ARGE 2013 Conference

5 - 6 September 2013

Budapest
AGENDA

1. Introduction
2. Summary Euroconstruct/Eurostat information on the market
3. ARGE Questionnaire 2013
4. Results ARGE Questionnaire/discussion
5. Questions

A handout will be published on the ARGE website

www.arge.org
### Key Indicators Euroconstruct countries

(At, BE, DK, FI, FR, GE, IE, IT, NO, PT, ES, SE, CH, NL, UK, CZ, HU, PL and SK)

<table>
<thead>
<tr>
<th>Source: Euroconstruct June 2013</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013 (forecast)</th>
<th>2014 (forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (real annual % change)</td>
<td>2.3</td>
<td>1.7</td>
<td>-0.1</td>
<td>0.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Export (annual % change)</td>
<td>10.2</td>
<td>6</td>
<td>2.3</td>
<td>2</td>
<td>4.5</td>
</tr>
<tr>
<td>Total construction</td>
<td>1,392,958 (mill. €)</td>
<td>0.3%</td>
<td>-5.3%</td>
<td>-2.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>No. of housing completions</td>
<td>1,555,600</td>
<td>1,465,700</td>
<td>1,453,800</td>
<td>1,330,200</td>
<td>1,314,200</td>
</tr>
<tr>
<td>New non-residential market volume</td>
<td>242,107 (mill. €)</td>
<td>-0.6%</td>
<td>-5.7%</td>
<td>-5.7%</td>
<td>-1.6%</td>
</tr>
</tbody>
</table>
Statistics – general information

- Figures of construction sector are based on information from 19 Euroconstruct countries:
  - Western Europe: AT, BE, DK, FI, FR, GE, IE, IT, NO, PT, ES, SE, CH, NL and UK
  - Eastern Europe: CZ, HU, PL and SK

- Figures of export are based on Eurostat (EU-27)

- Values are based on Euroconstruct information of June 2013

- Values for 2013 – 2014 are forecasts

- Most values are changed in comparison with last years report
Construction sector total (billion euro 2012)

- Market size: €1,322.7 (9.9% of GDP)
- Total residential construction: €596.9
- Total non-residential construction: €431.1
- Renovation share: 50%

Construction volume in Europe by countries 2012
Construction sector total

2012
- 6 growing countries and 13 decreasing countries
- Total market decrease: **-5,3%** (expectation last year was **0,0%**)

2013 (forecast)
- 6 growing countries and 13 decreasing countries
- Total market decrease: **-2,8%** (expectation last year was **-2,1%**)

2014 (forecast)
- 12 growing countries and 7 decreasing countries
- Total market increase: **0,5%** (expectation last year was **0,4%**)

2015 (outlook)
- 18 growing countries and 2 decreasing country (ES and CZ)
- Total market increase: **1,7%**
Expectations 2012-2015 – 3 groups can be distinguished

- Growth 2015 > 8% above 2012:
  - Norway, Hungary & Denmark
- +/- 8% growth from 2012 to 2015:
  - Austria, Belgium, Finland, France, Germany, Italy, Ireland, Netherlands, Poland, Slovakia, Sweden, Switzerland & United Kingdom
- 2015 < 92% of 2012
  - Czech Republic, Portugal & Spain
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Working Group M – Economic Development & International Trade: European construction market

Construction and Economic growth % change

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP</th>
<th>Total Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-0.1</td>
<td>-5.3</td>
</tr>
<tr>
<td>2013</td>
<td>0.2</td>
<td>-2.8</td>
</tr>
<tr>
<td>2014</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td>2015</td>
<td>1.7</td>
<td>1.7</td>
</tr>
</tbody>
</table>
Western Europe: AT, BE, DK, FI, FR, GE, IE, IT, NO, PT, ES, SE, CH, NL and UK
Eastern Europe: CZ, HU, PL and SK

% change construction sector volume

Eastern Europe (4)
Western Europe (15)
Euroconstruct countries (19)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of 1+2 family dwellings</th>
<th>Number of flats</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>681,800 (+23,300)</td>
<td>783,900 (-113,200)</td>
</tr>
<tr>
<td>2012</td>
<td>657,200 (-24,600)</td>
<td>796,600 (+12,700)</td>
</tr>
<tr>
<td>2013 (forecast)</td>
<td>630,200 (-27,000)</td>
<td>700,000 (-96,600)</td>
</tr>
<tr>
<td>2014 (forecast)</td>
<td>634,900 (+4,700)</td>
<td>674,200 (-25,800)</td>
</tr>
<tr>
<td>2015 (outlook)</td>
<td>669,200 (+34,300)</td>
<td>703,400 (+29,200)</td>
</tr>
</tbody>
</table>

