

EXECUTING

# TRANSFORMATION

AND INVESTING IN GROWTH

# TRANSFORM AND DIVEST TO THRIVE

Transformation and Portfolio Restructuring for Sustainable Performance and Optimal Returns

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# Value Creation in Distressed Businesses

## Challenges and Focus



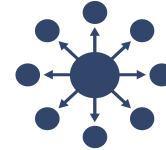
### Streamline Operations

- Operational excellence
- Cost effectiveness
- EBITDA and Cash-flow generation



### Restructure Debt

- Avert liquidity pressures
- Flexible structuring
- Renegotiate maturities, covenants, tenors



### Divest Non-Core Assets

- Shift focus to core assets
- Raise cash and de-leverage
- Profitable growth and returns



### Optimize Capital Structure

- Sustainable structure
- Debt capacity to fund growth
- Maintain reasonable Net Debt to EBITDA

# Streamline Operations

## Organizational Focus and Optimization

Headcount reduction accounted for only 15-20% of total financial savings; more importantly, it created a sense of urgency and focused employees on their core tasks

### Headcount Reduction

- From ~9,000 to ~6,500 employees (~30% reduction)
- 8 different countries, some with labor unions
- EBITDA impact SR ~300 mln (50% impact delivered in a year)

### Shared Services with an effective Corporate HQ

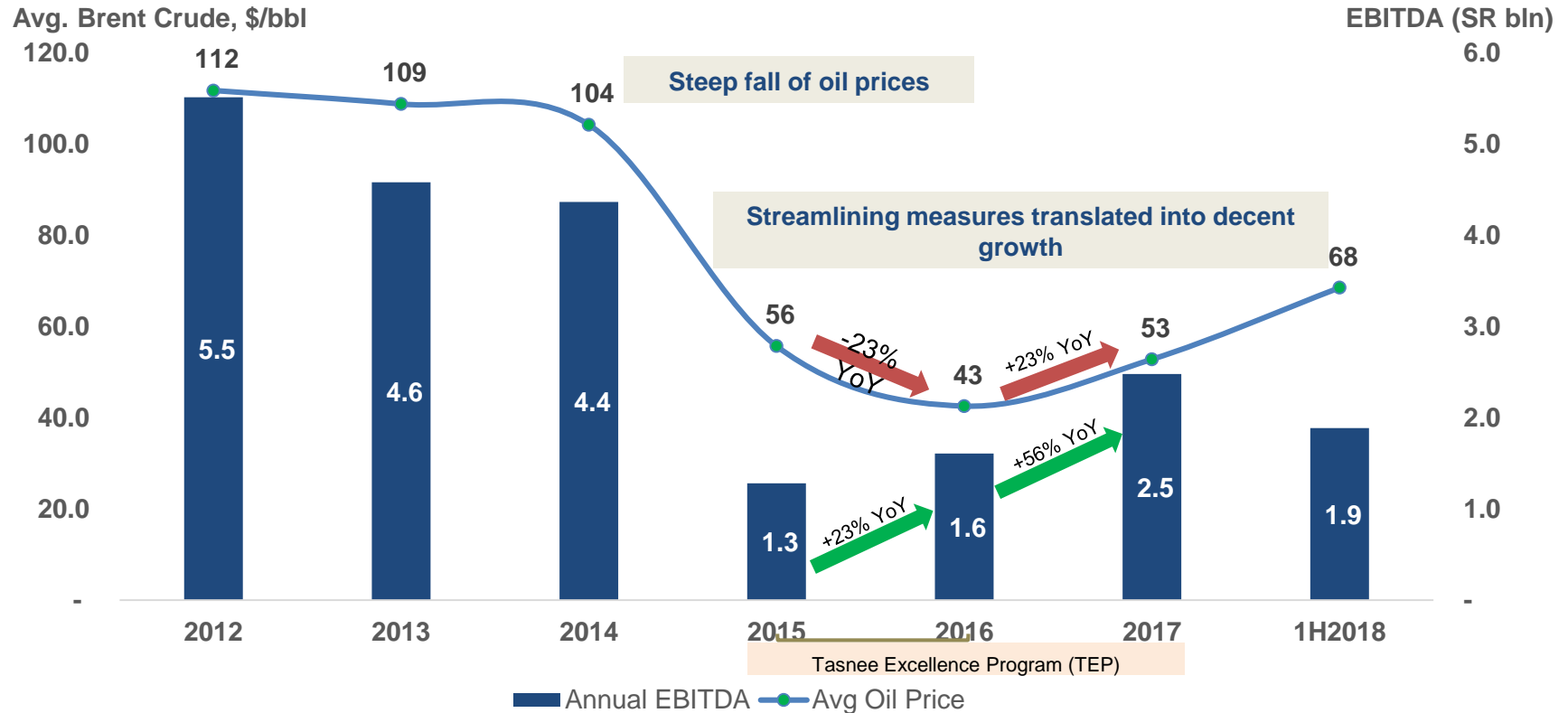
- Centralized all support functions to leverage synergies
- Centralized treasury and tax structuring/optimization
- Enforced corporate policies and procedures

