



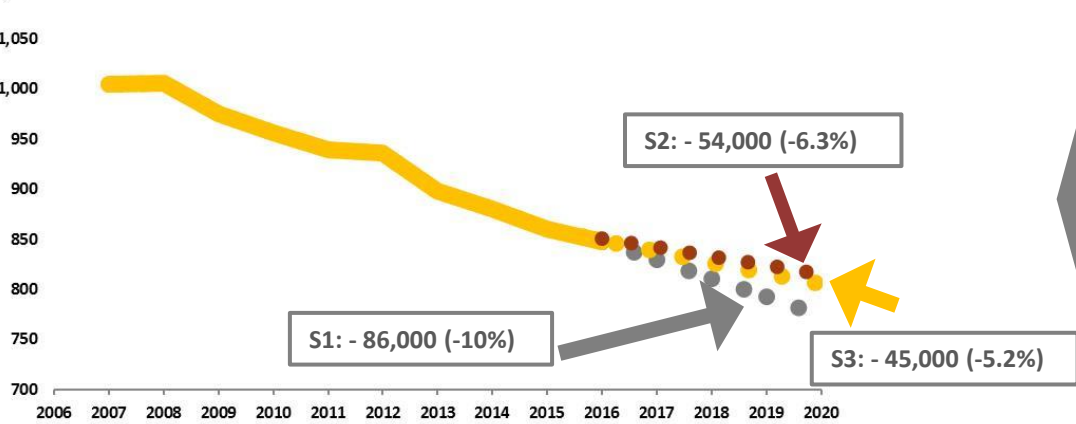
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Manufacturing Sector Overview & Road Map

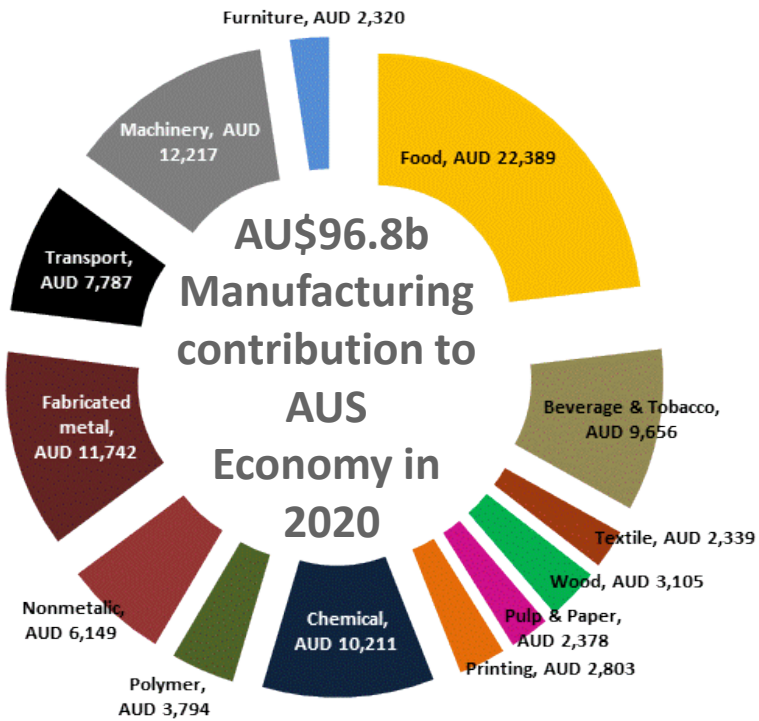


Source: Australian Bureau of Statistics, 2014, CorpStrategy Consulting Analysis, 2016

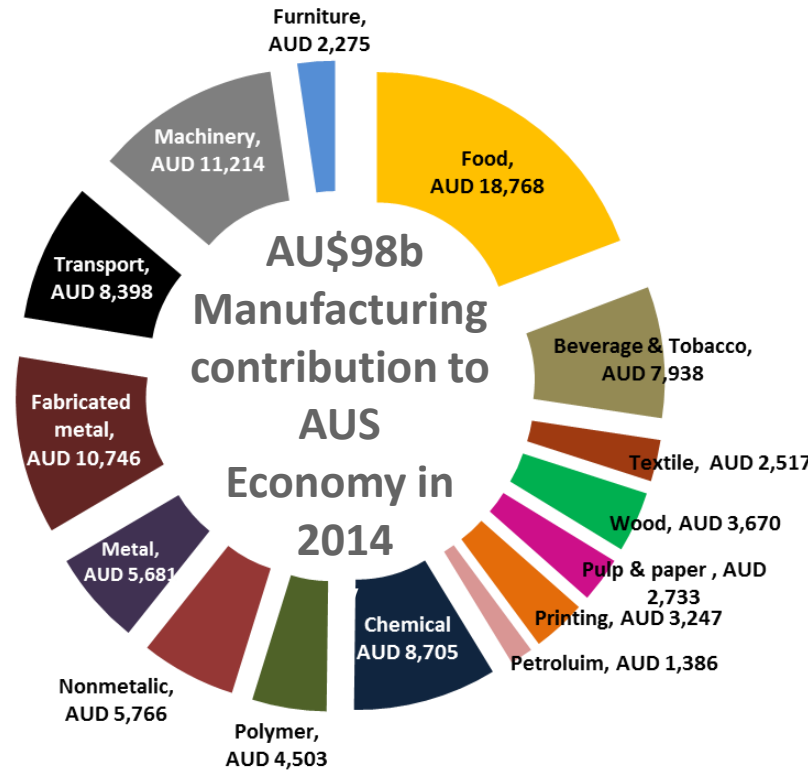
Number of Employees (000)



