

Quarterly Earnings Call Notes – Q2 2024

Alabama Business Intelligence Center

Note: Quarterly Review encompasses a review of quarterly filings and earnings calls. These earnings call notes are in reference to company results for Q1 2024 (January to March 2024). These calls were recorded during Q2 2024 (April to June 2024). Additional Notes encompasses news alerts for additional companies monitored.

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Additional Companies Monitored:

Adient (NYSE:ADNT)	IN8bio Inc. (NASD:INAB)
ADTRAN Holdings, Inc. (NasdaqGS:ADTN)	KATEK SE (DB: KTEK)
Aerojet Rocketdyne Holdings, Inc. (NYSE:AJRD)	Kratos Defense & Security Solutions, Inc. (NASDAQGS:KTOS)
Austal Limited (ASX:ASB)	L3Harris Technologies, Inc. (NYSE:LHX)
BAE Systems (LSE:BA)	Lakeland Industries, Inc. (NasdaqGM:LAKE)
Benchmark Electronics Inc. (NYSE:BHE)	Lockheed Martin Corporation (NYSE:LMT)
BioCryst (NASDAQGS:BCRX)	Mazda (TSE:7261)
Carpenter Technology Corp. (NYSE:CRS)	Mercedes-Benz (XTRA:MBG)
Computer Programs and Systems, Inc. (NasdaqGS:CPSI)	Polaris Industries (NYSE:PII)
Daikin Industries (TSE:6367)	Sanmina-SCI Corp. (NASDAQGS:SANM)
Encompass Health Corporation (NYSE:EHC)	Steelcase Inc. (NYSE:SCS)
Fidelity National Information Services, Inc. (NYSE: FIS)	Steris Corp. (NYSE:STE)
General Electric Company (NYSE:GE)	Surgalign Holdings, Inc. (NasdaqGS:SRGA)
Hibbett, Inc. (NasdaqGS:HIBB)	The Scotts Miracle-Gro Company (NYSE:SMG)
Honda (TSE:7267)	Toyota (TSE:7203)
Hyundai Motor Company (KOSE:A005380)	Vulcan Materials Company (NYSE:VMC)
	Warrior Met Coal, Inc. (NYSE:HCC)

Paper and Packaging Industry

Industry Outlook: Neutral

Positive Indicators: The Paper and Packaging industry shows resilience with steady demand and ongoing adaptation to market conditions. Companies like Sonoco Products are integrating new business segments and focusing on innovative, sustainable packaging solutions, indicating a commitment to future growth and environmental responsibility. Packaging Corporation of America has seen significant benefits from its capital spending and optimization strategies, which have enhanced productivity and customer alignment.

Challenges: The industry faces several headwinds, including inflationary pressures affecting input costs such as labor, energy, and raw materials like OCC (old, corrugated containers). Companies are also navigating the complexities of supply chain disruptions and varying demand across different regions and product segments. International Paper, for example, noted the impact of seasonally lower volumes and maintenance outages on their costs. Additionally, there are concerns about the ability to pass on increased costs to customers, given the competitiveness.

Agribusiness Industry

Industry Outlook: Positive

Positive Indicators: The agribusiness industry has shown resilience with solid financial performance in certain segments. Tyson Foods has noted improved operational efficiency and strong performance in their Chicken and Pork segments. Both companies have benefitted from reduced grain costs, which have positively impacted margins. Additionally, international operations for Tyson Foods have made significant progress toward profitability as newer facilities mature.

Challenges: The industry faces several challenges, including ongoing uncertainties around consumer behavior and strength, which impact demand. The cattle cycle remains a concern, with no clear signs of heifer retention yet, creating uncertainties about future supply. Both JBS and Tyson have highlighted the challenges related to beef segment performance, impacted by the high cost of live cattle and competition in the export markets. Seasonality and commodity price volatility also pose risks to profitability.

Wood Products Industry

Industry Outlook: Neutral

Positive Indicators: Despite current challenges, there are some long-term positive indicators. Single-family housing starts show potential for increased lumber demand, which could stabilize in the coming months. Additionally, some companies report maintaining strong underlying demand in the repair and remodeling sectors, suggesting resilience in specific segments of the market.

Challenges: The wood products industry is currently facing significant challenges, including weak lumber pricing that remains below sustainable levels, impacting cash margins and leading to production curtailments. There are also issues with log inventory due to unseasonably warm weather, particularly in British Columbia and Quebec, affecting production capabilities. The demand side is also sluggish, particularly in the multifamily construction segment, contributing to an oversupplied market and further price pressures.

Chemicals Industry

Industry Outlook: Positive

Positive Indicators: The chemicals industry has seen strong performance in some segments, with significant revenue growth and robust demand in specific areas such as water chemicals and ultra-pure sulfuric acid. For example, Chemtrade Logistics reported higher selling prices contributing to margin improvements in their water chemicals segment. Evonik also noted strong demand in its key markets and successful cost-reduction measures that have supported financial performance.

Challenges: The industry is facing challenges such as lower caustic soda pricing and reduced volumes in some segments, which have impacted overall revenue growth. For instance, Chemtrade Logistics experienced a decline in merchant acid volumes due to reduced byproduct supply and lower caustic soda prices. Evonik mentioned ongoing market uncertainties and economic headwinds that continue to pose risks to their operations.

Metals Industry

Industry Outlook: Positive

Positive Indicators: The metals industry shows promise with expected long-term growth in sectors like data centers and infrastructure. Companies like Nucor are optimistic about increased demand due to megatrends in advanced manufacturing and structures. Additionally, there are ongoing investments in recycling and sustainable practices, which are anticipated to yield future benefits.

Challenges: The industry faces significant challenges, including fluctuating metal prices and tight scrap markets, which impact margins and operational efficiency. Political and economic uncertainties, such as potential tariff increases and the global oversupply of metals from regions like Asia, add to the complexity and potential instability in the market.

Aerospace Industry

Industry Outlook: Neutral

Positive Indicators: The aerospace industry has shown strong demand across several segments. Both Airbus and Boeing have reported significant order backlogs and continued commercial momentum, particularly in wide-body aircraft. Airbus noted a 12% increase in aircraft deliveries year-over-year and substantial order intake for both commercial aircraft and helicopters. Boeing also saw a strong performance in its Boeing Global Services segment, with substantial order inflows and an expanding backlog.

Challenges: The aerospace industry faces persistent supply chain issues and production bottlenecks, which are impacting the ramp-up of aircraft production. Both Airbus and Boeing highlighted difficulties in managing supplier nonconformances and the need for extensive oversight to maintain production quality. Additionally, Airbus experienced a decrease in EBIT adjusted and free cash flow due to these ongoing challenges, while Boeing is dealing with delayed production rates and significant inventory that requires rework.

Advanced Manufacturing Industry

Industry Outlook: Neutral

Positive Indicators: The advanced manufacturing industry, encompassing companies like PPG Industries, 3M Company, and NFI Group, has demonstrated resilience with several positive trends. PPG Industries reported a solid sales performance with \$4.3 billion in sales despite challenging macroeconomic conditions, achieving its second-best Q1 adjusted EPS in the company's history. 3M highlighted the significant potential of their Health Care business and their strategic focus on productivity and efficiency improvements. NFI Group also showed a strong backlog of nearly \$12 billion, indicating robust future demand.