### Focused SBUs

- SBU focus on:
  - Make-sell-ship
  - Operational excellence
  - Cost optimization

# Streamline Operations

EBITDA improvement, despite cyclical downturn and low oil prices



Source: Bloomberg, Audited Financials

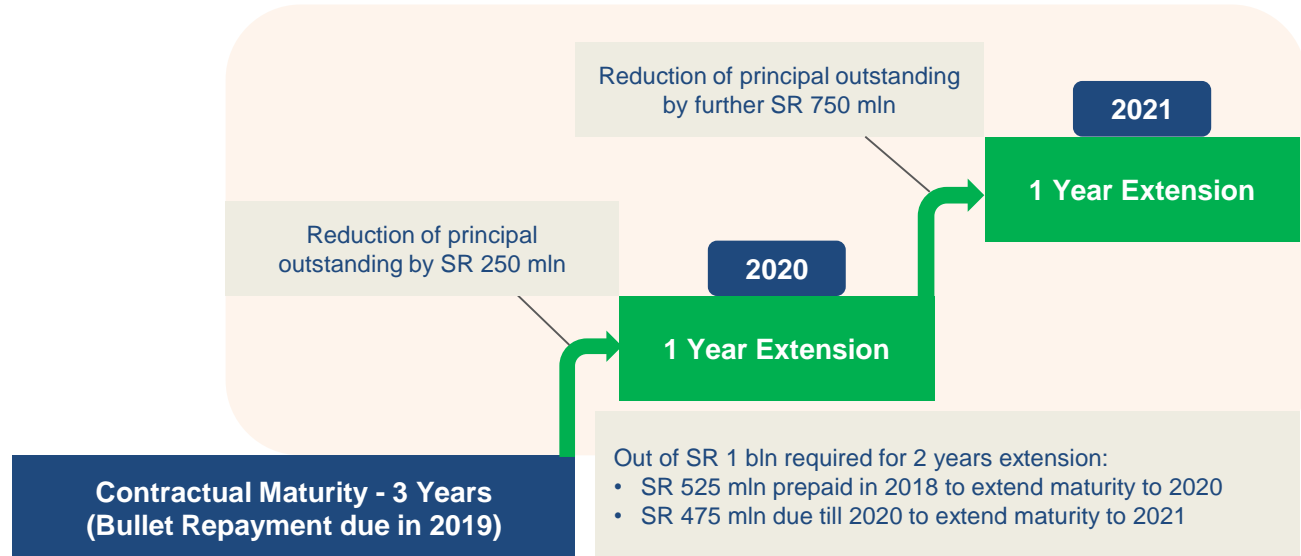
# Cristal Debt Refinancing

Award winning debt restructuring completed in record time

In 2016, Cristal funded and unfunded bank debt restructured ~SR 7 bln (within 6 months):

- Bi-laterals converted into a syndicated profile
- Bullet repayment with conditional step-up maturity provision for 5 years (3+1+1 years)
- Extended maturities
- Flexible dual-tranche pricing structure
- Flexibility to reduce average margin

