MACHINE-TOOL SECTOR TAKES FLIGHT AFTER DROPPING 20% IN 2020

- *The final year-end data consolidate, and even slightly improve on, the provisional figures*
- *Recovery began in the last quarter of 2020 and has been sustained in the first months of this year*
- *A strong surge in China, reactivation in the US and positive forecasts for Europe from the second half of this year are encouraging signs*

San Sebastian, 12 May 2021 - The final year-end figures have confirmed what the sector predicted in February with the provisional figures: sales were ultimately 19.65% below the 2019 figure. In absolute terms, the final sales figure for the sector in 2020 was Euros 1,324.12 million, compared to Euros 1,647.86 million for 2019. The drop in production in Spain was in line with the worldwide 19.18% decrease in manufacturing.

The drop is slightly more pronounced in the metal-forming subsector, which, at Euros 311.07 million, fell by 21.82%, while metal cutting machines, at Euros 559.42 million, fell by 18.68%. All other subsectors also fell with respect to 2019: components and tools was down by 15%, other machines were down by 17.72%, accessories by 52.76%, and machining and other services by 9.31%.

Due to the travel and transport restrictions put in place, exports fell by 22.25%, to Euros 1,006.01 million, compared to the Euros 1,293.93 million recorded in 2019, and they represent 76% of overall production. In this case, metal cutting and metal-forming have recorded similar decreases, of 22.57% and 22.44%, respectively.

Sales by national manufacturers on the domestic market are down by 13.41% in 2020. For its part, apparent consumption (production+imports+exports) of machine-tools in Spain has declined by 31.13%.

EXPORT DESTINATIONS

Export sales in 2020 were mainly to: Germany, with a 11.8% share of our exports, USA, with 10.3%, France, with 9.1%, Italy, with 7.3%, and China, with 7.3%. The other countries in the top ten for exports are Mexico, Portugal, India, United Kingdom and Russia.

New orders for the year show a different trend, with a significant surge from China, which has taken the lead in the market, ahead of Germany and the United States. These are followed by Turkey, France, Italy, India, Russia and Canada. The rapid reactivation of industrial activity in China (where GDP only fell in the first quarter of 2020) has enabled the country to invest widely, taking the advantage over the other countries.

Spanish Association of Manufacturers of Machine Tools, Accessories, Parts and Tools
Parque Científico y Tecnológico de Gipuzkoa
Paseo Mikeletegi 59 | 20009 San Sebastián, Spain
Tel.: 943 309 009 - E-mail: info@afm.es
www.afm.es | www.afmcluster.com

SOLID INTERNATIONAL POSITIONING

Despite the pandemic onslaught, Spain has stood its ground as the world's tenth manufacturer and exporter, retaining its market share. The five main manufacturing countries have held their positions in the ranking: China, Germany, Japan, USA and Italy, the latter two switching positions with respect to 2019.

The decreases in production in these five countries are also relevant, particularly in the case of Germany (-30.9%) and Japan (-29.3%). Italy shows a similar drop to Spain (-23%), somewhat less prominent in the USA (-9.4%) and very slight in China (-1.3%).

World consumption fell by 20.1% in 2020, which is quite a bit below the slump recorded in 2009. The forecast for 2021, however, points toward 15% growth, which would lead to an increase of 7.5% in 2022, although the speed of recovery is expected to vary significantly between the three main areas of consumption: Asia, Europe and America.

ORDERS

As provisionally reported in February, orders recorded in 2020 fell by 23.5% with respect to 2019 figures. In terms of subsectors, metal-forming was worst hit, plummeting by 34.7% and metal cutting, which fared marginally better, saw a drop of 17.65%.

We should highlight that from October 2020, orders began to recover steadily and this positive dynamic has been sustained throughout the first term, with similar order figures to 2019. The duration of this upswing remains to be seen and it may, in part, be attributable to the rebound effect of the global industry lockdown in the first half of 2020.

Our main European competitors, along the same lines, are reporting significant increases in orders coming in: Italy, has recently reported a 48.6% growth in orders received in the first quarter of 2021 and Germany is expecting the rate of orders from China (which grew by 17% in the last quarter of 2020) to have a favourable effect in the coming months. Our forecasts indicate a strong rise in orders received, close to 25%, for 2021 overall.

2021, THE PATH OF RECOVERY

The strong upsurge in demand on the Chinese market and the expectations generated by Joe Biden's plan to boost the US economy, are giving hope of a strong recovery in the world economy, which should also be accompanied by greater momentum in Europe, driven by the acceleration of vaccination processes and the layout of recovery funds.

Subject to what happens in the second quarter, the favourable though disparate amount of orders received in the last six months brings forecast sales growth for 2021 to around 12-15%.

