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PRESENTATION

Lydia Kopylova - *Minerals Technologies Inc. - Vice President, Investor Relations*

Welcome to Minerals Technologies 2026 Investor Day. We're broadcasting today from our Bethlehem, Pennsylvania, which is the center for R&D for crystal engineering technology and also corporate offices.

Please note that some of the statements may be forward-looking within the meaning of federal securities laws. There is a cautionary statement that you can find on this page in the presentation.

Also, some of the numbers in the presentation might be non-GAAP. There is a reconciliation to GAAP financials at the appendix of this presentation at the end of this presentation that's also available online.

Today's agenda, we will start with company overview presented by Doug Dietrich, our Chairman and Chief Executive Officer; followed by a presentation about our financial targets and our performance and strategy going forward presented by Erik Aldag, our Chief Financial Officer. And then two of our product line leaders will present our growth strategies as well as innovative pipeline for Specialty Additives and crystal engineering as well as High-Temperature Technologies focusing on steelmaking and metallization.

Following their presentation, we'll have time for Q&A. For those who are online, you can type in your question and I will read it. We'll try to answer as many as possible. Once we conclude the webcast presentation, we will have an in-person R&D tour of our labs, where our leaders of our R&D for crystal engineering and steelmaking and metallization will have a special presentation.

Now I'll introduce Doug. Please.

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

Thank you, Lydia. Thanks, Lydia. And thanks really for everyone joining today, and it's really good for those that have joined online as well.

We're really excited actually to do this here today. I know we did a couple of years ago at our Hoffman Estates laboratories, we showed you a couple of our product lines and our bentonite-based businesses. This will be a little bit different. It's the other side of the company.

This is our High-Temperature Technologies, refractories portion. We're going to take you through some of those technologies and pipelines today, and also our crystal engineering which is associated with our Specialty Additives product line.

Bethlehem, a little bit about Bethlehem, Pennsylvania. This is -- we have four buildings on this campus. This one you're in is our research and development campus or research and development building. About 120 people reside here. No manufacturing, but R&D. We have our back offices, some of our business unit leaders, as you see here, commercial, marketing and some of the shared services, and accounting, are here. So about 120 people. It's been a long-standing place, one of the largest centers of people for Minerals Technologies in the US.

Let's get started. One thing I wanted to -- I know many of you are familiar with the company, and those online might not be. But I want to take you through just a quick overview of the company before I hand it over to the product line managers.

First couple of things. Key differentiators for MTI. We talk about this all the time, but it's our balanced portfolio of consumer and industrial businesses and leading market positions that we have, driven by the value we provide by some of the technologies you're going to see today that give us these leading positions in our markets, right? I'm going to take you more into why that balance of consumer industrial matters to our long-term growth.

But it's also founded on our vertical integration of our natural resources. We have mines throughout the world. These are world-class mines. And that provides that stability to be able to provide local content, local solutions to customers, which actually is becoming more important these days with supply chain disruptions. But we're able to operate around the world with these technologies, giving us these leading positions in the markets we serve.

Minerals Technologies. Technologies has always been in our name. We are very focused on innovation and new product development. You're going to see some of that today. But being able to apply these core technologies that we call them to these mineral reserves to provide valuable solutions in multiple markets, and I'll take you through that.

But another key differentiator of us, so not just vertically integrated, balanced portfolio, leading positions in our markets, we're very financially stable. We generate a lot of cash flow, significant cash flow. About 6%, 7% of our revenue goes to free cash flow every year. That enables us to fund the organic growth, fund returns to shareholders, fund inorganic growth as well. So a lot of optionality to the company. And it's that growth that we're going to show you today, the profit margin improvement, that cash flow that provides the resources for the company to continue this and continue to drive value through that cash flow.

Let me just take you -- probably you don't realize that every day, from the time you get up to the time you go to bed, you're probably coming across one of our products, I mean, throughout your day. Whether you're actually consuming it, we have some products over here, you're consuming it in a calcium-fortified beverage or candy or food or some sort of pharmaceutical, you might be consuming it. If you have a cat, there's a cat litter product, cat, on the shelf. But it might also be in something that you're consuming every day.

And we take our -- but it all starts with these unique global resources. We have, as I mentioned, resources around the world. But it's really only two main minerals that we supply. We have global bentonite reserves. We're the largest bentonite producer in the world. Sodium bentonite is a very unique form of that bentonite.

And calcium carbonate. Now there's limestone everywhere, but to have a global, kind of a world-class mine is very different, because having these unique resources, you have to have the right type of mineral. You have to have the right size and particle shape, you have to have the right chemistry and many types of the right color. And so to be able to apply these minerals to these diverse end markets, they have to be world-class in nature. And we have many, many years of supply of them. So it starts with really unique global resources.

But more than that, you have to apply technologies to make them applicable and valuable in what they go into for our customers. And we have four core technologies. We're going to talk deeper about two of them today. Those core technologies are functional additives, crystal engineering, engineered blends, and particle surface modification. We can go deeper into all of them today.

But when we apply those kind of core capabilities to our global mineral reserves, it enables us to be valuable in many different products. And so at home when you wake up, your toothpaste, a lot of the articles in your house, your cat litter, as I mentioned, your household products, maybe your fabric care products, building materials all throughout your house, personal care, your boxes, the box that comes decorated, the Amazon box that -- that top surface is something that we probably participated in as well.

We're outside. We're in your agriculture. We're in agriculture material or products that are helping with crop enhancement. We're in livestock - in terms of taking toxins out of livestock stomachs with feed additives, water purification, as you know, with our PFAS remediation treatment, remediation, landfill lining systems. We're in printing and paper, commercial buildings, cars and trucks, foundry steel, you name it. But you're probably coming across something directly we've produced or using something that we've helped our customer manufacture every day.

Just a quick framework to the company. Many of you know this, \$2.1 billion in sales. There's the balance between consumer, about 50% consumer oriented, 50% industrial. These are our main markets that we serve, largest being kind of consumer applications, as I mentioned, 18% into paper, and more so into packaging, steel production, construction, that's residential and commercial construction.

Automotive and transportation, this comes in the form of also steel, but foundry products. So the cars you drive and heavy trucks that are delivering your products are coming with cast parts made from our green sand bonds. Largely United States-based or North America-based, 56% here. 24%, our second largest region, EMEA. And a growing 17% in Asia. Asia defined as China, Southeast Asia, India.

I want to mention, I'll go back, but I want to mention one. 4,000 employees, again, global company, 34 countries.

And as we mentioned, innovation is key to us. So 12 R&D centers, this being one of them. You visited one in Chicago last year, two years ago. And we have one about 10 miles down the road in Eastern Pennsylvania.

Here's the balance -- here's how we report ourselves in terms of structure, with the two segments, Consumer & Specialties and Engineered Solutions, both about \$1 billion of the company in terms of revenue. Four product lines, the Household & Personal Care and Specialty Additives, that's in Consumer & Specialties. And why did we put them this way? Well, these are -- in the Consumer & Specialties side, these are functional components in a variety of consumer and industrial goods, meaning these are things that you're either consuming directly or they're in something that you're using a product you're using.

