

Rockwood Holdings, Inc.
Form 425
July 15, 2014

Albemarle Acquisition of Rockwood
July 15, 2014
A Compelling Combination to Accelerate Albemarle's Growth
Filed by Albemarle Corporation
(Commission File No.: 1-12658)
Pursuant to Rule 425 of the Securities Act of 1933

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of the Securities Exchange Act of 1934
Subject Company: Rockwood Holdings, Inc.
(Commission File No: 1-32609)

Forward Looking Statements

Some of the information presented in this document and discussions that follow, including, without limitation, statements with
transaction
and
the
anticipated
consequences
and
benefits
of
the

transaction,
the
targeted
close
date
for
the
transaction,
product
development,
changes in productivity, market trends, price, expected growth and earnings, cash flow generation, costs and cost synergies, product
diversification, economic trends, outlook and all other information relating to matters that are not historical facts may constitute
statements within the meaning of the Private Securities Litigation Reform Act of 1995. There can be no assurance that actual results
differ materially. Factors that could cause actual results to differ materially include, without limitation: the receipt and timing of
regulatory approvals; the ability to finance the transaction; the ability to successfully operate and integrate Rockwood's operations
estimated synergies; changes in economic and business conditions; changes in financial and operating performance of our major
and industries and markets served by us; the timing of orders received from customers; the gain or loss of significant customers
from
other
manufacturers;
changes
in
the
demand
for
our
products;
limitations
or
prohibitions
on
the
manufacture
and
sale
of
our
products;
availability of raw materials; changes in the cost of raw materials and energy; changes in our markets in general; changes in law
government regulation impacting our operations or our products; the occurrence of claims or litigation; the occurrence of natural
political unrest affecting the global economy; political instability affecting our manufacturing operations or joint ventures; changes in
standards;
changes
in
the
jurisdictional
mix
of
our
earnings

and
changes
in
tax
laws
and
rates;
volatility
and
substantial
uncertainties
in
the
debt
and
equity
markets;
technology
or
intellectual
property
infringement;
decisions
we
may
make
in
the
future;
and
the
other
factors
detailed
from
time to time in the reports we file with the SEC, including those described under "Risk Factors" in our Annual Report on Form
Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this communication. We express
any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect
our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.
Information with respect to Rockwood, including non-GAAP information is taken or derived from Rockwood's public filings and
estimates and we take no responsibility for the accuracy or completeness of such information. It should be noted that this presentation
certain financial measures, including Net Sales, and Segment Income, that are not required by, or presented in accordance with
principles generally accepted in the United States, or GAAP. These measures are presented here to provide additional useful information
review our operations, provide transparency to investors and enable period-to-period comparability of financial performance. A
non-GAAP financial measures that we use to evaluate our operations and financial performance, and reconciliation of these non-GAAP
measures
to
the
most
directly

comparable
financial
measures
calculated
and
reported
in
accordance
with
GAAP,
can
be
found
in
the
Investors
section
of
our
website
at
www.albemarle.com,
under
Non-GAAP
Reconciliations
under
Financials.

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Speakers on Today's Call

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Robert Zatta

Scott Tozier

Chief Executive Officer and
Chief Financial Officer,
Rockwood Holdings

Senior Vice President and
Chief Financial Officer,
Albemarle Corporation

Luke Kissam

President and Chief
Executive Officer,
Albemarle Corporation

Luke Kissam
President and Chief Executive Officer
Albemarle Corporation

A Compelling Transaction

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Creates industry leader across four attractive growth markets

Accelerates growth and further enhances margins

Diversifies portfolio across end markets and geographies

Provides substantial synergy opportunity

Generates significant free cash flow to reduce leverage rapidly
Delivers predictable earnings growth to drive value creation

»

Lithium

»

Catalysts

»

Bromine

»

Surface Treatment

Transaction Overview

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Key Terms

\$6.2 billion equity value

\$50.65 in cash and 0.4803 of a share of Albemarle stock per Rockwood share

~60% cash / ~40% stock

\$85.53 per Rockwood share, a 13% premium to closing price on July 14

~70% Albemarle shareholders and ~30% Rockwood shareholders

Financial Impact

Accretive to cash EPS in year one and adjusted EPS in year two

Substantially accretive to EPS thereafter

Approximately \$100 million cost synergies

\$500 million+ annual free cash flow

Governance

Luke Kissam to lead combined company as president and CEO

Jim Nokes to continue as Non-Executive Chairman

11 member Board: 8 Albemarle directors and 3 Rockwood directors

Financing

Committed financing in place

Expect to maintain investment grade rating

Closing

Conditions

Closing expected in Q1 of 2015

Subject to shareholder and regulatory approvals

#2
\$770
\$174
23%
Surface Treatment
7
Global
Ranking
2013A
Revenue
EBITDA

(1)
% Margin
(1)
Key
Competitors
Leadership Across Four Highly Attractive Growth Segments
Lithium
#1
\$479
\$182
38%
Growth
2.0x

