British Plastics
Federation

Business Conditions Survey for the UK Plastics Industry

June/July 2017

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 in June and July 2017, with the results published in July.

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	**67%**
Recyclers	**10%**
Raw Materials Producers and Distributors	**13%**
Additives and Masterbatch	**7%**
Machinery and Equipment	**4%**

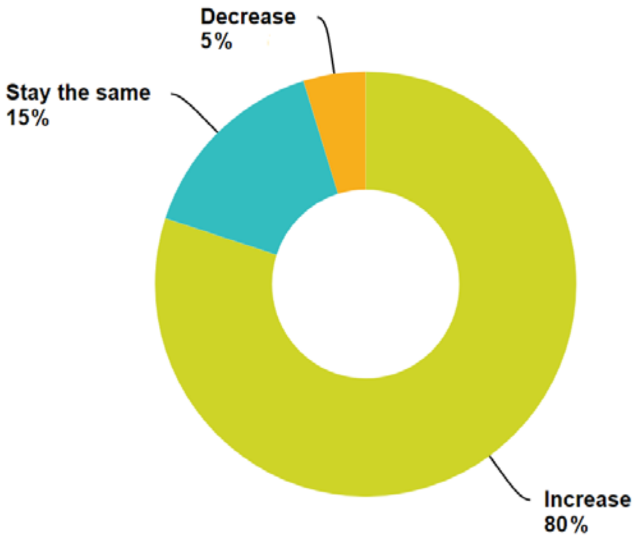
Plastic Industry Market Sectors

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:

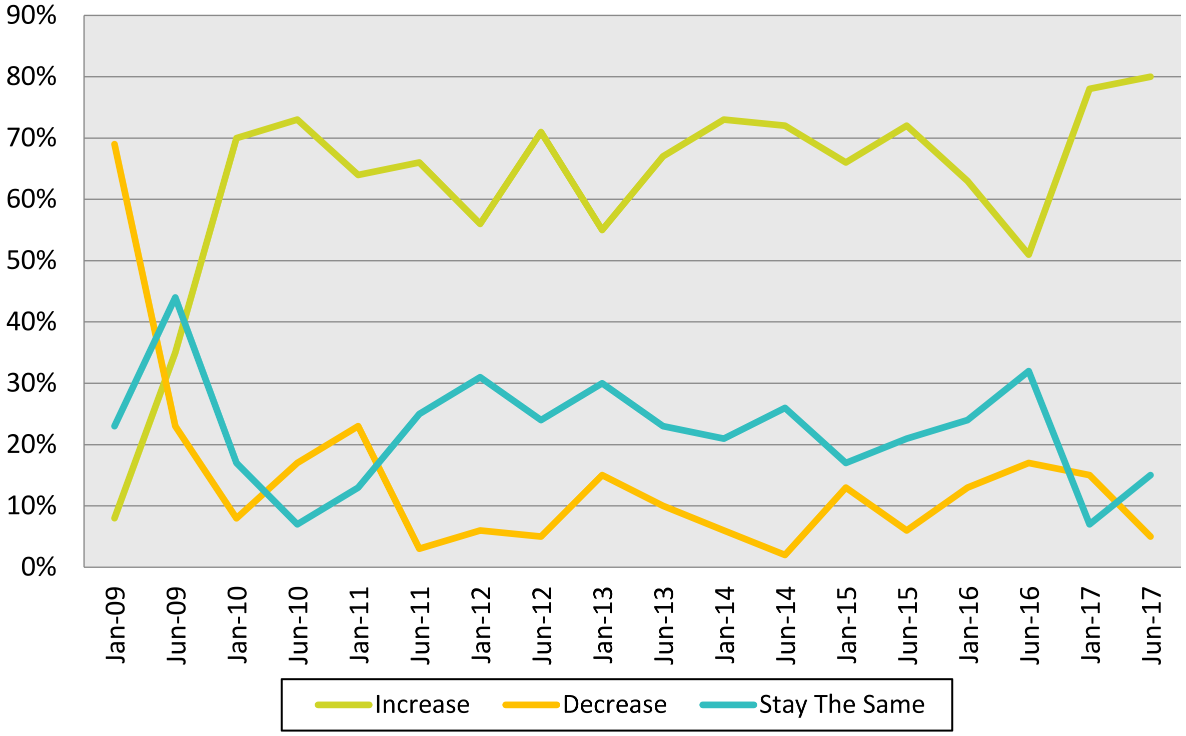
Construction	**54%**
Automotive	**54%**
Electrical and Electronic	**42%**
Packaging	**56%**
General mechanical goods	**31%**
Healthcare	**47%**

