

Overview of UK Automotive Industry

Yung Tran

Head of Member Services

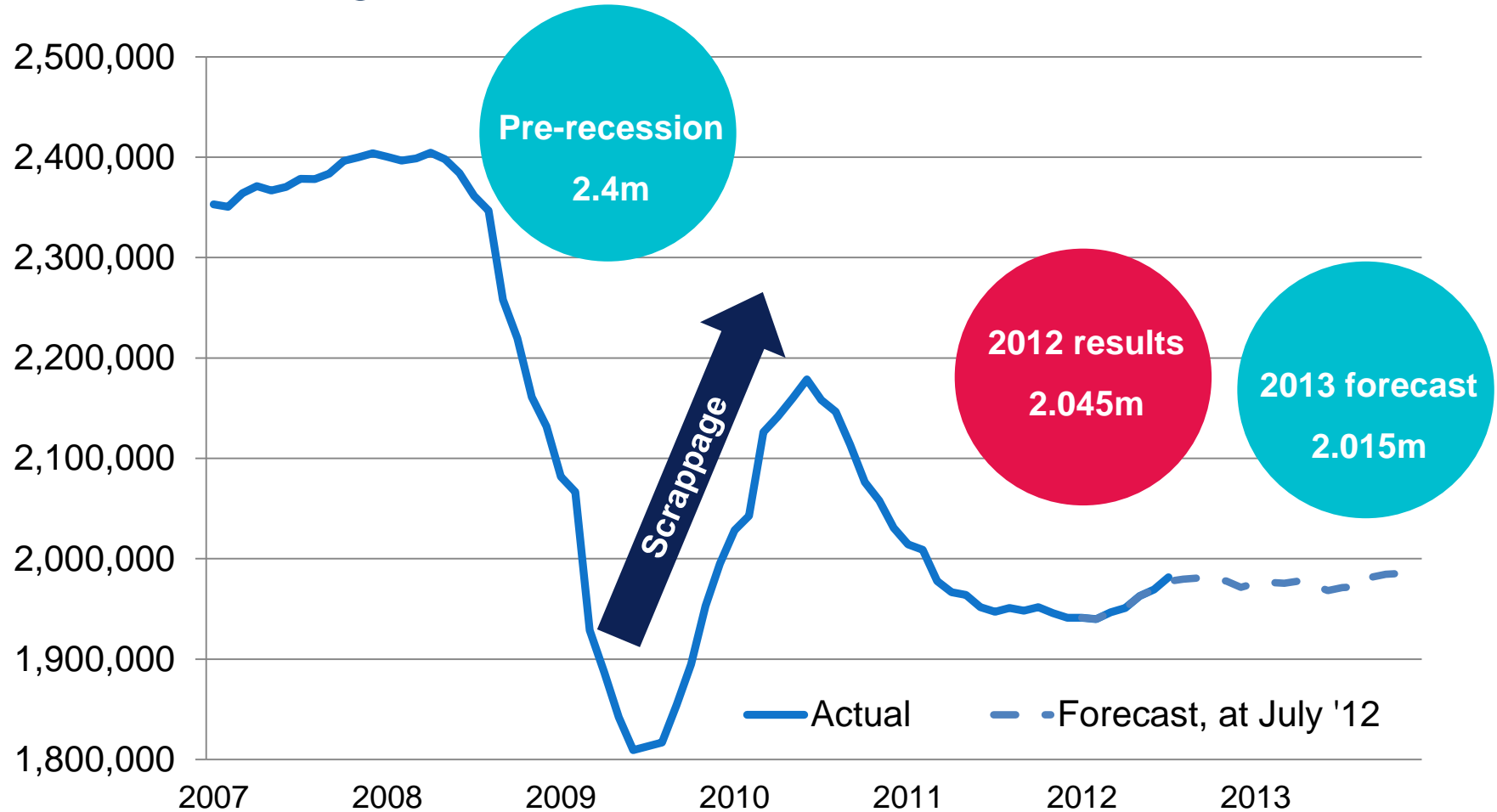
THE UK AUTOMOTIVE SECTOR

- **UK automotive sector makes 1.5 million cars and commercial vehicles and over 2 million engines annually**
- **Automotive is vital to the UK economy**
 - **Around £55 billion turnover**
 - **£12 billion value added**
 - **Over 700,000 jobs dependent on automotive**
 - **More than 11% of total UK exports**
 - **Invests £1.3 billion each year R&D**
- **UK is home to 7 volume car manufacturers, 8 commercial vehicle, 11 bus & coach, more than 10 major premium & sports vehicle manufacturers and ca. 2,350 component manufacturers**