3.0x
GDP
Refinery & Polyolefin
Catalysts
(2)
#1/2
1.0x

2.0x
GDP
Bromine
(2)
#1/2
1.0x

1.5x
GDP
1.0x

2.0x
GDP
Characteristics

Mineral extraction and processing businesses

Low cost position on global cost curve

Vertically integrated

High demand growth

Technology driven

Critical customer service

Ability to differentiate offering

Strong free cash flow

\$1,002

\$267

27%

\$1,392

\$361

26%

Source: Company information.

Note: USD in MM.

(1) EBITDA & EBITDA margin calculated before corporate overhead expenses

(2)

Excludes the impact of rare earth and the recently announced proposed divestiture of Albemarle's antioxidant, ibuprofen and pr

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Source: Company filings.

(1)

Not adjusted for divestiture of Antioxidants , Ibuprofen, and propofol businesses announced in April 2014.

(2)

Excludes discontinued operations.

Increased Diversity Across End Markets and Geographies

Geography

End Markets

Albemarle

(1)

Rockwood
(2)
Combined
(1)
Americas
EMEA
Asia
ROW
Aerospace/Utilities
Automobile
Chemicals/Plastics
Construction
Electronics
Pharma/Life Sciences
Metal Treatment
Other
Refining/Oilfield
46%
31%
22%
21%
53%
16%
10%
37%
39%
20%
4%
33%
22%
12%
11%
9%
5%
4%
2%
2%
8%
5%
9%
25%
1%
14%
30%
8%
21%
18%
9%
10%
6%

12%

3%

6%

3%

11%

Agriculture/Food Safety

Attractive Growth Opportunities Across Businesses

Lithium
Efficient Energy Storage

Bromine
Leveraging New Applications

Catalysts
Energy Demand & Improving Environmental Standards

Surface Treatment

Differentiated Customer Service and Innovation

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»

Consumer electronics

»

Automotive

»

Stationary batteries

»

Digital technology

»

Offshore deep water drilling

»

Mercury control emission reduction

»

Fuel consumption in developing economies

»

Clean air/clean fuel mandates

»

Increasingly complex crude slates

»

Automotive and components

»

Aerospace industries

»

General industry

Robert Zatta
Chief Executive Officer & Chief Financial Officer
Rockwood Holdings

Rockwood Today: Pure Play On Lithium & Surface Treatment

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Strategic Transformation

Rockwood

Early 2013

Exited Non-Core

Businesses

Continued Investments in

Core Businesses

2014

CeramTec

Clay-based

Additives

Pigments

(Pending)

Talison Lithium

(Acquired 49%)

Today, Rockwood is

focused on two high

quality businesses:

Lithium and Surface

Treatment

Both are high margin,

high growth and #1 or #2

in their industries

Increased Ownership

in China & India JVs

Rockwood has strategically transformed into a pure play

lithium / surface treatment business

Albemarle and Rockwood are an Excellent Fit

Similar Business Profile

»

Focused portfolio of high quality businesses

»

Strong #1 / #2 positions in high growth markets

»

High margin businesses

Synergistic Manufacturing Processes

»

Advanced extraction and processing technologies in both Lithium and Bromine

»

Market-leading technologies and record of innovation

Complementary Cultures

»

Shared values and focus on innovation

»

High standards for performance and execution

Attractive Opportunity

»

Opportunity to participate in significant upside of combined company

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Scott Tozier
Senior Vice President and Chief Financial Officer
Albemarle Corporation

Significant Financial Benefits

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Improved

Revenue

Growth

Consistent, predictable growth significantly above GDP

Earnings

Accretive

Accretive to cash EPS in year one and adjusted EPS in year two

Substantially accretive thereafter
Strong Free
Cash Flow

Focus on rapid deleveraging in near term

Expect to maintain current annualized dividend of \$1.10 per share
Industry-
leading
Margins

Pro-forma EBITDA margins of 25%+

Rockwood Pro-Forma Adjustments

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2014E Pro-Forma EBITDA

Pro-Forma Cash & Net Debt

Reported Net

Debt:

(\$166MM)

Adjusted Net

Debt:

(\$653MM)

Source: Company filings and Wall Street Estimates.

