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Thermoplastic Compounding by Independents

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

Study #2577 | February 2010 | \$4700 | 252 pages

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The Freedonia Group

767 Beta Drive

Cleveland, OH • 44143-2326 • USA

Toll Free US Tel: 800.927.5900 or +1 440.684.9600

Fax: +1 440.646.0484

E-mail: info@freedoniagroup.com

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Volume gains will reflect needs for higher performance compounds and the unique advantages offered by independent compounders, such as rapid product development and delivery.

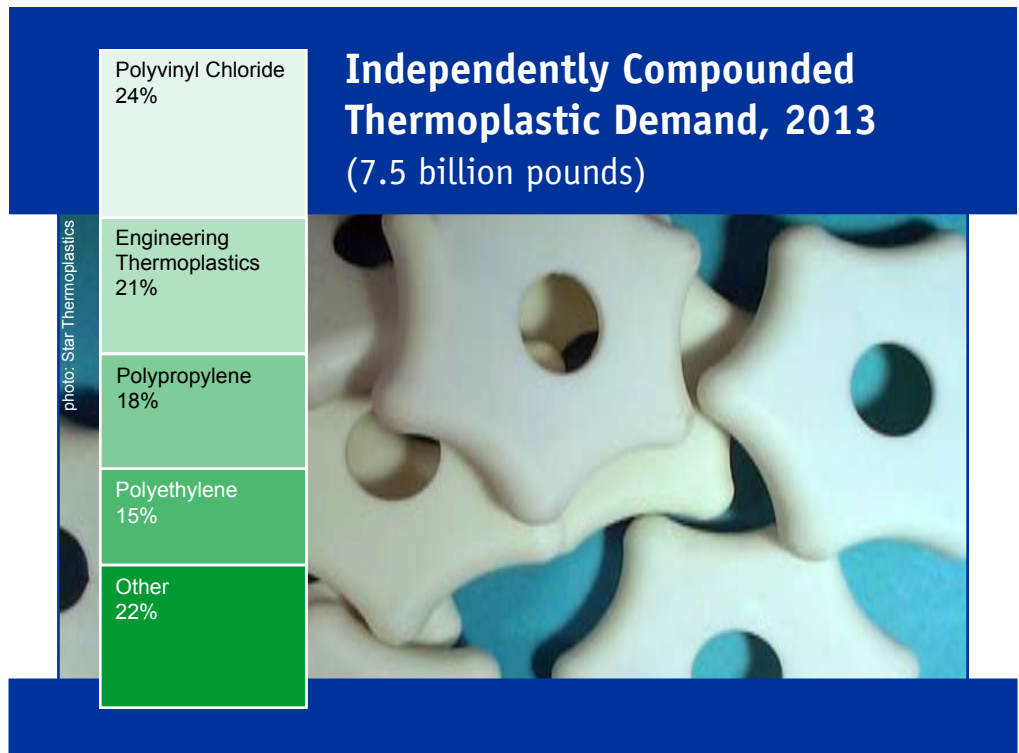
US demand to rise 2.7% annually through 2013

Demand for independently compounded thermoplastics in the US is forecast to rise 2.7 percent yearly to 7.5 billion pounds in 2013. Volume gains will reflect needs for higher performance compounds and the unique advantages offered by independent compounders, such as rapid product development and delivery. Value gains will be fueled by shifts in the product mix toward more highly tailored resin formulations.

TPEs, polypropylene show best growth prospects

Best opportunities are expected for thermoplastic elastomers (TPEs) and polypropylene. Demand for independently compounded TPEs is projected to rise 4.2 percent yearly through 2013. Advances will be fostered by new areas of growth as a result of design trends emphasizing soft-touch features and improved ergonomics. Demand for independently compounded polypropylene (PP) is expected to expand 3.6 percent per annum through 2013 based on the resin's flexibility and low cost. PP is widely used as a base resin due to its ability to carry heavy filler loadings such as glass fibers, flame retardants or colorants. Near-engineered grades of PP can be compounded to replace a variety of more expensive engineering plastics.

Demand for independently compounded engineering plastics will be driven by



growing needs for custom tailored formulations with higher performance ranges, with further gains constrained by competition from resin producers. Leading engineering resins are acrylonitrile-butadiene-styrene, polycarbonate and nylon based on their widespread use in electrical and electronic and motor vehicle parts and components. Independently compounded polyvinyl chloride (PVC) demand will expand at a below-average pace due to environmental and health concerns, and competition from other resins such as thermoplastic olefins (a TPE) and PP. Independently compounded polystyrene will exhibit the slowest advances due to cost and performance disadvantages vis-a-vis PP and other resins.

