

Business Conditions Survey for the UK Plastics Industry

Jan-Mar 2018

Introduction

Business trends in the plastics industry have much wider implications beyond the confines of the sector. Plastics are used in an extraordinarily wide range of customer sectors: retail, building and infrastructure, automotive, electronics, aerospace and healthcare to name but a few. Hence trends in the plastics industry can be regarded as representative of manufacturing as a whole, if not UK business in general. Therefore this survey is an excellent barometer of conditions in the grass roots of the UK's manufacturing economy.

The Federation carries out surveys of business trends every six months.

For previous BPF Business Conditions Surveys go to:

www.bpf.co.uk/bcs.aspx

Participation

The survey was conducted Jan - March 2018, with the results published in March.

The survey, which was open exclusively to members of the British Plastics Federation, was completed by 115 firms.

The respondents were drawn from the following plastics industry sectors represented within the BPF:

Plastics Processors	75%
Recyclers	3%
Raw Materials Producers and Distributors	11%
Additives and Masterbatch	5%
Machinery and Equipment	6%

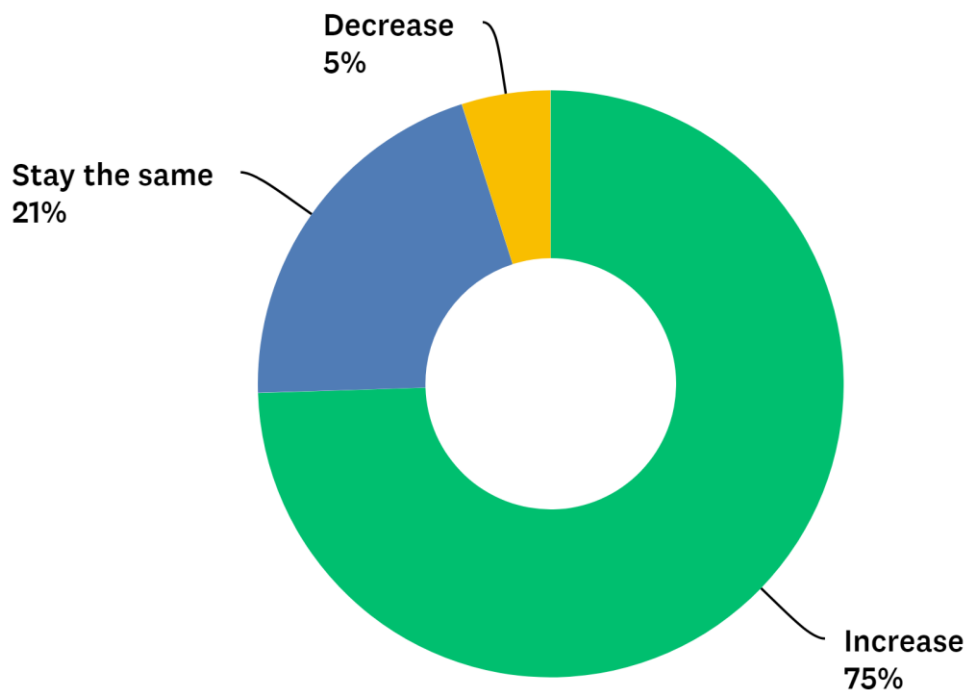
Plastic Industry Market Sectors

Respondents were asked which market sectors their companies supplied into. As is the nature of the plastics industry, the vast majority of companies are supplying into more than one market and the results are shown below:

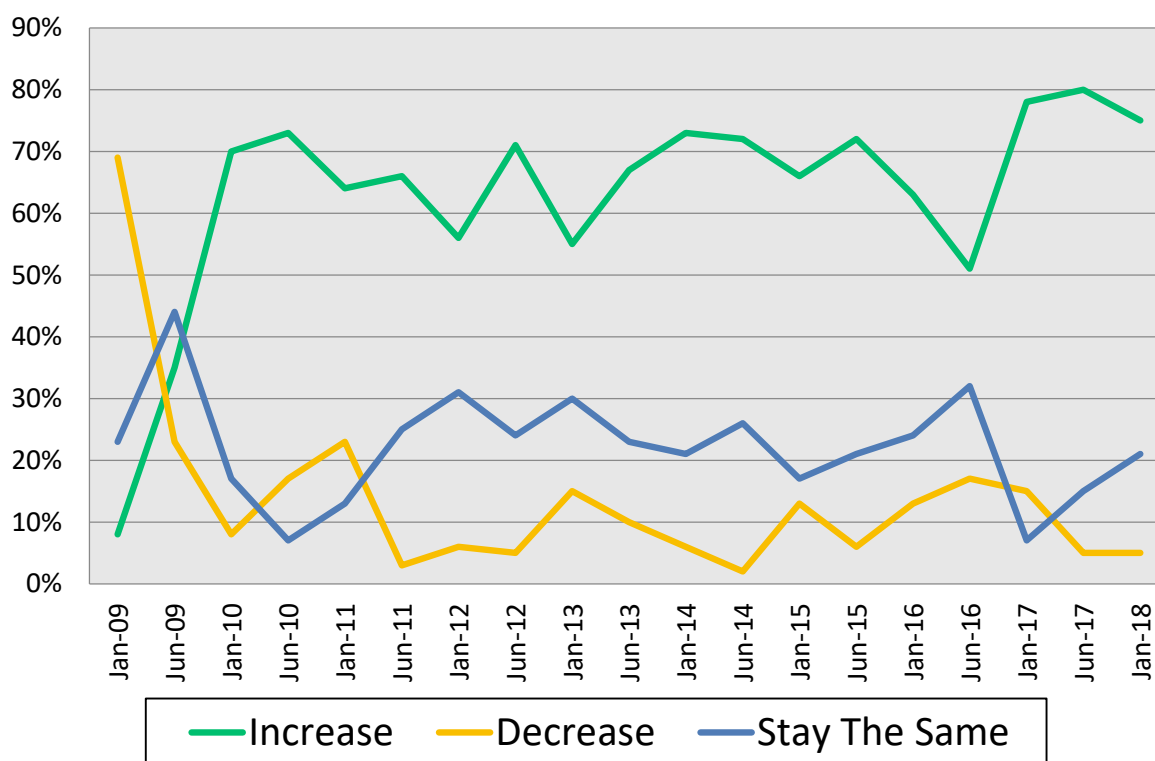
Construction	39%
Automotive	43%
Electrical and Electronic	33%
Packaging	70%
General mechanical goods	26%
Healthcare	35%

UK Sales Turnover

Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months

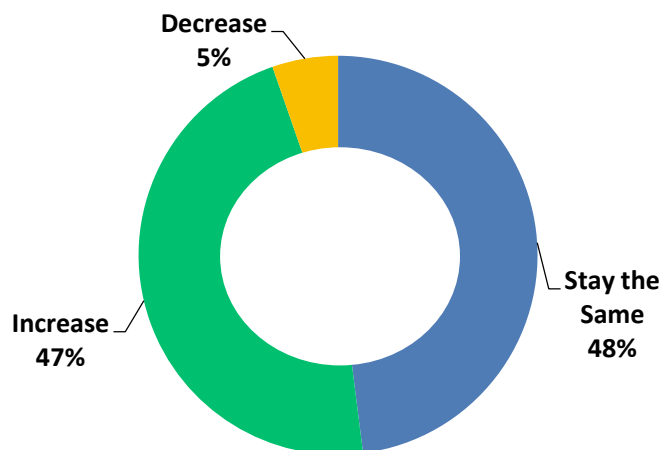


Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan '09-Jan '18)

