HALF-YEAR FINANCIAL REPORT

2020

IMERYS

Table of contents

1 Half-Year Activity Report

Imerys faced a challenging market environment in the first half of 2020, all end-markets and geographies being affected by the Covid-19 pandemic, with unprecedented and rapid decline in business activity. Consequently revenue went down 16% year-on-year to €1.9 billion. Current EBITDA reached €290 million, down 26.0% showing a margin of 15.2% on revenue, as a result of an adaptive and resilient business model. The Group maintained a positive price mix, and implemented swift cost savings measures delivering in line with objectives, both for Covid-19 action plan and Connect & Shape program. Imerys demonstrated its capacity to generate cash through strict management of expenses and operating working capital: net current free operating cash flow was up €40 million to €139 million in the first half of 2020. Furthermore Imerys kept a solid balance sheet and liquidity position as of June 30, 2020.

Audited consolidated results(1) *(€ millions)*	**H1 2019**	**H1 2020**	**Change** *(%)*
Revenue	2,263.4	1,900.2	-16.0%
Organic growth	-1.5%	-15.9%	-
Current EBITDA	391.3	289.6	-26.0%
Current EBITDA margin	17.3%	15.2%	-2.1 pts
Current operating income	245.1	132.1	-46.1%
Current operating margin	10.8%	7.0%	-3.8 pts
Operating income	162.8	111.3	-31.6%
Net income from current operations, Group share	158.7	72.8	-54.1%
Net income, Group share	95.9	56.6	-40.9%
Net current free operating cash flow	99.4	139.1	+40.0%
Net income from current operations per share(2)	€2.00	€0.91	-54.4%

HALF YEAR HIGHLIGHTS

▪ COVID-19 UPDATE

Unprecedented slump in demand in Q2

The Covid-19 pandemic caused a sharp drop in demand across all geographies and industrial markets, particularly in the second quarter, with European automotive and crude steel production down 69% and 28% respectively, and a similar decline in the USA. Covid-19 had also a negative impact on paper markets (down 30%), amid structurally declining demand, as well as on the construction sector, down 10% globally in the second quarter. Consumer businesses like food & beverage, pharma & healthcare and agriculture suffered a limited decline.

As of July 24, 2020, all of the Group's industrial sites are operational again, with varying utilization rates depending on demand.

(1) The definition of alternative performance measures can be found in the glossary.

(2) Weighted average number of outstanding shares: 79,560,430 in the first half of 2020 compared with 79,170,908 in the first half of 2019.

Implementation of an action plan to reduce costs and preserve cash flow generation

In this context, and in addition to the Connect & Shape transformation program, the management has implemented a specific action plan to limit the adverse impact of the volume shortfall on its profitability and cash flow, and to preserve the strength of its balance sheet.

In the first half of 2020:

- the Covid-19 action plan generated fixed costs and overheads savings of €37 million, coming from :
  - decrease in staff costs (mostly temporary measures, such as furloughs, short time working, etc.);
  - reduction in maintenance costs in line with the decline of production activity;
  - strict control on overheads and expenses ;
- the Connect & Shape transformation program generated additional savings of €25 million. Combined with the €28 million achieved in 2019, it is in line with the objective to reach €100 million gross savings by 2022;
- booked capital expenditure was reduced by 7.3% to €101 million in the first half and is not expected to exceed €250 million in the full year, significantly below the typical range for the Group of €300-€350 million per year;
- operating working capital improved by €46 million thanks to dedicated actions.

Strong liquidity position and sound financial structure

Net financial debt was stable at €1.7 billion as of June 30, 2020 compared to December 31, 2019. It represented 56% of shareholders' equity, 48% pre IFRS 16 well below the Group's only bank covenant which is capped at 160%.

The strength of the Group's balance sheet is supported by significant liquidity of €2.1 billion as of June 30, 2020, including ca. €1.1 billion of cash and €1.0 billion of undrawn bilateral credit lines. The Group's bonds with an aggregate principal amount of €1.9 billion have a 4.7 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. The Group has also renegotiated some credit line facilities in the second quarter to extend their average maturity profile to 2.6 years.

The option for the payment of the 2019 dividend in new shares approved by the Shareholders' General Meeting of Imerys on May 4, 2020 resulted in the creation of 5,671,940 new shares (88.1% of the dividend payment), representing an increase of 7.15% of the share capital (or €119.8 million, premium included) and of 4.49% of the voting rights on the basis of the share capital as of May 31, 2020. The payment of the dividend in cash amounted to €16.1 million.

Agreement for a proposed resolution of historic talc-related liabilities

On May 15, 2020, Imerys SA announced that it, along with the North American talc subsidiaries (Imerys Talc America, Imerys Talc Vermont and Imerys Talc Canada) and Imerys Talc Italy SpA have reached an agreement to resolve historic talc-related liabilities with representatives of existing and potential future claimants. This agreement is documented in a joint Plan of Reorganization (the "Plan") which was filed on May 15 in the United States Bankruptcy Court for the District of Delaware, where the North American Talc Subsidiaries' chapter 11 proceedings are pending (please refer to the corresponding press release issued on May 15, 2020).

The Plan provides that once the necessary approvals have been obtained, the Group will be released from all existing and future talc-related liabilities arising out of the Talc Subsidiaries' past operations, as such liabilities will be channeled into a dedicated trust.

The approval process for the Plan includes an affirmative vote by the requisite majority of talc-related claimants, followed by a confirmation and final approval from the applicable US courts. Since the terms of the Plan have been agreed with representatives appointed by the bankruptcy court to represent (existing and future potential) talc-related claimants, it is expected that the Plan could be approved in time for the Talc Subsidiaries to emerge from Chapter 11 before the end of 2020.

The approval process of the Plan is currently progressing with a negotiated resolution of potential objections from third parties. In the meantime, the sale process of the North American talc subsidiaries' assets to which Imerys has agreed not to participate is under way.

Changes in the Group's Executive Committee

With effect from August 2, 2020, Olivier Pirotte, member of the Executive Committee and Chief Financial Officer since 2015, who has successfully contributed to the transformation of the Finance and IT functions over the past few years, will become Chief Strategy and Mergers & Acquisitions Officer of the Group, replacing Olivier Hautin.

On the same date, Sébastien Rouge will be appointed Chief Financial Officer of Imerys and member of the Executive Committee and will oversee the Finance and IT functions. Sébastien Rouge has gained broad financial experience in industrial groups such as Alstom Power and General Electric, and was Chief Financial Officer of Latécoère and Soitec.

DETAILED REVIEW OF THE GROUP'S RESULTS

▪ REVENUE

Unaudited quarterly data *(€ millions)*	**2019**	**2020**	**Change**	**LFL[3] change**	**Volumes**	**Price mix**
First quarter	1,124.0	1,028.5	-8.5%	-7.5%	-8.5%	+1.0%
Second quarter	1,139.4	871.6	-23.5%	-24.1%	-24.6%	+0.5%
Total	**2,263.4**	**1,900.2**	**-16.0%**	**-15.9%**	**-16.6%**	**+0.8%**

In the first half of 2020, Group **revenue** was €1,900.2 million, down 15.9% year-on-year at constant scope and exchange rates. Group sales volumes decreased by 16.6% (-€376.4 million), with -24.6% in the second quarter, as the Covid-19 pandemic affected industrial markets globally. In this context, Imerys maintained a positive 0.8% price mix (+€17.2 million).

The scope effect was a negative €19.4 million (-0.9%), the majority (-€16.8 million) of which results from the deconsolidation of the North American talc subsidiaries after they filed for the protection of the Chapter 11 legal procedure on February 13th, 2019.

Revenue also included a positive currency effect of €15.4 million (+0.7%), primarily as a result of the appreciation of the U.S. dollar against the euro.

▪ CURRENT EBITDA

Unaudited quarterly data *(€ millions)*	**2019**	**2020**	**Change**
First quarter	168.3	164.8	-2.1%
Second quarter	223.0	124.8	-44.0%
Total	**391.3**	**289.6**	**-26.0%**

Current EBITDA reached €289.6 million in the first half of 2020, down 26.0% year-on-year (-44.0% in the second quarter). It reflects lower volumes contribution (-€183.7 million), only partially offset by continuing positive price mix (€16.7 million) and lower variable costs (€8.0 million). It also includes an improvement of €50.2 million of fixed costs and overheads coming from specific actions in relation to Covid-19 and the Connect & Shape transformation plan.

The currency effect was positive at €9.3 million.

In this context of considerably reduced sales volumes, current EBITDA margin remained strong at 15.2%, a limited decline in the first half of 2020 compared to the same period of 2019.

Current operating income at €132.1 million shows a 46.1% decrease against the first half of 2019.

(3) Growth at comparable scope and exchange rates, or "like-for-like" (LFL)

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations, Group share, totaled €72.8 million, down 54.1% versus the first half of 2019. Net financial result is negative at -€29.2 million in the first half of 2020, €10.8 million higher than in the first half 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 €28.8 million corresponds to an effective tax rate of 28.0%, compared with 29.0% in the first half of 2019.

Net income from current operations, Group share, per share was down 54.4% to €0.91.

NET INCOME

Other income and expenses, after tax, represent an overall charge of €16.2 million in the first half of 2020, significantly below last year's level, and include costs to implement the Connect & Shape transformation program.

Consequently, **net income, Group share**, totaled €56.6 million in the first half of 2020.

NET CURRENT FREE OPERATING CASH FLOW

(€ millions)	**H1 2019**	**H1 2020**
Current EBITDA	391.3	289.6
Change in operating working capital requirement (WCR)	(73.1)	46.4
Notional tax on current operating income	(71.1)	(37.0)
Other	3.0	2.9
Net current operating cash flow (before capital expenditure)	**250.1**	**301.9**
Capital expenditure	(135.5)	(149.4)
Right of use assets (IFRS 16)	(15.2)	(13.4)
Net current free operating cash flow	**99.4**	**139.1**

Imerys generated a high net current free operating cash flow of €139.1 million in the first half of 2020, up 40.0% versus prior year, thanks primarily to disciplined management of working capital in the context of the Covid-19 crisis. This figure includes:

- €149.4 million in capital expenditure, up 10.2% year on year; booked capital expenditure amounted to €100.7 million, down 7.3% versus prior year;
- significant improvement in the operating working capital requirement (up €46.4 million) compared to last year, in particular through better inventory management.

The payment of 88% of the dividend in new shares resulted in a cash out of only €16.1 million in the first half of 2020 compared to €170.7 million in the first half of 2019. Consequently the increase in net financial debt compared with December 31, 2019 is limited to €17.8 million as of June 30, 2020.

(€ millions)	**H1 2019**	**H1 2020**
Net current free operating cash flow	**99.4**	**139.1**
Acquisitions and disposals	(20.0)	(32.0)
Dividend	(170.7)	(137.0)
Change in equity	(21.4)	118.1
Change in non-operating working capital requirement (WCR)	(72.8)	(20.9)
Other non-recurring income and expenses	(24.0)	(32.8)
Debt servicing costs	(5.8)	(18.9)
Exchange rates and other	0.9	(33.4)
Change in net financial debt	**(214.3)**	**(17.8)**

FINANCIAL STRUCTURE

(€ millions)	Dec. 31, 2019	June 30, 2020
Net financial debt	1,685.0	1,702.8
Shareholders' equity	3,162.0	3,054.8
Net financial debt / shareholders' equity	**53.3%**	**55.7%**
Net financial debt / current EBITDA	**2.2x**	**2.6x**

As of June 30, 2020, net financial debt totaled €1,702.8 million, which corresponds to a net financial debt to current EBITDA ratio of 2.6x.

The Group's financial structure is solid, as evidenced by the "investment grade" ratings confirmed by Standard and Poor's (June 2, 2020, BBB-, stable outlook) and Moody's (April 2, 2020, Baa3, negative outlook).

EVENTS AFTER THE END OF THE PERIOD

No significant event after the end of the period is to be reported.

OUTLOOK

The uncertainty over the speed and magnitude of the expected recovery in the second half in most of the Group's markets makes it difficult to provide any reliable financial target for 2020.

In this context, Imerys can count on a strong liquidity and sound financial structure and will continue its actions to limit the adverse impact of the volume drop on profitability and cash flow generation.

