Assocomaplast
ITALIAN PLASTICS AND RUBBER
PROCESSING MACHINERY AND MOULDS
MANUFACTURERS' ASSOCIATION

Associated with:
CONFINDUSTRIA,
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2009 OVERVIEW
OF THE ITALIAN PLASTICS AND RUBBER PROCESSING MACHINERY INDUSTRY
(summary)

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SOURCES: ASSOCOMAPLAST, ISTAT and other statistical institutes of the mentioned countries

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Industry trends 2007-2009

If, at the close of 2008, Italian manufacturers of plastics and rubber processing equipment saw the first signs of the deep economic crisis that would later affect not only Italy and Europe but the entire world (production -1.2% compared to 2007 and exports -8.4%), the economic and financial storm which struck across the world, for the whole of 2009, proved even worse in its effects than had been expected.

During that 12-month period, production collapsed -21.4% (from 4,200 to 3,300 million euro, a drop of nearly one billion) and foreign sales fell -26.5% (from 2,523 to 1,853 million euro).

It is little consolation that Italian imports (in other words, the exports of foreign manufacturer into our country) likewise fell in 2009 by 22.2% compared to 2008 (from 607 to 472 million euro).

The 20.8% decline in the production output of the ASSOCOMAPLAST member companies (based on the survey conducted at the start of the year by the Association's research department) is essentially aligned with the trends of the sector, and confirms the magnitude of a crisis which many have (rightly) labelled epoch-making.

It will take years (the most optimistic industry operators speak of no less than 2 or 3) to fill the "hole" created between September 2008 (the month now conventionally associated with the failure of Lehman Brothers) and the end of 2009.

Statistically speaking, we note that, in light of the steep decline in exports and imports, the figures for the domestic market and the balance of trade have likewise shown negative variations, and more specifically -16% for the former and -27.9% for the latter.

Table 1 - Italian market of plastics and rubber processing machinery, equipment and moulds (million euro)

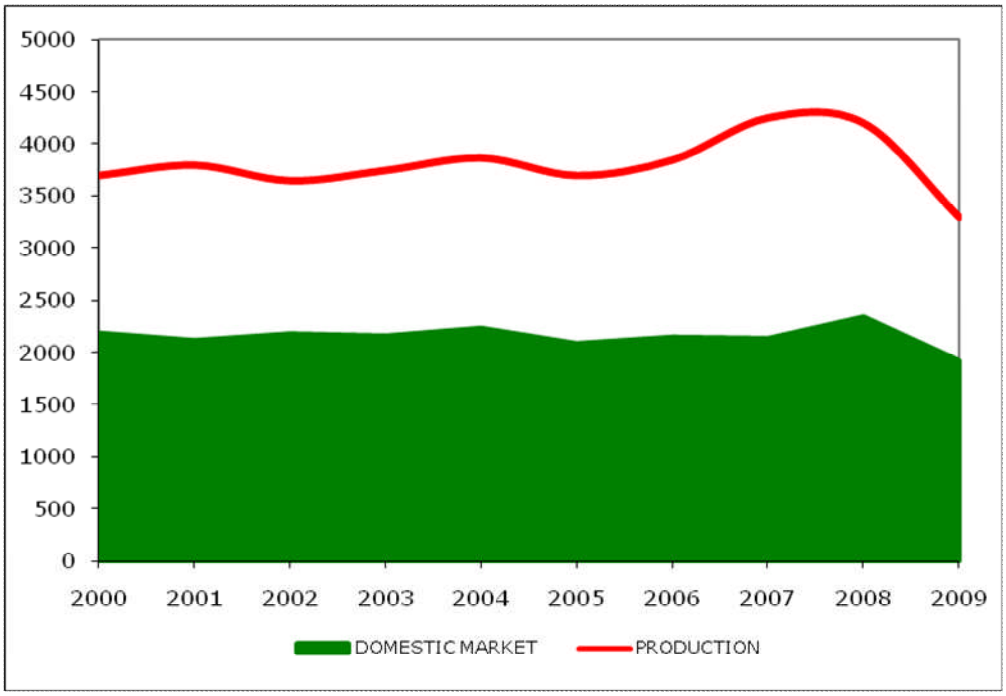
	2007	Δ% 07/06	2008	Δ% 08/07	2009	Δ% 09/08	average Δ% 07-09
production	4,250	10.4	4,200	-1.2	3,300	-21.4	-5.0
export	2,753	17.8	2,523	-8.4	1,853	-26.5	-7.4
import	634	0.7	607	-4.4	472	-22.2	-9.1
domestic market	2,132	-0.6	2,284	7.1	1,919	-16.0	-3.6
trade balance (positive)	2,118	24.2	1,916	-9.5	1,381	-27.9	-6.8

The situation outlined above is clearly apparent (especially visually) from the following charts, which include the statistical data starting from 2000.

