



Composites Germany

PRESS RELEASE

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Composites Germany – results of the 18th Composites Market Survey now available

- Assessment of current business situation positive
- Future expectations subdued
- Investment climate friendly
- Varied expectations for application industries
- GRP is still a growth driver
- Composites Index is now positive

This is the 18th time that Composites Germany (www.composites-germany.de) 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 market developments.

Assessment of current business situation is brightening up

Both the economy in general and industry in particular are currently struggling with numerous challenges. They include the ongoing challenges of the coronavirus pandemic, the currently apparent shortage of raw materials and the lack of semiconductors with its massive impact on production, especially in two markets: passenger cars and commercial vehicles. The situation is extremely tense in some segments, while others are only marginally affected.

The composites industry is highly heterogeneous, and areas of application can be found in nearly all its relevant segments. These have been and still are being impacted by the above-mentioned effects in very different ways. Unlike the rather gloomy picture that is often expressed, the respondents in this latest survey give a somewhat more positive

assessment of today's business situation. 70% of respondents describe the current general situation as positive or even highly positive. The relevant index has therefore risen significantly (see Fig. 1), with values that are clearly approaching the pre-crisis level.

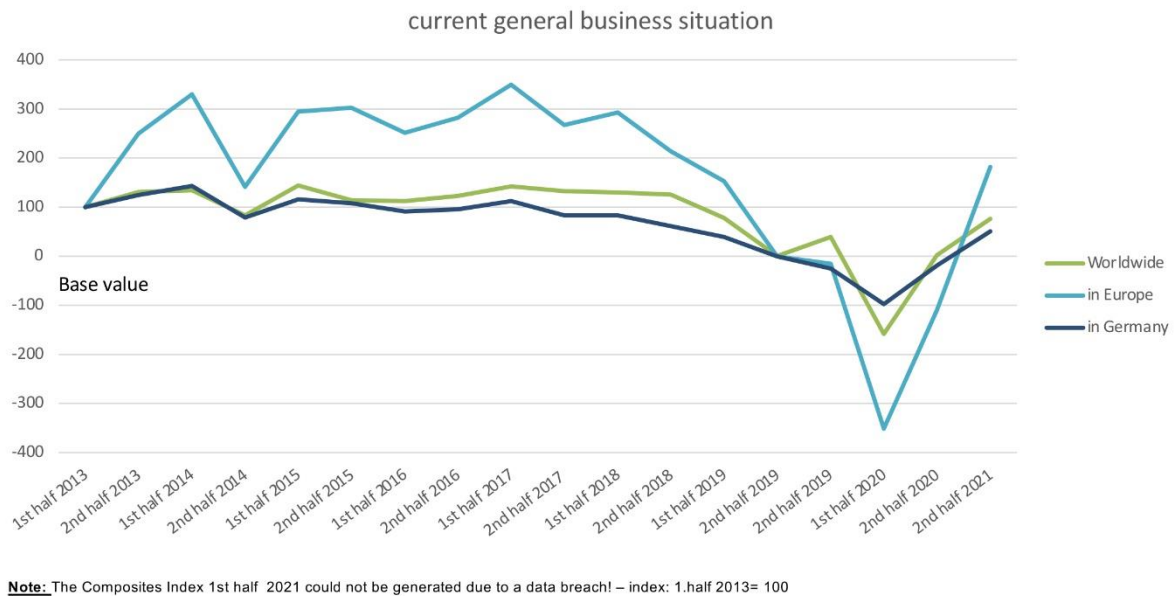


Figure 1: Composites Index: current general business situation

The respondents' assessments of their own business situations, i.e. their own companies, have improved further since the previous survey. Across all regions surveyed, well over 80% of respondents rated the situation as either positive or highly positive.

Future expectations subdued

The future, on the other hand, is being viewed less positively. The relevant indicators for the general business situation are noticeably lower than before, and respondents are less optimistic about their own companies' future prospects (see Fig. 2). The index shows a downward trend in two of the three regions surveyed. About a third of respondents are expecting to see an improvement in the situation over the next six months. The majority are expecting a stagnant economic environment with little movement compared with the current situation.

