

P R E S S R E L E A S E

Tuesday 27th March 2017

ISME BREXIT SURVEY RESULTS

- **11% of members considering relocation of up to half of their business to the UK.**
 - **77% feel Brexit will not impact on staffing.**

ISME, the Irish Small and Medium Enterprises Association today (28th March) publishes the results of its recent Brexit survey. The survey posed six questions focusing on Staffing, Turnover, Profitability, Imports, Exports and Relocation post-Brexit. The main findings suggest that Brexit will not impact most ISME members. However, the Association issues its survey findings with a health warning: they may not represent the broader sectoral impact of Brexit on the SME sector. ISME membership is over-represented in the services sector, by comparison with the CSO breakdown of the 238,000 enterprises in the Irish economy.

Commenting on the survey findings ISME CEO Neil McDonnell said *“Today’s results come with a caveat. Around two thirds of ISME members are based in services industries, compared to 54% of total enterprises (according to the CSO). We believe that the Services, Financial and Insurance sectors on aggregate will have a lower level of direct exposure to Brexit-related impacts than will the Industrial, Construction and Distribution sectors”.*

“This does not negate the Brexit-related uncertainties and challenges SMEs face across the country, particularly those in border counties. Services businesses in border counties may be more badly affected by Brexit than other businesses.”

He added,

“These results do not give the complete picture of Brexit on the SME sector. The real scale of impacts, direct and indirect, will only truly be known when we see the shape of the agreement between the European Union and the United Kingdom.”

ENDS

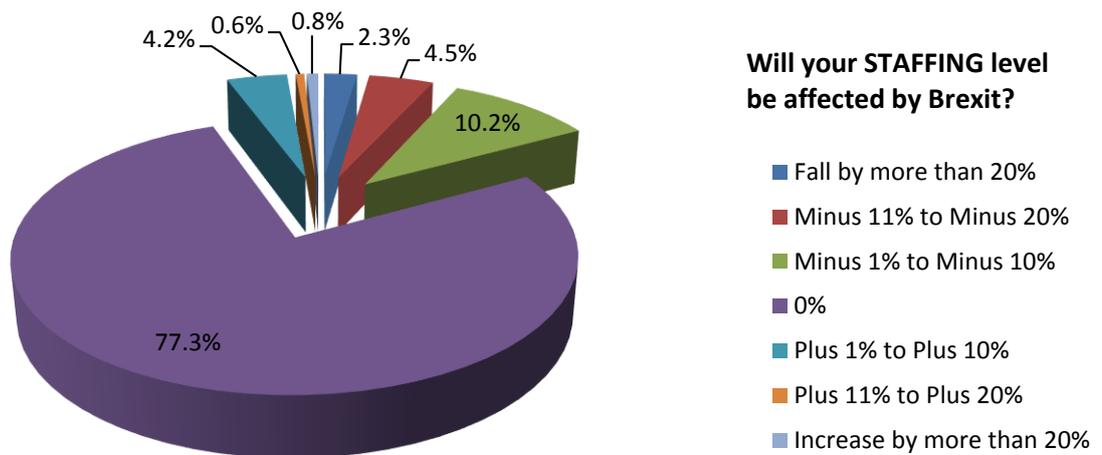
For further information, please contact
Neil McDonnell, Chief Executive
T: 01 6622755, M: 087 2995658
E: neil@isme.ie

This research was conducted in the second week of March, with replies from 1,416 ISME members. Respondents were comprised as follows: 68% services sector; 9% distribution; 4% retail; 16% manufacturing; and 3% construction.

