

Third Quarter and 9 Months 2019 Results

October 28, 2019

Patrick Kron - Chairman and interim Chief Executive Officer

Olivier Pirotte - Chief Financial Officer



Disclaimer

More comprehensive information about Imerys may be obtained on its website (www.imerys.com), under Regulated Information, including its Registration Document filed under No. D.19-0175 March 20, 2019 with Autorité des Marchés Financiers. Imerys draws the attention of investors to the “Risk factors and Internal control” set forth in section 4 of the Registration Document.

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.

Photo credits: Imerys Photo Library, Reserved Rights, xxx.

Agenda

1

Results

4

2

Updated outlook

15

3

Appendix

17

Agenda

1	Results	4
2	Updated outlook	15
3	Appendix	17

Nine months 2019 highlights

Evolution of the governance

- Patrick Kron appointed non executive Chairman of the Board in place of Gilles Michel on July 25, 2019
- Resignation of Conrad Keijzer on October 21, 2019 and replacement by Patrick Kron as CEO for an interim period

Challenging market conditions

- Weak market environment in the manufacturing sector

Current Operating Income down from €425 million to €358 million (-15.7%)

- Impacted by
 - Drop of sales volumes (-5.1%, -€96 million vs. last year)
 - Deconsolidation of North American talc subsidiaries and temporary shutdown of Willsboro plant (USA) in the first half (impact of -€25 million)
- Partly offset by
 - Positive price-mix of +2.4% more than compensating variable cost evolution
 - €31 million savings on fixed costs and overheads

Priority given to cost reduction and cash generation

- Gradual roll-out of cost reduction measures and transformation program
- Protecting cash generation and maintaining a solid financial structure

Third quarter 2019 highlights

Weaker than anticipated market conditions

- Deterioration of the automotive, industrial equipment and steel markets

Current Operating Income down from €141 million to €113 million (-19.8%)

- Impacted by
 - Decline of sales volumes (-6.9%, -€41 million vs. last year)
 - Deconsolidation of North American talc subsidiaries and shutdown of Willsboro plant (USA) in the first half (combined impact of -€6 million)
- Partly offset by
 - Positive price-mix of +1.7% more than compensating variable cost evolution
 - €11 million savings on fixed costs and overheads

