British Plastics
Federation

Business Conditions Survey for the UK Plastics Industry

June - July 2019

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

Participation

The survey was conducted June – July 2019, with the results published in July.

The survey, which was open exclusively to members of the British Plastics Federation, was completed by 83 firms.

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

Plastics Processors	**64%**
Recyclers	**8%**
Raw Materials Producers and Distributors	**15%**
Machinery and Equipment	**13%**

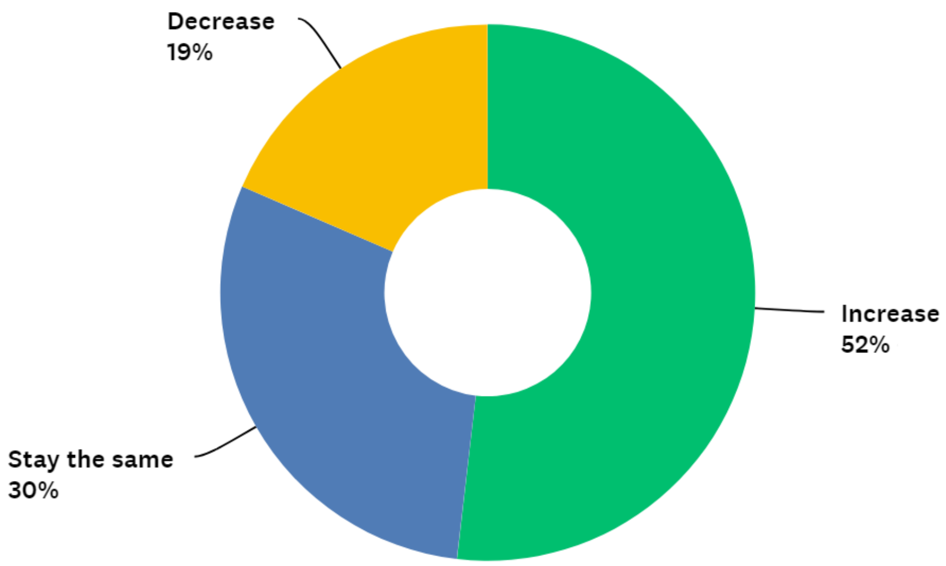
Plastic Industry Market Sectors

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:

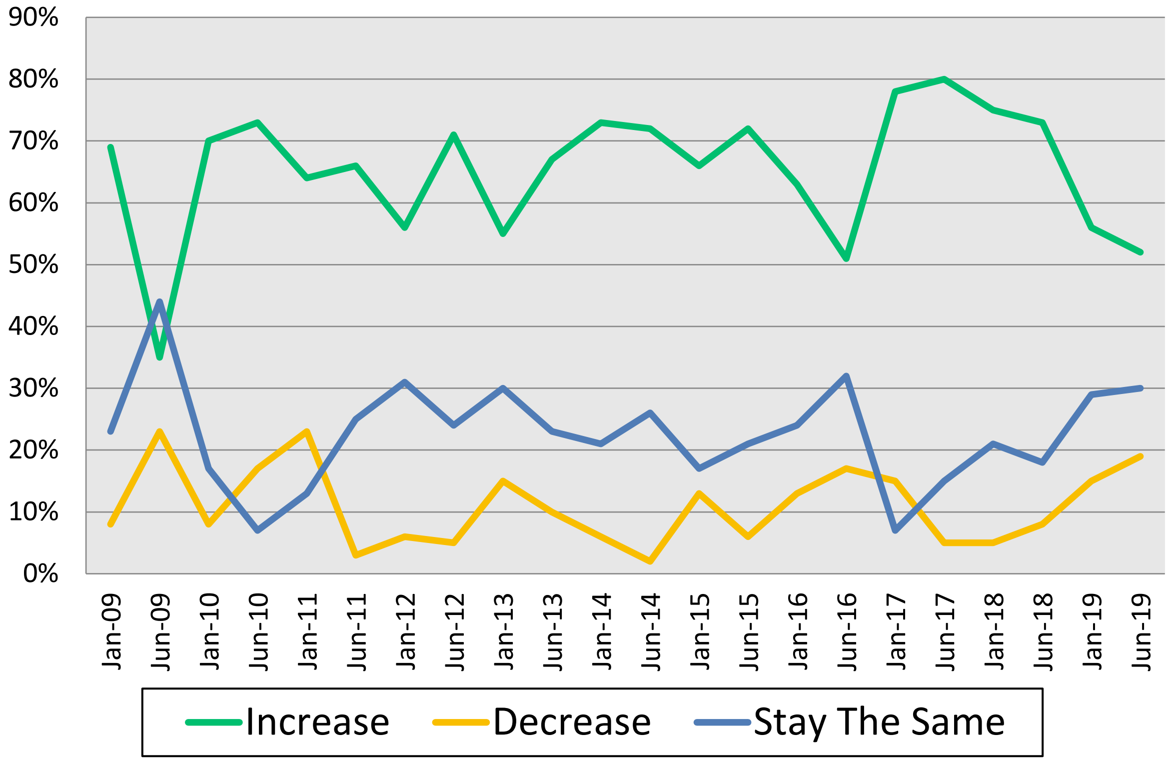
Construction	**51%**
Automotive	**52%**
Electrical and Electronic	**48%**
Packaging	**62%**
General mechanical goods	**48%**
Healthcare	**41%**

