



NAVIGATING BREXIT

PROTECT YOUR BUSINESS,
INFLUENCE THE DEBATE AND
PREPARE FOR CHANGE

EXPERTS WITH IMPACT™



FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

Introduction

“Every industry has been disrupted in recent years, creating winners and losers. Those companies that reacted quickly to these disruptions and adapted to new market conditions have grown and increased market share whilst those that have been slower to anticipate and adapt to change have suffered.”

“Brexit represents the biggest disruption in a generation and it will affect every industry. Much is still unknown about how the negotiations will play out. However, what is clear is that the impact of Brexit will be profound and that the triggering of Article 50 will herald two years of complex and hard fought negotiations carried out between many players at a hectic pace. It also seems certain that the EU will not allow the UK to enjoy the same relationship it currently has with the 27 member states.

Implementation of the agreement, whatever it looks like, will probably continue for years afterwards and how the final relationship between the UK and the EU will look is uncertain. During this time businesses will need to increase their engagement with all commercial and political stakeholders in both the UK and EU-27.

There has been much focus on the dynamics at play within the UK as politicians, trade bodies and others set out their positions. However, the UK faces not one negotiating partner but 27 as each EU member state will have its own views and priorities.

Now is the time to take action to ensure that you're constantly informed about this process so that you can protect your business, influence the debate and ensure that you're well placed to benefit from this fundamental change.”



Kevin Hewitt
Chairman, Europe, Middle East and Africa

The Post-Referendum period raises many questions for businesses



How do you best prepare for the future?



How could it affect your business and investments?



What new growth opportunities may exist?



Who should you be engaging with and when?



What should you be telling your customers, investors, employees, suppliers and networks?



How should you position yourself publicly?



Will you have to relocate your operations from London to the EU-27? (and if you do, how can you ensure smooth and cost efficient relocation)?



How could you mitigate likely revenue shortfalls and cost increases as a result of currency devaluation?



How does this affect your M&A strategy?

Brexit checklist:

What should you be thinking about?

The Brexit process is likely to be lengthy and complex. Businesses must be ready to hit the ground running having assessed their exposure to Brexit and developed a strategy to protect their interests. This includes conducting risk assessments, scenario planning, assessing options, implementation and communication strategies.

✓ Obtain political and regulatory insight and intelligence to create clarity

✓ Monitor and influence legislative programmes to protect commercial interests

✓ Undertake market analysis and economic scenario modelling to inform your business decisions

✓ Address any potential commercial and operational requirements

✓ Consider any corporate restructure, valuation or business modelling needs

✓ Understand the implications for your governance, trade and investor protection rules

✓ Ensure you have the right financial and investment strategies in place

✓ Mitigate any tax risks

✓ Engage all your internal and external stakeholders effectively across all platforms

How can we help?

With dedicated teams in key political and commercial capitals, FTI Consulting is well placed to support and help you understand the landscape coupled with an assessment of the practical challenges.

An integrated suite of advisory services, combining political understanding, deep economics skills and operational expertise

Analytical skills to improve visibility and information flows to fully support corporate decision making

A multidisciplinary team to help you navigate the uncertainty, manage change, risk and corporate reputation

Intelligence and analysis at each step of an evolving process to secure your trading, regulatory and operating environment

Dedicated teams in leading political capitals with intimate knowledge of the institutions on both sides of the Channel

A comprehensive European and global network combining professional expertise, commercial understanding with local knowledge and context

What do we do?

Investigation

DEEP INSIGHT INTO BOTH INTERNAL AND EXTERNAL FACTORS

- Understanding the Brexit Process – structure and timeline
- Political Intelligence – regulation insight
- Reputation Audit – uncovering evidence
- Disputes Analysis – identifying risks
- Stakeholder Mapping – identify, engage
- e-Discovery – identify, review, disclose

Communication

INTERNAL AND EXTERNAL MESSAGING ADVICE

- Decision Makers – accessing and informing
- Media Relations – communicating messages
- Employee Communication – ensuring buy-in
- Investor Relations – advising stakeholders
- Crisis and Issues – managing the immediate
- Social Communication – managing digital
- Market Research – surveying customers

