



Information Involvement Influence

BUSINESS STATISTICS

24th June 2020

Presentation Agenda

- 1. Manufacturing Survey – Make UK**
- 2. FEA Member Survey Results**
- 3. Hospitality Industry Recovery**

FEA thanks the contributors for the use of data in the presentation.

- UK Hospitality, Simon Stenning, CGA.

Resources at

<https://www.fea.org.uk/information/fea-covid-19-information-hub/>



UK Hospitality April Turnover Tracker

in association with CGA

Month on month
turnover change:

-89.0%

Lost turnover
vs March:

£4.7Bn

Proportion of UK
GDP loss attributable
to hospitality:

23.2%

Proportion of UK GDP
loss attributable to
hospitality for March
and April combined:

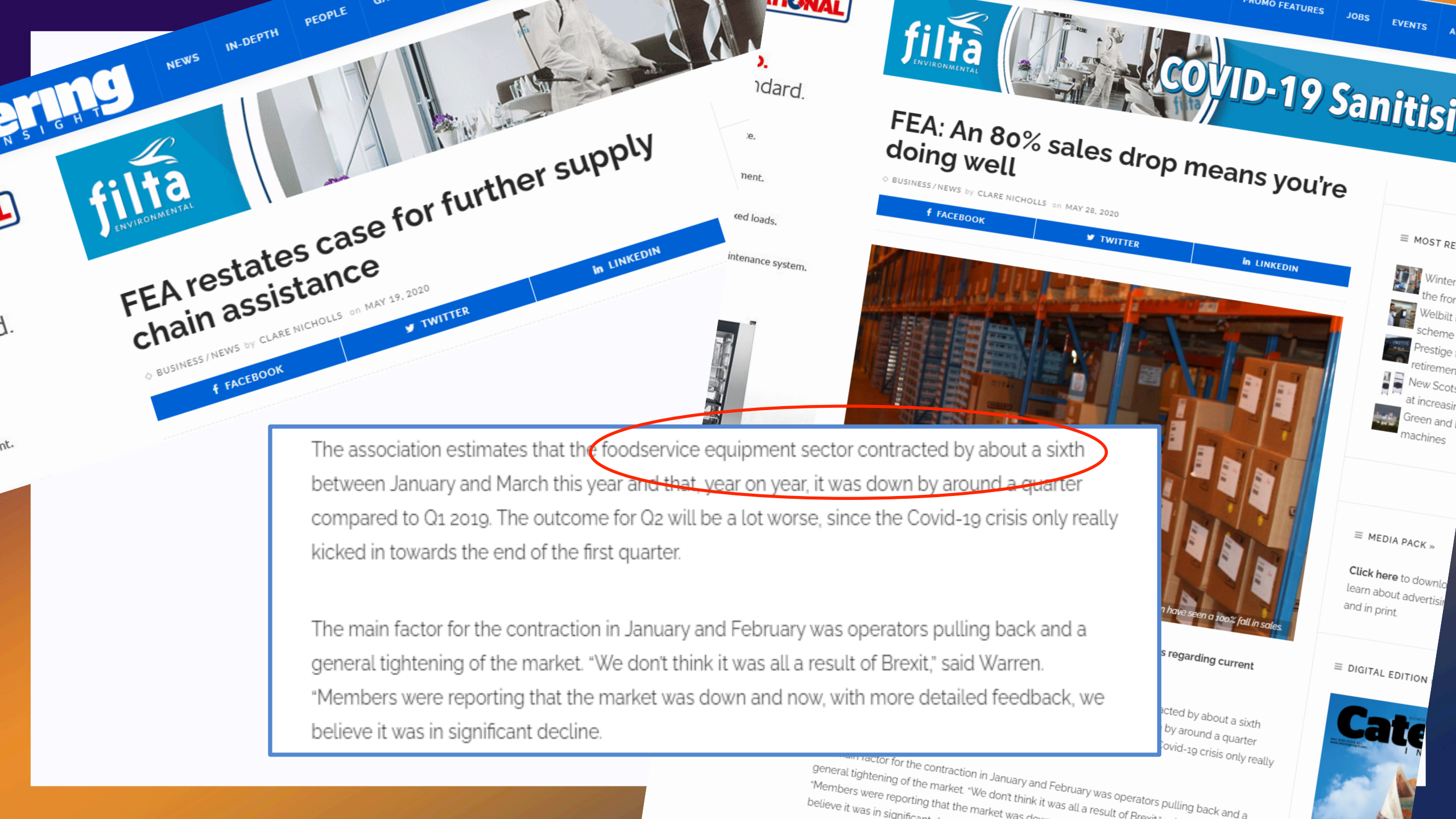
32.7%



UK GDP has contracted **25.1%** across March and April. Of this contraction, **32.7%** is attributable to the hospitality sector.



PHENOMENAL DATA. EXPERT INSIGHT.



FEA restates case for further supply chain assistance

◇ BUSINESS/NEWS by CLARE NICHOLLS on MAY 19, 2020

f FACEBOOK

✈ TWITTER

in LINKEDIN

The association estimates that the foodservice equipment sector contracted by about a sixth between January and March this year and that, year on year, it was down by around a quarter compared to Q1 2019. The outcome for Q2 will be a lot worse, since the Covid-19 crisis only really kicked in towards the end of the first quarter.

The main factor for the contraction in January and February was operators pulling back and a general tightening of the market. "We don't think it was all a result of Brexit," said Warren. "Members were reporting that the market was down and now, with more detailed feedback, we believe it was in significant decline."

main factor for the contraction in January and February was operators pulling back and a general tightening of the market. "We don't think it was all a result of Brexit," said Warren. "Members were reporting that the market was down and now, with more detailed feedback, we believe it was in significant decline."

Make UK

1 IN 5

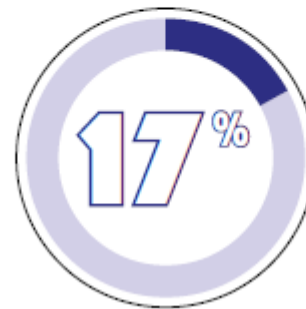
ONE IN FIVE COMPANIES
HAVE FURLOUGHED UP
TO A QUARTER OF STAFF

ALMOST

TWO-FIFTHS (37%)

OF MANUFACTURERS DON'T EXPECT TRADING
CONDITIONS TO RETURN TO NORMAL FOR AT
LEAST 6-12 MONTHS.

A FURTHER



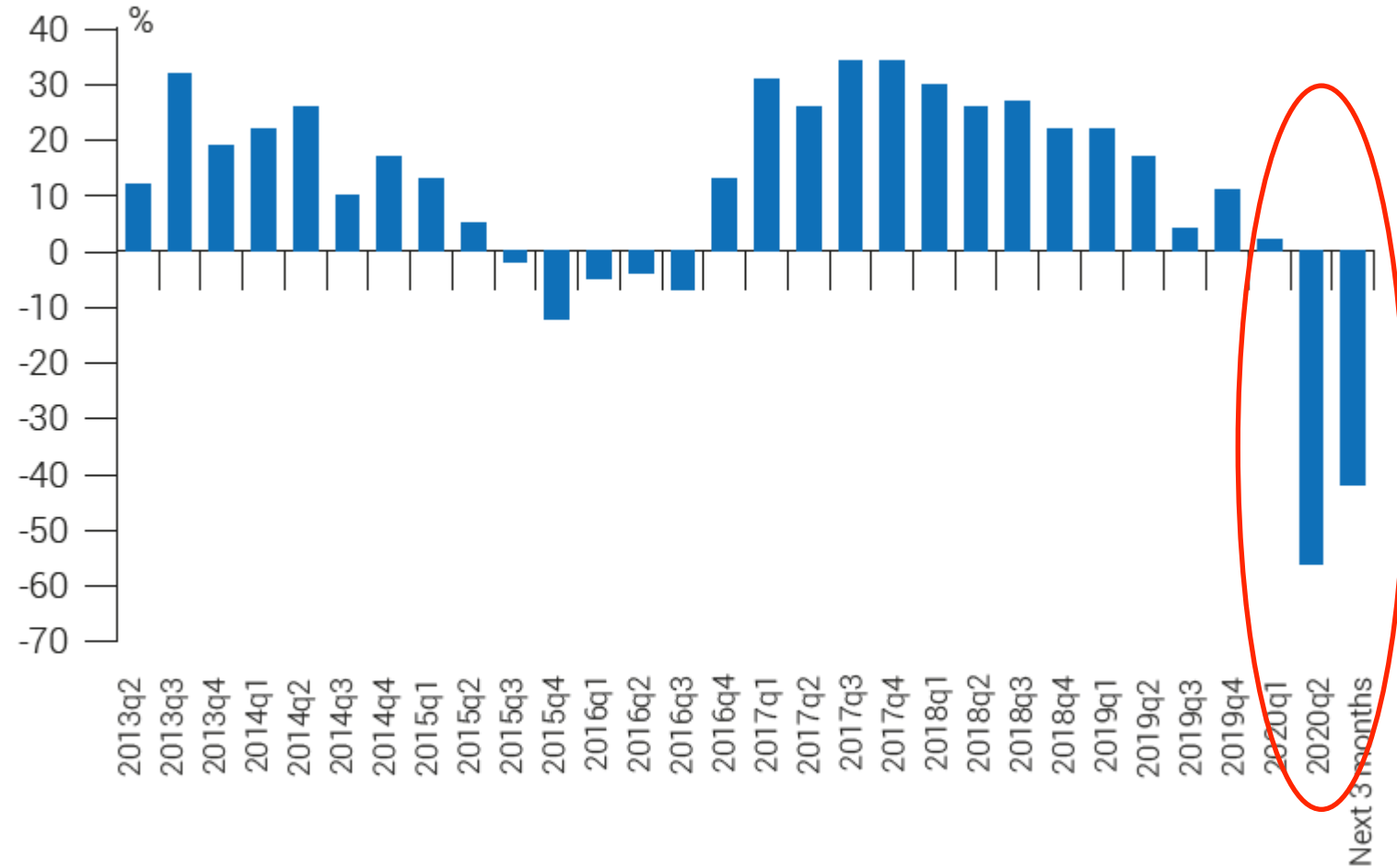
SAY IT WILL
TAKE MORE
THAN 12
MONTHS.



