

Quarterly Earnings Call Notes – Q2 2025

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 2025 (January to March 2025). These calls were recorded during Q2 2025 (April to June 2025). Additional Notes encompasses news alerts for additional companies monitored.

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Additional Companies Monitored:

Adient (NYSE:ADNT)	BioCryst (NASDAQGS:BCRX)
ADTRAN Holdings, Inc. (NasdaqGS:ADTN)	Carpenter Technology Corp. (NYSE:CRS)
Aerojet Rocketdyne Holdings, Inc. (NYSE:AJRD)	Computer Programs and Systems, Inc. (NasdaqGS:CPSI)
Austral Limited (ASX:ASB)	Daikin Industries (TSE:6367)
BAE Systems (LSE:BA)	Encompass Health Corporation (NYSE:EHC)
Benchmark Electronics Inc. (NYSE:BHE)	

Fidelity National Information Services, Inc. (NYSE:
FIS)

General Electric Company (NYSE:GE)

Hibbett, Inc. (NasdaqGS:HIBB)

Honda (TSE:7267)

Hyundai Motor Company (KOSE:A005380)

IN8bio Inc. (NASD:INAB)

KATEK SE (DB: KTEK)

Kratos Defense & Security Solutions, Inc.
(NASDAQGS:KTOS)

L3Harris Technologies, Inc. (NYSE:LHX)

Lakeland Industries, Inc. (NasdaqGM:LAKE)

Lockheed Martin Corporation (NYSE:LMT)

Mazda (TSE:7261)

Mercedes-Benz (XTRA:MBG)

Polaris Industries (NYSE:PII)

Sanmina-SCI Corp. (NASDAQGS:SANM)

Steelcase Inc. (NYSE:SCS)

Steris Corp. (NYSE:STE)

Surgalign Holdings, Inc. (NasdaqGS:SRGA)

The Scotts Miracle-Gro Company (NYSE:SMG)

Toyota (TSE:7203)

Vulcan Materials Company (NYSE:VMC)

Warrior Met Coal, Inc. (NYSE:HCC)

Advanced Manufacturing Industry

Positive Indicators: The sector continues to benefit from robust demand in electrification, mobility, and automation. Companies like 3M and NFI Group are capitalizing on improved supply chain conditions, growing backlogs, and rising average selling prices, particularly for EV-related systems and digital product lines. Efficiency gains and factory modernization efforts are also driving profitability.

Challenges: Persistent labor shortages, component supply inconsistencies, and geopolitical uncertainty (e.g., tariffs) remain headwinds. Demand softness in some industrial and electronics end markets is impacting select segments, and inflationary pressures on materials and logistics continue to strain margins.

Paper and Packaging Industry

Positive Indicators: Stability in e-commerce, resilience in food packaging, and premium product demand have supported recovery across consumer and industrial packaging. Companies like Sonoco and PCA are seeing EBITDA margin expansion from successful price/mix strategies and operational efficiencies. M&A and global integration efforts (e.g., Smurfit WestRock) are yielding synergy gains.

Challenges: Volume softness persists in some markets due to weak industrial demand and retailer destocking. Energy and fiber costs remain volatile in Europe. Export containerboard markets face headwinds from currency and global shipping constraints, and sector capital deployment is increasingly cautious.

Agribusiness Industry

Positive Indicators: Chicken continues to outperform other proteins on value, driving growth in both retail and foodservice. Companies like Tyson and Pilgrim's Pride are gaining from diversified portfolios, margin expansion in Prepared Foods, and strong QSR demand. Brand development and geographic expansion (e.g., Mexico) are yielding volume and market share growth.

Challenges: The sector faces inflation-sensitive consumer behavior, volatility in grain/feed costs, and supply disruptions tied to disease outbreaks (e.g., avian influenza). Protein overproduction risks, FX-related headwinds in Mexico, and regulatory pressures on trade/tariffs also complicate short-term planning.

Wood Products Industry

Positive Indicators: Demand in new construction remains resilient, especially in the U.S. South, and high-margin engineered wood products continue to outperform. Companies like LP Corp and West Fraser report strong EBITDA from siding and OSB operations. Supply chain normalization and mill modernization projects are improving throughput and cost profiles.

Challenges: Lumber pricing volatility and elevated logistics costs (e.g., in the Southeast U.S.) are pressuring margins. Tariff risks, particularly on Canadian exports, and weather-related disruptions have affected guidance. Retail repair and remodel demand is stabilizing but remains below post-pandemic peaks.

Chemicals Industry

Positive Indicators: Diversification into specialty chemicals, water treatment, and performance materials is helping companies like Chemtrade, Evonik, and Olin offset macro softness. Pricing power, contract structures, and energy hedging strategies are protecting margins. CapEx remains focused on growth in water, ultrapure acid, and methionine.

Challenges: Demand remains uneven across industrial verticals, and inflation in key inputs (e.g.,

sulphuric acid, caustic soda) continues to require active mitigation. European markets are facing overcapacity and weak demand, especially in Epoxy and Chlor-Vinyls. Environmental and trade regulation developments add strategic uncertainty.

Metals Industry

Positive Indicators: Infrastructure, construction, and defense sector activity are fueling strong order books and backlog growth, especially for companies like Nucor, Outokumpu, and Constellium. Domestic capacity expansion and reshoring trends are driving long-term investment in steel, aluminum, and specialty metals.

Challenges: Global trade friction and tariffs (e.g., on Chinese steel and aluminum) introduce uncertainty. Pricing remains volatile due to inventory fluctuations and uneven demand in industrial and automotive segments. Margins in raw materials and recycled metals remain compressed in some geographies.

Aerospace Industry

Positive Indicators: Aerospace continues to recover with robust commercial and defense demand. Backlogs at Boeing, Airbus, and PPG are healthy, with production ramp-ups in key programs like 737, A320, and defense aircraft. MRO (maintenance, repair, and overhaul) and aftermarket businesses are performing well.

Challenges: Supply chain disruptions, especially in engine components and structural materials, are slowing delivery momentum. Labor constraints and regulatory scrutiny (e.g., FAA audits) remain operational risks. Rising geopolitical tensions and program-specific delays add to near-term complexity.

3M Company (NYSE:MMM)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Alabama Location(s): Decatur: Advanced materials manufacturing facility; Guin: Manufacturing facility focusing on industrial adhesives, tapes, and transportation safety products.

Key Takeaways

- Adjusted EPS of \$1.88, up 10% YoY and above consensus by 6.21%.
- Organic sales rose 1.5%, with all business groups posting growth.
- Free cash flow was solid at ~\$500 million.
- Launched 62 new products in Q1, up 60% YoY.
- Significant progress in operational KPIs, including a 3.5 ppt YoY increase in OTIF to 89%.
- 3M raised its 2025 share repurchase forecast to \$2 billion (from \$1.5 billion).
- Alabama operations contributed to strong performance in adhesives, tapes, and advanced materials.

Financial Highlights

- Revenue: \$5.78 billion (+0.89% vs. consensus).
- Adjusted EPS: \$1.88 (+10% YoY).
- Operating Margin: 23.5% (+220 basis points YoY).
- Free Cash Flow: ~\$500 million.
- Net leverage remains low; significant liquidity preserved.
- Capital return: \$1.7 billion in Q1, including \$400 million in dividends and \$1.3 billion in buybacks.

Operational Highlights

- OTIF (On-time In-Full): 89%, highest in 5 years.
- OEE (Overall Equipment Effectiveness): up to 58%, covering 50% of production across 38 factories.
- Safety incident rate down 25% YoY.
- Strong order momentum with company-wide backlog up low-teens since January.

- Notable new products: ScotchBlue PROShark Painter’s Tape, low sparkle optical film, and SSD connectors.
- Emphasis on customer retention with predictive analytics deployed for churn risk.

Business Expansions & Capital Expenditure Plans

- Focused on increasing cadence of innovation: goal of 215 product launches in 2025.
- Continued investments in digital sales infrastructure, product commercialization, and operational efficiency.
- Portfolio shaping included one small divestiture and ongoing evaluation of others due to trade policy uncertainties.
- No major site-specific capex disclosed, but efforts in Guin and Decatur are part of core manufacturing expansion in adhesives and materials.

Segment Performance and Outlook

- **Safety and Industrial (SIBG):**
 - Organic growth: +2.5%.
 - Strength in cable accessories, adhesives, and personal safety.
 - Operating margins improved YoY.
 - Focused on achieving 90% OTIF by year-end (currently ~82%).
- **Transportation and Electronics (TEBG):**
 - Organic growth: +1.1%.
 - Aerospace up double digits; advanced materials up high single digits.
 - Electronics soft due to weak device demand.
 - Auto OEMs down mid-single digits due to weak builds in the U.S. and Europe.
- **Consumer (CBG):**
 - Organic growth: +0.3%.
 - Growth in Filtrete filters, paint protection, and respiratory.
 - Softness in Command and packaging segments.
- FY25 guidance: EPS \$7.60–\$7.90 (unchanged, excluding tariff impacts).
- Tariff headwinds estimated at \$0.60 EPS in 2025, with mitigation efforts potentially reducing net impact to \$0.20–\$0.40.

Airbus SE (ENXTPA:AIR)

Outlook: Positive

AL Outlook: Positive

Recommended Action: Monitor production ramp-up in Mobile and assess supplier and workforce readiness for A320 and A220 programs.

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

Key Takeaways

- Airbus delivered 136 aircraft in Q1 2025, including 17 A220s and 106 A320-family aircraft.
- Backlog reached a record 8,726 aircraft, supported by 280 gross orders in the quarter.
- New H140 helicopter introduced with firm commitments during VERTICON 2025.
- Net income was €0.8 billion; adjusted EPS at €0.67.
- Free cash flow before customer financing was negative €0.3 billion due to inventory buildup.
- Airbus continues to expect back-end loaded deliveries for 2025 due to engine shortages and supply constraints.