Motor vehicles to be fastest growing market

Construction will remain the leading market for independently compounded thermoplastics. Most rapid growth, however, is expected for motor vehicles. Construction opportunities will be based on a rejuvenated residential building construction segment, while motor vehicle advances will reflect rebounding motor vehicle production levels and needs to enhance fuel efficiency via downweighting. Good growth is also anticipated in smaller volume markets such as packaging and industrial machinery as a result of needs to enhance marketability and product performance.

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Sample Text, Table & Chart

MARKETS

Demand by Vehicle Type

Motor vehicle markets for independently compounded thermoplastics are forecast to grow at a rate of 1.5% per year through 2013, outpacing increases in the overall plastics market. This growth is attributable to needs for plastics with higher heat resistance and strength for interior, underhood, and exterior applications.

**SAMPLE
 TEXT**

Independent compounders are better able to fill these requirements than resin producers or processors. Additionally, motor vehicle producers are making more frequent product changes to their vehicles in order to differentiate them from competitors to garner additional market share. This requires shorter production runs and more rapid turnaround times, another attribute of independent compounders.

Advantages of plastics in motor vehicle applications include light weight, high strength, corrosion resistance, parts consolidation and lower tooling costs than steel. Further independent compounder growth will be threatened by competition from resin producers such as DuPont that are active in the motor vehicle market. However, continued opportunities are anticipated for independent compounders in light of the high level of customization and technical support required. Motor vehicle producers also frequently source materials from independent compounders as independents can offer a broader range, thus enabling producers to use the most appropriate resin for a given application than just what is made by the resin manufacturer.

109

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TABLE IV-11

ELECTRICAL & ELECTRONIC MARKETS FOR INDEPENDENT COMPOUNDERS BY RESIN (million pounds)

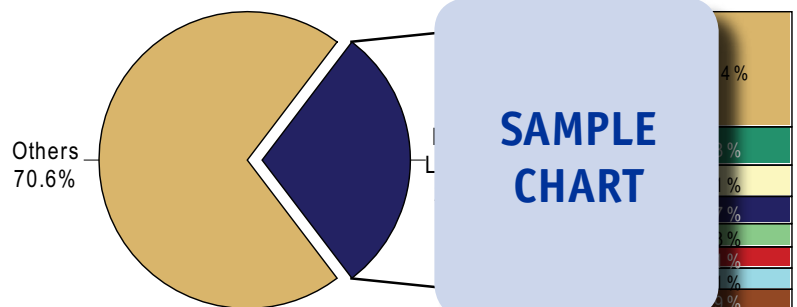
Item	1998	2003	2008	2013	2018
Electrical/Electronic Eqp Shpts (bil \$)					65
lbs TP/000\$ electrical & electronic					5
Plastics in Electrical/Electronic*					5
% independently compounded					1
Electrical/Electronic Indep Compound					3
Engineering Thermoplastics					2
Polystyrene					3
Polyvinyl Chloride					9
Polyethylene					3
Thermoplastic Elastomers					6
Polypropylene					0
% electrical/electronic					9
Thermoplastic Compound by Indep					0

**SAMPLE
 TABLE**

* includes thermoplastic elastomers

CHART V-1

US INDEPENDENT THERMOPLASTIC COMPOUNDING MARKET SHARE, 2000 (\$10.6 billion)

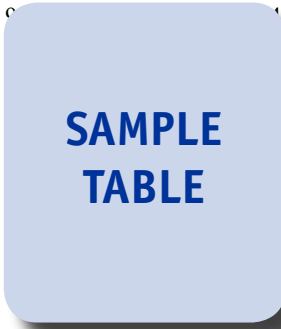


**SAMPLE
 CHART**

Sample Profile, Table & Forecast

TABLE III-7
**POLYPROPYLENE MARKETS FOR
 INDEPENDENT COMPOUNDERS**
 (million pounds)

Item	1998	2003	2008	2013	2018
Indep Polypropylene Compounding					'80
Motor Vehicles					'88
Consumer & Institutional					'85
Appliances					'85
Packaging					'85
Fibers & Filaments					'80
Electrical & Electronic					'40
Wire & Cable					'83
Construction					'21
Industrial					'14
Other					'29



