



European Plastics Industry (EU 27)

PlasticsEurope Market Research Group

Statistical Monitoring August 2012

PlasticsEurope
Association of Plastics Manufacturers

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This presentation based on official statistics by Eurostat and the European Commission.

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Please note the definitions on slide 18.

Last Update: August 22, 2012



European Union (EU27) Plastics Industry - Economic Summary

Overview

The positive development of the EU27 Plastics Industry after the bounce back from the great recession continued until the beginning of 2011. Since then the Primary Plastics and Plastics Products sector showed primarily decreasing tendencies. The Plastics Machinery sector continued its growth until the third quarter 2011, but since then shows a downward trend too.

Sectors

Across sectors, declining tendencies can be observed in the first half of 2012. **Production quantities** of Primary Plastics showed clearly decreasing tendencies in the second quarter of 2012. Also the Plastics Products and Plastics Machinery sector showed a constantly declining production trend from April to June 2012. But Plastics Machinery still shows a growth (3.1%) on a year to year basis, while this does not hold true for Primary Plastics and Plastics Products.

Plastics Industry **producer prices** increase in all the three segments since the beginning of 2012. Nevertheless, this trend did not continue in June.

End use Industries

The Electrical Machinery Industry's production shows a sideway movement since mid 2011. The upward trend in the Automotive sector shifted into a period of slightly decreasing production figures since mid 2011. Production figures for the construction industry decrease again since the fourth quarter of 2011 after almost two years of consolidation. Production in the more crisis-resistant Food and Beverages sector further on with a more or less sideway movement.

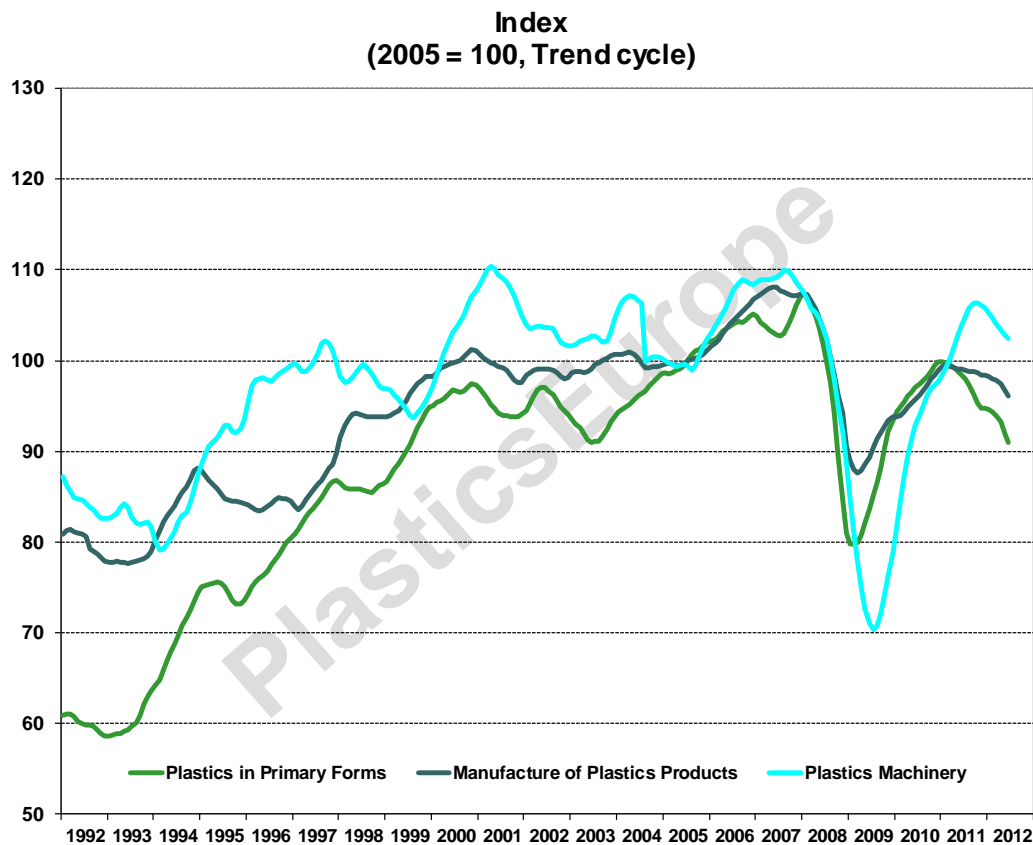
External Trade

Total export quantities of Primary Plastics have reached its peak at the end of 2010. In 2012 slightly decreasing Export and Import quantities can be observed for Primary Plastics. Exports of Plastics Products show a more or less constant development since mid 2010. Also total import quantities of Plastics Products remain on a stable level.

Outlook

Production indices for all the three segments actually show a negative trend, also the Plastics Industry price indices in June 2012 showed first negative tendencies after some months of increase. Still no strong signs for a change of the actual trend can be observed.

