

Chemtura Corporation (CHMT)

Brief Thoughts from Analyst Day

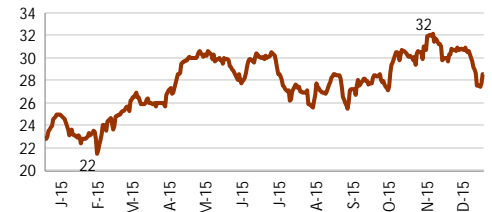
Reiterate Outperform rating and \$35 target price. CHMT provided 2016 EBITDA guidance above consensus estimates, and expects strong EBITDA growth through 2018. Importantly, CHMT continues to have success in passing through its bromine price increase, and expects 2016 volume growth. Additionally, CHMT expects volume growth in IPP with the continued ramp of its Nantong facility and increased HVPAO production. Management is currently evaluating potential mergers or transformative acquisitions, which would likely be a positive catalyst, and we believe shares remain undervalued.

- 2016 EBITDA guidance in line with our estimate and above consensus.** CHMT guided to a 5-7% y/y increase in revenue driven by volume growth, 20% EBITDA growth (implying ~\$300M in EBITDA vs. our estimate of \$300M and consensus of \$294M) and ~20% EPS growth. Additionally, CHMT expects to grow EBITDA at an ~18% CAGR through 2018, and management indicated it has been conservative in its growth forecast given further opportunities for cost outs and efficiency gains.
- CHMT continues to evaluate merger opportunities and is more open to a transformative acquisition.** Management indicated it has finished selling business units and will now focus on a merger or transformative acquisition. We believe a corporate action would be a positive catalyst, although CHMT can use its FCF generation to repurchase stock or potentially implement a dividend.
- IPP should continue to see volume growth through 2018 with strong EBITDA margins.** CHMT believes it will maintain ~20% EBITDA margins in IPP, despite pricing pressure in the petroleum additives business. CHMT expects to ramp sales from its Nantong facility, which is conducting production trials, and should begin commercial sales in Q1:16. Additionally, CHMT has diversified its supply base for HVPAO feedstock, which will allow for increased production. Although management indicated competition has intensified, the company is working on next-generation products, and we believe CHMT will grow volumes in 2016+.
- IEP is having success with CHMT's recent bromine price increase, and CHMT expects additional cost-outs in its organometallics business.** CHMT indicated it expects price, volume, and product mix to drive growth in its bromine business during 2016, despite industry utilization rates of ~70%. Additionally, organometallics has solid momentum heading into 2016, and CHMT has broadened productivity and cost-out initiatives to help offset deteriorating pricing.

Chemtura Corporation is a developer and manufacturer of specialty chemical products including petroleum additives, urethanes, flame retardants, bromine products, and organometallics.

ESTIMATE CHANGE

1-Year Price Chart



Stock Data

Rating:	Outperform
Suitability:	Higher Risk
Price Target:	\$35
Price (12/16/15):	\$28.52
Market Cap (mil):	\$1,948
Shares Out (mil):	68.3
Average Daily Vol (mil):	0.58
Dividend Yield:	0.0%

Estimates

FY Dec	2014A	2015E	2016E
Q1	0.13 A	0.29 A	
Q2	0.32 A	0.29 A	
Q3	0.20 A	0.45 A	
Q4	0.10 A	0.35 E	
Fiscal EPS	0.75 A	1.38 E	1.69 E
Previous Est			1.88 E
Fiscal P/E	38.0x	20.7x	16.9x

Chart/Table Sources: Factset and Baird Data

Please refer to Appendix
- Important Disclosures
and Analyst Certification

Investment Thesis

Chemtura Corporation (CHMT) is a developer and manufacturer of specialty chemical products including petroleum additives, urethanes, flame retardants, bromine products, and organometallics. The company operates in two principal business segments: (1) Industrial Performance Products, and (2) Industrial Engineering Products. CHMT's Industrial Performance Products (IPP) segment develops, manufactures, and sells a range of petroleum additives and urethane pre-polymers. CHMT's Industrial Engineered Products (IEP) segment produces flame retardant products, bromine-based chemicals, and catalyst components. Chemtura has ~21 manufacturing facilities in 11 countries.

In order to drive growth, Chemtura is focused on four strategic building blocks: (1) technology, (2) regional growth, (3) performance, and (4) product portfolio. CHMT is focused on growing its technology and company through four main areas of improvement. First, CHMT hopes to focus on driving industry focused innovation and to differentiate itself through technology. This includes investing in sustainable technologies and applications, in order to appeal to a broader market. Second, CHMT wants to expand regional growth and its global footprint by building a local presence in faster growing regions. Management believes regional service centers can lower costs and provide greater strategic flexibility. Third, CHMT instills a performance driven culture at the company which focuses on continuous improvement, accountability, customer intimacy, cost reduction, and sustainability initiatives, which should help drive overall growth. Lastly, CHMT continues to transform its portfolio with a focus on the transportation, electronics, and energy markets, and CHMT's management team has extensive M&A experience, which should allow the company to make quicker strategic decisions.

