INDUSTRY MARKET RESEARCH FOR BUSINESS LEADERS, STRATEGISTS, DECISION MAKERS

Wood Protection Coatings & Preservatives

US Industry Study with Forecasts for **2013 & 2018**

Study #2509 | July 2009 | $4800 | 327 pages

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Table of Contents

List of Tables/Charts

EXECUTIVE SUMMARY

MARKET ENVIRONMENT

WOOD INDUSTRY OVERVIEW

PRODUCTS

APPLICATIONS

MARKETS

INDUSTRY STRUCTURE

Wood Protection Coatings & Preservatives

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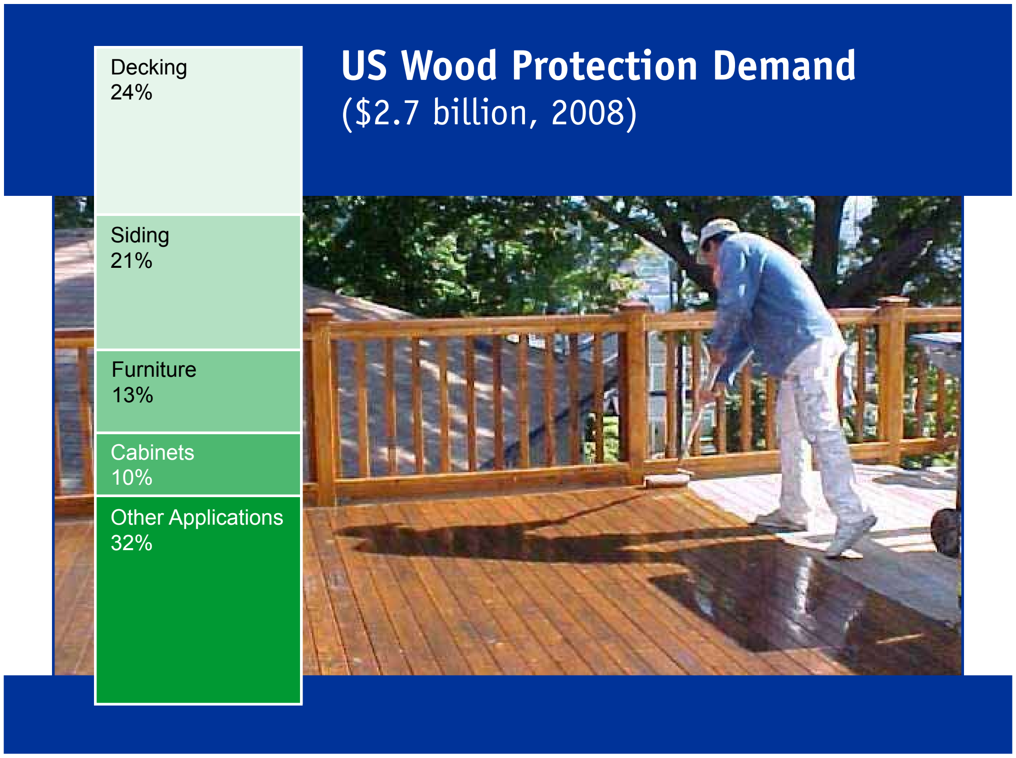
Demand will benefit from a shift in product mix to higher value items, a slight upswing in pressure-treated lumber production and solid residential repair and improvement spending.

US demand to reach $3 billion in 2013

Demand for wood protection coatings and preservatives is forecast to increase 2.2 percent per year to $3.0 billion in 2013. A rebound in the housing market will promote growth, as the residential segment is a key outlet for wood products that utilize coatings and preservatives. Demand will also benefit from a shift in product mix to higher value items, a slight upswing in pressure-treated lumber production and solid residential repair and improvement spending.

Higher value formulations to gain market share

Higher value formulations in both coatings and preservatives continue to gain market share, primarily due to environmental and performance issues. Concerns over the release of volatile organic compounds during the coating process have initiated a gradual switch to more environmentally friendly formulations, such as water-based coatings in on-site applications, and powder and radiation-cured coatings in factory applications. Concerns over the environmental impact of certain preservative raw materials are spurring the development of wood preservatives that do not contain arsenic, chromium or copper. In addition, coatings that exhibit higher performance attributes, such as longer-term durability and dual purposes (e.g., paint and primer combinations), will continue to gain market share.



