

# First Half 2022 Results

---

July 28, 2022

Alessandro Dazza - Chief Executive Officer

Sébastien Rouge - Chief Financial Officer

# Disclaimer

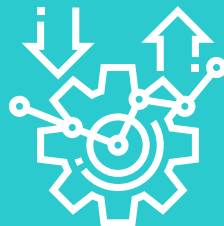
More comprehensive information about Imerys may be obtained on its website ([www.imerys.com](http://www.imerys.com)), under Regulated Information, including its Universal Registration Document filed under No. D.22-0131 on March 22, 2022 with Autorité des Marchés Financiers. Imerys draws the attention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

Photo credits: Imerys Photo Library, Reserved Rights, xxx.



## Highlights



## Financial Results



## Outlook



## Highlights



## Financial Results



## Outlook

# Imerys posts record sales and strong performance in the first half of 2022

- Record sales at €2,563 million, +18.7% versus last year, despite a challenging economic and geopolitical environment
- Strong price effect of +16.1% to address inflationary pressures, especially in Europe
- Significant increase in current EBITDA to €445 million, up 11.2%
- Net income from current operations at €189 million, up 19.7%
- Net current free operating cash flow reflecting strong activity, inflation and increased spending on strategic projects



# Active portfolio management to sustain long-term growth strategy

## Disposal of High Temperature Solutions



- Global provider of refractory solutions for the iron & steel, thermal and foundry markets with revenue of €801 million in 2021
- Exclusive negotiations to divest the business for an enterprise value of approx. €930 million
- Closing of the transaction expected by the end of the year <sup>1</sup>

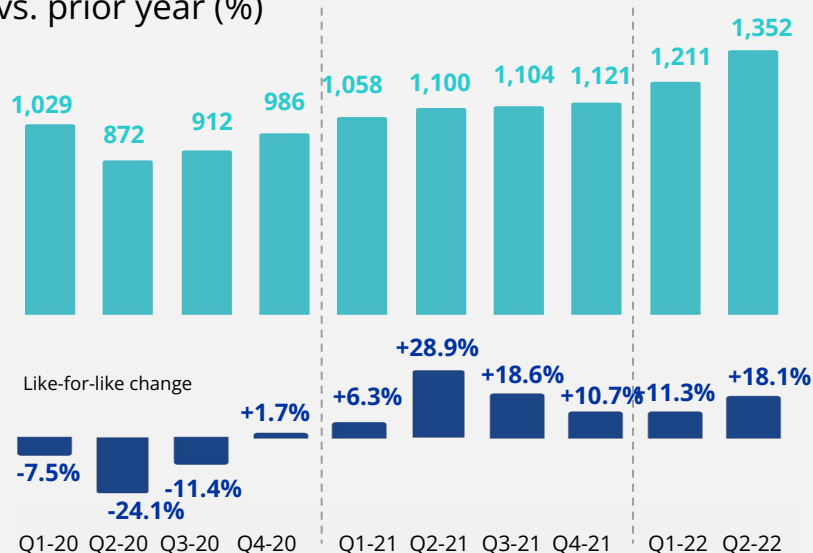
## Key milestone in Imerys long-term growth strategy

- Focusing on specialty minerals solutions
- Additional resources to invest in fast-growing markets (green mobility, sustainable construction, natural solutions for consumer goods)

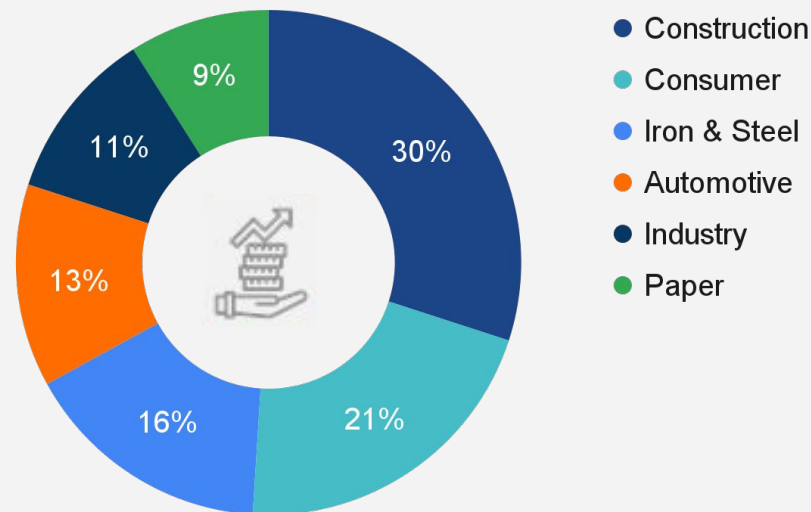
(1) Transaction subject to the fulfillment of customary closing conditions, including the information and consultation of works councils and other regulatory approvals