REVIEW BY BUSINESS GROUP

■ PERFORMANCE MINERALS

(57% of consolidated revenue)

Q2 2020 (€ millions)	LFL change (%) on Q2 2019	Reported change on Q2 2019 restated [(4)]	Unaudited quarterly data	H1 2020 (€ millions)	LFL change (%) on H1 2019	Reported change on H1 2019 restated
213.5	-16.3%	-15.3%	Revenue Americas	464.2	-7.7%	-9.6%
227.7	-24.8%	-21.2%	Revenue Europe, Middle East and Africa (EMEA)	500.9	-16.2%	-13.6%
105.6	-15.5%	-13.9%	Revenue Asia-Pacific (APAC)	216.9	-13.5%	-11.6%
(45.6)	-	-	Eliminations	(92.0)	-	-
501.3	**-21.3%**	**-19.2%**	**Total revenue**	**1,090.0**	**-13.1%**	**-12.4%**
-	**-**	**-**	**Current EBITDA**	**202.0**	**-**	**-18.5%**
-	-	-	Current EBITDA margin	18.5%	-	-1.4bp

Revenue generated by the **Performance Minerals** segment fell 12.4% in the first half of 2020. This takes into account a negative scope effect of €21.6 million (-1.7%), mostly 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 Brazil (annual revenue of €15 million) and Cornerstone Industrial Minerals Corp. (April 15, 2020), a producer of high-quality perlite in North America (annual revenue of USD 12 million). The currency effect is positive at €13.8 million (+1.1%). At constant scope and exchange rates, revenue dropped 13.1% in the first half of 2020 impacted by the Covid-19 pandemic (-21.3% in the second quarter).

Revenue in the **Americas** was down 7.7% at constant scope and exchange rates in the first half of 2020. During the second quarter, revenue was down 16.3% organically, due to weak plastics, paper, ceramics and paints markets, and despite a good performance in the filtration, life science and agriculture markets.

Revenue in **Europe, Middle-East and Africa** decreased by 16.2% at constant scope and exchange rates in the first half of 2020. During the second quarter (-24.8%), most consumer markets (i.e. filtration, agriculture, food and pharma) and board packaging continued to perform well. All the automotive-related segments (plastic, absorbent, fiberglass), as well as paper and construction (ceramics, building materials, paints & coatings) were heavily impacted by the crisis.

Revenue in **Asia-Pacific** was down 13.5% at constant scope and exchange rates in the first half of 2020. During the second quarter (-15.5%), Graphite & carbon for mobile energy, polymers and calcium carbonates for food packaging and medical applications held up well, while all other markets (ceramics, paper, building & infrastructure, etc.) were still negatively affected by the pandemic.

Current EBITDA for the segment totaled €202.0 million in the first half of 2020, down 18.5%, with an EBITDA margin of 18.5% on revenue. The decline in volumes was partly offset by the measures implemented to mitigate the negative effect of the Covid-19 pandemic, as well as by the savings associated with the Connect & Shape transformation plan.

(4) 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. Historical data has been restated accordingly.

HIGH TEMPERATURE MATERIALS AND SOLUTIONS

(43% of consolidated revenue)

Q2 2020 (€ millions)	LFL change (%) on Q2 2019	Reported change on Q2 2019	Unaudited quarterly data	H1 2020 (€ millions)	LFL change (%) on H1 2019	Reported change on H1 2019
137.4	-29.2%	-34.1%	Revenue High Temperature Solutions	301.3	-21.9%	-26.5%
245.8	-27.1%	-25.5%	Revenue Refractory, Abrasives & Construction	542.7	-17.7%	-16.4%
(6.3)	-	-	Eliminations	(17.7)	-	-
376.9	**-27.6%**	**-28.5%**	**Total revenue**	**826.3**	**-19.3%**	**-20.3%**
-	**-**	**-**	**Current EBITDA**	**87.6**	**-**	**-37.4%**
-	-	-	Current EBITDA margin	10.6%	-	-3.0 bps

Revenue generated by the **High Temperature Materials and Solutions** segment fell 20.3% in the first half of 2020. This includes a positive currency effect of €2.6 million (+0.2%). The scope effect of €3.4 million (+0.3%) 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 Chinese producer of minerals for abrasives (€12 million in annual revenue). At constant scope and exchange rates, revenue decreased by 19.3% in the first half of 2020 (-27.6% in the second quarter).

Revenue from **High Temperature Solutions** decreased by 21.9% at constant scope and exchange rates in the first half of 2020. During the second quarter (-29.2%), the low economic activity negatively impacted all markets and regions. Furthermore, renovation projects in the petrochemical, boiler and incinerator industries were postponed to the second half of the year or later. Imerys closed in July 2020 the acquisition of Hysil, an Indian producer of calcium silicate boards used for thermal insulation projects for industries such as cement, metallurgical, oil refinery petrochemical and power plants (€5 million in annual revenue).

Revenue in the **Refractory, Abrasives & Construction** business area was down 17.7% at constant scope and exchange rates in the first half of 2020. During the second quarter (-27.1%), the decline of revenue stemmed from the refractory and abrasives markets, as a result of the sharp decline of automotive and iron & steel production. The building and infrastructure segment (specialty cements), which held well in the first quarter, was more impacted in the second quarter, especially in Europe and at the end of the quarter in the USA.

Current EBITDA for the segment totaled €87.6 million, or 10.6% of revenue in the first half of 2020. It was impacted by the considerable drop in volumes despite a resilient price mix, lower raw materials prices (alumina, zirconia, etc.) and lower fixed costs and overheads.

RELATED PARTIES AND RISK FACTORS

RELATED PARTIES

Related parties disclosures in the first half of 2020 are detailed in the present 2020 Half-Year Financial Report: *Chapter 2 - Financial Statements - Note 22*.

RISK FACTORS

An analysis of major risks is regularly conducted within the Group. It results in the mapping of the estimated potential impact of each identified risk and the extent to which it is controlled. This risk analysis and management process and main risk factors of the Group are described in detail in *Chapter 2 of the 2019 Universal Registration Document*.

The main categories of identified risks in *Chapter 2, section 1 of the 2019 Universal Registration Document* are risks related to Imerys' business, industrial, environmental and legal risks. Information related to the management of risks arising from financial liabilities in the first half of 2020 are detailed in the present Half-Year Financial Report: *Chapter 2 - Financial Statements – Note 19.2*.

In addition to these risks, Imerys is currently facing the generic risk posed by the global Coronavirus outbreak. The Group has established a Crisis Management Team and has set up a strict monitoring process under the supervision of the Executive Committee. The Group has taken measures to ensure the health and safety of its employees and stakeholders and to contain the negative effects the virus has on its business.

Management considers that the recent assessment of main risks and uncertainties, and notably those generated by the global pandemic outbreak, does not modify its global perception about Imerys' risks as provided in *Chapter 2 of the 2019 Universal Registration Document*.

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 change, LFL 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 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.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Revenue	**4**	**1,900.2**	**2,263.4**	**4,354.5**
Raw materials and consumables used	5	(650.5)	(784.6)	(1,488.0)
External expenses	6	(486.6)	(582.6)	(1,126.5)
Staff expenses	7	(448.2)	(481.9)	(947.3)
Taxes and duties		(21.0)	(21.4)	(42.0)
Amortization, depreciation and impairment losses		(161.9)	(165.3)	(353.6)
Intangible assets, mining assets and property, plant and equipment		(128.3)	(129.6)	(269.9)
Right-of-use assets	15	(33.6)	(35.7)	(83.8)
Other current income and expenses		0.1	17.5	41.7
Current operating income		**132.1**	**245.1**	**438.8**
Gain (loss) from obtaining or losing control	8	(2.6)	3.4	(23.0)
Other non-recurring items	8	(18.2)	(85.7)	(187.2)
Operating income		**111.3**	**162.8**	**228.5**
Net financial debt expense		**(24.1)**	**(8.3)**	**(50.3)**
Income from securities		1.4	3.2	5.9
Gross financial debt expense		(25.5)	(11.5)	(56.2)
Interest expense on borrowings and financial debt		(22.9)	(8.1)	(49.8)
Interest expense on lease liabilities		(2.6)	(3.4)	(6.4)
Other financial income (expenses)		**(5.1)**	**(10.1)**	**6.6**
Other financial income		177.5	126.1	334.4
Other financial expenses		(182.6)	(136.2)	(327.9)
Financial income (loss)	**9**	**(29.2)**	**(18.4)**	**(43.7)**
Income taxes	10	(24.8)	(46.5)	(65.5)
Net income		**57.4**	**98.0**	**119.4**
Net income, Group share[1]	11	56.6	95.9	121.2
Net income attributable to non-controlling interests		0.7	2.1	(1.9)
(1) Net income per share:				
Basic net income per share (in €)	*12*	*0.71*	*1.21*	*1.53*
Diluted net income per share (in €)	*12*	*0.70*	*1.20*	*1.52*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Net income		**57.4**	**98.0**	**119.3**
Components that will not be reclassified in profit or loss, before tax				
Gains (losses) on remeasurements of defined benefit plans		21.8	(39.7)	(68.6)
Components that will be reclassified in profit or loss, before tax				
Cash flow hedges		**(11.3)**	**0.9**	**(0.5)**
Gains (losses)		(35.1)	(1.2)	(9.2)
Reclassification adjustments		23.8	2.1	8.7
Hedges of net investments in foreign operations		**(3.4)**	**0.1**	**(9.9)**
Gains (losses)		(3.4)	0.1	(9.9)
Exchange rate differences		**(156.3)**	**22.8**	**42.6**
Gains (losses)		(155.1)	25.4	44.2
Reclassification adjustments		(1.3)	(2.6)	(1.6)
Other comprehensive income, before tax		**(149.2)**	**(16.1)**	**(36.4)**
Components that will not be reclassified in profit or loss, before tax		21.8	(39.7)	(68.6)
Components that will be reclassified in profit or loss, before tax		(171.0)	23.7	32.2
Aggregated income taxes on components that will not be reclassified in profit or loss	**10**	**(3.7)**	**9.0**	**13.7**
Aggregated income taxes on components that will be reclassified in profit or loss	**10**	**4.1**	**(1.0)**	**(2.2)**
Other comprehensive income		**(148.9)**	**(8.0)**	**(24.9)**
Total comprehensive income		**(91.5)**	**90.0**	**94.5**
Total comprehensive income, Group share		(91.6)	87.1	95.0
Total comprehensive income attributable to non-controlling interests		0.1	2.9	(0.5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Non-current assets		**5,004.8**	**5,060.6**	**5,129.0**
Goodwill	13	2,140.3	2,123.8	2,153.1
Intangible assets	14	289.0	277.2	281.8
Right-of-use assets	15	223.8	254.2	245.2
Mining assets	15	479.0	503.4	502.9
Property, plant and equipment	15	1,555.9	1,574.1	1,632.2
Joint ventures and associates		99.6	116.2	105.3
Other financial assets		45.5	40.3	45.8
Other receivables		28.4	39.6	37.8
Derivative financial assets		-	7.2	4.5
Deferred tax assets		143.2	124.6	120.6
Current assets		**2,612.4**	**2,496.9**	**2,345.7**
Inventories	17	778.4	832.9	812.6
Trade receivables		549.7	730.6	623.9
Other receivables		204.8	294.0	231.5
Derivative financial assets		3.7	6.6	6.1
Other financial assets(1)	19.1	11.9	10.5	11.2
Cash and cash equivalents(1)	19.1	1,063.9	622.3	660.4
Consolidated assets		**7,617.2**	**7,557.5**	**7,474.7**
Equity, Group share		**3,007.3**	**3,116.3**	**3,113.7**
Share capital		170.0	159.0	159.0
Share premium		617.3	520.5	520.9
Treasury shares		(11.1)	(17.5)	(27.5)
Reserves		**2,174.3**	2,358.4	2,340.0
Net income, Group share		56.6	95.9	121.3
Equity attributable to non-controlling interests		**47.5**	**39.2**	**48.3**
Equity		**3,054.8**	**3,155.5**	**3,162.0**
Non-current liabilities		**2,763.3**	**3,043.2**	**2,834.9**
Provisions for employee benefits		337.7	346.8	375.7
Other provisions	18	414.4	439.9	446.0
Borrowings and financial debt(1)	19.1	1,694.8	1,913.9	1,689.0
Lease liabilities(1)	19.1	174.5	197.9	194.6
Other debts		32.4	18.8	22.0
Derivative financial liabilities		5.8	1.5	0.7
Deferred tax liabilities		103.8	124.4	106.9
Current liabilities		**1,799.1**	**1,358.8**	**1,477.8**
Other provisions	18	23.3	21.8	21.0
Trade payables		500.8	544.4	542.6
Income taxes payable		74.0	179.8	83.2
Other debts		277.6	286.5	343.5
Derivative financial liabilities		25.5	10.2	11.9
Borrowings and financial debt(1)	19.1	817.3	239.5	397.5
Lease liabilities(1)	19.1	69.4	72.8	70.9
Bank overdrafts(1)	19.1	11.2	3.8	7.3
Consolidated equity and liabilities		**7,617.2**	**7,557.5**	**7,474.7**
(1) Included in the calculation of net financial debt	*19.1*	*1,702.8*	*1,789.8*	*1,685.0*

