Efficiency

Priorities for 2025

- Deliver $12 million annual savings across our two efficiency programmes
- Improvement in working capital intensity
- Progress with 2030 environmental targets and decarbonisation towards our SBT
- Embed process safety management practices

Link to risk

1 2 3 4 6 8 9

For detail about our principal risks and uncertainties, see pages 70-74.

We continuously work towards improving our organisation, driving efficiency gains, and becoming a more resilient business. In light of this, at our 2023 CMD, we announced an ambitious efficiency programme targeting $30 million of cost savings over two years. In 2024, we delivered $18 million of in-year cost savings and expect at least another $12 million additional cost savings in 2025.

$18m
annual savings

$10 million of the cost savings in 2024 was achieved through Fit for the Future organisational restructuring, with the remainder delivered across our supply chain and procurement.

Fit for the Future restructuring is focused on creating a simpler, more efficient corporate structure, and the process is running ahead of plan. We already eliminated the large majority of the announced 190 roles, with the process expected to complete in Q1 2025. In 2024, we set up a new R&D and support centre in Porto and hired over 100 new roles. We also outsourced finance transactional roles to India, strengthening our processes, gaining access to digital tools and automation opportunities. The team is fully embedded and we expect additional efficiencies in 2025.

The second efficiency programme focuses on supply chain optimisation and procurement efficiencies, where we delivered $8 million of cost savings in 2024.

In June 2024, we closed one of our AP actives plants in New York, which was enabled by the successful production ramp-up at our Taloja plant in India. In our supply chain, we have built capability in continuous improvement. Examples of recent successes include the scavenger project at Vuonos, which improved overall yield of talc by circa 8%, or the optimisation of spray dryer operation at Newberry, which improved throughput by circa 11%. We made good progress on supply chain transformation, leveraging digital tools to improve supply and demand management. We are investing in AI-driven automation, which, alongside upgrades to our data processes, will lead to further efficiency savings in coming years.

Across procurement, we focused on improving our supply resilience by reducing the number of raw materials that are single sourced and adding new vendors to diversify our coverage. In 2025, we will continue to drive benefits from better use of our new digital vendor management system, e-sourcing, and further reduction in, and standardising of, our procurement processes.

Another key enabler of our efficiency is our sustainability focus. Our products help customers do more with fewer resources, for example additives that help adhesives instantly grip heavy ceramic tiles without slipping, saving end-users materials, time and money. Efficiency is also a foundational requirement for sustainability improvements in our own operations and supply chain.

This year, we made further progress in this area, for example in our Sotkamo plant, where we reduced overall Scope 1 and 2 GHG emissions by over 90%, replacing liquefied petroleum gas ("LPG") use with electricity. 77% of our purchased electricity in 2024 was certified zero carbon and we look to increase this further in coming years.

Throughout our operations, our global process excellence teams have identified over 70 projects that are beneficial from both an efficiency and environmental perspective. Their implementation will drive delivery of both our cost saving ambitions and our 2030 sustainability targets.

Efficiency: Case study

Talc scavenger project to increase yield at Vuonos

To derive high-purity, high-consistency talc, we use a flotation process which separates non-talc minerals from talc. The waste stream from the process, still contained a meaningful amount of talc. In order to improve efficiency and reduce waste, we wanted to maximise the yield of talc from the ore. To do this, we commissioned an additional flotation 'scavenger' cell to recycle the waste stream back into the process to recover additional talc.

This new process improved overall yield of talc from the ore by circa 8%, delivering over $0.5 million of savings. Additional savings were realised through reduced energy usage per talc tonne, as well as waste reduction.

The image above shows the former waste, which is now used as the 'feed' into the scavenger cell, recovering additional talc ore 'product'.