

Imerys Third Quarter and Nine Months 2020 Results

November 2, 2020

Alessandro Dazza - Chief Executive Officer

Sébastien Rouge - Chief Financial Officer



Disclaimer

More comprehensive information about Imerys may be obtained on its website (www.imerys.com), under Regulated Information, including its Universal Registration Document filed under No. D.20-0165 March 24, 2020 with Autorité des Marchés Financiers. Imerys draws the attention of investors to the “Risk factors and Internal control” set forth in the Universal Registration Document.

This document contains projections and other forward-looking statements. Investors are cautioned that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Imerys) that could cause actual results and developments to differ materially from those expressed or implied.

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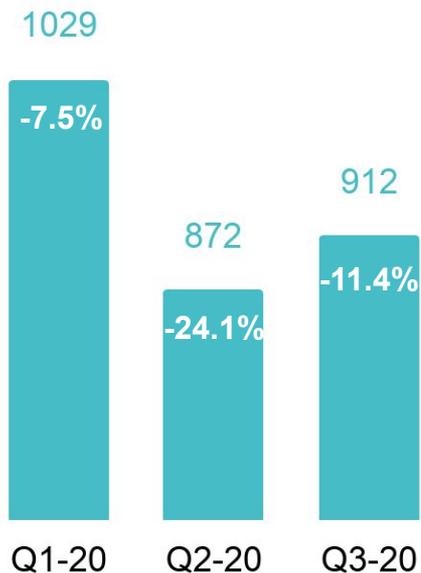
Highlights

Alessandro Dazza – Chief Executive Officer

Sales recovery in Q3, costs savings in line with objectives

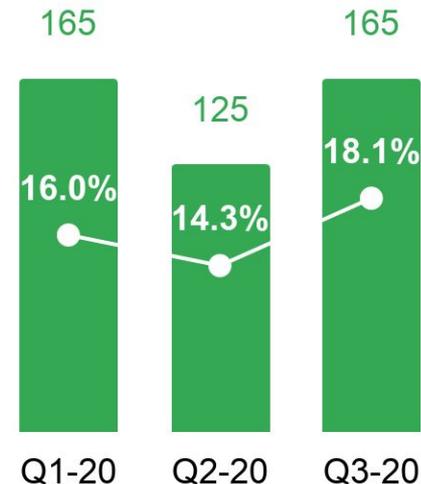
- Improvements in all markets confirm trend reversal after Q2 Covid-crisis peak
- Positive price-mix maintained also in Q3
- Cost savings measures, both from Connect & Shape program and Covid-19 action plan, delivered in line with objectives
- Significant profitability improvement in Q3
- Solid balance sheet and liquidity position preserved

Revenue and like-for-like¹ change vs. 2019 (€m)



€2,812m in 9 months
(-14.4%)

Current EBITDA¹ and margin (€m)

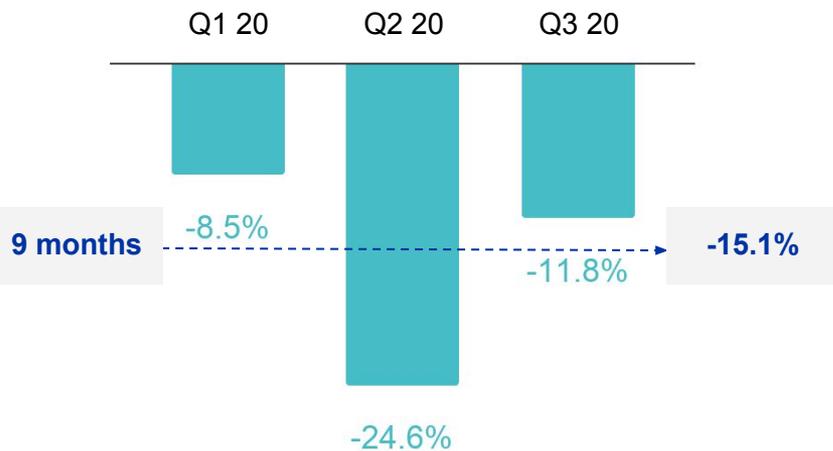


€454m in 9 months
(-22.4%)

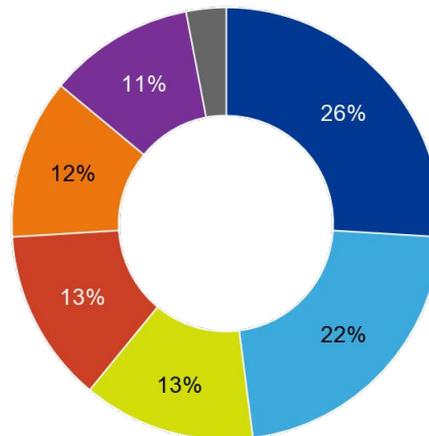
(1) See glossary in appendix for definition of Alternative Performance Measures

Improvement in all underlying markets, though at uneven pace

Volumes evolution (vs prior year)