■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity, Group share										
				Reserves							
(€ millions)	Share capital	Share premium	Treasury shares	Cash flow hedges	Translation reserve	Other reserves	Subtotal	Net income, Group share	Subtotal	Equity attributable to non-controlling interests	Total
Equity at January 1, 2019	**159.0**	**520.4**	**(16.7)**	**(2.9)**	**(448.7)**	**2,443.9**	**1,992.2**	**559.6**	**3,214.5**	**36.3**	**3,250.8**
Total comprehensive income (expense)	**-**	**-**	**-**	**0.5**	**21.3**	**(30.7)**	**(8.9)**	**95.9**	**87.0**	**2.9**	**89.9**
Transactions between shareholders	**0.0**	**0.1**	**3.0**	**0.0**	**0.0**	**371.2**	**371.2**	**(559.6)**	**(185.3)**	**(0.0)**	**(185.3)**
Appropriation of 2018 net profit	-	-	-	-	-	559.6	559.6	(559.6)	0.0	-	0.0
Dividend	-	-	-	-	-	(170.0)	(170.0)	-	(170.0)	(0.4)	(170.5)
Capital increase	0.0	0.1	-	-	-	-	0.0	-	0.1	-	0.1
Treasury share transactions	-	-	3.0	-	-	(24.5)	(24.5)	-	(21.5)	-	(21.5)
Share-based payments	-	-	-	-	-	6.5	6.5	-	6.5	-	6.5
Transactions with non-controlling interests	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)	0.4	0.0
Equity at June 30, 2019	**159.0**	**520.5**	**(13.8)**	**(2.2)**	**(427.3)**	**2,784.3**	**2,354.7**	**95.9**	**3,116.4**	**39.2**	**3,155.6**
Total comprehensive income (expense)	**-**	**-**	**-**	**(1.1)**	**7.8**	**(24.0)**	**(17.3)**	**25.4**	**8.0**	**(3.4)**	**4.6**
Transactions between shareholders	**0.0**	**0.4**	**(13.7)**	**0.0**	**0.0**	**2.8**	**2.8**	**(0.0)**	**(10.5)**	**12.5**	**2.0**
Dividend	-	-	-	-	-	(0.0)	(0.0)	-	(0.0)	(2.0)	(2.0)
Capital increase	0.0	0.4	-	-	-	-	0.0	-	0.4	-	0.4
Treasury share transactions	-	-	(13.7)	-	-	3.5	3.5	-	(10.2)	-	(10.2)
Share-based payments	-	-	-	-	-	3.0	3.0	-	3.0	-	3.0
Transactions with non-controlling interests	-	-	-	-	-	(3.8)	(3.8)	-	(3.8)	14.5	10.7
Equity at December 31, 2019	**159.0**	**520.9**	**(27.5)**	**(3.5)**	**(419.6)**	**2,763.1**	**2,340.0**	**121.2**	**3,113.7**	**48.3**	**3,162.0**
Total comprehensive income (expense)	**-**	**-**	**-**	**(8.2)**	**(158.1)**	**18.1**	**(148.2)**	**56.6**	**(91.6)**	**0.1**	**(91.5)**
Transactions between shareholders	**11.0**	**96.4**	**16.5**	**0.0**	**0.0**	**(17.4)**	**(17.4)**	**(121.3)**	**(14.8)**	**(0.9)**	**(15.7)**
Appropriation of 2019 net profit	-	-	-	-	-	121.3	121.3	(121.3)	0.0	-	0.0
Dividend	-	-	-	-	-	(136.1)	(136.1)	-	(136.1)	(1.0)	(137.0)
Capital increase	11.3	108.4	-	-	-	-	0.0	-	119.8	-	119.8
Capital decrease	(0.3)	(12.0)	-	-	-	-	0.0	-	(12.4)	-	(12.4)
Treasury share transactions	-	-	16.5	-	-	(5.8)	(5.8)	-	10.7	-	10.7
Share-based payments	-	-	-	-	-	2.9	2.9	-	2.9	-	2.9
Transactions with non-controlling interests	-	-	-	-	-	0.3	0.3	-	0.3	0.1	0.3
Equity at June 30, 2020	**170.0**	**617.3**	**(11.1)**	**(11.6)**	**(577.6)**	**2,763.6**	**2,174.4**	**56.6**	**3,007.3**	**47.5**	**3,054.8**

■ CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Net income		**57.4**	**98.0**	**119.4**
Adjustments				
Adjustments for depreciation and amortization	Appendix	161.6	165.0	391.8
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, trade and other receivables		2.3	6.8	8.8
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, inventories		(1.7)	(2.3)	4.0
Adjustments for provisions	Appendix	(30.3)	27.0	14.4
Adjustments for share-based payments		2.9	6.5	9.6
Adjustments for losses (gains) on disposal of non-current assets	Appendix	0.1	(15.9)	2.6
Adjustments for undistributed profits from joint ventures and associates		1.1	(3.8)	5.5
Adjustments for net interest income and expense		23.0	6.9	47.1
Adjustments for fair value losses (gains)		5.5	0.7	1.0
Other adjustments for non-cash items		1.1	1.3	2.3
Other adjustments for which cash effects are investing or financing cash flow		1.3	5.1	9.4
Change in working capital requirement		**41.1**	**(129.3)**	**2.9**
Adjustments for decrease (increase) in inventories		16.7	14.7	35.4
Adjustments for decrease (increase) in trade receivables		52.6	(82.6)	30.1
Adjustments for decrease (increase) in trade payables		(23.0)	(5.3)	(13.4)
Adjustments for other receivables and debts		(5.3)	(56.2)	(49.3)
Adjustments for income tax expense		**24.8**	**46.4**	**65.5**
Net cash flow from (used in) operations		**290.0**	**212.6**	**684.3**
Interest paid		(17.3)	(12.3)	(52.2)
Income taxes refund (paid)		(34.6)	(58.1)	(122.7)
Adjustments for dividends received from joint ventures and associates		0.4	2.8	6.2
Net cash flows from (used in) operating activities		**238.6**	**145.1**	**515.5**

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Acquisitions of intangible assets	Appendix	(11.9)	(10.7)	(24.9)
Acquisitions of property, plant and equipment	Appendix	(88.9)	(97.9)	(287.6)
Change in payables on acquisitions of intangible assets and property, plant and equipment		(48.6)	(26.9)	20.8
Cash flows used in obtaining control of subsidiaries or other businesses		(34.5)	(7.5)	(55.0)
Proceeds from disposals of intangible assets and property, plant and equipment	Appendix	4.3	10.3	20.5
Cash flows from losing control of subsidiaries or other businesses		-	(3.3)	(7.2)
Cash advances and loans granted to third parties		3.5	(2.6)	(10.1)
Cash receipts from repayment of advances and loans granted to third parties		(2.7)	(1.7)	3.2
Interest received		1.4	3.2	6.3
Cash flow from investing activities		**(177.4)**	**(137.0)**	**(334.0)**
Proceeds from issuing shares		107.4	0.1	0.5
Payments to acquire or redeem entity's shares		10.7	(21.5)	(31.7)
Dividends paid		(137.2)	(170.7)	(172.6)
Proceeds from borrowings		322.9	6.9	6.2
Repayments of borrowings		(24.2)	(90.2)	(57.7)
Payments of lease liabilities		(33.7)	0.2	(85.6)
Other cash inflows (outflows)		116.2	45.4	(27.0)
Cash flow from financing activities		**362.1**	**(230.0)**	**(367.9)**
Change in cash and cash equivalents		**423.4**	**(221.9)**	**(186.4)**

(€ millions)	June 30, 2020	June 30, 2019	2019
Cash and cash equivalents at the beginning of the period	**653.2**	**837.3**	**837.3**
Change in cash and cash equivalents	423.4	(221.9)	(186.4)
Effect of exchange rate changes	(23.9)	3.1	2.3
Cash and cash equivalents at the end of the period(1)	**1,052.7**	**618.5**	**653.2**
Cash	792.9	372.4	370.4
Cash equivalents	271.0	249.9	290.0
Bank overdrafts	(11.2)	(3.8)	(7.3)

(1) At June 30, 2020, "Cash and cash equivalents at the end of the period" included a restricted balance of €8.7 million (€3.5 million at June 30, 2019 and €5.8 million at December 31, 2019) not available for Imerys SA and its subsidiaries, of which €7.6 million (€2.4 million at June 30, 2019 and €4.9 million at December 31, 2019) due to legal restrictions or foreign exchange controls and €1.1 million (€1.1 million at June 30, 2019 and €0.9 million at December 31, 2019) due to statutory requirements.

Appendix: table of indirect references to the notes

The following table is intended to help users of the financial statements reconcile the amounts presented in the consolidated statement of cash flows and its two appendices and the amounts presented in the notes to the financial statements.

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Adjustments for depreciation and amortization		161.7	165.0	391.8
Increase in amortization – intangible assets	14	11.0	10.4	22.3
Increase in depreciation – property, plant and equipment	15	150.9	155.1	334.9
Amortization and depreciation reversals – intangible assets and property, plant and equipment		-	(0.2)	(3.6)
Impairment – intangible assets	14	-	-	0.1
Impairment – property, plant and equipment	15	0.1	0.9	39.1
Reversal of impairment – intangible assets and property, plant and equipment		(0.3)	(1.2)	(1.1)
Adjustments for provisions		(30.3)	27.0	14.4
Net change in provisions for employee benefits – Current operating income	7	(1.9)	(13.1)	(16.0)
Net change in provisions for employee benefits – Other operating income and expenses		0.7	(3.9)	(7.2)
Net change in employee benefit liabilities – Closed plans		(1.4)	(1,1)	(4.6)
Normative return on assets of defined benefit plans		(11.3)	(15.6)	(31.1)
Unwinding of defined employee benefit liabilities		13.5	18.6	37.1
Net change in termination benefits		(18.0)	37.2	40.0
Increase in other provisions	18	7.5	43.0	64.5
Use of other provisions	18	(11.0)	(22.2)	(33.7)
Reversals of unused portions of other provisions	18	(9.7)	(18.1)	(38.9)
Unwinding of other provisions	18	1.3	2.2	4.3
Adjustments for losses (gains) on disposal of non-current assets		0.1	(15.9)	2.6
Income from asset disposals		(0.9)	(1.9)	(6.8)
Income from disposals of consolidated businesses	8	1.3	(8.5)	13.6
Income from non-recurring asset disposals	8	(0.3)	(5.5)	(4.2)
Acquisitions of intangible assets	14	(11.9)	(10.7)	(24.9)
Acquisitions of property, plant and equipment	15	(88.9)	(97.9)	(287.6)
Proceeds from disposals of intangible assets and property, plant and equipment		4.4	10.3	20.5
Intangible assets	14	0.3	0.1	0.4
Property, plant and equipment	15	2.7	1.7	7.8
Income from asset disposals		0.9	1.9	6.8
Income from non-recurring asset disposals	8	0.3	5.5	4.2
Change in receivables on disposals of intangible assets and property, plant and equipment		0.2	1.2	1.2

NOTES TO THE FINANCIAL STATEMENTS

■ 2020 SIGNIFICANT EVENTS

This paragraph helps readers to easily identify the main notes addressing significant events that occurred in the first half of 2020.

