

Overview of UK Automotive Industry

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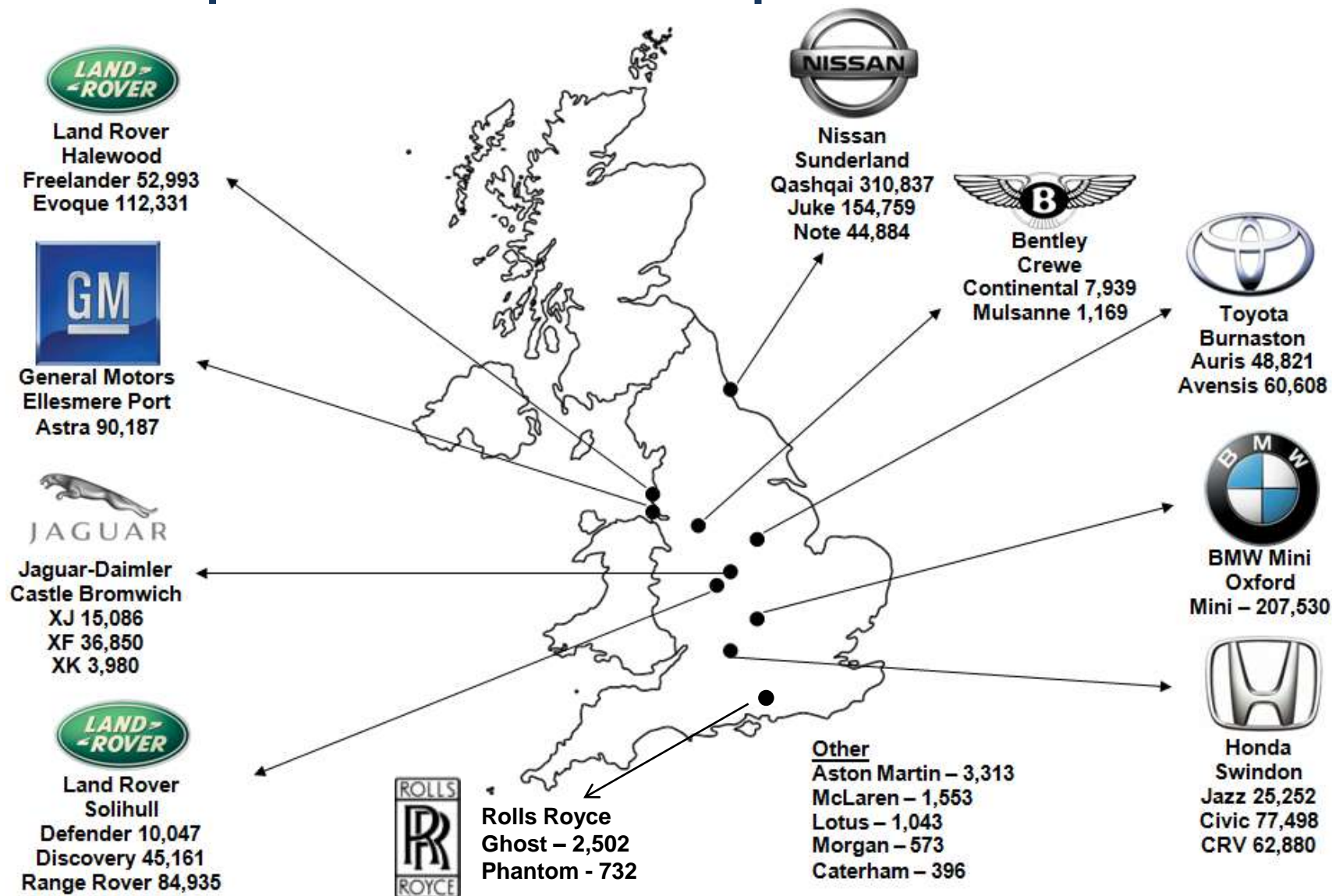
Supply Chain Development Manager