MAKEuk
The Manufacturers' Organisation

Output lowest on record

% balance of change in output

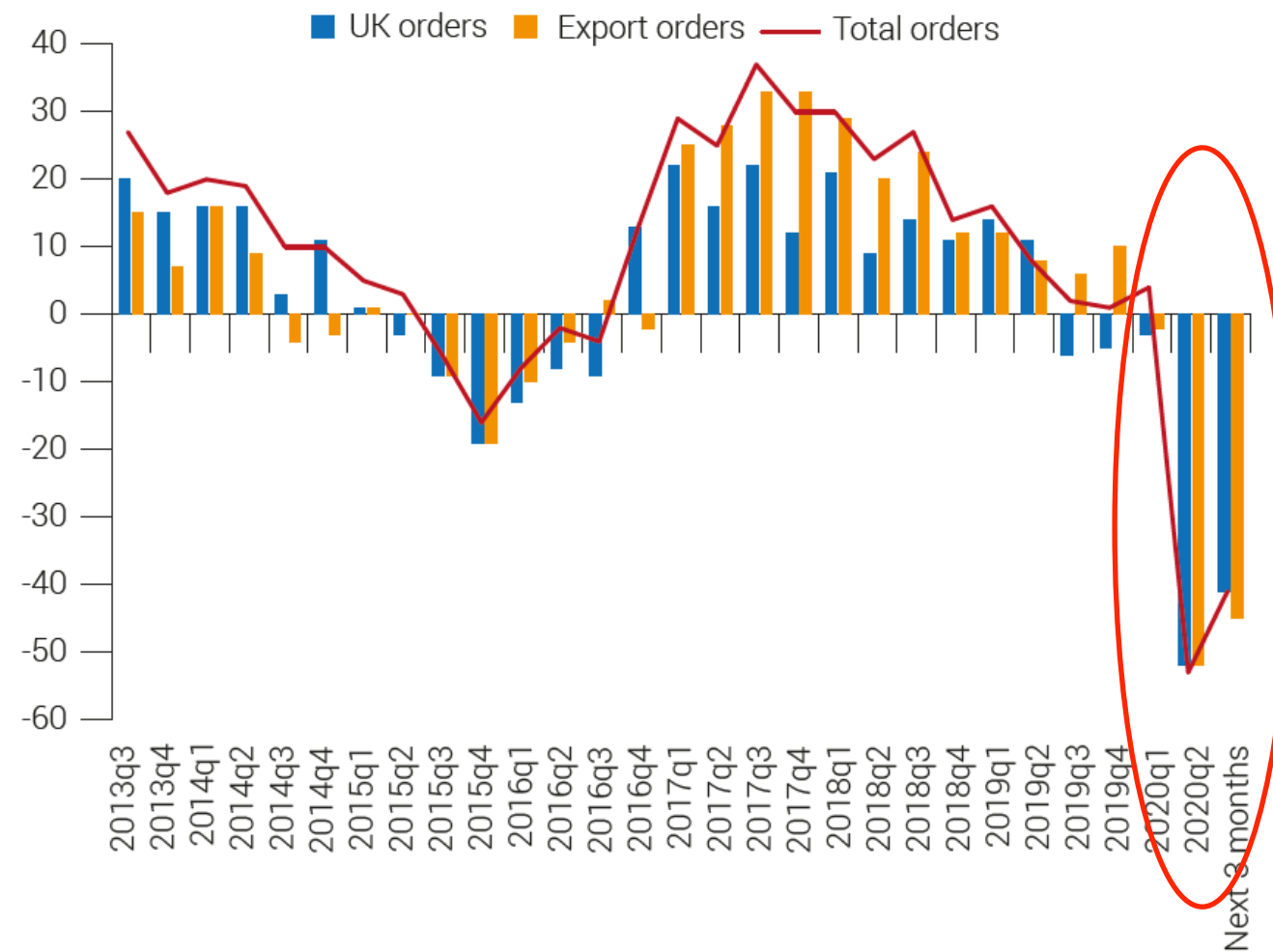


Source: Make UK Manufacturing Outlook Survey



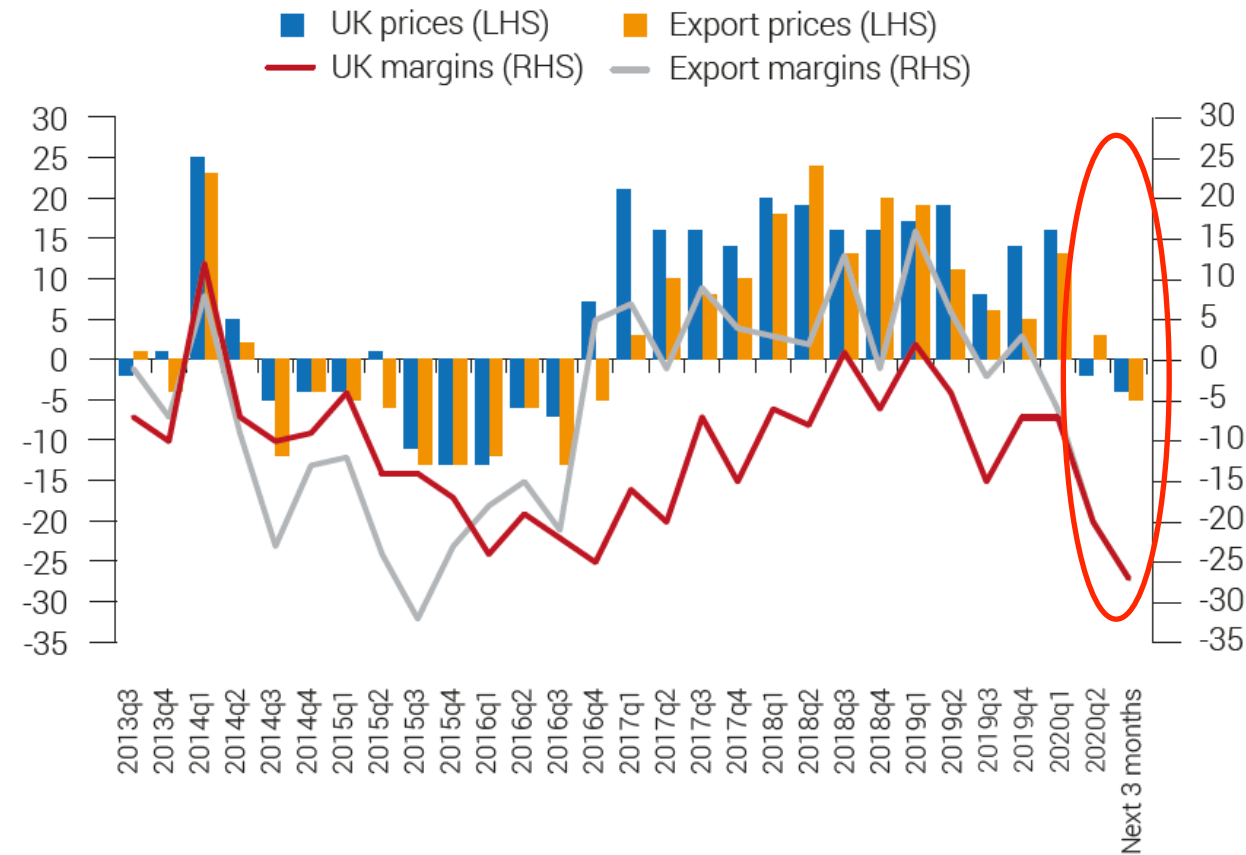
Manufacturers witness orders disappear

% balance of change in orders



Sharp fall in margins increases manufacturer's woes

% balance of change



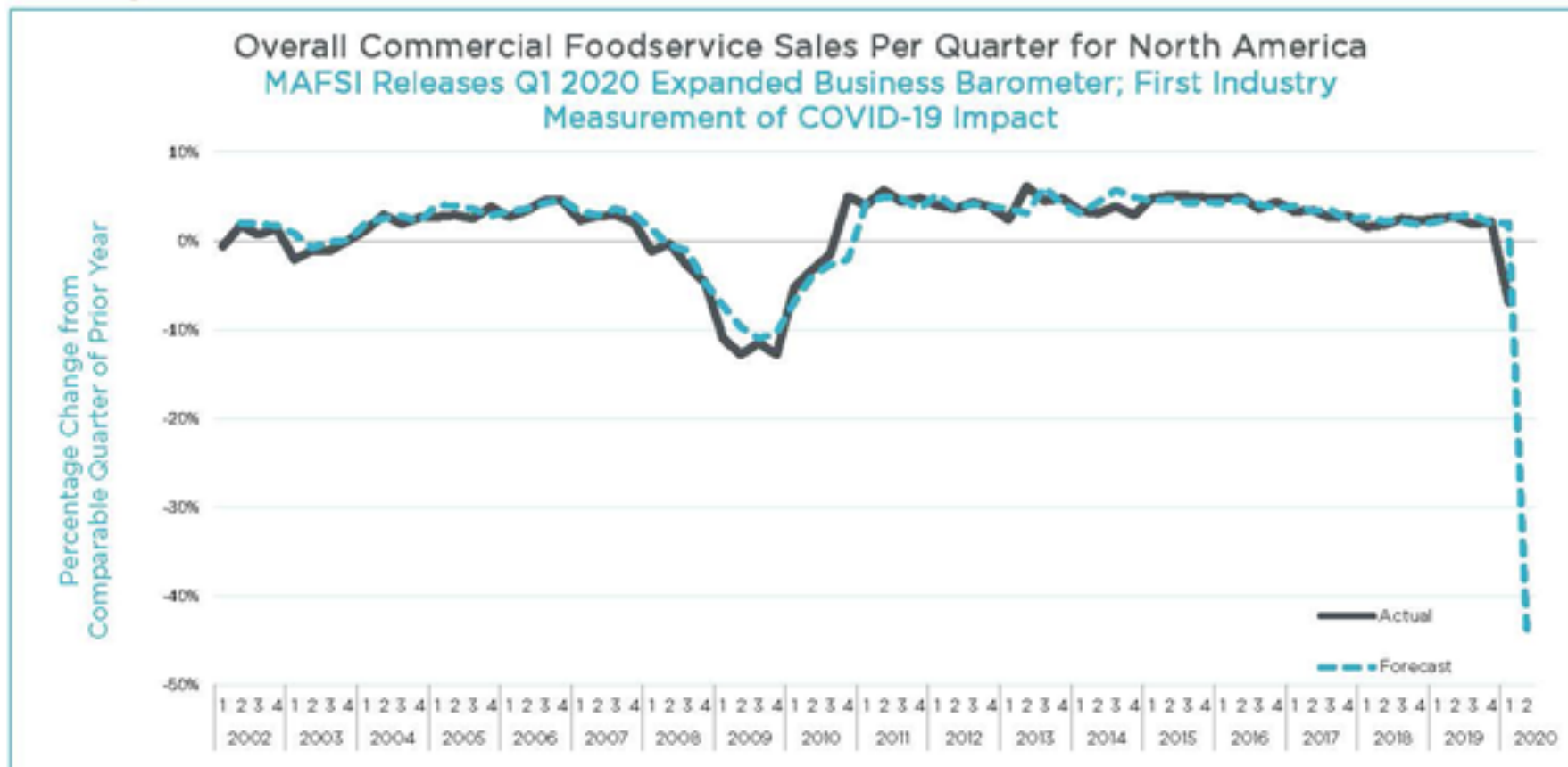
UK PRICES	PAST THREE MONTHS	↓	-2%	NEXT THREE MONTHS	↓	-4%
EXPORT PRICES	PAST THREE MONTHS	↓	3%	NEXT THREE MONTHS	↓	-5%
UK MARGINS	PAST THREE MONTHS	↓	-20%	NEXT THREE MONTHS	↓	-27%
EXPORT MARGINS	PAST THREE MONTHS	↓	-20%	NEXT THREE MONTHS	↓	-27%



Q1/2020 Foodservice Business Barometer Report

Expanded to Include COVID-19 Impact

The commercial foodservice industry's most definitive non-food sales/trend indicator



