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# Tronox Holdings Plc (TROX)

Q1 2025 Earnings Call

## CORPORATE PARTICIPANTS

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**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

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## OTHER PARTICIPANTS

**Peter Osterland**

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**Caleb Boehnlein**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning. Welcome to the Tronox Holdings plc Q1 2025 Earnings Conference Call. All participants will be in a listen-only mode until the question-and-answer session begins. Following the presentation, we will conduct a question-and-answer session. This call is being recorded. If you have any objections, please disconnect at this time.

I would now like to turn the call over to Jennifer Guenther, Chief Sustainability Officer, Head of Investor Relations & External Affairs. Please go ahead.

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### Jennifer Guenther

*Chief Sustainability Officer & Head-Investor Relations & External Affairs, Tronox Holdings Plc*

Thank you and welcome to our first quarter 2025 conference call and webcast. Turning to slide 2, on our call today are John Romano, Chief Executive Officer; and John Srivisal, Senior Vice President, Chief Financial Officer. We will be using slides as we move through today's call. You can access the presentation on our website at [investor.tronox.com](http://investor.tronox.com).

Moving to slide 3. A friendly reminder that comments made on this call and the information provided in our presentation and on our website include certain statements that are forward-looking and subject to various risks and uncertainties, including but not limited to the specific factors summarized in our SEC filings. This information represents our best judgment based on what we know today. However, actual results may vary based on these risks and uncertainties. The company undertakes no obligation to update or revise any forward-looking statements.

During the conference call, we will refer to certain non-US GAAP financial terms that we use in the management of our business and believe are useful to investors in evaluating the company's performance. Reconciliations to their nearest US GAAP terms are provided in our earnings release and in the appendix of the accompanying presentation. Additionally, please note that all financial comparisons made during the call are on a year-over-year basis unless otherwise noted.

It is now my pleasure to turn the call over to John Romano. John?

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### John D. Romano

*Chief Executive Officer & Director, Tronox Holdings Plc*

Thanks, Jennifer, and good morning, everyone. We'll begin this morning on slide 4 with some key messages from the quarter. We realized a stronger than normal seasonal demand uplift in TiO<sub>2</sub> volumes in Q1 with an increase of 12% from the Q4 of 2024.

Europe led the sequential growth bolstered by anti-dumping duties. We are beginning to see the expected benefits from the duties that were finalized in the EU in January, resulting in sales volumes recovering to levels not seen since the second quarter of 2021 in Europe. North America also realized stronger seasonal trends while competitive activity in Latin America, the Middle East, and Asia continued to exert pressure on sales.

Zircon sales were lower, both compared to the prior year and sequentially due to a slower start in China as expected. Additionally, despite increased competitive dynamics across all products, average pricing for the

quarter came in as anticipated with TiO<sub>2</sub> and Zircon both down 2% sequentially. Our production costs in the first quarter were higher than expected, primarily due to lower operating rates at Botlek and increases in direct material prices.

In response to ongoing macroeconomic volatility, we have taken decisive strategic actions to manage the levers within our control to deliver our cost improvements. Our focus on cost reduction initiatives drove lower SG&A in the quarter. In addition, in March, we announced the difficult decision to idle our Botlek pigment plant in the Netherlands. The decision was the result of an extensive review of our asset footprint driven by the ongoing global supply imbalance caused by Chinese competition, as well as an increasingly challenged operating environment over the last 2.5 years.

We deeply value our commitments to our employees, the employee unions, Local Works Council and key stakeholders. We appreciate the constructive dialogue and smooth process to-date, which is a testament to the professionalism of our employees at the Botlek facility. These measures and actions underscore our commitment to operational efficiency and enhanced earnings.

I will review these and other actions in more detail a little bit later in the call, but for now, I'll turn the call over to John to review our financials from the quarter in more detail. John?

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## D. John Srivisal

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

Thank you, John. Turning to slide 5. We generated revenue of \$738 million, an increase of 9% sequentially driven primarily by higher TiO<sub>2</sub> sales volumes. Loss from operations was \$61 million in the quarter. We reported net loss of \$111 million, which includes \$87 million of restructuring and other charges, primarily non-cash costs relating to the idling of Botlek.

While our loss before taxes was \$106 million, our tax expense was \$5 million in the quarter as we do not realize tax benefits in jurisdictions where we are realizing losses. Adjusted diluted earnings per share was a loss of \$0.15. Adjusted EBITDA in the quarter was \$112 million and our adjusted EBITDA margin was 15.2%. Our free cash flow was a use of \$142 million, including \$110 million of capital expenditures.

Now, let's move to the next slide for a review of our commercial performance. TiO<sub>2</sub> revenues decreased 3% versus the year-ago quarter, driven equally by a 1% decreases in sales volumes, price including mix, and unfavorable exchange rates. Sequentially, TiO<sub>2</sub> revenues increased 10% as a higher than typical seasonal demand uplift drove a 12% increase in volumes led by European demand, as John referenced earlier. This was partially offset by a 2% decrease in average selling prices, including mix.

