Chemical Strategies Partnership

A Project of the Trust for Conservation Innovation

CMS Industry Report Update 2005

Chemical Strategies Partnership

423 Washington Street, 4th Floor,

San Francisco, CA 94111, USA

415-421-3405

www.chemicalstrategies.org

www.cmsforum.org

Chemical Strategies Partnership

Survey participants

Participants in the 2005 Update Survey

Customers	CMS Providers
The Boeing Company	L'Air Liquide SA
ComAir	Air Products and Chemicals, Inc.
Dana Corporation	Avchem, Inc.
Delta Air Lines, Inc.	BP/Castrol Industrial North America, Inc.
FirstEnergy Corporation	Chemico Systems, Inc.
General Motors	Haas TCM
GKN Corporation	Henkel Chemical Management
Lockheed Martin	Interface LLC
Mercury Marine	Nalco Company
Raytheon Company	PPG Industries, Inc.
Rockwell Collins	Quaker Chemical Corporation
Stanford Linear Accelerator Center	
Textron/Bell Helicopter	

Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Chemical Strategies Partnership

CMS is a growing trend in the US

CMS market penetration across sectors

Sector	Provider Estimates of CMS Penetration 2004	Provider Estimates of CMS Penetration 2000
Automotive	75-80%	50-80%
Automotive Suppliers	30-40%	Included in automotive estimate
Heavy Equipment	15-25%	15-25% (formerly metalworking)
Aerospace Manufacturing	25-30%	5-15%
Air Transport Maintenance	40-50%	10-20%
Electronics	30-40%	30-40%
Steel Manufacturers	20-30%	---
Energy/Utilities	Under 10%	---
Misc. Manufacturing	Under 10%	---
Food/Beverage	Under 10%	---
Research/Laboratory	Under 10%	---

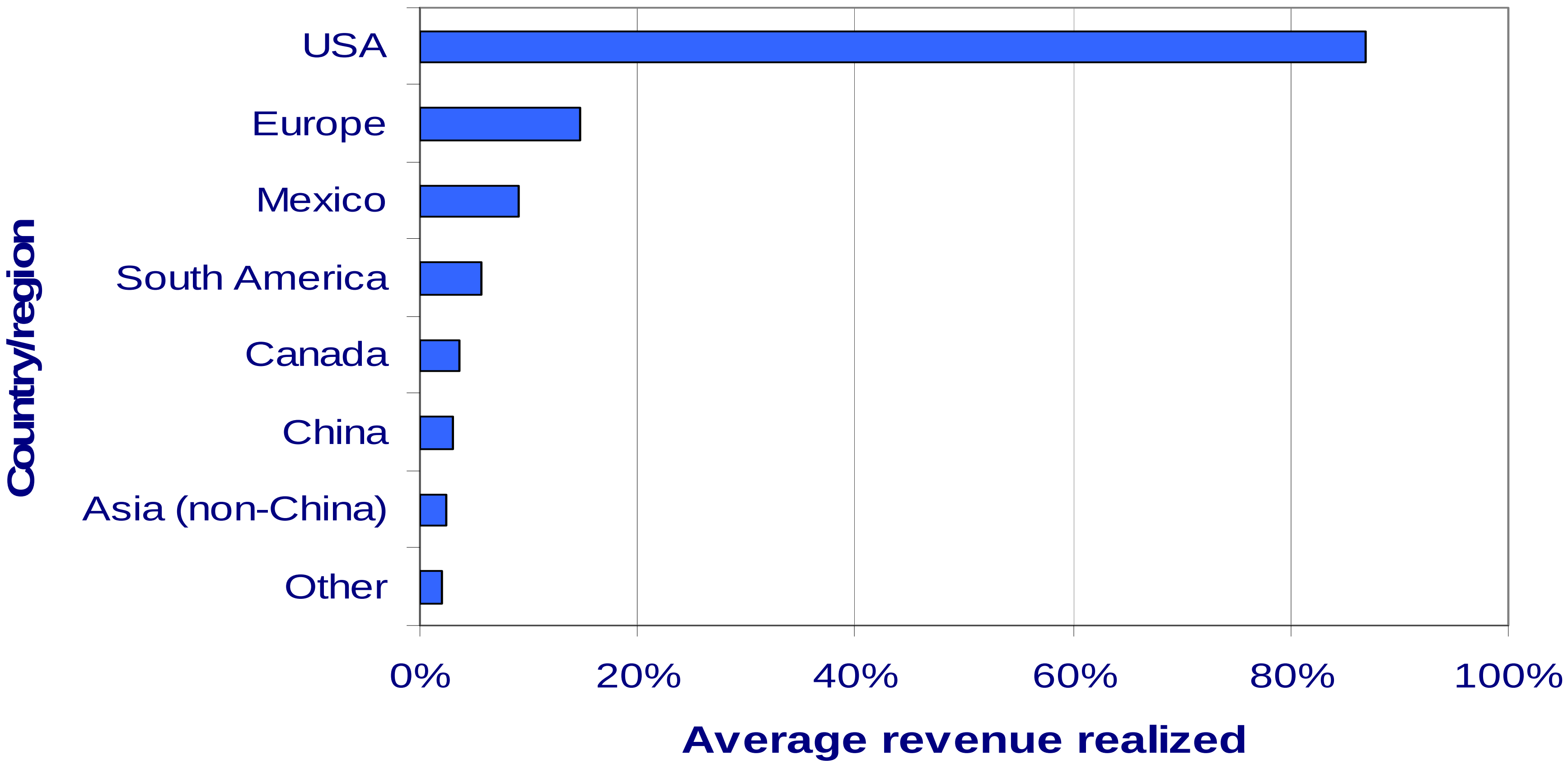
2005 Update: 45% of Providers report serving 3 or more sectors