- Over the past nine years till the end of 2015, employment in the manufacturing sector decreased by approximately 139,000 or 14% job, which is considered the largest fall of employment in any economic sector.
- By 2015 the manufacturing sector was considered the sixth largest employing sector in Australia, employing around 7% of total Australian employment by 866,000 jobs.
- Three scenarios were projected that further jobs will be lost by the end of 2020, down by almost 86,000 job in Scenario 1 (S1), 54,000 job in scenario 2 (S2) and 45,000 job in scenario 3 (S3), although other manufacturing industries are expected to grow in the same projected period.



Between 2014 to 2020 it is expected that the total manufacturing contribution to the Australian economy will decrease by less than 1%. This slight reduction is due to the decrease production of certain industry sectors such as petroleum & coal product and metal product manufacturing, with an increase in food, beverage, chemical, machinery and fabricated metals production.



*Amounts in the above diagrams are in "Millions"

Source: CorpStrategy Consulting Analysis, 2016

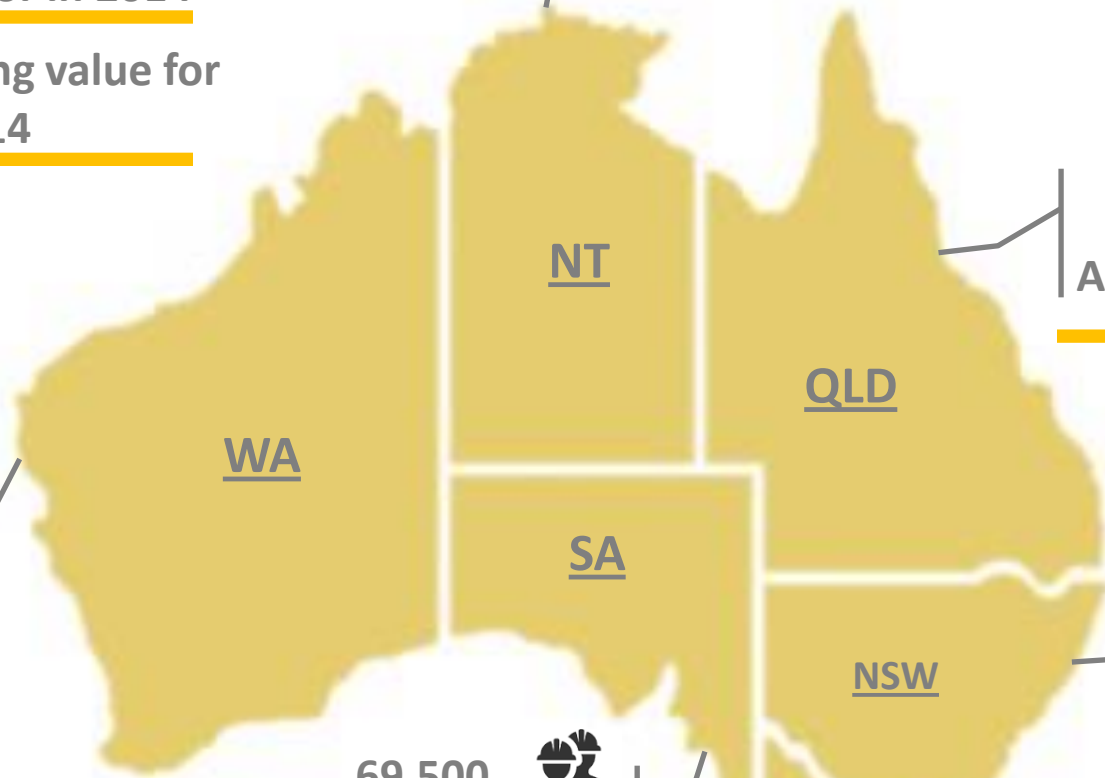
Source: Australian Bureau of Statistics, 2014

