



Presents

PVC-U Fabrication REVIEW

December 2019



Welcome to Insight Data's PVCu Fabrication review for 2019. It's certainly been a year of ambiguity, change and a sense of the fenestration industry currently encountering an evolutionary process.

As the UK Fenestration sector continues its evolutionary process into the future, Insight Data Limited proudly present our PVCu Fabricators Review for 2019. The uncertainty of the UK economy, political turmoil and consumer confidence at record lows have made this year incredibly tough. However, I can assure you that it has not all been doom and gloom.

Using Insight Data's own market intelligence and database of UK PVCu fabricators, we conducted a telephone market survey speaking to over 190 of the top fabricators across the UK. It is a pleasure to share our findings with you.

We could not have produced this review without our survey respondents, who answered honestly and with integrity throughout. At a time in the sector where change, adversity and complications are a regular occurrence, we unquestionably hope you enjoy reading the PVCu review and would love for you to get involved in the conversation on social media or at the Glazing Summit 2020.

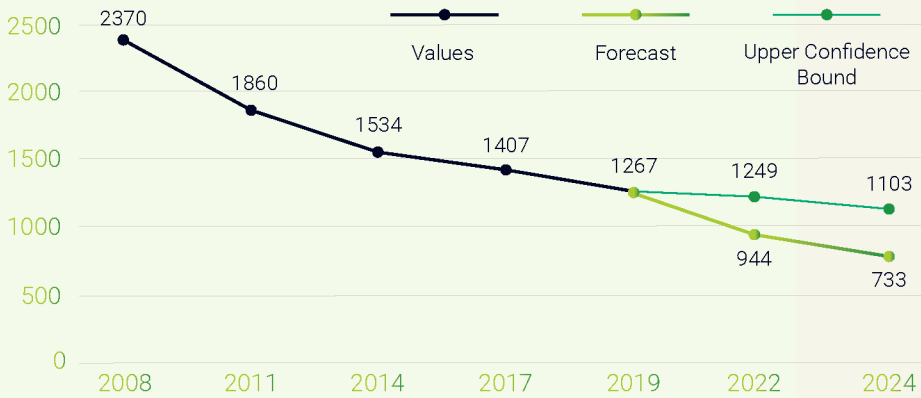
Jade

Jade Greenhow
Operations Director, Insight Data

Introduction

This review is based on Insight Data's own market intelligence data. A survey was carried out on a sample of PVCu fabricators within the UK in December 2019. We asked all survey respondents to answer honestly and with confidence, to provide a pure view of the PVCu fabrication market. The review particularly focusses on several industry factors: the industry's confidence in the past and into the future, industry trends, any growth blockers in place and the future of the sector.

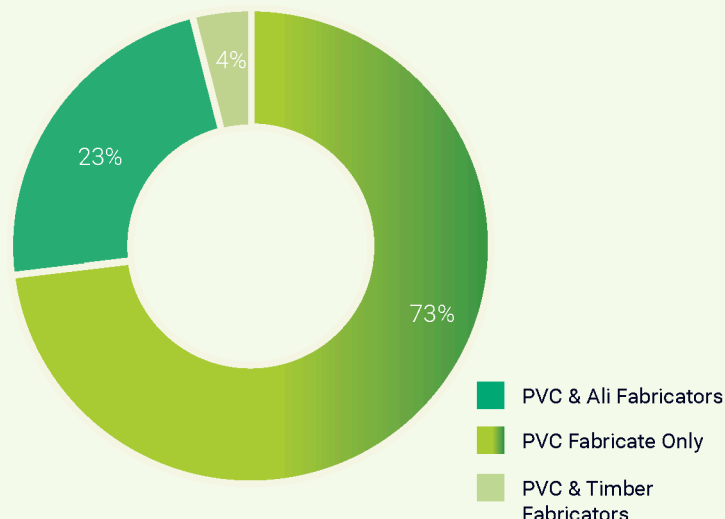
PVCu Fabricators UK



Since 2008, the amount of companies fabricating PVCu has declined by 46.5%. Based on projections in a 'worst case' scenario, it's estimated that in 2024 a mere 773 PVCu fabricators will remain. Should things improve by 2024, it's estimated 1,103 fabricators will be trading in the UK based on current trends.

