

21 February 2024

## 2023 Full Year Results

### Key features

Improved safety performance

- Total Recordable Injury Frequency Rate down 65% to 2.4
- Serious Potential Injuries down 17% to 15

Financial performance reflective of market discipline in response to subdued demand

Strong EBITDA margin of 47%, with product pricing relatively strong and stable

Operational settings and inventory levels set in line with market conditions

- Swing production asset, SR1, likely to remain offline in 2024
- Iluka well placed to respond to demand recovery and/or industry supply constraints

Investment in development pipeline and project execution, including Eneabba and Balranald projects in execute

2023 full year dividend of 7cps fully franked, including final dividend of 4cps

### Key financials

**Mineral sands revenue**

**\$1,238m**

(FY 2022: \$1,524m)

**Mineral sands EBITDA margin**

**47%**

(FY 2022: 56%)

**NPAT**

**\$343m**

(FY 2022: \$589m)

**Mineral sands net cash**

**\$308m**

(FY 2022: \$382m)

**Rare earths net (debt)**

**(\$83m)**

(FY 2022: (\$39m))

### 2023 Full Year Results teleconference details

9:00am (AEDT) 21 February 2024

Participants must register through the participant link below.

**Participant pre-registration link:**

<https://register.vevent.com/register/B17dc6d3f353a64e41bff762f29e9152fb>

Dial in details and instructions will be provided in the confirmation email received upon registering.

This release uses non-IFRS information including, for example EBITDA and net debt. Refer to slide 27 of the accompanying ASX release, *2023 Full Year Results presentation*, for a reconciliation of these items to relevant statutory measures.

## Managing Director's commentary

Iluka's performance in 2023 was characterised by discipline in response to persistent inflation, subdued demand and geopolitical volatility.

Confronted with these circumstances, we prioritised the value of our products, calibrating operational settings and inventory levels accordingly. This approach was enabled by the healthy balance sheet the company has built over several years.

As a result, prices remained relatively strong and stable, mitigating to some extent the influence of higher costs on our margins. We continued to invest in our critical pipeline of major projects, and notwithstanding subdued demand, delivered a net profit of \$343 million.

Iluka's final dividend of 4 cents per share reflects the pass through of funds received from our 20% holding in Deterra Royalties, which remains a valuable source of additional financial strength.

Zircon markets were characterised by cautious buying behaviour by customers, especially in China, where the economic recovery anticipated by many is yet to materialise. This is despite a number of policy initiatives aimed at stimulating demand in the Chinese housing sector. Parallel to our focus on pricing for our premium zircon sand, Iluka achieved increased sales of zircon in-concentrate, a lower quality, high-margin product suitable for select customers.

The company's titanium feedstock business continues to benefit from the revenue certainty provided by our take-or-pay offtake contracts. Renewed at the start of 2023 for four years, these underpin production from our principal synthetic rutile asset, SR2. Throughout a lengthy phase of destocking on the part of Western pigment manufacturers, Iluka's customers have demonstrated strong production discipline and, more recently, have reported improving sales volumes and inventories of pigment at minimal levels. In addition, many are following closely anti-dumping proceedings being undertaken by the European Commission, which have the potential to reset the European pigment industry.

Production from our swing asset, SR1, was paused in October in line with market conditions. SR1 is likely to remain offline in 2024, though Iluka retains the ability to restart quickly in the event of demand recovery and/or industry supply constraints.

The development of Iluka's rare earths business progressed throughout 2023, including bulk earthworks, camp construction and front-end engineering design (FEED) for the Eneabba refinery. Inflation has affected nearly all major resources projects in Western Australia in recent times and Eneabba has not been immune. In December, we announced a revised capital cost estimate range of \$1.5 to \$1.8 billion. FEED work undertaken to date has narrowed the range to \$1.7 to \$1.8 billion, with the finalisation of FEED expected in Q1 2024. Refinery commissioning is scheduled for 2026.

Headway on other major projects included Balranald in New South Wales, which is currently under construction and where the company will deploy its novel, remotely-operated underground mining technology at commercial scale for the first time.

At Wimmera in Western Victoria, Iluka is undertaking a definitive feasibility study (DFS) and has declared an Ore Reserve for the project's rare earth minerals. Today we have updated Wimmera's Ore Resource to reflect our increased geological confidence in the WIM100 deposit. Work to address technical challenges associated with Wimmera's zircon continues. In Western Australia, the potential development at Tutunup was gated to DFS in May as an important future source of ilmenite for our synthetic rutile operations. Earlier stage studies on the Euston and Atacama projects were also progressed.

## Results summary

	Units	FY 2023	FY 2022 <sup>1</sup>	% change
Mineral sands revenue	\$m	1,238	1,524	(19)
Mineral sands EBITDA	\$m	582	849	(32)
Mineral sands EBITDA margin	%	47	56	(9)
Share of profit in associate (Deterra)	\$m	27	30	(8)
Profit for the period (NPAT)	\$m	343	589	(42)
Operating cash flow	\$m	347	711	(51)
Free cash flow – Mineral sands	\$m	(69)	422	-
Free cash flow – Group <sup>2</sup>	\$m	(160)	444	-
Total interim and final dividend – fully franked	cps	7	45	(84)

  

		As at 31 Dec 2023	As at 31 Dec 2022	% change
Total Group net (debt) cash	\$m	225	489	(54)
Mineral sands net (debt) cash	\$m	308	382	(19)
Rare earth net (debt) cash	\$m	(83)	(39)	113

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

### Investor and media enquiries

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<sup>1</sup> Prior period (FY22) has been restated to exclude Sierra Rutile Ltd which was demerged from the Iluka Group in August 2022.

<sup>2</sup> Free cash flow is determined as cash flow before refinance costs, proceeds/repayment of borrowings and dividends paid in the year.