

PARIS, MAY 6, 2019



Imerys: first quarter 2019 results

- Current revenue: + 1.1% restated for deconsolidation of North American talc subsidiaries, despite still high comparison basis and challenging environment
- Continuing positive price - mix (+ 2.6%) fully offsetting inflation of input costs
- Current operating margin impacted by temporary shutdown of US wollastonite plant¹
- Ongoing fixed costs and overheads reduction
- Further cost containment initiatives

CEO Conrad Keijzer commented:

“ In the first quarter, Imerys delivered on its commitment to focus on costs and cash management, amid significant external and internal challenges. The decisive actions taken at the end of last year led to a decrease in fixed costs and overheads for the second consecutive quarter. Furthermore, in keeping with its proven business model, the Group was able to increase its selling prices and fully offset the continued inflation in variable costs. In the current environment and with a demanding basis of comparison, the Group has launched further cost containment initiatives. In addition, Imerys has started to deploy its transformation projects with a view to make the most of its simpler, more customer focused organization to support its future growth. ”

Unaudited consolidated results (€ millions)	Q1 2018	Q1 2019	Change
Revenue	1,129.6	1,124.0	- 0.5%
- restated for NA talc subsidiaries ²	1,111.5		+ 1.1%
Current operating income ³	129.6	109.6	- 15.4%
- restated for NA talc subsidiaries	126.1		- 13.1%
Current operating margin	11.5%	9.8%	- 1.7 pt
Operating income	126.7	101.2	- 20.1%
Net income from current operations, Group share	77.1	75.1	- 2.6%
Net income, Group share	73.6	67.2	- 8.7%
Net income from current operations, Group share (€ per share) ⁴	0.98	0.95	- 2.8%

¹ Wollastonite plant in Willsboro: total yearly revenue of €40 million

² Deconsolidation of North American talc subsidiaries since February 14, 2019 (€18.1 million of revenue and €3.5 million of current operating income in the first quarter of 2018)

³ Throughout this press release, “current” means “before other operating income and expenses”, as defined in the notes to the financial statements relating to the consolidated income statement

⁴ The weighted average number of shares was 79,232,164 in the 1st quarter of 2019 vs. 79,047,023 in the 1st quarter 2018

FIRST QUARTER 2019 FINANCIAL REVIEW

REVENUE

Unaudited quarterly data (€ millions)	2018 Revenue	2019 Revenue	change	Like-for-like ⁵ change	of which volumes	of which price-mix
First quarter	1,129.6	1,124.0	- 0.5%	- 0.9%	- 3.6%	+ 2.7%
- restated for NA talc subsidiaries	1,111.5		+ 1.1%			

Revenue for the first quarter ended 31 March 2019 amounts to €1,124.0 million, slightly decreasing compared to the same period of 2018 (- 0.5% on reported basis and + 1.1% restated for deconsolidation of North American talc subsidiaries since February 14, 2019). The decrease in organic growth (- 0.9%) is the result of volumes still impacted by a high comparison basis, a challenging market environment, notably in European automotive, refractory and industrial markets, and large destocking in North America. This is partly compensated by a robust price-mix effect in our two business segments (Performance Minerals and High Temperature Materials and Solutions), up + 2.7%, in an inflationary environment.

Revenue also includes a favorable impact of exchange rates of €28.7 million due mainly to the appreciation of the US dollar versus the euro, which compensates a negative perimeter effect of €24.1 million (- 2.1%), of which -€18.1 million from the deconsolidation of our North American talc subsidiaries following their filing for chapter 11.

CURRENT OPERATING INCOME

First quarter 2019 **current operating income** totaled €109.6 million, down 15.4% compared to the first quarter of 2018, reflecting mainly the lower contribution from volumes (- €22.2 million). It also takes into account the North American talc subsidiaries deconsolidation (- €3.5 million) and the impact of the temporary shutdown of a wollastonite plant in Willsboro, USA, due to production issues (- €3.4 million). Excluding these two items, the current operating margin was 10.4% in the first quarter of 2019 (versus 9.8% on a reported basis). Effect of exchange rates was a positive €6.2 million.

