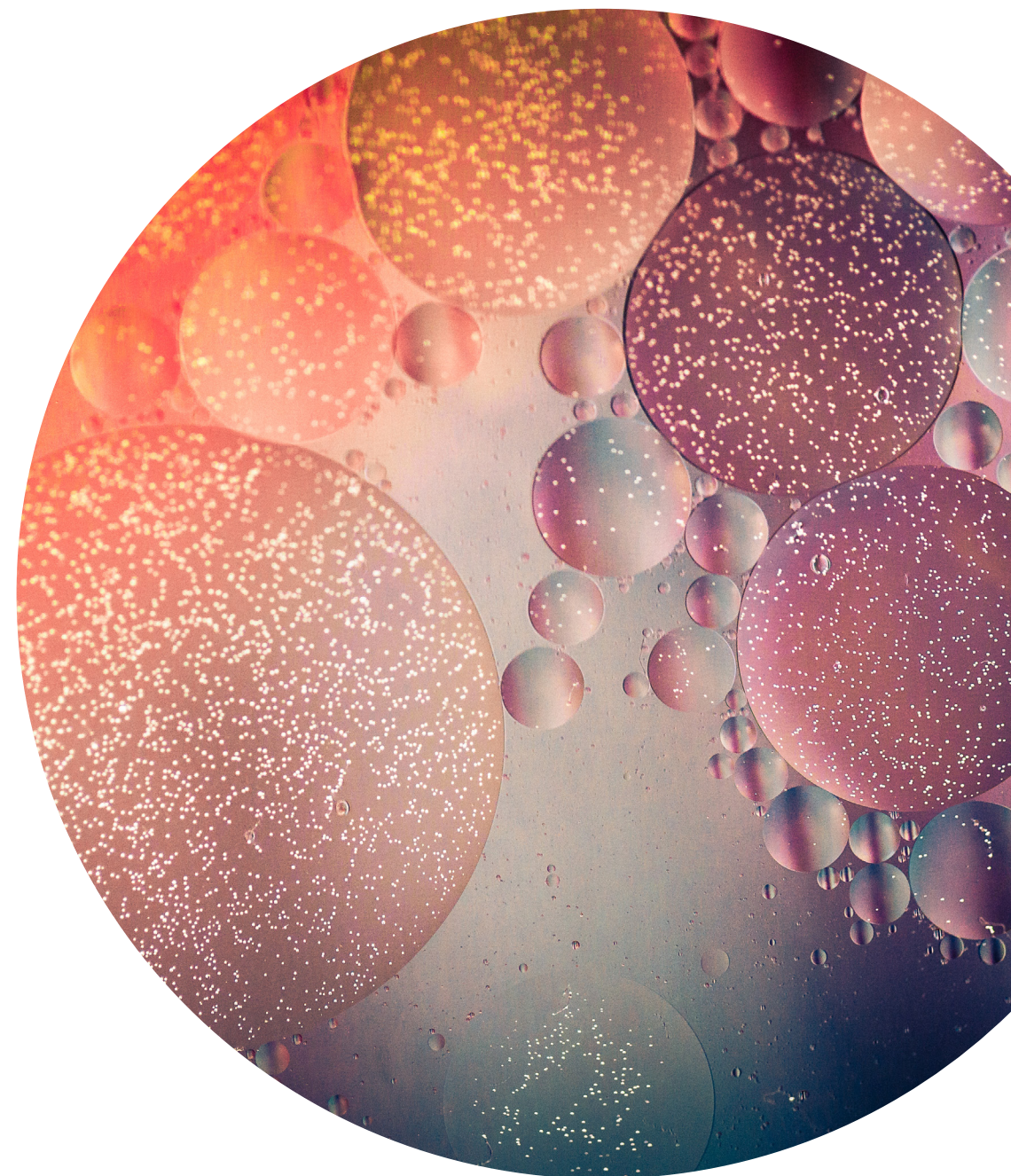


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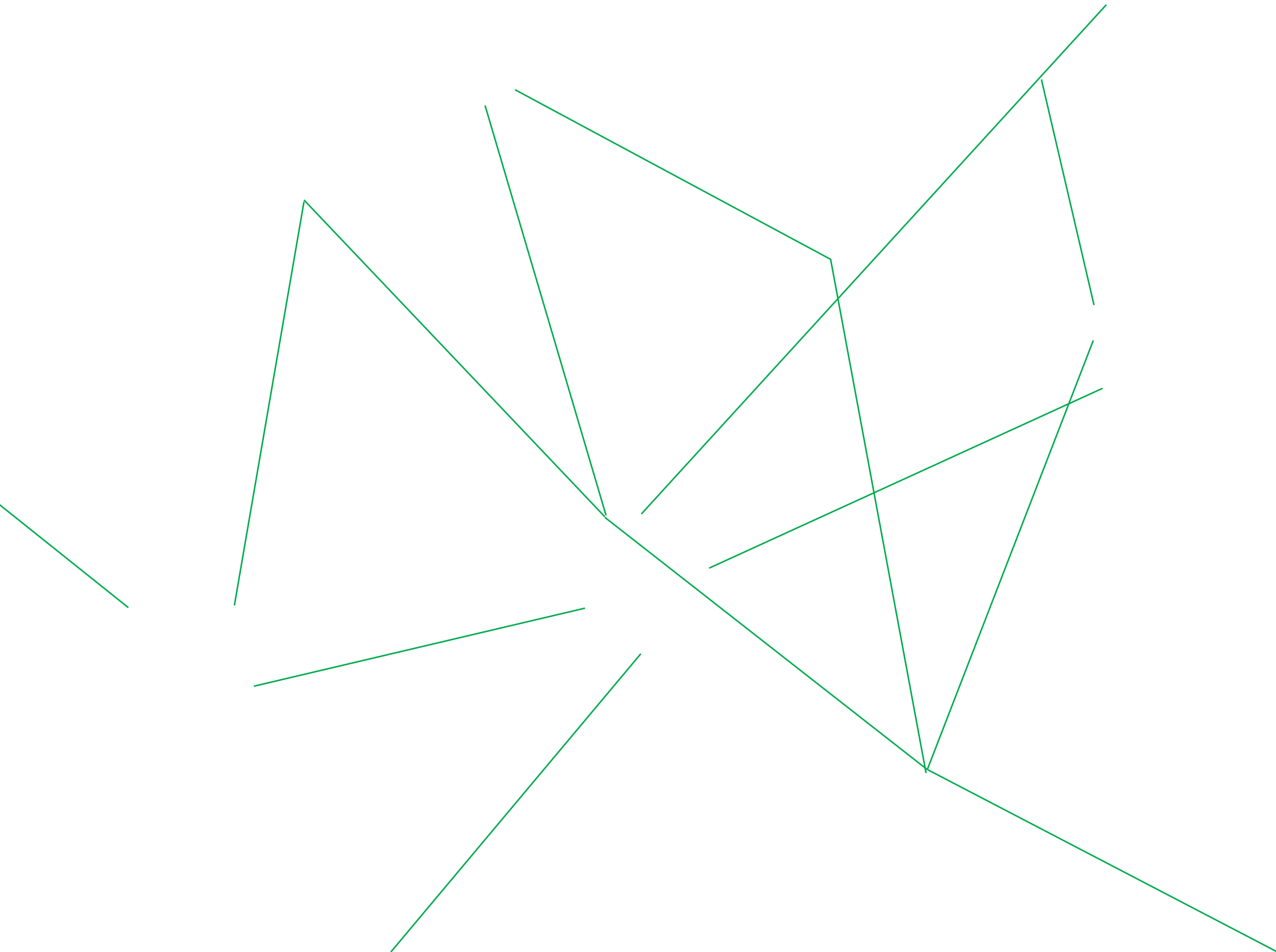


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Pharma intermediaries ▶	Asia Pacific	M&A	Strategy and planning
Renewables ▶	Latin America	Company financials	Technical, engineering and R&D
Industrial gases ▶	Africa	Regulations	Legal and regulatory

