



# TRONOX

A Brighter Future - From the Ground Up

## **VERTICAL INTEGRATION: MAXIMIZING VALUE IN ANY ENVIRONMENT** **SIXTH ANNUAL TZMI CONGRESS: ASIA IN FOCUS**

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**Chairman and CEO**  
**Tronox Limited**

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# The New Tronox

**TRONOX**

## Transformation Over Past Year

- Vertically integrated titanium producer of mineral sands and titanium dioxide
- Reincorporated in Australia with shares listed on New York Stock Exchange
- Raised \$1.6 billion at weighted cost of 5.4%



# Tronox Attributes

- Low-cost position globally through feedstock margin on pigment sales
- Only enterprise that produces both slag and synthetic rutile and also consumes both
  - Ability to dynamically adjust pigment plant feedstock consumption to optimize financial performance, further enhancing low-cost position
- Assured of both supply and lowest costs under all market conditions, which allows us to enter into commercial arrangements with customers that can be uniquely advantageous to both sides
- Enduring advantages: higher margins and cash flow generation, lower volatility, relative competitive strength and ability to enter into commercial relationships that would be higher-risk for our competitors



# Tronox is Highly Differentiated in the Mineral Sands and Pigments Value Chain

- Tronox is the only fully integrated global producer of  $\text{TiO}_2$  and mineral sands
  - 3rd largest global producer of titanium feedstock
    - 2<sup>nd</sup> largest global producer of slag
  - 3rd largest global producer of zircon
  - 3rd largest global producer and marketer of  $\text{TiO}_2$  manufactured via chloride technology
- Tronox consumes internally produced feedstock and has the option to sell long portion



# Favorable Long Term Supply / Demand Dynamics: Titanium Feedstock Market

## Current Pigment Market Soft, but Likely to Recover in 2013

- Feedstock demand likely to soften in short term

## Mid and Longer Term Supply Conditions Create Favorable Feedstock Environment

- Positive trends in feedstock expected to continue in the medium term
- Feedstock supply growth challenged to meet pigments demand growth
- Present market softness deterring additional capacity development
- High risk and long lead time (5-10 years) in starting new projects