# Eight consecutive quarters of revenue growth supported by strong pricing

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 Q2 2022 (1/3)

## Construction



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

	Q1-22 vs. Q1-21	Q2-22 vs. Q2-21
Europe	+4%	+3%
North Am.	-5%	-5%
Asia <sup>(3)</sup>	+1%	+2%
World	+4%	+1%

- **Growth hampered by high raw materials inflation and labor shortages**
- Market impacted by lower residential activity due to housing price inflation in the USA

## Iron & Steel



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

	Q1-22 vs. Q1-21	Q2-22 vs. Q2-21
Europe	-4%	-5%
North Am.	-1%	-3%
Asia <sup>(3)</sup>	-5%	-6%
World	-6%	-4%

- **Europe and US: lower steel production**, impacted by rising energy costs and weak automotive demand
- Reduction of steel exports from Russia and Ukraine likely to benefit rest of the world's producers
- Reduced Chinese iron and steel production weighing on performance in Asia

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



# End markets trends in Q2 2022 (2/3)

## Automotive



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

	Q1-22 vs. Q1-21	Q2-22 vs. Q2-21
Europe	-18%	+4%
North Am.	-1%	+12%
Asia <sup>(3)</sup>	+2%	-9%
World	-3%	-4%

- Supply chain issues show signs of easing globally
- Chinese production negatively impacted by COVID-19 lockdowns
- Lackluster production growth in Europe, more significant recovery underway in North America
- Overall car production still significantly below pre-pandemic levels (-17%)

## Graphic Paper



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

	Q1-22 vs. Q1-21	Q2-22 vs. Q2-21
Europe	-5%	-11%
USA	+0%	-3%
India	+2%	+2%

- Cost inflation (energy) leading to a reduction in production volumes in Europe
- Conflict in Ukraine and strikes in certain paper mills in Finland causing a further drop in production
- Asia confirming post COVID-19 recovery

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

# End markets trends in Q2 2022 (3/3)

## Consumer goods



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

	Q1-22 vs. Q1-21	Q2-22 vs. Q2-21
Europe	+6%	+3%
North Am.	+4%	+2%
Asia <sup>(3)</sup>	+4%	+4%
World	+4%	+3%

- **Markets continue their recovery trend post Covid**, though at reduced pace
- Challenging macro-economic environment (war in Ukraine, resurgence of pandemic, accelerating inflation) starting to impact consumers confidence

## Energy & Electronics



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

	Q1-22 vs. Q1-21	Q2-22 vs. Q2-21
Europe	+2%	+9%
North Am.	+7%	+8%
Asia <sup>(3)</sup>	+17%	+8%
World	+12%	+8%

- **Solid momentum maintained in EV sales in all geographies**
- **Consumer electronics impacted by lockdowns in China and cost inflation**

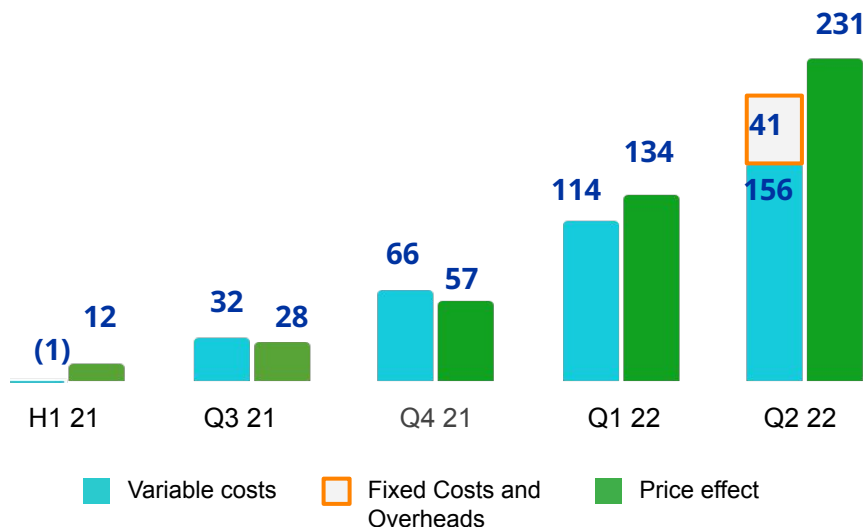
Sources (1) ; Oxford economics

(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)



- Purchasing, operational savings and hedging contributing to Imerys' profitability
- Acceleration of price increases and application of specific surcharges to offset rising inflation of variable costs
- Inflation also impacting fixed costs
- Tight labour market