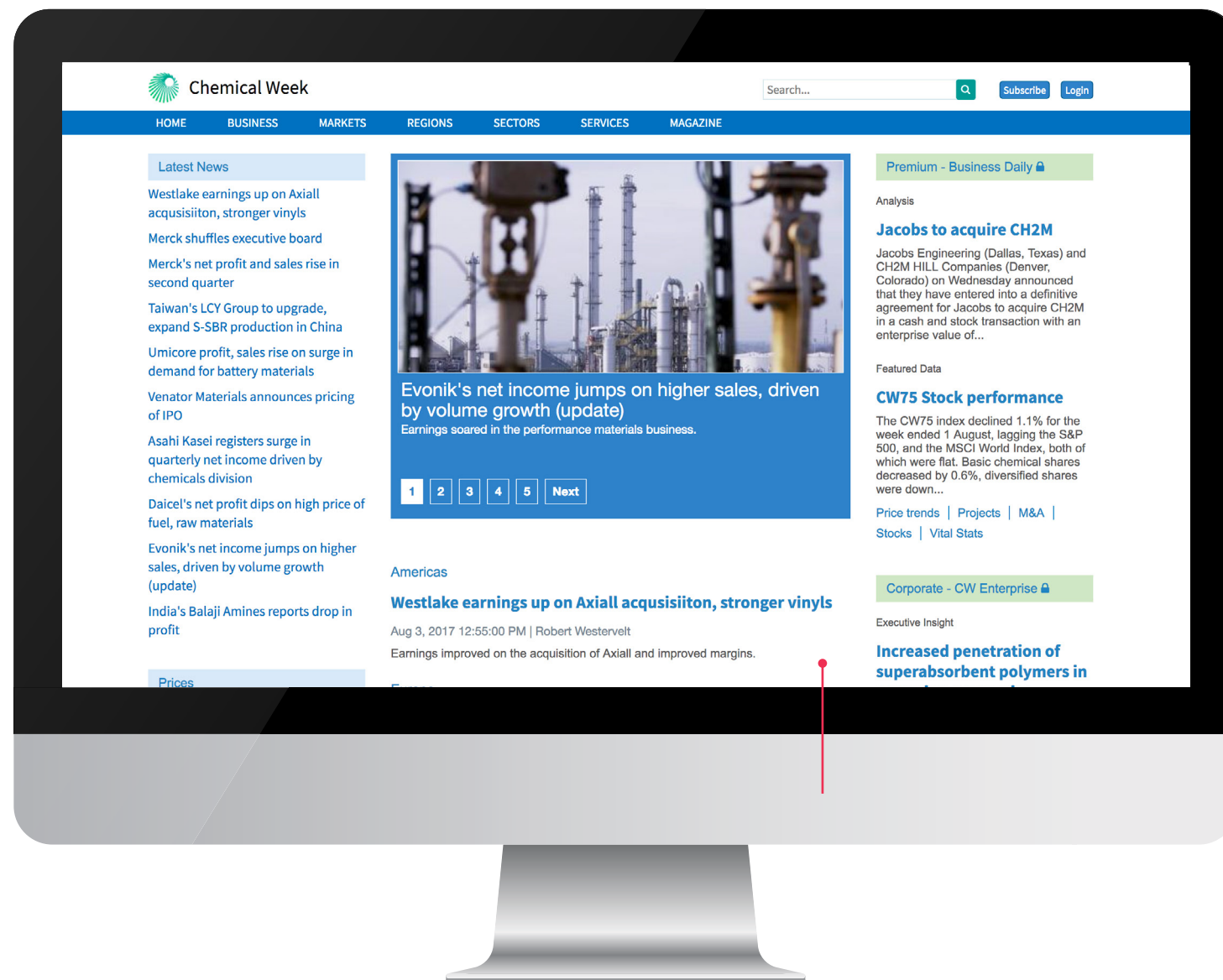


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IHS Markit | Chemical Week Business Daily

Chemical Week Business Daily

Thursday, 31 October 2019 chemweek.com

DuPont reports higher earnings as lower costs offset volume declines

DuPont reports third-quarter net income of \$372 million, up from \$88 million in the same year-ago period due mainly to cost savings and lower integration and separation costs related to the DowDuPont merger and subsequent separation of Dow and Corteva. Operating EBITDA of \$1.4 billion was down 4% year on year (YOY). Net sales of \$5.4 billion were 5% lower YOY. Net sales on an organic basis were down 2% YOY with 1% higher price being more than offset by 3% lower volume. US and Canada volumes were flat, Asia Pacific volumes were down 4%, and Europe, Mideast, and Africa volumes were down 3%.

Reported adjusted earnings of 96 cts/share were up 2% YOY and 1 ct above analyst estimates. Earnings per share were higher on reduced share count and lower depreciation and amortization costs, which more than offset negative currency impacts and volume declines. "Amid ongoing challenged market conditions and currency headwinds, we delivered earnings per share growth and expanded margins through continued price improvement, cost discipline, and portfolio actions," said Marc Doyle, DuPont CEO. DuPont narrowed the range for full-year earnings guidance to \$3.77-3.82/share from the prior guidance of \$3.75-3.85/share, leaving the midpoint of guidance unchanged.

Electronics and Imaging segment operating EBITDA was \$320 million, a decrease of 1% as a gain associated with a planned asset sale was more than offset by unfavorable product mix. Segment net sales of \$934 million were down 1%. Organic sales were down 1% with a 1% decline in price as volumes were flat. Nutrition and Biosciences operating EBITDA was \$360 million, a decrease of 1% YOY with the decline attributable to the June 2019 divestiture of its natural colors business. Pricing gains and cost savings offset the impact of unfavorable product mix and currency headwinds. Net sales of \$1.5 billion were down 1%. Organic sales were up 2% with price and volume each improving 1%.

Transportation and industrial operating EBITDA was \$306 million, a decrease of 20% YOY with pricing gains and cost reductions more than offset by the impact from lower volumes and currency headwinds. Segment net sales of \$1.2 billion were down 11%. Organic sales were down 10% with a 1% price improvement more than offset by an 11% volume decline. Volumes declined due to lower auto builds, weak electronics demand, and continued destocking in the automotive channel. Both Europe and Asia

volumes were down low teens as the impact from China tariffs coupled with inventory destocking impacted demand, DuPont said.

Safety and construction operating EBITDA was \$352 million, an increase of 1% YOY with pricing gains more than offsetting higher manufacturing costs. Segment net sales of \$1.3 billion were down 3% YOY. Organic sales increased 2% with a 3% price improvement offset by a 1% volume decline. The December 2018 divestiture of the European Styrofoam business reduced sales by 4%. Non-core segment operating EBITDA for the segment was \$88 million, an increase of 2% YOY with a gain on the sale of DuPont Sustainable Solutions and continued cost productivity offsetting the impact of lower volumes. Non-core reported net sales of \$431 million were down 12% from the year-ago period. Organic sales were down 8% driven by 10% volume declines offset by 2% pricing gains.

