

First Half 2021 Results

July 27, 2021

Alessandro Dazza - Chief Executive Officer

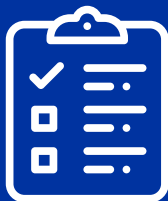
Sébastien Rouge - Chief Financial Officer

Disclaimer

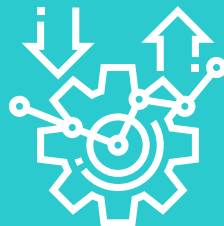
More comprehensive information about Imerys may be obtained on its website (www.imerys.com), under Regulated Information, including its Universal Registration Document filed under No. D.21-0167 in March 22, 2021 with Autorité des Marchés Financiers. Imerys draws the attention of investors to the “Risk 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



Financial Results



Conclusion



Highlights



Financial Results



Conclusion

H1 2021 Highlights

Launch of a €60 million capacity expansion, of our carbon black production facility in Belgium, in order to support the **fast growing market of Lithium-ion batteries for electric vehicles**



US talc litigation: **the proposed Plan of Reorganization** received the necessary majority support (>75%) from claimants. Confirmation hearing rescheduled for November (administrative delay)

Launch of commercial sales from our **new calcium aluminate plant in India** to the growing Indian refractory and construction industries



January

February

March

April

May

June

July

Disposal of our stake in Fiberlean Technologies, developer of a **composite material made from microfibrillated cellulose (MFC) and minerals, used in the the manufacture of paper and packaging**, as well as of the related assets (four production facilities for paper & board clients)

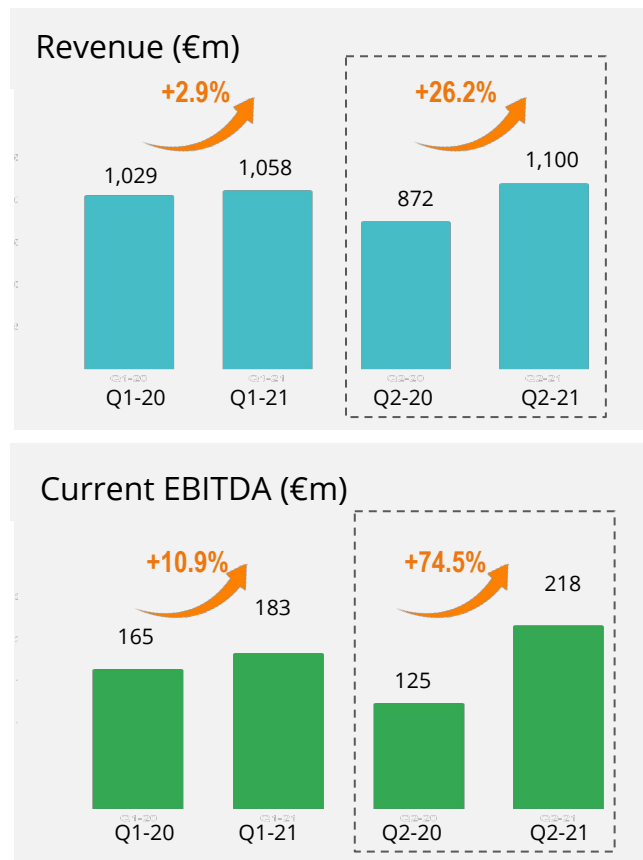
Successful issue of a €300 million Sustainability-Linked Bonds underlining the Group's **commitment to reducing carbon emissions** and achieving its broader sustainability ambition



Signing of an agreement to **divest the North American hydrous kaolin assets**, mainly serving the US paper markets (annual revenue of USD 76 million)

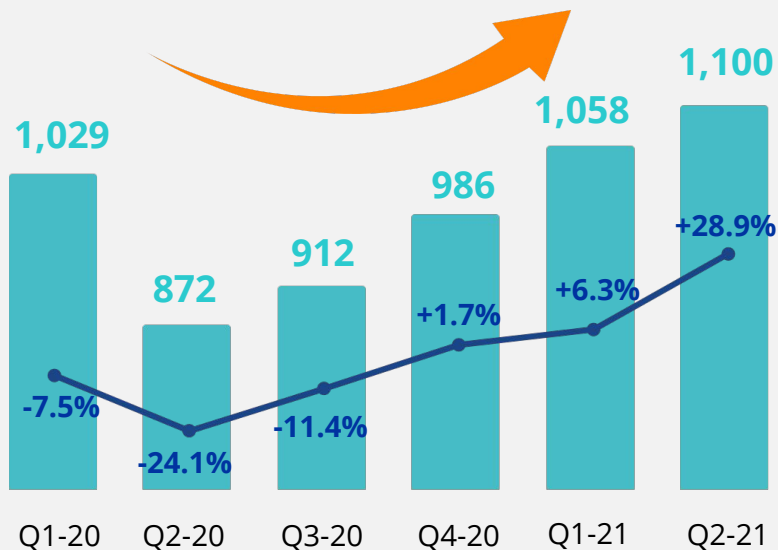
Strong performance in H1 2021

- Revenue up 13.6% at €2,158m in H1 2021: organic growth at 17% (+29% in Q2) driven by good commercial performance and global economic recovery
- Accelerating price/mix: + 2.6% in Q2 vs. + 0.5% in Q1
- Substantial improvement in profitability reflecting good costs control in inflationary environment: H1 2021 current EBITDA margin at 18.6% (15.2% in H1 2020), above 2019 level (17.6%)
- Net income from current operations more than doubled to €158m in H1
- Good cash generation with net current free operating cash flow of €122 m in H1