Revenue by end market



Covid-19 impact

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

Year-on-year selected end market evolution

Light vehicle production⁽¹⁾



	Q2	Q3
Eur	-69%	-10%
USA	-71%	0%

Steel production⁽²⁾



	Q2	Q3
Eur	-28%	-20%
USA	-35%	-26%

Paper production⁽³⁾



	Q2	Q3
Eur	-30%	-23%
USA	-37%	-22%

Construction⁽⁴⁾

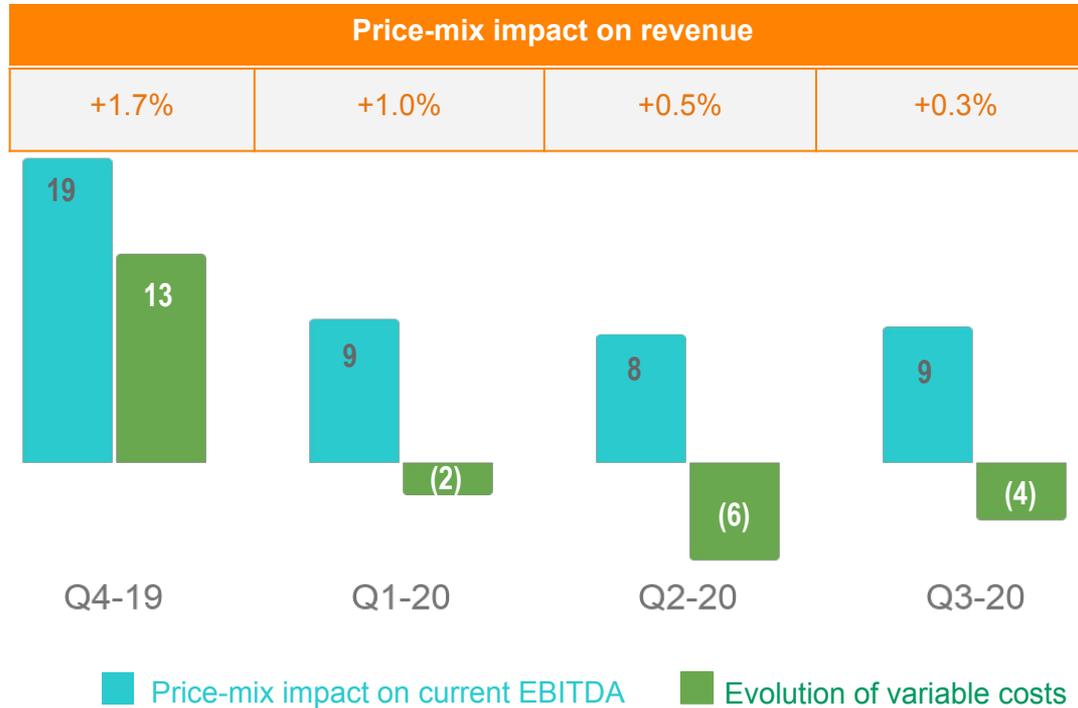


	Q2	Q3
Eur	-19%	-10%
USA	-10%	-3%

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

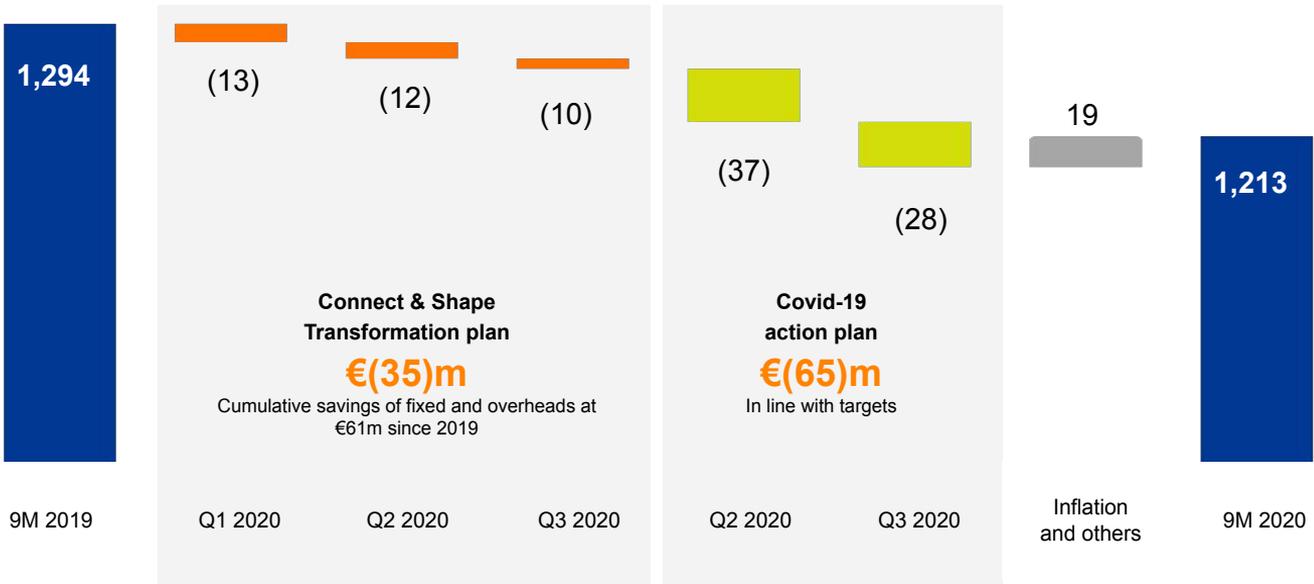
Positive price - mix maintained also in Q3

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



€100 million cost savings in the first nine months 2020

Evolution of fixed costs and overheads (€m)



