



Information **Involvement** **Influence**

UK Market Update

Sales - Coronavirus – Growth – Market Factors

UK Manufacturing – the Topline

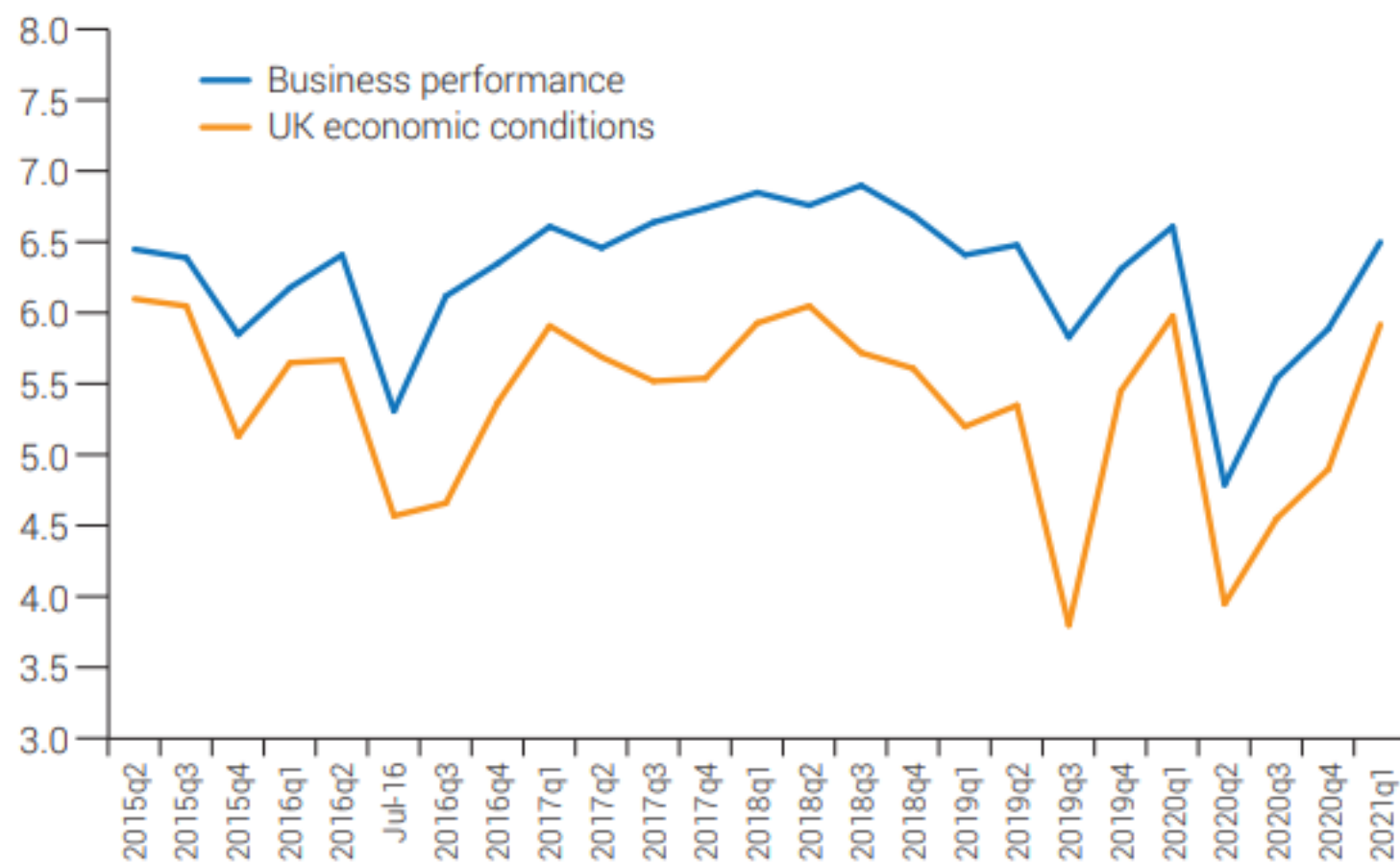


A Challenging Q1 2021...

- Even those companies deeming themselves “Brexit ready” have still faced disruption
- Supply chain disruption has been felt immediately
- New rules for products including rules of origin, conformity and product markings are a whole new world for many:
- The NI protocol brings new checks but not all companies have taken the necessary steps:
- Manufacturers are regularly sending employees to the EU for business but again these rules will change

Confidence continues to trend up

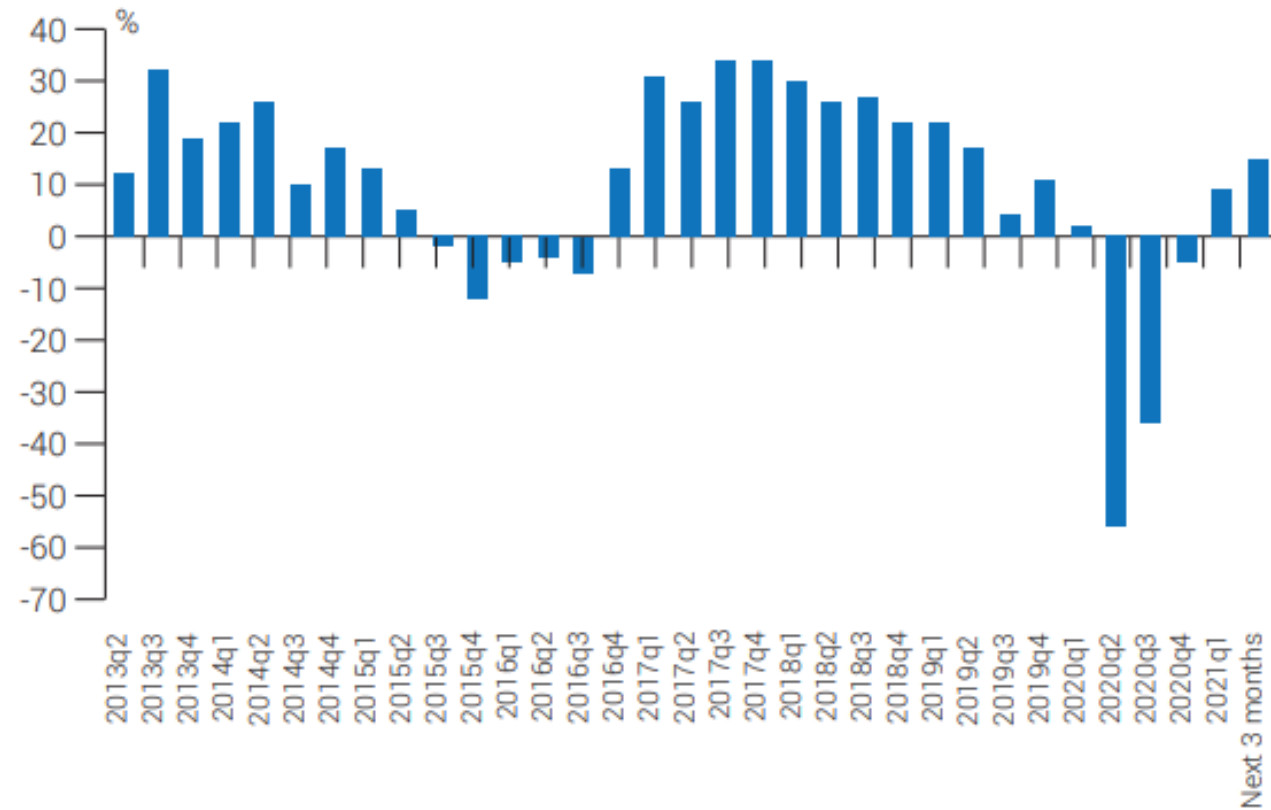
Confidence in the next 12 months 1 = substantially worse,
10 = substantially better



