

Sector: Materials
Sub-Industry: Commodity Chemicals
Peer Group: Major Commodity Chemicals

Summary: This company produces and markets titanium dioxide pigments primarily in North America and Europe.

Quantitative Evaluations

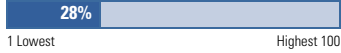
S&P Quality Ranking : NR

S&P Fair Value Rank: 5-



Fair Value Calc: \$24.80 (Slightly Undervalued)

S&P Investability Quotient Percentile



KRO scored lower than 72% of all companies for which an S&P Report is available.

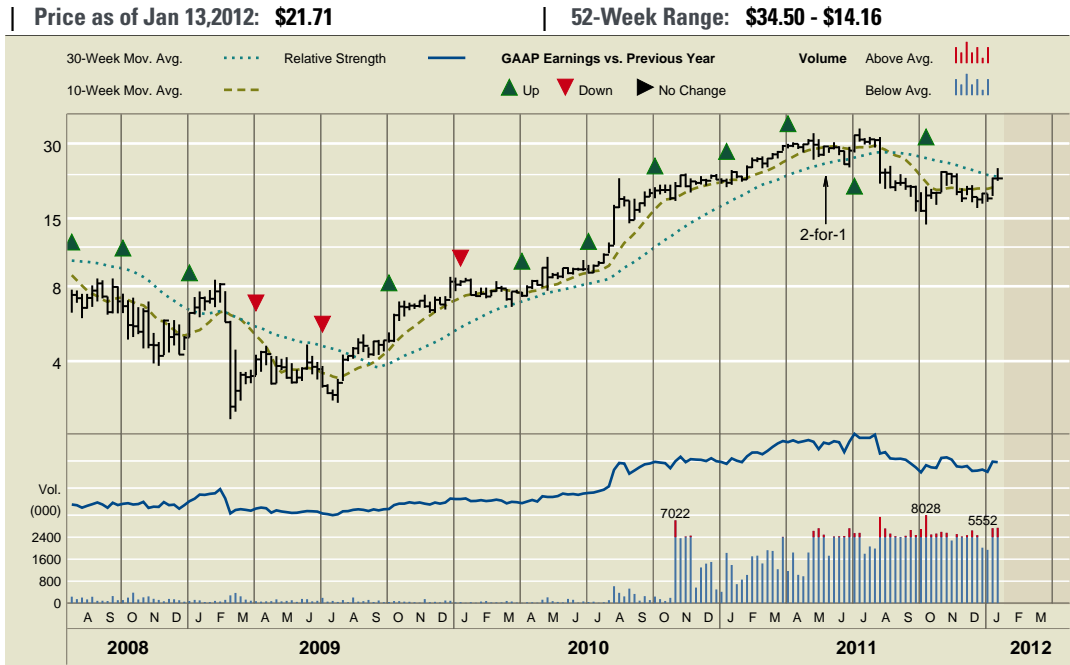
Volatility: High



Technical Evaluation: NEUTRAL

Since January, 2012, the technical indicators for KRO have been NEUTRAL.

Relative Strength Rank: Strong



Investment Strategy

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

Sales: What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

Net Margin: As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

% LT Debt to Capitalization: A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

% Return on Equity: A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	26.94	1.62	1.80	5.40
Net Income	NM	NM	NM	-89.58

Ratio Analysis (Average)

Net Margin	9.01	2.22	1.59	6.45
%LT Debt to Capitalization	41.31	58.00	56.43	52.94
% Return on Equity	24.33	NA	NA	NA

Revenues/Earnings Data Fiscal year ending Dec. 31

Revenues (Million \$)	2011	2010	2009	2008	2007	2006
1Q	420.4	319.7	248.0	332.5	314.0	304.3
2Q	537.5	380.1	282.0	391.9	342.6	345.1
3Q	548.0	376.6	310.1	345.6	343.3	331.7
4Q	--	373.3	301.9	246.9	310.4	298.4
Year	--	1,450	1,142	1,317	1,310	1,279
Earnings per Share (\$)	2011	2010	2009	2008	2007	2006
1Q	0.52	0.44	-0.27	-0.01	0.13	0.16
2Q	0.77	0.20	-0.22	0.06	Nil	0.13
3Q	0.74	0.33	0.09	-0.04	-0.83	0.13
4Q	--	0.34	0.05	0.08	0.02	0.42
Year	--	1.30	-0.36	0.09	-0.68	0.84

Next earnings report expected: Early March

Historical GAAP earnings are as reported.

Key Stock Statistics

Average Daily Volume	0.804 mil.	Beta	1.33
Market Capitalization	\$2.516 Bil.	Trailing 12 Month EPS	\$2.38
Institutional Holdings (%)	16	12 Month P/E	9.1
Shareholders of Record	3,100	Current Yield (%)	2.76

Value of \$10,000 Invested five yrs Ago : **\$14,024**

Please read the required disclosures and Reg. AC certification on the last page of this report.

