

# First Quarter 2022 Results

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April 29, 2022

Alessandro Dazza - Chief Executive Officer

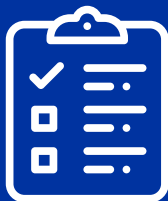
Sébastien Rouge - Chief Financial Officer

# Disclaimer

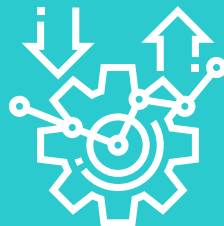
More comprehensive information about Imerys may be obtained on its website ([www.imerys.com](http://www.imerys.com)), under Regulated Information, including its Universal Registration Document filed under No. D.22-0131 on March 22, 2022 with Autorité des Marchés Financiers. Imerys draws the attention 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



## Outlook



## Highlights



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## Outlook

# Solid performance in the first quarter 2022

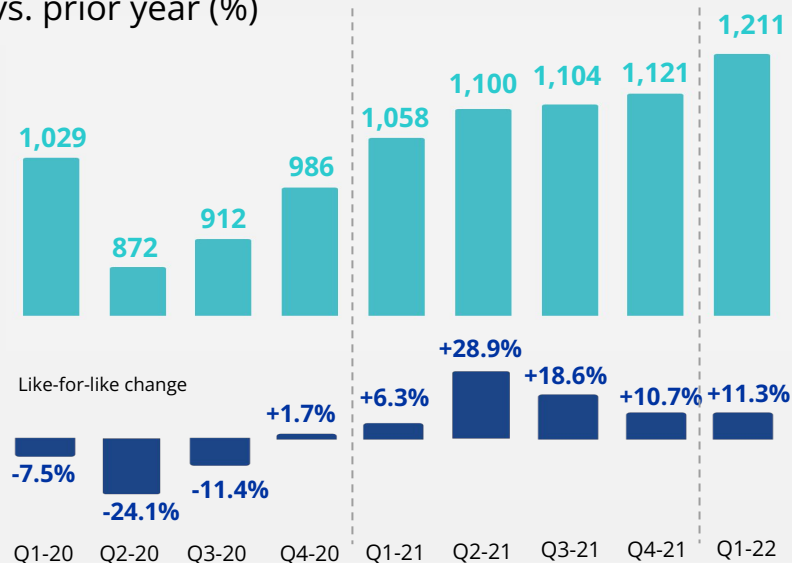
- Sustained sales growth momentum in a challenging context
- Positive price effect: +12% in Q1 vs. last year in high inflationary environment
- Selling prices and cost management delivering increase in current EBITDA to €189 million (+3.4% vs. last year)
- Net income from current operations at €76 million (+3.9% vs. last year)



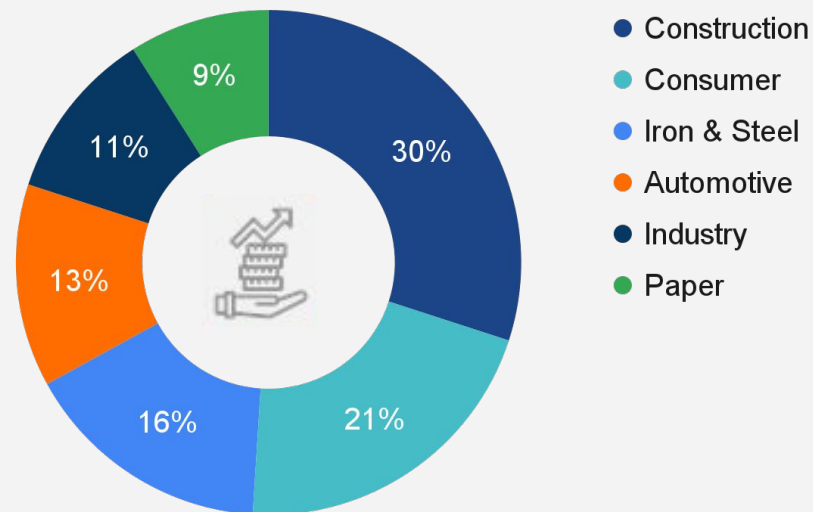
Note: Please refer to the glossary in appendix for definition of Alternative Performance Measures

