British Plastics Federation

Business Conditions Survey for the UK Plastics Industry

Conducted Jan/Feb 2017

Stronger Together

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 British Plastics Federation (BPF) carries out a survey 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 in January and February 2017, with the results published in February.

The survey, which was open exclusively to members of the British Plastics Federation, was completed by 102 firms.

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

Plastics Processors	**62%**
Recyclers	**7%**
Raw Materials Producers and Distributors	**19%**
Additives and Masterbatch	**9%**
Machinery and Equipment	**3%**

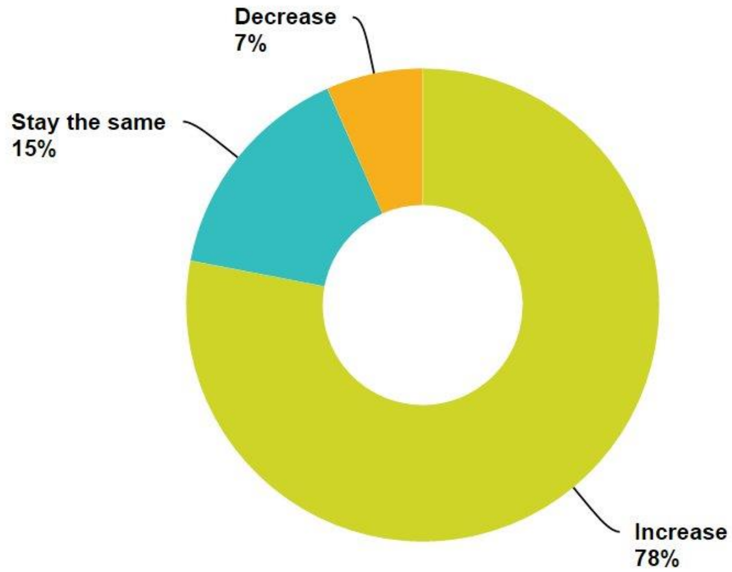
1 Plastics Industry Market Sectors

Respondents were asked what 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.

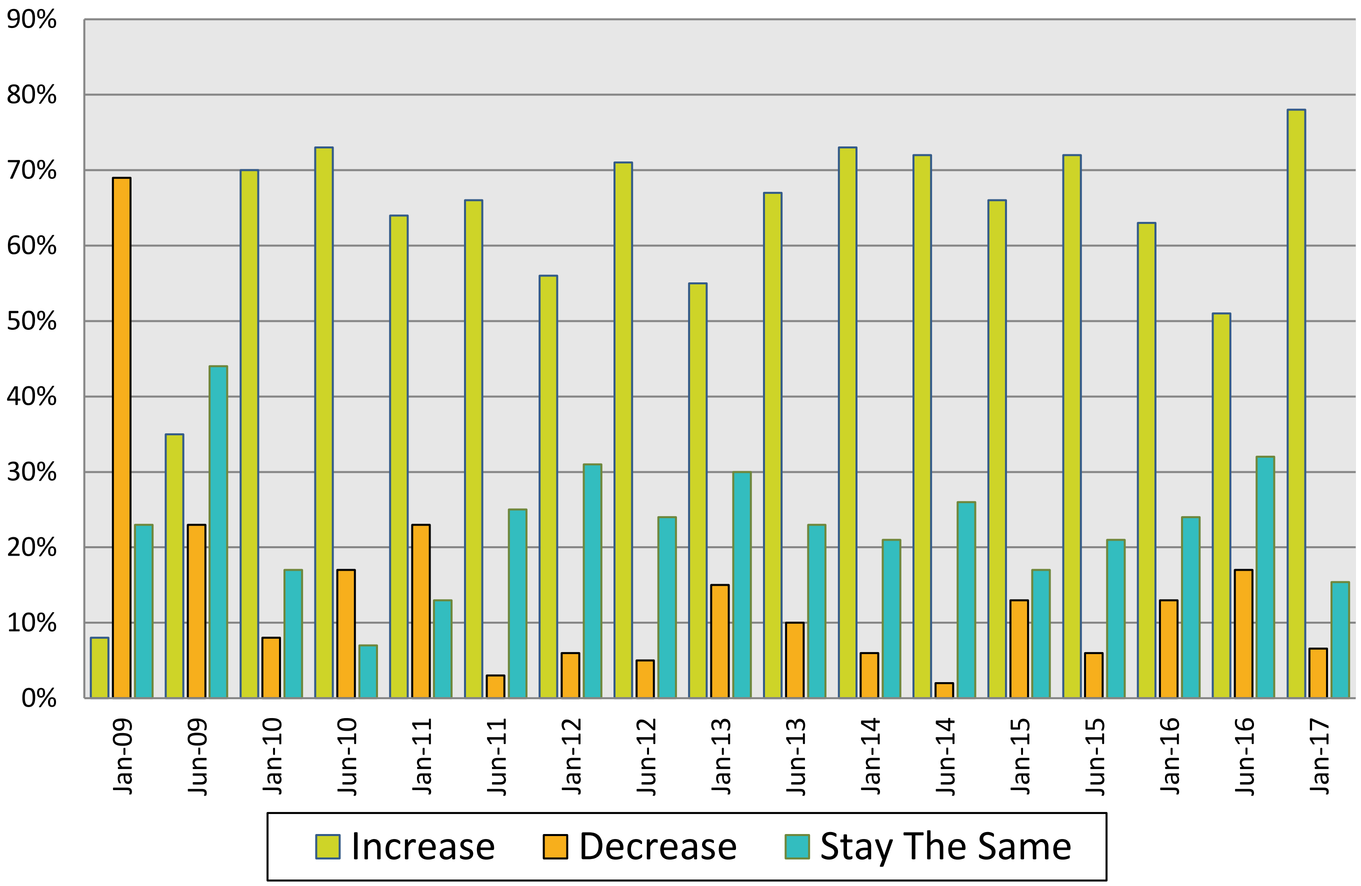
Construction	**48 respondents**
Automotive	**44 respondents**
Electrical and Electronic	**33 respondents**
Packaging	**50 respondents**
General mechanical goods	**27 respondents**
Healthcare	**34 respondents**

2 UK Sales Turnover

Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan 2017)



Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan '09-Jan '17)



The breakdown of those predicting sales turnover would increase, decrease or stay the same is shown below.

