Since January 2020 Elsevier has created a COVID-19 resource centre with free information in English and Mandarin on the novel coronavirus COVID-19. The COVID-19 resource centre is hosted on Elsevier Connect, the company's public news and information website.

Elsevier hereby grants permission to make all its COVID-19-related research that is available on the COVID-19 resource centre - including this research content - immediately available in PubMed Central and other publicly funded repositories, such as the WHO COVID database with rights for unrestricted research re-use and analyses in any form or by any means with acknowledgement of the original source. These permissions are granted for free by Elsevier for as long as the COVID-19 resource centre remains active.
2020 reported sales declined by 6% year on year in local currency and by 12% in Swiss francs.

Due to the COVID-19 pandemic, the entire chemicals industry was confronted by an ‘unprecedented economic environment’ in 1Q 2020, which, in the case of Clariant, was exacerbated by a mild winter season, the company says. Efforts to minimize the impact of the pandemic are ‘fully in place’ based on a strong balance sheet and liquidity position, Clariant reports.

More information: www.clariant.com

Cabot delivers ‘solid results’ in second quarter of fiscal 2020

For the second quarter of its 2020 fiscal year, Boston-headquartered Cabot Corp recorded a small net loss attributable to the company of US$1 million and total segment EBIT of $95 million on net sales of $710 million. This compares with net income of $23 million and total segment EBIT of $112 million on net sales of $844 million achieved in the same quarter of fiscal 2019.

According to Cabot’s CEO Sean Keohane, the company delivered ‘solid results’ in 2Q fiscal 2020 despite the onset of the COVID-19 pandemic during the quarter. The estimated impact of the coronavirus crisis on EBIT in the quarter was $21 million, primarily due to lower sales in China, Keohane says. A rapid decline in volumes was also experienced across the Americas and EMEA (Europe, Middle East and Africa) regions in the second half of March after a ‘strong result’ in January, February and early March, he reports. Reinforcement Materials was particularly affected, experiencing a 14% year-on-year decline in global volumes in 2Q fiscal 2020, with Asia down 20%, EMEA 13% and the Americas 8%.

The Reinforcement Materials segment reported sales of $355 million in 2Q fiscal 2020 compared to $445 million a year earlier. The segment’s EBIT was flat compared to the previous year at $61 million, and up 30% sequentially from the first quarter of the year despite the negative impact from the COVID-19 pandemic. The lower sales volumes were offset by higher margins due to pricing and mix benefits in both the tyre and industrial products lines, Cabot reports.

The Performance Chemicals segment posted sales of $245 million in 2Q fiscal 2020 ($254 in 2Q fiscal 2019), of which Performance Additives accounted for $168 million and Formulated Solutions $77 million. EBIT decreased by $7 million year on year to $31 million, primarily due to lower margins and weaker product mix in fumed metal oxides, partially offset by higher volumes. Volumes in the Performance Additives business increased by 6% year on year due to the specialty carbons product line, the company says. Looking ahead, Keohane expects COVID-19 to have a ‘pronounced effect’ on fiscal third quarter results but says that Cabot’s ‘financial footing is sound’.

In other news, Cabot has completed the $115 million acquisition of Chinese carbon nanotube producer Shenzhen Sanshun Nano [ADPO, March–April 2020, pp. 10–11]. It will be integrated into the Performance Chemicals segment.

More information: www.cabotcorp.com

Orion Engineered Carbons reports lower results in 1Q 2020

For the first quarter of 2020, Orion Engineered Carbons reported net sales of US$336.0 million compared to net sales of $384.7 million a year earlier. Quarterly net income was $18.0 million, some 5% lower than net income of $19.0 million in 1Q 2019, largely due to foreign exchange rate losses; however, adjusted net income for the three months was $26.6 million, up from $23.8 million in the first quarter of 2019. Adjusted EBITDA was $63.8 million in 1Q 2020 compared to $64.6 million the previous year.

