



# Fourth Quarter 2016 Conference Call

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MINERALS TECHNOLOGIES INC.

2.3.2017

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*This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 which describe or are based on current expectations. Actual results may differ materially from these expectations. In addition, any statements that are not historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates,” and similar expressions) should also be considered to be forward-looking statements. The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements in this document should be evaluated together with the many uncertainties that affect our businesses, particularly those mentioned in the risk factors and other cautionary statements in our 2015 Annual Report on Form 10-K and in our other reports filed with the Securities and Exchange Commission.*

*Also, this presentation will include certain financial measures that were not prepared in accordance with generally accepted accounting principles. Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in our Current Report on Form 8-K dated February 2, 2017, and in our other reports filed with the Securities and Exchange Commission, available on our website at [www.mineralstech.com](http://www.mineralstech.com) in the “Investor Information - SEC Filings” section.*

# Douglas T. Dietrich

Chief Executive Officer





# 2016 Highlights

- Record Year for MTI
- Record Year for Specialty Minerals
- Record Year for Performance Materials
- MTI China Sales Growth of 9%
  - PCC China Growth: 12%
  - Performance Materials: 11%
- Refractories Strong Performance in Weak Markets
- Restructuring of Energy Services
- Strong Operating Margins: 15.7%
- Productivity: 7% Improvement
- Strong Operating and Free Cash Flow
- Debt Reduction: \$190M



# MTI Consolidated 2016 Results

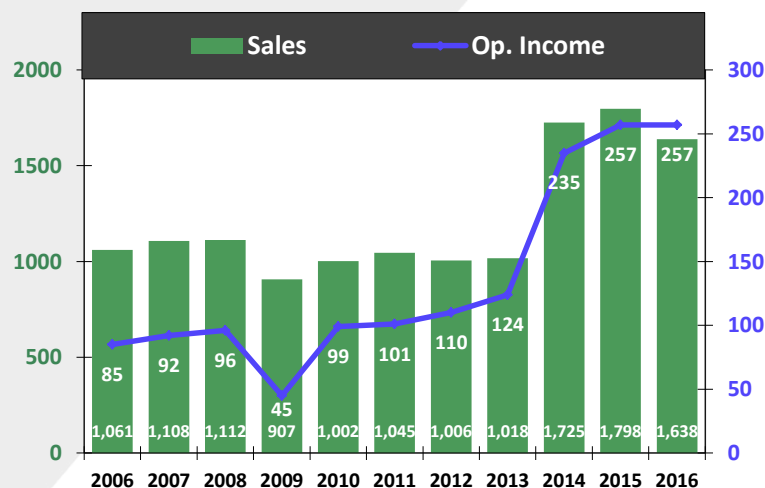
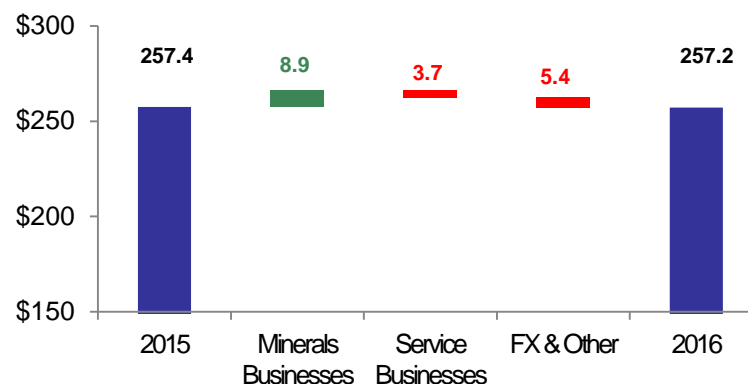


## Full Year Highlights

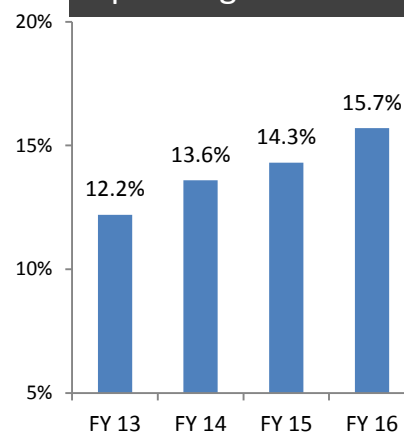
\$ in Millions (except EPS)

	<u>2016</u>	<u>2015</u>
<b>Sales</b>	<b>1,638</b>	<b>1,798</b>
<b>Operating Income</b>	<b>257</b>	<b>257</b>
<b>% of Sales</b>	<b>15.7%</b>	<b>14.3%</b>
<b>EPS</b>	<b>4.47</b>	<b>4.31</b>