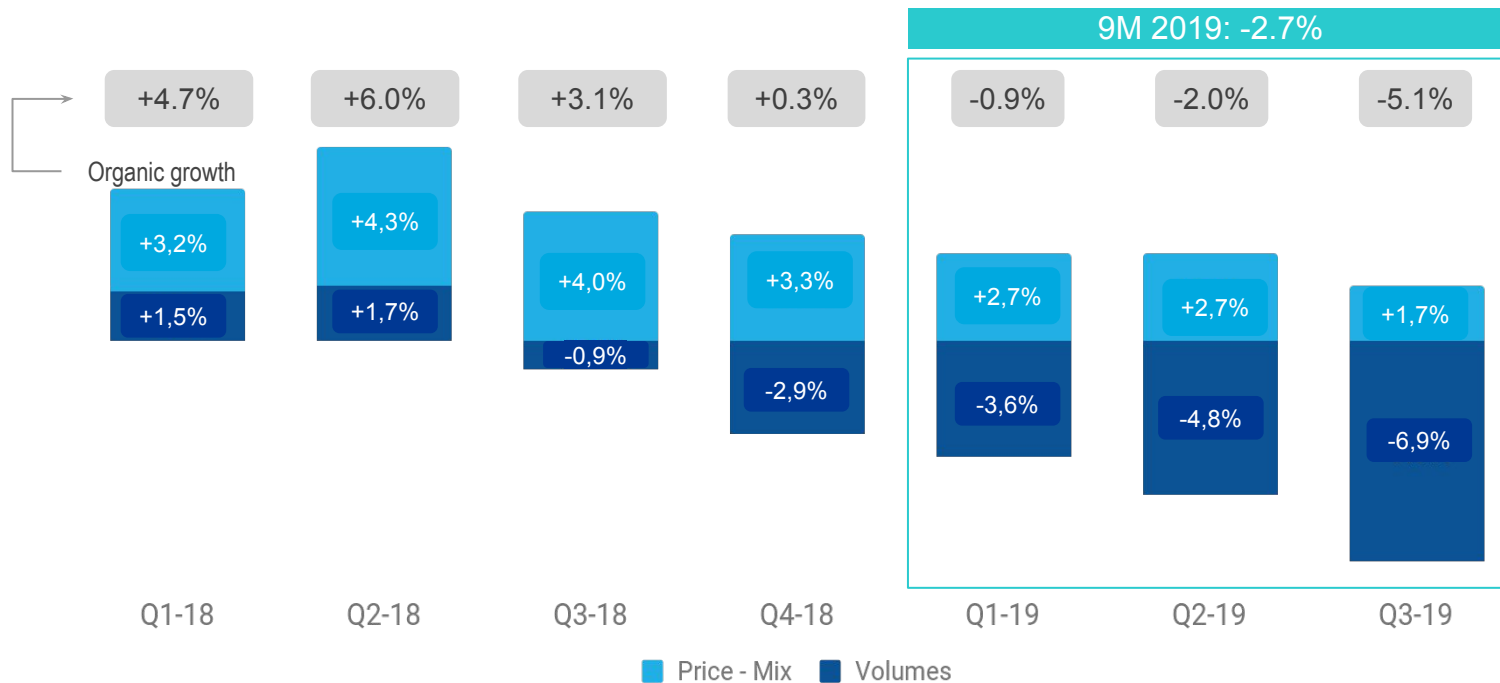
Revised outlook for FY 2019

- Net income from current operations down -23.1% in Q3
- FY 2019 outlook for net income from current operations expected to decrease by -20% ⁽¹⁾ versus 2018
 - Higher than expected sales volumes decline
 - Forecasted impact of ca. -7% from the deconsolidation of North American talc subsidiaries and the shutdown of Willsboro plant in the first half

(1) vs. -10%, outlook revision and change in governance announced in the press release of October 22, 2019

Tougher market environment impacting sales volumes

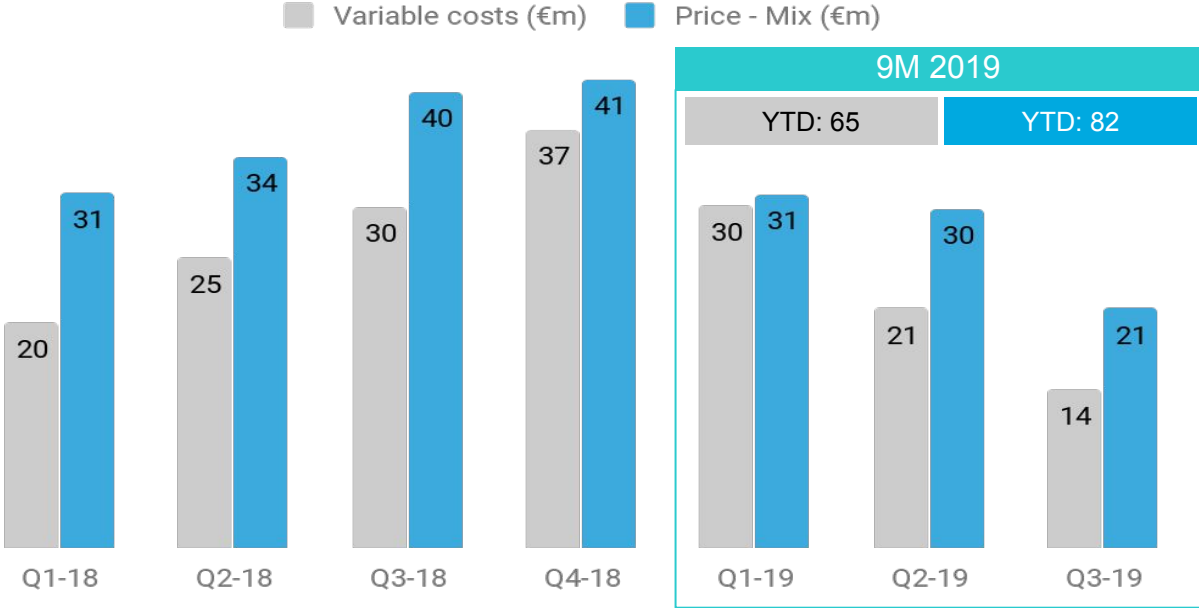
Organic growth, volumes and price - mix (y-o-y, proforma¹)



