

INTERNATIONAL PAINT & PRINTING INK COUNCIL
PRESENTS



Global Paint and Coatings Industry Market Analysis Report [2009-2014]

Global Paint & Coatings Industry Market Analysis Report (2009-2014)

The International Paint and Printing Ink Council (IPPIC) is pleased to offer its second edition of the *Global Paint & Coatings Industry Market Analysis Report (2009 - 2014)*. This comprehensive, market analysis report provides extensive research findings and insights into the current global consumption of coatings, as well as market and customer buying trends. The report also offers predictive forecasting of the coatings market segments investigated. The analysis conducted for this report is based upon government economic data, in-depth interviews with coatings professionals and industry surveys involving key coatings customers and end-users.

Armed with feedback from the first edition, researchers at Orr & Boss have expanded the new edition to include more detailed information on specific countries and major regions. Included in this edition is a chapter on raw materials which focuses on the volume, value, trends, driving forces, and regulatory developments affecting raw materials.

As previously printed, the report covers the two primary categories of coatings—Decorative and Industrial Coatings—and the many sub-segments within these categories.

This publication is a single volume, easy-to-read document packed with interesting information, insightful charts, graphs, tables, and other illustrations. Anyone in need of solid market forecast information about the global coatings industry will benefit from this report.

The recent recession has caused significant disruption in the global coatings market. Some regions and segments of the industry have suffered major declines. In addition, some end-use market segments have undergone considerable regional shifts. All of the turmoil and uncertainty that has resulted from these changes has caused many coatings industry participants to adjust their short- to mid-term operating practices and marketing strategies and has even forced some companies into survival mode. As the market recovers and the global coatings industry climbs out of this recession, insightful and highly dependable information is critical to making sound business and investment decisions.



COATINGS MARKET SEGMENTS INVESTIGATED

1. Decorative Coatings
 - Professional Painters
 - Do-It-Yourself (DIY)
2. Transportation Coatings
 - Automobile, Light Truck, Van and SUV Finishes
 - Heavy-duty Truck, Bus and Recreational Vehicle Finishes
 - Aerospace Coatings
 - Other Land Transportation Equipment Coatings
3. Wood Finishes
 - Wood Furniture, Cabinet and Fixture Finishes
 - Wood and Composition Board Flat Stock Finishes
4. Powder Coatings
5. Coil Coatings
 - Coil Coatings
 - Sheet and Strip Coatings
 - Extrusion Coatings
6. Packaging Finishes
 - Metal Container and Closure Finishes
 - Paper, Paperboard, Film and Foil Finishes
7. General Industrial Finishes
 - Electrical Insulating Coatings
 - Machinery and Equipment Finishes
 - Non-wood Furniture, Fixture and Business Equipment Finishes
 - Other Industrial Product Finishes
8. Automotive Refinish Paint
9. Industrial Maintenance and Protective Coatings
10. Marine Coatings

Each market segment chapter is organized in a similar fashion and includes four major sections and several subsections.

The following excerpts are a mere snapshot of the comprehensive information provided in the report.

Overview: This first section of every chapter includes an overview of each market segment, including the purpose and application of the coating.

DECORATIVE COATINGS

OVERVIEW

Decorative coatings are applied on-site to interior and exterior surfaces of residential, commercial, institutional and industrial buildings. These coatings are generally decorative in nature; however, protective properties exist as well. These finishes are applied at ambient temperatures, for ordinary use and exposure.

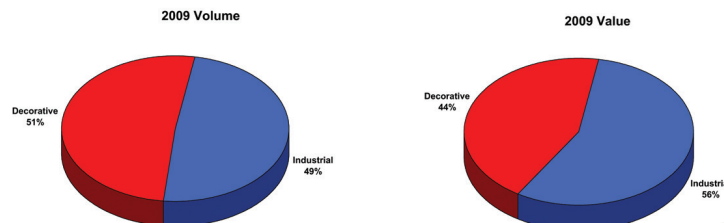
This category includes interior and exterior coatings, as well as both solvent-based and water-based coatings. Decorative coatings are applied by professional contractors, as well as by do-it-yourself (DIY) customers. This category includes a wide array of gloss levels and also includes stains, varnishes, clears, lacquers and primers that are applied on-site.