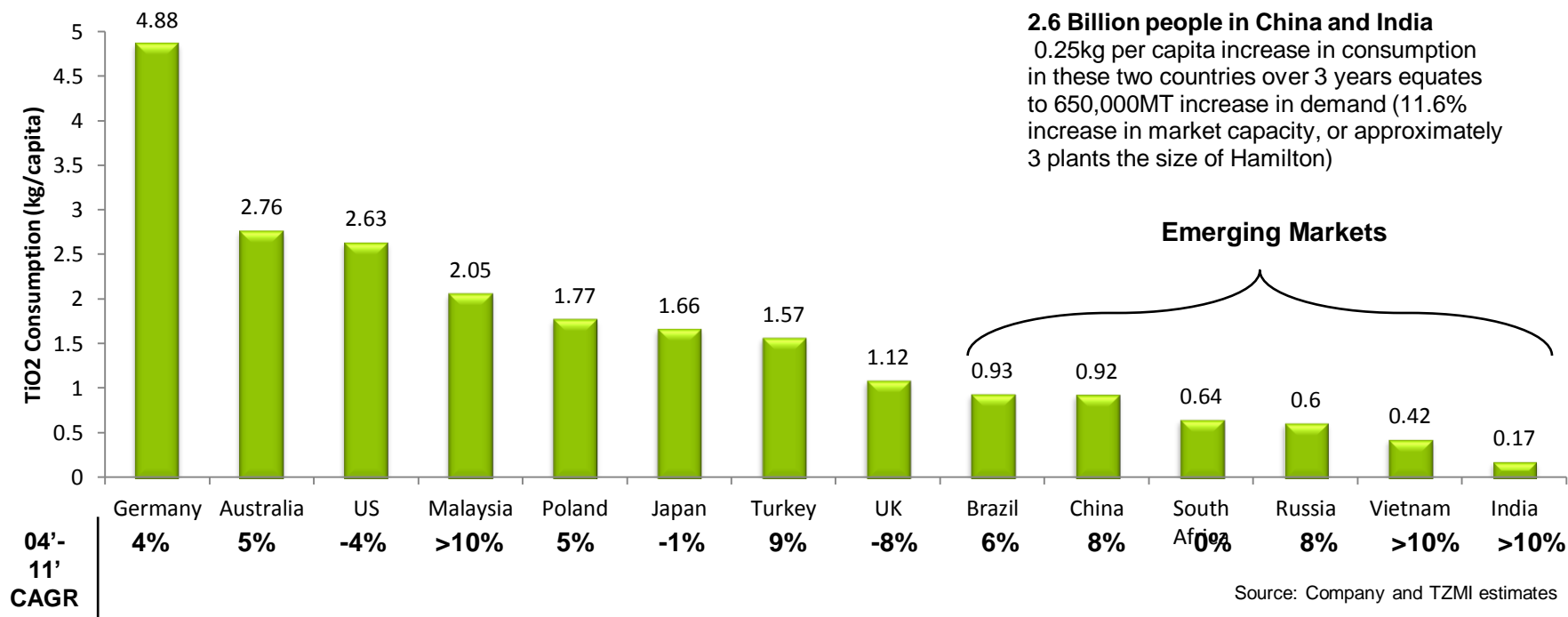


# Favorable Long Term Supply / Demand Dynamic: TiO<sub>2</sub> Pigment Market

## Significant Long-term TiO<sub>2</sub> Consumption Growth Expected from Emerging Markets

- TiO<sub>2</sub> usage per capita in the major emerging markets, particularly in China and India, is significantly below that seen in most Western countries

### TiO<sub>2</sub> Consumption per Capita and Growth Rates

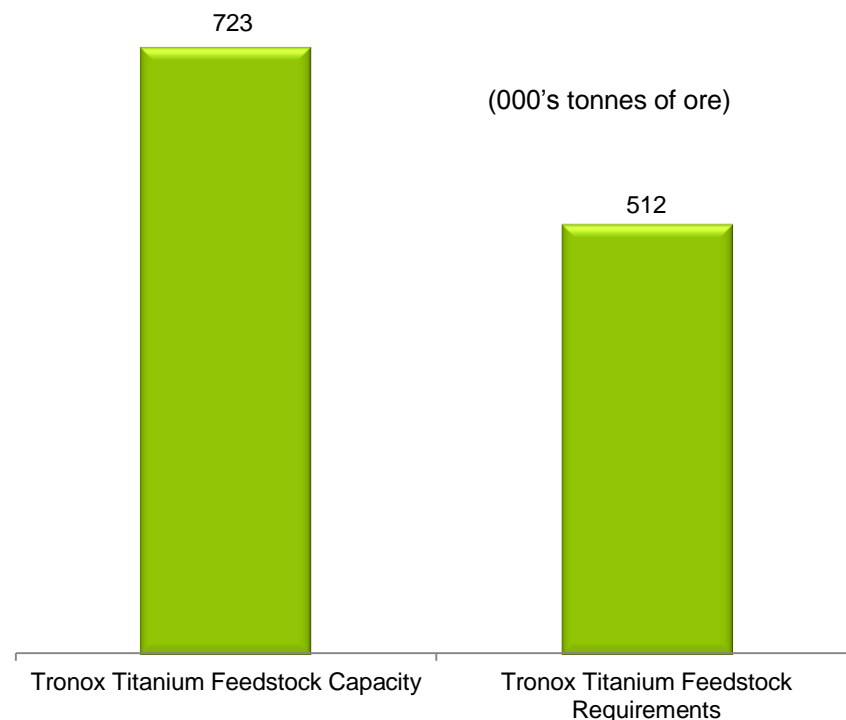


# Vertically Integrated Platform

## Optimization of Feedstock in-Use Results in High Margins and Cash Flows

- Pigments demand assures market for mineral sands
- Pigments able to consume internally produced high quality synthetic rutile, natural rutile, slag and leucoxene
  - At cost of extraction and beneficiation
  - Quality and cost advantages drive higher margins
- Assures mineral sands market for rutiles
- Feedstock supply deficits are expected to grow, increasing benefits of vertical integration

