



11<sup>th</sup> February 2019

### **35% of SMEs in the Republic of Ireland and 40% in Northern Ireland cancel or postpone investment plans due to Brexit**

- 52% of SMEs in ROI and 56% in NI have yet to begin Brexit planning
- Tourism industry feels greatest Brexit impact; 25% of ROI SMEs in the tourism sector reporting lower sales and 20% reporting higher cost-of-sales
- Rise in number of SMEs in ROI reporting Brexit is starting to impact on their business rises to 32% from 25%.

The [AIB Brexit Sentiment Index for Q4 2018](#) reveals that 35% of SMEs in the Republic of Ireland (ROI) and 40% in Northern Ireland (NI) that had planned to expand or invest in their business have either cancelled or postponed investment plans due to Brexit. In line with this, 68% of SMEs in ROI believe that Brexit will have a negative impact on their business in the future, up from 63% in Q3 2018. In comparison, 62% of SMEs in NI believe Brexit will have a negative impact on their business, remaining unchanged from Q3 2018. Businesses in NI are notably more optimistic compared to their ROI counterparts, with only 10% of SMEs in NI expecting a hard border compared to 27% of SMEs in ROI.

The Brexit Sentiment Index baseline is zero, with a potential range from +100 to -100. For Q4 2018, the Index registered a score of -41 in the ROI, from -41 in Q3, and -31 in Northern Ireland for Q4 2018 from -35 in Q3 2018. With little change from Q3 to Q4, SMEs both north and south continued to be restricted by the lack of visibility they have had to operate within. The Index shows SMEs operating in food & drink are most pessimistic (-53) notably ahead of retail (-45) and tourism (-42).

Catherine Moroney, Head of Business Banking AIB said “As the research shows clearly businesses in ROI are concerned about the outlook for their sector as a result of Brexit, with 51% concerned that it will have a negative impact. Despite this formal planning remains low at 8%. This is particularly concerning as Brexit, whether hard or soft, will inevitably result in the need for increased working capital to manage businesses cost pressures or possible price inflation should Brexit eventuality result in the UK leaving the EU customs union. Despite this the majority of SME’s (64%) feel that their working capital requirements will stay the same in the next 3 years, whilst only 26% feel that they will require additional working capital as a result of Brexit.”

Catherine urged business to act now as Brexit quickly approaches: “We continue to encourage SME customers to plan for a hard Brexit scenario and to consider the impact that this would have on their working capital requirements and in particular on their supply chain and sub-supply chains. Our online [Brexit Ready Check](#) is a quick, useful and free tool, which we have developed to help support SME customers in understanding their business exposure to Brexit and we would encourage all SMEs to use this tool”.

AIB Chief Economist Oliver Mangan said “The survey results for Q4 show a significant rise in the number of SMEs in ROI reporting that Brexit is now starting to impact on their business at 32%, up from 25% and 21% in the previous two waves of research. Furthermore, concerns continue to grow from already high levels about the impact on business in the future of Brexit and its wider economic

effects. Some 35% of investment plans in ROI and 40% in NI have been postponed or cancelled due to Brexit, with another 13% of plans under review. Meanwhile more than half of the SMEs in both the ROI and NI have not commenced planning or done any investigative work in relation to Brexit”.

AIB’s Brexit Sentiment Index conducted by Ipsos MRBI is a quarterly survey of more than 700 SMEs in the Republic of Ireland and Northern Ireland that assesses the attitudes of SME business leaders on Brexit and the impact on their businesses.

**ENDS**

**Note:**

The AIB Brexit Sentiment Index is based on detailed telephone interviews conducted by IPSOS MRBI from its call centres in Dublin and Belfast among 500 SMEs in the Republic of Ireland and 200 in Northern Ireland, operating in a number of key defined sectors.

**Further information:** Paddy McDonnell, AIB Media Relations 01 641 2869 / 087 7390743,  
[paddy.x.mcdonnell@aib.ie](mailto:paddy.x.mcdonnell@aib.ie)