

## MIRA INFORM REPORT

<b>Report No. :</b>	530980
<b>Report Date :</b>	22.09.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	ORION ENGINEERED CARBONS LLC
<b>Registered Office :</b>	Corporation Trust Center 1209 Orange St, Wilmington, New Castle, De, 19801, USA
<b>Country :</b>	United States
<b>Date of Incorporation :</b>	07.12.2001
<b>Legal Form :</b>	Limited Liability Company
<b>Line of Business :</b>	Subject is produces and markets furnace grade carbon blacks and thermal blacks.
<b>No. of Employees :</b>	390

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Status :</b>	Good
<b>Payment Behaviour :</b>	Regular
<b>Litigation :</b>	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

### ECGC Country Risk Classification List

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Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
United States	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

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**UNITED STATES - ECONOMIC OVERVIEW**

The US has the most technologically powerful economy in the world, with a per capita GDP of \$59,500. US firms are at or near the forefront in technological advances, especially in computers, pharmaceuticals, and medical, aerospace, and military equipment; however, their advantage has narrowed since the end of World War II. Based on a comparison of GDP measured at purchasing power parity conversion rates, the US economy in 2014, having stood as the largest in the world for more than a century, slipped into second place behind China, which has more than tripled the US growth rate for each year of the past four decades.

In the US, private individuals and business firms make most of the decisions, and the federal and state governments buy needed goods and services predominantly in the private marketplace. US business firms enjoy greater flexibility than their counterparts in Western Europe and Japan in decisions to expand capital plant, to lay off surplus workers, and to develop new products. At the same time, businesses face higher barriers to enter their rivals' home markets than foreign firms face entering US markets.

Long-term problems for the US include stagnation of wages for lower-income families, inadequate investment in deteriorating infrastructure, rapidly rising medical and pension costs of an aging population, energy shortages, and sizable current account and budget deficits.

The onrush of technology has been a driving factor in the gradual development of a "two-tier" labor market in which those at the bottom lack the education and the professional/technical skills of those at the top and, more and more, fail to get comparable pay raises, health insurance coverage, and other benefits. But the globalization of trade, and especially the rise of low-wage producers such as China, has put additional downward pressure on wages and upward pressure on the return to capital. Since 1975, practically all the gains in household income have gone to the top 20% of households. Since 1996, dividends and capital gains have grown faster than wages or any other category of after-tax income.

Imported oil accounts for more than 50% of US consumption and oil has a major impact on the overall health of the economy. Crude oil prices doubled between 2001 and 2006, the year home prices peaked; higher gasoline prices ate into consumers' budgets and many individuals fell behind in their mortgage payments. Oil prices climbed another 50% between 2006 and 2008, and bank foreclosures more than doubled in the same period. Besides dampening the housing market, soaring oil prices caused a drop in the value of the dollar and a deterioration in the US merchandise trade deficit, which peaked at \$840 billion in 2008. Because the US economy is energy-intensive, falling oil prices since 2013 have alleviated many of the problems the earlier increases had created.

The sub-prime mortgage crisis, falling home prices, investment bank failures, tight credit, and the global economic downturn pushed the US into a recession by mid-2008. GDP contracted until the third quarter of 2009, the deepest and longest downturn since the Great Depression. To help stabilize financial markets, the US Congress established a \$700 billion Troubled Asset Relief Program in October 2008. The government used some of these funds to purchase equity in US banks and industrial corporations, much of which had been returned to the government by early 2011. In January 2009, Congress passed and former President Barack OBAMA signed a bill providing an additional \$787 billion fiscal stimulus to be used over 10 years - two-thirds on additional spending and one-third on tax cuts - to create jobs and to help the economy recover. In 2010 and 2011, the federal budget deficit reached nearly 9% of GDP. In 2012, the Federal Government reduced the growth of spending and the deficit shrank to 7.6% of GDP. US revenues from taxes and other sources are lower, as a percentage of GDP, than those of most other countries.