THE UK AUTOMOTIVE SECTOR

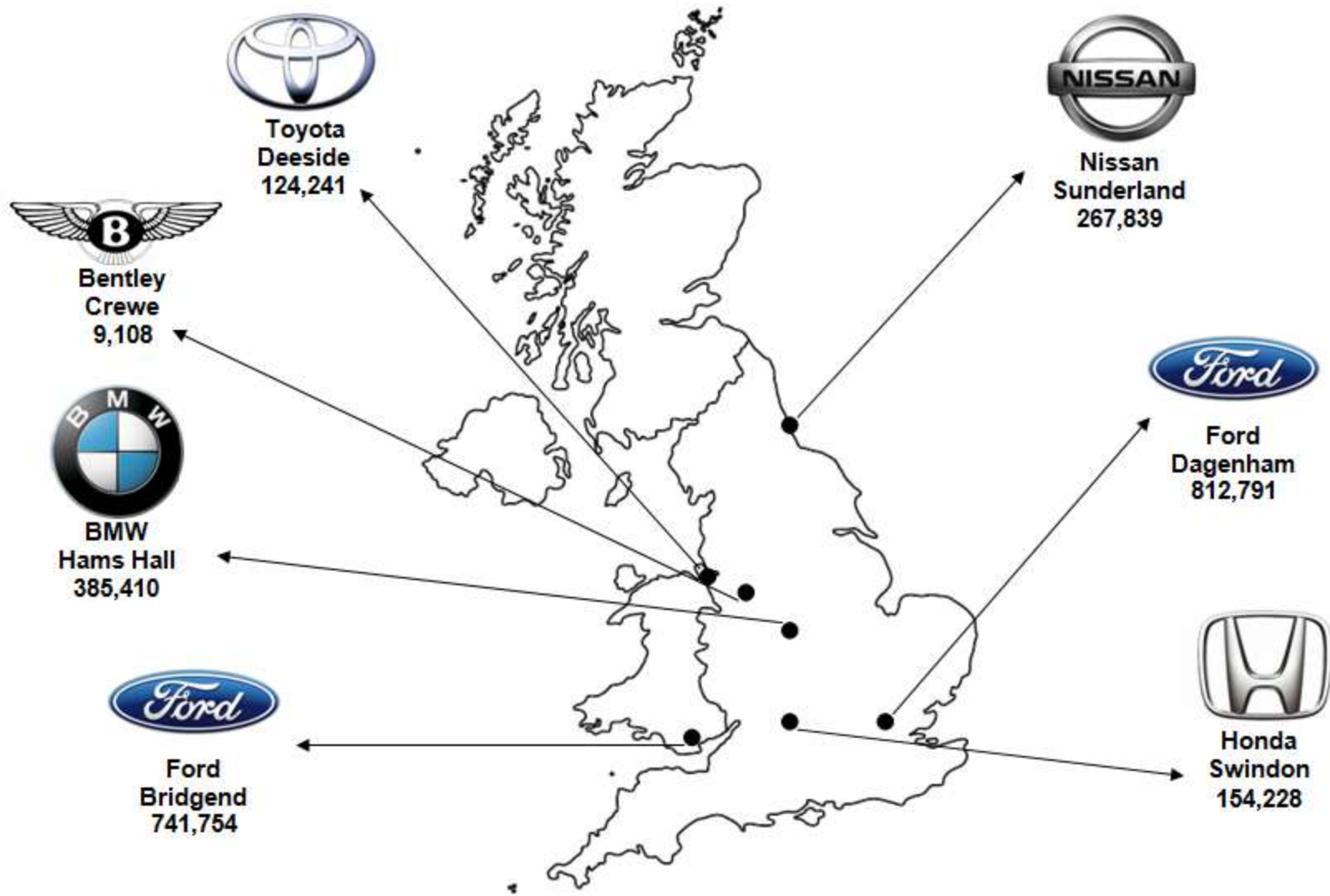
- **UK automotive sector makes 1.6 million cars and commercial vehicles and over 2.5 million engines annually**
- **Automotive is vital to the UK economy**
 - Around £59 billion turnover
 - £12 billion value added
 - Over 730,000 jobs dependent on automotive
 - More than 11% of total UK exports
 - Invests £1.7 billion each year R&D
- **UK is home to 7 volume car manufacturers, 8 premium & specialise vehicle manufacturers, 8 commercial vehicle, 10 bus & coach, over 100 niche vehicle manufacturers and around 2350 component manufacturers**



