

# First Half 2023 Results

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July 27, 2023

Alessandro Dazza - Chief Executive Officer

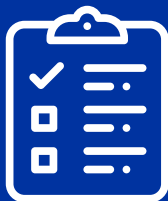
Sébastien Rouge - Chief Financial Officer

# Disclaimer

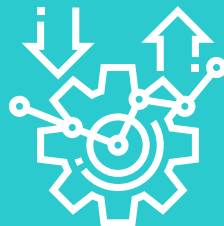
More comprehensive information about Imerys may be obtained on its website ([www.imerys.com](http://www.imerys.com)), under Regulated Information, including its Universal Registration Document filed under No. D.23-0127 on March 22, 2023 with Autorité des Marchés Financiers. Imerys draws the attention 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



## Financial Results

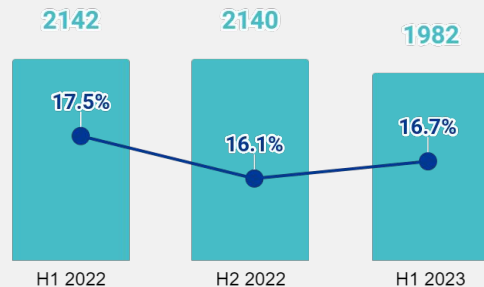


## Outlook

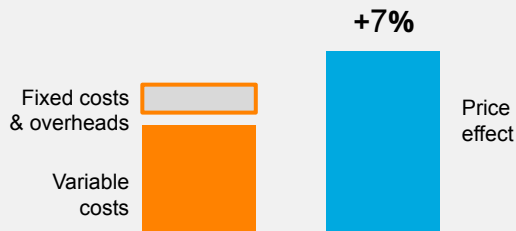
# Imerys reports resilient profitability and strong cash generation in first half 2023

- First half revenue at €1,982 million, down 5.6% like-for-like\* vs. last year, impacted by continued customer destocking, macro-economic weakness in key end markets and high comparatives
- Resilient current EBITDA margin at 16.7%, as a result in particular of cost discipline and positive price-cost balance
- Strong cash generation with net current free operating cash flow at €135 million before strategic capital expenditures versus €48 million in H1 2022, benefitting from several working capital actions

Revenue (€m) and current EBITDA margin (%)



H1 2023 price effect vs. prior year



(\*) Please refer to the glossary in appendix for definition of Alternative Performance Measures

# Significant progress on lithium roadmap



- Existing mining activity in Cornwall; confirmed inferred resources of 161 MT at 0.54% lithium oxide, with life of mine exceeding 30 years <sup>1</sup>
- Experienced teams and solid infrastructure
- Lithium expertise developed through EMILI project in France



80%

- Bespoke lithium processing technology to produce battery-grade lithium from Cornish granite
- Experienced technical team
- State-of-the-art pilot plant



20%

## Imerys British Lithium Joint Venture

<sup>1</sup> The mineral resources estimate was prepared by British Lithium Limited and the inferred resources classified in accordance with the JORC Code 2012. Full details are available on Imerys British Lithium's website.



- **First production at laboratory scale of battery-grade lithium hydroxide from the Beauvoir granite**
- Scoping study for the EMILI project in France completed, confirming its economic viability
- Pre-feasibility study currently in progress along with the permitting process for the construction of the pilot plant
- Imerys to apply to the CNDP to hold a public consultation before summer 2024

## Willebroek (Belgium)

- **Commissioning of the third production line of carbon black** for mobile energy completed
- Target sales at capacity: >€60m
- Construction of the fourth line underway



# New milestones in decarbonation roadmap

## Willebroek (Belgium)

- **Long term contract with E.On to build an energy recovery plant on Imerys site**
- Multi-year agreement to valorize waste syngas and generate electricity to supply the equivalent of 40.000 households



## Lompoc (California, USA)

- **Partnership with TotalEnergies to bring renewable energy to Imerys site in Lompoc, California**
- Installation of solar panels and energy storage systems
- Expected to cover at least 50% of the site's current electrical energy needs and reduce CO2 emissions by 7,000 mt annually



## New GHG emission reduction targets approved by the SBTi

- **Reduction of 42% of scope 1 and 2, and 25% of scope 3 by 2030 with 2021 as a base year, in absolute value**



# End-markets trends in Q2 2023 (1/3)

## Construction



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

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	+1%	-1%	+1%
North Am.	-8%	-7%	-3%
Asia <sup>(3)</sup>	+6%	+5%	+4%
World	+2%	+1%	+2%

