Axalta and Kinlita sign joint venture agreement to provide coatings to China’s commercial truck market

Axalta Coating Systems, a leading global supplier of liquid and powder coatings, and Shanghai Kinlita Chemical, a renowned player in China’s industrial coatings industry, have signed an agreement to form a joint venture in China.

Aimed at driving deep into China’s burgeoning commercial truck market, the agreement leverages Axalta’s world-leading position in advanced coating technologies with Kinlita’s strong position in China’s commercial truck market to create a powerful and compelling new presence in China’s commercial truck market. The commercial truck industry plays a vital role, from facilitating the transport of goods to supporting the expansion of the nation’s infrastructure, in supporting China’s economic development.

“We are very pleased to be signing this joint venture agreement for deeper cooperation with Kinlita,” said Michael Cash, Senior Vice President of Axalta Coating Systems and President of Axalta’s Industrial Coatings business. “Our agreement brings together our leadership position in supplying the commercial vehicle

CONTENTS

- BASF launches next-generation PremAir® NXT catalytic coating technology 2
- Alberdingk Boley adds Vanora products to its portfolio 3
- Bodo Möller Chemie: new partnership in South Africa 3
- Volvo certifies Donglai’s SB Onwings & WB Onwaves brands for its car refinish paint system 5
- MWV to separate speciality chemicals business 5
- Elementis Specialties announces new distributor in Scandinavia 7
- A PROFILE OF THE MEXICAN PAINT INDUSTRY 2014 8
market globally with advanced coating technologies, such as our environmentally responsible waterborne primer and basecoats that can help commercial truck manufacturers reduce their overall environmental footprint, and Kinlita’s rich history and strong market position. This is a win-win development – for our customers and for both of our companies in China.”

His views were echoed by Kinlita Chairman Wu Guozheng, who stated, “With Kinlita’s supply positions and strong marketing capability in the commercial truck market and Axalta’s high-performance, low volatile organic compound paints, we have high expectations for the future of this venture. I am delighted to join hands with Axalta to develop the commercial truck market in China.”

Axalta, which last year celebrated its 30th anniversary in China, is a high-technology coatings company backed by more than 145 years of product innovation. This institutional knowledge has helped Axalta maintain its leadership role in developing cutting-edge, environmentally responsible coating solutions for transportation markets in China.

According to LMC Automotive, annual production of medium and heavy duty trucks in China is expected to rise from 895,000 units in 2015 to 1,049,000 in 2017.

Source: Axalta, 12 January

BASF

BASF has announced the commercial launch of PremAir NXT, a next-generation direct ozone reduction (DOR) catalytic coating technology that can help automakers meet new US Tier 3 and California LEV III emissions reduction requirements.

When applied to automotive radiators, the PremAir NXT solution converts harmful ground-level ozone – the main component of smog – into oxygen. PremAir NXT builds on the success of BASF’s standard PremAir coating technology, providing increased durability and higher ozone conversion performance over the lifetime of a vehicle.

“As the trend continues toward smaller automotive engines and smaller radiators, it’s important to increase the performance of the catalytic coatings that can be used,” says Jim Chirumbole, Vice President, BASF Mobile Emissions Catalysts - Americas. “PremAir NXT meets this challenge, providing a new tool that OEMs can use to help manage their fleet strategy, allowing them to meet the requirements needed to earn emissions credits despite the use of smaller radiators with less coatable surface area.”

US Tier 3 and California LEV III regulations require automotive manufacturers to
meet more stringent standards across their entire fleet, eventually achieving a fleet average of 30 milligrams/mile (approx. 19 milligrams/kilometre) of Non-Methane Organic Gases (NMOG) + Nitrogen Oxides (NOx) emissions by 2025. In addition, these regulations require increased performance and durability for the vehicle emissions control system to 150,000 miles (approx. 240,000 kilometres). PremAir NXT supports these objectives, and provides a 5 milligram/mile credit towards vehicle emissions certification, which is applied to the total emissions of the vehicle over its lifetime.

