British Plastics Federation

Business Conditions Survey for the UK Plastics Industry

Jun-Jul 2018

BPF British Plastics Federation

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 June - July 2018, with the results published in March.

The survey, which was open exclusively to members of the British Plastics Federation, was completed by 100 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%**

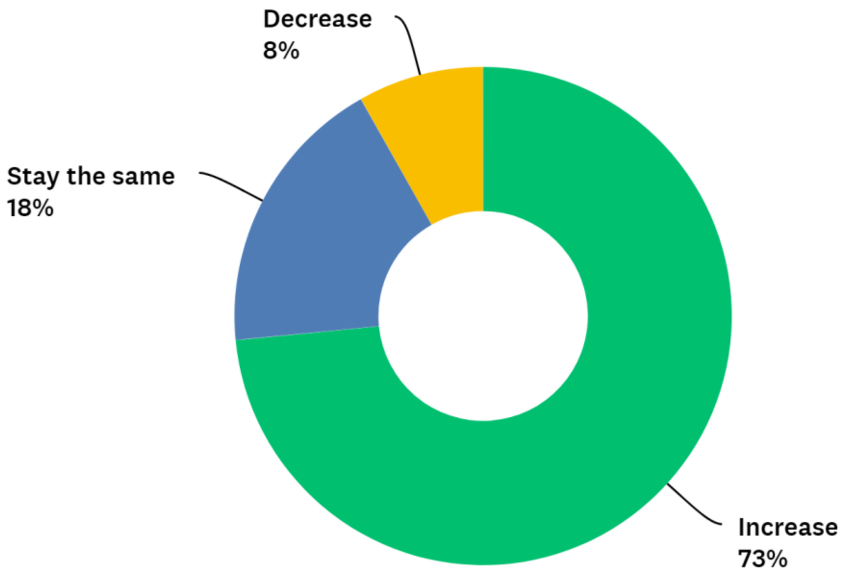
Plastic Industry Market Sectors

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:

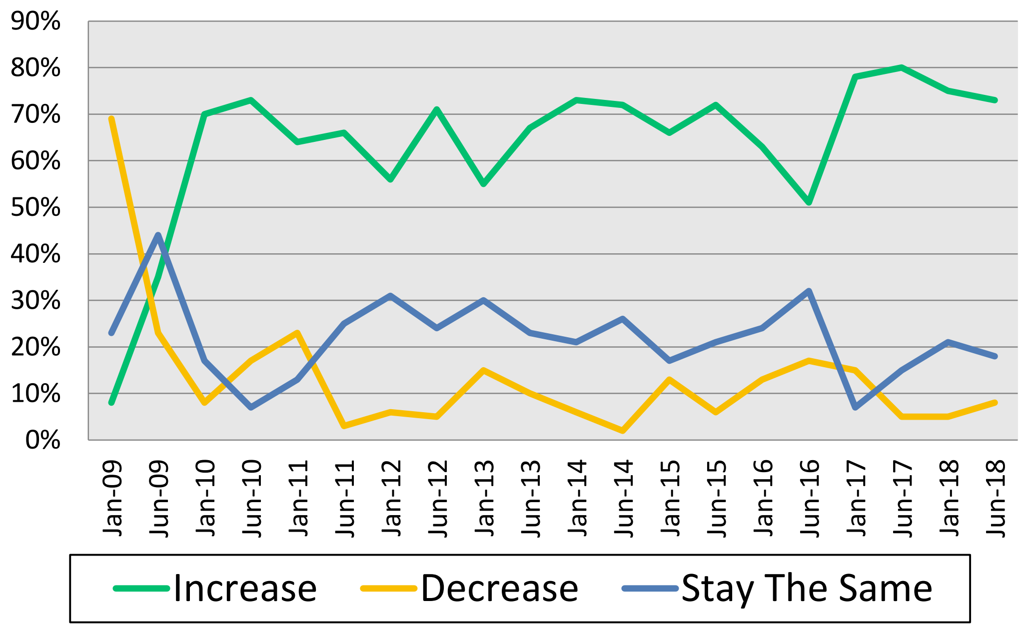
Construction	**55%**
Automotive	**49%**
Electrical and Electronic	**40%**
Packaging	**64%**
General mechanical goods	**32%**
Healthcare	**39%**

