

Tronox Ltd
Form 10-K/A
March 01, 2019
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form 10-K/A
(Amendment No. 1)**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Year ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

1-35573
(Commission file number)

**TRONOX LIMITED
(ACN 153 348 111)
(Exact name of registrant as specified in its charter)**

Western Australia, Australia
(State or other jurisdiction of incorporation or organization)

263 Tresser Boulevard, Suite 1100
Stamford, Connecticut 06901

98-1026700
(I.R.S. Employer Identification No.)
Lot 22 Mason Road
Kwinana Beach WA 6167 Australia

Registrant's telephone number, including area code: (203) 705-3800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Ordinary Shares, par value \$0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the ordinary shares held by non-affiliates of the registrant as of June 30, 2018 was approximately \$2,418,666,706.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of January 31, 2019, the registrant had 94,388,170 shares of Class A ordinary shares and 28,729,280 shares of Class B ordinary shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its 2019 annual general meeting of shareholders are incorporated by reference in this Form 10-K in response to Part III Items 10, 11, 12, 13 and 14.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (Amendment No. 1) amends the Annual Report of Tronox Limited (the Company) on Form 10-K for the fiscal year ended December 31, 2018, as filed with the Securities and Exchange Commission on February 28, 2019 (the Original Filing). This Amendment No. 1 is being filed for the purpose of correcting (1) an inadvertent omission of the conformed signature of PricewaterhouseCoopers LLP, our independent registered public accounting firm, in the Report of Independent Registered Public Accounting Firm in the Original Filing, and (2) a typographical error in Item 8 Financial Statements and Supplementary Data in the Original Filing. Except for these corrections, there have been no changes in any of the financial or other information contained in the report.

This Amendment No. 1 does not reflect events occurring after the Original Filing, or modify or update the disclosures therein in any way other than as required to reflect the amendments set forth below.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized, on the 1st day of March 2019.

Tronox Limited

/s/ TIMOTHY CARLSON

Timothy Carlson

Senior Vice President and Chief Financial Officer

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FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under the captions Business, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this Form 10-K that are forward-looking statements. Forward-looking statements also can be identified by words such as future, anticipates, believes, estimates, expects, intends, plans, predicts, will, would, could, can, may, and similar terms. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties outlined in Risk Factors.

These risks and uncertainties are not exhaustive. Other sections of this Form 10-K may include additional factors, which could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Unless otherwise required by applicable law, we are under no duty to update any of these forward-looking statements after the date of this Form 10-K to conform our prior statements to actual results or revised expectations and we do not intend to do so.

When considering forward-looking statements, you should keep in mind the risks, uncertainties and other cautionary statements made in this Form 10-K and the documents incorporated by reference, including, in particular, the factors discussed below. These factors may be revised or supplemented in subsequent reports on Forms 10-Q and 8-K.

Factors that may affect future results include, but are not limited to:

- the failure to close the Cristal Transaction (as defined below), including by failure to satisfy closing conditions, and the resulting negative impact on our share price, our business and our financial results;
- if the Cristal Transaction is consummated we may not realize its anticipated benefits, may experience unexpected difficulties integrating its operations and may assume unexpected liabilities;
- if the Cristal Transaction is consummated it will concentrate our share ownership in the hands of Cristal Inorganic and Exxaro (each as defined below), which may result in conflicts of interest and/or prevent minority shareholders from influencing the Company;
- assuming consummation of the Re-Domicile Transaction (as defined below), English law and the new articles of association may limit our flexibility to manage our capital structure and/or have anti-takeover effects;
- the risk that our customers might reduce demand for our products;
- market conditions and price volatility for titanium dioxide (TiO₂) and feedstock materials, as well as global and regional economic downturns, that adversely affect the demand for our end-use products;
- changes in prices or supply of energy or other raw materials may negatively impact our business;
- an unpredictable regulatory environment in South Africa where we have significant mining and beneficiation operations, including amendments by the South African Department of Mineral Resources to the Mining

Charter;

