Sector Insights & Outlook

February 2025

Bank of Ireland

Contents

Foreword – Pierce Butler
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As we begin another year, I am delighted to introduce our latest edition of the Bank of Ireland Corporate and Commercial Insight and Outlook report, brought to you by our dedicated Sectors Team. Our Sector Specialists work closely with Irish businesses and their advisors every day and have a deep understanding of the challenges and opportunities that you face.

In this report, our Sectors Team provide expert analysis on the current Irish business landscape and share their outlook for the year ahead across the Agriculture, Hospitality, Health, Retail Convenience, Food & Beverage and Manufacturing sectors.

The report explores a number of the key trends and opportunities for businesses in Ireland, and highlights strategies that businesses are using to succeed.

Bank of Ireland understands that Irish businesses are facing an ever-changing economic and trading environment, particularly in the wake of enduring global events, supply chain disruptions (including potential tariffs), increased costs and changing consumer behaviours. With that in mind, this edition contains a timely and topical update from our Group Chief Economist, Conall McCoille in respect of the outlook for the Irish economy.

Bank of Ireland remains committed to supporting businesses, we understand that every business is unique, and our Relationship Management and Sectors Teams have the expertise and experience to provide tailored solutions that meet your specific needs.

If you would like further information or to engage directly with one of our Sector Specialists, please feel free to contact me at pierce.butler@boi.com. The contact details for the team are also outlined within the individual sector updates contained herein.

We hope that you find this report both informative and useful as you plan for the year ahead. As always, we remain committed to supporting our customers, and we wish you all the best for a successful 2025.

Best regards,

Pierce Butler

Economic Outlook – Conall McCoille

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Irish GDP to expand 4% in 2025

We recently published updated Bank of Ireland Economic Projections (Table 1). The headline projections are for Irish GDP and modified domestic demand to both expand by 4% in 2025. This reflects our view that the statistical distortions related to 'contract manufacturing' that artificially pushed down Ireland's GDP growth figures in 2023 and 2024 have played out, so the underlying strength of the export sector will become apparent in 2025. Meanwhile, Ireland has maintained an exceptional pace of job creation, which should sustain strong growth in consumer spending this year, and with the Budget 2025 spending plans also adding to domestic demand.

However, there are uncertainties. First, the risk of a breakdown in global trade relations following President Trump's decision to impose tariffs on China, threatening to do so on the EU and other key trading partners. Second, the 60,000 housing starts in 2024 were clearly inflated by developers rushing to avail of waivers on local authority and water infrastructure charges. So house completions could end-up well below our forecast for 42,500 in 2025. However, an upside risk is that Ireland's pace of employment growth has consistently beaten expectations over the past four years. Our forecast for 2.2% job growth in 2025 could be too conservative.

Table 1: Bank of Ireland forecasts for the Irish economy

Forecasts	2024(e)	2025(f)	2026(f)
Consumer Spending	2.2%	3.0%	2.9%
Government Expenditure	4.1%	3.5%	3.5%
Investment	-25.4%	18.2%	1.1%
Building & Construction	-2.1%	11.9%	4.2%
Machinery & Equipment (Core)	-1.3%	-4.5%	-5.0%
Modified Investment	4.0%	7.0%	1.8%
Exports	10.3%	3.4%	5.0%
Imports	6.7%	4.8%	4.4%
Modified Domestic Demand	**3.0%**	**4.0%**	**2.8%**
GDP	**0.3%**	**4.3%**	**3.9%**
Multinational Sector	-3.5%	5.3%	5.0%
Indigenous Sector	2.9%	3.0%	2.5%
Government Balance, % GDP	4.3%	1.5%	1.4%
Government Debt, % GDP	42.3%	38.5%	36.4%
Employment Growth	2.9%	2.2%	1.5%
Unemployment Rate	4.3%	4.3%	4.2%

Source: Bank of Ireland and Central Statistics Office

Stepping back, the bigger picture is that after a period of rapid expansion Ireland's economy is facing increasingly pressing infrastructural bottlenecks and capacity pressures, not least in housing. Here, delays in the delivery of the National Development Plan (NDP), planning issues and other rigidities, could mean these problems are not addressed in a timely manner.

Export sector growth despite challenging global demand

It is a pity that Ireland's volatile trade data have masked a strong performance across a range of export sectors. Nominal services exports in Q3 2024 were €115bn, up 13% on the year, broad based growth across; business services (7%), computer services (17%) and financial services (6%). Similarly, nominal goods exports of €207bn were recorded in the first eleven months of 2024, up 14.5% on 2023. True, this largely reflected strong growth in pharmaceuticals, up 19% to €119bn. However, we also noted that traditional sector manufacturing output saw a robust 4.6% gain in 2024.

This is all the more impressive given the cyclical downturn in the European manufacturing sector. In comparison, euro area industrial production contracted by 1.9% in the year to November. Once again, Ireland's export sector has demonstrated its 'defensive' character, out-performing peers more exposed to the impact of higher interest rates on private investment spending and demand for machinery, equipment.

One risk for the export sector is the threat of tariff's being imposed by the new US administration. Here Ireland should still remain relatively protected. The US accounted for €107bn, or 18% of Irish exports in 2023. However, the bulk of these were services €53bn, where tariffs are hard to apply, or pharmaceuticals €40bn, which have a low price elasticity of demand.

Table 2: Irish Exports in 2023

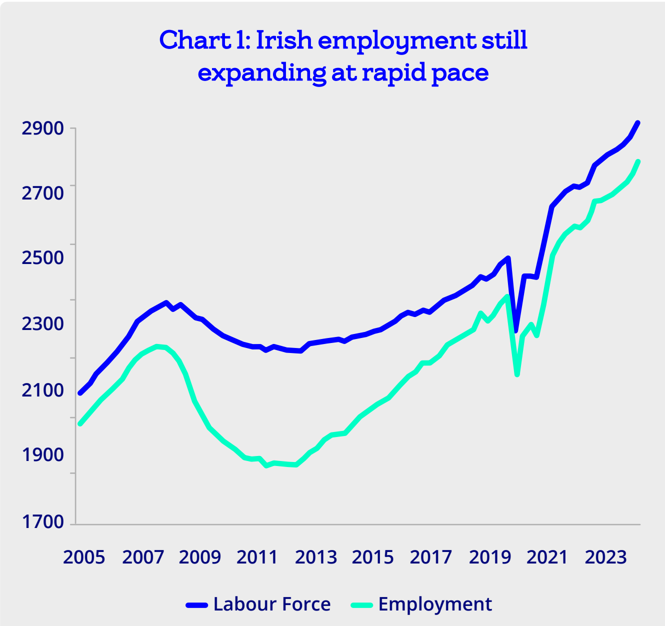
	US	Total	US Share
Goods Exports	54	196	28%
o/w Pharma	40	127	32%
Rest	14	69	20%
Service Exports	53	399	13%
Total	**107**	**595**	**18%**

Source: Central Statistics Office

Put simply, because medicines are 'non-discretionary' expenditure for US consumers, they will likely bear the cost of any tariffs imposed. The US government is itself a key consumer of Irish pharmaceutical exports via its Medicare and Medicaid insurance programmes. Also, the strong US dollar exchange rate against the euro, currently $1.03, will help offset the impact for Ireland of any tariffs. That said, clearly the possibility of fraying global trade relations is unwelcome for a small open economy such as Ireland. It is possible a period of uncertainty could delay some companies from investing to expand their businesses.

Ireland's labour market continues to beat expectations

Irish employment rose by 1.5%, up 3.7% on the year, to a fresh record high of 2.78 million in Q3 2024. Notably, this rapid pace job creation has been matched by net inward migration of 77,000 recorded in 2024, so the labour force was also up 3.5% to 2.9 million, the unemployment rate at 4.5%. This performance is all the more impressive given the IDA indicate multinational employment rose only slightly by 0.2% to 302,600 in 2024.



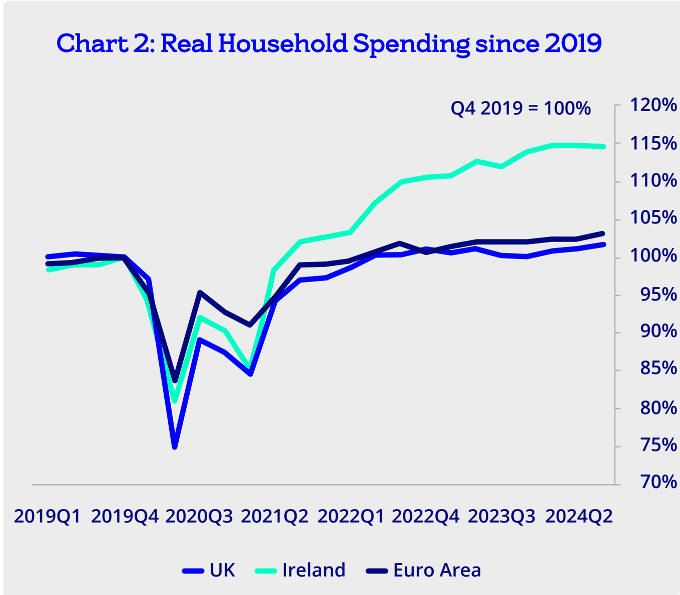
Source: Central Statistics Office

There is little sign of any slowdown. The CSO's preliminary estimate of the unemployment rate fell to 4% in January 2025. Ireland's PMI surveys have pointed to firms continuing to hire workers at a similar pace through the winter. Hence, we have revised up our forecast for jobs growth to 2.2% in 2025 and expect a further 1.5% gain in 2026. This still entails a modest slowdown to a more sustainable pace of employment growth, given labour shortages are now being felt.

Consumers still relatively cautious

We expect that Irish consumer spending made a solid gain of 2.2% in 2024, but actually a little lower than might have been expected, given the pace of employment growth. Notably, the Irish household savings ratio rose to 14.3% in Q3 2024, well above its long-run average, and indicating consumers remain relatively cautious.

Nonetheless, the overall strong performance of Irish consumer spending shouldn't be underplayed. Chart 2 shows consumer spending is now 15% ahead of pre-Covid19 levels. The corresponding euro area and UK gains over the same period were just 3% and 1.7% respectively. This mainly reflects Ireland's far stronger performance on job creation over the past five years.



Source: Central Statistics Office

Looking forward, the outlook for Irish household spending still remains favourable, driven primarily by robust jobs growth. The pace of average earnings growth (5.3%) is also now well above CPI inflation (1.4%) pointing to real income gains. This is a stark contrast to previous years when double-digit inflation, driven-by energy prices, squeezed households. Finally, Budget 2025 income tax cuts are worth 2% of disposable incomes at the average wage.

House prices to see 5% gain in 2025, outlook for homebuilding more uncertain

The Residential Property Price Index (RPPI) was up 9.4% in the year to November 2024. In retrospect, this shouldn't' be too surprising. Clearly, there is still an enormous gap between housing demand and supply. Pay growth is currently running at 5%, allowing homebuyers to borrow more.

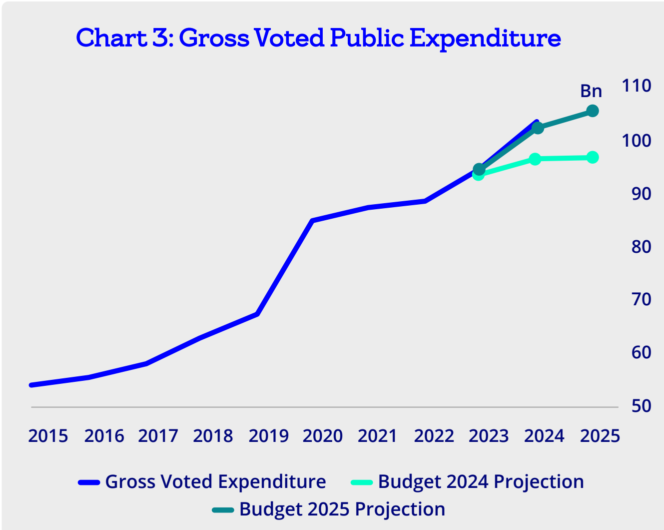
Also, the relaxation of the Central Bank's mortgage lending rules has allowed first-time-buyers to take on more leverage. Hence, in December, the average mortgage approval for house purchase was €323,800, up 7.2% on the year, pointing to further house price gains in 2025. We have raised our forecast for RPPI inflation to 5% in 2025.

The outlook for housing completions is far more uncertain. Our current forecast is for 42,500 completions in 2025, well below the 60,000 starts in 2024. However the starts figures were artificially inflated last year by homebuilders rushing to take advantage of waivers on development levies. Many of these starts may not translate into a final completion in 2025, or even in 2026, the deadline for the waiver. We will likely have to revise our forecast for completions heavily.

Budget 2025 will add to demand in the Irish economy

Following December's exchequer returns, the Department of Finance has said a general government surplus worth €21.9bn, or 7% of GNI*, is likely in 2024. However, this surplus was inflated by the receipt of revenue related to the Apple Tax case.

Chart 3 illustrates that gross voted spending in 2024 was €104bn, up 9.5% on the year, and well above the €97bn originally forecast by the Department of Finance. Budget 2025 had indicated the rapid growth of expenditure would slow to just 3% in 2025. However, the Irish Fiscal Advisory Council (IFAC) has drawn attention to a range of factors that mean spending will likely overshoot again in 2025.



Source: Department of Finance

We have pencilled in 5% growth in public spending in 2025, which will add to demand in the Irish economy. However, we also believe the official Budget 2025 projection for 3% underlying tax revenue growth is also too cautious. Hence, we still expect Ireland will run a surplus of €8.5bn, 2.6% of GNI* in 2025, with the debt/GNI* ratio falling to 66%. The over-riding message remains that Ireland's public finances remain in rude health, albeit clearly exposed to the small number of multinational sector companies that account for over half of the corporate tax take.

Agriculture 2024 Insights & 2025 Outlook

2024 Review – A year of recovery to rebuild

In short:

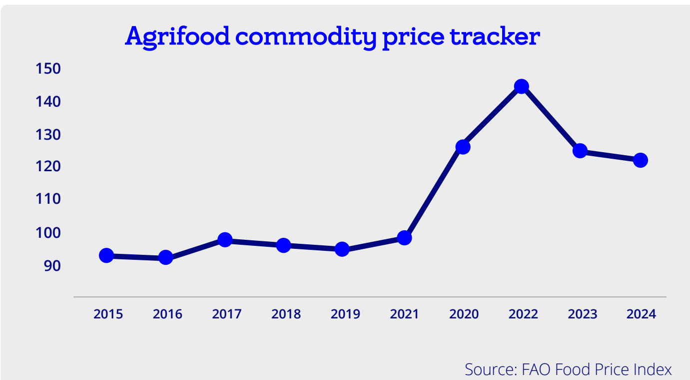
Following a turbulent 2023, overall 2024 will go down as a year of recovery for farm output and incomes as agri commodity prices stabilised[1] along with favourable weather in the second half of the year supporting animal and crop performance. In the first half of the year, farmers felt the impact of a prolonged winter and late spring with cash positions weakening and animals and crops underperforming. Thankfully the second half of the year more than compensated with more favourable weather and higher farm gate prices.

This saw overall farm incomes increase 49% in 2024 compared to 2023[2]. Sentiment at farm level was subdued for most of the year which impacted farmer confidence to invest on farm in the short-term preferring to build up cash buffers and pay down short-term debt taken on in Winter 2023. Given the postponement of investment in 2024, it is expected that the appetite to invest on-farm will return to more normalised levels in 2025.

The global Picture

Agri commodities fall off record highs

Following a 14% fall in 2023 compared to 2022, the FAO Food Price Index fell a further 2% in 2024[6]. The international index, which tracks the price of agri-food commodities, made steady monthly increases for most of 2024 and finished the year 8% above its corresponding level at the end of 2023[7]. It still remains 21% below the peak reached in March 2022[8].



Cereals -13%

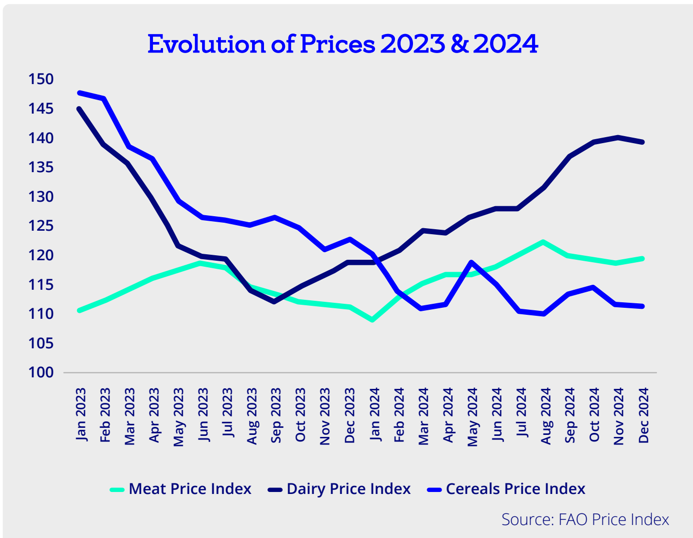
The global price for cereals for 2024 as a whole, was down 13% from the 2023 level, underpinned by lower wheat and coarse grain prices, and marking a second annual decline from the 2022 record level[9]. This was as a result of subdued international demand and higher seasonal availability from harvests in South America and Australia[10].

