

2017 ACCCI – Coal Chemicals Update



**COOPERS CREEK
CHEMICAL CORPORATION**

DISTILLERS AND MANUFACTURERS

The Resort at LongBoat Key Club, FL

April 2017

Overview

- History behind Coopers Creek Chemical Corporation
- Demand Drivers in North America
- Supply Drivers in North America
- Closing Comments

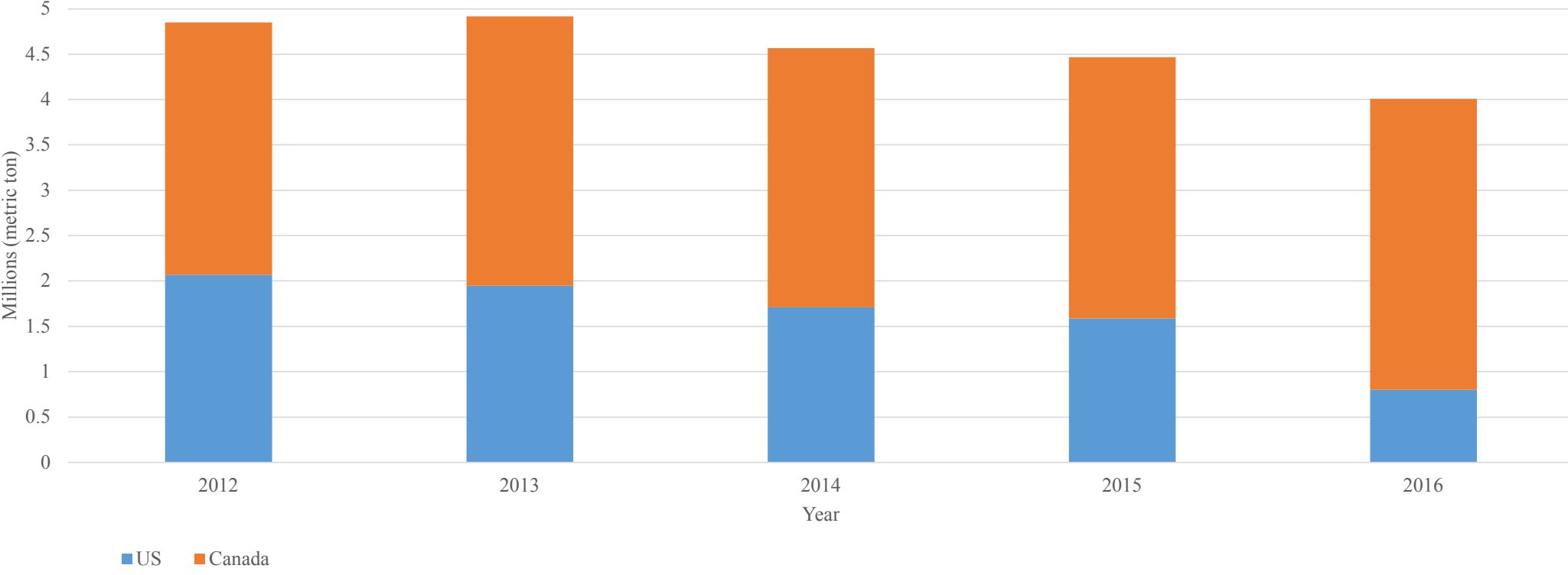
History Behind Coopers Creek

- Established 1915 in Camden, New Jersey
- Manufactured toluol, benzol and solvent naphtha for the manufacture of explosives during World War I
- After World War I ended the company focused on the production of gasoline
- In 1946 the plant was converted from distillation of crude oil to naphthalene, anthracene and eventually crude coal tar
- Moved to our current location in West Conshohocken, PA in 1938. Coopers Creek also has material storage in Bayonne, NJ
- Products manufactured today include refined coal tar and petroleum pitches, creosote, naphthalene oil, and specialty coatings.

