IMERYS

PRESS RELEASE

PARIS, APRIL 29, 2020

Imerys reports first quarter 2020 results

- Revenue down -7.5% at constant scope and exchange rates to €1,029 million, including a €34 million (-3,3%) adverse impact from Covid-19
- Current[1] EBITDA margin at 16.0% and current[1] operating margin at 8.0%[2] supported by a positive price mix of +1.0% and reduction in fixed costs and overheads
- Challenging market conditions to prevail, in particular in the second quarter
- Strong balance sheet and liquidity position
- Action plan in place to reduce costs and preserve cash flows

Alessandro Dazza, Chief Executive Officer, said:
"Following the Covid-19 outbreak in China at the beginning of the first quarter, Imerys rapidly launched a comprehensive worldwide action plan. We are fully focused on protecting the health and the safety of our employees and partners, ensuring business continuity and customer service, while preserving cash flows. There is no question that we have several challenging quarters ahead of us, but our diversified geographical footprint and portfolio of specialty minerals, the agility of our teams, the strength of our balance sheet and our financial discipline will help us overcome this unprecedented crisis. I am confident in the proven strength of the business model of Imerys which will prevail in the long term."

Unaudited consolidated results[2] (€ millions)	Q1 2019	Q1 2020	Change (%)
Revenue	1,124.0	1,028.5	-8.5%
Organic growth	-0.9%	-7.5%	-
Current EBITDA	168.3[3]	164.8	-2.1%[4]
Current EBITDA margin	15.0%	16.0%	+100 bps[5]
Current operating income	109.6	82.6	-24.7%
Current operating margin	9.8%	8.0%	-180 bps
Operating income	101.2	78.0	-23.0%
Net income from current operations, Group share	75.1	49.2	-34.5%[6]
Net income, Group share	67.2	44.0	-34.5%
Net income from current operations per share[7]	€0.95	€0.62	-34.2%

[1] "Current" is defined in the glossary at the end of the present press release.
[2] After taking into account IFRS 16.
[3] €186.3 million (16.6% margin) before -€18.0 million of one-off costs in Q1 2019, including mostly non recurring pension funds contribution.
[4] -11.5% based on a current EBITDA before one-off costs in Q1 2019.
[5] -60 basis points before one-off costs in Q1 2019
[6] -21.7% excluding repayment of JPY private placement in Q1 2019 (€12.2 million positive impact net of tax)
[7] Weighted average number of outstanding shares: 78,959,698 in Q1 2020 compared with 79,232,164 in Q1 2019.

Covid-19 update

Situation as of April 27, 2020

Since the beginning of the Coronavirus pandemic, Imerys has taken all the necessary measures to ensure the health and safety of its employees and stakeholders, as well as to limit the negative effects the pandemic will have on its business. The Group has established a crisis management team to handle the emergency and has set up a strict monitoring process under the supervision of the Executive Committee.

Imerys is experiencing some disruptions in its commercial and industrial operations due to legal containment measures ordered by local authorities, a decline in demand, and/or supply and logistical difficulties.

After having negatively impacted operations in China in the first two months of the year, where Imerys plants have now resumed operations with a utilization rate of approx. 85%, the spread of the Covid-19 pandemic is now affecting operations globally. As of April 24th, 2020, out of our 224 industrial sites worldwide, 22 plants are temporarily closed and 46 plants are partially impacted in their production capability, particularly in Europe (France, Italy), South Africa and Asia Pacific (India, Malaysia).

The virus spread caused a drop in demand basically in all industrial markets, some already soft entering the year (automotive, iron & steel). Covid-19 had a limited impact on paper markets amid structurally declining demand, and the construction sector demonstrated resilience overall, before lockdown measures became effective in March. It is worth noting that consumer businesses like food & beverage, pharma & healthcare and agriculture enjoy good demand levels.

Challenging market conditions will prevail, in particular in the second quarter.

