



龍蟬百利
Lomon Billions

30 years of TiO_2 pigment manufacturing experience
- growing fast and investing in the future

www.lomonbillions.com



Chloride Expansion & Vertical Integration

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- ❖ Lomon Billions
 - ❖ Chloride Pigment Expansion
 - ❖ Feedstock Integration
 - ❖ Response to Enhanced Environmental Regulation

Integrated pigment producer

- ❖ 1 chloride and 3 sulfate pigment plants
- ❖ Ilmenite mine
- ❖ Slag smelter and synthetic rutile plant

#4 global pigment producer

#1 in pigment producer in China

#1 Sulfate pigment producer

#1 Chloride pigment producer

#1 Pigment exporter

#3 Ilmenite producer

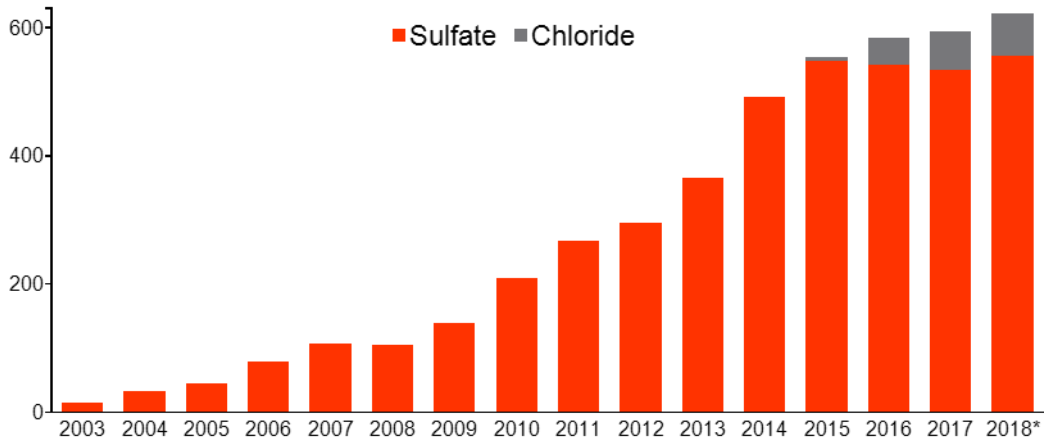
Exports a key part of our business

Pigment Sales tpa



Growth shifting to chloride

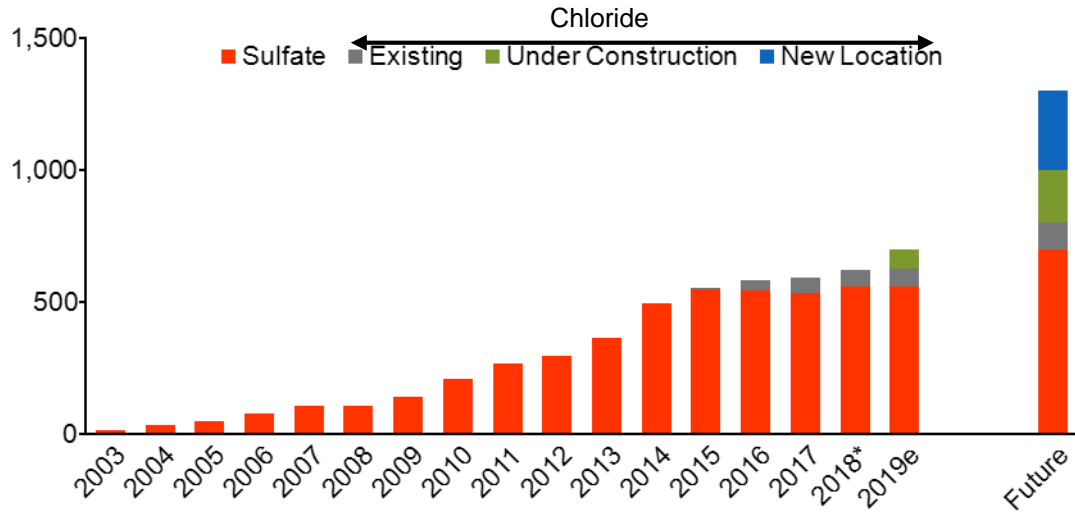
Pigment Salestpa



* 1H 2018 annualised

Chloride pigment expansion

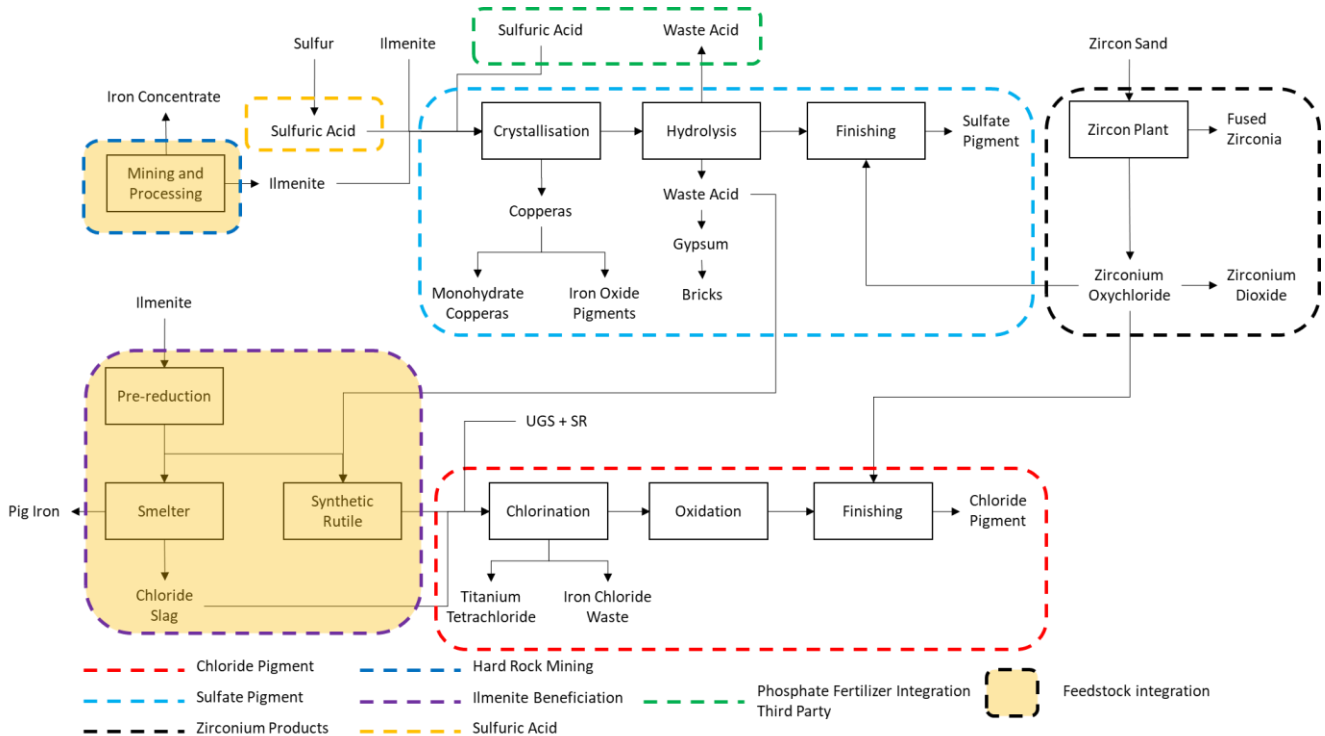
Pigment Sales tpa



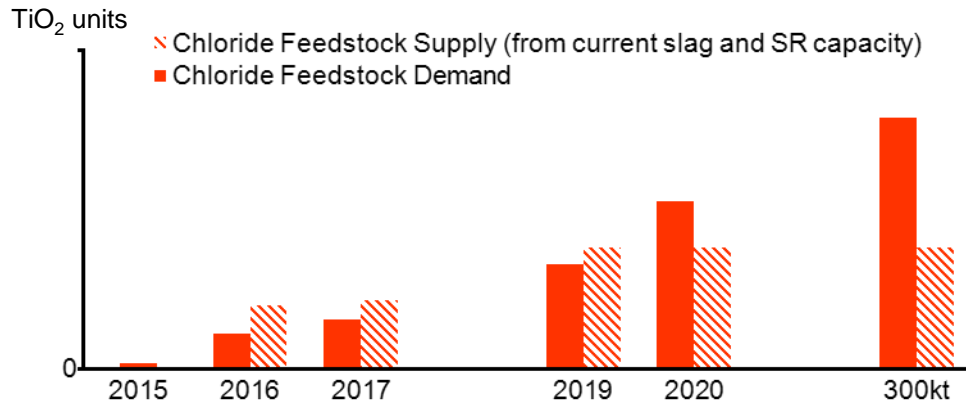
* 1H 2018 annualised

- ❖ Existing 100kt tonne capacity line will produce around 65kt in 2018
- ❖ 200kt chloride pigment expansion
- ❖ Two new 100ktpa chloride pigment lines
- ❖ Total investment 1.812 billion RMB (~US\$285 million at approval – Feb 2018)
- ❖ Expected start up timing
 - Commissioning in Q1 2019
 - First line to start in Q2 2019 with commercial production in 2H 2019
 - Second line to start in 2H 2019
 - Incremental chloride pigment production in 2019 of 60 – 80kt
 - Non-coating products
- ❖ Total chloride pigment production of 125 to 145kt in 2019

Feedstock Integration



- ❖ Around 2/3 integrated for sulfate feedstock
- ❖ Currently long chloride feedstock
