British Plastics
Federation

Business Conditions Survey for the UK Plastics Industry

Jan-Feb 2019

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

Participation

The survey was conducted Jan - Feb 2019, with the results published in March.

The survey, which was open exclusively to members of the British Plastics Federation, was completed by 106 firms.

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

Plastics Processors	**72%**
Recyclers	**9%**
Raw Materials Producers and Distributors	**7%**
Additives and Masterbatch	**2%**
Machinery and Equipment	**10%**

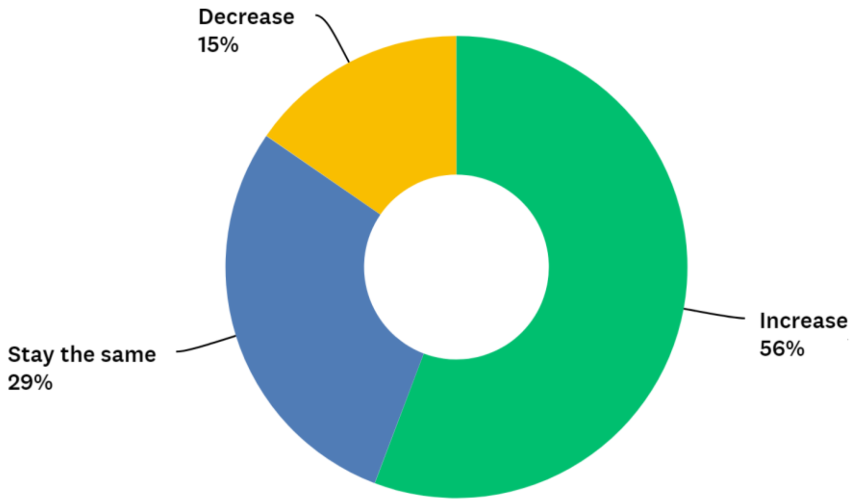
Plastic Industry Market Sectors

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:

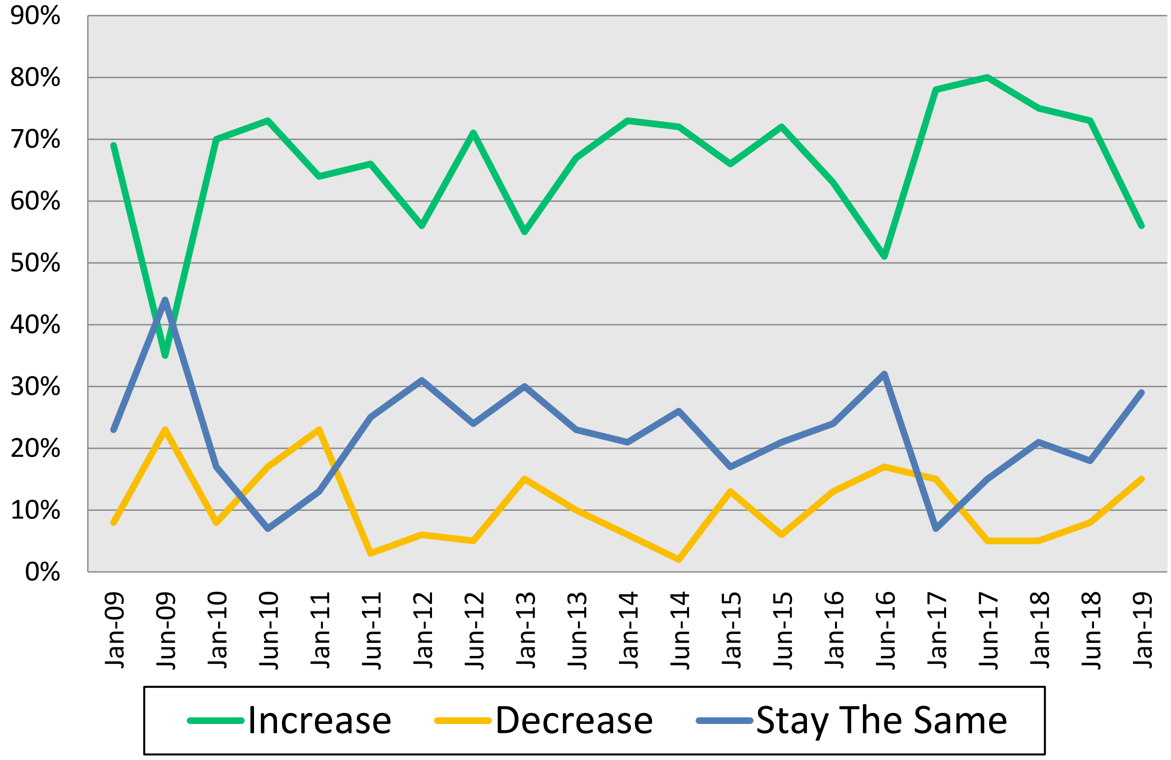
Construction	**45%**
Automotive	**48%**
Electrical and Electronic	**36%**
Packaging	**56%**
General mechanical goods	**29%**
Healthcare	**33%**

