

A challenging 2025 — with cautious customers, tariffs and other factors playing a role — found compounders looking for multiple baskets while trying not to scramble their eggs.

*Plastics News* recently checked in with compounding pros to see where their focus was with 2026 on the horizon.

### **Some growth, some detours**

“This market has been challenging to say the least,” said David Dodds, sales director with Star Plastics in Ravenswood, W.Va. “But we’re seeing good momentum across the pipeline by getting involved with our customers.”

Although sales are on track to be up 20 percent at Sigma Specialty Plastics Group in Elgin, Ill., CEO Andy Ubhi said the year “has been a mixed bag.” Sigma Sales Director Jake Matt added that the firm, which includes Peacock Colors, Vortex Liquid Color and Poly Compounding, has seen some 2025 growth in caps and closures and consumer packaging such as storage containers.

Conditions “were down a little but are stable now,” according to Mike Rosenthal, executive vice president at Plastics Group of America in Woonsocket, R.I. “We might have a smaller backlog than we did before.” Plastics Group primarily makes filled polypropylene compounds for RVs, personal watercrafts, snowmobiles and similar products.

At Polymer Resources Ltd. in Farmington, Conn., President and Chief Operating Officer Scott Anderson described 2025 as “confusing — a lot of markets were softer than expected.”

“Some new programs were pushed out for later,” he added. “Interest rates and tariffs played a big part in that. Some customers were afraid to launch a new product or were only buying half of their order. We haven’t lost business, but it’s been slow.”

William Galla, Polymer Resources sales manager, said some customers this year “waited to order, then were forced to order ASAP.”

“[Customers] weren’t committing, then went from a sprint to a crawl to a sprint. ... Once things get sorted out, [business] will pick up,” he added.

Sales of compounds into catheter tubing and other medical uses have been steady at Peak Performance Compounding in Leominster, Mass., according to President Todd Marchand.

At Colortech Inc. in Morristown, Tenn., the firm “has seen some growth, we believe slightly above the market, driven by some specialty segments,” according to CEO Alex Rom-Roginski.

“We have primarily experienced growth based on our customers expanding their market share,” he added. “We have more volatility in our business than in the past, possibly due to the uncertainty based on raw material costs and consumer demand.”

### **Hot markets drive sales**

Teknor Apex Co. of Pawtucket, R.I., has seen PVC compounds “doing very well,” with strong demand in wire and cable, according to CEO Don Wiseman. The firm also has seen “real traction” in thermoplastic vulcanizates (TPVs), although the automotive market “has been down a bit.”

Sales in 2025 have been flat at Techmer PM in Clinton, Tenn., according to interim CEO Craig Nikrant, although engineered materials are doing well in health care and general industrial uses. “Tariffs have caused uncertainty,” he added. “Our customers and suppliers are still trying to figure it out.”

Americhem Inc. of Cuyahoga Falls, Ohio, “is finishing 2025 strong,” according to CEO John Richard. “We’re in a unique position with new ownership and our four drivers of health care,

fibers, building and construction, and transportation,” he said, adding the firm’s health care sales are up by double digits. Pritzker Private Capital acquired a majority stake in Americhem earlier this year.

2025 “wasn’t the year we expected it to be,” said Kevin Putman, President and CEO of Penn Color Inc. in Doylestown, Pa. “We were expecting double-digit growth, but by March we saw softening in building and construction and automotive, and it became a challenging year.

“We were looking for a home run, but we got a base hit and will still have [single-digit] growth.” Aurora Material Solutions was one of several firms that cited data centers as a growth area in 2025. Darrell Hughes, CEO of the Streetsboro, Ohio-based firm, added that the housing market “is facing difficulties.”

Hughes also said Aurora has seen opportunities in the electrical/electronic sector and that infrastructure investment has helped Aurora’s business in pipe and fittings.

The year has gone better for Alterra Holdings LLC in Seymour, Ind. The firm has achieved more than 30 percent growth in production volume and recently commissioned its 11th production line, according to CEO Arash Kiani. He said the firm “expects to maintain a similar growth trajectory” in 2026.

In automotive, Kiani said, demand for lightweight, noise-dampening and sustainable compounds “has increased sharply,” while on the consumer side, sustainable materials that balance performance, durability and aesthetics “continue to drive growth.”

