

## The State of UK manufacturing



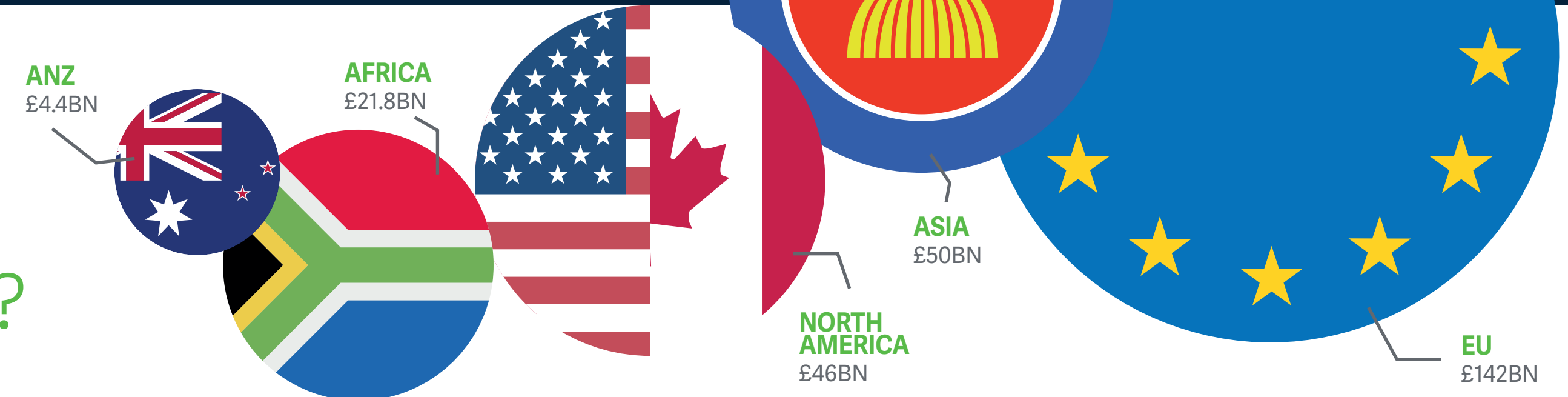
**£45BN**  
Manufacturing in the UK contributes around £45BN to our GDP every quarter.



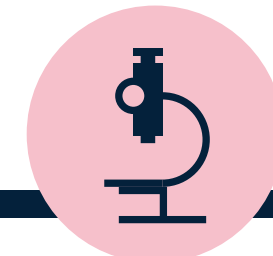
**44%**  
In 2017, 44% of the value of all UK exports were manufactured goods.

- **EEF:** Factory output is on course to increase by 2pc this year, outpacing the rest of the economy.
- **The Manufacturer:** On current growth trends, Britain could break into the world's top five industrial nations by 2021.

**Top 5**  
Who are we exporting to?  
Jan-Oct 2018



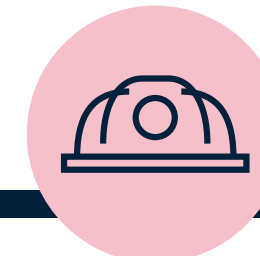
### Top 5 priorities for manufacturing growth



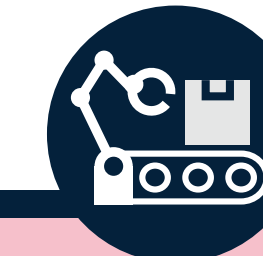
**R&D and innovation**  
"Great tax regime, take the long term view"



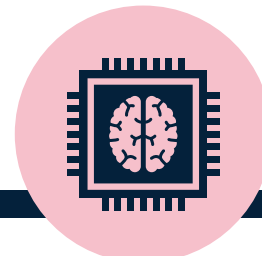
**Value of the Pound**  
"Hedge for volatility, make the most of global competitiveness"



**Skills**  
"Invest in education, source skills globally"



**Robotics**  
"Look for efficiency in re-tooling and repurposing"




**Automation**  
"Think AI, machine learning and process automation"

### Top R&D sectors by spend




**PHARMACEUTICALS**  
**£4.1BN**



**MOTOR**  
**£3.4BN**



**AEROSPACE**  
**£1.9BN**



**INFORMATION SERVICES**  
**£1.8BN**

### Investing in skills

**47%** of manufacturers are increasing training programmes for existing employees.

**37%** of manufacturers are increasing apprenticeship and/or graduate recruitment programmes.

**20%** of manufacturers are improving salaries and conditions to attract and retain the best staff.

### Lean and hungry!

In Q2 2018, manufacturing productivity was 13% higher than the UK average.

UK manufacturing ranks in the top third of 25 countries surveyed by the Economist Intelligence Unit for Automation Readiness.

### Leading the way: British manufacturing giants

#### BAE Systems

**BAE SYSTEMS**

- Largest defence contractor in Europe
- 34,000 UK jobs
- Over £2BN EBITDA
- Over £20BN orders in 2017

#### Unilever



- FMCG giant with 12 brands exceeding €1 billion per year
- 7,500 UK jobs
- €11BN EBITDA
- €53.7 billion turnover in 2017

#### GlaxoSmithKline



- Largest pharmaceutical company by value in the UK
- 17,000 UK jobs
- £7.7BN EBITDA
- Contributes c26% of the UK pharmaceutical sector's investment in UK R&D

### What the experts say

"Few other industries are doing as much to enhance the UK's global reputation. Everywhere we go, the British manufacturing stamp is a mark of quality, innovation and world-leading technological advances. All too often we encounter the lazy assertion that Britain doesn't make anything anymore. Today let's send out a loud and clear message that British manufacturing is not only alive and well, but capable, cutting edge and confident."

**Liam Fox**, Secretary of State for International Trade  
HM Government



"The UK still has one of the best designed R&D tax credit regimes in the world, one that is particularly beneficial to companies either conducting research before bringing a product to market or appreciably developing existing products and processes."

**Diarmuid MacDougall**, Global R&D Network Leader, PwC

"It's an exciting time to be a part of UK manufacturing. There may be a long journey ahead, but the opportunities for growth are there for those who embrace the new and grasp the benefits digital transformation will bring."

**Stephen Cooper**, Partner and Head of Industrial Manufacturing KPMG

