

MINERALS TECHNOLOGIES INC.

NOV 1, 2019

# THIRD QUARTER 2019 CONFERENCE CALL

INNOVATION • LEADERSHIP • EXCELLENCE



# SAFE HARBOR STATEMENT

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*This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 which describe or are based on current expectations. Actual results may differ materially from these expectations. In addition, any statements that are not historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “estimates,” and similar expressions) should also be considered to be forward-looking statements. The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements in this document should be evaluated together with the many uncertainties that affect our businesses, particularly those mentioned in the risk factors and other cautionary statements in our 2018 Annual Report on Form 10-K and in our other reports filed with the Securities and Exchange Commission.*

*Also, this presentation will include certain financial measures that were not prepared in accordance with generally accepted accounting principles. Reconciliations of those non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in our Current Report on Form 8-K dated October 31, 2019, and in our other reports filed with the Securities and Exchange Commission, available on our website at [www.mineralstech.com](http://www.mineralstech.com) in the “Investor Information -- SEC Filings” section.*

MINERALS TECHNOLOGIES INC.

NOV 1, 2019

# DOUGLAS DIETRICH

CHIEF EXECUTIVE OFFICER

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# THIRD QUARTER 2019 HIGHLIGHTS



- Strong Operational and Strategic Execution
- Sales Highlights
  - Continued Growth in Pet Care and Environmental Products
  - Growth in SPCC Driven by Technology and Expansions
  - Asia Sales Increased on Continued PCC and Greensand Bond Penetration
  - Continued Weakness in Metalcasting, Europe Refractories, and Paper PCC
- Signed Agreement with a European Papermaker to Support a Premium Packaging Application
- Strong Free Cash Flow of \$44 Million
  - Debt Repayment of \$32 Million; Share Repurchases of \$11 Million
- Operational Excellence

**REVENUE**  
**\$449M**

**OPERATING  
INCOME**  
**\$59M**

**EPS**  
**\$1.06**

**CASH FROM  
OPERATIONS**  
**\$60M**

The above figures reflect the Company's operating income and EPS, excluding special items, such as acquisition-related costs, restructuring, gains/(losses) on asset sales and impairment costs and related tax effects, for all periods presented. These are non-GAAP measures that the Company believes provide meaningful supplemental information regarding its performance.

# MTI CURRENT OUTLOOK



Segment	Product Line	Outlook
Performance Materials	Household, Personal Care, & Specialty	➔ Continued Strong Demand for Private Label Pet Care; Specialty Products
	Environmental Products	➔ Strong Customer Pull for Higher Value Products
	Building Materials	➔ Stable Outlook; Cautious on Construction Markets
	Metalcasting	➔ Foundry Customer Demand Remains Lower; Penetration Continues
Specialty Minerals	Paper PCC US & EU	➔ US & EU Softer; New Packaging Agreement +40k Tons
	Paper PCC Asia	➔ Penetration Continues; New Satellites +200k Tons Ramping Up in 2020
	Specialty PCC	➔ Strong Demand for New Products; Expansions On Track
	Processed Minerals	➔ Similar Market Conditions; Typical Q4/Q1 Seasonality
Refractories	Refractories US	➔ Volumes Down Slightly Due to High Number of Furnace Relines
	Refractories EU	➔ Europe Steel Market Conditions Remain Soft
Energy Services	Energy Services	➔ Steady Demand in Offshore Deepwater Services

# Q3 UPDATE ON GROWTH INITIATIVES & OPPORTUNITIES



## Metalcasting



### Penetration of Blended Products

- Further Penetration of Greensand Bond Markets in Asia
- Growing Demand for High-Quality Foundry Products
- Q3 Greensand Bonds: China +6%, Thailand +9%

## PCC



### Penetration in Paper, Packaging, & New Technologies

- Premier PCC Technology Portfolio
- Three New PCC Satellites Under Construction
- Secured Contract for Packaging Application
- Customer-Driven Expansions in SPCC

