

THE MACHINE-TOOL SECTOR FACES A COMPLICATED 2020, WHICH IS EXPECTED TO BOUNCE BACK BY THE END OF THE YEAR

- After five years of robust growth where headway of almost 30% was made, investment uncertainty has slowed down the progress of the sector worldwide.
- The metal-forming subsector, closely tied to the automotive industry, is the most affected. The metal-cutting sector withstood better, with a slight downturn of 4.3%, following a growth of over 15% in 2018.
- The sector anticipates a complicated 2020, although it must take advantage of the opportunities afforded by certain client sectors, and the possibility of finding new business sources in digitalisation.
- The sector, which shows an overall sound situation, foresees a slow but gradual improvement in the situation from the second half of 2020 onwards.

San Sebastian, 18 February 2020.- After five years of very strong growth, coupled with a veritable positioning technological change of the sector, turnover in the machine-tool sector fell 6.80% in 2019. Nevertheless, 2019 has shown reasonable levels of activity for a transition year. It is the metal-forming subsector with a 13% downturn which has been most affected by the uncertainty, being directly tied to the automotive sector, which has opted in 2019 to postpone a part of its productive investments due to technological and sustainable mobility-related changes.

The metal-cutting subsector has performed better, closing a good year of activity, despite a 4.3% downturn, following on from a significant improvement exceeding 15% in 2018.

The remaining subsectors have had a somewhat better performance, within the overall landscape of limited downturns.

EXPORTS

The main destination countries of our exports in 2018 have been: Germany, representing 12.7% of total overseas sales, United States, 10.7%, Portugal, 7.8%, Italy, 7.7% and China, 7.5%. Followed by France (7.3%), Mexico (6%), India (3.3%), Poland (3%) and United Kingdom (2%). Exports, along the same lines as turnover, have suffered an 8.1% downturn following the 2018 record.



INTERNAL MARKET

The internal market keeps on having the same unresolved issue, which is to consistently invest in advanced manufacturing technologies in order for Spain to remain a country with an important industrial activity in the future. The progress of digitalisation accelerates the obsolescence of much of the equipment, and boosts the demand for a refurbishment and replacement of the production capacities is necessary.

César Garbalena, President of AFM states: *“I think that if Spain wishes to continue being a country with a strong industry, we have to make a firm commitment to investing in manufacturing technologies to be competitive. It is the responsibility of the industry itself to upgrade its equipment; I would also, however, appeal to administrations to boost such investment with tax measures and digitalisation and renovation plans of the production means. One example is Italy, which has generated an excellent industrial recapitalisation process with ambitious measures that foster the reinvestment of corporate profits in machinery. The effect is resounding: Italy invests in the machine-tool sector seven times more than Spain. There is still a long road ahead of us if we wish to compete with our neighbours.”*

FORECASTS FOR 2020

Uncertainty strongly affects investment in capital goods; therefore, coming from a complicated 2019 as regards incoming orders, 2020 has commenced in the same vein.

The incoming orders fell in 2019 affecting the metal-forming sector especially, which has been curbed by a low demand situation over the last two years, and whose portfolio is more limited to ensuring a good activity load. The metal-cutting sector has likewise fallen throughout 2019, yet the sector has a good portfolio that will help them have an interesting manufacturing dynamic in 2020. Our main European competitors are in a very similar situation in this regard.

César Garbalena comments: *“The situation is complicated, especially for those who directly work with the automotive sector. Despite this fact, our foresight analysis forecasts an improvement which may ensue in the latter end of the year. The latter is not guaranteed, which is why we must keep persevering in proposing new solutions to the market that will facilitate traffic in a year that will undoubtedly be difficult”.*

2020 is going to be a tough year, Xabier Ortueta, AFM Managing Director, adds in this regard: *“Due to the long maturation periods of our products, and the orders we have registered, turnover will undoubtedly be affected by the end of 2020. Depending on the evolution of orders this year, we may be able to improve the result, but a downturn is foreseeable, which we should endeavour to minimise doubling down efforts.*

In either event, the machine-tool sector has done its homework in recent years and has invested heavily in equipment, facilities and especially in people and knowledge. The overall situation of the sector is sound, and faces this period of uncertainty with energy. Digitalisation and the services

related to our products and processes open a wide range of possibilities in which to lay a new foundation for growth for our industry”.

