Huntsman Shows Interest in Rockwood's Titanium Dioxide Unit

U.S. chemicals group Rockwood Holdings has revived efforts to hive off its titanium dioxide unit and is in talks with prospective buyer Huntsman, two people familiar with the matter said.

Huntsman, also a maker of titanium dioxide particles, is about to start a due diligence assessment of the business, which makes pigments for white paint and coatings. Rockwood has agreed not to negotiate with any other suitor until the end of July, the sources said on Tuesday.

They added that a deal had yet to be agreed.

Rockwood and Huntsman did not immediately respond to calls seeking comment.

Last month other sources said Rockwood had cancelled a combined auction of its titanium dioxide and performance additives units after failing to attract the offers, of between $1.5 billion and $2 billion, that it was seeking from private equity groups.

The sources speaking on Tuesday said a 20 member Huntsman delegation including top executives has been given tours of plants in the unit, also known as Sachtleben, which has facilities in Germany and in Finland.

Huntsman Chief Executive Officer Peter Huntsman said in a conference call in April that he wanted the group's titanium dioxide division, which had $1.44 billion in sales last year, to be part of any consolidations in this industry.

Rockwood has been struggling to divest the titanium dioxide business. After drawing little interest for it in earlier auctions, Rockwood in March put the unit on the block bundled with the performance additives unit, only to dissolve the combination later.

Apart from Huntsman, the largest suppliers are DuPont, Saudi Arabia's Cristal Global and Tronox.
Sachtleben had €820 million ($1.07 billion) in 2012 sales, according to its website.

Rockwood is in the midst of an overhaul to focus on lithium for batteries and recently agreed to sell another business, industrial ceramics maker CeramTec, to European private equity firm Cinven for €1.49 billion.