Sales Turnover

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



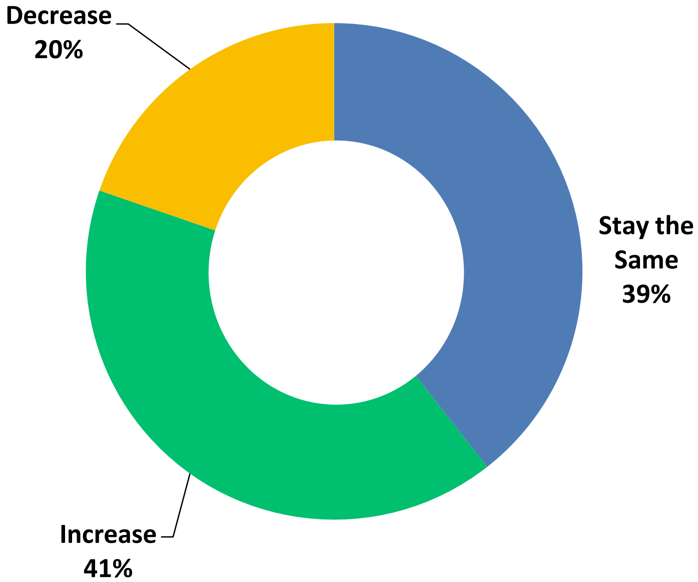
Percentage of Respondents Predicting Sales Turnover Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (Jan '09-June '19)



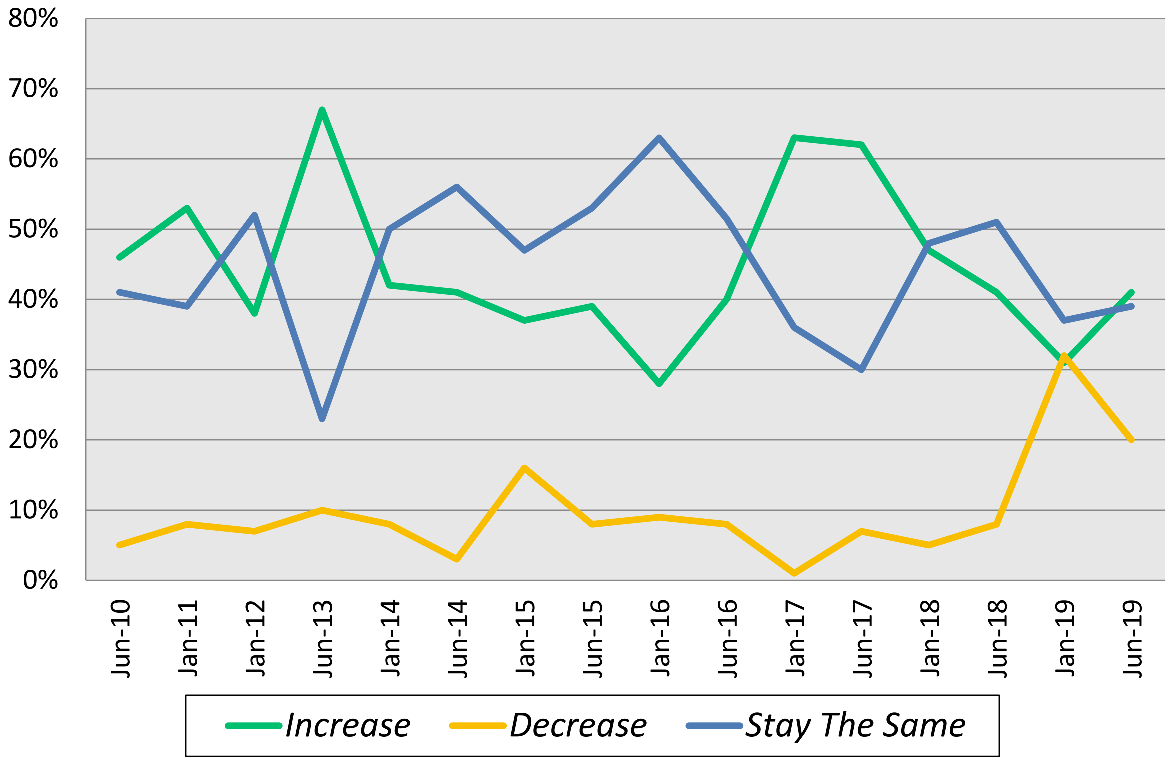
Of the companies stating that they predict sales turnover to 'Decrease' or 'Stay the Same' the most common reason (from over a third of respondents) given was 'Brexit'. A number of companies also raised concerns about the impact of losing business in the automotive sector.

Export Sales Turnover

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



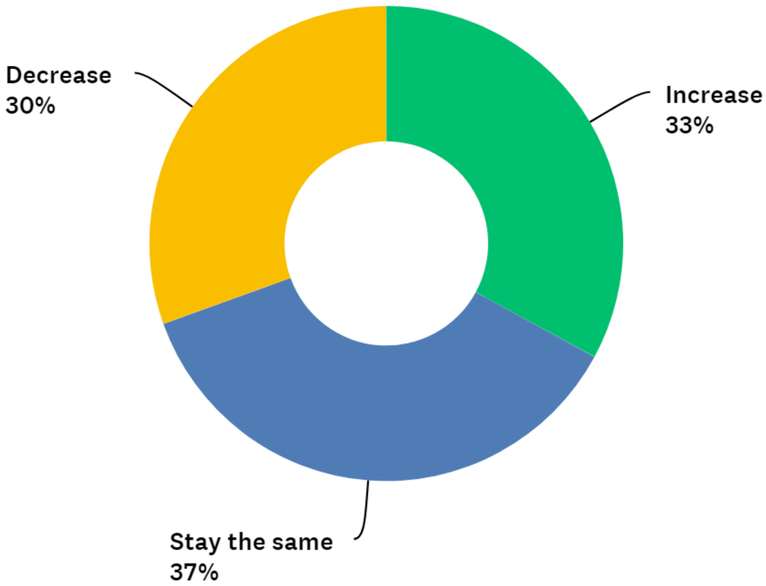
Percentage of Respondents Predicting Export Sales Will 'Increase', 'Decrease' or 'Stay The Same' Over the Next 12 Months (June 2010-June 2019)



