

First Half 2020 Results

July 27, 2020

Alessandro Dazza - 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 Universal Registration Document filed under No. D.20-0165 March 24, 2020 with Autorité des Marchés Financiers. Imerys draws the attention of investors to the “Risk factors and Internal control” set forth in the Universal 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.

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Highlights

Alessandro Dazza – Chief Executive Officer

H1 2020: operating in a COVID-19 world

- All end-markets and geographies affected by the Covid-19 pandemic, with unprecedented and rapid decline in business activity
- Imerys showing adaptive and resilient business model in crisis period
- Effective deployment of cost containment and cash preservation measures
- Agreement on potential resolution of historic US talc-related liabilities filed on May 15, 2020, pending final approvals by relevant US Courts
- 88% of dividend paid in new shares showing shareholders confidence; €16 million paid in cash
- Changes in the Group's Executive Committee with effect from August 2
 - Olivier Pirotte, current CFO, to become Chief Strategy and M&A Officer
 - Sebastien Rouge to take over Chief Financial Officer role

H1 2020 financial performance confirming Imerys resilience

- Significant drop in revenue in Q2 (-23.5% compared to last year) caused by the Covid-19 outbreak, leading to a 16.0% decline in H1 vs 2019
- Positive price-mix maintained
- Swift implementation of cost savings measures, in line with objectives, both for Covid-19 action plan and Connect & Shape program
- Current EBITDA at €290 million, 15.2% on revenue
- Strong generation of net current free operating cash flow at €139 million, reflecting strict management of expenses and operating working capital
- Solid balance sheet and liquidity position

H1 2020 Key Figures

Revenue (change)

€1,900m (-16.0%)

Current EBITDA (margin) ⁽¹⁾

€290m (15.2%)

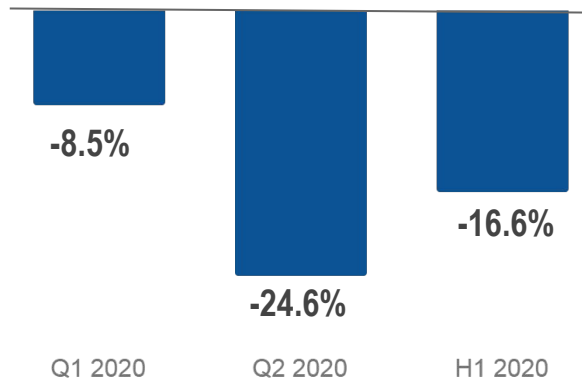
Net current free operating cash flow (change)

€139m (+40.0%)

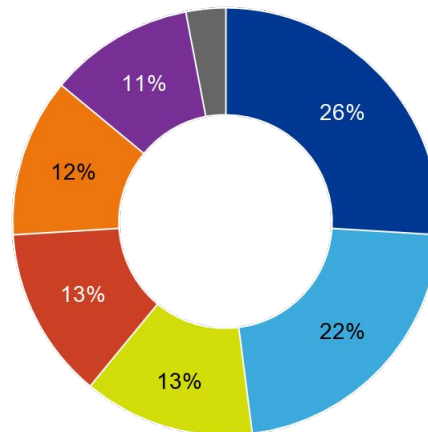
(1) See glossary in appendix for definition of Alternative Performance Measures

Unprecedented volume slump in Q2 2020 due to Covid-19 pandemic outbreak

Volumes evolution (vs prior year)



Revenue by end market



Covid-19 impact

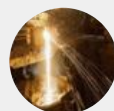
Construction	Moderate
Consumer	Limited
Industry	High
Iron & Steel	High
Paper	High
Automotive	High
Other	N/A

Q2 2020 end markets versus last year



-70%

Light vehicle production, Europe and USA⁽¹⁾



-28%,
-35%

Steel production, Europe, USA⁽²⁾



-30%,
-37%

Paper markets, Europe, USA⁽³⁾



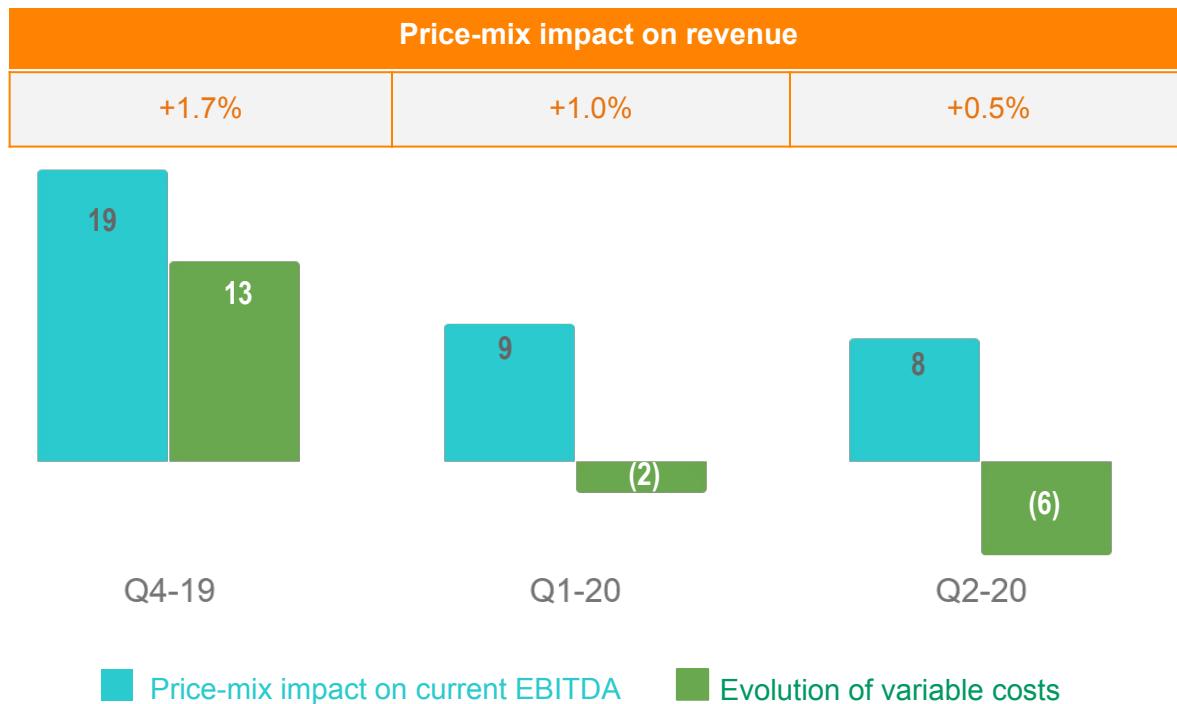
-10%

Construction, Global⁽⁴⁾

(1) Source: IHS; (2) Source: Worldsteel Association; (3) Source: Eurograph, P&P Council; (4) Construction: OE.