Westlake to increase share of LACC cracker to 50% for \$816.5 million

Westlake Chemical has agreed to pay \$816.5 million to increase its stake in LACC, its ethylene joint venture (JV) with Lotte Chemical, from 12% to about 50%. LACC is a \$3-billion, 1-million metric tons/year ethane cracker in Lake Charles, Louisiana, that was originally planned as a JV between Lotte and Axiall. Under the terms of the JV agreement, Axiall's initial stake of 12% could be increased to as high as 50%. Westlake acquired Axiall for \$3.8 billion in 2016, outbidding Lotte. Excluding its share in LACC, Westlake has about 1.7 million metric tons/year (MMt/y) of ethylene capacity in North America, whereas the company's polyethylene and vinyls operations have capacity to consume over 2.6 MMt/y of ethylene, for a deficit of about 900,000 metric tons/year. The LACC cracker began producing ethylene in August 2019. It already supplies feedstock to Lotte's new 750,000-metric tons/year ethylene glycol plant at Lake Charles, which started up at the same time.

Methanex swings to a loss

Methanex reports a third-quarter net loss of \$10 million, down from income of \$128 million in the year-ago period on a sharp decline in pricing. Revenue totaled \$650 million, down 38% year-over-year (YOY) from \$1.04 billion. Adjusted earnings per share came to a loss of \$0.27, down from profit of \$1.92 in the year-ago period and missing the average analyst estimate of a \$0.06 loss as compiled by Refinitiv (New York). Sales volume totaled 2.824

in 1.6% YOY and up 8.6% from non-discounted pricing averaged later, down from \$486/metric ton/metric ton during the second quarter. Global analyst Hassan Ahmed globally to the price discount, which

Earnings fall 58%

er on year (YOY) in its third-current cost of supply (CCS) petrochemical margins mainly ver sales volumes. The third-70% higher than the company's gs of \$132 million. Chemical sales 17% YOY to 3.84 million metric 0,000-metric ton fall YOY in base million metric tons. This was in sales volumes of intermediates 1.87 million metric tons, earnings excluding identified intermediates and base chemicals Asia as well as lower volumes. availability decreased to 91% 2018, mainly reflecting higher e," says Shell.

Chemical profit plunges

profit at the company's chemical billion renminbi (\$27.3 million), compared with the same period pressured by overcapacity in the s industry as well as by a decline any does not provide a revenue s. PetroChina's production of f (YOY) to 2.9 MMt in the nine-ethenic resins increased 7% YOY p). Production of synthetic rubber 2% YOY. Urea output volume rose tons. The company says that refining and chemical businesses ion renminbi.

es Malaysian gases

Malaysian industrial gas player, la Lumpur). The deal, finalized kaged gases filling capacity liver significant synergies by

enlarging Air Liquide's footprint across most of Malaysia, the company says. Southern Industrial Gases is a former subsidiary of SIG Gas Berhad, which is listed on the Malaysian Stock Exchange. It is one of the key industrial gas players in the Malaysian market, generating close to \$0 million Malaysian ringgit (\$19.2 million) in annual revenue. It has eight manufacturing and refilling facilities locations across Malaysia, with a distribution network that covers all of Malaysia's key industrial basins. It employs more than 200 people.

Corteva to add Spinosyns capacity

Corteva Agriscience (Wilmington, Delaware) announced today that it will invest \$145 million to expand production capacity for natural insecticides at Midland, Michigan. The investment will increase capacity for its Spinosyns products, Spinetoram and Spinosad, by 30% and is staged to come online over the next few years. The investment is expected to generate more than \$100 million in annual EBITDA once fully online.

Chemical stock update

Company	Today	Yesterday
Air Products (APD)	214.44	216.42
Albemarle (ALB)	60.87	62.47
Ashland (ASH)	77.25	77.95
Axalta (AXTA)	29.56	29.25
Cabot (CBT)	43.75	45.17
Celanese (CE)	120.78	122.16
CF Industries (CF)	44.20	47.09
Chemours (CC)	16.27	16.22
Corteva (CTVA)	26.20	27.43
Dow (DOW)	50.06	50.53
DuPont (DD)	66.52	66.28
Ecolab (ECL)	191.91	194.70
Eastman Chem (EMN)	75.63	76.47
ExxonMobil (XOM)	67.40	67.60
Ferro (FOE)	11.11	11.33
FMIC Corp. (FMIC)	91.08	90.23
H.B. Fuller (FUL)	48.73	49.05
Huntsman (HUN)	22.03	22.35
Honeywell (HON)	172.26	173.96
Innospec (IOSP)	90.15	90.77
Kronos (KRO)	12.67	12.52
Linde (LIN)	198.06	198.03
LyondellBasell (LYB)	90.34	90.57
Olin (OLN)	18.87	18.94
PolyOne (POL)	31.95	32.33
PPG Industries (PPG)	125.52	125.26
Sasol (SSL)	18.29	19.10
Sensient Technologies (SXT)	62.15	62.43
Stepan (SCL)	97.92	98.07
Tronox (TROX)	8.36	8.28
Westlake (WLK)	63.36	63.69
W.R. Grace (GRA)	66.20	65.87

