

TEXAS CAPITALISM[®] INDEX

2020 SURVEY RESULTS — REVENUE COMPARISON REPORT

Texas Capital Bank is pleased to publish a special version of the *2020 Texas Capitalism[®] Index* comparing responses from businesses with less than \$20M in annual revenue to those with \$20M or more in annual revenue.

In January 2020, we asked business leaders how they felt about the business climate (global, national, regional and local) for the coming year, as well as gauged their opinion about challenges they see for their business and industry in the months to come.

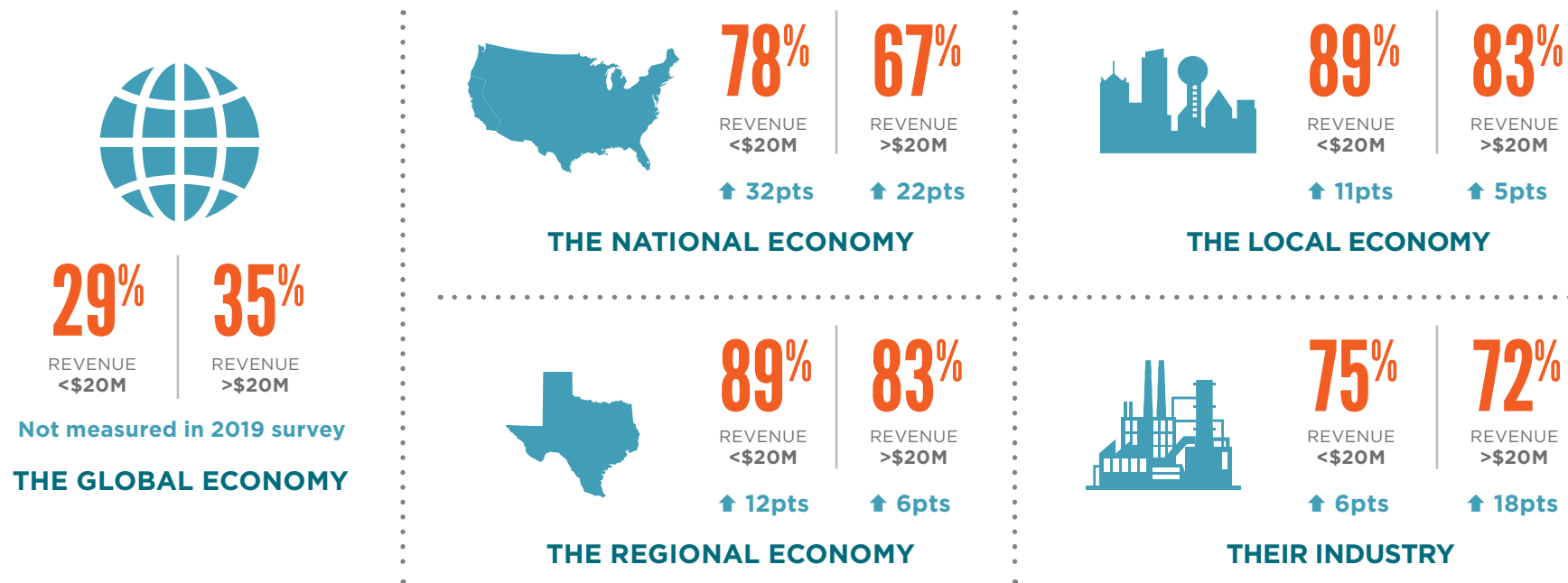
The results of this study are intended to give business leaders an economic snapshot, as seen by their peers. So that it may offer the highest value to you, the survey is conducted annually, and results are published each year.

Short-term outlook: Increasingly optimistic

For the short term, our 2020 responses show that leaders of businesses with less than \$20 million in annual revenue are more confident in the national, regional and local economies as well as the outlook for their industries than leaders of businesses with more than \$20 million in annual revenue. However, leaders of businesses with annual revenues of more than \$20 million are more optimistic about the global economy. Across the board, optimism for 2020 is higher than it was for 2019.

Though not shown below, all businesses, regardless of size, are less optimistic about all economies in the medium term. Their highest level of optimism for the medium term is in their local economy (79% for <\$20M, 72% for >\$20M) and the most significant decrease in optimism between short-term and medium-term outlooks occurs for the national economy (54% for <\$20M, 48% for >\$20M).

PERCENTAGES COMBINE OPTIMISTIC AND VERY OPTIMISTIC RESPONSES.



