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European Electronic Markets Forecast

Global robot demand in factories doubles over 10 Years

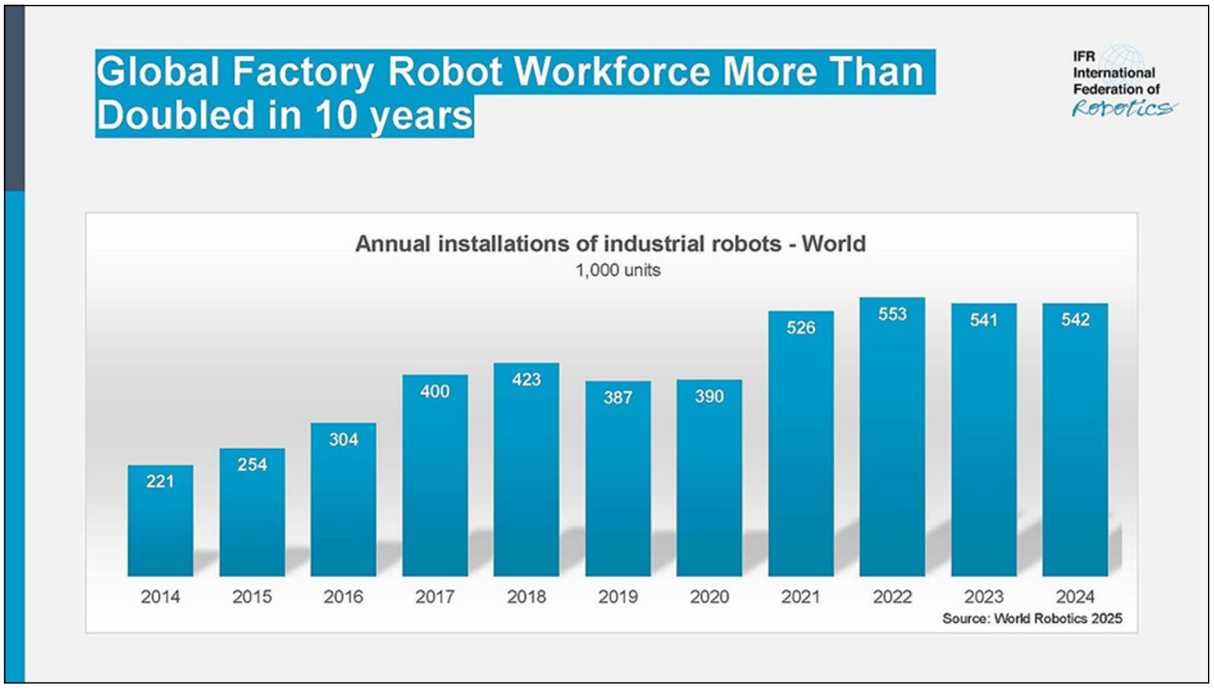
The *International Federation of Robotics* latest statistics on industrial robots showed 542,000 robots installed in 2024 - more than double the number 10 years ago. Annual installations topped 500,000 units for the fourth straight year. Asia accounted for 74% of new deployments in 2024, compared with 16% in Europe and 9% in the Americas.

2024 was the second highest annual installation count of industrial robots in history - only 2% lower than the all-time-high two years ago. The transition of many industries into the digital and automated age has been marked by a huge surge in demand. The total number of industrial robots in operational use worldwide was 4,664,000 units in 2024 – an increase of 9% compared to the previous year.

China is by far the world's largest market in 2024, representing 54% of global deployments. The latest figures show that 295,000 industrial robots have been installed - the highest annual total on record. For the first time, Chinese manufacturers have sold more than foreign suppliers in their home country. Their domestic market share climbed to 57% last year, up from about 28% over the past decade. China's operational robot stock exceeded the 2 million mark in 2024, the largest of any country. As robotics in China is opening up new markets, there is no indication that robot demand in China will decrease. There is still a lot of potential in Chinese manufacturing for 10% growth on average each year until 2028.

Japan maintained its position as the second-largest market for industrial robots, with 44,500 units installed in 2024 – a slight 4% decrease. The country's operational stock rose by 3%, with 450,500 units now in use. Demand for robots will grow slightly by lower single-digit rates in 2025. It will then accelerate to a medium single-digit rate on average in the next few years.

The market in the South Korea installed 30,600 units in 2024 – down 3%. Annual installations had been trending sideways of around 31,000 units since 2019. The country is the fourth largest robot market in the world in terms of annual installations in 2024, after the United States, Japan, and China.



India continues to grow with a record of 9,100 units installed in 2024 – up 7%. The automotive industry was the strongest driver with a market share of 45%. In terms of annual installations, India ranks sixth worldwide, one place up behind Germany.

Industrial robot installations in Europe fell 8% to 85,000 units in 2024, still the second largest number recorded in history. 80% of all European robot installations took place in the European Union (67,800 units). Robot demand in Europe benefited from the nearshoring trend. The annual average growth rate from 2019 to 2024 was plus 3%.

Germany is the largest robot market in Europe and the fifth-largest in the world. Installations fell 5% to 26,982 units in 2024, which is the second-best result recorded after the record year of 2023. This represents a 32% market share of the annual total in Europe. The number of installations in Italy, the second largest European market, fell by 16% to 8,783 units. Spain is now in third place (5,100 units), with a strong demand from the automotive industry. France (4,900 units) moved down to fourth place, with a 24% decrease.

In the UK, industrial robot installations were down 35% to 2,500 units in 2024. The record number of 3,800 units in 2023 was a one-off peak, driven by the "super-deduction" tax credit program, which ended after the first quarter of 2023. Installation counts moved sideways with some cyclicity over the past decade. Robot installations in the UK rank 19th worldwide in 2024.

Robot installations in the Americas exceeded 50,000 units for the fourth year in a row: 50,100 units were installed in 2024, down 10% below the level reached 2023.

The United States, the largest regional market, accounted for 68% of installations in the Americas in 2024. Robot installations were down by 9% to 34,200 units. The United States imports most of its robots from Japan and Europe, with few domestic suppliers. However, there are numerous domestic robot system integrators implementing robotic automation solutions. Total installations in Mexico reached 5,600 units in 2024, a decrease of 4%. The automotive industry remained the key customer of industrial robots in Mexico, accounting for 63% of the installations in 2024.

In Canada, robot installations declined by 12% to 3,800 units. Installation figures in Canada largely depend on automotive investment cycles. The share of the car industry was 47% in 2024.

The robotics industry is not immune to global macroeconomic conditions, but there is no indication that the overall long-term growth trend will come to an end any time soon. While regional trends vary substantially, the aggregate global trajectory remains positive. Globally, robot installations are expected to grow by 6% to 575,000 units in 2025. By 2028, the 700,000-unit mark will be surpassed.

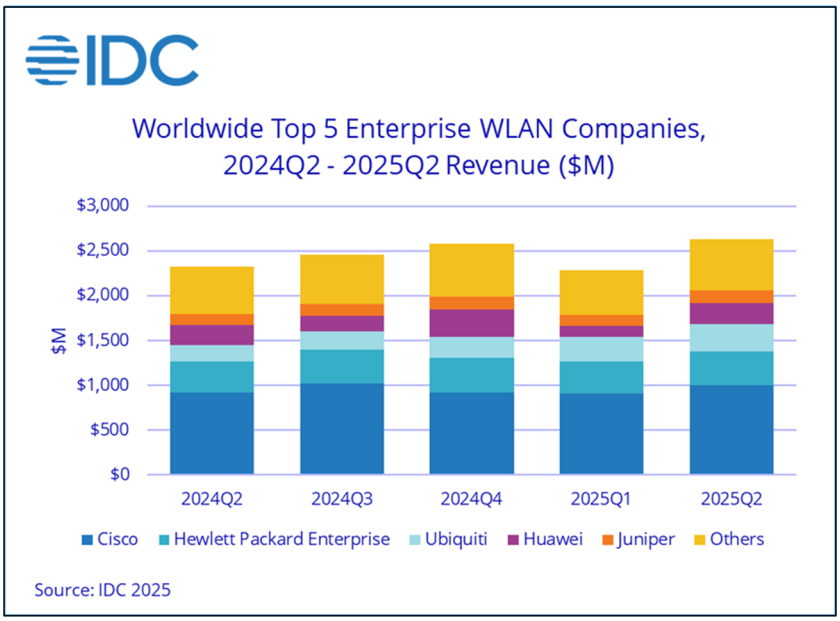
Latest research highlights positive results across the Ethernet, router and WLAN markets

The enterprise worldwide wireless local area network (WLAN) market grew 13.2% in the second quarter of 2025 (2Q25) compared to 2Q24 to reach US$2.6 billion, building on the market's growth momentum from the previous quarter, according to figures released by *IDC*.

A significant driver of growth in the enterprise WLAN market is the adoption of new Wi-Fi standards. Wi-Fi 6E and Wi-Fi 7 enable up to a 3X increase in available bandwidth for Wi-Fi in the 6 GHz band, in certain geographies. Wi-Fi 7 made up 21.2% of market revenues in the dependent access point segment in 2Q25, compared to making up 11.8% of the segment's revenues a quarter earlier. Meanwhile, Wi-Fi 6E made up 26.8% of the dependent AP segment's revenue, with Wi-Fi 6 making up the balance.

From a geographical perspective, in the Americas, the enterprise WLAN market increased 17.0% year-over-year (YoY) in 2Q25, driven by growth of 18.4% in the United States. In the Europe, Middle East & Africa region, the market grew 14.7% YoY, while in the Asia Pacific region, revenues grew 4.6% YoY, as market revenues in the People's Republic of China declined 6.6% YoY.

The worldwide Ethernet switch market recorded US$14.5 billion in revenue in the second quarter of



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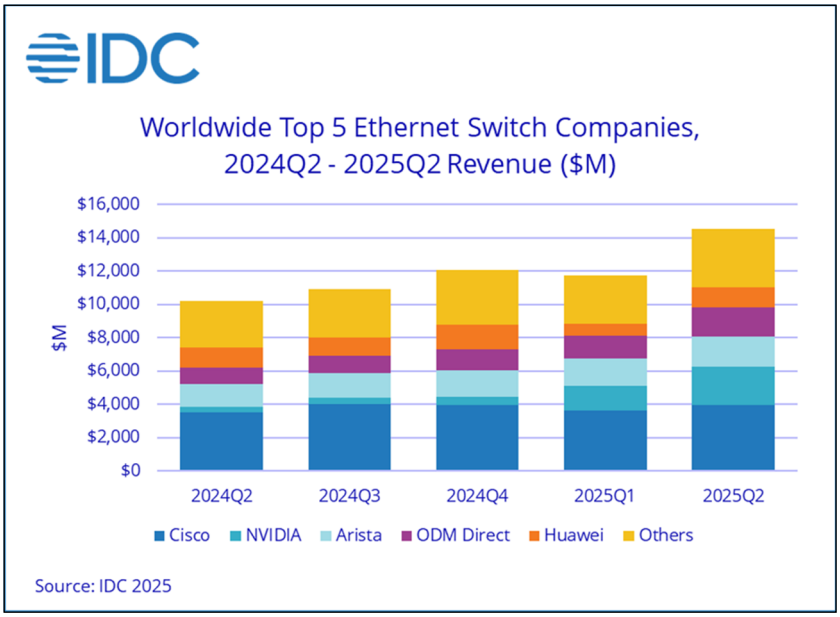

2025 (2Q25), a 42.1% year-over-year (YoY) increase, fuelled by strong growth in the datacentre portion of the market as hyperscalers and cloud service providers race to build infrastructure capacity for the AI era. The total worldwide enterprise and service provider (SP) router market increased 12.5% YoY to US$3.6 billion in 2Q25.