# Organic growth of +11% supported by price effect

Revenue (€m) and like-for-like<sup>(1)</sup> change vs. prior year (%)



Imerys' revenue by end market



2021 data

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

# End markets trends in Q1 2022 (1/3)

## Construction



### Construction<sup>(1)</sup>

	Q4-21 vs. Q4-20	Q1-22 vs. Q1-21
Europe	+2%	+3%
North Am.	-2%	-4%
Asia <sup>(3)</sup>	-1%	+2%
World	+1%	+1%

- **Growth slowing down but still positive**
- Shortage of workforce and raw materials in Europe
- Positive impact of infrastructure plan in the US offset by lower residential activity (due to reduced fiscal stimulus and housing price inflation)

## Iron & Steel



### Steel production <sup>(2)</sup>

	Q4-21 vs. Q4-20	Q1-22 vs. Q1-21
Europe	+3%	-2%
North Am.	+14%	+1%
Asia <sup>(3)</sup>	-17%	-6%
World	-7%	-5%

- **Europe and US: soft quarter due to rising energy costs**
- Reduction of steel exports from Russia and Ukraine likely to benefit the ROW producers
- Asia still impacted by drop in Chinese production due to local steelmakers difficulties

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

# End markets trends in Q1 2022 (2/3)

## Automotive



### Light vehicle production <sup>(1)</sup>

	Q4-21 vs. Q4-20	Q1-22 vs. Q1-21
Europe	-25%	-13%
North Am.	-14%	-3%
Asia <sup>(3)</sup>	-4%	-2%
World	-10%	-5%

- **Supply chain issues** persisting globally, to a lesser extent in China, which benefits from local production of chips
- European car production **severely hit by the conflict in Ukraine** disrupting supply of wires, adding to the shortage of chips and deteriorating household purchasing power

## Graphic Paper



### Paper production <sup>(2)</sup>

	Q4-21 vs. Q4-20	Q1-22 vs. Q1-21
Europe	+5%	-5%
USA	-3%	-1%
India	+5%	+8%

- **Cost inflation and production issues** affecting the industry
- **Increasing difficulties in Europe** due to the conflict in Ukraine and worker strikes in certain paper mills
- **Asia confirming robust recovery post COVID-19**

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



# End markets trends in Q1 2022 (3/3)

## Consumers goods



### GDP <sup>(1)</sup>

	Q4-21 vs. Q4-20	Q1-22 vs. Q1-21
Europe	+5%	+6%
North Am.	+6%	+4%
Asia <sup>(3)</sup>	+6%	+5%
World	+5%	+4%

- **Supportive market demand globally**
- Rising uncertainties in Q1 (war in Ukraine, Covid 19 outbreak, accelerating inflation) could impact consumers consumption for the rest of the year

## Energy & Electronics



### Energy, Consumer electronics and EV <sup>(2)</sup>

	Q4-21 vs. Q4-20	Q1-22 vs. Q1-21
Europe	+4%	+4%
North Am.	+6%	+6%
Asia <sup>(3)</sup>	+18%	+19%
World	+12%	+11%

- **Energy: dynamic market**, in a context of booming energy prices and supply disruptions
- **Electronics & EV: strong growth in all geographies**, fueled by booming electric vehicle production