BASF has more than 10 years of experience with its proprietary PremAir coating technology, which has been used in more than three million vehicles.

Source: BASF, 13 January

Alberdingk Boley

Alberdingk Boley, Inc., a global manufacturer of waterborne emulsions, polyurethane dispersions, water-based UV dispersions, castor oil and modified polyols and linseed oil, has announced the addition of the Vanora product line to its product portfolio. With Vanora products, the company says it will be able to service added markets and extend its reach further into specialities, industrial and architectural North American markets.

Source: Coatings World, 14 January

Bodo Möller

Bodo Möller Chemie Group is expanding its distribution range with the brand products Dow Corning®, MOLYKOTE® and Silastic® for applications in the automotive industry in South Africa. The new product line includes high-performance silicone products like silicone-based sealants, lubricants, silicone mould-making rubbers, coatings and adhesives.
Bodo Möller Chemie South Africa is a long-standing trading partner also to The Dow Chemical Company’s Dow Automotive Systems for the region of South Africa. “The new partnership with Dow Corning allows us to provide our customers with brand products that are tailored to the automotive industry. So we can respond directly to customer needs in this important market segment and offer a wide range of technical solutions,” says Bodo Möller Chemie CEO Frank Haug.

In Europe the Bodo Möller Chemie Group, headquartered in Offenbach am Main/Germany, is already very well positioned with its branch network of thirteen subsidiaries. In 2011, the first branch in South Africa was founded and thereby the company’s expansion of trading activities crossed the borders of Europe. With the head office in Port Elizabeth and another sales office in Johannesburg, the Bodo Möller Chemie South Africa has become an established partner for customers in the region of South Africa and sub-Saharan Africa, which includes in addition to South Africa countries like Nigeria, Kenya, Zambia and Namibia.

As a global market leader and specialist in the silicium and silicone chemistry, The Dow Corning Corporation, based in Midland/USA, provides more than 7,000 products and services all over the world for a variety of applications in areas such as automotive, life sciences, solar energy, electronics and construction. As a joint venture, the company is owned equally by The Dow Chemical Company and Corning, Incorporated.

With more than 40 years of experience in distribution of speciality chemicals and adhesives the Bodo Möller Chemie Group (www.bm-chemie.de,  www.bm-chemie.com) is the leading trading partner for well-known European companies like DOW Automotive Systems, HB Fuller, BASF and Huntsman Advanced Materials. The product portfolio of the company includes powerful adhesives and adhesive systems, additives for plastics, coatings, rubber products, textiles, lubricants and other speciality chemicals. Through targeted consulting and locally specific consumer service the Bodo Möller Chemie Group offers their customers the suitable product and solution for every individual requirement.

**Source: Bodo Möller, 7 January**
Volvo Car Corporation and Donglai Coating Technology (Shanghai) Co., Ltd have signed in Gothenburg, Sweden, at Volvo headquarters, the certification contract which establishes the full approval of the Donglai car refinish paint system for application at Volvo Cars. The approval includes both the solvent-based “Onwings” as well as the water-based “Onwaves”, both registered trademarks of Donglai Coating Technology (Shanghai) Co., Ltd.

The approval was reached after extensive testing of both coating systems at the Volvo R&D Test Laboratories according to the Volvo high quality demanding specification requirements.

Mr Zhu Zong Min, CEO of Donglai Coating Technology (Shanghai) Co., Ltd indicated that only a few multinational paint companies had ever been certificated by Volvo in the past years, so the certification is an important achievement for his company and a major step forward within the strategic future planning of developing new markets. He memorised that Donglai already holds certifications from most car brands available in China. The Volvo certification is additional proof of Donglai’s strong capabilities and potentials for the car refinish market in China and beyond.

Donglai Coating Technology (Shanghai) Co., Ltd is a Chinese privately-owned company which employs more than 700 people. Donglai Coating Technology (Shanghai) Co. is operational in the Chinese home market as well as in other countries. Its main business consists of car refinish paint, OEM coating system, 3C paint and high-end constructive paint; Donglai Coating Technology is one of the leaders in the paint field of China and a rising Chinese power in the global paint market.