Financial Highlights

- Revenue: €12.8 billion (+9% YoY).
- EBIT Adjusted: €0.6 billion (down from €0.8 billion YoY).
- Net Income: €0.8 billion; reported EPS: €1.01; adjusted EPS: €0.67.
- Free Cash Flow (before customer financing): -€0.3 billion.
- CapEx in Q1: €0.6 billion; net cash position: €11 billion.
- Liquidity remains strong at €35 billion.
- Adjustments included €105 million restructuring provision (mainly in Defence & Space), and €13 million FX mismatch.

Operational Highlights

- 17 “gliders” (aircraft without engines) at end of Q1 due to ongoing engine supply shortages (notably CFM).
- A320-family ramp-up targeting 75/month by 2027.
- A350 rate target remains 12/month by 2028; A330 stabilized at 4/month.
- Helicopters: 100 net orders in Q1, including first commitments for new H140 model.
- Defence & Space: €2 billion in order intake with continued strength in air power systems and Space Systems.
- Spirit AeroSystems supply issues continue to weigh on widebody ramp-up.

Business Expansions & Capital Expenditure Plans

- Ongoing investments in production capacity across narrow-body and widebody programs.
- Supply chain resilience efforts include additional buffers and alternative sourcing.
- CapEx expected to increase moderately in 2025 to support industrial ramp-up.
- Signed definitive agreement to acquire key assets from Spirit AeroSystems to stabilize the supply base.
- Mobile, AL production system remains central to North American industrial plans.

Segment Performance and Outlook

- **Commercial Aircraft:**
 - Revenue up 4% YoY, aided by FX.
 - EBIT impacted by higher R&D and less favorable hedge rates.
 - Widebody demand remains strong, with 47 widebody orders in Q1.
 - Supply chain headwinds to persist through mid-year; delivery ramp expected in H2.
- **Helicopters:**
 - Delivered 50 units (-21% YoY); EBIT declined due to volume and employee share expenses.
 - Strong demand momentum seen at VERTICON 2025, especially for H140.
- **Defence and Space:**
 - Revenue up 4%, driven by air power systems.
 - EBIT pressured by lower Space Systems margins and workforce restructuring provisions.
 - Strategic focus on European defense capability and program execution continuity.

Boeing Co. (NYSE:BA)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Coordinate with Huntsville-area defense and aerospace suppliers to prepare for increased activity tied to the F-47 fighter program and space systems. Monitor workforce skill demands for potential recruitment and training initiatives.

Alabama Location(s): Huntsville: Aerospace and defense facility

Key Takeaways

- Revenue totaled \$19.5 billion, up 18% YoY, driven by higher commercial aircraft deliveries.
- Core loss per share improved to \$(0.49), significantly better than the prior year.
- Free cash flow usage was \$2.3 billion, better than expected due to favorable working capital timing.
- BCA delivered 130 airplanes in Q1, with backlog rising to \$460 billion.
- Boeing Defense, Space & Security (BDS) booked \$4 billion in orders, including a major award for the U.S. Air Force's next-gen fighter, the F-47.
- Despite lingering supply chain and regulatory headwinds, Boeing is stabilizing operations and preparing for increased production rates.

Financial Highlights

- Revenue: \$19.5 billion (+18% YoY; -1.5% vs. consensus).
- Core Loss Per Share: \$(0.49) vs. \$(1.30) consensus.
- Free Cash Flow: Usage of \$2.3 billion, improved from prior quarter and expectations.
- BCA revenue: \$8.1 billion; operating margin: -6.6%.
- BDS revenue: \$6.3 billion; operating margin: +2.5% (up 30 bps YoY).
- BGS revenue: \$5.3 billion; operating margin: 16.4%.

Operational Highlights

- BCA delivered 130 aircraft, including higher 737 and 777 volumes.
- Production on 737 MAX increased to low 30s per month; goal remains 38/month in coming months.
- 787 production stabilized at 5/month; increase to 7/month expected soon.
- BDS delivered 26 aircraft; production remains challenged but is stabilizing.
- Progress made in rework and inventory reduction efforts across 737 and 787 programs.
- Backlog rose to \$460 billion (including over 5,600 airplanes).

Business Expansions & Capital Expenditure Plans

- Continued investment in stabilizing production rates and supplier coordination.
- Facility upgrades to support higher 737 and 787 rates.
- No new capex guidance disclosed, but emphasis placed on capital discipline and operational readiness for ramp-up.
- Tariffs had minimal Q1 financial impact but are being closely monitored.

Segment Performance and Outlook

- **Commercial Airplanes (BCA):**

- Solid delivery momentum; 221 net orders in Q1, including major wins from Korean Air and BOCA.
- Operating margin remained negative but showed improvement due to better mix and lower period costs.
- Inventory cleanup progressing; goal to shut down “shadow factory” for reworked aircraft by mid-year.
- **Defense, Space & Security (BDS):**
 - Revenue down 9% due to lower volume and commercial derivative program delays.
 - Margin improvement from stabilizing performance.
 - Awarded contract to deliver the new F-47 fighter jet for the U.S. Air Force (not yet reflected in backlog).
 - Huntsville, Alabama site remains pivotal in supporting space and defense programs, including classified efforts.
- **Global Services (BGS):**
 - Strong revenue growth and solid 16.4% margin.
 - Continued strength in commercial spares, government services, and digital solutions.
 - Facility expansions continue to support defense customers.

Canfor Corp. (TSX:CFP)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Engage with Canfor to explore supplier and workforce partnerships near its Alabama sawmills. Monitor logistics and transportation infrastructure enhancements to accommodate the production ramp-up and future capital investments.

Alabama Location(s):

Key Takeaways

- Revenue grew 10.5% year-over-year to CAD \$1.42 billion.
- Adjusted EBITDA of CAD \$61 million in the lumber segment, up CAD \$44 million from Q4 2024.
- 18% increase in Southern Yellow Pine production supported by the ramp-up of the new greenfield sawmill in Alabama.
- Canfor Pulp contributed CAD \$21 million in adjusted EBITDA, up CAD \$9 million quarter-over-quarter.
- Balance sheet remains strong, with CAD \$1.3 billion in liquidity and modest debt levels.
- Canfor now produces 40% of its volume in the U.S. South.

Financial Highlights

- Revenue: CAD \$1.42 billion (+10.5% YoY).
- EPS: (CAD -0.32), slightly better than consensus.
- Lumber Segment Adjusted EBITDA: CAD \$61 million (+CAD \$44 million QoQ).
- Pulp Segment Adjusted EBITDA: CAD \$21 million (+CAD \$9 million QoQ).
- Net Debt (Canfor Pulp): CAD \$72 million.
- Liquidity:
 - Canfor Pulp: CAD \$82 million
 - Canfor excluding Pulp and duty loan: CAD \$1.3 billion
- Consolidated Capex: CAD \$122 million (includes CAD \$9 million for Canfor Pulp)

Operational Highlights

- Alabama sawmill ramp-up drove an 18% increase in Southern Yellow Pine production.
- U.S. South now accounts for 40% of total volume; 70% of Q1 production was outside Canada.
- Strategic shift away from high-cost British Columbia operations (18% decline in Western Canadian production).
- Canfor Pulp benefited from higher pulp sales realizations, improved productivity, and favorable shipment timing.
- Concerns remain over chip inventories and long-term fiber supply due to elevated duties and trade friction.

Business Expansions & Capital Expenditure Plans

- Capital expenditures for 2025 expected at ~CAD \$250 million for lumber operations.
 - Includes final payments for Alabama greenfield sawmill.
 - Planned investment in recently acquired El Dorado, Arkansas sawmill.
 - Ongoing brownfield planer upgrade in Sweden.
- CAD \$45 million planned capex for Canfor Pulp, including capitalized maintenance.
- Renewed NCIB; plans to opportunistically repurchase shares through 2025.
- Capital plan is modest relative to prior years, reflecting a transition to optimization.

Segment Performance and Outlook

- **Lumber Segment:**
 - Improved pricing in North America aided Q1 performance.
 - U.S. South operations (including Alabama) saw strong production and cost advantages.
 - Supply rationalization in the industry helped stabilize pricing.
 - Outlook remains cautious due to macro volatility and trade issues, but strategic transformation positions Canfor for long-term gains.
- **Pulp Segment:**

- Market strength in China early in Q1, but pricing momentum softened toward quarter-end.
- Expect lower pulp pricing in Q2 due to rising global economic and trade uncertainty.
- Business remains resilient due to product specialization, market diversification, and strong fiber characteristics.

Chemtrade Logistics Income Fund (TSX: CHE.UN)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Alabama Location(s): Decatur: Water chemical production plant

Key Takeaways

- Revenue rose 11.5% year-over-year to CAD \$466.3 million.
- Adjusted EBITDA grew 9.3% to approximately CAD \$109.6 million.
- SWC segment led growth, driven by volume and pricing gains in water chemicals, merchant acid, and regen acid.
- FY25 EBITDA guidance raised to the upper end of CAD \$430–\$460 million.
- Vision 2030 introduced: targets 5%–10% average annual EBITDA growth.
- Monthly distribution increased 5%; 10.4 million units repurchased to date under NCIB.
- Net leverage at ~2.0x with CAD \$780 million in liquidity.

