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Top of the news

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## Expounding, expanding

Expanding in the face of raw-material shortages and inflation was a recurrent theme at last week's chemical company annual meetings.

For example, Chairman O. Pendleton Thomas contended that despite rapidly rising raw-material tabs, B. F. Goodrich will be able to maintain normal tire production. Declining U.S. auto output has had an impact on Goodrich's tire sales, Thomas acknowledged to shareholders in New York. But he asserted that the long-term outlook is bright and the lifting of the Arab oil embargo will result in tire sales returning "to more normal levels."

Stauffer Chemical President H. Barclay Morley told stockholders in San Francisco that one of the reasons the company expects at least a 40% increase in earnings in '74 is because it's in a "relatively strong" position on energy. Morley said that Stauffer anticipated the crunch, bought ahead and stored energy supplies.

The scarcity of petrochemical feedstocks has not significantly affected American Cyanamid's production of most items, Chairman Clifford Siverd reported in Portland, Me. The company's product mix, he said, has helped reduce the impact, and most cost increases so far have been recouped in price boosts.

Siverd unveiled plans for several new plants. For example, Brewster Phosphates, the company's joint venture with Kerr-McGee, will build a $60-million phosphate rock mine in Hillsborough County, Florida, due onstream early in '77. Among other expansions now slated: "major" boosts for low-persistence pesticides in the U.S. and abroad; a new pharmaceutical and surgical products unit in Montreal; increased formulation and packaging installations at the Rezende, Brazil, pharmaceutical plant; a 20% capacity hike at the Fort Worth, Tex., hydrodesulfurization catalyst unit by mid-'74; and a doubling of capacity for this product line in Michigan City, Ind., by '75.

CYANAMID'S SIVERD: Overcoming cost increases and expanding several plants.

Vulcan Materials' chemicals and metals divisions overcame increased costs during the first quarter because they were able to boost prices of products such as hydrocarbons and ammonia, according to President B. A. Monaghan. Higher export sales also aided chemical profits, he told shareholders in New York.

PPG Industries executives informed shareholders in Pittsburgh of two new plants. One is slated to produce water-based latex coatings in Cheswold, Del., in '75. The other, in Marshall, Minn., will fabricate glass-edged Twindow insulating units and is due onstream late in '75.

## Big profits on paper

Prospects are bright for the U.S. paper and pulp industry, a three-man panel told fellow security analysts in New York last week.

According to Benjamin Wright, a Model, Roland & Co. analyst, paper firms will continue to show earnings increases throughout '74, even though demand and production may slacken.

Mitchell, Hutchins' Lawrence Ross said he doesn't agree with those who contend that paper companies are now at a cyclical peak.

He predicted that average earnings for paper firms will increase 20-30% in '74 and 20-40% in '75, assuming an upswing in the economy. Operations will be at 95-96% of capacity this year, and average costs to companies will increase 10-11%, he added. Ross said that chemicals accounted for about 7% of paper company costs during '73.

David Taylor of Hanover Trust contended that capital shortages may lead to relatively tight supplies within the next 5-10 years. He forecast operating levels above 90% and "substantially higher profits."

On the issue of how the increased value of the dollar abroad might affect pulp and paper company exports, the panel was split. Taylor said higher valuation will reduce foreign demand. Wright and Ross asserted that exports would not be affected appreciably, since demand for paper is fairly inelastic.

## More evidence of dang

Exposure to vinyl chloride monor apparently has produced angiosarcom a rare liver cancer—in mice. That's w Bio-Test Laboratories told represen tives of the Manufacturing Chemi Assn., Occupational Safety and Heal Administration, National Institute f Occupational Safety and Health, and E vironmental Protection Agency.

Reporting preliminary results of VC testing sponsored by MCA, Bio-Test sai that several mice exposed to the chemic during a seven-month period (seve hours a day, five days a week) had deve oped cancer at each of three exposur levels—2,500 parts/million, 200 ppm. an 50 ppm. So far, simultaneous testing o rats and hamsters has shown no indica tion of cancer, Bio-Test added.

MCA says it contacted the governmen regulatory agencies immediately after learning of the findings. It stresses that the results are only preliminary but may suggest the need for further research. MCA adds that it is not yet clear how the reaction of humans to VCM might correspond to the reaction of mice. A report on results of a second MCA-sponsored study, documenting the health experience of present and former workers who had been exposed to VCM, is expected next week.

