British Plastics Federation

Business Conditions Survey for the UK Plastics Industry

Conducted June/July 2015

Stronger Together

The British Plastics Federation's Business Conditions Survey

The British Plastics Federation (BPF) is the trade association for the United Kingdom's Plastics Industry. It was founded in 1933 and its membership embraces producers and distributors of plastics materials and additives, suppliers of machinery and equipment, manufacturers of semi-finished and finished plastics products, recyclers and service providers to the Plastics Industry.

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 held to be 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 with a six monthly frequency. In this survey, companies were asked to forecast their expectations for the 12 months following June 2015.

For previous BPF Business Conditions Surveys go to:

www.bpf.co.uk/bcs.aspx

Participation

The survey was conducted throughout June and early July 2015 with the results published in July. The survey, which was open exclusively to members of the British Plastics Federation, was completed by 101 firms.

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

Plastics Processors	66%
Recyclers	11%
Raw Materials Producers and Distributors	11%
Additives and Masterbatch	7%
Machinery and Equipment	5%

1 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:

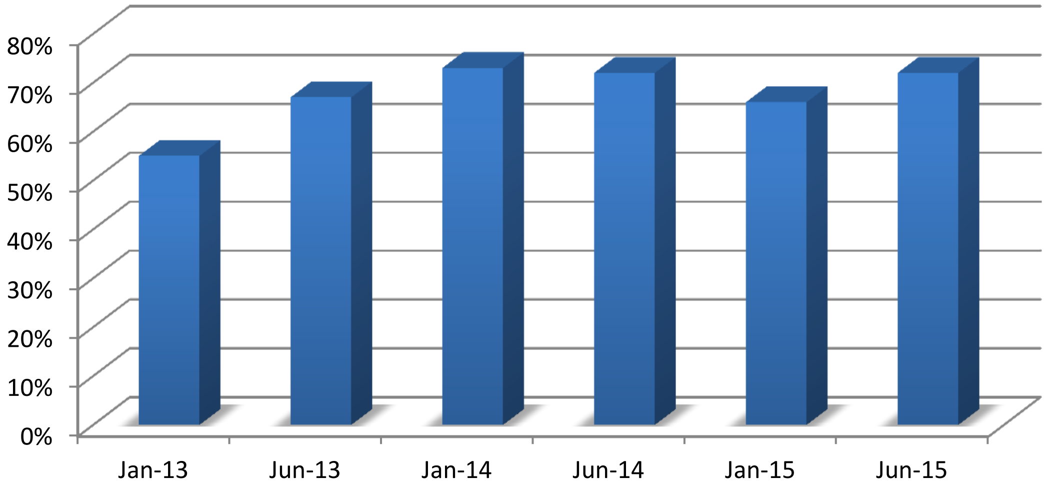
Construction	**58 respondents**
Automotive	**49 respondents**
Electrical and Electronic	**39 respondents**
Packaging	**45 respondents**
General mechanical goods	**39 respondents**
Healthcare	**42 respondents**

2 UK Sales Turnover

Companies were asked whether they predict their sales turnover will 'decrease', 'increase' or 'stay the same' over the next 12 months.

72% of respondents forecasted an increase which was an improvement from 66% in the last survey which took place 6 months ago.

Percentage of Respondents Predicting an Increase in Sales Turnover in the Next 12 Months



Of those predicting an increase....

23%	Expected turnover to increase by	2 - 5%
25%	Expected turnover to increase by	6 - 10%
16%	Expected turnover to increase by	11 - 20%
5%	Expected turnover to increase by	21% +
3%	Expected turnover to increase but did not specify or did not know %	
72%		

21% of respondents were expecting no change over the next 12 months, compared to 17% in the January 2015 survey and only 6% predicted that sales turnover would decrease compared to 13% six months ago.

3 Export Sales Turnover

Companies were asked whether they predict their export sales will 'decrease', 'increase' or 'stay the same' over the next 12 months.

Of those that responded, 39% expected export sales to increase over the next six months, up slightly from 37% in the last survey.

53% expected export sales to stay the same and 8% expected it to decrease (down significantly from 16% six months ago).

Of those respondents who were expecting an increase in export sales turnover over the next 12 months...