Sales Turnover

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



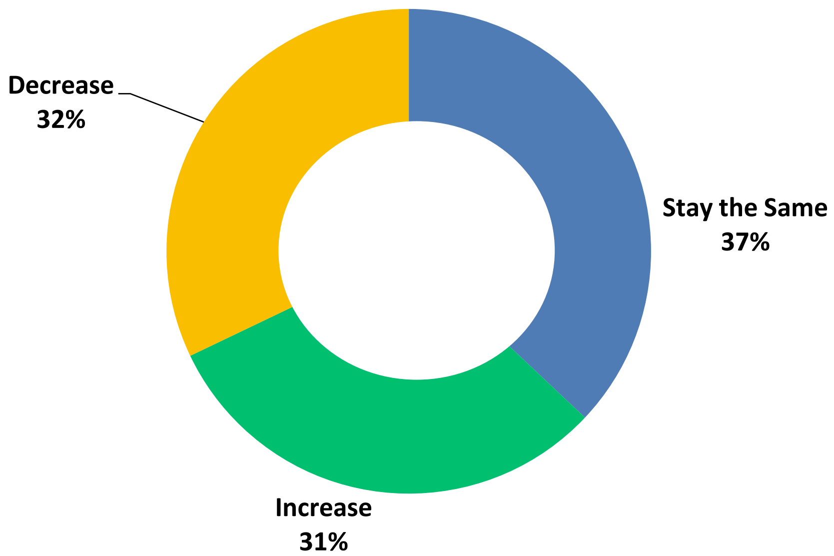
Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan '09-Jan '19)



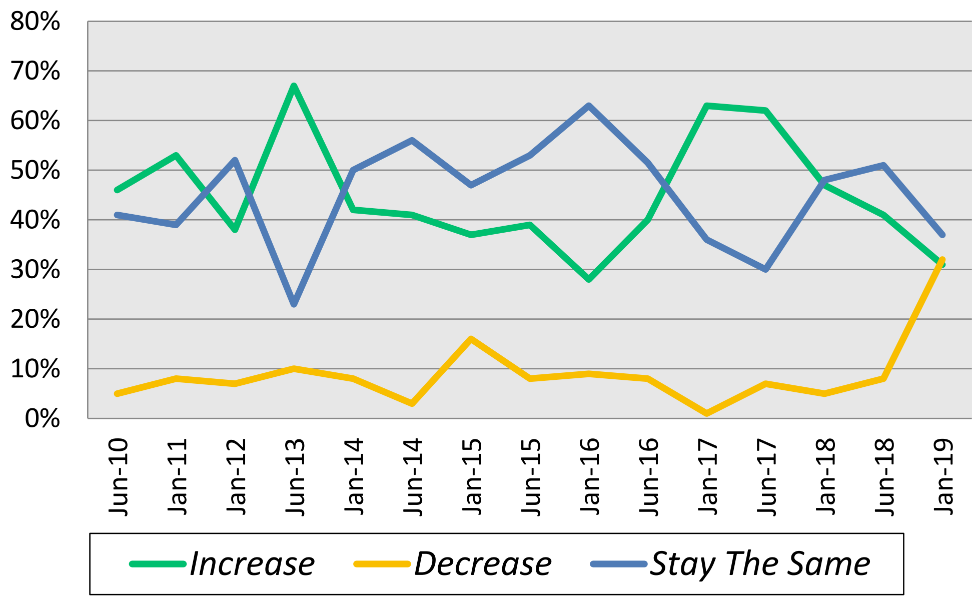
Of the companies stating that they predict Sales Turnover to 'Decrease' or 'Stay the Same', the vast majority of companies mentioned 'Brexit' with a number of companies talking about general 'uncertainty'.

