

## PRESS RELEASE

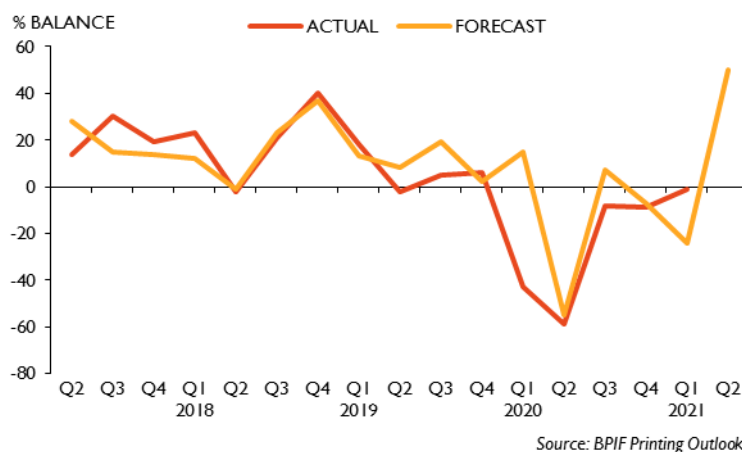
28 May 2021

### PRINTING INDUSTRY STABILISED IN Q1 – OUTPUT, ORDERS AND CONFIDENCE TO RECOVER IN Q2 BUT COST PRESSURES INTENSIFY SQUEEZE ON MARGINS

**The UK printing and printed packaging industry achieved a steady balance in Q1 and is expected to take strong strides up the recovery path, with significant increases in output and orders in Q2.** To re-cap – the Covid-19 outbreak hit at the end of Q1, Q2 bore the brunt of the impact and whilst Q3 exhibited a recovery, of sorts, Q4 experienced a halt on that recovery path and Q1 saw some moderate improvements as an equilibrium was achieved between the ups and the downs. Fortunately forecasts for Q2 are finally showing the significant improvements that we would all loved to have seen continue six months ago. Now the Covid-19 lockdown restrictions are being lifted, more of the economy is opening up and printers are beginning to see more business returning.

The latest *Printing Outlook* survey reveals that 33% of printers managed to increase their output levels in the first quarter of 2021. One-third (33%) were able to hold output steady, whilst the remaining 34% were adversely affected by a decline in output. The resulting balance (the difference between the ups and the downs) was -1, up from the -9 reported in Q4 2020 and, whilst still negative, well above the Q1 forecast (-24). Output has yet to return to the positive zone (where more companies report an improvement rather than a decline) but a return towards it is promising.

#### VOLUME OF OUTPUT - RECOVERY TO IMPACT IN Q2

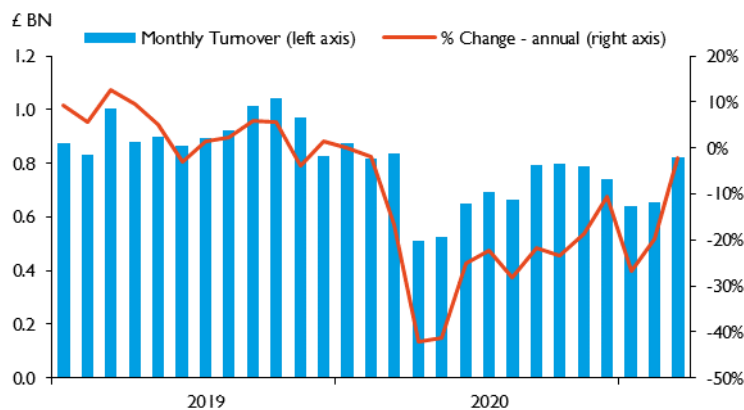


*The output balance of -1 was well above the forecast of -24 for Q1. A balance of +50 is forecast for Q2.*

**Printers are now expecting activity levels to receive a major boost in Q2.** Output growth is forecast to increase for 57% of companies, and just over one-third (36%) predict that they will be able to hold output levels steady in Q2. That leaves only 7% expecting output levels to decline. The resulting balance forecast is +50 for the volume of output in Q2. If the positive forecast is realised it would be the most positive balance for over 13 years. Though it is of course coming from a very low base level comparison; being hot on the heels of the most negative balance on record – one year ago.