Note: USD in MM.
Closed on
May
28
th
,
2014
Closing
Expected by
September
2014
~\$350
~\$50
\$100
\$490
\$200
\$250
\$300
\$350
\$400
\$450
\$500
Base EBITDA
(Consensus)
Talisson JV
Run rate
Synergies (PF)
Pro
-forma
EBITDA
\$1,461
(\$513)
\$1,000
\$1,947
\$500
\$1,000
\$1,500
\$2,000
\$2,500
3/31/2014 Cash
and Equivalents
Cash Contribution
to Talisson JV
Cash From TiO2
and Other
Businesses Sale to
Huntsman
Pro
-forma Cash
EBITDA of

Lithium and
Surface
Treatment
Businesses
(excludes
businesses
to be sold to
Huntsman)
EBITDA from
49% share in
Talisson JV
Pro-Forma
for a full year
Run-rate
synergies
on a
Pro-forma
basis
EV / EBITDA
with
Synergies:
11.3x

Cost synergies of ~\$100 million to be fully realized in 2016

»

Eliminate redundant costs

»

Transition back office services to low cost shared service centers

»

Improve sourcing costs based on increased scale

»

Leverage expertise to drive production synergies in extracting Bromine and Lithium

»

High throughput experimentation capabilities in surface treatment and refinery and polyolefin catalysts businesses

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Meaningful, Highly Executable Synergies

Financing Plan

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\$6.2B purchase price

»

Financing commitments from BofA Merrill Lynch:

o

\$2.2B available cash

o

\$1.5B debt financing

»

\$2.5B Albemarle common stock (34.7 million new shares)

Rockwood \$1.25B notes due 2020 to be guaranteed by Albemarle

3.5x pro-forma Net Debt-to-2014E EBITDA including synergies

Expect to maintain investment grade rating

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Strong Free Cash Flow

\$500M+ annual free cash flow

Focus on rapidly reducing leverage

CAPEX in the range of 4-6% of revenue

Remain committed to previously announced working capital reduction of \$100M by 2015

Expects to maintain current annualized dividend of \$1.10 per share

- (1)
- (1)
- 2015PF and Next 3-5 years FCF yield calculated using pro-forma market capitalization post Rockwood acquisition
- (1)
- \$317
- \$282
- \$203
- \$275
- \$365
- \$500
- \$600-\$900
- 3.0%
- 4.0%
- 5.0%
- 6.0%
- 7.0%
- 8.0%
- 9.0%
- 10.0%
- \$0
- \$200
- \$400
- \$600
- \$800
- \$1,000
- 2010A
- 2011A
- 2012A
- 2013A
- 2014PF
- 2015PF
- 3-5 years

Creates a **premier specialty chemicals company** with leading positions in attractive end markets around the world

Accelerated
growth
potential
across
four,
high-margin
businesses

lithium,
catalysts, bromine and surface treatment

Differentiated, performance-based, technologies driving **innovative solutions**

Capacity in place to serve future growth to drive **improved profitability**

Outstanding **cash generation capacity** supports rapid deleveraging, ongoing dividend and investments to drive future growth

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Albemarle:

A

Compelling

Investment

Opportunity

Appendix

Rockwood Overview

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Source: Company information.

Note: USD in MM.

(1)

Pro-Forma for all announced divestitures

(2)

Includes Corporate and Other net sales of \$126MM and \$128MM, respectively for 2012 & 2013 and Adjusted EBITDA of (\$1MM) for 2012 & 2013 respectively

(3)

Please refer to company website for non-GAAP financial measure reconciliations.

Key Financials

(1)

2012A

2013A

Net Sales

(2)

\$1,324

\$1,378

Adjusted EBITDA

(2)

\$321

\$323

% Margin

24.2%

23.5%

Lithium (35% of 2013 Net Sales)

2012A

2013A

Net Sales

\$474

\$479

Adjusted EBITDA

\$182

\$182

% Margin

38.4%

38.0%

Surface Treatment (56% of 2013 Net Sales)

2012A

2013A

Net Sales

\$723

\$770

Adjusted EBITDA

\$155

\$174

% Margin

21.4%

22.6%

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 acquisition of 49% in Talison

One of the lowest cost producers due to high quality brine (Chile)

Integrated business model from resource to downstream specialty

products

Longest history in the business with experienced management

Key customers: Bayer, Sygenta, DSM, Samsung and Umicore

Key industries served: pharma, agriculture, batteries, plastics etc.

