QuantMetriks

January 2025

MicroMetriks – German Screen-Test – Take 1

German-based capex industrials under severe pressure with few but notable exceptions

German manufacturing output compression was seen to moderate from -4.4% y/y to -3.1% y/y for November contributing to encouraging nominal sales trends. Yet there were several heavy engineering sub-sectors, industries that Germany prides itself on, that endured deteriorating output dynamics. *Producers of mining & construction equipment*, *agricultural machinery*, *lifting & handling eqp.*, *trucks*, *taps & valves* and *machine tooling* are all sub-sectors falling under this capex category.

Chart 1: Op.Margins – Lifting vs Drilling eqp. makers

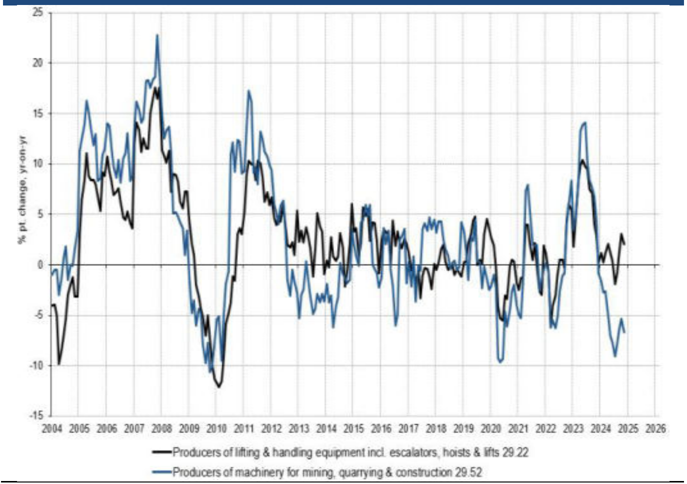
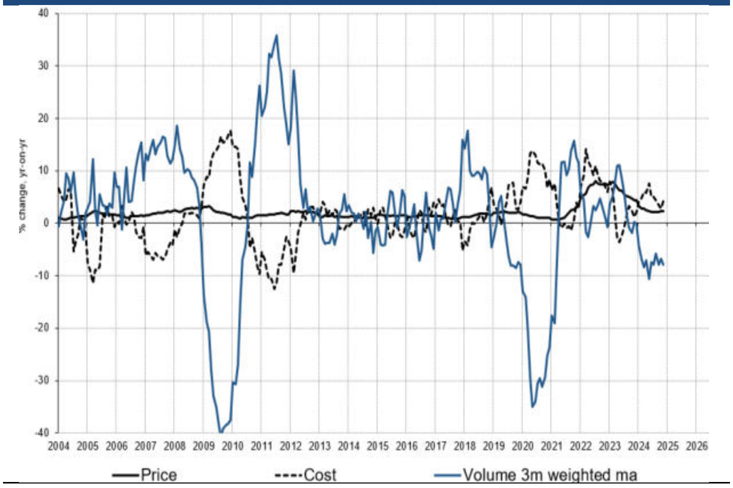


Chart 2: Machine toolers price, cost & volume rends



Source: QuantMetriks

The production frailties of these sectors however disguise sharply contrasting margin trajectories, determined by their respective factory-gate prices vis-à-vis their specific cost inflation trajectories. For instance, *producers mining & construction equipment* and *machine tooling* which include Swedish triad of **Sandvik**, **Atlas-Copco**, **Epiroc** as participants are undergoing sharp and unrelenting margin compression. By contrast, producers of *material handling equipment* where the likes of **KONE**, **Jungheinrich** & **Palfinger** operate in saw an upturn in 4Q profit margins.

German-based *agricultural machinery* and *truck producers* are both also suffering protracted and deep sales & margin contraction – here we find **CNH Industria**l, but also US listed **AGCO** as well as **Paccar** (via its DAF unit), **Traton** and **Volvo Group** (with some added construction eqp. exposure).

Chart 3: Sales – Truckers & Harvesters driven lower

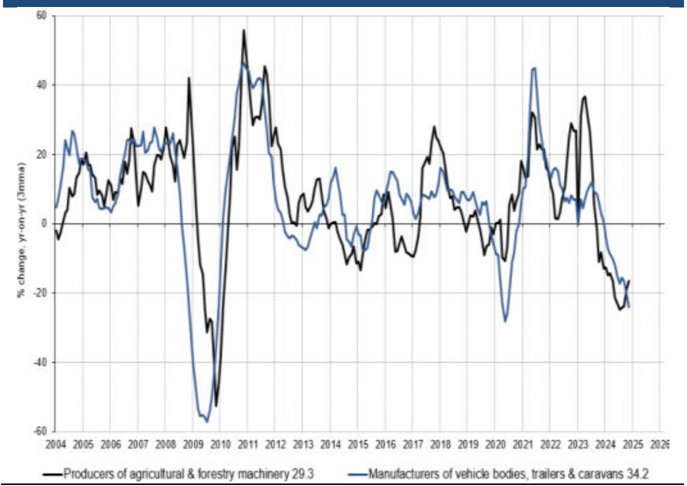


Chart 4 Sales - Pumps & valves back in harmony

Source: QuantMetriks

Despite last month production slip, *fluid management industrials* (ie. taps & valves) have enjoyed encouraging sales & margin trends following challenging trading fortunes through 2023-2024H1. This could be encouraging for **KSB**, **Weir**, **Spirax Group** and **Parker Hannifin**. *Pumps and compressors* also exhibit improved sales/margin dynamics as prices remain firm and volumes provide some operational and labour productivity benefits (**Atlas Copco** & **Sulzer** as well as the pre stated taps & valves participants compete in this space).

Dr. Savvas Savouri

German based Producers of machinery for mining, quarrying & construction 29.52

Chart 1. Operating sales, €

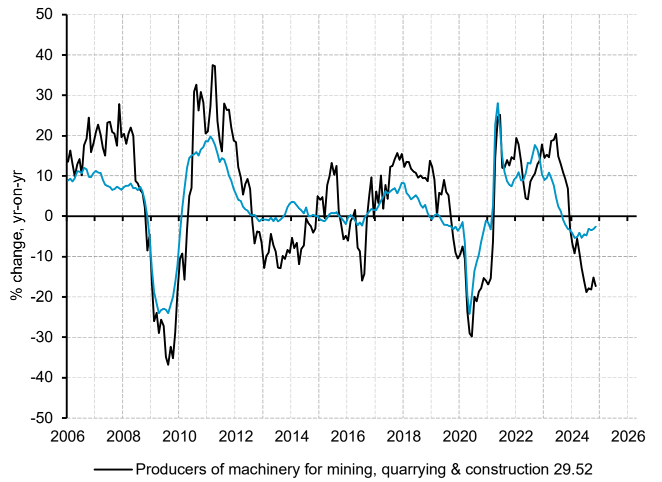
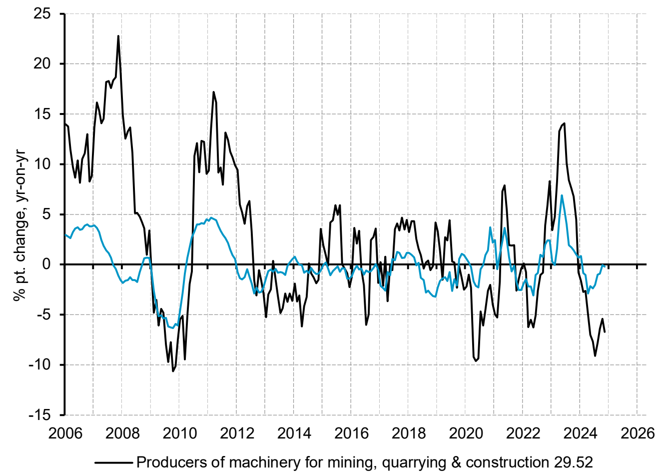


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

ducers of machinery for mining, quarrying & construction 3.8 (0.3)
German Manufacturers 2.8 (0.3)

Producers of machinery for mining, quarrying & construction 2.4 (0.3)
German Manufacturers -0.1 (0.0)