(1) Excluding the Roofing division which has been divested in 2018

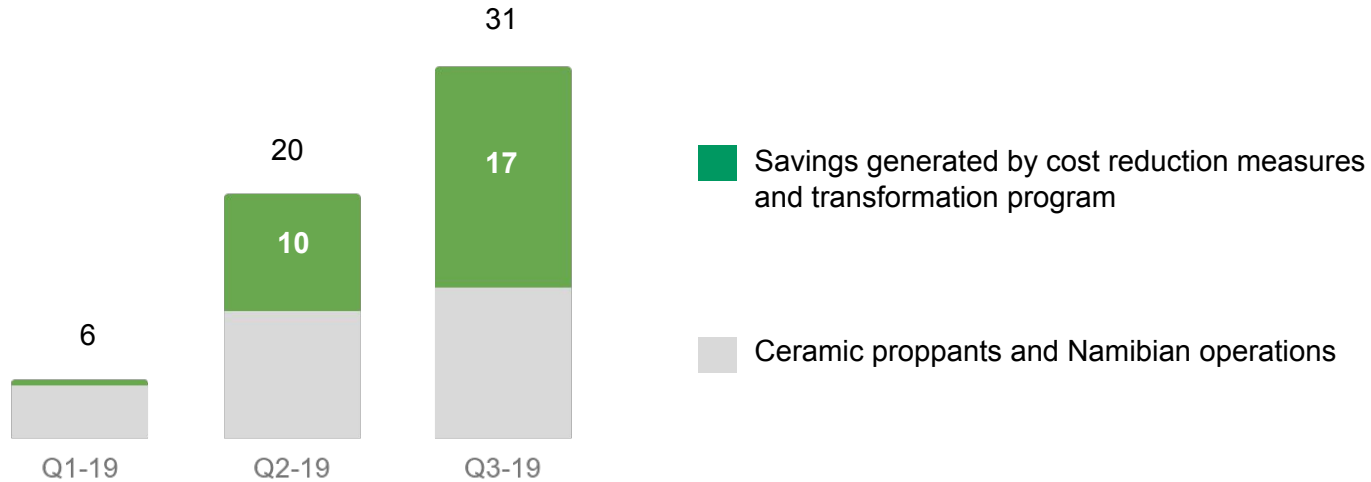
Price-mix more than offsetting variable cost increase

Price - mix and variable cost balance (€m, y-o-y, proforma)



