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Process automation anticipates record year for 2012 – energy efficiency is the growth engine

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Ladies and Gentlemen,

The process automation industry can look back on a very successful 2011. For the second year in a row, we have achieved double-digit growth both in worldwide orders and net sales. Thus, we were able to outperform the pre-crisis level of 2008 last year – and to exceed it significantly!

Looking at absolute figures of ZVEI, the German electrical and electronic manufacturers' association, process automation represents an industry with 104,000 employees and a production of more than 10 billion Euros in Germany. One of the characteristics of the process automation industry is the prevalence of medium-sized enterprises that are global market leaders in their field. That is one reason why this industry is clearly a net exporter. Imports of 6.2 billion Euros are balanced by exports of 12.9 billion Euros, an accomplishment not many high-tech industries can claim.

I would like to add a long-term observation: Global production in 2000 as compared to 2010. In both years, the US was the leading producer; but in 2000, their share of the global production was 40% percent, while in 2010 it amounted to only 24%. 12 years ago, China was not listed among the top 5 producers, today it is in the second position. The market share of German producers has developed very positively over the last ten years. It grew from 7 to 10% - I think this is also a remarkable development.

Maybe one last figure to underscore the importance of process automation in the electronics industry: With sales of almost 18 billion Euros in 2011, process automation represents more than 10% of the second-largest German industry. It thus contributes significantly to the success of automation as the largest branch within the electronics industry. Process automation is a cross-industry technology required by all process industries to ensure competitive, but also environmentally sound and safe production. With 19% the chemical industry is the most important customer; the pharmaceutical industry accounts for another 7%. More than 25% of buyers are located in industries where ACHEMA is especially relevant.

I would like to give an outlook for the ongoing year. The industry is still growing, although with reduced growth rates. For 2012, we expect an increase in the medium single-digit range. This means that after high double-digit growth in 2010 and 2011, 2012 will be a record year in sales for our industry.

Life cycle costs as a relevant criterion for investment

What are the challenges our customers are facing, what is on their minds? There is a variety of reasons for investments in process automation. Plant safety, environmental protection and costs always matter. But what is foremost on the minds of our customers today is energy efficiency. Process industries are energy-intensive industries. We estimate that energy consumption in the process industries could be reduced by 25% on average. Of course, this cannot happen overnight, but in the long-term and with regard to specific projects, it is possible. And of course, competitiveness is a precondition. Only then will the philosophy of energy-efficiency be accepted. We are convinced that life cycle costs should be taken into account as a relevant criterion for investment decisions. Last year, together with Deloitte, ZVEI developed a [business] tool for calculating life-cycle costs, independent of individual producers. With more than 7,000 downloads, it is already being widely used and can be downloaded free of charge at www.zvei.org/Lebenszykluskosten. A flyer with additional information is available – try it!

Energy efficiency is not only favorable for climate protection, but in most cases for the user's purse as well! Roland Berger Strategy Consultants has calculated that, for instance, a producer of bulk chemicals could save 42 billion Euros up to 2050, based on an investment of 10 billion Euros in intelligent process technologies.

At this year's ACHEMA, ZVEI together with NAMUR and ARC is again organizing a forum. You can expect many interesting topics such as FDI and wireless. Optimization of life-cycle costs will be discussed by a panel within the ZVEI/NAMUR/ARC forum at ACHEMA. This important topic has also been treated in the ZVEI brochure "Mehr Energieeffizienz durch Prozessautomation: Wirtschaftlichkeit überprüfen, Verbesserungen umsetzen" (More energy efficiency through process automation: check the economic efficiency, implement improvements) with the support of NAMUR. The brochure will be available at ACHEMA.

We also observe that energy efficiency is being introduced into resource management on a broader scale and that there is a shift from optimizing energy efficiency to optimizing resource efficiency. This includes not only energy, but also water and the raw materials required for production in the process industries. Take metals as one example: Thinking of electromobility,

this will lead to a boom in copper consumption. Or think about lithium for lithium-ion batteries.

In order to establish the concept of a recycling economy, we need advanced processes and plants – and these require advanced process automation.

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