Chart 3. Price, cost & volume

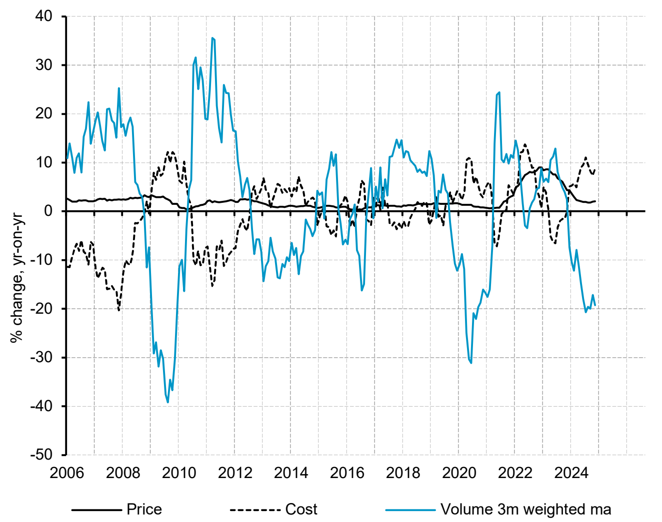
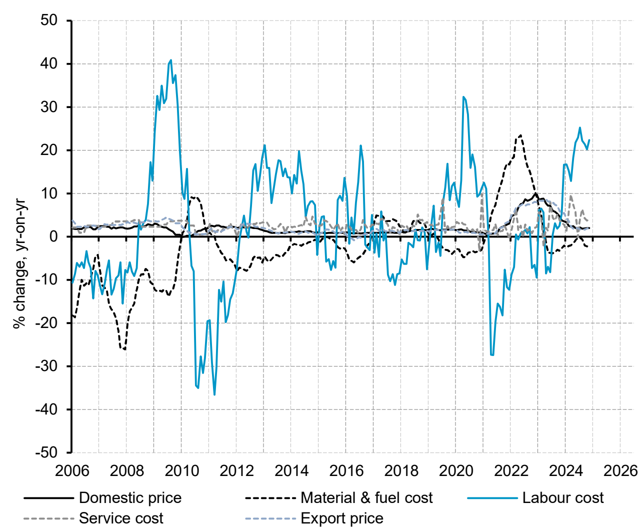


Chart 4. Detailed price & cost dynamics



Price 2.2 (1.2)
Cost -0.2 (0.0)
Volume 1.6 (0.1)

Chart 5. Labour productivity vs. wages

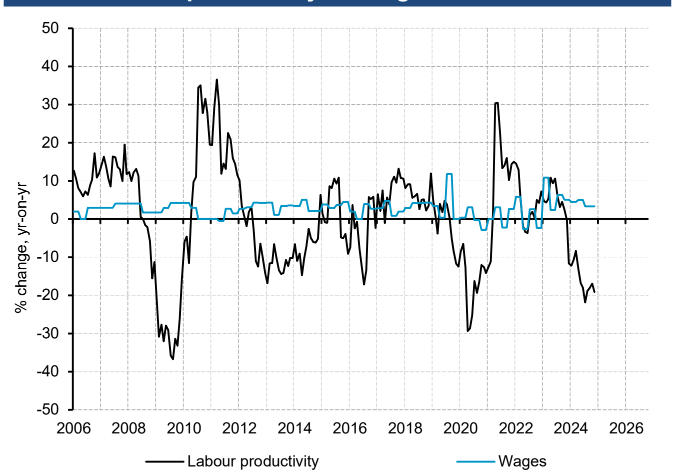
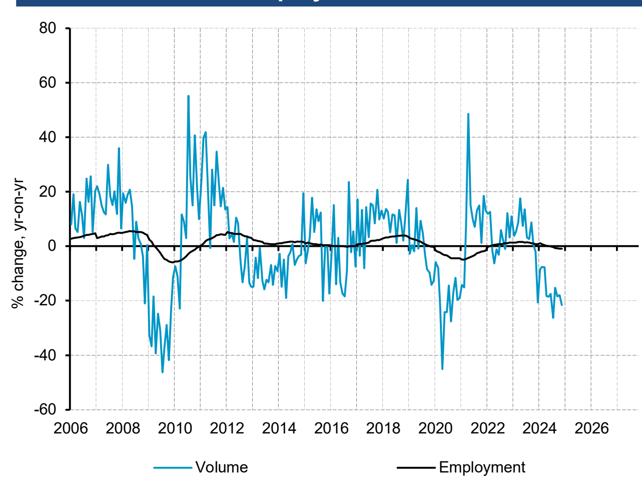


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

German based Producers of agricultural & forestry machinery 29.3

Chart 1. Operating sales, €

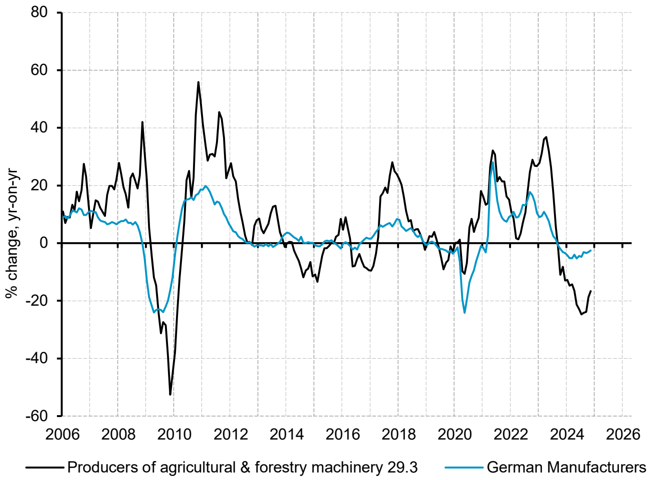
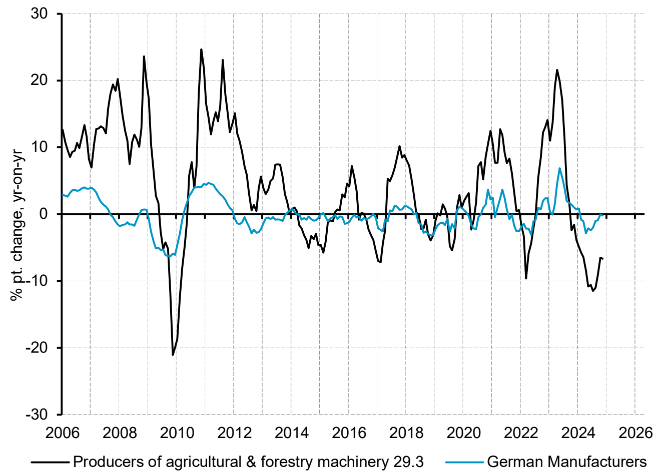


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

Producers of agricultural & forestry machinery	7.3 (0.4)
German Manufacturers	2.8 (0.3)

Producers of agricultural & forestry machinery	4.3 (0.5)
German Manufacturers	-0.1 (0.0)

Chart 3. Price, cost & volume

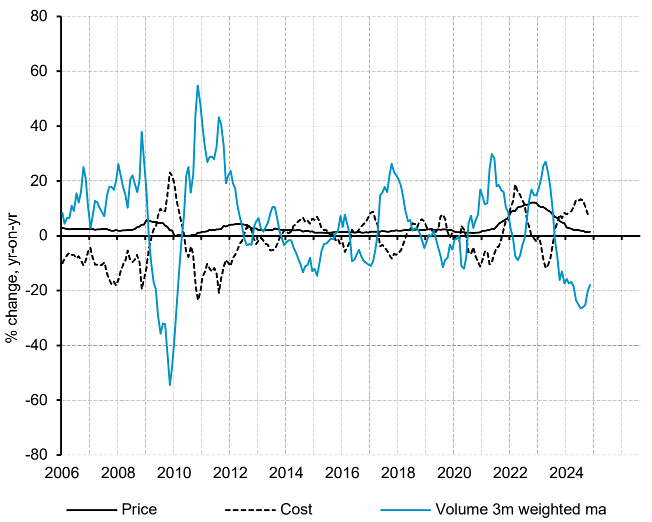
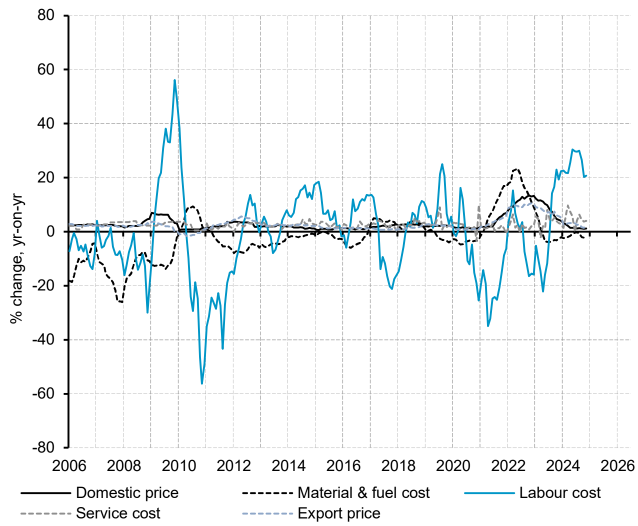


