



17 September 2019

Dear Customer,

Brexit Statement

Political uncertainty in the UK continues to dominate headlines, and none more so than the news updates surrounding Brexit and the UK's future trading relationship with the EU.

With the latest (and apparent "final") deadline for Brexit now set for 31st October 2019 and the increasing possibility of a "no deal" scenario, businesses across the UK are bracing themselves for what is to come. Scania is one such company. We continue to monitor the Brexit position and work closely with experts and suppliers to make the likely transition as smooth as possible.

Our priority in the coming weeks is to continue to work towards mitigating any potential disruption to our supply chain, and to ensure that we continue to have the right strategies and processes in place so that our business is sustainable in all eventualities. We have worked with our key stakeholders to ensure goods will continue to pass across borders in all outcomes, our preparations include:

- working internationally with colleagues across the supply chain and utilising expertise across the Volkswagen Group;
- registering for Transitional Simplified Procedures;
- obtaining an EORI number;
- working closely with our appointed Customs Agent to ensure a smooth transition;
- ensuring financial guarantees and deferment accounts are prepared;
- working with our primary inbound carriers, all of whom have authorised consignee status; and
- increasing stock depth within the UK from £9.5M to over £14.2M to minimise disruption in supply in case of border delays.

Once the authorities have provided further clarification in respect of tariffs, we will confirm the impact, if any, on our pricing. As stated in our January communication, in accordance with our standard terms and conditions, we reserve the right to increase the price payable for vehicles which have not yet been delivered to take account of increased costs and duties. There may also be an increase in the cost of parts. We remain committed to being commercial and competitive in respect of any changes.

When there is more certainty in respect of future EU trade relations, we will issue a further communication. In the meantime, we have actions in place to ensure our future sustainability.

Your faithfully,

Richard Gray
Finance Director