Business Conditions Survey for the UK Plastics Industry

Conducted January 2010

STRONGER TOGETHER

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Respondents: 64 companies

• Plastic Processors	66%
• Polymer Producers & Reprocessors	6%
• Additives, Masterbatch, Compounders	13%
• Polymer Distributors & Compounders	9%
• Machinery & Equipment	6%

1. UK Sales Turnover for 2010

It should be noted that many respondents pointed out that Sales Turnover declined in many sectors in 2009 by 15-40%. Therefore, the Survey's results should be seen against that background.

The survey does clearly show some recovery taking place, but not recouping the substantial falls in volume last year.

70% of all respondents were forecasting an increase in sales turnover this year. 23% expected a 2-5% increase, 25% a 6-10% increase and the remainder over 11%.

This is a reversal of the situation a year ago when our survey showed 69% of respondents expected a decrease.

17% expected turnover to remain the same and 8% expected a decline.

2. Export Sales Turnover

44% expected Export Sales to increase in 2010. 17% predicted a 5-10% increase, 16% an 11-20% increase and 10% and increase over 21%. Reasons given were the favourable exchange rate, some recovery in overseas markets and new business. Confidence was particularly high amongst moulders.

This is a marked impr ovement on a year ago when only 27% of respondents expected Export Sales to increase.

31% of respondents expected Export Sales to remain the same and 4% expected a decrease. The remainder expressed no view and may not be exporting much.

3. Staffing in 2010

Many respondents pointed out that during 2009 they had reduced staff levels substantially and many had introduced short time working.

59% of respondents expected their staffing levels to be unchanged in 2010.

31% of respondents plan to increase their staff:

- 17% by 2-5%
- 13% by 6-15%
- 1% by more than 15%

Only 6% planned to reduce staff, compared to 56% in our survey last year.

4. Credit from Banks

Obtaining Credit This was not a problem for 75% of respondents, but it was for 17% (29% a year ago).

Refusal of Credit Not a problem for 67% of respondents, but it was for 8%.

High Charges Not a problem for 41% of respondents but it was for 36% (42% a year ago).

5. Credit Insurance

Obtaining Trade Credit Insurance continues to be a problem for 56% of respondents.

Respondents spoke of: credit limits a key issue; onerous terms and conditions; sectors such as construction almost blacklisted; failure of the Government scheme.

Only 27% of respondents did not have problems securing credit insurance.

6. Priorities for Plastics Companies in 2010

Respondents were asked to choose from a list, of eleven company policy areas, their top priorities for their company in 2010.

The **highest priorities** were, in order:

1. Finding new business
2. Greater Manufacturing Efficiency
3. Preparing for the Upturn
4. Greater Energy Efficiency
5. Staff Training.

In our survey a year ago the priorities were similar except staff training was lower down the list.

23% of respondents had seeking Export business as a top priority but many others did not rank it highly.

At the bottom of respondents priorities were: environmental issues; energy costs; new investments; research and development.

Peter Davis
Director General 21st January 2010