

**24 August 2022**

**Half Year Results to 30 June 2022**

**Key features**

- Mineral sands revenue up 30%, reflecting higher prices across all of Iluka's products
- Mineral sands EBITDA of \$505 million, up 69%
- Mineral sands EBITDA margin improved to 53% from 41% in H1 2021
- NPAT of \$369 million, up 186%
- Operating cash flow of \$481 million and free cash flow of \$350 million
- Demerger of Sierra Leone business completed – Sierra Rutile trading independently from 4 August
- Net cash position of \$600 million at 30 June 2022, up from \$295 million at 31 December 2021
  - Sierra Rutile demerged with \$106 million cash, including US\$45 million rehabilitation trust
- Rare earths diversification confirmed – FID for Eneabba rare earths refinery
- Continued progress throughout development pipeline
- Dividends received from 20% holding in Deterra Royalties of \$12 million
- Interim H1 2022 Iluka dividend of 25 cps, fully franked

**Results summary**

	Units	H1 2022	H1 2021	% Change	
Mineral sands revenue	\$m	954.9	735.6	29.8	▲
Mineral sands EBITDA	\$m	505.4	299.2	68.9	▲
Mineral sands EBITDA margin	%	52.9	40.7	30.1	▲
MAC EBITDA/share of profit in associate	\$m	20.1	9.0	123.3	▲
EBITDA from discontinued operations - SRL	\$m	53.6	(4.5)	n/a	▲
Underlying Group EBITDA <sup>1</sup>	\$m	525.5	308.2	70.5	▲
Unit cash costs of production <sup>2</sup>	\$/t Z/R/SR	938	805	16.5	▲
Unit costs of goods sold	\$/t Z/R/SR	995	915	8.7	▲
Profit for the period (NPAT)	\$m	368.5	129.0	185.7	▲
Operating cash flow	\$m	481.1	306.4	57.0	▲
Free cash flow <sup>3</sup>	\$m	349.8	179.3	95.1	▲
Interim dividend – fully franked	cps	25	12	108.3	▲
		<b>At 30 Jun</b>	<b>At 31 Dec</b>		
Net (debt) cash	\$m	600.3	294.8	103.6	▲

<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> 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 strong outcomes in the first half, both in terms of financial performance and progress on our strategic priorities.

In a macroeconomic environment characterised by inflation and uncertainty, we increased margins and strengthened our balance sheet. This was the result of strong demand for Iluka's products, industry supply constraints and resultant pricing traction.

At the same time, we passed a key milestone in our FID for Australia's first fully integrated rare earths refinery at Eneabba. This confirmed a long planned, substantial diversification for Iluka, funded via a risk sharing partnership with the Australian Government. Eneabba positions the company at the forefront of the global shift to electrification and a low carbon economy.

Iluka also completed the demerger of Sierra Rutile, which enables us to focus on delivering our rare earths diversification and broader mineral sands project pipeline in Australia.

Supply-side dynamics remained the dominant feature of mineral sands markets. For both zircon and high grade titanium feedstocks, scarcity has been exacerbated by the war in Ukraine and challenges in South Africa, with little by way of new production coming online. Global inventories of these products are low.

In these circumstances, customers are prioritising security of supply; and Iluka is well placed.

Our Australian operations are configured at maximum settings and sales over the second half are likely to continue to be constrained by production. Furthermore, the second half will see first production from the restart of Synthetic Rutile Kiln 1 at Capel.

Other approaching development milestones include the commencement of ground works for the Eneabba rare earths refinery; the completion of the definitive feasibility study for the Balranald project; and the completion of preliminary feasibility studies for the Wimmera and Atacama projects.

The company's Total Recordable Injury Frequency Rate increased to 3.3 and is a focus for improvement.

### **2022 Half Year Results teleconference details**

Iluka will host a conference call for equity market participants to discuss the H1 2022 result. The call will take place at **9:00am (AEST) on Wednesday, 24 August 2022**. Participants who wish to dial in to the teleconference must register through the participant link below. Dial in details and instructions will be provided in the confirmation email received upon registering.

**Registration link:** <https://register.vevent.com/register/B18349369f2f4d4e0db6f4d33fd7949f30>

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

### **Investor and media enquiries**

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