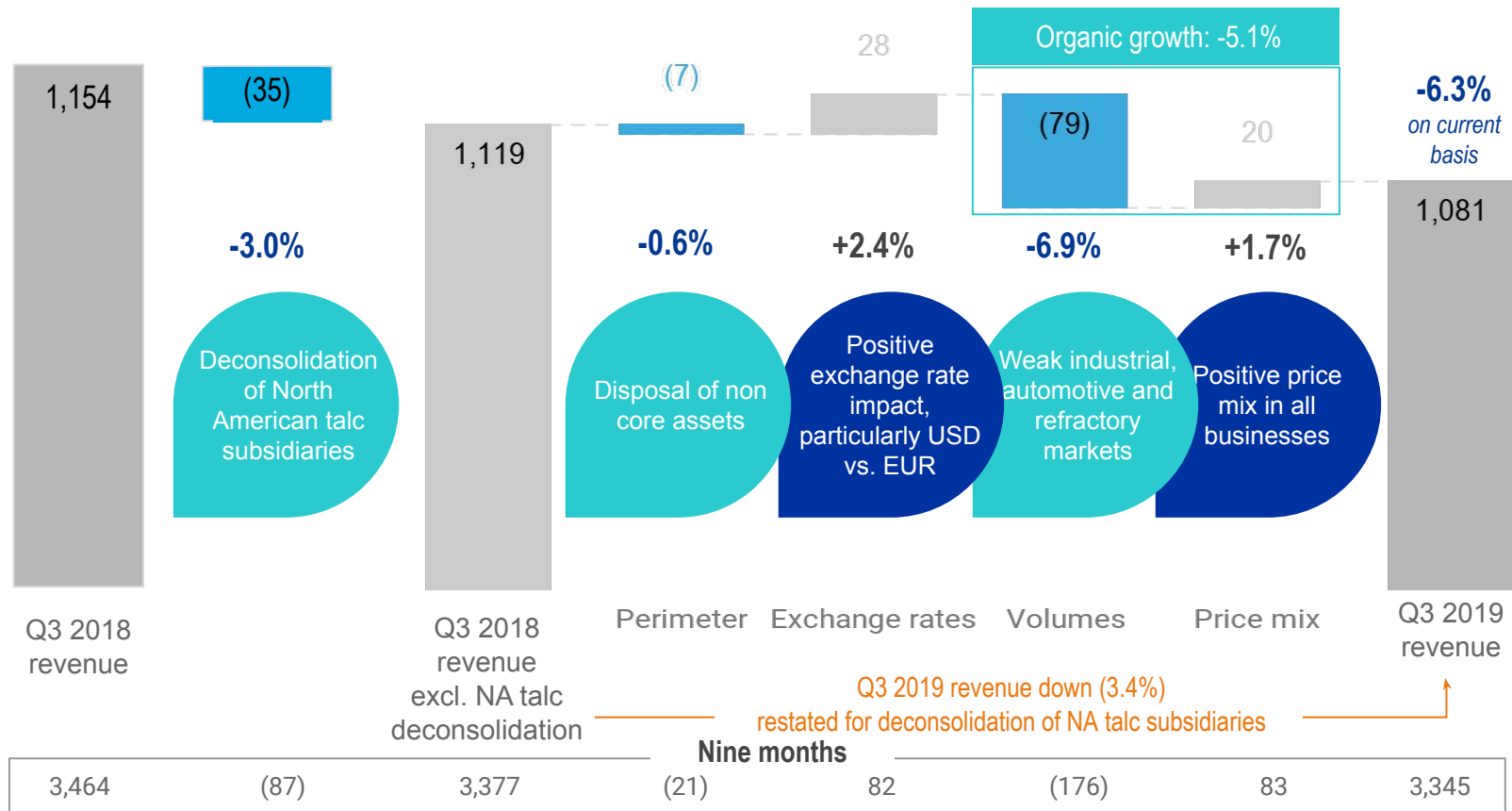
€31 million cost savings on the first nine months

Cumulated savings on fixed costs and overheads (€m, y-o-y)



