



Contact Klaus Gottwald
Phone +49 69 66 03-1264
E-Mail klaus.gottwald@vdma.org
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Engineering Summit: Digitization and sustainability open up new market opportunities for large industrial plant manufacturing

- **Large plant engineering expects rising orders in 2021**
- **Corona accelerates digital competence boost in large-scale plant construction**
- **Market opportunities through sustainability and climate protection**
- **8th Engineering Summit in December 2021 in Darmstadt**

December 7th, 2020 - The short and medium-term prospects in the large-scale plant construction sector are encouraging. This was the optimistic conclusion drawn by the organizers of the Engineering Summit 2020, which took place for the first time as an online conference with the slogan "Restarting the Engineering Industry". "Most companies are expecting an increase in global project volume in large-scale plant construction in 2021 and are anticipating rising order intake and sales", reported Thomas Waldmann, Managing Director of the VDMA Large Industrial Plant Manufacturers' Group (AGAB), on the basis of a survey of the conference participants.

However, the survey also showed that competitive pressure will increase in the coming years. "The market for large-scale plants will continue to consolidate. By entering new or changing markets and making intelligent use of digital technologies, the members of AGAB are preparing themselves for this fundamental shift at an early stage, thereby strengthening their competitiveness," Waldmann noted.

Corona accelerates digital competence boost in the large industrial plant manufacturing sector

In recent months, digitization has made great progress in the large plant construction sector, which has helped to compensate for the restrictions in the project business caused by travel bans and contact restrictions. As the discussions at the Engineering Summit showed, mobile work and homeoffice in large-scale plant construction are now a standard in many areas such as engineering and procurement, and even contract negotiations with key customers are often conducted virtually. "Construction management has also profited from this development," explained Heiner Siebel, Head of Construction Site Personnel at SMS group GmbH. "Thanks to modern communication technologies and the use of artificial intelligence and virtual reality, our employees were able to operate construction sites efficiently even under pandemic conditions and complete projects on schedule. The virtual construction site is thus increasingly turning from a mere vision into reality".

A major challenge in Corona times is the leadership of global, mobile teams working under remote conditions. In this area, too, the plant engineering sector made significant progress in 2020, as Michael Manss, Head of Project Management Campus at thyssenkrupp Academy GmbH, emphasized at the Engineering Summit: "According to our survey of 400 executives, productivity in the plant engineering sector actually improved slightly in 2020 compared with the previous year. This appears to be the result of an initiated change process towards a new management style based less on control and more on mutual trust, transparency and communication.

Market opportunities through sustainability and climate protection

The plans of many countries to mitigate climate change by using technologies to avoid greenhouse gas emissions are becoming increasingly concrete. The presentations and panel discussions at the Engineering Summit showed that this opens up opportunities to place new products and services on the market. Sami Pelkonen, CEO Chemical and Process Technologies at thyssenkrupp Industrial Solutions, emphasized in his keynote speech: "German engineering companies are ready with market-ready technologies to act as a partner of the industry in achieving global climate targets." For example, VDMA member companies supply core technologies for water electrolysis which can be used to produce green hydrogen on a large scale and cost-effectively basis.

"As a prerequisite for the establishment of such a sustainable system, however, politicians must quickly create reliable framework conditions - for example, for the further expansion of renewable power generation - on the basis of which companies can develop economically viable business models," AGAB Managing Director Waldmann urges swift action. Because without the use of renewable energies, no sector can make decisive contributions to climate protection: Green hydrogen and the expansion of renewable energies are mutually dependent on each other.

Despite the crisis: Cautious optimism in the large industrial plant manufacturing sector.

The coming year is expected to bring a noticeable recovery in the market for large-scale plant construction. However, it will probably take some time before the order level of 2019 is reached again. In this respect, capacity adjustments are unavoidable in the current environment: according to the survey for the Engineering Summit 2020, half of the experts in the field of large-scale plant construction are currently assuming that the number of employees will fall in 2021. "Nevertheless, there is no reason for pessimism," emphasizes Waldmann. "The politically desired and ecologically required transformation to low-carbon industrial production can become a lasting success story for the large-scale plant engineering industry. This change process offers enormous market opportunities for VDMA members - for example in the supply of plants for the production of renewable energy, hydrogen or climate-neutral steel and cement".

These and other topics will be discussed at the 8th Engineering Summit which will take place on 1 and 2 December 2021 in Darmstadt. For more details please click on www.engineering-summit.de.

Do you have any questions? Klaus Gottwald will be happy to answer them: 069 6603 1264, klaus.gottwald@vdma.org.

The VDMA Large Industrial Plant Manufacturers' Group is the most important network of large-scale plant construction companies in Europe. It represents an annual order intake of 18 billion euros and around 54,000 employees in Germany. With a world market share of 15 percent and an export quota of more than 80 percent, the companies have a considerable locomotive effect on the domestic supply industry. More at <https://agab.vdma.org/>.