Materials suppliers see growth in batteries, electronics and aerospace as traditional markets struggle



DuPont Co. is seeing increased demand for its protective Tedlar-brand film, which is used in end markets such as solar panels and aerospace. (DuPont Co.)

By
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As the plastics industry looks toward 2027, some of the most promising opportunities aren't coming from traditional markets such as automotive and construction. They're coming from batteries, electronics, aerospace and the infrastructure needed to power an increasingly digital economy.

That's one of the themes emerging from recent earnings calls by five major materials suppliers: DuPont Co., Huntsman Corp., Celanese Corp., Clariant AG and Cabot Corp.

The companies aren't predicting a broad recovery in demand next year. In fact, several expect challenging conditions to continue. But they're finding pockets of growth in applications that require specialized resins, additives and other materials.

And some of those markets are growing quickly.

DuPont CEO Lori Koch said during the company's Nov. 3 earnings call that sales into electric vehicle battery applications have increased about 60 percent this year, even as global automotive production remains sluggish.

"We've seen about a 60 percent lift in our EV battery sales this year, which is driving really nice performance for us," Koch said.

DuPont expects that growth to continue outpacing overall EV production.

The company also is seeing strong demand for its Vespel high-performance materials and Tedlar protective films in aerospace applications.

Koch said both businesses are growing at low-double-digit rates, supported by substantial order backlogs.

“We continue to see that level of growth for the foreseeable future,” she said.

Those gains are particularly notable because much of DuPont’s traditional customer base remains under pressure.

Koch said about 40 percent of DuPont’s portfolio serves construction and automotive markets, where demand remains weak.

The company expects conditions in most of its major markets to remain similar in 2027, although automotive production could improve slightly.

Electronics and power infrastructure offer opportunities

At Cabot, demand for specialized materials used in electronics and electrical infrastructure is providing another source of optimism.

The Boston-based company supplies conductive compounds, specialty carbons and fumed silica used in applications ranging from semiconductor manufacturing to power cables.

CEO Erica McLaughlin said the rapid expansion of artificial intelligence is creating opportunities throughout the electronics supply chain.

“If you think about the underlying driver there, AI is driving the demand for advanced chips and more complex chip designs, and there’s more polishing steps that then go into this,” she said during Cabot’s Nov. 3 earnings call.

Cabot's fumed silica is used in semiconductor polishing materials, an application McLaughlin expects to grow at a mid- to high-single-digit annual rate over the next several years.

The company also makes conductive compounds that protect electronic components and packaging from static electricity, along with materials used in electrical power distribution cables.

Overall, Cabot expects its conductive and electronics applications to grow 6 percent to 8 percent annually in the coming years.

The company also sees opportunities in battery materials, although McLaughlin said 2027 will be an investment year as Cabot prepares new conductive additives capacity for additional growth in 2028.

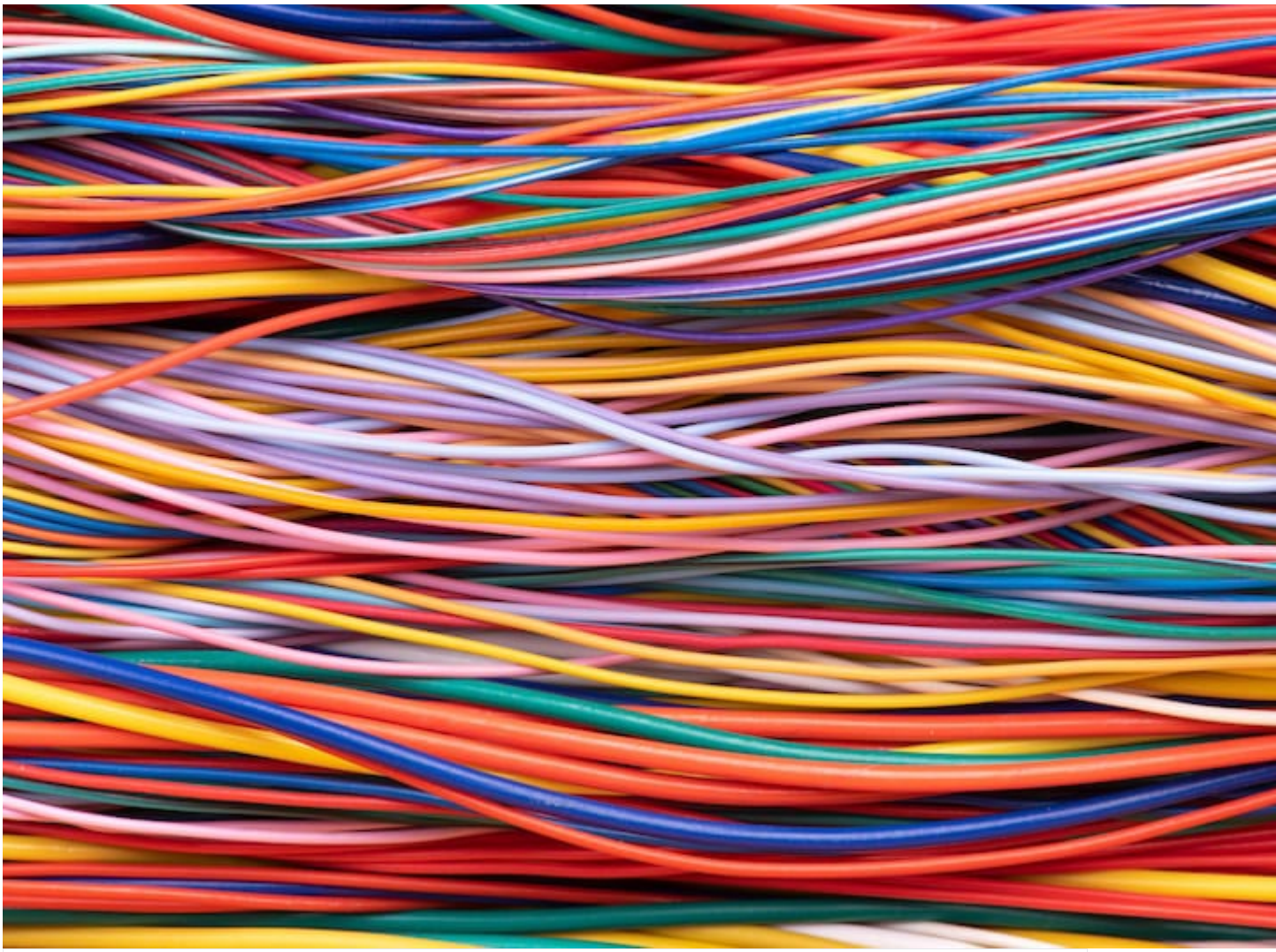
"So I would just think about it sort of as 2027, setting up 2028 growth," she said.