The Office for National Statistics published some data on industry turnover. The annual data shows that industry turnover (for a classification of the printing industry that excludes cartons, labels and paper stationery) contracted by 21% in 2020 to approximately £8.7 billion (reduced to -17%, and £11.5 billion, once the carton, label and paper stationery sectors are factored in). However, monthly data for turnover in March has just been released. The latest data shows a very strong recovery with monthly growth of 25%, bringing industry turnover in March to £821 million and now only 2% down on March 2020. Current expectations are that the monthly turnover totals will show moderate increases throughout much of 2021.

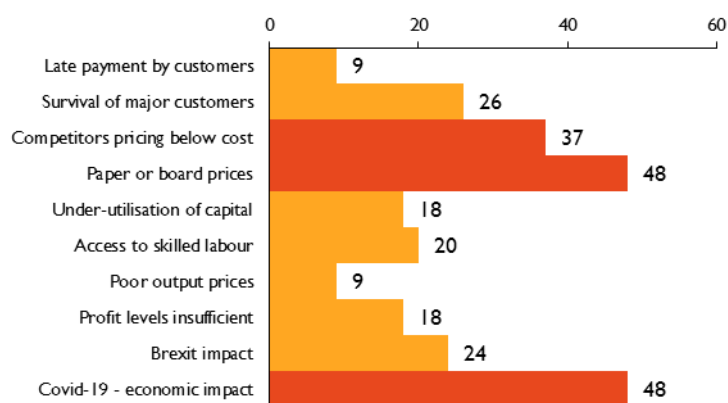
#### PRINTING TURNOVER - EXCLUDING CARTONS, LABELS AND PAPER STATIONERY



Source: BPIF Research analysis of ONS data

**Dealing with the economic impact of Covid-19 remains the most important business concern for businesses, just; it was selected by almost half (48%) of respondents.** Paper and board prices were also selected by 48% of respondents – though just one-tenth of a percentage point fewer. Remaining back in the top three concerns was competitor pricing below cost, with 37%.

#### TOP 3 BUSINESS CONCERNS - % OF RESPONDENTS SELECTING



Source: BPIF Printing Outlook

**Average costs have surged, in-line with the forecasts from last quarter – the upward pressure is not expected to subside in Q2.** Increasing paper and board costs have been providing the most inflationary pressure in Q1, however rising average costs have been reported across all areas.

**The BPIF Printing Outlook Q2 2021 report also features sections on industry confidence, the Covid-19 restart, Brexit, capacity, paper and board – and much more.**

**Kyle Jardine, BPIF Economist, said:**

*“It is such welcome news that output, orders and confidence stabilised in Q1, with a strong recover in March – as supported by the official data from the ONS, following a difficult January and February. Expectations for Q2 have really improved; if these forecasts are realised then we expect that there will be some upward revisions to investment intentions – supported in some part by the government’s super-deduction scheme.*

*“Let’s not get too carried away just yet. Demand remains fragile in certain sectors, foreign trade is not yet plain sailing for many companies and significant rises in input costs may put the brakes on the acceleration of demand. However, there is now growing belief that the printing industry can recover quickly and leave the pain of 2020 behind.”*

### **Summary of key findings:**

- The UK printing and printed packaging industry achieved a steady balance in Q1 and is expected to take strong strides up the recovery path, with significant increases in output and orders in Q2.
- A turnaround in confidence set in before the Q1 2021 forecast became a reality, expectations for Q2 are now running high.
- Dealing with the economic impact of Covid-19 remains the most important business concern for businesses, just; it was selected by almost half (48%) of respondents.
- Continued restraints on demand as a result of the Covid-enforced slowdown remains the most voiced challenge frustrating the businesses.
- The process of returning to office is well underway. 85% of businesses expect to have at least 50% of their employees, who are currently working from home, back in the office – at least to some regular degree – by the end of June. However, a hybrid model will become the template from many for some time.
- Government support has been crucial for so many businesses and their employees and many are still faced with lingering uncertainty and inconsistent demand.
- Companies continue to express a range of concerns regarding the impact Brexit may have on their business; however there are three clear priorities – supplies, barriers and costs.
- The number one ranked opportunity following Brexit, selected by 61% of respondents, was that there would be a boost to business from onshoring – i.e. business returning to the UK as a result of increased costs or greater obstructions around placing work in the EU.
- Industry capacity utilisation increased in April, in comparison with January – it has fought back to a level that is similar to the improvements that had been made in October last year.
- Average costs have surged, in-line with the forecasts from last quarter – the upward pressure is not expected to subside in Q2.
- Employment levels increased, on balance, in Q1 – more companies (than in Q4) recruited and fewer decreased employment levels.
- Export orders exceeded 5% of turnover for 25% of respondents in April, significantly greater than the 11% in January; for these companies export order growth remained positive, on balance, in Q1.