## Summary Operating Income Bridge (\$ in millions)



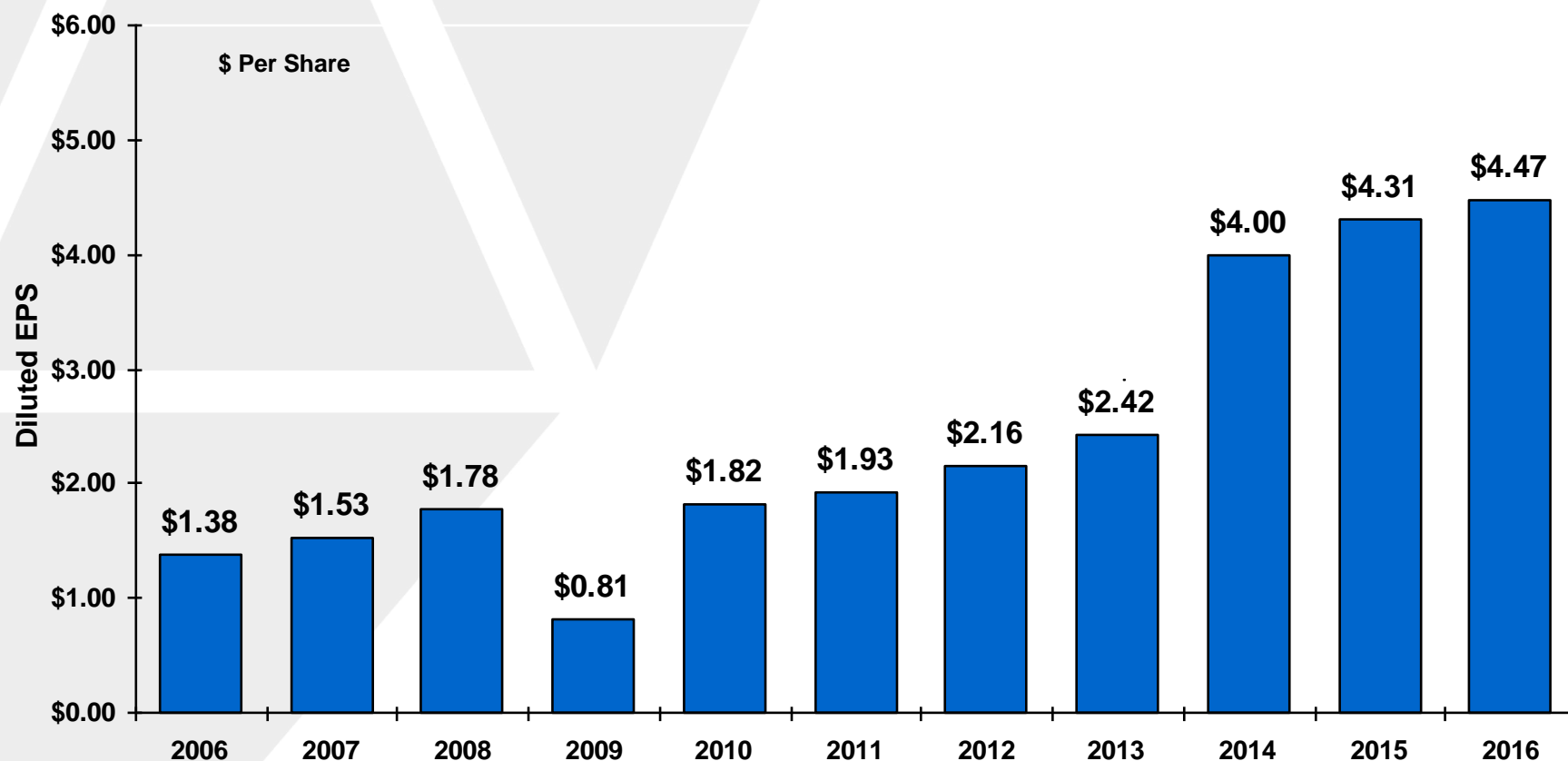
## Operating Income %



The above table reflects the Company's Operating Income and EPS, excluding special items, such as acquisition-related costs, restructuring, and impairment costs and related tax effects, for all periods presented. These are non-GAAP measures that the Company believes provide meaningful supplemental information regarding its performance as inclusion of such special items are not indicative of the Company's ongoing results and thereby affect comparability between periods. The Company believes these non-GAAP measures provide consistency in its financial reporting and facilitate investors' understanding of historic operating trends.



