



International Business Report

First Quarter 2024

Grant Thornton Argentina



Introduction

Grant Thornton's **International Business Report (IBR)** is the world's leading survey of middle-market companies. It was first launched in 1992 in nine European countries, and now interviews around 10,000 senior executives in more than 150 economies each year, providing information on organizational health and the issues affecting both private and listed companies.

The data analysis is carried out by **Oxford Economics** and the results indicate the perception of companies about general economic optimism; perception of salaries, factors that drive companies or limit their growth in the following 12 months.

The surveys are carried out **periodically** to obtain a better measurement of the **expectations of middle market companies and to understand the evolution of the sector's overview**. Questionnaires are translated to local languages and fieldwork is conducted through online and telephone interviews with CEOs, presidents, or other senior executives from various industries. This document contains data collected during the first quarter of 2024.

In Argentina, **76 companies** were surveyed. We present the comparison between the local, regional and global indices.

For more information about this report, contact us at **conectados@ar.gt.com**.



Business Optimism Index

The **optimism** index, defined as the percentage of respondents who positively perceive the prospects for their economies over the next 12 months, is analyzed based on a series of trends consulted with middle market executives. The variables considered are detailed below:

| Future Business growth expectations | Future Business investment intentions | Limitations to Business growth | Expected Business salary changes |
|---|---|--|--|
| <ul style="list-style-type: none"> Income Sales Prices Exports Employment Profitability Income from foreign markets Number of countries estimated to sell to Number of employees focused in a foreign market Use of foreign suppliers and subcontractors | <ul style="list-style-type: none"> Investment in new facilities Investment in plants and machinery Investment in the brand (*) Investment in staff skills Research and development Technology Investment in sustainable initiatives (*) Lead-times and costs of shipping/ delivery of goods (*) Availability and cost of raw materials and other inputs for production process (*) | <ul style="list-style-type: none"> Funding shortage Regulation and bureaucracy Availability of qualified workers Labor cost Shortage of orders Transport infrastructure Economic uncertainty Energy costs Size of the market (*) Competition/ Competitors (*) Environmental constraints/ scarcity of natural resources (*) Expected future shortage of orders/ demand (*) Geopolitical disruption (*) Supply chain and complex procurement systems (*) Cyber security/ digital risk | <ul style="list-style-type: none"> Real increases in wages Wage increase |

(*) These variables are being measured and considered to be part of the indices included in the International Business Report since 2024.

When these trends in growth and investment expectations are positive, companies' **optimism** grows; since these metrics have a **direct influence on the index**. When the expectation of limitations and scarcity of resources increase or salary increases go up in relation to the other variables, the optimism index decreases.

Below, we explore the first quarter 2024 results for Argentina, the Latin American region and global indices.

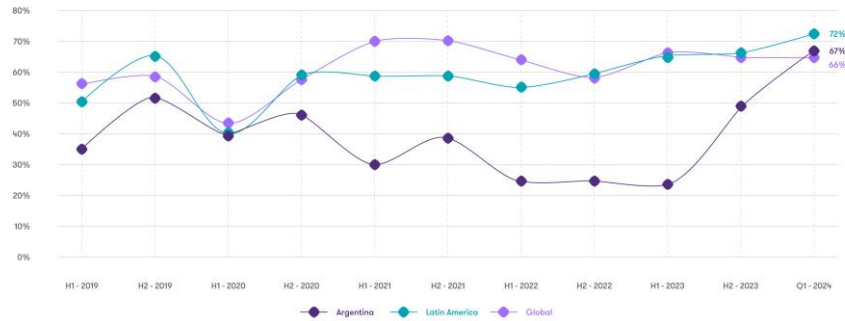


Indices 2024

First Quarter

Optimism

Percentage of optimism about the prospects for their economies in the next 12 months.



The Optimism index rose from 48% to 67% in the first quarter of 2024.

The global Optimism index rose 1 point to 66% and in the Latin American region it rose 6 points to reach 72%.

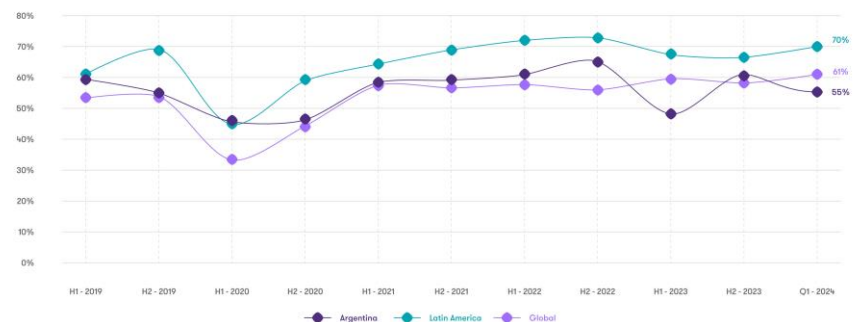
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 35% | 52% | 41% | 47% | 30% | 39% | 25% | 25% | 24% | 48% | 67% | ↑ |
| Latin America | 51% | 65% | 40% | 59% | 59% | 59% | 55% | 60% | 65% | 66% | 72% | ↑ |
| Global | 57% | 59% | 44% | 58% | 70% | 71% | 64% | 59% | 67% | 65% | 66% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The Income expectation index fell in Argentina from 60% to 55% during the first quarter of 2024.

At a global level, this index rose to 61% and in Latin America it rose 3 points to reach 70%.

Income

Expectation of an increase in income over the next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 60% | 55% | 46% | 47% | 58% | 60% | 61% | 65% | 49% | 60% | 55% | ↓ |
| Latin America | 62% | 69% | 45% | 60% | 65% | 69% | 72% | 73% | 68% | 67% | 70% | ↑ |
| Global | 54% | 54% | 34% | 46% | 58% | 57% | 58% | 56% | 60% | 59% | 61% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

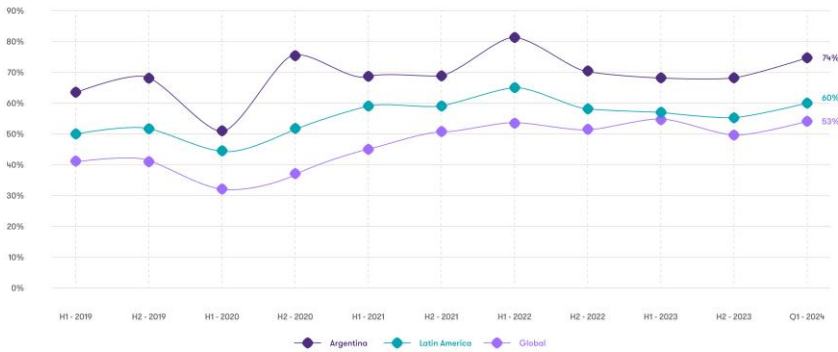


Indices 2024

First Quarter

Sales Price

Expectation of an increase in selling prices in the next 12 months.



The Sales Price Expectation Index rose in Argentina to 74%.

At a global level, it rose 3 points to 53% and in Latin America the trend was also upward, reaching 60%.