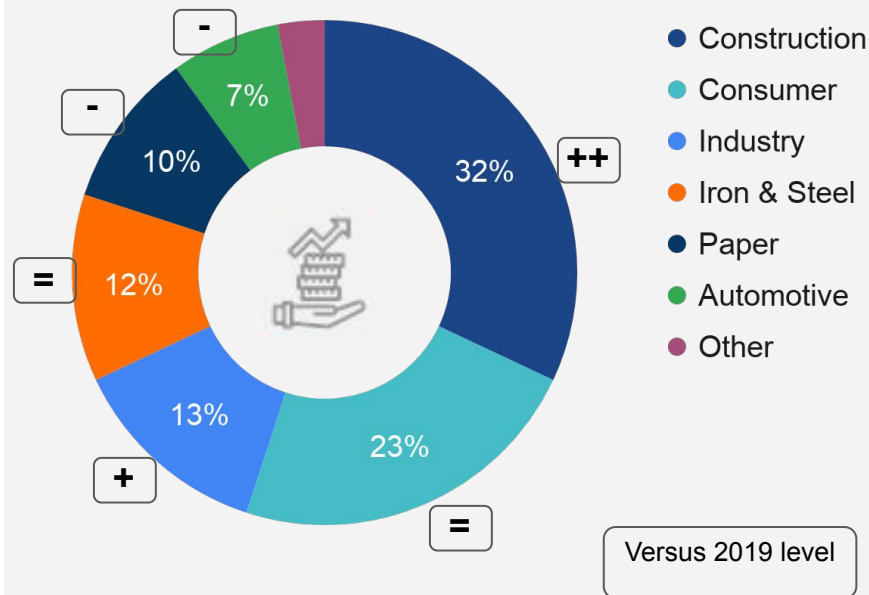


Robust organic growth in Q2 2021: +29% vs Q2 2020

Revenue (€m) and like-for-like⁽¹⁾ change vs. 2020 (%)



Imerys' revenue by end market



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

Buoyant recovery despite worldwide production and supply chain challenges

Automotive



Light vehicle production ⁽¹⁾

	Q1-21 vs. Q1-20	Q2-21 vs. Q2-20
Europe	+0%	+106%
North Am.	-5%	+138%
Asia ⁽³⁾	+34%	+18%
World	+15%	+50%

- Swift growth on favorable comparatives
- **Semiconductors shortage impacting recovery;** low inventories
- Pre-pandemic levels expected for year end/ early 2022

Iron & Steel



Steel production ⁽²⁾

	Q1-21 vs. Q1-20	Q2-21 vs. Q2-20
Europe	+3%	+36%
North Am.	-6%	+48%
Asia ⁽³⁾	+13%	+14%
World	+10%	+20%

- **Europe and US: solid growth** mostly driven by recovery in construction industry
- Strong level of production in India supported by local market growth
- China: dynamic activity above pre-crisis level

Source: (1) IHS; (2) Worldsteel Association (3) Including China

Rebound in all markets and geographies

Construction



Construction⁽¹⁾

	Q1-21 vs. Q1-20	Q2-21 vs. Q2-20
Europe	+1%	+22%
North Am.	+1%	+13%
Asia ⁽³⁾	+11%	+7%
World	+5%	+11%

- **Continuing recovery in all geographies**
- Europe: growth driven by civil engineering and energetic renovation
- North America: high expectations around infrastructure program

Graphic Paper



Paper production⁽²⁾

	Q1-21 vs. Q1-20	Q2-21 vs. Q2-20
Europe	-16%	+19%
USA	-21%	+20%
India	-1%	-1%

- **Progress in mature markets** with low inventory levels especially in the US
- Stronger industrial activity and travel to support further rebound

Source: (1) Construction: OE (2) Eurograph, P&P Council, Risi (3) Including China.



