

2019 Results

February 13, 2020

Patrick Kron - Chairman and interim Chief Executive Officer

Olivier Pirotte - Chief Financial Officer

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

Highlights

4

2

Results

11

3

Outlook

22

4

Appendix

24

Agenda

1

Highlights

4

2

Results

11

3

Outlook

22

4

Appendix

24

Governance and organisation

- **Alessandro Dazza** appointed CEO effective February 17, 2020
- Patrick Kron continues as Chairman of the Board of Directors
- Introducing a **new, simplified, more efficient and customer-centric organisation**

Financial performance⁽⁴⁾

- **Current EBITDA margin of 17.6%** and **current operating margin of 10.1%** ⁽¹⁾
- Deterioration in industrial markets resulting in lower volumes (-6.1%)
- **Positive price - mix** (+2.2%) maintained, higher than inflation in variable costs
- Significant contribution from **savings on fixed cost and overheads** (€31m)
- Net current income down -22.4%, in line with outlook provided in October ⁽²⁾

Financial strength⁽⁴⁾

- **Strong cash generation:** Net current free operating cash flow of €348m thanks to strict management of the WCR and capital expenditure
- **Net financial debt** at 2.2 x current EBITDA
- Proposal to **maintain the dividend** at €2.15 per share, payable in part or all in cash and/or new shares ⁽³⁾

(1) "Current income" is defined in section 2.1.5 "definitions and reconciliation of alternative performance measures to IFRS indicators" in the 2018 registration document filed by Imerys

(2) See press release dated October 22, 2019

(3) Proposal to be submitted to the Annual General Meeting of Shareholders of May 4, 2020

(4) Post IFRS 16 impact

Alessandro Dazza, new Managing Director from 17 February



- Dissociation from the functions of Chairman of the Board of Directors and Chief Executive Officer
- Patrick Kron continues as Chairman of the Board of Directors

Biographie

Alessandro Dazza (50 years old): graduated from **Politecnico di Milano**

1995 - 2002: Member of the Board of Treibacher Schleifmittel, leader in abrasive minerals in Germany, acquired by Imerys in 2002

2002 - 2018: Director of Imerys' Fused Minerals division, which he grew from around €200m to €500m. From 2013, **Executive Vice President**, member of the Executive Committee, in charge of three divisions on the current perimeter of Refractories, Abrasives & Construction (approx. €2bn revenue).

2018 - 2019: Member of the Executive Committee of Mondi plc, a major industrial player in packaging and paper, in charge of two divisions representing approx. €4bn total revenue.

**An experienced leader with an intimate knowledge of Imerys and its markets
to lead further the Group transformation and profitable growth strategy**

Industrial markets deteriorate more sharply in the second half of the year

Industrial markets: about 50% of Group revenue



Car production:

- 6% in Q4 2019 vs. Q4 2018 in Europe ⁽¹⁾



Steel production:

- 10% in Q4 2019 vs Q4 2018 in Europe ⁽²⁾



Paper markets:

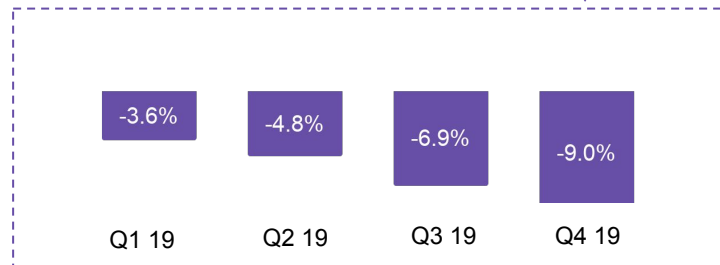
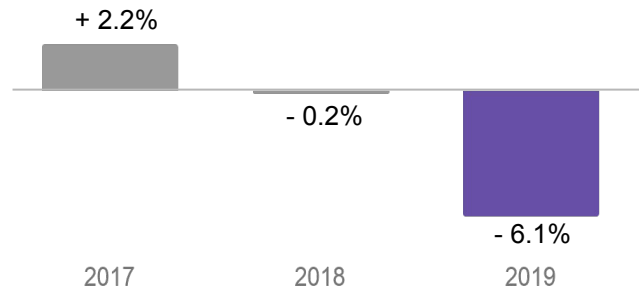
- 8% and - 14% in 2019 vs 2018 resp. Europe and the United States ⁽³⁾



Construction

+ 2% globally in 2019 vs 2018 ⁽⁴⁾

Volume evolution (vs. prior year)



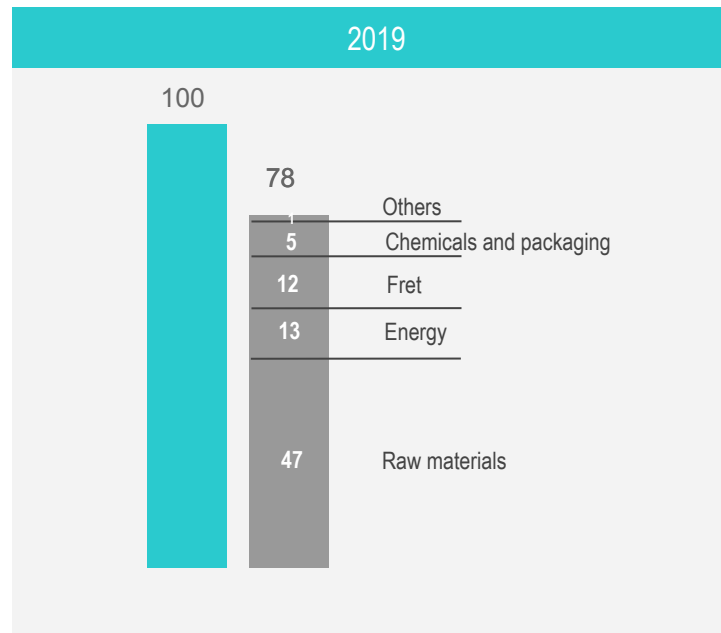
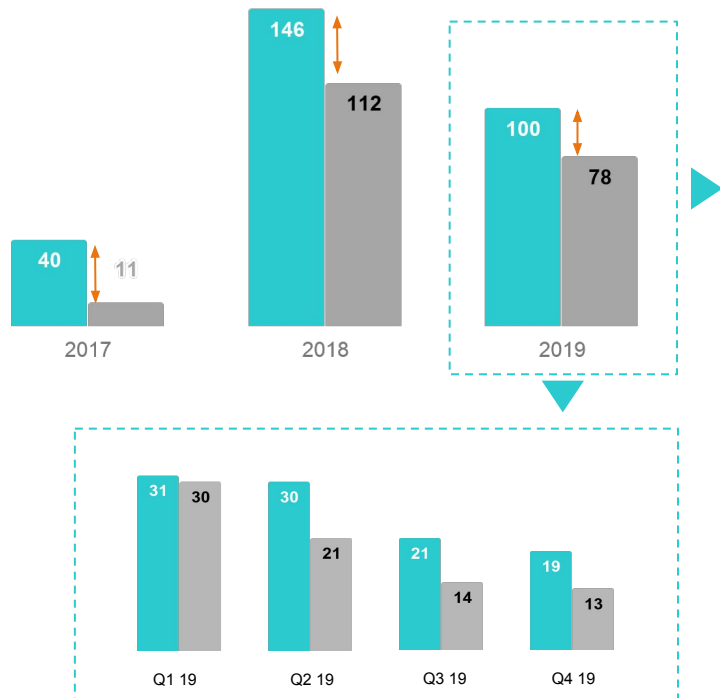
(1) Source: IHS; (2) Source: Worldsteel Association; (3) Source: RISI; (4) Construction: OE.