Booming growth rates in the datacentre (DC) portion of the Ethernet switch market continued in 2Q25 as deployments of high-bandwidth, low-latency network infrastructure to support AI workloads accelerate. Growth of 71.6% YoY in 2Q25 in the DC segment of the Ethernet switch market builds on growth of 54.7% YoY a quarter earlier. Within the DC portion, NVIDIA's growth continued, with revenues increasing 647% YoY, to US$2.3 billion in the quarter, giving the company the highest share in the DC portion of the market at 25.9%.

Revenues in the DC segment of the Ethernet switch market are being driven by the highest-speed ports. Revenues for 800GbE switches rose 222.1% sequentially from the first to the second quarter of 2025, rising to make up 12.8% of the DC portion's revenue in 2Q25. Revenues for 200/400 GbE switches deployed in the datacentre rose 175.5% YoY in 2Q25 and now make up 49.5% of the DC segment's revenues. ODM (original device manufacturer) Direct sales continue to be a growing part of the datacentre segment, rising 76.9% YoY in 2Q25, and comprising 19.6% of the DC segment's revenues in the quarter.

The non-datacentre (non-DC) segment, which includes Ethernet switches primarily used in enterprise campus and branch networks, increased 12.5% YoY in 2Q25. Supply and demand dynamics in the non-DC Ethernet switch market continue to stabilize after two years of growth rate volatility driven by the COVID-19-era global supply chain crisis. In the non-DC segment, 1GbE switch revenue, which makes up more than half of the non-DC market segment's revenues, rose 11.3% in 2Q25. 25/50GbE switching showed solid growth in the non-DC segment, rising 27.5% YoY.

From a geographic perspective, in the Americas, the total Ethernet switch market increased 56.8% YoY, driven by an increase in the DC portion of the market of 90.2% in the United States. In the Europe, Middle East & Africa region (EMEA), the total Ethernet switch market increased 33.8% YoY while in the Asia Pacific region, the market increased 24.0% YoY.

The service provider segment of the router market, which includes both communications SPs and cloud SPs, made up 73.2% of the total router market in 2Q25 and increased 13.8% YoY in 2Q25. The enterprise segment accounts for the remaining balance of the market and rose 9.1% YoY in 2Q25. From a regional perspective, the total router market in the Americas rose 24.5% YoY; the market declined 1.0% YoY in the EMEA region and grew 11.4% YoY in the Asia Pacific region.

End-of-line & warehouse packaging automation market projected to reach US$7.5 billion by 2029

The global end-of-line (EoL) & warehouse packaging automation market is currently experiencing a growth phase, with revenues forecast to increase from US$5.1 billion in 2024 to US$7.5 billion in 2029, a compound annual growth rate (CAGR) of 7.9%. The Americas region and warehouse packaging automation anticipated to be significant drivers of growth.

Companies in the Americas and Europe are increasing investment in warehouse packaging automation to combat rising labour costs. Both regions are also seeing growth in end-of-line packaging systems for the manufacturing industry as high wage bills and regulatory pressures continue. Meanwhile, most of the growth in the APAC region stems from a general expansion of the manufacturing industry, rather than rising labour costs.

According to *Interact Analysis*, the end-of-line manufacturing packaging automation sector accounted for 61% of revenues within the EoL & warehouse packaging sector in 2024 and this figure is expected to drop by one percentage point by the end of 2029 to 60%, despite warehouse packaging forecast to grow at a faster rate. End-of-line manufacturing applications (like case packers, case sealers, and case erectors) have a strong presence, with combined revenues of over US$2.1 billion in 2024.

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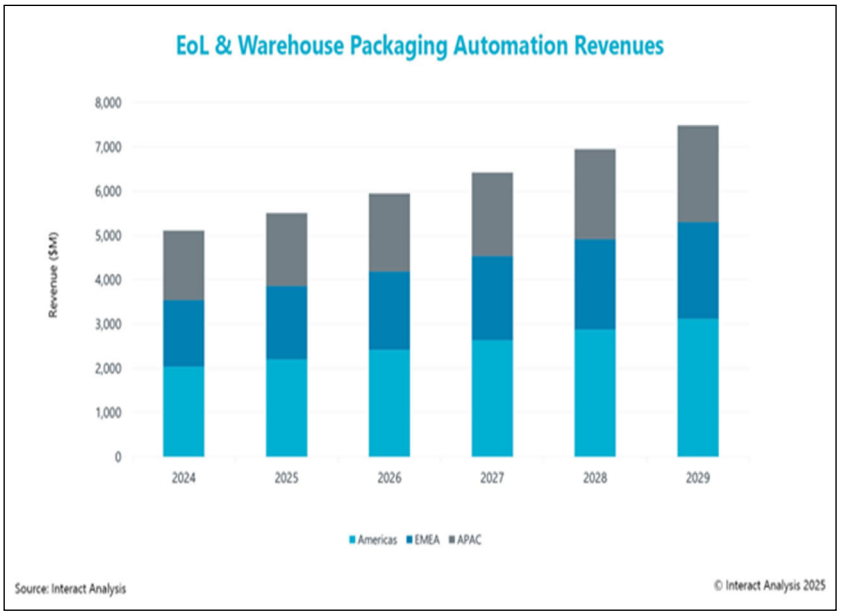

The rise in warehouse automation comes primarily from rapidly growing investment in right-fit boxers, bagging machines; and robotic palletizing. E-commerce demands and legislation that penalizes retailers for material wastage are significant driving forces. Although right-fit boxers and baggers have the highest growth rate, the market size is still relatively small compared with more established solutions.

Market notes

- The Wi-Fi HaLow (802.11ah) market is expected to grow robustly over the next five years, at a compound annual growth rate (CAGR) of 79%, according to research from *Omdia*. Wi-Fi HaLow addresses a market gap in wireless connectivity by offering middle ground between traditional Wi-Fi and low-power alternatives. For applications requiring more bandwidth than LoRaWAN but greater range and power efficiency than conventional Wi-Fi, HaLow presents an ideal solution. The industrial sector is expected to drive initial adoption, particularly for video-intensive applications like security, surveillance, and automation. As infrastructure expands, HaLow is projected to gain traction in smart home security cameras and doorbells starting in 2026, followed by smart city applications and consumer drones in 2027.

- Worldwide end-user spending on generative AI (GenAI) smartphones is projected to total US$298.2 billion by the end of 2025, according to *Gartner, Inc*. It will represent 20% of total AI end-user spending in 2025. With all mobile vendors increasingly integrating on-device GenAI models and applications, end-user spending on GenAI smartphones is expected to total US$393.3 billion in 2026, an increase of 32% from 2025. Gartner expects that 100% of premium smartphones will feature GenAI capabilities by 2029.

- Worldwide shipments of AR/VR headsets combined with display-less smart glasses are expected to grow 39.2% in 2025 with volumes reaching 14.3 million units, according to new data from *IDC*. The market will be driven by smart glasses such as Meta's Ray-Bans, with the category growing 247.5% during the year thanks to new product launches from Meta as well as numerous other companies joining the race to put artificial intelligence (AI) on consumers' faces. As more brands, channels, and emerge, IDC forecasts the market will grow substantially, with hardware volumes reaching 43.1 million in 2029; the associated compound annual growth rate (CAGR) is 31.8%. Display-less glasses would still lead the market, as these glasses are expected to provide a low entry point into on-body AI for consumers, with Mixed Reality headsets and smart glasses with displays representing other major categories within the forecast.

- The RF front-end module market for mobile devices is at a critical juncture. Valued at US$15.4 billion in 2024, the market is characterized by a delicate balance of growth drivers, including continued 5G expansion and new 5G bands, and headwinds such as architectural simplification, intense cost pressure, and declining ASPs. Yole Group, forecasts that despite a flat trend through 2027, the market will reach over US$17 billion by 2030. Traditional leaders such as Qualcomm, Broadcom, Qorvo, Skyworks, and Murata still control over 70% of the global market but are facing increasing competition. Qualcomm leads with a 21% share, thanks to its end-to-end platform strategy, followed by Broadcom with 18%, due to its FBAR filter solutions for Apple. However, pricing pressure and Chinese OEM preferences are reshaping design wins and margins. For example, the Chinese player, Maxscend, leads among Chinese suppliers with a 4% share, dominating in discrete devices and growing its module business through vertical filter integration. Other Chinese companies such as Lansus, Vanchip, OnMicro, SmarterMicro, and HiSilicon are also gaining traction, benefiting from Huawei's domestic supply chain realignment and its push to secure local design wins.

Worldwide GenAI Smartphone End-User Units and Spending, 2024-2026

	2024	2025	2026
Total GenAI smartphone units (in 000s)	260,433.4	369,347.0	559,000.6
Total GenAI end-user spending (US$ millions)	244,735.1	298,189.5	393,297.7

Source: Gartner (September 2025)

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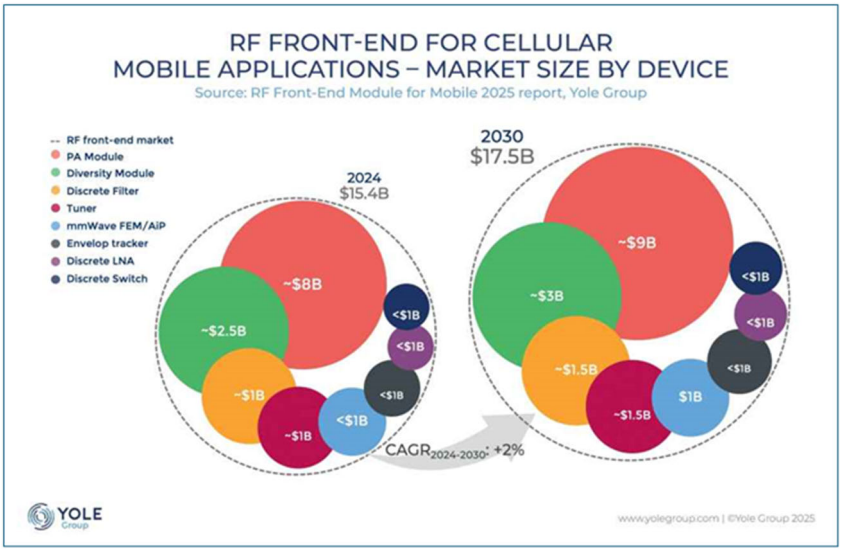

Mergers & Acquisitions

- Addtech Electrification, a business unit of the Swedish **Addtech Group**, has signed an agreement to acquire **innovatek OS GmbH** (Innovatek). Innovatek develops and produces customized cooling systems for industrial applications. The company's products and solutions, which also include control- and monitoring technology, are primarily sold to customers in E-mobility, medical technology, and microscopy. Innovatek has 52 employees and a turnover of approximately Euro 12 million with headquarters in Stammham, Germany. Innovatek will become part of the Power & Mobility business unit.

- The US company **IonQ**, a leader in the quantum computing and networking industries, has announced the successful completion of its acquisition of **Oxford Ionics**, a quantum computing company based in the United Kingdom. Originally announced in June 2025, the transaction accelerates IonQ's technology roadmap for more powerful, high-fidelity quantum computers, and supports the company's expansion into the UK, Europe, Asia, and other global markets. Oxford Ionics brings to IonQ a team of world-class scientists and engineers, along with patented innovations in trapped ion quantum systems that complement IonQ's existing hardware and software stack. The acquisition also provides IonQ with a UK base of operations for future collaborations with leading universities, research institutions, and public-sector partners.