Highlights



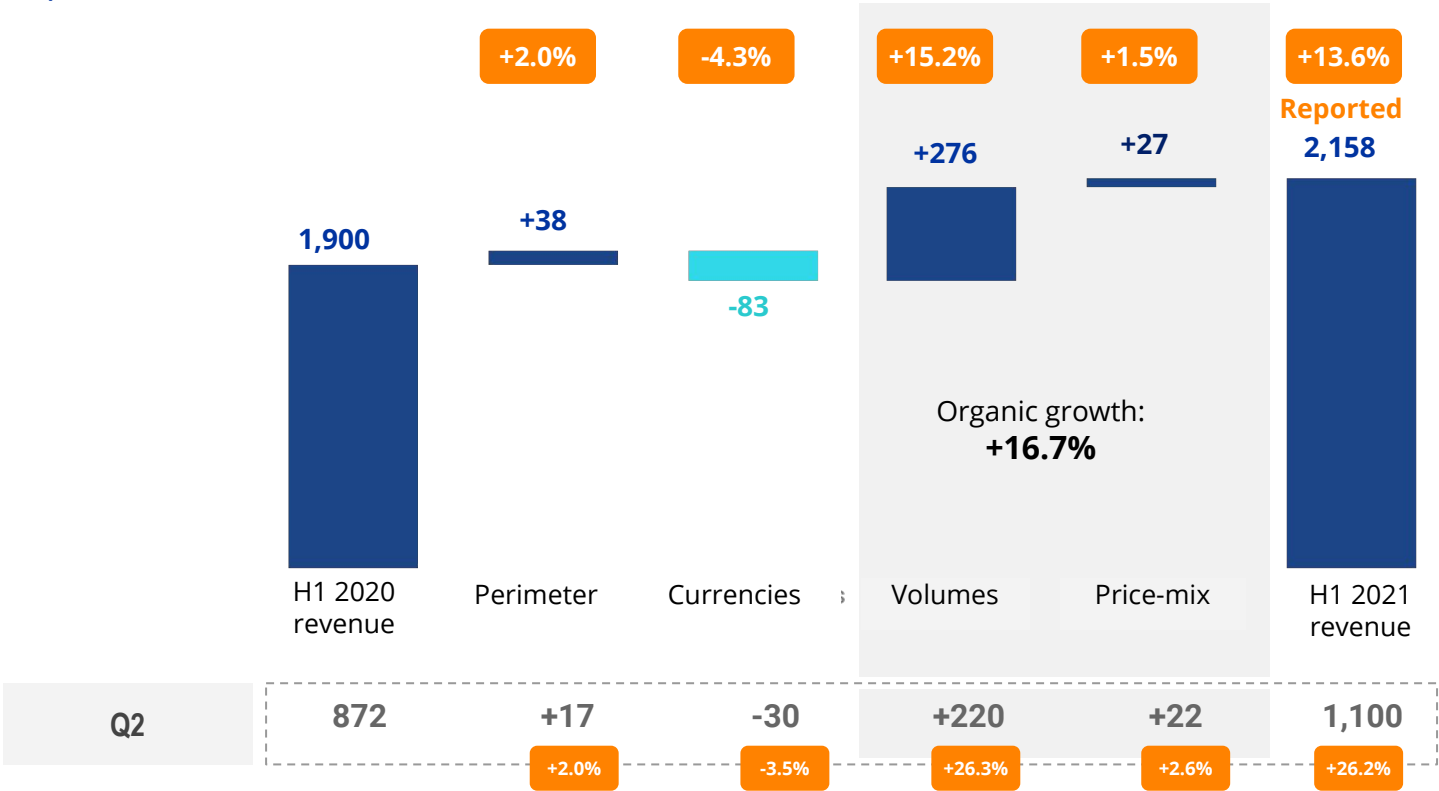
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Robust organic growth of +16.7% in H1 2021

(€m)



Performance Minerals: strong recovery in Q2

Q2 2020	Q2 2021	like for like change vs. Q2 2020	(€m)	H1 2020	H1 2021	like for like change vs. H1 2020
214	242	20.5%	Revenue: Americas	464	473	10.1%
228	300	33.7%	Revenue: EMEA	501	583	17.9%
106	125	27.3%	Revenue: APAC	217	255	26.6%
(45)	(50)	-	Eliminations & others	(92)	(98)	-
501	616	27.7%	Total segment revenue	1,090	1,212	16.6%
-	-	-	Current EBITDA	202	263	30.2% *

* Reported growth

Americas

- Solid recovery of demand for paints, rubber, polymers & ceramics thanks to dynamic construction business
- Better filtration and agriculture markets in the consumer goods sector
- Significant order backlog created by persisting logistic issues

EMEA

- Continued rebound of construction driving paints & coatings, rubber and ceramics & building products
- Consumer markets picking-up benefiting to filtration and life sciences applications
- Automotive recovery slowed down by chips shortage (plastic applications)

APAC

- Rebound in all markets and geographies
- Buoyant growth in Graphite & Carbon for mobile energy
- Good performance in specialty minerals for plastic, paint & coating and ceramics, already back to pre-crisis levels

High Temperature Materials & Solutions: solid growth driven by industrial, construction markets

Q2 2020	Q2 2021	like for like change vs. Q2 2020	(€m)	H1 2020	H1 2021	like for like change vs. H1 2020
137	198	30.8%	Revenue: High Temperature Solutions	301	385	18.0%
246	311	31.9%	Revenue: Refractory, Abrasives, Construction	543	606	16.4%
(6)	(16)	-	Eliminations & others	(18)	(28)	-
377	493	29.4%	Total segment revenue	826	962	16.0%
-	-	-	Current EBITDA	88	140	60.6% *