Positive price - mix maintained

Contribution of price-mix and variable costs (€m, vs prior year)

Price-mix impact
on revenue

+1.1%



Price-mix impact on current operating income

Impact of increased variable costs on current operating income

Connect & Shape Transformation Program: progress report

**New organization:
simplified, more
efficient and
customer-centric**

- Implementation across all business segments implemented since the end of 2019
- Multimineral offer marketed by key account managers
- Development of technical services teams close to customers
- Reduced number of hierarchical levels

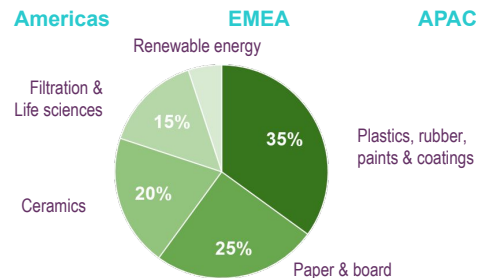
**Continuation
of "bolt-on"
acquisitions,
particularly in
emerging countries**

- EDK in Brazil in specialty carbonates (revenue: €15m⁽¹⁾)
- 65% of Shandong Luxin in China in fused minerals for abrasives (revenue: €12m⁽¹⁾)
- Hysil in India in calcium silicate for thermal insulation panels (revenue: €5m revenue⁽¹⁾)

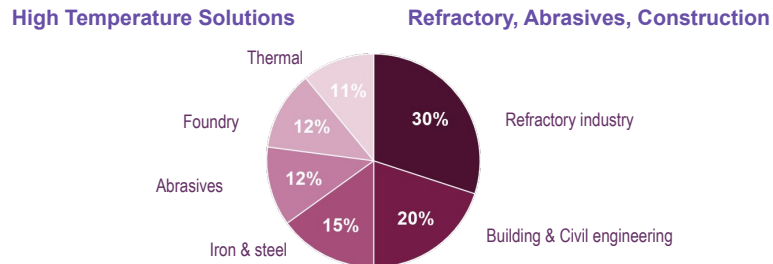
**Functional
excellence**

- Centralisation of procurement: reducing the number of suppliers and negotiating payment terms
- Deployment of shared service centers

Performance Minerals 2019 revenue: €2.4bn



High Temperature Materials & Solutions 2019 revenue: €2.0bn

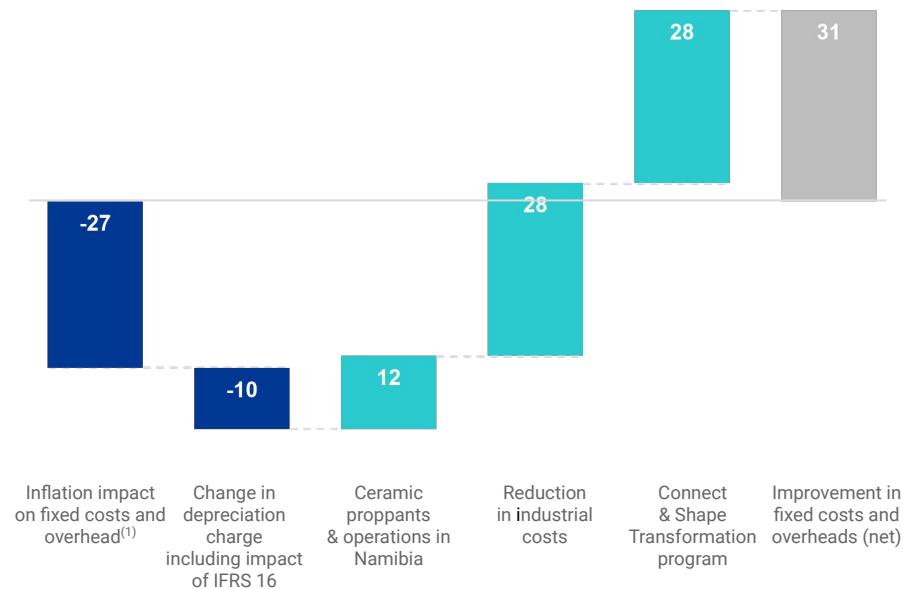


Confirmation of the Group's medium-term strategic and financial ambitions

⁽¹⁾ 2018 data

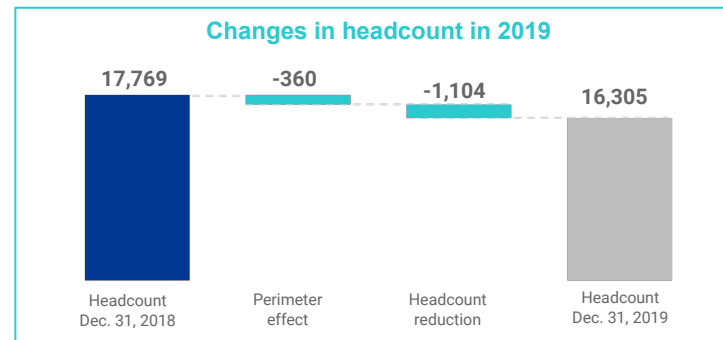
Significant contribution from cost savings

Year-on-year change in fixed costs and overhead in 2019 (€m, vs 2018)



(1) Estimated inflation of 2.0% on a cost basis of 1,350 million euros in 2019

- Impact of the **Connect & Shape transformation program**, in line with the recurring annual target of €100m gross in 2022:
 - Downsizing
 - Purchasing optimization
- Additional **industrial cost control initiatives**:
 - Rationalization of operations
 - Adjustment of production capacity