With regard to user sectors, although the automotive industry bounced back to the levels of activity prior to the stoppage forced by the outbreak of the pandemic, the transition towards electric and hybrid vehicles, on the one hand, and changes relating to the mobility model, on the other, are making it hard to predict vehicle demand, which is slowing down investments.

The aeronautics sector, for its part, has felt the impact of the decline in mobility and, other than in the area of defence, forecasts are not good for the next 2-3 years. The railway sector, on the other hand, is doing well, while the energy sector, recording disparate realities, is still showing a gradual shift towards renewable sources.

R3, PLAN TO RELAUNCH THE DIGITAL AND SUSTAINABLE MANUFACTURING INDUSTRY

In its defence of the industry as the backbone of all developed and sustainable economy, AFM has been working in recent months on developing and presenting the strategy to reactivate manufacturing activity.

In the short term, this strategy entails many support measures for activity and jobs, re-equipping the industry base and an ambitious sector transformation project known as the "e-Machine Digital Workshop", which focuses on digitalisation and sustainability. In its work to support the sector's businesses, AFM Cluster continues to strive towards securing the goals set.

FIGURES 2020

. million €

SECTOR TOTAL	2020	2019	% 20/19
TOTAL PRODUCTION*	1.324,12	1.647,86	-19,65%
Metal cutting machines	559,42	687,93	-18,68%
Metal forming machines	311,07	397,89	-21,82%
Components	165,32	194,68	-15,08%
Tools	108,36	127,59	-15,07%
Accessories	31,12	65,88	-52,76%
Other machines	95,62	116,21	-17,72%
Machining and other services	66,43	73,25	-9,31%
TOTAL EXPORTS	1.006,01	1.293,93	-22,25%
Metal cutting machine exports	479,00	618,63	-22,57%
Metal forming machine exports	235,69	303,88	-22,44%
Component exports	104,28	125,46	-16,88%
Tool exports	57,30	69,70	-17,79%
Accessory exports	17,90	47,74	-62,51%
Other machine exports	72,74	79,50	-8,50%
Machining and other service exports	39,10	49,02	-20,24%
Domestic sales	427,81	494,04	-13,40%
Exports / Production	75,98%	78,52%	

* After deducting the components and accessories included in domestic machine tools.

. million €

	PRODUCTION	EXPORTS
2014	1.474,18	1.111,19
2015	1.496,67	1.184,75
2016	1.703,49	1.239,77
2017	1.796,10	1.363,19
2018	1.647,86	1.293,93
2019	1.324,12	1.006,01

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. million €

MACHINE TOOLS	2020	2019	% 20/19
TOTAL PRODUCTION	870,49	1.085,82	-19,83%
Metal cutting	559,42	687,93	-18,68%
Metal forming	311,07	397,89	-21,82%
TOTAL EXPORTS	714,69	922,51	-22,53%
Metal cutting	479,00	618,63	-22,57%
Metal forming	235,69	303,88	-22,44%
Domestic sales	252,28	287,85	-12,36%
Exports / Production	82,10%	84,96%	
Imports	314,66	520,88	-39,59%
Apparent consumption*	480,73	698,03	-31,13%

*Production - exports (excluding used machine tools, 10,27m€) + imports

. million €

COMPONENTS AND EQUIPMENT	2020	2019	% 20/19
TOTAL PRODUCTION	165,32	194,68	-15,08%
TOTAL EXPORTS	104,28	125,46	-16,88%
Domestic sales	61,04	69,22	-11,82%
Exports / Production	63,08%	64,44%	

. million €

TOOLS	2020	2019	% 20/19
TOTAL PRODUCTION	108,36	127,59	-15,07%
TOTAL EXPORTS	57,30	69,70	-17,79%
Domestic sales	51,06	57,89	-11,80%
Exports / Production	52,88%	54,63%	

. million €

ACCESSORIES	2020	2019	% 20/19
TOTAL PRODUCTION	31,12	65,88	-52,76%
TOTAL EXPORTS	17,90	47,74	-62,51%
Domestic sales	13,22	18,14	-27,12%
Exports / Production	57,52%	72,47%	

