



龍蟠萬利源
Lomon Billions

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

www.lomonbillions.com



Lomon Billions

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Agenda



- ▶ Introduction to Lomon Billions
- ▶ China Context
- ▶ Growth Strategy



Deyang Base, Sichuan Province, 250,000 tpa Sulphate pigment

Company Snapshot



Lomon Billions

- ▶ Formed by the merger of Sichuan Lomon and Henan Billions in October 2016
- ▶ 4 partially integrated pigment plants in China
- ▶ 15 main pigment products: 13 sulfate and 2 chloride
- ▶ 705kt pigment capacity and first quartile cost
- ▶ Shenzhen Stock Exchange: US\$5.6bn market cap

2017 highlights

- ▶ Revenue of US\$1,534m, up 40%
- ▶ EBITDA of US\$584m, up 73%
- ▶ 60Kt chloride pigment production, up 42%

Market position

- ▶ #4 by global capacity
- ▶ #1 in Asia
- ▶ Plan to become the global market leader with ~1,300kt of pigment capacity by mid 2020's
- ▶ Objective is to be a fully integrated low cost pigment producer

Market position in China

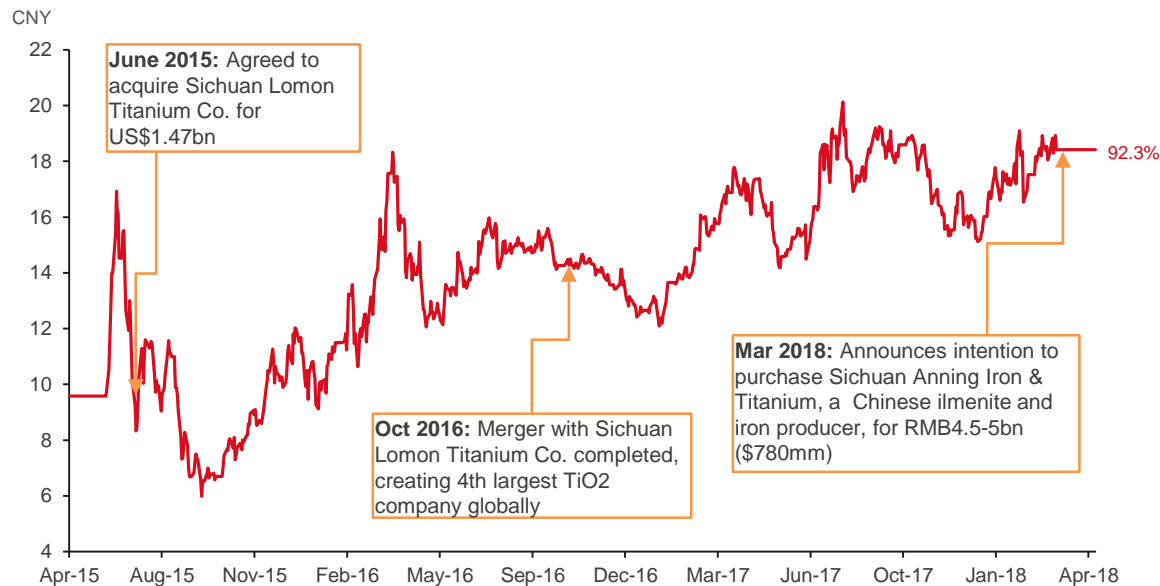
- ▶ #1 pigment producer
- ▶ #1 chloride pigment producer
- ▶ #1 pigment exporter
- ▶ #3 ilmenite producer

Corporate snapshot

Lomon Billions is closely held and largely owned by management



Share price chart

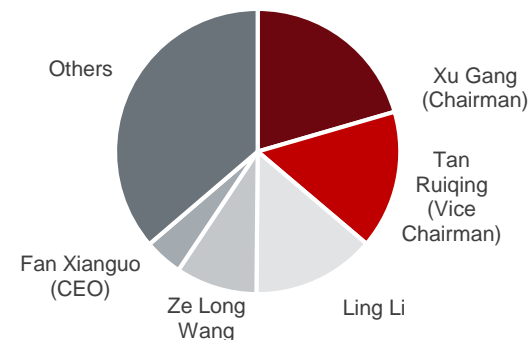


Capitalisation table (27 April 2018)

