

TRONOX INC
Form 425
April 27, 2012

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Pursuant to Rule 425 of the Securities Act of 1933, as amended

Subject Company: Tronox Incorporated (File No: 001-32669)

Forward-Looking Statements

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This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as may, will, anticipate, estimate, expect, project, believe, target, forecast, and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Tronox Incorporated and Tronox Limited caution readers that a forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed transaction involving Tronox Incorporated, Tronox Limited and Exxaro Resources Limited (Exxaro), including future financial and operating performance of Tronox Incorporated, Tronox Limited or Exxaro, Tronox Incorporated's, Tronox Limited's or Exxaro's plans, objectives, expectations and intentions, the expected timing of completion of the transaction and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those contained in the forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite Tronox Incorporated shareholder approval for the transaction; the risk that Tronox Incorporated, Tronox Limited and Exxaro may be unable to obtain governmental and regulatory approvals for the transaction, or required governmental and regulatory approvals may delay the transaction or result in the imposition of conditions on the transaction; the parties to abandon the transaction; the performance of the Tronox and Exxaro Mineral Sands business; the risk that a condition to the transaction may not be satisfied; the ability of the combined company to obtain necessary financing to refinance existing indebtedness, modify existing financing arrangements, and finance the combined business post-closing and the terms on which such financing may be available; the timing to consummate the proposed transaction; the risk that the businesses will not be integrated successfully; the risk that Tronox Limited will not be able to complete registration of its shares with the SEC and/or the listing thereof on a securities exchange; the timing therefore; the risks to shareholders associated with becoming shareholders of an Australian-domiciled holding company; the expected cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; the disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on transaction-related issues; the market value of Tronox Incorporated's products; demand for consumer products; the ability of Tronox Incorporated's businesses supply raw materials; the financial resources of competitors; the market for debt and/or equity; the ability to achieve favorable tax structuring for the benefit of Tronox Limited and its subsidiaries and shareholders; the ability to compete in international markets; challenges in international markets; changes in currency exchange rates; political or economic conditions in areas where Tronox Limited and its subsidiaries will operate; the risk of changes in laws and regulations applicable to the business and assets of Tronox Limited and its subsidiaries; trade and regulatory matters; general economic conditions; and other factors and risks identified in the Risk Factors section of Tronox Incorporated's Registration Statement on form S-4, as amended, filed with the U.S. Securities and Exchange Commission (SEC) on October 12, 2012. Each forward-looking statement speaks only as of the date of the particular statement and neither Tronox Incorporated nor Exxaro undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information and Where to Find it.

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful without registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed transaction involving Tronox Incorporated, Tronox Limited and Exxaro, Tronox Limited and Tronox Incorporated have filed with the SEC a Registration Statement on Form S-4 that includes a preliminary proxy statement of Tronox Incorporated that also constitutes a preliminary prospectus of Tronox Limited. The registration statement relating to the securities to be offered has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. Tronox Incorporated will deliver the proxy statement/prospectus to its stockholders once the Registration Statement is effective. Tronox Incorporated urges investors and stockholders to read the proxy statement/prospectus (including any amendments or supplements thereto) regarding the proposed transaction, as well as other documents filed with the SEC, because they contain important information. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from Tronox Incorporated's website (www.tronox.com) under the heading Investor Relations.

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA, which are used by management to measure performance, are non-GAAP financial measures. Management believes that EBITDA and Adjusted EBITDA are useful to investors, as EBITDA is commonly used in the industry to measure performance.

EBITDA is used in our debt instruments to determine compliance with

financial covenants. Both EBITDA and Adjusted EBITDA are included as a supplemental measure of our operating performance because they eliminate items that have less

bearing
on
operating
performance
and
highlight
trends

in
the
core
business
that

may
not

otherwise be apparent when relying solely on GAAP financial measures. In addition, Adjusted EBITDA is one of the primary management uses for planning and budgeting processes and to monitor and evaluate financial and operating results. EBITDA and Adjusted EBITDA are not recognized terms under GAAP and do not purport to be an alternative to measures of our financial performance as determined in accordance with GAAP, such as net income (loss). Because other companies may calculate EBITDA and Adjusted EBITDA differently than we do, EBITDA may not be, and Adjusted EBITDA as presented herein is not, comparable to similarly

titled
measures
reported
by
other
companies.