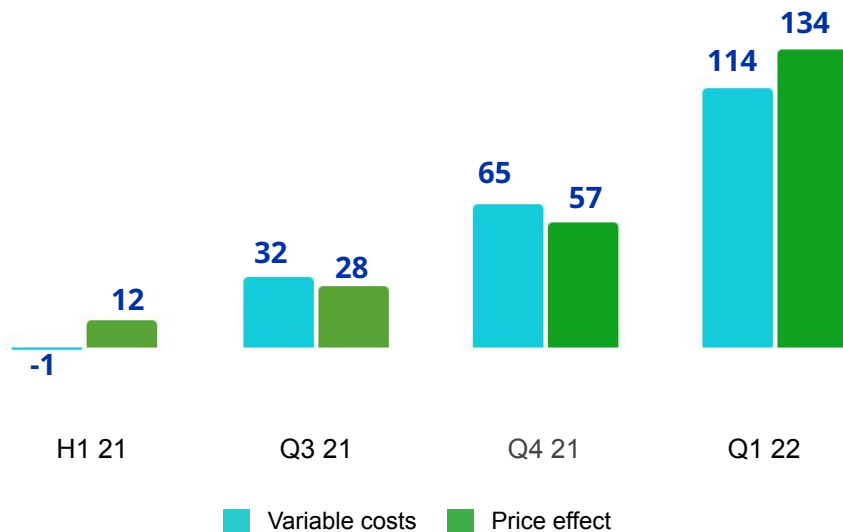
Sources (1) ; Oxford economics

(2) IHS, Oxford Economics, Group estimates

(3) Including China

# Acceleration of selling price increases to cover rising inflation

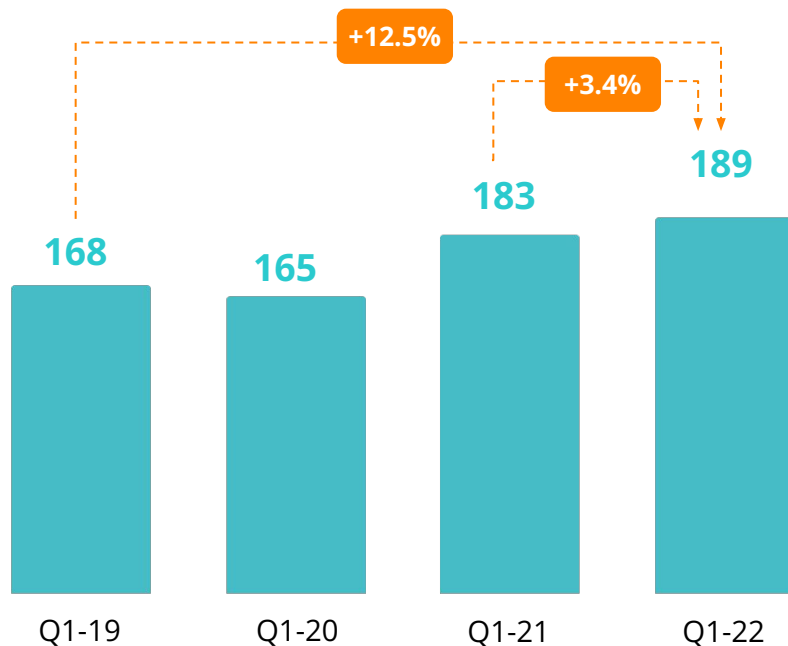
## Contribution of price effect to current EBITDA and evolution of variable costs (€m, vs prior year)



- Pricing discipline, purchasing savings and hedging of certain input costs to support Imerys' profitability
- Acceleration of price increases and application of specific surcharges to offset inflation
- Move from annual to quarterly pricing

# Increase in current EBITDA to €189 million

## Current EBITDA<sup>(1)</sup> (€m)



- Continued current EBITDA improvement over time
- Resilience of business model in crisis environment