This report was prepared by Standard & Poor's Quantitative Services.

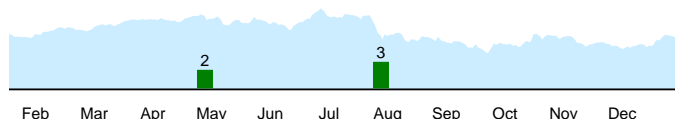
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Wall Street Opinions/Average (Mean) Opinion: Buy/Hold

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	3	75	3	4
Buy/Hold	0	0	0	0
Hold	1	25	1	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	4	100	4	4

Insider Moves

Insider Buys Insider Sells Price History



Dividend Data Dividend have been paid since 2010

Amount(\$)	Date Decl.	Ex. Div. Date	Stock of Record	Payment Date
2-for-1	Apr.26	May.23	May.13	May.20 '11
0.300	May.12	Jun.8	Jun.10	Jun.23 '11
0.150	Aug.2	Sep.7	Sep.9	Sep.22 '11
0.150	Oct.20	Dec.7	Dec.9	Dec.22 '11

Company Financials Fiscal year ending Dec. 31

Per Share Data & Valuation Ratios (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	6.58	3.19	3.25	4.21	4.58	4.19	4.81	1.63	3.21	NA
Cash Flow	1.74	0.13	0.62	-0.18	1.29	1.17	3.67	1.30	1.01	1.88
Earnings	1.30	-0.36	0.09	-0.68	0.84	0.73	3.22	0.90	0.68	1.58
Dividends	0.13	Nil	0.50	0.50	0.50	0.50	0.50	Nil	NA	NA
Payout Ratio	10%	Nil	NM	NM	60%	69%	16%	Nil	NA	NA
Prices:High	22.73	8.73	15.80	19.03	21.28	24.60	24.42	13.37	NA	NA
Prices:Low	6.61	2.34	3.83	7.28	13.71	13.75	10.76	8.00	NA	NA
P/E Ratio:High	18	NM	NM	NM	25	34	8	15	NA	NA
P/E Ratio:Low	5	NM	NM	NM	16	19	3	9	NA	NA

Income Statement Analysis (Million \$)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue	1,450	1,142	1,317	1,310	1,279	1,197	1,129	1,008	875	835
Operating Income	217	22.3	98.1	133	197	215	157	180	128	183
Depreciation	44.7	47.0	51.3	48.9	44.3	43.5	44.1	39.4	32.2	28.9
Interest Expense	38.8	41.4	42.2	39.4	43.3	44.7	52.6	34.9	29.1	27.3
Pretax Income	140	-56.9	6.00	48.0	81.3	138	64.5	99	91.8	188
Effective Tax Rate	NA	39%	NM	239%	NM	49%	NM	12%	28%	18%
Net Income	131	-34.7	9.00	-66.7	82.0	71.0	315	87.5	66.3	154

Balance Sheet & Other Financial Data (Million \$)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cash	305	31.1	13.6	74.0	63.3	72.0	60.8	55.9	40.7	54.7
Current Assets	824	530	590	622	563	525	496	523	398	419
Total Assets	1,708	1,325	1,359	1,455	1,422	1,299	1,353	1,122	989	910
Current Liabilities	220	215	204	225	179	205	213	192	167	220
Long Term Debt	537	611	638	590	535	464	519	356	369	195
Common Equity	761	313	318	411	448	506	510	198	314	379
Total Capital	1,301	926	956	1,049	1,031	1,024	1,089	675	763	575
Capital Expenditures	37.7	23.7	68.1	47.3	50.9	43.4	39.3	35.2	32.6	53.7
Cash Flow	175	12.3	60.3	-17.8	126	115	359	127	98.4	183
Current Ratio	3.8	2.5	2.9	2.8	3.1	2.6	2.3	2.7	2.4	1.9
% Long Term Debt of Capitalization	41.3	Nil	64.3	56.2	51.9	45.4	47.7	52.8	48.4	34.0
% Net Income of Revenue	9.0	NM	0.7	NM	6.4	5.9	27.9	8.7	7.6	18.5
% Return on Assets	8.6	NA	NA	NM	6.0	5.4	25.4	8.3	7.0	NA
% Return on Equity	24.3	NA	NA	NM	19.0	14.0	88.9	33.3	19.1	NA

