



UK Lift Market- The Brexit Effect?

Thoughts of a UK Lift industry survivor



Introduction – Why a Survivor?

- Started into the industry as Lift Apprentice in 1979
- 20 Years working in the field, installation, modernisation, repair, maintenance and technical call out, then operational and supervisory roles for MNC (Schindler/Thyssen) and UK independent Companies (H&C, Stannah)
- 1999 moved into the supplier/lift component manufacturer area with Pfeifer Drako then Wittur
- Last 3 Years as GM of Wittur UK before starting own business consultancy
- Seen Three major revision in the Lift standards
- The end of significant lift manufacturing in the UK
- Several large scale closures of established UK lift manufacturers, mergers and acquisitions, in one case the day before I joined one company!
- The reliance on European based manufacturers to provide lift components and lift packages into the UK

And Now

BREXIT

Lift Market – Pre Brexit Referendum

2015 -280,000 lifts in service in UK*

2015 – 6452 new and replacement units installed*

2015- 1771 units modernised*

Expected market growth in 2016 = 4%

June 2016 – One day before referendum 1 GBP to € trading at 1.32

1st July 2016 – 1 GBP Trading at 1.19

*Source ELA

Lift Market – Post Brexit Referendum

Lift market “pauses” for 3 Months due to economic uncertainty

Then resumes and appears to accelerate volumes to catch up

Ends 2016 with growth on PY of 7.73% on new installs and replacements

2016 - 6452 new and replacement units installed*

2016- 1583 units modernised*

Modernisation showed reduction on PY of 1.35%*

Expected market growth in 2017 = 3.5%

*Source ELA

Impact on the Lift Market- Today's Picture

Lift Market
has grown in
period Oct 16
to Sept 17!

Importing of
the majority
of Lift
components
and systems
is pushing up
costs if not
market prices
due to FX
volatility.

Impact of
carbon steel
increases
having more
effect on
market prices
than Brexit at
present

Super High
Rise projects
especially for
some Multi-
National
Company's
has stalled

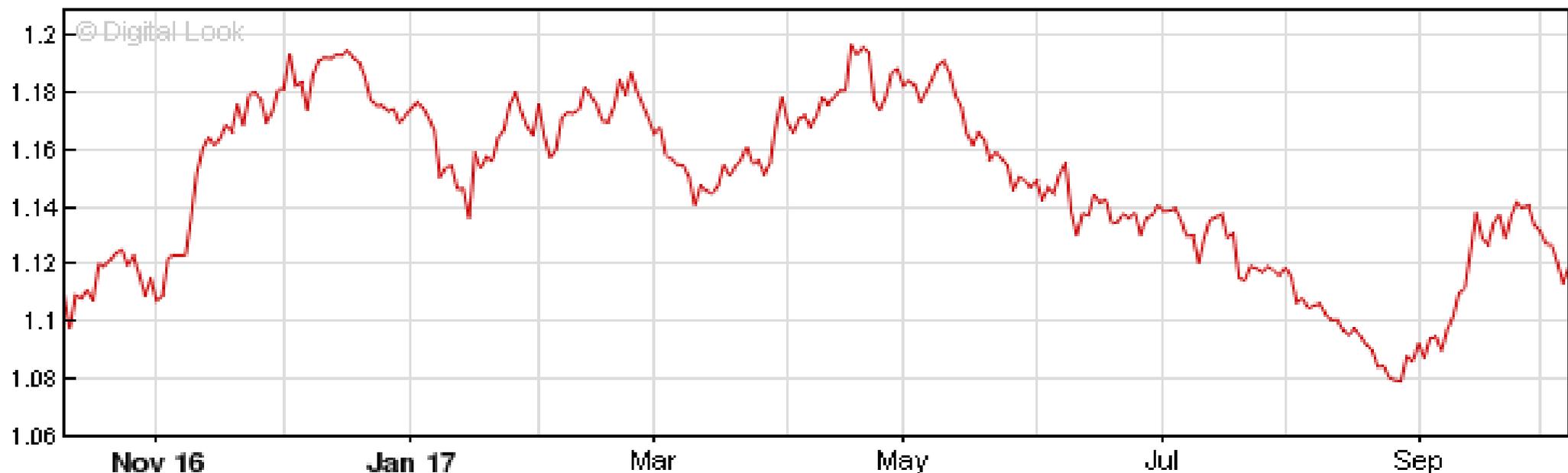
While other
International
groups have
pledged
support and
projects are
going ahead

Residential
Towers under
40 Floors and
other midrise
developments
continue to
be approved
and started.

So- What does the future hold?



Economic Volatility – Political Triggers



Run on GBP caused by Hard Brexit stance



Economy grows, fuelling confidence in UK



General Election called



Gamble back fires



EU negotiations stall



UK Relaxes proposals

Impact on UK research

Doubts over the UK's ability to win future project grants mean some EU partners are avoiding working with British researchers*

In one case, an EU project officer recommended that a lead investigator drop all UK partners from a consortium because Britain's share of funding could not be guaranteed. The note implied that if UK organisations remained on the project, which is due to start in January 2017, the contract signing would be delayed until Britain had agreed a fresh deal with Europe.*

The backlash against UK researchers began immediately after the June referendum when the failure to plan for a post-Brexit Britain cast serious doubts over the chances of British organisations winning future EU funding. British researchers receive about £1bn a year from EU funding programmes such as Horizon 2020, but access to the money must be completely renegotiated under Brexit.

*Source -The Guardian Newspaper

The resurgence of UK Lift Manufacturing?

- There is a strong possibility that this could occur amongst some medium and small independent companies – there has been some resurgence from small entrepreneurs looking to supply bespoke requirements not catered for in the “model” package sector.
- Partnerships with mainland European manufacturers to support UK companies assemble lift packages in the UK from their designs (franchising/under licence) with potential to Export?
- Realistically the majority of sourcing will continue to be with mainland Europe for the foreseeable future.

Reversion of EN Standards and EU Law?

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graph LR; A[Likely some impact with some employment laws-working time directive etc] --> B[There are harmonised standards are already in existence with BS adopting BS EN 81-20:50]; B --> C[With the more global acceptance and adoption of EN 81 -20:50 it would not be logical practically or commercially to apply a different local standard];
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Likely some impact with some employment laws-working time directive etc

There are harmonised standards are already in existence with BS adopting BS EN 81-20:50

With the more global acceptance and adoption of EN 81 -20:50 it would not be logical practically or commercially to apply a different local standard

In Summary – The Potential Future Landscape of Brexit?

- EU Law would still apply in most cases –Even if it was the main reason for the exit vote!
- EN81-20:50 would be retained as would other EN standards relating to lifts
- Manufacturing will still be Mainland Europe based and sourced and imported by UK companies
- There is a longer exit period than the current 2 years
- There is a status quo where UK is not in Europe by name but like Norway everything still complies to EU regulation

We are in the hands of our respective nations negotiators to arrive at a positive agreement on future trade and movement between UK and Mainland Europe.



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Thank you for your kind
attention