Watching for a Second Wave

Daily New Confirmed Cases of COVID-19 (3-day rolling average)





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UK Market Update

Sales - Workforce – Support – Market Factors

UK Market Update Survey Background

- FEA State of the Market Survey circulated to FEA Primary Contacts database.
- Aim is to provide a market-wide assessment of the current business climate.
- The questions are specifically geared to the ramifications and effects of COVID-19.
- 30 respondents - member input is crucial.

Respondent mix

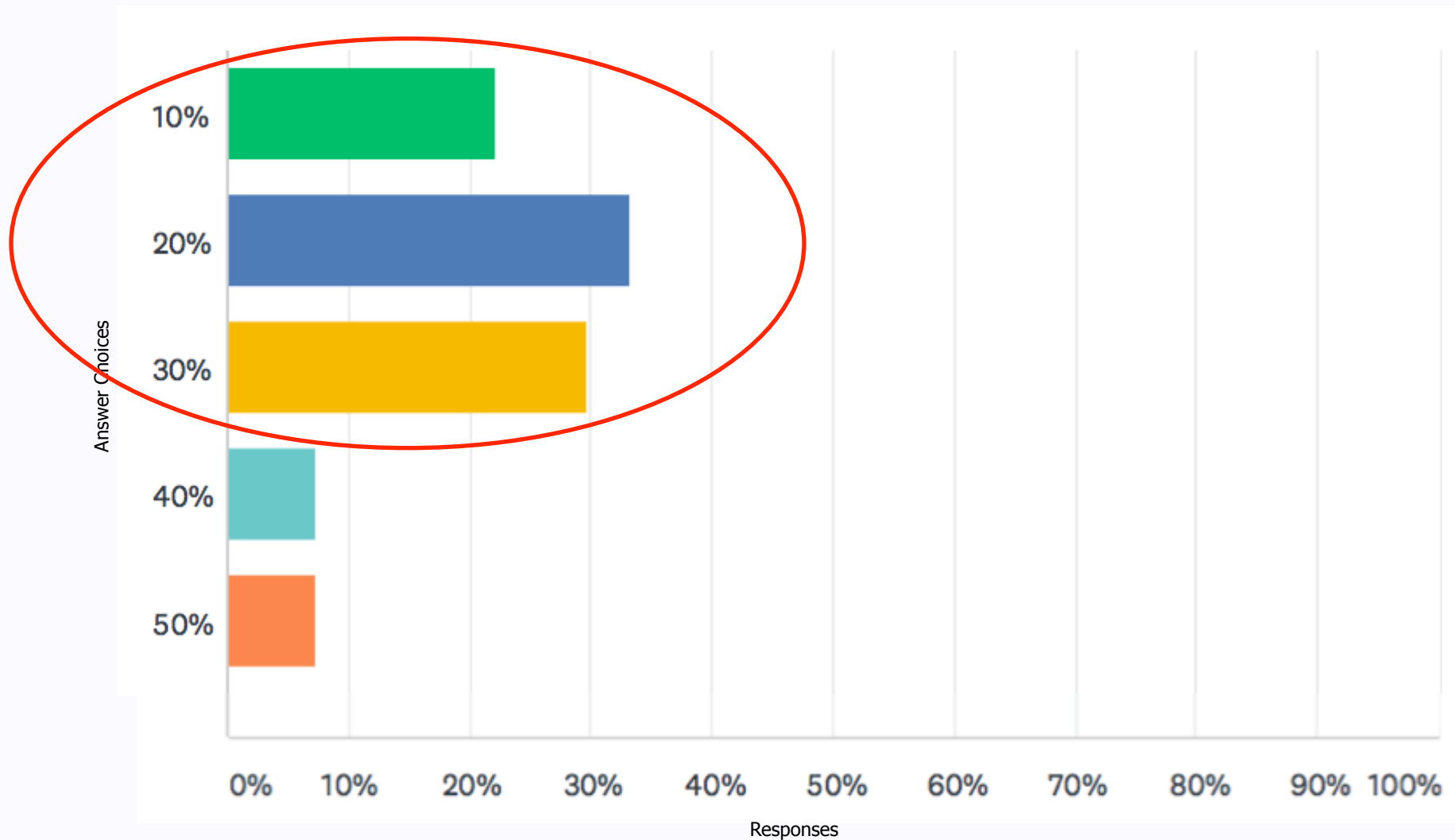
UK manufacturer	41.38%
A distributor of products manufactured outside of the UK	68.97%
An equipment reseller / dealer	3.45%
A service company	13.79%
Other (please specify)	13.79%