European Union (EU27) Plastics Industry Production

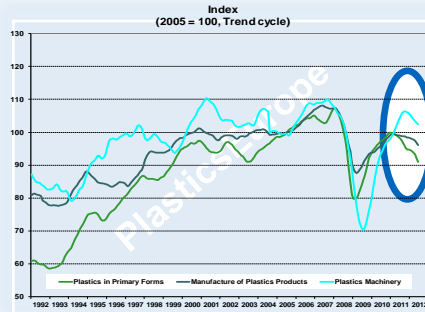


Actual data status of Production: 06/2012

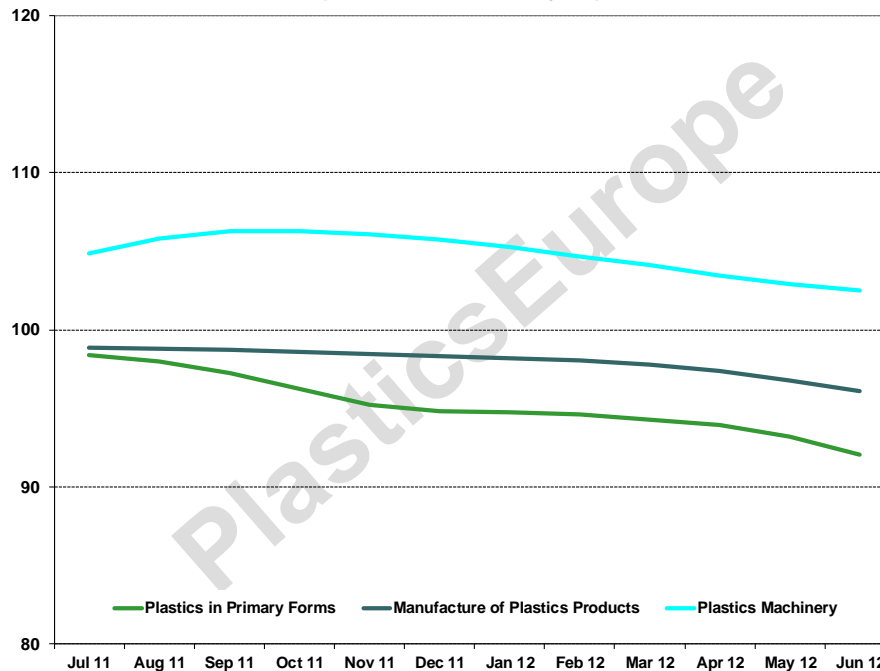
Plastics Industry Production by long term view (1992-2012):

- Long time series shows strong growth for production of Primary Plastics and Plastics Products during the 1990's and a more sideways development from 2000 to 2005. Plastics Machinery shows a more fluctuating development in long-term view.
- After strong growth in all the three segments in 2006 and more constant development in 2007, the effects of the economical crisis are clearly recognizable in 2008 and first half of 2009.
- Economic recovery in all three segments since mid 2009 lasted until the end of 2011. Since then, decreasing trends can be observed.

European Union (EU27) Plastics Industry Production



Index - Last 12 months
(2005 = 100, Trend cycle)



Plastics Industry Production by short-term view (last 12 months):

- After months of strong growth, Plastics Machinery with a downward trend since the end of 2011.
- Also the Plastics Products segment shows a slight, but constantly declining production trend during the last months.
- Plastics in Primary Forms shows a constant decreasing production trend in 2012 too.

European Union (EU27) Plastics Industry Production

Production Index (working day adjusted)

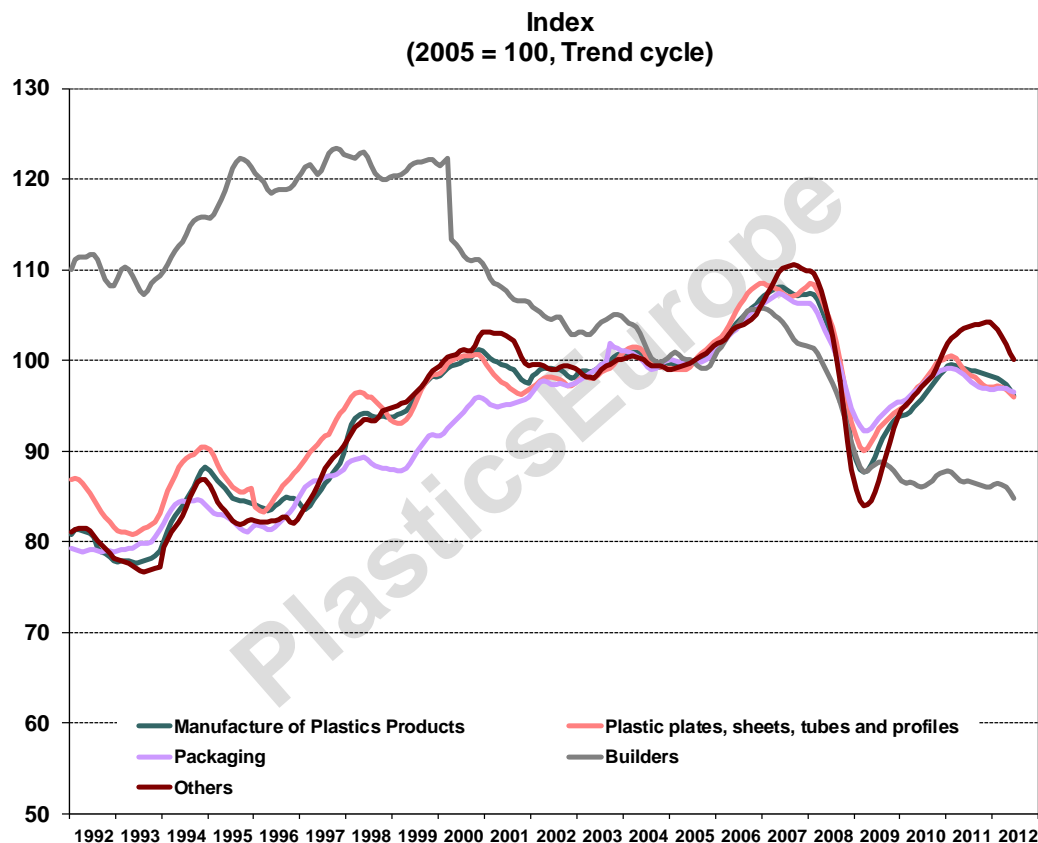
Sectors	Jun 12	Jan - Jun 12	Jun 12	Jan - Jun 12
	Index 2005 = 100		y-o-y (%)	
Primary Plastics	92.4	96.2	-8.6	-5.7
Plastics Products	100.7	99.7	-3.3	-1.9
Plastics Machinery	112.5	102.2	-2.1	3.1

Production Index (Trend cycle)

Sectors	Mar 12	Apr 12	May 12	Jun 12
	Change in % against previous month			
Primary Plastics	-0.4	-0.8	-1.3	-1.1
Plastics Products	-0.2	-0.4	-0.6	-0.7
Plastics Machinery	-0.6	-0.6	-0.5	-0.4

- The first half of 2012 shows still higher production figures compared to the same period in 2011 for the Plastics Machinery sector, which grew by 3.1% on a year to year basis.
- Production of Primary Plastics (-5.7%) and Plastics Products (-1.9%) show a decrease compared to first half of 2011.
- Production trends for Primary Plastics, Plastics Products and Plastics Machinery showed decreasing tendencies in the last months. Especially the Primary Plastics sector had to record notable declines during the last three months.