- “Connect & Shape” transformation plan: *Note 8*.
- Developments in the operational litigation related to past sales of talc in the US: *Notes 18* and *20*.
- Health and economic crisis caused by the Covid-19 pandemic: *Note 2.4*

■ BASIS OF PREPARATION

Note 1 Accounting principles

The half-year financial statements at June 30, 2020 are intended to update the information published in the full-year financial statements at December 31, 2019 in accordance with International Financial Reporting Standards (IFRS) adopted within the European Union (hereafter “the Principles”). They are presented here in a condensed form in accordance with IAS 34, Interim Financial Reporting and do not include all the information covered in the full financial statements as published at the end of the financial year. They must therefore be analyzed in conjunction with the Group’s full-year financial statements published at December 31, 2019. The European Union’s adoption process may result in temporary differences at the end of the reporting period between the Referential and IFRS. At June 30, 2020, the amendment to IFRS 16 regarding Covid-19-related rent concessions was applicable under IFRS but had not been adopted within the European Union *(Note 3.1)*. The half-year consolidated financial statements were approved by the Board of Directors of Imerys S.A., the parent company of the Group, at its meeting held on July 27, 2020.

Note 2 Changes in accounting policies, errors, estimates and judgments

2.1 Mandatory changes

Early adoption

Imerys did not early adopt any standard or interpretation in 2020. In 2019, Imerys decided to adopt the amendment to IAS 39, IFRS 7 and IFRS 9, Interest Rate Benchmark Reform, before they became mandatory. The early adoption of this amendment has been made ahead of the phasing out of interbank offered rates (IBORs), which is due to come into effect on December 31, 2021, in favor of new benchmarks that are more consistent and more reliable. It enabled issuers to temporarily consider that hedged items, hedging instruments and information about hedging relationships were not affected by the reform. This relief will cease to apply as soon as the uncertainty caused by the IBOR reform has been resolved.

Adoption upon effective date

Amendment to IFRS 3, Business Combinations. This amendment clarifies the definition of a business by setting out three distinguishing elements: inputs, the substantive processes that create outputs, and the outputs themselves. The amendment narrows the definition of a business and outputs by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs. Business combinations recognized in 2020 *(Note 13)* comply with this definition.

Amendment to IAS 1 and IAS 8, Definition of Material. By revisiting the definition of materiality, this amendment defines information as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the users of the financial statements make on the basis of those financial statements.

2.2 Voluntary changes

No voluntary changes were applied in 2020. In 2019, Imerys voluntarily decided to make the following change.

Change to the format of the primary financial statements. As of the financial year ending December 31, 2020, all issuers listed in the European Union are required to tag all items included in the five primary financial statements (Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows) filed with the national regulatory authority, in accordance with an accounting structure known as the XBRL taxonomy. In order to use direct and relevant tags, Imerys decided to adapt certain lines of its primary financial statements to match the XBRL taxonomy. This change was adopted in 2019 in order to enable users of the financial statements to become accustomed to the format that will be required from 2020 onward. These adaptations were limited and mainly applied to the Consolidated Statement of Cash Flows, which has been simplified. Comparative information was restated.

2.3 Errors

No errors were corrected in 2020. In 2019, corrections were applied to the lines detailing operating income and raw materials and consumables used in the breakdown between hedged items (column hedge accounting/cash flow/hedged item) and non-hedged items (column amortized cost) presented in the comparative information for 2018 in respect of financial instruments published in the note on financial instruments *(Note 11 in Chapter 6 of the 2019 Universal Registration Document)*, without any impact to the overall total.

2.4 Estimates and judgments

The matters that require Executive Management to make material estimates and judgments are identified in *Note 4 of Chapter 6 of the 2019 Universal Registration Document*. These factors remained relevant throughout the first half of 2020 in light of the health and economic crisis caused by the Covid-19 pandemic. In this situation, Executive Management carefully considered the estimates and judgments. In particular, the question of appropriating transactions by level of profit or loss led Executive Management to acknowledge that all the reduced levels of activity caused by the crisis should continue to be recognized in current operating income *(Notes 4 to 7)*. Furthermore, Executive Management decided that the change in certain impairment indicators required tests to be carried out at June 30, 2020 *(Note 16)*.

Note 3 Standards and interpretations effective after the closing date

In line with the European Union's latest IFRS endorsement status report of July 6, 2020 published by the European Financial Reporting Advisory Group (EFRAG), Imerys will apply the following standards and interpretations after June 30, 2020.

3.1 Application in 2020

Amendment to IFRS 16, Leases - Covid-19-related rent concessions. This amendment provides practical relief to the lessee in accounting for rent concessions arising as a result of the Covid-19 pandemic directly in profit as if there were no lease modifications. This amendment is only available for lease payments originally due by June 30, 2021 at the latest. At June 30, 2020, this amendment was not adopted within the European Union. At this date, the amendment did not apply to Imerys.

3.2 Application in 2021

The amendment to IFRS 4, Insurance contracts - Deferral of IFRS 9, does not apply to Imerys.

3.3 Application in 2022

Amendment to IAS 1, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current. The modifications proposed by this amendment clarify that the split between current and non-current liabilities is based on the contractual arrangements, irrespective of the issuer's intentions.

Amendments to IAS 16, Property, Plant and Equipment - Proceeds before Intended Use. The proceeds received from selling items produced during the development of tangible assets and their cost of production are required to be accounted for in profit or loss by these amendments.

Amendments to IAS 37, Onerous Contracts - Cost of Fulfilling a Contract. This text specifies that only direct costs are to be used as costs of fulfilling to value onerous contracts.

Amendments to IFRS 3, Business Combinations. This amendment updates a reference to the Conceptual Framework in IFRS 3 without significantly changing its requirements.

3.4 Application in 2023

IFRS 17, Insurance Contracts, does not apply to Imerys.

■ INFORMATION BY SEGMENT

Imerys is split into two segments – Performance Minerals (PM) and High Temperature Materials & Solutions (HTMS) – grouping five newly created business areas to focus on Imerys' core markets. Each of the reported segments manufactures and sells goods and services presenting geological, industrial and commercial synergies. They are formed through the aggregation of business areas monitored each month by Executive Management in its business reporting. Executive Management does not consider the holding structure that handles the Group's centralized financing to be a segment. The aggregates for this activity are therefore presented in a reconciliation column with inter-segment eliminations (IS&H).

Consolidated Income Statement

Revenue from transactions made by Imerys with each of its external customers never exceeds the threshold of 10.0% of the Group's revenue.

At June 30, 2020

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**1,080.8**	**826.2**	**(6.9)**	**1,900.2**
Sale of goods	962.3	759.4	(6.9)	1,714.8
Rendering of services	118.6	66.8	-	185.3
Inter-segment revenue	**9.1**	**0.1**	**(9.2)**	**0.0**
Revenue	**1,090.0**	**826.3**	**(16.1)**	**1,900.2**
Current operating income	**96.7**	**42.3**	**(7.0)**	**132.1**
Of which amortization, depreciation and impairment	(104.8)	(50.9)	(6.2)	(161.9)
Other operating income and expenses				**(20.7)**
Operating income				**111.3**
Financial income (loss)				**(29.2)**
Interest income				1.4
Interest expense				(22.0)
Income taxes				**(24.8)**
Net income				**57.4**

At June 30, 2019

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**1,227.1**	**1,036.5**	**(0.2)**	**2,263.4**
Sale of goods	1,098.3	940.0	(0.2)	2,038.1
Rendering of services	128.8	96.5	-	225.3
Inter-segment revenue	**16.5**	**0.5**	**(17.0)**	**0.0**
Revenue	**1,243.6**	**1,037.0**	**(17.2)**	**2,263.4**
Current operating income	**144.1**	**96.9**	**4.1**	**245.1**
Of which amortization, depreciation and impairment	(107.3)	(52.5)	(5.5)	(165.3)
Other operating income and expenses				**(82.3)**
Operating income				**162.8**
Financial income (loss)				**(18.4)**
Interest income				3.3
Interest expense				(7.1)
Income taxes				**(46.4)**
Net income				**98.0**

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
External revenue	**2,381.4**	**1,975.2**	**(2.0)**	**4,354.5**
Sale of goods	2,103.1	1,788.4	(2.1)	3,889.4
Rendering of services	278.3	186.8	0.1	465.1
Inter-segment revenue	**33.9**	**0.8**	**(34.7)**	**0.0**
Revenue	**2,415.2**	**1,976.0**	**(36.7)**	**4,354.5**
Current operating income	**279.2**	**150.7**	**8.9**	**438.8**
Of which amortization, depreciation and impairment	(223.3)	(108.2)	(22.1)	(353.6)
Other operating income and expenses				**(210.2)**
Operating income				**228.5**
Financial income (loss)				**(43.7)**
Interest income				6.4
Interest expense				(47.6)
Income taxes				**(65.5)**
Net income				**119.4**

Consolidated Statement of Financial Position

At June 30, 2020

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,546.8**	**2,617.6**	**184.5**	**6,348.9**
Goodwill(1)	1,211.8	927.7	0.8	2,140.3
Intangible assets and property, plant and equipment(2)	1,534.8	915.5	97.4	2,547.7
Inventories	365.7	416.2	(3.6)	778.4
Trade receivables	302.7	249.9	(3.0)	549.7
Other receivables – non-current and current	117.2	67.6	48.4	233.2
Joint ventures and associates	14.5	40.7	44.4	99.6
Unallocated assets				**1,268.3**
Total assets				**7,617.2**
Capital employed – Liabilities	**489.9**	**361.6**	**33.2**	**884.7**
Trade payables	264.4	228.3	8.1	500.8
Other debts – non-current and current	192.4	118.7	(1.1)	309.9
Income taxes payable	33.2	14.6	26.2	74.0
Provisions	**445.4**	**208.0**	**121.8**	**775.2**
Unallocated liabilities				**2,902.5**
Total non-current and current liabilities				**4,562.5**
Total capital employed	**3,056.8**	**2,256.0**	**151.3**	**5,464.2**
(1) Increase in goodwill	*20.2*	*0.2*	*-*	*20.5*
(2) Acquisitions of intangible assets and property, plant and equipment	*66.4*	*36.3*	*11.5*	*114.2*

At June 30, 2019

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,669.5**	**2,843.9**	**232.6**	**6,746.0**
Goodwill(1)	1,144.6	978.4	0.8	2,123.8
Intangible assets and property, plant and equipment(2)	1,591.3	949.8	67.8	2,608.9
Inventories	386.3	449.4	(2.8)	832.9
Trade receivables	380.6	356.8	(6.8)	730.6
Other receivables – non-current and current	147.5	73.3	112.8	333.6
Joint ventures and associates	19.2	36.2	60.8	116.2
Unallocated assets				**811.5**
Total assets				**7,557.5**
Capital employed – Liabilities	**528.6**	**453.0**	**47.9**	**1,029.5**
Trade payables	281.6	264.2	(1.4)	544.4
Other debts – non-current and current	175.4	135.3	(5.4)	305.3
Income taxes payable	71.6	53.5	54.7	179.8
Provisions	**442.1**	**213.2**	**153.2**	**808.5**
Unallocated liabilities				**2,564.0**
Total non-current and current liabilities				**4,402.0**
Total capital employed	**3,140.9**	**2,390.9**	**184.7**	**5,716.5**
(1) Increase in goodwill	*0.1*	*-*	*-*	*0.1*
(2) Acquisitions of intangible assets and property, plant and equipment	*76.3*	*51.0*	*8.2*	*135.5*

At December 31, 2019

(€ millions)	PM	HTMS	IS&H	Total
Capital employed – Assets	**3,654.7**	**2,785.2**	**186.2**	**6,626.1**
Goodwill(1)	1,167.3	985.0	0.8	2,153.1
Intangible assets and property, plant and equipment(2)	1,610.1	958.3	93.6	2,662.0
Inventories	382.8	433.7	(4.0)	812.6
Trade receivables	342.8	290.2	(9.0)	623.9
Other receivables – non-current and current	135.8	77.9	55.6	269.3
Joint ventures and associates	15.9	40.2	49.2	105.3
Unallocated assets				**848.6**
Total assets				**7,474.7**
Capital employed – Liabilities	**544.7**	**441.8**	**4.8**	**991.3**
Trade payables	282.0	259.3	1.3	542.6
Other debts – non-current and current	237.7	168.5	(40.7)	365.5
Income taxes payable	25.0	13.9	44.2	83.2
Provisions	**485.4**	**228.8**	**128.5**	**842.7**
Unallocated liabilities				**2,478.8**
Total non-current and current liabilities				**4,312.8**
Total capital employed	**3,110.0**	**2,343.5**	**181.4**	**5,634.8**
(1) Increase in goodwill	*20.7*	*5.3*	*-*	*26.0*
(2) Acquisitions of intangible assets and property, plant and equipment	*199.8*	*120.1*	*51.6*	*371.5*

▪ NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 4 Revenue

The following table presents a breakdown of revenue by sale of goods and rendering of services. In the first half of 2020, total revenue amounted to €1,900.2 million (€2,263.4 million in the first half of 2019 and €4,354.5 million for the full year), representing a 16.0% decrease (compared with an increase of 2.0% in the first half of 2019 and 5.1% for the full year), including a positive currency effect of €15.4 million (compared with €53.9 million in the first half of 2019 and €96.9 million for the full year) and a negative scope effect of €19.5 million (compared with €66.9 million in the first half of 2019 and €157.3 million for the full year). At constant scope and exchange rates, revenue fell 15.9% (compared with a 1.5% decline in the first half of 2019 and a 3.8% decline for the full year).

