



# Maximizing Shareholder Value

Investor Presentation  
March 2014



# Forward Looking Statements

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This press release contains, and management may make, certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts may be forward-looking statements. Words such as "may," "will," "should," "could," "likely," "anticipates," "intends," "believes," "estimates," "expects," "forecasts," "plans," "projects," "predicts" and "outlook" and similar words and expressions are intended to identify forward-looking statements. Examples of our forward-looking statements include, among others, statements relating to our outlook, our future operating results on a segment basis, growth prospects, our future Adjusted EBITDA and free cash flows, our share repurchase plans, our use of cash and our strategic initiatives. Although they reflect Rockwood's current expectations, they involve a number of known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied, and not guarantees of future performance. These risks, uncertainties and other factors include, without limitation, Rockwood's business strategy; our ability to complete our previously announced divestiture; the prospects of and our outlook for our businesses; changes in general economic conditions in Europe and North America and in other locations in which Rockwood currently does business; competitive pricing or product development activities affecting demand for Rockwood's products; technological changes affecting production of Rockwood's materials; fluctuations in interest rates, exchange rates and currency values; availability and pricing of raw materials; governmental and environmental regulations and changes in those regulations; fluctuations in energy prices; changes in the end-use markets in which Rockwood's products are sold; hazards associated with chemicals manufacturing; Rockwood's ability to access capital markets; Rockwood's high level of indebtedness; risks associated with negotiating, consummating and integrating acquisitions; risks associated with competition and the introduction of new competing products, especially from the Asia-Pacific region; risks associated with international sales and operations; risks associated with information security and the risks, uncertainties and other factors discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Rockwood's Form 10-K for the year ended December 31, 2013 and other periodic reports filed with or furnished to the Securities and Exchange Commission. Rockwood does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



# Agenda

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- Rockwood Investment Considerations
- Strategy and Business Overview
  - Rockwood's Overview
  - Corporate Strategy/Management Philosophy
  - Investment Considerations
  - 2013 Planned Initiatives Update
- Core Businesses
  - Lithium
  - Surface Treatment
- Looking Forward
  - Rockwood Strategy to Further Enhance Shareholder Value
  - Overview of Talison Deal Rationale
  - 2014 Initiatives
- Appendices

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# Rockwood Strategy and Business Overview

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# Rockwood's Overview



Continuing Operations	FY 2012	FY 2013
Net Sales(1)	\$1,324M	\$1,378M
Adjusted EBITDA (1)	\$321M	\$323M
% Margin	24.2%	23.4%


## Surface Treatment



	FY 2012	FY 2013
Net Sales	\$723M	\$770M
Adj. EBITDA	\$155M	\$174M
% Margin	21.4%	22.6%

- Sole dedicated surface treatment business with significant global presence
- Portfolio approach for balanced and diversified customer base across size, industries and technologies
- Leading reputation for top customer service, technology know-how and product innovation
- Robust free cash flows

## Lithium



	FY 2012	FY 2013
Net Sales	\$474M	\$479M
Adj. EBITDA	\$182M	\$182M
% Margin	38.4%	38.0%

- Secure access to significant and diverse long term lithium reserves
  - Second largest brine producer globally with operations in U.S. and Chile
  - Largest spodumene mine, with close of acquisition of 49% in Talison, subject to regulatory approvals
- Low Cost Producer due to high quality brine
- Integrated Business Model from Resource to Downstream Specialty Products
- An industry leading process technology and high quality products
- Longest history in the business with experienced management

(1) Includes Corporate and Other net sales of \$126 million and \$128 million, respectively, and Adjusted EBITDA of \$(16) million and \$(33) million, respectively.

# Corporate Strategy/Management Philosophy

## Corporate Strategy

- Self-sufficient, highly focused and accountable business units with the following characteristics:
  - Global market leadership
  - Technology leadership
  - High Adjusted EBITDA margins of 25%+
  - Limited exposure to oil-based raw materials pricing

## Management Philosophy

- Small corporate center
- Self-sufficient and accountable business units
- Detailed operating metrics
- Short term incentive plan based on cash generation
- Long term equity plan for key executives
- On-site communication and motivation of all employees

## Corporate Culture

- **Customers** – Focus on superior customer service
- **Cash Generation** – Deliver superior financial performance, productivity improvement and disciplined redeployment of capital; and
- **Commitment** – Target excellence and execution

# Rockwood Investment Considerations

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- ✓ Market-leading business niche positions
- ✓ Adjusted EBITDA margins of 25%+
- ✓ Strong free cash flow
- ✓ Solid balance sheet with no net debt
- ✓ Goal of 20% average annual EPS growth
- ✓ Shareholder-aligned management team with meaningful equity ownership

## 2013 Planned Initiatives: Maximizing Shareholder Value

Initiatives	Progress Update
<input type="checkbox"/> Sell Advanced Ceramics business	✓ <b>Done</b>
<input type="checkbox"/> Sell Clay-based Additives business	✓ <b>Done</b>
<input type="checkbox"/> Sell Titanium Dioxide Pigments and four other non-strategic businesses	✓ <b>Entered</b> into an agreement to sell to Huntsman; close pending European Union approval
<input type="checkbox"/> Buy back \$400 million of shares outstanding	✓ <b>Done</b>
<input type="checkbox"/> Repay up to \$600 million of debt	✓ <b>Repaid</b> more than \$1.43 billion
<input type="checkbox"/> Maintain dividend yield of 2.8% to 3.2%	✓ <b>Done</b>
<input type="checkbox"/> Accumulate significant cash on hand from asset sales for capital allocation	✓ <b>Accumulated</b> ~ \$1.5 billion of cash on hand as of December 31, 2013



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# Core Businesses: Lithium and Surface Treatment

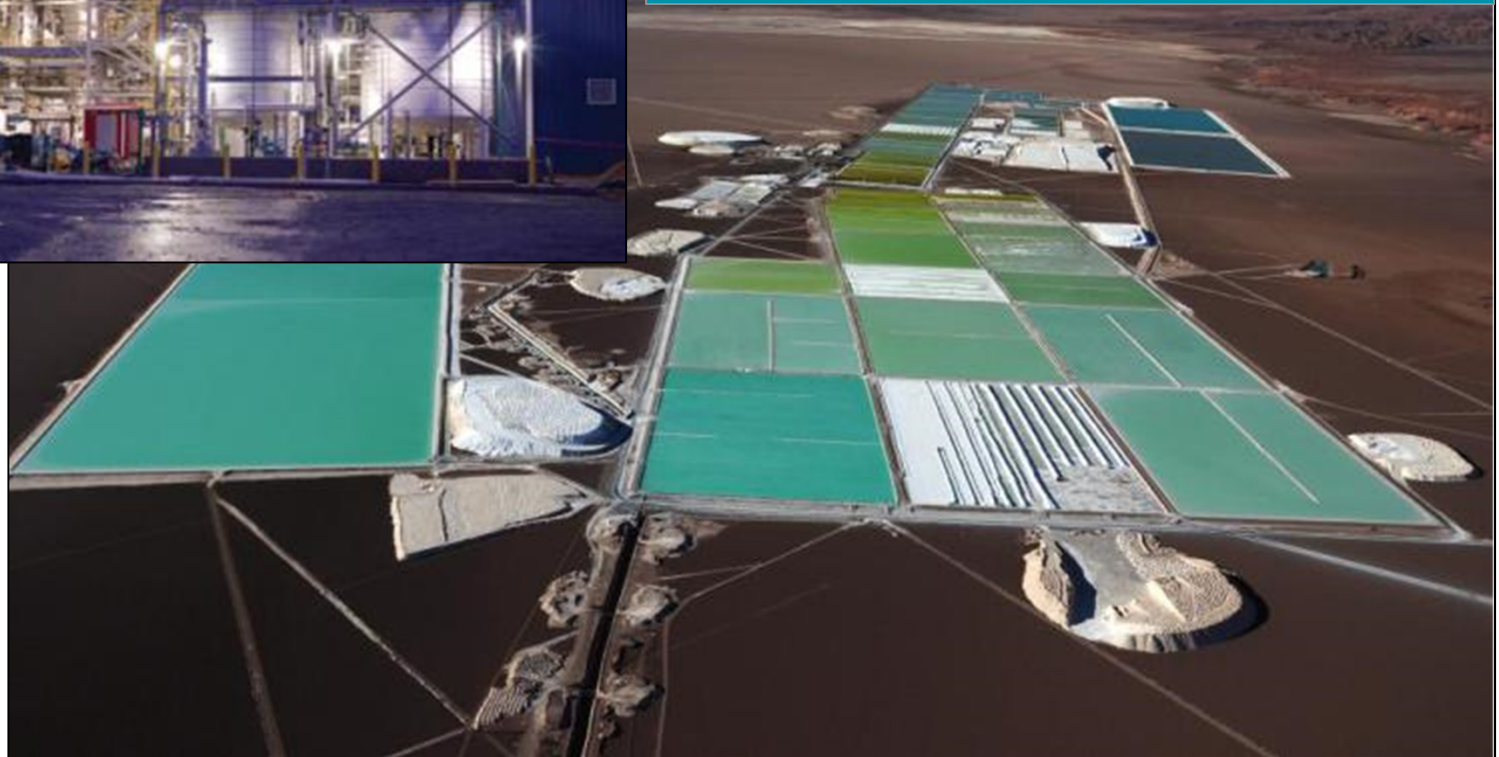
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# Lithium: #1 Global Integrated Producer of Lithium Compounds & Chemicals



- Low Cost Producer
- Long-Term Reserves with High Lithium Concentration
- Integrated Business Model for Upstream and Downstream Production



## Rockwood Lithium:

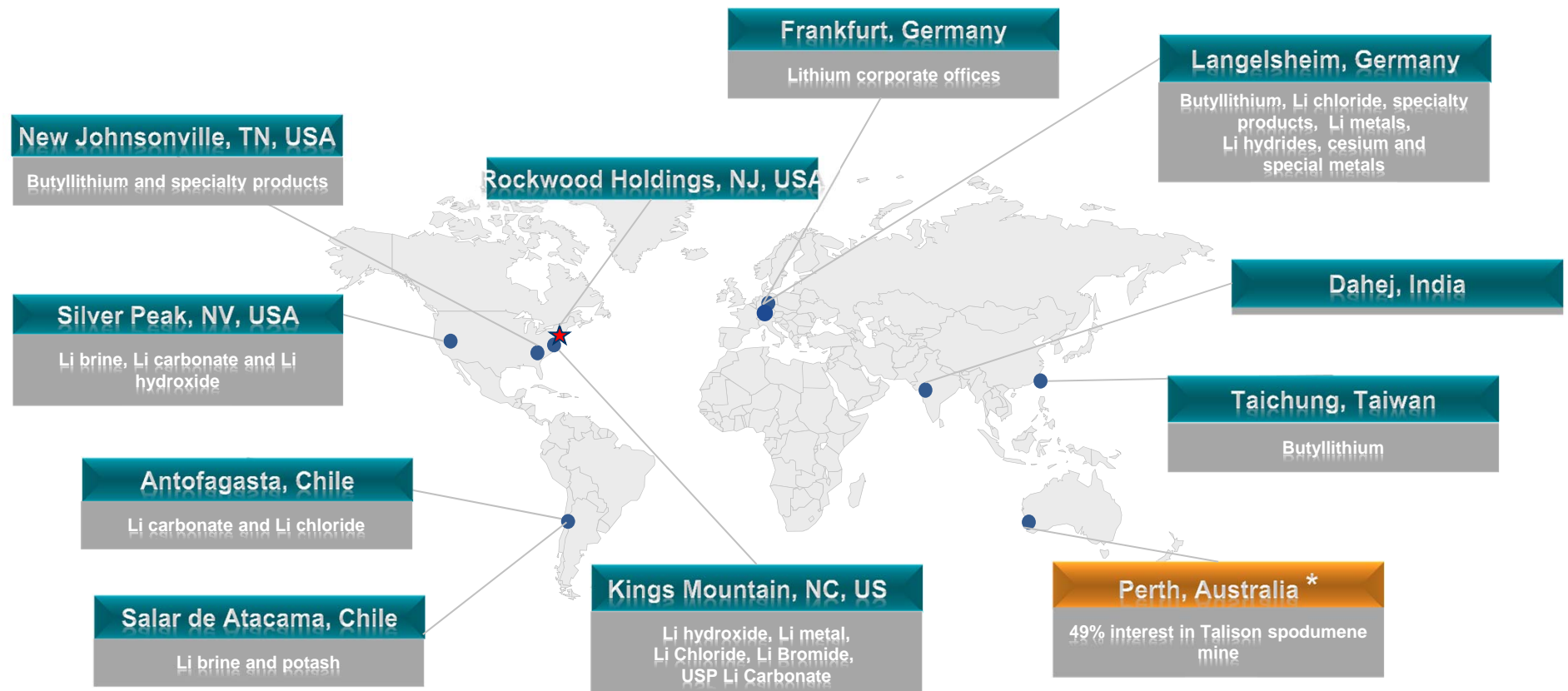
### **#1 Global Integrated Producer of Lithium Compounds & Chemicals**

