Annual Meeting 2010
Munich, Germany

Source: http://www.muenchen.de

11th June 2010

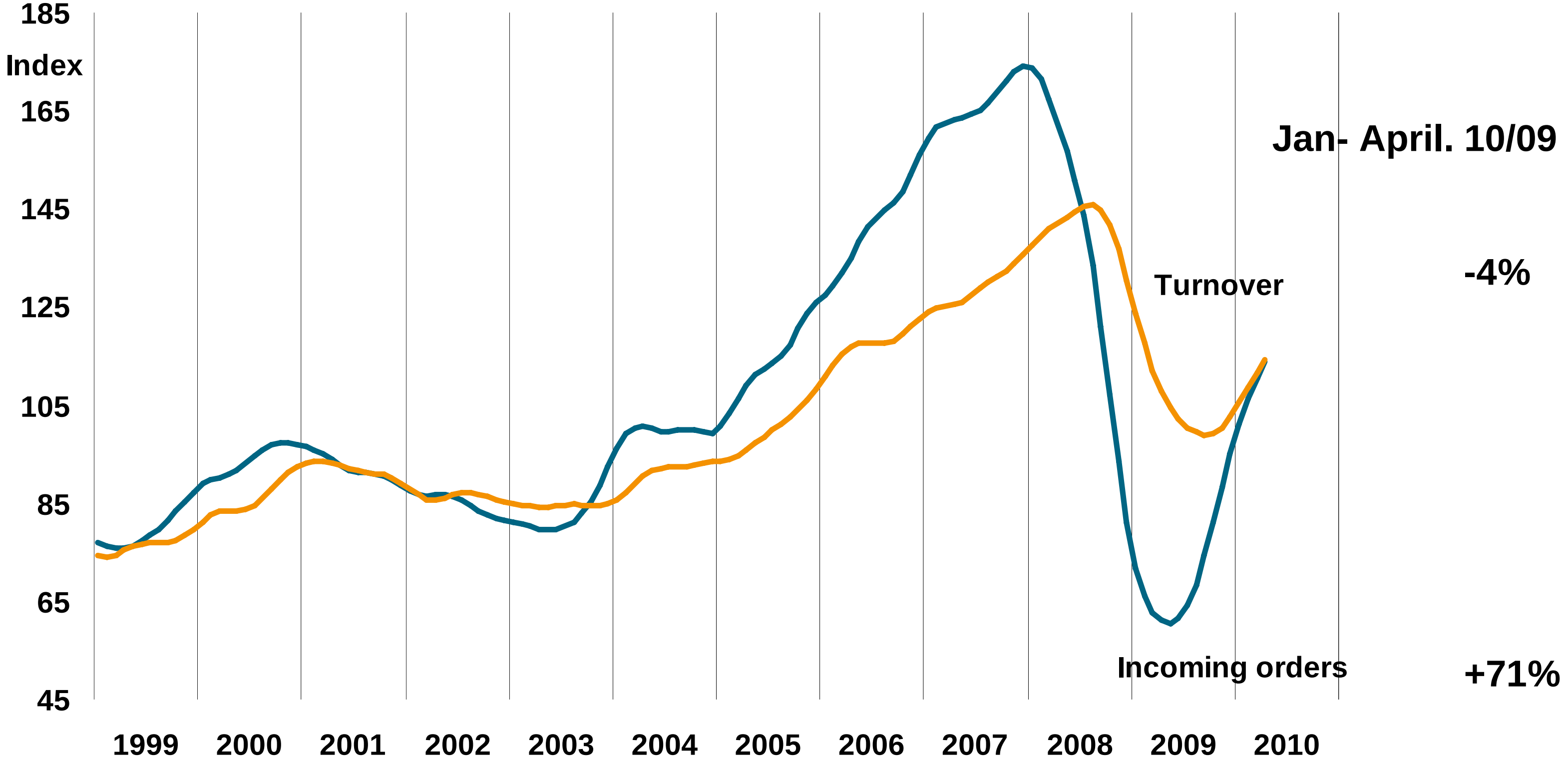
Power Transmission

GERMANY

11th June 2010

Incoming orders and turnover in Power Transmission Engineering

Volume, seasonally adjusted, smoothed line, Index 2005 = 100

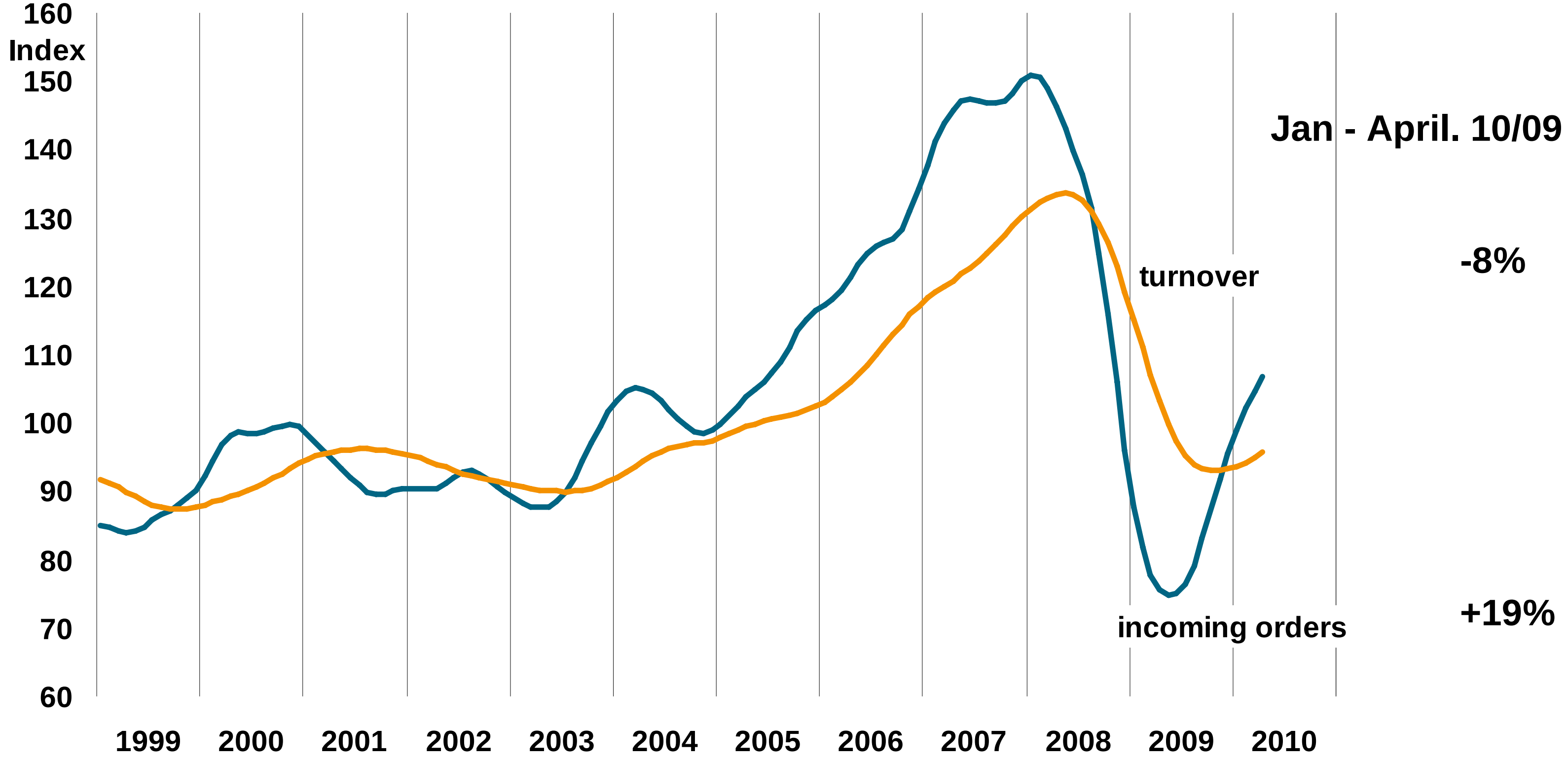


Source: VDMA

11th June 2010

Incoming orders and turnover in Mechanical Engineering

Volume, seasonally adjusted, smoothed line, Index 2005 = 100

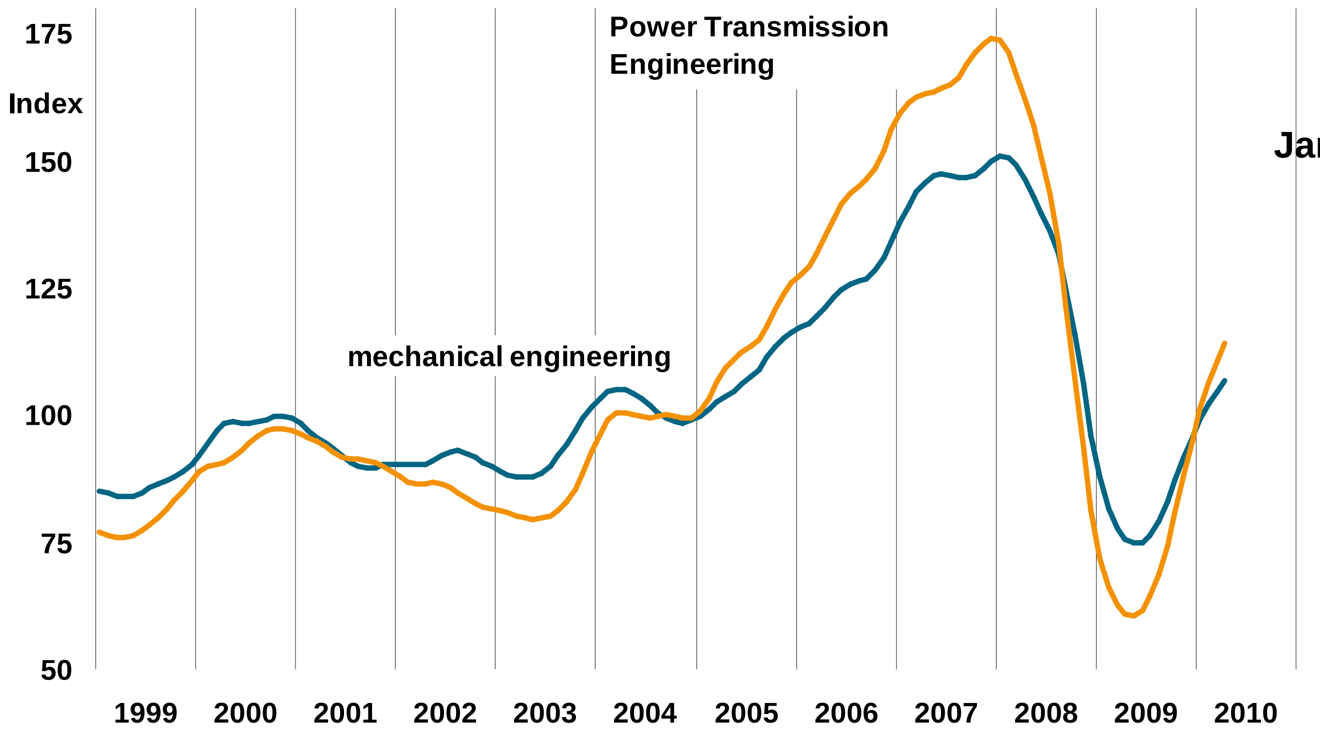


Source: VDMA

11th June 2010

Incoming orders in Power Transmission Engineering and mechanical engineering