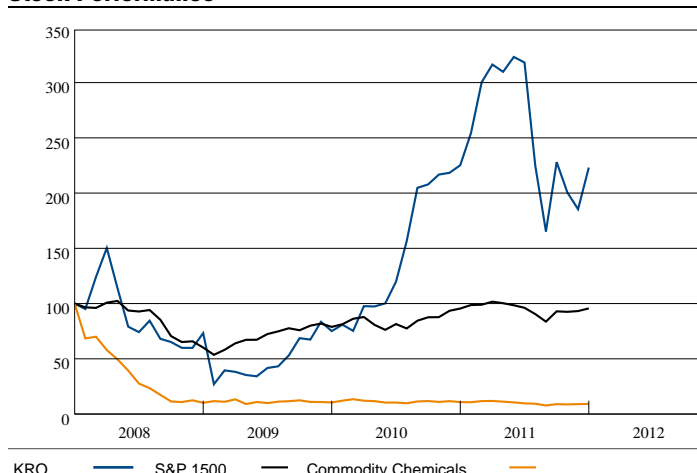
Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

Office: 5430 LBJ Freeway, Suite 1700, Dallas, TX, 75240-2697
Tel: 972-233-1700
Website: <http://www.kronostio2.com>
Chrmn: H. C. Simmons
Vice Chrmn & CEO: S. L. Watson

Dirs: K. R. Coogan, C. H. Moore, Jr., G. E. Poston, G. R. Simmons, H. C. Simmons, R. G. Turner, S. L. Watson
Investor Contact & CFO: G. M. Swalwell

General Counsel: R. D. Graham
Cntlr & Chief Acctg Officer: T. C. Hafer
Founded: 1989
Domicile: Delaware
Employees: 2,440

Stock Performance



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	20.3	2.4	2.6
One Year Return	-1.8	-18.2	0.2
Three Year Return (% Annualized)	50.3	-9.9	14.6
Five Year Return (% Annualized)	7.0	-30.6	-1.6
Value of \$10,000 Invested 5 Years Ago	\$14,024	\$1,615	\$9,215

Sub-Industry Outlook

Our fundamental outlook for the commodity chemicals sub-industry for the next 12 months is neutral. We project that the business environment for the chemical industry as a whole will remain healthy, assuming the global economy continues to expand. We believe that while the manufacturing sector continues to show sequential expansion, the housing market continues to be weak. Importantly, the decline in U.S. natural gas prices relative to global crude oil prices has improved the feedstock cost competitiveness of the U.S. petrochemical industry versus other global regions, thus helping boost U.S. industry exports. We think a trend of chemical industry consolidation will likely continue longer term as part of an effort to reduce costs.

The Chlorine Institute reported that chlorine production fell from 28,949 tons per day in October to 28,735 tons per day in November. On a year-over-year basis, chlorine production was down 7.3%. Chlorine is widely used to manufacture polyvinyl chloride (PVC) resins and organic chemicals, as well as for water treatment, disinfection and other applications.

The output of co-produced caustic soda declined to 29,992 tons per day in November, from 30,324 tons per day in October, and production was down 8.4% from the prior year. Caustic soda is used in the bleaching of wood pulp and in water treatment, oil refining, alumina production and textiles.

According to data from the American Chemistry Council (ACC), total production of basic chemicals was up 2.7%, year to year, on the basis of a three-month moving average through November.

S&P forecasts that real GDP will increase in 2012, although at a sluggish rate of less than 2%. We think this, coupled with growth in export markets due to cost advantages, will allow for at least modest gains in commodity chemical production in coming quarters.

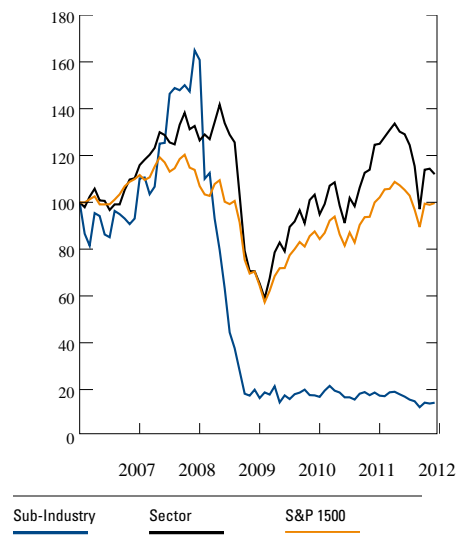
The S&P Commodity Chemicals Index declined 23.2% in 2011, versus a 0.3% drop for the S&P 1500 Composite Index.