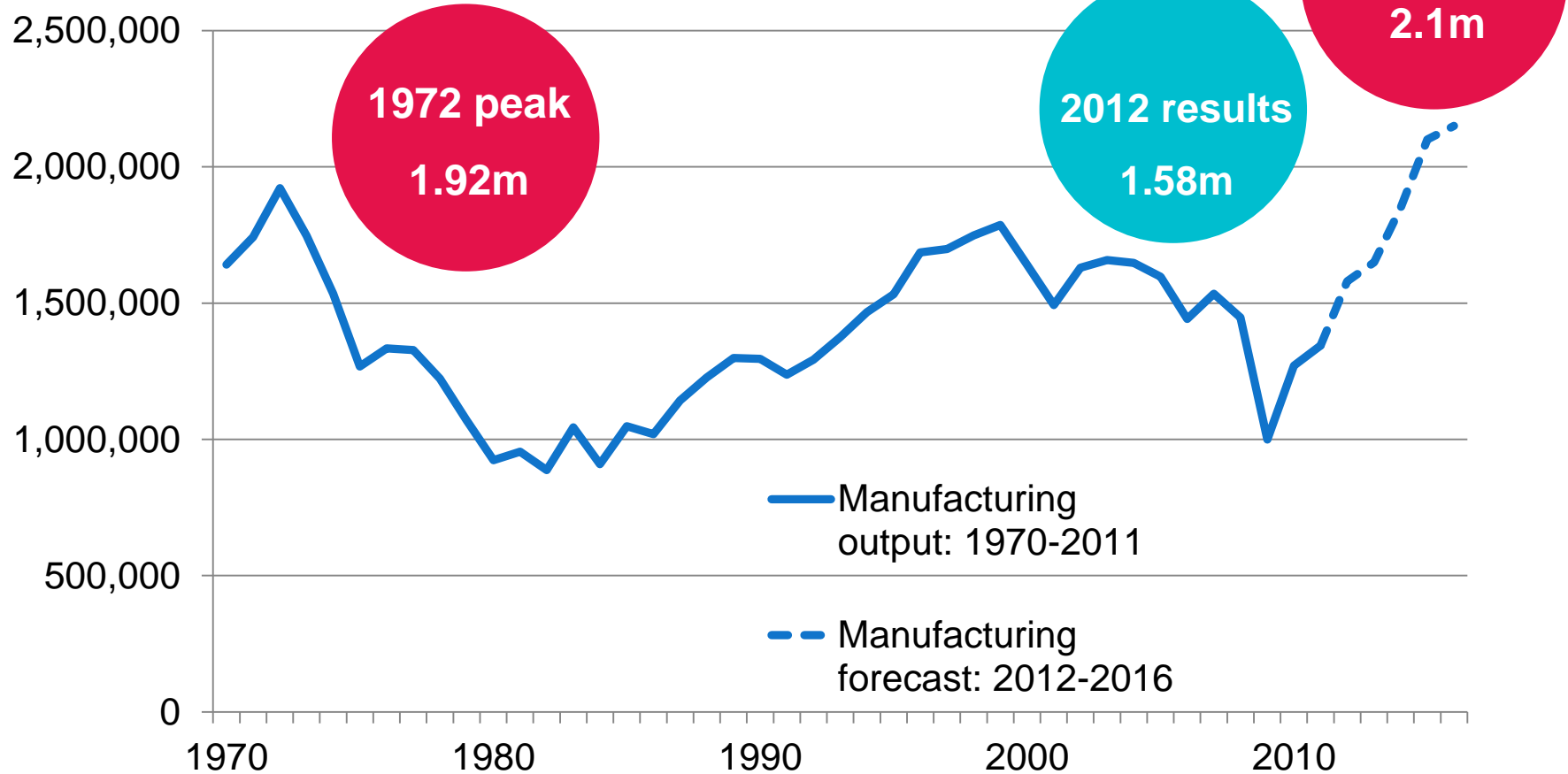
Current state of the market

UK new car registrations



Current state of the market

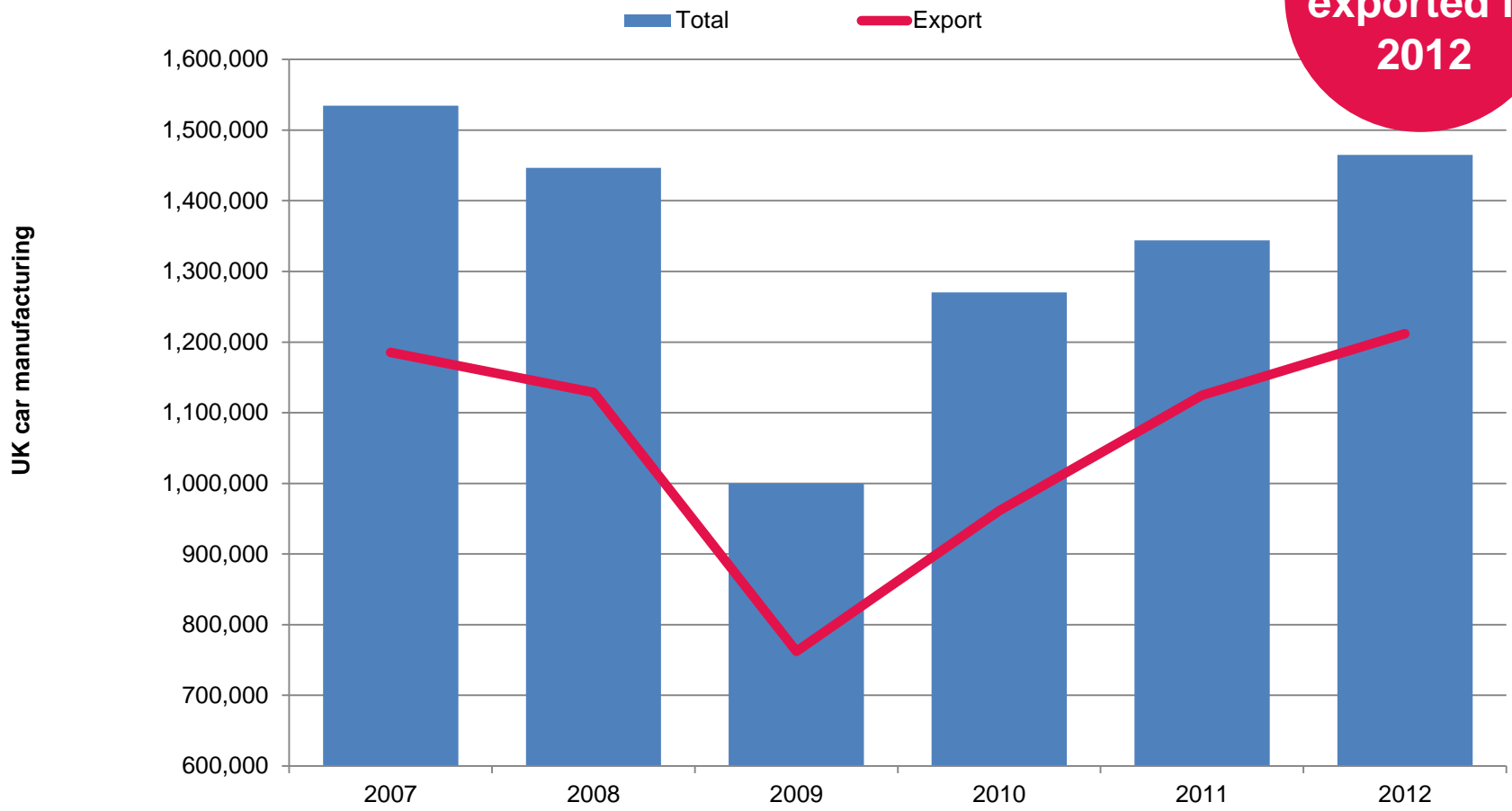