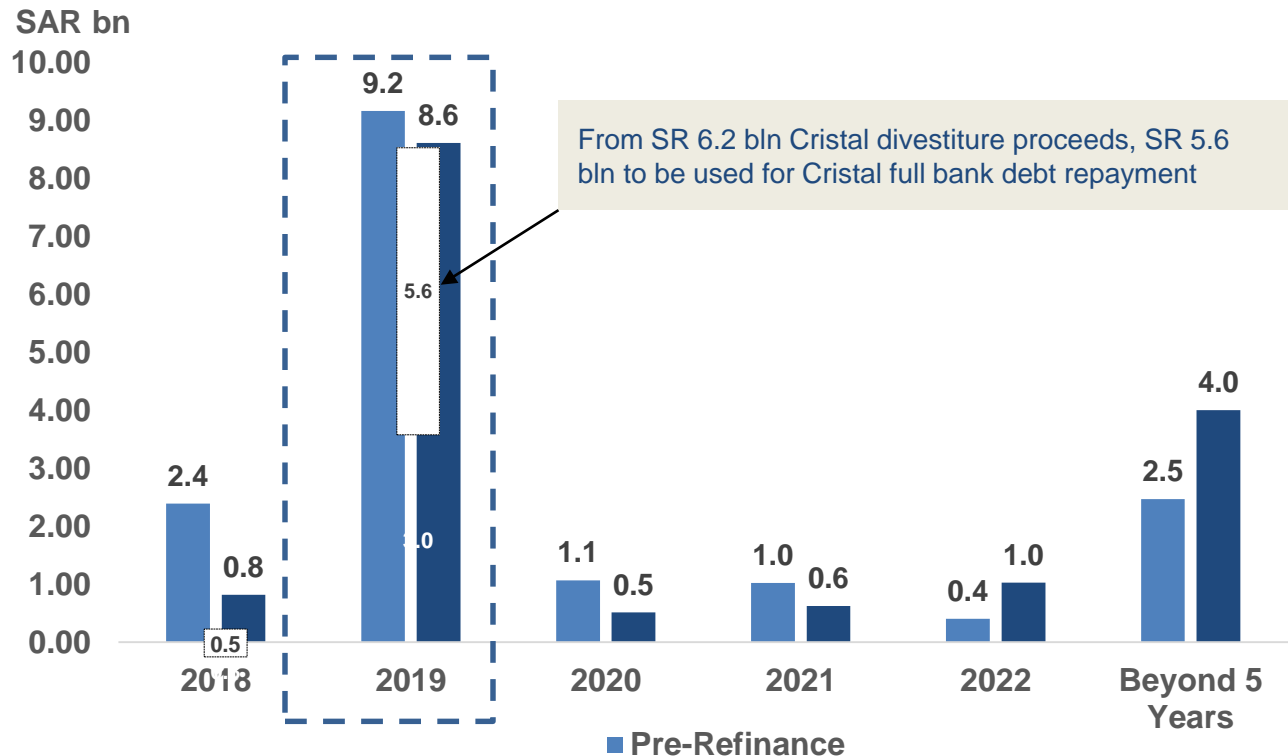
## Cristal Debt Restructuring: 3+1+1 Step-up Maturity Provision



# TASNEE Debt Refinancing

## Alleviating liquidity constraints

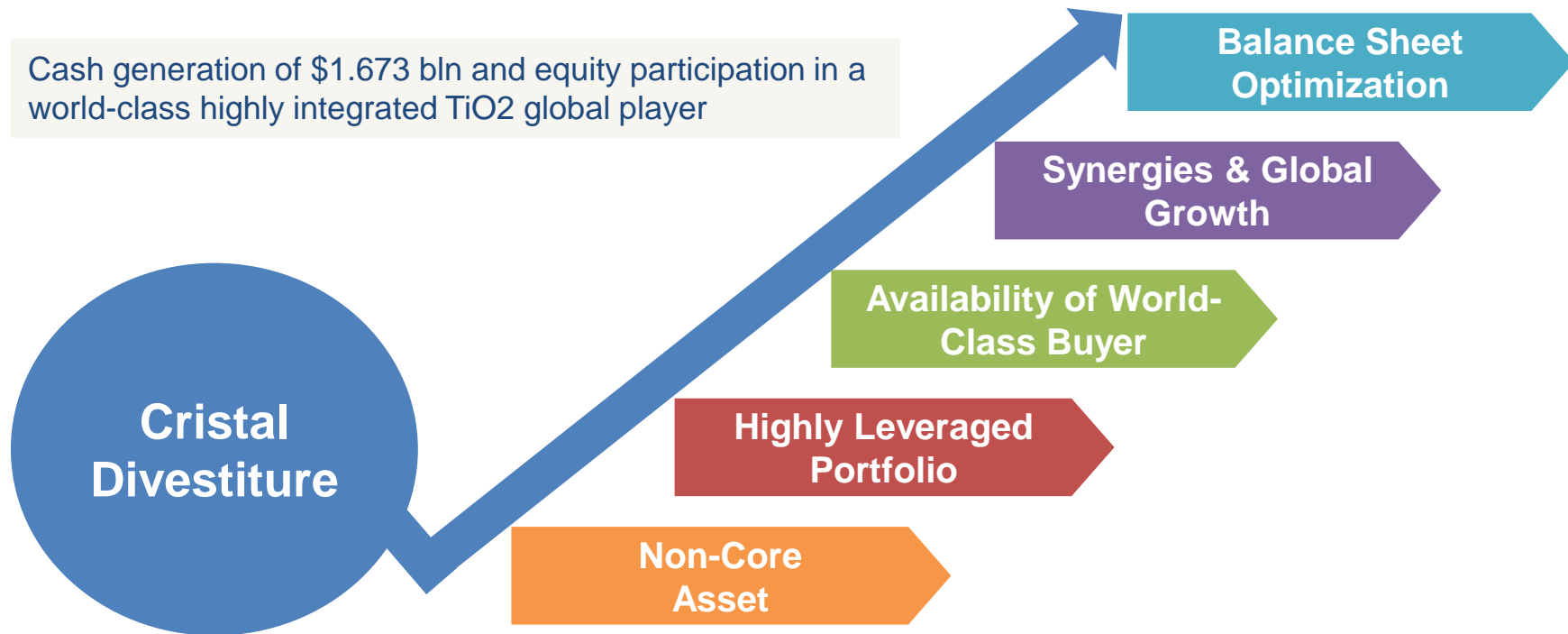
In 2017, TASNEE refinanced the credit facilities at HQ level (SR 3.9 bln) with maturity of up to 7 years, to alleviate liquidity constraints.... back-ended debt amortization profile and flexible terms and conditions