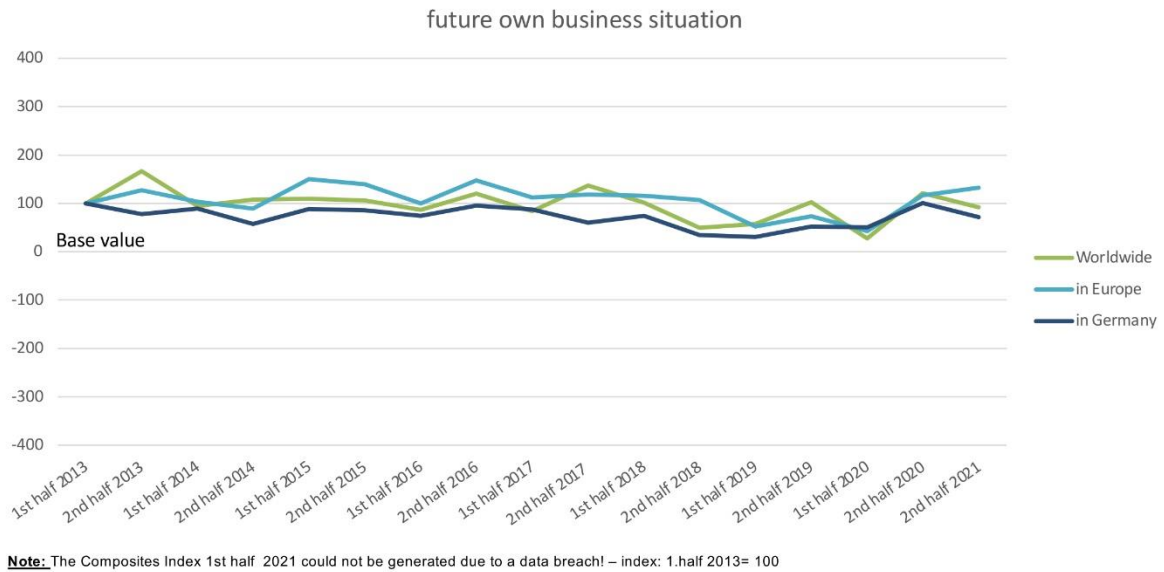


Fig. 2: Assessment of own future business situation

Investment climate friendly

By contrast, the investment climate appears to be very friendly. Nearly half of all respondents are expecting an increase in their workforce over the next six months. And planned capital investments are also increasing. Over 70% of respondents believe that machine investments are possible, and many of them are actually planning such investments. This figure has increased further since the last market survey (see Fig. 3).

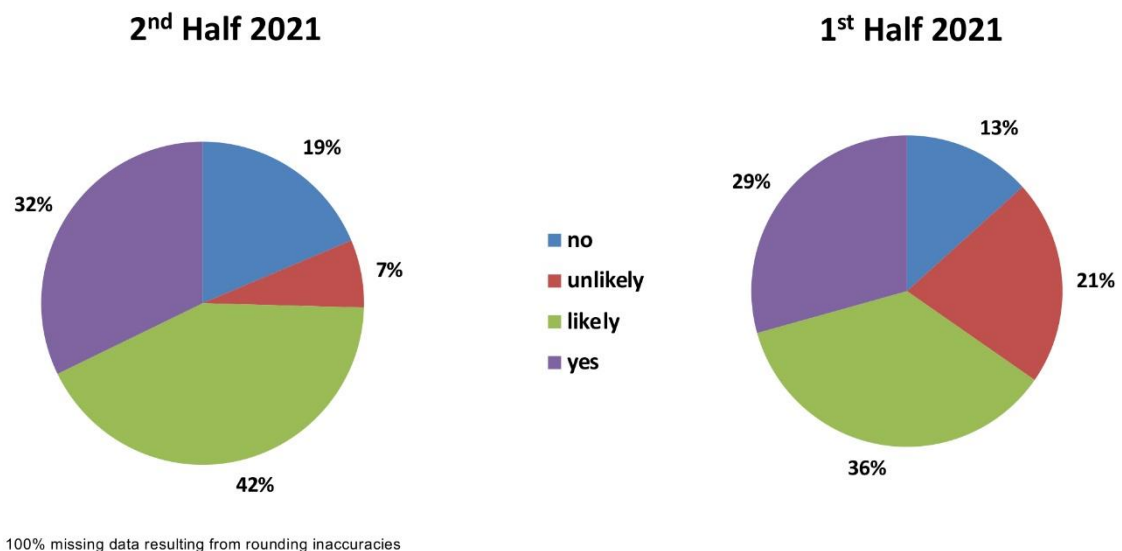


Fig. 3: Assessment of machine and capital investments over the next six months

Varied expectations for application industries

We already mentioned the high level of heterogeneity in composite applications. In the survey, the respondents were asked to assess the market developments of different core areas.