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- **Secure access to significant and diverse long term lithium reserves**
  - **Second largest brine producer globally with operations in U.S. and Chile**
  - **Largest spodumene mine, with expected close of acquisition of 49% in Talison, subject to regulatory approvals**
- **Low Cost Producer due to high quality brine**
- **Integrated Business Model from Resource to Downstream Specialty Products**
- **An industry leading process technology and high quality products**
- **Longest history in the business with experienced management**

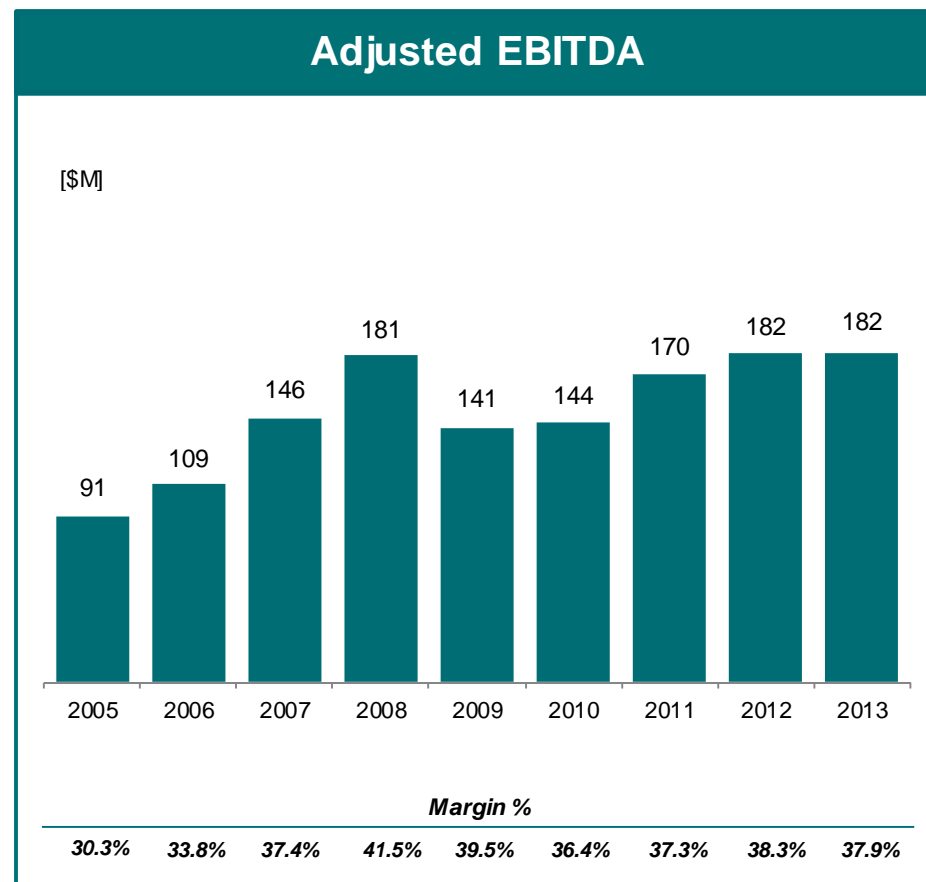
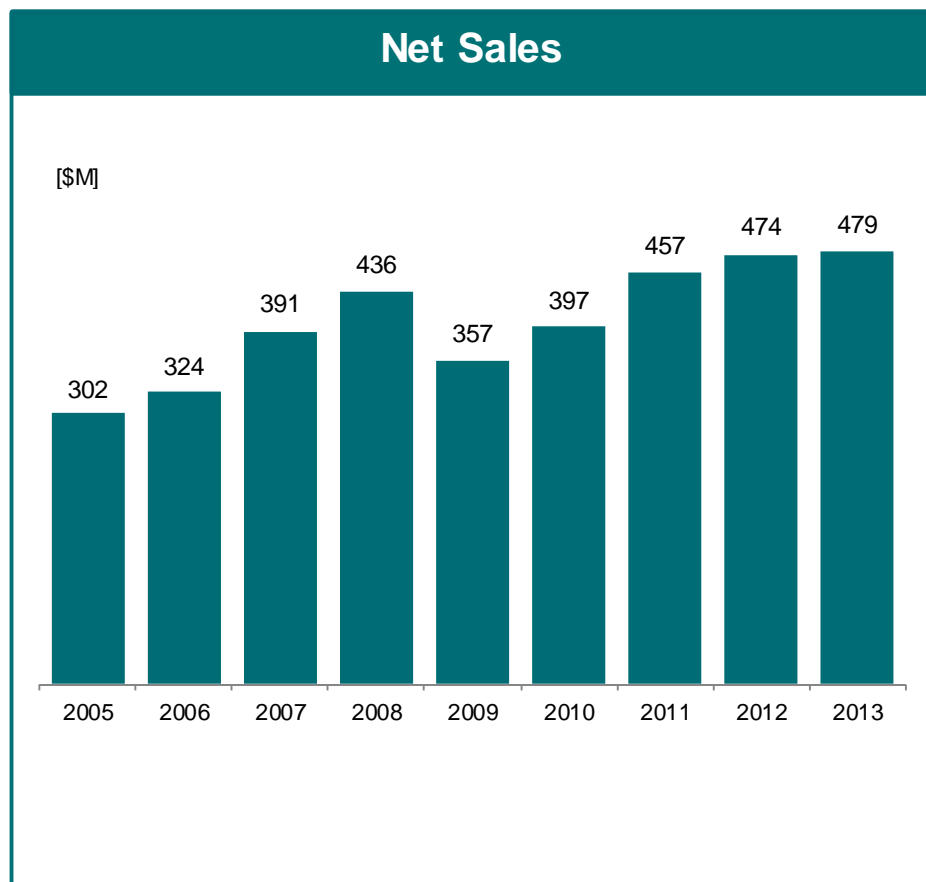
# Global Market Reach

- Strong market presence and high market share of Lithium based sales
- A very broad portfolio of lithium compounds/materials
- Production capability worldwide



\* Entered into acquisition agreement in December 2013; pending close of regulatory approvals.

# Lithium – Net Sales & Adjusted EBITDA



**Note:** See Appendix for reconciliation of non-GAAP measures.

# Lithium: Key Upstream and Downstream Products and Applications

## Key Products

## Key Applications

**Lithium Carbonate**



Electronics



Li-Ion Batteries



Glass Ceramics



Cement



Aluminum

**Lithium Hydroxide**



Li-Ion Batteries



Grease



CO<sub>2</sub> Absorption



Mining

**Lithium Metal**



Li Primary Batteries



Pharmaceuticals



Al-Alloys

**Organo-metallics**



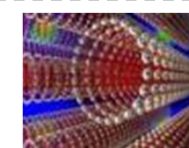
Elastomers



Pharmaceuticals



Agrochemicals

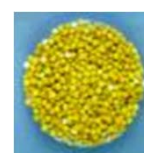


Electronic Materials

**Special Salts**



Scintillation



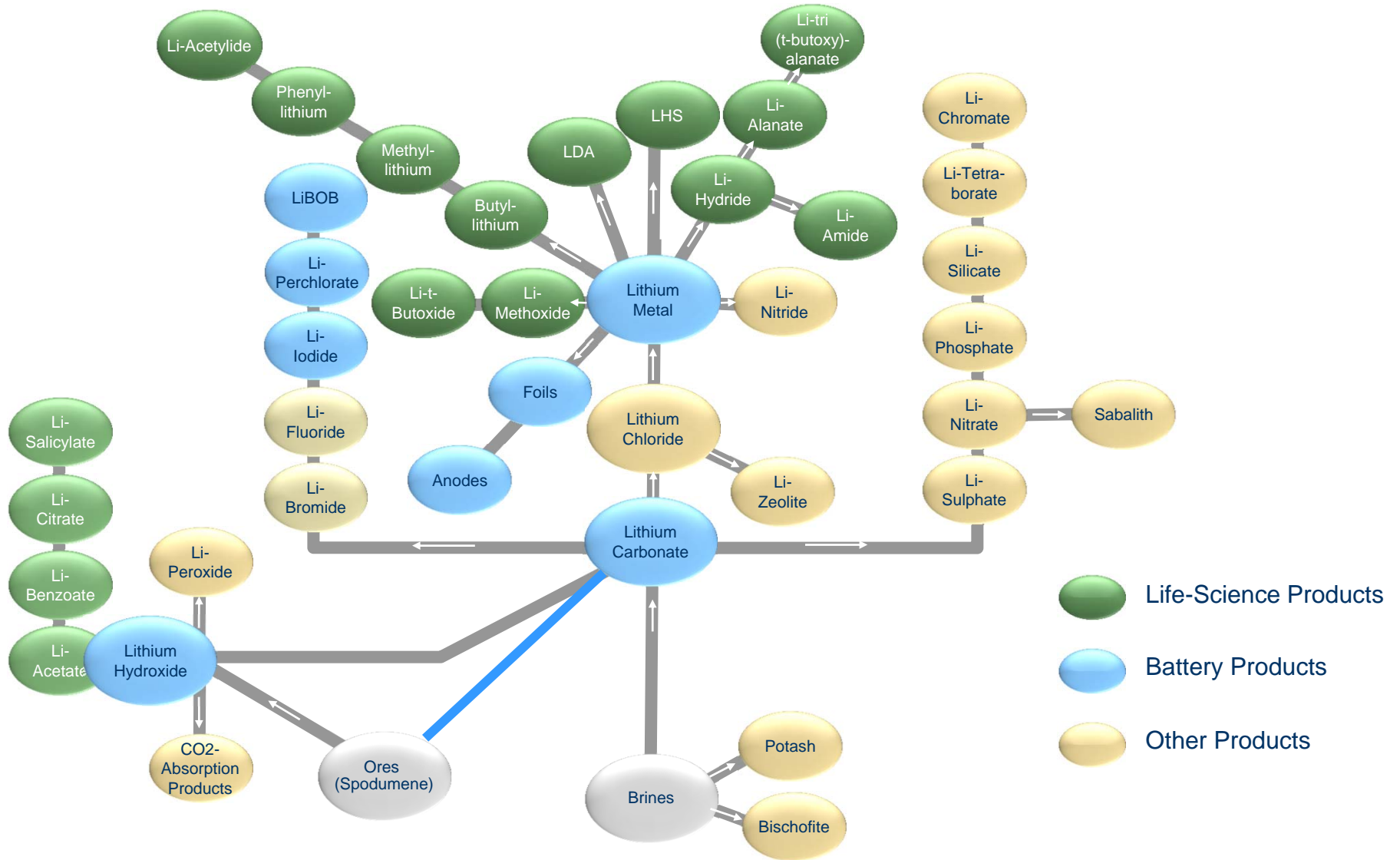
Industrial Catalysis



Airbag Ignition

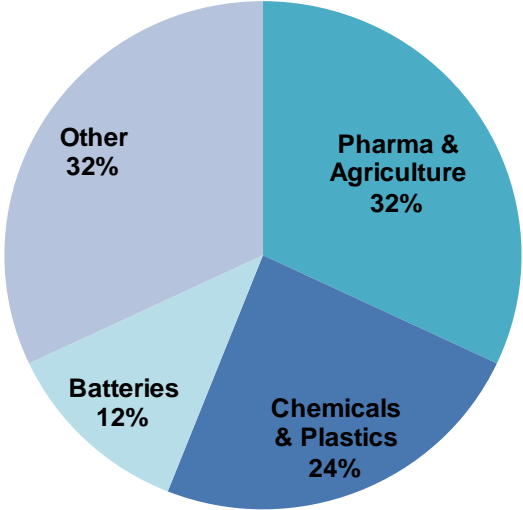
2013 Net Sales by Products: Organometallics and Lithium Metal – 47%; Lithium Salts (Lithium Carbonate, Lithium Hydroxide, Potash) – 39%; Special Salts – 14%.