Meat +3%

The global price for meat for 2024 as a whole, was up almost 3% from 2023, driven by robust import demand from key meat-importing countries, amid slower global production growth[11]. This sustained higher average prices for cattle, sheep and poultry meats. Average pig meat prices declined, prompted by subdued import demand, particularly from China.

Dairy +5%

The global price for dairy for 2024 as a whole, was up almost 5% from 2023[12]. This increase was mainly attributed to a sharp surge in butter prices, on the back of a high global demand and constrained exportable supplies, resulting from erratic weather patterns that negatively impacted production.



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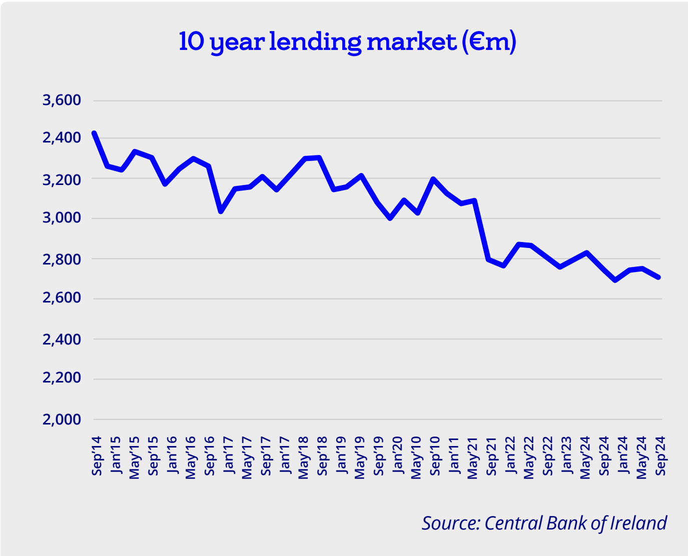
Agricultural output increases overall in 2024
Agricultural output increased by 4% (+€430m) to €11.7bn in 2024[13] due to a combination of increased prices and volumes across the key commodities. Cattle output values grew 1.5% due to a 3% increase in prices despite a 2% decline in volumes[14]. Pig output values increased 9% on the back of an 8% rise in volumes[15].

Sheep output values grew 16% as a result of a 16% increase in sheep prices[16]. Despite a c.2% fall in volumes, milk output values grew 2% supported by 7% stronger prices[17]. Adverse weather conditions at planting caused a significant reduction in both the area planted (-20%) and production (-24%) of winter Cereals[18]. However, the area planted with spring Cereals increased by 8%, and with higher yields, production grew by 25%[19]. This resulted in the cereal output values increasing by 10% with no increase in prices.

Key agricultural input costs continued to fall in 2024
Farm input costs fell c.5% (- €377m) in 2024[20] mainly as a result of lower feed and fertiliser costs. The cost of fertilisers fell by c. 27% (-€223m) due to their average price falling by 30%, while the cost of feed was down c. 6% (-€143m) also due to lower prices (-13%)[21]. Volumes of feed increased c. 8% in 2024 compared to 2023 as a result of the adverse weather during the year[22]. Energy costs (diesel and electricity) were down 6% in 2024 compared to 2023[23].

Recovery in agricultural incomes in 2024
With the value of farm output increasing coupled with costs falling, farm incomes as measured by the operating surplus is expected to increase by 33% (+€951m) to €3.9bn in 2024[24]. This is a reversal of the €1.5bn hit taken in 2023 compared to 2022[25].

In 2024, average farm incomes increased 49% compared to 2023[26]. Average dairy farm incomes for 2024 were up 82% to €89,000, average tillage incomes increased 43% to €30,000, average cattle rearing incomes increased 36% to €10,000, average cattle finishing incomes increased 21% to €17,000 and average sheep incomes increased 25% to €15,000[27].



Costs on farm continue to increase
Analysis conducted by Bank of Ireland based on CSO figures shows that key costs on farms are up 19% in 4 years[28]. Feed which is the largest farm input costs has increased 21% between 2021 and 2024 inclusive driven mainly by increased usage[29]. Energy costs, which make up 7% of costs on farm, have increased 32% in the same period driven by the increased price of energy (fuel and electricity).

The cost of farm contractors has increased in line with the increase in fuel costs and is up 31% since 2021[30]. Fertiliser costs which account for 8% of farm costs have reduced 15% (mainly driven by lower usage) since 2021. Land rental charges have increased 26% since 2021[31].

Farm Debt reduces 2% in 2024
Farmers continue to deleverage as they pay down existing debt at a faster rate than taking out new debt. At the end of September 2024, the total debt on Irish farms was €2.7bn – a reduction of almost €50m (2%) compared to the end of September 2023[32]. In the first 9 months of 2024, farmers took out €469m of new loans: a similar level to the same period in 2023[33]. Despite industry expansion and investment overall, farmers have reduced the level of debt carried on farms by €0.5bn (-20%) over the past 10 years[34].

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Key performance highlights 2024

Milk Price

+15%

Dairy

Following a 3% decline in milk volumes[38] in 2023, the long winter and challenging Spring impacted grass growth and animal performance in 2024. The declines in milk output continued for the first 8 months of 2024 with milk volumes back 5% at the end of August compared to the same period in 2023[39]. However favourable weather and relatively strong milk price saw farmers push production into late Autumn seeing the year end with milk volumes more or less in line with 2023 at 8.4bn litres[40]. Overall, average base milk price (weighted) for the year increased 15% (6cpl) to €0.45/L including VAT[41]. The price increased 32% (12cpl) between January 2024 and December 2024[42].

Beef

Cattle slaughterings in the 11 months to November 2024 increased 29,000 heads (+1.7%) to 1.8m heads, compared with the same period in 2023[43]. In 2024, average prices for prime finished cattle were 4% higher than the average levels in 2023[44]. The number of suckler cows continues to decline and is down 5% or 47,000 heads over the 12 months to June 2024[45]. In the past two years, there are almost 100,000 fewer suckler cows on Irish farms[46].

Beef Price

+4%

Sheep Price

+15%

Sheep

EU sheep meat production in 2024 has continued to decline, due to a structural decrease in the sheep EU flock[47]. As a result, European prices are higher in 2024 than in 2023 and are well ahead of the 5 year average price level[48]. The average lamb price in Ireland for 2024 is c.15% higher than 2023[49].

Tillage

There was mixed performance in relation to yields of the main cereal crops in Ireland in 2024. Irish spring barley yields increased by 16% on a per hectare basis, while winter wheat yields decreased by 7% per hectare, compared to 2023[50]. Harvest grain prices remained flat at c.€200/T for green barley[51]. Straw prices hit record levels driven by reduced supply and strong demand.

Grain Price

0%

Pig Price

+2%

Pigs

While the average pig price fell 4c per kg to 220c per kg in 2024 it is higher than the 5 year average of 192c per kg[52]. The annual average feed cost in 2024 fell 25c per kg to 134 cent per kg similar to the five-year average of 134.5 cent per kg[53]. The 2024 Margin Over Feed (MOF) per kg is up 25% to 86 cent per kg. There was a 3% increase in Irish pigs slaughtered to 3.58m in 2024[54].

Land

The average price per acre of agricultural land declined slightly in 2023[55], bringing to an end a seven-year period of uninterrupted price growth. The Farmers Journal concluded that average agricultural land prices fell 3% to €11,925 per acre in 2023, alongside a 5% drop in volume of land sold compared to 2022[56]. High quality land, particularly in areas of strong demand are achieving prices well above the average– and in excess of €20,000 per acre in some cases.

Land Price

-3%

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2025 Outlook

In short:

The fundamentals of supply and demand in global agri commodity markets look set to bolster farm gate prices in the near term. Therefore, the prospects for farm incomes in 2025 look promising. However with heightened geopolitical risk, driven by the potential for increased supply chain disruption as tensions continue across the Black Sea and the change of Government in the US may create some downside risk during 2025. Uncertainty around weather patterns due to climate change continues to impact agricultural productivity. The price of key inputs, such as fertiliser and feed, have stabilised at lower levels. Short term environmental compliance costs continue to impact farm profitability. Targeted Government supports such as TAMS (Targeted Agriculture Modernisation Scheme) are reducing the investment cost and future risk to farmers. Uncertainties such as potential tariffs on agri imports to US, tariff free beef imports from South America and the risk of Foot and Mouth are key watch outs for the year ahead.

Farm outlook for 2025:

1. **Farm incomes expected to rise in 2025:** Global agricultural markets are showing signs of stabilisation. Notwithstanding external factors such as weather and geopolitical events, 2025 is expected to see a 20% rise in farm incomes to the highest level in three years[57]. This is driven by a stable firm outlook for key agri commodities along with higher outputs. The one exception will be the pig sector due to lower prices. Overall input costs are expected to be unchanged in 2025 compared to 2024[58]. Cashflow is expected to be stronger in 2025 in general-assuming a normalised weather year.

2. **Renewal of investment appetite on farm:** Given the challenging weather last year which impacted farm cashflows in the short term along with sentiment and confidence, farmers postponed investment decisions such as machinery and farm building upgrading. To what level these recover depends on the evolution of commodity prices and weather over the coming months. It is expected that there will be an increase in investment in slurry storage facilities for compliance but also to produce headroom for longer winters. The uncertainty around key agri policies such as the nitrates derogation casts a shadow on expansion plans on some farms. The appetite for land acquisition is expected to continue strong, driven by the limited supply.

3. **Demand for land to continue strong:** It is expected that land values will increase slightly in 2025, driven by the usual suspects of limited supply outstripped by increasing demand[59]. There will continue to be strong interest from non-farmers in land, particularly for large blocks, despite a tightening of once favourable tax policies for these buyers. It is expected that dairy farmers will continue to be active in the land market in 2025 to reduce overall stocking rates for environmental compliance rather than expansion. The rental/leased land market looks set to continue strong, driven predominantly by dairy farmers need to reduce stocking rates.

3 things to watch in 2025:

1. **Trump & tariffs:** Farmers and agribusinesses such as the dairy and meat processors in Ireland will be watching to see if President Donald Trump imposes new tariffs and just how steep they may be on dairy and meat imports to the US. Irish food and beverage products such as butter could be at risk to the tariffs. Kerrygold products have been stockpiled in recent months in the US ahead of any potential tariff on Irish dairy being introduced[60].

   In 2023, the value of dairy exports to the US exceeded €684 million, that is, 42% of total agri-food exports from Ireland to the US[61]. Irish butter exports have grown 30% to 39,000T in 2023. Grains may get caught in the crossfire and there could be pressure on prices if a tariff trade war escalates.

2. **Mercosur trade talks:** A political deal has been signed between the European Commission and the Mercosur countries which would allow 99,000t of South American beef low-tariff access to EU markets[62]. This equates to 4m head of cattle equating to 18% of current EU beef production – the equivalent of 60% of Irish cattle number[63]. While this is seen as a good deal for the wider EU industrial economy, the beef and poultry sector are likely to be the big losers. Brazilian imports are likely to be in the form of high value cuts such as steaks, further deepening the impact. Meat Industry Ireland (MII) analysis shows that the Irish beef sector would be hit for between €100m and €130m because of our export profile. This could impact cattle prices in Ireland by approx. €75-€95/head and an annual loss of €1.3bn to EU beef market value, according to the MII analysis. The free trade agreement was 25 years in the making and was first signed in 2019 with details and terms still in negotiation. The ratification process is expected to proceed at two different speeds. Mercosur countries are likely to ratify the trade agreement relatively quickly in the coming months. In contrast, the ratification process for the EU will be lengthy. The agreement requires a legal review before its ratification by the Council of the European Union and a majority in the European Parliament.

3. **Evolution of Foot & Mouth Disease (FMD) outbreak in Germany:** A case of FMD was reported in a water buffalo in Germany in early January. The German authorities have put in place controls to prevent onward spread and are investigating the circumstances of the outbreak. No animals susceptible to foot and mouth disease have moved from Germany into Ireland since at least the beginning of November 2024. FMD is a highly contagious viral disease of cattle, sheep, and pigs. It causes very significant economic losses, due to production losses in the affected animals and due to the loss of access to foreign markets for animals, meat and milk for affected countries. FMD does not infect humans and does not pose a food safety risk. Ireland is free of FMD, having had its last case in 2001. If a FMD case were to be identified in Ireland, the infected herd would be culled, the site disinfected, and a 3km protection zone and 10km surveillance zone set up, within which very strict movement controls and testing would be imposed. If a case of FMD were to occur in Ireland, it would lead to the immediate loss of market access for Irish animals and animal products.

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Bank of Ireland ready to support environmental ambition:

Bank of Ireland continues to be the leading lender to Irish farmers and the agri-food sector in Ireland with over €4bn invested across the Irish agrifood supply chain with over €1.2bn of this at farm level[64].

Banking over 80,000 family farms, many for generations, Bank of Ireland is confident about the future of the sector and is committed to supporting farmer's transition to a greener footprint. Banks have a unique role in helping to bridge the gap between finance and sustainability. We expect there will be a requirement for continued investment in infrastructure that improves the overall environmental sustainability of farms, and we will continue to work with farmers and stakeholders to support their future business requirements.

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Head of Agri

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Eoin joined Bank of Ireland in 2020 as Head of Agri, from the Irish Farmers Journal, where he served as Agribusiness Editor upon joining the paper in 2014 and served as Deputy Editor from 2017 until his departure. He also has extensive experience in Irish and international Agri business, including 5 years as Managing Director of Target Fertilisers. Eoin holds a Masters in Agricultural Science from UCD along with MBA from Smurfit School of Business.

64 Bank of Ireland data

Sources: Teagasc, CSO, Department of Agriculture (DAFM), Bord Bia, Euromonitor, European Commission, IBEQ, MATIF, LIFFE, IMF, World Bank, FAO.

Food & Beverage 2024 Insights & 2025 Outlook

Insights

2024 saw food and beverage producers continue to operate in a challenging environment with macro economic factors, global instability and high input costs in the mix. The delicate balance of producing high-quality food and beverages to specific price points remains tricky. Staffing is a challenge, with a further minimum wage increase (Jan '25) and higher salaries for foreign work permit holders since Dec 2023 adding to cost pressures. International Federation of Accountants (IFAC) reported that 61% of 120 food & agri-businesses surveyed availed of Government supports in 2024.[1] Poorer harvests, and supply chain issues, of certain commodities like cocoa beans and coffee, challenged some sub sectors.

Nonetheless, the sector has retained strong exports, reflecting a solid industry performance in 2024[2]. Whilst food inflation eased to 1.9% in Ireland in Nov 2024[3], tight cost control continues to be a big focus with producers looking for ways to manage costs as consumers seek value[4]. The closure of Holyhead port after storm Darragh in December caused supply chain issues. Thankfully the port has reopened albeit with some capacity limitations[5].

Key Sector Trends Jan-Dec 2024

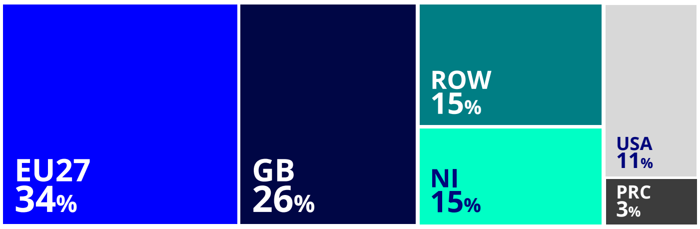
Food & Beverage Exports:

- The value of Irish food and drink exports from ROI was €17 Bn +5% compared to 2023[6].
- Dairy had a challenging first half but full year value held its own YoY due to better prices[7].
- Meat exports grew 6% to reach €4.3bn with beef accounting for €2.8bn[8].
- Alcoholic drinks had a strong year, €2.1Bn +19% YoY, with whiskey €1Bn. Stockpiling of whiskey in markets such as U.S. did impact operators in a competitive global market.
- Prepared consumer foods - including bakery, prepared foods, confectionary and non alcoholic drinks - accounted for €3.4bn +7% YoY with value-added meats flat YoY.
- The seafood sector operated in a challenging global environment but at €595m exports gained some lost ground on 2023. Key markets for Irish seafood, like France and Spain, saw less demand due to global pricing pressure, more seafood being imported from outside the EU and cost of living factors impacting consumer spend. The European Commission's Dec 2024 report (**EU Fish Market report 2024 reveals trends and insights - European Commission**) captures this European trend[9].

Jan-Dec Exports Bord Bia	2024 €bn	2023 €bn	Variance	% of total
Dairy	6.3	6.3	0%	37%
Meat & livestock	4.3	4.1	+6%	25%
Prepared Cons. foods	3.4	3.1	+7%	20%
Drinks	2.1	1.8	+19%	12%
Seafood	0.6	0.55	+9%	3%
Horticulture/cereals	0.3	0.3	+4%	2%
Total	**17.0**	**16.3**	**+5%**	**100.0%**

Source: Bord Bia

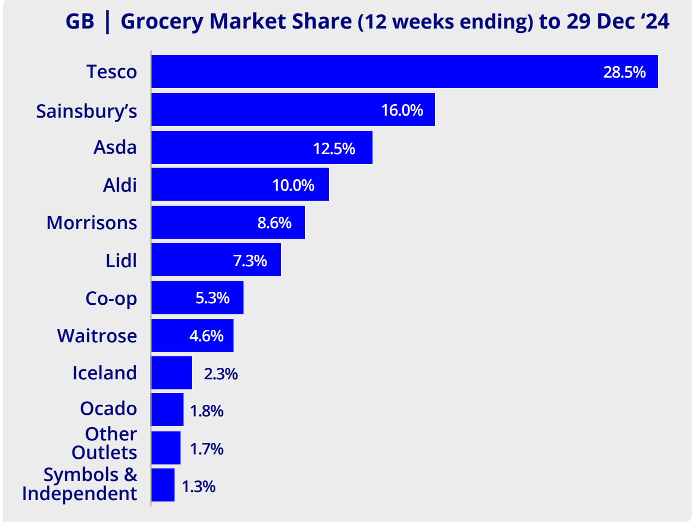
Food & Bev exports by region Jan-Nov 2024 €16.02Bn (CSO)



Consumer demand for grocery – UK, ROI and Europe

As food and drink exports remain robust, the UK continues to be the largest single market for food and drink with €5.9Bn exports from ROI in 2024 +7% YoY[10]. For the month of December 2024, Kantar reported sales in UK grocery at over £13Bn, the highest ever spend in that period[11]. Tesco UK performance was strong during the Christmas period and firmly retained its top position[12].

