Machine Tool, Accessories, Component Parts and Tools Manufacturers´ Association of Spain

PRENTSA OHARRA
NOTA DE PRENSA
PRESS RELEASE

THE MACHINE TOOL INDUSTRY CLOSES A COMPLICATED YEAR 2018 WITH A 2.4% GROWTH IN REVENUE

- The year 2018 has seen favourable production resulting from the initial robust portfolio
- Although affected by ups and downs throughout the year, incoming orders were 3.5% higher than in 2017
- There is a great deal of uncertainty as regards 2019 and although a slowdown in winning orders is anticipated, invoicing figures will be similar to those of 2018

San Sebastian, 30 January 2019 – Although the figures are still provisional, the advanced and digital machine tool manufacturing industry closed 2018 with an increase of **2.4%** compared to 2017, totalling **1,731 million euros**. The trend throughout the year has been very irregular, with quarters alternating between high and low amounts of orders. Invoicing results for metal cutting were positive (+6%) although not for metal forming (-4.7%), which fell after several years of exceptional growth. The remaining subsectors also grew moderately: components grew by 5%, tools by 3.2%, accessories by 2.3%, other machines by 1% and machining by 13%.

In the words of AFM Chairman, César Garbalena: "*In terms of production, the strong portfolio we started out with in 2018 has allowed us to maintain a good level of activity throughout the year. New orders have not been constant, as regards both the various subsectors (it has been a better year for metal cutting than for metal forming) and the year itself, with favourable quarters alternating with slower quarters but with a final good result for incoming orders.*

Within metal cutting, it has been a good year for the milling subsector in contrast with the uncertainty in the automotive sector that has affected our manufacturers of metal forming equipment".

EXPORTS

Exports reached record figures, growing by **3.6%** compared to 2017, and totalling **1,277 million euros**. Metal cutting export figures are also positive, +7%, and metal forming shows a small reduction of 3.8%.

As regards machine tools, an analysis of countries of destination (information up to the month of October) shows the following ten main markets for Spanish manufacturers: Germany, which accounts for 12.3% of all exports, China in second place with 10.1% and Mexico third, at 9.8%. Following these are USA at 8.2%, Portugal at 7.3% and then France, Italy, Czech Republic, Poland and the United Kingdom.

Garbalena remarked on external markets: *"It is comforting to see that the hard work invested in positioning ourselves in foreign markets during the crisis has borne its fruits. We have returned to record figures in exports that have not undergone significant variations compared to the previous year. In terms of incoming orders, which will mark future exports, Europe has kept apace and performance in America has been vigorous, while Asia is the region that has lost impetus."*

In this regard, the effects of tariff changes and the trade disputes launched by the administration of the United States are of concern, as are the effects of an uncontrolled Brexit, which may affect business trust in Europe, in addition to the direct effects on trade in our sector.

DOMESTIC MARKET

Consumption of machine tools in Spain has shown a clear downturn in growth in 2018 (+1.8%), compared to 2017 (+24.4%). Although the figure remains the highest in the decade, it is still below the anticipated potential of a country like Spain, which amply exceeded current figures in the past.

AFM Chairman stated that: *"We continue to believe in stimulating investment in production equipment with high multiplication potential, such as machine tools. Other countries, like Italy or France, are implementing aggressive fiscal policies to provide the industry with modern, productive and intelligent equipment. We should not lag behind."*

ORDERS

Orders increased by 3.5% in 2018. Metal cutting figures have improved, bolstered by the milling subsector, with growth at 7.8%, while metal forming has dropped slightly (-1.6%).

FORECAST FOR 2019

Despite the great uncertainty in both the domestic and international scenarios, the promising amounts of incoming orders of the last two years induce us to estimate an acceptable year of activity, where we expect to achieve revenue and export results in 2019 very similar to those in 2018.

Xabier Ortueta, General Manager of the Association, had this to say: "*Although we are confident that in 2019 we will continue at good levels of activity due to our accumulated portfolio, there has been a*

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change in the perception of the future in recent months and we must be very alert to the trends in the various factors that affect confidence and investment.

