

Press Release

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9th PIE Readers' Survey – Current and evolving market trends from the European plastics industry

- **Reality meets expectations: Forecasts for business performance come true**
- **A glimmer of hope for 2023, especially in Southern Europe**
- **Skyrocketing energy costs make managers lose sleep**
- **Efforts being made to return to pre-crisis business levels**

Bad Homburg, 02 February 2023: – We are back with the results of our market survey from December 2022 to January 2023. The results this time also feature key statements from Europe's entire plastics industry - along the value chain from raw material producers, trading, processing machinery to polymer converters, recyclers, and brand owners. We take a look at the latest challenges in the industry, discuss business-performance related forecasts, and market trends.

Forecasts for H2 2022 were correct

Results from PIE's 9th Readers' Survey could not have been more accurate! Respondents from Italy, Benelux, and German-speaking Europe had the gloomiest expectations for the next six months during our previous survey in June-July 2022. In the latest survey, a little under half of all companies surveyed in Europe believed their business performance was worse in H2 2022 than in H1 2022. In Italy, 81% of the respondents reported a downturn, compared to 73% in Benelux, and 55% in German-speaking Europe.

Bright expectations shared by companies from Southeastern Europe during the previous survey were also on point. Just over a quarter of the companies in Europe appeared to be happy with their business performance. In Southeastern Europe in particular, slightly below half of the respondents reported an improvement in H2 2022 - the highest share among all regions.

However, a majority of European plastics companies believe it is not going to get any worse. Nearly a third of the respondents expect their business performance to improve. The maximum amount of optimism seems to be coming from Spain and Portugal, where the share of those expecting their business to bounce back in H1 2023 stands at 54%. Market players are also largely upbeat about their businesses' immediate future in Benelux and France, where the share of respondents looking forward to improvements is 42% each.

Find attached: 9th_PIE_Survey_Graphics.zip, Figure 1: Business performance forecast: H1 2023 vs H2 2022

Capital investment plans on track

Although some factors that hampered business performance in 2022 are yet to wind down, a growing number of companies shared plans to shape up their investment programs. Nearly a third of the companies surveyed plan to increase spending, compared to only a quarter in H2 2022. However, nearly a quarter of the respondents reported plans to downsize investment projects, against only 15% in the previous PIE survey.

Around half of the respondents in Spain, Portugal, and Central and Eastern Europe, and 42% in France, are willing to spend more on tangible assets than last year. Just over half of the plastics recyclers intend to expand investment spending, which is still lower than the plastics machinery and tools sector (75%).

Unsurprisingly, slightly more than half of the companies focused on streamlining their operations by minimising costs.

Employee retention likely to remain key trend

Two-thirds of the participants reported no willingness to change their staff strength. Less than a quarter plans to hire new workers, while 13% expect its employee strength to reduce. France is the only country standing out here. In H2 2022, 37% of the French companies hired new workers and only 5% cut jobs. The job market in the French plastics industry is likely to keep growing in H1 2023 as well. A shift towards a more positive picture is expected in Spain and Portugal, and in Benelux.

Rising energy costs top list of concerns

A majority of companies named costs of materials (80%) and energy costs (76%) as the key challenges they faced in H2 2022. These figures are consistent with H1 2022's results, clearly indicating that the energy crunch has not yet eased its grip on operations.

On the positive side, slightly above half of the respondents considered raw material availability as a troubling factor - down from 67% in H1 2022. The impacts of Russia's war in Ukraine were among the main woes for 41% of plastics companies, while nearly a third was bothered by sales prices and volumes. A noticeably higher (61%) share of respondents, compared to the past few surveys, expressed concerns over rising inflation. The cost of materials is not expected to be such a pressing issue in H1 2023, as only 55% of the surveyed companies picked it up as one of their main points of concern going forward.

Find attached: 9th_PIE_Survey_Graphics.zip, Figure 2: Main concerns for business performance in 2023

Bouncing back to pre-crisis levels not before 2024

The good news is that the percentage of companies that believe they would never be able to return to pre-crisis levels of business are as low as 2.4%. The bad news is that a majority of those surveyed said they do not expect to recuperate before 2024. Most of these respondents belong to German-speaking Europe and are brand owners. Almost a quarter of those surveyed are expecting to start rebounding by the second half of this year. This strong resolve is being reflected the most by players in the plastics recycling industry and those involved in raw material distribution.

About the PIE Readers' Survey:

To gauge how business is developing in the European plastics industry, PIE conducted its 9th Readers' Survey in December 2022-January 2023. The questionnaire was made open to PIE subscribers and other industry players, and saw almost 300 participants from across Europe.

About PIE

PIE - Plastics Information Europe strengthens your position in business negotiations with customers and suppliers. Our polymer price indices are accepted as neutral market reports throughout the industry and embedded in countless supplier contracts. With PIE's well-founded market analyses and forecasts you are always well prepared for your price negotiations, and enjoy transparency and calculability in your daily business. As one of the most successful information partners for the European plastics industry, we have been supplying reliable business news for more than 50 years! PIE provides you with up-to-date and reliable information about the plastics industry: from polymer prices to market reports, company news and product launches.

More than 5,500 European companies* put their trust in our data and reports - there are only a few other providers trusted by as many companies in Europe!.

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We will be pleased to provide you with the executive summary of PIE's 9th Readers' Survey, as well as access to the online database with all results, on request.