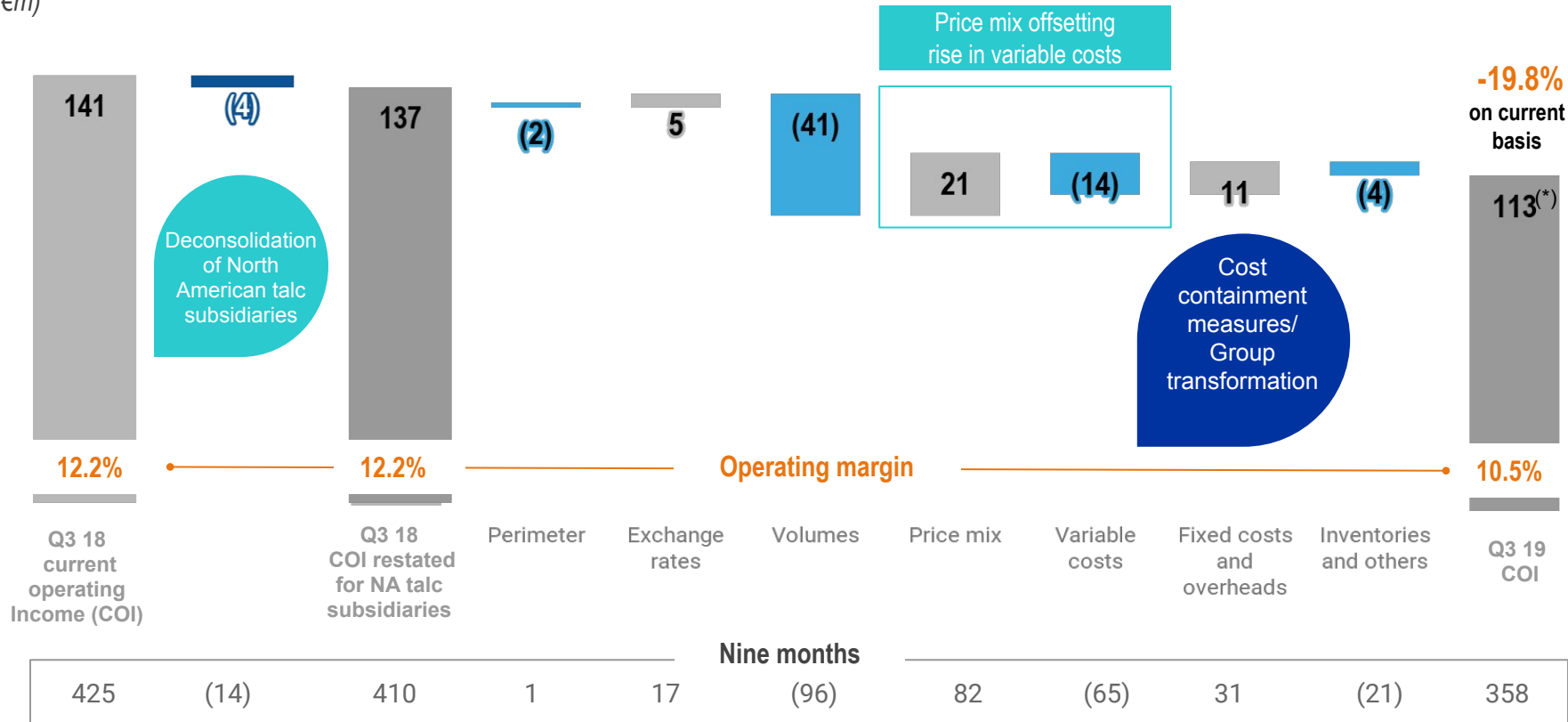
Volumes impacting even more revenue evolution in third quarter

(€m)



Price-mix and cost containment measures contributing to current operating income

(€m)



(*) of which +€2.3 million of IFRS 16 impact in the third quarter

Performance Minerals: contrasted situation of the markets

Revenue (€m, LFL ¹ change)	Q3 2019	9M 2019	Reported change vs. 9M18
Americas	272 (-4.6%) ³	828 (-3.6%)	-9.7% ²
EMEA	238 (-4.3%)	754 (-2.5%)	-2.4%
APAC	117 (-3.2%)	346 (+1.1%)	+7.8%
Eliminations	(31)	(88)	-
Performance Minerals	597 (-4.8%)	1,840 (-2.8%)	-4.3% ²

Americas

- Wollastonite plant shutdown in H1: €15.7 million negative impact on 9 month revenue ³
- Still negative trend in paper and board markets and weak demand in filtration
- Building, paints & coatings holding up

EMEA

- Weak paper market in Europe
- Unsupportive traditional ceramic markets in MENA
- Reasonable level of sales in plastics, rubber, board and packaging

APAC

- Inventory adjustment in Lithium-ion sales due to lower electric vehicle subsidies in China and weak electronics market
- Soft market environment in plastics, rubber, paints & coatings in India and South East Asia

(1) LFL (like-for-like) means organic growth, or growth 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect.

(2) Performance Minerals Americas: +0.3% and Performance Minerals: +0.5% excluding the deconsolidation of North American talc-related subsidiaries from February 13, 2019

(3) Wollastonite impacts on revenue (-€3.5 million in Q3 2019)

High Temperature Materials & Solutions: slowdown of iron & steel

Revenue (€m, LFL ¹ change)	Q3 2019	9M 2019	Reported change vs. 9M18
High Temperature Solutions	204 (-5.5%)	614 (-3.6%)	-4.0%
Refractory, Abrasives, Construction	304 (-5.7%)	953 (-3.0%)	-1.7%
Eliminations	(12)	(34)	-
High Temperature Materials & Solutions	496 (-5.8%)	1,533 (-3.2%)	-2.5%

High Temperature Solutions

- Car production continuing to weigh on the foundry market in Europe
- Increasing decline of iron & steel
- Thermal markets (major kiln refurbishment projects for petrochemicals, boilers, incinerators industries) holding up well

Refractory, Abrasives, Construction

- Slowdown in iron & steel in Europe and in the USA
- Declining car production, negatively impacting Imerys' abrasives and refractories businesses
- Positive trend in building and infrastructure (building chemistry in particular)

(1) LFL (like-for-like) means organic growth, or growth 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect.