UK automotive manufacturing



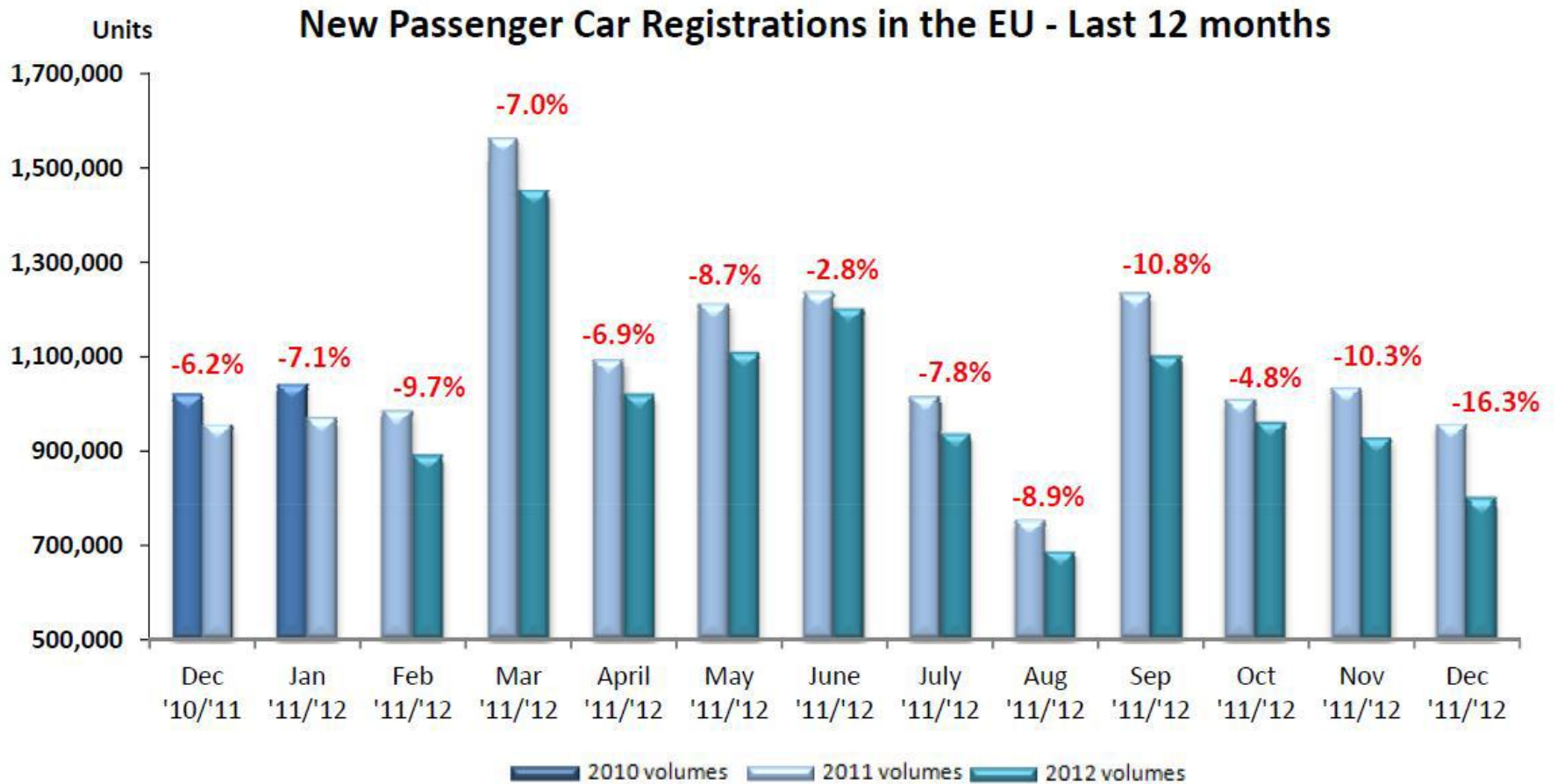
Current state of the market

UK exports at all time high!