On the other side, the Engineered Solutions is not something you're necessarily consuming directly that we make. We're making something that helps our customers manufacture something. So think of steel, think of a lining system for environmental or wastewater treatment horizontal directional drilling, foundry products that you're using in your car. So Engineered Solutions for manufacturing, consumer products or additives that you're consuming in your day.

On the -- we're going to go through two of these today. First, I'm going to take you through our growth strategy. I'm going to describe these product lines in a little more detail.

So the way we grow the company. It's a pretty basic strategy, but it has some depth in how we go about that. And the first thing was we look to grow the company in a balanced way through these Engineered Solutions and consumer products into higher-growth markets. And the consumer piece is one of those. So we purposely put ourselves into higher-growth consumer markets, about five years ago, acquisition of pet litter companies, combining to be the largest private label pet litter company to move ourselves into higher growth markets.

We've also innovated in natural ingredients for personal care, again, a higher-growth consumer market. Putting ourselves in higher-growth geographies in Asia. Cat litter. Innovating around renewable fuels. We'll talk a lot about -- we've talked a lot about sustainable aviation fuel. And then also putting ourselves in Asia for metal casting, which is an underpenetrated region for our supply -- or our product. And so these are higher-growth markets either themselves or in geographies that we've put ourselves into to drive growth higher in the company.

The second piece of this though is deepening positions in our core markets, okay? We are leading positions around the world in many of our markets, but we can do more to gain share in those markets. And we've done that, by moving ourselves into packaging - we're going

to talk about that today - into steelmaking. We're going to show you how we've done that today with refractory formulations and automation and intelligent systems. We've deepened our positions in North America metal-casting with new formulations for our customers here and also developing and deepening environmental solutions as that market continues to grow for need for solutions that we provide.

But underpinning all of this are our new solutions and innovative products. And so we're seeing these markets and we're seeing these opportunities. And we're seeing opportunities to create products that are higher margin and putting ourselves deeper into these two geographies or into growth markets. And we've done that with - you'll see today - with electric arc furnaces, in steelmaking, in PFAS remediation, repurposing waste stream for -- the paper market. We're going to talk a lot about New Yield and how we're looking at extending that technology into other markets and other revenue streams. And then, I mentioned, with sustainable aviation fuel, which is a very quickly growing market, and our product operates very well in that solution.

So let's talk about innovation a bit. What is our strategy? We've really changed the nature of how we innovated MTI over the past five, six years. I mentioned this a lot about six years, seven years ago, about 10% of our products, our revenue was generated from new products. That's now almost 20%. So we've doubled the impact on our top line from new product development.

How do you do that? And it used to take us about four years to develop a new product, and that's down to 14 months. And so what we're doing is - we're really speeding up the engine of innovation in the company. We're moving quickly through the process, making sure if it's going to work, it's going to -- we're going to focus on it. If it's not going to work, let's stop working on it. So we've really cranked up the innovation engine.

Our pipeline right now, and this is a representation of our four product lines, is about \$1.4 billion in potential value. And how do we get there? We work closely with our customers. Certainly, we do not want to be working on something that our customers don't want to buy. And so we focus heavily on our voice of the customer activities to make sure that we're innovating something that they want or they need or they're willing to buy. So it's close collaboration.

But we're also looking for next generation. We're also looking for ways to apply our core technologies in new ways to solve solutions. And so we're looking for that next generation of core solutions. And we're going to describe two of them today that are in this pipeline that we're going to show you how we've done that more recently and what's going to be continuing to drive growth for this company over the next coming years.

But we're also focusing on, as I mentioned earlier, moving ourselves into high-growth markets and also at higher margin products. And so Erik's going to show you how that's driving our growth further and also lifting the margins of the company to make a more valuable company.

Just like I mentioned, a couple of stats: 19% of our sales in 2025 were from new products created over the past five years. We've launched and commercialized over 300 products over that period in five years. We've got the pipeline, and there it is, 80% of our projects are developed with input from customers and, what they're asking for, in many cases, is sustainable solutions. So 67% of what's in that pipeline is something that's helping us save energy, our customer's energy, recycling, some sort of renewable, sustainable benefit. And so that is becoming a very big piece of what we develop and how we innovate in the company.

Okay. With that, that's a quick overview of what you're going to see today. I'm going to pass it over to Erik to take you through a couple of financials, and then we'll move on to some technologies. Erik?

Erik Aldag - Minerals Technologies Inc. - Chief Financial Officer, Senior Vice President - Finance and Treasury

All right. Thanks, Doug. Good afternoon, everybody. Great to be here with you today in Bethlehem. So first, I want to remind everybody of the targets that we set for ourselves in 2023. That's organic sales growth of 5% on average through the cycle, operating margin of 15%, free cash flow at 7% of sales, a strong balance sheet with flexibility for M&A. And all of this should result in an ROIC of 12%.

And today, we're reiterating these targets for you. The company is set up well to deliver on all of these targets. Over the next few slides, I'm going to share performance against these targets over the last five years and also what gives us confidence that we're set up well with these targets over the next five years.

So first, on revenue performance. This bridge is first looking back over the last five years. You can see we've delivered a net top line CAGR of around 4%. And that's in a relatively challenging macro environment, I would say. That really speaks to the resilience of the portfolio and the durability of our products.

You can see that our organic growth strategy has delivered \$540 million or about 5% CAGR over that time period. And as Doug mentioned, the growth strategy has really been to expand in higher growth markets like the consumer-oriented markets, deepening our positions in core markets and geographies, and in commercializing new products and solutions.

And inorganic growth over this time period delivered \$100 million. That's added about 1% to the CAGR over that time period. Just to remind you, this was the full year impact of Normerica. That was a cat litter acquisition. This was a small specialty PCC acquisition in the US. And this was Concept Pet, another cat litter acquisition, relatively smaller cat litter acquisition.

We have had a few of our end markets cycle lower over this time period, and we've talked a lot about these impacts. But namely, this has been the residential construction market, commercial construction, agricultural equipment and heavy truck end markets. So, on a net basis, with a 4% CAGR, that brings us to around \$2.2 billion this year, made up of the 5% organic growth, 1% from inorganic, offset by 3% from market headwinds.

So going forward, we do see that organic growth strategy playing out similarly, continuing at 5% growth. It's really a continuation of the same strategy. We've also got some new exciting opportunities. We're going to be talking to you about a few of them here today. So this all gives us a lot of confidence that we can deliver this mid-single-digit top line growth through the cycle, and that would take us from approximately \$2.2 billion in revenue to \$2.8 billion plus in five years.

So next, I want to share where we are on margin and where we're going. So we're at 13% for the first half of 2026. And like a lot of other companies, we've experienced higher energy-linked costs starting in the first quarter of this year. And we've talked about how -- in a portion of our business, we've got a pricing lag of around 90 to 100 days, mainly in the Consumer & Specialties segment. But we do expect to recover this margin as soon as costs plane over.

I do want to take a minute here just to comment on our shorter-term outlook. So in the third quarter, it probably comes as no surprise, we're experiencing higher energy-linked costs than we expected in our guidance for the quarter, given where diesel and natural gas prices trended. So right now, we're expecting about a \$5 million higher cost than we included in our guidance at the beginning of the quarter.