The firm price mix effect of + €30.7 million fully compensated the carry over of inflation of variable costs, with a €30.1 million negative impact, corresponding to a + 5.5% year-on-year inflation (down from + 6.7% year on year in the fourth quarter of 2018).

The fixed costs and overheads improved by 1.3% (€5.9 million), reflecting the positive effect of the decisions concerning ceramic proppants and Namibian operations.

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations amounted to 75.1 million, down 2.6% compared to the first quarter of 2018. It includes a €17.2 million improvement in financial results, mainly due to the full repayment on March 2019 of the €56 million JPY private placement maturing in 2033. The tax charge of - €31.1 million (versus - €32.6 million in the first quarter of 2018) reflects an effective tax rate of 29.0 % (versus 29.6% in the first quarter of 2018).

Net income from current operations, Group share, per share is down - 2.8% to €0.95.

NET INCOME

Other income and operating expenses, net of taxes, amounted to - €7.9 million in the first quarter of 2019. They include €3.3 million net additional costs associated with the temporary shutdown of the Willsboro plant in the USA. Consequently **net income, Group share**, was €67.2 million, down 8.7%.

⁵ Organic growth: growth at comparable scope and exchange rates, or "like-for-like"

OUTLOOK

In the current market environment and with a demanding comparison basis in the second quarter, the Group will continue to sustain its performance⁶ by giving priority to cost reduction and cash generation.

Operations at Willsboro should restart mid year. As of today, its full-year impact on net income is expected to be around -€25 million.

Imerys has started to deploy its transformation projects with a view to make the most of its simpler, more customer focused organization to support its future growth.

BUSINESS SEGMENTS' ACTIVITY IN FIRST QUARTER 2019

As previously announced, the Group was reorganised into two business segments effective January 1, 2019: Performance Minerals and High Temperature Materials & Solutions⁷.

Performance Minerals

(55% of consolidated revenue)

Revenue Unaudited quarterly data (€ millions)	Q1 2018	Q1 2019	change	Like-for-like change
Americas	295.3	282.0	- 4.5%	- 2.8%
- restated for NA talc subsidiaries	277.2		+1.7%	
EMEA	260.3	258.8	- 0.6%	- 0.2%
APAC	106.9	114.7	+ 7.3%	+ 2.8%
Eliminations	(30.2)	(32.4)	-	-
Total Performance Minerals	632.2	623.1	- 1.4%	- 1.7%
- restated for NA talc subsidiaries	614.1		+ 1.5%	

The **Performance Minerals** business segment's revenue totaled €623.1 million in the first quarter of 2019 (decrease of -1.4% on a reported basis). This change takes into account a significant - €19.3 perimeter effect (-3.1%), mainly due to the deconsolidation of the North American talc subsidiaries. A positive exchange rate effect of €20.6 million (+ 3.3%) helped partly offset this impact. As a result, revenue was down -1.7% like-for-like in the first quarter of 2019. Price - mix remained positive in all regions.

On a like-for-like basis, revenue in the Americas was impacted by weak paper markets and destocking from filtration customers, as well as the temporary shutdown of a wollastonite plant in Willsboro, USA, serving the polymers and coatings business industry. On the opposite, building and infrastructure held up well.

Revenue in EMEA were resilient in an adverse market environment, in particular in the automotive sector, whilst paint demand was supported by a positive mix and paper sales sustained by customers' anticipation of Brexit. Filtration was impacted by destocking and ceramics suffered from lower demand in the Middle East.

Revenue in APAC has benefited from positive volumes and mix effects, as a result of an increasing demand for conductive additives for Lithium-ion batteries in China and South Korea, and strong volumes from filtration for food and pharmaceutical markets. To a lesser extent, an overall softer environment in plastics, rubber and paints, as well as decreasing paper & board markets in Japan impacted revenue.

