

PRESS RELEASE

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BPIF PRINTING OUTLOOK Q4 SURVEY SHOWS DEMAND HOLDING STEADY AND CONFIDENCE RETURNING

Domestic demand remained static for most printers during the fourth quarter of 2012 according to the latest BPIF *Printing Outlook* Survey Report published this week. With over half of survey respondents reporting no change in domestic order levels, this was the fifth quarter out of the past six in which the majority of firms reported demand holding steady.

The forecast for the first quarter of 2013 is for more of the same, with 62% expecting no change in domestic demand levels and just slightly more of the others predicting a pick-up in orders compared with a drop. This fits with the current level of order books, which are normal for the time of year for most respondents but with 17% reporting that these are better than normal, compared with 7% reporting that they are worse than normal.

Confidence levels remain static. The vast majority (61%) report neither a rise nor drop in confidence levels, in line with both the general state of orders in the three-month period and the previous forecast. Perhaps surprisingly though, given the forecast for slightly better demand, printers are far less sanguine regarding prospects for trade during the traditionally slower first quarter. Most are neither more nor less confident but 30% expect the market to weaken which more than offsets the 7% that anticipate a pick-up.

Once again 'Competitors pricing below cost' remains the issue most frequently chosen by companies as one of their top three business concerns - selected by 79% of respondents in January 2013. 'Late payment by customers' has returned to the second ranking concern, with 30% of respondents selecting it. -24% of respondents were affected by an increase in late payments with two-thirds of respondents reported that they had been obliged to accept longer payment terms from customers in order to help retain or secure business; up from the 49% reported last quarter.

'Weak productivity levels' has become the third ranking concern, with the number of respondents selecting it increasing from 5% in October to 22% in January. Reflecting this

concern the vast majority of respondents intend to invest in new equipment over the next 12 months, with increased efficiency the over-riding reason given for investment.

Almost all firms – 96% – were working below capacity, with 88% reporting under utilisation of 10% or more of their capacity. Against a backdrop of readily available capacity, 84% of respondents reported a lead time of less than a month during Q4 2012, with 41% operating at between three to four weeks and 18% at less than one week. Not surprisingly UK print prices remain under downward pressure as a result and Q4 saw almost a third of firms forced to cut prices domestically in order to compete for business, with only 1% able to raise levels. The first quarter of this year offers little hope of respite - nearly four-fifths anticipate holding prices steady but 18% expect to reduce levels while only 3% believe an increase is possible. Cost pressures showed a mixed picture: for energy 44% said that they had to pay more. Rises in other costs were minor and 21% of printers reported paying less for the paper and board compared with 8% that saw increases in the period.

There was no change in print employment levels during the autumn. These are set to remain stable in the period ahead too, with 71% not expecting to make any changes to the size of their workforce in Q1. Of the remainder, firms set to take on more staff just outweigh those expecting to reduce numbers employed.

BPIF CEO Kathy Woodward says: “The industry is continuing to rise to the challenges of the operating environment. It is heartening that despite the ongoing price concerns companies are continuing to invest in operational enhancements that are allowing them to achieve much needed improvements in profitability. The BPIF will continue to lobby both government and the financial community to gain support for the industry.”

ENDS

Editors' Notes

The online trading trends survey was carried out during 3-11 January 2013 and received responses from 102 companies employing 7,629 people with a combined turnover of £0.8 billion. For more information on Printing Outlook, visit 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