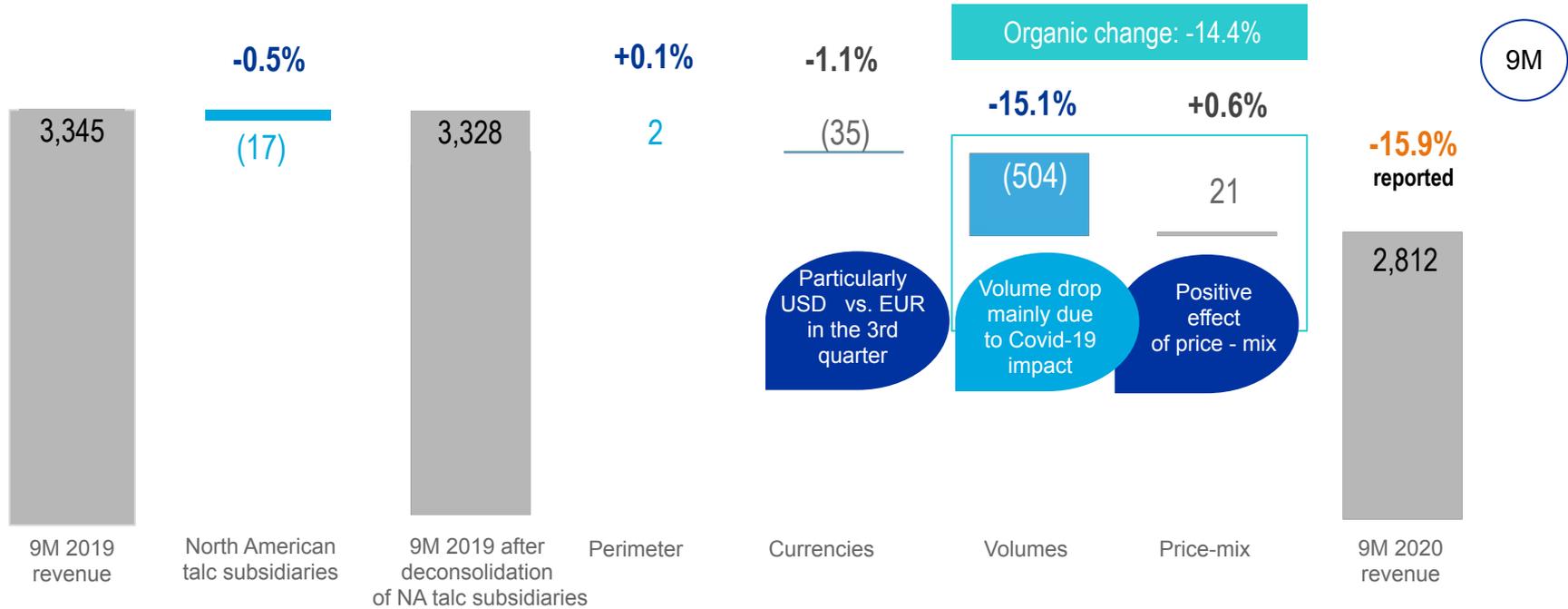


Financials

Sébastien Rouge – Chief Financial Officer

Relative improvement in Q3 after sharp decline in volumes in Q2 caused by Covid-19

(€m)



Q2

Q3

1,139 ————— 872 / -23.5%

1,081 ————— 912 / -15.7%

Performance Minerals: all regions showing gradual recovery in Q3

Q3 2019 restated from Kaolin ⁽¹⁾	Q3 2020	LFL change vs. Q3 2019 restated	(€m)	9M 2019 restated from Kaolin ⁽¹⁾	9M 2020	LFL change vs. 9M 2019 restated
253	217	-5.3%	Revenue: Americas	766	681	-7.4%
270	244	-10.3%	Revenue: EMEA	850	745	-13.1%
117	103	-7.9%	Revenue: APAC	363	320	-11.1%
(44)	(40)	-	Eliminations	(139)	(133)	-
597	523	-8.6%	Total segment revenue	1,840	1,613	-11.6%

Americas

- Strong rebound of paints, rubber, polymers and ceramic markets driven by construction recovery
- Resilient filtration and life science markets
- Weak paper and board market
- Integration of Cornerstone (\$12m annual revenue), producer of high-quality perlite in North America

EMEA

- Rebound in construction segments (paint & coating),
- Recovery in automotive starts to materialize (plastics, absorbents)
- Resilience in consumers goods (pharma, food)
- Demand for paper remains depressed

APAC

- Strong rebound of the Graphite & Carbon business on the back of mobile energy
- Recovery for specialty solutions for plastics, paints, rubber and coatings
- Paper and ceramics markets remain weak in the region

(1) The Kaolin business revenue which was entirely recognized within the Performance Minerals Americas business area has been allocated to the Performance Minerals Americas, EMEA and APAC business areas based on the destination of sales since January 1, 2020. See appendix.

High Temperature Materials & Solutions: I&S, industrial markets still weak in Q3

Q3 2019	Q3 2020	LFL change vs. Q3 2019	(€m)	9M 2019	9M 2020	LFL change vs. 9M 2019
204	160	-14.5%	Revenue: High Temperature Solutions	614	461	-19.5%
303	243	-17.2%	Revenue: Refractory, Abrasives, Construction	953	785	-17.5%
(12)	(8)	-	Eliminations	(34)	(26)	-
496	394	-15.8%	Total segment revenue	1,533	1,220	-18.2%

High Temperature Solutions

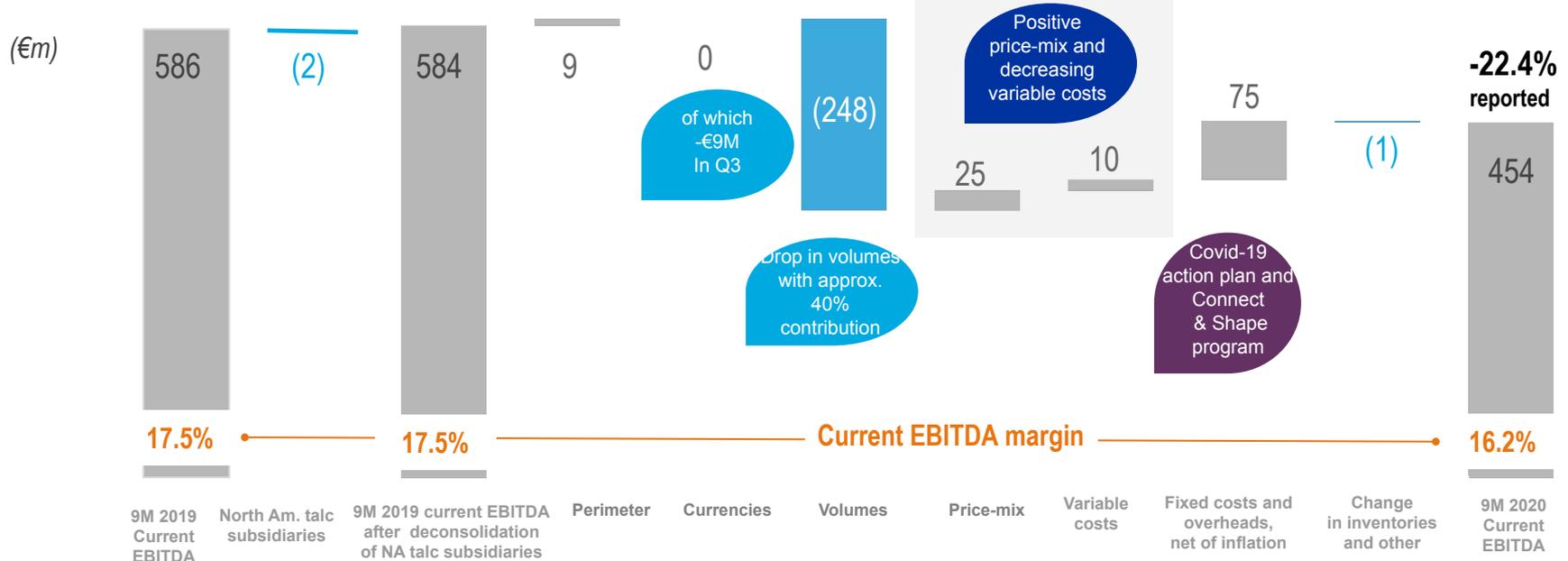
- Improved trend in Q3 due to the gradual recovery of foundry and thermal sectors in EMEA
- Iron and Steel production still at low levels in Europe and USA
- Integration of the acquisition of Hysil, a leading Indian producer of calcium silicate boards used for thermal insulation projects (€5 million in annual revenue)

