

# TRONOX



## Citi Basic Materials Conference

*Tom Casey*  
*Chairman and CEO*

December 1, 2015

[www.tronox.com](http://www.tronox.com)

# Safe Harbor Statement

Statements in this release that are not historical are forward-looking statements within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. These and other risk factors are discussed in the company's filings with the Securities and Exchange Commission (SEC), including those under the heading entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 and Form 10-Q for the six months ended June 30, 2015.

Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable laws, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information or future developments.

# Tronox Strategic and Operating Focus

## Tronox TiO<sub>2</sub> and Tronox Alkali

- Recent performance reflects resilience and cash generating abilities of our vertically integrated businesses under all market conditions
- TiO<sub>2</sub> and Alkali continue to deliver relatively high level of adjusted EBITDA and generate cash despite depressed pricing levels in TiO<sub>2</sub>
- Tronox's primary focus is on significantly increasing that cash generation over 2015-2017
- TiO<sub>2</sub> Operational Excellence to generate >\$600 million cash over 2015-2017 by:
  - Reducing operating costs
  - Reducing working capital
  - Selling feedstock inventories
  - Reducing discretionary capital expenditures
- Positioning for the inevitable turn in the TiO<sub>2</sub> market - with leverage to upturn through integrated position in feedstocks and pigment
- Continuing to evaluate opportunities for consolidation in TiO<sub>2</sub>
- Tronox Alkali focus on cash generation - remains in sold-out mode driven by strong export demand growth and continued recovery in U.S. market - coupled with its sustaining structural cost advantage and leading global market share in natural soda ash

# Tronox TiO<sub>2</sub>: Addressing Challenging Market Conditions

- Continued supply-demand imbalance in titanium feedstocks and pigment products
- Production capacity in both feedstocks and pigment continues to be removed - in China, Europe, South Africa, Australia and North America
- Capacity reductions enabling inventory reductions in both feedstocks and pigment
- Tronox is reducing inventory, freeing up working capital and generating cash
  - Global pigment production curtailed by 15%
  - CP titanium slag operations curtailed by 50%
  - Mining operations running at full capacity to produce zircon and rutile to meet market demand
- Sales volumes for both pigment products and titanium feedstocks unaffected as we are meeting demand from reduced production volumes and finished goods inventories
- TiO<sub>2</sub> Operational Excellence program to generate >\$600 million cash over 2015-2017 has four primary elements:
  - reducing operating cash costs
  - generating additional cash through significant working capital reductions
  - selling feedstock inventories
  - reducing discretionary capital expenditures

# TiO<sub>2</sub> Operational Excellence: >\$600m cash generation 2015-2017

## 2015-2017 Cash Generated from Cost Reduction and W/C Reduction

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cost Reduction Targets	85	85	85
Less Cost to Deliver	(25)	(5)	(5)
Sustaining Cost Reduction	60	80	80
Incremental Cost Reductions '16-'17	-	50	50
	-	-	50
<b>Annual Cash Cost Reduction</b>	<b>60</b>	<b>130</b>	<b>180</b>
<i>Cumulative Cash Cost Reduction</i>		190	370
<b>Annual Working Capital Reduction</b>	<b>85</b>	<b>185</b>	-
<i>Cumulative Working Capital Reduction</i>		270	270
<b>Total Annual Cash Generation</b>	<b>145</b>	<b>315</b>	<b>180</b>
<i>Total Cumulative Cash Generation</i>		460	640

2015 cost reduction on-track with \$60m realized Sep YTD toward \$85m target

\$60m in 2015 grows to sustain at \$80m; plus incremental sustaining \$50m added in both 2016 and 2017

WC reduction excludes LCM and FX impacts (see below); Improvement primarily driven by inventory reductions resulting from production curtailments and ilmenite sales

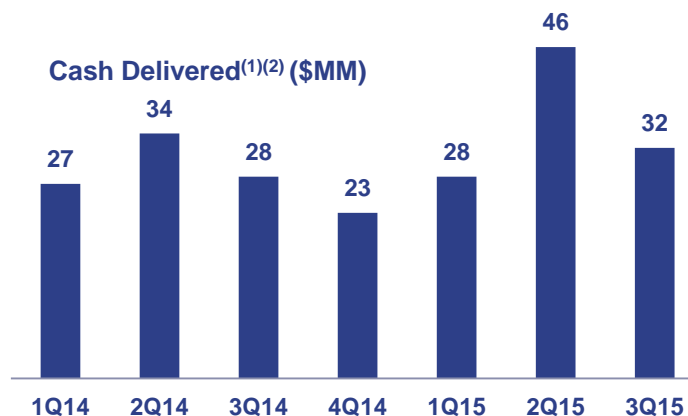
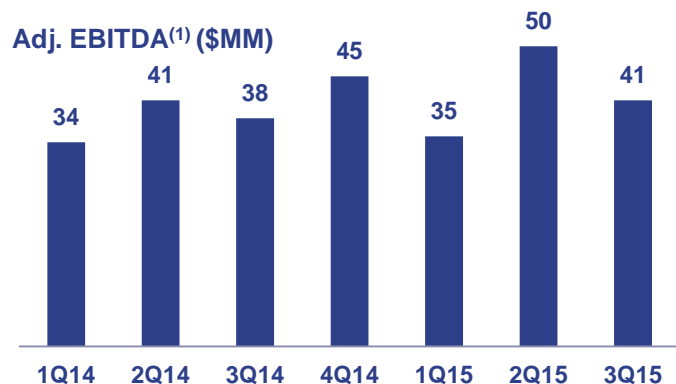
## 2015 Working Capital Reduction