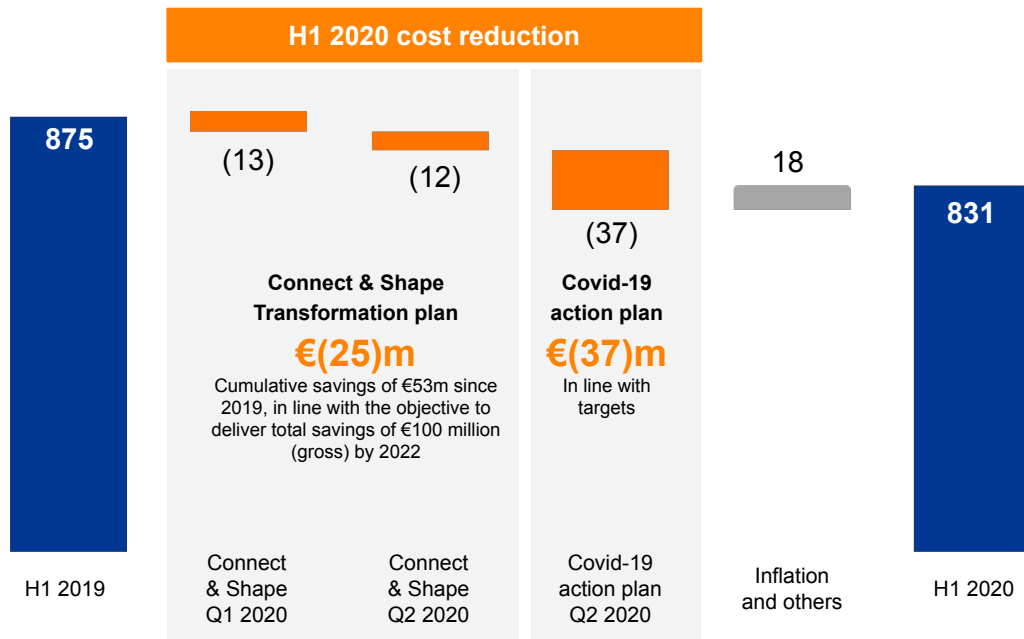
Positive price - mix maintained

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



Decrease of fixed costs and overheads in line with targets

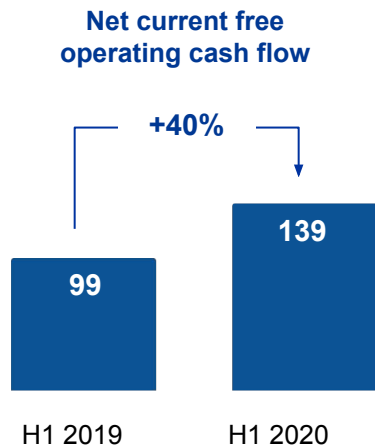
Evolution of fixed costs and overheads (€m)



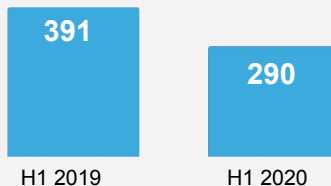
- Decrease in staff costs in Q2 (mostly temporary measures)
- Maintenance costs adjusted to lower production levels
- Overheads: strict control over expenses

Strong cash flow generation

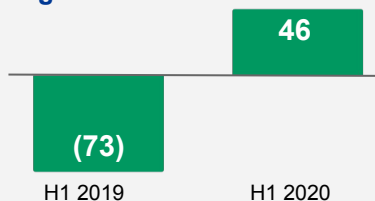
Net current free operating cash flow (€m)



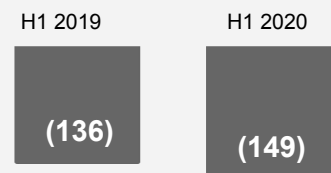
Current EBITDA



Change in WCR



Capex paid



- Strong cash generation despite significant drop in current EBITDA
- Reduction of operating working capital thanks to dedicated actions
- Booked capital expenditure reduced to €101 million: -7.3% compared to last year (€109 million)

Strong commitment to sustainability with significant achievements

EMPOWERING our people



Increase women in senior management to 30% by 2022 ⁽¹⁾

- Launch of diversity and inclusion 3-year program: 21% of women in senior management today to be increased to 30%
- Strong focus on occupational health & safety: 2.98 Total Injury Frequency Rate⁽⁴⁾

(1) And fully implement the Group Diversity and Inclusion 3-year program

(2) Target approved by the Science Based Target initiative

(3) By revenue

(4) Rolling 12-month Total Injury Frequency Rate combined employees and contractors as of June 30, 2020

CARING for our planet



Reduce CO₂ emissions (in tCO₂/€) by 36% by 2030⁽²⁾

- Introduction of internal carbon price for capex decisions
- Launch of low-carbon electricity purchasing strategy
- Act4nature engagement renewed for 2020 - 2023, as part of our commitment to biodiversity

BUILDING for the future



Assess 40% of portfolio⁽³⁾ against sustainability criteria by 2022

- Launch of the Ecovadis Supplier CSR assessment: 100 strategic suppliers involved in Phase 1
- 16 Life Cycle Assessments of Group's products completed in H1

COVID-19 related initiatives



- Commitment to communities: donations of masks, gloves, respirators units and food kits to local hospitals and communities worldwide
- 25% reduction in the remuneration of the Chairman of the Board and Chief Executive Officer for the period during which Imerys employees are involved in short-time work schemes
- Decision of the Executive Committee and senior managers to voluntarily reduce their salary up to 15% for the same duration and to contribute this amount to solidarity purposes in relation to Covid-19