Vehicle plant locations and output 2012

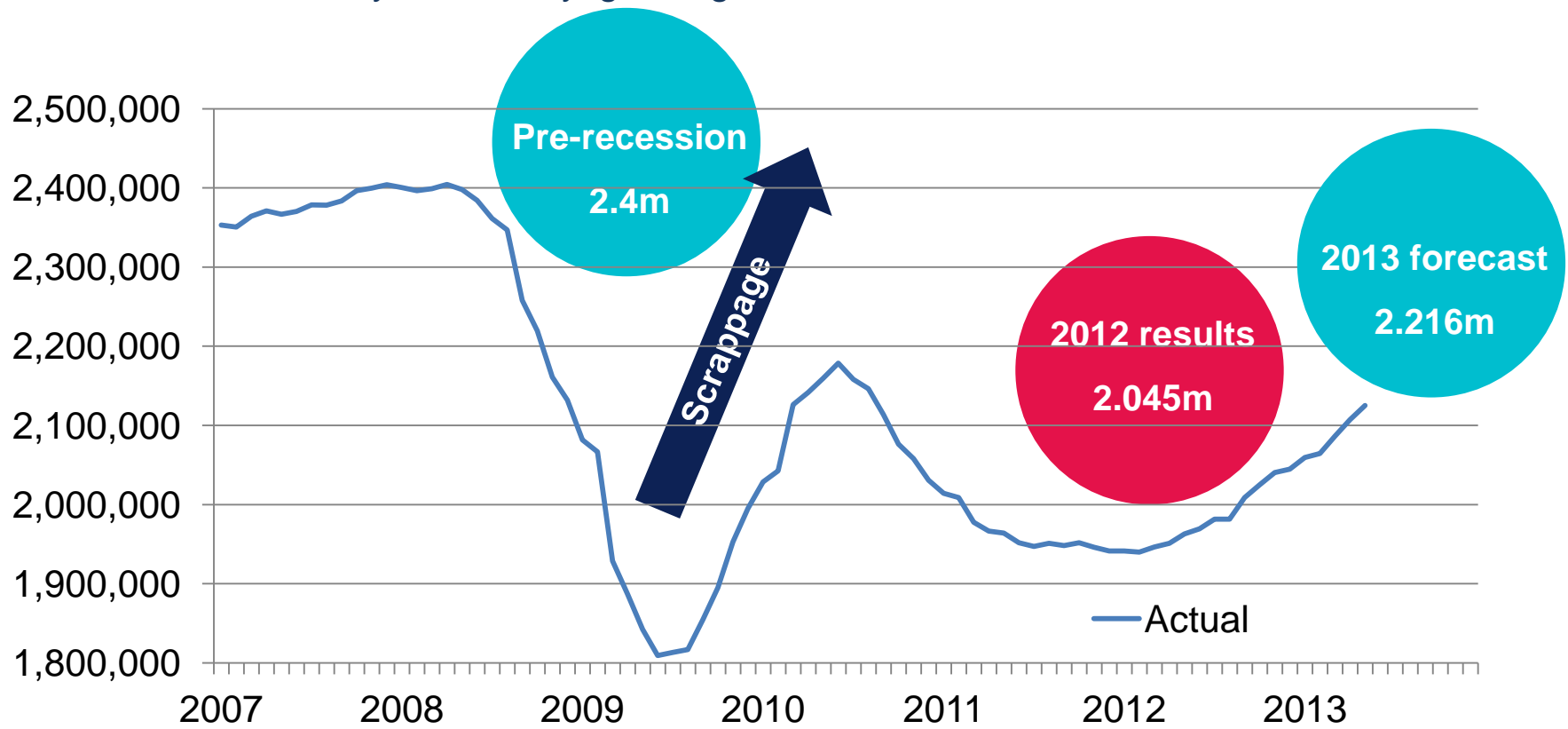


Engine plant locations and output 2012



UK new car registrations

- SMMT has significantly raised its forecast for 2013 new car registrations, predicting sales will reach 2.216 million units, 8.4% ahead of 2012.
- Strong performance across the private, fleet and business market sectors saw the 17th successive monthly rise in July, growing 12.7% to 162,228 units.



UK production figures (Cars, CVs and Engines)

At the seven months to July 2013 the key trends in UK car industry were as follows:

- Car output volume, year-to-date, grew by 1.9% to 893,263 units.
- CV output volume, year-to-date, fell by 13.3% to 56,459 unit.
- Engine output, year-to-date, grew by 2.1% to 1,552,543 units.