Source: Specialchem, 16 January

MeadWestvaco, a global leader in packaging and packaging solutions, has announced that its board of directors has approved a plan to fully separate its Specialty Chemicals business from the rest of the company. The separation is expected to be executed by means of a tax-free spinoff of the Specialty Chemicals business to MWV shareholders, resulting in two independent, publicly traded companies. The spinoff is expected to be completed by the end of 2015. MWV remains open to other value-creating alternatives for the Specialty Chemicals business throughout this process.
“Following a thorough strategic review process, MWV’s board and leadership team determined that a tax-free spinoff of Specialty Chemicals presents the best opportunity to create the greatest value for our shareholders,” said John A. Luke Jr., chairman and chief executive officer, MWV. “The separation of Specialty Chemicals will establish two strong companies that are better positioned to compete and profitably grow in their targeted markets. This action continues our strong record of returning value to our shareholders, which has exceeded $4 billion over the last 10 years.”

Mr. Luke continued: “This is an opportunity we have created by executing on a deliberate strategy of building MWV’s businesses into packaging and speciality chemicals leaders globally. We are in a strong position to take this next step to maximise value for our shareholders. Our strong commercial progress and improved execution have put our packaging business on a sustainable path toward market-leading margins and growing cash returns. The separation of our Specialty Chemicals business, along with the organisational redesign work we are undertaking, reflects the strong commitment of our management team and board of directors to creating value for our shareholders and establishing a business model that will significantly improve the profitability and cash flow profile of our packaging business.”

MWV expects to receive cash from the spinoff that will be used primarily to pay down debt to maintain MWV’s investment grade credit rating. MWV expects to continue to pay a strong dividend, with the final rate to be determined post-separation. The company also will continue to look for opportunities to return capital to shareholders.

**MWV Packaging**

Following the separation, MWV will be in an excellent position to accelerate its strategy as a global leader in packaging and packaging solutions, optimally positioned to create long-term value through its market-focused strategy. Through this strategy, the company has improved its growth and profitability profile by enhancing its product mix and focusing on the most attractive opportunities in growing global packaging markets while reducing structural costs.

In conjunction with the separation of the Specialty Chemicals business, MWV is undertaking a comprehensive organisation redesign to accelerate its market-focused packaging strategy and achieve market-leading margins. The actions will ensure the company has the capabilities to execute on its profitable growth strategy with an appropriately sized support structure and business model that will provide attractive total returns to shareholders.

**MWV Specialty Chemicals**

The Specialty Chemicals business will be well positioned to accelerate profitable growth in its megatrend aligned markets of energy, infrastructure and transportation. The business is a leading provider of performance chemicals used
in printing inks, asphalt paving and adhesives, as well as in the agricultural, paper and petroleum industries. The business also produces activated carbon products used in gas vapor emission control systems for automobiles and trucks, as well as applications for air, water and food purification.

The Specialty Chemicals business will have greater ability to grow and expand its leadership positions in attractive global markets. The business is expected to extend its ‘best-in-class’ financial performance record with the appropriate capital structure to allow the new company to accelerate the pursuit of attractive profitable growth opportunities. As a stand-alone chemicals company with a strong margin profile, Specialty Chemicals will continue to be a leader among its peers.

Source: MWV, 8 January

Elementis Specialties is reorganising its distribution structures in Scandinavia. Effective January 1, 2015, the Danish Andreas Jennow A/S will support Elementis Specialties with the distribution of speciality chemicals in Denmark, Sweden and Norway.

Andreas Jennow’s portfolio of Elementis Specialties includes: rheological additives (BENTONE®, RHEOLATE®, THIXATROL®), dispersing and wetting agents (NUOSPERSE®), defoamers and speciality additives (DAPRO®), anti-settling agents (M-P-A®), and corrosion and rust inhibitors (NALZIN®).