Export Sales Turnover

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



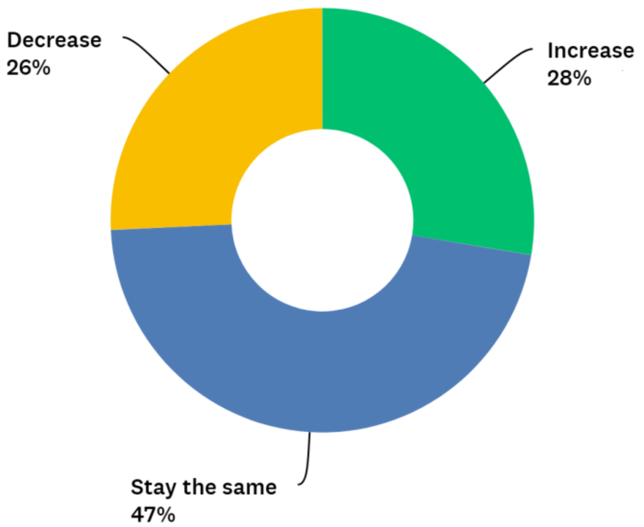
Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (June 2010-Jan 2019)



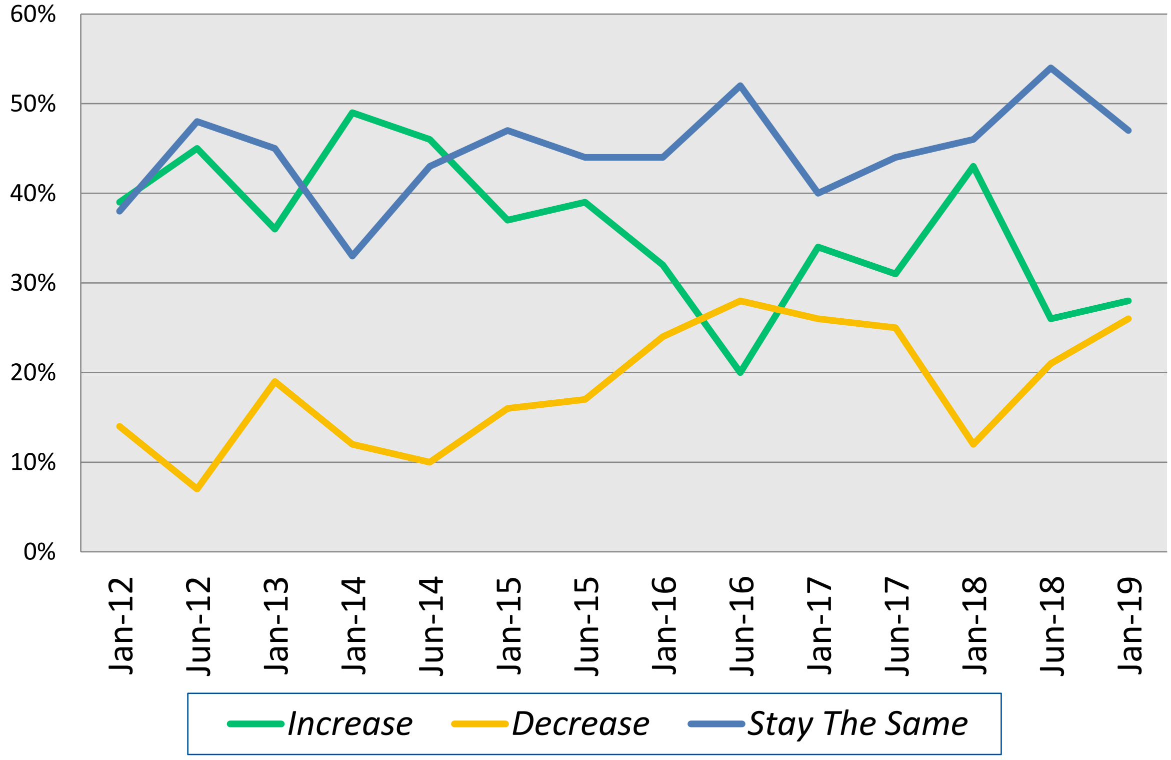
Of those companies that gave reasons for predicting a 'decrease' in export sales, all companies gave 'Brexit' as the reason. One company stated that WTO Rules could increase costs to their customers by £400,000 p.a.