Net income from current operations and Net income, Group share

(€m)	Q3 2018	Q3 2019 IFRS 16 ³	Change	9M 2018 ¹	9M 2019 IFRS 16 ⁴	Change
Current operating income	141	113	-19.8%	425	358	-15.7%
Current financial expenses	(16)	(15)		(49)	(33)	
Current income tax	(37)	(28)		(111)	(94)	
Current tax rate	29.6%	28.5%	-110 bp	29.6%	28.8%	-80 bp
Minority interests	1	(1)	-	2	(4)	-
Net income from current operations, Group's share	90	69	-23.1%	266	228	-14.4%
Net income from current operations, Group's share (in euros) ²	€1.13	€0.87	-22.8%	€3.36	€2.88	-14.3%
Other operating income and expenses, net	(10)	(5)		(24)	(68)	
Net income, Group's share	80	64	-20.6%	242	160	-34.0%

- **Net income from current operations down 18.9% on 9 months excluding positive impact of the full repayment of Japanese Yen denominated private placement**

(1) All 2018 data is restated from Roofing disposal

(2) Average weighted number of outstanding shares: 79,133,506 in 9M 2019 against 79,208,109 in 9M 2018

(3) IFRS 16 has an impact of +2.3 million euros on the current operating income and -0.4 million on the net income from current operations, Group share, in the third quarter 2019

(4) IFRS 16 has an impact of +5.2 million euros on the current operating income and -0.9 million euros on the net income from current operations, Group share, on the first nine months of 2019

Agenda

1	Results	4
2	Updated outlook	15
3	Appendix	17

Updated 2019 outlook

- **Full year net income from current operations revised: expected decline by around 20% versus 2018 ¹**
- Updated outlook including forecasted impact of ca. -7% from the deconsolidation of North American talc subsidiaries and the shutdown of Willsboro plant (USA) in first half
- Market conditions likely to remain challenging in coming quarters
- Priority to cost reduction and cash flow generation maintained

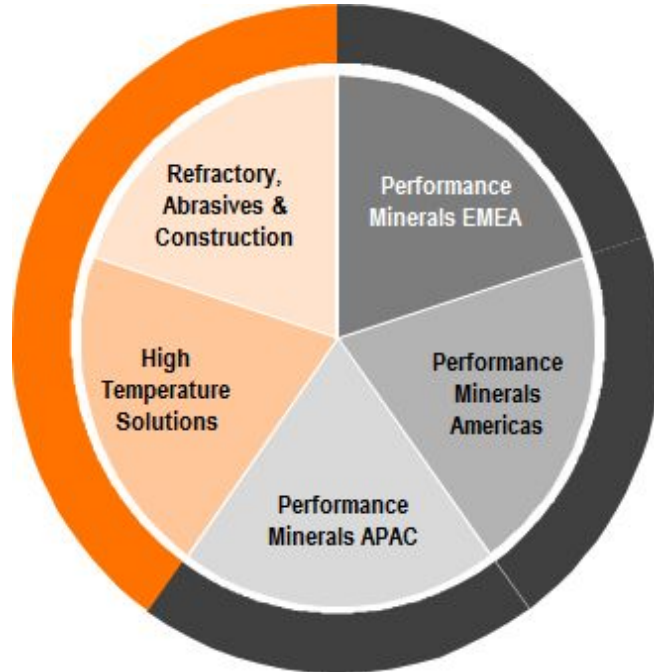
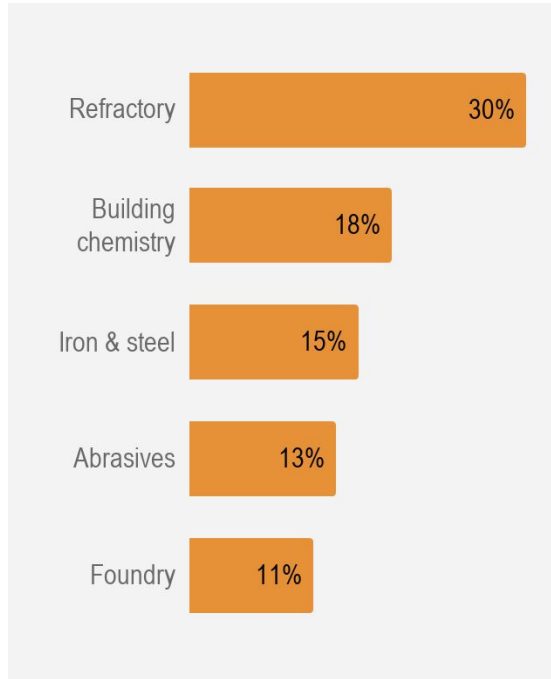
(1) Versus -10% announced on July 25, 2019