- Residential remains weak in all main geographies served by the Group; infrastructure robust
- USA: particularly affected by high interest rates and resulting decline in activity
- China: weak residential construction, but slight improvement in confidence in real estate sector

## Consumer goods



### Private Consumption <sup>(2)</sup>

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	+1%	+0%	-0%
North Am.	+2%	+2%	+2%
Asia <sup>(3)</sup>	+3%	+5%	+5%
World	+1%	+3%	+3%

- US: consumption fueled by resilient job market
- Europe: recession risks increasing
- China: solid consumption with large reserves of accumulated households savings

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

# End-markets trends in Q2 2023 (2/3)

## Automotive



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

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	+15%	+25%	+11%
North Am.	+8%	+10%	+14%
Asia <sup>(3)</sup>	+2%	+3%	+16%
World	+3%	+7%	+14%

- Production supported by easing in supply chain and high order backlogs, however still below 2019 levels, especially in Europe
- China: sales sustained by new subsidies and price reductions announced by car manufacturers

## Energy & Electronics



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

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	+12%	+19%	+13%
North Am.	+15%	+12%	+16%
Asia <sup>(3)</sup>	+15%	+8%	+11%
World	+13%	+10%	+12%

- Energy sector remains well oriented in all main geographies
- Healthy growth expected in China, supported by renewed public incentives for EVs

Sources (1) ; IHS

(2) IHS, Oxford Economics, Group estimates

(3) Including China

# End-markets trends in Q2 2023 (3/3)

## Industry & Equipment



### Industrial production <sup>(1)</sup>

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	-0%	-0%	-1%
USA	+2%	+1%	-0%
China	+3%	+3%	+7%
World	+2%	+1%	+2%

- Europe: Industrial activity clearly in recession. No recovery expected till late this year, or early 2024.
- USA: Depressed corporate investment, with further drop in activity expected towards year end/beginning of next year
- China: Recovery happening at a slower pace than expected
- India: Robust performance and strong prospects

## Graphic Paper



### Paper production <sup>(1)</sup>

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	-24%	-29%	-29%
USA	-5%	-18%	-25%
India	+3%	+9%	+9%

## Iron & Steel



### Steel production <sup>(1)</sup>

	Q4-22 vs. Q4-21	Q1-23 vs. Q1-22	Q2-23 vs. Q2-22
Europe	-17%	-10%	-10%
North Am.	-8%	-7%	-3%
Asia <sup>(2)</sup>	+6%	+5%	+4%
World	+2%	+1%	+2%

Source: (1) Oxford Economics (2) Including China.