Automotive

Bosch Mobility to introduce further cost cutting measures

To offset an annual cost gap of around Euro 2.5 billion worldwide in its Mobility business Bosch intends to take various measures to reduce costs. The company sees great potential to reduce costs by achieving productivity gains through the use of artificial intelligence in manufacturing and engineering, reducing material and equipment costs, reducing capital expenditure, and making logistics and global supply chains more efficient. In addition, structural and personnel adjustment measures are unavoidable – the company anticipates a further reduction of around 13,000 jobs, particularly at its Mobility locations in Germany. The time frames for the necessary adjustments vary and extend until the end of 2030.

In Europe and Germany in particular, Bosch's comparatively strong presence makes it impossible to maintain its current high headcount. The Power Solutions and Electrified Motion divisions, with their locations in Feuerbach, Schwieberdingen, and Waiblingen in the greater Stuttgart area as well as Bühl and Homburg, are particularly affected. Jobs are also to be cut in Bosch's corporate functions as well as in the Mobility business's administration, sales, and subsidiaries.

In Feuerbach, this will affect development, sales, and administration as well as the Power Solutions plant for powertrain components. In addition to the stagnating automotive market, there is a significant impact from the worldwide decline in the proportion of diesel, which accounts for a majority of the current products at the plant. Moreover, demand for the hydrogen technology products commercialized in recent years is too low as a result of considerable delays to the ramp-up of the hydrogen market in Europe. This has led to underutilization of production capacity and an overall workforce overcapacity at the site. Some 3,500 jobs are to be cut here by the end of 2030, including around 1,500 at the plant.

In Schwieberdingen, the Power Solutions, Electrified Motion, and Mobility Electronics divisions based there are to cut around 1,750 jobs in sales, purchasing, administration, and development by the end of 2030. In particular, the negative development of the order situation and the slow ramp-up of emerging technologies are increasing the pressure to adjust the divisions' costs

At the Waiblingen location, the company plans to phase out production for connector technology, which currently employs around 560 people, by the end of 2028. The plant mainly produces connectors based on thermoplastic and silicone rubber for the global automotive industry. Production volumes and headcount have been declining for many years, meaning the plant is no longer competitive. The subsidiaries Bosch Healthcare Solutions GmbH and Bosch Industrial Additive Manufacturing, both located at the Waiblingen site, are not affected by the planned measure.

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At the Bühl/Bühlertal location, where Bosch develops, commercializes, and manufactures electric drives for low voltage applications for European automakers, the company anticipates that around 1,550 jobs will need to be cut by the end of 2030. This affects sales, purchasing, and administrative functions as well as development and manufacturing.

At the Homburg location, Bosch plans to cut around 1,250 jobs by the end of 2030 and largely consolidate the operational activities of the Power Solutions division in the eastern part of the plant. The aim is to leverage synergies and reduce structures. Here too, the stagnating automotive market and the worldwide decline in the proportion of diesel vehicles – including in the plant's dominant commercial vehicle business – are having a significant impact, as is the considerable delay in the ramp-up of the hydrogen market in Europe.

AISIN to begin production of electric motors in Czech Republic

AISIN Europe Manufacturing Czech, part of the Japanese AISIN group, has announced it is investing in excess of CZK 4.5 billion at a new facility in Písek. At the new 19,132 sq m facility, the company will manufacture new eAxle electric drive units intended exclusively for BMW electric vehicles.

Qualcomm and Valeo accelerate global shift to software-defined vehicles

Qualcomm Technologies, Inc. and Valeo have announced an expansion of their longstanding collaboration to deliver Advanced Driver-Assistance Systems (ADAS) and Automated Driving (AD) solutions to the global automotive industry. The technology collaboration integrates Qualcomm Technologies' scalable Snapdragon Ride™ Pilot solutions, including Snapdragon Ride System-on-Chips (SoCs) and the Snapdragon Ride ADAS/AD software stack, with Valeo's expertise in hardware and software including automatic parking software algorithms, sensors, ECU systems, its integration and validation. Both companies together bring holistic solutions designed for functional safety and cybersecurity, with differentiated middleware software and services.

Building upon successful launches with different global automakers, the two companies further join forces to offer a pre-integrated AD/ADAS solution designed to streamline vehicle-level implementation and addresses a key demand for accelerating time-to-market for global automakers. It includes a comprehensive suite of production-ready sensors, a compute unit and numerous applications supporting hands-off driving, automated parking, driver and occupant monitoring and built-in NCAP 5-star safety features.

The scalable system also supports a wide range of hardware configurations, from entry-level systems to centralized high-performance compute for Software-Defined Vehicles (SDVs). It enables the seamless integration of ADAS and In-Vehicle Infotainment (IVI) capabilities into a single unit powered by one Snapdragon Ride Flex System-on-Chip (SoC), simplifying deployment and reducing system complexity.

FORVIA HELLA and Tau Motors partner to develop advanced charging solutions

FORVIA HELLA and the US company Tau Motors, a pioneer in software-defined power conversion, are working on advanced charging solutions in the context of a strategic development cooperation. The focus is on the development of a "virtually isolated Onboard Charger (viOBC)" for electric vehicles, aiming to bring it into series production within the next two to three years. By dispensing with a transformer, the viOBC has a high power density and energy efficiency on the one hand; on the other, the weight and required installation space can be significantly reduced. The product also enables advanced energy management in vehicles, including vehicle-to-grid integration with bidirectional charging. The development partnership also includes an investment in Tau via the venture capital arm HELLA Ventures.

In this partnership, FORVIA HELLA contributes extensive expertise in the field of high-voltage and power electronics as well as industrialization capabilities. Tau brings its software-defined technology platform alongside deep expertise in power electronics, controls, and innovative product design capability to the table.

Electrification/ Battery Technology

ABB to invest US$110 million in US manufacturing

ABB has announced that it will invest a further US$110 million in the United States in 2025 to expand the R&D and manufacturing of its advanced electrification solutions as customers focus on improving energy efficiency and uptime while reducing their energy costs.

Creating nearly 200 new jobs, the investment will support expected future growth in key industries, including data centres and the power grid. Rapid expansion of data centres in the US is expected to keep annual electricity demand growth above 2% in both 2025 and 2026, more than double the average growth rate over the past decade (IEA).

ABB will invest US$15 million to create a new production line for Emax 3 in its Senatobia, Mississippi site. The cutting-edge Emax 3 air circuit breaker improves the energy security and resilience of power systems in large facilities with high power demands, including data centres, advanced manufacturing sites, and airports. The new line is expected to open in 2026.

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A US$30 million project will double the footprint of ABB's Richmond, Virginia facility adding a new test centre, warehouse and new assembly lines. The power quality and protection products made in Richmond are used by data centres, manufacturing plants and utilities to protect critical systems in essential operations and services, like servers, MRI machines and production lines from electrical failures. The new facility, opening in Q4 2025, will create around 100 new production and engineering roles.

In Arecibo, Puerto Rico, an investment of more than US$30 million will increase the size of the facility to accommodate three new production lines. Made for industrial and commercial operations in the US, technologies produced in Arecibo include smart circuit breakers and switching devices, essential power components that help distribute electricity, protect equipment and monitor energy usage. The expansion will create 90 new skilled jobs by the end of 2026.

A US$35 million investment will increase the capacity of ABB's manufacturing facility in Pinetops, North Carolina. This will support expected demand for advanced low and medium voltage grid components from the utilities, and for data centres and industrial facilities. The expansion will support customers upgrading their energy infrastructure with advanced sensors and new switching and grid protection devices. The upgraded facility will open in 2026.

Siemens Mobility to build battery system factory in Bavaria

Siemens Mobility has celebrated the groundbreaking ceremony for a new production facility for rail vehicle battery systems in Luhe-Wildenau. On a state-of-the-art facility covering around 20,000 sq m, up to 200 employees will manufacture battery systems for Siemens regional trains, locomotives, and external customers.

The project involves a total investment of around Euro 35 million, of which approximately Euro 22 million will be provided by Siemens Mobility. Euro 2.7 million comes as a subsidy from Bavarian funding programs. With this project, Siemens Mobility underscores its commitment to Germany as a production and innovation hub, makes an important contribution to the transport transition, and at the same time delivers on a promise of its "Made for Germany" initiative to drive growth and competitiveness in Germany. Completion of the buildings is scheduled for spring 2027, with series production set to start in October 2027.

In Luhe-Wildenau, Siemens Mobility will in the future produce complete battery systems, including an innovative Battery Management System (BMS), developed together with Munich-based company Stercom. The BMS monitors and controls the battery, ensures safe operation, and maximizes efficiency and service life. The battery cells are sourced from external suppliers such as Toshiba, while system integration is carried out by Siemens Mobility.

LeydenJar raises Euro 13 million

LeydenJar, the Dutch deep-tech company pioneering 100% pure silicon anodes for lithium-ion batteries, has announced new funding to bring its breakthrough technology into full-scale production at its Eindhoven facility PlantOne. The company raised Euro 13 million in equity financing led by Extantia and Invest-NL, which will be used to complete the last phase of the PlantOne construction and start operations in 2027.

In parallel, the company secured Euro 10 million in customer funding from a leading US-based consumer electronics company for the development and installation of key production equipment. This combined support underscores strong market validation of LeydenJar's technology and its path to commercial scale.

EMS/PCB

NOTE acquires the UK Kasdon Group

NOTE has signed an agreement to acquire 100% of the shares in Kasdon Group, a UK-based electronics contract manufacturer with a strong position in the defence sector, which accounts for around 50% of its revenue. The acquisition strengthens NOTE's position in the UK EMS market and adds strategic depth in a high-demand segment.

Kasdon complements NOTE's existing footprint and customer base, aligning well with its focus on quality, technical expertise and long-term customer partnerships. The company offers turnkey solutions and operates from a modern facility in Willenhall, near Birmingham, with advanced equipment and ongoing expansion.

Kasdon reported revenues of just over £12 million in the year to August 2025 (Fiscal 2024: £11.0 million) and has ambitious growth plans. The company has approximately 50 employees.

The initial purchase price is £28.2 million on a cash/debt-free basis, with a potential earnout of up to £5.9 million. The acquisition is financed through NOTE's existing cash and credit facilities, with a small portion possibly paid in NOTE shares.

The transaction is subject to approval under the UK National Security and Investment Act and is expected to close in mid-October 2025.

TLT officially opens four plants

TLT (formerly Teltonika EMS) has officially opened four new plants at the company's High-Tech-Hill Technology Park in Vilnius, Lithuania. Through the four sites TLT has the capabilities to offer end-to-end, vertically integrated EMS — from PCB manufacturing to final product assembly, with plastics, mechanics, and SMT in between. The four plants are focused on:

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- TLT PCB — a new, ultra-modern PCB factory; the first new PCB facility built in Europe in two decades.

- TLT Electronics — a new electronics manufacturing facility, 3× larger than the previous site.

- TLT Mechanics — a plastic injection moulding & mechanical engineering factory, 2× larger than before.

- A new electronics component assembly facility to accelerate time-to-market and scale.

Overall the company has invested Euro 320 million in 82,100 sq m of new manufacturing space which will create 1,370 new jobs. Through the move TLT's annual capacity rises from 10 million to 30 million electronic devices, supporting the company's path to Euro 1.5 billion in near-term revenue.

VIDEOTON's Bulgarian subsidiary expands into automotive products

VEAS Bulgaria, a subsidiary of the Hungarian EMS provider VIDEOTON and focused on electronics manufacturing, is the latest VIDEOTON company authorized to produce automotive products.

As the first step toward obtaining IATF certification, VEAS Bulgaria received a Certificate of Compliance in December 2024. In August 2025, one of the leading automotive manufacturers validated and accredited VEAS's Stara Zagora plant. Following successful pilot production, the partner approved the launch of serial production for the first product family – electronic modules for lighting systems.

Since the final IATF certification requires that the site must have produced automotive products for at least 12 months, the definitive certification process is expected to be completed in the fourth quarter of 2026.