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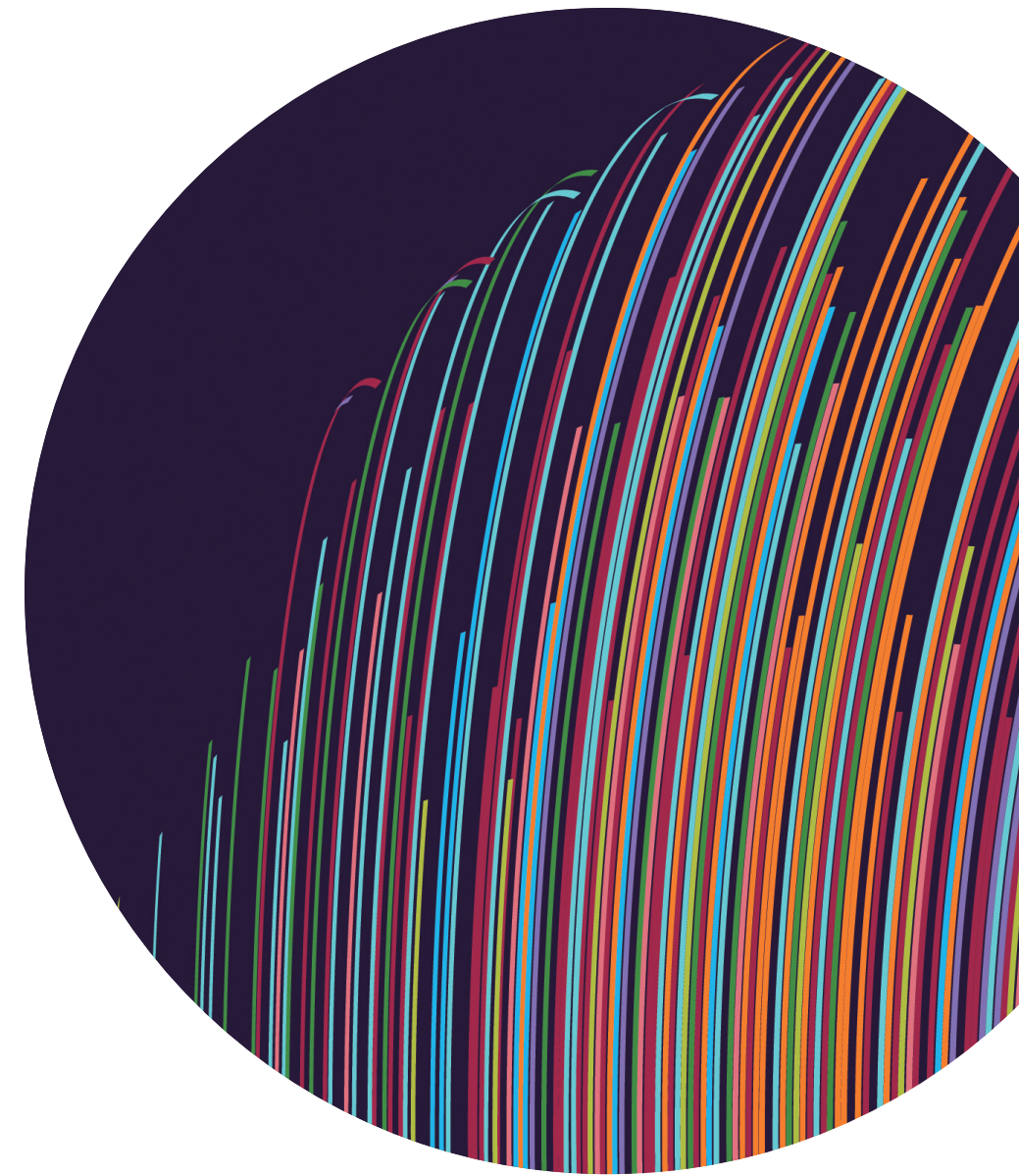
- Monday Price trends ▶