(€ millions)	June 30, 2020	June 30, 2019	2019
Sale of goods	1,714.8	2,038.1	3,889.4
Rendering of services	185.3	225.3	465.1
Total	**1,900.2**	**2,263.4**	**4,354.5**

The following table presents a different breakdown of revenue by the time at which goods or services are transferred to customers, distinguishing between goods and services transferred to customers at a given point in time and services transferred to customers over time.

(€ millions)	June 30, 2020	June 30, 2019	2019
Goods and services transferred to customers at a given point in time	**1,715.2**	**2,041.0**	**3,896.3**
Sale of material specialties	1,714.8	2,038.1	3,889.4
Rendering of industrial services	-	2.4	6.1
Rendering of other services	0.4	0.5	0.8
Services transferred to customers over time	**185.0**	**222.4**	**458.2**
Shipping revenue	121.9	134.8	287.3
Rendering of industrial services	62.6	87.1	169.7
Rendering of other services	0.5	0.5	1.2
Total	**1,900.2**	**2,263.4**	**4,354.5**

Note 5 Raw materials and consumables used

(€ millions)	June 30, 2020	June 30, 2019	2019
Raw materials	(310.1)	(398.3)	(730.7)
Energy	(152.7)	(183.2)	(350.4)
Chemicals	(26.5)	(32.4)	(62.4)
Other consumables	(86.8)	(99.7)	(198.1)
Merchandise	(63.2)	(58.9)	(121.1)
Change in inventories	(15.7)	(14.1)	(34.4)
Internally generated property, plant and equipment	4.6	2.0	9.1
Total	**(650.5)**	**(784.6)**	**(1,488.0)**

Note 6 External expenses

(€ millions)	June 30, 2020	June 30, 2019	2019
Transportation	(225.5)	(268.2)	(520.9)
Lease payments recognized in expenses	(22.6)	(23.7)	(30.2)
Lease term of 12 months or less	(10.2)	(10.2)	(20.0)
Leases of low-value assets	(0.3)	(6.5)	(0.9)
Variable payments and services	(12.1)	(7.0)	(9.4)
Impact of reductions in the scope of leases	0.2	-	0.1
Subcontracting	(51.5)	(75.2)	(154.3)
Maintenance and repair	(60.9)	(64.9)	(123.2)
Fees	(49.4)	(54.8)	(103.7)
Other external expenses	(76.9)	(95.8)	(194.1)
Total	**(486.6)**	**(582.6)**	**(1,126.5)**

Note 7 Staff expenses

(€ millions)	**June 30, 2020**	**June 30, 2019**	**2019**
Salaries	(346.8)	(373.7)	(729.0)
Social security contributions	(60.7)	(65.0)	(138.9)
Net change in provisions for employee benefits	1.9	13.1	16.0
Contributions to defined benefit plans	(7.5)	(18.2)	(25.6)
Contributions to defined contribution plans	(15.2)	(16.3)	(31.3)
Profit-sharing	(16.2)	(14.8)	(27.2)
Other employee benefits	(3.6)	(7.1)	(11.3)
Total	**(448.2)**	**(481.9)**	**(947.3)**

Note 8 Other operating income and expenses

Other operating income and expenses corresponds to items of income and expenses resulting from a limited number of clearly identified, non-recurring and significant events, such as the impact in profit of acquiring or losing control of a business *(Note 20)*, restructuring including any related asset disposals, impairment loss recognized against goodwill *(Note 16)* or major litigations *(Note 18)*.

(€ millions)	**June 30, 2020**	**June 30, 2019**	**2019**
Gain (loss) from changes in control	**(2.6)**	**3.4**	**(23.0)**
Transaction costs	(1.3)	(5.1)	(9.4)
Income from disposals of consolidated businesses	(1.3)	8.5	(13.6)
Other non-recurring items	**(18.2)**	**(85.7)**	**(187.2)**
Impairment due to restructuring	0.2	0.2	(38.2)
Income from non-recurring asset disposals	0.3	5.5	4.2
Restructuring expenses paid	(44.6)	(49.2)	(93.9)
Change in provisions	25.9	(43.1)	(49.4)
Share of net income from non-recurring operations of associates	-	0.9	(10.0)
Other operating income and expenses	**(20.7)**	**(82.3)**	**(210.2)**
Income taxes	4.0	19.3	48.3
Other operating income and expenses, net of income taxes	**(16.7)**	**(63.0)**	**(161.9)**

Other operating income and expenses in the first half of 2020

In the first half of 2020, gross “Other operating income and expenses” represented a €20.7 million expense (including €4.9 million in restructuring expenses incurred through the “Connect & Shape” transformation plan). Income tax gains on “Other operating income and expenses” amounted to €4.0 million. Therefore, “Other operating income and expenses, net of income taxes” reflected a total expense of €16.7 million, of which €15.5 million with no cash impact and a €32.3 million reduction in cash.

Other operating income and expenses in the first half of 2019

In the first half of 2019, gross “Other operating income and expenses” represented a €82.3 million expense (including €52.0 million in restructuring expenses incurred through the “Connect & Shape” transformation plan). Income tax gains on “Other operating income and expenses” amounted to €19.3 million. Therefore, “Other operating income and expenses, net of income taxes” reflected a total expense of €63.0 million, of which €57.8 million with no cash impact and a €5.2 million reduction in cash.

Other operating income and expenses in 2019

In 2019, gross “Other operating income and expenses” represented a €210.2 million expense (including €92.2 million through the “Connect & Shape” transformation plan). Income tax gains on “Other operating income and expenses” amounted to €48.3 million. Therefore, “Other operating income and expenses, net of income taxes” reflected a total expense of €161.9 million, of which €105.3 million with no cash impact and a €56.7 million reduction in cash.

Note 9 Financial income (loss)

At June 30, 2020

	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
(€ millions)	**Amortized cost**	**Fair value through profit or loss**	**Non IFRS 9**	**Hedged item**	**Hedging instruments**	**Hedged item**	**Hedging instruments**	**Total**
Net financial debt expense	**(25.5)**	**1.4**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(24.1)**
Income from securities	-	1.4	-	-	-	-	-	1.4
Gross financial debt expense	(25.5)	-	-	-	-	-	-	(25.5)
Other financial income (expenses)	**0.4**	**(0.3)**	**(5.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**(5.1)**
Dividends	-	0.1	-	-	-	-	-	0.1
Net exchange rate differences	5.8	(0.4)	-	-	-	-	-	5.4
Financial income and expenses of defined benefit plans	-	-	(3.8)	-	-	-	-	(3.8)
Unwinding of other provisions	-	-	(1.2)	-	-	-	-	(1.2)
Other financial income (expenses)	(5.4)	-	(0.2)	-	-	-	-	(5.6)
Financial income (loss)	**(25.1)**	**1.1**	**(5.2)**	**0.0**	**0.0**	**0.0**	**0.0**	**(29.2)**

At June 30, 2019

(€ millions)	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedging instruments	Hedged item	Hedging instruments	Total
Net financial debt expense	**(11.5)**	**3.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(8.3)**
Income from securities	-	3.2	-	-	-	-	-	3.2
Gross financial debt expense	(11.5)	-	-	-	-	-	-	(11.5)
Other financial income (expenses)	**(3.6)**	**(0.5)**	**(5.9)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**(10.1)**
Net exchange rate differences	2.8	(0.6)	1.0	-	-	-	-	3.2
Expense and income on derivative instruments	-	-	-	16.2	(16.3)	-	-	(0.1)
Financial income and expenses of defined benefit plans	-	-	(4.7)	-	-	-	-	(4.7)
Unwinding of other provisions	-	-	(2.2)	-	-	-	-	(2.2)
Other financial income (expenses)	(6.4)	0.1	-	-	-	-	-	(6.3)
Financial income (loss)	**(15.1)**	**2.7**	**(5.9)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**(18.4)**

At December 31, 2019

(€ millions)	Non-hedge accounting			Hedge accounting				
	IFRS 9 categories			Fair value		Cash flow		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedging instruments	Hedged item	Hedging instruments	Total
Net financial debt expense	**(56.1)**	**5.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(50.3)**
Income from securities	-	5.9	-	-	-	-	-	5.9
Gross financial debt expense	(56.1)	(0.1)	-	-	-	-	-	(56.2)
Other financial income (expenses)	**20.6**	**(2.9)**	**(11.0)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**6.6**
Net exchange rate differences	6.8	(0.9)	0.8	-	-	-	-	6.7
Expense and income on derivative instruments	-	-	-	16.2	(16.3)	-	-	0.0
Financial income and expenses of defined benefit plans	-	-	(7.1)	-	-	-	-	(7.1)
Unwinding of other provisions	-	-	(4.3)	-	-	-	-	(4.3)
Other financial income (expenses)	13.7	(2.0)	(0.3)	-	-	-	-	11.4
Financial income (loss)	**(35.6)**	**2.9**	**(11.0)**	**16.2**	**(16.3)**	**0.0**	**0.0**	**(43.7)**

Note 10 Income taxes

Half-year income tax rate

The tax rate applied to the half-year income is obtained using an estimate of the rate applicable to the annual income. The estimate is calculated by taking the average legal rate and weighting it by the income forecast. This weighted average is adjusted for permanent differences expected to occur over the year as well as incidents expected to occur during the second half of the year.

Income taxes recognized in profit or loss

(€ millions)	June 30, 2020	June 30, 2019	2019
Payable and deferred income taxes			
Income taxes payable	(47.2)	(57.4)	(84.7)
Deferred taxes	22.5	11.0	19.2
Total	**(24.7)**	**(46.4)**	**(65.5)**
Income taxes by level of profit			
Income taxes on current operating and financial income (loss)	**(28.7)**	**(65.7)**	**(113.8)**
Current operating and financial income (loss) taxes payable	(60.3)	(88.3)	(113.1)
Current operating and financial income (loss) deferred taxes	31.6	22.6	(0.7)
Income taxes on other operating income and expenses	**4.0**	**19.3**	**48.3**
Income taxes payable on other operating income and expenses	13.0	30.9	28.4
Deferred taxes on other operating income and expenses	(9.0)	(11.6)	19.9
Total	**(24.7)**	**(46.4)**	**(65.5)**

Income taxes recognized in equity

(€ millions)	June 30, 2020	June 30, 2019	2019
Gains (losses) on remeasurements of defined benefit plans	(3.7)	9.0	13.7
Income taxes on items not to be reclassified	**(3.7)**	**9.0**	**13.7**
Cash flow hedges	**3.0**	**(0.4)**	**(0.1)**
Income taxes recognized in equity	11.2	0.3	2.9
Income taxes reclassified in profit or loss	(8.2)	(0.7)	(3.0)
Translation reserve	**1.0**	**(0.6)**	**(2.1)**
Income taxes recognized in equity	1.0	(0.6)	(2.1)
Income taxes on items to be reclassified	**4.1**	**(1.0)**	**(2.2)**
Total	**0.4**	**8.0**	**11.5**

Income taxes paid

In the first half of 2020, income taxes paid in cash and using tax credits amounted to €34.6 million (€58.1 million in the first half of 2019 and €122.7 million in 2019).