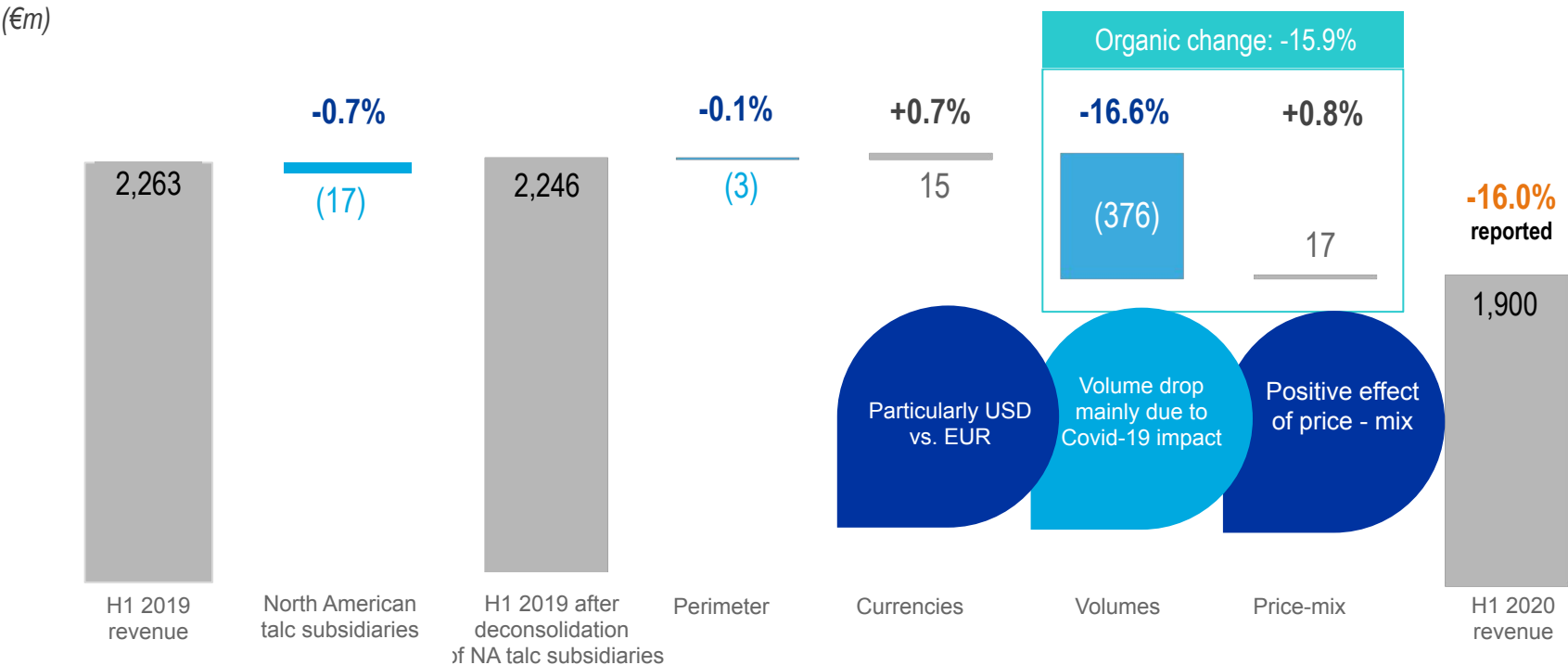


Financials

Olivier Pirotte – Chief Financial Officer

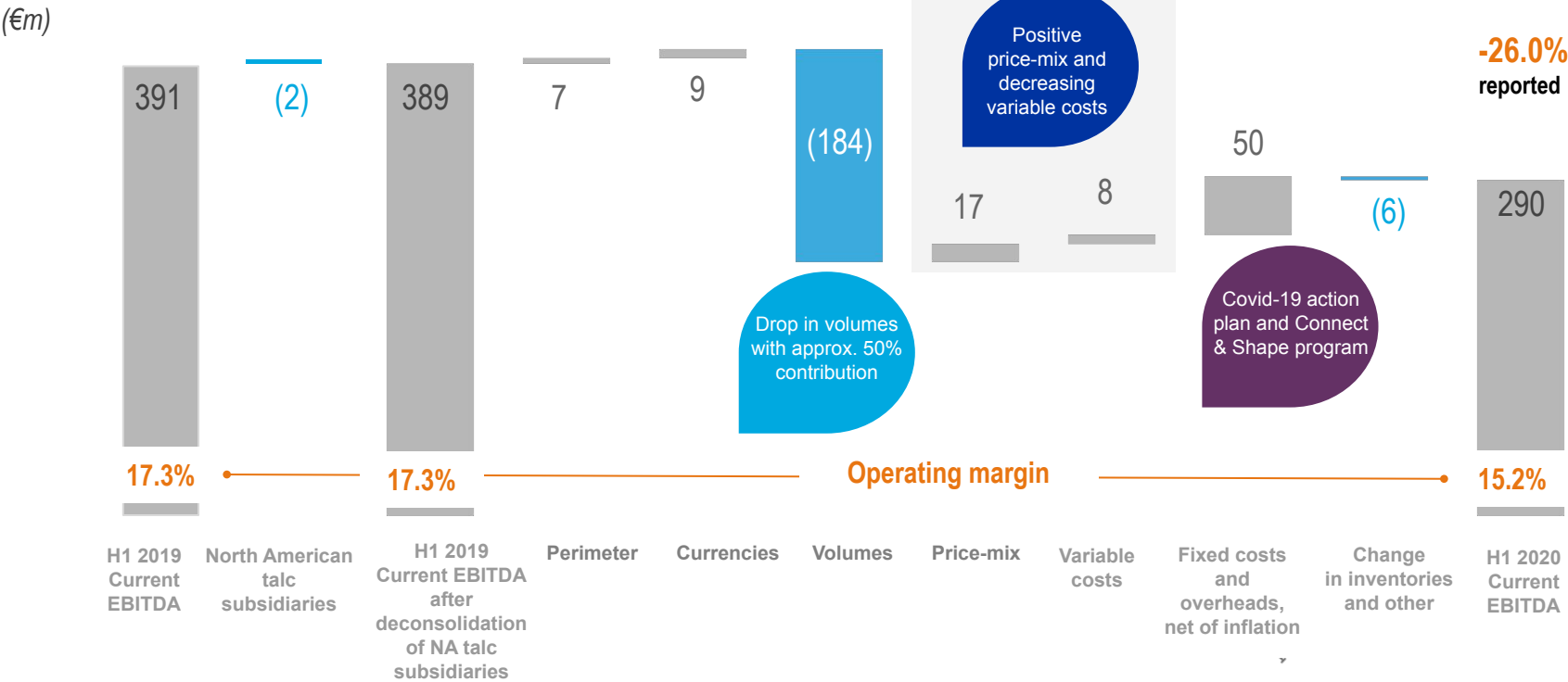
Decline in volumes caused by global Covid-19 outbreak

H1



Current EBITDA margin at 15.2%

H1



Performance Minerals: second quarter more impacted by Covid-19

Q2 2019 restated from Kaolin ⁽¹⁾	Q2 2020	Reported change vs. Q2 2019 restated	(€m)	H1 2019 restated from Kaolin ⁽¹⁾	H1 2020	Reported change vs. H1 2019 restated
252	213	-15.3%	Revenue: Americas	513	464	-9.6%
289	228	-21.2%	Revenue: EMEA	580	501	-13.6%
123	106	-13.9%	Revenue: APAC	245	217	-11.6%
(43)	(46)	-	Eliminations	(95)	(92)	-
621	501	-19.2%	Total segment revenue	1,244	1,090	-12.4%
-	-	-	Current EBITDA	248	202	-18.5%

Americas

- Weak plastics, paper, ceramics and paints markets
- Good performance in filtration, life science and agriculture markets
- Acquisition in April of Cornerstone (\$12m annual revenue), producer of high-quality perlite in North America

EMEA

- Good performance of most consumers markets (filtration, agriculture, food and pharma) and board packaging
- Automotive-related segments, paper and construction negatively impacted
- Construction-related segments first to show signs of recovery towards the end of the quarter

APAC

- Graphite & carbon for mobile energy, polymers, calcium carbonates for food packaging and medical applications held up well
- Ceramics, building & infrastructure and other markets still negatively affected by the pandemic in Q2

(1) 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 1, 2020. See appendix.

