Coventry and Warwickshire Champions
@CWCHAMPIONS

#ChampsNov

www.coventry-warwickshire.co.uk
Coventry and Warwickshire Champions
Coventry – The time is right.
What is UK City of Culture?

- UK competition – every 4 years
- Year long focus on culture in one UK city
- Derry in 2013 - Hull in 2017
- Coventry bid for 2021
- Opportunity to re-brand the city
- We need to show that we can bring the city together behind a common cause
Why is business support important?

- This is a competition – in the best sense
- A great route to employees, customers & audiences
- A boost to local economy
- A better place to live, work and study
- Linking culture, creativity and economic growth a USP for our bid
The impact in Hull

- £80 million economic value from the year
- Increased tourism – up 14% already
- £100+ million infrastructure investment
- New hotels, improved transport, public realm
- £20 million media value to date - Changing perceptions

Pride – Productivity – Prosperity - Well-Being – Investment
Challenges in Coventry

• City image and perceptions
• Under developed leisure and tourism
• Night time economy
• Digital, creative and enterprise training for young people
• Integrating the diversity of the city

Only 8% of residents active in neighborhood improvement
Significantly more:
  Indians 8.8% (UK 2.6%)
  Black Africans 4.0% (UK 1.8%)

**Average age:**
  34 (UK 40)

**ACORN Market Segmentation:**
  Moderate means 41.5% (UK 13.90%)
  Wealthy achievers 13.7% (UK 37.10%)

**Deprivation:**
  18.5% residents living in 10% most deprived wards in England (10.00%)

**Life satisfaction:**
  7.52 (West Mids. 7.42, UK 7.60)
Coventry in top 10 for start-ups in the information economy; higher than Cambridge
Young people’s perceptions 2016
The time is right! We can do this!
Bid contacts

Bid Chairman – David Burbidge OBE DL
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Main point of contact
Bid Co-ordinator – Laura McMillan
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Jonathan Browning
Chairman: Coventry and Warwickshire Local Enterprise Partnership

25th November 2015
Things are happening around here...

“...this area has the strongest set of LEPs in the country...”

George Osborne
17th November 2015
Institute of Advanced Manufacturing and Engineering, Coventry
The Economic Conundrum

Fabulous Economic Assets

Average Economic Performance

Nominal Gross Value Added per Head, 1997-2013

- Coventry and Warwickshire
- UK Average = 100
Impact of C&WLEP

£300m+ of government investment into our priorities

2014-15 Leader in FDI
- Coventry & Warwickshire is #3 in country
- 33 project successes
- 2,928 jobs created

2015 impact of Growth Hub

329 Businesses Engaged
886 Jobs Created
106 Businesses Assisted
392 Referrals

GVA £32,516,200.00
Private Sector Investment £17,191,267.00
Value £3,502,409.00
Including Growth Deal - £90M of Investment

**Infrastructure Schemes**
- Bermuda Park / A444 Coton Arches
- Coventry – Nuneaton Rail Link & Coventry Station
- Coventry City Centre Access

**WMG: New and Innovative Steel Products**

**Stratford-upon Avon Start-up Hub**

**Skills Capital Schemes**
- City College Coventry Skills Hub
- City College Dual STEM Centre
- Warwickshire College Apprenticeship Centre
- Warwickshire College Construction Learning Centre
- Warwickshire College Leamington STEM Centre

**Schemes across Coventry & Warwickshire**
- Business Investment Fund
- Unlocking Development Sites
- Dynamic Routing and Intelligent Mobility

**Stratford-upon Avon Start-up Hub**

**Cov Uni: Innovation Space**
West Midlands Combined Authority

Coventry & Warwickshire LEP

 Targets
+£7-8bn GVA
+50,000 jobs
Midlands Engine
West Midlands Combined Authority
Coventry & Warwickshire LEP

Five Priorities
Integrated Transport, Research & Innovation, Access to Finance, Skills, Promotion

3 LEP SEP
CWLEP SEP

Coventry & Warwickshire LEP
Moving Forward

• Delivery Priority
• Set the Agenda
• Manage Complexity
• Extend Engagement
Coventry and Warwickshire Champions
Mark Parsons - Coventry Building Society
Mark Parsons,
Chief Executive, Coventry Building Society
A LOCAL business…

