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PRESS RELEASE

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A PROFILE OF THE WESTERN EUROPEAN PAINT INDUSTRY, 4TH EDITION

IRL has taken the temperature of the Western European paint and coatings sector once more with a new edition of its flagship title, *A Profile of the Western European Paint Industry*. This fourth edition provides a measure of the coatings markets in 2009, a time when industry activity and demand has been cooling.

Paint and coatings demand in Western Europe is estimated at 6.05 million tonnes in 2009, which reflects contraction of demand in both the decorative and industrial coatings sectors. The general shape of the coatings markets is now being influenced more than ever by the negative economic conditions. Tightening consumer credit, falling investor sentiment and falling property speculation have all been driving down demand in the decorative sector, while industrial coatings markets are hit by the downturn in construction and weakening demand for consumer and exported goods. For many in the industry, 2009 will have been the worst year in recent years, reversing the steady growth of 2007-8; 2010 will probably witness stagnation at best, before a return to growth in 2011.

In the decorative sector there is a continued swing towards small projects being undertaken at little cost; major renovation projects are clearly off the cards in many countries. In many of the top economies, home renovation is seen as an avenue for investment, especially at a time of low interest rates. The fact that more householders will have time on their hands – perhaps through unemployment – will lead to a small surge in DIY in the next year or so, but for many of the key markets the preference for hiring a professional is likely to return as soon as it becomes affordable. In many countries, the need for innovation within the decorative sector is reaching almost zenithal proportions in the face of maturity.

Environmental pressures, both from within the DIY segment and due to legislation, continue to drive the greenness of decorative paints. As part of IRL's ongoing research, its survey-within-a-survey of the greening of the decorative sector highlighted some of the key approaches that the industry is expected to take to the continued greening of their decorative paint offerings.

Future industrial coatings demand will be impacted by the decline of the automotive sector, a drop in the construction sector and reduced consumer expenditure on finished goods. These trends are likely to impact upon major economies such as Spain and Italy, and minor economies dependent on major export markets, such as Finland and Portugal.

- Protective coatings demand is very much determined by state spending which is tighter in many countries. In many economies, one of the best growth opportunities for the protective coatings sector is in wind energy. In the UK particularly, a number of civil projects are likely to create strong demand for protective coatings in the run-up to the Olympics.
- Marine paint demand is generally static, being related to investment and leisure expenditure. In times of economic contraction it will precipitate a delayed reaction in terms of falling demand.
- The coatings for plastics market is likely to be severely impacted by the downturn in the automotive sector, although the saving grace for this market is the continuous emergence of new items which are formed and then finished in plastic.

With no appreciable growth expected in the market until 2011, overall growth in the next five years is expected to be limited. IRL has forecast that paint demand will rise from 6.05 million tonnes in 2009 to about 6.28 million tonnes by 2014, which is equivalent to average annual growth of 0.7%.

A Profile of the Western European Paint Industry, 4th Edition, contains information on the decorative, protective, marine and plastic coatings markets, as well as IRL's survey-within-a-survey on the greening of the decorative paint sector. The cost of the full report (344 pp and 261 tables) is €3,250.

The Greening of the Decorative Paint Sector in Western Europe, which contains an analysis of the approaches and attitudes of the industry to the continued greening of its products, is available separately as a concise report, price €500.

Sections of the reports, priced individually, will soon be available to purchase online at our website:

www.informationresearch.co.uk

For more information on these reports, please contact Terry Knowles at tknowles@brg.co.uk

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