> 1.2m
exported in
2012



EU Car Registrations



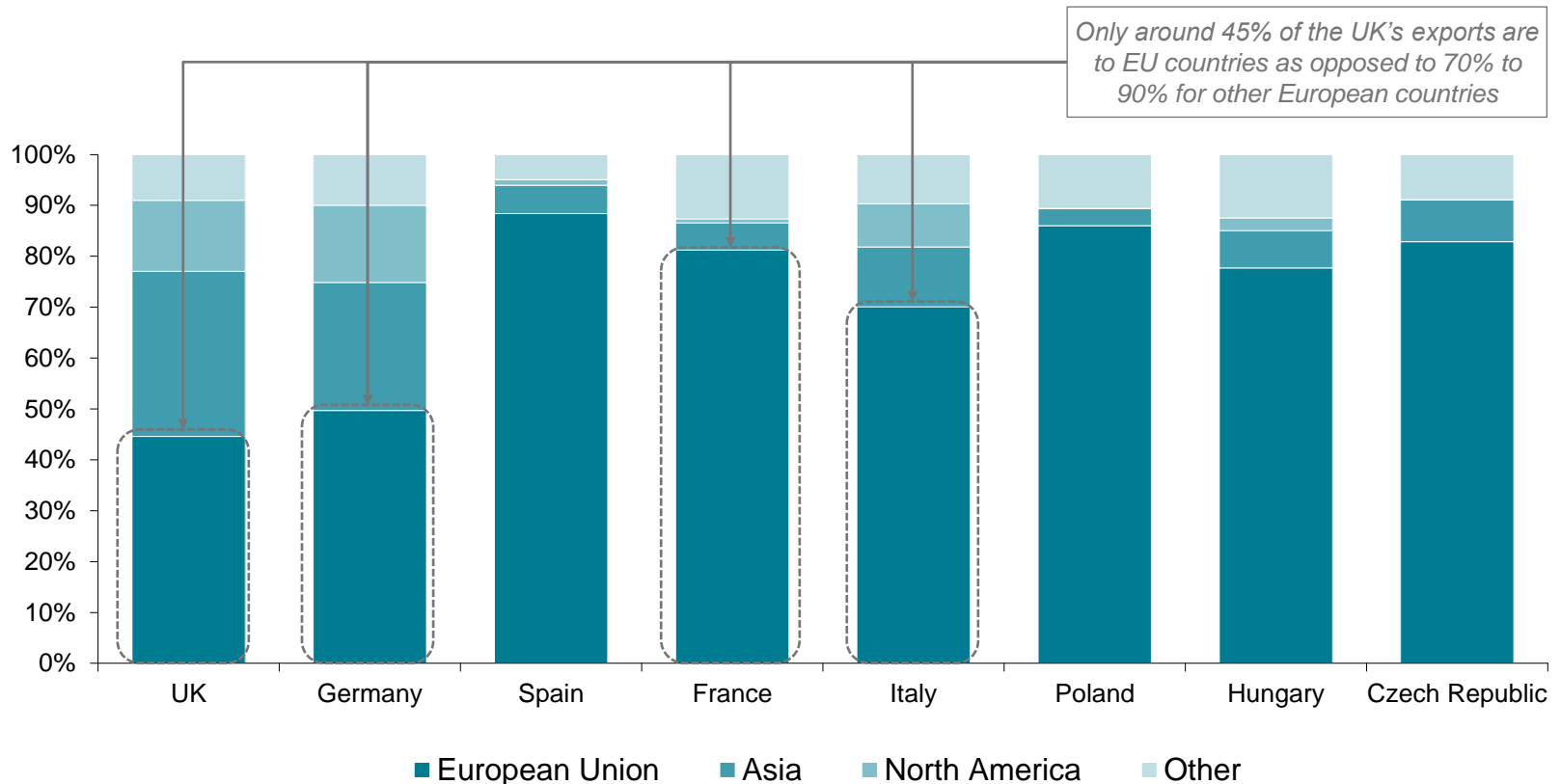
Overall 8.2% contraction in EU markets during 2012

Source ACEA

The economic vulnerability of key export markets is limited when compared with other EU countries

