Rockwood Holdings, Inc.
Form S-1/A
August 04, 2005

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**As filed with the Securities and Exchange Commission on August 3, 2005**

**Registration No. 333-122764**

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

**Amendment No. 5**
**to**

# FORM S-1

**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

# ROCKWOOD HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|---|---|---|
| **Delaware** | **2800** | **52-2277366** |
| (State or Other Jurisdiction of Incorporation or Organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**100 Overlook Center**
**Princeton, New Jersey 08540**
**(609) 514-0300**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Thomas J. Riordan, Esq.**
**Senior Vice President, Law & Administration**
**Rockwood Holdings, Inc.**
**100 Overlook Center**
**Princeton, New Jersey 08540**
**(609) 514-0300**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

***With copies to:***

| | |
|---|---|
| **Roxane F. Reardon, Esq.** | **Kirk A. Davenport II, Esq.** |
| **Simpson Thacher & Bartlett LLP** | **Latham & Watkins LLP** |
| **425 Lexington Avenue** | **885 Third Avenue** |
| **New York, New York 10017** | **New York, New York 10022** |
| **(212) 455-2000** | **(212) 906-1200** |

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box. o

**CALCULATION OF REGISTRATION FEE**

| Title Of Each Class Of Securities To Be Registered | Amount To Be Registered | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price(1)(2) | Amount Of Registration Fee(3) |
|---|---|---|---|---|
| Common Stock, par value $.01 per share | 23,469,387 | $26.00 | $610,204,062 | $71,821.02 |

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o).

(2) Includes shares to be sold upon exercise of the underwriters' over-allotment option. See "Underwriting."

(3) Previously paid.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

**Subject to Completion. Dated July 22, 2005.**

20,408,163 Shares

# Rockwood Holdings, Inc.

## Common Stock

This is an initial public offering of shares of common stock of Rockwood Holdings, Inc. All of the 20,408,163 shares of common stock are being sold by Rockwood Holdings, Inc.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $23.00 and $26.00. Our common stock has been approved for listing on the New York Stock Exchange under the symbol "ROC," subject to official notice of issuance.

*See "Risk Factors" beginning on page 18 to read about factors you should consider before buying shares of the common stock.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

| | Per Share | Total |
|---|---|---|
| Initial public offering price | $ | $ |
| Underwriting discount | $ | $ |
| Proceeds, before expenses, to Rockwood Holdings, Inc. | $ | $ |

To the extent that the underwriters sell more than 20,408,163 shares of common stock, the underwriters have the option to purchase up to an additional 3,061,224 shares from Rockwood Holdings, Inc. at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2005.

**Goldman, Sachs & Co.** **Credit Suisse First Boston**

**Lehman Brothers** **UBS Investment Bank**

**Deutsche Bank Securities**

**First Analysis Securities Corporation**

**JPMorgan**

Prospectus dated , 2005.

## PROSPECTUS SUMMARY

*This summary may not contain all of the information that may be important to you. You should read the entire prospectus, including the historical and pro forma financial data and related notes, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements as a result of certain factors, including those set forth in "Risk Factors" and "Forward-Looking Statements."*

*In this prospectus, unless we indicate otherwise or the context otherwise requires, any references to "we," "our," and "us" refer to Rockwood Holdings, Inc. and its consolidated subsidiaries, and any references to the "issuer" refers to Rockwood Holdings, Inc. In addition, when the context so requires, we use the term "Rockwood" to refer to our historical operations prior to the Dynamit Nobel acquisition (described below) and the term "Dynamit Nobel" to refer to the historical operations of the businesses of Dynamit Nobel AG that we acquired from mg technologies ag in July 2004. Other than our financial statements as of and for the periods ended subsequent to July 31, 2004, which include the results of operations of the acquired Dynamit Nobel businesses subsequent to July 31, 2004, the historical financial statements and related notes presented in this prospectus are separate financial statements and related notes of Rockwood and Dynamit Nobel.*

### Our Company

We are a leading global developer, manufacturer and marketer of technologically advanced, high value-added specialty chemicals and advanced materials. We believe we have leading market positions in most of our businesses, including lithium compounds, fiber anatase titanium dioxide, color pigments and services, ceramic-on-ceramic components used in hip joint prostheses systems and next generation wood protection products.

We have a number of higher growth businesses such as Advanced Ceramics, Specialty Chemicals and Performance Additives, which are complemented by a diverse portfolio of businesses that historically have generated predictable, stable revenues. Our margins, strong cash flow generation, capital discipline and ongoing productivity improvements provide us with a platform to capitalize on the market growth opportunities.

We operate globally, manufacturing our products in 100 manufacturing facilities in 25 countries and selling our products and providing our services to more than 60,000 customers, including some of the world's preeminent companies. Our products, consisting primarily of inorganic chemicals and solutions and engineered materials, are often customized to meet the complex needs of our customers and to enhance the value and performance of their end products.

We generally compete in niche markets in a wide range of end-use markets, including construction, life sciences (including pharmaceutical and medical markets), electronics and telecommunications, metal treatment and general industrial and consumer products markets. No single end-use market accounted for more than 19% of our $2,913.0 million 2004 pro forma net sales.

Following the acquisition of Dynamit Nobel in July 2004, we operate our business through seven segments:

| Segment | % of 2004 Pro Forma Net Sales |
|---|---|
| Performance Additives | 23% |
| Specialty Compounds | 7 |
| Electronics | 6 |
| Specialty Chemicals | 26 |
| Titanium Dioxide Pigments | 14 |
| Advanced Ceramics | 12 |
| Groupe Novasep | 12 |

**Our Competitive Strengths**

***Leading market positions.*** We believe that we hold leading market positions within most of our businesses, including, based on our 2004 pro forma net sales:

| Segment | Products | Market Position |
|---|---|---|
| Performance Additives | synthetic iron oxide pigments | one of top 3 globally |
| | wood protection products | one of top 3 globally |
| Specialty Chemicals | lithium compounds and chemicals | #1 globally |
| | metal surface treatment chemicals and related services | #2 globally |
| Titanium Dioxide Pigments | anatase titanium dioxide pigment for the synthetic fiber manufacturing industry | #1 globally |
| Advanced Ceramics | ceramic-on-ceramic ball head and liner components used in hip joint prostheses systems | #1 globally |
| | ceramics cutting tools | #1 in Europe |

***Specialty businesses in niche markets with significant barriers to entry.*** We believe that nearly all of our businesses operate in niche markets protected by significant barriers to entry. We believe that many of our customers would experience significant disruption and costs if they were to switch to another supplier.