## Environmental Products



### Transition to More Technical, Higher Margin Solutions

- Commercializing New Technologies
- Higher Ratio of RESISTEX® Lining Systems
- Significant Margin Improvement

## HPC & Specialty Products



### Growing Consumer Oriented Value-Add Products

- Pet Care, Fabric Care, Personal Care, Animal Health, Edible Oil Purification
- Organizational Changes to Accelerate Growth

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# MATTHEW GARTH

CHIEF FINANCIAL OFFICER

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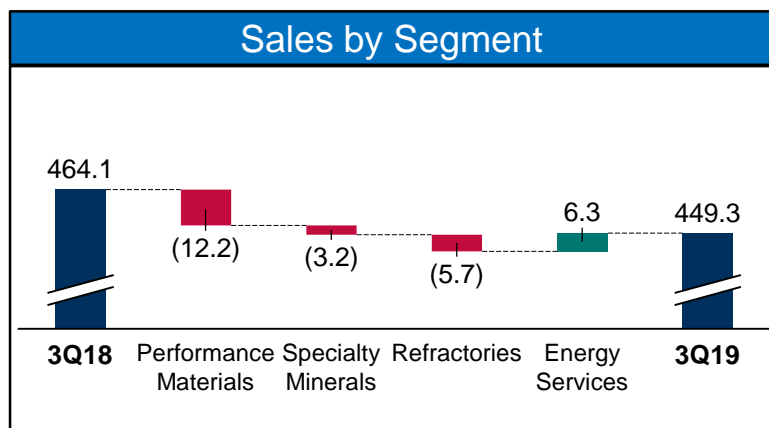
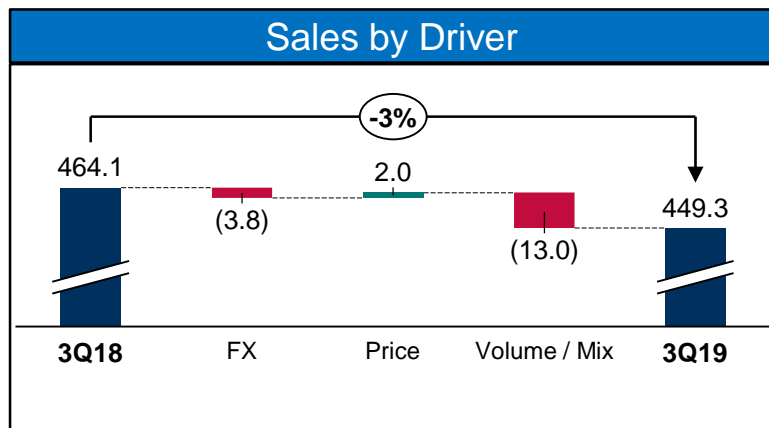