Comparing the trends for production output and the domestic market (chart A), and setting aside the fact that both curves show a marked downward "swerve", we note that sales in Italy have, at least partially, better withstood the impact of the crisis compared to foreign sales.

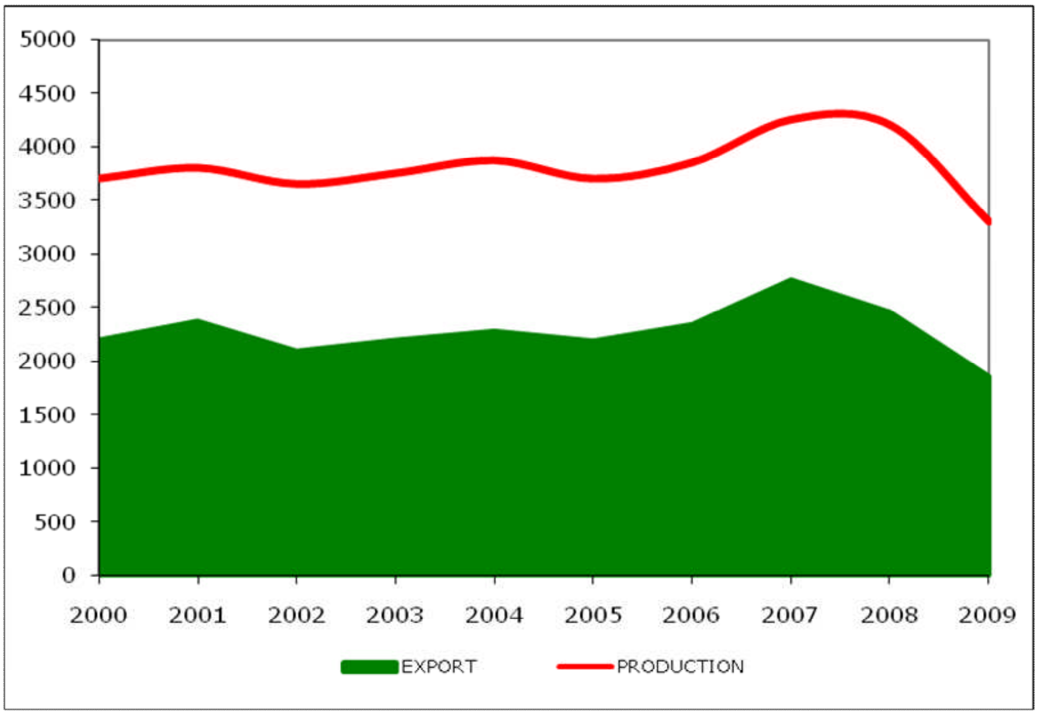
This fact, which at first glance appears surprising, can be partly justified by the impact of the introduction of the Tremonti-ter incentive (strongly backed by ASSOCOMAPLAST and more, generally, by all the mechanical equipment Associations belonging to FEDERMACCHINE), in the final months of 2008, on sales of machinery in Italy.

Chart A – 2000-2009 trend of Italian production and domestic market
of plastics and rubber processing machinery, equipment and moulds (million euro)



The curves for production output and export sales (chart B) are also fairly similar (both marked a fall in 2008), though not identical, confirming the fact that the crisis affected all markets without distinction.