A
reconciliation
of
EBITDA
and
Adjusted
EBITDA
to
net
income
are
included

at
the end of this presentation
Additional Information & Non-GAAP
Financial Measures

3

Management Team

4

4

Joined the company in 1991

Vice President, Administrative and Materials Procurement since January 2011

Other
positions
at
Tronox

have
included:
Vice
President
of
Human
Resources
and
Corporate
Affairs,
Vice

President of Global Pigment Marketing; Chief Marketing Officer of Avestor(the high technology battery joint venture); Vice President and General Manager, Paper and Specialties; and Vice President, Investor Relations Chairman

of
the
Board
since
February
2011

Chief Executive Officer since October 2011

Previously served in various senior managerial and directorial roles, including: CEO of Current Group, Chairman & CEO of One Communications Corp, and various senior positions at Global Crossing

Other experience also includes more than five years practicing law in the public and private sectors, and three years of investment banking

Joined the company in 1988

Executive Vice President since January 2011

Other positions at Tronox have included: Vice President, Sales; Vice President, Global Pigment Sales for Tronox LLC; Vice President, Global Pigment Marketing; and Regional Marketing Manager

Vice President, General Counsel and Secretary since January 2008

Other
positions
at

Tronox
have

included:
Managing
Counsel,
Staff
Attorney
and
Staff
Attorney

for

Kerr-McGee

Shared Services LLC

Previously Corporate Counsel for CMS Field Services and Counsel for Enogex, Inc.

Experience also includes more than five years practicing law in the public and private sectors

Joined the company in January 2012

Previously

served
in
various
executive
financial
and
operational
roles,
including
Chief
Financial
Officer
at

Terra Industries, Corporate Controller for Belden, Inc., Chief Financial Officer for Zoltek Companies.
Experience includes acquisition execution and financial system integration

Tom Casey
Chairman and
Chief Executive
Officer
Daniel Greenwell
Senior Vice
President and
Chief Financial
Officer

John Romano
Executive Vice
President

Mike Foster
Vice President,
General Counsel
and Secretary

Robert Gibney
Vice President,
Administration
and Materials
Procurement

Board of Directors

(all directors since bankruptcy emergence, Feb. 2011)

5

5

Chair of the Human Resources/Compensation committee

Currently Chairman, CEO and President of Solutia Inc.

Previously served in various senior managerial and directorial roles, including: Executive Vice President of Premcor Inc, Senior Vice President, General Counsel and Secretary of Arch Coal, Inc

Previously a director of Tecumseh Products Co. and serves as a Director of the American Chemistry Council

Member of the Human Resources/Compensation and Corporate Governance committees
Currently Managing Member and President of Epilogue, LLC, a consulting and advisory firm
Previously served in various senior managerial and directorial roles, including: Senior Vice President of Fidelity Management

&
Research
Company
and

partner
of
Weil
Gotshal

&
Manges

Currently also serves on the Board of Georgia Gulf Corporation and other private and not-for-profit Boards
Chair of the Corporate Governance and member of the Audit and Human Resources/Compensation committees
Served

in
various
positions
at

Air
Products
&
Chemicals,

Inc
during
his
33

year
career,
including,
President

of
Asia

Has served as a member of the board of directors of American Refuel, Pure Air USA, and Taylor-Wharton International
Co-Chair of the Strategic committee and member of Audit and Corporate Governance committees

Currently Senior Advisor at Irving Place Capital

Previously served in various senior managerial and directorial roles, including: Vice Chairman of Investment Banking

at
Bear
Stearns
&

Co.,
Vice
Chairman
and

Head
of

Mergers
and
Acquisitions
at
Schroder
&
Co.,
and
SVP and CFO at NL Industries
Currently also serves on the Board of Cambrex Corporation and Edmunds.com
Chair of the Audit committee
Currently Executive Vice President/Chief Financial Officer of RHI Entertainment
Previously served in various senior managerial and directorial roles, including: Executive Vice President/Chief
Financial Officer of World Color Press Inc and Vice President and Chief Financial Officer of GenTek, Inc
Currently
also
serves
on
the
Board
of
Hughes
Telematics,
Inc
and
C&D
Technologies,
Inc.
and
he
is
Chairman of both Companies
Audit Committee
Robert M. Gervis
Andrew P. Hines
Wayne A. Hinman
IlanKaufthal
Jeffrey N. Quinn

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I. Tronox Overview

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Tronox Overview

Tronox Inc. (Tronox

or the Company) is one of the largest global titanium dioxide (TiO

2

)producers with operations in the U.S., Europe and Australia

Globally, Tronox has 465,000 tonnes of annual rated chloride pigment production capacity

