



December 2018

Brexit Contingency Planning

As the UK's plans to leave the European Union (EU) progress, it is becoming clear that there exists the possibility of disruption to current supply chain arrangements for businesses that trade with EU member states.

Waterloo import a range of materials and sub-assemblies from a small number of EU countries. While the scale of our exposure is relatively small – the vast majority of our products are made in the UK - we have been mindful of the potential risks as they have developed over the last few months. During this time, we have taken steps to review our existing suppliers, and also to understand **their** supply chains in greater detail.

As a result, we have developed a programme to underpin the resilience of our supply arrangements. There are four elements to this plan. Firstly, we will build up our level of safety stock so that we have a buffer against any delays from goods currently sourced from within the EU. By the end of February, these changes will be complete.

Secondly, we have modified the parameters which control our ERP system's replenishment function. As a result, the 'prompt' to place stock orders will occur earlier and thus improve our capability to adapt to any delays which may occur in the fulfilment cycle.

Thirdly, we have reviewed our 'make vs buy' model against the changed level of risk for parts supplied from the EU. This shows that we should bring some components and manufacturing processes back in-house.

And finally, we have identified several materials and sub-assemblies which we can re-source from the EU to UK suppliers. Given the need to satisfy our internal quality and product performance criteria, this is inherently a detailed piece of work. We are therefore prioritising those items that are already on relatively long lead-times.

We expect the Brexit situation to evolve over a period of several months. Waterloo has committed itself to following an adaptable, responsive strategy which will allow us to cope with a range of potential outcomes without interruption to our renowned levels of service.

John Tiernan

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