Action plan focused on limiting the adverse impact of Covid-19

In this context, management has presented to the Board of Directors of Imerys, held on April 6th, 2020, a specific action plan to limit the adverse impact of the expected volume shortfall on its financial performance and cash flow and to preserve its current strong balance sheet. This plan, which received full support by the Board, includes:

- Savings on fixed costs and overheads in a range of €70 to €130 million on current operating income in 2020, depending on the level of activity, in addition to the existing Connect & Shape transformation plan undertaken in 2019, which aims to achieve €100 million gross savings by 2022;
- Reduction of capital expenditure to a maximum of €250 million in 2020, significantly below the typical range for the Group of €300-€350 million per year;
- Reduction of working capital requirement in line with the level of activity, notably through a significant decrease in inventories.

In its meeting on April 6th, 2020, the Board of Directors has decided to recommend a 20% decrease in the dividend initially proposed on February 12th, 2020, to €1.72 per share. This dividend is, to be paid all or part in the form of new shares. Groupe Bruxelles Lambert (GBL), the Group's majority shareholder owning a 53.9% interest, has reiterated its intention to opt for a dividend in shares for the totality of its holdings.

Patrick Kron, Chairman of the Board, and Alessandro Dazza, Chief Executive Officer, have shared their intent to reduce by 25% the remuneration which will be paid to them in 2020 for the period during which Imerys employees will be involved in short-time work schemes. The Executive Committee of the Group has decided to voluntarily reduce its salary by 15% for the same duration and to contribute this amount to solidarity purposes in relation to Covid-19.

Strong liquidity position and sound financial structure

The Group has a strong balance sheet and access to significant liquidity of €1.8 billion as of March 31st, 2020, including ca. €0.8 billion of cash and €1.0 billion of undrawn bilateral credit lines with an average maturity of 2 years. The company's bonds with an aggregate principal amount of €1,924 million have a 5 years average maturity, and limited repayments over the coming years. The €224 million bond repayment, scheduled for the end of November 2020, is therefore fully covered. Imerys has only one bank covenant with a cap of 160% of net financial debt to shareholders' equity; this ratio was at 53% as of December 31st, 2019.

Continued discussion as part of the U.S. talc litigation

The North American talc subsidiaries, which were deconsolidated on February 13th, 2019 (with a negative impact on revenue, current EBITDA and current operating income in the first quarter of 2020 of €16.9 million, €2.7 million and €1.7 million, respectively), are now working to permanently resolve all talc-related litigation in the region under the legal protection of Chapter 11. They have entered into negotiations alongside with Imerys, with the representatives of existing and future claimants over the business continuity plan, the approval of which by the competent jurisdiction will settle past talc-related liabilities in the U.S.

COMMENTARY ON THE FIRST QUARTER 2020 RESULTS

Revenue

In the first quarter ended March 31st, 2020, Group **revenue** was €1,028.5 million down -7.5% year-on-year at constant scope and exchange rates. Group sales volumes decreased by -8.5% (-€95.5 million) amid soft markets and Covid-19 pandemic which had an estimated impact of -3,3% (-€34.0 million). In this context, Imerys maintained a positive +1.0% price mix (+€11.0 million).

The scope effect was negative, representing -€23.0 million (-2.0%), the majority (-€16.9 million) of which results from the deconsolidation of the North American talc subsidiaries after they filed for the protection of the "U.S. Chapter 11" legal procedure on February 13th, 2019.

Revenue also included a positive currency effect of +€12.1 million (+1.1%), primarily as a result of the appreciation of the U.S. dollar to euro exchange rate.

Current EBITDA

Current EBITDA reached €164.8 million in the first quarter of 2020, down -2.1% year-on-year, and -11.5% excluding one-off costs, mostly non recurring pension funds contribution in the first quarter of 2019. It reflects lower volumes contribution (-€48.2 million), only partially offset by continuing positive price mix (+€9.0 million), more favourable variable costs (+€1.7 million) and the improvement of +€31.8 million of fixed costs and overheads, net of inflation, thanks to a strong contribution of the Connect & Shape transformation plan (streamlined workforce and optimized purchasing processes).

