

FAST TRACK USA

“A ROSY FUTURE FOR AUSTRIAN MACHINERY AND PLANT ENGINEERING?”

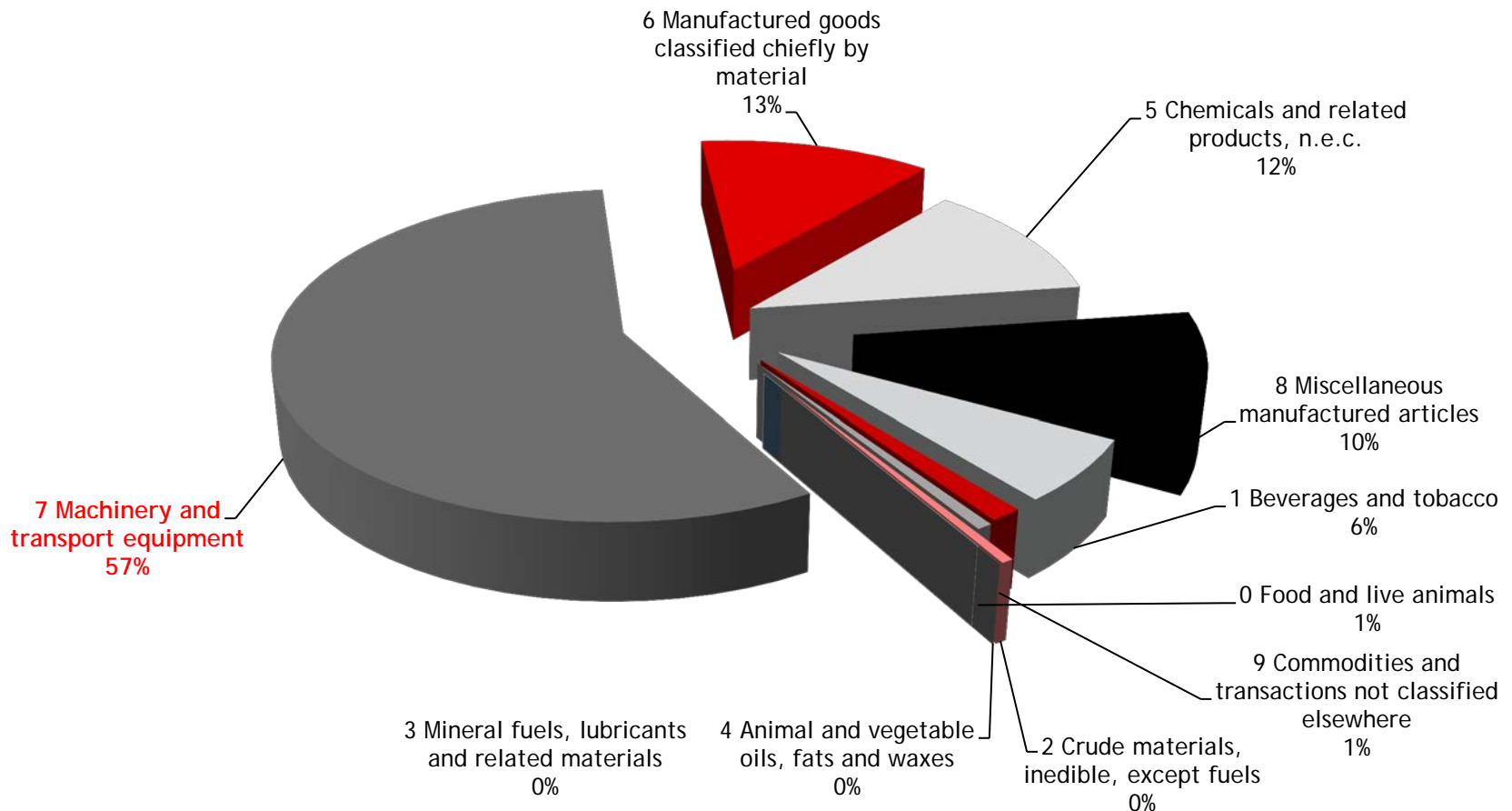
Peter Sedlmayer, ADVANTAGE AUSTRIA Chicago



AUSTRIA AND THE USA - FACTS

- 2015: US\$9.9 billion Austrian investment in the U.S.
(Increase of 14% from 2014)
- Currently Austrian-related firms provide more than 30,000 jobs in the U.S.
- Austrian firms invest US\$35-40 million annually for research and development in the U.S.
- Top 5 industry sectors making direct investments into the U.S., measured in number of projects (from January, 2003 to January, 2015):
 1. **Industrial machines**
 2. **Polymer industry**
 3. Software and IT services
 4. **Metals industry**
 5. **Automotive supply industry**

COMPOSITION OF AUSTRIAN EXPORTS TO THE U.S. (2015)



Source: ÖSTAT

TOP 5 AUSTRIAN EXPORT SECTORS

by Standard International Trade Classification (SITC) number

	In Euro	percent*)
7 Machinery and transport equipment	5,156,485,963	57%
6 Manufactured goods classified chiefly by material	1,160,197,029	13%
5 Chemicals and related products, n.e.c.	1,048,381,013	12%
8 Miscellaneous manufactured articles	934,240,119	10%
1 Beverages and tobacco	559,945,232	6%