UK Sales Turnover

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



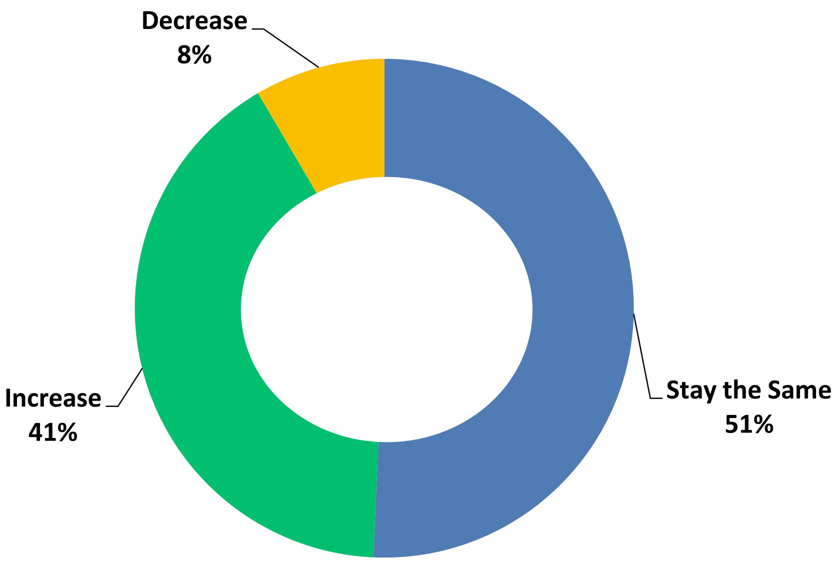
Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan '09-June '18)



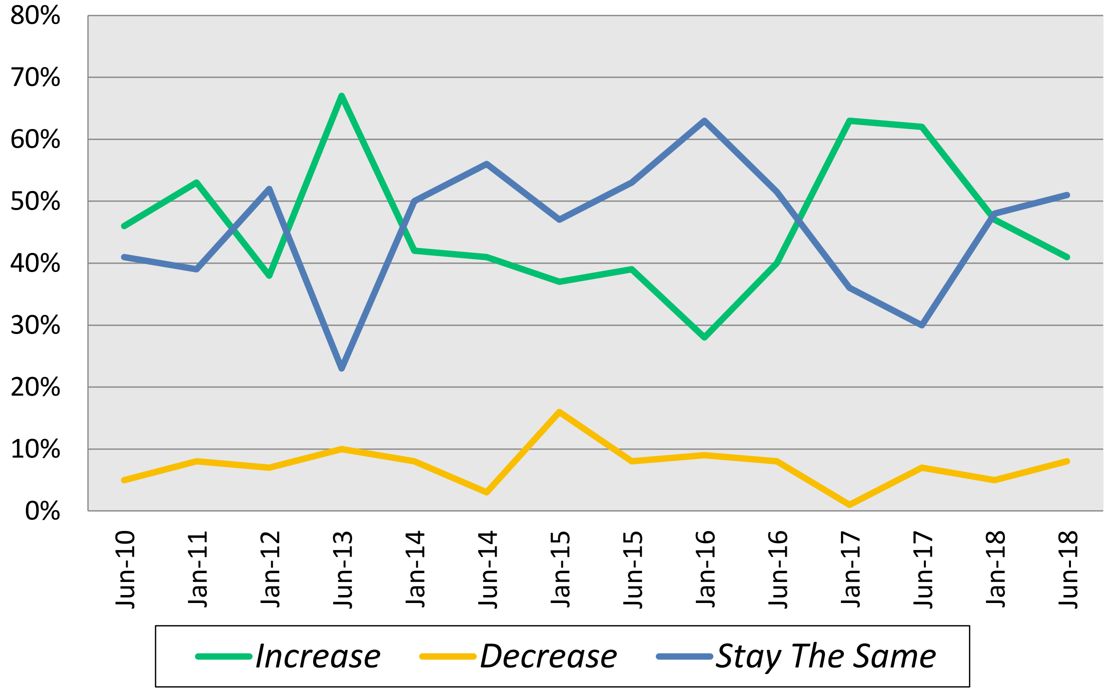
When asked for any 'special factors' affecting sales turnover, of the companies who stated that they believed sales turnover would *'stay the same'* or *'decrease'* the most common reason given was *'Brexit uncertainty'* with the next most common response being around current negative attention on the plastics industry from the media & Government. For those predicting an increase, the most common reason was investment in plant and equipment.