Listed on Shenzhen since 2011

Share price (CNY/US\$)	18.42/2.91
NOSH (m)	2,032.1
Market cap. (US\$m)	5,913.4
Net debt (US\$m)	326.2
Enterprise value (US\$m)	6,239.6
1 year high/low (CNY)	20.13/13.83

Top shareholders



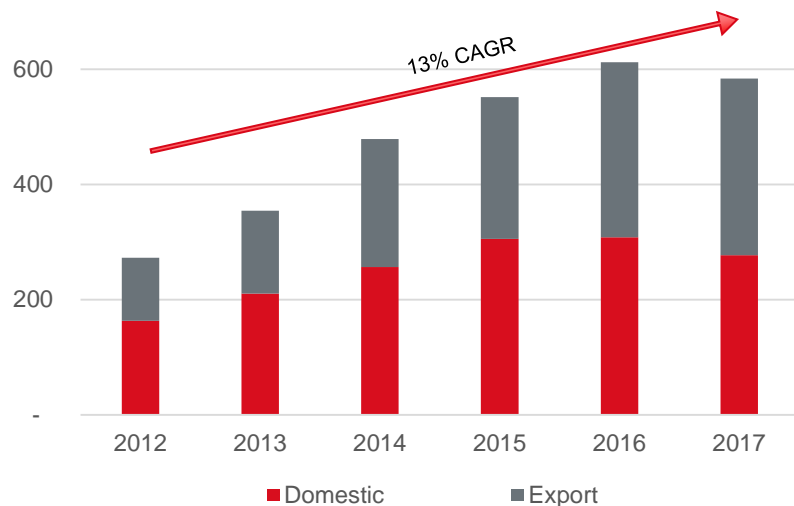
Source: S&P Capital IQ, Bloomberg as of 27th April 2017

Key operational results

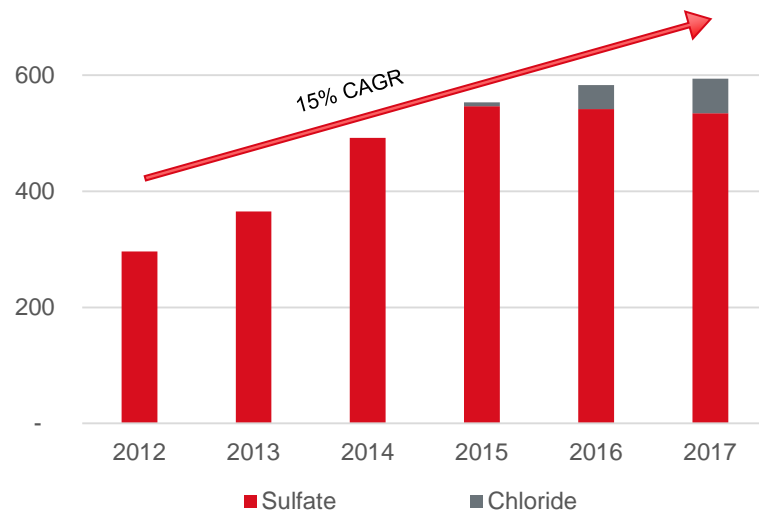
Rapid historical growth, chloride supplementing sulfate



