

FINAL 5-3-17

# TRONOX



**First Quarter 2017 Conference Call**

**May 4, 2017**

# Safe Harbor Statement

Statements in this presentation 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, 2016.

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.

# First Quarter 2017 Summary

1Q17 (\$ millions)	Consolidated	TiO <sub>2</sub>	Alkali	Corporate
Revenue	569	378	191	--
Adjusted EBITDA (Non-GAAP)	101	85	38	(22)
Cash Provided by (Used in) Operating Activities	60	111	53	(104)
Free Cash Flow <sup>(1)</sup> (Non-GAAP)	28	91	41	(104)

- TiO<sub>2</sub> and Alkali combined to deliver \$123 million adjusted EBITDA and \$132 million free cash flow
- Strong TiO<sub>2</sub> performance sourced from higher pigment selling prices - up 4 percent sequentially and 16 percent above prior year; higher sales volumes - including the highest single-month pigment sales volumes since June 2009 achieved in March; significantly higher titanium feedstock and zircon sales and continued cost savings from our Operational Excellence program
- TiO<sub>2</sub> momentum expected to continue across 2017 with additional pigment selling price increases, firming conditions in titanium feedstock and co-products; margin expansion from top line growth in pigment and historically higher margin feedstock further enhanced by continued cost savings
- Alkali adjusted EBITDA of \$38 million and free cash flow of \$41 million despite record severe winter weather conditions at Wyoming production facility which impacted adjusted EBITDA by \$4 million
- Cash generation further strengthened balance sheet with \$265 million cash and \$560 million liquidity on March 31, 2017
- Cristal TiO<sub>2</sub> integration planning and process to market Alkali business both underway
- Confident that 2017 will be a year of strong performance and that 2018 will be a transformational one for Tronox

(1) Free cash flow equals cash flow provided by (used in) operating activities less capital expenditures.

# TiO<sub>2</sub> First Quarter 2017 Performance

TiO <sub>2</sub> (\$ millions)	1Q17	4Q16	1Q16	TiO <sub>2</sub> (\$ millions)	1Q17
Revenue	378	352	285	Cash Provided by Operating Activities	111
Income(Loss) from Operations	32	18	(36)	Capital Expenditures	(20)
Adjusted EBITDA (Non-GAAP)	85	80	22	Free Cash Flow <sup>(1)</sup> (Non-GAAP)	91

## Compared to 1Q16

- Revenue up 33% - higher pigment sales volumes and selling prices coupled with higher zircon and CP slag sales volumes
- Pigment sales up 26% - sales volume up 9% and selling prices up 16% (17% local currency); selling prices higher in all regions
- Titanium feedstock and co-products sales up 61% - zircon sales volumes up 89% ; CP slag contract shipments commence; ilmenite sales volumes up 35% ; pig iron selling prices up 28%
- Adjusted EBITDA up 286% or \$63 million - higher pigment sales volumes and selling prices, significant cost reductions from Operational Excellence program and higher pigment production efficiency and plant utilization; despite \$20 million FX headwinds

## Compared to 4Q16

- Revenue up 7% driven by higher pigment sales volumes and selling prices
- Pigment sales up 11% - 6% higher sales volumes and 4% higher selling prices (4% local currency); selling prices higher in all regions
- Titanium feedstock and co-products sales level sequentially - CP slag sales level; ilmenite sales volumes up 86%; zircon sales down 2%; natural rutile sales down 3%; pig iron sales volumes up 11% and selling prices up 26%
- Adjusted EBITDA up 6% on higher pigment sales volumes and selling prices
- Free cash flow of \$91 million - cash provided by operating activities of \$111 million less capital expenditures of \$20 million.

(1) Free cash flow equals cash flow provided by (used in) operating activities less capital expenditures.