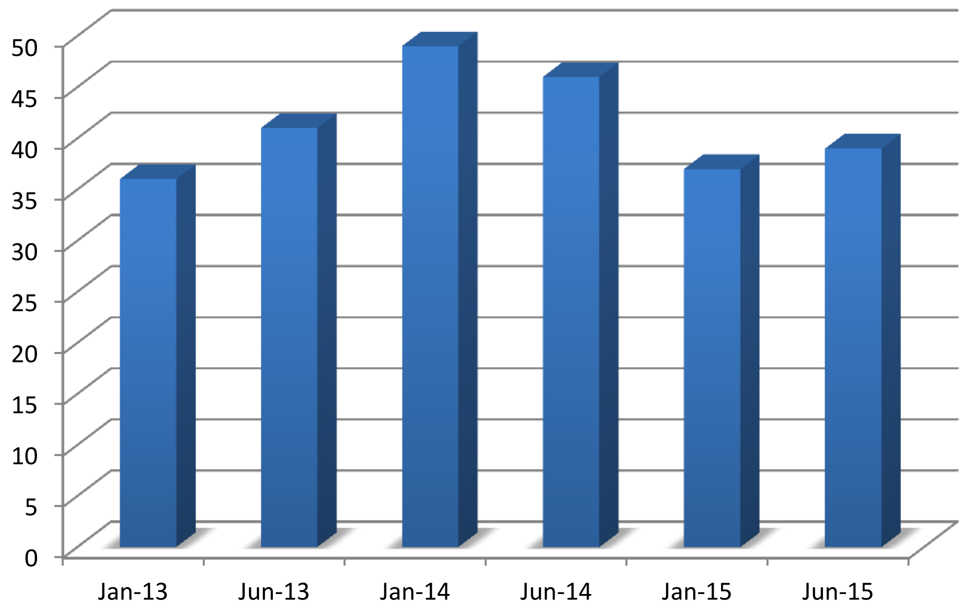
9%	**Expected turnover to increase by**	**2 - 5%**
16%	**Expected turnover to increase by**	**6 - 10%**
7%	**Expected turnover to increase by**	**11 - 20%**
4%	**Expected turnover to increase by**	**21% +**
3%	**Expected turnover to increase but did not specify or did not know %**	
39%		

A large number of respondents stated that the weakness of the Euro was having severe effects on profit margins when selling internationally.

4 Profitability

39% of respondents expected their profitability to increase in the next 12 months up marginally from 37% in the January 2015 survey.

Percentage of Respondents Predicting an Increase in Profitability in the 12 Months



Of those respondents who were expecting an increase in profitability in the next 12 months...

13%	Expected their profit margin to increase	2 - 5%
7%	Expected their profit margin to increase	6 - 10%
6%	Expected their profit margin to increase	11 - 20%
6%	Expected their profit margin to increase	21% +
7%	Expected profitability to increase but did not specify or did not know %	
39%		

44% expected profitability to remain the same and 17% expected a decrease in profitability.

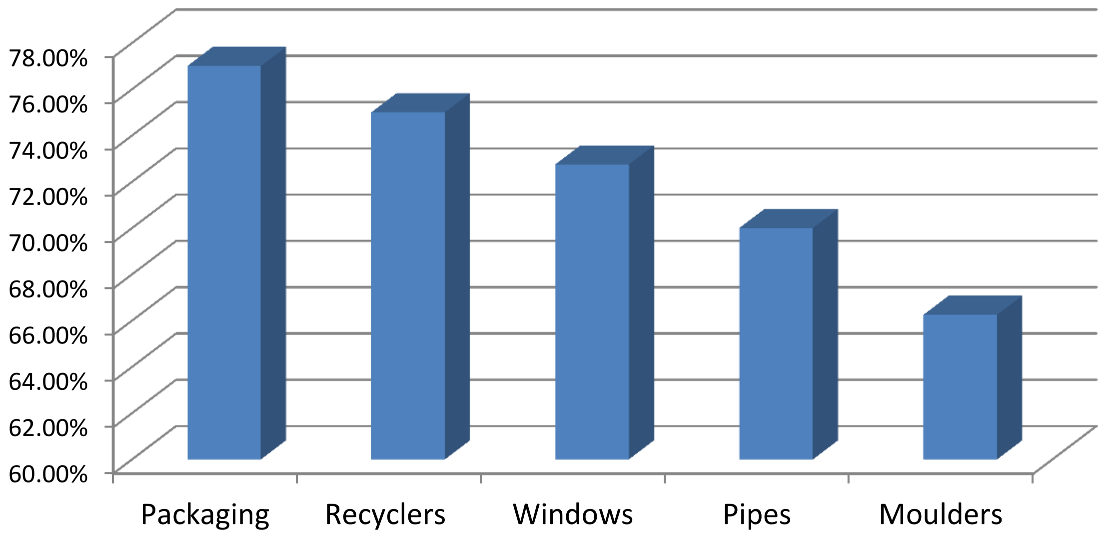
5 Capacity Utilisation

We asked companies how much capacity will be utilised over the next 12 months. Of those who responded, the average predicted capacity utilisation was 73% (similar to the 74% capacity declared 6 months ago).

Of those that responded…

13%	Would utilise capacity at	100%
8%	Would utilise capacity at	86 - 99%
11%	Would utilise capacity at	80 - 85%
26%	Would utilise capacity at	70 - 79%
30%	Would utilise capacity at	60 - 69%
7%	Would utilise capacity at	50 - 59%
5%	Would utilise capacity at	Under 50%