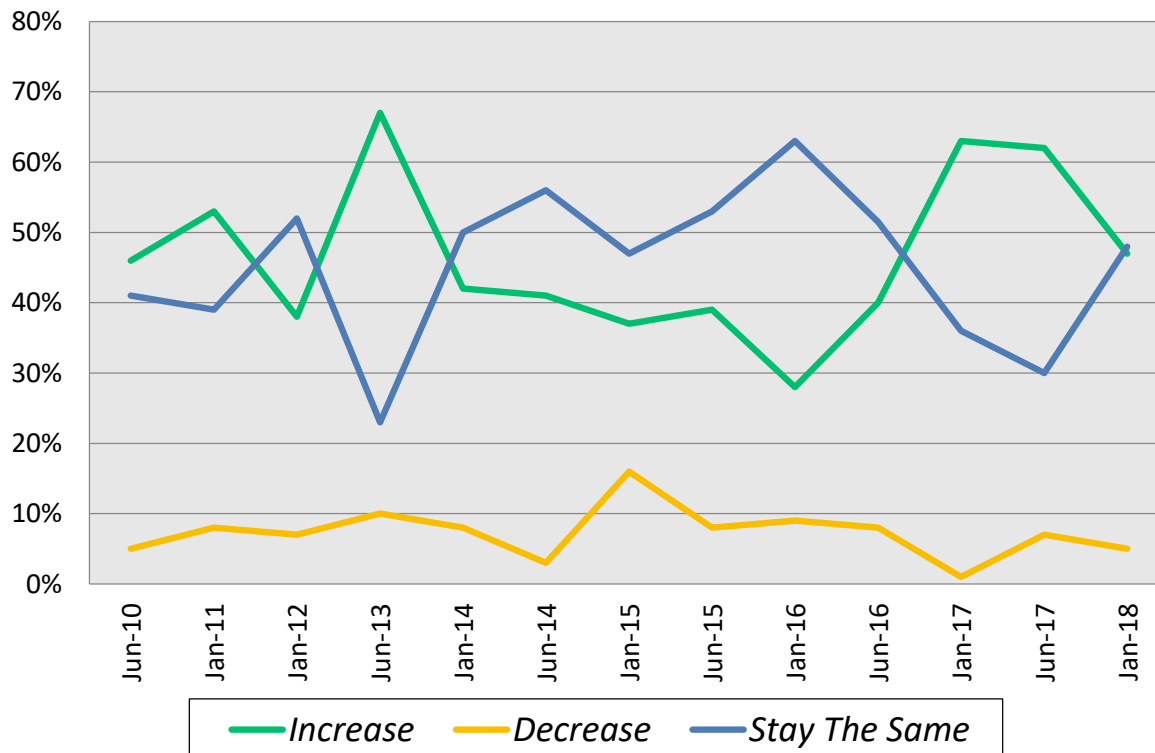


Export Sales Turnover

Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months



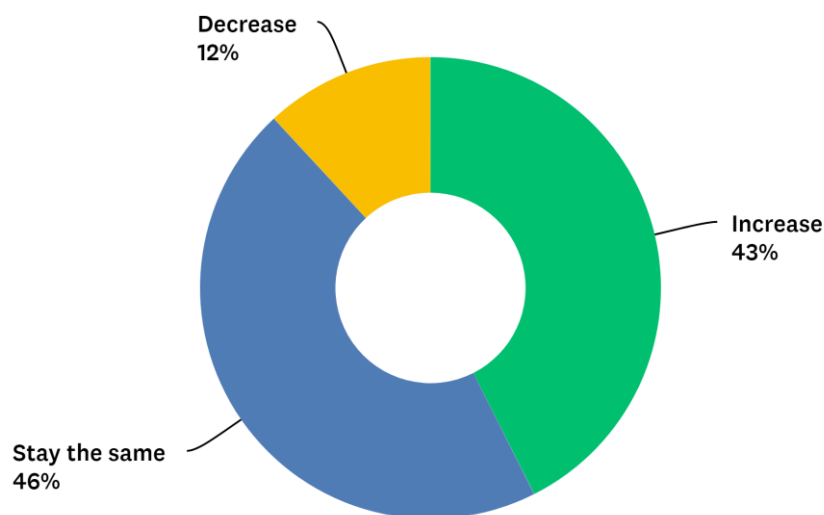
Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (June 2010-Jan 2018)



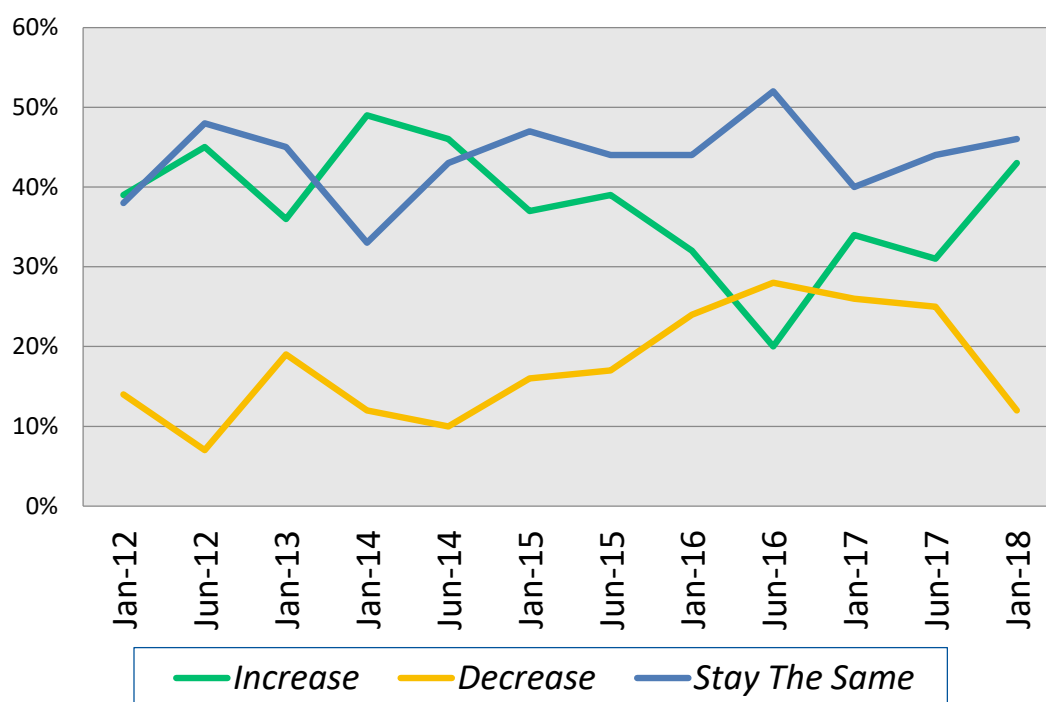
When asked to provide 'special factors' for their predictions, as has been the trend since the referendum, the majority of companies predicting an increase in export sales pointed to a weak £ against the €/£.