Chart 4. Detailed price & cost dynamics



Price	2.9 (1.1)
Cost	-1.4 (-0.2)
Volume	4.4 (0.3)

Chart 5. Labour productivity vs. wages

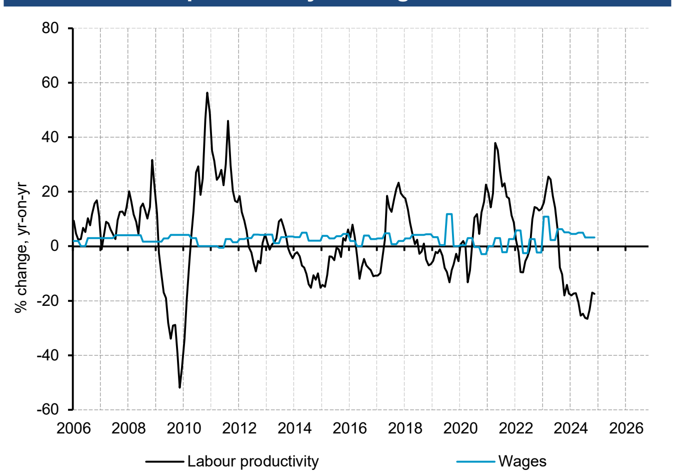
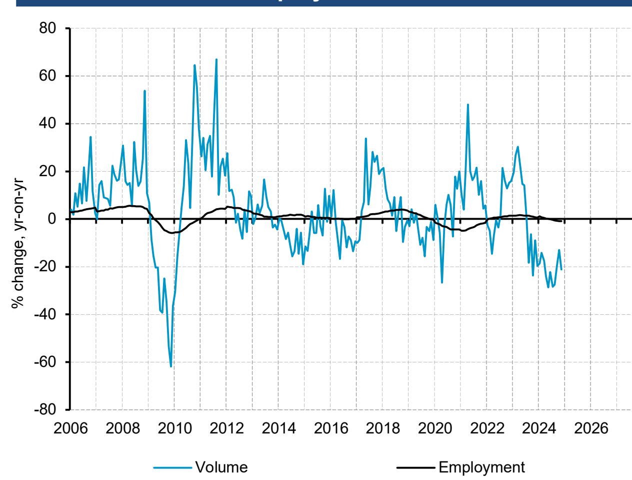


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

09 January 2025
November Data

German based Producers of lifting & handling equipment incl. escalators, hoists & lifts 29.22

Chart 1. Operating sales, €

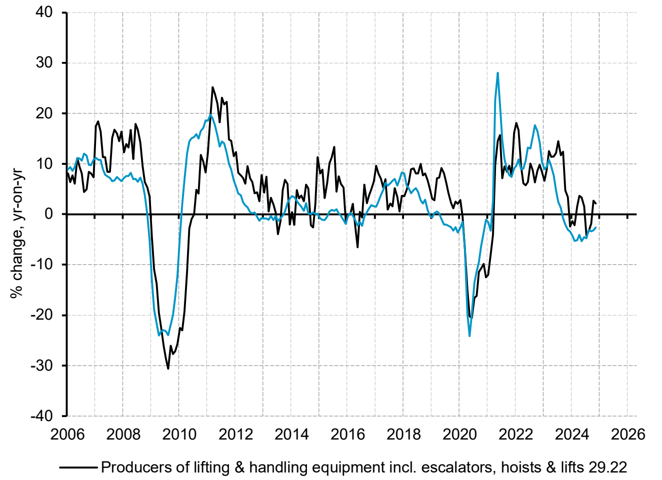
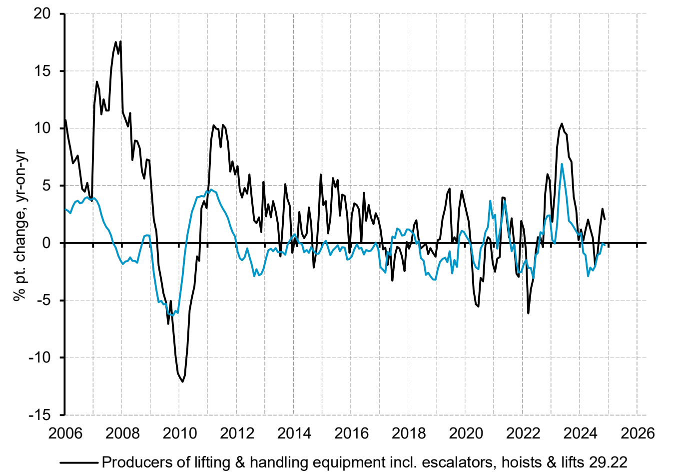


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

ifting & handling equipment incl. escalators, hoists & lifts	4.1 (0.4)	; of lifting & handling equipment incl. escalators, hoists & lifts	2.6 (0.5)
German Manufacturers	2.8 (0.3)	German Manufacturers	-0.1 (0.0)

Chart 3. Price, cost & volume

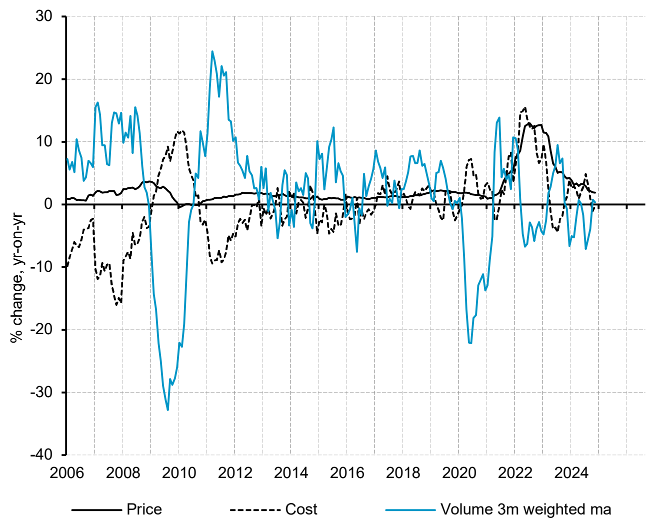
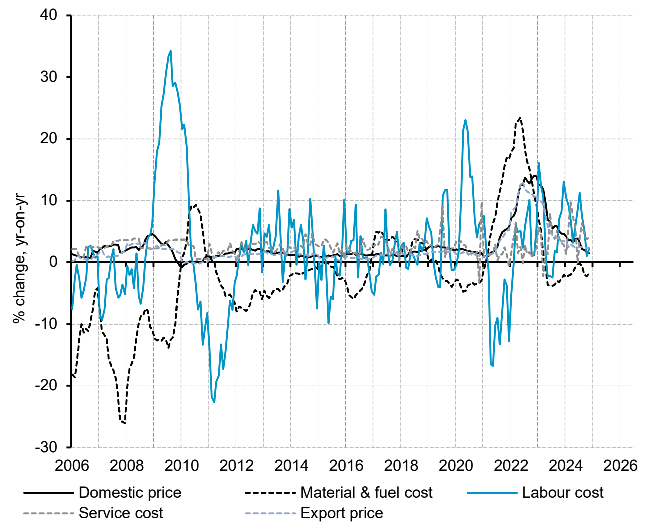


Chart 4. Detailed price & cost dynamics



Price	2.4 (0.9)
Cost	-0.2 (0.0)
Volume	1.7 (0.2)