# “The Lithium Tree”

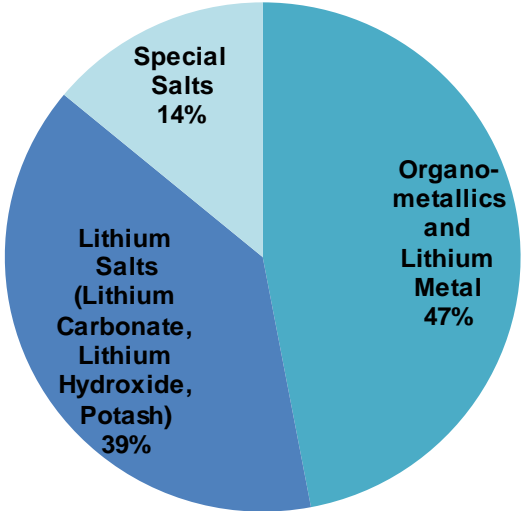


# Lithium Net Sales

ROC Net Sales by End-Market



ROC Net Sales by Product



## Competitors

- FMC Corporation
- Sociedad Quimica y Minera de Chile S.A.
- Tianqi Lithium / Talison

## Major Customers

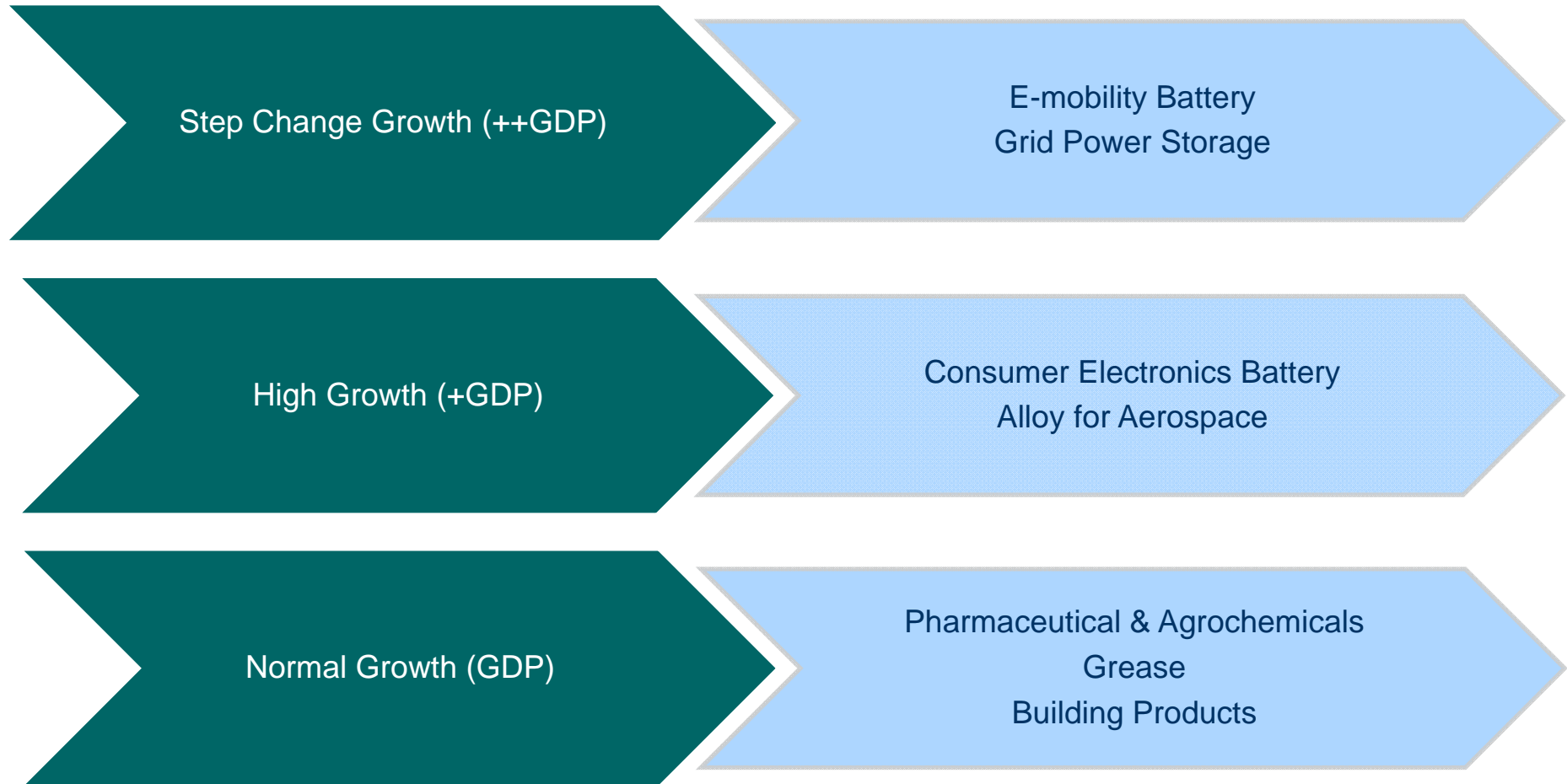
- Syngenta AG
- Umicore Group
- Samsung SDI Co. Ltd.
- Bayer Crop Science
- Royal DSM N.V.

Source: Company 2013 estimates.

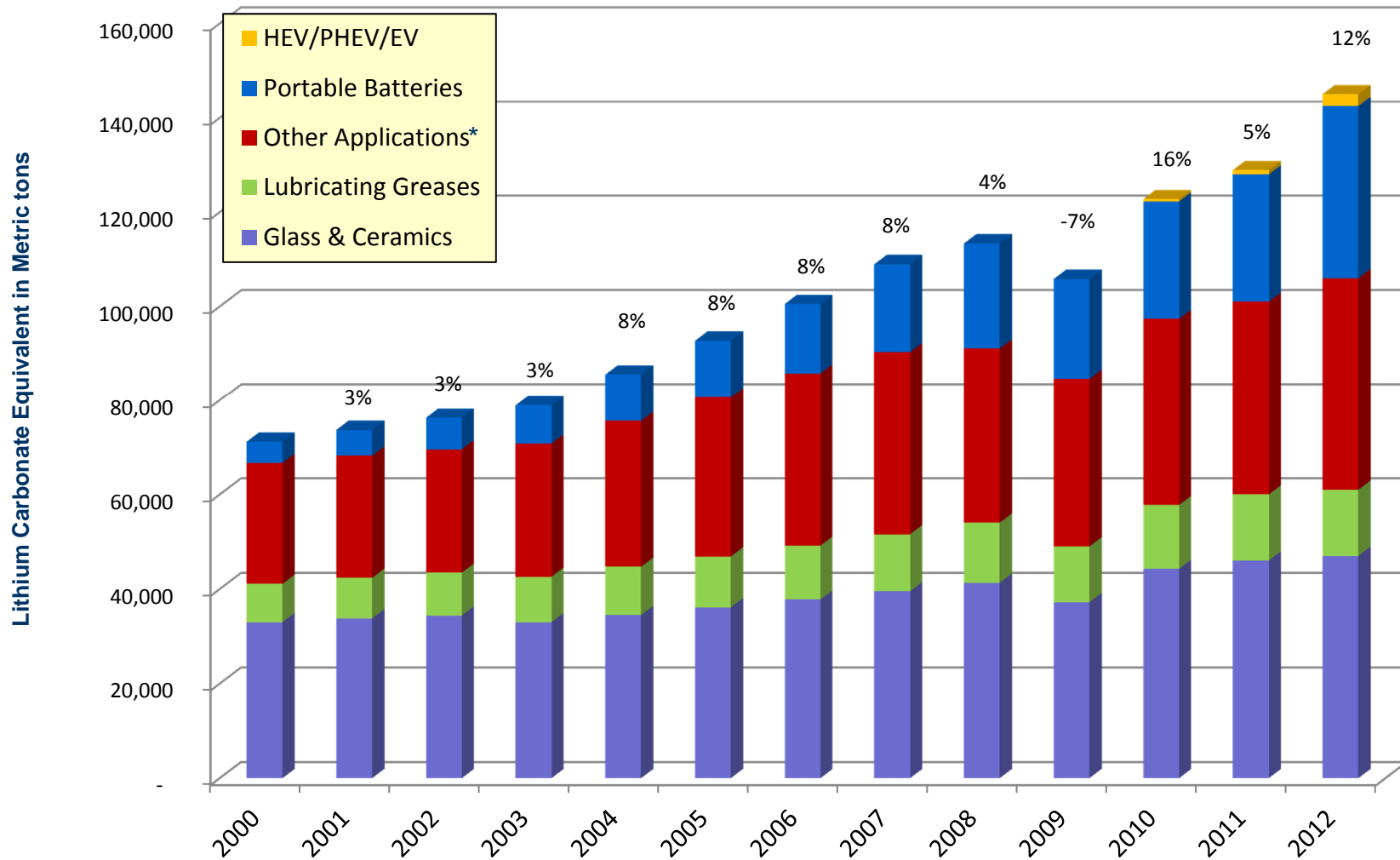


# Lithium Growth

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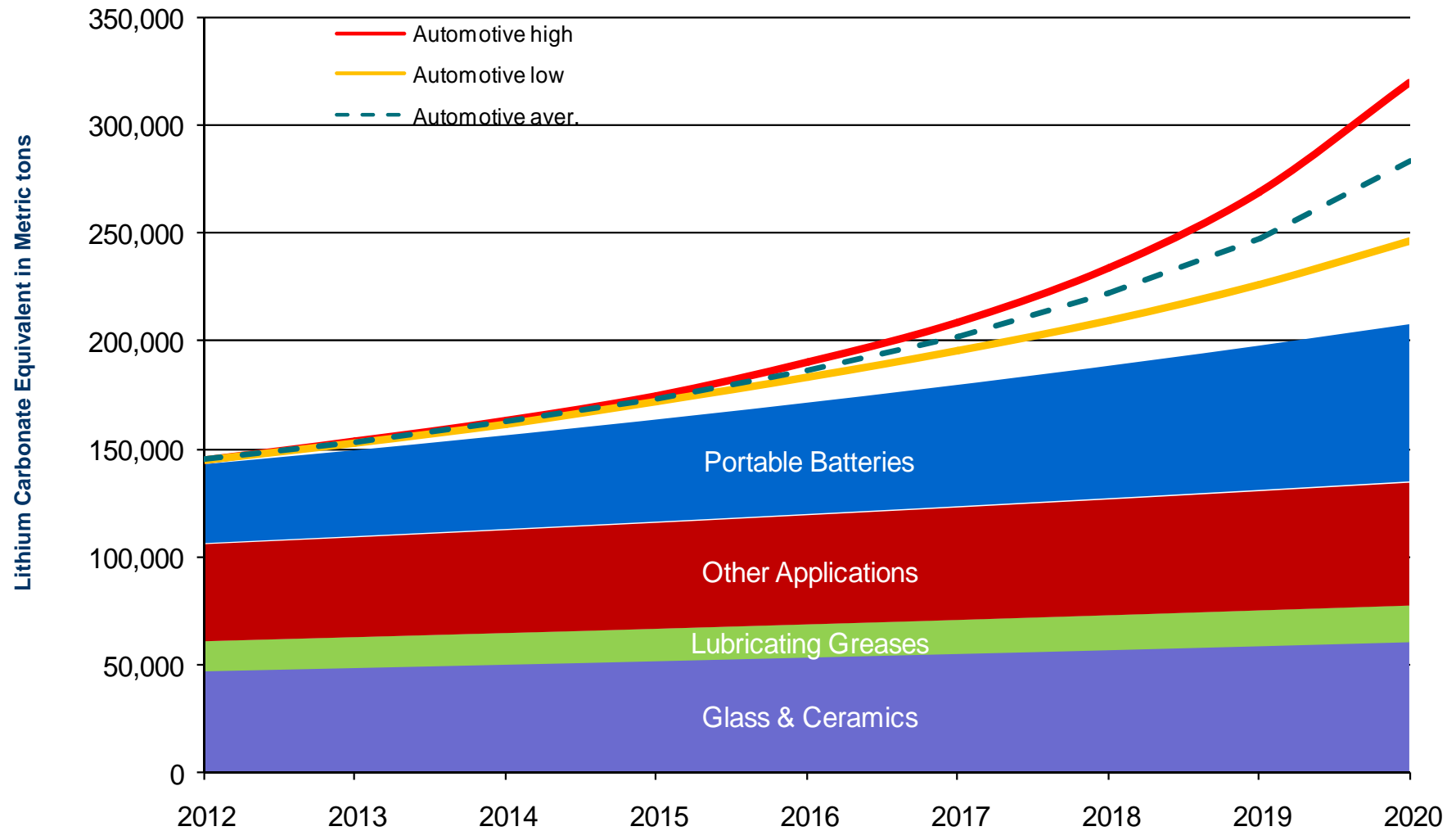
# Lithium Historical Market Development