***Diverse customer and end-use market base.*** We operate a diverse portfolio of distinct specialty chemicals and advanced materials businesses that cover a wide variety of industries and geographic areas. Of our 2004 pro forma net sales, 50% were shipments to Europe, 34% to North America and 16% to the rest of the world. No customer accounted for more than 2% of such net sales, and our top ten customers represented only approximately 11% of such net sales.

***Limited exposure to raw materials and energy prices.*** We have a broad raw material base consisting primarily of inorganic (non-petrochemical) materials, most of which are readily available and whose prices follow their own individual supply and demand relationships and have historically shown little correlation to each other. Our exposure to energy prices is limited.

***Leading technologies and strong brand names.*** We believe we are recognized for our use of our technological know-how and expertise to improve, develop and manufacture customized product and process innovations that meet specific customers' performance requirements.

***Experienced and proven management team with significant equity interests.*** Since joining us in 2001, Seifi Ghasemi, our chairman and chief executive officer, and Robert Zatta, our senior vice president and chief financial officer, together with other members of our senior management team, have implemented a series of improvement initiatives designed to increase sales, improve productivity, reduce costs and expand margins. These initiatives have had a positive impact on the cash flow and profitability of Rockwood's historic businesses.

**Our Business Strategy**

Building on these strengths, we plan to continue our existing strategy to grow revenue and cash flow and increase profitability as follows:

***Capitalize on expected market growth opportunities.*** We expect our businesses to benefit from a number of growth trends, including:

- Advanced Ceramics a growing trend toward replacing plastics and metals with high-performance ceramics.
- Specialty Chemicals increased demand for lithium-based batteries for mobile electronic applications.
- Performance Additives a growing trend toward the use of color in concrete paving stones and other home remodeling.
- Titanium Dioxide Pigments sales of newly-introduced nano-particle titanium dioxide pigments that are used to provide ultraviolet light protection for plastics and coatings.

***Achieve profitable growth through selective acquisitions.*** We intend to continue to selectively pursue cash flow accretive acquisitions and strategic alliances in order to strengthen and expand our existing business lines and enter into complementary business lines. Although we are not subject to any agreement or binding letter of intent with respect to potential acquisitions, we are engaged in acquisition discussions with other parties.

***Apply our proven improvement initiatives to the Dynamit Nobel businesses.*** We are currently in the process of applying the management initiatives successfully applied to Rockwood's historic businesses to the acquired Dynamit Nobel businesses. Among other improvements, we expect that we will achieve total annual cost savings of approximately $17.0 million, of which we have already realized approximately $7.0 million through March 31, 2005, in connection with cost-reducing measures.

***Reduce financial leverage.*** We intend to reduce our financial leverage by using a significant portion of the net proceeds from this offering and a significant portion of cash flow from operations after required capital expenditures and payments to service our debt. We believe that our strong cash flow generation will be further strengthened by organic growth opportunities within our existing markets, cost-reduction programs applied to the Dynamit Nobel businesses and improved working capital management.

**Risks Relating to Our Business Strategy**

We may not be able to continue our product innovation, demand for our products may not develop as expected, and regulation of our raw materials, products and facilities may change in a way that is detrimental to our business. We incurred net losses of $68.2 million, $91.7 million and $216.1 million in 2002, 2003 and 2004, respectively, and $154.1 million in 2004 on a pro forma as adjusted basis after giving effect to the Transactions (as defined below).

In addition, we have a substantial amount of indebtedness. As of March 31, 2005, on an actual basis, we had approximately $3,497.0 million of long-term debt outstanding and total stockholders' equity of approximately $561.8 million, and on a pro forma as adjusted basis after giving effect to the offering, we would have had approximately $3,105.9 million of long-term debt outstanding and total stockholders' equity of approximately $996.2 million. This substantial indebtedness may adversely affect our cash flow and our ability to remain in compliance with our debt covenants, make payments on our indebtedness and operate our business. Any of these factors or other factors described in this prospectus under "Risk Factors" may limit our ability to successfully execute our business strategy.

**Acquisitions**

On April 19, 2004, we entered into a sale and purchase agreement with mg technologies ag to acquire its wholly-owned specialty chemicals and advanced materials business, Dynamit Nobel. We paid approximately $2,274.0 million (based on the July 31, 2004 exchange rate of €1.00=$1.2040), including assumed debt of $315.1 million and cash acquired of $9.6 million, for the businesses acquired. On July 6, 2005, we paid $16.1 million (based on the July 6, 2005 exchange rate of €1.00=$1.1927) in post-closing adjustments. The acquisition was consummated on July 31, 2004.

In connection with the Dynamit Nobel acquisition, we received an equity contribution of $425.0 million from affiliates of KKR and DLJ Merchant Banking Partners III, L.P. and its affiliated funds, or DLJMB. In addition, members of our management and certain other employees made cash equity investments of approximately $7.0 million from September 2004 to December 2004. In this prospectus, we refer to this investment as the 2004 management equity program.

In September 2004, one of our subsidiaries acquired the pigments and dispersions business of Johnson Matthey Plc. for a purchase price of approximately $47.1 million and in connection with this acquisition borrowed $50.4 million (based on the September 27, 2004 exchange rate of €1.00=$1.2029) under a term loan of the senior secured credit facilities.

In December 2004, in connection with the combination of the three business lines of our Custom Synthesis segment (now known as our Groupe Novasep segment) with Groupe Novasep SAS, one of our subsidiaries acquired 69.4% of the stock of Groupe Novasep SAS for a total purchase price of approximately $139.7 million, including assumed debt of $48.6 million, cash acquired of $14.6 million and the exchange of the remaining 30.6% of the stock of Groupe Novasep SAS for stock in our acquiring subsidiary. As a result of this transaction, we own approximately 79% of the new Groupe Novasep. We used cash on hand to finance this transaction.

In this prospectus, we refer to the Dynamit Nobel acquisition and related equity and debt financings and Fall 2004 debt refinancings, the pigments and dispersions acquisition and related financing, the Groupe Novasep combination and this offering collectively as the Transactions.