## Highlights



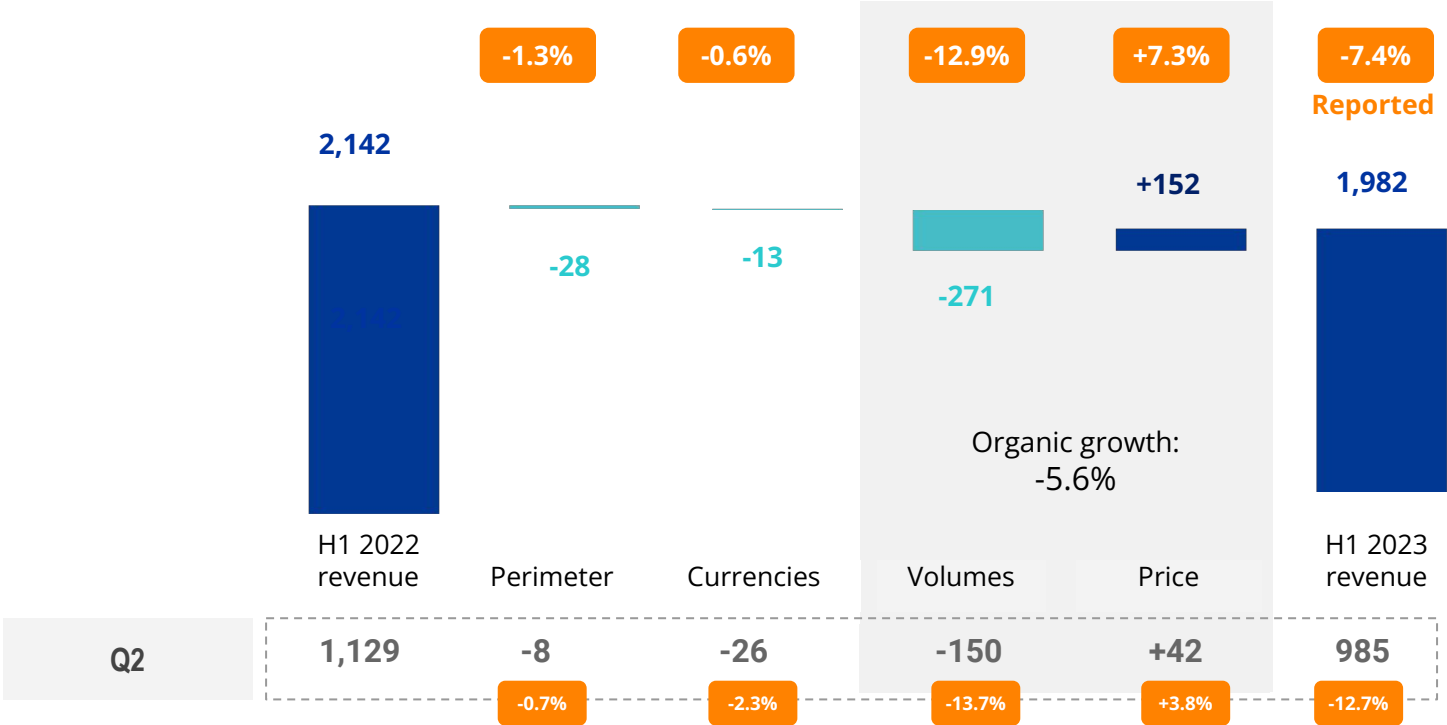
## Financial Results



## Outlook

# Sales variances

(€m, % change vs prior year period)



# Performance Minerals

Q2 2022	Q2 2023	Like for like change vs. Q2 2022	(€m)	H1 2022	H1 2023	Like for like change vs. H1 2022
297	258	-11.0%	Revenue: Americas	558	514	-6.4%
348	304	-11.0%	Revenue: EMEA	659	632	-2.8%
150	134	-6.0%	Revenue: APAC	291	266	-3.5%
(53)	(37)	-	Eliminations & others	(108)	(76)	-
<b>742</b>	<b>659</b>	<b>-8.7%</b>	<b>Total segment revenue</b>	<b>1,400</b>	<b>1,336</b>	<b>-2.5%</b>
-	-	-	Current EBITDA	<b>276</b>	<b>215</b>	<b>-21.9% *</b>

\* Reported variation

- Ceramics and paper still impacted by destocking, weak construction activity and mill downtimes
- Automotive rebounding and signs of recovery in mobile energy sales following a weak first quarter
- Resilient pricing (carry-over effect)