Financial Highlights

- Revenue: CAD \$466.3 million (+11.5% YoY, +10.5% above consensus).
- Adjusted EBITDA: ~CAD \$109.6 million (+9.3% YoY).
- EPS (GAAP): CAD \$0.30 (42.9% above consensus).
- Distributable Cash Flow: CAD \$62.1 million (CAD \$0.53/unit).
- Net debt-to-EBITDA: approximately 2.0x.
- Monthly distribution raised to CAD \$0.0575; payout ratio forecast at 45%.

Operational Highlights

- SWC segment revenue (ex-FX): +11.9%; EBITDA: +12.5%.
- Growth driven by higher volumes and pricing in water chemicals, merchant acid, and regen acid.
- Higher input costs (notably in water chemicals and sulphuric acid) were effectively managed through pricing mechanisms and contract structures.
- EC segment performance flat YoY (ex-FX), with improved caustic soda pricing offset by lower chlorine pricing and reduced Brazil revenues.
- FX impact favorable due to a weaker Canadian dollar vs. USD.

Business Expansions & Capital Expenditure Plans

- FY25 capex planned at CAD \$40–\$60 million, focused on water chemicals and ultrapure sulphuric acid growth.
- Cairo, Ohio ultrapure acid expansion progressing through start-up.
- Specialty water chemical line in Augusta, GA to complete in 1H 2025.
- Acquired Thatcher Group’s aluminum sulfate water treatment businesses in Florida, New York, and California for CAD \$30 million (5x expected EBITDA).
- Capital allocation strategy balances growth investments, distributions, and buybacks.
- NCIB target: 5% unit count reduction in 2025.
- Vision 2030: Targets CAD \$550–\$600 million EBITDA by 2030.

Segment Performance and Outlook

- **SWC (Sulphur and Water Chemicals):**
 - Mid-cycle position.
 - Strong ongoing demand for non-discretionary water treatment products.
 - Expect continued resilience even amid macroeconomic uncertainty.
 - Maintenance turnarounds at sulphuric acid plants to reduce EBITDA by ~CAD \$5 million.
- **EC (Electrochemicals):**
 - Caustic soda pricing improving YoY.
 - Chlorine pricing showing signs of softening in 2025.
 - HCL demand may weaken due to lower energy prices and rig counts.
 - Sodium chlorate volumes down from 2024 due to production curtailments; partially offset by price increases.
 - Rezoning underway in North Vancouver to transition chlorine production to owned land; lease extended to 2044.
 - Overall performance stable with mixed product-level trends.

Constellium N.V. (NYSE:CSTM)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Monitor tariff developments and potential impacts on plant competitiveness.

Alabama Location(s): Muscle Shoals: Aluminum sheet manufacturing

Key Takeaways

- Adjusted EPS of €0.23 beat consensus by 360%.
- Revenue rose 5% YoY to €1.74 billion.
- Strong recovery at the Muscle Shoals plant; improved operational performance.
- Continued weakness in automotive and industrial markets, particularly in Europe.
- Resumed normal operations at Valais facility after 2023 flood.
- Tariff impacts estimated at €20M for 2025 but mostly offset via customer pass-throughs.
- Free cash flow expected to exceed €120M for FY 2025.

Financial Highlights

- Revenue: €1.74 billion (+3.75% vs consensus).
- Adjusted EBITDA: €186 million (includes €46M metal price lag benefit; underlying: €140M).
- Net income: €38 million (up from €22M YoY).
- Free cash flow: €-3 million in Q1 (excluding flood and timing, +€26 million).
- Leverage: 3.3x net debt/EBITDA; expected to trend down.
- Liquidity: €800 million; no bond maturities until 2028.

Operational Highlights

- Shipments: 372k tons (-2% YoY).
- **Muscle Shoals:**
 - Strong Q1 operations; lapped severe weather from prior year.
 - Scrap spread pressures remain a headwind, but operational efficiency improved.
- FX headwinds and weaker mix in Aerospace and AS&I segments.
- Safety performance improved YoY (1.02 recordable rate).

Business Expansions & Capital Expenditure Plans

- Vision 25 program accelerated to cut costs and boost efficiency.

- CapEx to be reduced 5–10% from prior guidance to remain prudent.
- Continued focus on repurchasing shares: €15 million in Q1 (1.4M shares).
- ~€206 million remains on buyback program; FCF to fund repurchases.
- Aluminum scrap spreads began improving at end of Q1.

Segment Performance and Outlook

- **Aerospace & Transportation (A&T):**
 - EBITDA: €75 million (-14% YoY).
 - Aero down 11% due to OEM inventory overhang; business/defense demand stable.
 - TID weak across Europe; Valais flood impacted volumes.
- **Packaging & Automotive Rolled Products (P&ARP):**
 - EBITDA: €60 million (+25% YoY).
 - Packaging up 9% in both NA and Europe.
 - Automotive down 15% globally; Muscle Shoals aided segment performance.
- **Automotive Structures & Industry (AS&I):**
 - EBITDA: €16 million (-50% YoY).
 - Lower volumes in auto and industry markets.
 - Tariff impacts seen in Canadian imports to U.S. — estimated €20M for FY.
 - Working on pass-throughs to offset cost impact.

Evonik (XTRA:EVK)

Outlook: Positive

AL Outlook: Positive

Recommended Action: Monitor CAPEX support for medical products segment.

Alabama Location(s): Mobile: Methionine Production Plant; Birmingham: Competence Center for Medical Devices

Key Takeaways

- Normalized EPS of €0.59, up 47.5% YoY and beat consensus by wide margin.
- EBITDA grew >50% YoY; free cash flow also increased significantly.
- Strong performance in Nutrition & Care and Specialty Additives segments.
- Confirmed full-year guidance despite macroeconomic uncertainty.
- April EBITDA performance stable at Q1 average across businesses.
- Methionine business achieved record sales in Q1; robust pricing and demand trends.

Financial Highlights

- Revenue: €3.78 billion (slightly below consensus).
- Normalized EPS: €0.59 (vs. €0.40 consensus, +47.5%).
- EBITDA: Strong double-digit growth (exact figure not specified).
- Free Cash Flow: Increased YoY (specific number not provided).
- Net debt: Stable; pension discount rate adjustment due to accounting standards.
- Liquidity and hedging continue to support energy cost control.

Operational Highlights

- Methionine (Mobile, AL):
 - Delivered all-time sales record in Q1.
 - Pricing remains strong, particularly in Asia.
 - Q2 expected to remain tight; bullish outlook for H2.
- Other Alabama operations (Medical Devices): Supported by broader Nutrition & Care trends.
- Local production in all major regions buffers tariff risks.
- Order trends show smaller, more frequent orders but no volume drop.
- Crosslinkers and hydrogen peroxide outlook stable; only modest risk from redirected Chinese exports.

Business Expansions & Capital Expenditure Plans

- Ongoing cost reduction programs delivering high double-digit million net savings.
- Energy cost advantages from hedges and spot market trends expected to continue.
- Moderate capex to support key growth areas (e.g., methionine, medical products).
- Capital Markets Day (following week from call) expected to outline longer-term strategy.

Segment Performance and Outlook

- **Nutrition & Care:**
 - Strongest performance, led by methionine.
 - Record-breaking Q1 in sales and price momentum.
 - Outlook remains robust for Q2 and into second half.
- **Specialty Additives:**
 - Continued resilience; stable volume and pricing.
 - Growth supported by demand in construction and mobility.
- **Performance Materials (C4):**
 - Weak macro trends and lower feedstock prices (naphtha, butadiene) reduced contribution.
 - Planned PA12 maintenance revision in Q2 to impact costs.
- **Geographic Risk Management:**
 - 76% of production insulated from trade actions.

- Minimal competition exposure from redirected Chinese exports due to localized production.

Interfor Corp. (TSX:IFP)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Monitor market volatility and potential duty impacts on regional sawmill operations.

Alabama Location(s): Belk: Sawmill

Key Takeaways

- Adjusted EBITDA: CAD \$49 million, significantly improved YoY.
- Revenue: CAD \$735.5 million, down slightly QoQ.
- All operating regions were EBITDA positive despite winter weather and logistics disruptions.
- 76% of production is not subject to duties or U.S. trade actions.
- Volatile lumber market expected in Q2–Q3 due to tariff uncertainties and shifting demand.
- Company remains confident in its geographic and product diversification strategy.

Financial Highlights

- Revenue: CAD \$735.5 million (-1.24% vs consensus).
- Normalized EPS: (CAD -0.24), slightly better than expected.
- Net loss: CAD \$35 million (includes CAD \$29 million noncash loss from Quebec divestiture).
- Adjusted EBITDA: CAD \$49 million.
- Capital Expenditures: CAD \$17 million.
- Available liquidity: over CAD \$300 million.
- Net debt to invested capital: 37%, expected to decline as inventory normalizes.

Operational Highlights

- Average realized lumber price up 8% QoQ.
- Lumber shipments down 8% due to winter weather and truck availability in the U.S. South.
- Production costs per unit increased 9% due to volume inefficiencies.
- Inventories slightly above seasonal norms but returning to target levels.
- Operating rate improved to 82% in Q1 (up from 78% in Q4).

- Strong performance in Eastern Canada due to diversified species and product mix.

Business Expansions & Capital Expenditure Plans

- CAD \$15–\$20 million in expected cash proceeds from B.C. tenure sales through 2026.
- No new major capex projects announced in Q1; ongoing optimization and portfolio adjustments.
- Sale of Quebec operations completed; focus is now on core, diversified U.S. and Eastern Canadian operations.
- Belk sawmill remains strategically valuable, especially under volatile tariff environments.

