It has taken more than two years but Tronox has finally closed its purchase of Saudi Arabian titanium dioxide (TiO2) producer Cristal.

Describing the Cristal merger as “a game-changing, transformational moment,” Tronox president and CEO Jeffrey Quinn said it has created the world’s largest vertically integrated TiO2 producer and the second largest TiO2 producer with nine plants and combined sales of more than $2.5 billion.

The “new” Tronox will have 30% of its sales in Asia-Pacific, 29% in Europe, 21% in North America, 11% in Middle East & Africa, and 9% in Latin America.

The completion follows the US Federal Trade Commission’s (FTC) approval of the deal, ending 16 months of litigation. The FTC voted 5-0 to accept Tronox’s proposal to sell Cristal’s North American TiO2 assets to Ineos. The transaction is expected to close on May 1.

“This agreement will preserve a competitive marketplace, which ultimately benefits consumers in the form of lower prices and higher quality products,” said Bureau of Competition director Bruce Hoffman.

As well as gaining two chloride-route TiO2 plants at Ashtabula, Ohio, Ineos will also get an option, exercisable for 10 years after closing, to acquire rights to use the chloride process technology in a new manufacturing plant outside North America. In addition, Ineos will take over Tronox’s R&D equipment and administrative support functions at the Baltimore Administrative and Technical Center.

Tronox also had to get divest its 8120 paper laminate grade business to appease European regulators. That sale to Venator Materials is expected to close “imminently.”

While Tronox affirmed it has not made a final decision on what to do with the sale proceeds, the company said previously it could be interested in buying the first 14 million share tranche that shareholder Exxaro Resources might sell before mid-August.
In November 2018, Tronox and its largest shareholder Exxaro came to an agreement that addressed several legacy issues relating to Tronox’s 2012 purchase of Exxaro’s mineral sands business.

In effect, Exxaro has agreed to an “orderly exit” from its 28.7 million share position in Tronox.

The pigment producer anticipates that the merger with Cristal will yield pretax run-rate synergies of $100 million by the end of the first year after closing, rising to $230 million in year four.

Tronox said it now plans to upgrade its “underutilized” plants, particularly the facility in Yanbu, Saudi Arabia, which is a replica of its plant in Hamilton, Mississippi, USA. Designed in the early 1990s and using “decades-old” technology, the Yanbu plant will undergo minor changes to equipment and operations in order to add more volume and improve pigment quality.

John Romano, Tronox’s chief commercial officer, noted that the closing of the acquisition has come at a time of favorable market conditions for TiO2 feedstocks and co-products. “As a vertically integrated producer and a strong feedstock environment, we expect to gain significant and differentiating benefits relative to non-integrated pigment producers,” he said.

Commenting on the current status of global TiO2 markets, Romano said he anticipates a return to normal customer demand and inventory levels by mid-year as destocking runs its course by mid-year. He noted that at the start of quarter two, markets in Europe and Asia appeared to be stabilizing and inventories normalizing while conditions in the North American market were resilient.

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