



PRESS RELEASE

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Manufacturers set sights on overseas demand

- 79% of manufacturers forecast turnover will increase over the next five years, by an average of 12%
- More than half (55%) of exporters say demand is growing from overseas buyers
- Nearly one in five (18%) will expand by entering new export markets

Senior leaders in the manufacturing sector are banking on growth, with the sector ready to invest and innovate to drive the industry's expansion over the next five years, according to a report published today.

Lloyds Bank Commercial Banking's Business in Britain report surveyed 200 of the country's largest manufacturers with a turnover of £50m or more and found almost four in five (79%) forecast their turnover will increase over the next five years, and by an average of 12%.

International ambitions

Among exporters – 93% of those businesses surveyed – more than half (55%) said demand from overseas buyers was growing, while just a sixth (16%) said it was declining.

Even amid uncertainty over the UK leaving the EU, a third (33%) of manufacturers said the EU would remain their most important growth market for the next five years, followed by China (15%) and North America (13%).

But almost half (47%) of firms said the impact of the UK leaving the EU is a threat to growth, and is a greater threat to growth than cost pressures (45%), political uncertainty (44%) or weak growth in the UK economy (43%).

A significant number (60%) say their strategy includes boosting research and development budgets, which they plan to increase by an average of 13%.

Nearly half (49%) believe new product development will power their growth, alongside investments in IT (30%), new equipment (24%) and increasing capacity (22%).

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A fifth (20%) believe improving productivity will support their expansion, together with investing in their existing product range (20%) and entering new export markets (18%).

Steve Harris, Head of Manufacturing for Large Corporates at Lloyds Bank Commercial Banking, said: “Manufacturing is a significant part of the UK economy – it represents 10% of economic output, 70% of all business research and development spend, and directly employs 2.7 million¹. UK manufacturers have a proud history of high quality products and innovation, which could be one of the reasons for the growing demand from overseas.”

A sustainable future

Sustainability sits at the heart of modern manufacturers’ strategies, with two thirds (67%) saying they will invest in sustainability in the next two years.

They will do that by reducing waste or recycling more (50%), cutting their energy use (44%), encouraging office employees to reduce energy use (43%), changing manufacturing materials or processes (31%), sustainable procurement (26%), cutting back on travel (25%) and making distribution fleets greener (22%).

Steve added: “Sustainability is not just a buzz word, it’s a social expectation and a reality for businesses today. Whilst this could be seen as a challenge for manufacturers, they’re seeing it as a real growth opportunity and are grabbing it with both hands.

“Their commitment to capitalising on opportunities that exist in a modern global economy must be recognised, and it reaffirms why we are committed to supporting manufacturers with the resource and expertise they need to grow their business.”

Lloyds Bank Commercial Banking supports UK manufacturing skills with its £1million-a-year sponsorship of the Manufacturing Technology Centre in Coventry. The centre will create around 3,500 manufacturing apprentices, graduates and engineers by 2024. The bank has committed to investing up to £3 billion in the UK manufacturing sector in the three years to 2020 as part of its Helping Britain Prosper plan.

Notes to editors

- ¹ House of Commons Library Briefing Paper – Manufacturing: Statistics and Policy <https://researchbriefings.files.parliament.uk/documents/SN01942/SN01942.pdf>

About Lloyds Bank’s Business in Britain reports

- The Lloyds Bank Business in Britain Manufacturing Report is the first in a series of three reports to be released in 2019. The next two reports will look into the retail and services sectors, both due out later this year.
- Methodology: To gather representative data, the Lloyds Bank Business in Britain Manufacturing Report surveyed financial decision makers at a cross section of 200 manufacturing businesses with an annual turnover of £50m+ in England, Scotland, Wales and Northern Ireland. Online interviews were conducted by BVA BDRC via its business access panel. Fieldwork was conducted 10th to 20th May, 2019.

About Lloyds Bank

- Lloyds Bank Commercial Banking provides comprehensive expert financial services for small businesses, mid-sized businesses and multinational corporations.
- Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support to its clients.
- Lloyds Bank Commercial Banking offers a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury and risk management services.