Teleste expands production closer to the North American market

Teleste, a leading provider of broadband network solutions, has announced significant advancements in its supply chain to support its expansion in North America. These improvements are designed to deliver both global scale and local responsiveness.

At Teleste's headquarters in Finland, the existing smart factory integrates R&D, global sourcing, and modern manufacturing under one roof serving global customers.

For increased agility and scale, Teleste has established multiple strategic Electronics Manufacturing Services (EMS) partnerships to support its growth. By combining the smart factory concept with these EMS partnerships, Teleste achieves economies of scale while maintaining a strong local presence.

Teleste now announces that the chosen EMS partner, GPV Americas, has started to ramp up high-volume ICON product family (DOCSIS 4.0 1.8 GHz Intelligent Amplifiers) manufacturing in Mexico, to serve North American key customers. This enables very high production capacity with short lead times and agile customer service.

To further boost responsiveness, Teleste has also introduced assembly capabilities at its New Jersey distribution centre in the USA. This enables the delivery of products from global sites, while performing customer-specific configurations locally, reducing lead times and enhancing service agility.

Variosystems expands box-build capabilities in Switzerland and strengthens presence in North America

Variosystems has expand the production area at its headquarters in Steinach in a move to strengthen its focus on aerospace and defence and medtech and life sciences. The latest expansion will add 330 sq m of assembly to the existing 4,000 sq m.

The new space will be equipped with smart, ergonomic and automated tools for box-build assembly and includes state-of-the-art One-Piece-Flow assembly stations supported by Kanban logistics.

In a separate announcement Variosystems has officially relaunched its US facility in Southlake, Texas. The redesign of the 65,000 sq ft facility follows three guiding goals:

- Creating a production environment that best supports efficiency and sustainable growth,

- Strengthening a USMCA-compliant, high-quality electronics supply chain in North America, and

- Building a solid foundation for future investments and even closer collaboration with its customers.

At the same time, the Southlake site is evolving into a hub for enhanced box build assembly capabilities. With optimized workflows and more advanced assembly services, Variosystems strengthens its electronics manufacturing capabilities to deliver integrated solutions more effectively and with greater proximity to its North American customers.

Flex invests in second Hungarian R&D project

Flex is carrying out its second Hungarian R&D project, further expanding the capacities of the existing centre with an investment of Euro 4.68 million. The new R&D project is dedicated to predicting the lifetime of high-voltage automotive electronic units and will create 10 new jobs. Flex has also announced it has signed a Strategic Cooperation Agreement with the Government of Hungary.

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News

Elemaster doubles US production space

As part of a move to support growth in the American market Elemaster has expanded its operations in Duluth through the acquisition of an adjacent site effectively doubling its global assembly area to a total of 4,100 sqm.

This expansion strengthens Elemaster US's ability to deliver high-quality "local for local" ODM-EMS solutions for the rail, transportation, and other regulated sectors, aligning with the requirements of the Buy American Act. The facility is fully equipped to support a wide range of services, including rapid prototyping, SMD and THT assembly, X-ray and in–circuit, burn in and functional testing, conformal coating, electromechanical integration and box build. The expansion reflects Elemaster US's strategic approach to growing its presence in North America, providing both operational efficiency and proximity to major customers while maintaining the company's high -quality production standards.

Zollner expands mechanics operations in Germany

Zollner Elektronik AG continues to invest in expanding its production capacity at its headquarters in Zandt. A new mechanics production hall is currently being built will consolidate all mechanics production from the existing Zandt I and Zandt II facilities. The move will improve efficiency and lead to a noticeable increase in production capacity.

TQ Group takes over enders GmbH

The TQ Group has taken over the employees and business operations of enders GmbH in located in Landshut, Germany. TQ will integrate a well-established team of developers and thus further expand its own development capacities and competencies – especially in the areas of system development and mechanical engineering.

Elemaster inaugurates Eletech HQ and Elevo Innovation Hub

Elemaster Group has officially inaugurated the new Eletech and ELEVO Innovation Hub headquarters in Osnago, Italy. Conceived as a true Innovation Hub, the facility has been designed to allow research, startups and industry to co-design, prototype and industrialise high-tech products.

Asteelflash to close German site

Asteelflash has confirmed the planned closure of its Bornheim factory in Germany following a review of strategic and economic factors. The decision reflects persistently low demand at the factory and a broader shift by major customers seeking cost-cutting opportunities outside Germany.

Despite efforts to attract new customers and implement efficiency measures, business activity at Bornheim has remained at a low level with little sign of recovery. To safeguard the long-term competitiveness of its German operations, Asteelflash will consolidate production at other factories in Germany and EMEA. This will allow the company to maintain quality and reliability for customers while improving capacity utilization across its network.

The decision was first communicated internally to employees and their representatives in May. Since then, management has been in active discussions with the workers' council and union to ensure open dialogue and to develop fair support plans for all affected employees. The company's top priority is to mitigate the impact on staff. Wherever possible, Asteelflash is offering positions at other factories and will actively support employees throughout the transition.

AGÔN Electronics launches AGÔN Railway

The French AGÔN Electronics group has announced the creation of a new Business Unit, AGÔN Railway, fully dedicated to embedded electronic systems for the railway sector. This strategic initiative reflects the Group's ambition to strengthen its position in a rapidly evolving market, leveraging the expertise of LEROY Automation (France) and MIOS Elettronica (Italy).

AGÔN Railway brings together the complementary railway expertise of the two group companies, supported by AGÔN's EMS division. This synergy enables full coverage of the value chain, from design to delivery, ensuring seamless integration, premium quality, and long-term reliability. The offering combines EMS (Electronic Manufacturing Services) and ODM (Original Design Manufacturing) to deliver robust, efficient, and high-performance solutions tailored to the demanding requirements of the railway sector.

HANZA completes acquisition of Milectria

HANZA AB has completed the previously announced acquisition of Milectria, a leading contract manufacturer of electrical systems for the defence industry. The acquisition is an important step in HANZA's LYNX program and strengthens the Group's capacity, customer base, and geographical presence.

HANZA's LYNX program was launched in March 2025 with the aim of accelerating growth in the defence and security industry, while securing capacity for other customer segments. The acquisition of Milectria creates a dedicated platform to meet volume increases in these areas. Milectria has approximately 300 employees and operations in Finland, Estonia, and Abu Dhabi. The deal adds four new production units with highly specialized expertise that strengthen and complement HANZA.

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BMK invests in automated in-circuit testing

With the implementation of a robot-assisted in-circuit test system (ICT) for electronic assemblies, BMK presents a forward-looking solution for the automation of electrical testing processes. This system was developed on the basis of a research project funded by the Free State of Bavaria and specifically addresses the challenges of high mix-low volume production.

The new testing concept, specifically designed for assemblies with low batch sizes, connects the robot unit directly to the test system. By precisely representing test procedures using a digital twin and employing AI-based recognition of electronic assemblies, a highly adaptive testing process is created. Seamless integration into existing production environments enables an immediate increase in productivity.

With the new testing system, BMK takes another step towards automation and digital transformation, laying the foundation for a future-proof, connected production environment – prepared to meet the growing demands of the market.

Incap Slovakia Integrates ERP and MES systems to accelerate operations

Incap Slovakia has implemented SAP Business One (SAP B1) to strengthen operational control, improve traceability, and support faster, more flexible manufacturing. The transition has already delivered measurable results, including a 50% reduction in material errors and a 25% increase in inventory accuracy.

The project replaced multiple legacy systems with a single, integrated ERP (Enterprise Resource Planning) and MES (Manufacturing Execution System) platform. It is already improving transparency across departments, enhancing warehouse workflows, and strengthening cross-team coordination.

Ventec consolidates German facilities

Ventec International Group has announced that it will merge its two facilities in Kirchheimbolanden, Germany, into a single modernised site. The consolidated facility spans 13,500 sq m and is designed to increase delivery capacity and material availability.

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EMS/PCB financial round up

The following table provides summary financial information for the leading listed EMS providers with European operations.

Company	Reporting Period	Q4 Fiscal 2025	Q4 Fiscal 2024	% Growth
Jabil, USA	Sales Fiscal Q4 2025	US$8,252 million	US$6,964 million	18.5%
	Sales Fiscal 2025	US$29,802 million	US$28,883 million	3.2%
Regulated Industries, which accounted for 38% of Q4 revenues, reported revenue of US$3.1 billion, reflecting stronger-than-anticipated growth. Healthcare was in line while renewable and energy infrastructure and automotive and transportation, both exceeded expectations, supported by incentive-related demand pull forward and stronger volumes across core programs. On a year-over-year basis, revenue increased approximately 3%. In the fourth quarter of fiscal 2025 revenues for Intelligent Infrastructure increased by 62% YoY to US$3.7 billion, US$400 million above expectations and accounted for 45% of revenues. The upside was driven by demand from the cloud and data centre segments the company benefiting from increased output as multiple sites moved to 27/7 operations, a more favourable mix versus Q3, leading to higher average selling prices, and in storage, the ramping of the company's second hyperscaler faster than expected and stronger-than-anticipated end-of-quarter demand from traditional storage customers. In Connected Living and Digital Commerce, revenue totalled US$1.4 billion, a decline of 14% YoY primarily due to softness in consumer-driven products. This was partially offset by continued growth in warehouse and retail automation. Overall, the segment accounted for 17% of fiscal Q4 2025 revenue. For the first quarter of fiscal 2026 the company expects revenues of US$7.7 billion to US$8.3 billion (Regulated Industries US$$3.05 billion/ Intelligent Infrastructure US$$3.67 billion/ Connected Living & Digital Commerce US$1.29 billion). For fiscal 2026, Jabil expects revenues to be US$31.3 billion 5% higher than the prior year's US$29.8 billion. Net revenues for the Regulated Industries segment are forecast to be flat at US$11.9 billion (Fiscal 2025: US$11.9 billion) – Auto & Transportation US$3.9 billion (Fiscal 2025: US$4.1 billion), Healthcare & Packaging US$5.6 billion (Fiscal 2025: US$5.4 billion) and Renewable & Energy Infrastructure US$2.4 billion (Fiscal 2025: US$2.4 billion) – Intelligent Infrastructure increase by 18% to US$14.5 billion (Fiscal 2025 US$12.3 billion) – Capital Equipment US$2.9 billion (Fiscal 2025: US$2.5 billion/ Cloud & Data Centre Infrastructure US$9.2 billion (Fiscal 2025: US$7.4 billion) and Networks & Comms US$2.4 billion (Fiscal 2025: US$2.4 billion) – and Connected Living & Digital Commerce US$4.9 billion down 13% from US$5.6 billion in Fiscal 2025 (Connected Living US$2.4 billion (Fiscal 2025: US$3.3 billion/Digital Commerce US$2.5 billion (Fiscal 2025: US$2.3 billion).				

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- Schweizer has reported a 10.7% increase in sales in the first half of 2025 to Euro 82.2 million (First Half 2024: Euro 74.3 million). Sales from in-house production amounted to Euro 27.8 million, corresponding to a decline of 37.8%. In contrast, sales in the trading segment rose by 83.8% to Euro 54.4 million. Sales to automotive customers amounted to Euro 68.7 million, an increase of 15.8% compared to the previous year, and accounted for 83.5% of sales (First Half 2024: 79.9%). For the first time, the major sales market was outside Germany with Europe, with a sales volume of Euro 34.7 million an increase of 47.7%. In contrast, the German market was significantly weaker compared to the first six months of the previous year, with a sales volume of Euro 23.6 million, a decline of 23.6%. The American market developed particularly positively, with an increase of 60.6% compared to the previous year. At the end of the first half of 2025, the SCHWEIZER Group had an order backlog of Euro 225.8 million (31 December 2024: Euro 220.4 million).