Source: Make UK Manufacturing Outlook Survey

Output turns positive for the first time since Q1 2020

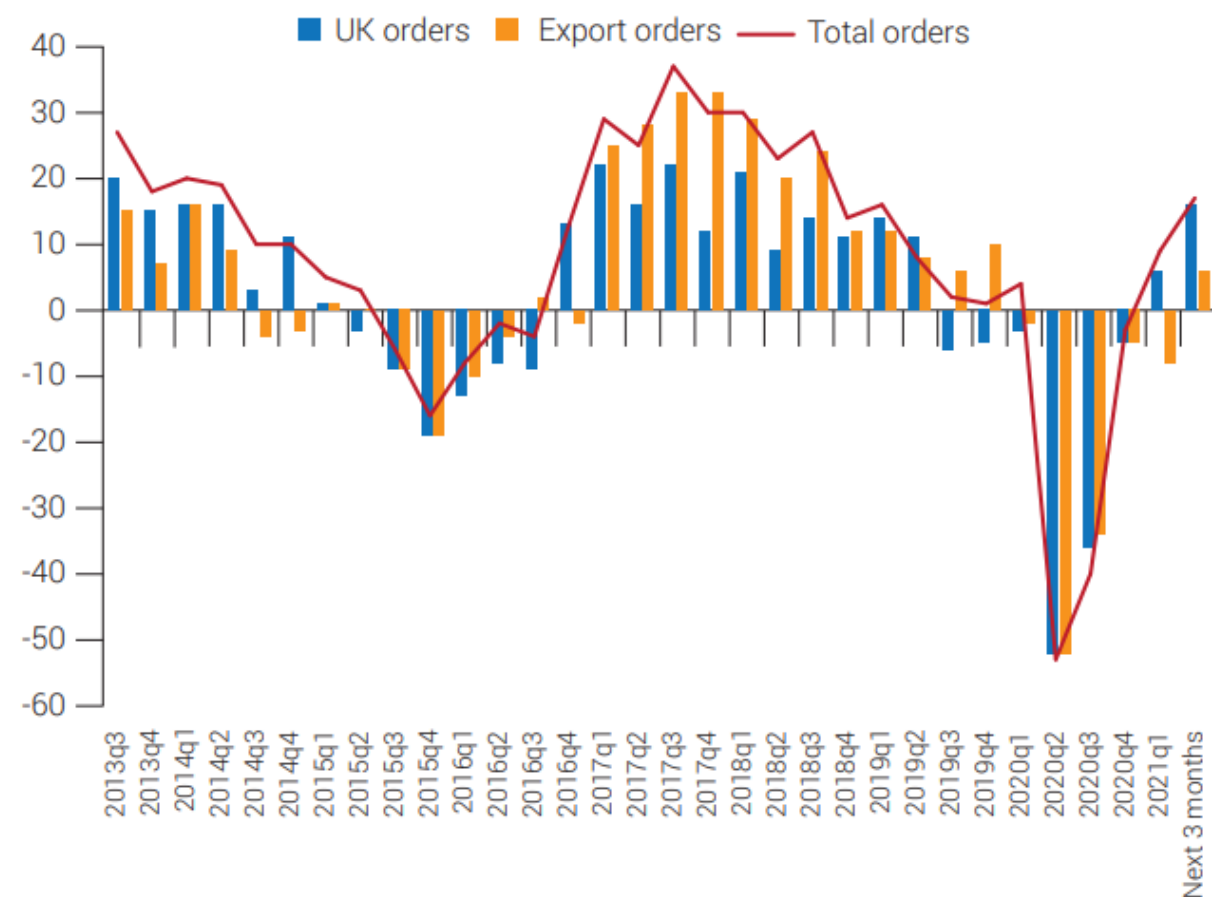
% balance of change in output



Source: Make UK Manufacturing Outlook Survey

Export orders continue to worsen as the impact of leaving the EU slows trade

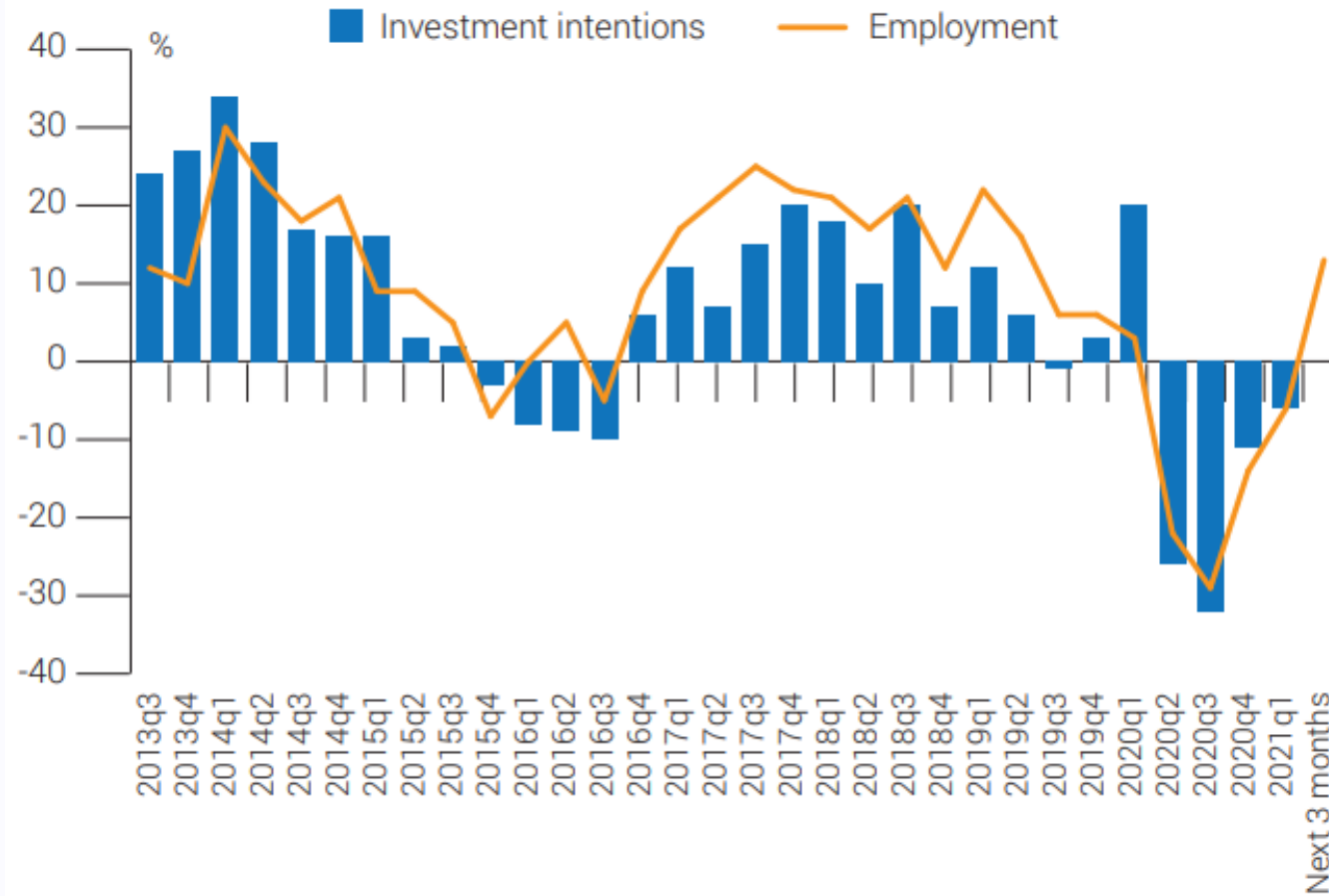
% balance of change in orders



Source: Make UK Manufacturing Outlook Survey

Whilst investment and employment remain negative, expect positivity next quarter

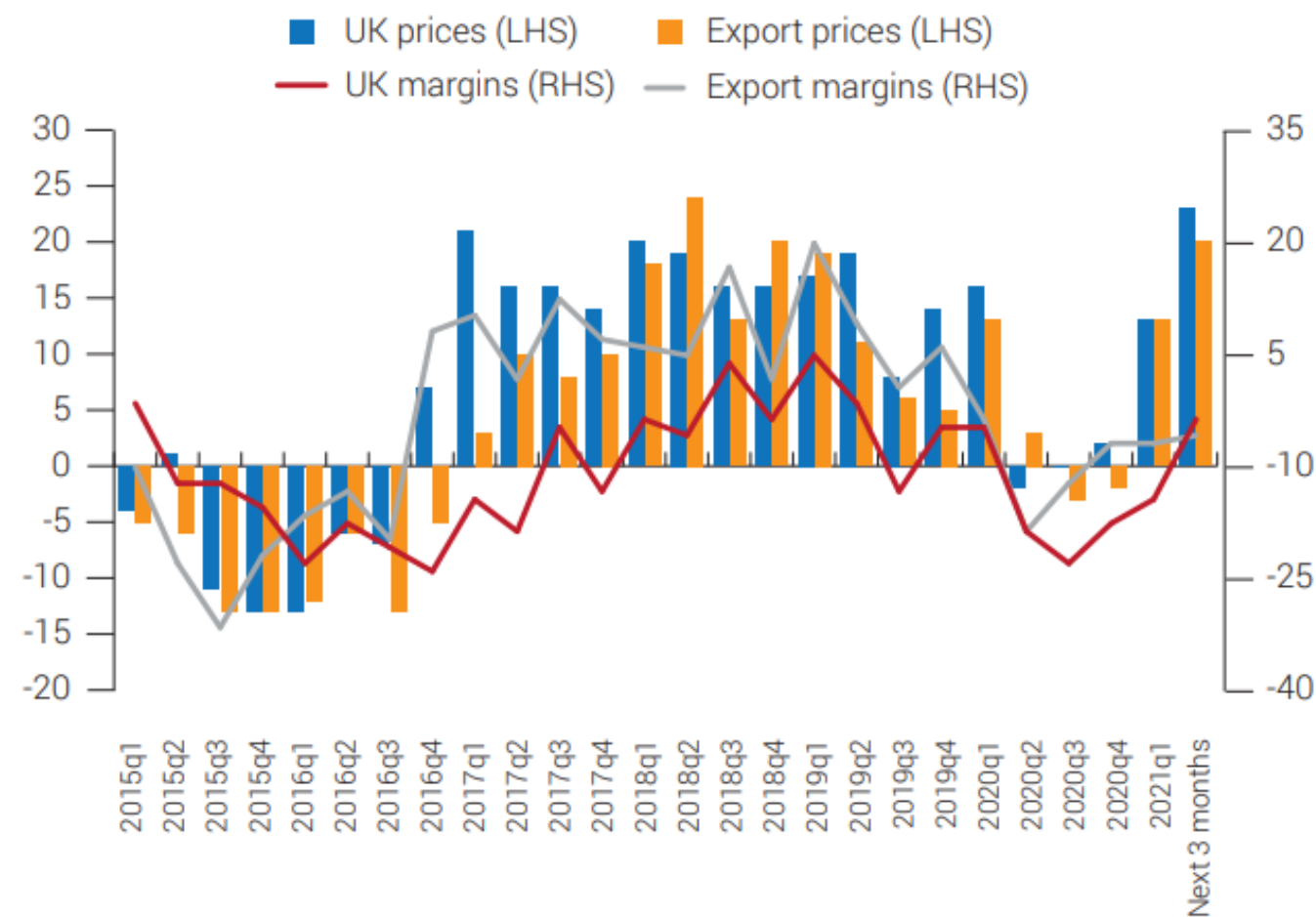
% balance of change



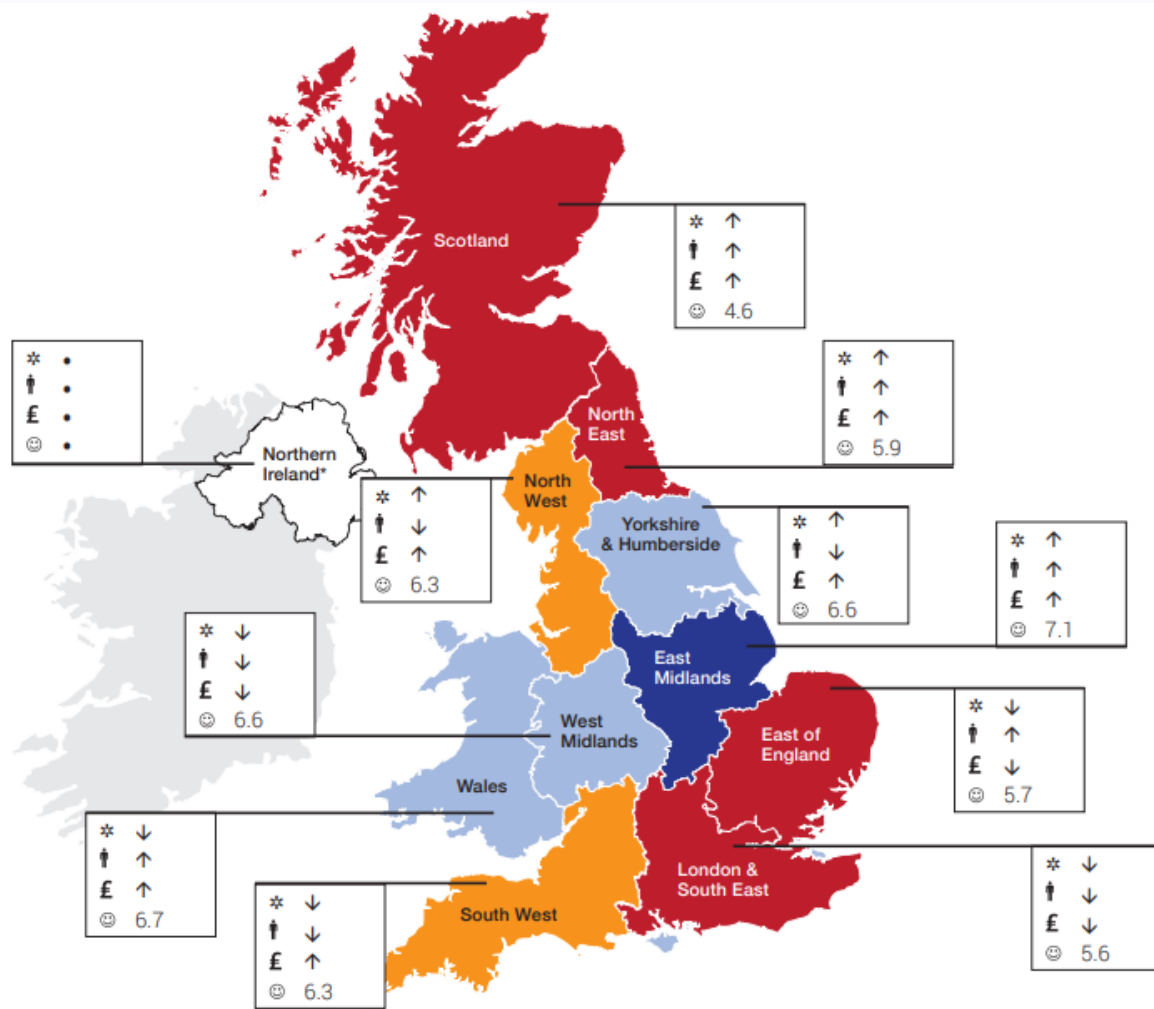
Source: Make UK Manufacturing Outlook survey

