

## MACHINE TOOLS ACHIEVE RECORD TURNOVER

- The portfolio accumulated since 2016 in the metal forming sub-sector boosts growth and exceeds the forecasts
- Discounting the effect of inflation, an additional 10% is still required to reach the levels of 2008
- The 30 BIEMH will be held in a climate of business confidence, which is expected to attract new investments for manufacturing technologies



*San Sebastián, 10 May 2018.-* The Chairman of AFM, Antxon López Usoz, is satisfied with the positive figures of the sector at the end of the 2017 fiscal year: *“These are our best results in the last 10 years. However, in real terms, we are yet to reach the historical record of 2008”.*

Production in the advanced manufacturing and machine tool sector increased by 12.96% in 2017 (year-end data), exceeding the growth forecasts and reaching a record for the sector with 1,690 million euros. The boost in turnover is largely the result of growth (+47.76%) in the metal forming sub-sector, which in 2017 managed to complete most of the order backlog accumulated since 2016, with a 56% growth in the number of orders (in the metal forming sub-sector, the order maturity period is

approximately 18 months).

The metal cutting sub-sector has also grown, but much more moderately, with a 4.71% growth during 2017, starting the year with irregular results and finally achieving sustained growth. Other sub-sectors have also remained in positive figures, with the parts sub-sector growing by 4.54% and the cutting tool sub-sector by 6.53%.

Employment, one of the main factors behind the stability of the sector even during the worst periods, continues to rise, with a 4.1% growth during 2017.

## EXPORTS CONTINUE TO BEAT THEIR OWN RECORDS

The solid results of exports in previous years have been followed by a more moderate growth (4.1%), but have reached a record 1,233 million euros. Metal forming exports (+10.28%) are also higher than metal cutting exports (+6.89%).

In 2017, the sector exported 72.95% of its production, mainly due to an increase in the domestic sales.

Machine tool exports rose by 8.03% in 2017, with the following being the main receiving countries: Germany (represents 14.4% of all exports), China (9.9%), Mexico (9.8%), USA (8.4%) and Italy (6.4%). These are followed by France, Portugal, the United Kingdom, Poland and India.

López Usoz states that: *"The European market performed magnificently during 2017; this includes Germany, with a 20% growth when compared to 2016, and Italy, France, Portugal, the United Kingdom and Poland. China is in the second position of the global ranking, although the figure has dropped by 7.7% compared to 2016. Mexico, the USA and Canada have also remained positive, with a growth of approximately 15%. After a good year, India is recovering its position. Brazil and Russia have improved their figures, but they are still a long way from the 2013 and 2014 levels"*.

## EVOLUTION OF THE DOMESTIC MARKET

The figures at the end of the 2017 fiscal year confirm that domestic consumption rose by 24.43%, reaching 726.36 million euros, following the trend of 2015 and 2014 and overcoming the slow growth of 2016. Without a doubt, this is a good sign, although it is still clearly below the highest figures of 2007. In real terms, there is still 20-30% yet to go.

There is a concern that the attraction of new orders during 2017 will not be able to drive the figures during 2018. Therefore, quick measures with a big impact must be taken. The Chairman of AFM states that: *"We think that this is the best time to implement hard-hitting policies that attract investment in advanced production equipment. Initiatives like the Plan Renove (Renewal Plan), which, in addition to direct support, also include tax incentives, such as the "hyper-amortisations" that have been so successful in Italy. We are living in a period of transition towards a digitised and service-based industry. In this context, it is very important to upgrade old machines that cannot be connected, and that do not gather, process or send data that can be used to create new services and an added value. We cannot miss this opportunity"*.

## ATTRACTING NEW ORDERS

After the unusual growth of new orders in 2016 (22%), based on the huge volume of new orders in the metal forming sub-sector (+56%, with a 4% drop in the metal cutting sub-sector), 2017 closed with the expected drop of 10% when compared to 2016. However, it is worth mentioning the recovery of the metal cutting sub-sector, which attracted an additional 10.7% in 2017.

The attraction of new orders in almost any context, particularly in Europe, is rising quickly, with a slower growth in NAFTA markets (USA, Mexico and Canada). Asia has already yielded mixed results, with better results in the metal cutting sub-sector than in the metal forming sub-sector.