Export Sales Turnover

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



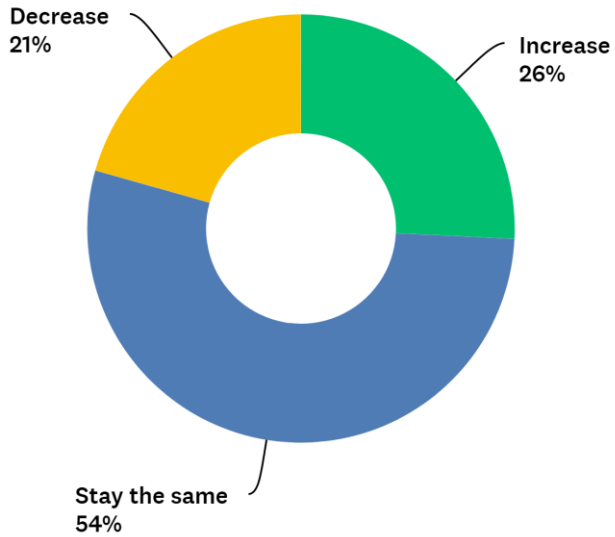
Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (June 2010-June 2018)



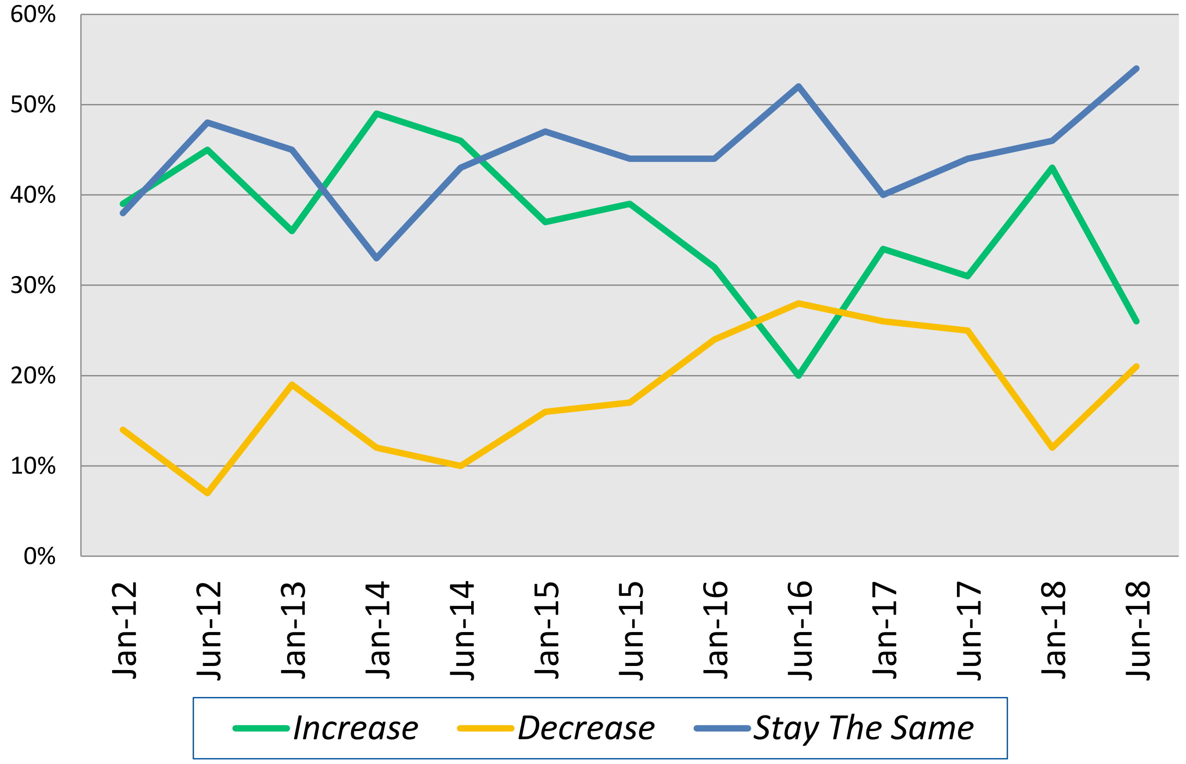
When asked whether there were any special factors affecting export sales, half of those who stated that export sales would *'decrease'* or *'stay the same'* gave *'Brexit'* and *'uncertainties around Brexit'* as the reason.