# THIRD QUARTER FINANCIAL HIGHLIGHTS



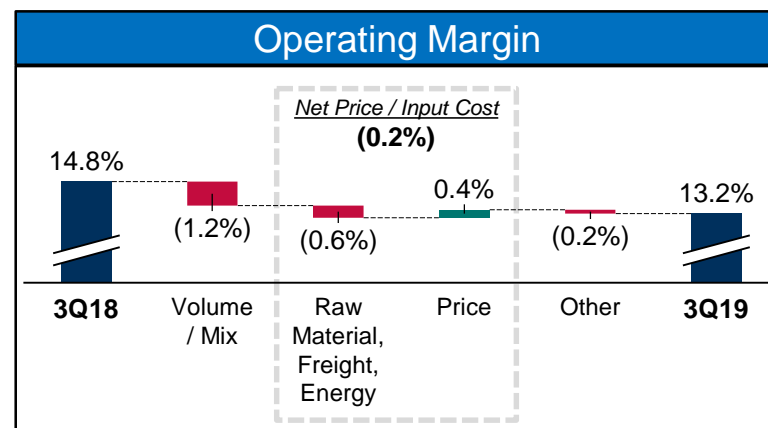
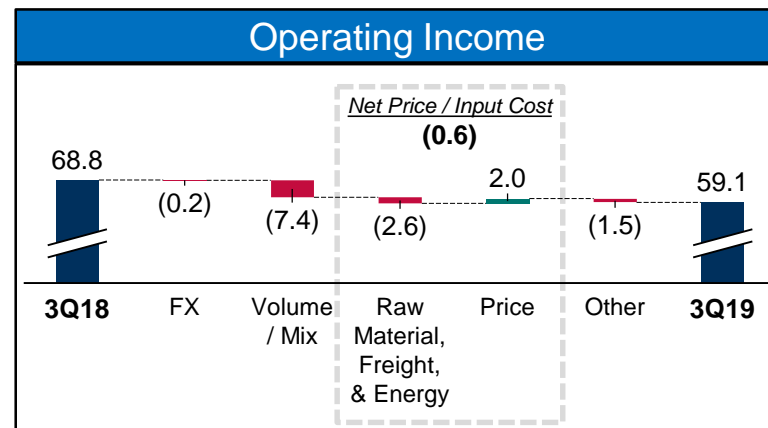
## SALES BRIDGES

\$ Millions



## OPERATING INCOME / MARGIN BRIDGES

\$ Millions and % of Sales



The above figures reflect the Company's operating income and operating margin excluding special items, such as acquisition-related costs, restructuring, gains/(losses) on asset sales and impairment costs and related tax effects, for all periods presented. These are non-GAAP measures that the Company believes provide meaningful supplemental information regarding its performance.

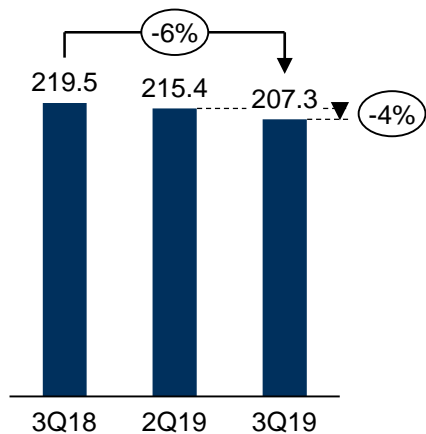


# PERFORMANCE MATERIALS

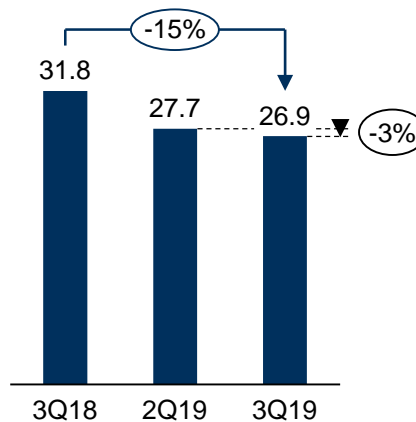


## Third Quarter Results

### Sales, \$M



### Operating Income, \$M



## Third Quarter Highlights

- U.S. Metalcasting Lower; China Rebounded in September
  - GSB China +6%, Thailand +9%
- Environmental Products +3%, Product Line Margins Doubled
- Operating Income Impacted by \$3.7M Unfavorable Volume / Mix
- Operating Margin Up Slightly Sequentially

## Fourth Quarter Outlook

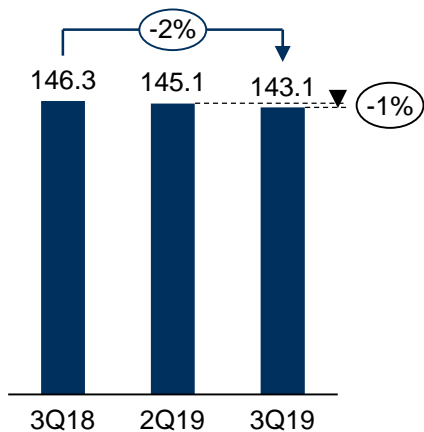
- Weaker Metalcasting Volume to Continue
- Continued Strength in Pet Care, Environmental (YoY)
- Seasonally Slower Period for Environmental and Building