European Union (EU27) Manufacturing of Plastics Products



- From mid 2009 to end of 2010 main segments of Plastics Products, except "Builders", have recovered strongly after the deep recession.
- 2011 showed slightly decreasing trends for most of the Plastics Products sub-categories except for the "Others"-segment, which showed growing tendencies.
- Production indices for most of the Plastics Products sub-categories with slightly decreasing tendencies since the beginning of 2012. The "Others"-segment shows the strongest decrease in 2012.

For the classification of the segments, see under "Definitions" on last page

Actual data status of Production: 06/2012

European Union (EU27) Manufacturing of Plastics Products

Production Index (working day adjusted)

Sectors	Jun 12	Jan - Jun 12	Jun 12	Jan - Jun 12
	Index 2005 = 100		y-o-y (%)	
Plastics Products	100.7	99.7	-3.3	-1.9
Plates, Sheets, Tubes and Profiles	101.1	100.0	-1.8	-2.9
Packaging	101.3	99.2	-1.7	-1.9
Builders	88.8	84.3	-3.5	-1.4
Others	103.6	105.1	-4.6	-1.1

Production Index (Trend cycle)

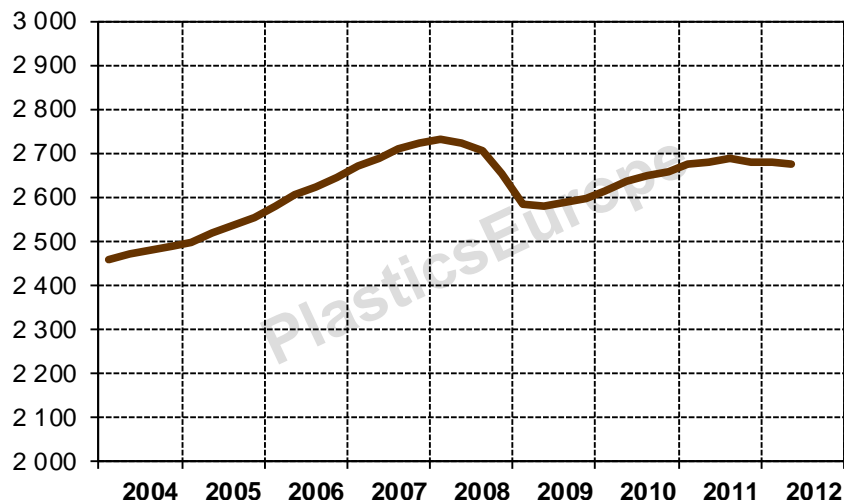
Sectors	Mar 12	Apr 12	May 12	Jun 12
	Change in % against previous month			
Plastics Products	-0.2	-0.4	-0.6	-0.7
Plates, Sheets, Tubes and Profiles	-0.1	-0.3	-0.4	-0.5
Packaging	0.0	0.0	-0.2	-0.3
Builders	-0.1	-0.3	-0.6	-0.8
Others	-0.6	-0.9	-1.0	-0.7

- Compared to the same period in 2011, production figures from January to June 2012 decreased within all of the Plastics Products sub-categories.
- The strongest decline compared to previous year was recorded for “Plates, Sheets, Tubes and Profiles” with -2.9%.
- All Plastics Products sub-categories with more or less constantly decreasing development during the last months. Especially “Other” Plastics Products show a clearly decreasing production trend from March to June 2012.

European Union (EU27) GDP, Chemical and Plastics Industry

GDP real

bn Euro - seasonally adjusted, at 2000 prices, quarterly -

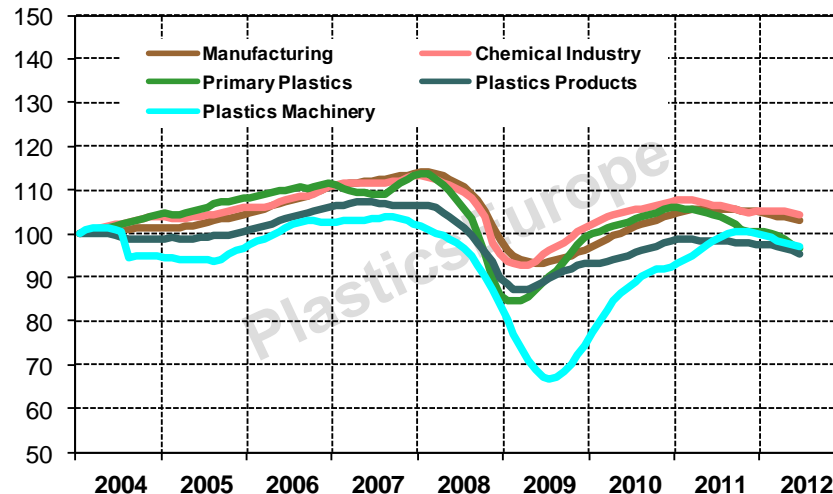


Actual data status: Q2/2012

- EU27 GDP increased by 1.5% in 2011, compared to 2010.
- In the second quarter of 2012 the GDP decreased by 0.16% compared to first quarter.
- Actual estimations of Eurostat for EU27 GDP growth rates (year on year):
2012: +/-0%, 2013: +1.3%