Interior applications to outpace exterior uses

In general, wood protection products will achieve the best gains in interior wood applications, such as flooring and cabinets. In these applications, gains will be promoted by a rebound in housing starts and growth in residential improvement spending, as the purchase of these items is common during both homebuilding and remodeling activity. In order to maintain wood's position in interior applications, wood coatings suppliers will strive to develop product lines that feature a wider range of colors, improved efficiency and enhanced durability. In addition, suppliers are addressing demands for "green" materials with environmentally friendlier formulations. The longevity of interior wood limits gains in coatings demand, as maintenance requirements are infrequent.

In exterior applications such as siding, wood will continue to suffer losses to competitive materials that require less maintenance, resulting in an extremely difficult market environment for wood protection coatings and preservatives suppliers. However, maintenance coatings demand will continue to be supported by the large installed base of wood-based home exteriors and decks. Demand will be boosted by the greater use of higher value coatings, featuring enhanced durability and ease of use.

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Sample Text, Table & Chart

TABLE VI-5

NONBUILDING CONSTRUCTION MARKET FOR WOOD PROTECTION COATINGS & PRESERVATIVES BY APPLICATION & END USE (million dollars)

Item	1998	2003	2008	2013	2018
Nonbuilding Constr Expend (bil $)					
$ protection/000$ nonbldg					
Nonbuilding Wood Protection Demand					
By Application:					
Decking					
Fencing					
Railway Products					
Utility Poles					
Landscaping Products					
Other					
By End Use:					
New					
Maintenance					
% nonbuilding					
Wood Protection Demand					

SAMPLE TABLE

PRODUCTS

SAMPLE TEXT

Stains -- Wood stain demand is projected to rise
3. Gainss will be supported
ction as well as strong gro
latively frequent mainten
g will also provide opport
dows and doors, and sidin
homes, as the production
past 20 years. Log homes
ndard wood sided homes,
iting stain demand. Limiti
-in stains, where an integr
conjunction with a wood p
terms, wood stain deman
2.2 million gallons in 2013.

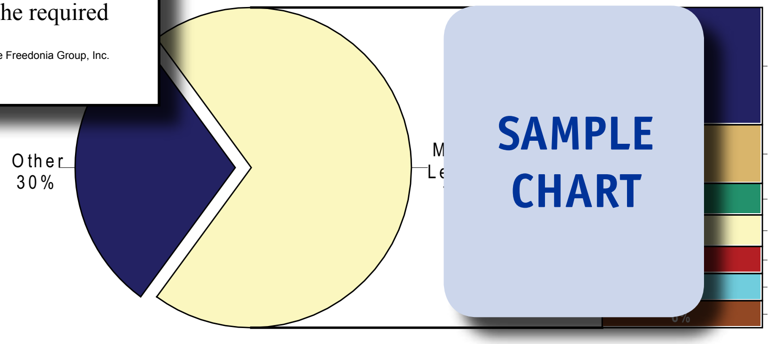
Stains are designed to impart color to a wood surface without completely obscuring the wood grain. The resulting color of the stained wood is determined by several factors, including the wood type and the amount applied. There are three major types of stains: pigmented, dye and chemical. Pigmented stains are the most commonly used types, primarily due to their ease of use. In addition to standard pigmented stains, suppliers generally offer specialty types (e.g., glazes) to provide a unique finish, such as antiquing. Due to limited availability and time consuming characteristics, dye and chemical stains are typically used only in niche applications. Color trends in stains vary from year to year, based on consumer and fashion designer preferences. Rich, dark wood tones appear to be among the more popular color trends in wood stains as of mid-2009.

Traditionally, stains were designed to soak into the wood item, and thus were not designed to provide protection. Usually, a protective clear finish was applied over the stain to provide the wood surface the required

93

CHART VII-1

OATINGS & PRESERVATIVES MARKET SHARE, 2008 ($2.7 billion)



SAMPLE CHART

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Sample Profile, Table & Forecast

TABLE V-20

FENCING APPLICATIONS FOR WOOD PROTECTION COATINGS & PRESERVATIVES (million dollars)

Item	1998	2003	2008	2013	2018
Wood Fencing Demand (mil linear ft)					
$ new protection/linear ft fencing					
New Coatings & Preservatives					
+ Maintenance Coatings					
Total Coatings & Preservatives					
Coatings:					
Stain					
Sealer					
Other Coatings					
Preservatives:					
Alkaline Copper Quaternary					
Other Preservatives					
% fencing					
Wood Protection Demand					

SAMPLE TABLE

COMPANY PROFILES

Osmose Holdings Incorporated
980 Ellicott Street
Buffalo, NY 14209
716-882-5905
http://www.osmose.com

Annual Sales ... y,
Employment

Key Products ... ternary, borate-based and fir...