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



## Highlights



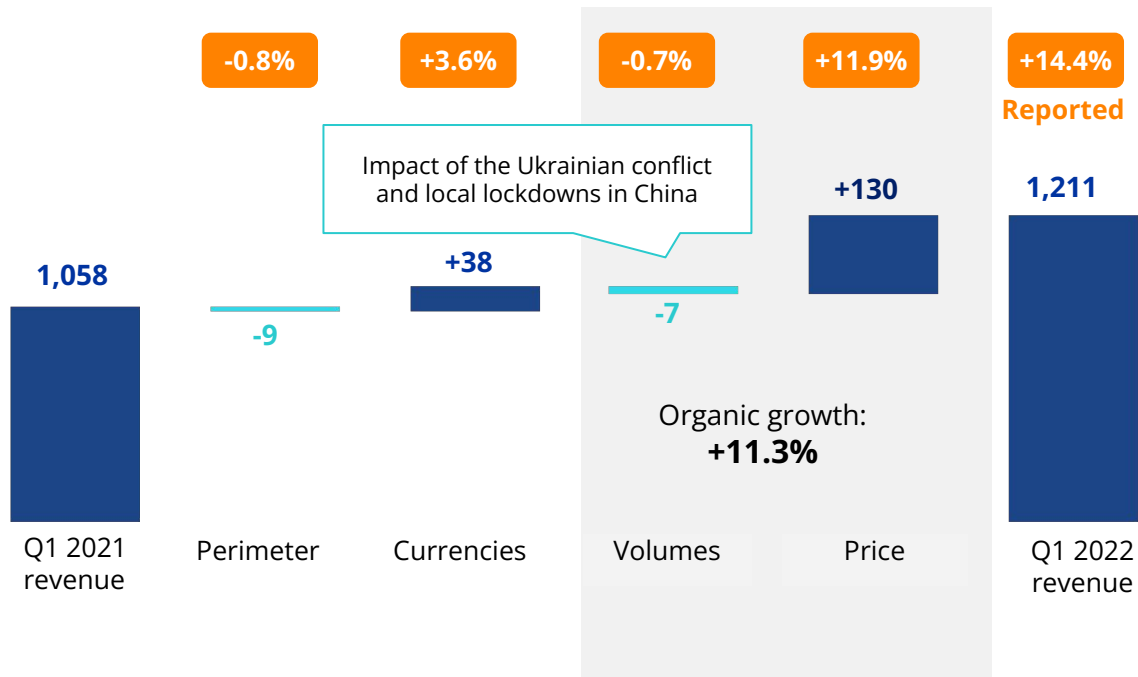
## Financial Results



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# Another quarter of growth

(€m)



# Performance Minerals: sustained momentum in construction and consumer goods

	Q1 2021	Q1 2022	LFL change vs. Q1 2021	Reported change vs. Q1 2021
Revenue: Americas	231	262	+6.3%	+13.4%
Revenue: EMEA	283	310	+8.5%	+9.7%
Revenue: APAC	130	141	+3.5%	+8.6%
Eliminations	(48)	(55)	-	-
<b>Total segment revenue</b>	<b>596</b>	<b>659</b>	<b>+6.5%</b>	<b>+10.4%</b>

- Supportive trends in all geographical areas, despite persistent logistics issues, in particular on sea freight
- Healthy current consumption and construction markets
- European sales affected by wire cables supply issues due to the conflict in Ukraine, in addition to global semiconductors shortage in automotive sector
- Buoyant growth in demand around EV and electronics (synthetic graphite and carbon black for Li-Ion batteries)
- Improvement of paper and board demand in Asia

# High Temperature Materials & Solutions: organic growth supported by price increase

	Q1 2021	Q1 2022	LFL change vs. Q1 2021	Reported change vs. Q1 2021
<b>Revenue:</b> High Temperature Solutions (HTS)	187	223	+16.6%	+19.1%
<b>Revenue:</b> Refractory, Abrasives, Construction (RAC)	295	355	+17.4%	+20.4%
<b>Eliminations</b>	(12)	(15)	-	-
<b>Total segment revenue</b>	<b>470</b>	<b>563</b>	<b>+17.0%</b>	<b>+19.9%</b>