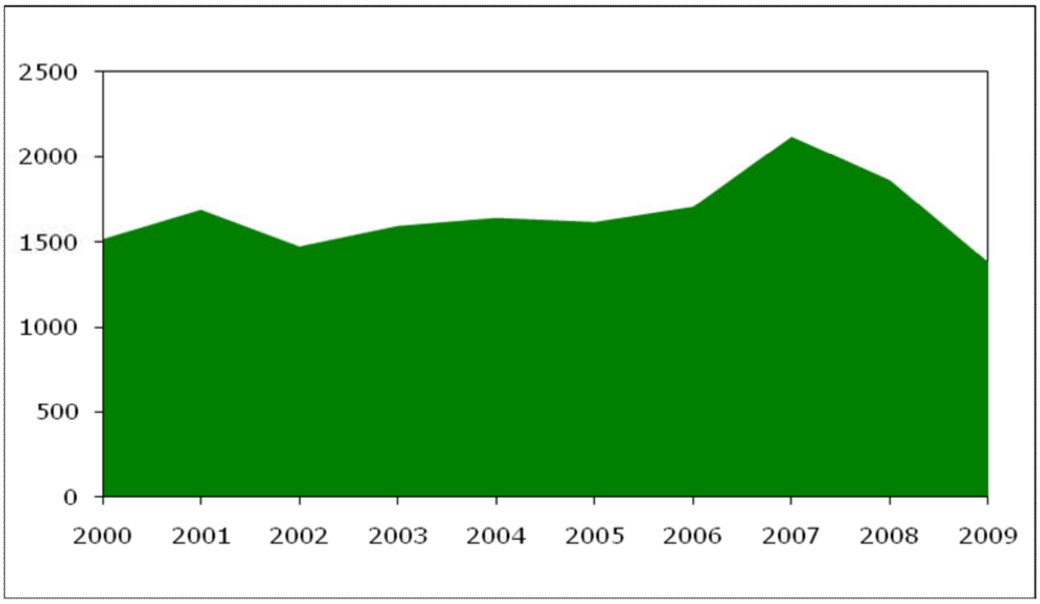
Chart B – 2000-2009 trend of Italian production and export of plastics and rubber processing machinery, equipment and moulds (million euro)



Meanwhile, if the curve for the balance of trade (export-import) shown in chart C looked "worrying" in 2008 (when there was a first inversion of the trend from its previously continuous upward course from 2002 to 2007), the events of 2009 dramatically worsened the situation.

Though continuing to remain positive, the gap between the value of exports and that of imports significantly narrowed, marking the worst result between 2000 and today.

Chart C – 2000-2009 trend of Italian trade balance of plastics and rubber processing machinery, equipment and moulds (million euro)



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If in last year's industry overview, commenting on the three above charts, we noted that 2008 marked a breaking point, with an inversion of all the trends, the year 2009 instead (unfortunately!) witnessed the full unfolding of the crisis, to reach its lowest point which, it is hoped, has now been overcome.

Italian foreign trade in 2007-2009

For what concerns imports and exports, in the interests of conciseness, for the individual product categories refer to table 2 which shows the aggregate values for both directions of trade.

Table 2 - Italian import-export of plastics and rubber processing machinery, equipment and moulds (000 euro)

	import			export		
	2007	2008	2009	2007	2008	2009
calenders and laminators	368	975	300	80,707	75,395	55,991
flexographic printing machines	18,537	12,544	12,002	119,336	126,687	80,813
plants for mono and multifilaments	12,300	8,452	948	39,521	50,761	55,390
injection moulding machines	61,961	74,645	50,255	166,633	115,073	66,355
extruders	45,920	33,757	28,009	288,637	310,370	180,226
blow moulding machines	15,955	20,096	24,422	167,188	155,786	127,294
thermoforming machines	13,354	13,056	7,231	30,364	35,019	23,617
presses for tyres and inner tubes	4,320	5,344	6,139	33,568	22,066	19,164
presses	44,646	24,015	14,523	124,409	102,502	54,522
machines for moulding or forming	9,639	18,429	12,017	141,609	146,457	139,608
machines for reactive resins	1,701	1,890	1,564	42,196	33,979	20,011
machines for foamed products	5,634	7,351	6,193	39,876	36,001	13,238
equipment for size reduction	2,907	5,014	2,798	22,491	30,540	16,066
mixers	5,254	4,833	4,023	22,996	24,054	17,070
cutting, splitting and peeling machines	8,873	4,857	4,290	7,251	10,417	7,810
other machines	39,501	36,209	26,221	365,633	312,913	217,337
parts and components	114,015	124,143	90,985	377,440	371,169	248,906
moulds	229,373	210,840	180,155	682,717	563,459	509,870
total	634,258	606,450	472,075	2,752,572	2,522,648	1,853,286

With respect to imports, we note only the predominance, as always, of purchases from Europe (accounting for well over 3/4 of the total), and especially from countries of the European Union (accounting for a 2/3 share); last year, Italy purchased from the EU 362 million euro worth of plastics and rubber processing equipment, compared to nearly 530 and 480 million in 2007 and 2008 respectively (down -12% on average). Table 3 shows, in greater detail, the top ten source markets of Italian imports.

