Solid Surface & Other Cast Polymers

US Industry Study with Forecasts for 2016 & 2021

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Gains will be driven by performance advantages such as minimal maintenance requirements and resistance to stains, impact, moisture, and other damage caused by wear and tear.

US demand to rise 6.3% annually through 2016

Demand for cast polymers in the US is forecast to increase 6.3 percent per year to 251 million square feet in 2016. In most applications, cast polymers offer performance advantages such as minimal maintenance requirements and resistance to stains, impact, moisture, and other damage caused by wear and tear. Further advances will be restrained by competition from other surfacing options, including granite and laminates.

Engineered stone to remain fastest growing products

The market for cast polymers underwent a significant transformation over the past decade with engineered stone rising from a niche product to controlling over a quarter of sales. Demand for engineered stone grew rapidly from a small base during the 2001-2006 period due to its significant performance advantages over competitive products. Engineered stone continued to gain market share during the downturn, buoyed by sales to higher-end customers who were less impacted by the weak economy. While growth will continue to be above average, increases in demand will decelerate, tempered by the material’s high price, limiting further market penetration.

After declining significantly during the 2006-2011 period due to a weak economy and fierce competition from engineered stone products, solid surface will register healthy gains based on its well established market presence and high degree of durability. Solid surfaces are positioned as a mid level material in terms of pricing and performance.

Demand for gel-coated composites will rebound strongly through 2016 from the significant losses during the previous five years. Gel-coated composites registered the biggest declines during this time due to their heavy use in new construction. Going forward, gel-coated composites will benefit from the recovery in new housing construction, as well as design trends featuring a greater number of and more elaborate bathrooms in homes since gel-coated composites are primarily installed in bathrooms.

Residential improvements and repairs to remain largest application

Following the declines of the 2006-2011 period, gains will be driven by a sharp rebound in housing completions from depressed 2011. The residential improvement and repair segment will continue to account for the majority of cast polymer demand, so an upswing in residential remodeling activity and greater credit availability will also support gains. Sales of cast polymers will be further aided by a recovery in office and commercial, and institutional construction through 2016 -- the two nonresidential segments where cast polymers are most likely to be installed.
Demand for engineered stone materials is projected to increase 8.2 percent per year to 73 million square feet in 2016. Unlike other cast polymers, engineered stone achieved favorable growth through the 2007-2009 recession due to affluent individuals continuing to invest in their homes and in higher-end materials such as these products. Going forward, engineered stone is projected to achieve the most rapid gains in area demand of all cast polymer materials. Gains in area will reflect growing consumer interest in engineered quartz, the most common type of engineered stone, due to its performance and aesthetic qualities. Engineered stone surfaces are durable, nonporous, easy to clean, and do not require regular maintenance such as sealing that can be burdensome. Engineered quartz is a biologically inert material, making it ideal for both residential and nonresidential applications. Its aesthetic qualities will also promote demand growth. Engineered stone resembles natural stone in appearance, but has a smoother surface and a consistent color and pattern. Like solid surface materials, engineered stone can be used to make the seamless countertop surfaces and integrated sinks popular with homeowners due to the ease of wiping down and cleaning them.

Demand gains will be promoted by a rebounding residential construction market. The expected increase in housing completions from the low levels of 2011 will boost demand for engineered stone. In the remodeling market, rising improvement and repair expenditures will spur growth. Kitchen and bathroom renovation projects are among the most common remodeling projects, and consumers frequently replace worn or less fashionable countertops with more attractive materials. Additionally, as consumers renovate their kitchens, they often increase their size, which will create more space for countertops.

Demand for engineered stone in the nonresidential building construction market will also increase. Engineered stone can be used for the construction of large-scale facilities, such as hotels and airports, where durability and aesthetics are important. The rising demand for office space and retail facilities will also drive sales of engineered stone products.
Sample Profile, Table & Forecast

**COMPANY PROFILES**

Breton SpA
Via Garibaldi 27
31030 Castello di Godego, Treviso
Italy
39-0423-7691
http://www.breton.it

Annual Sales: $225 million (estimated)
Employment: over 500 (estimated)

Key Technologies: engineered stone and cement-based compound stone production processes

Breton develops manufactures and markets equipment to process and produce engineered stone, ceramics, porcelain, and natural stone. The privately held company also licenses its manufacturing technologies worldwide. Breton operates via two divisions: Natural and Compound Stone, and Machine Tool. The Company has a production and development center in Castello di Godego, Treviso, Italy.

The Company is active in the US cast polymer industry via the Natural and Compound Stone division, which licenses Breton’s proprietary BRETONSTONE and BRETONTERASTONE engineered stone production processes and BRETONSTONE CEMENT cement-based compound stone production process. These processes are licensed to third-party manufacturers in the US, Europe, the Africa/Mideast region and the Asia/Pacific region.

Breton’s BRETONSTONE process combines quartz, marble, granite and other natural stones with polymer- or cement-based resins and pigments to form engineered stone. These materials are mixed and compacted using a vibrocompression vacuum process that removes

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**TABLE VI-8**

**SOUTH CAST POLYMER DEMAND**

(million square feet)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>South Construction Expend (bil 2005$)</td>
<td>384.6</td>
<td>431.4</td>
<td>262.5</td>
<td>393.0</td>
<td>476.0</td>
</tr>
<tr>
<td>sq ft cast polymer/mil $ construction 142</td>
<td>185</td>
<td>282</td>
<td>255</td>
<td>248</td>
<td></td>
</tr>
<tr>
<td>South Cast Polymer Demand</td>
<td>54.7</td>
<td>79.6</td>
<td>74.0</td>
<td>100.3</td>
<td>118.1</td>
</tr>
<tr>
<td>By Subregion:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Atlantic</td>
<td>28.7</td>
<td>40.5</td>
<td>34.0</td>
<td>49.0</td>
<td>59.0</td>
</tr>
<tr>
<td>East South Central</td>
<td>9.2</td>
<td>13.5</td>
<td>12.5</td>
<td>17.0</td>
<td>19.5</td>
</tr>
<tr>
<td>West South Central</td>
<td>16.8</td>
<td>25.6</td>
<td>27.5</td>
<td>34.3</td>
<td>39.6</td>
</tr>
<tr>
<td>By Product:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Countertops</td>
<td>48.0</td>
<td>71.4</td>
<td>66.8</td>
<td>90.4</td>
<td>106.6</td>
</tr>
<tr>
<td>Other Building Surfaces</td>
<td>6.0</td>
<td>7.4</td>
<td>6.6</td>
<td>9.2</td>
<td>10.7</td>
</tr>
<tr>
<td>Other</td>
<td>0.7</td>
<td>0.8</td>
<td>0.6</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>% South</td>
<td>34.8</td>
<td>37.0</td>
<td>40.1</td>
<td>40.0</td>
<td>39.5</td>
</tr>
<tr>
<td>Cast Polymer Demand</td>
<td>157.2</td>
<td>215.3</td>
<td>184.5</td>
<td>251.0</td>
<td>299.0</td>
</tr>
</tbody>
</table>

---

“The South is the largest regional market for cast polymers, representing 40 percent of total demand in 2011. Demand for cast polymers in the region is expected to increase 6.3 percent per year to 100.3 million square feet in 2016. Gains will be spurred by growth in housing completions in the region from the depressed 2011 levels. Moreover, the South is forecast to see the fastest growth in sales of existing homes through 2016, as transplants from the Northeast and Midwest arrive in the region.”

--Section VI, pg. 217-8
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