AMI CONSULTING

Strategic consultants to the global plastics industry

Raw materials consumption and structural change in the European cables industry: 2010 and beyond

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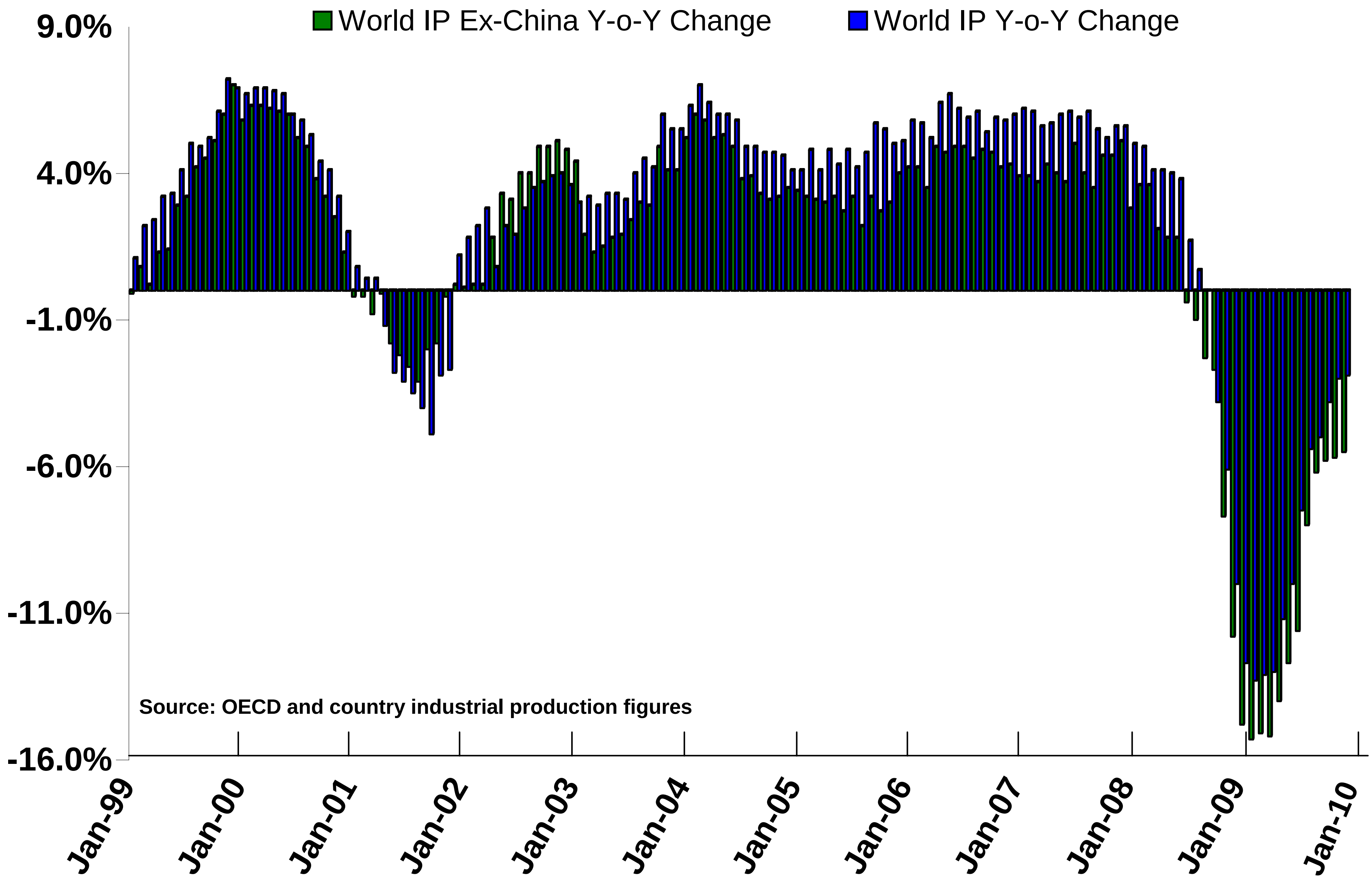
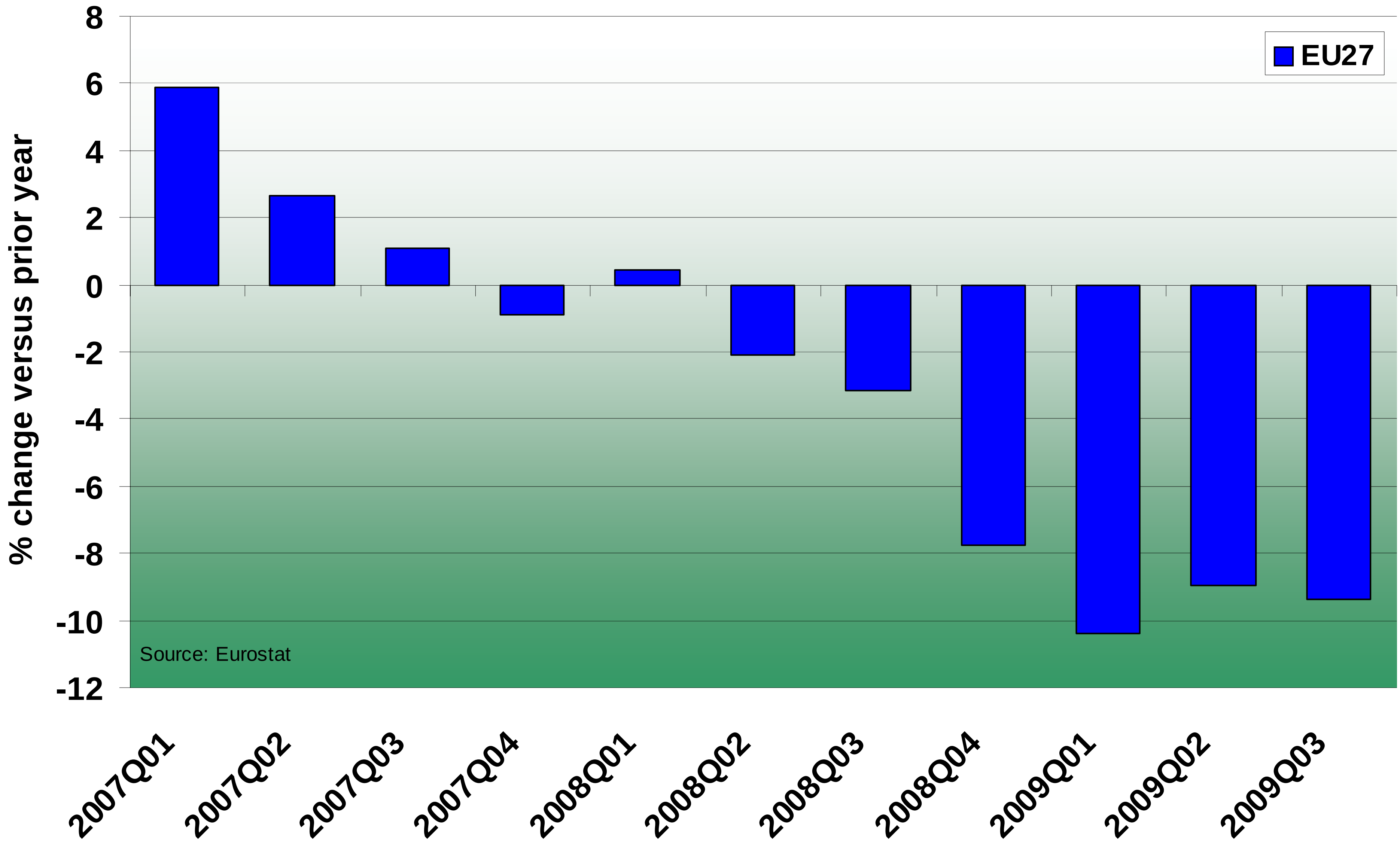
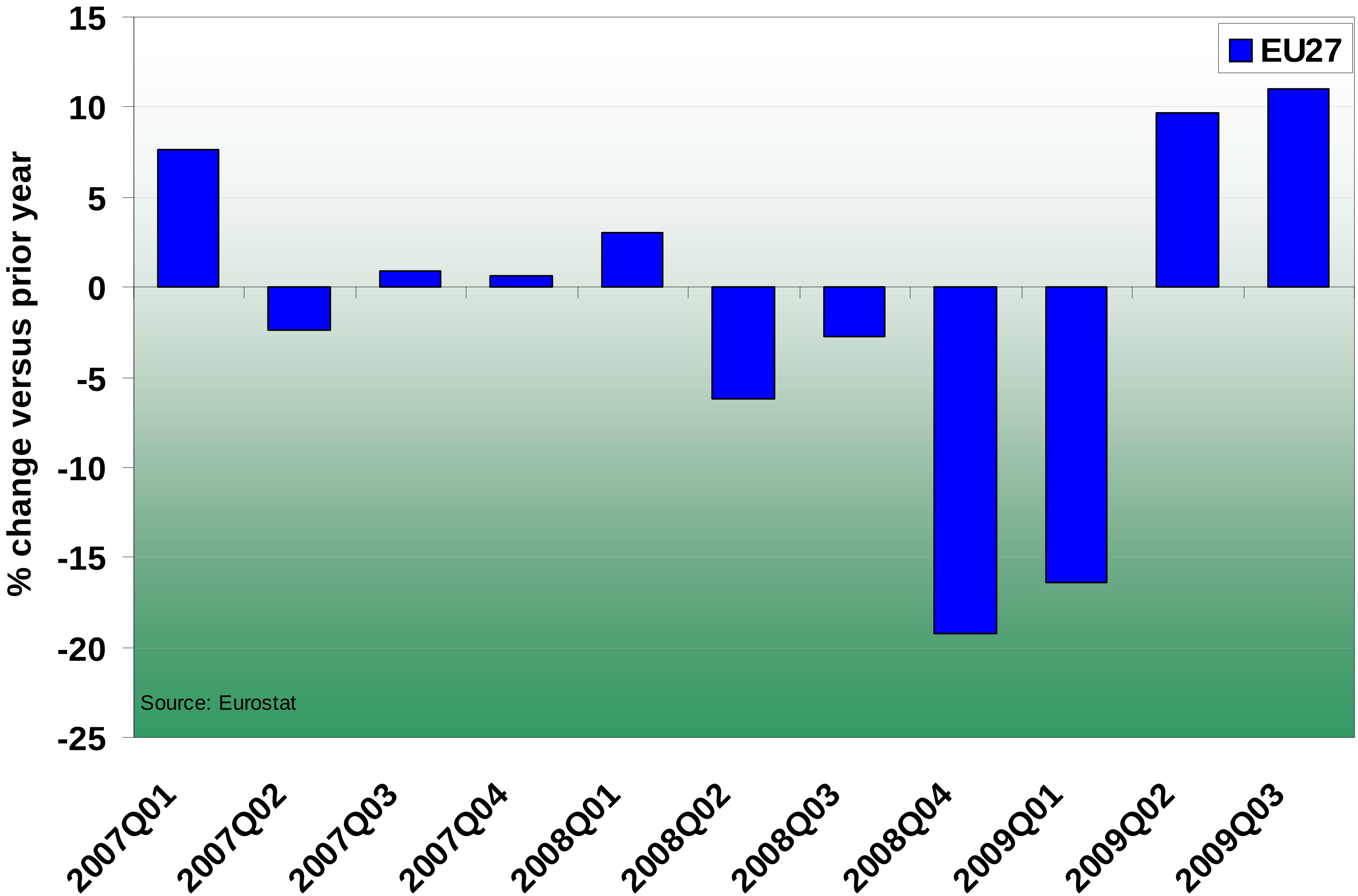
2009 in retrospect : World industrial production