Zircon revenues decreased 22% compared to the prior year, driven by a 15% decrease in sales volume and a 7% decrease due to price, including mix. Sequentially, Zircon revenues decreased 8%, driven by a 6% decrease in volumes and a 2% headwind from price including mix. Revenue from other products increased 5% compared to the prior year and 25% versus the prior quarter due to higher sales of pig iron and opportunistic sales of ilmenite.

Turning to the next slide, I will now review our operating performance for the quarter. Our adjusted EBITDA of \$112 million represented a 15% decline year-on-year as favorable production costs and SG&A cost reductions were offset by unfavorable commercial impacts, freight rate increases, and exchange rate headwinds. Production costs were favorable by \$9 million compared to the prior year, driven by favorable pigment costs and partially offset by higher mining costs.

Sequentially, adjusted EBITDA declined 13%. Higher production costs and lower average selling prices, including mix, were partially offset by favorable exchange rate movements and higher TiO<sub>2</sub> sales. Compared to Q4, production costs were a \$17 million headwind driven by lower operating rates, primarily at Botlek, increases in direct material prices and higher mining costs.

Turning to the next slide. We ended the quarter with total debt of \$3.0 billion and net debt of \$2.8 billion. Our net leverage ratio at the end of March was 5.2 times on a trailing 12-month basis. Our weighted average interest rate in Q1 was 5.8% and we maintained interest rate swaps such that approximately 69% of our interest rates are fixed through 2028. Our next significant debt maturity is not until 2029, and we do not have any financial covenants on our term loans or bonds.

Liquidity as of March 31 was \$443 million, including \$138 million in cash and cash equivalents that are well distributed across the globe. Working capital was a use of \$101 million in the first quarter. This was driven by higher accounts receivable from improved sales, increased finished goods inventories and a typical Q1 decrease in accounts payable.

Our capital expenditures totaled \$110 million in the quarter, with approximately 49% allocated to maintenance and safety and 51% to strategic projects, primarily the mining extensions in South Africa to sustain our integrated cost advantage.

Finally, we declared a dividend of \$0.125 per share in the first quarter that was paid to shareholders in the second quarter.

I will now turn the call back over to John to talk more about our strategic actions and comments on the year ahead. John?

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## John D. Romano

*Chief Executive Officer & Director, Tronox Holdings Plc*

Thanks, John. We're in a period of highly volatile and challenging times from a macroeconomic perspective. Continued inflation, prolonged high interest rates, and escalating tariffs to name only a few factors, are driving challenged housing markets and muted consumer sentiment against a backdrop of increasing competitive activity. These factors, however, are outside of our control. We are therefore continuing to maintain our focus on strategic actions to maintain what is within our control.

This includes executing on our sustainable cost improvement plan as announced last quarter, strategically evaluating our asset footprint, which led to the announcement of the idling of our Botlek plant in March, and investing capital to complete our South African mining projects that will yield significant cost improvement from 2026 onward.

We are continually assessing our capital spend, managing our working capital, and driving continuous cost improvement and discipline cost management across our entire business. Together, these actions will secure Tronox's position as a leading vertically integrated titanium mining and upgrading producer and underscore our commitment to operational efficiency and enhancing future earnings.

Turning to slide 10. We introduced our cost improvement program last quarter, which is critical to achieving sustainable long-term improvements that will drive structural efficiencies in our business. We expect to deliver \$125 million to \$175 million in sustainable run rate cost improvements by the end of 2026. The majority of these savings will come from our operations through operational excellence and technology to drive efficiencies and

innovation. We are also focused on ensuring our SG&A is aligned to ensure resources are strategically positioned to drive the greatest business impact, and we're already seeing the early wins on this front with reduced spend in this area.

The bulk of these cost improvements are expected to be realized next year through the actions we're taking this year. Our team is laser focused on delivering the targets that we've outlined. Reducing our cost is critical to sustaining our long-term advantage.

Turning to the next slide. A significant contributor to Tronox's cost advantage is our vertical integration. Producing high grade feedstock internally allows us to realize significant cost advantages. We also receive high value co-products from our mining activities such as Zircon and rare earth minerals, all of which are accretive to our earnings profile.

Sustaining the vertical integration through the replacement of mines as they reach end of life is key in maintaining our cost advantage. The expansion at Fairbreeze and Namakwa East OFS have been underway since last year and are expected to be completed this year. While we're realizing a \$50 million to \$60 million headwind this year due to higher costs for mining lower grade ore bodies, we will see this flip to a benefit next year as we mine the new high grade ore bodies. We're excited to see the progress to-date at these mines and look forward to the commissioning of Fairbreeze in July and East OFS in November.

Turning to the next slide. We are maintaining our guidance for 2025. Despite the rise in volatility, the changes we've observed so far aren't substantial enough to warrant adjustment to our outlook. To reiterate our previous guidance, we expect 2025 revenue to be in the range of \$3 billion to \$3.4 billion and adjusted EBITDA to be in the range of \$525 million to \$625 million.