COMPANY PROFILES

Fortis Plastics LLC

3615 Voorde Drive
 South Bend, IN 46628
 574-485-1100
<http://www.fo>

Annual Sales:
 Employment:

Key Products: custom com-
 pounding

Fortis Plastics, which is held by Monomoy Capital Partners LP (New York, New York), a private equity firm, is a diversified manufacturer of extrusion and injection molded plastics. The Company was formed in late 2008, when Monomoy Capital Partners integrated the profile extrusion product line of Atlantis Plastics Incorporated (Atlanta, Georgia), which had been acquired in October 2008; and the Leggett & Platt Plastics division (Murray, Kentucky), which had been acquired from Leggett & Platt Incorporated (Carthage, Missouri) in September 2008. Fortis Plastics provides injection- and custom-molding, resin compounding, and other services.

The Company entered the US thermoplastic compounding industry through the April 2009 acquisition of Global Thermoplastics LP (Houston, Texas), a manufacturer of engineered compounds for plastic molding applications. Global Thermoplastics produces, blends and distributes such engineered resin materials as polypropylene, polyethylene and polystyrene. The company also provides custom compounding services to meet customer requirements. In addition, Global Thermoplastics blends a significant portion of Fortis Plastics' resin compounds. The company has a compounding facility in Houston, Texas that has an

"Appliance markets for independently compounded polypropylene are projected to rise 3.6 percent per annum to 235 million pounds in 2013. Gains will be driven by the good performance and low cost of polypropylene in uses such as room air conditioners, washing machine tubs and spindles, vacuum cleaner housings and other products. Polypropylene's advantages in appliance uses include low cost, vibration dampening qualities, and chemical, stain and heat resistance."
 --Section III, pg. 72

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OTHER STUDIES

Extruded Plastics

US demand for extruded plastics is forecast to expand 2.6% yearly through 2013, supported by a turnaround in the housing market. PVC will remain the largest segment, and will be one of the fastest growing. Slower advances for LDPE will reflect saturated film and sheet applications in packaging. Extruded polypropylene will grow the fastest. This study analyzes the 30 billion pound US extruded plastics industry, with forecasts for 2013 and 2018 by resin and market. It also evaluates company market share and profiles industry players.

#2566December 2009 \$4700

World Thermoplastic Elastomers

Global TPE demand will rise 6% yearly through 2013, with China making up 42% of new demand. Excluding China, TPE sales will remain concentrated in the developed markets of the US, Western Europe and Japan, especially for higher performance materials such as TPVs and copolyester elastomers (COPEs). This study analyzes the 3.1 million metric ton world TPE industry, with forecasts for 2013 and 2018 by market, type, world region and for 13 countries. It also evaluates market share and profiles industry players.

#2551October 2009 \$5800

Foamed Plastics

US foamed plastics demand will reach 8.4 billion pounds in 2013 as key construction and motor vehicle markets recover. Foamed urethane will remain the largest segment while foamed LDPE grow the fastest. Construction will provide the best opportunities based on growth in insulation and carpet underlay applications. This study analyzes the \$22.5 billion US foamed plastics industry, with forecasts for 2013 and 2018 by market and product. It also evaluates market share and profiles industry players.

#2532July 2009..... \$4700

Fluoropolymers

US demand for fluoropolymers will rise 4.5% annually through 2013. Gains will be driven in part by a turnaround in key markets such as motor vehicles and wire and cable, and rising demand in fast-growing emerging markets such as advanced batteries, fuel cells and photovoltaic modules. PTFE will remain the largest type while fluoroelastomers will grow the fastest. This study analyzes the \$1.4 billion US fluoropolymer industry, with forecasts for 2013 and 2018. It also evaluates company market share and profiles industry players.

#2496 May 2009..... \$4600

Reinforced Plastics

US demand for reinforced plastics will reach 3.6 billion pounds in 2013. Glass fibers will remain the dominant reinforcement material while carbon fiber and nanomaterial reinforcements grow faster. Reinforced thermosets will remain the largest resin type, with growth slightly outpaced by thermoplastics. This study analyzes the 3.2 billion pound US reinforced plastics industry, with forecasts for 2013 and 2018 by reinforcement, resin and market. It also evaluates market share and profiles industry players.

#2489 May 2009..... \$4600

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