The currency effect was positive at +€3.4 million.

In this context of considerably reduced sales volumes, current EBITDA margin remained strong at 16.0% in the first quarter of 2020.

Current operating income came at €82.6 million, a -24.7% decline against the first quarter of 2019.

Net income from current operations

Net income from current operations, Group share, totaled €49.2 million, down -34.5% versus the first quarter of 2019. Net financial result rose to -€13.0 million in the first quarter of 2020, €10.6 million higher than in the first quarter of 2019, which benefited from the repayment in March 2019 of the private placement denominated in Japanese yen (€17.0 million). The income tax expense of -€19.5 million corresponds to an effective tax rate of 28.0%, compared with 29.0% in the first quarter of 2019.

Net income from current operations, Group share, per share was down by -34.2% to €0.62.

Net income

Other income and expenses, after tax, came out as an overall expense of -€5.2 million in the first quarter of 2020, including additional -€2.9 million in costs to implement the Connect & Shape transformation program.

Consequently, **net income, Group share** totaled €44.0 million in the first quarter of 2020.

COMMENTARY BY SEGMENT

Performance Minerals (57% of consolidated revenue)

Unaudited quarterly data (€ millions)	Q1 2019 Reported	Q1 2019 restated from Kaolin [8]	Q1 2020	Like-for-like change vs. Q1 2019	Reported change vs. restated Q1 2019
Revenue Americas	282.0	261.2	251.0	+0.6%	-3.9%
Revenue Europe, Middle East and Africa (EMEA)	258.8	290.5	273.1	-7.7%	-6.0%
Revenue Asia-Pacific (APAC)	114.7	122.8	111.3	-11.5%	-9.4%
Eliminations	(32.4)	(51.4)	(46.7)	-	-
Total revenue	**623.1**	**623.1**	**588.8**	**-4.8%**	**-5.5%**

Revenue generated by the **Performance Minerals** segment fell -5.5% in the first quarter of 2020. This takes into account a negative scope effect of -€21.6 million (-3.5%), mainly due to the deconsolidation of the North American talc subsidiaries. The scope effect also takes into account the acquisition of EDK (November 2019), a calcium carbonate producer in the paints and coating markets in Brazil (annual revenue of €15 million). The currency effect is positive at +€8.7 million (+1.4%). At constant scope and exchange rates, revenue dropped -4.8%.

Revenue in the **Americas**, which have been facing a limited impact from the Covid-19 pandemic in the first quarter of 2020, was slightly up +0.6% at constant scope and exchange rates. It benefited from a good performance in filtration, paints, rubber, paper and polymers and a gradual recovery of the Willsboro plant. On April 15th, 2020, Imerys reached a final agreement for the acquisition of Cornerstone Industrial Minerals Corp., a producer of high-quality perlite in North America. This business, which comprises one mine and two processing plants located in Oregon and Florida (United States), has generated a revenue of USD 12 million in 2019. With this transaction, Imerys, the world leading producer of diatomite- and perlite-based products for filtration, is strengthening its offering in the attractive agriculture and horticulture markets.

Revenue in **Europe, Middle-East and Africa** decreased by -7.7% at constant scope and exchange rates in the first quarter of 2020, as a result of the impact of the Covid-19 pandemic in March and soft markets overall (traditional ceramics and paper in particular). However, consumers markets (i.e. filtration, agriculture, food and pharma) remained resilient, as well as board packaging.

Revenue in **Asia-Pacific** was severely impacted by the Covid-19 pandemic in the first quarter of 2020, down -11.5% at constant scope and exchange rates, with significant disruptions in China, India and Malaysia. All markets were affected, with the exception of calcium carbonates for food packaging (breathable films) and medical applications (sanitary gloves), where sales were particularly strong, and paper & board, which maintained a good level of activity.