Volume, seasonally adjusted, smoothed line, Index 2005 = 100



Jan - April. 10/09

+71%

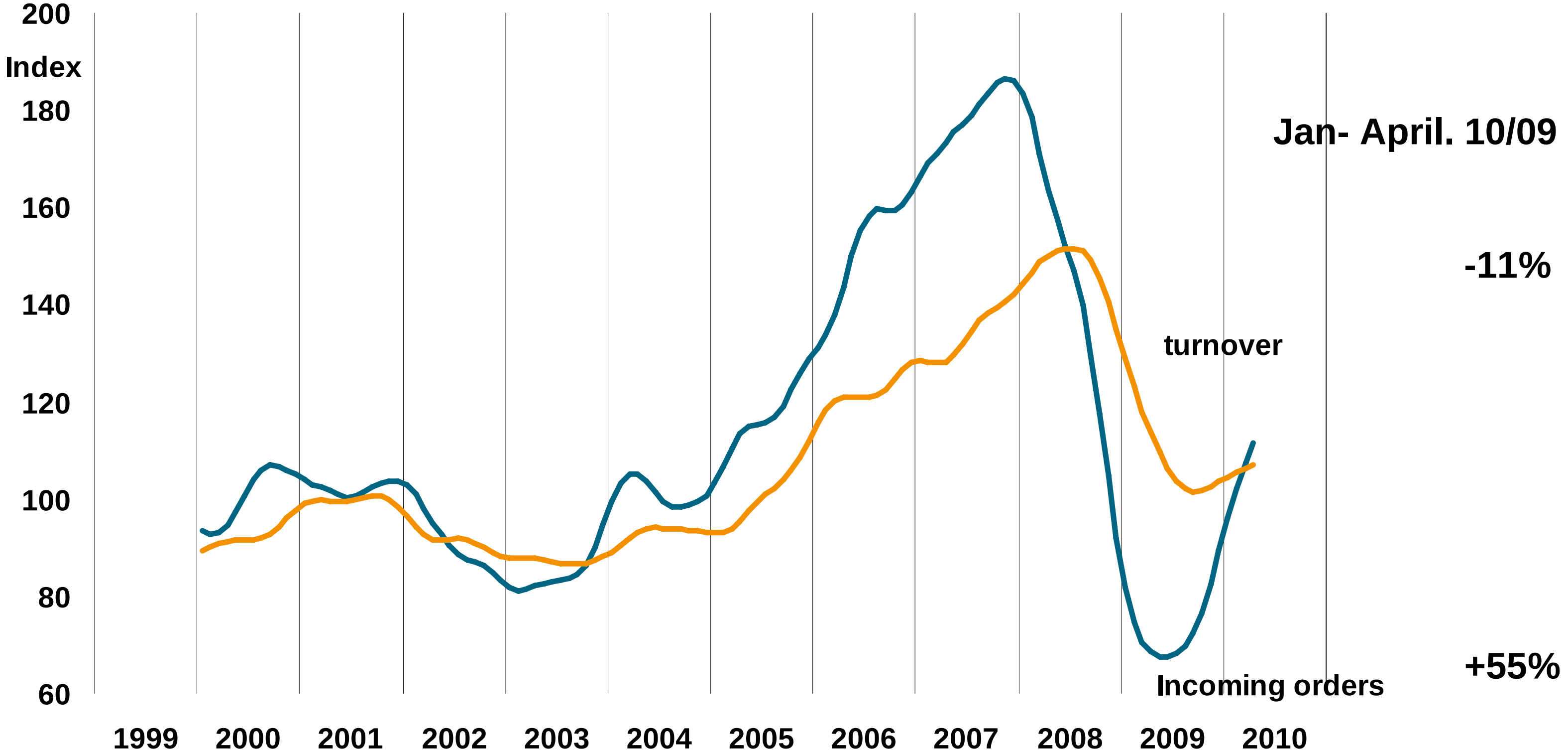
+19%

Source: VDMA

11th June 2010

Incoming orders and turnover in Gears

Volume, seasonally adjusted, smoothed line, Index 2005 = 100



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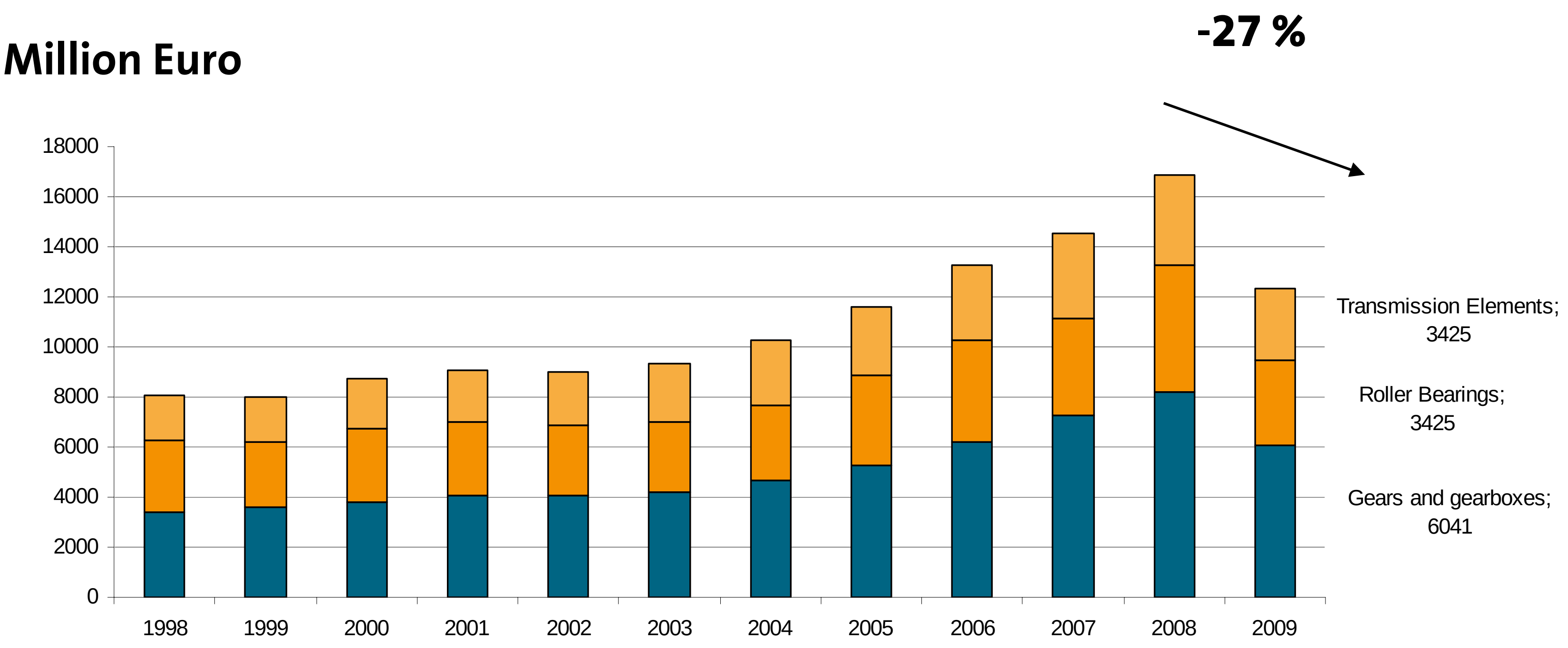
Production
German Power Transmission



Source: VDMA, national statistics

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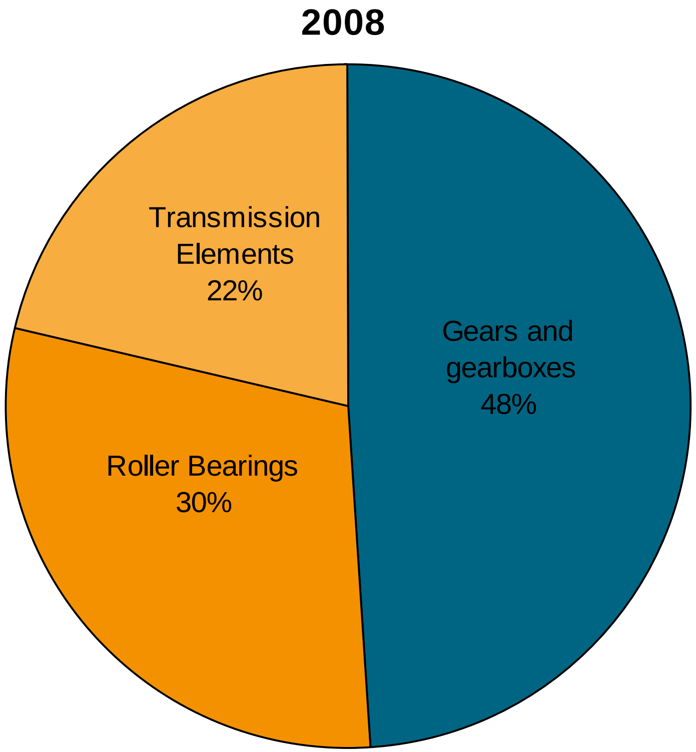
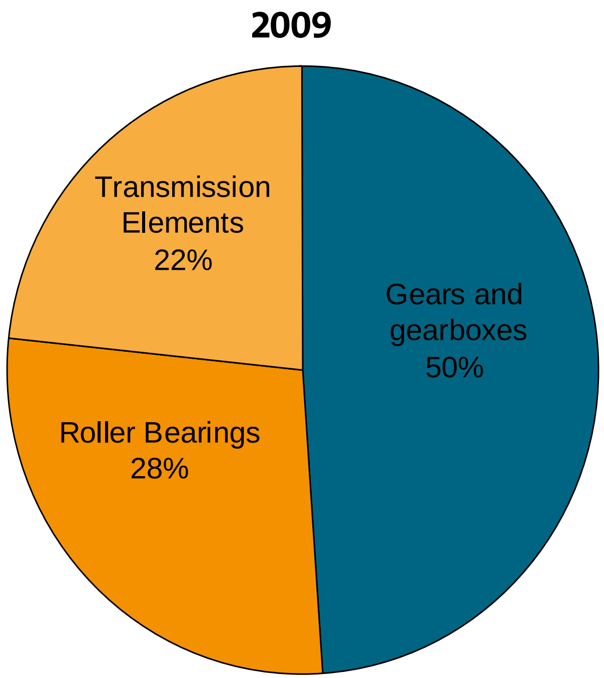
German
Power Transmission Production 2008 - 2009



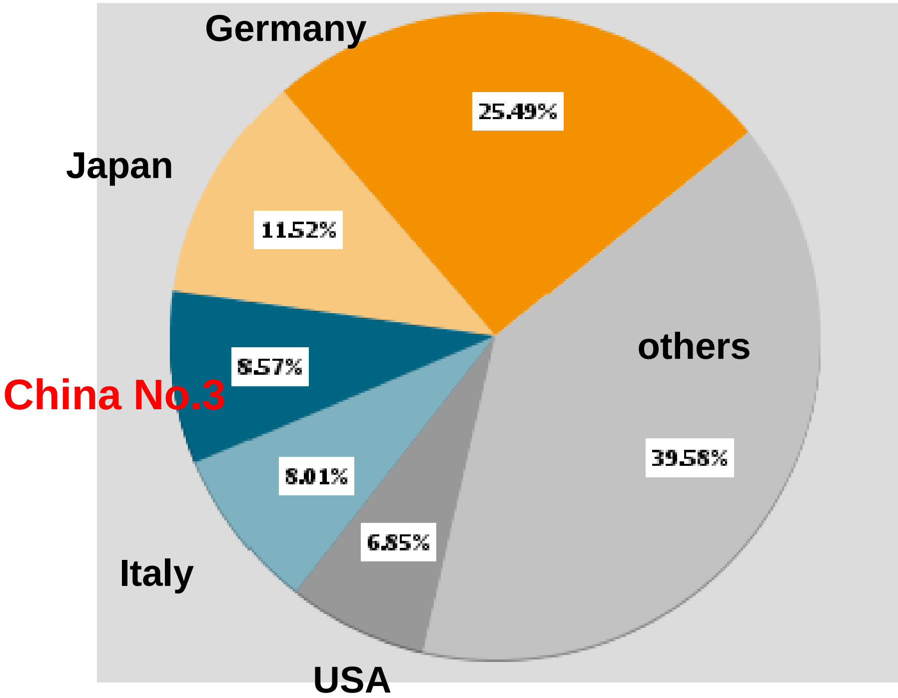
16,9 billion EURO (+9%)