Profitability

Percentage of Respondents Predicting Profit Margins Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months



Percentage of Respondents Predicting Profit Margins Will 'Increase', 'Decrease' or 'Stay the Same' Over the Next 12 Months (Jan 2012 – Jan 2018)

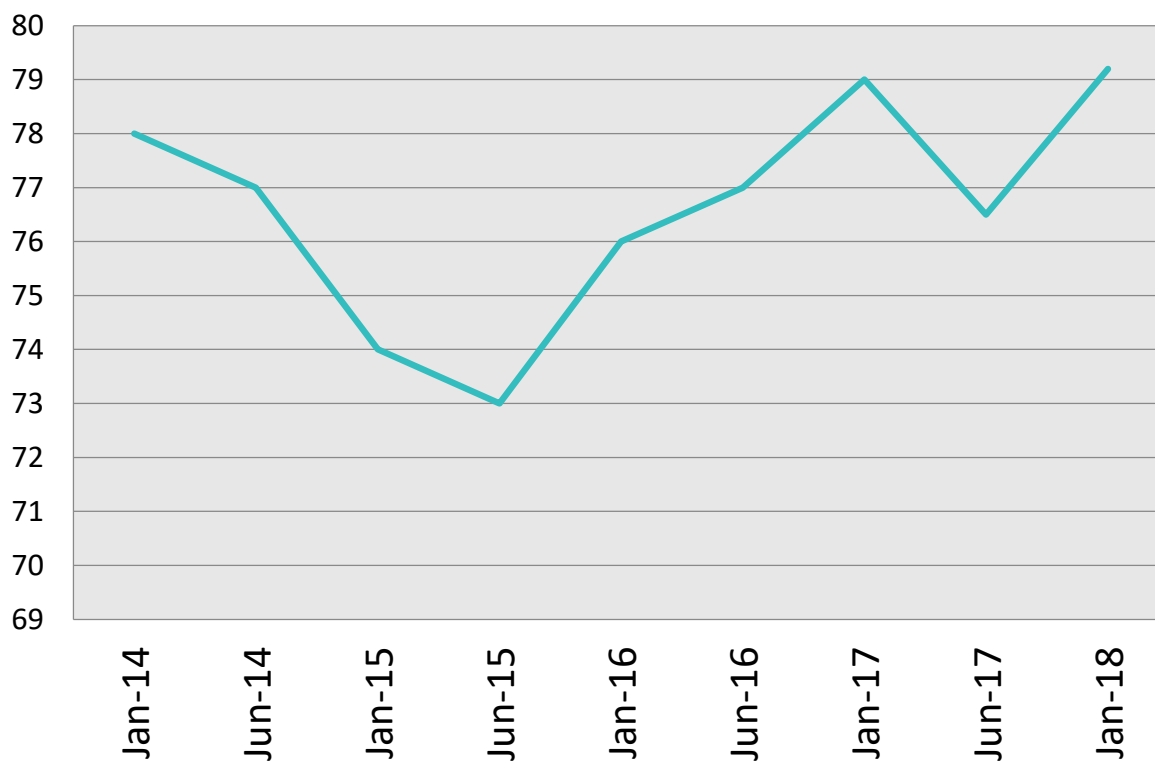


Survey participants were asked whether there were any 'special factors' affecting their predictions. Of those predicting profit margins would decrease or stay the same, the most common reason given was rising raw material prices and the lack of ability to pass prices on to customers. The main reason given for predicting an increase in profitability was improved operational efficiency, followed by increasing sales and new customers coming on stream.