## 2018 FORECASTS

The forecasts for 2018 show a stable scenario, in which we expect the turnover of the sector to maintain the levels of 2017. The high turnover levels of 2017 for orders attracted during the year 2016 has reduced the order backlogs. This, in addition to a reduction in the number of orders during the first months of the year, leads us to think that achieving the 2017 figures during 2018 would represent a good result. In any case, we are in a stable scenario, suggesting a positive outlook for investment.

As regards the attraction of new orders, we are still at an early stage to make any forecasts, but no major changes in global growth are expected and, above all, with a European continent at the peak of the positive cycle.

Xabier Ortueta, Managing Director of AFM Cluster, states that: *"The year has started slow, but the general situation is positive, both at the domestic and international level and we must not miss the opportunities presented in this scenario. Without a doubt, we have the resources required to continue demonstrating that we are very competitive in rolling out cutting-edge solutions for industry. This will be another very good year for advanced manufacturing worldwide and machine tools play a vital role in its take-off."*

## 30 BIEMH, AN EXCELLENT OPPORTUNITY TO INVEST IN PRODUCTIVITY

The upcoming International Machine Tool Exhibition, BIEMH is undertaking the largest and best edition of recent years with much enthusiasm. The event will fill the six pavilions of the Bilbao Exhibition Centre. 1,700 companies will be exhibiting over 2,700 products and more than 1,100 machines at the main industrial trade fair in Spain. Everything is ready in Bilbao in order to welcome tens of thousands of visitors between 28 May and 1 June, who will find a world of production solutions for all industrial sectors at the BIEMH.

This year, a new trade fair, BeDIGITAL, will be held in parallel to the BIEMH, as the first event held for the industrial application of digital technologies, in addition to ADDIT3D, the main additive manufacturing trade fair, and 3D, WORKinn, the forum on labour advice in the industrial sector, and IMIC, the conference on innovation in industrial maintenance.

BIEMH will also host the 13<sup>th</sup> National Awards for Innovation in Digital and Advanced Manufacturing Technologies, which will award innovations in machine tools, additive manufacturing and 4.0 concepts applied to the industry.

### MAIN EVENTS OF 2018

- **AFM Shareholders' Meeting:** 11 May 2018, San Sebastián, Science and Technology Park of Gipuzkoa.
- **BIEMH-ADDIT3D-BEDIGITAL:** 28 May to 1 June, BEC, Bilbao.
- **WORKINN:** 30 to 31 May, BEC, Bilbao.
- **Award-giving ceremony of the 13<sup>th</sup> National Awards for Innovation in Digital and Advanced Manufacturing Technologies:** 31 May, Press Room at the BEC, Bilbao.
- **59<sup>th</sup> CEO CONGRESS:** 20 to 22 September, Budapest (Hungary).
- **CECIMO SHAREHOLDERS' MEETING:** 23 to 24 November, Barcelona.

2017 FIGURES

. million €

SECTOR TOTAL	2017	2016	% 17/16
<b>TOTAL PRODUCTION *</b>	<b>1,690.69</b>	<b>1,496.67</b>	<b>12.96%</b>
Metal cutting machines	640.79	611.98	4.71%
Metal forming machines	486.82	329.46	47.76%
Parts	196.38	187.85	4.54%
Tools	116.28	109.15	6.53%
Accessories	70.60	61.35	15.08%
Other machines	130.44	147.00	-11.27%
Machining and other services	65.19	59.51	9.54%
<b>TOTAL EXPORTS</b>	<b>1,233.37</b>	<b>1,184.75</b>	<b>4.10%</b>
Metal cutting machine exports	593.64	555.38	6.89%
Metal forming machine exports	308.51	279.74	10.28%
Part exports	121.44	124.54	-2.49%
Tool exports	63.50	61.37	3.47%
Accessory exports	42.90	41.47	3.45%
Exports of other machines	63.95	89.73	-28.73%
Exports of machining and other services	39.43	32.52	21.25%
Domestic Sales	457.32	311.92	46.61%
Exports / Production	72.95%	79.16%	

\* Deducting the part associated with parts and accessories incorporated into national machine tools.