Pigment sales by market ktpa



Pigment production by technology ktpa

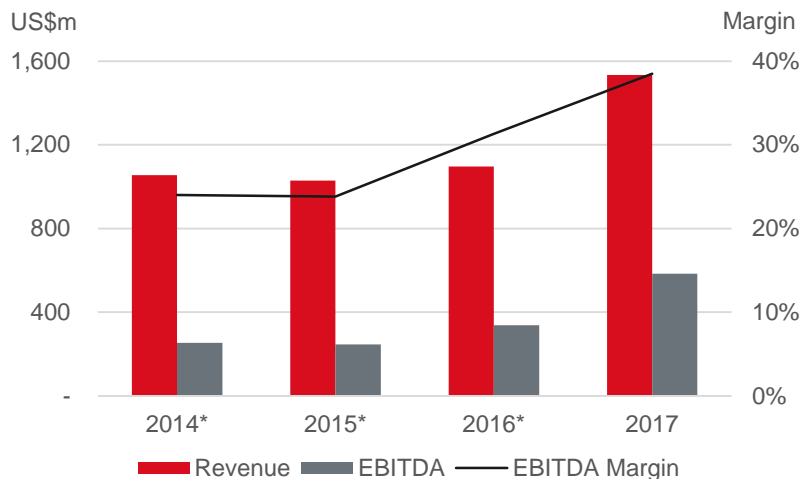


Key financial results

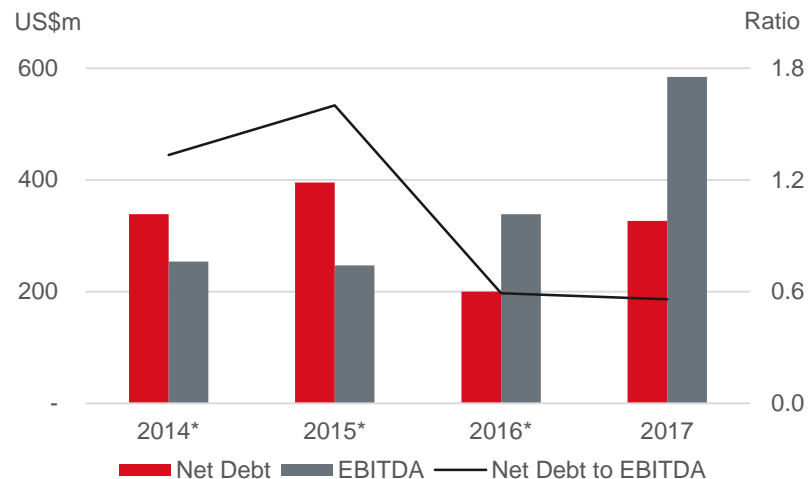
Strong earning growth and low leverage



Revenue and EBITDA



Net Debt / EBITDA (x)



* Proforma Lomon Billions: Sichuan Lomon Titanium + Henan Billions

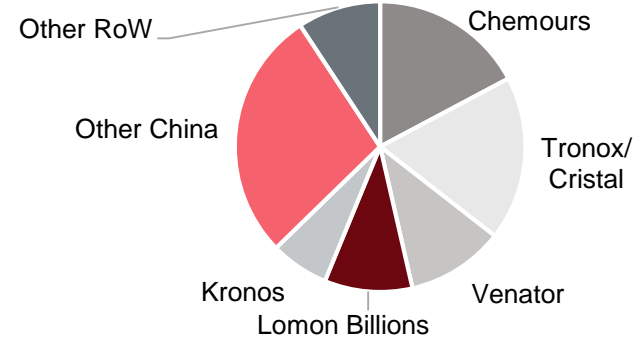
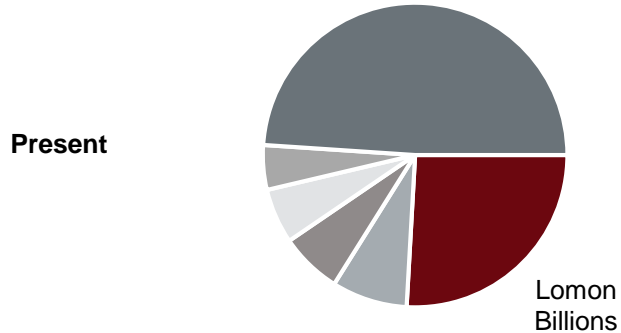
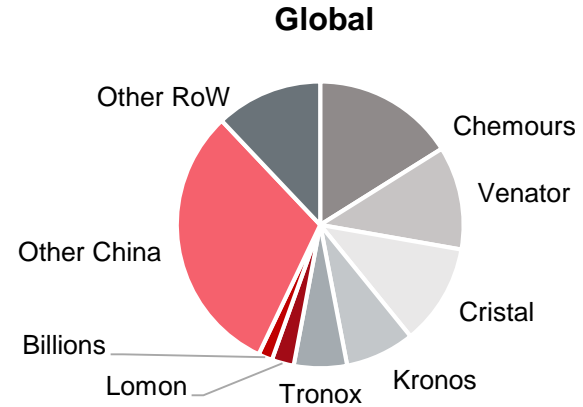
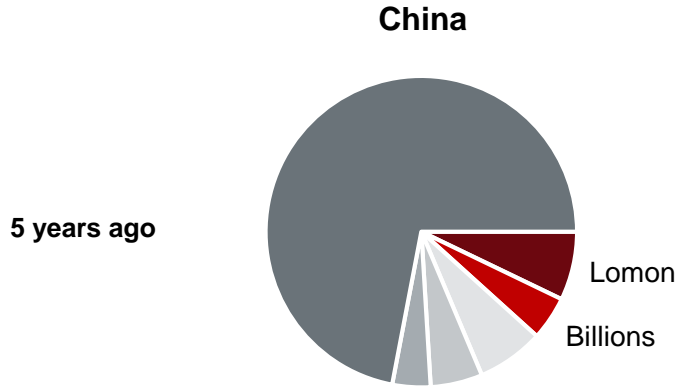
Industry leading cost position