Capacity Utilisation

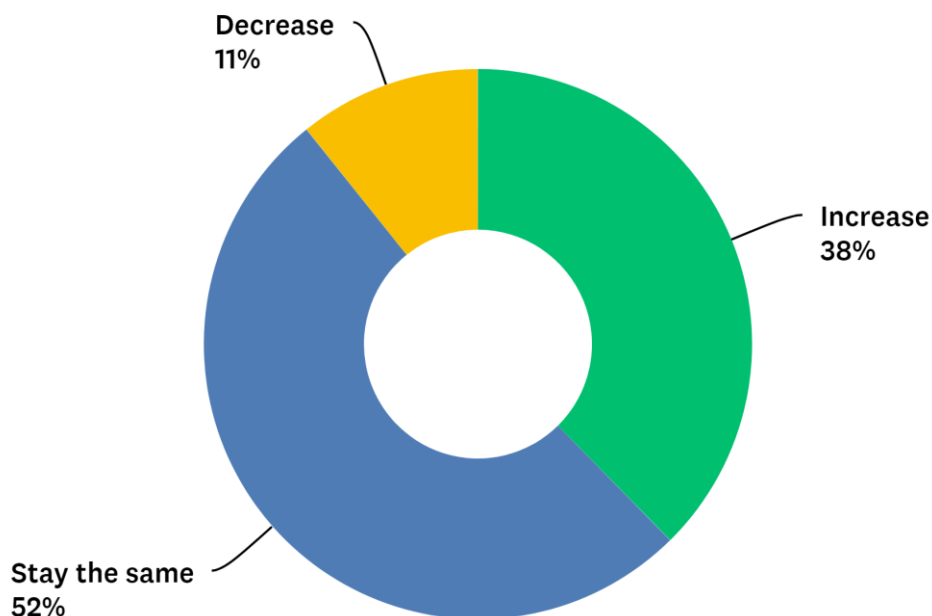
The BPF asked companies how much capacity will be utilised over the next 12 months. Of those that responded, the average predicted capacity utilisation was 79.2%.

Average Capacity Utilisation Over the Next 12 Months

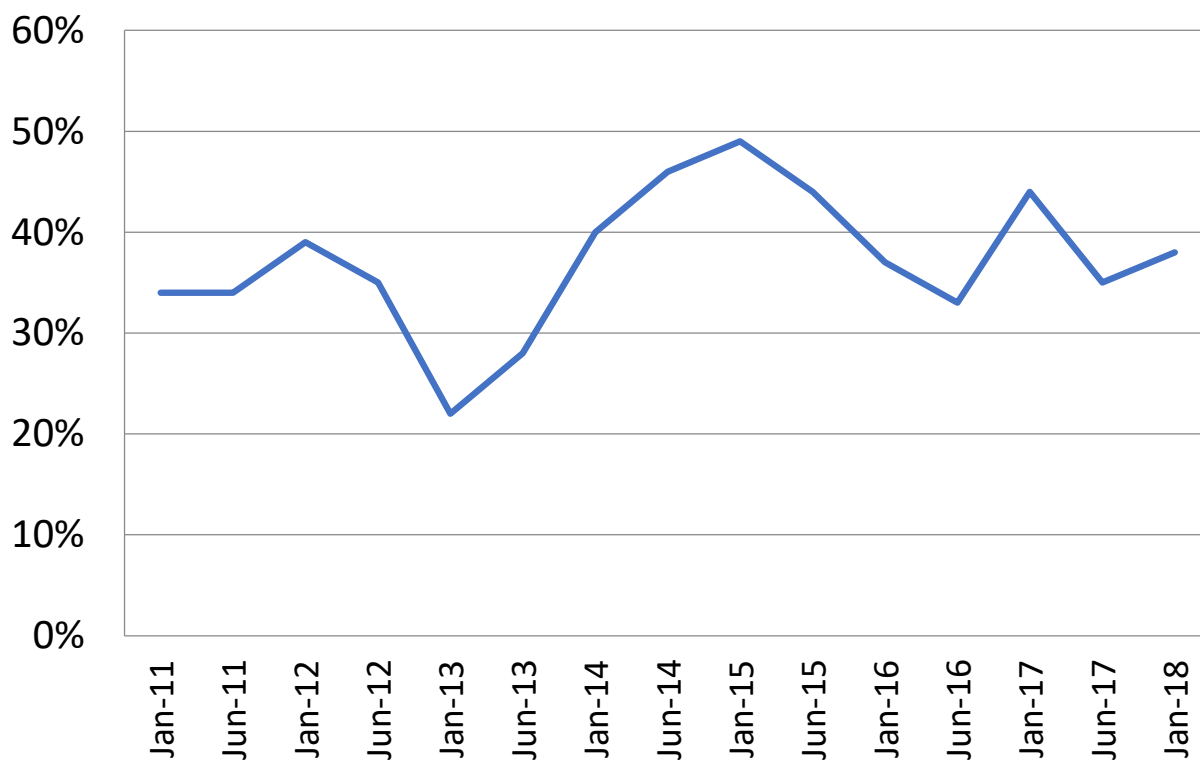


Staffing

Percentage of Firms Surveyed Looking to Increase, Decrease or Maintain Staff Levels in the Next 12 Months