Demand Drivers in North America- Updated



Annual Rate of North America Primary Aluminum Production



- The Aluminum industry biggest driver for carbon pitch
- Aluminum production for 2017 in North America to remain flat

(Olsen & Sattlethight, 2017)

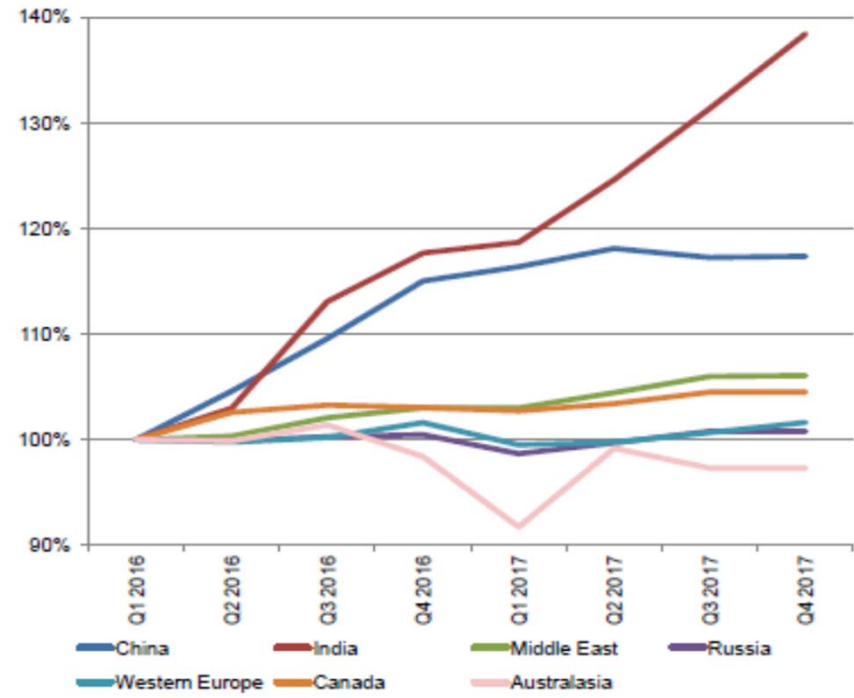
Annual Rate of North America Primary Aluminum Production

Primary Aluminum Production <i>(Thousands of Metric tons)</i>	<u>March</u>		% Chng
	2017	2016	Mar/Mar
U.S. 1 st Quarter	181.7	257.2	- 41.5
Canada 1 st Quarter	797.7	782.8	+ 1.8

(Olsen & Sattlethight, 2017) (Aluminium Association of Canada, 2017)

India to lead aluminum production growth in world ex. China in 2017

Index of aluminium production: Q1 2016 = 100%



India: Jharsuguda 2 potline 3 to ramp up in 2017 but disruption problems persist

China: Expected closures to result in little growth to Chinese aluminum production in 2017

Canada: Creep expansion projects are in store for Laterriere and Alma smelters

Bahrain: Apart from the line 6 expansion project, Alba plans to increase amperage on lines 4 and 5

Iran: Greenfield 330,000tpy Salco-Asalouyeh and 350,000tpy Kalco projects factored in from 2019

Russia: UC Rusal to make Taishet/Boguchansky announcement in Q1 2017

Western Europe: 75,000tpy Karmoy pilot plant to start in 2017

Australia: Portland smelter saved from closure due to power deal and Boyne Island to curtail capacity on surging power prices

(Muir, 2017)