\*Other Applications\* include air treatment, Aluminum production, rubbers

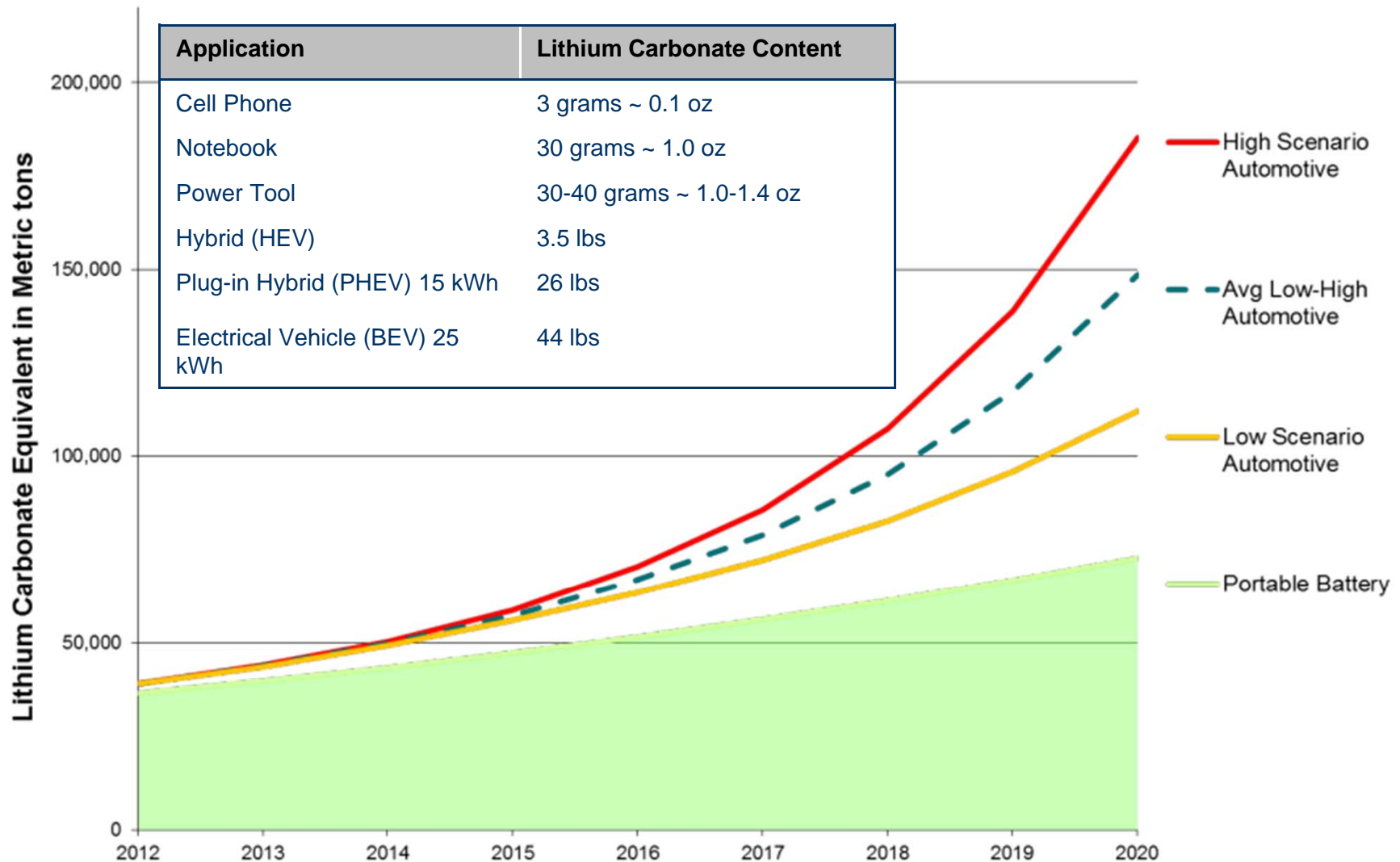
Source: Rockwood Lithium estimates

# Potential Lithium Demand Volume Scenarios



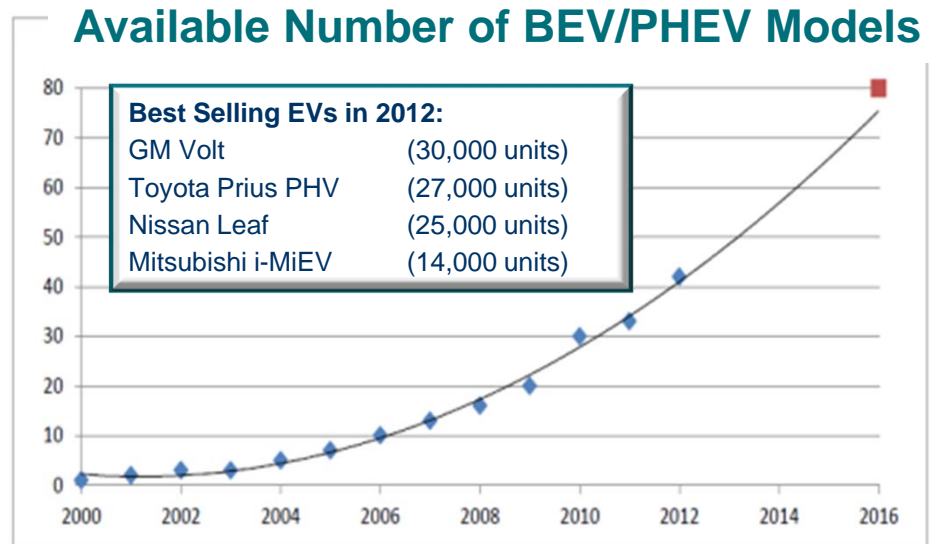
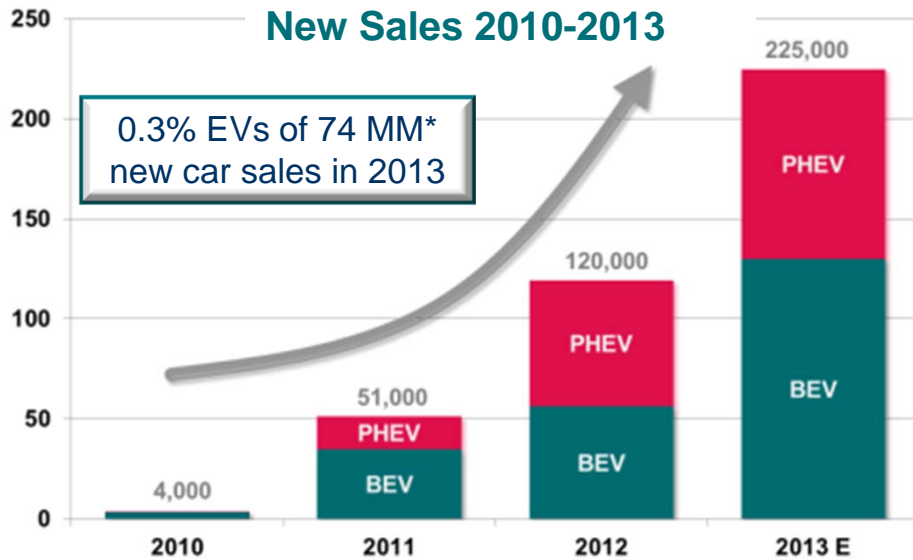
Source: Rockwood Lithium estimates and market surveys from BCG, Bloomberg, Avicenne, Roland Berger, Pike Research, Fraunhofer IST, Deutsche Bank Research, McKinsey, CTI, Anderman, JD Powers

# Potential LCE Demand for Lithium Battery (LIB) Market

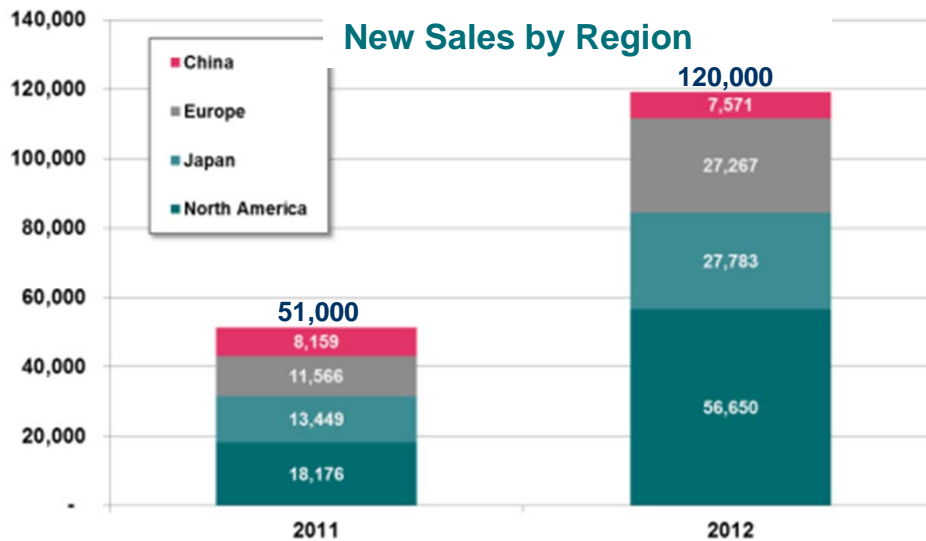


Source: Rockwood Lithium estimates and market surveys from BCG, Bloomberg, Avicenne, Roland Berger, Pike Research, Fraunhofer IST, Deutsche Bank Research, McKinsey, CTI, Anderman, JD Powers