. million €

	PRODUCTION	EXPORTS
2012	1,327.66	1,088.13
2013	1,412.11	1,178.22
2014	1,383.00	1,101.18
2015	1,474.18	1,111.19
2016	1,496.67	1,184.75
2017	1,690.69	1,233.37

. million €

MACHINE TOOLS	2017	2016	% 17/16
<b>TOTAL PRODUCTION</b>	<b>1,127.61</b>	<b>941.44</b>	<b>19.78%</b>
Metal cutting	640.79	611.98	4.71%
Metal forming	486.82	329.46	47.76%
<b>TOTAL EXPORTS</b>	<b>902.15</b>	<b>835.12</b>	<b>8.03%</b>
Metal cutting	593.64	555.38	6.89%
Metal forming	308.51	279.74	10.28%
Domestic Sales	225.46	106.32	112.06%
Exports / Production	80.01%	88.71%	
Imports	500.90	477.41	4.92%
Apparent consumption	726.36	583.73	24.43%
Export / import coverage	180.11%	174.93%	
Domestic Sales / Consumption	31.04%	18.21%	

. million €

PARTS AND EQUIPMENT	2017	2016	% 17/16
<b>TOTAL PRODUCTION</b>	<b>196.38</b>	<b>187.85</b>	<b>4.54%</b>
<b>TOTAL EXPORTS</b>	<b>121.44</b>	<b>124.54</b>	<b>-2.49%</b>
Domestic Sales	74.94	63.31	18.37%
Exports / Production	61.84%	66.30%	

. million €

TOOLS	2017	2016	% 17/16
<b>TOTAL PRODUCTION</b>	<b>116.28</b>	<b>109.15</b>	<b>6.53%</b>
<b>TOTAL EXPORTS</b>	<b>63.50</b>	<b>61.37</b>	<b>3.47%</b>
Domestic Sales	52.78	47.78	10.46%
Exports / Production	54.61%	56.23%	

. million €

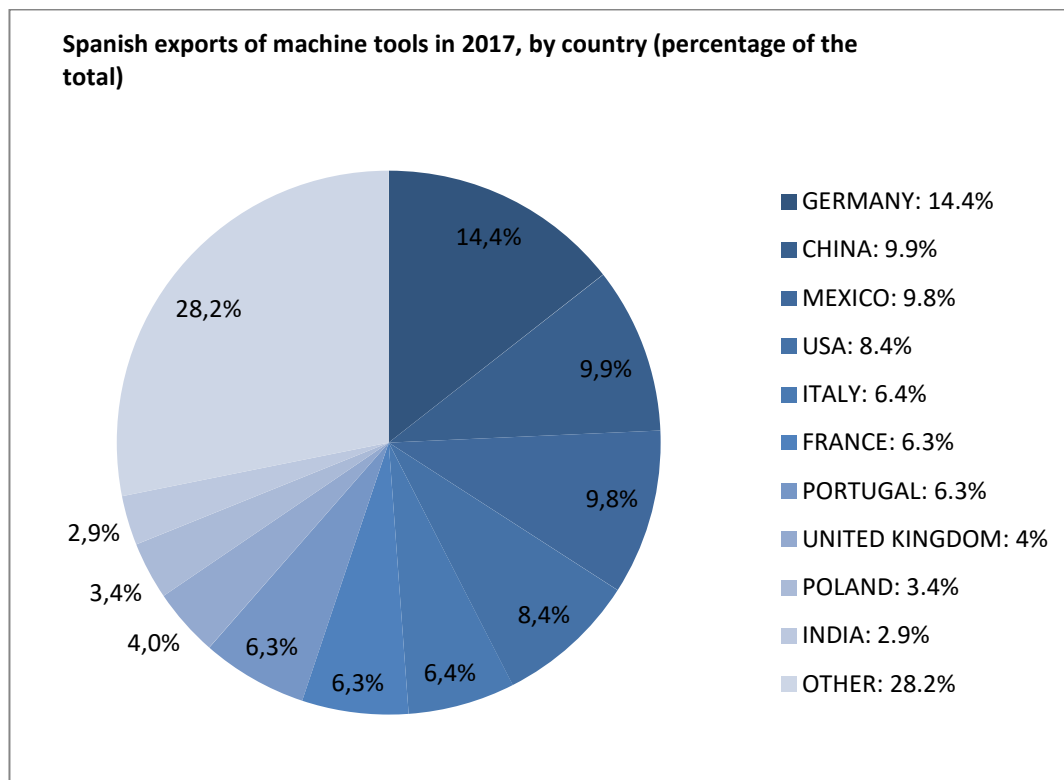
ACCESSORIES	2017	2016	% 17/16
<b>TOTAL PRODUCTION</b>	<b>70.60</b>	<b>61.35</b>	<b>15.08%</b>
<b>TOTAL EXPORTS</b>	<b>42.90</b>	<b>41.47</b>	<b>3.45%</b>
Domestic Sales	27.70	19.88	39.34%
Exports / Production	60.76%	67.60%	