Aluminum News

- ALCOA separated from parent (Arconic) on November 1, 2016

Massena plant remains open through March 2019

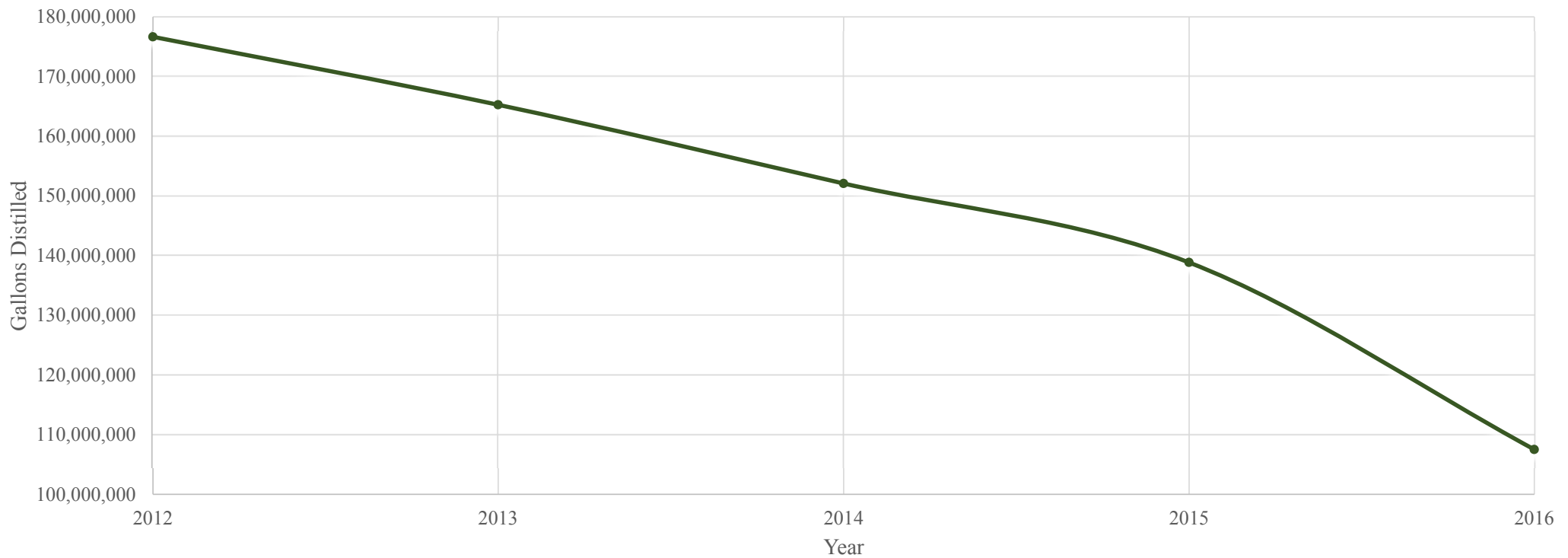
NY state offers \$ 73 million in tax incentives

Lake Charles to re-open?

- ARG International purchases assets of Noranda New Madrid (October 2016).
- Century Aluminum filed trade enforcement complaint against People's Republic of China with the WTO. The complaint is concerning China's subsidies to certain producers of primary aluminum. Filed January 12, 2017
- The Aluminum Trade Enforcement working group filed anti-dumping and countervailing duty petitions against the import of Aluminum foil products from China. Filed March 2017.
- Fraud allegations plague China Hongqiao, April 2017.

(Patterson, 2017)

Coal Tar Distilled in North America



- In a 5 year period 39.1% reduction in tar distilled in North America = 69 million gallons

Distillates: Creosote used in the production of railroad ties

- **Annual Data Analysis/Comments (12 month rolling totals)**

Purchases are in downward trend at a 5.0% annual rate.