UK Sales Turnover

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



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



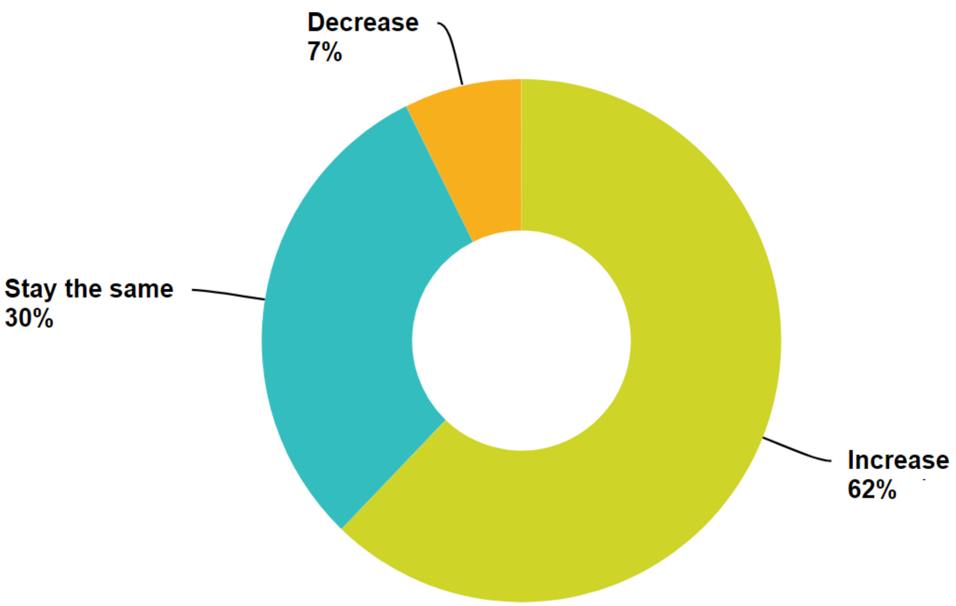
The breakdown of those respondents who predicted sales turnover would increase, decrease or stay the same is shown below…

27%	Increase by	< 5%
31%	Increase by	5 - 10%
8%	Increase by	10 - 20%
9%	Increase by	20% +
5%	Increase by	Unsure
15%	Stay the same	
5%	Decrease	

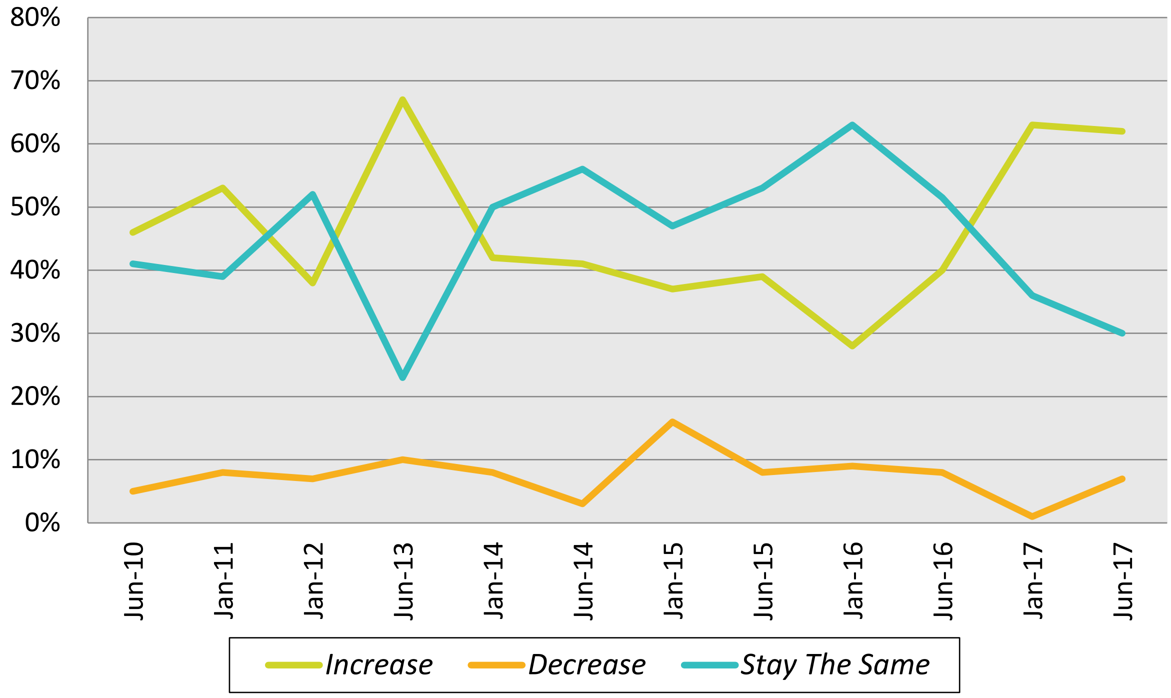
80% of respondents were predicting an increase in sales turnover over the next 12 months, up from 51% a year ago and up slightly from the last survey (78% in January 2017).