*) percent of total Austrian exports to US, 2015

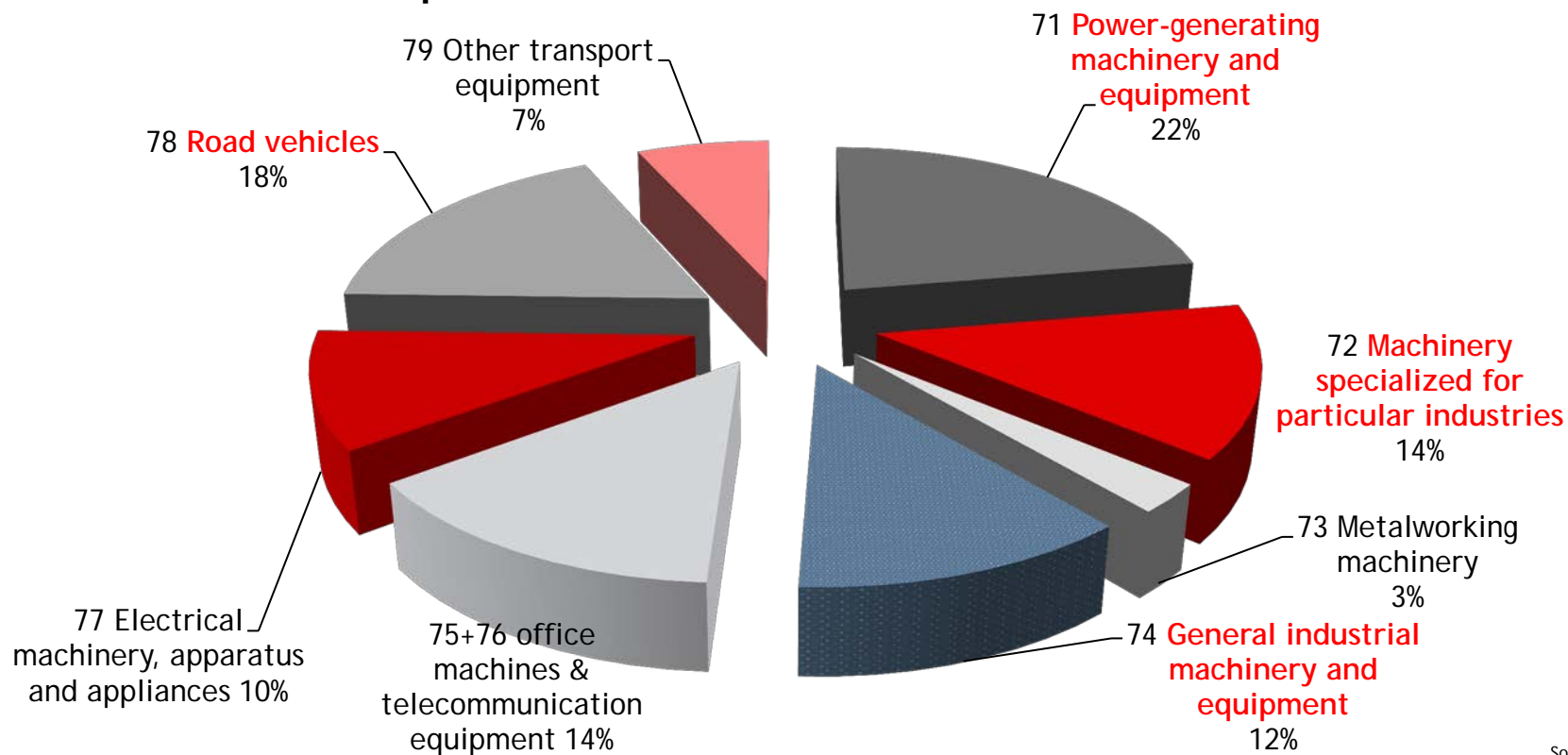
Source: ÖSTAT

THE U.S. – WORLD'S LARGEST MARKET FOR MACHINERY

- US = world's largest market for machinery and third largest machinery supplier in the world
 - U.S. manufacturing market contracted -2.5% in 2015 to approx. US\$397 billion; recovery expected in 3Q of 2017 *) according to AMT - Association for Manufacturing Technology
 - Foreign-held firms account for 41.2% of the US machinery market (China, Japan, Germany)
 - U.S. offers a strategic location for advanced manufacturing to serve e.g. Canadian and Mexican markets
- Best chances for Austrian companies:
meet emerging needs in innovative niche applications

AUSTRIAN EXPORTS OF MACHINERY AND TRANSPORT EQUIPMENT TO THE U.S. (2015)

