

Statement by

Stephan Neuburger

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at the Achema Economic Press Conference
April 4, 2006, 10 a.m.

-The spoken word takes precedence -

Ladies and Gentlemen,

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Once again welcome to the Business Press Conference at Achema 2006.

Today, I would like to share some economic data with you. This information is highly relevant to the producers of process automation equipment who are represented in the German Electrical and Electronic Manufacturers' Association. Achema is the biggest industry event for us in the world, and it gives us an excellent opportunity to showcase the innovative strength of the German process automation sector. The German Electrical and Electronic Manufacturers' Association is pleased to support its producers at this event.

To start with the good news, the results for 2005 and the first quarter of 2006 are encouraging, and there are more positives than negatives to report.

Looking at the general situation in the automation sector, output by German manufacturers of electrical and electronic automation systems reached 28 billion euros in 2005, which is a 4% increase compared to the strong performance in the previous year (production in 2004 was up by + 7.4 % compared to 2003). Exports now account for 77 % of turnover, but the domestic market contracted by around 2% to 17 billion euros.

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If we zero in on process automation we see that production in 2005 was also up by 4% year-on-year to nearly 10 billion euros. Our export quota was an amazing 96 percent. The volume of the process automation market in this country is 4.6 billion euros, which is nearly 30% of the total domestic automation market. However, the process automation market in Germany was down from the 2004 level following a contraction of 9% in 2004 compared to 2003. This is a painful reminder of the reluctance on the part of German customers to invest, and this trend is particularly pronounced in the chemical industry.

The bottom line is that exports are looking bright, but the situation in the domestic market is less encouraging.

What is the German share of the worldwide process automation export market? We estimate the size of the export market to be around 52 billion euros in 2004 (2000: 51 billion). The German share has increased by nearly a quarter from 13.5% in 2000 to 16.5%. Other major exporting countries are the US with 22.5 % (2000: 31.6%), Japan 15.9 % (2000: 16.9%) and the “rest of the world “ 34.5 % (2000: 26.7 %).

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As you can see, we are gaining market share in nearly every region, primarily at the expense of the US.

What does the market breakdown look like?

Worldwide chemical production was up by almost 4% (compared to 5.3% in 2004). Growth was strong in Asia (7%) and moderate in the EU (3%). Production did not increase at all in the US. The chemical business continued to grow in the first part of 2006. Six per cent growth is forecast for Asia, 3% for the US and 3% for the EU.

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Our companies report that the material analysis and environmental protection business grew at double digit rates in 2005. This growth is fueled by the introduction of more stringent environmental protection regulations, the need to satisfy the water supply requirements for the world's growing population and an increase in market share based on innovative process technology made in Germany.

How is the export business split by region?

Fifty-two per cent of German automation exports are shipped to destinations in the EU. This is an increase of more than 8% year on year. Another relatively modest 8% goes to the rest of Europe, but this represents a very respectable 15% increase compared to 2004. Sixteen per cent goes to Southeast Asia (+ 14 % compared 2004), 13% to the US (+ 19 % compared to 2004) and 11% to the rest of the world, which is almost 30% more than the previous year.

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So Europe remains our most important trading partner, and exports to Europe continue to grow.

Finally, we will take a look at a few trends:

Services are becoming an increasingly important part of the process automation portfolio. This includes consulting, customization, system integration, commissioning and repair and maintenance during the entire life cycle of a product or service. As a percentage of turnover, services are now well into double digits.

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In collaboration with its counterpart organizations in Europe, the German Electrical and Electronic Manufacturers' Association has launched an initiative to classify and structure the entire range of automation services. Services will be placed into seven categories which will make it easier to calculate the costs of the services and compare them, and it will also promote competition.

Hybrid automation plays a role in all of our customer markets, for example the convergence of process automation in the brewing process with the factory automation systems which are used for downstream bottling and shipping. We are working to create seamless communications from the field device, for example a temperature sensor on a pressure vessel, right up to the senior management level, in other words SAP. We are also working at automation of material flow logistics, wireless data communications in production, new security strategies, etc. etc.