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 2019)

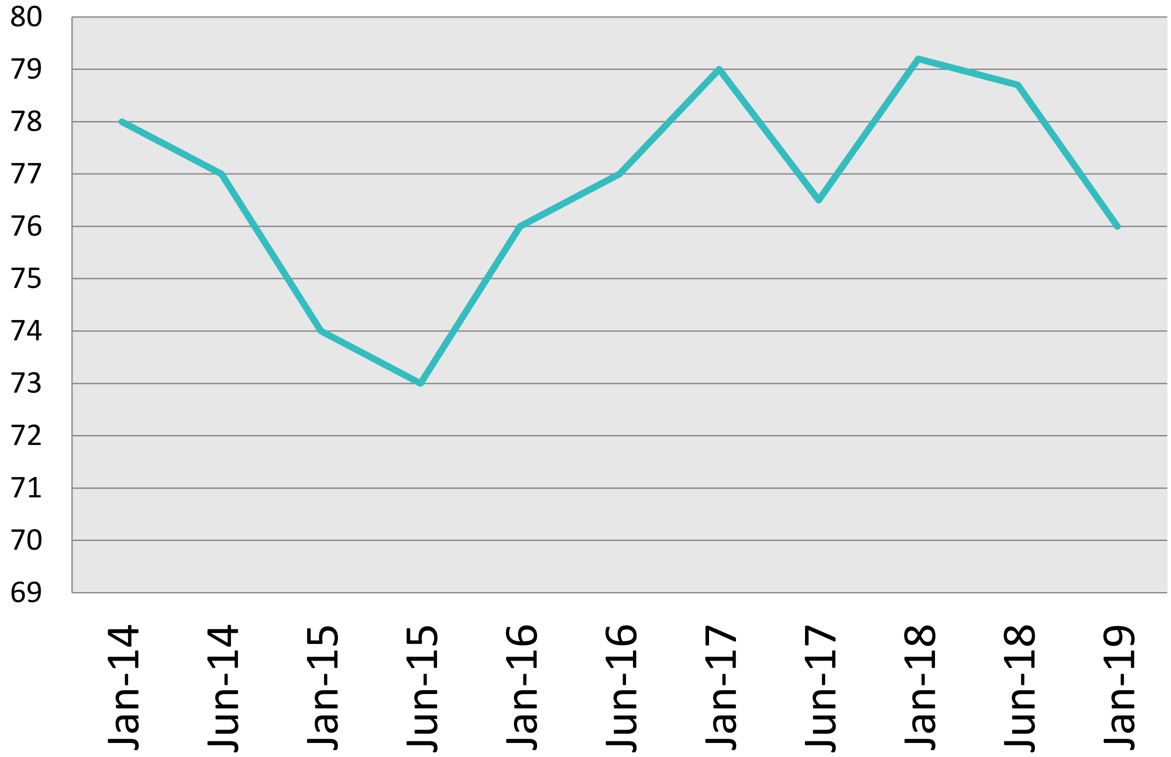


When asked for special factors affecting profit margins, the majority of companies predicting a ‘decrease’ or ‘stay the same’ either stated uncertainty around Brexit or raw material price