D. STRATEGY AND PLANS

Paper Chemicals

	Sales (M$)					
	'72 Act.	'73 Bdgt	'74	'75	'78	'83
-Existing Products	$ 17.1	19.3	19.4	19.8	24.6	28.1
-Expansion	-	-	2.5	4.8	10.5	15.2
	$ 17.1	19.3	21.9	24.6	35.1	43.3

The Paper Chemicals Group is forecasted to show 8.0%/year sales growth over the 10-year period, with gross profit increasing from 25 to 31% by 1975. Major growth in both volume and profit will be from Santo-Res wet strength resins and, to a lesser extent, Scripset surface size. In wet strength, we will move from our present concentration in unbleached liner board to the successively larger markets of corrugating medium and sanitary papers, through introduction of new product models. A significant defensive effort in internal size will protect Mersize, our largest current source of revenue by development of a dispersed rosin size product and manufacturing facilities. To maintain our 10% growth rate in surface size we must match the convenience of competitive surface sizes by making and selling liquid Scripsets.

Wood Chemicals

Sales (M$)					
'72 Act.	'73 Bdgt	'74	'75	'78	'83
$ 4.7	5.2	5.3	5.7	6.0	7.2

In Wood Chemicals (Penta, Santobrite) we will minimize resource inputs and seek higher prices and volumes through the Koppers marketing contract; thereby improving gross profit from 3.8% to 18.7% by 1975. Sales growth rate will be 4%/year. We will monitor EPA Penta registration activities and exert necessary product stewardship.

DSW 283794

STLCOPCB4065213

Latex Binders	Sales (M$)					
	'72 Act.	'73 Bdgt	'74	'75	'78	'83
-Current Products	$ 0.6	2.6	4.1	4.4	6.4	11.3
-New Models	-	-	.1	.5	1.0	3.0
	$ 0.6	2.6	4.2	4.9	7.4	14.3

The Latex Binders Group is projected to have a sales growth rate of 19%/year for the 10-year period, with Gross Profit increasing from 4.8% in 1973 to 27.5% in 1975. Aggressive marketing of current product models is of immediate importance, with key Research support required to develop a jute lamination product for carpeting application by mid-1973 and a "dry cleanable" latex for textile coating by early 1974 to meet targeted sales. Sales effort is targeted on the fire-resistant carpet backing, wallcovering, fiber saturation and bonding and textile coating markets. To go beyond 1975 sales level will require the development of continuous reaction technology in 1974 to debottleneck the existing batch plant.

Fluids	Sales (M$)					
	'72 Act.	'73 Bdgt	'74	'75	'78	'83
-Current Products	$ 26.0	24.7	25.2	25.8	30.5	34.8
-New Products	-	-	.5	1.5	4.4	8.6
	$ 26.0	24.7	25.7	27.3	34.9	43.4

The Fluids Product Group will grow at a 6%/year sales growth rate, with most of the growth in dye encapsulant solvents for carbonless copy paper and heat transfer fluids. Gross Profit will improve markedly from 30% in 1972 to 37% in 1975, the major reason being the cost improvement resulting from relocation of the Anniston polyphenyl plant to a Gulf Coast site. We will build a diphenyl oxide plant to give us a vapor-phase heat transfer fluid and thus improve our market share and fill out our product line. In hydraulics, we will exploit the superior low toxicity and environmental impact of our new fluids vs. competition to hold market share and improve pricing. New growth will come in fire-resistant type turbine lubricants. A new dielectric will be developed and introduced in development quantities in late 1973.

STLCOPCB4065214

Acquisitions and New Business Growth Areas

These areas are not included in our financial forecasts but could add $30-35M sales outside current business by 1978. For acquisitions we will concentrate on companies who specialize in the metalworking industry. Typical candidate companies are in the $10-25M sales range. A business plan will be developed for entering the specialty chemical business for textiles. Other major growth will be through manufacture and diverse sales of phenyl phenols, tractive or synthetic jet lubricants and extension of a successful U.S.A. ethylene vinyl-chloride venture to Europe and possible other world areas either by manufacture and sales, licensing, or joint venture.

E. RESOURCES

1. MAT levels at a continuing 10-12% of sales.

2. $10.9M capital (new fixed) and $4.2M working capital is required for the 1974-75 period; total new capital for the entire planning period 1974 through 1983 is estimated at $53.6M.

DSW 283796

STLCOPCB4065215