Selling prices increase but margins remain subdued

% balance of change



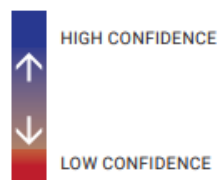
Source: Make UK Manufacturing Outlook Survey



KEY:

- ↑/↓ INCREASE/DECREASE ON PREVIOUS QUARTER
- * OUTPUT
- PERSON EMPLOYMENT
- £ INVESTMENT
- ☺ BUSINESS CONFIDENCE
- INSUFFICIENT NI DATA FOR CALCULATION IN THIS INSTANCE

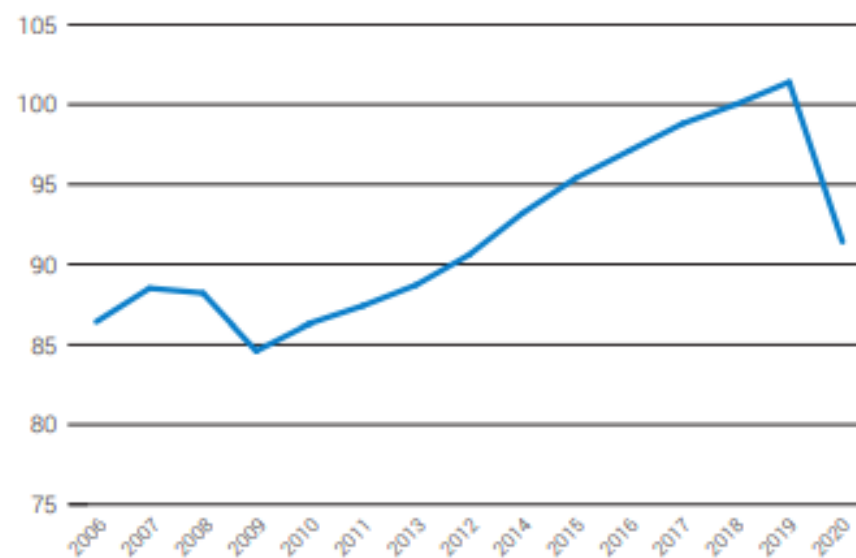
The map is coloured according to the business confidence levels difference from average UK business confidence



Source: Make UK Manufacturing Outlook Survey

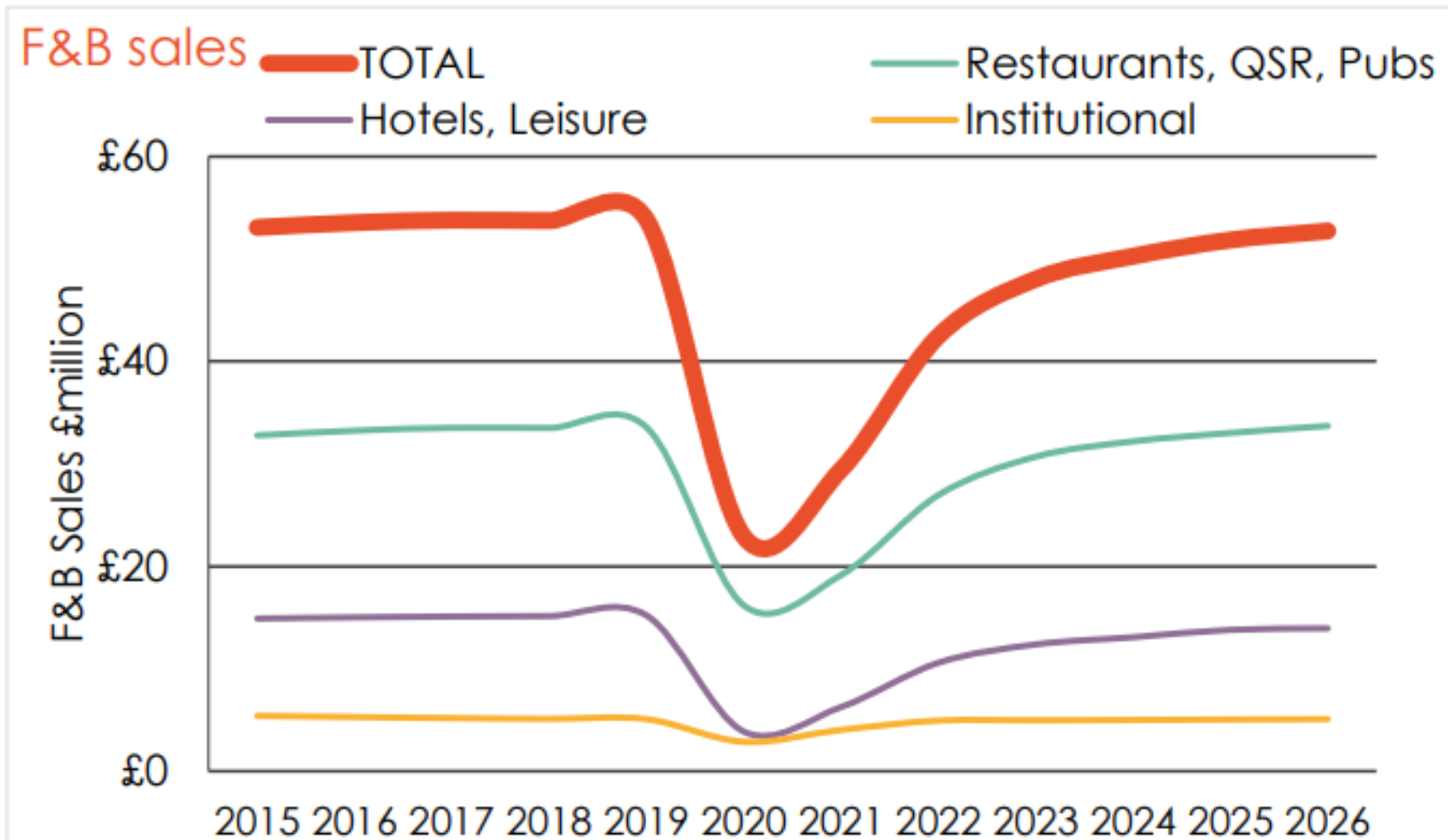
GDP falls by a record breaking 9.9% in 2020

Annual Index (2018 = 100), 2006 - 2020



AREA OF FOCUS	TYPICAL ACTIONS
Portfolio	<ul style="list-style-type: none"> • Divesting or closure of underperforming business areas or subsidiaries
People	<ul style="list-style-type: none"> • Rightsizing the organisation in reporting tiers, shop floor and back office functions, initially with a focus on obvious overstaffing • Transitioning to more flexible working practices • Short term working
Financial	<ul style="list-style-type: none"> • Short term cash flow management • Debt restructuring • Working capital improvement • Asset backed lending
Customers	<ul style="list-style-type: none"> • Customer price increases • Removal of loss making customers • Improved cash collection activities • Minimising cost to serve
Products	<ul style="list-style-type: none"> • Ceasing production on non-core/low value products • Rationalisation of SKUs • Investing in new products and services in more resilient and profitable business sectors
Property	<ul style="list-style-type: none"> • Footprint optimisation and rationalisation • Sale and leaseback • Rent renegotiation
Operations	<ul style="list-style-type: none"> • Improved Sales and Operations Planning • Removal of non-value adding processes and activities • Stock reduction • Maximising asset utilisation and OEE • Insourcing production to utilise spare capacity • Outsourcing non-core process and operations • Disposal of underutilised assets • Temporary cessation on capital expenditure • Close management of discretionary overhead spend
Supply chain	<ul style="list-style-type: none"> • Consolidating and de-risking the supply chain • Supplier price reduction • Establishing cost effective approach to tariffs and reporting

UK Foodservice recovery



Source: Peter Backman

– City foodservice planning tool

Type of Customer	Pre Coronavirus	Current <i>No vaccine and no effective mitigation other than social distancing, masks...</i>	Long Term <i>Vaccine available or at least effective mitigation that instils confidence</i>
Locals	City Residents		
	High demand resulting from high city centre density	Medium / Low demand because some locals moving out due to fear of pandemic	High / Medium demand due to reduced long term density
Commuters	White collar workers		
	High demand minimal working from home	Low demand due to huge increase in home working, and minimal travel to city centres	Medium / Low demand due to ongoing working from home - probably irreversible
	Blue collar workers		
	High demand because of high employment	High / Medium demand due to fewer job opportunities	High / Medium demand stable opportunities for workers. More or less return to pre-Covid-19
	Nomads/Workers working from varied locations		
	High demand minimal working from home	Low demand due to huge increase in home working, and minimal / no attendance at events	High / Medium demand Events return. Almost back to pre-Covid-19 levels
Tourists	Regional Tourists/Local Tourists		
	Low demand Tourists void crowded city centres	High / Medium demand due to restrictions on travel to city centres	Medium / Low demand benefitting from some increase in international tourists
	International Tourists (Premium & Mass)		
	High demand from visitors in all sectors	Low demand due to restrictions on international travel	High demand from Premium level tourists. Medium demand from returning Mass-level international tourists