Final destination of exports, by value (Euros), 2011

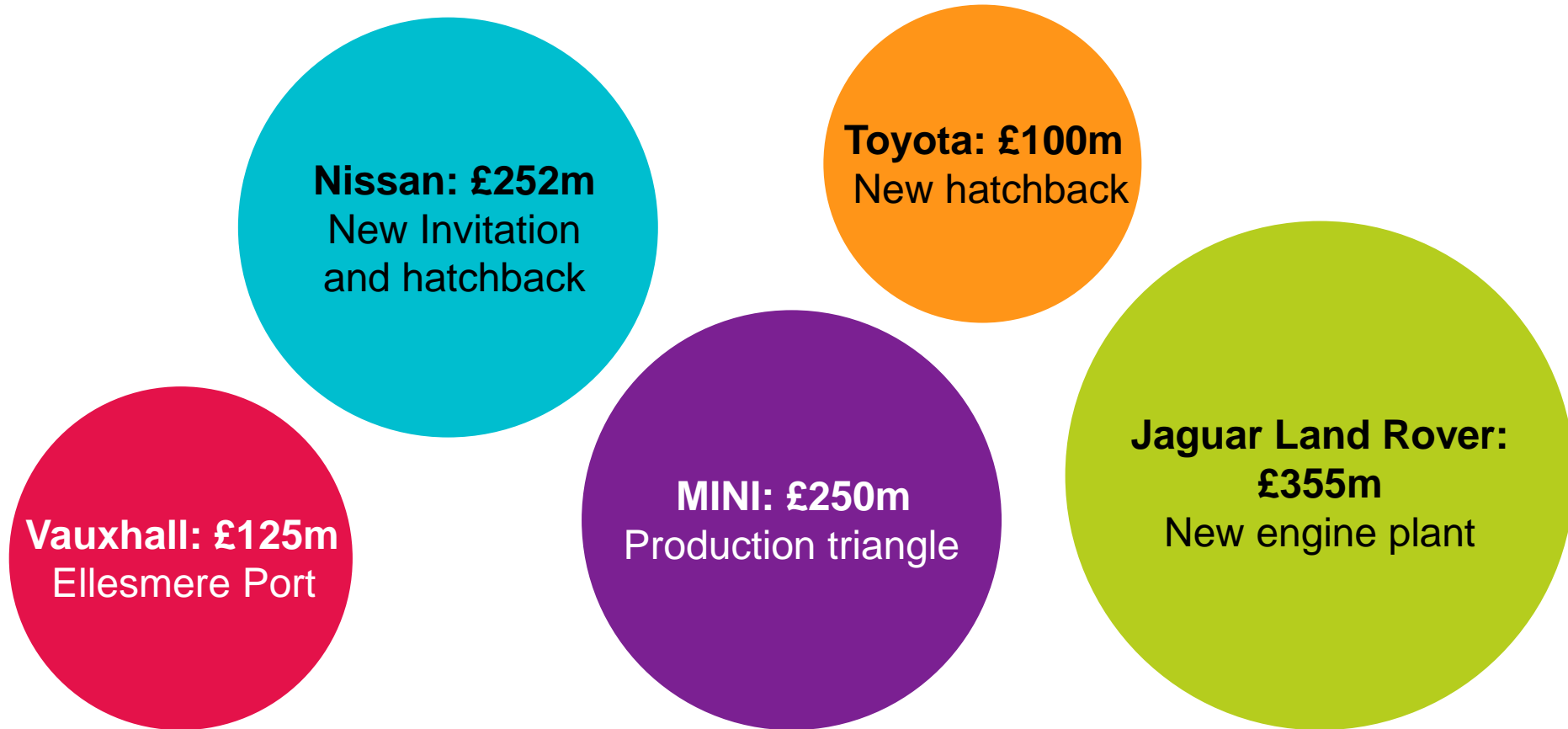
Only around 45% of the UK's exports are to EU countries as opposed to 70% to 90% for other European countries



Source: UN Comtrade data, KPMG analysis

Current state of the market

£6bn investment



- 14,000 direct new jobs; thousands more in supply chain

Current state of the market

Supply Chain UK investment

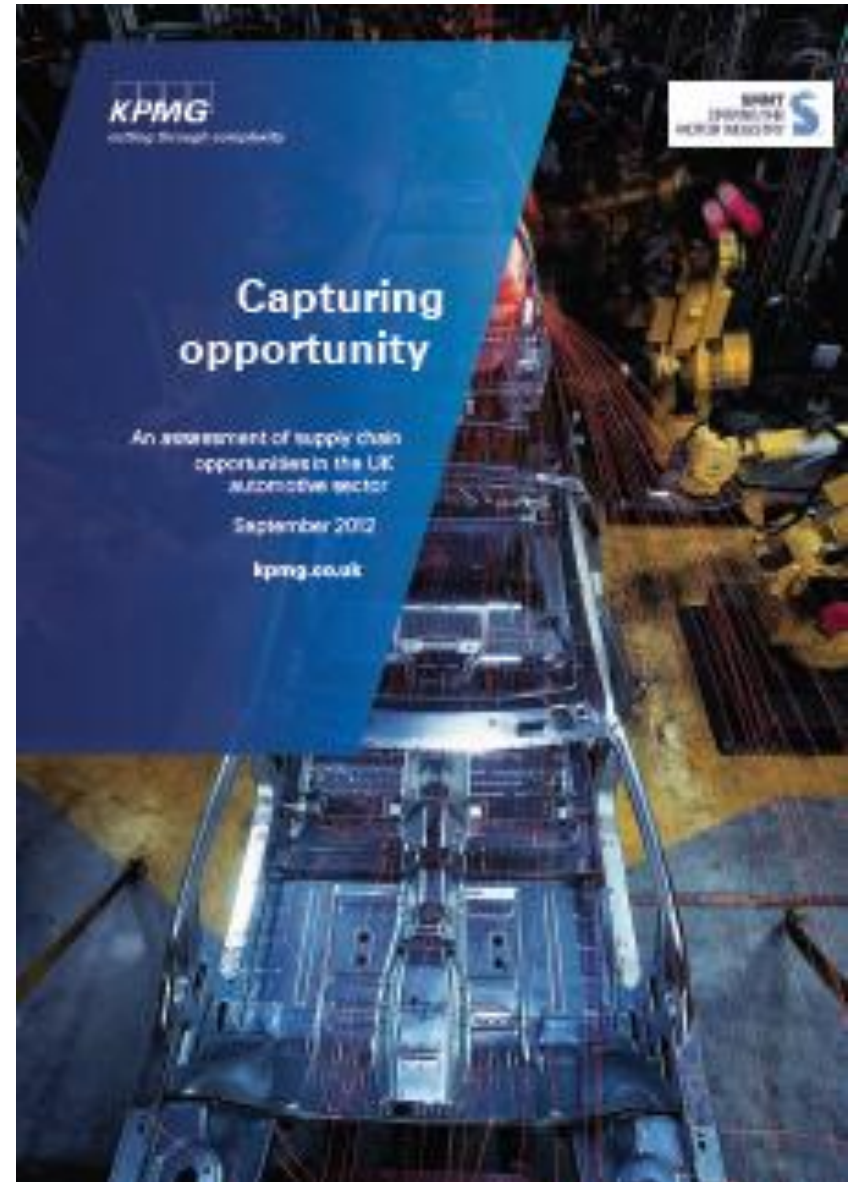
- TRW investment of **£15m** at facility in Sunderland
- Nifco plan to move to larger facility creating **170 new jobs**
- GKN **£12m** to increase capacity at Birmingham and Telford
- IAC **£3.5m** investment at Solihull and Scunthorpe
- Brose **£7m** expansion of manufacturing site
- Futaba Industrial UK, upto **100 new jobs** in Derbyshire
- Calsonic Kansei **£15.3m** investment in manufacturing facility
- Unipress **350 new jobs** at Wearside plant