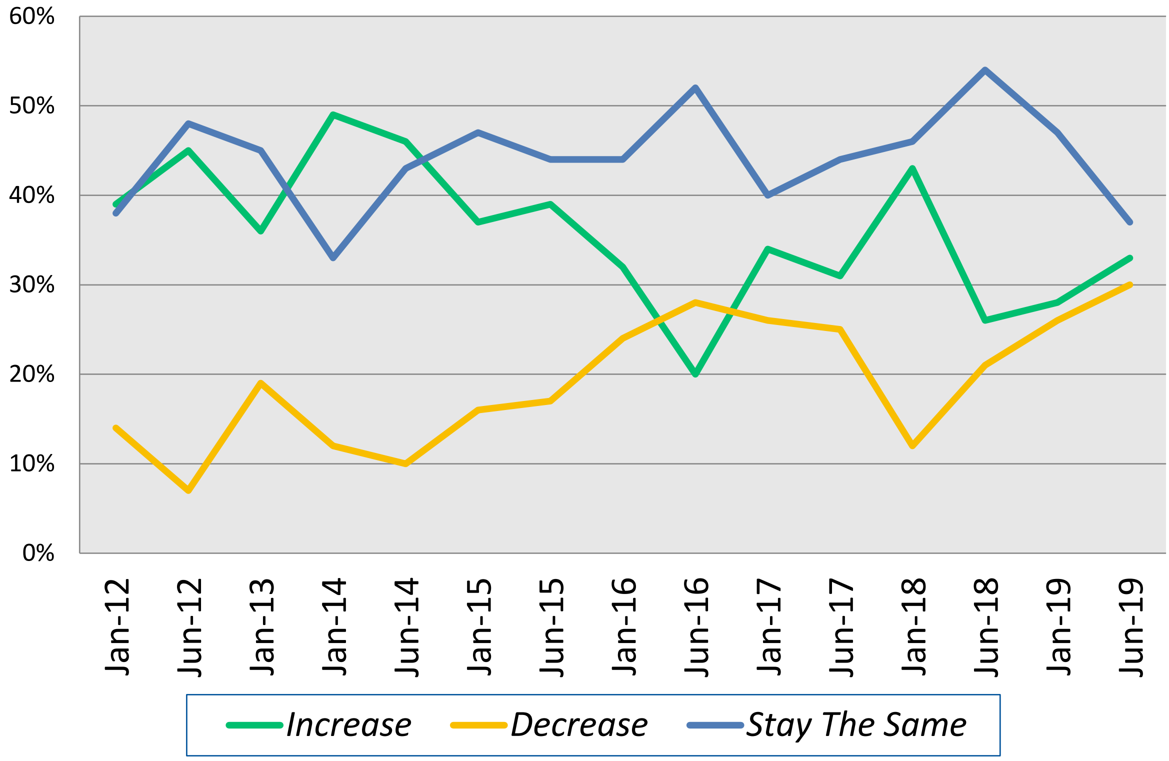
Of the companies who stated that export sales will 'Decrease' or 'Stay the Same' over half sated that 'Brexit' or more specifically 'uncertainties around Brexit' were the reason.

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 – Jun 2019)