Proceeds from divestitures have been used to return value to shareholders and clean up the balance sheet. Since the sale of its three business units, the company has focused on reducing its debt and returning capital to shareholders through share repurchases. During 2013 and 2014, CHMT repurchased ~28.4M shares for \$676M through a large "Dutch auction" tender for ~\$302M of common stock, and other open market purchases. Additionally, CHMT has used ~\$400M of the cash proceeds from the business sales to pay down debt and reduce its interest expense. We believe CHMT's strengthened balance sheet provides flexibility in the acquisition market and/or return additional capital to shareholders.

Recent capacity expansions give CHMT leading market positions. CHMT's remaining businesses have undergone expansions, which help to make them the leaders in their respective markets. CHMT recently expanded its core industrial business at its Ankerweg AVPAO plant in the Netherlands and expanded with its Nantong multipurpose manufacturing plant in China. Additionally, CHMT has focused on expanding its petroleum inhibitor manufacturing capacity to meet customer demand. In the IEP segment, CHMT has expanded production capacity for its insulation foam flame retardant, mercury control application, MOA polymerization catalysts, and MOCVD electronic applications.

Major restructuring should provide \$62M in cost reductions and help drive EPS. CHMT is currently streamlining its business processes to reduce SG&A and COGS by ~\$62M. The company expects to see \$50M in savings during 2015 and the remainder in 2016. We believe implementing leaner and more efficient operating standards should position CHMT for success in the longer term.

\$35 price target. Based on 8.5x EV/EBITDA multiple using our 2016 estimates, which is in line with chemical comps (currently ~8.5x).

Risks & Caveats

Increases in the price of raw materials or energy could adversely impact financial results.

CHMT relies on a range of chemical raw materials derived from ethylene, propylene, benzene, iso-butene, methanol, phosphorus, urea, and palm/coconut oil as well as chlorine, caustic, and tin. Its largest energy source is natural gas. Depending on market conditions, CHMT may not be able to pass on cost increases in these materials to its customers. As such, its financial results may be adversely effected.

Market for BRFs could be negatively impact by environmental regulations, company's deliberating avoiding halogenated products, and miniaturization of electronics.

Due to the potential for negative health impacts to people, a number of states and countries and put in place regulations to curb or completely end their use. Additionally, several major electronics OEMS have sought to reduce or eliminate the use of BFRs in their products including Apple, Dell, IBM, Motorola, Panasonic, Phillips, and Toshiba, among others. Furthermore, as electronics continue to get smaller as per the trend of miniaturization the quantities of flame retardants required theoretically decrease. All of these factors could reduce the size of CHMT's addressable market or inhibit market growth.

Significant exposure to international markets. In 2014, CHMT derived 55% of its sales outside of the United States and Canada. As a result, the company is subject to risks inherent to operating internationally including FX fluctuations, legal/tax differences between countries, political, economic, and social instability.

Subject to high degree of environmental, health, and safety regulation. CHMT incurs material costs to ensure compliance with emission and waste disposal regulations as well as to ensure its products comply with health and safety regulations. CHMT may be required in the future to make site or operational modifications to remain in compliance, which could create material incremental costs.

Company Description

Chemtura Corporation is a developer and manufacturer of specialty chemical products including petroleum additives, urethanes, flame retardants, bromine products, and organometallics. The company operates in two principal business segments: (1) Industrial Performance Products and (2) Industrial Engineering Products.

Model Date: 10/29/2015
 Year-End: December

Chemutra Corporation (CHMT)