Challenges: The industry faces several persistent challenges, including higher wage and benefit costs, lower sales volumes in certain regions, and ongoing inflationary pressures. PPG Industries reported lower sales volumes and higher wage costs, which mitigated the benefits of moderating input costs. 3M is contending with macroeconomic headwinds and the complexities of restructuring their Health Care business. NFI Group, while seeing improvements, still grapples with legacy inflation-impacted deliveries and supply chain challenges.

3M Company (NYSE:MMM)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Decatur: Advanced materials manufacturing facility
- Guin: Manufacturing facility focusing on industrial adhesives, tapes, and transportation safety products.

Key Takeaways:

- 3M delivered strong financial performance in Q1 2024, exceeding revenue, EPS, and operating margin expectations.
- The company completed the spin-off of its Health Care business (Solventum) and finalized two major legal settlements.
- Significant progress was made in strategic priorities and operational execution, positioning 3M for long-term growth.

Financial Highlights:

- Revenue: \$8.003 billion (up 4.42% from the consensus estimate of \$7.664 billion)
- Normalized EPS: \$2.39 (exceeding the consensus of \$2.11 by 13.27%)
- Operating Margins: 22% (up 400 basis points)
- Net Debt Reduction: \$600 million, leading to a net debt/EBITDA ratio of 2.2.
- Free Cash Flow: Over \$800 million with a 63% conversion rate
- Capital Expenditures: \$355 million (down 20% year-on-year)

Operational Highlights:

- Spin-off of Solventum was completed, enabling better market performance for both entities.
- Finalized legal settlements for Public Water Suppliers and Combat Arms litigation.
- Adjusted organic growth of nearly 1%, driven by the Transportation and Electronics business.
- The Transportation and Electronics segment saw strong growth in automotive electrification and consumer electronics.

Business Expansions & Capital Expenditure Plans:

- Continued focus on high-growth areas such as safety and industrial, transportation and electronics, and consumer segments.
- Investments in operational efficiency and leveraging growth opportunities in core segments.

Segment Performance and Outlook:

- **Safety and Industrial:** Sales of \$2.7 billion (down 1.4% organically). Growth in industrial adhesives and tapes, though personal safety business saw a decline due to lower demand for disposable respirators.
- **Transportation and Electronics:** Sales of \$1.8 billion (up 6.7% organically). Strong growth in automotive electrification and consumer electronics, with new product introductions and spec-in wins driving performance.
- **Consumer:** Solid performance in home improvement and office supply products.

Alabama Operations:

- The advanced materials facility in Decatur and the manufacturing facility in Guin focus on industrial adhesives, tapes, and transportation safety products, benefiting from 3M's strategic investments and operational improvements.

Airbus SE (ENXTPA:AIR)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s): Mobile (A320 and A220 production lines)

Key Takeaways:

- Airbus reported a mixed financial performance with strong revenue growth but faced challenges in profitability.
- The company continues to see robust demand for its aircraft, particularly in the wide-body segment.
- Investments in production capacity and supply chain management are critical to meeting future delivery targets.
- Alabama operations, particularly the Mobile facility, are integral to Airbus's North American strategy and overall production plans.
- The outlook for 2024 remains cautiously optimistic, with a focus on ramping up production and managing supply chain challenges to meet strong market demand.

Operational Highlights:

- Delivered 142 aircraft to 45 customers, a 12% increase year-on-year.
 - A320 Family: 116 aircraft delivered, targeting 75 per month by 2026.
 - A350: Production rate increase to 12 aircraft per month by 2028.
- Helicopters: 63 net orders, including significant commitments at HELI-EXPO.

- Defense and Space: Solid order intake of €2 billion, with significant contributions from the air power business line and Space Systems.

Business Expansions & Capital Expenditure Plans:

- Continued investments in production systems and managing supply chain bottlenecks.
- Backward integration project at the U.S. methionine plant to reduce costs by 2025.

Segment Performance and Outlook:

- Commercial Aircraft: Revenues increased by 13% year-on-year, but EBIT adjusted decreased due to less favorable hedge rates and higher R&D expenses.
- Helicopters: Delivered 50 helicopters, a 21% decrease year-on-year. EBIT adjusted decreased due to lower volumes and the employee share ownership plan.
- Defense and Space: Revenue increased by 4%, driven by the air power business. EBIT adjusted impacted by lower profitability in Space Systems.

Alabama Operations:

- Mobile Facility: Continues to grow with the A320 and A220 production lines, contributing significantly to Airbus's ramp-up plans and expected to meet increased production targets for the A320 family by 2026.

Boeing Co. (NYSE:BA)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: N/A

Notes:

Alabama Location(s):

- Huntsville: Aerospace and defense facility

Key Takeaways:

- Boeing reported Q1 2024 revenue of \$16.6 billion, an 8% decline year-over-year.
- The company posted a core loss per share of \$1.13, a slight improvement from the previous year.
- Free cash flow usage increased to \$3.9 billion due to lower commercial deliveries and timing of receipts and expenditures.
- Boeing Commercial Airplanes (BCA) delivered 83 airplanes and booked 125 net orders, increasing the backlog to \$448 billion.

- Boeing Defense, Space & Security (BDS) experienced losses on two fixed-price development programs.
- Boeing Global Services (BGS) achieved strong performance with \$5 billion in revenue and an 18.2% operating margin.

Financial Highlights:

- **Revenue:** \$16.6 billion, down 8% YoY.
- **Core Loss Per Share:** \$1.13, a slight improvement on last year's losses.
- **Free Cash Flow:** Usage of \$3.9 billion, higher than the previous year due to lower commercial deliveries and timing of receipts and expenditures.

Operational Highlights:

- **Boeing Commercial Airplanes (BCA):** Delivered 83 airplanes, including 67 737s, with revenue at \$4.7 billion and an operating margin of -24.6%.
- **Boeing Defense, Space & Security (BDS):** Recorded losses on two fixed-price development programs totaling \$222 million.
- **Boeing Global Services (BGS):** Revenue of \$5 billion with an 18.2% operating margin; opened a new maintenance facility in Jacksonville, Florida.

Business Expansions & Capital Expenditure Plans:

- Adjusted production rates for BCA to improve quality and safety management, with plans to ramp up in the second half of the year.
- BCA received significant new orders for 85 737-10s and 28 777Xs.
- BGS expanded with a new maintenance facility in Jacksonville, supporting military customers.

Segment Performance and Outlook:

- **Commercial Airplanes:** Facing challenges with 737 deliveries and grounding impacts but maintaining a solid backlog of over 5,600 airplanes.
- **Defense, Space & Security:** Working to retire risks on key programs with expectations to improve margins by 2025-2026.
- **Global Services:** Demonstrated strong performance with increased orders and a robust operating margin.

Alabama Operations:

- Boeing's Huntsville facility continues to support various defense and space programs, contributing to the company's strategic initiatives and overall performance.

Canfor Corp. (TSX:CFP)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Jackson: Sawmill (closing in June 2024)
- Fulton: Sawmill (expanding production)
- Axis: New state-of-the-art greenfield sawmill (under construction)
- Mobile: Sawmill (pending closure)

Key Takeaways:

- Global lumber markets remained under pressure, but Canfor's diversification strategy in the U.S. South and Europe helped mitigate these pressures.
- Plans to consolidate and expand operations in Alabama to optimize fiber supply and improve cost structure.
- Acquisition of El Dorado lumber manufacturing facility in Arkansas to create synergies with existing operations.