2009 in retrospect: construction production



2009 in retrospect : automotive production



2009 in retrospect

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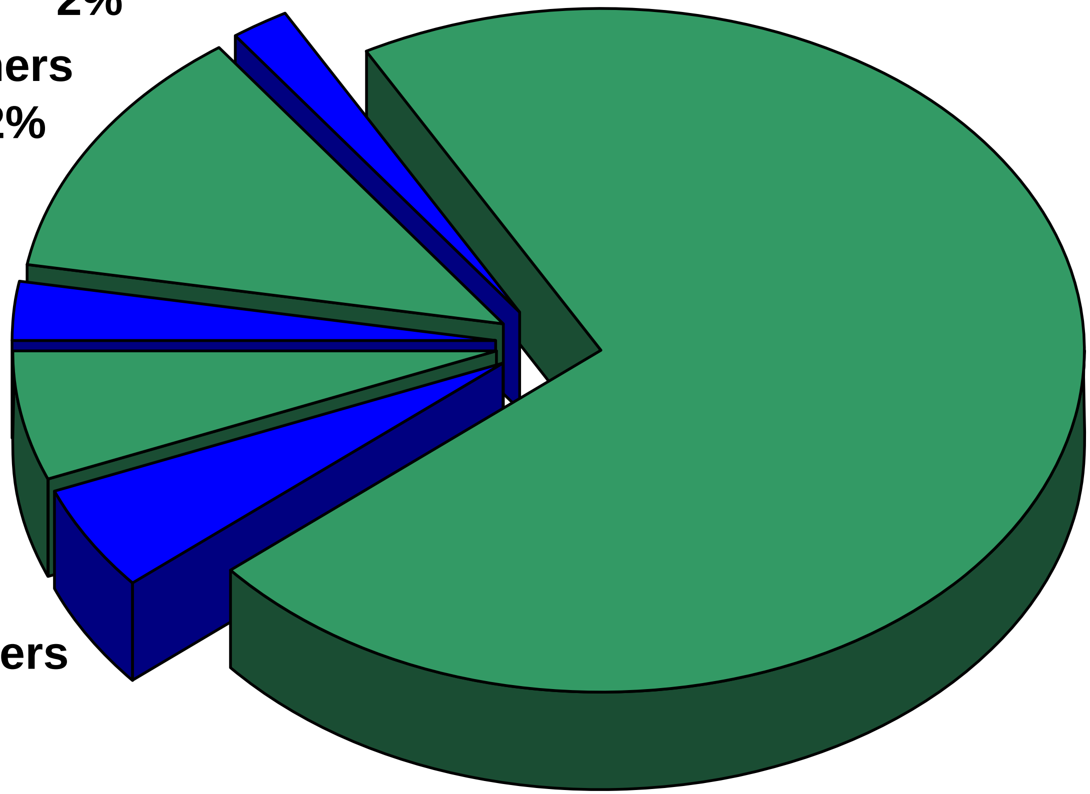
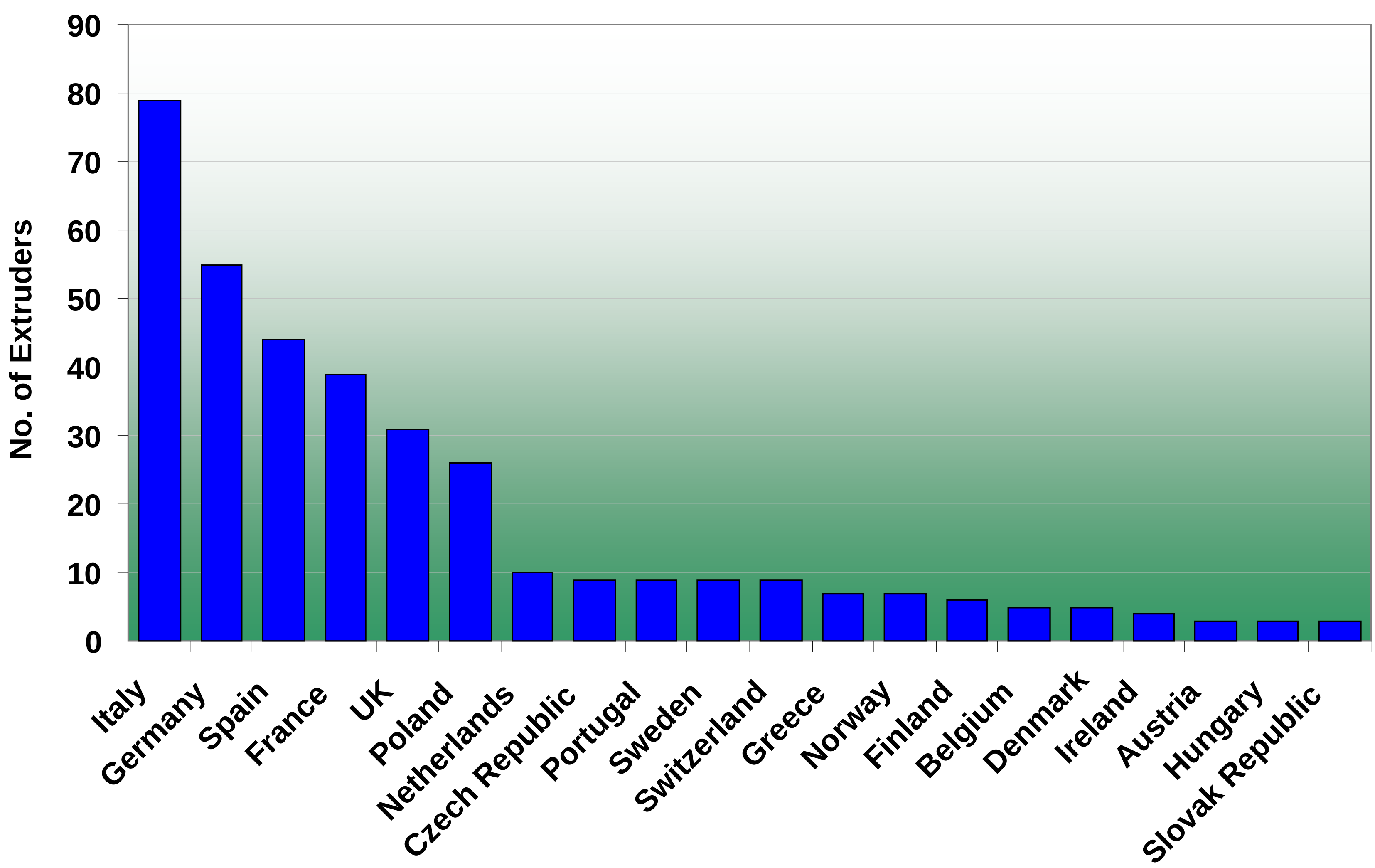
The European plastics processing industry 2010



Number of cable extrusion plants 2009

In January and February 2010 AMI spoke again to every cable extruder plant in Europe in order to update our polymer consumption figures in view of the extraordinary market conditions in 2009.