Segment Performance and Outlook

- **U.S. South (includes Belk, AL):**
 - Faced logistical delays in Q1 but expecting recovery in Q2.
 - No major capacity responses observed despite rising Southern Yellow Pine prices.
 - Tight trucking capacity expected to normalize by Q2.
- **Canada:**
 - Winter conditions impacted operations, particularly in B.C.
 - SPF markets pressured; risks from increased duties and weaker housing outlook.
- **Market Outlook:**
 - Pricing volatility expected to persist in Q2–Q3 due to pending duty hikes and tariff concerns.
 - R&R segment supported by aging housing stock and stable employment, but consumer sentiment remains soft.
 - New construction demand resilient, supported by builder incentives and low inventory.

International Paper Co. (NYSE:IP)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Inquire about the implications around the 80/20 plan for Alabama facilities and if they are expected to experience specific investments or operational changes are planned for IP’s Alabama facilities

Alabama Location(s): Bay Minette: Containerboard Plant; Prattville: Containerboard Plant; Decatur: Containerboard Plant; Huntsville: Sheet Plant; Dothan: Sheet Plant; Selma: Paper Mill

Key Takeaways

- Adjusted EPS of \$0.23, down 37.84% YoY and below consensus.
- Revenue fell 5.1% YoY to \$5.9 billion.
- First full quarter including DS Smith assets; integration on track.
- Significant transformation underway: targeting \$1.9B cost out and \$1.1B commercial improvement by 2027.
- Supply chain and footprint optimization under 80/20 strategy.
- Q1 EBITDA run rate ~\$800M; aiming for \$1.1B by Q4.
- Flat demand expected in Q2, but strategic actions underway to stabilize and improve performance.

Financial Highlights

- Revenue: \$5.9 billion (vs. \$6.2B consensus, -5.1% YoY).
- Adjusted EPS: \$0.23 (vs. \$0.37 consensus).
- Free Cash Flow: Usage of \$670 million in Q1 (mostly due to severance and DS Smith transaction costs).
- Full-year FCF guidance reaffirmed: \$100M–\$300M.
- EBITDA contribution from DS Smith (North America): \$7M (2 months).
- EBITDA contribution from DS Smith (EMEA): \$104M (2 months).

Operational Highlights

- Packaging Solutions North America:
 - Closed Red River mill; \$190M in accelerated depreciation.
 - Sales boosted by DS Smith assets and February index pricing realization.
 - Achieved 500 bps improvement in volume gap vs. market.
- Cost savings of ~\$400M already realized from transformation.
- Cellulose Fibers: strategic review ongoing; strong Q1 due to fluff pulp performance.
- Input costs stable with slight favorability from fiber, offset by higher energy.
- Inventories lean; stable April trends but visibility remains low.

Business Expansions & Capital Expenditure Plans

- Continued roll-out of 80/20 performance system in 75+ box plants and 2 mills.
- Optimization of mill and box plant footprint underway.
- Strategic synergies with DS Smith expected to reach \$600M–\$700M.
- Maintenance outage costs to be front-loaded in H1 2025.
- Footprint closures (e.g., Red River mill) expected to deliver continued cost-down benefits through 2025.
- Ongoing investments in customer experience, efficiency, and capability upgrades.

Segment Performance and Outlook

- **Packaging Solutions North America:**
 - Revenue up due to price index realization and DS Smith integration.
 - Commercial focus is narrowing the volume gap to market and improving customer metrics.
 - Second quarter outlook includes full 3-month contribution from DS Smith and higher seasonal volume.
- **Packaging Solutions EMEA:**
 - Demand soft; benefited from energy incentives and DS Smith contribution.
 - Continued integration and synergy execution planned.
- **Global Cellulose Fibers:**
 - Fluff pulp mix and energy credits boosted EBITDA.
 - Strategic alternatives review ongoing.
 - Tariff impacts modest; potential for mid-single digit demand risk from Asia.

Louisiana-Pacific Corporation (NYSE:LPX)

Outlook: Positive

AL Outlook: Negative

Recommended Action: Monitor OSB market conditions and watch for future earnings calls to see “cost-cutting” in their OSB segment.

Alabama Location(s): Hanceville: Oriented Strand Board (OSB) Manufacturing; Thomasville: Oriented Strand Board (OSB) Manufacturing.

Key Takeaways

- EPS of \$1.27 beat consensus by 7.63%; revenue of \$724 million exceeded consensus by 2.26%.
- Strong Siding performance: 11% revenue growth YoY with 26% EBITDA margin.
- New products (including ExpertFinish Naturals collection) drove 14% of Q1 volume.
- Raised full-year Siding EBITDA guidance to \$425–\$435 million.
- Anticipated record Q2 Siding revenue and volume.
- OSB prices softened; LP is maintaining a cautious view of the commodity market.

Financial Highlights

- Revenue: \$724 million (vs. \$708M consensus).
- Normalized EPS: \$1.27 (vs. \$1.18 consensus).

- EBITDA: Not specified in dollar terms but down \$20 million YoY due to lower OSB prices.
- Free cash flow impacted by \$74 million in working capital build, \$64 million capex, \$61 million share buybacks, and \$20 million in dividends.
- Liquidity: \$256 million in cash and \$750 million undrawn revolver = \$1 billion total liquidity.

Operational Highlights

- Siding segment:
 - 9% YoY volume growth and 2% price increase.
 - Continued strength in panel products and shed recovery.
 - ExpertFinish set records for both volume and revenue in Q1.
 - Mix shift from higher-margin products offset somewhat by lower-margin panels.
- OSB segment:
 - \$32 million drop in revenue from lower commodity OSB prices.
 - Mix shift away from structural solutions resulted in additional \$13 million revenue decline.
 - Inventories lean due to declining prices and distributor caution.

Business Expansions & Capital Expenditure Plans

- Q1 capex: \$64 million; full-year capex not revised.
- Ongoing investment in expanding Houlton Siding plant.
- Considering a second Siding investment project, details not disclosed.
- Marketing investments in repair & remodel (R&R) and new product launches to continue.
- Integration under new President and CCO/COO structure positions LP for execution consistency.

Segment Performance and Outlook

- **Siding Segment:**
 - Q1: 26% EBITDA margin, even with \$2 million tariff headwind.
 - Q2 guidance: \$445–\$455 million in revenue, 26% EBITDA margin → \$110–\$120 million in EBITDA.
 - FY25 guidance raised: \$1.7 billion revenue, \$425–\$435 million EBITDA.
 - Growth driven by SmartSide, ExpertFinish, and Builder Series adoption.
 - 2/3 of SmartSide demand now from non-new construction.
 - Market share gains in both R&R and new construction channels.
- **OSB Segment:**
 - FY25 EBITDA expected: \$110–\$120 million based on flat pricing assumptions.
 - Market facing oversupply; cautious on volumes and pricing for remainder of 2025.
 - Company still views OSB business as strategically valuable, especially for national builder networks.

NFI Group Inc. (TSX:NFI)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Alabama Location(s): Anniston - bus manufacturing facility

Key Takeaways

- Adjusted EBITDA rose 84% YoY; record backlog of \$13.7 billion across 16,527 equivalent units.
- Net loss of \$6.5 million, an improvement of \$2.9 million YoY.
- Highest-ever zero-emission bus (ZEB) deliveries in company history.
- Announced \$845 million senior secured credit agreement, improving liquidity and lowering interest cost.
- Strong aftermarket performance and growing average selling prices (ASP) for both buses and coaches.

Financial Highlights

- Revenue: \$841.4 million (+4.85% vs consensus).
- Normalized EPS: \$0.02 (vs \$0.03 consensus).
- Net loss: \$6.5 million (improved from \$9.4 million YoY).
- Adjusted EBITDA: +84% YoY.
- Working capital improved; inventory decreased due to production discipline and improved supplier health.
- Liquidity strengthened with new \$845 million credit facility.

Operational Highlights

- Supply chain risks reduced; high-risk, high-impact suppliers down to 2 (from 50 in 2022).
- Seat supply disruption continues but improving with a new Buy America-compliant supplier now online.
- North American deliveries rose YoY despite seat challenges.
- Average selling price for heavy-duty buses rose 41% YoY; coaches up 16%.
- Operating margin gains in manufacturing due to favorable sales mix and improved efficiency.

Business Expansions & Capital Expenditure Plans

- No capex limitations under the new credit agreement.

- Capital expenditures supported by the strong backlog; ability to adjust production as needed.
- Federal Transit Administration announced FY25 funding apportionments—expected to boost orders beginning 2026.
- Monitoring evolving tariff risks; contract clauses allow partial cost pass-through.

Segment Performance and Outlook

- **Manufacturing Segment:**
 - EBITDA up \$35 million YoY.
 - Favorable sales mix and margin expansion despite production inefficiencies from the seat supplier issue.
 - ASPs up significantly for both buses and coaches.
- **Aftermarket Segment:**
 - Steady recurring revenue, high margin foundation.
 - Slight YoY EBITDA decline due to lower North American program revenue.
 - Gross margin: 28%.
- **Outlook:**
 - Full-year guidance reaffirmed:
 - Revenue: \$3.8B–\$4.2B
 - Adjusted EBITDA: \$320M–\$360M
 - Expected back-half weighted year (60% of EBITDA).
 - ZEB and high-ASP backlog support revenue visibility into 2026.

Nucor Corp. (NYSE:NUE)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

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; Eufaula: Metal buildings manufacturing facility

Key Takeaways

- Adjusted EPS of \$0.77 beat consensus by ~15%.
- Revenue rose 7.6% YoY to \$7.83 billion.
- Backlogs for steel mills up over 30% and for steel products up 25% QoQ.

- Five major capital projects are scheduled to begin operations in the next 12 months.
- Positive demand signals from energy, construction, and infrastructure sectors.
- Strong support from Section 232 tariff reinstatements and expanded trade protections.