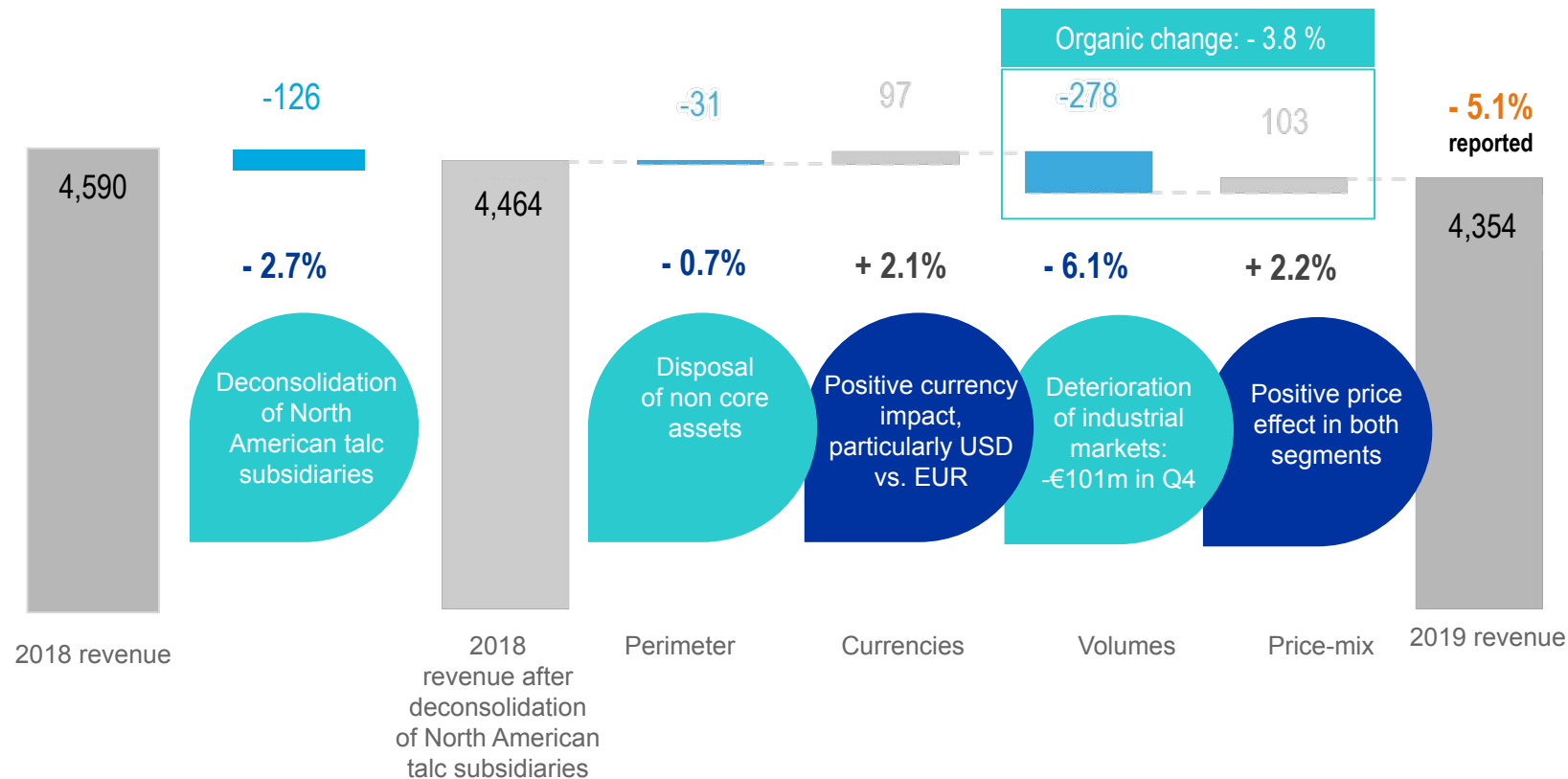


Agenda

1	Highlights	4
2	Results	11
3	Outlook	22
4	Appendix	24

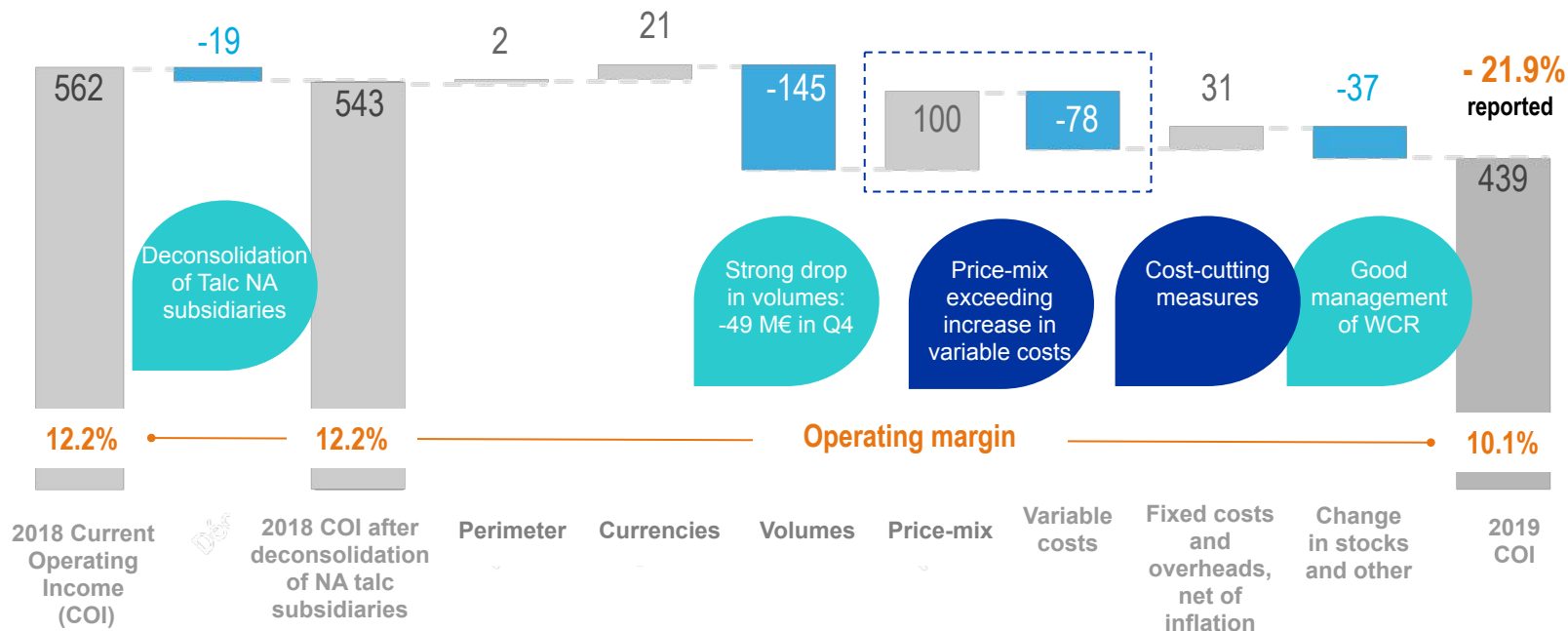
Revenue and current operating income impacted by changes in perimeter and lower volumes

