European News

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Würth Sales Continue to Grow

According to the preliminary annual financial statement, Würth Group reported a sales volume of €14.27 billion in 2019 (2018: €13.62 billion). This corresponds to a growth of 4.8%. In Germany, sales growth was rather modest, at a rate of 2.1%. This is above all due to the struggling automotive industry. Contrary to that, Adolf Würth GmbH & Co KG, parent company of the Würth Group, was able to report growth of 5.8%. The Group achieved sales growth of 6.8% outside of Germany. Satisfactory growth rates were achieved in Southern Europe (15.3%), South America (8%) and Eastern Europe (6.6%). E-business sales experienced above-average growth and amounted to €2.6 billion in 2019, thus increasing their share in overall Group sales to 18.3%.

Overall, according to preliminary figures, the operating result of the Würth Group amounted to €750 million and was thus 13.8% below the previous year (2018: €870 million). This decline is mainly due to the gross profit margins being under pressure. It was not possible to entirely pass on increased purchasing prices to customers in the market. Furthermore, the Würth Group continued to invest in the expansion of its business model and growth initiatives.

"The general economic forecasts remain cautious, which is why the Würth Group expects mid-single-digit sales growth and an operating result increasing proportionally to this," says Robert Friedmann, chairman of the central managing board of the Würth Group.

Malcolm Diamond to Retire

In a separate announcement Trifast said Malcolm Diamond had notified the board of his intention to retire as non-executive chairman and step down as a director with effect from 31st March 2020, the Group's year end. Trifast announced that current non-executive director, Jonathan Shearman will take over as non-executive chairman with effect from 1st April 2020. Malcolm Diamond said: "Having overseen the smooth CEO and CFO succession plan at Trifast as well as the adoption of the transformational 'Project Atlas', now halfway through its four year implementation, I feel comfortable in retiring as chair at the end of March 2020 knowing that the TR Board and the business is in such good shape."

Bufab Reports 2019 Results

Bufab Group has reported net sales for 2019 rising to SEK 4.348 billion (2018: SEK 3.786 billion), corresponding to a margin of 8.8% (2018: 9.7%). However, the slowdown that was apparent already at the beginning of the autumn intensified during the fourth quarter. The CEO at Bufab explains this is due to customers' unusually long production stoppages at the end of the year, and destocking. The company intends to achieve further purchasing savings in 2020. Overall, the operating profit for the fourth quarter was unchanged compared with the corresponding quarter in 2018. The priorities for 2020 are, firstly, to intensify sales and marketing, and secondly, to achieve considerable earnings and margin improvements through purchasing savings, strict cost control and efficiency enhancement.

Additionally, Swedish stainless steel fastener manufacturer BUMAX, a trademark of Bufab, has offered to provide ventilator manufacturers and all medical equipment OEMs with at-cost premium fasteners for their device to save lives. Premium fasteners play an important role in a range of critical applications. BUMAX said it's working to maintain the supply of its fasteners to ensure Covid-19 has minimal disruption on the global supply chain.

Market Conditions Affect Trifast Half Year

In the face of "the challenging macroeconomic environment" Trifast plc reported revenues eroded by -2.7%, on a constant exchange rate basis, to GB£102.2 million (€120.4 million). Underlying operating profit margins held up at 10.6% (CER).

At actual exchange rate half year revenues were down -1.8%. Underlying operating profit margins held in double digits at 10.6% (CER) – compared with 11.3% in the first half previous year. Profit before tax was -1% down at GB£7.9 million.

Trifast says ongoing market share wins restricted Group automotive revenue reduction to -2.5%, against a global production downturn of -7.3%. The Group spent GB£2.5 million during the half year on Project Atlas, its multi-year investment in systems, policies and procedures, reported as on track and on budget.

With a strong balance sheet and around GB£40 million banking facility headroom, Trifast sees itself well-positioned to take advantage of increased M&A opportunities resulting from market conditions.

Non-executive chairman, Malcolm Diamond MBE, commented: "Despite the short-term end market weaknesses and macroeconomic uncertainty, we are confident in the strong long-term fundamentals of our business model. The board remains committed to its ongoing investment driven growth strategy and is optimistic for the long-term future."

"After ten years of continuous growth and strong cash generation, we have a very solid balance sheet. This coupled with our new banking facilities provides us with significant flexibility and security, to continue to invest and to make sure that when the macroeconomic environment begins to settle, we have the best foundation and are in the best possible position to add further stimulus to our growth ambitions."

Agrati CEO Identifies 1st Known Fastener COVID-19 Death

Agrati CEO Paolo Pozzi wrote that 44-year-old Pasquale Gallace of Agrati logistics in Italy died March 27, 2020, of COVID-19. His father had died a few days earlier. At that point, Italy had 12,428 deaths and 105,792 infections, Pozzi wrote. Agrati formed a task force in January to guide the Italy-based company through the COVID-19 crisis.

