

Unipart Group Announces 2017 Results

- Sales (excluding joint ventures) up by 1.3% from £747.7m in 2016 to **£757.6m**
- Total revenue including joint ventures grew from £869.2m to **£889.6m**
- Total Group profit before interest and tax up by 13% from £23.8m to **£26.9m**
- **New contracts** in the automotive, rail and telecoms sectors
- **New distribution centres** in the U.S. and Asia Pacific
- **92% recycling of waste** achieved across the Group

Unipart Group, one of Europe’s leading manufacturing, logistics and consulting businesses, has announced its financial results for the year ending 31st December 2017.

The total Group sales (excluding joint ventures) were £757.6m, showing growth on 2016 (£747.7m). Total revenue including joint ventures also grew to £889.6m from £869.2m in 2016. Group profit before interest and tax also increased from £23.8m in 2016 to £26.9m in 2017.

Commenting on the results, Chairman and Group Chief Executive John Neill said that the Group has continued its investment in digital technologies and in developing the skills to deploy those technologies most effectively.

“We continue to invest heavily in digital technology to provide high quality innovative services to our clients. Our commitment to The Unipart Way, our proprietary system for continuous productivity improvement, has enabled us to deliver sustainable productivity improvements for customers both in the UK and internationally,” he said.

“However, uncertainty about Brexit is a serious concern affecting our investment decisions. In the automotive sector for example, frictionless trade is fundamental to on-going competitiveness and the viability of the volume manufacturers. We need the conflicting messages from government to be replaced by a coherent, consistent and unambiguous commitment to frictionless trade which mirrors existing customs union conditions for the long term and not just for a transitional period.

“There have been a number of high profile examples in the media of contracts which have been awarded based solely on price. These provide insightful lessons for many industry sectors and reinforce our commitment to prioritise exceptional customer service by driving quality up and cost down through digital innovation and the application of The Unipart Way.”

New contracts

During the year, Unipart Logistics signed a new five-year contract with **Sky** and won new business with **Centrica** and **Liberty Global**.

Unipart Logistics also continues to extend its operations in China with additional agreements in place with two luxury automotive providers, including the provision of aftermarket supply chain services from a new 1.4 million square foot regional distribution hub. Unipart Dorman, part of Unipart Rail, has won new signalling business in Canada with Metrolinx, the regional transportation agency in the province of Ontario.

Unipart also opened two new U.S. distribution centres for a global automotive customer in Chicago, Illinois and Jacksonville, Florida. In addition, the company opened a new North American distribution hub, significantly strengthening our presence across the USA and Canada.

During the year, Unipart Expert Practices began projects with **Rosti Automotive** and **DS Smith**, the paper, packaging and recycling business. Through the use of The Unipart Way, coupled with Unipart's supply chain expertise, Unipart has demonstrably reduced their clients' processing costs, helped to improve product quality and service, and increased the resilience of their supply chains.

In the public sector, Unipart Expert Practices was chosen as a partner by **Student Loans Company** as part of its operational excellence programme. UEP also embarked on a significant project with one of the world's leading academic institutions.

Environmental Performance

Unipart Group made significant improvements in its environmental performance reducing carbon emissions and resource consumption.

Carbon emissions year on year were reduced by 14% in absolute terms. The installation of energy efficient LED lighting resulted in electricity consumption dropping by 15% while gas consumption decreased by 17% due to better heating management in the distribution centres.

For instance, at the company's headquarters in Oxford, electricity consumption has gone down by 43% year on year due to an LED lighting installation last year, and gas usage was reduced by 44% because of use of renewable energy from the biomass boiler.

The Group also recycled 92% of its waste and reduced waste overall by 5%.

Digital transformation

Last year, Unipart announced plans for digital transformation across the Group. For example, Unipart Rail's acquisition, **Instrumentel Ltd**, is now contributing to the digital modernisation of the railway network. Instrumentel creates sensors for extreme environments such as in Formula 1 cars capturing 20 million data points per second. This know-how is now being applied to railways to give insights into operational performance through 'real-time' remote condition monitoring and diagnostics, which previously was not possible.

Unipart has seen the benefit from its investment in an agile, innovative approach to digital product development. For example, Unipart successfully implemented an entire warehouse management system in under a week for a new client in the retail sector. The bespoke, full-scale **WMS system** can be adapted and tailored by in-house Unipart digital software engineers in a fraction of the time it would take to implement more traditional, established WMS solutions.

MetLase, a joint venture between Rolls-Royce and Unipart, has continued to innovate with its patented tooling techniques to create solutions to engineering problems. The company is working as a partner in the Integrated Manufacturing Group (IMG) at the AMRC's Factory 2050 facility. MetLase's skills and modular fixturing technology will help to develop "smart tooling".

Partnerships

Unipart has a growing number of partnerships with academic bodies. For instance, Unipart Rail was named as a key participant in the **UK Rail Research and Innovation Network (UKRRIN)**, a government-funded partnership between the rail supply industry and a consortium of eight Universities to make the UK a world-leading centre of railway excellence.

In the manufacturing sector, Unipart Manufacturing was part of a consortium in 2017 on a government funded research project for high performance **electric vehicle technology**. This project will open up new opportunities and fill gaps in the existing supply chain for battery electric vehicles.

Unipart also continued to expand its partnership with Coventry University following the success of the Institute for Advanced Manufacturing and Engineering (AME) established four years ago. The new partnership will see them open a ground-breaking **Advanced Supply Chain Institute**, based at Unipart's headquarters in Oxford which will be a dedicated centre of excellence to re-imagine the future of the global logistics and supply chain sector.

Awards

The Group won a wide range of awards during 2017. Unipart received a record 13 Swords of Honour and five Globes of Honour from the British Safety Council, recognising excellence in health, safety and environment management across a number of its operations.

Unipart was also granted an outstanding achievement award for safety at the International Safety Awards for being the only organisation in the world to have achieved the Sword and Globe of Honour awards for five consecutive years. Unipart Rail also won an award in the transportation, distribution and storage category.

Unipart Group won the award for 'Responsible Business in a Digital Age' at the Business in the Community Responsible Business Awards. In addition, Unipart Logistics received the Innovation in Supply Chain Award for the application of digital technology and innovative thinking to create a new reverse logistics solution for energy and services company, Centrica. Unipart Rail was also accredited with the prestigious Investors in People Award for the comprehensive way in which it attracts, develops and manages its people.