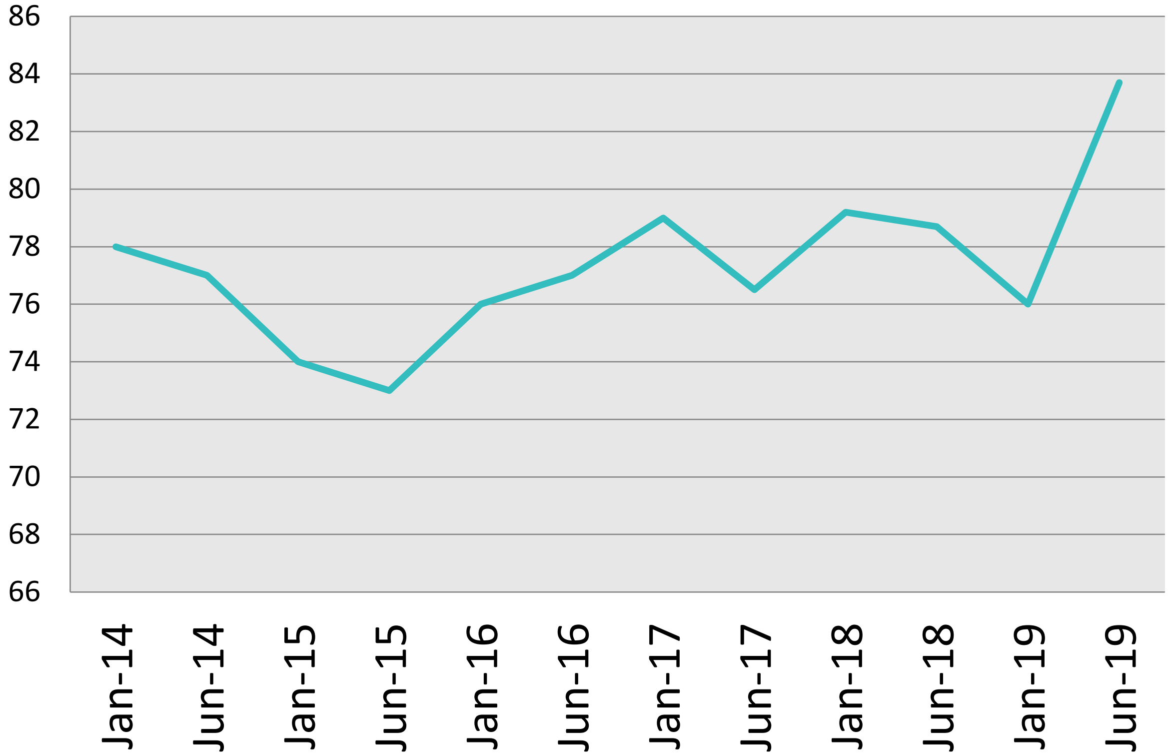


When asked for special factors affecting profit margins, the majority of companies predicting a 'decrease' or 'stay the same' the most common reason given was raising costs, specifically wages and raw material prices.

Capacity Utilisation

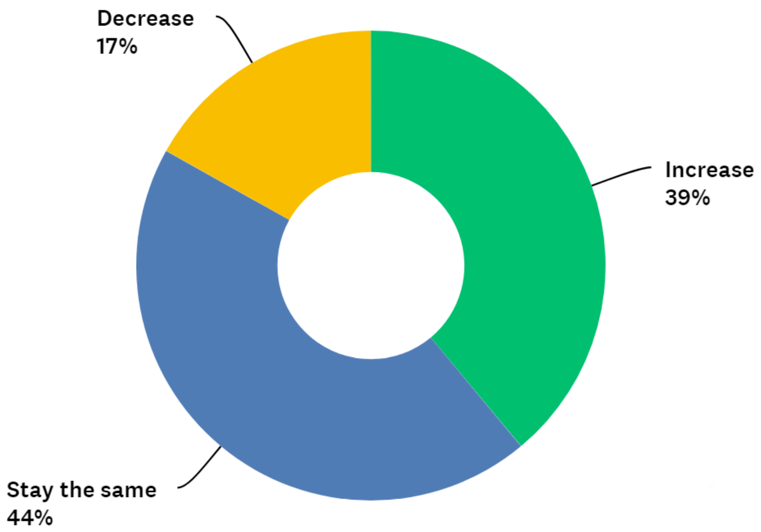
The BPF asked companies how much capacity will be utilised over the next 12 months. Of those that responded, the average predicted capacity utilisation was a record 83.7%.