Production

Inventec to build European centre for advanced technologies

Inventec Corporation, the Taiwanese producer of electronics and IT components, has opened its new manufacturing plant in Blučina, near Brno, Czech Republic. With an area of 52,000 sq m, the new complex will serve as the company's European centre consolidating production, logistics and services for customers under one roof.

The new production capacities are a crucial part of Inventec's "in Europe for Europe" strategy, which has the purpose of increasing the resilience of the supply chain and making it possible for the company to flexibly respond to the changing geopolitical situation and to be closer to its European customers.

At its new facilities, the company will increase its overall server production capacity by 15%. At the same time the premises will enable it to provide faster deliveries while achieving better harmonisation with technology giants in the area of cloud computing and support for meeting the demand for servers intended for artificial intelligence and edge computing. New job opportunities will also become available. Once the plant is operating at full capacity, Inventec may create as many as 1,000 additional jobs.

Nokia opens new state-of-the-art R&D and manufacturing campus

Nokia has announced the opening of its new, state-of-the-art R&D and manufacturing campus in Oulu, Finland that will design, test and deliver next-generation networks built for AI.

Covering the entire lifecycle of product development, Nokia's new "Home of Radio" campus is a home to around 3,000 experts and boasts some of the world's most advanced radio network laboratory and manufacturing technology. This capacity will provide both simulated and real-world field verification environments to accelerate network evolution, ensuring that secure 5G and 6G networks are designed, tested and built in Europe.

Oulu campus' immediate focus will centre on 5G including Standardization, System-on Chips as well as 5G radio hardware and software and patents. Oulu Factory, part of the new campus, will target new production introduction for Nokia's 5G radio and baseband products. The new campus strengthens Oulu's ecosystem as a global testbed for resilient and secure networks for both civilian and defence applications.

Seagate to invest £115 million in Northern Ireland

Seagate Technology has announced plans to invest £115 million over five years in the development of new hard drive technology that will strengthen the position of Seagate's North West facility as a world leader in nanophotonics R&D engineering and create a number of new jobs.

A leading producer of mass data storage solutions, Seagate is working to develop technology for a 60TB+ hard drive. And its North West facility, which manufactures recording heads that read and write data on to hard disks, will play a critical role in the development of the next generation hard drive.

Siemens breaks ground on Euro 500 million technology campus

Siemens AG has laid the cornerstone for its new Technology Campus in Erlangen, a flagship project under the company's "Made for Germany" initiative aimed at strengthening Germany's industrial competitiveness.

The campus, which represents a Euro 500 million investment, is designed to serve as a blueprint for the industrial metaverse and will focus on power electronics, automation, and digitalisation. Construction will proceed in two phases: the first phase will deliver a 7,000 sq m centre for logistics, services, and flexible automation with space for 300 employees by 2027. The second phase, planned for completion by 2030, will create a development and innovation hub for power electronics and additional manufacturing capacity, including new-generation converters and controls.

Sonair raises US$6 million

The Norwegian company Sonair, a developer of advanced sensing technology to make autonomous machines safer, smarter, and more affordable, has raised US$6 million to accelerate the rollout of the

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world's first safe 3D ultrasonic sensor for robots. The company is built on technology from SINTEF, a leading research institute.

After a strong market debut earlier this year, ADAR (acoustic detection and ranging) is now shipping to manufacturers in Asia, Europe and North America. The sensor uses sound waves in air to give robots a precise, real-time 3D view of their surroundings, helping them operate safely in shared spaces.

Bittium establishes strategic collaboration with HMD Secure

Bittium Corporation's subsidiary, Bittium Wireless Ltd and HMD Secure Oy, the Finnish subsidiary of HMD Group have signed an agreement related to Bittium's latest secure smartphone the Bittium Tough Mobile 3. Through the collaboration, HMD Secure will manufacture the device hardware platform for Bittium at its European facility, who will integrate and finalize the product with its software, delivering the Bittium Tough Mobile 3 as a complete end-user solution. Deliveries of the phones will begin during 2026.

The cooperation includes licence agreement, according to which HMD Secure will licence selected Bittium security features. HMD Secure may sell and market its device platform to other customers and can also resell Bittium's secure device software as part of its device sales. Bittium will receive licensing revenue from the secure device software sold as part of HMD Secure's device sales. The cooperation does not grant either party exclusive rights to the other party's technology.

IQM Quantum Computers raises US$320 million in Series B funding round

The Finnish company IQM Quantum Computers, a global leader in full-stack superconducting quantum computers, has announced it has raised US$320 million (Euro 275 million) in venture capital, bringing the total funding raised to date to US$600 million.

The Series B funding round was led by cybersecurity-focused investment firm Ten Eleven Ventures, IQM's first US investor, with an increased commitment level from existing Finnish venture capital and private equity company Tesi. Participation also came from several new and existing investors, including pension funds Elo Mutual Pension Insurance and Varma Mutual Pension Insurance, strategic investors Companies of Schwarz Group and Winbond Electronics Corporation, and sovereign wealth funds EIC and Bayern Kapital.

With this Series B funding round, IQM will expand its commercial presence and scale its data centre infrastructure and assembly lines globally. While maintaining its European leadership, this additional capital enables IQM to enhance its presence in the US market and further access key global markets to serve the growing demand in IQM´s products. With further investments into IQM´s chip fabrication in Finland, the funding will also support research and development aimed at achieving fault-tolerant quantum computing in the near term. The advanced fab capabilities will facilitate the goal of scaling up to one million qubits, paired with quantum error reduction and correction.

Jenoptik invests in expanded optics manufacturing

A high-end manufacturing facility for optics will be expanded at Jenoptik's production campus in Jena, Germany. The photonics group will invest a sum in the low double-digit million euro range starting at the end of 2025.

On the expanded production areas, Jenoptik will manufacture sophisticated, high-quality optical components that are mainly used in the semiconductor equipment industry. Once preliminary planning will have been completed by the end of 2025 and the subsequent approvals and contracts been granted, the renovation of the currently vacant hall is scheduled to begin in summer 2026. Production in the new manufacturing environment is scheduled to start in the second half of 2027.

TTI IP&E expands German distribution centre

TTI IP&E – Europe has begun expanding its European Distribution Centre (EDC) and headquarters in Maisach-Gernlinden, near Munich. The expansion project will double the current plant space. 51,000 sq m of space will be added to the existing facilities. Approximately 30,000 sq m will be designated for warehousing and logistics, and another 6,000 sq m for offices and administrative space.

The plan calls for completion of the exterior construction in November 2026. Installation of warehouse systems and technologies will begin thereafter. The entire complex, including infrastructure, is scheduled for completion in March 2028.

Amphenol expands operations in North Macedonia

Amphenol has expanded its operations in Kocani, North Macedonia, which is expected to create 200 jobs. Another expansion is planned for 2026 and is expected to employ an additional 320 people. Currently, the Amphenol Technology Macedonia plant in Kocani employs a total of approximately 3,200 people.

Philips and Masimo renew innovation partnership

Philips and the US company Masimo have announced that the two companies have renewed their multi-year strategic collaboration. The two companies plan to collaborate on the development and co-promotion of

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next-generation monitoring solutions that reflect emerging clinical needs and evolving market demands such as the need for greater patient mobility. These efforts are focused on advancing smart, connected care and expanding access to innovative technologies, including AI algorithms, that have the potential to improve patient care over time.

Kongsberg Discovery and Aker Solutions join forces to protect critical infrastructure

Kongsberg Discovery and Aker Solutions are joining forces to showcase a drone (UAV) detection system in Stavanger, using Kongsberg's Drone Detection Radar. This marks the beginning of a broader rollout of infrastructure products in the North Sea to enhance situational awareness around offshore assets and transit lanes.

Kongsberg Discovery develops subsurface, acoustic, navigation, and marine robotics systems, including AUVs and USVs. The company's technologies are used in navigation and infrastructure protection, offering products such as drone detection radar, mobile broadband radio, integrated camera systems, and acoustic solutions for subsea monitoring and surveillance.

Aker Solutions brings integrated energy solutions, enabling low-carbon oil & gas and advancing renewables like offshore wind, CCS, and hydrogen.

Danfoss inaugurates new plant in Bulgaria

Danfoss has been manufacturing in Bulgaria since 2000, and this move to a larger facility in Sofia marks a strategic investment in the company's operations. Operating out of the new 7,634 sq m facility will enable Danfoss to scale up, innovate faster, and deliver even more energy-efficient products to its markets.

This new facility includes 6,000 sq m of state-of-the-art production and warehouse space and 1,634 sq m of modern offices and social areas and will manufacture key products including actuators, valves, and mixing shunts.

Aerospace & Defence

Nokia and KONGSBERG sign agreement

Nokia and Kongsberg Defence & Aerospace (KONGSBERG), Norway' leading defence technology provider, have announced the signing of a memorandum of understanding (MoU) to collaborate on enhancing tactical communications solutions for the defence sector. The agreement brings together KONGSBERG's expertise in military tactical communications and Nokia's leadership in commercial 4G, 5G, and private wireless technologies to deliver secure, resilient, and high-performance networks for defence organizations and allied nations.

The collaboration will aim to simplify the deployment of 5G in tactical systems, enhancing reliable and interoperable battlefield communications. It will also explore opportunities including tactical 5G capabilities, integration with unmanned systems and sensors, and participation in European Defence Fund initiatives like 5G COMPAD and the Federated Advanced Cyber Physical Test Range (FACT) program. Longer term, the companies will look at future technologies such as Nokia's 6G "network as a sensor" (Integrated Sensing and Communications) to enhance additional awareness and military readiness.

Andøya Space and Rheinmetall sign LOI

Norway's Andøya Space and Rheinmetall Nordic AS have signed a Letter of Intent (LOI) in order to enhance mutual commercial capabilities for civil and military space operations. The purpose of this partnership is to respond to increasing security demands in Europe by rapidly deploying satellites and space assets.

Andøya Space and Rheinmetall will be focussing on closing gaps in the satellite and launch-related value chain at Andøya, Norway. This alliance will provide regular commercial launch services and flexible, rapid response capabilities from the European mainland. It will also offer Tactical Responsive Launch (TacRL) capabilities, ensuring secure and resilient operation of satellites with expedited reaction times.

Saab establishes strategic cooperation with WB Group

Saab has established a strategic cooperation with the Polish technology company WB Group. The two companies aim to explore potential cooperation in areas including UAV systems, naval solutions and border protection systems. WB Group is a Polish technology company offering state-of-the-art solutions for armed forces internationally. The agreement marks another significant step in Saab's commitment to advancing strategic defence capabilities between Poland and Sweden.

Rheinmetall to open UK centre of excellence

To accelerate delivery of the next generation of autonomous battlefield mobility Rheinmetall is establishing a UK-based Advanced Land Autonomy Centre of Excellence, one of four global hubs also located in Germany, the Nordics and Canada. The UK Centre will focus on integration, testing and deployment of autonomous systems, supporting British sovereign capability while creating high-value engineering and technology roles.

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PZL Defence and WITPiS sign agreement to advance unmanned combat systems

Polish company PZL Defence S.A. and the Military Institute of Armament Technology (WITPiS) have signed a scientific and technical joint venture agreement to accelerate the development of Unmanned Aerial Systems (UAS). The partnership combines advanced unmanned platforms from PZL Defence with technologies from the Institute, including warheads, to meet growing defence requirements in Poland and among its allies.

Safran, PGZ reinforce defence partnership

Safran Electronics & Defence and Polska Grupa Zbrojeniowa S.A. (PGZ), Poland's primary defence industry leader, have signed two Memorandums of Understanding (MoU) to further expand their collaboration in support of European security and industrial cooperation.

