

## News Release

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### **Report finds Australian businesses could gain \$138 billion in annual revenue by expanding into Asia**

#### **- Australian businesses looking for growth opportunities in offshore markets to offset challenging local economic conditions -**

Australian businesses considering expanding into Asia have the opportunity to secure \$138 billion in annual revenue if they follow through with their plans, according to a new ANZ report which references Australia's transitioning economy as the driver behind an increasing number of Australian businesses looking to Asia for growth prospects.

#### **Key findings from the ANZ Opportunity Asia Report:**

- Australian businesses to gain \$138 billion in annual revenue from acting on expansion plans
- Existing Australian operations in Asia have on average a turnover 16% higher than those who are domestically focused
- 73% said that Asian profit margins are higher or comparable to their domestic profit margins
- 57% said doing business in Asia makes sustainable growth far more achievable
- 87% who are planning to embark on an Asian expansion will do so within 3 years
- 65% of survey participants planning on doing business in Asia are targeting China
- 75% from the agricultural sector said they received substantially larger profits from their Asian operations than from their domestic markets
- The number of businesses expanding into Asia as a result of strong business and industry growth has halved (now 10%) – the number of businesses driven by anticipated demand for their product or service has almost doubled (now 43%)

The ANZ *Opportunity Asia* report which surveyed 1000 Australian businesses on their sentiments around international growth, found those already set-up in Asia achieve on average a 16 per cent higher turnover than domestically focused operations, with 57 per cent saying their operations in Asia make sustainable growth far more achievable.

The report also showed China's strong double-digit growth in consumer spending and recent signing of the China-Australia Free Trade Agreement made it the key market of interest for a majority of Australian businesses despite its GDP growth slow-down.

ANZ Group Executive, Australia, Fred Ohlsson said: "It's a challenging time for business domestically; we have low growth, stagnant wages and a higher cost of living, while the latest GDP forecast remains under 2.5 per cent and below global trends for 2016 – all these factors make business in Asia an appealing prospect. We've found more of our customers are considering alternative revenue streams overseas to ensure sustainable growth."

The agricultural sector in particular is capitalising on the opportunity with 75 per cent of businesses receiving substantially higher profits from their Asian operations, while 89 per cent of survey respondents saying doing business in Asia is an attractive option.

"The growing middle class in Asia and their ever increasing demand for clean, green and high quality food sources means that Australian agricultural produce is and will continue to be in high demand," Mr Ohlsson said.

The report also shows expanding into Asia is easier than many first think; 71 per cent of businesses saying they had no issues with securing appropriate levels of funding, while 64 per cent said that they had no difficulties in developing the right Asian strategy for their business to succeed.

“Common misconceptions are that the process is complex and obtaining capital is hard, but our research shows businesses who have taken on the challenge are now reaping the rewards with many describing their Asian experience as more straight forward than it would be seeking growth in other international markets,” Mr Ohlsson said.

The *Opportunity Asia* report is designed to capture sentiments around international growth to identify best practice, share insights, and highlight opportunities while providing guidance on how to navigate challenges that may be holding some businesses back.

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