Excluded from this category are coatings that are applied to architectural components in a factory setting. Examples include coil and powder coatings that are applied to architectural metal, as well as stains that are factory applied to joinery. Also excluded from this chapter are industrial maintenance coatings. These excluded coatings segments are covered elsewhere in this report.

SECTOR ANALYSIS

Decorative coatings comprise the largest coatings segment in the world, accounting for approximately 51% of the volume and 44% of the value of all coatings for 2009. Revenues for 2009 were \$38,121 million on sales of 13,892 million liters.

Figure 2-1: Decorative Coatings as Part of the Total Coatings Market (2009)



Total Global Coatings Volume = 27.2 billion liters
Total Global Coatings Value = US \$86.7 billion

Source: Orr & Boss, Inc. estimates

Sector Analysis: This section of each chapter includes important information, such as volume and value of coatings for the end-use segment, pricing, regional distribution, competitive landscape, and coatings types.

VOLUME AND VALUE – POWDER COATINGS

Table 5-1 shows the volume of powder coatings produced globally for 2004 and 2009, and the forecast for 2014. Through 2014 the value of powder coatings is forecast to increase approximately 5.8% globally. Notably, because of the continued expansion of the manufacturing base in Asia Pacific, that area is expected to see more than a 10% AGR for powder coatings volume through 2014.

Unfortunately, despite a high technical basis, powder coatings suffer from the “commodity” perception in the eyes of the customer base as manufacturers have found it difficult to differentiate their formulations from the competition. One area with promising potential is the architectural aluminum segment. Growth in powder usage for this application will depend on the continued growth in major residential, industrial, and commercial construction projects, especially in Asia and the Middle East. Additionally the ability to meet rigorous performance requirements for chalk and fade resistance and color and gloss retention, such as those contained in standard AAMA 2605 from the American Architectural Manufacturers Association in the United States also plays a part. Russia and Eastern Europe also offer significant potential provided their respective economic conditions stabilize.

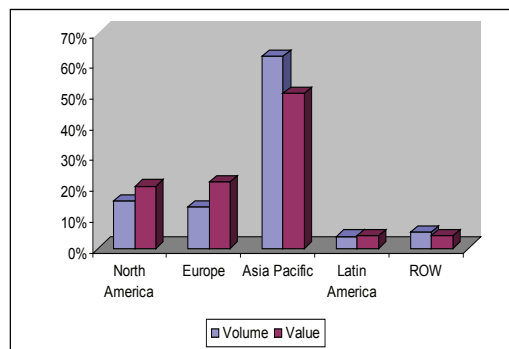
Table 5-1: Historical and Forecast Sales of Powder Coatings (2004, 2009 and 2014 Forecast)

	2004	2009	2014f
Volume (Million Liters)	1,659	2,452	3,219
Value (\$ Million)	\$ 3,851	\$ 5,440	\$ 7,215
Average Price \$/L	\$ 2.32	\$ 2.22	\$ 2.24
Compound Annual Growth Rate			
Volume		8.1%	5.6%
Value		7.2%	5.8%
Average Price		-0.9%	0.2%

REGIONAL DISTRIBUTION- TRANSPORTATION COATINGS

The regional distribution of transportation coatings production generally follows overall end-use builds. There is little import and export of coatings for automobiles and commercial vehicle finishes. The coatings tend to be produced in the region that the vehicle is coated. Some specialty vehicle coatings and aerospace coatings are transported from their country of origin, but these represent a minority of the overall volume. Figure 3-3 illustrates the distribution by region of transportation coatings volume and value.

Figure 3-3: Regional Distribution of Volume and Value of Transportation Coatings (2009)



MARKET TRENDS AND DRIVERS: This includes the important trends and drivers impacting each region, such as the economy, technology, and regulatory influences.