Kantar reports that in the 12 weeks to 29th December 2024, Tesco growth accounted for two thirds of total market growth to a share of 28.5% with Sainsburys at 16.0% grocery share. Asda is retailer no 3 at 12.5% and Aldi has 10.0%[13]. Annual grocery inflation in UK was 3.7% in the 4 week Dec 2024 period and up from the 2.6% in November[14].



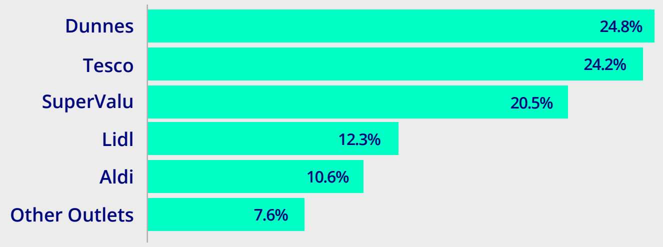
Source: Kantar data over the 12 weeks to 29 December 2024.

[1] Download our 2024 Food & Agribusiness Report | Accounting & Financial Advisors | Ifac
[2] Bord Bia Export Performance and Prospects 2024-2025 report
[3] Bord Bia Export Performance and Prospects 2024-2025 report
[4] 5 key stats showing what customers value in 2024
[5] Storm Darragh: Holyhead ferries resume after six-week port closure - BBC News
[6] Bord Bia Export Performance and Prospects 2024-2025 report
[7] Bord Bia Export Performance and Prospects 2024-2025 report
[8] Bord Bia (bordbiaperformanceandprospects.com)Agri Food Regulator
[9] EU Fish Market report 2024 reveals trends and insights - European Commission
[10] Bord Bia Export Performance and Prospects 2024-2025 report
[11] Household spending reaches new high as shoppers splash out on premium lines and festive fizz
[12] Tesco takes top spot as Christmas spend hits record levels | The Grocer
[13] Household spending reaches new high as shoppers splash out on premium lines and festive fizz
[14] Tesco, Sainsbury's and Lidl are UK Christmas winners, says Kantar | Reuters

ROI grocery market

The Irish grocery market remained buoyant in 2024, an important factor for indigenous food and beverage production. Kantar reported a bumper Christmas trading period with the highest-ever recorded December spend of €1.4Bn[15] with price inflation playing its part at 3.6%[16]. Dunnes Stores held the top spot in the ROI market with 24.8% market share with 6.9% sales growth YoY[17]. Tesco holds 24.2% with 6.4% whilst SuperValu has 20.5% with 3.2% growth. Discounter Lidl holds 12.3% share with growth of 4.6% and Aldi has 10.6% share up 3.9%[18].

Ireland | Grocery Market Share (12 weeks ending) to 29 Dec '24

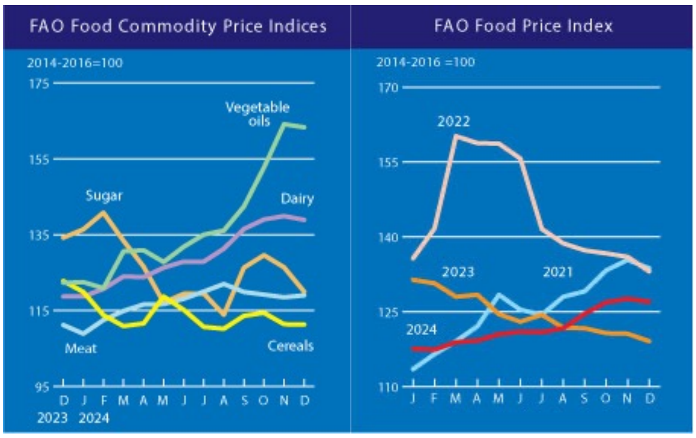


Source: Kantar data over the 12 weeks to 29 December 2024.

Europe continues to hold good opportunity for food & drink exporters with revenue of c.US$2.14Bn in the European food market[19]. Bord Bia's recent CEO Sentiment survey reflects that, two thirds of respondents anticipate future opportunity for expansion in Europe and UK markets[20].

Food traceability: the recent case of Foot & Mouth disease detected in Germany, the first confirmed case there since 1988, highlights the on-going need for safe and secure systems both to protect livestock and food traceability systems[21]. Ministers for Agriculture in Ireland and Northern Ireland, McConalogue and Muir, both highlighted the need for vigilance[22]. The UK banned the importation of sheep, pigs and cattle from Germany for the foreseeable future, and it was confirmed no stock had been imported into Republic of Ireland (ROI) from Germany since November[23]. Northern Ireland and ROI restricted imports from the affected area of Germany[24]. In December 2024, the Food Safety Authority of Ireland (FSAI) published a five-year strategic roadmap to assure continued trust in Ireland's food systems[25].

Food Index: A positive from 2024 was the food price index being 6.7% lower than December 2023[26]. Those making or using chocolate face very high prices, with cocoa beans currently hovering below $11k per tonne[27]. Harvest yields have been lower and all eyes are now on the upcoming yields of the Ivory Coast, the world's largest producer[28]. Coffee is trading at a 47-year high with bad weather, supply chain issues and high demand pushing up prices in 2024. Drought and storms in Brazil and Vietnam are affecting yields, demand is increasing and coffee prices are unlikely to ease for the foreseeable future[29].



Sustainability: Whilst producers in Ireland recognise the need for sustainable food production, progress in developing more sustainable food production methods remains mixed. Many operators have availed of green transition supports, from Enterprise Ireland and SEAI, with energy-saving the main activity. Some SMEs have advanced the re-purposing of food waste and circular methods, whilst others cite lack of expertise or staff to undertake sustainability initiatives.

2025 sees the commencement of reporting under the Corporate Social Responsibility Directive (CSRD). CSRD will expand reporting requirements for EU and non-EU companies, enhancing consistency. This will prompt further action amongst smaller operators as a consequence.

Brexit:

- Customs' changes for those exporting food to Great Britain have broadly settled, with most operators successfully adapting. Extra paperwork and the requirement to establish a UK entity, bring increased expense and admin for operators. Prenotification of imports of sanitary and phytosanitary (SPS) goods from Ireland on the UK's SPS import system (IPAFFS) is now required.
- Whilst some exporters chose to access the EU using direct ferry routes to France, the land bridge via GB is still an important route but is now more complex to navigate.
- A number of small operators ceased exporting to GB for the above reasons unless the turnover warranted the extra costs and administration incurred.
- The planned physical identity checks for medium-risk animal products, plants and plant products imported into GB, that was due for implementation in October 2024, were delayed due to the custom checkpoints not yet being ready. This is likely to take effect from late 2025 or 2026.

[15] Record-breaking December for grocery sales in Ireland as spend surpasses €1.4 billion (kantar.com)
[16] Record-breaking December for grocery sales in Ireland as spend surpasses €1.4 billion (kantar.com)
[17] Record-breaking December for grocery sales in Ireland as spend surpasses €1.4 billion (kantar.com)
[18] Irish grocery sales hit €1.4 billion over record-breaking festive trading period
[19] Food - Europe | Statista Market Forecast
[20] Irish food and drink exports hit record high - Bord Bia
[21] Germany has no new foot-and-mouth disease cases, minister says | Reuters
[22] Minister updates Executive on Foot and Mouth Disease | The Northern Ireland Executive
[23] UK bans import of cattle, pigs and sheep from Germany
[24] Foot-and-mouth: NI restricts imports from Germany - BBC News
[25] FSAI's new five year strategy to ensure continued trust in Ireland's food systems | Food Safety Authority of Ireland
[26] FAO Food Price Index | Food and Agriculture Organization of the United Nations
[27] Irish food and drink exports hit record high - Bord Bia
[28] Coffee prices remain high
[29] FAO Food Price Index | Food and Agriculture Organization of the United Nations

2025 Outlook

- Whilst geopolitical uncertainties and volatility continue in the global landscape, industry has learned to adapt and the outlook for the sector in 2025 remains positive.
- Irish producers continue to show remarkable strength and flexibility weathering the shocks of recent years, and solid exports underpin the sector's performance.
- Maintaining Ireland's quality produce, its competitiveness and innovation are critical factors for success.
- Bord Bia's 2024 CEO sentiment survey identified that competitiveness is one area of some concern for Irish operators[30].
- Business costs and staffing will be a challenge, whilst CSRD reporting will push operators to undertake more sustainability initiatives.
- Potential changes by the new US administration in tariffs is a concern for exports to US accounting for c.11% of food and drink exports.
- Bord Bia recently reported that 73% of food and drink exporters remain optimistic about expected market growth in the year ahead[31].
- There was plenty of activity in mergers, acquisitions and management buyouts in 2024. Newport Brands bought C&C's soft drinks arm as part of an MBO[32], Kerry Coop agreed to buy Kerry Dairy Ireland (Kerry group's consumer foods and dairy ingredients business)[33], whilst recently the bakery sector saw Mayfair Equity Partners (UK) buy Azeda / Pat The Baker bakery business[34].
- As the sector continues to evolve, activity in M&A space is likely to continue as companies seek ways to enhance their competitive edge.

Sustainable Food and Ireland's Food Vision

The government's 2030 Food vision[35] aim is for Ireland to become a world leader in sustainable food systems and to see Ireland's agri-food exports grow to €21Bn by 2030[36]. This compares to €19Bn in 2024 for agri-food exports when €2Bn of non-edible agri exports are combined with food & drink[37]. With CSRD reporting in place, sustainable food production will ramp up in the sector.

Globally, the future of food security is well documented. It remains critical as increased food demand and populations grow, with climate change impacting land and harvests. Technology and innovation will play a critical part in maintaining and developing a robust food supply. Food Tank is a global Not for Profit research and advocacy organisation working with communities to find solutions to produce and consume food more sustainably[38].

30 Irish food and drink exports hit record high - Bord Bia
31 Dunnes holds steady as Ireland's top grocer - Shelflife Magazine
32 Renatus' Private Equity M&A Newsletter – 19/02/2024 - Renatus Capital Partners - Private Equity Firm - Dublin, Ireland
33 Pat The Baker Parent Company To Be Acquired By UK Firm | Checkout
34 Kerry Co-op shareholders approve Board proposal to acquire Kerry Dairy Ireland | Irish Independent
35 gov.ie - Food Vision 2030 - A World Leader in Sustainable Food Systems
36 Ireland, an Agrifood Exporting and Importing Island | Accounting & Financial Advisors | Ifac
37 Irish food and drink exports hit record high - Bord Bia
38 Food Tank | UNCCD

Lucy Ryan
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Lucy joined Bank of Ireland in Jan 2023 as Head of the Food & Beverage Sector, to support the Bank's lending in this important, indigenous industry.

She brings an in-depth understanding of the Food & Drink sector to the role having worked for 25 years in food and drink operators in Ireland, Italy and UK across a number of companies and product categories.

She has held various senior commercial positions, many of them customer-facing, in consumer goods' companies including Diageo, C&C Group (Bulmers Ltd), Mark Anthony Brands International, Valeo Foods and BFree Foods.

Lucy holds a French & Italian languages degree from UCC and a Post Graduate qualification from UCD Smurfit Business school.

Health 2024 Insights & 2025 Outlook

Summary

Ireland continues to enjoy a robust healthcare system, evidenced by high life expectancy rates and comprehensive access to essential services.[1] Recent data indicates the population has grown to approximately 5.38 million, reflecting an increase of 750,000 over the past decade. Notably, individuals age 65 and older account for over 15% of the population, a rise of 13.8% from 2018.[2] The dual demographic challenges of an ageing population, which heightens demand for health services, and an ageing health workforce, which necessitates replacement of current health staff as they retire, are a significant issue for the sector.[3]

The recent appointment of the new Minister for Health presents an opportunity for a renewed focus on these challenges, particularly as the newly published Programme for Government seeks to advance the realisation of Sláintecare, while addressing capacity, further infrastructure and workforce issues. The programme aims to develop a performance-related, multi-annual funding approach for health services, along with a seven days per week model of care. While such agendas aim to enhance efficiency, quality and access to care, they also add to the overall costs, creating a complex landscape with significant upward pressure on health spending.

In the broader context, in comparison to the turbulence experienced today in many regions of the world, Ireland has remained relatively stable and this is positively reflected in our health sector. This stability, the current policy direction, the change in demographics toward an older population, and increases in general levels of income, have all contributed to higher levels of health spending, with a 70% increase in government spending over the last six years.[4] Despite ongoing challenges, there is optimistic outlook for 2025, with increasing opportunities on the horizon. A significant reliance on the private sector to meet the shortfall in capacity presents strong opportunities for growth and innovation for the sector.

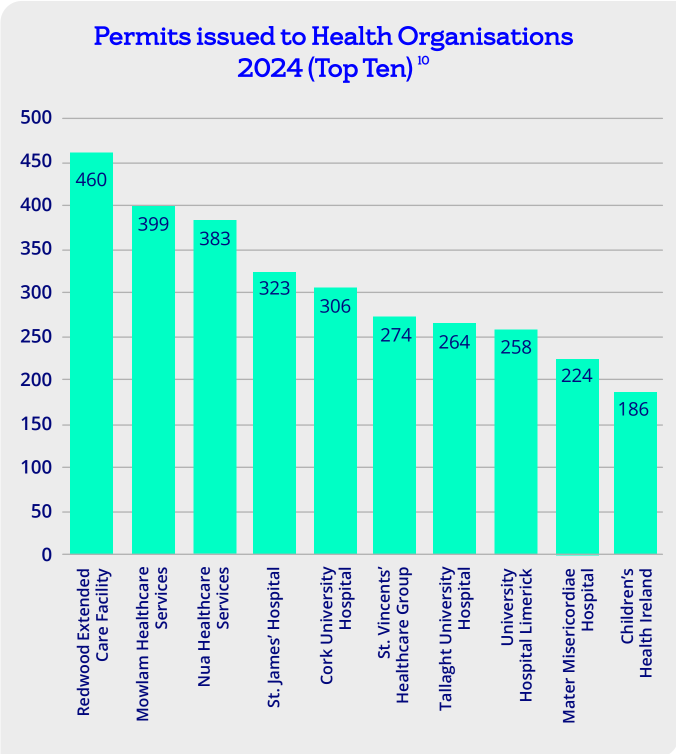
Key Sector Trends

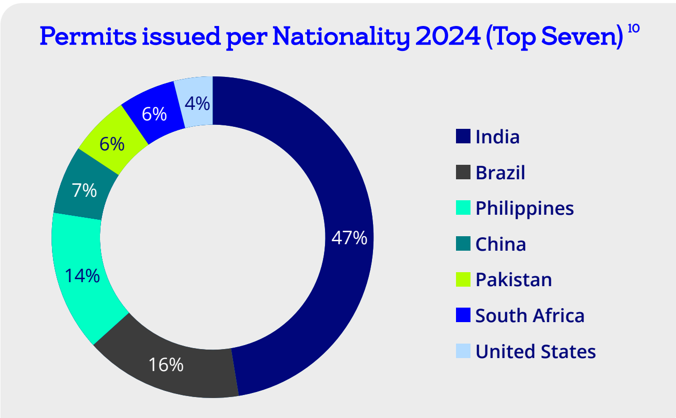
Workforce

Ongoing workforce challenges persist within the sector, driven by skills shortages, competition for talent and exacerbated by a low unemployment rate of 4.5%.[5] A recent BDO report indicates that the staff turnover rate in nursing homes is approximately 36.3%, significantly higher than other healthcare settings.[6] Demand for healthcare assistants (HCA's) is rising, largely due to the ageing population and increasing healthcare needs. Projections suggest a required annual growth rate of 3.5% to 4% for HCAs over the next 12 years, highlighting the urgent need for effective workforce planning, especially in private nursing home and home care settings, where turnover rates surpass those of HSE facilities.[7] Data from the Central Statistics Office (CSO) shows that the health sector as a whole has a 'churn' (turnover) rate of 10.1%.[8] While this figure reflects a more balanced staff turnover across public and private sectors, it masks the considerable churn rate in the private sector,[9] emphasising the need for effective strategies to attract and retain staff amid wage disparities and employment dynamics between the public and private sectors. Collaboration is ongoing between the Department of Health (DoH), the HSE, and other key stakeholders to advance the recommendations from the Strategic Workforce Advisory Group, including addressing issues related to recruitment, remuneration, working conditions and barriers to employment and training.[10]

Migrant workers account for a significant share of the health sector workforce. Data from the Department of Enterprise, Trade & Employment (DETE) highlighted the ongoing reliance on inward migration, with 30% of the nearly 40,000 permits issued allocated to the health sector[11] - a trend that has been consistent since 2020.[12] Since 2021, individuals from outside of the European Economic Area (EEA) have been eligible to apply for HCA employment permits, provided they have a job offer with a minimum salary of €30,000 - a 10% increase from 2024. This requirement imposes a considerable cost burden on providers in the private sector.