Source: *CMS Industry Report 2004, Update 2005* Chemical Strategies Partnership

Chemical Strategies Partnership

A majority of CMS activity is in the US

Avg. percentage of 2004 revenue realized in each region (provider response)

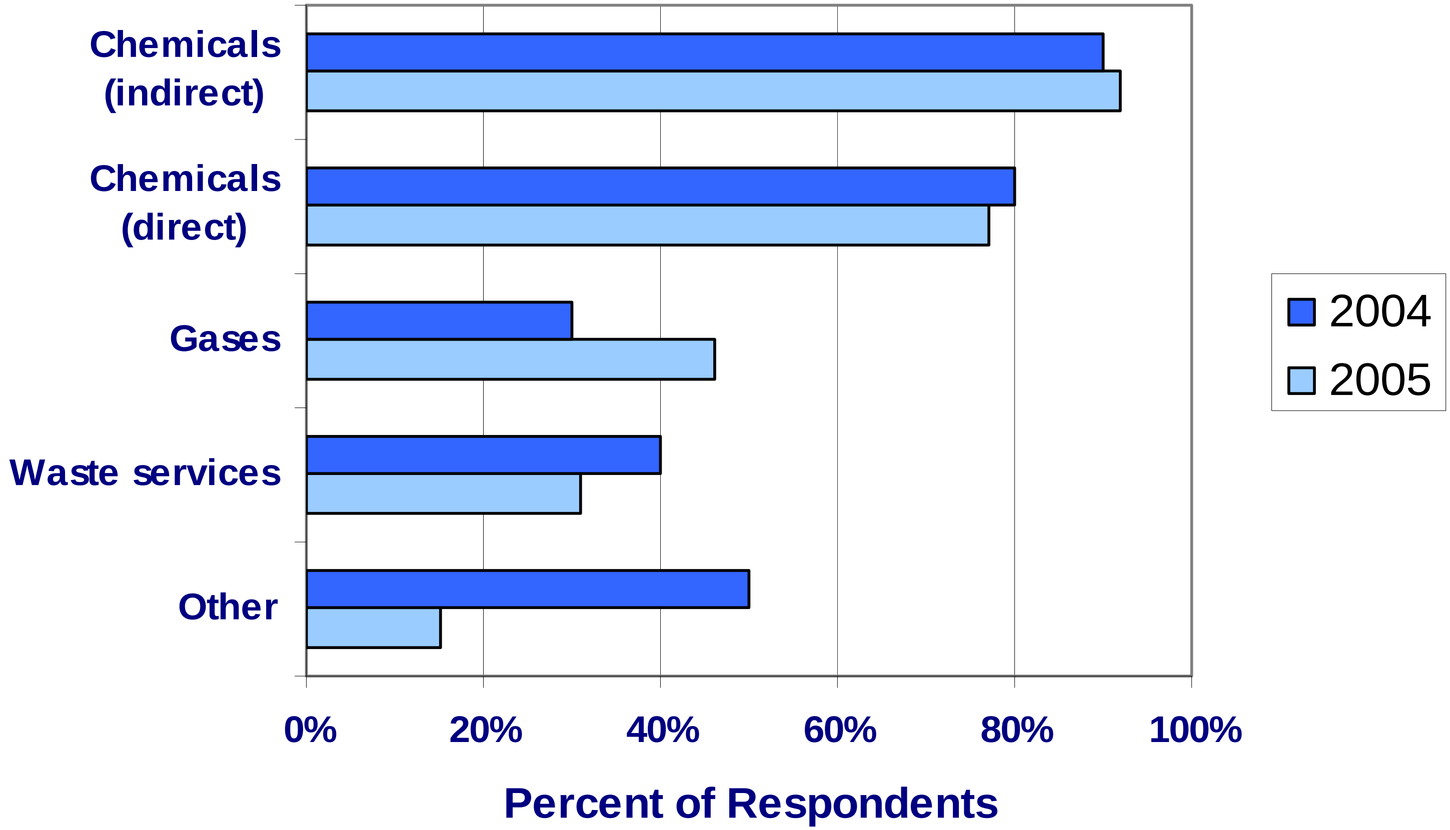


Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Chemical Strategies Partnership

Scope of products included in a CMS program

Products purchased through a CMS program
(percentage of customer respondents)