High Temperature Materials & Solutions: industrial markets decline amplified in Q2

Q2 2019	Q2 2020	Reported change vs. Q2 2019	(€m)	H1 2019	H1 2020	Reported change vs. H1 2019
209	137	-34.1%	Revenue: High Temperature Solutions	410	301	-26.5%
330	246	-25.5%	Revenue: Refractory, Abrasives, Construction	649	543	-16.4%
(11)	(6)	-	Eliminations	(22)	(18)	-
527	377	-28.5%	Total segment revenue	1,037	826	-20.3%
-	-	-	Current EBITDA	140	88	-37.4%

High Temperature Solutions

- Slowdown of economic activity severely impacting the iron & steel and foundry sectors in all regions
- Postponement of renovation projects in the petrochemical, boiler and incinerator industries
- Closing of the acquisition of Hysil, the leading Indian producer of calcium silicate boards used for thermal insulation projects (€5 million in annual revenue)

Refractory, Abrasives & Construction

- Declining refractory and abrasives markets, as a result of the sharp decline of automotive and iron & steel production
- Building and infrastructure segment (specialty cements) more impacted in the second quarter, especially in Europe and at the end of the quarter in the USA

Net income

(€m)	Q2 2019	Q2 2020	Change	H1 2019	H1 2020	Change
Current EBITDA	223.0	124.8	-44.1%	391.3	289.6	-26.0%
Current operating income	135.5	49.5	-63.5%	245.1	132.1	-46.1%
Current financial expenses	(16.0)	(16.2)	-	(18.4) ⁽²⁾	(29.2)	-
Current income tax	(34.7)	(9.3)	-73.1%	(65.8)	(28.8)	-56.2%
<i>Current tax rate</i>	29.0%	28.0%	-	29.0%	28.0%	-
Minority interests	(1.3)	(0.4)	-	(2.3)	(1.3)	-
Net income from current operations, Group's share	83.6	23.6	-71.8%	158.7	72.8	-54.1%
Net income from current operations (Group share) per share ⁽¹⁾	1.06	0.29	-72.4%	2.00	0.91	-54.4%
Other operating income and expenses, net	(54.9)	(11.0)	-	(62.8)	(16.2)	-
Net income, Group share	28.7	12.6	-56.0%	95.9	56.6	-40.9%

(1) Weighted average number of shares outstanding: 80,161,162 in Q2 2020 versus 79,110,326 in Q2 2019 and 79,560,430 in H1 2020 versus 79,170,908 in H1 2019. The option for the payment of the dividend in shares decided by the Shareholders' General Meeting of Imerys on May 4, 2020 resulted in the exercise of 88.1% of the rights in favor of a payment in shares, which gave rise to the creation of 5,671,940.

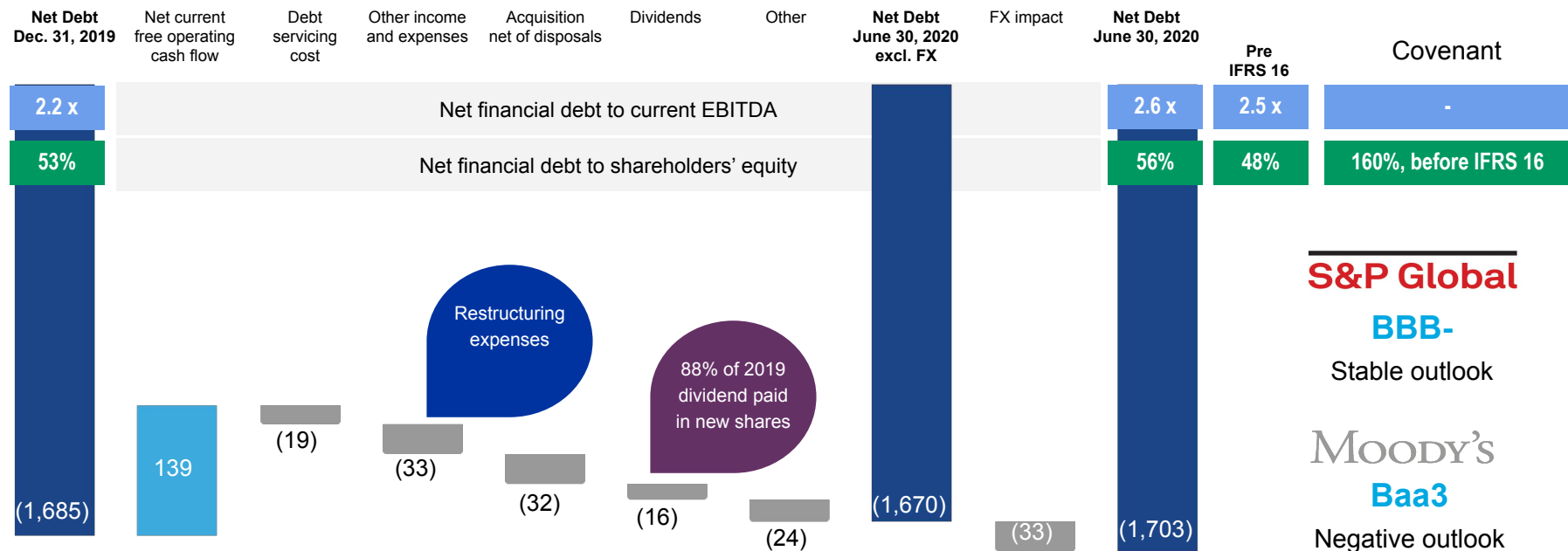
(2) Of which reimbursement of the yen denominated private placement for €17 million

Strong cash flow generation

(€m)	H1 2019	H1 2020	Change	Change (%)
Current EBITDA	391.3	289.6	-101.7	-26.0%
Change in operating Working Capital Requirement	(73.1)	46.4	117.5	n.a.
Notional tax on current operating income	(71.1)	(37.0)	34.1	-
Other	3.0	2.9	-0.1	-
Net current operating cash flow (before capex)	250.1	301.9	51.8	+20.7%
Paid capital expenditure	(135.5)	(149.4)	13.9	-10.2%
Right of use assets (IFRS 16)	(15.2)	(13.4)	1.8	-
Net current free operating cash flow	99.4	139.1	39.7	+40.0%

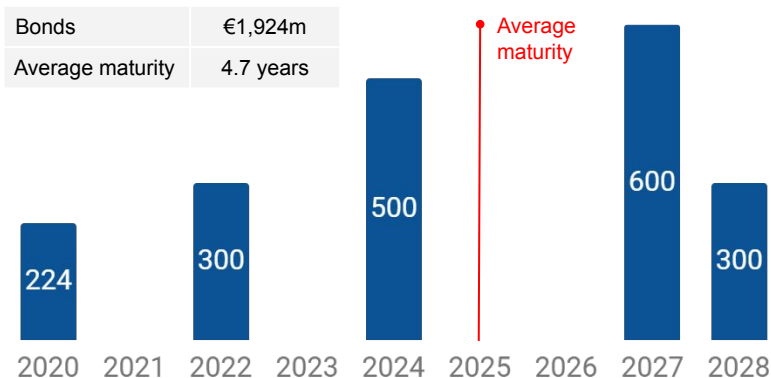
Sound financial structure

Change in net financial debt (€m, post IFRS 16)