As mentioned on our last call, the assumptions supporting our ranges include anticipated improvements in pigment and Zircon volumes, which will be partially offset by headwinds from non-repeating sales of other products.

Our guidance also assumes that the second half of 2025 will be stronger than the first, as pricing is expected to be more of a headwind in the first half of the year before recovering in the second half.

We also expect volumes to be stronger in the second half of the year, building on the momentum from the anti-dumping measures we're seeing in Europe and the additional benefits we expect to see in India and Brazil when the duties are finalized.

On the operations side, we assume benefits from non-repeating idle and LCM charges and improving pigment production costs are partially offset from higher mining production costs, which are more heavily weighted in the first half of the year as Fairbreeze will be commissioned in July and East OFS will be commissioned in November.

In light of the new US tariff environment, we have assessed their potential impact on our operations. Our primary materials, titanium dioxide and feedstock, are exempt from the reciprocal tariffs. Additionally, our geographically diverse asset footprint enables us to produce and sell more locally. As a result, we do not anticipate any significant tariff impacts on direct material purchases.

The most substantial effects will be on steel-related inputs and MRO materials through secondary cost exposure. We anticipate the EBITDA impact to be less than \$5 million in 2025 on tariffs based on what we know today. With

the actions we've taken over the last several months, we now expect free cash flow to be \$50 million or greater this year.

Turning to capital allocation strategy. We continue to prioritize our investments that are essential to advancing our strategy and maximizing our vertically-integrated business. We also remain focused on strengthening our liquidity and resuming debt paydown as the market recovers. We are targeting mid to long-term net leverage ratio, less than three times through the cycle.

Our dividend remains a priority. And finally, we'll continue to assess strategic high growth opportunities as they emerge, including rare earths. We are already taking steps to improve our cash generation through strategic actions such as idling our Botlek facility to lower inventory, reducing capital expenditures, and executing on our cost improvement program. We will continue to assess our capital allocation strategy and other cash improvement levers at our disposal to ensure that we remain agile and responsive to the market.

That will conclude our prepared comments. I'll now turn this over to Q&A. Operator?

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Peter Osterland from Truist Securities. Peter, please unmute your line and ask your question. Thank you.

**Peter Osterland**

*Analyst, Truist Securities, Inc.*

Q

Hey. Good morning. Thanks for taking the questions. So first, I was just wondering if we could get an update on how your expectations for TiO2 volume growth are shaping up this year? I know there's a couple of pieces there with underlying end-market demand as well as any above-market growth from winning market share. How is your outlook for the growth you would get this year from each of those evolved over the last few months?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. Thanks for the question. So from the standpoint of growth, again, we made reference that as we go through the year, we're going to start to see a lift in the TiO2 demand. And it's largely driven from the duties that are in Europe already on the anti-dumping and the assumptions that we've made with regards to India and Brazil in the second half of the year.

So what we're expecting in India is that we should have a final results on duties at the third week of May. And in June, towards the end of June, we should have a decision on Brazil. So the volume that we're seeing as far as growth is largely driven by the duties in the areas where the anti-dumping has taken effect.

We also saw in the first quarter, as I mentioned in the prepared comments, North America and Europe was up significantly. Again, Europe was driven by largely the duties, but North America's volume has picked up as it had seasonally. So, it was a good move in North America. Still seeing some competitive activity in Latin America, Asia Pacific and the Middle East. But as we get into the second half of the year, we are still anticipating to see that growth on the TiO2 demand in the regions that I just referenced.

**Peter Osterland**

*Analyst, Truist Securities, Inc.*

Q

Very helpful. Thank you. And then just as a follow-up, could you share the average utilization rate that you're currently running at and expect to run at for 2025 across your TiO2 production footprint, excluding the Botlek plant?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. So historically, I think what we've been indicating is our operating rates were north of 80% and with the closure of the Botlek plant, we would expect to continue to run at or above those rates.

As the market continues to pick up, we'll continue running rates higher than that. And, obviously, we've spent some time preparing for the Botlek outage, knowing that that plant was going to close. We've repositioned inventories to be sure that we can fill the needs of the European market from other plants.

**Peter Osterland**

*Analyst, Truist Securities, Inc.*

Q

Thanks very much.

**Operator:** Thank you. [Operator Instructions] Our next question comes from Joshua Spector at UBS Securities. Joshua, please unmute your line and ask your question.

**James Cannon**

*Analyst, UBS Securities LLC*

Q

Hey, guys. This is James Cannon on for Josh. Thanks for taking my question. I just wanted to poke on the European growth you saw in the quarter. Can you size what that looked like?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Not in percentage basis, but it was double what we would normally see with regards to growth from Q4 to Q1. It was a significant jump.

**James Cannon**

*Analyst, UBS Securities LLC*

Q

Okay. Thank you. And then just as a follow up to that, as we think about the investigations going on in India and Brazil, knowing that Europe is a much bigger region, can you size the expectations that you have for maybe the share opportunity that you can recapture once those come into place?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. Sure. So, let's go back and take a look at what was historically being exported into the European market from China, and it was, call it 270,000-ish tons a year. And so, you've seen the lift and we're getting our share of the growth as China has pulled back on their exports into that region. So, India is a 450,000-ton per year market. And at this particular stage, trailing 12 months, the Chinese have been exporting north of 300,000 tons of TiO2 into that region.