(€m)



Revenue and current operating income impacted by changes in scope and lower volumes

(€m, post IFRS 16)



Performance Minerals: contrasting market situation

Q4 2019 (€m)	Like-for-like change ⁽¹⁾ / Q4 2018	Reported change /Q4 2018		2019 (€m)	Like-for-like change ⁽¹⁾ / 2018	Reported change / 2018
257	-4.1% ⁽³⁾	-16.9 %	Revenue: Americas	1,085	-3.8%	-11.5% ⁽²⁾
230	-3.8%	-6.4 %	Revenue: Europe, Middle East, Africa (EMEA)	984	-2.8%	-3.4%
117	-2.3%	+9.5 %	Revenue: Asia Pacific (APAC)	463	+0.2%	+8.2%
(29)	-	-	Eliminations	(117)	-	-
575	-3.9%	-9.5 %	Total revenue	2,415	-3.1%	-5.6% ²
-	-	-	Current Operating Income	279	-	-20.9%

Americas

- Shutdown of Wollastonite plant in H1: €18m negative impact on sales in 2019³
- Decline in paper and packaging markets, as well as in filtration
- Good momentum in construction, paints and coatings

EMEA

- Decline in the paper market
- Weak traditional ceramic markets
- Good sales performance in plastics and rubber

APAC

- Contrasting markets in most applications served
- Positive trend in graphite market for lithium ion batteries

(1) Organic growth or "Like-for-like" means "at comparable scope and exchange rates." This is the sum of volume effects and price-mix.

(2) Performance Minerals Americas: - 1.4% and Performance Minerals: - 0.7% excluding the deconsolidation of North American talc subsidiaries since February 13, 2019

(3) Impact of Wollastonite on revenue. (-3.9 million euros in Q4 2019)

High Temperature Materials & Solutions: slowdown in industrial markets

Q4 2019 (€m)	Like-for-like change ⁽¹⁾ / Q4 2018	Reported change / Q4 2018		2019 (€m)	Like-for-like change ⁽¹⁾ / 2018	Reported change / 2018
181	-12.6%	-11.6%	Revenue: High Temperature Solutions	795	-5.8%	-5.9%
270	-10.8%	-10.7%	Revenue: Refractory, Abrasives, Construction	1222	-4.9%	-3.8%
(7)	-	-	Eliminations	(41)	-	-
444	-12.0%	-11.3%	Total revenue	1 976	-5.3%	-4.6%
-	-	-	Current Operating Income	151	-	-31.9%

High Temperature Solutions

- Weak car production impacting foundry market in Europe
- Fall in steel demand
- Delays in certain furnace renovation projects for petrochemicals, boilers and incinerators

Refractory, Abrasives & Construction

- Lower production and destocking effect in steel and automotive markets, negatively impacting Imerys' abrasive and refractory activities
- Positive trend in building and infrastructure (building chemistry in particular)

(1) Organic growth or "Like-for-like" means "at comparable scope and exchange rates." This is the sum of volume and price-mix effects.

Net income from current operations in line with Group outlook ⁽¹⁾

(€m)	2018 ⁽²⁾	2019 pre IFRS 16	Change / 2018	2019 post IFRS 16	Variation / 2018
Current operating income	562	434	-22.9%	439	-21.9%
Current financial expenses	(60)	(37)	+39.0%	(44)	+27.4%
<i>Of which reimbursement of the yen denominated private placement</i>	-	+17	-	+17	-
Current income tax	(145)	(114)	+21.4%	(114)	+21.6%
<i>Current tax rate</i>	28.9%	28.8%	-	28.8%	-
Minority interests	0	(4)	-	(4)	-
Net income from current operations, Group's share	357	278	-22.0%	277	-22.4%
Net income (Group share) per share ⁽³⁾	€4.50	€3.52	-21.9%	€3.50	-22.3%

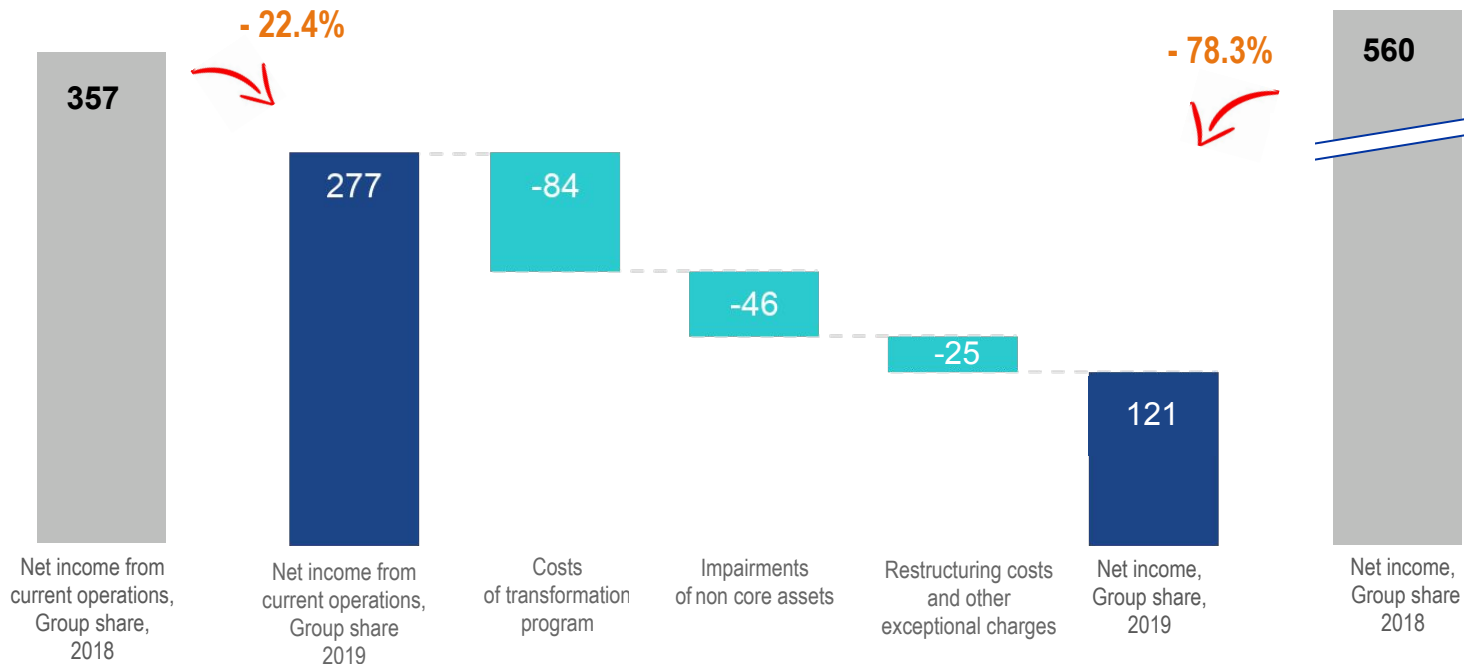
(1) See press release dated October 22, 2019, regarding an expected decrease in net current income, Group share, for the full year of approximately - 20% compared to 2018.