Highlights



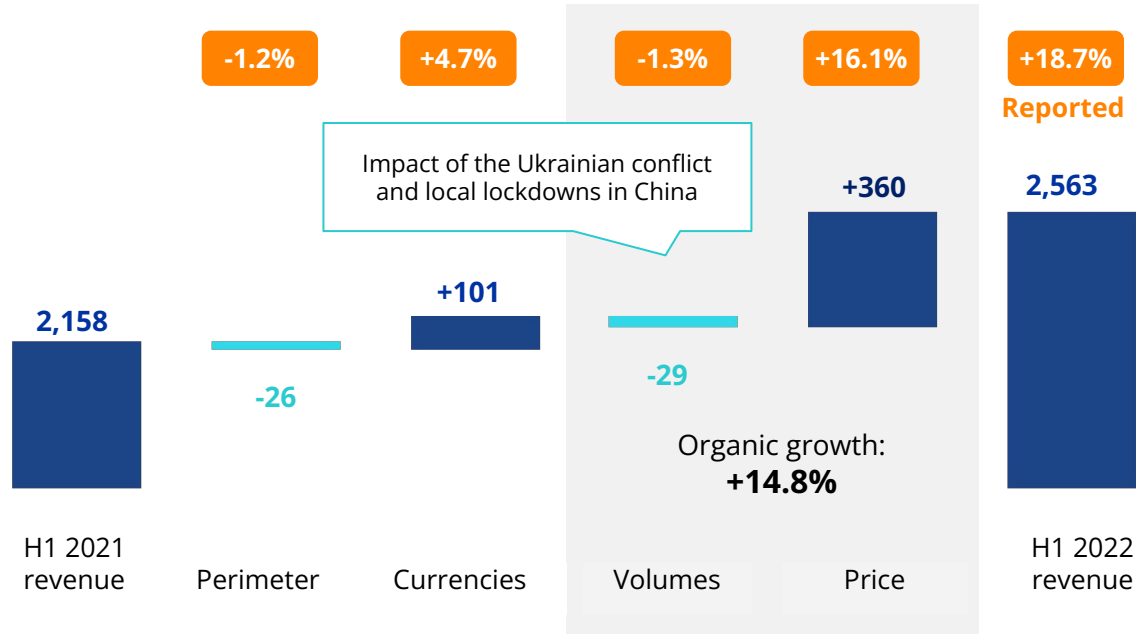
Financial  
Results



Outlook

# Another semester of double-digit organic growth

(€m)



# Performance Minerals: good level of activity in most markets

Q2 2021	Q2 2022	Like for like change vs. Q2 2021	(€m)	H1 2021	H1 2022	Like for like change vs. H1 2021
242	297	+14.1%	Revenue: Americas	473	558	+10.3%
300	348	+16.0%	Revenue: EMEA	583	659	+12.3%
125	150	+15.6%	Revenue: APAC	255	291	+9.4%
(50)	(53)	-	Eliminations & others	(98)	(108)	-
<b>616</b>	<b>742</b>	<b>+16.2%</b>	<b>Total segment revenue</b>	<b>1,212</b>	<b>1,400</b>	<b>+11.4%</b>
-	-	-	Current EBITDA	263	276	+4.8% *

\* Reported growth

- Overall supportive markets in North America despite supply constraints
- European sales growth driven by ceramics markets, compensating for weak automotive demand
- Continued growth in demand for EV and electronics (synthetic graphite and carbon black for Li-Ion batteries)
- Sustained demand strength for specialty minerals and paper & board in Asia