Chart 5. Labour productivity vs. wages

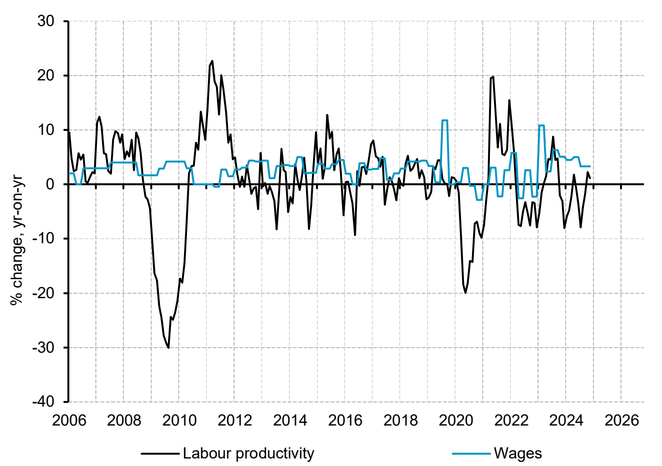
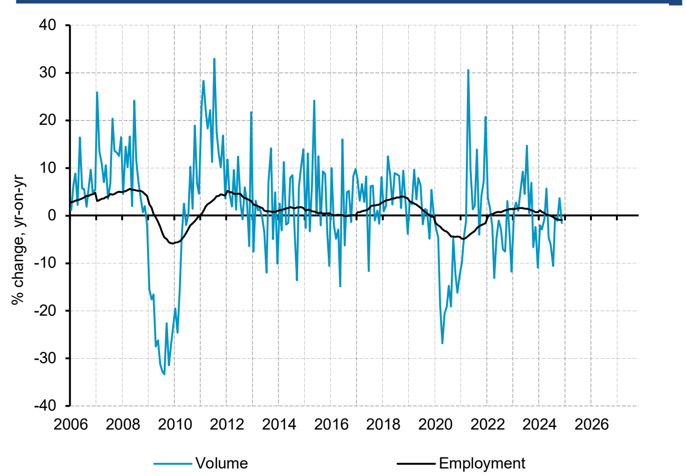


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

German based Producers of pumps & compressors 29.12

Chart 1. Operating sales, €

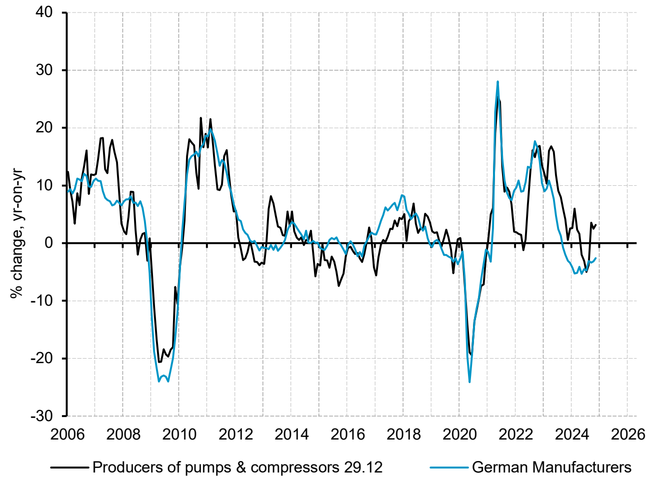
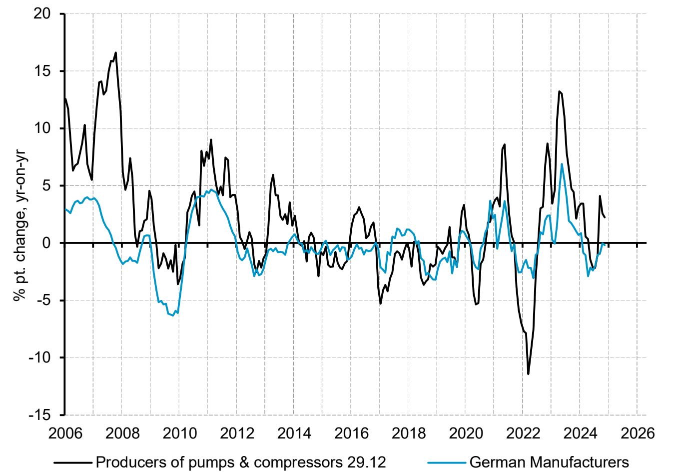


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

Producers of pumps & compressors	3.0 (0.3)
German Manufacturers	2.8 (0.3)

Producers of pumps & compressors	2.0 (0.4)
German Manufacturers	-0.1 (0.0)

Chart 3. Price, cost & volume

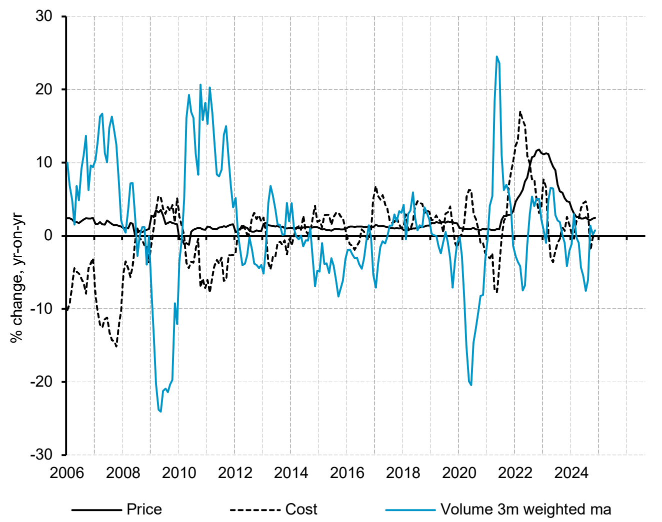
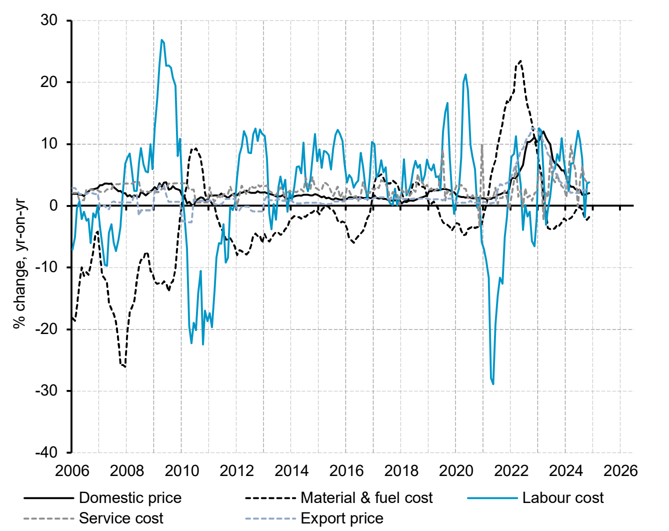


Chart 4. Detailed price & cost dynamics



Price	2.1 (0.9)
Cost	0.1 (0.0)
Volume	1.0 (0.1)

Chart 5. Labour productivity vs. wages

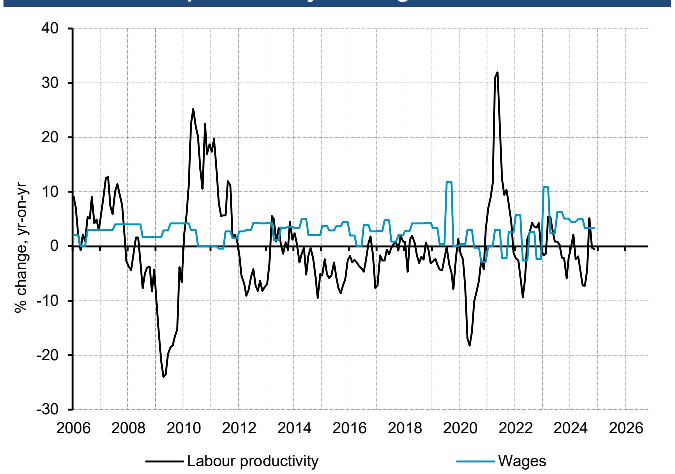
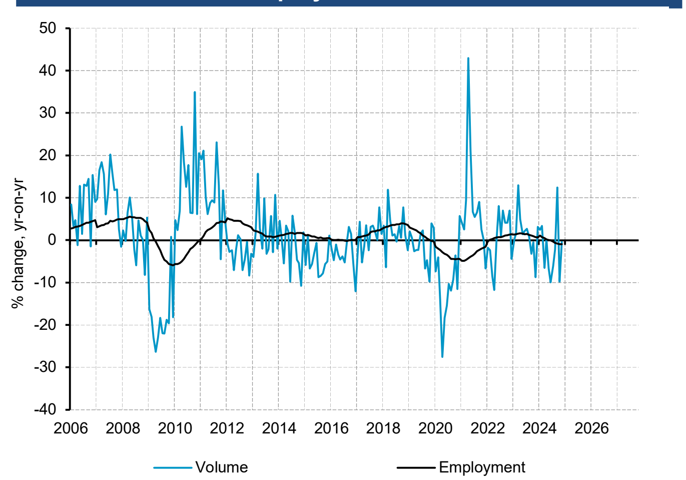