One of only two chloride only producers in the world

Tronox markets a full range of superior pigment grades for a variety of end-users under the TRONOX®

brand name

Revenues and Adjusted EBITDA have increased from \$1,070 million and \$142 million in 2009 to \$1,651 million and \$493 million, respectively, for the LTM period ended 12/31/2011

Adjusted EBITDA margin has expanded from 13% in 2009 to 30% for the LTM period ended 12/31/2011

8

Pigment sales represented 92% of revenues for the eleven-month period ended 12/31/2011

Through its Electrolytic business, produces electrolytic manganese dioxide (used in high-performance battery applications), sodium chlorate, boron and other specialty chemicals

Tronox

has

experienced

a

significant

increase

in

Adjusted

EBITDA

since

2009

as

a

result of strong end-market demand and a continued supply constrained environment

Tronox Overview
Company Overview
Global
pure
play
TiO
2
producer
One of the largest global TiO
2
producers and marketers with 8% share

of global capacity

1

Focused primarily on coatings, plastics
and paper laminates

Efficient, low-cost manufacturing footprint

Global operations and international

presence

Specialty electrolytic chemicals operations

Financial Summary

Production Facilities

(\$US in millions)

9

(units in MT)

1.

Includes 100% of Tiwestpigment.

2.

Shown at 100% of JV capacity and production.

9

Pigment Facilities

Location

Capacity

Hamilton

225,000

Botlek

90,000

Electrolytic Facilities

Location

Capacity

Hamilton (Sodium Chlorate)

150,000

Henderson (EMD)

27,000

Henderson (Boron Products)

525

Tiwest Joint Venture Facilities²

Location

Capacity

Kwinana

150,000

Northern Operations

Capacity

Zircon

70,000

SyntheticRutile

220,000

Rutile

36,000

Leucoxene

26,000

2008A

2009A
2010A
2011A
Pigment
1,116

938

1,068

1,514

Electrolytics
121

127

128

129

Other
8

5

21

8

Revenue
1,246

1,070

1,218

1,651

Adj. EBITDA
99

142

203

493

Margin
8%

13%
17%
30%

Tronox Overall Position Summary

Tronox Geographic Positioning by 2011A

Production

Note:

Size of bubble represents Tronox sales in its end markets. Projected growth rates are internal Tronox estimates.

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Tronox's sales effort is leveraged towards the higher growth and higher value segments

2011A Tronox Positioning in TiO₂ Market

100% of Tronox capacity is produced via the chloride process

Chloride
technology
yields
consistently
whiter,
brighter
pigment
grades
preferred
for
many
of
the
largest

end-use applications (e.g. paints and plastics) as compared to the sulfate process

The chloride production process offers significant cost savings over the sulfate process

Generates less waste, uses less energy and is less labor intensive than the sulfate process

Proprietary technology and numerous worldwide patents create barriers to entry

Proprietary technology, operating expertise and worldwide patents require technical sophistication and a highly skilled workforce that cannot be easily replicated by new entrants

Extremely complex to develop and operate the chloride process technology

Significant lead time and capital required to build chloride plant

Proprietary Process and Highly

Efficient Flexible Operations

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Tronox is one of only five major TiO₂

producers in the world utilizing proprietary chloride technology

II. Exxaro Mineral Sands Acquisition

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Transaction Overview

On September 26, 2011, Tronox entered into a definitive agreement to acquire Exxaro Resources

(Exxaro)

mineral

sands

operations,

which

will

create

the

world's

largest

vertically-integrated

TiO

2

pigment company (New Tronox)

Exxaro will receive approximately 38.5% of the common equity in New Tronox in exchange for its mineral sands operations, which will be contributed debt free

Exxaro
will
retain
a
26%
ownership
interest
in
the
South
African
operations
of
the
Mineral
Sands

business in order to comply with South African BEE ownership requirements.

For the LTM period ended 12/31/2011, New Tronox would have generated pro forma revenues of \$2,306

million
and

Adjusted
EBITDA
of
\$844

million
(37%
Adjusted
EBITDA
margin)

New Tronox will have approximately 3,500 employees and 16 locations around the world

The acquisition is expected to close in Q2 2012

Tronox has refinance its Senior Secured Term Loan (\$425 million at signing) with a new \$550 million

Senior
Secured
Term
Loan

and
\$150
million

Senior
Secured
Delayed

Draw
Term
Loan
(together,
the

Term Facility)

The Term Facility expressly permits the Exxaro Mineral Sands acquisition and, together with cash on hand, will fund all cash uses to permit the Exxaro Mineral Sands acquisition