Refractory, Abrasives & Construction

- Refractory and abrasives markets remain under pressure as a result of continued weakness in iron & steel production
- Strong recovery of the building and infrastructure segment (specialty cements) in the third quarter

Current EBITDA margin at 18.1% in Q3 thanks to significant costs savings

9M



Q2



Q3



Net income

(€m)	Q3 2019	Q3 2020	Change	9M 2019	9M 2020	Change
Current EBITDA	194	165	-15.2%	586	454	-22.4%
Current operating income	113	78	-31.2%	358	210	-41.4%
Current financial expenses	(15)	(15)	-	(33) ⁽²⁾	(44)	-
Current income tax	(28)	(18)	-31.3%	(94)	(48)	-48.8%
<i>Current tax rate</i>	29.6%	28.5%	-	28.8%	28.0%	-
Minority interests	(1)	(1)	-	(4)	(2)	-
Net income from current operations, Group's share	69	44	-36.1%	228	117	-48.7%
Net income from current operations (Group share) per share ⁽¹⁾	€0.87	€0.52	-40.4%	€2.88	€1.44	-50.1%
Other operating income and expenses, net	(5)	(5)	-	(68)	(21)	-
Net income, Group share	64	39	-39.1%	160	95	-40.2%

(1) Weighted average number of shares outstanding: 84,758,625 in Q3 2020 versus 79,059,920 in Q3 2019 and 81,305,809 in the first nine months of 2020 versus 79,133,506 in the first nine months of 2019.

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



Outlook

Alessandro Dazza – Chief Executive Officer

Investing for future growth: geography and capacity expansion

External developments

- Agreement for the acquisition of a 60% majority stake in the Haznedar group
 - Turkish-based high-quality monolithic refractories and refractory bricks manufacturer
 - Cost competitive production base strategically located between Europe, Middle-East and Africa
 - USD 64 m in revenue (40% from exports) and USD 17 m in EBITDA in 2019
- Acquisition of Sunward Refractories
 - Taiwanese producer of high temperature refractory solutions with strong position in Asian markets
 - Expected revenue in 2021: USD 15 m

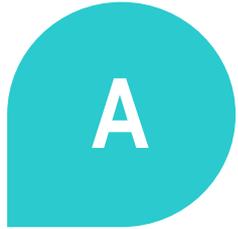
Internal developments

- €35 million investment in the production of synthetic graphite in Bodio, Switzerland
 - Construction of a new production line for high-purity synthetic graphite materials and solutions
 - Next step to supply growing demand from battery manufacturers in Asia, Europe and North-America, who are rapidly increasing their output



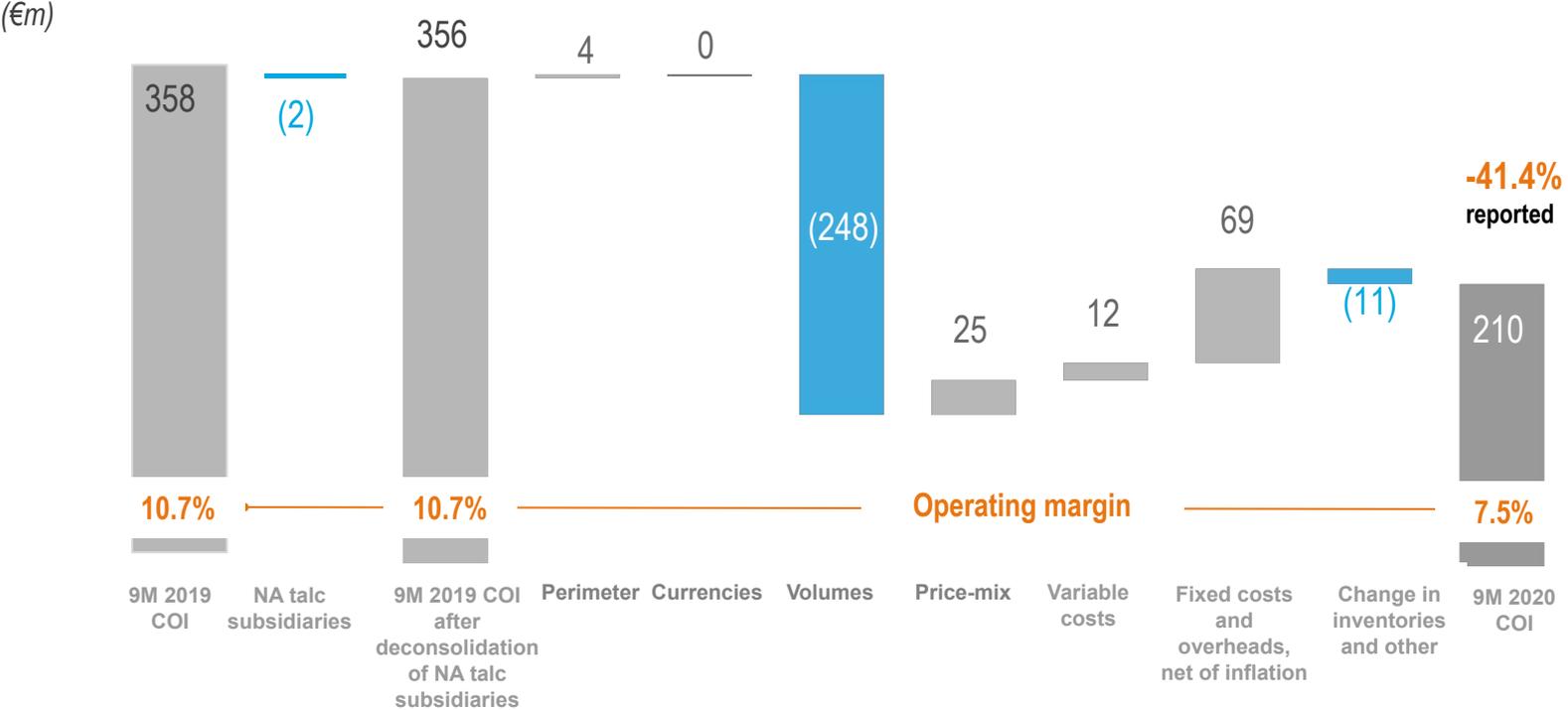
Outlook: gradual sales recovery subject to macroeconomic uncertainties; continued focus on costs and cash generation