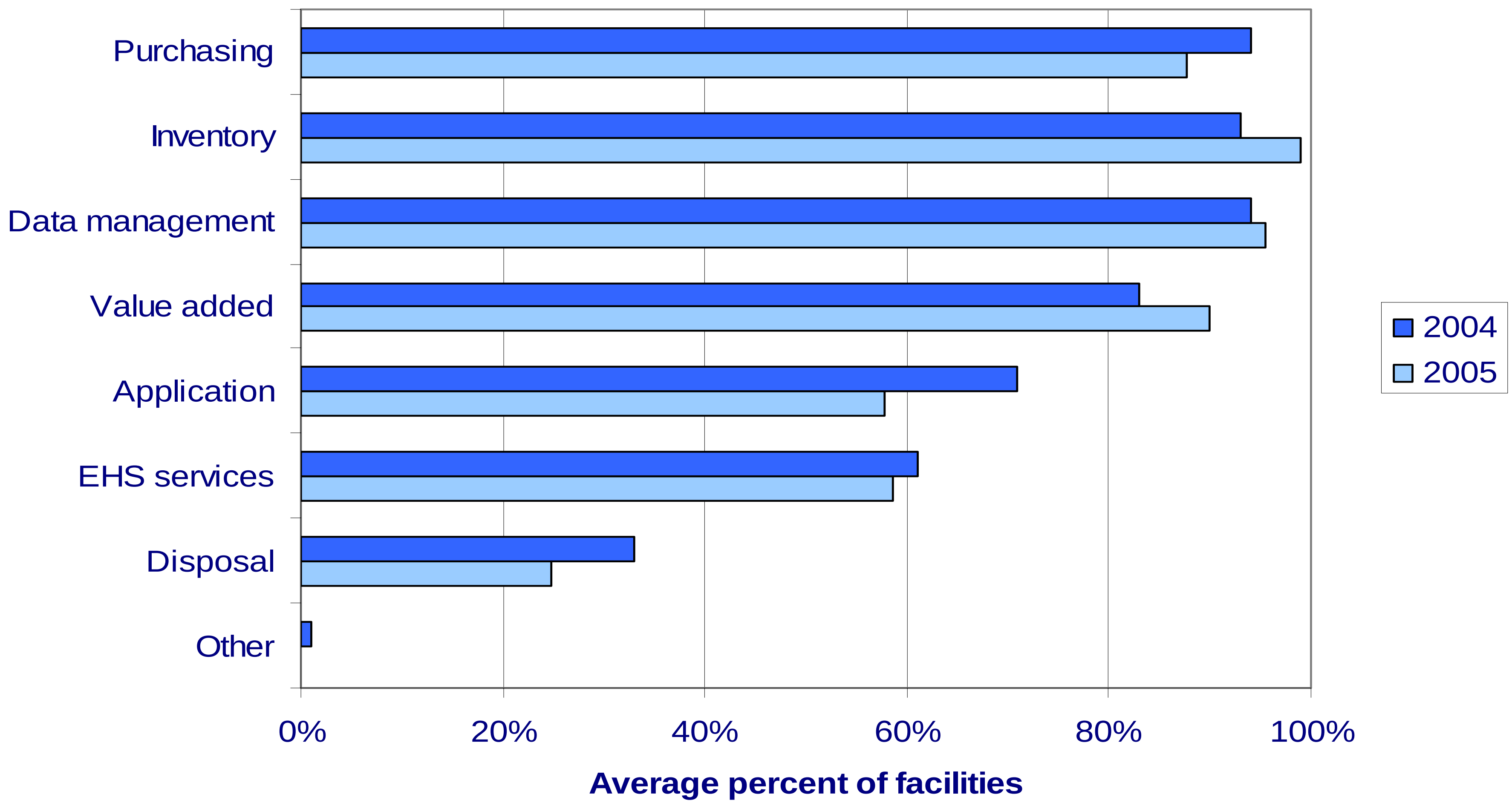


Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Chemical Strategies Partnership

Customers use a broad scope of services

Services included in a CMS contract (provider response)