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 knowhow and product innovation

Low capex requirements; robust free cash flows

Key customers: Airbus, ArcelorMittal, Ford, Daimler, Volkswagen and Renault Nissan

Key industries served: automotive, industrials, aerospace

#2 Globally

Excellent cash generation

Solid market position

#1 integrated global producer

Lowest cost and most diversified resources

Break-out potential

Albemarle Overview

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Source: Company information.

Note: USD in MM.

(1) Includes corporate overhead and excludes proposed divestiture of antioxidant, ibuprofen and propofol businesses and asset

(2)

Excludes the impact of rare earth and the recently announced proposed divestiture of antioxidant, ibuprofen and propofol business

Key Financials

2012A

2013A

Net Sales

\$2,519

\$2,394

Adjusted EBITDA

\$684

\$557

% Margin

27.2%

23.3%

Catalyst Solutions (40% of 2013 Net Sales)

2012A

2013A

Net Sales

(2)

\$1,067

\$1,002

Adjusted EBITDA

(2)

\$309

\$267

% Margin

29.0%

26.6%

Performance Chemicals (60% of 2013 Net Sales)

2012A

2013A

Net Sales

(2)

\$1,451

\$1,392

Adjusted EBITDA

(2)

\$437

\$361

% Margin

30.1%

25.9%

Positioned to capitalize on mega-trends in rising fuel consumption,
more stringent air quality mandates and growing consumerism

Deep customer understanding

Heavy investment in R&D

Unparalleled network of partnerships and alliances

Broad depth and experienced management team

Key customers: Exxon Mobile, Shell, Dow, LG, Samsung

Key industries served: oil refineries, automotive, plastics etc.

Secure access to significant and diverse long term bromine reserves

Recent
capacity
additions
providing
flexibility
and
beginning
to
pay
dividends

Broad product portfolio for widest range of electrical and electronic applications across all markets

Strong growth driven by global energy demand, increased deep water drilling, mercury control and food safety standards, growing data traffic and more complex automotive electronics

Key industries served: drilling and oil service, agriculture, pharmaceutical, water treatment, chemical processing, semiconductor makers

#1 Bromine Producer

Excellent cash generation

#1 in Refinery Catalysts

#2 in Polyolefin Catalysts

Excellent cash generation
(1)

Additional Information

Important Information for Stockholders and Investors

Nothing in this document or the discussions that follow shall constitute a solicitation to buy or subscribe for or an offer to sell Albemarle or Rockwood or a solicitation of any

vote
or
approval.

In
connection
with
the
proposed
transaction,
Albemarle
and
Rockwood
will
file

a joint proxy statement/prospectus and other relevant documents concerning the proposed transaction with the Securities and Exchange Commission (SEC), and Albemarle will file a Registration Statement on Form S-4 with the SEC. STOCKHOLDERS OF E AND OTHER INVESTORS ARE URGED TO READ THE REGISTRATION STATEMENT, JOINT PROXY STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS) REGARDING THE PROPOSED TRANSACTION WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN MATERIAL INFORMATION.

Stockholders

and
investors
will
be
able
to
obtain

a
free
copy
of
the
registration
statement
and
joint
proxy
statement/prospectus,

as
well
as
other
filings
containing
information
about
Albemarle
and
Rockwood,

without
charge,
at
the
SEC's
Internet
site
(<http://www.sec.gov>).

Copies
of
the
registration
statement
and
joint
proxy
statement/prospectus

and
the
filings
with
the
SEC
that
will
be
incorporated
by
reference

therein can also be obtained, without charge, by directing a request to Albemarle Corporation, 451 Florida Street, Baton Rouge 70801, USA, Attention: Investor Relations, Telephone: +1 (225) 388-7322, or to Rockwood Holdings, Inc., 100 Overlook Center, Jersey 08540, USA, Attn: Investor Relations, Telephone +1 (609) 524-1101.

Participants in Solicitation

Albemarle,
Rockwood,
their
respective
directors
and
executive
officers
and
other
persons
may
be
deemed
to
be
participants

in
the
solicitation
of
proxies in respect of the proposed transaction. Information regarding Albemarle's directors and executive officers is available
statement
filed
with
the
SEC
by
Albemarle
on
March
28,
2014,
and
information
regarding
Rockwood's
directors
and
executive
officers
is

available in its proxy statement filed with the SEC by Rockwood on March 28, 2014. Other information regarding the participation in the solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available. These documents can be accessed at the sources of charge from the sources indicated above.

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