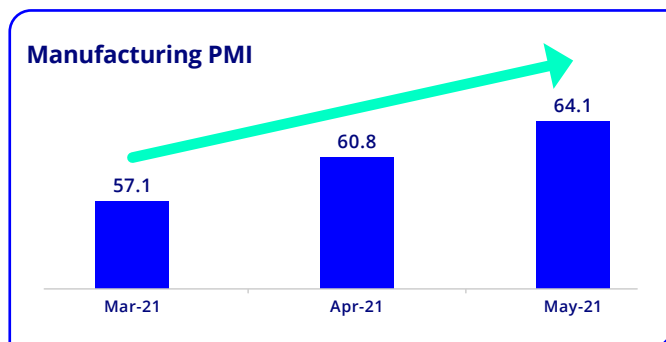
## Conor Magee



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### Manufacturing surge continues in May with new records set for orders and output

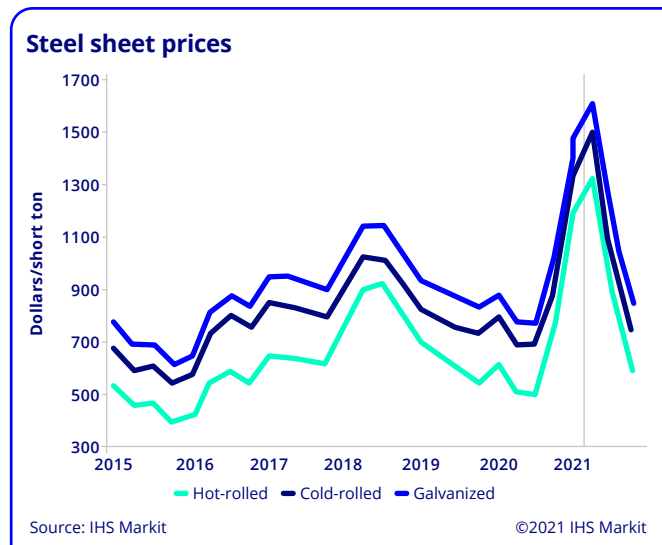


Bank of Ireland economic pulse data<sup>8</sup> for Industry hit a near record high of 96.8 in May. This is up 2.5 on the previous month and a massive 39.9 year on year underlining the continuing surge in manufacturing as economies reopen and the vaccine rollout gathers critical mass.

Manufacturing continued to hit new highs in terms of orders and output in May as the last three months PMI trajectory starts to resemble a classic hockey stick curve. As per AIB Irish Manufacturing Purchasing Manager's Index (PMI)<sup>9</sup> the manufacturing sector came in with a record high of 64.1 on the back of record output expansion and rapid increase in new orders. Irish manufacturers are enjoying high demand profiles, which are driving both higher order backlogs and lower finished goods inventories as sales conversion accelerates to meet the buoyant demand.

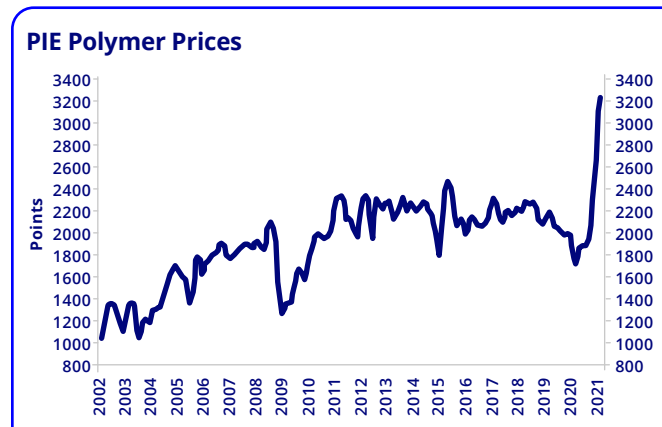
Manufacturing continues to be heavily impacted by supply shortages which worsened during the month of May. Companies are reporting component lead time increases at levels of more than double pre COVID-19 levels, from 12 to 30 weeks being one typical example. Shortages which are driven by general raw materials (steel and resins) availability as demand continues to outstrip lower COVID-19 induced capacity levels. It is likely this supply demand mismatch will continue at least into Q4 as manufacturers restore and increase output levels accordingly. The medium term upshot is inflation across a range of commodities, and input costs, some of which are highlighted below.

### Inflation rears its ugly head in Supply Chain



A combination of high demand, shortages, COVID-19 lockdowns, container availability and transportation bottlenecks are contributing to inflation across supply chains. Steel is up more than 30% since the beginning of the year<sup>10</sup>. However as capacity comes back on stream, Q4 should see a return closer to pre pandemic levels and advice would be spot contracts now rather than locking into an uneconomic long-term option.

