

LETTER TO SHAREHOLDERS 86



RESULTS

- Nine Months 2020 Results: recovery confirmed in the third quarter, costs savings in line with objectives

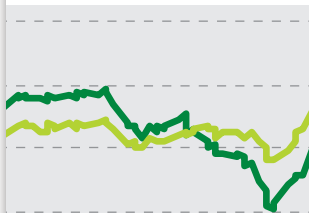
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NEWS

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- Sale of the North American talc assets

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MESSAGE

Patrick KRON

Chairman of the Board of Directors



Dear Shareholders,

After the peak of the Covid-19 crisis in the spring, the demand for our products has begun to recover in the third quarter of 2020 with some sectors, such as construction and consumer goods, almost entirely back to last year's levels. We also saw early signs of improvements in other industries, such as automotive and iron and steel.

In accordance with our commitments, we delivered on our cost savings targets thanks to the Connect & Shape program and the specific Covid-19 action plan, which allowed us to significantly improve our margins in the third quarter of the year.

The Group' financial structure remains robust with strict management of capital expenditures and working capital effectively protecting our cash flow generation.

With the new customers-focused organisation largely in place, Imerys is now ready to take advantage of the recovery in its underlying markets. The recent bolt-on acquisitions and capacity expansions - highlighted in this issue of your Shareholder's letter - show that, despite the context, we continue to invest for future growth.

Dear Shareholders, on behalf of all Imerys' employees, thank you again for your loyalty and trust.

Patrick Kron



IMERYS
TRANSFORM TO PERFORM

Third quarter and nine months 2020 results: **recovery confirmed** in the third quarter, costs savings in line with objectives

Revenue for the first 9 months of 2020 was €2,812 million, down 14.4% year-on-year at constant scope and exchange rates.

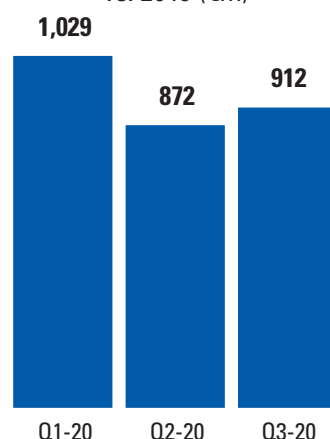
Group sales volumes decreased by 11.8% in the third quarter of 2020 (-€127 million), showing a gradual improvement compared to the second quarter, which was negatively impacted by the peak of the Covid-19 pandemic. In this context, Imerys maintained a positive 0.6% price mix (+€3.5 million) in the third quarter.

Current EBITDA reached €454 million in the first nine months of 2020 and includes €100 million of cost savings in fixed costs and overheads delivered from the Connect & Shape program and the specific Covid-19 action plan. In the third quarter, current EBITDA margin improved to 18.1%, compared to 14.3% in the second quarter.

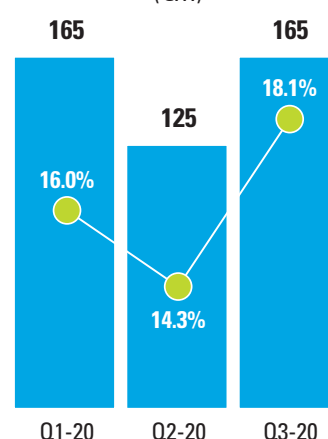
Net income from current operations, Group share, totaled €117 million, down 48.7% versus the first nine months of 2019. Other income and expenses, after tax, represent an overall charge of €21 million, significantly below last

year's level, which included significant costs to implement the Connect & Shape transformation program. Consequently, net income, Group share, totaled €95 million in the first nine months of 2020.

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



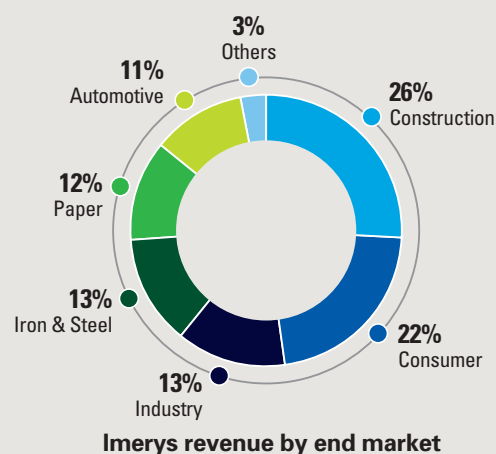
Current EBITDA and margin (€m)



IMPROVEMENT IN ALL UNDERLYING MARKETS, THOUGH AT UNEVEN PACE

All underlying markets showed a recovery in the third quarter, though at an uneven pace: automotive production was down -10% in Europe and flat in the USA, steel production declined 20% in Europe and 26% in the USA, paper production dropped -23% in Europe and -22% in the USA and construction was down 10% in Europe and 3% in the USA.

Even though Imerys end markets are expected to continue recovering in the fourth quarter, the pace of recovery remains subject to the impact of the sanitary situation on the economy, especially in Europe.



The full press release and the first half 2020 earnings presentation are available online in the Finance section of the [imerys.com](https://www.imerys.com) website.



Sale of the North American talc assets

In the court-supervised sale process of the North American talc subsidiaries' assets, a sale agreement was signed with Magris Resources Canada for a price of \$223 million.

This sale is part of the U.S Chapter 11 proposed plan of reorganization (the "Plan") filed jointly by its proponents (North American talc subsidiaries, Imerys SA, representatives of existing and future potential talc related claimants) with the competent Federal Court for the District of Delaware on May 15, 2020.