Average Capacity Utilisation Over the Next 12 Months

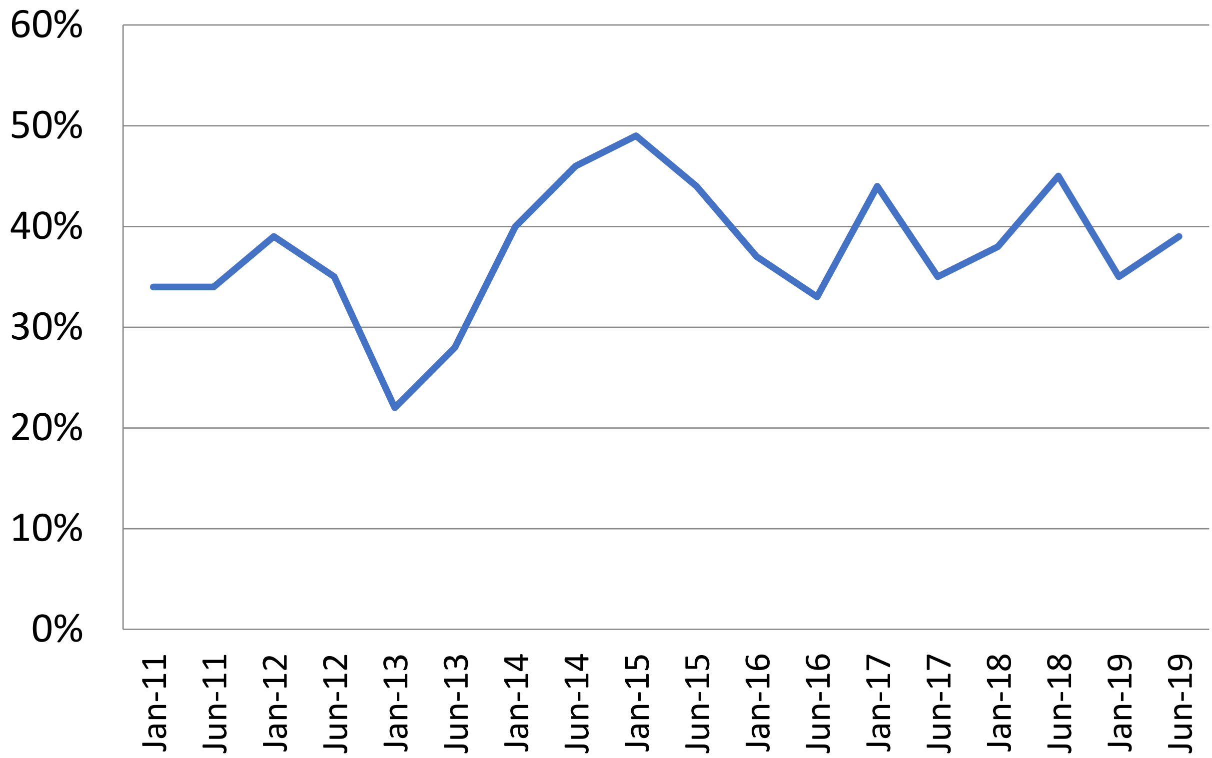


Staffing

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

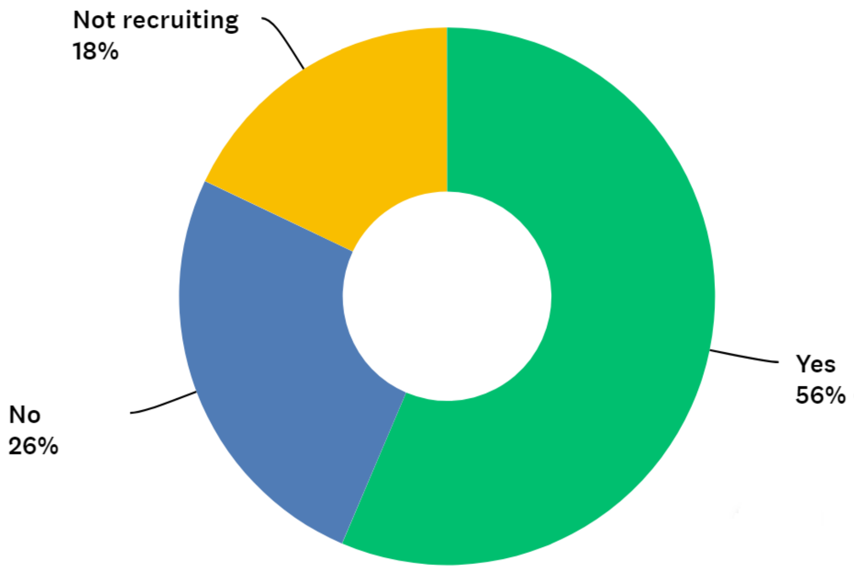


Percentage of Respondents Surveyed Looking to
Increase Staff Levels in the Next 12 Months (Jan 2011-Jun 2019)

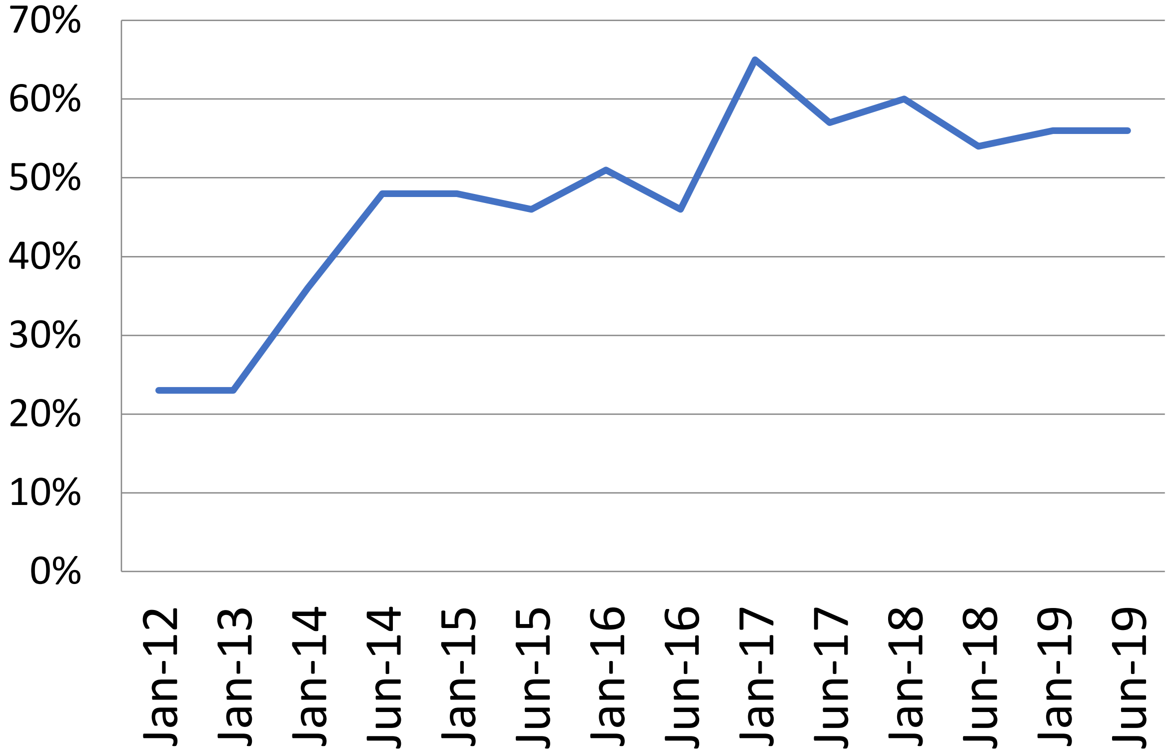


Skills Needs

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-June 2019)