[8] *The Kaolin business revenue which was entirely recognized within the Performance Minerals Americas business area has been allocated to the Performance Minerals Americas, EMEA and APAC business areas based on the destination of sales since January 1st, 2020. Historical data has been restated accordingly.*

High Temperature Materials & Solutions (43% of consolidated revenue)

Unaudited quarterly data (in million of euros)	Q1 2019	Q1 2020	Like-for-like change vs. Q1 2019	Reported change vs. Q1 2019
Revenue High Temperature Solutions	201.4	163.7	-14.5%	-18.7%
Revenue Refractory, Abrasives & Construction	319.3	296.8	-8.0%	-7.0%
Eliminations	(11.1)	(11.4)	-	-
Total revenue	**509.6**	**449.1**	**-10.8%**	**-11.9%**

Revenue generated by the **High Temperature Materials and Solutions** segment fell -11.9% in the first quarter of 2020 on a reported basis. This included a positive currency effect of +€3.6 million (+0.7%). The scope effect of -€0.3 million (-0.1%) takes into account the disposal of the non-strategic fused magnesia plant in the UK (March 1, 2019), as well as the acquisition in December 2019 of a 65% stake in Shandong Luxin Mount Tai Co., a major Chinese producer of minerals for abrasives (€12 million in annual revenue). At constant scope and exchange rates, revenue decreased by -10.8% in the first quarter of 2020.

Revenue from **High Temperature Solutions** decreased by -14.5% at constant scope and exchange rates in the first quarter of 2020. Weak market conditions prevailing in the iron & steel and foundry sectors were amplified by the Covid-19 outbreak in Asia-Pacific and later in Europe. Furthermore, several renovation projects in the petrochemical, boiler and incinerator industries were postponed due to lockdown measures in several countries.

Revenue in **Refractory, Abrasives & Construction** business area was down -8.0% at constant scope and exchange rates in the first quarter of 2020. The decline of revenue stemmed from the refractory markets, particularly in China, and from abrasives, as a result of the weakness of the automotive and iron & steel end markets. The building and infrastructure segment (specialty cements) showed good resilience in the first quarter of 2020, in particular in North America.

First quarter 2020 results conference call

The press release is available on the Group's website www.imerys.com. The first quarter 2020 results will be presented at a conference call held today at 6.30 pm (CET). The call will be broadcast live on the Group's website www.imerys.com.

Financial Calendar

May 4, 2020	Shareholders' General Meeting in closed session due to Covid-19 pandemic; updated information and all relevant detail in relation to the General Meeting of Shareholders on May 4th, 2020 is available on our website https://www.imerys.com/finance/finance/shareholders-corner.
July 27, 2020	First half of 2020 Results
November 2, 2020	Third quarter of 2020 Results

These dates are subject to change and may be updated on the Group's website https://www.Imerys.com/finance.

***The world's leading supplier of mineral-based specialty solutions for industry** with €4.4 billion in revenue and 16,300 employees in 2019. Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys' solutions contribute essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and water 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) in the Regulated Information section, particularly in its Registration Document filed with the French financial markets authority* (Autorité des marchés financiers, *AMF) on March 24, 2020 under number D.20-0175 (also available from the AMF website, www.amf-france.org). Imerys draws investors' attention to chapter 4 "Risk Factors and Internal Control" of its Registration Document.*

***Disclaimer**: This document contains projections and other forward-looking statements. Investors should be aware 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.*