Note 11 Net income from current operations and Net income, Group share

(€ millions)	June 30, 2020	June 30, 2019	2019
Current operating income	132.1	245.1	438.8
Financial income (loss)	(29.2)	(18.4)	(43.7)
Income taxes on current operating income and financial income (loss)	(28.8)	(65.7)	(113.8)
Current operating income (expenses) and financial income (loss) attributable to non-controlling interests	(1.3)	(2.1)	(4.4)
Net income from current operations, Group share	**72.8**	**158.9**	**276.9**
Other operating income (expenses), gross	(20.7)	(82.3)	(210.2)
Income taxes on other operating income and expenses	4.0	19.3	48.2
Other operating income (expenses) attributable to non-controlling interests	0.6	-	6.3
Net income, Group share	**56.6**	**95.9**	**121.2**

Note 12 Earnings per share

(€ millions)	June 30, 2020	June 30, 2019	2019
Numerator			
Net income, Group share	56.6	95.9	121.2
Net income from current operations, Group share	72.8	158.9	276.9
Denominator			
Weighted average number of shares used to calculate basic income per share	79,560,430	79,170,908	79,089,697
Impact of share option conversion	913,288	927,235	819,899
Weighted average number of shares used to calculate diluted income per share	80,473,718	80,098,143	79,909,596
Basic income per share, Group share *(in €)*			
Basic net income per share	0.71	1.21	1.53
Basic net income from current operations per share	0.91	2.01	3.50
Diluted income per share, Group share *(in €)*			
Diluted net income per share	0.70	1.20	1.52
Diluted net income from current operations per share	0.90	1.98	3.46

■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Note 13 Goodwill

(€ millions)	June 30, 2020	June 30, 2019	2019
Carrying amount at the beginning of the period	**2,153.2**	**2,143.4**	**2,143.4**
Gross amount	2,230.4	2,220.5	2,220.5
Impairment	(77.7)	(77.2)	(77.2)
Incoming entities	20.5	0.1	26.0
Outgoing entities	-	(23.7)	(25.8)
Exchange rate differences	(33.2)	4.1	9.6
Carrying amount at the end of the period	**2,140.4**	**2,123.8**	**2,153.2**
Gross amount	2,217.6	2,201.4	2,230.4
Impairment	(77.3)	(77.6)	(77.7)

In the first half of 2020, the Group made a number of immaterial acquisitions, the purchase accounting for which has not yet been finalized. Paid for in cash and totaling €46.4 million, they generated provisional goodwill of €20.2 million.

Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
Carrying amount at January 1, 2019	**18.4**	**163.6**	**95.6**	**277.6**
Gross amount	96.5	180.3	195.4	472.2
Amortization and impairment	(78.2)	(16.6)	(99.8)	(194.6)
Outgoing entities	(0.6)	-	-	(0.6)
Acquisitions	1.5	0.4	23.1	24.9
Disposals	-	-	(0.4)	(0.4)
Amortization	(11.0)	(1.5)	(9.9)	(22.4)
Impairment	-	-	(0.1)	(0.1)
Reclassification and other	12.1	1.2	(11.4)	1.9
Exchange rate differences	0.2	0.1	0.6	0.9
Carrying amount at January 1, 2020	**20.4**	**163.8**	**97.5**	**281.8**
Gross amount	108.2	180.4	168.1	456.7
Amortization and impairment	(87.7)	(16.5)	(70.6)	(174.9)
Incoming entities	-	-	7.6	7.6
Acquisitions	1.2	-	10.7	11.9
Disposals	-	-	(0.3)	(0.3)
Amortization	(5.4)	(0.7)	(5.0)	(11.1)
Reclassification and other	0.1	0.1	(0.2)	-
Exchange rate differences	(0.3)	(0.4)	(0.2)	(0.9)
Carrying amount at June 30, 2020	**16.0**	**162.8**	**110.1**	**289.0**
Gross amount	108.2	179.9	190.1	478.2
Amortization and impairment	(92.3)	(17.1)	(79.8)	(189.2)

Note 15 Property, plant and equipment

Table of changes

The following table shows the change in the carrying amount of property, plant and equipment owned by the Group between the beginning and end of the periods presented. The “Right-of-use assets” column presents the change in rights conveyed by leases to use property, plant and equipment. The “Mining assets” column includes the carrying amount of mineral deposits that Imerys owns or leases, as well as the overburden work required to gain access to the deposit. The other columns in the table analyze the change in freehold movable and immovable property, depending on their nature.

(€ millions)	Right-of-use assets	Mining assets	Land and buildings	Plant and equipment	Down payments and plants under construction	Other plant and equipment	Total
Carrying amount at January 1, 2019	**-**	**503.6**	**324.9**	**1,053.8**	**197.9**	**85.5**	**2,165.8**
Gross amount	-	896.2	575.4	3,903.0	228.4	319.3	5,922.3
Depreciation and impairment	-	(392.6)	(250.5)	(2,849.2)	(30.5)	(233.7)	(3,756.5)
Change in accounting policy	276.0	-	(5.4)	(7.3)	-	(1.6)	261.7
Incoming entities	-	0.6	4.1	12.1	0.4	0.1	17.2
Outgoing entities	(2.5)	(10.2)	(4.7)	(45.5)	(3.7)	(11.2)	(77.8)
Acquisitions	-	61.9	4.4	54.1	158.2	9.0	287.6
Acquisition cost and subsequent adjustments	59.0	-	-	-	-	-	59.0
Disposals	-	(0.2)	(2.4)	(4.2)	(0.8)	(0.2)	(7.8)
Depreciation	(83.8)	(59.4)	(15.9)	(154.9)	(0.1)	(20.8)	(334.9)
Impairment	(6.6)	(14.7)	(0.4)	(15.3)	(0.6)	(1.6)	(39.1)
Reversals of impairment	-	-	-	1.0	-	-	1.0
Reclassification and other	-	14.1	17.7	105.1	(136.4)	15.7	16.2
Exchange rate differences	3.0	7.1	3.2	13.9	2.8	1.3	31.4
Carrying amount at January 1, 2020	**245.2**	**502.9**	**325.4**	**1,012.8**	**217.5**	**76.4**	**2,380.2**
Gross amount	499.5	947.1	589.1	3,735.9	243.2	303.3	6,318.1
Depreciation and impairment	(254.4)	(444.2)	(263.7)	(2,723.1)	(25.6)	(226.9)	(3,937.9)
Incoming entities	-	-	5.0	5.1	-	4.7	14.8
Acquisitions	-	25.7	2.6	10.5	46.1	4.0	88.9
Acquisition cost and subsequent adjustments	13.4	-	-	-	-	-	13.4
Disposals	-	-	(1.7)	(0.4)	(0.4)	(0.3)	(2.7)
Depreciation	(33.6)	(25.2)	(8.3)	(73.7)	(0.1)	(10.2)	(151.0)
Impairment	-	-	-	(0.1)	-	-	(0.1)
Reversals of impairment	-	-	-	0.3	-	-	0.3
Reclassification and other	-	1.2	2.1	28.2	(39.9)	8.5	0.0
Exchange rate differences	(1.2)	(25.6)	(12.8)	(32.8)	(10.8)	(1.9)	(85.2)
Carrying amount at June 30, 2020	**223.8**	**479.0**	**312.3**	**949.9**	**212.5**	**81.2**	**2,258.7**
Gross amount	495.5	923.4	573.7	3,652.7	233.6	309.4	6,188.3
Depreciation and impairment	(271.6)	(444.5)	(261.3)	(2,702.8)	(21.1)	(228.3)	(3,929.6)

Note 16 Impairment tests

Judgments

Cash Generating Units (CGUs). Executive Management makes judgments to define CGUs in a way that corresponds to the smallest identifiable group of assets that meets the following three criteria:

- A homogeneous production process for the mineral portfolio, transformation processes and applications.
- An active market with homogeneous macroeconomic characteristics.
- A level of operating power in terms of continuation, restructuring or discontinuation of mining, industrial and/or business activity.

When a CGU satisfies these three criteria, their respective cash flows are deemed to be independent. CGUs are formed directly from the analysis structure monitored each month by Executive Management in its business reporting. All assets within the Group including right-of-use assets net of lease liabilities, mining assets and goodwill, are allocated to a CGU.

Impairment indicators. Executive Management makes judgments as to which events should trigger an impairment test. They mainly include significant changes in the business, interest rates, technology, obsolescence, return on assets and the value of market capitalization falling below consolidated equity. An adverse change to one of these factors will trigger an immediate impairment test, conducted either on a CGU or an individual asset. In the first half of 2020, Executive Management acknowledged an adverse change in certain indicators due to the health and economic crisis caused by the Covid-19 pandemic. Therefore, an impairment test was conducted at June 30, 2020 on the CGUs in question.

Estimates

Recoverable amount. The recoverable amount of a CGU or individual asset is equal to its fair value minus costs to sell or its value in use, whichever is higher. In practice, fair value is able to be reliably measured for individual assets only, where it corresponds to the transaction price of recently disposed similar assets. Value in use is the most frequently used measurement for both CGUs and individual assets.

Cash flow forecasts. The cash flow forecasts used to estimate value in use are taken from 2020 full year forecasts and the 2021-2023 plan. These flows take into account the reduced level of business conducted due to the health and economic crisis caused by the Covid-19 pandemic. The key underlying assumption of these forecasts is the level of organic growth. To calculate the terminal growth rate, Imerys uses the Gordon Growth Model. Future cash flows correspond to the past net current free operating cash flow, *i.e.* after lease payments *(Note 24.2 – Reconciliation of net financial debt of Chapter 6 of the 2019 Universal Registration Document)* adjusted for “Change non-operating working capital requirement” *(Note 24.2 – Reconciliation of net financial debt of Chapter 6 of the 2019 Universal Registration Document)*.

Discount rates. The discount rate used to calculate value in use is determined using the weighted average cost of capital in the industrial minerals sector, *i.e.* an estimate of the rate of return demanded by the community of industry donors, on both equity and debt instruments, with the exception of lease liabilities due to a lack of sufficient observable data. This rate, set at 6.75% at June 30, 2020 (6.75% for 2019), is adjusted for a country-market risk premium, which depending on the CGU or individual assets tested ranged from 41 to 145 basis points (41 to 145 basis points in 2019). The average discount rate after income taxes amounted to 7.50% at June 30, 2020 (7.50% in 2019). The calculations net of income taxes are the same as those that would be performed with cash flows and rates before income taxes, as required by applicable standards. In the following table, the discount and terminal growth rates used to calculate the value in use are presented by groups of CGUs and weighted by the cash flow forecasts of each CGU:

	June 30, 2020		2019	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Performance Minerals (PM)	7.67%	2.05%	7.67%	2.05%
High Temperature Materials & Solutions (HTMS)	7.25%	1.99%	7.25%	1.99%
Total	**7.50%**	**2.02%**	**7.50%**	**2.02%**

Changes in cash flow forecasts, discount rates and terminal growth rates have the most significant impact on the Group's financial statements. The following table presents impairment by CGU that would be recognized as a result of adverse changes to the assumptions retained in the financial statements at June 30, 2020: The various adverse changes applied to conduct these sensitivity tests were deemed to be reasonably possible by Executive Management in the context of the test: 5.00% decrease in cash flow forecasts (5.00% decrease at December 31, 2019); 1.00% increase in the discount rate (1.00% increase at December 31, 2019); and 1.00% decrease in the terminal growth rate (1.00% decrease at December 31, 2019). These sensitivity tests identified that an adverse change in the discount rates could lead to the recognition of €28.0 million in impairment to goodwill in the Refractory, Abrasives & Construction CGU (RAC). This CGU will therefore be closely monitored throughout the second half of 2020.

(€ millions)	Adverse change
Cash flow forecasts	**5.0% decrease**
Impairment	None
Discount rate	**1.0% increase**
Impairment of goodwill in the Refractory, Abrasives & Construction CGU (RAC)	(28.0)
Terminal growth rate	**1.0% decrease**
Impairment	None

Test results

The test did not lead to the recognition of any impairment loss in the first half of 2020 or 2019. The following table presents the carrying amount and impairment loss on goodwill recognized for the year by groups of CGUs (PM and HTMS).

	June 30, 2020		2019	
(€ millions)	Carrying amount	Impairment loss for the year	Carrying amount	Impairment loss for the year
Performance Minerals (PM)	1,211.8	-	1,167.3	-
High Temperature Materials & Solutions (HTMS)	927.7	-	985.0	-
Goodwill in CGUs	**2,139.5**	**0.0**	**2,152.3**	**0.0**
Holding	0.8	-	0.8	-
Total	**2,140.3**	**0.0**	**2,153.1**	**0.0**

Note 17 Inventories

	June 30, 2020			June 30, 2019			2019		
(€ millions)	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	363.5	(22.7)	340.8	395.4	(21.4)	374.0	375.8	(24.3)	351.5
Work in progress	108.7	(1.7)	107.0	116.9	(1.2)	115.7	119.2	(1.8)	117.4
Finished goods	256.2	(14.3)	241.9	283.8	(16.6)	267.2	284.1	(16.1)	268.0
Merchandise	91.2	(2.5)	88.7	78.5	(2.5)	75.9	78.8	(3.1)	75.7
Total	**819.7**	**(41.3)**	**778.4**	**874.6**	**(41.7)**	**832.9**	**857.9**	**(45.3)**	**812.6**

Note 18 Other provisions

(€ millions)	June 30, 2020	June 30, 2019	2019
Other non-current provisions	414.4	439.9	446.0
Other current provisions	23.3	21.8	21.0
Total	**437.7**	**461.7**	**467.0**

The following table presents the change in other provisions.