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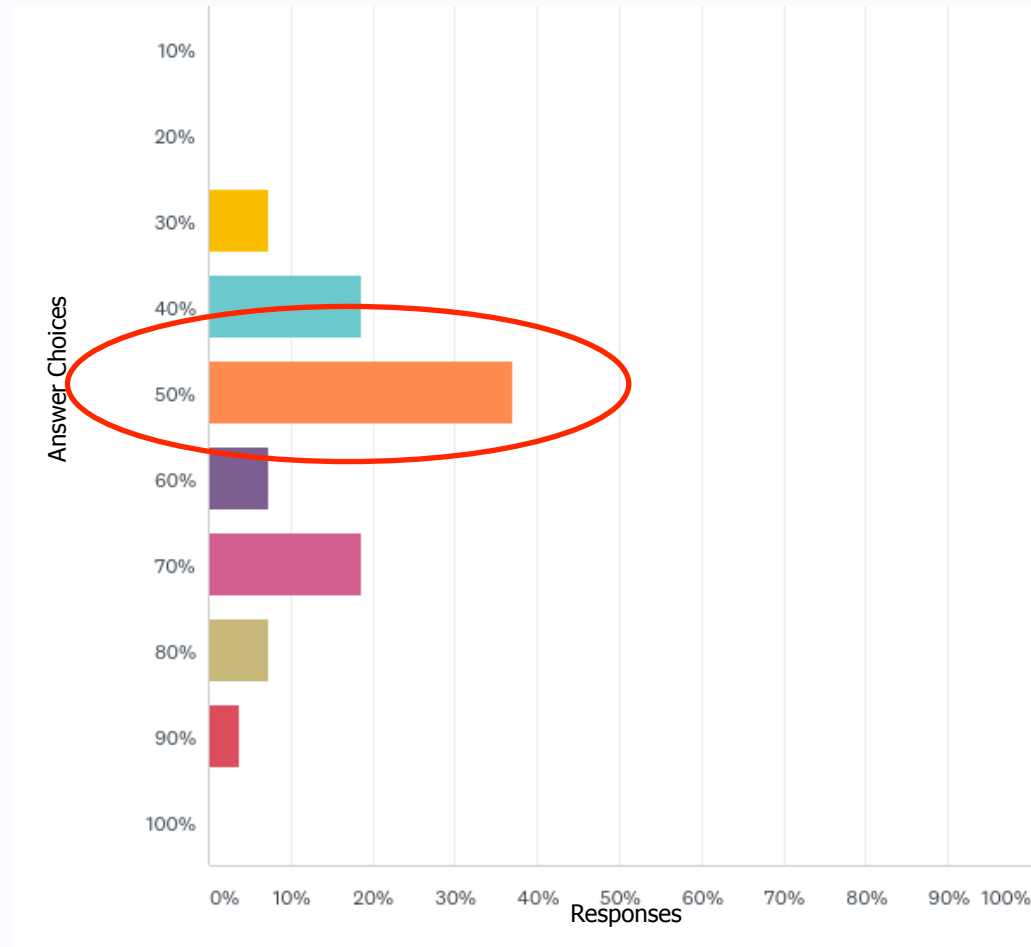
Current and Forecast Sales

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



Source: FEA State of the Market Survey: Q6 Compared to your pre-Covid sales what are your current sales as a %?

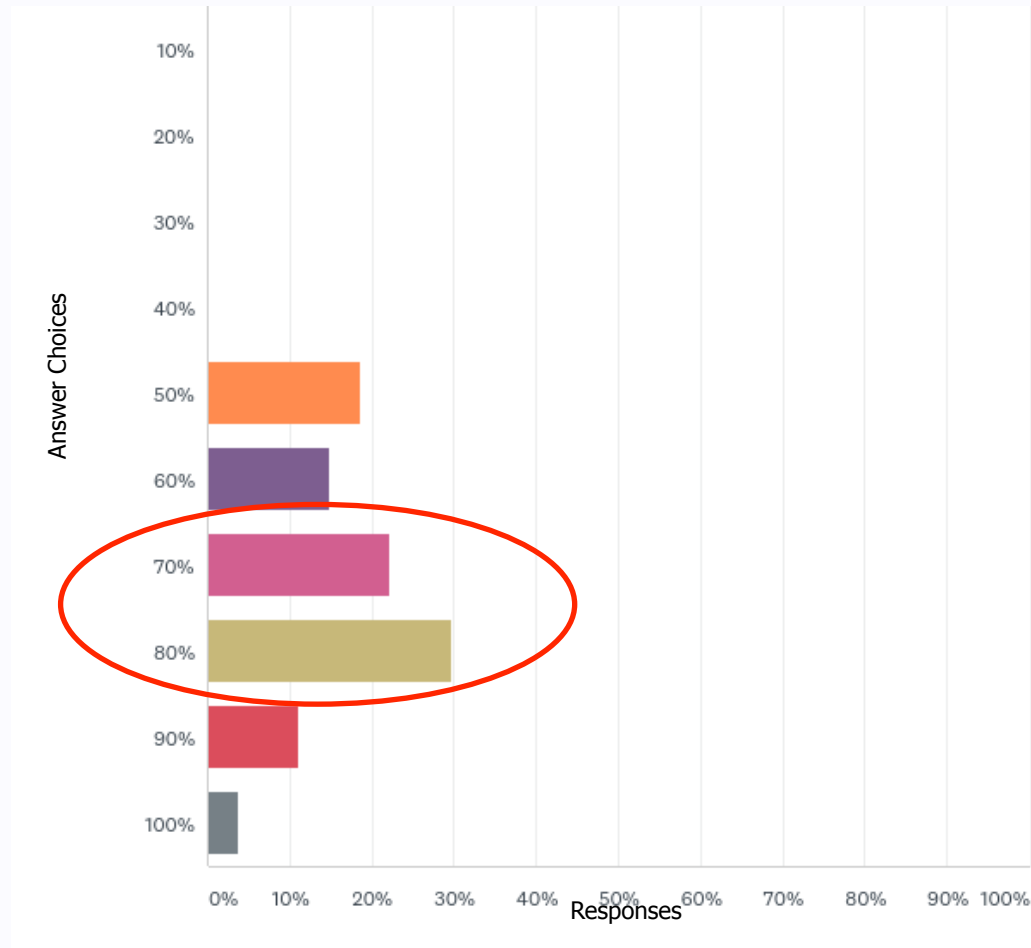
What % of your pre-Covid sales do you expect to achieve in 6 months time (Dec 2020)?



ANSWER CHOICES	RESPONSES
10%	0.00%
20%	0.00%
30%	7.41%
40%	18.52%
50%	37.04%
60%	7.41%
70%	18.52%
80%	7.41%
90%	3.70%
100%	0.00%

Source: FEA State of the Market Survey: Q7 What % of your pre-Covid sales do you expect to achieve in six months time (Dec 2020)?

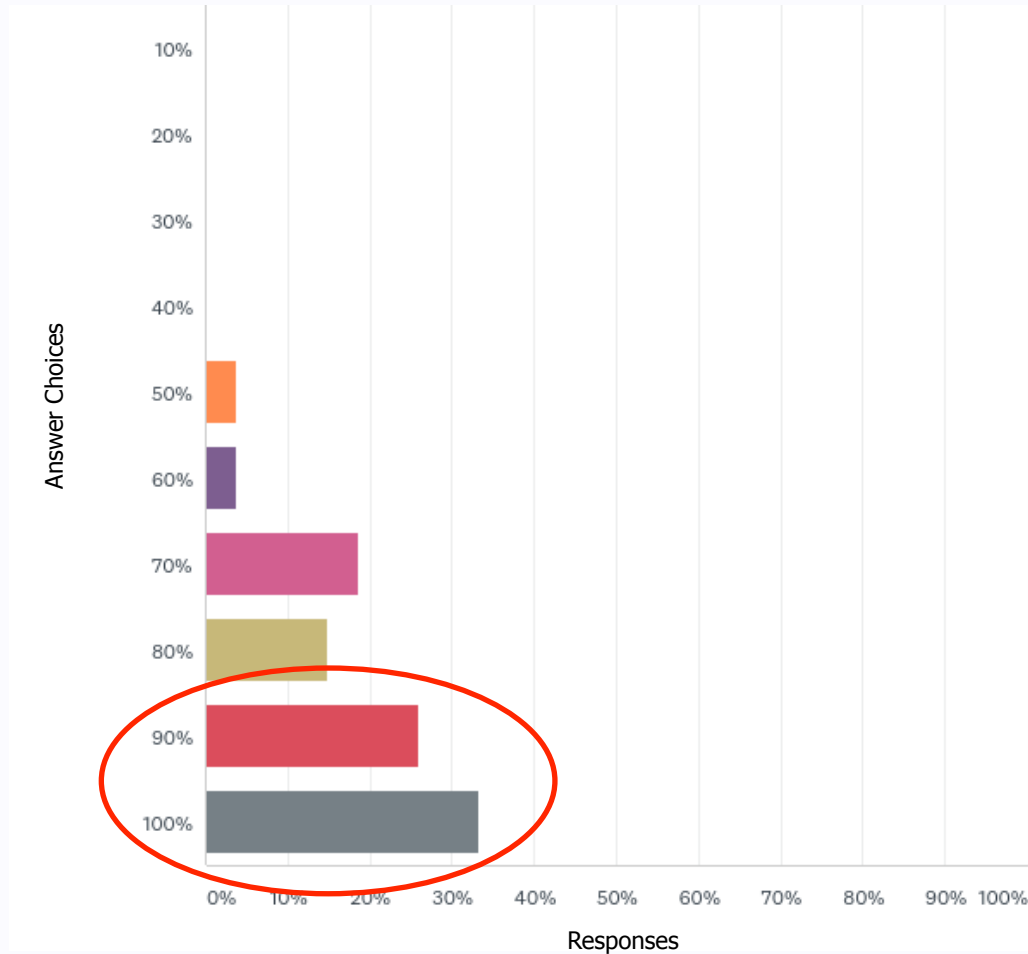
What % of your pre-Covid sales do you expect to achieve in 12 months time (June 2021)?