Financial Highlights

- Revenue: \$7.83 billion (+7.57% YoY, beat consensus).
- Adjusted EPS: \$0.77 (vs. \$0.67 consensus).
- EBITDA: \$696 million.
- Free cash flow impacted by CapEx of \$860M.
- Cash: \$3 billion (post-debt adjustments); total liquidity >\$4 billion.
- Returned \$429 million to shareholders in Q1 (dividends + buybacks).

Operational Highlights

- Steel mill volumes up 14%; bar mill shipments up 21%.
- Brandenburg, KY plate mill ramping with five consecutive quarters of growth.
- Strong customer interest and qualifications ongoing in Tuscaloosa and Brandenburg for plate and API-grade line pipe.
- Steel products segment: backlog at record highs; joist/deck bookings into Q4.
- Raw materials EBITDA: \$29 million; lower DRI pricing and higher scrap processing costs affected margins.

Business Expansions & Capital Expenditure Plans

- Q1 CapEx: ~\$860 million; 2/3 invested in upcoming projects.
- Alabama tower and structures facility to start operations in Q3 2025.
- Ongoing projects in Indiana, Kentucky, South Carolina, and West Virginia also progressing on schedule.
- Coating lines in Indiana and South Carolina targeted for 2025–2026 completion.
- West Virginia sheet mill commissioning expected by end of 2026.
- Strong alignment with reshoring, infrastructure, and clean energy trends.

Segment Performance and Outlook

- **Steel Mills:**
 - Q1 EBITDA: \$241 million (adjusted), up 43% QoQ.
 - Backlogs strong; stable pricing supports positive Q2 outlook.
 - Sheet and plate segments expected to drive majority of earnings growth.
- **Steel Products:**

- Q1 EBITDA: \$307 million.
- Joist, deck, tubular, and metal buildings seeing robust demand.
- Imports lower, supporting domestic capacity utilization.
- Expect higher volume and improved margins in Q2.
- **Raw Materials:**
 - EBITDA fell by ~\$28 million QoQ.
 - Cost optimization efforts underway; stable DRI pricing expected for Q2.

Olin Corporation (NYSE:OLN)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

Alabama Location(s): Mobile: Chlor Alkali Facility; McIntosh: Chlor Alkali Facility

Key Takeaways

- Adjusted EPS of \$0.03 beat consensus by 13 cents; returned to profitability after prior loss.
- Revenue of \$1.64 billion beat expectations by 4.36%.
- Chlor Alkali Products & Vinyls (CAPV) outperformed due to strong caustic soda and chlorine demand.
- Delayed Freeport turnaround to capture spot opportunities.
- Awarded 3-year contract extension for Winchester's Lake City facility; closed AMMO Inc. acquisition.
- Raised full-year cost reduction target to \$50–\$70 million.

Financial Highlights

- Revenue: \$1.64 billion (+4.36% vs consensus).
- Adjusted EPS: \$0.03 (vs -\$0.10 consensus).
- Adjusted EBITDA: Not stated precisely; Q2 guided to \$170M–\$210M.
- Free cash flow impacted by working capital, seasonality, and \$80M tax payments.
- CapEx revised downward to \$200–\$220 million (from ~\$245M).
- Net debt expected to remain flat vs. year-end 2024.

Operational Highlights

- **CAPV:**
 - Strong Q1 due to tight supply from industry outages.
 - Caustic soda pricing up; Freeport turnaround deferred to Q2.
 - First PVC shipments delivered (via Kem One tolling); positive reception.

- Spot volume gains unlikely to repeat in Q2 due to turnaround.
- **Epoxy:**
 - Sales improved, but higher costs outweighed price gains.
 - Anti-dumping duties raised on some imports; positive but limited impact.
 - European resin pricing and margins remain challenged.
 - Stated turnaround in Q2 to be a \$10M headwind; segment expected to remain loss-making.
- **Winchester:**
 - Military sales growing; commercial market weak due to destocking and inflation.
 - Metal and propellant costs rising; hard to pass through in current environment.
 - Closed acquisition of AMMO Inc. facility for \$56M (1.5x EBITDA including synergies).
 - Integration underway to optimize network and unlock shell case growth potential.

Business Expansions & Capital Expenditure Plans

- Lowered CapEx plan to \$200–\$220M while still investing in productivity.
- AMMO Inc. plant acquisition to expand Winchester’s scale and capabilities.
- Capital discipline remains a core priority: sustaining operations, dividends, and opportunistic M&A/buybacks.
- Strategic evaluation of PVC market continues with focus on cash-positive tolling model.
- Organizational realignment and Houston consolidation expected to boost commercial synergies.

Segment Performance and Outlook

- **CAPV (Chlor Alkali Products & Vinyls):**
 - Expected to deliver similar EBITDA in Q2 despite \$33M turnaround cost.
 - Caustic prices rising; chlorine demand stable.
 - Positive seasonal trends for bleach and caustic supporting pricing.
 - Tariff impacts minimal; net neutral due to local production/sales.
- **Epoxy:**
 - Headwinds persist from oversupply and high costs.
 - Margins remain negative; turnaround cost and weak demand limit recovery.
 - Advocacy for stronger trade protections in Europe continues.
- **Winchester:**
 - EBITDA down YoY due to weak commercial demand and input cost inflation.
 - Q2 expected to improve modestly, driven by seasonal White Flyer demand and stronger military volumes.
 - Metal tariffs may help reduce ammo imports, offering potential tailwind in H2.

Outokumpu Oyj (HLSE:OUT1V)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: N/A

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

Key Takeaways

- Adjusted EBITDA of €174 million, in line with Q4 and 5% above consensus.
- Demand outlook remains mixed across Europe and North America.
- Finished stainless steel deliveries rose 8% QoQ but fell 1% YoY.
- Strong performance in the Americas, supported by solid base prices and energy surcharges.
- Strategic investments in Calvert, Alabama, continue to enhance operational efficiency and margin resilience.

Financial Highlights

- Revenue: €2.08 billion (+4.7% vs consensus).
- Adjusted EBITDA: €174 million (vs. €166M consensus).
- Net income: €45 million (vs. €48 million prior year).
- Free cash flow: €97 million.
- Net debt: €352 million; net debt/EBITDA at 0.5x.
- Liquidity: €2.4 billion.

Operational Highlights

- Finished product deliveries: 482,000 tonnes (flat YoY; +8% QoQ).
- Base prices improved marginally, with continued strength in the U.S.
- Operational costs decreased due to lower energy and raw material costs.
- Productivity and yield improved in the Americas, including Calvert site.
- Inventory management remains disciplined across regions.

Business Expansions & Capital Expenditure Plans

- Full-year 2025 capex guidance unchanged at €250 million.
- Continued investments in decarbonization and digital transformation.
- Calvert site received investments to enhance energy efficiency and process automation.
- Strategic maintenance planning helped offset cost pressures.

- Future plans include scrap optimization initiatives and expansion in green stainless production.

Segment Performance and Outlook

- **Americas (includes Calvert, AL):**
 - Strong profitability; Q1 EBITDA margin highest among segments.
 - Delivered 178,000 tonnes, up 3% YoY.
 - Base price stability and energy surcharges supported earnings.
 - Outlook remains solid despite tariff-related volatility.
 - Continued focus on U.S. customer base and specialty product mix.
- **Europe:**
 - Weakening demand across consumer goods and automotive.
 - Margins squeezed by falling prices and rising logistical costs.
 - Strategic cost controls and limited exposure to spot market mitigated impact.
- **Ferrochrome:**
 - Q1 EBITDA: €23 million, down from €28 million.
 - Ferrochrome prices remain under pressure; energy input costs volatile.
 - Strategic hedging continues to help with margin preservation.

Packaging Corporation of America (NYSE:PKG)

Outlook: Positive

AL Outlook: Positive

Recommended Action: Given the strong Q1 packaging performance, monitor the expanding capabilities of the local facilities.

Alabama Location(s): Jackson: Containerboard manufacturing; Opelika: Corrugated shipping container manufacturing; Madison: Corrugated boxes manufacturing; Jackson: Uncoated free sheet manufacturing

Key Takeaways

- EPS of \$2.31 beat consensus by 4.52%.
- Revenue of \$2.14 billion exceeded expectations by 1.22%.
- Packaging EBITDA margin expanded to 21% (up from 18% YoY).
- Executed price increases successfully across products.
- Strong operational execution and cost efficiencies offset inflationary pressures.
- E-commerce demand remains a growth driver for the corrugated segment.
- CapEx of \$148M in Q1; on track for \$800M full-year investment.

Financial Highlights

- Net income (adj.): \$208 million, or \$2.31 per share.
- Revenue: \$2.14 billion (up from \$2.0B YoY).
- EBITDA (adj.): \$421 million, up from \$333 million YoY.
- Free cash flow: \$191 million (Q1 record).
- CapEx: \$148 million in Q1; guiding toward ~\$800 million FY.
- Liquidity: \$914 million cash; \$1.2 billion total liquidity.

Operational Highlights

- Strong box shipment volumes: +2.5% YoY.
- Record containerboard production to meet internal and external demand.
- Export containerboard volumes up 30,000 tons YoY.
- E-commerce remains a key demand channel, shifting mix slightly toward brown box over graphic.
- Supply chain pressures from rail freight and tariff-related impacts observed but managed.
- New Glendale, AZ plant started early and below budget; improved service coverage.

Business Expansions & Capital Expenditure Plans

- Strategic converting plant investments progressing (e.g., new Ohio facility, reconfigurations on East Coast).
- Glendale, AZ box plant launched March 2025:
 - 365K sq. ft., fully operational within first week.
 - Adds ~2 billion sq. ft. of capacity.
- \$800 million FY25 CapEx plan includes mill upgrades and box plant enhancements.
- Adjusted maintenance outage schedule pulled forward to manage cost/timing strategically.