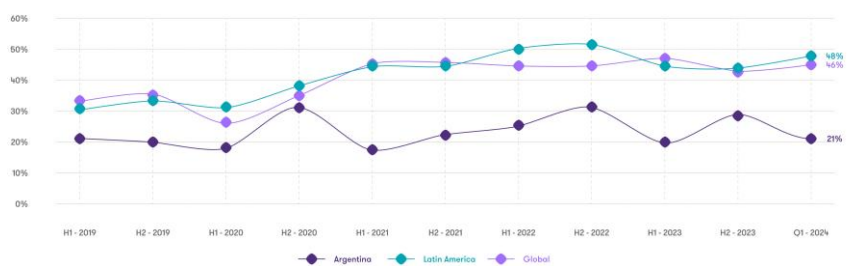
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 63% | 68% | 51% | 75% | 68% | 69% | 82% | 70% | 68% | 68% | 74% | ↑ |
| Latin America | 50% | 52% | 44% | 51% | 59% | 59% | 65% | 58% | 57% | 55% | 60% | ↑ |
| Global | 41% | 41% | 32% | 37% | 45% | 51% | 53% | 51% | 55% | 50% | 53% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The Export expectation index fell in Argentina to 21%.

At a global level it rose 3 points to 46% and in the Latin American region it rose 4 points to 48%.

Exports

Expectation of an increase in exports over the next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 21% | 20% | 18% | 31% | 17% | 22% | 25% | 31% | 20% | 29% | 21% | ↓ |
| Latin America | 30% | 33% | 31% | 38% | 44% | 44% | 51% | 52% | 45% | 44% | 48% | ↑ |
| Global | 33% | 36% | 26% | 35% | 46% | 46% | 44% | 45% | 47% | 43% | 46% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

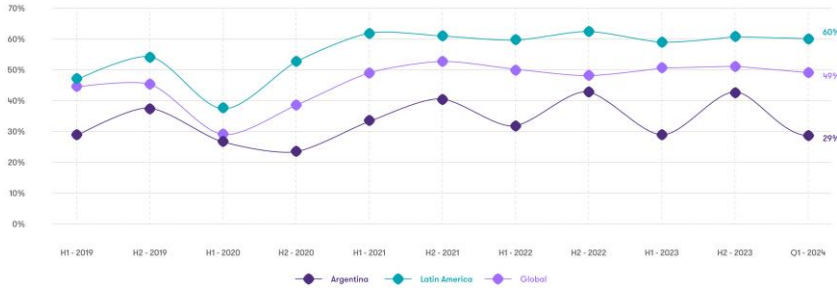


Indices 2024

First Quarter

Employment

Expectation of an increase in employment in the next 12 months.



The index of expectation of increase in Employment decreased in Argentina from 43% to 29%.

In Latin America, the index fell to 60% and globally, to 49%.

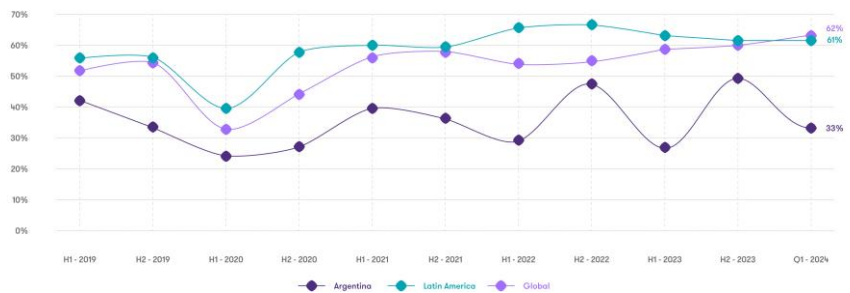
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 28% | 37% | 27% | 23% | 33% | 40% | 32% | 43% | 29% | 43% | 29% | ↓ |
| Latin America | 47% | 54% | 37% | 53% | 62% | 61% | 59% | 62% | 58% | 61% | 60% | ↓ |
| Global | 44% | 45% | 29% | 38% | 49% | 53% | 50% | 48% | 50% | 51% | 49% | ↓ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The Profitability expectation index for 2024 decreased in Argentina from 49% to 33%.

At a global level it rose to 62% and in Latin America, the regional index remained at 61%.

Profitability

Expectation of an increase in profitability in the next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 43% | 33% | 24% | 27% | 39% | 36% | 29% | 48% | 28% | 49% | 33% | ↓ |
| Latin America | 56% | 56% | 39% | 58% | 60% | 59% | 65% | 66% | 63% | 61% | 61% | = |
| Global | 52% | 54% | 33% | 45% | 57% | 58% | 54% | 55% | 59% | 60% | 62% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

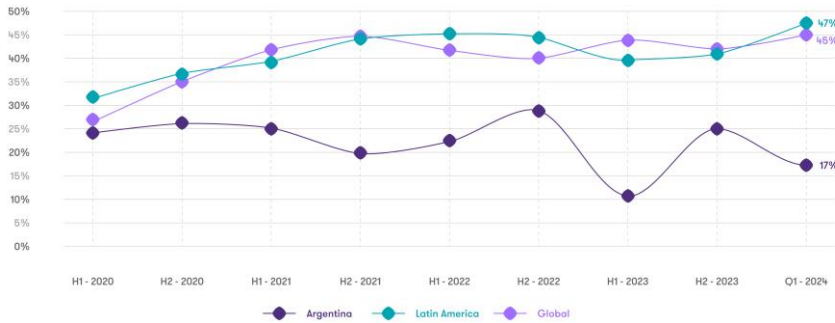


Indices 2024

First Quarter

Income from foreign markets

Expectation of an increase in revenue from foreign markets over the next 12 months.



The expectation index for Income from foreign markets for 2024 decreased in Argentina from 25% to 17%.

At a global level, the index rose to 45% and at a regional level it rose to 47%.

| | 2019 H1 - H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H1 | 2024 Q1 | Trend |
|----------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | | 24% | 26% | 25% | 19% | 22% | 29% | 11% | 25% | 17% | ↓ |
| Latin America | | 32% | 37% | 39% | 44% | 45% | 44% | 40% | 42% | 47% | ↑ |
| Global | | 26% | 35% | 42% | 45% | 42% | 40% | 44% | 42% | 45% | ↑ |
| Sample ARG | | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The expectation index for the increase in countries to which it is estimated to sell in 2024 decreased in Argentina to 11%.

At the global and regional level, the index rose slightly to 42% and 44%, respectively.

Number of countries estimated to sell to

Percentage of companies expecting an increase in number of countries sold to over next 12 months.



| | 2019 H1 - H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | | 22% | 22% | 21% | 17% | 20% | 33% | 13% | 25% | 11% | ↓ |
| Latin America | | 29% | 38% | 41% | 40% | 45% | 47% | 42% | 39% | 44% | ↑ |
| Global | | 25% | 35% | 44% | 42% | 42% | 41% | 43% | 40% | 42% | ↑ |
| Sample ARG | | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

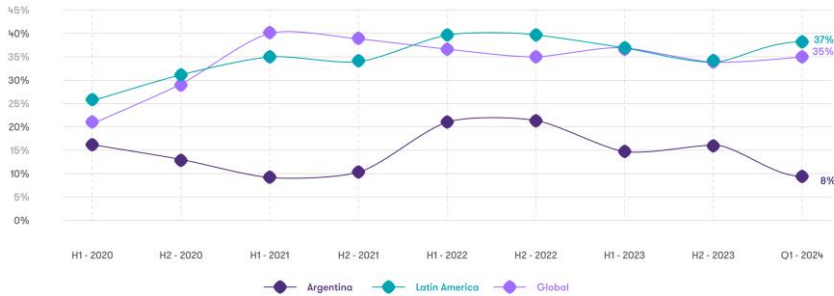


Indices 2024

First Quarter

Number of employees focused on foreign markets

Expectation of an increase in the number of employees focused on foreign markets over the next 12 months.