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APPENDICES

CONSOLIDATED REVENUE BREAKDOWN

Revenue by business group (€ millions)	Q1 2019	Q1 2020	Reported change	Group structure	Exchange rates	Comp. change
Performance Minerals	623.1	588.8	-5.5%	-3.5%	+1.4%	-4.8%
High Temperature Materials & Solutions	509.6	449.1	-11.9%	-0.1%	+0.7%	-10.8%
Holding & Eliminations	(8.7)	(9.4)	n.s.	n.s.	n.s.	n.s.
Total	**1,124.0**	**1,028.5**	**-8.5%**	**-2.0%**	**+1.1%**	**-7.5%**

Quarterly 2019 revenue of the Performance Minerals segment has been restated to reflect the decision in the first quarter 2020 to recognize the Kaolin business revenue by product destination, instead of the previously adopted reporting by product origin. As a consequence, the Kaolin business revenue which was entirely recognized within the Performance Minerals Americas business area is now allocated to the Performance Minerals Americas, EMEA and APAC business areas based on the destination of sales. Historic data have been restated accordingly.

Performance Minerals restated from Kaolin (€ millions)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
Americas	261	253	253	240	1,007	251
EMEA	291	289	270	260	1,110	273
APAC	123	123	117	117	480	111
Holding & Eliminations	(51)	(43)	(44)	(42)	(181)	(47)
Total	**623**	**621**	**597**	**575**	**2,415**	**589**

CHANGE IN CURRENT EBITDA AND CURRENT OPERATING INCOME

(€ millions)	Current EBITDA	Current operating income
Q1 2019	**168.3**	**109.6**
Deconsolidation of North American talc subsidiaries	(2.7)	(1.7)
Other perimeter	1.8	1.8
Currencies	3.4	3.4
Volumes	(48.2)	(48.2)
Price -mix	9.0	9.0
Variable costs	1.7	1.7
Fixed costs and overheads, net of inflation	31.8	8.3
of which one-off costs in Q1 2019	*18.0*	-
Change in inventories and other	(0.3)	(1.3)
Q1 2020	**164.8**	**82.6**

KEY INCOME INDICATORS

(€ millions)	Q1 2019	Q1 2020	Change
Revenue	**1,124.0**	**1,028.5**	**-8.5%**
Current EBITDA	**168.3**	**164.8**	**-2.1%**
Current operating income	**109.6**	**82.6**	**-24.7%**
Current financial expense	(2.4)	(13.0)	-
Current taxes	(31.1)	(19.5)	-
Minority interests	(1.0)	(0.9)	-
Net income from current operations, Group share	**75.1**	**49.2**	**-34.5%**
Other operating income and expenses, net	(7.9)	(5.2)	-
Net income, Group share	**67.2**	**44.0**	**-34.5%**

GLOSSARY

Imerys uses "current" indicators to measure the recurrent performance of its operations, excluding significant items that, because of their nature and their relatively infrequent occurrence, cannot be considered as inherent to the recurring performance of the Group (see section 5.5 Definitions and reconciliation of alternative performance measures to IFRS indicators in the 2019 Universal Registration Document).

Alternative Performance Indicators	Definitions and reconciliation to IFRS indicators
Growth at constant scope and exchange rates (also called life-for-like growth, LFL, organic growth or internal growth)	Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect). Restatement of the currency effect consists of calculating aggregates for the current year at the exchange rate of the prior year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data. Restatement of Group structure to take into account newly consolidated entities consists of: subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current 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 prior year, for entities entering the consolidation scope in the prior year. Restatement of entities leaving the consolidation scope consists of: subtracting the departing entity's contribution from the aggregates of the prior year as from the first day of the month of divestment, for entities leaving the consolidation scope in the current year; subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group's share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income by restating operating amortization, depreciation and impairment, net change in operating provisions, share in net income and dividends received from joint ventures and associates.
Net current operating cash flow	Net current free operating cash flow before capital expenditure and right-of-use assets (to reflect the IFRS 16 calculation).
Net current free operating cash flow	The Group's current EBITDA after deducting notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous.
Net financial debt	The difference between borrowings and financial debt and cash and cash equivalents.