Expectations vary substantially (see Fig. 4).

Significant declines are expected, above all, in automotive, aviation and mechanical engineering. Expectations are particularly optimistic on composite applications in wind energy, infrastructure and construction as well as the sports and leisure industry. The last two, in particular, have proved to be quite robust towards events such as the coronavirus pandemic. This is certainly true compared with other industries such as automotive and commercial vehicles, which were already battling with significant slumps in sales even before the latest developments, especially in Europe.

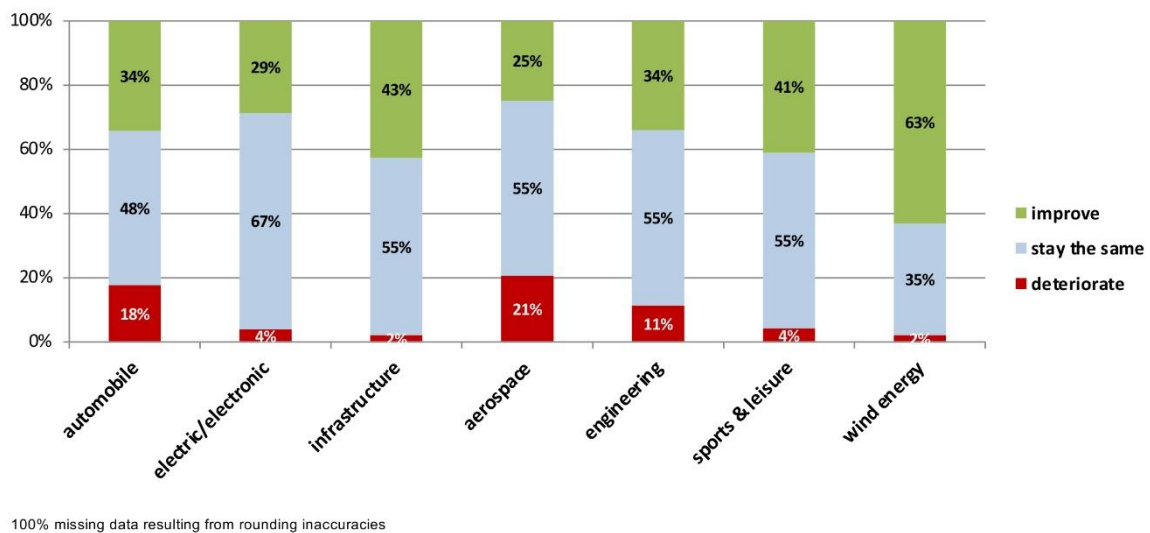


Figure 4: Assessment of the development of selected areas of application

Growth drivers remain stable

As before, the current survey shows Germany, Europe and Asia as the global regions expected to deliver the most important growth stimuli for the composites segment.

Where materials are concerned, we are seeing a continuation of the ongoing paradigm shift. Whereas, in all of the first 13 surveys, respondents believed that the composites segment would receive its main growth stimuli from CRP as a material, this is now the third consecutive survey where respondents are mentioning GRP as the most important material (see Fig. 5).