* Reported growth

High Temperature Solutions

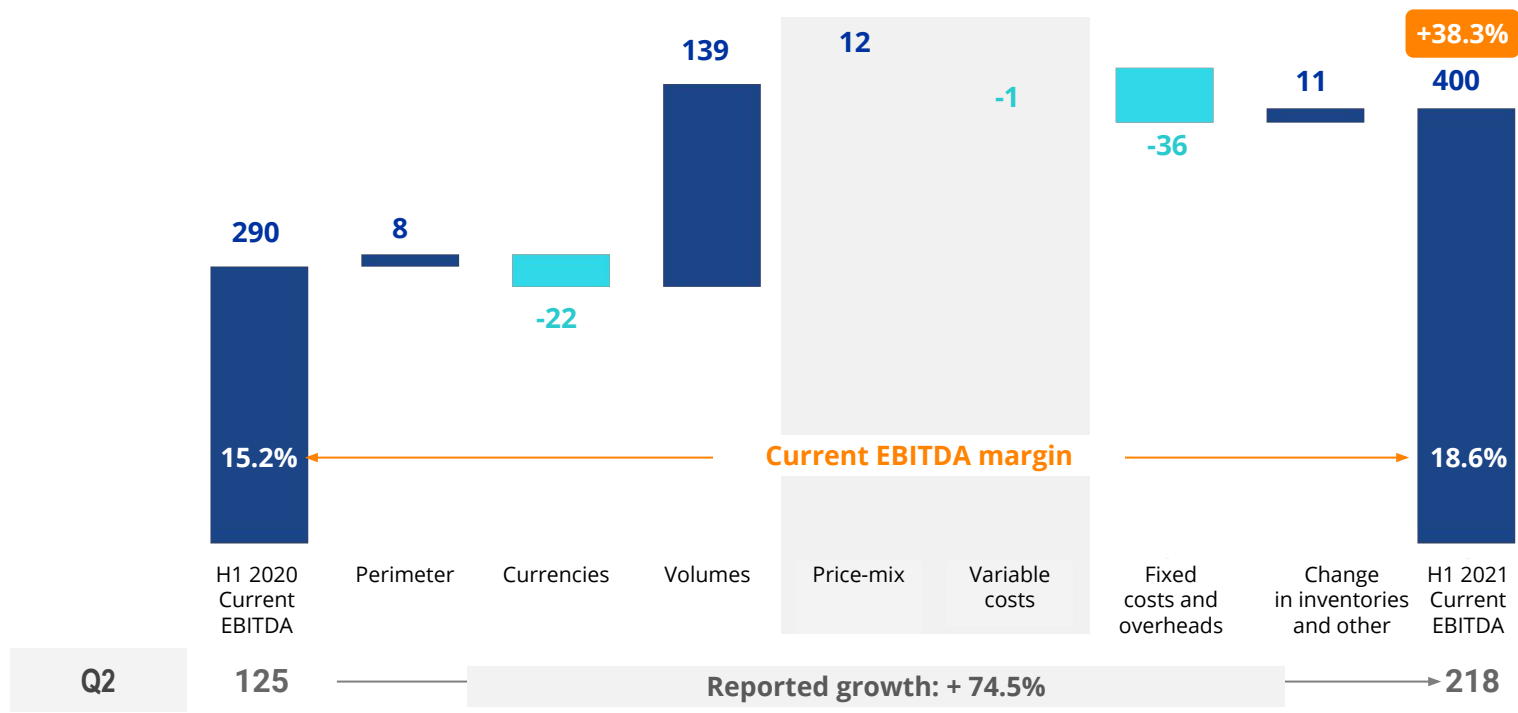
- Robust recovery in all markets, particularly in the US and Asia
- Sharp rebound in the automotive market, however still below pre-crisis level mainly as a consequence of global chip shortage
- Project business gaining traction
- Recent bolt-on above performing above expectations

Refractory, Abrasives & Construction

- Strong rebound in refractories and abrasives for industrial equipment, especially in Q2
- Continued growth in the building and infrastructure segment (specialty binders)
- Ramp up of greenfield plant in India to serve the growing domestic refractory market

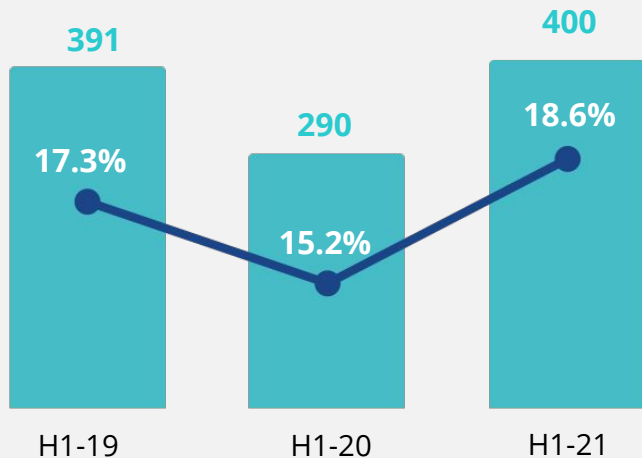
Improvement in current EBITDA margin at 18.6% in H1 2021

(€m)



H1 2021 Current EBITDA margin above H1 2019 level

Current EBITDA⁽¹⁾ (€m) and margin (%)



Current EBITDA H1 2021: €400m
(up 38.3% vs. H1 2020)