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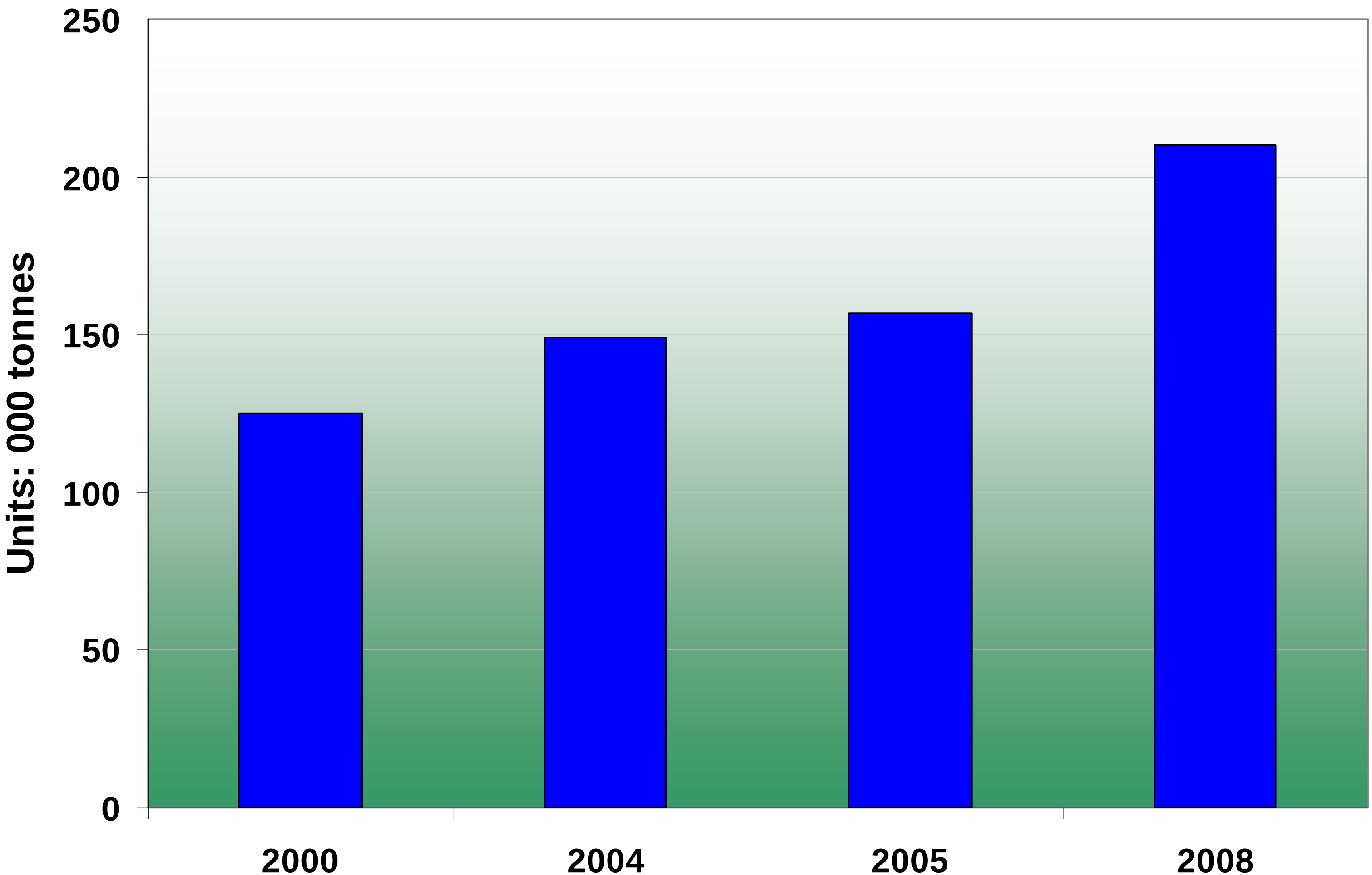
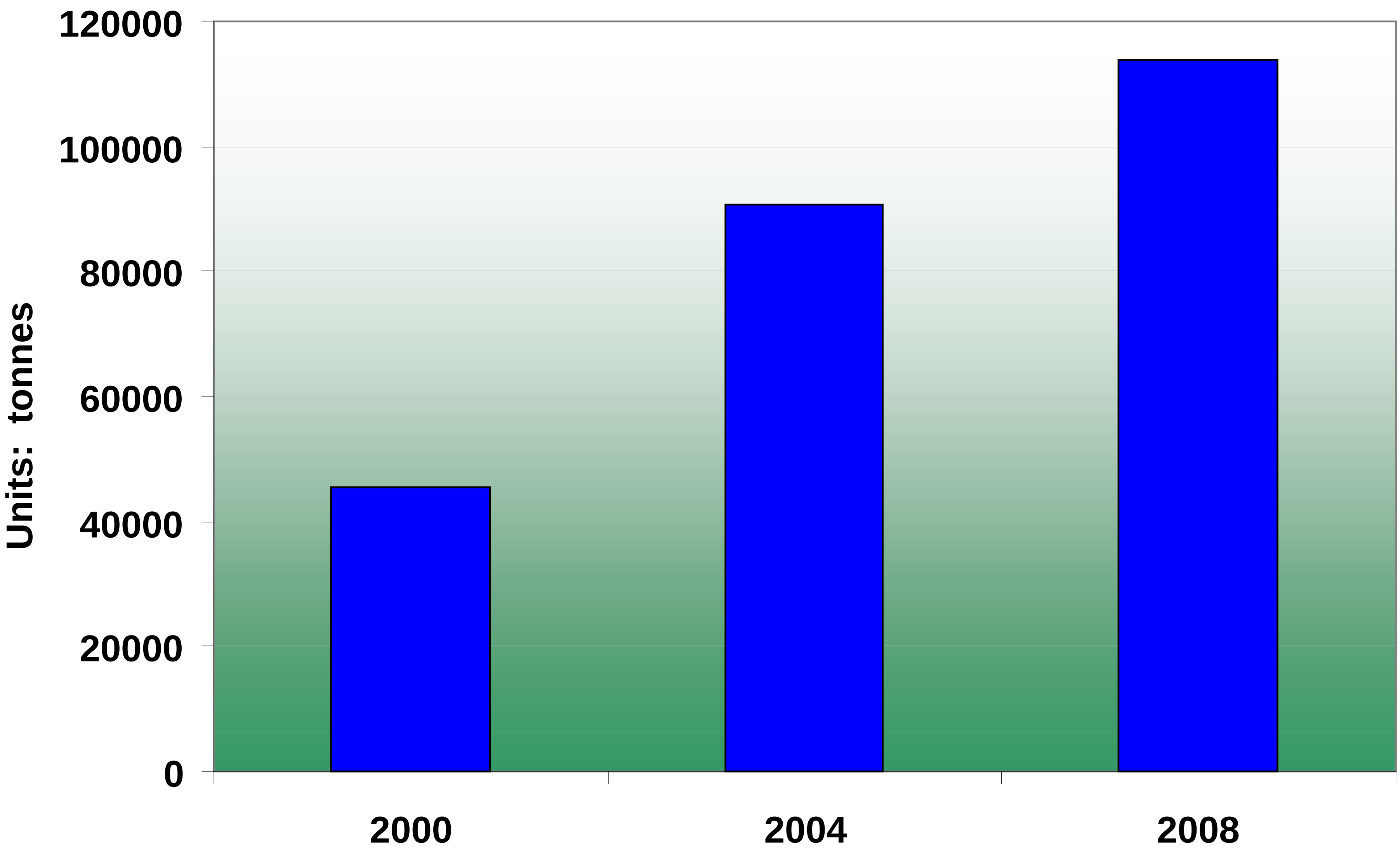
XLPE consumption on the cable – but what happened in 2009?