# MTI EPS Historical Trend



\* Continuing Operations, Excludes special items

Adjusted for 2012 Stock Split

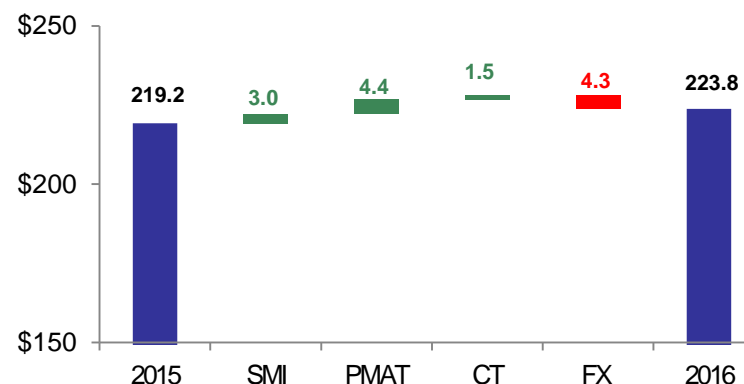
# 2016 Minerals Businesses Results



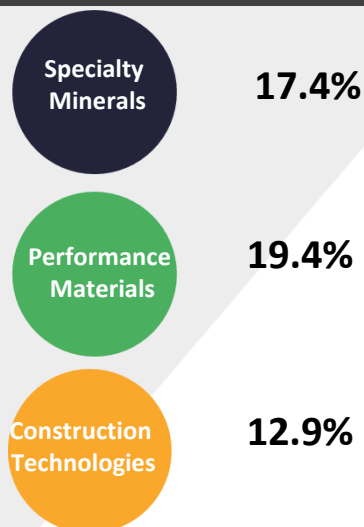
## Full Year Financials (\$ in millions)

	<u>2016</u>	<u>2015</u>
<b>Sales</b>	<b>1278</b>	<b>1320</b>
<b>Operating Income</b>	<b>224</b>	<b>219</b>
<b>% of Sales</b>	<b>17.5%</b>	<b>16.6%</b>
<b>EBITDA</b>	<b>298</b>	<b>297</b>
<b>% of Sales</b>	<b>23.3%</b>	<b>22.5%</b>

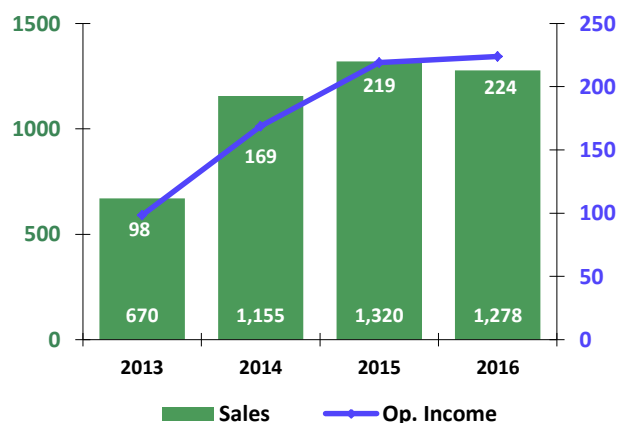
## Summary Operating Income Bridge (\$ in millions)



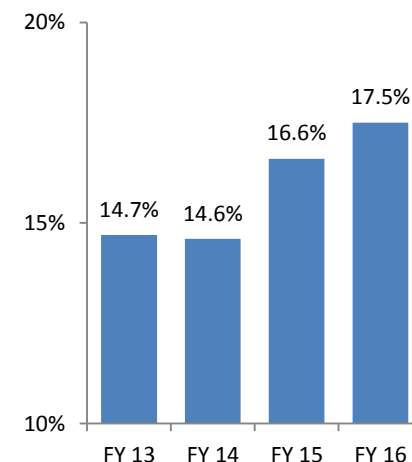
## Operating Margins



## Historical Annual Operating Results (\$ in millions)



## Op. Income %



The above table/chart reflects the Company's Operating Income and EBITDA, excluding special items, such as acquisition-related costs, restructuring, and impairment costs and related tax effects, for all periods presented. These are non-GAAP measures that the Company believes provides meaningful supplemental information regarding its performance.