We believe that the keys to navigating through the uncertain future are evident. First of all, we represent a knowledge sector and we should therefore rely on the best professionals at all levels to recruit, safeguard and increase our talent. Secondly, we must continue to apply digitisation forcefully in our products, processes and services. The digital facet of the equipment we sell is growing exponentially and we must find out how to acquire part of the enormous added value that we can help our customers generate.

If we add to these challenges other more traditional challenges, such as international expansion or R&D&i, the need for business cooperation becomes even more significant. AFM CLUSTER, which represents more than 400 machine tool, additive manufacturing, hand tool and machining and metal-mechanical transformation companies, is the ideal meeting place to foster cooperation. In 2019, we will be launching the most ambitious project in our history associated with cooperation".

EVENTS 2019

- AFM CLUSTER GENERAL ASSEMBLY: 17 May, at the Orona Foundation in Hernani.
- +INDUSTRY 2019: ADDIT3D-SUBCONTRACTING-INDUSTRY TOOLS-BEDIGITAL-WORKINN: 4-6 June, at BEC (Bilbao)
- EMO HANNOVER 2019: 16-21 September in Hannover
- 22 CONGRESS OF ADVANCED AND DIGITAL MANUFACTURING AND MACHINE TOOLS: from 23 to 25 October in San Sebastian, Scientific and Technological Park of Gipuzkoa

Advanced Manufacturing Technologies

Machine Tool, Accessories, Component Parts and Tools Manufacturers´ Association of Spain

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PROVISIONAL DATA FOR 2018

. millions €

TOTAL FOR SECTOR	2018	2017	% 18/17
TOTAL PRODUCTION*	1.731,07	1.690,69	2,39%
Metal cutting	679,02	640,79	5,97%
Metal forming	463,84	486,82	-4,72%
Components	206,28	196,38	5,04%
Tools	119,99	116,28	3,19%
Accesories	72,23	70,60	2,31%
Other machines and technologies	131,72	130,44	0,98%
Machining and other services	73,81	65,19	13,22%
TOTAL EXPORT	1.277,40	1.233,37	3,57%
Export for metal cutting	635,48	593,64	7,05%
Export for metal forming	296,88	308,51	-3,77%
Export for components	122,80	121,44	1,12%
Export for tools	64,39	63,50	1,40%
Export for accessories	43,42	42,90	1,21%
Export for other machines and technologies	67,31	63,95	5,26%
Export for machining and other services	47,12	39,43	19,50%
Domestic sales	453,67	457,32	-0,80%
Export / Production	73,79%	72,95%	

* After deduction of the part of the accessories and components sold for Spanish-produced machine tools.

. million €

	PRODUCTION	EXPORT
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
2018*	1,731.07	1,277.40

*Provisional

. millions €

AFM cluster FOR ADVANCED & DIGITAL MANUFACTURING
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MACHINE TOOLS	2018	2017	% 18/17
TOTAL PRODUCTION	1.142,86	1.127,61	1,35%
Metal cutting	679,02	640,79	5,97%
Metal forming	463,84	486,82	-4,72%
TOTAL EXPORT	932,36	902,15	3,35%
Metal cutting	635,48	593,64	7,05%
Metal forming	296,88	308,51	-3,77%
Domestic sales	210,50	225,46	-6,64%
Export / Production	81,58%	80,01%	
Imports	528,72	500,90	5,55%
Apparent consumption	739,22	726,36	1,77%
Export / import coverage	176,34%	180,11%	
Domestic sales /Consumption	28,48%	31,04%	

. millions €

COMPONENTS	2018	2017	% 18/17
TOTAL PRODUCTION	206,28	196,38	5,04%
TOTAL EXPORT	122,80	121,44	1,12%
Domestic sales	83,48	74,94	11,39%
Export / Production	59,53%	61,84%	

. millions €

TOOLS	2018	2017	% 18/17
TOTAL PRODUCTION	119,99	116,28	3,19%
TOTAL EXPORT	64,39	63,50	1,40%
Domestic sales	55,60	52,78	5,34%
Export / Production	53,66%	54,61%	

. million €

ACCESSORIES	2018	2017	% 18/17
TOTAL PRODUCTION	72,23	70,60	2,31%
TOTAL EXPORT	43,42	42,90	1,21%
Domestic sales	28,81	27,70	4,01%
Export / Production	60,11%	60,76%	