All parties continue to work diligently toward approval of this

Plan and completion of the related Chapter 11 process, which is expected in the first half of 2021.

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.

On the basis of these recent developments, the provision set aside to resolve the litigation involving the Group's talc operations in the US is considered as appropriate to cover the expected financial impact of the Plan for the Group.

Targeted production capacity expansions and bolt-on acquisitions to support future growth of the Group



◀ DEVELOPMENT IN THE FAST GROWING MARKET OF LITHIUM-ION BATTERIES FOR ELECTRIC VEHICLES

The Group has recently announced an investment of €35 million in its plant in Bodio, Switzerland, to expand production capacity for high-purity synthetic graphite used in Lithium-ion batteries, mostly in electric cars.

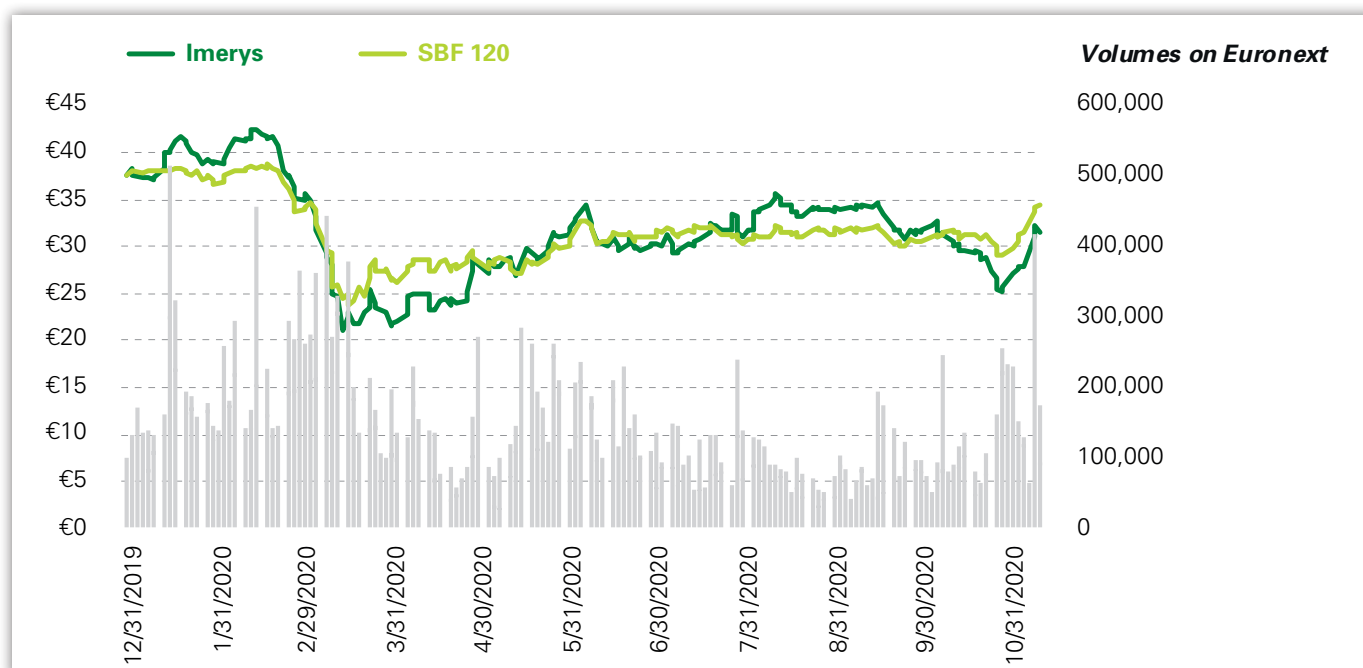
This investment is the first of a series of capacity expansion projects the Group envisages to support and accompany the expected strong growth of the electric vehicle market worldwide.

ACQUISITION OF SUNWARD REFRACTORIES ▶

In October, the Group also announced the acquisition of Sunward Refractories (expected revenue of USD 15 million in 2021), a Taiwanese producer of high temperature refractory solutions which complements the existing product portfolio of the Group in the region and extends its market reach in Asia.

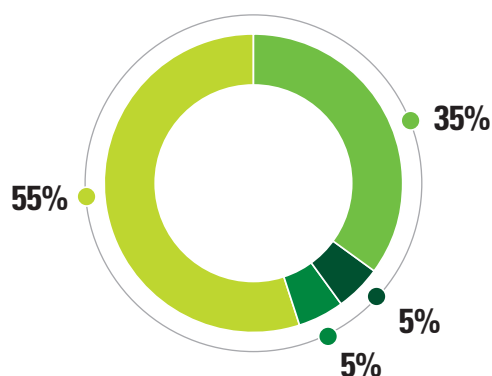


Share price evolution as of November 11, 2020



OWNERSHIP STRUCTURE

(October 31, 2020)



- Belgian Securities BV (subsidiary of Groupe Bruxelles Lambert)
- Institutional investors
- Bluecrest (Kyriacopoulos family)
- Other (individual, employee and other shareholders)

NEXT DATES

- **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

IMERYS ON THE STOCK MARKETS

ISIN: FR0000120859 - NK
Euronext Paris - Eurolist - Local values
Compartment A (large caps)
(Eligible for the deferred settlement service)

(Data as of November 11, 2020)

- **Number of shares:** 85 015 055
- **Par value:** €2.0
- **Closing price:** €31.54
- **Market capitalization:** €2.7 billion

FINANCIAL COMMUNICATION CONTACTS



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