# High Temperature Materials & Solutions

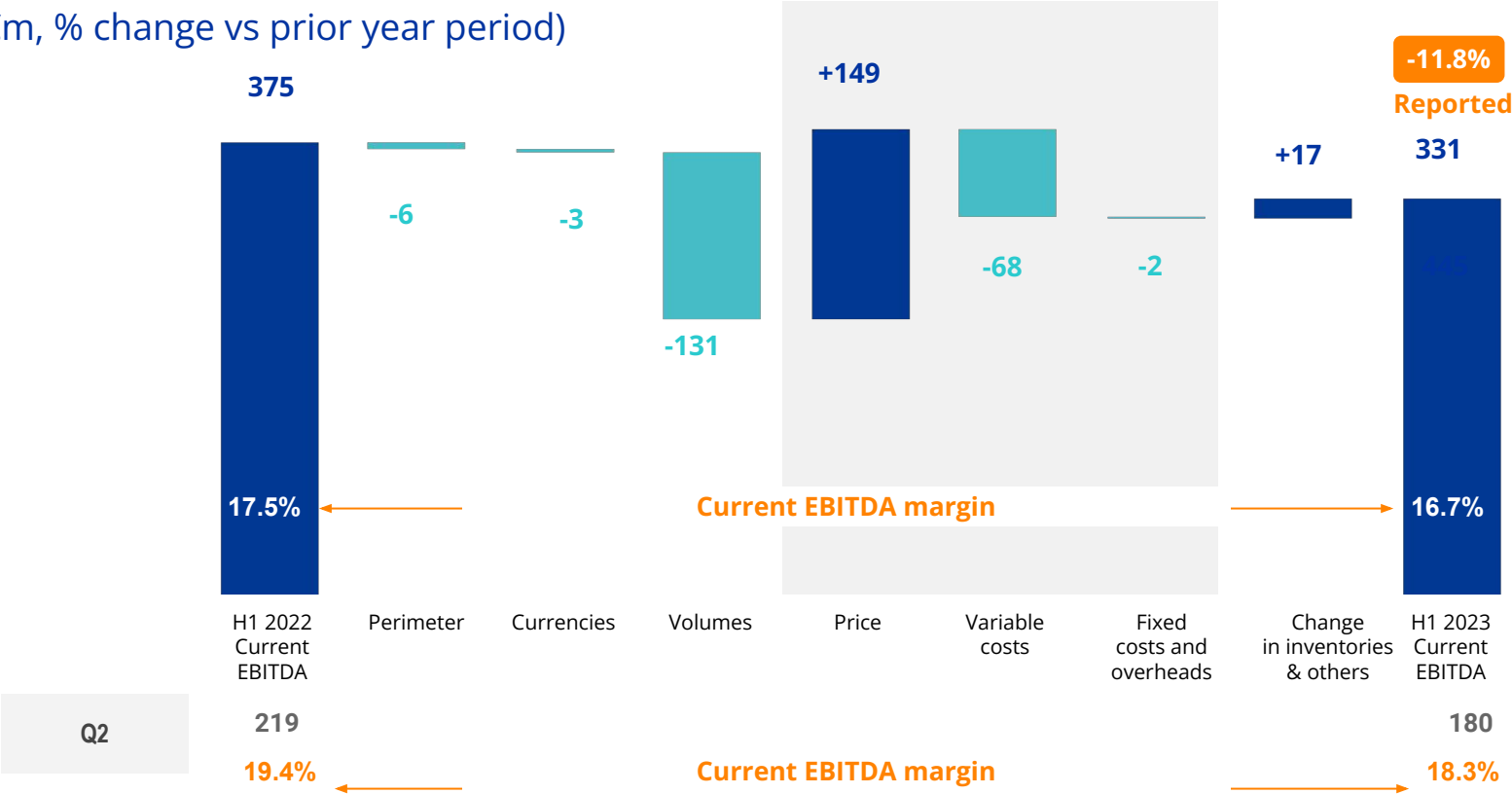
Q2 2022	Q2 2023	Like for like change vs. Q2 2022	(€m)	H1 2022	H1 2023	Like for like change vs. H1 2022
387	328	-13.6%	Revenue: Refractory, Abrasives, Construction	743	647	-12.3%
0	0	-	Eliminations & others	0	1	-
387	328	-13.6%	Total segment revenue	743	648	-12.2%
-	-	-	Current EBITDA	126	77	-38.9% *

\* Reported variation

- Revenue drop in Europe, US to a lesser extent
- Good growth in the Indian market
- Destocking and low activity in refractory and abrasives sectors

# Resilient current EBITDA

(€m, % change vs prior year period)