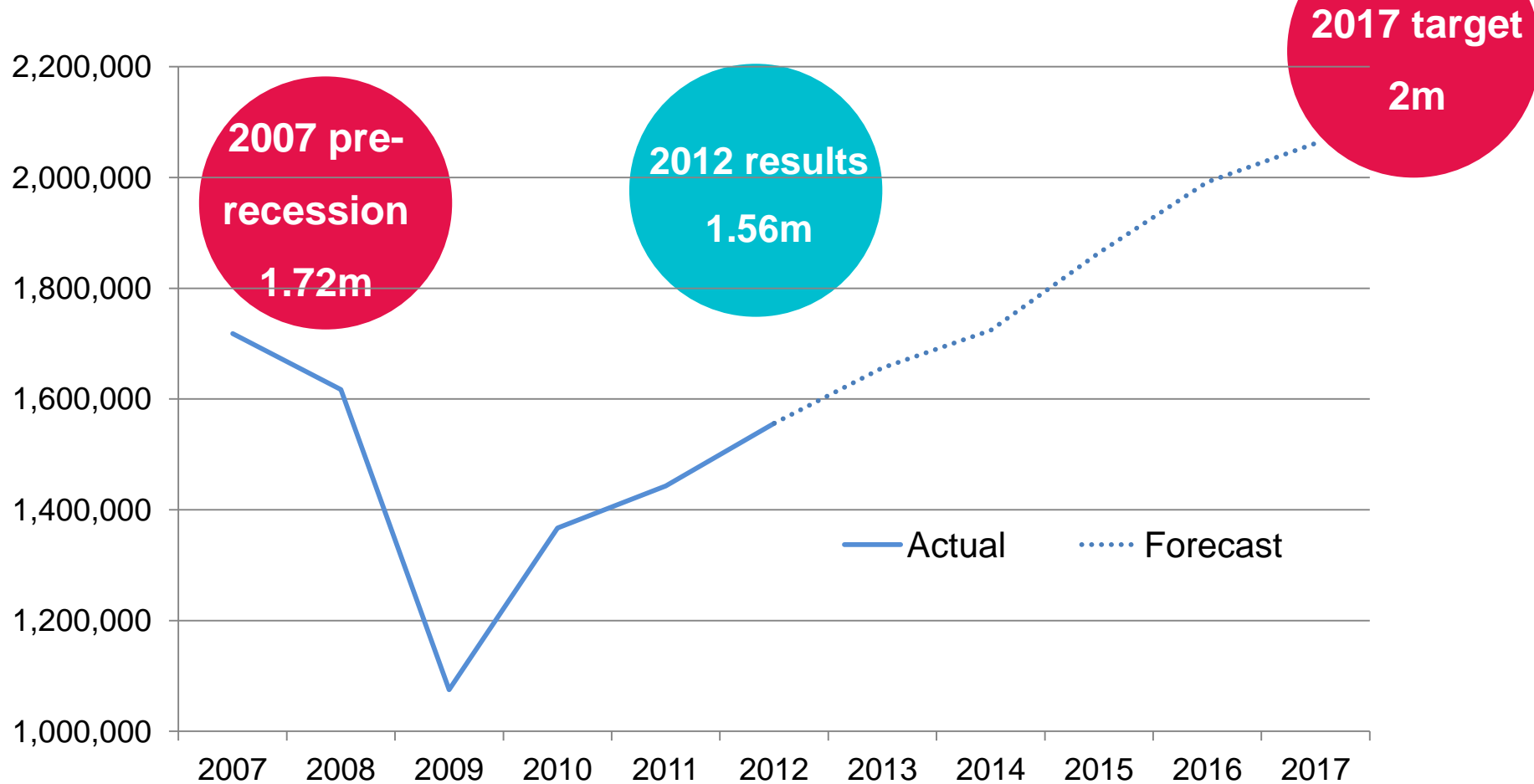
Car manufacturing	Jul-12	Jul-13	% Change	YTD-12	YTD-13	% Change
Total	120,391	128,873	7.0%	876,507	893,263	1.9%
Home	21,017	28,895	37.5%	151,819	191,649	26.2%
Export	99,374	99,978	0.6%	724,688	701,614	-3.2%
% export	82.5%	77.6%		82.7%	78.5%	