. million €

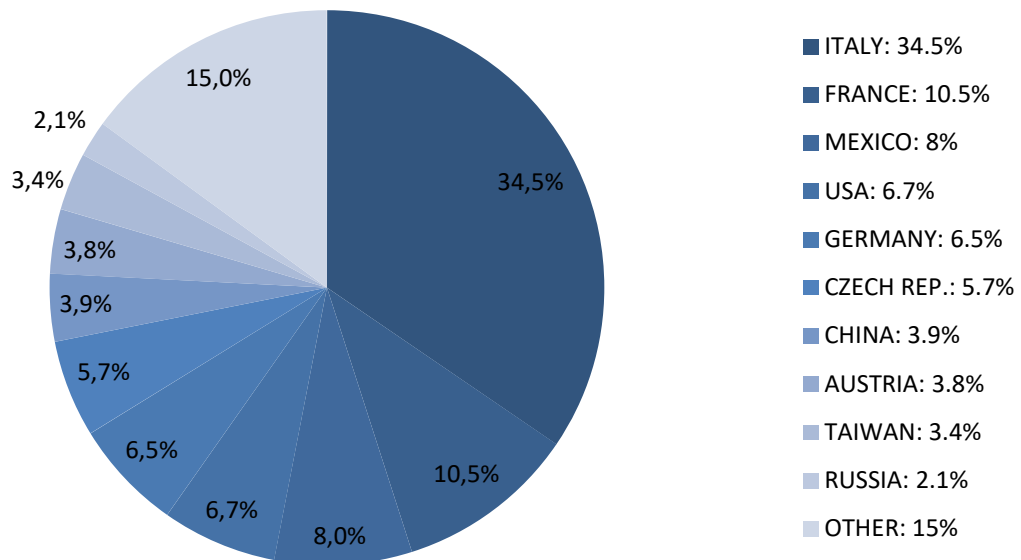
OTHER MACHINES AND TECHNOLOGIES	2017	2016	% 17/16
TOTAL PRODUCTION	130.44	147.00	-11.27%
TOTAL EXPORTS	63.95	89.73	-28.73%
Domestic Sales	66.49	57.27	16.10%
Exports / Production	49.03%	61.04%	

. million €

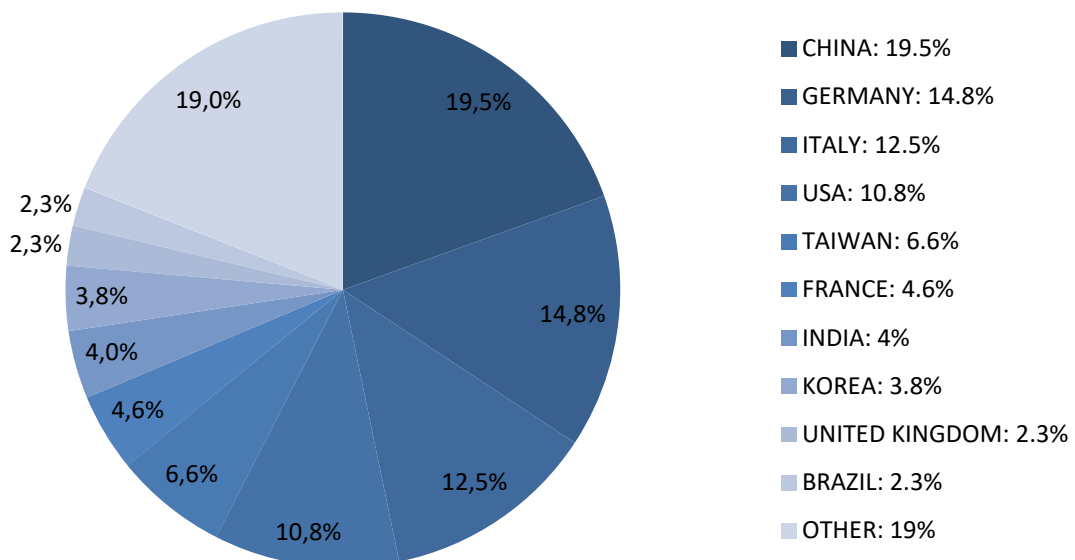
MACHINING AND OTHER SERVICES	2017	2016	% 17/16
TOTAL PRODUCTION	65.19	59.51	9.54%
TOTAL EXPORTS	39.43	32.52	21.25%
Domestic Sales	25.76	26.99	-4.56%
Exports / Production	60.48%	54.65%	