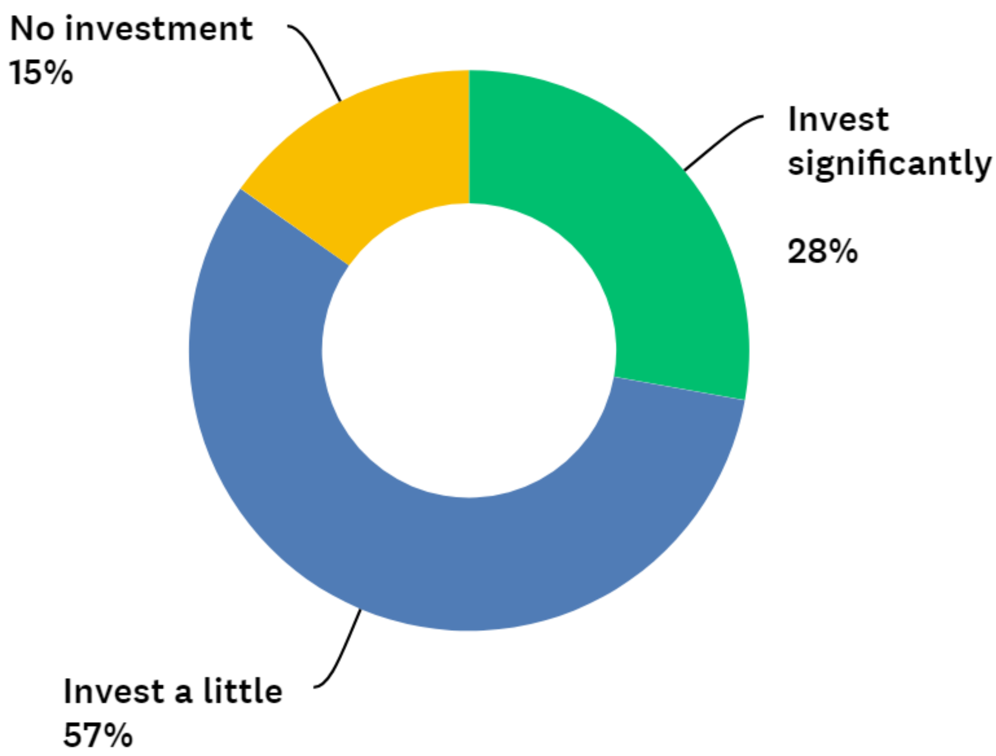


The BPF asked those having difficulties which types of staff were hard to recruit (note people could choose multiple options):

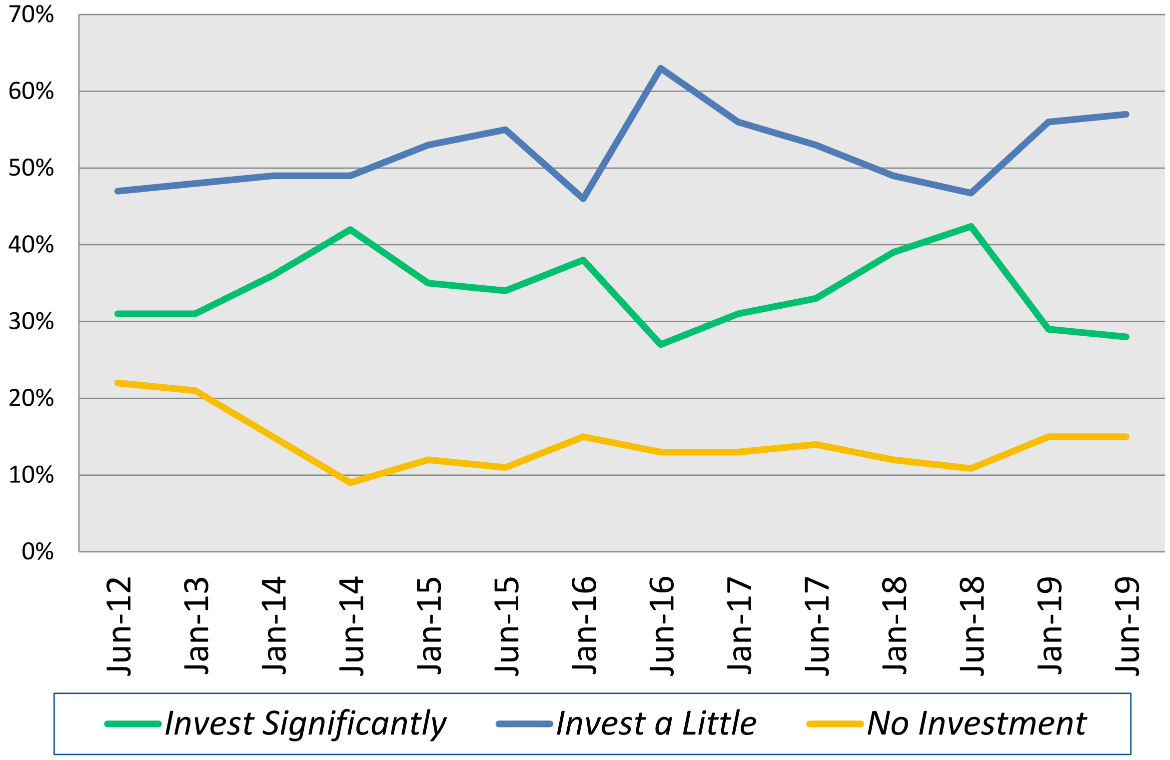
18% Other Management/Supervisory
22% Apprentices
18% Sales Force
29% Technical Managers
50% Shop Floor
58% Engineers