⁶ Restated for NA talc subsidiaries

⁷ The correspondence between the new business segments and the former divisions can be found on page 11 of the 2018 Registration Document

High Temperature Materials & Solutions

(45% of consolidated revenue)

Revenue Unaudited quarterly data (€ millions)	Q1 2018	Q1 2019	Reported change	Like-for-like change
High Temperature Solutions	206.1	201.4	- 2.3%	- 1.8%
Refractory, Abrasives, Construction	312.1	319.3	+ 2.3%	- 0.2%
Eliminations	(12.8)	(11.1)	-	-
Total High Temperature Materials & Solutions	505.4	509.6	+ 0.8%	- 0.5%

The **High Temperature Materials and Solutions** business segment's **revenue** totaled €509.6 million in the first quarter of 2019, a + 0.8% year-on-year increase. It includes a + 11.3 million exchange rate impact (+ 2.2%) and a - €4.8 million perimeter effect (- 0.9%), mainly related to the disposal of a cat litter business (October 1, 2018), and a non-core fused alumina plant in United Kingdom (March 1, 2019). Like-for-like revenue was stable, despite a particularly high comparison basis in the first quarter of 2018. Strong raw material inflation was successfully offset by price adjustments.

The High Temperature Solutions organic growth was impacted by the decline of major kiln refurbishment projects (petrochemicals, boilers, incinerators industries, etc.) and car production weighing on the foundry market in Europe. This was partly compensated by supportive iron & steel markets and positive momentum in South East Asia, while activity in India softened over the period.

Revenue of Refractory, Abrasives and Construction was stable like-for-like. The decrease in volumes stemmed from weak abrasives and refractory demand, particularly in Germany, where the business area has a significant presence. Meanwhile, the building chemistry business continued to expand globally.

Financial agenda 2019

May 10, 2019	Shareholders' General Meeting
June 13, 2019	Capital Market Day
July 25, 2019 (post market)	H1 2019 Results
October 29, 2019 (post market)	Q3 2019 Results

These dates are tentative and may be updated on the Group's website at www.imerys.com, in the *Investors & Analysts / Financial Agenda* section.

Conference call

The press release is available on the Group's website www.imerys.com from the homepage in the News section. The first quarter 2019 results will be discussed in a **conference call today at 18:00 pm** (Paris time). The conference call will be streamed live on the Group's website www.imerys.com.

The world leader in mineral-based specialty solutions for industry, with €4.6 billion revenue and 18,000 employees, Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods. The Group draws on its knowledge of applications, technological expertise and its material science know-how to deliver resources based on beneficiation of its mineral resources, synthetic minerals and formulations. These contribute essential properties to customers' products and performance, including refractoriness, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and repellency. Imerys is determined to develop responsibly, in particular by fostering the emergence of environmentally-friendly products and processes.

More comprehensive information about Imerys may be obtained from its website (www.imerys.com) under Regulated Information, particularly in its Registration Document filed with Autorité des marchés financiers on March 20, 2019 under number D.19-0175 (also available from the Autorité des marchés financiers website, www.amf-france.org). Imerys draws the attention of investors to chapter 4, "Risk Factors and Internal Control", of its Registration Document.

***Disclaimer:** This document contains projections and other forward-looking statements. Investors are cautioned that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Imerys) that could cause actual results and developments to differ materially from those expressed or implied.*

<u>Analyst / Investor Relations:</u> Vincent Gouley - +33 (0)1 4955 6469 finance@imerys.com	<u>Press contacts:</u> Claire Garnier - +33 (0)1 4955 6427 Philémon Tassel - +33 (0)6 3010 9611
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APPENDIX: FIRST QUARTER 2019 RESULTS (UNAUDITED)

1. CONSOLIDATED REVENUE BREAKDOWN

Revenue by business group (€ millions)	Q1 2018	Q1 2019	Reported change	Group structure	Exchange rates	Comp. change
Performance Minerals	632.2	623.1	- 1.4%	- 3.1%	+ 3.3%	- 1.7%
High Temperature Materials & Solutions	505.4	509.6	+ 0.8%	- 0.9%	+ 2.2%	- 0.5%
Holding & Eliminations	(8.0)	(8.7)	n.s.	n.s.	n.s.	n.s.
Total	1,129.6	1,124.0	- 0.5%	- 2.1%	+ 2.5%	- 0.9%