**Recent Developments**

Although our results of operations for the three months ended June 30, 2005 are not currently available, the following information reflects our expectations with respect to such results based on currently available information.

We expect our net sales to be between approximately $815 and $830 million for the three months ended June 30, 2005. Consistent with trends on a historical and pro forma basis, we expect our operating results and margins for the second quarter of 2005 to exceed the first quarter of 2005 mainly due to seasonal patterns experienced in the ordinary course of some of our businesses. In addition, we expect our operating results and margins for the second quarter of 2005 to match or exceed our operating results and margins for the second quarter of 2004 on a pro forma basis. Furthermore, we expect our operating margins for the second quarter of 2005 to match or marginally exceed our operating margins for 2004 on a pro forma basis.

Pro forma net sales for the Performance Additives segment for the second quarter of 2005 are expected to be relatively flat compared to pro forma net sales for this segment for the second quarter of 2004, with generally higher selling prices offset by lower volume. Operating margins for Performance Additives are expected to be slightly below operating margins for this segment for the second quarter of 2004. Net sales for the Specialty Compounds and Electronics segments for the second quarter of 2005 are expected to be higher than net sales for these segments for the second quarter of 2004, primarily due to price increases to offset escalating raw material costs. In addition, we have announced a restructuring program for our Wafer Reclaim business in our Electronics segment and will record a charge for this program in the second quarter of 2005. Operating margins for Specialty Compounds and Electronics are expected to be below operating margins for these segments for the second quarter of 2004 due to higher raw material costs and, in the case of Electronics, the restructuring program.

Pro forma net sales for the Specialty Chemicals segment for the second quarter of 2005 are expected to exceed pro forma net sales for this segment for the second quarter of 2004, primarily due to higher volume and favorable foreign exchange rates. Operating margins for Specialty Chemicals are expected to exceed operating margins for this segment for the second quarter of 2004. Pro forma net sales for the Titanium Dioxide Pigments segment for the second quarter of 2005 are expected to be higher than pro forma net sales for this segment for the second quarter of 2004, primarily due to favorable foreign exchange. Operating margins for Titanium Dioxide Pigments are expected to marginally exceed operating margins for this segment for the second quarter of 2004.

Pro forma net sales for the Advanced Ceramics segment for the second quarter of 2005 are expected to exceed pro forma net sales for this segment for the second quarter of 2004 due to a combination of favorable volume, mix and foreign exchange rates more than offsetting lower prices with respect to certain products. Operating margins for Advanced Ceramics are expected to exceed operating margins for this segment for the second quarter of 2004. Pro forma net sales for the Groupe Novesep segment for the second quarter of 2005 are expected to exceed pro forma net sales for this segment for the second quarter of 2004, but were driven by lower margin business. As a result, operating margins for Groupe Novasep are expected to be below operating margins for this segment for the second quarter of 2004.

On a consolidated basis, we expect operating income for the second quarter of 2005 to be higher than the first quarter of 2005. In addition, we expect depreciation and amortization for the second quarter of 2005 to be in the same range as the first quarter of 2005, which was approximately $53 million. We also expect capital expenditures for the second quarter of 2005 to be slightly higher than capital expenditures for the first quarter of 2005, which were approximately $36 million.

As of June 30, 2005, we expect debt less cash and cash equivalents of approximately $60 million will be approximately $3.2 billion. In June 2005, we fully repaid our revolving credit facility. As of March 31, 2005, outstanding borrowings under our revolving credit facility had been $175 million.

We expect to record a significant mark to market foreign exchange gain on our euro denominated debt in the second quarter of 2005. The exchange rate was €1.00=$1.2996 at March 31, 2005 compared to €1.00=$1.2106 at June 30, 2005. In the first quarter of 2005, we recorded a mark to market foreign exchange gain on our euro denominated debt of approximately $47 million, as the exchange rate moved from €1.00=$1.3593 at December 31, 2004 to €1.00=$1.2996 at March 31, 2005.

Rockwood Holdings, Inc. is a Delaware corporation that was formed in September 2000. On November 20, 2000, an entity controlled by affiliates of KKR acquired certain specialty chemicals business lines from Laporte plc, which was subsequently acquired by Degussa AG. Total cash consideration paid was $1,175.0 million, plus a post-closing adjustment of $5.6 million. The purchase price and related fees and expenses were financed by borrowings under senior secured credit facilities and a senior subordinated loan facility that have been repaid, borrowings under the pay-in-kind loans that are expected to be repaid with a portion of the net proceeds of this offering, and a $282.0 million common equity investment by affiliates of KKR. KKR acquired these specialty chemicals business lines from Laporte because it believed they would create an attractive business with which it could work to develop and implement value creating strategies.

Our principal executive offices are located at 100 Overlook Center, Princeton, New Jersey 08540. Our telephone number is (609) 514-0300. Our website address is www.rocksp.com. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information on our website as part of this prospectus.

**The Offering**

| | |
|---|---|
| Common Stock Offered | 20,408,163 shares |
| Common Stock Outstanding After the Offering | 70,717,702 shares |
| Percentage of Common Stock Represented by Shares of Common Stock Offered | 28.9% |
| Use of Proceeds | We estimate that our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $465.0 million, assuming the shares are offered at $24.50 per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. |
| | We intend to use: |
| | approximately $59.9 million of the net proceeds to repay the outstanding principal amount of the 15% pay-in-kind loans due 2011 and pay a prepayment premium, and approximately $120.7 million of the net proceeds to redeem the outstanding principal amount of the 15% pay-in-kind notes due 2015 and pay a redemption premium; |
| | approximately $85.2 million of the net proceeds to redeem the outstanding principal amount of the 12% senior discount notes due 2011, which are held by an affiliate of KKR; |
| | approximately $151.5 million of the net proceeds to redeem $131.3 million, or 35%, of the 10 5/8% senior subordinated notes due 2011, which we refer to as the 2011 notes, and pay a redemption premium and accrued and unpaid interest; |
| | approximately $37.7 million of the net proceeds to redeem all outstanding shares of our 15% redeemable convertible preferred stock, which are held by an affiliate of KKR, and pay a redemption premium and accumulated and unpaid dividends; and |
| | $10.0 million of the net proceeds to terminate the management services agreement with affiliates of KKR and DLJ Merchant Banking III, Inc., or DLJMB III. |
| | These amounts are based on the accreted value, the outstanding principal amount, the accrued and unpaid interest and the accumulated and unpaid dividends on the applicable securities being repaid or redeemed as of March 31, 2005. The actual amounts we pay to repay or redeem the securities will increase from the amounts shown above. Except with respect to the pay-in-kind loans and notes, each of these repayments and redemptions is voluntary. |