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

09 January 2025
November Data

German based Producers of taps & valves 29.13

Chart 1. Operating sales, €

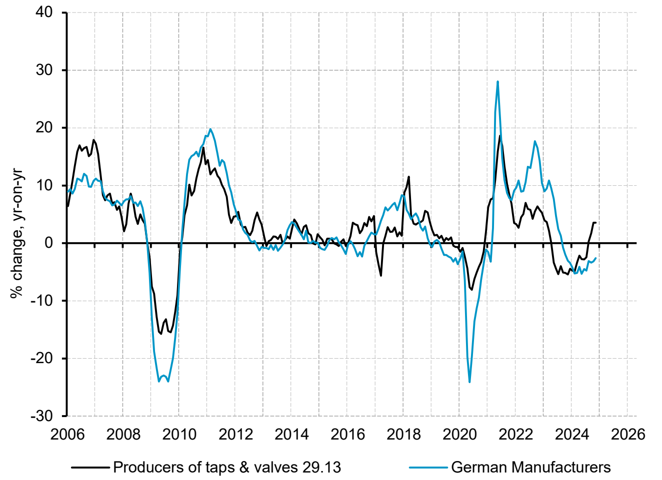
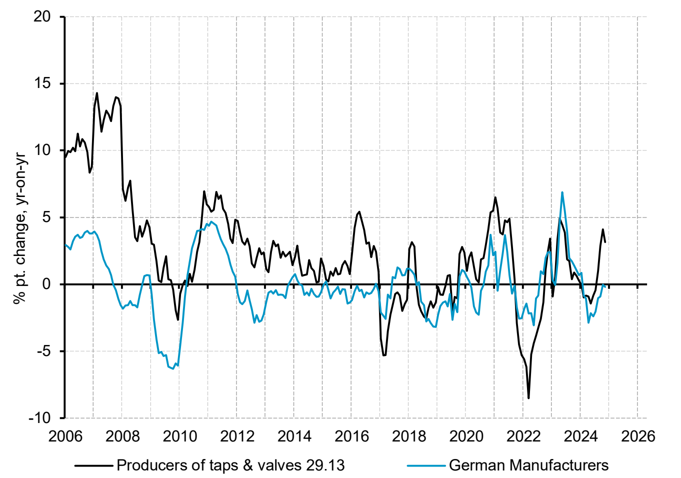


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

Producers of taps & valves	3.0 (0.5)
German Manufacturers	2.8 (0.3)

Producers of taps & valves	2.5 (0.6)
German Manufacturers	-0.1 (0.0)

Chart 3. Price, cost & volume

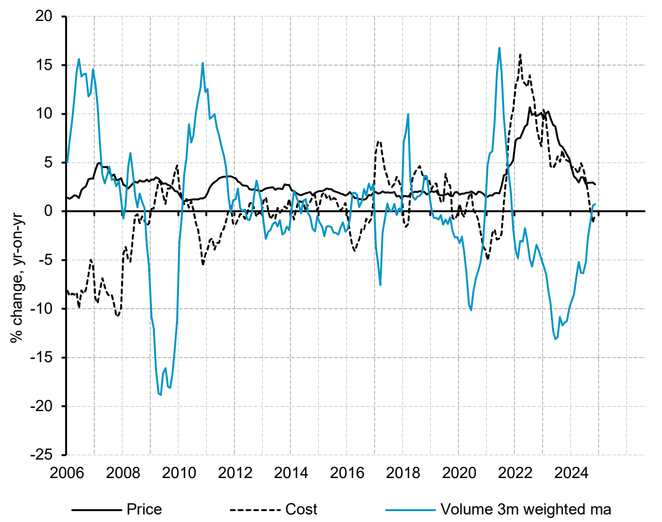
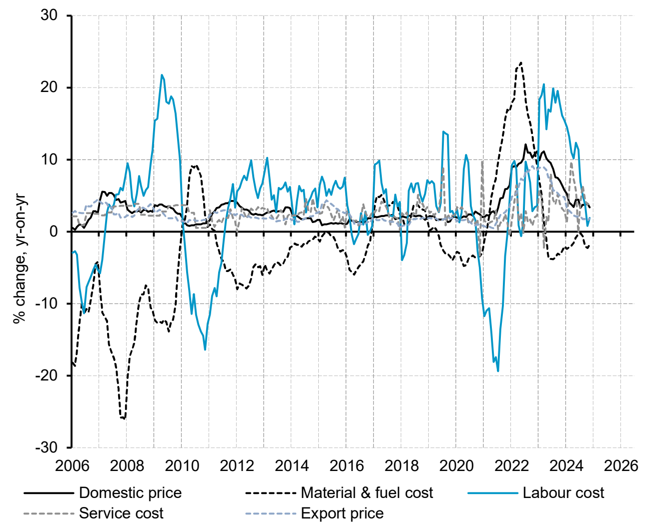


Chart 4. Detailed price & cost dynamics



Price	3.0 (1.4)
Cost	0.5 (0.1)
Volume	0.0 (0.0)

Chart 5. Labour productivity vs. wages

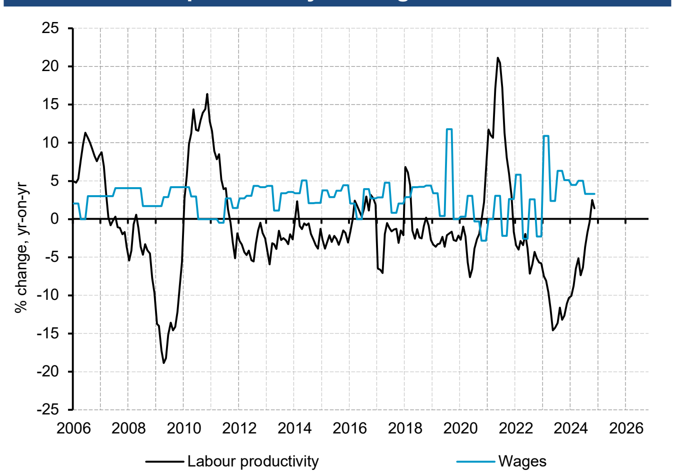
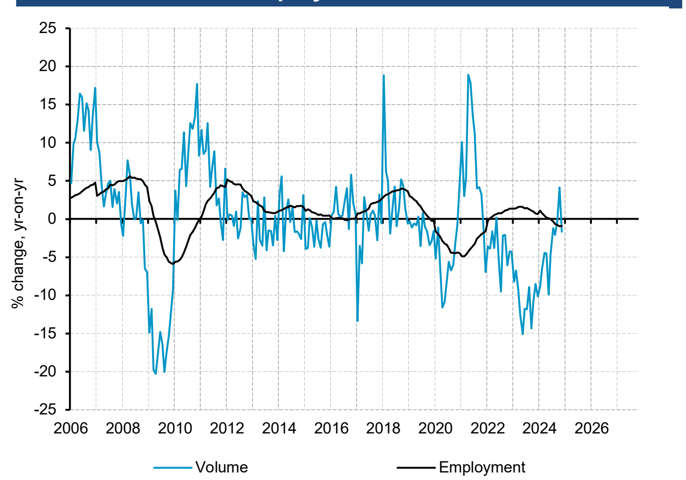


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

German based Producers of machine tools 29.4

Chart 1. Operating sales, €

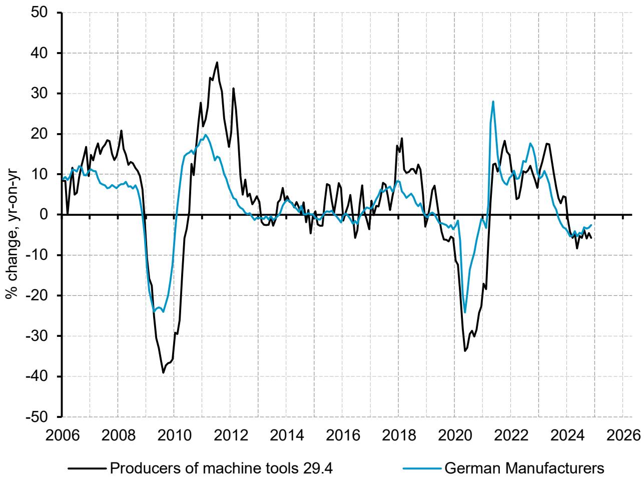
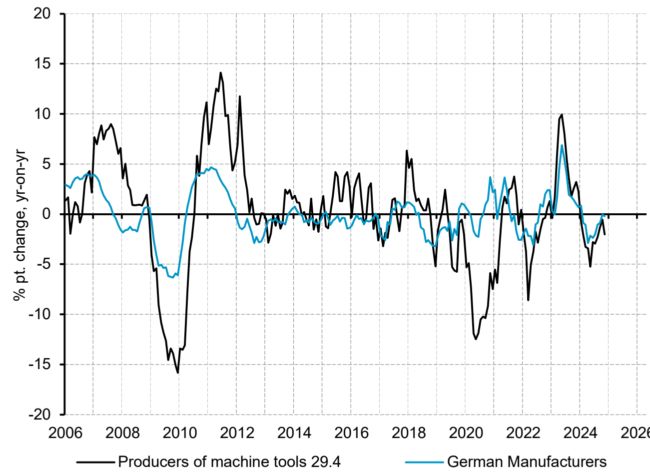