21%	**Increase by**	**> 5%**
34%	**Increase by**	**5 - 10%**
14%	**Increase by**	**10 - 20%**
5%	**Increase by**	**20% +**
4%	**Increase by**	**Unsure**
15%	**Stay the same**	
7%	**Decrease**	

78% of respondents were predicting an increase in sales turnover over the next 12 months, up from 51% in the previous survey, with only 7% predicting 'no change' (compared to 32% in the previous survey) and 15% were predicting a decrease (down slightly from 17%)

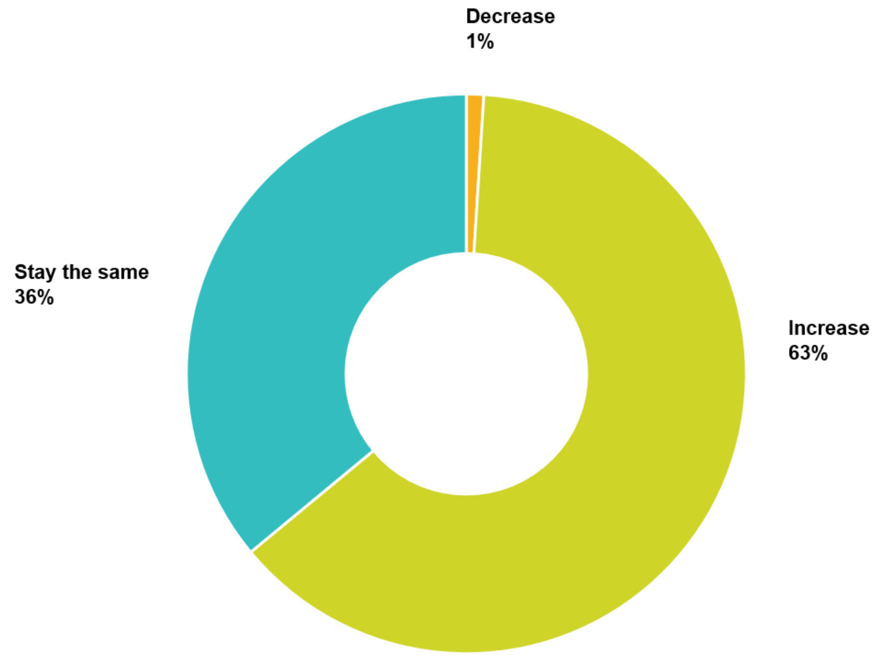
Companies were asked if there were any 'special factors' affecting sales turnover trends.

Of those that were predicting an increase, the majority cited exchange rate (£ vs € or $) as a competitive advantage in winning new business or growing existing business; others talked of 'increased automotive volumes in the UK' and a number of companies mentioned new products and innovations that they are bringing to the market.

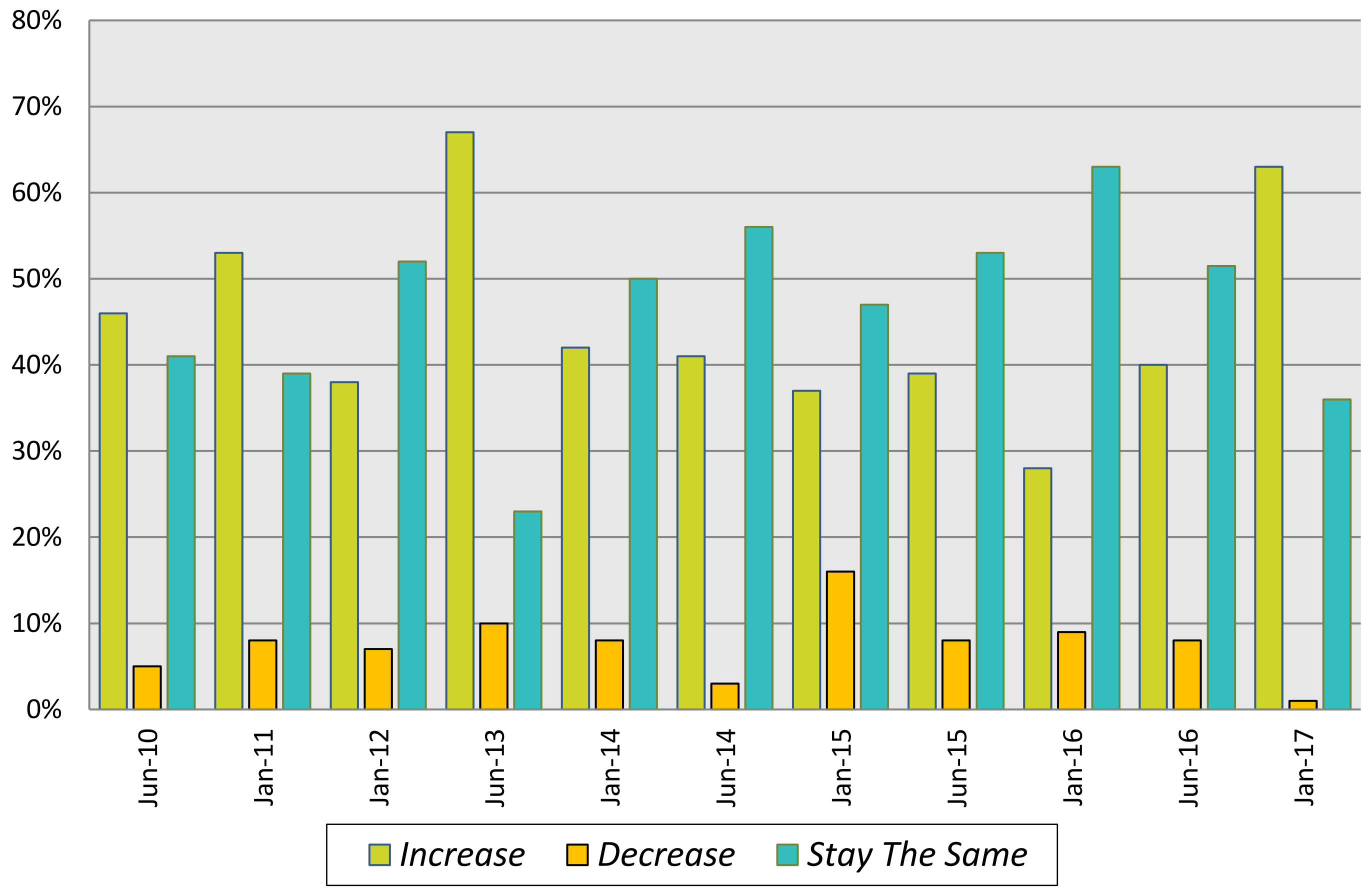
Of those predicting a decrease or that sales turnover would 'stay the same', a small percentage mentioned 'Brexit' or 'Brexit uncertainties' or 'polymer price'.