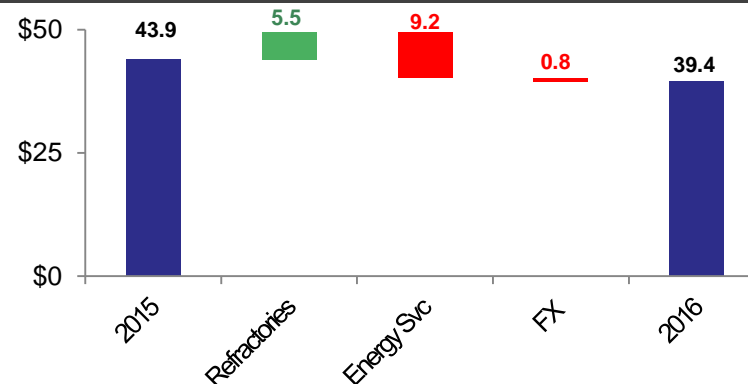
# 2016 Service Businesses Results



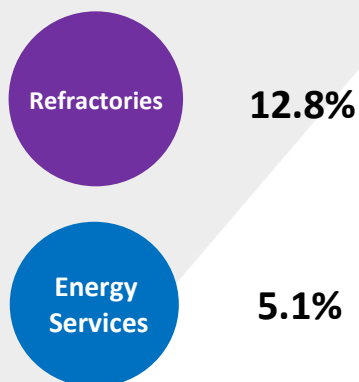
## Full Year Financials (\$ in millions)

	<u>2016</u>	<u>2015</u>
<b>Sales</b>	<b>360</b>	<b>478</b>
<b>Operating Income</b>	<b>39</b>	<b>44</b>
<b>% of Sales</b>	<b>10.9%</b>	<b>9.2%</b>
<b>EBITDA</b>	<b>61</b>	<b>69</b>
<b>% of Sales</b>	<b>16.8%</b>	<b>14.4%</b>

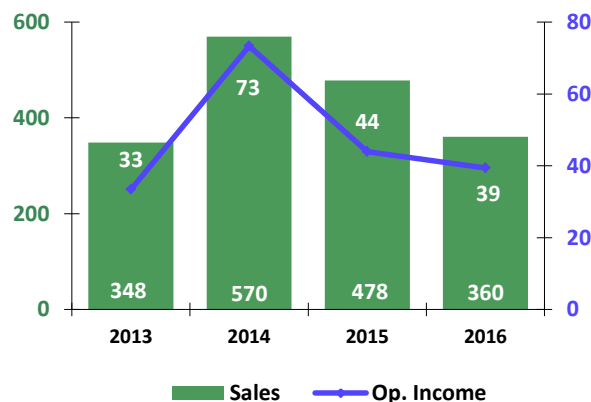
## Summary Operating Income Bridge (\$ in millions)



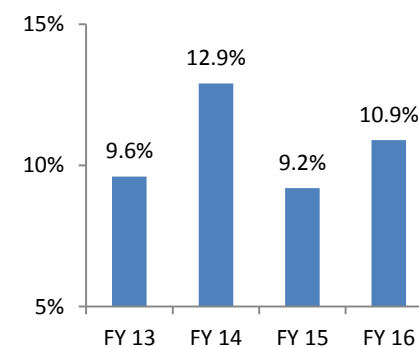
## Operating Margins



## Historical Annual Operating Results (\$ in millions)



## Op. Income %



The above table/chart reflects the Company's Operating Income and EBITDA, excluding special items, such as acquisition-related costs, restructuring, and impairment costs and related tax effects, for all periods presented. These are non-GAAP measures that the Company believes provides meaningful supplemental information regarding its performance.



# Fourth Quarter Financial Review

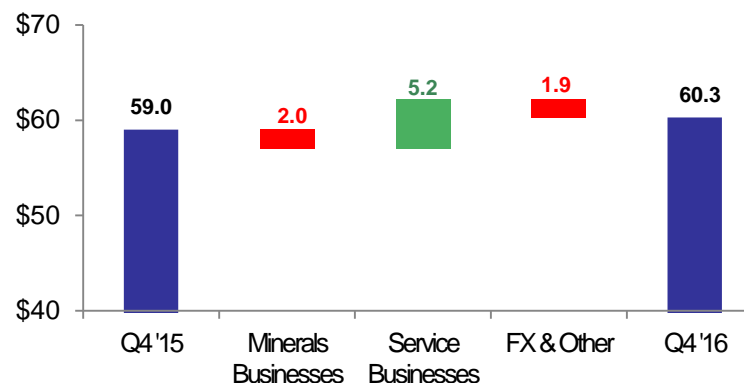
# MTI Consolidated Fourth Quarter Results