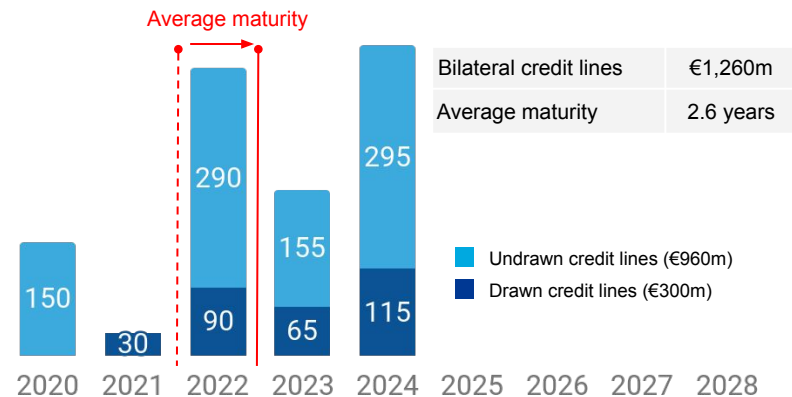


Strong liquidity position

Bond maturity profile (€m)



Bilateral credit lines maturity profile (€m)



- High level of available resources :
€1.0 billion undrawn credit lines and
€1.1 billion cash as of June 30, 2020
- Limited bond repayment in the short term: €224 million in November 2020
- Renegotiation of some banking facilities leading to extended average maturity profile to 2.6 years

(€m)

	31/12/2019 post IFRS 16	30/06/2020 post IFRS 16
Bonds	1,924	1,924
Other debts	425	844
Gross debt	2,349	2,768
Cash	664	1,065
Net debt	1,685	1,703
Average interest rate (gross)	1.7%	1.7%



Outlook

Alessandro Dazza – Chief Executive Officer

Conclusion and 2020 outlook

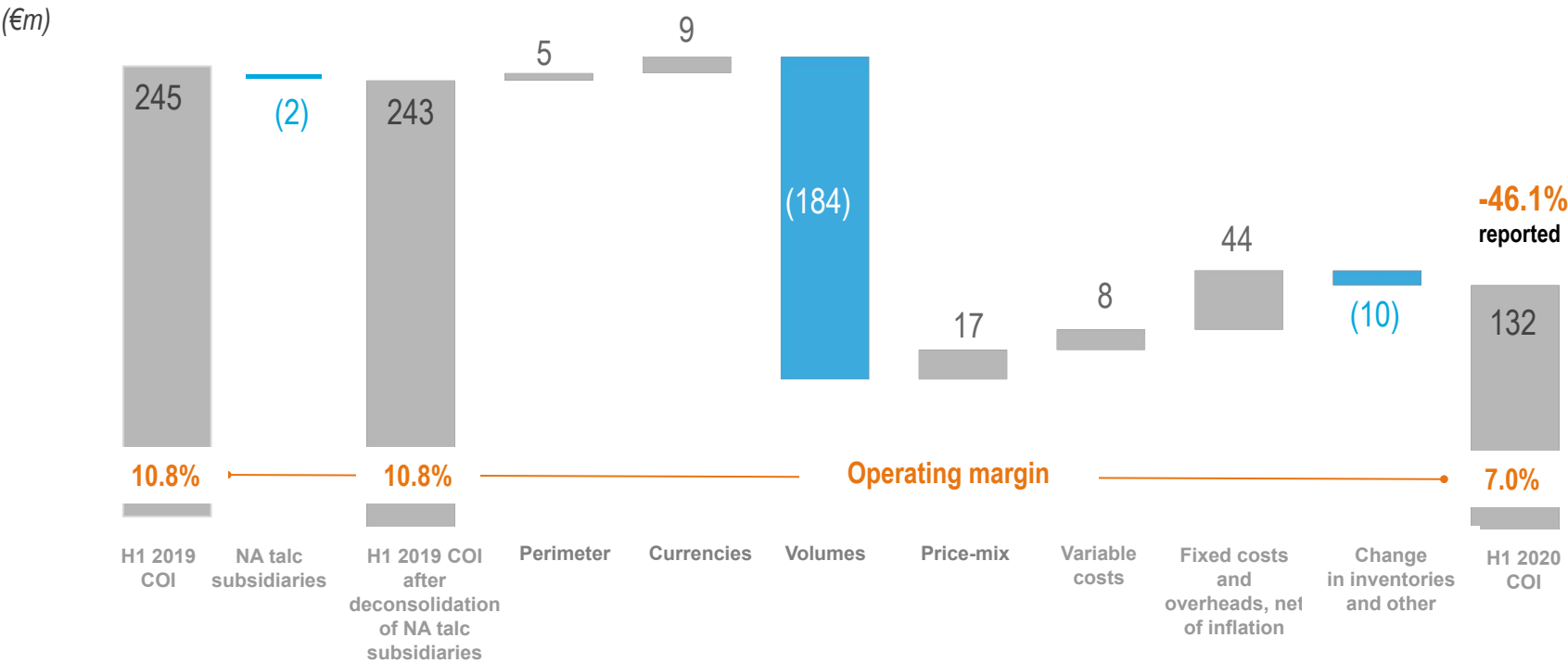
- Resilience of Imerys business model in crisis period confirmed
 - Diversified geographical footprint and portfolio of specialty minerals
 - Reactivity in implementing actions in difficult times
- Market recovery expected in H2, although magnitude and speed still difficult to estimate in current global sanitary and economic environment
 - All sites currently operational, though with varying utilization rates
 - Continuation of actions to limit the adverse impact of the volume drop on margins
 - Cash flow generation to remain a top priority
- Strong liquidity and sound financial structure



