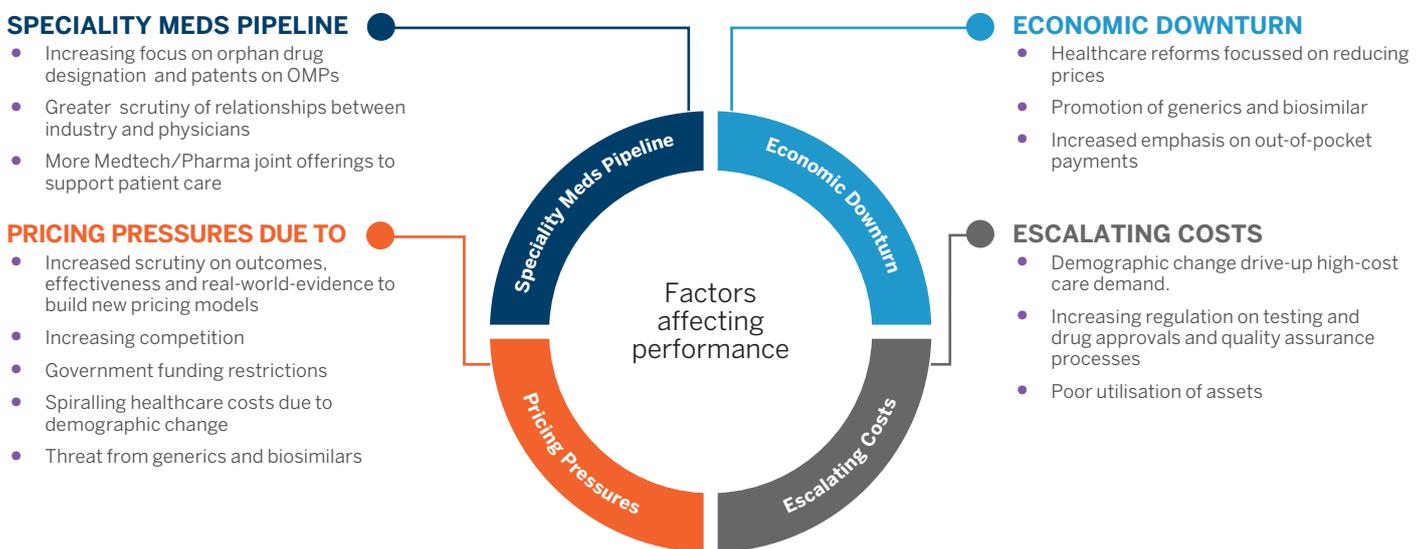


# Impacts of Brexit on the Pharmaceutical Industry

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes.

With dedicated teams in key political and commercial capitals, FTI Consulting is well placed to help you navigate your Brexit challenges and manage commercial risk.

## The Pharmaceutical industry has already been facing multiple issues impacting performance



## Brexit further adds to the complexity and may have long reaching impacts on both ease to do business and profitability

### Economy

including availability of public funding

- General economic uncertainty
- A slowing economy may result in a shift of spending priorities for the NHS
- Greater demands on budget as expensive end-of-life care demands increase
- The government may favour more generics resulting in reduced revenues and profitability for industry partners not selling generics

### Regulation

including European Medicines Agency

- Product registration & approval is handled by the EMA. Move from London to an EU city may cause delays
- UK companies may face barriers to EU market and type of trading relationship
- New EU level regulation in Medical Devices, Clinical Trials and Data Privacy will impact the way in which pharma R&D is conducted, UK will have to match EU legislation to stay competitive

### Innovation

including access to science funding and collaboration

- UK Pharma industry depends significantly on European Investment Bank and other European RTD funds
- Post Brexit there may be restrictions or higher costs on funding curtailing growth and innovation
- Similarly researchers depend on programmes such as Horizon 2020 for funding but in this case HMT has underwritten all investments should access be restricted post Brexit

### Talent

including access to highly skilled talent

- Access to a skilled international workforce and a focus on developing the next generation of home-grown talent are critical to ensure continuity
- Without freedom of movement, UK pharma industry may find difficult to access scientists, researchers and other highly skilled workers potentially creating issues on projects and product pipelines

### Commercial

including steps to enable 'frictionless trade'

- The current EU single market allows for free movement of goods across borders and harmonisation of VAT and its compliance impact likely to be felt in OTC before POMs
- In future trade cost and compliance will likely increase due to exiting the single market and EU VAT territory

### Commercial

including steps to enable 'frictionless trade'

- EU Parent Subsidiary directive abolishes withholding tax on dividends to parents and avoids double taxation
- Brexit may affect UK parent companies investing in EU subsidiaries, resulting in UK parent companies relying on tax treaties to reduce withholding tax on dividend

# Brexit checklist: **What should you be thinking about?**

- ✔ Obtain political and regulatory insight and intelligence to create clarity
- ✔ Address any potential commercial and operational requirements
- ✔ Ensure you have the right financial and investment strategies in place
- ✔ Monitor and influence legislative programmes to protect commercial interests
- ✔ Consider any corporate restructure, valuation or business modelling needs
- ✔ Mitigate any tax risks
- ✔ Undertake market analysis and economic scenario modelling to inform your business decisions
- ✔ Understand the implications for your governance, trade and investor protection rules
- ✔ Engage all your internal and external stakeholders effectively across all platforms

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### About FTI Consulting

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.

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