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## **Market information and trends from the process automation field**

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### **Dipl.-Ing. Michael Ziese**

Board member of the ZVEI Automation Division and

Chairman of the Department of Measuring Technology and Process  
Automation

Member of the Endress+Hauser AG executive board

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on the occasion of the economy press conference at the ACHEMA.

1 April 2009 in Frankfurt am Main, Germany

Check against delivery.

Ladies and gentlemen,

Also from my side a warm welcome to the economic press conference in the run-up to the Achema 2009. First, I am going to give you some information about the current situation in the process automation industry:

The worldwide number of incoming orders in the process automation branch has gone down by 15 - 20 per cent in the 1st quarter of 2009 compared with the same quarter of the previous year.

So, the cyclic collapse in the process automation industry is a massive one, but still not as heavy as in other areas of the investment goods sector. The reason for this is that projects in the field of process automation are partly driven by long-term trends. It is about the issues dealing with energy, energy efficiency and environmental protection, also with regard to the reduction of CO2 emissions.

It is still unclear whether the cutback of orders in the process automation industry has already hit the bottom. While some companies believe to have found evidence that this is true, the business volume of others is still going down. Uncertainties can particularly be found in the field of plant construction many companies are still making good business with and get orders from. The project pipeline is getting empty quickly, however, without revealing when to reckon with follow-up orders.

All this makes it hard to give an outlook for 2009. But since the industry has a post-cyclic behaviour it is clear already that we will have to face adverse cyclic conditions throughout 2009. There won't be another boom until 2010. Due to statistical reasons, though, during the course of the year - with business staying as low as it is now - better figures will shine through, i.e. the collapse of the number of incoming orders will become less drastic. This is due to the comparison of the current figures with last year's figures which had declined already during the second half of 2008. If we take all this into account we shall expect a decline of orders throughout 2009 of eight to twelve per cent.

The process automation business is varying heavily in the different customer industries. We see the oil and gas sectors still growing, the power plant and water technology as well. The pharmaceutical industry is above average, too. In contrast to this, the chemical industry, the mechanical engineering, the food, beverage and tobacco industry, the paper and pulp industry, the steel and metallurgy as well as the whole raw material sector are currently suffering from a heavy decline.

I'm happy to be able now to tell you a bit about the structure of the process automation industry:

**Chart 2:** The chart shows the significance of the automation industry within the electrical industry in Germany. In 2008 automation had a turnover share of 26 per cent with 45.8 billion Euro and thus more than a quarter of the turnover of the electrical industry. One can really say that automation is a supporting pillar of the German industry.

**Chart 3:** With 36 per cent, the process automation accounts for more than a third of the turnover of the automation industry. All in all, in 2008, the process automation industry has made nearly 10 per cent of the whole turnover of the electrical industry, the second largest industry in Germany! This emphasises the significance of process automation, the perception it really deserves in the public eye is still expandable. This is another point we are going to work on.

**Chart 4:** Looking at the process automation's customer industries the chemical industry (19 per cent), oil and gas (15 per cent) and the energy business (15 per cent) still have a leading significance. In hard times like these especially the energy business, but also the pharmaceutical and water/waste water industry guarantee some demand stability.

**Chart 5:** Just take a look at the worldwide production in the fields of measuring technology and process automation in 2007 with an overall volume of 113 billion Euros.

Still, the USA are dominating here. But their share has decreased compared with last year when it was still over 31 per cent. It is particularly obvious that China has caught up significantly, last year it was around 8.5 per cent, now we

are at 10.7 per cent. Germany was able to expand somewhat (10.3 per cent before), now 10.5 per cent.

Chart 6: One of the most important issues for the process automation business is energy efficiency. That's why the ZVEI executive board and the industry and trade committee have launched a task force last autumn which is currently compiling a leaflet about this issue. We expect to get results around the end of April, these are going to be presented at the Achema.

That much I can say already: The contribution of process automation to energy efficiency is impressive and manifold. Different machines and systems operate in varying energy intensive application industries, especially in the chemical industry. By deploying these systems a significant share of electricity and primary energy carriers may be saved with the application companies which allows us to make an important contribution to reducing CO2 equivalents and thus promote environmental protection together with them.

May I give two examples:

Let's take a refuse incineration plant with a connected community heating system. On cold days and for starting up heavy fuel oil is added. Only the precise balancing of the additional fuel consumed yields the required transparency. In front of each burner the individual mass flows of heavy fuel oil is recorded by Coriolis throughput measuring devices. The recorded values are transmitted to the superordinate process control system which manages the controlling and documentation processes.

Next, let's take a look at the food industry, especially the steam production. This process consumes a lot of energy and costs. The objective transparency is achieved through measuring the individual steam volume flows and steam pressures. Apart from that, the volume flows and temperatures of the fresh water and the condensate are recorded. This sums up to a meaningful overall balance.

Ladies and gentlemen, we have observed that, for instance, in the chemical and pharmaceutical industry the awareness of energy efficiency has increased and quite a few things were done in the past years. Yet there still is a large

energy saving potential we are going to give you a quantification in our brochure. Getting this potential across to the decision makers in the industry, the public and politics is one of our most important tasks in my eyes. Achema 2009 can make a significant contribution here as well.

Thank you very much for your attention.

Contact:

F. Rainer Bechtold (Press), Phone: ++ 49 69 6302-255

Felix Seibl (Automation Division), Phone: ++49 69 6302-451