Source: Peter Backman



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UK Market Update April 2021

Sales - Coronavirus – Growth – Market Factors

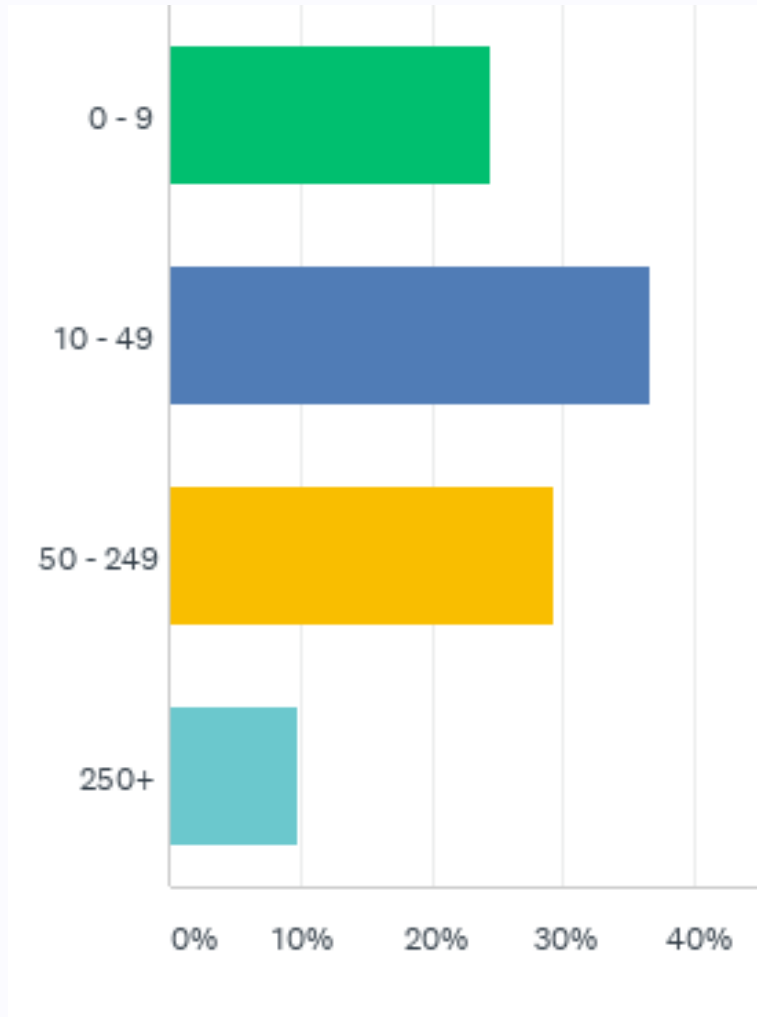
UK Market Update - Survey Background

- FEA Outlook Survey is circulated to FEA Primary Contacts database at the end of every quarter.
- The purpose of FEA is to provide a market-wide member-centric assessment of the business climate.
- 41 member companies took part in the Q1 2021 survey, the split can be seen below.

Outlook Survey Q1 2021 Respondent mix

ANSWER CHOICES	RESPONSES	
UK manufacturer	34.15%	14
A distributor of products manufactured outside of the UK	63.41%	26
An equipment reseller / dealer	17.07%	7
A service company	24.39%	10
Other (please specify)	9.76%	4
Total Respondents: 41		

How many staff do you employ?



ANSWER CHOICES	RESPONSES	
0 - 9	24.39%	10
10 - 49	36.59%	15
50 - 249	29.27%	12
250+	9.76%	4
TOTAL		41

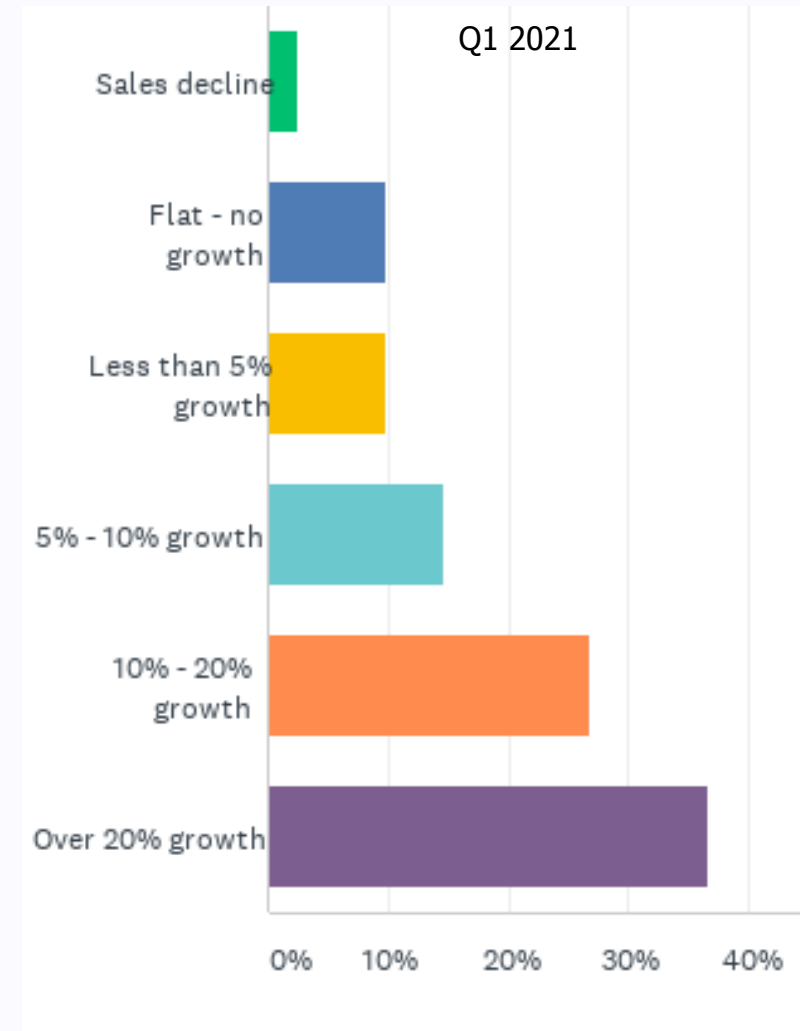
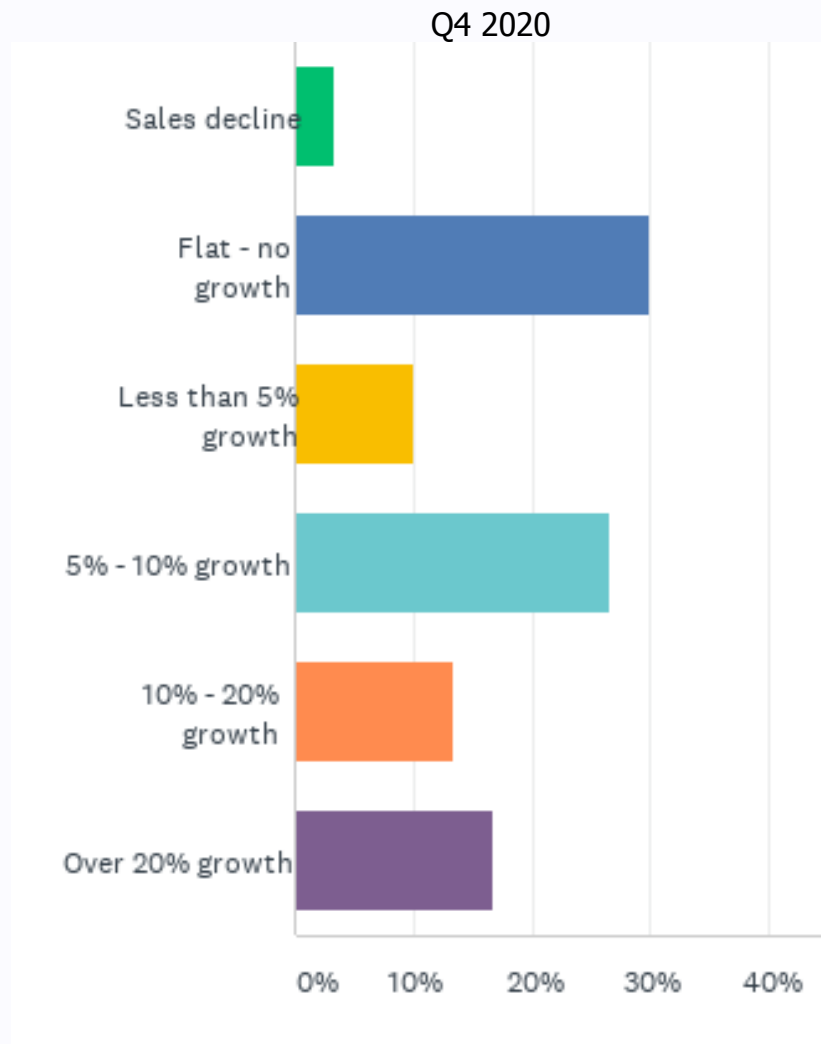
Source: FEA Outlook Survey Quarter One 2021: Q.20 How many staff do you employ?



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Current and Forecast Sales

What level of growth would you forecast over the next 12 months?



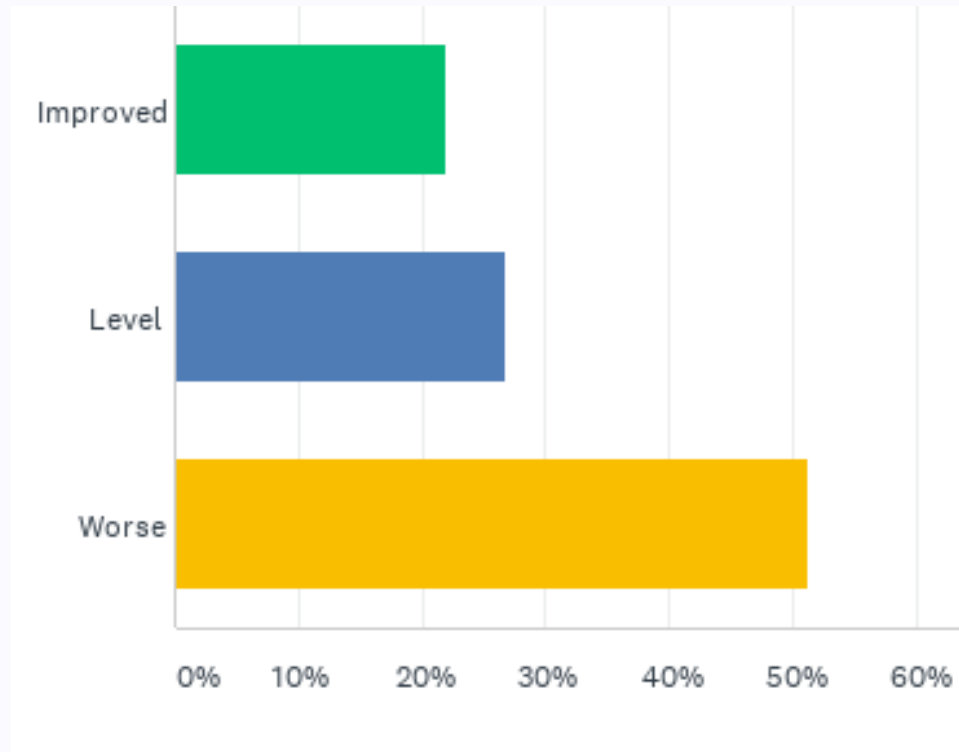
Source: FEA Outlook Survey Quarter One 2021: Q5 What level of growth would you forecast over the next 12 months?