Osmose ... TN Holdings Incorporated ... oduction of preservative- ... ion, Osmose offers services ... ng field data collection, vegetation management, pad-mounted transformer inspection and painting, and grounding systems inspection and enhancement. The Company operates in three US divisions: Wood Preservation, Utilities and Railroad.

SAMPLE PROFILE

In 2008, the Company held eleven percent of the US wood preservatives market. Osmose is involved in the US wood protection products industry through the Wood Preservation division, which includes the operations of Osmose Incorporated and Wood Protection Company. Osmose Incorporated (Griffin, Georgia) is engaged in the production and worldwide sale of wood preservatives and related treating equipment to wood treatment facilities. The company also researches and develops new products and services related to lumber preservation technology. Osmose's wood preservatives encompass micronized copper, alkaline copper quaternary (ACQ), borate-based and fire-retardant types designed to protect lumber and other wood products from attack by insects, microorganisms and fungal decay.

Osmose makes and markets wood preservatives under the MICROPRO, NATUREWOOD, ADVANCE GUARD, HI-BOR and

300

"Demand for wood protection coatings and preservatives in fencing is forecast to increase 3.3 percent per year to $165 million in 2013, promoted by a rebound in wood fencing production in volume terms from outright declines posted during the 2003-2008 period. In addition, gains will be supported by the continued introduction of improved, higher priced coating formulations, primarily those that feature greater coverage and less volatile organic compound emissions. Further promoting growth are ..."
--Section V, pg. 201

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Other Studies

Waxes

Demand for waxes in the US is forecast to reach $2.5 billion in 2013. Value gains will be based on a shift to more expensive types. Volume growth will be driven by use of waxes in building boards, coatings, adhesives, plastics and rubber. Petroleum waxes will stay the largest market but will lose share to faster growing synthetic and natural types. This study analyzes the 2.3 billion pound US wax industry, with forecasts for 2013 and 2018 by product and market. It also evaluates market share and profiles industry players.

#2456 .... 04/2009.................... $4600

Amines

US demand for amines will grow 3% annually through 2012. Gains will be driven by new applications in personal care products, pharmaceuticals and wood preservation chemicals. Ethanolamines will remain the largest product segment by volume, and the fastest growing. Specialty amines will also offer good growth opportunities. This study analyzes the $2.8 billion US amines industry, with forecasts for 2012 and 2017 by product and market. It also evaluates company market share and profiles industry players.

#2446 .... 12/2008.................... $4600

Paint & Coatings

US demand for paint and coatings will rise 3.1% annually through 2012, aided by an improving outlook for construction and manufacturing activity and favorable export opportunities. A rebounding residential market will pace the dominant architectural paint segment, with interior paint outpacing exterior. This study analyzes the $19.7 billion US paint and coating industry, with forecasts for 2012 and 2017 by market, application, end use and formulation. It also evaluates company market share and profiles industry players.

#2386 .... 08/2008.................... $4600

Solvents

Demand for solvents in the US will reach 11.8 billion pounds in 2012. Esters and alcohols will exhibit the best growth within the conventional solvents product group, though green solvents such as hydrogen peroxide and supercritical fluids will post more rapid gains. This study analyzes the $5.5 billion US solvents industry, with forecasts for 2012 and 2017 by solvent product, market and function. It also considers market environment factors, evaluates company market share and profiles industry players.

#2357 .... 06/2008.................... $4600

World Architectural Paints

Global demand for architectural paints will grow 3.9% annually through 2011. Gains will be paced by developing Asia/Pacific countries, especially China and India. Water-based paints will continue to supplant solvent-based types to claim 73% of demand. This study analyzes the 17.8 million metric ton world architectural paint industry, with forecasts for 2011 and 2016 by formulation, market, end user, world region and for 23 major countries. It also evaluates company market share and profiles major players.

#2311 .... 02/2008.................... $5600

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