



TRONOX

A Brighter Future, From the Ground Up

FIRST QUARTER 2014 EARNINGS CONFERENCE CALL

Thursday, May 8, 2014

Forward Looking Statements



Statements in this release that are not historical are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon management's current beliefs and expectations and are subject to uncertainty and changes in circumstances and contain words such as “believe,” “intended,” “expect,” and “anticipate” and include statements about expectation for future results including revenues. The forward-looking statements involve risks that may affect the company's operations, markets, products, services, prices and other risk factors discussed in the company's filings with the Securities and Exchange Commission (SEC), including under the "Risk Factors" section in our most recent Form 10-K, our most recent Form 10-Q and other SEC filings. Significant risks and uncertainties may relate to, but are not limited to, our ability to integrate the recently acquired mineral sands business including achieving the expected cost savings; financial, economic, competitive, environmental, political, legal regulatory and technological factors including, our access to unrestricted cash, compliance with our bank facility covenants, the price of our shares, general market conditions, our customers potentially reducing their demand for our products due to, among other things, the economic downturn, more competitive pricing from our competitors, increased supply from our competitors; operating efficiencies and other benefits expected. Unless otherwise required by applicable laws, the company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information or future developments.

First Quarter 2014 Summary



- Results reaffirmed our view that pigment market has stabilized; Pigment sales volumes up 5% and selling prices level compared to the fourth quarter 2013
- Pigment adjusted EBITDA of \$17 million improved versus \$9 million in prior quarter, marking the fifth consecutive quarter of sequential improvement
- Mineral Sands' performance reflected weaker market conditions as sales volumes and selling prices declined compared to prior quarters; decline in feedstock selling prices will contribute to greater margins in our Pigment business – typically 5-6 months later
- Feedstock market conditions expected to gradually improve as pigment plant utilization rates increase and feedstock inventories normalize; selling prices for high grade chloride feedstocks currently produce inadequate returns; we expect to sell CP slag and natural rutile as a feedstock solely to our Pigment business until slag market conditions improve
- Our existing portfolio of approximately \$4.65 billion of tax attributes and future deductions more than doubled as a result of \$5.15 billion settlement in April in litigation commenced in 2009 by our predecessor company, Tronox Inc.; we calculate we now have approximately \$9.8 billion of tax attributes and future deductions with \$9.2 billion in the U.S. and \$600 million in foreign jurisdictions
- For the 8th straight quarter, our Board declared a quarterly dividend of \$0.25 per share payable on June 2, 2014 to shareholders of record of company's Class A and Class B ordinary shares at close of business on May 19, 2014.

Mineral Sands First Quarter 2014 Performance



- Revenue of \$178 million was 40% lower than \$298 million in year-ago quarter driven primarily by 12% lower sales volumes and 32% lower selling prices; compared to prior quarter, sales volumes declined 23% and selling prices 7% lower
- Intercompany sales of \$76 million; third-party sales of \$102 million, including \$11 million from CP titanium slag and \$72 million from zircon and pig iron; Mineral Sands continued to sell 100% of its synthetic rutile feedstock to our Pigment business and satisfied 100% of Pigment's natural rutile demand, both on an intercompany basis
- Zircon sales volumes down 17% versus year-ago quarter and 10% lower than prior quarter; zircon selling prices 9% lower than both the year-ago quarter and prior quarter
- Operating income of \$6 million excluding the LCM charge versus operating income of \$96 million in prior-year quarter and \$33 million in prior quarter; adjusted EBITDA of \$60 million excluding \$23 million LCM charge related to feedstock market price
- At company level, net adjusted EBITDA contribution of \$29 million, as \$11 million of gross profit eliminated in consolidation, \$30 million of previously eliminated gross profit reversed, and additional \$10 million was reversed to reflect portion of Mineral Sands LCM charge that relates to intercompany sales to our Pigment business
- Fairbreeze mine expected to begin operations in the second half of 2015 and be fully operational in 2016; life expectancy approximately 15 years; total capex of approximately \$365 million with approximately \$85 million to be spent during 2014