Export Sales Turnover

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



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



62% expected export sales to increase over the next 12 months which is in line with the survey carried out 6 months ago. A slight increase was seen in those predicting a decrease in exports, from just 1% of firms in January 2017 to 7% of firms this time.

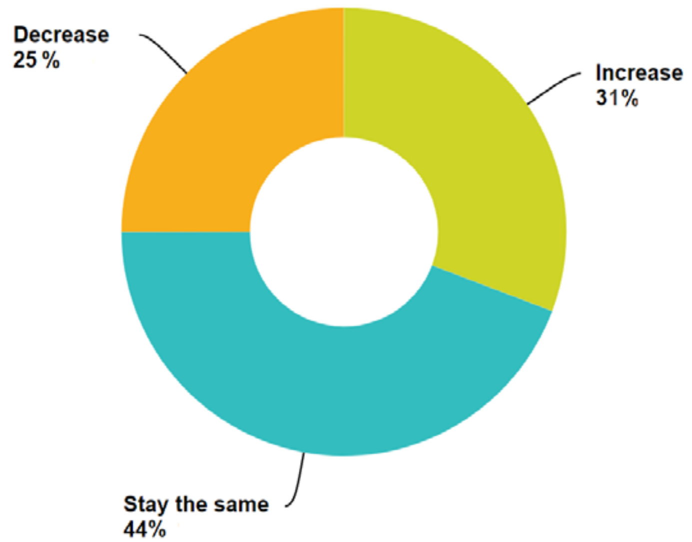
Of those respondents who exported they predicted sales turnover over the next 12 months...

21%	**Increase by**	**< 5%**
28%	**Increase by**	**5 - 10%**
5%	**Increase by**	**10 - 20%**
5%	**Increase by**	**20% +**
3%	**Increase by**	**Unsure**
30%	**Stay the same**	
7%	**Decrease**	

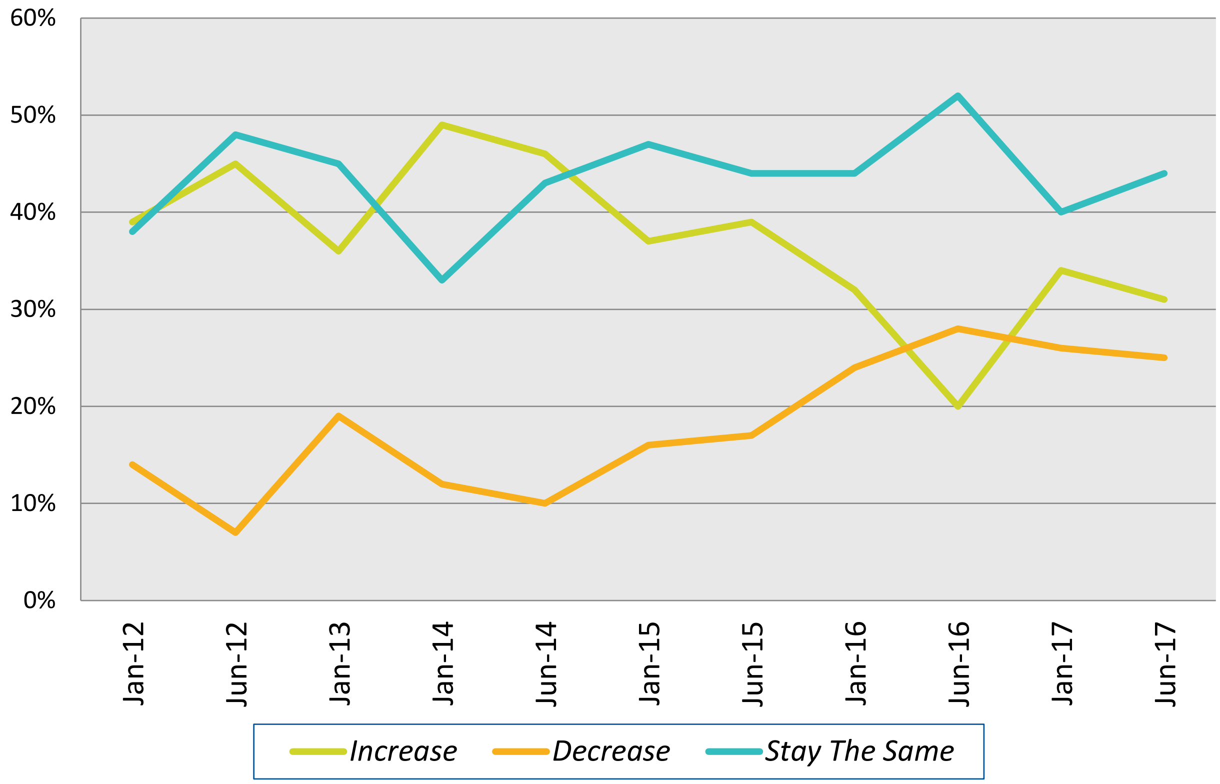
The BPF also asked whether there were any ‘special factors’ affecting their predictions and out of those who stated that they expect export sales would increase around half the firms singled out the weak pound as a competitive advantage.