| | |
|---|---|
| | $132.9 million, or approximately 29%, of the net proceeds will be paid to our affiliates that are affiliates of KKR and DLJMB. This amount does not include underwriting discounts and commissions to be received by CSFB, an affiliate of DLJMB, in its capacity as underwriter. Five of the eight members of our current board of directors are affiliated with KKR; two are affiliated with DLJMB; one, our chairman, is our chief executive officer. Our board of directors voted unanimously to approve the offering. |
| | We intend to use any net proceeds we receive from any shares sold pursuant to the underwriters' over-allotment option, after deducting underwriting discounts and commissions, for general corporate purposes. |
| Dividend Policy | We do not anticipate paying any periodic dividends on our common stock in the foreseeable future. See "Dividend Policy." |
| Proposed New York Stock Exchange Symbol | ROC |

Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise by the underwriters of their over-allotment option to purchase 3,061,224 additional shares; if the underwriters exercise their over-allotment option, common stock outstanding after the offering will be 73,778,926;

- excludes 9,121,469 shares of common stock that are reserved for issuance under the 2005 Amended and Restated Stock Purchase and Option Plan of Rockwood Holdings, Inc. and Subsidiaries (which we refer to in this prospectus as the stock plan), including approximately 3,879,785 shares of common stock issuable upon the exercise of outstanding stock options at an exercise price of $14.61 per share, of which approximately 931,077 are vested, up to 10,869 shares of common stock issuable upon the exercise of outstanding stock options at an exercise price equal to the public offering price set forth on the cover page of this prospectus, of which none are vested, and 68,452 shares of common stock underlying vested restricted stock units held by our chairman and chief executive officer, Seifi Ghasemi;

- excludes 958,315 shares of common stock issuable upon the exercise of warrants held by an affiliate of KKR at an exercise price of $14.61 per share; and

- reflects a 34.22553019 for 1 stock split of our outstanding shares of common stock effected on July 18, 2005.

**Risk Factors**

Investing in our common stock involves substantial risk. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in our common stock.

**Rockwood Summary Historical and Pro Forma Financial Data**

Set forth below is summary historical financial and summary pro forma financial data of Rockwood, in each case, at the dates and for the periods indicated. The summary historical financial data presented below for the years ended December 31, 2002 and 2003 and as of and for the year ended December 31, 2004 have been derived from our and Rockwood's audited consolidated financial statements included elsewhere in this prospectus. The summary financial data presented below for the three months ended March 31, 2004 have been derived from Rockwood's unaudited condensed consolidated financial statements, and the summary financial data presented below as of and for the three months ended March 31, 2005 have been derived from our unaudited condensed consolidated financial statements, in each case, included elsewhere in this prospectus. In the opinion of management, the unaudited condensed consolidated financial statements for the three months ended March 31, 2004 and March 31, 2005 have been prepared on a basis consistent with the audited consolidated financial statements. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, which are normally recurring adjustments, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

The summary unaudited pro forma condensed combined balance sheet data is presented to illustrate the estimated effects of the offering as if it had occurred on March 31, 2005 and is based on the exchange rate on March 31, 2005 of €1.00=$1.2996. The summary unaudited pro forma condensed combined statement of operations data and other pro forma financial data is presented to illustrate the estimated effects of the Transactions on our historical results of operations and financial condition as if they had occurred on January 1, 2004 and is based on the weighted average exchange rate of €1.00=$1.2669.

As described above, the Transactions include, among other things, the equity and debt financings and Fall 2004 debt refinancings related to the Dynamit Nobel acquisition. Specifically, in connection with the Dynamit Nobel acquisition, in addition to the equity investments from KKR and DLJMB of $425.0 million in July 2004 and members of our management and certain other employees of $7.0 million from September 2004 to December 2004, certain of our subsidiaries, including Rockwood Specialties Group, Inc. (which we refer to as Group), entered into senior secured credit facilities and a senior subordinated loan facility. In addition, our direct wholly-owned subsidiary exchanged its outstanding dollar-denominated pay-in-kind notes for euro-denominated pay-in-kind notes. In this prospectus, we refer to these related financings collectively as the acquisition financings.

In October 2004, Group refinanced a portion of its borrowings under the senior subordinated loan facility with additional term loan borrowings under an amendment to the senior secured credit facilities. In November 2004, Group refinanced the remaining borrowings under the senior subordinated loan facility with proceeds from the issuance of senior subordinated notes due 2014, which we refer to as the 2014 notes. In December 2004, Group refinanced all of its borrowings under one tranche of term loans under its senior secured credit facilities with borrowings under a new tranche of term loans of the same aggregate principal amount bearing a lower interest rate in order to reduce its interest expense. In this prospectus, we refer to these three refinancings collectively as the Fall 2004 debt refinancings.

The summary unaudited pro forma condensed combined financial information is based on the audited and unaudited consolidated financial statements of Rockwood, our audited and unaudited consolidated financial statements and the audited and unaudited combined financial statements of Dynamit Nobel, in each case, included elsewhere in this prospectus, as adjusted to illustrate the estimated pro forma effects of the Transactions.

The summary unaudited pro forma condensed combined financial information is for illustrative purposes only. Such information is not intended to be indicative of the financial condition and the results of operations that would have been achieved had the Transactions for which we are giving pro forma effect actually occurred on the dates referred to above or the financial condition and the results of operations that may be expected in the future. The unaudited pro forma condensed combined financial information has been prepared based upon currently available information and assumptions that we believe are reasonable. Such currently available information and assumptions may prove to be inaccurate over time.