# Alkali First Quarter 2017 Performance

Alkali (\$ millions)	1Q17	4Q16	1Q16	Alkali (\$ millions)	1Q17
Revenue	191	197	191	Cash Provided by Operating Activities	53
Income from Operations	19	31	21	Capital Expenditures	(12)
Adjusted EBITDA (Non-GAAP)	38	46	36	Free Cash Flow <sup>(1)</sup> (Non-GAAP)	41

## Compared to 1Q16

- Revenue of \$191 million level as sales volumes up 5% and selling prices down 4% ; revenue reduced by \$5 million as lower sales volumes resulted from lower production volumes due to record severe winter weather conditions at its Wyoming production facility
- Domestic sales volumes down 3% - lower container glass and detergent demand; selling prices 2% lower due to customer mix and freight pass-through costs
- Export sales volumes up 13% driven by strong demand in Asia-Pacific and Latin America ; selling prices 2% lower
- Adjusted EBITDA up 6% driven by operating cost reductions and higher plant efficiencies; adjusted EBITDA reduced by \$4 million due to record severe winter weather conditions

## Compared to 4Q16

- Revenue down 3% on 3% lower sales volumes driven by lower production volumes due to record severe weather; selling prices level
- Domestic sales volumes down 4% and selling prices up 2%; export sales volumes and selling prices both down 2%
- Adjusted EBITDA down 17% driven by lower sales and production volumes and higher energy and operating costs , primarily the result of the record severe winter weather conditions in Wyoming
- Free cash flow of \$41 million - cash provided by operating activities of \$53 million less capital expenditures of \$12 million

(1) Free cash flow equals cash flow provided by (used in) operating activities less capital expenditures.

# First Quarter 2017 Financial Position

Tronox (\$ millions)	1Q17	4Q16	1Q16	Tronox (\$ millions)	Mar 31, 2017	Dec 31, 2016
Corporate				Gross Consolidated Debt	3,053	3,054
Income(Loss) from Operations	(35)*	(16)	(16)	Debt, Net of Cash	2,788	2,806
Adjusted EBITDA (Non-GAAP)	(22)	(21)	(18)	Cash and Cash Equivalents	265	248
Cash Used in Operations	(104)	(44)	(105)	Liquidity	560	533
SG&A	74*	59	50	Blended Cost of Debt	5.6%	5.6%
Interest & Debt Expense, Net	46	47	46			

\* Includes \$15 million professional fees primarily related to the Cristal transaction and process to market Alkali plus certain non-cash employee retirement-related and other costs of \$10 million

## Debt Maturities and Financial Maintenance Covenants

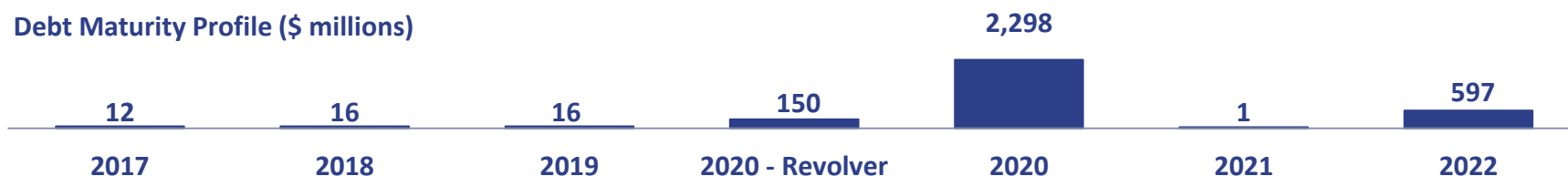
No meaningful maturities until 2020; annual 1% payment on term loan  
 No financial maintenance covenants on term loan or high yield notes  
 48% of total indebtedness set at a fixed rate on March 31, 2017

## Tronox (\$ millions)

## FY 2017 Outlook

Cash Interest 170-180  
 Capital Expenditures ~150  
 DD&A ~245

## Debt Maturity Profile (\$ millions)



# 2017 Perspectives

## Tronox

2017 a year of strong performance and 2018 a year of transformation

Cristal TiO<sub>2</sub> acquisition integration planning and process to market Alkali business both underway

Continue generating high performance in TiO<sub>2</sub> and Alkali

## TiO<sub>2</sub>

Momentum in our TiO<sub>2</sub> business continues across balance of 2017

Additional pigment selling price increases

Firming conditions in titanium feedstock and co-products

Margin expansion from top line growth in pigment and historically higher margin feedstock plus continued cost savings

Ilmenite supply tightness and rising prices should provide support for rising high grade feedstock and pigment selling prices

## Alkali

2017 a year of higher adjusted EBITDA and robust free cash flow

Improving market conditions, especially in export markets, and benefit of cost reduction initiatives currently underway



# TRONOX



Q&A Session

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