- Organic growth supported by price increases and good level of activity
- Underlying markets holding well despite supply chain disruptions and inflationary pressure
- Record quarter for Haznedar in Turkey (HTS) and ramp up of the new refractory and specialty binders plant in India (RAC)

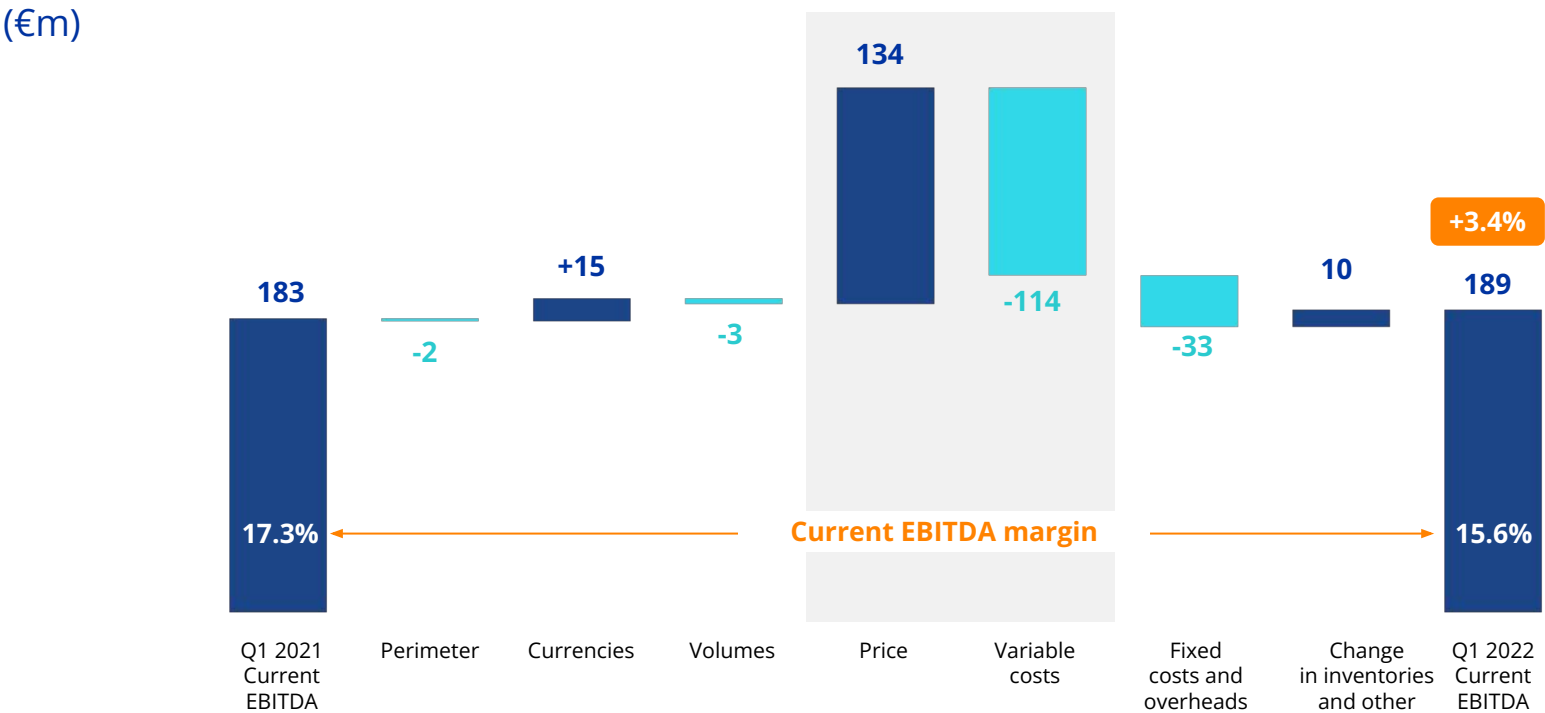
# Limited direct impact of the conflict in Ukraine

