

PRESS RELEASE

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Order bookings at the German machine tool industry disappointing in 2019

Inadequate order backlogs will lead to a double-figure fall in production output during 2020

Frankfurt am Main, 18 February 2020. – In the fourth quarter of 2019, the German machine tool industry's order bookings fell by 20 per cent in comparison to the preceding year's equivalent period. Domestic orders were down by 18 per cent, export orders by 20 per cent. In 2019, order bookings decreased by a total of 22 per cent. Domestic bookings fell by 21 per cent, export orders by 22 per cent.

"The demand for machine tools was disappointing last year," comments Dr. Wilfried Schäfer, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main. A drop of more than one-fifth, he said, meant that order backlogs are melting away and capacities are running at just under 82 per cent utilisation. Even the more propitious final figure in December, which shows a plus of 2 per cent, cannot change this assessment. "It was predominantly the non-euro zone, which recorded a plus of 23 per cent," says Dr. Schäfer. This, he continued is primarily attributable to project business in Asia and Eastern Europe, and should not be construed as a sign for an imminent upturn.

Overall, Dr. Schäfer is concerned, because the decline in order bookings is proceeding with similar severity in all markets. There are hardly any rays of

hope discernible, an indication that the knotty problem of cyclical weakness in demand and politically caused, strategically motivated trade conflicts, plus the restructuring of the industrial sector due to climatological targets, has not yet been resolved.

“For 2020, the VDW is predicting a decline of 18 per cent in production output, and we are not anticipating any swift recovery,” says Dr. Schäfer. Rather, the machine tool industry expects order bookings to bottom out to a certain extent during the further course of the year, though this will presumptively not suffice for a turnaround. Production output will accordingly be slow to recover.

Background

The German machine tool industry ranks among the five largest specialist groupings in the mechanical engineering sector. It provides production technology for metalworking applications in all branches of industry, and makes a crucial contribution towards innovation and enhanced productivity in the industrial sector as a whole. Due to its absolutely key role for industrial production, its development is an important indicator for the economic dynamism of the industrial sector as such. In 2019, with an average of 73,700 employees (firms with more than 50 staff), the sector produced machines and services worth around 16.9 billion euros.

Picture:

Dr. Wilfried Schäfer, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main

Graphic: Order bookings in the German machine tool industry

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