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PRESENTATION

Operator

Good day, everyone, and welcome to the Second Quarter 2021 Minerals Technologies Earnings Call. Today's call is being recorded. At this time, I would like to turn the call over to Erik Aldag, Head of Investor Relations for Minerals Technologies. Please go ahead, Mr. Aldag.

Erik Aldag - *Minerals Technologies Inc. - Head of IR*

Thanks, Lauren. Good morning, everyone, and welcome to our second quarter 2021 earnings conference call. Today's call will be led by Chairman and CEO, Doug Dietrich; and Chief Financial Officer, Matt Garth. Following Doug and Matt's prepared remarks, we'll open it up to questions.

I'd like to remind you that beginning on Page 15 of our 2020 10-K, we list the various risk factors and conditions that may affect our future results. And I'll also point out the safe harbor disclaimer on this slide. Statements related to future performance by members of our team are subject to these limitations, cautionary remarks and conditions.

Now I'll turn the call over to Doug. Doug?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks for the introduction, Erik, and good morning, everyone. I do appreciate you joining our call. We've got a lot to cover today. I want to take you through the highlights of a very strong quarter and discuss our acquisition of Normerica.

Matt will then review our financial results in more detail and our expectations for the third quarter. And after that, I'll finish the prepared remarks with some commentary on our 13th sustainability report, which we published this week.

Let me start with a recap of the quarter. Building on the momentum generated over the past few quarters, we delivered a strong second quarter with several financial and operational highlights that I'll take you through.

First and foremost, this was a record quarter for our company with earnings per share of $1.29. This milestone reflects robust demand across our markets, strong operating performance by our team and continued execution on our growth projects.

For perspective, many of our product lines have now reached or exceeded pre-COVID sales levels, but others still have room to improve. Let me give you a feel for how the demand trends, our performance and strategic initiatives across each of our segments led to these results.

In Performance Materials, our Metalcasting business continues to perform very well with strong foundry demand globally and our broad portfolio of consumer-focused businesses and Household, Personal Care & Specialty Products remained on their steady growth track.

Specifically, sales in our Personal Care business nearly doubled as we introduced new private label skin care formulations and expanded partnerships with major retail brands. Another large contributor to the segment sales growth in the quarter was the rebound in project activity in both Environmental Products and Building Materials.

Within our Specialty Minerals segment, we delivered another quarter of sales growth across all product lines. Paper demand continues to improve in all regions, and we're benefiting from the ramp-up of our new satellites.

Paper mill operating rates in North America have reached nearly 95%. And to underscore the current supply and demand situation, one of our customers in North America recently announced plans to restart a mill to meet the increased demand.

In addition, our Specialty PCC, GCC and Talc businesses benefited from a robust activity in consumer, automotive and residential construction markets. Our Refractory segment also had an impressive quarter marked by steel utilization rates, which are now above 80%. We've also secured several new contracts, which will drive growth in the second half of this year and into next for both our refractory and metallurgical wire product lines.

A combination of these positive trends and business development actions in our segments yielded sales of $456 million, with growth in every segment and geography.

We drove these higher sales into operating income of $64 million, up 53% compared to 2020, and margins expanded to above 14% as we expected. Our team's disciplined operational execution through pricing actions, productivity improvements and strong cost control enabled MTI to deliver these results. We also navigated challenges related to increased input and logistics costs that accelerated during the quarter.

Our global teams have done a great job maneuvering through a more dynamic supply chain environment, which includes navigating logistics challenges and energy and raw material inflation. We're well positioned to offset these costs with pricing actions that we've been effectively implementing across our portfolio, and Matt will discuss this more in his comments.

Generating strong cash flow, further strengthening our balance sheet and maintaining flexibility with how we deploy our capital to the highest return opportunities are priorities for us.

Through the first half of the year, cash from operations and free cash flow were both up 25% over last year. We've been using our cash flow to pay down debt and bolster our liquidity. And we finished the quarter with our lowest net leverage ratio in the past 6 years.

In addition, we've continued with our returns to shareholders through our $75 million buyback program and anticipate fully completing the program under the authorized time frame. Financial strength also provides us the capability to pursue acquisitions, as we have demonstrated with the purchase of Normerica.

We advanced our growth initiatives this quarter, focused on new product development and geographic expansion. Let me highlight a few specific areas. On previous calls, we mentioned several positive trials and interest with our FLUORO-SORB product that addresses PFAS contamination in groundwater.

And I'm pleased to share that during the quarter, we were awarded our first major sale for a large-scale project at a North American Department of Defense location. The project has been going very well as FLUORO-SORB's efficacy has been demonstrated commercially.

We have several other similar type projects in our sales pipeline, as well as for waste municipal wastewater treatment sites, and we have the manufacturing capacity and technical capabilities to pursue them and further grow sales.

On the Paper PCC front, we are ramping up production at our new satellites in Asia, which came online at the end of 2020 and represent 200,000 tons of new capacity on an annualized basis.

We have another approximately 130,000 tons of capacity coming online now through the middle of next year, including our 40,000 ton expansion for a packaging application in Europe, where we will begin realizing the volume benefit in the third quarter.

We are finalizing the construction of our 40,000 ton satellite in India, which will start-up late next quarter, and we have also begun construction on a new 50,000 ton satellite in China, which should be operational in the first half of 2022. And finally, we announced the acquisition of Normerica this week, which I'll go through in a moment.

To sum up the quarter, it was a very productive one with many positive highlights. We navigated through challenges over the past 18-plus months and created opportunities for ourselves on all fronts, which has put our company in an advantageous position to continue to drive profitable growth going forward.

As I mentioned on the previous slide, the exciting news this week is our acquisition of Normerica, and I wanted to spend time discussing who they are, why we pursued the transaction and how Normerica fits into our global pet care business.

Acquisitions are an important component of how we plan to grow and move MTI to a higher return, more balanced portfolio, and we've discussed our pipeline of opportunities that align with our strategic initiatives. Normerica was one of those opportunities as it continues to shift to a more balanced sales portfolio and aligns extremely well with our overall growth strategy in pet care.

For background on Normerica, the company was founded in 1992, headquartered in Toronto, Canada, and is a leading supplier of branded and private label pet care products in North America.

