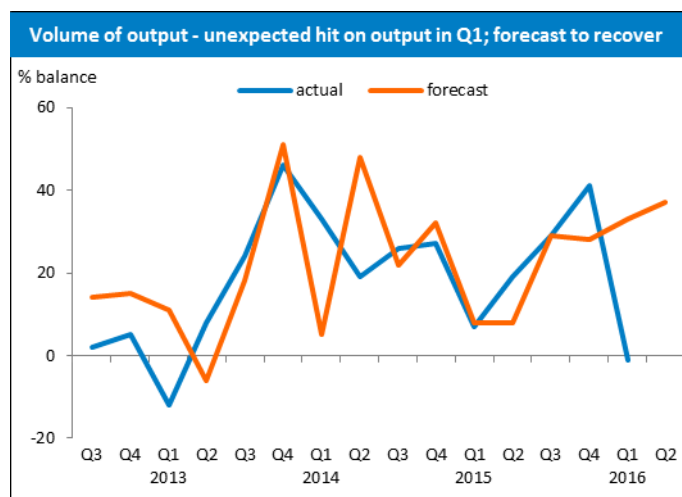


## PRESS RELEASE

11 May 2016

### UK PRINTING INDUSTRY HAS A CASE OF THE WOBBLES IN Q1 – CONFIDENCE AND TRADE EXPECTED TO RECOVER IN Q2

Forecasts for Q1 were not realised as reports of a slowdown in new orders, and a decline in output, resulted in the worst balances for three years – however, expectations for Q2 point to a quick recovery. The latest *Printing Outlook* survey reveals that whilst almost half of printers (49%) maintained output levels in the first quarter of 2016, 26% experienced a fall in output and 25% were able to increase output. The resulting balance (the difference between the ups and the downs) was -1; well below the forecasted balance of +33, and the first negative balance since Q1 2013.



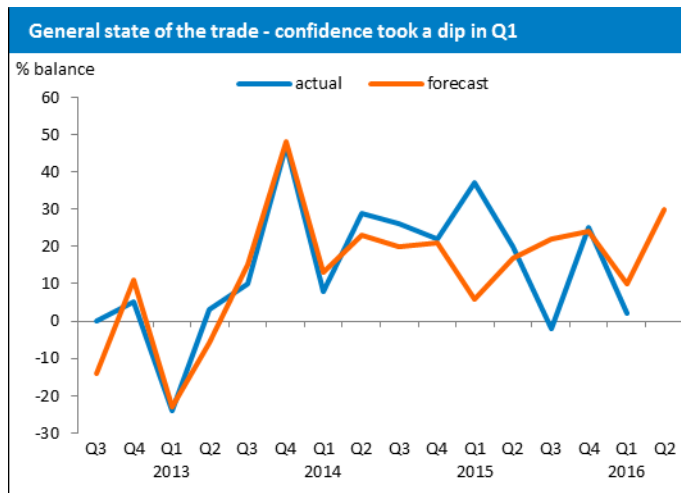
*The output balance of -1 was significantly below the forecast of +33 for Q1. A balance of +37 is forecast for the coming three months.*

The negative balance should be short-lived as printers expect output to recover quickly in Q2. Exactly half of respondents expect to increase output levels, 38% predict that output levels will remain the same and 13% expect output to decline in Q2. The forecasted balance of +37 would, if realised, be a significant upturn from Q1's marginally negative balance and bring output performance back to between that experienced in Q3 and Q4 last year.

Confidence in the general state of trade in the printing industry receded in Q1, largely offsetting the recovery experienced in Q4. The rebounding Q1 forecast suggests that confidence in the industry is currently precarious and liable to fluctuate as it is influenced by uncertainties in the industry and the economic environment.

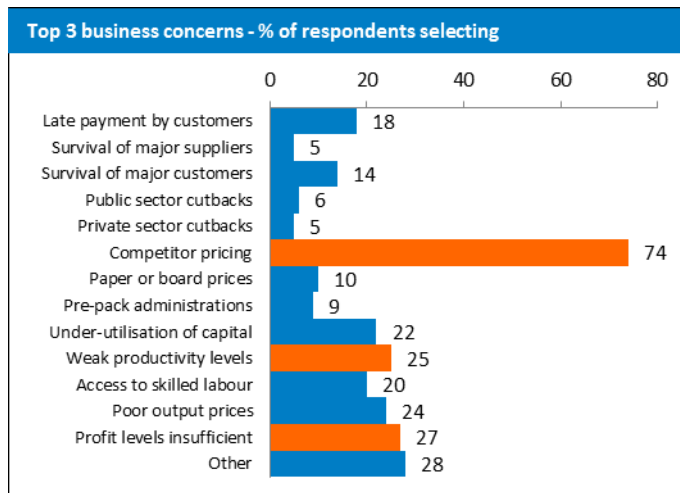
The balance between those believing that the general state of trade improved, and those believing that it had deteriorated, was +2 in Q1; significantly below the +25 in Q4, and less than the Q1 forecast of +10. The marginally positive balance for Q1 has come from 32% believing the general state of trade in the printing industry had improved and 30% reporting a deterioration. 38% reported no change in the general state of trade in Q1 2016.