Tronox's existing \$125 million ABL Revolver has been amended and will remain outstanding

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Corporate Structure

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New Tronox Pro Forma Corporate Structure

14

Tronox Existing Corporate Structure

Current

Tronox

Incorporated

Stockholders

Tronox

Incorporated

Tronox

Limited

Tronox

Worldwide

LLC

Merger Sub

One
Merger Sub
Two
Tronox
Incorporated s
Assets
Tiwest Joint
Venture
South African
Exxaro Mineral
Sands Businesses
Exxaro
Other
Exxaro
Assets
100.0%
100.0%
100.0%
50.0%
100.0%
100.0%
100.0%
100.0%
100.0%
100.0%
50.0%
Tronox
Worldwide
LLC
Tronox
Incorporated s
Non-U.S.
Assets
Tiwest Joint
Venture
Tronox
Incorporated s
U.S. Assets
Tronox
Incorporated
Current
Tronox
Incorporated
Stockholders
Tronox
Limited
South African
Mineral Sands
Businesses
Exxaro
Other

Exxaro

Assets

100.0%

100.0%

100.0%

100.0%

50.0%

50.0%

100.0%

74.0%

26.0%

100.0% of Class A Shares

(~61.5% of voting rights)

100.0% of

Class B Shares

(~38.5% of

voting rights)

Note:

Assuming no Tronox Incorporated shareholders elect to receive exchangeable shares in

Exxaro Transaction Detail

Transaction Structure Detail

Current Tronox shareholders to exchange existing common stock for new Class A common stock in New Tronox, a Australian-domiciled corporation and \$12.50 per share

Option to receive exchangeable shares with right to exchange later into Class A shares and \$12.50 per share, subject to minimum and maximum (with pro ration) election thresholds

Exxaro contributing mineral sands operations to New Tronox in exchange for Class

B stock in New Tronox

Exxaro to retain 26% direct minority ownership in the South African businesses to comply with South African BEE ownership requirements

Approximately 10.0 million shares will be issued to Exxaro excluding put/call shares

Put/call shares: 1.4 million shares in exchange for Exxaro's 26% direct interest in the South African operations in the event that the BEE compliance structure is no longer required

Transaction is taxable to Tronox shareholders

Pro Forma Shares Outstanding

25.9 million shares outstanding (excluding Exxaro's put/call shares)

Intention to list the NYSE after closing

15

15

Key Governance Terms

9 member board comprising:

6 Class A directors (nominated by Tronox)

3 Class B directors (nominated by Exxaro)

Tom Casey to remain Chairman & CEO of combined company

Key members of Exxaro's senior management expected to join Tronox to manage mining operations

Three-year lockup period for Exxaro

Standstill limiting Exxaro's ownership to less than 45% until the third anniversary of the transaction

Thereafter, board approval process and/or majority

support from unaffiliated shareholders required in
order for Exxaro to go above 50%

16

Management and Pro

Forma Board of

Directors

Exxaro Lock-up and

Standstill Provisions

Key Governance Terms (cont d)

Limited significant matters require supermajority (6 of 9) approval at board level, including: Election of the Chairman of the Board

Appointment or termination of the Chief Executive Officer

Material acquisitions / dispositions

Sale of the Company

Decision to pay dividends

Class voting (approval of Class A and Class B shareholders voting separately) to approve merger or sale of the company
Majority of all the shares in each class for as long as Exxaro's Class B voting interest is at least 20%
Receipt of all regulatory approvals
Effective New Tronox and Tronox Inc. registration statement
Tronox shareholder approval
\$20 million termination fee if Exxaro terminates following a fiduciary change in recommendation by Tronox's board
Anticipated Closing Q2 2012

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Limited Board

Supermajority

Matters

Change of Control

Provisions

Key Conditions to

Closing

III. Exxaro Mineral Sands Overview

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18

19

Exxaro Mineral Sands Combination

Rationale

Tronox and Exxaro have worked together for more than 20 years, having jointly operated the Tiwest

Joint

Venture,

which

is

a

vertically

integrated

TiO
2
operation
that
served
as the
model for the New Tronox

The
combination
is
expected
to
create
the
following
benefits
for
New
Tronox:

A secured ore supply that will help reduce earnings volatility from raw material price fluctuations and / or supply constraints

Secured ore supply creates a solid platform for future growth and enhanced earnings potential

Increases scale, public market profile and access to capital markets

Expected run-rate cost savings of ~\$30mm in the short-term and potential for additional cost savings in the longer-term

