



Composites Germany

P R E S S R E L E A S E

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Composites Germany – Results of the 13th Composites Market Survey now available

- Continuing decline in business sentiment
- More restrained expectations for future growth
- Investment climate cautiously optimistic
- Growth drivers remain largely stable
- Composites Index falls sharply

This is the thirteenth time that Composites Germany (www.composites-germany.org) has identified the latest KPIs for the fibre-reinforced plastics market. Again, the survey covered all the member companies of the four biggest umbrella organisations of Composites Germany: AVK, CCeV, CFK-Valley and the VDMA Working Group on Hybrid Lightweight Construction Technologies.

As before, to ensure a smooth comparison with the previous surveys, the questions in this half-yearly survey had been left unchanged. Once again, the data obtained in the survey was largely qualitative in relation to current and future market developments.

Continuing decline in business sentiment

The last survey already included a fairly cautious evaluation of the business situation and this decline in sentiment continues to cast a cloud over the current survey.

In the last study, 69% of the respondents rated the situation in Germany as generally or even very positive – in the current survey this number has fallen to 64%. In other words, 1/3 of respondents now view the current business situation (see Fig. 1) with some degree of concern.

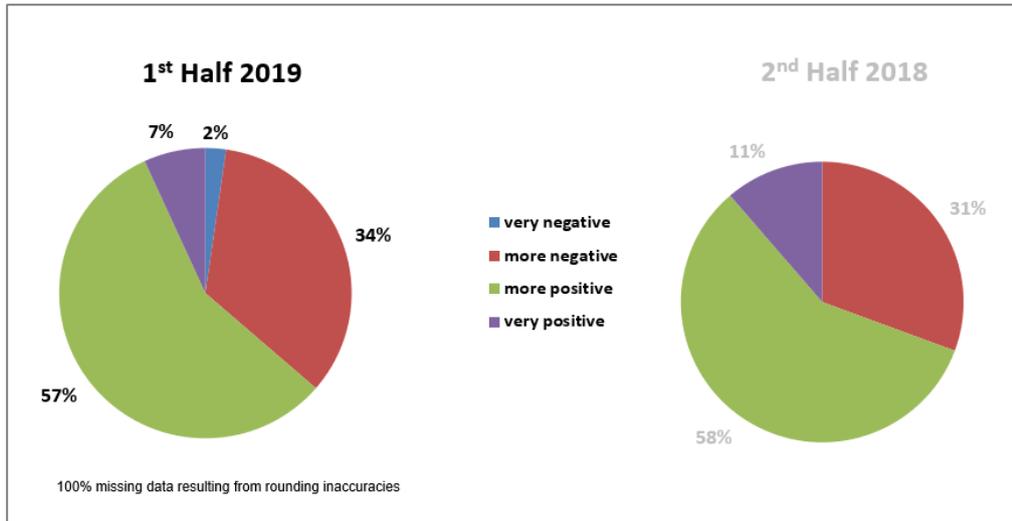


Fig. 1: Assessment of the current business situation in Germany

Respondents have a similar assessment of the other regions considered in the survey (worldwide and Europe).

Not only do they view the general business situation more critically than in the last survey, they are also more pessimistic about their own individual business situations. While 83% of the respondents rated their own business situation worldwide as positive or even very positive in the last survey, this figure has now dropped to 66% (see Fig. 2).