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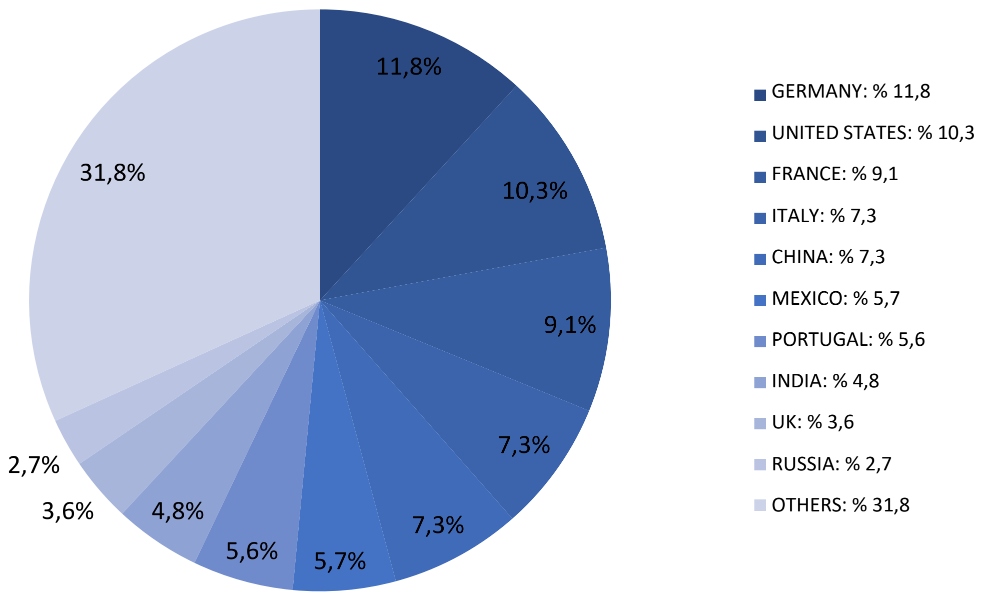
. million €

OTHER MACHINES	2020	2019	% 20/19
TOTAL PRODUCTION	95,62	116,21	-17,72%
TOTAL EXPORTS	72,74	79,50	-8,50%
Domestic sales	22,88	36,71	-37,67%
Exports / Production	76,07%	68,41%	

. million €

MACHINING AND OTHER SERVICES	2020	2019	% 20/19
TOTAL PRODUCTION	66,43	73,25	-9,31%
TOTAL EXPORTS	39,10	49,02	-20,24%
Domestic sales	27,33	24,23	12,79%
Exports / Production	58,86%	66,92%	

Spanish exports of machine tools by country in 2020 (percentage of total)