Agenda

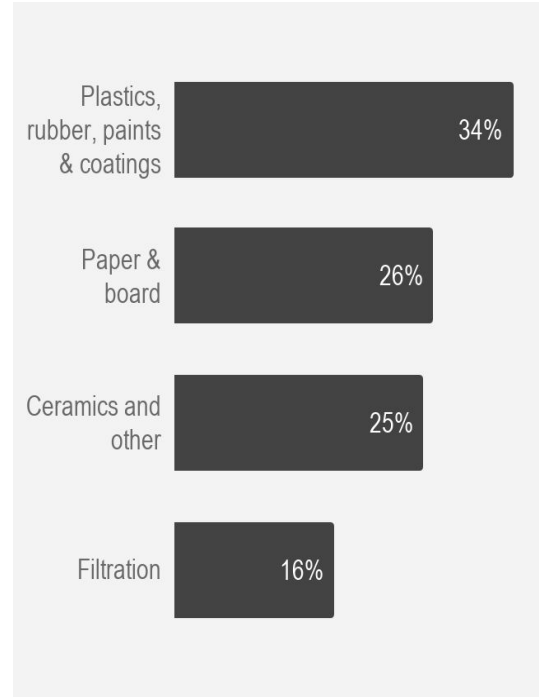
1	Results	4
2	Updated outlook	15
3	Appendix	17

Business Segments

HIGH TEMPERATURE MATERIALS & SOLUTIONS

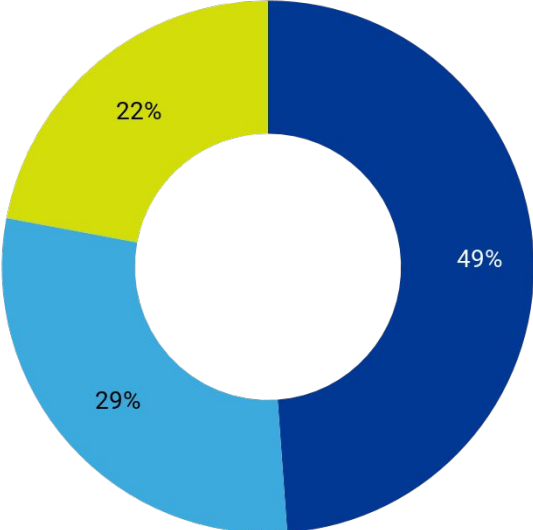


PERFORMANCE MINERALS



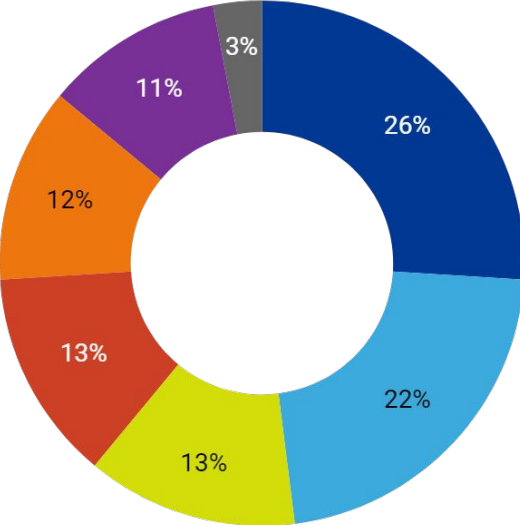
Revenue breakdown by geography and end market