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

	Chart 1	Chart 2
Producers of machine tool	3.2 (0.2)	0.2 (0.0)
German Manufacturers	2.8 (0.3)	-0.1 (0.0)

Chart 3. Price, cost & volume

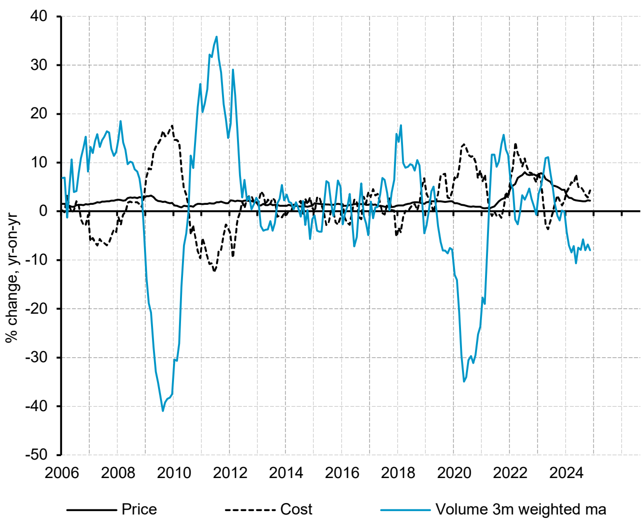
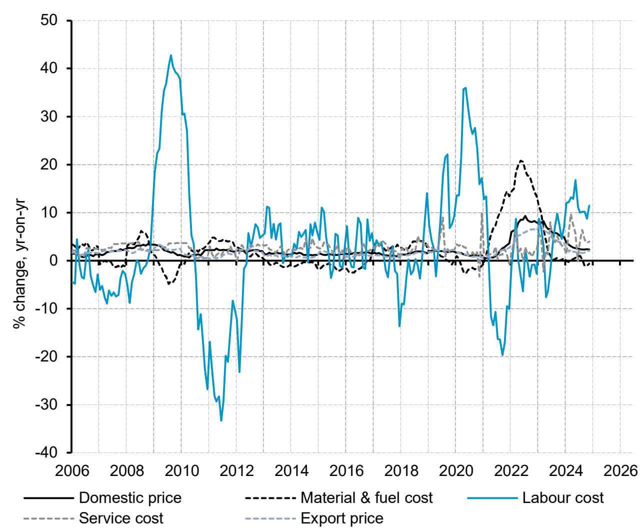


Chart 4. Detailed price & cost dynamics



Price	2.2 (1.3)
Cost	2.0 (0.3)
Volume	1.0 (0.1)

Chart 5. Labour productivity vs. wages

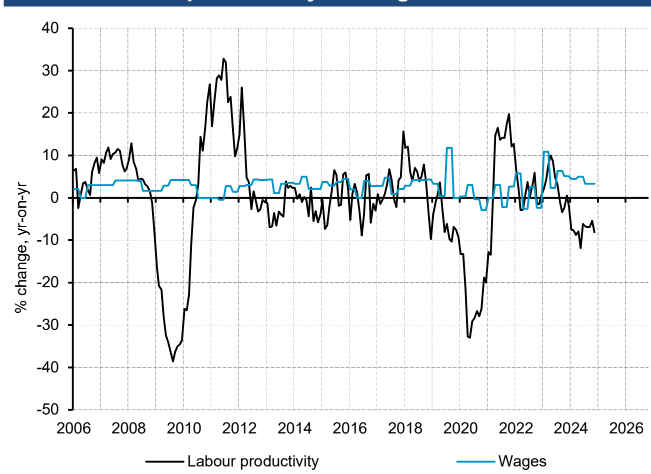
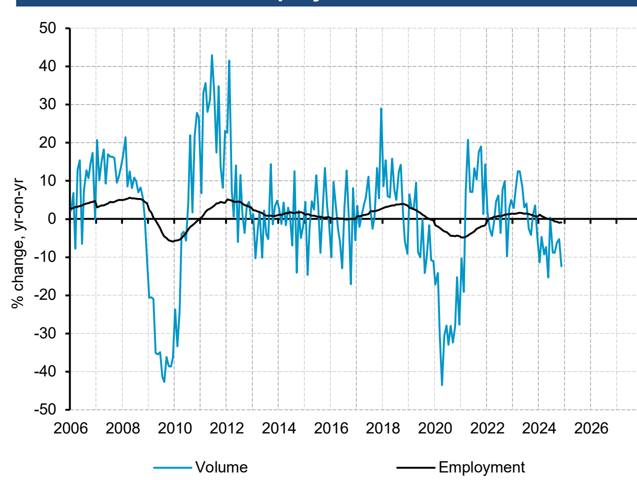


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

German based Manufacturers of vehicle bodies, trailers & caravans 34.2

Chart 1. Operating sales, €

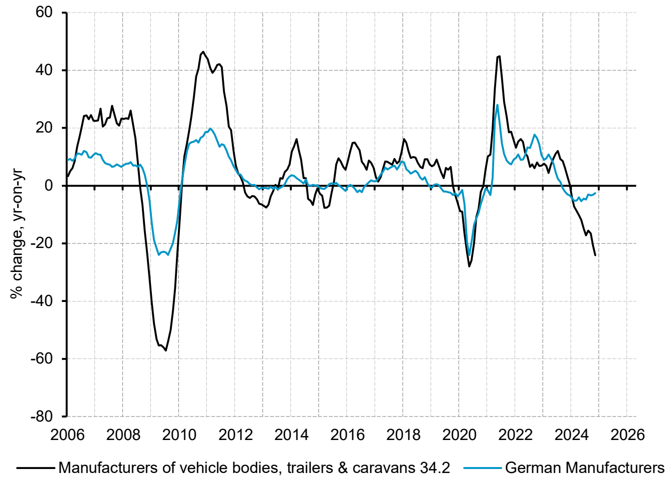
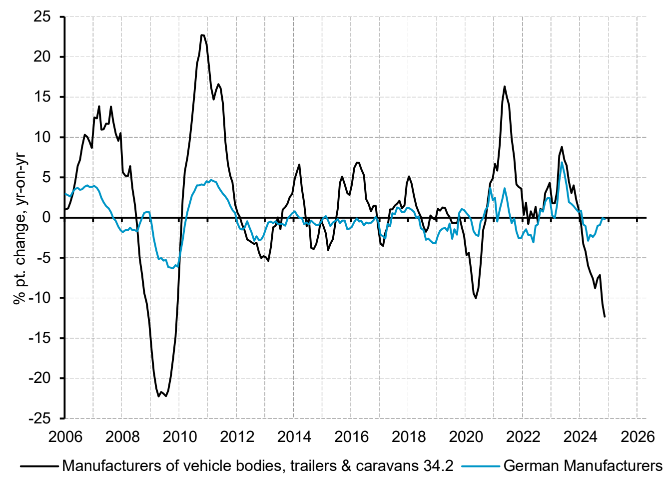


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

Manufacturers of vehicle bodies, trailers & caravans	5.6	(0.3)
German Manufacturers	2.8	(0.3)

Manufacturers of vehicle bodies, trailers & caravans	1.6	(0.2)
German Manufacturers	-0.1	(0.0)