**Total housing market decline 2008 – 2013**: 43.2%
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Residential construction

number of housing completions

France | Germany | Italy | Spain | UK

big 5 countries

2011 | 2012 | 2013 | 2014
Residential construction

- **Czech Republic**: 40,000 (2011), 30,000 (2012), 20,000 (2013), 10,000 (2014)
- **Hungary**: 20,000 (2011), 15,000 (2012), 10,000 (2013), 5,000 (2014)
- **Poland**: 160,000 (2011), 150,000 (2012), 140,000 (2013), 130,000 (2014)
- **Slovakia**: 20,000 (2011), 15,000 (2012), 10,000 (2013), 5,000 (2014)

**Eastern Europe countries**
Residential construction

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Residential construction

number of housing completions

smaller west countries

Austria
Belgium
Denmark
Finland
Ireland

2011
2012
2013
2014
Residential construction

number of housing completions

smaller west countries

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Total non-residential construction annual growth rate

-5.00 -4.00 -3.00 -2.00 -1.00 0.00 1.00 2.00 3.00 4.00

%
Total non-residential construction annual growth rate (big 5 countries)

- UK
- Spain
- Italy
- Germany
- France

%
Total non-residential construction annual growth rate (Eastern Europe countries)
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Total non-residential construction annual growth rate (smaller west countries)
Total non-residential construction annual growth rate (smaller west countries)

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The Netherlands
Switzerland
Sweden
Portugal
Norway

-20.00 -15.00 -10.00 -5.00 0.00 5.00

%
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Working Group M – Economic Development & International Trade: Export

Export (mill. Euro)

EU -> Indonesia
EU -> Taiwan
EU -> Japan
EU -> India
EU -> Hong Kong
EU -> China

mill. Euro

2012
2011
2010
2009
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Export % change year before

- EU -> Indonesia
- EU -> Taiwan
- EU -> Japan
- EU -> India
- EU -> Hong Kong
- EU -> China

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Export (mill. Euro)
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Working Group M – Economic Development & International Trade: Export

Export (mill. Euro)

- Saudi Arabia
- Ukraine
- Morocco
- Australia
- Argentina

<table>
<thead>
<tr>
<th>Year</th>
<th>Saudi Arabia</th>
<th>Ukraine</th>
<th>Morocco</th>
<th>Australia</th>
<th>Argentina</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
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<tr>
<td>2010</td>
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<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

mill. Euro
Export % change year before

- **EU -> USA**
- **EU -> South Africa**
- **EU -> United Arab Emirates**
- **EU -> Brazil**
- **EU -> Turkey**
- **EU -> Russia**

Legend:
- **2012**
- **2011**
- **2010**
- **2009**

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Export % change year before

-60,00 -40,00 -20,00 0,00 20,00 40,00 60,00 80,00 100,00 120,00

Saudi Arabia
Ukraine
Morocco
Australia
Argentina

2012
2011
2010
2009
% change Q1/12 vs. Q1/13 (building hardware)

- EU -> Indonesia
- EU -> Taiwan
- EU -> Japan
- EU -> India
- EU -> Hong Kong
- EU -> China

%
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% change Q1/12 vs. Q1/13 (building hardware)

- EU -> USA
- EU -> South Africa
- EU -> United Arab Emirates
- EU -> Brazil
- EU -> Turkey
- EU -> Russia
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Working Group M – Economic Development & International Trade: Export

% change Q1/12 vs. Q1/13 (building hardware)

- EU -> Saudi Arabia
- EU -> Ukraine
- EU -> Morocco
- EU -> Australia
- EU -> Argentina

%
General
• The downward spiral continues, three more challenging years expected
• 2012 was worse then expected last year. It is expected that 2014 will be the year of the turning point, and small growth will occur in 2015
• Substantial disparity between country performance (north/south divide)
• Construction growth keeps behind the economic growth figures.

Housing market
• No overall growth expected before 2015;
• Strong housing markets in Austria, Germany, Norway & Switzerland;

Non-residential construction market
• Downgraded developments no growth expected before 2015 (Western European Countries) and 2014 (Eastern European Countries);
• Renovation share is almost equal to new construction share
### Export

- Overall average export growth in 2012
- Double digit export growth in 2012 (%) to Russia, Ukraine, South Africa and Saudi Arabia;
- Export to USA is still growing steadily and again above the 2008 level;
- Export decline for Turkey in 2012 (-7.3%);
- Export figures 1st quarter 2013 are more divers (both growth and decline)
• In 2012 we changed the questionnaire in a way that should make it possible to compare the result more easily over the forthcoming years and especially to be able to show trends in developments within our industry.