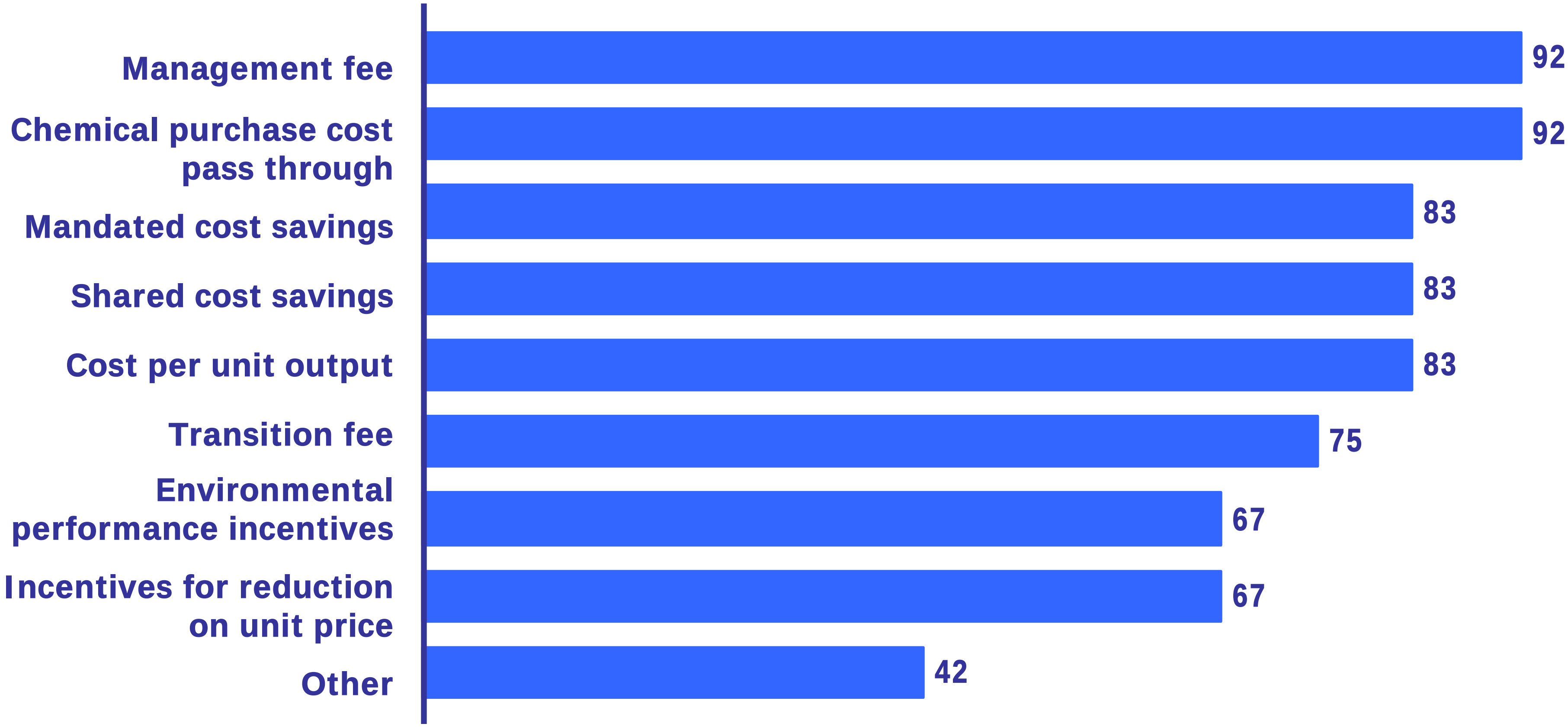


Note: 2005 data is for new customer contracts only (2004-5)

Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Frequency of use of compensation mechanisms

Frequency of use (percentage of provider respondents, 2004)