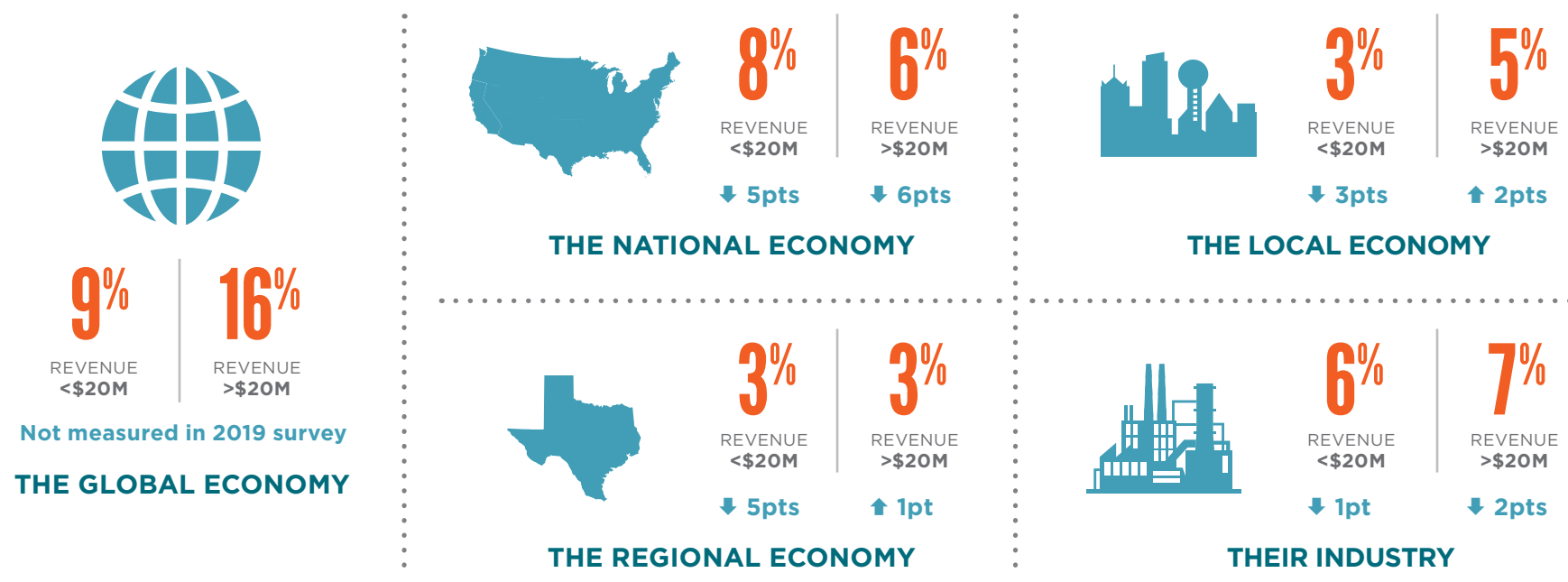
Teal figures above compare 2020 data to 2019.

Pessimism low and declining for the short term

When we look at pessimistic responses for the short-term, we see more pessimism for the global economy from businesses that have \$20 million or more in annual revenue. While these businesses seem to be slightly more pessimistic than their counterparts in their local and industry economies, businesses with less than \$20 million in annual revenue show more pessimism towards the national economy. However, overall, most business leaders are not pessimistic, with most reporting they're neutral about the global economy (62% <\$20M, 49% >\$20M).

Though not shown below, businesses that have \$20 million or more in annual revenue are significantly more pessimistic about the global economy in the medium term than leaders of businesses with less than \$20M in annual revenue (23% for >\$20M, 14% for <\$20M).

PERCENTAGES COMBINE PESSIMISTIC AND VERY PESSIMISTIC RESPONSES.

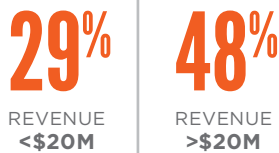


Teal figures above compare 2020 data to 2019.

Regardless of revenue size, in 2020 business leaders expect to have the same challenges. However, the labor/talent shortage seems to be a significantly bigger burden on companies with higher revenues.