A similar story is true for plastic resins. Prices have continued to rise for the five large volume commodity polymers<sup>11</sup> and the polymer price index covering a range of thermoplastics has risen this year by as much as 70%<sup>12</sup>.



<sup>8</sup> [https://www.bankofirelandeconomicpulse.com/wp-content/uploads/2020/05/Bank-of-Ireland-Economic-Pulse\\_May-2020\\_Overview.pdf](https://www.bankofirelandeconomicpulse.com/wp-content/uploads/2020/05/Bank-of-Ireland-Economic-Pulse_May-2020_Overview.pdf)

<sup>9</sup> <https://aib.ie/financecentre/resource-centre/aib-ireland-pmis>

<sup>10</sup> <https://ihsmarkit.com/solutions/steel-forecast.html>

<sup>11</sup> <https://www.ptonline.com/articles/commodity-resin-prices-keep-on-climbing>

<sup>12</sup> <https://www.plasticportal.eu/en/polymer-prices/lm/14/>





Transport costs have increased dramatically. A 40ft container from Shanghai to Rotterdam now costs \$10K or a whopping 547% higher than the pre COVID-19 seasonal average<sup>13</sup>. All driven by a confluence of soaring demand, container shortages, saturated ports and shortage of ships and dock workers.

On top of all of the above, Irish Manufacturing SMEs with higher exposures to UK are being impacted by additional costs associated with Brexit. In a recent CSO survey<sup>14</sup> of Irish SMEs, 41% of Industry respondents, or 56 enterprises, many of which are in manufacturing expressed concerns about price increases associated with Brexit.

These higher input costs are translating into higher end product prices across the board. These are not isolated cases, and there is a sense that everyone is impacted by this together. Correspondingly the overriding desire for continuity of supply on the part of customers, means manufacturers are passing on costs with less resistance than otherwise would be the case. Many commentators suggest this inflationary phase may be transitory as supply and demand starts to rebalance. Notwithstanding this view, there is a fear that many higher prices will stick around longer as Industry players will be reluctant to reverse revenue increases gained on the back of inflation.



<sup>13</sup> <https://time.com/6073233/shipping-costs-surge-price-hike-goods/>

<sup>14</sup> <https://www.cso.ie/en/releasesandpublications/er/bibs/businessimpactofbrexitonsmes2020/>





# Retail Sector Update





# Retail Sector Update

## Owen Clifford



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### Strong performance in Grocery continues

Grocery retailers continue to deliver a strong performance with the latest Kantar data outlining a sales increase of 18% when compared with the equivalent period in 2019. The data also highlights that Irish consumers are becoming more comfortable visiting supermarkets linked to the vaccination roll-out with an additional 2 million trips to the supermarket recorded compared with the same period in 2020. The desire to support Irish brands continues with the sales of home-grown products growing faster than imported counterparts.<sup>15</sup>

### New store opening activity

As the ever more discerning Irish consumer seeks excellence in store standards, Irish grocery and convenience retailers recognise that investment is required to retain and attract footfall to their business. In Bank of Ireland, we have received a strong volume of funding requests in recent weeks linked to store revamp and refurbishment projects.<sup>16</sup> A number of flagship store openings have also occurred in recent weeks – Supervalu Bray, Co Wicklow has been launched by the Pettit Group with an investment of c€4m whilst Aldi have unveiled plans for a new store/public plaza in Carrigaline, Co Cork.<sup>17</sup>

### Sales data highlights diversity of Retail Sector

The latest Retail Index from the Central Statistics office (CSO) highlights the diversity and current fluctuations being experienced by the wider Irish retail sector. Whilst, overall sales volumes in May 2021 (excluding motor sales) increased by 6% when compared with the same period, pre-pandemic, in 2019, there were understandably significant reductions in the Clothing/Footwear and department store sub-categories. Retailers in the Electrical goods, Hardware and Food sub-categories continue to deliver a very strong sales performance.<sup>18</sup>

The impact of COVID-19 related restrictions being eased further during May/June, coupled with a greater proportion of the population being vaccinated, on retail sales volumes will be monitored with interest in the weeks ahead.

### Trends emerging from the UK post lockdown

Retail sales in the UK have been robust post the easing of COVID-19 restrictions and have exceeded market expectations. The results for May delivered a 10% increase over the same month in 2019 linked to pent-up demand and a desire to re-visit physical stores.<sup>19</sup> Irish retailers are now examining how best to encourage their customers back to their stores whilst considering the appropriate blend of online/offline sales channels in a post pandemic trading environment.



### Personnel development

In a competitive marketplace, attracting and retaining the best people is critical to drive customer engagement and loyalty. The skillset required within the retail environment is changing rapidly. Retailers need to actively invest in up-skilling their personnel in areas such as data analytics, online fulfilment, supply-chain management etc. to reflect this evolving market. Operational succession planning is an imperative to deliver a sustainable business model within the ever-evolving retail sector.