It is additionally worth noting the following points:

- imports from the top five countries account for 65% of the total
- Germany is once again (as always) at the top of the ranking, with an absolutely predominant percentage share
- China goes down to third place but increases its proportion of sales; evidently, the price advantage of Chinese machines is gaining appeal irrespective of quality considerations, and we note also how, with the decline in Italian exports, the corresponding balance of trade has been halved over the three-year period in question (from 100 million euro in 2007 to 50 million as of last December).

Table 3- Main countries of origin of the Italian import
of plastics and rubber processing machinery, equipment and moulds (000 euro)

	2007	%	Δ% 07/06	2008	%	Δ% 08/07	2009	%	Δ% 09/08
Germany	234,040	36.9	-0.1	196,011	32.3	-16.2	144,188	30.5	-26.4
France	52,778	8.3	-20.6	48,679	8.0	-7.8	44,322	9.4	-9.0
China	37,546	5.9	27.4	51,153	8.4	36.2	42,604	9.0	-16.7
Switzerland	65,697	10.4	7.1	62,252	10.3	-5.2	39,247	8.3	-37.0
Austria	51,128	8.1	-2.3	50,682	8.4	-0.9	36,594	7.8	-27.8
Spain	9,858	1.6	-29.5	19,374	3.2	96.5	20,610	4.4	6.4
United States	23,123	3.6	3.6	27,893	4.6	20.6	19,543	4.1	-29.9
Japan	11,130	1.8	1.8	12,726	2.1	14.3	16,456	3.5	29.3
Czech Rep.	23,441	3.7	10.5	19,794	3.3	-15.6	15,999	3.4	-19.2
Taiwan	6,158	1.0	-15.8	8,748	1.4	42.1	9,308	2.0	6.4
other countries	119,359	18.7	4.0	109,138	18.0	-8.6	83,204	17.6	-23.8
world	634,258	100.0	0.7	606,450	100.0	-4.4	472,075	100.0	-22.2

For what concerns exports in 2009, it can be seen that foreign sales of all types of machines - outside of monofilament and multifilament extruders, which saw a positive change - have suffered double digit declines, with the exception of machines for moulding and forming, down just –4.7%, and moulds, down –9.5%.

In consequence, there is also a marked decline in foreign demand for the principal processing technologies, which also lose considerable "weight" as a proportion of the total, to the point that the increasingly predominating statistical item – in absolute terms – is that of moulds.

The worst-hit category has been injection machines. Their share of the total has in fact gone from 6.1% at the end of 2007 to 3.6% in December of last year, corresponding to a drop of over 42% over the last two years, and a 35% average decline over the three-year period.

The share of the total for extruders fell to below 10%, whereas it had exceeded 12% at the end of 2008 and was 10.5% in the preceding year, as a result of a 42% collapse in sales compared to the preceding year.

It must be underlined that, looking at the two most important export product categories - “moulds” (accounting for over 27% of the total), down 9.5% from 2008, and "parts and components" (approximately 13% of the total), which are down -32.9% - the decline in exports is 26.5%. By the same token, if we exclude these two categories and look only at machines, the decline is even steeper, exceeding 31 percentage points compared to 2008.

It should in any case be noted that, as always, the results for last year and those of the preceding years are not perfectly comparable, because the data up to 2008 have in the meantime been adjusted by ISTAT, resulting in an elevation of the total values after compensating for exchange rates, especially within the EU.

The predominant market for Italian exports in this sector remains, as always, Europe, with machinery purchases amounting to just under 1.1 billion euro, but down from approximately 1.55 billion in 2008 and 1.76 billion in 2007. Despite retaining a 60% share of total exports, the drop in sales is significant: -8.5% on average over the three-year period.

Well behind in second place, with shares of around 18% and 16.5% of total exports for 2009, are sales to Asia and the Americas, which likewise showed notable declines. Exports to Asia fell to 331 million euro at the end of last year, compared to approximately 426 and 432 million in the two preceding years; the resultant average decline is of 6.3% over the three-year period. North, Central and South America purchased Italian machinery worth 305 million in 2009, compared to nearly 426 and 414 million in 2007 and 2008 (representing a -7.4% average decline over the three years).

Exports to Africa, amounting to just under 107 million euro (down 6% in terms of the share of the total), essentially held firm compared to the results of 117 million at the end of 2008 and 110 million in 2007, corresponding to an overall average positive trend of 4.5%.

Finally, sales to Australia/Oceania were, as always, residual: approximately 11 million euro (just 0.6% of the total), marking a drastic collapse from the results of more than 23 and 20 million of the two preceding years.