## Tronox is Long—211,000 Tonnes of Feedstock



# Tronox Mineral Sands: One of the Largest Producers Globally

Operations Consist of Two Key Product Streams – Titanium Feedstock and Zircon

- 3rd largest titanium feedstock producer globally in 2011 (approximately 10% market share) with 3 producing assets
- 2nd-largest global producer of high-grade slag
- 3rd largest zircon producer globally in 2011 (approximately 18% market share)
- Produce high purity pig iron as a co product and sells rutile into non-pigment welding and titanium metal market

## Production Facilities

Capacity (MT)	Namakwa Sands	Northern ops	KZN Sands <sup>1</sup>	Total
Rutile	31,000	36,000	30,000	97,000
Synthetic Rutile		220,000		220,000
Slag	190,000		220,000	410,000
Zircon	135,000	70,000	60,000	265,000
Pig Iron	100,000		121,000	221,000
Leucoxene		26,000		26,000
Reserve Life of Mine	20+ Years	15+ Years	12+ Years	

1. KZN Sands data includes Fairbreeze mine development project expected to open in early 2015 with 190kt of TiO<sub>2</sub> ore capacity and 60kt of zircon capacity.





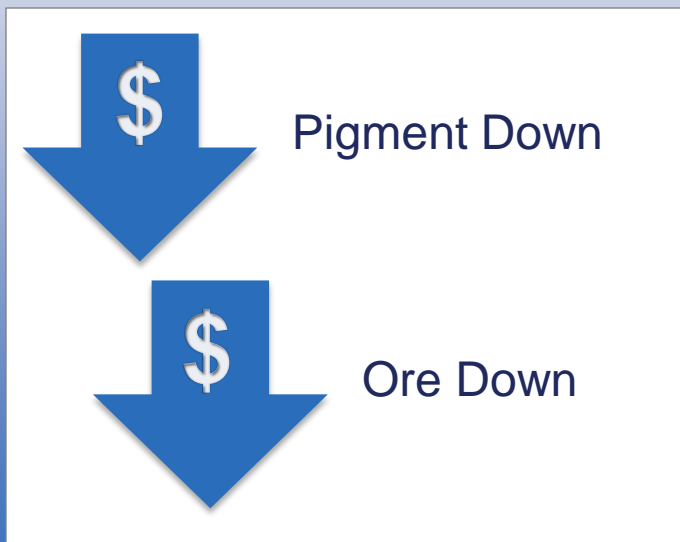
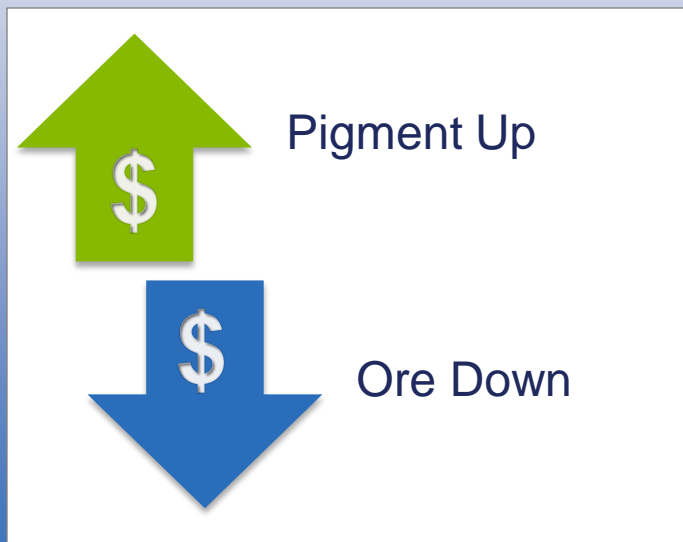
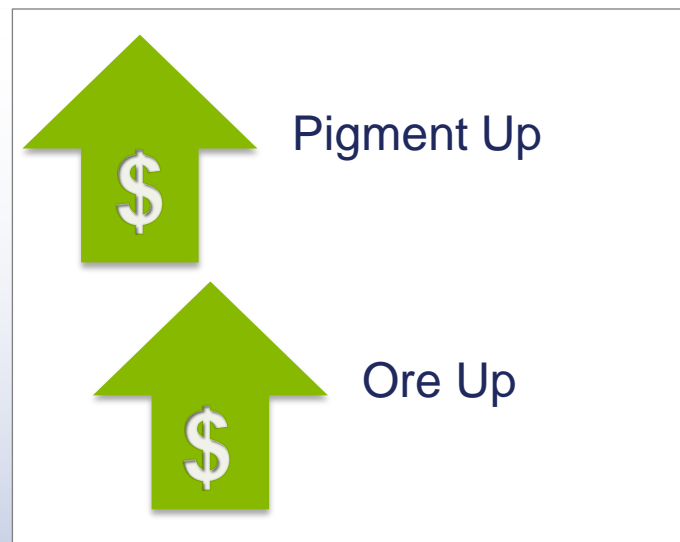
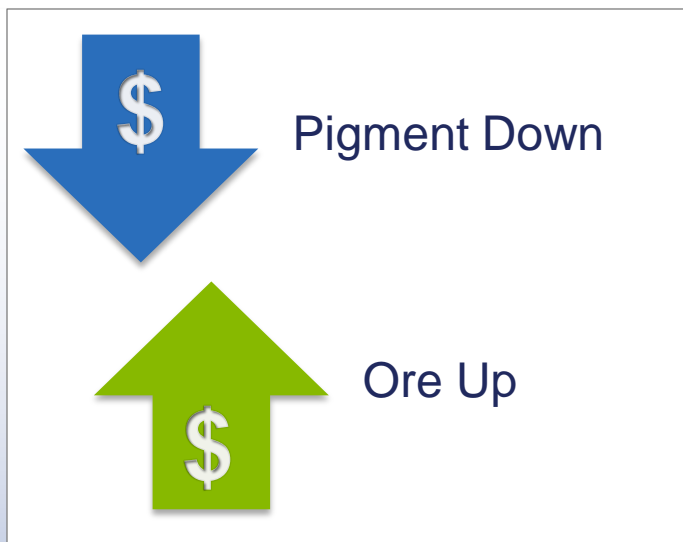
# Tronox Mineral Sands: One of the Largest Producers Globally