(2) All 2018 data restated for the disposal of the Roofing business

(3) Weighted average number of shares outstanding: 79,089,697 in 2019 versus 79,238,417 in 2018

Net income impacted by non recurring charges

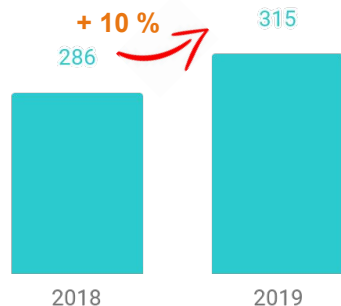
Breakdown of other non-recurring expenses in 2019 (€m)



Solid cash flow generation

(€m)	2018	2019 Pre IFRS 16	2019 Post IFRS 16
Current EBITDA	793	676	765
Current EBITDA margin	17.3%	15.5%	17.6%
Change in operating Working Capital Requirement	(25)	48	52
Notional tax on current operating income	(163)	(125)	(126)
Other	14	8	8
Current operating cash flow (before tax)	619	607	699
Paid capital expenditure	(333)	(292)	(292)
Right to use assets	-	-	(59)
Net current free operating cash flow	286	315	348

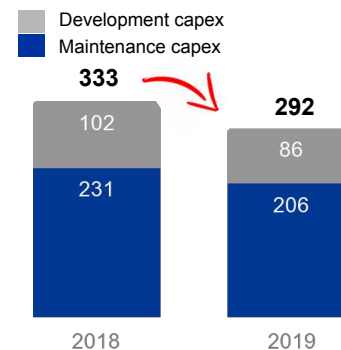
Net current free operating cash flow



Working Capital Requirement (€m)

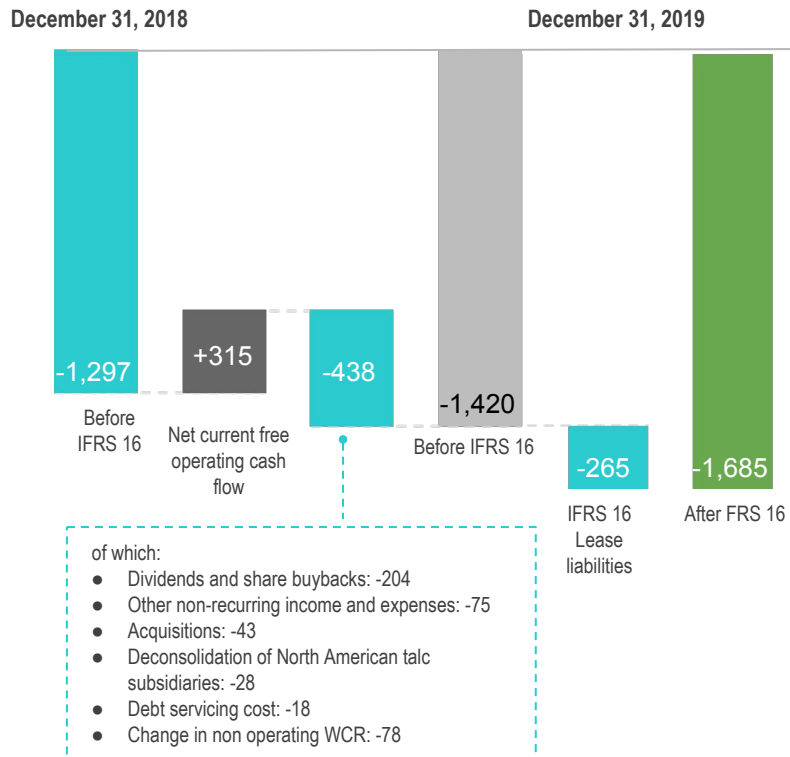


Capital expenditure (€m)

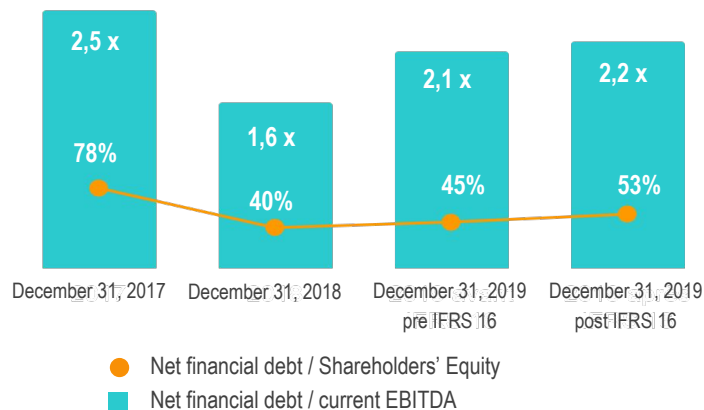


Resilient financial structure

Change in net financial debt (€m)



Financial ratios at December 31



MOODY'S

Baa2

negative outlook
(01/23/2020)

S&P Global

BBB

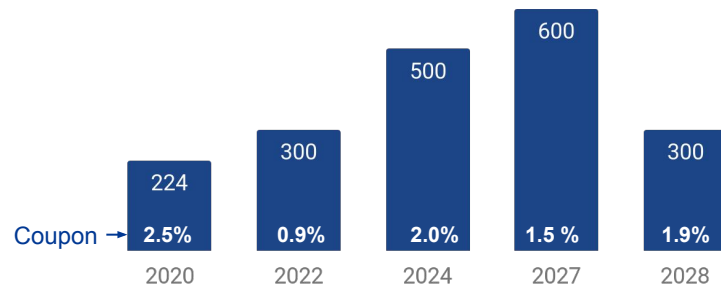
under negative watch
(11/05/2019)