# Divestiture Initiative

Key considerations

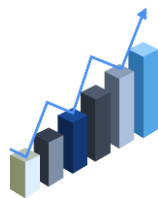
Cash generation of \$1.673 bln and equity participation in a world-class highly integrated TiO2 global player





# Divestiture Initiative

Delivers wide-ranging tangible benefits



## Portfolio Optimization

- Focus on core business of petrochemicals
- Divest highly leveraged non-core asset



## World-Class Experienced Management

- Enlarged global presence with Tronox
- Significant synergies
- Experienced world-class management team



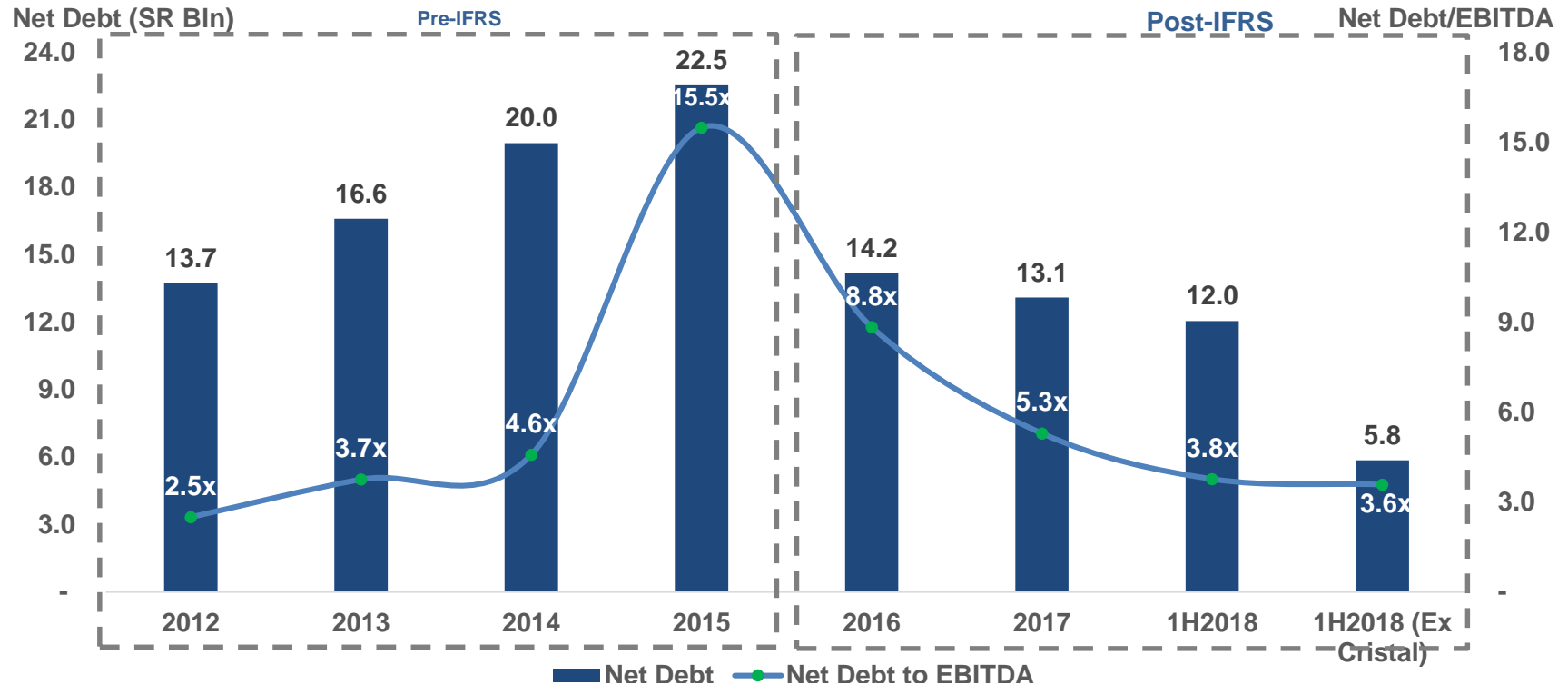
## Value for Shareholders

- Participation in new Tronox global growth
- Monetization opportunity for shareholders
- Strengthen the balance sheet