That being said, we're continuing to adjust pricing. And we're confident that when these costs plane over, we'll recover this 75 to 100 basis points of margin that you see on the screen here. This is the same thing that we went through from 2022 to 2024. And on the back end of that, we expanded our margins. So we're in a pretty similar situation again today.

I do want to highlight that the price/cost dynamic on this slide, that piece of the margin bridge, that's more transitory. But the next two margin levers here are more structural. And so these next two levers are driving structurally higher margins for the company.

So just moving on to this volume leverage lever. As we continue to grow sales in the mid-single digits, we expect that volume leverage to improve margins by 75 to 100 basis points. This is because our incremental margins are at 30% and higher for some products, and we've got a very efficient fixed cost base to leverage those higher volumes and the higher operating margin. So as we continue to grow, we expect the growth to be margin accretive.

And then lastly, the third lever here, the new products in our pipeline that we're going to be talking about today, and really all the products that we've been commercializing over the last five years, are higher margin on average. And also the fastest-growing product lines that we

have are higher-margin product lines. So we're expecting this continued margin uplift. We have about 50 basis points on the screen here as we continue to commercialize higher-margin products and as our mix continues to shift toward higher-margin products.

The only other thing I'll mention here on this slide is that 15% is not a ceiling for the company. You can see that clearly from the fact that the Engineered Solutions segment is at 17% right now. They're already delivering a 17% operating margin. So as we continue to grow and innovate, and as we catch up on this temporary price cost impact in Consumer & Specialties, we see 16% for the total company as a realistic long-term target.

Okay. So on the balance sheet and cash flow. The company has always been a strong cash flow generator. We target free cash flow in the 7% of sales range. And you can see on the slide here on the top left, we've averaged free cash flow at 6% over the last five years. That's despite some challenging market conditions and some temporary margin pressures.

We typically target returning approximately 50% of our free cash flow to shareholders when we're at or below 2x net leverage. And so you can see over this time period, we've returned 56% of our free cash flow to shareholders, right on target with what we've stated. In the meantime, we've also increased our dividend by 2.4x over the last few years. Our balance sheet remains strong with net leverage around 1.6x and liquidity over \$700 million.

So just to summarize here, we've delivered around 4% growth over the last five years, and that 5% target is well within reach. We delivered on our 15% target on operating margin back in 2024, and we've got a clear line of sight to return to that level and higher. We expect to generate free cash flow at a similarly strong rate, delivering a significant amount of cash flow over the next five years. And delivering on all these metrics will result in an ROIC of approximately 12%.

On the slide here, we're showing 9% as an average of the last few years. Just to note, we were over 10% in 2024. A combination of top line growth, margin improvement, continued disciplined capital deployment will all contribute to this 12% ROIC.

So with that, I'm going to hand it back over to Doug to talk about the technologies and capabilities that we're going to be focusing on today.

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Okay. Thanks, Erik. Let's go through it. I show these icons a lot. Again, we mentioned them. Crystal engineering is what we're going to go through today. In a nutshell, this is our basic capability to grow crystals. We're able to form them from primarily calcium carbonate and fit for purpose, and they are value-added elements in their shape. We're going to show you how we do that today in our laboratories. Engineered blends, we're also going to go through today.

This is in our High-Temperature Technologies business, but this we're going to talk more about how we apply it in our refractories and steelmaking. Particle surface modification is where we take a particle or a mineral that we have and we modify the surface of it for a functional use. Think of our FLUORO-SORB product and PFAS remediation, that's where we apply this type of technology.

And functional additives, just the minerals themselves and the combination of the minerals and how we treat them can be functional as they go into a product. And so we have knowledge of how to apply the minerals, the shape, the color, the chemistry so that they become a very functional part of a consumer product or of an engineered solution, okay?

These four technologies map with the way we've organized the company and product lines. So functional additives are mostly used in our Household & Personal Care business. Crystal engineering and how we apply this to calcium carbonate in our Specialty Additives product line. I just mentioned engineered blends, and it's the primary core technology for our High-Temperature Technologies. And particle surface modification in our Environmental & Infrastructure business.

Today we're going to take you through two of those product lines, the Specialty Additives and High-Temperature Technologies. I'm going to let the two gentlemen that come up next take you more in more depth. But you can see how these are -- some of the products on how

they apply. We're going to take you through our laboratories and show you how we apply them and how we generate these things and get you a little bit deeper into the process.

But let's start with Specialty Additives. I'm going to introduce you to Jim Wright. He's the President of our Specialty Additives business. He's going to take you through a couple of interesting new innovations as well. Jim?

Jim Wright - Minerals Technologies Inc. - President - Specialty Additives

Thanks, Doug. Hi, I'm Jim Wright. It was great to meet several of you at lunch, and welcome to our facility here in Bethlehem. I'm the President of the Specialty Additives product line. I've been with MTI for about six years, primarily leading the paper and packaging focused business through that tenure with the company.

Today I'm going to take a deep dive into our crystal engineering core capability. And I'm going to describe how our teams tailor particles to a diverse range of applications and end-use markets. Historically, this business has developed the capability for calcium-based products, including ground calcium carbonate and precipitated calcium carbonate, or GCC and PCC.

We have traditionally operated with two business models. One is a satellite-based model where we co-locate plants at paper mills around the world and we sell slurry PCC or GCC to those customers for use as a filler or a coating additive in the papermaking process. We also operate a merchant-based business where we locate our plants at a mine or a mineral reserve and we make a diverse range of end market applications or end-use products both in the PCC and GCC space using our crystal engineering core capabilities.

In the satellite PCC business, we operate 56 plants around the world, supplying slurry PCC and GCC products used in coating and filling applications, for both printing and writing and packaging applications. In the merchant PCC business, we produce what is called SPCC or specialty precipitated calcium carbonate, which includes a range of crystal morphologies, surface chemistry and particle size distribution.

Our capability to produce this broad range of characteristic lies within our core crystal engineering capability. Looking at the capability more broadly, what we do is we take inorganic compounds and we use proprietary technologies and processing techniques to deliver specific performance attributes in our end products.

On the right-hand side, you can see an example of how we do this in our calcium carbonate-based businesses. In the blue box, you can see a natural limestone particle or what we would refer to as a ground calcium carbonate, GCC. You can see there's a varying size and shape of the different particles that are shown in the microscopic image.

We can also take that same resource and we can turn it into a precipitated calcium carbonate, which you can see on the further right-hand side images. Scalenohedral on the top on the right-hand side would be a particle that is engineered for use in a filler application in a paper sheet. It provides bulk and it takes up more space than the fiber takes up in the sheet.

On the top right is the acicular morphology. And that's designed to lay flat and align on a coating formulation to give good printability and gloss, if you take , as an example, a box of pasta that would be on the shelf in a grocery store.

On the bottom left, there's a rhombohedral morphology, which is used in a range of applications, including caulks and sealants. The rhombohedral are little, tiny squares, and you'll see later on in the lab a better image of what those look like. That gives viscosity characteristics that allow the caulks or sealants to flow and to extrude through their processes and gives the producers of those an ability to make the right product characteristics for use in applications such as a sealant in a car or a caulk that goes around the window.

