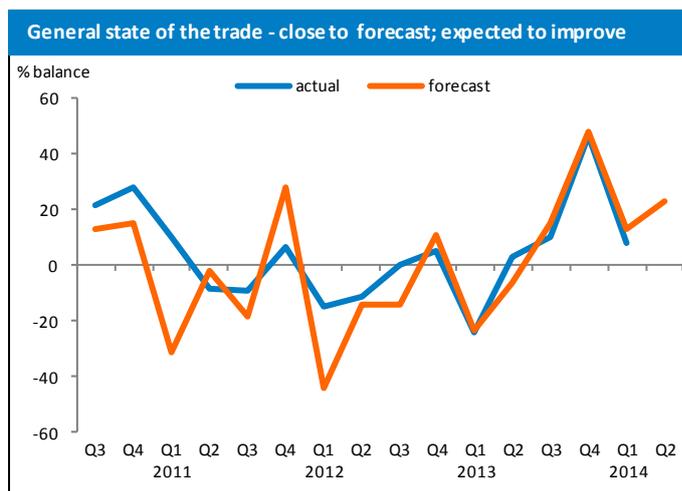


PRESS RELEASE

16 May 2014

**IMPROVEMENT IN PRINT DEMAND CONTINUES – FURTHER GROWTH PREDICTED IN Q2**

Sentiment among printers, on the general state of trade, remained positive on balance during Q1, according to the latest BPIF *Printing Outlook* survey. The balance between those believing that the general state of trade improved (30%) rather than declined (22%) was +8; lower than forecasted (+13). Nevertheless, this represented the fourth positive result in a row, matching the run seen between Q2 2010 and Q1 2011 and before that back in 1994.



*The balance of +8 was slightly lower than the forecast of +13. A balance of +23 is forecast for the coming three months.*

The forecast for the second quarter is that a majority of 69% believe that trading activity will stay the same but of the remainder 27% compared with just 4% believe that the UK print market will improve rather than worsen.

Rising demand contributed to higher rates of production in Q1 2014. More than a half of printers boosted output in the three-month period for the second consecutive quarter. An overall improvement (the balance between ups and downs) had been predicted but the growth level was significantly higher. However, there were still some firms that have not benefited from an improving market with close to a fifth of survey respondents stating that output was lower than in the fourth quarter of 2013.

The number of firms that saw an increase in orders outweighed those that suffered erosion for the fourth quarter in a row. Nearly two-fifths of companies saw demand rise, a figure that was only marginally smaller than the number that reported no change in the period. The level of growth was better than had been expected and was the highest reading for the first quarter of any year since 1994. This fact is not to be taken lightly in that growth has been recorded in Q1 just five times between 1994 and now.

Competitors pricing below cost remains the chief business concern among printers with double the amount of firms (79%) worried about this practice than the second main concern over the survival of major customers. The latter has though become a significant issue over the past quarter with twice as many firms registering unease. The third biggest apprehension revolves around cashflow through late payment by customers with 41% stating that incidences of this nature are on the increase.

**Kathy Woodward, BPIF CEO, said:**

“The industry has been, and continues to be, under tremendous pressure but there are great efforts being made to meet the challenges the industry is facing. It is encouraging that more companies are delivering improvements in their performance. Continued investment in technology, people and innovation is key to towards protecting and improving margins.”

**Summary of key findings:**

- Print demand improved in the traditionally weaker first quarter. There is momentum to build in Q2 with higher orders and rising output forecasted by the majority.
- Sentiment on the general state of trade remains positive on balance. Confidence over coming months set to rise.
- Competitors pricing below cost remains the biggest concern for firms while survival of major customers and late payers are other significant worries.
- Average utilisation rates largely unchanged except more firms working to full capacity and none below 50%.
- Employment levels hardly changed despite brisker market activity.
- Too many printers still being forced to cut prices.
- Costs generally under control although energy charges still rising for some.
- Margins still being squeezed but majority remain profitable.
- Export order books are strong but forecast is for tougher conditions.
- Investment remains key - but future expenditure levels will be slightly lower.

- Paper and board demand stagnated in Q4 2013; mixed movement in prices during Q1 2014.

**Also in *Printing Outlook* this quarter:**

- Pay Reviews – what have companies done and what do they expect to do.
- Web to Print - just how much of printing companies turnover is currently derived through Web to Print?
- How do respondents view the current position of their business?
- Pre-packs - how many companies have been directly affected by the activities of a pre-pack?
- A more in-depth look at energy costs.

*Printing Outlook* is available (free to BPIF members and £35 to non-members) from the BPIF website: [www.britishprint.com/printingoutlook/](http://www.britishprint.com/printingoutlook/)

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**Editors' Notes**

The online trading trends survey was carried out during 1-16 April 2014 and received responses from 80 companies employing 3,773 people with a combined turnover of £0.4 billion. For more information on *Printing Outlook*, visit [www.britishprint.com/printingoutlook/](http://www.britishprint.com/printingoutlook/)

The BPIF is the principal business support organisation representing the UK print, printed packaging and graphic communication industry. We are one of the country's leading trade association and we strive to ensure our members' requirements come first. Through listening to their needs we have developed an unrivalled range of products and services that go well beyond those provided by a traditional trade association.

We provide the highest standard of support for printers to grow and develop healthy, sustainable and profitable businesses, aiming to provide an environment geared towards their businesses success. Here at the BPIF we offer practical, value-adding solutions for all areas of a print organisation, ranging from Health, Safety, Environmental and Quality issues; with the implementation of HR requirements; provide resolutions of technical or legal issues; as well as advice and support on marketing, sales and finance. This is all delivered by individuals and teams of highly skilled and experienced print and media industry specialists.



We also offer a wide range of opportunities for networking both regionally and nationally, including prestigious events, special interest groups, seminars, conferences, workshops, training and short courses on a wide range of topics and skills.

For more information on the BPIF, visit [www.britishprint.com](http://www.britishprint.com)