CV manufacturing	Jul-12	Jul-13	% Change	YTD-12	YTD-13	% Change
Total	9,004	7,942	-11.8%	65,100	56,459	-13.3%
Home	4,362	2,358	-45.9%	26,270	26,232	-0.1%
Export	4,642	5,584	20.3%	38,830	30,227	-22.2%
% export	51.6%	70.3%		59.6%	53.5%	

Engine manufacturing	Jul-12	Jul-13	% Change	YTD-12	YTD-13	% Change
Total	183,948	232,545	26.4%	1,520,227	1,552,543	2.1%
Home	70,267	94,061	33.9%	554,544	618,741	11.6%
Export	113,681	138,484	21.8%	965,683	933,802	-3.3%
% export	61.8%	59.6%		63.5%	60.1%	

UK car and light vehicle output

Production expected to rise on strong investment intentions



Source: AutoAnalysis @May 2013

Car production, export focus

Volumes improved on rising exports to 2012



Driving success – a strategy for growth and sustainability in the UK automotive sector

- Government launched the Automotive Sector Strategy on 12th July
- Collaboration government and industry (Automotive Council) with a 10 year plan
- Sets out challenges and opportunities
- Focus: 1) Innovation, 2) Supply-chain, 3) Skills, and 4) Business Environment

Sector strategy - innovation

- Development & commercialisation of new automotive technologies in the UK is critical to the medium to long-term future of the sector.

Action required to secure future development and production in the UK

- **Investing in a new Advanced Propulsion Centre (APC):** Government & industry will invest around £1 billion over 10 years in a new centre to develop, commercialise and manufacture advanced propulsion technologies; Investment expected to secure at least 30,000 jobs currently linked to producing engines and could create additional jobs in new supply chains
- **Improving academic co-ordination and collaboration:** Automotive Council and EPSRC will set up advisory group to align research funding with industry challenges
- In addition, the industry will: set out its view of the key technologies for the UK; how it can access more EU R&D; look at identifying future technologies such as intelligent networking of cars

Sector strategy - supply-chain

- Need to understand barriers to growth for home grown firms and further investment in the UK and have an action plan to tackle these.

Supporting inward investment

- Government has set up a new **Automotive Investment Organisation (AIO) in UKTI**, led by Joe Greenwell, the former Chairman of Ford of Britain, aim is to improve the image of the UK as a place for automotive suppliers to invest and provide first contact to key potential investors
- **Improving access to finance** - access to finance is vital to help the supply chain grow, tooling finance is a key issue. Automotive industry and the banks have developed high-level framework setting out principles for how they will work together to provide supply chain finance
- In addition, industry is prioritising action, including a development programme, to enhance supplier capacity and capability

Sector strategy - skills

- **Industry has agreed a collective skills road map** setting out a common view of what skills and training are needed to address the skills gaps. This will underpin how the industry and government work together to address the skills shortage.
- **Apprentices and graduates:** working together to improve quality & quantity of apprentices, graduates & postgraduates in the automotive industry. Industry members of the Automotive Council expect to take on more than 7,600 apprentices and 1,700 graduates over the next five years
- **Young people:** Attracting more young people, especially women, into automotive careers by initiatives such as - lending Automotive Council endorsement to several high-quality and effective school, graduate and post-graduate schemes and the Automotive Council developing scholarship scheme for promising university students who are sponsored through their degrees by individual companies.

Sector strategy – business environment

- Supportive business environment is critical to sustaining the competitiveness of the sector.
- **Flexible labour market:** Maintaining and enhancing the UK's flexible labour market as a key competitive advantage
- **Local engagement:** Regular and strategic engagement between the Automotive Council, LEPs, devolved partners and other local decision makers in areas with a strong automotive link
- **European engagement:** Maintaining proactive engagement with the European Union (EU) so the UK has continued access to the Single Market and an influential voice in the development of regulations
- **Free trade:** Supporting key free trade agreements to boost exports through reciprocal access to markets
- **Support ultra-low emission vehicles:** Continuing to support early market for ultra-low emission vehicles. This has encouraged investment in the manufacture of ultra-low emission vehicles in the UK. Government will publish detailed strategy on ultra-low emission vehicles later this year

Thank You

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