<sup>15</sup> Kantar – Irish grocery market share – 28/06/21

<sup>16</sup> Bank of Ireland business banking data – 15/06/21

<sup>17</sup> Shelldlife magazine – 15/06/21

<sup>18</sup> CSO Retail Index – 28/06/21

<sup>19</sup> British Retail Consortium index – 08/06/21



# Technology, Media and Telecoms (TMT) Sector Update





# Technology, Media and Telecoms (TMT)

## Sector Update

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#### • Market activity in brief:

- **LetsGetChecked, the latest Irish company to achieve 'unicorn' status:** the Dún Laoghaire-based private healthcare company, recently announced it had raised \$150m in new funding, giving it a valuation of more than \$1 billion. It provides home health-testing kits that cover over 30 different health checks for men and women including sexual health, coronavirus, and wellness to name a few.
- **City Swift signs multimillion-euro partnership with UK's National Express coach service:** CitySwift, is a Galway-based start-up, which specialises in delivering big data and machine learning solutions for the public transport sector. It has just signed an agreement that will see National Express West Midlands, using CitySwift's data-driven scheduling and planning technology, to enable National Express share accurate bus capacity predictions on a stop-by-stop basis. This will help passengers make the right journey choices, avoid crowding and feel safer, given coronavirus distancing requirements.
- **Scurri raises €9 million in a new funding round:** the Wexford-based company founded in 2010, continues to acquire blue-chip customers using their delivery management platform that specialises in making it easier for online retailers to ship products to customers. It will use the funding to accelerate its growth in the United Kingdom, where it currently derives 70% of its revenue. They also plan to triple their workforce to more than 120 employees in the next two years.
- **Big Tech companies continue to focus on financial services:** CB Insights recent "The Big Tech In Fintech Report", calls out how increasingly, financial services are becoming more intertwined with non-banking applications, such as communications and social media, providing the owners of these platforms with the incentive and leverage, to instead provide financial services offerings, in-house. Given the size of the user base of these applications (and the associated data pools), the biggest threat perhaps that these companies have over traditional banks, is the capacity to not only offer enhanced, end-to-end banking services, but to also scale quickly. The report goes on to highlight how Apple and Google are already partnering with banks to embed banking into their services, while Amazon has already partnered with Goldman Sachs to offering sellers on their platform up to \$1 million in credit lines (via Goldman's Marcus brand) to support growth initiatives.
- **Losses at Revolut almost double:** Revolut has recorded pre-tax losses of £207m for the last year, having invested heavily in new products and launched the business in the United States during the pandemic. This represents an increase in losses of almost 93% on 2019; while revenues increased 34% to £220m in 2020. Nearly a third of Revolut's adjusted revenues came from its trading platform, which allows users to buy stocks and cryptocurrencies. Users also grew during the period by 45% to 14.5m, up from 10m at the end of 2019 and its total deposit base grew to £4.6bn, this equates to the average user now storing c£306 in their Revolut wallets. The UK and Ireland are its most lucrative markets and the business is now on track to record an annual profit across 2021, reporting revenue growth of 130% in the first quarter of this year. While the year may have started off well, there is a still a cloud hanging over the business in relation to its cryptocurrency trading as it continues to be a cause of concern for regulators.
- **Launch of Free Digital Transformation programme for businesses:** Technology Ireland ICT Skillnet have recently announced the launch of their new Digital Transformation Programme, incorporating a series of workshops (fully funded by Skillnet Ireland under their Future Dynamic pillar) to assist companies to transform and embrace the use of Artificial Intelligence (AI). AI is set to change almost every industry over the coming five years and this programme will help business leaders leverage emerging technology (with a focus on AI) to build a sustainable competitive advantage in the digital economy. For more information on this free programme visit: <https://www.ictskillnet.ie/training/digital-transformation/>.



# Motor Sector Update





# Motor Sector Update

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Registrations of new passenger cars (PC), new light commercial vehicles (LCV) and used imports all increased year on year in May 2021. In May last year, the economy was in full lockdown until the sector reopened on 18th May 2020 and c. 2,200 new cars and vans were registered. In May this year, combined sales of new cars and vans amounted to 8,271 units.