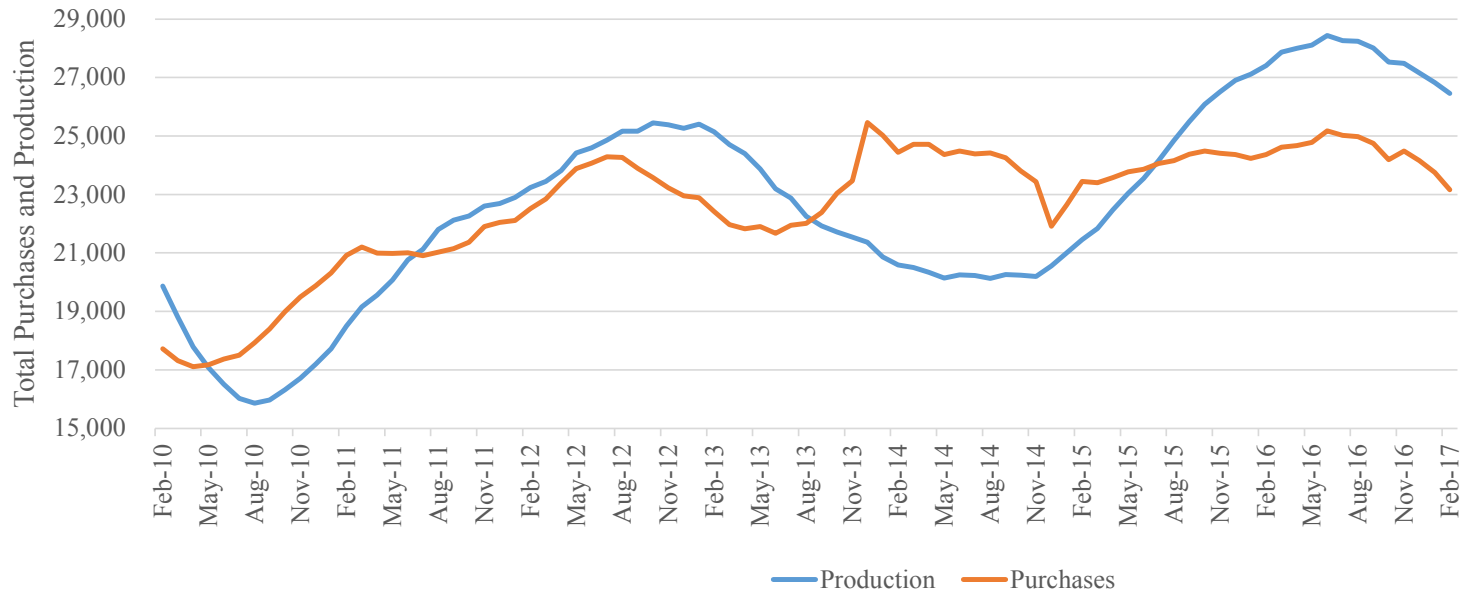
Production is also trending lower and is down by 3.5% annual rate.

- **Year-to-Date Data Analysis/Comments**

Production through February decreased by 15.9% from year-ago levels.

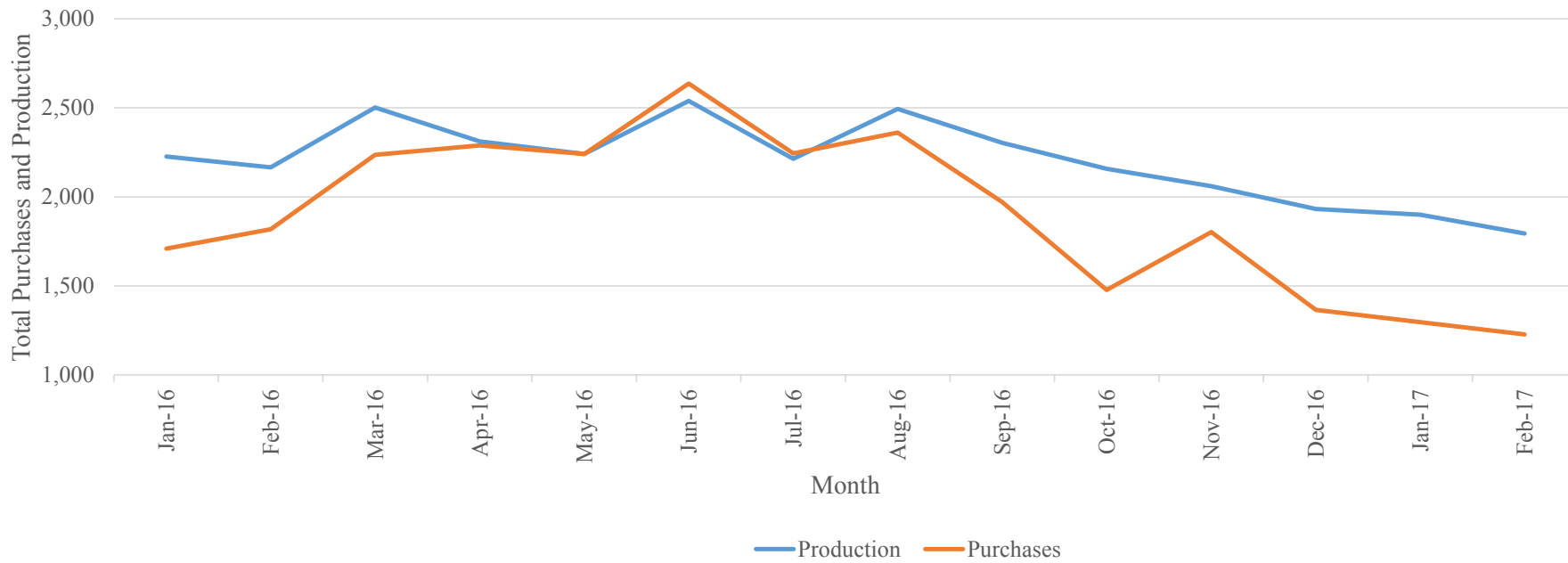
For the same timeframe, purchases decreased by 28.4%.