NORMA

NORMA Group Increases Sales In Fiscal Year 2019

NORMA Group achieved Group sales of approximately €1.1 billion in the fiscal year 2019. This equates to an increase of 1.5% compared to the previous year (2018: €1.084 million). Sales from the acquisitions of Kimplas and Statek contributed 1.2% to growth.

Dr. Michael Schneider, CEO of NORMA Group, commented: "2019 was a challenging year for NORMA Group. The volatile market environment and the tense geopolitical situation caused our business development to fall short of expectations. However, we did grow in the area of water management." Based on preliminary unaudited figures, NORMA Group's sales in the fourth quarter of 2019 declined by 2.1% to €261.4 million compared to the previous year (Q4 2018: €267 million).

BULTEN

Bulten Progresses Well in Q4

Despite continued cautious market development, Bulten's net sales and order bookings developed well during the fourth quarter of 2019. Net sales amounted to SEK 784 million, an increase of 5%, and order bookings were up 13.6%.

Anders Nyström, president and CEO at Bulten, commented: "In 2019 we implemented several strategic measures. During the fourth quarter we completed the restructuring in Germany. This is expected to bring annual savings of approximately SEK 25 million from the 2020 calendar year. The relocation of our Chinese operation has also proceeded to plan and in November we inaugurated our new production unit in Tianjin."

"We finished the fourth quarter by entering into an agreement to acquire PSM International. The acquisition broadens our customer base on growth markets in Asia and North America." Operating earnings for the quarter totalled SEK 27 million, equating to an operating margin of 3.5%.

BOSSARD

Bossard Increases Its Holding in Torp Fasteners

Bossard Group is increasing its majority stake in Torp Fasteners located in Oslo, Norway, from 60% to 100%. Bossard has held a stake in the company, a specialist in high-quality engineered fastening solutions, since January 2015.

In recent years, Bossard has made considerable efforts to further develop the demanding Scandinavian markets. The parties have agreed to keep the purchase price confidential. Bossard's investment in the Norwegian company Torp Fasteners is in line with the Group's strategic approach to expand its presence in the areas of branded and high-quality engineered products through targeted investments.

Torp Fasteners supports customers in the early planning stages of product development, which is also significant for the Bossard Group. In 2019, Torp Fasteners achieved annual sales of about CHF 9 million and has 21 employees.

Arconic Reports Q4 2019 Results

ARCONIC

Arconic Inc has reported fourth quarter revenues of US$3.4 billion, down 2% year-on-year. Organic revenue was up 1% year-on-year on growth in the aerospace, packaging and industrial markets and favourable product pricing. This was largely offset by weakness in the automotive, commercial transportation, and building and construction markets. Arconic reported net income of US$309 million in the fourth quarter 2019 versus net income of US$218 million in the fourth quarter 2018. Full year 2019 net income was US$470 million versus net income of US$642 million in the full year 2018.

The Engineered Products and Forgings (EP&F) segment reported fourth quarter revenue of US$1.7 billion, an increase of 1% year-on-year. Segment operating profit was US$354 million, up US$86 million or 32% year-on-year, driven by net cost reductions, favourable product pricing, lower raw material costs and volume increases. Segment operating profit margin was 20.4%, up 480 basis points year-on-year.

EP&F full year segment performance was up 5% year-on-year with a revenue of US$7.1 billion. Segment operating profit was US$1.4 billion, up US$285 million year-on-year; segment operating profit margin was also 19.6%, up 330 basis points year over year.

HILTI

Hilti Achieves Further Sales Growth

Hilti Group grew sales by 4.3% in the 2019 business year to CHF 5.9 billion. Hilti CEO Christoph Loos commented on the developments in the 2019 business year: "2019 was another successful year for us with exclusively organic growth. The economic environment has become more volatile while global construction growth has noticeably slowed. Additionally, currencies largely displayed depreciation tendencies against the Swiss franc. Against this background we're satisfied with our growth level and are pleased that we gained additional market share."

Hilti achieved an increase of 6.9% in the Europe business region, despite BREXIT uncertainties and a substantial downturn of the construction economy in Scandinavia. North America continued to develop positively, advancing 7.3%. Significant growth was also achieved in Latin America (+8.5%), where the recovery in Brazil made a considerable contribution. In the Asia/Pacific region, the growth level of 4.3% was slowed by the difficult environments in both Hong Kong and South Korea. The situation in the Eastern Europe/Middle East/Africa region remained disparate (+3.7%), with Russia and the Eastern European markets driving growth while business remained difficult in the Gulf States and in Turkey due to ongoing political uncertainties.