Manufacturing, Chemical and Plastics Industry

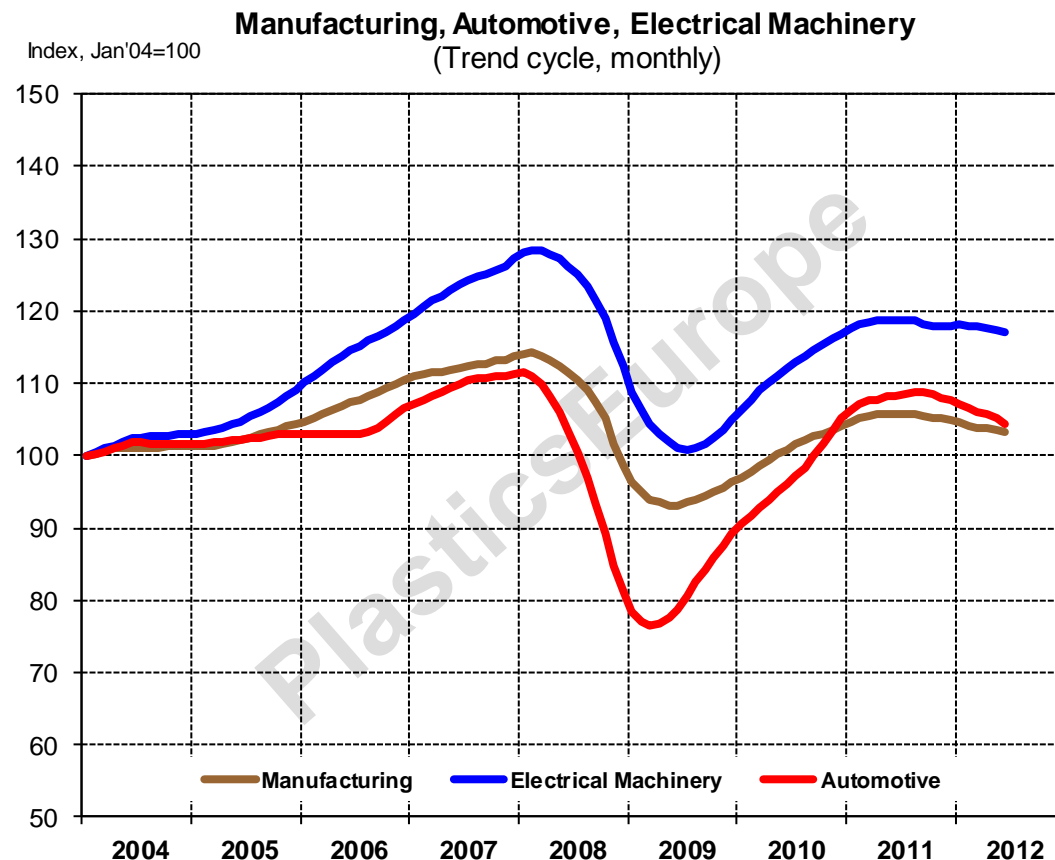
Index, Jan'04=100 - Trend cycle, monthly -



Actual data status of Production: 06/2012

- Uptrend in the Total Manufacturing and Chemical industry has lasted until the first quarter of 2011. Since then, slightly decreasing tendencies were recorded.
- Decreasing development for production of Primary Plastics, Plastics Products and Plastics Machinery in recent months.

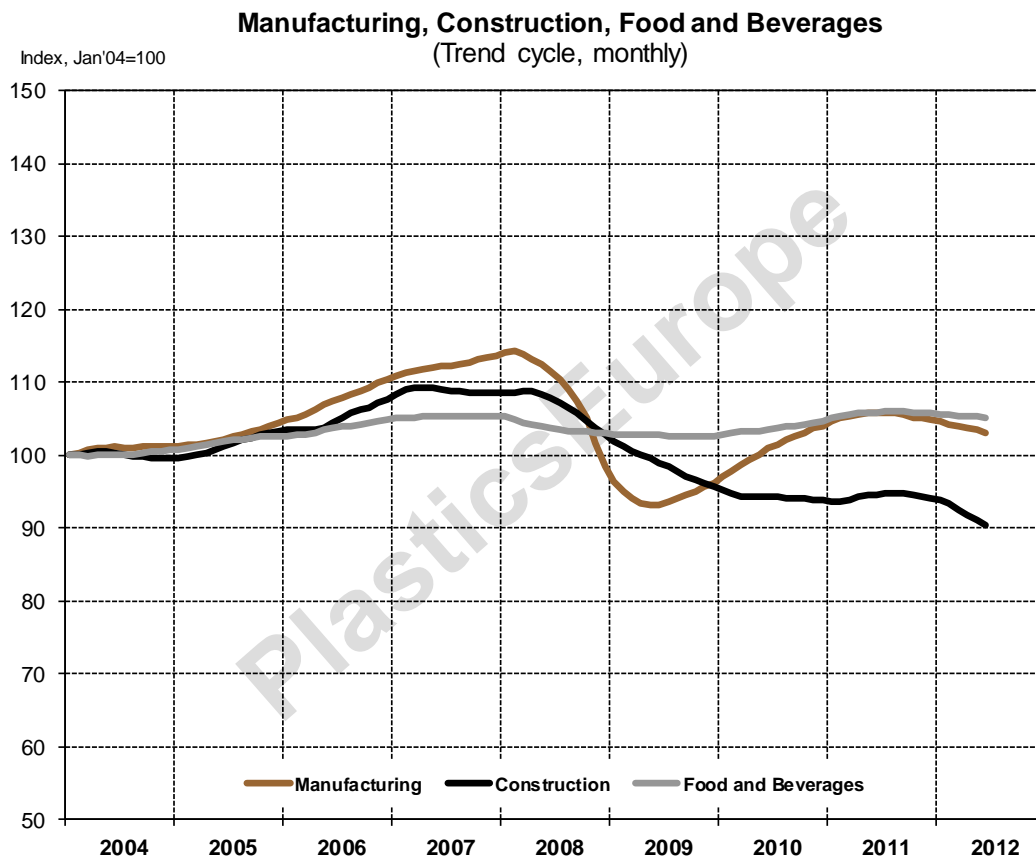
European Union (EU27) Plastics Customer Industries - Part I