Normerica has a long history as a well-run company with an impressive track record of innovation, customer service and profitable growth. Product portfolio consists primarily of bentonite-based cat litter products, which are manufactured in facilities in Canada and the United States. Normerica has about 320 employees, and in 2020, generated revenue of approximately $140 million.

Let me give you some more details on the transaction and its rationale. The combination is highly complementary from a geographic, product portfolio, customer and operating perspective. Normerica's portfolio of branded and private label bentonite-based cat litter products fits well within our North America business.

In addition, Normerica's strategically located footprint throughout the U.S. and Canada, combined with our vertically integrated mine-to-market model, gives us a unique position in the pet litter market.

We are now one of the largest vertically integrated private label pet litter providers globally with a strengthened position in North America. We see further benefits as we can provide enhanced value in terms of consistency and quality and are positioned to serve a broader customer base more efficiently.

The purchase price for the transaction was $185 million on pre-synergy EBITDA of approximately $20 million. We will realize synergies from the transaction by leveraging our combined operational footprint and vertically integrated model and through the deployment of our business processes.

On a post-synergy basis, we expect the transaction to be about 7.5x EBITDA, similar to the Sivomatic transaction and earnings accretion to begin in the fourth quarter of this year.

We expect to fully integrate the business, employees, systems and processes over the next few quarters, and accretion will ramp up to 5% to 7% on a full year basis in 2022.

Let me step back and describe our existing pet care business. We've been profitably growing this business since the acquisition of AMCOL in 2014. Our acquisition of Sivomatic in 2018 gave us a differentiated mine-to-market private label presence in Europe, Normerica is an extension of that private label growth strategy.

Pet care sector provides stable growth rates and attractive dynamics as domesticated cat ownership continues to rise globally. We are uniquely positioned to serve this market and have invested in expanding our vertically integrated capabilities and product portfolio globally.

In addition, the strength and resiliency of our pet care business was demonstrated during the past year when demand was at an all-time high during a period when our businesses serving industrial markets were impacted.

On the lower left of the page, you can see how our pet care sales have grown organically and inorganically since 2017. With the addition of Normerica and Sivomatic, our pet care business has grown from $78 million to $350 million, and our Household and Personal Care business is now the largest product line at MTI.

This represents a significant shift in our portfolio toward noncyclical, consumer-oriented markets, positioning our company to drive growth rates above our historical averages, and we see opportunities to further balance our portfolio.

In sum, Normerica is a great strategic fit with our company, and this transaction provides many compelling opportunities for growth and value creation. We welcome our newest employees to MTI and look forward to working with them on a seamless integration.

With that, let's turn it over to Matt to go through our quarter performance in more detail. Matt?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Thanks, Doug. I'll review our second quarter results, the performance of our segments, as well as our outlook for the third quarter. And now let's begin with the second quarter review.

Sales in the second quarter were 28% higher than the prior year, and 1% higher sequentially, as demand remained strong across the majority of our end markets, and we started to see higher levels of activity in our project-oriented businesses.

Operating income, excluding special items, was $64.1 million, 53% higher than the prior year and 9% higher sequentially. Operating margin improved from 13% in the first quarter to 14.1% in the second quarter.

The sequential margin improvement played out largely how we expected as we benefited from the incremental margins of our project-oriented businesses, a more normalized level of corporate expenses and continued pricing actions and productivity, all of which helped to offset higher-than-expected inflationary cost pressures.

As you can see in the operating income bridges on this slide, we saw higher costs in the second quarter. The higher costs were primarily driven by energy, logistics and certain raw materials such as lime and packaging.

Our teams have done an excellent job managing through these challenges, and we are in the process of implementing additional price adjustments in the third quarter, which will help mitigate the impact on our margins going forward.

In some cases, the price increases are contractual as with the pass-through arrangements in Paper PCC and in other cases, they are negotiated based on the value that our products provide.

Meanwhile, we continue to control overhead expenses with SG&A as a percentage of sales at 11.3% versus 11.7% in the first quarter and 13.1% in the prior year.

Earnings per share, excluding special items, was $1.29, a record quarter for the company and represented 52% growth above the prior year and 10% above the first quarter. Our effective tax rate for the quarter was 18.9%, excluding special items, and we expect our effective tax rate to be approximately 20% going forward.

And now let's review the segments in more detail, starting with Performance Materials. Second quarter sales for Performance Materials were $238.4 million, 24% higher than the prior year and 3% higher sequentially.

Metalcasting sales grew 52% versus the prior year as foundry demand remained strong in North America and China. Sales were relatively flat sequentially, and were only modestly impacted by the global semiconductor shortage, which caused a limited number of foundry customers to take downtime in the quarter.

Household, Personal Care & Specialty Products, our most resilient product line last year, grew 17% versus a relatively strong prior year quarter. Demand for our consumer-oriented products has remained strong and growing, driven by continued new product development and expansion into new customer channels and geographies.

We also saw higher volumes of our specialty drilling products, which are benefiting from a rebound in construction, infrastructure and oil drilling activity versus the prior year.

Environmental Products sales grew 6% versus the prior year and were 53% higher sequentially, driven by improving demand for environmental lining systems, water and soil remediation and wastewater treatment.

As Doug mentioned, we also delivered on the first major commercialization of our FLUORO-SORB technology for PFAS remediation in the second quarter.

Building Materials sales grew 17% versus the prior year and were up 12% sequentially on higher levels of project activity. In North America, we are seeing more commercial construction and infrastructure projects move forward. While in Europe, projects have been slower to advance as countries are still in varying stages of reopening.

Operating income for the segment grew 55% from the prior year to $34.7 million and was 16% higher sequentially. Operating margin was 14.6% of sales versus 11.7% in the prior year and 12.9% in the first quarter as higher volumes and our strong operating performance drove incremental margin improvement.

Now, looking ahead to the third quarter. We see continued strength in Household and Personal Care and foundry demand to remain strong for Metalcasting, with lower volume sequentially due to seasonal foundry outages.

Meanwhile, the pipeline for our project-oriented businesses, Environmental Products and Building Materials continues to improve in North America, and the current outlook for the third quarter looks strong. However, we remain cautious on some of our international projects given the potential for slower reopening outside the U.S. due to COVID.