- ❖ Buying ilmenite feed for smelter and synthetic rutile
- ❖ 200kt chloride expansion will reduce self sufficiency



- ❖ Target capacity to feed 600,000 tpa of chloride pigment
- ❖ Expand upgrading capacity in China and overseas
- ❖ Buy or build ilmenite resources suitable for upgrading



- ❖ Create low net cost supply chain from mine to chloride pigment
 - Lomon Billions have this for sulfate pigment
- ❖ Capture full supply chain margin irrespective of feedstock prices
 - Profitable throughout the price cycle
- ❖ Feedstock market efficient for dispatch but not for capacity
 - Integration removes market volume risk
- ❖ BUT feedstock integration
 - Is not a solution for high costs in either feedstock or pigment
 - Must combine low net cost feedstock with low cost pigment production

- ❖ Environmental inspections
 - Enforcement of existing regulations
 - Central teams applying rules consistently
 - Long term positive for sophisticated producers

- ❖ Focus shifting to target specific polluters not 'areas' or 'industries'
 - For example 26+2 cities air quality restrictions last winter (2017/2018)
 - Some area and industry restrictions still expected this winter (2018/2019)

- ❖ Continuous investment to ensure compliance, 17/18 examples include
 - Waste gas desulphurisation and denitrification
 - Waste gas dust collection
 - Ultra-low emissions refit for reduction kiln
 - Replacement of conveyors and bag filters to reduce dust
 - Wastewater treatment upgrades at all pigment plants
- ❖ Minimises risk to Lomon Billions of specific inspection impacts
 - Ongoing risk of area or industry restrictions



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