MARKET TRENDS AND DRIVERS— PACKAGING FINISHES

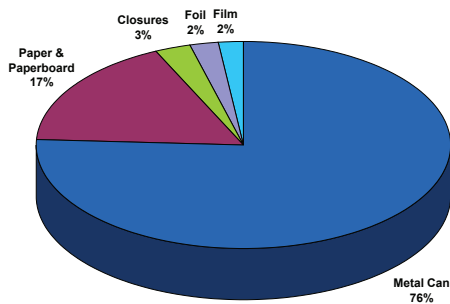
END USE MARKETS

The demand for packaging coatings is affected by the factors that influence the end use industries. Generally speaking, the packaging industry follows the cycle of the overall economy, but imports, technological innovations, and environmental regulations also impact the market.

Coatings for metal cans comprise 76% of the end use market for these products. Coatings used on metal food containers make up about 25% of this 76%. Coatings used on beer cans, soft drink cans, and metal food containers each make up about 20% of this 76%. The remaining coatings used on metal cans are for general metal packaging applications and pail and drum applications.

The next largest category is paper and paperboard coatings. These are mainly overprint varnish (OPV) applications. Closure, Film, and Foil coatings account for about 7% of the market. The relative distribution of coatings expenditures among the end use segments is illustrated in Figure 7-4.

Figure 7-4: Packaging Finishes Distribution by End Use Segment (2009)



END USE MARKET DATA: This includes information such as historical volume and value for the region, growth rates, forecasts by countries within the region, etc.

CATEGORY SUMMARY MARINE COATINGS

- In 2009, the size of the global Marine Coatings segment was 682 million liters in volume and \$3,052 million in value.
- The global market has experienced 4% growth in volume and 5% growth in value over the last five years.
- Average pricing has increased over the last five years in response to new building.
- Growth is expected to slow slightly to 2014 in terms of volume. Value will increase significantly as the market moves to higher priced coatings.
- Value for 2014 is forecast to be \$4,400 million on 712 million liters.
- Consolidation of suppliers in the industry has reached a very high level whereby 80% of the market is supplied by 5 companies.
- Consumption is directly tied to end use new builds and the maintenance and repair markets.
- Forecast shipbuilding production growth is projected to decline during the forecast period compared to the last decade, but will continue to add new vessels to the global fleet.

GEOGRAPHIC REGION CHAPTERS

In addition to the market segment chapters, there are five chapters that discuss the trends and driving forces specific to each of the key five regions of the globe covered in this report. Also provided in these chapters are detailed volume and value figures, as well as the important coatings-related activities taking place in each region. The five regions included in this report are:

NORTH AMERICA

- United States
- Canada
- Mexico

EUROPE

- Germany
- France
- United Kingdom
- Italy
- Spain
- Other Western Europe
- Russia
- Poland
- Other Eastern Europe

ASIA PACIFIC

- Japan
- China
- India
- Australia
- Other Asia

LATIN AMERICA

- Brazil
- Argentina
- Other Latin America

REST OF THE WORLD (ROW)

- Middle East
- Africa

The following topics are discussed in the regional chapters:

OVERVIEW: This includes an overview discussion of the region.

SECTOR ANALYSIS: This includes a discussion about volume and value, pricing, country distribution, competitive landscape and coatings types.

MARKET TRENDS AND DRIVERS: This includes the important trends and drivers impacting each region, such as the economy, technology, and regulatory influences.

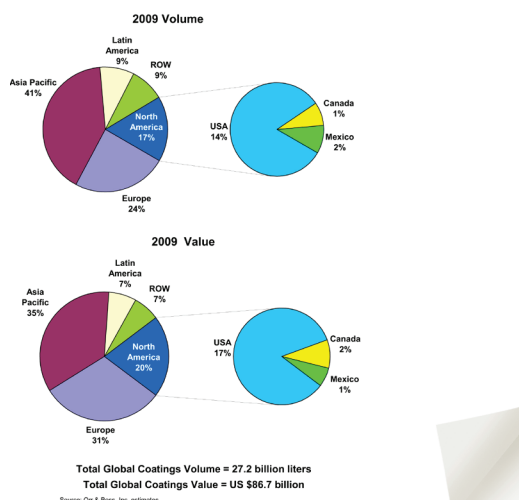
END USE MARKET DATA: This includes information such as historical volume and value for the region, growth rates, forecasts by countries within the region, etc.