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 – June 2018)

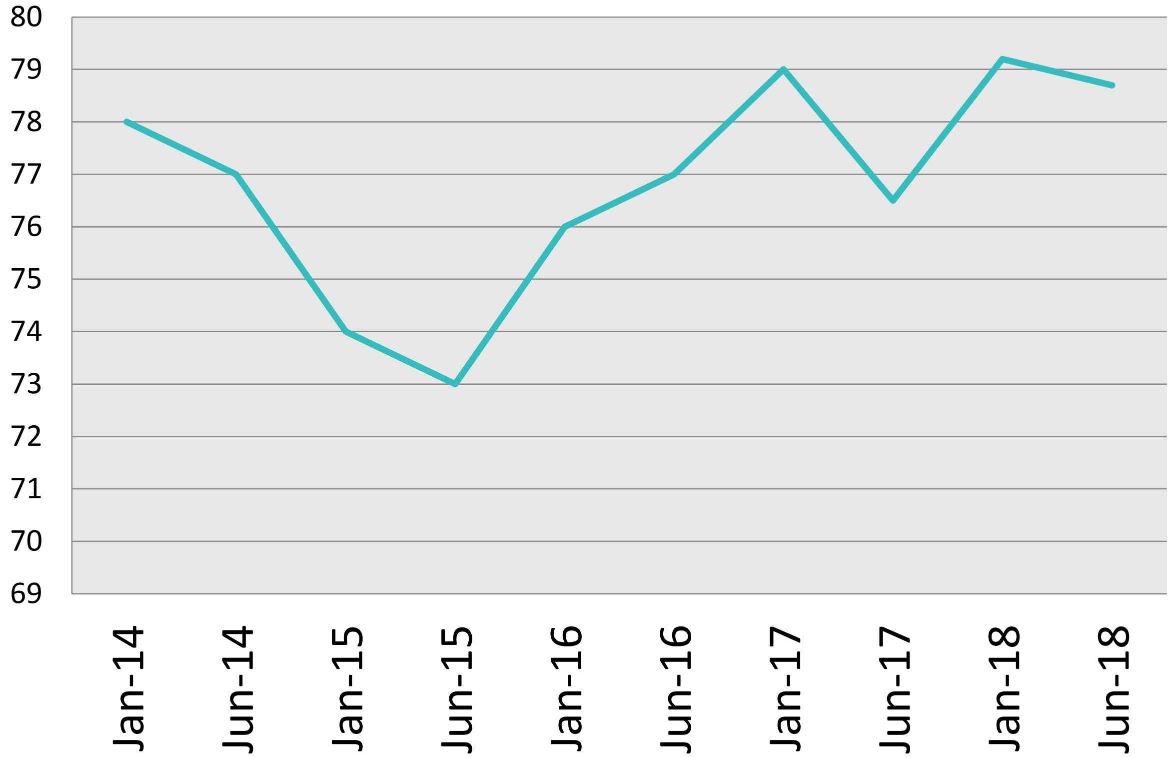


When asked for special factors affecting profit margins, half of those predicting a decrease put it down to the increasing cost of raw material. The next most common reason given for a predicted decrease in profitability was exchange rates.

Capacity Utilisation

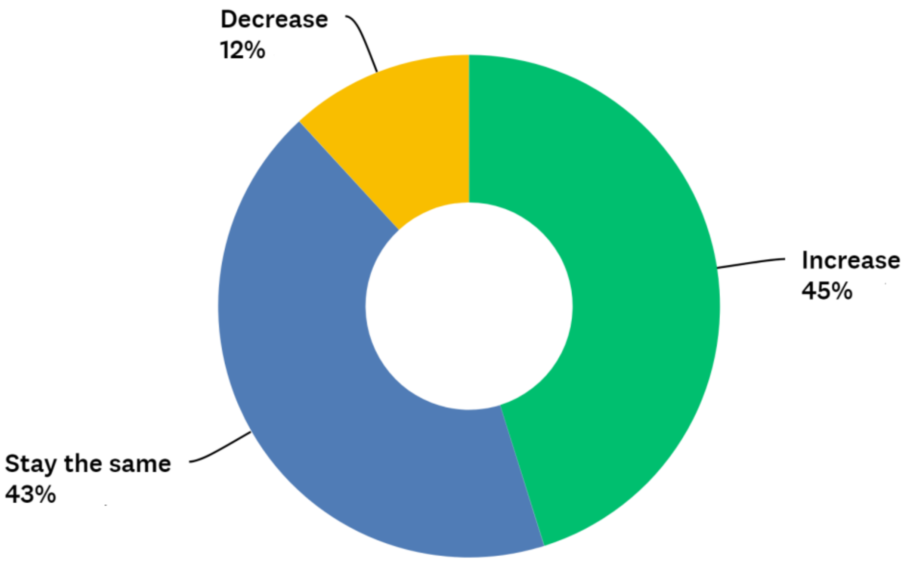
The BPF asked companies how much capacity will be utilised over the next 12 months. Of those that responded, the average predicted capacity utilisation was 78.7%.

