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What Next for Our International Connectivity?

The announcement by Ryanair to close its Cork base puts Cork Airport on the ropes and will be devastating for the staff impacted directly and indirectly. The gravity of the pandemic is displayed once again. Any such announcement is hugely damaging for regional and national connectivity and raises very real concerns regarding the ability of Cork Airport to avoid closure without further direct financial support from government in addition to that announced and welcomed on Budget Day.

However, beyond this a firm commitment to EU travel standards and most importantly the ability to implement proactive travel testing without delay remains acute and essential.

There can be no doubting the track record of Cork Airport as Ireland's fastest growing airport with 30% passenger growth in the years leading up to this pandemic and with expected passenger numbers this year of 2.8 million. If Cork Airport cannot stay on its feet, supports for tourism and hospitality announced in the budget can only be partial and temporary at best.

As we emphasised throughout Autumn, international connectivity is the foundation on which business, tourism and hospitality is built. Cork Airport directly and indirectly supports 12,000 jobs in the region and generated over €900 million for the Irish economy in 2019 and is a key driver of the Cork economy.

In our communications to Government we have consistently said:

1. To ensure that Cork Airport continues to deliver as a strategic infrastructural asset and regional economic driver, significant marketing supports must be put in place for route continuity and development.
2. Capital projects must be supported by Government as they simply cannot be sustained without revenue.
3. The recommendations of both the tourism and aviation committees must be thoroughly and carefully reviewed and implemented as a matter of the utmost urgency.
4. Marketing funds and capital supports alone do not represent a solution for continuity of connectivity. Without viable passenger numbers airlines will continue to make cold decisions with an impact that will last for years to come. Once a route or airline is gone, there is little short-term prospect of its return. Steps must be taken to support the return of credible levels of passenger volume on our key commercial and tourism routes. Testing of passengers must be put in place to encourage volume and alleviate quarantine restrictions. Healthy passengers could travel safely, creating much needed continuity of connectivity, and improved local business and leisure tourism spend.
5. The European Commission has set a clear direction for commonality of approach to travel between member states. The Irish Government must be supportive as this proposal and push for equivalent international agreements to be progressed with urgency. We must be ready to facilitate the agreed protocols immediately.

Stability and continuity of approach will be key to the recovery of our international connectivity and to secure Cork Airport's future.

SURVEY RESULTS

QUARTER 3

“ Government needs to invest in infrastructure otherwise construction will stall. ”

Cormac Smith, MMD Construction Cork Limited

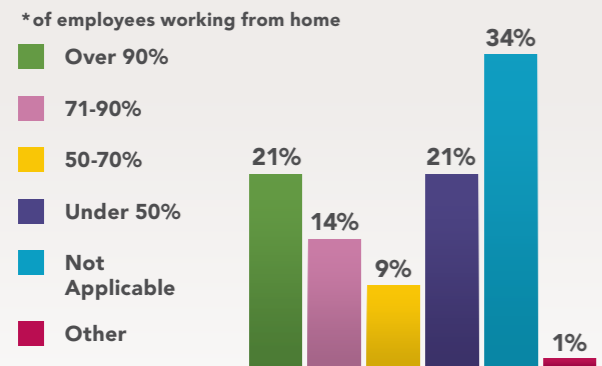
“ All efforts to be employed to ensure maximum connectivity to Cork from the principal international economic hubs. ”

Frankie Whelehan, The Montenotte Hotel

The third economic trends survey of 2020 captured the sentiment of the Cork business community as we transitioned from the initial shock waves of the Covid-19 pandemic to a considerably altered business operating landscape across the region and country. In our latest economic trends we report on business experiences during July, August and September, and the outlook for the fourth and final quarter of 2020. We also report on the changes made to work practices as a result of Covid-19, the return to offices, and connectivity across the county to fibre broadband.

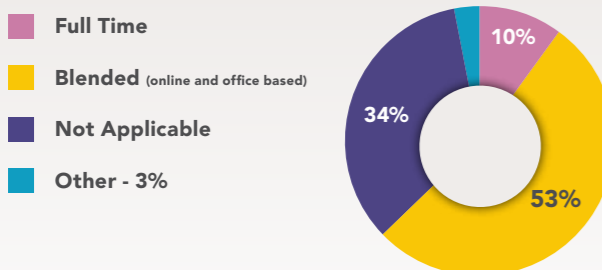
BUSINESS PRACTICE AND OPERATIONAL CHANGE, AND FIBRE BROADBAND CONNECTIVITY

% BUSINESSES WITH EMPLOYEES WORKING FROM HOME



The Covid-19 pandemic has initiated dramatic changes to how we work, with 21% of responding businesses reporting >90% of employees are now working from home. When asked on the expected return date to the office, and taking account that survey responses were gathered over the last two weeks of September and before the current public health guidance advice, 19% reported that employees were at that stage returning to the office with more returning in the coming 2-3 months, however 18% expected this return from January 2021 onwards. A further 3% of businesses at that time had also reported that they were not planning to return, instead closing their physical office.

THE RETURN TO THE OFFICE, % OF BUSINESSES EXPECTING FULL TIME OR BLENDED

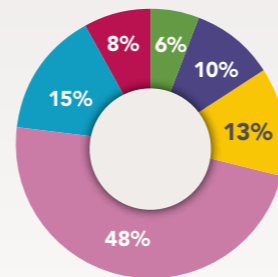


While increasingly difficult to gauge the return to offices currently, we can be certain that the pandemic has accelerated changes to way we work as we report that 48% of businesses were initiating changes to work practices and organisational policy to formalise a Work From Home offering for employees on an ongoing basis.