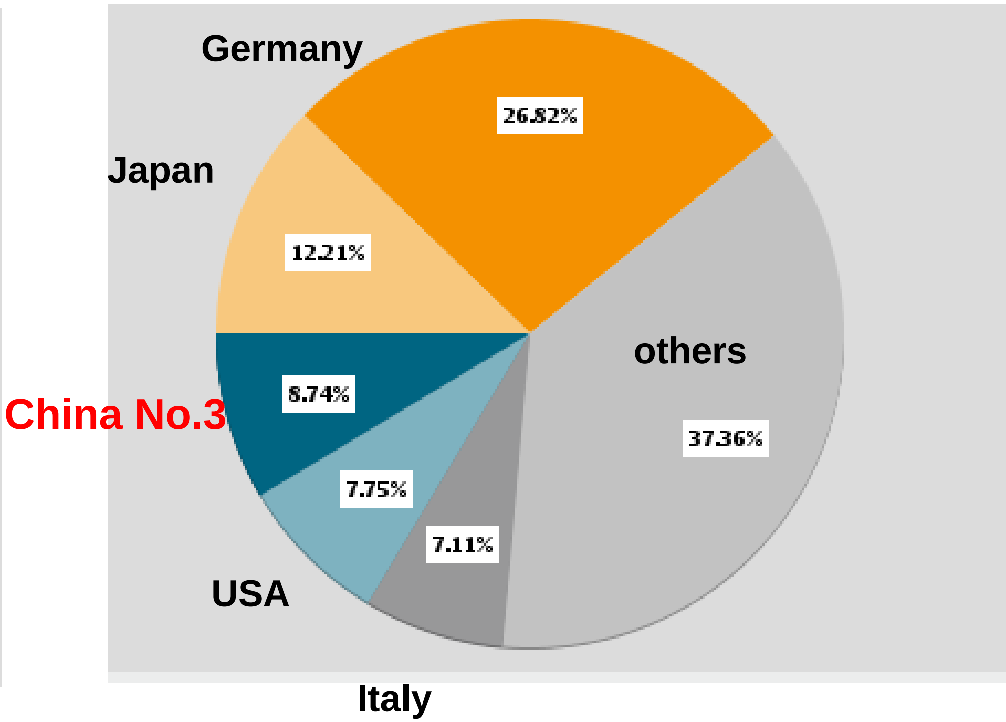


12,4 Billion EURO (- 27%)

Source: VDMA, stat. Bundesamt / Estimation

World Trade Power Transmission Export Nations



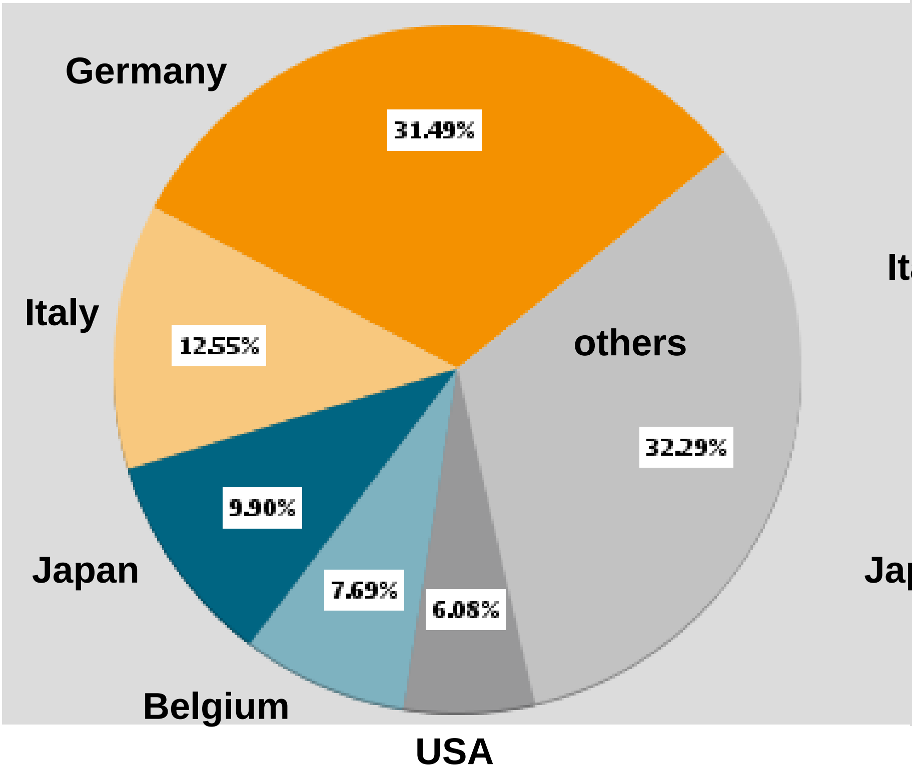


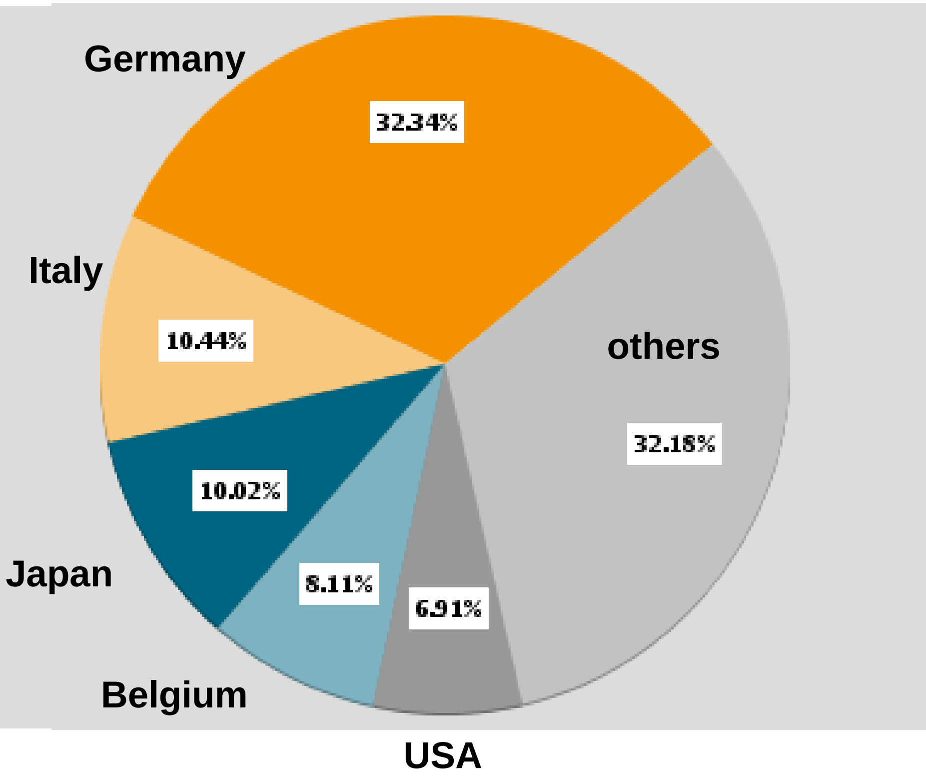
World Exports 2008: 46,6 Bill. EURO **2009: 35,1 Bill. Euro (-25%)**

(43 reporting countries)

Source: VDMA, national statistics

World Trade Gears / Gearboxes
Export Nations





World Exports 2008: 14 Bill. EURO **2009: 10,8 Bill. Euro (-23%)**

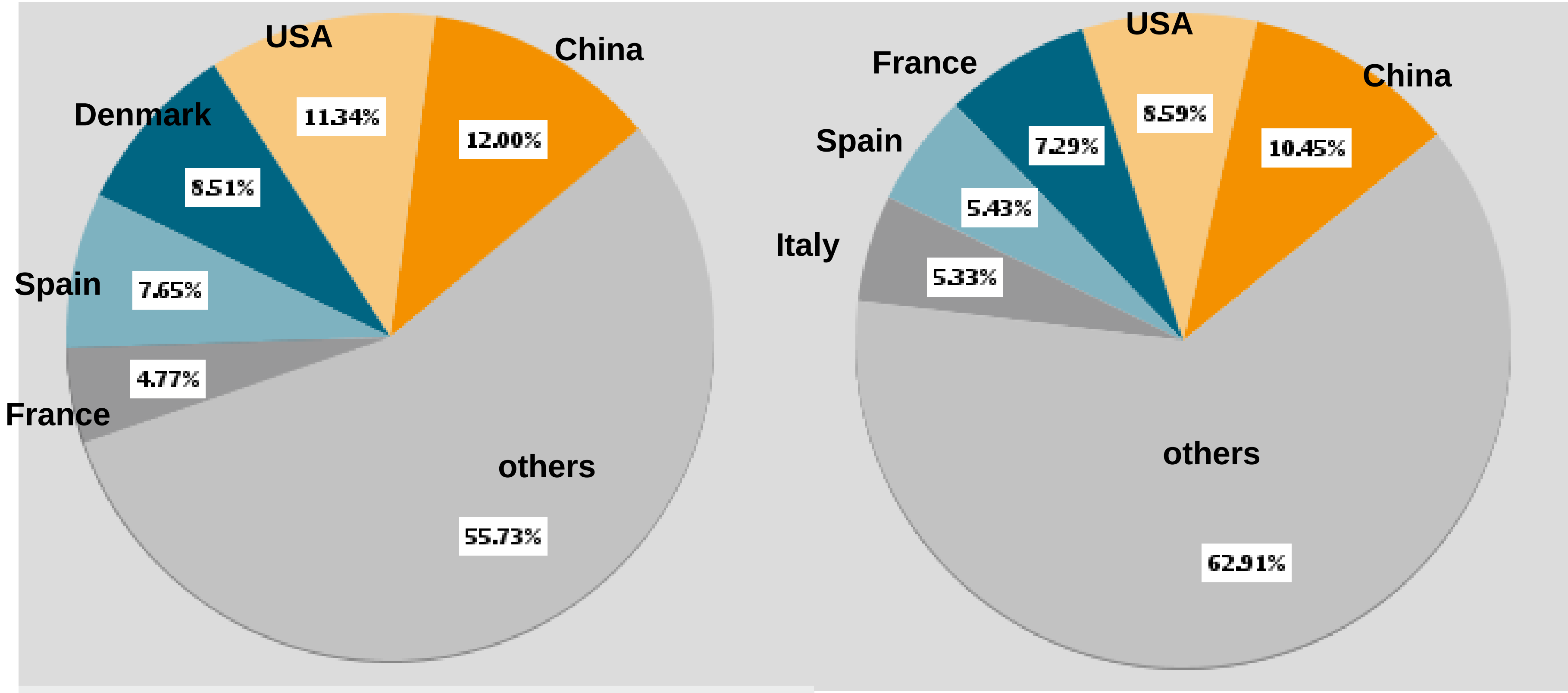
(43 reporting countries)

11th June 2010

Source: VDMA, national statistics

German Exports 2009

Gears/Gearboxes Power Transmission



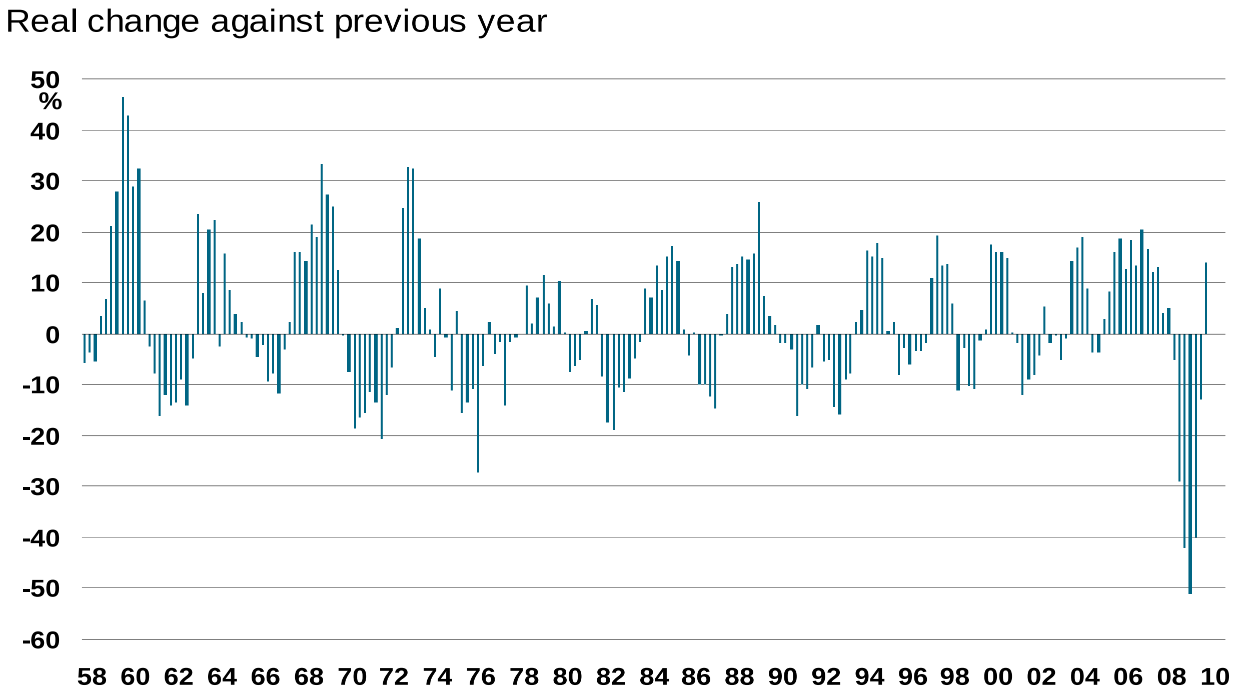
2009: 3,5 Bill. Euro (-35%) **2009: 9,4 Bill. Euro (-21%)**