Profitability

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



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



The below shows what percentage respondents felt their profit margins would increase or decrease by…

12%	**Increase by**	**< 5%**
7%	**Increase by**	**5 - 10%**
4%	**Increase by**	**10 - 20%**
4%	**Increase by**	**20% +**
5%	**Increase by**	**Unsure of %**
36%	**Stay the same**	
16%	**Decrease by**	**< 5%**
5%	**Decrease by**	**5 - 10%**
3%	**Decrease by**	**10 – 20%**
1%	**Decrease by**	**20% +**
6%	**Decrease by**	**Unsure of %**

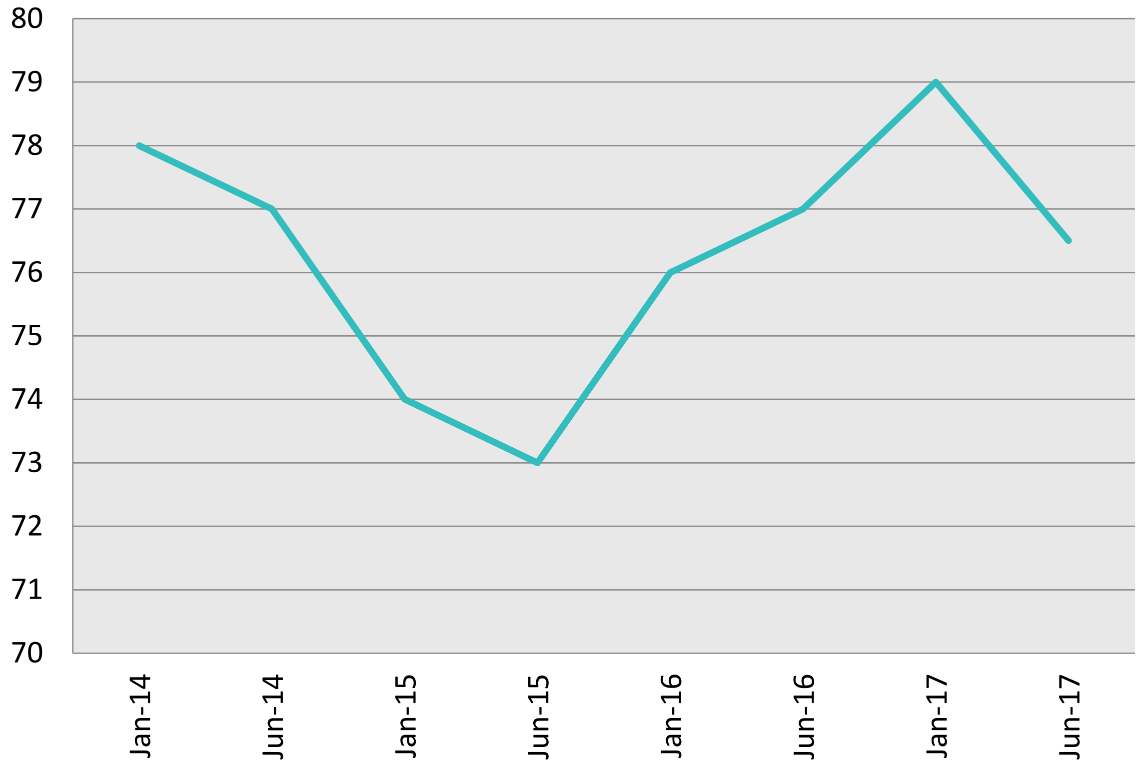
The BPF also asked whether there were any ‘special factors’ affecting their predictions and out of those who stated that they expect profitability to decrease or remain the same, virtually all firms mentioned the weak pound having a detrimental effect on the cost of raw material.