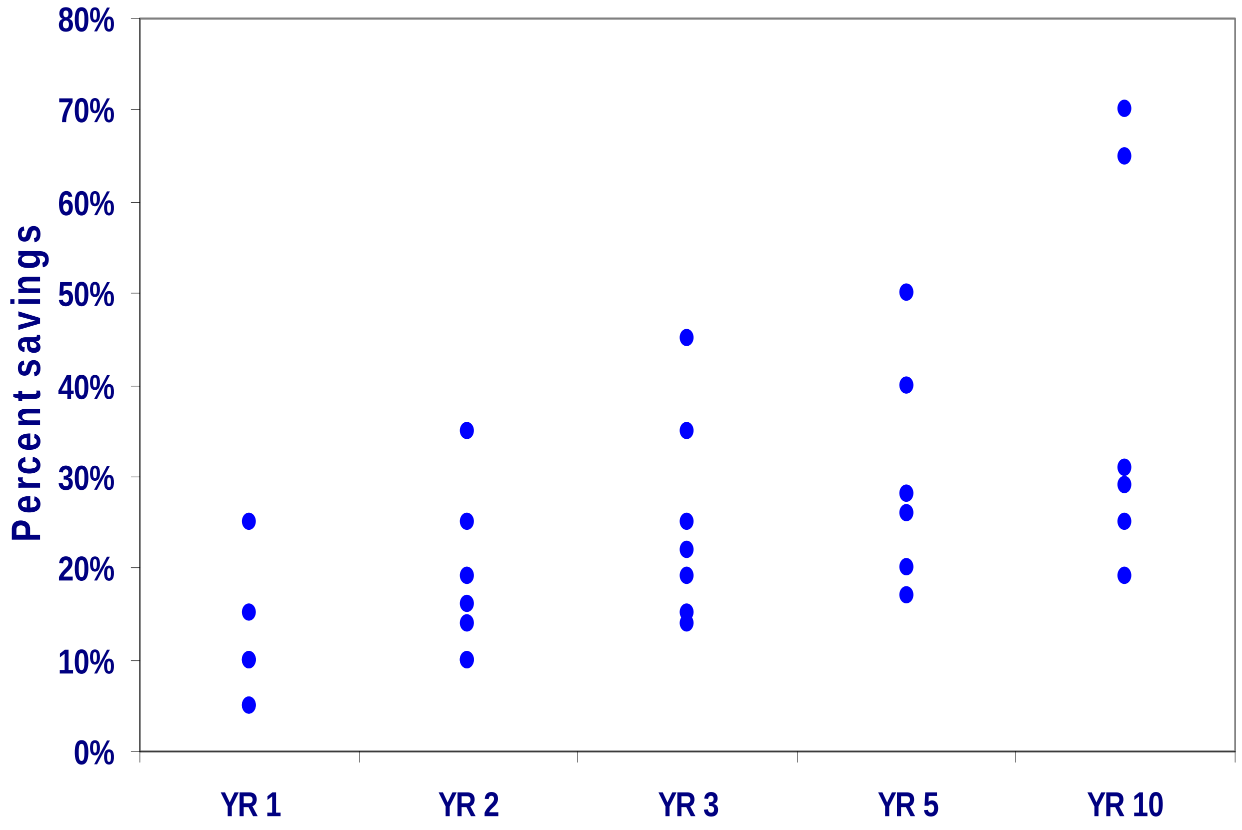


Source: *CMS Industry Report 2004*, Chemical Strategies Partnership

Chemical Strategies Partnership

Customers enjoying significant cost savings

Customers' Cumulative Net Savings (provider response)