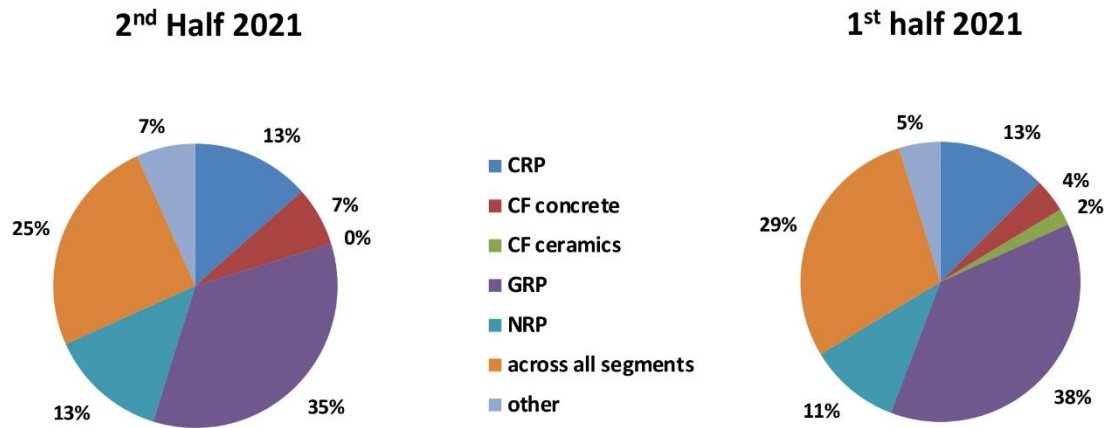


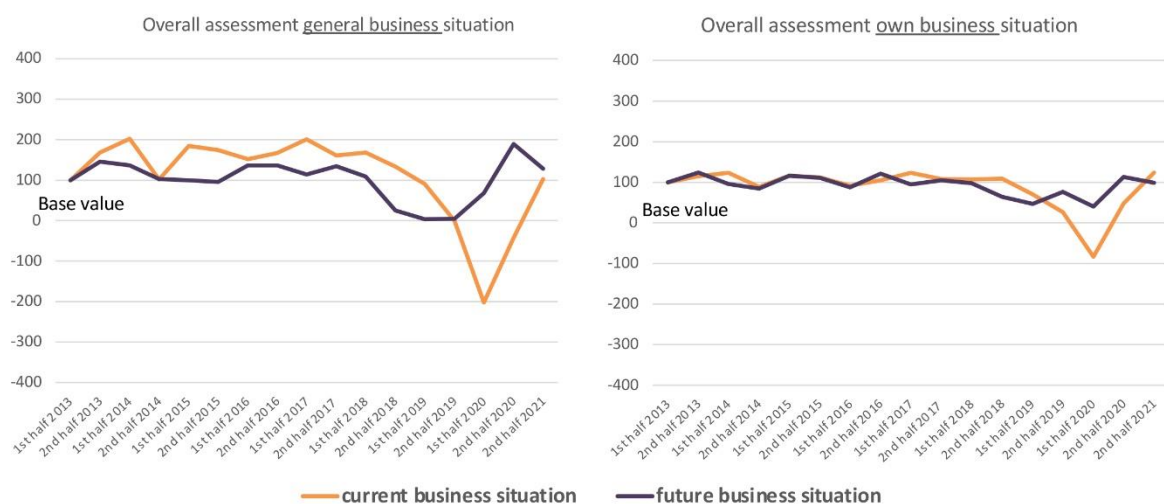
Figure 5: Growth drivers: materials

Composites Index is now positive

Countless discussions with industry representatives, particularly in the second half of 2021, suggest a rather more positive mood. What should come as a surprise, however, is the clarity with which the respondents are expressing themselves so positively about the current business situation.

The composites industry currently seems to be far less affected by the many challenges facing the economy in general than was often assumed.

The Composites Development Index shows a high level of increasing satisfaction with the current situation, although future expectations are still subdued (see Fig. 6).



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

Figure 6: Composites Development Index

Like so many other sectors of industry, the composites market had to contend with declining sales over the last two years. Especially in 2021, however, there was a clear recovery. It remains to be seen how and to what extent the current challenges will also affect previously stable areas of application. Rising raw material and energy prices, coupled with a partial lack of availability, are an explosive mixture for industrial production. Moreover, the situation continues to be complicated by ongoing disruptions in various supply chains, especially to Asia. In addition, there are problems in the semiconductor industry and political tensions, for example in Ukraine right now. Quite apart from the potential danger to people in the affected region, these issues are having a toxic effect on international trade.

Our outlook remains optimistic, as we continue to see composites as a material with good future prospects.

The next Composites Market Survey will be published in August 2022.

Press enquiries: Composites Germany, Dr. Elmar Witten

Phone: +49 69 2710770; Email: elmar.witten@composites-germany.org

www.composites-germany.org

About Composites Germany

With their trade association "Composites Germany", the three strong organizations in the German lightweight / 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., Leichtbau Baden-Württemberg 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>