



Composites Germany

- ❑ Current crises are dampening mood in composites industry
- ❑ Pessimistic outlook
- ❑ Subdued investment climate
- ❑ Varying expectations for application industries
- ❑ GRP is still a growth driver
- ❑ Composites Index continues to decline

This is the 19th time that Composites Germany has identified the latest performance indicators for the fibre-reinforced plastics market. The survey covered all the member companies of the three major umbrella organisations of Composites Germany: AVK, Leichtbau Baden-Württemberg and the VDMA Working Group on Hybrid Lightweight Construction Technologies.

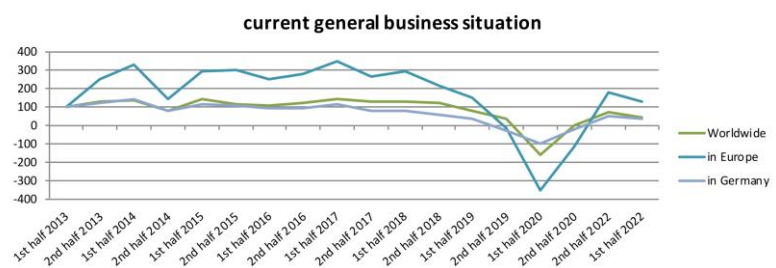
As before, to ensure a smooth comparison with the previous surveys, the questions in this half-yearly survey have been left unchanged. Once again, the data obtained in the survey is largely qualitative and relates to current and future developments in the market.

Current crises are dampening mood in composites industry

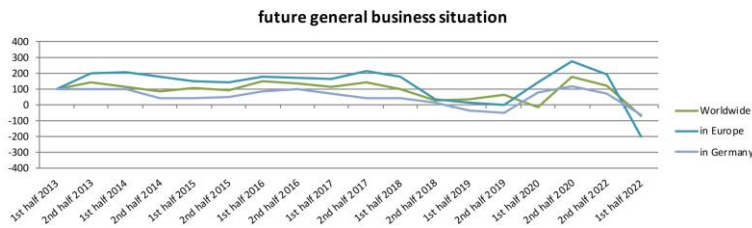
Both the economy in general and industry in particular are struggling with numerous challenges at the moment. The Covid-19 pandemic has now had a negative impact for over two years and is still affecting a range of segments of the composites industry. One area that has been hit especially hard by the resulting losses is the mobility sector. Another major strain has been a sharp rise in energy costs recently. Above all, we can expect price increases in fuel and gas to become a central issue over the next few months. In addition, there are still problems along international supply chains, coupled with steep increases in raw material prices, partly due to bottlenecks in the supply. The war in Ukraine has put an additional strain on many business sectors, affecting their supply chains, in particular.

In the current survey, both these and other effects have had a major negative impact on the mood in the composites industry.

The assessment index for the current general economic situation is showing a clear decline.



Compared to the last survey, the assessment of the respondents' own business situations has dropped significantly and for the first time in eighteen months. However, this decline has been far less severe than during the onset of the Covid-19 pandemic.



Pessimistic outlook

Furthermore, there has been a substantial decline in expectations for the future market development. The key figures for the general economic situation have been declining sharply and have reached an all-time low since the beginning of the survey. The respondents are also less optimistic about future expectations for their own companies.

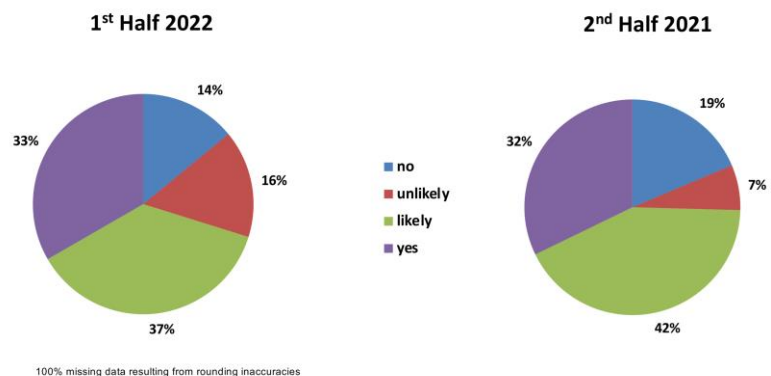
However, respondents are less extreme when assessing the business situations of their own companies. Despite negative spikes, this curve is far less steep, showing that respondents are expecting less dramatic effects on their own companies than on the industry as a whole.