The importance of renewables as a source of energy or raw materials in chemical production continues to increase in the domestic process automation market.

White biotechnology also offers significant potential, particularly in Germany. This will be one of the major themes at ACHEMA this year, and nearly 1000 exhibitors will present their biotech processes and equipment.

Summary:

The outlook for process automation remains bright as we move into 2006. We invite you to visit the exhibitors who represent the electrical and electronic automation sector at Achema and see for yourself.

You are also cordially invited to attend the NAMUR expert forums on instrumentation and process technology at Achema. This ambitious program was put together this year in collaboration with the German Electrical and Electronic Manufacturers Association.

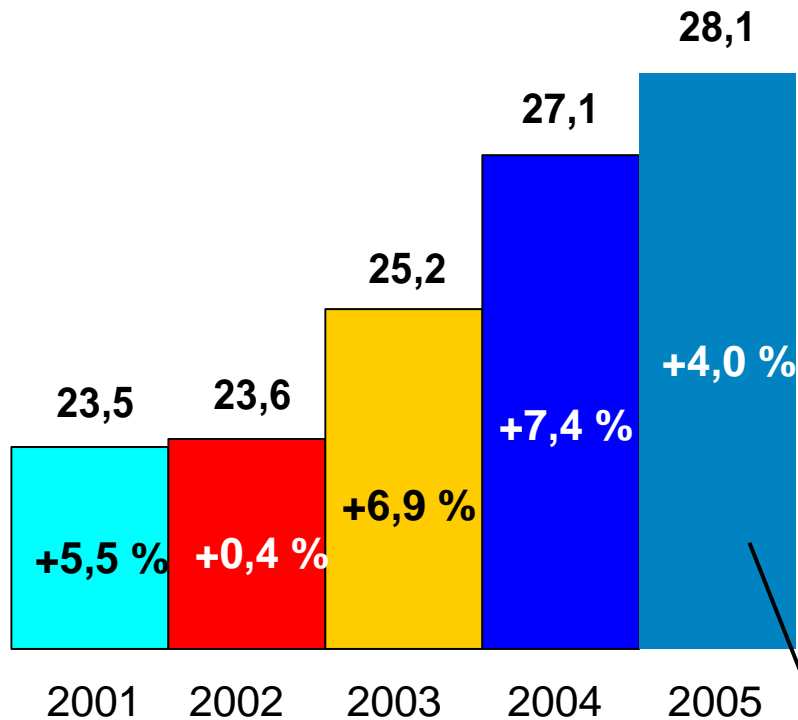
Thank you for your attention.

Stephan Neuburger

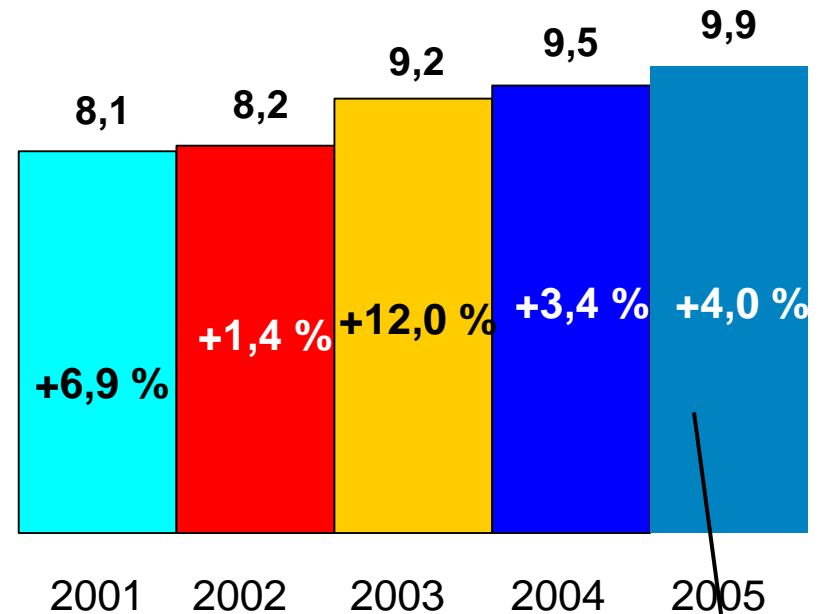
**Mitglied des Vorstands des
Fachbereichs Messtechnik und Prozessautomatisierung
im Fachverband Automation
des ZVEI – Zentralverband Elektrotechnik und
Elektronikindustrie,
Geschäftsführer der Krohne Messtechnik
GmbH & Co. KG, Duisburg**