- Recovery in the EU27's Manufacturing Industry since 2009, but with slightly decreasing tendency since the second quarter of 2011.
- After strong growth especially in 2009 and 2010, Automotive industry also with slightly decreasing tendencies since mid 2011.
- More or less sideways movement in the Electrical Machinery Industry since mid 2011.
- Industrial production activity in the EU27 is still below the pre-crisis level.

Actual data status of Production: 06/2012

European Union (EU27) Plastics Customer Industries - Part II

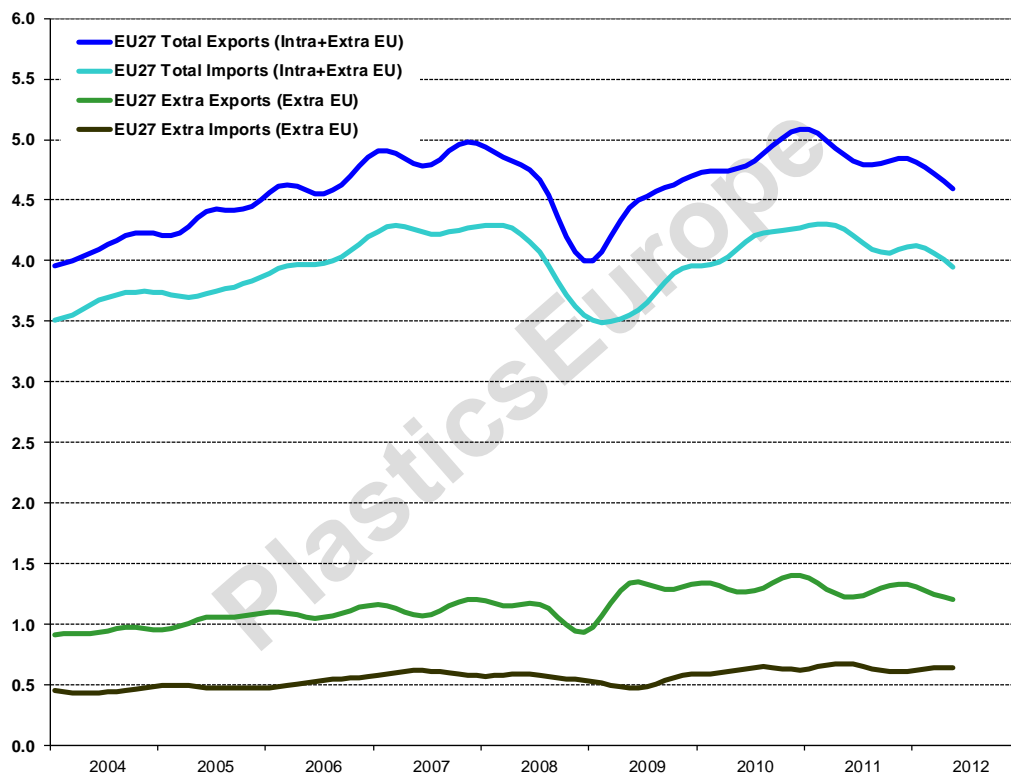


- Decreasing production trend in the Construction Industry since the third quarter of 2011.
- The Food and Beverages Industry was less hit by the recession than other industries.
- Slightly decreasing trend in production figures of the Manufacturing Industry since mid 2011.

Actual data status of Production: 06/2012

European Union (EU27) Trade Primary Plastics

Trends in EU27 Trade with Primary Plastics
(Mio tons, Trend cycle, monthly)



- Total EU27 Export quantity of Primary Plastics has reached its peak at the end of 2010. The same applies to EU27 Extra Exports.
- Total Import and Export quantities for Primary Plastics both show a slightly decreasing trend in 2012. The same applies to Exports to Extra EU27 countries.
- During the last years the Extra EU Import share grew to 15.3% in 2011. The Extra EU Export share from January to May 2012 (26.3%) was about on the same level than in 2011 (26.4%).

**Extra EU Trade - Primary Plastics
Share in Total (%)**

Year	Exports	Imports
2005	23.8	13.0
2006	23.5	13.2
2007	23.2	14.2
2008	24.1	14.2
2009	28.4	14.1
2010	27.3	15.1
2011	26.4	15.3
2012YTD 05	26.3	15.9