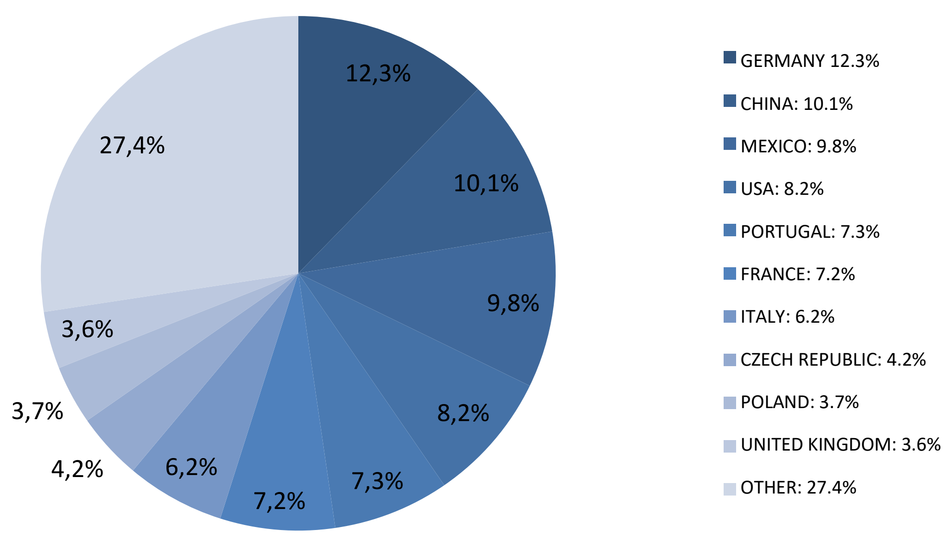
. millions €

OTHER MACHINES AND TECHNOLOGIES	2018	2017	% 18/17
TOTAL PRODUCTION	131,72	130,44	0,98%
TOTAL EXPORT	67,31	63,95	5,26%
Domestic sales	64,40	66,49	-3,14%
Export / Production	51,10%	49,03%	

. million €

MACHINING AND OTHER SERVICES	2018	2017	% 18/17
TOTAL PRODUCTION	73,81	65,19	13,22%
TOTAL EXPORT	47,12	39,43	19,50%
Domestic sales	26,69	25,76	3,61%
Export / Production	63,84%	60,48%	

Spanish exports of machine tools per country in 2018 (percentage over total)



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ABOUT AFM CLUSTER

AFM CLUSTER is the organisation that represents the interests of Advanced Manufacturing in Spain. Made up of four industry associations, it groups more than 400 companies, which employ 12,500 people and have a turnover of more than 2,500 million Euro. From its headquarters in San Sebastian, and its establishment in Tianjin (China), AFM CLUSTER works to promote the internationalisation, industrial development, strategic positioning and training of people in its associated companies. The four sectors, related and synergistic which AFM CLUSTER provides services to are the following:

- Machine-tool and advanced manufacturing technologies. AFM-Advanced Manufacturing Technologies is the founding association, which gives its name to the cluster. With more than 70 years of existence, it has 128 members that provide the industry with machine tools and other equipment for the manufacture of components, accessories and cutting tools.
- Additive Manufacturing and 3D Printing. ADDIMAT brings together 71 companies operating in this new sector, destined to be a relevant part in many industrial sectors, such as, for example, the aerospace, biomedical and automotive sectors.
- Hand Tools, Hardware and Industrial Supply. ESKUIN represents 22 companies that manufacture hand tools and hardware products in Spain, under the highest standards of quality and safety.
- Machining and Metal-Mechanical Transformation. AFMEC joins the machining and meta-mechanical transformation workshop collective. With more than 200 member companies, it aims to give visibility and services to one of the most important industrial groups in Spain.

AFM CLUSTER also has 63 services companies for the industry as partners. All these companies form the great family of advanced manufacturing in Spain. AFM CLUSTER forms part of various international associations such as CECIMO, ECTA or CEO, and organises trade fairs and international events such as BIEMH, ADDIT3D, INDUSTRY TOOLS, SUBCONTRATACIÓN, WORKINN, BEDIGITAL or the CMH-Congress of Advanced Manufacturing and Machine Tools.