It is not just the small retail 'lifestyle' businesses packing up, but based on frames per week, larger fabricators are shutting their factory doors. 8.5% of fabricators have either closed their business, ceased fabricating or reduced their frame per week output since 2017.

Fabricators Dual Sourcing

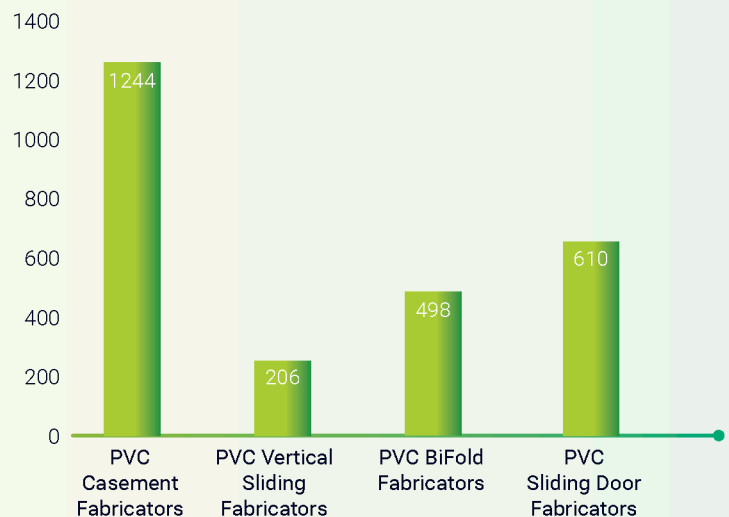


Frame Per Week Fabricated Per Fabricator



Despite this, what is left of the industry, in its core, remains strong. As of 2019, 23% of PVCu fabricators have adopted aluminium into their portfolios. Aluminium continues its surge into the domestic market with high-end products such as bi-fold doors and sliding doors. This, however, can be extended to PVCu high-end products. Vertical sliders and flush casements are in vogue alongside recent developments in more colours and foils than ever before, which demonstrates the adaptability of the fenestration sector.

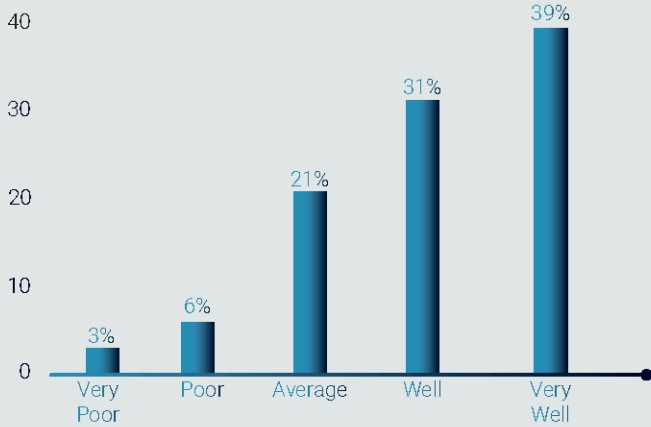
PVC Fabricators by Products



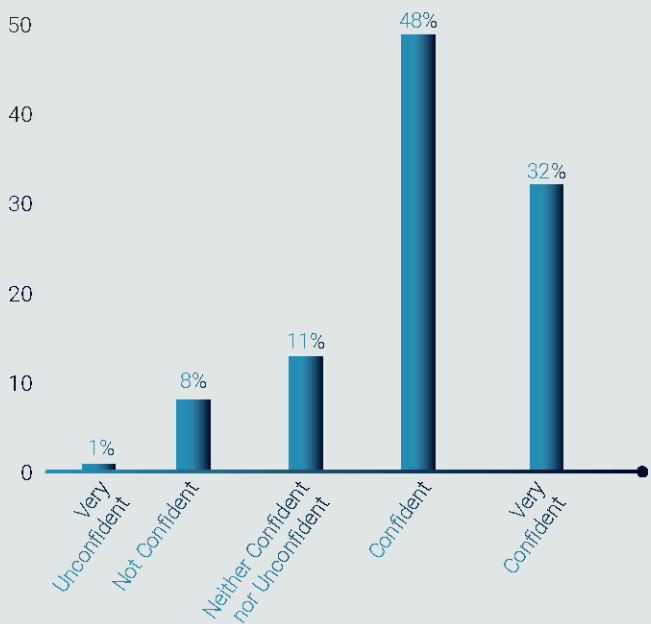
NOTE:

The figures combined equal more than the total number of fabricators because some companies manufacture more than one product.