	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A	Q1:14A	Q2:14A	Q3:14A	Q4:14A	2014A	Q1:15A	Q2:15A	Q3:15A	Q4:15E	2015E	2016E
Income Statement (in millions)																			
Industrial Performance Products	n/a	n/a	1,465.0	999.0	1,223.0	939.0	891.0	979.0	247.0	259.0	247.0	234.0	987.0	232.0	230.0	226.0	220.0	908.0	967.0
Industrial Engineered Products	n/a	n/a	1,171.0	512.0	728.0	869.0	896.0	803.0	208.0	210.0	198.0	184.0	800.0	175.0	197.0	181.0	189.5	742.5	774.1
Consumer Products	n/a	n/a	516.0	457.0	458.0	422.0	433.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemtura AgroSolutions	n/a	n/a	394.0	332.0	351.0	376.0	409.0	449.0	101.0	140.0	113.0	49.0	403.0	31.0	37.0	37.0	0.0	105.0	0.0
Revenue	3,722.7	3,747.0	3,546.0	2,300.0	2,760.0	2,629.0	2,629.0	2,231.0	556.0	609.0	558.0	467.0	2,190.0	438.0	464.0	444.0	409.5	1,755.5	1,741.1
Cost of Goods Sold	2,814.2	2,883.0	2,810.0	1,721.0	2,103.0	1,939.0	1,938.0	1,721.0	436.0	451.0	424.0	371.0	1,682.0	340.0	350.0	327.0	305.1	1,322.1	1,285.0
Gross Profit	908.5	864.0	736.0	579.0	657.0	667.0	691.0	510.0	120.0	158.0	134.0	96.0	508.0	98.0	114.0	117.0	104.4	433.4	456.1
Selling, general & administrative expense	394.7	372.0	332.0	289.0	315.0	326.0	299.0	229.0	60.0	67.0	65.0	63.0	255.0	36.0	41.0	36.0	36.0	149.0	148.4
Research & development expense	65.5	62.0	51.0	35.0	42.0	38.0	44.0	40.0	8.0	10.0	10.0	8.0	36.0	5.0	6.0	4.0	4.5	19.5	19.6
Depreciation & amortization	214.2	269.0	237.0	162.0	175.0	123.0	120.0	101.0	28.0	25.0	24.0	25.0	102.0	24.0	24.0	22.0	22.5	92.5	90.9
Restructuring and other	198.7	102.0	1,045.0	125.0	87.0	(16.0)	17.0	42.0	2.0	4.0	0.0	19.0	25.0	1.0	(1.0)	1.0	0.0	1.0	0.0
Operating Income - Adjusted	260.8	239.0	161.0	99.0	167.0	190.0	224.0	162.0	28.0	57.0	32.0	15.0	132.0	25.0	35.0	45.0	38.9	143.9	197.2
Interest and financing expense	(102.5)	(87.0)	(78.0)	(70.0)	(191.0)	(63.0)	(64.0)	(60.0)	(12.0)	(11.0)	(12.0)	(10.0)	(45.0)	(8.0)	(8.0)	(7.0)	(7.0)	(30.0)	(32.0)
Other income (expense), net	(50.4)	(13.0)	9.0	(17.0)	(94.0)	0.0	20.0	(41.0)	3.0	(2.0)	4.0	1.0	6.0	11.0	(4.0)	1.0	(0.5)	9.5	0.0
Reorganization items	0.0	0.0	0.0	(97.0)	(303.0)	(19.0)	(5.0)	(1.0)	0.0	(1.0)	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Tax Income - Adjusted	189.7	199.0	90.0	(54.0)	93.0	152.0	127.0	(63.0)	15.0	50.0	24.0	6.0	95.0	28.0	25.0	39.0	33.9	125.9	165.2
Income tax benefit (expense)	(50.2)	(49.0)	(31.0)	(4.0)	(41.0)	(36.0)	(45.0)	(24.0)	(6.0)	(24.0)	(6.0)	(5.0)	(41.0)	(8.0)	(5.0)	(8.0)	(10.3)	(31.3)	(49.6)
Non-controlling interests	0.0	0.0	(2.0)	(1.0)	(1.0)	(1.0)	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations	47.5	42.0	0.0	(66.0)	(13.0)	26.0	(34.0)	(155.0)	(4.0)	(4.0)	0.0	0.0	(8.0)	0.0	0.0	0.0	0.0	0.0	0.0
Net Income - Adjusted	92.0	108.0	59.0	8.0	69.0	91.0	115.0	68.0	13.0	30.0	18.0	8.0	69.0	20.0	20.0	31.0	23.5	94.5	115.7
Basic shares	240.5	241.6	242.3	242.9	223.0	100.1	98.2	97.7	96.3	93.2	89.4	82.0	90.2	68.8	67.6	67.5	67.1	67.8	67.4
Diluted shares	240.5	241.6	242.3	242.9	223.0	100.3	98.8	99.0	97.8	94.4	90.7	83.3	91.6	69.8	68.5	68.3	68.0	68.7	68.3
Non-GAAP EPS	0.38	0.45	0.24	0.03	0.30	0.91	1.16	0.69	0.13	0.32	0.20	0.10	0.75	0.29	0.29	0.45	0.35	1.38	1.69
Adjusted EBITDA	457.2	438.0	351.0	257.0	320.0	336.0	367.0	275.0	57.0	84.0	59.0	44.0	244.0	51.0	61.0	70.0	64.9	246.9	300.2
Segment Analysis Analysis																			
Sales Mix																			