NORTH AMERICA

SECTOR ANALYSIS

It is estimated that total sales of coatings in North America were \$17,788 million in 2009, on approximately a volume of 4,547 million liters. The US market, which accounts for over 80% of the North American region, declined at a rate of 6.2% per year in terms of volume and 3.8% per year in terms of value from 2004 to 2009. Figure 12-1 depicts the position of North America within the global market as well as the position of the individual countries within the region.

Figure 12-1: North America as Part of the Total Coatings Market (2009)



MARKET TRENDS AND DRIVERS

EUROPE

Europe makes up approximately 13% of the global population but over 27% of the global GDP. This GDP percentage is consistent with the 24% of global coatings volume consumed by Europe. Within Europe there is a notable difference in paint consumption per capita between the advanced economies and those that are less developed. This is particularly evident in the demand data for Other Eastern Europe. Table 13-3 provides population and economic data by county in Europe.

Table 13-3: Population and Economic Estimates (2009)

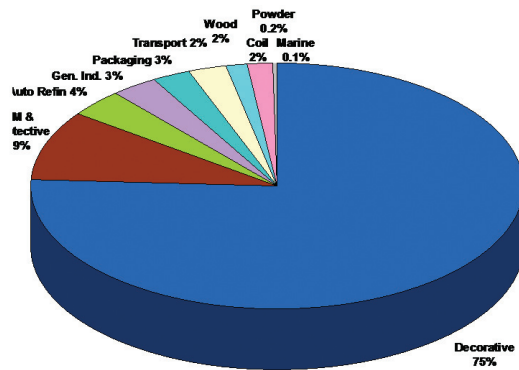
Country	Population (Millions)	GDP (PPP) (\$ Trillions)	Coatings Volume (Liters Millions)	Coatings Value (\$ Millions)	Per Capita Demand (Liter/Person)
Germany	81.7	2.81	841	4,137	10.29
France	62.6	2.09	613	2,996	9.79
UK	61.8	2.13	591	2,682	9.56
Italy	59.8	1.73	942	3,249	15.75
Spain	45.8	1.36	565	1,998	12.34
Other WE	177.3	4.50	1,005	4,457	5.67
Russia	141.9	2.12	943	3,846	6.65
Poland	38.1	0.69	351	1,072	9.21
Other EE	183.4	1.77	774	2,316	4.22
Total	852.4	19.20	6,625	26,753	7.77

MARKET TRENDS AND DRIVERS

LATIN AMERICA

The end use markets in Latin America are similar to those in other regions of the world. The largest segments are decorative, auto OEM, auto refinish, and general industry. Figure 15-4 gives a break-down of the market.

Figure 15-4: Latin America Coatings Market Segments by Volume (2009)



As is illustrated by Figure 15-4, the market is dominated by decorative coatings. Some of the important industrial markets include Industrial Maintenance, Wood, Packaging, and Coil. Transportation coatings also make up a large portion of the market.

END USE MARKET DATA

ASIA PACIFIC

The following tables provide the historic, current and forecast volume and value of formulated paint, by end use, for the Asia Pacific region.

Table 14-4: Asia Pacific Coatings Historical Volume by Country and End Use Segment (2004)

2004	Volume (Liters Millions)					Total
	Japan	China	India	Australia	Other	
Decorative Coatings	457	885	563	139	428	2472
Transportation	308	134	39	10	182	673
Wood	51	472	12	14	179	728
Powder	33	425	35	14	494	1001
Coil	188	112	7	9	24	340
Packaging	48	42	4	3	7	103
General Industrial	176	277	20	10	191	673
Automotive Refinish	52	33	14	17	65	182
Industrial Maintenance & Protective	71	248	11	14	141	486
Marine	93	75	2	1	123	293
Total	1478	2703	706	231	1834	6952