A review of the permits issued in 2024 indicates that disability services, nursing homes and hospitals received the highest number of permits, underscoring the essential role that migrant workers play in sustaining the sector.[11] Recent data indicates non-EEA staff accounts for 43% of the workforce.[13]





The Continuum of Care

The 2025 budget allocation for older persons' services has increased by €349 million, bringing the total budget to €3 billion. This record amount aims to support an integrated approach that offers a comprehensive range of services tailored to meet the specific needs of individuals throughout their life journey.

A key focus of this year's HSE National Service Plan is is the integration of home and community support services, which includes a 10% increase in home support hours, particularly for higher intensity packages caring for those with complex needs, with plans to provide over 40 hours of support per week, where appropriate.[14] In addition there is a renewed emphasis on daycare provision, recognising its vital role. The development of daycare services is complemented by initiatives such as the Meals on Wheels programmes.

There is also a commitment to increasing transitional care funding and community beds to facilitate timely hospital discharges for individuals who no longer require acute care.

Nursing Homes

- The private nursing home sector continues to face challenges but has stabilised with enhanced funding rates, improved occupancy levels and a significant reduction in closures. Last year, seven homes either closed or were deregistered by the Health Information and Quality Authority (HIQA), compared to 11 closures reported in 2022 and 2023. Additionally four new nursing homes opened in Cork, Dublin, Meath and Wicklow, adding a total of 541 beds, with the latest being The Fern Dean Stepaside, which has a capacity of 125 bedded home, although it is currently registered with HIQA for 42 beds.

- The 2024 funding framework, administered through the National Treatment Purchase Fund (NTPF) , has seen positive developments, including an average YOY increase of 6.6% in the Fair Deal Rate, which has particularly benefitted smaller rural operators.[15] The gap between the highest and lowest NTPF weekly rates appears to be narrowing, with a government commitment to work 'towards an equitable funding model for the nursing home sector'.[15] The current average national rate is €1,213 per resident per week, with the highest in Dublin and the lowest in Donegal, reflecting a differential of €215 per week.[16] The OpCo/PropCo trend continues, exemplified by *emeis* Ireland (formerly Orpea), which recently sold three of its freehold properties to Healthcare Activos, a Spanish real estate investment company. *emeis* Ireland will continue operating the homes located in Portmarnock, Portlaoise and Kilkenny.

- A survey report published by BDO Ireland, commissioned by Nursing Homes Ireland (NHI), presents an evolving landscape based on operators' experiences in 2023, and incorporating some data from 2024.[17] The report highlights future potential capacity issues, noting a significant decline in planning applications and grants of planning over the last two years. This decline is attributed to high construction costs in the context of a business model reliant on income from the Fair Deal Scheme, making it an unviable option. The report also marks a significant increase in staff turnover. Although occupancy levels have risen, it is noted that residents are increasingly dependent, necessitating more care hours per day. Additionally, the average length of stay has significantly decreased, likely reflecting a trend of individuals choosing to remain at home with appropriate support systems in place, such as home care.

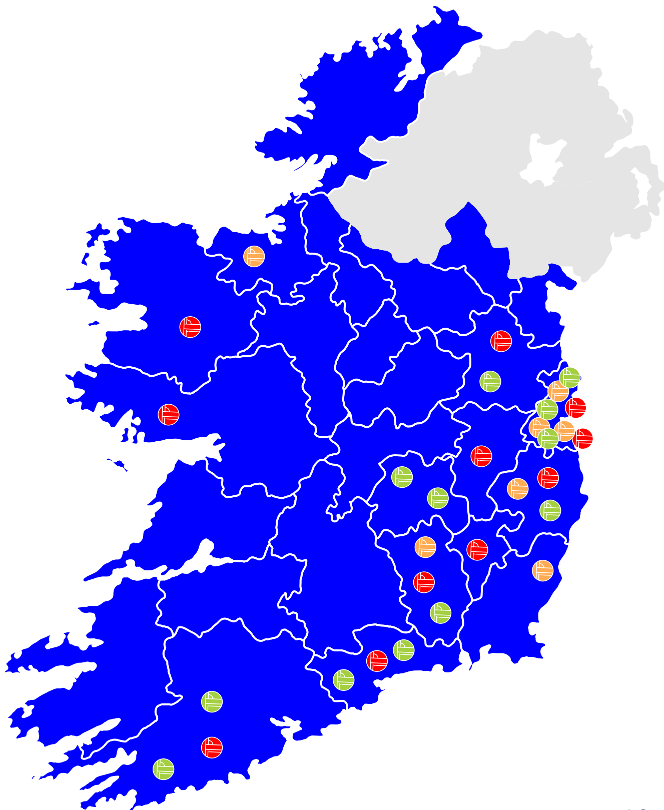
2024 Private Nursing Homes Opened, Under Construction & Closed

Openings	Operator	County	Beds
The Fern Dean Stepaside	Virtue Integrated Care	Dublin	125*
Sugarloaf Care Centre	Silver Stream Healthcare Group	Wicklow	119
Dunshaughlin Care Home	Grace Healthcare	Meath	96
Curam Care Home Carrigaline	Curam Care Homes	Cork	111
Carnew Nursing Home	Genesis Healthcare	Wicklow	90
Total			**541***

** Currently 42 beds registered*

Under Construction	Operator	County	Beds
The Residence Kilkenny	*emeis* Ireland	Kilkenny	80
The Residence Cavan	*emeis* Ireland	Cavan	110
The Residence Portmarnock	*emeis* Ireland	Dublin	151
Coolmine Sligo Nursing Home	Coolmine Caring Services Group	Sligo	105
The Naul	Éire Care (Simply UK)	Dublin	99
Gorey Nursing Home	Mowlam Healthcare	Wexford	96
Bellevie Living Rolestown	Bellevie Living	Dublin	92
Total			**733**

Closed/Deregistered	Sector	County	Beds
Lucan Lodge	Passage Healthcare	Dublin	74
Sally Park Nursing Home	Passage Healthcare	Dublin	41
Fingal House	Independent	Dublin	17
Aperee Living Callan	Aperee Living Group	Kilkenny	60
Kylemore House Nursing Home	Independent	Wicklow	38
Bushfield Nursing Home	Independent	Galway	45
Ailesbury Nursing Home	Independent	Dublin	45
Heatherfield Nursing Home	Independent	Meath	30
Total			**350**



These and other highlights from the report included below:

Nursing Home Survey 2023-24[18]

	2020 / 2021	2023 / 2024
Nursing Homes (including Public)	564	547
Beds (including Public)	31,743	32,239
Staff Turnover	18.5%	36.3%
Staff Costs (as percentage of Turnover)	60.9%	59.1%
Occupancy	89.8%	92.3%
Dependency Level classified High or Maximum	54.9%	60.9%
Average Length of Stay	3.65 yrs	2.48 yrs
Care Hours (per resident per day)	3.61	3.74

Design Guide for Long Term Residential Care Consultation Report

Feedback from the public consultation on the Design Guide for Long-Term Residential Care Settings for Older People revealed widespread agreement among respondents concerning the need for high-quality facilities to enhance the wellbeing of older individuals.[19] Advocacy groups commended the guidelines for promoting privacy, dignity, and respect, while local authorities acknowledged their potential impact on the future design of residential care settings.

Respondents consistently highlighted the importance of creating home-like environments rather than institutional ones, particularly for individuals with dementia. The focus on integrating care settings into local communities and providing access to outdoor spaces was also well-received. However, significant concerns were raised about the potential and 'prohibitive' costs associated with implementing the design specifications. Respondents highlighted the need for a financial impact assessment and a review of the current funding model. They indicated that, without an increase in funding, developers may be reluctant to acquire sites and initiate the planning process, which could result in a decrease in nursing home developments. Additionally, several submissions raised concerns regarding the proposed HIQA pre-application registration advice process, suggesting that it represents an overreach of the regulator's remit.

Government Supports for Nursing Homes

The €10 million nursing home Resident Safety Improvement (RSI) Scheme, aimed at enhancing regulatory compliance with infection prevention and fire safety, has provided approximately €9.5 million to approximately 400 nursing homes, with 85% of all applicants receiving the full €25,000 available for eligible works.[20]

While this scheme is now closed the new 2025 Residential Premises Upgrade (RPU) Scheme aims to assist nursing home operators in upgrading their facilities to comply with HIQA standards. With a further government allocation of €10 million in funding, this initiative is open to all nursing homes and may particularly support smaller homes converting multi-occupancy bedrooms into private rooms with ensuite facilities. Such enhancements would help ensure compliance with regulatory requirements and promote safer and more comfortable facilities.

Navigating the Funding Process

A new nursing home consultancy service, Care Home Consultancy, has been established to assist families in navigating the complexities of choosing a nursing home and understanding the funding process, particularly the Fair Deal Scheme. The fee-based service offers personalised support, including detailed information on available options, and financial planning, and can be tailored towards family needs. The initiative aims to ease the transition into nursing home care at what is a very challenging time.[21]

Home Care

Work is underway to implement the International Resident Assessment Instrument (interRAI) across home support services and Integrated Care Programme for Older Persons (ICPOP) teams. interRAI is a standardised framework used to assess the needs and preferences of individuals requiring care. Its use will facilitate a more consistent and objective approach to resident assessment and aims to improve care planning and outcomes.

Home & Community Care Ireland (HCCI), the representative body for home care services, has emphasised the growing need for more supported living facilities as an alternative to remaining at home or moving to a nursing home. By providing older individuals with options to live in smaller houses or apartments within shared environments, HCCI believes service delivery becomes more manageable, even in more remote areas.[22]

Disability

Currently, there are nearly 1,600 HIQA registered designated centres or residential settings for people with disabilities, caring to more than 9,000 individuals. The sector has been regulated by HIQA since 2013, and their recent report indicates that this regulation has driven positive changes following earlier findings of unsafe and institutional practices, as well as unfit premises.[23] A shift towards a human rights-based approach to care is now evident, with service providers successfully transforming outdated cultures and enhancing the quality of life for residents.

Regulation of Disability Services - 2023 Overview[23]

Number of Centres

1,574 designated centres
+96 since 2022

9,147 residential places
+117 since 2022

Congregated settings

212
+11 since 2022

2,256
residential places
-23 places on 2022

Respite centres

152
+1 centre on 2022

732
respite places
-6 places on 2022

Number of Disability Centres from 2014 - 2023

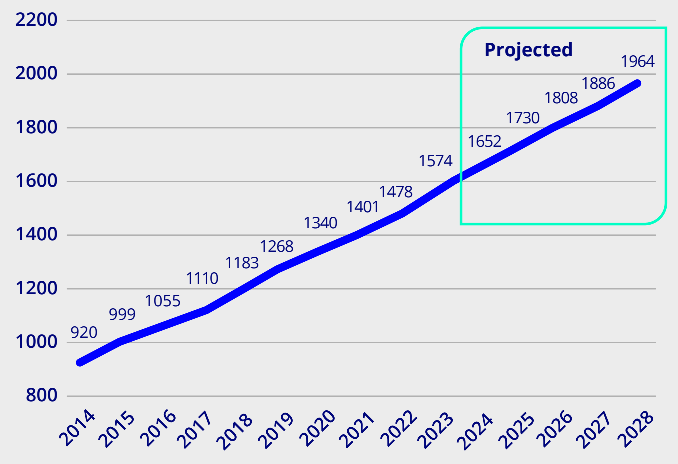


Figure 1 above illustrates the upward trend in the number of registered centres nationally. The graph also includes a projection, based on current growth rates.[23]

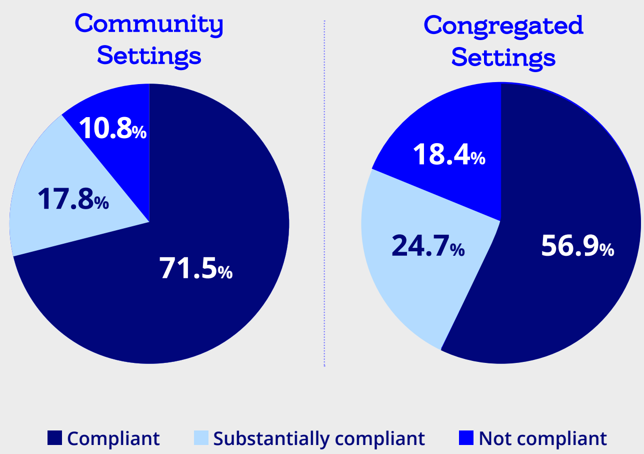
Despite these advancements, challenges remain, particularly in recruitment and retention of staff. Sourcing suitable accommodation for new centres is also difficult, compounded by the broader housing crisis. Under the Health Act 2007 (as amended), the disability sector comprises three types of residential services: adults, children, and mixed settings (adults and children combined). The mixed settings are primarily for respite care, with separate provisions for adults and children.

Efforts to 'decongregate'—the process of moving residents from institutional settings to community-based living—have been slow due to various challenges. Some (non-private) providers face challenges related to the funding available for acquiring new premises and staffing them according to the assessed needs of residents. Additionally, there is a reluctance among some providers to decongregate due to the complex care requirements of certain residents. This gap has allowed the private sector to enter the field, offering additional resources and options.

According to internal research conducted by HIQA, as of the end of 2023, there were 26 for-profit registered providers of disability services—entities that do not have registered charity numbers. While the provision of care services on a for-profit basis is not new in Ireland, as most nursing homes operate under this model, it represents a newer trend in the disability services sector. HIQA's findings over the past decade noted that providers across all types have delivered both high and low-quality services.[20]

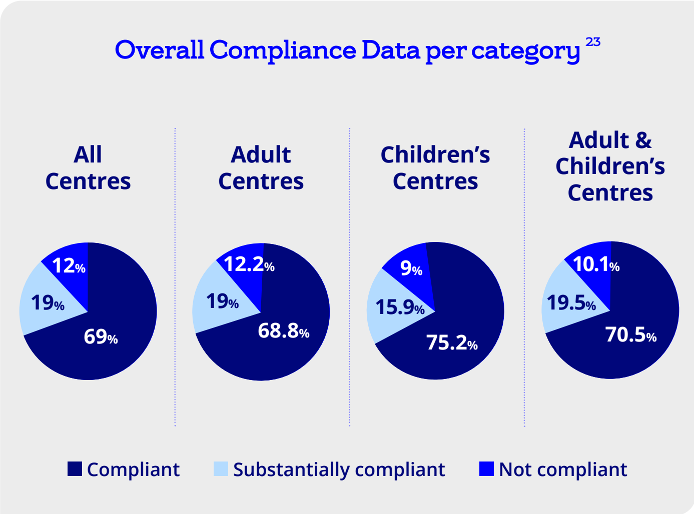
Notably, many residents that have transitioned to smaller, community-based accommodation have benefited from significant improvements in safety and quality of life, as demonstrated by subsequent inspections of these centres. Furthermore, inspections revealed markedly better compliance rates and quality standards in smaller community-based homes compared to congregated settings. In contrast, residents in congregated settings often experience poor outcomes due to environments that resemble institutions rather than true homes.

Overall Compliance in Community vs. Congregated Settings[23]



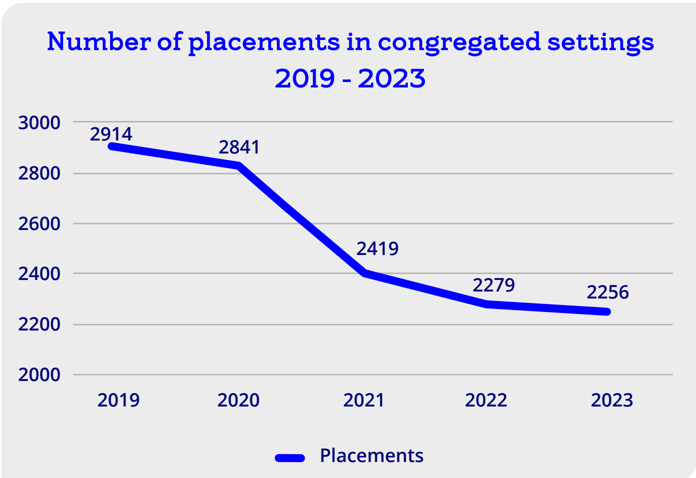
As the sector moves more towards de-congregation, there has been an expected increase in registered centres with fewer residents, contrasting sharply with the nursing home sector, where facilities are becoming larger. Demand in the sector, whilst primarily driven by the transition of individuals from congregated settings to smaller, community-based accommodations, is also driven by the urgent need for emergency accommodation in crisis situations.