# Divestiture Initiative

## Deleveraging Group Balance Sheet

Cristal divestiture deleverages TASNEE balance sheet and strengthens its credit metrics



Note: For comparison purposes, 1H-2018 EBITDA is shown annualized

Source: Audited Financials

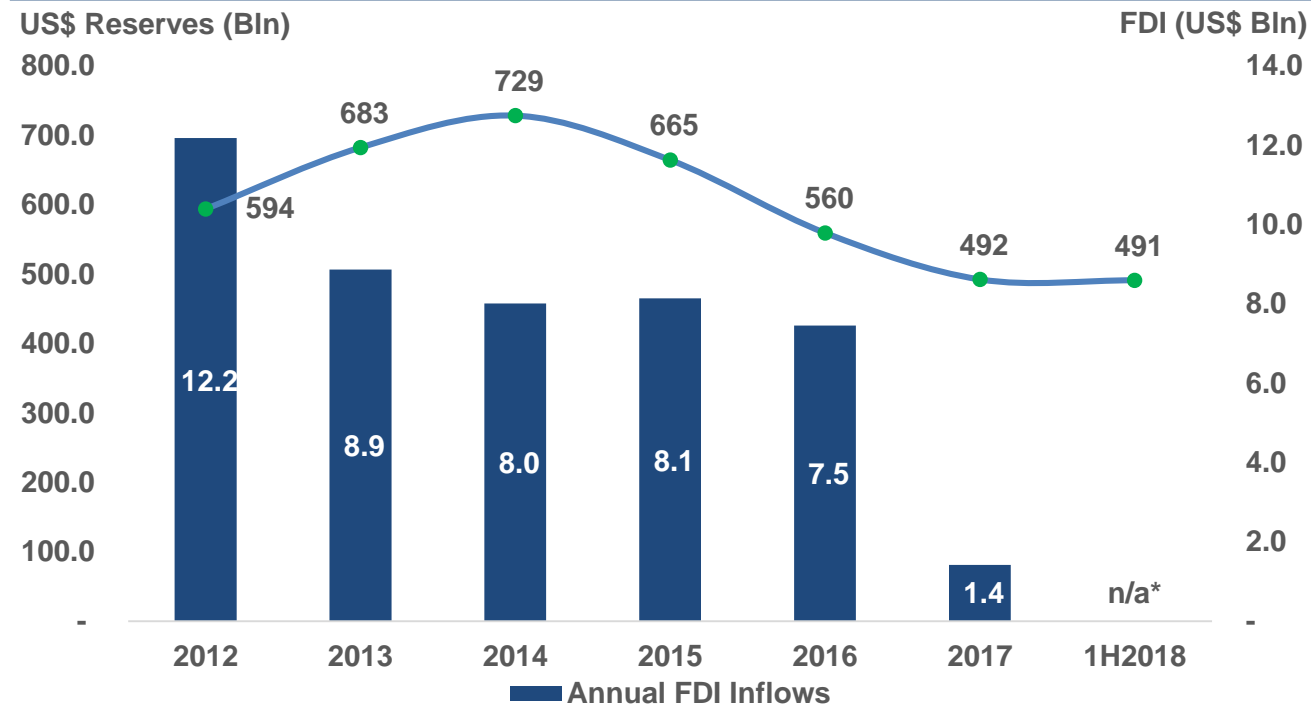
# Divestiture Initiative

## Catalyst for FDIs in KSA

Cristal divestiture to lift KSA's US\$ reserves by around US\$ 1.7 bln

Cristal-Tronox relationship to act as a catalyst for strengthening foreign investment in KSA and attracting FDIs