3 Export Sales Turnover

Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan 2017)



Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (June 2010-Jan 2017)



63% expected export sales to increase over the next 12 months – up significantly from 40% seen in the previous survey and from just 28% a year ago.

36% expected export sales to stay the same and only 1% expected them to decrease.

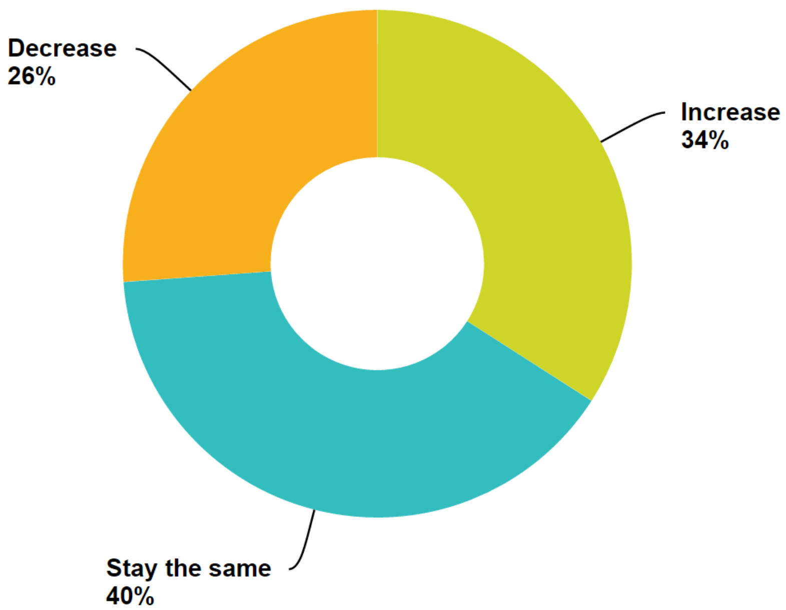
The breakdown of those predicting export sales would increase, decrease or stay the same is shown below.

28%	**Increase by**	**> 5%**
18%	**Increase by**	**5 - 10%**
10%	**Increase by**	**10 - 20%**
1%	**Increase by**	**20% +**
6%	**Increase by**	**Unsure**
36%	**Stay the same**	
1%	**Decrease**	

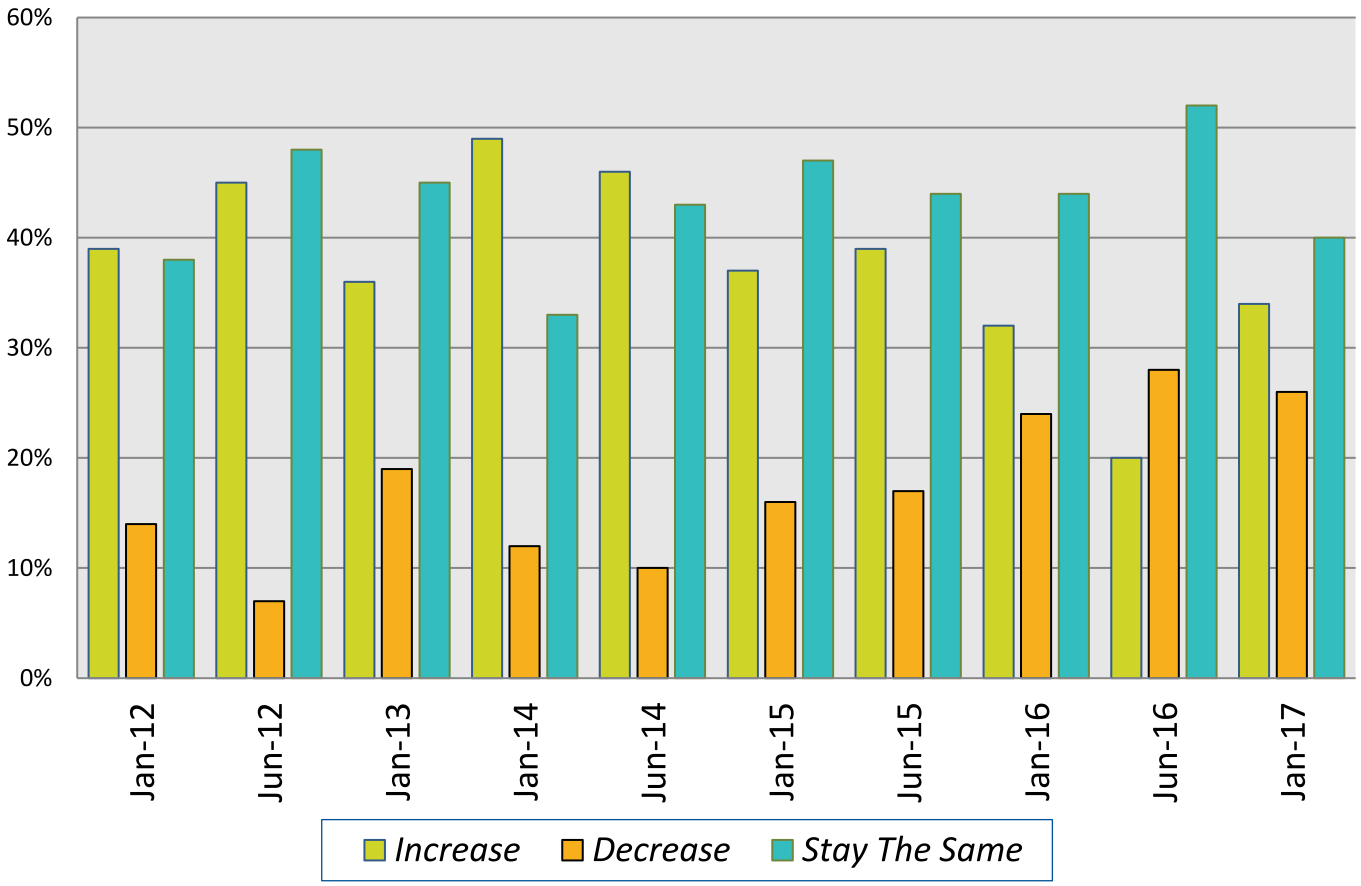
The BPF also asked whether there were any ‘special factors’ affecting their predictions and out of those who stated that they expect export sales to increase, 63% highlighted the weakness of the GBP as a competitive advantage.

