

# Nine Months and Third Quarter 2022 Results

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# Disclaimer

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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**



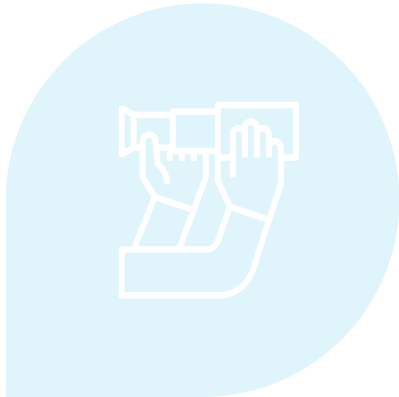
**Outlook**



## Highlights



## Financial Results



## Outlook

# Q3 2022 Highlights - Solid financial performance and important strategic moves

## Moving forward with strategic focus on higher growth markets

- Ongoing disposal of the High Temperature Solutions business area (HTS) and decision to divest most assets serving the paper market
- Plan to become a major player in the European lithium market with a large lithium exploitation project in France

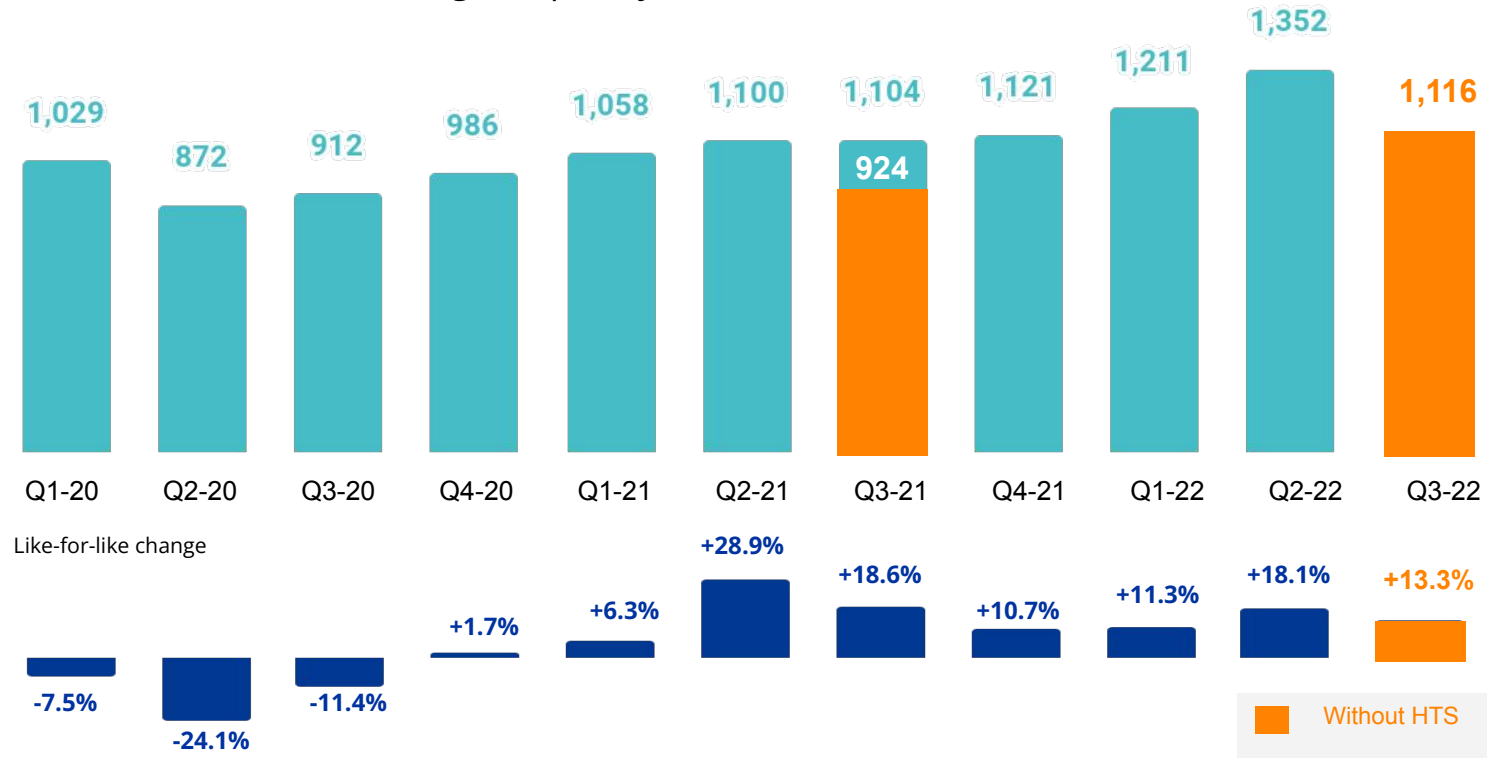
## Solid financial performance in inflationary environment<sup>(1)</sup>