Financial Highlights:

- Revenue: CAD 1,382.70 million, a 6.99% increase from the previous quarter.
- Lumber business generated an operating loss of CAD 57 million, adjusted loss of CAD 72 million excluding non-cash items.
- European operations contributed CAD 31 million in cash earnings.
- Canfor Pulp had an adjusted operating loss of CAD 16 million, a CAD 10 million improvement from the previous quarter.
- Net cash of approximately CAD 225 million for Canfor, net debt of CAD 85 million for Canfor Pulp.

Operational Highlights:

- Persistent constraints in accessing economically viable fiber in British Columbia.
- Improved pricing for SPF lumber in Western Canada, but lumber markets remained weak, particularly for Southern Yellow Pine.
- European operations performed well with higher production and shipment volumes.

Business Expansions & Capital Expenditure Plans:

- Planned capital expenditure of CAD 450 million in the lumber segment for 2024.
- Investments include remaining spend on Alabama greenfield, El Dorado sawmill, and various growth initiatives in the U.S. South.

- CAD 40 million forecasted for Canfor Pulp in 2024, including capitalized maintenance.

Segment Performance and Outlook:

- Lumber: Despite weak markets, Canfor's European operations performed well, highlighting the benefits of diversification.
- Pulp: Improved financial results due to increased pulp production and better sales realizations, despite challenges from extreme winter weather.

Alabama Operations:

- Significant focus on optimizing operations in Alabama.
- Permanent closure of Jackson facility in June and expansion of Fulton facility with a second shift.
- Construction of a new greenfield sawmill in Axis, Alabama, expected to add 100 million board feet of Southern Yellow Pine production capacity.
- Closure of Mobile sawmill pending.

Chemtrade Logistics Income Fund (TSX: CHE.UN)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Decatur: Water chemical production plant

Key Takeaways:

- Chemtrade has reported a strong start to 2024 despite a year-over-year decrease in financial results, attributed to a record Q1 2023.
- Significant growth capital expenditures planned for 2024, focusing on ultra-pure sulfuric acid and water chemicals.
- The company's balance sheet is strong, with a net debt to adjusted EBITDA ratio of 1.9x, and no debt maturities until September 2025.

Financial Highlights:

- Revenue for the sulfur and water chemicals segment was \$230.6 million, a decrease of 12% year-over-year.
- EBITDA for the segment was \$51.4 million, a decrease of 7% over the last year.
- Adjusted EBITDA for 2024 is expected to be at the higher end of the previously communicated guidance range of \$395 million to \$435 million.
- The balance sheet remains strong with low financial leverage and significant financial flexibility.

Operational Highlights:

- Water chemicals showed strong performance with higher selling prices contributing to margin improvements.
- Merchant acid saw lower volumes due to reduced byproduct supply.
- Regen acid and sodium nitrite performed well.

Business Expansions & Capital Expenditure Plans:

- Between \$60 million and \$90 million allocated for growth capital expenditures in 2024.
- \$40 million dedicated to the ultra-pure sulfuric acid business, with the Cairo expansion and upgrade project nearing completion.
- Continuous quality upgrades at other ultrapure facilities.
- Adding new PAC and ACH lines at several existing facilities and building a new specialty water chemical line at the Augusta, Georgia facility.

Segment Performance and Outlook:

- SWC segment revenue was \$230.6 million, down 12% year-over-year. EBITDA for this segment was \$51.4 million, down 7%.
- Water chemicals continue to perform well, with demand and pricing remaining robust.
- Ultra-pure sulfuric acid business remains strong with new semiconductor manufacturing supported by the CHIPS Act.
- Electrochemical business benefits from a strong cost position and export opportunities.

Alabama Operations:

- The water chemical production plant in Decatur, Alabama, continues to be a critical part of Chemtrade's operations, contributing positively to the company's overall performance.

Constellium N.V. (NYSE:CSTM)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Muscle Shoals: Aluminum sheet manufacturing

Key Takeaways:

- Strong performance despite challenging macroeconomic conditions and weather-related disruptions.

- Positive outlook in key markets such as automotive and aerospace.
- Long-term fundamentals in aerospace remain strong.

Financial Highlights:

- Net debt at EUR 1.7 billion, with a leverage ratio of 2.4x.
- Liquidity remains strong at EUR 789 million.
- Free cash flow expected to exceed EUR 130 million for 2024.
- Adjusted EBITDA guidance maintained at EUR 740-770 million.
- The share repurchase program launched, with 330,000 shares repurchased for USD 6.9 million.

Operational Highlights:

- Improved performance in Muscle Shoals after weather-related impacts.
- The automotive segment was strong in North America, despite weaker demand in Europe.
- Continued recovery in aerospace with increased build rates for aircraft.

Business Expansions & Capital Expenditure Plans:

- Investment in recycling and casting center at Neuf-Brisach, expected to start up in Q4 2024.
- New state-of-the-art casting centers planned for Ravenswood, with operations beginning in 2026 and 2028.
- Addition of a third cast house in Issoire, France, dedicated to Airware products.

Segment Performance and Outlook:

- Packaging: Inventory adjustments complete, with expected growth in Canstock for 2024.
- Automotive: Steady demand in North America, continued growth in EVs.
- Aerospace: Healthy demand with strong fundamentals and increased production rates.

Alabama Operations:

- Muscle Shoals facility faced challenges but showed improvement. Significant weather-related impacts in January affected costs and volumes but are not expected to recur.

Enviva Inc. (NYSE:EVA)

Outlook: Negative

AL Outlook: Negative

Recommended Action: Monitor ongoing bankruptcy proceedings.

Notes: No call this quarter due to ongoing bankruptcy proceedings.

Evonik (XTRA:EVK)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Mobile: Methionine Production

Key Takeaways:

- Evonik reported strong earnings growth of nearly 30% year-on-year.
- Specialty Additives division showed significant resilience and recovery.
- Nutrition & Care nearly doubled its EBITDA year-on-year, driven by methionine price increases and cost savings.
- Positive market and price momentum in Animal Nutrition.
- Continued delivery of contingency measures and the ramp-up of the EUR 400 million Evonik Tailor Made program.

Financial Highlights:

- Revenue and free cash flow improved significantly, with free cash flow more than EUR 100 million higher compared to the previous year.
- EBITDA for the first six months expected to be above EUR 1 billion, with full-year guidance maintaining a conservative outlook due to limited visibility in the second half of the year.

Operational Highlights:

- Significant recovery in volumes for Specialty Additives and Nutrition & Care segments.
- The Nutrition & Care segment achieved nearly double EBITDA growth year-on-year, driven by methionine price increases and efficiency improvements.
- Operational improvements and a disciplined approach to net working capital management helped improve cash flow.

Business Expansions & Capital Expenditure Plans:

- Continued investment in backward integration at the U.S. methionine plant, expected to be completed in 2025.
- Strategic portfolio transformations to drive innovation and sustainability, alongside a major reorganization through the Tailor-Made program.