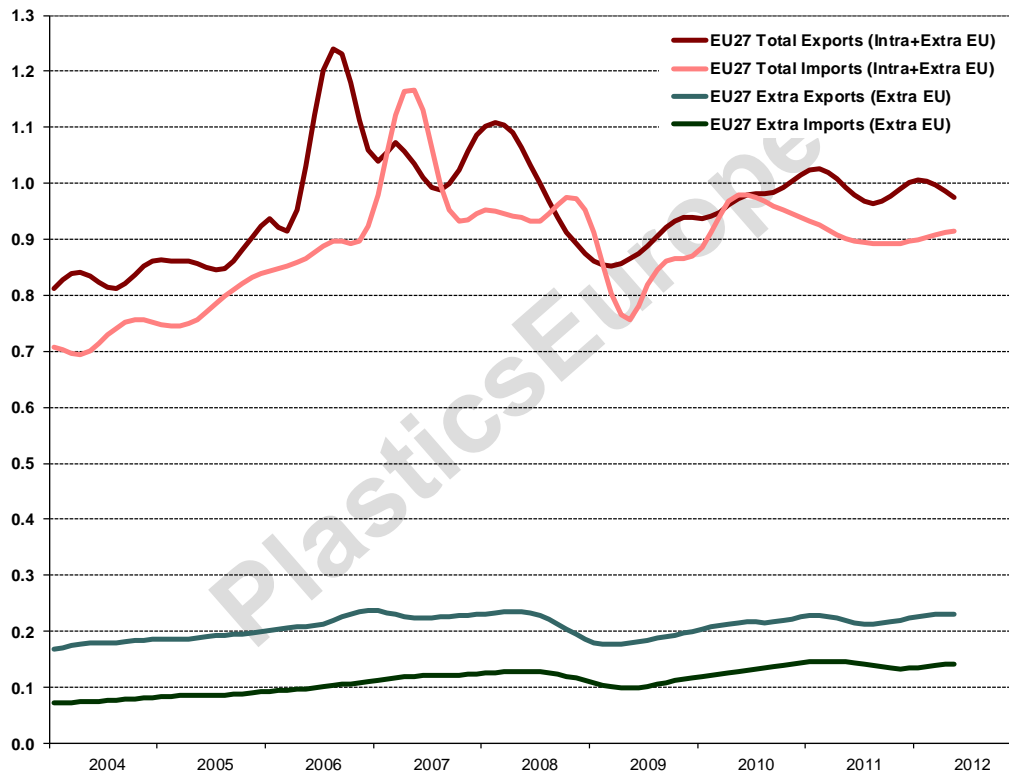
Actual data status of EU27 Trade: 05/2012

Intra EU Trade: Trade between the Member States of the European Union

Extra EU Trade: Trade of the European Union with Non-Member Countries

European Union (EU27) Trade Plastics Products

Trends in EU27 Trade with Plastics Products
(Mio tons, Trend cycle, monthly)



- Since mid 2010 Total Exports showed a more or less constant development. Total Imports remain on a stable level since 2011.
- Extra EU Exports show a slight – but constantly growing trend since the end of 2011.
- The share of Extra EU Imports increased in recent years. In 2010 and 2011 the Extra EU Export share remained stable at a level of about 22%.

**Extra EU Trade - Plastics Products
Share in Total (%)**

<u>Year</u>	<u>Exports</u>	<u>Imports</u>
2005	22.1	11.1
2006	20.0	11.4
2007	21.9	11.5
2008	22.0	12.9
2009	20.8	12.9
2010	22.0	13.7
2011	22.2	15.6
2012YTD 05	22.1	15.6

Actual data status of EU27 Trade: 05/2012

Intra EU Trade: Trade between the Member States of the European Union

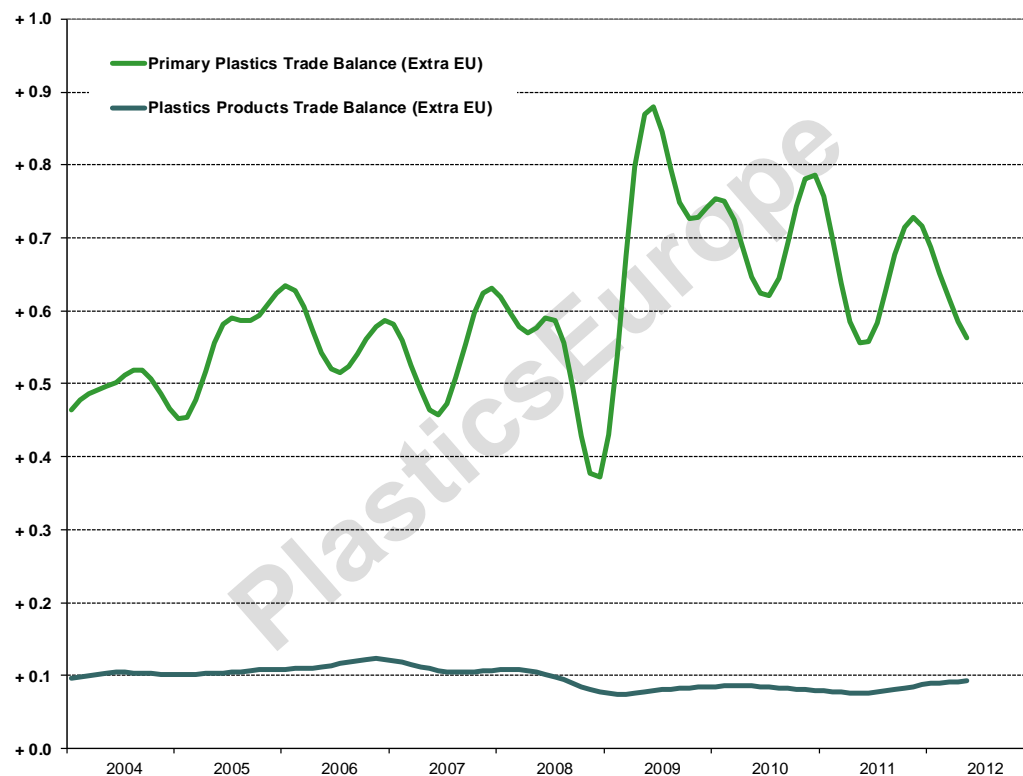
Extra EU Trade: Trade of the European Union with Non-Member Countries

European Union (EU27) Trade Balance with Non-Member Countries

EU27 Plastics Industry: Trade Balance with Non-Member Countries

(+ Surplus, - Deficit)

(Mio tons, Trend cycle, monthly)



Actual data status of EU27 Trade: 05/2012

- Record trade surplus of EU27 Primary Plastics Industry with Non-Member Countries in 2009. 2010 and 2011 with a slightly lower trade surplus.
- Since the end of 2011, a decreasing trend of the trade surplus for Primary Plastics can be observed.
- Since 2004 Plastics Products have registered a stable surplus in Extra EU trade of about 1 Mio tons per year.