4 Profitability

Percentage of Respondents Predicting Profit Margins Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan 2017)



Percentage of Respondents Predicting Profit Margins Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan 2012 – Jan 2017)



The breakdown of those predicting profit margins would increase, decrease or stay the same is shown below.

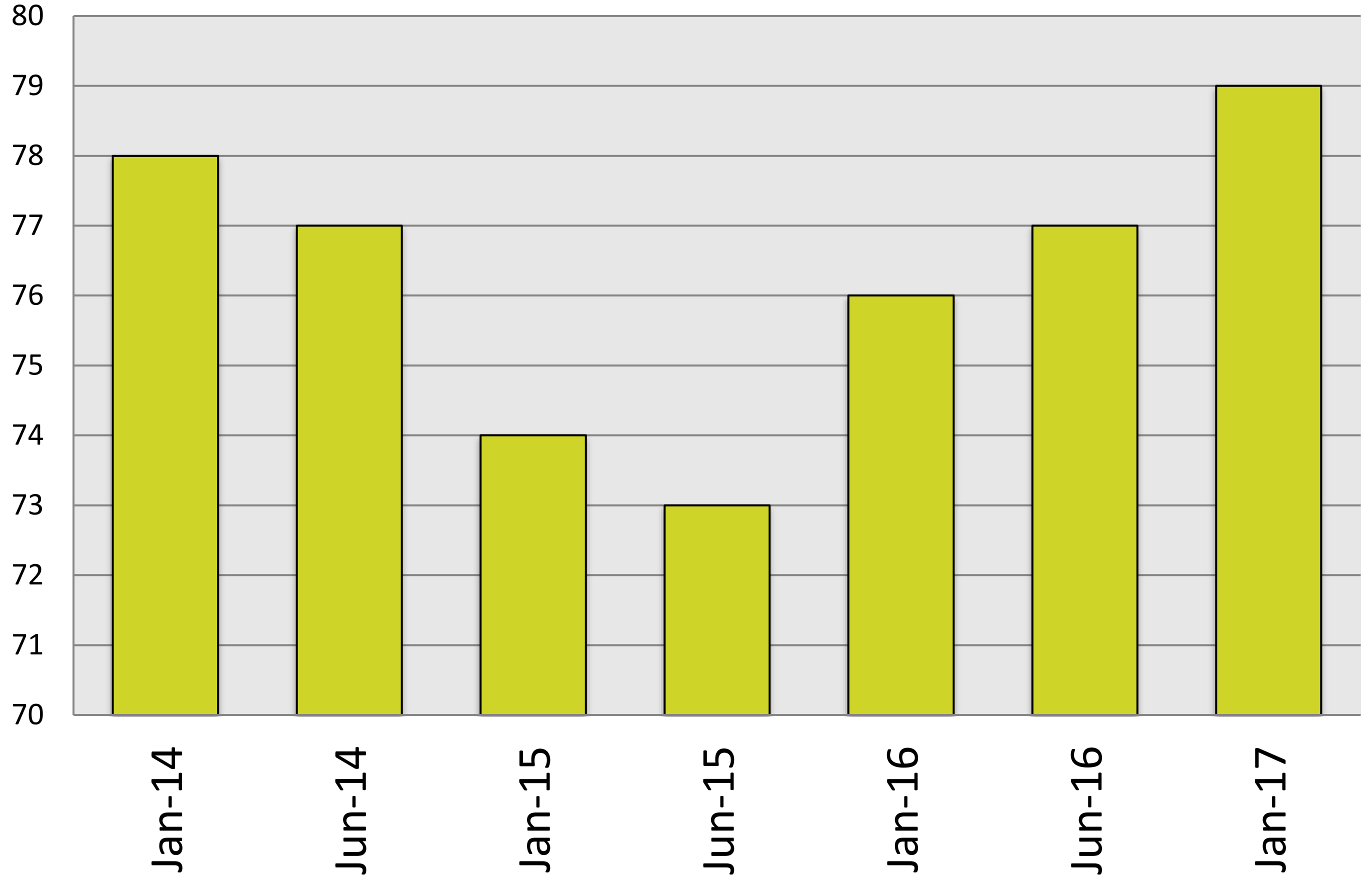
18%	**Increase by**	**> 5%**
3%	**Increase by**	**5 - 10%**
6%	**Increase by**	**20% +**
7%	**Increase by**	**Unsure of %**
40%	**Stay the same**	
15%	**Decrease by**	**> 5%**
5%	**Decrease by**	**5 - 10%**
2%	**Decrease by**	**10 – 20%**
1%	**Decrease by**	**20% +**
3%	**Decrease by**	**Unsure of %**

When asked whether there were any special factors affecting profitability, of those predicting a decrease, 86% stated that it was down to increased prices due to exchange rates and/or an increase in polymer price.