In addition, a number of firms mentioned the increasing cost of labor affecting profit margins.

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 76.5%.

Average Capacity Utilisation Over the Next 12 Months

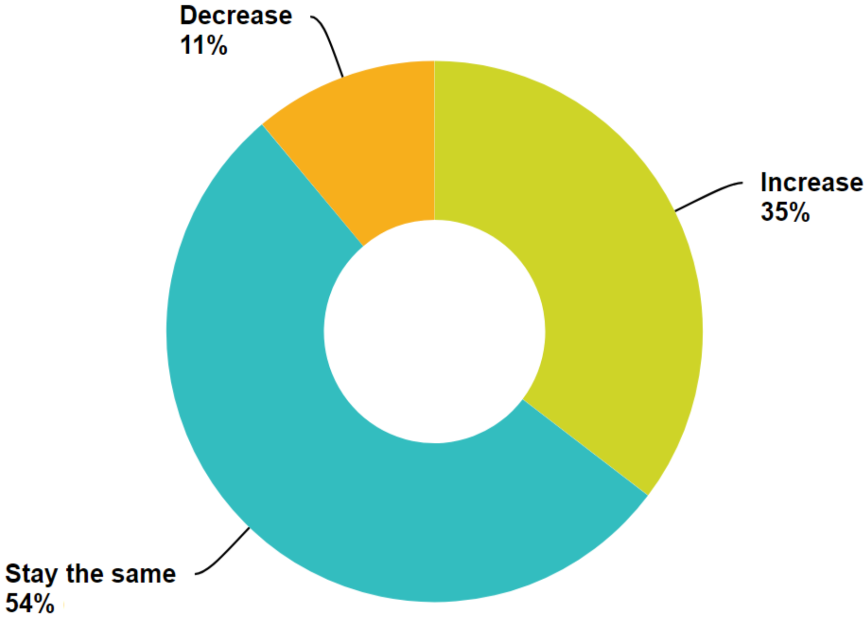


Below are the average capacity utilisations for various groups…

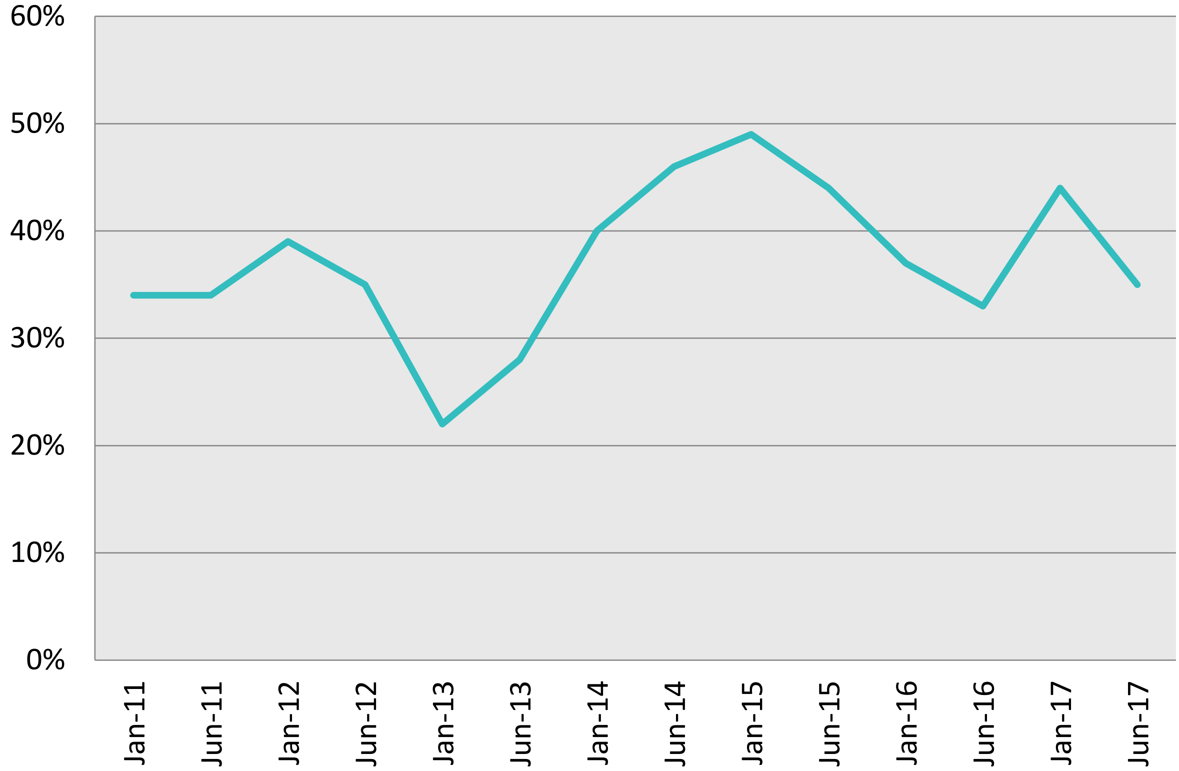