- Another quarter of organic growth at +13.3% in Q3 (+14.0% in 9 months 2022)
- Q3 revenue up 20.8% at €1,116 million (€3,258 million in 9 months 2022)
- Price effect of +22.1% in Q3
- Current EBITDA at €193 million in Q3 (€568 million in 9 months 2022), +15% vs 2021; 17.3% margin on sales despite headwinds on costs
- Current net income from continuing operations at €221 million in 9 months 2022 (+15.7% vs 2021)
- Net income impacted by exceptional non cash items in relation to the contemplated disposal of assets

(1) Please refer to the glossary in appendix for definition of Alternative Performance Measures and reclassification according to IFRS 5

# Continued revenue growth, supported by pricing actions

Revenue (€m) and like-for-like change vs. prior year (%)



# End markets trends in Q3 2022 (1/3)

## Construction



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

	Q2-22 vs. Q2-21	Q3-22 vs. Q3-21
Europe	+3%	+4%
North Am.	-4%	-2%
Asia <sup>(3)</sup>	+4%	+7%
World	+2%	+4%

- Overall, growth in construction market continuing
- Residential construction in the US dropping as a consequence of rapidly increasing mortgage rates and raw materials costs

## Iron & Steel



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

	Q2-22 vs. Q2-21	Q3-22 vs. Q3-21
Europe	-7%	-12%
North Am.	-4%	-7%
Asia <sup>(3)</sup>	-2%	-2%
World	-4%	-5%

- Significant drop in world production impacted by lower demand in several markets (construction, automotive)
- Several plants being mothballed in Europe due to surging production costs (energy)

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

# End markets trends in Q3 2022 (2/3)

## Automotive



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

	Q2-22 vs. Q2-21	Q3-22 vs. Q3-21
Europe	+3%	+36%
North Am.	+12%	+25%
Asia <sup>(3)</sup>	-0%	+25%
World	+2%	+26%

- **Massive rebound largely due to base effect**, as Q3 2021 was the most acute phase of semiconductor shortage
- Sector still fragile, despite some positive signals regarding semiconductors supply

## Graphic Paper



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

	Q2-22 vs. Q2-21	Q3-22 vs. Q3-21
Europe	-6%	-11%
USA	+1%	+0%
India	+4%	+4%

- **Europe back on historically declining trend**, exacerbated by high energy costs
- US still on post-Covid recovery mode
- Asia, in particular India, showing growth

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



# End markets trends in Q3 2022 (3/3)

## Consumer goods



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

	Q2-22 vs. Q2-21	Q3-22 vs. Q3-21
Europe	+4%	+2%
USA	+2%	+2%
Asia <sup>(3)</sup>	+4%	+4%
World	+3%	+3%

- **Resilience even in inflationary context**
- Challenging macro economic environment starting to have an impact on consumer confidence

## Energy & Electronics



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

	Q2-22 vs. Q2-21	Q3-22 vs. Q3-21
Europe	+9%	+9%
North Am.	+7%	+15%
Asia <sup>(3)</sup>	+15%	+15%
World	+12%	+14%

- **Solid momentum confirmed for EV sales in all geographies**
- Growth even accelerating in some regions (eg. in China, where the upcoming end to EV purchasing incentives has bolstered car sales)