There's not a significant amount of production there. That is the second largest market that we sell into globally and we do have a bit of an advantage in that we've got a free trade agreement out of Australia. So when you think about the potential lift from the Indian anti-dumping activities, we would expect that to be at or maybe slightly above the magnitude of what we're seeing in Europe.

**James Cannon**

*Analyst, UBS Securities LLC*

Q

Okay. Thank you.

**Operator:** Thank you. Our next question comes from Frank Mitsch. Frank, please unmute your line and ask your question.

**Aziza Gazieva**

*Analyst, Fermium Research LLC*

Q

Hi, guys. Good morning. It's Aziza on for Frank. I had a question on Zircon. Can you guys just elaborate further on what you're seeing in the Zircon markets and what might revive that market?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. Thanks Aziza. So when we – maybe we ought to go back and look a little bit about when we think about the year-over-year number. So, year-over-year, last year, first quarter of 2024, we saw a significant increase in the volume on Zircon, not dissimilar to the larger increase we saw last year on TiO2 on the assumption that the market was starting to recover. So, we saw a lot of volume being brought forward, I would say in the first quarter. So, we had a very strong first half on Zircon, and the second half of the year was weaker.

When we look at what we're seeing this year, it's more of a, I'd say, measured growth with regards to what we're seeing year-over-year. So we're not expecting a significant growth 2024 over 2025. It's only about 5%. But what we're seeing in the first quarter is more historically what we would see.

Again, there's Chinese New Year, which typically has an impact because China is a market for us. That is the one market that has not recovered significantly. So, it's still the area where we've got the most opportunity. So, I would say, we'd be more of a balanced move quarter-by-quarter for the rest of the year, and annual growth is not significant over last year. It's only 5%.

**Aziza Gazieva**

*Analyst, Fermium Research LLC*

Q

Got it. Thank you. And, you know, following the Botlek news and looking across your network today, are there any other sites that you might be assessing for idling or possibly reducing rates of production?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

So at this particular stage, as I mentioned, we've been preparing for the closure of Botlek for a little while, so I'm repositioning some inventory to make sure that we have inventory as we expect Europe to continue to be strong due to the anti-dumping efforts.

The decision to close the Botlek was a difficult decision, and it was one that we're obviously looking at our asset footprint constantly, evaluating that at this particular stage. We don't have any plans to close any additional plants. We think we've got the right asset footprint. When we think about the vertical integration, you know, vertical integration is also a very important part of our strategy. And we'll continue to look at what the right level of vertical integration is along with working proactively and collaboratively with our suppliers that continue to supply us with some feedstock to supplement that vertical integration.

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

And I think, Aziza, our focus right now, following the Botlek decision is to focus on things within our control and focus on our cost. So it's making all of our assets competitive. And while, the market, we don't control that and things could change, I think that's our focus right now versus looking at other facilities.

We do expect that our plans generally are in the better half of the cost curve and that if there's things that will change in the market, it should be the higher cost, Chinese plants and some of the other Western competitors that are more fourth quartile.

**Aziza Gazieva**

*Analyst, Fermium Research LLC*

Q

Great. Thank you, guys.

**Operator:** Thank you. Our next question comes from Caleb Boehnlein from BMO Capital Markets. Caleb, please unmute your line and ask your question.

**Caleb Boehnlein**

*Analyst, BMO Capital Markets Corp.*

Q

Hey, good morning. This is Caleb on for John. With the Botlek closure, can you help us understand how that impacts your ability to work down inventory levels and then drive free cash flow?

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. Caleb, we do expect to generate significant amount of cash from the Botlek shutdown. As John mentioned, we did build inventory late last year in the first quarter in anticipation of that shutdown as we want to make sure that we provide continued service to our customers in Europe.

With that being said, with that Botlek going down, we do expect to draw down that inventory over time and service that from our other pigment plants. So inventory should go down surely, because volumes are going down, but also leveraging that fixed cost infrastructure by producing more in other plants, our cost per ton should go down.

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

I mean, between now – and also between now and the end of the year, without the Botlek plant, we will produce less tons. So we will be drawing down inventory that had been built previously in anticipation of the closure.

**Caleb Boehnlein**

*Analyst, BMO Capital Markets Corp.*

Q

Okay. Thank you. And then just on the \$50 million to \$60 million of higher costs you're expecting, are you expecting to get any benefit of that in – at all in the second half of the year because Fairbreeze is slated for commissioning in July or is that all just going to be relief that you're expecting in 2026?

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. The \$50 million to \$60 million of hurt from – in this year, the majority of that is in the first half. We're seeing the majority of the hurt in the first half of this year.