Evaluation

ANALYTICAL, FINANCIAL AND VALUATION CAPABILITIES

- Economic Analysis – future outlook
- Regulatory Agenda – review, advocate
- Business Modelling – quantifying trends
- Cost Operating / Base – sterling impact
- Financial Diligence – advice on acquisition/disposals
- Financial Valuation – establishing quantum
- Capital Management – maximising cash flow
- Tax Structuring & Management – avoiding pitfalls
- Data Analytics – appraising information
- Data/System Mapping – geographic data location
- Information Governance – align, enforce
- Contract Intelligence – identify, analyse, review

Resolution

CHANGE, TRANSACTION AND PROCESS IMPLEMENTATION

- Operational Transformation – maximising value
- Change Management – implementing change
- Financial Restructuring – managing to the right capital structure
- Governance Planning – installing processes

Our services



FTI Consulting is ideally placed to support you. We are able to provide a range of advisory services to help you navigate your Brexit challenges and manage commercial risk.

CORPORATE FINANCE

Focused on delivering restructuring and business transformation solutions and committed to our clients' success, our professionals address the full spectrum of financial, operational and transactional risks and opportunities. We provide expertise in guiding companies through the value creation lifecycle.

Our offerings include; restructuring, insolvency, litigation support, interim management, capital market advisory, post-acquisition integration, valuation, tax advisory as well as financial management and performance improvement solutions.

ECONOMIC CONSULTING

Our Economic Consulting segment including our subsidiary Compass Lexecon provides a wide range of services related to economics, finance and accounting. We provide evidence based critical insight and expert advice to clients in relation to strategic decision making, public policy debates, competition damages, regulatory disputes, international arbitration, and legal proceedings. Our areas of expertise include securities litigation and risk management, valuation and intellectual property rights.

Our economic experts, who hold Masters and PhDs in economics, econometrics, and finance, have deep expertise in assessing the impact on businesses of disruptive events and the introduction of, or changes in, regulatory and legal measures. Based on carefully designed scenarios, our impact assessments provide our clients with estimated output, profitability, employment and tax impacts on their business, industry, and the wider economy.

STRATEGIC COMMUNICATIONS

We combine global reach with local knowledge to help client management teams and Boards of Directors seize opportunities, manage crises, navigate market disruptions, articulate their brand and stake a competitive position.

Drawing upon our unrivalled depth of industry expertise and interdisciplinary experience and using our broad network of relationships with key influencers, we help clients clarify, persuade and ensure that the right message reaches the right audience at the right time.

Our services include: public affairs, media relations, crisis management, financial communications, employee engagement, digital strategy and research.





TECHNOLOGY

Our Technology experts solve data-related business challenges, with expertise in legal and regulatory matters. We help organisations better govern, secure, find, analyse and rapidly make sense of information.

With significant experience in supporting clients involved in disputes, investigations, regulatory inquiries, and complex transformation programmes, our team are able to ensure the data you need to forensically collect, review and disclose, is managed in a rapid, defensible and cost-effective manner.

Now more than ever, with Brexit and the General Data Protection Regulation (GDPR) on the horizon, it's important to have an understanding of, and control over the data and contracts in your organisation. Our Information Governance and Contract Intelligence experts help clients pro-actively manage their data and contracts, to reduce risks, costs and unwanted surprises.

CUSTOMER BEHAVIOUR INSIGHT

Brexit is a major socio-political phenomena that will create major change in the way customers engage with British and European brands both from within and outside the UK.

FTI's Data & Analytics (D&A) team is working with customers to establish a benchmark understanding of the behavioural drivers of customer demand and engagement that is valuable in its own right. Using the FTI Consulting External Data Library, we work with clients to establish a baseline understanding of the major ways customers buy and don't buy, engage and don't engage.

As Brexit drives changes in consumer demand this baseline is not only useful as part of an information-driven customer strategy but can provide a way to track how, where and why demand, buying and engagement patterns change in a customer base as the effects of Brexit are felt going forward.

Protect your business

BREXIT INTELLIGENCE FOR STRATEGIC PLANNING

FTI Consulting has been engaged by a global bank to provide political intelligence on the Brexit negotiations with a focus on the EU institutions and the EU Member States. The intelligence is delivered to the client in the form of a comprehensive Brexit report containing an overview of the broader political context, a state of play of the preparations for the negotiations, a detailed description of the Article 50 process as well as key political developments in Member States.