--Stuart J. Benway, CFA

Stock Performance

GICS Sector: Materials
Sub-Industry: Commodity Chemicals

Based on S&P 1500 Indexes
Month-end Price Performance as of 12/30/11



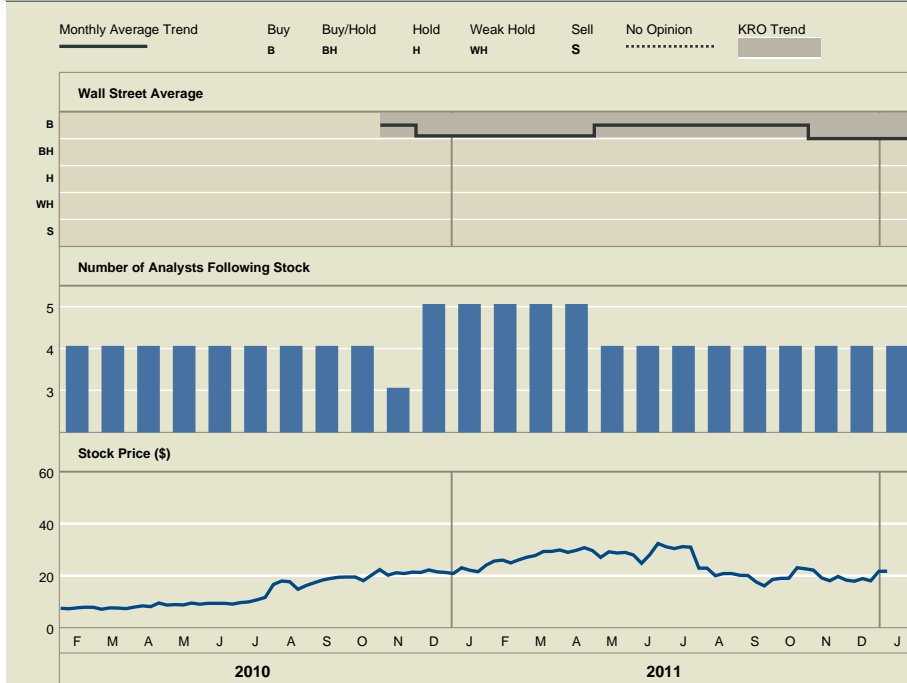
NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Commodity Chemicals Peer Group*: Major Commodity Chemicals

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Kronos Worldwide	KRO	2,516	21.71	34.50/14.16	1.33	2.8	9	24.80	NR	28	9.0	41.3
Georgia Gulf Corp	GGC	1,127	32.93	40.59/12.19	2.21	Nil	15	NA	C	18	1.5	58.9
Methanex Corp	MEOH	2,342	25.25	34.90/19.50	1.81	2.7	22	NA	B-	21	7.5	38.8
Westlake Chemical	WLK	3,585	53.87	67.77/31.26	1.61	0.5	11	44.20	NR	79	7.0	33.7

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

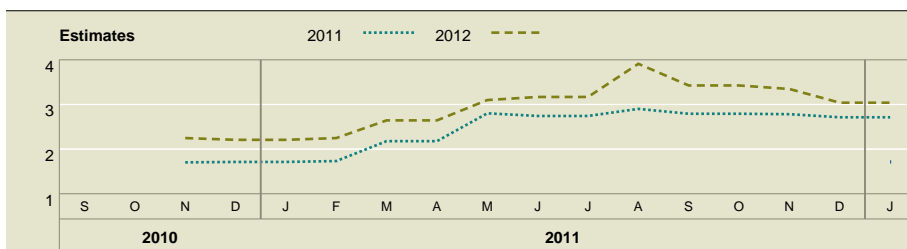
Analysts' Recommendations



Of the total 5 companies following KRO, 4 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	3	75	3	4
Buy/Hold	0	0	0	0
Hold	1	25	1	0
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	4	100	4	4

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	3.06	3.40	2.82	4	7.1
2011	2.73	2.85	2.61	4	8.0
2012 vs. 2011	▲ 12%	▲ 19%	▲ 8%	0%	▼ -11%
Q4'12	NA	NA	NA	0	NM
Q4'11	0.63	0.69	0.56	4	34.5
Q4'12 vs. Q4'11	NA	NA	NA	▼ -100%	▼ -100%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY

Companies Offering Coverage

- BB&T Capital Markets
- Deutsche Bank
- Oppenheimer & Co. Inc.
- Stephens, Inc.
- Wells Fargo Securities, LLC

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that KRO will earn \$2.73. For the 3rd quarter of fiscal year 2011, KRO announced earnings per share of \$0.74, representing 27% of the total annual estimate. For fiscal year 2012, analysts estimate that KRO's earnings per share will grow by 12% to \$3.06.

Glossary

S&P Quality Ranking - Growth and stability of earnings and dividends are deemed key elements in establishing S&P's quality ranking for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Lower
A	High	B-	Below Average
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank - Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

Funds From Operations (FFO) - FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Fair Value Calculation - The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

Investability Quotient (IQ) - The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

Standard & Poor's IQ Rationale:
Kronos Worldwide

	Raw Score	Max Value
Proprietary S&P Measures	0	115
Technical Indicators	7	40
Liquidity/Volatility Measures	12	20
Quantitative Measures	48	75
IQ Total	67	250

Volatility - Rates the volatility of the stock's price over the past year.

Technical Evaluation - In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank - Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS) - An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

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