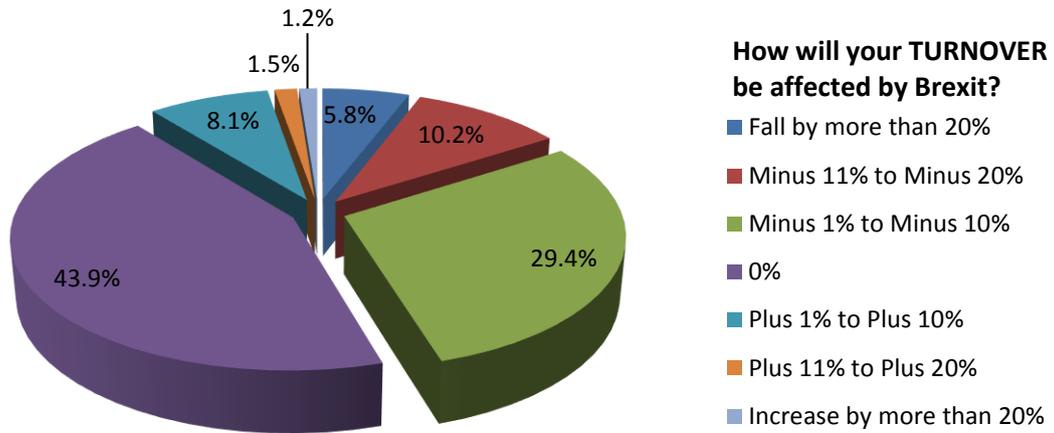
The main findings are as follows:

- 77% stated Brexit would have no effect on staffing levels.
- 17% stated Brexit would lead to some reduction in staff numbers.
- 44% predicted no change in staffing.
- 45% expect a fall to their turnover, while 11% expect an increase. 44% expect no change in turnover.
- 34% of companies expect no change in terms of their profitability, 10% expect an increase, while 48% expect a decrease of between 1% and 20%.
- 25% of those surveyed stated that more than 20% of their imports or purchases were Sterling denominated or from the UK.
- 46% stated that none of their exports or sales were Sterling denominated or to the UK.
- 88% stated they would not relocate any of their business as a result of Brexit. Only 11% are considering relocating less than half of their business to the UK.

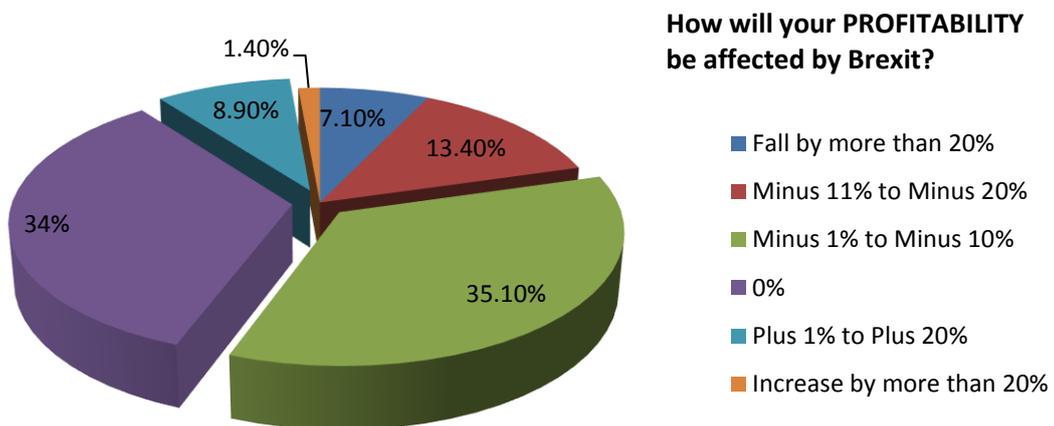
Most ISME companies predict no change in staffing as a result of Brexit. However, results are skewed toward staff reduction rather than staff increase.