Projections indicate that the number of designated centres will more than double from 2014 to 2028, necessitating collaboration between the DoH, the HSE, and the Department of Children, Disability and Equality to ensure future capacity. As of 2023, there are still 2,256 people living in congregated settings.[23]

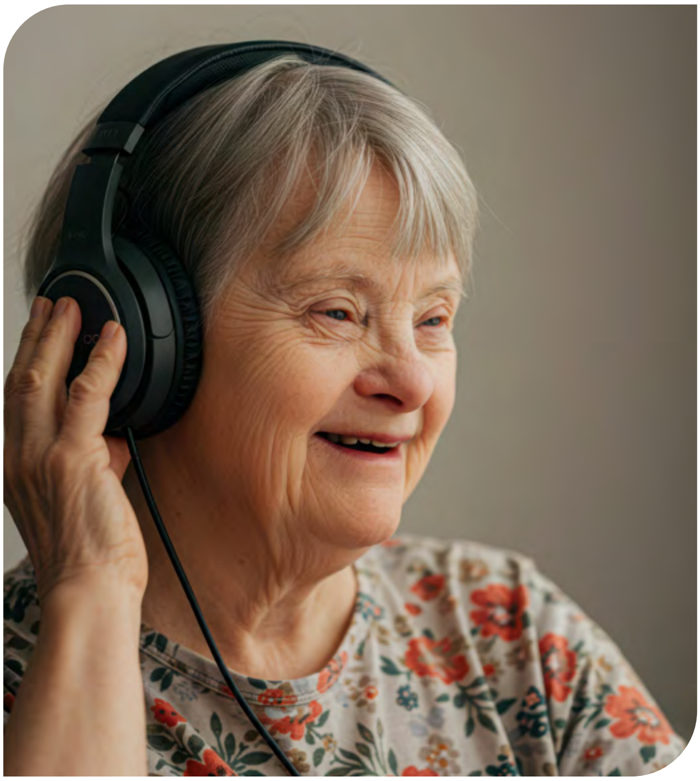


Source: Health Information and Quality Authority, November 2024

Overview of regulation of designated centres for people with disabilities 2013–2023:



Source: Health Information and Quality Authority, November 2024 [23]



Dentistry

Publicly funded dental services are available through the Dental Treatment Service Scheme (DTSS), providing treatment primarily for children and medical card holders. The majority of dentists in Ireland however derive their revenue from private patients, with approximately 900 dental practices operating.[24] There are nearly 3,800 dentists registered with the Dental Council of Ireland (DCI), the professional governing body.

Demand for dental services is ever-increasing, driven by higher demand, economic growth and a rising interest in cosmetic dentistry. The sector has seen annual compound growth of 1.4% up to 2024, with this trend expected to continue.[25] The dental sector in Ireland is fragmented and poised for consolidation. Leading corporate groups include Dental Care Ireland with 33 practices, followed by Smile Dental, a BUPA company, with 22 practices. A notable recent entrant, backed by Lonsdale Capital Partners, is Total Dental Ireland (TDI). TDI plans to scale rapidly by centralising specific back-office and administrative functions for non-corporate dentists, thereby streamlining and offering profit-sharing opportunities.

The government has committed to enhancing the accessibility of dental services for all. Several initiatives are being implemented, including the continued rollout of the Smile agus Sláinte programme launched in 2019, with an emphasis on preventative oral healthcare. Plans include hiring more public dentists and expanding access to orthodontic services for children, as well as strengthening the School Dental Programme. The new programme for government includes a commitment to update the Dentists Act 1985[25], which is widely outdated, to recognise and regulate a broader range of dental specialties, aiming to ensure quality dental care to all.

Both the Irish Dental Association (IDA), the representative body for the sector, and the DCI, emphasise the need for regulation to combat illegal dental practises. Current legislation falls short as it does not mandate ongoing competence for dentists and lacks regulation of dental practices. Effective regulatory frameworks in similar professions demonstrate the need for oversight.

Outlook 2025

- **Emphasis on Disability Services:** A renewed focus on enhancing supports and services for individuals with disability, aiming to improve accessibility and quality of care across all settings.
- **Continuum of Care:** Continued integration of health and social care services, ensuring seamless transitions for patients/individuals across different care levels from acute to community settings.
- **Expansion of Daycare and Community Services:** Increased investment in daycare and community based services to support ageing populations and individuals with complex needs, enhancing overall community health.
- **Ongoing Consolidation:** The health sector is expected to see further consolidation with mergers and partnerships aimed at improving operational efficiency and service delivery.
- **Staff Recruitment and Retention:** Addressing workforce challenges will be crucial, with strategies focused on attracting and retaining skilled healthcare staff to ensure consistent care delivery.
- **The Role of the Private Sector:** The private sector will play a significant role in addressing demographic challenges, complementing public services, and providing innovative solutions to meet growing healthcare demand.

Bank of Ireland

In the coming months and years, the healthcare system will need to strengthen collaborative working across partner organisations. Strong leadership will be required to deliver sustainability changes, drive improvement, and encourage innovation. Bank of Ireland understands the challenges faced by private health companies across the sector. We are a strong supporter of innovative change and will continue to work closely with our customers and communities to enable them to thrive in the current headwinds.

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Sources:

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2 *Key Findings Population and Migration Estimates, Central Statistics Office (CSO), April 2024*
3 *Health at a Glance, Europe 2024. OECD, November 2024*
4 *Health Budget 2025, Department of Health, October 2024*
5 *Labour Force Survey Quarter 3 2024, CSO*
6 *BDO Ireland, Nursing Homes Ireland Private and Voluntary Nursing Home Survey 2023/2024*
7 *Labour market impacts of health care assistant employment permits, DETE and KPMG, May 2024*
8 *CSO, Labour Market Churn, Human Health & Social Work Activities, Q3, 2024*
9 *Labour Market Churn, CSO, Q3, 2024. JCQ01 - Job Churn*
10 *National Service Plan 2025, HSE, 2025*
11 *Employment permits statistical tables and company listings 2024, DETE, January 2025*
12 *Quarterly Bulletin 04 / December 2024 Central Bank of Ireland*
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14 *National Service Plan 2025, HSE, 2025*
15 *Programme for Government, January 2025*
16 *Irish Nursing Home Sector- Annual Report, 31st December 2024, PKF Brenson Lawlor, January 2025*
17 *BDO Ireland, Nursing Homes Ireland Private and Voluntary Nursing Home Survey 2023/2024*
18 *BDO Ireland, Nursing Homes Ireland Private and Voluntary Nursing Home Survey 2023/2024*
19 *Report on the Public Consultation for the Design Guide for Long-Term Residential Care Settings for Older People, DoH, January 2025*
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21 *www.chci.ie.*
22 *HCCI, Ireland's housing provision for older people still 'in the Stone Age, October 2024*
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24 *Dental Act 1985 (No. 9 of 1985)*
25 *Ibis World, Dental Practices in Ireland, Market Research Report, August 2024*

Hotels 2024 Insights & 2025 Outlook

Insights

The past 12 months were mostly positive for the hospitality sector with many businesses reporting encouraging trends in both turnover and profits. However, this was not the case for all locations or sub-sectors; Revenue Per Available Room (RevPAR) took a slight tumble in Cork and Dublin due to changes in supply, and profit margins in the food and services sector were under increased pressure during 2024. Businesses in Ireland had to deal with the challenge of the higher rate of hospitality VAT as well as an escalating cost base. Increases to room rates and menu prices allowed many properties to protect the bottom line; the CSO's consumer price index (CPI) shows the "Restaurants and Hotels" sector had a 3.7% price increase in the 12 months to December 2024 which is well ahead of the 1.4% recorded on average for all divisions.[1] Another factor that could be affecting profits is the reduction in guest's average length of stay which has seen a sharp decrease in recent times.

Domestic trips by Irish residents[2] grew by 15% on the first 9 months of 2024 vs 2023, Fáilte Ireland reported that 32% of Irish residents went on a domestic trip during summer 2024[3]. CSO's stats on inbound visitor numbers to the end of December 2024 showed a 5.3% increase vs 2023; trips from the US & Canada increased by 135k/10% compared to just 69k/3% for the GB market.

Sector trends

- **Integrating Technology**, including AI to improve on customer service and support personalisation[4]. Businesses are increasingly focusing their efforts on personalising the customer experience as they look to build lasting relationships; AI enabled CRM systems can allow hotels to process guest data as well as suggest actions based on insights to support this.
- **Sustainability influencing evolution of brands**[5]. Businesses are increasingly incorporating sustainability efforts and ambitions to their brands. Updated mission statements, holistic staff training and development or even investment in green technologies can overtime associated with brand through compelling storytelling.
- **Ways of working continue to affect travel demand**. The normalisation of remote working has supported a rise in Bleisure (business trips that are then extended for leisure purposes) and Workations (when people work while on a trip away). Inbound business travel trips to Ireland increased by 11% in the 11 months to November as per latest CSO figures[6].
- **Increased focus on staff wellbeing**. Companies are ever more committed to improving staff engagement and work satisfaction. Flexibility on rosters, focus on wider training development, wellness and physical health supports and investment on the automation of some repetitive manual tasks are some of the initiatives gathering momentum. The positive ongoing changes are evident in Fáilte Ireland's latest Tourism Career Update, which states: "Recruitment and retention has become less difficult for the third year in a row"[7].
- **Wider destination marketing**. Travellers are increasingly seeking unique local experiences that may allow them to connect with the local communities and provide them a better perspective on their culture and history. Hotels are partnering with local food producers, galleries, and/or local tour guides to provide more meaningful holiday experiences.
- **Unbundling of offers**. Although in place for some time, more hotels are presenting an increased number of options for guests to tailor their stay (rooms with better views, late checkouts, breakfast). Room types are also being expanded (broken into further categories) and priced accordingly.

Consumer demand

Relatively stable unemployment trends across key markets and favourable exchange rates for US visitors supported favourable demand trends during the year.

- **Irish Residents:** Irish Household travel stats from the CSO to the end of Q3 2024 show growth across both domestic and outbound trips for Irish residents.
  - Domestic trips grew by 15% in the 9 months to September while expenditure grew by 17%. Average trip length reduced marginally from 2.4 nights for the period last year vs 2.3 this year.
  - Outbound trips increased by 8% (753k), however expenditure increased by only 2% as the average trip took a tumble from 6.5 nights last year to just 6.1 nights this year.

- **Inbound Visitors:** Inbound overnight trips to Ireland grew by 5.3% (334k trips) in the 12 months to December, while expenditure (excluding fare) grew by 11.9% (€591m) for the same period.
  - Continental Europe – Average trip down by 15% (9.4 to 8 nights)
  - USA & Canada – Marginal growth from 8.6 to 8.7 nights
  - Great Britain – Average trip down by 7% (5.2 to 4.8 nights)

1 CSO, Consumer Price COICOP Division Indices, December 2024
2 CSO, Household Travel Survey Quarter 3 2024, Jan 2025
3 Fáilte Ireland, Summer Consumer Update, November 2024
4 NetSuite.com, Lisa Schwarz, 7 Trends Driving the Hospitality Industry in 2024, Sep 6, 2024
5 Journey.Travel.com - 2025 marketing trends: How luxury hotels can stay ahead, Nov 2024
6 CSO, Inbound Travel Statistics, December 2024.
7 Fáilte Ireland, Tourism Careers Research 2024 Update: Summary Report, November 2024

Hotel supply & registrations for year-end Dec 2024[8]

Star Rating / Classification	Hotel Numbers				Bedroom Numbers			
	ROI		NI		ROI		NI	
Five Star	39	5%	4	3%	4,769	7%	365	4%
Four Star	373	44%	38	26%	39,347	60%	3,506	36%
Three Star	279	33%	47	33%	16,037	24%	2,139	22%
Two Star	72	9%	3	2%	1,572	2%	95	1%
Approved	79	9%	0	0%	3,852	6%	0	0%
Upgraded / Other	0	0%	52	36%	0	0%	3,573	37%
Total	**842**		**144**		**65,577**		**9,678**	

- Registered hotel bedrooms surged by 1,169 in ROI and a lower 32 in NI on the 12 months to December 2024. ROI Welcome standard registrations showed a marginal regression during the year after material growth over the last few years.
- Government contracted bedrooms:
  - **ROI:** Fáilte Ireland (FI) reported 17,632 beds are under government contract in registered tourism accommodation premises on FI registers / listings[9]. Nationally, 7% of all FI registered bed stock is under contract.
  - **NI:** Contracted numbers have been decreasing; industry sources indicate about 600 rooms are currently used for humanitarian purposes.
- 4 Star segment accounts for 60% of hotel bedrooms in ROI, the number of 4-star registrations is up by 35% (97 hotels) on where it was 10 years ago.

Hotel room sales Key Performance Indicators[10]

Room / Accommodation Sales KPIs	December YTD											
	Occupancy %				Average Room Rate €				RevPAR €			
Location	**2019**	**2022**	**2023**	**2024**	**2019**	**2022**	**2023**	**2024**	**2019**	**2022**	**2023**	**2024**
Dublin All	82	78	82	82	142	170	180	175	117	132	147	144
Dublin city centre	83	75	80	81	167	196	204	196	140	147	163	159
Galway	74	70	75	74	120	156	174	181	89	110	131	134
Cork	78	72	77	75	113	151	157	156	88	109	121	117
Limerick	78	76	80	81	139	158	180	185	96	120	145	149
Kilkenny	72	68	72	73	115	165	172	174	82	113	123	128
Ireland Provincial	71	68	74	73	109	143	156	162	77	97	115	119
Belfast	72	75	78	77	88	115	124	136	63	85	97	105
Derry / Londonderry	66	65	69	69	78	102	106	115	51	66	73	79

Overall accommodation KPIs are positive considering new hotel developments, a decrease in the number of rooms used for humanitarian purposes (back to tourism accommodation), and the increase in hospitality VAT.

- **Dublin:** Increased supply in the economy sector had a detrimental impact on average rates for the city despite a very marginal increase in average occupancy for both Dublin Region and Dublin city. Average RevPAR was down by 2% on 2023 for Dublin region and 3% down for the city centre.
- **Galway.** Slightly softer occupancy was compensated by a €7 increase in average rate which supported a 3% increase in RevPAR during 2024.
- **Cork city.** The Cork capital reported a €40 average rate increase for the month of June 2022 compared to 2019. Jan to June 2022 (H1) RevPAR of over €90 is well ahead of 2019 figure for the same period.
- **Limerick.** Average occupancy and rate were just second to Dublin city centre delivering a RevPAR of €148.
- **Belfast.** Strong trend in average room rate for the year (only location delivering double digit growth); the 10% (€12) increase in rate supported the delivery of a 9% increase in RevPAR for the year.

[8] Fáilte Ireland, Statutory Registrations Q4 2024; NIHF, Hotel Landscape, December 2024
[9] Fáilte Ireland, An Updated Overview of Beneficiaries of Temporary Protection (BOTP) and International Protection (IP) Contracted Bed Stock, December 2024
[10] STR CoStar, December 2024 Stats

Outlook

Demand drivers including prevailing low unemployment (4.2% for Dec 2024)[11] and robust air and sea access capacity[12], could support further growth in domestic and overseas visitor trips in the coming year. However, the issue of Dublin Airport passenger cap still remains as Fingal County Council has recently rejected the latest bid to increase the passenger cap at the transport hub[13].

Further hotel bedroom development is expected for Dublin city, STR[14] is currently forecasting a 5.2% increase to supply during 2025; the additional hotel bedroom stock is likely to slow down average room rate growth for the capital as it did last year. Cost pressures originating from the increase to minimum wage, up from €12.70 to €13.50 per hour (6% increase) could be mitigated by a number of measures being considered by the government to support the sector[15] in the 2025 programme.

Legislation

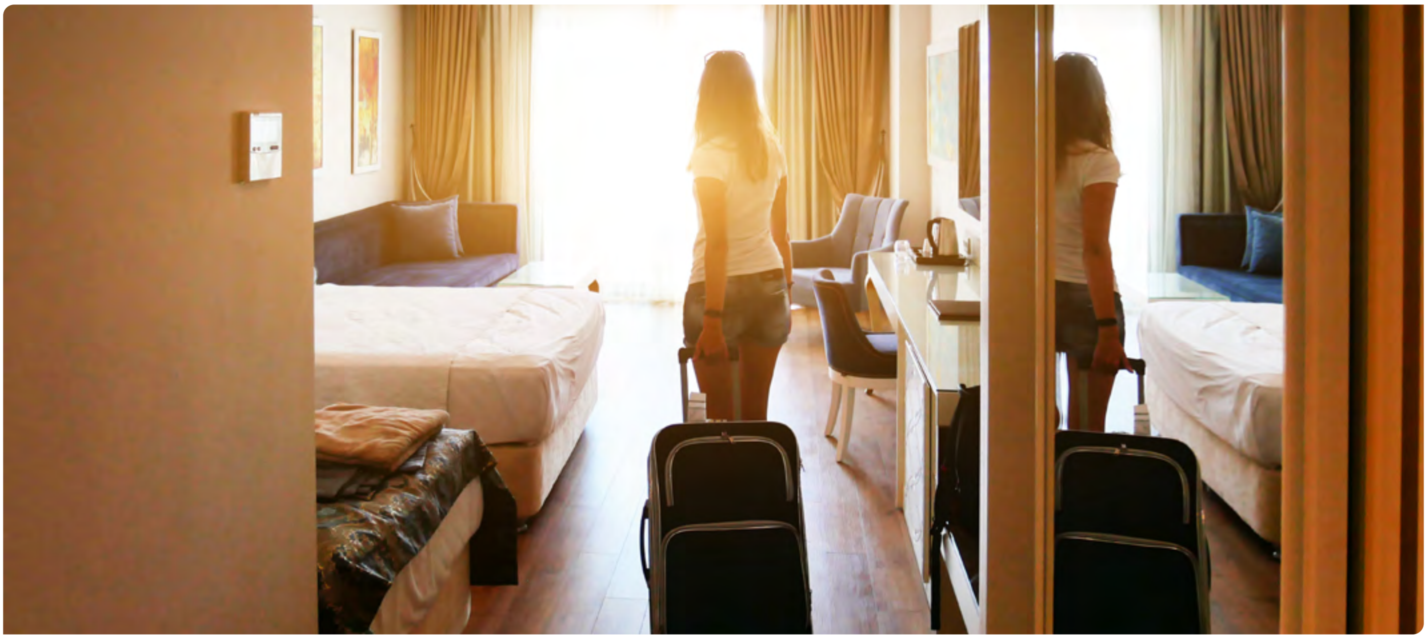
Whilst the anticipated reduction in the VAT rate will be welcomed by all, other changes like autoenrollment and CSRD will add to the administration burden for business owners / managers.