The expectation index for the proportion of employees who will be dedicated to foreign markets in Argentina decreased 8 percentage points to 8%.

At the global and regional level, the index rose to 35% and 37%, respectively.

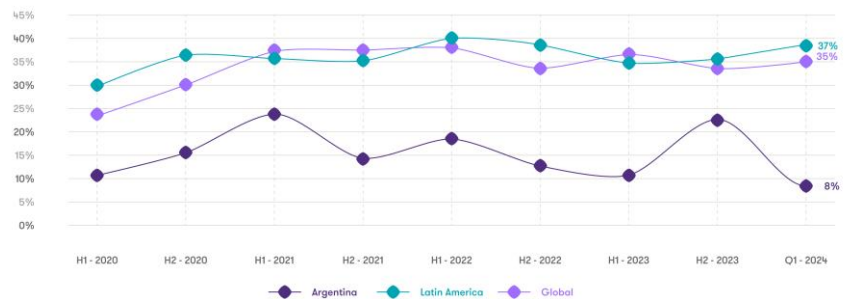
| | 2019 H1 - H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | | 16% | 13% | 9% | 10% | 21% | 21% | 15% | 16% | 8% | ↓ |
| Latin America | | 26% | 31% | 35% | 34% | 40% | 40% | 37% | 34% | 37% | ↑ |
| Global | | 21% | 29% | 40% | 39% | 37% | 35% | 37% | 34% | 35% | ↑ |
| Sample ARG | | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The expectation index for the increase in foreign suppliers and subcontractors, in Argentina, fell from 23% to 8%.

Globally, the index rose to 35% and in Latin America, this figure rose to 37%.

Use of foreign suppliers and subcontractors

Expectation of an increase in the use of foreign suppliers and subcontractors over the next 12 months.



| | 2019 H1 - H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | | 10% | 16% | 24% | 14% | 18% | 13% | 11% | 23% | 8% | ↓ |
| Latin America | | 30% | 36% | 36% | 35% | 40% | 38% | 35% | 36% | 37% | ↑ |
| Global | | 23% | 30% | 37% | 37% | 38% | 34% | 37% | 34% | 35% | ↑ |
| Sample ARG | | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

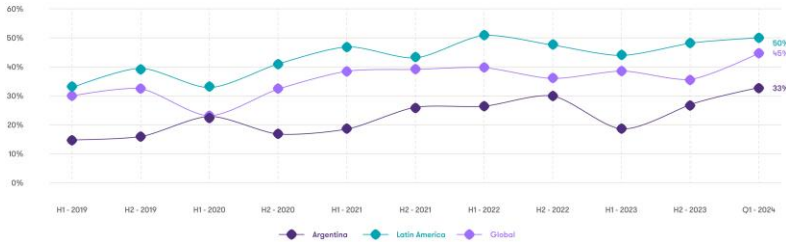


Indices 2024

First Quarter

Investment in new facilities

Expectation of an increase in investment in new facilities in the next 12 months.



The expectation index for investment in real estate and facilities, in Argentina, rose from 27% to 33%.

Globally it rose to 45% and in Latin America it rose to 50%.

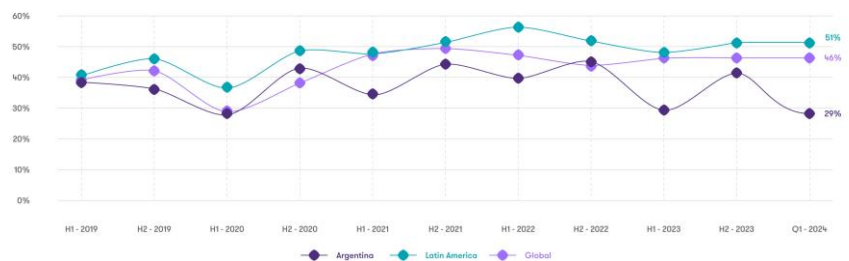
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 15% | 16% | 23% | 17% | 18% | 26% | 26% | 30% | 19% | 27% | 33% | ↑ |
| Latin America | 33% | 39% | 33% | 41% | 47% | 43% | 51% | 48% | 44% | 48% | 50% | ↑ |
| Global | 30% | 33% | 23% | 32% | 38% | 39% | 40% | 36% | 38% | 36% | 45% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The expectation index for increased investment in plants and machinery in Argentina decreased from 41% to 29%.

At the global and regional level, the index remained at 46% and 51%, respectively.

Investment in plants and machinery

Expectation of increased investment in plants and machinery over the next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 39% | 36% | 28% | 43% | 34% | 44% | 39% | 45% | 29% | 41% | 29% | ↓ |
| Latin America | 41% | 46% | 37% | 49% | 47% | 51% | 56% | 52% | 48% | 51% | 51% | = |
| Global | 39% | 42% | 29% | 38% | 47% | 49% | 47% | 44% | 46% | 46% | 46% | = |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

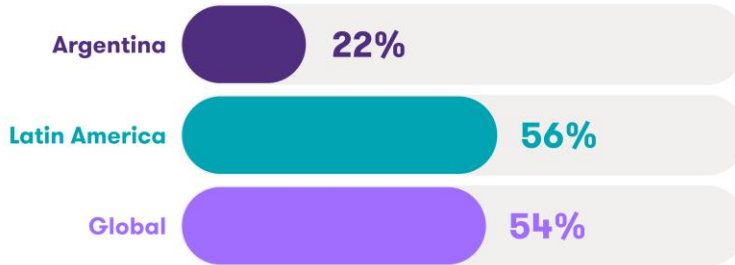


Indices 2024

First Quarter

Investment in the brand

Percentage expecting an increase investment in the brand over next 12 months.



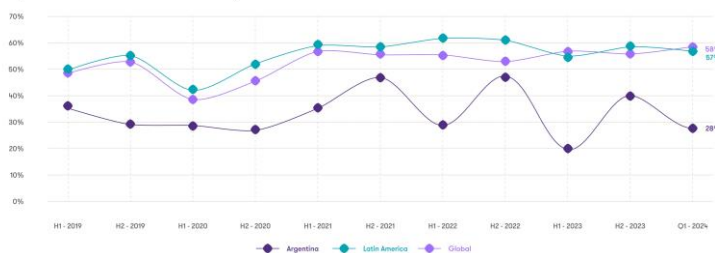
The Business Brand Investment expectation index is a new index that begins to be included in the IBR from this period.

It is observed that in Argentina it is significantly lower than at the global and regional levels.

| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 22% |
| Latin America | | | | | | | | | | | 56% |
| Global | | | | | | | | | | | 54% |
| Sample ARG | | | | | | | | | | | 76 |

Investment in staff skills

Expectation of an increase in investment in personnel skills in the next 12 months.



The expectation index for Investment in personnel skills in Argentina fell from 40% to 28%.