Ties- 12 month moving total (000)



(Railway Tie Association, 2017)

Monthly Activity- Ties

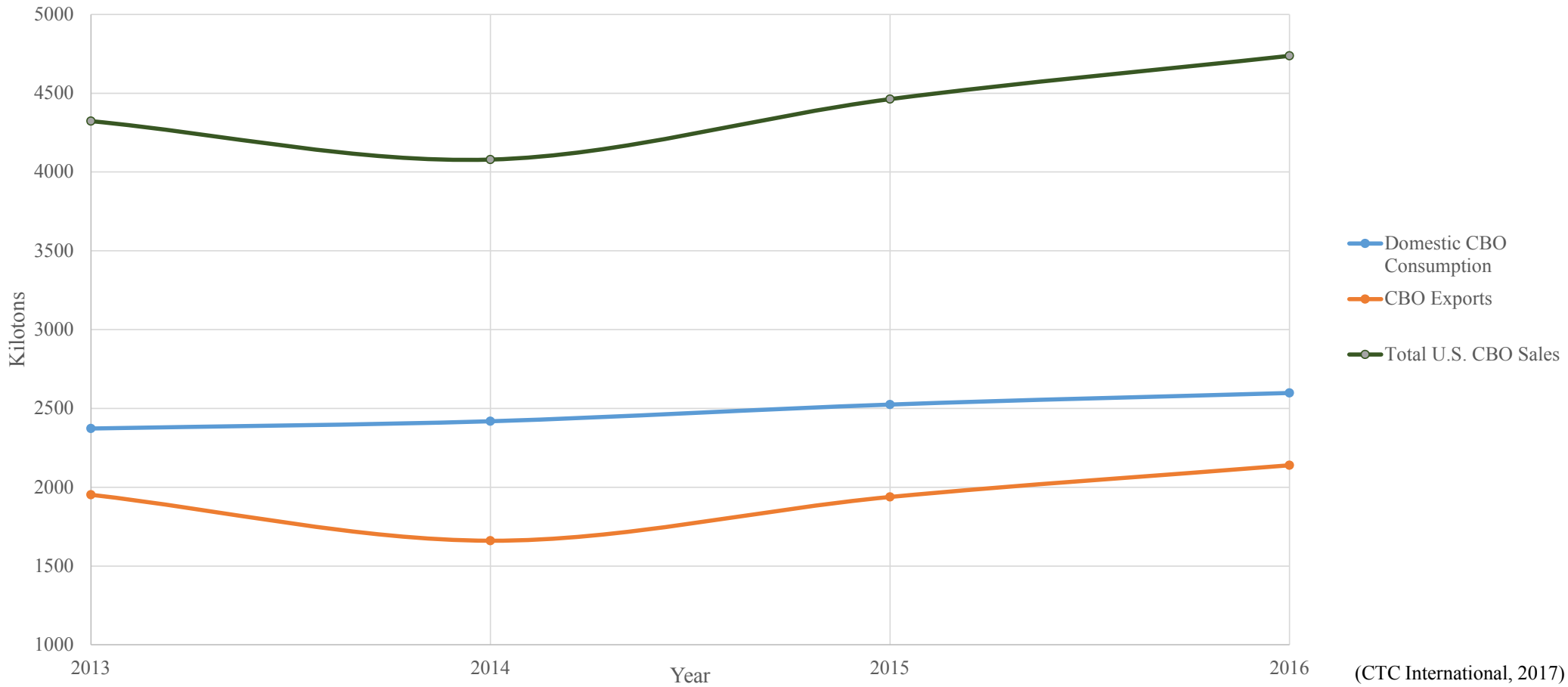


(Railway Tie Association, 2017)

Other Distillates: Carbon Black Feedstock and Naphthalene

- Naphthalene: Demand remains flat due to poor market conditions and introduction of alternatives overseas