- **VAT Rate**. The newly formed government in ROI included a mention of a potential changes to VAT, PRSI and "other measures" will be considered as it looks to support SMEs in the hospitality sector, acknowledging the increased cost pressures faced by the sector.
- **Auto-enrollment**. The Auto-Enrolment Retirement Savings System, which is to be called "My Future Fund"[16], will start from 30 September 2025; on that day, the National Automatic Enrolment Retirement Savings Authority (NAERSA) will begin collecting contributions from employees, their employers, and the State, and investing that money on the employees' behalf.
- **Corporate Sustainability Reporting Directive (CSRD)**. As we embark in the first half the second part of this decade which will take us into 2030, many businesses are looking into the first meaningful decarbonisation deadline. Ireland's 2030 target under the European Union's Effort Sharing Results (ESR) is to reduce greenhouse emissions by a minimum of 42% by 2030[17]. A number of Irish Hotel groups (more than 500 employees) are already under the CSRD scope and will have to complete sustainability reports for last year.[18]

Travel Authorisations

Travellers to the US have long been familiar with the Electronic System for Travel Authorisation (ESTA)[19] required for travel into the US at a cost of $21. Starting this year, similar systems are being introduced for travel into the UK and the EU.

- The UK's **Electronic Travel Authorisation (ETA)**[20] has come into effect from Jan 8th for some countries. An ETA costs £10 and allows multiple journeys to the UK for stays of up to six months at a time over two years. Irish citizens will be exempt from this requirement; however, all other European citizens will need an ETA from April this year.
- In the EU, the **European Travel Information and Authorization System (ETIAS)**[21] will start six months after the biometric Entry / Exit System (EES) launches in 2025 (no exact date has been confirmed at this stage). ETIAS will cost €7[22] for those applying via the official website.



[11] CSO, Monthly Unemployment, December 2024
[12] Fáilte Ireland, Air & Sea Access (Source OAG), Dec 2nd, 2024
[13] Breakingnews.ie, Dublin Airport "baffled" by council's rejection of passenger cap increase, Jan 15th, 2025
[14] STR CoStar, Global Forecast Dublin, November 2024
[15] Draft Programme for Government 2025, Jan 2025
[16] Gov.ie, Minister Humphreys signs commencement order for launch of Auto Enrolment Retirement Savings System on 30th September 2025, Oct 10th, 2024
[17] Environmental Protection Agency (epa.ie)
[18] Department of Enterprise, Trade and Employment, Corporate Sustainability Reporting Regulations, Nov 12th, 2024
[19] https://esta.cbp.dhs.gov/
[20] https://homeofficemedia.blog.gov.uk/electronic-travel-authorisation-eta-factsheet-january-2025/
[21] https://etias.com/articles/etias-will-launch-6-months-after-ees-rollout,-official-website-updates
[22] https://www.eeas.europa.eu/eeas/coming-visa-free-country-and-travelling-europe

Tourism Policy

The newly released draft programme for government displays the government's commitment to growing our Tourism Industry[23]. The programme includes plans for an updated version of the "The Gathering" initiative from 2013. The "Year of the Invitation", which was originally suggested in 2021 could booster inbound demand in the short term when it's rolled out[24].

Also on the cards are a new initiative to further promote / encourage offshore island tourism called "Island of Ireland", the further expansion plans for the popular "greenways" and water based "blue ways", and a number of initiatives focused on regional destination development.

Total Revenue Management

Irish hotel's sales mix has been changing over time, Crowe's 2024 Hotel Industry Survey shows average contribution from accommodation sales has increased from 38.2% in 2013 to 49.2% in 2023[25]. The change can be linked to improved room revenue management practices as well as a reduced appetite for investment/ development in foodservices particularly clear in some of the recent hotel openings. Food and beverage services, as well as leisure facilities can be / become key differentiators as well as strong profit contributors.

Capturing the changes in complete value of a guest stay can offer valuable insights into customer behaviour; total revenue per available room (TRevPAR) has been around for a while, but innovative technology could make this comprehensive approach to revenue a viable strategy. CRM to PMS integrations can allow business owners to analyse data, predict behaviour and implement more dynamic strategies.[26]

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[23] Draft Programme for Government 2025, Jan 2025
[24] The Irish Times, Programme for Government Updates, Sarah Burns, Jan 15th, 2025
[25] Crowe, Ireland Annual Hotel Industry Survey 2024 & Crowe Horwath, Ireland Hotel Industry Survey 2014
[26] Lighthouse.com - The top 10 travel and hospitality trends that will shape 2025, Dec 16th, 2024

Manufacturing 2024 Insights & 2025 Outlook

2024 - A year of persistent contraction, lower inflation, strong employment, growing conflicts, complex geopolitics, global growth, consequential national elections, the threat of US tariffs escalates, a growing realisation that ESG carbon targets are under serious threat, and Artificial Intelligence gains ground

On a personal note, 2024 marked 40 years for me in Manufacturing. Four decades of disruptive change, exponential growth in Ireland, and now a sector that is the cornerstone of our economy.

Table 1 below provides a visualisation of the trends and milestones which have driven this phenomenal growth from **€5.8Bn contribution to GDP in 1984[1] to peaking at €199Bn in 2022.[2]**

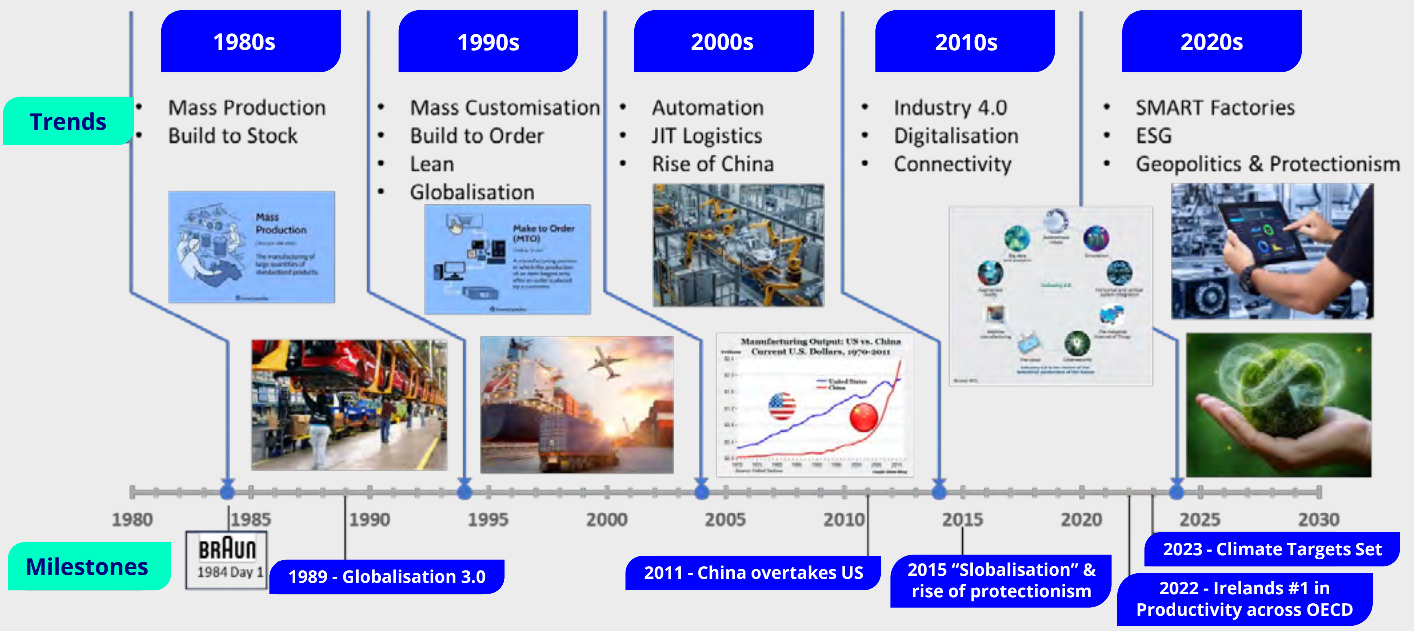

Table 1: Transformation of Manufacturing over 4 Decades

Full article on above is available under link below:

Bank of Ireland: Manufacturing is the cornerstone of our economic future – only complacency can cost | Business Post

These headline trends above for 2024 played out as follows:

Persistent Contraction: Irish Manufacturing started 2024 on an asymmetric mix of optimism and caution. Optimism on the back of solid performance in 2023, but caution as global demand slowed. EU manufacturing has been a full year in contraction, with sluggish demand and new orders. While Irish Manufacturing has fared better with only moderate contraction, activity has been overall sluggish and a sustainable upturn remains elusive.

Lower Inflation: Interest rate hikes have had the desired effect with inflation falling back to 0.5% (HICP) in Nov but rising to 1.0% in Dec.[3] The reality is though that input prices remain elevated and Manufacturing must have a laser focus on cost and margin improvement.

Strong Employment: Employment has remained strong in 2024 in Ireland and US. However this is a lagging indicator and signs are that without a material upturn in demand, Manufacturing including Ireland will cut capacity. December 2024 EU PMI report[4] noted that "Manufacturers are still cutting jobs. Although the pace of job trimming slowed slightly in December, it is still relatively high, and this trend is likely to continue well into the new year given all the news about companies restructuring". Anecdotal evidence suggests leavers are not being replaced and business will align their cost basis to business activity.

World Conflicts: Ongoing conflicts in Ukraine and The Middle East with no clear pathway to resolution create huge uncertainty and trigger a slowdown in consumption and demand for goods. The Middle East crisis has opened a whole new supply chain uncertainty for manufacturing with container ships rerouting away from the Red Sea adding significant time and cost to manufacturing inputs. Fingers crossed that latest ceasefire deal will endure.

Complex Geopolitics: 2024 saw an increase in the risks and uncertainties for manufacturing associated with geopolitics. A growing move away from globalisation to protectionism because "business trust" is broken, creates tension between trading partners. VUCA - Volatility, Uncertainty, Complexity, Ambiguity, is the new norm.

Global Growth: Despite regional differences, with Europe in recessionary territory, global GDP growth will land around +3.2% in 2024 with US at +2.8% and Euro area at +0.8%.[5] Global growth is forecast stable and resilient at +3.3% in 2025 and 2026 despite uncertain times. Ireland GDP 2024 is forecasted at -1.1% but Modified Domestic Demand is positive at 3.2% reflecting the domestic economy. GDP 2025 is forecasted to be at 4.5%.[6]

US tariffs: 2025 braces itself for tariffs which may have significant material impact on businesses and economies across the globe.

Consequential Elections: 2024 tested democracy as an estimated 4 billion people in more than 50 nations - 50% of the world's population voted in national elections.[7] The outcomes are likely to shape global politics for years to come not least the new US administration which is promising major upheavals in world trade.

ESG and Climate Change: The urgency of the crisis is not matched by the pace of change. Carbon Targets are not on track and Intent to address is not matched by action. As noted by the UN Emissions Gap report[8]: "No more hot air please - there is a massive gap between rhetoric and reality".

Artificial Intelligence: ChatGPT, Generative AI and Large Language Models gathered momentum in 2024. AI enabled PC sales grew by 99.8% in 2024.[9]

Despite all of these headwinds, Irish Manufacturing has delivered a solid performance in 2024:

- 2024 Value of Irish exports are up YOY by 15%.[10] This spike may be attributed to stock building in fear of tariffs.
- Corporation tax receipts projected at €24.5BN overall, up 2.5% YOY with ca. €10BN from Manufacturing.[11]
- MNC Employment stayed above 300K with 234 new investments delivering 13500 future jobs.[12]
- SME/Enterprise Ireland Employment grew 7% to 235K.[13]
- Manufacturing are embracing the Green Agenda driven by MNC demands, and strategic imperative.
- SMEs proven to be the engine of MNCs and Manufacturing growth.

In terms of individual sectors, 2024 was a mixed picture but mostly of solid growth:

- Global PC sales have grown 1.8% YOY.[14]
- EU Automotive registrations were flat at +0.4% YTD Nov. EVs volumes fell by 5.4%.[15] In Ireland FY registrations down 1% and EVs down by 23.6%.[16]
- Record sales of Semiconductor manufacturing equipment at $113BN up 6.5% YOY driven by AI.[17]
- Industrial construction equipment expected to fall in 2024 by 8% to 1.08m. units.[18]
- Agri equipment are forecasting falls of 10 to 15% (Region and product dependent) for year end 2024.[19]
- Data centres, & Modular construction and sustainability retrofitting all continue strong.
- Continued growth in medical devices sales with CAGR forecasts of 9.8% to $1.3Tn by 2029.[20]
- Pharma sales also expected to grow by 5.1% in 2024.[21]

Irish Manufacturing is deeply anchored in all the above supply chains and so individual businesses will feel the pain differently. The optimistic view, sentiment and ambition is that Manufacturing contraction has hit a turning point and that 2025 will see a return to at best moderate growth. However the turning point remains fragile and vulnerable to ever more risky geopolitics. A prolonged contraction, may trigger deeper capacity reductions and further adjustments in employment levels cannot be ruled out.

Summary of Key Impacts

- **Geopolitics, Rise in Protectionism, Strategic Autonomy, Democracy:** This will continue as a complex picture of economies moving away from mutual benefit of globalisation to national gain of protectionism. 2025 is potentially set to be the year of trade wars and tariffs which will have wide reaching, consequential and unpredictable impacts across global trade and manufacturing supply chains. Irish manufacturing is in a strong position to navigate the potential impacts of above given the deep roots in of both the MNC and SME manufacturing community.
- **How real is the threat of tariffs:** Trump's favourite word is tariffs and given that incoming administration is more organised than last time round with weaker global pushback, we must be prepared.

Ireland has a significant trade surplus with US driven by significant exports of Pharma and Medtech, putting us along with other economies definitely on the "watch list" for tariffs. See table 2. Irish Manufacturing may be impacted on two fronts. One tariffs on different product categories, and two tariffs on main trading partners, which may impact trading volumes and consequently see some volume decline for Irish suppliers. Bottomline is that tariffs are divisive and ultimately the US consumer will pay.

Hopefully economic and business rationale will prevail that recognises that many of our FDI companies are in Ireland not just for US interests but equally to serve their markets in Europe and beyond. In summary there are only two things we can say with a degree of certainty around tariffs. They are one, unpredictable in terms of their unintended consequences and two, they will hurt the end customer in terms of inflation.

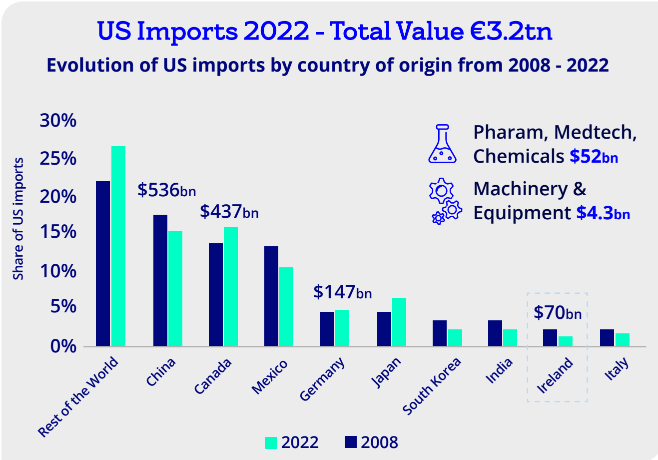

Table 2: Sources: 22, 23, 24

- **Brexit:** Exposed Irish Manufacturing has adjusted and there is no negative noise from enterprises specifically in connection with Brexit. The dominating narrative driven by a sense of "buyer's remorse", is of the new UK administration seeking enhanced trading links with the EU including a recent call to rejoin the customs union.[26]
- **Russia Ukraine & Middle East Conflicts:** Hopefully 2025 will mark the beginning of enduring resolutions. Supply Chain logistics costs rose in 2024 by 30%[27] partly due to the effective closure of the Red Sea route(Table 3). This accounts for 15% of global trade - adding 10- 15 days to shipping routes cost driving up manufacturing input costs.[28]

Table 3: Source: CNN Jan 2024

- **Factory Operations:** With the headwinds of energy inflation and labour shortages, Manufacturing response has been twofold. Behavioural and shift pattern changes to optimise energy usage and an acceleration of the digital agenda and higher levels of automation.
- **Predictable Unpredictability** has become the new normal
- **Supply Chain Resilience** continues a top priority for manufacturing to maintain business continuity and protect reputation. The bittersweet news is that supply chain constraints are easing with Global Supply Chain Volatility Index GSCVI[29] at -0.15 down from peak "bottleneck" values in 2021 of >6. As noted below the latest concerns is stock building to avoid tariffs.
- **Inflation (HICP) has eased from 4.6% in Dec 2023 but back to 1.0% in Jan. 2024**[30]

  - Pressure on SMEs to reverse earlier price increases

  - Consumers are justifiably pausing consumption as some big-ticket items like EVs are falling in price.