**Government Moves:** Meanwhile, OSHA, which last month set a 50-ppm. level for worker exposure to VCM as a temporary emergency measure, expects to have a proposal for a permanent worker exposure policy ready next week.

EPA asked last week for the voluntary recall of 20 aerosol pesticides containing VCM as a propellant, and the Food and Drug Administration added 29 more aerosol products to its list of items that must be recalled. The Consumer Product Safety Commission says it still is trying to determine whether there are any products under its jurisdiction that contain VCM as a propellant. Such moves are not likely to have a long-term effect, however, since most aerosol manufacturers report they have already stopped using VCM as a propellant.

The pressure to develop a sound VCM worker exposure policy was also increased last week when Firestone reported that the death of a worker at its Pottstown, Pa., polyvinyl chloride production plant in '69 "appears to have been related to angiosarcoma." Cancer cases that may be related to VCM have been reported at B. F. Goodrich, Union Carbide and Goodyear plastics plants.

# Off to a strong start

The healthy sales and earnings growth that typified over-all performance of chemical process companies in '73 (*see p. 25*) continued in first-quarter '74 despite higher costs of fuels and raw materials (*table, right*). Firms reporting record quarterly results last week included American Cyanamid and Monsanto.

Higher raw-material costs didn't appear to be a major problem for most companies because the lifting of price controls allowed many increases to be passed on. Commenting on Cyanamid's quarterly showing, Chairman Clifford Siverd declared that "the price erosion that had depressed earnings since the late '60s was finally reversed toward the end of '73." He predicted "another record year" for the company in '74, adding that Cyanamid's major product lines are fairly well insulated from shortages. Because Cyanamid's main chemical stake is in specialties, he said, the firm's material needs "are modest in comparison with those of large-volume, basic chemical commodity producers."

Monsanto broke down its report by operating units, thereby revealing a more complete picture of upswings and downturns in different product lines. Monsanto Industrial Chemicals, for instance, boosted earnings to $38.1 million in the first quarter from $22 million in the year-ago period. During the same quarter, however, Monsanto Polymers & Petrochemicals' earnings dropped to $12.3 million from $13 million in first-quarter '73.

**Some Setbacks:** CPI gains, although widespread, were not universal. Earnings of some glass and glass-fiber companies, in particular, seemed to suffer. Owens-Corning, Libbey-Owens-Ford and PPG Industries reported substantial drops in income vs. same-period '73.

Owens-Corning President William Boeschenstein blamed "rapidly escalating costs of raw materials and energy and Phase IV rules" for his company's failure to translate increased sales into higher earnings. Both L-O-F and PPG also cited auto production and homebuilding slumps as factors hurting income.

On the other hand, some glass companies registered higher profits. Brockway Glass boosted quarterly sales to $74.4 million from $63.1 million in the '73 period, earnings to $3.9 million from $3.1 million. Owens-Illinois reported record quarterly earnings, but Chairman Edwin Dodd added a note of caution about "uncertainties" that could influence second-quarter showings.

