

THE FUTURE OF THE TX4

Following the publication of the Preliminary Results by Manganese Bronze Holdings, parent company of LTI Vehicles, Group Chief Executive John Russell said 2008 had been a challenging year for the company's UK taxi manufacturing operation. However the company is rising to the challenge and is also making good progress with their joint venture with Geely in China. For many of those involved in the cab trade, reading the Manganese Bronze reports will not be a high priority and they will gather information from mainstream press. Rumours soon began to circulate in London and there were some who felt that the position of LTI was precarious and that if the company were to stop trading this would be the end of the cab trade as it is today. However the directors at Manganese Bronze and LTI Vehicles remain confident that this is not the case. Their banks have agreed to continue their overdraft and stock financing facilities for the next twelve month accounting period. John said: "The taxi trade in London is aware of the problems we faced last year due to the recall on the TX4 following under bonnet fires. This cost the company £3.8 million and severely impacted the group's 2008 financial figures. We are advancing well in negotiations with various third parties and believe significant opportunity exists for recovery of some of these costs. Although 2008 was what could be best described as a challenging year for our UK taxi manufacturing operation, we have made significant progress in our international marketing plans and the joint venture with Geely."



John Russell

ECONOMIC DOWNTURN HITS TAXI TRADE

London's taxi trade has of course been hit by the current economic downturn that began last year when Lehmans hit the headlines in September. This immediately began a crisis in the City and many in the banking world have lost their jobs. This has had a knock on effect throughout the economy and not least in the cab trade where the corporate clients are a mainstay of business for the radio circuits. Under these circumstances, taxi owners who may have been thinking of changing their taxi for a newer model have decided to wait a little longer and there were also doubts as to whether it would be possible to get finance for a new taxi. But John said: "In these difficult times we remain optimistic. Like all public companies, we undertake an annual Going Concern Review and I am happy to say that we have concluded that we are able to adopt the going concern basis in preparing our 2008 report and accounts."

MANUFACTURING FACILITY AT COVENTRY

Although sales of new vehicles are down this year, in part some decline in numbers was expected as the sales had been so strong following the launch of the TX4. One of the effects of drivers keeping their vehicles for longer is that parts sales are increasing. The facility at Holyhead Road in Coventry continues to make the TX4 for the UK market and will do so for the foreseeable future. But there are issues to deal with; LTI relies on suppliers of components. John continued by saying: "LTI, like most small automotive companies, is single source for almost every component used to manufacture the vehicle. Any loss of a key supplier can have major funding consequences if production is suspended even for a short time period. We do have contingency plans in place, including procurement from China, but some components are of greater impact than others."

PROGRESS IN CHINA

China is good news for Manganese Bronze. Having spent many months in negotiations with Geely, followed by setting up the new manufacturing plant near Shanghai, the diesel powered TX4 has passed European homologation. Testing is now underway and vehicles are being prepared for dealerships

ready for the Chinese market launch of the vehicle at the Shanghai Motor Show in April.

In China the TX4 emulates the TX4 made in Coventry. It has the same VM Motori engine currently used in TX4s here in the UK, although later in the year there will be a petrol derivative. Eventually it is hoped the engines will be sourced locally in China. There is an ongoing schedule of improvements to taxis, some of which have resulted from listening programmes held with the taxi trade at Coventry, and some of these changes are already in the new tooling set up in Shanghai. For different markets other adjustments are made. For example, the Shanghai taxi has different seats to the UK built TX4; for some countries the induction loop is not installed as it is not a requirement and for hotter countries such as Bahrain, the cooling systems are upgraded to handle the high temperatures.



TOUGH TIMES, TOUGH DECISIONS

Having talked to John Russell, our editors feel that there is plenty of positive news from LTI Vehicles. Although the number of staff has been reduced to accommodate lower sales, the opportunity to streamline the business and make it more cost effective is turning a negative into a positive. Whilst decisions to make staff redundant or to ask staff to take reduced salary packages are never easy, these decisions are made with the best interests of the business at their heart. Manganese Bronze believe that their vehicle will continue to be made in Coventry for the UK market but that some of the parts and components will come from China bringing benefits to the company of lower costs. In the second half of 2008 the SMMT reported sales of 108 Mercedes converted taxi and sales of traditional purpose built TX4's of 839 vehicles. "We believe that the availability of a choice of vehicle in London is of long term benefit to the development of the market," commented John.

For the trade, in order to remain the best taxi service renowned throughout the world, reliable taxis which meet the tough Conditions of Fitness laid down by TfL and the PCO help ensure that drivers who study the KoL can continue to ply their trade on the streets of London and elsewhere across the UK. With the beginnings of the new manufacturing in Shanghai and the continuing efforts to attract international sales across Europe too, the future holds hope.

By Sandie Goodwin and Bob Fisher

THE LONDON TAXI COMPANY - A NEW BRAND

Warwicks UK, a leading Coventry design and marketing agency designed the new international logo for LTI Vehicles, which will be displayed with pride on London Taxis built near Shanghai as part of LTI's joint venture company.

Patrick Plant, Managing Director of Warwicks, said; "The move into China is the dawn of a new exciting chapter for LTI and Coventry's motoring heritage. As a fellow Coventry firm with roots in the city for four decades we are pleased to play such a big part. LTI's famous black cab is now clearly recognised as a British icon and we are proud to be involved in its first venture to the Orient."

