



January Perspectives

December 2017

Mark Belton, CEO of Trifast plc, parent company of TR Fastenings

The key word that sums up 2017 for us as a business is growth. We entered the year focused on expanding our operations, not only in terms of size and location, but also regarding the quality of service we offer. This growth has been achieved by consolidating our position as a full-service provider to our customers, delivering end to end support from design and engineering to manufacturing and distribution on a global basis.

Our long standing history (we are 45 in 2018!) means we are well qualified to work closely with our customers, advising and collaborating on how fastening solutions can help them streamline and improve their supply chain process and product delivery. As a global business operating in 28 locations worldwide with 8 manufacturing plants, we are not only on top of international trends and developments, but are also able to assist customers with their global supply requirements, providing a seamless service across multiple markets and locations.

Business performance in Asia and the UK in 2017 was strong, better in fact than we had forecast at the start of the year. Asian growth was largely led by expanding the geographical footprint with our global OEM multi-national customers, predominantly in the automotive and domestic appliance markets. In the UK, there was a general uplift across most sectors, particularly due to strong growth from our European distributors, underlined by our commitment to delivering high quality products and excellent customer service. European operations grew as expected in 2017, whilst US growth was slower, reflecting a reduction in sales to the electronics sector. This slowdown was largely because of the manufacturing issues some of our key customers experienced in the wake of Hurricane Harvey.

For the industry as a whole, if not the wider business community, 2017 has been a year of uncertainty, as Brexit negotiations continue to test the pound and put the performance and resilience of UK PLC under the spotlight. However, we approached the year with an open mind, as weaker sterling actually benefits global business, due to translation of overseas results.

Of course, import costs have risen due to Brexit, but our view is that the current challenges facing British industry are not the first and will certainly not be the last. Businesses which prioritise quality, their customers and their people will always find a way through any challenge, and often with a renewed sense of purpose and determination. The key is to be flexible, informed and prepared, and be led by the requirements of each customer, adapting our own skills and expertise to the challenges and opportunities that they lay before us.

In terms of market sectors, the growth of automotive has been phenomenal in 2017, much stronger than in recent years. There is of course a great deal of excitement around the future of automotive, with electric, hybrid and even autonomous vehicles dominating discussions both in boardrooms and in the media.

Details of government plans to ban new petrol and diesel vehicles by 2040 to reduce NOx levels was largely greeted with surprise and dismay in the national press when it was announced in Summer 2017. However, to an industry which is used to undergoing rapid change, this is yet another milestone in the UK's automotive journey and actually presents as many opportunities as it does challenges. The automotive supply chain has already started to prepare and implement the

technology needed for electric and hybrid vehicles, such as lightweight components. This is an exciting time for automotive businesses: the start of a new era calling for innovation, flexibility and vision as technology and consumer attitudes continue to progress.

Looking forward to 2018, it's clear that technology will continue to play a huge role in the progression of fasteners, engineering and global business as a whole. With advancements being made in 3D printing, prototyping and manufacturing processes, the speed of getting products to market is increasing. With this comes an enhanced need to prioritise quality, process management and adherence to regulations, as corporate governance plays a more central role than ever. As industry 4.0 continues to advance, with new methods emerging in manufacturing, reporting and digitalisation, it's more crucial than ever to comply to robust international standards in everything from sustainability to cybersecurity. In 2017 we have opted voluntarily to audit and invest in a number of certifications and quality standards, driven both by the requirements of our customers and our own dedication to delivering to an impeccably high standard.

2018 will be a year of investment for us, just as 2017 has been, with developments such as the set-up of our new site in Barcelona and our innovation centre in Gothenburg. We will continue to invest in our people through training, development and recruitment, as well as increasing spend in plant & machinery and digital technology to improve efficiency and expand capacity.

Future-proofing our business will be a major driver for next year, as we look to further our capabilities in technical engineering, product knowledge, sector expertise and fastener innovation. In a fragmented market, we know that consolidation will play a big role in our journey in 2018, and acquisition remains high up on our agenda for the New Year, as we look for more like-minded and ambitious companies to join the TR family.

As we look ahead to another year which is sure to be full of yet more challenges, opportunities and maybe even some surprises, we will continue to be positive, engaged and forward-looking. Above all, we always aim to stay one step ahead of what's coming, ready to play our part in the ever-changing story of our industry.