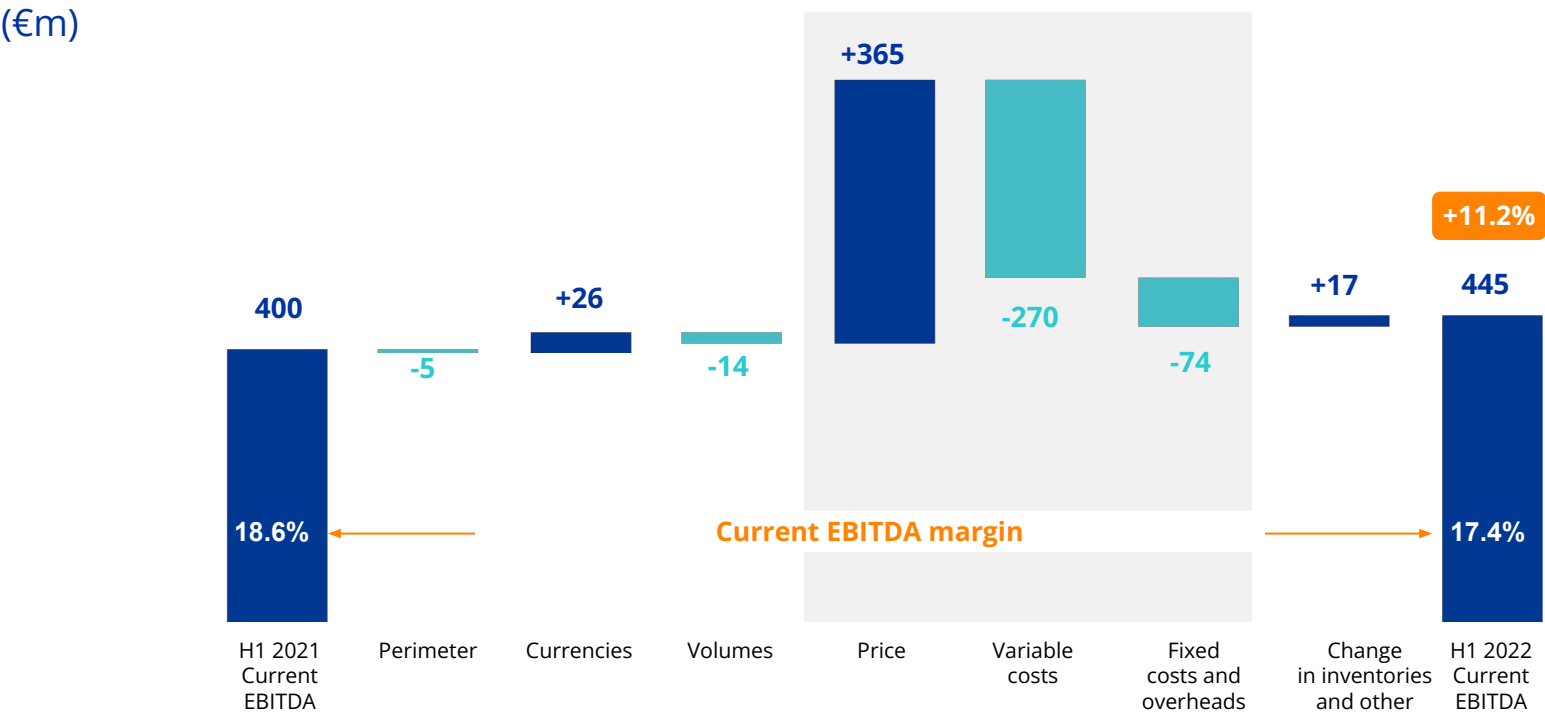
# High Temperature Materials & Solutions: organic growth supported by price increase

Q2 2021	Q2 2022	Like for like change vs. Q2 2021	(€m)	H1 2021	H1 2022	Like for like change vs. H1 2021
198	252	+21.5%	Revenue: High Temperature Solutions	385	474	+19.2%
311	388	+17.8%	Revenue: Refractory, Abrasives, Construction	606	743	+17.6%
(16)	(17)	-	Eliminations & others	(28)	(32)	-
493	622	+19.6%	Total segment revenue	962	1,185	+18.4%
-	-	-	Current EBITDA	140	187	+33.4% *

\* Reported growth

- Organic growth supported by price increases
- Building and infrastructure holding well while soft refractory and abrasive markets mainly as a consequence of the Russia/Ukraine conflict
- Strong sales for Haznedar in Turkey (HTS) and ramp up of the new refractory and specialty binders plant in India (RAC)

# Improved current EBITDA in high inflationary environment





# Net income from current operations

(€m)	H1 2021	H1 2022	Change
<b>Current EBITDA</b>	400	445	+11.2%
<b>Current operating income</b>	245	293	+19.5%
Current financial expenses	(18)	(17)	-6.5%
Current income tax	(61)	(74)	+21.6%
Current tax rate	27.0%	27.0%	-
Minority interests	(7)	(12)	-
<b>Net income from current operations, Group's share</b>	158	189	+19.7%
Other operating income and expenses, net	(16)	(15)	-
Gain on net monetary position (hyperinflation in Turkey as per IAS 29)	-	18	-
<b>Net income, Group share</b>	142	192	+35.7%
<b>Net income from current operations (Group share) per share<sup>(1)</sup></b>	€1.87	€2.24	+19.7%