Chart 3. Price, cost & volume

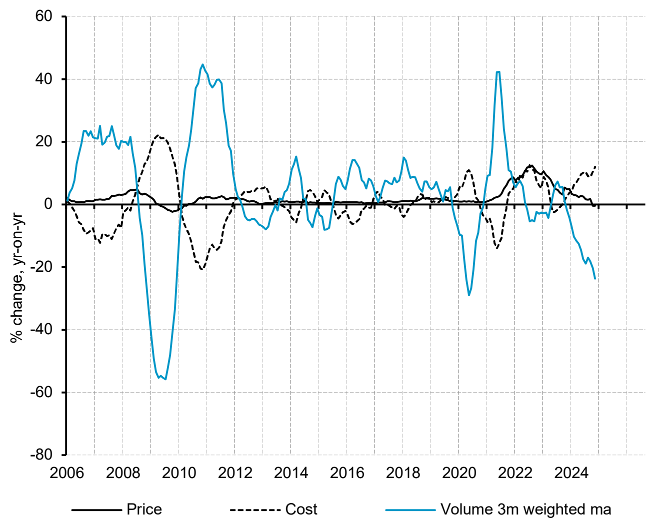
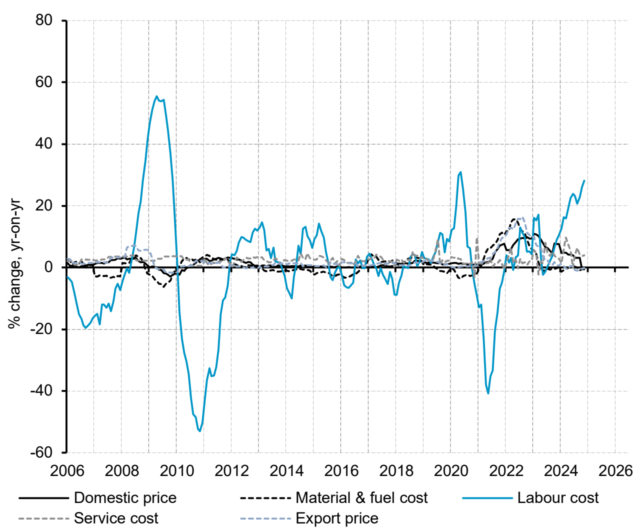


Chart 4. Detailed price & cost dynamics



Price	2.1	(0.8)
Cost	0.5	(0.1)
Volume	3.6	(0.2)

Chart 5. Labour productivity vs. wages

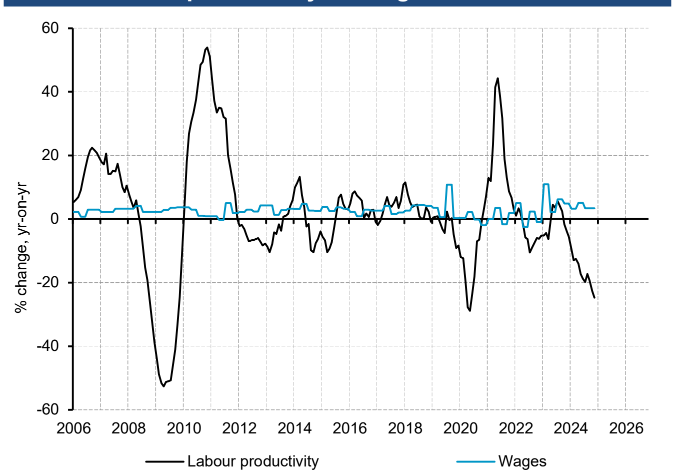
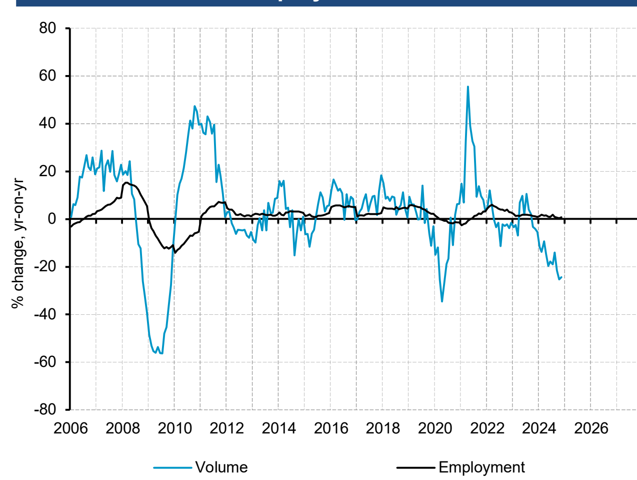


Chart 6. Volume vs. employment



** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

German Manufacturers (15-36)

Chart 1. Operating sales, €

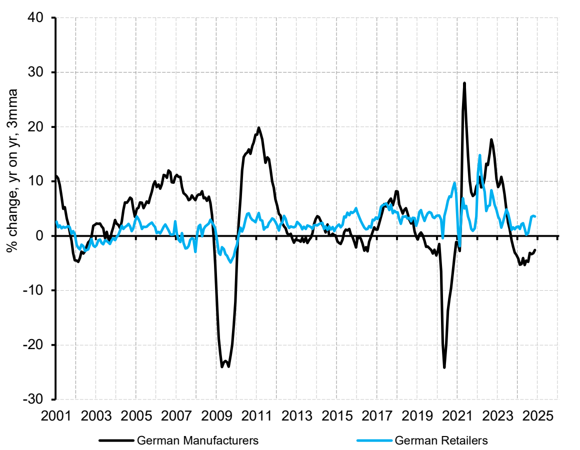
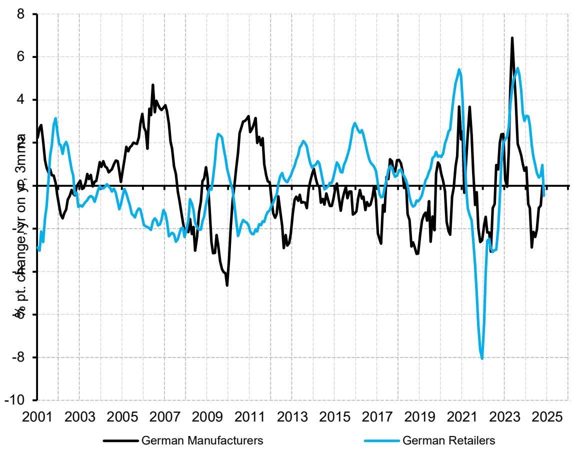


Chart 2. Operating margin



Annual Growth Averages (%) and Inverse Coefficient of variance* in brackets

US Manufacturers	2.8 (0.3)
US Retailers	2.0 (0.8)

US Manufacturers	0.1 (0.0)
US Retailers	0.0 (0.0)

Chart 3. Price, cost & volume

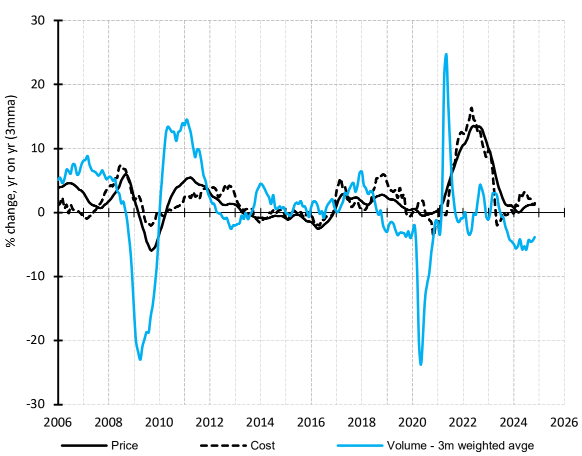
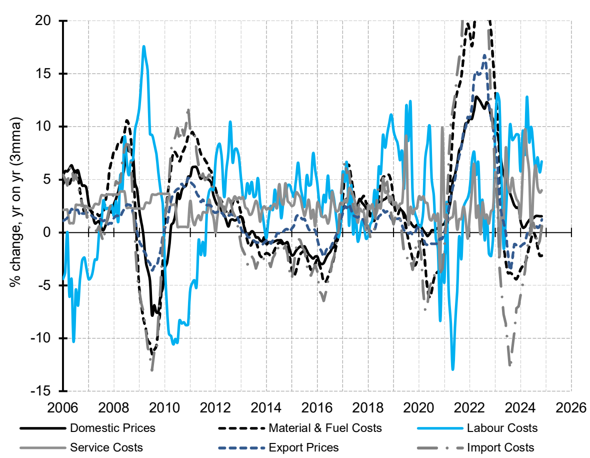


Chart 4. Detailed price & cost dynamics



Export share of Sales 36.8%

Weights: Material & Fuel cost 35.0%, Labour cost 25.3%, Service cost 7.9%

Price	2.0 (0.6)
Cost	1.9 (0.6)
Volume	0.8 (0.1)