I'd also like to note that we are seeing higher costs for the plastic and fabric components of our environmental and construction mining systems. While this presents some near-term margin pressure, we expect to fully offset these higher costs through the ongoing efforts of our supply chain team as well as through pricing adjustments. Overall, we expect another strong quarter for this segment with organic sales and margins at similar levels to the second quarter.

In addition, Normerica is now part of the Performance Materials segment, and the acquisition will contribute 2 months of sequential sales growth to the segment in the third quarter. As Doug stated earlier, we expect modest EPS accretion to begin in the fourth quarter this year as we move through the integration period, ramping up to full run rate accretion over the next 12 months.

And now let's move to Specialty Minerals. Specialty Minerals sales were $142.7 million in the second quarter, 30% higher than the prior year and 3% lower sequentially. Paper PCC sales grew 31% versus the prior year on recovering paper demand and the continued ramp-up of 3 new satellites.

Specialty PCC sales grew 24% versus the prior year and higher demand from automotive, construction and consumer end markets. Overall, PCC sales were 5% lower sequentially, primarily due to temporary paper mill outages in India related to COVID-19 and the typical seasonal paper mill outages we experienced in North America.

Processed Minerals sales grew 31% versus the prior year and 2% sequentially on continued strength in residential construction and consumer end markets.

Operating income for this segment grew 31% to $20 million and represented 14% of sales. Inflation impacted this segment the most, primarily driven by lime and energy cost increases. We have been managing the impact with our supply chain team, and we have been adjusting pricing throughout the first half of the year accordingly.

We expect the inflationary cost environment to continue, and we will also continue with our price adjustments throughout the second half. As you'll recall, the price adjustments for Paper PCC are contractual, and they follow a predetermined schedule.

Now moving to the third quarter, we expect higher volumes for Paper PCC on higher sales in India and the ramp-up of our packaging expansion in Europe. We also see continued strength in Specialty PCC and Processed Minerals.

And overall, for the segment, we expect the third quarter to be similar to the second quarter. Sales should increase modestly on a sequential basis. However, we do expect margin pressure to persist due to ongoing higher costs and the timing of Paper PCC increases.

And now let's turn to the Refractory segment. Refractory segment sales were $74.5 million in the second quarter, 33% higher than the prior year and 1% higher sequentially, as steel utilization rates continue to strengthen in the second quarter.

Segment operating income was $11.7 million, 98% higher than the prior year and 3% lower sequentially, and operating margin was strong at 15.7% of sales. Steel utilization rates have improved to 84% in North America and 77% in Europe, up from 78% and 72%, respectively, in the first quarter. With steel production at these levels, we should continue to generate strong demand for our refractory products and the productivity that they provide for our customers' furnaces.

As Doug mentioned, we see growth ahead for this business as we signed 2 additional long term contracts in the second quarter. We've now signed a total of 7 new contracts worth $80 million over the next 5 years, which will provide $16 million of incremental annual revenue, ramping up through 2022.

Looking ahead, strong market conditions are expected to continue in the third quarter. We should benefit from a few additional laser equipment sales in the third quarter. However, we expect the bulk of our laser equipment sales to occur toward the end of the year as our teams are able to perform more on-site installations. And overall, for this segment, we expect a similar performance sequentially.

Now, let's take a look at our cash flow and liquidity. Second quarter cash from operations was $67 million versus $64 million in the prior year, bringing year-to-date cash from operations to $118 million versus $94 million last year. This was a 25% increase.

We deployed $22 million of capital during the quarter on sustaining our operations, mine development and other high return opportunities. We continue to expect capital expenditures in the range of $80 million to $85 million for the full year, split evenly between sustaining and growth capital.

Year-to-date, we have used free cash flow to repurchase $37 million of shares. And in total, we have repurchased $54 million under our current $75 million share repurchase program. As of the end of the second quarter, total liquidity was over $700 million, and our net leverage ratio was 1.6x EBITDA.

For the acquisition of Normerica, we used $85 million of cash on hand and $100 million of our revolving credit facility. This will initially bring our net leverage ratio to approximately 2x EBITDA on a pro forma basis, and we expect to pay down the incremental borrowing over the next 12 months.

Our balance sheet remains in a very strong position. And this strength provides us with the flexibility we need to continue to invest in high-value, high-return growth opportunities. We expect strong cash flow generation to continue in the second half of the year, and we see free cash flow in the range of $150 million for the full year.

And now let me summarize our outlook for the third quarter. Overall, we see similar conditions in the third quarter across our end markets to what we saw in the second quarter. Our consumer-oriented businesses remain robust and paper demand should continue to improve through the third quarter.

We will have the typical foundry customer maintenance outages, and our project-oriented businesses should continue their recovery. We continue to watch for potential COVID related shutdowns that may impact some of these projects.

Inflationary cost pressures will continue in the third quarter. We are keeping pace with higher costs through pricing actions, some of which we have already implemented in other price adjustments, primarily in the paper business, which will be implemented contractually through the second half.

Overall, for the company, we anticipate another strong performance in the third quarter with a similar level of operating income to that of the second quarter as well as continued strong cash flow generation.

I'll note here again, that we also see 2 months of sales from the acquisition of Normerica in the third quarter, along with purchase accounting adjustments and integration costs. Accretion from the acquisition will begin ramping up in the fourth quarter.

With that, I hand it back over to Doug to give you the highlights of our latest sustainability report. Doug?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, Matt. Before we conclude, I'd like to take a quick moment to highlight the publication of our 13th annual sustainability report. This year's report is a significant step forward in terms of reporting and outlining the significant progress around our broad range of sustainability goals.

You'll see in the report that we've already exceeded our reduction goals in 4 of 6 targets -- our 6 targets related to emissions, energy and water and are on pace to achieve the other 2.

In addition, we provided more details regarding our safety culture, how we've evolved our product portfolio toward more sustainable solutions and initiatives around employee engagement, diversity and inclusion and community outreach.

I'm very proud of the progress we've made advancing our objectives, which is a direct reflection of our employees' involvement and dedication to sustainability at MTI. I encourage you to review the report, which is available on our website.

To conclude, I want to extend my thanks to our 3,500 plus employees for delivering a strong quarter. And also like to welcome our Normerica employees to MTI.

