

**21 February 2023**

**FULL YEAR RESULTS TO 31 DECEMBER 2022**

**Key features**

- Safety performance – Serious Potential Injury Frequency Rate decreased 18%
  - Total Recordable Injury Frequency Rate of 6.9 a focus for improvement
- Record revenue; robust cash flow generation; excellent margins; strong balance sheet
- Mineral sands markets resilient in face of macroeconomic and geopolitical uncertainty
  - supply tight and inventories low; industry discipline evident
  - customers prioritising security and reliability of supply
  - clear demand for high grade and quality products produced by Iluka, in Australia
- Operations at maximum production settings
  - SR1 restart commissioned
  - Sierra Leone business demerged
- Rare earths diversification confirmed – Eneabba refinery approved
  - Wimmera Ore Reserve declaration; strategic investment in Northern Minerals
- Final investment decision for Balranald development
- FY 2022 full year dividend of 45 cps, fully franked, including final dividend of 20 cps

**Results summary**

	Units	FY 2022	FY 2021	% change	
Mineral sands revenue	\$m	1,727	1,486	16	▲
Mineral sands EBITDA	\$m	917	634	45	▲
Mineral sands EBITDA margin	%	53	43	23	▲
MAC EBITDA/share of profit in Associate	\$m	30	18	67	▲
Underlying Group EBITDA <sup>1</sup>	\$m	946	652	45	▲
Unit cash costs of production <sup>2</sup>	\$/t	938	777	21	▲
Unit cost of goods sold	\$/t	1,031	916	13	▲
Profit for the period (NPAT)	\$m	589	366	61	▲
Operating cash flow	\$m	711	528	35	▲
Free cash flow <sup>3</sup>	\$m	444	300	48	▲
Final dividend – fully franked	Cps	20	12	67	▲
Full year dividend – fully franked	Cps	45	24	88	▲
		<b>At 31 Dec 2022</b>	<b>At 30 Jun 2022</b>		
Net (debt) cash	\$m	489	600	(19)	▼

<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**

2022 was an extraordinary year for Iluka.

The company confirmed its diversification into rare earths; exited its business in Sierra Leone; and achieved substantial progress throughout its Australian growth pipeline, including via the commercialisation of new technologies.

We delivered this while once again demonstrating the strength of our existing business.

Iluka's financial results were underpinned by a strong operational and sales performance. Our production facilities were at capacity; and we materially sold out of all our products.

Despite ongoing macroeconomic and geopolitical uncertainty, mineral sands markets proved resilient. Discipline was observable in many downstream sectors in the face of the energy crisis in Europe, inflationary pressures in the US and COVID-19 restrictions in China. This saw supply remain tight and inventories low, market features reinforced by continued production disruptions at other major mineral sands producers and as a result of Russia's invasion of Ukraine.

With scarcity, security and reliability of supply increasingly prominent considerations for many downstream customers, Iluka's portfolio of high grade, high quality critical minerals products produced in Australia sees the company well placed. This is demonstrated by the key offtake agreements we have concluded for our synthetic rutile. New and existing customer commitments have increased over the next four years, contracted under 'take or pay' arrangements. Production from our synthetic rutile kiln 2 (SR2) is effectively contracted and volumes from the adjacent and recently restarted SR1 are available for sale on a spot basis as planned.

The Balranald development is an important new source of rutile, zircon, synthetic rutile feedstock and rare earth feedstock. Iluka's final investment decision for Balranald further enhances the company's product offering; underscores the complementary nature of our mineral sands and rare earths businesses; and exhibits the value of our sustained focus on research and development. The remotely operated underground mining (UGM) technology we are deploying at Balranald is akin to keyhole surgery for the extraction of critical minerals. It enables access to deposits that, owing to their depth, have hitherto been considered uneconomic, with environmental benefits including a substantially reduced disturbance footprint and carbon intensity.

Iluka's diversification into rare earths is a company defining transformation. It will occur in the first instance through our development of Australia's first fully integrated rare earths refinery at Eneabba. This follows the historic partnership between Iluka and the Australian Government to establish a domestic rare earths industry.

The Eneabba refinery will be fed initially by Iluka's unique stockpile of rare earths, which we have built progressively over the past 30 years. Additional feedstocks have been progressed from both internal and external sources, with an emphasis on securing Iluka's competitive advantage in the valuable heavy rare earths dysprosium and terbium. At the Wimmera development, we have approved a definitive feasibility study and declared an Ore Reserve, marking a key milestone for what is a potential multi-decade critical minerals province. We have also concluded an agreement with Northern Minerals – an emerging rare earths company – for the future supply of concentrate from its planned mine at Browns Range in the Eastern Kimberley. In parallel, Iluka continues to evaluate the production of rare earth metals, which would increase our reach and value to consumers in key and emerging markets.

In closing, I extend my thanks and appreciation to Iluka's people for their efforts throughout a momentous year in our company's history.

## **2022 Full Year Results teleconference details**

Iluka will host a conference call for equity market participants to discuss the FY 2022 result. The call will take place at 9:00am (AEDT) on Tuesday, 21 February 2023. 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.

### **Participant pre-registration link:**

<https://register.vevent.com/register/Blf8cedb3e369942eb9e8a1e2093ade10e>

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

### **Investor and media enquiries**

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