Financial resources

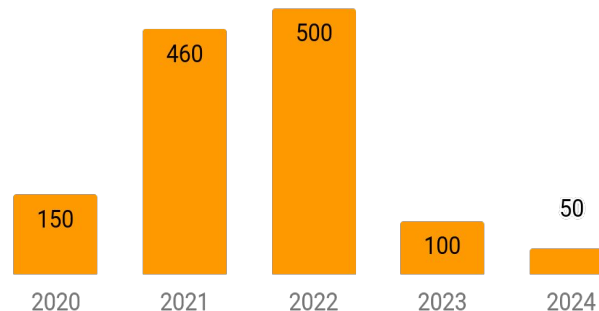
(€m)	31/12/2018	31/12/2019 post IFRS 16
Bonds	1,982	1,924
Other debts	161	425
Gross det	2,143	2,349
Cash	846	664
Net debt	1,297	1,685
Average interest rate (gross)	1.8%	1.7%

(€m)	31/12/2019	Maturity
Bonds	1,924	5.2 years
Credit lines	1,260	2.1 years
Financial resources	3,184	4.0 years

Maturity and bond coupon at 31/12/2019 (€m)

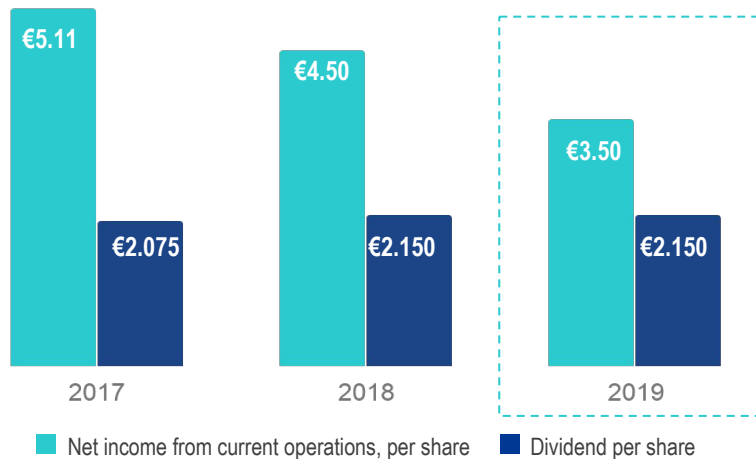


Lines of credit available at 31/12/2019 (€m)



Dividend maintained at €2.15 per share, payment in cash or in shares

Changes in dividend and net earnings per share ⁽¹⁾



- **Dividend maintained despite decline in net income**
- **Confidence in the Group's fundamentals**

2019 dividend payment

Part or all	
• In cash	
and/or	
• In new shares to be issued	
○ Issue price corresponding to 95% of the average share price of Imerys in the 20 trading sessions prior to the day of the Annual General Meeting minus the amount of the dividend per share	

- **Willingness to maintain a strong financial structure, especially to seize development opportunities**
- **GBL's commitment to opt for the share dividend for the totality of its stake in Imerys (53.9%)**

(1) Proposal submitted to the annual general meeting of shareholders on May 4, 2020

Agenda

1	Highlights	4
2	Results	11
3	Outlook	22
4	Appendix	24

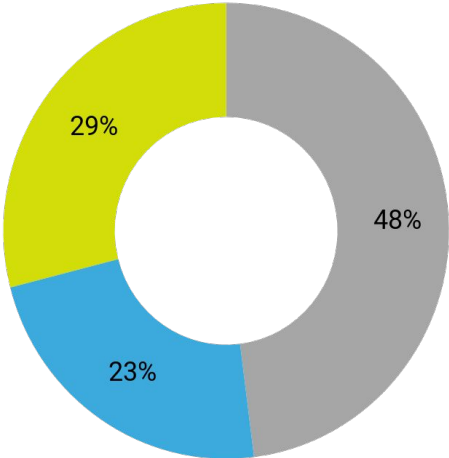
- Difficult industrial market conditions expected to persist
- Ongoing deployment of the Connect & Shape Transformation Plan
- Chapter 11 proceedings initiated by talc subsidiaries in the United States seeing continued discussions

Agenda

1	Highlights	4
2	Results	11
3	Outlook	22
4	Appendix	24

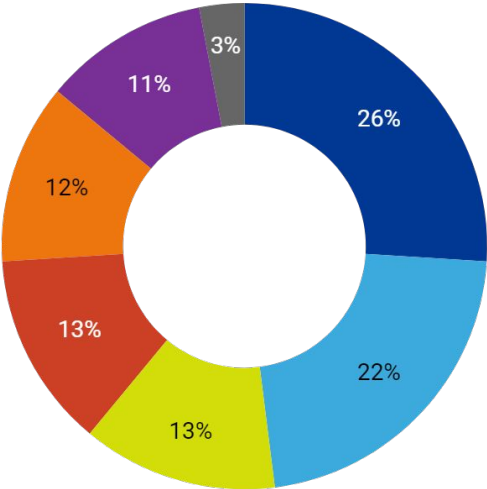
Revenue breakdown

Revenue by geography in 2019



● Europe, Middle-East, Africa ● Americas ● Asia Pacific

Revenue by end market



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



Volumes and price-mix

Organic growth, volumes and price - mix

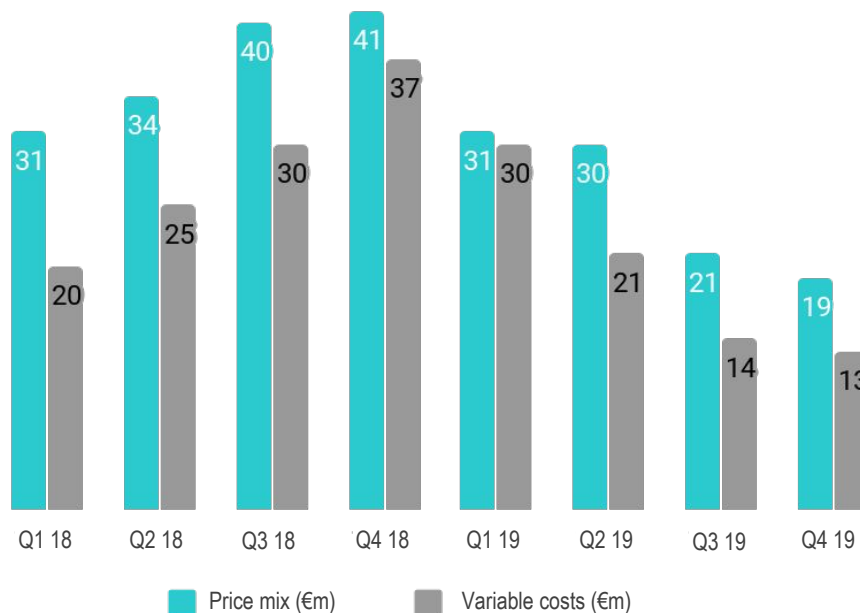
(%, vs prior year proforma¹)