Marketwide, 2025 “has been challenging on a global scale, marked by geopolitical tensions, market volatility and rising energy costs, particularly in Europe,” according to Lorenzo Ferro, country manager for Sirmax, an Italian compounder with U.S. operations in Anderson, Ind. Despite these headwinds, Ferro said Sirmax “has delivered strong results thanks to a diversified product portfolio.” He added that, in the U.S., Sirmax’s operations “represent a strategic asset, especially circular polymers thanks to the firm’s recycling plant.”

For Ampacet Corp. in Tarrytown, N.Y., the year has been “below expectations,” according to U.S.-Canada Managing Director Christian Lindenhayn.

“Uncertainty has affected the demand outlook,” he said. “We’re working through projects and engaging where customers need help. Things are positive in some markets. ... There are pockets of growth in infrastructure, and we’re not unhappy with packaging.”

Consultants who track the compounding market had slightly different takes on 2025. Bill Ridenour, owner of Polymer Transactions Inc. in Foxfire, N.C., said 2025 “has been a challenging year, but it’s starting to lighten up now and prospects look better.”

Keith Rodden, owner of Compound Solutions in Gallatin, Tenn., said the 2025 market “is definitely slow. ... Automotive is flat, housing starts are down 5-10 percent and major appliances are down as well, ... and those are markets that traditionally use a lot of compounds.” Rodden added that several independent compounders “are having a good year because they’re competing against major chemical companies in a competitive business that’s run better by independents.”

At the same time, automotive could be an opportunity for compounders because the high cost of new vehicles leads to needs for weight and cost reduction, according to Phil Karig, principal at Mathelin Bay Associates in St. Louis. He added that data centers are using more wire and cable compounds.

The first nine months of 2025 were challenging for the Advanced Polymer Solutions unit of Houston-based LyondellBasell. That business, which ranks as North America's largest compounder, saw nine-month sales fall 4 percent to just under \$2.7 billion, with sales volume also down 4 percent to just under 1.1 billion pounds.

On LYB's third-quarter conference call, APS Executive Vice President Torkel Rhenman said the unit's cost discipline "supported margin improvement to overcome headwinds in automotive markets." But he added the unit's third-quarter volumes "slightly declined due to lower demand from customers in the construction and electronics industries."

Another leading compounder, Avient Corp. of Avon Lake, Ohio, saw moderate results in the first nine months of 2025. Sales at the firm's Color, Additives and Inks (CAI) unit essentially were flat at just under \$1.6 billion vs. the year-ago period. Sales at the firm's Specialty Engineered Materials (SEM) unit were up 2 percent to \$935 million in that time frame.

Avient officials said 2025 "has been a year of uncertainty and volatility, primarily caused by evolving global trade policies and tense geopolitical environment." Still, they added, the firm "has been able to hold revenues and expand adjusted EPS through three quarters of the year." Expectations for better fourth-quarter results also led Avient to increase its earnings expectations for 2025.

Woon Keat Moh, Avient CAI president, said his unit has seen "continued strength and consistent growth" in health care, driven by increased demand for self-administered drug delivery devices.

David Schneider, Avient SEM President, added that his unit has seen similar conditions in defense and health care as "a direct result of our focus on innovation and our ability to provide a variety of highly specialized engineered materials."

For Geon Performance Solutions in Westlake, Ohio, major markets like building and infrastructure, housing and automotive "haven't been immune" to the challenges of 2025, according to Chief Commercial Officer Arthur Adams. But he emphasized that the firm "is looking to build on the success" of its acquisition of medical compounder Foster Corp. earlier in the year.

ATC Plastics is a rare materials firm that might not want 2025 to end. Owner Tom Stevning said October was the best month ever for Indianapolis-based ATC, which does 90 percent of its business in black concentrates. "Automotive is a little slow, but the pipe guys have done well for the last 10 years," he added. "Our lines are busy right now."

### **Tariffs create hurdles**

Tariffs affecting a wide range of products imported into the U.S. have affected some compounders since being instituted in April. Imports of new machinery from Europe have been affected, as well as many pigments and additives imported from Asia. Other compounders have found ways to lessen tariff impact.

Alterra, for example, sources more than 95 percent from U.S.-based suppliers. "This long-term strategy has insulated us from many of the recent tariff and trade disruptions affecting global supply chains," Kiani said.

Sirmax's strategy to produce locally has shielded the firm from tariffs, currency fluctuations and logistical bottlenecks, Ferro added.

At Americhem, Richard said the firm “has worked strategically to have no disruption in supply chain,” although he added that tariffs “have complicated global supply chains, but we’ve tried to anticipate bottlenecks and make sure we have product on hand.”