Generally, how would you say your business has performed in 2019?

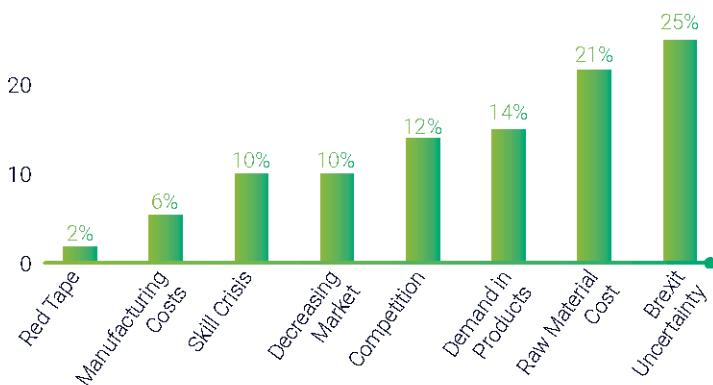


UK wide Business confidence has been consistently dropping since 2018. How confident are you in your company performing well in 2020?



Despite a decline in the total amount of fabricators in the UK, confidence is still high. 70% of respondents said that they performed either "well" or "very well" during 2019. This, alongside 80% of respondents saying they were confident or very confident going into 2020, suggests there is a feeling the sector is starting to stabilise.

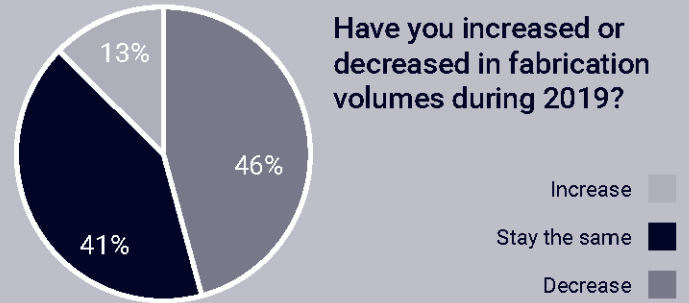
What are the biggest challenges facing your company currently?



Brexit uncertainty is revealed as the biggest challenge companies are facing. Raw material costs are a close second, which is suggested to be linked to Brexit uncertainty. Suppliers from outside the UK in all industries are acting cautiously without clarification on what the UK's position is on Brexit. Skills crisis, a decreasing market, competition and demand in products are all heavily mentioned.

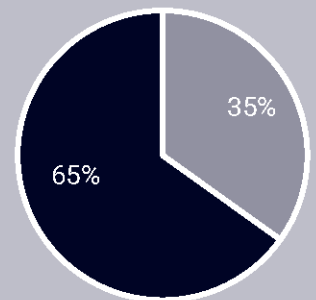
Despite data showing no significant increase in frames per week being fabricated, 46% of respondents said they had increased fabrication volumes in 2019. Delving more into the data in a more granular manner suggests that this is correct, but on a small scale. For example, a company fabricating 100 frames per week would have easily increased to 120. 65% of the products being fabricated are going into replacement projects rather than new builds. The replacement market is still strong, but with Government targets for over 300,000 new builds by 2020, there is opportunity to work within the new build sector.

Have you increased or decreased in fabrication volumes during 2019?



What is your split between supplying into new build markets and replacement markets?

Residential
New Build



Will you see an increase in investment into more automation within your factory machinery in the next 3-5 years?

Without a doubt, technology and innovation are shaping UK businesses across all sectors. Technology brings growth and opportunity, but it is certainly met with an air of caution. PVCu fabrication works hand-in-hand with skilled labour and technology. The split was close when asked whether an increase on investment for more automation within factory machinery in the next 3-5 years will occur, with 54% agreeing and 34% disagreeing. Increasing productivity and decreasing costs is a goal for any business. The larger fabricators will achieve this in significant margins by investing in automation, while smaller fabricators may not necessarily see the value in large investments in machinery for minimal fluctuation in productivity. Technology is here to stay, and companies should start using their own data to analyse and prepare for the invasion of automation in the future.