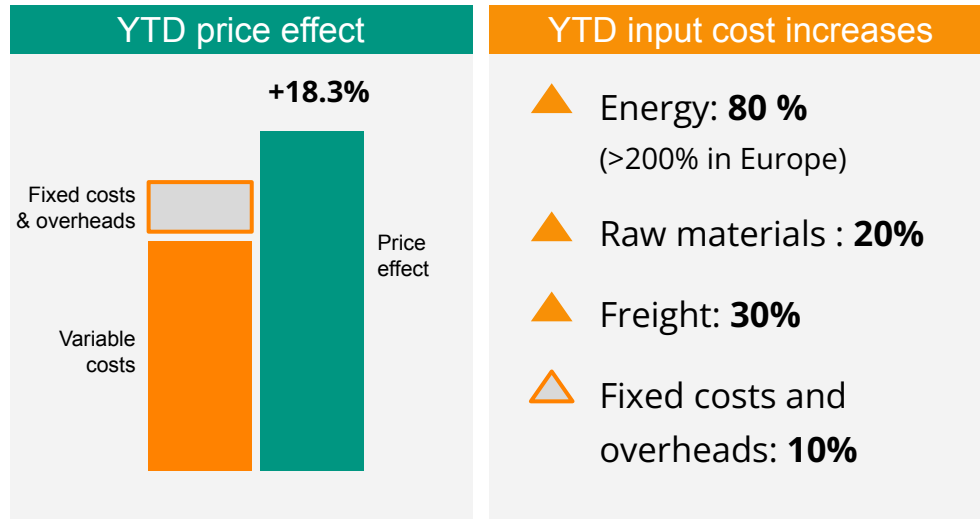
Sources (1); Oxford economics

(2) IHS, Oxford Economics, Group estimates

(3) Including China

# Selling price increases to cover rising inflation

## Evolution of selling prices and costs in the first nine months of 2022 (vs prior year)



- Purchasing and operational savings as well as hedging contributing to Imerys' operational leverage
- Selling price increases and application of specific surcharges offsetting rising inflation of variable costs
- Inflation also impacting fixed costs
- Tight labour market, especially in the US