Investment in UK

KPMG Report – Sept 2012

Highlights

- Massive investment by OEMs (£6bn)
- Production forecast to increase significantly >2m by 2016
- Major Opportunities for UK suppliers (£3bn)
- Strong product mix with high % exports going outside EU
- FX, labour cost, corporation tax & govt support all supportive of UK



Supply Chain Activities

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A detailed wireframe illustration of a car, showing the internal structure, engine, transmission, and chassis. The car is shown from a three-quarter front view, with the driver's side door open.

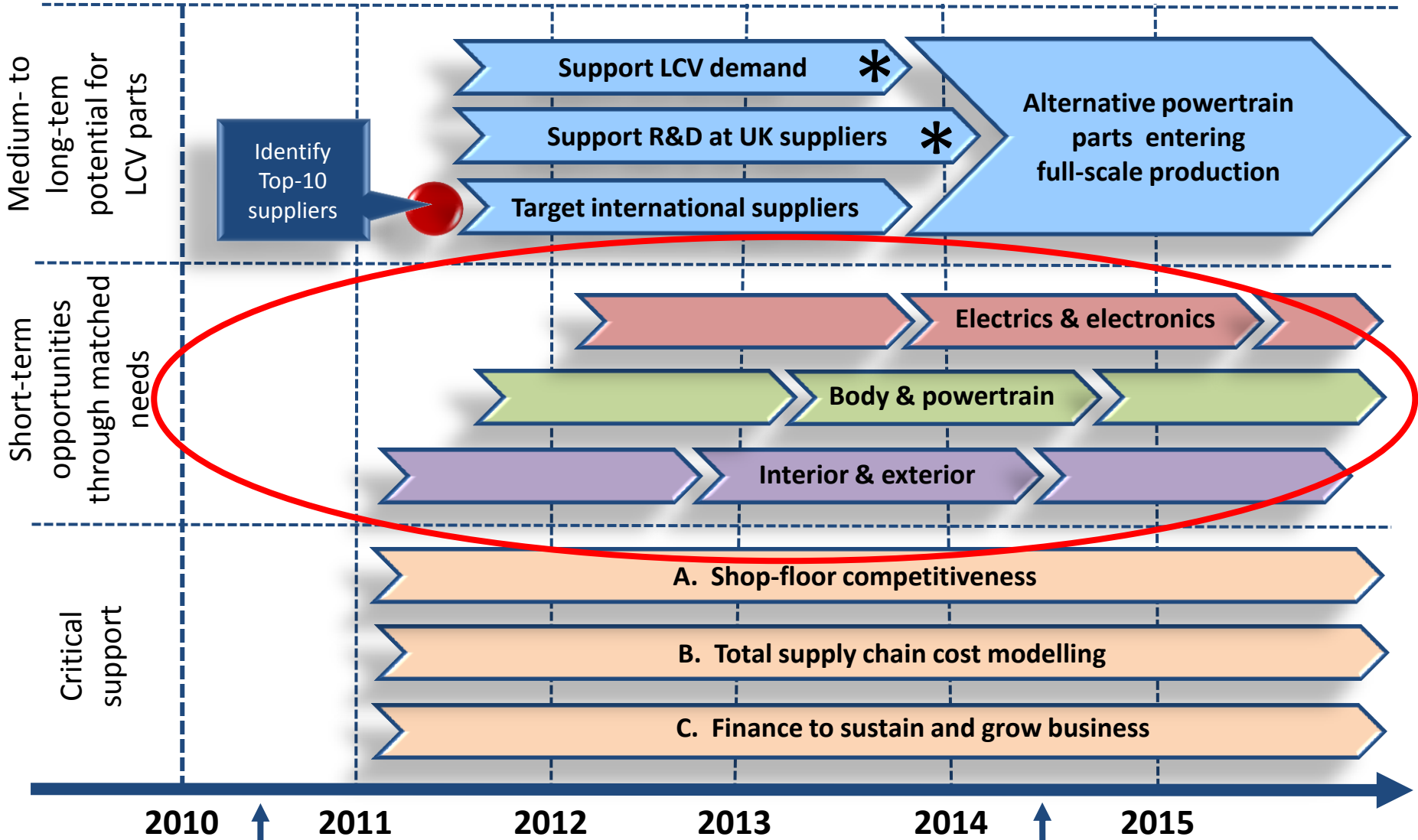
THE UK SOURCING ROADMAP

**CREATING AND SUSTAINING SUPPLY CHAIN
CAPABILITIES IN THE UK AUTOMOTIVE INDUSTRY**

Matthias Holweg
with
Yung Tran
Philip Davies
Stephan Schramm

UK Sourcing Roadmap

* Interface area with Technology Group



Survey point #1:
 A. OEMs' UK sourcing: £7.4bn
 B. GVA in UK supply chain: £4.8bn

Survey point #2:
 A. Increase in OEMs' UK sourcing?
 B. Increase in GVA in UK supply chain?