(1) Excluding Roof division sold in 2018

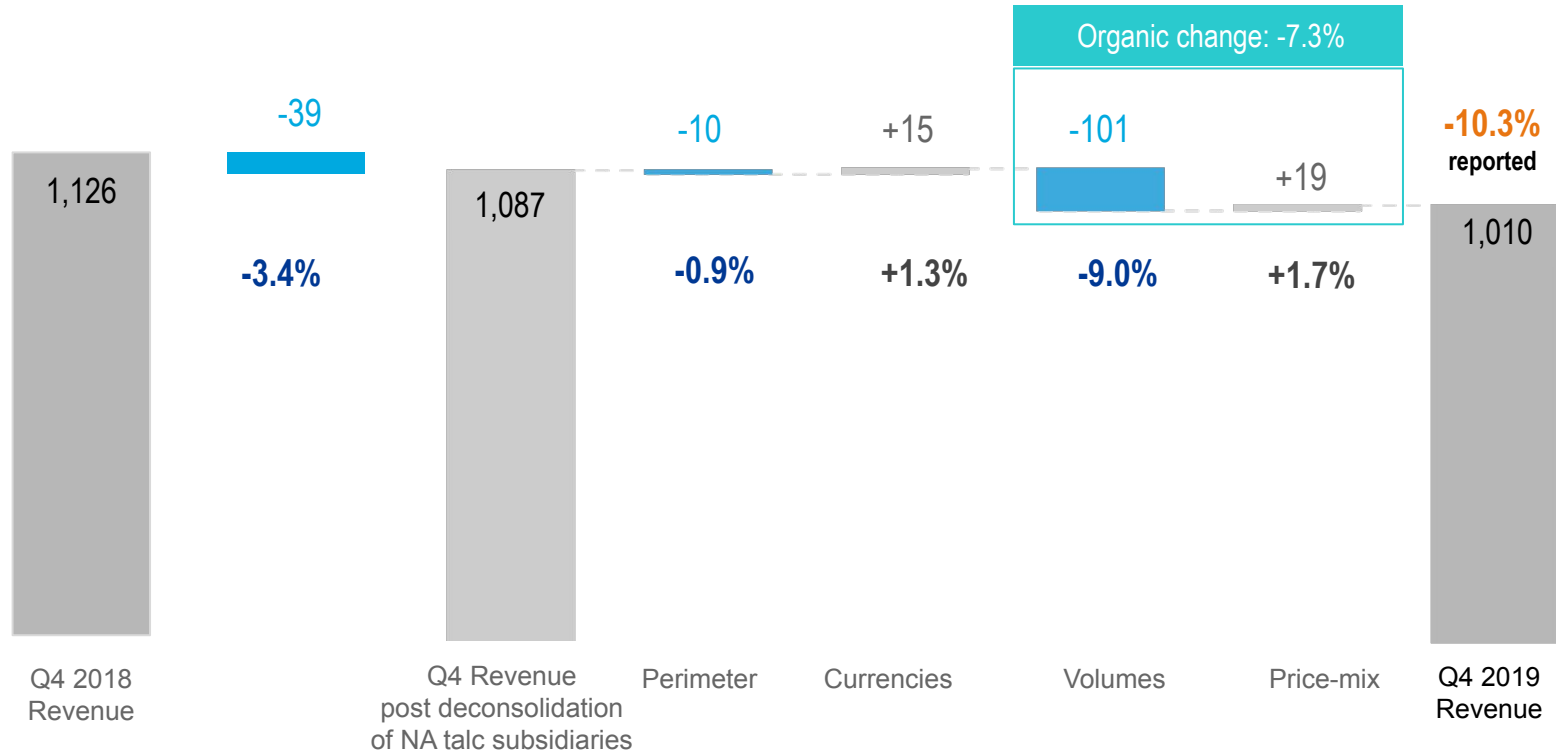
Price - mix and variable costs

(€m, vs prior year proforma)



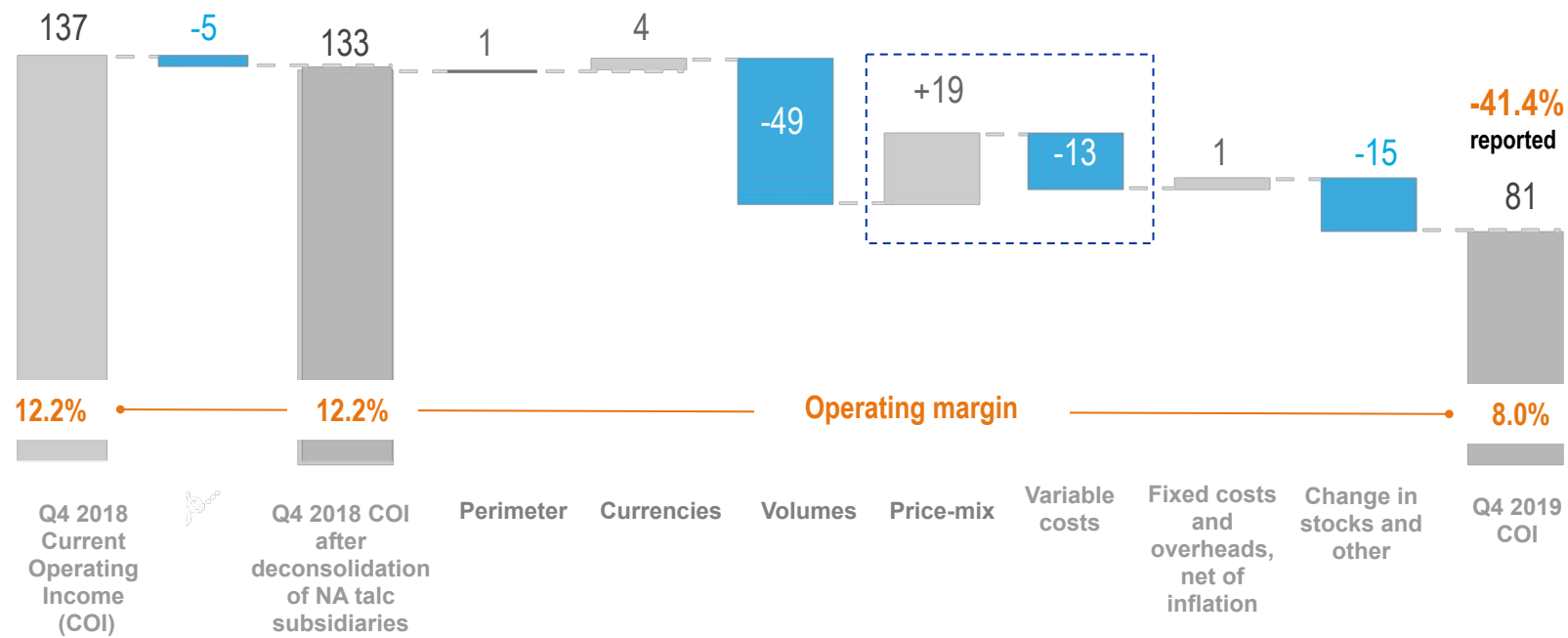
Q4 2019 Revenue

(M€)