Chart D - Italian export by areas of plastics and rubber processing machinery, equipment and moulds (% out of totals 2007/2009)

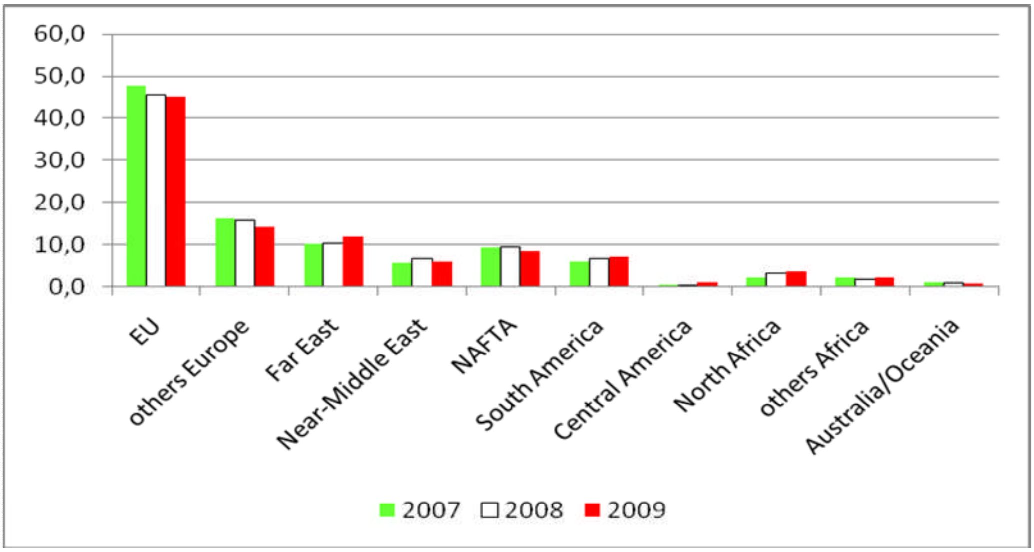

Table 4 - Italian export by areas of plastics and rubber processing machinery, equipment and moulds (million euro)

	2007	% out of total	Δ% 07/06	2008	% out of total	Δ% 08/07	2009	% out of total	Δ% 09/08	average Δ% 07-09
EU	1,314	47.8	17.5	1,152	45.7	-12.3	836	45.1	-27.4	-9.2
others Europe	446	16.3	40.5	394	15.6	-11.7	262	14.1	-33.4	-6.2
Far East	276	10.0	-0.2	257	10.2	-6.7	223	12.0	-13.5	-7.0
Near-Middle East	157	5.7	23.9	169	6.7	7.6	109	5.9	-35.4	-4.9
NAFTA	254	9.2	0.1	242	9.6	-5.0	159	8.6	-34.2	-14.5
South America	158	5.7	41.7	164	6.5	3.9	128	6.9	-21.9	4.7
Central America	14	0.5	-23.1	8	0.3	-46.0	18	1.0	134.1	-0.9
North Africa	55	2.0	13.0	77	3.1	40.8	68	3.7	-11.3	12.2
others Africa	55	2.0	21.3	40	1.5	-27.9	39	2.1	-2.3	-4.1
Australia/Oceania	23	0.8	21.2	20	0.8	-13.1	11	0.6	-48.2	-18.3

For what concerns the break-down of exports by countries, the table below compares the top 20 destination countries over the three-year period 2007-2009 (that is to say the markets accounting for nearly 3/4 of Italian manufacturers' foreign sales, the top ten alone of which account for over 53% of total exports) indicating annual shares of the total, percentage changes year on year, and average changes over the period.

Table 5 - Main countries of origin of the Italian import
of plastics and rubber processing machinery, equipment and moulds (000 euro)