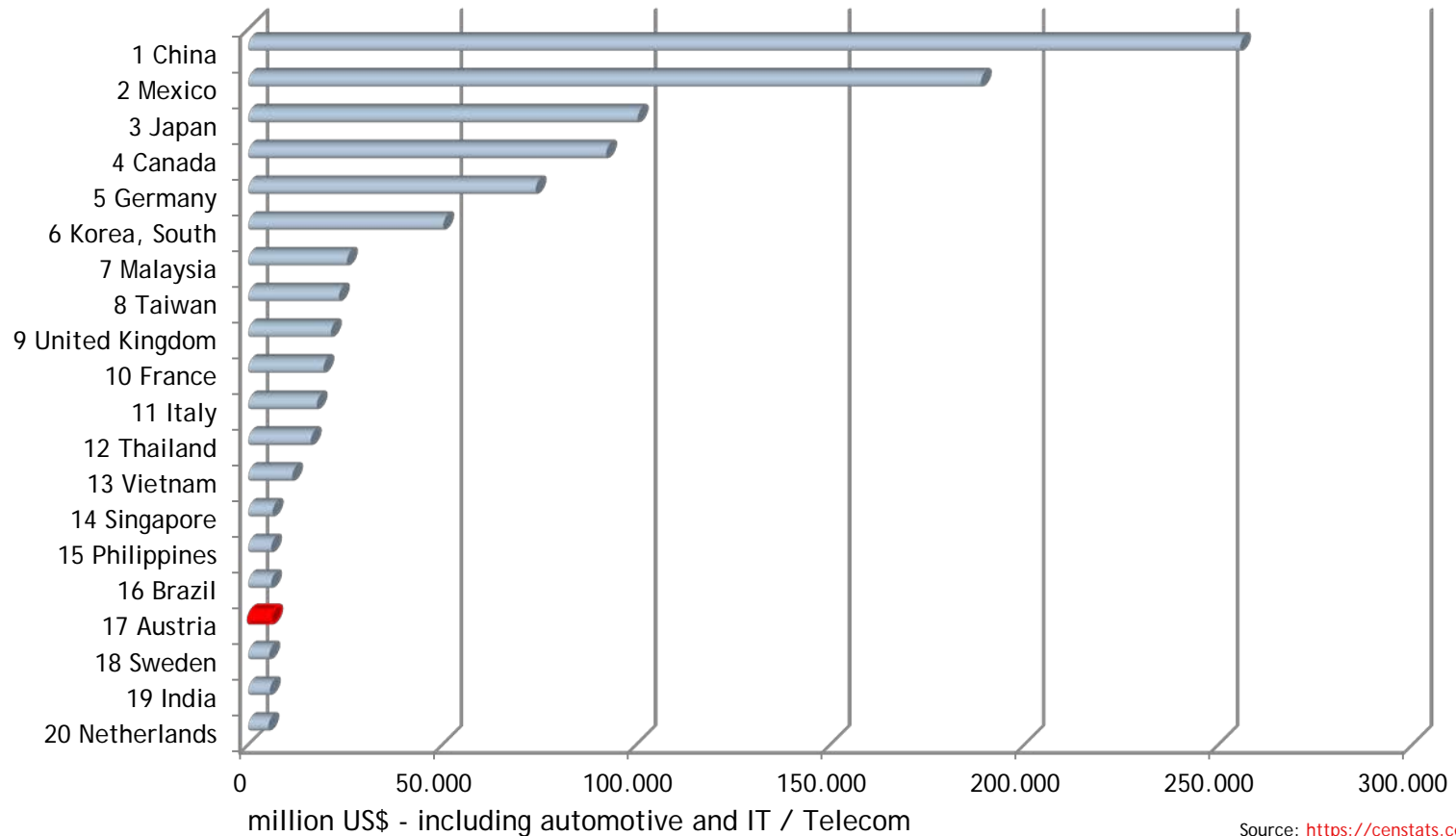
SITC 7 - Machinery and transport equipment Austrian exports to U.S. in 2015