Achema Wirtschaftspressekonferenz 04. April 2006

Produktion in Mrd. €
Automation gesamt



Produktion in Mrd. €
Prozessautomatisierung



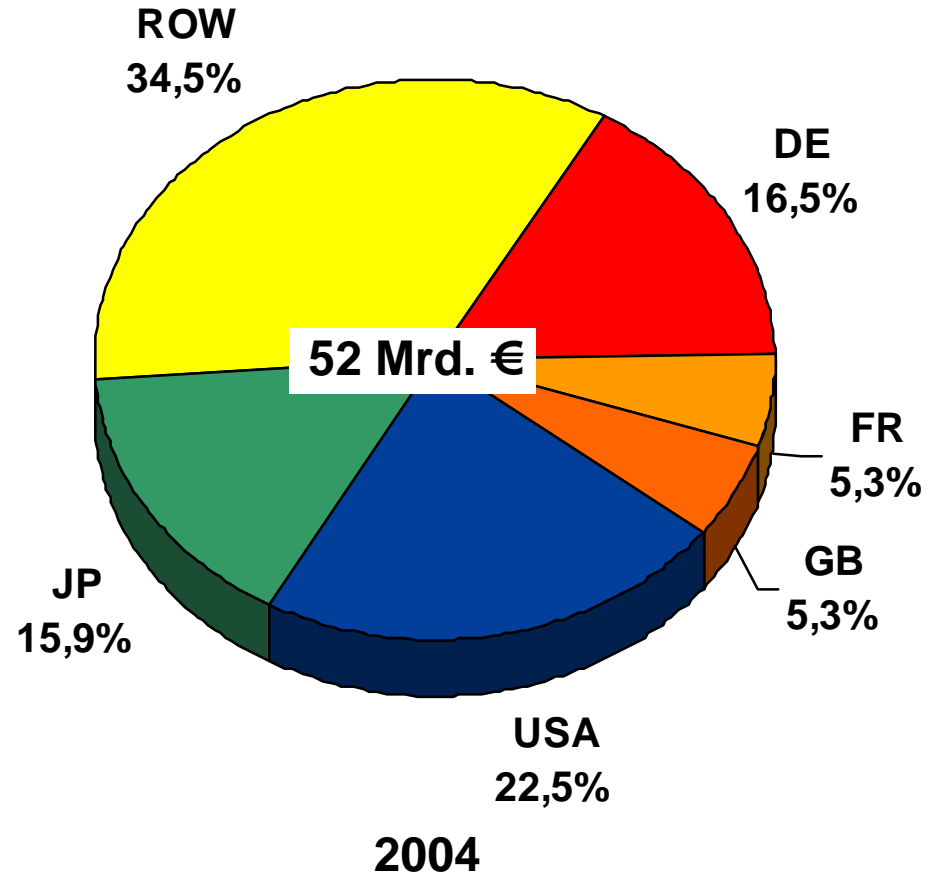
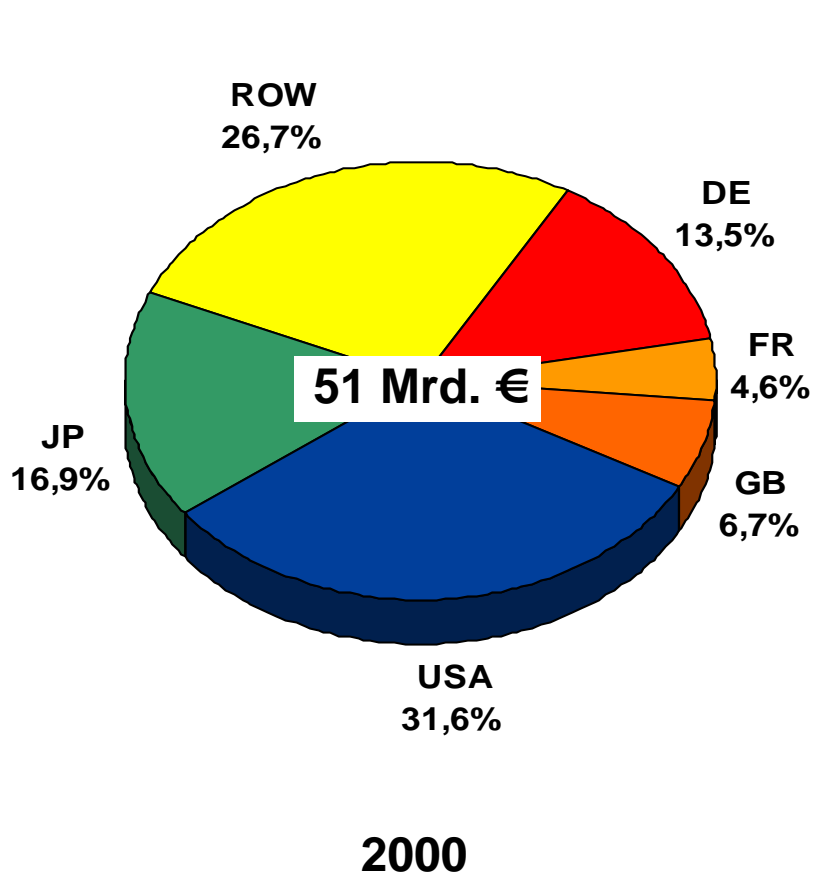
77,3 % Export

