

INVESTMENT CASTING MARKET REVIEW 2003 Europe & North America

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Objective

- This presentation will review the investment casting markets of Europe and North America
- In considering these 2 major areas it is important to emphasise the size and contribution they make to the overall World investment casting industry sales total
- The North American market remains by far the largest investment casting market in the World with a US\$ sales total reaching approximately 50% of the World total
- Europe contributes approximately 20 – 25% of World total sales

Acknowledgements

I would like to express my sincere thanks to the following organisations whose figures and data have been used as the basis for this presentation :

CAEF (Casting Association of European Foundries)

EICF (European Investment Casting Federation)

ICI (Investment Casting Institute - United States)

Worldwide Sales

- Worldwide investment casting industry sales value can be shown in the following approximate way :

➤ North America	50 – 55%
➤ Europe	20 – 25%
➤ Asia	20 – 25%
➤ Other Areas	5 – 10%

Market Segmentation

For some time now attempts have been made at various market review meetings to classify sales totals into meaningful market categories.

The best comparative market category data available allows sales to be split into 3 main market classifications :

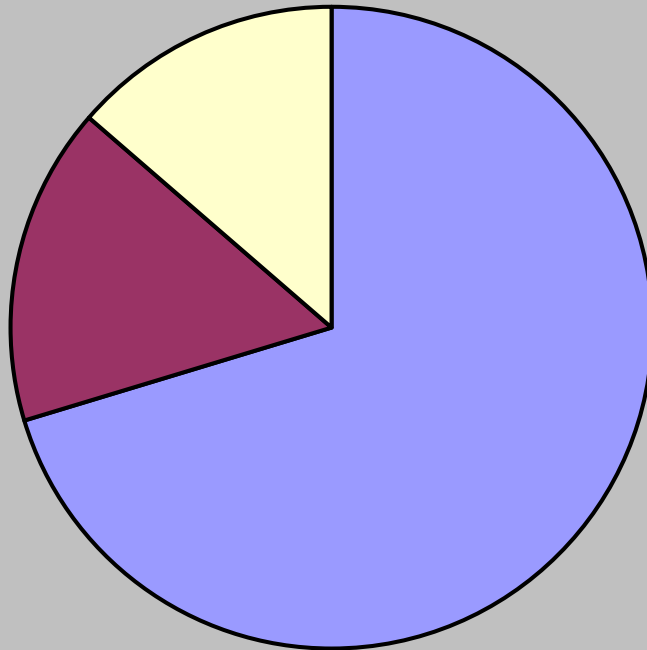
High Added Value

Automotive

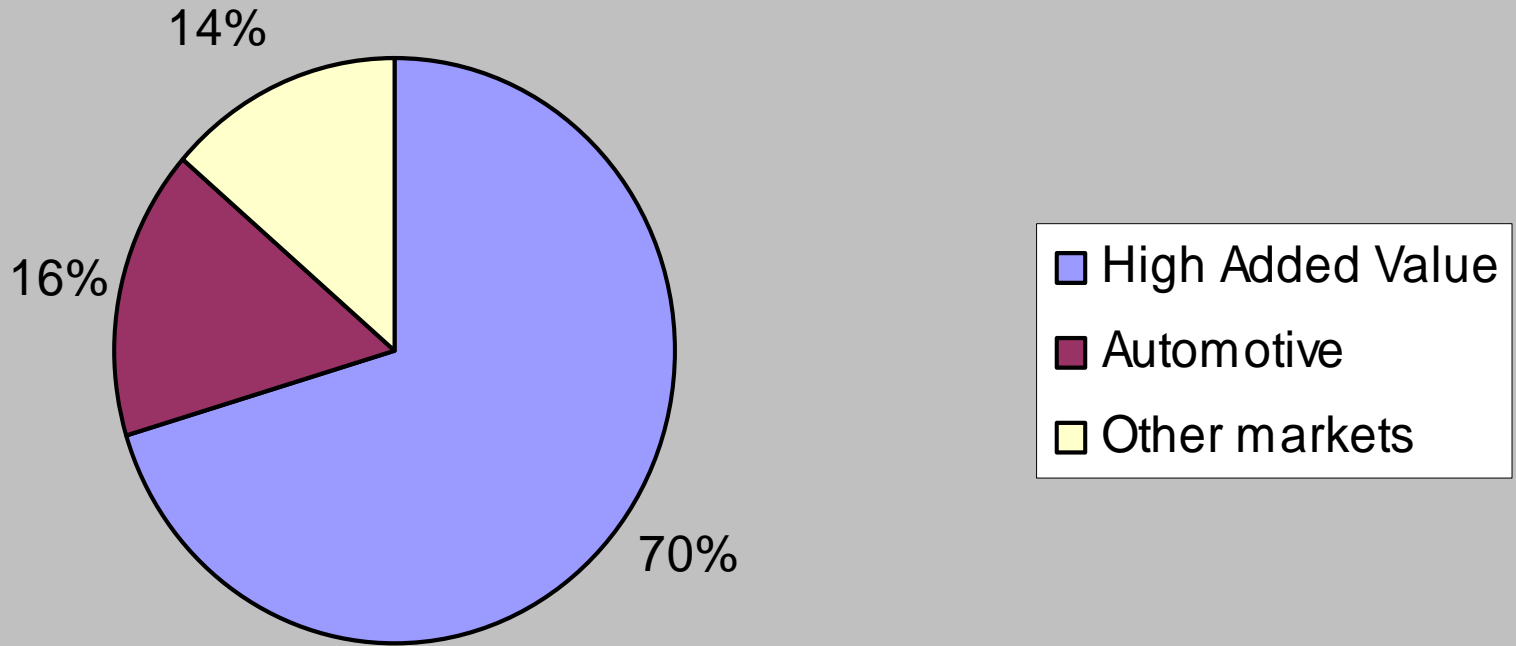
Other Markets

EUROPE - SALES TOTAL FOR YEAR TO 2003

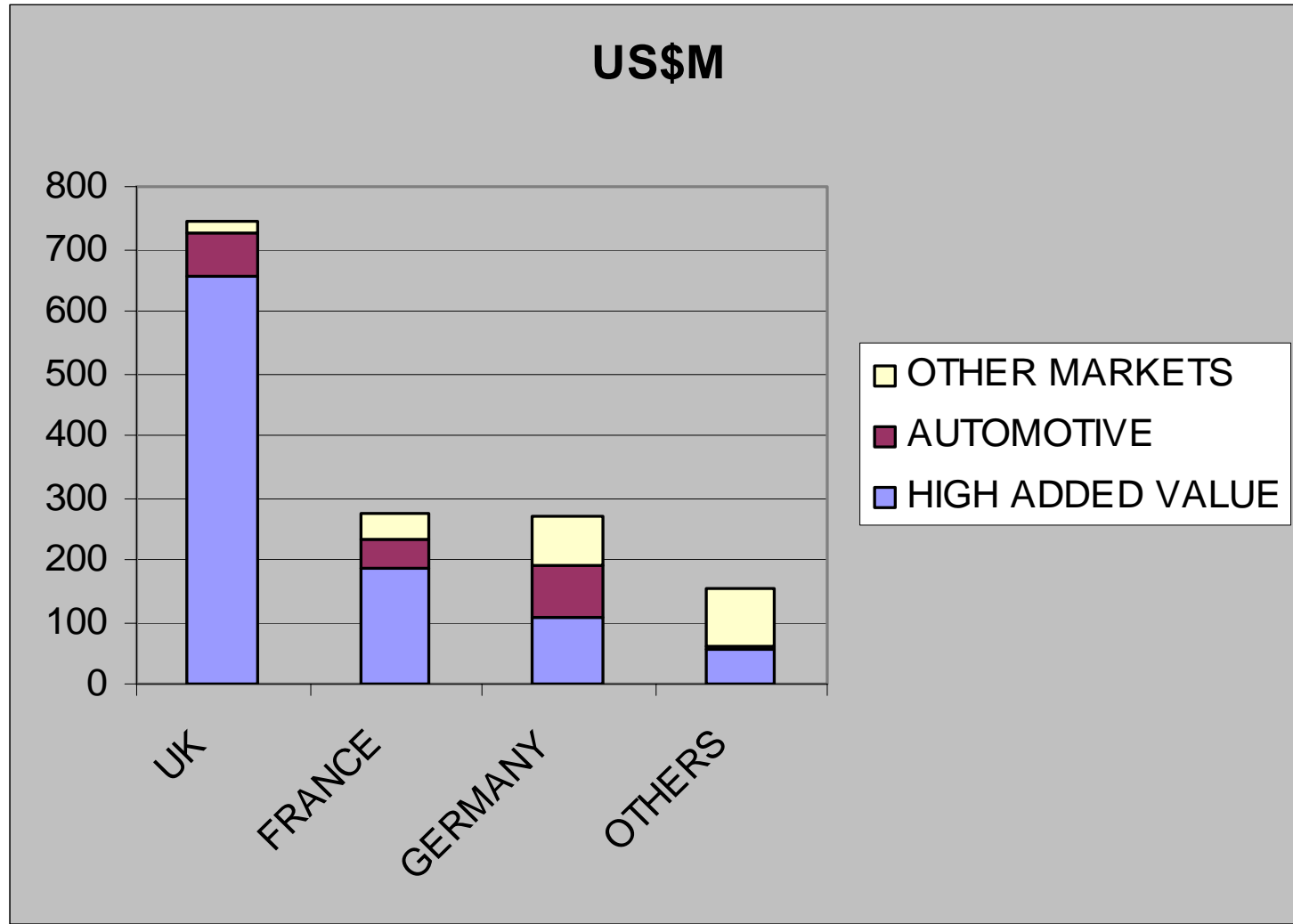
TOTAL SALES US\$1440M



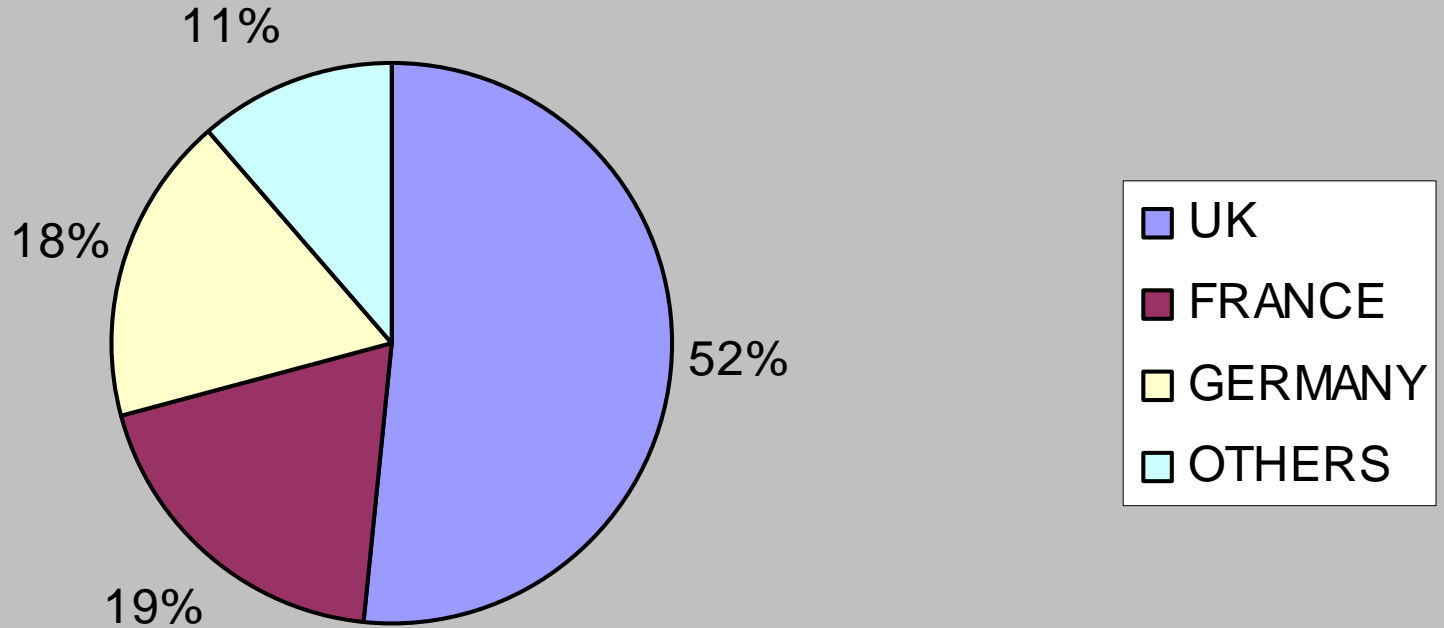
SALES TOTAL FOR EUROPE IN PERCENTAGE TERMS