The summary historical and pro forma financial data presented below should be read together with "Selected Financial Data," "Unaudited Pro Forma Condensed Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," Rockwood's consolidated financial statements and the notes to those statements, our consolidated financial statements and the notes to those statements and Dynamit Nobel's combined financial statements and the notes to those statements, in each case, included elsewhere in this prospectus.

| ($ in millions, except per share amounts; shares in thousands) | Year Ended December 31, 2002 | 2003(8) (As restated) | 2004 | Three Months Ended March 31, 2004 | 2005 | Pro Forma As Adjusted for Year Ended December 31, 2004 | Pro Forma As Adjusted for Three Months Ended March 31, 2005 |
|---|---|---|---|---|---|---|---|
| **Statement of operations data:** | | | | | | | |
| Net sales: | | | | | | | |
| Performance Additives | $ 443.8 | $ 477.3 | $ 630.9 | $ 139.1 | $ 159.5 | $ 674.8 | $ 159.5 |
| Specialty Compounds | 168.8 | 176.4 | 200.4 | 47.9 | 58.1 | 200.4 | 58.1 |
| Electronics | 147.3 | 143.6 | 168.1 | 40.4 | 42.8 | 168.1 | 42.8 |
| Specialty Chemicals | | | 321.1 | | 220.0 | 759.6 | 220.0 |
| Titanium Dioxide Pigments | | | 175.7 | | 104.5 | 422.0 | 104.5 |
| Advanced Ceramics | | | 146.3 | | 91.9 | 349.5 | 91.9 |
| Groupe Novasep | | | 101.0 | | 92.9 | 338.6 | 92.9 |
| Total net sales | 759.9 | 797.3 | 1,743.5 | 227.4 | 769.7 | 2,913.0 | 769.7 |
| Cost of products sold | 542.5 | 581.4 | 1,267.6 | 165.0 | 544.1 | 2,008.8 | 544.1 |
| Gross profit | 217.4 | 215.9 | 475.9 | 62.4 | 225.6 | 904.2 | 225.6 |
| Selling, general and administrative expenses | 112.9 | 118.0 | 327.7 | 35.1 | 150.2 | 615.9 | 149.7 |
| Impairment charges(1) | 50.0 | 35.0 | 11.0 | | | 11.0 | |
| Restructuring charges | 1.2 | 1.8 | 1.1 | | 2.9 | 1.1 | 2.9 |
| Operating income | 53.3 | 61.1 | 136.1 | 27.3 | 72.5 | 276.2 | 73.0 |
| Other income (expenses): | | | | | | | |
| Interest expense, net(2) | (108.2) | (112.3) | (162.1) | (25.1) | (57.3) | (189.9) | (44.0) |
| Foreign exchange (loss) gain(3) | (24.6) | (18.5) | (126.4) | 12.2 | 47.2 | (125.7) | 47.2 |
| Refinancing expenses(4) | | (38.3) | (27.1) | | | (27.1) | |
| Loss on receivables sold | (1.2) | | | | | | |
| Stamp duty tax and other(5) | | | (4.3) | | | (0.9) | |
| (Loss) income before taxes and other adjustments | (80.7) | (108.0) | (183.8) | 14.4 | 62.4 | (67.4) | 76.2 |
| Income tax (benefit) provision | (12.5) | (16.3) | 32.3 | 5.5 | 24.9 | 86.7 | 29.7 |
| Net (loss) income before minority interest | (68.2) | (91.7) | (216.1) | 8.9 | 37.5 | (154.1) | 46.5 |
| Minority interest | | | | | 0.8 | | 0.8 |
| Net (loss) income | $ (68.2) | $ (91.7) | $ (216.1) | $ 8.9 | $ 38.3 | $ (154.1) | $ 47.3 |
| Net (loss) income applicable to common stockholders basic(6) | $ (68.2) | $ (102.9) | $ (220.3) | $ 7.9 | $ 37.2 | $ (156.4) | $ 47.3 |
| Net (loss) income applicable to common stockholders diluted(6) | $ (68.2) | $ (102.9) | $ (220.3) | $ 8.9 | $ 38.3 | $ (156.4) | $ 47.3 |

| Net (loss) income per share data (unaudited)(7): | | | | | | Pro Forma As Adjusted for Year Ended December 31, 2004 | Pro Forma As Adjusted for Three Months Ended March 31, 2005 |
|---|---|---|---|---|---|---|---|
| Basic net (loss) income per common share: | | | | | | | |
| Net (loss) income per common share | $ (3.29) | $ (4.96) | $ (6.66) | $ 0.38 | $ 0.74 | (2.21 | 0.67 |
| Weighted average shares | 20,746 | 20,739 | 33,054 | 20,740 | 50,310 | 70,718 | 70,718 |
| Diluted net income (loss) per common share: | | | | | | | |
| Net income (loss) per common share | | | | $ 0.38 | $ 0.73 | $ (2.21) | $ 0.66 |
| Weighted average shares | | | | 20,740 | 51,849 | 70,718 | 72,182 |
| **Cash flow data:** | | | | | | | |

10

$ ) $

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net cash (used in) provided by operating activities | $ (4.1) | $ 42.6 | $ 179.3 | $ 1.3 | $ (7.4) | | |
| Net cash used in investing activities | (30.4) | (48.5) | (2,249.9) | (6.7) | (35.5) | | |
| Net cash (used in) provided by financing activities | (18.9) | (1.7) | 2,134.4 | (3.8) | 169.1 | | |
| Effect of exchange rate changes on cash | 2.6 | 3.8 | 5.6 | (0.4) | (0.4) | | |
| Net (decrease) increase in cash and cash equivalents | $ (50.8) | $ (3.8) | $ 69.4 | $ (9.6) | $ 125.8 | | |
| **Other financial data:** | | | | | | | |
| Depreciation and amortization | $ 46.3 | $ 52.4 | $ 115.2 | $ 13.8 | $ 53.2 | $ 179.8 | $ 53.2 |
| Capital expenditures | 36.0 | 34.3 | 112.8 | 6.7 | 35.7 | 211.5 | 35.7 |
| EBITDA(9) | 73.8 | 56.7 | 93.5 | 53.3 | 173.7 | 302.3 | 174.2 |
| Non-cash charges and gains included in EBITDA(10) | 74.6 | 90.4 | 151.6 | (12.2) | (47.2) | 150.9 | (47.2) |
| Other special charges and gains included in EBITDA(11) | 2.0 | 2.4 | 87.3 | | 6.7 | 86.7 | 6.7 |

| ($ in millions) | As of December 31, 2004(14) | As of March 31, 2005 | Pro Forma As Adjusted as of March 31, 2005 |
|---|---|---|---|
| | (As restated) | | |
| **Balance sheet data:** | | | |
| Cash and cash equivalents | $ 111.3 | $ 237.1 | $ 227.8 |
| Working capital(12) | 493.0 | 454.7 | 704.2 |
| Property, plant and equipment, net | 1,566.8 | 1,520.8 | 1,520.8 |
| Total assets(1) | 5,399.5 | 5,316.8 | 5,319.4 |
| Long-term debt(13) | 3,380.6 | 3,497.0 | 3,105.9 |
| Redeemable convertible preferred stock | 34.3 | 35.4 | |
| Stockholders' equity | 624.0 | 561.8 | 996.2 |