With that, let's open it up to questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we'll take our first question from Daniel Moore with CJS Securities.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

I'll start with Normerica. Really nice to see, obviously, strategically a great fit. Can you talk a little bit more in terms of detail on the synergies you expect to achieve? I assume you're a supplier there previously. So opportunity to capture margin? And are there any revenue synergies over time as well?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes, we do see synergies, Dan, largely around -- in my comments, I mentioned the strategic operating footprint that Normerica brings to our vertically integrated positions in our mines and also some of those locations. So, we see, over time, leveraging that footprint, which is throughout United States and Canada to reach a broader base of customers. We do see some integration of business processes. And yes, there will be also throughout time, some clay or supply chain synergies through our clay supply.

So, kind of 3 fronts. Longer term, as we look at this as a much -- we now have vertically integrated positions in Europe, North America and Asia, and even in Australia for private label pet care. And as our positions are selling bulk business to branded customers, but also now through packaged product around the world. And so being able to supply with that type of stability, quality and innovation, both regional and global sets of customers, we think there's opportunity on the sales front there.

So, we're really excited about the transaction. Happy to have 320 new employees join the company, and we're excited to get started on growing this business. As a matter of fact, we've been growing our pet care business about 18% compound over the past 3 years organically. That's organically.

Now, I think globally, we can probably keep up a pace of 2x the market, which is probably the market in pet care is growing at about 4% globally. We think we can sustain double that. So, this brings a large and growing and very resilient and stable product line of the company. So that's why we're excited about it, Dan. So more to come, but that's where we see getting those synergies.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Beyond Normerica, I think the biggest positive surprise, at least for me, was the pickup in Enviro and Construction Technologies. And, obviously, the contract of FLUORO-SORB. Can you maybe discuss the momentum you're seeing there and sustainability?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

So, we saw this coming. I think last quarter, we projected that we felt that as kind of projects opened up around the world, largely, these are international. I think they've been moving forward in North America. But internationally, COVID shutdowns of construction sites and COVID related delays in terms of decisions around new construction sites, for what we are seeing for the past 24 months. That did start to -- we saw that in the first quarter, those decisions made, sites opening up and product moving and completing those projects.

We anticipate a similar quarter in the third. I guess the only caveat is, again, COVID related shutdowns outside the United States is our primary concern, largely in Southeast Asia right now. So right now, we look for a similar quarter going into the third, but a little hesitancy there to make sure that, that keeps going with COVID variants.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

And maybe one more. Beyond FLUORO-SORB what are the maybe 1 or 2 products technologies you're most excited about in terms of incremental potential as we think about '22, '23, et cetera?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes, that's a great question. Well, first off, as you say FLUORO-SORB, we're really excited about that. But there's a number. And you know what, why don't we do this? How about -- I'm going to go around and just ask each of the business unit presidents for what they think. Instead of me giving it to you, why don't we start with -- D.J., are you there. You want to answer Dan's question?

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

I'll take more color on FLUORO-SORB too. I wasn't trying to overlook that.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

I'm going to let Jon do that. But how about this, D.J., give us -- let's go around. D.J., you start, what do you think in Paper and Performance [Minerals] (added by company after the call)? What are the -- what are you most excited about?

D. J. Monagle - *Minerals Technologies Inc. - Group President of Specialty Minerals & Refractories*

Yes. Doug, on the Performance Minerals side, certainly, the Specialty PCCs that we're launching are exciting. We're getting a lot of market pull from the sealants business on those. And on the paper side, all this work we've been doing to try and penetrate packaging is starting to show good traction, especially on some new products we just ran a trial in brown paper with something that's off of our New Yield platform, and that looks solid. And then we've got a couple of other promotions that we're pretty active on, on new products for packaging. So, I would say those are the ones that are most exciting to me, Doug.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, D.J., Jon?

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

Dan, a couple of things. I'll come back to FLUORO-SORB over in a second. Let me talk about the other portfolio a little bit. First of all, it gets me pretty excited because we're introducing on average about 30 products per year, and we're on track to do that again this year. You've heard about our Bleaching Earth business. It's what we call edible oils, also supplies into biodiesel. So, we continue to innovate, and we're selling that plan out pretty well and looking for ways to expand it.

Personal Care, one of the key drivers, Doug mentioned, the significant growth in Personal Care. One of the drivers is the new formulations, new technologies as we're dealing with the customers and figuring out new ways to put ingredients into our products that we haven't done before. So again -- and it's enabling us to almost double that business.

Pet care, you heard about, we've got eco-friendly packaging. But we also look at the new geographic reach that we have with Normerica and this enables us to bring our new innovative products to the Southeast U.S. and California markets, so pretty exciting there.

And I'll just wrap up. We've got Drilling Products, new products that are coming out that are tailored for various types of drilling and various types of soils that are encountered. And they're doing extremely well.

So let me come back to FLUORO-SORB, because I know that was part of your question and the interest as well. We've spent a lot of time developing the product. We saw a market need a couple of years ago. And we introduced our Gen 1 a little while back, and that's what's been selling recently. We've also got a Gen 2 that we've recently commercialized. It's a patented technology, so very unique, and it's double the efficacy and the efficiency of removal of PFAS. But what gets us really excited is this project, not only the size, but also the timing. And it's really an affirmation of the technology that we have and the opportunities that we see.

In addition to that, we've got some really good news published by the Orange County Water District. We've talked about cleanup of drinking water. We see that as another market in that FLUORO-SORB, will be able to adapt. And Orange County is really important because they're kind of the model for a lot of the water districts around the world. And so a lot of people are watching us, and the results are showing that we've got a really, really good product that's very cost-effective and very efficient at removing PFAS.

So, we're excited about it. We watch what's happening in the regulatory environment. It's advancing at the national level and also at the state levels, also oversees. So, there's a lot of opportunity. Time will tell how big this can be. But again, pretty excited about the technology, Dan.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, Jon. Brett, how about our Refractories?

Brett Argirakis - *Minteq International Inc. - MD*

Yes. Thanks, Doug. Really, if you look at what we've done there, it's a product portfolio transition to our hybrid products that really allow us similar or better durability at improved cost. I mean, this is -- this has been really, really great for us and taking it to the next step. We continue to piggyback off of the original formulas to continue to improve.