The rolling report is updated with the newest developments on a weekly/bi-weekly basis. It is used to inform the bank's senior management on any relevant Brexit developments as well as to support the bank's positioning vis-à-vis EU and UK stakeholders in the run-up to the negotiations.

BREXIT AND C-SUITE MEDIA ENGAGEMENT

We were engaged by a global pharmaceutical company to assist with the preparation of a comprehensive Brexit briefing for its CEO in the run-up to the company's quarterly earnings report.

Our pharmaceutical and communications teams worked closely together with the client's communications lead to put together a detailed background briefing and Q&A document that covered a broad range of topics in order to ensure the best possible preparation of its CEO for any Brexit-related queries by the media and investors.

WAR GAMING

Our client wanted to understand how a range of potential regulatory interventions might impact the energy supply market and to assess their potential strategic responses.

We recommended using 'War Gaming', a flexible technique, which can be used to investigate decision making amidst uncertainty, caused by political, regulatory and competitive factors. We worked with the client to design the game scenarios to the appropriate complexity and created an economic model to quantify the impact of different strategies and decisions throughout the games we facilitated. We conducted four full-day sessions, the last of which was played with all of the client's board members.



CORPORATE RELOCATIONS – IDENTIFICATION AND DIVESTITURE OF INFORMATION ASSETS

FTI Consulting recently helped with the merger of two manufacturing firms and the divestiture of a subsidiary of one of the firms.

Our team identified, and securely collected and preserved the impacted data being divested, which spanned hundreds of employees data, held in disparate sources. When the merger transaction completed, our team merged the two firms' data and segregated the divested data.

In total, our experts remediated over 6 terabytes of data and helped ensure a cost-effective and secure transfer of data as a result of the merger and divestiture.



Influence the debate

TRADE BARRIERS AND INTRA-COMMUNITY CROSS-BORDER PARCEL DELIVERY

The European Commission (EC) wanted to gain a deeper understanding of the barriers to cross-border parcel delivery, in the context of non-trade barriers to cross-border e-commerce.

Our study identified barriers related to tax and regulations, information, quality of service and parcel prices and it made recommendations on how to remove them. The study was used by the EC for its Green Paper on an integrated parcel delivery market for the growth of e-commerce in the EU.

These barriers will be extremely significant once the UK leaves the EU as they could damage UK/EU trade unless their effects are addressed in the negotiations.

DEVELOPING AN ADVOCACY CAMPAIGN

A US-based global health charity needed strategic public affairs support across the UK and in Brussels. FTI Consulting was engaged to raise the profile of the charity among key EU and UK decision-makers and to improve its ability to influence them.

We provided a stakeholder map and weekly intelligence relating to all key international development activity with recommendations and actions to enable the charity to begin influencing UK decision makers.

We organised meetings with UK policymakers and a think tank. We delivered to the charity and its international advocates a presentation about the influence of Brexit on the international development community.

As a result the charity was positioned as a leading player in global health research and development and innovative financing. It engaged with relevant UK government agencies, on policy matters crucial to international development. By providing intelligence and advice on Brexit, as well as the new UK government and its Secretary of State for International Development, we ensured that it could make business critical decisions in a fast changing political environment.

POLICY AND REGULATORY IMPACT

Our client felt that the EU automotive industry was taking a disproportionate burden of the EU's carbon reduction agenda compared with other sectors and that regulations damaged its global competitiveness.

We analysed various sectors' contributions to decarbonisation taking into account their cost and the potential for reduction. We assessed the competitiveness of the automotive sector in light of the increasing costs of regulation.

We presented the results of the study to Ministries of Economy, Transport, Environment and Sustainability in key Member States including Spain, Italy, Germany, Poland, the Czech Republic and the Netherlands.

Prepare for change

FINANCIAL DUE DILIGENCE

We were retained by a large global Private Equity (PE) house to perform the vendor due diligence on a significant consumer manufacturer based in Germany, in preparation for a sale of the group.

During the PE house's ownership a new management team implemented a number of strategic initiatives resulting in significant growth in both revenue and profitability. Due to this growth and the disparate geographical nature of the group, significant work was required to ensure the data sets reconciled and would stand up to third party scrutiny.