- Carbon Black Feedstock: Demand remains consistent but pricing remains low as petroleum feedstocks in North America are preferred

Carbon Black Feedstock



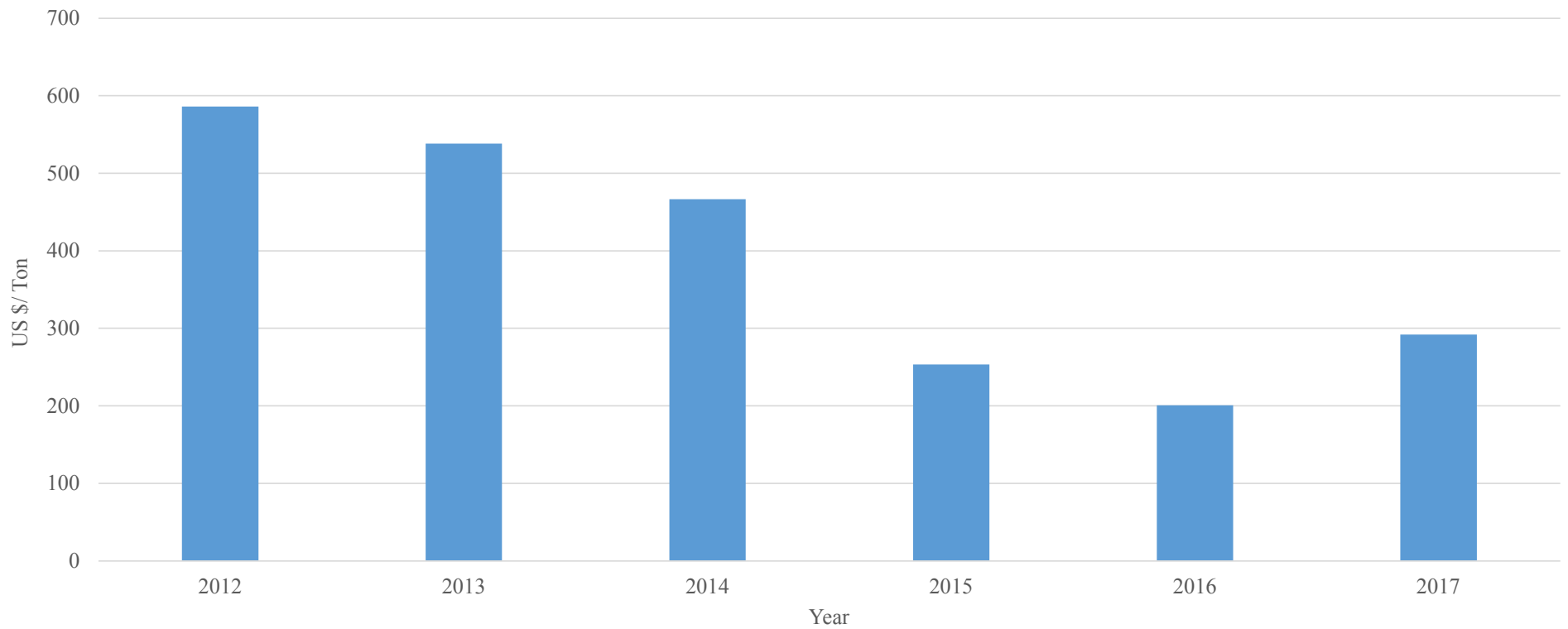
Carbon Black Feedstock Demand

Kilotons

	2013	2014	2015	2016	% Change 16/15	Est. 2017
Domestic CBO Consumption	2,372	2,419	2,525	2,598	+ 2.9	2,600
CBO Exports	1,952	1,661	1,938	2,139	+ 10.4	2,250
Total U.S. CBO Sales	4,324	4,080	4,463	4,737	+ 6.1	4,850