(43 reporting countries)

11th June 2010

Source: VDMA, national statistics

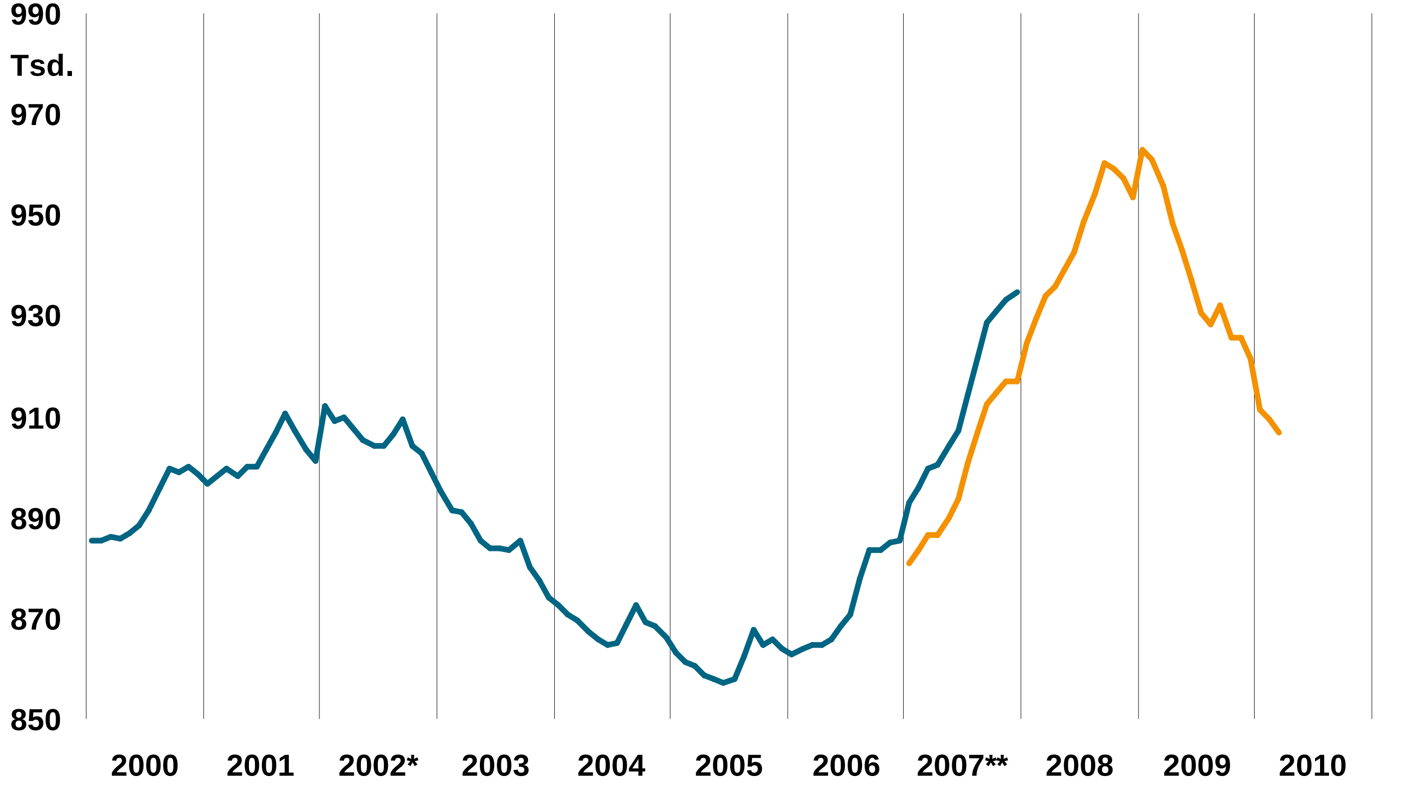
Incoming orders
in mechanical engineering*



*) since 1991 incl. East Germany

Source: VDMA

Employees in mechanical engineering



* due to statistical changes incomparable to earlier yea

Source: German Statistical Office, VDMA

**employees in units with 50+ employees (before: 20); new industry classification

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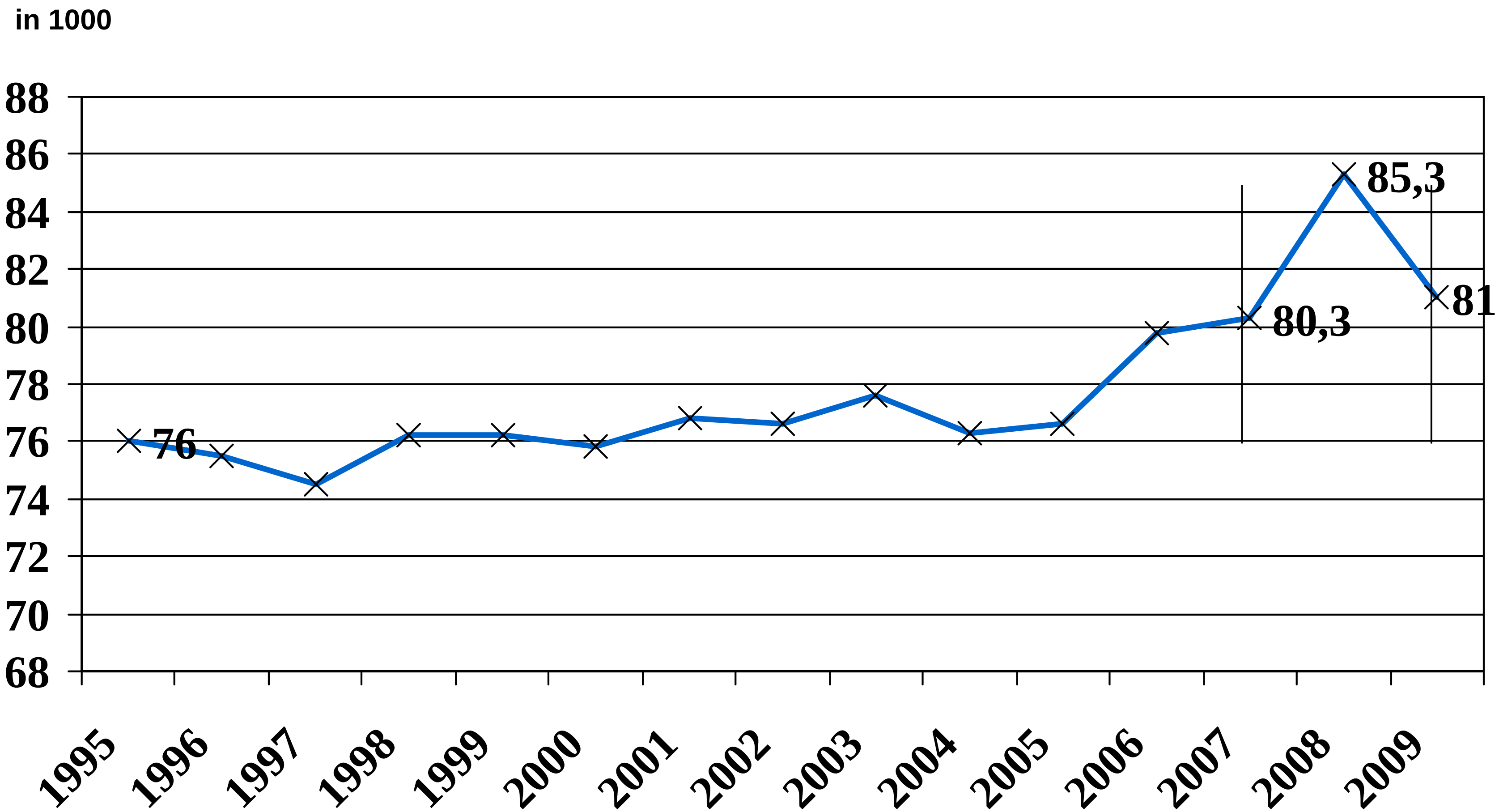
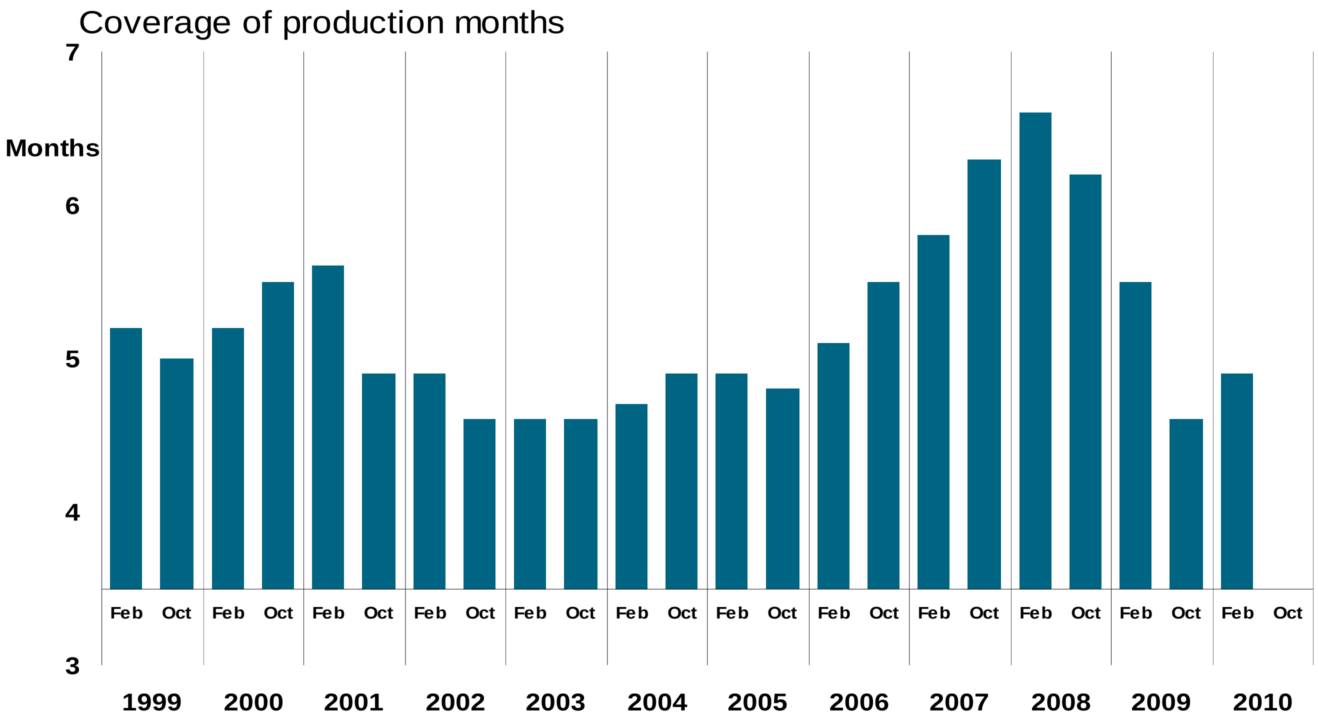
Employees in the German PT Engineering