We also worked closely with management to identify all potential adjustments to net debt and working capital to ensure that any top up diligence by potential purchasers was kept to a minimum.

Significant value was added to the seller whilst maintaining total independence. As a result, confidence of bidders was gained, resulting in a highly competitive bidding process and a successful trade sale of the group for over €1.6bn.

CHANGE MANAGEMENT

A global manufacturer of healthtech and lighting solutions, was split into two separate entities. This called for an urgent focus on change management within the organisation.

We developed a bespoke change management model and range of tools in collaboration with the client to communicate the change in a relevant and practical way, engage and enable their people to transition and ensure that they implemented the new way of working.

IMPACT ASSESSMENT – TRADE RELATIONSHIPS AND BREXIT

As the UK government prepares to invoke Article 50 and to start Brexit negotiations, there is considerable uncertainty on the future of the trade relationship between the UK and the 27 countries of the EU. A hard Brexit would result in this trade relationship being regulated by WTO trading rules, with WTO tariffs being applied to all trade between the UK and the rest of the EU.

FTI Consulting's Economic Consulting team were appointed by a leading sectoral trade association to estimate the impact on revenue and employment on the exporters of a number of EU products sold in the UK by certain EU countries.

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Why FTI Consulting

The FTI Brexit Taskforce – able to advise and work alongside your in-house professionals and to support your management team and Board throughout the Brexit process.

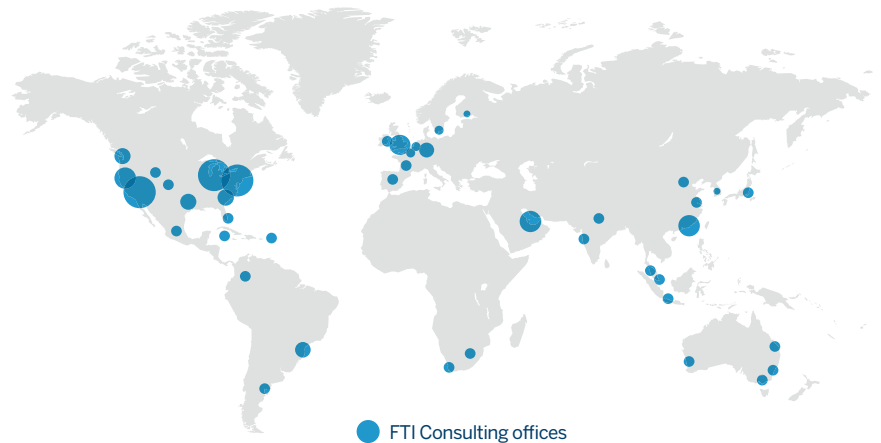
EXPERTISE

56 of Fortune Global **100** corporations are clients

42 of **FTSE 100** companies are clients

Advisor to the world's top **10** bank holding companies

Advisor to **97** of the world's top **100** law firms



THE **M&A ATLAS** AWARDS

PR Firm of the Year (2016)



Arbitration Expert Firm of The Year (2016)

RECOGNISED IN **WVL** **gar**



ALM Vanguard™

Transaction Advisory Services Achieved ALM Vanguard status



Named EMEA Public Affairs Consultancy of the Year (2015)

THE **HOLMES REPORT**



MERGERMARKET

#2 Mergermarket globally by deal count; #1 in Europe and UK by deal volume (2016)



SERVICES



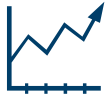
Political & Regulatory



Reputational



Transactional



Financial



Legal



Operational

CULTURE

Practical

in our communication and our approach to outcomes

Collaborative

with clients and colleagues

Judicious

in complex, multi-party situations

Professional

in our commitment to work with the highest caliber

INDUSTRIES



Construction & Environmental



Telecom, Media & Technology (TMT)



Financial Institutions



Energy, Power & Products (EPP)



Insurance



Healthcare & Lifesciences



Real Estate & Infrastructure



Mining & Mining Services



Retail & Consumer Products



Aerospace & Defence



Automotive



Hospitality, Gaming & Leisure



Transportation



Agriculture



Environmental



Public Sector

Our Brexit Leadership Team

To learn more about our FTI Brexit taskforce please contact one of the following professionals or email BrexitResponseTeam@fticonsulting.com



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