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Positive development of business activity in aluminium sector

Good level of business activity is ground for optimism / upward trend in aluminium production / stable volumes expected in 2015

Düsseldorf, Germany, 12 March 2015 – The signs are pointing to growth: the German aluminium industry clearly outpaced economic growth as a whole last year and it is also expecting the economic trend to be stable in 2015. Aluminium producers (+ 3.7 per cent), manufacturers of semi-finished products (+ 2.2 per cent), aluminium casters (+ 12.1 per cent) and converters (+ 3.9 per cent) all increased their production significantly in 2014. "The use of aluminium will grow continuously worldwide, but also and particularly in Germany," is how Heinz-Peter Schlüter, President of Düsseldorf-based GDA Gesamtverband der Aluminiumindustrie, describes the medium-term prospects of his sector.

"Thanks to the high innovation potential of the markets in Germany, the competitiveness of the aluminium industry will continue to grow," says GDA Executive Director Christian Wellner confidently. 2014 showed that the German aluminium industry can well hold its own despite some weak demand from southern Europe. The German aluminium companies have proven to be resilient when competing in Europe. Against this background the sector is optimistic for 2015: "In the coming months we are expecting volumes to increase in almost all market sectors and we believe business activity in the aluminium sector will develop well this year," adds Christian Wellner. The German aluminium companies should therefore exceed the previous year's levels of production in 2015.

Aluminium production rising

Some 1,130,100 tonnes of aluminium were produced in Germany in 2014, which represented a rise of 3.7 per cent on the level of the previous year. Production was split between 530,700 tonnes of primary aluminium and 599,400 tonnes of recycled aluminium. Compared with the previous year the production of primary aluminium rose 7.8 per cent, while production of recycled aluminium was up 0.3 per cent.

The good level of business activity coupled with the expectations of many market segments ensured there was growing demand for semi-finished aluminium products. In 2014, production of aluminium semis rose 2.2 per cent to 2.549 million tonnes. The companies in this sector manufacture rolled products, extrusions, wire, forgings and conductor material and supply their products to every important industrial sector. After the automotive and building industries, the largest customers are in packaging, mechanical engineering and electrical engineering. The aluminium rolling mills, which are responsible for almost half of all European production of rolled products, account for the largest share of German aluminium semis production. Production of rolled aluminium products in 2014 totalled 1,952,400 tonnes. This represents a small increase of one per cent on the corresponding period a year earlier (2013: 1,933,000 tonnes). In particular there was an increase in demand for rolled products from the automotive sector. The large aluminium concerns are currently expanding their capacities for the production of body sheet so as to be able to meet the growing demand from the car industry.

The producers of extrusions and drawn aluminium products reported even better figures. Their production rose 6.3 per cent in 2014 to 591,500 tonnes. The most important markets for extrusions and drawn aluminium products are building and construction, the transport sector and industrial applications. Apart from offering modern and innovative extrusion technology, one of the strengths of this sector is the development of high-grade applications for profiles with enhanced customer benefits. The production of conductor material fell 8.0 per cent to 4,600 tonnes.

The German aluminium foundries also pursued a clear path of growth last year. The positive trend is expected to continue in 2015, albeit at a slightly slower rate. The production of aluminium castings in 2014 totalled 992,800 tonnes, which was a plus of 12.1 per cent compared with the previous year. The plants produce sand, chill and die-castings. The car industry is the most important market by far. The driving forces here are still to be found outside Europe. Above all, premium models that are produced in Germany primarily by German manufacturers continue to be in demand in the global markets.

Aluminium converters processed a total of 348,500 tonnes of aluminium in Germany in 2014. The production volume was thus 3.9 per cent higher than a year earlier. Conversion is divided into foil and thin strip, tube, aerosol and other cans, and metal powder.

Economic environment and outlook for 2015

“The German aluminium companies will report sustainable growth in their important target markets,” is how Heinz-Peter Schlüter sees the medium term prospects for the aluminium sector. The German aluminium industry has significantly improved its competitiveness in recent years by means of modernisation and restructuring. “This enabled our companies to gain market share in many segments in 2014.” Many of them have learnt a lesson from the last recession and can now respond more quickly and more cost-efficiently to new situations. They have purposefully undertaken strategic investments that now help them adjust flexibly to the respective situation.

According to Heinz-Peter Schlüter, the signs for further stimulation of business activity in the aluminium sector are not bad at all. “The improved order situation at the end of 2014 and the stable situation at the beginning of 2015 suggest there will be further improvement in the economic situation,” says the GDA President. “Carmaking will continue to dominate the transport sector, but growth is still expected in shipbuilding and aircraft construction and in local public transport systems. Even the building and packaging markets will continue to make good progress,” he adds.

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Production data for the German aluminium industry (in tonnes)

	2013	2014	Change year-on-year
Primary aluminium	492,400	530,700	7.8%
Recycled aluminium	597,400	599,400	0.3%
Total raw aluminium	1,089,800	1,130,100	3.7%
Rolled products	1,933,000	1,952,400	1.0%
Extrusions and drawn products	556,300	591,500	6.3%
Conductor material	5,000	4,600	-8.0%
Total aluminium semis	2,494,300	2,548,500	2.2%
Aluminium castings	885,600	992,800	12.1%
Foil and thin strip	271,000	270,600	-0.2%
Tube / aerosol and other cans	42,000	42,900	2.2%
Metal powder	22,500	35,000	55.6%
Total aluminium conversion	335,500	348,500	3.9%

Sources: GDA, BDG and Federal Statistical Office; data partly provisional.