Source: ÖSTAT

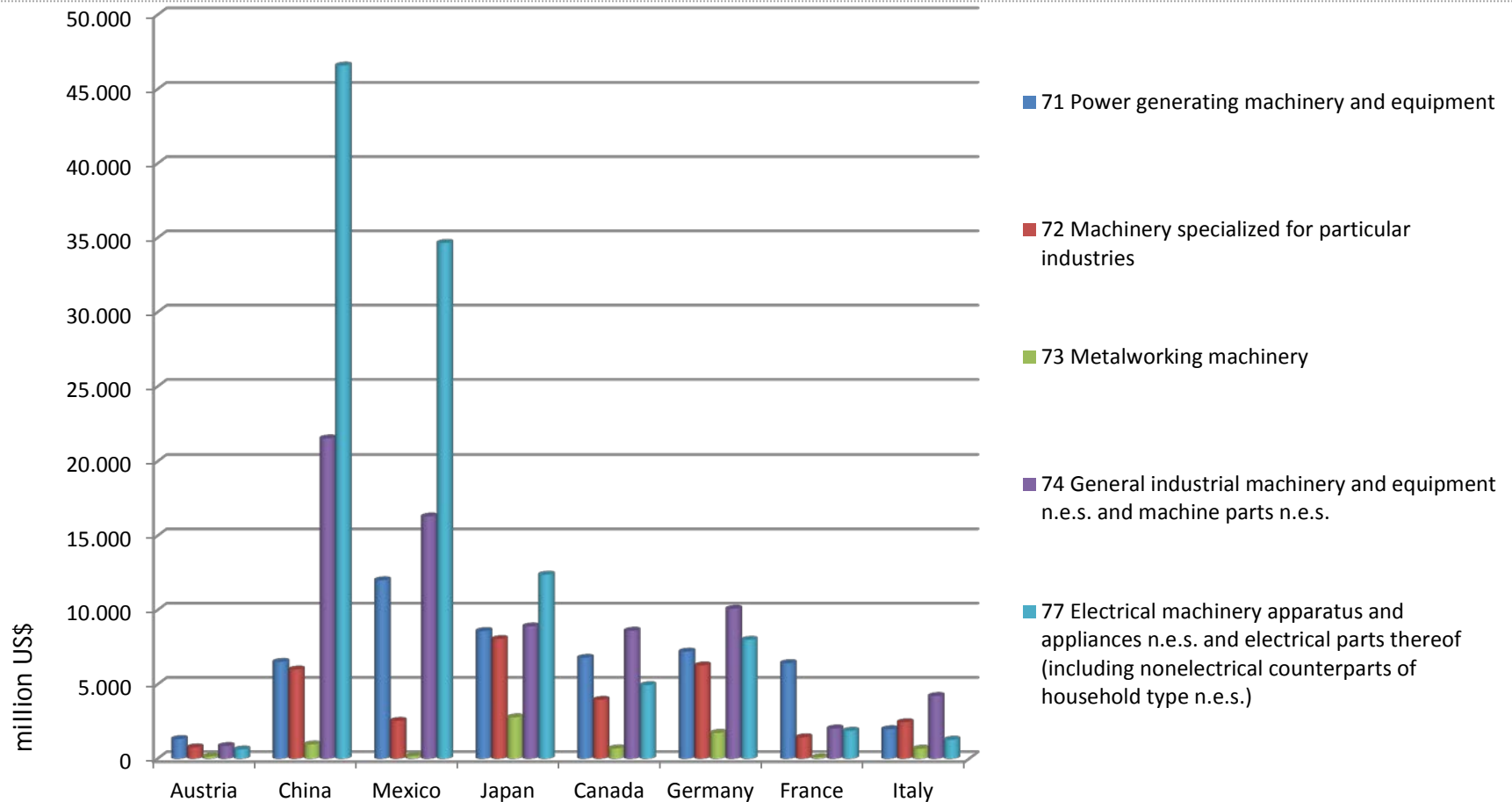
THE U.S. - WORLD'S LARGEST MARKET FOR MACHINERY

U.S. Imports of SITC 7 Machinery and Transport Equipment (2015)




Source: <https://censtats.census.gov/sitc/sitc.shtml>

THE U.S. - WORLD'S LARGEST MARKET FOR MACHINERY



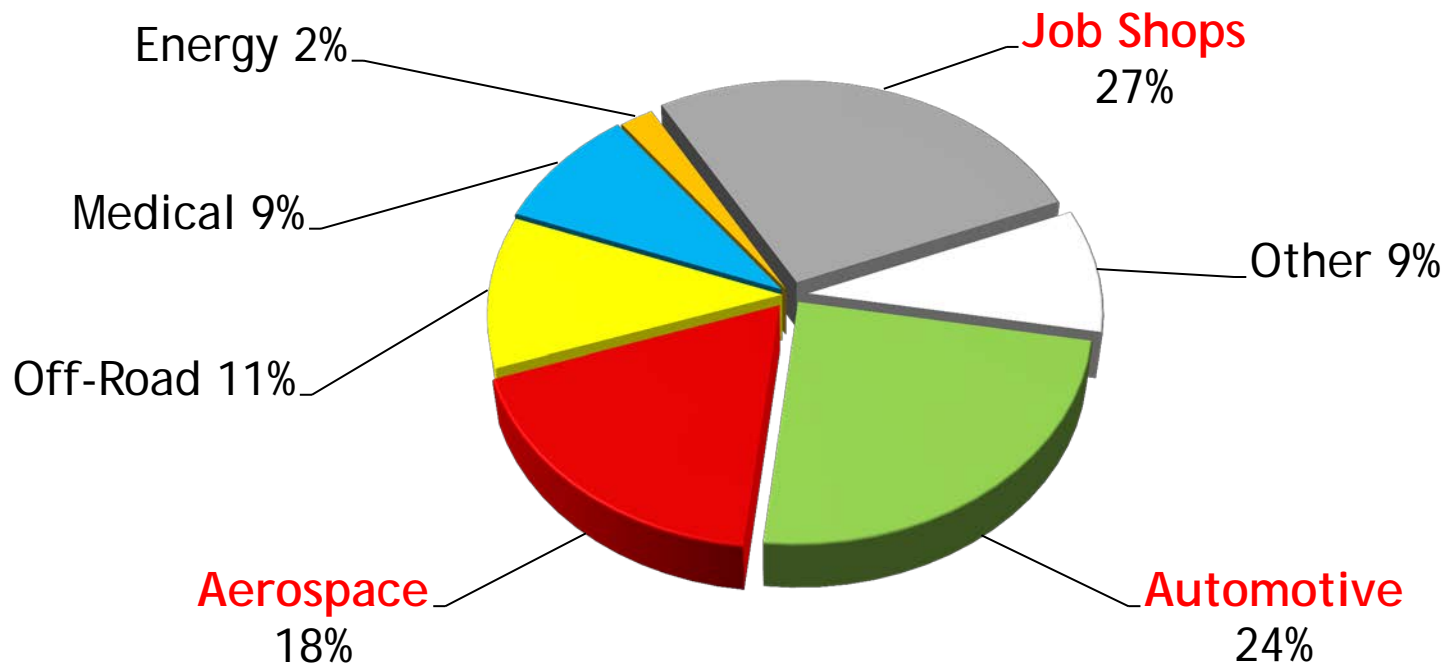
Source: <https://censtats.census.gov/sitc/sitc.shtml>