Average Capacity Utilisation Over the Next 12 Months

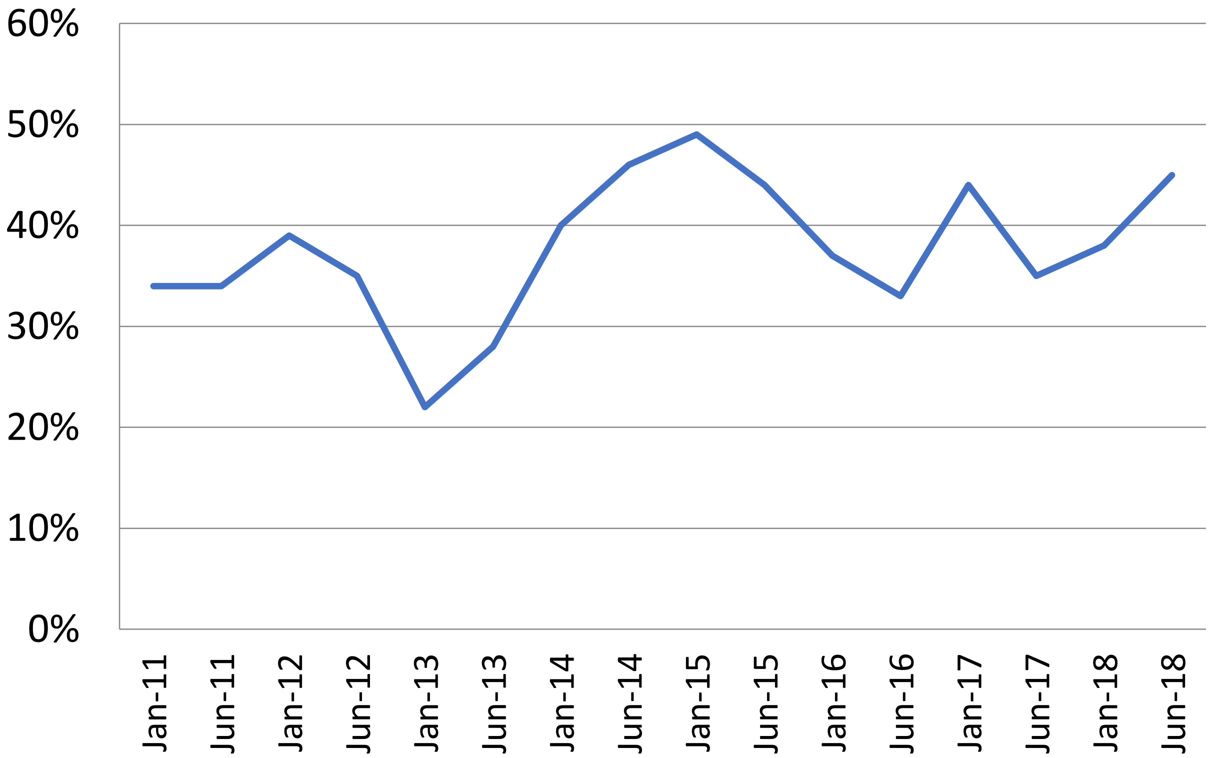


Staffing

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

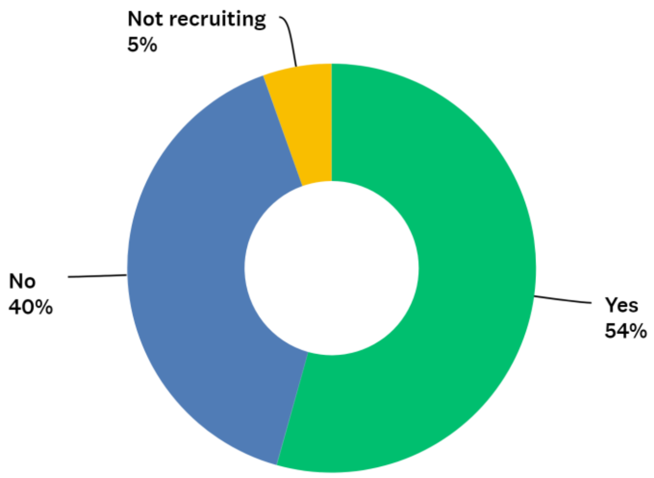