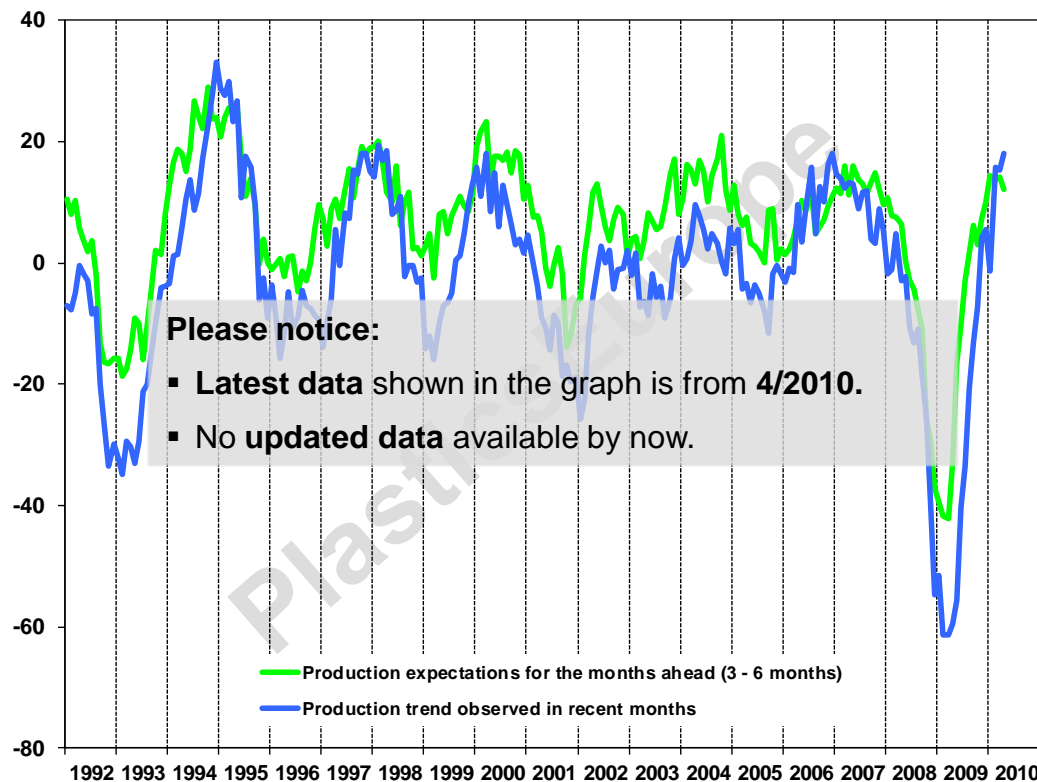
Extra EU27 Trade Balance (Mio tons) (+ Surplus, - Deficit)

Year	Primary Plastics	Plastics Products
2005	+ 6.55	+ 1.25
2006	+ 6.74	+ 1.39
2007	+ 6.36	+ 1.29
2008	+ 6.41	+ 1.17
2009	+ 8.93	+ 0.96
2010	+ 8.37	+ 1.00
2011	+ 7.78	+ 0.95
2012YTD 05	+ 3.08	+ 0.40

European Union (EU27) Outlook Manufacturing of Plastics Products

Balance of positive and negative answers, seasonally adjusted

balance in % (+ increasing production, 0 remain unchanged, - decreasing production)



Please notice:

- Latest data shown in the graph is from 4/2010.
- No updated data available by now.

- Managers' assessments of the production trend, observed in April 2010 has further improved, compared to the previous months.
- With regard to the business outlook for the months ahead, a stable majority of companies reports positive production expectations.
- Positive Managers' assessments in the EU27 Plastics Products Industry correspond to the positive year on year growth in production in the first months of 2010.

Production Expectations

balance in %

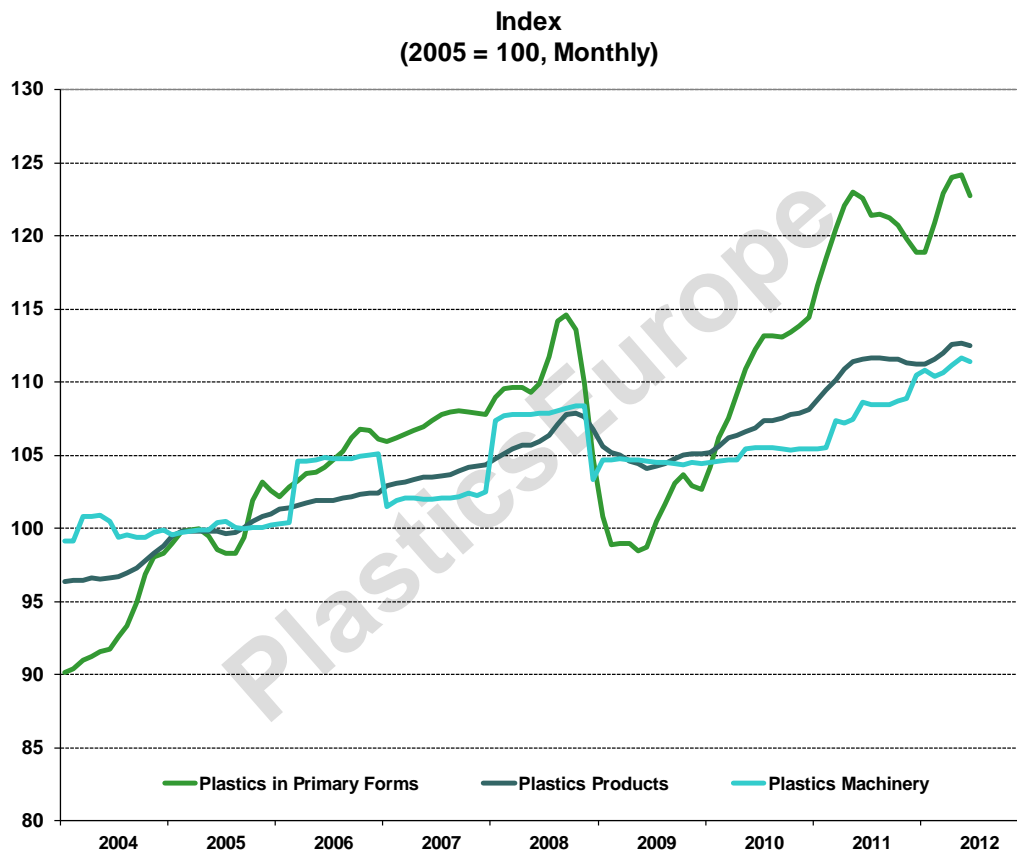
May-09	-16
Jun-09	-10
Jul-09	-3
Aug-09	2
Sep-09	6
Oct-09	3
Nov-09	7
Dec-09	10
Jan-10	14
Feb-10	14
Mar-10	14
Apr-10	12