Substantial free cash flow generation with flexible capital expenditures

The Tronox / Exxaro Mineral Sands combination creates the leading global, vertically-integrated

TiO
2
pigment
producer
with
access
to
diverse
and
growing
global markets

Exxaro Mineral Sands Overview

Company Overview

Exxaro Mineral Sands is comprised of KZN Sands, Namakwa Sands and a 50% interest in the Tiwest JV

3 largest titanium ore feedstock producer globally in 2011 (10% market share) with 3 producing assets

2 largest zircon producer globally in 2011 (20% market share)

Geographically well positioned to serve markets in Asia,

the Middle East, Europe, North and South America

Existing inventory will be enough to supply slag furnaces

until the Fairbreeze mine is online

Financial Summary (\$USD mm)

Production Facilities

(units in MT)

1.

As of 3-Jan 2012. Assumed exchange rate of ZAR8.03 to USD.

2.

Shown at 100% of JV capacity and production.

3.

KZN Sands

gives

effect

to

Fairbreeze

mine

development

project

expected

to

open

in

2014

with

190kt

of

TiO

ore

capacity

and

60kt

of

zircon

capacity.

Location

Capacity

Kwinana

150,000

Northern Operations

Capacity

Zircon

70,000

Synthetic Rutile

220,000

Rutile

36,000

Leucoxene

26,000

Reserve Life of Mine

15+ years

Tiwest Joint Venture Facilities ²

Revenue by Segment (Avg. 2008A

2010A)

20

2008A

2009A

2010A

2011A

Revenue

334

419

634

910

Adj. EBITDA

57

42

133

351

Margin

17%

10%

21%

39%

Namakwa Sands

Capacity

Slag

160,000

Zircon

135,000

Pig Iron

100,000

Rutile

31,000

Reserve Life of Mine

20+ years

KZN Sands

Capacity

Slag

220,000

Pig Iron / Scrap Iron

121,000

Zircon

60,000

Rutile

30,000

Reserve Life of Mine

12+ years

Mineral Sands Facilities

3

rd

nd

2

New Tronox EBITDA Profile
Standalone Tronox Adj. EBITDA Contribution
New Tronox will benefit from a more diversified earnings stream
New Tronox Adj. EBITDA Contribution
21

IV.
Perspective on the TiO
2
Market
22

Factors that Influence the TiO

2

Cycle

Long-term global demand for TiO₂

is expected to

grow by approximately 3-4%, which is consistent with long-term GDP trends according to TZMI

Global sales of TiO₂

in 2010 are estimated to have

exceeded 5.3 million tonnes, generating approximately \$12 billion in industry-wide revenues

Demand for TiO₂

is being driven in part by a resurgent global economy following the economic downturn in 2008 and 2009

The global market for TiO₂

is expected to remain

healthy due primarily to support from the ongoing

growth in emerging economies

Long-term demand TiO₂

usage per capita in the

major emerging markets, particularly in China and

India, is significantly below that seen in most

Western countries

Demand

Significant TiO₂ capacity reductions in 2009 (7-8%

of global capacity) with very limited new capacity

expected due to high costs, long lead time and

difficult permitting process

Tronox has increased prices by ~10% from 2009

to 2010 and by ~40% from 2010 to 2011

Titanium feedstock demand will continue to

outpace supply for the near and medium term, as

no new substantive supply is expected to come

online until at least 2014

Pricing

23

24
Industry Capacity Utilization
1
During
the
last
cycle,
over
380,000
MT
of

capacity
was
taken
out
of
market,
which
management
estimates
to
be
a 7

8% reduction

Bringing new capacity online requires significant capex, long lead time and requires difficult to achieve permitting (in particular environmental regulations): as a result a new Chloride facility has not been built since 1994

1.

Tronox management data.

Significant Capacity Reductions

The global TiO₂

pigment market has been tight with major producers operating near full capacity (>95%)

24

2.0%
1.5%
2.0%
0.0%
2.0%
4.0%
3.5%
6.0%
3.5%
8.5%

7.5%

7.5%

2.6 Billion people in China and India

0.25kg

per

capita

increase

in

consumption

in

these

two

countries

over

3

years

equates to 650,000MT increase in demand (11.6% increase in market capacity, or

approximately 3 plants the size of Hamilton)

TiO₂

Consumption per Capita and Growth Rates

2008 2013 Est. CAGR :

Emerging Markets

1.

Company estimates and U.S. Government Population Statistics.