Other compounders have seen greater challenges from tariffs in 2025. “There’s general uncertainty, with some customers delaying initiatives,” said Putman at Penn Color. “We’ve had to evaluate alternate suppliers. We’re still adding capacity and equipment — including four new liquid dispersion lines — but the tariffs on equipment are noticeable.”

Teknor Apex “has done a lot of work get rid of single sources and find alternate sources,” Wiseman said. “Our customers are working with us, and they’ve shown a lot of loyalty.”

t Colortech, Rom-Roginski said that tariffs “have complicated our supply strategy and caused higher raw material prices for materials not widely produced domestically, especially color pigments and some chemical additives.” As a result, he added, the firm “has adjusted sourcing strategies to manage these pressures while maintaining supply reliability for our customers.” Geon’s Adams said his firm “has had battles” with tariffs, but he’s optimistic that its global footprint will allow it to mitigate most effects.

“[Avient] has worked very closely with our customers and suppliers in the CAI segment to navigate a volatile macroenvironment, including evolving tariffs,” Moh said.

Schneider at Avient’s SEM unit said broader market uncertainty caused by evolving trade policies “is a challenge for everyone, [but] our global manufacturing footprint and emphasis on local supply chains have provided a significant degree of resilience.”

Shortages of ATO flame retardants — mainly supplied by China — have affected Aurora and other compounders. Hughes said, as a result, the firm has developed low ATO and ATO-free offerings across its product lines.

Polymer Resources has qualified new resins, pigments and additives because of tariffs, although Anderson said most of its purchases of those materials are domestically sourced.

Ampacet has weathered tariff impact by a mix of passing on costs and finding alternate sourcing of some materials, according to Lindenhayn.

Ubhi said Sigma “can maneuver tariffs by different countries, but the monkey wrench is ever-changing tariff rates and the ripple effect they have on the supply chain.” PTA’s Ridenour was more positive, saying that as the U.S. economy “continues to stabilize, the tariff issue seems to be resolving itself.”

### **Finding the right approach to sustainability**

Sustainability continues to be a relevant topic for compounders, but at times the interest level from customers doesn’t match commercial reality.

Sigma is tolling bioplastics for food packaging, Ubhi said. Peak also is doing some compounding of bio-based materials and has seen some sustainable interest on the industrial side of its business, according to Marchand.

Star’s line of Renova sustainable materials “is still core to our business,” said Business Director Chuck Hoop. “[Sustainability] is what we always do — others have to find a way to do it,” Star’s Dodds added.

Sustainable solutions for Avient’s SEM unit include lightweighting for transportation, materials that incorporate recycled or bio-based content, and ones that improve the recyclability of end products, according to Schneider. For the firm’s CAI group, global brands “are increasingly

focused on their sustainability targets,” Moh said. He added the unit’s PCR Color Prediction Service is a prime example of how it’s helping customers use more recycled content. For Colortech, “enabling the industry to adopt sustainable solutions ... continues to be a key focus for our approach,” Rom-Roginski said. “What has changed is the emphasis of customers, which is now much more about staying ahead of state EPR rules vs. being a trailblazer.” He added this activity is focused on enabling recyclability with products like Colortech’s NIR black products, which Rom-Roginski said allow automated sorting, which isn’t possible using standard carbon-based black products. “[Teknor Apex] still has major sustainability initiatives and is seeing strong pull from consumer brands,” Wiseman said. He added that the firm is pleased with the integration of Danimer Scientific, a bioplastics maker that Teknor bought out of bankruptcy for roughly \$19 million. “[Danimer] is shipping multiple trucks every week,” Wiseman said. “It’s a good joint development.”

At Techmer PM, the firm “is making a big effort” to replace PFAS as a sustainability initiative, Nikrant said. He added that low-priced virgin resins “take the wind out of the sails for recycled products.”

Alterra and Sirmax both are doing work in sustainable products. Alterra’s Carbon Polymers unit is focused on recycled-content compounds for automotive and consumer applications. The firm also is working with biodegradable materials and PFAS-free compounds.

In recent years, Sirmax “has significantly expanded our portfolio with high-performance compounds that incorporate recycled content,” Ferro said. The firm’s recycling plants in Italy and the U.S. “differentiate us from other compounders as we are one of very few players in the market being vertically integrated.”

At Geon, Adams said his firm’s sustainability work includes efforts to use more recycled content and sustainable additives. ATC is able to provide 10-100 percent of recycled carbon black, depending on the application, Stevning said.