ANSWER CHOICES	RESPONSES
10%	0.00%
20%	0.00%
30%	0.00%
40%	0.00%
50%	18.52%
60%	14.81%
70%	22.22%
80%	29.63%
90%	11.11%
100%	3.70%

Source: FEA State of the Market Survey: Q8 What % of your pre-Covid sales do you expect to achieve in 12 months time (June 2021)??

What % of your pre-Covid sales do you expect to achieve in 18 months time (December 2021)?



ANSWER CHOICES	RESPONSES
10%	0.00%
20%	0.00%
30%	0.00%
40%	0.00%
50%	18.52%
60%	14.81%
70%	22.22%
80%	29.63%
90%	11.11%
100%	3.70%

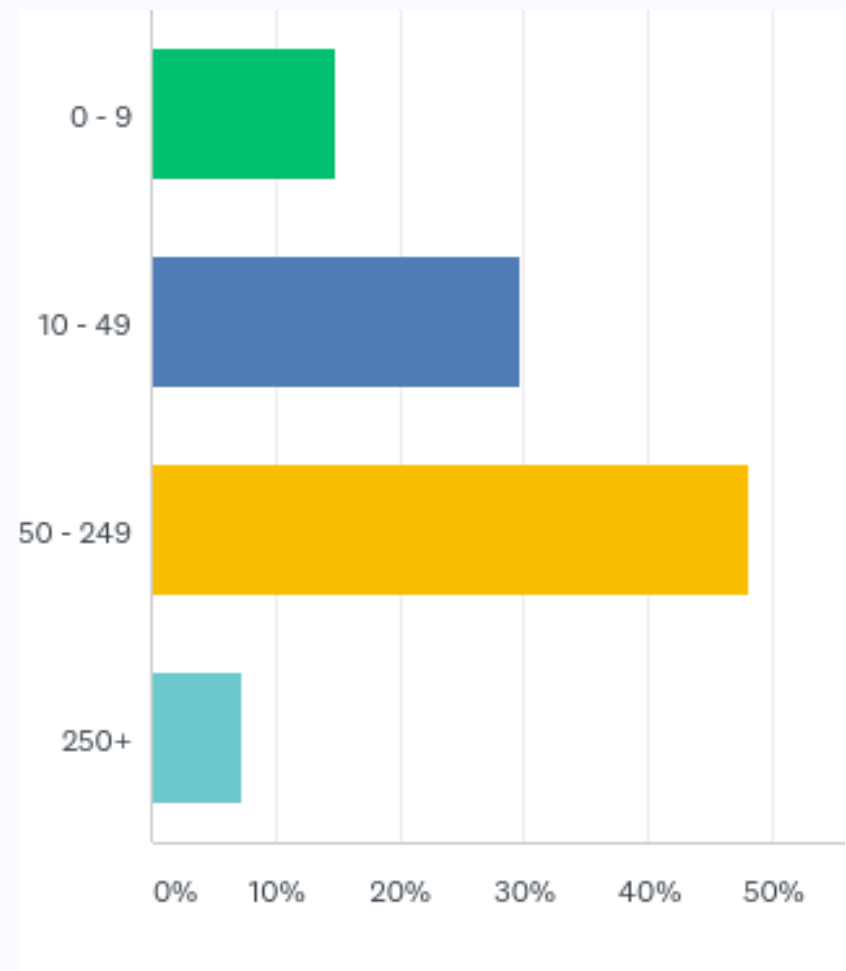
Source: FEA State of the Market Survey: Q9 What % of your pre-Covid sales do you expect to achieve in 18 months time (December 2021)?



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Workforce

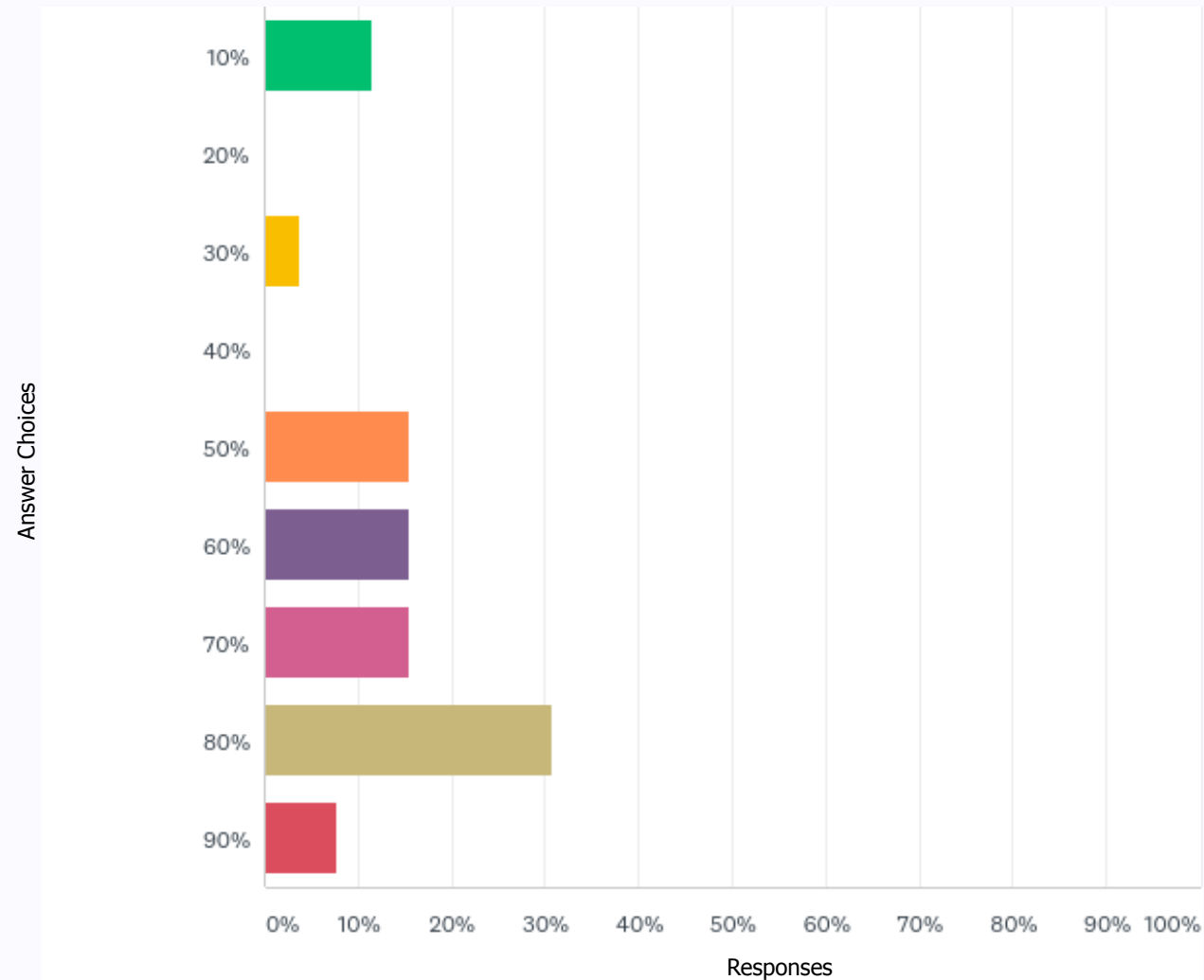
How many staff do you employ?