	2007	% out of total	Δ% 07/06		2008	% out of total	Δ% 08/07		2009	% out of total	Δ% 09/08	average Δ% 09/07
Germany	397,783	14.5	28.6	Germany	316,895	12.6	-20.3	Germany	254,855	13.8	-19.6	-6.3
Russia	206,523	7.5	90.2	Russia	178,404	7.0	-13.6	France	120,169	6.5	-28.6	-3.8
France	157,567	5.7	16.9	France	168,218	6.7	9.8	China	92,755	5.0	-18.1	-13.3
United States	151,800	5.5	3.5	United States	135,518	5.4	-10.7	United States	89,715	4.8	-33.8	-15.1
Spain	142,474	5.2	9.7	Poland	120,706	4.8	0.1	Russia	88,341	4.8	-50.5	-6.6
China	137,510	5.0	-2.7	China	113,268	4.5	-17.6	Spain	81,477	4.4	-27.8	-14.4
Poland	120,597	4.4	8.3	Spain	112,841	4.5	-20.8	Poland	70,894	3.8	-41.3	-14.0
Turkey	96,636	3.5	18.2	Mexico	76,774	3.0	8.2	Turkey	68,168	3.7	-7.3	-5.9
UK	93,323	3.4	5.1	Brasil	74,456	3.0	45.6	India	57,306	3.1	17.5	22.2
Mexico	70,932	2.6	0.3	Turkey	73,519	2.9	-23.9	Brasil	56,758	3.1	-23.8	7.8
Switzerland	69,630	2.5	22.9	Switzerland	67,936	2.7	-2.4	UK	54,153	2.9	-15.9	-15.2
Saudi Arabia	67,974	2.5	344.4	UK	64,422	2.6	-31.0	Mexico	51,268	2.8	-33.2	-10.2
Rumania	67,885	2.5	8.8	Saudi Arabia	63,773	2.5	-6.2	Switzerland	48,154	2.6	-29.1	-5.3
Brasil	51,135	1.9	13.0	Rumania	56,792	2.3	-16.3	Saudi Arabia	33,839	1.8	-46.9	30.3
India	42,714	1.6	36.2	India	48,769	1.9	14.2	Czech Rep.	33,064	1.8	-6.2	-8.7
Czech Rep.	41,013	1.5	-5.5	Iran	38,994	1.5	9.5	Belgium	33,089	1.8	5.6	3.1
Austria	37,615	1.4	5.5	Czech Rep.	35,269	1.4	-14.0	Rumania	31,087	1.7	-45.3	-20.7
Belgium	36,732	1.3	21.8	Greece	33,133	1.3	25.7	Austria	25,959	1.4	-16.4	-10.0
Iran	35,616	1.3	-8.3	Egypt	31,521	1.2	84.4	Egypt	24,510	1.3	-22.2	27.4
Canada	31,532	1.1	-13.8	Belgium	31,287	1.2	-14.8	Iran	23,310	1.3	-40.2	-15.6
total "top 20"	2,056,991	74.5	18.9		1,842,495	73.0	-10.0		1,338,871	72.4	-27.3	-9.1
other countries	695,581	25.5	15.0		680,153	27.0	-3.6		514,415	27.6	-24.4	-2.4
world	2,752,572	100.0	17.8		2,522,648	100.0	-8.4		1,853,286	100.0	-26.5	-7.4

Prospects for 2010

In the current economic climate it is frankly very difficult to make any type of forecast. Often, these must be based more on intuition than on real data, also because the economic and financial picture is continually evolving.

In effect, if in the early months of 2010 there was a certain optimism among the majority of industry operators, the very recent Greek crisis (with its risk of contagion to Spain and Portugal) has called everybody back to a more cautious view.

In any case, the opinions collected during the latest business climate survey conducted by ASSOCOMAPLAST at the end of May are doubtless representative.

If it is by no means surprising that 70% of respondents report an improvement in orders in May compared to the same month of 2009 (for the record, the remaining 21% described orders as "stable", 7% as "down" and 2% as "steeply down"), it is reassuring that 45% have also noted an improvement compared to April 2010 (a month when "only" 35% had expressed themselves thus favourably compared to March 2010).

In other words, it would appear (we have to use the conditional here) that manufacturers are recovering a certain degree of confidence.

With respect to turnover, for the period of January-June 2010, compared to July-December 2009, 45% of respondents report growth, 46% stability, and only 9% a decline. This is a clearly encouraging result, as also are the figures with respect to redundancy funds: "only" 30% expect to resort to these in the first semester of 2010, compared to 58% in May 2009.

In terms of geographical regions, it is worth noting the recovery of the Italian market (orders up for 50% of the companies who responded to the questionnaire), also thanks to the stimulus provided by the Tremonti-ter law. With respect to exports, the driving force is certainly the European Union market (with 41% growth).

Finally, the ranking of the top ten export countries as of the 1st of January to date is: Germany (11.6% of respondents), Brazil (10.0%), France (8.9%), China (7.4%), United States (5.8%), Russia (5.3%), United Kingdom (5.3%), Turkey (4.7%), Poland (4.2%) and Mexico (4.2%).