Orders on hand in mechanical engineering



Source: VDMA

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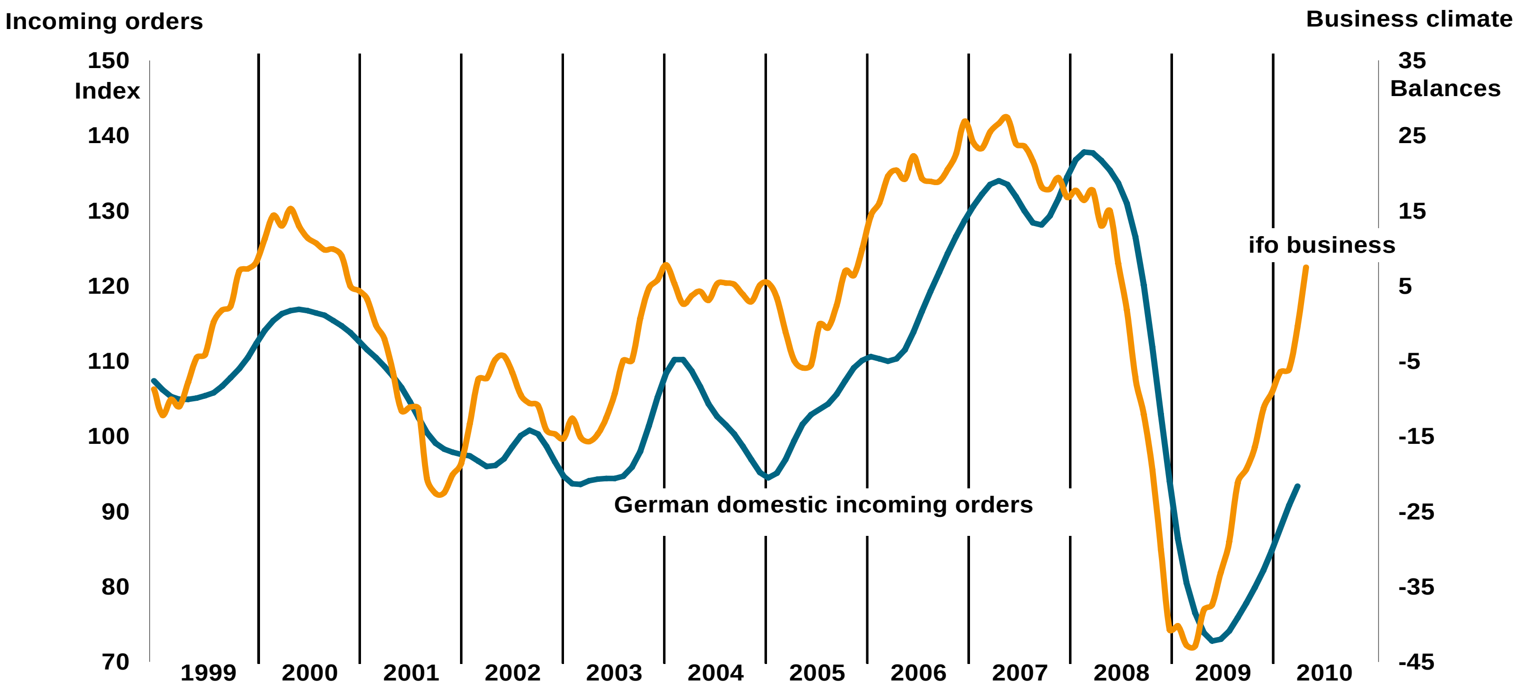
Domestic orders in mechanical engineering and business climate in German industry



Source: VDMA and ifo-Institut

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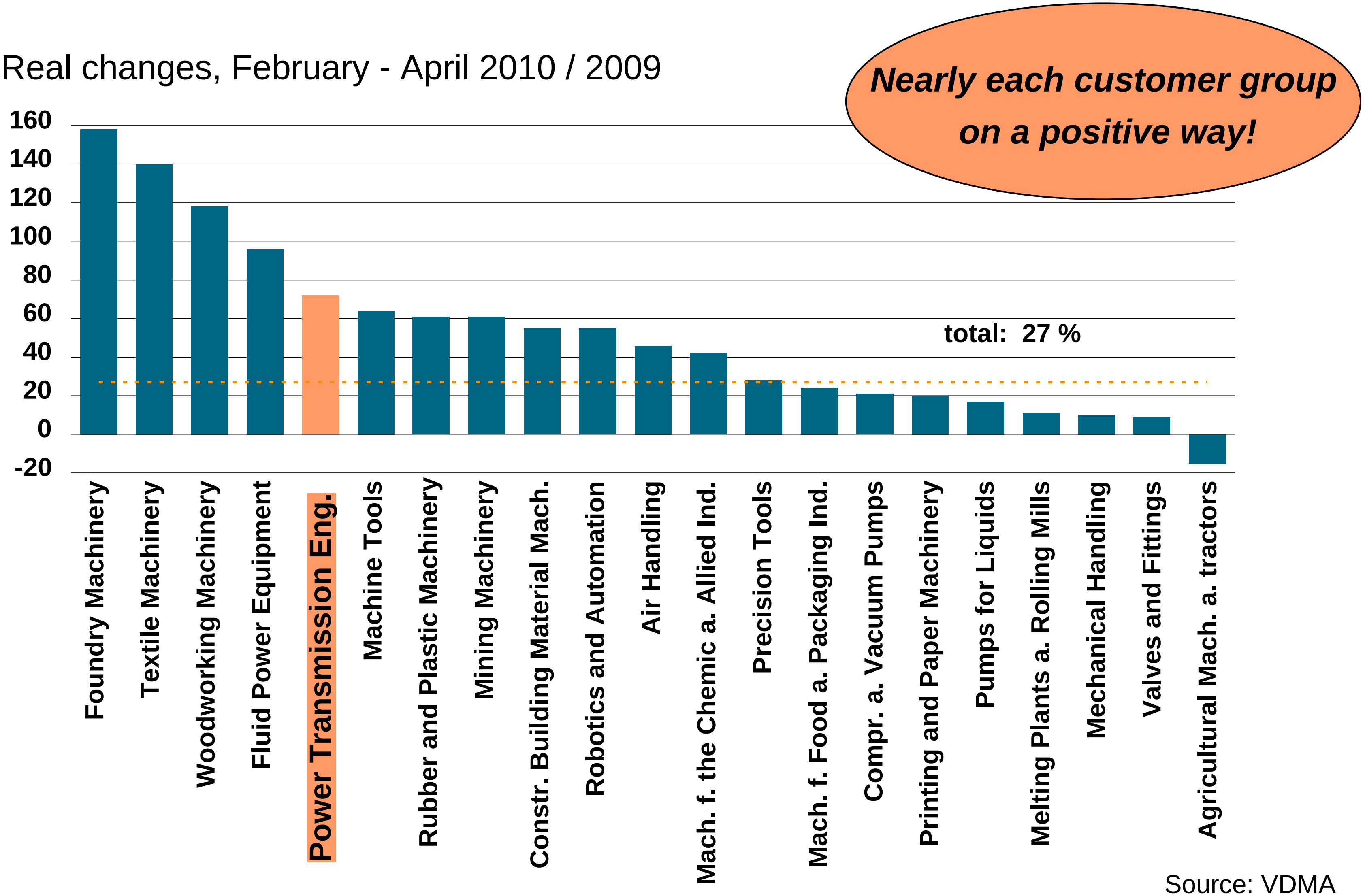
Incoming orders in selected subsectors

Real changes, February - April 2010 / 2009



Source: VDMA

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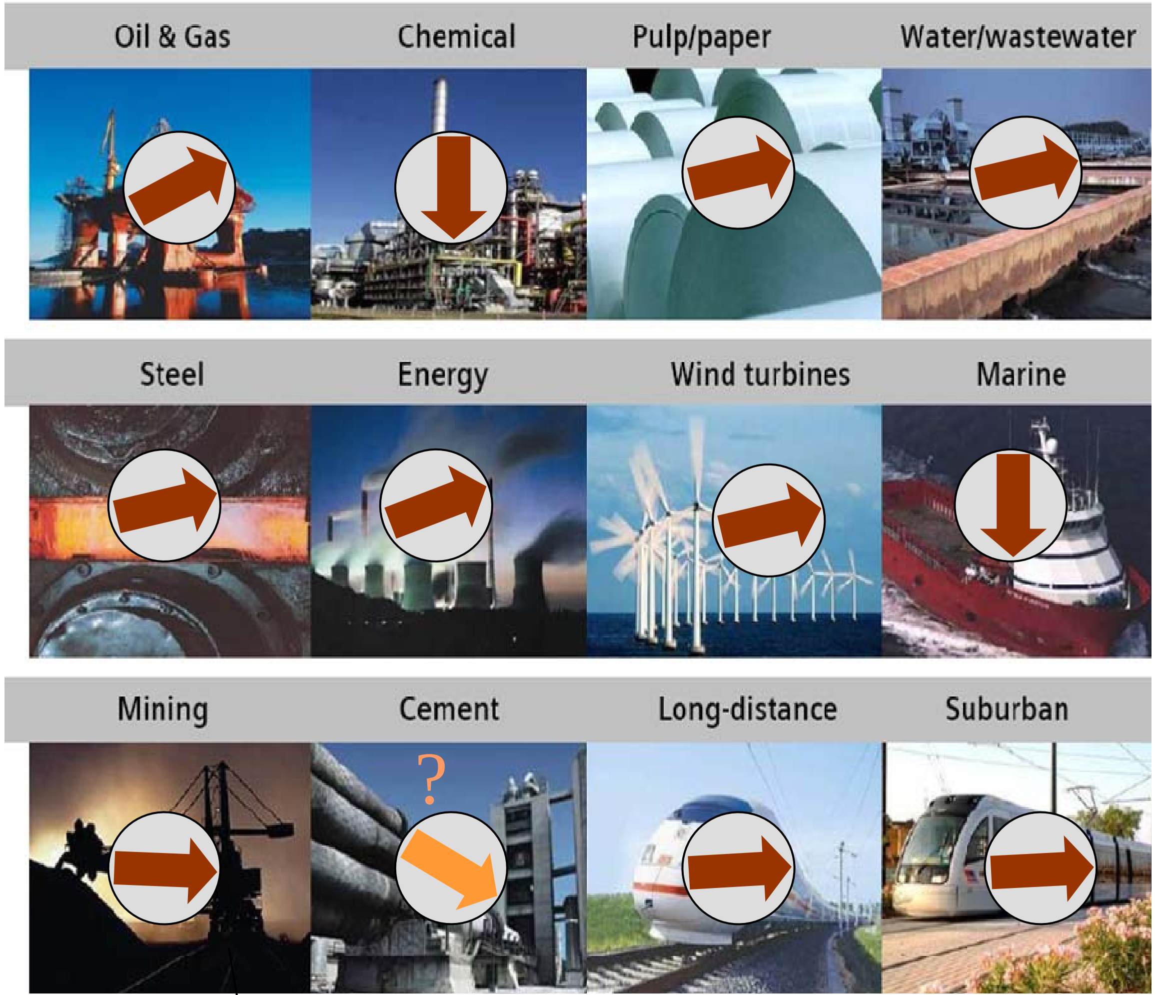
Development of the industry sectors