CURRENT U.S. DEMAND FOR MACHINERY

- Over 40% of the total U.S. demand for industrial machinery is currently met through imports
- Positive manufacturing conditions: currently dampened ... but output, capital investments and production capacity expected to increase 
- Increased demand for industrial machines based on:
 - Machines have reached end of life cycle and need to be updated
 - High investments in modernizing existing production facilities
 - Trend to invest in automation for more flexible manufacturing options vs. manual labor and dedicated production lines
 - New material utilization (advanced high strength steel AHSS, composite materials)
 - „Reshoring“ - moving industries back to the U.S. (goal of President-Elect D.T.)

U.S. MANUFACTURING ORDERS BY INDUSTRY

2016* US Manufacturing Orders by Industry

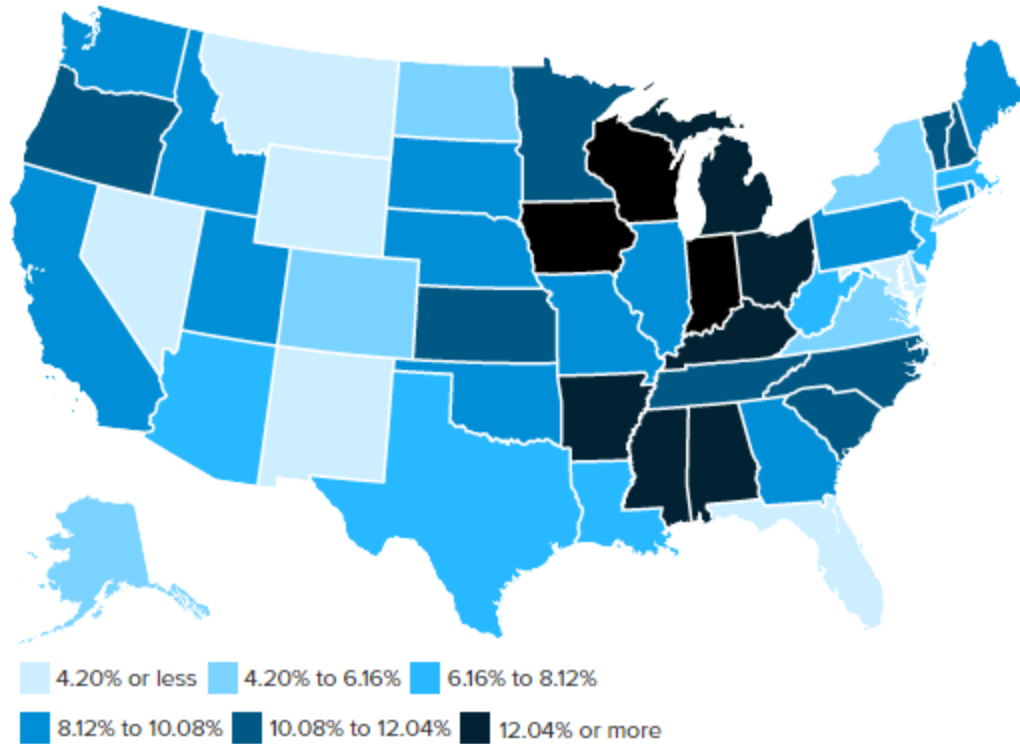


* January - August 2016

Source: Tim Shinbara,
AMT - The Association For Manufacturing Technology

THE U.S. MANUFACTURING INDUSTRY

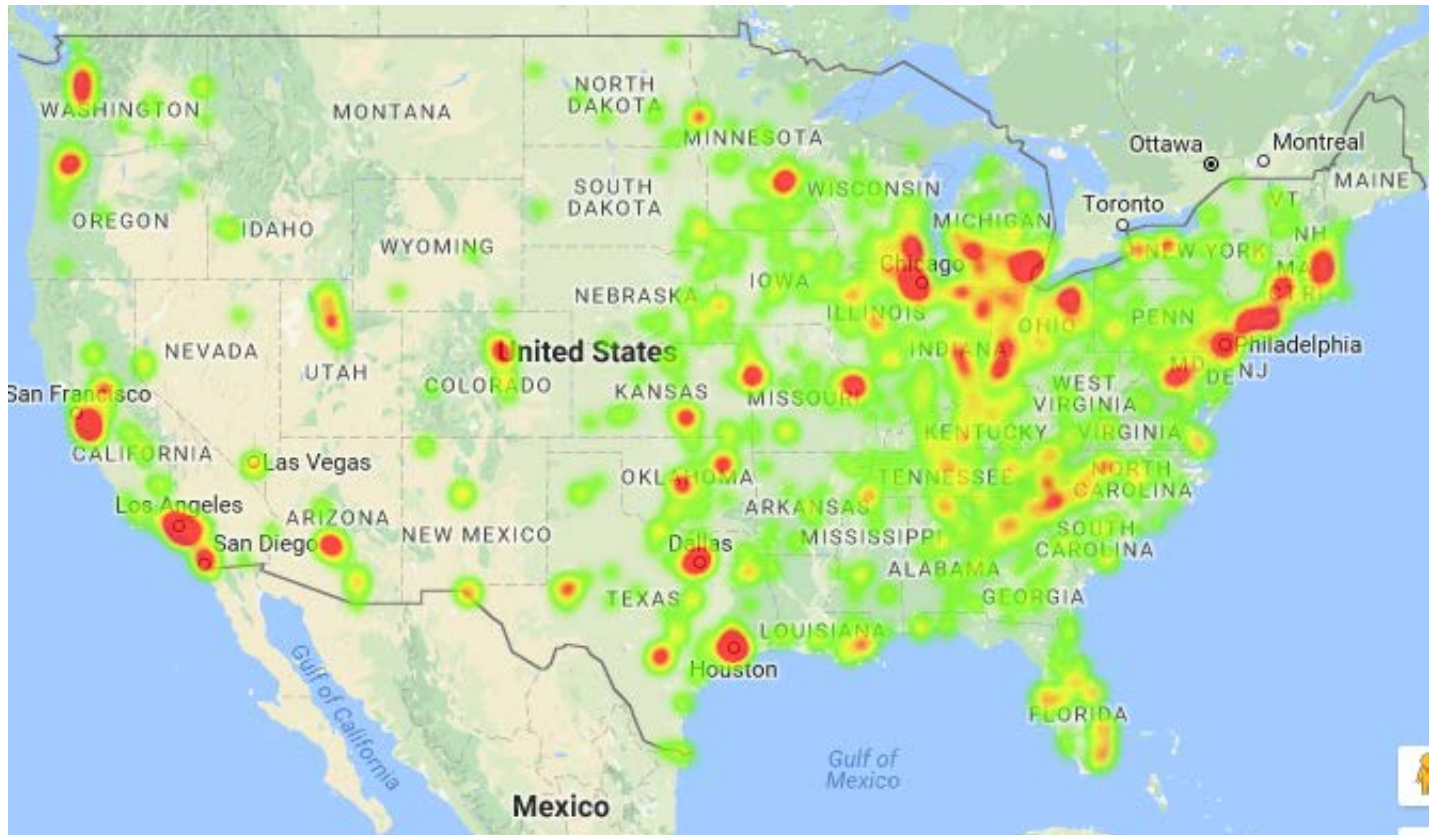
Ratio of Employees Working in the Manufacturing Sector



Economic Policy Institute Manufacturing Footprint Map, based on 2014 data from US Bureau of Economic Analysis

CONSOLIDATED HEAT MAP MANUFACTURING INDUSTRY

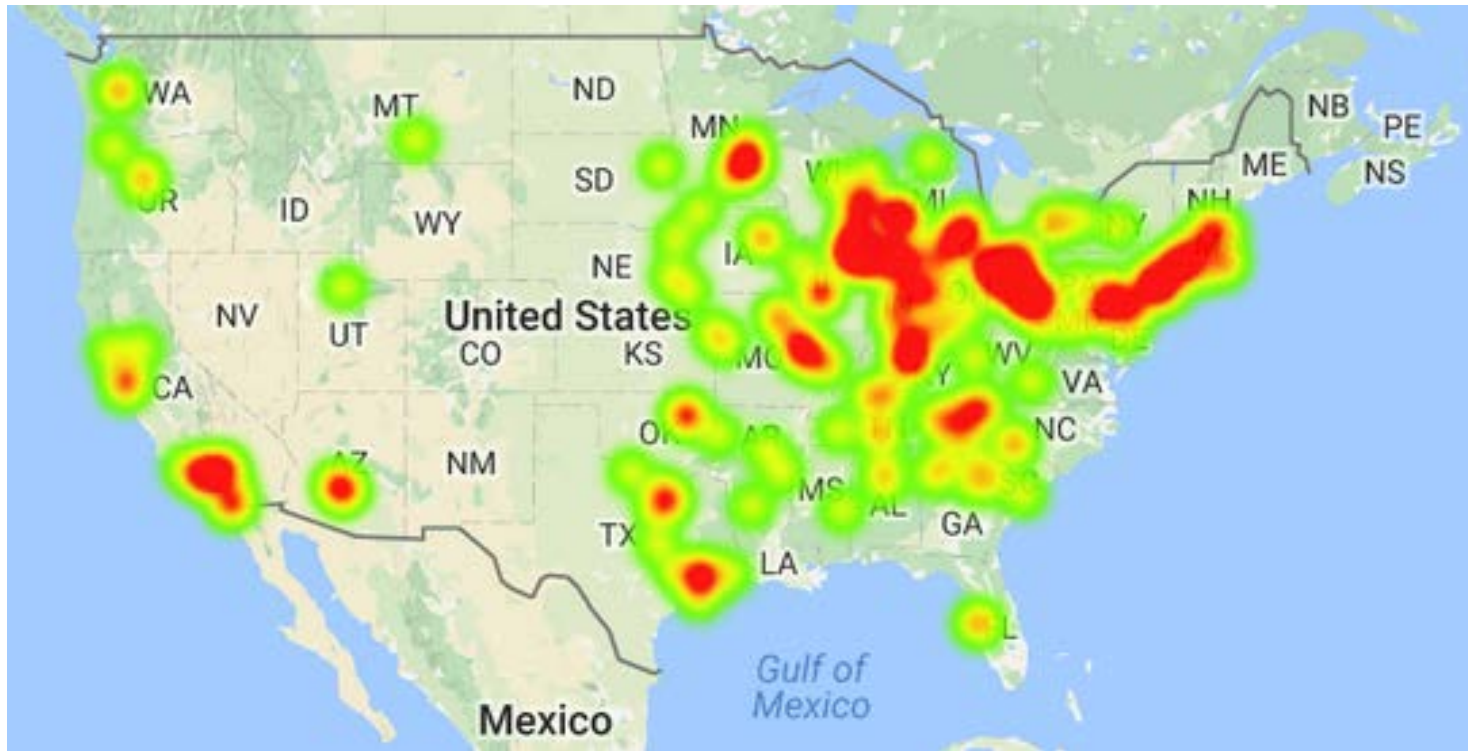
NAISC 3331, 3345 3363, 3364 Manufacturing; US\$50-500 million revenue