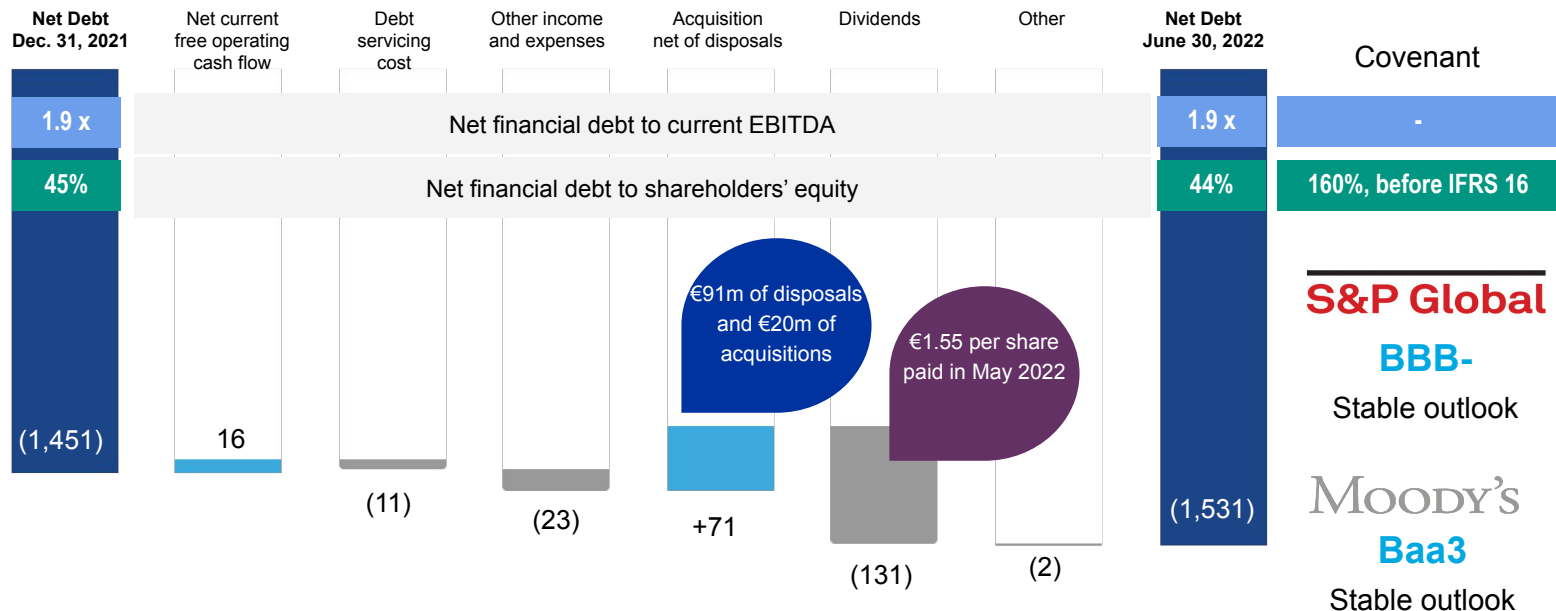
(1) Weighted average number of shares outstanding: 84,688,000 in H1 2022 versus 84,709,730 in H1 2021.

# Cash flow generation reflecting strategic capex and increased inventories

(€m)	H1 2021	H1 2022	
<b>Current EBITDA</b>	400	445	
Current EBITDA margin	18.6%	17.4%	
Increase (-)/decrease (+) in operating working capital	(63)	(160)	In line with revenue increase
Notional tax on current operating income	(66)	(79)	
Others	3	6	
<b>Current operating cash flow (before industrial capex)</b>	274	213	
Paid capital expenditure	(143)	(181)	of which €32 million of strategic capex booked
Right of use assets (IFRS 16)	(9)	(15)	
<b>Net current free operating cash flow</b>	122	16	