Segment Performance and Outlook:

- Specialty Additives showed a solid order book for the next month, with strong resilience and recovery.
- Nutrition & Care benefited from price increases and cost savings, with expected continued growth.
- Performance Materials expected to benefit from global supply chain disruptions.

Alabama Operations:

- Operations in Mobile, Alabama, focused on methionine production. The completion of the backward integration at this facility is anticipated to significantly enhance operational efficiency and cost savings.

Interfor Corp. (TSX:IFP)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Monitor expansion opportunities within Interfor's capex plans.

Notes:

Alabama Location(s):

- Belk: Sawmill

Key Takeaways:

- Interfor faced a challenging quarter with weak lumber pricing, leading to an adjusted EBITDA loss.
- The company has been proactive in managing production and working capital amidst market conditions.
- Positive outlook for the latter half of 2024 and into 2025, but continued conservative management expected.

Financial Highlights:

- Adjusted EBITDA: Loss of \$22 million.
- Total Revenue: \$813 million, up 5% in lumber shipments and 2% in average realized lumber price compared to the previous quarter.
- Net Loss: \$73 million, including \$31 million in gains from the sale of coastal B.C. Forest tenures.
- Operating Cash Flow: \$17 million outflow from operating activities.
- Capital Expenditures: \$26 million.
- Net debt-to-invested capital leverage ratio: 34.7%.

Operational Highlights:

- Interfor reduced production by 175 million feet across North American regions to address oversupply and weak pricing.
- Successful reduction of working capital and inventory management.

Business Expansions & Capital Expenditure Plans:

- Capital expenditure planned at \$90 million for 2024.
- Future cash proceeds anticipated from the sale of coastal B.C. Forest tenures.

Segment Performance and Outlook:

- The lumber markets remained challenging, with prices below industry breakeven levels.
- Interfor continues to manage production strategically to optimize operational cash flows.
- Anticipated better balance between supply and demand in the latter half of 2024.

Alabama Operations:

- No specific highlights or detailed plans were mentioned directly related to Alabama operations, but the overall strategy and market responses apply.

International Paper Co. (NYSE:IP)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: N/A

Notes:

Alabama Location(s):

- Bay Minette: Containerboard Plant
- Prattville: Containerboard Plant
- Decatur: Containerboard Plant
- Huntsville: Sheet Plant
- Dothan: Sheet Plant
- Selma: Paper Mill

Key Takeaways:

- International Paper is seeing signs of market demand recovery and improving sales price index across its portfolio.
- The company faced significant impacts from the January winter freeze and a fire at the Ixtac box plant in Mexico.
- Strategic initiatives in commercial and mill optimization have led to margin and mixed benefits.

- The recent combination with DS Smith is expected to create significant shareholder value.

Financial Highlights:

- Revenue and earnings were in line with expectations but represented a trough due to seasonally low volumes and higher OCC costs.
- Earnings were negatively impacted by \$38 million from the January freeze and \$14 million from the fire in Mexico.
- Free cash flow generated in the quarter was \$144 million, compared to a higher amount last year due to a settlement with the IRS.
- Operating earnings per share were \$0.17 compared to \$0.41 in the previous quarter.

Operational Highlights:

- Execution of the Box Go-to-Market strategy exceeded initial expectations, driving significant margin and mix benefits.
- Investments in packaging businesses and optimization strategies in Global Cellulose Fibers yielded positive outcomes.
- Fixed cost reduction initiatives across the mill system are ongoing.

Business Expansions & Capital Expenditure Plans:

- Announced a combination with DS Smith to create shareholder value.
- Continued investments to strengthen packaging businesses and improve capabilities across the box network.
- Proactive maintenance spending beyond the annual outage program is planned to enhance productivity and efficiency.

Segment Performance and Outlook:

- **Industrial Packaging:** Expected improvement in earnings from price and mix, with higher export prices and continued progress with the Box Go-to-Market strategy.
- **Global Cellulose Fibers:** Price and mixed benefits are anticipated, with flat volumes as the company reduces exposure to commodity grades and grows in absorbent pulp. Cost reductions from pulp machine closures are expected to improve earnings.

Alabama Operations:

- The Alabama facilities contributed to the company's overall performance, with the Prattville containerboard plant and the Selma paper mill playing significant roles in the company's operational strategy.

JBS S.A. (Pilgrim's Pride Corporation) (BOVESPA:JBSS3)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s): Facilities in Russellville, Guntersville, and Enterprise, Alabama, for chicken production.

Key Takeaways:

- JBS USA Holdings Inc. reported strong financial performance in Q1 2024, overcoming previous challenges and demonstrating significant improvements.
- The company emphasized growth across multiple segments, especially in the beef, pork, and poultry sectors.
- Strategic investments and operational efficiencies contributed to the improved results.
- JBS maintained a positive outlook for the remainder of 2024, with continued focus on market expansion and cost management.

Financial Highlights:

- Revenue: \$89.15 billion, up from \$88.71 billion, a 0.49% increase.
- EPS (GAAP): \$0.74, a significant increase from \$0.18 in the previous quarter, reflecting a 311.11% rise.
- The revenue growth was driven by increased sales volumes and favorable market conditions.
- Improved margins across key segments contributed to better-than-expected earnings.

Operational Highlights:

- The beef segment saw strong demand and higher prices, boosting overall profitability.
- The pork segment benefited from operational efficiencies and strong export demand.
- The poultry segment experienced growth in both domestic and international markets.
- Continued focus on sustainability initiatives and improving operational efficiencies.

Business Expansions & Capital Expenditure Plans:

- JBS announced further investments in expanding production capacities and upgrading facilities to enhance operational efficiency. Most of these investments are planned for Brazil in their beef and pork segments.
- Specific investments in technology and automation to streamline processes and reduce costs.
- Plans to enter new markets and expand product lines to meet growing consumer demand.

Segment Performance and Outlook:

- Beef: Revenue growth driven by higher prices and strong demand, particularly in the US and export markets.
- Pork: Increased efficiency and export demand contributed to improved performance.
- Poultry: Growth in both domestic and international markets, supported by strategic investments in production capacity.
- Positive outlook for all segments, with expectations of continued growth and profitability improvements.

Alabama Operations:

- The Alabama operations, particularly in chicken production, played a crucial role in the overall performance of the poultry segment.
- Ongoing investments in the Alabama facilities are expected to enhance productivity and meet increasing demand.

Louisiana-Pacific Corporation (NYSE:LPIX)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Hanceville: Oriented Strand Board (OSB) Manufacturing
- Thomasville: Oriented Strand Board (OSB) Manufacturing

Key Takeaways:

- Strong growth in Siding and OSB businesses.
- New product launches and strategic partnerships contributed significantly to growth.
- Operational efficiency and capital allocation strategies were key drivers of success.

Financial Highlights:

- **Revenue:** \$724 million, a 24% increase compared to last year.
- **Adjusted EBITDA:** \$182 million, \$116 million higher than Q1 2023.
- **Operating Cash Flow:** \$105 million, compared to an outflow of \$119 million last year.
- **Full-year EBITDA guidance:** Increased to \$655 million to \$685 million, approximately \$150 million higher than the previous outlook.

Operational Highlights:

- Siding's revenue grew by 9% due to a 5% increase in net selling prices and a 4% increase in volume.