ANSWER CHOICES	RESPONSES
0 - 9	14.81%
10 - 49	29.63%
50 - 249	48.15%
250+	7.41%
TOTAL	

Source: FEA State of the Market Survey: Q10 How many staff do you employ?

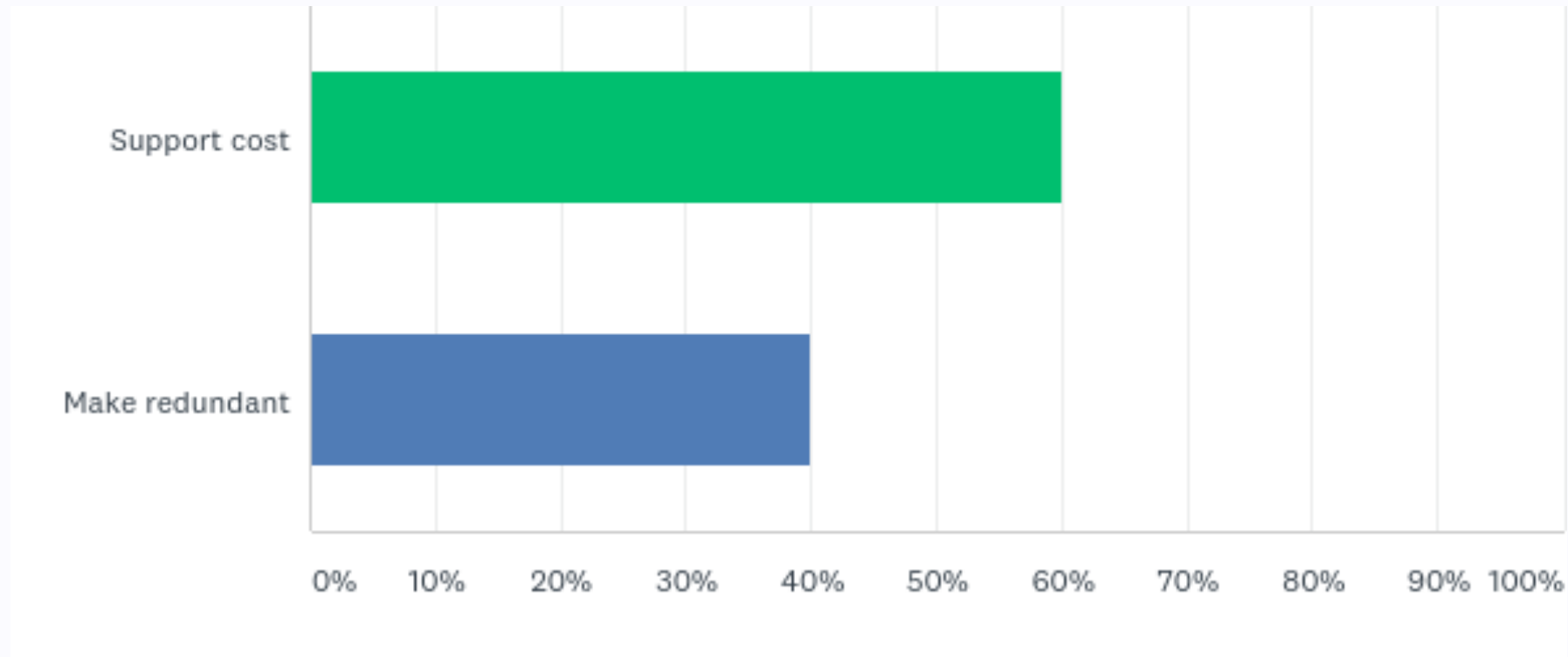
What % of staff have you furloughed?



ANSWER CHOICES	RESPONSES
10%	11.54%
20%	0.00%
30%	3.85%
40%	0.00%
50%	15.38%
60%	15.38%
70%	15.38%
80%	30.77%
90%	7.69%
TOTAL	

Source: FEA State of the Market Survey: Q11 What % of staff have you furloughed?

Will you support furlough costs to the employer (20% of salary cost) or make staff redundant?



Source: FEA State of the Market Survey: Q12 Will you support furlough costs to the employer (20% of salary cost) or make staff redundant?

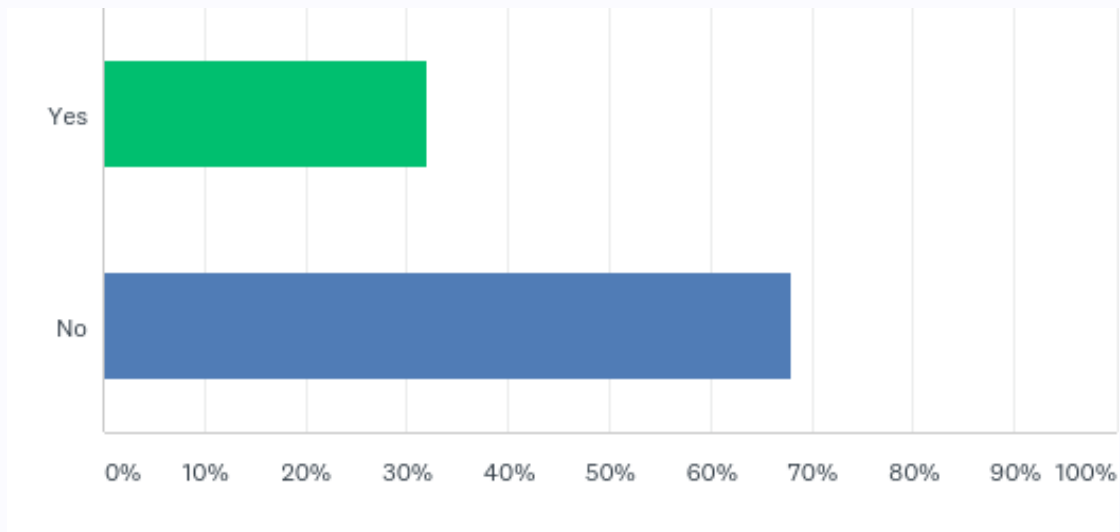


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Business Support

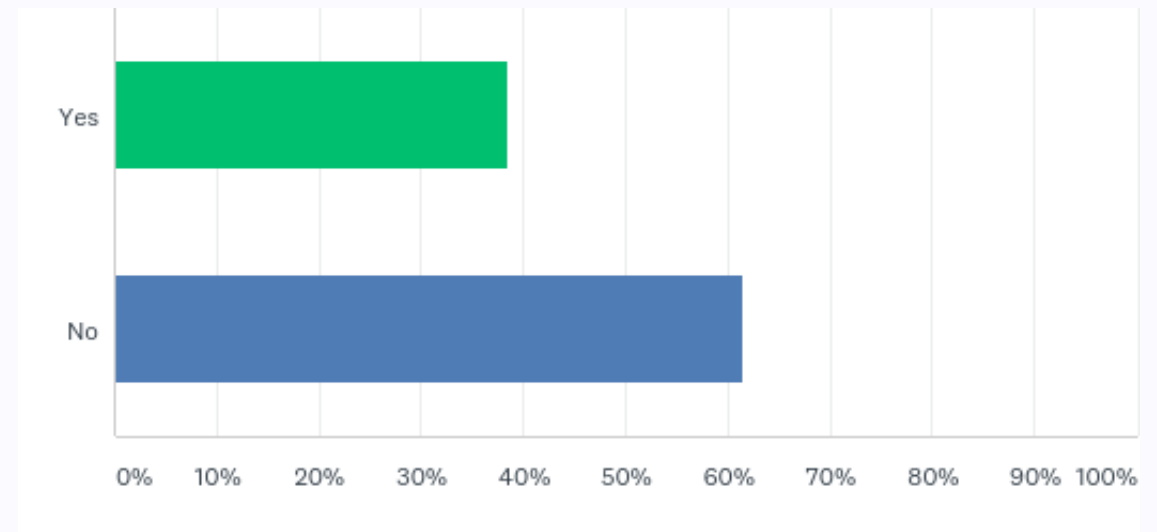
Business Support: Grants

Have you applied for grants to support your business?



In context: 32.0% of respondents have so far applied for a grant.

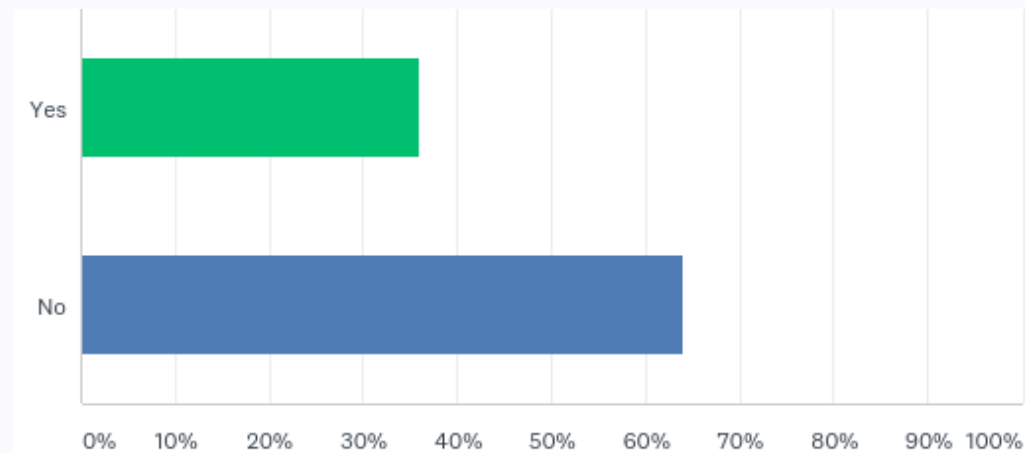
Was your grant successful?