## Financial Summary (\$ in millions, except EPS)

	<u>Q4 16</u>	<u>Q4 15</u>
<b>Sales</b>	<b>401.3</b>	<b>430.0</b>
<b>Operating Income</b>	<b>60.3</b>	<b>59.0</b>
<b>% of Sales</b>	<b>15.0%</b>	<b>13.7%</b>
<b>EPS</b>	<b>1.08</b>	<b>1.00</b>

## Summary Operating Income Bridge (\$ in millions)



## Performance Highlights

- ▶ Strong Operating Margins – 15.0%
- ▶ Productivity Improvements -10%
- ▶ Raw Material and Energy Savings
- ▶ China Sales Growth of 10%
- ▶ 5 Fewer Days in Q4 2016 vs Q4 2015
- ▶ Debt Principal Payments of \$50 Million

The above table/chart reflects the Company's Operating Income and EPS, excluding special items, such as acquisition-related costs, gains/(losses) on asset sales, restructuring, & impairment costs & related tax effects, for all periods presented. The company believes these non-GAAP measures provide meaningful supplemental information regarding its performance.

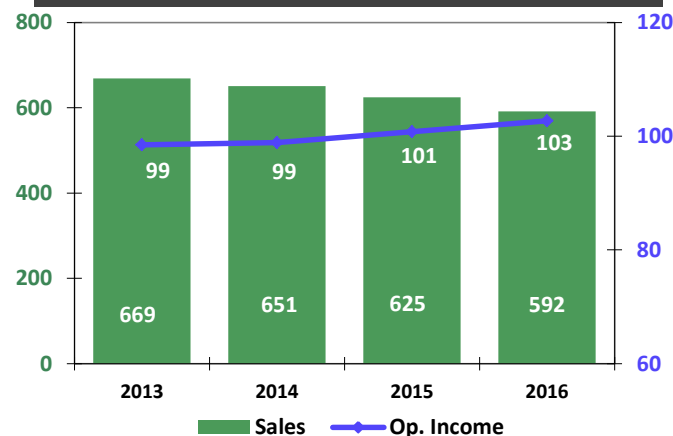
# Specialty Minerals



## 4<sup>th</sup> Quarter Financial Summary (\$ in millions)

	<u>Q4 16</u>	<u>Q4 15</u>
<b>Sales</b>	<b>138.0</b>	<b>157.7</b>
<b>Op. Income</b>	<b>21.6</b>	<b>25.6</b>
<b>% of Sales</b>	<b>15.7%</b>	<b>16.2%</b>

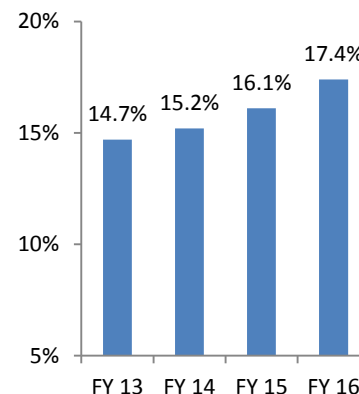
## Historical Annual Operating Results (\$ in millions)



## Performance Highlights

- ▶ Record Year; Weak Fourth Quarter
- ▶ PCC Volumes -- Impact of North America Closures
- ▶ Performance Minerals
  - ▶ Late Quarter Customer Order Shift
  - ▶ Plant Operating Challenges
- ▶ Productivity Improvements & Cost Control

## Op. Income %



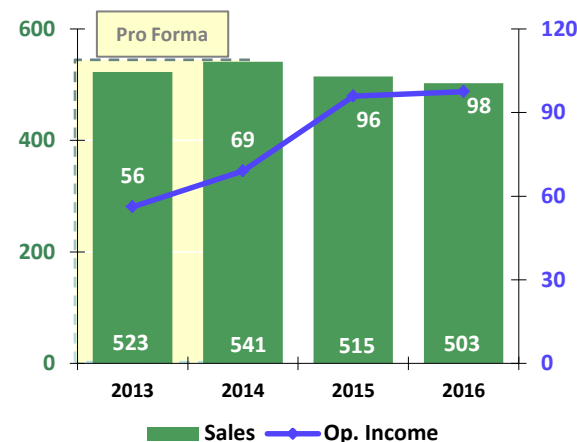
# Performance Materials



## 4th Quarter Financial Summary (\$ in millions)

	<u>Q4 16</u>	<u>Q4 15</u>
<b>Sales</b>	<b>135.7</b>	<b>131.3</b>
<b>Op. Income</b>	<b>26.7</b>	<b>23.9</b>
<b>% of Sales</b>	<b>19.7%</b>	<b>18.2%</b>