BREAKDOWN OF EUROPEAN INVESTMENT CASTING MARKET

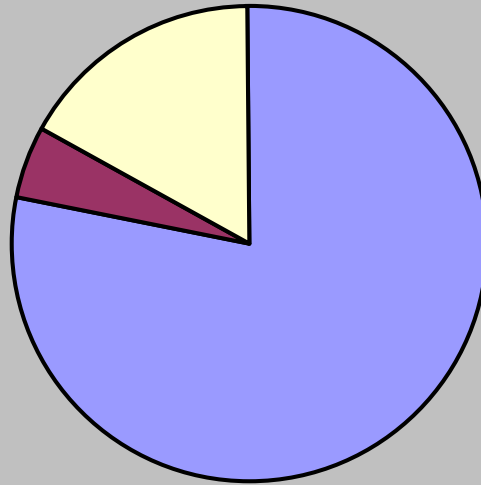


GEOGRAPHICAL PERCENTAGE BREAKDOWN OF EUROPEAN MARKET



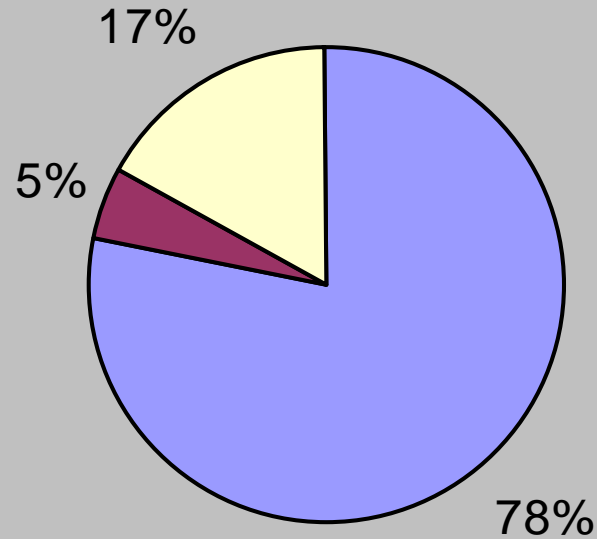
SALES TOTAL FOR NORTH AMERICA TO YEAR 2003