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

And again, when you think about that, that's a bridge from these lower ore bodies into mining – moving into the higher ore bodies, so we'll see, because Fairbreeze is going to be commissioned earlier than East OFS, some of that benefit will come in the latter part of the year, but we will see some benefit from that. And then obviously with East OFS coming online in November, a bigger portion of that rolls into full year 2026.

**Caleb Boehnlein**

*Analyst, BMO Capital Markets Corp.*

Q

Okay. Thank you.

**Operator:** Thank you. Our next question comes from Vincent Andrews at Morgan Stanley. Vincent, please unmute your line and ask your question.

**Justin Pellegrino**

*Analyst, Morgan Stanley & Co. LLC*

Q

Hi, this is Justin on for Vincent. You had called out the expected production costs were – or your production costs were higher than expected, partially because the lower operating rates at Botlek, but also increases in direct material costs. You expected improved production costs in your full year outlook. So can you just help us bridge from the weaker 1Q to the full year improvement? Is that mostly going to be better fixed cost absorption from other plants as you wind down Botlek, or is that going to be a reversal in the direct material prices that you mentioned? Thank you.

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. So from a cost perspective, as we mentioned, the second half is going to be improved from the first half. And a big portion of that is our pigment costs improving. A lot of it relates just to running the plants better, resulting in less lower – less LCMs and idle facilities. We are being helped as you would expect from shutting down the Botlek plant, which is our highest cost plant before we shut it down. And obviously leveraging the fixed cost infrastructure as we move those tons to other plants, lowering our cost per ton.

I mentioned the mining headwinds \$50 million to \$60 million, the majority of that is in the first half. So you'll see a benefit in the second half of the year from that cost. Then generally, you're aware of our cost improvement program that we launched last quarter, we're working hard and having seen results, improvements already, but those actions will ramp up and see more savings in the second half of the year. So all of that is driving our statement that we expect the second half to be more robust than the first half from a cost perspective.

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

And if you'll remember from the last call we indicated, it's \$125 million to \$175 million in that cost reduction program. And we were targeting \$25 million to \$35 million run rate by the end of 2026.

As we mentioned in the prepared comments, we've already made some progress on SG&A and we're making progress from an operating perspective, too. Every one of our sites, has a prescriptive reduction plan in place, and we're making good progress on that. So there is an element of back half of the year where we'll start to see some of those costs roll through the volume as well.

**Justin Pellegrino**

*Analyst, Morgan Stanley & Co. LLC*

Q

Wonderful. Thanks for the time.

**Operator:** Thank you. Our next question comes from Mike Leithead from Barclays. Mike, please unmute your line and ask your question.

**Michael Leithead**

*Analyst, Barclays Capital, Inc.*

Q

Great. Thanks. Good morning, guys. I wanted to ask a question on the outlook. I think you had mentioned as part of the second half, some additional benefits in India and Brazil, if anti-dumping duty measures are finalized. So can you just remind us kind of what your expectations are there and what you're baking into guidance in regards to that?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. So with regards to India, I'd say it's probably the biggest opportunity for us because that is our second largest market that we sell into, and it's one that is – it's the largest market, 450,000 tons a year, largely with 300,000 tons of Chinese material being supplied into that market. So that's a sizable portion of that opportunity.

And then when Brazil, we have the only production facility in Brazil. Brazil's 180,000 ton per year market, approximately 100,000 tons annualized were being supplied by China. We've already seen some benefits of that.

So if you remember, provisional duties had already gone into place, and we saw some lift. There was an end to the provisional duties on April 21, and while the trade agency over there finalizes those number, there's about a 60-day window where duties are lifted.

So the June timeframe, end of June, early July is when we'll start to see those duties go back into effect, and we'll start to see that lift. And we're making sure that we're positioning ourselves to not only supply material from the facility we have in Brazil, but supplying the demand from our facilities in Yanbu and North America as well. So those are the two areas where we see the additional lift, as well as continuing to see progress in Europe from the duties that are already in place.

**Michael Leithead**

*Analyst, Barclays Capital, Inc.*

Q

Great. That's super helpful. And then just a question on the cash flow, trying to bridge to the greater than \$50 million now. Obviously, CapEx comes down \$15 million, but then when I just think about the Botlek impact, I guess I'm getting at roughly \$80 million, \$85 million of cash restructuring costs, which I guess gets to around \$70 million, \$75 million of working capital benefit. Is that roughly in the right ballpark or I'm just trying to make sure I have the moving pieces there?

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. I think taking a look at our guide of greater than \$50 million of free cash flow, obviously, we maintained our range on EBITDA of \$525 million to \$625 million. Cash interest was up a bit from last at \$145 million as we've drawn a little bit more on our facilities. Cash tax is expected to be the same at less than \$10 million. And we increased our guide on working capital from being negative \$70 million to flattish to being a source of cash in all scenarios.

And as you mentioned, CapEx was lower to \$365 million from the range of \$375 million to \$395 million. So, with free cash flow being greater than \$50 million in all scenarios, I think your math is correct on – roughly correct, on how Botlek is impacting us.