5 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 77%.

Average Capacity Utilisation Over the Next 12 Months

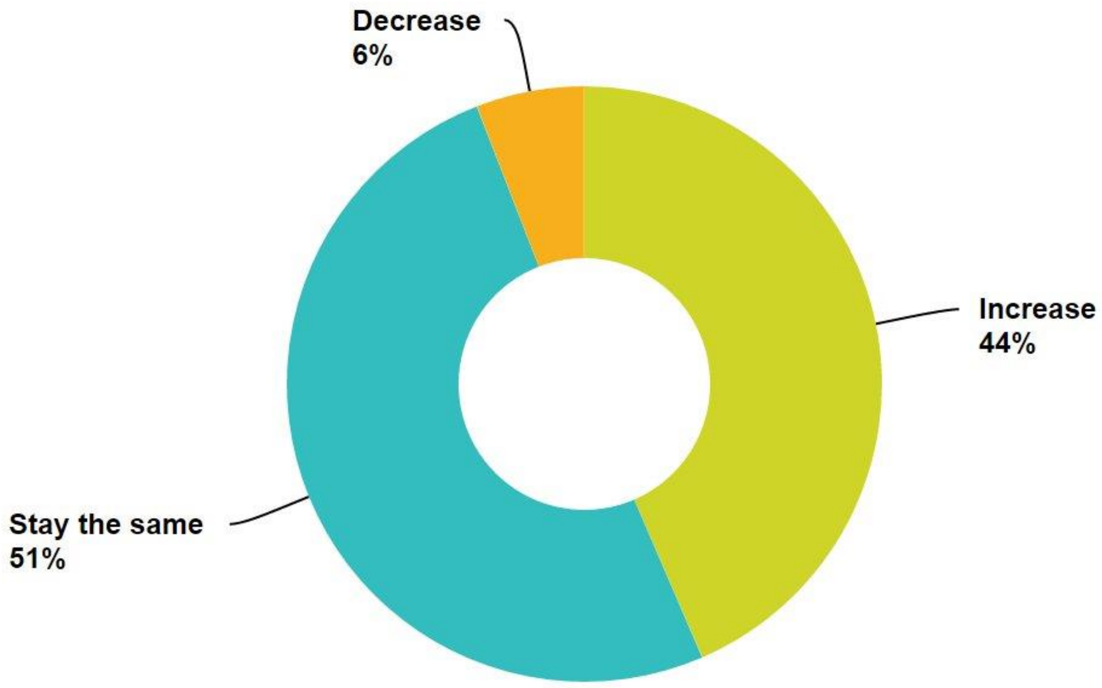


Below are the average capacity utilisations for various groups.

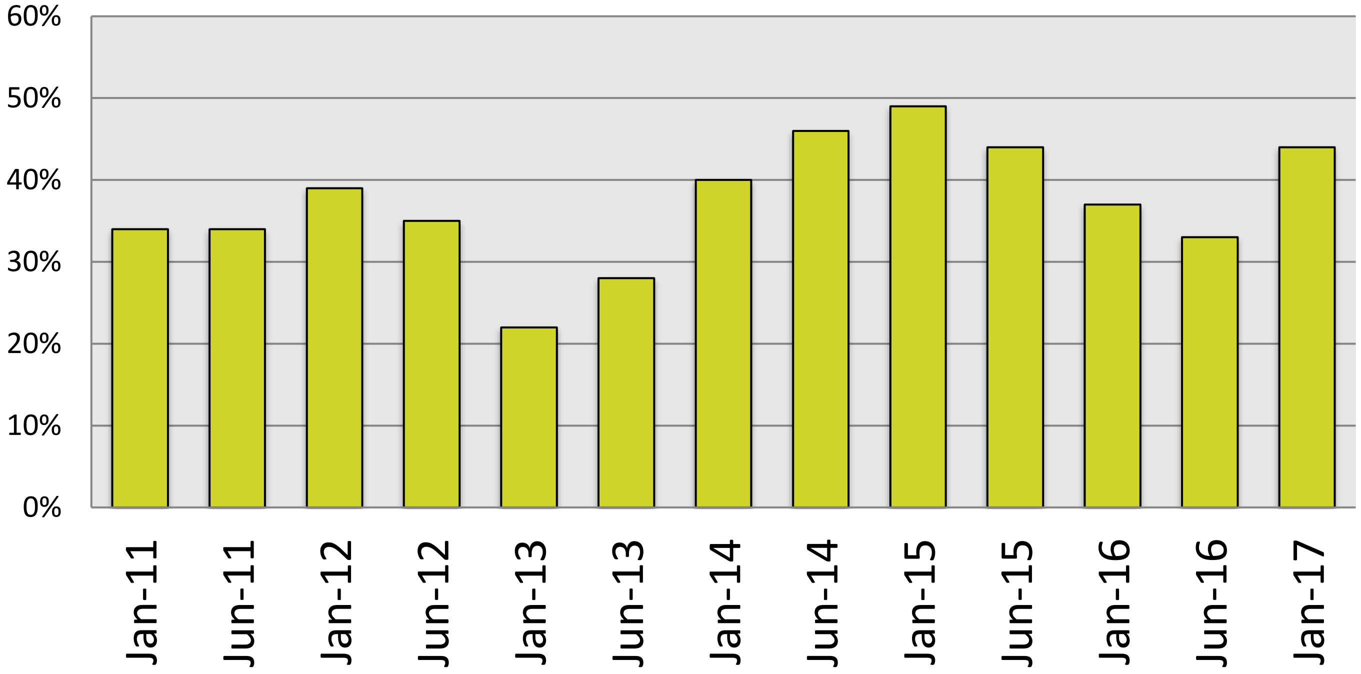
Packaging	**83%**
Recyclers	**80%**
Injection Moulders	**74%**
Rotational Moulders	**86%**
Windows	**78%**