An initial Memorandum of Understanding was signed in March 2025, marking the first step in expanding cooperation between Safran and PGZ in joint aerospace and defence projects.

As part of this roadmap, Safran Electronics & Defense and PGZ will explore the potential to jointly cooperate on the HAMMER smart precision-guided air-to-ground munition, including manufacturing, marketing, sale, aircraft integration and maintenance activities in Poland for Polish and export customers.

The second MoUs signed during MSPO also include expanding existing cooperation between Safran Electronics & Defence and Wojskowe Zakłady Elektroniczne (WZE) on land inertial navigation systems, specifically the GEONYX product family, which is already being supplied to Poland's short-and medium-range air defence programs. This cooperation includes a transfer of production to WZE and will soon lead to the establishment of a new GEONYX production line in Poland.

Saab signs MoU with Polish company PGZ

Saab has entered into an agreement with the PGZ Group, Poland's largest defence corporation. Both parties aim to establish cooperation as potential partners in projects supporting the security of Poland and Europe.

Thales and HII partner

The US company HII and Thales have announced the successful integration and field exercise of the Thales SAMDIS 600 sonar with HII's next generation REMUS 620 Medium Unmanned Underwater Vehicle (UUV).

HII and Thales's collaboration builds on decades of leadership in unmanned and underwater systems. Thales is the world's leading exporter of naval sonar systems, while HII's REMUS UUV family has become the benchmark for modular, reliable, and mission-ready autonomous undersea vehicles.

ReOrbit secures Euro 45 million

ReOrbit, the Finnish space technology company, has announced the closing of its Euro 45 million Series A funding round, the largest all-equity Series A round in Finland. The round was led by Springvest, with participation from both new and existing investors, including Varma, Elo, Icebreaker.vc, Expansion VC, 10x Founders, and Inventure VC.

ReOrbit manufactures sovereign satellites and connected systems that provide nations with independent communications, intelligence capabilities, and full command of critical assets. Its systems serve both defence and civilian applications, enabling national resilience, autonomy, and control.

This new funding will expand its manufacturing capacity, advance proprietary technologies, and grow its operations. ReOrbit is opening local satellite centres in several countries during the next 12 months.

Safran and Rheinmetall sign framework agreement

Safran Electronics & Defense and Rheinmetall Electronics have signed a new framework agreement, strengthening their long-term collaboration in the defence sector. The contract streamlines procurement processes and supports future joint projects.

With this agreement, Rheinmetall Electronics and Safran Electronics & Defense will combine their expertise to deliver advanced technologies, including navigation systems for GNSS-denied environments, atomic clock timeservers, and cutting-edge vehicles and handheld optronics. The flexible framework allows both companies to manage upcoming orders quickly and adapt to evolving defence needs.

Thales and Autonomous Devices sign agreement

Thales and the UK company Autonomous Devices have announced an agreement to jointly develop a versatile, modular, turnkey drone-based electronic warfare solution for naval and land forces. Under the agreement, Thales will draw on its electronic warfare expertise to develop a payload capable of performing both electronic support, to detect, identify and locate threats, and electronic attack, i.e. jamming, roles. Autonomous Devices is responsible for designing a new -generation drone with high manoeuvrability and long endurance capabilities.

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Hanwha and WB Group sign agreement for Polish guided missile production

Hanwha Aerospace and WB Group have signed a landmark agreement to establish a Polish–South Korean joint venture that will localize production of CGR-080 (approximately 80 km reach) guided missiles for the HOMAR-K multiple launch rocket system used by the Polish Armed Forces.

The joint venture will implement a phased technology transfer program, supported by a certified quality management system and structured workforce training. Initial serial production is expected to ramp up progressively and reach an advanced stage before the end of 2028.

The factory is planned to hire approximately 250 skilled positions in Poland, and to develop a roadmap for new rocket types tailored to the future needs of Poland and allied nations, in compliance with Polish defence procurement rules and South Korea export control regulations.

Polska Grupa Zbrojeniowa SA and Grenevia SA sign LOI

Polska Grupa Zbrojeniowa SA, one of the largest defence companies in Europe, and Grenevia SA, an investment company operating in the industrial and renewable energy sectors, have signed a letter of intent (LOI) on cooperation. This cooperation may include joint project implementation, optimization of production processes, and the supply of components and services.

Grenevia is a Katowice-based investment holding company operating in four business segments. Under the FAMUR brand, it provides solutions for the mining and energy industries. The company is now looking to use its experience, extensive production base comprising five plants and technical know-how, to implement projects in key industrial sectors, including the arms sector.

Establishing cooperation with Polska Grupa Zbrojeniowa will not only allow FAMUR to strengthen its market position, but above all, to actively participate in the development of the country's defence potential. The company's expertise in mechanics, hydraulics, and electronics provides a solid foundation for implementing new projects.

The Polish Armaments Group (PGZ) comprises nearly 70 production plants, service facilities, and research centres crucial to the Polish defence industry. It is the national leader in the technical modernization of the Polish Armed Forces.

The scope of cooperation between both entities may in the future include, among others, the provision of supplies and services for products manufactured by PGZ, the development of projects and innovative technical solutions, as well as establishing cooperation with PGZ subsidiaries.

Hanwha signs agreement with BAE Systems

Hanwha Aerospace has signed a contract with BAE Systems to integrate next-generation, anti-jamming Global Positioning System (GPS) technology into Hanwha Aerospace's Deep Strike Capability precision-guided weapon system.

This contract brings the two aerospace and defence technology companies together to collaborate in the critical field of advanced guidance technology. The collaboration will leverage BAE Systems' world-renowned expertise in military GPS and anti-jamming solutions to counter sophisticated electronic warfare threats.

EIB backs Thales with Euro 450 million loan

The European Investment Bank (EIB) has granted a Euro 450 million loan to Thales to finance its research and development investment programme in aeronautics and radar technologies. This programme is set to run until the end of 2027 and aims to enhance the safety and efficiency of both civil and military flights, while those in radar will make it possible to modernise current equipment and develop a new generation of civil and military software and radar systems.

As well as being Thales' first EIB loan, it is also one of the biggest corporate loans the EIB has ever granted in the security and defence sector. The loan is part of The, the EIB's innovation programme launched in June with Euro 70 billion in funding available until 2027.

Thales and BAE Systems announce collaboration

BAE Systems and Thales have announced a new phase in their long-standing collaboration on submarine sonar capability, marked by the signing of a Memorandum of Understanding (MoU).

In support of the MoU, BAE Systems proposes the appointment of Thales as the pan-flotilla Main Sonar Design Authority and Integrator (MSDA&I).

This role recognises Thales's deep expertise and ensures that the evolution of the submarine sonar enterprise remains centred on delivering enhanced capability to the armed forces.

Building on more than two decades of close collaboration, BAE Systems and Thales have developed a streamlined delivery construct that accelerates the deployment of advanced sonar solutions. Sonar products and components will continue to be sourced from across the UK sonar enterprise on a "best athlete" basis, reinforcing the sector's sovereign strength and industrial resilience.

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Semiconductors

Global semiconductor market to increase 17.6% in 2025

According to *IDC* worldwide semiconductor revenue is expected to reach US$800 billion in 2025, growing 17.6% year-over-year from US$680 billion in 2024. This follows a strong rebound in 2024, when revenue grew by 22.4% year-over-year. Datacentre semiconductors remain the primary growth driver for 2025. Demand for AI infrastructure and accelerated computing as well as datacentre networking is fuelling significant semiconductor revenue expansion. Other sector, including clients experienced a pull-in of demand ahead of tariff uncertainty, resulting in a stronger first half of 2025. Adjacent markets supporting datacentre adoption including rack-scale systems, high-speed interconnects, memory, and advanced networking semiconductors are also benefiting from the datacentre momentum. For the first time, a single semiconductor company is projected to surpass US$200 billion in annual revenue, reflecting the scale of AI focused datacentre driven growth. IDC forecasts that the compute segment of the semiconductor market will grow 36% to US$349 billion for 2025 with a 12% five-year CAGR through 2030.

Semiconductor demand for datacentre networking and wired/wireless infrastructure is also projected to grow 13% in 2025, as cloud providers, telcos, and enterprises upgrade networks to support AI workloads and low-latency services. The rapid adoption of AI workloads has created a performance bottleneck in data movement rather than compute, driving hyperscalers and enterprises to accelerate investments in networking semiconductors. Growth will be led by networking chips and optical interconnects. Networking chips such as high capacity ethernet switches, SmartNICs, and DPUs that offload networking tasks from CPUs and GPUs enable greater efficiency in AI training and inference.

After experiencing softness in 2024 due to excess inventory buildup, the automotive and industrial semiconductor markets are projected to gradually recover in 2025. In the automotive semiconductor market, several leading suppliers reported sequential growth amid normalization of customer inventories, especially in China. However, companies remain cautious for the second half of 2025 due to expiration of subsidies in China, pricing pressure across supply chain, continued customer destocking, and trade-related uncertainty. The automotive semiconductor market remains supported by rising content per vehicle, adoption of SiC and GaN for electrification and power and the shift towards domain and zonal controllers, and the software-defined vehicles. IDC forecasts the automotive semiconductor market will grow 3% in 2025.

The industrial semiconductor market recovered in the first half of 2025 with broad-based signs of recovery with the key industrial semiconductor suppliers reporting sequential growth, backlog visibility, and return to growth. Drivers of industrial semiconductor market growth includes military and aerospace, manufacturing, edge AI, and the longer-term electrification trend. Macroeconomic uncertainty and cautious capex remain headwinds. IDC forecasts growth of 11% for 2025, up from a decline of 13.9% in 2024.

The wireless semiconductor market is forecasted to grow modestly by 5%, supported by increased content rather than unit growth. Semiconductor content per device continues to increase with the adoption of 5G penetration, AI-enabled features, and richer multimedia capabilities. ASPs are rising as OEMs integrate NPUs, GPUs, and connectivity to support on-device AI. Trade restrictions and tariff policies may distort shipment timing and impact pricing for consumers in 2026.

ST announces new PLP pilot line

STMicroelectronics has announced new details regarding the development of the next generations of Panel-Level Packaging (PLP) technology through a pilot line at its Tours site, France, which is expected to be operational in Q3 2026.

PLP is an advanced, automated chip packaging and test process technology bringing increased manufacturing efficiency and reducing costs, and a key enabler for creating the next generation of smaller, more powerful, and cost-effective electronic devices. The large-area carrier in PLP (large rectangular shapes in place of circular wafers) enables higher manufacturing throughput, making it a more efficient solution for high-volume production. Building on its first-generation PLP line in operation in Malaysia and its global technology R&D network, ST plans to develop the next generations of its PLP technology to maintain its technological leadership and extend the use of PLP across many other ST products for automotive, industrial and consumer applications.

The development of the new PLP pilot line in Tours is supported by a capital investment of over US$60 million, already allocated as part of the company-wide program to reshape the Company's manufacturing footprint. Additional synergies are expected with the local R&D ecosystem, including the CERTEM R&D centre.

ASML, Mistral AI enter strategic partnership

Leading semiconductor equipment manufacturer ASML Holding NV (ASML) and France-based AI leader Mistral AI have announced a strategic partnership based on a long-term collaboration agreement to explore the use of AI models across ASML's product portfolio as well as research, development and operations, to benefit ASML customers with faster time to market and higher performance holistic lithography systems.

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News

In addition, ASML is investing Euro 1.3 billion in Mistral AI's Series C funding round as lead investor, in order to support its development and reinforce the long-term partnership benefits. This results in ASML holding an approximately 11% share on a fully diluted basis in Mistral AI.