Packaging	**80%**
Recyclers	**75%**
Injection Moulders	**76%**
Rotational Moulders	**77%**

Staffing

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



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

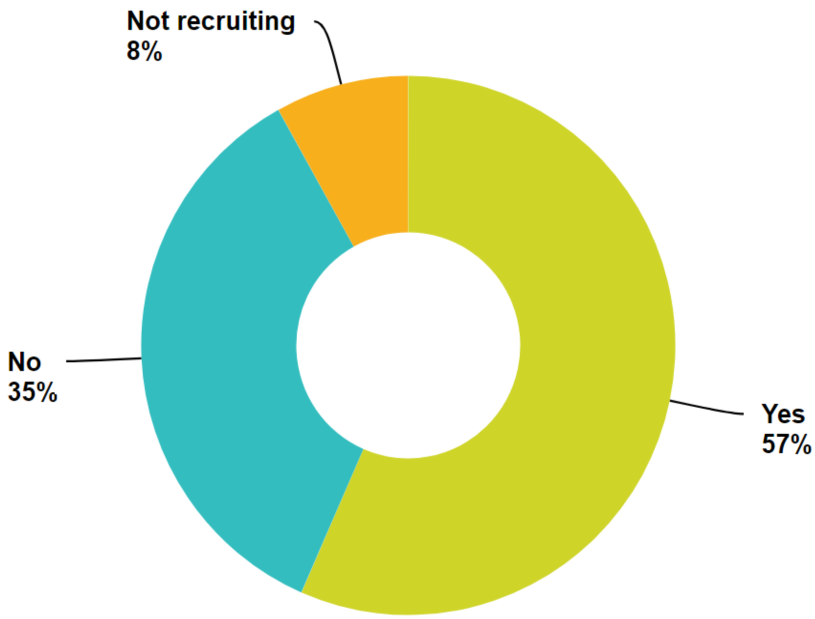


The breakdown of those planning to increase, decrease and maintain the same staff numbers is shown below...