Industrial Performance Products	n/a	n/a	41.3%	43.4%	44.3%	36.0%	33.9%	43.9%	44.4%	42.5%	44.3%	50.1%	45.1%	53.0%	49.6%	50.9%	53.7%	51.7%	55.5%
Industrial Engineered Production	n/a	n/a	33.0%	22.3%	26.4%	33.3%	34.1%	36.5%	37.4%	34.5%	35.5%	39.4%	40.0%	40.0%	40.8%	40.8%	46.3%	42.3%	44.5%
Consumer Products	n/a	n/a	14.6%	19.9%	16.6%	16.2%	16.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Chemtura AgroSolutions	n/a	n/a	11.1%	14.4%	12.7%	14.4%	15.6%	20.1%	18.2%	23.0%	20.0%	10.5%	18.4%	7.1%	8.0%	8.3%	0.0%	6.0%	0.0%
YY Growth																			
Industrial Performance Products	n/a	n/a	n/a	-31.8%	22.4%	-23.2%	-5.1%	9.9%	2.5%	2.0%	2.1%	-3.3%	0.8%	-6.1%	-11.2%	-8.5%	-6.0%	-8.0%	6.5%
Industrial Engineered Production	n/a	n/a	n/a	-56.3%	42.2%	19.4%	3.1%	-10.4%	4.5%	n/a	4.5%	-4.8%	-5.6%	-0.4%	-15.9%	-6.2%	-8.6%	3.0%	-7.2%
Consumer Products	n/a	n/a	n/a	-11.4%	0.2%	-7.9%	2.6%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Chemtura AgroSolutions	n/a	n/a	n/a	-15.7%	5.7%	7.1%	8.8%	9.8%	14.8%	3.7%	-5.0%	-54.2%	-10.2%	n/a	n/a	n/a	n/a	n/a	n/a
Margin Analysis																			
Gross Margin	24.4%	23.1%	20.8%	25.2%	23.8%	25.6%	26.3%	22.9%	21.6%	25.9%	24.0%	20.6%	23.2%	22.4%	24.6%	26.4%	25.5%	24.7%	26.2%
SG&A to Sales	10.6%	9.9%	9.4%	12.6%	11.4%	12.5%	11.4%	10.3%	10.8%	11.0%	11.6%	13.5%	11.6%	8.2%	8.8%	8.1%	8.8%	8.5%	8.5%
R&D to Sales	1.8%	1.7%	1.5%	1.5%	1.5%	1.7%	1.8%	1.4%	1.4%	1.6%	1.8%	1.7%	1.6%	1.1%	1.3%	1.4%	1.1%	1.1%	1.1%
Depreciation to Sales	5.8%	7.2%	6.7%	7.0%	6.3%	4.7%	4.6%	4.5%	5.0%	4.1%	4.3%	5.4%	4.7%	5.5%	5.2%	5.0%	5.5%	5.3%	5.2%
EBIT Margin	7.0%	6.4%	4.5%	4.3%	6.1%	7.3%	8.5%	7.3%	5.0%	9.4%	5.7%	3.2%	6.0%	5.7%	7.5%	10.1%	9.5%	8.2%	11.3%
Pre-Tax Margin	5.1%	5.3%	2.5%	-2.3%	3.4%	5.8%	4.8%	-2.8%	2.7%	8.2%	4.3%	1.3%	4.3%	6.4%	5.4%	8.8%	8.3%	7.2%	9.5%
Effective Tax Rate	26.5%	24.6%	34.4%	-7.4%	44.1%	23.7%	35.4%	-38.1%	40.0%	48.0%	25.0%	83.3%	43.2%	28.6%	20.0%	20.5%	30.5%	24.9%	30.0%
Net Income Margin	2.5%	2.9%	1.7%	0.3%	2.5%	3.5%	4.4%	3.0%	2.3%	4.9%	3.2%	1.7%	3.2%	4.6%	4.3%	7.0%	5.7%	5.4%	6.6%
EBITDA Margin	12.3%	11.7%	9.9%	11.2%	11.6%	12.9%	14.0%	12.3%	10.3%	13.8%	10.6%	9.4%	11.1%	11.6%	13.1%	15.8%	15.8%	14.1%	17.2%
YY Growth																			
Revenue	n/a	0.7%	-5.4%	-35.1%	20.0%	-5.6%	0.9%	-15.1%	5.3%	3.2%	-1.9%	-14.2%	-1.8%	-21.2%	-23.8%	-20.4%	-12.3%	-19.8%	-0.8%
Gross Profit	n/a	-4.9%	-14.8%	-21.3%	13.5%	1.5%	3.6%	-26.2%	9.1%	8.2%	10.7%	-27.8%	-0.4%	-18.3%	-27.8%	-12.7%	8.8%	-14.7%	5.2%
SG&A	n/a	-5.8%	-10.8%	-13.0%	9.0%	3.5%	-8.3%	-23.4%	3.4%	26.4%	12.1%	5.0%	11.4%	-40.0%	-38.8%	-44.6%	-42.8%	-41.6%	-0.4%
R&D	n/a	-5.3%	-17.7%	-31.4%	20.0%	-9.5%	15.8%	-9.1%	0.0%	0.0%	11.1%	-38.5%	-10.0%	-37.5%	-40.0%	-60.0%	-43.7%	-45.8%	0.4%
D&A	n/a	25.6%	-11.9%	-31.6%	8.0%	-29.7%	-2.4%	-15.8%	7.7%	-3.8%	0.0%	0.0%	1.0%	-14.3%	-4.0%	-8.3%	-9.9%	-9.3%	-1.7%
Operating Income	n/a	-8.3%	-32.6%	-38.5%	68.7%	13.8%	17.9%	-27.7%	-24.3%	5.6%	-3.0%	-60.5%	-18.5%	-10.7%	-38.6%	40.6%	159.0%	9.0%	37.1%
Pre-Tax Income	n/a	4.9%	-54.8%	-160.0%	-272.2%	63.4%	-16.4%	-149.6%	-21.1%	-159.5%	84.6%	-154.5%	-250.8%	86.7%	-50.0%	62.5%	464.3%	32.5%	31.3%
Net Income	n/a	17.4%	-45.4%	-86.4%	762.5%	31.9%	26.4%	-40.9%	-23.5%	20.0%	80.0%	-50.0%	1.5%	53.8%	-33.3%	72.2%	194.2%	37.0%	22.3%
EBITDA	n/a	-4.2%	-19.9%	-26.8%	24.5%	5.0%	9.2%	-25.1%	-16.2%	1.2%	0.0%	-32.3%	-11.3%	-10.5%	-27.4%	18.6%	47.5%	1.2%	21.6%