Supply Chain Report 2012



- The confidential survey was conducted by Cambridge University, with the results analysed by BIS
- The report was published in August 2012
- Identified £3bn opportunities

GROWING THE UK AUTOMOTIVE SUPPLY CHAIN

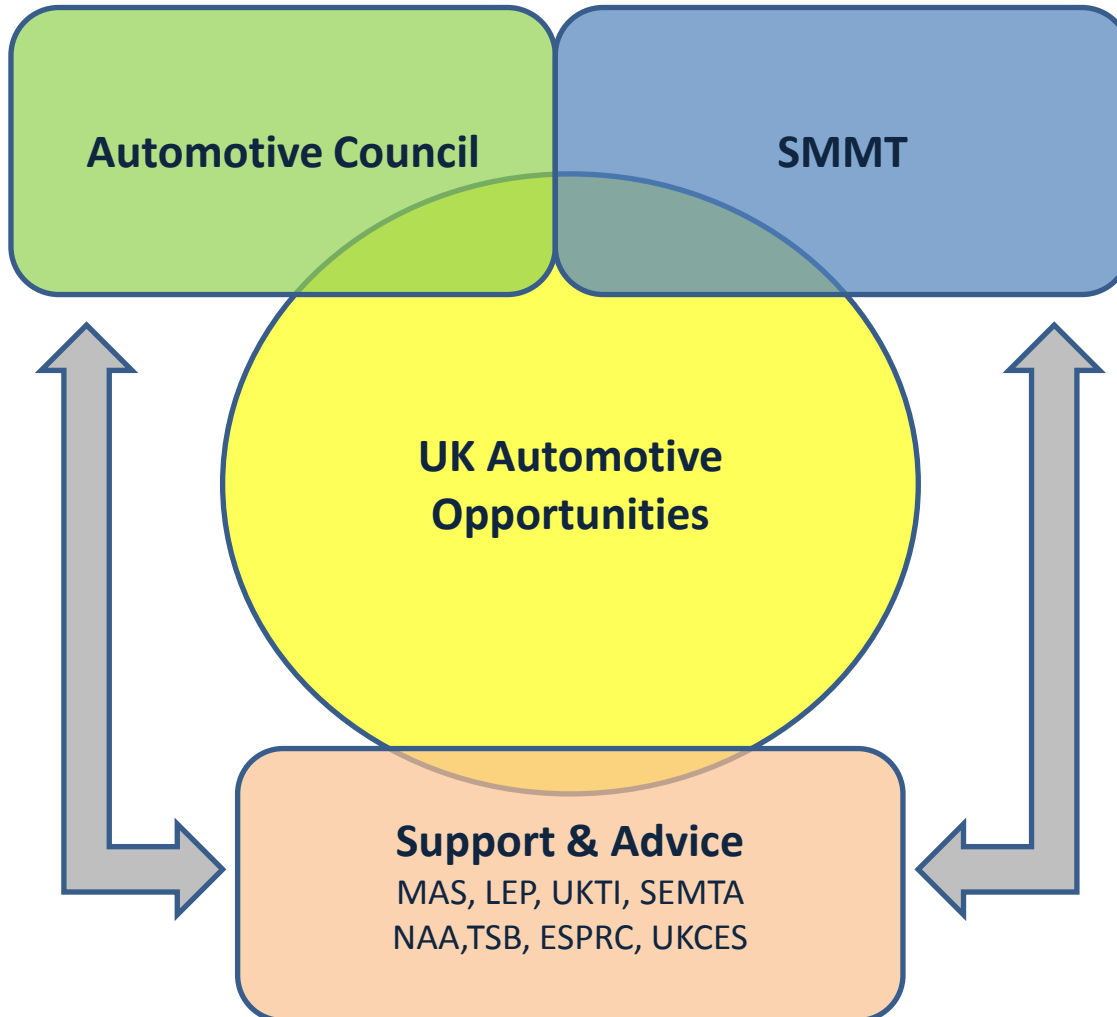
THE ROAD FORWARD – 2012 UPDATE

Compiled and produced by the
Department for Business, Innovation & Skills in collaboration with:
Stephan Schramm and Dr Matthias Holweg, University of Cambridge,
and the Industry Members of the Automotive Council

Industry Engagement and Support Organisations



Working together to maximise on the opportunities



SMMT 'Meet the Buyer' events



April 2011 event:

- 200 People participated
- 30 Buyers from 20 companies including Aston Martin, BMW, Ford, GM, Honda, JLR, Nissan
- Around 90 Suppliers
- Over 200 1-2-1 meetings
- 3 regional events
31 Oct Melton Mowbray
8 Nov Chester
15 Nov Bridgend

Meet the Buyer event

3rd July 2012, Cranmore Park, West Midlands

Buying Organisations:

- Aston Martin
- BMW
- Ford Europe
- General Motors
- Nissan
- Tata Motors
- Bentley
- JTEKT
- Kostal UK
- Mobis Parts
- Koito Europe
- NSK Europe
- Sanoh Manufacturing
- Scorpion Automotive
- Aisin Europe
- Bosch
- CAB Automotive
- Calsonic Kansei
- Faurecia
- Futaba Tenneco
- Futaba Tenneco
- Grupo Antolin
- IAC Group

Meet the Buyer event

3rd July 2012, Cranmore Park, West Midlands

Results:

- Over 200 people participated representing 140 organisations
- Around 330 1-2-1 meetings took place on the day.
- 230 Pre-scheduled 1-2-1 meetings
- 294 additional meeting requests made on the day
- 103 were successfully fulfilled
- Approx 67% positive meeting outcomes (of known)

