

UK FIRMS BUOYED AS SALES AND ORDERS BOOM

UK companies' domestic sales are in their best shape since 1997 and export business is healthier than at any time since 1996, according to the latest Business in Britain survey from Lloyds TSB Corporate.

The number of companies enjoying an increase in sales shattered the 50 per cent barrier (54 per cent) for the first time in seven years. This also represents a rise of 11 per cent in the last year. Only 20 per cent said their sales had actually fallen during the last six months. Meanwhile, the proportion of firms boasting improved orders rocketed to 49 per cent, a rise of 13 per cent compared with one year ago.

Encouragingly, firms also believe the good times are not a flash in the pan and are feeling more confident about their prospects than at any time since 1997. More than half (53 per cent) are predicting a continued rise in sales and 44 per cent are also optimistic that their orders will continue to grow.

UK exporters have also turned in an excellent performance, overcoming the strong pound to benefit from solid global economic growth and report their best show in eight years. Forty-five per cent of companies experienced an increase in exports during the first half of 2004, an increase of seven per cent in just twelve months.

All of this spells more good news for companies' profitability. Thirty-eight per cent reported higher profits; four per cent up on six months ago and 39 per cent anticipate that this momentum will be maintained throughout the remainder of 2004 – again better than at any time during the last seven years.

.../more

UK FIRMS BUOYED AS SALES AND ORDERS BOOM /...2

In addition, companies are also preparing to invest in both fixed assets and staff during the remainder of this year. Over a quarter (28 per cent) of firms intend to take on new employees, whilst 27 per cent are planning to increase investment in other areas of their operations.

Truett Tate, acting group director, wholesale and international banking, Lloyds TSB, said, “This is another barn-storming performance from UK businesses, particularly those exporters who’ve cast aside the shackles of a strong pound to prosper against the odds.

“Rising interest rates and increased oil-costs could easily have undermined confidence, but British firms have once more demonstrated how resilience and sound financial management can see them competing in even the most challenging of environments.

“Companies need to avoid getting carried away though – highly skilled personnel are still hard to come by and whilst it’s fantastic to see firms planning to create new jobs, there’s a risk that unwelcome wage inflation could result.”

-ends-

Notes to Editors:

- Data available by region, sector and company size from the Lloyds TSB Press Office.
- The Business in Britain survey has been carried out twice yearly since May 1992. Responses from 2,144 firms with turnover above £1 million, were collated in June 2004.
- Lloyds TSB Corporate provides financial, banking and advisory services, tailored to the needs of businesses with a turnover greater than £2 million per year. It currently manages the financial requirements of over 15,000 corporate customers throughout the UK, incorporating private equity, acquisition finance, capital markets, structured asset finance and registrars.

For more information:

Kirsty Clay / Stephen Finch
Press Office,
Lloyds TSB Corporate

Tel: 020 7356 1517 / 2401