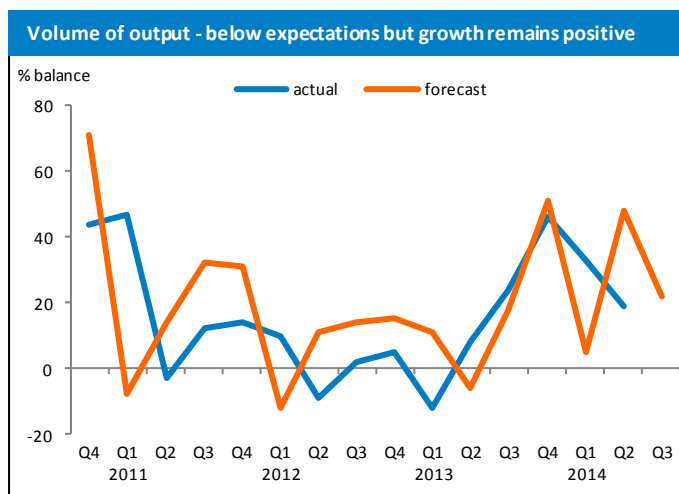


## PRESS RELEASE

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### CONFIDENCE IMPROVES AS PRINT DEMAND REMAINS POSITIVE – ORDERS AND OUTPUT TO CONTINUE GROWTH IN Q3

Improvement in output and orders continued in Q2 – though not by enough to match the very positive expectations. Almost two-fifths (37%) of printers boosted output in the second quarter of 2014 according to the latest BPIF *Printing Outlook* survey. A further 45% held output levels steady whilst 18% experienced a drop in output. The overall improvement (the balance between ups and downs) was +19; well below the forecasted +48 but nonetheless the fifth consecutive positive quarterly report.



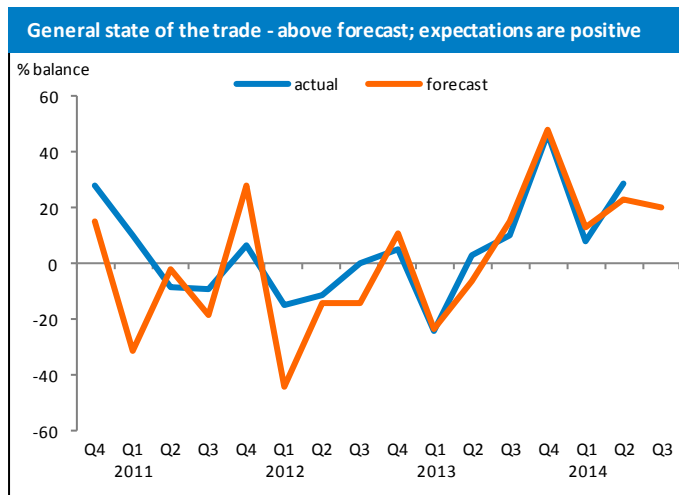
*The output balance of +19 was much lower than the forecast of +48. A balance of +22 is forecast for the coming three months.*

The forecast for output in Q3 is a slight improvement on Q2's actual performance. 39% of respondents expect to increase output levels; 43% predict stable output and 17% expect output to decline.

In contrast to the positive company performance growth not matching high expectations; the general state of trade in the printing industry was deemed to be better than expected during Q2. The balance between those believing that market activity rose rather than fell was, at +29, a significant improvement on Q1 – and above the Q2 expectation of +23. This is now the fifth consecutive positive result and has come from 45% believing the general state of

trade improved; whilst 16% reported a deterioration of trade in the industry, and 39% no change.

The forecast for the second quarter is that a majority of 54% believe that trading activity will stay the same. Of the remainder, 33% compared with 13% believe that the UK print market will improve rather than worsen.



*The balance of +29 was slightly higher than the forecast of +23. A balance of +20 is forecast for the coming three months.*

Competitors pricing below cost continues to be the main business concern among printers by some way – 76% of respondents noted that this was one of their top three business concerns. Concern over the level of output prices has jumped to become the second ranked concern – with 30% of respondents selecting this. The under-utilisation of capital equipment has now become the third ranked concern – as selected by 29%. Further concerns continue to surround access to skilled labour, the survival of customers and energy costs.

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

“Despite the very positive predictions from the previous quarter not fully translating into this quarters results the figures for the quarter continue to reflect positive growth for the sector.

“The major concern continues to be competitors under pricing. We are now seeing more robust business performance from those companies refusing to join in downward pricing spirals enabling them to invest and grow their market positions. It is hoped that more companies will follow suit.”

**Summary of key findings:**

- Improvement in output and orders continued in Q2 – though not by enough to match the very positive expectations.
- The general state of trade in the printing industry was deemed to be better than expected during Q2; the outlook for Q3 remains positive.
- Competitors pricing below cost remains the biggest concern for firms whilst concern over price levels and the utilisation of capital equipment are other significant worries.
- Majority of firms are operating at 80%+ capacity.
- Employment levels displayed a positive recruitment balance in Q2; just above expectations.
- Selling prices continued to be under significant downward pressure.
- Costs have been stable for the vast majority - paper and ink costs have decreased slightly; energy and labour have increased.
- Margins are still being squeezed and the bulk of printers are in the 3-6% profit range.
- Export demand continued to grow slightly, ahead of expectations, in Q2; prospects for Q3 are subdued.
- Capital investment plans appear to be resurging.
- The availability of bank lending facilities has continued to improve but bad debt remains an issue.
- UK demand for paper and board softened and prices have largely remained stable; inflation in some paper grades is expected soon.

**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/)

ENDS

## **Editors' Notes**

The online trading trends survey was carried out during 1-18 July 2014 and received responses from 96 companies employing 8,963 people with a combined turnover of £1.1 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)