95,6 % Export

Quelle: ZVEI

Welt-Exporte Messtechnik und Prozessautomatisierung

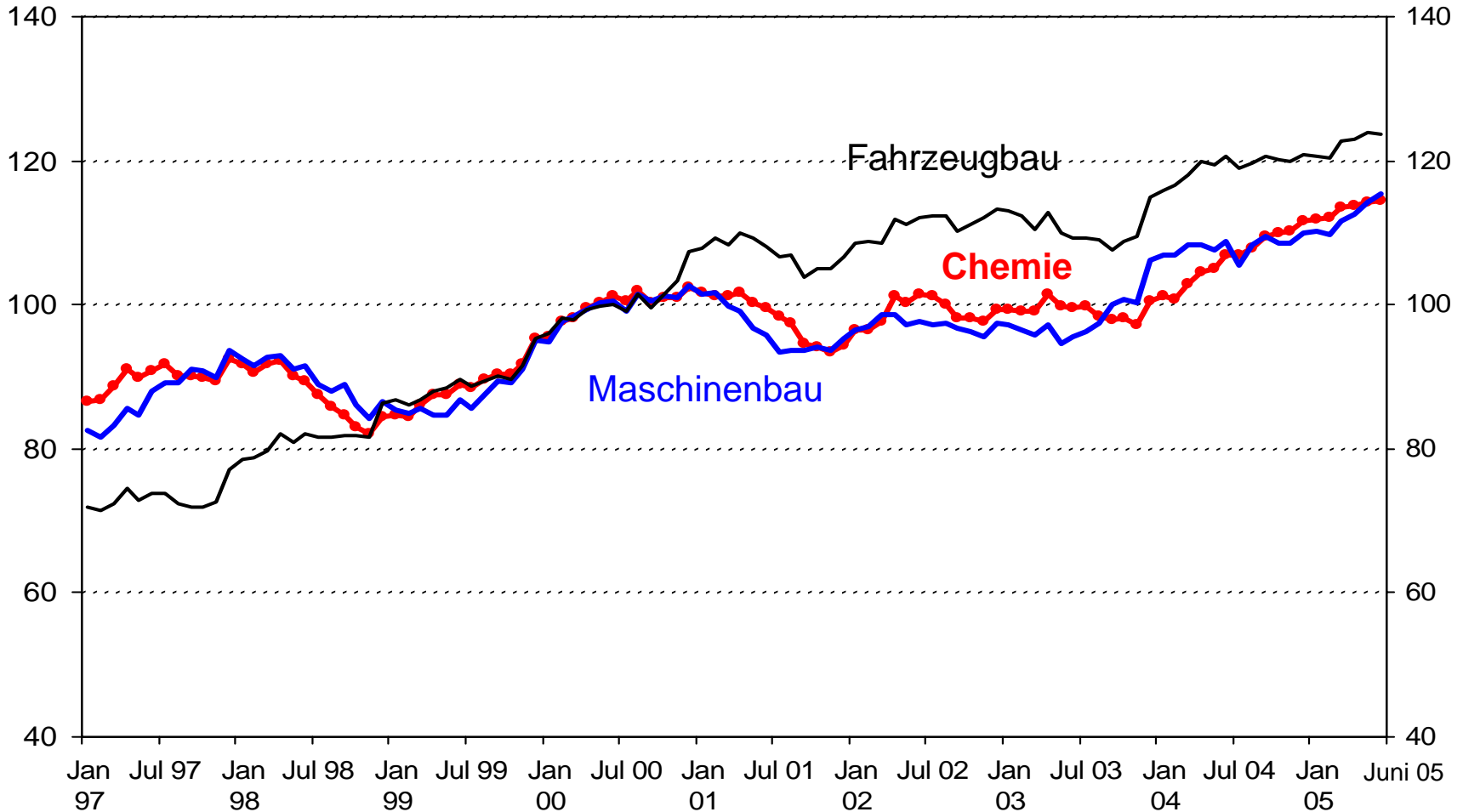
Anteil der wichtigsten Lieferländer in Prozent