Positive contribution of price/cost balance to current EBITDA



Highlights



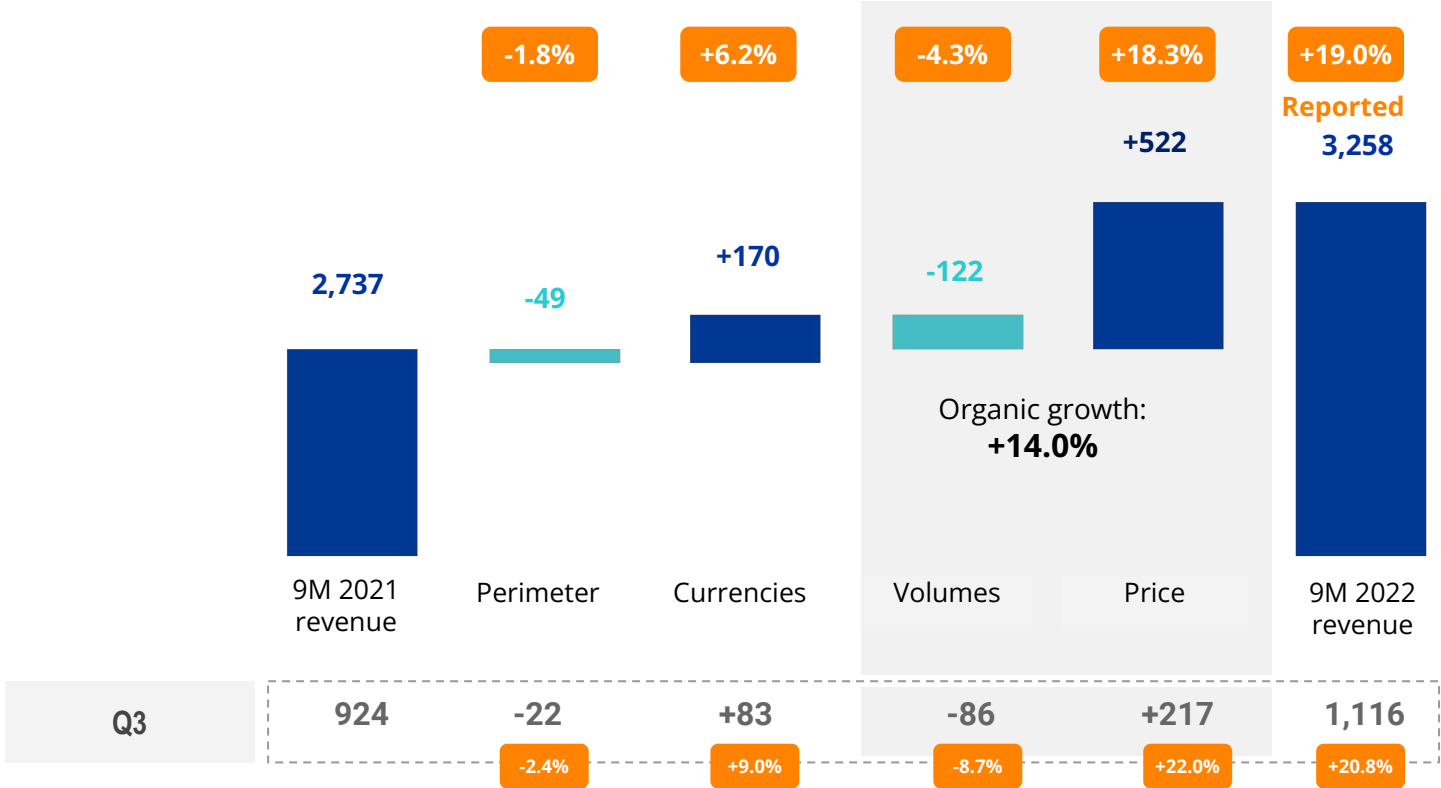
Financial Results



Outlook

# Robust organic growth of +14.0% in 9M 2022

(€m)



# Performance Minerals activity holding well in Q3

Q3 2021	Q3 2022	like for like change vs. Q3 2021	Revenue (€m)	9M 2021	9M 2022	like for like change vs. 9M 2021
244	317	+18.0%	Americas	717	875	+13.0%
281	353	+23.5%	EMEA	864	1,012	+16.0%
131	153	+15.2%	APAC	386	444	+11.3%
(38)	(67)	-	Eliminations & others	(135)	(175)	-
<b>619</b>	<b>756</b>	<b>+16.5%</b>	<b>Total segment revenue</b>	<b>1,831</b>	<b>2,156</b>	<b>+13.2%</b>

- Overall supportive markets in North America
- European sales growth driven by ceramics and consumer goods solutions, compensating for weaker plastics, paints and paper demand
- Continued growth of mobile energy sales
- Good performance of filtration, paper and board solutions in Asia