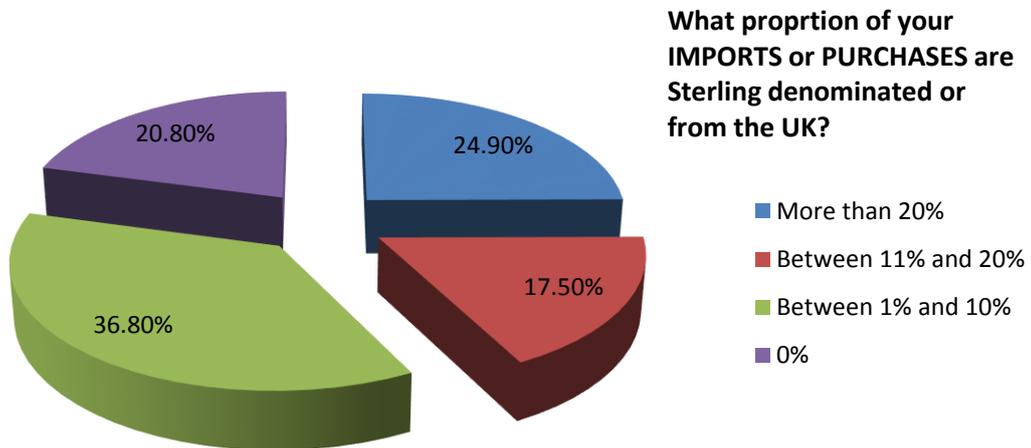
Only 2.7% of ISME companies predict an increase in turnover as a result of Brexit. 44% predict no change, and 45% predict a decrease.



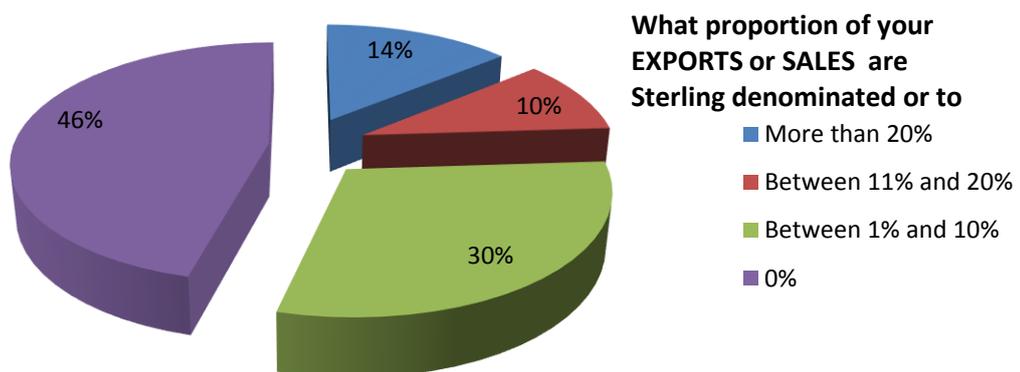
While just over 10% of ISME businesses foresee an increase in profitability post Brexit, a third anticipate no change, and over half see profits falling. 9% predict an increase of up to 20%.



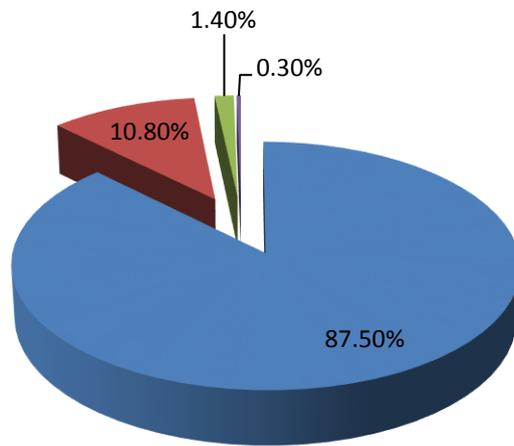
Almost 80% of ISME companies have some level of exposure to Sterling on the import/buy side. This would suggest an increase in profitability, at least in the short to medium term, given Sterling's relative weakness against the Euro.



54% of ISME companies export or have sales in the Sterling zone. 14% of these account for more than 20% of companies' exports or sales.



The vast majority of ISME members do not plan any form of businesses relocation to the UK as a result of Brexit. However, almost 11% of our members stated they are considering relocating less than half their business to the UK.



As a result of Brexit, how likely is your company to relocate some or all of its business to the UK?

- We will NOT relocate any of our business
- We are considering relocating less than half our business
- We are considering relocating more than half our business
- We are relocating ALL our business to the UK

Note to editors:

Important note on the business demography of ISME member companies: The CSO and Eurostat estimate there to be 238,249 active enterprises in Ireland, roughly composed by sector as follows:

Industry	7%
Construction	20%
Distribution	19%
Services	51%
Financial and Insurance	3%