R.I.P

In Memory of Robert H. Lench (written by Marco A. Guerritore)

When I received the tragic news, I could not believe it for a moment and then a deep and sincere sense of pain swept over me. Robert H. Lench left us on 22 January 2020 at the age of 89 years due to a sudden worsening of his illness. For some time now, perhaps because of his state of health, Robert had withdrawn from the daily operations, while maintaining a certain connection with the EIFI, which was his reason for living.

Robert belonged to a family with a long tradition in the English fastener industry and ran his family business "Thomas William Lench Ltd", based in Warley, West Midland, until he was forced to close it due to changes and uncertainties in the market. His in-depth knowledge of the fastener industry enabled him to skillfully hold the position of EIFI Chairman, pulling it out of the impasse in which he found it. Robert spared no physical and economic effort to promote operational contacts with the organisations of manufacturers: from the USA, Japan, Taiwan, just to name the main ones. He also worked hard to expand and strengthen the EIFI by including new national fastener associations in Europe, such as those of Spain, Poland and others. Under his presidency, the EIFI set up the structure that still characterises it today. He always paid particular attention to relations with the European institutions and first and foremost with the EU Commission and other important offices where he had the opportunity to promote and successfully manage important initiatives.

Robert Lench was an affable, likable man and an excellent speaker who knew how to express himself very well in both personal and business meetings. He had the gift of knowing how to manage and resolve the tensions that can inevitably arise in the context of an international association. He had to rely on his diplomatic sense on numerous occasions in order to resolve unavoidable disputes within the EIFI caused by commercial competitiveness. His natural cordiality and kindness did not mean that he was submissive, on the contrary, Robert was strong willed and decisive. I remember that we were at an annual EIFI meeting. The discussions were over and all of us in attendance were heading to the business lunch room when I saw Robert in pain from a sciatic nerve issue, hunched over his walking stick. I approached him with the clear intention of helping him. Robert sensed what I was about to propose. He looked at me sideways and with a strong gesture of his hand, almost indignantly, pushed me away, clearly making me understand that he did not need and did not want any kind of help. This was Robert H. Lench.

An important piece of the history of the EIFI and the European Fasteners industry disappears with his passing. Robert H. Lench's funeral was held on 7 February 2020 at St. Cassian's Church in Chaddesley Corbett.

SFS Shows Clear Improvement in Operating Results

SFS Group returned to organic growth in the second half of 2019 – in the face of continuing adverse market conditions – thanks to project ramp-ups. Group profitability also showed a strong improvement over the course of 2019.

Sales for the full 2019 financial year increased by 2.5% and were fuelled primarily by the first time consolidation of Triangle Fasteners Corporation (TFC). Adjusted operating profit amounted to approximately CHF 239 million (€224.4 million), which corresponds to 13.4% of net sales. Sales increased by 3.5% in the second half compared to the figure for the prior-year period, of which 1.1% was organic growth. Organic sales growth in the first half was a negative –2.4%. Consolidated sales for the full financial year of 2019 amounted to CHF 1.78 billion (€1.67 billion). This corresponds to an increase of 2.5% from the previous financial year.

Engineered Components: Challenges Well Mastered

The improvement in SFS Group's operating performance in the second half of 2019 was driven in particular by the Engineered Components segment, which accounts for more than half of SFS Group's total sales. This segment's sales rose by 10.7% in the second half compared to the first half. Its significant growth was broadly based and supported by the seasonal ramp-up of several projects, as well as a recovery in the Electronics sector. Full-year 2019 sales for the Engineered Components segment amounted to CHF 957.1 million. The overall flat sales growth is attributed to weak market demand.

Fastening Systems: Market Position Further Expanded

Sales at the Fastening Systems segment amounted to CHF 498.3 million in 2019, an increase of 14% from the previous financial year. The Construction division profited from a stable market environment and generated slightly positive organic growth. Sales in the Riveting division, by contrast, were pressured by the very challenging situation in the German and British automotive markets. Thanks to innovative products and the successful acquisition of TFC Ltd, the segment strengthened its competitive position in the construction business.

SFS

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SFS Expands Its Fastening System Business for Facades

SFS is acquiring Moderne Befestigungselemente GmbH (mbe) – a leading supplier of painted fasteners for high-performance facade systems. mbe generated about €10 million in sales with just under 70 employees in 2018. This acquisition expands SFS' offering of fastening systems and its market reach in central Europe. The completion of the acquisition is subject to regulatory approvals.

mbe was established in Menden, North Rhine-Westphalia, Germany, in 1979 and it supplies mainly the German specialty retailers with painted fasteners for ventilated façade systems. In addition to its strong, long-standing customer relationships with specialty retailers, mbe has vast expertise in painting technology and differentiates itself on its very quick response and delivery times. Customers can individualise the colour of the fasteners they order and small quantities can be fulfilled within 24 to 48 hours.