# Current net income from continuing operations

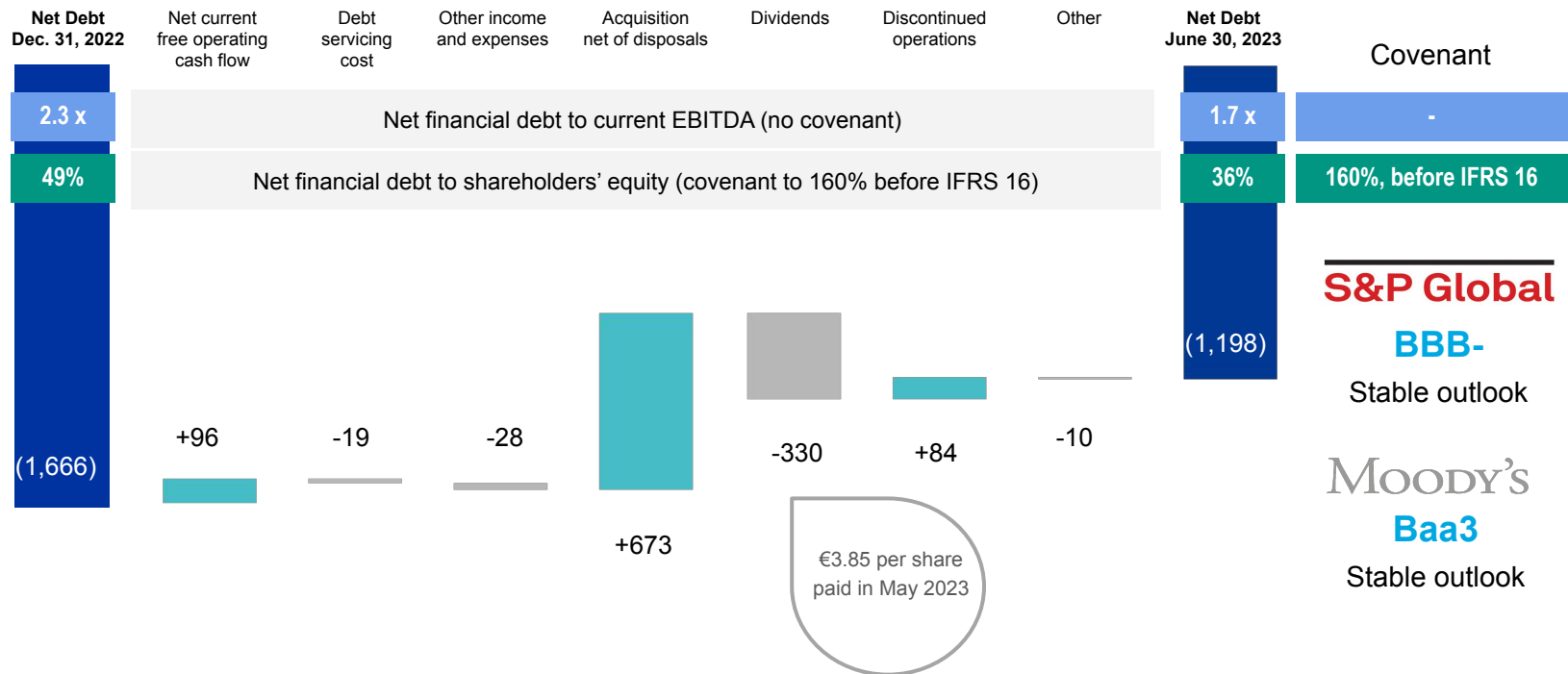
(€m)	H1 2022	H1 2023	Change
<b>Current EBITDA</b>	375	331	-11.8%
<b>Current operating income</b>	227	218	-4.2%
<b>Current financial expenses</b>	(19)	(26)	-
<b>Current net income from continuing operations, Group share</b>	149	139	-7.1%
<b>Other operating income and expenses, net, Group share</b>	(1)	(38)	-
<b>Net income from continuing operations, Group share</b>	148	101	-31.6%
<b>Net income from discontinued activities, Group share</b>	45	44	-0.6%
<b>Minority interests</b>	(2)	(1)	-
<b>Net income, Group share</b>	192	145	-24.5%

# Strong cash flow generation

(€m)	H1 2022	H1 2023
<b>Current EBITDA (including discontinued operations)</b>	445	338
<b>Increase (-)/decrease (+) in operating working capital</b>	(160)	16
<b>Notional tax on current operating income</b>	(79)	(61)
<b>Others</b>	6	6
<b>Current operating cash flow (before capital expenditure)</b>	213	299
<b>Paid capital expenditure</b>	(181)	(178)
<i><b>of which strategic investments</b></i>	(32)	(39)
<b>Right to use assets (IFRS 16)</b>	(15)	(25)
<b>Net current free operating cash flow</b>	16	96
<b>of which discontinued operations</b>	(6)	6