Source: TZMI

Market position

1 in China, #4 Global market share (sales volume)





China Context

Panzhihua Base, Sichuan Province, 750,000 tpa Sulphate ilmenite, 2,250,000 tpa iron ore

Current China regulatory context

Environmental inspections and sulfate capacity restrictions



▶ Environmental inspections

- ▶ Not only targeting our industry
- ▶ Enforcement of existing regulations
- ▶ Central teams applying rules consistently
- ▶ Long term positive for sophisticated producers

▶ Sulfate capacity restrictions

- ▶ New greenfield sulfate pigment plants unlikely
- ▶ Limited expansions for well managed and compliant sites

▶ Chloride encouraged

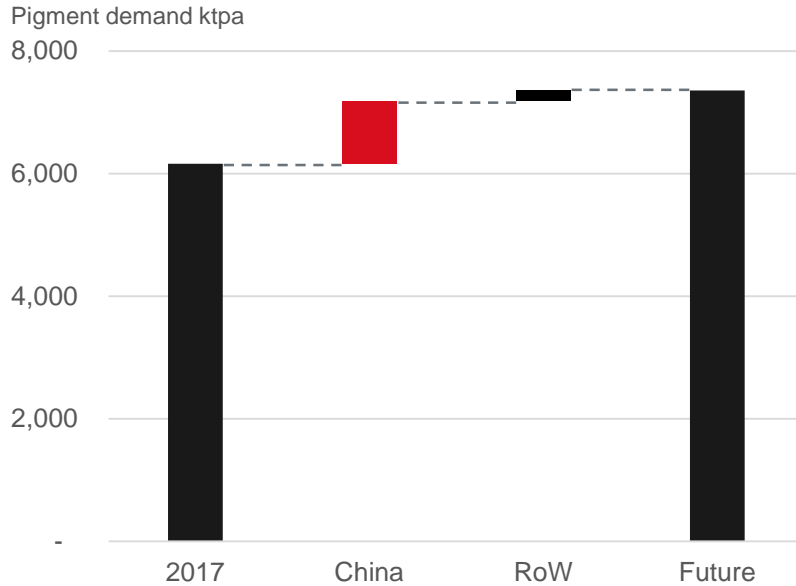
- ▶ Chloride supply will grow faster than sulfate
- ▶ There will be fewer chloride than sulfate producers