Volume recovery



Strong operating leverage



Firm price-mix in
inflationary environment

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

Net income from current operations more than doubling in H1

(€m)	H1 2020	H1 2021	Change
Current EBITDA	290	400	+38.3%
Current operating income	132	245	+85.5%
Current financial expenses	(29)	(18)	-
Current income tax	(29)	(61)	-
Current tax rate	28.0%	27.0%	-
Minority interests	(1)	(7)	-
Net income from current operations, Group's share	73	158	+117.4%
Other operating income and expenses, net	(16)	(16)	-
Net income, Group share	57	142	+150.4%
Net income from current operations (Group share) per share ⁽¹⁾	€0.91	€1.87	+104.2%

- Sharp increase in current operating income
- Lower financial expenses
- Stable corporate tax rate
- Low level of other operating expenses

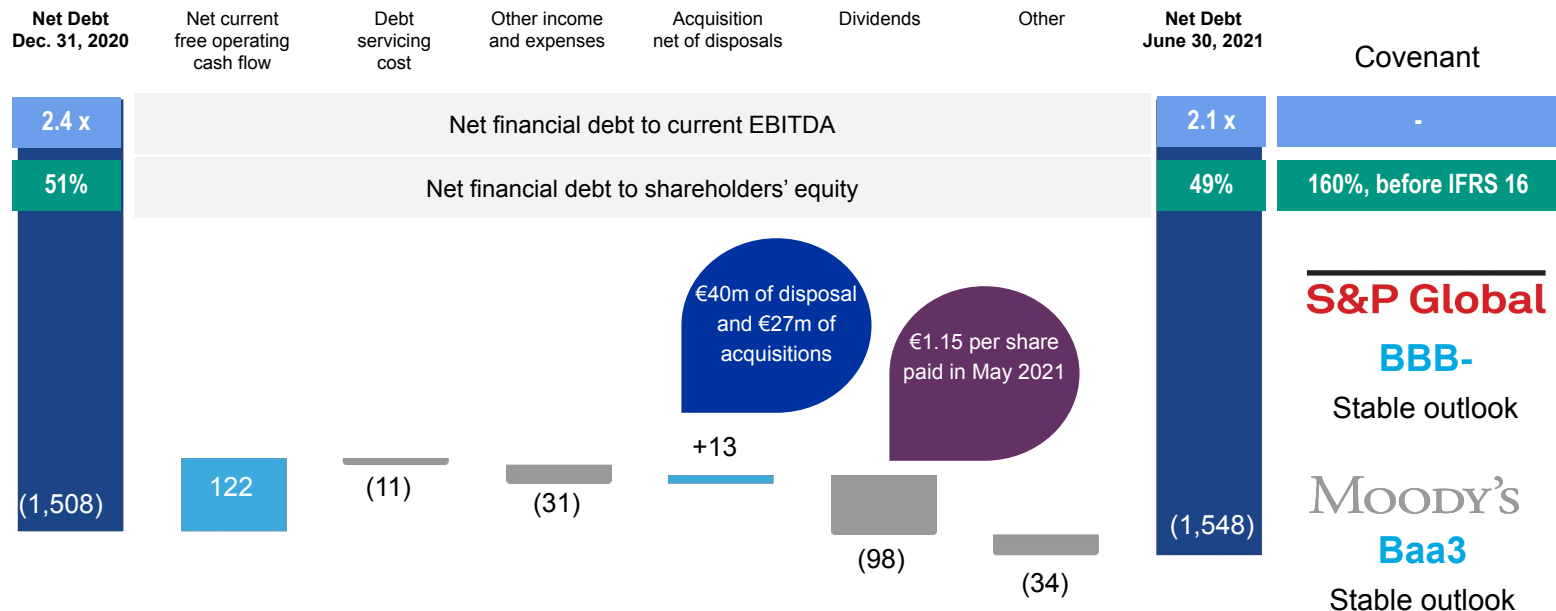
(1) Weighted average number of shares outstanding: 84,709,730 in H1 2021 versus 79,560,430 in H1 2020.

Solid cash flow generation

(€m)	H1 2020	H1 2021
Current EBITDA	290	400
Current EBITDA margin	15.2%	18.6%
Increase (-)/decrease (+) in operating working capital	46	(63)
Notional tax on current operating income	(37)	(66)
Others	3	3
Current operating cash flow (avant investissements industriels)	302	274
Paid capital expenditure	(149)	(143)
Right to use assets	(13)	(9)
Net current free operating cash flow	139	122

Sound financial structure

Change in net financial debt (€m)





Highlights



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Outlook: continued demand strength to drive improved financial performance

- Demand for Imerys' specialty mineral solutions to continue at a good pace in H2, driven by commercial strength, the prospect of further economic recovery and low inventory levels
- Price/mix discipline to contribute in inflationary environment
- Portfolio management and capacity expansions in fast-growing markets to support Imerys future growth
- The Group expects to reach revenue of €4.2 billion for the year 2021, with current EBITDA margin close to 18%, above the 2019 level (17.6%), assuming constant exchange rates and no deterioration in the macro-economic environment
- Imerys commitment to responsible development reaffirmed

APPENDIX

Current operating income (COI)

(€m)