In context: of the 32.0% of respondents that applied for a grant, 38.42% were successful.

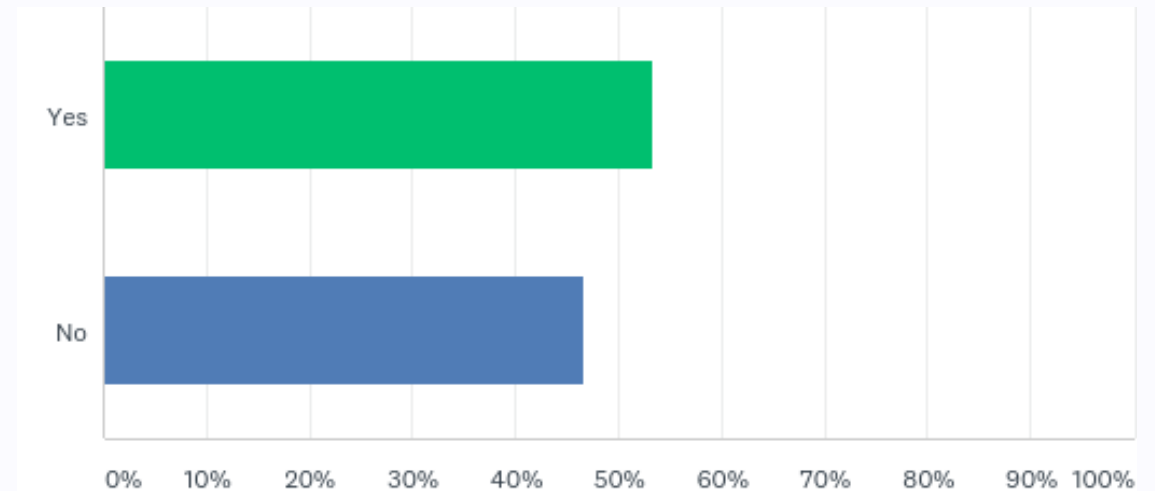
Business Support: Loans

Have you applied for loans to support your business?



In context: 36.0% of respondents have so far applied for a loan.

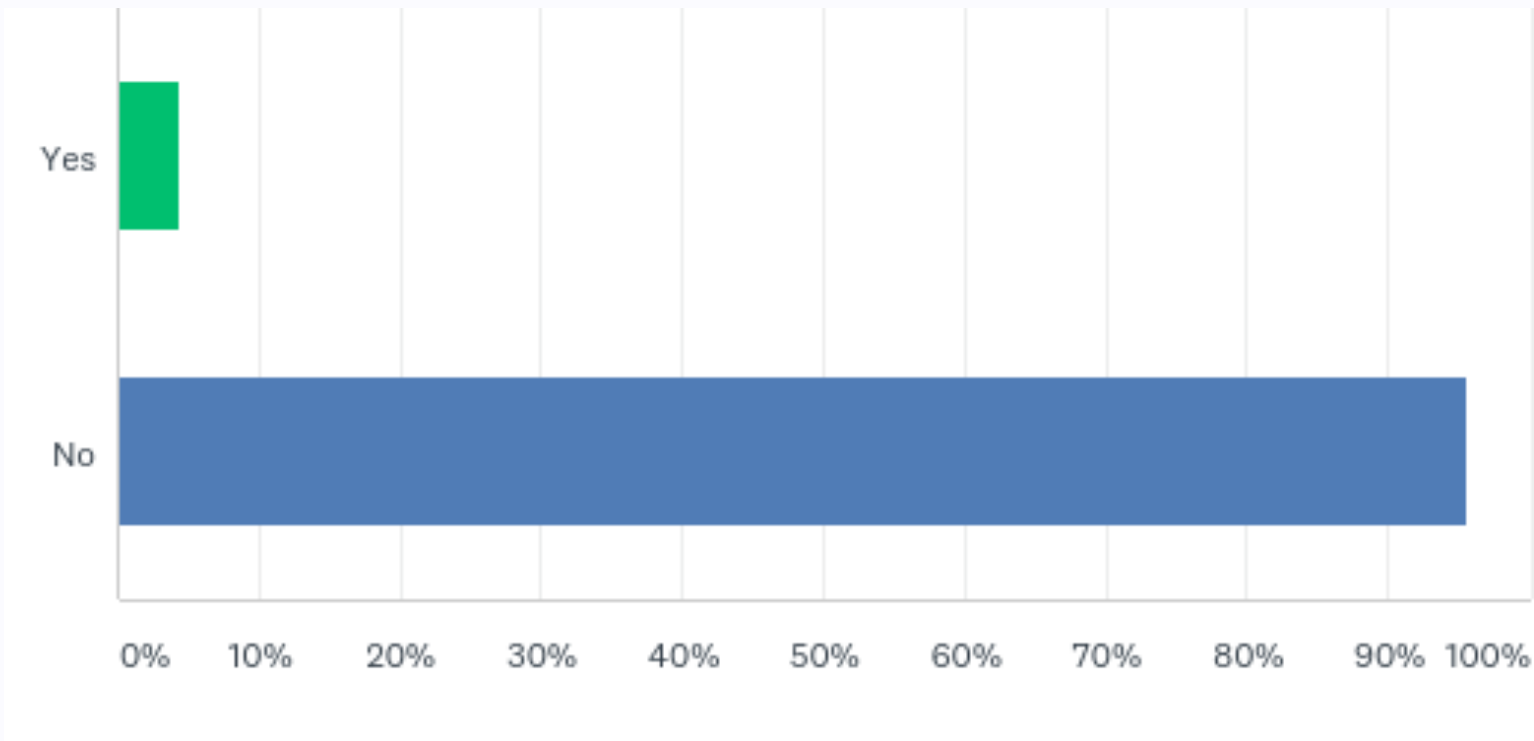
Was your loan successful?



In context: of the 36.0% of respondents that applied for a loan, 53.33% were successful.

Business Support: Insurance

Have any COVID related insurance claims been successful?



Source: FEA State of the Market Survey: Q19 Have any COVID related insurance claims been successful?



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Market Factors

What changes do you expect to see in the manufacture / supplier market?

- Leaner and more streamlined.
- A high volume of catering equipment on the **second hand** market.
- **Contraction/Concentration**...shortage of cash.
- **Reduction as a repair not replace strategy** will prevail.
- I feel more manufacturers will sell directly and they will be wary of who they trade with. **Credit will be tight.**
- **New routes to market** open up and more direct communication with end customers.
- We are expecting a lot of **manufacturer's sales people to be made redundant** and also factory workers.
- Some will go out of business. Most will become smaller.
- People **diversifying** into other areas.
- **Credit** offered to customers tightened
- **Reduction** in the size of sales teams and support staff.
- **A cut in numbers of smaller manufacturers**, possibly being bought out by larger multi-nationals.
- High volume of catering equipment on the **second hand market.**
- Slower processes and **slower supply chain.**
- **Longer lead times** for manufacturing of goods due to reduced factory capacity.
- **Credit** will be tight.
- **Restructuring** of offer and focus on after sales service.
- **Price wars**, opening of territories to multiple distribution channels.
- **Rationalised** product lines.
- **Less new products**, innovation speeding up.