Quelle: Nationale Statistische Ämter/ZVEI-ELVIRA

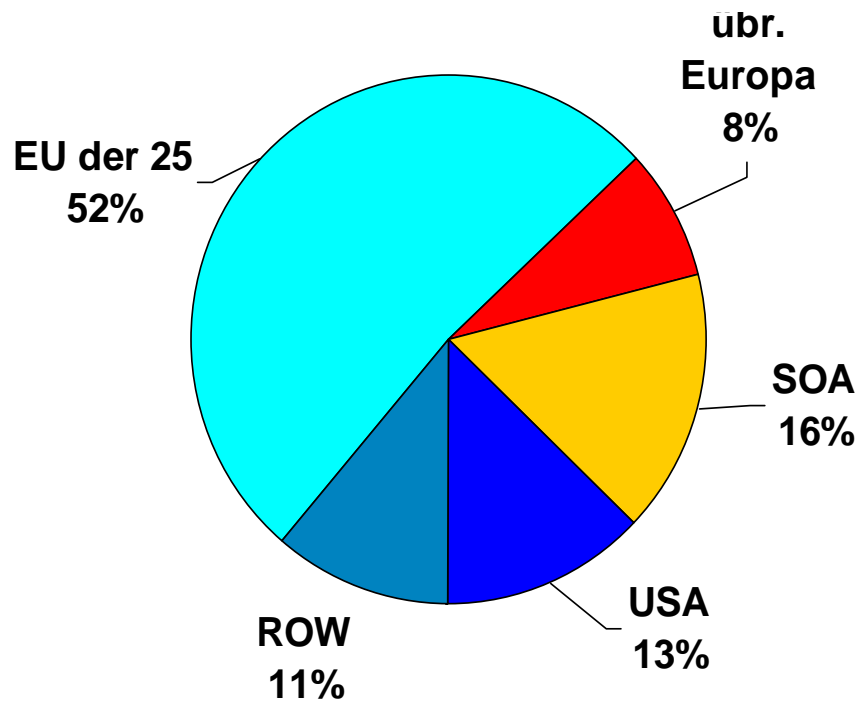
Auftragseingang gesamt – ausgewählte Abnehmerbranchen in Deutschland