Percentage of Firms Surveyed Looking to Increase Staff Levels in the Next 12 Months (Jan 2011-June 2018)

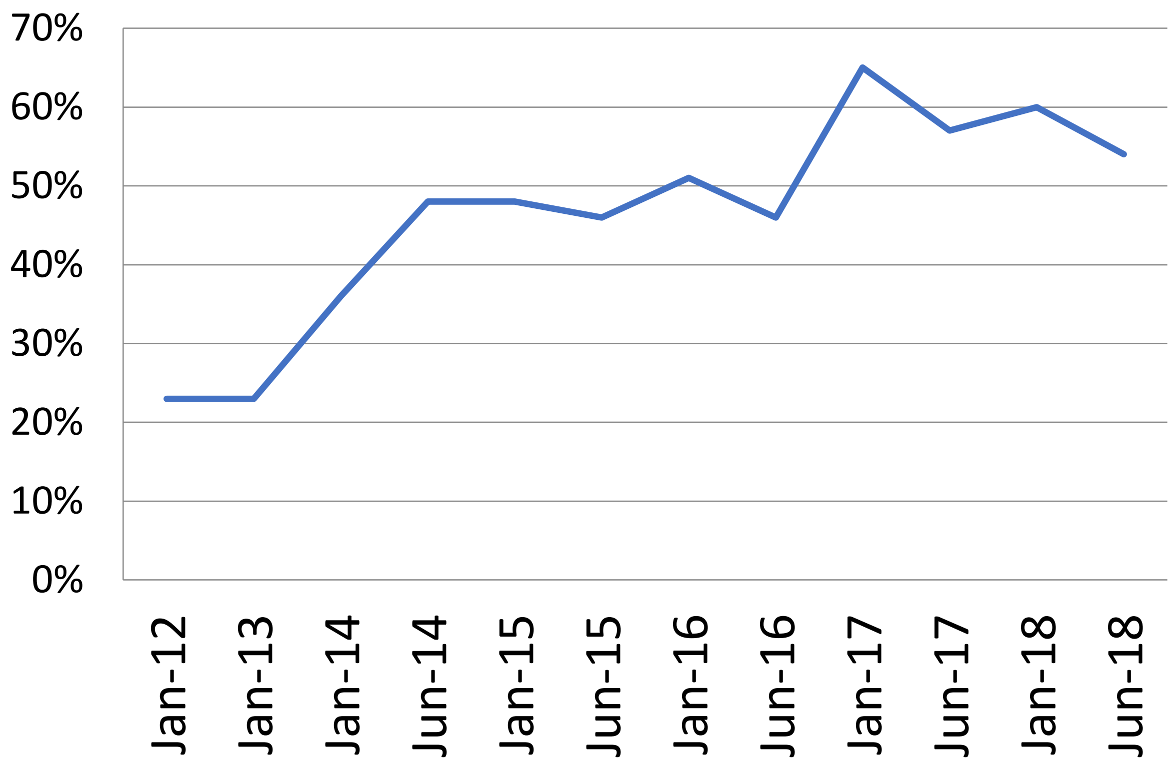


Skills Needs

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 (Jan 2012-June 2018)

