

Imerys reports resilient first half 2020 results amid Covid-19 crisis

- Revenue down 16.0% at €1.9 billion, heavily affected by Covid-19 in the second quarter (-23.5%)
- Strong generation of net current free operating cash flow at €139 million, reflecting strict management of expenses and operating working capital
- Positive price-mix maintained in difficult market conditions
- Swift implementation of cost savings measures delivering in line with objectives, both for Covid-19 action plan and Connect & Shape program
- Current EBITDA at €290 million, 15.2% of revenue
- Solid balance sheet and liquidity position
- Agreement on proposed resolution of all historic US talc-related liabilities filed on May 15, 2020

Alessandro Dazza, Chief Executive Officer, said:

“ Imerys reacted quickly to the Covid-19 pandemic outbreak to ensure the health and safety of its employees, their families and all its stakeholders, while preserving business continuity and adjusting production to lower demand. Cost reduction and cash preservation measures were immediately deployed to protect the Group’s financial performance. Our action plan is delivering in line with objectives and has led to a limited erosion of margins and a solid cash flow generation. The Group has also further strengthened its liquidity position by extending the maturity of its financing facilities. I want to compliment our teams for their tremendous commitment and achievements during these very trying times. The uncertainty over the speed and magnitude of the recovery in most of our markets makes it difficult to provide any reliable financial target for 2020. Our results in the first half of the year support our confidence that Imerys’ business model is adaptive and resilient, even under the most challenging circumstances. ”

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 bps
Current operating income	245.1	132.1	-46.1%
Current operating margin	10.8%	7.0%	-3.8 bps
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%

¹ The definition of alternative performance measures can be found in the glossary at the end of the press release.

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.

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.

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.

COMMENTARY ON THE FIRST HALF 2020 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.

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.

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

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).

COMMENTARY BY SEGMENT

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%	-	-1.4 bps

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 & 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.

First half 2020 results conference call

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

Financial Calendar

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

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

The world's leading supplier of mineral-based specialty solutions for industry with €4.4 billion in revenue and 16,300 employees in 2019. Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys' solutions contribute essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and water repellency. Imerys is determined to develop responsibly, in particular by fostering the emergence of environmentally-friendly products and processes.

More comprehensive information about Imerys may be obtained from its website (www.imerys.com) in the Regulated Information section, particularly in its Registration Document filed with the French financial markets authority (Autorité des marchés financiers, AMF) on March 24, 2020 under number D.20-0175 (also available from the AMF website, www.amf-france.org). Imerys draws investors' attention to chapter 4 "Risk Factors and Internal Control" of its Registration Document.

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

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APPENDICES

CONSOLIDATED REVENUE BREAKDOWN

Revenue by business group (€ millions)	Q2 2019	Q2 2020	Reported change	Group structure	Exchange rates	LFL change
Performance Minerals	620.5	501.3	-19.3%	-0.0%	+0.8%	-21.3%
High Temperature Materials & Solutions	527.4	376.9	-28.5%	+0.7%	-0.2%	-27.6%
Holding & Eliminations	(8.5)	(6.5)	n.s.	n.s.	n.s.	n.s.
Total	1,139.4	871.6	-23.5%	+0.3%	+0.3%	-24.1%

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

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

CHANGE IN CURRENT EBITDA AND CURRENT OPERATING INCOME

(€ millions)	Current EBITDA	Current operating income
Q1 2019	168.3	109.6
Deconsolidation of North American talc subsidiaries	(2.7)	(1.7)
Other perimeter	1.8	1.8
Currencies	3.4	3.4
Volumes	(48.2)	(48.2)
Price -mix	9.0	9.0
Variable costs	1.7	1.7
Fixed costs and overheads, net of inflation	31.8	8.2
Change in inventories and other	(0.3)	(1.3)
Q1 2020	164.8	82.6

(€ millions)	Current EBITDA	Current operating income
Q2 2019	223.0	135.5
Other perimeter	4.9	3.1
Currencies	5.9	5.9
Volumes	(135.5)	(135.5)
Price -mix	7.7	7.7
Variable costs	6.3	6.3
Fixed costs and overheads, net of inflation	18.4	35.9
Change in inventories and other	(6.0)	(9.4)
Q2 2020	124.8	49.5