# Sound financial structure

## Change in net financial debt (€m)





## Highlights



## Financial Results



## Outlook

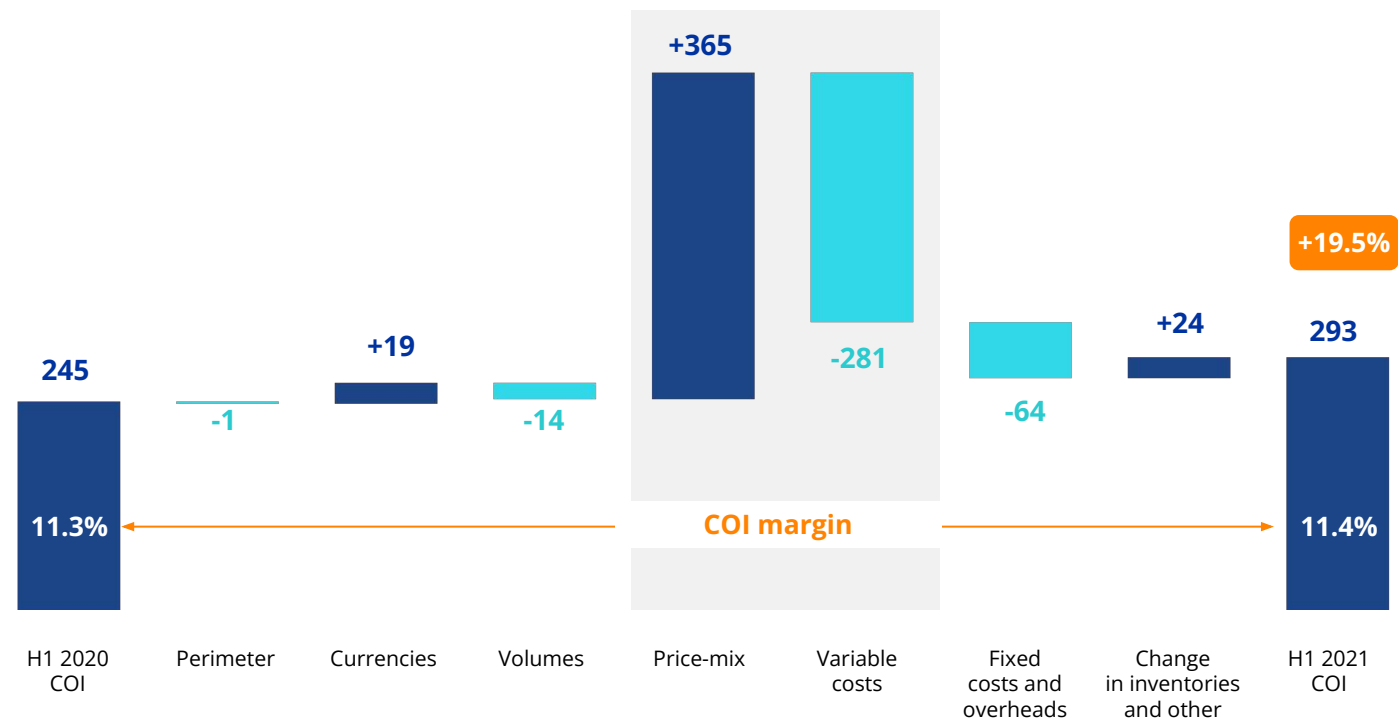
# Outlook

- Geopolitical tensions, tighter monetary policy, restrictions in China and potential gas curtailments in Europe expected to impact consumer confidence and business activity in H2
- Imerys to continue on its path of profitable growth and current EBITDA improvement year-on-year, albeit at a slower pace in the second half, thanks to
  - Global geographic footprint and diversified market exposure,
  - Continuous growth of the EV market,
  - Strategic capex coming on stream, and
  - Resilience of its business model and ability to pass through inflation on costs
- FY 2022 current EBITDA expected at €810-840 million assuming no significant market disruptions in the second part of the year and excluding the impact of the contemplated HTS divestiture
- Divestiture of High Temperature Solutions business area: an important milestone in the refocusing of the Group's activities towards its core, high-growth specialty minerals business

# APPENDIX

# Current operating income (COI)

(€m)