TiO₂

usage

per

capita

in

the

major

emerging

markets,

particularly

in

China

and

India,

is

significantly

below

that seen in most Western countries

Rising Demand from Emerging Markets

25

Significant long-term TiO₂ consumption growth expected from emerging markets

1

Increase in Households and Population: 2030E
Increase Over 2000 Levels
Population and Urbanization to Drive Demand Growth in Emerging Markets
Source: TZMI 4Q 2011 forecast.
Despite
sluggish
housing
starts
in

the
U.S.
and
Europe,
supply
/
demand
dynamics
remain
strong

The combination of U.S. / European improvements and an ever increasing population / urbanization in emerging markets are expected to be a major contributor to demand growth

...As Global Economies Grow

Asian Middle Class Forecast: 2010, 2020 & 2030

CAGR (%)

26

Constrained Feedstock Environment is
Expected to Persist
Fundamentals for titanium feedstocks remain strong,
despite recent softening in China
Developing countries
intensity of pigment use
is expected to grow with rising living standards
(GDP/capita)
2
Supply deficits remain tight for most feedstock

products, particularly for high quality chloride feedstocks

No new substantive supply expected to enter the market prior to year end 2013

High

risk

and

long

lead

time

(typically

5-7

years) in starting new projects

Ore suppliers have succeeded in moving prices higher and changing prices quickly

Ore prices are expected to increase for pigment producers, despite short-term demand softening

Vertical integration into ore provides significant advantages

Opportunity to capture value throughout the

TiO₂

chain

Growth enabled through assured feedstock

27

1.

Per TZMI 4Q2011 forecast.

2.

Goldman Sachs Research.

Global Supply / Demand for Titanium Feedstock

1

Feedstock Pricing

1

(\$ / tonne)

Ore supply is tight, creating a favorable pricing environment for the foreseeable future

27

TiO₂

pigment producers are limited in their ability to make significant capacity expansions to meet incremental demand due to the constrained ore market

Access to ore is critical for any meaningful capacity increases

Limited substitutes

Time and cost to build greenfield plants

Tronox management estimates that during 2007-2009, approximately 7-8% of global capacity was shuttered

The projected expansion of TiO₂

pigment supply reflects announced but not completed production facilities, most of which are in China and producing via the sulfate process

Current supply dynamics and projected demand increases is expected to result in a continued favorable pricing environment over the long term

TiO₂ -

Supply/Demand(000 s tonnes)

1

28

TiO₂

Pigment Pricing(\$ / tonne)

2

1.

Per TZMI 4Q2011 forecast.

2.

Per TZMI 4Q2011 forecast.

Structural Shift in the Industry Expected to

Continue to Drive TiO

2

Prices Higher

28

As a result of strong underlying demand, a lack of capacity and overall structural shift in the industry, TiO₂ prices have increased significantly and are expected to remain high

\$ 99
\$ 142
\$ 203
\$ 493
\$ 555
2008
2009
2010

2011

2H 2011 Annualized

Standalone Tronox Adj. EBITDA

New Tronox Adj. EBITDA

Standalone Tronox Illustrative Downside Adj. EBITDA

New Tronox Illustrative Downside Adj. EBITDA

New Tronox Illustrative Downside Adj. EBITDA of

~\$585mm

\$983

\$156

Tronox Has Experienced an Enduring

Step Change in Profitability

29

The fundamental structure of the TiO₂ value chain has changed

8% reduction of pigment supply in 2008/2009

No new chloride plants have been built since 1994

No new major feedstock supply since 2008/2009

Demand has increased by 14% during the same period

These structural conditions can only be changed by the addition of new pigment production capacity AND new feedstock supply

require 3 to 5 years to bring online and identified potential new facilities are not expected to keep up with forecasted demand growth

Demand

growth

is

highly

correlated

to

development;

Asia,

India

and

other

developing

markets

are

materially

expanding

their

urban

middle

class

There are no practical substitutes for TiO₂ in coatings; in addition, TiO₂ is only ~13% of the cost of paint

Although

extremely

conservative,

Tronox

has

examined

a

potential

stress
/
downside
case
with
the
following
assumptions:

Pigment volumes reduced by 16%; current pigment price levels reduced by \$1,000 / tonne and Exxaro margins reduced by 50%

Adjusted EBITDA (\$ in millions)

Standalone Tronox Illustrative Downside Adj.