Index: 2000 = 100, Gleitende 7 Monatsdurchschnitte

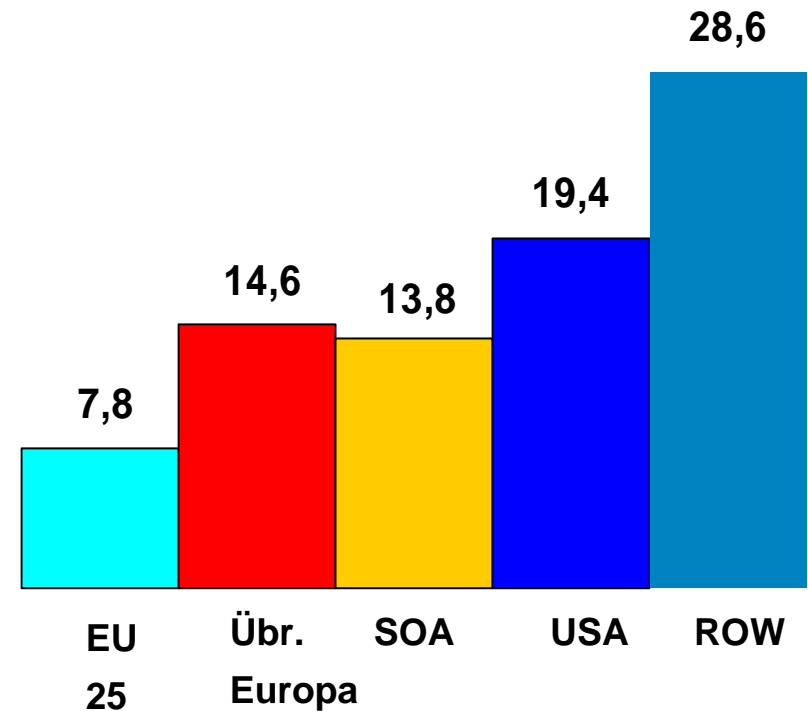


Deutsche Exporte Messtechnik und Prozessautomatisierung 2005

Ausfuhranteile in die Regionen in Prozent

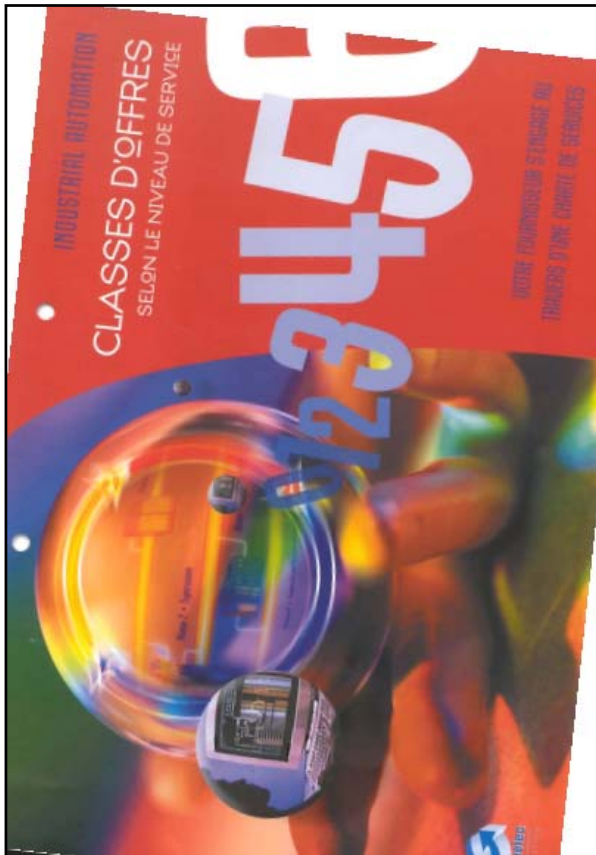


Veränderung in Prozent gg. Vj.

