



National Flexible: Markets include bakery

# Snapshot of a busy sector

*Jez Abbott* speaks to specialists in the flexible packaging market and finds that there's plenty keeping them busy, from pack innovation through to concerns over the increased price of raw materials

## Which markets do you operate in and are you targeting any new ones?

**Andrew Green, managing director, RPC bpi protec:** We focus on food and drink, personal care, medical/pharmaceutical and converter/lamination. We continually develop products in existing and adjacent markets.

**Barry Twigg, chairman, National Flexible:** Our main markets are bakery, sweet snacks, condiments, snack foods and pouches.

**Paul Glover, commercial technical director, Skymark:** A significant proportion of our business is in the hygiene and medical sector; however, we also work across the food and drink sector.

**Amaia Cowan, market development manager for packaging, Innovia:** We produce biaxially oriented polypropylene (BOPP) films, overwrap, labels and security films. We are always researching new opportunities and markets to maximise potential of our production capabilities.



**The market seems extremely busy at the moment**

**Paul Glover**  
Skymark

**Mike Everard, managing director, Aquapak Polymers:** We're doing trials on food and non-food packaging – textiles, electronics, paints – and labels. There's also demand for secondary packaging as using our material can improve sustainability performance through the distribution chain.

**Nick Smith, managing director, Parkside:** Key markets are food and drink, medical, pharmaceutical, household and personal care markets, as well as the tobacco sector. We are continuing to expand our geographical reach with orders from our Australian and US agents.

## What are the main issues/focus in various sectors?

**Green:** The key issues for customers are consistently high quality products, reliability of product performance, integrity of the specification and environmental sustainability.

**Twigg:** As virtually 100% of UK raw material is imported, sterling's devaluation has hit costs hard.

**Glover:** Our customers are constantly seeking brand refreshes to drive market share, and they want shelf appeal. They want packaging for consumer convenience and environmentally friendly designs.

**Cowan:** Two topics are regularly highlighted: the need to extend shelf life and reduce food waste; and the consumer's desire to see the packaged product.

**Everard:** Manufacturers are moving away from difficult-to-recycle materials to more sustainable ones fit for the circular economy.

**Smith:** All sectors are seeking new ways to differentiate their products; meanwhile speed of delivery to market is a big focus.

## Have you introduced any new products in the past year?

**Green:** Several, such as a stand-up non-laminate pouch as a cost-effective and environmentally-sustainable alternative to the traditional Doy sealed pouch.

**Twigg:** We have an excellent new skin film which is ideal for the meat and fish markets.

**Glover:** We have had success with new material finishes especially in holographic effects. The 'in register' holographic bubble, rainbow and sparkle effects won gold at this year's EFIA awards.

**Cowan:** Yes. We recently expanded our peelable BOPP films – Propafilm RCP is now available in 52 and 60 microns. Its seals are easy to open but it protects the product. Our latest high-speed BOPP film Propafilm REF is a coextruded material with a wide sealing range.

**Everard:** We're working with producers and packaging firms to develop a range that provides exceptional functionality, extend shelf-life, full recyclability and biodegradability.

**Smith:** We have extended our compostables range, Park-2-Nature, with a pack for an energy bar made from powdered cricket flour. In conjunction with Northcoast Seafoods, Parkside has launched what we believe is the world's first freezer-ready reclosable lidding solution for high-value seafood.

## What's the strategy for the coming months?

**Green:** We plan to invest in additional sophisticated multilayer film technology and quick-turnaround print capability.

**Twigg:** We have recently obtained planning permission to extend our factory by some 30%.

**Glover:** We are celebrating our 30th anniversary and experiencing significant growth in our hygiene business. We may invest in bagging and print capacity to manage international demand.

**Cowan:** We are already engaged in installing new assets on our largest manufacturing site, Wigton, Cumbria, which should come on stream during 2018. We are also employing additional production staff.