**Michael Leithead**

*Analyst, Barclays Capital, Inc.*

Q

Great. Thank you.

**Operator:** Thank you. Our next question comes from Roger Spitz at Bank of America Merrill Lynch. Roger, please dial star 6 to unmute your line and ask your question.

**Roger Spitz**

*Analyst, BofA Securities, Inc.*

Q

Thank you. Hopefully, you can hear me? First question is, is Botlek idling? Is that being kept warm or is that a cold shutdown? And related, how hard is it to restart a chloride process TiO<sub>2</sub> plant that has been in a cold shut for a year or more?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. So at this particular stage, there's no plan to restart that asset. And I would say, you know, normally when chloride plants are closed down for long periods of time, they're not restarted. So it's not our plan to restart the asset. We're, again, working through that process at this particular stage – so it's – but at this particular stage, there is no plan to restart the asset. We're winding the asset down.

**Roger Spitz**

*Analyst, BofA Securities, Inc.*

Q

Got it. And then I don't know if this is something you might provide us, but I'm wondering how much is your 2024 mining costs as opposed to your pigment costs? Or if you don't want to give that detail, is it possible to break down your COGS between mineral sands mining and pigment operations?

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. I mean, it's really we look at it from an integrated basis and we don't really split out those numbers at this point.

**Roger Spitz**

*Analyst, BofA Securities, Inc.*

Q

Understood. Thank you very much.

**Operator:** Thank you so much. Our next question comes from Hassan Ahmed at Alembic Global Advisors. Hassan, please dial star 6 to unmute yourself and ask your question.

**Hassan I. Ahmed**

*Analyst, Alembic Global Advisors LLC*

Q

Morning, John. Hopefully you guys can hear me okay?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. We can.

**Hassan I. Ahmed**

*Analyst, Alembic Global Advisors LLC*

Q

I just wanted to revisit – thanks so much. So just wanted to revisit the sort of bunch of questions about the full year guidance. I mean, if I am understanding what you guys said correctly, you know, particularly as it pertains to the second half being stronger than the first half, you know, part of it is predicated on sort of lower cost tons because of the shutdown of Botlek. Part of it is, you know, the cost cutting program sort of getting into effect.

But if I heard correctly, you guys also mentioned, you know, gaining pricing momentum. So I'm just trying to sort of reconcile that, that historically, obviously, as we move away from the seasonally strong time period, you know, which tends to be the, call it, spring/summer time period, it gets harder and harder for the industry to get that pricing. So I'm just trying to assess, you know, what gives you that comfort level that you will indeed get that pricing in the second half?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah. Thanks, Hassan. It's a great question. We didn't talk too much in prepared comments about what's going on in the second quarter because we provide guidance for the full year, but we are getting price in Europe. So when we think about our second quarter, historically, you go eight quarters with continual price erosion, 1% to 2% a quarter. It takes a little bit of time to get traction on a price increase. And we did announce a price increase in Europe in the second quarter and we have successfully implemented a portion of that.

So when we think about our second quarter price, there's still some competitive activity in other regions, so that's puts and takes on where we are on price. But I would say our price will be flat to slightly up this quarter, depending upon how we manage some of this competitive activity. But we are getting pricing in Europe. And when we think about, is that a demand profile increase? No. That's due to a shift in the supply base.

So we're making progress. And as we start to look into the back half of the year and some of these other areas where we've got opportunities for duties to go into place, we're not talking about a significant amount of pricing, but we are talking about pricing opportunities.

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

And Hassan and maybe if [indiscernible] (00:36:59)...

A

**Hassan I. Ahmed**

*Analyst, Alembic Global Advisors LLC*

[indiscernible] (00:37:00). Yep.

Q

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

...your question on pricing, but the one thing I just wanted to make sure you had on your list on costs was the mining costs, the \$50 million to \$60 million, as I mentioned in the Q&A earlier. The majority of that cost is hitting us in the first half of the year. So you'll see Q2 be a little bit more pressured than the second half of the year from that as well as the mining – the production costs from Botlek. Obviously, they usually hit us a quarter later. So, we'll see a hurt in Q2 from that announcement.

A

**Hassan I. Ahmed**

*Analyst, Alembic Global Advisors LLC*

Very helpful. And as a follow-up on the anti-dumping side of things, I just wanted to get a bit more granular about what's going on over there. I mean, look, first of all, maybe it's a two part thing.

Q

So first, historically, you guys have talked about, for lack of a better word, the opportunity being, between, call it, Saudi Arabia, the EU, Brazil, and India being somewhere north of around 600,000 tons. So the first part of the question is, is that still the case? Are you still sort of seeing it as being that sort of global opportunity?

And then the second part of that question is just on the ground, what are you guys seeing? Meaning, are you sort of – as you're talking to your customers, particularly in countries where these anti-dumping measures are going into effect, are the conversations you're having with them sort of more along the lines of them actually wanting more material from you guys? Are you getting more inbound requests now from customers that were, sort of taking their business elsewhere? I mean, are you actually seeing that market share gain or indications of that as these conversations continue?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

Yeah. So for sure in Europe that's happening, we are picking – we're regaining share where we had lost it to the Chinese historically, because those duties are already in place.