And then also on the bottom right is a spherical particle. This is more for new markets for us, but this provides a flow ability and a bulk that that takes up more space in the matrix in which it's incorporated.

Before we dive deeper into the crystal engineering core capability, I'd like to review our growth strategy and talk about the drivers that we committed in our 2023 Investor Day. I'm going to provide you with some perspective as well on how we've done against these growth drivers.

You can see on the left-hand side, we laid out our strategy as geographic expansion into Asia, expansion into packaging markets and new product innovation, delivering 3% to 5% compounded annual sales growth. This -- you can see on the right-hand side, the growth that we've achieved during this period of approximately 5% is a result of new satellite PCC and GCC plants in Asia which included five new packaging agreements and expansion of our NewYield technology as a platform for growth in the Asian markets. It also includes a small acquisition that Erik mentioned earlier during his review.

We have not been without our challenges in this space as well. You can see on the next bar, there was a decline in the residential construction markets that primarily impacted our merchant precipitated calcium carbonate and ground calcium carbonate businesses. And we also had five paper mill closures, which impacted satellite operations, which we previously operated.

Next, I want to talk about our continued growth. We feel very strongly that we can continue the trend of delivering 5% organic growth in this business by continuing with the same strategy. We're focused on new packaging opportunities, further penetration of the NewYield platform and innovation with a pipeline that was shown earlier, which includes about \$400 million of opportunity in the Specialty Additives space. We also anticipate that residential construction markets will inflect and will begin to improve at some point before the end of 2027. All right.

Next, I'd like to give an example of our core crystal engineering capability and talk about the NewYield platform, which you've likely heard about through many of our investor conversations. And then I'd like to relate that to an extension of the capability to talk about how we can drive growth using that core capability.

So I'm sure you've heard of NewYield, which on the left-hand side is a schematic showing the general process. We take a waste stream that comes from our paper customer's pulping operation. In this case, it's lime mud. It contains calcium. But it's not in a form that's usable by the customers to be put back into their products.

We have proprietary technologies which allow us to refine, purify and change the morphology of that product, which turns it back into a filler that then can be sold back to the paper mill for use as a filler in their packaging and printing and writing paper applications.

Using this same type of capability, we can expand beyond the traditional calcium carbonate markets that we have historically focused on. On the right-hand side, I'm describing an opportunity where we deploy this into a new market. I think we're all very familiar with the current supply or need for current supply of critical minerals in the United States, especially to support new infrastructure, battery investments, electronic vehicles, aerospace applications and defense.

We've identified that steel slag contains many of these valuable minerals and streams, and they're not currently being extracted due to a lack of technology that allows you to separate the steel slag into its component compounds. There's approximately 3 million tons of steel slag that's landfilled in the United States alone. And beyond the United States, there's even more steel slag that goes to landfill.

Applying the same type of technology that I discussed with NewYield, we're able to separate that steel slag into its component streams. And you'll see later today that we can generate several different products of higher purity and custom-tailored morphologies that are of high value in many different downstream applications. We use our world-class R&D capabilities with that core crystal engineering technology in order to process this and to work with our downstream customers to make sure that we're tailoring these particles for their specific applications.

All right. And finally, I want to provide a little bit more of context on that specific opportunity and talk about how that capability can be applied even more broadly. So for those joining us on the tour later today, you're going to see in one of the labs a demonstration where our R&D

team is going to take the components of a steel slag and they're going to show you how we can separate that into different streams and extract these valuable downstream products through our proprietary processes.

With this specific opportunity, we're able to create streams that include critical minerals, including magnesium and manganese that would go into batteries, defense applications, alloys and automotive. There's calcium-based products where we have a broad range of applications depending on how we treat that calcium-based product and which processing techniques we deploy. Iron oxide is a product that is returned to the steel mill for use in their steelmaking process.

And finally, there's a cement pozzolan that is used as an additive and low-carbon concrete mixtures. Our current status on this is that we have a lab scale pilot at our facility just down the road in Eastern Pennsylvania, where we're able to make representative products that would come from this production process. We're targeting a larger scale pilot operation to be co-located near one of these sources of steel slag in the United States that would generate about \$5 million of annual revenue. We see this total opportunity for just the steel slag processing to be in the range of \$250 million annually.

What I'm most excited about here, though, is the application of our capabilities and being able to expand in markets beyond just the steel slag or the lime mud that we get from a pulp mill. Our R&D teams have proven a capability where they can take proprietary knowledge of how to process inorganic materials and turn them into valuable downstream products based on their ability to manipulate those products and engineer different morphologies that allow our customers to use those in ways that they have currently been unable to do.

With that, I'm going to turn over to my colleague, Chad Trent, and he's going to take you through our High-Temperature Technologies capabilities. Chad?

Chad Trent - *Minerals Technologies Inc. - President - High Temperature Technologies*

Thank you, Jim. Good afternoon, everybody. My name is Chad Trent. I'm the President of High-Temperature Technologies, which encompasses our two business metal castings and refractories business. Been with MTI for 24 years now, and I've spent much of my time in the refractory business in various commercial roles with that business.

That being said, I'd like to highlight our refractory business today. I'll mainly be focusing on that business for MTI. Two product lines make up this business, mainly refractories and another business we have, a product line we have called solid core calcium wire. With these businesses, we hold two market-leading positions. One is advanced model at the refractories here in North America, and then we hold a number 1 position for laser measurement technology on a global basis. We have the number 1 market position with that.

On our advanced refractories business, we provide products and solutions for virtually every steelmaking process that there is, from blast furnace steelmaking process to the basic oxygen burning making process, electric arc furnaces, casting machines and also steel ladles. So we are pretty penetrated in the market.

Not only do we provide products for those markets. We also are embedded heavily in the steel industry with our application technology equipment. We have a massive footprint in our customer sites. And we also have service teams that are local there. Because we're so embedded in these operations, we have a very close ear to the voice of the customer. Virtually 100% of what we develop within the business is directly from feedback from our customers.

Speaking of voice of the customer, you may have heard this term mentioned on some of the analyst calls, MINSCAN LSC. I know that Doug has mentioned it, Brett has mentioned it as well. That particular technology was derived from Voice of the Customer that we've received. As you may know, there's a major push to lower CO2 emissions in the steel industry, not only in the US but around the world. And that's converting production from the blast furnace type steelmaking and BOF type steelmaking to electric furnace type steelmaking.

The MINSCAN LSC serves exclusively the EAF steel market. What that does is - we are combining our laser technologies with our robotic gunning maintenance technologies. And we've created a fully automated refractory system, which is really the only one in the world. Not

only do we have that technology that we work with and that we lease and/or sell to the customer, but we also provide our refractory materials along with it. And because we have that full-package deal that we can offer our customers, we're able to enter into supply contracts for over five years and really beyond. Because once you establish a footprint in a customer site, it's very difficult for us to be removed from that site. So a major, major win for us, all based upon the voice of the customer that we've received.

Looking at our second core business within the refractories business, looking at solid core calcium wire. We've been producing calcium wire at our Canaan, Connecticut facility for over 40 years. We've been producing calcium metal at that facility for over 50 years. I will say this, we are the only producers of calcium metal in the Western Hemisphere; the other producers are located in China and Russia.