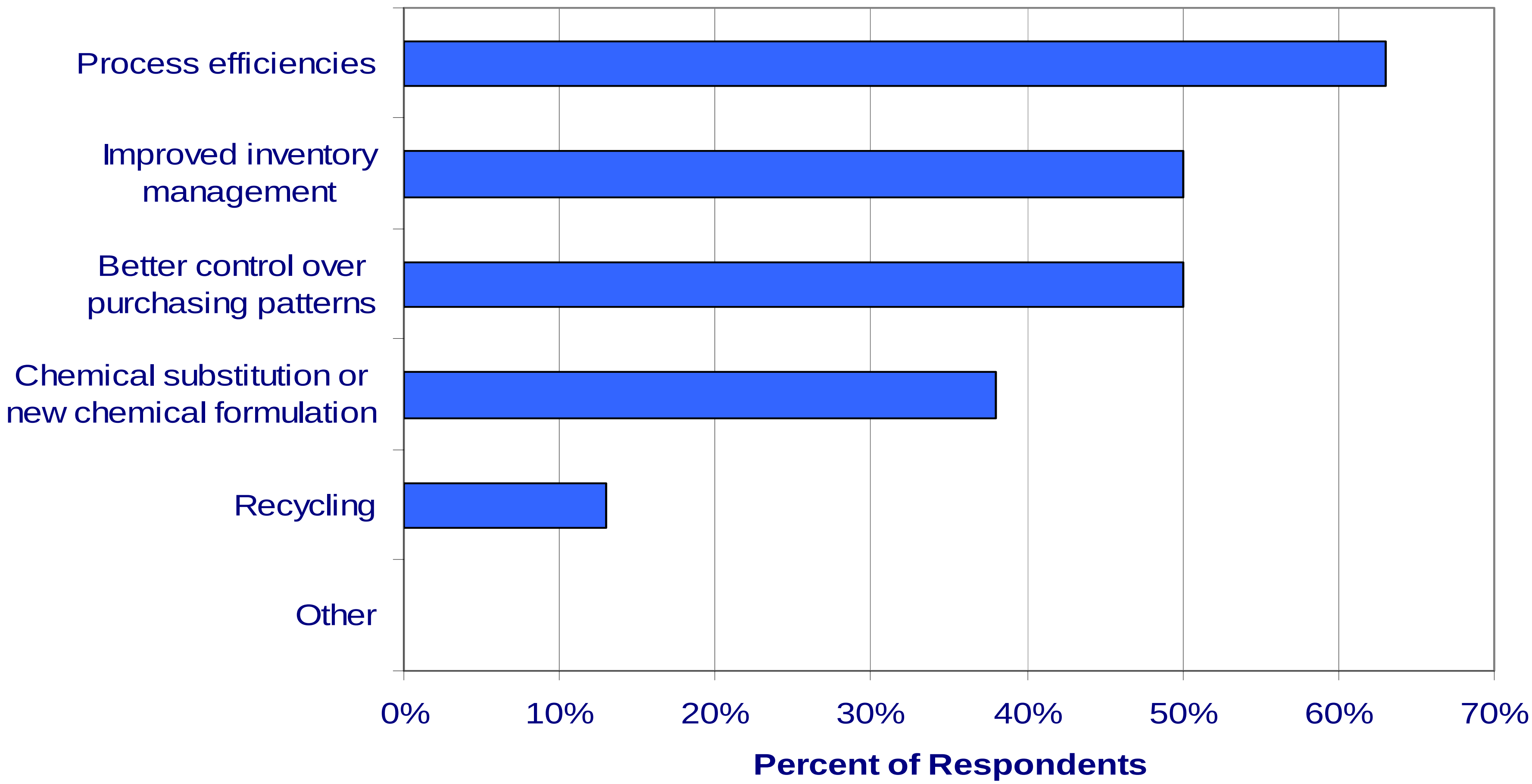
Top sources of savings:
- Chemical use reduction
- Process efficiencies
- Improved purchasing/ inventory mgmt.

Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Chemical Strategies Partnership

Sources of chemical and emission reductions

Source of reductions (percentage of provider respondents)



Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Areas for potential services expansion

Customers are asking for more services including:

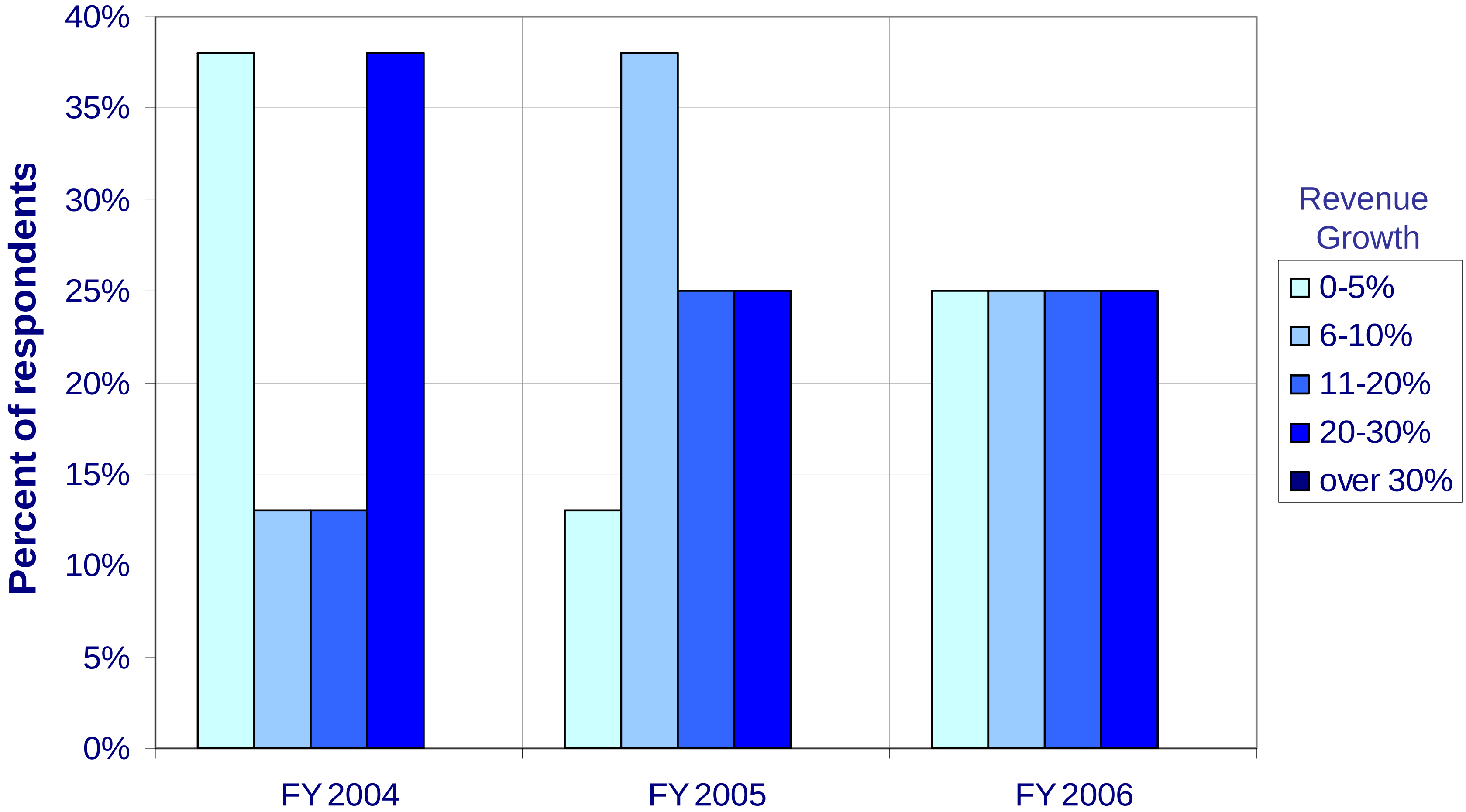
- More assistance in supply chain management
- Buying MRO supplies
- More actively managing additional products
  - metals supply chain management
  - radiological source/radioactive waste management
- Assistance in complying with new chemicals legislation arising out of the European Union (REACH)

Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Chemical Strategies Partnership

CMS provider estimated revenue growth 2004-6

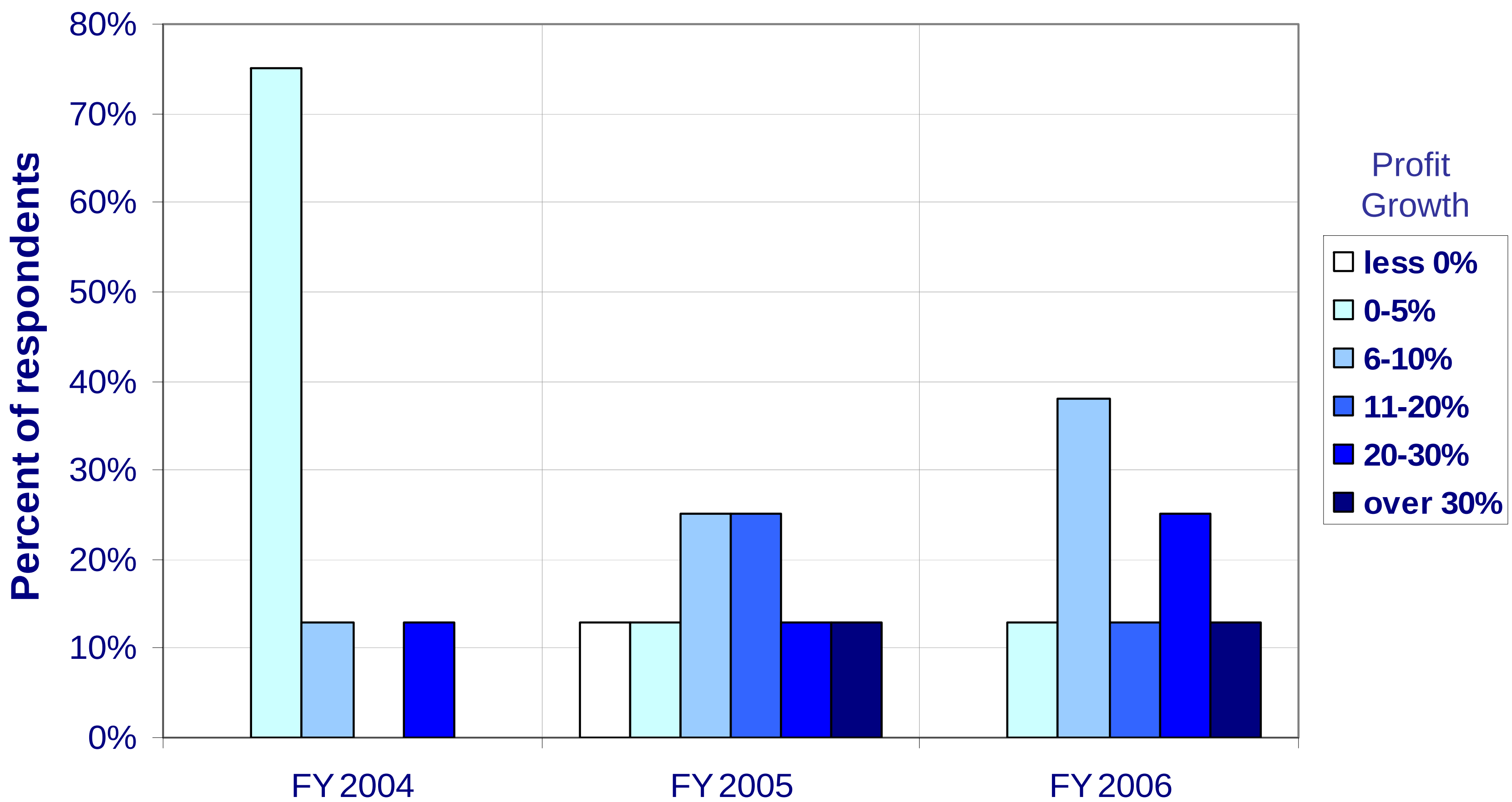
Revenue growth (percentage of provider respondents)



Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

CMS provider estimated profit growth 2004-6

Profit growth (percentage of provider respondents)



Source: *CMS Industry Report Update 2005*, Chemical Strategies Partnership

Chemical Strategies Partnership