- Tuesday M&A activity ▶

- Wednesday Stock performance by sector ▶

- Thursday Project developments ▶

- Friday Macroeconomic update ▶



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Projects

Projects announced in the last 60 days

Company	Location	Region	Product	Capacity (m.t.)	Investment (millions of USD)	Completion date	Contractor/technology
Arkema	Changshu, China	Asia	polyvinylidene fluoride			Q4 2020	
BASF	Dushan, China	Asia	surface treatment			Q1 2021	
Bharat Petroleum	Rasayani, India	Asia	polypropylene	450,000	3,480		W.R. Grace
LyondellBasell, Liaoning Bora Enterprise Group	Panjin, China	Asia	ethylene	1,100,000			
Meghmani Finechem	Dahej, Gujarat, India	Asia	epichlorohydrin	50,000		2021	TechnipFMC
Miliken	Singapore	Asia	nucleating agents, specialty colorants			Q1 2021	
Sarawak Petchem	Bintulu, Malaysia	Asia	methanol	1,800,000			
Shandong Chambroad	Boxing City, China	Asia	polypropylene	600,000			LyondellBasell
Sinopoly New Materials							
Sinopec	Ningbo, China	Asia	polypropylene, high-density polyethylene	300,000; 300,000			LyondellBasell
Tangshan Risun Chemical	Cadefidan, China	Asia	ethylene, ethylene glycol, high-density polyethylene (PE), linear low density PE, polypropylene	1,500,000; 900,000; 500,000; 450,000; 600,000	8,100		
Trinseo	Hsinchu, Taiwan	Asia	thermoplastic elastomers			2020	
Zhejiang Tongkun Holding	Qinzhou, China	Asia	para-xylene; purified terephthalic acid	2,800,000; 5,000,000	7,100	end 2021	
Zibo Haili Fine Chemical	Zibo, China	Asia	propylene, polypropylene	250,000; 150,000	208	2022	
BASF	Antwerp, Belgium	Europe	ethylene oxide, derivatives		545.5	2022	
BASF	Monthey, Switzerland	Europe	optical brighteners			2021	
Ceyhan Polipropilen Uretim	Ceyhan, Turkey	Europe	propylene, polypropylene	457,000; 400,000			
CP Kelco	Lille, Denmark	Europe	pectin				
Kemira	Goole, UK	Europe	ferric sulfate water treatment chemicals				
Nexam Chemical	St. Andrews, UK	Europe	additives			2020	
Oxea	Oberhausen, Germany	Europe	carboxylic acid, isononanoic acid			end-2021	
Solvay	Spinetta Marengo, Italy	Europe	peroxide curable fluoropolymer			May 2021	
Solvay, Sisecam	Devnya, Bulgaria	Europe	sodium bicarbonate	200,000			
ICL	Israel	Middle East	bromine compounds		50		
Air Liquide	US Gulf Coast	North America	oxygen, nitrogen		270	mid 2022	
Bartek	Stoney Creek, Ontario, Canada	North America	maleic anhydride	22,000		Q2 2022	
Corteva Agriscience	Midland, MI	North America	natural insecticides		145		
Dow	US Gulf Coast	North America	ethoxylation				
DuPont	Circleville, OH	North America	polyimide films, flexible circuit materials		220	2021	
Enterprise Product Partners	Mont Belvieu, TX	North America	propylene	748.00		H1 2023	
Formosa Plastics	Baton Rouge, LA	North America	polyvinyl chloride		332	late 2021/early 2022	
Genesis Energy	Green River, WY	North America	soda ash	750,000	300	Q2 2022	
Messer Group	Indianapolis, IN	North America	industrial gases		38	Q1 2021	
Nippon Paint	Chattanooga, TN	North America	automotive coatings		60	Sept 2021	
Solvay	Green River, WY	North America	soda ash	600,000			
Teijin	Seguin, TX	North America	composite components		70	2021	

Source: Chemical Week research. © 2019 IHS Markit

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Transactions

Acquirer	Seller	Deal size in USD millions	Region	Sector	Deal closed?
DSM	CSK Food Enrichment	166	Europe	Specialties	N
Clover Alloys	Lanxess		Africa	Nonchemical	N
PMC Group	Lanxess		Europe	Specialties	N
ChemChina	Jiangsu Hufeng Bio Agriculture	53	Asia	Ag/Fertilizers	N
Iwatani Corp	Advanced Specialty Gases		North America	Industrial Gases	Y
Firmenich	Evonik		Europe	Industrial Gases	Y
IMCD	DCS Pharma		Europe	Distribution	N
IMCD	Whawon Pharm		Asia	Distribution	N
ChemChina	SFP		Europe	Ag/Fertilizers	N
Westlake Chemical	Lotte Chemical	817	North America	Basics	Y
Air Liquide	Southern Industrial Gases		Asia	Industrial Gases	Y
Daelim Group	Kraton Corporation	530	North America	Plastics	N
ChemChina	AgroKlinge		South America	Ag/Fertilizers	N
Alpek	Lotte Chemical		Europe	Basics	N
Gabriel Performance Products	Deltech Resin Company		North America	Specialties	Y
Linde	ITM Power		Europe	Industrial Gases	Y
One Rock Capital Partners	Innophos	932	North America	Basics	N
Suncor	Enerkem	38	North America	Renewables	Y
Azelis	Ak-tas Dis Ticaret		Middle East	Distribution	Y
SK Global Chemical	Arkema	369	Europe	Basics	N

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Volumes and values

YTD deal volume	254
Volume change YOY	2%
YTD deal value*	\$161,171
Value change YOY	106%
Basics volumes**	35
Specialties volumes**	103

YTD=year to date YOY=year on year **in USD millions ***YTD volumes.
Source: Chemical Week research © 2019 IHS Markit

Deals were divestitures to reorient its portfolio of a South African chrome company agreed to sell its leather chemicals firm. business is a part of a broader metals business.