	Impact	Measures
<b>Operations and employees in Ukraine</b>	<ul style="list-style-type: none"> <li>Production suspended at the two sites in Ukraine: €20 million of revenue and 240 employees</li> <li>Balance sheet asset value: €18 M (Dec 31, 2021)</li> </ul>	<ul style="list-style-type: none"> <li>Priority given to security and support to the local teams and families</li> <li>Evacuation of employees to Austria: temporary housing, schooling, work opportunities</li> <li>200,000 € donated to the Red Cross for humanitarian aid to local population</li> </ul>
<b>Commercial activities in Russia</b>	<ul style="list-style-type: none"> <li>No industrial presence in Russia, only administrative and commercial activity</li> <li>Ca. €50 million of revenue in Russia (1% of consolidated revenue)</li> </ul>	<ul style="list-style-type: none"> <li>Immediate compliance with international economic sanctions against Russia</li> <li>Decision to cease activities in Russia</li> <li>Support for own local employees</li> </ul>
<b>Energy costs inflation</b>	<ul style="list-style-type: none"> <li>Soaring gas and electricity prices impacting cost base</li> <li>No direct sourcing from Russia</li> </ul>	<ul style="list-style-type: none"> <li>Energy hedging in place</li> <li>Increase in selling prices and introduction of surcharges to customers to offset inflation impact</li> </ul>

Russia and Ukraine: 1.5% of consolidated revenue in FY 2021



# Solid current EBITDA in high inflationary environment



# Net income from current operations

(€m)	Q1 2021	Q1 2022	Change
<b>Current EBITDA</b>	183	189	+3.4%
<b>Current operating income</b>	116	121	+3.8%
<b>Current financial expenses</b>	(12)	(9)	-
<b>Current income tax</b>	(28)	(30)	-
<b>Current tax rate</b>	27.0%	27.0%	-
<b>Minority interests</b>	(3)	(6)	-
<b>Net income from current operations, Group's share</b>	73	76	+3.9%
<b>Other operating income and expenses, net</b>	(1)	(3)	-
<b>Net income, Group share</b>	72	73	-
<b>Net income from current operations (Group share) per share <sup>(1)</sup></b>	€0.87	€0.90	+3.9%

(1) Weighted average number of shares outstanding: 84,638,663 in Q1 2022 versus 84,684,525 in Q1 2021.



## Highlights



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## Outlook

# Expansion projects to serve the fast growing green mobility markets

## Capacity expansion projects for mobile energy (capex: €80M)\*

- Additional production lines for conductive additives (high purity carbon black) for mobile energy in Belgium
- Agreement to install an energy recovery unit at our Belgium plant to reduce greenhouse gas emissions
- New line for specialty synthetic graphite in Switzerland to serve growing demand from the Lithium-ion batteries and fuel-cells industries
- Long-term customer contracts already secured
- Commissioning of the two lines planned in 2023



## New plant for polymer lightweighting in China (capex: €40M)

- New manufacturing facility in China to produce specialty talc grades for polymers lightweighting in the automotive industry
- Superior dimensional stability, exceptional stiffness and impact resistance in engineered thermoplastics
- Lighter auto parts contributing to improved battery autonomy and reduced CO2 emissions
- Commissioning of the new plant expected in the beginning of 2023

