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Berkshire Hathaway's Lubrizol takes \$365 million loss on oilfield business

By BLOOMBERG



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Berkshire Hathaway disclosed in its annual report that results at its chemical unit, Wickliffe-based Lubrizol, included pretax losses of \$365 million last year related to the 'disposition in the fourth quarter of an underperforming business.' No other details were provided in the document. The business? Lubrizol's Oilfield Solutions unit.

Even Warren Buffett's Berkshire Hathaway Inc. sometimes does a bad deal.

The company disclosed in its annual report Saturday that results at its chemical unit, Wickliffe-based Lubrizol, included pretax losses of \$365 million last year related to the "disposition in the fourth quarter of an underperforming business." No other details were provided in the document.

The business? Lubrizol's Oilfield Solutions unit, according to Julie Young, a spokeswoman for the company. The division was created in late 2014 to house businesses purchased from Weatherford International Plc and Phillips 66, as well as some legacy operations.

"Lubrizol regrets that this decision results in the need to shut down many of the Oilfield Solutions locations and to terminate the employment of some of its Oilfield Chemistry colleagues," Young said in an emailed statement. "All employees impacted by these decisions will be treated with dignity and respect and will be offered appropriate severance assistance."

Buffett hinted last year that he regretted the purchase of the businesses from Weatherford. At Berkshire's annual meeting in April, he said that the \$750 million acquisition was a "big mistake."

Lubrizol's longtime CEO James Hambrick, who had engineered the deal, announced his retirement a few weeks later. His successor, Eric Schnur, said in an interview this year that there would be additional cutbacks in the oilfield unit in 2017.

Lubrizol Specialty Products, the business purchased from Phillips 66, is now a standalone unit at Berkshire, Young said. Other parts of Oilfield Services were integrated into Lubrizol's Additives segment, she added. The company is also looking to sell operations in Canada, Argentina, Ivory Coast and Nigeria.

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