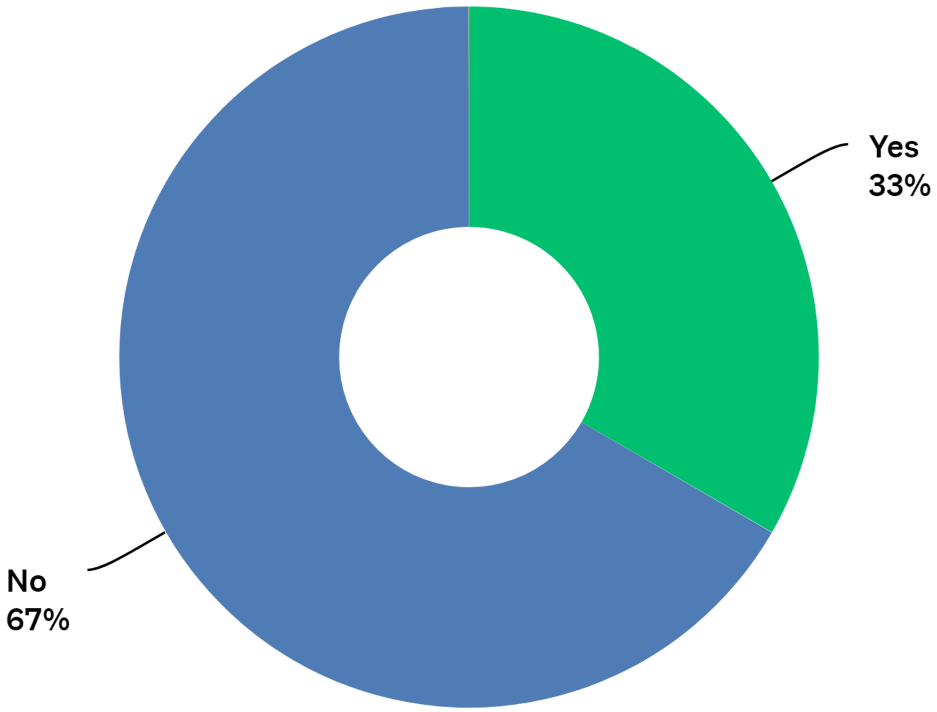


The BPF asked those having difficulties which types of staff were hard to recruit (note people could choose multiple options):

11% Other Management/Supervisory
16% Apprentices
25% Sales Force
36% Technical Managers
57% Shop Floor
45% Engineers

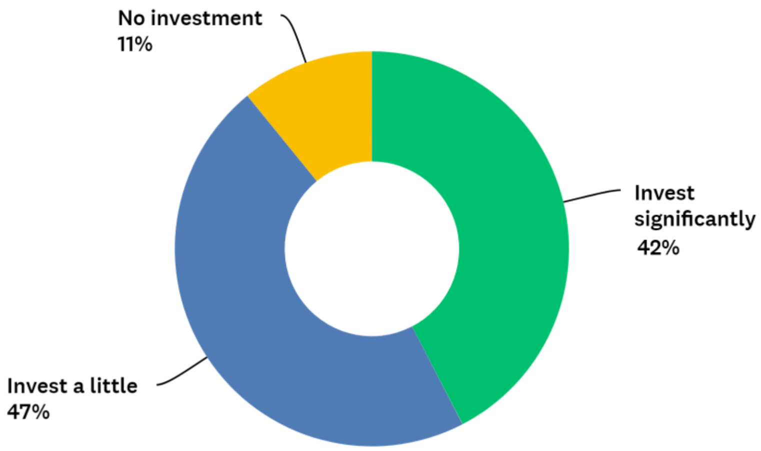
Skills and Brexit

Has the result of the Brexit referendum made it harder to recruit Non-UK EU staff?