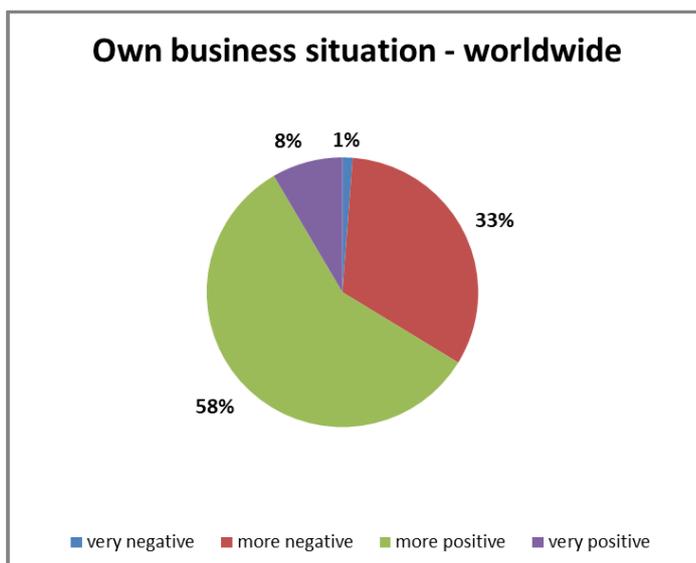


Fig. 2: Assessment of respondents' own business situation

More restrained expectations for future growth

A similar picture emerges in terms of future growth prospects for the market in general and the respondents' businesses in particular. Here, too, expectations are more muted than in the previous survey. Nevertheless, it should be noted that most

respondents still do not rate the situation as negative. However, the number of respondents who expect the current situation to improve is slightly decreasing (see Fig. 3).

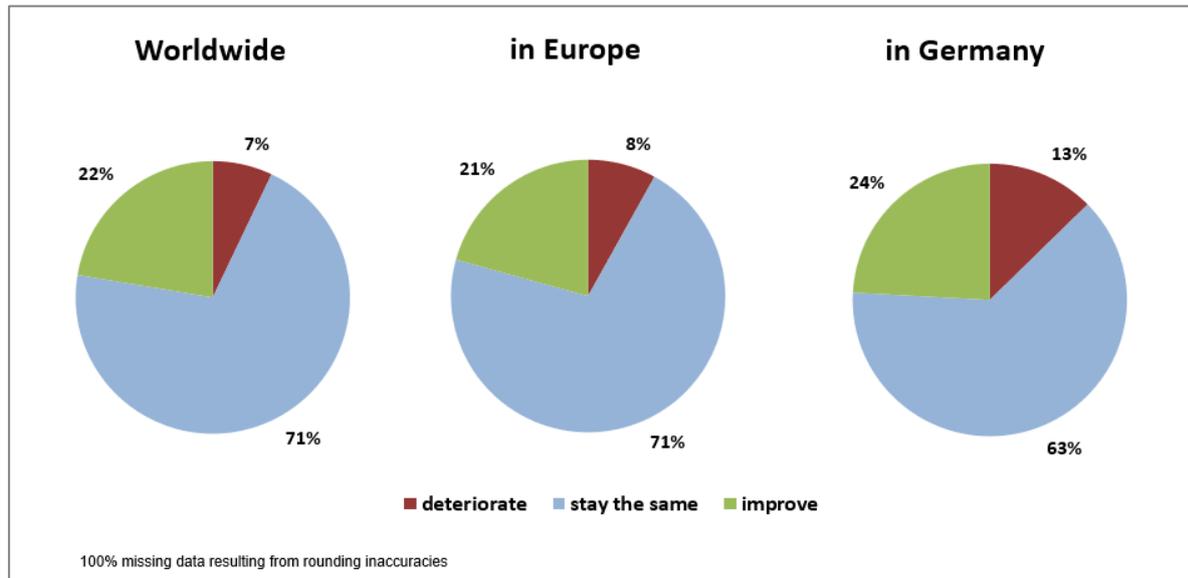


Fig. 3: Development of respondents' own business situation (next six months)

Investment climate cautiously optimistic

In contrast to the rather negative evaluation of the current and future business situation, investment climate indicators (capital investment and HR planning) continue to be quite positive. For example, only 8% of respondents expect a reduction in employee numbers, while 30% expect to hire new staff. Correspondingly, 37% of those surveyed expect their companies to become even more involved in composites in the future. Only 2% expect their involvement in the sector to decline.

Growth drivers remain largely stable

There is a key change in the growth drivers influencing the composites market. While recent surveys have always identified the automotive and aerospace sectors as the sectors of application expected to provide the most important growth stimuli, this picture is currently changing. Above all, there are currently serious concerns about the automotive sector. Nearly every second respondent expects a decline in this application segment. Positive impulses are expected, primarily from the aerospace industry, but increasingly also from the infrastructure/construction, mechanical engineering and electrical/electronics sectors.