(€ millions)	Warranty reserve	Environmental and dismantling obligations	Mine site restoration	Legal, social and regulatory risks	Total
Balance at January 1, 2019	**4.6**	**113.7**	**137.3**	**434.3**	**689.9**
Change in accounting policy	-	0.2	-	(7.1)	(6.9)
Change in the scope of consolidation	-	(3.5)	(5.6)	(165.3)	(174.4)
Increases	1.8	10.7	23.2	28.8	64.5
Utilizations	(1.7)	(5.3)	(6.2)	(20.5)	(33.7)
Unused decreases	(0.8)	(4.8)	(1.0)	(32.3)	(38.9)
Unwinding expense	-	1.4	2.8	0.1	4.3
Reclassification and other	-	11.2	0.2	(60.9)	(49.6)
Exchange rate differences	(0.1)	3.1	2.5	6.2	11.7
Balance at January 1, 2020	**3.8**	**126.7**	**153.2**	**183.3**	**467.0**
Increases	0.7	0.4	0.5	5.9	7.5
Utilizations	(0.6)	(1.7)	(2.9)	(5.8)	(11.0)
Unused decreases	(0.3)	(0.1)	-	(9.3)	(9.7)
Unwinding expense	-	0.4	0.9	-	1.3
Exchange rate differences	0.1	(7.1)	(4.0)	(6.4)	(17.4)
Balance at June 30, 2020	**3.7**	**118.6**	**147.7**	**167.7**	**437.7**

The criteria used to measure other provisions at the end of the half-year reporting period are identical to those applied at the end of the annual reporting period *(Note 23.2 in Chapter 6 of the 2019 Universal Registration Document)*. These provisions include in particular the balance of the provision set aside to resolve the litigation involving the Group's talc operations in the US. On February 13, 2019, the Group's three North American talc subsidiaries (the "North American Talc Subsidiaries") decided to file for the protection, with immediate effect, of the special legal process of Chapter 11 under US law in order to permanently resolve the long-running talc-related litigation in the United States. Under Chapter 11, the Group remains the legal owner of all the share capital of the North American Talc Subsidiaries, but these assets are subject to the jurisdiction of the US Delaware federal courts, which will oversee the continuing operations of the North American Talc Subsidiaries as well as the conclusion and execution of a business continuity plan which they have sought to negotiate with representatives of existing claimants currently involved in the ongoing litigation as well as any future claimants ("Representatives of Claimants"). The Chapter 11 process also suspends all ongoing and future litigation proceedings and prevents any further claims being brought against these entities relating to past and current talc operations in the

US. Given effective control of the North American Talc Subsidiaries was transferred on February 13, 2019 to the court to repay creditors, the assets and liabilities held by the North American Talc Subsidiaries were removed from the scope of consolidation of the Group's financial statements from this date forward, which led to an additional expense of €5.6 million being recognized in other operating income and expenses.

Negotiations between the North American Talc Subsidiaries, Imerys Talc Italy (the "Talc Subsidiaries Involved"), the Group and the Representatives of Claimants led to the agreement on May 15, 2020 of a joint restructuring plan (the "Plan"), which was filed on the same day with the competent Federal Court for the District of Delaware. The Plan provides that once the necessary approvals have been obtained, the Talc Subsidiaries Involved will emerge from the Chapter 11 process and the Group will be released from all existing and future talc-related liabilities arising out of their past operations, as such liabilities will be channeled into a dedicated trust. The Plan is currently undergoing the necessary approval process. After receiving approval by the court, the Plan must receive an affirmative vote by the requisite majority of talc-related claimants, followed by confirmation and final approval from the competent federal courts. Imerys Talc Italy has also been named in a few outstanding talc related lawsuits in the United States. This entity intends to file for Chapter 11 protection after the claimants' Plan approval and join the Plan in order to benefit from the same global and permanent resolution of historic talc-related liabilities as the North American Talc Subsidiaries. It is expected that the Plan could be approved in time for the Talc Subsidiaries Involved to emerge from Chapter 11 by the end of 2020.

Under the proposed Plan and concurrently with its approval process, the North American Talc Subsidiaries have initiated a sale process for their assets to which the Group has agreed with the Representatives of the Claimants not to participate. Completion of the sale is expected to occur before the end of 2020, around the time of the approval process for the Plan. Imerys Talc Italy's business is not included in this sale and will remain part of the Group throughout and after closing of the Chapter 11 proceedings.

The Group's contribution to the Plan will consist of (i) a minimum cash payment of USD75.0 million, (ii) an additional amount of up to USD102.5 million subject to a reduction mechanism proportionate to the sale price for the assets of the North American Talc Subsidiaries, and (iii) certain other components further outlined in the Plan. These commitments primarily include certain insurance assets, financing of minor unsecured trade claims (USD5.0 million) or certain potential excess administrative costs of the Chapter 11 process incurred by the Talc Subsidiaries Involved up to a maximum of USD15.0 million.

Overall, the Plan is not expected to materially affect the Group's financial situation, profitability, and cash generative business profile. In light of the terms of the Plan, the progress made in the process of its approval and the sale of assets held by the North American Talc Subsidiaries, at the date the Group's 2020 half-year financial results were approved, Executive Management reviewed and reiterated its prior estimate of the risk related to the resolution of the Chapter 11 procedure and the forecast financial impact for the Group, with the help of independent third-party experts. A provision of €250.0 million was initially accrued in Imerys' 2018 consolidated financial accounts, knowing that the North American Talc Subsidiaries have been deconsolidated since February 13, 2019. The balance of this provision, which amounts to USD115.3 million, is considered as appropriate to cover the expected financial impact of the Plan for the Group. This assessment takes into account the expected market value of the North American Talc Subsidiaries, but remains subject to the uncertainty related to a sale of assets in a difficult economic environment.

Note 19 Financial liabilities

19.1 Financial debt

Net financial debt reflects the Group's net position on the market and with financial institutions, *i.e.* the total financial liabilities contracted in the market and with financial institutions in the form of bonds, bank credits, finance lease credits and bank overdrafts, less cash, cash equivalents and other current financial assets. It is used to manage the Group's financial resources, in particular to calculate covenants with which Imerys has to comply as part of the financing agreements entered into with financial markets *(Note 19.2)*.

This note analyzes the change in net financial debt in two stages - from current EBITDA to net current free operating cash flow, and from net current free operating cash flow to the change in net financial debt. The following table presents the link between net financial debt and the Consolidated Statement of Financial Position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of net financial debt correspond to financing hedge assets and liabilities since they are part of the future cash outflows of this aggregate *(Note 19.2)*. Operational hedge instruments are not included in the calculation of net financial debt.

(€ millions)	June 30, 2020	June 30, 2019	2019
Non-derivative financial liabilities	**2,767.2**	**2,427.9**	**2,359.3**
Borrowings and financial debt – non-current	1,694.8	1,913.9	1,689.0
Lease liabilities – non-current	174.5	197.9	194.6
Borrowings and financial debt – current	817.3	239.5	397.5
Lease liabilities – current	69.4	72.8	70.9
Bank overdrafts	11.2	3.8	7.3
Non-derivative financial assets	**(1,075.8)**	**(632.8)**	**(671.6)**
Other financial assets	(11.9)	(10.5)	(11.2)
Cash and cash equivalents	(1,063.9)	(622.3)	(660.4)
Hedge derivatives	**11.4**	**(5.3)**	**(2.7)**
Financing hedge instruments – liabilities	7.3	3.4	2.9
Financing hedge instruments – assets	4.1	(8.7)	(5.6)
Net financial debt	**1,702.8**	**1,789.8**	**1,685.0**

Current free operating cash flow

Net current free operating cash flow corresponds to the residual cash flow from recurring operations after current operating income taxes and operating capital expenditure, taking into account proceeds from operating asset disposals and cash changes in operating working capital requirement. In comparison with the cash flow presented in the *Consolidated Statement of Cash Flows*, net current free operating cash flow corresponds to the recurring portion of "Net cash flows from (used in) operating activities" adjusted for acquisitions and disposals of intangible assets and property, plant and equipment in "Cash flow from investing activities" after income taxes.

(€ millions)	Notes	June 30, 2020	June 30, 2019	2019
Consolidated Income Statement				
Revenue	4	1,900.2	2,263.4	4,354.5
Raw materials and consumables used	5	(650.5)	(784.6)	(1,488.0)
External expenses	6	(486.6)	(582.6)	(1,126.5)
Staff expenses	7	(448.2)	(481.9)	(947.3)
Taxes and duties(1)		(21.0)	(21.4)	(42.0)
Other current income and expenses		0.1	17.6	41.7
Adjustments				
Change in provisions for employee benefits	7	(1.9)	(13.1)	(16.0)
Change in current operating write-downs and provisions		(4.0)	(5.8)	(13.5)
Share in net income of joint ventures and associates		1.1	(2.9)	(4.5)
Dividends received from joint ventures and associates		0.4	2.8	6.2
Current EBITDA		**289.6**	**391.3**	**764.6**
Income taxes				
Notional income tax on current operating income		(37.0)	(71.1)	(126.4)
Adjustments				
Change in operating working capital requirement(2)		46.4	(73.1)	52.1
Carrying amount of intangible assets and property, plant and equipment disposed of(2)		2.9	3.0	8.3
Net current operating cash flow		**301.9**	**250.1**	**698.6**
Investing activities				
Acquisitions of intangible assets and property, plant and equipment(3)		(149.4)	(135.5)	(291.7)
Additions to right-of-use assets	15	(13.4)	(15.2)	(59.0)
Net current free operating cash flow		**139.1**	**99.4**	**347.9**
(1) Consolidated Income Statement				
(2) Change in operating working capital requirement (Consolidated Statement of Cash Flows)		*46.4*	*(73.1)*	*52.1*
Adjustments for decrease (increase) in inventories		*16.7*	*14.8*	*35.4*
Adjustments for decrease (increase) in trade receivables		*52.6*	*(82.6)*	*30.1*
Adjustments for decrease (increase) in trade payables		*(23.0)*	*(5.3)*	*(13.4)*
(3) Acquisitions of intangible assets and property, plant and equipment		*(149.4)*	*(135.5)*	*(291.7)*
Acquisitions of intangible assets		*(11.9)*	*(10.7)*	*(24.9)*
Acquisitions of property, plant and equipment		*(88.9)*	*(97.9)*	*(287.6)*
Change in payables on acquisitions of intangible assets and property, plant and equipment		*(48.6)*	*(26.9)*	*20.8*

Change in net financial debt

The following table presents the cash flow from non-recurring operations, *i.e.* non-recurring operating transactions, changes in the scope of consolidation, financing transactions and transactions with shareholders. These cash flows, added to the net current free operating cash flow from the previous table, give the total change in net financial debt.

