



# Hilco Appraisal Services, LLC

## Plastics Industry Perspective

3RD QUARTER 2012

### PRIMARY RECOVERY FACTORS

- >> Crude oil prices
- >> Natural gas prices
- >> Domestic demand for construction
- >> International demand (exports)

### RECENT APPRAISAL EXPERIENCE

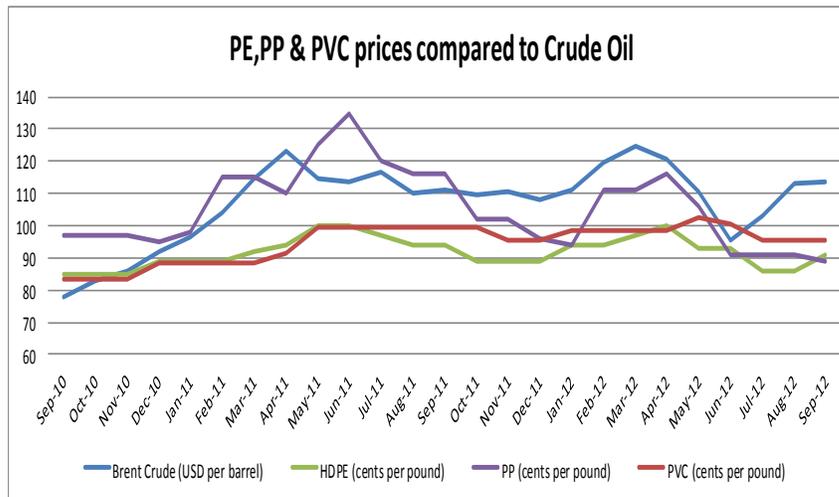
Poly One  
 M. Holland  
 Auriga Polymers  
 Applied Thermoplastic Resources  
 Southern Film Extruders  
 Thomson Plastics  
 IGM

## Exports & Construction pulling PVC

PVC resin prices fell 5% in the quarter from an average of \$1.01 per pound to \$0.96 per pound. At the very end of the quarter, prices jumped 3% to \$0.99 per pound. Supply and demand are currently close to balanced, with recent price

includes both domestic and foreign sales, also up approximately 4%. Housing construction is a primary contributor to the increase in domestic sales. Housing new starts increased approximately 20% in 2012; however, at approximately

North American PVC resin sales are forecasted to finish 2012 at approximately 15 billion pounds, which would surpass 2007 resin sales of 14.6 billion pounds. North American PVC is operating at about 85% of its production capacity.



Export sales is the driver pulling North American resin sales past pre-recession levels. Exports accounted for approximately 10% of North American PVC sales in 2007 and are projected to account for approximately 35% of sales in 2012. North American PVC has a cost advantage due to lower cost eth-

changes mostly affected by ethylene price fluctuations.

PVC resin sales are up approximately 4% in 2012, which

725,000 in 2012, they are still depressed from 2007 pre-recession levels of approximately 1.4 million.

ylene feedstock derived from new shale gas reserves helping to increase exports.

Kevin Duffy is a Senior Inventory appraiser who specializes in the plastics industry. He has appraised numerous plastics-related companies in North America that are involved in distributing, compounding and manufacturing resins, films, sheets, and molds. Kevin received his B.A. in finance from Illinois State University, and passed the CPA exam in Illinois. Kevin has diverse business experience in accounting, banking, manufacturing, distribution, and retail.



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