(1) As part of our impairment testing in late 2002, 2003 and 2004, we determined that there were goodwill impairments of $50.0 million, $19.3 million and $4.0 million, respectively, in our Electronics segment. We also determined that there was a property, plant and equipment impairment of $15.7 million and $7.0 million in 2003 and 2004, respectively, in our Electronics segment.

(2) For the years ended December 31, 2002, 2003 and 2004, and the three months ended March 31, 2004 and March 31, 2005, interest expense, net included (losses) gains of $(11.6) million, $(6.0) million, $6.0 million, $2.3 million and $7.6 million, respectively, representing the movement in the mark-to-market valuation of our interest rate derivative instruments for the periods. In addition, interest expense, net for the years ended December 31, 2003 and 2004 are mark-to-market (loss) gain of $(10.5) million and $0.8 million, respectively, related to cross-currency interest rate swaps entered into in connection with the July 2003 debt refinancing. Interest expense, net also includes $8.0 million, $6.1 million $7.4 million, $0.9 million and $2.9 million for the years ended

December 31, 2002, 2003 and 2004 and the three months ended March 31, 2004 and March 31, 2005, respectively, of amortization expense related to deferred financing costs.

(3)

Represents the non-cash translation impact on our euro-denominated debt resulting from the (strengthening) weakening of the euro against the U.S. dollar during the applicable periods. In the year ended December 31, 2004, this amount also included a $10.9 million mark-to-market realized loss on foreign currency derivative agreements that we entered into in connection with the Dynamit Nobel acquisition.

(4)

In July 2003, we wrote off $36.9 million of deferred debt issuance costs relating to our previous long-term debt that was repaid as part of the July 2003 debt refinancing. In December 2003, we expensed $1.4 million of investment banking and professional fees in connection with the December 2003 refinancing of borrowings under the then new senior credit facilities. In July 2004, we wrote off $2.8 million of deferred debt issuance costs relating to our previous long-term debt that was repaid as part of the acquisition financings. In October 2004, we wrote off $6.1 million of deferred financing costs in connection with the first amendment of the senior secured credit agreement. In November 2004, we wrote off $17.2 million of deferred financing costs in connection with the repayment of the senior subordinated loan facility with the proceeds of the offering of the 2014 notes. In December 2004, we expensed $1.0 million in connection with the second amendment of the senior secured credit agreement.

(5)

Represents the tax on certain assets transferred in the United Kingdom in connection with the KKR acquisition of $4.0 million plus $0.3 million related to disposal of property, plant and equipment.

(6)

Represents the net (loss) income applicable to common shareholders after reducing net (loss) income by the amount of accumulated and unpaid dividends and the accretion to the redemption value of the redeemable convertible preferred stock for the respective periods.

(7)

Net (loss) income per common share is calculated by dividing net (loss) income applicable to common shares by the weighted average shares outstanding. Unaudited pro forma basic and diluted net (loss) income per common share has been calculated in accordance with the SEC rules for initial public offerings. These rules require that the weighted average share calculation give retroactive effect to any changes in our capital structure as well as the number of shares whose sale proceeds will be used to repay any debt as reflected in the pro forma adjustments. Therefore, pro forma weighted average shares for purposes of the unaudited pro forma as adjusted basic net (loss) income per common share calculation, adjusted for the 34.22553019 for 1 stock split to be effected prior to the completion of this offering, are comprised of approximately 50.3 million shares of our common stock outstanding prior to this offering and 20.4 million shares of our common stock being offered in this offering.

(8)

See discussion of the restatement in Note 20 Restatement to our and Rockwood's consolidated financial statements included elsewhere in this prospectus.

(9)

EBITDA is defined as net income plus interest expense, net, income tax provision (benefit) and depreciation and amortization. EBITDA is not a recognized term under U.S. GAAP and is not intended to be an alternative to net (loss) income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.

The amounts shown for EBITDA in this prospectus differ from the amounts calculated under the definition of EBITDA used in our debt agreements. The definition of EBITDA used in our debt agreements permits further adjustments for certain cash and non-cash charges and gains; the indentures governing the 2011 notes and the 2014 notes exclude certain adjustments permitted under the senior secured credit agreement. EBITDA as adjusted is used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain payments. In addition to covenant compliance, our management also uses EBITDA as adjusted, calculated using the same definition as used in our senior secured credit agreement, to assess our operating performance, and to calculate performance-based cash bonuses and determine whether certain performance-based stock options vest, as both such bonuses and options are tied to EBITDA as adjusted targets. For a discussion of the adjustments, uses and the limitations on the use of EBITDA as adjusted, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Non-GAAP Financial Measures."