STABLIZING ON HIGH LEVEL

11th June 2010

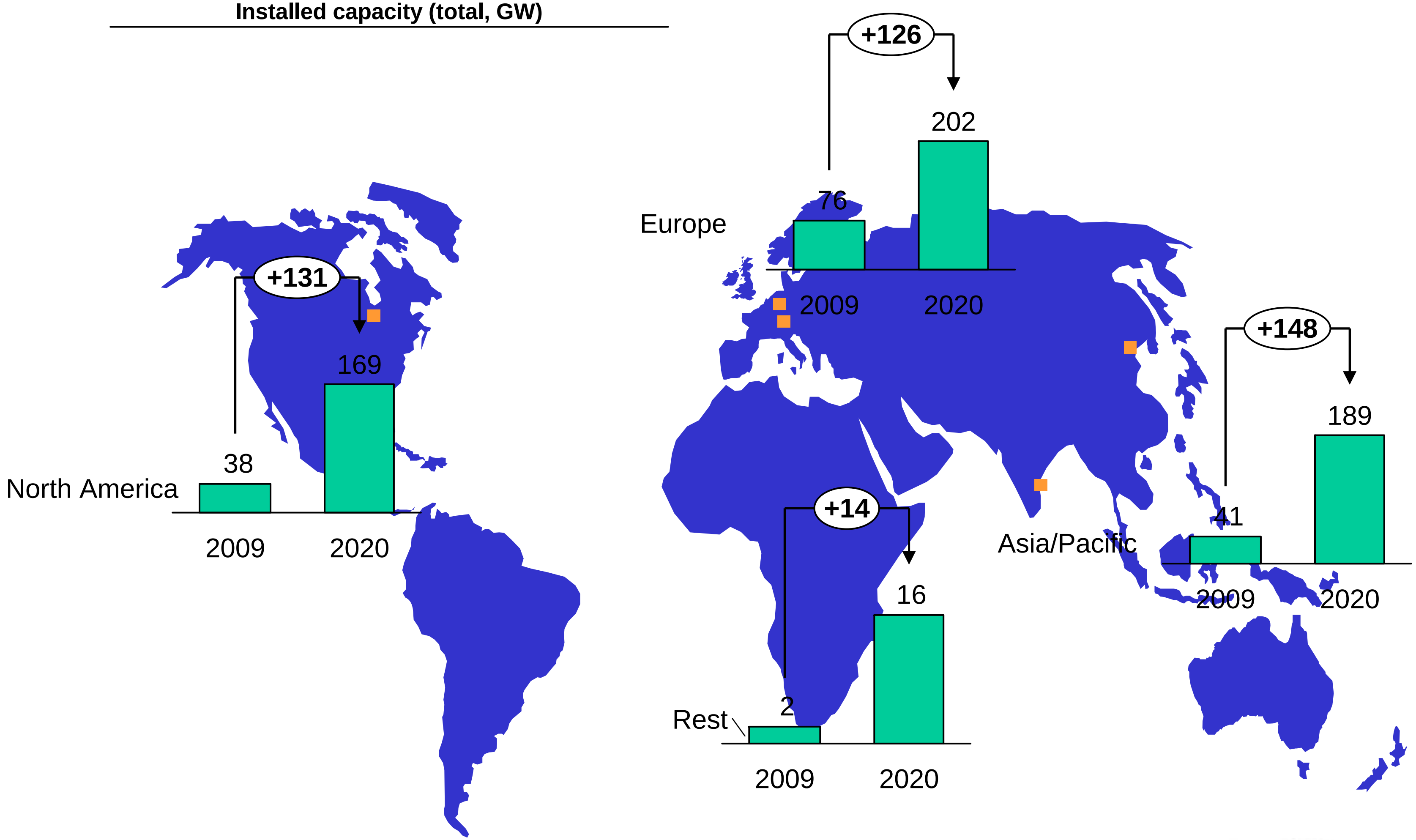
Tooling Machinery:
- smooth recovery

Agricultural Machinery:

-still negative, start the crisis very late

Global wind market shows big growth potential for the next 10 years to come

Installed capacity (total, GW)

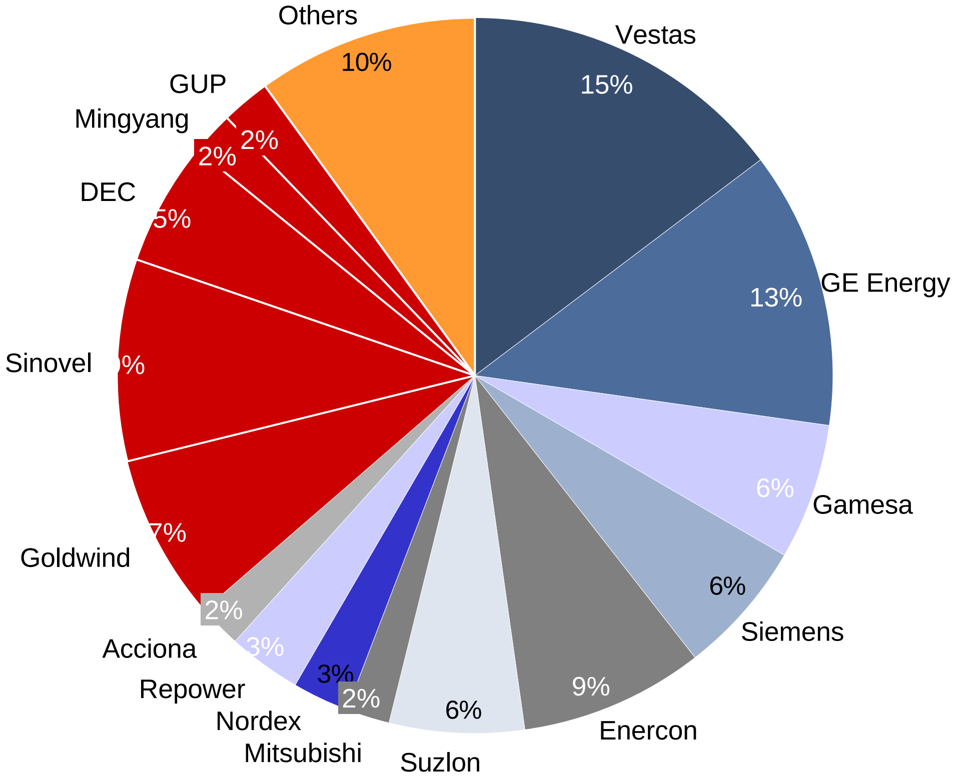


11th June 2010

Source: Winergy AG, 2010

Higher complexity due to sharply increasing number of wind turbine manufacturers (mainly China)

Market share 2009 (TOP 15)



Facts

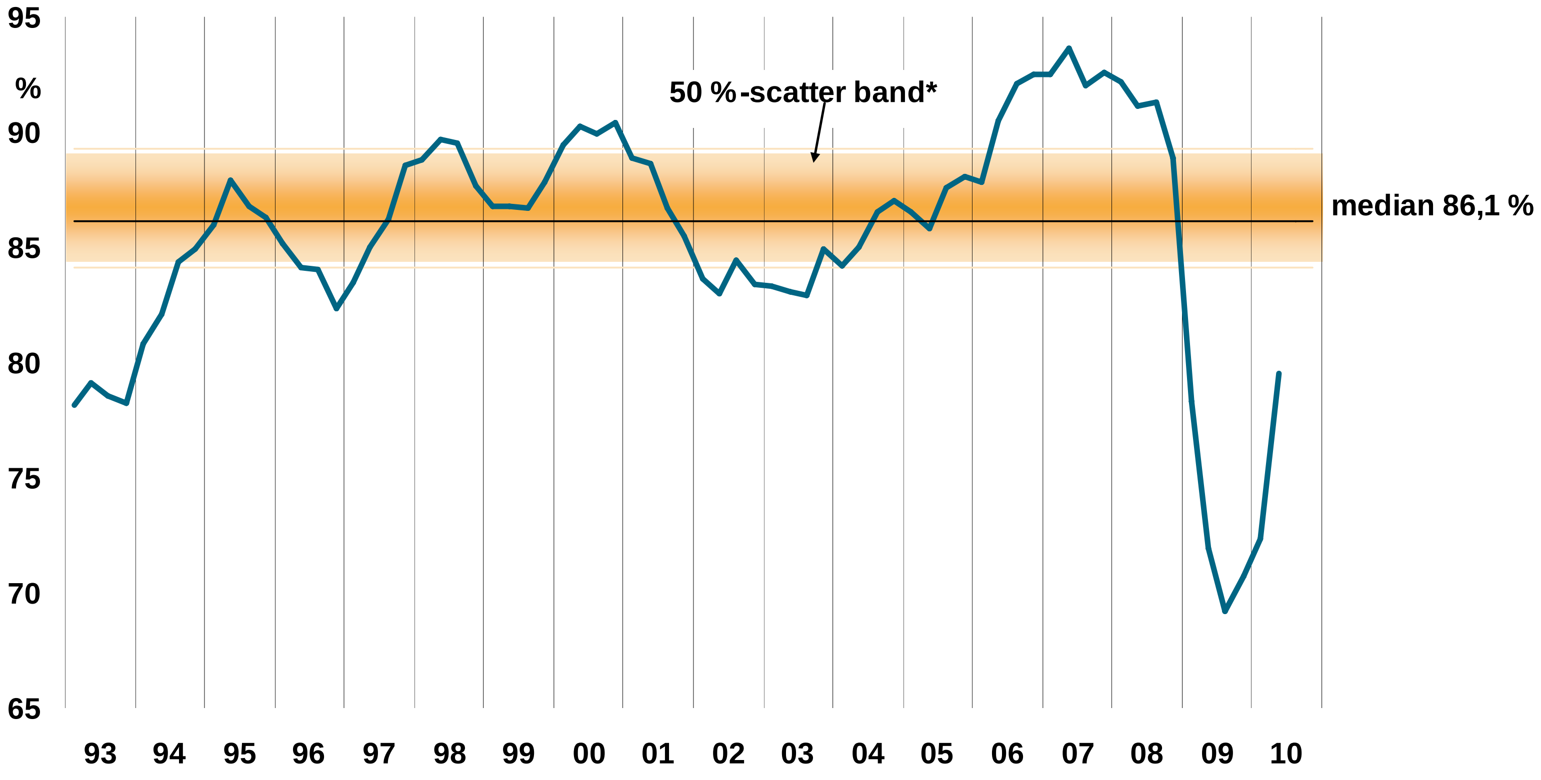
- Clear indication that the number of turbine manufacturers and suppliers is increasing an market is becoming more fragmented.
- Number of small wind turbine manufacturers is increasing („Others").
- Big wind turbine manufacturers like GE, Vestas suffer heavy losses in market share

11th June 2010

Source: MAKE : WTG OEM Market Shares 2009

Capacity utilization in German mechanical engineering

in percent of full capacity level of output



Source: ifo-Institut, VDMA

*) 50 % of all observations (since 1995) are within a scatter band of 84,1 and 89,3 %

