

PINE CHEMICALS



OILFIELD DOWNTURN INSPIRES INGEVITY TO FORMULATE ENVAMUL DRILLING FLUID ADDITIVE

Each crisis brings an opportunity so the aphorism goes and that certainly proved the case for Ingevity and its pine-based additive EnvaMul. It has proved a hit with oilfield drilling companies.

The global oilfield industry is unlikely to ever forget the downturn of 2015 which brought a 60 percent decrease in the rig count, one of the worst declines experienced in decades. Oilfield service companies weren't slow to realize they needed to provide high-performing products in a cost-effective way to enable their customers to lower their overall well costs. Ingevity saw an opportunity to work with Anchor USA, a QMax company based in Houston that provides oilfield drilling fluids.

Ingevity, which says it is not unusual to find their marketing and technical teams in the customer's lab

and on the rig site, leveraged their expertise to address Anchor's needs and developed an EnvaMul emulsifier package with improved, reliable drilling performance. Anchor subsequently realized a significant reduction in fluid loss in the field by incorporating EnvaMul into their drilling fluids.

"The value of working with Ingevity lies in their technical expertise and willingness to collaborate with our technical team," said Veronica Brown, Vice President of Supply Chain at QMax. "This fundamentally helps us meet our customers' requirements."

The performance gains provided by EnvaMul, which controls fluid loss and viscosity consistency, are realized in enhanced drilling rate of penetration and down-hole stability, Ingevity, headquartered in North Charleston, South Carolina, says.

CAPA CAPROLACTONE DIVISION OF PERSTORP ACQUIRED

While pushing a campaign to promote the success of EnvaMul, Ingevity was also during the first quarter of this year celebrating the completion of the acquisition of the Capa caprolactone division of Perstorp Holding AB for a cash purchase price of €578.9mn (\$652.5mn).

Capa says it is the global market leader in the production and commercialization of caprolactone and high-value downstream derivatives, including caprolactone polyols, caprolactone thermoplastics, caprolactone lactides, and hexanediol (HDO). The division's products are key components in adhesives, bioplas-

tics, coatings, elastomers and resins. The business operates a manufacturing facility in Warrington, England, and has a workforce of approximately 100 employees.

“The Capa division is a strong, market-leading business focused on high-growth end-use applications and is an excellent fit with Ingevity’s business model and capabilities,” said Michael Wilson, Ingevity president and CEO. “We are very pleased to be adding such a unique business to our company; one that will provide new avenues for strategic growth. Moreover, we’re excited to welcome our new employees in Warrington and across the globe,” he said.

“OUTPERFORMED THE INDUSTRY”

On March 14, Zacks Investment Research said New York Stock Exchange-listed Ingevity had “outperformed the industry it belongs to over the past year. The company’s shares have shot up 38.1% compared with the roughly 2.3% rise recorded by the industry. The company has also outpaced the S&P 500’s gain of 1.8% for the same period.”

Announcing its fourth-quarter 2018 preliminary results, Ingevity said on February 13 it had recorded net sales of \$278.6mn and net income of \$42.1mn, representing 15.1% of sales. Sales were up 21.4% y/y while net income was down 12.3% y/y.

Profitability was aided by lower raw materials costs but positives were partially offset by higher freight and distribution costs, higher spending related to plant outages and increased legal expenses, Ingevity said. 