And then secondly, it's the automation of our application in laser equipment. I think tying these together has been really a great foundation for us driving those new agreements and to promote technology from Minteq.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Thanks, Brett. So, Dan, I don't know, more than you ask for, maybe, but there's a lot going on. We -- like Jon mentioned, we launched 42 products last year. We're on a similar pace to commercialize about a similar number this year, more of them around sustainable solutions for customers and even ourselves, and it's broad-based. So, we've got a lot of things going, and we're pretty excited about a number of things.

Operator

The next question comes from Silke Kueck with JPMorgan.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

I'm also going to start with Normerica, if that's okay. So, looks like the EBITDA margin for Normerica is around like 14% and what you're hoping to get to is it maybe, like 18%, something like that. So maybe this is like $4 million or $5 million synergies you can take out. How about the EBIT margin? You talked about the EBIT margin pre-impose synergies. Do you think there'll be like a 100 basis point gap to where MTX's EBIT margin is of 14%?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

So, Silke I think from a synergy perspective, if you listened to the prepared remarks, you're right, what Doug guided to in terms of that pre and post multiple would tell you the synergies we're projecting are in the $5 million to $7 million range.

From an EBIT margin, we're still early days, and we're working through the purchase accounting adjustments. What I'll tell you is, based on the existing DNA in Normerica, plus the step-up that we're projecting -- and this is just an estimate. We'll give you a better sense of what the real number is next quarter. You can think of that in the $8 million to $10 million range.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

Secondly, I also have a question about FLUORO-SORB. So the project, you said is used for -- it's used with the Defense Department, so, it's presumably related to cleaning up of contamination from like firefighting foam. Can you explain exactly what your product does? And is it use solely? Or is it used in combination with something else? And if you have like one cleanup site, I guess, the product used for a couple of months or for a year? And what revenues do you expect from this one project?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

So let me start and just give you kind of scope of this one project. Yes, you're right. This is -- and then I'm going to pass it over to Jon to give you some more technical detail. So a bit of a history here. The company has been in water treatment for a long time. And the products we've developed around remediation of groundwater applied outside of PFAS, but also in our Energy Services product line through the cleanup of produced water & flowback water from offshore oil. That business started with products that enabled the products the company developed, to enable that type of cleanup to EPA standards so that we could do this offshore on the platform and in sites around groundwater contamination. So, it's really bringing together past practice and process knowledge, and equipment knowledge to be able to create a product that specifically attracts the PFAS molecule.

And yes, this one -- so we have this product. We've been testing it in different applications, both in kind of acute cleanup sites. And as you know from the news, the Department of Defense has been using fire foams, and this is one of those applications. But also, as municipal water companies look to make sure that they can obviously clean water for drinking purposes. There are a number of other products that are used.

What I can tell you is our product is a very cost-effective product. It can be used, I believe, in conjunction with others, and I'm going to let Jon talk about that. But this one project -- and the reason we highlighted it at this time is it's probably a $1.7 million project. We've had a number of smaller projects moving around and test cases. But to be able to demonstrate it on this scale is noteworthy, and it also opens the door to some of the things Jon has mentioned, other projects like we have of this type and smaller, but also bigger in the pipeline. So more on how it works or give you some technical details. Jon, why don't you add a couple of technical details on how this one project works and how we're applying it in others.

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

Sure, sure. So Silke, the real advantage of FLUORO-SORB is that it is absorbent that is attracted to both short-chain and long-chain molecules from PFAS generation. As you know, PFAS is not one type of material, it's a family of materials with a variety of different properties. But what we have found is that our technology has anchor sites, where we bind those PFAS molecules to the surface of our absorbent, and it ties it up and it doesn't let it go. So, it's really, really effective in cleaning up water, cleaning up soil. They can be put into municipal drinking water and municipal wastewater. It can treat landfill leachates, it can go into in situ, soil and groundwater remediation, we can pump it into the ground. And again, it can prevent the migration of any plumes that might exist in the ground.

Like Doug said, we've tested it. Right now, we're working in 75 different projects worldwide. The results are coming back to the efficacy is multiples higher than the most common -- commonly used activated carbon. It's also very cost-effective versus ion exchange. And so we have -- certainly, they're competing technologies and great products, but our product seems to have a lot of interest because of the efficacy that it has. So, it binds those molecules and it absorbs it to the surface, and it doesn't let it go. So, it's a very effective extraction mechanism.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

If I can ask the last question, do you have to reclaim the absorbent since you have to dispose of those?

Jonathan J. Hastings - *Minerals Technologies Inc. - Group President of Performance Materials*

At some point in time, you would have to dispose. So they can be incinerated or they can put and be put into a landfill. Again, we're working with a lot of the landfill operators to understand their needs and requirements. But, yes, you would have to dispose it. It can be also used -- and I know part of your question was whether it can be used in combination with other materials? Yes, it can. And so, we find that there are some applications where they may have large volume, and they use one filtration medium first and then they really get the effective absorption through the FLUORO-SORB. So, a variety of different ways it can be used.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

Want to ask 2 more question. One on Refractories. Can you remind me how large your refractory business is in Asia and in China? And do you think that's a business that over time -- my memory is that it's a very small. Do you think that's a business over time that you'll -- that you'll explore or that you're interested in? Or what was refractory business in general, something that's long term, that's not going to be core?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

So, yes, you're right. Our business in China specifically is small, and that's been that way for long time. It's not -- it's been a challenge. The market is different in China. First off, there's a number of different refractory producers and providers, and many of them, by the way, are part of the steel producers. And so it's never been a very large business for us. We do have a number of strategic producers -- there are a few strategic producers -- steel producers that kind of value the productivity that our product brings. But I don't think that's a focus area that we see that's going to grow for the company.

However, India has been a very good market for our products, and it's been growing consistently over the past 10 to 15 years. We also see Southeast Asia also from that India business and being able to supply from Japan, which is also a very sizable business for us. So, I think overall, Asia is about 10% of the refractories business, so, it's small. But India, Southeast Asia and Japan have continued to grow.

Our main markets for refractories are North America and Europe. Those 2 markets really kind of value the productivity that we bring -- a basic oxygen furnace or an electric arc furnace. And as Brett mentioned, the technologies that we've developed in terms of our new hybrid products, which are higher-performing at a similar price for our customer, tying that with even more automated application and laser technology improves not only performance in EAF or BOF furnace, but also the safety associated with the application and being able to move people out of the way of that furnace.