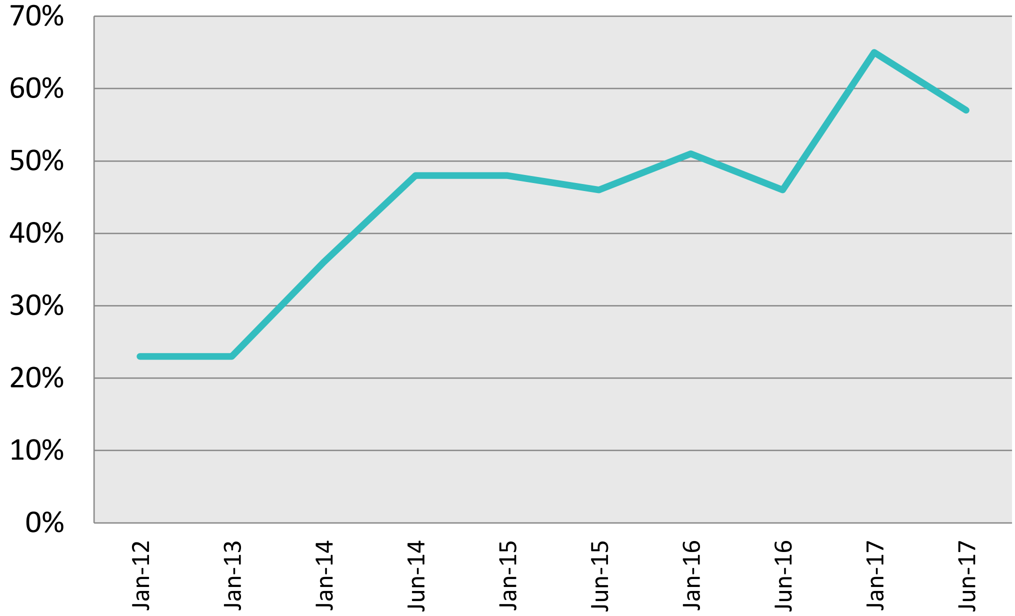
22%	**Increase by**	**< 5%**
8%	**Increase by**	**5 - 10%**
2%	**Increase by**	**10 - 20%**
2%	**Increase by**	**20% +**
1%	**Increase by**	**Unsure**
54%	**Maintain staff levels**	
2%	**Decrease**	**Unsure**
6%	**Decrease**	**< 5%**
3%	**Decrease**	**5 - 10%**

Skills Needs

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



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

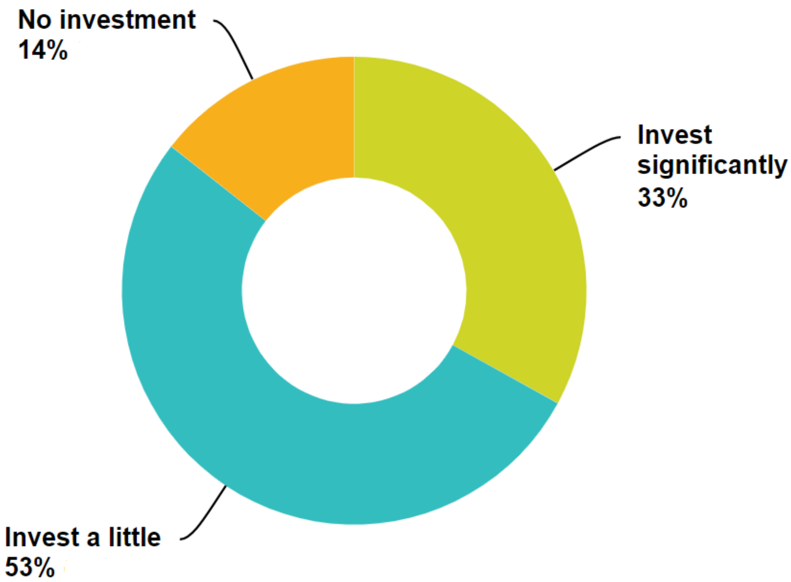


The BPF asked those having difficulties which types of staff were hard to recruit (note people could choose multiple options):

