



British Plastics Federation

Business Conditions Survey for the UK Plastics Industry Conducted June 2013

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, electronic, 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 next twelve months.

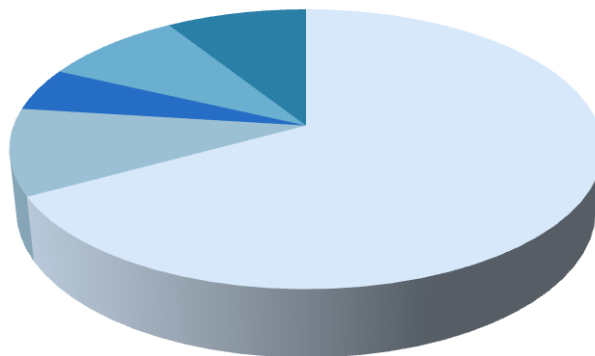
For previous BPF Business Conditions Surveys go to:

www.bpf.co.uk/bcs.aspx

Participation

The survey was conducted throughout June 2013 and the results published in July. The survey which is open exclusively to British Plastics Federation member companies were completed by 96 firms.

The respondents were drawn from the following Plastics Industry sectors represented by the BPF:



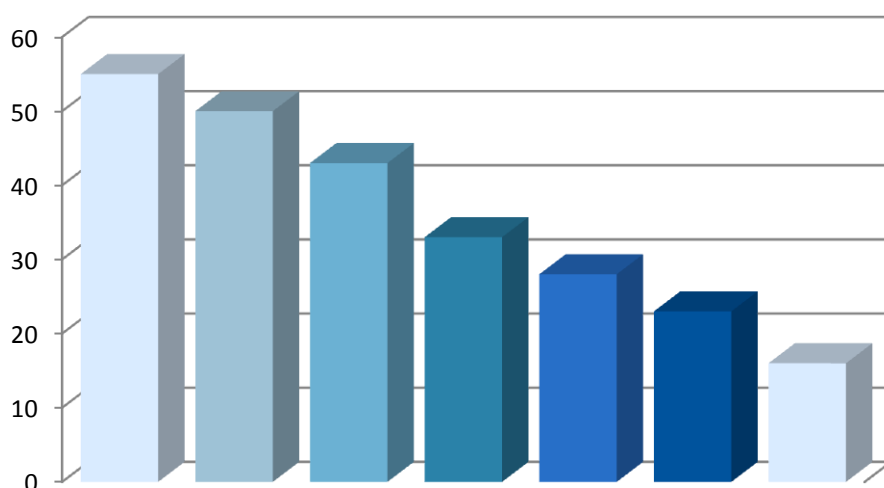
Plastics Processors	67%
Raw Materials Producers and Distributors	10%
Additives and Masterbatch	9%
Recyclers	9%
Machinery and Equipment	5%

1 Plastic Industry Market Sectors

Respondents were asked which market sectors their companies supplied into. Most companies are supplying more than one market to spread risk.

The exception to this is those firms in the Packaging; Construction and Building markets.

The top markets were as follows:



Construction	55 respondents
Packaging	50 respondents
Automotive	43 respondents
Electrical and Electronic	33 respondents
Healthcare	28 respondents
General mechanical goods	23 respondents
Furniture	16 respondents

2 UK Sales Turnover

For the next twelve months 67% of respondents were forecasting an increase in UK Sales Turnover. This is a substantial increase on our January 2013 survey where 55% were forecasting an increase.

Of those predicting an increase:

22%	Expected turnover to increase by	2 - 5%
22%	Expected turnover to increase by	6 - 10%
17%	Expected turnover to increase by	11 - 20%
6%	Expected turnover to increase by	21% +
67%		

The most optimistic were Machinery and Equipment manufacturers perhaps indicating an upturn in capital investment. Also optimistic were: Flexible Foam, Rotomoulders, Polymer Distributors and Additives.

Respondents mentioned: strong growth in homesales; new products and markets; more aggressive sales and marketing.

23% were expecting no change in UK sales turnover and only 10% a decrease.

3 Export Sales Turnover

79% of respondents answered this question indicating not all are engaging in Export.

Of those that did respond the majority 57% expected Export Sales to remain the same for the next 12 months.

36% expected Export Sales to increase over the next 12 months, slightly up on our January survey (32%).