Orion’s Specialty Carbon Black business posted net sales of $119.8 million in 1Q 2020, a 9.0% decrease year over year, mainly due to lower volumes and the pass through of lower feedstock costs to customers, partially offset by favourable product mix and base price increases. Compared to 1Q 2019, volumes decreased by 8.8% to 58 300 tonnes, mainly due to weakening demand in the North America and Western Europe regions, predominantly in the automotive and pipe markets, the company says. The segment’s gross profit decreased by 4.0% year on year to $39.7 million, while adjusted EBITDA fell by 4.5% to $28.1 million, although the associated margin increased 110 basis points to 23.4%.

In the Rubber segment, net sales declined by 14.6% to $216.2 million in 1Q 2020, largely due to lower volumes and lower feedstock costs, partially offset by base price increases.
FINANCIALS

Volumes decreased by 11.1% year over year, primarily attributable to a sharp decline in sales volumes beginning in mid-March due to the impact of COVID-19 (see below). Gross profit fell by 10.8% but adjusted EBITDA increased by 1.7% year on year to $35.8 million, reflecting higher base prices and favourable absorption partially offset by the lower sales volumes, Orion says. The adjusted EBITDA margin reached 16.5% in 1Q 2020 compared to 13.9% the previous year.

According to CEO Corning Painter, Orion executed well in the first quarter and was on track for strong financial results until the second half of March when many tyre customer plants idled or shut down in response to the spread of the COVID-19 pandemic. This resulted in a 10.5% year-on-year drop in sales volumes to 235,000 tonnes, with both the Rubber and Specialties segments impacted. All of Orion’s plants remained in operation throughout the first quarter. An abrupt halt in consumer spending and miles driven, and a sharp decline in oil prices also affected the company’s performance in the final weeks of the quarter but, despite that, Orion was still able to deliver an adjusted EBITDA of $63.8 million, Painter notes. He reports that the company rapidly implemented its pandemic business continuity plan, taking action to protect employees and production capability, support customer relationships, ensure supply chain stability and strengthen its financial standing. Among these actions, the company has suspended its dividend to enhance financial flexibility and bolstered its cash position to c. $100 million. In addition, Orion has withdrawn its guidance for full-year 2020 performance due to the level of uncertainty concerning the impact of the coronavirus pandemic.

More information: www.orioncarbons.com

Lanxess records slight fall in sales but income hit by coronavirus crisis

Germany’s Lanxess generated net sales of €1.704 billion in the first quarter of 2020, down only 2% compared to the previous year despite the weak economic environment due to the COVID-19 pandemic. However, EBITDA pre-exceptionals declined by 9.9% to €245 million and net income from continuing operations fell more sharply, by 27.6%, to €63 million. The EBITDA margin pre-exceptionals amounted to 14.4% compared to 15.7% in 1Q 2019.

Earnings in the Specialty Additives segment, and in the new Consumer Protection segment [see ADPO, May 2020, pp. 8–9], developed positively, ‘significantly mitigating’ the impact of the coronavirus crisis, the company reports. Foreign currency translation also had a positive effect, particularly from the US dollar, it says. However, a further decline in demand from the automotive industry as a result of the pandemic had a negative effect on earnings, particularly in the Engineering Materials segment.

The Specialty Additives segment saw both sales and earnings increase in the quarter in spite of the economic environment. Sales were up 2.9% year on year to €499 million and EBITDA pre-exceptionals was 2.4% higher at €85 million, with the associated margin nearly stable at 17.0%. Good business with bromine chemicals and positive exchange rate effects helped to offset weak demand in the automotive sector as a result of the COVID-19 crisis.

Sales in the Advanced Intermediates segment, which now houses the Inorganic Pigments business, dropped 4.5% year on year to €558 million and EBITDA pre-exceptionals was down 16.2% to €88 million. The EBITDA margin pre-exceptionals fell back to 15.8% from 18.0% in 1Q 2019. The segment reported higher sales volumes in the Inorganic Pigments business unit and advantageous exchange rates but these positive factors could not compensate for weaker demand in the Advanced Industrial Intermediates business unit, particularly from the Asian region, due to the pandemic.

More information: www.lanxess.com