Investment Intentions in Plant and Equipment

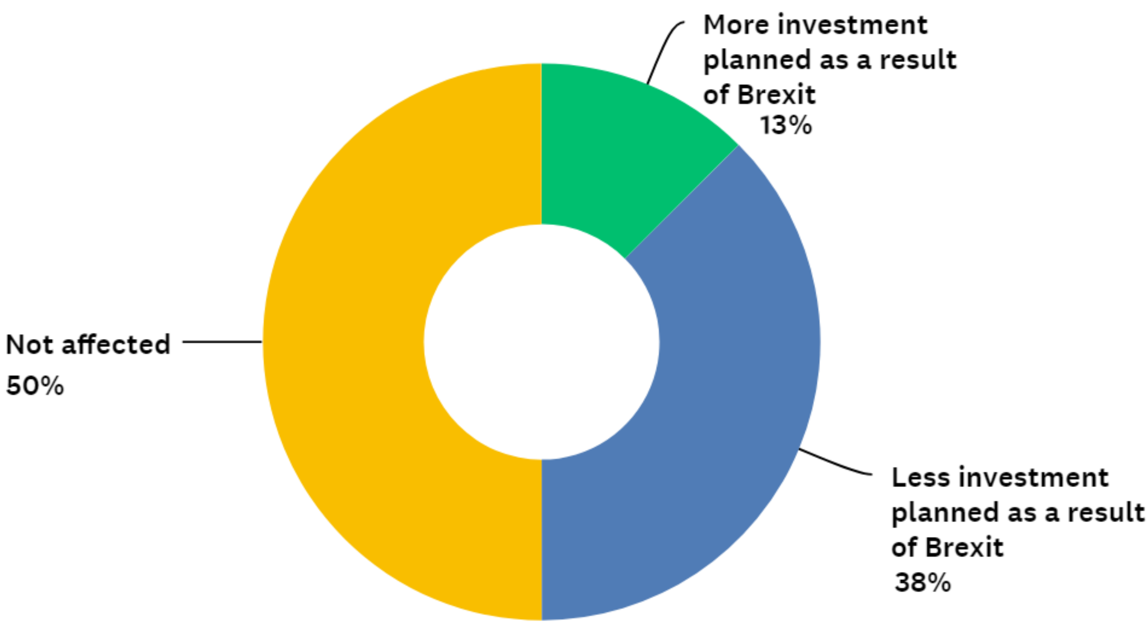
Percentage of Respondents Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'No Investment' in Plant and Equipment in the Next 12 Months



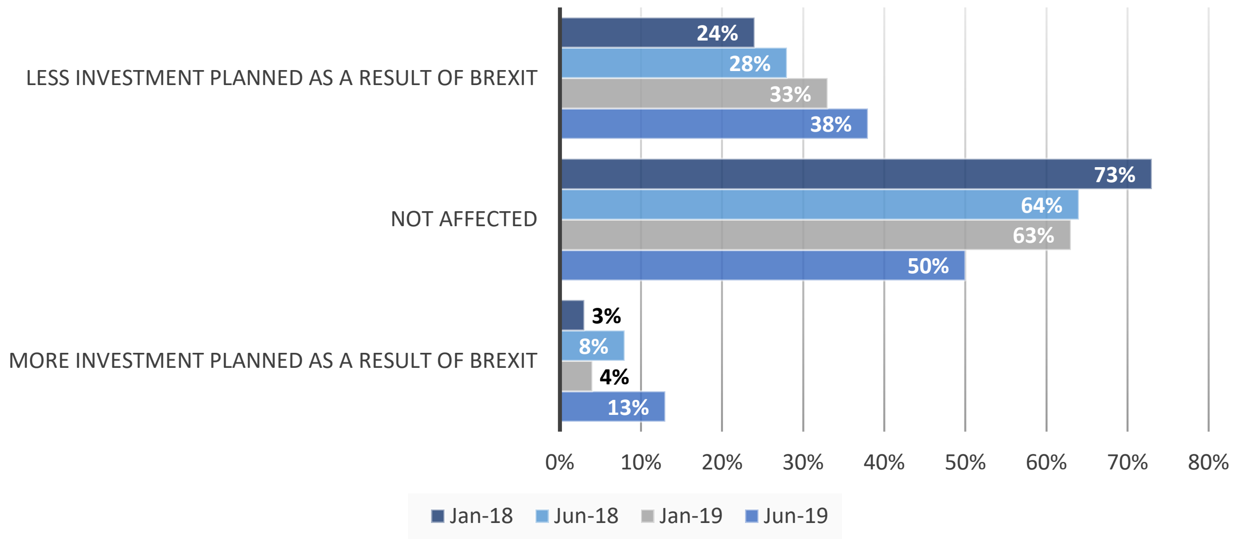
Percentage of Respondents Surveyed that Plan to 'Invest Significantly', 'Invest a Little' or 'No Investment' in Plant and Equipment in the Next 12 Months (Jun 2012-June 2019)



How have your investment intentions been affected by Brexit?

