

# World Investment Casting Markets Review

## Western Europe

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# W Europe Economy

- Economic downturn
- Inflation & unemployment higher
- Business confidence down

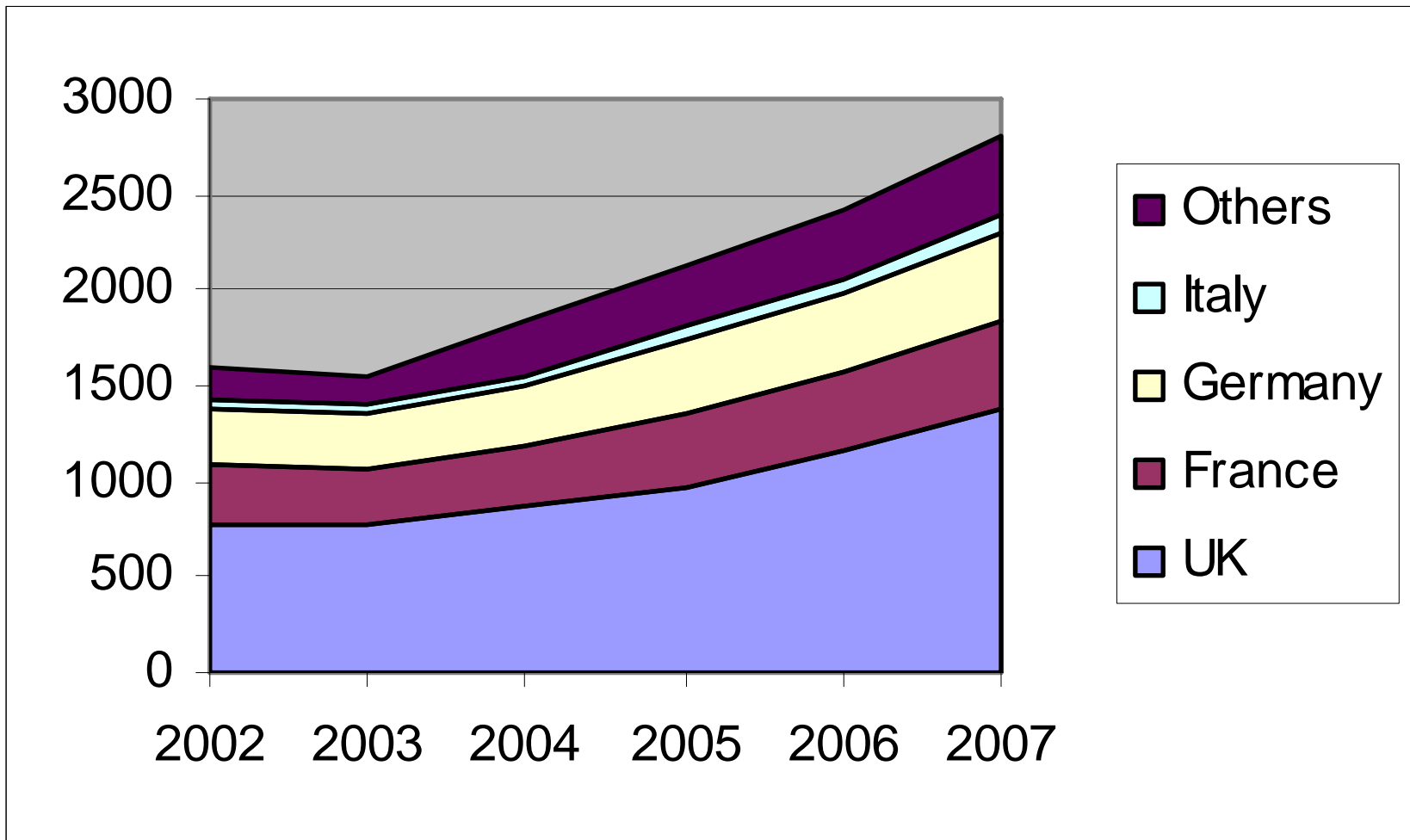
BUT:

- EEF reports that W European manufacturing “has a dynamic, innovative and increasingly high value sector that is competing successfully across the globe”
- Perfectly demonstrated by W Europe’s investment casting industry