Targets in specialties have accounted for about 40.5% of the announced deals so far in 2019.

M&A Activity appears every Tuesday in Chemical Week Business Daily. We encourage you to send us your feedback.



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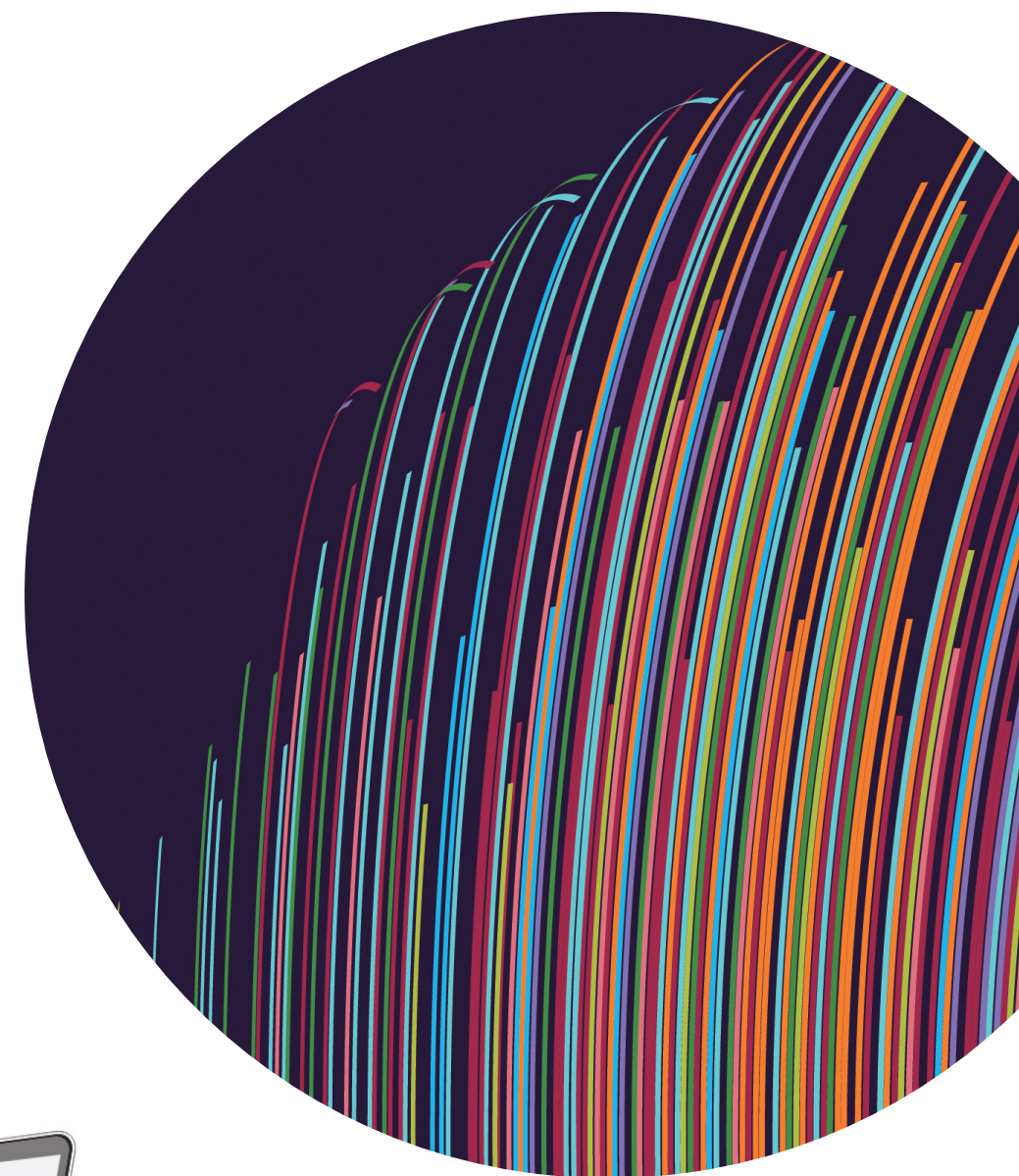
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Projects