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Wars in Iraq and Afghanistan required major shifts in national resources from civilian to military purposes and contributed to the growth of the budget deficit and public debt. Through FY 2018, the direct costs of the wars will have totaled more than \$1.9 trillion, according to US Government figures.

In March 2010, former President OBAMA signed into law the Patient Protection and Affordable Care Act (ACA), a health insurance reform that was designed to extend coverage to an additional 32 million Americans by 2016, through private health insurance for the general population and Medicaid for the impoverished. Total spending on healthcare - public plus private - rose from 9.0% of GDP in 1980 to 17.9% in 2010.

In July 2010, the former president signed the DODD-FRANK Wall Street Reform and Consumer Protection Act, a law designed to promote financial stability by protecting consumers from financial abuses, ending taxpayer bailouts of financial firms, dealing with troubled banks that are "too big to fail," and improving accountability and transparency in the financial system - in particular, by requiring certain financial derivatives to be traded in markets that are subject to government regulation and oversight.

The Federal Reserve Board (Fed) announced plans in December 2012 to purchase \$85 billion per month of mortgage-backed and Treasury securities in an effort to hold down long-term interest rates, and to keep short-term rates near zero until unemployment dropped below 6.5% or inflation rose above 2.5%. The Fed ended its purchases during the summer of 2014, after the unemployment rate dropped to 6.2%, inflation stood at 1.7%, and public debt fell below 74% of GDP. In December 2015, the Fed raised its target for the benchmark federal funds rate by 0.25%, the first increase since the recession began. With continued low growth, the Fed opted to raise rates several times since then, and in December 2017, the target rate stood at 1.5%.

In December 2017, Congress passed and President Donald TRUMP signed the Tax Cuts and Jobs Act, which, among its various provisions, reduces the corporate tax rate from 35% to 21%; lowers the individual tax rate for those with the highest incomes from 39.6% to 37%, and by lesser percentages for those at lower income levels; changes many deductions and credits used to calculate taxable income; and eliminates in 2019 the penalty imposed on taxpayers who do not obtain the minimum amount of health insurance required under the ACA. The new taxes took effect on 1 January 2018; the tax cut for corporations are permanent, but those for individuals are scheduled to expire after 2025. The Joint Committee on Taxation (JCT) under the Congressional Budget Office estimates that the new law will reduce tax revenues and increase the federal deficit by about \$1.45 trillion over the 2018-2027 period. This amount would decline if economic growth were to exceed the JCT's estimate.

Source : CIA

## **STATUTORY INFORMATION**

Legal Name	ORION ENGINEERED CARBONS LLC
Trade Name	ORION ENGINEERED CARBONS LLC
ID	ID
ID Details	3466217
Creation Date	2001
Incorporation Date	12/7/2001
Legal Address	CORPORATION TRUST CENTER 1209 ORANGE ST, WILMINGTON, NEW CASTLE, DE, 19801, USA
Operative Address	4501 Magnolia Cove Drive Suite 106 Kingwood, TX 77345 United States
Telephone	832-445-3300
Fax	832-445-0250
Legal Form	LIMITED LIABILITY COMPANY
E-Mail	-
Registered In	DELAWARE
Website	www.orioncarbons.com
Contact	Corning F. Painter - Chief Executive Officer
Staff	390
Activity	SIC Code: 2895, Carbon Black NAICS Code: 325180, Other Basic Inorganic Chemical Manufacturing

## **BANKS**

Name of Bank	Reported Amount
BANK OF AMERICA	

## **HISTORY**

### History

The company was incorporated in 2001 and is based in Kingwood, Texas. Orion Engineered Carbons LLC was formerly known as Evonik Carbon Black, LLC and changed its name to Orion Engineered Carbons LLC in August 2011.