- End markets expected to continue recovering, but pace subject to the impact of the sanitary situation on the economy, especially in Europe
- Continued focus on cost savings and cash generation also in Q4
- Significant step towards the sale of the North American talc assets to eliminate risk of further financial impact on Imerys balance sheet
- Targeted capacity expansions and bolt-on acquisitions to support future growth of the Group
- Imerys customer centric organization, as well as strong liquidity and sound financial structure, to allow the Group to take full advantage of the recovery of end markets



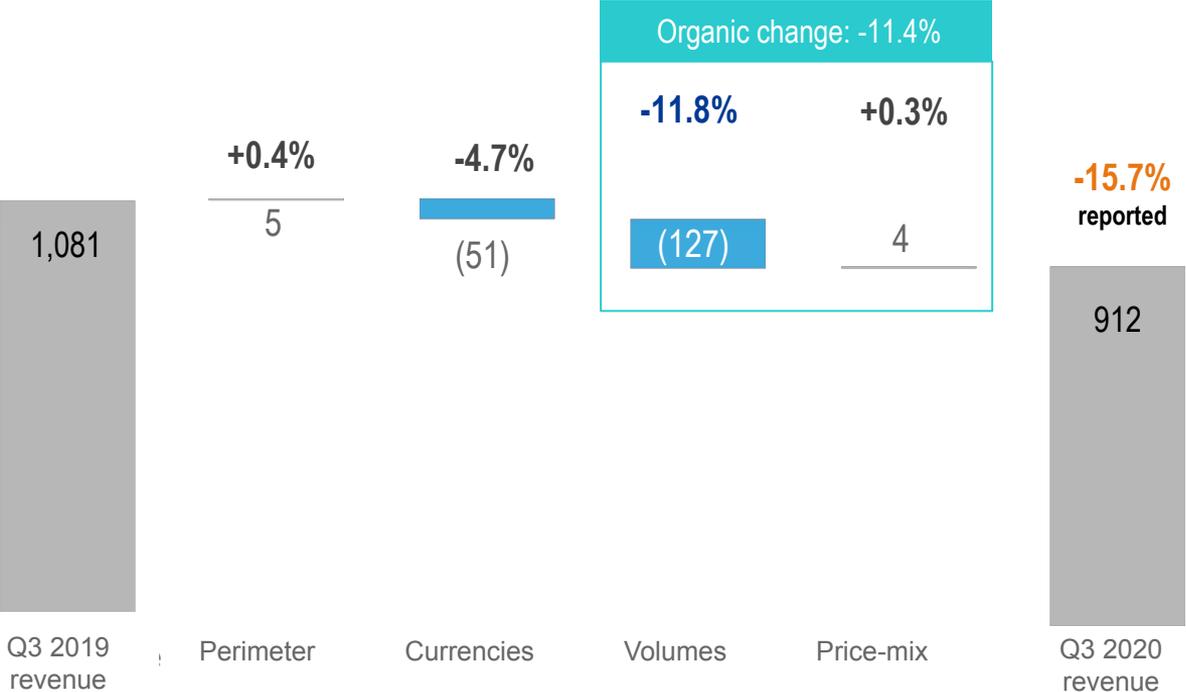
Appendix

Current operating income (COI)