**Everard:** We've now started producing plastic resin at our purpose built facility following a multi-million pound investment. We'll continue to expand the workforce and production capacity.

**Smith:** Packaging innovation: we have collaborations with Perfect Automation and Platinum Packaging. People: we have recruited 25 people in the last 12 months. Kit: we have invested in an Esko Webcenter platform to drive task automation and status updates and new screening tech.

## How much has the price of raw materials and the fluctuation in currencies affected business?

**Green:** This has been a regular feature for decades. If we could not pass on the polymer and currency movements we would not have a business, however challenging this is for customers.

**Twigg:** There is a squeeze on margins for us and our customers; meanwhile some supermarkets have a 'head in the sand' approach to price increases.

**Glover:** Only positive to date – we're seeing a number of new sales opportunities in the US and North Africa for our hygiene solutions and the impact on our raw materials has been limited to date.

**Cowan:** These are constant challenges to a global business and we have to find ways to mitigate the exposure or at least reduce the risks associated.

**Everard:** We have had issues with fluctuating raw material costs. There is a trade-off between low-cost plastic film and total life cycle costs.

**Smith:** We are in the same place as the rest of the market with price fluctuations. We endeavour to naturally hedge currencies balancing, where possible, income to expenditure.



Parkside: Keen to push ahead with innovations and investing in new equipment



Aquapak: Company building production capacity

## The process of the UK withdrawing from the EU has now started. Do you fear that this could have a negative impact on business or are there opportunities?

**Green:** It is hard to see how our economy can benefit in any way by withdrawing from the single market. Those who interpreted the 2016 EU vote as a mandate for a hard Brexit should think again.

**Twigg:** While sterling's depreciation increases our costs, it discourages imports so some volumes should grow.

**Glover:** While Brexit and exchange rate volatility always causes concern, we've seen an upswing in demand for our products from Europe, Middle East, Africa and North America. Whether this will be sustained long term is anyone's guess.

**Cowan:** Europe is important for Innovia Films, but we sell into over 100 countries worldwide. We hope is that the trading agreement allows us to continue to sell into Europe without added tariffs.

**Everard:** We are part of a global economy and the international brands we work with need consistency. Withdrawing from the EU actually opens up greater opportunities, especially outside Europe.

**Smith:** There is still much uncertainty around our EU exit and the outcome of the general election has resulted in more uncertainty, which does not help in terms of investment. The partnerships we have developed in Australia and the US will go some way to counter any negative impact.

## Should the sector be concerned at the demise of Pulse? Does it point to wider issues in the market?

**Green:** No, it reflects the need for consolidation in a highly-competitive sector where returns have been squeezed by dominant customers.

**Twigg:** The Pulse situation was somewhat unique and there were many strategies at the company that didn't go to plan. However, prices in the sector have to increase if capital investment and profits are to be achieved.

**Glover:** Not at all. In fact, the market seems extremely busy at the moment.

**Cowan:** It is a shame when a company with so much history is forced to close. It highlights companies focused on innovation and growth still need to remain financially viable.

**Everard:** The flexible packaging sector remains strong. Businesses need to be agile and adapt to changing trends and demands to remain competitive and mitigate risks. Reduced margins undervalue performance that can place some SMEs at risk. It also doesn't help when big companies push payment terms out which can prove costly and sometimes fatal.

**Smith:** We can't comment on the demise of Pulse or the reasons for it.



Skymark: On track for a record year with good sales set for Q2

## How do you see the second half of 2017 shaping up?

**Green:** The overall economy remains very fragile.

**Twigg:** Amcor, RPC, Pulse all had redundancies in the first quarter of 2017, but the demise of Pulse will undoubtedly stabilise the market.

**Glover:** At this rate, we will be on track to have a record year. Sales for the second half of the year are all pretty much secured so we're excited to see any additional potential.

**Cowan:** We have been working to improve efficiencies and development processes to bring new products to market faster. We anticipate these improvements will be further rewarded in 2017.