Codes according to NAICS - North American Industrial Classification System
Heat maps: referenceusa.com

HEAT MAPS - US FIRMS US\$20+ MILLION REVENUE

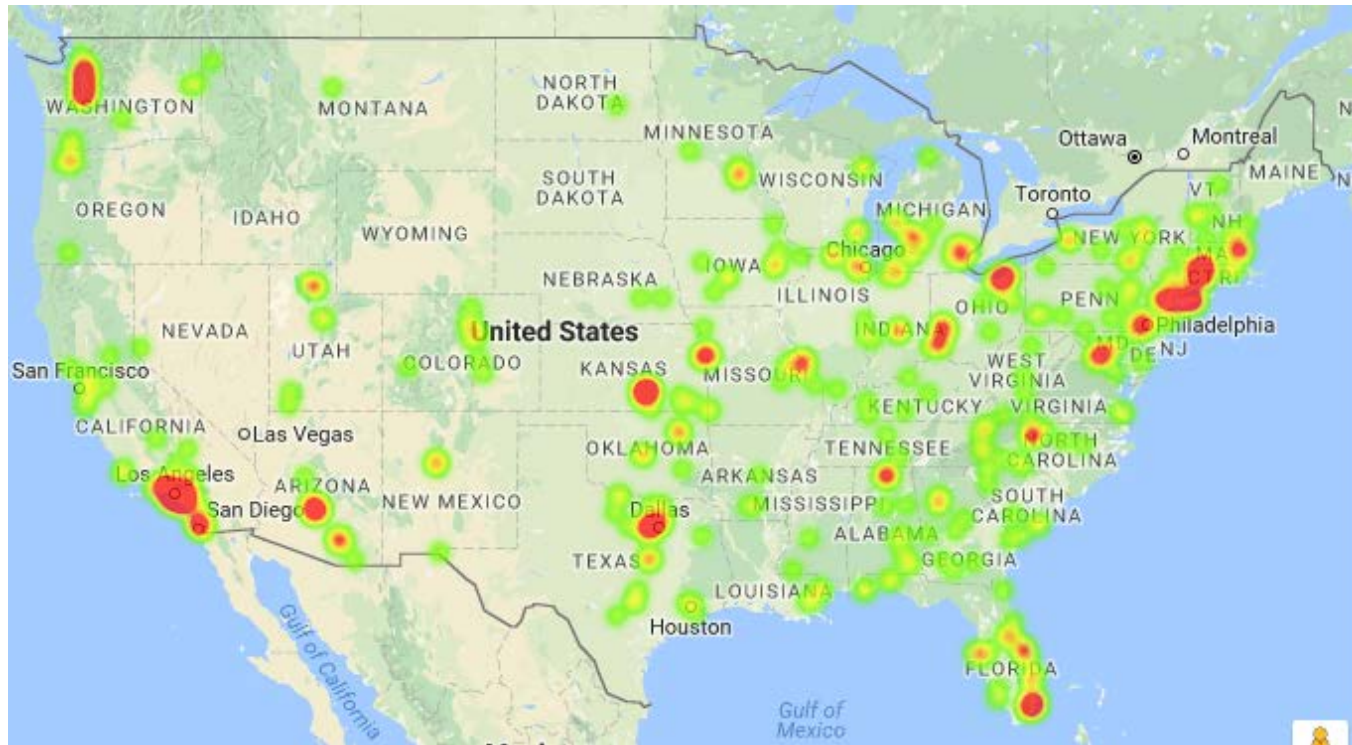
3363 Automotive Part Manufacturing



Codes according to NAICS - North American Industrial Classification System
Heat maps: referenceusa.com

HEAT MAPS - US FIRMS US\$20+ MILLION REVENUE

3364 Aircraft Manufacturing



Codes according to NAICS - North American Industrial Classification System
Heat maps: referenceusa.com

HEAT MAPS - US FIRMS US\$20+ MILLION REVENUE

3331 Agricultural and Mining Equipment



Codes according to NAICS - North American Industrial Classification System
Heat maps: referenceusa.com

HEAT MAPS - US FIRMS US\$20+ MILLION REVENUE

3345 Medical / Instrument Manufacturing



Codes according to NAICS - North American Industrial Classification System
Heat maps: referenceusa.com

KEY MANUFACTURING TECHNOLOGY CLUSTERS IN THE SOUTHEAST U.S.