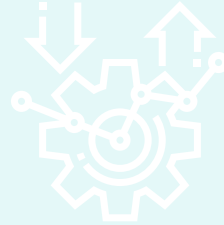
# Sound financial structure

## Change in net financial debt (€m)

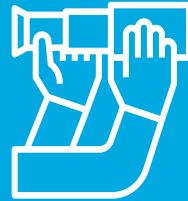




## Highlights



## Financial Results



## Outlook

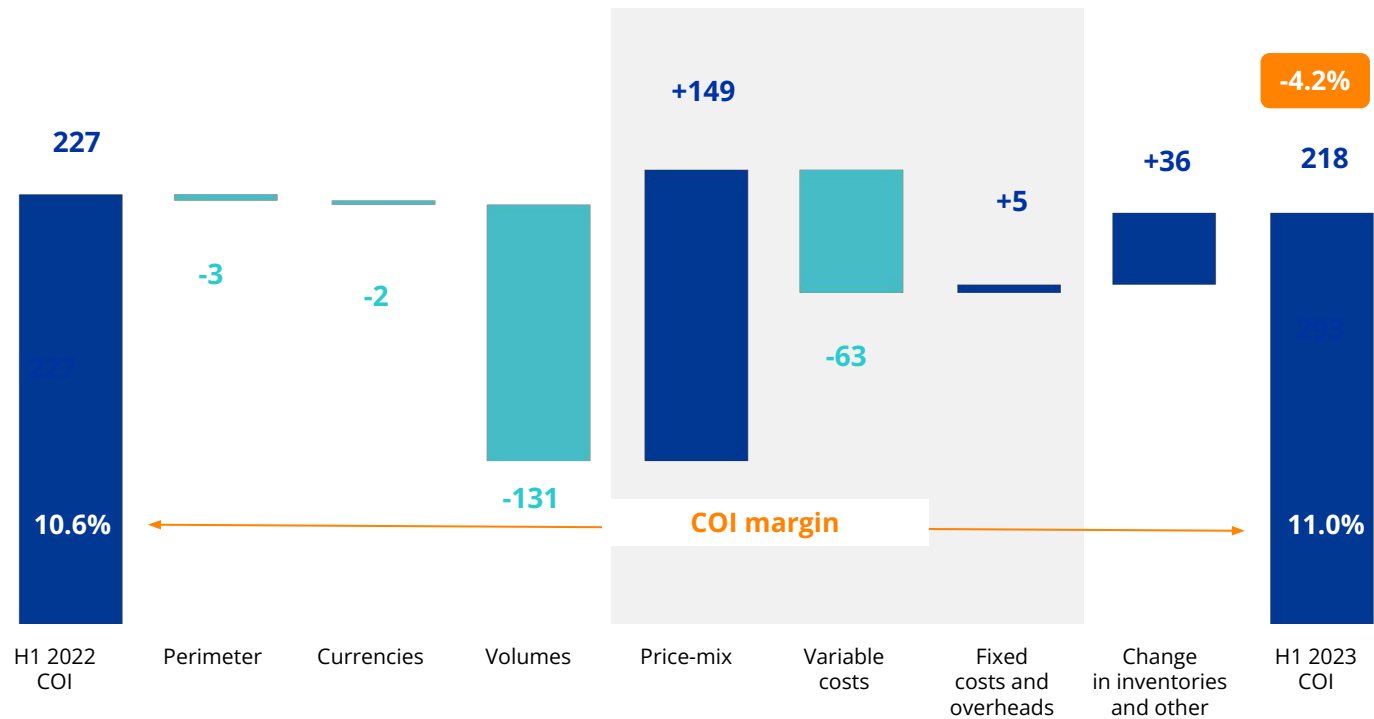
- Limited visibility into customer demand, still impacted by ongoing destocking
- Focus on cost reduction measures and cash generation
- Pricing likely to remain stable at present levels
- Current EBITDA expected to be in the range of €630-650 million for full-year 2023 at current perimeter<sup>1</sup> and based on current trading
- Maintaining medium term objectives as a result of the Group's targeted actions to improve profitability, its global geographic footprint and diversified market exposure, as well as ongoing strategic capital expenditures

1. including 12 months of the current EBITDA of the assets serving the paper markets expected to be disposed of by the end of the year

# APPENDIX

# Current operating income (COI)

(€m)



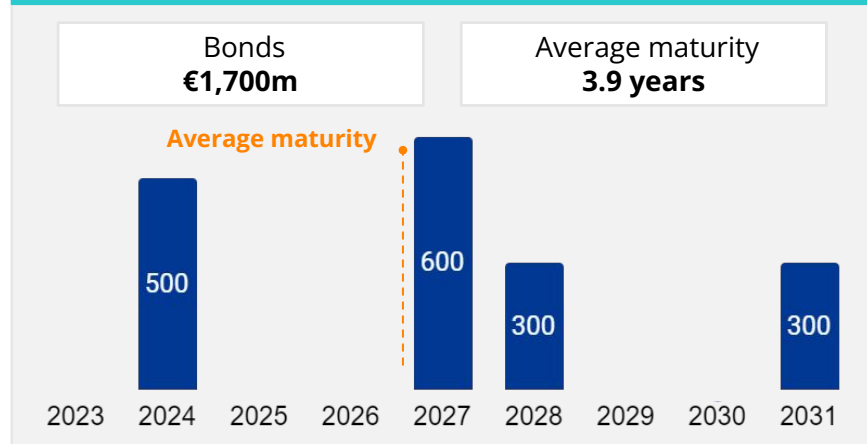
# Q2 Net income

(€m)	Q2 2022	Q2 2023	Change
Current EBITDA	219	180	-17.8%
Current operating income	136	113	-16.9%
Current financial expenses	(10)	(14)	-
Current net income from continuing operations, Group share	90	72	-20.6%
Other operating income and expenses, net, Group share	(0)	(33)	-
Net income from continuing operations, Group share	90	39	-57.0%
Net income from discontinued activities, Group share	29	5	-
Minority interests	(1)	(1)	-
Net income, Group share	119	44	-63.2%