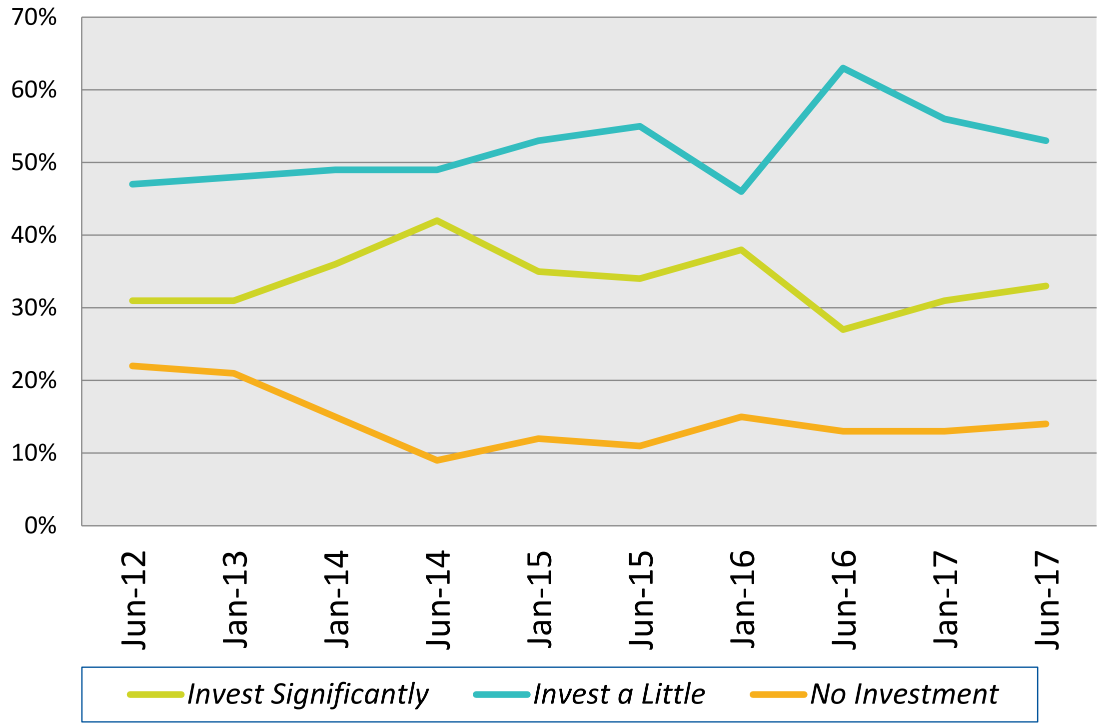
25% Other Management/Supervisory
21% Apprentices
25% Sales Force
37% Technical Managers
44% Shop Floor
58% Engineers

Investment intentions in Plant and Equipment

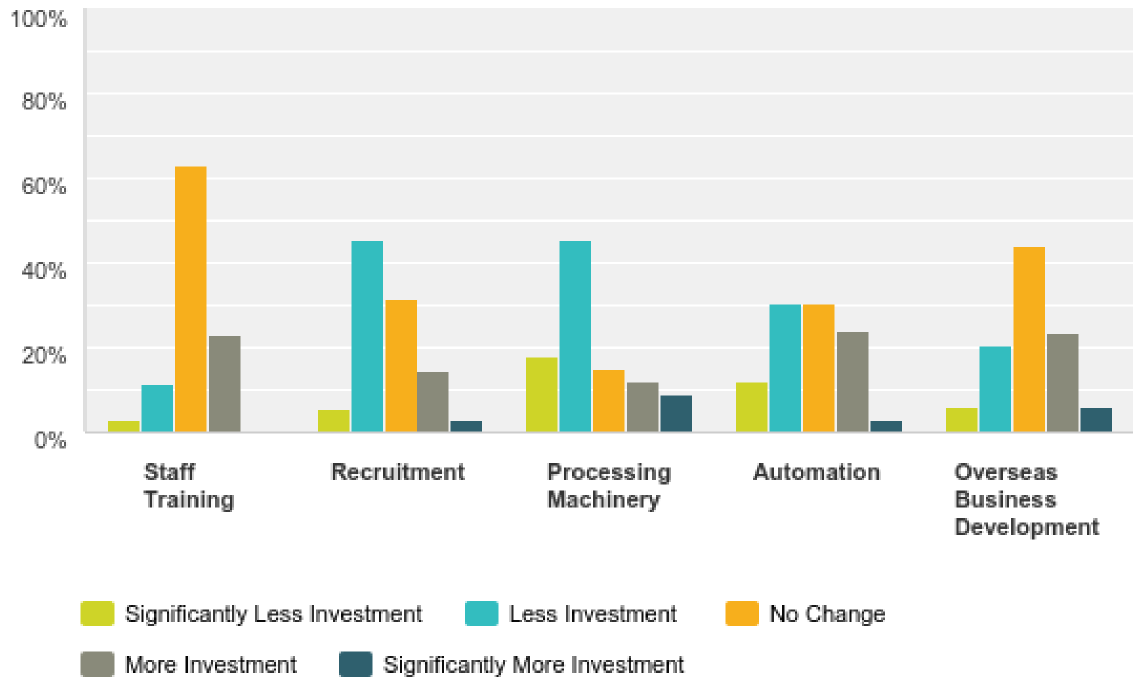
Percentage of Firms Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'Not Invest' in Plant and Equipment in the Next 12 Months (June 2017)



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 – June 2017)



If you have changed your investment intentions due to Brexit, please indicate below how...



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