- **2024 Irish GDP Forecasts**[31,6] ranged from widely optimistic 2% to 3%, to more data driven results as commentators repeatedly downgraded their outlook. Ireland delivered -5.7% GDP in 2023 of which Industry was -21.6%. Both downward adjustments are understandable given the record year that was 2022. The outlook for 2024 is still negative growth of around -1.5% but improved from 2023.

  Current data available for Q1 to Q3 shows we are tracking at -1.7% for economy and -10.6% for Manufacturing. Forecasts for 2025 are in the range of +4.5%.
- **Purchasing Managers Index (PMI) data**[4] 2024 has been a year of contraction with latest Dec. 2024 PMI at 49.1 driven by falling orders and lower production output.
- **Labour market shortages** Economy is at full employment and shortages of key technical skillsets are still the case. These are being partly addressed with increased levels of automation, and in-house employee networks. Availability of affordable accommodation remains a key barrier to attracting talent and some business owners have become landlords. The "abundance" of manufacturing activity is not matched by infrastructure needs of housing, transport, grid capacity.
- **ESG, and Digital agendas gain momentum in 2024:** All driven by a combination of digital transformation, supply chain reconfiguration, ESG metrics, regulatory compliance and higher fuel costs improving payback periods for electrification and renewable sources.
- **Artificial Intelligence gained momentum in 2024:** ChatGPT, Generative AI and Large Language Models gathered pace in 2024. It was a dominant theme of the 2024 World Economic Forum Annual Meeting at Davos with Global CEOs excited about 20%+ productivity improvements. The reality is that nobody can keep up with the pace of change but manufacturing must find ways of navigating the opportunities that AI presents which in the end are human centric and deliver Amplified Intelligence and real profit to their business.

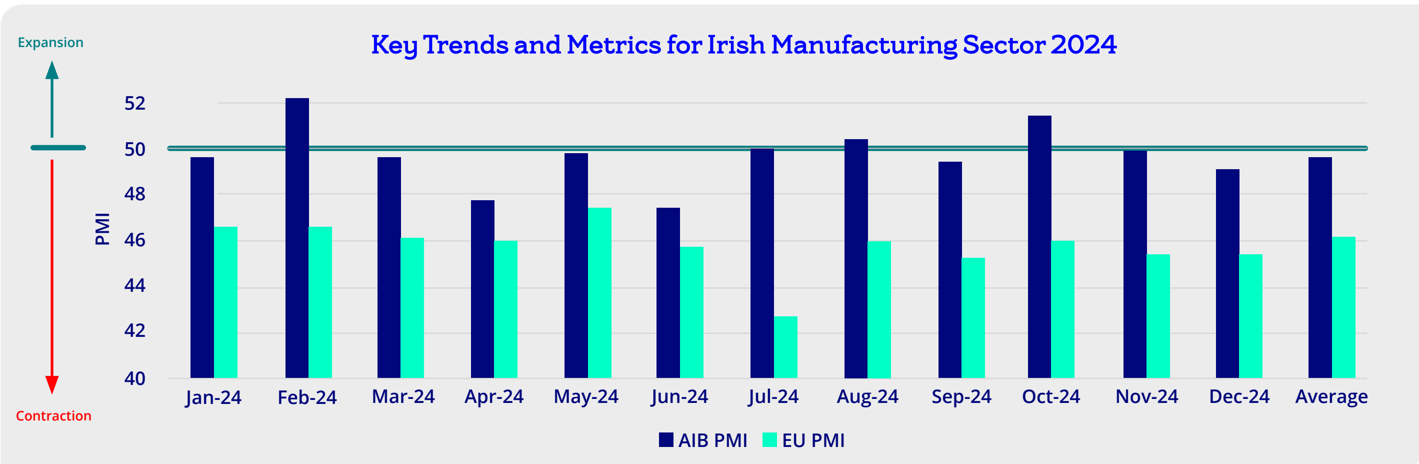

Table 4: Sources: PMI S&P Global Jan 2025

Irish Manufacturing Purchasing Managers Index (PMI)

PMI is a survey of 250 manufacturing companies. A result greater than 50 represents expansion. Ireland has spent most of 2024 in mild contraction with an average score of 49. By comparison, our biggest market, the EU, has averaged much lower at 46 with significant new order decline and weaker demand. Latest data suggests a fragile upward turning point but this needs to be sustained into H1 2025 to avoid capacity adjustments and employment impacts. .

Global Supply Chain Volatility Index (GSCVI)

TThe GEP Global Supply Chain Volatility Index, based on data derived from a monthly survey of 27,000 businesses, has fallen from the dizzy heights of 6 during the pandemic to -0.15 in Dec. 2024. The big headline was – "**North American Manufacturers Begin Stockpiling To Buffer Against Tariffs**" and this mirrors my commentary in December 2024 where I noted that record high Irish exports to the US point to stockpiling to avoid potential tariffs.

In summary the latest data signals persistent weakness in the global economy with recessionary conditions prevailing in Europe. While sentiment going into 2025 may be positive as data indicators slowly improve, it continues to be overshadowed by geopolitical shocks which show no sign of abating.

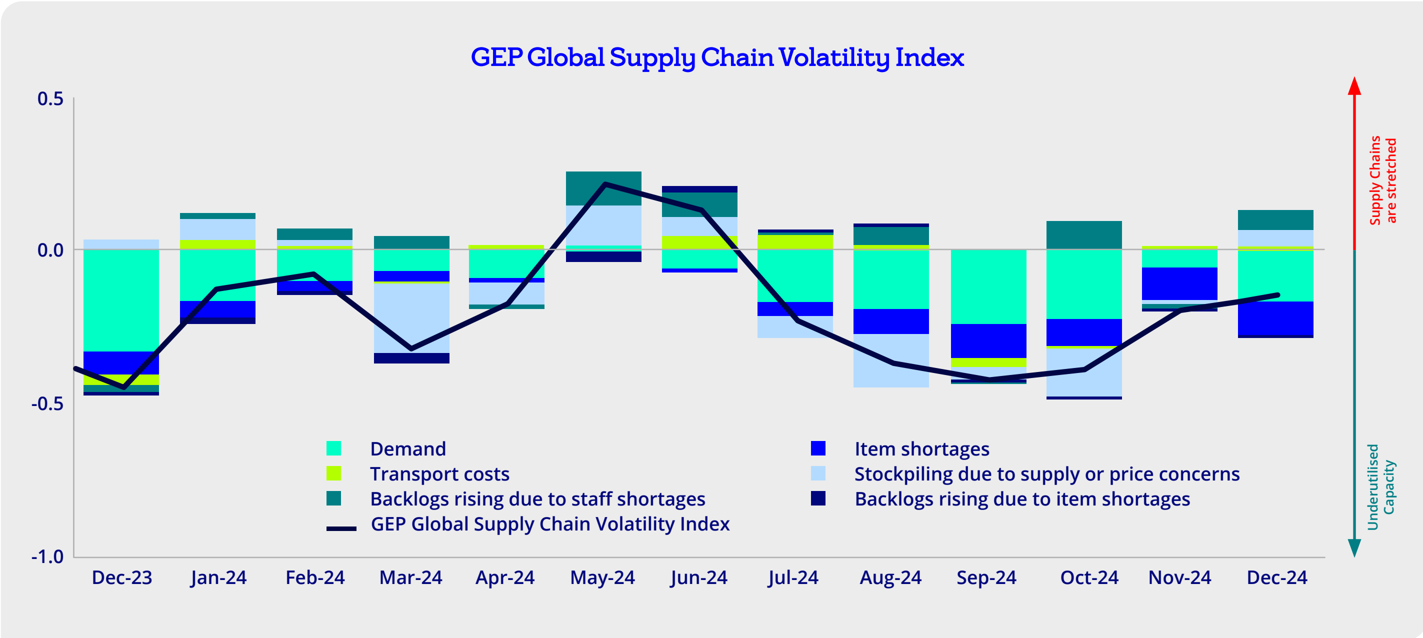

Table 5: Sources: GEP, S&P Global Dec 2024

Imports and Exports, Industrial Output and Turnover [32,33]

Imports and exports performance are summarised in graphic (Table 6) for period Jan – Nov 2024. In totality imports were down YOY at -5% while exports are up a massive +15%. This exports performance totalling €189BN to Nov. already exceeds record year 2022 and is concentrated in the Pharma and Machinery sectors up 30% and 22% respectively and to the US up by 36%.

The view of this writer is that this is a temporary spike and attributed to stock building in fear of US tariffs.

A mixed picture emerges for Manufacturing production and turnover (Table 7). Total annual comparison January to November is negative but traditional production output performed better than modern (including Pharma) at +4.1% production growth YOY.

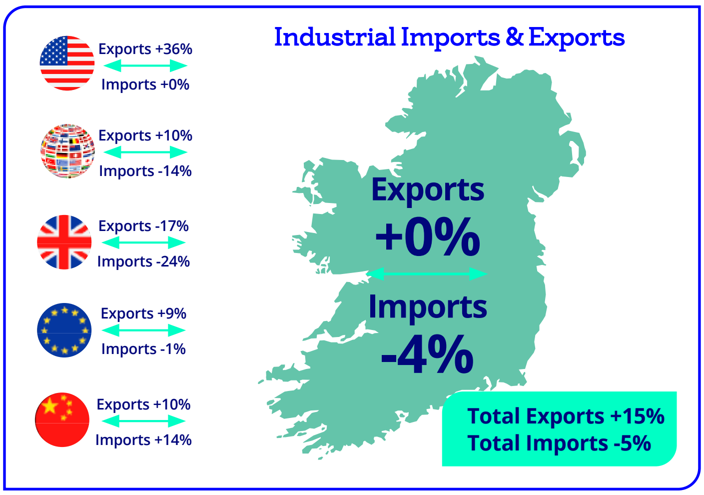

Table 6 Source: CSO Jan2024

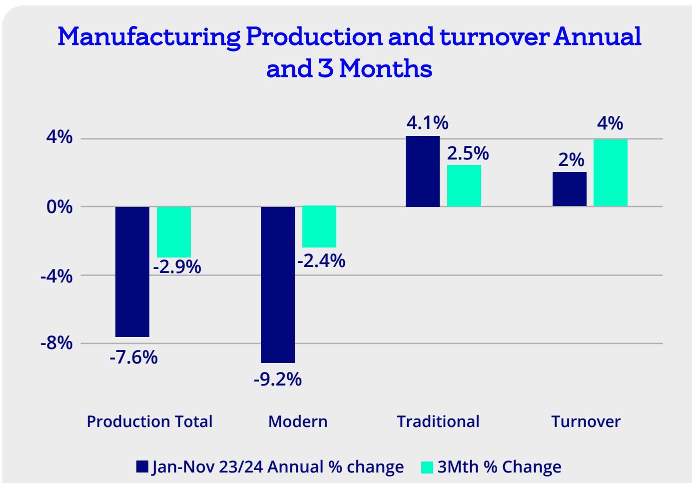

Table 7: Source: CSO Jan 2024

Manufacturing Input Price Inflation [27,34]

While inflation (HICP) has continued to ease in 2024 from 4.6% in Dec. 2023 to 1.0% in Dec. 2024, the reality is that manufacturing input prices continue elevated when compared to pre Covid-19 levels. See tables 8 and 9 below.

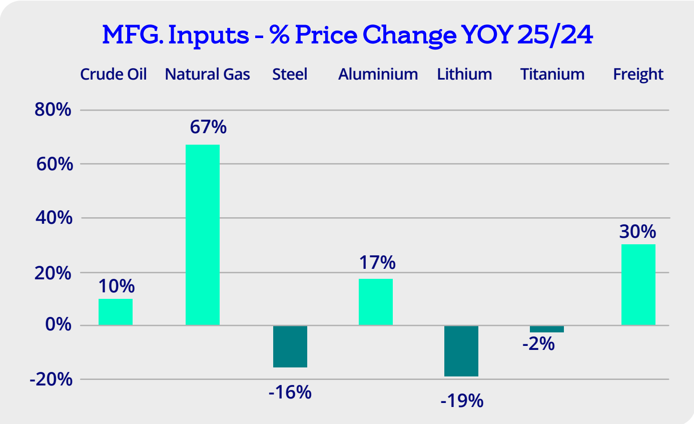

Table 8: Source: Tradingeconomics Jan 2025

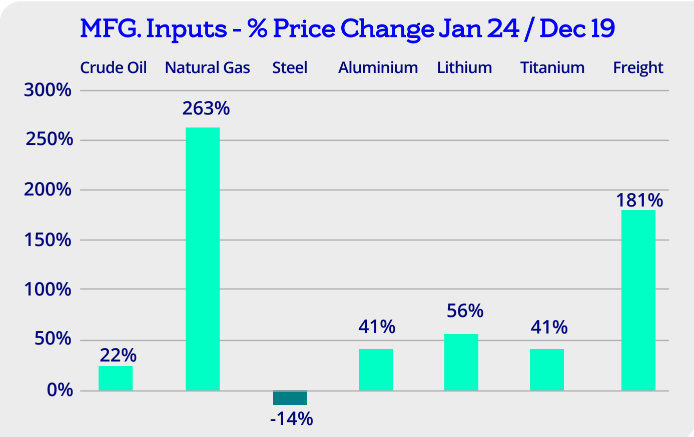

Table 9: Source: Tradingeconomics Jan 2025

Continued Lithium pricing drop is welcome and driven by EVs dropping demand. Natural gas is now almost 4 times its price pre Covid at €47 compared to €13 per MWh. Freight costs continue elevated again in January due to Red Sea closure and there will be renewed upward pressure on oil which uses this route.

Wage inflation is likely to continue in the short term given shortages and some of the 2024 tax reliefs taking effect may slow further downside in inflation. The only positive development above is steel down 16% YOY driven by lower demand and available capacity in China as construction sector has collapsed.

ESG – 2024 – Some progress but falls short of legally binding targets. Intent needs Action

2024 was a year of heightened awareness of the strategic imperative that is ESG for businesses, but as table 10 shows we are falling way short of our legally binding targets across all sectors. Target is -51% for 2030, and we are tracking at -29% For manufacturing the figures are -35% and -11%.[35]

In exactly the same vain and according to SEAIs National Energy Projections report[36], Ireland is on course to miss its legally binding climate and energy targets and we may incur fines up to €8bn or higher in 2030. The report calls for greater speed across all sectors, greater use of grant fundings, disruptive technology change, all combined with strong policies and measures which motivate the right green behaviours.

Total in economy Ireland's Emissions		Target reduction[1] 51%	Anticipated reduction[2] 29%[3] | 42%[4]
By Sector	**% Emissions total[1]**	**Target reduction**	**Anticipated reduction**
Agriculture	34.3%	25%	19%
Transport	17.1%	50%	41%
Electricity	14.4%	75%	62%
Built Environment	11%	45% Commercial 40% Residential	50% Commercial 48% Residential
Land Use, Land Use Change and Forestry (LULUCF)	10.7%	N/A	+15%
Industry	9.7%	35%	11%
Circular Economy	2.8%	50%	21%
Public Sector	1.1%	51%	49%

Table 10: Source KPMG

Manufacturing must consequently drive Key Actions under headings below to reduce Carbon Footprint.

Carbon Neutral Energy Sources

- Heat pumps, SolarPV, Biomass
- Grants support up to €162,600 from SEAI
- Energy Management Systems
- Process heat recovery systems for energy intensive processes
- Renewable Electricity to increase from 40% to 80%

Electrification & Logistics

- EVs for logistics internal and external
- Localise suppliers
- Bulk and consolidated transport
- Maximise transport utilisation with no empty routes

Supply Chain Scope 3 Emissions

- Pareto suppliers by carbon impact
- Transparent supply chains in accordance with code of conduct

Energy Efficient, Digital and Automation Capex Program

- Upgrade assets to Best available technology (BAT)
- Automation
- SMART and data driven process steps
- Artificial Intelligence

Waste Mgt. and Circular Economy

- Mindset of zero waste
- Zero polluting emissions
- Migrate from linear business models to circular ones across product portfolio
- Design intent for circularity
- Circularity to increase 2% to 10%

People Power

- ESG is embedded in DNA and Strategy of organisation
- Power of green behaviour
- Like safety ESG is everyone's responsibility
- Measure, track, communicate progress with clear KPIs

Survey Roundup – Business Sentiment is higher for 2024 than 2023

Despite the complex and high-risk geopolitical backdrop as we start 2025, many surveys show that CEOs and businesses are positive and optimistic about the year ahead. Here are four highlights:

KPMG 2024 10th CEO Survey: [37] High Optimism -

Table 11: Source: KPMG Nov 2024

PWC 2025 28th CEO Survey: [38] "CEOs report early productivity gains from Generative AI and rising payoffs from investments in sustainability. The challenge is to increase scope and speed.""

IBEC Manufacturing Survey: [39] "Manufacturers remain optimistic about the current business and for the months ahead."

2025 Eurochambres Survey: [40] Business Confidence marginally up on 2024 with top 3 challenges of Labour costs, Skills availability and regulatory burden.

Table 12: Source: Eurochambres Nov 2024

Manufacturing 2025 Outlook and Beyond – Optimism despite growing cloud of Geopolitics with a laser focus on costs and margins.