KEY INCOME INDICATORS

(€ millions)	Q1 2019	Q1 2020		Q2 2019	Q2 2020	Change
Revenue	1,124.0	1,028.5	-8.5%	1,139.4	871.6	-23.5%
Current EBITDA	168.3	164.8	-2.1%	223.0	124.8	-44.1%
Current operating income	109.6	82.6	-24.7%	135.5	49.5	-63.5%
Current financial expense	(2.4)	(13.0)	-	(16.0)	(16.2)	-
Current taxes	(31.1)	(19.5)	-	(34.7)	(9.3)	-
Minority interests	(1.0)	(0.9)	-	(1.3)	(0.4)	-
Net income from current operations, Group share	75.1	49.2	-34.5%	83.6	23.6	-71.8%
Other operating income and expenses, net	(7.9)	(5.2)	-	(54.9)	(11.0)	-
Net income, Group share	67.2	44.0	-34.5%	28.7	12.6	-56.0%

CONSOLIDATED INCOME STATEMENT

<i>(€ millions)</i>	June 30, 2020	June 30, 2019	2019
Revenue	1,900.2	2,263.4	4,354.5
Raw materials and consumables used	(650.5)	(784.6)	(1,488.0)
External expenses	(486.6)	(582.6)	(1,126.5)
Staff expenses	(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	(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	(2.6)	3.4	(23.0)
Other non-recurring items	(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)	(29.2)	(18.4)	(43.7)
Income taxes	(24.8)	(46.5)	(65.5)
Net income	57.4	98.0	119.4
Net income, Group share ⁽¹⁾	56.6	95.9	121.2
Net income attributable to non-controlling interests	0.7	2.1	(1.9)
<i>(1) Net income per share:</i>			
Basic net income per share (in €)	0.71	1.21	1.53
Diluted net income per share (in €)	0.70	1.20	1.52

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(€ millions)</i>	June 30, 2020	June 30, 2019	2019
Non-current assets	5,004.8	5,060.6	5,129.0
Goodwill	2,140.3	2,123.8	2,153.1
Intangible assets	289.0	277.2	281.8
Right-of-use assets	223.8	254.2	245.2
Mining assets	479.0	503.4	502.9
Property, plant and equipment	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	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⁾	11.9	10.5	11.2
Cash and cash equivalents ⁽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	414.4	439.9	446.0

Borrowings and financial debt ⁽¹⁾	1,694.8	1,913.9	1,689.0
Lease liabilities ⁽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	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⁾	817.3	239.5	397.5
Lease liabilities ⁽¹⁾	69.4	72.8	70.9
Bank overdrafts ⁽¹⁾	11.2	3.8	7.3
Consolidated equity and liabilities	7,617.2	7,557.5	7,474.7
<i>(1) Included in the calculation of net financial debt</i>	1,702.8	1,789.8	1,685.0

CURRENT FREE OPERATING CASH FLOW

<i>(€ millions)</i>	June 30, 2020	June 30, 2019	2019
CONSOLIDATED INCOME STATEMENT			
Revenue	1,900.2	2,263.4	4,354.5
Raw materials and consumables used	(650.5)	(784.6)	(1,488.0)
External expenses	(486.6)	(582.6)	(1,126.5)
Staff expenses	(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	(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	(13.4)	(15.2)	(59.0)
Net current free operating cash flow	139.1	99.4	347.9
<i>(1) Consolidated Income Statement</i>			
<i>(2) Change in operating working capital requirement (Consolidated Statement of Cash Flows)</i>	46.4	(73.1)	52.1
<i>Adjustments for decrease (increase) in inventories</i>	16.7	14.8	35.4
<i>Adjustments for decrease (increase) in trade receivables</i>	52.6	(82.6)	30.1
<i>Adjustments for decrease (increase) in trade payables</i>	(23.0)	(5.3)	(13.4)
<i>(3) Acquisitions of intangible assets and property, plant and equipment</i>	(149.4)	(135.5)	(291.7)
<i>Acquisitions of intangible assets</i>	(11.9)	(10.7)	(24.9)
<i>Acquisitions of property, plant and equipment</i>	(88.9)	(97.9)	(287.6)
<i>Change in payables on acquisitions of intangible assets and property, plant and equipment</i>	(48.6)	(26.9)	20.8

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)

CHANGE IN NET FINANCIAL DEBT

(€ 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)

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLIONS)	June 30, 2020	June 30, 2019	2019
Net income	57.4	98.0	119.4
ADJUSTMENTS			
Adjustments for depreciation and amortization	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	(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	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

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)	<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. 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.</p>
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group's share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income before operating amortization, depreciation and impairment losses and adjusted for changes in operating provisions and write-downs, share in net income and dividends received from joint ventures and associates.
Net current operating cash flow	Net current free operating cash flow before capital expenditure and right-of-use assets (to reflect the IFRS 16 calculation).
Net current free operating cash flow	The Group's current EBITDA after deducting notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous.
Net financial debt	The difference between borrowings and financial debt and cash and cash equivalents.