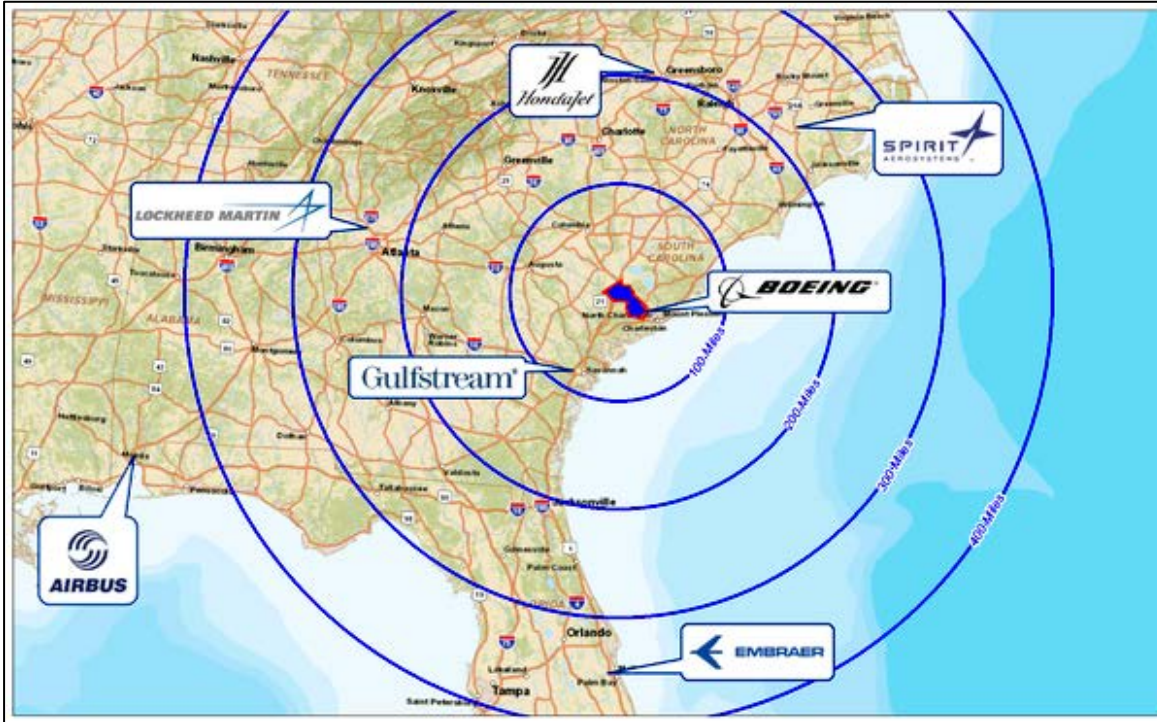
- **Southeast U.S.** - strong growth in manufacturing
- Diversified clusters offer opportunities for manufacturing technology
- Three main clusters include:
 - ✓ **Automotive Cluster** (BMW in South Carolina, Mercedes Benz in Alabama and Volkswagen in Tennessee, including suppliers)
 - ✓ **Textile Industry** (particularly technical textiles): concentration in GA, SC and NC
 - ✓ **Aerospace and Defense** (e.g. Boeing in South Carolina, Airbus in Alabama, Lockheed Martin in Georgia, South Carolina and Texas)
 - ✓ **AMT (Association for Manufacturing Technology):**
“The Southeast recorded the **second largest new investment and job levels in the country** with nearly a billion dollars in new capital investment creating more than 3,000 jobs.”

AUTOMOTIVE CLUSTER IN THE SOUTHEAST



- Ongoing expansion of the auto industry from the Midwest to the Southeast
- Southeast accounts for 26% of U.S. automotive production (an increase of 4% from 2009 to 2014)
- In addition to the three German OEM's, Honda, Hyundai, Toyota and General Motors are active in Southeast
- Supply chain follows OEM's

AEROSPACE AND DEFENSE IN THE SOUTHEAST



- Four key firms are present in the Southeast:
 - Boeing in SC
 - Airbus in AL
 - Gulfstream Aerospace Corp. in GA
 - GE Aviation in NC
- Strong market potential for lightweight components
- Energy efficiency trend demands innovative products and machines

Source: Dorchester County Economic Development, South Carolina

A LOOK AHEAD

- **FABTECH 2017**
November 6 - 9, 2017 in Chicago, IL
Largest North American show in metal forming and welding

- **IMTS 2018**
September 10 - 15, 2018 in Chicago
Largest North American show in manufacturing technology

- **NPE 2018**
May 7-11, 2018 in Orlando, FL
World's largest plastics trade show

- **SAE World Congress 2017**
April 4-6, 2017 in Detroit, MI
Largest North American congress for automotive engineering innovation

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...THANKS!



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