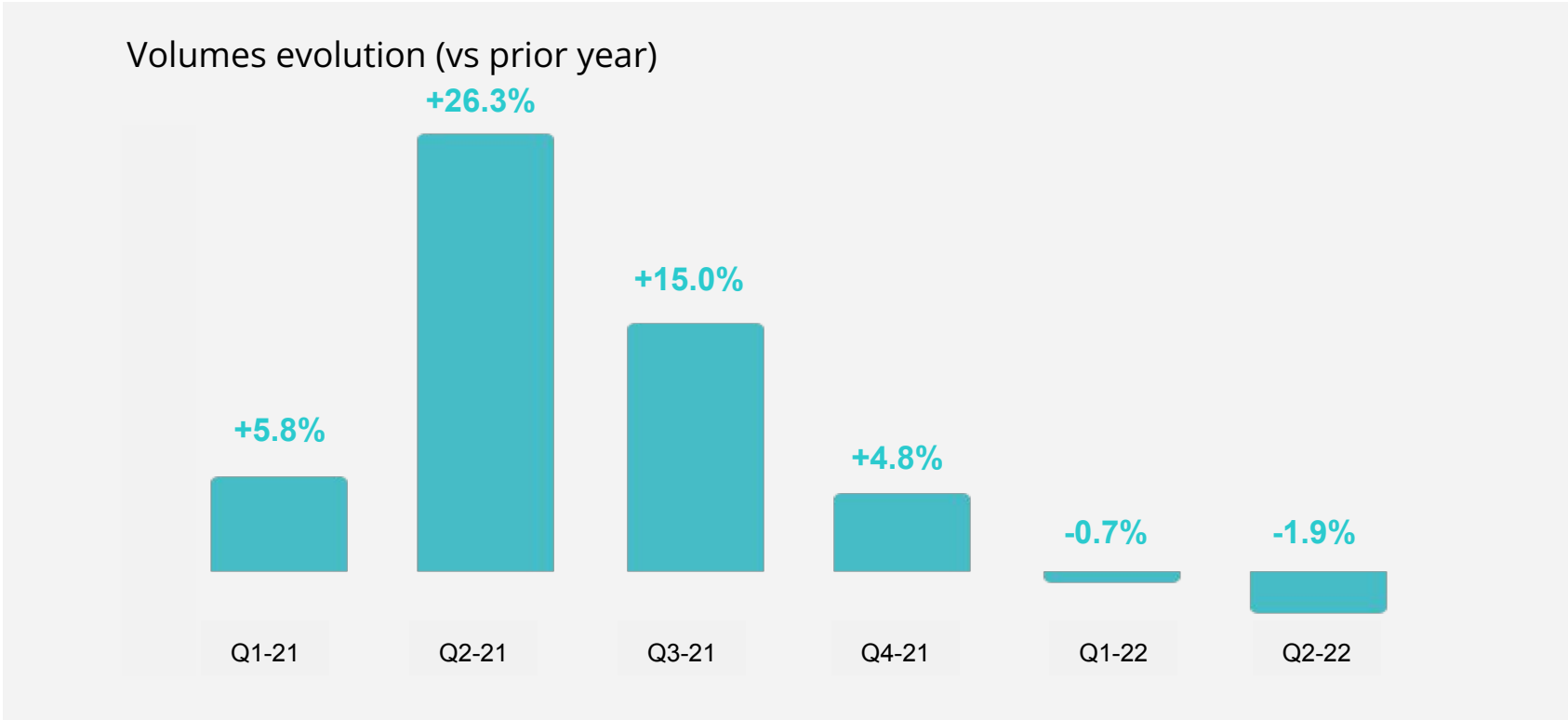
## Q2 Net income

(€m)	Q2 2021	Q2 2022	Change
<b>Current EBITDA</b>	218	256	+17.8%
<b>Current operating income</b>	129	172	+33.7%
Current financial expenses	(6)	(8)	-
Current income tax	(33)	(44)	-
<i>Current tax rate</i>	27.0%	27.0%	-
Minority interests	(4)	(6)	-
<b>Net income from current operations, Group's share</b>	85	113	N/A
Other operating income and expenses, net	(15)	(12)	-
Gain on net monetary position (hyperinflation in Turkey, IAS 29)	0	18	-
<b>Net income, Group share</b>	70	119	N/A
<b>Net income from current operations (Group share) per share <sup>(1)</sup></b>	€1.00	€1.34	N/A

(1) Weighted average number of shares outstanding: 84,736,794 in Q2 2022 versus 84,734,659 in Q2 2021