| (Dollar figures in millions) | Sales | | Earnings | | |
|---|---|---|---|---|---|
| | Latest quarter | Change from '73 | Latest quarter | Change from '73 | Profit margin |
| **CHEMICALS** | | | | | |
| American Cyanamid | $ 410.50 | +15.1% | $34.90 | + 18.7% | 8.50% |
| Dow Chemical | 1,016.60 | +44.7 | 83.60 | + 44.4 | 8.22 |
| Du Pont | 1,612.00 | +15.1 | 144.00 | + 4.3 | 8.93 |
| Ethyl | 196.25 | +19.6 | 13.70 | + 12.9 | 6.98 |
| W. R. Grace | 742.08 | +20.1 | 26.01 | +128.6 | 3.51 |
| Hooker Chemical | 340.22 | +48.3 | 27.02 | +249.9 | 7.94 |
| Intl. Min. & Chem. | 233.88 | +47.9 | 17.44 | +131.1[1] | 7.46 |
| Monsanto | 838.20 | +20.6 | 107.40 | + 45.5 | 12.81 |
| Koppers | 158.65 | + 8.5 | 9.08 | +142.1 | 5.73 |
| Reichhold Chemicals | 101.20 | +58.6 | 5.60 | +124.0 | 5.53 |
| Rohm and Haas | 228.97 | +28.0 | 20.19 | + 30.3 | 8.82 |
| Stauffer Chemical | 225.00 | +30.7 | 25.50 | + 55.2 | 11.33 |
| Texasgulf | 105.48[2] | +45.6 | 25.87 | +193.5 | 24.53 |
| Union Carbide | 1,109.64 | +22.6 | 94.08 | + 42.0 | 8.48 |
| **PHARMACEUTICALS** | | | | | |
| Abbott Laboratories | 165.33 | +18.8 | 12.51 | + 17.4 | 7.57 |
| Baxter Laboratories | 105.48 | +35.3 | 7.91 | + 48.0 | 7.50 |
| Merck | 297.25 | +13.6 | 44.81 | + 14.5 | 15.07 |
| Miles Laboratories | 92.23 | + 6.7 | 4.45 | + 1.2 | 4.83 |
| Pfizer | 353.70 | +24.9 | 37.40 | + 33.6 | 10.57 |
| Upjohn | 194.48 | +29.9 | 23.37 | + 32.1 | 12.02 |
| **PULP, PAPER AND PACKAGING** | | | | | |
| American Can | 573.35 | +18.6 | 17.67 | + 53.8 | 3.08 |
| Continental Can | 681.78 | +20.6 | 20.89 | + 27.2 | 3.06 |
| Crown Zellerbach | 388.15 | +14.4 | 27.26 | + 8.8 | 7.02 |
| Federal Paper Board | 70.50 | +22.4 | 3.40 | +100.0 | 4.82 |
| Fibreboard | 71.48 | +18.1 | 4.30 | + 74.4 | 6.01 |
| Kimberly-Clark | 365.60 | +24.4 | 29.30[3] | + 36.9[3] | 8.01 |
| Mead | 356.02 | +18.0 | 13.48 | + 68.9 | 3.79 |
| Potlatch | 121.46 | +10.3 | 12.59 | + 50.6 | 10.37 |
| Scott Paper | 263.97 | +16.2 | 16.09 | + 14.6 | 6.10 |
| **OTHER CHEMICAL PROCESSORS** | | | | | |
| American Petrofina | 213.05 | +189.3 | 13.08 | +176.3 | 6.14 |
| Beker Industries | 24.62 | +60.3 | 5.51 | +135.4 | 22.37 |
| B.F. Goodrich | 442.72 | + 8.3 | 15.03 | + 15.0 | 3.39 |
| Certain-Teed Prods. | 131.70 | +32.2 | 4.44 | + 0.1 | 3.37 |
| CPC International | 544.74 | +36.2 | 17.28 | + 12.1 | 3.17 |
| Eagle-Picher | 80.89 | +16.1 | 3.75 | + 22.6 | 4.64 |
| First Mississippi | 36.90 | +466.7 | 4.94[4] | +467.1 | 13.38 |
| FMC | 477.20 | +19.9 | 23.10 | + 17.9 | 4.84 |
| Inmont | 108.18 | +11.6 | 3.03 | + 3.3 | 2.80 |
| Libbey-Owens-Ford | 151.18 | −13.9 | 7.13 | − 59.9[5] | 4.72 |
| Owens-Corning | 194.94 | +16.3 | 9.81 | − 15.7 | 5.03 |
| Owens-Illinois | 521.49 | +24.5 | 24.68 | + 89.3 | 4.73 |
| PPG Industries | 386.41 | + 4.4 | 19.51 | − 18.6 | 5.05 |
| Robintech | 20.97 | +42.9 | 1.33 | +155.2[6] | 6.33 |
| Sherwin-Williams | 161.27 | +12.4 | 0.47 | —[7] | — |
| Uniroyal | 531.00 | + 7.3 | 11.50 | − 14.2 | 2.17 |

[1] Before tax credits of $3.9 million in '74 and $820,000 in '73. [2] Outside zinc and lead smelting and refining charges not included. [3] Before $4.8 million special credit in '73. [4] Before $3.5 million capital gain in '74. [5] Excludes $1 million special credit in '73 from plant sales. [6] Before $1.26 million special credit in '73. [7] 27,000 loss in '73.