But when you look at calcium core wire, really the criticality of it to the steel industry is mainly tied to inclusion control. What I mean by inclusion control, calcium wire, when it's injected and steel ties up with aluminum oxide, it removes that aluminum oxide and changes the shape of it so that steel can be cast through the thin slab casting machines.

There's over 30 million tons of thin slab casting in the United States, and you cannot -- they cannot cast steel through a thin slab caster without our calcium core wire, which is another leading market position that we have.

Just like Jim, I'm going to give you kind of an overview of our growth momentum within the product line itself, both refractories and metal castings. Over the past five years, this product line has contributed over 3% of CAGR over the last five years, mainly driven by our core strategies, which is essentially expansion in our core markets, particularly with the refractory businesses.

Innovation has been huge for both businesses relative to new products that we've developed for the EAF market within the refractories business, but also our greensand bond technologies that we've been able to have a lot of success here in North America with, but have taken that to Asia and have grown that business roughly 8% to 10% over the last several years. We continue to see growth within this business relative to expansion through automation too, that I've already mentioned with the MINSCAN LSC, which has contributed to the 6% CAGR with our growth strategy over the last five years.

We've had some headwinds, though, with this business, despite the fact that we've grown so much with our growth strategy, within the foundry business, which is what metacasting is tied to, the agriculture business has been depressed for the last several years because commodity prices have been low and inventory levels of farm machinery have been high and inflation rates continue to be high. The automotive market, which is a big market for the metacasting business, has been rather stagnant over the last several years. Heavy truck market has been stagnant as well, although we are seeing some turnaround in the heavy truck market in the last half of this year and possibly moving into the first half of next year.

Relative to the refractory business, a lot of headwinds we've seen in Europe- geopolitical events have affected that business significantly with the Ukraine war and now with the Iran conflict. That business continues to be a little stagnant despite the fact that there's been even some safeguards put in on the business. And we're hoping to see that business start to pick up in 2027, and hopefully, for sure, by 2028.

But looking forward, a lot of exciting things for the overall product line. We're looking to grow this business anywhere from 3% to 6% CAGR. Continue to build on the foundation of the MINSCAN LSC. There's a lot of runway with that particular business as Europe begins to transition into the electric furnace market. A lot of our products for the EAF are just now being developed, and we'll continue to have a lot of runway with those products as well. And then we'll continue to see Green Sand Bond growth in Asia. Right now, we consider our penetration there to be only 25%. So again, I'm going to use that word again, a lot of runway in Asia for that business. But the main driver for High-Temperature Technologies is going to be innovation over the next five years, where we see roughly \$280 million worth of growth over the next five years.

And with that being said, I've got something that I would like to share with you that we're all excited about regarding innovation. Some of you may have read, and I'm sure that you've read that, and seen, that the government is making a big push to onshore, the production of critical minerals that are tied to national security. And this includes rare earth materials. That's been in the news a lot lately.

I know that the US government issued significant funding to several potential producers to establish rare earth mining, processing and metallization, particularly of rare earth magnets in the United States. The bulk of the rare earth magnets are made with neodymium and iron and boron. But there are some rare earth magnets that undergo high-temperature applications, and these rare earths are alloyed with dysprosium and terbium. These type of rare earth magnets are used in defense, aerospace, electric vehicles, energy renewables. Some of the big offshore wind turbines have quite a bit of rare earth magnets in them. Also lots of electronics and robotics, and then also the medical field as well.

In addition to dysprosium and terbium, there's also yttrium. Yttrium is not used in rare earth magnets, but it's used in a lot of defense applications, particularly with thermal barrier coatings and also in semiconductor manufacturing equipment.

So why am I bringing this up? Why are we interested in rare earth elements? Well, in order to produce heavy rare earth metal, it requires calcium metal to do that- to be able to refine it. And I mentioned earlier in the previous slides that we are the only producers of calcium metal here in the United States. And so heavy rare earths cannot be refined without calcium metal.

So we are, as a company, we are going to be able to offer this industry two things. Number one, a product that meets the industry specifications in order for them to be able to refine heavy rare earth metal. And number two, we offer a domestically produced product that meets their mandate for national security purposes.

Just looking at the process in and of itself - heavy rare earths are generally -- they're the process that's associated with, as you mine, the heavy rare earth ore. The ore is processed into oxide. And then the oxides are metallized, which is done primarily with high purity calcium metal. You make the heavy rare metal, and then that heavy rare metal is then translated into heavy rare earth-based magnets.

You cannot produce heavy rare earth metal without high-purity calcium metal. It's the only practical way to do it. And so from our standpoint and where we're at with this process and engaging with our customer -- the potential customer base, we have completed our lab development for the high-purity calcium that we now will be producing at our Canaan, Connecticut facility. Our pilot plant is -- construction is underway for this process. Our customer base - and I can tell you this right now - that the bottleneck to onshoring all of rare earth production, here in the United States, is in the metallization piece of this - because there's already mining going on in the US for heavy rare earth ore and the processing of the oxides, but the metallization piece is the bottleneck. And that development is undergoing right now for the potential customer base for this market.

We are providing our customers with product already for their development process. Our product has been proven to refine yttrium. It has been proven to refine dysprosium. It has been proven to refine terbium. You'll actually see some dysprosium that was refined with our calcium in the lab here later on in the tour.

So what's the value of this market? Right now we're estimating the market value to be around \$100-plus million in the near term, and that's primarily starting off the business or the market with refining of dysprosium, terbium and yttrium. There are other areas that may be refined. That's still yet to be determined. Okay?

Doug, I think it's yours.

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Thanks, Chad. And so just to add to Chad, our Canaan facility has been making, as Chad mentioned, has been making calcium metal for 50 years or 40 years. We're going to be looking to expand that facility to meet the demand that we're seeing from these customers that are developing here in the United States for this metallization process. One thing I do want to add to all of this is, so I think what we're trying to do today, at least in the short presentation, is to show you the company's capability to grow through its organic growth strategy.

So putting ourselves into growth markets, deepening our positions in some of our core markets and our core product lines, then also innovating, right? And we've been able to grow the company at that 4% to 5% range net. Yes, we have some market challenges that will

continue to cycle. But that's where the balance of the company comes in. As we have these higher-growth markets and some of our industrial markets will cycle, we see that, that combination of that balanced portfolio will continue to drive kind of through the cycle growth, sometimes higher, sometimes lower than that 5% number. But on average, the 5% growth.

We continue to do that. We continue to innovate. We continue to put ourselves in these markets. We continue to do things like put ourselves in the rare earth market and look at how we open up the aperture using our NewYield technology to different types of waste streams. And we think we can continue, not just with the FLUORO-SORB that's coming out now, not just with sustainable aviation fuel purification that's out now. These are things that will continue to add growth and value to the company over many, many years.

Just keeping with that kind of growth rate from where we are today, we see another \$600 million of revenue. But that doesn't count -- I mean, we do have -- acquisitions have always been part of our growth strategy as a company. I just put up some balance sheet statistics there that Erik gave you. We've got a very strong balance sheet right now that gives us a lot of options. 1.6x leverage.