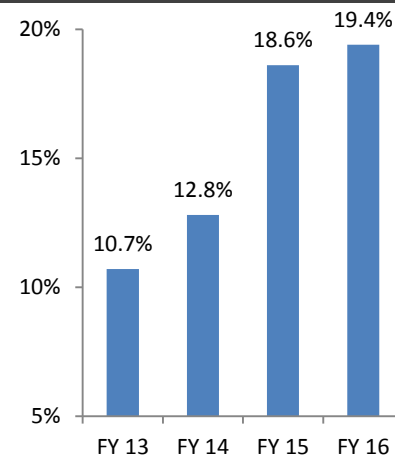
## Historical Annual Operating Results (\$ in millions)



## Performance Highlights

- ▶ Strong Operating Performance
  - ▶ Productivity Improvements Over 10%
  - ▶ Clay Cost Savings
- ▶ China Sales Growth of 11% Driven by Metalcasting
- ▶ Basic Minerals Sales Up \$10 Million Due to Strong Chromite Sales

## Op. Income %



# Construction Technologies



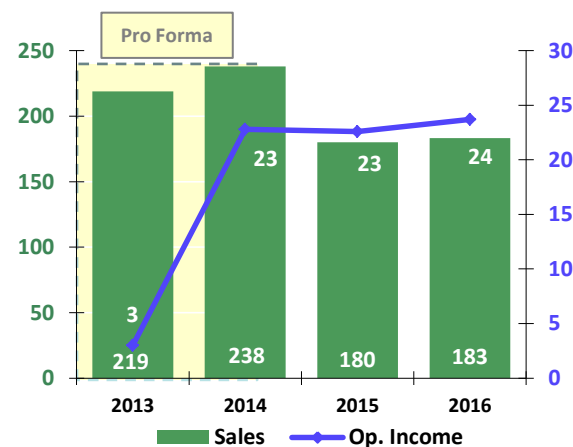
## 4th Quarter Financial Summary (\$ in millions)

	<u>Q4 16</u>	<u>Q4 15</u>
<b>Sales</b>	<b>39.3</b>	<b>39.4</b>
<b>Op. Income</b>	<b>2.7</b>	<b>4.0</b>
<b>% of Sales</b>	<b>6.9%</b>	<b>10.2%</b>

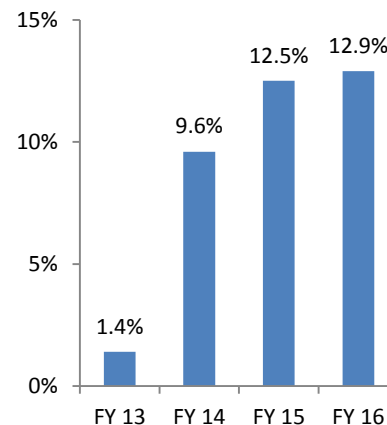
## Performance Highlights

- ▶ Strong US Sales and Weak Demand in Europe
- ▶ Unfavorable Product Mix
- ▶ China Government Marketing Activity Continues
- ▶ Annual Resistex® Sales Increased 3X

## Historical Annual Operating Results (\$ in millions)



## Op. Income %





# Energy Services



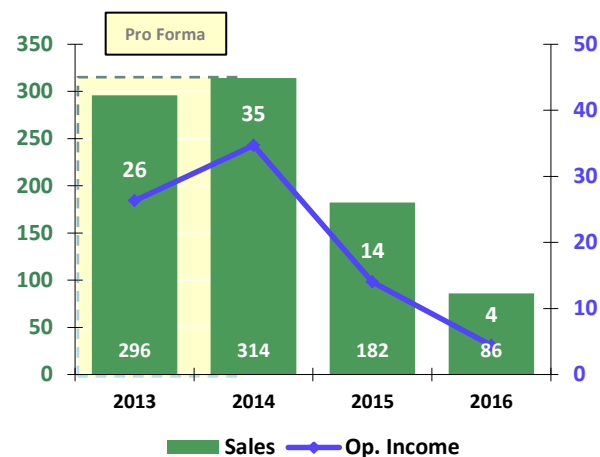
## 4th Quarter Financial Summary (\$ in millions)

	<u>Q4 16</u>	<u>Q4 15</u>
<b>Sales</b>	<b>20.3</b>	<b>33.4</b>
<b>Op. Income</b>	<b>2.0</b>	<b>1.0</b>
<b>% of Sales</b>	<b>9.9%</b>	<b>3.0%</b>