LSF0H consumption on the cable – what happened in 2009?



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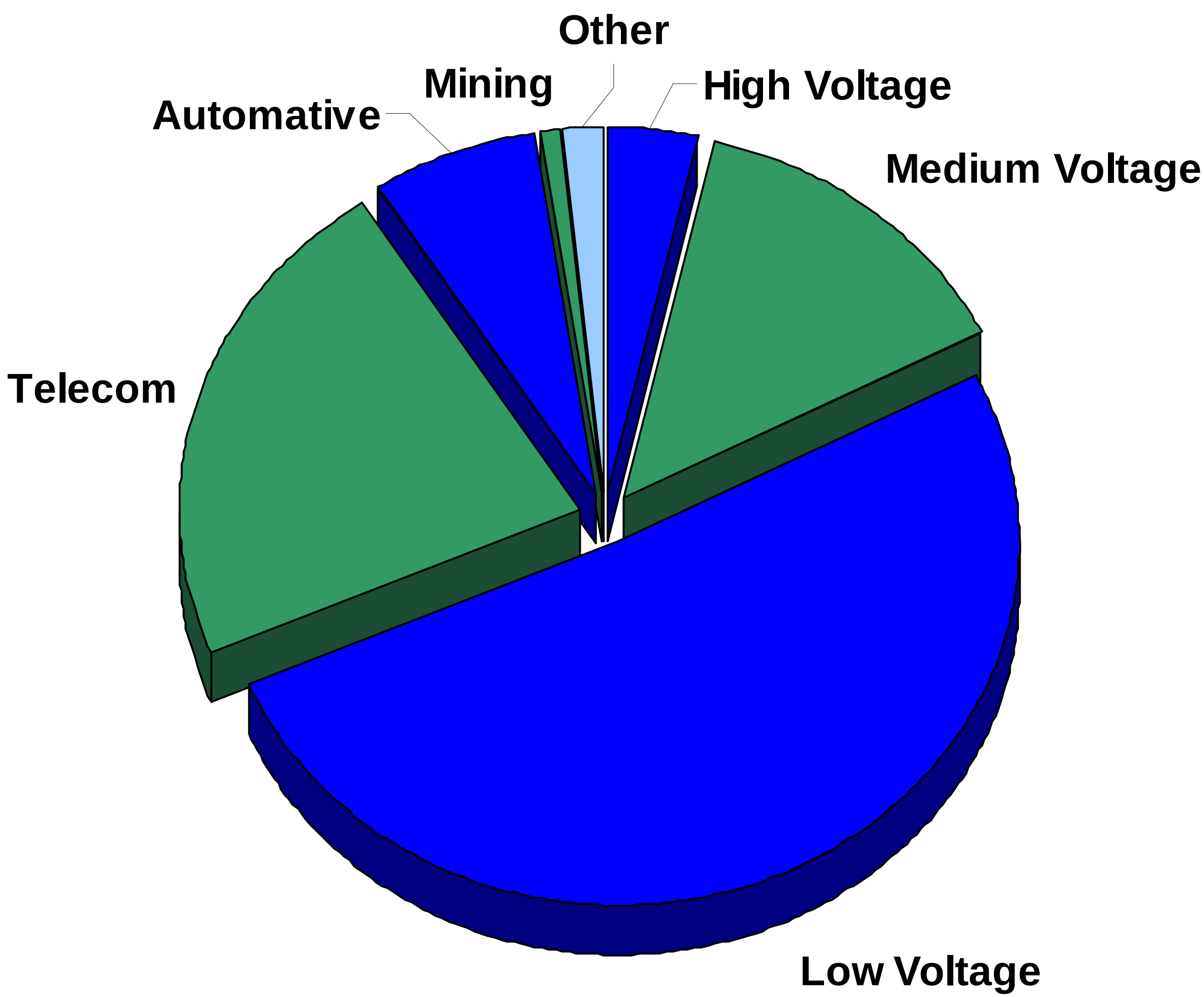
Polymer application by market



European cables polymers and compounds

Despite efforts towards harmonization, the pattern of polymer consumption and trends in cables insulation and jacketing remains very different in each European country.

This is one of the reasons why local presence is required of cable manufacturers. Cable products have to meet country as well as EU requirements.

- Southern Europe historically used more elastomer and rubbers.

  but this is changing…
- Scandinavia, France, Benelux and Germany are the more innovative and enthusiastic users of polyethylene.
- In France, the Slovak Republic and Switzerland less than 40% of insulation and jacketing compounds are based on PVC
- In Italy, Austria, Hungary, the Czech Republic, Portugal, Belgium and Ireland more than 60% of the market is still accounted for by PVC.