China chloride

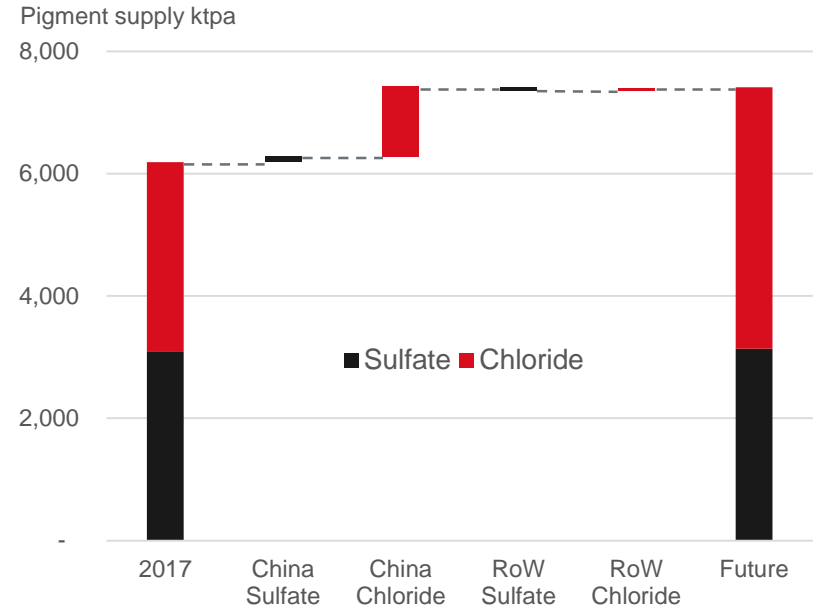
China will dominate growth of chloride demand and supply