Other compounding execs are taking a more measured approach to sustainability in 2025 and beyond. Penn Color’s Putman said that sustainability “is still a big topic in the product development process,” but he added that his firm’s customers have stepped back their sustainability efforts in the last 18 months.

At Ampacet, Lindenhayn said sustainability “remains very relevant. ... It’s always going to be a topic and a steady part of the conversation, but you want it to add value to the market, not be just a trend.”

### **Reasons to be optimistic**

As 2025 draws to a close, 2026 appears to be enshrouded in fog, but compounders will do their best to navigate through it.

“We’re entering 2026 with strong momentum,” Alterra’s Kiani said. “Continued investment in advanced elastomers, sustainable automotive materials and AI-driven process control will further enhance product quality and operational efficiency.” He added that Alterra has made multimillion-dollar investments between 2021 and 2025 and plans to increase the pace of investment in 2026.

Other execs are being a little more balanced in their approach to the new year. “Before we see improvement, we need to see hard signals,” said Lindenhayn at Ampacet. “We could see some growth, but if some factors pick up, it could reduce uncertainty and kickstart demand.”

“[Penn Color] is very conservative going into [2026] from a budgetary perspective,” Putman said. “Customers expect marginal growth, and we’ll grow as well, but it’s a volatile market.” Lower monetary rates could help consumer spending in 2026, according to Richard at Americhem. Adams at Geon agreed that lower interest rates could boost demand from the housing market, thanks to his firm’s “deep partnerships” with customers.

Techmer is “looking for decent growth” next year, Nikrant said, adding that the firm “has good momentum for new business. We can control how many customers we call on and what new applications we have.”

Karig looks for electrical and wire and cable markets to remain strong in 2026, as a push for technology continues. “It’s a good time for companies who recognize things are changing and where the future will be,” he said. At Teknor Apex, Wiseman said the firm “wants to grow into productivity” and “feels good about 2026.”

Colortech is “cautiously optimistic for 2026 to be slightly better than 2025,” according to Rom-Roginski. “Fiscal policy points to a potential for lower interest rates, which lower consumer borrowing costs and support key industries including construction and consumer goods,” Rom-Roginski said. “As trade policy begins to settle, more predictable and likely cheaper raw materials will stabilize any supply side concerns.”

At Sirmax, Ferro said the market “needs to be realistic; significant improvement will likely not come before the second half of 2026.” He added that, in the meantime, Sirmax is preparing with an industrial plan that focuses on digitalization, sustainability and human capital.

“From a macroperspective, we do not see a big shift in 2026,” said Hughes at Aurora. “Every eye is on the Fed and hoping for further rate reductions that translate to lower borrowing costs for homeowners and those purchasing large-ticket items, including autos.”

“[2026] could be a mirror image of [2025] — there are so many mixed signals,” said Rodden at Compound Solutions.

For Avient SEM, Schneider “expects positive momentum ... to continue, driven by strong demand in the defense, health care, and high-performance computing and semiconductor markets.”

Moh at Avient CAI added that while consumer and packaging markets “remain subdued, we are focused on what we can influence.” From a regional perspective, his unit is encouraged by growth in Asia and Latin America and, from an end-market perspective, CAI “continues to win in health care applications.”

Others are more optimistic about the new year. “We expect medical to be strong,” Peak’s Marchand said. “We’re a small company that’s still in growth mode.” At Star, Dodds added that the firm “isn’t banking on certain segments of the economy to lift us — we’re taking a disciplined commercial approach.”

Polymer Resources also is optimistic as the calendar turns. “We worked hard to tread water in 2025, but we’ve got some new programs for 2026,” Anderson said.

“I’m anticipating a better 2026,” PTA’s Ridenour said. “I think there will be an uptick in attitude and higher sales and investment, helped by lower fuel costs.”

The new year also could bring growth in production. Rosenthal said Plastics Group is considering adding an additional extrusion line. Stevning said he might do the same at ATC.

At Polymer Resources, Galla said the firm recently added blending capacity and might add a new extrusion line in 2026 as well. Peak also could be adding a twin-screw extruder and three production workers, according to General Manager Bill Malavich.

At Sigma, Matt said the firm's customers "are being a little cautious with their purchases and with starting new projects, but we're still finding opportunities."

"We continue to grow, and we're smaller than a lot of our competitors, so we can address changes and react quickly," Ubhi said.