Revenue by geographic destination (€ millions)	Q1 2018	Q1 2019	Reported change	% total Q1 2019 revenue
EMEA	567.9	555.1	-2.3%	49%
Americas	335.1	324.4	-3.2%	29%
APAC	226.6	244.5	+7.9%	22%
Total	1,129.6	1,124.0	-0.5%	100%

2. KEY INCOME INDICATORS

(€ millions)	Q1 2018	Q1 2019	Change
Revenue	1,129.6	1,124.0	- 0.5%
Current EBITDA	179.6	148.2	- 17.5%
Current operating income	129.6	109.6	- 15.4%
Current financial expense	(19.6)	(2.4)	
Current taxes	(32.6)	(31.1)	
Minority interests	(0.4)	(1.0)	
Net income from current operations, Group share	77.1	75.1	- 2.6%
Other operating income and expenses, net	(3.5)	(7.9)	
Net income, Group share	73.6	67.2	- 8.7%

3. HISTORICAL DATA WITH NEW SEGMENT REPORTING

Revenue (€m)	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
Performance Minerals	2,575	668	661	632	641	2,602	632	650	641	636	2,559	623
Americas	1,283	324	319	301	325	1,269	295	307	314	310	1,227	282
Asia Pacific	416	106	106	103	110	426	107	107	108	106	428	115
Europe, Middle East Africa	982	261	259	251	247	1,018	260	264	248	246	1,018	259
High Temperature Materials & Solutions	1,304	382	378	474	468	1,703	505	544	523	500	2,072	510
High Temperature Solutions	725	206	214	221	181	822	206	218	216	204	844	201
Refractory, Abrasives, Construction	598	184	171	263	296	915	312	338	319	302	1,271	319
Other and eliminations	(17)	(16)	(8)	(3)	23	(6)	(7)	(13)	(10)	(10)	(41)	(9)
Group	3,862	1,034	1,031	1,103	1,132	4,299	1,130	1,181	1,154	1,126	4,590	1,124

Current operating income (€m)	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
Group	479	123	141	145	142	551	130	154	141	137	562	110
Operating margin	12.4%	11.9%	13.6%	13.2%	12.5%	12.8%	11.5%	13.1%	12.2%	12.2%	12.2%	9.8%

Current operating income (€m)	FY 2016	H1 2017	H2 2017	FY 2017	H1 2018	H2 2018	FY 2018
Performance Minerals	373	198	192	390	182	171	353
Operating margin	14.5%	14.9%	15.1%	15.0%	14.2%	13.4%	13.8%
High Temperature Materials & Solutions	135	84	88	173	112	109	221
Operating margin	10.4%	11.1%	9.4%	10.1%	10.7%	10.7%	10.7%
Holding and eliminations	(29)	(19)	7	(12)	(10)	(2)	(12)
Group	479	263	287	551	284	278	562
Operating margin	12.4%	12.8%	12.9%	12.8%	12.3%	12.2%	12.2%

4. GLOSSARY

- The term **"on a comparable basis" or "like for like"** means: "at comparable Group structure and exchange rates";
 - Restatement of the foreign exchange effect consists of calculating aggregates for the current year at the exchange rate of the previous year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data.
 - Restatement of Group structure effect of newly consolidated entities consists of:
 - for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year,
 - for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the previous year;
 - Restatement of entities leaving the consolidation scope consists of:
 - for entities leaving the consolidation scope in the current year, subtracting the departing entity's contributions from the aggregates of the previous year as from the first day of the month of divestment,
 - for entities leaving the consolidation scope in the previous year, subtracting the departing entity's contributions from the aggregates of the previous year.
- the term « **volume effect** » corresponds to the sum of the change in sales volumes of each division between the current year and the previous one, valued at the average sales price of the previous year.
- the term « **price-mix effect** » corresponds to the sum of the change in average prices by product family of each division between the current year and the previous one, applied to volumes of the current year.
- the term **"Current operating income"** means operating income before other operating income and expenses;
- the term **"Net income from current operations"** means the Group's share of income before other operating revenue and expenses, net.