Summary of some materials trends

Material	Trend	Notes
PE generally	gaining market share	PE supposed to be displacing PVC
XLPE	gaining market share	XLPE displacing EPR as well as PVC
PVC	supposed to be losing market share to PE compounds	LSF0H has the potential to displace even more halogen containing compounds
PP	Static	PP is a small market
TPEs	Static	Cable grade TPEs can be expensive

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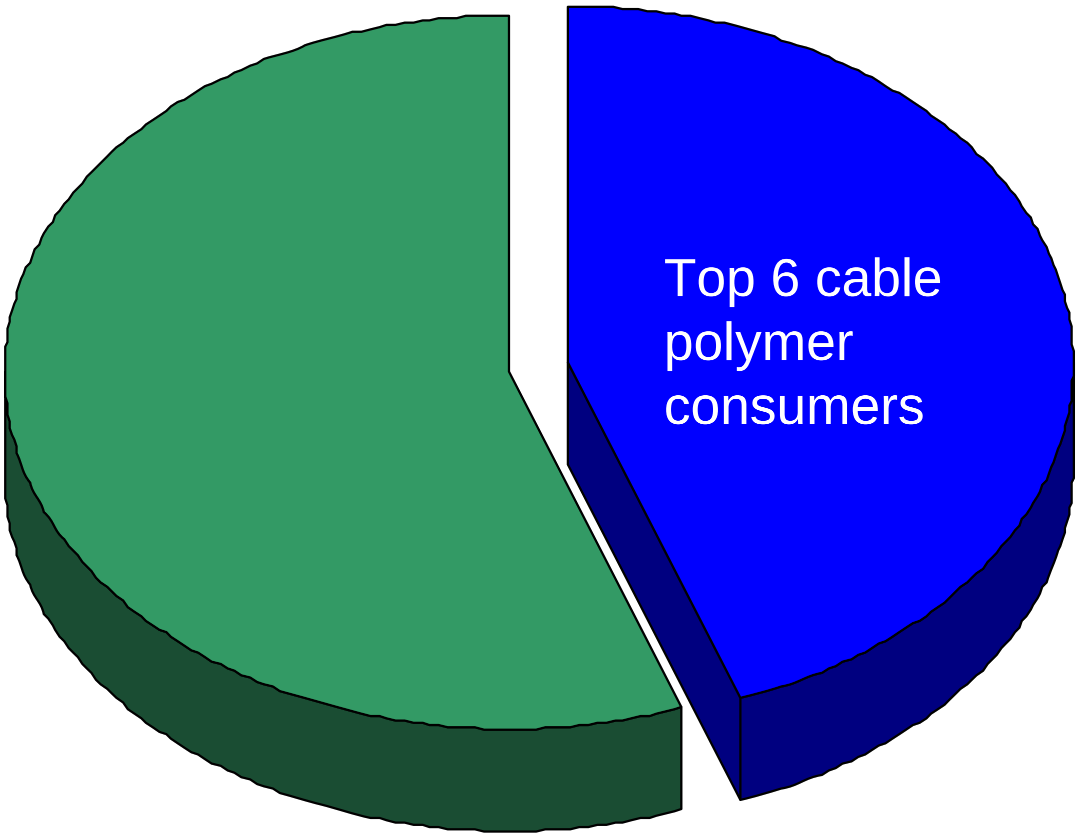
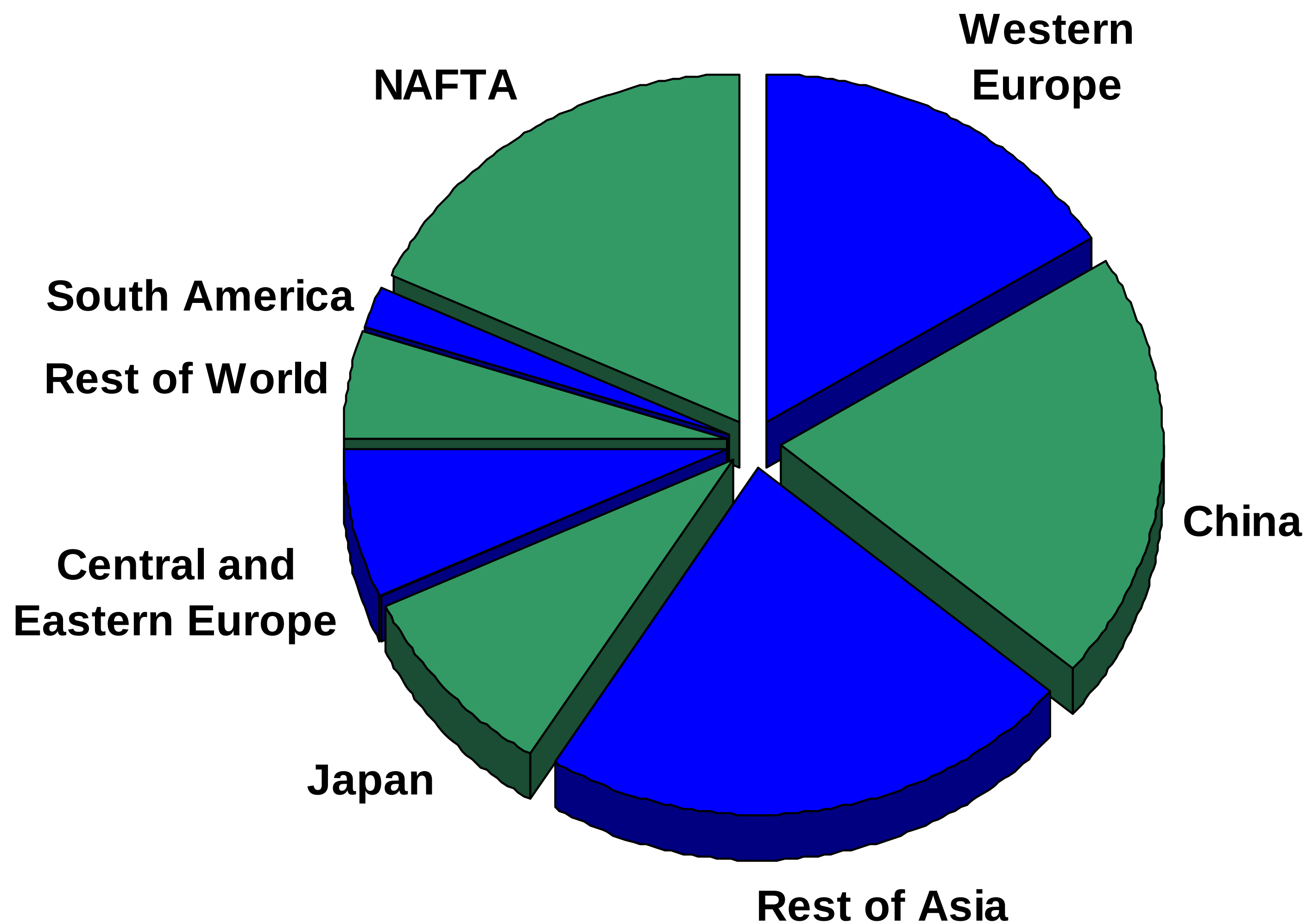
Share of polymer consumption by leading European cable producers 2009



