

LONG-TERM GROWTH PLANS

Heubach commissions new production facility for anti-corrosive pigments in the USA and seeks to double production capacities at its plant in India. By Damir Gagro.

The new facility, located near Philadelphia, Pennsylvania, is part of the pigment producer's comprehensive growth plan. The expansion will increase the company's global production capacity by 4,000 tonnes.

The Heubach Group has continuously invested in the optimisation and automation of its production processes as well as the expansion of its production capacities in recent years.

In February 2018 for example Heubach completed and commissioned a new production plant for anti-corrosive pigments at its U.S. location near Philadelphia, Pennsylvania.

This state-of-the-art plant is increasing the global production capacity of the group by approximately 4,000 tons. Initially, "Heucophos" ZPA, "Heucophos" ZPO, and "Heucophos" ZCP Plus will be produced at the plant in the USA, in addition to zinc phosphate.

"The implementation of the new production plant will strengthen our market position in the area of anticorrosives over the long term and is part of a comprehensive growth plan. We aim to continue driving our growth by implementing further investment projects at its locations

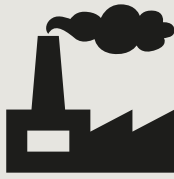
in India in the USA," said Birgit Genn, Managing Director of Heubach GmbH. The new production site does not only meet the needs and requirements of Heubach customers in the USA. It also drives the expansion of market shares in Central and South America.

In a next step the pigment producer might roll out fully automated complex inorganic color pigments (CICP) production lines. This production technology was installed in Germany last year and is currently considered to be implemented at the site in the USA.

GROWTH RATES ARE PROMISING FOR CORROSION PROTECTION ON THE AMERICAN CONTINENT

According to Genn, dynamic growth rates in the area of anti-corrosive applications can generally be observed in all of the world's regions. "Today the demand for products in this field of application is by far the greatest in the Asia/Pacific region. The growth rates for corrosion protection on the American continent are currently comparable to those in Asia/Pacific and higher than the growth rates in the EMEA region", she explained.

FACTS ABOUT HEUBACH



Number of production sites: 3



Annual sales in 2017: EUR 203 million




Number of employees: 1,100

The demand for anti-corrosive pigments in the various regions differs depending on the primary technologies being used, as for instance chromates, anti-corrosive pigments containing zinc and those free of zinc, added Genn. These differences are due to the respective legal frameworks and the performance requirements.

"While chromates for example may only be used to a very restricted extent for corrosion protection in Europe today, so that this market is dedicated almost exclusively to alternatives containing zinc or zinc-free, the use of chromates is less extensively regulated in the American market. The proportion of chromates is still relatively high in the growth markets of China and India, due to the performance of this pigment class," Genn said.

CAPACITIES TO BE DOUBLED AT PRODUCTION PLANT IN INDIA

Last year Heubach expanded production capacities organic yellow pigments in India. The pigment producer is currently working on doubling the capacity of the Indian Quinacridon plant. "The Indian market for anti-corrosive pigments is defined by a high and growing demand for especially cost-effective solutions," Genn explained. 




"The market volume of non-toxic alternatives to chromates will increase."

Birgit Genn, Managing Director at Heubach GmbH

Three questions to Birgit Genn

What are the reasons for building a new plant in the USA? *The need to expand the capacity for anti-corrosive pigments was discussed internally a few years ago. Due to the importance of the American market for this business area, it became clear relatively quickly that Heubach's U.S. location in the vicinity of Philadelphia will be the first to benefit from the required globalisation of anti-corrosive pigment production. Heubach wants to meet the needs and requirements of customers in the USA with a production plant for anti-corrosive pigments in the USA, in keeping with the importance of this market, but also intends to drive the expansion of market share in Central and South America forward. Overall our market position in the anti-corrosive pigment segment is to be effectively strengthened with an additional production site for this product line. This is part of a comprehensive growth plan.*

Could you please elaborate on the further investments in India and in the USA? *Heubach was able to realize strong growth in the last few years, not only with anti-corrosive pigments, but especially also with complex inorganic color pigments (CICPs), pigment pastes, and organic pigments. In addition to the capacity expansion for anti-corrosive pigments in the USA and the expansion of capacities for pigment pastes in Germany, the phthalocyanine crude capacities and the facilities for the production of high-quality organic yellow pigments in India were expanded last year. Work is currently underway in India to double the capacity of the Quinacridon plant. An investment was also made in two new, fully automated CICP production lines at the site in Germany. Rolling out this production technology to the US site is currently being considered.*

What are the potentials and challenges in the Indian market regarding anti-corrosive pigments? *The Indian market for anti-corrosive pigments is defined by a high and growing demand for especially cost-effective solutions. Chromates are frequently used here since legal regulations are still lacking, in particular for applications where long-term protection is required. The market volume of non-toxic alternatives to chromates that is relevant for Heubach can be expected to increase considerably with rising environmental awareness. *