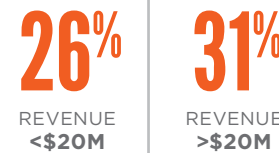
labor/talent shortage



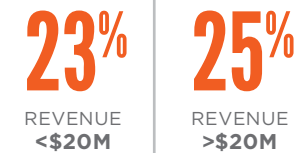
impact of election outcome



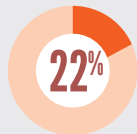
political uncertainty



interest rate increases



Business leaders of companies with **less than \$20 million** in annual revenue also anticipate challenges with:



customer acquisition



cost of raw materials/supplies

Business leaders of companies with **\$20 million or more** in annual revenue also anticipate challenges with:

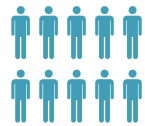


cost of raw materials/supplies



managing labor costs

The **top four strategies** that each revenue group will implement in 2020 are the same. However, smaller businesses are looking to their pricing and margins to affect growth while larger businesses are finding efficiencies within their existing operations.



attract new customers

55% | **50%**

REVENUE <\$20M

REVENUE >\$20M



increase prices/
margins

35% | **28%**

REVENUE <\$20M

REVENUE >\$20M



implement cost or
operational efficiencies

20% | **41%**

REVENUE <\$20M

REVENUE >\$20M



expand products/
services

26% | **37%**

REVENUE <\$20M

REVENUE >\$20M

True Value of Your Biz?

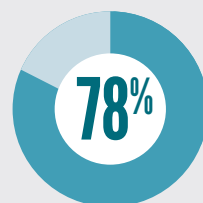
HOW CAN WE HELP YOU MAKE THE MOST OF 2019?

contact us

Assuming they are successful in their strategies for 2020:

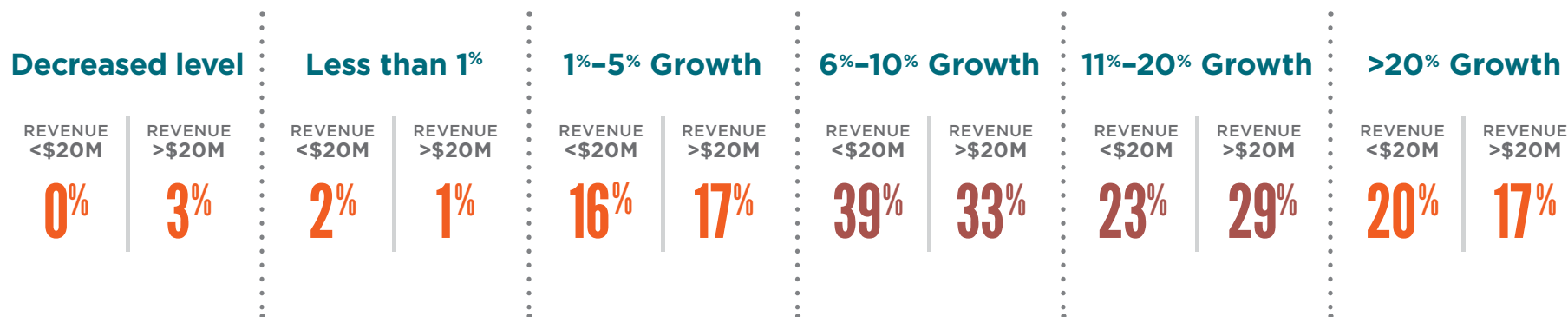


of businesses with **less than \$20 million** in annual revenue expect employment levels to increase in 2020



of companies with **\$20 million or more** in annual revenue expect employment levels to increase in 2020

Most businesses, regardless of their revenue size, expect to see **revenues increase by 6% to 20%** in 2020.



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REVENUE COMPARISON

This report compares responses from businesses with less than \$20 million in annual revenue to those with \$20 million or more in annual revenue.



45% FEWER THAN 50 EMPLOYEES

55% 50 EMPLOYEES OR MORE



30% HAVE LESS THAN \$20 MILLION IN ANNUAL REVENUE

70% HAVE MORE THAN \$20 MILLION IN ANNUAL REVENUE

Survey respondents represent a range of industries:



COMMERCIAL REAL ESTATE



CONSTRUCTION



ENERGY/OIL & GAS



FINANCE COMPANIES



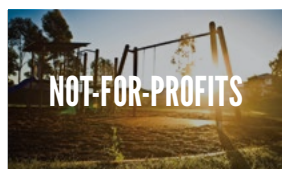
FINANCIAL INSTITUTIONS



HOMEBUILDERS OR DEVELOPERS



MANUFACTURERS



NOT-FOR-PROFITS



PRIVATE EQUITY



TECHNOLOGY



WHOLESALE DISTRIBUTION



OTHER

Disclaimer: Survey participation was optional. Texas Capital Bank engaged a vendor to help execute our survey and compile results. To review SurveyGizmo's privacy policy for the full extent of information collected and shared, please visit www.surveygizmo.com/privacy/. Questions or concerns about this notice should be directed to Corporate Marketing at CorporateMarketing@texascapitalbank.com.