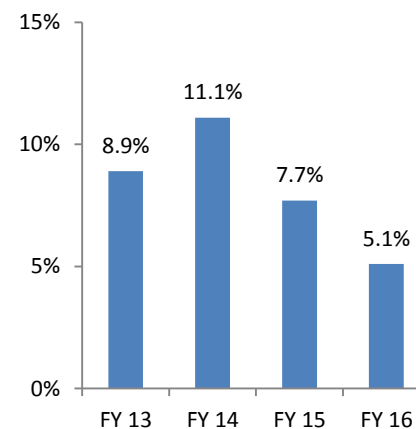
## Performance Highlights

- ▶ Restructuring Complete and Projected Savings Realized
  - ▶ Achieved Targeted Margins
  - ▶ Increased Well Testing Activity in Gulf of Mexico
  - ▶ Improved Performance in Brazil
- ▶ Key Focus is Offshore Produced Water Filtration and Well Testing Globally

## Historical Annual Operating Results (\$ in millions)



## Op. Income %



# Refractories



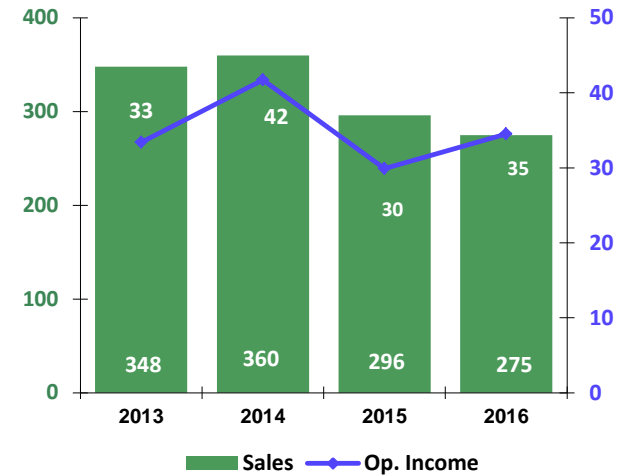
## 4th Quarter Financial Summary (\$ in millions)

	<u>Q4 16</u>	<u>Q4 15</u>
<b>Sales</b>	<b>68.0</b>	<b>68.2</b>
<b>Op Income</b>	<b>9.8</b>	<b>5.3</b>
<b>% of Sales</b>	<b>14.4%</b>	<b>7.8%</b>

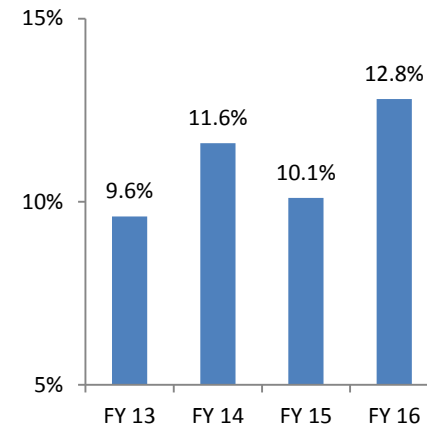
## Performance Highlights

- ▶ Strong Operating Margins
- ▶ Higher Equipment Sales
- ▶ Refractories Sales in Turkey increased 29%
- ▶ Productivity Improvements and Raw Material Savings
- ▶ Lower Overhead Expenses