**Spanish exports of accessories for machine tools in 2017, by country**  
(percentage of the total)

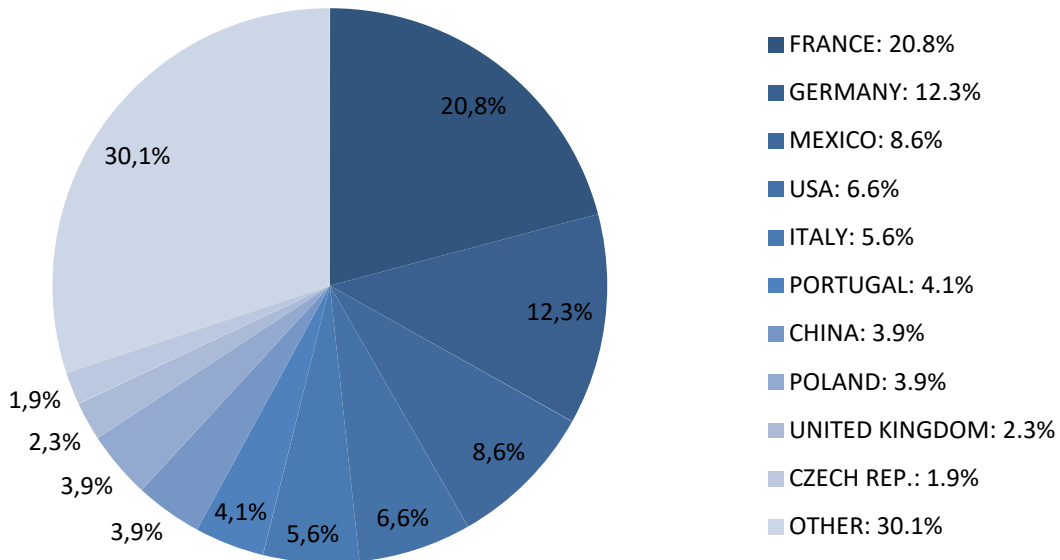


**Spanish exports of parts and equipment for machine tools in 2017, by country**  
(percentage of the total)





**Spanish exports of tools for machine tools in 2017, by country**  
(percentage of the total)



**NOTE 3/2018**

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#### ABOUT AFM CLUSTER

AFM CLUSTER is the organisation that represents Advanced Manufacturing interests in Spain. Comprising four industrial associations, it brings together more than 400 companies that employ over 12,500 people, with a turnover of more than 2.5 billion euros. From its headquarters in San Sebastian and its offices in Tianjin (China), AFM CLUSTER works to promote internationalization, industrial development, strategic positioning and training for the employees of its associated companies. AFM CLUSTER offers its services to the following four related and synergistic sectors:

- Machine tool and advanced manufacturing technologies. AFM-Advanced Manufacturing Technologies is the original association, which gives its name to the CLUSTER. With over 70 years of experience, it has almost 130 members, which supply machine tools and other manufacturing equipment, parts, accessories and cutting tools to the industry.
- Additive Manufacturing and 3D Printing. ADDIMAT groups some 60 companies that operate in this new sector, which will become a relevant player in many industrial sectors, such as, for example, the aerospace, biomedical or automotive sectors.
- Handheld Tools, Hardware and Industrial Supplies. ESKUIN represents almost 25 companies that manufacture handheld tools and hardware in Spain, in compliance with the strictest quality and safety standards.
- Machining and Metal Processing. Among its members, the AFMEC includes the group of Spanish machining and metal processing workshops. With more than 200 member companies, its aim is to give more visibility and offer its services to one of the most relevant industrial associations in Spain.

In addition, AFM CLUSTER includes some 50 companies that offer their services to the industry, which are known as collaborating partners. All of these companies form the large family of Spanish advanced manufacturing companies. AFM CLUSTER is a member of different international associations, such as CECIMO, ECTA, or CEO, and it organises international trade fairs and events, such as the BIEMH, ADDIT3D, FERROFORMA, SUBCONTRATACIÓN, WORKINN or the CMH-Advanced Manufacturing and Machine Tool Congress.