Appendix

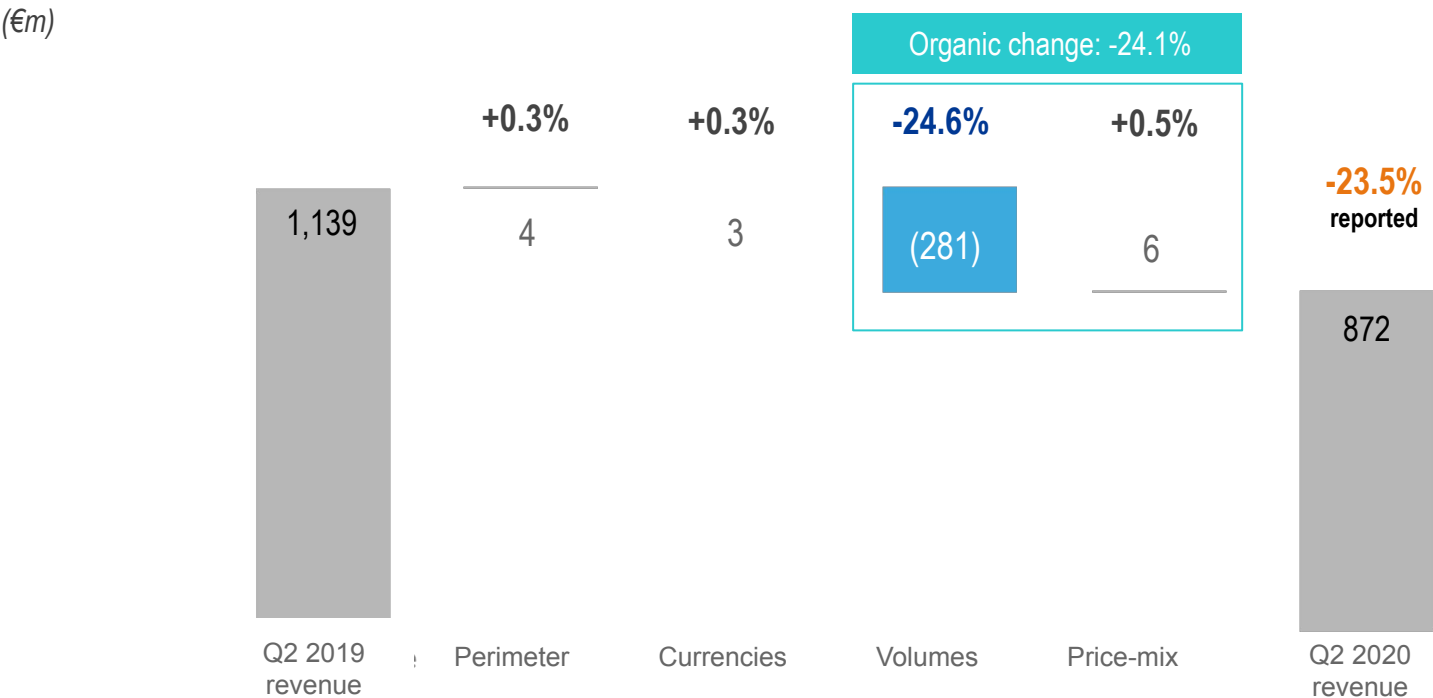
Current operating income (COI)