### Key Developments

Orion Engineered Carbons LLC Signs Consent Decree with U.S. Environmental Protection Agency  
Dec 26 17

December 26, 2017 Orion Engineered Carbons S. A announced that on December 22, 2017, a consent decree between Orion Engineered Carbons LLC (Orion") and the U.S. Environmental Protection Agency (the EPA"), as well as the Louisiana Department of Environmental Quality, was lodged in the U.S. District Court for the Western District of Louisiana. Once the consent decree is entered by the court, it will resolve the EPA's claims against Orion that were a part of the EPA's National Enforcement Initiative brought against all U.S. carbon black producers. In this action EPA alleged certain violations of the U.S. Clean Air Act, in particular concerning past failures to obtain PSD and Title V permits and implement Best Available Control Technology (BACT). With Orion as one of the two remaining carbon black companies signing consent decrees, all five U.S. carbon black producers have settled with the U.S. government. Under its consent decree, Orion will further upgrade its pollution control technology in order to further reduce SO<sub>2</sub>, NO<sub>x</sub> and particulate matter (PM) emissions at its four U.S. carbon black manufacturing facilities in Ivanhoe (Louisiana), Belpre (Ohio), Borger (Texas), and Orange (Texas). Orion estimates that the capital expenditures for these upgrades, to be incurred over approximately six years, are \$110-140 million. Orion also agreed to pay a civil penalty of \$800,000 and to perform environmental mitigation projects totaling \$550,000. The penalty and mitigation project costs are in line with the respective reserves already established by the company for this purpose. As previously disclosed, except for certain allegations by the EPA in 2016 relating to Orion's facility in Orange, Texas, all claims made by the EPA relate to actions that occurred before Orion assumed control over its four U.S. carbon black manufacturing facilities. The facilities were acquired by Orion from a subsidiary of Evonik Industries AG in 2011. Orion's agreement with Evonik in connection with

Parent Company

the acquisition provides for a partial indemnity against various exposures, including, but not limited to, capital investments, fines and costs arising in connection with Clean Air Act violations that occurred prior to July 29, 2011.

As of October 29, 2007, Orion Engineered Carbons LLC operates as a subsidiary of :  
Orion Engineered Carbons Holdings GmbH  
Hahnstrasse 49  
Frankfurt am Main, 60528  
Germany

## **PRINCIPAL ACTIVITY**

General Description

Orion Engineered Carbons LLC produces and markets furnace grade carbon blacks and thermal blacks.

Service/Product Description

The company offers its products through distributors. It serves adhesives and sealants, coatings, ink, inkjet, mechanical rubber goods, plastics, tire, toner, and wire and cable markets.

Sales

Wholesale

Operations Area

National and International

Imports From

GERMANY, INDIA

Export To

MEXICO, ECUADOR

Employees

390 employees

Payments With Suppliers

Regular

Brands

Brand

Comments

ORION ENGINEERED CARBONS

-

Clients

Name of Client

Country

Comments

CONTINENTAL TIRE DE MEXICO  
SA DE CV

MEXICO

-

CONTINENTAL TIRE ANDINA SA

ECUADOR

-

Comments

-

Suppliers

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Supplier Name	Country	Comments
Evonik Industries Ag	GERMANY	-
Shankar Packagings Limited	INDIA	-
Orion Engineered Carbons GMBH	GERMANY	-
Comments		-

## **LOCATION**

Headquarters	4501 Magnolia Cove Drive Suite 106 Kingwood, TX 77345 United States
Branches	Orion Engineered Carbons LLC 7095 HWY 83 NEW IBERIA, LA, 70562 United States  Orion Engineered Carbons LLC 9440 FM HWY 1559 WEST OF CITY BORGER, TX, 79007 United States

## **GROUP STRUCTURE AND SUBDIARY COMPANIES**

Listed at the stock exchange	NO
Capital	NA
Shareholders (%)	The company does not disclose information on shareholders. The following information has been provided by private sources: As of October 29, 2007, Orion Engineered Carbons LLC operates as a subsidiary of : Orion Engineered Carbons Holdings GmbH Hahnstrasse 49 Frankfurt am Main, 60528 Germany
Management	Corning F. Painter - Chief Executive Officer Jack L. Clem - Board Member Mark Peters- Director Mr. Christian Lindenhayn - Senior Vice President of Rubber Business Line Ms. Diana Downey - Vice President of Investor Relations Stephan Mueller - Technical Market Manager Simone Pereira - Sales Manager

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Subsidiary Companies	Basheer Siddique - Accounting Manager
Related Companies	No subsidiary companies were found.
	No related companies were found.

