

Media Release

Half Of UK Companies fear EU 'Leave Vote'

Larger Companies Showing Highest Concern; SMEs More Hopeful

(11 May 2016 – United Kingdom) As the UK's European Union (EU) referendum moves ever closer, the majority of companies across the country are concerned about the impact a 'leave' vote could have on their business and particularly with their foreign exchange (FX) dealings, according to new research from market analysts East & Partners Europe.

The research, executed over four weeks ending 2 May, interviewed a national, structured sample of 2,657 companies across the UK's corporate, middle market and small and medium enterprises (SMEs) business market.

The analysis has found that more than half (53.6 percent) of all UK companies believe leaving the EU would be worse for their business. This rises to 90.2 percent of companies drawn from the UK's top 1000 revenue earners, although only 15.9 percent of SMEs share this view.

These top UK companies are also fearful of the pound falling against the US dollar if the UK votes to leave the EU, with 77.2 percent of them holding this view and forecasting an average fall of 12.3 percent. SMEs are less fearful of such a fall with 17.5 percent expressing this view and only expecting an average drop of 4.5 percent.

Conversely, 56.5 percent of all companies expect the pound to bounce against the US dollar if the UK votes to stay in the UK.

In preparation for these potential currency fluctuations during June following a 'leave' vote, over half (53.4 percent) of all companies have hedged against FX exposures, including over a fifth (21.6 percent) of SMEs. Top corporates have an average of 83.4 percent of their exposure hedged, while an average of 32.1 percent of exposure is hedged by SMEs.

"In East's twice-yearly UK business FX market review, there has been a growing development of SMEs becoming more sophisticated in their FX dealings through hedging their exposure. But, the results from this research show that while they are less fearful of a vote to leave the UK they are less prepared for its impact on their FX exposures compared to larger companies," said Simon Kleine, Head of Client Services, East & Partners Europe.

Aside from FX issues, the referendum and the outcome of its vote is impacting outlooks of the UK's largest businesses most strongly. The research shows 82.9 of the institutional segment have frozen investment plans due to the uncertainty, while nearly 93 percent have placed a hold on hiring staff.

About East & Partners

Established in 1987, East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business and institutional banking markets across Asia Pacific, Australasia and Europe.

About the Research

East & Partners' findings are based on direct interviews conducted in April with 2,657 UK businesses. Respondents included corporate treasurers, CFOs, company accountants and others responsible for the company's FX and import/export activities.

- » Institutional (Top 1000 UK corporates by revenue)
- » Corporate (Annual turnover of £100 million to bottom of Institutional segment)
- » Small to Medium Enterprises (Annual turnover of £1-100 million)

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