What level of growth would you forecast over the next 12 months?

ANSWER CHOICES	RESPONSES Q4 2020	RESPONSES Q1 2021		
Sales decline	3.33%	2.44%	↓	1
Flat - no growth	30.00%	9.76%	↓	4
Less than 5% growth	10.00%	9.76%	↓	4
5% - 10% growth	26.67%	14.63%	↓	6
10% - 20% growth	13.33%	26.83%	↑	11
Over 20% growth	16.67%	36.59%	↑	15
TOTAL				41

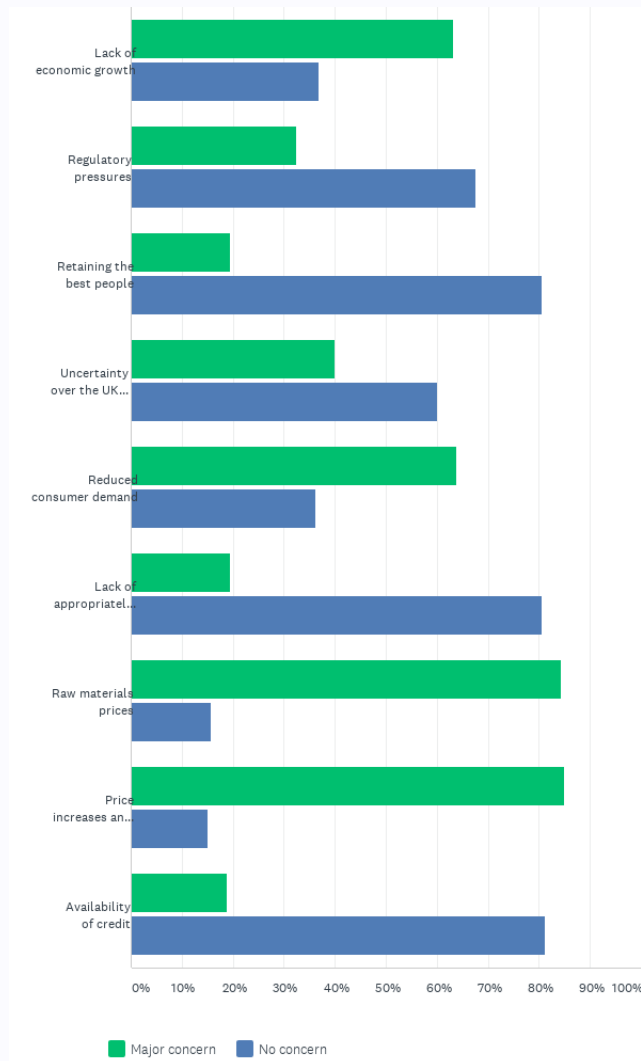
88% of respondents have made strategic adjustments based on their forecasts compared to 93% last quarter

How did your sales from this quarter compare to the same period last year? (Jan/Feb/March 2020 vs. Jan/Feb/March 2021)



ANSWER CHOICES	RESPONSES
Improved	21.95% 9
Level	26.83% 11
Worse	51.22% 21
TOTAL	41

Major concerns over the next 12 months – tick all that apply



	MAJOR CONCERN	NO CONCERN	TOTAL
4. Lack of economic growth	63.16% 24	36.84% 14	38
Regulatory pressures	32.43% 12	67.57% 25	37
Retaining the best people	19.44% 7	80.56% 29	36
Uncertainty over the UK role in Europe	40.00% 14	60.00% 21	35
3. Reduced consumer demand	63.89% 23	36.11% 13	36
Lack of appropriately trained staff	19.44% 7	80.56% 29	36
2. Raw materials prices	84.21% 32	15.79% 6	38
1. Price increases and inflation	85.00% 34	15.00% 6	40
Availability of credit	18.92% 7	81.08% 30	37

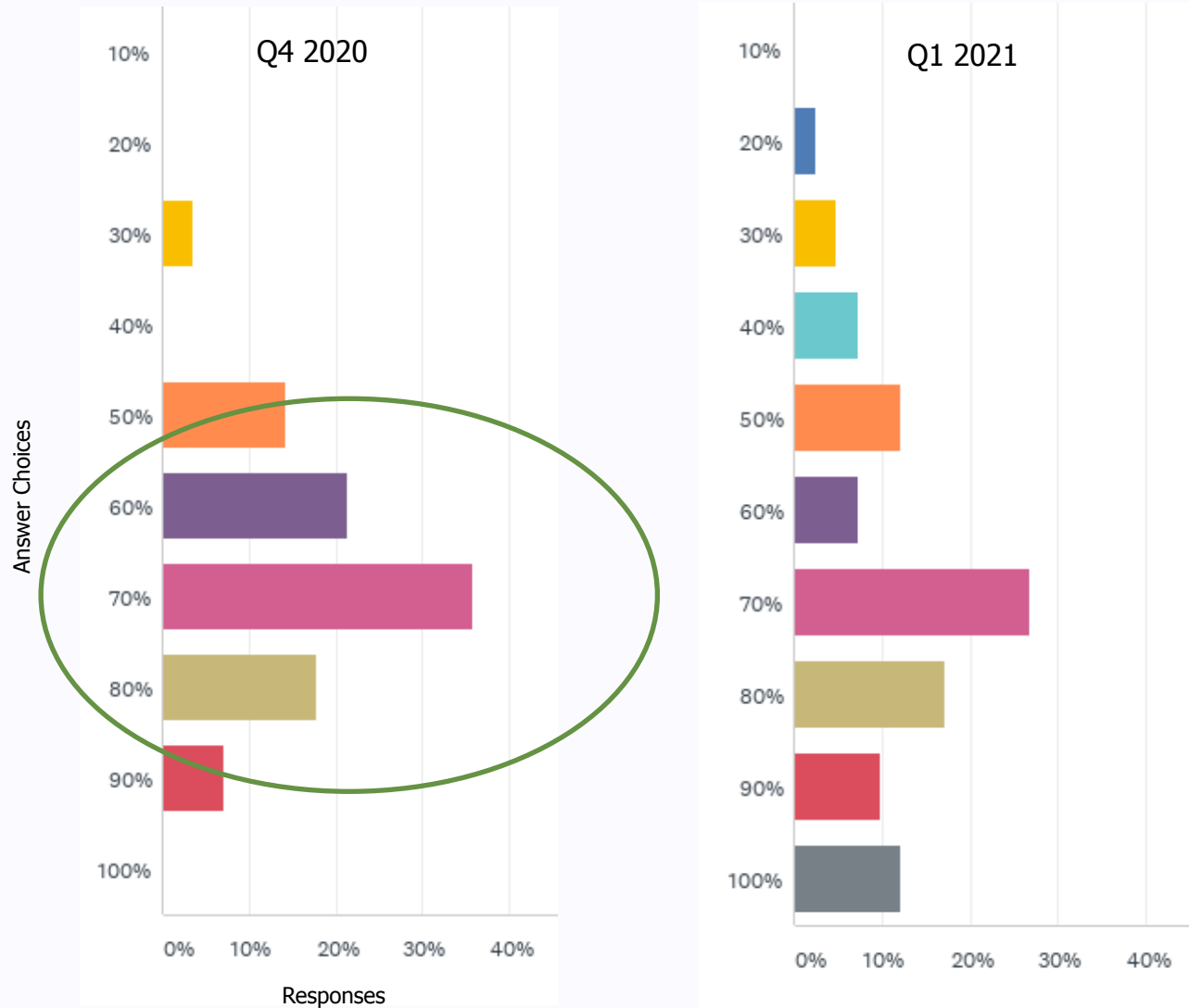
Source: FEA Outlook Survey Quarter One 2021: Q8 Which of the following are major issues of concern for your business over the next twelve months? (tick all that apply)



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The effects of Coronavirus

Compared to your pre-Covid sales what are your current sales as a %?



ANSWER CHOICES	RESPONSES
10%	0.00%
20%	2.44%
30%	4.88%
40%	7.32%
50%	12.20%
60%	7.32%
70%	26.83%
80%	17.07%
90%	9.76%
100%	12.20%
TOTAL	

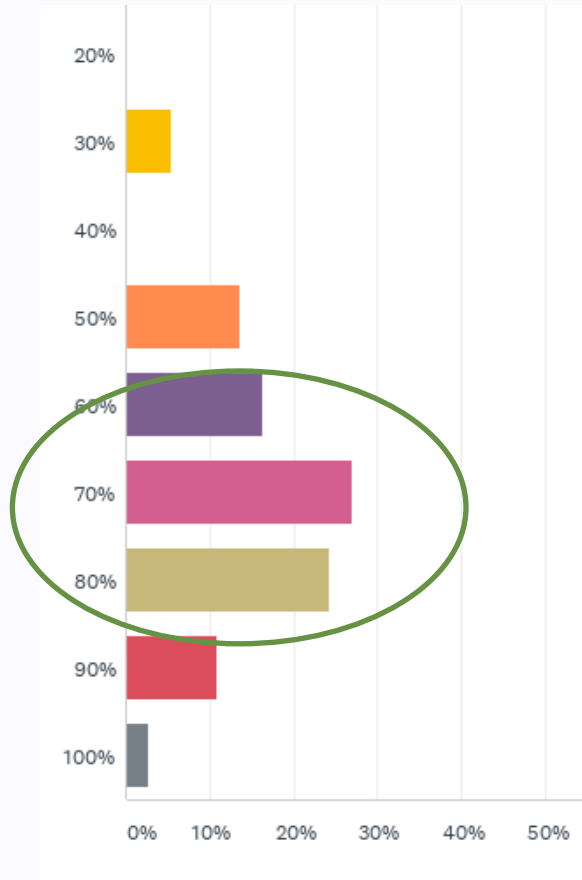
Source: FEA Outlook Survey Quarter One 2021: Q14 Compared to your pre-Covid sales what are your current sales as a %?

The following slides show six, twelve and eighteen month sales forecasts from our 2020 Q3 and Q4, and Q1 2021 surveys.