In terms of materials, CRP (carbon fibre reinforced plastics) remains the number one growth driver. Asia remains the region expected to provide the most significant growth momentum. Germany and Europe are being viewed slightly more favourably in relation to the North American market.

Composites Index falls sharply

The Composites Development Index has fallen significantly in almost all areas – corresponding with the survey’s rather critical assessments (see Fig. 4).

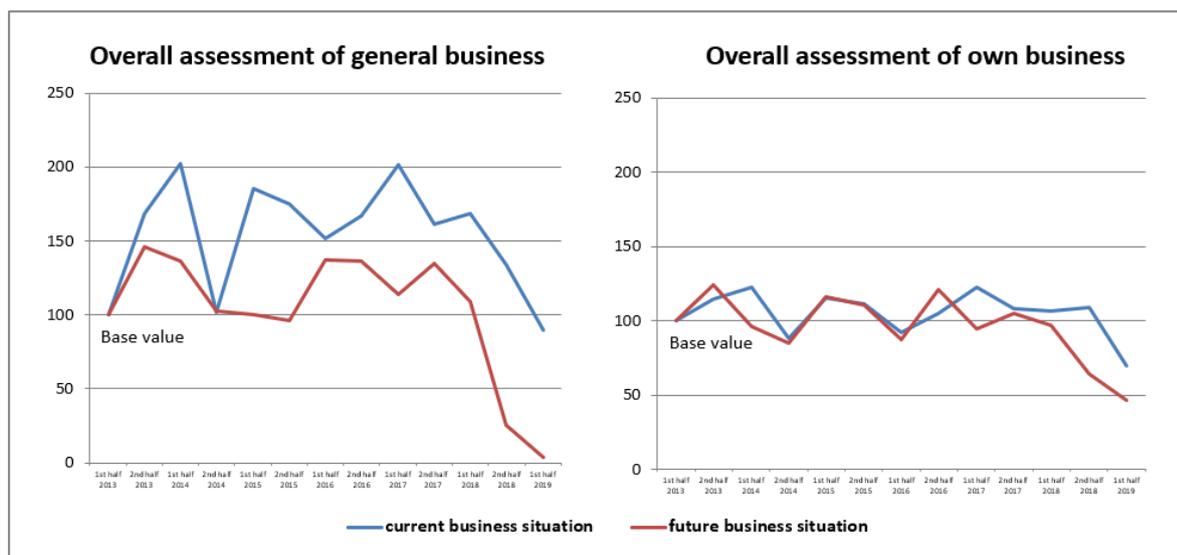


Fig. 4: Composites Development Index

The expectations and assessments are consistently less optimistic than in the previous surveys. However, it must not be overlooked that some of the individual indicators, especially those relating to the investment climate, remain at quite a satisfactory level. When the first survey was conducted in 2013, the mood within the industry was extraordinarily positive – making the subsequently declining trend line appear more negative than is perhaps justified.

However, a closer look at the above assessments shows, for example, that two thirds of respondents still have a positive view of the current business situation. Clouds may be forming but the picture is not fundamentally negative.

Nevertheless, the weakening of the index must be taken seriously as it shows sometimes high levels of dissatisfaction across different business locations and regions. For Germany as a business location – but also for international trade – appropriate incentives or stimuli must be created to brighten the outlook for the industrial sector. In the medium term, it will be interesting to see whether the

downturn continues or is confirmed in individual application areas – or whether the negative consequences can possibly be mitigated by economic policy measures. Some major impact can undoubtedly be expected from a range of general economic developments, such as Brexit, U.S. customs policies, trade disputes between leading economic and industrial nations, etc.

The next Composites Market Survey will be published in January 2020.

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About Composites Germany

With their trade association “Composites Germany”, the four strong organizations in the German fiber composite industry want to strengthen the German composite industry particularly in the field of research, determine common positions and take overlapping interests into account.

AVK- Federation of Reinforced Plastics e.V., Carbon Composites e.V. (CCeV), CFK Valley (CFK-Valley) and Working Group Hybrid Lightweight Technologies in the VDMA (VDMA) are bundling their powers to further the future oriented themes high performance composites and automated production technology which are particularly relevant in Germany.

Further information available at: <http://www.composites-germany.org>