

Tronox to buy FMC's soda ash unit for \$1.64 billion

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Diversified chemicals maker Tronox Ltd (TROX.N) said it would acquire FMC Corp's (FMC.N) Alkali Chemicals division for \$1.64 billion to expand in faster-growing developing economies.

The Alkali Chemicals division is a global producer of natural soda ash and related products used in the glass, chemical processing and detergent industries.

Tronox will fund the transaction through cash on hand and new debt pursuant to signed commitments from multiple banks, the company said.

Tronox said all of Alkali Chemicals' revenue is booked in the United States, enabling the company to utilize its U.S. tax attributes to offset Alkali Chemicals' pretax income.

Tronox appears to have prevailed in the auction for the FMC unit over other chemical companies and private-equity firms, the Wall Street Journal reported on Monday, citing people familiar with the matter. (on.wsj.com/1EC2cDH)

The deal is expected to add more than 50 cents per share to Tronox' earnings in the 12 months following closing, said Tronox, which mines and processes titanium ore, zircon and other minerals, and makes titanium dioxide pigments.

Alkali Chemicals will operate as a separate business unit and reporting segment within Tronox. It would have contributed about \$800 million of revenue for full year 2014, Tronox said.

FMC, a Philadelphia-based chemical maker, revealed its intention to sell the alkali chemicals business on Sept. 8, when it said it would acquire Cheminova A/S, a unit of Auriga Industries A/S (AURIb.CO) for \$1.8 billion.

FMC Chief Executive Pierre Brondeau said the sale would allow the company to cut its debt pile following the Cheminova deal, and focus on global agriculture, health and nutrition in high-growth markets.

Boards of both the companies approved the deal, which is expected to close in the first quarter of 2015.

Credit Suisse, Moelis & Co and UBS Investment Bank are financial advisers to Tronox. BofA Merrill Lynch and Goldman Sachs are FMC's financial advisers.