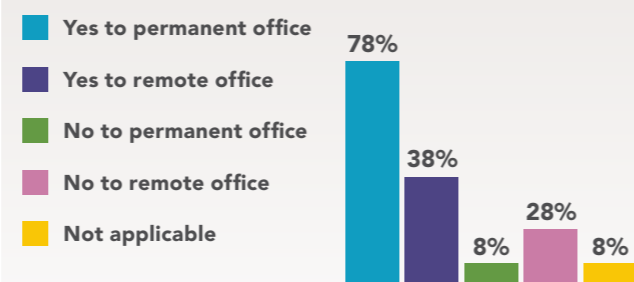
12% of responding businesses had such a policy in place prior to the Covid-19 pandemic.

% BUSINESSES MAKING CHANGES TO THE WORKPLACE AS A RESULT OF COVID

- Expanding existing or moving to larger premises
- Downsizing to smaller premises
- Investing in significant capital projects to upgrade premises
- No significant capital or location change
- Not applicable
- Other



% RESPONDENTS WITH FIBRE BROADBAND CONNECTIVITY TO A PERMANENT OFFICE OR REMOTE OFFICE



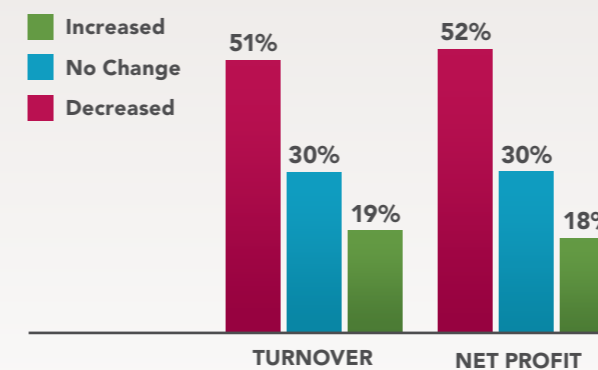
When asked if the current broadband coverage to the permanent and/ or remote office matched business needs, 78% said Yes, while 14% indicated No.

BUSINESS CONFIDENCE



The latest survey reports a downturn in the percentage of businesses reporting confidence to 68%, from 73% in Q2 2020. For context, business confidence had in recent years been consistently in the 80%-90%+ range. However, this is an improvement on the 54% of businesses reporting as confident in Q1 2020, assessed as the threat level from Covid-19 moved rapidly from possible to real.

Q3 TURNOVER AND NET PROFIT ESTIMATIONS

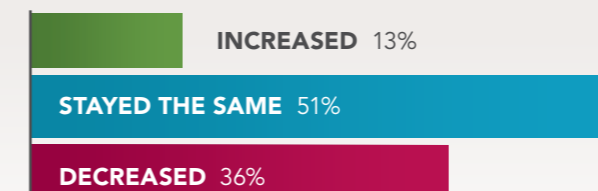


The survey reports that 51% of businesses experienced a decrease in turnover over the last quarter, compared to 73% in Q2. At the same time, 19% experienced an increase in turnover, an improvement on the 11% in Q2. For the coming fourth and final quarter of 2020, 23% of businesses anticipated an increase in turnover with 42% expecting a decrease. Regarding net profit, 18% reported an increase during Q3, with a 22% increase to net profit in the final quarter. Importantly, while sentiment was captured just recently as we closed out on Q3, the operating landscape continues to evolve rapidly since then.

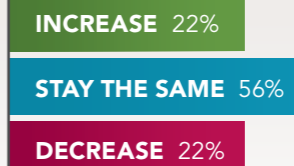
EMPLOYMENT OUTLOOK

There has been a decrease to 22% in businesses expecting to reduce employee numbers in the 12 months ahead, from 33% in Q2. We report an increase in businesses reporting open vacancies to 32%, from 17% in Q2.

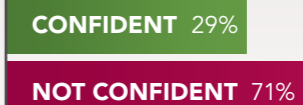
CHANGE TO EMPLOYEE NUMBERS OVER Q3 2020



EXPECTED CHANGES TO EMPLOYEE NUMBERS OVER THE NEXT 12 MONTHS



CONFIDENCE IN THE IRISH ECONOMY



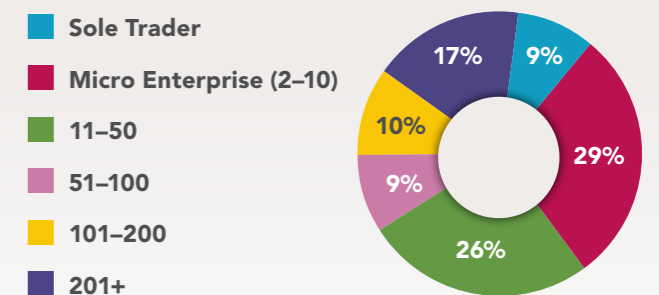
In Q3 there is a significant increase in businesses reporting as not confident in the Irish economy to 71%, from 52% in Q2.

TOP 3 THREATS TO BUSINESS GROWTH

- Covid-19
- Changing consumer spending/reduced orders
- Brexit

Unsurprisingly, and reflecting the responses of Q1 and Q2, Covid-19 remains the number 1 threat to business growth, with the re-emergence of Brexit, which last featured on this list in Q4 2019.

RESPONDING BUSINESSES



The responding businesses represent a broad range of sectors: Life Sciences & Manufacturing (7%); Agriculture, Food & Drinks (1%); ICT & Digital Economy (12%); Tourism, Hospitality, Retail & Leisure (12%), Culture, Arts, Community & Media (4%), Built Environment (13%), Education & Training (5%), Services incl. Financial (39%), Health (1%), Transport, Energy & Maritime (6%).

We thank members for your valuable insights, and engagement with this survey.



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