Chart 5. Labour productivity vs wages

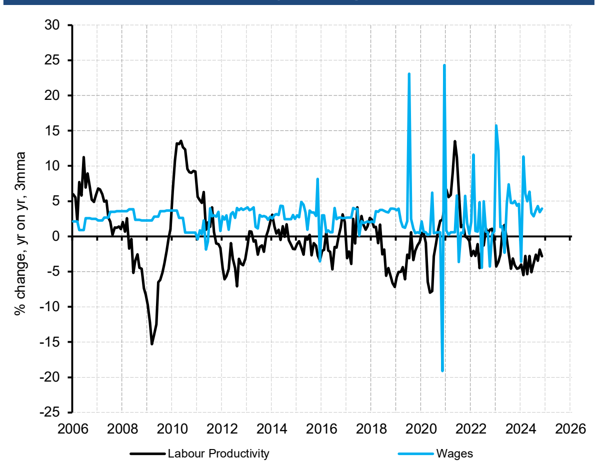
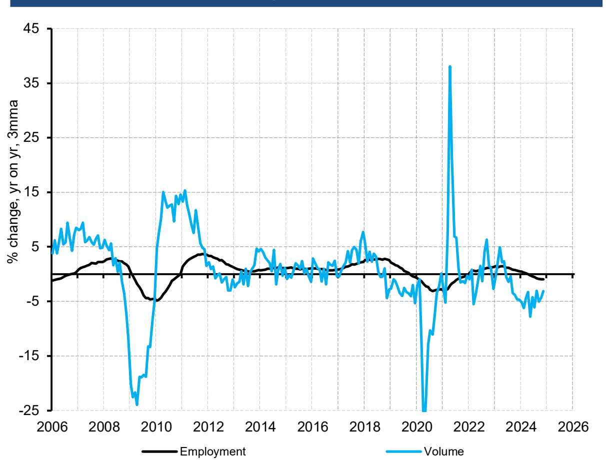


Chart 6. Volume vs employment



Labour productivity	0.5 (0.1)
Wages	2.6 (0.9)

Employment	0.1 (0.1)
Volume	0.8 (0.1)

** Inverse Coeffiecient of Variance = Mean / Standard Deviation*

German Sector November Ranking

SIC	Sector Description	ABD (prev)	Companies such as:
27.42	Manufacturers of aluminium products 27.42	6 (6)	Norske Hydro
25.22	Producers of plastic packaging 25.22	6 (6)	RPC, Ball (Rexam)
15.96	Brewers 15.96	6 (6)	Gabriel Sedlmayr, Heineken, InBev, Molson Coors, Carlsberg
29.13	Producers of taps & valves 29.13	6 (6)	Weir, Spirax-Sarco, Parker Hannifin
29.12	Producers of pumps & compressors 29.12	6 (6)	KSB, Sulzer, Weir, Alfa Laval, Atlas Copco
15	Food & drink producers 15	6 (6)	Suedzucker, Nestle
29.22	Producers of lifting & handling equipment incl. escalators, hoists & lifts 29.22	6 (6)	Palfinger, Jungheinrich, Terex, ThyssenKrupp
29.11	Producers of engines & turbines excl. aircraft & vehicle engines 29.11	6 (6)	Deutz, Tognum (JV: Rolls Royce & Daimler), Siemens, Wartsila
26.62	Producers of plasterboard 26.62	6 (6)	Saint-Gobain
24.12	Producers of chemical dyes & pigments (includes tioxide) 24.12	6 (6)	Bayer, Merck KGaA, BASF
26.5	Producers of cement, lime & plaster 26.5	6 (4)	Holcim, Heidelbergcement, Vicat, BuzziUnicem, Dyckerhoff
35.2	Producers of railway & tramway locos & rolling stocks 35.2	6 (6)	Vossloh AG, Alstom, Siemens
26	Producers of building & construction materials 26	6 (4)	Heidelbergcement, St Gobain
26.6	Manufacturers of concrete products 26.6	6 (4)	Heidelbergcement, Holcim
26.4	Manufacturers of clay construction products (bricks, tiles etc.) 26.4	6 (6)	Wienerberger
21	Manufacturers of pulp, paper & paper products 21	6 (6)	UPM, Stora, SCA, Smurfit Kappa, Metsa Board
52.11	Food Retailers	4 (2)	Metro
35.3	Aerospace sector 35.3	2 (6)	Airbus, MTU Aeroengines
15.81	Bakers	2 (0)	CSM BV
27.1	Producers of basic iron & steel & ferro-alloys 27.1	2 (0)	ThyssenKrupp, ArcelorMittal, Salzgitter
24.5	Producers of soap & detergents, perfumes etc. 24.5	2 (6)	Beiersdorf, Henkel, Croda
52	Retailers	2 (0)	Metro
27.22	Producers of steel tubes, pipes & their fittings 27.22	2 (-2)	Salzgitter, Voestalpine, Vallourec, Tenaris
34.1	Producers of motor vehicles & their engines 34.1	2 (6)	VW (Porsche), BMW, Ford, Mercedes Benz, Stellantis, Tesla
24.2	Manufacturers of pesticides & agro-chemical products 24.2	2 (6)	BASF, Bayer, K&S, Syngenta
21.21	Producers of corrugated paper, board & containers 21.21	2 (4)	DS Smith
28.72	Manufacturers of light metal packaging 28.72	-2 (-2)	Ball (Rexam)
29.52	Producers of machinery for mining, quarrying & construction 29.52	-2 (-2)	Wacker Construction & Bauer, Atlas Copco, Sandvik
15.52	Ice Cream Producers	-2 (-2)	
31.3	Producers of insulated wire & cable	-2 (-2)	Leoni
22	Publishers & printers 22	-2 (-2)	Axel Springer
29	Manufacturers of mechanical products 29	-2 (-2)	GEA Group AG, ThyssenKrupp, Linde
31.1	Producers of electric motors, generators & transformers 31.1	-2 (-2)	MTU Aero Engines GmbH, Siemens, ABB, Schneider Electric
29.3	Producers of agricultural & forestry machinery 29.3	-2 (-2)	AGCO, Deere, CNH
28	Manufacturers of fabricated metal products 28	-2 (-2)	Bodycote
52.46	DIY Retailers	-2 (-4)	Praktiker, Hornbach Baumarkt
26.1	Glass producers 26.1	-4 (-2)	NSG, St.Gobain
29.4	Producers of machine tools 29.4	-4 (-2)	Atlas Copco, DMG Mori (Gildemeister)
29.14	Producers of bearings, gears, clutches, gearing & driving elements 29.14	-4 (-4)	SKF, Timken
24.16	Producers of plastics in primary form (includes styrene) 24.16	-4 (2)	Altana, Wacker Chemie AG, BASF, Bayer
24.1	Producers of industrial chemicals 24.1	-4 (-2)	BASF, Bayer, Henkel
27.3	Cold drawing, forming or rolling of steel 27.3	-4 (-4)	ThyssenKrupp, Bekaert
23.2	Refiners of petroleum products 23.20	-6 (-6)	BASF, E.ON, RWE, Total
33.2	Manufacturers of measuring instruments 33.2	-6 (-2)	Schneider Electric, Siemens, Fresenius
24.3	Producers of paints, varnishes, printing ink & mastics 24.3	-6 (-4)	Altana, BASF, Akzo Nobel
24.62	Adhesive production 24.62	-6 (0)	Henkel
32.2	Manufacturers of telecom equipment 32.2	-6 (-2)	Nokia, Siemens
24.17	Producers of synthetic rubber in primary form 24.17	-6 (-6)	Lanxess
29.71	Producers of electric domestic appliances 29.71	-6 (-2)	Electrolux, Whirlpool
24.11	Manufacturers of industrial gases 24.11	-6 (-6)	Linde, Air Liquide
34.3	Producers of parts for motor vehicles & their engines 34.3	-6 (-4)	Continental, Rheinmetall AG, Beru, ThyssenKrupp, Valeo, Faurecia
24.15	Producers of fertilisers & nitrogen compounds 24.15	-6 (-6)	K&S, Yara Int'l

32.1	Manufacturers of electronic components 32.1	-6 (-6)	Infineon
25.11	Producers of rubber tyres & tubes 25.11	-6 (-6)	Continental, Michelin, Bridgestone, Goodyear
34.2	Manufacturers of vehicle bodies, trailers & caravans 34.2	-6 (-6)	Traton, Volvo, Daimler trucks

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