Table 14-5: Asia Pacific Coatings Historical Value by Country and End Use Segment (2004)

2004	Value (\$ Millions)					Total
	Japan	China	India	Australia	Other	
Decorative Coatings	1,742	1,865	968	538	907	6,021
Transportation	1,309	379	114	44	635	2,481
Wood	191	788	40	56	505	1,581
Powder	121	598	50	57	759	1,586
Coil	497	368	24	24	84	997
Packaging	349	179	17	19	34	598
General Industrial	1,026	551	40	57	416	2,090
Automotive Refinish	373	168	67	123	329	1,060
Industrial Maintenance & Protective	581	568	27	117	353	1,646
Marine	363	226	7	5	575	1,175
Total	6,553	5,691	1,353	1,041	4,597	19,235

RAW MATERIALS FOR COATINGS

New in this edition is a chapter devoted to coatings raw materials. This chapter discusses the four main categories of coatings raw materials: resins, pigments, solvents and additives. In addition to providing volume data for each of these four categories, the chapter discusses the competitive landscape and supply/demand dynamics related to coatings raw materials.

MARKET ANALYSIS

Raw materials for coatings represent an important niche area of the \$4 trillion global chemicals industry. All of the world's leading chemical producers are active in the coatings market and many coatings raw materials are used in other industries. In fact, chemicals that are used as coatings raw materials are used in industries as diverse as paper, plastics, adhesives, ceramics, water treatment and super absorbents to name a few.

Figure 17-1: Coatings Raw Materials Volume by Type (2009)

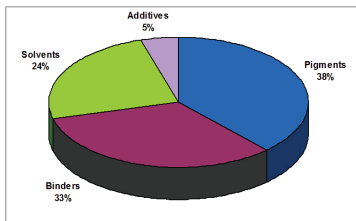
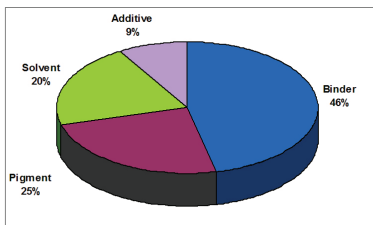


Figure 17-2: Coatings Raw Materials Value by Type (2009)

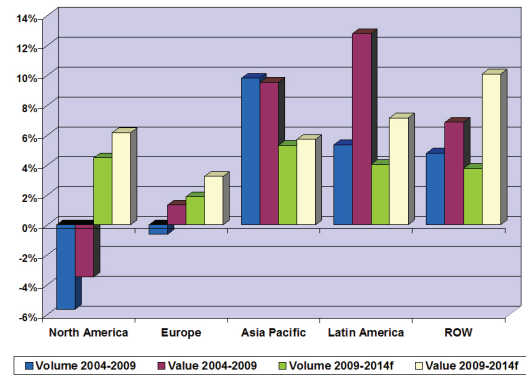


MARKET TRENDS AND DRIVERS

END USE MARKETS

Demand for coatings raw materials is inherently linked to coatings demand. Over the next five years, demand for coatings is anticipated to grow at a rate of over 4% annually. This would result in a 2014 demand for raw materials of approximately 36 million metric tons. Asia Pacific is forecast to experience the greatest volume growth to 2014. North America is also forecast to post strong growth; however, most of this growth is simply recovery of demand lost from 2007 to 2009. The exact mix of raw materials consumed within each region will depend on specific end-use market growth within the regions. Figure 17-8 illustrates the historical growth rate of the past five years and the forecast growth rates over the next five years for coatings in terms of volume and value by region.

Figure 17-8: Historical and Forecast Volume and Value Growth Rate by Region (2004-2014f)





The New *Global Paint & Coatings Industry Market Analysis Report (2009 - 2014)* is now available.

The International Paint and Printing Ink Council (IPPIC) has published its second *Global Paint & Coatings Industry Market Analysis Report (2009 - 2014)*. This comprehensive market research report offers in-depth insight into the size, growth rate, market dynamics, customer and competitive movements, important trends and driving forces within the global paint and coatings industry.

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