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



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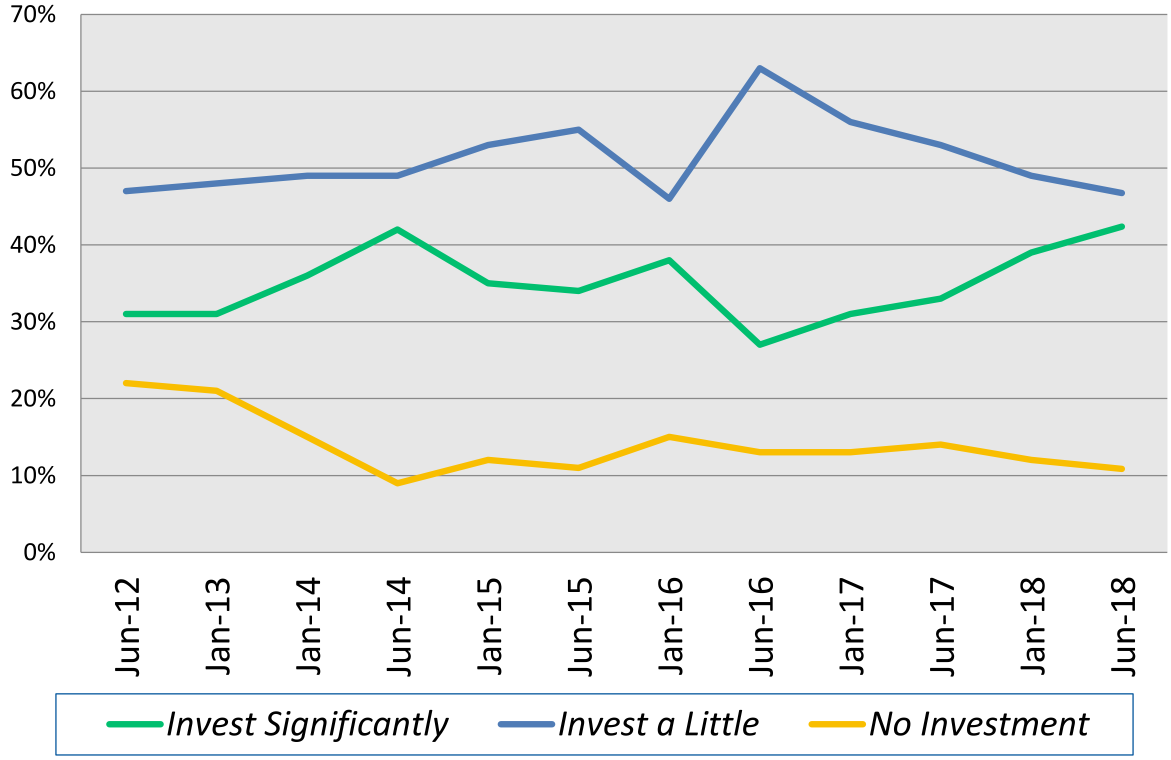
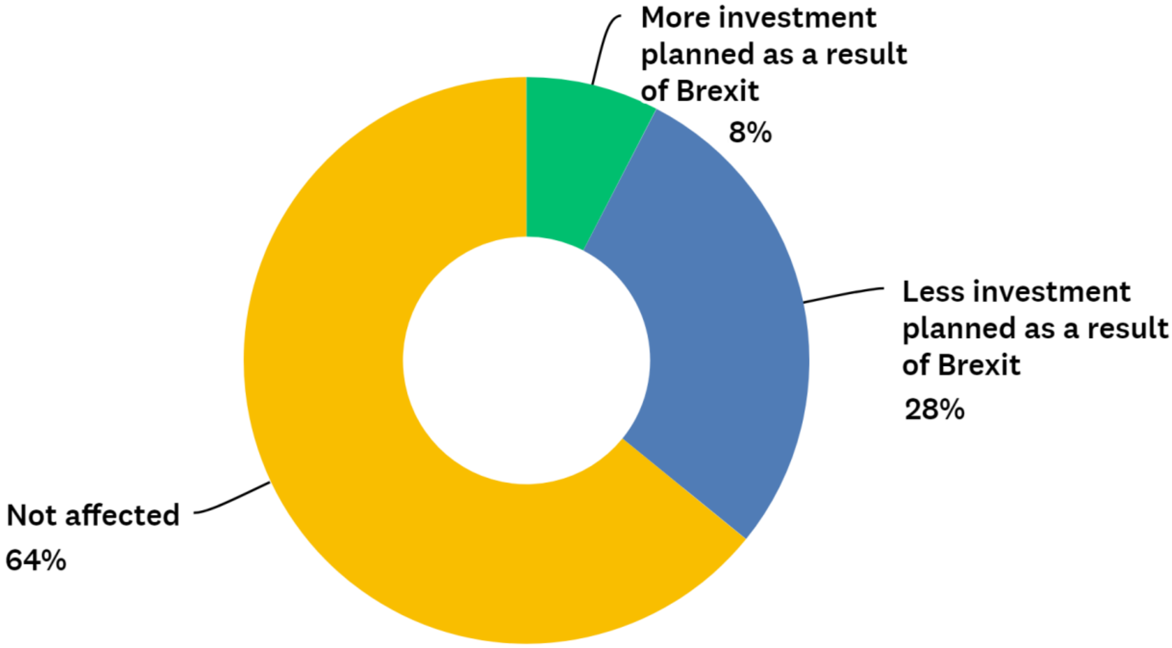


How have your investment intentions been affected by Brexit?



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