



Asphalt Consumption Trends

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2014 AI Leadership




Clinten “Clint” J. Rybak
Phillips 66 Company
AI Chairman
2014

Ralph Shirts
ExxonMobil
AI Vice Chairman
2014




AI Asphalt Reporting

1. Dues Reporting
 - Since 1919 – for dues only
 - Strictly confidential data
2. Prior year sales for AI’s Asphalt Usage Report
 - Non-attributable to any member’s data/sales
 - Rollup in a defined region




AI Asphalt Usage Report

- Report since 1954
 - U.S. Bureau of Mines through 1976
 - U.S. DOE through 1979
 - AI since 1981.
- Strictly confidential input
- No individual company production/sales data



AI Asphalt Usage Report

- 1981 – 2008
 - Based on tons by state by first seller
 - Inaccuracies
“consistently wrong”
- 2001 – abandoned “smoothing”
 - Equilibrium also reached
 - Discussion on improvement
- 2008-2009 TF “new report”

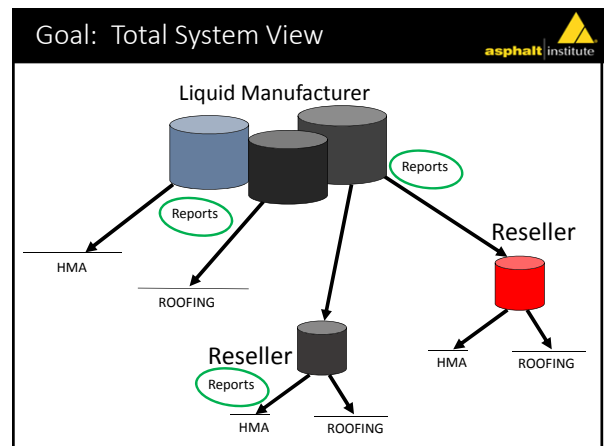
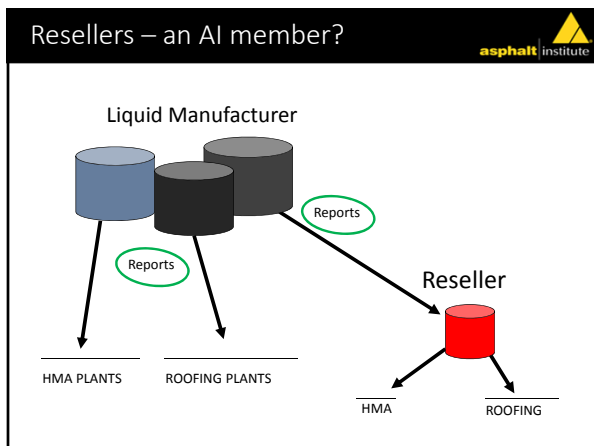
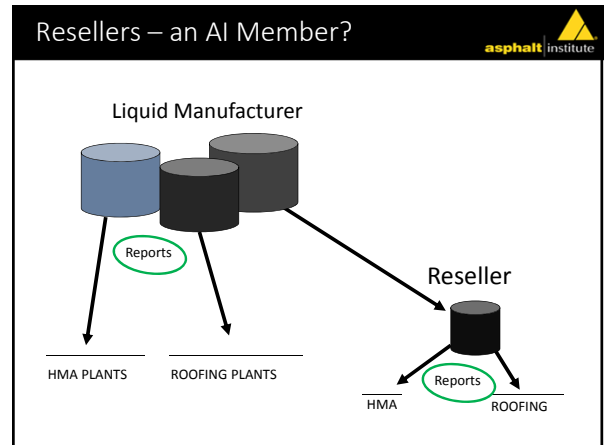
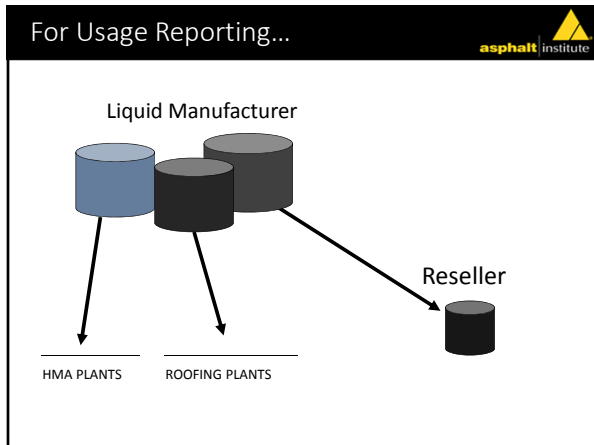
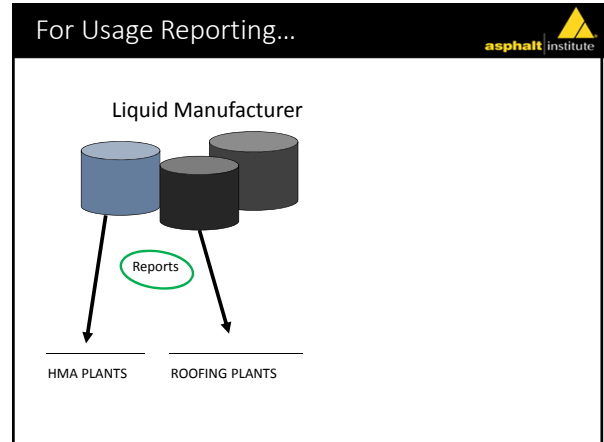