	<u>Dec-15 Outlook</u>	<u>Dec-14</u>	<u>Inc/(Dec)</u>
<b>Total Working Capital</b>	<b>770</b>	<b>960</b>	<b>(190)</b>
Exclude LCM (net)			60
<b>Total Working Capital (ex LCM)</b>			<b>(130)</b>
Exclude F/X			45
<b>Total Adjusted Working Capital</b>			<b>(85)</b>

2015 WC reduction of \$85m on track to be realized. Sep YTD \$30m realized with bulk of WC reduction expected in 4Q through ilmenite sales and impact of production curtailments that began in July with additional curtailments in August / September - resulting in material 4Q inventory draw down impacts

# Tronox Alkali: Focused on Cash Generation

- Alkali continues in sold-out mode driven by strong export demand growth coupled with its sustaining structural cost advantage and leading global market share in natural soda ash



(1) 1Q14-1Q15 on Tronox Pro Forma basis

(2) Cash Delivered = Adj. EBITDA - Capex

## Domestic Market

- US demand growth solid driven by growth in Flat Glass and Chemicals with continued growth of 2-3% expected in 2016
- Tronox Alkali announced a price increase of \$12/ton for its U.S. business earlier this year; given annual contract nature of U.S. business price increases would typically be effective on January 1, 2016

## Export Market

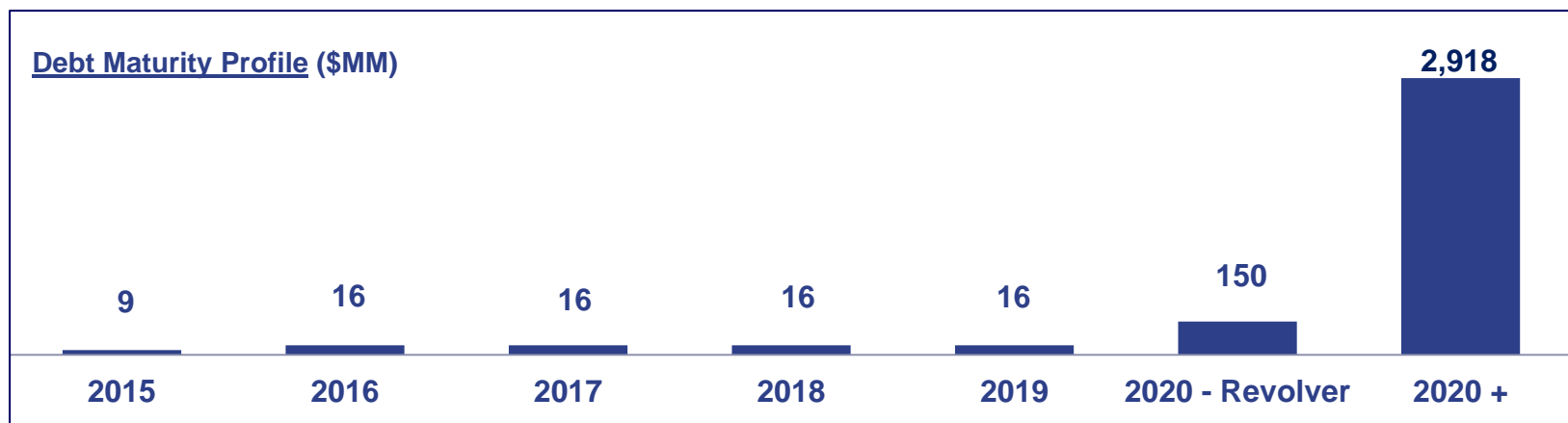
- ANSAC remains sold out, despite economic slowdown in Asia and increased Chinese exports to the region
- Tight supply-demand conditions globally ex-China still intact with potential to support increased prices in export markets outside Asia
- Slowdown in Chinese economy has lead some producers to shut down plants and delay or cancel new capacity additions
- Lower Chinese producer input costs and Yuan devaluation could cause Asian price pressure
- Cautiously optimistic 2016 export prices in markets not directly impacted by China exports may higher; prices in Asia may be lower

# Balance Sheet and Cash Flow

Debt and Liquidity	Sept 30, 2015	CapEx and Cash Interest Expense	2016 Outlook
Gross Consolidated Debt	3,127	Capital Expenditures	\$150-160MM
Debt, Net of Cash	2,982	Cash Interest Expense	\$170-180MM
Liquidity	540		

## Debt Maturities and Financial Maintenance Covenants

- No meaningful maturities until 2020; annual 1% payment on term loan
- No financial maintenance covenants on term loan or high yield notes
- 48% of total indebtedness set at a fixed rate



# TRONOX



**Q&A Session**



# Integrated TiO<sub>2</sub> Value Chain

## Feedstock

## TiO<sub>2</sub> Pigments

## Markets