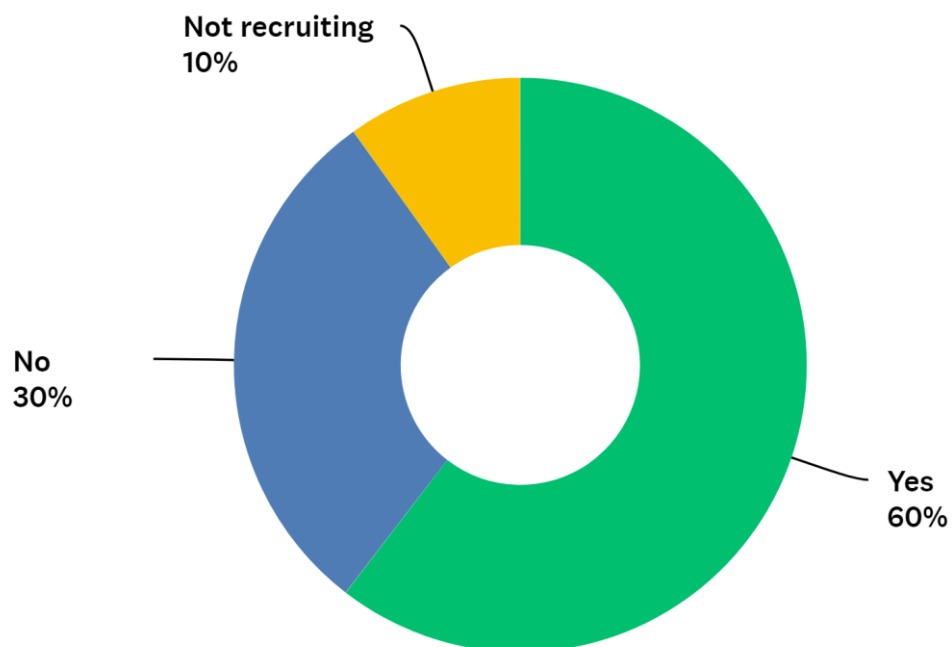


Percentage of Firms Surveyed Looking to Increase Staff Levels in the Next 12 Months (Jan 2012-Jan 2018)

