



LIFE SCIENCES
EUROPEAN TAX ADVISORY

EXPERTS WITH IMPACT

FTI Consulting Why Us?

Our Approach How We Work

FTI IS A GLOBAL FINANCIAL CONSULTING FIRM

- Listed on the NYSE
- Over 4,600 employees
- Offices in 28 countries on 6 continents

HIGHLY EXPERIENCED LIFE SCIENCES TEAM

- Exemplary credentials across a suite of advisory services and technical specialisms
- Dedicated team of Life Sciences professionals
- Led by Richard Turner, a leading Life Sciences tax and R&D Tax incentive advisor

WE OCCUPY A UNIQUE POSITION IN THE MARKET

- Largest independent tax practice of its kind in the UK
- Free from any audit and assurance client relationships and any related conflicts of interest; we will always be able to defend our work on your behalf
- Fully integrated Life Sciences service, working alongside international tax, economics and strategic communications specialists to ensure seamless delivery of advice

MARKET LEADER ACROSS MULTIPLE SERVICE

- Ranked number 1 UK M&A communications advisor by both size and volume of deals in 2017
- Recognised by Who's Who Legal Commercial Arbitration Expert Witness 2017, as having significantly more experts than the Big Four accountancy firms
- Advised on some of the largest European transactions (€1.0 billion+) for over 15 years
- Market-leading restructuring firm



Thoughtful, pragmatic advice drawn from unrivalled sector experience



A proactive and responsive approach with a propensity to share knowledge and understanding



Passionate about what we do, our people take pride in formulating and implementing pragmatic plans that deliver real results



A candid perspective based on understanding, experience and sound judgement



Confident about the value we add – we align our fees to your success, ensuring our work supports your needs



Depth of experience without paying for learning or training time

What makes our approach different

WE ARE INDEPENDENT

We are free from any audit and assurance client relationships and any related conflicts of interest. As a result we will always be in a position to represent and advise our clients and will always be able to defend our work.

WE HAVE A HANDS-ON SENIOR TEAM

Our senior team members make time to get to know our clients and their business and will be involved in the delivery of the work where experience and specialist knowledge is required. We have an extensive team and believe in involving people at the appropriate level whenever possible – but we don't push work down to a junior level to just reduce costs.

WE HAVE A UNIQUE MIX OF SKILLS

FTI Consulting has market leading practices in Strategic Communications, Economic Consulting, Data Analysis, Discovery Consulting, Corporate Finance, Restructuring and Transaction Support.

This broadens and deepens the scope of the tax team's work – for example advising alongside Strategic Communications to help clients to understand the tax environment and associated political developments, and to assess stakeholder and public perception.



A TRULY INTERNATIONAL BUSINESS

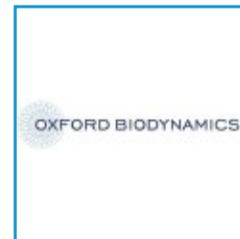
Being the exclusive member of the WTS Global Network in the UK, we work with world leading tax consultancies and law firms to provide solutions to clients at a cross-jurisdictional level.



For further information, please visit <https://wts.com/global>



Selected Clients



Our Services Overview

Our deep understanding of Life Sciences allows us to provide a level of service beyond that available from accounting firms

We deliver pragmatic advice based on what is most important in the context of the company's stage of development.

We always focus on delivering maximum value to our clients, particularly where they may have a limited budget for professional services advice.

Examples where we combine our knowledge of Life Sciences with our tax expertise to provide a differentiated level of service are:

- N-Site
- Tax Compliance Disclosure Pack
- Research & Development Incentives
- Licensing
- Tax Model
- Transfer Pricing

Details on each of these can be found over the following pages.

N-Site

Building the primary tax information hub for UK Life Sciences

FTI Consulting has developed an online portal, N-Site. The aim of N-Site is simple: to be the primary hub of tax information for UK-based Life Sciences companies – from embryonic start-ups to established multinationals.

N-Site contains technical guidance and legislative developments of relevance to Life Sciences businesses, ensuring the right information is available to help make critical strategic decisions. With the economic, tax and regulatory landscape rapidly changing, this content will continually develop and grow, ensuring that it is a critical source of up-to-date guidance and information.

The information is of relevance to the entire UK Life Sciences sector, and is freely available to academics and early stage start-ups, enabling them to benefit from the experience of others.

Tax Compliance Disclosure Pack

FTI Consulting is the first firm to challenge long standing conventions for tax compliance

FTI Consulting has developed a proforma Life Sciences tax computation which we have discussed directly with HMRC. The process has been redesigned to cut out several unnecessary steps and, at the same time, significantly improve the quality of the information that is presented.