# SPECIALTY MINERALS

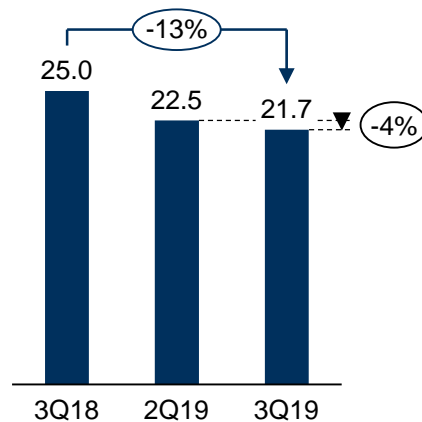


## Third Quarter Results

### Sales, \$M



### Operating Income, \$M



## Third Quarter Highlights

- Asia PCC +11% on Ramp-Up of New Satellite and Expansions
- SPCC +5% on Expansions
- U.S. PCC Sales Lower Due to Shutdowns
- Operating Income Impacted by Lower U.S. PCC Volume and Higher Mining Costs

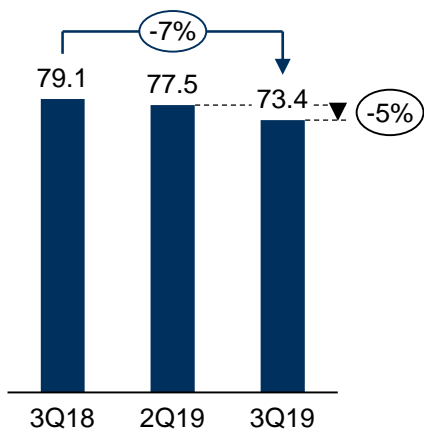
## Fourth Quarter Outlook

- Continued Paper PCC Penetration in Asia
- Continued Growth in SPCC
- Recently Announced Closure of Paper Machine in U.S.
- Seasonally Slower Period for Processed Minerals

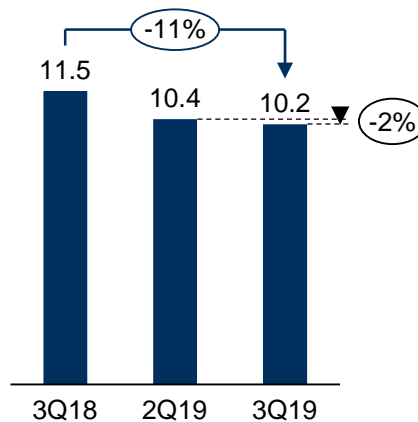
# REFRACTORIES

## Third Quarter Results

### Sales, \$M



### Operating Income, \$M



## Third Quarter Highlights

- Steel Market Conditions Remained Soft in Europe; NA Utilization Rates ~77%
- Laser Equipment Sales Moved to 4Q19
- Operating Margin of 13.9%, Up 50 BPS Sequentially Despite Lower Sales

## Fourth Quarter Outlook

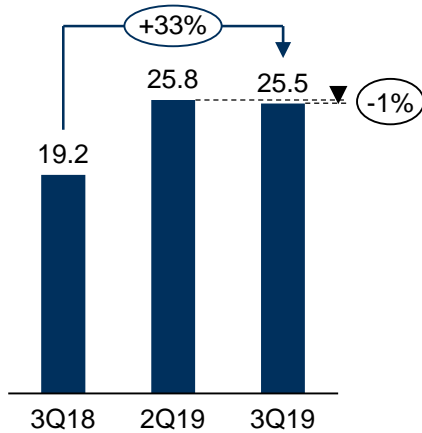
- North America Volumes Lower Due to BOF Furnace Relines
- Continued Softness in Europe
- Strong Laser Equipment Sales