(CTC International, 2017)

Carbon Black Feedstock Pricing



(CTC International, 2017)

Cushing, OK WTI Spot Price FOB (Dollars per Barrel)

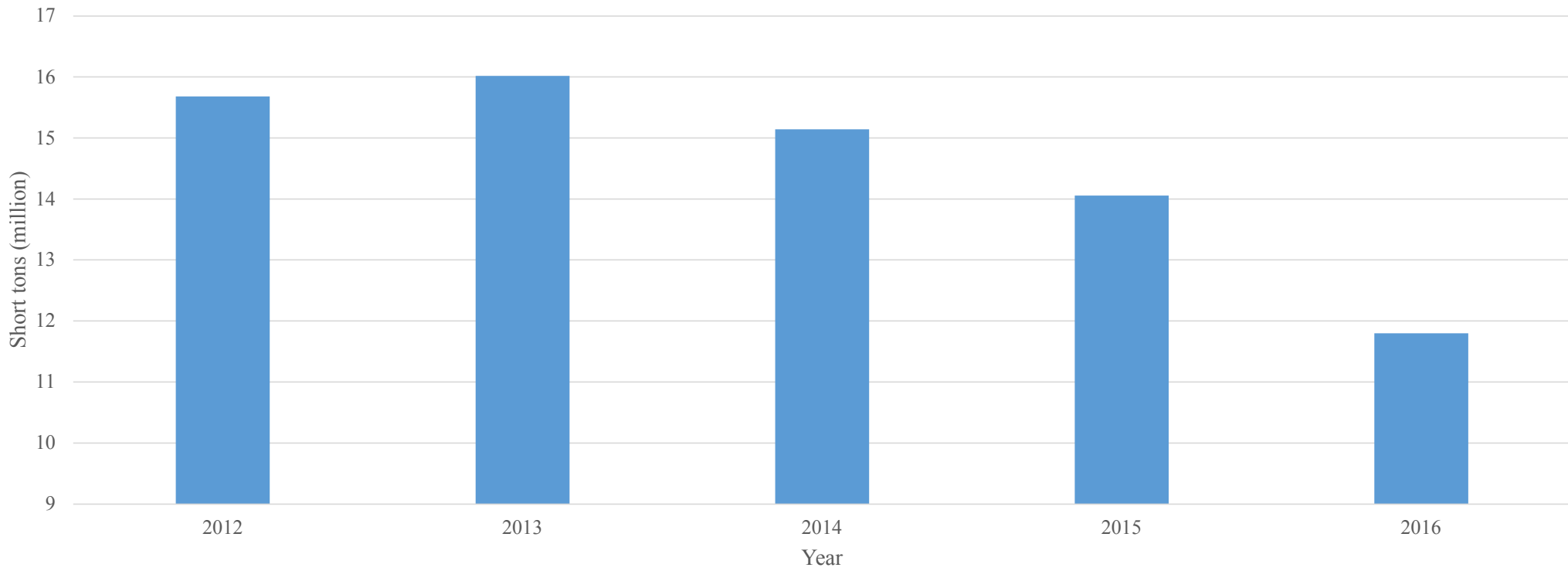


(U.S. Department of Energy, 2017)

Supply Drivers in North America- Updated



U.S. Coke Production



Supply Driver Developments

- Reduced coking rates and tar production help balance lack of demand for carbon pitch.
- Are trade tariffs enough to support the industry?
- White House issues Executive Order enforcing the Regulatory Reform Agenda (February 2017).

Closing Comments

- Closing Comments
- Thank you for your time and interest!
- Contact Information

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