Segment Performance and Outlook

- **Packaging Segment:**
 - Q1 EBITDA: \$409 million on \$2B sales (21% margin, up from 18%).
 - Volume up; strong price/mix realization, especially on domestic containerboard and boxes.
 - Expect higher box shipments in Q2 despite trade/tariff uncertainty.
 - Strategic cost actions and integration continue to improve margin resilience.
- **Paper Segment:**
 - Q1 EBITDA: \$40 million on \$154 million sales (26% margin).
 - Volumes down 7% YoY but 2% up sequentially.
 - Prices flat sequentially, +2% YoY; benefits from price hikes to show in Q2.
 - Outlook includes continued margin strength, though Q2 volumes impacted by scheduled outage.

Pilgrim's Pride Corporation (NASDAQGS:PPC)

Outlook: Positive

AL Outlook: Positive

Recommended Action: As Pilgrim's Pride continues to invest in their prepared food capacity, inquire about Alabama's role in the expansion and if we could see any facility growth.

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

Key Takeaways

- Revenue rose to \$4.46 billion (+2.3% YoY), beating consensus.
- Adjusted EBITDA surged to \$533 million (12% margin, up from 8.5%).
- Growth across Big Bird, Small Bird, Case Ready, and Prepared Foods segments.
- U.S. performance strong; Mexico stable despite FX headwinds; Europe profitability improved.
- Diversification efforts across foodservice, retail, branded, and e-commerce channels.

Financial Highlights

- Revenue: \$4.46 billion (+2.3% YoY; +\$17M beat).
- Adjusted EPS: \$1.31 (vs. \$1.34 consensus; -2.24% surprise).
- Adjusted EBITDA: \$533 million (12.0% margin; +43.4% YoY).
- U.S. EBITDA: \$392.5 million (14.3% margin).
- Free cash flow: \$514 million.
- CapEx: \$98 million; FY25 guidance of \$750 million reaffirmed.
- Net debt: \$1.1 billion; leverage ratio below 0.5x pre-dividend, 1.1x post-dividend.

Operational Highlights

- **U.S. Business:**
 - Strong Big Bird performance from commodity pricing and operational improvements.
 - Case Ready and Prepared Foods volumes and profitability rose YoY and QoQ.
 - Chicken demand up in both retail and foodservice; QSR growth offset foodservice traffic softness.
 - Strong boneless breast and boneless dark meat retail demand.
 - Wing pricing soft due to foodservice shifts; expected seasonal rebound.
- **Europe:**
 - EBITDA margin: 8.1% (vs. 6.4% prior year).
 - 80+ new products launched.

- Richmond and Fridge Raiders brands gaining share.
- **Mexico:**
 - EBITDA: \$41.2 million (down from \$47.5M YoY due to FX).
 - Fresh brand sales up 15%; Prepared up 9%.
 - Alamesa (Mexican prepared brand) up nearly 50% YoY.
 - FX impact from peso volatility remains key challenge.

Business Expansions & Capital Expenditure Plans

- CapEx: \$98 million in Q1; FY25 guidance unchanged at \$750 million.
- Recent conversion to air-chilled operation makes PPC the largest U.S. organic air-chilled producer.
- Greenfield projects for Prepared Foods and protein conversion underway in the U.S.
- Mexico: New facilities in Veracruz and Merida expected to be operational by mid-2026.
- Strategic evaluation for additional protein conversion capacity; exploring multiple U.S. sites.

Segment Performance and Outlook

- **Big Bird:**
 - Strong margin rebound from last year; elevated commodity values and improved operations.
- **Small Bird:**
 - Gains from QSR and deli demand, especially in the South.
- **Case Ready:**
 - Retail growth and partnership expansion continue.
- **Prepared Foods:**
 - Up 20% YoY; driven by Just BARE and Pilgrim's brands (sales +50% combined).
 - E-commerce sales up 35% YoY.
- **2025 Outlook:**
 - Expect continued volume and margin growth across U.S. segments.
 - Retail gains to offset foodservice softness.
 - Mexico expected to remain volatile but profitable; Europe to benefit from integration and innovation.

PPG Industries, Inc. (NYSE:PPG)

Outlook: Positive

AL Outlook: Positive

Recommended Action: N/A

Alabama Location(s): Huntsville: Aerospace manufacturing facility

Key Takeaways

- Adjusted EPS of \$1.72 beat consensus by 6.17%.
- Performance Coatings led with record Q1 sales and strong Aerospace demand.
- North America showed 4% organic growth; Latin America remained stable; Europe trends improved.
- \$400 million in share repurchases in Q1; strong balance sheet maintained.
- Aerospace segment backlog remained stable at \$300 million.

Financial Highlights

- Revenue: \$3.68 billion (+0.65% vs consensus).
- Adjusted EPS: \$1.72 (vs \$1.62 consensus).
- Segment EBITDA margin: 19.4%.
- Operating cash flow: not disclosed in Q1, but \$930 million in dividends and \$1.2 billion buybacks in past 6 quarters.
- Debt: €900 million issued at 3.25%; ample liquidity.

Operational Highlights

- Aerospace:
 - Double-digit organic growth; record Q1 sales and earnings.
 - Strong demand across commercial, defense, and OEM customers.
 - Continued investment in capacity and productivity to meet backlog.
- Refinish:
 - Low single-digit growth; steady pricing supported by productivity tools like MOONWALK.
- Industrial Coatings:
 - Organic sales down slightly; performance improving from Q4.
 - Automotive OEM volumes lagged industry builds; expected to outpace market by Q3 due to share gains.
- Packaging Coatings:
 - Solid organic growth and share gains sustained.

Business Expansions & Capital Expenditure Plans

- Increased investment in Aerospace and Marine coatings capacity.
- Contingency sourcing and localization strategies underway in response to tariff risks.
- Maintaining asset-light, flexible footprint to manage volume variability.
- CapEx not explicitly broken out for Q1; targeted toward growth and supply resilience.

Segment Performance and Outlook

- **Performance Coatings:**
 - Strongest contributor to Q1 results.
 - Aerospace and Protective & Marine coatings showed robust volume and margin growth.
 - Traffic Solutions up mid-single digits; Q2 expected seasonal ramp.
- **Architectural Coatings:**
 - Europe flat; stabilization trends emerging.
 - Mexico project spending paused in Q1; recovery expected in H2.
 - Margins pressured but recovery seen in Q2 from seasonal volumes.
- **Industrial Coatings:**
 - Demand recovery underway, especially in Asia and Brazil.
 - Q2 organic growth expected to match Q1; H2 acceleration anticipated.
 - Pricing actions continue to mitigate input cost volatility.

Smurfit WestRock PLC (NYSE:SW)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: Monitor employment and headcount declines in containerboard, folding cartons, and corrugated containers facilities.

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

Key Takeaways

- Adjusted EPS of €0.83 beat consensus by 24%.
- Revenue of €6.75 billion declined 2.6% YoY but reflected improving trends.
- Synergy capture on track: €80M in Q1, aiming for €400M run-rate by end of 2025.
- Structural improvement in North America with SG&A reductions and plant-level margin gains.
- Announced 500,000+ tonnes of paper capacity closures in U.S. and EU to strengthen asset base.

Financial Highlights

- Revenue: €6.75 billion (-2.6% YoY, below €6.93B consensus).
- Adjusted EBITDA: €1.25 billion (margin: 16.4%, up YoY).
- EPS: €0.83 (vs. €0.67 consensus).
- Free Cash Flow: Not disclosed for Q1; strong expectations for H2.
- FY25 Adjusted EBITDA guidance: €5.0–€5.2 billion.

Operational Highlights

- North America:
 - Revenue: €4.7 billion; Adjusted EBITDA: €785 million (margin: 16.8%).
 - Corrugated volumes -4.3%, but pricing and plant performance drove margin expansion.
 - SG&A down significantly via 1,800+ headcount reduction.
- EMEA & APAC:
 - Revenue: €2.6 billion; EBITDA: €389 million (margin: 15.1%).
 - Volumes flat; energy, fiber, and labor inflation pressures continue.
- LATAM:
 - Revenue: €0.5 billion; EBITDA: €115 million (margin: 22%).
 - Solid pricing offset weak volumes, especially in Argentina and Brazil legacy contracts.

Business Expansions & Capital Expenditure Plans

- €50M in North American “Quick Win” projects to deliver €50M in cost savings by 2026.
- 25 new converting machines ordered for 2026 to upgrade capacity and efficiency.
- CapEx for 2025 on track; no significant build-outs planned for 2026, maintaining agility.
- Further closures and rationalizations possible to strengthen stronger mill assets.

Segment Performance and Outlook

- North America:
 - Performance significantly improved with new business model.
 - Volume declines manageable; earnings improving with local autonomy.
 - Q2 outlook includes €100M in incremental downtime cost from optimization efforts.
- EMEA & APAC:
 - Stable results despite macro pressures.
 - CapEx in innovation and safety systems ongoing.
 - Margin stability expected to continue.
- LATAM:
 - EBITDA margin above 22%; market leadership and localized strategy driving resilience.
 - Brazil and Mexico targeted for further footprint optimization and selective growth.

Sonoco Products Company (NYSE:SON)

Outlook: Positive

AL Outlook: Neutral

Recommended Action: Inquire about their thoughts on where they believe the long-term demand of their industrial products are heading.