Pigment First Quarter 2014 Performance



- Pigment segment revenue of \$291 million increased 1% versus year-ago quarter as sales volumes increased 5% and selling prices declined 4%; sales volume gains realized in North America and EMEA with sales volumes in Asia-Pacific level
- Compared to prior quarter, sales volumes increased 5% and selling prices remained level
- Sales volumes again exceeded production volumes; finished pigment inventories further declined to seasonally normal mid-50 day range at end of first quarter
- Pigment segment operating loss of \$13 million improved from operating loss of \$68 million in year-ago quarter; adjusted EBITDA of \$17 million up significantly versus (\$37) million in the year-ago quarter; This \$54 million EBITDA improvement primarily resulted from a combination of higher utilization rates and falling ore prices; finished pigment inventory reduced by 20 days YoY resulting in \$59 million cash generation
- On sequential basis, adjusted EBITDA of \$17 million up from \$9 million in prior quarter, marking the fifth consecutive quarter of sequential improvement
- Average feedstock cost in Pigment segment income statement was \$921/MT, down from \$1,048/MT in the prior quarter; during the first quarter Pigment purchased feedstock from Mineral Sands at an average cost of \$787/MT
- Time between feedstock purchases made by Pigment and time when those purchases are reflected in Pigment income statement is typically in range of 5-6 months; therefore, \$787/MT average purchase price in first quarter is approximate indicator of feedstock costs to be reflected in Pigment income statement approximately 5-6 months later

First Quarter 2014 Financial Position



- Corporate and Other revenue of \$25 million; adjusted EBITDA of (\$19) million and loss from operations of \$20 million
- SG&A expenses were \$46 million, down from \$51 million in year-ago quarter, driven by decreases in spending for outside services and corporate initiatives
- Interest and debt expense of \$34 million versus \$27 million in year-ago quarter; repriced \$1.48 billion term loan in April to reduce per annum interest rate by 50 basis points and save approximately \$7 million on an annual basis
- On March 31, 2014, gross consolidated debt was \$2,409 million, and debt, net of cash, was \$1,006 million; \$2.3 billion of \$2.5 billion debt matures in 2020 and thereafter
- Capital expenditures were \$31 million and depreciation, depletion and amortization was \$73 million
- Non-Controlling Interest line on balance sheet represents Exxaro's 26% ownership of our South African entities; third-party revenue generated by our South African operations was \$78 million in the first quarter
- Mineral Sands Production and Sales Volume Statistics – report Mineral Sands production and sales volume statistics for major products; statistics updated twice each year – at the end of the first half and at the end of the second half; next update in second quarter report will add first half 2014 statistics

Tronox Growth Strategy



- Strong set of operating and financial attributes underpins our growth strategy and ability to unlock superior value; strategy has a large component of inorganic growth complemented by selected high-return organic growth initiatives
- Tax attributes and future deductions more than doubled to ~\$9.8 billion; comprised of:
 - \$2.3 billion of tax loss carryforwards for U.S. federal and state, and foreign net operating losses; U.S. portion subject to IRC 382 limitations following ownership change as a result of the Exxaro transaction in June 2012
 - \$2 billion of interest expense deductions over ten years resulting from our internal financing structure; and
 - \$5.5 billion of U.S. federal tax deductions resulting from \$5.15 billion litigation settlement reached in April, combined with \$350 million Tronox, Inc. previously contributed to trusts involved in the litigation
- Tronox Limited receives tax deductions equal to amount spent by trusts to satisfy tort cases and remediate environmental matters; deductions accrue over the life of the trusts as the funds are spent and should not be subject to IRC 382 limitation
- Tort trust receives 12% of settlement -- approximately \$620 million; though we have no control over it, we anticipate funds will be spent relatively soon after trust is funded
- Environmental trusts receive 88% of settlement -- approximately \$4.5 billion; given the nature of environmental remediation, we expect the funds will be spent over a period of many years and perhaps decades
- Approximately \$1.5 billion total spend expected in first 12-18 months



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Q&A Session

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