At a global level, the index rose one point to 58% and at a regional level, it fell to 57%.

| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 36% | 29% | 29% | 27% | 36% | 47% | 29% | 48% | 20% | 40% | 28% | ↓ |
| Latin America | 50% | 55% | 42% | 52% | 59% | 58% | 62% | 61% | 55% | 58% | 57% | ↓ |
| Global | 48% | 52% | 38% | 46% | 57% | 55% | 55% | 53% | 57% | 56% | 58% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |



Indices 2024

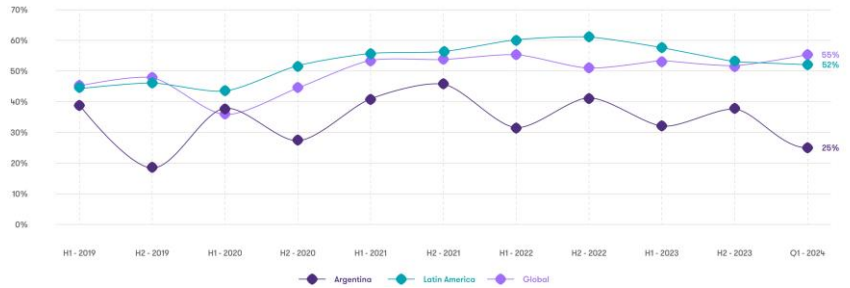
First Quarter

The expectation index for Investment in R&D decreased in Argentina to 25%.

At a global level, this index rose slightly to 55% and at a regional level, it fell to 52%.

Research and development

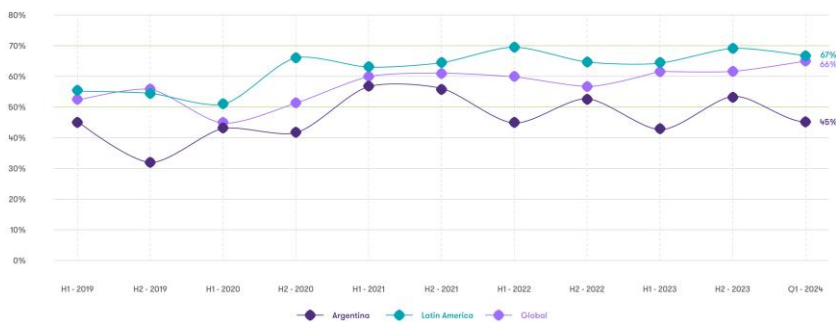
Expectation of an increase in investment in research and development in the next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 39% | 19% | 38% | 27% | 41% | 45% | 32% | 41% | 32% | 37% | 25% | ↓ |
| Latin America | 45% | 46% | 44% | 52% | 56% | 56% | 60% | 61% | 58% | 53% | 52% | ↓ |
| Global | 46% | 48% | 36% | 45% | 54% | 54% | 55% | 51% | 54% | 52% | 55% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

Technology

Expectation of an increase in investment in technology in the next 12 months.



The expectation index for Investment in technology in Argentina decreased from 53% to 45%.

At the global level, the index rose to 66% and at the regional level, it fell 2 percentage points to 67%.

| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 45% | 32% | 43% | 42% | 57% | 56% | 45% | 53% | 43% | 53% | 45% | ↓ |
| Latin America | 56% | 55% | 51% | 66% | 63% | 64% | 69% | 65% | 64% | 69% | 67% | ↓ |
| Global | 52% | 55% | 45% | 51% | 60% | 61% | 60% | 57% | 61% | 61% | 66% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

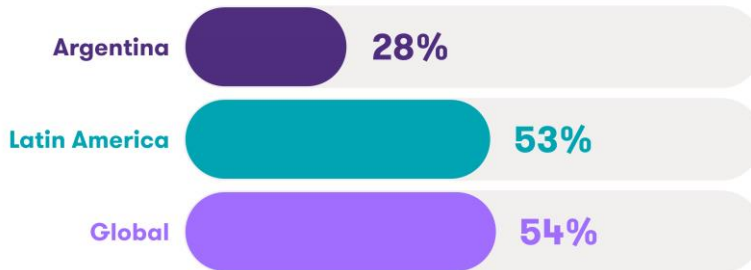


Indices 2024

First Quarter

Investment in sustainable initiatives

Percentage expecting an increase investment in sustainable initiatives over next 12 months.



The Investment expectation index in sustainable initiatives is a new index that begins to be included in the IBR from this period.

It is observed that in Argentina it is significantly lower than at the global and regional levels.

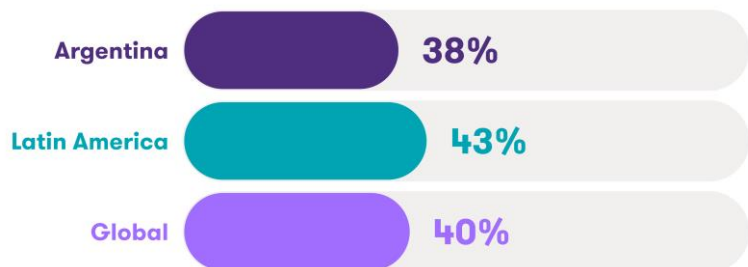
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 28% |
| Latin America | | | | | | | | | | | 53% |
| Global | | | | | | | | | | | 54% |
| Sample ARG | | | | | | | | | | | 76 |

The index of expectation of lead-times and cost of shipping and delivery of goods is a new index that begins to be included in the IBR from this period.

In Argentina, this index is 38%, at the regional level it is 43% and globally it is 40%.

Lead-times and costs of shipping/delivery of goods

Percentage expecting an increase lead-times and costs of shipping/delivery of goods over next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 38% |
| Latin America | | | | | | | | | | | 43% |
| Global | | | | | | | | | | | 40% |
| Sample ARG | | | | | | | | | | | 76 |



Indices 2024

First Quarter

Availability and cost of raw materials and other inputs to your production process

Percentage expecting an increase availability and cost of raw materials and other inputs to your production process over next 12 months.



The expected availability and cost index of raw materials and other inputs for production is included in the IBR from this period.

In Argentina (51%) it is slightly higher than in the Latin American region and globally (47%).

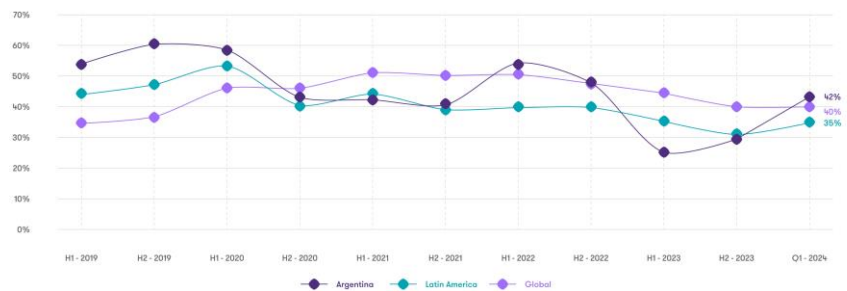
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 51% |
| Latin America | | | | | | | | | | | 47% |
| Global | | | | | | | | | | | 47% |
| Sample ARG | | | | | | | | | | | 76 |

The financing shortage expectation index shows an increase in Argentina from 29% to 42%.