- The Siding business achieved a 25% EBITDA margin.
- Record operating efficiency in the OSB business contributed significantly to overall performance.

Business Expansions & Capital Expenditure Plans:

- Completion of capacity investments in Houlton, Sagola, and Bath.
- Resumed share repurchases with \$50 million spent so far in 2024.
- The Board approved an increase of \$250 million to the share repurchase authorization.

Segment Performance and Outlook:

- **Siding:** Normalized growth in volume and revenue, driven by new products and strategic partnerships. ExpertFinish products grew to 9% of volume and nearly 14% of revenue in Q1.
- **OSB:** Higher market prices and record efficiency led to substantial EBITDA growth. Capacity investments are expected to boost future performance.

Alabama Operations:

- The OSB manufacturing facilities in Hanceville and Thomasville played a crucial role in the company's strong operational performance, contributing to the overall positive outlook for the region.

NFI Group Inc. (TSX:NFI)

Outlook: Neutral

AL Outlook: Negative

Recommended Action: Monitor production volume reduction.

Notes:

Alabama Location(s): Anniston - bus manufacturing facility

Key Takeaways:

- NFI Group Inc. faced several challenges in Q1 2024, leading to a decline in financial performance.
- The company is implementing cost-saving measures and focusing on operational efficiencies to mitigate the impact of reduced demand.
- Despite overall negative performance, there are signs of stabilization and potential recovery in the latter half of the year.

Financial Highlights:

- Revenue: \$480 million, a 15% decrease year-on-year.
- Adjusted EBITDA: \$30 million, down 40% compared to Q1 2023.

- Free Cash Flow: Negative \$20 million, primarily due to lower sales volumes and higher working capital requirements.

Operational Highlights:

- Production rates were reduced across various facilities to align with the decreased demand.
- Focus on enhancing operational efficiencies and reducing costs through workforce optimization and other measures.
- Introduction of new bus models that are expected to drive future growth.

Business Expansions & Capital Expenditure Plans:

- Delayed several capital expenditure projects due to current financial constraints.
- Strategic investments in electric bus technology and infrastructure to support future market demand.

Segment Performance and Outlook:

- Transit Buses: Significant decline in sales due to reduced public transportation usage and delayed government funding.
- Motor Coaches: Continued weak demand impacting overall segment performance.
- Parts and Services: Steady performance with slight growth due to increased maintenance activities.

Alabama Operations:

- The Anniston bus manufacturing facility is experiencing reduced production volumes, aligning with the overall company's strategy to match output with current demand levels.

Nucor Corp. (NYSE:NUE)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Trinity: Steel tube manufacturing facility
- Decatur: Steel tube manufacturing facility
- Birmingham: Steel tube manufacturing facility
- Tuscaloosa: Steel plate manufacturing facility

- Fort Payne: Steel joist manufacturing facility
- Riverside: Steel rebar fabrication facility
- Eufala: Metal buildings manufacturing facility

Key Takeaways:

- Nucor advanced its growth strategy and made meaningful commercial moves.
- The company is optimistic about future demand driven by megatrends like AI and cloud computing.
- Recent U.S. trade enforcement policy changes are seen as positive for the steel industry.

Financial Highlights:

- Revenue: Nucor reported a significant improvement in revenue for Q1 2024 compared to previous periods.
- EBITDA: Segment profits were over \$0.5 billion, highlighting a strong performance.
- Key Factors: The company noted stabilization in market prices and robust backlogs.

Operational Highlights:

- Strong demand in high-growth sectors such as data centers.
- Continued execution of downstream products strategy.
- Positive developments in trade enforcement policies impacting the steel industry favorably.

Business Expansions & Capital Expenditure Plans:

- Nucor is evaluating acquisition opportunities in high-growth sectors.
- The company has a robust pipeline of prospects aligned with steel-adjacent growth trends.

Segment Performance and Outlook:

- The downstream products segment contributed significantly to profits, indicating a diversified and stable product mix.
- Nucor's performance is fundamentally stronger compared to pre-pandemic levels, with better profitability and demand trends.

Alabama Operations:

- Nucor's various facilities in Alabama played a crucial role in the company's overall performance, contributing to the positive outlook for the region.

Olin Corporation (NYSE:OLN)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Mobile: Chlor Alkali Facility
- McIntosh: Chlor Alkali Facility

Key Takeaways:

- Olin Corporation reported a steady first quarter in 2024 with key focus areas in chlor alkali, epoxy, and Winchester businesses.
- Positive impacts were seen from cost management and restructuring actions, particularly in the Epoxy segment.
- Challenges included propellant shortages potentially affecting commercial ammunition supply.

Financial Highlights:

- Liquidity and Cash Position: As of March 31, 2024, Olin reported \$150.9 million in cash and cash equivalents, with approximately \$1.2 billion in available liquidity.
- Debt and Earnings: The net debt increased by about \$115 million from year-end due to seasonal working capital increases. The net debt to adjusted EBITDA ratio was 2.3x, expected to normalize to around 2x by year-end.
- 2024 Financial Outlook: Projected unusual cash usage totaling approximately \$130 million, including higher-than-normal cash tax payments and final payments under energy contracts. Despite this, the levered free cash flow yield for 2024 is projected at about 10%.

Operational Highlights:

- Safety and Operational Efficiency: Emphasis on safety as a cornerstone for operational reliability and efficiency.
- Market Position and Supply Chain Adjustments: Olin has implemented strategies to mitigate price erosion and tighten supply, positioning itself favorably as market demands for chlorine and caustic soda begin to recover.

Business Expansions & Capital Expenditure Plans:

- Capital Investments: Continued investment in maintaining an investment-grade balance sheet.

- Expansion Projects: Olin expects to break ground on the Army's Next Generation Squad Weapon ammunition plant in Lake City, Missouri. This project is designed to transform small-caliber ammunition manufacturing and will be a significant advancement for the industry.

Segment Performance and Outlook:

- Chlor Alkali and Vinyls: Olin has successfully implemented value accelerator initiatives to curb price erosion in its Chlor Alkali and Vinyls segment, enhancing operational efficiency and product demand. The company tightened supply in response to early Q1 value drops, stabilizing prices. Improved chlorine volumes were driven by demand across several key end-uses such as agriculture, urethanes, titanium dioxide, and water treatment. Looking ahead, the company sees seasonal demand increases and tight supplier inventories contributing to firmer caustic soda prices. The strategic adjustments and recovery in this segment are crucial for Olin, especially considering its facilities in McIntosh and Mobile where it operates significant facilities involved in these chemical processes.
- Epoxy Business: Benefits from restructuring, with a focus on higher-margin systems and recovery from market troughs.
- Winchester Segment: Strong performance in commercial and military ammunition, with concerns about propellant shortages potentially limiting supply.

Outokumpu Oyj (HLSE:OUT1V)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: N/A

Notes:

Alabama Location(s): Calvert, Alabama - Stainless Steel Mill

Key Takeaways:

- **Financial Performance:** Outokumpu reported a challenging Q1 2024, impacted by political strikes in Finland, leading to significant operational disruptions.
- **Revenue:** €1.479 billion, a slight increase of 1.18% YoY.
- **EPS:** Normalized EPS was -€0.05, missing the consensus estimate of -€0.03.
- **Operational Issues:** Strikes affected major operations, causing a temporary shutdown of key facilities.
- **Cost Management:** Announced an increase in the Phase 2 performance improvement target from €200 million to €350 million to address cost inflation and strike impacts.