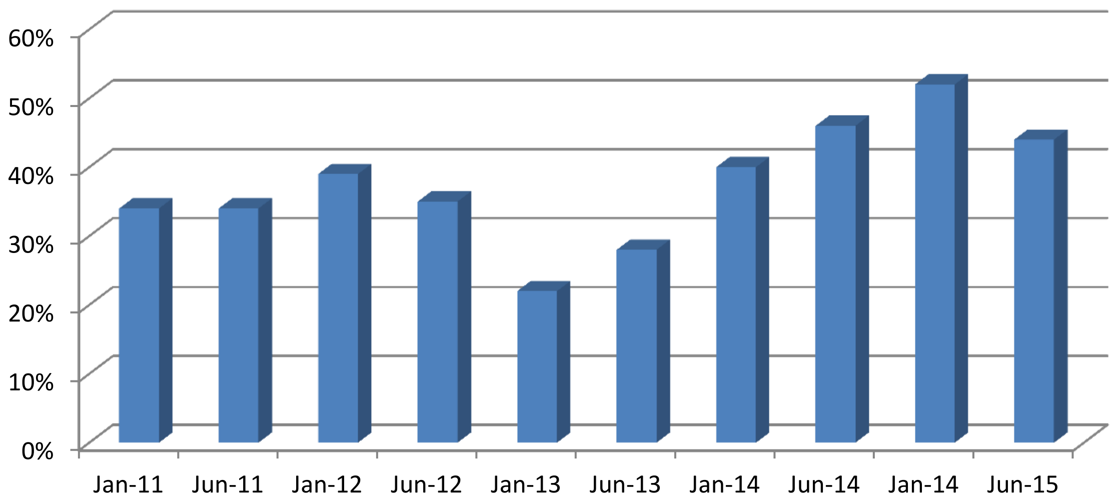
Average Capacity Utilisation of
Various BPF Member Groups



6 Staffing

We asked companies if they expected the number of full time employees to ‘increase’, ‘decrease’ or ‘stay the same’ in the next 12 months. 44% of companies stated that they were expecting to increase staff levels in the next 12 months (down slightly from 52% 6 months ago)

Percentage of Firms Surveyed Looking to
Increase Staff Levels in the Next 12 Months



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

23%	Increase staff by	1 - 5%
8%	Increase staff by	6 - 10%
6%	Increase staff by	11 - 25%
1%	Increase staff by	25% +
7%	Increase staff but unsure by what percentage	
45%	Stay the same	
10%	Reduce staff numbers	

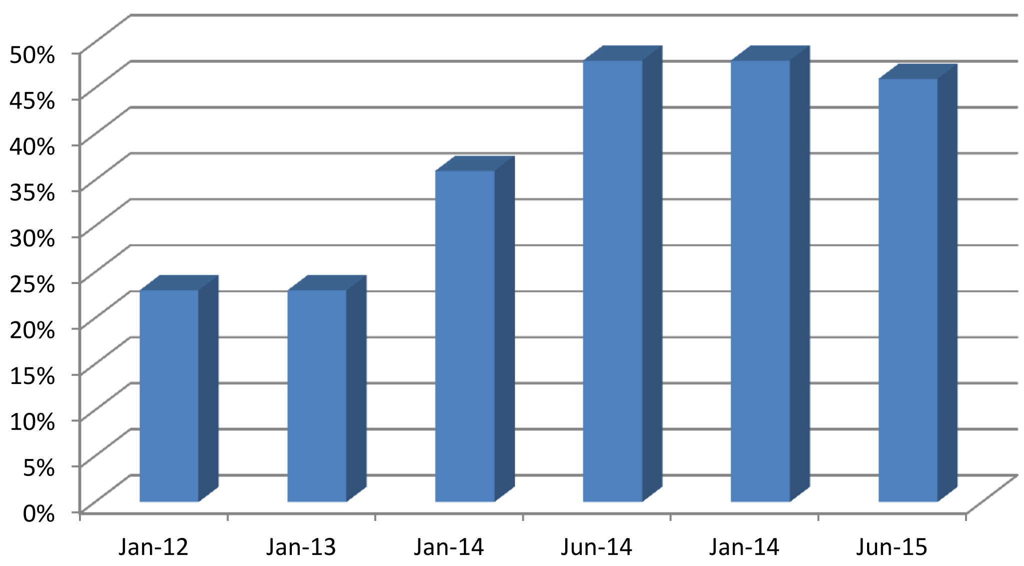
7 Skills Needs

We asked respondents if they are having difficulty recruiting staff:

45% of respondents had no difficulty
46% were having difficulties
9% were not recruiting

The numbers of companies having difficulty recruiting continues to be a worrying sign for the industry and shows no real sign of improvement.

Percentage of Firms Surveyed Having Difficult Recruiting Staff



We asked those having difficulties which types of staff were hard to recruit:

For 49% Technical Managers were hard to recruit
For 49% Engineers were hard to recruit
For 33% Shop Floor staff were hard to recruit
For 33% Apprentices were hard to recruit
For 22% Sales Force were hard to recruit
For 9% Other Management/Supervisory were hard to recruit

8 Investment intentions in Plant and Equipment

We asked respondents what their investment intentions in plant and equipment were for the next 12 months...

55% will invest a little
34% will invest significantly
11% plan no investment

The responses to this question were almost identical to the survey carried out 6 months ago.

British Plastics Federation
BPF House
6 Bath Place
Rivington Street
London
EC2A 3JE

TEL
020 7457 5000
FAX
020 7457 5020
EMAIL
reception@bpf.co.uk
WEB
www.bpf.co.uk