We've got \$730 million of liquidity. We think that very easily, we could probably add \$1 billion to \$1.5 billion of revenue, another \$200 million plus of EBITDA to the company. And when you add all of that up, you're looking at a company that's well over \$600 million, \$700 million of EBITDA, okay? And that can happen with that balance sheet and with some of the products that we've shown you today over the next five years. Okay?

You're probably going to ask me at some point, what are you looking at when you're looking at acquisitions? And it follows along the lines of accelerating our organic growth strategy. It is extending our positions geographically in some of these higher growth markets. There are opportunities to do that. It accelerates our expansion into higher growth markets like pet care and consumer products, and we did that -- we executed that acquisition strategy to build the private label cat litter business that we have today.

But we also, as you can see, I think getting to \$3 billion to \$4 billion as a company, it increases the scale of the company. And I think that scale comes with the resources. We're always looking to maintain that cash flow generation profile of the company, and I think that just generates more value for you as shareholders.

What do we look at? Well, we're looking at things that are the same minerals, but they could bring us into new markets. And we could look at new minerals, but likely they're probably going to be in similar markets or markets that we know. I don't think we'll go so far afield as looking at new minerals in completely new markets. But there are a lot of opportunities in that kind of 2x2 I just gave you. But they're small, there's some bolt-ons, but I also think there's some transformational acquisitions that we could acquire and really change the scale of the company and the nature of the company.

So before we move to Q&A, what did I want you to take away today? We gave you two examples of products that are in that pipeline. But those are just two. There's hundreds of products in that pipeline that make up \$1.4 billion of potential. These two that we put out today to show you, they're quite exciting and I think they're relatively near term and I think they could be big for the company, but there's others in there. And we won't commercialize all \$1.4 billion, but we've shown you that 20% of our revenue consistently can come from new products. We commercialized 300 of them just in the past five years.

So we can keep this engine going through innovation. We can keep this growth going through putting ourselves in these markets. And as Erik said, we can start to drive our margins higher with some of the products like the two today that we showed you to continue to drive more value for the company.

So what I want you to take away is we're pretty confident that we can hit or maintain our 5% average growth target going forward. We want to show you how we apply these capabilities and these technologies differently. It's not just going to be with calcium carbonate. It's not only going to be in refractory products. That calcium metal is valuable in a totally new market that's been developed in the United States. And that NewYield kind of technology and processing is capable not only in calcium carbonate paper and packaging, but now somewhere else into critical minerals as well.

Again, we think we can drive higher value through that through our margin expansion and I think maintaining the financial strength to fund all of that growth, we can do all at the same time: fund the growth, returns to shareholders and acquisitions. And that is a financial capability that I think defines Minerals Technologies and value generation for you.

QUESTIONS AND ANSWERS

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Okay? Those are the things I wanted you to take away. For those of you here in the room, we'll do some Q&A.

And then after that, we're going to show you some dysprosium, in a little bit. We're going to show you some calcium metal. We're going to show you some iron ore that's precipitated out of steel slags. So I hope you're excited to see that, and we're going to take you through our laboratories.

But before we do that, we're going to start with some Q&A. I will say, if you have a question, we're going to have to give you a microphone so those on the webcast can hear you. We'll start in the room, and I think we probably have some, hopefully, that came in from online.

Lydia Kopylova - Minerals Technologies Inc. - Vice President, Investor Relations

For those online, you can type in your question and I will read them here in the room, so we can address it. You can do it right on the webcast.

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Peter? I don't see who's -- there you go.

Peter Osterland - Truist Securities Inc. - Analyst

Pete Osterland, Truist Securities. Wanted to start with the Specialty Additives business. So as you grow internationally, particularly in Asia, what's your most significant competitive advantage? I'm just thinking about the quality of the PCC, the ability to operate the satellites most efficiently or other products like NewYield. What differentiates you the most? And how close are regional competitors to offering a similar value proposition?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Yes, I think it's a number of factors. I think it is the technologies that we provide to those customers, whether it be core kind of paper manufacturers or packaging manufacturers. And what does that mean? Well, it first comes with a capability of 24/7 being able to deliver this pigment, I mean, without fail. So you have to be there every day, you have to know the precursor materials, you have to be able to create that morphology and deliver a 24/7, 365, that's number one.

But when they're picking somebody to do that with, you have to be very cost competitive. You have to be capital efficient. You have to be efficient with the energy that's provided to you on site. And so we'll win that business being able to just be a core good provider.

But another thing that comes into that decision from a customer is, well, do I go with -- I see that there's two capable ones, but who's going to live with me for -- I mean, these satellites -- our average age of satellite is probably 20-some years, right? So when they're there, they're there for a long time. I don't think we've ever lost a satellite, except for the paper mill closures, we've lost some of those.

But when you're there, you want to be able to go with a partner, the customer is going with a partner that can bring new technologies to them. So we're bringing NewYield to them, bringing high-filler technologies to them. So things that help them save money. So there's a portfolio of capability that comes with your choice of who you're going to live with for 25 years, right? And that's how we compete and that's how we win.

Peter Osterland - *Truist Securities Inc. - Analyst*

Very helpful. And then I just wanted to ask a follow-up on the long-term margin target. So where within your portfolio do you see the most room for margin improvement from current levels? And overall, do you view that target as achievable through self-help, whether it's productivity or continued product innovation? Or does that target require some incremental help from an improved macro environment?

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

He's looking at you, so you might chime in.

Erik Aldag - *Minerals Technologies Inc. - Chief Financial Officer, Senior Vice President - Finance and Treasury*

Yes. So I mean, it's largely in the Consumer & Specialties segment and particularly in the Household & Personal Care product line. And it's temporary. It's painful as we're going through this period. The main driver of that is, in the last quarter, we've seen diesel go up \$1 per gallon and we've seen natural gas in Europe go up 50% from what we were expecting starting out the quarter.

So there's this temporary lag in terms of passing that through that impacts that business in particular because there's so much trucking, there's so much freight involved, logistics costs involved with moving the minerals from the mine to our processing facilities and delivering to our customer shelves.

But it really is just a matter of being on top of it with the pricing. We continue to adjust pricing almost on a daily basis right now. And as soon as the costs plane over, we don't need to see necessarily a reduction in costs, but as soon as the increases sort of decelerate, we'll be able to pass that through, recover that margin. And as I said earlier, we've shown historically that, on the back end of a period like that, we can expand margins by hanging on to some of that pricing. So we're confident we're going to get through it. A little bit of a challenging period temporarily here. And it's really confined to a portion of the Consumer & Specialties segment.

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

I would say, Peter, that's probably the biggest near-term catalyst to margin improvement. That's -- we're 90 to 100 days out of that.

But I will say the structural pieces of it. I mean we're talking about new products that are out there that are much higher contribution margins and one that Chad just shared with you today. I mean the average contribution margin of our products today are probably 30%, 35% across the company. These are well above that. And I think you're seeing that with sustainable aviation fuel products.

I think you're seeing that, but with some of our new innovations, the PFAS, although -- our FLUORO-SORB though, it's still kind of on its trajectory upward. These are very high-margin products. And I think that structurally.