### PC Registrations YTD

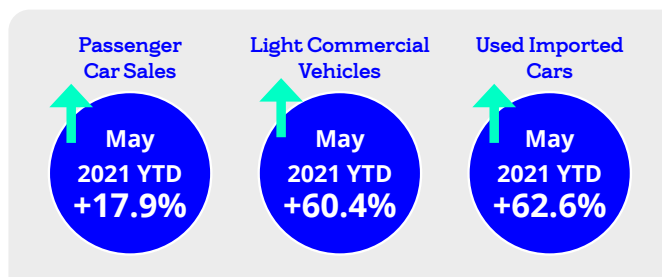
In the first five months, the market increased 17.9% year on year (to 61,147 units). Toyota holds the #1 position with 12.8% market share, followed by Volkswagen with 11.5% in #2, Hyundai with 9.9% in #3, Skoda with 9.0% in #4 and Ford with 8.1% in #5.

### LCV Registrations YTD

In the first five months, the market increased 60.4% year on year (to 16,040 units). Ford holds the #1 position with 24.7% market share, followed by Volkswagen with 13.0% in #2, Renault with 11.6% in #3, Peugeot with 10.7% in #4 and Toyota with 8.0% in #5.

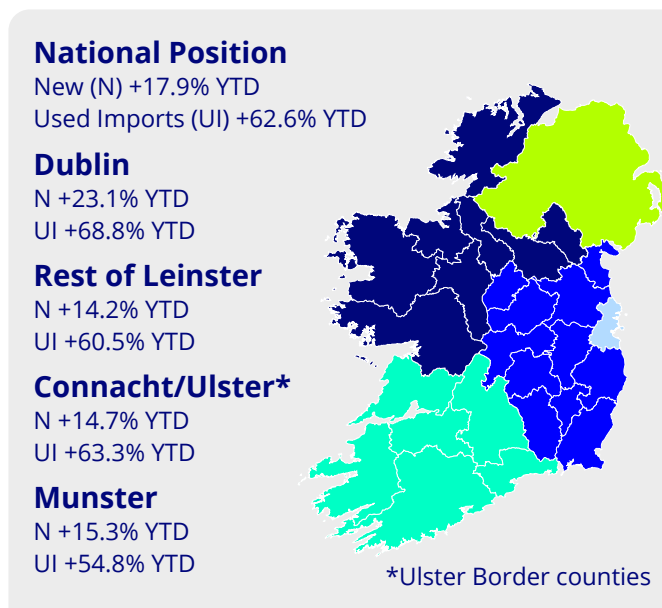
### Used Imports

Registrations of used imports increased 62.6% year on year (to 30,126 units) in the first five months of 2021.



### Provincial Developments

May 2021 YTD



### Motor Showrooms Fully Reopen

The sector welcomed consumers back into motor showrooms this May following the remote delivery of c. 77,000 new vehicles in the first five months. Motor showrooms fully reopened for both vehicle sales and aftersales from 17th May 2021.

The full reopening of motor dealers is welcomed, particularly as motor showrooms naturally lend themselves to social distancing as they are typically spacious facilities with lower footfall volumes than other retail environments.

It's been a challenging five months in the sector and we wish our customers, and all in the motor sector, the very best of luck with the reopening of motor showrooms.

### Pre-Pandemic Comparison

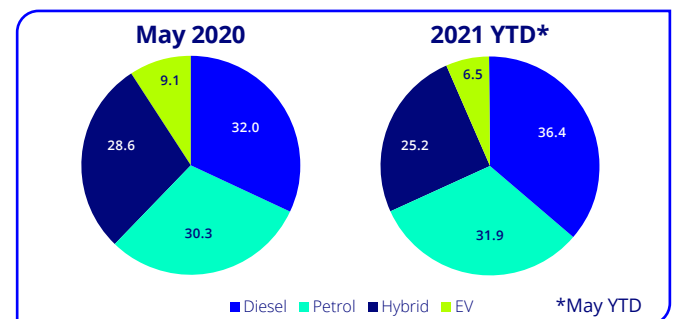
Compared to pre-pandemic levels, new passenger car registrations this year are running at c. 77% of registrations in the first 5 months of 2019. If car hire registrations are excluded, sales are running at c. 90% of 2019 levels. New van registrations this year are c.10% ahead of the same period in 2019 largely due to increased demand for delivery vehicles.

This has to be called out as an outstanding performance by Irish motor dealers as, under level 5 Covid restrictions, motor dealers could only physically open for vehicle maintenance and repairs. New and used vehicle sales were managed by engaging with customers fully remotely with vehicles being delivered directly to customer's homes.

### Second Sales Peak

July is an important month for new car sales historically accounting for c. 21% of annualised demand (compare June @ c. 1%). The full re-opening of motor showrooms is timely to enable motor franchises and motor dealers to build order banks for July and August. .

### Fuel Type Developments - New Passenger Cars



### Supporting our Customers

Bank of Ireland Finance (BIF) supports 13 motor franchises representing c. 41% of annual new car sales and we remain committed to our customers.

Bank of Ireland and the Irish motor sector is open for business.





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