At the global level, the index remains at 40% and at the regional level it rose 4 percentage points to 35%.

Funding shortage

Percentage that identifies funding shortages as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 53% | 60% | 58% | 43% | 42% | 40% | 54% | 48% | 25% | 29% | 42% | ↑ |
| Latin America | 44% | 47% | 53% | 41% | 44% | 39% | 40% | 40% | 35% | 31% | 35% | ↑ |
| Global | 34% | 37% | 46% | 46% | 51% | 50% | 50% | 47% | 44% | 40% | 40% | = |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

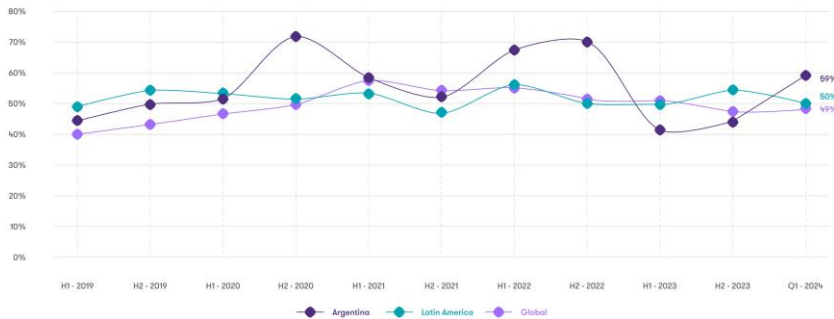


Indices 2024

First Quarter

Regulation and bureaucracy

Percentage that identifies regulation and bureaucracy as a key constraint.



The index that identifies bureaucratic obligations and procedures as a key limitation rose to 59% in Argentina.

At the global level it rose to 49% and at the regional level it fell 4 percentage points to 50%.

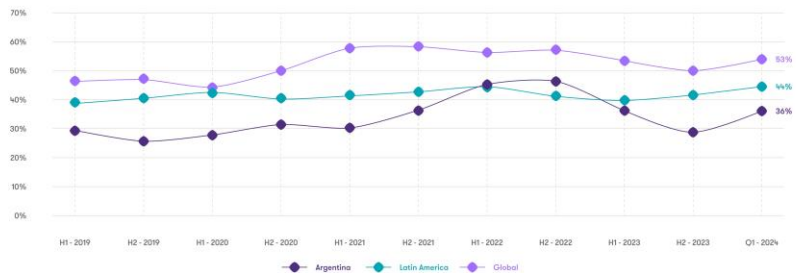
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 44% | 49% | 52% | 71% | 58% | 52% | 67% | 70% | 41% | 44% | 59% | ↑ |
| Latin America | 49% | 54% | 53% | 51% | 53% | 47% | 56% | 50% | 50% | 54% | 50% | ↓ |
| Global | 40% | 43% | 46% | 50% | 58% | 54% | 55% | 51% | 51% | 47% | 49% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The index that identifies the availability of qualified workers as a key limitation rose to 36% in Argentina.

At a global level it rose to 53%. At the regional level it increased 3 percentage points to 44%.

Availability of qualified workers

Percentage that identifies the availability of qualified workers as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 29% | 25% | 28% | 31% | 30% | 36% | 45% | 46% | 36% | 29% | 36% | ↑ |
| Latin America | 39% | 40% | 42% | 40% | 41% | 43% | 44% | 41% | 39% | 41% | 44% | ↑ |
| Global | 46% | 46% | 44% | 50% | 57% | 58% | 56% | 57% | 53% | 50% | 53% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |



Indices 2024

First Quarter

Labor cost

Percentage identifying labor costs as a key constraint.



The index that identifies labor costs as a key limitation rose to 34% in Argentina.

At the global level it rose to 39% and at the regional level it rose two percentage points to 53%.

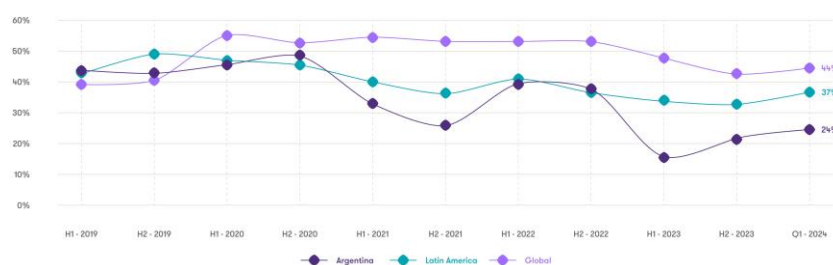
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 40% | 37% | 35% | 42% | 37% | 36% | 37% | 44% | 23% | 27% | 34% | ↑ |
| Latin America | 40% | 41% | 43% | 40% | 41% | 36% | 39% | 37% | 32% | 38% | 39% | ↑ |
| Global | 44% | 47% | 50% | 50% | 56% | 59% | 57% | 55% | 53% | 51% | 53% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The index that identifies the shortage of orders (low demand) as a key limitation rose to 24% in Argentina.

At the global and regional level, it rose to 44% (1pp) and 37% (4pp) respectively.

Shortage of orders

Percentage that identifies order shortages as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 44% | 43% | 46% | 48% | 33% | 26% | 39% | 38% | 16% | 21% | 24% | ↑ |
| Latin America | 44% | 49% | 47% | 45% | 40% | 36% | 41% | 37% | 34% | 33% | 37% | ↑ |
| Global | 39% | 41% | 55% | 52% | 54% | 53% | 53% | 53% | 48% | 43% | 44% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |



Indices 2024

First Quarter

Transport infrastructure

Percentage that identifies transportation infrastructure as a key constraint.



The index that identifies means of transport infrastructure as a key constraint, decreased in Argentina from 20% to 17%.

At the global and regional levels, it rose to 42% and 34%, respectively.

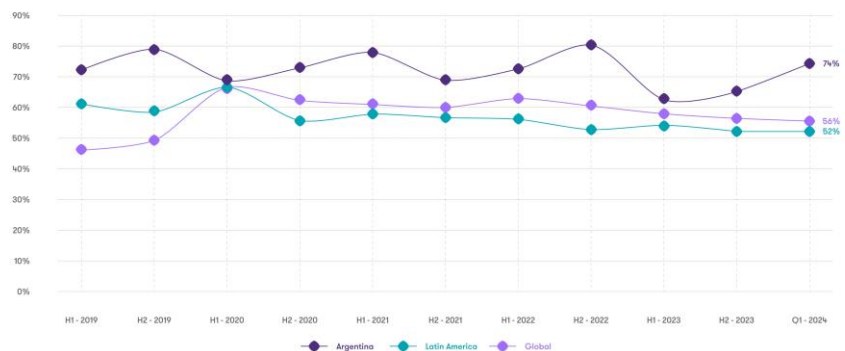
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 25% | 15% | 18% | 36% | 30% | 27% | 26% | 35% | 19% | 20% | 17% | ↓ |
| Latin America | 32% | 36% | 32% | 36% | 37% | 35% | 33% | 30% | 28% | 31% | 34% | ↑ |
| Global | 31% | 34% | 38% | 42% | 51% | 51% | 52% | 49% | 44% | 41% | 42% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The index that identifies the recognition of economic uncertainty as a fundamental limitation rose to 74% (9pp) in Argentina.