increases. In addition a number of companies pointed to currency fluctuations.

Capacity Utilisation

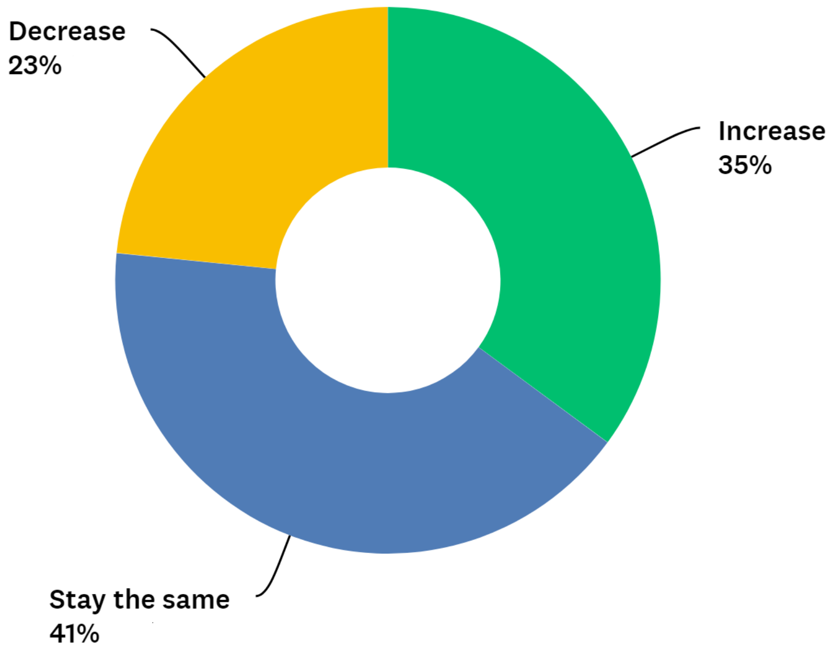
The BPF asked companies how much capacity will be utilised over the next 12 months. Of those that responded, the average predicted capacity utilisation was 76%.