Q4 2019 Current Operating Income

(€m, after impact of IFRS 16)



Revenue at constant scope and exchange rates ("*like-for-like*")¹

Performance Minerals (€m, like-for-like change)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Americas	282 (- 2.8%)	274 (- 3.4%)	272 (- 4.6%)	257 (- 4.1%)	1 085 (- 3.8%)
EMEA	259 (- 0.2%)	257 (- 3.2%)	238 (- 4.3%)	230 (- 3.8%)	984 (- 2.8%)
APAC	115 (+ 2.8%)	115 (+ 3.7%)	117 (- 3.2%)	117 (- 2.3%)	463 (+ 0.2%)
Holdings & Eliminations	(32)	(24)	(31)	(29)	(117)
Performance Minerals	623 (- 1.7%)	621 (- 1.8%)	597 (- 4.8%)	575 (- 3.9%)	2,415 (- 3.1%)

High Temperature Materials & Solutions (€m, like-for-like change)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
High Temperature Solutions	201 (- 1.8%)	209 (- 3.4%)	204 (- 5.5%)	181 (- 12.6%)	794 (- 5.8%)
Refractory, Abrasives, Construction	319 (- 0.2%)	330 (- 3.0%)	304 (- 5.7%)	270 (- 10.8%)	1,222 (- 4.9%)
Holding & Eliminations	(11)	(11)	(12)	(7)	(41)
High Temperature Materials & Solutions	510 (- 0.5%)	527 (- 3.2%)	496 (- 5.8%)	444 (- 12.0%)	1,976 (- 5.3%)

(1) Organic growth means 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect

Quarterly performance

Revenue (€m)	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Performance Minerals	2,575	668	661	632	641	2,602	632	650	641	636	2,559	623	621	597	575
Americas	1 283	324	319	301	325	1 269	295	307	314	310	1 227	282	273	272	257
Europe, Middle-East and Africa	982	261	259	251	247	1 018	260	264	248	246	1 018	259	257	238	230
Asia-Pacific	416	106	106	103	110	426	107	107	108	106	428	115	114	117	117
High Temperature Materials & Solutions	1,304	382	378	474	468	1,703	505	544	523	500	2,072	510	527	496	444
High Temperature Solutions	725	206	214	221	181	822	206	218	216	204	844	201	209	204	181
Refractory, Abrasives & Construction	598	184	171	263	296	915	312	338	319	302	1 271	319	330	304	270
Other and eliminations	(17)	(16)	(8)	(3)	23	(6)	(7)	(13)	(10)	(10)	(41)	(9)	(8)	(12)	(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	1,139	1,081	1,010

IFRS 16

Current Operating Income (€m)	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Group	479	123	141	145	142	551	130	154	141	137	562	110	136	113	81
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%	8.0%

Half-yearly performance

								IFRS 16		
Current Operating Income (€m)	2016	H1 2017	H2 2017	2017	H1 2018	H2 2018	2018	H1 2019	H2 2019	2019
Performance Minerals	373	198	192	390	182	171	353	144	135	279
Operating margin	14.5%	14.9%	15.1%	15.0%	14.2%	13.4%	13.8%	11.6%	11.5%	11.6%
High Temperature Materials & Solutions	135	84	88	173	112	109	221	97	54	151
Operating margin	10.4%	11.1%	9.4%	10.1%	10.7%	10.7%	10.7%	9.3%	5.7%	7.6%
Holding and eliminations	(29)	(19)	7	(12)	(10)	(2)	(12)	4	5	9
Group	479	263	287	551	284	278	562	245	194	439
Operating margin	12.4%	12.8%	12.9%	12.8%	12.3%	12.2%	12.2%	10.8%	9.3%	10.1%

Net income impacted by exceptional restructuring charges

(€m)	2018	2019 pre IFRS 16	Change / 2018	2019 Post IFRS 16	Change / 2018
Net income from current operations, Group's share	357	278	-22.0%	277	-22.4%
Other operating income and expenses, net	(585)	(151)	n.a.	(156)	n.a.
<ul style="list-style-type: none"> • <i>Deployment costs for the transformation program Connect & Shape</i> 	(21)	(79)	-	(84)	-
<ul style="list-style-type: none"> • <i>Costs related to acquisitions, restructuring and other exceptional items</i> 	(362)	(25)	-	(25)	-
<ul style="list-style-type: none"> • <i>impairment charge of non-core assets</i> 	(202)	(46)	-	(46)	-
Net income of discontinued operations	788	-	-	-	-
Net income, Group share	560	127	-77.2%	121	-78.3%
Net income (Group share) per share	€7.06	€1.61	-77.2%	€1.53	-78.3%

Cash flow generation

(€m)	FY 2018	FY 2019 before IFRS 16	Change	FY 2019 after FRS 16
Current EBITDA	793	676	- 117	765
Change in operating WCR	(25)	48	+ 74	52
Notional tax on current operating income	(163)	(125)	+ 36	(126)
Other	14	8	- 5	8
Net current operating cash flow (net)	619	607	- 13	699
Investments	(333)	(292)	+ 41	(292)
Right to use assets	-	-	-	(59)
Net current free operating cash flow	286	315	+ 29	348
Acquisitions and disposals	873	(71)	-	(68)
Dividend	(168)	(173)	-	(173)
Change in shareholders' equity	2	(31)	-	(31)
Change in non- operating WCR ⁽¹⁾	48	(78)	-	(77)
Other non-recurring profits and expenses	(73)	(75)	-	(75)
Debt service	(32)	(17)	-	(25)
Exchange rates and other	13	8	-	(8)
Change in net financial debt	949	(122)	-	(109)

Thank you for your attention

April 29, 2020	Q1 2020 results
May 4, 2020	Annual General Meeting
July 27, 2020	H1 2020 Results
November 2, 2020	Results 9M 2020

For more information: www.imerys.com

Or on social media :



@imerys



www.linkedin.com/company/imerys/



www.facebook.com/imerysgroup/