EBITDA of ~\$325mm

\$844

\$184

\$336

IV. Key New Tronox Company Strengths

30

Leading Global Pigment Platform
Well Positioned Against its Peers
Strong Financial Momentum
Key Company Strengths
Long-Standing
Blue
Chip
TiO₂Customer
Relationships
Low Cost and Efficient Production Network
31
Significant Operational Synergies

Leading Global Pigment Platform

32

Botlek, The Netherlands

Hamilton, MS

Namakwa Sands

KZN Sands

Tiwest

Oklahoma City, OK

Headquarters

Locations

Henderson, NV

New Tronox will have 3,500 employees
in 16 locations around the world

Johannesburg

Singapore

Shanghai, China

32

Location

Capacity (MT)

Hamilton

225,000

Botlek

90,000

Location

Capacity (MT)

Hamilton (Sodium Chlorate)

150,000

Henderson (EMD)

27,000

Henderson (Boron Products)

525

Location

Capacity (MT)

Kwinana

150,000

Northern Operations

Capacity (MT)

Synthetic Rutile

220,000

Zircon

70,000

Rutile

36,000

Leucoxene

26,000

Reserve Life of Mine

15+ years

Namakwa Sands

Capacity (MT)

Slag

160,000

Zircon

135,000

Pig Iron

100,000

Rutile

31,000

Reserve Life of Mine

20+ years

KZN Sands²
Capacity (MT)
Slag
220,000

Pig Iron / Scrap Iron
121,000

Zircon
60,000

Rutile
30,000

Reserve Life of Mine
12+ years

Tronox Electrolytic Facilities

Tiwest Joint Venture Facilities ¹

Exxaro Mineral Sands Facilities

Tronox Pigment Facilities

Note:

Namakwa Sands, KZN Sands and TiWestare each made up of 3 locations.

1.
100% of capacity and production.

2.
KZN Sands gives effect to Fairbreeze mine development project expected to open in 2014 with 190kt of TiO₂ ore capacity and

Long-Standing Blue Chip TiO

2

Customer Relationships

Tronox's Blue Chip Customer Relationships

33

Customers include market leaders in each of the major end-use markets for TiO

Builds strong relationships with its customers resulting in a high customer retention rate

2

Tronox has supplied its top ten TiO
customers

for over ten years

Diversified customer base of approximately 1,000
customers in over 90 countries

Approximately 40% of global volume under multi-year
contracts with market based pricing

Tronox works closely with its customers to
optimize their formulations, thereby enhancing
the use of TiO

in their production processes

2

2

Low Cost and Efficient Production
Network
Combined
with
the
Exxaro
Mineral
Sands
titanium

feedstock

assets

in

South

Africa

and

Australia,

this network of TiO₂ and titanium feedstock facilities will give New Tronox the flexibility to optimize asset and feedstock utilization and generate operational, logistical and market efficiencies

Vertical Integration gives us a significant cost / tonne advantage

Vertically

Integrated

Production

Significant and

Scalable

Operations

Gateway to

Asia

Geographic

Diversity

Tronox's three TiO₂ production facilities are strategically positioned in key geographies: North America, Europe and Australia

The Hamilton facility is the third largest TiO₂ production facility in the world and has the size and scale to service customers in North America and around the globe

The Tiwest Joint Venture, located in Australia, is well positioned to service growing demand from Asian markets

34

The Company's TiO₂ operations are among the lowest cost producers of TiO₂ globally

Vertical Integration Provides Significant
Competitive Advantage

35

Tronox Today (*000 s tonnes of ore*)

New Tronox (*000 s tonnes of ore*)

New Tronox will be long of titanium feedstock, giving the Company significant advantages compared to its peers, especially in a today's rising ore pricing environment

35

Tronox today is required to source ~229,000 tonnes of feedstock in the open market

New Tronox will be long

~211,000 tonnes of feedstock

36

Business Model

Pigments value chain

TiO

pigments

Primarily TiO

pigments

Diversified chemicals

TiO

pigment exposure

Diversified chemicals

TiO

pigment exposure
LTM Revenue
\$2,306 mm
\$5,238 mm
\$1,943 mm
Total: \$11,221 mm
Pigment: \$1,642 mm
Total: \$37,961 mm
LTM Adj. EBITDA
\$844 mm
\$1,825 mm
\$597 mm
Total : \$1,040 mm
Pigment: \$508 mm
Total: \$6,098 mm
EBITDA Margin
36.6%
34.8%
30.7% total
Total: 9.3%
Pigment: 30.9%
Total: 16.1%
Total Capacity
465 kt
750 kt
532 kt
560 kt
1,100 kt
% Chloride vs.
Sulfate Capacity
(Based on
Capacity)
Location of
Facilities
Hamilton, MS
Kwinana, Australia
Botlek, The
Netherlands
Ashtabula, OH
Yanbu, Saudi Arabia
Stallingborough, UK
Kemerton, Australia
Arembepe, Brazil
Thann, France
Baltimore, MD
Leverkusen, Germany
Varenes, Canada
Langerbrugge, Belgium
Nordenham, Germany
Fredrikstad, Norway