“We are pleased to be working with this qualified team and highly respected distributor,” explains André Schommer, Sales Director Elementis Specialties (Business Unit Coatings EMEA). “We are confident that with Andreas Jennow A/S’ service, knowledge and team our complete portfolio of products will be well represented in the industrial marketplace throughout Scandinavia.”

Source: Elementis, 12 January
IRL is pleased to announce the launch of a new edition of its single country report *A Profile of the Mexican Paint Industry*. In this study, IRL examines Mexico’s paints and coatings market independently and not as part of a regional study on the Central American paint market, thereby enabling us to present more in-depth information on paint market influences and trends. This fully updated second edition provides market data for 2013 and forecasts for 2018.

All data in this report plus additional historical trends and forecasts are now available in our unique online database that clients can subscribe to.

Please contact IRL for more details.

The total consumption of paints and coatings in Mexico reached 870,000 tonnes in 2013, and is forecast to rise to more than 998,000 tonnes by 2018. This is equivalent to an average annual growth rate of 2.9%, which is somewhat lower than past projections.

The Mexican paints and coatings industry continues to perform strongly despite having encountered some hindrances, such as the deceleration of the economy and a slowdown in construction activity. With a total population of 120 million and rising purchasing power, Mexico attracts many foreign investors who then decide to settle and capitalise on the economy. It has attracted many multinational paint companies.

Together with Brazil, the Mexican paints and coatings industry is a key player in the Latin American region. The two major drivers for Mexico’s paints and coatings market are construction output and growth in local manufacturing businesses. The architectural market remains the largest of the coatings segments in Mexico, corresponding to almost 70% of the country’s total demand. Despite the abnormally poor performance of the construction sector, there is a renowned housing deficit in Mexico which is expected to encourage new build construction and drive the demand for architectural coatings.
The overall prospects for the industrial coatings sector are also promising. General industrial, protective, automotive and marine coatings are all set to benefit from the government’s recently introduced energy reform. There is much speculation that the liberalisation of the energy sector will attract large investments and reduce the costs of industrial energy. Furthermore, Mexico’s automotive production is booming, generating demand for both plastic and automotive coatings.

Both the government and Mexico’s Paint and Printing Ink National Manufacturers’ Association, ANAFAPYT, are attempting to encourage the use of environmentally-friendly coatings. Today, most architectural coatings used in Mexico are water-based; however, on the contrary, solvent-based coatings dominate in the industrial sector. Furthermore, the consumption of powder coatings, which inherently release no VOCs into the atmosphere, is growing swiftly. A key constraint to the development of new coatings technologies is the absence of strict environmental legislation in the country.
A Profile of the Mexican Paint Industry gives an insight into the market changes in the past few years, as well as outlining the key trends affecting nine mainstream paints and coatings segments: architectural/decorative, industrial wood coatings, protective coatings, marine coatings, automotive OEM coatings, automotive refinishes, powder coatings, general industrial coatings and plastic coatings. Forecasts on these are presented for the year 2018 alongside market data for 2013. The cost of the full report is €3,250.

The full report is available to purchase online at our website: www.informationresearch.co.uk

For more information on this and our other reports, please contact Cathy Galbraith at: cgalbraith@brggroup.com

Coating Update by Email (CUBE) is a free weekly news digest of the latest business news and events in the global paints and coatings industry, and is published in-house by specialist coatings research company IRL.

Subscriptions: If you or your colleagues would like to subscribe to CUBE, please send an email along with your name, position and company to cube@brggroup.com with ‘SUBSCRIBE’ written in the subject field. Please add news@brggroup-chems.com to your safe senders list. If you no longer wish to receive CUBE, please send a blank email to cube@brggroup.com with ‘UNSUBSCRIBE’ written in the subject field.

Enquiries: For enquiries or feedback to the Editor of CUBE (Mrs. Katie Tofts), please send an email to cube@brggroup.com. Please also send your press releases to this address. For enquiries regarding other services that IRL can provide please email irl@brggroup.com detailing your request.