Those respondents expecting an increase this year:

13%	Expected turnover to increase by	2 - 5%
6%	Expected turnover to increase by	6 - 10%
8%	Expected turnover to increase by	11 - 20%
9%	Expected turnover to increase by	21% +
36%		

The most optimistic were Machinery and Equipment and Additives. Some mentioned increased business in USA, S.E. Asia, India, South Africa and South America. Many experienced less business in Europe.

7% of respondents predicted a decrease in Export Sales.

4 Profitability

41% of respondents expected their profitability to increase over the next 12 months, up on our January 2013 survey where 36% predicted an increase:

22%	expected their profit margin to increase	2 - 5%
8%	expected their profit margin to increase	6 - 10%
5%	expected their profit margin to increase	11 - 20%
6%	expected their profit margin to increase	21% +
41%		

The most optimistic on profitability were: Machinery and Equipment manufacturers and Packaging processors.

Respondents spoke of: lower raw material costs; tighter cost control; more efficiency; less waste. A number also mentioned increasing competition.

33% expected their profitability to remain unchanged. 15% expected profitability to decrease. The remainder did not reply.

5 Staffing

51% expected no change in their staffing levels over the next twelve months, up on our January 2013 survey (47%).

28% of respondents were expecting to increase staff, down on the January survey (31%).

Of those planning to increase staff:

13%	increase staff by	2 - 5%
10%	increase staff by	6 - 10%
3%	increase staff by	11 - 20%
2%	increase staff by	21% +
28%		

Machinery and Equipment manufacturers and Recyclers were notable for planning to increase staff.

15% expected to reduce staff levels. This is less than the 22% in our January 2013 survey. The rest did not respond.

6 Productivity

We asked respondents how does their productivity (units per hour worked) in 2013 compare with that in 2007, before the recession.

82% of respondents answered this question. Of those that answered here are the results:

6%	Units per hour worked in 2013 compared to 2007	-10% to -5%
4%	Units per hour worked in 2013 compared to 2007	-5% to 0%
34%	Units per hour worked in 2013 compared to 2007	0% to 5%
23%	Units per hour worked in 2013 compared to 2007	5% to 10%
17%	Units per hour worked in 2013 compared to 2007	10% to 15%
16%	Units per hour worked in 2013 compared to 2007	15% +

Most respondents have registered increases in units per hour worked comparing now to 2007. Polymer Distributors and Compounders and Recyclers were notable for large increases.

7 Influences on Productivity since 2007

Citing a range of factors we asked respondents how influential they have been on their productivity since 2007.

For those that responded the following were key factors in order of priority. Respondents chose more than one:

Pressure of general market demand	51%
Changes to product mix	32%
Changes to your company's manufacturing techniques	29%
Changes due to Energy costs	26%
Changes due to Capital Equipment	25%
Contract pressure for your company	19%
Changes due to cost/availability of feedstock and additives	17%
Changes due to availability of skilled staff	13%
Changes due to Regulations	10%

Overwhelming market pressure since 2007 was the main factor affecting productivity followed by changes to product mix, and changes to a company's manufacturing techniques. Bottom of the list was availability of skilled staff and the impact of regulations.

8 Referendum on Scottish Independence

A referendum is to be held on Scottish Independence in September next year. Companies were asked if their main place of business was in Scotland. 5% answered Yes, 95% No.

Companies were asked did they support:

An Independent Scotland	2%
Remain in the United Kingdom	54%
Don't know	44%

None of the respondents with their main base in Scotland supported independence. Strong support for Scotland remaining in the UK.

The large number of Don't knows indicates many companies do not have a policy yet.

9 Membership of the European Union

The Prime Minister has promised an In/Out referendum on the EU if he wins the next General Election but hopes to negotiate improved terms for the UK.

Respondents were firstly asked if their companies supported the holding of a referendum on the EU:

Yes	48%
No	20%
Don't know	32%

Respondents were then asked if their companies supported:
The UK remaining in the EU

Yes	61%
No	11%
Don't know	28%

The UK remaining in the EU with improved terms

Yes	72%
No	3%
Don't know	25%

The UK leaving the European Union

Yes	10%
No	59%
Don't know	31%

Clearly the companies prefer the UK to remain in the EU but securing improved terms of membership is popular. The large percentage of don't knows indicates many companies have not decided a position at this early stage.

We asked respondents if they believed the UK should join the Eurozone and adopt the Euro as its currency:

Join the Eurozone

Yes	5%
No	74%
Don't know	21%

A strong majority against the UK joining the Eurozone.

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