

2021 Message

Jim Casey, Managing Director

15 February 2021

I would like to start this message with a huge THANK YOU.

Thank you for your hard work and dedication throughout this difficult time.

This last year has been extraordinarily difficult affecting us all in ways we could never have anticipated at the start of 2020. Whilst we have all had our own challenges to deal with over the last year my thoughts in particular are with those of you or your family members who have suffered first hand with this dreadful virus.

I am very conscious that we have not been able to hold a site briefing and since the Nifco Group will be announcing mid-term planning by the end of March, I wanted to send out a short update with the intention of providing more details at the earliest possible time in Q2.

Business Performance - 2020

The impact of the virus and lockdowns obviously had a significant impact on the business in 2020.

Our final 2020 year sales were 30% down against what we budgeted at the beginning of the year.

There was a significant effect on sales turnover in Q2, specifically in April and May, we saw a slow recovery back to budgeted levels towards the end of Q3 and into Q4.

The use of the Government's job retention scheme along with a stringent focus on cost control allowed us to mitigate the short term effect on cash flow and we ended the year in as good a position as we could have hoped for in these circumstances.

The team should be especially proud of the way we rapidly activated special measures and installed our Covid-safe practices. These measures are some of the best I have seen across industry – I am certain that these measures have helped protect all of us through this crisis. Not only from the virus itself but by also allowing the business to operate as smoothly as it could possibly operate under such unprecedented conditions. Even the external auditor who did our Health and Safety audit in December commented that our processes were the best he had seen.

Forward - 2021

The eventual deal agreed by the EU and UK Government came as welcome relief, and news on the vaccine roll-out created an air of optimism towards the end of the 2020 that the worst was behind us and 2021 would see things getting back to normal.

Those are my thoughts albeit expectations may have shifted a little which has been the case for much of the last 12 months. We still have a number of challenging and unpredictable months ahead.

The effects of last year have put a significant strain on supply chains. In particular, there is a global constraint on semiconductors (used in a variety of automotive electronic applications) that has already negatively impacted a number of the major car manufacturers including our customers. Other commodities are in short supply as the global demand has gradually increased.

So, as we look forward we clearly have more challenges to face that we anticipate will take a few more months to settle down. Demand may be bumpy until the UK/Europe are able to relax Covid restrictions and global supply chains become freed-up and oiled. And until then we must remain alert and agile, ready to react.

But in all of this, I am very confident that Nifco UK will emerge in an even stronger position. I believe the Nifco UK team have dealt with this situation extremely well and will be stronger for it in the months ahead.

I will provide more details on performance and plans as soon as I can – I anticipate this will be early in Q2/April.

In the meantime, stay focused, think “excellence and value” – more on this later – please stay safe and I look forward to 2021 marking the start of even better things for Nifco UK.

Thank you once again.

Jim Casey

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Managing Director