China will continue to dominate pigment demand growth



Chloride will be a key driver of China's supply growth

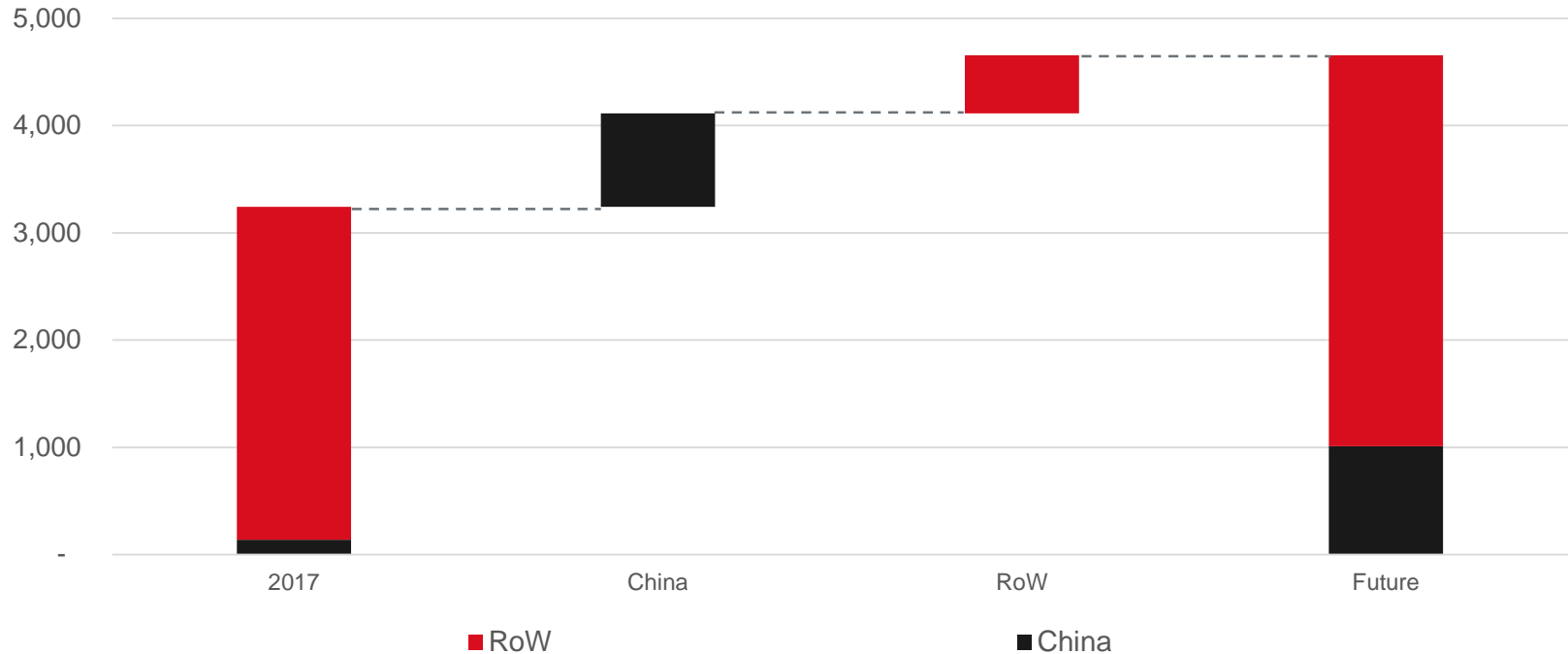


China chloride

China will vertically integrate into chloride feedstock



Chloride feedstock production 000's TiO₂ Units





Growth Strategy

Growth Strategy

Chloride expansion



- ▶ Current 200,000 tonne chloride expansion
 - ▶ Two new 100,000 tpa chloride lines at Jiaozuo
 - ▶ Board approval 10 February 2018
 - ▶ External approvals in place
 - ▶ 2 year construction period including extensive pre-works prior to approval
 - ▶ Commercial production in 2019
 - ▶ Total investment 1.812 billion RMB (~US\$285 million)

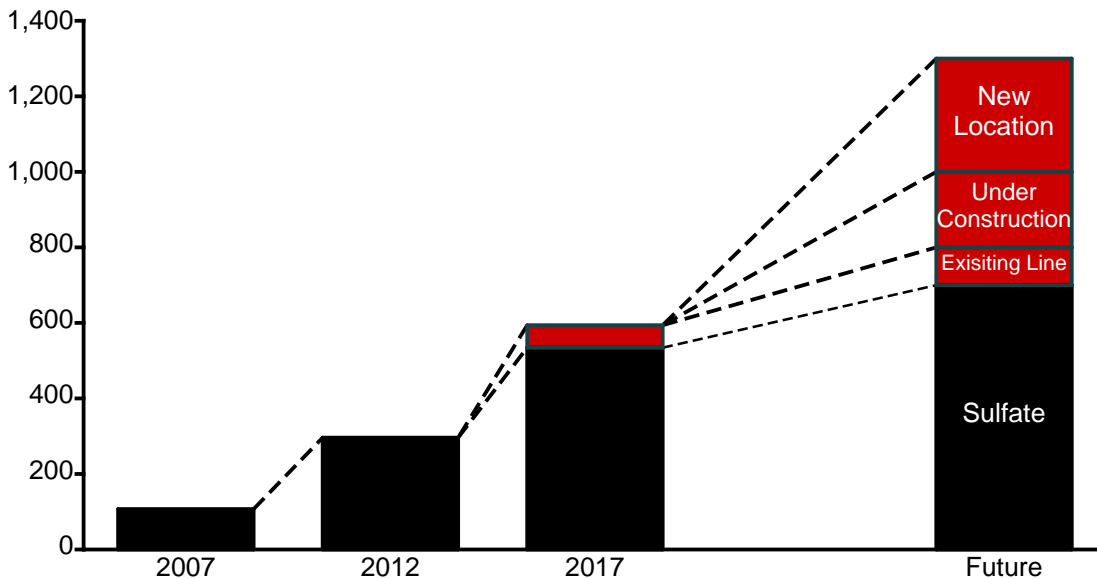
- ▶ Future additional 300,000 tonne chloride capacity
 - ▶ Most likely at a new coastal location in China

Growth Strategy

Organic pigment growth to 1,300 ktpa



Pigment production ktpa



	CAGR	
	2007-2017	2017-Future
Total	19%	~8%
Chloride	N/A	~25%
Sulfate	17%	~3%

Growth Strategy

Sulfate Feedstock Integration



- ▶ Announced intention to purchase Sichuan Anning in March 2018
 - ▶ 500 ktpa of sulfate ilmenite and 2,300 ktpa of iron ore concentrate
- ▶ Combined with existing mine in Panzhihua
 - ▶ >90% self-sufficient for sulfate pigment feedstock
 - ▶ #1 ilmenite producer in China (from #3)
- ▶ Due Diligence ongoing

Growth Strategy

Chloride feedstock integration



- ▶ Target capacity to feed 600,000 tpa chloride pigment
- ▶ Expand smelter capacity in China and overseas
- ▶ Buy or build ilmenite resources suitable for making chloride slag



