Automotive Coatings, Adhesives & Sealants

US Industry Study with Forecasts to **2010 & 2015**

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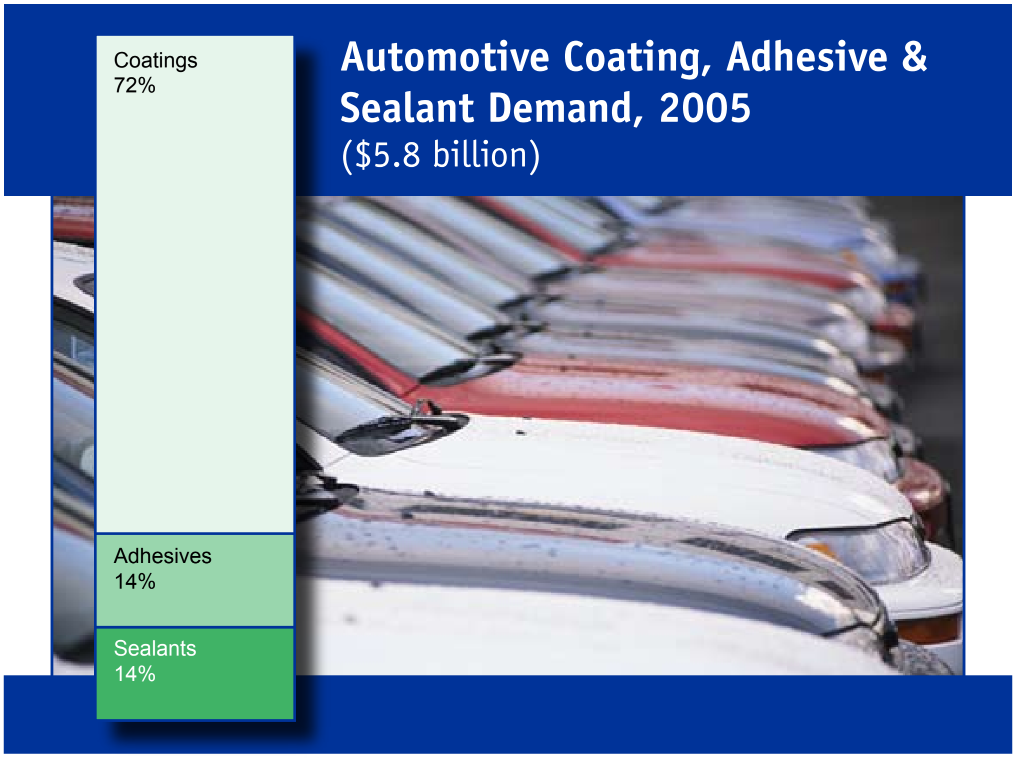
Consumer tastes for larger vehicles, greater use of structural adhesives and efforts to make quieter cabins will all increase utilization rates for coatings, adhesives and sealants.



US automotive coating, adhesive & sealant demand to grow 4.1% annually through 2010

Demand for automotive coatings, adhesives and sealants in the United States is forecast to rise 4.1 percent per year to over $7 billion in 2010. Growth in OEM demand will be supported by US motor vehicle production, which will rebound from declines posted during the 2000-2005 period. However, these gains will be mostly linked to passenger cars, which consume less coatings, adhesives and sealants on a per vehicle basis than larger vehicles. Aftermarket demand will continue to benefit from a change in the product mix over the last decade favoring larger light vehicles, as well as from gains in the number of vehicles in use.

Vehicle manufacturing trends to favor structural adhesives, sealants

In addition to growth in vehicle production and vehicles in use, demand for coatings, adhesives and sealants will benefit from other factors which will increase utilization rates of these materials. For example, although consumer tastes have tended to favor larger, heavier vehicles over the last decade, automotive designers continue to stress weight reduction and improved fuel efficiency, while focusing on safety, aesthetics and durability. Taken together, these efforts are promoting greater use of structural adhesives such as epoxies and polyurethanes at the expense of mechanical fasteners, both to reduce weight and to eliminate potential corrosion problems. Similarly, sealant demand has directly benefitted from efforts to make car cabins quieter and better insulated.