A

And when you think about sizing the opportunity, so again, we're not assuming that China is going to completely vacate Europe. They're still supplying there. They're about half where they were. And we would expect that to continue to trickle down. But our assumptions aren't that they're going to completely abandon that market, that we're going to get a fair share of what's the opportunity.

So again, we saw a significant move in the first quarter. That's migrating into the second quarter. So again, we're building on what's already happened in Europe. And in India, specifically, those duties are not in place yet. So are we having the discussions with the customers on the assumptions that they are going to go in? And again, I mentioned that we should have definitive answer by the third week of May on those duties, and we're pretty confident that they're going to go in. So there's a lot of movement there.

Now, obviously, China is positioning to get as much in as possible. So all that's factored in. But again, we're not assuming that China is going to stop selling in India either. So even if they pull back half of that volume, again, when we think about our footprint there, the strategic advantage we have from shipping from Australia with a 10% duty advantage due to that free trade agreement, we feel we have a good opportunity to increase our volume there and that's factored into the build in the second half.

Brazil, we're the only producer in Brazil. Our plant in Brazil is meeting our customer demands as they are today, and as the duties go back into effect, we'll start to supplement demand into Brazil out of our facilities in Yanbu and North America. And I mentioned Yanbu and North America, a lot of that has to do with just freight rates. Sometimes it's depending upon which location it's easier and more cost effective for us to reposition volume into the Latin American market.

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**Hassan I. Ahmed**

*Analyst, Alembic Global Advisors LLC*



Very helpful, John. Thank you so much.

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**Operator:** Thank you. [Operator Instructions] Our next question comes from Peter Osterland from Truist Securities. Peter, please dial star 6 to unmute yourself and ask your question.

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**Peter Osterland**

*Analyst, Truist Securities, Inc.*



Hey. Thanks for taking the follow-up. So I just wanted to ask a couple of questions on CapEx. First, just wanted to clarify the reduction to the CapEx guidance, was that related to Botlek or are the mining projects shaping up to be less capital intensive than you thought? What drove that reduction?

---

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*



About half of that reduction related to Botlek.

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**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*



And then the other half is just us managing projects that we need to – look at the end of the day, we're trying to manage our cash flow and we have a target of \$50 million positive free cash flow this year. So we're managing some of the projects that can – that are – has – I mean, the short answer is, it has nothing to do with South Africa. South Africa projects are largely migrating to the end. We're on budget, on track. So these were some of the other opportunities on capital that we can move from one year to the next, but it's not like the capital is going to be eliminated. We'll continue to evaluate it, but we are shifting some of that into 2026.

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**Peter Osterland**

*Analyst, Truist Securities, Inc.*



Got it. Thanks. And then just as a follow up there, I guess after closing Botlek and finishing the mining projects and any other improvements you're making with optimizing your remaining asset footprint, what does a normalized annual CapEx number look like for Tronox?

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. I think as you look – if you look at a normalized level, we still are in the \$250 million to \$300 million longer term, once we're through the mining projects.

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

And remember, we think, we've spoken a lot about South Africa, but we're still at a mine – we still have a mining extension with Campaspe in Australia. So that's another piece that will continue into 2026. And after 2026, we'll be running at the lower rates that John just referenced.

**Peter Osterland**

*Analyst, Truist Securities, Inc.*

Q

Great. Thanks very much.

**Operator:** Thank you. Our next question comes from Aaron Rosenthal at JPMorgan. Aaron, please unmute your line and ask your question.

**Aaron Rosenthal**

*Analyst, JPMorgan Securities LLC*

Q

Hey. Can you all hear me all right?

**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yes.

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yeah.

**Aaron Rosenthal**

*Analyst, JPMorgan Securities LLC*

Q

Okay. Great. I think earlier you had mentioned the uplift quarter-over-quarter in Europe was about 2x what you had seen historically from 4Q to 1Q. Is that comment based on a look back from maybe just the last couple of years? Or is that maybe a 10-year average look back with respect to seasonality? And then as we think about 2Q, is the magnitude of that uplift into 2Q on par with that? Or how should we think about that growth sequentially?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

So the growth from Q4 to Q1 was abnormal. So it's not even – you can't – there's been no quarter where we had Q4 to Q1 that was that large. So it had everything – that was very much focused on us picking back up share as

the duties went into place early in June – in July – I mean, January, sorry about that. And we're seeing more of a, I'd say, bit more of a normal increase, but still heavier in second quarter in Europe as well.

So again, it's not as if – I think we've started to see growth in the volume as we pick up some of that share, but we still have room to go. So the second quarter, although, the growth is significant, it's not as big of a leap as it was in – from Q4 to Q1, but we're still seeing growth quarter-over-quarter Q1 to Q2.