# Refractory, Abrasives, Construction sales supported by building and infrastructure <sup>(1)</sup>

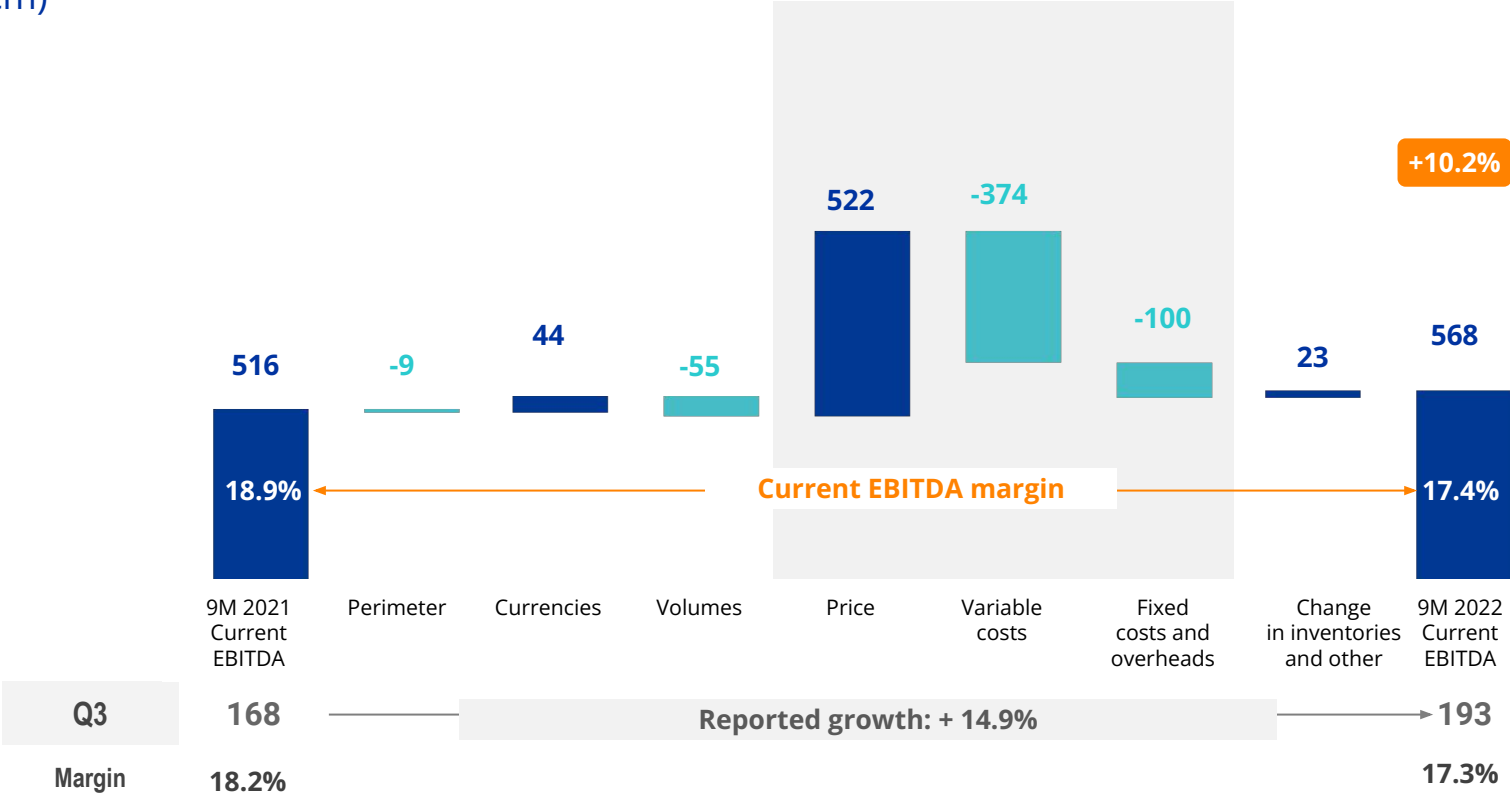
Q3 2021	Q3 2022	like for like change vs. Q3 2021	Revenue (€m)	9M 2021	9M 2022	like for like change vs. 9M 2021
306	362	+9.8%	Refractory, Abrasives, Construction (RAC)	913	1,105	+14.9%
-	-	-	Elimination & others	(6)	-	-
306	362	+9.9%	Total segment revenue	907	1,105	+15.2%

- Building and infrastructure holding well
- Softer refractory and abrasive markets in Europe, impacted by Russia and Ukraine, as well as local lockdowns in China
- Continued ramp up of the new refractory and specialty binders plant in India (Vizag)

(1) In accordance with IFRS 5, the High Temperature Solutions business area is accounted for as a discontinued operation in 2022 and 2021 and no longer as a business area

# Current EBITDA margin of 17.4% for 9 months 2022

(€m)



# Current net income from continuing operations reached €221 million

(€m)	9M 2021	9M 2022	Change
<b>Current EBITDA</b>	516	568	+10.2%
<b>Current operating income</b>	296	346	+16.9%
<b>Current financial expenses</b>	(29)	(36)	-
<b>Current income tax</b>	(72)	(84)	-
<b>Current tax rate</b>	27.0%	27.0%	-
<b>Minority interests</b>	(4)	(5)	-
<b>Current net income from continuing operations</b>	191	221	+15.7%
<b>Other operating income and expenses, net</b>	(17)	(97)	-
<b>Net income from continuing operations, Group share</b>	174	124	-28.3%
<b>Net income from discontinued activities, Group share</b>	43	69	+61.7%
<b>Net income, Group share</b>	216	193	-10.6%
<b>Current net income from continuing operations per share</b>	€2.25	€2.61	+15.8%

- Other operating income and expenses, net impacted by €99 million loss relating to goodwill impairment on the ongoing disposal of assets serving the paper market
- Net income from discontinued activities including €20 million gain relating to hyperinflation in Turkey in accordance with IAS 29

