

Sumitomo (SHI) Demag grows strongly in 2020

- Order intake well above previous year's level
- Market share increases due to large volume of multiple machine orders
- Breakthrough for all-electric machines in the IntElect series

Schwaig, October 2020 - The German-Japanese injection moulding machine manufacturer Sumitomo (SHI) Demag ends the year 2020 with significant growth in order intake and market share despite the economic downturn in the plastics processing industry that has persisted since autumn 2018.

From January to August 2020, the order intake of the Sumitomo (SHI) Demag Plastics Machinery GmbH with its production plants in Germany and China increased by 24 percent to 183.7 million euros, reports the headquarter in Schwaig, Germany. This positive development is primarily due to an extensive number of multiple machine orders in the packaging, medical technology and electronics sectors.

At the end of August 2020 the cumulative annual turnover amounts to 152.3 million euros. For the 2020 financial year, the management anticipates total incoming orders and sales to reach 275 million euros and 250 million respectively.

2020 the breakthrough year for all-electric machines

Sumitomo (SHI) Demag is benefiting from the significant increase in demand for all-electric machines. Compared to ten years ago when only one in five machines was fully electric, now the market share in Europe accounts for 50 percent of all small and medium-sized injection moulding machines.

The packaging industry is also increasingly ordering all-electric machines, especially for applications with low and medium injection speeds. Here, Sumitomo (SHI) Demag's market share has significantly increased to 30 percent.

Following the introduction of the new IntElect 2 machine generation and the expansion of its product portfolio, which now comprises the multi-component machines IntElect Multi and EI-Exis Multi, Sumitomo (SHI) Demag offers customised solutions to suit the specific applications of each industry. "We want to gradually close the price gap between hydraulic and fully electric machines. This will be achieved through global sourcing, optimisation of machine design and in-house production of drive technology optimised for the injection moulding process. These factors combined makes the costs and performance of our IntElect series highly competitive," says Gerd Liebig, CEO Sumitomo (SHI) Demag. Currently, more than 70,000 all-electric machines produced in Japan and Germany have been delivered worldwide.

Sumitomo (SHI) Demag focused early on the development and production of all-electric machines. Most recently, the Wiehe site initiated a number of production efficiency measures to increase its production

capacity for this forward-looking technology. Concentration on one product range has optimised cost reduction across the entire production process, resulting in considerably faster throughput times. As of 2020, the IntElect has also been manufactured in Chiba, Japan. Not only has this improved global availability, it has enabled Sumitomo (SHI) Demag to process large orders faster and more flexibly. To fulfil standard short-term order requirements, the company plans to maintain a level of IntElect machines in stock in the future.

Medicine is booming, automotive remains flat

Demand for automotive industry solutions fell by almost 70 percent in 2020. In contrast, demand for medical technology solutions rose by almost 50 percent. Here, the focus was on applications for in-vitro diagnostics.

Sumitomo (SHI) Demag does not expect a significant correction of the market this year, which has fallen by approximately one third in the past two years. Rising replacement requirements from the automotive industry and the continuing high demand for machines from the packaging and medical technology sectors will slightly improve demand for injection moulding machines next year. However, full compensation for the drop in demand is unlikely to be achieved before 2024.

Solidarity before dismissals

Thanks to a solidarity package agreed between the management and the workers council at the two sites in Wiehe and Schwaig, Sumitomo (SHI) Demag has to-date not made any redundancies for operational reasons. "Our aim has been to defy the crisis with this solidarity package," says Liebig. At the heart of the agreement was a voluntary waiver of bonuses by the entire management team and all non-pay-scale employees, in addition to the introduction of temporary short-time working for all employees. "This enabled us to retain our workforce and adjust overall capacity to the economic crisis, allowing us to increase production capacity immediately when demand rises," adds Liebig

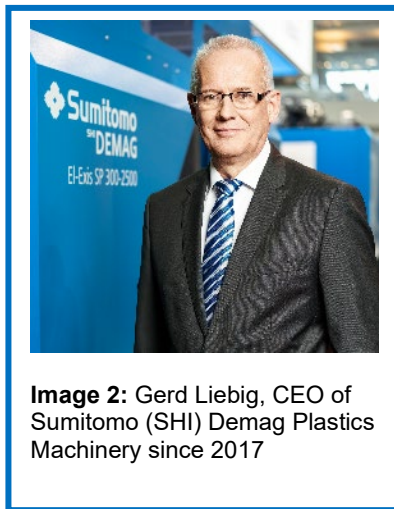
As the evaluation of the Kununu evaluation platform shows, Sumitomo (SHI) Demag has made significant gains in employee satisfaction in recent years. The company now occupies a top ranking position in the European mechanical engineering industry. Liebig comments: "A kununu score of 3.9 and a recommendation rate of 81 percent demonstrates a high degree of loyalty and integration between employees and the company."

Investments during the crisis

Since 2016, Sumitomo (SHI) Demag Plastics Machinery has invested almost 20 million euros in the modernisation of machinery at its two German sites. A new lightweight warehouse with 1,600 m² of floor space is currently being built in Schwaig. The new hall location enables a direct material flow from goods receipt and dispatch loading zone to production. Future expansion of the plant has also been considered.

Additionally, the expansion and modernisation of the training centre in Schwaig has been completed. With new training rooms directly connected to the application technology, the capacity for customer training has doubled. To deliver this advanced development experience, the training team has increased to eight, with experts sharing their know how on machine technology, application technology and robotics. All of the training rooms are equipped with the latest media technology such as digital boards with touchback function and an online studio. This enables professional training to be delivered to course participants from all over the world.

Images



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Sumitomo (SHI) Demag Plastics Machinery GmbH

Sumitomo (SHI) Demag has had a lasting influence on the development of the plastics industry from the very beginning. As a specialist for injection moulding machines for plastics processing, Sumitomo (SHI) Demag, together with its Japanese parent company Sumitomo Heavy Industries, is one of the world's leading companies in this sector.

The global development and production network of Sumitomo Heavy Industries and Sumitomo (SHI) Demag consists of four plants in Japan, Germany and China with more than 3,000 employees. The product portfolio includes fully electric and hybrid driven injection moulding machines with clamping forces ranging from 180 to 15,000 kN. With more than 145,000 machines installed, Sumitomo (SHI) Demag is present in all the world's major markets and is one of the largest global manufacturers of injection moulding machines.

The Sumitomo main plant in Chiba, Japan manufactures machines with small and medium clamping forces. Around 95 per cent of all machines delivered have a fully electric drive concept. The German Sumitomo (SHI) Demag sites in Schwaig and Wiehe manufacture the Systec Servo series as well as the high-performance and high-speed EI-Exis SP and Systec SP machines with hybrid drive concepts. The IntElect series with electric drive technology is also produced in Germany for the international market.

Sumitomo (SHI) Demag has had a local production facility in Ningbo, China, since 1998. Since mid 2015, the local subsidiary Demag Plastics Machinery (Ningbo) Co., Ltd. has had a new plant with 13,000 m² of floor space in which the Systec C series with 500 to 10,000 kN clamping force is manufactured for Asian markets. In addition to injection moulding machines, Sumitomo (SHI) Demag offers customised and standardised systems for the automation of moulded parts handling, process and process-engineering solutions for special applications, customised services and service concepts as well as offers for financing investment in injection moulding machines.

With its seamless sales and service network of subsidiaries and agencies, Sumitomo (SHI) Demag is present in all important industrial markets.