

# WAFIOS Umformtechnik GmbH

**Jens Gutsche, managing director**

The economic development of German machine building has, apart from slight fluctuations, increased quite steadily over the last ten years. However, in the Autumn of 2019, the production of German machine builders, which is very much geared to export, was some 1.6% lower than the previous year's value. After so many years of economic boom a slowdown is to be expected. The decisive factor is the duration of the slowdown.



**A**s a producer of cold forming machines, over the last few years we have been a little spoilt with success. For us, too, 2019 went worse than expected. We had counted on slight growth. However, similar to the rest of the German machine building sector, we too are increasingly facing problems through the hesitancy of customers from the viewpoint of trade disputes. Anxiously, we look again and again at developments in the USA and China, which are also very important foreign markets for us. Meanwhile, it must be said, that both countries are increasingly casting doubt on international trade and international cooperation.

In addition, there is an unpleasant conflict situation with global customs and trade disputes, a weak global economy, BREXIT and political unrest and conflicts in some of our, up to now, export countries. The economic and financial crisis of 2008/2009 was able to be overcome without great social upheaval through quickly introduced political measures. Now a recession is threatening again, but it should not be as bad as 2008/2009.

As machine builders we feel the effects of the economic weakness ever more strongly. In the second half of 2019, we received considerably fewer orders for new machines. We are currently underway in 'troubled waters'. The same applies to numerous other machine manufacturers, especially medium size companies.

Due to frequently 'frozen budgets' for new machines at our customers, repairs and retrofits have increased strongly. Through improvements and small features on the retrofits, the customer receives unexpected benefits on existing machines.

These are, naturally, opportunities to counter our customers' investment restraint with regard to new machines. Obviously, we machine builders are concerned with developments in the automotive industry. Germany is a 'car nation'. Take the region around Stuttgart as an example. In Germany, there is no other region like Stuttgart that has so many successful and respected automotive suppliers and that has so much to lose through electric mobility.

The automotive industry is the most important customer for machine builders. Structural change in the automotive industry all the way to the development and expansion of electric mobility is now in full swing. Thus, many industry standards proven over decades will now be newly set. Through the less complicated engines and fewer component parts, the orders on component suppliers are declining. Especially affected by this are the companies in the metal cutting and forming industries. With the component changes, the supply structure is also changing. Established suppliers and products are faced with competition from new companies from the IT industry. All of this has an effect on mass forming.

In conventional vehicle drive trains with the engine and transmission components, there is a declining procurement market for fasteners. There will be a massive change from mechanical to electrical components and, therefore, an increasing demand for requirements compliant, complex and innovative fasteners with wide ranging functions (such as, for example, insulators and conductors). The volume of mechanical components purchased will be drastically reduced over the next few years.

On the ICE (internal combustion engine) there are nearly 700 screws and nuts. Whereas, in HEVs (hybrid electric vehicles) there are somewhat over 600 and in BEVs (battery electric vehicles) there are only some 80 screws and nuts.

The definite opposing trend is pointing, naturally, to electronics. Here the number of screws and nuts in the electronics of ICEs is zero. In HEVs there are a little over 400 screws and nuts and in the BEVs somewhat over 600 screws and nuts. In the chassis, the differences between the three named drive types regarding the number of screws and nuts, lying between 230 and 380, are not so great.

Finally, electric mobility demands flexibility and readiness for new product diversity. The aim must be to maintain dialogue and therefore cooperation with the customers and, naturally, with potential customers already, at the development stage of new drive systems.

This also applies fundamentally to other interesting application areas of cold and hot forming, such as the building industry, the aerospace industry, the electro/electronic industry or other industries.

We at WAFIOS Umformtechnik want to act quickly, flexibly and inventively. Today, it is no longer enough to be just a good machine builder it is, therefore, necessary also to have very good system supplier capabilities. Know-how from a single source is increasingly crystallising out of our industry, whereby many other services from the enquiry right up to the support of the delivered system – including tools, loading and unloading of parts, process, process monitoring, sorting, measurement and much more – must be provided.

We view 2020 with cautious optimism. If it were only down to the economy, we would already be able to see the turning point in the third or fourth quarter of 2020. However, there are currently many risks that could lead to a recession. At the end of 2019 we sensed significant investment restraint in the industry. The entire machine building sector and its customers are, for the most part, very uncertain. The customs and trade conflicts must be resolved in order to have an upturn and stability in the global economic situation again.

The trade fair wire® and Tube® 2020, taking place in Düsseldorf, will be a first meaningful indicator for us. We are already looking forward to receiving many visitors on our exhibition stand and to having interesting discussions around the subject of forming technology. +