Scintil Photonics secures US$58 million in funding

Scintil Photonics, a global technology leader in Heterogeneous Integrated Photonics for AI infrastructure, has announced the completion of a US$58 million Series B funding round led by Yotta Capital Partners and NGP Capital, with participation from NVIDIA. The round includes new participation from BNP Paribas Développement, alongside existing investors including Supernova Invest, Bpifrance Digital Venture, Innovacom, Bosch Ventures, Applied Ventures ITIC Innovation Fund (AVITIC), underscoring continued confidence in the company's technology platform and market opportunity.

The funding enables Scintil to expand hiring in France and internationally, including the US, accelerate production, and deepen its international presence as it delivers the industry's first single-chip DWDM (Dense Wavelength Division Multiplexing) light engine, integrating multi-wavelength lasers with silicon photonics, aligned with next-generation co-packaged optics (CPO). Scintil's solutions are purpose-built to meet the high-bandwidth, low-latency, and high-density demands for next-generation AI infrastructure, delivering the scale, efficiency, and performance required for tomorrow's most powerful GPU clusters.

Kutz Ersa acquires ATV Technologies

Kurtz Ersa has taken over the business operations of the insolvent equipment manufacturer ATV Technologie GmbH, based in Vaterstetten near Munich. For Kurtz Ersa, this is the strategic step into the market for production systems for the semiconductor industry that has been announced for some time. With around 50 employees, ATV develops, produces and supplies high-temperature vacuum reflow soldering machines.

Infineon and ROHM collaborate on silicon carbide power electronics

Infineon Technologies AG and ROHM Co., Ltd. have signed a Memorandum of Understanding to collaborate on packages for silicon carbide (SiC) power semiconductors used in applications such as on-board chargers, photovoltaics, energy storage systems and AI data centres. Specifically, the partners aim to enable each other as second sources of selected packages for SiC power devices, a move which will increase design and procurement flexibility for their customers. In the future, customers will be able to source devices with compatible housings from both Infineon and ROHM. The collaboration will ensure seamless compatibility and interchangeability to match specific customer needs.

Semi market notes

According to *SEMI* global semiconductor equipment billings increased 24% year-over-year to US$33.07 billion in the second quarter of 2025. Second quarter 2025 billings registered a 3% quarter-over-quarter expansion supported by the leading-edge logic, advanced high bandwidth memory (HBM) related DRAM applications, as well as increase in shipments to Asia.

Semiconductor Equipment Market Revenue by Region
(U.S. Dollars in Billions)

Region	1Q 2025	4Q 2024	1Q 2024	1Q (QoQ)	1Q (YoY)
China	$10.26	$11.88	$12.52	-14%	-18%
Korea	$7.69	$6.22	$5.20	24%	48%
Taiwan	$7.09	$5.63	$2.34	26%	203%
North America	$2.93	$4.98	$1.89	-41%	55%
Japan	$2.18	$2.66	$1.82	-18%	20%
Rest of the World	$1.03	$1.22	$0.76	-15%	36%
Europe	$0.87	$0.97	$1.89	-11%	-54%
Total	**$32.05**	**$33.56**	**$26.42**	**-5%**	**21%**

Sources: SEMI (www.semi.org) and SEAJ (www.seaj.or.jp), June 2025
Note: Summed subtotals may not equal the total due to rounding.

Renewable Energy/CleanTech

Greenvoltis secures new strategic investment to advance AI-powered energy innovation across Europe

Greenvoltis, a leader in AI-native virtual power plant technology, has successfully closed a new multi-million-dollar funding round, led exclusively by DeepMind Capital. This investment will enable the Swedish company to accelerate the evolution of its core technology platform, reinforce its leadership in the European flexibility market, and support the region's shift toward a sustainable, renewable-based energy system.

This latest round follows the company's US$10 million angel funding secured in July 2024 from Cyber Creation Ventures (CCV), Planetree Investment, and Unity Ventures, demonstrating sustained investor confidence in the company's long-term vision and technical capabilities.

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With the latest capital infusion, Greenvoltis will scale its AI-native infrastructure, deepen market coverage, and expand commercial partnerships to support Europe's clean energy goals.

Bosch suspends heat pump factory project in Poland

Bosch has announced the suspension of its PLN 1,2 billion heat pump factory project in Dobromierz, Lower Silesia. The decision is driven by increasing economic and political uncertainty in Europe, as well as demand forecasts falling short of earlier expectations.

Smart grids to support 43% of global electricity supply by 2030

According to *Juniper Research* smart grids will underpin over 40% of global electricity distribution by 2030; growing from less than 25% in 2024. It identified virtual power plants (VPPs) as a key driver of growth over the next five years. VPPs provide decentralised energy supply from multiple smaller sources, such as solar panels, wind turbines, and battery storage systems, rather than a single larger source. By decentralising energy distribution, VPPs will help balance supply and demand in real-time and make energy supply much more resilient to rapid changes in demand. This will become key as the global demand for energy increases.

Asia Pacific Electronics

Equipment/Manufacturing

- Scanfil has inaugurated the expansion and modernization of its electronic and complex box-build manufacturing facility in Johor Bahru, Malaysia. The investment of Euro 4.3 million was announced in January 2025 and increases the production area by nearly 50% and boosts capacity, quality, and efficiency. The Johor Bahru facility specializes in electronics manufacturing and complex box-build manufacturing with one-stop-shop principles. It employs 170 people and has a 6,150 sq m production area.

- Elemaster has announced the signing of a joint venture with **Syrma SGS Technology Limited**, one of the leading Indian players in electronic design and manufacturing services. The new company, named **Syrma SGS Elemaster Private Limited**, will serve as a dedicated platform for the production of high-reliability electronic solutions for the railway, industrial and medical sectors. With headquarters in Bengaluru, within a facility of approximately 2,000 sq m the new joint venture will offer SMT, THT and box -build.

- The Chinese company **KingSpec** has inaugurated a new 5,000 sq m smart manufacturing centre in Shenzhen, expanding both its production and testing capabilities for solid-state drives (SSDs). According to the company, the upgraded facility will be capable of producing more than 8 million storage units annually, with testing capacity exceeding 10 million units. The centre is equipped with two automated SMT lines and a cleanroom housing high-precision Yamaha placement machines.

- The Japanese semiconductor equipment company **Tokyo Electron** has announced the establishment of a new development site in Bengaluru, Karnataka, India. In addition to promoting business development in India, this site will engage in software development, including equipment design and simulation. TEL will promote joint research on next-generation semiconductor technologies with Indian universities and academic institutions that have advanced technical capabilities.

- Scanfil and **Stäubli** have entered a strategic partnership. Leveraging its manufacturing expertise, Scanfil's Suzhou factory will produce controllers designed for Stäubli's 4-axis robots. Together, Scanfil and Stäubli Robotics aim to deliver robust and innovative industrial solutions for customers worldwide.

- Variosystems has announced it is increasing its solar capacity at its production site in Sri Lanka. In collaboration with Ibee Swiss and First Energy, a new photovoltaic system with a capacity of 799 kWp is currently being installed. This will soon be complemented by an additional 704 kWp system. Together with the existing infrastructure, the total installed solar capacity at the site will reach 2.3 MWp. Following the move the company is increasing the self-generated power usage at the site to 60%.

- Danfoss has inaugurated its largest global production facility in China. Spanning 126,000 sq m, Danfoss' Haiyan Second Campus more than doubles the company's presence in the region, underscoring its long -term commitment to supporting China's green transition.

- Omega EMS, a US-based electronics R&D and manufacturing company has announced its expansion into Vietnam. The new state-of-the-art manufacturing facility, located in the Saigon Hi-Tech Park, will serve as a central hub for Omega EMS's operations in Asia.

Automotive

- Valeo and **Momenta**, a leading autonomous driving company, have signed a strategic partnership agreement to establish a comprehensive, long-term and global partnership to jointly develop advanced mid- to high-level Intelligent Assisted Driving and Autonomous Driving products, systems, and solutions, in China and overseas. Through this collaboration, Valeo and Momenta will combine their strengths in computing platforms, sensor technology, and software to co-develop cutting-edge system-level solutions that redefine intelligent mobility. Together, they will provide customers with full lifecycle support, from jointly exploring the advanced driving market and developing

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new products to system integration and continuous software upgrades. The partners will also explore broader cooperation models to help automakers accelerate the transition from development to real-world deployment. In this context, the two companies are already in discussions with several OEM customers about potential future collaborations.

- ZF has signed an investment agreement with Zhangjiagang Economic Development Zone, announcing the expansion of its localized intelligent chassis technologies in the city. Under the agreement, ZF plans to expand the product portfolio and production capacity of Active Kinematics Control (AKC) and Steer-by-Wire (SbW), in order to meet the growing demand for intelligent, high-performance driving experiences in domestic and international markets, and to support the accelerated transformation and upgrading of China's automotive industry. According to the agreement, ZF will utilize an existing plant space of approximately 6,900 sq m to increase the annual production capacity of AKC products from 400,000 to 600,000 sets, and that of SbW systems from the current level to 380,000 sets. The SbW project is scheduled to achieve official start of production in the first quarter of 2026.

Electrification/Battery Technology

The Japanese company **TDK** has inaugurated its Li-ion battery plant in Haryana, India. Representing an investment of around US$340 million the state-of-the-art plant will produce about 200 million battery packs every year, covering nearly 40% of India's annual requirement of 500 million packs.

Components

- X-FAB, the leading analog/mixed-signal and specialty foundry, has officially opened a new state-of-the-art manufacturing line at its Sarawak facility in Malaysia. Representing a US$600 million investment the expansion more than doubles capacity for the company's 180nm BCD-on-SOI technology. The project adds 6,000 sq m of cleanroom space and has increased the site's monthly wafer start capacity from 30,000 to 40,000.

- Tata Electronics Private Limited, a leader in India's electronics and semiconductor manufacturing sector, and **Merck**, a leading science and technology company, have signed a Memorandum of Understanding (MoU) on a strategic collaboration, to jointly develop capabilities in semiconductor materials, semiconductor fabrication infrastructure, and specialty chemical and gas distribution in India. The companies have come to an understanding whereby, Merck will offer its full suite of products and services, including high-purity electronic materials, advanced gas and chemical delivery systems, turnkey fab infrastructure services, and its Material Intelligence™ solutions powered by AI, for Tata Electronics' upcoming Fab in Dholera, Gujarat.

- IQE, the UK-headquartered supplier of compound semiconductor wafer products and advanced material solutions, is progressing negotiations with multiple parties for the sale of the Group's Taiwan operations. The move is a part of a strategic review of the company's operations. Should the sale of Taiwan be concluded, it is expected that the proceeds from such sale will be used to fully repay the Group's Revolving Credit Facility with HSBC Bank and Convertible Loan Notes issued in March 2025, as well as providing IQE with cash to invest in its core operations.

- India's **L&T Semiconductor Technologies Ltd** (LTSCT), a wholly-owned subsidiary of **Larsen & Toubro**, has acquired the Power Module Design Assets of **Fujitsu General Electronics Limited (FGEL)** of Japan. The strategic acquisition adds to the innovation and design strengths of LTSCT. As part of the deal, LTSCT has acquired FGEL's R&D equipment, design patents and various intellectual properties related to power module technologies. This will accelerate LTSCT's foray in power electronics design and development and expand the company's product portfolio in its focus domains of industrial, energy and automotive applications.

- Infineon Technologies AG and the Chinese company **Lingji Innovation Technology Co., Ltd**., a subsidiary of **Ninebot**, have signed a Memorandum of Understanding (MoU) to further drive gallium nitride (GaN) technology in the area of light electric vehicles (LEV). Infineon provides premium quality GaN products supporting Lingji to develop high-performance electric two-wheeler inverter systems based on Infineon's new-generation CoolGaN™ G5 power transistors.