In turn this has allowed us to reduce significantly the cost of our tax compliance services. The principal area of focus remains the R&D tax credit and our procedures ensure that this is optimised.

In overview, this innovation allows FTI Consulting to:

- Reduce our clients' cost and time
- Improve disclosure
- Focus on the inputs to the R&D claim and ensure qualifying costs are correctly identified as they are incurred
- Pre-empt HMRC concerns

R&D Tax Incentives

We do not agree that an R&D claim should be either conservative or aggressive. We simply get it right

FTI Consulting's specialist Life Sciences tax team has had a large number of successes in enhancing historic R&D tax claims, having successfully negotiated the treatment of expenditure in the pre-clinical and clinical supply chain. We are the only firm taking these points to HMRC.

In more than 70% of cases where companies are being advised by the major accounting firms, we are finding opportunities to enhance the qualifying cost base for historic claims and, importantly, setting an improved precedent for future periods.

It is important to note that the claims are approved by HMRC with full disclosure. This is simply a result of applying a more forensic review of costs, mapping these to qualifying expense categories and understanding the level of evidence needed to support the claim.

Sector	Annual R&D Expenditure	Immediate Enhanced Credit
Biotech	£21m	£191,000
MedTech	£28m	£300,000
Pre-clinical	£3.5m	£80,000
Speciality Pharma	£3.8m	£150,000
Biotech	£0.4m	£20,000
Biotech	£1.6m	£70,000
Speciality Pharma	£2.5m	£160,000

Licensing

There are few, if any, tax advisers with FTI Consulting's depth of experience in Life Sciences licensing

FTI Consulting has adopted a defined and proactive approach to identifying and addressing key areas of tax sensitivity for a proposed licence. Following a review of the key components of the transaction at Heads of Terms, our objective

is to rule out a number of potential issues allowing focus to be applied to key aspects and at a point when negotiations are more fluid.

We also review draft licensing agreements and are able to provide an analysis of material tax matters, suggesting alternative drafting where appropriate.

This defined approach ensures:

- Cost efficiency
- Best practice
- A greater level of assurance that key aspects will not be overlooked

Our Work

R&D INCENTIVES

We were able to recommend a different basis of FTE reimbursement in a collaboration that saved circa £1m in R&D incentives.

PATENT BOX

Having been engaged at an early stage of a transaction, we were able to advise on the treatment of a substantial option fee that would not explicitly be qualifying income for the Patent Box. Seeking clearance from HMRC, the treatment was subsequently clarified with a positive outcome.

STRUCTURING

We restructured a collaboration agreement with an option to complete which saved \$50m tax on a \$350m deal.

EXPERT WITNESS

We were engaged as an expert witness for litigation on a royalty clause and on whether indirect tax should or should not be included. This resulted in a settlement of circa \$25m.

Tax Model

An illustrative and innovative tax model to help break down complex issues

FTI Consulting has developed a model to demonstrate the potential long-term effective tax rate and incentives available for a UK company developing, manufacturing and launching a new drug/biologic and retaining all significant activities in the UK.

It addresses 5 principal influencing factors:

- The UK corporation tax rate
- Patent Box
- R&D tax incentives
- Utilisation of tax losses arising from R&D
- Transfer pricing

The model is intuitive to use and can easily be integrated into a long term financial model or to evaluate the tax impact of potential transactions.

Transfer Pricing

The combination of deep industry knowledge, advanced transfer pricing skills and first-class economist resource allows FTI Consulting to provide unrivalled transfer pricing services

The approach to transfer pricing is changing. International tax authorities will have much more information at their disposal. In an industry where profit is driven by intellectual property and other intangible assets, the need to understand how and where value is created is more acute.

FTI Consulting is uniquely placed to support companies in addressing this challenge.

FTI Consulting has over 130 economists and valuation specialists in London. Our tax team contains transfer pricing professionals, accountants and economists each with practical experience of intellectual property matters.

We work with world leading tax consultancies and law firms to provide solutions to clients at a cross-jurisdictional level.

European Tax Advisory Services Who We Are

We are an experienced team of tax professionals selectively drawn from the Big Four accountancy firms and leading positions in the industry.

We work with world leading tax consultancies and law firms to provide solutions to clients at a cross-jurisdictional level.

We provide tax advisory services to FTSE 100 and major corporations across a broad suite of tax services and technical specialisms.

We are innovators with an outstanding track record of delivering robust, commercial and lasting tax solutions.

As leaders in their fields, our senior team are qualified in accounting, tax, law and surveying.

FTI occupies a unique position in the market combining highly experienced tax experts and our market leading strategic communications, economics and technology teams.