And so, wrapping that technology of applications, the product efficacy and the laser technology that we bring, those 3 things are what's really -- and largely, what's behind the $80 million of business that Brett has secured for the next 5 years. So that's where this business has moved, but that value proposition plays a little bit more in North America and Europe with producers and the kind of productivity requirements and cost requirements that we have here.

Silke Kueck-Valdes - *JPMorgan Chase & Co, Research Division - VP*

And my last question is just about like the general performance of the businesses. It looks like your minerals business, refractory business, the Performance Materials, all operating at -- like you said, like pre-COVID level are very similar to it. And the only area that's a little bit behind is PCC, and yes, I understand you're expanding capacity. But do you think that sales and profitability levels for PCC can get back to 2019 levels in 2021 or what do you think it's more of an event for 2022?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes. I think -- so there's a couple of areas that are still a bit behind. I think paper demand is going to continue to improve. I think with -- bit of return to office and schools, will start to drive some of that demand higher. And I think you're starting to see that with the announcement of Domtar opening -- reopening their Ashdown Mill probably in the first quarter of next year.

I also -- our Environmental Products business and in that Energy Services, there's still room to rebound in terms of offshore. Our project-oriented businesses are, through the second quarter, just starting to click. So, there's some other pockets in the company that have yet to rebound that, I think, provide continued sales and earnings growth in the second half of the year. That said, we're also watching -- we had some shutdowns in India with Paper PCC due to COVID. We're still watching some of those project-oriented businesses. So, we're not through this yet outside the United States. So Silke, I think there's some room to grow.

Now can Paper PCC get back? I think it's probably a 2022 event at this point that we move back toward those types of margins. I think we'll see the demand growth and with the demand growth here in the United States coming back in the first quarter, plus we also have 3 new satellites that will be online in the first half of next year and the continued ramp-up of the ones we put in.

Further out though, I will tell you that what D.J. mentioned in terms of our packaging opportunities. We are seeing traction in our new technologies like New Yield into packaging, plus packaging opportunities in our pipeline. I think those, as they become more near-term actionable -- they are actionable now, but as they become more real in the near term, that will drive -- that probably in the next year, that will drive those margins higher as well.

Operator

Our next question comes from David Silver with CLK.

David Cyrus Silver - *CL King & Associates, Inc., Research Division - Senior VP & Senior Analyst*

Yes. So, I wanted to start with a couple of questions about your PCC business? And you guys have done a great job in the prepared remarks kind of doing the new capacity walk. I appreciate that. But I did want to maybe just ask D.J., a couple of things.

First, with the new -- with the restart, I guess, of the Domtar plant. Could you just characterize that maybe in size? And also, what's required from you D.J. to kind of be ready to service that restart? And in other words, is this the case where you have an existing plant that was on-site that was shut down and you just restart that? Do you have to build something from scratch, in large something that's already on site? And is that the kind of thing where you anticipate being ready to go day 1 when the restarted mill turns on?

And then the second thing would be the comment about the customer outages in India tied to COVID-19. And I had not heard about that, but obviously, there's a lot of discussion globally about the variants, as well as the original virus. And I'm thinking of your capacity maybe in the emerging markets in particular. But from your perspective, how widespread would be COVID -- another round or a double dip of COVID related customer outages at your Asian or other satellite plants? And maybe if you could just bracket that situation, I'd appreciate it, whether that's just a one-off thing or whether it may persist in India or maybe spread to other countries where you have a lot of your satellite operations there?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

D.J., you want to take that?

D. J. Monagle - *Minerals Technologies Inc. - Group President of Specialty Minerals & Refractories*

Absolutely. So, thanks, David. First, let me try to frame up the Domtar discussion. Domtar, the facility that is going to restart. One of their paper machines is in Ashdown, Arkansas. We do have a PCC satellite at the location. We have kept it running at relatively reduced rates because we had a couple of off-site customers that we serviced from that location, and we are in the process of transitioning those customers to another location. But now we've stopped that. We'll continue to service them as required. And we'll be in a position to service the Ashdown facility immediately. All that it would take basically is just refreshing our contractual relationships with Domtar.

I might also point out that Domtar sold their paper business to Paper Excellence. Paper Excellence is affiliated with APP, who's been a great partner and customer for decades with us. And so we're excited that Domtar is starting this up, and we look forward to hearing from APP and Paper Excellence, what their ultimate plans are. So, we can start it immediately. And the way to think of that, David, for that machine is probably something in the neighborhood of 30,000 tons per year, sort of an opportunity.

So that's the other part that I think I want to expand on just a little bit on this, is that. Doug mentioned, the U.S. is at 95% operating rates for these grades right now, I think that this restart of that paper machine is showing what the general market attitude is towards the viability of that volume. I think the general industry consensus is that as that machine comes on, the market will be well served and should be pretty stable, so we're excited about that.

With regard to India, the biggest effect that we're seeing is that the new capacity that we've put on -- last year, we put on about just under 300,000 tons. A big part of that is in China, and that's still ramping up, and that's only been mildly affected by COVID. India is where we brought on 3 locations. And all 3 of those startups have been slowed down by COVID and just the general inability of our customers to get labor to properly produce the paper -- is the best way I can describe it.

We do see them coming back online now, and those builds that we finished are -- as far as the satellite goes, we're ready to supply those customers as soon as their machines are ready to operate. The 130,000 tons that we've got coming on in the next 12 months or so. We've got part of it -- what Doug had addressed -- is in packaging that be unaffected, that's Europe. But 40,000 tons in India, that satellite was delayed about a quarter. So, we'll start seeing that towards the end of the third quarter, beginning of the fourth. And we had originally projected that, that would be starting up in this second quarter.

So, what would be the effect of yet another double dip or triple dip of pandemic and I can't tell you for sure. I would say that we saw pretty low levels this last quarter. So, I can't project it much different than saying that I'd imagine that what we saw this quarter would be what we would see going forward, because it was, was pretty bad there, and they're starting to come out.

I hope that helps, Doug, I don't know if you wanted to add anything else?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

It does. Yes, it's hard to predict what -- well, obviously, what COVID's going to do. But what I can tell you is that we still have all protocols in place at our plants, keeping our plants as safe as possible. We've done a great job. Our employees have done a great job just maintaining these safe practices. And so keeping our plants ready to go they're dedicated to making sure that we're ready to go for our customers and keeping them operated. That's what we're doing. There are other things, like D.J. mentioned, with customers, it's hard to predict. But our workplaces and our folks are doing a great job of keeping everybody safe.