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**Aaron Rosenthal**

*Analyst, JPMorgan Securities LLC*

Q

Okay. That's fair. And then I may have missed this, but with Botlek winding down and it sounds like you're positioning some of the Australia assets for growth in India, and it sounds like you'll be meeting some of that volumetric need from inventory. But can we get a sense of how long that tail is on those volumes? And then from that point on, are you backfilling volumes from the UK plant? Or I guess which plants in your network will those volumes eventually flow from?

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**D. John Srivisal**

*Senior Vice President & Chief Financial Officer, Tronox Holdings Plc*

A

Yeah. And we expect to be able to service, the shutdown from Botlek immediately. I mean, we did, as we mentioned, build inventory and moved inventory towards the end of last year and in the first quarter of this year. So we think we're well positioned to service our customers.

Going forward, as we mentioned, we can service all those volume from other facilities, which includes those in Europe and in Australia and in Saudi Arabia, primarily.

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**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

And I think it's important to realize, I mean, even with where we are today, we're not back to what we would call normalized growth as far as demand goes. We're not talking about targeting COVID levels, but there's still some opportunity for this market to recover. And we starting to see that recovery in the first half of the year and it kind of trickled out in the second half of the year.

We've seen some growth in the first half of the year. There's lots of puts and takes on it, but there's opportunity. And when that opportunity actually happens, we'll have the ability to run our assets at higher rates too, we're not running our other assets at 100% of capacity utilization.

So as the demand picks up, we'll be able to increase our capacity from the other assets. All the work that we're doing around technology and innovation to try to get more out of those assets will help us with fixed cost absorption and will be another lift as we start to think about our cost improvement plan.

That being said, the \$125 million to \$175 million of cost, that's not volume related. Those are things that we're doing to sustainably adjust our cost from an operational perspective and through every portion of the business.

---

**Aaron Rosenthal**

*Analyst, JPMorgan Securities LLC*

Q

Great. Thank you.

**Operator:** Perfect. Thank you so much. Our next question comes from John Roberts. John, please dial star 6 and unmute your line.

**John Roberts**

*Analyst, Mizuho Securities USA LLC*

Q

Can you hear me now?

**Operator:** Yes. We can.

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Yes. We can, John.

**John Roberts**

*Analyst, Mizuho Securities USA LLC*

Q

Hello? Yeah. Sorry. Rare earths are back in the news again. You once had a project to extract rare earths from your tailings. Does that come back into play?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

Hi, John. That project's still a work-in-progress for us. In Australia, we have been in the process of doing pre-feasibility studies on a facility there in Australia to extract more value out of that.

So, as we mentioned in the prepared comments, rare earth is still a part of our strategy, it's part of the co-products that we get from our mining assets, we'll continue to get value out of that. And clearly, with the focus on rare earths coming from the government, there's a lot of renewed activity, and I would say that we're right in the middle of that.

**John Roberts**

*Analyst, Mizuho Securities USA LLC*

Q

Have you seen any idling capacity in China yet?

**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

A

I would say, yes. We've seen some plants pull back. John mentioned sulfur prices had gone up 40%. That was largely focused on China. We have an asset over there. So we have a very good window on what's happening in China, because we have an asset. It's not as large one. China is only 5% of our volume. Globally, and the majority of what we produce there, we sell in China.

But I think that there has been some long-term closing of sulfate plants. I wouldn't say there's been a lot yet, but there's been other reductions in volume. And I think it's important to kind of look at that. Normally, when you go through a downturn, you'll get to the bottom of the downturn and the market recovers before you see a lot of assets close.

This market has been a lot different than that. The tail has been much longer. We continually say that although the tail has been long, definitively, we can say the market will recover. There's been no paradigm shift, but there's been a lot more assets that have closed. We closed a plant.

Most of our western competitors closed either one or multiple plants. There's two Japanese plants that have been outlined as closing 280,000 tons sulfate facilities late in 2025 and early in 2026. So as the market recovers, it's not only China's volume that could be impacted, it's the overall volume that won't be available to supply the demand.

So again, we're not looking for a demand to recover back to where we were in 2021. But getting back to 2019 levels, we believe it's very doable and there'll be a smaller base to support it, which would help with our margins.

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**John Roberts**

*Analyst, Mizuho Securities USA LLC*



Great. Thank you.

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**Operator:** Thank you so much. This concludes the Q&A portion of the webcast. I will now turn the call back over to John Romano for closing remarks. Thank you.

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**John D. Romano**

*Chief Executive Officer & Director, Tronox Holdings Plc*

Thank you for that. There's a lot of variables that we're working with at this particular stage. And the tariffs, as we mentioned earlier, have not had a significant impact on our business, but we're going to continue to evaluate that over time.

And hopefully some of that will abate and we'll see some upside from that. As we mentioned, it's only a \$5 million tailwind from us at maximum, and that includes everything that we've seen at this particular stage.

I think it's important for you to realize and remember that we are focused on the things that we can control. There's some things that are out of our control, but we can control our cost, improving our production, delivering on that cost improvement program, and focusing on improving our cash generation to ensure we hit that \$50 million cash target for the year.

So, thank you very much. Appreciate your time.

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