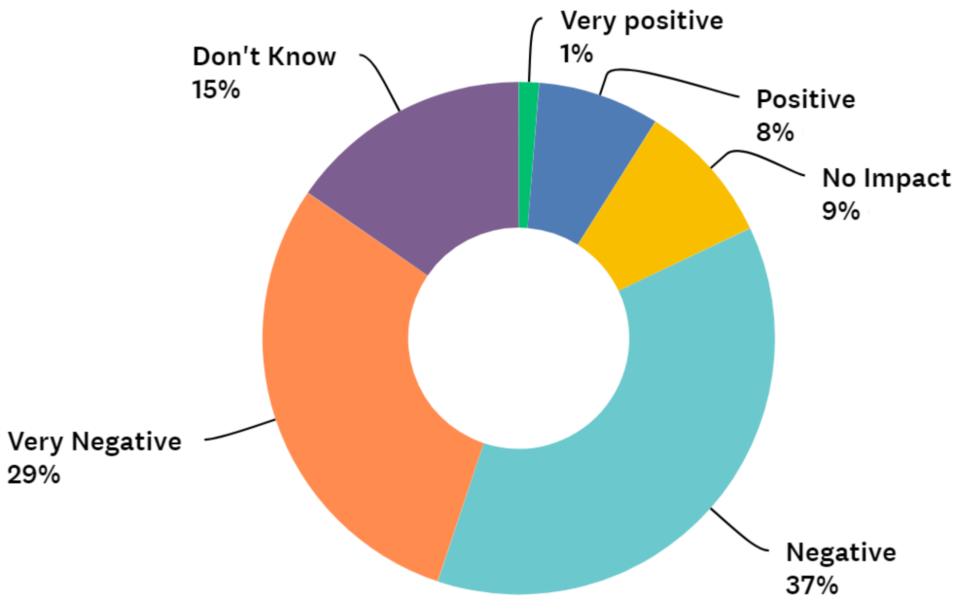


How have your investment intentions been affected by Brexit? (January 2018-June 2019)

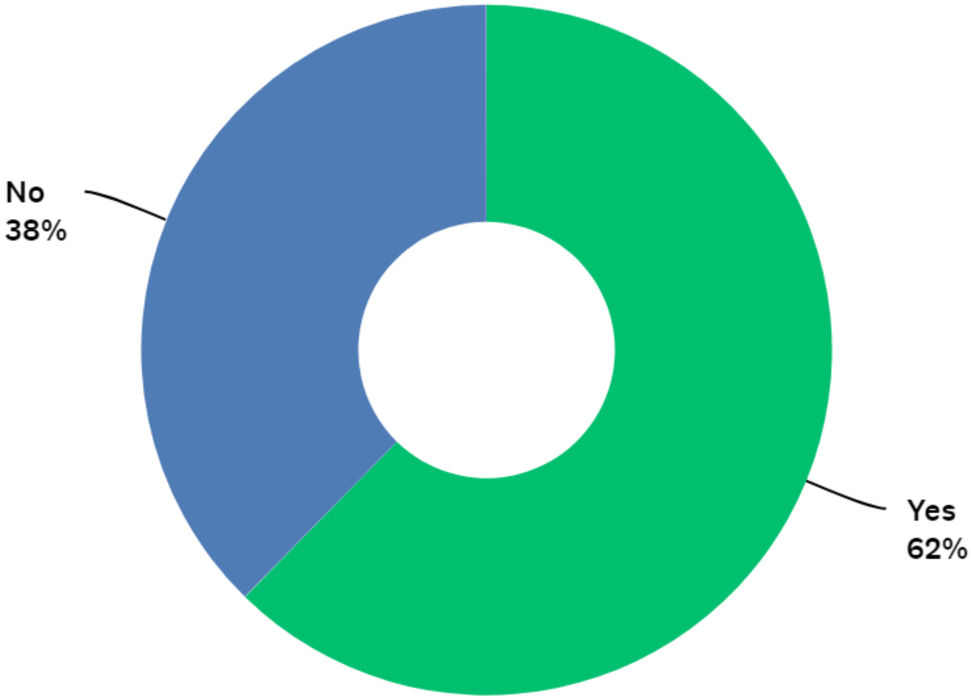


Brexit

What impact would a 'no deal' Brexit have on your organisation?

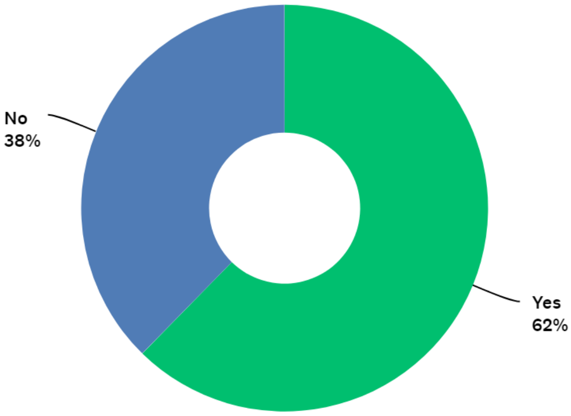


Has your company made any contingency plans in the event of 'no-deal'?

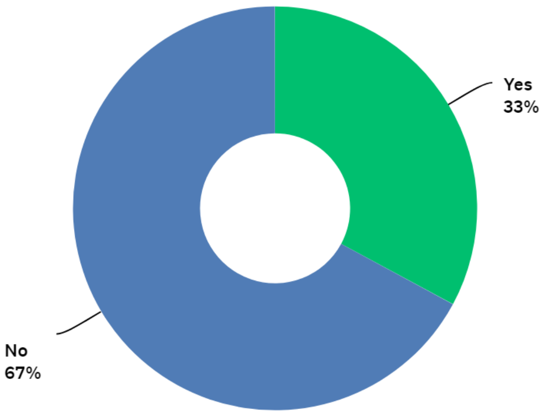


This shows a significant improvement from when the members were asked the same question in December 2018 and 53% of companies had made contingency plans in the event of 'no deal'.

Have you received any information from UK Government on Brexit?



Have you found the information provided by UK Government to be useful?



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