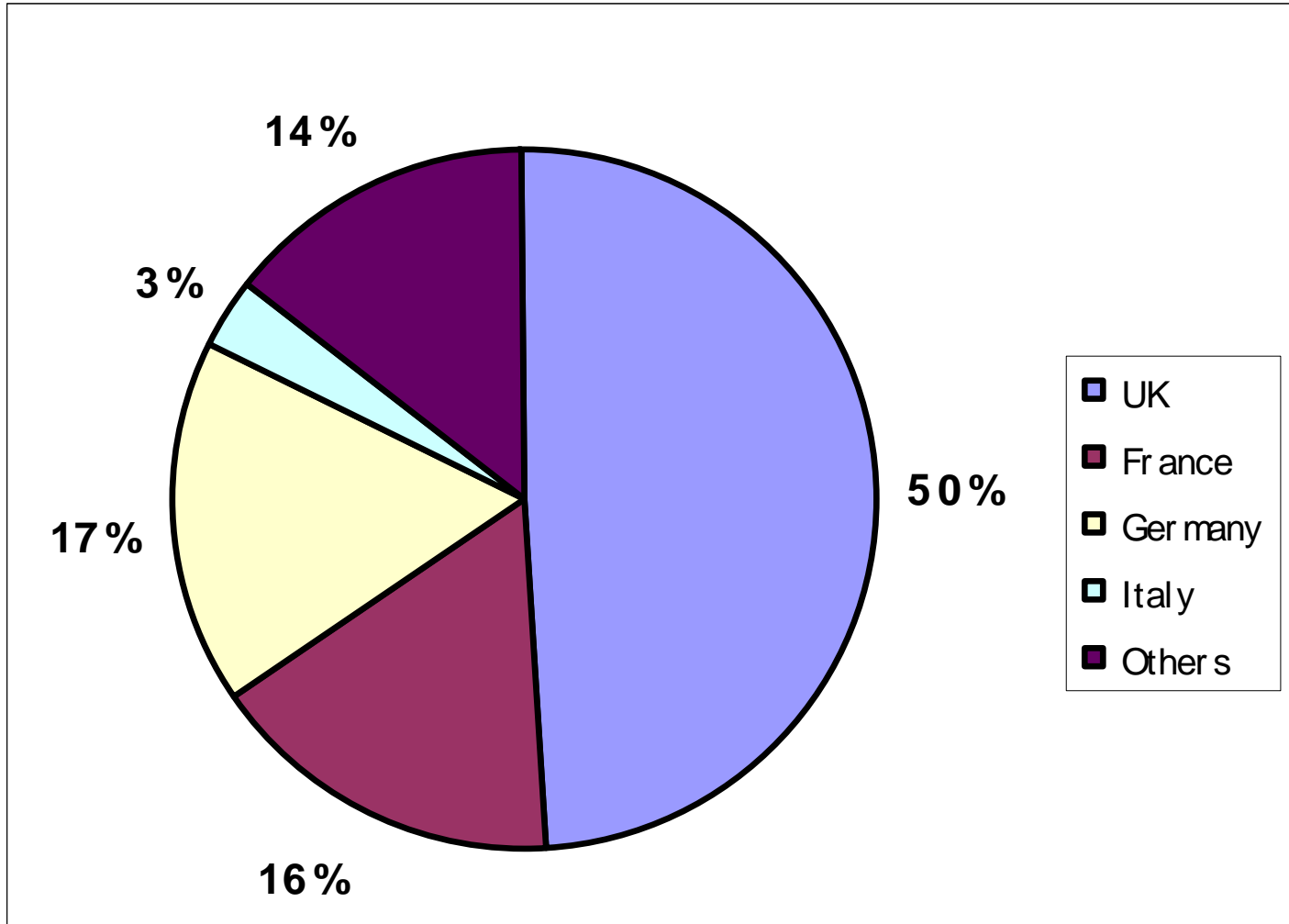
# Western Europe Investment Casting Sales – 2007

- 2007 sales US\$2,800M
  - + 16% v 2006
  - 4<sup>th</sup> consecutive year of strong growth
- High Added Value and Automotive sectors extremely busy
- Commercial castings continue to be imported from lower production cost regions
- Energy and raw material costs at record levels
- Cost pressures intense