Photos: Pixabay / Pexels

Subdued investment situation

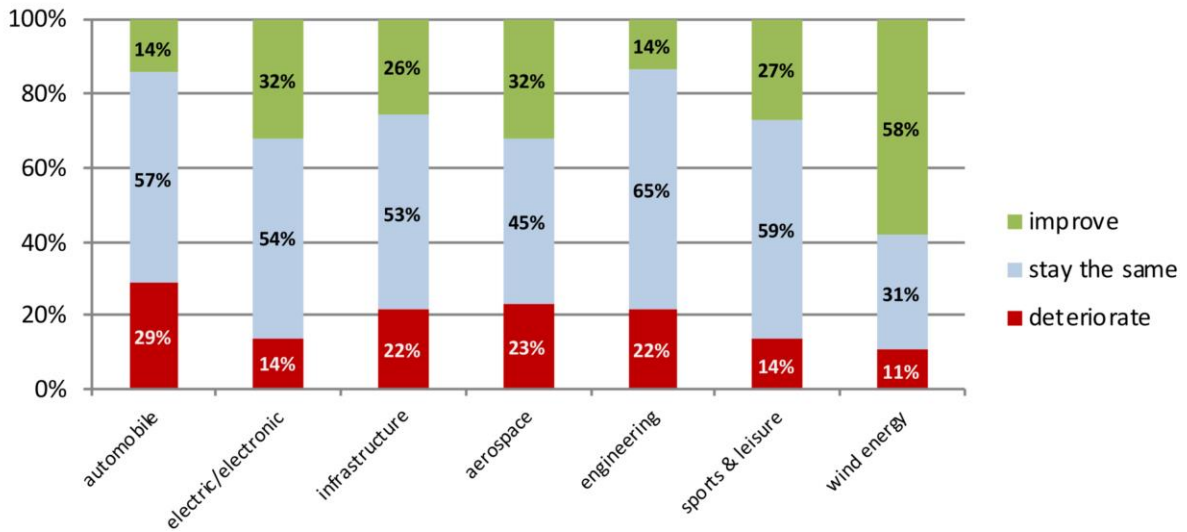
Although, as expected, the investment climate has also become subdued, it should be noted that, in all, expectations are still relatively high. 70% of all respondents believe that machine investments are possible, or they are planning for it. This figure is somewhat lower than in the previous market survey, but it shows a far less dramatic development than the other factors mentioned above.



Varied expectations for application industries

We already mentioned the high level of heterogeneity of applications in the composite sector. In the survey, respondents were asked to provide assessments of market developments in various core sectors.

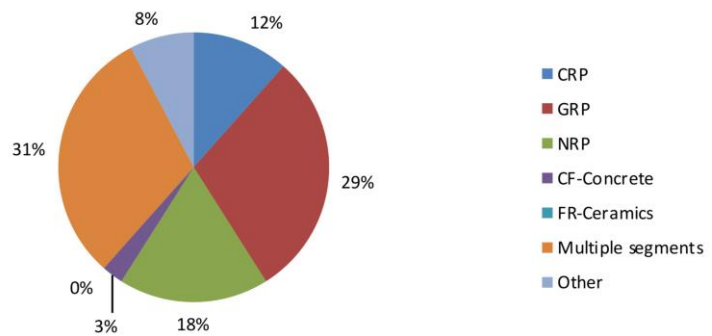
Their expectations clearly differ substantially from one another.



