

October 2018

Impact of Clevedon Fasteners Ltd and Clevtec in the event of a no-deal outcome to the EU withdrawal negotiations

We are beginning to get letters from customers asking what our position will be in the event of a no deal Brexit

The following seeks to give the reader a flavour of our view on the subject

Clevedon Fasteners Ltd use sub-contractors for Heat Treatment and Plating processes who are predominantly local to us and all are in the UK. These entities are relatively immune to the effects of a no deal scenario as their main drivers are Gas (heat treatment) chemicals and Electricity (plating plant). We have our own tool room but occasionally sub contract tooling. Again these companies are not expecting a problem as they have well established workforces and there their material stocks are high

The only product we purchase from outside the UK is wire which we use to manufacture our parts.

There has been no suggestion in the literature available that either the UK or any of the EU27 are expecting to cease work when we leave the EU. The main focus has been around potential tariffs, added paperwork and delays at the border.

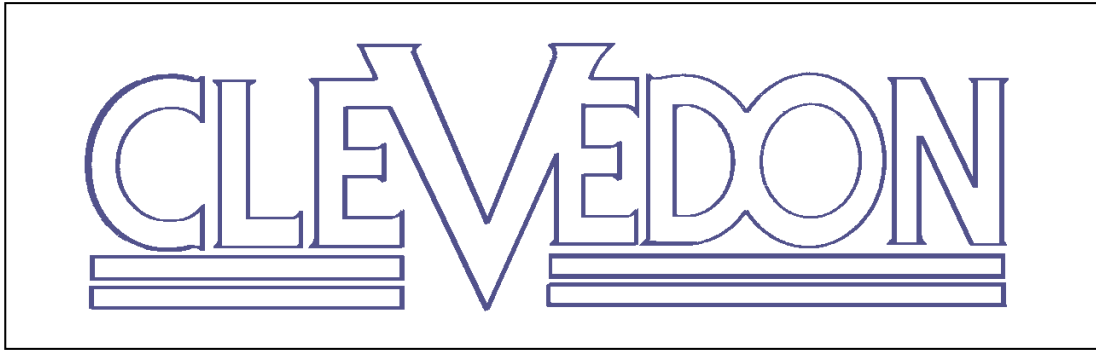
We sell all over the world and so we are used to paperwork

We hold relatively high (3 months) stock of fast moving raw material

We source our wire from the UK, the EU and non UK companies

In the UK, British Steel have just upgraded their rolling mill with a £50m investment and we can switch EU product to non EU suppliers relatively easily if we need to

The other big unknown is the exchange rate and in the event of a no deal the GBP will fall significantly in value in the short term, but so will the Euro, therefore it will be pretty much the same, but lower. The fundamentals of the UK economy are sound and any hit will be short lived as it was when the UK voted to leave the EU



We are in the relatively enviable position of not having to purchase anything from outside the UK for approximately 10/12 weeks, during which time the effect of a no-deal scenario will be well on the way to being resolved.

Not wishing to stray into the political arena, but no matter how much of a hash the politicians of all complexions make (and are making), in the end it all boils down to trade and pounds, shillings and Euros.

As things stand I believe we are well placed to cope with the short term disruption and will be able to continue to provide the excellent service our customers have come to expect

As more information comes into the public domain that significantly changes our view I will update this notice

Yours sincerely

Steve Hardeman
Managing Director

PS: Clevtec is a trading division of Clevedon Fasteners Ltd. Clevedon Fasteners Ltd is the legal entity