TOTAL SALES US\$3460M



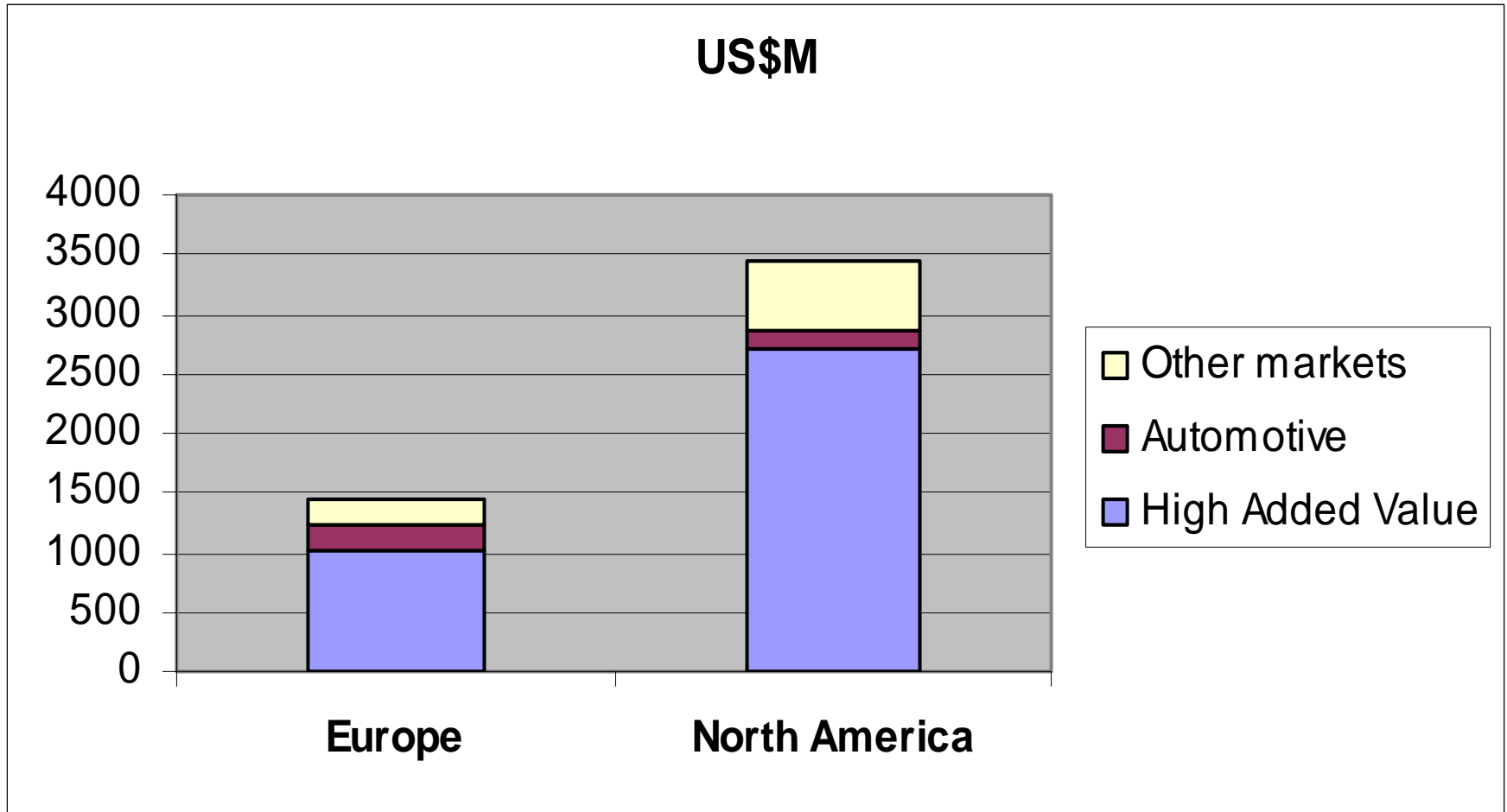
■ High Added Value US\$2700M ■ Automotive US\$170M
■ Other Markets US\$590M

SALES TOTAL FOR NORTH AMERICA IN PERCENTAGE TERMS



■ High Added Value ■ Automotive ■ Other Markets

MARKET COMPARISON



MARKET TRENDS EUROPE

- AEROSPACE – no recovery expected till 2005
- POWER GENERATION – market down
- MEDICAL – experiencing strong market conditions
- AUTOMOTIVE – market down 5% on previous year
- GENERAL COMMENTS :
 - Customers demanding lower prices/holding of inventory/extended payment terms
 - Globalisation of sourcing lower value parts continues, mainly to China and India
 - Industry consolidation continues

MARKET TRENDS NORTH AMERICA

- AEROSPACE - no recovery forecast before 2004
- POWER GENERATION – banks reluctant to finance new projects, ‘Enron effect’
- MEDICAL – growth continues
- AUTOMOTIVE – growth continues, parts becoming more complex
- GENERAL COMMENTS :
 - Customers demanding lower prices/holding of inventory/extended payment terms
 - Globalisation of sourcing continues – China
 - Consolidation of industry, customers and suppliers, continues

FUTURE TRENDS

We have reviewed the sales totals for Europe and North America up to the beginning of 2003, looking forward :

- Limited signs of improvement in Airbus sales in Europe, but globally no full aerospace recovery till 2005
- Specific market growth opportunities exist e.g. medical
- Automotive markets will remain difficult with strong downward pressure on prices
- Less complex castings will increasingly be sourced from lower cost regions
- Customers will continue to drive for lower process costs
- The investment casting industry needs to find new markets and must develop new value added applications