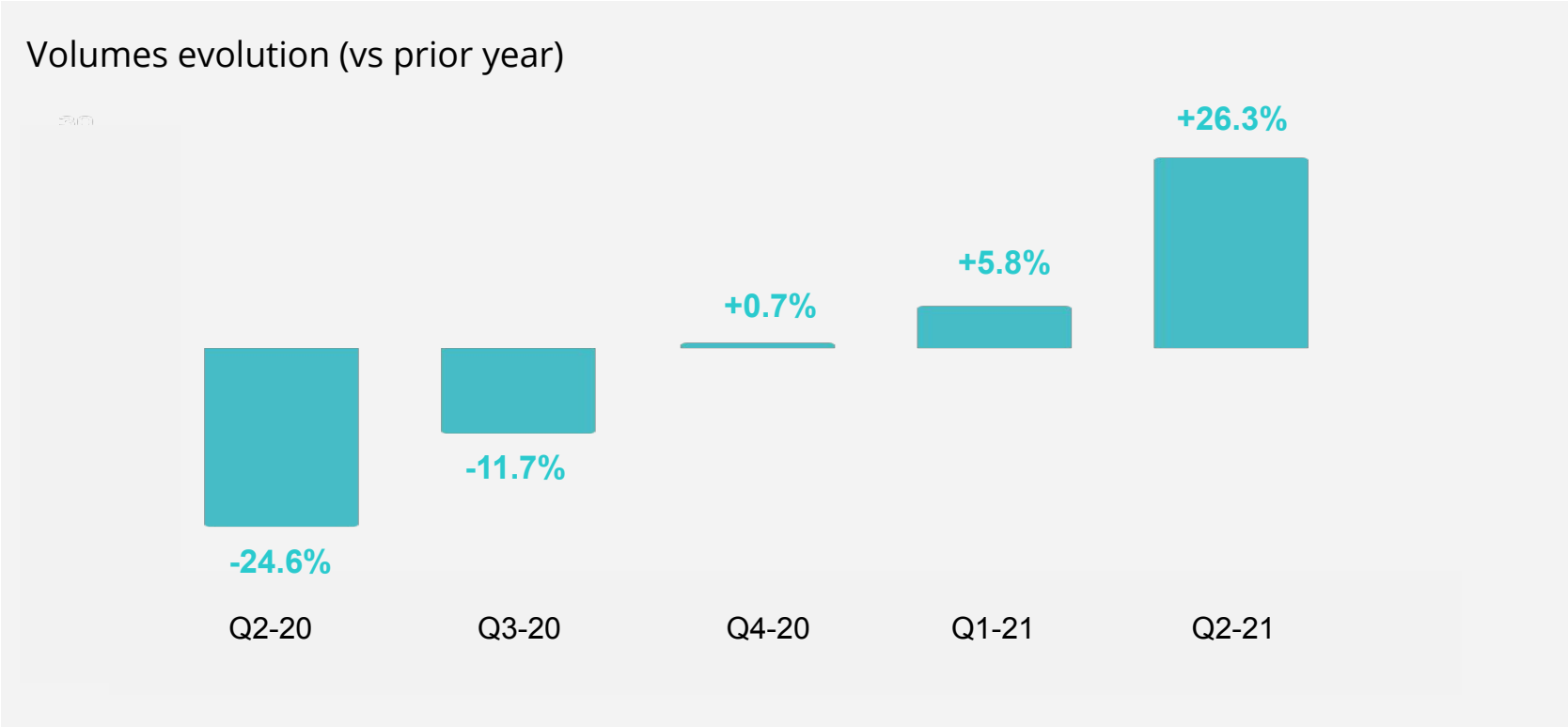


Q2 Net income

(€m)	Q2 2020	Q2 2021	Change
Current EBITDA	125	218	+74.5%
Current operating income	50	129	+160.0%
Current financial expenses	(16)	(6)	-
Current income tax	(9)	(33)	-
<i>Current tax rate</i>	28.0%	27.0%	-
Minority interests	(0)	(4)	-
Net income from current operations, Group's share	24	85	N/A
Net income from current operations (Group share) per share ⁽¹⁾	€0.29	€1.00	N/A
Other operating income and expenses, net	(11)	(15)	-
Net income, Group share	13	70	N/A

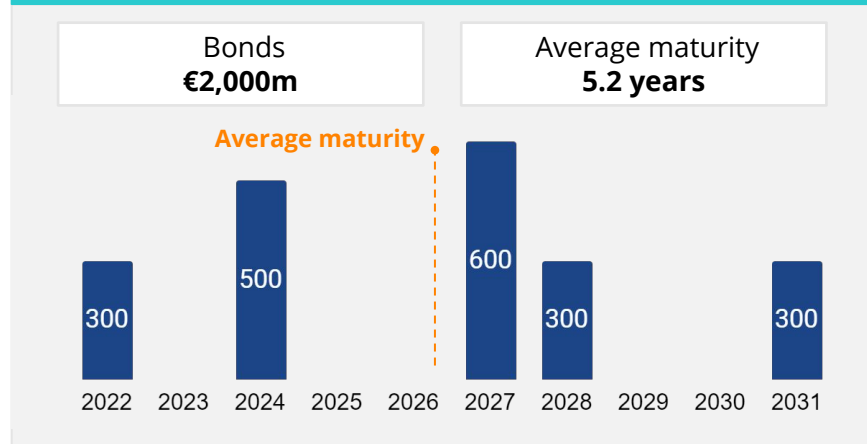
(1) Weighted average number of shares outstanding: 84,709,730 in Q2 2021 versus 79,560,430 in Q2 2020

