



Routeco UK statement on BREXIT - January 2019

Background

As the UK Government negotiate the terms of the BREXIT deal, Routeco will continue to monitor the potential impact of BREXIT on its customers and suppliers in relation to the various potential outcomes.

Since 1978, Routeco has successfully established itself as the UK's leading distributor of industrial automation and control products and has secured a nationwide network of sales locations employing over 250 personnel. In addition to the UK, Routeco has offices in Austria and Netherlands giving a total group turnover of £150m.

A broad spectrum of industries depend upon us for our commitment in providing a comprehensive quality service ranging from pharmaceutical and food processing to material handling and petrochemicals; from mining and metals, to utilities and textiles; from automotive and construction to machine tool and printing.

Our customers include OEM machine builders, End Users, Systems Integrators and Panel Builders. Many of our OEM customers are global exporters.

Routeco has a very small number of mainland EU nationals working in the UK.

Currently, there remains a risk that our government will not reach a deal for an orderly BREXIT and as such, we are like many businesses, making plans for such an outcome.

No Deal BREXIT Focus Areas

BREXIT will potentially impact the following:-

- Customer Service and Supply Chain
- Employees and mobility
- Regulatory frameworks and compliance
- Financial impacts such as tariffs

Routeco hold approximately 9,000 stock lines out of our core manufacturing partner's product array of 170,000 lines, being sourced mainly from Europe, Americas and UK.

We do not believe that BREXIT will create any unmanageable risks to our business, nor will it precipitate changes to our UK business model.

Customer Service and Supply Chain

Working closely with our key suppliers with their own plans for BREXIT, we will in the event of a No Deal BREXIT increase stock holding of our fast and medium moving items to reduce any impact on supply chain activities during the immediate period after the 29th March 2019 deadline.

We will continue to monitor developments over the coming weeks and work with our supply partners and customers in order that we can operate effectively through the potential No Deal BREXIT period and beyond.

We remain committed to offering the highest possible levels of service to our customers and business partners.

Routeco would ask our customers to give as much notice as possible on forward order requirements. Please contact your account manager to enable engagement with the Supply Chain team.

Group Supply Chain Director