6 Staffing

Percentage of Firms Surveyed Looking to Increase, Decrease or Maintain Staff Levels in the Next 12 Months (Jan 2017)



Percentage of Firms Surveyed Looking to Increase Staff Levels in the Next 12 Months (Jan 2012-Jan 2017)

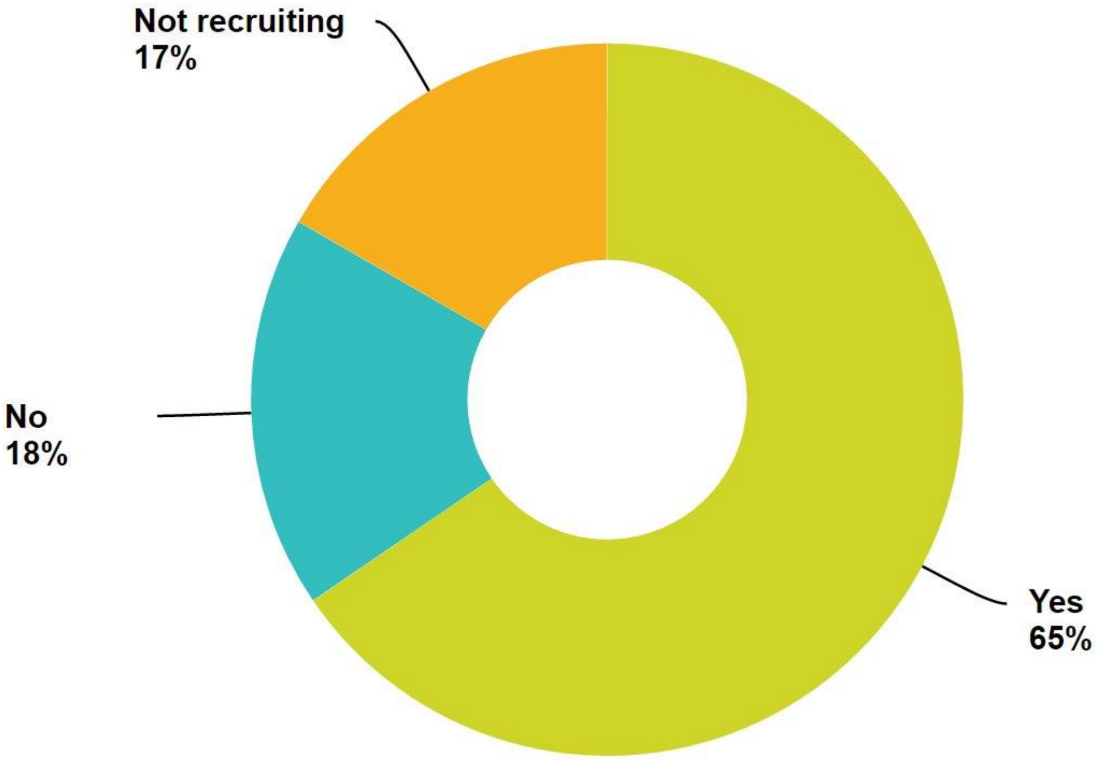


The breakdown of those planning to increase, decrease and maintain the same staff numbers is shown below...

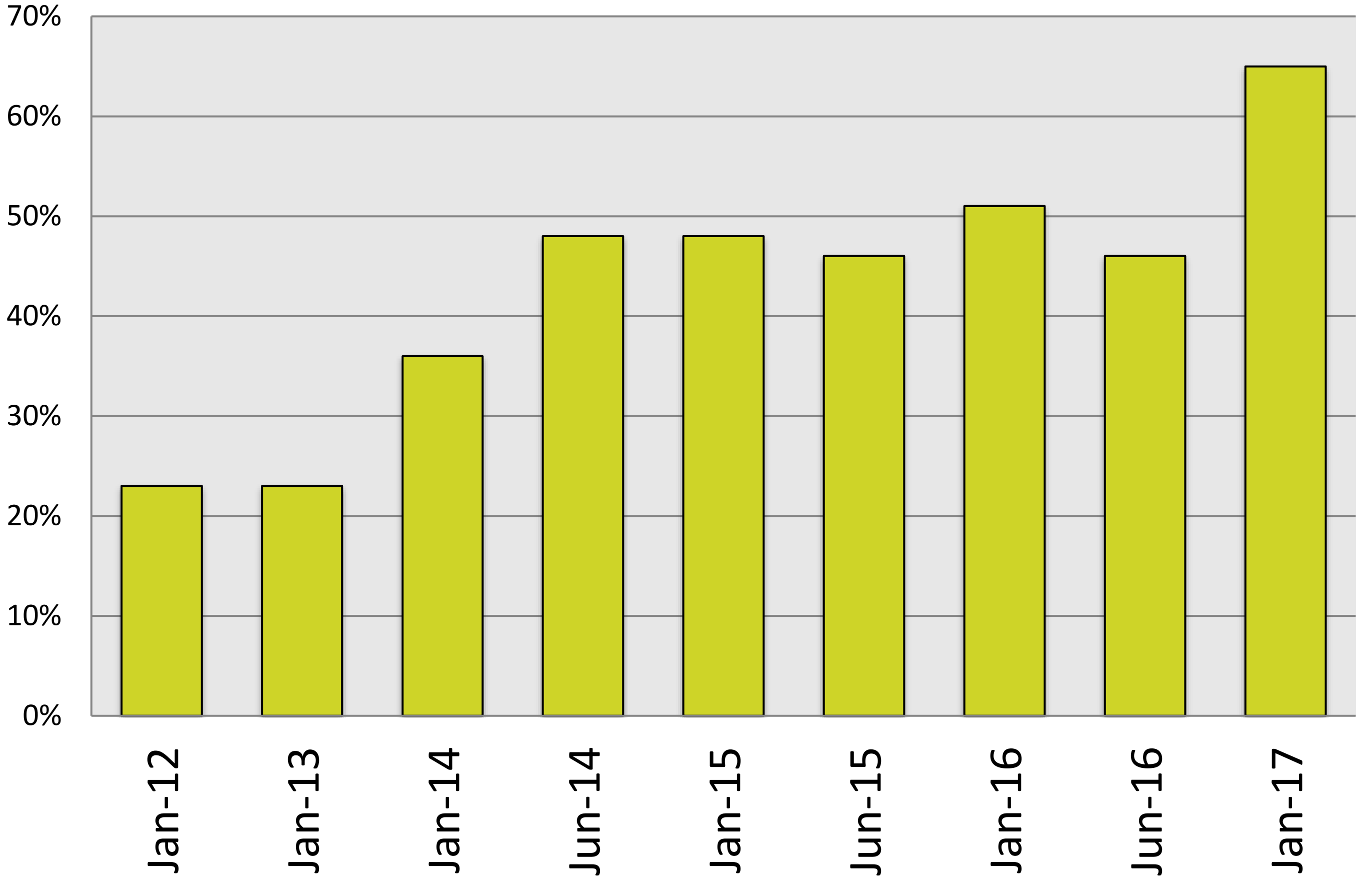
22%	**Increase by**	**< 5%**
15%	**Increase by**	**5 - 10%**
4%	**Increase by**	**10 - 20%**
2%	**Increase by**	**20% +**
1%	**Increase by**	**Unsure**
51%	**Maintain staff levels**	
6%	**Decrease**	