Average Capacity Utilisation Over the Next 12 Months

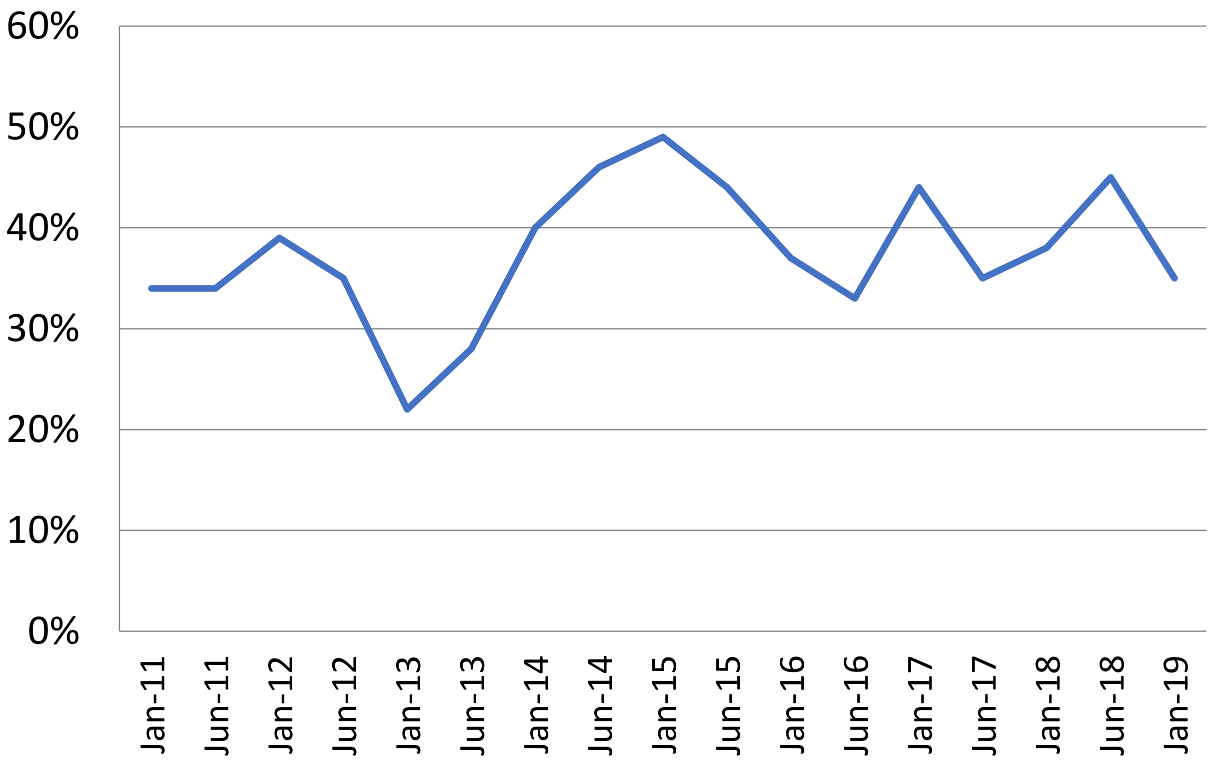


Staffing

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

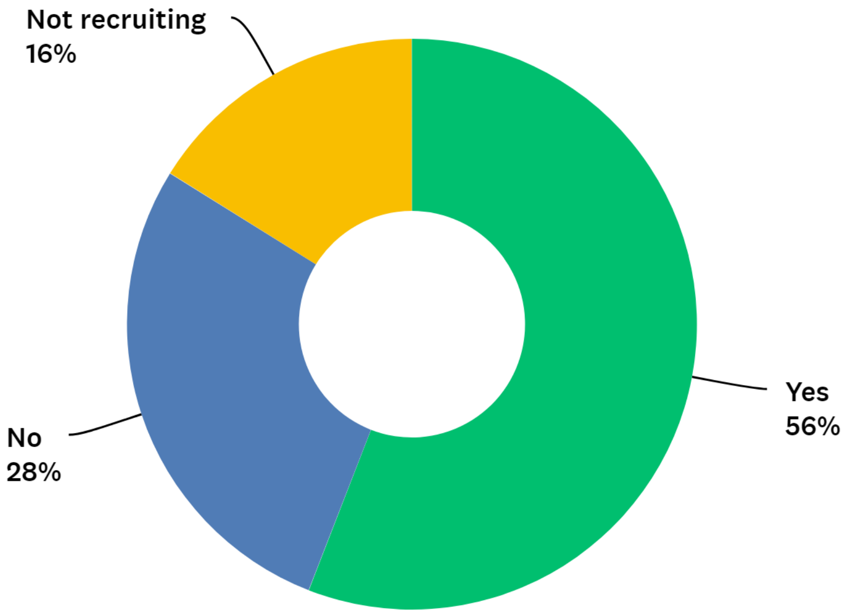


Percentage of Respondents Surveyed Looking to Increase Staff Levels in the Next 12 Months (Jan 2011-Jan 2019)