866,000 employee working in the manufacturing sector by 2015

AU\$ 386b total income from manufacturing sector in 2014

AU\$ 98b is the adding value for AUS economy in 2014

95,400
AU\$ 58.2b



4,900
AU\$ 5b



176,800
AU\$ 77.4b



255,700
AU\$ 110b



69,500
AU\$ 24.3b



17,700
AU\$ 6.5b

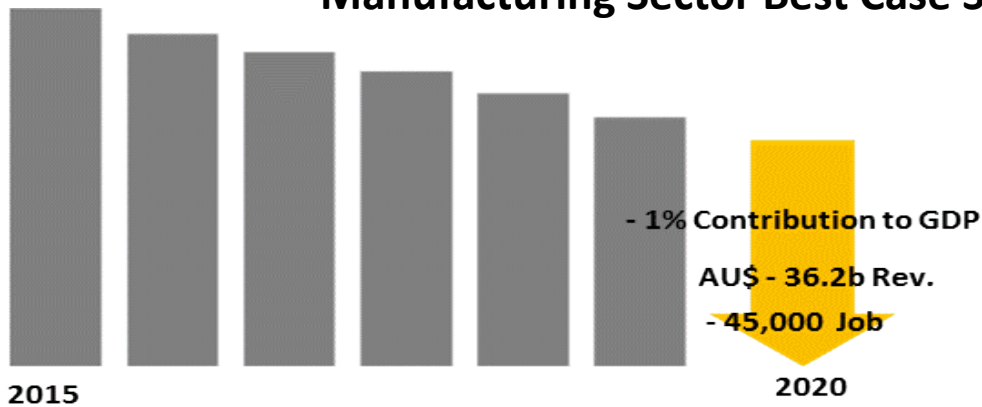


254,500
AU\$ 103b



By 2014, 19% of the total manufacturing income came from food products followed by fabricated metal products industry by %11 & manufacturing equipment by almost %12

Manufacturing Sector Best Case Scenario in 2020



Sector Challenges

- Strong AUS dollar
- High cost structure
- High cost of transportation, utilities, energy & labour
- Regulatory environment
- Difficulties to access long term finance/capital



Sector Challenges

- International competition (low & mass production)
- Lack of research & development
- Lack of labour flexibility
- No attraction for younger talented labour
- Poor innovation capabilities



Manufacturing Road Map – Strategy

- Value Creation – Creation of adding value service. Manufacturers should seek to bundle the products and services to sell a solution
- Competitive grouping – Individual work is no longer sufficient to be competitive
- Adapt flexibility – Physical & intellectual flexibility to manage changes in markets, technology & clients needs
- Tailored products & services – Provide solutions to customers that are customised to their needs
- New markets – focusing on developing economies for growing middle classes by providing high value-added products
- New business models – focus more on problem solving to achieve better change that rivals or competitors couldn't do

Road Map Implementation

By 2020

AUS Manufacturing Sector 2020/21

- 912,000 employee
- AU\$ 104.5b sector adding value to AUS economy
- AU\$ 413b sector income

Source: CorpStrategy Consulting Analysis, 2016

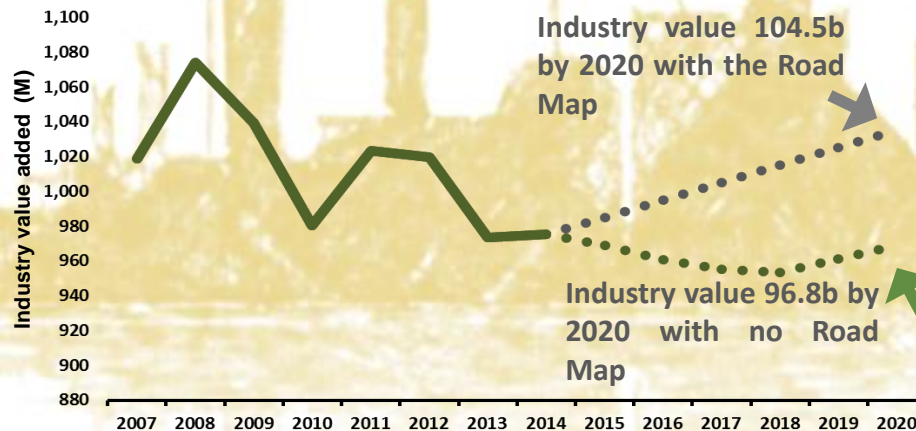
AUS Manufacturing Sector 2014/2015

- 860,000 employees
- AU\$ 98b sector adding value to AUS economy
- AU\$ 386b sector income

1%
Growth
with
Road
Map

Manufacturing Road Map – Operation

- High Skilled forces – High technical & commercial capabilities
- Sustainable manufacturing processes to produce zero waste & low emissions
- Supply chain should include: buyers, sellers, partners, alliances, suppliers, stakeholders, distributors and resellers
- Develop flexible financial plan (5 to 7 years projections) to minimize any negative outcomes
- Apply different and suitable operation strategies to solve regular issues
- Apply different and new management policies such as lean process



Source: Australian Bureau of Statistics, 2014, CorpStrategy Consulting Analysis, 2016



References:

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