Acquiring mbe gives SFS direct access to specialty retailers for premium façade solutions. Customers and distribution partners of mbe will benefit from availability of the broad product range of SFS.

mbe will remain based in Menden and it will become part of the Construction division within the Fastening Systems segment. Its previous management will stay with the company throughout the transition period and thereby ensure the necessary continuity. The completion of the acquisition is subject to regulatory approvals.

EU Launches Anti-dumping Investigation into Pins and Staples from China

The European Commission has initiated an anti-dumping investigation concerning imports of pins and staples, originating in the People's Republic of China.

The Commission published Notice of Initiation 2019/c 425/08 in the EU Official Journal on 18th December 2019.

The notice defines the product subject to investigation as: Staples, whether or not in strips or in coils, hog rings, whether or not in strips, brad nails in strips, and pins in strips; of steel wire, whether or not coated, of aluminium alloy wire, or of stainless steel wire; designed for joining or holding together materials or objects ('the product under investigation'). Nails in coils are excluded from the product under investigation.

The products fall within a number of CN codes identified by the notice as: ex 7317 00 20, ex 7317 00 60, ex 7317 00 80, ex 7326 20 00, ex 7616 10 00, 8305 20 00, and ex 8308 10 00.

'ex' signifies that not all products within the cited code are subject to investigation, so the description is critical for importers and manufacturers to determine the extent to which they are affected.

The deadlines for registration of interest and submission of evidence, which are short, particularly given the timing of the notice just before the winter holiday, are defined in the Notice of Initiation, which can be downloaded in all EU languages from the EU Official Journal.

The Notice confirms the schedule of investigation as: The investigation will be concluded, pursuant to Article 6(9) of the basic Regulation within normally 13, but not more than 14 months of the date of the publication of this Notice. In accordance with Article 7(1) of the basic Regulation, provisional measures may be imposed normally not later than 7 months, but in any event not later than 8 months from the publication of this Notice.

In accordance with Article 19a of the basic Regulation, the Commission will provide information on the planned imposition of provisional duties 3 weeks before the imposition of provisional measures.

NORMA YTD Sales Up But Organic Growth Down

NORMA Group has reported sales for the period January to September 2019 increased 2.6% to €838.6 million. However, organic sales declined -1.6% in the period.

The Kimplas and Statek acquisitions contributed 1.6% and positive currency effects a further 2.6% to sales growth. The adjusted EBITA margin was 14.2% for the period (Q1 – Q3 2018: 16%). NORMA attributed the decline in margin to significantly lower production volumes in the automotive industry, increased personnel costs and costs introducing a new ERP in Latin America.

EMEA region sales for the nine months fell 0.9% to €372.3 million (Q1–Q3: €375.7 million). Orgnaic sales declined 1.6%, with “ongoing restrained business in the automotive sector” as the main issue.

American sales rose 5.4% to €352.2 million in the first nine months of 2019 (Q1 – Q3 2018: €334.3 million). Growth was mainly due to strong water business and positive currency effects, which contributed 6.1% to sales growth. Organic sales declined 0.8% mainly due to the weak business in the Engineered Joining Technology division.

News provided by:
- Fastener + Fixing Magazine (www.fastenerandfixing.com)
- Marco A. Guerritore, Editor in Chief of Italian Fasteners Magazine (www.upiveb.org/en/italian-fasteners-en)

Asia-Pacific sales increased 6.6% to €114.2 million (Q1 – Q3 2018: €107.2 million). An organic sales decline of -4.1% was offset by positive currency effects of +1% and acquisition related sales contributions of +9.6%.

“The tense situation on the global automobile market still poses a challenge for us,” said Dr. Michael Schneider, member of the management board of NORMA Group. “The positive development of our water management division, however, underscores the fact that NORMA Group is in a stable and sustainable position thanks to its broad range of products and services and its strategic focus on the future markets of water management and electromobility.”

In mid-October NORMA revised its full year organic sales forecast to decline between -2% and -4% (previously -1 to +1%), mainly due to the sharp slump in American EJT business due in part to strikes at car and truck makers. EMEA and Asia-Pacific regions also lagged slightly behind expectations. NORMA expects to achieve an adjusted EBITA margin of more than 13%.

On 5th November NORMA announced its “Get on track” programme, comprising measures to enhance the Group’s flexibility and profitability. Actions include optimisation of locations worldwide and the streamlining and close management of the product portfolio. The programme is expected to deliver sustained cost savings starting in 2020, achieving annual savings of €40 million – €45 million in 2023. Total programme cost through 2023 is projected at €45 million – €50 million.