## **FINANCIAL INFORMATION**

General Description	The company does not make its financial statements public. The following information has been provided by private sources:
Year/Currency	USD 2017
Estimated Net Assets	40.300.000
Money Flow	Normal
Import Fob Dollar Year	Amount
There are not Import Fob Dollar informed	
Export Fob Dollar Year	Amount
There are not Export Fob Dollar informed	

## **LEGAL FILINGS**

Lawsuits	DEPARTMENT OF JUSTICE Notice of Lodging of Proposed Consent Decree Under the Clean Air Act On December 22, 2017, the Department of Justice lodged a proposed Consent Decree with the United States District Court for the Western District of Louisiana in the lawsuit entitled United States and the State of Louisiana v. Orion Engineered Carbons, LLC (W.D. La.), Civil Action No. 6:17-cv-01660. In this civil enforcement action under the federal Clean Air Act ("Act"), the United States and the State of Louisiana
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allege that Orion Engineered Carbons, LLC (“Defendant”), failed to comply with certain requirements of the Act intended to protect air quality at four carbon black manufacturing facilities in Franklin, Louisiana, Borger, Texas, Orange, Texas, and Belpre, Ohio. The complaint seeks injunctive relief and civil penalties for violations of the Act’s Prevention of Significant Deterioration provisions, 42 U.S.C. 7470–92, the Act’s Nonattainment New Source Review provisions, 42 U.S.C. 7501–7515, the Act’s Title V permit provisions and certain operating permit requirements, 42 U.S.C. 7661a–76661f, and various Clean Air Act implementing regulations. The complaint alleges that Defendant failed to obtain appropriate permits and failed to install and operate required pollution control devices to reduce emissions of sulfur dioxide (“SO2”), nitrogen oxides (“NOX”), and/or particulate matter (“PM”) at its four carbon black facilities.

The proposed Consent Decree would resolve violations for certain provisions of the Act at the four facilities, and would require the Defendant to reduce harmful SO2, NOX, and PM emissions through the installation and operation of pollution controls. The Defendant will also spend \$550,000 to fund environmental mitigation projects that will further reduce emissions and benefit communities adversely affected by the pollution from the facilities, and pay a civil penalty of \$800,000.

No records found.

Trademarks

No records found.

Patents Registered

No records found.

Renewals

No records found.

UCC (Uniform Commercial Code)

The company is not listed in the OFAC Sanctions list.

OFAC Sanctions List Search

## **SUMMARY**

### Summary

Founded in 2001, ORION ENGINEERED CARBONS LLC is an organization in the Other Basic Inorganic Chemical Manufacturing Industry headquartered in Kingwood, TX. The company has 390 regular employees and generates an estimated \$40.3 million USD in annual estimated net assets. It operates nationally and internationally, mainly exporting to Mexico and Ecuador. It is ACTIVE in business with no negative records.

## **RISK INFORMATION**

Debts	Controlled
Payments	Regular
Cash Flow	Normal
State	Active

## **INTERVIEW**

First Name	Michael
Position	-
Comments	He confirmed the name of the company, the address of the headquarters and location, the date of creation of the company and the company's website. He was reluctant to provide further information.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.85
UK Pound	1	INR 95.15
Euro	1	INR 84.68
US Dollar	1	INR 72.24

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	NIS
Report Prepared by :	DNS

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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