

## BREXIT

4<sup>th</sup> March 2019

**As we start to measure the time towards Friday 29<sup>th</sup> March 2019 in weeks and days, rather than months and years, it seems incomprehensible to think that we still do not know what this will mean for business in the UK or for the country as a whole.**

As the crucial BREXIT date draws closer, I have been asked with increasing frequency how Baumit Ltd will be affected.

The honest answer to this question is, it is very hard to say. Without knowing the terms of the EU exit deal, should there indeed be one, we cannot accurately plan for its impact.

However, throughout my business career I have found it prudent to abide by the old adage of 'prepare for the worst and hope for the best'.

To that end I can share with you some of the preparations we have made to meet the potential BREXIT challenges

1. **Product availability** – external building products can be very seasonal, but also have a shelf life, so an intelligent solution to stocking levels has to be taken. We have a lot of experience in managing extended lead times from the factories and have modelled various scenarios to ensure stock levels are optimum at all times. The period of BREXIT is no different and we have plans in place to hold the maximum possible levels of stock.
2. **Availability of international haulage** – availability of haulage can also be very seasonal, especially in continental Europe. This can extend lead times or mean that no haulage at all is available. Over the last 18 months we have actively expanded our international haulage network and have access to alternative method of delivery other than purely overland via road.



3. **Increased costs** – One of the most difficult to predict reactions will be that of the currency markets. As a large number of our products are imported, this or possible trade tariffs are what I consider could have the biggest effect in the long term. Whilst I cannot rule out the potential of price increases entirely, passing on increased input costs is always a last resort. We are fortunate that many of our suppliers are within our group which enjoys considerable financial strength.

Whilst the outcome of BREXIT is unpredictable, I want to reassure you that my team and I are doing everything we can to make sure the transition from EU member to non-EU member goes as smoothly as possible in our business.

Our number one priority is maintaining the high level of service we offer to our customers. Our products are our customers livelihoods and we take that responsibility very seriously.

I would like to take the opportunity to thank you for your business and wish you luck for the rest of the year.

If you have any specific questions regarding BREXIT, I would be more than happy to answer them personally and you can send me an email at [ben.warren@baumit.co.uk](mailto:ben.warren@baumit.co.uk)

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