

# Automotive supplier Gestamp returns to profit despite 'difficult' market conditions

Major Nissan supplier Gestamp has returned to profit despite what it described as a difficult market.

Accounts for the Spanish parent company of Gestamp Tallent Limited – which runs a Newton Aycliffe plant employing about 2,000 people – showed net profit was £128m (€155m) in 2021, up from a loss of £58.6m (€71m) the previous year.

The multinational reported sales of £6.6bn (€8.98bn), an 11% increase on the previous year – a figure it said outperformed the global vehicle production market. EBITDA increased from £625m (€757m) to £824.2m (€998m).

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Gestamp makes metal components including chassis for the automotive market and said “efficiency and flexibility measures” implemented since 2020 had driven profitability levels beyond pre-pandemic levels despite market instabilities and supply shortages.

In early 2021 the company announced plans to close its Washington plant and move production to Newton Aycliffe, a move that resulted in 90 job losses.

Gestamp said the 2021 performance had “exceeded all targets” but warned of increased steel prices and inflationary pressures which caused it to adjust its EBITDA and sales targets for 2022.

In the accounts the company said: “Gestamp obtains these results in a year that has continued to present significant challenges for the automotive sector.

“The semiconductor crisis has generated instability in production schemes, while the new variants of Covid-19 continue to impact global production.

“Production volumes in 2021 were almost 9% below initial forecasts at the beginning of the year, reaching 77.1m vehicles, almost 12m units below pre-pandemic levels in 2019.

“In light of this market instability, Gestamp has been able to adapt to the different scenarios at all times. Agile decision-making focused on efficiency has enabled it to consolidate the improvement in profitability, despite the unfavourable market environment and growing inflationary pressures.”

The company also pointed to opportunities presented by growing electric vehicles manufacturing.

It said: “The transition to electric vehicles is gaining momentum. Electric vehicles are estimated to represent 35% of total light vehicle production in 2028, compared to the estimated 28% in June 2021.

“In this scenario, Gestamp’s technological experience in adapting traditional products to the needs of electric vehicles, the development of new content around battery boxes, the entry of new purely electric manufacturers and the new needs for outsourcing components manufacturing are some of the opportunities offered by this market in transition.”

January figures from the Society of Motor Manufacturers and Traders in the UK showed new car registrations were 27.5% up on 2021 levels, and one in five car buyers were choosing to go electric.

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