David Cyrus Silver - *CL King & Associates, Inc., Research Division - Senior VP & Senior Analyst*

Okay. And if you don't mind, I just do want to follow-up maybe on one more PCC question, and that would be with the New Yield. And this is kind of a rhetorical question, but I'm kind of scratching my head and I'm wondering why the uptake on that particular new technology hasn't been a little quicker.

I mean, from my perspective, I mean, it does seem to tick all the boxes these days in terms of economic benefit and from the customer side, I think they have a new marketing opportunity, right, to market a product that's made from reclaimed paper plus the ability to reduce waste, so I'm sounding like the worst New Yield salesman in the world here.

But D.J., from your perspective, I mean, are you -- have you been at all frustrated by maybe the pace of the uptake? And maybe is it just an exceptionally long selling process to convince someone? Just maybe some color on in our ESG sensitive environment, why that particularly seemingly very viable product option for your customers hasn't seen more uptake.

D. J. Monagle - *Minerals Technologies Inc. - Group President of Specialty Minerals & Refractories*

So, good question, David. Let me give you a sense of how I'm looking at it. I do wish it was faster. The promotional process and the selling process from getting the concept to trying to demonstrate the value is -- has been moving along pretty well. But then you get into how do you go about demonstrating it. So, the trial processes have been long. The part of the reason for that is that the customer is -- there's a couple of components to it.

The first one is, that we are using and converting a waste product from the customer's process. So one of the key elements that the customer needs to really be sure of is, how reliable and predictable is that production of waste. And that has been a bigger challenge for our customers than what we thought it might be. Now once we pass that hurdle, then we go into a series of trials where the customers then go and look at the economical performance of the product as well as the paper performance of the product, and then they'll go test it with their customers.

Interestingly enough, David, most of our customers are not -- are choosing not to promote this as a different kind of paper. What they are choosing, the marketing that is their decision is pretty much -- that they want to capture the savings and reduce their environmental footprint, their environmental waste exposure. So, they're keeping that relatively quiet as they convert. And they're trying to do what I would call a minimal -- they're doing minimal broadcast.

What I highlighted earlier, though, for Dan's question, was that we did have a trial with New Yield, and this is where the paper group has been shifting some of their attention into packaging. This is pretty exciting, but it's also going to take some time. The excitement is that it's in brown packaging, and therefore, that brown packaging creates some operational freedom for us with regards to the color properties of what our pigment is. And -- but the challenge is that people who make brown boxes, they don't typically put anything but fiber into them, so we've got some technical challenges.

So, the fact that we had this first successful trial in brown box on that platform is something I view as significant. And we believe that, while the printing and writing grade qualification process has been slow, mostly because of stability and quality concerns that the customers are working through, trying to keep that conversion quiet in the marketplace, we think that the brown box people would be in a position to move quicker.

Having said all of that, David, it still requires the deployment of our manufacturing capabilities. So, from every time we get a thumbs up from a customer, we'll require some sort of an expansion or a new satellite. So there will come a time where I announce another New Yield satellite, but then you can expect that there will be some time from the announcement until that converts into sustainable long term revenues just as we get the manufacturing site built. I hope that provides the color you're looking for.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Does that help, David?

David Cyrus Silver - *CL King & Associates, Inc., Research Division - Senior VP & Senior Analyst*

Yes. No, that was very helpful.

Operator

Our next question comes from Mike Harrison with Seaport Research Partners.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

I was wondering in the Metalcasting business, can you quantify the amount of impact on volumes or revenues that you saw related to the chip shortage and some foundry customer outages? And talk about whether you expect that to kind of be at a similar level as we get into the third quarter? And are there any other product lines outside of Metalcasting, where maybe you saw some impacts from customer supply chain disruptions?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes, Mike, so we have seen a little bit of impact on Metalcasting. Let me -- our product that we supply foundry is agnostic as to whether it's automotive or industrial or heavy equipment, right? It's a green sand bond that the customer decides to use for any of those markets. And so, we've probably seen $1 million of sales impact from the automotive -- a bit of an automotive slowdown, but it's really small. And I think it's because the foundries we serve supply a broad base of industrial markets. And so we've seen continued really strong demand. Maybe it could have been $1 million higher because of automotive, but we're still at very high levels of demand and filling these plants with other markets -- heavy truck, off highway, agriculture, industrial products, and that includes the same in China. So, a minimal impact so far.

Michael Joseph Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

And then within the Specialty Minerals business, that's where you kind of called out the margin impact in raw materials versus pricing being maybe the biggest concern. Maybe just comment in a little bit more detail what your expectations are for raws and pricing as we get into the third quarter? And are there any other impacts we need to keep in mind in terms of cost versus price in the other 2 segments?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

Yes. So let's start the -- at the higher level. You're right. In Specialty Minerals, that's where you saw the most acute impact from those inflationary factors, but across the company, I think, look, let's set it up as -- sales are strong. Demand is strong. You heard Doug talk about the fact that many of the product lines are seeing demand levels and sales levels at pre-pandemic levels. So that is very good to see.

That demand allows for a constant conversation with our customers around the value of our product and what we're trying to do. Where we're seeing key pieces of inflation. Energy has been the biggest factor so far this year, and that is hitting across the board but most acutely, again, in the Processed Minerals businesses. But we've also seen raw material inflation taking place across the board, and that's really what's going to accelerate in the second half, as those raw material factors.

Some of them energy related. So, you could say oil price was moving higher. That's going to affect some of our textiles that we buy for our mining systems and the like. Others are going into packaging and pieces like that. So, you're getting more raw materials as we move into the second half of the year and then logistics has been tight and will continue to be tight across the first half and also moving into the second half.

So, the teams have been working aggressively, both on a supply chain perspective and from a commercial perspective. Overall, as you saw, so far, inflation has been pretty manageable. And what we're doing in terms of working with our customers, putting through price adjustments, having a very good dialogue, transparent dialogue, that lays the groundwork for us to catch up on those inflationary factors. And really, for the full year, we're expecting to offset that through pricing.