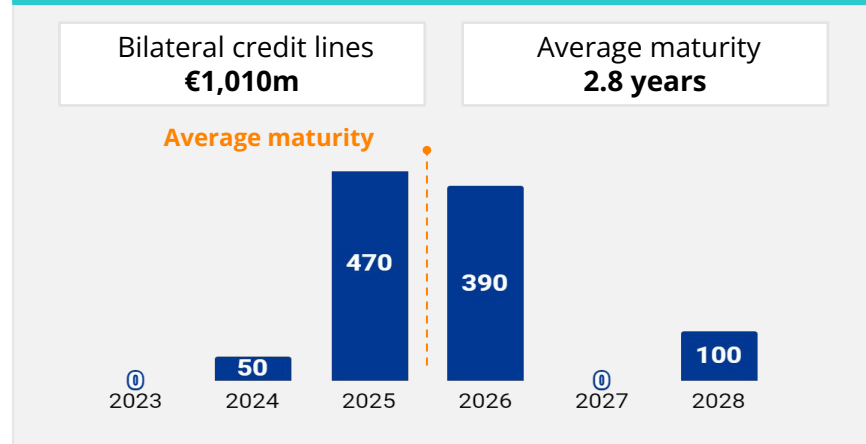


# Strong liquidity position

## Bond maturity profile (€m)



## Bilateral credit lines maturity profile (€m)



### High level of available resources :

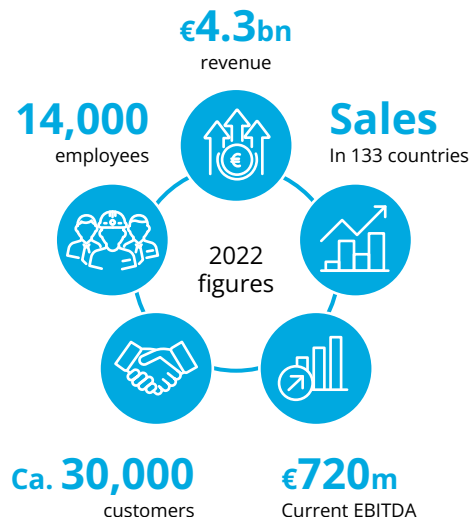
€1.01 billion credit lines and €658 million cash  
as of June 30, 2023

(€m)	31/12/2022	30/06/2023
<b>Bonds</b>	1,700	1,700
<b>Other debts</b>	585	156
<b>Gross debt</b>	2,285	1,856
<b>Cash</b>	619	658
<b>Net debt</b>	1,666	1,198
<b>Average interest rate (gross)</b>	1.5%	1.3%

# Imerys in a nutshell

## Who we are

World's leading supplier  
of mineral-based specialty solutions



## What we offer

High added-value solutions  
to different industries

We succeed through:

- **Best-in-class** resources, operations and technologies
- Customer application **knowledge** and market-driven **innovation**
- Geographical **footprint** and growing **underlying markets**
- **Leading positions** in most markets
- Ambitious **sustainability** targets