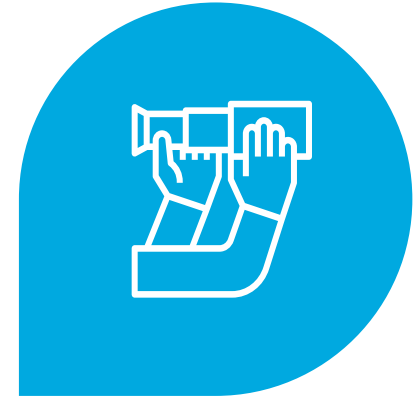




Highlights



Financial  
Results



Outlook

- Worsening economic environment in Q4, especially in Europe
- Pricing actions and tight cost management to mitigate the impact of higher input costs and decelerating volumes
- Current EBITDA guidance confirmed for the full year 2022 <sup>1</sup>
- Restated for the IFRS 5 impact<sup>2</sup>, guidance stands at €690-710 million<sup>3</sup>
- Important strategic moves reinforcing long-term growth prospects for the Group

(1) €810-840 million, as announced in the press release of July 27, 2022, vs. €687 million in the first nine months of 2022

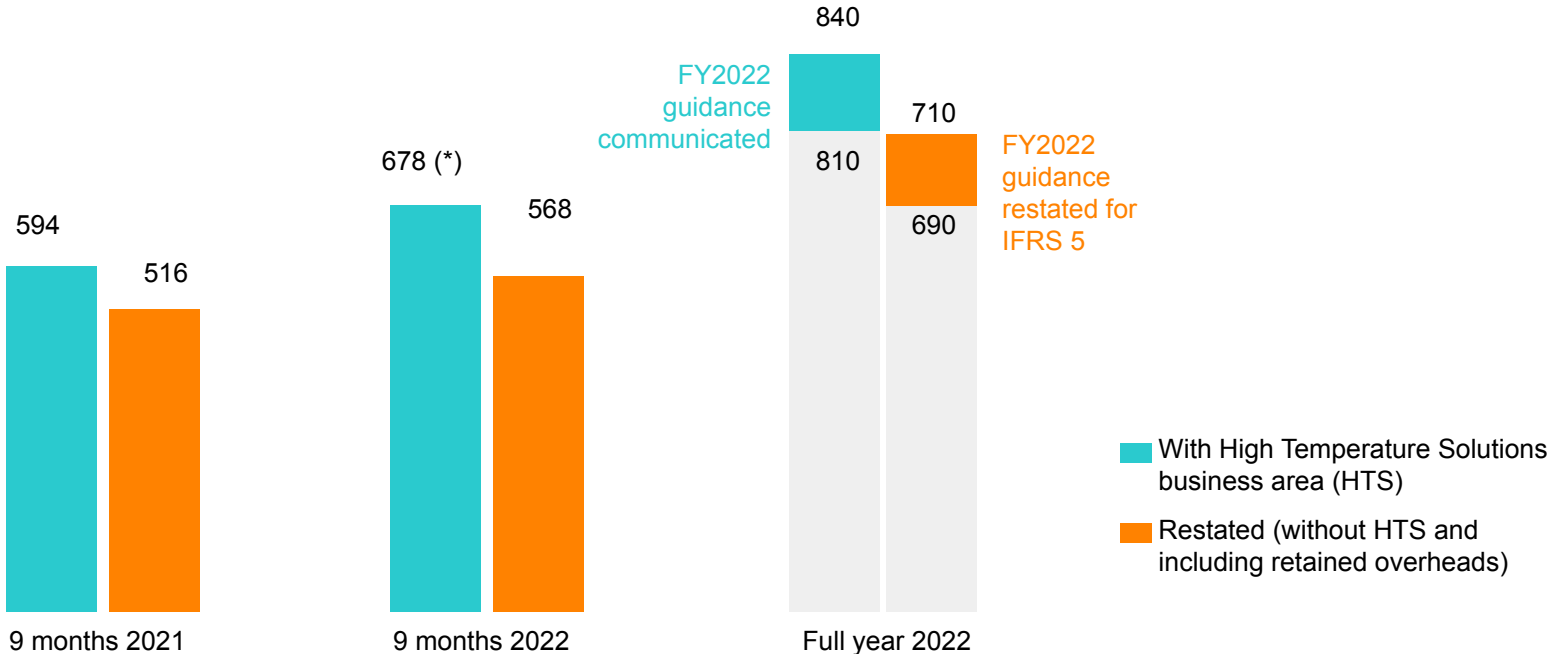
(2) Excluding the High Temperature Solutions business area (HTS) whose contemplated disposal was announced on July 28, 2022. The assets serving the paper markets whose contemplated disposal was announced on September 9, 2022, are accounted for as non current assets held for sale and therefore included in the Group's consolidated financial statements.