Alabama Location(s): Florence: Tubes & Cores facility; Opp: Tubes & Cores facility; Hartselle: Reels facility

Key Takeaways

- Adjusted EPS of \$1.38, down 2.13% YoY but beat consensus by 3 cents.
- Revenue declined 16.2% YoY due to divestitures, but core business performance was strong.
- Adjusted EBITDA grew 38% YoY, driven by favorable price/cost and synergy benefits from the Eviosys acquisition.
- Consumer Packaging adjusted EBITDA up 127% YoY; Industrial up 6%.
- Completed \$1.8B sale of Thermoformed & Flexibles unit to Toppan Holdings.
- Integration of Eviosys on track, with \$40M in synergy savings expected in 2025.

Financial Highlights

- Revenue: \$1.71 billion (-16.2% YoY; beat expectations).
- Adjusted EPS: \$1.38 (vs. \$1.41 YoY).
- Adjusted EBITDA: \$338 million (+38% YoY).
- Adjusted EBITDA margin: 16.6% (+170 bps).
- Operating cash flow: \$800–\$900 million expected for FY25.
- Free cash flow: \$450–\$550 million expected.
- Net debt leverage reduced to just under 4x post-divestiture.

Operational Highlights

- **Consumer Segment:**
 - Sales +83% YoY, driven by Eviosys and pricing.
 - Strong performance in metal packaging and rigid paper containers.
 - EBITDA margin nearly 16%; North American aerosol and food cans up 10%.
- **Industrial Segment:**
 - Sales down 6% YoY due to lower volumes and China exit.
 - Adjusted EBITDA up 6%; margin improved 200 bps to 18%.
 - Price increases and productivity offset volume mix and FX drag.
 - Global rigid paper can volumes rose low-single digits in Americas.
 - Integration of Eviosys (now Sonoco Metal Packaging EMEA) on track.

Business Expansions & Capital Expenditure Plans

- CapEx guidance unchanged.
- Transformation focus continues on “fewer, bigger” sustainable packaging platforms.
- Stronger global metal packaging footprint with EMEA rebrand and synergies.
- Targeting \$100M synergy from Eviosys by 2026; \$40M in 2025.

- Divestiture proceeds used to repay \$1.5B term loan.

Segment Performance and Outlook

- **Consumer Packaging:**
 - Performance boosted by Eviosys and favorable price/mix.
 - Pet food can demand gaining traction in Europe.
 - Outlook: sustained growth from volume, innovation, and synergy gains.
- **Industrial Paper Packaging:**
 - Operating margin improved despite volume softness.
 - Outlook: flattish volume but strong pricing and cost control to support margins.
- **All Other Segment:**
 - Sales: \$85M; EBITDA: \$14M.
 - Decline due to sale of Protective Solutions and soft end markets.
- **FY25 Guidance Reaffirmed:**
 - Revenue: ~\$8B
 - Adjusted EPS: \$6.00–\$6.20
 - Adjusted EBITDA: +30% YoY

Sumco Corporation (TSE:3436)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Monitor the progress of the upcoming high-purity silicon wafer plant in Theodore

Alabama Location(s): Theodore: High-Purity Silicon America Corporation

Key Takeaways

- Revenue and operating profit declined YoY due to lower semiconductor wafer demand.
- 300mm wafer utilization remained steady; 200mm utilization declined slightly.
- ASPs (average selling prices) showed signs of stabilizing across wafer types.
- High-purity silicon demand for EV, 5G, and solar remains long-term growth driver.
- Construction of new Alabama site and capacity enhancements in Japan proceeding on track.

Financial Highlights

- Revenue: ¥79.4 billion (down 7% YoY).
- Operating profit: ¥10.6 billion (down from ¥14.9B YoY).
- Net income: ¥7.2 billion (down from ¥9.8B YoY).
- CapEx: ¥18.2 billion in Q1; FY2025 target ¥80 billion.

- ASP recovery and FX gains partially offset shipment volume weakness.

Operational Highlights

- 300mm: Stable utilization and order patterns.
- 200mm: Soft demand from analog/power IC customers, but recovery signs in H2.
- FX tailwinds (USD/JPY) supported revenue and margin stabilization.
- Capacity constraints remain for high-spec wafers (150mm–200mm) used in EV/power markets.

Business Expansions & Capital Expenditure Plans

- Theodore, Alabama plant construction progressing; targeted completion in 2026.
 - Plant to support high-purity silicon wafer supply for U.S. fabs.
 - Will enhance Sumco's North American production footprint and hedge against trade risks.
- Japan capacity upgrades also underway for 300mm and 200mm production.
- Total CapEx plan: ¥80 billion for FY2025 (flat vs. prior year).
- Long-term strategy aligned with “local for local” model to minimize tariff exposure.

Segment Performance and Outlook

- **300mm Wafer Segment:**
 - Order intake stabilizing with cautious optimism for H2 demand uptick.
 - Memory and foundry demand showing resilience.
- **200mm Wafer Segment:**
 - Soft automotive and industrial markets weighed on volumes.
 - Long-term demand outlook driven by EVs, industrial electrification, and silicon carbide applications.
- **High-Purity Silicon Strategy:**
 - U.S. and Asia projects designed to meet high-spec demand.
 - ASPs stable; customers accepting moderate price increases tied to cost structures.
 - Outlook for FY2025: flat to modest recovery in wafer demand; ASPs to improve modestly.

Tyson Foods Inc. (NYSE:TSN)

Outlook: Positive

AL Outlook: Positive

Recommended Action: Inquire about their CapEx investment to see if they have any plans on expanding capabilities in the Alabama facilities

Alabama Location(s): Albertville: Processing facility; Blountsville: Processing facility

Key Takeaways

- Adjusted EPS of \$0.48 beat expectations by 41%; revenue in line at \$13.03 billion.
- Chicken segment returned to profitability; operating margin reached 2.7%.
- Strong sequential improvement in Prepared Foods and International.
- Completed closing of underperforming facilities and reduced live operations exposure.
- Strengthened operational discipline in pricing, execution, and cost control.

Financial Highlights

- Revenue: \$13.03 billion (+1.5% YoY, in line with consensus).
- Adjusted EPS: \$0.48 (beat by 41%).
- Gross profit: \$1.1 billion (vs. \$700 million YoY).
- Operating income: \$413 million (vs. \$154 million YoY).
- Free cash flow: \$514 million.
- Liquidity: \$3.2 billion (cash + revolver); net debt/EBITDA: 1.7x.

Operational Highlights

- Chicken:
 - Pricing +1.3%, volume +4.3% YoY.
 - Operating income: \$144M vs. loss of \$258M YoY.
 - Margin: 2.7%, with expectations to rise in Q2.
 - Operational improvements, plant closures, and live operations exit bolstered margins.
- Beef:
 - Margins compressed; pricing -4.6%, volume -2.1%.
 - Operating loss of \$33 million due to tighter cattle supplies and higher costs.
 - Market imbalance expected to persist through FY2025.
- Pork:
 - Pricing +2.1%, volume flat.
 - Operating income: \$17 million vs. \$26 million YoY.
 - Imports from Brazil and Europe remain a pricing pressure.
- Prepared Foods:
 - Operating income: \$198 million, margin: 10.4%.
 - Sales up 3%; pricing +5.1%.
 - Rebuilding volumes after promotional resets and SKU rationalization.
- International/Other:
 - Operating income: \$57 million vs. \$11 million YoY.
 - China and Mexico performing strongly; supply chain improvements drove results.

Business Expansions & Capital Expenditure Plans

- CapEx: \$349 million in Q1; FY2025 guidance reaffirmed at \$1.3–\$1.5 billion.

- Investments focused on automation, capacity upgrades, and international expansion.
- Closed two poultry facilities in 2024; shifted volume to higher-performing sites.
- 2025 initiatives include expanding branded Prepared Foods and optimizing live production footprint.
- Digital transformation underway to enhance planning and execution across plants.

Segment Performance and Outlook

- **Chicken:**
 - Margin recovery continues; expected 4%+ margin in Q2.
 - Production efficiency, fewer plant disruptions, and price discipline drive improvement.
 - Alabama plants benefited from better execution and facility consolidation.
- **Beef:**
 - Pressure from reduced herd size and high feeder costs.
 - Margin expected to remain challenged but improving sequentially.
- **Pork:**
 - Relatively stable, though sensitive to global import dynamics.
 - Focus remains on operational consistency and export margin management.
- **Prepared Foods:**
 - Volumes expected to grow through back half.
 - Strategic focus on foodservice, brands, and SKU optimization.

United States Steel Corp. (NYSE:X)

Outlook: Neutral

AL Outlook: Positive

Recommended Action: Monitor post-acquisition strategy and facilities footprint.

Alabama Location(s): Fairfield: Tubular Products Facility (Seamless pipe production)

Key Takeaways

- Reported **Q1 2025 net loss of \$116M** (vs. \$171M earnings in Q1 2024).
- **Adjusted EBITDA of \$172M** with 4.6% margin, down from \$414M YoY.
- **Mini Mill segment** achieved record shipments (782k tons); Big River 2 ramp-up impacted EBITDA by \$55M.
- Tubular segment EBITDA of \$25M, supported by higher selling prices.
- Q2 2025 guidance: Adjusted EBITDA expected to rise to **\$375M–\$425M**, with positive free cash flow.
- Safety performance reached a record high across mills.

Acquisition by Nippon Steel Corporation

- In **June 2025**, Nippon finalized its **\$14.9B acquisition of U.S. Steel** following political and regulatory scrutiny.
- Strategic aim: Expand U.S. production footprint, leverage downstream assets in automotive, construction, and energy.
- Commitments: Headquarters to remain in Pittsburgh, no immediate changes to labor agreements or plant closures; “golden share” mechanism proposed to address national security concerns.
- Regulatory context: Bipartisan political resistance; CFIUS and Treasury will maintain oversight.