H1



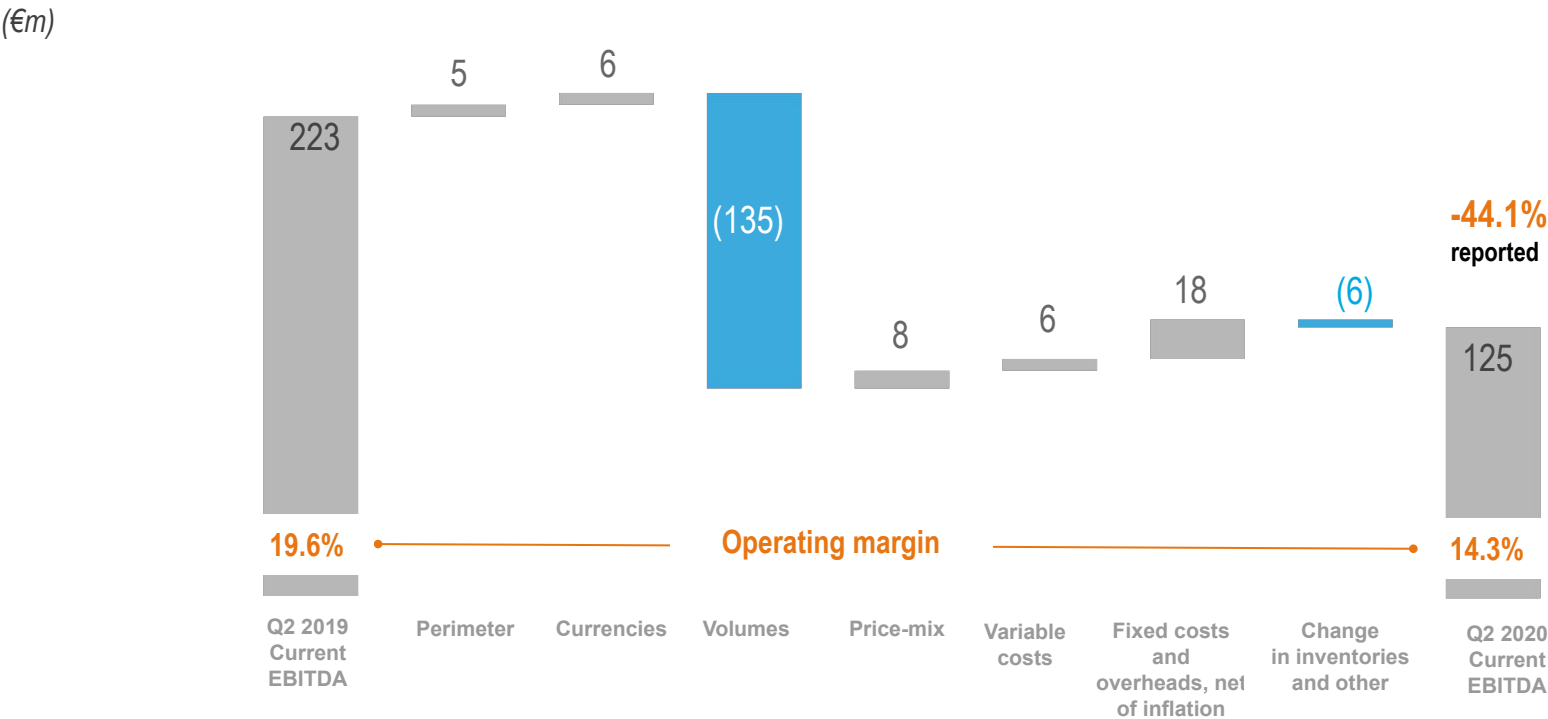
Revenue

Q2



Current EBITDA

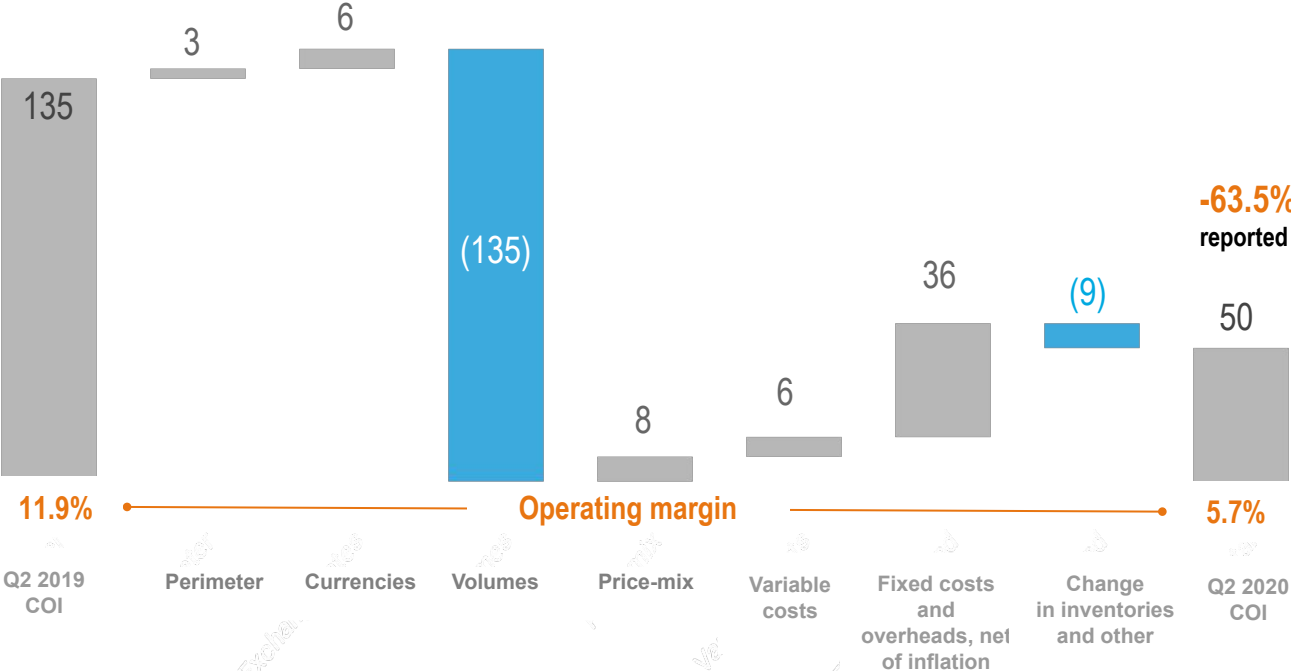
Q2



Current operating income (COI)

Q2

(€m)



COVID-19 ACTION PLAN

FIXED COSTS

- Current operating income to benefit from savings on fixed costs and overheads in 2020 between €70 million to €130 million, depending on level of activity

€37 million savings
in Q2 2020

CAPEX

- Reduction of capex to max. €250 million in 2020, significantly below the average range of €300 to €350 million per year

Capex booked down 7.3%
in H1 2020 to €101 million

WCR

- Reduction of working capital requirement consistent with lower activity, notably through a significant decrease in inventories

€46 million positive contribution
of working capital requirement
in H1 2020

Performance Minerals: restated revenue split by business areas

(€m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Americas	261	252	253	241	1,007
EMEA	291	289	270	260	1,110
APAC	123	123	117	117	480
Eliminations	(51)	(43)	(44)	(42)	(181)
Performance Minerals	623	621	597	575	2,415

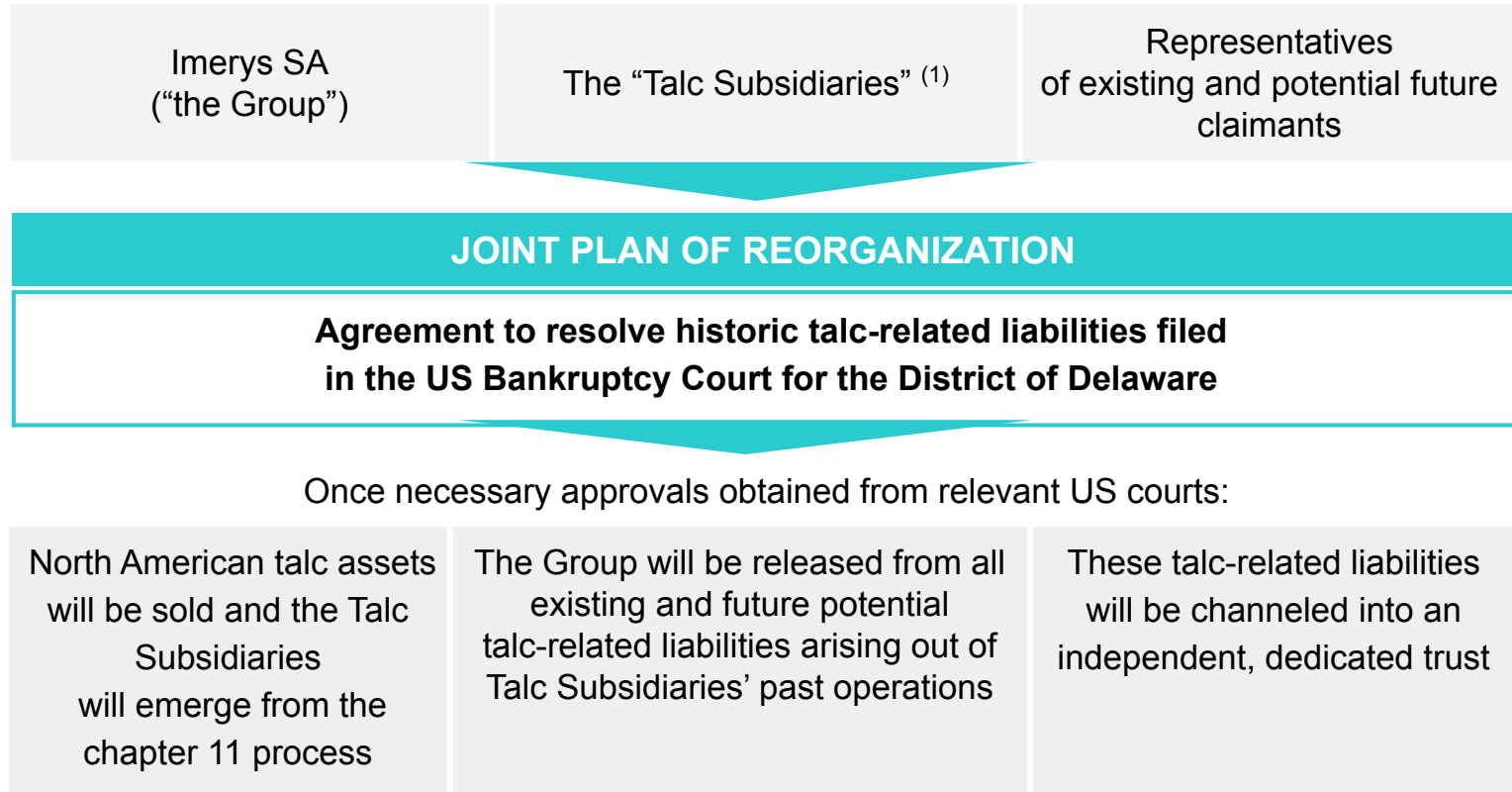
Quarterly 2019 revenue has been restated to reflect the decision in the first quarter 2020 to recognize the Kaolin business revenue by product destination, instead of the previously adopted reporting by product origin. As a consequence, the Kaolin business revenue which was entirely recognized within 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.