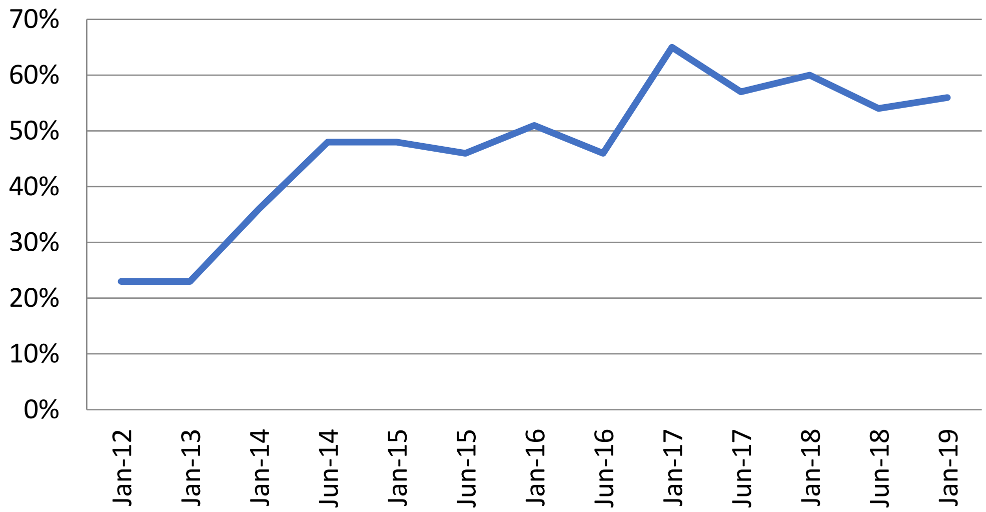


Skills Needs

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



Percentage of Respondents Surveyed Having Difficulty Recruiting Staff (Jan 2012-Jan 2019)

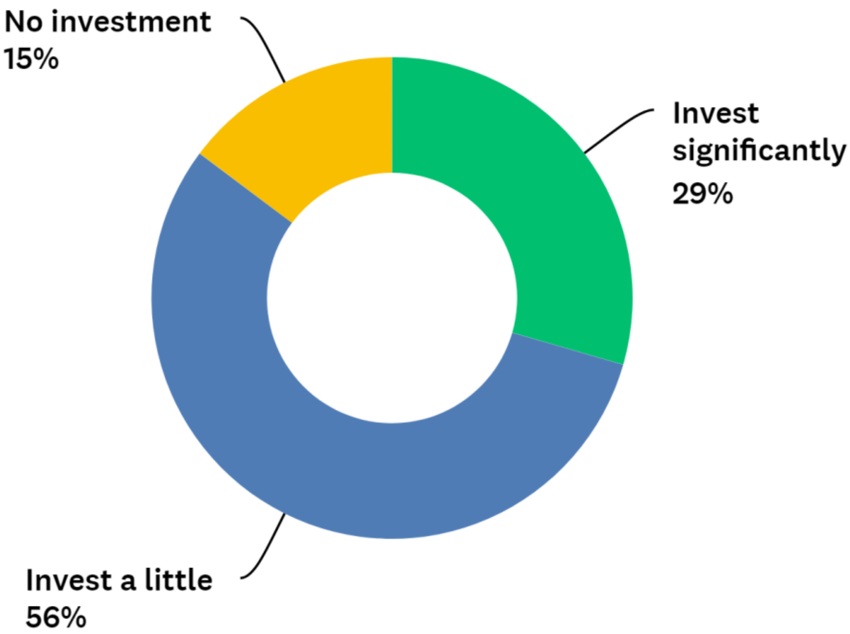


The BPF asked those having difficulties which types of staff were hard to recruit (note people could choose multiple options):