So yes, we're going to have price/cost challenges as we go through the next five years. It will probably be another one that hits us. We'll survive that as transitory. But what's really changing the nature of the company is putting out these innovations that are going to drive structurally that number higher. And that's why 16% -- one of our businesses already did 17.5% last quarter. We get the price/cost right in the other one, I think you're at 15%, I think with some of these new products, you can get higher than that.

Daniel Moore - *CJS Securities Inc - Analyst*

Dan Moore with CJS. I wanted to drill down a little bit more on a couple of the opportunities that you laid out today. First, rare earths, high-purity calcium metals. Without getting too specific, you mentioned \$100 million in near-term revenue opportunity. So that's a very specific number.

You talked about the range of outcomes. Maybe I don't know how high you want to think about, but what that could look like. And then what near term looks really -- what does that mean? Is that within a five-year window and just your visibility into that building and any CapEx that might be associated with it?

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

Yes, I had to say we struggled a little bit with what number to put on the screen for you, right? We landed on \$100 million, but then we put a plus symbol next to it, right? So look, I think that's probably a three-year out number. We're going to be working on expanding our facility. We have the capability right now to produce high-purity calcium.

I think we have the capability to produce what we see as demand in the next year plus. We're going to be expanding to meet that demand over the next three years. So I'd probably put that number as a three-year number, and then the plus is on out. What is a little bit hard to see past that is exactly how much rare earth will be produced here, which ones they will be. Chad mentioned that there could be others that are onshore, how fast these companies ramp up.

But I will also add to that, that it's not just US domestic rare earth companies. There are other rare earth manufacturers that require a more domestic or US-based source, right? So we're not just supplying in North America. We're also supplying elsewhere that would like to diversify away from China and Russia.

Daniel Moore - *CJS Securities Inc - Analyst*

And then maybe contrast that with -- on the slide that related to steel slag, \$250 million TAM. Just kind of describe it a little bit differently. So again, time frame? Is that a similar -- is that a TAM or a revenue target? And maybe just sort of break out, I think you mentioned critical minerals first is the biggest piece of that. And then CapEx again.

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

I'm going to probably cast that one as probably a little bit further out only because it -- we're going to be building -- we've proven the technology. We know that this is a capability that we have. As Jim mentioned, we're going to be building a pilot facility that's probably going to take us about nine months to get rolling. And then once operational -- and we're going to be working through the offtake streams, right? So there's a couple of very valuable ones in there, magnesium, manganese, but then also the calcium carbonate and our ability to synthesize that calcium carbonate through that reaction and finding its valuable purpose on the way out. And so that's going to be doing that. And then we'll scale that up to a bigger.

So I think you're probably a year, two and then three for a larger scale. I think the next one could be worth in the \$25 million, \$30 million range. But as we get through those hurdles, again, that provides, we think, that this market just for those offtake products could be worth \$250 million. So that's probably an outside number. But as we ramp up and as we prove this, I think you're looking at the \$5 million to \$25 million range in the next two or three years. Probably bigger than that, I'm sorry, probably in the \$75 million in the next three years. But it's going to ramp up probably in the next two.

Daniel Moore - *CJS Securities Inc - Analyst*

And between these two, and then you add PFAS remediation into the picture, are there any capital and/or managerial constraints to sort of go after all these opportunities?

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

No. I think they fit very well within our four product lines. I think the management, the capability within those product lines, are able to deal with these. You've seen them, they're already kind of launched already. And so they're capable.

I don't see, from a capital standpoint, we'll have to see the steel slag where that capital comes in. That will depend on - after that pilot plant. But I don't think any of these opportunities, the two that I've given you or anything in that pipeline, creates some sort of outsized capital requirement beyond our normal kind of \$100 million per year. That might cycle \$10 million up or down. But we've shown in the past that we're capable of funding pretty large growth capital through this kind of routine \$100 million a year. And so I think this fits right into that.

Wayne Pinsent - *Gabelli International Gold Fund Ltd - Analyst*

Wayne Pinsent with Gabelli Funds. So just in terms of transformational acquisition opportunities, would that fall more into new minerals in kind of markets you're in right now or minerals that you have in adjacent markets? And just in terms of minerals that you have right now, is that looking for new reserves that have different characteristics? Or is it new technologies? And then just your thoughts on the pipeline and valuations that you're seeing now.

Douglas Dietrich - *Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer*

Yes. Just trying to kind of show how we think about things. I think there's opportunities in the current minerals that we work with. We do have more than just 2. Those are the primary minerals that we have.

But we're familiar with others and other minerals that are like bentonite and calcium carbonate. But I would say we'd be looking to grow in those two minerals, in particular, and that could take us into -- deeper into a consumer market or a different market that we're not in. It could take us into a new geography. But we're very familiar with that mineral. And so being able to move it into a new market or even a new geography is not going to be -- we operate around the world.

We would look at new minerals to the portfolio. I think we operate with a number of minerals in the portfolio that we don't currently own. We're familiar with them in our engineered blends. We're familiar with them in our products that we manufacture in metal casting, et cetera. And so we could go into a new mineral, but it's probably going to be something that we know very well and how to use it in the market that it's in.

I would say it's not likely that we go completely new mineral in some new market that we know nothing about, right? I'm not going to say that's an absolute. We might surprise you and do something like that. But it's probably going to be something that's really tied to a core technology that we know; a market that we understand or a mineral that we already have, if I can give you that.

From a valuation standpoint, I think from where we were five years ago, I think valuations are very high. I think over the past two to three years, they've come in a bit. Multiples have come in a bit. And I think that's largely -- you've seen some of the slowdown in activity, and I think expectations for what people are willing to sell for and buy for have come in line. So I think there's some opportunities out there for us. But we're patient and we've been looking at some things for a while. And yes, hopefully, we'll get that -- some of those done over the next few years.

Janet Lewis - Royce Investment Partners - Analyst

Janet Lewis from Royce Investment. So for these processes that you developed for things like extracting minerals from steel slag, are they patent protected? Or are these processes that, therefore, you create a moat that others can't replicate?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

We are. We're looking to create that moat. And others have -- I will say that this is not the only time somebody has tried to take steel slag and process it into its constituent parts. But I think what we've come up with is probably the most cost-effective way of doing it, the most efficient way of doing it. And you'd say, Doug, why don't you just stay in your lane? Why would you get out of calcium carbonate and go into steel slag?

Well, we have -- we're pretty much resident on every integrated mill, steel mill in the country. So that's our position in refractories, number one. Number two, we operate with that customer, and many of the offtakes of that process would go back to the customers we know. And three, one of the pieces of the offtake is calcium carbonate, which we know very well. So we're well rounded, and I think that's unique for our position in that refining and separation technology.

Others might be able to do it, but they're not quite versed in how to get the morphology of the offtake minerals in the right shape to make them valuable. That's where we come in. We're able to do that with our core technologies.

And so like I said, this is the start. We've proven that we can do it. We have a partner. We're going to start building it out of pilot. We think that will be successful. And if that is, we're going to be moving very quickly to scale. But there is a lot of free material out there that I think we have a capability of separating into things that are valuable.