# E-Mobility – BEV and PHEV Market Development



Source: CFA, On the road to 54 MPG, April 2013



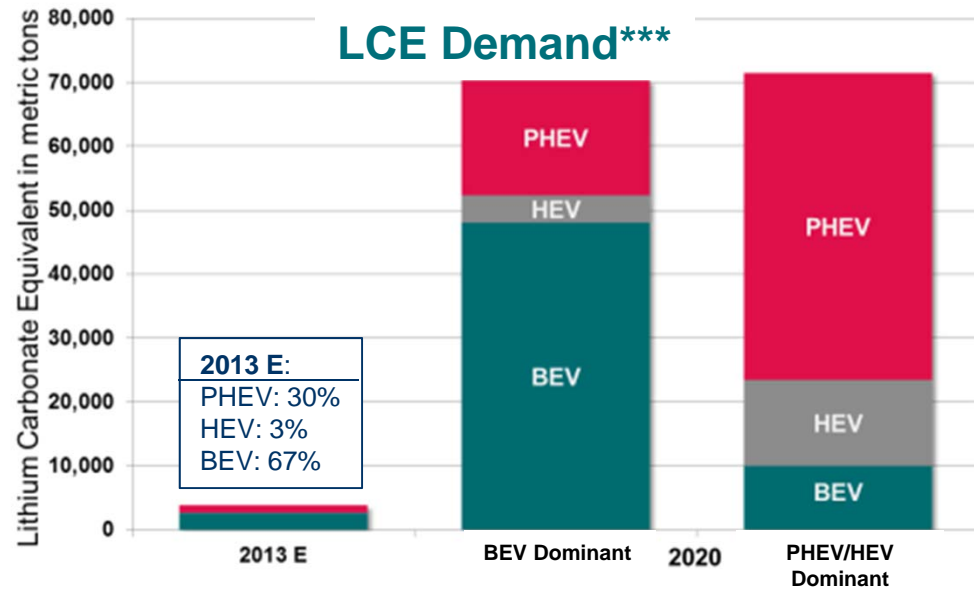
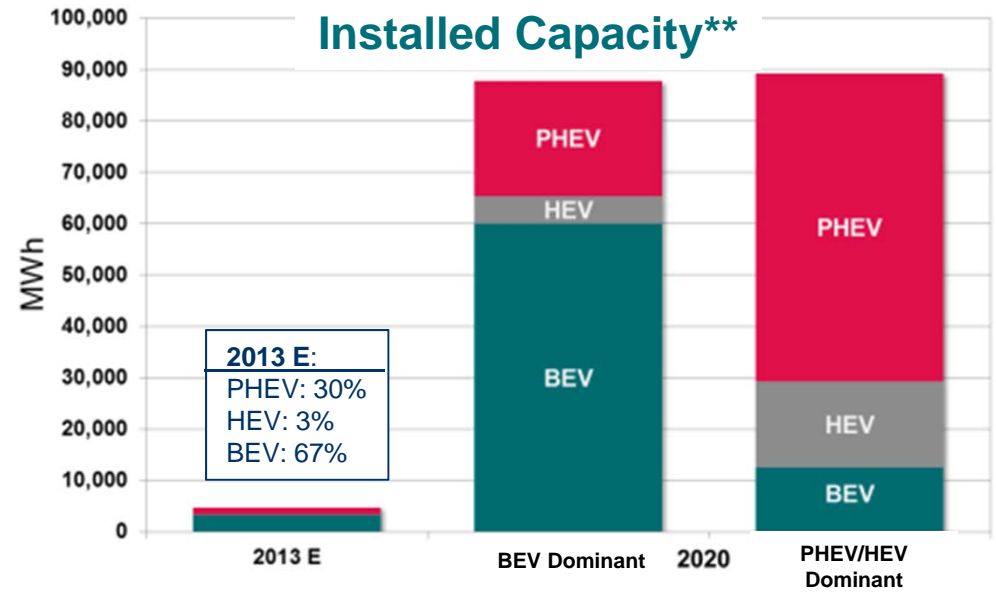
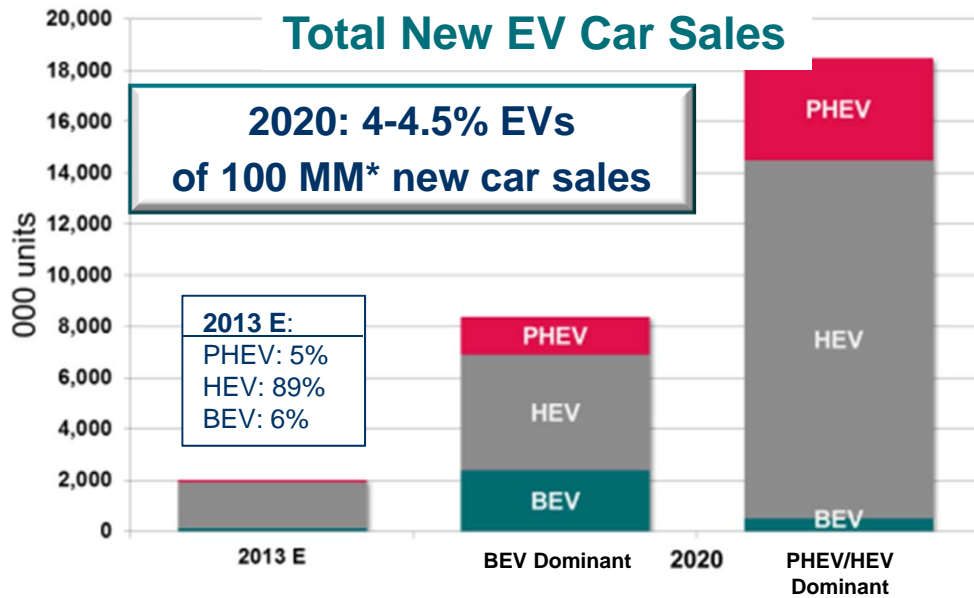
### Drivers:

- BEV and PHEV sales trends increase significantly, following on societal growing adoption of non-conventional cars (i.e., HEV)
- Global incremental increase of EV new car sales driven by US, Japan, and Europe
- Switch from conventional to alternative fuel vehicles as % of new sales driven by increased number of models available

Source: Bloomberg New Energy Finance, Rockwood Lithium

\* Estimate based on 71 MM global new car sales in 2012; HEV new car sales of 875,000 in 2010, 715,000 in 2011, 1.7 million in 2012, and estimated 1.8 million in 2013

# E-Mobility – Total EV Market Expectations by 2020



- #### Drivers:
- Increase in HEV conversion from nickel hydride to lithium battery
  - Increased financial incentives and charging infrastructure accelerates conversion from conventional vehicles to non-conventional battery and plug-in battery vehicles
  - Expected increase in PHEV car sales volumes demand same LCE volumes as with lower BEV car volume sales

Source: Bloomberg New Energy Finance, Rockwood Lithium estimates  
 NOTES: \*Assumes mid-point of 80-120 MM projection 2020 of global new car sales and 'automotive average' scenario; \*\*Calculated Assuming BEV: 25 kWh; PHEV: 15 kWh; HEV: 3 kWh; LIB-share HEV: 40% (2020); \*\*\*Conversion factor 0.8 kg LCE / kWh

# Electromobility Value Chain: Cooperation with Many Key Players!

❑ Lithium is not the cost driver for electromobility

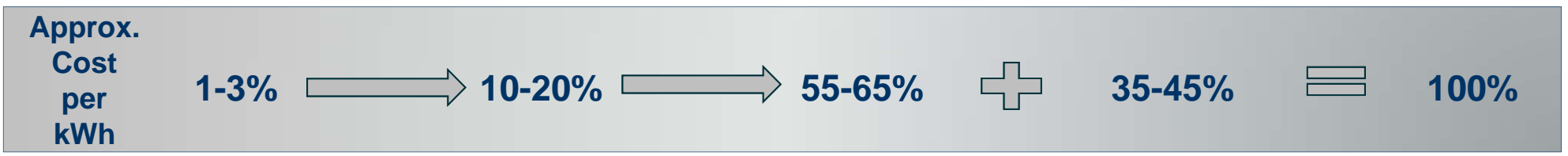
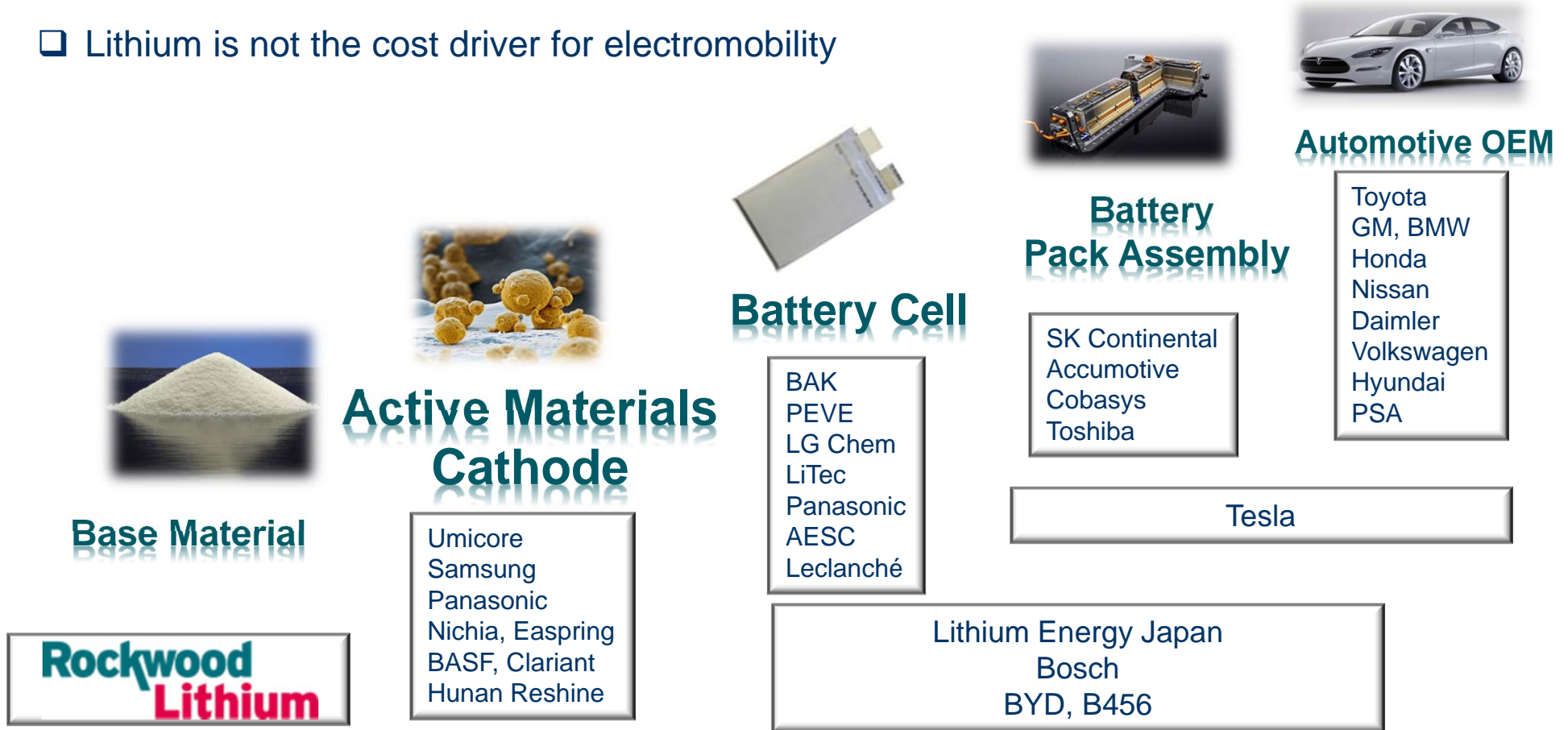


Image sources: webpages GM, Tesla, BASF

# Surface Treatment: 2nd largest global producer of products & services for metal processing



- Growing market share due to innovation and customer relationships and reputation
- Strong free cash flow generation



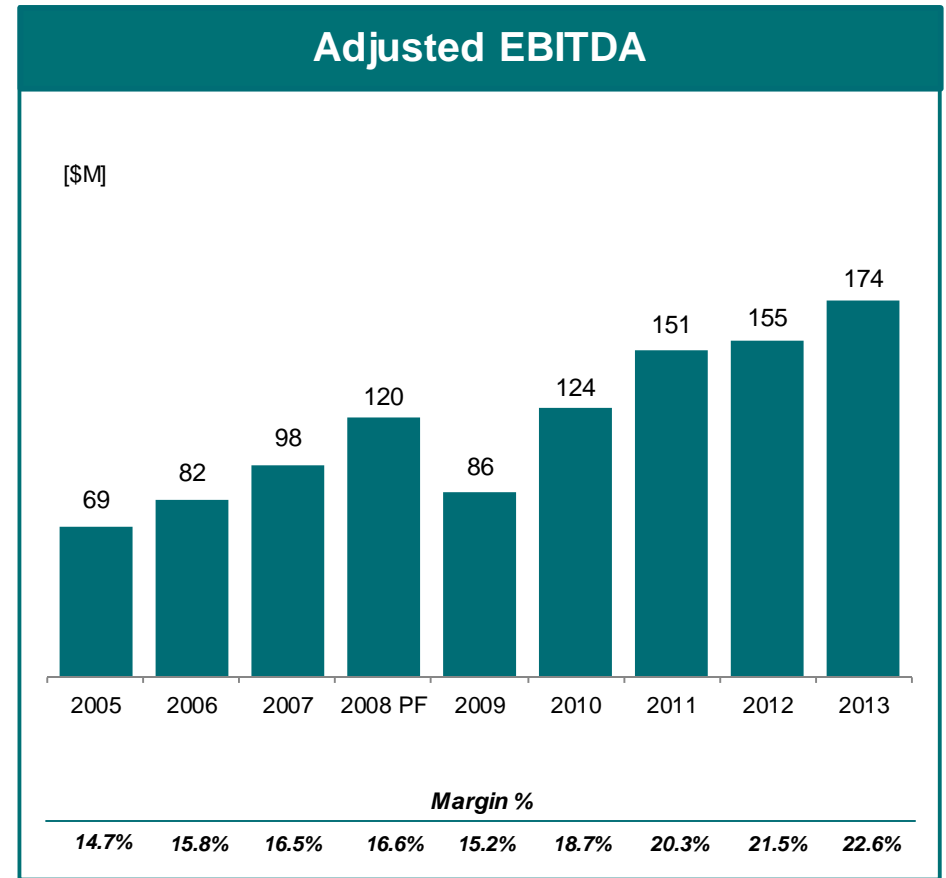
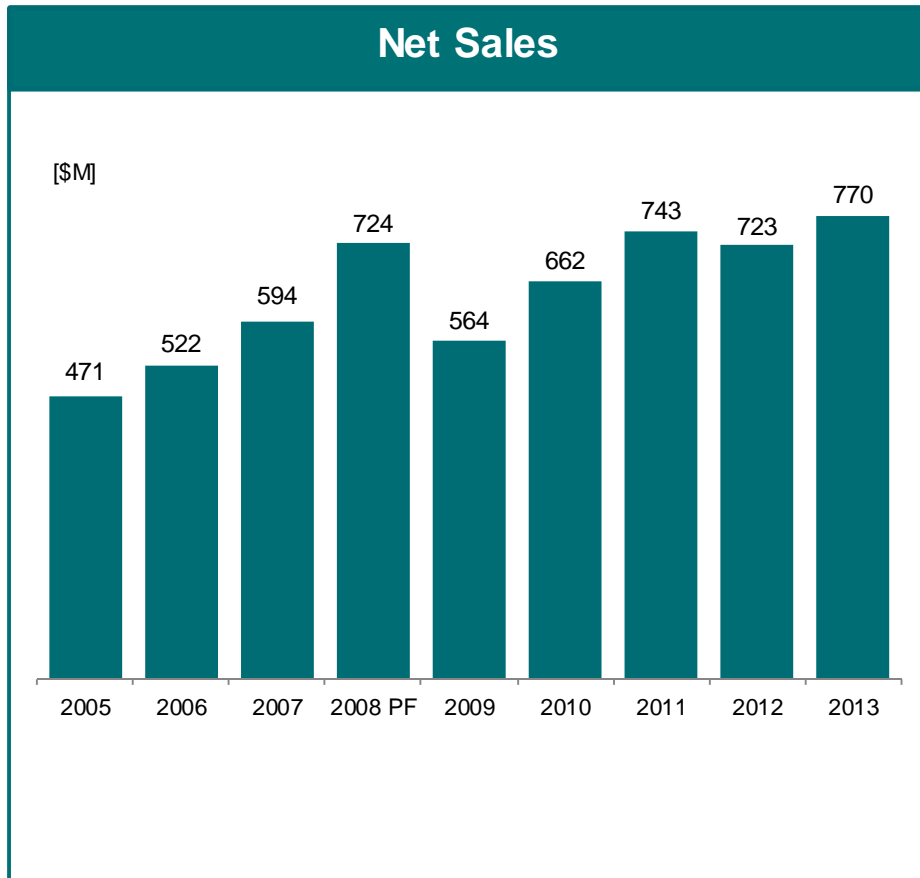