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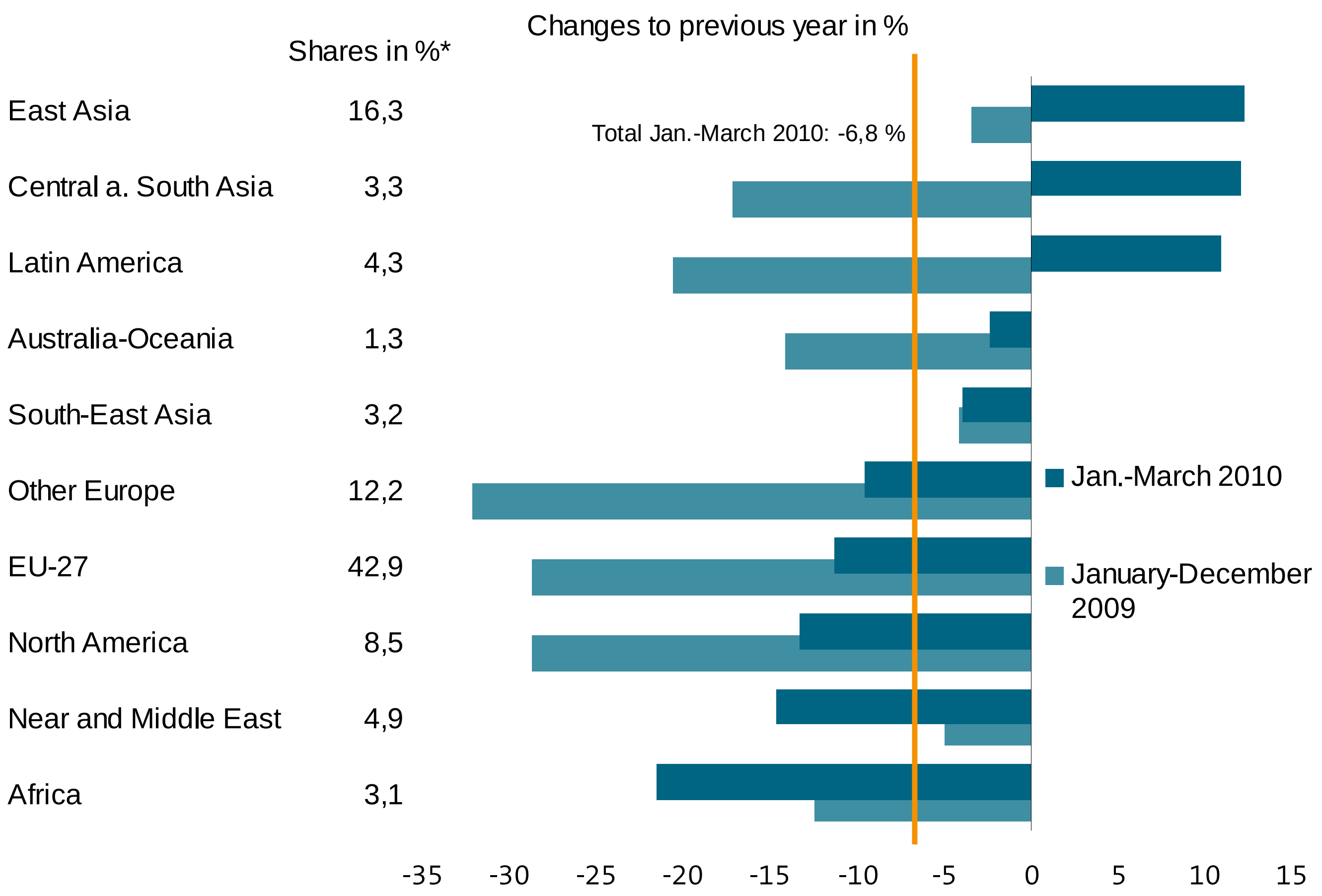
German exports in mechanical engineering by regions



*) Shares in total machinery exports

Source: Federal Statistical Office Germany, VDMA

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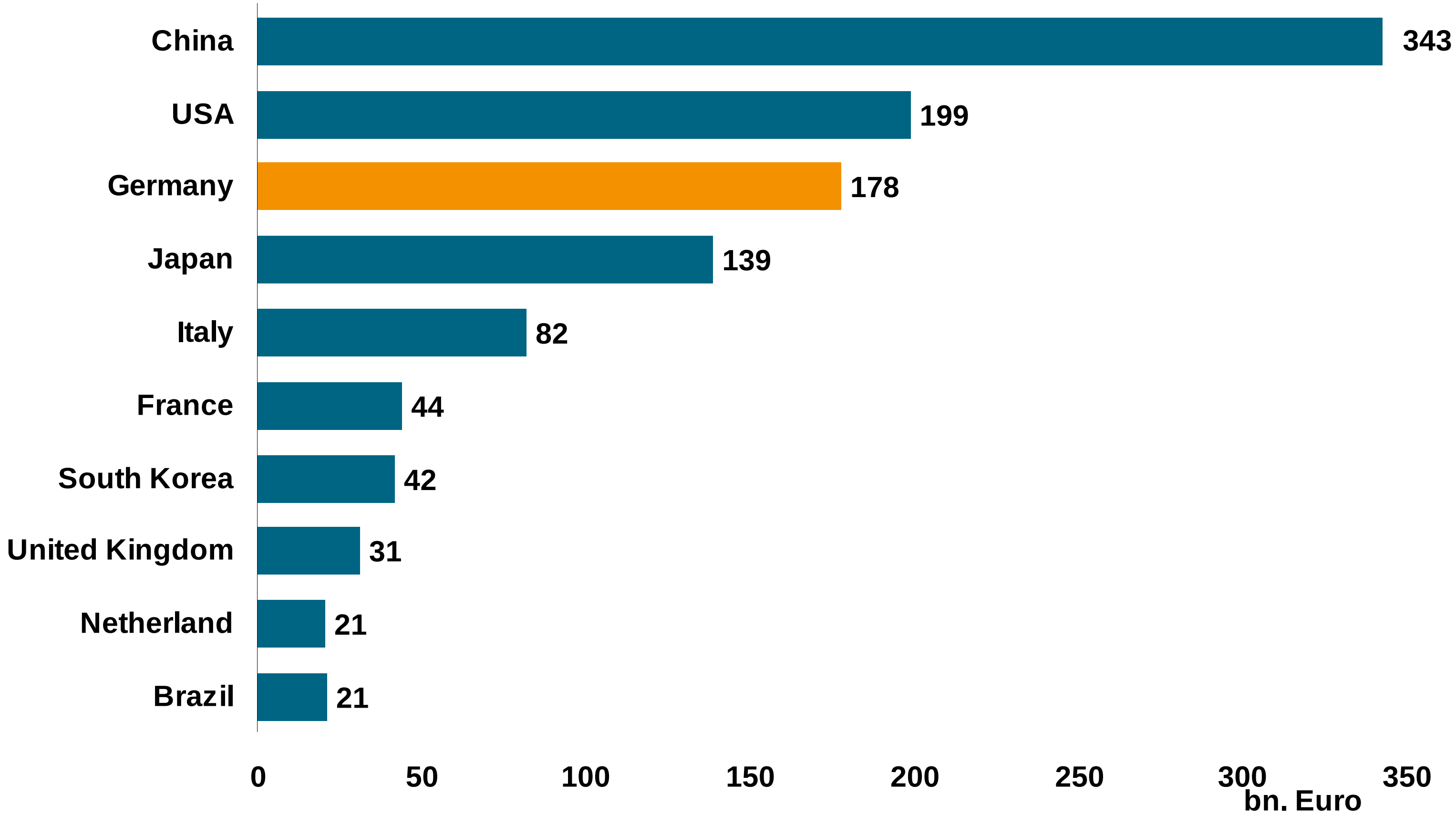
World machinery turnover TOP 10 2009



Source: National Statistical offices, UN, VDMA-estimation

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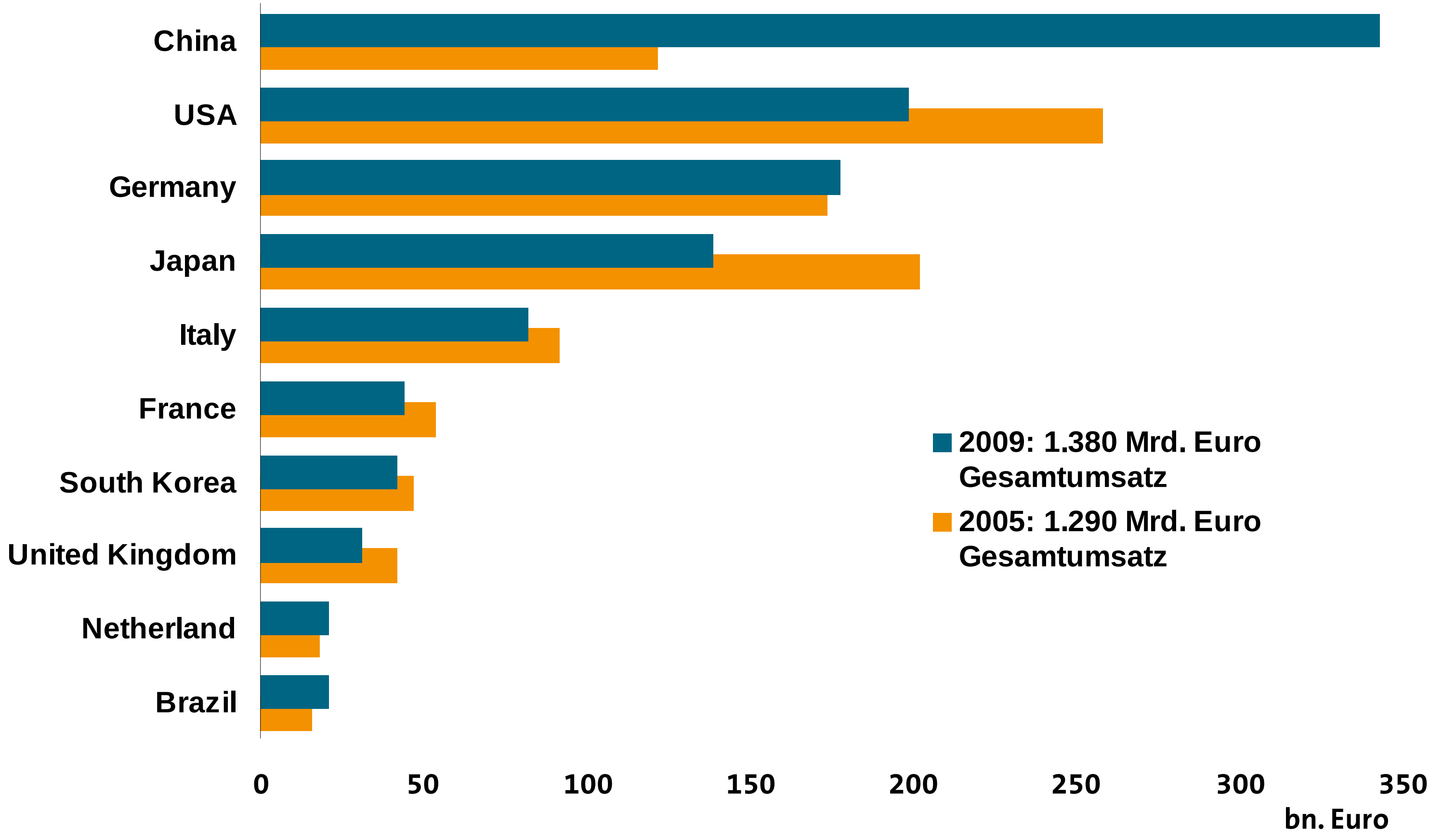
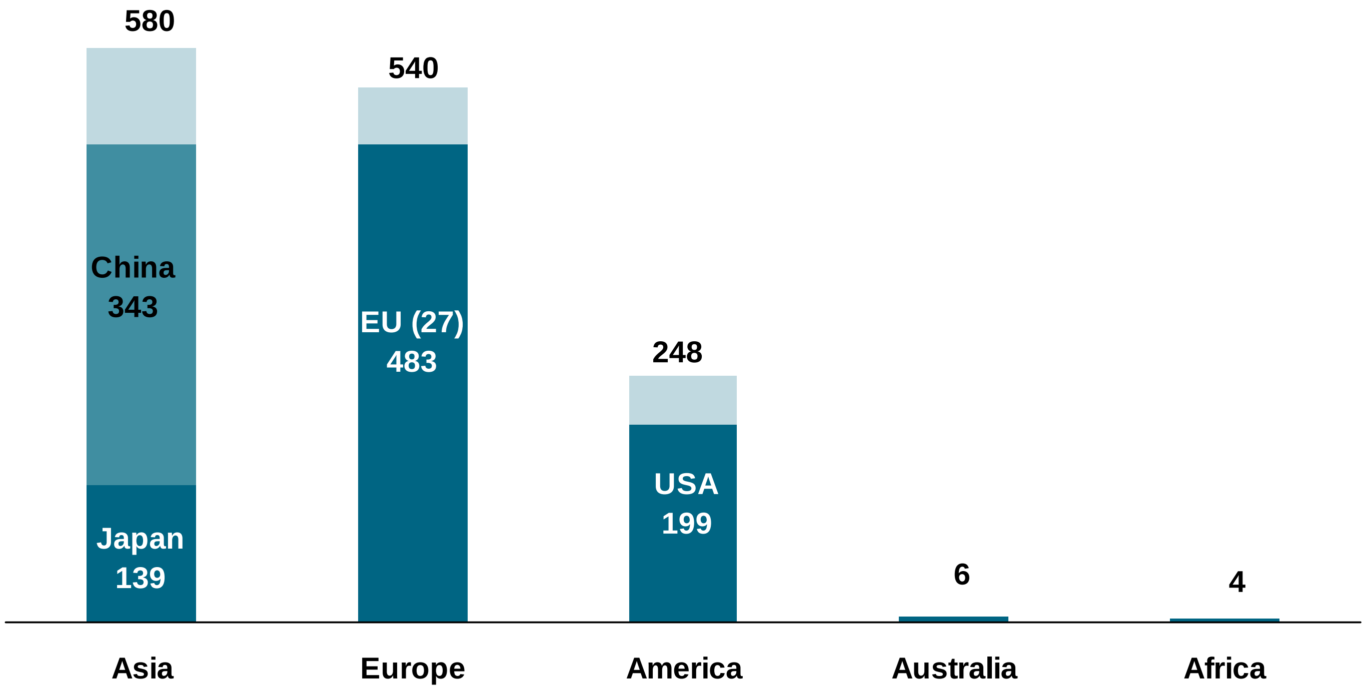
World machinery turnover* TOP 10 2009/2005