Revenue per business segment

Q2 2019 reported	Q2 2019 restated from Kaolin	Q2 2020	Like-for-like change/ Q2 2019	Reported change vs. Q2 2019 restated	(€m)	H1 2019 reported	H1 2019 restated from Kaolin	H1 2020	Like-for-like change/ H1 2019	Reported change vs. H1 2019 restated
273	252	213	-16.3%	-15.3%	Revenue: Americas	555	513	464	-7.7%	-9.6%
257	289	228	-24.8%	-21.2%	Revenue: EMEA	515	580	501	-16.2%	-13.6%
114	123	106	-15.5%	-13.9%	Revenue: APAC	229	245	217	-13.5%	-11.6%
(24)	(43)	(46)	-	-	Eliminations	(55)	(95)	(92)	-	-
620	621	501	-21.3%	-19.2%	Total Performance Minerals Revenue	1,244	1,244	1,090	-13.1%	-12.4%
-	-	-	-	-	Current EBITDA	248	248	202	-	-18.5%

Q2 2019	Q2 2020	Like-for-like change/ Q2 2019	Reported change vs. Q2 2019	(€m)	H1 2019	H1 2020	Like-for-like change/ H1 2019	Reported change vs. H1 2019
209	137	-29.2%	-34.1%	Revenue: High Temperature Solutions	410	301	-21.9%	-26.5%
330	246	-27.1%	-25.5%	Revenue: Refractory, Abrasives, Construction	649	543	-17.7%	-16.4%
(11)	(6)	-	-	Eliminations	(22)	(18)	-	-
527	377	-27.6%	-28.5%	Total High Temperature Materials and Solutions revenue	1,037	826	-19.3%	-20.3%
-	-	-	-	Current EBITDA	140	87	-	-37.4%

Talc litigations (1/3): agreement on a joint Plan of Reorganization



(1) Imerys Talc America, Imerys Talc Vermont and Imerys Talc Canada, as well as Imerys Talc Italy SpA since named in few US existing lawsuits

Talc litigations (2/3): financial Terms of the joint Plan of Reorganization

Imerys Group's contribution to the joint Plan of Reorganization

Minimum cash
payment
of USD \$75 million



Additional amount of up to USD \$102.5 million
subject to a reduction mechanism
proportionate to the sale price for the assets
of the North American Talc Subsidiaries ⁽¹⁾



Certain other
components ⁽²⁾

Imerys Group provision considered as appropriate

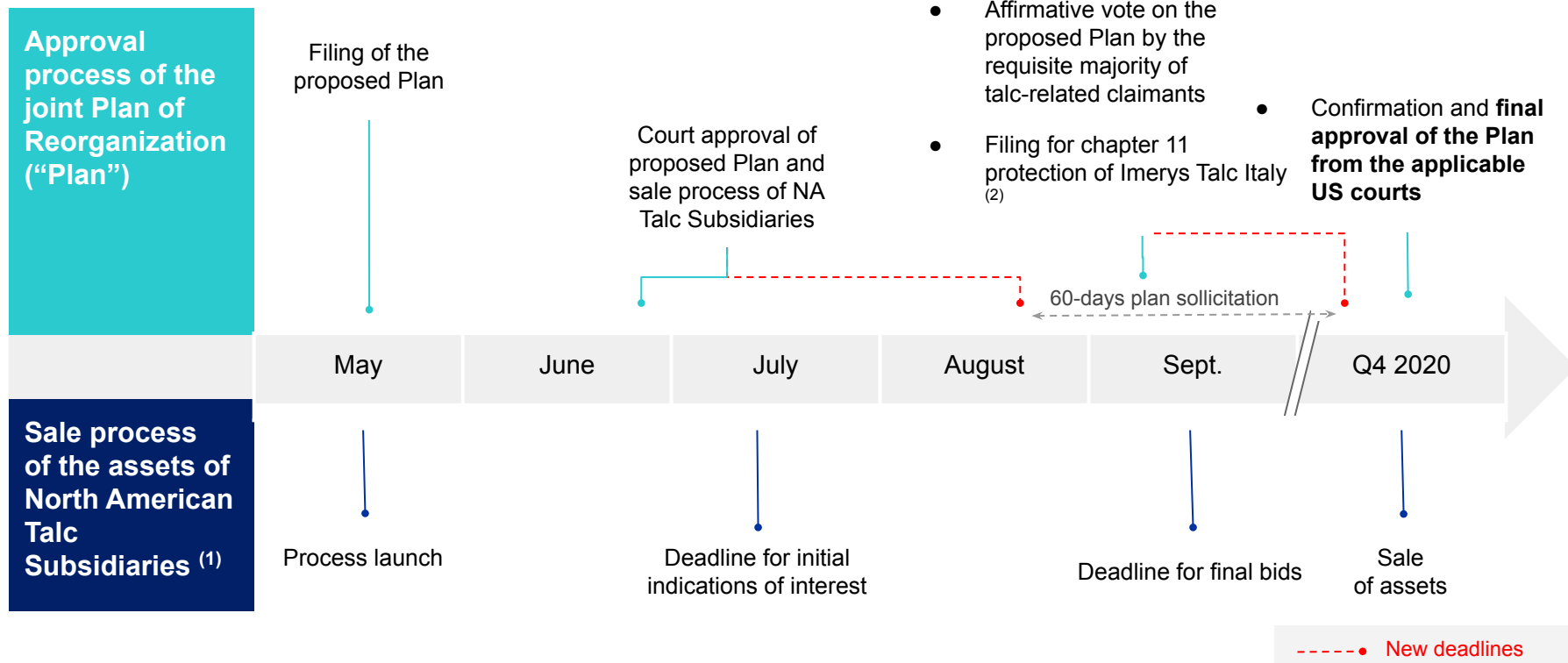
The Group USD \$114 million provision ⁽³⁾ considered
as appropriate to cover the financial impact of the joint Plan of Reorganization,
taking into account the expected market value of the North American Talc Subsidiaries

(1) The expected market value of the North American talc subsidiaries remains subject to the uncertainty related to a sale of assets in a difficult economic environment.

(2) Such as certain insurance assets related to its talc operations in the US, financing of minor unsecured trade claims (USD \$ 5 million) or certain potential excess administrative costs of the North American Talc Subsidiaries up to a maximum of USD \$ 15 million

(3) A provision of €250 million was initially accrued in Imerys' 2018 consolidated financial accounts, before the deconsolidation of the North American talc subsidiaries in February 13, 2019

Talc litigations (3/3): revised indicative timetable → Confirmation of final approval at year-end



(1) North American Talc Subsidiaries which have been deconsolidated since February 13, 2019 generated revenue of USD \$162 million and EBITDA of USD \$34 million in 2019.

(2) Imerys Talc Italy is not subject to a sale process and will remain part of the Group throughout and after closing of the chapter 11 proceedings.

Glossary

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)	<p>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.</p> <p>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 and 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.</p> <p>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 and subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.</p>
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 before operating amortization, depreciation and impairment losses and adjusted for changes in operating provisions and write-downs, 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.

Thank you for your attention

Next events

November 2, 2020	9M 2020 results
February 17, 2021	2020 annual results
April 29, 2021	1st quarter 2021 results
July 27, 2021	1st half 2021 results
November 2, 2021	3rd quarter 2021 results

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