Actual data status: 04/2010

The business surveys includes the EU27 Plastics Products Industry (incl. Rubber).

Important notice: With effect from May 2010, the new Nomenclature of Economic Activities (NACE Rev.2) is used for the classification of business survey results, while data up to April 2010 are based on NACE Rev.1. Historic survey data and aggregates based on the NACE2 nomenclature will be made available by the European Commission probably in Autumn 2011.

European Union (EU27) Plastics Industry Producer Prices



- Fluctuating trend of Primary Plastics, Plastics Products and Plastics Machinery output prices during the last years.
- Primary Plastics prices with continuing growth after a short period of decrease in the second half of 2011.
- Prices for Plastics Products with steady growth over the last years.
- After some months of stable price development in the Plastics Machinery segment in 2011, prices increase again since the end of the year.

Producer Prices: Total Output Prices (Domestic Market + Foreign Market)

Actual data status of Production: 06/2012

European Union (EU27) Plastics Industry Producer Prices

Producer price index (cumulative)

Sectors	Jun 12	Jan - Jun 12	Jun 12	Jan - Jun 12
	Index 2005 = 100		y-o-y (%)	
Primary Plastics	122.7	122.3	0.1	1.5
Plastics Products	112.5	112.1	0.9	1.6
Plastics Machinery	111.4	111.0	2.5	3.8

Producer Prices: Total Output Prices (Domestic Market + Foreign Market)

Producer price index (monthly)

Sectors	Mar 12	Apr 12	May 12	Jun 12
	Change in % against previous month			
Primary Plastics	1.7	0.9	0.2	-1.2
Plastics Products	0.4	0.5	0.0	-0.1
Plastics Machinery	0.3	0.4	0.4	-0.3

- **Primary Plastics**

Compared to the same period in 2011, prices increased by 1.5% in the half of 2012. Especially from February to April 2012 strong increasing prices were recorded after some months of decline. But: In May 2012 price growth (0.2%) was clearly lower compared to the months before and prices even fell notably in June 2012 (-1.2%).

- **Plastics Products**

With +1.6% the Plastics Products segment showed an increasing price trend in 2012 compared to the same period in 2011. Prices increased from February to April 2012 but remain more or less stable in May and June.

- **Plastics Machinery**

Prices for Plastics Machinery in the first half of 2012 had been 3.8% higher than in the same period in 2011. June 2012 showed slightly decreasing prices compared to May 2012.

Data Source: Eurostat, European Commission Economic and Financial Affairs (Business Surveys)

Classification of Economic Activities: New Nace Rev.2 Classification of Eurostat since 2009

Sectors of the plastics industry are classified by the following NACE codes: C2016 (Plastics in Primary Forms), C222 (Manufacture of Plastics Products), C2221 (Plates, Sheets, Tubes and Profiles), C2222 (Packaging), C2223 (Builders), C2224 (Others), C2896 (Plastics Machinery incl. Rubber)

Main plastics related industries NACE codes: C10_12 (Food and Beverages), C20 (Chemical Industry excl. Pharmaceuticals), C26_27 (Electrical Machinery), C291 (Automotive), F (Construction)

Production index (base year 2005 = 100) is presented as "working-day-adjusted" and as "Trend-cycle". The Trend-cycle is calculated by smoothing averages from working-day and seasonally adjusted data. Eurostat uses statistically and internationally accepted methods (Census X-12) for the seasonal adjustment of time series. With first publication of production indices for 2012, Eurostat changed from a direct to an indirect method of seasonal adjustment. The new method is applied to the complete time-series of production indices. This also affects data before 2012.

The producer price index for the plastics industry (base year 2005 = 100) measures the average price development of all goods resulting from that activity that are sold on the domestic market and foreign markets. The producer price index for the plastics industry is divided by Nace C2016 (Plastics in Primary Forms), C222 (Manufacture of Plastics Products) and C296 (Plastics Machinery incl. Rubber)

GDP real: Gross Domestic Product at 2000 prices and exchange rates, seasonally adjusted

Business Surveys: The results of the business surveys are based on representative samples of companies in the EU27 Plastics Products Industry (incl. Rubber Industry). Managers' answers obtained from the surveys are aggregated in the form of "Balances". Balances are constructed as the difference between the percentages of respondents giving positive and negative replies. The EU Commission seasonally adjusts the balance series.



Plastics

The Material for the 21st Century