Geographically well positioned to serve markets in Asia, EMEA, North and South America

- Presently have 3.5 million tonnes of ilmenite that has been mined and is ready for processing
- Existing inventory will be enough to supply slag furnaces until the Fairbreeze mine is online



# Tronox Better-off in Any Environment





Pigment Down



Ore Up

- Legacy ore contracts with collar-and-cap wearing off, leading to higher market rates on ore
- Tronox is the only major producer of both slag and SR, which allows us to dynamically shift the mix of each we consume vs. sell into market
- We have the ability to consume up to 100% of our high-quality synthetic rutile in-house at cost to produce higher-margin pigment



Pigment Up



Ore Down

- Tronox has the ability to guarantee a purchaser for its ore production reducing risk on mineral sands business
- Margins in pigment business increase while mineral sands margins stronger than they otherwise would be



Pigment Up



Ore Up

- Ore contract duration terms have changed
- Tronox benefits as the low-cost producer
- We are in the unique position of having the ore available to increase production if necessary



Pigment Down



Ore Down

- Leverage our scale to lower costs
- Maintain relative advantage of remaining a low-cost producer
- Ability to drive volume in order to capture market share and reduce effective production cost per ton by spreading cost basis

# Key Investment Highlights

- Optimizing Margin Across the Value Chain – Vertically Integrated Platform reduces costs, increases margins and assures optimized feedstock supply
- Leading Global Market Positions
- Low Cost and Efficient Production Network
- Favorable long term supply/demand conditions across value chain
- Strong Free Cash Flow and Conservative Financial Profile
- Differentiation Should Drive Higher Relative Valuation
- Management Team Focused on Building Shareholder Value
  - 12.6 million share buyback program complete