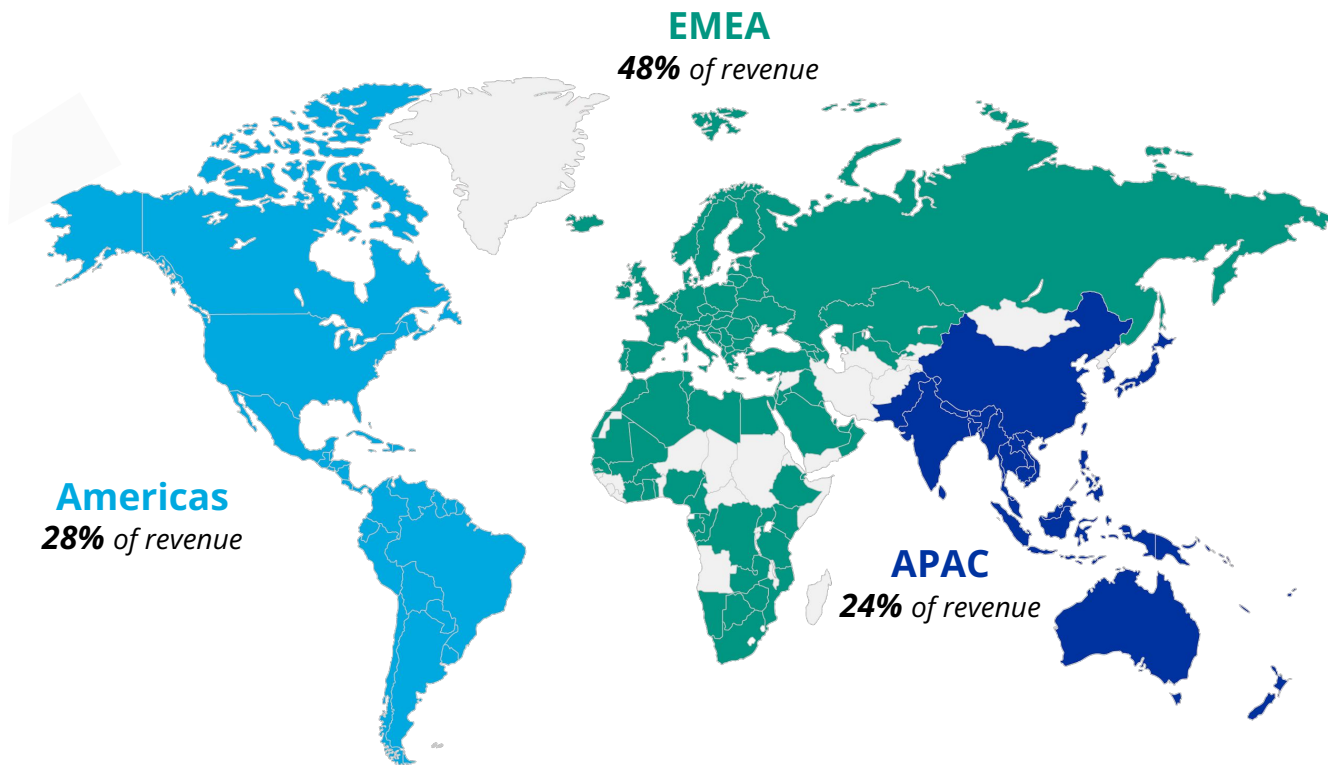


*\*in addition to the 100M€ million already invested in the past two years to serve the booming EV market worldwide.*

- Persistent high inflation and uncertain economic and geopolitical environment
- Continued pricing discipline and tight cost control remain key focus areas
- Though the global macroeconomic outlook is being revised downwards, Imerys long-term growth potential remains intact, supported by:
  - New capital expenditure projects in fast growing markets
  - Active portfolio management
  - Ongoing ecological transition, with natural minerals solutions replacing less environmentally-friendly products over time

# APPENDIX

# Imerys, a global player...



Based on 2021 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



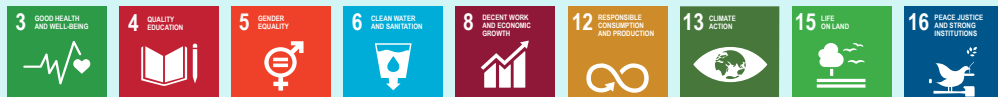
**Filtration of liquids (food or blood plasma)**