7 Skills Needs

Percentage of Respondents Who Responded 'Yes', 'No' or 'Not Recruiting' When Asked if They Were Having Difficulty Recruiting Staff (Jan 2017)



Percentage of Firms Surveyed Having Difficulty Recruiting Staff (Jan 2012-Jan 2017)

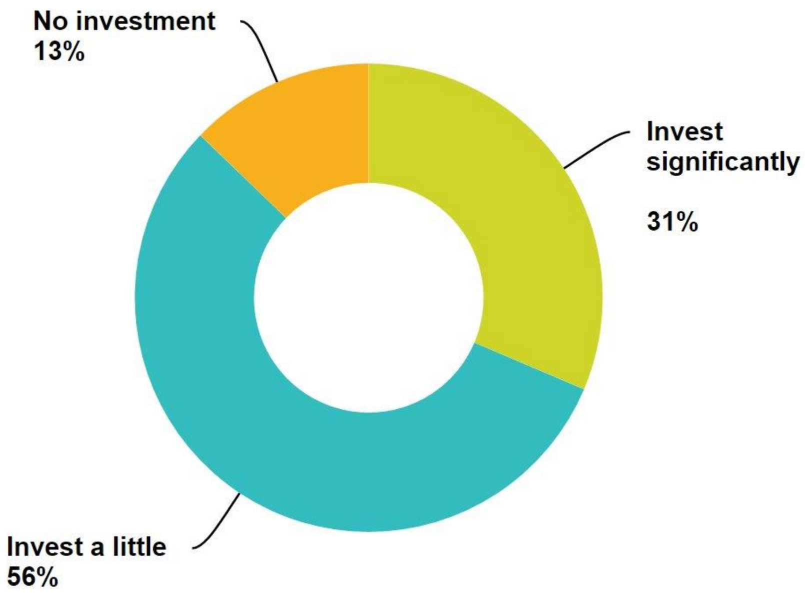


The BPF asked those having difficulties which types of staff were hard to recruit (note people could choose multiple options).

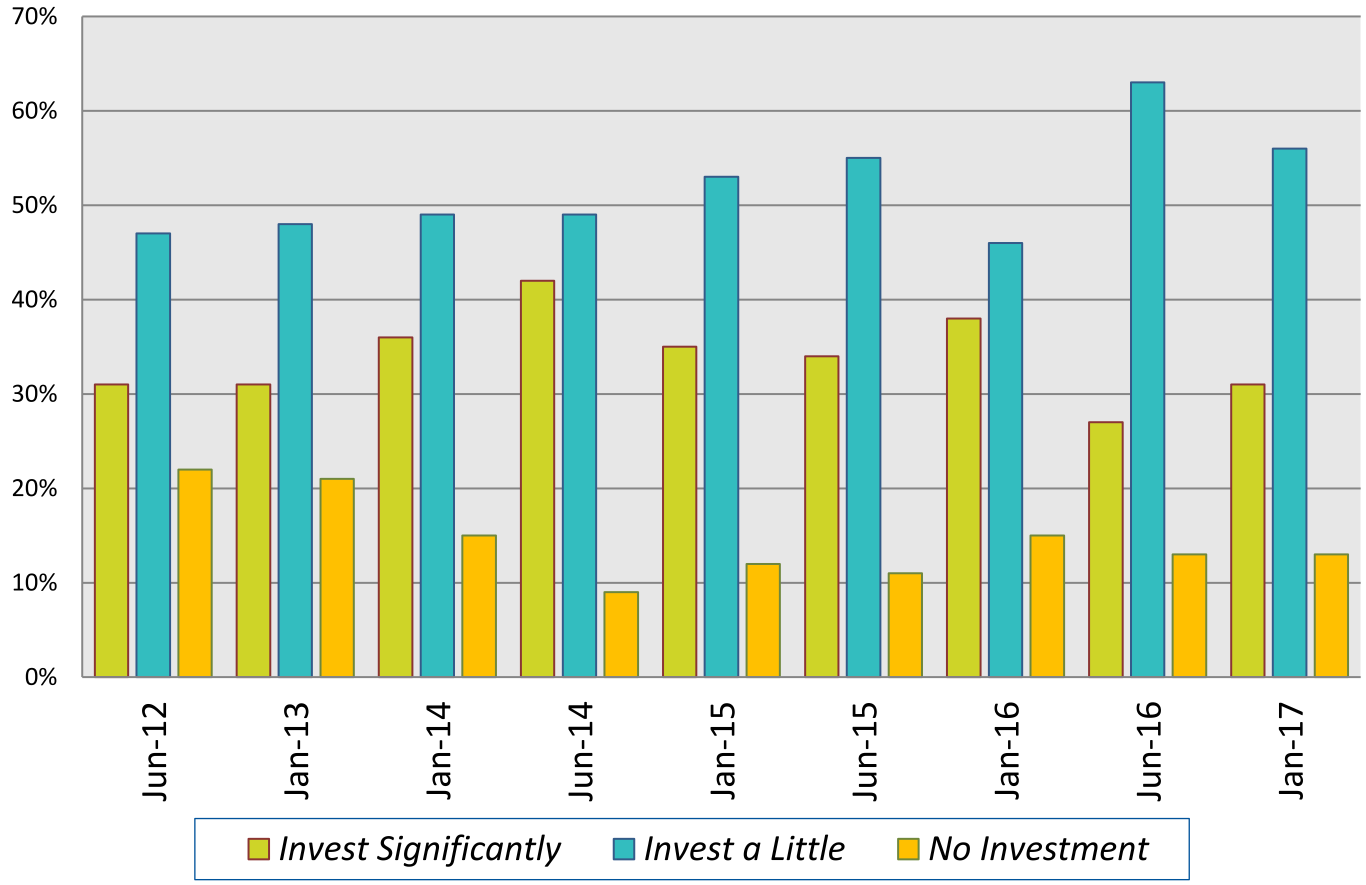
18% Other Management/Supervisory
21% Apprentices
27% Sales Force
38% Technical Managers
41% Shop Floor
70% Engineers

