

## DELOITTE

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### **UK manufacturing hit hard in 2009: administrations up 12 per cent on 2008**

Total administrations in the UK manufacturing sector for 2009 were up 12 per cent from the previous year, according to data compiled by business advisory firm, Deloitte.

The manufacturing sector was the second hardest hit industry representing 17 per cent of total administrations in 2009, following the property and construction sector which accounted for 20 per cent of total administrations. The recruitment and business services sector was the third most affected industry, representing 16 per cent.

However the rate of administrations eased off toward the end of the year, with the numbers for Q409 falling 32 per cent on the previous quarter, from 128 in Q309 to 87 in Q409.

David Raistrick, UK manufacturing industry leader based at Deloitte's Leeds office, commented: "It comes as no surprise that 2009 was a bad year for manufacturing administrations and 2010 will be another challenging year. There are, however, pockets of optimism across certain industry areas such as high-tech specialised manufacturing.

"Fundamentally, a manufacturing recovery will centre around demand. While the low value of sterling is certainly a factor when it comes to boosting the UK's exports, there must firstly be a sustained recovery in demand.

"Recent consumer spending data has been quite upbeat. Hopefully this positive sentiment will filter through to the manufacturing sector and orders will increase. This would also help manufacturers of machinery and tooling, who have been badly hit in the last year or so by other manufacturers cutting capital expenditure."

Mr Raistrick added: "At this stage it is difficult to predict whether the total number of manufacturing administrations will increase in 2010. Primarily it centres on whether there is a sustained recovery in



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demand. All eyes remain focused on whether there will be a double dip in the economic growth – if so it is inevitable that there will be more manufacturers forced into administration. However, hopefully we will see the return of confidence and a sustainable increase in demand so it doesn't come to that.”

**-ends-**

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