Projects announced in the last 60 days

Company	Location	Region	Product	Capacity (m.t.)	Investment (millions of USD)	Completion date	Contractor/technology
Arkema	Changshu, China	Asia	polyvinylidene fluoride			Q4 2020	
BASF	Dushan, China	Asia	surface treatment			Q1 2021	
Bharat Petroleum	Rasayani, India	Asia	polypropylene	450,000	3,480		W.R. Grace
LyondellBasell, Liaoning Bora Enterprise Grou	Panjin, China	Asia	ethylene	1,100,000			
Meghmani Finechem	Dahej, Gujarat, India	Asia	epichlorohydrin	50,000		2021	TechnipFMC
Miliken	Singapore	Asia	nucleating agents, specialty colorants			Q1 2021	
Sarawak Petchem	Bintulu, Malaysia	Asia	methanol	1,800,000			
Shandong Chambroad Sinopoly New Materials	Boxing City, China	Asia	polypropylene	600,000			LyondellBasell
Sinopec	Ningbo, China	Asia	polypropylene; high-density polyethylene	300,000; 300,000			LyondellBasell
Tangshan Risun Chemical	Caofeidian, China	Asia	ethylene; ethylene glycol; high-density polyethylene (PE); linear low density PE; polypropylene	1,500,000; 900,000; 500,000; 450,000; 600,000	8,100		
Trinseo	Hsinchu, Taiwan	Asia	thermoplastic elastomers			2020	
Zhejiang Tongkun Holding	Qinzhou, China	Asia	para-xylene; purified terephthalic acid	2,800,000; 5,000,000	7,100	end 2021	



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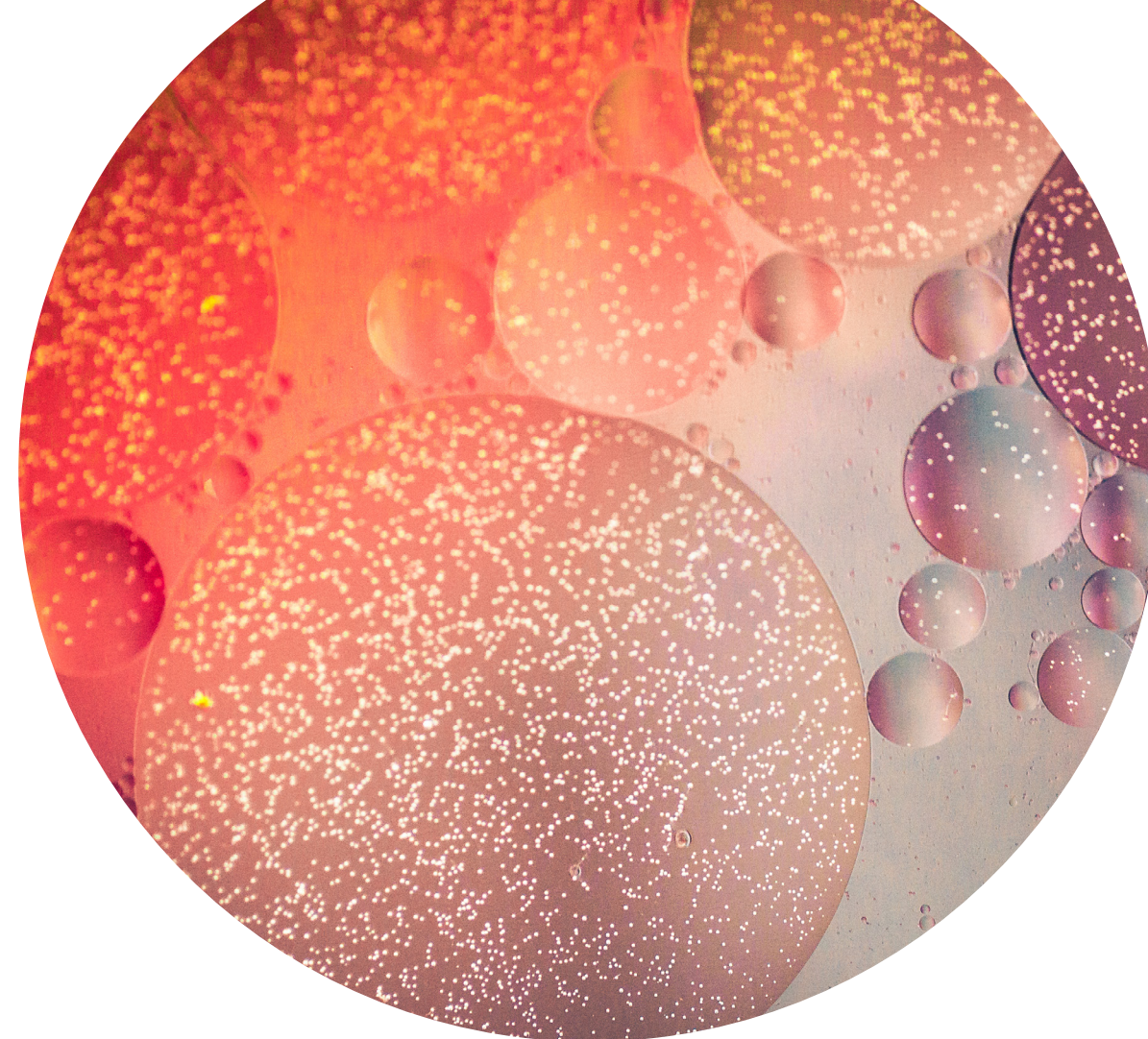
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