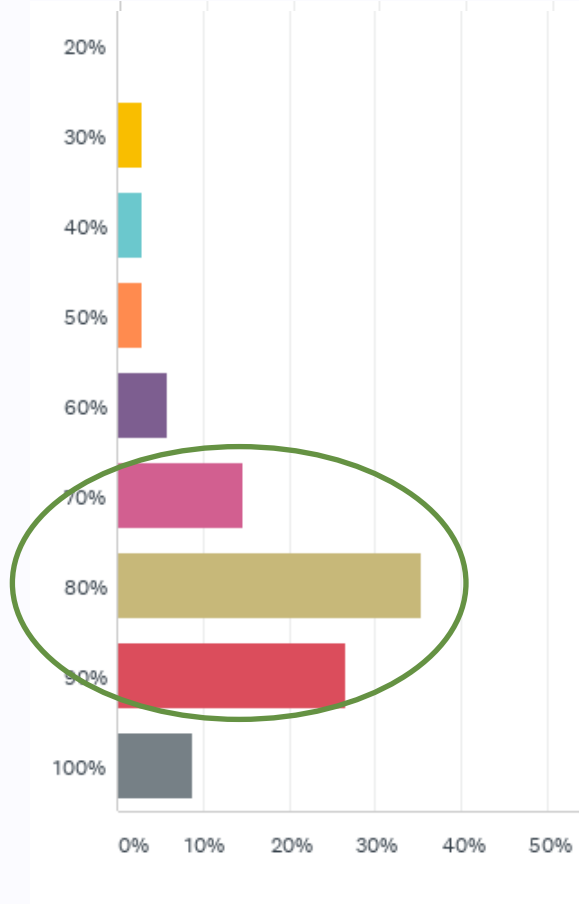
The results paint a positive picture with respondents expecting sales to increase as we bring ourselves out of the lockdown and back to normality.

Q3 Survey results: What % of your pre-Covid sales do you expect to achieve in:

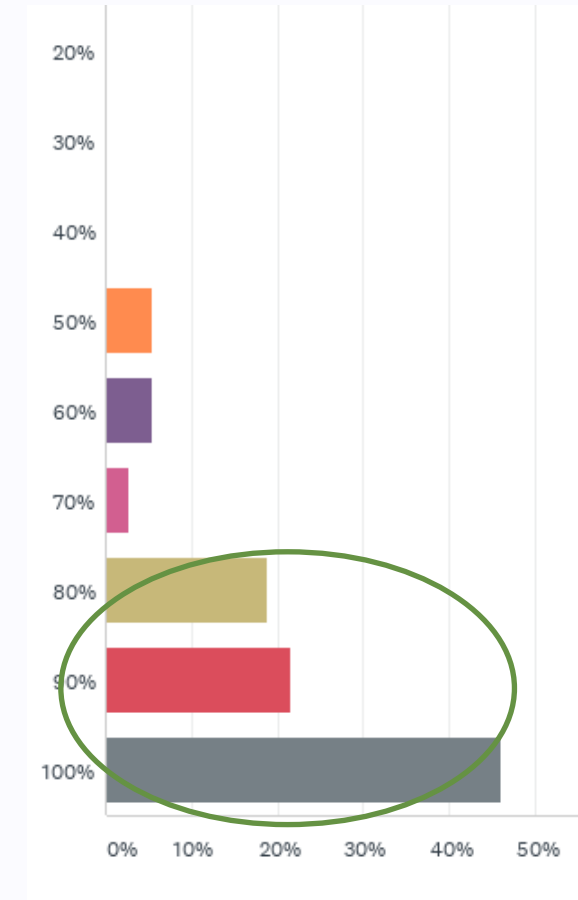
Six months
(March 2021)



Twelve months
(September 2021)

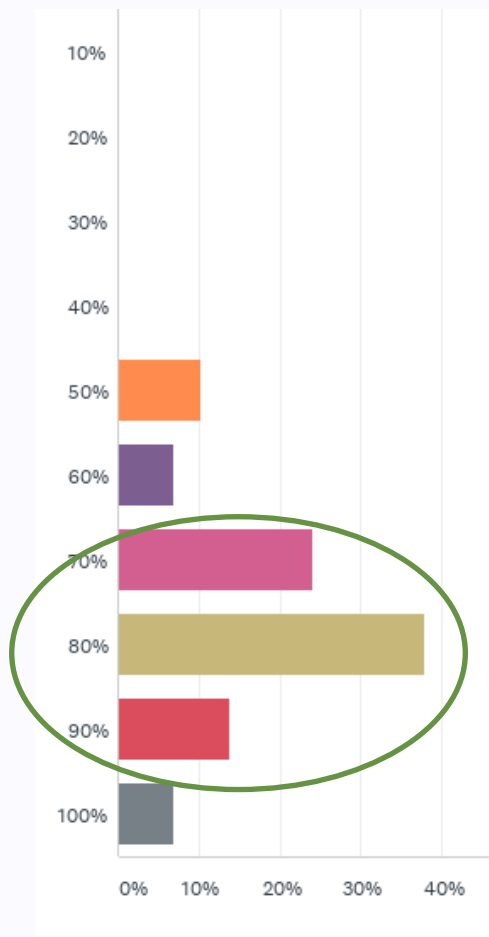


Eighteen months
(March 2022)

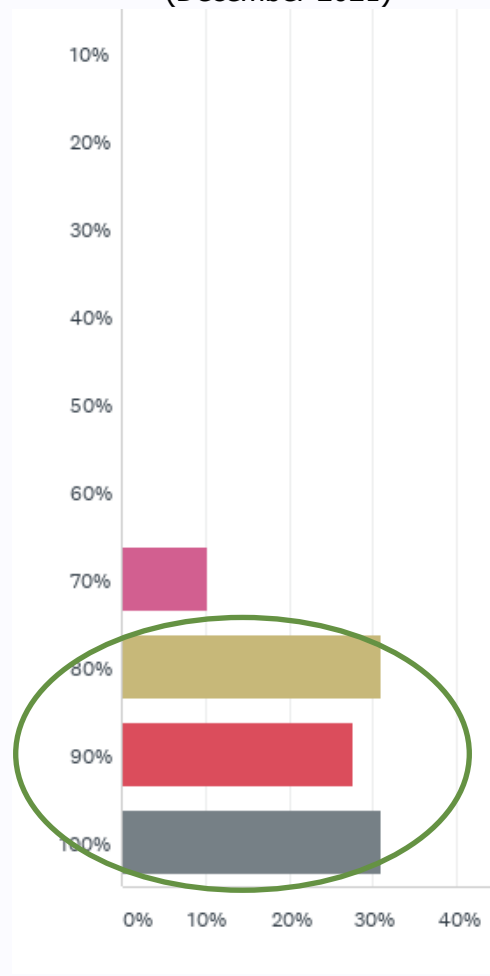


Q4 2020 survey results: What % of your pre-Covid sales do you expect to achieve in:

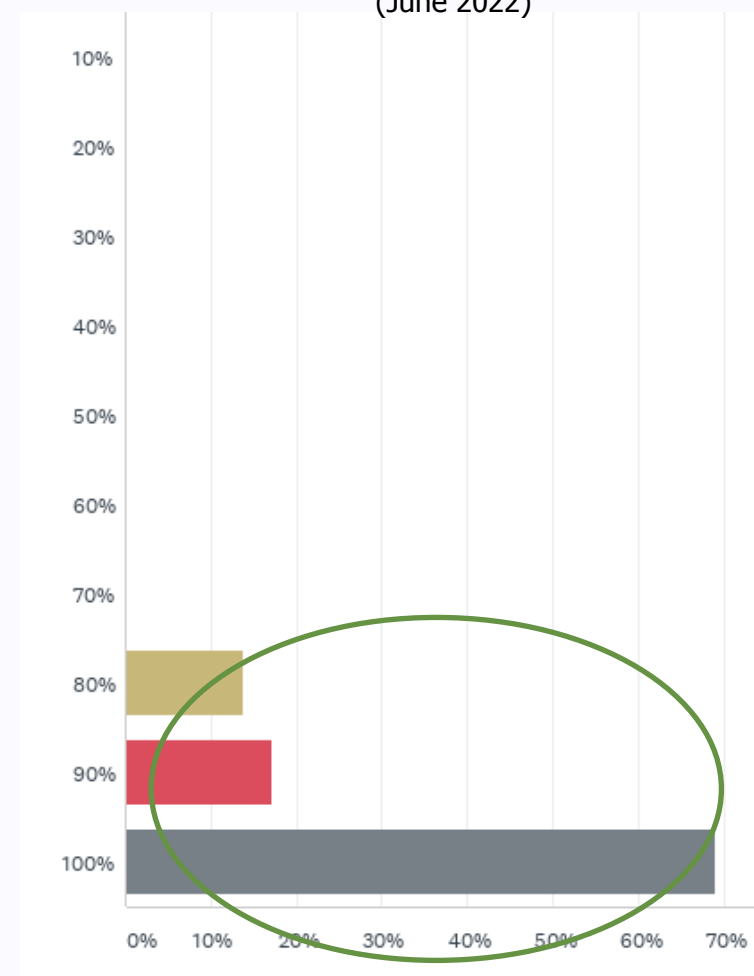
Six months
(June 2021)



Twelve months
(December 2021)

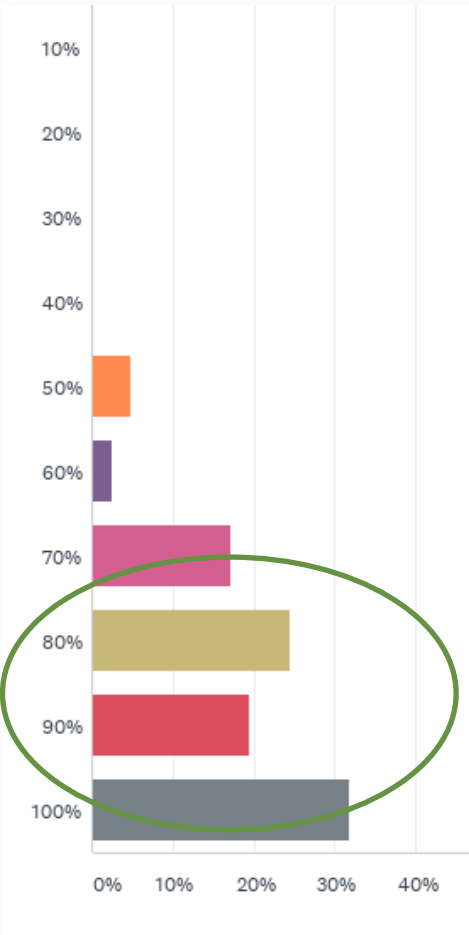


Eighteen months
(June 2022)

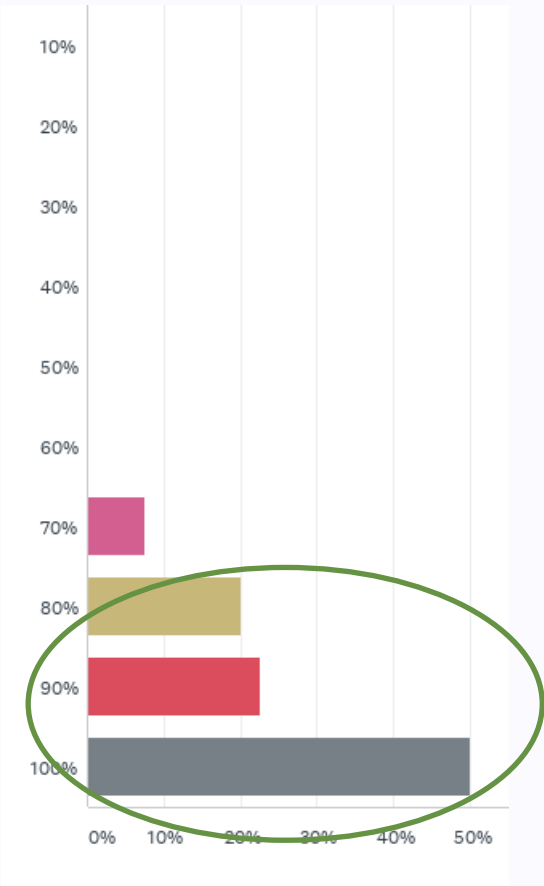


Q1 2021 Survey results: What % of your pre-Covid sales do you expect to achieve in:

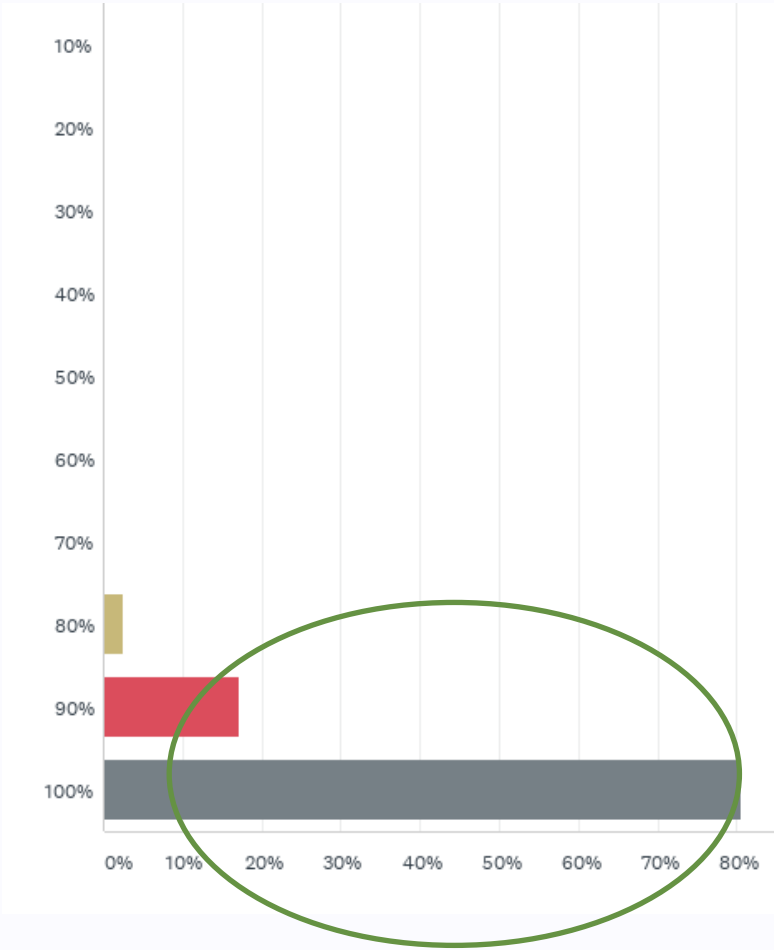
Six months
(September 2021)



Twelve months
(March 2022)



Eighteen months
(September 2022)



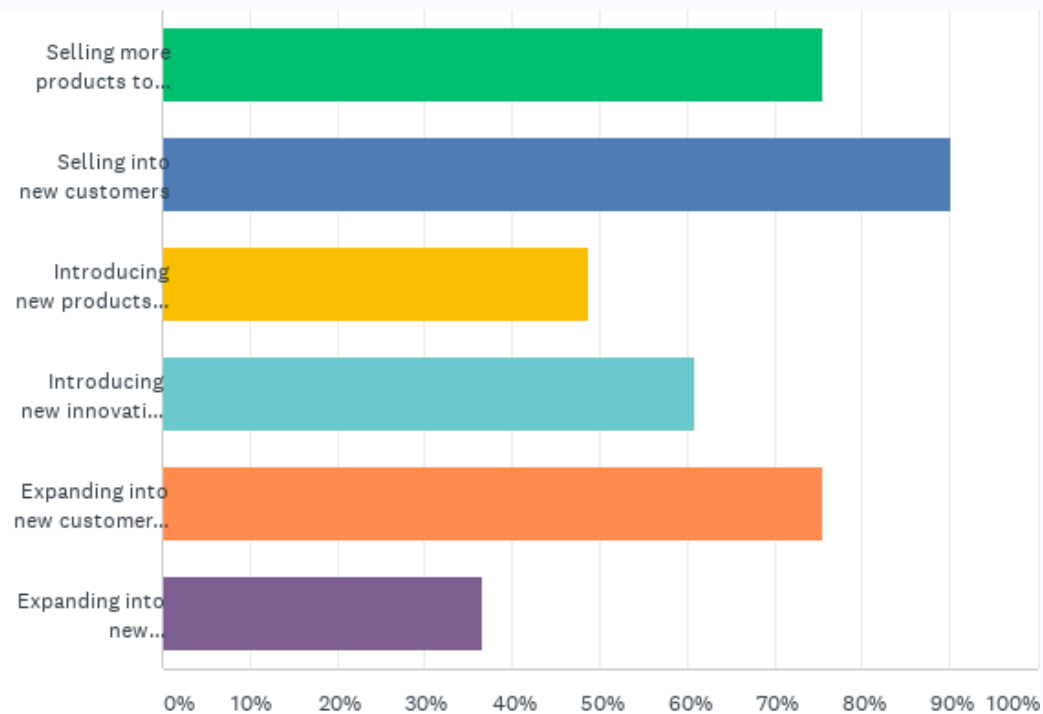
Source: FEA Outlook Survey **Quarter One** 2021: Q15, Q16, Q17: What % of your pre-Covid sales do you expect to achieve in:



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Driving Growth

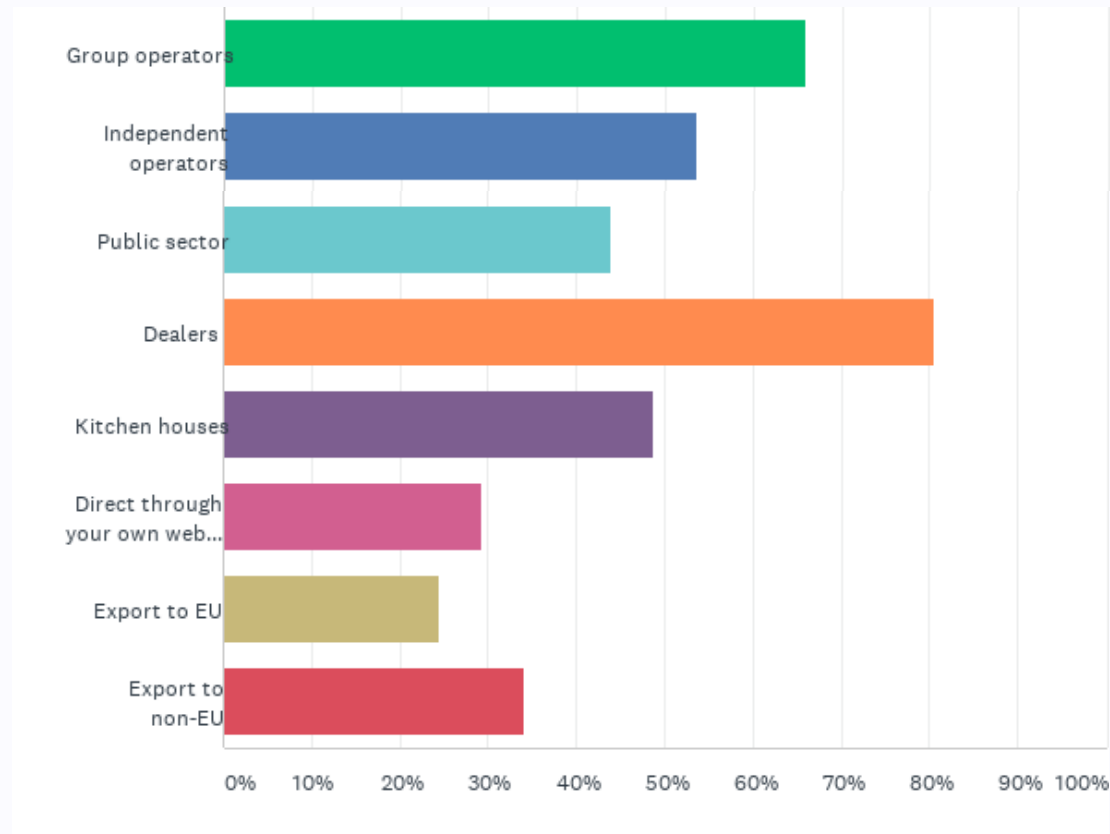
Which of these routes do you think will be the most important drivers of your growth over the next twelve months?



ANSWER CHOICES		RESPONSES	
2-	Selling more products to existing customers	75.61%	31
1.	Selling into new customers	90.24%	37
	Introducing new products to target a competitors products	48.78%	20
	Introducing new innovative products to the market	60.98%	25
2-	Expanding into new customer segments	75.61%	31
	Expanding into new geographical regions	36.59%	15
Total Respondents: 41			

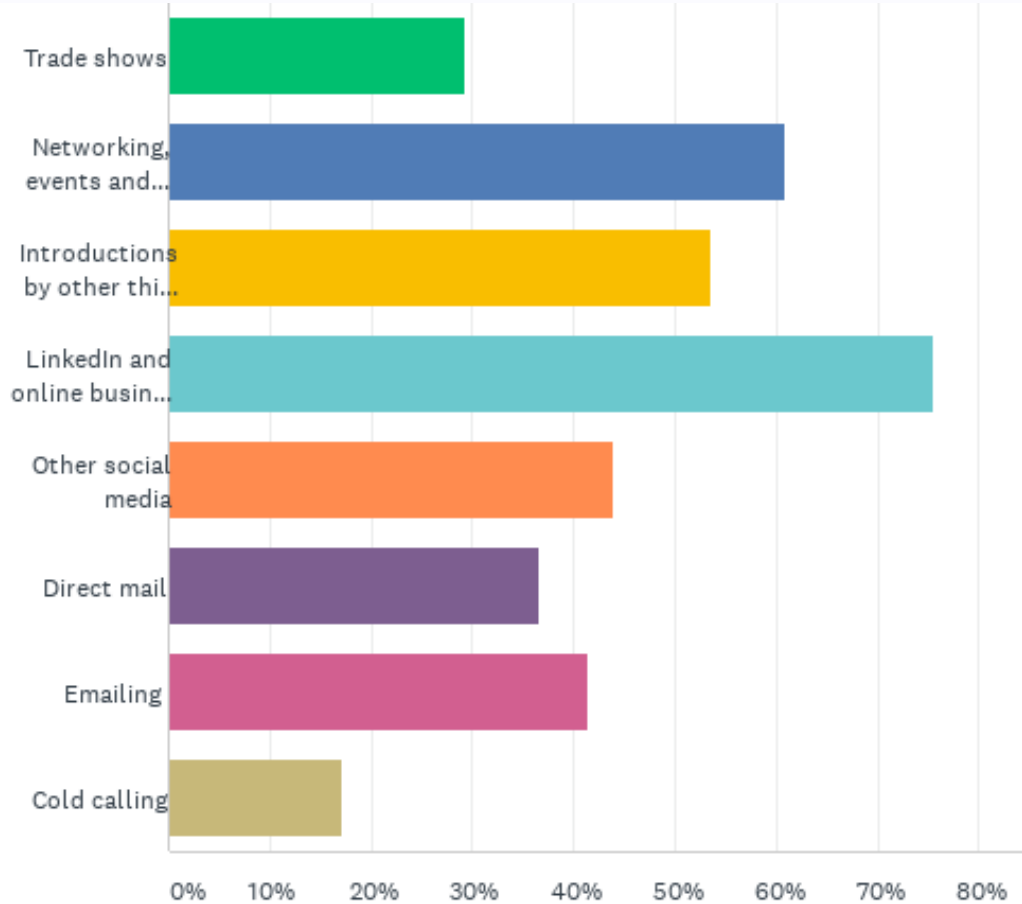
Source: FEA Outlook Survey Quarter One 2021: Q10 Which of these routes do you think will be the most important drivers of your growth over the next twelve months? (Tick all that apply)