Tailwinds 2025

- Irish Manufacturing is hugely resilient with enormous positive dividends gained by shocks of COVID-19, Brexit and Ukraine serving it well to navigate the uncertainties of 2025.
- SMEs continue to benefit from MNCs reconfiguring their supply chains to local and more secure partners
- SMEs have benefited from vertical integration changes in response to supply chain headwinds.
- The shocks of energy inflation and shortages are accelerating conversion to environmentally friendlier alternatives.
- Inflation impacts are receding but customers are seeking to reverse increases.
- FDI activity remains robust and will support growth.
- Manufacturing is embracing ESG and rate of adoption is increasing as funding grants increase
- PMI, Exports, Industrial output and GDP data all point with caution to moderate growth in 2025

Headwinds 2025

- Risk of tariffs and wider impacts on global trade. 2024 exports may be overstated.
- The risks pf geopolitics complexity continues high.
- Elevated input costs, including materials, minimum wage, social costs will weaken competitive profile and must be countered with a laser focus on business costs and margins.
- Labour shortages and competition for certain talent in a tight market continues.
- There may be capacity adjustments in certain sectors depending on how macroeconomics plays out.
- Infrastructure of transport, housing, utility grids need to match Manufacturing ambitions and not be a barrier to growth.

The fundamentals of Irish Manufacturing continue to be strong. The optimistic view is that Manufacturing contraction here and in EU has hit a turning point and that 2025 will see a return to moderate growth. However, the turning point is fragile, weak and vulnerable to ever more risky geopolitics. Manufacturing may indeed find itself navigating a downward adjustment in capacity and employment levels until customer orders start to rise in the medium term. The short term will require a sharp focus on cost and margin management.

Sources: CSO, Gov.ie, IBEC, Bank of Ireland, The Economist, S&P Global, Irish Times, Gartner tradingeconomics, ACEA, ECB, ESRI, SEAI, IDA, DETE, PWC, KPMG, GEP, CNN, Renatus, Enterprise Ireland.

[1] Ireland GDP 1960-2025 | MacroTrends Sept 2024
[2] GDP by Sector Quarterly National Accounts Quarter 3 2024 - Central Statistics Office -Dec.2024
[3] Consumer Price Index December 2024 - Central Statistics Office
[4] PMI Releases Jan. 2025
[5] OECD Economic Outlook, Volume 2024 Issue 2 | OECD Dec. 2024
[6] Quarterly Economic Commentary, Winter 2024 | ESRI
[7] Half the World to Vote in 2024, With Global Ramifications (voanews.com) Jan 2024
[8] Emissions Gap Report 2024 | UNEP - UN Environment Programme
[9] Gartner Forecasts Worldwide Shipments of AI PCs to Account for 43% of All PCs in 2025
[10] Goods Exports and Imports November 2024 - Central Statistics Office
[11] Corporation tax receipts 2024 - Google Search
[12] Record R&D, strong capital investment, and high number of new investors | IDA Ireland
[13] Enterprise Ireland companies create record job numbers during 2024 – The Irish Times
[14] Global PC shipments increased in 2024, says IDC
[15] New car registrations: -1.9% in November 2024; year-to-date battery-electric sales -5.4% - ACEA - European Automobile Manufacturers' Association
[16] 121,195 New Car Registrations in 2024; Electric Cars Reach 17,459 | SIMI
[17] Global Total Semiconductor Equipment Sales Forecast to Reach a Record of $139 Billion in 2026, SEMI Reports
[18] Global construction machinery unit sales 2024 | Statista
[19] John Deere - Investor Relations
[20] Medical Devices Technologies and Global Market Outlook
[21] Pharmaceuticals Industry Trends January 2024 | Atradius January 2024
[22] Countries & Regions | United States Trade Representative Nov 2024
[23] The economic impacts of Trump's tariff proposals on Europe - Grantham Research Institute on climate change and the environment Oct 2024
[24] Goods Exports and Imports December 2022 - Central Statistics Office
[25] Trump's bigger tariff proposals would cost the typical American household over $2,600 a year | PIIE
[26] UK needs to rejoin EU customs union, says Lib Dem leader Ed Davey Jan 2025
[27] Drewry - Service Expertise - World Container Index - 18 Jan 2024
[28] How the Red Sea crisis could clobber the global economy | CNN Business Jan 2024
[29] Global Supply Chain Volatility Index | GEP Jan 2025
[30] Consumer Price Index - CSO - Central Statistics Office Jan 2025
[31] GDP by Sector Quarterly National Accounts Quarter 3 2024 - Central Statistics Office
[32] Goods Exports and Imports - CSO - Central Statistics Office Jan 2024
[33] Industrial Production and Turnover November 2024 - Central Statistics Office
[34] Commodities - Live Quote Price Trading Data (tradingeconomics.com) Jan 2025
[35] Ireland's Climate Action Plan 2024 - KPMG Ireland
[36] https://www.seai.ie/sites/default/files/publications/National-Energy-Projections-Report-2024.pdf
[37] Economy - CEO Outlook 2024 - Business Leader Survey - KPMG Ireland
[38] Reinvention on the edge of tomorrow | PwC
[39] Manufacturing in Ireland - IBEC
[40] Eurochambres Economic Survey 2025 - Eurochambres

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Conor joined Bank of Ireland in 2021. He is an accomplished senior executive and brings with him significant business and manufacturing experience gained both In Ireland and internationally. He has a strong track record of business plan delivery, scaling and turnaround and is an expert practitioner in Lean thinking, supply chain best practice and cost management in the Manufacturing sector.

Conor held various senior positions in Cargotec, a global manufacturer of Industrial Equipment for Cargo handling and transport having worked in Ireland, China and Finland.

Prior to Cargotec, Conor worked in the automotive sector with Iralco Automotive and Magna Donnelly in Ireland and Opel AG in Germany. He holds an MBA from Michael Smurfit School of Business, a Mechanical Engineering Degree from UCD, and a Diploma in Business Coaching from Smurfit Executive Development.

Retail Convenience 2024 Insights & 2025 Outlook

Grocery/Convenience sector continues to perform strongly. Retailers navigating an uncertain economic environment linked to geo-political events, access to personnel and fluctuating consumer sentiment.

Retail Convenience: 2024 Review

Summary

- **Robust performance:** Robust performance delivered by the sector in 2024. A shift in consumer behaviour to increased frequency patterns coupled with increased engagement with own-brand range.
- **Cost of Business:** Store owners continue to address their overhead profile proactively to mitigate increases linked to personnel and supply-chain.
- **Consolidation:** Increased consolidation has become a feature of the market with larger grocery/fuel operators expanding their store network and diversifying their sales mix.
- The large supermarket operators have been proactive in addressing cost of living concerns with targeted ad campaigns and voucher offers being strongly promoted.
- Margin growth and preservation have become an imperative for retailers linked to an increased cost framework driven by personnel, insurance and energy overheads.

2024 Key Trends

- Strong performance in take-home grocery sales continued. Irish grocery inflation stood at 3.6% in November/December 2024 representing a normalisation of food prices in the market. The ever-increasing emphasis on "events" across the sector was further underlined with sales of €1.4bn across Christmas 2024 representing the largest 4-week period since pre-COVID lockdown rush in March 2020.[1]
- As consumers seek cheaper alternatives across some product lines, all leading operators recognise that a strong own-brand offering is now critical to maintain customer engagement.
- Dunnes Stores and Tesco continue to vie for the number 1 position in respect of grocery market share. This has been driven by a particularly strong performance by Dunnes in the wider Dublin region whilst Tesco's increased market share reflects Joyce group integration/increased level of new store openings in recent times.

11 — The number of new stores opened by Tesco Ireland in 2024.[2]

900m — Number of bottles / cans returned via Deposit return scheme between launch on 1st February and 31st December 2024.[3]

€5bn — Turnover threshold exceeded by Musgrave Group for first time.[4]

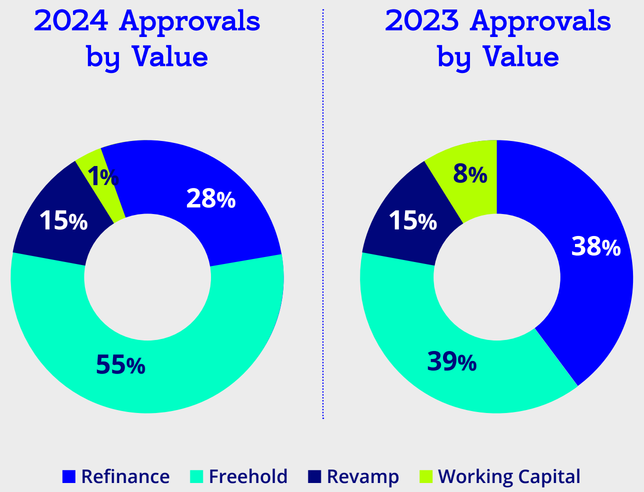
9 — Number of forecourt / convenience stores acquired by Circle K from the Pelco group (subject to CCP approval).[5]

[1] Kantar – Irish grocery market share – January 2025
[2] Tesco press release December 2024
[3] Re-Turn: Press release - 15 January 2025
[4] Musgrave financial statements, Oct 2024
[5] Circle K press release: July 2024
[6] McKinsey – grocery trends 2023

Key Activity in the Sector in 2024

- Shopping patterns reflected cost of living concerns with increased frequency (shopping little & often) becoming a feature of the market. As expected, food inflation, linked to a significant decline in international food commodity prices in recent months retracted significantly in 2024.

Approval Activity Value %



Bank of Ireland business banking data

- The maintenance of lower inflation levels given sustained geo-political and climate related issues will be monitored with interest in 2025.
- Retailers are continuing to implement pragmatic succession planning structures to ensure that appropriate long-term value is delivered from their business. Future options in respect of both ownership and operational models are being examined in detail.
- Recent studies across Europe have demonstrated that saving money on food remains a top priority across all income groups. This has led to increased engagement with own brand products and a discernible improvement in own-brand range/ options across the sector. The proactive delivery of premium, healthy and sustainable products across the own-brand range will be required to meet customer expectations and preserve retailer margins.
- Increased levels of crime/shop-lifting etc have been reported across the sector leading to the development of Stop Crime against Retailers ("SCAR") a joint initiative by Shelflife magazine and the CSNA in November.[7]

Sector Developments: Investment & Economic

- A significant level of new store openings/extensive store revamps occurred in 2024 across all regions supporting job creation and the wider Irish business eco-system. This reflects both the competitive nature, robust financial health and positive outlook of the leading brands in respect of the Irish market.
- The increased cost and regulatory burden presented by the proposed living wage structure, pension auto-enrolment and insurance in a competitive environment has led to an up weighted focus on margin development/ preservation from retailers, wholesalers, and their advisors. Recruitment and retention of personnel in a "full employment" environment continues to be a key challenge for the sector.
- Consolidation and cross-sectoral partnerships remain a feature of the wider Irish grocery/convenience/forecourt market. Tesco adding 11 new stores to their network, Maxol trialing Dunnes stores products in-store and Circle K purchasing 9 forecourt convenience stores from Pelco just a flavour of transactions/activity in the market. Individual store sale activity increased significantly linked to succession planning, landlord de-leveraging and independent retailers expanding their store portfolios.
- The de-carbonisation of end-to-end operations remains a key focus for leading operators linked to supplier, Government and consumer expectations/requirements. Multi-million-euro investments linked to improving energy efficiency profile across the fleet, logistics and store network was a feature of sector announcements/ strategies in 2024. The requirements of international suppliers seeking to reduce their scope 3 emission profile under new Corporate Sustainability Reporting Directive ("CSRD") legislation will continue to act as a driver/ incentive in the green transition of the Irish grocery/ convenience sector.

Market activity focused on store investment and consolidation to continue within the sector. Margin preservation and environmentally friendly/carbon reduction initiatives to retain a key focus for 2025.

Retail Convenience: 2025 Outlook

2025 Key Numbers

€1bn – 5-year investment level earmarked by Applegreen commencing in 2025.[8]

€200m – Proposed level of investment from Lidl in new distribution centre in Cork.[9]

€13.50 – Minimum wage in Ireland per Budget 2025 equating to c30% increase in 5 years.[10]

40% – Percentage of group gross margin now delivered by non-fuel sales per Maxol – demonstrating evolution of the business.[11]

2025 Retail Convenience Outlook

- **Robust Outlook:** A sector resilient to economic/geo-political shocks; Robust sales performance to continue but increased focus on margin preservation and cost management required to maintain profitability levels/leeway for investment.
- **Funding Activity:** Strong active pipeline of store purchase and associated revamp proposals - retailers recognise that customer experience/excellent standards will be key to attract and retain market share.
- **ESG Investment:** Increased investment in environmentally focused store network, waste management, circular operational framework and fleet fuel consumption to support targeted reduction in carbon emissions from the sector.

Market

- In a competitive labour market – sourcing and retaining the best people is vital to sustain a retail business. A structured employee development plan that incorporates role variety, up-skill opportunities and competitive remuneration needs to be embedded within the culture of the business. The smart use of digital/automation tools can deliver the dual goal of increased efficiency and an improved working environment. Retailers familiarising themselves with generative artificial intelligence ("AI") capabilities in this regard.
- Significant revamp programme will continue to be rolled out in 2025 nationwide by leading grocery operators as the ever more discerning consumer seeks excellence in store standards. Movement on revamp costs linked to fluctuating materials supply base to be monitored closely. Detailed analysis pre and post revamp will be an imperative to ensure that a maximum return on investment is delivered via sales mix improvement, margin growth and cost saving.
- Consolidation and inter-brand partnerships will continue to emerge across the sector with activity levels particularly focused upon the road-side retail/forecourt sub-sector. This reflects the evolution/transformation of same to a more comprehensive food/convenience driven proposition.
- Conventional wisdom would dictate that the requirements of middle-income consumers ("the squeezed middle"), navigating an increased cost of living, would be heavily weighted towards a discount proposition. The reality based on both the Irish and European experience reflects a more polarised/nuanced approach with these consumers still seeking premium brands/products at intervals throughout the year. This behaviour is intrinsically linked – consumers seeking to "treat themselves" after a sustained period of repressed/managed spending. Independent retailers adopting a "middle of the road" proposition therefore need to assess the viability of same in a polarised marketplace that is expected to continue.
- As consumers seek cheaper alternatives across some product lines, all leading operators recognise that a strong, diversified own-brand offering will be critical to maintain customer engagement as the inflationary cycle continues. However, own-brand is not all about price/value – the development of premium, proprietary in-house food solutions can provide a strong margin-generating differentiation point for retailers when delivered effectively.
- In Ireland, the number of people aged over 65 has doubled in the last twenty years from c400k to c800k in 2023 equating to c15% of the population. This statistic is expected to rise towards c1.5 million by 2050. At a European level, the "silver economy" is set to represent more than 35% of spending consumption by 2030. Given this exponential growth, meeting the needs of our senior shoppers should be a key focus area for all Irish retailers.

[8] Applegreen press release: November 2024
[9] Lidl Ireland press release: December 2024
[10] Budget 2025 – Department of Finance – October 2024
[11] Maxol press release: November 2024

ESG

- Irish retailers are cognisant that a robust strategy for the de-carbonisation of their business model is required to meet Government, investor and consumer expectations/ requirements into the future. Corporate social responsibility linked to sustainable and environmentally friendly in-store activities will therefore be a key area of focus for all retailers – energy efficient equipment, elimination of single-use plastic, improved recycling facilities and reduction of food waste. This will enable an improved cost base whilst meeting consumer expectations in respect of ethical trading.
- Whilst feedback on the Irish deposit return scheme (launched on 1st February 2024) was initially mixed – engagement from consumers has improved month on month. Returns totaling 900 million were recorded by 31st December per Re-Turn Ireland.[12]
- Studies have identified that c90% of all emissions related to Retail are Scope 3 – linked to suppliers/consumers as opposed to direct emissions from the business itself/purchased energy (Scope 1 and 2). To move the dial on Scope 3, retailers are starting to establish joint initiatives and incentivisation plans with their suppliers to support improved emission targets and the sharing of related data. In respect of consumer engagement – apps/tools that support customers to set and monitor climate targets for their shopping baskets are also on the horizon.

Funding Activity

- Store purchase strategies will continue to develop in 2024. COVID-19 has been the catalyst for increased levels of succession planning/retirement which is driving this activity.
- Revamp funding to continue with a particular focus on energy efficient equipment and processes.
- Robust refinance activity projected linked to loan book purchasers seeking to deleverage.

Bank of Ireland

- In Bank of Ireland we recognise that we have a unique opportunity to support our customers and to enable Irish businesses and the communities we jointly serve to thrive.
- Our proven financial capabilities and appetite, combined with comprehensive sector expertise, provide us with a strong platform to meet the funding requirements of Irish retailers.
- We understand the investment cycle, including the need for regular expenditure to maintain growth and profitability in this dynamic sector, and we have a strong appetite to support progressive, innovative retailers in the further development of their businesses in 2025.

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Owen Clifford is Head of the Retail sector within Bank of Ireland since 2015. Owen is responsible for the continuing development of the Bank's growth strategy in this key area and has actively supported leading retailers and stakeholders in the sector to grow and develop their business in a sustainable manner. He is a regular contributor to national media and industry publications in respect of topical issues in the sector.

Owen has brought extensive industry knowledge and experience to this role, having worked in the retail sector with Musgrave Retail Partners Ireland where his role involved supporting independent retailers to maximise their profitability and to develop long-term, stable business models.

Owen holds a first-class honours degree in Law and Accounting from the University of Limerick and is a Fellow of the Institute of Chartered Accountants Ireland and an Associate of the Irish Taxation Institute. He previously held roles with PricewaterhouseCoopers and Deloitte.