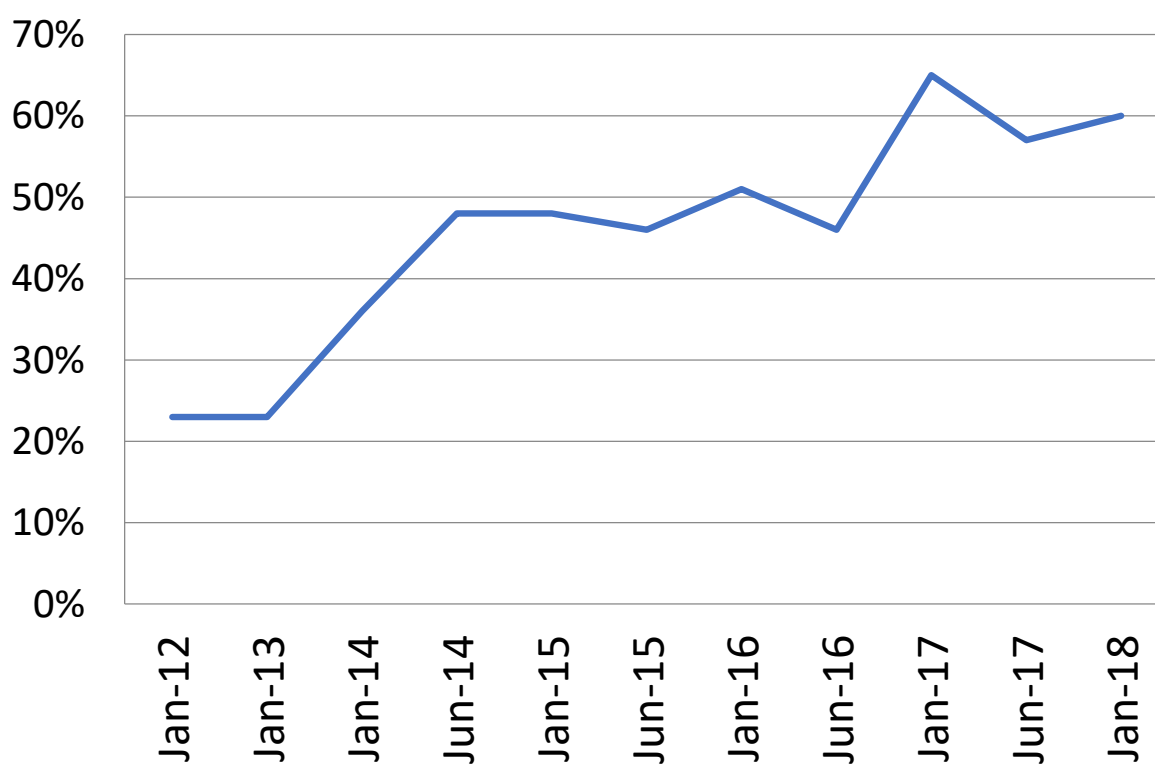


Skills Needs

Percentage of Respondents Who Responded 'Yes', 'No' or 'Not Recruiting' When Asked if They Were Having Difficulty Recruiting Staff



Percentage of Firms Surveyed Having Difficulty Recruiting Staff

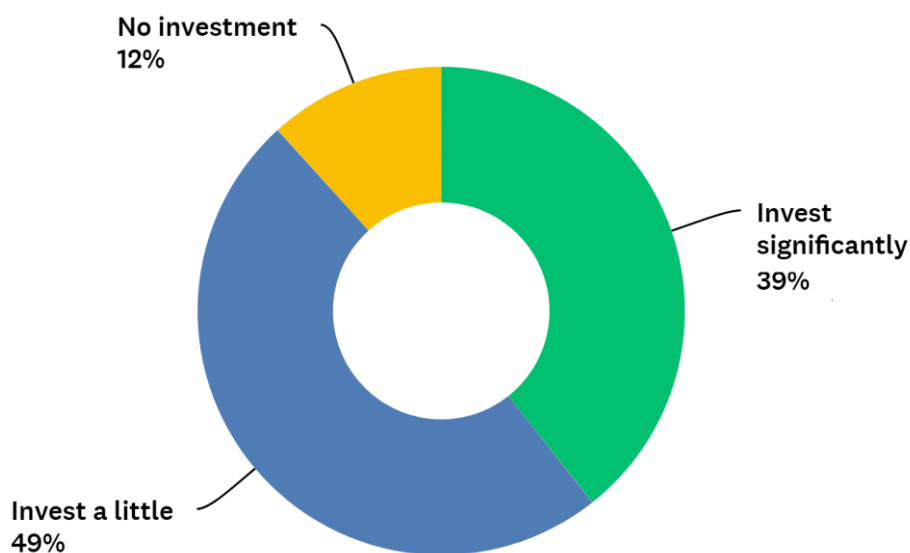


The BPF asked those having difficulties which types of staff were hard to recruit (note people could choose multiple options):

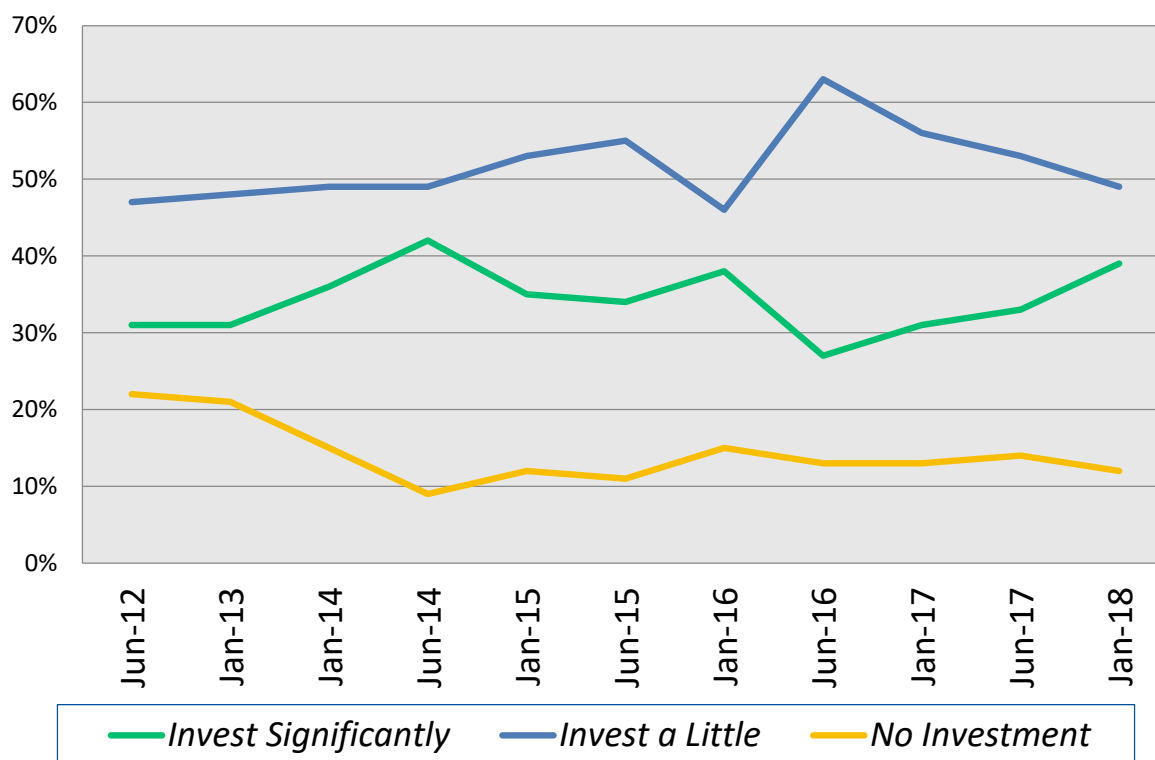
22% Other Management/Supervisory
21% Apprentices
21% Sales Force
31% Technical Managers
59% Shop Floor
47% Engineers