Lake Charles, LA
Greatham, UK
Calais, France
Huelva, Spain
Scarlino, Italy
Lake Charles, LA
Telek Kalung, Malaysia
Umbogintwini, SA
New Johnsonville, TN
DeLisle, MS
Altamira, Mexico
Kuan Yin, Taiwan
Edge Moor, DE
Ore Production /
Feedstock
Integration
Fully integrated
Total: 600 kt
Slag and SR
Partially dependant on
third-party feedstock
~60% dependant on
third-party feedstock
~90% dependant on
third-party feedstock
Pro Forma

Source:

Company filings, Wall Street Research and TZMI

1.
New Tronox Revenue and Adjusted LTM EBITDA presented on a combined 2011 basis.

2.
Operates
mine
in
Paraiba,
Brazil.
Owner
of
Bemax
(Australia), world's
5
th
largest
producer.
Potential
to
increase
existing
ore
capacity

with
ore
from
the
Snapper
mine
which
will
come into production in 2011.

3.
Based on 2010A ore production figures for Kronos. 328 kt ilmenite used in sulfate process. Purchase slag/rutile (470 kt).
4.

Based on DuPont Jul-2011 conference call transcript. DuPont operates a titanium ore surface mine near Starke, FL. .
Pure Play TiO₂
Diversified
Well Positioned Against Its Peers

1
1
2
2
2
2
3
3
Chloride
88%
Sulfate
12%
Chloride
75%
Sulfate
25%
Chloride
45%
Sulfate
55%
Chloride
100%
2

Compelling Operational Rationale

37

Consolidation of Tiwest JV

Elimination of duplicate services

Rationalization of SG&A

Marketing

Supply & chain

Finance

Improved

logistics

larger

shipments

to fewer clients

Near Term Synergies

Medium Term Synergies

Estimated Run-Rate savings of
~\$30 mm (annual)

Optimization of ore in-use

High grade TiO

2

feedstocks

Cheaper slag fines

Significant cost advantages from
optimization

Less waste (better
environmental management)

Lower chlorine & coke costs

Lower freight costs per tonne of
TiO

2

Ability to effectively

debottleneck

pigment

production with limited capital

expenditures

New Tronox's network of TiO₂

and titanium feedstock facilities will have the flexibility

to optimize asset and feedstock utilization, and a secured ore supply creates a solid
platform for future growth and enhanced earnings potential

Appendix

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38

Additional Tax Asset Information

Tronox should retain much of the deductions for tax purposes it presently has available to it, including historical NOLs

Tax
attributes
appear
to
be
worth
at
least
\$300

million
on
a
Net
Present
Value
basis
These
tax
attributes
(which
are
subject
to
audit
by
IRS)
consist
of:

Pre-emergence NOLs (~\$160 million)

Tax deductions arising from Tronox's bankruptcy emergence (~\$1 billion)

Potential future deductions relating to environmental remediation agreed to as part of the bankruptcy emergence

Transaction

with

Exxaro

could

result

in

an

ownership

change

for

purposes

of

§382,

thereby imposing an annual limitation on Tronox's ability to utilize its NOLs

The amount of such limitation will depend on the value of Tronox's stock at closing and on long-term tax-exempt interest rate at that time, and thus the annual limitation cannot be known at this time

However, any limitation is not expected to have a significant impact on a Net Present Value basis to Tronox's tax attributes

39

39

Restructuring Summary

Tronox emerged from bankruptcy in February 2011 with a significantly improved balancing sheet and shedding of its legacy liabilities

Legacy Liabilities:

Resolved Environmental Legacy Liabilities (Claimants will not have any recourse to Reorganized Tronox)

Resolved Tort Legacy Liabilities (Claimants will not have any recourse to Reorganized Tronox)

Capital Structure:

Tronox substantially reduced debt by almost \$200 million from \$658 million on the petition date to \$469 million at emergence

Company also has substantial liquidity under the \$125mm ABL Revolver

Operational Restructuring:

Closed facilities with high fixed operating costs and reduced capacity allowing Tronox to focus on core operations

Cleansed the Company of certain legacy agreements and historically unprofitable

contracts

40

40

41
41