Environmental regulations to continue pushing move away from low-solids solvent-based formulations

Environmental regulations are a major factor in the industry, with the primary drive in reformulation efforts being the reduction of volatile organic compound and hazardous air pollutant emissions from automotive assembly and repair operations. In all segments, these trends have prompted a move away from low-solids solvent-based formulations. Replacement materials include high-solids solvent-based products (including a shift away from hydrocarbon solvents) and water-based emulsions. Powder and radiation-cured coatings are also seeing strong gains, while in the adhesives and sealants segments steady gains are forecast for hot melts and radiation-curable materials. The automotive refinish coatings market was one of the last bastions of low-solids solvent-based coatings, but relatively recent federal regulations in this sector significantly tightened emission allowances from repair shops. Suppliers initially responded with higher-solids versions of solvent-based paints, but new generations of water-based automotive refinish paints are also expected to emerge as major product lines.

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Sample Text, Table & Chart

TABLE IV-11

LIGHT VEHICLE OEM COATINGS DEMAND BY POLYMER, APPLICATION & VEHICLE (million dollars)

Item	1995	2000	2005	2010	2015
Light Vehicle Production (000 units)	[illegible]	[illegible]	[illegible]	[illegible]	12500
$ OEM coatings/vehicle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Light Vehicle OEM Coatings Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
By Polymer:					
Urethane	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acrylic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
By Application:					
Exterior	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
By Vehicle:					
Passenger Cars	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Light Trucks, Vans & SUVs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
% light vehicle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Automotive OEM Coatings Demand	1388	1835	2284	2736	3250

SAMPLE TABLE

AUTOMOTIVE ADHESIVES

Urethane

Demand for urethane automotive adhesives is forecast to … n in 2010. These adhesives … bility with a variety of su… s and glass. Nevertheless… petition from acrylics and … imiting gains. In 2010, u… or 22 percent of total auto…

SAMPLE TEXT

Urethane adhesives are able to bond several types of sub… including plastics, metal, composites and glass. Urethane adh… benefit from continued use of plastics in motor vehicle produc… steel continues to be displaced in vehicles by plastics, urethan… are finding greater use in the structural bonding of plastic components. Plastic components and parts commonly bonded with urethane adhesives include bumpers, head and rear light housings, heating and ventilation systems, instrument panels and trim.

Urethane adhesives are also used to bond metal substrates, such as in the case of anti-flutter bonding, where urethane adhesives are used in the assembly of hoods, trunks and roofs. Dow Automotive is among the suppliers of urethane adhesives for metal substrates. The company offers polyurethane adhesives under the BETAMATE tradename, including one-part, moisture-curing polyurethane trim adhesives that are formulated to provide adhesion to electrogalvanized steel, phosphate steel, E-coated steel, and trim materials used in headliner systems.

In addition, urethane adhesives, such as ADCO Global's TITAN adhesives and Dow Automotive's BETASEAL adhesives, can be used to bond windshields and back windows directly into the car body which is commonly called direct glazing. Bonding windows into a car body

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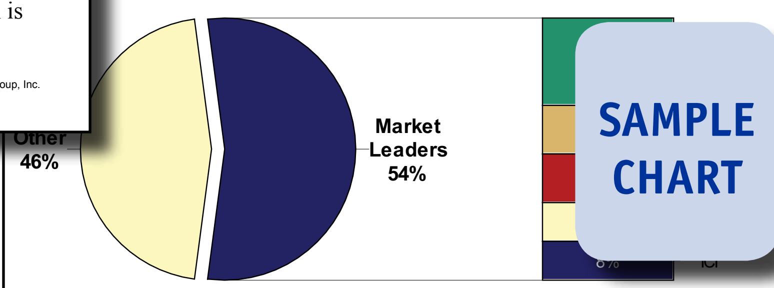
CHART VI-1

US AUTOMOTIVE SEALANTS MARKET SHARE, 2005 ($765 million)



SAMPLE CHART

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Sample Table & Profile

Companies Profiled

TABLE VII-5

UNDER BODY APPLICATIONS FOR AUTOMOTIVE COATINGS, ADHESIVES & SEALANTS (million dollars)