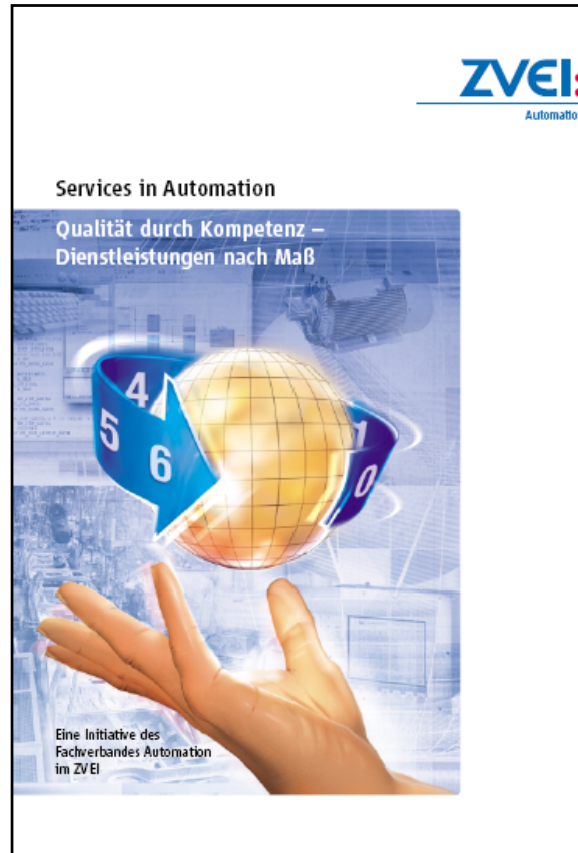


Quelle: ZVEI

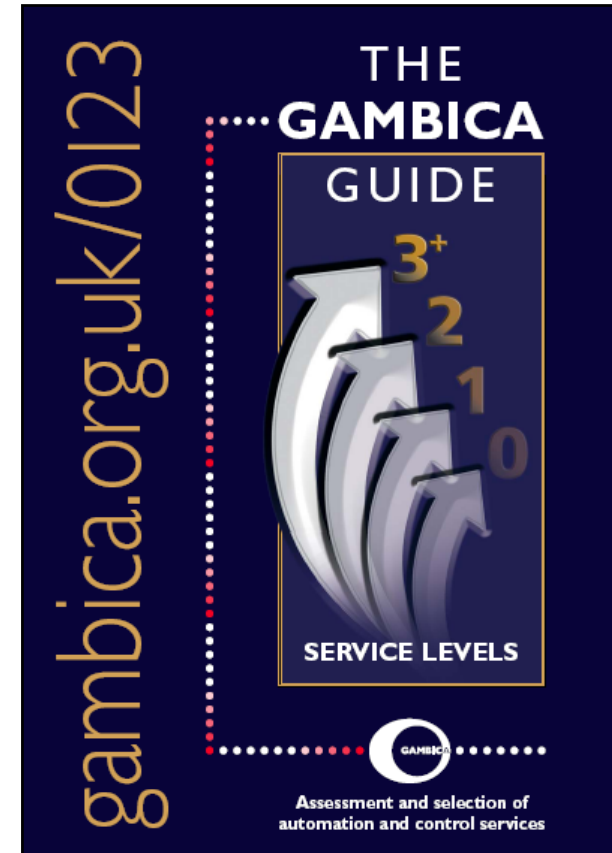
9,5 Mrd. Euro



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