Where will you be focusing your sales efforts during the next twelve months? (Tick all that apply)



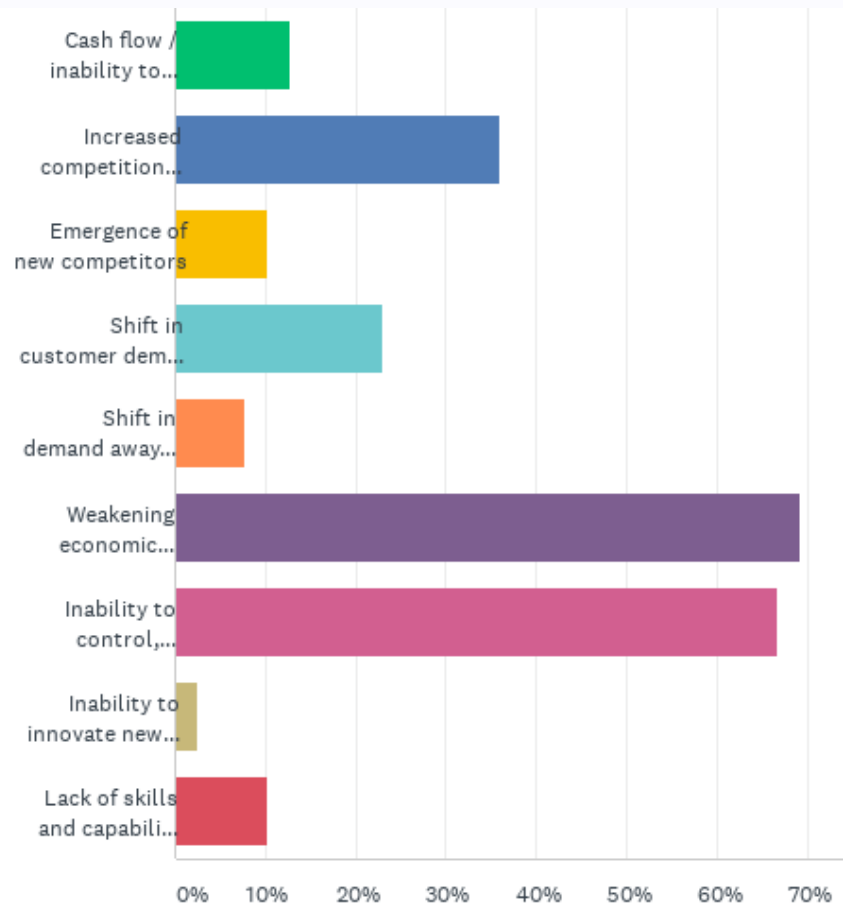
ANSWER CHOICES		RESPONSES	
3.	Group operators	65.85%	27
	Independent operators	53.65%	22
2.	Public sector	68.29%	18
1.	Dealers	80.48%	33
	Kitchen houses	48.78%	20
	Direct through your own web presence	29.26%	12
	Export to EU	24.39%	10
	Export to non-EU	34.14%	14
Total Respondents: 41			

How do you anticipate your sales team will make contact with new buyers in the future? (Select up to three)



ANSWER CHOICES		RESPONSES	
	Trade shows	29.27%	12
2.	Networking, events and conferences	60.98%	25
3.	Introductions by other third parties	53.66%	22
1.	LinkedIn and online business platforms	75.61%	31
	Other social media	43.90%	18
	Direct mail	36.59%	15
	Emailing	41.46%	17
	Cold calling	17.07%	7
Total Respondents: 41			

Which of the following options represent the greatest threat to your growth in the current climate? (Select up to three)



ANSWER CHOICES		RESPONSES	
	Cash flow / inability to secure investment	12.82%	5
3.	Increased competition from existing competitors	35.90%	14
	Emergence of new competitors	10.26%	4
	Shift in customer demand away from your products	23.08%	9
	Shift in demand away from your / your customers' brands	7.69%	3
1.	Weakening economic environment	69.23%	27
2.	Inability to control, mitigate or pass on cost increases	66.67%	26
	Inability to innovate new products	2.56%	1
	Lack of skills and capability in sales and negotiation	10.26%	4
Total Respondents: 41			

Source: FEA Outlook Survey Quarter One 2021: Q13 Which of the following options represent the greatest threat to your growth in the current climate? (Select up to three)



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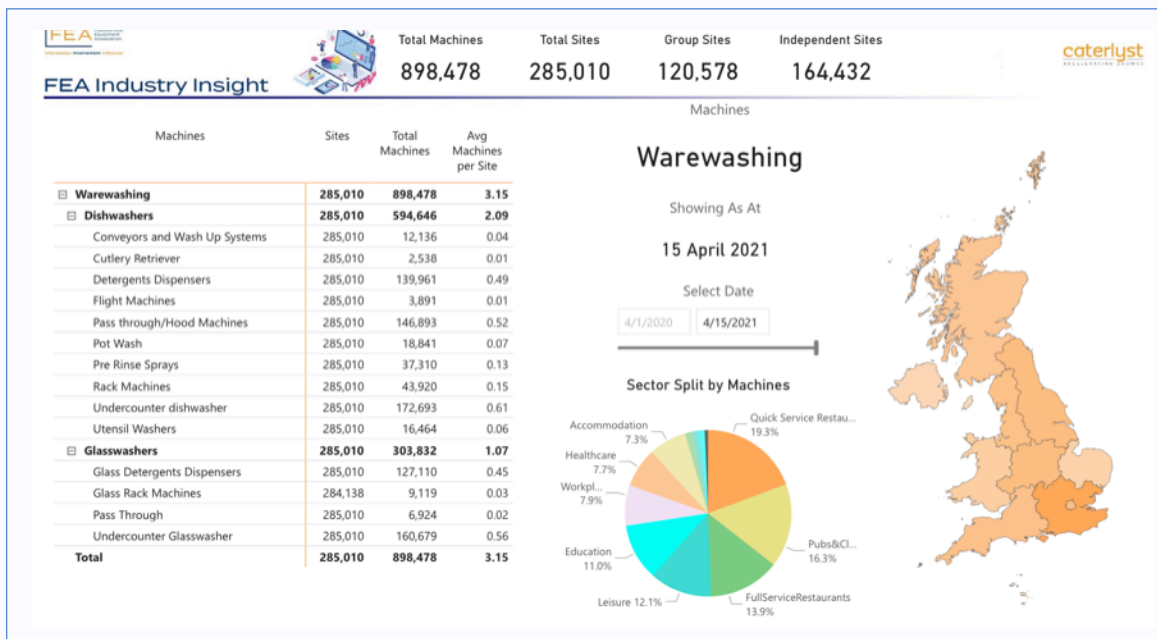
FEA Industry Insight

- Assess market size and identify gaps in the market
- Propel and inform your strategic sales strategy
- Gain a competitive edge
- Exclusive data sources unique to the FEA
- Powered by Microsoft BI

Sign-up today



FEA.org.uk/information/fea-industry-insight/



FEA Industry Insight

Total Machines: 826 | Total Sites: 1,027 | Group Sites: 630 | Independent Sites: 397

As At: 15 April 2021

Machines: Warewashing

Caterlyst	Google	Company Name	Town	Postcode	Region	Sector	Sub Sector	Site Type	Total Machines
		BLACKLOCK SHOREDITCH	LONDON	EC2A 3JZ	London	Restaurants	American & Mexican	Group	1
		BLUE MOUNTAIN RUM LOUNGE & RESTAURANT	LONDON	SE19 1PL	London	Restaurants	American & Mexican	Independent	1
		BOBO SOCIAL	LONDON	SE17 1FY	London	Restaurants	American & Mexican	Independent	1
		BOB'S CAFE	LONDON	N10 3HA	London	Restaurants	American & Mexican	Group	1
		BOB'S CAFE	LONDON	NW6 6NH	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	EC1V 1JN	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	EC3R 5BA	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	N10 1DJ	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	SW17 7BQ	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	SW19 8UG	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	SW4 7SS	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	SW6 1EP	London	Restaurants	American & Mexican	Group	1
		BODEANS	LONDON	W1F 8PZ	London	Restaurants	American & Mexican	Group	1
		BODEAN'S	LONDON	WC2B 5JS	London	Restaurants	American & Mexican	Group	1
		BOJANGLES BRASSERIE	CHINGFORD	E4 6SJ	London	Restaurants	American & Mexican	Group	1
		BOMBAY BURRITO LIMITED	LONDON	EC1V 7JL	London	Restaurants	American & Mexican	Independent	1
		BOOM BAP BURGER	LONDON	E2 9LE	London	Restaurants	American & Mexican	Group	1
		BOOM BAP BURGER	LONDON	SW17 8TA	London	Restaurants	American & Mexican	Group	1
		BOXCAR BUTCHER & GRILL	LONDON	W1H 7SD	London	Restaurants	American & Mexican	Group	1
		BREDDOS TACOS - SWINGERS	LONDON	W1G 0AB	London	Restaurants	American & Mexican	Group	1
		BREDDOS TACOS	LONDON	EC1V 7JL	London	Restaurants	American & Mexican	Group	1
Total									826

FEA Industry Insight is a powerful market modelling system that provides up-to-date insight on the installed equipment market. The platform has been developed with FEA members and top foodservice equipment market analysts to ensure that the data is up-to-date, robust and reliable. The exclusivity of our data sources means that this market insight is unique to the FEA.



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UK Market Update January 2021

Sales - Coronavirus – Growth – Market Factors