At the global level, the index fell to 56% (1pp) and at the regional level it remained at 52%.

Economic uncertainty

Percentage that identifies economic uncertainty as a key limitation.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 72% | 79% | 68% | 73% | 78% | 69% | 72% | 80% | 63% | 65% | 74% | ↑ |
| Latin America | 61% | 58% | 66% | 56% | 58% | 57% | 56% | 53% | 54% | 52% | 52% | = |
| Global | 46% | 49% | 66% | 62% | 61% | 60% | 63% | 60% | 58% | 57% | 56% | ↓ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

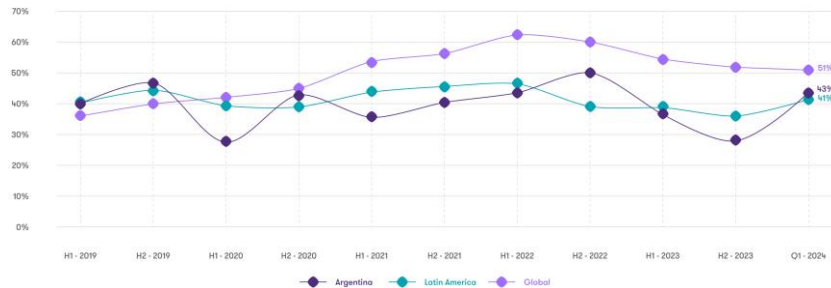


Indices 2024

First Quarter

Energy costs

Percentage that identifies energy costs as a key constraint.



The index that identifies energy costs as a key limitation rose to 43% (14pp) in Argentina.

At the regional level it rose to 41% (5pp) and at the global level it fell to 51% (1pp).

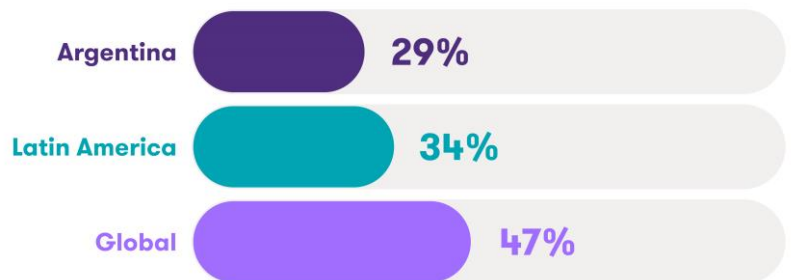
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 40% | 47% | 28% | 43% | 36% | 40% | 43% | 50% | 37% | 29% | 43% | ↑ |
| Latin America | 41% | 44% | 39% | 39% | 43% | 45% | 46% | 39% | 38% | 36% | 41% | ↑ |
| Global | 36% | 40% | 42% | 45% | 54% | 56% | 62% | 60% | 54% | 52% | 51% | ↓ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The market size expectation index is included in the IBR since this period.

In Argentina, the expectation (29%) is lower than in the Latin American region (34%) and globally (47%).

Size of the market

Percentage identifying size of the market as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 29% |
| Latin America | | | | | | | | | | | 34% |
| Global | | | | | | | | | | | 47% |
| Sample ARG | | | | | | | | | | | 76 |

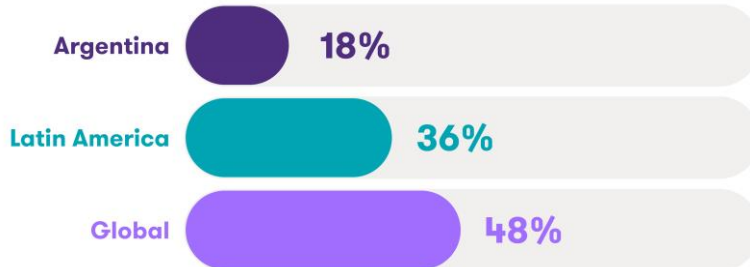


Indices 2024

First Quarter

Competition / Competitors

Percentage identifying competition/competitors as a key constraint.



The competitor expectation index as a key limitation is included in the IBR since this period.

In Argentina, the expectation (18%) is lower than in the Latin American region (36%) and globally (48%).

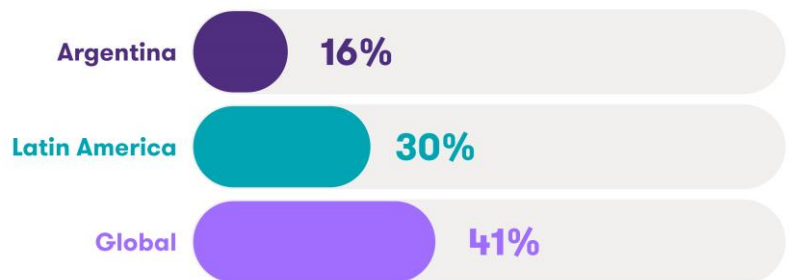
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 18% |
| Latin America | | | | | | | | | | | 36% |
| Global | | | | | | | | | | | 48% |
| Sample ARG | | | | | | | | | | | 76 |

The expected environmental constraints/natural resource scarcity index is included in the IBR since this period.

In Argentina, the expectation (16%) is lower than in the Latin American region (30%) and globally (41%).

Environmental constraints/scarcity of natural resources

Percentage identifying environmental constraints/scarcity of natural resources as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 16% |
| Latin America | | | | | | | | | | | 30% |
| Global | | | | | | | | | | | 41% |
| Sample ARG | | | | | | | | | | | 76 |

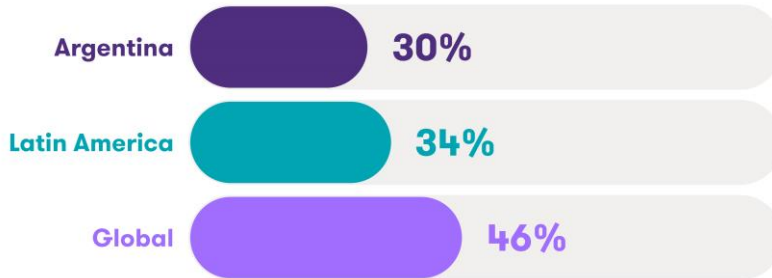


Indices 2024

First Quarter

Expected future shortage of orders / demand

Percentage identifying expected future shortage of orders/demand as a key constraint.



The index of expectation of future demand shortage is included in the IBR from this period.

In Argentina, the expectation (30%) is lower than in the Latin American region (34%) and globally (46%).

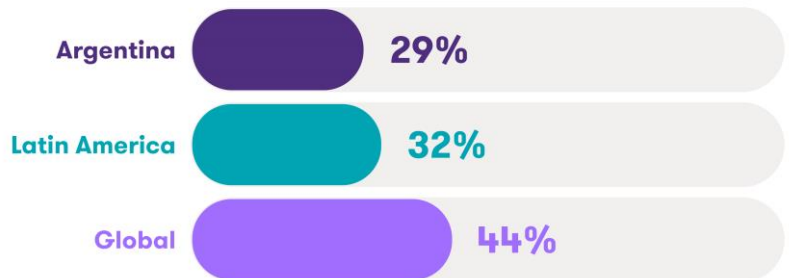
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 30% |
| Latin America | | | | | | | | | | | 34% |
| Global | | | | | | | | | | | 46% |
| Sample ARG | | | | | | | | | | | 76 |

The geopolitical disruption expectation index has been included in the IBR since this period.