Item	1995	2000	2005	2010	2015
Motor Vehicles & Parts Shpts (bil $)	[illegible]	[illegible]	[illegible]	[illegible]	567
$ CAS/000$ vehicles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Under Body Automotive CAS Demand	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Coatings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Adhesives	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sealants	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
% under body	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Automotive CAS Demand	3509	[illegible]	[illegible]	[illegible]	8480

SAMPLE TABLE

COMPANY PROFILES

Red Spot Paint & Varnish Company Incorporated
1107 East Louisiana Street
Evansville, IN 47711
812-428-9100
http://www.redspot.com

Annual Sales: $ ... rify, 1/06)
Employment: 6 ...)

Key Products: w ... automotive coatings; automotive ... rs, one- and two component base ... ; and ultraviolet-curable and anti ...

Red Spot Pa ... varnishes and special coatings for ... ns. The Company is privately held.

SAMPLE PROFILE

The Company's products, which are primarily sold under the RED SPOT brand name, include interior and exterior automotive coatings. For interior automotive applications, Red Spot Paint & Varnish produces a variety of waterborne and solventborne coatings that are designed to provide chemical and mar resistance. These interior automotive coatings are suitable for use on consoles, dashboards, instrument panels, door panels and other interior components.

For exterior automotive applications, the Company makes primers, adhesion promoters, one- and two component basecoats, and two component clearcoats. The Company's primers are intended for use on exterior automotive components made from thermoplastic elastomer polyolefins. Basecoats made by the Company feature durability and color consistency, and can be used on flexible or rigid automotive components such as spoilers, side moldings and wheel trim. Red Spot Paint & Varnish's two component clearcoats are formulated to offer weather and chemical resistance.

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Other Studies

Wood Protection Coatings & Preservatives

US demand for wood protection coatings and preservatives will grow 3.4% annually through 2011, driven in part by a shift toward higher value formulations. Interior applications such as flooring and cabinets will lead gains. Exterior uses will continue to suffer from wood's gradual market losses to lower-maintenance alternatives. This study analyzes the $2.9 billion US wood protection industry, with forecasts for 2011 and 2016 by product, application and market. It also details market share and profiles major firms.

#2243 .... 10/2007..................... $4500

Pigments: Inorganic, Organic & Specialty

US color pigment demand will grow 4.4% yearly through 2011, driven by a shift toward high-performance organic pigments and specialty types. Metallic, pearlescent and other specialty pigments will lead gains based on the need for more novel, eye-catching optical effects in automotive coatings, printing inks, plastics, cosmetics and toiletries. This study analyzes the $3 billion US pigments industry, with forecasts for 2011 and 2016 by type and market. It also details market share and profiles major players.

#2232 .... 08/2007..................... $4500

Industrial & Institutional Cleaning Chemicals

US demand for industrial and institutional (I&I) cleaning chemicals will grow 3.8% annually through 2010. Value gains will be boosted by more multifunctional and concentrated types. Disinfectants and sanitizers will grow the fastest based on heightened safety and health concerns. Specialty surfactants and additives will pace raw materials. This study analyzed the $8.3 billion I&I cleaning chemical industry for 2010 and 2015 by material, product and market. It also details company market share and profiles major players.

#2117 .... 10/2006..................... $4400

Solvents

US solvent demand will reach $4.4 billion in 2010. Specialty solvents, environmentally friendly "green solvents" and recently deregulated conventional types will lead gains. Value demand will also benefit from the ongoing replacement of hydrocarbon and chlorinated solvents with ketones, esters, green solvents and other higher-value products. This study analyzes the 12.5 billion pound US solvents industry to 2010 and 2015 by type, function and market. It also details company market share and profiles major players.

#2055 .... 04/2006..................... $4300

World Architectural Paints

Global architectural paint demand will rise 3.7% per year through 2009, led by gains in emerging markets such as China and India. The shift toward water-borne paints and increasing sales to the DIY sector will continue, especially in developing regions. This study analyzes the $31.3 billion world architectural paint industry to 2009 and 2014 by paint formulation, market, end user (professional, consumer/DIY), world region and for 22 countries. It also evaluates producer market share and profiles major players.

#2028 .... 01/2006..................... $5300

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