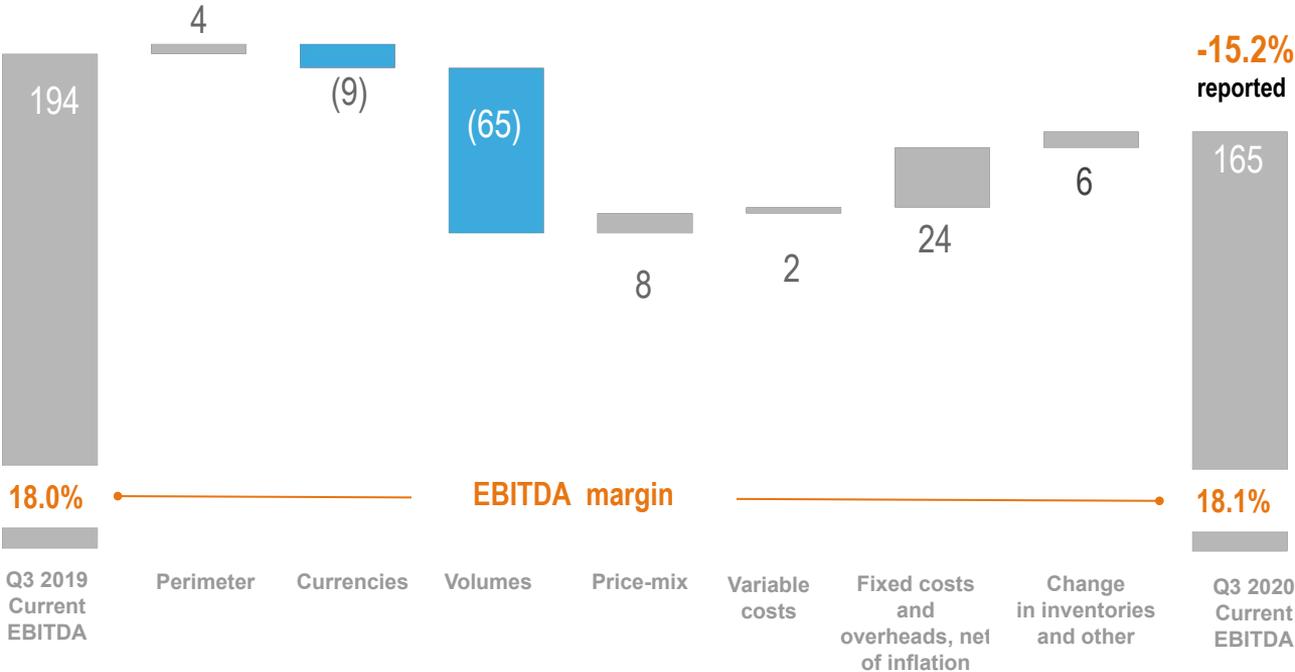
Revenue

(€m)



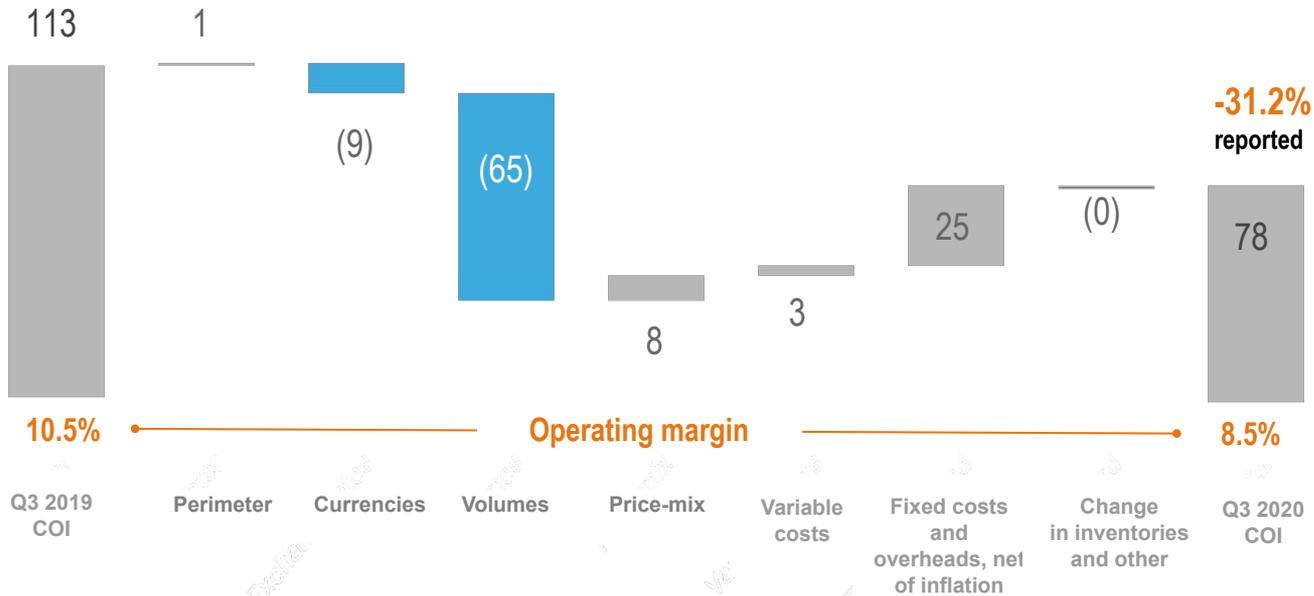
Current EBITDA

(€m)



Current operating income (COI)

(€m)



Performance Minerals: restated revenue split by business areas

(€m)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
Americas	261	253	253	240	1,007
EMEA	291	289	270	260	1,110
APAC	123	123	117	117	480
Eliminations	(51)	(43)	(44)	(42)	(181)
Performance Minerals	623	621	597	575	2,415

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

Revenue per business segment

Q3 2019 reported	Q3 2019 restated from Kaolin	Q3 2020	Reported change vs. Q3 2019 restated	(€m)	9M 2019 reported	9M 2019 restated from Kaolin	9M 2020	Reported change vs. 9M 2019 restated
272	253	217	-14.3%	Revenue: Americas	828	766	681	-11.1%
238	270	244	-9.9%	Revenue: EMEA	754	850	745	-12.4%
117	117	103	-12.0%	Revenue: APAC	347	363	320	-11.8%
(31)	(44)	(40)	-	Eliminations	(88)	(139)	(132)	-
597	597	523	-12.3%	Total Performance Minerals Revenue	1,840	1,840	1,614	-12.3%