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Peer comparison

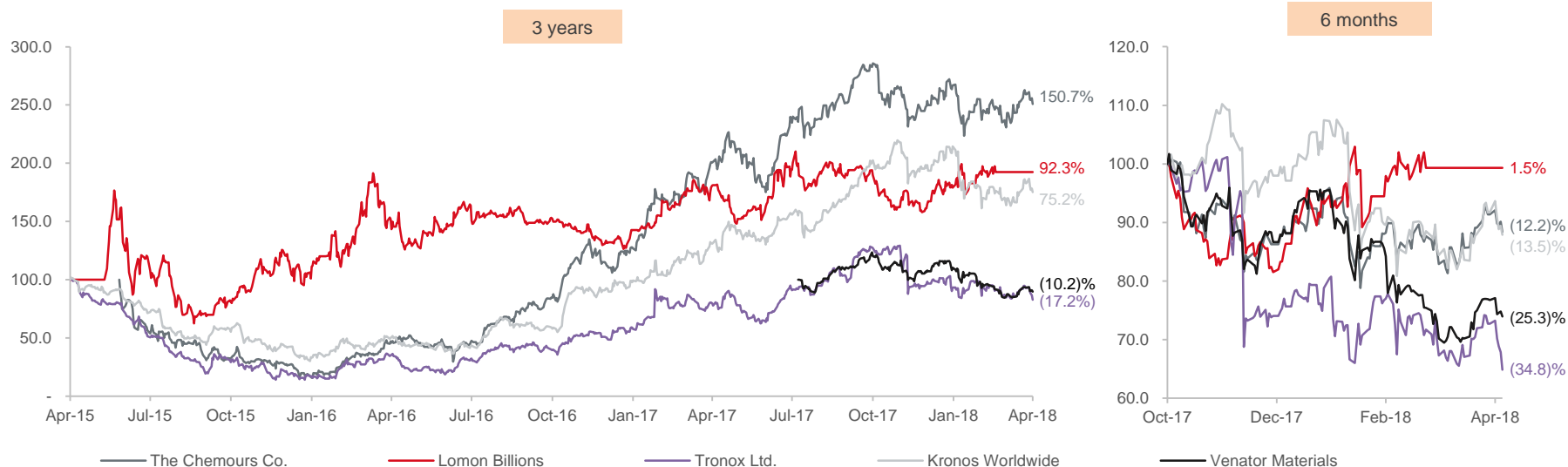


US\$m	 Chemours	 龍蟠石利源 Lomon Billions	 KRONOS	 TRONOX	 VENATOR
Exchange	 NYSE	 SHE	 NYSE	 NYSE	 NYSE
Domicile	Delaware, USA	Henan, China	Texas, USA	Connecticut, USA	Texas, USA
Market cap	8,938.2	5,913.4	2,701.7	2,131.3	1,916.3
Net debt	2,556.0	326.2	141.8	2,031.0	519.0
EV	11,499.2	6,239.2	2,843.5	4,348.3	2,445.3
Gearing (Debt / Equity)	4.8x	0.3x	0.6x	3.1x	0.7x
Revenue FY17	6,183.0	1,534.0	1,729.0	1,698.0	2,209.0
EBITDA FY17	1,288.0	584.0	371.6	320.0	318.0
<i>EBITDA margin (%)</i>	20.8%	38.5%	21.5%	18.8%	14.4%
ROI FY17	20.4%	9.4%	26.9%	4.4%	10.3%
2017 Production (Kt)	987.0	594.0	545.0	433.0	716.0
Production split (Chloride / Sulfate)	100% / 0%	10% / 90%	75% / 25%	100% / 0%	29% / 71%

Peer comparison



	Chemours™	Lomon Billions	KRONOS	TRONOX	VENATOR ¹
6 months	(12.2%)	1.5%	(13.5%)	(34.8%)	(25.3%)
1 year	25.0%	6.3%	33.9%	4.0%	NA
2 years	446.5%	34.1%	247.0%	135.0%	NA
3 years	NA	92.3%	75.2%	(17.2%)	NA
Mkt cap (US\$m)	8,938.2	5,913.4	2,701.7	2,131.3	1,916.3
Net debt (US\$m)	2,556.0	326.2	141.8	2,031.0	519.0
EV (US\$m)	11,499.2	6,239.6	2,843.5	4,348.3	2,445.3



Note: All prices rebased to 100 ; Source: Capital IQ as of 27th April 2018

¹Spun-out from Huntsman in August 2017