Source: Company reports, Robert W. Baird Estimates

Please refer to Appendix - Important Disclosures and Analyst Certification.

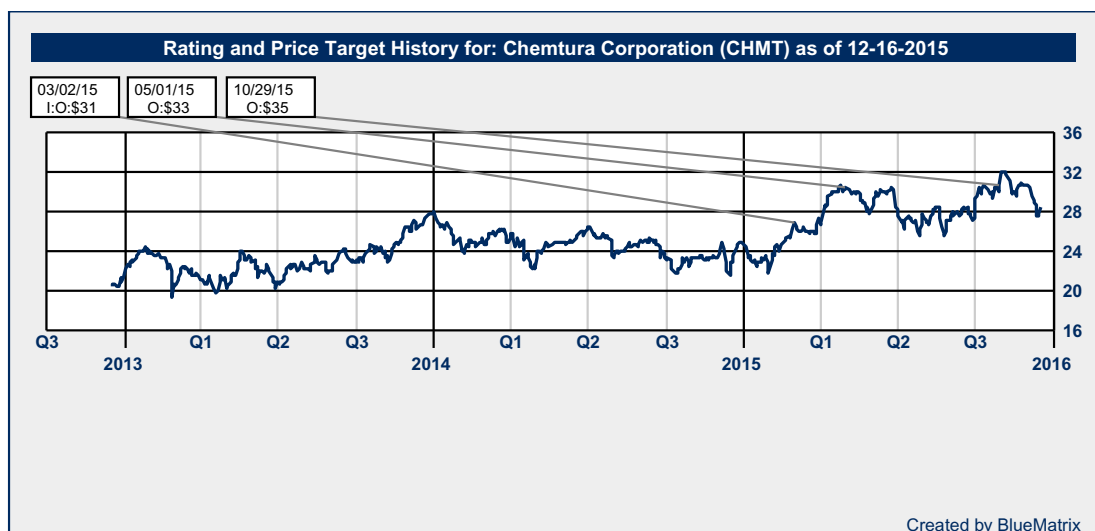
Model Date: 10/29/2015
 Year-End: December