If the forecasts prove to be accurate (and with the exceptions of Q1 and Q3 2015 they have been), confidence is set to return to more positive territory in Q2. Exactly half of respondents believe that the general state of trade in the industry will remain unchanged. That leaves 40% expecting the UK printing industry to improve, and 10% expecting that it will deteriorate, in Q2.



*The balance of +2 was less than the forecast of +10. A balance of +30 is forecast for the coming three months.*

It seems some things never change – competitors pricing below cost continues to be the most voiced business concern; it was selected by nearly three-quarters (74%) of respondents as one of their top three business concerns. Concerns regarding profit levels being insufficient to encourage investment have mounted to make it the second ranked concern (27% in Q1, up from 22% in Q4). Weak productivity levels has now emerged as the third ranked concern – this was selected by 25% of respondents in Q1, up from only 7% in Q4. It is possible that this area has shot to prominence as the issue of UK productivity levels has received national media coverage at the time of the latest survey. The more frequent top three concerns of access to skilled labour and late payment aren't too far behind.



**Kyle Jardine, BPIF Research Manager, said:**

“With the slowdown in the UK’s economic growth in the first quarter it’s not surprising that the printing industry displayed some less positive output and orders data; especially with the early Easter period falling into the first quarter this year. A number of printers were affected by the Easter break delaying orders coming through and lost production time due to the holidays.”

**Charles Jarrold, BPIF Chief Executive, said:**

“There have been a few additional concerns this year as companies negotiate the National Living Wage, pension auto-enrolment, and look at the incoming apprenticeship levy. The high-profile administration at Polestar will also impact some companies, as may uncertainty surrounding the EU referendum. Beyond these issues, pricing remains a perennial issue, although it’s in some ways encouraging that productivity improvement has moved up the agenda – an area that companies can directly influence themselves”

“We will be separately reporting on our member research on the EU referendum; Printing Outlook does not suggest that trade has yet been affected. However, it is certainly on the minds of our members and it is safe to say that opinions are varied.”

**Summary of key findings:**

- Forecasts for Q1 were not realised as a slowdown in new orders, and a decline in output, resulted in the worst balances for three years – expectations for Q2 point to a quick recovery.
- Confidence in the general state of trade in the printing industry receded in Q1, largely offsetting the recovery experienced in Q4.

- Competitors pricing below cost remains the most voiced business concern – still by some distance; profit and productivity levels have risen in the concerns rankings.
- Capacity utilisation in April was greater than in January; a majority were in the 80-89% and 90-99% ranges.
- Recruitment continued to be positive in Q1, though at a lower level than in Q4.
- Downward pressure on prices has persisted in Q1.
- The majority of respondents have continued to report stable input costs in Q1. Labour remains the main cost pressure; this is likely to continue but now more respondents are predicting upward cost pressure on paper.
- The negative forecast for margins was matched, however there has been more instability than expected.
- Intentions for investment in the year ahead appear to have weakened slightly in Q2.
- The availability of bank lending has shown a significant improvement. Whilst some concerns remain over credit lines, they do appear to have improved in the last month.
- Almost one-third of respondents conducted pay reviews in Q1; awarding increases averaging 1.3%.
- UK demand for printing papers and boards decreased in 2015; down 4.1% on 2014.

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

- Pay Reviews – activity and average % changes.
- Investment – tracking intentions for plant & machinery, training & retraining, product & process innovation and buildings.
- Data on capacity, productivity, costs, margins, investment and more.
- Consumables – paper consumption data and printing ink volumes and values.

*Printing Outlook* is available (free to BPIF members and £40 to non-members) from the BPIF website: [www.britishprint.com/printingoutlook/](http://www.britishprint.com/printingoutlook/)

ENDS

**Endorsements:**

*“In everyday life we get a raft of information thrown at us. The thing I like about *Printing Outlook* is the fact its questions are written by people who understand our industry, they are addressed to people working at the heart of our industry and they are presented back to us by people who represent the members of our industry. It’s clear, well laid out and with relevant narrative and interpretation.”*

**Miles Linney**

**Managing Director, Linney Group**

*“Duplo used the data provided by the BPIF to map the UK Print Industry, and this coupled with the overlaying of our own CRM data, we were able to create a picture which formed the cornerstone of our sales and marketing strategy regarding our higher-end production equipment. The results of which attributed to 20% sales growth in one year. Thank you BPIF!”*

**Peter Jolly**

**Managing Director, Duplo**

*“The BPIF Outlook report has become a reliable barometer for Kodak to gauge the condition and trends of the printing industry. As well as an in depth read the report also expresses the data with easy to understand graphic charts which can be quickly digested and explained to an audience. It helps define decision-making and market approach – which is so crucial to a company like Kodak.”*

**David McGuinness**

**Marketing Manager, Kodak UK & Nordics**

### **Editors' Notes**

The online trading trends survey was carried out during 4-19 April 2016 and received responses from 91 companies employing 4,067 people with a combined turnover of £475 million. 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 associations 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)