Specialty additives and engineered plastics

Clariant is seeing a similar divide between traditional chemical markets and higher-value specialty applications.

CEO Conrad Keijzer said demand for the Swiss company's flame retardants has been particularly strong, with double-digit growth during the third quarter. The additives are used in plastics applications where fire safety is critical, including electrical and electronics products.

Celanese, meanwhile, is finding opportunities in medical products and electronics, particularly the rapid expansion of AI data centers.



Advanced data center require multiple resins, far more than the demand for typical electronics end markets. (Celanese)

CEO Scott Richardson described the global data center build-out as a “generational spike in demand” that could provide several years of growth.

And it’s not simply a matter of selling more plastics for more servers. Richardson said AI equipment is creating demand for a wider range of engineered materials.

“If you look at, for example, a traditional server, we would have sold kind of one, maybe two polymer families into that server,” he said.

An AI data center server, by comparison, can use multiple Celanese polymer families, with more material needed from each.

Celanese expects electronics and medical applications to remain strong in 2027. The company is preparing to commercialize expanded specialty compounding operations in Europe, a liquid crystal polymer production facility in Asia and additional medical-grade compounding capabilities in Asia during the first half of next year.

Richardson said the European compounding expansion is designed to handle smaller-volume, higher-value products, reflecting the growing demand for specialized materials.

The company also sees opportunities in robotics, recently announcing a partnership with Vigor Precision Ltd. to develop lightweight plastic joint solutions for humanoid robots.

Those growth markets are helping offset continued weakness in conventional automotive applications, particularly in China.

Polyurethanes face a tougher outlook

Huntsman offers perhaps the clearest example of how differently materials markets are performing.

The company's Advanced Materials business benefited from stronger demand in aerospace, power infrastructure and automotive applications during the third quarter. Sales volumes increased 12 percent from a year earlier.

But the outlook for its polyurethane raw materials business remains much more challenging.

CEO Peter Huntsman said weak housing construction, higher interest rates and additional MDI production capacity are likely to keep pressure on the market into 2027.

He cautioned against expecting a quick recovery.

“We need to be able to do more than simply wait around for times to get better as we may well be in this for another year or so of challenging headwinds,” Huntsman said during the company’s Nov. 3 earnings call.

Huntsman’s comments underscore an important distinction for plastics processors: Strong demand in one specialty materials market doesn’t necessarily signal improving conditions for the broader resin industry.

What to expect in 2027

Taken together, the five suppliers expect another uneven year for plastics markets. Construction is unlikely to rebound significantly, and conventional automotive demand may improve only modestly.

The strongest opportunities appear to be in batteries, electronics, aerospace, medical products and power infrastructure — markets that increasingly require materials with properties such as flame resistance, electrical conductivity and thermal stability.

Suppliers are investing accordingly, with Cabot expanding conductive additives capacity and Celanese adding specialty polymer production.

For plastics processors, the message is clear: A broad market recovery may still be some way off, but opportunities are growing in applications that demand higher-performance materials.