Chemtura Corp

Balance Sheet (in millions)	2006A	2007A	2008A	2009A	2010A	2011A	2012A	2013A	Q1:14A	Q2:14A	Q3:14A	Q4:14A	2014A	Q1:15A	Q2:15A	Q3:15A
Cash & cash equivalents	95.1	77.0	68.0	236.0	201.0	180.0	363.0	549.0	361.0	235.0	145.0	392.0	392.0	245.0	309.0	317.0
Restricted cash	0.0	0.0	0.0	0.0	32.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	342.1	389.0	392.0	471.0	489.0	458.0	405.0	234.0	436.0	259.0	258.0	251.0	251.0	259.0	264.0	229.0
Inventories	660.4	676.0	611.0	540.0	528.0	542.0	468.0	346.0	415.0	339.0	343.0	329.0	329.0	313.0	311.0	316.0
Assets Held For Sale								245.0	6.0	342.0	326.0	6.0	6.0	2.0	0.0	0.0
Other current assets	243.6	239.0	213.0	230.0	171.0	136.0	376.0	151.0	153.0	137.0	137.0	238.0	238.0	233.0	158.0	147.0
Total Current Assets	1,341.2	1,381.0	1,284.0	1,477.0	1,421.0	1,321.0	1,612.0	1,525.0	1,371.0	1,312.0	1,209.0	1,216.0	1,216.0	1,052.0	1,042.0	1,009.0
Property, plant & equipment	1,147.2	1,032.0	862.0	750.0	716.0	752.0	719.0	717.0	717.0	717.0	707.0	704.0	704.0	672.0	677.0	668.0
Goodwill	1,161.2	1,309.0	265.0	235.0	175.0	174.0	177.0	179.0	178.0	180.0	175.0	172.0	172.0	166.0	170.0	167.0
Intangible assets	559.0	585.0	517.0	474.0	429.0	392.0	348.0	114.0	139.0	108.0	104.0	99.0	99.0	95.0	93.0	89.0
Other assets	165.3	109.0	454.0	182.0	172.0	216.0	174.0	169.0	189.0	185.0	184.0	476.0	476.0	458.0	467.0	454.0
Total Non-Current Assets	3,032.8	3,035.0	2,098.0	1,641.0	1,492.0	1,534.0	1,418.0	1,179.0	1,223.0	1,190.0	1,170.0	1,451.0	1,451.0	1,391.0	1,407.0	1,378.0
Total Assets	4,374.0	4,416.0	3,382.0	3,118.0	2,913.0	2,855.0	3,030.0	2,704.0	2,594.0	2,502.0	2,379.0	2,667.0	2,667.0	2,443.0	2,449.0	2,387.0
Short-term borrowings	48.1	5.0	1,181.0	252.0	3.0	5.0	5.0	117.0	6.0	10.0	11.0	18.0	18.0	2.0	3.0	42.0
Accounts payable	284.6	285.0	243.0	128.0	191.0	173.0	175.0	148.0	210.0	156.0	164.0	146.0	146.0	152.0	147.0	138.0
Accrued expenses	436.4	353.0	387.0	184.0	281.0	194.0	194.0	176.0	175.0	171.0	163.0	170.0	170.0	159.0	162.0	147.0
Below Market Contract Obligation - Current	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.0	38.0	38.0
Income tax expenses	53.9	38.0	31.0	5.0	14.0	18.0	137.0	5.0	6.0	5.0	17.0	24.0	24.0	4.0	21.0	17.0
Liabilities Held For Sale								38.0	3.0	66.0	68.0	9.0	9.0	2.0	0.0	0.0
Total Current Liabilities	823.1	681.0	1,842.0	569.0	489.0	390.0	511.0	484.0	400.0	408.0	423.0	367.0	367.0	357.0	371.0	382.0
Long-term debt	1,063.4	1,058.0	23.0	3.0	748.0	748.0	871.0	781.0	789.0	790.0	793.0	556.0	556.0	556.0	514.0	475.0
Pension & postretirement benefits	439.9	361.0	508.0	173.0	498.0	460.0	393.0	246.0	236.0	232.0	204.0	318.0	318.0	299.0	297.0	277.0
Below Market Obligation												185.0	185.0	174.0	165.0	155.0
Deferred tax liability												25.0	25.0	21.0	17.0	17.0
Other non-current liabilities	329.2	463.0	535.0	199.0	207.0	211.0	187.0	194.0	186.0	164.0	142.0	162.0	162.0	116.0	110.0	112.0
Total Non-Current Liabilities	1,832.5	1,882.0	1,066.0	375.0	1,453.0	1,419.0	1,451.0	1,221.0	1,211.0	1,186.0	1,139.0	1,246.0	1,246.0	1,166.0	1,103.0	1,036.0
Liabilities subject to compromise	0.0	0.0	0.0	2,002.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Liabilities	2,655.6	2,563.0	2,908.0	2,946.0	1,942.0	1,809.0	1,962.0	1,705.0	1,611.0	1,594.0	1,562.0	1,613.0	1,613.0	1,523.0	1,474.0	1,418.0
Shareholder's Equity	1,718.3	1,853.0	474.0	159.0	962.0	1,037.0	1,061.0	998.0	982.0	907.0	816.0	1,053.0	1,053.0	920.0	975.0	969.0
Non-controlling interest	0.0	0.0	0.0	13.0	9.0	9.0	7.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	0.0
Total Liabilities & Equity	4,374.0	4,416.0	3,382.0	3,118.0	2,913.0	2,855.0	3,030.0	2,704.0	2,594.0	2,502.0	2,379.0	2,667.0	2,667.0	2,443.0	2,449.0	2,387.0
Balance Sheet Metrics																
Liquidity Ratios																
Current Ratio	1.63	2.03	0.70	2.60	2.91	3.39	3.15	3.15	3.43	3.22	2.86	3.31	3.31	2.95	2.81	2.64
Quick Ratio	0.83	1.04	0.37	1.65	1.83	2.00	2.24	2.44	2.39	2.38	2.05	2.42	2.42	2.07	1.97	1.81
Payable Turnover	n/a	10.18	10.40	8.89	13.11	10.73	10.71	9.90	10.59	12.42	12.23	12.59	11.33	12.12	11.84	11.47
Days Payable	n/a	35.87	35.10	41.03	27.84	34.01	34.07	36.87	34.47	29.38	29.85	29.00	32.23	30.12	30.83	31.82
Cash Conversion Cycle	n/a			149.50	128.32	133.01	120.95	101.73	119.69	103.15	94.39	98.53	81.43	91.28	97.68	102.09
Asset Turnover Ratios																
Receivables Turnover	n/a	10.25	9.08	5.33	5.75	5.50	6.09	6.98	5.67	6.93	7.64	7.28	9.03	8.07	7.47	7.23
DSO's	n/a	35.61	40.20	68.48	63.48	66.32	59.91	52.27	64.43	52.68	47.78	50.17	40.42	45.23	48.87	50.48
Inventory Turnover	n/a	4.31	4.37	2.99	3.94	3.62	3.84	4.23	4.07	4.57	4.77	4.72	4.98	4.79	4.58	4.38
Days Inventory	n/a	84.60	83.59	122.06	92.68	100.71	95.11	86.32	89.73	79.86	76.47	77.36	73.24	76.18	79.64	83.43
Leverage Ratios																
Debt Ratio	25.4%	24.1%	35.6%	72.4%	25.8%	26.4%	28.9%	33.2%	30.6%	32.0%	33.8%	21.5%	21.5%	22.8%	21.1%	21.7%
Debt-to-Equity Ratio	64.7%	57.4%	254.0%	76.6%	38.7%	41.6%	44.6%	52.7%	49.3%	50.2%	51.5%	35.6%	35.6%	36.6%	35.1%	36.5%
Debt-to-Adj. EBITDA Ratio	2.43x	2.43x	3.43x	8.78x	2.35x	2.24x	2.39x	3.27x	3.01x	3.02x	3.03x	2.35x	2.35x	2.34x	2.40x	2.29x
Interest Coverage Ratio	2.54x	2.75x	2.06x	1.41x	0.87x	3.02x	3.50x	2.70x	2.33x	5.18x	2.67x	1.50x	2.93x	3.13x	4.38x	6.43x
Profitability																
ROE	n/a	6.0%	5.1%	2.5%	12.3%	9.1%	11.0%	6.6%	6.4%	7.1%	8.3%	7.3%	6.7%	8.2%	7.0%	8.1%
ROA	n/a	2.5%	1.5%	0.2%	2.3%	3.2%	3.9%	2.4%	2.3%	2.6%	3.0%	2.7%	2.6%	3.0%	2.7%	3.2%