Source: National Statistical offices, UN, VDMA-estimation

World mechanical engineering turnover 2009

in bn. €



Source: VDMA-Estimation

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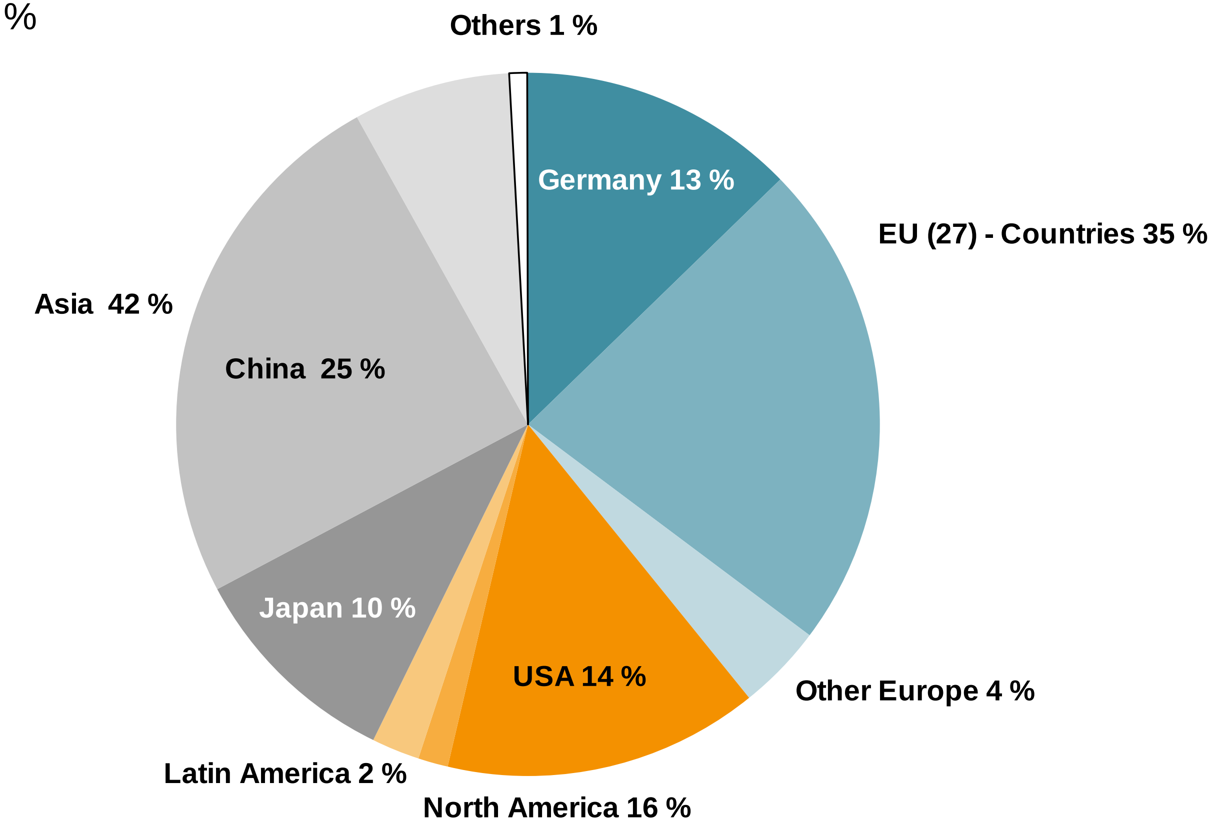
World machinery turnover 2009

Share in %



Total: 1.380 bn. € (estimation)

Source: VDMA

11th June 2010

Facts: Germany Power Transmission

	2008	2008/2007	2009	2009/2008*
• Turnover	19,4 billion €	+ 9,5%	*14 billion €*	*-26%*
• Employees**	85.258	+ 6%	*80.141 ***	*-6%*
• Production:	16,9 billion €	+ 9,2%	*12,4 billion €*	*-27%*
• Exports	11,9 billion €		*9,4 billion €*	-21%
• Imports	5,9 billion €		*4,2 billion €*	-29%
• Export ratio:	*70%*		*75%*	

- incoming orders (2009/2008): - 50 %
- orders on hand (Feb. 2010): 6,4 months

Power Transmission: 2009: -27% 2010: + 10%
European Power Transmission: 2009: -40% 2010: 0 – 5%
Linear Motion: 2009: -40% 2010: +10%
Mechanical Eng.: 2009: -20% 2010: 0%

***new statistical base*
11th June 2010

Risks	Chances

- cost- und margin pressure
- capacity situation
- still some unknown risks in case of the financial/ bank -markets
- still problems in case of credits
- long-term problems in case of state indebtedness and government „save-program“
- increasing protectionism
- warehouse effects
- Insolvency could disturb the supply chain

- world climate is getting better
- success by reducing costs and re-structuring
- warehouse situation is getting better
- expansive money- and financial policy
- capacity is slightly increasing
- new challenge resource-efficiency
- a good start position
- reactivated invests
- new chances with the ongoing globalisation

Thank you for your attention!

Dirk Decker
Deputy Managing Director
Power Transmission Eng. Association
VDMA, Frankfurt a. M.

Order Shipments Germany

1. By REGIONS

Orders

Expectations - 2010

		Decrease				Increase		
	NA	***> -10%***	***>-5% - (-10%)***	***<-5%***	***0***	***<5%***	***>5% - 10%***	***>10%***
Europe and Africa								
Asia and Australia								
Americas								

Shipments

Expectations - 2010

		Decrease				Increase		
	NA	***> -10%***	***>-5% - (-10%)***	***<-5%***	***0***	***<5%***	***>5% - 10%***	***>10%***
Europe and Africa								
Asia and Australia								
Americas								

2. By PRODUCTS

Orders

Expectations - 2010

		Decrease				Increase		
	NA	***> -10%***	***>-5% - (-10%)***	***<-5%***	***0***	***<5%***	***>5% - 10%***	***>10%***
Open Gearing								
Worm Gearing								
Helical Gearing								
Bevel Gearing								
Planetary Gearing								
Couplings and Clutches								

Shipments

Expectations - 2010

		Decrease				Increase		
	NA	***> -10%***	***>-5% - (-10%)***	***<-5%***	***0***	***<5%***	***>5% - 10%***	***>10%***
Open Gearing								
Worm Gearing								
Helical Gearing								
Bevel Gearing								
Planetary Gearing								
Couplings and Clutches								

Organisation: **Germany** VDMA PT
Date: May 2010

	2009		2010	
	2009		Jan.- March.10/09	
1. PRODUCTION	**Bill. EURO**	%	n.a.	
Gears & Gearboxes	*6*	-27	n.a.	
Transmission Elements	*2,6*	-13	n.a.	
Chains	*0,25*	*-24*	n.a.	
Total	**8,9**	**-25**		
			Jan.- March.10/09	
2. EXPORTS (in total)	**Bill. EURO**	%	**Bill. EURO**	%
Gears & Gearboxes	*3,5*	**-21**	0,86	**-9**
Transmission Elements	*2,9*	**-19**	0,84	12
Total				
3. IMPORTS (in total)	**Bill. EURO**	%	**Bill. EURO**	%
Gears & Gearboxes	0,9	**-32**	0,25	**-10**
Transmission Elements	1,1	**-25**	0,3	4
Total				
)**	**2009**		**Jan.- March.10/09**	
	Power T.	**ME**	**Power T.**	**ME**
in real terms	change %	change %	change %	change %
4. Turnover**				
Home market	-25	-23	**-15**	**-13**
Exports	-26	-24	**-1**	**-8**
Total	-26	-24	**-7**	**-9**
5. Incoming Orders**				
Home market	-52	-37	**55**	**8**
Exports	-49	-39	**79**	**18**
Total	-50	-38	**69**	**14**
6. Forecast (next 6 months)**:				
7. Utilization of capacity	**2009**		2010	
average < 80% **Low**	**x**		**x**	
average 80-90% **Normal**				
average > 90% **High**				
8. ORDER BOOK	Oct. 09		Feb. 6,4	
(in months)	5,7		6,4	
9. National values:	**2009**		**March 2010**	
GDP [billion EURO]	2		n.a.	
Unemployment Rate [%]	7,5		7,5	
Inflation Rate [%]	0,2		1,3	
(app) Employees ME	**939.000**		**907.000**	

ME= Mechanical Engineering Mio.= Million
Power T.= Power Transmission Engineering without Bearings!
**) Power Transmission Engineering in total / with Bearings

Turnover in mechanical engineering, investment in machinery and equipment and Gross domestic product

	Real annual percent change					
	Turnover in mechanical engineering Forecast		Investment in machinery and equipment Forecast		Gross domestic product Forecast	
Country	2009	2010	2010	2011	2010	2011
Austria	-22	0	-2,2	2,5	1,3	1,6
Belgium	-25	1	-1,2	3,9	1,3	1,6
Cyprus	-	-	-12,0	-4,0	-0,4	1,3
Finland	-28	-4	-4,0	2,5	1,4	2,1
France	-31	2	-1,2	2,7	1,3	1,5
Germany	-25	0	1,1	4,5	1,2	1,6
Greece	-	-	-5,0	-1,7	-3,0	-0,5
Ireland	-	-	-4,9	6,5	-0,9	3,0
Italy	-32	0	3,0	3,2	0,8	1,4
Luxemburg	-	-	5,0	7,5	2,0	2,4
Malta	-	-	-	-	1,1	1,7
Netherlands	-15	2	-10,4	6,9	1,3	1,8
Portugal	-4	-	-5,2	-1,0	0,5	0,7
Slovakia	-	-	3,5	3,5	2,7	3,6
Slovenia	-	-	10,9	5,2	1,1	1,8
Spain	-26	-5	-4,3	0,2	-0,4	0,8
Euro-area	-27	0	-0,7	3,1	0,9	1,5
Denmark	-20	-5	-4,0	2,3	1,6	1,8
Sweden	-35	0	-4,0	6,5	1,8	2,5
United Kingdom	-19	1	-3,9	6,3	1,2	2,1
EU (15)	-26	0	-	-	-	-
Bulgaria	-27	-	-	-	0,0	2,7
Czech Republic	-27	-	-4,6	4,0	1,6	2,4
Estonia	-45	-	-2,0	12,0	0,9	3,8
Hungary	-7	-	3,1	4,5	0,0	2,8
Latvia	-48	-	-	-	-3,5	3,3
Lithuania	-27	-	-6,0	5,6	-0,6	3,2
Poland	-9	-	-1,0	4,5	2,7	3,3
Romania	-17	-	3,0	4,3	0,8	3,5
EU	-26	-	-	-	1,0	1,7
Canada	-	-	-	-	3,1	3,2
China	18	20	-	-	10,3	9,4
India	-	-	-	-	8,8	8,4
Japan	-40	20	-1,7 [1]	2,7 [1]	2,1	1,5
Norway	5	0	-2,1	0,9	1,6	2,1
Russia	-	-	5,0	6,0	3,7	4,0
South Korea	-	-	-	-	4,5	5,0
Switzerland	-25	0	1,5	2,5	1,6	2,2
Turkey	-	-	5,0	0,0	4,7	4,5
USA	-21	6	6,7	4,5	2,8	2,5
World	-18	9	-	-	4,2	4,3

Source: VDMA, partly National associations, European Commision, IMF (only for GDP India, Canada, Korea, World)

1) gross capital investment

11th June 2010