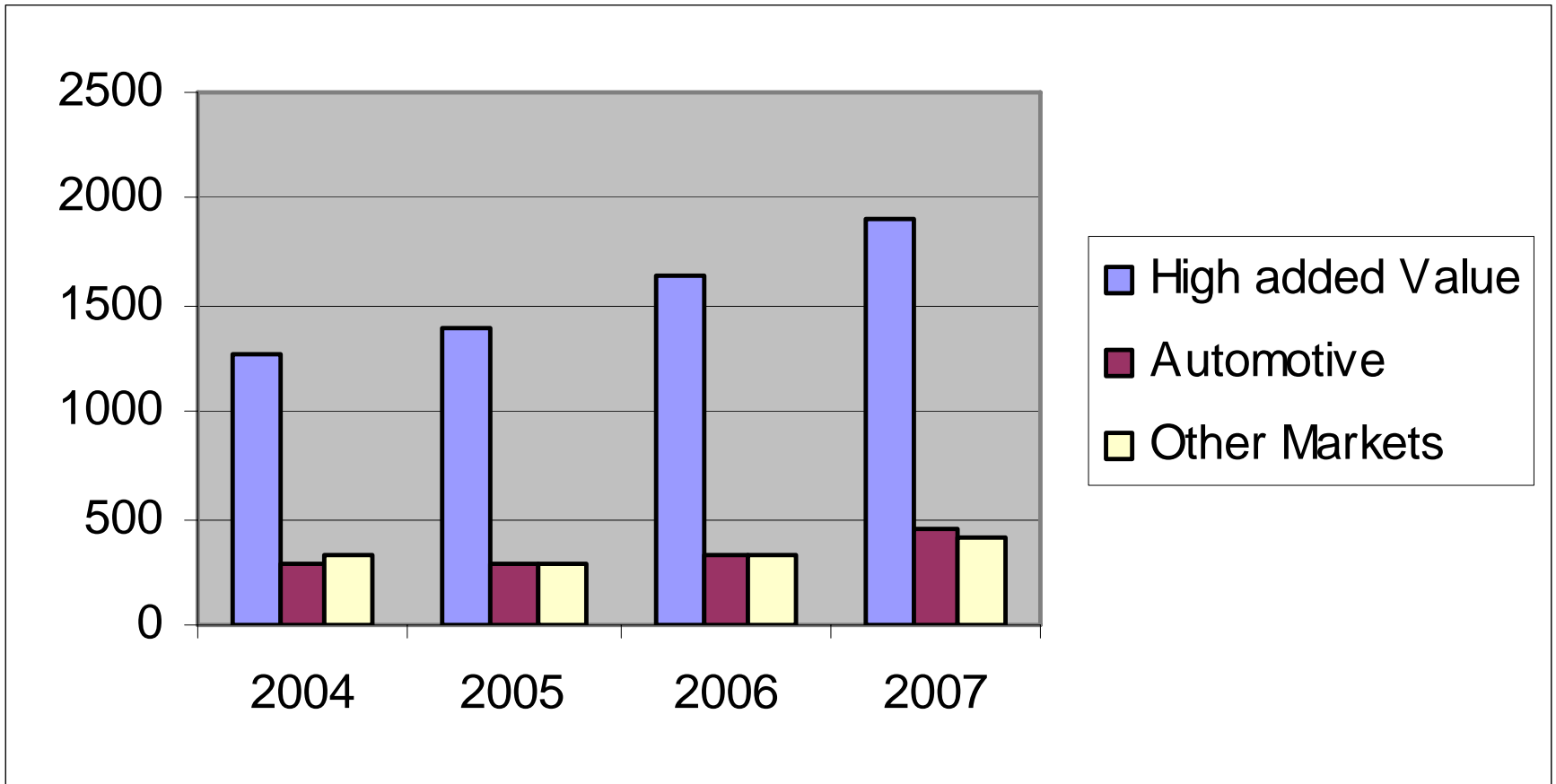
# Western Europe Total Sales, US\$M



# W Europe Market Shares 2007



# Western European Sales by Sector



# W Europe – High Added Value

- Aerospace extremely busy
  - commercial & military
  - new fuel efficient planes being ordered
  - order books full
- IGT at maximum capacity
- Investing in new process equipment
- Outsourcing where feasible
  - e.g. injected patterns and runner systems
- Rare metals are in demand for new super-alloys
  - allowing aircraft engines to run at higher temperatures
  - saving fuel
- Upward sales trend predicted to continue through 2008

# W Europe - Automotive

- Automotive sales value now overtaken commercial sector
- Car manufacturers using both domestic and imported castings
  - from Central/Eastern Europe and Asia
- Improved fuel economy sought by car manufacturers
- Turbowheel demand continues to stretch supply capability
  - multiple turbo's now being introduced
- Credit problems impacting on sales
  - significant fall in sales
  - co-operative alliances forming to reduce costs



# W Europe - Commercial

- New markets being found
  - resulting in increased sales
- Stabilisation being seen in levels of imported castings
- Some customers returning to domestic supply
  - quality and delivery issues
  - increasing prices of imports

# Summary

- Strong growth trend predicted to continue through 2008
  - despite economic difficulties
- W European investment casting is investing in new equipment
  - to meet demand
  - to reduce production costs
- Suggests a good future for W European investment casters and increased sales into 2009