BIEMH 2020

Within a context in which investment in Spain is experiencing a downturn, the next BIEMH will be the linchpin of the industry. The various national and international manufacturers in attendance are strongly committed to the event which celebrates its 31st edition this year. At BEC (Bilbao Exhibition Centre), a centre with very high occupancy, the latest trends in manufacturing technologies (from machine-tools to 3D printing), and in automation and industrial digitalisation will be exhibited. The fair will cap off a whole range of products and technologies related to the advanced manufacturing industry.

Xabier Ortueta: *“The sector knows how to survive through thick and thin, and this year of uncertainty, we are committed to the BIEMH with a level of occupancy that will match or exceed the “best of the decade” edition in 2018. Visitors can see firsthand why we are a powerhouse regarding manufacturing technologies, advanced manufacturing and Smart Industry”.*

2020 EVENTS

AFM CLUSTER GENERAL MEETING: 8 May, to be held at the Science and Technology Park of Gipuzkoa (San Sebastian)

BIEMH 2020: 25-29 May, BEC (Bilbao)

ADDIT3D, BEDIGITAL: 25-29 May

WORKINN: 27-28 May

14TH NATIONAL AWARD FOR INNOVATION IN DIGITAL AND ADVANCED MANUFACTURING

B2B 2020 LET’S COOPERATE: BIEMH, METALMADRID

PROVISIONAL DATA FOR 2019

. millions €

| TOTAL FOR SECTOR | 2019 | 2018 | % 19/18 |
|---|-----------------|-----------------|---------------|
| TOTAL PRODUCTION* | 1.674,28 | 1.796,10 | -6,78% |
| Metal cutting | 709,40 | 741,36 | -4,31% |
| Metal forming | 392,01 | 450,91 | -13,06% |
| Components | 200,45 | 209,99 | -4,54% |
| Tools | 128,67 | 135,05 | -4,72% |
| Accesories | 66,45 | 71,12 | -6,57% |
| Other machines and technologies | 117,34 | 123,54 | -5,02% |
| Machining and other services | 75,67 | 80,96 | -6,53% |
| TOTAL EXPORT | 1.252,84 | 1.363,19 | -8,09% |
| Export in metal cutting | 618,23 | 672,58 | -8,08% |
| Export in metal forming | 294,97 | 331,77 | -11,09% |
| Export in components | 111,67 | 121,93 | -8,41% |
| Export in tools | 71,23 | 72,80 | -2,16% |
| Export in accesories | 46,34 | 48,71 | -4,87% |
| Export in other machines and technologies | 62,03 | 64,97 | -4,53% |
| Export in machining and other services | 48,37 | 50,43 | -4,08% |
| Domestic sales | 420,32 | 432,91 | -2,91% |
| Export / Production | 74,88% | 75,90% | |

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

. millions €

| | PRODUCTION | EXPORT |
|-------|------------|----------|
| 2014 | 1.383,00 | 1.101,18 |
| 2015 | 1.474,18 | 1.111,19 |
| 2016 | 1.496,67 | 1.184,75 |
| 2017 | 1.703,49 | 1.239,77 |
| 2018 | 1.796,10 | 1.363,19 |
| 2019* | 1.673,16 | 1.252,84 |

*Provisional

. millions €

| MACHINE TOOLS | 2019 | 2018 | % 19/18 |
|-------------------------|-----------------|-----------------|---------------|
| TOTAL PRODUCTION | 1.101,41 | 1.192,27 | -7,62% |
| Metal cutting | 709,40 | 741,36 | -4,31% |
| Metal forming | 392,01 | 450,91 | -13,06% |
| TOTAL EXPORT | 913,20 | 1.004,35 | -9,08% |
| Metal cutting | 618,23 | 672,58 | -8,08% |
| Metal forming | 294,97 | 331,77 | -11,09% |
| Domestic sales | 311,49 | 328,23 | -5,10% |
| Export / Production | 82,91% | 84,24% | |
| Imports | 498,00 | 542,24 | -8,16% |
| Apparent consumption | 699,91 | 745,23 | -6,08% |

* Production – exports (excluding used machinery, 13,70m€) + imports

. millions €

| COMPONENTS | 2019 | 2018 | % 19/18 |
|-------------------------|---------------|---------------|---------------|
| TOTAL PRODUCTION | 200,45 | 209,99 | -4,54% |
| TOTAL EXPORT | 111,67 | 121,93 | -8,41% |
| Domestic sales | 88,78 | 88,06 | 0,82% |
| Export / Production | 55,71% | 58,06% | |