**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 2020/2021							
Relative to industry	Above industry average C <i>Minings &amp; Metals</i>	96 <sup>th</sup> percentile <i>All industries</i>		50 <sup>th</sup> percentile <i>Construction materials</i>	6 <sup>th</sup> out of 41 <i>Minings &amp; Metals</i>	99 <sup>th</sup> percentile <i>Materials</i>	53 <sup>th</sup> out of 128 <i>Specialty chemicals</i>

# Looking ahead: Mid-term ESG 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
  - Status as of end 2021 : **Level 2.89 achieved**

### Occupational Health: % performance increase against 2019 baseline assessment

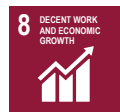
- Improve Group occupational health performance by 30% against 2019 baseline assessments by the end of 2022
  - Status as of end 2021 : **19% improvement**



## HUMAN CAPITAL

### Diversity and Inclusion: % women in senior management

- Increase the number of women in senior management to 30% by the end of 2022
  - Status as of end 2021 : **26% female**
- Fully implement the Group Diversity and Inclusion 3-year program by the end of 2022
  - Status as of end 2021 : **65% completed**



\*Maturity Level 3 corresponds to Proactive level on the Imerys Safety Culture Maturity Matrix where Imerys Safety System is “fully implemented, employees are engaged and contribute actively”



# Looking ahead: Mid-term ESG 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
  - Status as of end 2021 : 90% audits

### Biodiversity and Land Rehabilitation: % completion of biodiversity improvement program

- Achieve all objectives defined within Group act4nature commitment by the end of 2021
  - Status as of end 2021 : 100% achieved



## CLIMATE CHANGE

### Climate Change Strategy: % reduction of CO2 emissions by revenue

- Reduce Group CO<sub>2</sub> emissions by 36 % relative to revenue (tCO<sub>2</sub>/Eur) by 2030
  - Status as of end 2021 : 23% emission reduction
- Engage 71 % of Group suppliers to have science based targets by 2023
  - Status as of end 2021 : 26% spend covered



# Looking ahead: Mid-term ESG objectives (3/3)



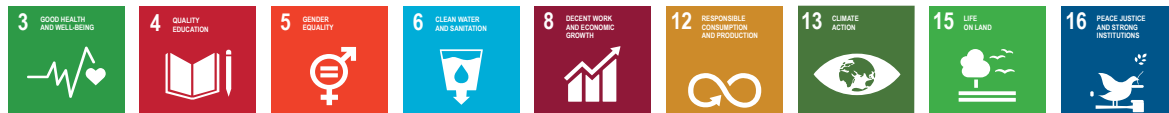
## Fair Operating Practices & Responsible Purchasing: % suppliers evaluated

- Improve the external sustainability rating of the Group by the end of 2022
  - Status as of end 2021 : **70 score achieved**
- Deploy a sustainability rating scheme covering at least 50% of Group suppliers by spend by the end of 2022
  - Status as of end 2021 : **35% spend assessed**



## Product Sustainability: % portfolio evaluated

- Assess Imerys Products in Application Combinations (PAC) according to the SustainAgility Solution Assessment\* framework to cover at least 40% of Imerys product portfolio (by revenue) by the end of 2022
  - Status as of end 2021 : **21% revenue assessed**
- Ensure at least 50% of Group New Product Developments launched are scored as 'SustainAgility Solutions'\*\* by the end of 2022
  - Status as of end 2021 : **70% score achieved**



\*SustainAgility Solutions Assessment methodology is based on the World Business Council for Sustainable Development's Portfolio Sustainability Assessment framework

\*\*Based on the SustainAgility Solutions Assessment framework a "SustainAgility Solution" is a product in an application that has scored within the two highest categories of the four possible categories.



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"> <li>• Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect).</li> <li>• Restatement of the currency effect consists of calculating aggregates for the prior year at the exchange rate of the current year.</li> <li>• The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data.</li> <li>• 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.</li> <li>• 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.</li> </ul>
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 (or Price 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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