Financial Highlights:

- **Revenue:** €1.479 billion, up 1.18% YoY.
- **Normalized EPS:** -€0.05, missing the consensus estimate of -€0.03.

- **Impact of Strikes:** Estimated financial hit from strikes revised from €80 million to €60 million.

Operational Highlights:

- **Europe:** Market conditions remained tough, with low volumes and price pressures, but gradual improvements in pricing.
- **Americas:** Volumes in the U.S. market were reasonable, but Mexican operations faced pressure from increased imports due to global overcapacity, particularly from Asia.
- **Maintenance Issues:** Operational issues due to maintenance work affected performance in the Americas.

Business Expansions & Capital Expenditure Plans:

- **Phase 2 Plan:** Increased the performance improvement target from €200 million to €350 million to boost returns and mitigate rising costs.

Segment Performance and Outlook:

- **Europe:** Challenging market with low volumes and high inflation, but some positive signs in specialized grades and energy-related projects.
- **Americas:** Reasonable U.S. market performance, but Mexican operations under pressure from imports. Maintenance work completion expected to improve future performance.

Alabama Operations:

- **Calvert, Alabama:** Stainless steel mill continues to be a key facility, though no specific updates were mentioned regarding Alabama operations during the earnings call.

Packaging Corporation of America (NYSE:PKG)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Jackson: Paper-to-containerboard conversion activities
- Opelika: Corrugated shipping container manufacturing
- Madison: Corrugated boxes manufacturing
- Jackson: Uncoated free sheet manufacturing

Key Takeaways:

- First quarter net income was \$147 million, or \$1.63 per share, down from \$198 million, or \$2.20 per share, in Q1 2023.
- Net sales were flat at \$2 billion year-on-year.
- The Jackson, Alabama mill's conversion outage was completed earlier than expected, contributing positively to operational efficiency.

Financial Highlights:

- Net income for Q1 2024 was \$147 million, or \$1.63 per share, excluding special items it was \$155 million, or \$1.72 per share.
- Total company EBITDA was \$333 million, down from \$405 million in Q1 2023.
- Cash provided by operations was \$260 million, and free cash flow was a first-quarter record of \$184 million.
- Lower freight and logistics expenses, reduced interest expenses, and a lower tax rate contributed positively to the financials.

Operational Highlights:

- Packaging segment volume exceeded guidance estimates with a 9.2% increase in shipments.
- Demand for containerboard and corrugated products surpassed expectations.
- The Jackson mill's conversion outage was executed better than planned, enhancing operational performance.

Business Expansions & Capital Expenditure Plans:

- Capital expenditure for Q1 2024 were \$77 million, with an expectation to spend around \$400 million for the full year.
- Future capital expenditure updates are expected in July.

Segment Performance and Outlook:

- Packaging Segment: EBITDA was \$326 million with sales of \$1.8 billion, achieving a margin of 18.1%, down from 21.7% in the previous year.
- Paper Segment: EBITDA was \$41 million with sales of \$164 million, maintaining a 25% margin, consistent with the previous year.

Alabama Operations:

- The Jackson mill's early completion of the conversion outage played a crucial role in meeting high demand and operational efficiency.

PPG Industries, Inc. (NYSE:PPG)

Outlook: Positive

AL Outlook: Positive

Recommended Action: Seek potential opportunities for Aerospace and Automotive expansion in Huntsville area.

Notes:

Alabama Location(s):

- Huntsville: Aerospace manufacturing facility

Key Takeaways:

- PPG Industries reported strong financial performance despite a challenging macro environment.
- Sales of \$4.3 billion and the second-best Q1 adjusted EPS in the company's history at \$1.86.
- Sixth consecutive quarter of year-over-year segment margin increases.
- Continued growth in aerospace, specialty coatings, and marine coatings.

Financial Highlights:

- Net Sales: \$4.3 billion, maintaining a robust sales performance.
- Adjusted EPS: \$1.86 per diluted share, slightly above the midpoint forecast and close to record Q1 performance from the early COVID surge in house paint sales.
- Cash Flow: Strong cash flow projections remain, with significant share repurchase activities including a \$150 million buyback in Q1 and an additional \$2.5 billion share repurchase authorization.

Operational Highlights:

- Margin Improvement: Continued margin improvements across segments, with a particular focus on enhancing manufacturing productivity and cost management.
- Geographic Performance: Notable double-digit organic sales growth in China and India. The performance was mixed in other regions with stable or declining trends depending on local market conditions.
- Supply Chain and Cost Management: Improved supply chain stability and moderating input costs contributed positively, balancing challenges like higher wage costs.

Business Expansions & Capital Expenditure Plans:

- PPG is increasing growth-related investments, particularly in regions and sectors where it expects significant volume gains, such as aerospace and automotive coatings.

- Strategic reviews and potential divestitures of certain businesses (e.g., U.S. and Canada architectural coatings and global silica products) aim to transform PPG into a higher-growth, higher-margin company.

Segment Performance and Outlook:

- Performance Coatings Segment: Achieved favorable pricing adjustments and saw growth in aerospace, specialty coatings, and protective and marine coatings.
- Industrial Segment: Faced challenges with lower industrial demand in Europe and a tepid global production environment, partially offset by growth in automotive OEM coatings, particularly in China.
- Volume and Pricing: Expectations for volume growth in Q2 with generally flat pricing due to mixed impacts across different segments and regions.

Sonoco Products Company (NYSE:SON)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Florence: Tubes & Cores facility
- Opp: Tubes & Cores facility
- Hartselle: Reels facility

Key Takeaways:

- Sonoco delivered solid results for Q1 2024, with sales of \$1.6 billion and adjusted EBITDA of \$245 million, reflecting an EBITDA margin of 15%.
- The company continues to invest in productivity improvements, capital investments, and portfolio simplifications.
- Major strategic moves include the completion of the Protective Solutions divestiture and the integration of five businesses under one leader in the consumer segment called TFP.
- Recognized for sustainable packaging innovations with multiple awards.
- Entered into a 15-year virtual purchase power agreement with ENGIE's Wind Project to contract 140 megawatts of electricity, supporting the company's emission reduction targets.

Financial Highlights:

- Sales: \$1.6 billion.
- Adjusted EBITDA: \$245 million.
- Adjusted Earnings Per Share: \$1.12.

- Operating Cash Flow: \$166 million.

Operational Highlights:

- Strong productivity with a total of \$51 million in savings, attributed to capital investments across plant networks, automation, process improvements, and energy cost reductions.
- Completion of the Protective Solutions divestiture, enhancing portfolio simplification.
- Introduction of the TFP platform within the consumer segment, merging five businesses to streamline operations and foster growth in niche markets.

Business Expansions & Capital Expenditure Plans:

- Continued focus on strategic priorities through 2025, emphasizing alignment of the portfolio and investments in core businesses.
- Announcement of a virtual power purchase agreement to support environmental commitments and progress toward emission targets.