In Argentina, the expectation (29%) is lower than in the Latin American region (32%) and globally (44%).

Geopolitical disruption

Percentage identifying geopolitical disruption as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 29% |
| Latin America | | | | | | | | | | | 32% |
| Global | | | | | | | | | | | 44% |
| Sample ARG | | | | | | | | | | | 76 |

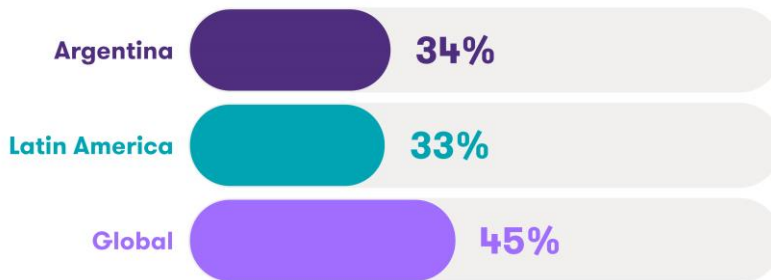


Indices 2024

First Quarter

Supply chains and complex procurement systems

Percentage identifying supply chains and complex procurement systems as a key constraint.



The index that identifies supply chains and procurement systems as a possible limitation is included in the IBR since this period.

In Argentina, the expectation (34%) is higher than in the Latin American region (33%) and lower than globally (45%).

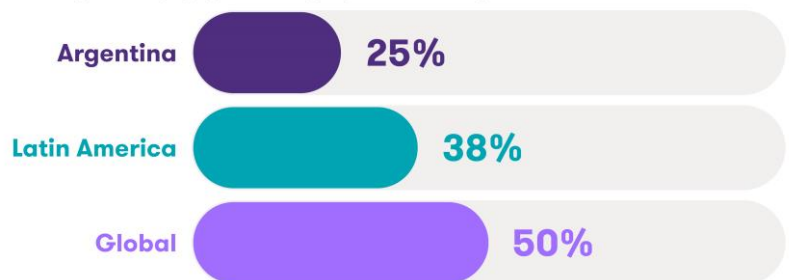
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 34% |
| Latin America | | | | | | | | | | | 33% |
| Global | | | | | | | | | | | 45% |
| Sample ARG | | | | | | | | | | | 76 |

The digital or cybersecurity risk expectation index has been included in the IBR since this period.

In Argentina, the expectation (25%) is lower than in the Latin American region (38%) and globally (50%).

Cyber security / digital risk

Percentage identifying cyber security/digital risk as a key constraint.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Argentina | | | | | | | | | | | 25% |
| Latin America | | | | | | | | | | | 38% |
| Global | | | | | | | | | | | 50% |
| Sample ARG | | | | | | | | | | | 76 |

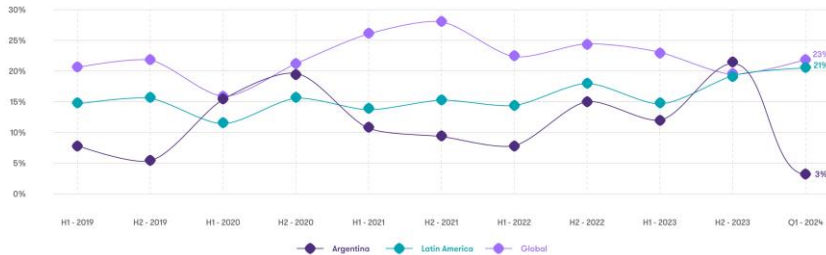


Indices 2024

First Quarter

Real increases in wages

Expectation of making real increases in salaries in the next 12 months.



The index of expectation of real increases in salaries decreased in Argentina to 3% (18 pp).

At a global level it rose 4 percentage points to 23% and in Latin America to 21% (2 pp).

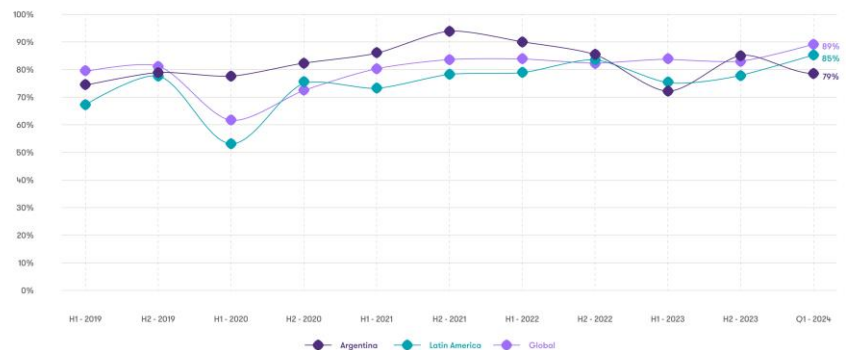
| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 8% | 5% | 15% | 19% | 11% | 9% | 8% | 15% | 12% | 21% | 3% | ↓ |
| Latin America | 14% | 15% | 12% | 15% | 14% | 15% | 14% | 18% | 15% | 19% | 21% | ↑ |
| Global | 21% | 22% | 16% | 21% | 26% | 28% | 22% | 24% | 23% | 19% | 23% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |

The index of expectation of nominal increases in salaries decreased in Argentina to 79% (5 pp).

At a global level, the expectation rose to 89% and in Latin America to 85%.

Wage increase

Expectation to increase wages in the next 12 months.



| | 2019 H1 | 2019 H2 | 2020 H1 | 2020 H2 | 2021 H1 | 2021 H2 | 2022 H1 | 2022 H2 | 2023 H1 | 2023 H2 | 2024 Q1 | Trend |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|
| Argentina | 75% | 79% | 77% | 82% | 86% | 94% | 89% | 85% | 72% | 84% | 79% | ↓ |
| Latin America | 67% | 77% | 54% | 75% | 74% | 79% | 79% | 84% | 76% | 78% | 85% | ↑ |
| Global | 79% | 81% | 61% | 72% | 80% | 83% | 83% | 82% | 83% | 83% | 89% | ↑ |
| Sample ARG | 75 | 75 | 79 | 77 | 76 | 77 | 76 | 80 | 75 | 75 | 76 | |



