

**PRESS RELEASE**

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## **German machine tool manufacturers now have much broader base in the customer industries**

### **Engineering sector now biggest customer for first time**

**Frankfurt am Main, 29 July 2024.** – Last year, the German machine tool industry supplied around 27 percent of its production to the automotive industry and its suppliers, according to the latest customer structure survey conducted by the VDW (German Machine Tool Builders' Association) among its members. That represents a decline of around 16 percentage points in just four years. "The automotive industry remains one of the most important customer sectors for the German machine tool industry," says Franz-Xaver Bernhard, Chairman of the VDW. "The result does, however, reflect two developments. Firstly, the transformation to electric drives means the automotive sector is investing significantly less in machining. At the same time, however, machine tool manufacturers are also diversifying their customer portfolio." In fact, the share accounted for by OEMs has more than halved to 10 percent since 2019, while that of suppliers has only fallen from 19.9 to 17.2 percent.

A number of machine tool manufacturers adapted to the transformation early on and are already serving the EV market, too. Wolfram Weber, Board Member of Grob in Mindelheim and Chairman of the VDW Economic Committee, explains: "Entering the field back in 2016, we reacted to the shift towards electric motors at an early stage. Today, we offer comprehensive solutions for drive and energy storage systems. This is reflected in our business figures. Most machining systems can also produce workpieces for EVs – and this area accounted for

around 60 percent of our output of around EUR 1.8 billion in the 2023/24 financial year."

Accounting for a share of around 30 percent, engineering and its various sub-sectors was, for the first time, the most important customer for machine tools in 2023. This share has increased by 6 percentage points since 2019. The most important sub-sectors include tool and mold making, the machine tool industry itself, agricultural machinery and components such as hydraulics, pneumatics and drive technology.

This change is exemplary of the diversification and innovation which the engineering sector requires in order to meet the challenges of the changing industrial landscape. Dr. Torsten Schmidt, CEO of the Nürtingen-based Heller Group, has experienced at first hand this drastic reduction in the proportion of deliveries to the automotive industry. He explains: "In 2017, 80 percent of our turnover was still coming from our business with the automotive industry. By 2022, however, it had fallen to 50 percent. Last year, the combustion engine only accounted for 6 percent of incoming orders. Nevertheless, the truck and agricultural sectors remain of central importance to us. We now manufacture milling/turning centers as well as 4- and 5-axis machining centers for tool and mold making, the aerospace industry, general engineering and many other sectors."

In the rankings of the most important customer industries, the engineering and automotive industries are followed by manufacturers of metal products, the aerospace industry, electrical engineering/electronics, and metal production and processing. Other major customer industries include precision mechanics, rail vehicle construction, power engineering and medical technology. These have all increased their share. This reflects major trends such as digitalization, the energy transition, climate protection, infrastructure modernization and the ageing population.

Bernhard concludes: "The wide variety of customer industries shows how the machine tool industry is fulfilling its role as an enabler and how it can offer significant added value to growth industries in the future."

#### **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 2023, with an average of 65,200 employees (firms with more than 50 staff), the sector produced machines and services worth around 15.4 billion euros.

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