

**24 February 2022**

**FULL YEAR RESULTS TO 31 DECEMBER 2021**

**Key features**

- Financial performance – material increases in NPAT, revenue, EBITDA and free cash flow
- Operational performance – return to maximum settings, reflecting market and industry conditions
- Market performance – supply tightness across product suite, with associated pricing traction
- Zircon sand prices increased from US\$1,291 per tonne in Q4 2020 to US\$1,590 in Q4 2021
  - a further price increase of US\$220 per tonne (inclusive of freight) has been announced for Q1 2022; Iluka expects to achieve ~US\$200 per tonne FOB
- Important progress throughout development pipeline
  - mineral sands projects, including technical development
  - rare earths diversification
- Revised dividend framework:
  - 100% of dividends received from Deterra Royalties; and
  - a minimum of 40% of mineral sands free cash flow not required for investing or balance sheet activity

**Results summary**

	Units	FY 2021	FY 2020	% change	
Mineral sands revenue	\$m	1,486	947	57	▲
Mineral sands EBITDA	\$m	634	342	85	▲
Mineral sands EBITDA margin	%	43	36	19	▲
MAC EBITDA/share of profit in Associate	\$m	18	81	<i>n/a</i>	
Underlying Group EBITDA <sup>1</sup>	\$m	652	423	54	▲
Unit cash costs of production <sup>2</sup>	\$/t	777	918	(15)	▼
Unit cost of goods sold	\$/t	916	1,032	(11)	▼
Profit for the period (NPAT) – Underlying	\$m	315	151	108	▲
Profit for the period (NPAT) – Reported <sup>3</sup>	\$m	366	2,410	<i>n/a</i>	
Operating cash flow	\$m	528	183	189	▲
Free cash flow <sup>4</sup>	\$m	300	36	733	▲
Dividend – fully franked	cps	12	2	500	▲
		<b>At 31 Dec 2021</b>	<b>At 31 Dec 2020</b>		
Net (debt) cash	\$m	295	50		▲

<sup>1</sup> Underlying group EBITDA excludes non-recurring adjustments including impairments and changes to rehabilitation provisions for closed sites which are non-cash in nature.

<sup>2</sup> Excluding by-products.

<sup>3</sup> FY2020 reported NPAT includes a gain of \$2,247m on the demerger of Deterra Royalties Limited.

<sup>4</sup> Free cash flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year.

## Managing Director's commentary

Iluka delivered an excellent result in 2021 underpinned by strong operating performance, increasing demand and observable supply-side challenges across the mineral sands industry.

In zircon, tile manufacturers in many geographies maintained high levels of demand after rebounding to pre-pandemic levels of production in the first half of the year. This occurred despite increasing challenges from raw material cost inflation, supply chain disruptions and some dampening sentiment from deleveraging in the Chinese property market. Owing to the discipline Iluka demonstrated in 2020, we were well positioned to meet this demand and achieved favourable pricing outcomes.

Tightness is also a feature of the high grade titanium feedstock market, with demand in all regions continuing to outstrip supply. Pigment inventories remain below seasonal norms as pigment producers have maintained high utilisation rates through seasonally slower northern hemisphere winter months. Pigment prices are now at 10 year highs, as producers attempt to cover increased energy and raw material costs. Ongoing logistics issues due to port fires and other disruptions in South Africa continue to impact industry production.

Importantly, Iluka has and continues to pursue a sustainable pricing environment for the company's products, with customers increasingly prioritising security of supply.

Our Australian operations returned to maximum production settings in April. Iluka's Total Recordable Injury Frequency Rate was 2.1, a 25% improvement on 2020. We also achieved a 25% decrease in our Serious Potential Injury Frequency Rate, which has been an area of specific safety focus.

In Sierra Leone, with improved operational performance in the second half and parliamentary ratification of adjustments to Sierra Rutile's fiscal regime for Area 1, Sierra Rutile has withdrawn its notice to suspend operations. The ongoing third party investment process for the Sembehun development was broadened during the year to include consideration of a potential demerger of Sierra Rutile.

Alongside our financial, operational and market outcomes, important progress has been achieved throughout Iluka's development pipeline. In 2021 we took decisions to execute the restart of Synthetic Rutile Kiln 1 at Capel; commence a definitive feasibility study for Balranald in New South Wales; and announce a resource estimate for Wimmera in Victoria. The latter two decisions reflect our sustained focus on mineral sands technical development in Australian jurisdictions, with each of these projects and their technologies having the potential to transform the industry.

In our rare earths business, we made our final shipment of Eneabba Phase 1 material in December, completing our sales obligations under this initial phase. Construction is well advanced for Phase 2 and, despite supply chain challenges, we remain on track for completion in H1 2022. Iluka's feasibility study for Phase 3 – a fully integrated rare earths refinery – has been undertaken in parallel and will be finalised in Q1 2022. The key environmental approvals have been received and discussions with the Australian Government in relation to risk sharing arrangements are ongoing.

Iluka remains positioned to lead in the response to mineral sands industry and market conditions, both near and longer term, through the company's operations, development pipeline, financial strength, marketing approach and product suite.

## 2021 Full Year Results teleconference details

Iluka will host a conference call for equity market participants to discuss the FY 2021 result. The call will take place at **9:00am (AWST) on Thursday, 24 February 2022**. Participants need to pre-register by following the link and instructions below.

Joining the conference call:

1. Please register in advance of the conference using the link provided below. Upon registering, you will be provided with participant dial-in numbers, Direct Event passcode and unique registrant ID. The conference ID is **5184825**
2. In the 10 minutes prior to the call start time, you will need to use the conference access information provided in the email received at the point of registering.

**Direct Event online registration:** <https://apac.directeventreg.com/registration/event/5184825>

This document was approved and authorised for release to the market by Iluka's Managing Director.

### Investor and media enquiries

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