Indices 2024

First Quarter

Survey for Argentine companies

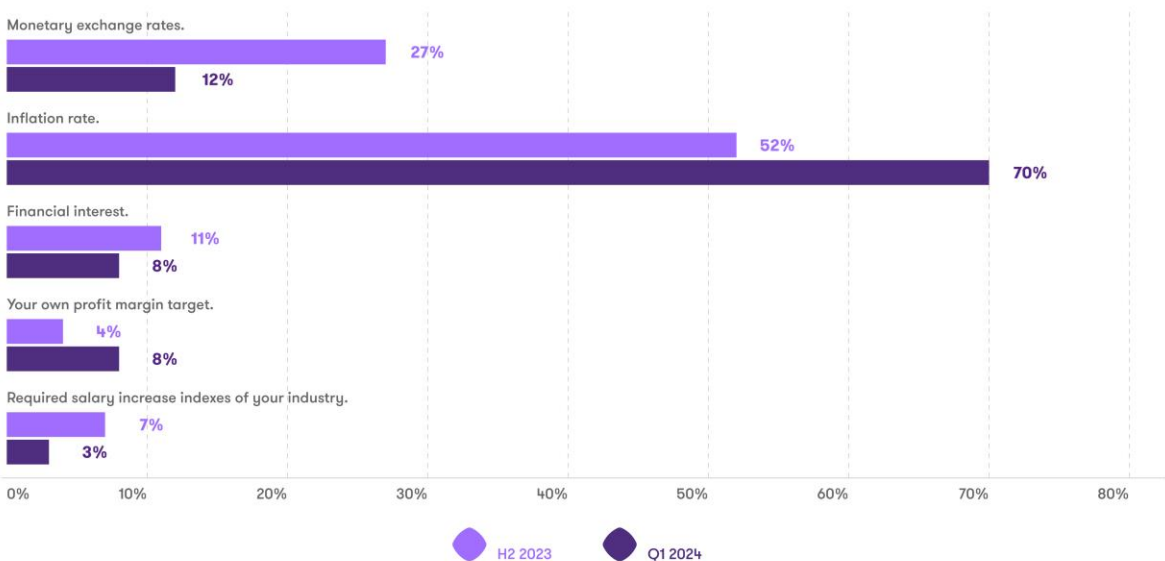
Since the second half of 2023, in addition to the questions asked of all respondents in more than 150 economies, the International Business Report includes three questions asked only to the 76 executives consulted in Argentina.

These questions refer to issues specific to our context. The first of them asks which factors are most relevant when making executive decisions; the second aims to investigate the main strategies of companies to attract and retain their collaborators; and the third question is related to the communication that companies reinforce in their teams in contexts of uncertainty.

Below are the variations in the answers to these questions from December 2023 to March 2024.

Decision making - Argentina

In this current context of economic uncertainty, which of these economic factors impacts significantly on your decision making?





Indices 2024

First Quarter

Survey for Argentine companies

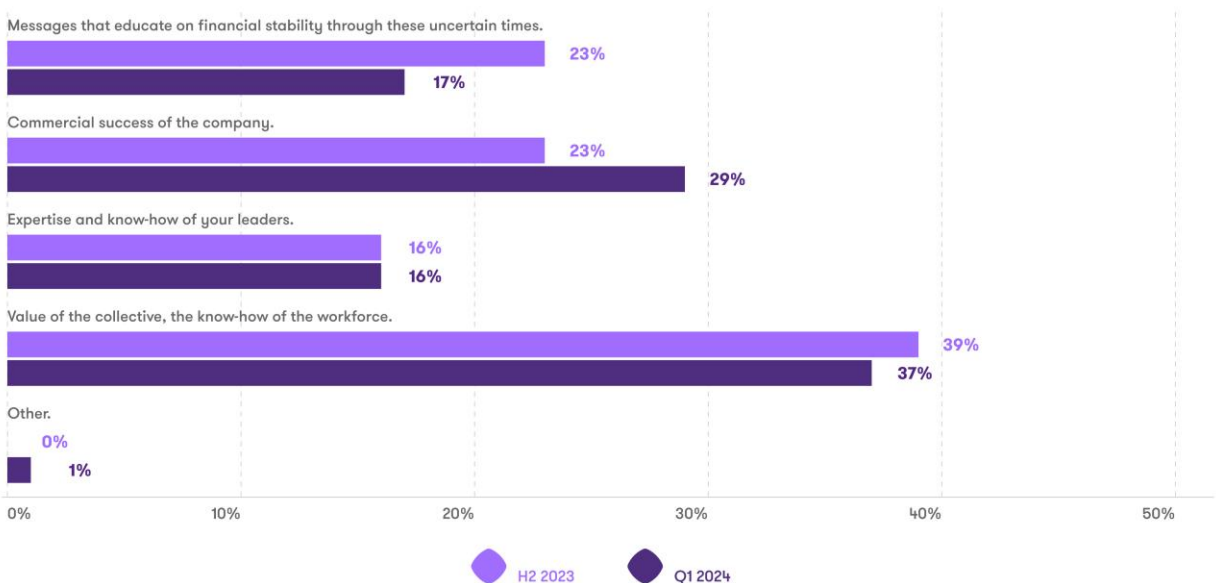
Labour force - Argentina

Thinking about labour force, which of these strategies are you currently using to attract and retain talent?



Economic uncertainty - Argentina

In this current context of economic uncertainty, what is the most relevant corporate message you are passing to your collaborators and clients to keep them motivated and uplifted?





Conclusions

When comparing trends during the two semesters of 2023, wide differences are noted in national metrics with respect to variations in regional and global indices. Business optimism doubled in our country, going from 24% to 48%.

In the first quarter of 2024, optimism in Argentina continued its growth, reaching 67%.

Future business growth expectations

When considering the variables that influence this index, it is worth mentioning that, since the last semester of 2023, in Argentina all the rates that indicate expectations of future business growth - (see table on page 2) - have decreased except for the expectation increase in Sales Prices. This index rose 6 percentage points to reach 74%.

Below are the expected growth rates, from highest to lowest, in the first quarter of 2024:





Expectation of future business investment intentions

On the other hand, the variables that measure the expectation of future business investment intentions had slight decreases in Argentina except for the expectation of investment in Facilities. This index rose 6 percentage points to 33%.

Business optimism was also influenced by new indices from this group that began to be considered as part of the IBR since this period (first quarter of 2024), and that account for aspects that became relevant in recent years and currently affect the optimism in companies. They are the expectations of investment in the brand; in sustainable initiatives; delivery times and costs of shipping or delivering goods; and the availability of raw materials and other inputs for production.

Below are the investment expectation indices, from highest to lowest, in the first quarter of 2024:

- 1 Availability and cost of raw materials and other inputs to your production process.
- 2 Investment in technology.
- 3 Lead-times and costs of shipping/delivery of goods.
- 4 Investment in new facilities.
- 5 Investment in staff skills.
- 6 Investment in sustainable initiatives.
- 7 Investment in plants and machinery.
- 8 Investment in Research and development.
- 9 Investment in the brand.



Limitations to business growth

With respect to the variables that measure the expectation of limitations to business growth, it is worth noting that, in Argentina, all the indices of this group rose except for the expectation of limitations coming from Transportation Infrastructure. This index decreased 3 percentage points, reaching 17%.

This group also has new variables that were incorporated into the International Business Report during this period, including expectations of limitations to growth due to market size, the presence of competitors, environmental limitations or scarcity of natural resources, expected future scarcity of orders (demand), geopolitical disruption scenarios, the need for complex supply chains and procurement systems, and digital and cybersecurity risks.

Below are the expectation indices of growth limitations, from highest to lowest, in the first quarter of 2024:





Expected business salary changes

With respect to the variables that measure salary expectations in Argentina, the expectation of real salary increases decreased from 21% to 3%, reversing the trend of the previous period that had observed an increase from 12% to 21%.

The trajectory of the expected increase in wages in nominal terms is similar. The rate went from 72% in mid-2023. At the end of that year, it reached 84% and with the passage of the first quarter of 2024 it became 79%.

It is worth mentioning that these trends are contrary to those observed at the global and regional level, where both indices rose slightly in the last period.

Below are the expected salary change indices, from highest to lowest, in the first quarter of 2024:



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