Source: Company reports, Robert W. Baird Estimates

Appendix - Important Disclosures and Analyst Certification



1 Robert W. Baird & Co. Incorporated makes a market in the securities of CHMT.

Robert W. Baird & Co. Incorporated and/or its affiliates expect to receive or intend to seek investment banking related compensation from the company or companies mentioned in this report within the next three months.

Robert W. Baird & Co. Incorporated may not be licensed to execute transactions in all foreign listed securities directly. Transactions in foreign listed securities may be prohibited for residents of the United States. Please contact a Baird representative for more information.

Investment Ratings: **Outperform (O)** - Expected to outperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months. **Neutral (N)** - Expected to perform in line with the broader U.S. equity market over the next 12 months. **Underperform (U)** - Expected to underperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months.

Risk Ratings: **L - Lower Risk** - Higher-quality companies for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings. **A - Average Risk** - Growth situations for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings. **H - Higher Risk** - Higher-growth situations appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility. **S - Speculative Risk** - High-growth situations appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

Valuation, Ratings and Risks. The recommendation and price target contained within this report are based on a time horizon of 12 months but there is no guarantee the objective will be achieved within the specified time horizon. Price targets are determined by a subjective review of fundamental and/or quantitative factors of the issuer, its industry, and the security type. A variety of methods may be used to determine the value of a security including, but not limited to, discounted cash flow, earnings multiples, peer group comparisons, and sum of the parts. Overall market risk, interest rate risk, and general economic risks impact all securities. Specific information regarding the price target and recommendation is provided in the text of our most recent research report.

Distribution of Investment Ratings. As of November 30, 2015, Baird U.S. Equity Research covered 730 companies, with 51% rated Outperform/Buy, 48% rated Neutral/Hold and 1% rated Underperform/Sell. Within these rating categories, 13% of Outperform/Buy-rated and 5% of Neutral/Hold-rated companies have compensated Baird for investment banking services in the past 12 months and/or Baird managed or co-managed a public offering of securities for these companies in the past 12 months.