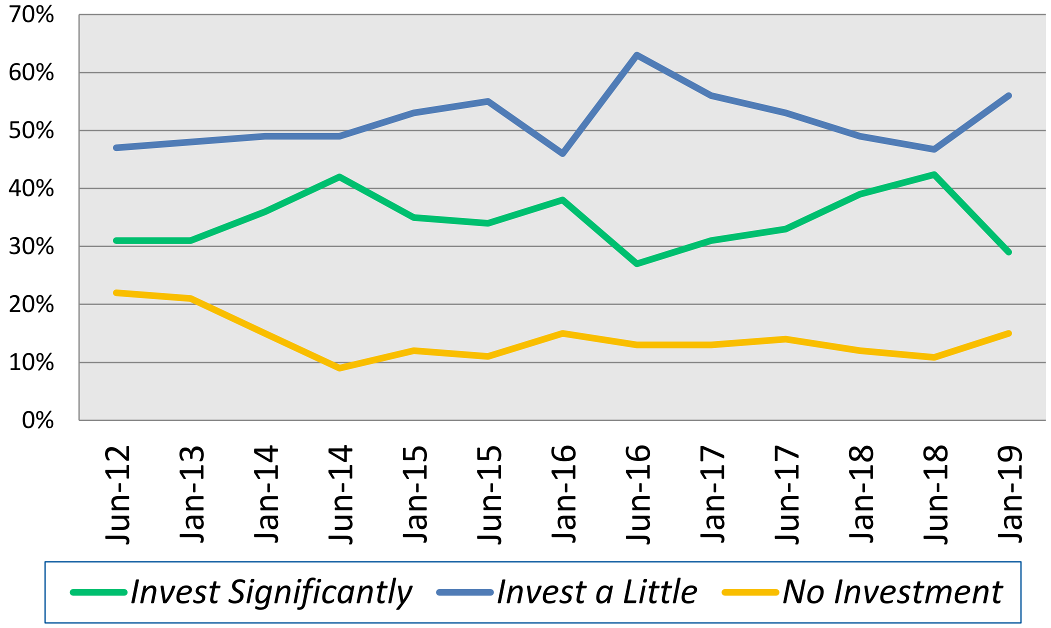
15% Other Management/Supervisory
21% Apprentices
23% Sales Force
35% Technical Managers
44% Shop Floor
62% Engineers

Investment intentions in Plant and Equipment

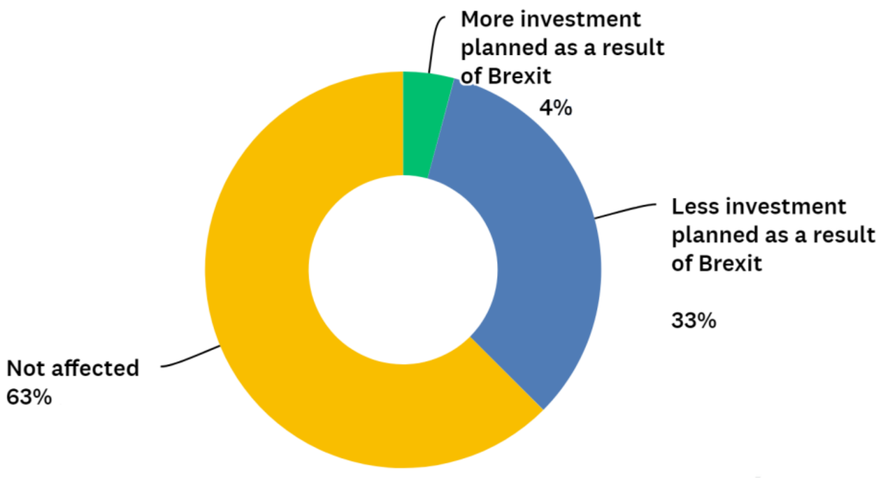
Percentage of Respondents Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'No Investment' in Plant and Equipment in the Next 12 Months



Percentage of Respondents Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'No Investment' in Plant and Equipment in the Next 12 Months (Jun 2012-Jan 2019)



How have your investment intentions been affected by Brexit?



In the previous survey (June 2018), 28% of companies stated they planned less investment as a result of Brexit and 8% stated they planned more, as can be seen above, it appears that more companies in the industry are now planning less investment as a result of Brexit.

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