. millions €

| TOOLS | 2019 | 2018 | % 19/18 |
|-------------------------|---------------|---------------|---------------|
| TOTAL PRODUCTION | 128,67 | 135,05 | -4,72% |
| TOTAL EXPORT | 71,23 | 72,80 | -2,16% |
| Domestic sales | 57,44 | 62,25 | -7,73% |
| Export / Production | 55,36% | 53,91% | |

* Three new companies join

. millions €

| ACCESSORIES | 2019 | 2018 | % 19/18 |
|-------------------------|--------------|--------------|---------------|
| TOTAL PRODUCTION | 66,45 | 71,12 | -6,57% |
| TOTAL EXPORT | 46,34 | 48,71 | -4,87% |
| Domestic sales | 20,11 | 22,41 | -10,26% |
| Export / Production | 69,74% | 68,49% | |

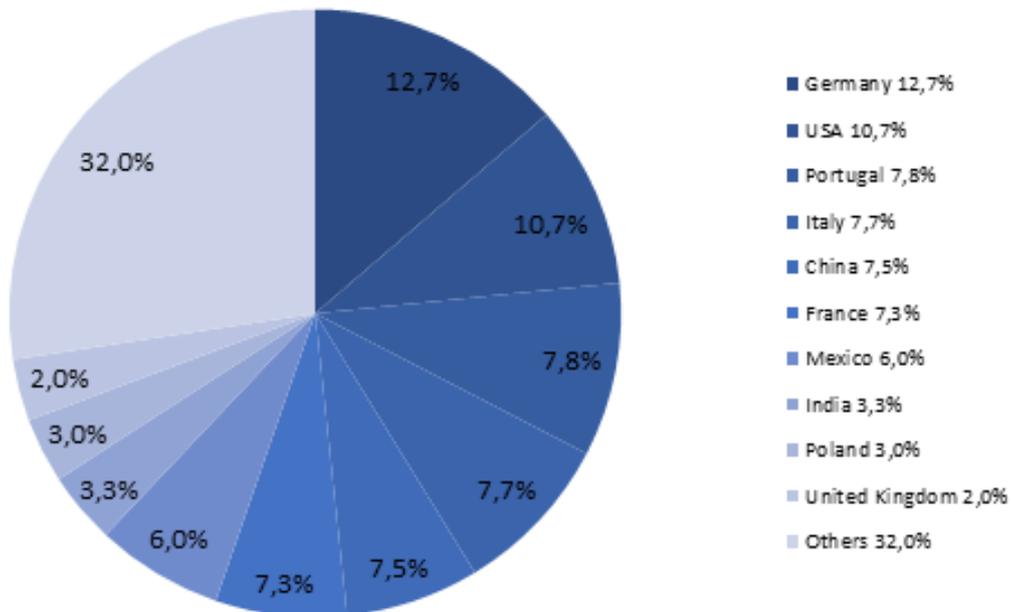
. millions €

| OTHER MACHINES AND TECHNOLOGIES | 2019 | 2018 | % 19/18 |
|---------------------------------|--------|--------|---------|
| TOTAL PRODUCTION | 117,34 | 123,54 | -5,02% |
| TOTAL EXPORT | 62,03 | 64,97 | -4,53% |
| Domestic sales | 55,31 | 58,57 | -5,57% |
| Export / Production | 52,86% | 52,59% | |

. millions €

| MACHINING AND OTHER SERVICES | 2019 | 2018 | % 19/18 |
|------------------------------|--------|--------|---------|
| TOTAL PRODUCTION | 75,67 | 80,96 | -6,53% |
| TOTAL EXPORT | 48,37 | 50,43 | -4,08% |
| Domestic sales | 27,30 | 30,53 | -10,58% |
| Export / Production | 63,92% | 62,29% | |

Spanish exports machine tools by countries in 2019 (porcentaje 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 five industry associations, it groups more than 500 companies, which employ 16,500 people and have a joint turnover of over 3 billion Euros. 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 member 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 history, 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 94 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 metal-mechanical transformation workshop collective. With more than 220 member companies, it aims to give visibility and services to one of the most important industrial groups in Spain.
- Technology-based companies and start-ups. UPTEK is created with almost sixty members to group together the collective of technology-based companies and start-ups working in advanced and digital manufacturing.

AFM CLUSTER also has 71 services companies for the industry as partners. All these companies form the great family of advanced and digital 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.