Analyst Compensation. Analyst compensation is based on: 1) the correlation between the analyst's recommendations and stock price performance; 2) ratings and direct feedback from our investing clients, our institutional and retail sales force (as applicable) and from independent rating services; 3) the analyst's productivity, including the quality of the analyst's research and the analyst's contribution to the growth and development of our overall research effort and 4) compliance with all of Robert W. Baird's internal policies and procedures. This compensation criteria and actual compensation is reviewed and approved on an annual basis by Baird's Research Oversight Committee.

Analyst compensation is derived from all revenue sources of the firm, including revenues from investment banking. Baird does not compensate research analysts based on specific investment banking transactions.

A complete listing of all companies covered by Baird U.S. Equity Research and applicable research disclosures can be accessed at <http://www.rwbaird.com/research-insights/research/coverage/research-disclosure.aspx>.

You can also call 1-800-792-2473 or write: Robert W. Baird & Co. Incorporated, Equity Research, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.

Analyst Certification. The senior research analyst(s) certifies that the views expressed in this research report and/or financial model accurately reflect such senior analyst's personal views about the subject securities or issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

Disclaimers

Baird prohibits analysts from owning stock in companies they cover.

This is not a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy.

ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST

The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available.

Baird is exempt from the requirement to hold an Australian financial services license. Baird is regulated by the United States Securities and Exchange Commission, FINRA, and various other self-regulatory organizations and those laws and regulations may differ from Australian laws. This report has been prepared in accordance with the laws and regulations governing United States broker-dealers and not Australian laws.

Copyright 2015 Robert W. Baird & Co. Incorporated

Other Disclosures

The information and rating included in this report represent the Analyst's long-term (12 month) view as described above. The research analyst(s) named in this report may at times, discuss, at the request of our clients, including Robert W. Baird & Co. salespersons and traders, or may have discussed in this report, certain trading strategies based on catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report. These trading strategies may differ from the analysts' published price target or rating for such securities. Any such trading strategies are distinct from and do not affect the analysts' fundamental long-term (12 month) rating for such securities, as described above. In addition, Robert W. Baird & Co. Incorporated and/or its affiliates (Baird) may provide to certain clients additional or research supplemental products or services, such as outlooks, commentaries and other detailed analyses, which focus on covered stocks, companies, industries or sectors. Not all clients who receive our standard company-specific research reports are eligible to receive these additional or supplemental products or services. Baird determines in its sole discretion the clients who will receive additional or supplemental products or services, in light of various factors including the size and scope of the client relationships. These additional or supplemental products or services may feature different analytical or research techniques and information than are contained in Baird's standard research reports. Any ratings and recommendations contained in such additional or research supplemental products are consistent with the Analyst's long-term ratings and recommendations contained in more broadly disseminated standard research reports.

United Kingdom ("UK") disclosure requirements for the purpose of distributing this research into the UK and other countries for which Robert W. Baird Limited ("RWBL") holds a MiFID passport.

This material is distributed in the UK and the European Economic Area ("EEA") by RWBL, which has an office at Finsbury Circus House, 15 Finsbury Circus, London EC2M 7EB and is authorized and regulated by the Financial Conduct Authority ("FCA").

For the purposes of the FCA requirements, this investment research report is classified as investment research and is objective.

This material is only directed at and is only made available to persons in the EEA who would satisfy the criteria of being "Professional" investors under MiFID and to persons in the UK falling within articles 19, 38, 47, and 49 of the Financial Services and Markets Act of 2000 (Financial Promotion) Order 2005 (all such persons being referred to as "relevant persons"). Accordingly, this document is intended only for persons regarded as investment professionals (or equivalent) and is not to be distributed to or passed onto any other person (such as persons who would be classified as Retail clients under MiFID).

Robert W. Baird & Co. Incorporated and RWBL have in place organizational and administrative arrangements for the disclosure and avoidance of conflicts of interest with respect to research recommendations.

This material is not intended for persons in jurisdictions where the distribution or publication of this research report is not permitted under the applicable laws or regulations of such jurisdiction.

Investment involves risk. The price of securities may fluctuate and past performance is not indicative of future results. Any recommendation contained in the research report does not have regard to the specific investment objectives, financial situation and the particular needs of any individuals. You are advised to exercise caution in relation to the research report. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

RWBL is exempt from the requirement to hold an Australian financial services license. RWBL is regulated by the FCA under UK laws, which may differ from Australian laws. This document has been prepared in accordance with FCA requirements and not Australian laws.

Dividend Yield. As used in this report, the term "dividend yield" refers, on a percentage basis, to the historical distributions made by the issuer relative to its current market price. Such distributions are not guaranteed, may be modified at the issuer's discretion, may exceed operating cash flow, subsidized by borrowed funds or include a return of investment principal.

[Ask the analyst a question](#)

[Click here to unsubscribe](#)