The Life Sciences Tax Team

Our Experts



Richard leads FTI Consulting's Life Sciences tax team and has significant experience in IP planning, R&D incentives and the UK Patent Box.

Richard was formerly a Partner at Deloitte and part of the UK Healthcare and Life Science leadership having previously worked in-house as International Tax Director for PowderJect Pharmaceuticals, Chiron Corporation and Novartis.

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Oliver works exclusively with Life Sciences companies advising across the range of tax issues they face and manages the Life Sciences tax team at FTI Consulting.

Latterly Oliver worked in industry where he was responsible for all taxes across the EMEA region for a multinational US listed group and prior to that he spent ten years with PwC.



Ruth Steedman
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Ruth leads FTI Consulting's Transfer Pricing team. She is a highly experienced transfer pricing professional with expertise in designing and implementing pragmatic transfer pricing solutions for start-ups through to multinationals.

Prior to joining FTI, Ruth spent over fifteen years providing transfer pricing advice at Deloitte, BDO Stoy Hayward and Andersen.



Helen Wass
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Helen works exclusively with Life Sciences companies in the Tax team at FTI Consulting.

She has over 20 years experience working in finance and tax in - house roles in the pharmaceutical industry.

Prior to joining FTI, Helen was responsible for tax at Vernalis plc and has experience in UK tax compliance and R&D incentives, as well as transfer pricing and US compliance.

FTI Consulting EMEA

Our Wider Firm Services

FTI Consulting provides leading consultancy services across multiple practice areas, providing access to specialist insight and experience.

CORPORATE FINANCE: TRANSACTION SERVICES

- Market-leading financial due diligence group, performing 60+ completed transactions over three years which have included both large-cap and mid-market deals across both Europe and the US.
- Team of over 40 experienced multi-sector ex-Big Four partners and senior staff focused on private equity deals.
- Access to an extensive network of industry experts: primarily ex c-suite level management, who are part of the team and identify value-add opportunities and transaction risks early in a process.

CORPORATE FINANCE: RESTRUCTURING

- Market leading restructuring practice, with over 30 years global restructuring experience.
- Provide robust financial and legal view of businesses and an assessment of stakeholder options to corporates, their lenders or equity sponsors to support and facilitate refinancing and restructuring processes

ECONOMIC & FINANCIAL CONSULTING

- 130+ PhD Economists.
- 2 Nobel Prize Winners in Economics.
- Global Competition Review's Economist of the Year in 2016, 2014, 2012 and 2011.
- Most professionals (by firm) named in Global Arbitration Review's list of Who's Who Experts in Arbitration for eight consecutive years (2011-2018).

TECHNOLOGY

- Global provider of e-discovery computer forensic and information governance services.
- Offer Ringtail® and Relativity, both industry leading e-discovery and document review platforms.
- Assist clients with the collection of, and in-depth analysis of large, disparate sets of financial and operational data.
- Preserve and analyse electronic evidence as part of disputes, investigations and regulatory inquiries.
- Assist in the integration and segregation of corporate data and intellectual property as part of corporate mergers and divestitures.

STRATEGIC COMMUNICATIONS

- Ranked number 1 UK M&A communications advisor by both size and volume of deals in 2017.
- Expert at communicating complex, market-moving and industry-defining news via multiple channels.
- Focus on corporate positioning and brand development, crisis communications, reputation management and investor relations.
- Market leader for advising UK-listed companies.

FORENSIC & LITIGATION CONSULTING

- Provide companies, governments and law firms with forensic, investigative, data analytic and litigation services.
- Support clients facing litigation, arbitration and compliance investigations and regulatory scrutiny.

FTI Consulting Overview



Advisor to **8** of the **world's top 10** bank holding companies

Founded in **1982** and **\$4.4BLN** equity market capitalisation*

We combine unparalleled **expertise** and **industry knowledge** to address critical challenges for clients

With over **5,400** employees and offices in **27 countries** on six continents, our breadth and depth extends across every major social, political and economic hub **around the globe**

We are a **global advisory firm** that provides multi-disciplinary solutions to **complex challenges** and **opportunities**

53 of the **Global 100 corporations** are clients

Advisor to **95** of the **world's top 100** law firms

Expertise across a range of industries:
Real Estate, Energy, Power & Products, Financial Institutions & Insurance, Healthcare, Life Science, Retail & Consumer and Telecom, Media & Technology

Trusted advisors serving clients globally with **diverse expertise** and **exceptional credentials** including accountants, economists, engineers, former CFOs and strategists

*Number of total shares outstanding as of October 17, 2019, times the closing share price as of October 24, 2019.



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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.

www.fticonsulting.com

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