World wire and cable industry 2010

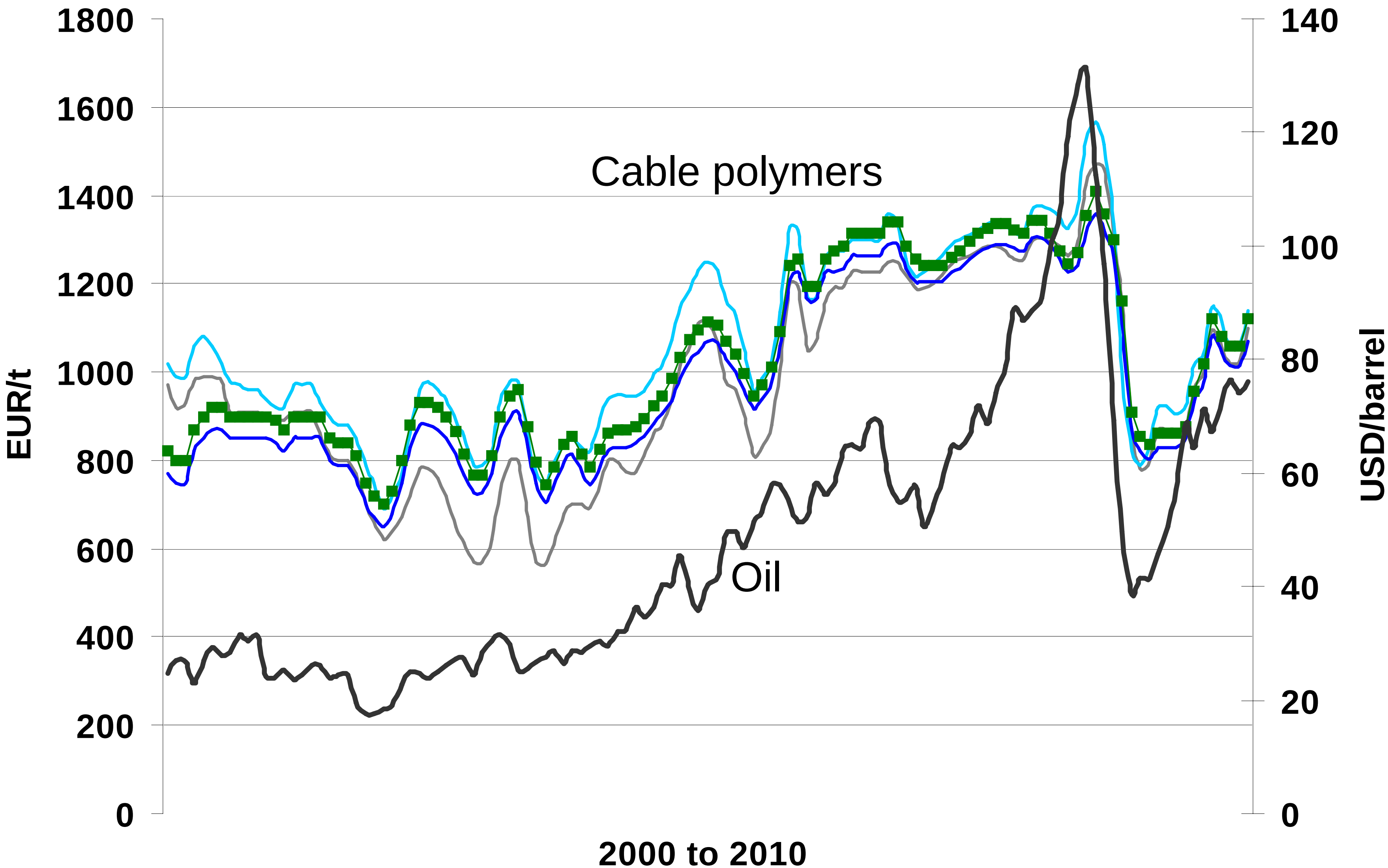


Value of the total market in 2009 compared with 2008?

Value of the total market in 2010 compared with 2009?

Value added?

Cable polymer and oil price trends



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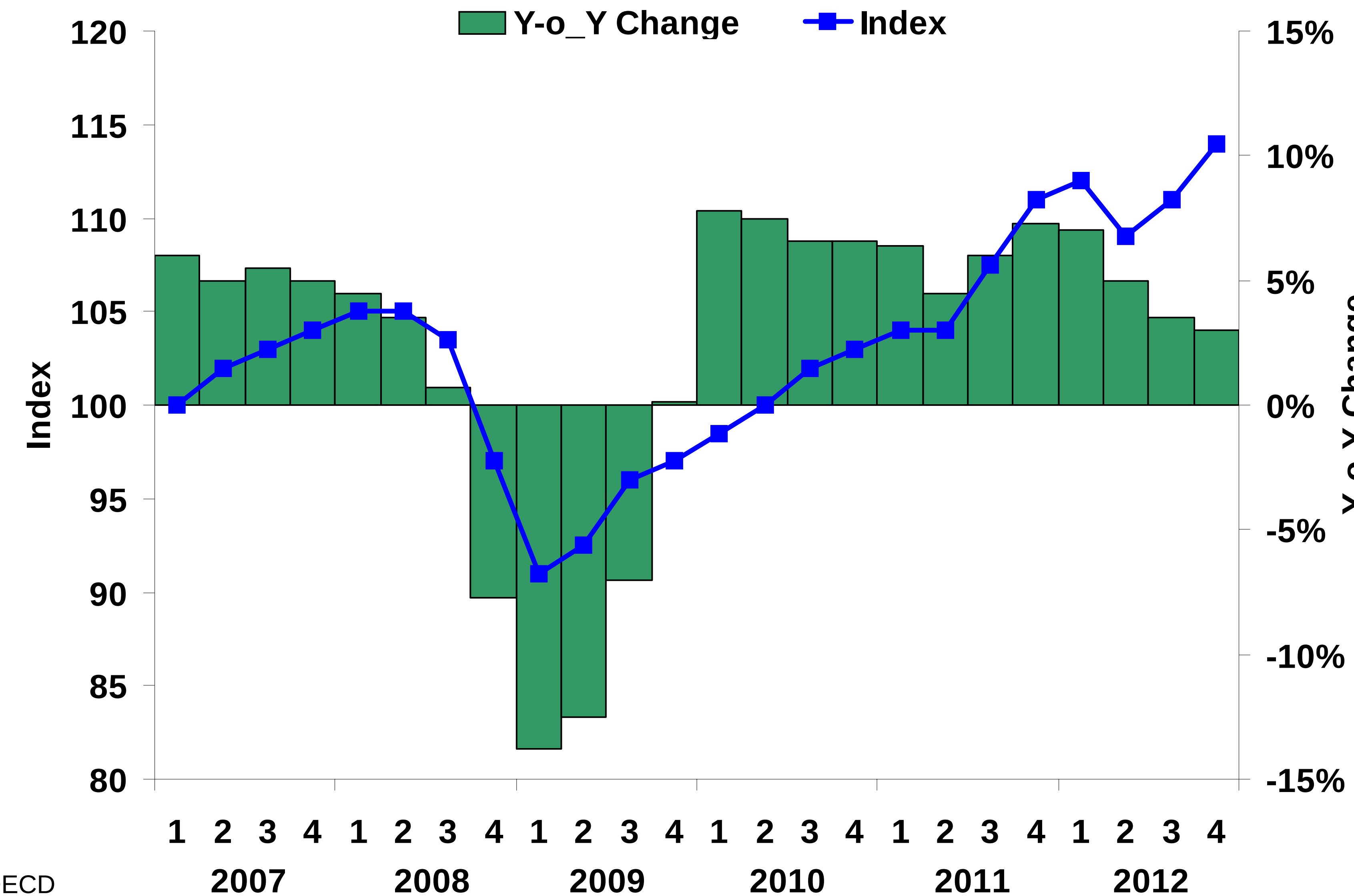
- Wire and cable industry economic indicators include:
  - Energy/power legislation and investment
  - Infrastructure spending
  - Construction cycles
  - Industrial production.