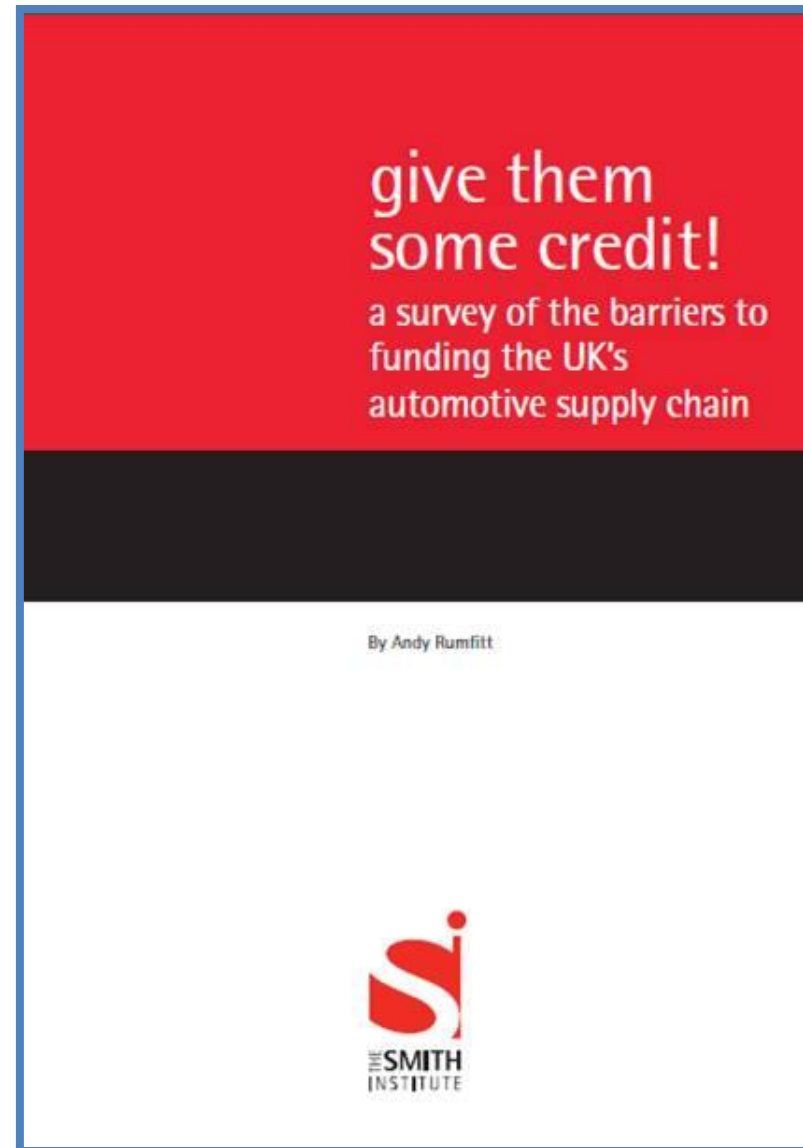
2013 Meet the Buyer Event confirmed for 23 May at Cranmore Park

Access To Finance

Report by Smith Institute

Published in June 2012, the report highlights :

- 5 main barriers and
- 5 corresponding recommendations:



Access To Finance

Report by Smith Institute

Barriers:

1. Relationship between banks and auto sector and lack of understanding.
2. Finance for Tooling is a particular problem for many.

Recommendations:

1. Step change in the engagement of UK finance sector with automotive sector is needed.
2. A combined finance and automotive 'Tooling for Growth' taskforce to identify innovative solutions.

Meet the Funder event

21 November 2012, Cranmore Park, West Midlands

Funding & Support Organisations:

- Santander
- Barclays
- RBS
- Lloyds
- HSBC
- Lombard
- NatWest
- Yorkshire Bank
- Clydesdale Bank
- Business Growth Fund
- TNUI Capital
- Pemberton Capital
- Panoramic Growth Equity
- FW Capital
- Blue Sky Corporate Finance
- MAS
- Derby City Council
- North West Auto Alliance
- Northamptonshire Enterprise Partnership
- Talent Retention Solution

Meet the Funder event

21 November 2012 July, Cranmore Park, West Midlands

Results:

- Around 150 people participated representing 90 organisations
- Over 100 1-2-1 meetings on the day
- Presentations from KPMG, JLR and BBA during the morning
- Overall the results were very positive

- **RBS** – ‘Overall I think the SMMT are doing a very good job of this...useful dialogue with both members of supply chain and OEMs’
- **CMA Metal Forming** – The presentations were well pitched with good positive messages’
- **Formula Plastics** – the opportunity to have meaningful discussions with 5 different funding providers’
- **Productiv** – ‘very good day, it exceeded my expectations’
- **NSK** – ‘No improvement necessary. This was a well organised event which proved informative and productive’.
- **Blue sky corporate finance** – the people I met had a clear view of what they needed and why...indicates that the pre event marketing was very good – well done’
- **Ludgate finance** – ‘...the chance to meet very good quality potential clients’

SMMT Open Forum

Date: 21 March 2013

Venue: Heart of England Conference Centre, West Midlands

Time: 9.30am

Agenda:

- Automotive Council Technology Group Update
- Automotive Council Supply Chain Group Update
- Industry presentations from General Motors, Nissan and Caparo

See www.smmt.co.uk for more details

SMMT International Events 2013

Export Opportunities for UK suppliers

- Mexico: New Business Opportunities Seminar
13 Feb, SMMT London
- Automechanika Istanbul, 11-14 Apr 2013
- Autopromotec, Bologna, 22 – 26 May 2013
- Global Automotive Component Supplier Engine Expo 4 – 6 Jun 2013
- MIMS (Moscow International Motor Show 28 – 31 Aug 2013
- EVS27, Barcelona 17 – 20 Nov 2013

Thank You

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www.smmt.co.uk