# **Chemetall: #2 Largest Global Producer of Products & Services for Metal Treatment**

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- **Sole dedicated surface treatment business with significant global presence**
- **Portfolio approach for balanced and diversified customer base across size, industries and technologies**
- **Leading reputation for top customer service, technology know-how and product innovation**
- **Robust free cash flows**

# Surface Treatment – Net Sales & Adjusted EBITDA



**Note:** FY 2008 on a proforma basis including bolt-on acquisitions.  
See Appendix for reconciliation of non-GAAP measures.

# Surface Treatment Markets



## Automotive OEM

Globally harmonized technologies available for NDT products, inhibitors, conversion coatings, cleaners, coolants, activating and passivating agents and maintenance chemicals.



## Aerospace

Sealants and sealant removers, NDT products and equipment, corrosion protection, cleaners, pretreatment and paint strippers for airframe, aircraft operation and aero-engine applications.



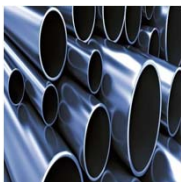
## Automotive Components

Broad portfolio of technologies from cleaners to conversion coatings for all kinds of components and substrates, such as steel or aluminium wheels, bumpers or diesel injection systems.



## Coil

A variety of technologies for coil coating and galvanizing processes. Prepainted and passivated metal sheets are used in automotive, building, electrical and packaging industries.



## Metal (Cold) Forming

Tube industry (from the blank tube to the precision tube), wire industry (from cold heading to spring steel wire) and cold extrusion (complex geometries extruded net shape).



## General Industry

Broad portfolio of metal pretreatment technologies for all kinds of applications such as furniture, garden fences, trains, electrical cabins and many more.



## Heavy Equipment

Eco-friendly and efficient technologies ensure an excellent and long-term surface quality for off-road vehicles, construction equipment, industrial machines and agricultural vehicles.



## Appliances, HVAC

Broad portfolio eco-friendly, nickel-free and chrome-free processes – from cleaners, conversion coatings, paint detackification to maintenance chemicals.



## Metal Packaging

High efficient cleaners, conversion treatments and mobility enhancers for the aluminium beverage can manufacturing.

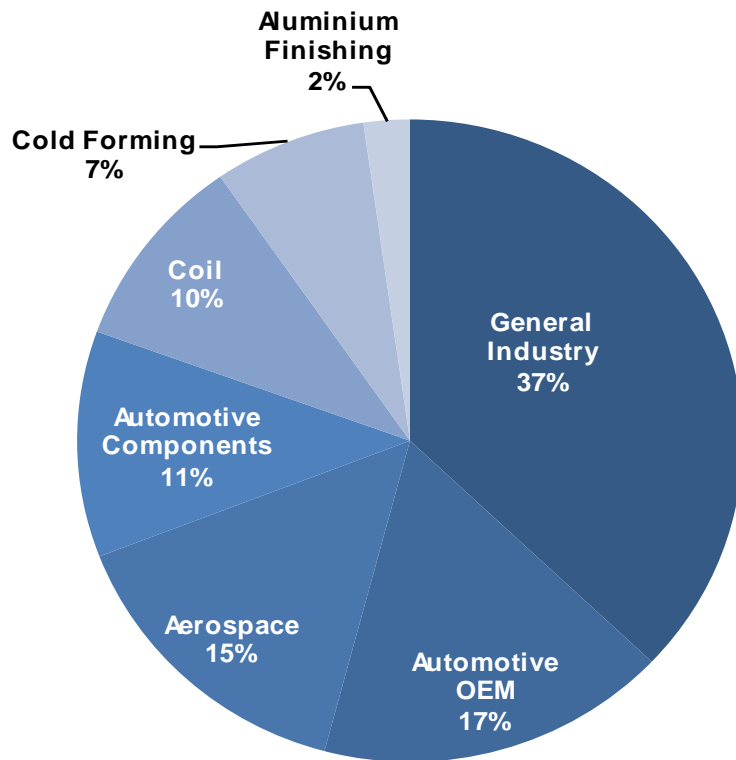


## Aluminium Finishing

Pretreatment technologies, anodizing processes and service products ensure an excellent surface in the architectural and construction industry.

# Surface Treatment – Net Sales

## ROC Net Sales by End-Market



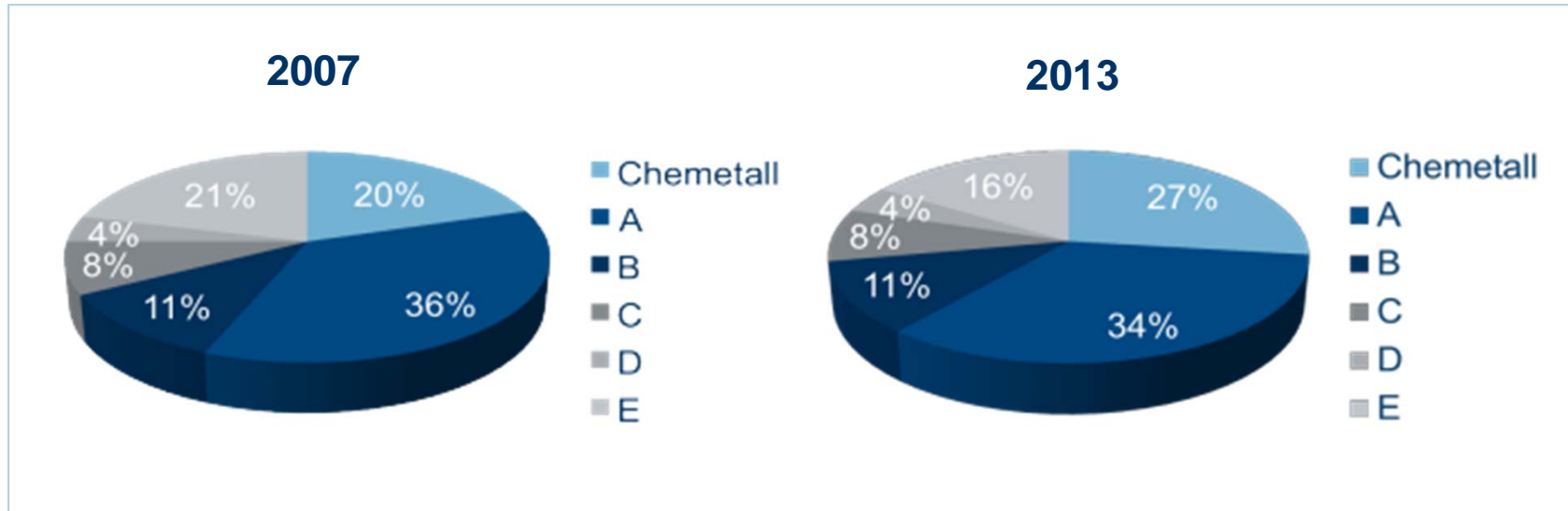
### Competitors

Henkel AG & Co. KGaA  
Nihon Parkerizing Co., Ltd.  
PPG Industries, Inc.  
Nippon Paint Co., Ltd.

### Major Customers

Daimler AG  
ArcelorMittal  
Volkswagen AG  
European Aeronautic Defense & Space Company (EADS) N.V.  
Ford  
Renault-Nissan

# Surface Treatment – Estimated Market Share



## Market Share by Segment

	<u>Estimated Total Market</u>	<u>Chemetall Net Sales</u>
+ Automotive	\$ 800 million	\$ 136 million
+ Auto Components	\$ 250 million	\$ 69 million
+ Wheels	\$ 85 million	\$ 20 million
+ Can	\$ 85 million	\$ 2 million
+ Metal Working	\$ 650 million	\$ 58 million
+ Aluminum Finishing	\$ 250 million	\$ 17 million

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# Going Forward: Further Enhancing Shareholder Value

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# Rockwood Strategy to Further Enhance Shareholder Value

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➤ **Drive top tier growth in core businesses:**

- Lithium and Surface Treatment

Portfolio

➤ **Allocate a significant amount of our cash on hand to:**

- Promote organic growth; and

- Make acquisitions that are accretive, create value, and meet Rockwood's strategic criteria:

Focus  
Oil & Gas  
Production

→ Leading global market position with #1 or #2 market share

→ Adjusted EBITDA margin of 25%+

Improve  
Financial Ratios

→ Global industry technology leader

→ Limited exposure to oil-based raw materials

Invest in

➤ **Continue return of capital to shareholders**

The Business

- Announced (November 12) new share repurchase authorization of up to \$500 million over the next 2 years
- Targeted dividend yield of 2.8% to 3.2%

**Talison Acquisition is a Perfect Match to Our Strategic Criteria for Acquisitions**

**Transaction Rationale**

- Secure access to another significant lithium reserve, in addition to our resources in the U.S. and Chile; Talison's mine is estimated to be the world's largest and richest source of spodumene lithium
- Forms joint venture with China's leading lithium company
- A totally logical use of cash on hand in our core business consistent with our strategic plan...