(3) To be compared with €568 million in the first nine months of 2022

# APPENDIX

# Current EBITDA full year 2022

## Current EBITDA (€m)

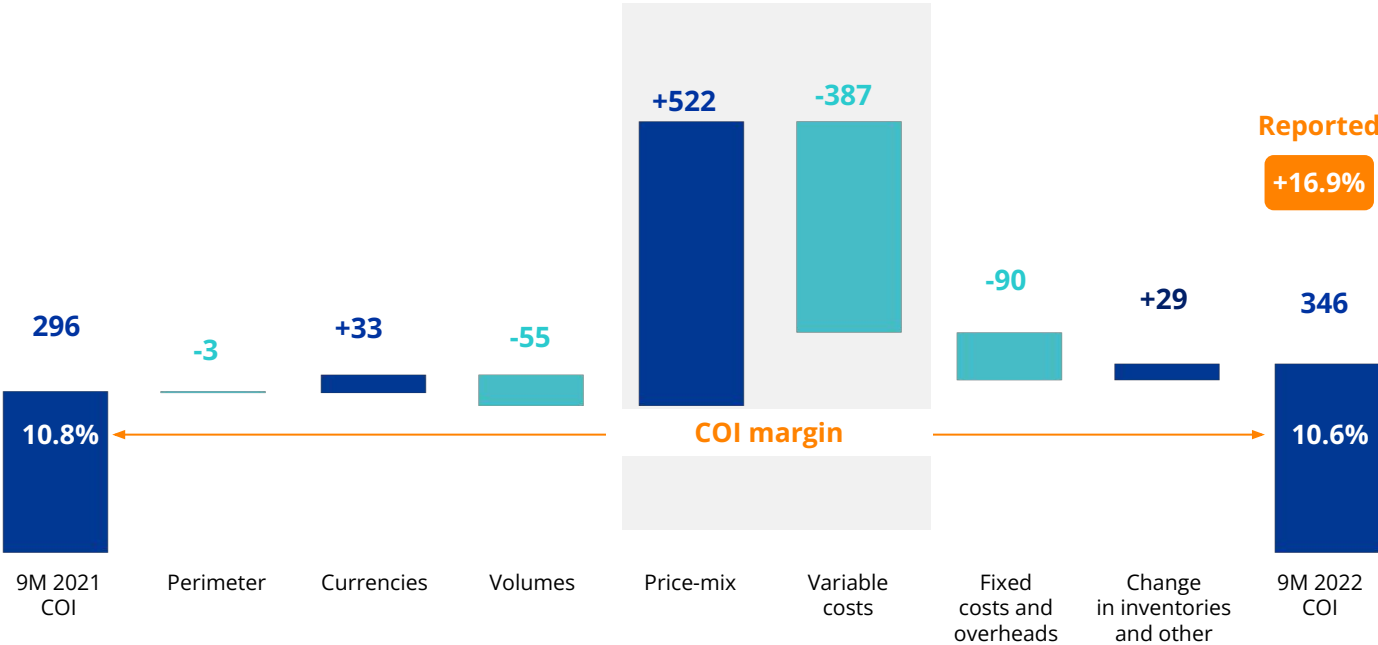


(\*) Pro forma for YTD current EBITDA without IFRS 5



# Current operating income (COI)

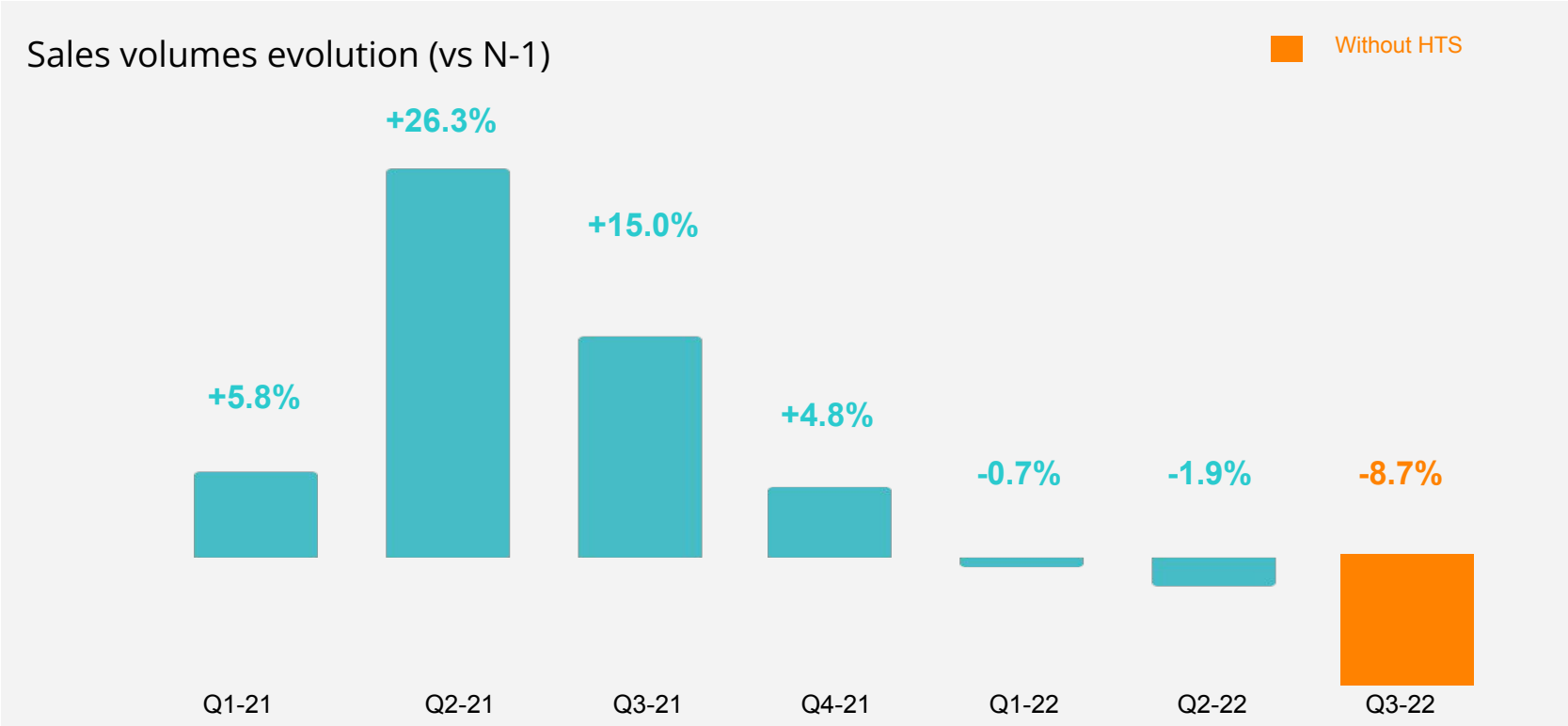
(€m)



# Q3 Net income

(€m)	Q3 2021	Q3 2022	Change
<b>Current EBITDA</b>	168	193	+14.9%
<b>Current operating income</b>	93	118	+27.6%
<b>Current financial expenses</b>	(10)	(17)	-
<b>Current income tax</b>	(23)	(27)	-
<i>Current tax rate</i>	27.0%	27.0%	-
<b>Minority interests</b>	(2)	(2)	-
<b>Current net income from continuing operations</b>	59	72	+21.5%
<b>Current net income from continuing operations per share</b>	€0.70	€0.85	+21.8%
<b>Other operating income and expenses, net</b>	(0)	(95)	-
Of which loss relating to impairment goodwill on assets for paper	-	(99)	-
<b>Net income from discontinued activities, Group share</b>	16	24	+53.4%
<b>Net income, Group share</b>	74	1	-98.8%

# Sales volumes growth



# Glossary

Results for the 9 month periods ended 30 September 2021 and 2022 have been restated to reflect the results from continuing operations excluding the High Temperature Solutions business area (HTS) whose contemplated disposal was announced on July 28, 2022. According to IFRS 5, HTS is accounted for as a discontinued operation and reported under 'Net income from discontinued activities' (its revenue, expenses and pre-tax profits are not presented in the consolidated income statement). The assets serving the paper markets whose contemplated disposal was announced on September 9, 2022, are accounted for as non current assets held for sale and therefore included in the consolidated income statement.

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 (also called 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 (or Current Net Income)	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.



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