**KSA US\$ Reserves and Annual FDI Inflows**



\* FDI information for 1H-2018 is not yet updated by SAMA

Source: SAMA, Bloomberg

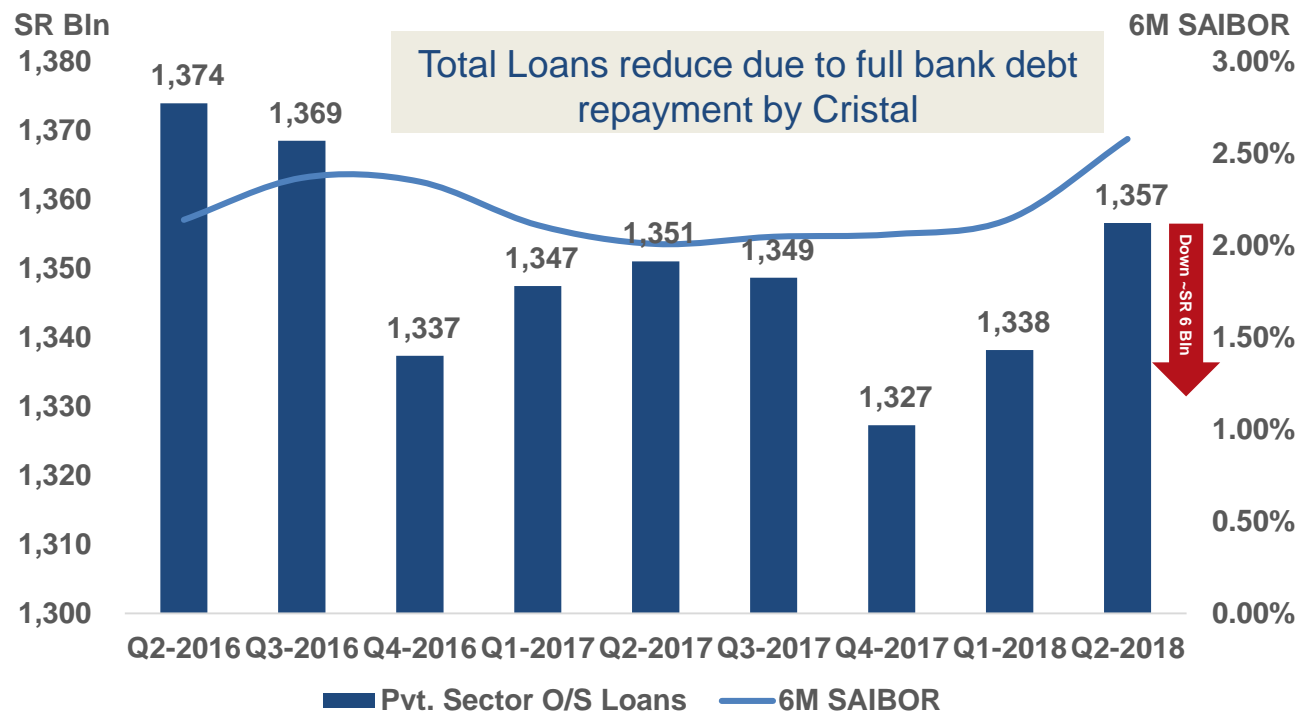
# Divestiture Initiative

Brings in fresh liquidity for KSA banks

The full debt repayment from divestiture proceeds adds significant liquidity to the KSA bank market

....creating debt capacity for TASNEE for growth opportunities and better returns