(€ millions)	June 30, 2020	June 30, 2019	2019
Net current free operating cash flow	**139.1**	**99.4**	**347.9**
Income taxes			
Notional income tax on financial income (loss) and non-recurring income and expenses	8.2	5.3	12.6
Change in current and deferred tax assets and liabilities	(31.5)	(22.4)	0.8
Change in income tax payables and receivables	12.6	(0.8)	(38.2)
Income taxes paid on non-recurring income and expenses	13.0	30.9	28.4
Consolidated Income Statement			
Financial income (loss)	(29.2)	(18.4)	(43.7)
Other operating income and expenses	(20.7)	(82.3)	(210.2)
Adjustments			
Change in non-operating working capital requirement	(5.3)	(56.2)	(49.3)
Change in financial write-downs and provisions	2.1	7.3	6.7
Change in fair value of hedging instruments	0.4	0.1	-
Non-recurring impairment losses	-	-	(0.4)
Change in non-recurring write-downs and provisions	(26.1)	42.2	87.0
Investments in associates	-	(0.9)	10.0
Gain (loss) on businesses disposed of	1.3	(8.5)	14.0
Gain (loss) on intangible assets and property, plant and equipment disposed of	(0.3)	(5.5)	(4.2)
Investing activities			
Acquisition of businesses	(33.3)	(2.3)	(43.1)
Disposal of businesses	-	(19.2)	(23.1)
Disposal of intangible assets and property, plant and equipment	0.5	5.5	5.5
Loans and advances in cash received from (granted to) third parties	0.8	(4.0)	(7.7)
Equity			
Share capital increases (decreases)	107.4	0.1	0.5
Disposals (acquisitions) of treasury shares	10.7	(21.5)	(31.7)
Share-based payments	2.9	6.5	9.6
Dividends	(137.0)	(170.7)	(172.7)
Change in net financial debt excl. exchange rate effects	**15.6**	**(215.3)**	**(101.2)**

(€ millions)	June 30, 2020	June 30, 2019	2019
Net financial debt at the beginning of the period	**(1,685.0)**	**(1,297.4)**	**(1,297.4)**
Cancellation of IAS 17 finance lease liabilities	-	13.4	13.4
Recognition of IFRS 16 lease liabilities	-	(291.5)	(291.5)
Net financial debt at the beginning of the period after change in accounting policy	**(1,685.0)**	**(1,575.5)**	**(1,575.5)**
Change in net financial debt excl. exchange rate effects	15.6	(215.2)	(101.2)
Impact of exchange rate effects	(33.4)	0.9	(8.2)
Change in net financial debt	**(17.8)**	**(214.3)**	**(109.4)**
Net financial debt at the end of the period	**(1,702.8)**	**(1,789.8)**	**(1,685.0)**

19.2 Borrower's liquidity risk

Description. Borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. To assess the exposure of the Group to this risk, the following table presents maturity on issue at June 30, 2020.

	Less than 1 year		2 to 5 years		More than 5 years		
(€ millions)	Capital	Interest	Capital	Interest	Capital	Interest	Total
Non-derivative financial liabilities	**647.5**	**30.7**	**1,165.1**	**102.7**	**957.5**	**40.2**	**2,943.7**
Eurobond/EMTN	223.5	28.0	800.0	94.0	900.0	24.0	2,069.5
Private placements	-	-	-	-	-	-	-
Short-term negotiable debt securities issued	-	-	230.0	-	-	-	230.0
Bilateral facilities	300.0	-	-	-	-	-	300.0
Other facilities	43.4	-	-	-	-	-	43.4
Lease liabilities	80.6	2.7	135.1	8.7	57.5	16.2	300.8
Hedge derivatives	**11.4**	**-**	**-**	**-**	**-**	**-**	**11.4**
Financing hedge instruments – liabilities	7.3	-	-	-	-	-	7.3
Financing hedge instruments – assets	4.1	-	-	-	-	-	4.1
Future cash outflows with respect to gross financial debt	**658.9**	**30.7**	**1,165.1**	**102.7**	**957.5**	**40.2**	**2,955.1**
Non-derivative financial liabilities	**11.2**	**-**	**-**	**-**	**-**	**-**	**11.2**
Bank overdrafts	11.2	-	-	-	-	-	11.2
Non-derivative financial assets	**(1,075.8)**	**-**	**-**	**-**	**-**	**-**	**(1,075.8)**
Other current financial assets	(11.9)	-	-	-	-	-	(11.9)
Cash and cash equivalents	(1,063.9)	-	-	-	-	-	(1,063.9)
Future cash outflows with respect to net financial debt	**(405.7)**	**30.7**	**1,165.1**	**102.7**	**957.5**	**40.2**	**1,890.5**
Of which items recognized at June 30, 2020 (Net financial debt)	(405.7)	(14.1)	1,165.1	-	957.5	-	1,702.8
Non-derivative financial liabilities	**778.4**	**-**	**-**	**-**	**-**	**-**	**778.4**
Trade payables	500.8	-	-	-	-	-	500.8
Other debts	277.6	-	-	-	-	-	277.6
Hedge derivatives	**16.2**	**-**	**-**	**-**	**-**	**-**	**16.2**
Operational hedge instruments – liabilities	24.0	-	-	-	-	-	24.0
Operational hedge instruments – assets	(7.8)	-	-	-	-	-	(7.8)
Future cash outflows	**(7.8)**	**-**	**-**	**-**	**-**	**-**	**(7.8)**

As a large portion of the debt issued at a fixed rate is swapped into floating rate, the maturity of the net financial debt after interest rate swaps is as follows:

(€ millions)	Less than 1 year	2 to 5 years	More than 5 years	Total
Debt at fixed rate	**312.9**	**971.3**	**900.0**	**2,184.2**
Debt at fixed rate on issue	312.9	971.3	900.0	2,184.2
Fixed-for-floating swap	-	-	-	-
Debt at floating rate	**(711.4)**	**230.0**	**-**	**(481.4)**
Debt at floating rate on issue	353.2	230.0	-	583.2
Net cash and other current financial assets	(1,064.6)	-	-	(1,064.6)
Fixed-for-floating swap	-	-	-	-
Net financial debt	**(398.5)**	**1,201.3**	**900.0**	**1,702.8**

Management. Imerys is required to maintain one covenant for a portion of its finance agreements. The main restrictive terms and conditions attached to certain bilateral facilities are as follows:

- Purpose: general corporate financing requirement.
- Covenant compliance obligations: consolidated net financial debt excluding IFRS 16 lease liabilities/consolidated equity shall, in accordance with the related financing agreements, be less than or equal to 1.60 at the end of each reporting period for annual consolidated financial statements. At June 30, 2020, the ratio worked out at 0.48 (0.48 at June 30, 2020 and 0.44 December 31, 2019).
- Absence of any collateral in favor of lenders.

Failure to comply with the above obligations in any of the related financing agreements could lead to the available amount being canceled and the corresponding financial debt becoming immediately due, upon demand of the lender(s) in question. Other than with two exceptions, the Group's financing agreements do not provide for any cross default if a mandatory covenant is breached. At June 30, 2020, Moody's long-term rating is Baa3 outlook negative (Baa2, outlook stable at June 30, 2019 and Baa2, rating under review at December 31, 2019). S&P's rating is BBB- outlook stable (BBB, outlook stable at June 30, 2019 and BBB, credit watch negative at December 31, 2019).

On June 19, 2020, Imerys updated its Euro Medium Term Note program (EMTN) with the Financial Industry Regulatory Authority in Luxembourg, the *Commission de Surveillance du Secteur Financier*. The program amounted to €3.0 billion and is approved to issue notes similar to ordinary bonds with maturities from one month to 30 years. At June 30, 2020, outstanding securities amounted to €1,923.5 million (€1,923.5 million at June 30, 2019 and €1,923.5 million at December 31, 2019). Imerys also has a short-term negotiable securities program (NEU CP) capped at €1,000.0 million (€1,000.0 million at June 30, 2019 and €1,000.0 million at December 31, 2019) rated P-3 by Moody's (P-2 at June 30, 2019 and P-2 at December 31, 2019). At June 30, 2020, outstanding short-term negotiable securities amounted to €230.0 million (€170.0 million at June 30, 2019 and €100.0 million at December 31, 2019). At June 30, 2020, Imerys had access to €1,260.0 million in bilateral facilities (€1,280.0 million at June 30, 2019 and €1,260.0 million at December 31, 2019), of which €300.0 million issued at June 30, 2020 (€0.0 million at June 30, 2019 and €0.0 million at December 31, 2019), and a non-issued portion which secures the short-term negotiable securities issued, in accordance with the Group's financial policy.

■ OTHER INFORMATION

Note 20 Changes in the scope of consolidation

Performance Minerals (PM). The most recent material change in the scope of consolidation occurred on February 13, 2019, when the segment relinquished control of its three North American entities specialized in manufacturing and selling talc products. Following their placement under the legal control of the court as part of seeking protection under Chapter 11 of the US Bankruptcy Act *(Note 18)*, this loss of control led to an additional expense of €5.6 million being recognized in other operating income and expenses *(Note 8)*.

High Temperature Materials & Solutions (HTMS). The segment has not undergone any material change in the scope of consolidation since the acquisition on July 18, 2017 of the French group Kerneos, the world's leading manufacturer of high performance calcium aluminate binders.

Note 21 Translation of foreign currencies

		June 30, 2020		June 30, 2019		2019	
(€1 =)	**Foreign currencies**	**Closing**	**Average**	**Closing**	**Average**	**Closing**	**Average**
Brazil	BRL	6.1320	5.3157	4.3610	4.3437	4.5281	4.4127
US	USD	1.1198	1.1017	1.1380	1.1298	1.1234	1.1195
India	INR	84.5751	81.6999	78.4287	79.1076	80.0692	78.8129
UK	GBP	0.9124	0.8737	0.8966	0.8736	0.8508	0.8778
Singapore	SGD	1.5648	1.5412	1.5395	1.5356	1.5111	1.5273
Turkey	TRY	7.6761	7.1420	6.5655	6.3562	6.6843	6.3578

Note 22 Related parties

Related parties outside Imerys

Imerys has related party relationships with the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they jointly control the Swiss group Pargesa, which controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not involved in any transactions with these related parties.

Key management personnel of Imerys

The managers qualifying as related parties at June 30, 2020 are the 12 members of the Board of Directors, including the Chief Executive Officer (14 members at June 30, 2019 and 12 members at December 31, 2019) and the 11 members of the Executive Committee, including the Chief Executive Officer (12 members at June 30, 2019 and 11 members at December 31, 2019) *(Note 27 Chapter 6 of the 2019 Universal Registration Document)*.

Post-employment benefits for Imerys employees

The post-employment benefit plans to which Imerys employees are entitled are deemed to be related party agreements. The amount of the contributions to external funds recognized as an expense in the first half of 2020 amounted to €6.8 million (€16.1 million at June 30, 2019 and €22.2 million for the full year), primarily including €2.1 million for Comerica, United States (€1.4 million at June 30, 2019 and €3.2 million for the full year) and €0.8 million for Imerys UK Pension Fund Trustees Ltd, United Kingdom (€0.8 million at June 30, 2019 and €1.6 million for the full year).

FCPE Imerys Actions

The corporate mutual fund holding Imerys shares, known as FCPE Imerys Actions, is managed by BNP Paribas Asset Management SAS and overseen by a Supervisory Board of eight members made up of four shareholder representatives and four Imerys representatives. As Imerys, together with the shareholders, exercises joint control over FCPE Imerys Actions, the fund is deemed to be a related party. The amounts recognized in the first half of 2020 (the first half of 2019 and the full year) for the FCPE Imerys Actions are immaterial.

Note 23 Subsequent events

The half-year consolidated financial statements at June 30, 2020 were approved by the Board of Directors at its meeting held on July 27, 2020. No significant event occurred between the end of the reporting period and the meeting of the Board of Directors.

3 Statutory auditors' review report

ERNST & YOUNG et Autres
Tour First - TSA 14444
92037 Paris-La Défense Cedex

S.A.S. à capital variable - 438 476 913 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

Deloitte & Associés
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S.A. au capital de 2 188 160 € - 572 028 041 R.C.S. Nanterre
Commissaire aux comptes
Membre de la compagnie régionale de Versailles

Statutory Auditors' Review Report on the Half-yearly Financial Information

Period from January 1 to June 30, 2020

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by the General Meeting and in accordance with the requirements of article L. 451-1-2-III of the French Monetary and Financial Code (*"code monétaire et financier"*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Imerys, for the period from January 1 to June 30, 2020,
- the verification of the information presented in the half-yearly management report.

These half-year condensed consolidated financial statements were prepared under the responsibility of the Board of directors on July 27, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

Conclusion of the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report commenting the condensed half-yearly consolidated financial statements subject to our review prepared on July 27, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris - La Défense, July 29, 2020
The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres
Sébastien Huet

Deloitte & Associés
Frédéric Gourd

4 Person responsible for the Half-Year Financial Report

1 - Person responsible for the Half-Year Financial Report

Alessandro Dazza, Chief Executive Officer

2 - Certificate of the person responsible for the Half-Year Financial Report

I certify that to the best of my knowledge the condensed financial statements for the past six months have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the reporting entity and the companies included in the scope of consolidation, and that the enclosed half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements, an account of the main related-party transactions as well as a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Paris, July 27, 2020

Alessandro Dazza
Chief Executive Officer

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IMERYS