Industrial production predictions



Source: OECD

Which cables products are faring best

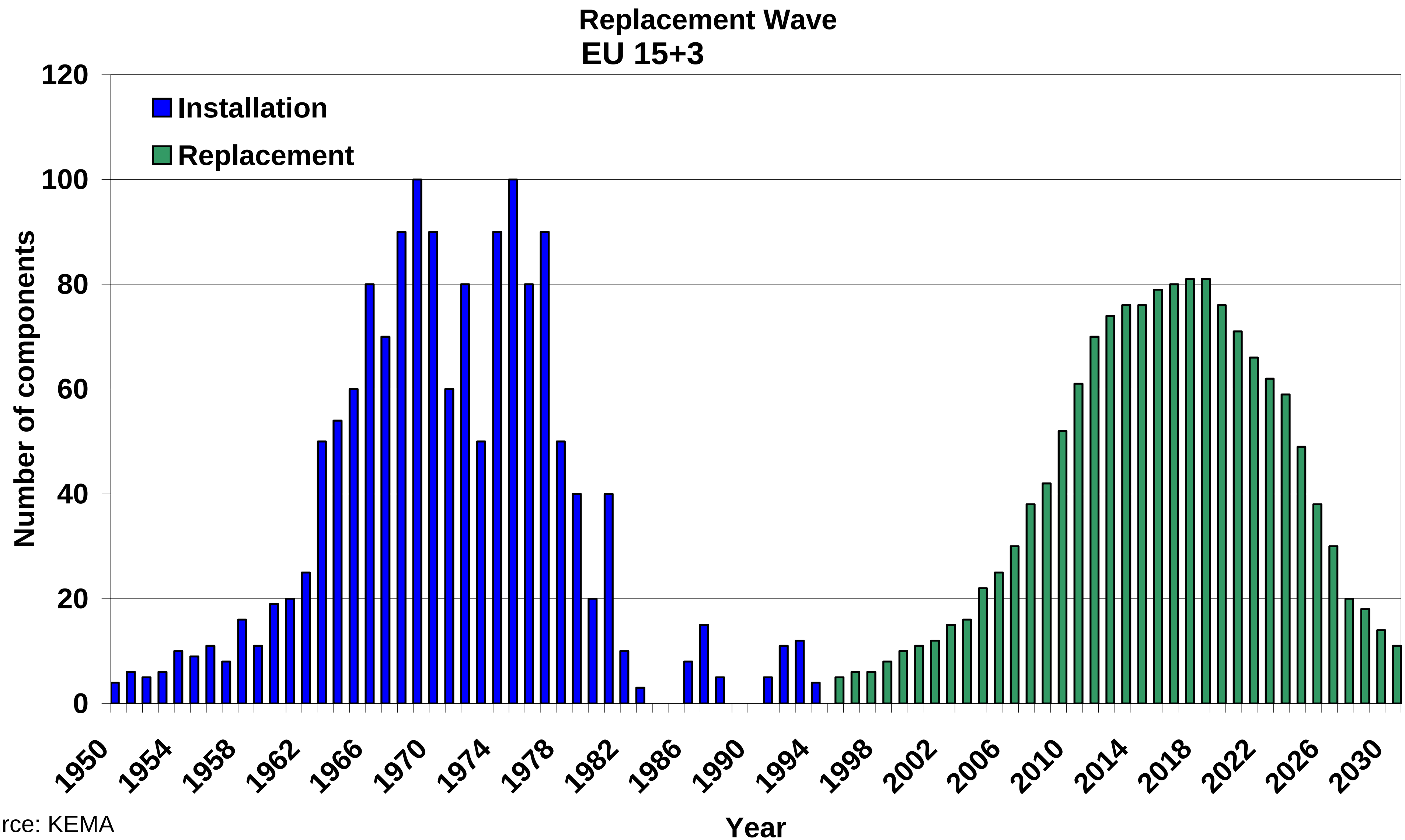
Infrastructure high and extra high voltage power cables.

- Power cables going underground and undersea.
- Urban renovation.
- Offshore wind farms.
- Greater linking of national grids.

Telecom cables - undersea.

Fibre optics showed some resilience with reasonable order books for 2009.

2010 and beyond: energy infrastructure



Source: KEMA

Opportunities - 2010 and beyond

- European companies continue to lead the world in cables technology. Worldwide megatrends affecting their businesses 2010 and beyond will include:
  - The world's emerging economies, particularly China, are quickly achieving wealth and large middle class populations, increasing personal consumption and energy use.
  - Climate change concerns are resulting in increased energy initiatives, emphasizing renewable sources of energy and influencing lifestyle choices, purchasing and transport decisions.
  - Countries are seeking energy independence but communications interdependence, both for political and economic reasons.

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Thank you for your attention

Any questions?

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