### KSA's Private Sector Loans & 6M SAIBOR



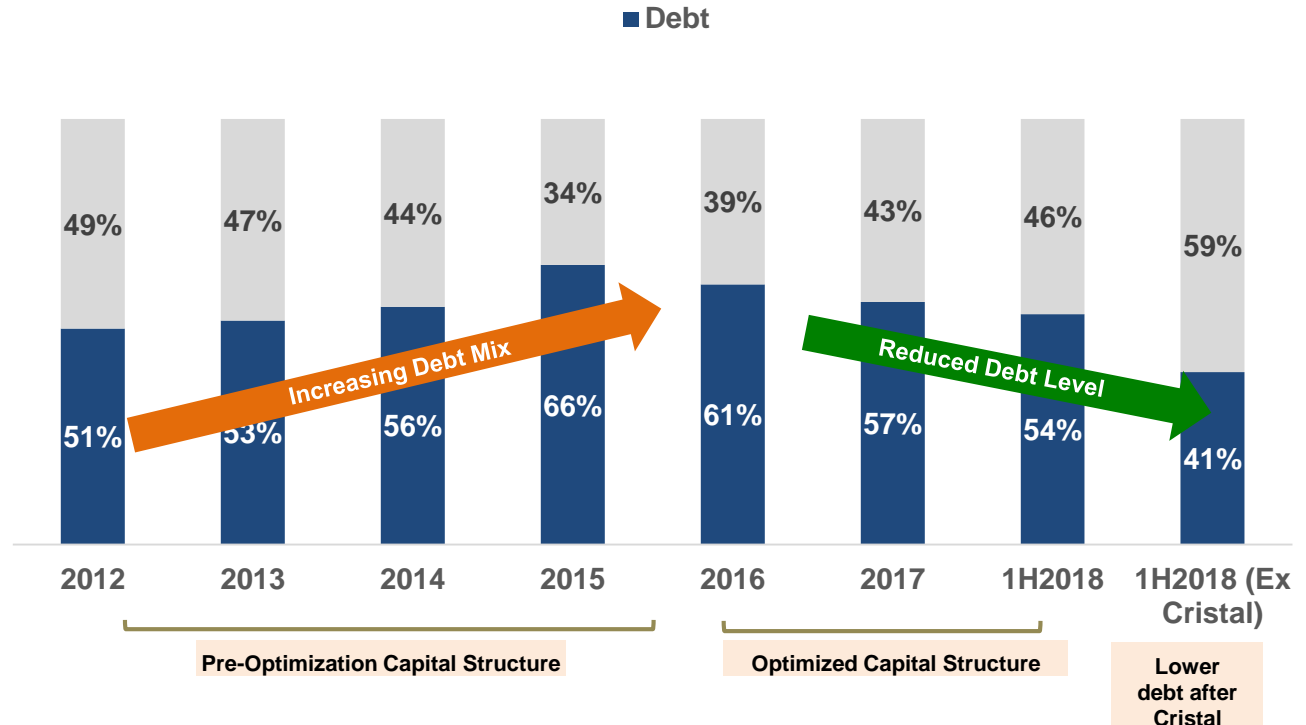
# Capital Structure Optimization

Strengthening the credit metrics and balance sheet

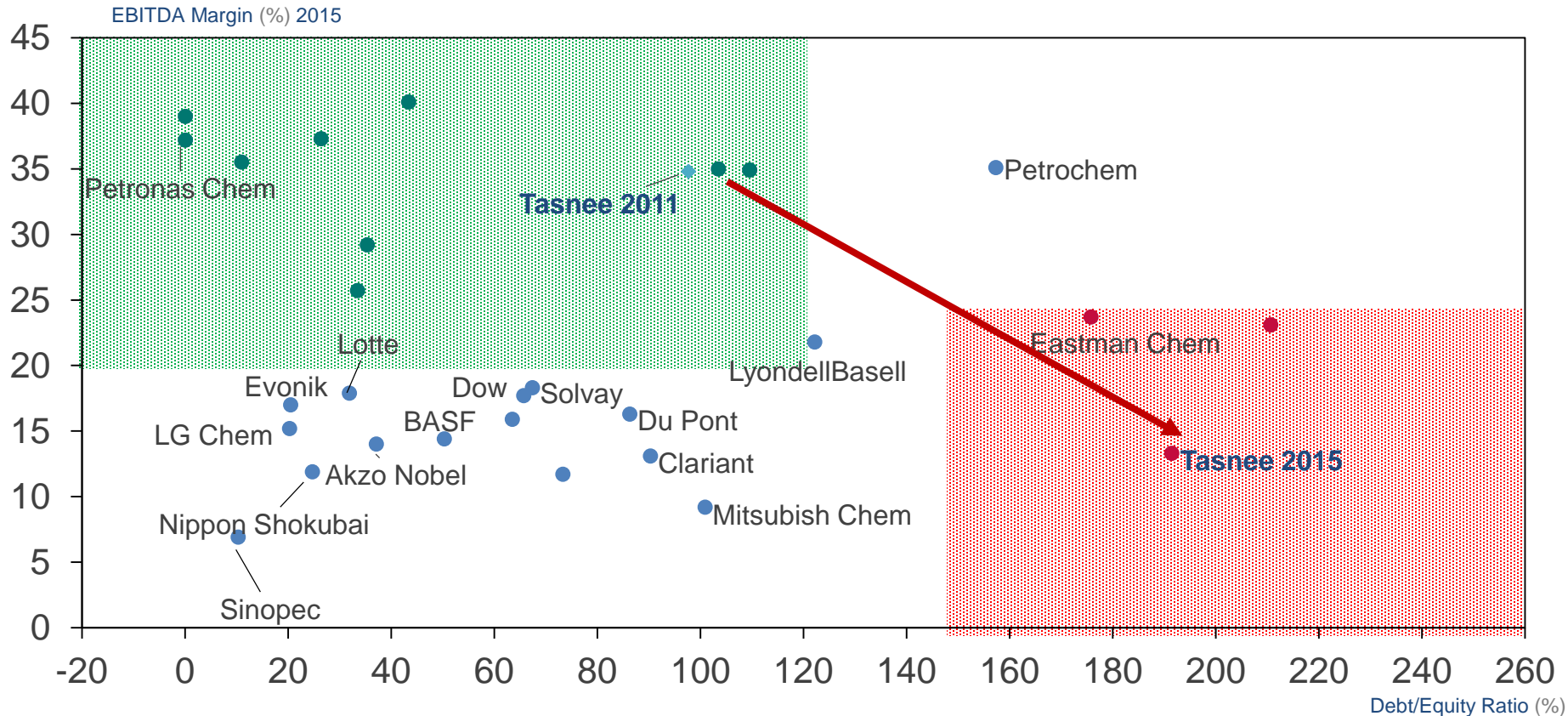
Stabilizing the Cristal balance sheet with \$2 bln debt restructuring in 2016 paved the way for an international divestiture...