Financial Highlights

- **Revenue:** \$3.73B (↓10% YoY).
- **Adjusted Net Loss:** \$87M or \$(0.39)/share (vs. \$206M or \$0.82/share).
- **Adjusted EBITDA:** \$172M (vs. \$414M YoY).
- **Capital Expenditures:** \$359M (vs. \$640M YoY), primarily on Mini Mill and Flat-Rolled segments.
- **Cash:** \$638M (down from \$2.26B in Q1 2024).

Operational Highlights

- **Flat-Rolled:**
 - Maintained a 5% EBITDA margin despite seasonal mining constraints.
 - Q2 expected to improve as mining logistics normalize, though maintenance outages may partially offset gains.
- **Mini Mill:**
 - Record shipments of 782k tons; EBITDA margin reached 10% when adjusted for \$55M BR2 ramp-up costs.
 - Q2 outlook positive with higher selling prices and increased BR2 volumes despite ~\$50M ongoing ramp-up costs.
- **European Operations:**
 - EBITDA of \$35M supported by higher shipments and strong cost control.
 - Q2 results expected to remain stable with pricing gains offset by seasonal maintenance activity.
- **Tubular:**
 - Delivered \$25M EBITDA with stronger average selling prices and 73% utilization.
 - Q2 outlook broadly consistent, with pricing strength partially offset by slightly higher costs.
- **Fairfield Tubular Facility:**
 - Continues to operate within the Tubular segment with no disruptions from Nippon’s acquisition.
 - Strategic importance for oil & gas pipeline supply; potential long-term benefits from modernization and export expansion under Nippon’s ownership.

Business Expansions & Capital Expenditure Plans

- CapEx: \$359 million in Q1 2025 (vs. \$640M in Q1 2024).
- Focused on ramping up Big River 2 toward full capacity, producing ultra-light gauge hot roll products for automotive and construction markets.
- Segment CapEx allocation: Flat-Rolled \$138M, Mini Mill \$181M, European Operations \$33M, Tubular \$7M.
- Strategic emphasis on mill modernization, electric arc furnace expansion, and cost efficiency improvements.
- Nippon's acquisition expected to enhance long-term capital investment capacity for modernization and potential export growth, including opportunities at the Fairfield tubular facility.

Segment Performance and Outlook

- **Flat-Rolled:**
 - Q1 margin held at 5% despite seasonal mining constraints.
 - Q2 expected to improve as logistics normalize; maintenance outages may partially offset gains.
- **Mini Mill:**
 - Record shipments of 782k tons; adjusted margin reached 10% despite \$55M BR2 ramp-up costs.
 - Q2 outlook positive with higher selling prices and increased BR2 volumes despite ~\$50M ramp-up impact.
- **European Operations:**
 - EBITDA of \$35M supported by higher shipments and cost management.
 - Q2 results expected to remain steady, with pricing gains offset by seasonal maintenance activity.
- **Tubular:**
 - EBITDA of \$25M with 73% utilization; sequential gains from stronger selling prices.
 - Q2 performance expected to remain stable; price strength offset slightly by higher costs.
- **Fairfield Tubular Facility:**
 - Operating steadily within the Tubular segment; no disruptions from Nippon acquisition.
 - Strategic role in oil & gas pipeline supply; long-term potential for modernization and export growth under Nippon ownership.

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

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: Monitor logistics bottlenecks affecting Southern Yellow Pine shipments from Alabama mills.

Alabama Location(s): Sawmills in Maplesville, Opelika, and Lanett

Key Takeaways

- Adjusted EPS of \$0.46 beat consensus by 27.78%.
- Adjusted EBITDA rose to \$195M, with 13% margin — best lumber segment result in over two years.
- U.S. housing starts are stabilizing around 1.4 million annually.
- Balance sheet remains strong with ~\$1.5B in liquidity and \$390M in cash.
- Early-year weather and transport issues prompted lowered shipment guidance for SPF, SYP, and OSB.

Financial Highlights

- Revenue: \$1.46 billion (missed consensus by 3.34%).
- Adjusted EPS: \$0.46 (beat by 27.78%).
- Adjusted EBITDA: \$195 million (13% margin).
- Trailing 12-month EBITDA: \$668 million (up from \$561M in 2023).
- Cash from operations: -\$75M (seasonal inventory build, \$104M CapEx, \$72M share buybacks/dividends).

Operational Highlights

- **Lumber:**
 - Adjusted EBITDA: \$66 million (up from \$21M in Q4).
 - Strength in SPF (spruce-pine-fir) prices/volumes; SYP (southern yellow pine) impacted by U.S. South logistics.
- **NA Engineered Wood Products (EWP):**
 - Adjusted EBITDA: \$125 million (flat QoQ).
 - Leading contributor to earnings across segments.
- **Pulp & Paper:**
 - Adjusted EBITDA: \$7 million (recovery from \$10M loss in Q4).
 - Improved post-maintenance at Cariboo Pulp.
- **Europe:**
 - Adjusted EBITDA: -\$2 million (vs +\$2M in Q4).
 - Small pricing drop and softness in local markets.

Business Expansions & Capital Expenditure Plans

- CapEx: \$104 million in Q1 2025.
- Continued investments in modernization and portfolio optimization.
- Proactive scenario planning around potential tariffs and Section 232 trade issues.

- Maintaining strong liquidity to pursue growth opportunities countercyclically.

Segment Performance and Outlook

- **Lumber:**
 - Top performer this quarter; best in 2.5 years.
 - Reduced upper range of 2025 SPF, SYP guidance due to Q1 delays.
 - Positive margin improvement expected if logistics normalize.
- **OSB:**
 - Outlook more cautious due to reduced volume guidance.
 - Still expected to contribute materially if demand recovers in H2.
- **EWP:**
 - Stable and leading contributor to profitability.
 - High-margin segment; performance expected to hold through Q2.
- **Pulp and Paper:**
 - Recovery from maintenance events; guidance not emphasized.
 - Weakness still exists in global paper markets.

Westwater Resources Inc. (NYSE:WWR)

Outlook: Neutral

AL Outlook: Neutral

Recommended Action: Monitor continued progress toward completing Phase I of plant buildout.

Alabama Location(s): Kellyton, Alabama: Graphite Anode Plant under construction, set to produce natural graphite anode materials.

Key Takeaways

- Phase I construction cost of Kellyton Graphite Plant remains unchanged at \$245 million.
- 85% of plant equipment has been received; structural steel work completed.
- Sample of over 800 kg CSPG produced at Kellyton on qualification line for pre-production trials.
- \$150 million secured debt facility syndication remains in process.
- Received letter of interest from EXIM Bank under “Make More in America” and “China and Transformational Exports” programs.

Financial Highlights

- No new revenue disclosed; primary financial activities focused on debt syndication and CapEx planning.

- Estimated Phase I construction cost: \$245 million (unchanged).
- Actively engaged in securing \$150 million in debt financing from global banking syndicate.

Operational Highlights

- **Kellyton Graphite Plant:**
 - Equipment installation progressing; all sizing and shaping mills installed.
 - Structural steel installation completed in the SG building.
 - Qualification line operated successfully; produced 800+ kg of CSPG for a customer's pre-production battery cell trials.
 - Qualification line will allow bulk CSPG sample production (1–10 mt) and staff training to accelerate commissioning.

Business Expansions & Capital Expenditure Plans

- Plant construction remains on schedule and budget, with majority of long-lead items already on site.
- Actively syndicating \$150M secured debt facility with support from lead lender and investment bank.
- Engaging multiple lenders; hosted site visits and advanced technical due diligence.
- Received EXIM Bank letter of interest, potentially providing additional financing under national competitiveness initiatives.
- Securing a backup feedstock supplier following recent protests affecting the current supplier's operations.

Segment Performance and Outlook

- **Kellyton Graphite Plant (Phase I):**
 - Technical readiness advancing; targeted for commissioning post-completion of debt financing.
 - Long-term strategy includes supplying high-purity graphite for battery and EV markets.
 - Pre-production trial samples from qualification line are key step in customer onboarding and commercial validation.
- **Coosa Graphite Deposit:**
 - Not discussed in Q1 update, but remains part of upstream strategy to provide U.S.-sourced natural graphite in future phases.

Additional Notes:

BAE Systems plc (LSE:BA.)

- March 12, 2025 – NASA's SPHEREx Observatory Launches with BAE Systems-Built Spacecraft Bus and Telescope

General Electric Company (NYSE:GE)

- March 31, 2025 – GE Aerospace Wins Subcontract for Next Phase of Future Long Range Assault Aircraft

IN8bio, Inc. (NASDAQGM:INAB)

- March 3, 2025 – IB8Bio, Inc. Unveils Inb-600, Its Potential Breakthrough T Cell Engager Platform for Oncology and Autoimmune Diseases

Kratos Defense & Security Solutions (NASDAQGS:KTOS)

- March 18, 2025 – Kratos Defense & Security Solutions, Inc. Breaks Ground on \$50 Million Hypersonic System Indiana Payload Integration Facility

Lockheed Martin Corporation (NYSE:LMT)

- January 31, 2025 – U.S. Navy Awards Lockheed Martin \$383 Million for Next Generation of U.S. Deterrence at Sea

Quest Diagnostics Incorporated (NYSE:DGX)

- February 24, 2025 – Quest Diagnostics Incorporated (NYSE:DGX) entered into definitive agreement to acquire Select assets of Spectra Laboratories, Inc.

Teledyne Technologies Incorporated (NYSE:TDY)

- February 3, 2025 – Teledyne Technologies Incorporated (NYSE:TDY) completed the acquisition of Optical Systems Business and Advanced Electronic Systems Business of Excelitas Technologies Corp.