

**MIXED RESILIENCE**



Company profits at record high  
**105 billion £**

BUT investments decreased by  
**- 1.5%** in 2016

Impact of 15% depreciation in the exchange rate  
Exports grew by **+ 1.6 pp** in a year

**FIRST SIGNS OF BREXIT during the exit negotiations phase**



**WEAK INTERNAL DEMAND**

Inflation up by **+2.7%**  
**3.3%** of disposing income  
> Due to the exchange rate shock  
> Savings at historically low rate



**RISE IN INPUT COSTS FOR COMPANIES**

> Exchange rate shock

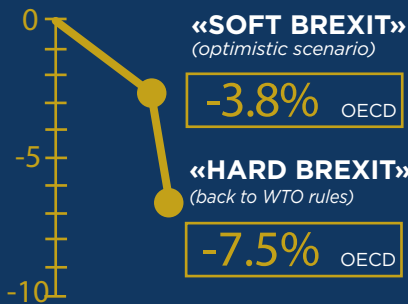


**INVESTMENTS REACHING THEIR LOWEST LEVELS SINCE THE CRISIS**

at **8.8%** of GDP in 2016  
> Companies adopted a wait-and-see approach

**FROM APRIL 2019**

**TRADE PROTECTIONIST SHOCK TO GDP**



**WEAKENED ATTRACTION**

**-22%** Foreign Direct Investments (FDI)\* down  
*(main destination of FDI in Europe)*  
> Fall in corporate investments  
> Less buoyant R&D

**COMPANY INSOLVENCIES**

**+8.7%** in 2017\*\* (f) **+8%** in 2018\*\* (f)

**IMPACT ON SECTORS**



**IMPACT OF REDUCED IMMIGRATION ON GROWTH**

**UK Border** **«SOFT BREXIT»**  
**-0.3 pp**

**«HARD BREXIT»**  
**-0.6 pp**  
> Demographic shock  
> Productivity shock



**STILL SOME POSITIVE POINTS...**



**SOUND COMPANIES**  
The protectionist threat is nothing new



**GOOD BUSINESS CLIMATE**  
UK ranked **7<sup>th</sup> out of 190\*\*\*** with significant comparative advantages



**FAVOURABLE PUBLIC POLICY**  
> Fiscal relief for companies  
from **20%** in 2016 to **17%** in 2020

\* Bruno, R., N. Campos, S. Estrin et M. Tian «Gravitating towards Europe: An Econometric Analysis of the FDI Effects of EU Membership», 2016.  
\*\* Coface's estimations calculated with the exclusion of the exceptional increase in the number of insolvencies in 4Q 2016 (1,796 companies) due to legal changes. When these figures are included, insolvencies should be down by -2.7% in 2017 and up by +8.8% in 2018.  
\*\*\* «Doing business» classification.