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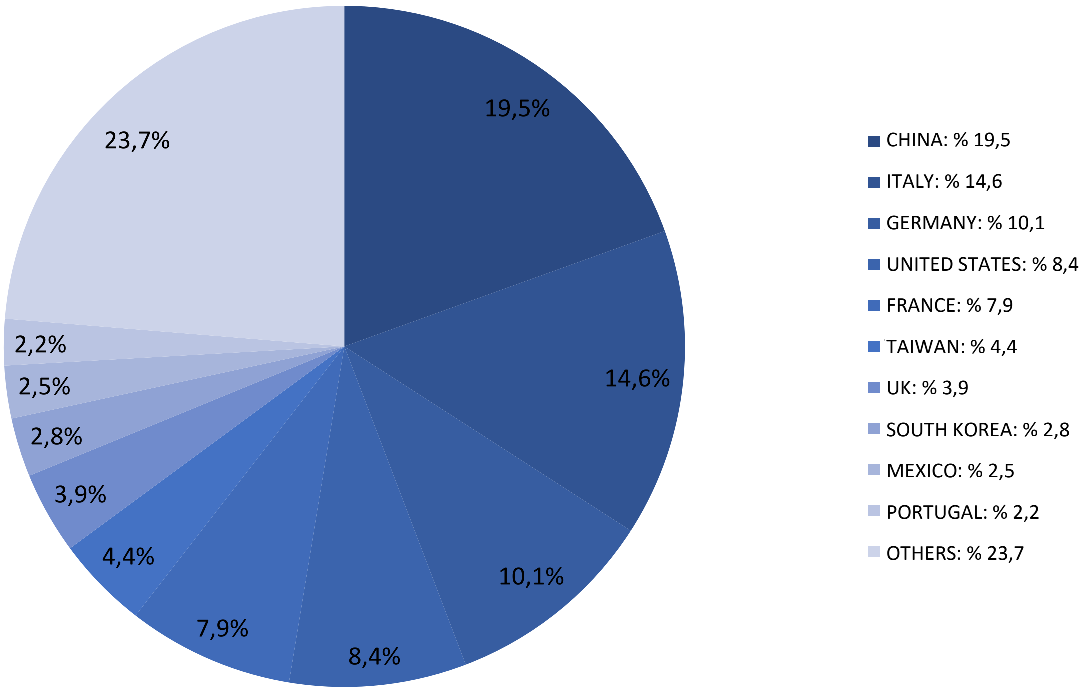
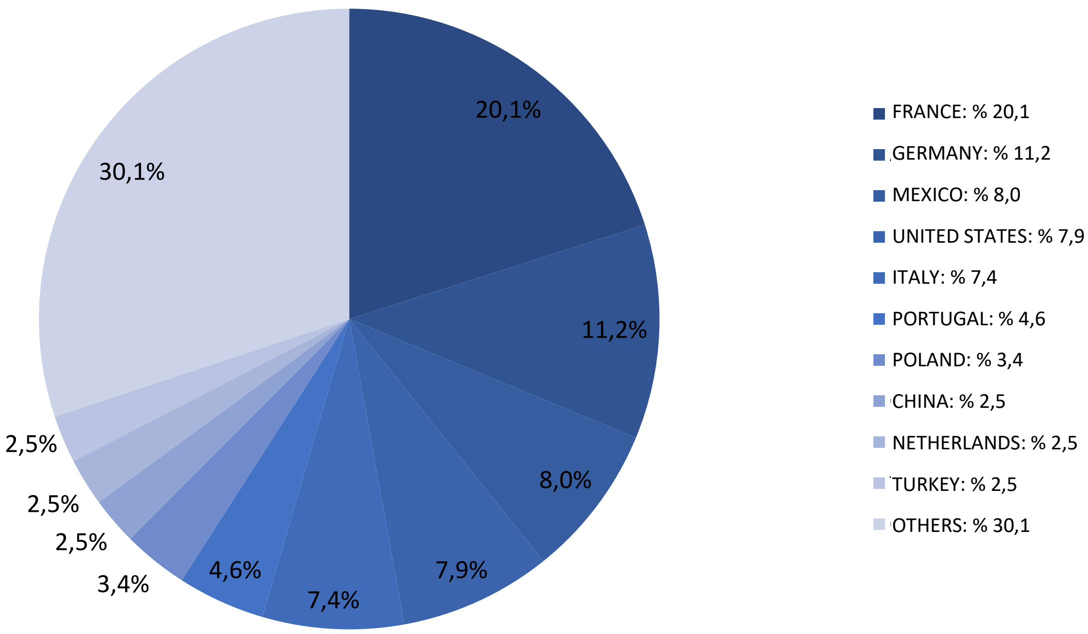
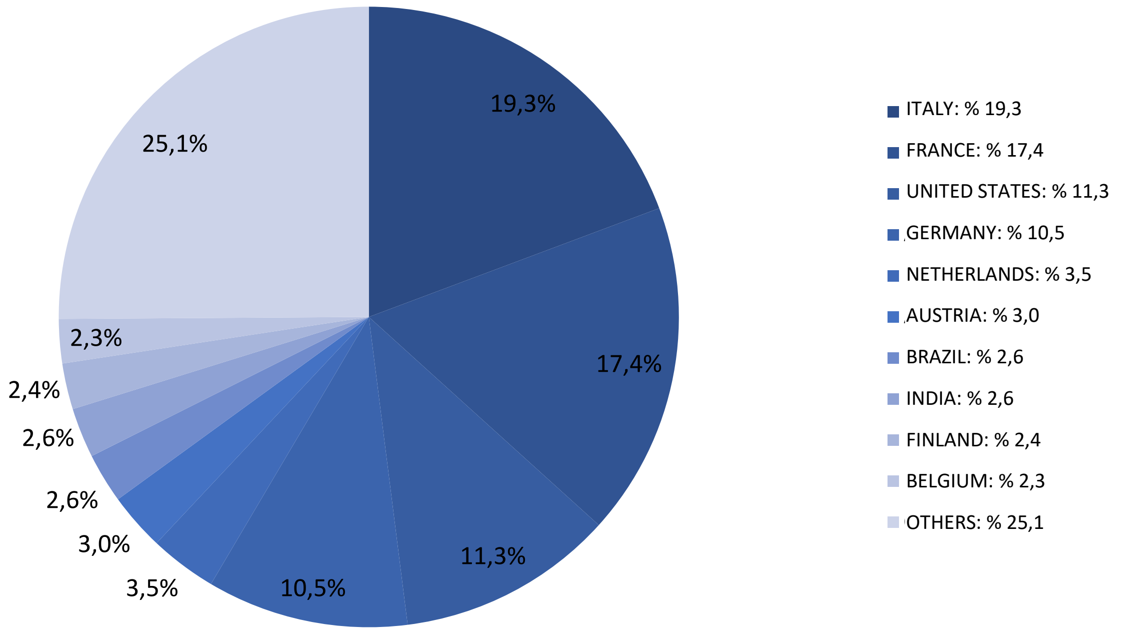
Spanish exports of components for machine tools by country in 2020 (percentage of total)



Spanish exports of tools for machine tools by country in 2020 (percentage of total)



Spanish exports of accessories for machine tools by country in 2020 (percentage of total)



For more information, please contact the Director of the Communication Department, María Ruiz-Lopetedi (maria.rlopetedi@afm.es), phone numbers +34 943 309 009 /+34 679 979 083.

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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 almost 600 companies, which employ 16,500 people and have a joint turnover of over 2.8 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 75 years of history, it has 127 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 20 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 163 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 already has 111 members to group together the collective of technology-based companies and start-ups working in advanced and digital manufacturing.

AFM CLUSTER also has 84 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.