- the risk that our ability to use our tax attributes to offset future income may be limited;

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- that the agreements governing our debt may restrict our ability to operate our business in certain ways, as well as impact our liquidity;
- our inability to obtain additional capital on favorable terms;
- the risk that we may not realize expected investment returns on our capital expenditure projects;
- fluctuations in currency exchange rates;
- compliance with, or claims under environmental, health and safety regulations may result in unanticipated costs or liabilities, including the potential classification of TiO₂ as a Category 2 Carcinogen in the EU, which could have an adverse impact on our business; and
- the possibility that cybersecurity incidents or other security breaches may seriously impact our results of operations and financial condition.

We are committed to providing timely and accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, we use our website to convey information about our businesses, including the anticipated release of quarterly financial results, quarterly financial and statistical and business-related information. Investors can access announcements about the Company through our website available at <http://www.tronox.com>. Our website is included as an inactive textual reference only and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-K.

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PART I

For the purposes of this discussion, references to we, us, and, our refer to Tronox Limited, together with its consolidated subsidiaries (collectively referred to as Tronox or the Company), when discussing the business following the completion of the 2012 Exxaro transaction (as defined herein), and to Tronox Incorporated, together with its consolidated subsidiaries (collectively referred to as Tronox Incorporated), when discussing the business prior to the completion of the Exxaro Transaction.

Item 1. Business

Overview

Tronox Limited is the world's leading integrated manufacturer of titanium dioxide (TiO_2) pigment. We operate titanium-bearing mineral sand mines and accompanying beneficiation and smelting operations in Australia and South Africa to produce feedstock materials that can then be used in the manufacturing process for our TiO_2 pigment products. We consume a substantial part of our feedstock materials in our own TiO_2 pigment facilities located in the United States, Australia and the Netherlands with a goal of delivering low cost, high-quality pigment to our approximately 700 TiO_2 customers in approximately 100 countries. In addition, the mining, beneficiation and smelting of titanium bearing mineral sands creates meaningful quantities of two co-products – zircon and pig iron – which we also supply to customers around the world.

The following chart highlights the TiO_2 value chain we participate in:

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The following sets forth the percentage of our revenue derived from sales of our products by geographic region for the year ended December 31, 2018.

The below sets forth the percentage of our revenue derived from sales of our products for the year ended December 31, 2018.

For further financial information regarding our products and geographic regions, see the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations*, as well as Notes 3 and 23 of notes to our consolidated financial statements, each included elsewhere in this Form 10-K.

2018 Key Strategic Initiatives

The following sets forth the key strategic initiatives undertaken during 2018 that we believe will set a strong foundation for our future growth and results of operations.

Pending Cristal Acquisition

Throughout 2018 and into 2019 we continued to work diligently on obtaining regulatory approval for our proposed acquisition of the TiO₂ business of The National Titanium Dioxide Company Ltd., a limited company organized under the laws of the Kingdom of Saudi Arabia (*Cristal*). The transaction was originally announced approximately two years ago when on February 21, 2017, we entered into a definitive agreement with Cristal and one of its affiliates to acquire the TiO₂ business of Cristal for \$1.673 billion of cash, subject to a working capital adjustment at closing, plus 37,580,000 Class A Shares (the *Cristal Transaction*). Our shareholders approved the Cristal Transaction on October 2, 2017 as well as gave us the authority to issue the Class A Shares in connection with the transaction. On February 27, 2019, we agreed with Cristal to extend the date on which our acquisition agreement expires from March 31, 2019 to May 19, 2019.

To date, we have received final approval from eight of the nine regulatory jurisdictions whose approvals are required to close the Cristal Transaction including the European Commission (*EC*) and are still seeking approval from the U.S. Federal Trade Commission (*FTC*). With regard to the EC approval, on July 16, 2018, we announced the submittal to the EC of an executed definitive agreement with Venator Materials PLC (*Venator*) to divest our 8120 paper-laminate product grade (the *8120 Grade*) currently supplied to customers from our Botlek facility in the Netherlands. Our agreement with Venator is terminable by either party under certain circumstances if the closing does not occur on or prior to April 12, 2019. On August 20, 2018, the EC approved the Cristal Transaction based on the conclusion that Venator is a suitable buyer of the 8120 Grade. The EC's initial approval required that the Cristal Transaction to be consummated by November 16, 2018 but that deadline has been more recently extended by the EC to May 19, 2019.