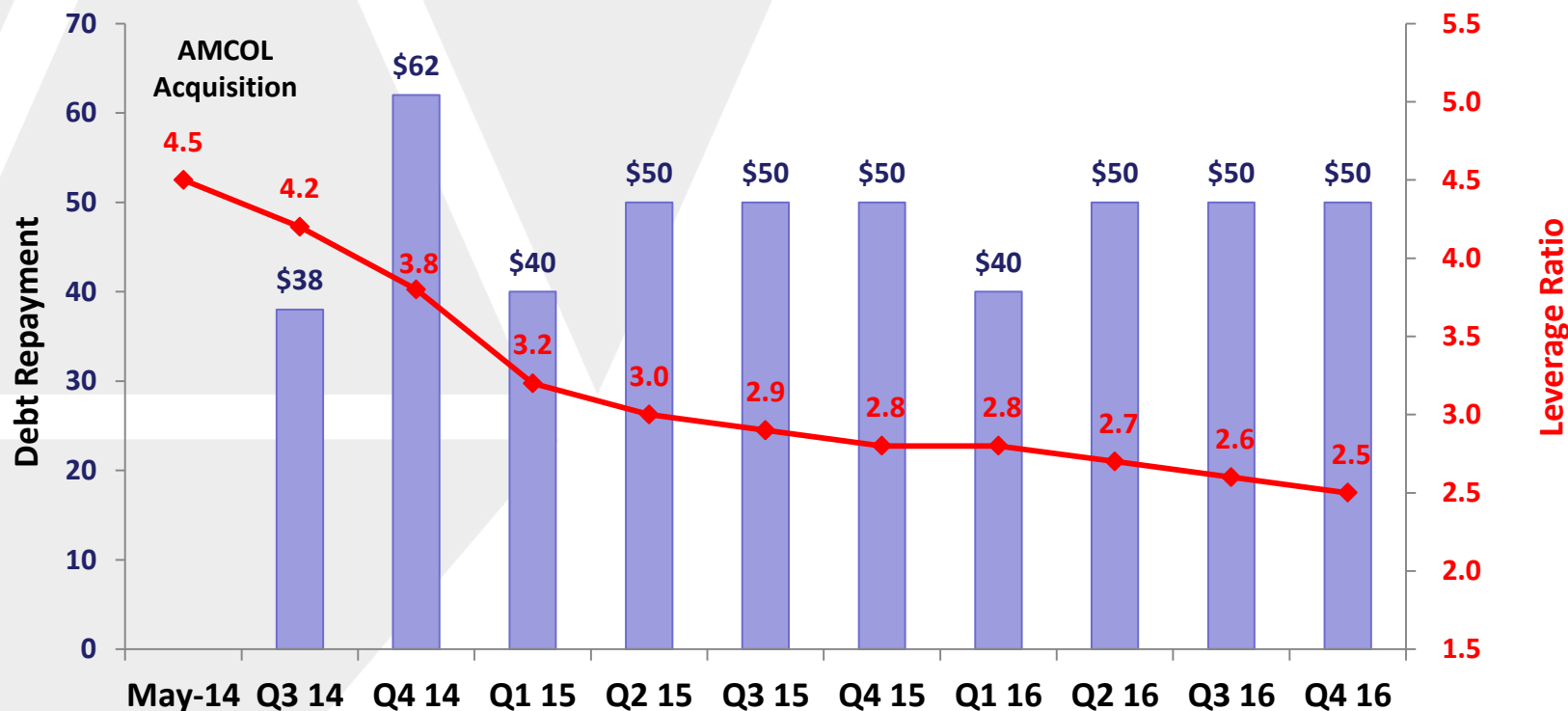
## Historical Annual Operating Results (\$ in millions)



## Op. Income %



# Debt Repayment Update



- Debt Repayment of \$480 Million over past 10 quarters
- 2.5x Net Leverage Ratio at end of 2016 -> \$1.08B Gross Debt
- Total Liquidity at \$400 Million -> \$200 Million Cash + \$200 Million Credit Facility

Note: EBITDA adjusted for special items and calculated on a TTM basis

# Business Outlook – Q1



## Minerals Based Segments

- ▶ Specialty Minerals -Volume Improvements Across Paper PCC and Performance Minerals
- ▶ Performance Materials - Continued Strong Performance
- ▶ Construction Technologies – Low Seasonal Period

## Service Based Segments

- ▶ Refractories – More Stable Market Conditions; Fewer Equipment Sales
- ▶ Energy Services – Stable, Yet Challenging Environment



# 2017 Perspective



# | 2017 Outlook

## Minerals-Based Segments—85% Total Operating Income

- ▶ Performance Materials
  - ▶ Continued Strong Performance for Metalcasting, Basic Minerals and Pet Care
- ▶ Paper PCC
  - ▶ Increased Trial Activity in Asia; Continued FulFill® and NewYield® Penetration
- ▶ Performance Minerals - Another Strong Year
- ▶ Construction Technologies – Growth of Resistex Technology

## Service-Based Segments—15% Total Operating Income

- ▶ Refractories
    - ▶ Stronger Steel Market
  - ▶ Energy Services
    - ▶ Positioned for Growth
- 
- ▶ Strong Cash Flows & Debt Repayment
  - ▶ Continued Productivity/Cost Control Improvement
  - ▶ M&A Opportunities

# MTI's Continuing Commitment to High Performance

**Culture of Engagement, Transparency and Accountability**

**Highly Structured Business System**

**Operational Excellence/Continuous Improvement**

**Growth Strategies: Geographic Expansion, New Product Innovation and M&A**

**Organization Focused on Speed & Execution to Drive Growth**