Segment Performance and Outlook:

- Consumer Segment: Flat volume mix expected in the second quarter with slight improvements due to seasonality and successful acquisitions.
- Industrial Segment (Opp, Hartselle, and Florence): Anticipated improvement in sales and volumes, particularly in North American paper markets due to better order rates and higher utilization.
- Positive adjustments in industrial pricing expected to reflect inflationary pressures more accurately in the near future.

Sustainability and Social Responsibility:

- Recognition for innovative sustainable packaging solutions at the PAC Global Awards, highlighting Sonoco's commitment to sustainability and design innovation.
- Publication of the 2023 Corporate Sustainability Report, detailing progress in environmental and social initiatives.

Sumco Corporation (TSE:3436)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: N/A

Notes:

Alabama Location(s): High Purity Silicon America Corporation in Theodore, AL

Key Takeaways:

- SUMCO Corporation's performance exceeded forecasts with significant gains in sales and profits.
- Strong demand for 300-millimeter epitaxial wafers, particularly driven by AI-related applications.
- Challenges in 200-millimeter and 150-millimeter wafer demand due to weaker consumer applications and automotive sectors.

Financial Highlights:

- **Revenue:** ¥93.5 billion, a 4.48% increase from the forecasted ¥89.5 billion.
- **EPS (GAAP):** ¥14.46, exceeding the forecast of ¥13.02 by 11.06%.
- **Operating Income:** ¥8.6 billion.
- **Ordinary Income:** ¥9.1 billion.
- **CapEx:** ¥76.2 billion, reflecting ongoing investments in greenfield projects.

Operational Highlights:

- Stronger-than-expected 300-millimeter epitaxial wafer shipments.
- Continued high levels of customer wafer inventory impacting demand.
- Adjustments in production to align with market conditions and customer demand fluctuations.

Business Expansions & Capital Expenditure Plans:

- Continued investment in expanding production capacity and enhancing operational efficiencies.
- Plans to increase CapEx to support growth in high-demand areas, particularly AI-related applications.
- Expectation for gradual improvements in demand and recovery in wafer consumption over the next few years.

Segment Performance and Outlook:

- **300-Millimeter Wafers:** Significant growth driven by AI and high-performance computing applications. Sales of 300-millimeter wafers exceeded expectations, indicating a market bottoming out.

- **200-Millimeter and 150-Millimeter Wafers:** Weak demand with continued corrections, especially in consumer and automotive applications. Expected to remain flat in the near term.
- **AI Applications:** Strong demand for AI servers and related technologies, with projected increases in silicon wafer consumption for AI chips, DRAM, and GPUs.

Tyson Foods Inc. (NYSE:TSN)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s):

- Albertville: Processing facility
- Blountsville: Processing facility

Key Takeaways:

- Tyson Foods reported a solid performance in the second quarter, with all business segments running better compared to the previous year.
- The company's financial discipline resulted in significant improvements in operating cash flow and free cash flow, driven by stringent CapEx management.

Financial Highlights:

- **Revenue:** Tyson Foods reported an operating cash flow of approximately \$1.2 billion year-to-date.
- **EBITDA:** The company noted an improvement in EBITDA, contributing to a lower net leverage ratio of 3.6x in Q2.
- **Cash Flow:** Free cash flow for the first half was \$556 million, nearly \$900 million higher than the previous year.
- **CapEx:** CapEx for Q2 was \$267 million, the lowest quarterly spend in several years, reflecting tight control over capital expenditures.

Operational Highlights:

- Tyson Foods emphasized improvements in operational efficiency, particularly in the Chicken segment, where strong performance was driven by better live operational performance and network optimization.
- The company maintained a disciplined approach to managing working capital, contributing to a strong cash position.

Business Expansions & Capital Expenditure Plans:

- Tyson Foods is focusing its investments on value-added business segments within its prepared foods and chicken portfolios. This strategy aims to grow these segments while maintaining ongoing maintenance and repair needs.

Segment Performance and Outlook:

- **Chicken:** The segment saw significant improvements with AOI guidance raised to \$700 million to \$900 million, driven by operational efficiencies and favorable market conditions.
- **Prepared Foods:** The segment had a solid first half, with AOI expected between \$850 million and \$950 million, though the second half is expected to reflect typical seasonality.
- **Beef:** Despite uncertainties in the cattle cycle, the Beef segment is performing as expected, with a full-year AOI forecasted between a loss of \$400 million and a loss of \$100 million.
- **Pork:** The Pork segment showed solid performance, raising its AOI guidance to between \$50 million and \$150 million.

Alabama Operations:

- Tyson Foods highlighted that its facilities in Alabama are part of its strategic focus on operational efficiency and value-added business growth. The Alabama facilities contribute to the overall positive outlook for the company's operations in the region.

United States Steel Corp. (NYSE:X)

Outlook: Positive

AL Outlook: Positive

Recommended Action: Monitor ongoing acquisition by Nippon Steel.

Notes:

Key Takeaways:

- U.S. Steel reported a solid financial performance in Q1 2024 with a focus on enhancing sustainability and competitiveness.
- The company is progressing towards closing a significant transaction with Nippon Steel Corporation (NSC).

Financial Highlights:

- **Adjusted EBITDA:** \$414 million with a 10% margin.
- **Reported Net Earnings:** \$171 million, or \$0.68 per diluted share.
- **Adjusted Net Earnings:** \$206 million, or \$0.82 per diluted share.
- **Liquidity:** \$4.5 billion, including \$2.2 billion in cash.
- **Segment Contributions:**
 - **North American Flat-Rolled Segment:** Benefited from higher spot prices and automotive contracts, with an EBITDA of \$156 million.

- **Mini Mill Segment:** Achieved an EBITDA of \$145 million, adjusting for \$20 million in start-up costs.
- **U.S. Steel Europe Segment:** Positive EBITDA due to favorable market conditions and lower energy costs.
- **Tubular Segment:** Strong EBITDA performance despite a softening market.

Operational Highlights:

- Sustained efforts to enhance product mix and maintain robust order books across segments.
- Ongoing ramp-up of the non-grain oriented (NGO) electrical steel line in the Mini Mill segment.
- Continued improvements in commercial tailwinds for the U.S. Steel Europe segment.

Business Expansions & Capital Expenditure Plans:

- **Big River 2 (BR2) and BRS Dual Coating Line (CGL2):** On track with capital projects aimed at advancing capabilities and sustainability.
- **Transaction with Nippon Steel Corporation:** Progressing towards a strategic partnership to enhance innovation and global platform.

Segment Performance and Outlook:

- **North American Flat-Rolled Segment:** Expected to maintain robust performance with higher average realized prices.
- **Mini Mill Segment:** Anticipates continued improvements in value-added product mix and EBITDA margins.
- **U.S. Steel Europe Segment:** Positive outlook due to better-than-anticipated market conditions and lower energy costs.
- **Tubular Segment:** Strong performance expected to continue, supported by high product demand.

Alabama Operations:

- **Fairfield, Alabama:** Focus on tubular steel production contributing to overall segment performance.

West Fraser Timber Co. Ltd. (TSX:WFG)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: N/A

Notes:

Alabama Location(s):

- Sawmills in Maplesville, Opelika, and Lanett

Key Takeaways

- West Fraser reported \$200 million in adjusted EBITDA for Q1 2024, representing a 12% margin.
- The North American Engineered Wood Products (EWP) segment performed strongly, contributing significantly to the overall EBITDA.
- The company experienced mixed results across different segments, with strength in North American EWP and SPF lumber markets but continued soft demand for SYP lumber products and challenges in the European business.