Sales volumes growth

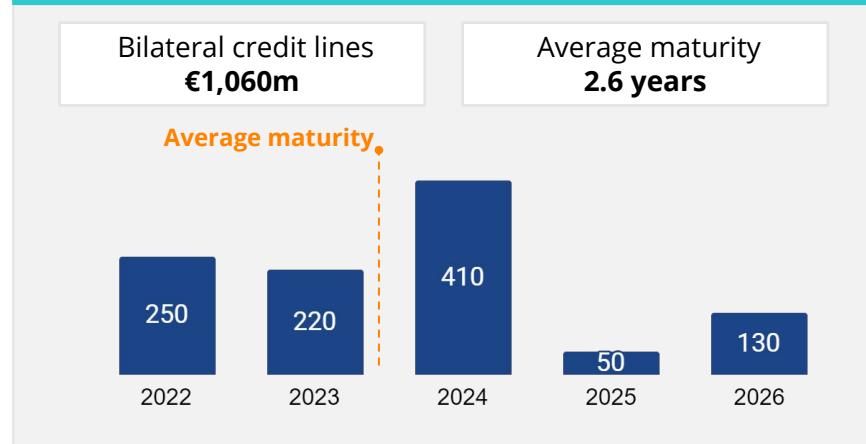


Strong liquidity position

Bond maturity profile (€m)



Bilateral credit lines maturity profile (€m)

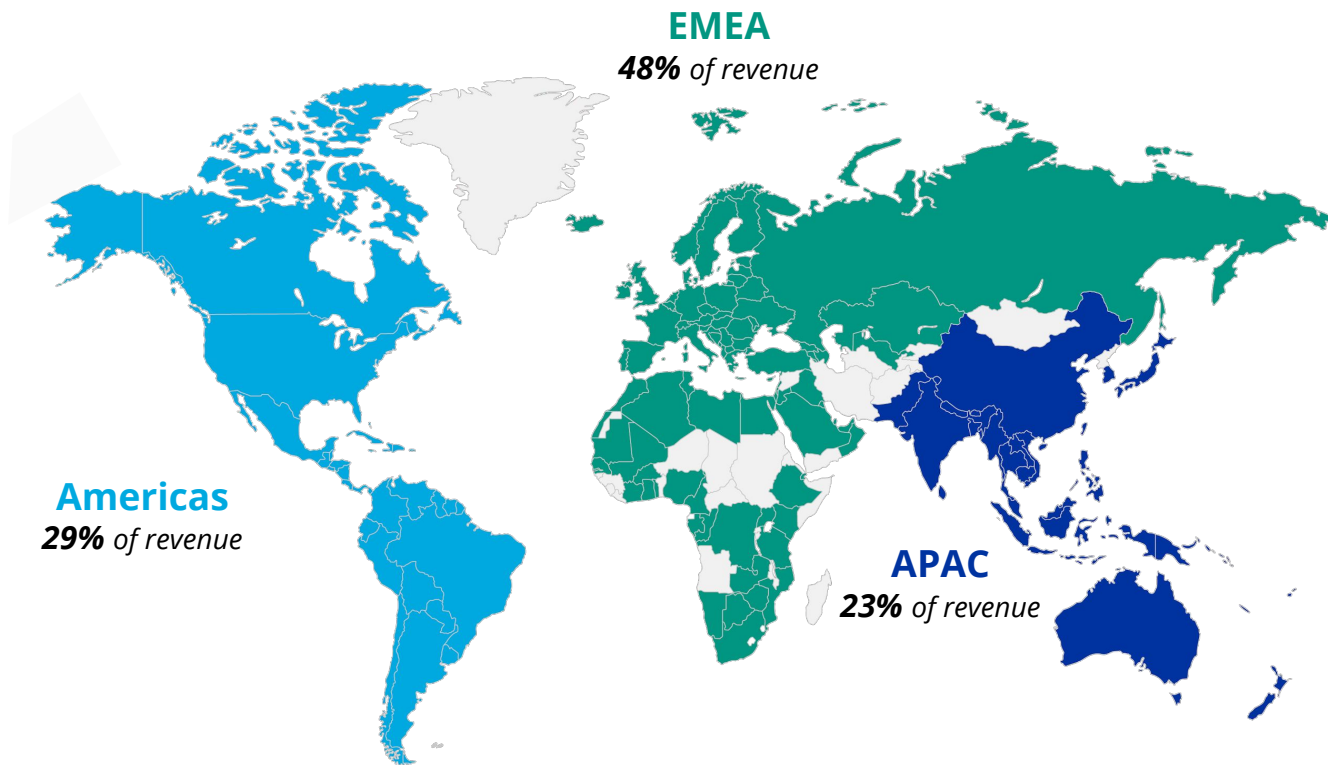


High level of available resources :

€1.06 billion credit lines and €675 million cash as of June. 30, 2021

(€m)	31/12/2020	30/06/2021
Bonds	1,700	2,000
Other debts	466	223
Gross debt	2,166	2,223
Cash	658	675
Net debt	1,508	1,548
Average interest rate (gross)	1.8%	1.7%

Imerys, a global player...