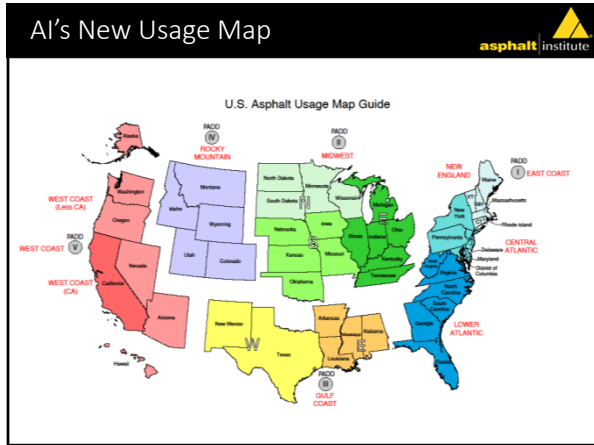
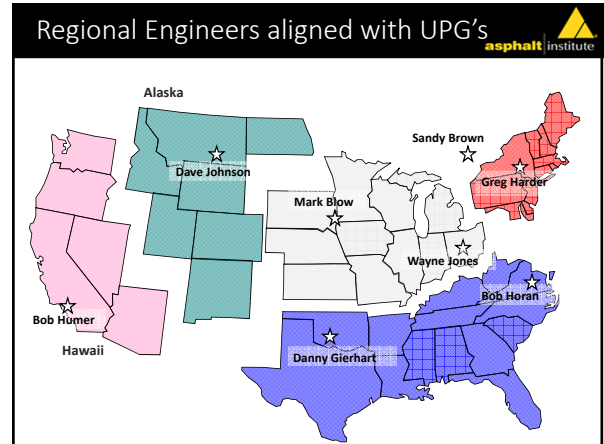
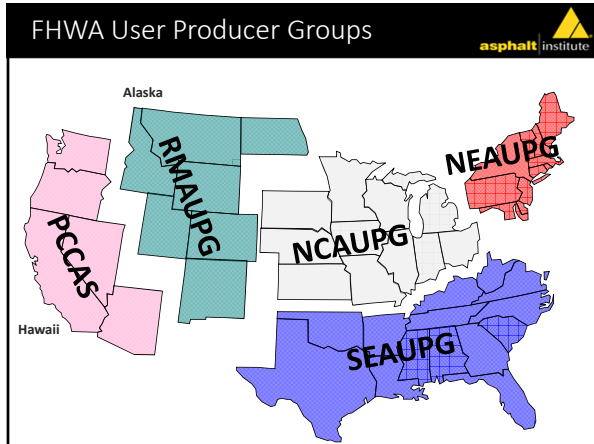
What’s reported – paving applications:

- Asphalt Cement
- Modified Asphalt Cement
- Cutback Asphalt (slow, medium or rapid curing)
- Emulsified Asphalt (asphalt component only)

What's reported – non-paving applications:

- Roofing Asphalts
- Miscellaneous (A/C, emulsions, fluxes used for application other than roofing or for which the final use is unknown)





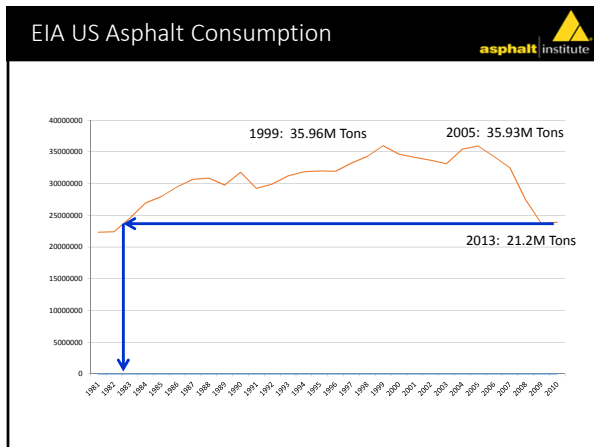
What's a PADD?

Petroleum Administration for Defense Districts

- US divided into five districts during WWII
- Helped organize the allocation of fuels
- Still used today for data collection purposes
- Defined by EIA (Energy Information Agency)

EIA also tracks / reports asphalt data


- Mandatory refinery reporting



AI 2013 Data Highlights


- 32 MM Tons production capacity (EIA)
- 19.1 MM Tons reported by AI members
- 85% to paving operations
- 15% to non-paving operations
- 0.3% increase in paving tons (2012-2013; US totals)
- 5.7% decrease in paving tons (2012-2013; PADD I Lower Atlantic Region; WV, VA, NC, SC, GA, FL)
- Slight increase in non-paving tons same region/period
- PADD I overall is down 3.1% all types combined
- PADD III (Gulf Coast) is up 8.3% all types combined

AI 2012 - 2013 Data Trends




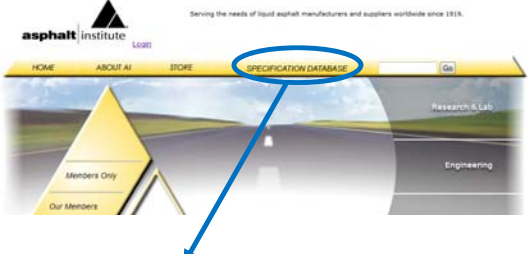
- 20.0 M tons reported in US for dues purposes (2012 data)
- 19.0 M tons reported in US for dues purposes (2013 data)
- Reported Modified Asphalt use level 2012 – 2013 is 11% v 10%
- Reported Emulsion use level 2012-2013 is 7% v 8%

So what?



- Industry has a lot of capacity...
- Current PADD-based report continues to smooth out; accuracy much better
- Non-AI members can taint data; now more west
- PADD reporting will remain vs older state-by-state reporting
- Apparent industry economic level is 22-23M tons
- There are alternative markets for producers...
- Recycled materials are impacting the market
- Off-shore interest in importing liquid to US markets

Binder & Emulsion Databases...

- US Binder Specs
- US Emulsion Specs
- Canadian Province Binder Specs
- US State MSCR Implementation




Global, International, Republic, Associate and Canadian members

Affiliate and Commercial members