- Panasonic Industry Co., Ltd., a **Panasonic Group** company, has announced plans for a major expansion of its global production capacity for MEGTRON multi-layer circuit board materials. To support the rapid deployment of AI technology, Panasonic Industry will invest approximately Yen 17 billion to construct a new manufacturing facility at its Ayutthaya Plant in Thailand. The new plant will be located on grounds of the existing **Panasonic Manufacturing Ayutthaya Co., Ltd**. property. The new facility is scheduled to commence operations in November 2027, with mass production scheduled by the end of fiscal year 2028.

- Infineon Technologies AG has entered into a definitive agreement to transfer its backend manufacturing site in Bangkok/Nonthaburi Thailand, to **Malaysian Pacific Industries Berhad** (MPI), a trusted supplier of Infineon. Along with the transition, Infineon secures a long-term supply agreement with MPI. Additionally, both companies agreed to strengthen their partnership and to collaborate on the joint development of innovative package solutions.
This strategic step further enriches the local semiconductor ecosystem by bringing a new semiconductor company into the country. MPI is an investment holding company headquartered in Malaysia. Under the name **Carsem**, MPI's subsidiaries are providing outsourced semiconductor assembly,

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packaging and testing services (OSAT) for its customers across the globe for already more than 50 years. Infineon is fully committed to its presence in Thailand, a country with a flourishing semiconductor ecosystem and reliable supplier and partner network. In addition to the partnership with MPI, Infineon launched the construction of a new state-of-the-art backend fab in Samut Prakan, south of Bangkok, in January 2025. Both decisions complement each other and will optimize Infineon's overall manufacturing footprint according to the company strategy of combining inhouse manufacturing and reliable OSAT partnerships in terms of efficiency and flexibility. Closing of the transaction is expected towards beginning of 2026, when all pending closing conditions will have been fulfilled.

- **onsemi** has entered into an agreement with the Indian company **Aura Semiconductor** to acquire rights to its Vcore power technologies including associated intellectual property (IP) licenses. This strategic deal will enhance onsemi's power management portfolio and roadmap, accelerating the company's vision to address the complete power tree in AI data centre applications, from grid to core.

- Air Liquide has announced a Euro 130 million investment in Singapore through two new long-term contracts. The company will build, own, and operate two industrial gas facilities to support a major chipmaker. The new facilities will supply large volumes of ultra-high purity nitrogen, essential for manufacturing advanced semiconductor devices. Air Liquide will fully integrate the units with digital technologies, including automation and predictive maintenance, to boost energy efficiency, reliability, and quality control. The company plans to bring the facilities online by 2027.

Industry Outlook

Summary

Country	September 2025	August 2025	Comment
Eurozone	48.8	50.7	New orders decrease at fastest pace in six months and business confidence weakens
Germany	49.5	49.8	Expectations slip to nine-month low as new orders post renewed decline
France	48.2	50.4	Fragile demand conditions weigh on output volumes. Business expectations weaken as political uncertainty rises
Italy	49.0	50.4	Renewed contractions in output and new orders
Spain	51.5	54.3	Although above the critical 50.0 no-change mark for a fifth month in a row, the index was down quite sharply from August's 54.3 to signal the slowest growth since June.
UK	46.2	47.0	Five-month low with the PMI remaining below the neutral 50.0 mark for the twelfth consecutive month.

Source: HBOC Purchasing Managers' Index (PMI), S&P Global

Eurozone

For the seventh month in a row, production in the Eurozone has ticked upwards compared to the previous month, but progress has been sluggish. There is no clear sign that things are about to pick up speed anytime soon. Incoming orders dipped slightly and mostly flatlined through spring and summer. Export, including intra eurozone trade, markets were a drag on total sales, with new business received from overseas falling for a third month in succession and to a slightly stronger degree.

Purchasing was reduced by surveyed companies at the end of the third quarter. After coming close to stabilising as recently as July, the rate of decline in buying activity has accelerated in back-to-back months. Subsequently, manufacturers' demand for inputs shrank at the steepest pace since April. Destocking remained prevalent across the goods-producing sector, with both pre- and post-production inventories falling at solid rates during the latest survey period.

The stagnation observed in the manufacturing sector can also be viewed positively. Considering the headwinds like US tariffs, political uncertainty in France and Spain (where both governments are under fire), Germany's rocky start with its new administration, and broader geopolitical tensions, Europe's industrial sector is holding up surprisingly well. It is showing resilience. Still, the longer reforms are delayed and the business environment

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stays unfavourable due to high energy costs and red tape, the harder it gets for companies to stay profitable and competitive. Against this backdrop it is not a surprise that confidence among businesses is lower than the average of the past ten years

Germany

German manufacturers reported the strongest production growth in three-and-a-half years in September, according to the latest HCOB PMI survey. Looking at the production figures in isolation, the manufacturing sector appears to be enjoying a healthy upturn, as output has been rising for seven months now. However, other indicators suggest that companies are already preparing for another downturn, as job cuts are continuing at a relatively high pace and inventories of purchased materials are also being reduced, albeit at a slightly slower rate than in previous months.

Inflows of new work were down across the German manufacturing sector for the first time in four months in September. The decline, which was only marginal, was attributed by surveyed businesses to a range of factors, including heightened uncertainty levels, strong competition from abroad and the impact of US tariffs. Export sales were little-changed on the month, after having contracted in August.

German manufacturers also scaled back their purchasing activity in September, the second month in a row in which this has been the case. The rate of decline quickened slightly and was the fastest since March. Stocks of purchases, on the other hand, fell at a softer rate, while post-production inventories came close to stabilising as they posted their slowest decrease in a year-and-a-half.

Looking ahead, business expectations for output over the next 12 months fell to their lowest so far this year. Confidence was back below the long-run average, with concerns about geopolitical uncertainty, a sluggish economy and competition from abroad serving to dampen sentiment.

France

After tentative signs of recovery in August, September brought a sobering reality for France's manufacturing sector, as reflected in the HCOB PMI. The decline in the headline index was primarily driven by a sharp drop in output, which in turn stemmed from deteriorating demand conditions. New orders weakened, particularly in the investment goods sector. This sector likely serves as a bellwether for broader economic sentiment, suggesting that rising political uncertainty is increasingly weighing on both consumer and investment activity.

A lack of incoming new work prompted French goods producers to reduce their purchasing volumes in September. A solid decline that was slightly faster than that seen in the previous month was registered. There were also reports of some companies actively looking to reduce warehouses excesses. Subsequently, the latest survey data pointed to a shrinking of pre-production inventories. All three of the main industrial categories registered lower input stock levels. As for holdings of finished goods, French manufacturers also looked to make cuts at the end of the third quarter. In fact, the decrease was the most substantial in almost five years.

French goods producers were only slightly optimistic on balance regards growth expectations for the coming 12 months., with the overall level of confidence slipping to an eight-month low.

Italy

The Italian manufacturing sector tipped back into contraction territory at the end of the third quarter. Contributing to the contraction in operating conditions was a renewed drop in new orders. September data indicated a solid decrease in new sales, and one that was the fastest since June. The reduction in new business was attributed by firms to hesitancy among customers amid economic uncertainty. International demand conditions also waned, as new export orders fell at the quickest rate since March. Less favourable demand conditions in key markets in Europe, the US and Asia weighed on new sales from abroad.

Subsequently, firms adjusted their output levels down in September, with production contracting at a modest pace. The fall contrasted notably with the strongest rise in output for almost two-and-a-half years in August.

In line with lower new order inflows, goods producers reduced their purchasing activity at a notably faster rate in September. Moreover, the pace of contraction was the sharpest in six months and much steeper than the series trend.

Business expectations at Italian manufacturers were more upbeat in September. Planned investment in new products and entry to new markets reportedly supported optimism in the outlook for output.

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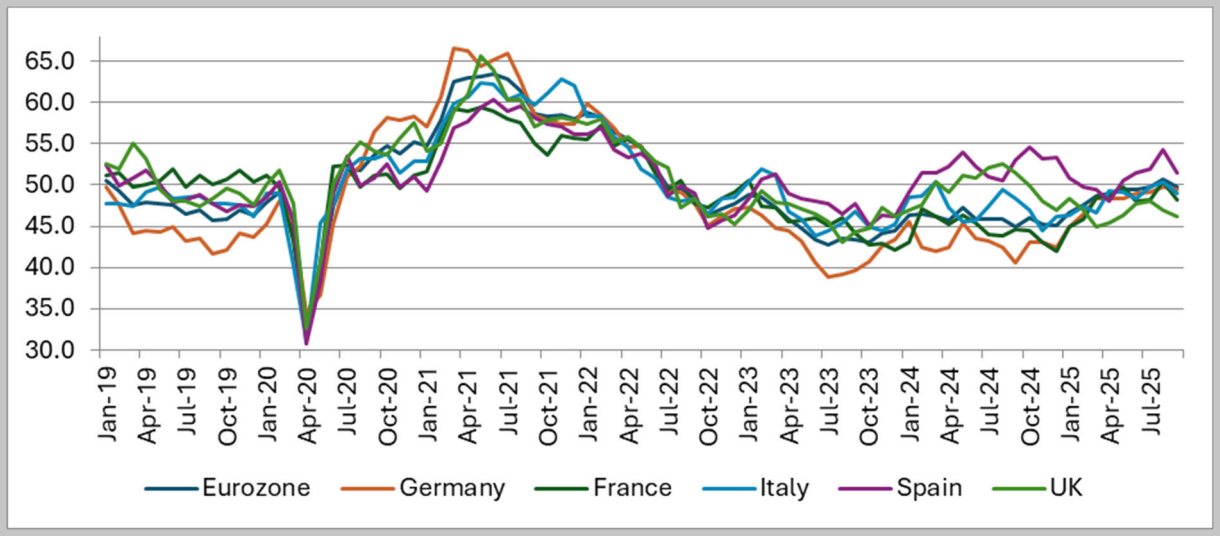
Spain

The fall in the PMI reflected weaker gains in both output and new orders. Notably, the rise in production was the softest for four months. Despite weakening, new order book growth remained solid amid reports of firm demand and new product introductions. However, growth was broadly confined to domestic clients as latest data showed a decline in new export orders for the first time in three months. Tariffs and political uncertainty in key markets reportedly restricted export demand.

Spanish manufacturers remain optimistic about the future, despite a more subdued performance in forward-looking indicators this month. New orders continue to show overall stability; however, foreign demand has deteriorated. This decline may be attributed to the persistently strong euro and ongoing disruptions in global trade. Additionally, political instability in Spain's neighbouring country France and the resulting uncertainty are likely weighing on export conditions. Nonetheless, business expectations remain close to their long-term average, underscoring a resilient sentiment among producers.



PMI Data for Selected European Countries (Source: HBOC Purchasing Managers' Index (PMI), S&P Global)

UK

Manufacturing production fell for the eleventh successive month in September, with the rate of contraction the fastest since March. Manufacturers reported that production had been scaled back in response to weaker intakes of new business, with demand from both domestic and export markets weak.

New order intakes subsequently fell for the twelfth month in a row, and to one of the greatest extents during the past two years. The worsening of current market conditions was linked to subdued client confidence, US tariff uncertainty and the consequences of a high cost backdrop (especially for energy and staff). There were also reports that automotive supply chains were being disrupted following production shutdowns at Jaguar Land Rover.

September saw a further marked decrease in new export business. New orders from overseas clients fell at one of the quickest rates in over two years. There were reports of weaker order intakes from the US, the EU, the Middle East and Asia.

With both the current and future operating environments expected to remain tough, manufacturers kept a tight rein on capacity and spending during September. Latest data signalled reductions in input buying, employment and stocks of purchases.

The current challenging operating environment filtered through to manufacturers' confidence in September, with optimism about the year ahead outlook remaining relatively subdued overall.

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