Investment intentions in Plant and Equipment

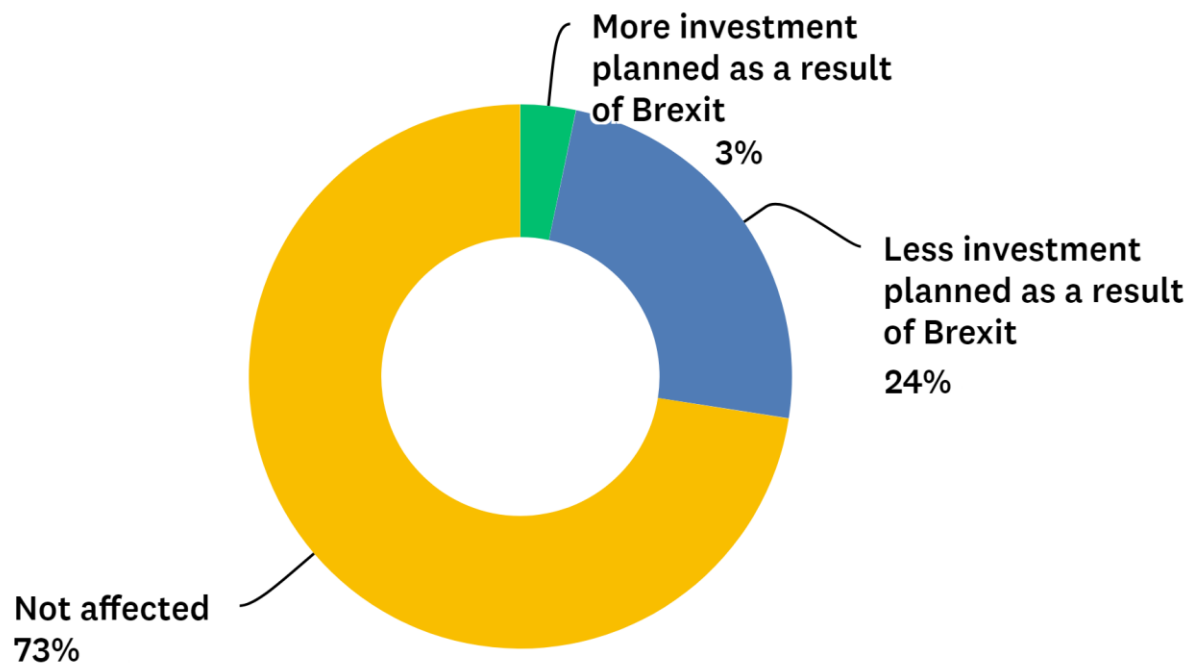
Percentage of Firms Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'Not Invest' in Plant and Equipment in the Next 12 Months



Percentage of Firms Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'No Investment' in Plant and Equipment in the Next 12 Months



How have your investment intentions been affected by Brexit?



In the previous question 39% of companies indicated that they planned to 'invest significantly' over the next 12 months, this is up from 33% in the survey conducted 6 months prior. When asked whether investments had been affected as a result of Brexit, 24% of companies stated that they had invested less as a result, this is down from 30% in the previous survey seeming to indicate a trend that companies are starting to invest despite the ongoing uncertainty around Brexit.



British Plastics Federation

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