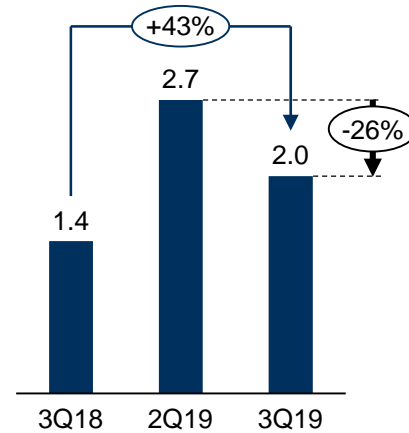
# ENERGY SERVICES

## Third Quarter Results

### Sales, \$M



### Operating Income, \$M



## Third Quarter Highlights

- Sales Growth Driven by Higher Well Testing and Filtration Activity in the Gulf of Mexico
- Higher Equipment Sales and Filtration Activity in Asia Pacific Region
- Operating Margin of 7.8%

## Fourth Quarter Outlook

- Strong Sales Pipeline
- Similar Operating Conditions

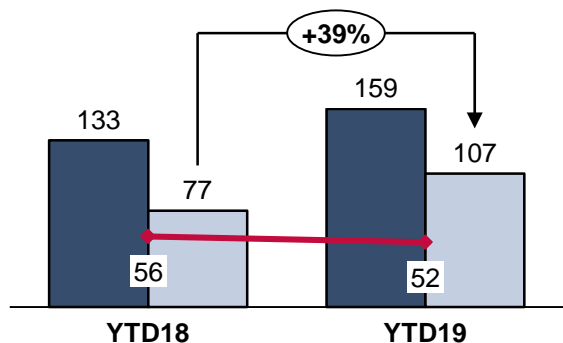


# LIQUIDITY AND DEBT HIGHLIGHTS



## Cash Flow and Capital Deployment

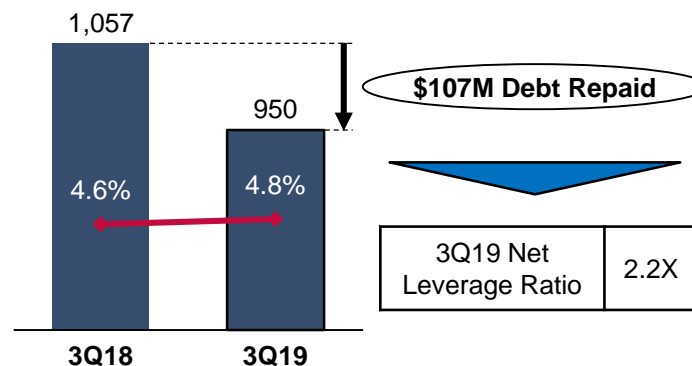
- Cash From Operations, \$M
- ◆ Capital Expenditure, \$M
- Free Cash Flow



	<u>3Q19</u>	<u>YTD19</u>
Debt Repaid	\$32M	\$69M
Shares Repurchased	\$11M	\$21M

## Debt and Leverage

- Total Debt, \$M
- ◆ Weighted Average Interest Rate



## Liquidity

	<u>9/29/19</u>
Cash, Cash Equivalents, and ST Investments	\$215M
Available Revolver	\$200M
<b>Total Liquidity</b>	<b>\$415M</b>

# FOURTH QUARTER OUTLOOK

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## Q4 MTI Outlook

### **Generally Similar Market Conditions to Q3**

- Potential for Extended Foundry Downtime
- Lower Paper PCC U.S.

### **Continued Strength in Pet Care, Paper PCC Asia, SPCC and Energy Services**

### **Typical Seasonality**

- Building Materials, Environmental Products, and Processed Minerals



**EPS: ~\$0.90**

**Strong Cash Flow**

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