The proportion of pessimistic expectations has generally been rising for all application industries. While these expectations are almost entirely within a single-digit range, there has been a clear rise in the proportion of those expecting a deterioration of the market in the various application industries. Similar to the last surveys, major drops are expected above all for the automotive, aviation and mechanical engineering sectors. For the first time, however, we can now also see rather negative expectations on the infrastructure and building sector. Yet this is a segment which often reacts quite slowly to temporary economic fluctuations and has so far shown itself to be relatively resilient towards the above-mentioned crises. It remains to be seen whether such forebodings will come true, or whether the construction industry will continue to hold its own in the face of the current negative forces.

Growth drivers remain stable

Geographically, the survey shows that the most important growth stimuli for the composites segment are expected to come from Germany, Europe and Asia.



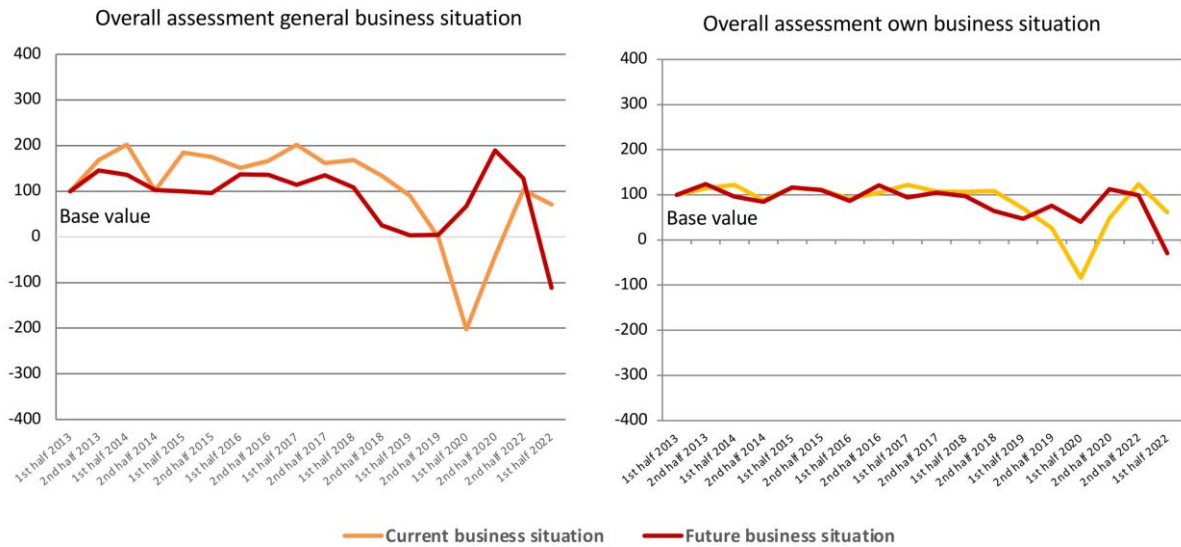
Where materials are concerned, we are seeing a continuation of the ongoing paradigm shift. Whereas, in the first 13 surveys, respondents

always mentioned CRP as the material with the most important growth drivers in its environment, the most important stimuli are now being expected to come consistently either from GRP or from all materials.

Composites Index continues to decline

The industry is currently going through an extremely tense and difficult period, characterised by rising costs, supply chain issues, lack of availability of certain semifinished products and raw materials, increasing political instability and very pessimistic expectations for the future. All the relevant indicators of the current composites survey are pointing downwards at the moment. After some slight recovery over the last 18 months, the Composite Index has therefore clearly been weakening this time and has been dropping to new

low points, especially concerning future expectations.



Note: The Composites Index 1st half 2021 could not be generated due to a data breach! – index: 1.half 2013= 100

Industry in general, but particularly also Germany’s composite industry, has always shown itself to be very resilient towards crises and has often cushioned negative developments quickly. The total production volume for composites in Europe last year already reached its pre-crisis level of 2019. Germany continues to be the most important manufacturing country in Europe, with a market share of nearly 20%. Hopefully, the slowdown in the coming months will be less severe than expected and the composites industry will remain on an upward trajectory. We will continue to be optimistic, as composites are highly diverse and therefore a key material of the future.

The next Composites Market Survey will be published in January 2023.

Source: Composites Germany