Based on 2020 consolidated figures.

...which offers value-added solutions for diverse markets

Imerys delivers value-added solutions that are formulated to meet the technical specifications of each customer

- Valorization of mineral resources (clay, bentonite, diatomite, feldspar, kaolin, mica, etc.)
- Formulations (ceramic bodies, continuous casting fluxes for steel, monolithic refractories, etc.)
- Synthetic minerals (synthetic graphite, zirconia, etc.)

From high quality assets

- Unique portfolio of mineral resources
- Wide range of exclusive technologies and processes
- Materials science expertise
- Know how and customers' application knowledge



...that contribute essential properties and performance to its customers' products



Whiteness and toughness of sanitaryware, floor and wall tiles

World leader in ceramic pastes for sanitaryware



Lifespan and fast charging of electric vehicle li-ion batteries

World leader in conducting additives (graphite, carbon black) for mobile energy



Gloss and opacity for paint

World leader in wollastonite and talc for paint



Thermal and mechanical resistance of abrasives

World leader in fused minerals for abrasives



Resistance and lightness of automotive plastic parts

World leader in talc-based performance additives for plastics



Purity and quality of steel

World leader in continuous casting fluxes for steel production



Self levelling and quick drying of floors

World leader in calcium aluminate-based performance binders for construction



Filtration of liquids (food or blood plasma)

World leader in perlite and diatomite for filtration

Our ambition is simple: we want to unlock the sustainable potential of minerals

As the **world's leading supplier of mineral-based specialty solutions**, the technical expertise and innovative mindset of its people enable Imerys to extract and transform minerals responsibly and in a sustainable way over the long term

In full alignment with the **UN Global Compact Principles** and contributing concretely to 9 of the **UN Sustainable Development Goals**



Our commitments: our SustainAgility journey

Imerys recognises the need to act rapidly to **provide solutions** to the environmental and societal challenges facing the world.



We are scaling up our efforts to deliver new solutions and opportunities to extend the life cycle of our minerals, recognizing the need to produce better for longer



We are determined to play a positive role, both for local ecosystems and economies over the long-term, preserving biodiversity and finding new ways to help our local communities thrive



We are committed to act by reducing carbon emissions in our operations and are accelerating the pace of transition towards low carbon energy and cleaner fossil fuel across our business















Fostering positive changes: our 6 SustainAgility pillars

SustainAgility is an integral part of how we do business. Its pillars bring together a number of interconnected themes that are the foundation for **concrete initiatives** with **measurable results**

Priority themes have been identified through the Group Materiality Assessment and are the focus of 2022 mid-term objectives



Sustainability performance recognized by leading CSR rating agencies

Indices/ Assessment	 (-D to A)	 (0 to 100)	 (CCC to AAA)	 (D- to A+)	 (0 to 100)	 (0 to 100)	 (100 - 0) 0 = low risk
Most recent rating 2019/2020							
Relative to industry	Above industry average (C)	99 th percentile	-	50 th percentile	7 th out of 45	99 th percentile	37 th out of 122

Looking ahead: CSR mid term objectives (1/3)



SAFETY & HEALTH

Occupational Safety: % sites at Level 3 Maturity

- Improve Group Safety Culture Maturity to Level 3 across all Business Areas by the end of 2022

Occupational Health: % performance increase against 2019 baseline assessment

- Improve Group occupational health performance by 30% against 2019 baseline assessments by the end of 2022



HUMAN CAPITAL

Diversity and Inclusion: % women in senior management

- Increase the number of women in senior management to 30% by the end of 2022
- Fully implement the Group Diversity and Inclusion 3-year program by the end of 2022



Looking ahead: CSR mid term objectives (2/3)



ENVIRONMENTAL STEWARDSHIP

Environmental Management: % audits conducted against environmental maturity matrix

- Reduce environmental impacts through the deployment of a continuous improvement program and conduct 100% of environmental audits using the environmental maturity matrix by the end of 2022

Biodiversity and Land Rehabilitation: % completion of biodiversity improvement program

- Achieve all objectives defined within Group act4nature commitment by the end of 2021



CLIMATE CHANGE

Climate Change Strategy: % reduction of CO₂ emissions by revenue

- Reduce Group CO₂ emissions by 36 % relative to revenue (tCO₂/Eur) by 2030
- Engage 71 % of Group suppliers to have science based targets by 2023



Looking ahead: CSR mid term objectives (3/3)



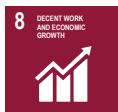
Fair Operating Practices & Responsible Purchasing: % suppliers evaluated

- Improve the external CSR rating of the Group by the end of 2022
- Deploy a CSR rating scheme covering at least 50% of Group suppliers by spend by the end of 2022



Product Sustainability: % portfolio evaluated

- Assess Imerys Products in Application Combinations (PAC) according to the CSR criteria to cover at least 40% of Imerys product portfolio (by revenue) by the end of 2022
- Ensure at least 50% of Group New Product Developments are scored as 'Sustainable Solutions' by the end of 2022



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)	<ul style="list-style-type: none"> • 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 prior year at the exchange rate of the current 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 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. • 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.
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.

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Financial Calendar

November 2, 2021	3 rd quarter 2021 results
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