



Brexit statement

Dear Customers and Suppliers of the Group headed by Barrett Steel Limited ('the Group')

Following our last Brexit Statement in January 2019, two extensions to Article 50 and a change in Prime Minister, the latest Brexit deadline is 31 October 2019. The chances of a no-deal Brexit have also increased impacting exchange rates and scenario planning. We therefore set out our current position on Brexit and the impact for our business and customers.

The importance of the steel industry to the UK economy, as evidenced by the significant Government efforts to support British Steel, provide us with some comfort as to potential future policies being introduced because of Brexit, however we are not complacent.

The significant uncertainties of the impact of Brexit on future trade, importing and exchange rates remain. As a result, we have continued to monitor the overall situation throughout the year and we have put in place procedures and mechanisms in preparation for various scenarios. Our overall aim remains of operating a robust business with flexibility to adjust to changing circumstances and to maximise opportunities.

The key impact areas for our Group continue to be the importing of steel and capital equipment, the outcome of the Irish border agreements and fluctuations in foreign exchange rates.

As previously stated, we consider that we have strong, long term relationships with major suppliers who have the financial stability needed through this change period. However, given the risk in this area we have continued to maintain a higher level of stocks across the Group to minimise disruption for our customers.

Whilst changes to existing tariffs and customs procedures have not been finalized, we have continued to expand our portfolio of dockland warehousing, held an EORI number for several years (GB 651 777 021 000), registered for Transitional Simplified Procedures for importing goods and fully documented our custom codes and goods classifications. As a company well versed with the demands of home and international trade, we have every confidence in the skill and expertise of all our staff to be able to cope with changes in import and export procedures.

The Irish border situation is still not resolved which makes pre-Brexit planning difficult. The UK Government has confirmed that it would not introduce any new checks or controls at the border whereas the EU has suggested there would need to be some form of checks introduced. We would like to think that these issues can be overcome and that a sensible approach will be taken for steel products to allow us to service our customers in Ireland.

We continue to take a risk averse approach to foreign exchange and use hedging instruments where appropriate.

As a final note we would like to reassure all customers, both domestically and internationally that we will continue to work hard to meet your requirements and should you have any further specific needs or concerns, please do not hesitate to get in touch with your normal point of contact within the Group.

James Barrett
Group Managing Director
August 2019