Revenue by geography in 9M 2019



● Europe, Middle East Africa ● Americas ● Asia Pacific

Revenue by end market in 2018



● Construction ● Consumer ● Industry ● Iron & Steel ● Paper ● Automotive ● Other



LFL revenue ¹

Performance Minerals (€m, LFL change)	Q1 2019	Q2 2019	Q3 2019	9M 2019
Americas	282 (-2.8%)	273 (-3.4%)	272 (-4.6%)	828 (-3.6%)
EMEA	259 (-0.2%)	257 (-3.2%)	238 (-4.3%)	754 (-2.5%)
APAC	115 (+2.8%)	115 (+3.7%)	117 (-3.2%)	346 (+1.1%)
Eliminations	(32)	(24)	(31)	(88)
Performance Minerals	623 (-1.7%)	621 (-1.8%)	597 (-4.8%)	1,840 (-2.8%)

High Temperature Materials & Solutions (€m, LFL change)	Q1 2019	Q2 2019	Q3 2019	9M 2019
High Temperature Solutions	201 (-1.8%)	209 (-3.4%)	204 (-5.5%)	614 (-3.6%)
Refractory, Abrasives, Construction	319 (-0.2%)	330 (-3.0%)	304 (-5.7%)	953 (-3.0%)
Eliminations	(11)	(11)	(12)	(34)
High Temperature Materials & Solutions	510 (-0.5%)	527 (-3.2%)	496 (-5.8%)	1,533 (-3.2%)

(1) LFL (like-for-like) means organic growth, or growth 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect.

Quarterly performance

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	Q2 2019	Q3 2019
Performance Minerals	2,575	668	661	632	641	2,602	632	650	641	636	2,559	623	621	597
Americas	1,283	324	319	301	325	1,269	295	307	314	310	1,227	282	273	272
Europe, Middle East Africa	982	261	259	251	247	1,018	260	264	248	246	1,018	259	257	238
Asia Pacific	416	106	106	103	110	426	107	107	108	106	428	115	114	117
High Temperature Materials & Solutions	1,304	382	378	474	468	1,703	505	544	523	500	2,072	510	527	496
High Temperature Solutions	725	206	214	221	181	822	206	218	216	204	844	201	209	204
Refractory, Abrasives, Construction	598	184	171	263	296	915	312	338	319	302	1,271	319	330	304
Other and eliminations	(17)	(16)	(8)	(3)	23	(6)	(7)	(13)	(10)	(10)	(41)	(9)	(8)	(12)
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	1,139	1,081
														IFRS 16
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	Q2 2019	Q3 2019
Group	479	123	141	145	142	551	130	154	141	137	562	110	136	113
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%	11.9%	10.5%

Half-year performance

IFRS 16

Current operating income (€m)	FY 2016	H1 2017	H2 2017	FY 2017	H1 2018	H2 2018	FY 2018	H1 2019
Performance Minerals	373	198	192	390	182	171	353	144
Operating margin	14.5%	14.9%	15.1%	15.0%	14.2%	13.4%	13.8%	11.6%
High Temperature Materials & Solutions	135	84	88	173	112	109	221	97
Operating margin	10.4%	11.1%	9.4%	10.1%	10.7%	10.7%	10.7%	9.3%
Holding and eliminations	(29)	(19)	7	(12)	(10)	(2)	(12)	4
Group	479	263	287	551	284	278	562	245
Operating margin	12.4%	12.8%	12.9%	12.8%	12.3%	12.2%	12.2%	10.8%

Thank you for your attention

February 13, 2020	2019 FY Results
April 29, 2020	Q1 2020 results
July 27, 2020	H1 2020 results
November 2, 2020	9M 2020 results

Visit www.imerys.com for more information.

Or connect with us:

 [@imerys](https://twitter.com/imerys)

 www.linkedin.com/company/imerys/

 www.facebook.com/imerysgroup/