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With respect to the FTC, on December 5, 2017, the FTC announced that it would not approve the Cristal Transaction as proposed and filed an administrative action to prevent the parties from consummating the transaction alleging that the Cristal Transaction would violate Section 7 of the Clayton Antitrust Act and Section 5 of the FTC Act. The administrative complaint sought, among other things, a permanent injunction to prevent the transaction from being completed. On December 9, 2018, the administrative law judge (the ALJ) issued an initial decision enjoining Tronox from consummating the proposed Cristal Transaction. We filed an appeal of the administrative law judge's initial decision on February 4, 2019 in which we sought to narrow the geographic scope of the proposed order included in the initial decision. The ALJ's initial decision will not become final until the FTC rules on our appeal. In addition, on September 5, 2018, the U.S. District Court in the District of Columbia granted the FTC a preliminary injunction blocking the Cristal Transaction.

Following the issuance of a preliminary injunction by the U.S. District Court, we commenced settlement discussions with the FTC. We proposed to divest all of Cristal's North American operations including the Ashtabula, Ohio two-plant TiO₂ production complex to a purchaser acceptable to the FTC. Initially, we intended to divest Cristal's North American operations to Venator. When we announced the divestiture of the 8120 Grade to Venator on July 16, 2018 we also announced that we had entered into a binding Memorandum of Understanding (MOU) with Venator providing for the negotiation in good faith of a definitive agreement to sell the entirety of Cristal's North American operations to Venator if a divestiture of all or a substantial part of Ashtabula was required to secure final FTC regulatory approval for the Cristal Transaction. The MOU granted Venator exclusivity for a period of 75 days to negotiate a definitive agreement for the sale of the entirety of the Ashtabula complex. The MOU also provided for a \$75 million break fee if, among other things, the parties, despite negotiating in good-faith and in conformity with the terms in the MOU, failed to reach a definitive agreement for the sale of Cristal's North American operations and Tronox was able to consummate both the Cristal Transaction and the paper-laminate grade divestiture to Venator. On October 1, 2018, we announced that the 75-day exclusivity period under the MOU with Venator had expired without the two companies agreeing to terms.

Subsequent to the expiration of the exclusivity period with Venator, we announced an agreement in principle with INEOS Enterprises A.G., a unit of INEOS and one of the world's largest chemicals companies (INEOS), to divest Cristal's North American operations for approximately \$700 million. We, Cristal and INEOS have been engaged in on-going discussions with the FTC since that time regarding the terms and conditions under which the FTC would allow the Cristal Transaction to be consummated. Most recently, on February 11, 2019, in recognition of the progress made to date in settling the dispute with the FTC, we and the FTC staff filed a joint motion with the FTC Commissioners requesting a delay of the deadline for the FTC to respond to our appeal of the ALJ's initial December 10, 2018 decision finding that the proposed acquisition of Cristal may substantially lessen competition for the sale of chloride-based TiO₂ in North America

Jazan Slagger and Option Agreement

On May 9, 2018, we entered into an Option Agreement (the Option Agreement) with Advanced Metal Industries Cluster Company Limited (AMIC) pursuant to which AMIC granted us an option (the Option) to acquire 90% of a special purpose vehicle (the SPV), to which AMIC's ownership in a titanium slag smelter facility (the Slagger) in The Jazan City for Primary and Downstream Industries in the Kingdom of Saudi Arabia (KSA) will be contributed together with \$322 million of indebtedness currently held by AMIC (the AMIC Debt). The execution of the Option Agreement occurred shortly after we entered into a Technical Services Agreement (the Technical Services Agreement) with AMIC pursuant to which we agreed to immediately comm