- The Coventry Permanent Economic Building Society - established 1884
- 375,000 members in Coventry & Warwickshire
- 2200 members of staff
…but with a NATIONAL reach

- 1.7 million members across the UK
- The fastest growing financial services organisation
- 3rd largest building society
- 8th largest mortgage lender
A SIMPLE business

Savers

Deposits

the Coventry

Borrowers

Mortgages

Interest
A STRONG business

Low cost + Low risk + Well capitalised = Great Price + ‘A’ rated
 Putting Members First

9/10 members would recommend us to friends and family

3% overturn rate compared with average of 57%

No. 1 building society for customer satisfaction

No. 1 for savings and mortgages

88% staff engagement
A PEOPLE business
Introduction to the AA

Coventry and Warwickshire Champions Meeting, November 2015
Bob Mackenzie - Background

- Qualified as ACA with Thomson Mclintock in Birmingham
- CFO and CEO engineering companies in Nuneaton, Dudley and Gloucester
- BTR and Hanson Restructuring
  - Serck Valves (Solihull)
  - Engineering divisions - Crabtree (Walsall), Smiths, Robinson Willey, Berry Magicoal and others
  - Ever Ready
  - Imperial Tobacco
- Storehouse Retail Operations
- Ran NCP, Green Flag, East Coast Mainline, Sea Containers, Dometic
- Private Equity with Charterhouse and TPG
- Led accelerated IPO of AA in June 2014
- AA was largest MBI in the UK at £4,500 million and accelerated IPO
# The AA - Overview

A strong, market leading business

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<th>Business fundamentals</th>
<th>Strong, stable margins and cash conversion</th>
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<td>High barriers to entry, scale cost advantage</td>
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| Trusted brand | The UK’s most trusted commercial brand
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<td>Over 50% of households hold an AA product</td>
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| Market leadership | 3.8m personal Members, 9.6m B2B customers |
|                   | #2 motor insurance broker, #1 driving school |

| Retention and loyalty | High Member retention, long-term B2B contracts |
|                       | Significant revenues from repeat business |

| Operational excellence | 3.5m breakdowns attended pa |
|                        | Sophisticated deployment IP and services |

| Options for growth | Trusted brand lends to relevant extensions |
|                    | 20m marketing contacts, strong cross-sell ability |

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Increasing EBITDA year on year

Favourable working capital dynamics as a function of upfront payments by customers
Large and resilient roadside market

- Relatively stable market
- High recurring revenue

Scale and barriers to entry

- Economies of scale: 3,000+ patrols; 10,000 breakdown per day; 3.5m breakdowns pa
- New entry barriers from investment required in systems – e.g. deployment
- B2B relationships: 9.6m B2B customers; partner of choice for major OEMs

**Consumer market share**

- AA 40%
- GF 14%
- RAC 27%
- Others 19%

**B2B market share**

- Motor manufacturers: 67%
- Fleets: 52%
- AVA: 50%

**Breakdowns attended**

- Consumer: 3.5m
- B2B: 2.3m
- GreenFlag: 0.7m

Source: Industry sources (January 2015).
Long standing relationships with major car manufacturers

FY15 new contract wins include Volkswagen Group (including Audi), Porsche and Hyundai

Lloyds Banking Group and TSB (our largest customer) renewed its five-year contract in FY15

Other recent contract renewals include Bentley, Ford, Honda and Jaguar Land Rover
A great business
However, a number of challenges are apparent

- Broad based under investment; eg in systems, brand and capabilities
- Legacy of short-term decision making
- Premium position not underpinned by continuous investment in proposition
- IT platform, except patrol deployment, dated and constraining growth
- Individual business unit optimisation restricts commercial opportunity
- Limited and inflexible CRM systems
- No investment in brand marketing for many years

Creates opportunity, but significant work to do
Transformation and growth opportunities

- Core business performance flat
- Several years of under-investment under previous ownership
- Period of investment and consolidation to position AA for renewed growth
- Refinancing to free up additional cashflow and facilitate dividends

To be achieved through
- Transformation
  1) Investment in brand marketing
  2) Investment in IT systems and digital capability
  3) Restructuring and cost initiatives
  4) Investment in Membership growth and reduced price
- New business initiatives
- Developing new business models

Investment creates longer term opportunities
“The world should come to Coventry and see what you have achieved”
Coventry and Warwickshire Champions

Wednesday 20th January 2016

7.45am to 9.30am

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