### **Featured in Printing Outlook this quarter:**

- Covid-19 restart – challenges, back to office and redundancies.
- Brexit – challenges and opportunities.
- Costs – paper & board, ink, labour and energy.

- Exports – orders and price trends.
- Industry insolvency and financial health statistics.
- Pay Reviews – activity and average % changes.
- Data on capacity, productivity, margins, and more.
- Consumables – paper consumption and printing ink data.

**For further information on *Printing Outlook* go to [www.britishprint.com/printingoutlook](http://www.britishprint.com/printingoutlook)**

**For any queries on this release please contact [kyle.jardine@bpif.org.uk](mailto:kyle.jardine@bpif.org.uk)**

ENDS

## Endorsements:

*"We are very happy to get the opportunity to associate ourselves with the BPIF and support Printing Outlook, it's a fantastic report providing invaluable insights into the current state of UK printing."*

**Bernard Cassidy**

Marketing Development Manager, Konica Minolta

*"The BPIF Printing Outlook report is a really useful tool for myself and co-Directors in viewing the performance of the print industry as a whole, keeping us up to date with current trends and offering a snapshot of member performance in an easy to digest format."*

*"Most importantly, the report acts as a trusted and valued voice of the marketplace, presenting a unique round up of the most crucial issues effecting members in this diverse and fast-paced industry."*

**Jacky Sidebottom-Every**

Sales Director, Glossop Cartons

*"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

*"I believe it's important to take part in responding to the BPIF Printing Outlook questionnaire - the more respondents there are the better the information coming back, so I feel we have a responsibility to do take part."*

*"The report itself it provides an interesting insight into the state of our industry and the immediate trends in a quick to understand, easy to use format - it helps us know where we are, and where our sector is in the mix."*

**Darren Coxon**

Managing Director, Pensord

*"I read Printing Outlook in order to better understand the health and direction of the BPIF members and of the print industry. We cross-reference the reports with our own findings to compound our understanding of key industry trends."*

*"I contribute to Printing Outlook so that our views and experiences can be both shared with the Industry and also represented by the BPIF at different levels – which should make us collectively stronger. I find that the more one puts in, the more one gets out."*

**James Buffoni**

Managing Director, Ryedale Group

*"Printing Outlook gives me an idea of how our industry as a whole is feeling. This is really important in this Brexit era in planning our marketing and any investments. This coupled with information from the BPIF acts as our barometer."*

**Terrye Teverson**

Managing Director, KCS Trade Print

*"The BPIF Printing 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 McGuiness**

Marketing Manager, Kodak UK & Nordics

*"We are sometimes in our own world trying to ensure our businesses are successful, Printing Outlook enlightens us as to what is actually happening in the rest of the Industry. It has clear and concise information that is easy to understand and it helps to enhance the decisions that may have to be made in the future. I am sure we all get a lot of publications that drop on our desks but Printing Outlook is a must read for me. Well done BPIF keep the Printing Outlook coming!"*

**Ian Wilton**

Operations Director, CDS

## **Editors' Notes**

The online trading trends survey was carried out during 12-23 April 2021 and received responses from 127 companies employing 10,858 people with a combined turnover of over £1.6 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 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)

## **The British Printing Industries Federation (BPIF)**

The BPIF is a thriving, best-in-class trade association invigorating a modern, progressive print industry. We inspire those within the UK print, printed packaging and graphic communication industries to see opportunities for growth. Our members form a diverse and influential community and together we ensure the industry's voice is heard in Government.

We help solve business problems and drive strategic change providing the highest standard of support so our members can grow and develop healthy, sustainable and profitable businesses.

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