# Sales volumes growth

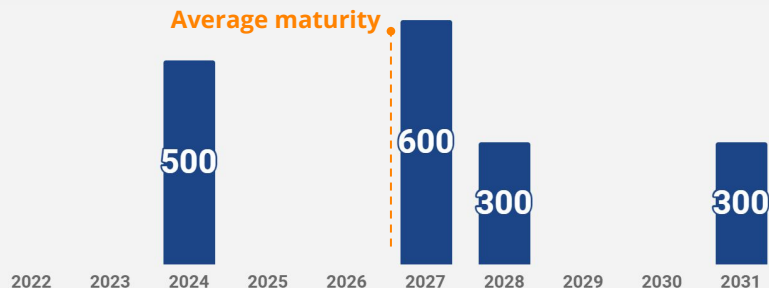


# Strong liquidity position

## Bond maturity profile (€m)

Bonds  
€1,700m

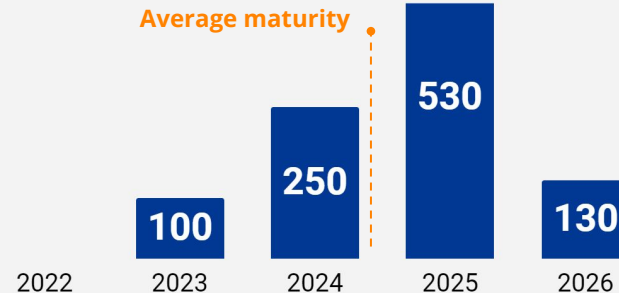
Average maturity  
4.9 years



## Bilateral credit lines maturity profile (€m)

Bilateral credit lines  
€1,010m

Average maturity  
2.8 years

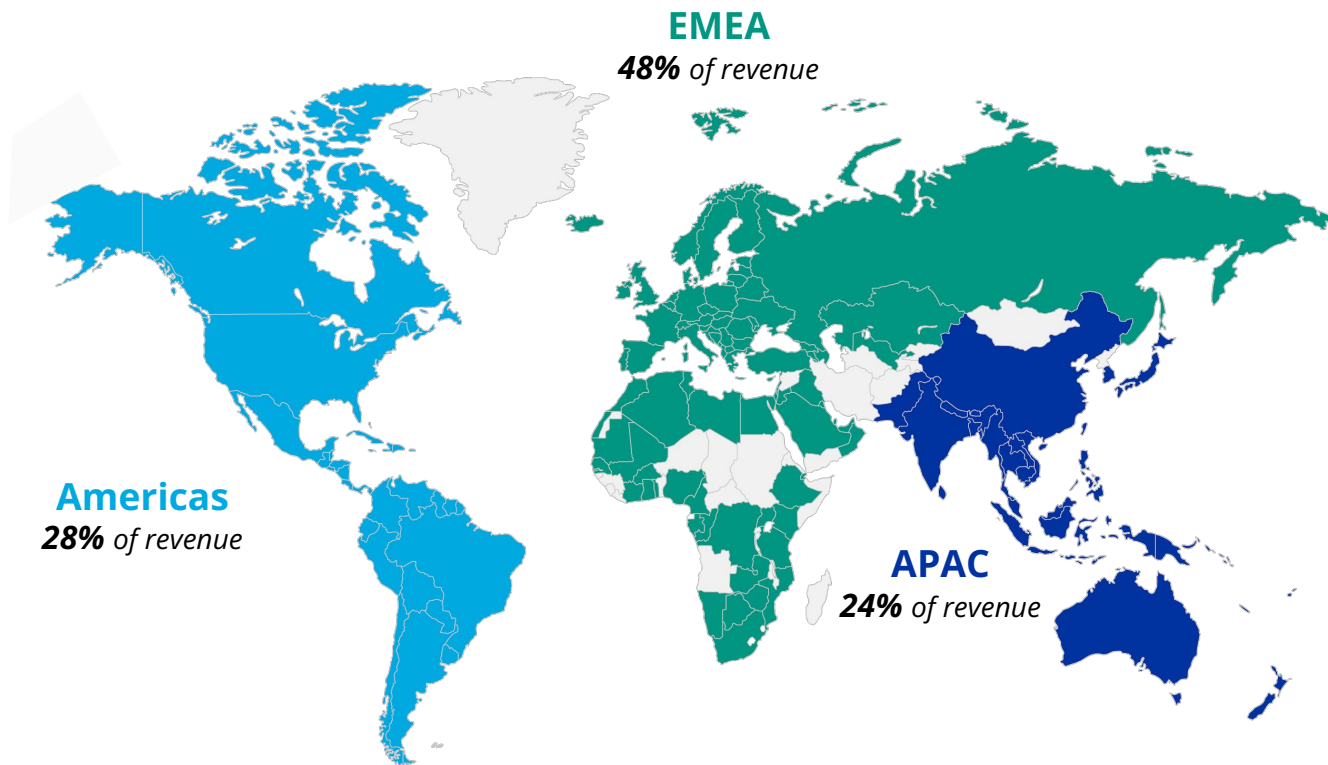


### High level of available resources :

€1.01 billion credit lines and €700 million cash as of June 30, 2022

(€m)	31/12/2021	30/06/2022
<b>Bonds</b>	1,700	1,700
<b>Other debts</b>	306	531
<b>Gross debt</b>	2,006	2,231
<b>Cash</b>	555	700
<b>Net debt</b>	1,451	1,531
<b>Average interest rate (gross)</b>	1.7%	1.5%

# Imerys, a global player...



Based on 2021 consolidated figures.

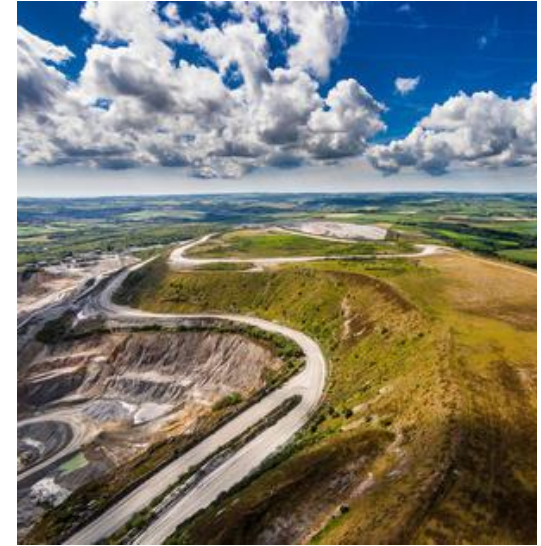
## ...which offers value-added solutions for diverse markets

### 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

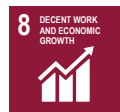
- Improve Group occupational health performance by 30% against 2019 baseline assessments by the end of 2022
  - Status as of end 2021 : **19% improvement**



## 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.

---

## Thank you for your attention

Visit [www.imerys.com](https://www.imerys.com) for more information.

Or connect with us:



@imerys



[www.linkedin.com/company/imerys/](https://www.linkedin.com/company/imerys/)



[www.facebook.com/imerysgroup/](https://www.facebook.com/imerysgroup/)