**Investment Criteria**

- ✓ Market-leading business niche positions
- ✓ Technology leadership
- ✓ Adjusted EBITDA margins in the mid-30%
- ✓ Strong Free Cash Flow
- ✓ Limited exposure to oil-based raw materials

**...And this acquisition has the potential to be accretive to Rockwood's results at least by 50 to 55 cents per share<sup>(1)</sup> in the first year.**

(1) Including interest income



## 2014 Strategic Initiatives: Deliver Shareholder Value and Drive Growth

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- ❑ Launch new \$500 million share repurchase program
- ❑ Target dividend yield in range of 2.8% to 3.2%
- ❑ Complete acquisition of 49% interest in Talison
- ❑ Close on sale of Tio2 and four other non-strategic businesses to Huntsman
- ❑ Deliver on targeted Adjusted EBITDA margins
- ❑ Allocate excess cash on hand for accretive investments



# Maximizing Shareholder Value

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March 2014



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# Appendices

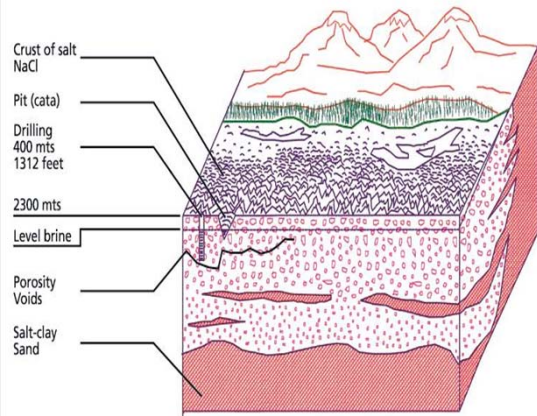
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# Main Sources for Lithium

## Brines from Salars

Lithium deposits in brines



## Minerals

(Spodumene, Hectorite, Jadarite)

Spodumene



Lithium carbonate from Spodumene



## Recycling

(Recycling of Lithium from Battery Materials)



# Rockwood's Lithium Brine Sources

- Foote Mineral, Now Rockwood Lithium was the pioneer developer of brine recovery systems... **most experienced**
- Volcanic activity & weathering of volcanic rocks release lithium resulting in unique resources
- Desert environment to evaporate water and concentrate lithium salts **enabling use of solar evaporation**
- Closed geologic basins **resulting in some of the highest lithium concentrations globally**
- Good chemistry to allow further concentration and processing at **low cost**



# Rockwood's Agreement to Acquire 49% Direct Interest in Talison's Lithium Spodumene Resources<sup>(2)</sup>

- Talison produces lithium-bearing mineral spodumene and produces lithium concentrate at Greenbushes, Australia, located approximately 250 kilometers south of Perth
- Talison owns the largest spodumene mine worldwide with 61.5Mt of proven and probable mineral reserves at 2.8% Li<sub>2</sub>O<sup>(1)</sup>, with current mine life of 40 years
- Low cost producer of technical and chemical grade lithium concentrates
  - Technical-grade lithium concentrates which have low iron content for use in the manufacture of, among other applications, glass, ceramics and heat-proof cookware
  - High-yielding chemical-grade lithium concentrate which is used as raw material to produce lithium chemicals which form the basis for manufacture of, among other applications, lithium-ion batteries for laptop computers, mobile phones, electric bicycles and electric vehicles
- Talison supplies the majority of China's lithium concentrate needs

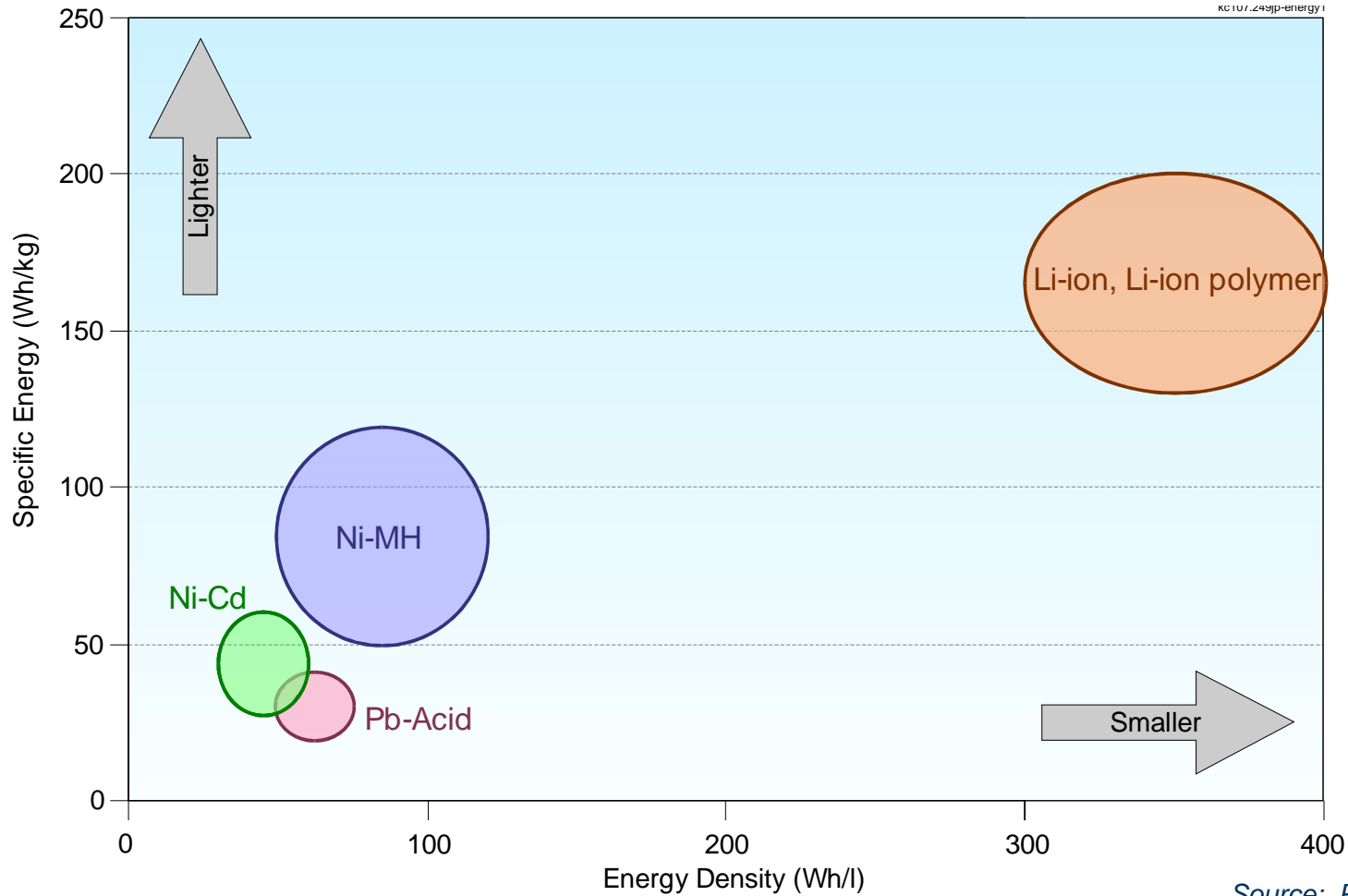
(1) As of September 2012. Source: NI43-101 Technical Report dated December 21, 2012

(2) Subject to approval



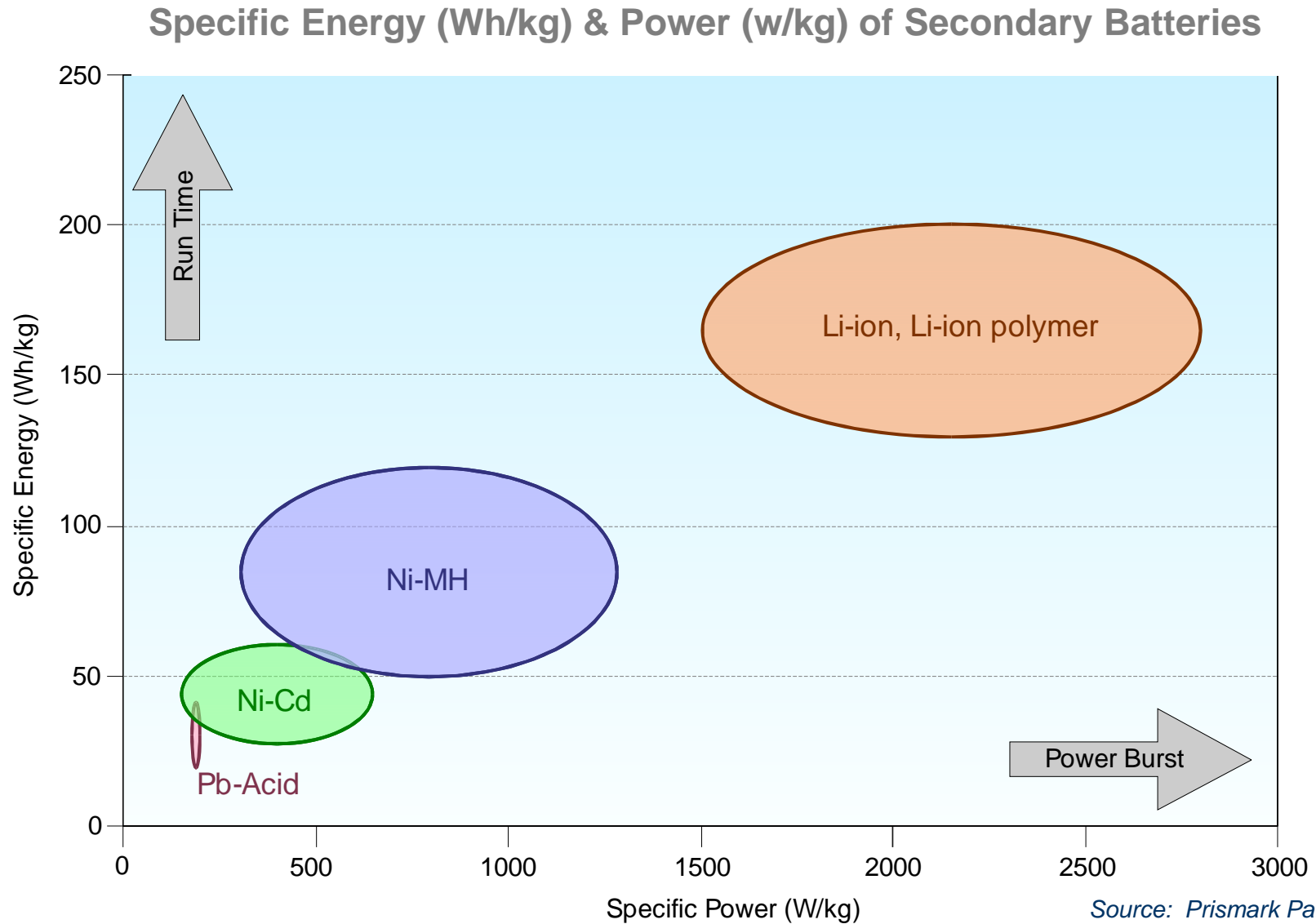
# Battery Material Characteristics (size & weight)

Specific Energy & Energy Density of Secondary Batteries



Source: Prismark Partners LLC

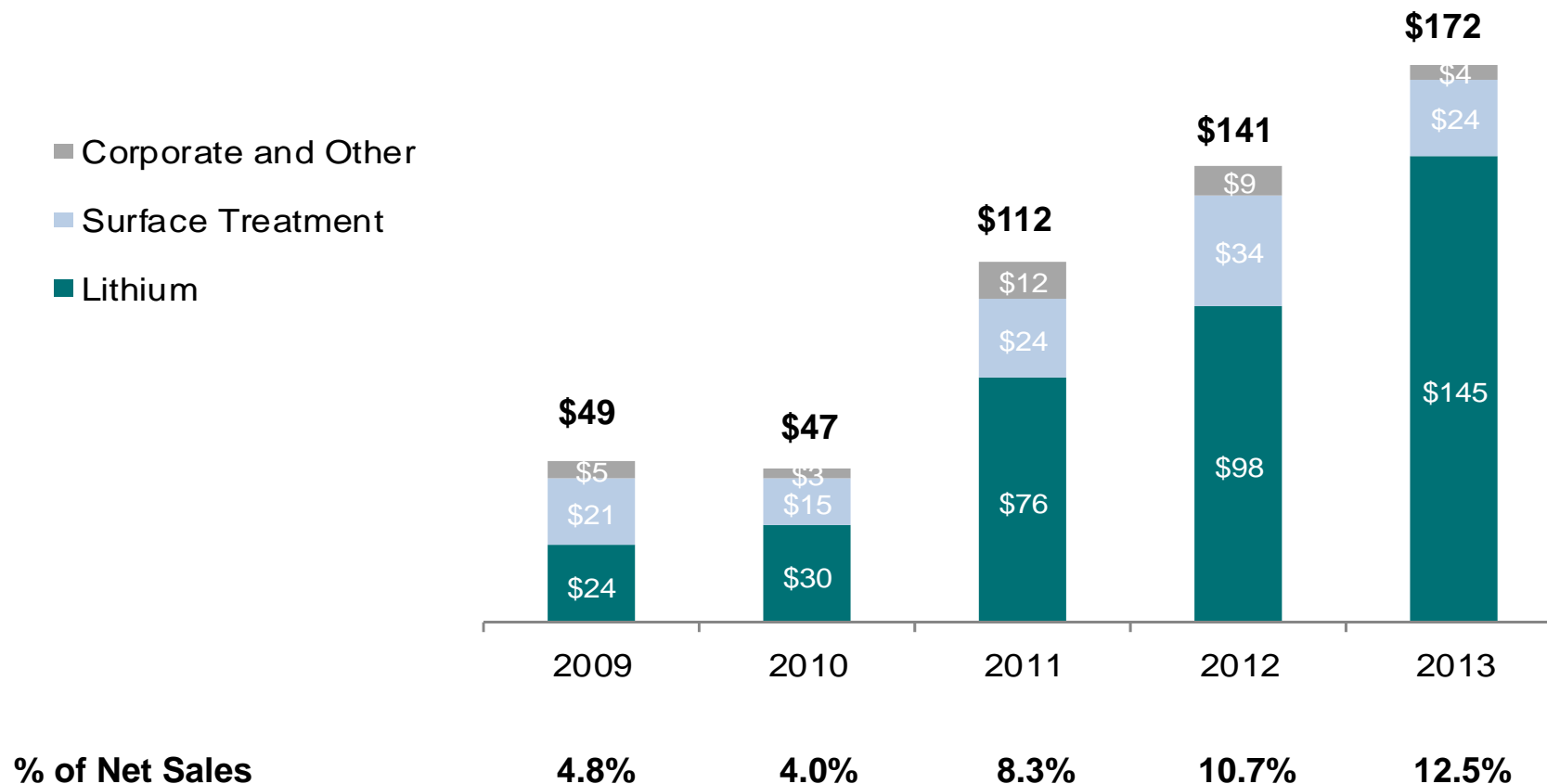
# Battery Material Characteristics (power & storage)





# ROC Investing in the Business: Maintenance and Growth Capital Expenditures for Continuing Operations

(\$ in millions)



Note: Lithium CapEx numbers for periods 2013, 2012, 2011 and 2010 are net of government grants of \$2.2M, \$9.4M, \$16.0M and \$3.2M, respectively.