The following table sets forth a reconciliation of net (loss) income to EBITDA for the periods indicated.

| ($ in millions) | Year Ended December 31, 2002 | Year Ended December 31, 2003 | Year Ended December 31, 2004 | Three Months Ended March 31, 2004 | Three Months Ended March 31, 2005 | Pro Forma As Adjusted for Year Ended December 31, 2004 | Pro Forma As Adjusted for Three Months Ended March 31, 2005 |
|---|---|---|---|---|---|---|---|
| Net (loss) income | $ (68.2) | $ (91.7) | $ (216.1) | $ 8.9 | $ 38.3 | $ (154.1) | $ 47.3 |
| Interest expense, net | 108.2 | 112.3 | 162.1 | 25.1 | 57.3 | 189.9 | 44.0 |
| Income tax (benefit) provision | (12.5) | (16.3) | 32.3 | 5.5 | 24.9 | 86.7 | 29.7 |
| Depreciation and amortization | 46.3 | 52.4 | 115.2 | 13.8 | 53.2 | 179.8 | 53.2 |
| EBITDA | 73.8 | 56.7 | 93.5 | 53.3 | 173.7 | 302.3 | 174.2 |
| Minority interest | | | | | (0.8) | | (0.8) |
| EBITDA (before minority interest) | $ 73.8 | $ 56.7 | $ 93.5 | $ 53.3 | $ 172.9 | $ 302.3 | $ 173.4 |

(10)

EBITDA, as defined above, contains the following non-cash charges and gains for which we believe adjustment is permitted under our senior secured credit agreement, each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

| ($ in millions) | Year Ended December 31, 2002 | Year Ended December 31, 2003 | Year Ended December 31, 2004 | Three Months Ended March 31, 2004 | Three Months Ended March 31, 2005 | Pro Forma As Adjusted for Year Ended December 31, 2004 | Pro Forma As Adjusted for Three Months Ended March 31, 2005 |
|---|---|---|---|---|---|---|---|
| Impairment charges | $ 50.0 | $ 35.0 | $ 11.0 | $ | $ | $ 11.0 | $ |
| Write-off of deferred debt issuance costs | | 36.9 | 25.1 | | | 25.1 | |
| Foreign exchange loss (gain) | 24.6 | 18.5 | 115.5 | (12.2) | (47.2) | 114.8 | (47.2) |
| | $ 74.6 | $ 90.4 | $ 151.6 | $ (12.2) | $ (47.2) | $ 150.9 | $ (47.2) |

(11)

In addition to non-cash charges and gains, EBITDA contains the following other special charges and gains for which we believe adjustment is permitted under our senior secured credit agreement, each of which is described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

| ($ in millions) | Year Ended December 31, 2002 | Year Ended December 31, 2003 | Year Ended December 31, 2004 | Three Months Ended March 31, 2004 | Three Months Ended March 31, 2005 | Pro Forma As Adjusted for Year Ended December 31, 2004 | Pro Forma As Adjusted for Three Months Ended March 31, 2005 |
|---|---|---|---|---|---|---|---|
| Systems/organization establishment expenses | $ 1.5 | $ 1.6 | $ 4.8 | $ | $ 1.2 | $ 4.8 | $ 1.2 |
| Inventory write-up reversal | | 0.2 | 61.1 | | 2.8 | 61.1 | 2.8 |

| | | | | | | **Pro Forma As Adjusted for Year Ended December 31, 2004** | **Pro Forma As Adjusted for Three Months Ended March 31, 2005** |
|---|---|---|---|---|---|---|---|
| Stamp duty tax | | | 4.0 | | | 4.0 | |
| Business interruption costs and insurance recovery | (2.2) | (4.5) | | | | | |
| Costs incurred related to debt modifications | | 1.4 | 2.0 | | | 2.0 | |
| Cancelled acquisition and disposition costs | 0.3 | 1.9 | 0.5 | | 0.2 | 0.5 | 0.2 |
| Loss on receivables sold | 1.2 | | | | | | |
| Loss on disposed businesses | | | 0.8 | | | 0.8 | |
| Restructuring and related charges | 1.2 | 1.8 | 1.1 | | 2.9 | 1.1 | 2.9 |
| Foreign exchange loss on foreign currency derivatives | | | 10.9 | | | 10.9 | |
| Minority interest | | | | | (0.8) | | (0.8) |
| CCA litigation defense costs | | | | | 0.4 | | 0.4 |
| Other | | | 2.1 | | | 1.5 | |
| | $ 2.0 | $ 2.4 | $ 87.3 | $ | $ 6.7 | $ 86.7 | $ 6.7 |

(12) Working capital is defined as current assets less current liabilities.

(13) Includes the current portion of long-term debt of \$47.2 million and \$242.4 million on an actual basis and on a pro forma as adjusted basis as of December 31, 2004 and March 31, 2005, respectively. The current portion of our long-term debt outstanding as of March 31, 2005 includes \$175.0 million outstanding under our revolving credit facility, which we are not contractually obligated to repay until July 30, 2010; the borrowings under the revolving credit facility have subsequently been repaid.

(14) See discussion of the restatement in Note 20 Restatement to our and Rockwood's consolidated financial statements included elsewhere in this prospectus.

## Dynamit Nobel Summary Financial Data

The summary financial data of Dynamit Nobel presented below as of and for the years ended September 30, 2001 and 2002, and the three months ended December 31, 2002 and the year ended December 31, 2003 have been derived from its audited combined financial statements included elsewhere in this prospectus. The summary financial data of Dynamit Nobel presented below for the six months ended June 30, 2003 and as of and for the six months ended June 30, 2004 have been derived from its unaudited condensed combined financial statements, included elsewhere in this prospectus. In the opinion of our management, the unaudited financial statements have been prepared on a basis consistent with the audited financial statements and include all adjustments, which are normally recurring adjustments, necessary for a fair presentation of the results of operations for the periods presented. Results of operations for the interim periods are not necessarily indicative of the results that might be expected for any other interim period or for an entire year.

In September 2002, Dynamit Nobel changed its fiscal year end from September 30 to December 31, which resulted in a short financial year from October 1, 2002 to December 31, 2002.

The summary financial data presented below should be read together with Dynamit Nobel's combined financial statements and the notes to those statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations  Dynamit Nobel" included elsewhere in this prospectus.