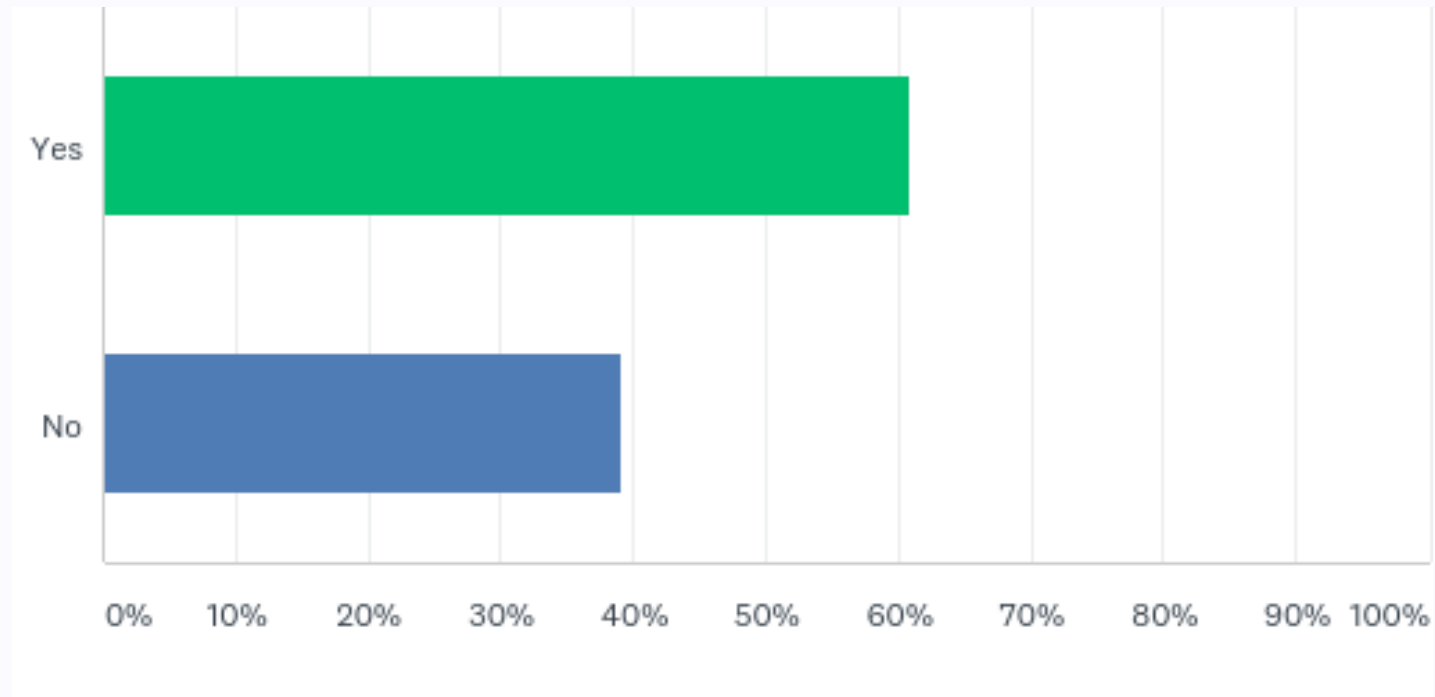
What changes do you expect to see in the dealer market?

- We could see the **dealers moving more towards the second-hand market.**
- **Increase in online sales.**
- Some **business closures** a number of staff reductions and a move to lease or rental.
- We will **lose some dealers** due to the lack of cash.
- A large number of **dealers closing** without government support.
- **Dealer market to shrink**, already seen a number of causalities.
- Credit pressures to pay within terms or be pro forma.
- **Changes in payment terms** and contraction of credit terms;
- **Relocation to smaller premises.**
- **Individuals starting out on their own.**
- Not many face-to-face appointments.
- Increase in **debtor days / longer payment times /** pressure for **increased discounts.**
- Up to **25% reduction in number** and significant reduction of external sales teams, focus on digital transactions.
- **Business closures.** Bad Debt issues, Too many businesses chasing a much reduced market place.
- **Increase in smaller 1-2 people companies**
- Major cash flow issues / some will take big hits on bad debts.
- A number of dealers going out of business.
- Costs will rise therefore **pricing will go up.**
- **Credit insurance** will be cut and cause issues.
- The number of **engineers** directly employed will be **reduced.**
- Some service firms may gain from **more repair, less replace.**
- The **strength of the buying consortium's will be tested** especially when it comes to maintaining payment dates.
- **Less of them** and hopefully increasing their margins.

What changes do you expect to see in the operator market?

- **Reduction in Capex.**
- **Limited menus** and the need for fewer staff.
- **Failures** in under-capitalised operators.
- **Expansion** of capitalised large operators.
- **New small operators with new trends...** Vegan, online sales/direct delivery/dark kitchens.
- **Neighbourhood** operators in areas of WFH.
- **Closures** for those who rent in cities.
- **Lack of cash** and reduced trade due to two metre rule.
- Money will only be spent on **critical equipment and repairs.**
- **30% reduction** in chain businesses.
- **Poor performing sites closed.**
- The **market will tighten** and equipment **spending will be slow** for the next 12 months.
- More **takeaway** options (High Street).
- **Contraction of real estate.**
- Disappearance totally of **tired brands.**
- **Emergence of dark kitchens**/CPU's.
- Contract Caterers - **complete change in workplace dining culture** with an integration of high street offers in the workplace.
- An increase in **dark/ghost** kitchens supplying large brand takeaway menus.
- More uptake on in **office catering** facilities.
- **Refinement of offer** - in survival mode.
- **Acceleration in innovation.**
- Operators undoubtedly will **exert pressure to reduce costs.**
- Big drive to **take away and delivery**, but potentially short term to outside space food and drink delivery/pop up type environment.

Are you experiencing problems collecting payments from customers?



Source: FEA State of the Market Survey: Q23 Are you experiencing problems collecting payments from customers?

...An industry on the way back.



Heat warning issued as Britain set for hottest day of the year

Tom Ball
Meteorologists have issued a health warning in advance of a heatwave this week in which Britain will enjoy the hottest day of the year so far. After a fortnight of cool and rainy weather, sunshine is set to return over the next four days with temperatures forecast to exceed 34C. The "heat-health alert" has been announced by the Met Office to prepare healthcare services for the impact of sunny conditions that are expected to last until Friday and lead to London being hotter than Ibiza. Thursday is expected to be the hottest day of the week, with meteorologists predicting that temperatures in southern and central England will exceed 34C. The hottest day of the year so far was May 20, when temperatures reached 28.2C at Santon Downham in Suffolk. The warmest June day occurred during the heatwave of 1976, the hottest summer on record, when temperatures hit a peak of 35.6C. Last month was the sunniest June since 1946, with the UK, according to the Met Office. A "heat alert" is triggered when the Met Office believes that there is a 60 per cent or higher risk of temperatures breaking pre-set thresholds in one or more regions on at least two consecutive days and nights. The threshold varies from county to county, eastern Siberia reached 38C, believed to be a new record for any location inside the Arctic Circle. The town holds the world record for the greatest historical temperature changes, from -67.8C in winter to 37.4C in summer. Britain is not alone in experiencing a heatwave. Temperatures in Spain are

Art galleries, museums and cinemas will reopen

Staycations also to be allowed from July 4

Francis Elliott Political Editor
David Sanderson, Steven Seifried
Cultural life in England is to restart with museums, art galleries and cinemas able to reopen from July 4, Boris Johnson will tell MPs today. In the latest relaxation of the coronavirus lockdown imposed three months ago today, it is likely that visitors will have to pre-book tickets for venues that will in turn have to introduce one-way systems, speed queuing and improved ventilation. Members of two households will be able to meet indoors as long as they maintain social distancing under plans discussed by Mr Johnson and his senior ministers and medical and scientific advisers. The prime minister will stop short of expanding "bubbles" that allow two households to combine, however, meaning that many grandparents will have to wait longer to hug their grandchildren. The package of measures expected to be announced in the Commons today will include the return of domestic holidays, with hotels, holiday homes and bed-and-breakfasts able to reopen as the two-metre rule is relaxed. As with pubs and restaurants, however, holiday accommodation will have to abide by strict guidelines to keep infection levels low. It is also expected that, for the first time since lockdown, people will be able to stay in second homes. The government is understood to be close to agreeing a list of ten countries that Britons will be able to visit on holiday without having to go into quarantine for two weeks on their return. An announcement is expected before the start of next week. In other developments, the death toll from coronavirus in the UK increased by 15 to 42,647, the lowest daily rise since March 15, although the number of deaths reported on Mondays are often later revised upwards. There were 958 new confirmed cases of coronavirus, the smallest number since the start of lockdown. Matt Hancock, the health secretary, said that measures protecting the 2.2 million people who were told to shield from coronavirus would be wound down from next month. GCSE and A-level exams in England are likely to be delayed next summer to give pupils more time to catch up on lessons missed. Gavin Williamson, the education secretary, suggested. The World Health Organisation reported 183,000 new cases of coronavirus worldwide on Sunday, the biggest one-day increase in infections so far. A relaxation of the two-metre rule is expected today, as well as the announcement that large parts of the hospitality industry can reopen as part of the further easing of lockdown measures. Jenny Harries, the deputy chief medical officer, cautioned that rises in infection rates as seen in Germany showed the dangers and warned people to accept that social distancing would remain. "Even where lockdown measures are being eased we do still need to follow social distancing," Dr Harries said. "There is a critical point here that says just because life is feeling back to normal doesn't mean we can let our guard down." Continued on page 2, col 3



A minute's silence was held in Reading yesterday for the knife attack victims. Prit Patel, the home secretary, said that the threat from "lone actors" was growing

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"The Immediate Future of Foodservice/Hospitality 2021"

UK Foodservice



Courtesy: SimonStenning.com



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Thank you for listening.

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