# Consolidated Net Debt

(\$M)	December 31, 2012	December 31, 2013
<b>LTM Adj EBITDA:</b>		
Continuing Operations	321.1	323.3
Discontinued Operations	453.2	270.3
<b>Total LTM Adj EBITDA</b>	<b>\$774.3</b>	<b>\$593.6</b>
<b><u>Net Debt</u></b> <sup>(a)</sup>		
Rockwood Term Loans	924.1	-
TiO2 Venture Term Loans	514.5	-
Other Debt	63.1	53.9
Sr. Sub. Notes	1,250.0	1,250.0
<b>Total Debt</b>	<b>\$2,751.8</b>	<b>\$1,303.9</b>
Cash	(1,273.6)	(1,524.6)
<b>Net Debt</b>	<b>\$1,478.2</b>	<b>-\$220.7</b>
<b>Net Debt / LTM Adj. EBITDA</b>	<b>1.91 x</b>	<b>-0.37 x</b>
<b>Secured Debt / LTM Adj. EBITDA</b>	<b>1.93 x</b>	<b>0.07 x</b>

(a) All Euro denominated debt is converted at the balance sheet rate (\$1.32 at Dec. 31, 2012 and \$1.37 at Dec. 31, 2013)

Note: Above amounts include discontinued operations.

# ROC Free Cash Flow (a)

(\$M)	Full Year 2013	Full Year 2012
<b>Total Adjusted EBITDA</b>	<b>\$593.6</b>	<b>\$774.3</b>
WC Change <sup>(b)</sup>	50.2	(190.4)
Cash Taxes	(86.6)	(49.5)
Cash Interest	(93.1)	(54.7)
<b>Adjusted Cash From Operating Activities <sup>(c)</sup></b>	<b>\$464.1</b>	<b>\$479.7</b>
CAPEX <sup>(d)</sup>	(354.0)	(291.8)
Proceeds on Sale of Assets	2.9	2.2
<b>Free Cash Flow <sup>(a) (e)</sup></b>	<b>\$113.0</b>	<b>\$190.1</b>

- (a) Includes free cash flow for discontinued operations.
- (b) Includes changes in accounts receivable, inventories, prepaid expenses, accounts payable, income taxes payable and accrued expenses. All figures net of the effect of foreign currency translation and impact of acquisitions and divestitures.
- (c) Excludes \$44.1 million and \$4.4 million for the fourth quarter of 2013 and 2012, respectively and \$103.8 million and \$27.9 million for full year 2013 and 2012, respectively, for the cash impact of adjustments made to EBITDA under the former senior secured credit agreement and indenture governing the Senior Notes due in 2020.
- (d) CAPEX net of government grants received.
- (e) Free Cash Flow excludes share repurchases of \$400.0 million in 2013, respectively, and dividends paid of \$32.9 million and \$127.6 million in the fourth quarter and full year 2013, respectively.

# Inc. from Cont. Ops. To Adjusted EBITDA – FY 2013 and FY 2012

(\$ in millions)	Continuing Operations			Discontinued Operations (a)	Total
	Lithium	Surface Treatment	Corporate and other		
<b>Year ended December 31, 2013</b>					
Income (loss) before taxes from continuing operations	\$ 114.5	\$ 131.6	\$ (200.7)	\$ -	\$ 45.4
Interest expense, net	1.6	11.8	68.9	-	82.3
Depreciation and amortization	46.0	31.4	16.1	-	93.5
Restructuring and other severance costs	8.2	6.0	3.3	-	17.5
Systems/organization establishment expenses	1.1	1.0	0.1	-	2.2
Acquisition and disposal costs	0.1	2.8	6.0	-	8.9
Loss on early extinguishment/modification of debt	2.2	3.1	10.2	-	15.5
Asset write-downs and other	4.0	0.1	-	-	4.1
Gain on previously held equity interest	-	(16.0)	-	-	(16.0)
Foreign exchange loss on financing activities, net	4.1	1.2	61.8	-	67.1
Other	-	1.3	1.5	-	2.8
Adjusted EBITDA from continuing operations	181.8	174.3	(32.8)	-	323.3
Discontinued operations	-	-	-	270.3	270.3
<b>Total Adjusted EBITDA</b>	<b>\$ 181.8</b>	<b>\$ 174.3</b>	<b>\$ (32.8)</b>	<b>\$ 270.3</b>	<b>\$ 593.6</b>
<b>Year ended December 31, 2012</b>					
Income (loss) before taxes from continuing operations	\$ 98.8	\$ 91.6	\$ (82.3)	\$ -	\$ 108.1
Interest expense, net	3.3	15.6	45.6	-	64.5
Depreciation and amortization	44.2	31.9	13.2	-	89.3
Restructuring and other severance costs	26.1	8.0	1.2	-	35.3
Systems/organization establishment expenses	0.6	1.4	-	-	2.0
Acquisition and disposal costs	-	0.2	(2.3)	-	(2.1)
Loss on early extinguishment/modification of debt	2.6	3.0	6.4	-	12.0
Asset write-downs and other	0.1	0.2	-	-	0.3
Foreign exchange loss on financing activities, net	6.2	3.0	1.1	-	10.3
Other	-	0.3	1.1	-	1.4
Adjusted EBITDA from continuing operations	181.9	155.2	(16.0)	-	321.1
Discontinued operations	-	-	-	453.2	453.2
<b>Total Adjusted EBITDA</b>	<b>\$ 181.9</b>	<b>\$ 155.2</b>	<b>\$ (16.0)</b>	<b>\$ 453.2</b>	<b>\$ 774.3</b>

(a) Discontinued operations comprised of Advanced Ceramics, Clay-based Additives and TiO2 Pigments and Other businesses.

# Inc. from Cont. Ops. To Adjusted EBITDA – Lithium and Surface Treatment

## Lithium

(\$ in millions)	Year ended December 31,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Income from continuing operations before taxes	\$ 114.5	\$ 98.8	\$ 118.0	\$ 85.5	\$ 70.7	\$ 117.9	\$ 89.0	\$ 53.2	\$ 41.4	
Interest expense, net	1.6	3.3	7.4	20.7	27.2	27.6	25.7	26.4	22.9	
Depreciation and amortization	46.0	44.2	41.4	37.1	35.2	36.3	32.1	27.6	26.0	
Restructuring and other severance costs	8.2	26.1	3.2	-	0.5	1.3	0.3	0.8	0.8	
Systems/organization establishment expenses	1.1	0.6	-	-	-	-	-	-	-	
Loss on early extinguishment/modification of debt	2.2	2.6	2.9	0.2	5.8	-	-	-	-	
Asset write-downs and other	4.0	0.1	0.1	0.3	(0.1)	0.2	(0.3)	0.2	-	
Foreign exchange loss (gain) on financing activities, net	4.1	6.2	(2.8)	0.6	1.7	(2.4)	(0.6)	(0.1)	0.3	
Other	0.1	-	-	-	0.2	-	-	1.3	-	
Adjusted EBITDA	<u>\$ 181.8</u>	<u>\$ 181.9</u>	<u>\$ 170.2</u>	<u>\$ 144.4</u>	<u>\$ 141.2</u>	<u>\$ 180.9</u>	<u>\$ 146.2</u>	<u>\$ 109.4</u>	<u>\$ 91.4</u>	

## Surface Treatment

(\$ in millions)	Year ended December 31,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	
Income (loss) from continuing operations before taxes	\$ 131.6	\$ 91.6	\$ 80.3	\$ 55.5	\$ 8.3	\$ 43.2	\$ 67.1	\$ 49.5	\$ 42.8	
Interest expense, net	11.8	15.6	20.6	30.3	34.0	20.8	10.5	13.1	7.1	
Depreciation and amortization	31.4	31.9	33.1	33.6	35.3	29.8	19.6	17.7	16.5	
Restructuring and other severance costs	6.0	8.0	8.0	2.0	5.2	15.9	2.3	1.1	-	
Systems/organization establishment expenses	1.0	1.4	0.8	1.0	0.7	2.7	(0.4)	0.1	3.4	
Acquisition and disposal costs	2.8	0.2	0.1	0.1	0.1	-	0.1	1.0	(0.1)	
Loss on early extinguishment of debt	3.1	3.0	4.8	0.4	5.2	-	-	-	-	
Asset write-downs and other	0.1	0.2	0.1	1.5	0.4	(1.5)	0.1	0.1	(1.7)	
Gain on previously held equity interest	(16.0)	-	-	-	-	-	-	-	-	
Foreign exchange loss (gain) on financing activities, net	1.2	3.0	3.0	(0.2)	(5.9)	5.3	-	0.5	1.6	
Other	1.3	0.3	0.2	(0.1)	2.4	0.3	(1.1)	(0.8)	(0.4)	
Proforma Adjustments (a)	-	-	-	-	-	3.7	-	-	-	
Adjusted EBITDA	<u>\$ 174.3</u>	<u>\$ 155.2</u>	<u>\$ 151.0</u>	<u>\$ 124.1</u>	<u>\$ 85.7</u>	<u>\$ 120.2</u>	<u>\$ 98.2</u>	<u>\$ 82.3</u>	<u>\$ 69.2</u>	

# Net Cash from Operations to Adjusted EBITDA

(\$ in millions)	Year ended December 31,	
	2013	2012
Net cash provided by operating activities	\$ 120.8	\$ 149.0
Changes in assets and liabilities, net of the effect of foreign currency translation and acquisitions	49.6	43.2
Current portion of income tax provision	44.4	32.5
Interest expense, net, excluding amortization of deferred financing costs and unrealized losses/gains on derivatives	77.9	60.5
Restructuring and other severance costs	17.5	35.3
Systems/organization establishment expenses	2.2	2.0
Acquisition and disposal costs	8.9	(2.1)
Bad debt provision	(0.8)	(0.7)
Other	2.8	1.4
Adjusted EBITDA from continuing operations	323.3	321.1
Discontinued operations	270.3	453.2
Total Adjusted EBITDA	\$ 593.6	\$ 774.3

# Free Cash Flow Reconciliation

(\$ in millions)	Year ended December 31,	
	2013	2012
Net cash provided by operating activities	\$ 360.3	\$ 449.1
Capital expenditures, net (a)	(354.0)	(291.8)
Acquisition and disposal costs	60.2	4.3
Restructuring charges	20.2	16.7
Interest rate swap termination payment	3.7	-
Excess tax benefits from stock-based payment arrangements	17.0	3.7
Other (b)	5.6	8.1
Free cash flow (c)	<u>\$ 113.0</u>	<u>\$ 190.1</u>

(a) Net of government grants received and proceeds on sale of assets.

(b) These amounts represent the cash impact of adjustments made to Adjusted EBITDA permitted under the Company's indenture underlying the 2020 Notes and the former senior secured credit agreement.

(c) Free cash flow includes discontinued operations.

# Rockwood

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