• The 2013 questionnaire therefore was basically the same as the one in 2012.

• The numbers shown are the answers given last year (2010 & 2011) and the updated answers given this year (2012, 2013, 2014 & 2015).
## Results

- Number of Answers: **32 (from 7 countries)**
- No answer from: Belgium, Denmark, Finland, Hungary, Italy, Norway, Poland, Spain and Sweden
- The complete results will be made available to those companies/associations that have participated
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Number of employees

- ≤ 50
- >50 - ≤ 200
- > 200

Production

- dom.
- low cost
- both
- no prod.

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The European Federation of Associations of Lock and Builders Hardware Manufacturers

Working Group M – Economic Development & International Trade : Questionnaire

<table>
<thead>
<tr>
<th>Producttype</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>mechanical</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>mechatronic</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>service</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

Legend:
- 2012
- 2013
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Mechanical product share

- Growth
- No change
- Decline

2010: 13 (growth), 7 (no change), 10 (decline)
2011: 13 (growth), 10 (no change), 16 (decline)
2012: 12 (growth), 10 (no change), 12 (decline)
2013: 11 (growth), 9 (no change), 12 (decline)
2014: 17 (growth), 11 (no change), 4 (decline)
2015: 20 (growth), 8 (no change), 2 (decline)
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Mechatronic/electronic product share

- Growth
- No change
- Decline
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Service share

- **2010**: 10 growth, 2 no change, 2 decline
- **2011**: 8 growth, 6 no change, 2 decline
- **2012**: 8 growth, 2 no change, 2 decline
- **2013**: 6 growth, 3 no change, 2 decline
- **2014**: 8 growth, 2 no change, 1 decline
- **2015**: 10 growth, 1 no change, 1 decline

Legend:
- Red: growth
- Yellow: no change
- Orange: decline
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Turnover

- **Decline**
- **No Change**
- **Growth**

2010: 8
2011: 7
2012: 6
2013: 9
2014: 2

2010: 12
2011: 11
2012: 10
2013: 11
2014: 23
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Profit

- Decline
- No change
- Growth

2010: 10
2011: 10
2012: 10
2013: 12
2014: 12

2010: 15
2011: 13
2012: 15
2013: 13
2014: 18

2010: 0
2011: 5
2012: 6
2013: 6
2014: 0
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Import

- Decline
- No change
- Growth
- N.a.

The chart shows the import trends from 2010 to 2014. The number of respondents for each year is indicated with symbols:
- 9 respondents in 2010
- 8 respondents in 2011
- 6 respondents in 2012
- 2 respondents in 2013
- 2 respondents in 2014
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Export

- Decline
- No change
- Growth
- N.A.

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Investments

- Decline
- No change
- Growth

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Personel

- Decline
- No change
- Growth

Year:
- 2010: 5
- 2011: 13
- 2012: 17
- 2013: 17
- 2014: 7

Legend:
- Black square: Decline
- Green square: No change
- Red triangle: Growth
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Competition

- Decline
- No change
- Growth

Year:
- 2010: 2
- 2011: 1
- 2012: 2
- 2013: 2
- 2014: 1
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Direct sales

- decline
- no change
- growth
- n.a.

2010: 17
direct sales declined
2011: 16
direct sales continued to decline
2012: 14
direct sales decreased
2013: 13
direct sales decreased
2014: 16
direct sales increased

2010: 10
2011: 10
2012: 10
growth no change
2013: 10
growth no change
2014: 8

direct sales increased
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Internet sales

- Decline
- No change
- Growth
- N.a.

2010: Decline - 23
2011: Decline - 22
2012: Decline - 22
2013: Decline - 20
2014: Decline - 17

2010: Growth - 3
2011: Growth - 5
2012: Growth - 5
2013: Growth - 7
2014: Growth - 10

2010: No change - 5
2011: No change - 4
2012: No change - 2
2013: No change - 2
2014: No change - 1

2010: N.a. - 0
2011: N.a. - 0
2012: N.a. - 0
2013: N.a. - 0
2014: N.a. - 0
The value of products made in the EU
Corporate social responsibility
Green products
The use of social media in marketing
The impact of the enforcement of the CPR

Working Group M – Economic Development & International Trade: Questionnaire

- The value of products made in the EU
- Corporate social responsibility
- Green products
- The use of social media in marketing
- The impact of the enforcement of the CPR

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Questions?