| | Year Ended September 30, | | Three Months Ended December 31, | Year Ended December 31, | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|
| **($ in millions)** | **2001** | **2002** | **2002** | **2003** | **2003** | **2004** |
| **Statement of operations data:** | | | | | | |
| Net sales | $ 1,446.5 | $ 1,421.9 | $ 336.9 | $ 1,595.9 | $ 800.0 | $ 885.5 |
| Cost of sales | (949.5) | (914.7) | (219.3) | (1,060.0) | (524.9) | (587.0) |
| Gross profit | 497.0 | 507.2 | 117.6 | 535.9 | 275.1 | 298.5 |
| Operating expenses(a) | (286.4) | (300.9) | (84.6) | (353.2) | (171.3) | (194.3) |
| Operating income | 210.6 | 206.3 | 33.0 | 182.7 | 103.8 | 104.2 |
| Other income, net(a) | 4.9 | 3.8 | 2.2 | 5.8 | 0.8 | 0.5 |
| Interest expense, net | (24.2) | (22.8) | (6.9) | (25.2) | (13.6) | (14.4) |
| Income before taxes and other adjustments | 191.3 | 187.3 | 28.3 | 163.3 | 91.0 | 90.3 |
| Income tax provision | 94.1 | 80.4 | 11.8 | 61.7 | 34.2 | 32.1 |
| Other adjustments(1) | 1.3 | 3.4 | 0.3 | (0.7) | 1.1 | |
| Net income | $ 98.5 | $ 110.3 | $ 16.8 | $ 100.9 | $ 57.9 | $ 58.2 |
| **Cash flow data:** | | | | | | |
| Net cash provided by (used in) operating activities | $ 128.0 | $ 142.1 | $ 42.1 | $ 267.0 | $ 57.6 | $ (18.2) |
| Net cash used in investing activities(2) | (60.3) | (62.5) | (23.8) | (102.7) | (9.0) | (45.0) |
| Net cash (used in) provided by financing activities(3) | (82.3) | (95.9) | (30.9) | (196.8) | (56.6) | 71.7 |
| Exchange-rate-related change in cash and cash equivalents | 8.3 | 15.1 | 10.2 | 33.3 | 6.1 | (6.9) |
| Net (decrease) increase in cash and cash equivalents | $ (6.3) | $ (1.2) | $ (2.4) | $ 0.8 | $ (1.9) | $ 1.6 |
| **Other financial data:** | | | | | | |
| Depreciation and amortization | $ 103.3 | $ 83.1 | $ 21.1 | $ 94.6 | $ 45.7 | $ 52.0 |
| Capital expenditures | 125.1 | 112.0 | 26.3 | 122.0 | 39.4 | 58.2 |
| EBITDA(4) | 320.1 | 295.8 | 56.6 | 282.7 | 151.7 | 156.7 |
| Non-cash charges and gains included in EBITDA(5) | (2.7) | (3.4) | (1.6) | (2.4) | (6.0) | (1.1) |
| | (58.2) | (20.4) | 2.6 | 31.8 | 8.3 | 2.7 |

| | Year Ended September 30, | Three Months Ended December 31, 2002 | Six Months Ended June 30, |
|---|---|---|---|
| Other special charges and gains included in EBITDA(6) | | 15 | |

| ($ in millions) | As of September 30, 2001 | As of September 30, 2002 | As of December 31, 2002 | As of December 31, 2003 | As of June 30, 2004 |
|---|---|---|---|---|---|
| **Balance sheet data:** | | | | | |
| Cash and cash equivalents | $ 10.7 | $ 9.5 | $ 7.0 | $ 7.8 | $ 9.5 |
| Working capital deficiency(7) | (67.9) | (139.6) | (56.2) | (103.6) | (153.2) |
| Property, plant and equipment | 663.3 | 723.9 | 766.2 | 918.2 | 886.2 |
| Total assets | 1,596.7 | 1,732.5 | 2,144.7 | 2,431.6 | 2,430.7 |
| Long-term debt(8) | 137.9 | 94.1 | 201.6 | 231.6 | 203.3 |
| Investment by mg technologies ag | 599.8 | 602.6 | 966.3 | 1,036.7 | 1,037.8 |

(a)

Certain amounts have been reclassified to conform to Rockwood's historical presentation.

(1)

Other adjustments include earnings (loss) from discontinued operations, cumulative effects from changes in accounting principles and minority interest.

(2)

Net cash used in investing activities primarily represents capital expenditures, net of proceeds from dispositions of businesses and fixed assets.

(3)

Net cash (used in) provided by financing activities primarily represents net changes in external debt and the net change in intercompany balances with Dynamit Nobel's parent, mg technologies ag.

(4)

EBITDA is defined as net income plus interest expense, net, income tax provision (benefit) and depreciation and amortization. EBITDA is not a recognized term under U.S. GAAP and is not intended to be an alternative to net (loss) income as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.

The amounts shown for EBITDA in this prospectus differ from the amounts calculated under the definition of EBITDA used in our debt agreements. The definition of EBITDA used in our debt agreements permits further adjustments for certain cash and non-cash charges and gains; the indentures governing the 2011 notes and 2014 notes exclude certain adjustments permitted under the senior secured credit agreement. EBITDA as adjusted is used in our debt agreements to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain payments. In addition to covenant compliance, our management also uses EBITDA as adjusted, calculated using the same definition as used in our senior secured credit agreement, to assess our operating performance, and to calculate performance-based cash bonuses and determine whether certain performance-based stock options vest, as both such bonuses and options are tied to EBITDA as adjusted targets. For a discussion of the adjustments, uses and the limitations on the use of EBITDA as adjusted, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Special Note Regarding Non-GAAP Financial Measures."

The following is a reconciliation of Dynamit Nobel's net income to EBITDA:

| ($ in millions) | Year Ended September 30, 2001 | Year Ended September 30, 2002 | Three Months Ended December 31, 2002 | Year Ended December 31, 2003 | Six Months Ended June 30, 2003 | Six Months Ended June 30, 2004 |
|---|---|---|---|---|---|---|
| Net income | $ 98.5 | $ 110.3 | $ 16.8 | $ 100.9 | $ 57.9 | $ 58.2 |
| Interest expense, net | 24.2 | 22.8 | 6.9 | 25.2 | 13.6 | 14.4 |
| Income tax provision | 94.1 | 80.4 | 11.9 | 61.7 | 34.2 | 32.1 |
| Depreciation and amortization | 103.3 | 83.1 | 21.1 | 94.6 | 45.7 | 52.0 |
| EBITDA | 320.1 | 296.6 | 56.7 | 282.4 | 151.4 | 156.7 |
| Minority interest | | (0.8) | (0.1) | 0.3 | 0.3 | |
| EBITDA (before minority interest) | $ 320.1 | $ 295.8 | $ 56.6 | $ 282.7 | $ 151.7 | $ 156.7 |

(5)

EBITDA, as defined above, contains the following non-cash charges and gains for which we believe adjustment is permitted under our senior secured credit agreement, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Which Affect Our Results of Operations Special Charges":

| Year Ended September 30, | Six Months Ended June 30, |
|---|---|