Post-divestiture, TASNEE would create debt capacity for strategic growth and returns to the shareholders

## Capital Structure Evolution



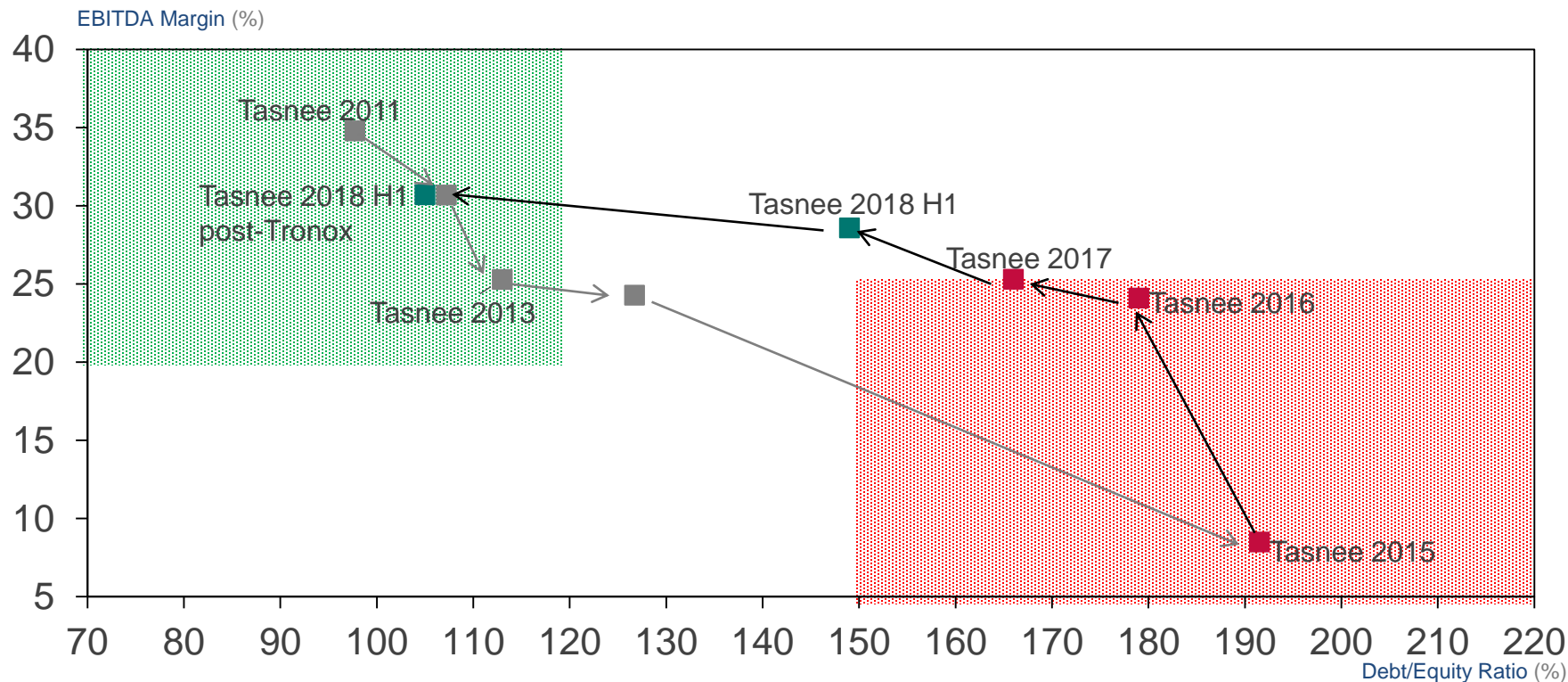
# Benchmarking and TASNEE Evolution



Based on public data for peers

# Turnaround of TASNEE

Impact of streamlined operations, divestment strategy and capital structure optimization



# Transformation and Portfolio Restructuring

## Sustainable Performance and Optimal Returns





**THANK YOU**

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