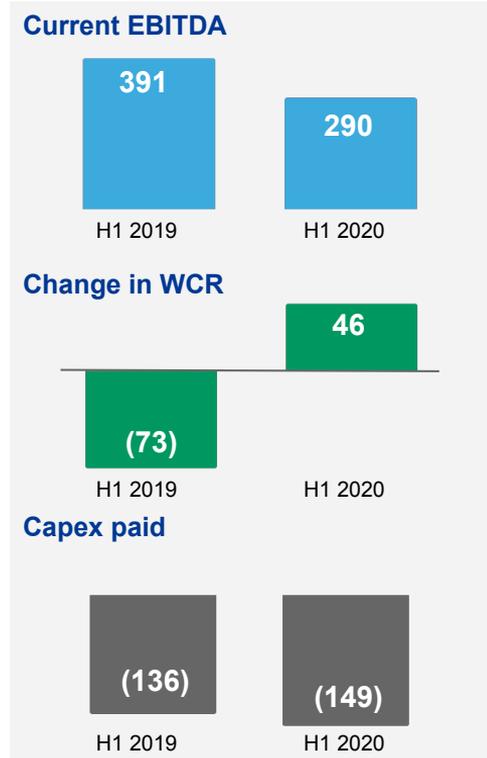
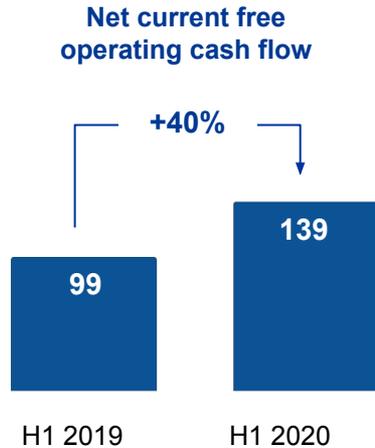
Q3 2019	Q3 2020	Reported change vs. Q3 2019	(€m)	9M 2019	9M 2020	Reported change vs. 9M 2019
204	160	-22.0%	Revenue: High Temperature Solutions	614	461	-24.9%
304	243	-19.8%	Revenue: Refractory, Abrasives, Construction	953	785	-17.6%
(12)	(8)	-	Eliminations	(34)	(26)	-
496	394	-20.5%	Total High Temperature Materials and Solutions revenue	1,533	1,220	-20.4%

Strong cash flow generation

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

Strong cash flow generation

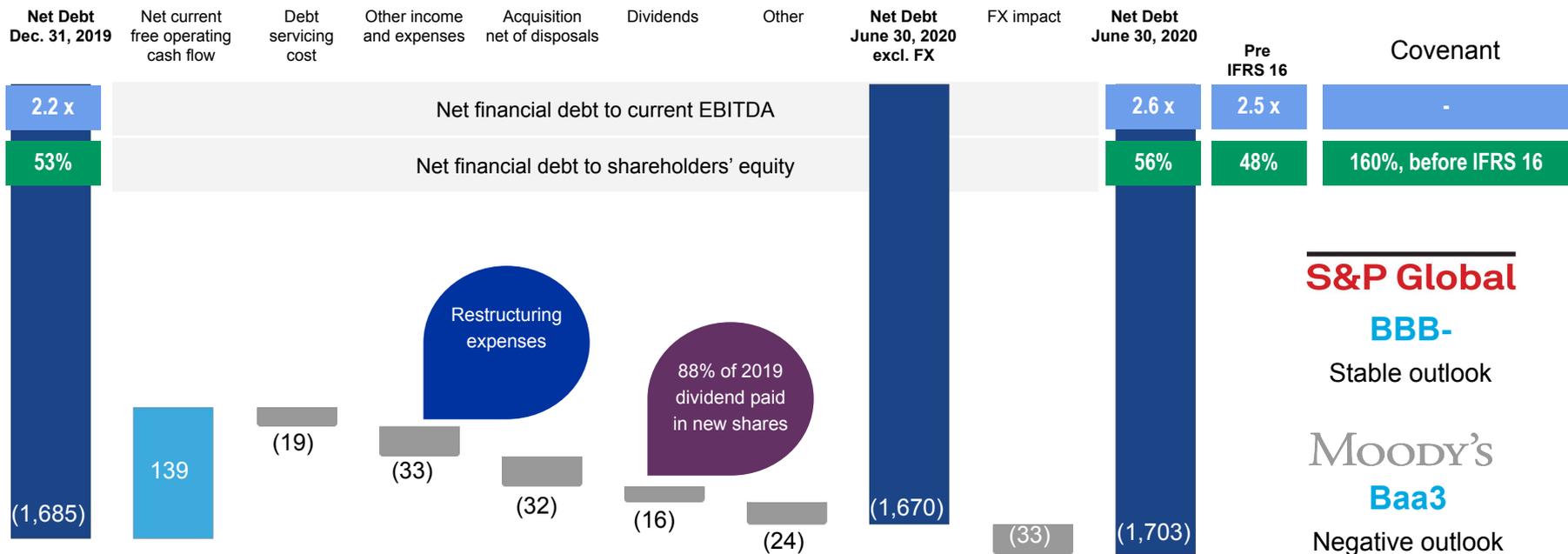
Net current free operating cash flow (€m)



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

Sound financial structure

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

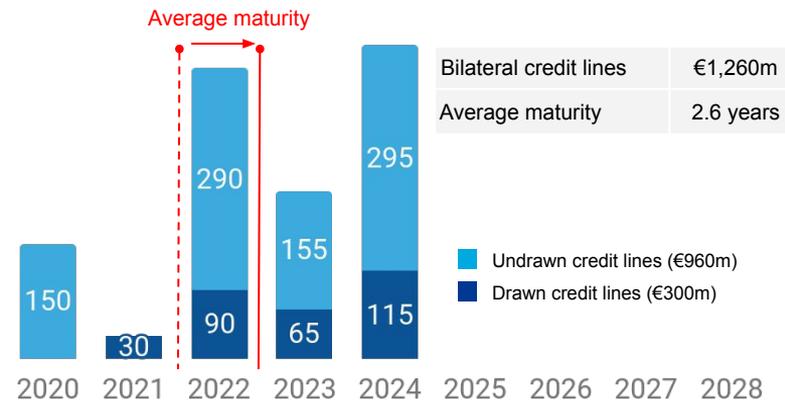


Strong liquidity position

Bond maturity profile (€m)



Bilateral credit lines maturity profile (€m)



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

(€m)

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

Talc litigations: agreement on a joint Plan of Reorganization

Imerys SA
("the Group")

The "Talc Subsidiaries" (1)

Representatives
of existing and potential future
claimants

JOINT PLAN OF REORGANIZATION

**Agreement to resolve historic talc-related liabilities filed
in the US Bankruptcy Court for the District of Delaware**

Once necessary approvals obtained from relevant US courts:

North American talc assets
will be sold and the Talc
Subsidiaries
will emerge from the
chapter 11 process

The Group will be released from all
existing and future potential
talc-related liabilities arising out of
Talc Subsidiaries' past operations

These talc-related liabilities
will be channeled into an
independent, dedicated trust

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

Talc litigations: financial Terms of the joint Plan of Reorganization

Imerys Group's contribution to the joint Plan of Reorganization

Minimum cash
payment
of USD \$75 million



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



Certain other
components ⁽²⁾

Imerys Group provision considered as appropriate

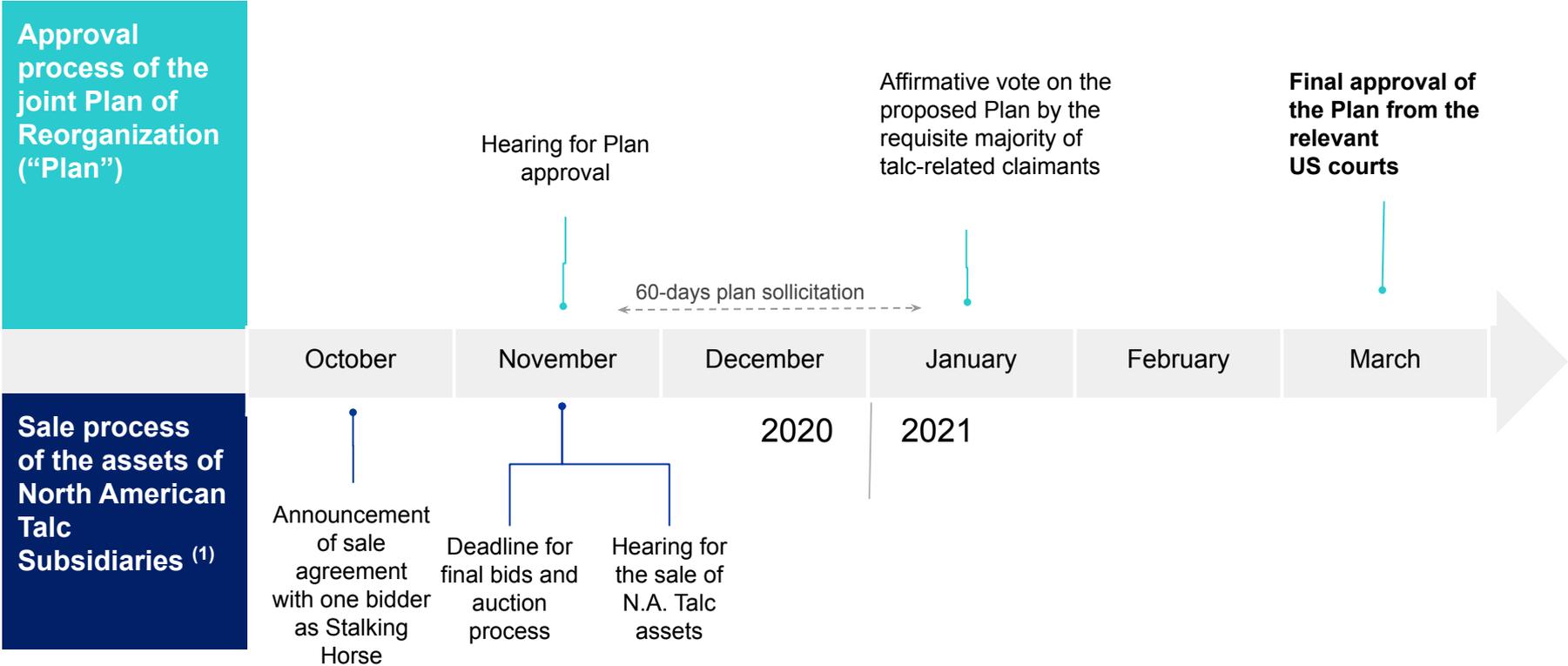
The Group USD \$115 million provision as of June 30, 2020 ⁽³⁾ considered
as appropriate to cover the financial impact of the joint Plan of Reorganization,
taking into account the expected market value of the North American Talc Subsidiaries

(1) Amount which might not be due if the sale of North American Talc Assets closes under terms currently agreed with one of the bidders at 223 M\$

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

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

Talc litigations: revised indicative timetable of the Joint Plan of Reorganization



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



Strong commitment to sustainability with significant achievements

EMPOWERING our people



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

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

CARING for our planet



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

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

BUILDING for the future



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

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

COVID-19 related initiatives



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

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

(2) Target approved by the Science Based Target initiative

(3) By revenue

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

Glossary

Alternative Performance Indicators	Definitions and reconciliation to IFRS indicators
Growth at constant scope and exchange rates (also called life-for-like growth, LFL, organic growth or internal growth)	<p>Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect). Restatement of the currency effect consists of calculating aggregates for the current year at the exchange rate of the prior year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data.</p> <p>Restatement of Group structure to take into account newly consolidated entities consists of subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year and subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the prior year, for entities entering the consolidation scope in the prior year.</p> <p>Restatement of entities leaving the consolidation scope consists of subtracting the departing entity's contribution from the aggregates of the prior year as from the first day of the month of divestment, for entities leaving the consolidation scope in the current year and subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.</p>
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group's share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income before operating amortization, depreciation and impairment losses and adjusted for changes in operating provisions and write-downs, share in net income and dividends received from joint ventures and associates.
Net current operating cash flow	Net current free operating cash flow before paid intangible and tangible capital expenditure and changes in right-of-use assets.
Net current free operating cash flow	Current EBITDA after notional income tax on current operating income, adjusted for changes in operational working capital requirement, proceeds from divested intangible and tangible assets, paid intangible and tangible capital expenditure and changes in right-of-use assets.
Net financial debt	The difference between borrowings and financial debt and cash and cash equivalents.

Thank you for your attention

Next events

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

For more information: www.imerys.com

Or on social media :