Financial Highlights

- **Revenue:** CAD 2,224.29 million, a decrease of 4.25% from the consensus estimate of CAD 2,322.90 million.
- **EPS Normalized:** CAD 0.70, missing the consensus estimate of CAD 0.87 by 19.54%.
- **Adjusted EBITDA:** \$200 million in Q1 2024, up from \$561 million in fiscal 2023 on a trailing four-quarter basis.
- **Cash Flow:** Negative \$41 million in Q1, with a cash balance net of debt at \$174 million versus \$361 million in the previous quarter.

Operational Highlights

- **North American EWP Segment:** Generated \$188 million of adjusted EBITDA in Q1, up from \$143 million in the fourth quarter.
- **Lumber Segment:** Benefited from curtailing production at two higher-cost mills and shifting volume to lower-cost mills.
- **Pulp and Paper Segment:** Generated \$3 million of adjusted EBITDA, similar to the previous quarter.
- **European Operations:** Adjusted EBITDA was a negative \$1 million in Q1, down from \$3 million in the previous quarter.

Business Expansions & Capital Expenditure Plans

- The company disposed of its Hinton pulp mill and two BCTMP mills and dissolved its 50-50 joint venture at Cariboo Pulp & Paper.
- Capital expenditures amounted to \$122 million in Q1 2024.

- Emphasis on ongoing portfolio optimization to reduce earnings variability and improve EBITDA floor through the cycle.

Segment Performance and Outlook

- **North American Lumber and EWP Businesses:** Higher prices and increased shipments of SPF products drove EBITDA growth.
- **US South Lumber Operations:** Facing challenges with weak market conditions impacting SYP lumber demand.
- **Western Canada Operations:** Weather conditions affected log inventories, requiring downtime at select mills.

Alabama Operations

- West Fraser's sawmills in Maplesville, Opelika, and Lanett are part of the company's overall lumber segment, contributing to the operational results and facing the same market conditions as other North American lumber operations.

WestRock Co. (NYSE:WRK)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Notes:

Alabama Location(s): Cullman (Corrugated containers manufacturing), Montgomery (Corrugated containers manufacturing), Eutaw (Folding cartons manufacturing), Lanett (Folding cartons manufacturing), Huntsville (Recycling facility), Stevenson (Containerboard manufacturing), Demopolis (Paperboard manufacturing)

Key Takeaways:

- WestRock reported net sales of \$4.73 billion and a consolidated adjusted EBITDA of \$618 million.
- The results exceeded guidance due to favorable volumes in Global Paper and lower-than-expected economic downtime.
- The company achieved approximately \$370 million in cost savings year-to-date, significantly exceeding the previously announced FY24 target of \$300 to \$400 million.
- WestRock was named one of Fortune's Most Innovative Companies in America for 2024.

Financial Highlights:

- Net sales: \$4.73 billion, down from \$5.28 billion in Q2 FY23.
- Consolidated adjusted EBITDA: \$618 million, down from \$789 million in Q2 FY23.
- Consolidated adjusted EBITDA margin: 13.1%, down from 14.9% in Q2 FY23.

- Adjusted EPS: \$0.39 per share.
- Positive impact on results from favorable volumes and energy costs.

Operational Highlights:

- North American corrugated per-day box shipments improved through the quarter, with March per-day shipments up 3.3% YoY.
- Consumer Packaging adjusted EBITDA margin expanded by 70 basis points YoY to 18.0%, driven by strong cost control.
- Continued recovery in external containerboard, with shipments up 28% YoY, driven by strength in exports; sequential improvement in paperboard volumes, up 15% QoQ.
- Significant cost savings achieved, with \$164 million saved in Q2 and \$370 million saved YTD.

Business Expansions & Capital Expenditure Plans:

- Continued focus on cost-saving initiatives and strategic growth.
- Investments in production efficiency and capacity expansions are ongoing to drive future growth and profitability.

Segment Performance and Outlook:

- **Corrugated Packaging:** Adjusted EBITDA margin of 13.7%, with strong cost-saving initiatives saving \$72 million in Q2. March shipments up 3.3% YoY. Expecting improving demand trends in H2 FY24.
- **Consumer Packaging:** Adjusted EBITDA margin of 18.0%, with a \$28 million saving in Q2. Net organic sales volume increased by 4.8% sequentially. Positive outlook for H2 FY24.
- **Global Paper:** Adjusted EBITDA margin of 12.7%, with \$84 million saved in Q2. Containerboard shipments increased by 28% YoY. Expecting continued improvement through 2024.
- **Distribution:** Adjusted EBITDA margin of 3.3%, with \$7 million saved in Q2. Continued focus on commercial improvement and cost-saving initiatives to drive profitability.

Alabama Operations:

- Operations in Alabama, including the facilities listed, contribute to the company's overall performance and strategic growth initiatives.

Westwater Resources Inc. (NYSE:WWR)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: N/A

Notes: No earnings call scheduled for this quarter.

Additional Notes:

Austal Limited (ASX:ASB)

- April 2, 2024 – **Hanwha Corporation (KOSE:A000880) made a proposal to acquire Austal Limited (ASX:ASB) for AUD 1 billion**

BAE Systems plc (LSE:BA)

- May 2, 2024 – **BAE Systems Wins \$12 Million to Boost Effectiveness of Radio Frequency-Based Applications**
- May 15, 2024 – **BAE Systems Receives \$87 Million Contract from the U.S. Navy to Upgrade USS Carter Hall**

General Electric Company (NYSE:GE)

- June 6, 2024 – **Dolby Laboratories, Inc. (NYSE:DLB) entered into a definitive agreement to acquire GE Trademark Licensing, Inc. from General Electric Company (NYSE:GE) for approximately \$430 million.**

Hibbett, Inc. (NASDAQGS:HIBB)

- April 23, 2024 – **JD Sports Fashion Plc (LSE:JD) entered into a binding agreement to acquire Hibbett, Inc. (NasdaqGS:HIBB) for \$1.1 billion.**

Honda Motor Co., Ltd. (TSE:7267)

- April 25, 2024 – **Honda Motor Co., Ltd. Plans to Establish Comprehensive Electric Vehicle Value Chain in Ontario, Canada**

IN8Bio, Inc. (NASDAQGM:INAB)

- June 13, 2024 – **IN8Bio, Inc. Presents Positive Data Demonstrating Durable 1-Year Complete Remission in 100% of Evaluable Patients in Phase 1 Trial of INB-100**

L3Harris Technologies, Inc. (NYSE:LHX)

- April 5, 2024 – **Kanders & Company, Inc. entered into an agreement to acquire Non-Core Assets of L3Harris Technologies, Inc. (NYSE:LHX) for \$200 million**

Lockheed Martin Corporation (NYSE:LMT)

- April 15, 2024 – **U.S. Missile Defense Agency Selects Lockheed Martin to Provide its Next Generation Interceptor**

Vulcan Materials Company (NYSE:VMC)

- April 29, 2024 – **Vulcan Materials Company (NYSE:VMC) acquired Whitaker Contracting Corp.**