**Everard:** This is an incredibly exciting time for Aquapak – six years' work coming to fruition. We will continue to build our production capacity and secure orders.

**Smith:** The first half of the year has been extremely busy. New business is flowing in so the rest of 2017 looks highly positive for us.

## There's been plenty of M&A packaging activity around flexibles. Why do you think that is and is it an indication of a buoyant sector?

**Green:** Not necessarily. It suggests the industry could benefit from greater consolidation, along with some successful 30- to 40-year old family businesses now at a stage to look for an exit.

**Twigg:** Flexibles continues to grow at 3-5% per annum as they replace glass, tin and board packaging. It's this growth that's attracting the large multinational companies.

**Glover:** Consolidation has been the order of the day for some time and flexibles was due for attention. Economies of scale are critical in a global market place but what falls out of that scenario is large, commodity-style players with investors demanding short term returns on their investment and privately owned specialist companies like ours, mopping up around them. It's quite healthy for our industry and I'm sure the environment isn't over yet.

**Cowan:** A time of uncertainty and of volatility can also throw up opportunities: if a strategically important acquisition is achievable, some take the plunge. Flexibles is a competitive industry and M&As are one way to quickly grow global footprints, expertise and capacity.

**Everard:** Buoyant yes, although M&As are a sign of growth or survival. Politicians and NGOs are increasingly challenging brands to demonstrate their commitment to circular economy principles and this in turn is inducing change which is driving out those who aren't able to step up.

**Smith:** I think it is primarily about companies wanting to be able to provide the ideal complete solution for customers. M&As enable companies to expand into new markets, offer new capabilities or improve their product portfolio. Sometimes they enable all three.



Innovia: Aiming to add value and drive innovation

## Businesses need to be agile and adapt to changing trends

Mike Everard  
Aquapak Polymers

## If I could change one thing about the industry it would be...

**Green:** We need to do a better job of explaining the environmental credentials of our products as well as to demonstrate more effectively that we are providing effective recycling initiatives.

**Twigg:** The myopic approach of many big company buyers who fail to recognise the service quality and value they can get from companies such as National Flexible.

**Glover:** We need to invest further in the future of our industry. We are great at investing in technology but have an ageing employee population. Where will we find the next generation of skilled printers?

**Cowan:** To concentrate on adding value and driving innovation rather than simply reducing cost.

**Everard:** To change the mindset of those who view packaging in terms of cost versus corporate responsibility. Brands know being sustainable is a commercial necessity. Acting on their CSR promises is what the industry is waiting for.

**Smith:** The public perception of packaging being the demon. ....actually, packaging enables our lifestyles and in many ways and reduces the environmental impact of modern consumer needs. ■



Food and drink: One of many markets targeted by RPC bpi protec

## THIS MONTH'S INDUSTRY EXPERTS



**Andrew Green** is managing director of £120m turnover RPC bpi protec, which makes plain and printed flexible

packaging from UK bases in Merseyside, Winsford, Flint, Norwich, Worcester and Hereford.



**Barry Twigg** is chairman of Bradford-based National Flexible, one of the UK's largest distributors

of plain and printed OPP, laminates and special films.



**Paul Glover** is commercial technical director at Skymark, the supplier of embossed, plain

and printed flexible films, such as lamination films and bags, with a turnover of £35m and bases in Ilkeston and Scunthorpe.



**Amaia Cowan** is market development manager for packaging at Innovia Films which employs 850 people in

production sites in the UK, Australia and Belgium, with a turnover in excess of £292m.



**Mike Everard** is managing director of Aquapak Polymers, which targets food and non-food

packaging for the healthcare and construction sectors from a base in Birmingham with a production capacity up to 30,000 tonnes per year.



**Nick Smith** is managing director of Parkside, which has a UK turnover of £19m and a manufacturing

site in Normanton, West Yorkshire as well as bases in Kuala Lumpur, Malaysia. The business serves food and drink, medical and pharma, personal care and household and tobacco packaging industries.