Janet Lewis - Royce Investment Partners - Analyst

And then just more generally, in your R&D processes, is -- I mean, do you go after patents for most of these things that you're developing?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

We do. Somebody help me, on R&D, how many patents does MTI have? We're in the thousands, I don't know. But we do patent protect them. There are some things that we -- just like there's a strategy around our IP protection, there are things that we will protect through know-how. There's some things that we might do because we're so well at doing it that we don't want written up. But for the most part, if it's patentable and it's -- we can protect it, we'll pursue IP on that, yes. IP protected.

David Silver - Freedom Capital Markets - Analyst

Dave Silver with Freedom Capital Markets. I had a question about PCC and kind of the next wave of innovation there. So I mean, over a couple of decade period, I mean, you've moved from pills to paper to white-top packaging. I think you are currently making some initial steps in a bigger market like coatings. So if we're meeting five years from now, I mean, what types or what segments of the coatings market might your products or your current innovation or R&D strategies be working towards? Where might we see PCC showing up in the broader coatings market?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

This is a perfect opportunity to put my business unit president right on the spot and give it to him let him do it.

Jim Wright - Minerals Technologies Inc. - President - Specialty Additives

Thank you. So we're very excited about the coating capabilities we have in the PCC business or the Specialty Additives segment. And as I talked about with the acicular morphology, we can do some things in a coating formulation that economically cannot be achieved with other pigments. And so namely, you're going to see in our labs today, some boxes that are coated. A pasta box, just a recycled paperboard box, where those PCC molecules are engineered to lay flat on the surface to give a high gloss, a great printability.

One of the advantages that we have in that space is the capability in several regions right now, in three regions, to make those products, and to be able to take the water out of them and ship them to many different mills in the region. So serving those products through a merchant model where they create a lot of value in the end-use application. So we're constantly working here in this building and in our labs elsewhere in the world to develop new innovations within coating formulations where we can displace higher-cost ingredients, if you take titanium dioxide or kaolin clays. And that's the power of the crystal engineering capability within the Specialty Additives group.

David Silver - Freedom Capital Markets - Analyst

Okay. And then maybe just -- you've been asked, Doug, a lot about, does CapEx have to meaningfully increase to achieve your next several year targeted growth rate? I just asked you about R&D in the same respect. So you've achieved a certain amount of innovation over the last five years, and I believe you have not increased your R&D spend as a percentage of revenues. Will the next five years be different? Can you achieve the next stage of broad-based innovation with a similar R&D spend or does it have to ramp up?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

I'll answer it this way. We do not hold back on R&D spending for any good ideas. We just follow a very rigorous process for how we're going to develop things. And, as I mentioned that earlier, that starts with sitting down with customers and making sure we get road maps with them of what they're looking for over the next five years. And so ideas just don't come in.

You develop them over time with close relationships with the customers and being able to take our technologies and see what's happening with them, their needs over time and applying our capabilities. So that's how the pipeline kind of comes in. Yes, we invent some things here on our own without our customer input that we think could be valuable.

But then we set a very rigorous process of how we're going to develop it through a stage gate. Many companies use that. And I hate to use the word fail fast, but -- it's a kind of cliché. But yes, we do. We try to make sure that if it's not going to work, we stop working on it immediately, and we focus our attention on something that will.

That, so only focusing on things our customers want to buy, making sure you actually can do it, including manufacturing processes early in the process of development so that when it gets out, it doesn't get stuck, it moves straight into manufacturing, I think we have a really good engine. We have a really efficient engine.

It's probably about 2% of our sales go into R&D, but that's not a limit. We'll spend as much as possible on anything. But we've been able to, I think, hit these kind of potential numbers of pipeline value, develop 300 new products. 19% of our sales constantly are through freshness of refreshing our product lines. And I think we're really efficient with that spend. If I thought it would go faster, further and more, I'd put more money to it. But I think it's a pretty good pace right now and I think we can continue. I hope that answers your question.

David Silver - Freedom Capital Markets - Analyst

Can I just -- I don't know. I don't want to say it. But one of your specialty additives used to be talc. So could we just get an update on where you see that process working out?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Well, the bankruptcy process is currently abated, and that is now moved to District Court in the Southern District of Texas. We've had a couple of administrative hearings where we're looking to build and have the judge rule on kind of budget and rule on timing. We just had a hearing a week or two ago where the court would like to schedule biweekly meetings. The first one of those has not happened, but I think it's scheduled to the end of the month. And that District Court is taking up the charge of ruling on whether the -- sorry, the talc that we sold -- BMI sold has sufficient quantities of asbestos to cause disease.

So we've always maintained that BMI's talc is safe. We've always maintained that that's not the case, it did not contain asbestos. And we're excited to prove that in court. So that process has just now started. I don't have a timing for you in terms of it playing out. Idea would be they want to move it along expeditiously, but I don't have anything more of when that will start to occur.

Lydia Kopylova - Minerals Technologies Inc. - Vice President, Investor Relations

Anybody else in the room? Okay. We have a couple of questions from online.

Mike Harrison. MINSCAN has been a great success in US, but it's still in early stages in Europe. Can you give an update on how you expect that offering to grow in Europe over the next few years?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Chad, do you want to take that one?

Chad Trent - Minerals Technologies Inc. - President - High Temperature Technologies

We're already working on expanding MINSCAN LSC into Europe. As everyone knows that that market has been depressed over the last several years because of, as I mentioned before, geopolitical situations affecting the market in that country. So capital has been very low there and as far as expenditure goes in that market. But as the push to transition into EAF grows, the opportunities are going to grow for us to bid on certain projects. We're already doing that right now. So we're expecting to see the growth in the MINSCAN LSC market in Europe moving forward over the next several years as that market continues to improve.

Lydia Kopylova - Minerals Technologies Inc. - Vice President, Investor Relations

One more question from Mike. You walked through your M&A criteria, but what does the pipeline look like? Are you seeing that the environment is currently favorable in terms of valuations or opportunities that are coming available and you might be able to execute on in the next year or so?

Douglas Dietrich - Minerals Technologies Inc. - Chairman of the Board, Chief Executive Officer

Mike, I don't want to comment on exactly what's in the pipeline. I try to keep it general and things that we'd be looking for. Do I think we're closer to an acquisition now than before? I think that really depends on the seller and the buyer. I think we've kept the balance sheet in really good shape to be able to execute on something.

We've kept -- we have a team in the company that is capable of analyzing and integrating. That team is still intact. We have the muscle memory to be able to integrate and capture synergies from what we buy. I'd like to think that something is imminent, but these are hard to predict. What I can give you is that we're ready.

We're going to be patient. And we're going to keep our eye on the things that we think the company should own, and we can generate more value for our investors. And so other than that, I'm just going to keep saying the same thing, Mike.

Anything else? Anything else online? Anybody in here? Other questions?

Okay. Thank you very much for attending this today. I appreciate the patience and listening in for an hour in 20 minutes. We're going to conclude this presentation online, and then we're going to have the folks that are in the room, hopefully, we're excited to take you through our laboratories and show you some things in more detail. Anyway, thank you very much for joining today. I appreciate that.

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