So, in a good position, seeing some acceleration in inflation in the second half of the year. For the full year, looking at about 2% inflation on our overall COGS, but in a good position overall to offset that with pricing.

And some of the other things you need to think about, Mike, we are vertically integrated. That does help us from an overall perspective with the majority of what we use in producing our products, so that we have that in-house and manage with our own factors is putting us in a good position.

The last thing I'll comment on is like we've said time and time again, we are pricing on the value of our products, which is very good to see, and that allows us to have the constant conversation on pricing adjustments as we move through the year. The caveat that we'll speak to and that I spoke about in the prepared remarks, was that pricing lag that takes place in Paper PCC. So we have line pricing that goes up, we capture that on a basis that has lagged, it could be as long as 6 months.

Operator

The next question from Daniel Moore with CJS Securities.

Daniel Joseph Moore - *CJS Securities, Inc. - MD of Research*

Make it short and sweet. I just want to make sure I heard correctly, Matt, 5% to 7% earnings or EPS accretion fiscal '22 for Normerica. Is that the right way to think about it?

Matthew E. Garth - *Minerals Technologies Inc. - Senior VP of Finance & Treasury and CFO*

That's the right way to look at it. So it's 5% to 7% EPS accretion in 2022, also, what I said was about $5 million to $7 million of synergies that we're looking at. Look, just a follow-up on the one thing about margins. We do see this being a strong contributor to margins as we move forward as well.

Operator

Our next question comes from Rosemarie Morbelli with Gabelli & Company.

Rosemarie Jeanne Morbelli - *G. Research, LLC - Research Analyst*

I was wondering if you could touch on the size of the pet business in North America, because you bought Sivomatic that was based in Europe. Now you are adding Normerica. So, if you could give us out of the $351 million of revenues for this segment, what is North America and the rest of the world?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes. Of the $350 million, I'd say North America is about $220 million -- $225 million, Rosemarie, thereabouts.

Rosemarie Jeanne Morbelli - *G. Research, LLC - Research Analyst*

And when look at -- yes, I'm sorry.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

No, I was going to say -- and part of that is growing, a smaller piece of that is Asia, but that's probably growing the quick -- most quickly.

Rosemarie Jeanne Morbelli - *G. Research, LLC - Research Analyst*

No, no. It's all right. There is some kind of a lag between when you are talking and when I talk. So, if we look at the profitability, is it as profitable in the U.S.? Or is it more profitable in Europe, since you seem to be focusing at what Sivomatic was, focusing on the higher premium type of pet leader.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Yes. Profitability is similar around the world. I would say, difference is we have different cost positions in North America and Europe in terms of our mines, transportation costs. But in total, they're similar, the growth rates are different. I would say the North America growth rate is probably more in line with GDP plus in terms of cat ownership, it's pretty established. I think in Europe with, as you mentioned, that premium product that is what Sivomatic makes, has been growing faster than North America.

And I think our business in Asia has been growing, albeit at a smaller base, at the fastest rate. Now we've been entering some new channels as well. So, it's not just supplying major outlets. It's now -- we've been developing in both Europe and North America online channels. So, we are now selling products through your typical online shopping sites.

And I would say that in Asia, the predominance of sales is through online. I think the buying, the consumer behaviors in Asia, particularly in China, is probably more online. And that's also driving higher growth rate. So profitability is similar around a little bit different cost positions, but we see growth rates being in that kind of 8 plus percent, if we can keep that going for the next few years. So I hope that helps give you a dimension of the sizes and the growth rates.

Rosemarie Jeanne Morbelli - *G. Research, LLC - Research Analyst*

And you are adding Normerica, and obviously, you are going to supply them with bentonite from your online. Do you -- what type of reserves do you have, and I am sure it is somewhere in the K, but if you didn't mind reminding me of what type -- how large your reserves are and whether having this additional demand is going to shrink them.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

No. We have plenty of reserves. We have historically sold Normerica, a portion of their clay supply anyhow. So we've got long-lived reserves in Wyoming and Montana. We've got proven reserves out 20, 30 years. We've got other indicative reserves and pockets of land that we own in the Wyoming area that are further out than that, so we've got good supply positions here in the United States to supply both the combined business for the foreseeable future.

Rosemarie Jeanne Morbelli - *G. Research, LLC - Research Analyst*

And so this is adding to your consumer-oriented business, which pre this acquisition was about 25% of total, I think, with a target of 50%. So where do we stand now? And what do you need to get to the 50% are you planning in divesting some pieces of operations that are non-consumer operate -- I mean oriented and therefore, that would boost the ratio almost immediately?

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Well, let me address the target first. I don't know if we've publicly stated that a target is 50%. I think we've had some questions on this call, perhaps from you that said, where can this go? It's possible that it goes there. I think really, what we're doing is looking at where we have a real capability to serve. We kind of call this mine to market. Well, this is mine to shelf. And I think that we're uniquely positioned to supply this type of market.

And a market that is a different -- noncyclical, different type of growth rates that involves innovation, product development. So, this meets really everything that Minerals Technologies is and so I think it's a great fit. I think there's opportunities to continue to expand into more consumer ended products.

We are always going to have an industrial side to the company. So, whether we -- right now, this brings us to 30% approximately, Rosemarie. We think there's some other opportunities and as these grow at the rates that I've been mentioning, I think with our Personal Care growth, with our pet care growth with our edible oil purification growth, I think it will naturally become a bigger part of the company. And I think inorganically, there's some other opportunities.

Whether we get to 50% specifically? I'm not going to state that. But what we're doing here is providing more balanced industrial consumer in the company and a more sustainable, higher level of growth rate than perhaps what you've seen historically. And I think this is a transaction that moves us in that direction.

I think from an operating standpoint, having the mines in our -- already in the ownership, I think that provides the margin growth as well. So. I think it's just a good story around providing really good shareholder value, especially in this transaction.

Operator

And at this time, I'd like to turn the call back to Mr. Dietrich for any additional or closing remarks.

Douglas T. Dietrich - *Minerals Technologies Inc. - Chairman & CEO*

Well, thank you very much for joining today. I appreciate all the questions, and I appreciate you hanging in there for a few extra minutes. We'll talk to you again at the end of the third quarter. Take care of till then. Thanks.

Operator

And that does conclude today's conference. We thank you for your participation. You may now disconnect.