8 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 (Jan 2017)

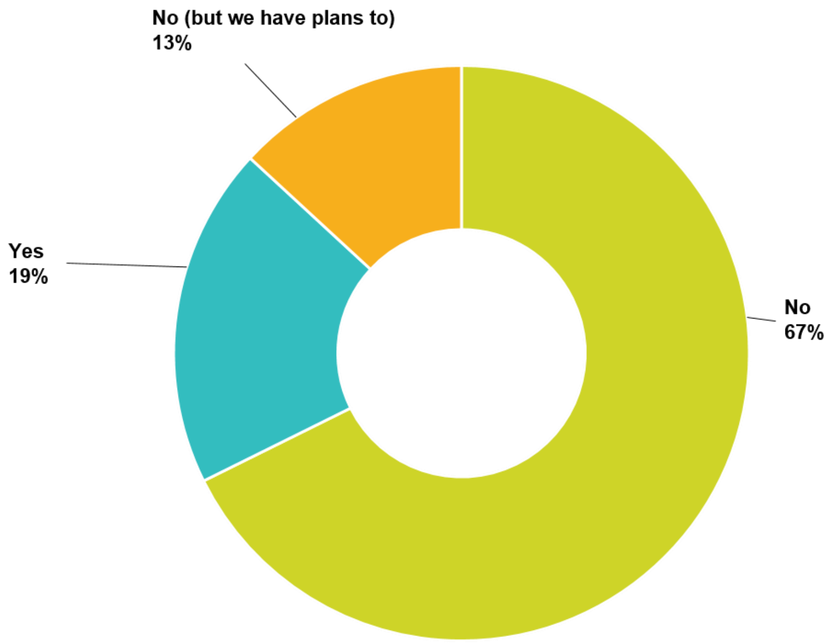


Percentage of Firms Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'No Investment' in Plant and Equipment in the Next 12 Months (June 2012 – Jan 2017)

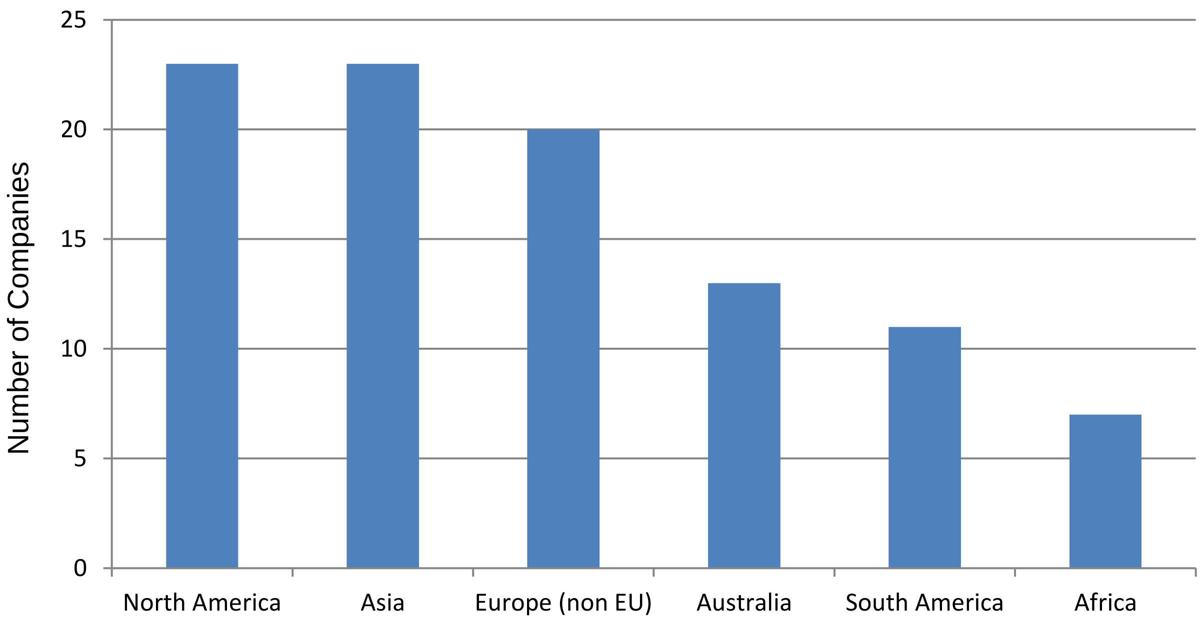


9 Export Focus Post EU Referendum

As a Result of the EU Referendum, has your Company Proactively Begun to Explore Export Markets Outside of the EU?



Which non-EU export market(s) do you feel have the most potential for your business over the next ten years?



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