

**Precision tools**

#### METAV press conference

Statement Markus Horn, ECTA President and member of the board of VDMA Precision tools

Ladies and gentlemen,

it is with great pleasure that I accepted the invitation to the METAV press conference. My short presentation is divided into three parts:

1. as CEO of Hartmetall-Werkzeugfabrik Paul Horn GmbH, I will talk about the importance of METAV for my company as well as our expectations.
2. as a member of the board of VDMA precision tools, I will give a brief overview of the economic development of the German precision tools industry.
3. as ECTA President, I will conclude by informing you about the economic situation in the ECTA member countries Great Britain, France, Italy, Switzerland and Spain.

#### METAV: Importance for Horn

The challenges with regard to market access due to the lack of presence events and still existing travel and quarantine regulations in many countries affect all European manufacturers equally. I am therefore all the more pleased that the METAV has finally given us the opportunity to exhibit in Germany again as part of a trade fair. Especially in such challenging times as we are currently experiencing, it is particularly valuable for the companies in Europe to have such a joint platform for product presentation. EMO Milan has already been a first opportunity for the industry to present innovations, meet customers and network. It sent out many positive signals and proved that, despite the pandemic, there are opportunities to hold important industry events with the right timing as part of intelligent hygiene concepts. We expect to continue seamlessly with the METAV.

At Horn, we are already looking forward to METAV 2022 in Düsseldorf from June 21 to 24! On 225 sqm we will show our innovations, novelties, solutions and processes in hall 16 booth 16D20. Among other things, we will present the expansion of our tool portfolio for machining hard materials and other steels. The tools equipped with CBN offer optimized machining of nickel-based as well as other superalloys and powder metallurgical and hardened steels. To ensure that visitors can do more than just see and touch our precision tools, we will be demonstrating live machining on the latest version of the INDEX ABC automatic lathe, which will turn a visit to the show into a real experience. In addition, we are looking forward to the personal encounter and dialog with customers and interested parties. This is precisely one of the advantages of face-to-face events, which we had to do without for a long time due to the pandemic. But METAV is also moving with the times in digital terms. We support the hybridization of trade fairs as long as the focus is on presence and digitalization offers added value to visitors. Presentations and selected specials can also reach target groups that do not come to the trade show. At the METAV web sessions we are represented with the topic "New perspectives for the cutting material CBN".

Our expectations for METAV are numerous trade visitors, good talks and a trade fair that meets the spirit of the times with its hybrid structure.

This brings me to the second part: The...

#### Business cycle for German precision tools

Sales of cutting tools and workholding increased at a double-digit rate in 2021 despite difficult conditions. An even higher growth level could not be achieved due to disruptions in the supply chain, shortages of parts and stalled production by customers, increasing shortages of materials and personnel, and serious cost increases (raw materials, transport, ...). For manufacturers, foreign business was a driving factor for growth in 2021. By contrast, sales in Germany grew much more weakly. Here, the market is still significantly below the level of 2019.

The road to further recovery will remain bumpy in the upcoming months. The upbeat mood caused by a surprisingly strong revival in demand at the beginning of 2022 has given way to uncertainty about future developments as a result of the invasion of Ukraine. The effects of the war on the tooling industry will be felt, but are out of all proportion to the suffering of the Ukrainian population. Shortages on the material and procurement markets will in all likelihood continue in the coming months.

Restrictions due to quarantine measures and travel restrictions, especially in the important market of China, also continue to be a limiting factor. A sustained recovery in business with cutting tools and workholding is therefore not expected until the second half of the year.

Now we are jointly turning our attention to the...

#### Economic situation in the ECTA countries

In the five most important European countries, which are also represented by ECTA (European Cutting Tools Association), the economic situation of the tooling industry recovered in 2021, but with different dynamics. Supply chain problems and renewed waves of the pandemic caused the recovery to proceed somewhat slower than hoped and also dampened further optimism.

Overall, the European tooling industry increased cross-border deliveries of cutting tools by around one fifth. The most significant growth was still in trade with each other. It grew slightly above average by 21 percent. This means that 60 percent of all European tools found their customers within the EU-27 countries.

The picture is similar in Italy. Due to attractive special write-offs, the tool business with industrial equipment manufacturers is running like machine tools, but here, too, car production faltered.

Spain was able to record a strong recovery, especially in the first half of the year, but here too the semiconductor shortage and recently exploding electricity costs slowed down production and thus the tooling needs of customers. Here, too, the automotive industry was particularly disappointing.

Switzerland showed the strongest development within the ECTA group, here an increased demand for tools is indicated in almost all customer industries.

In France, business with the aviation industry, which is important there, is slowly picking up again, and the French automotive industry produced at least stably at the previous year's level.

On the British Isles, logistics problems dampened the recovery of the manufacturing industry. Here, too, important car production was again well down on the previous year.

Virtually all ECTA countries recorded a positive start to 2022, although the effects of the Ukraine war and the restrictions imposed by the Corona pandemic mean that further recovery in the foreseeable future will not be as rapid as hoped. All in all, the optimistic outlook for Europe provides a good market environment for METAV 2022.

In this context, we are looking forward to the ECTA Conference 2022 from 30 June to 02 July. This year's conference will be held in Rüschlikon on Lake Zurich in Switzerland and is organized by Swissmem in cooperation with ECTA.

#### Conclusion

We are looking forward to the personal interaction with hopefully numerous trade visitors and colleagues at METAV 2022!