## Whom we serve

Plastics, rubber,  
paints & adhesives



Building  
& infrastructure



Mobile  
energy



Filtration  
& life sciences



Ceramics  
& Building  
products



Refractories



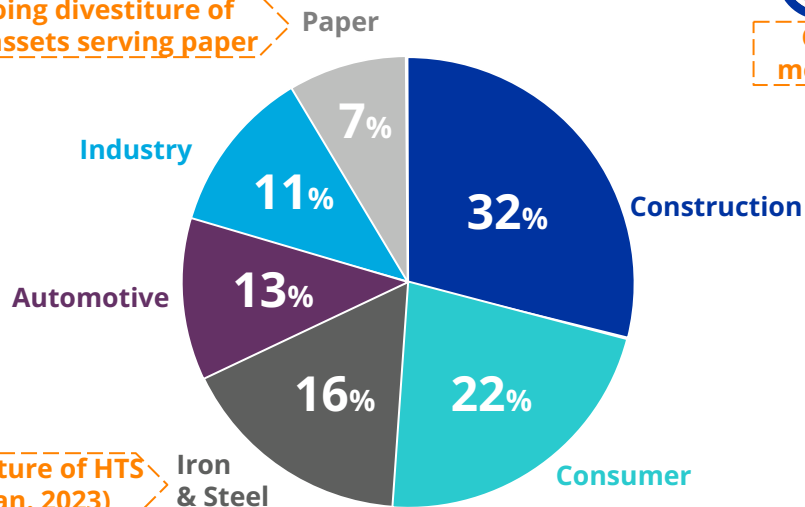
Abrasives



# Imerys end-markets (% revenue, 2022)

## Pre-divestitures

Ongoing divestiture of most assets serving paper

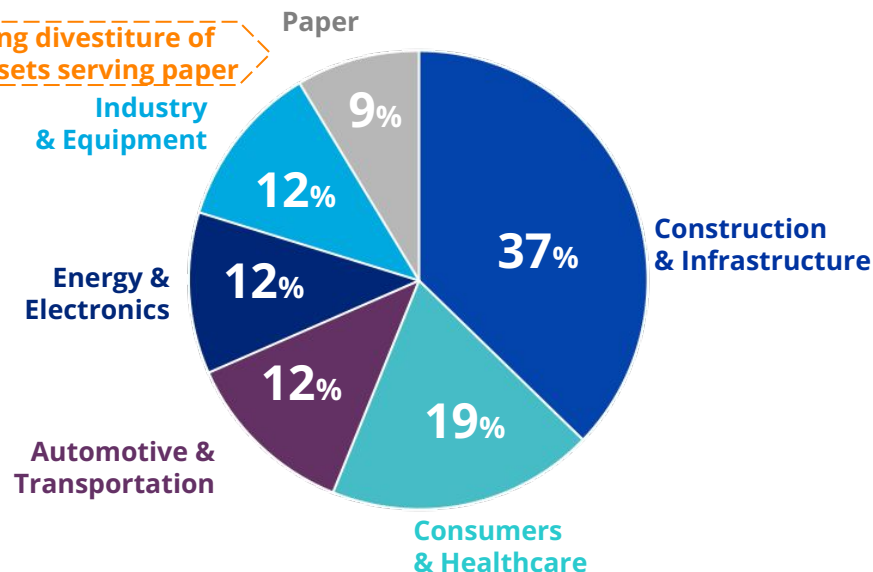


Divestiture of HTS (31 Jan. 2023)



## Post HTS divestiture

Ongoing divestiture of most assets serving paper



# 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, 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



# New Mid-Term objectives 2025 : Empower our people

## 1. Reinforce our maturity on core values

Material Topic	Group Objective	Perf 2022	Target 2022	Target 2025
<b>Health &amp; Safety</b>  				
<b>Safety</b>	Improve Group Safety Culture Maturity* across all Business areas	3.0	3.0	3.3
<b>Health</b>	Increase the global Occupational Health action plan improvement rate	NEW	-	75%
<b>Human Capital</b>    				
<b>Diversity &amp; Inclusion</b>	Increase the score of the Diversity, Equity & Inclusion Index**	NEW	-	100%
	<ul style="list-style-type: none"> <li>Increase the number of women in Senior Managers (SM) roles and the number of women in Manager/ Expert/ Professionals (M/E/P) roles</li> </ul>	SM 26% M/E/P 32%	-	30% 35%
	<ul style="list-style-type: none"> <li>Increase the percentage of Manager/ Expert/ Professionals employees with grades falling within an explained or non significant pay gap</li> </ul>	57%	-	100%
	<ul style="list-style-type: none"> <li>Increase the percentage of underrepresented nationalities in SM roles</li> </ul>	29%	-	35%
	<ul style="list-style-type: none"> <li>Increase the percentage of registered headcount with a disability</li> </ul>	1.42%	-	1.8%
	<ul style="list-style-type: none"> <li>Increase engagement score for diversity and fairness of treatment statements through employee engagement survey</li> </ul>	73%	-	76%

\*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”

\*\* The Diversity and Inclusion Index is a composite metric used to track diversity and inclusion across a range of dimensions including gender balance, pay equity, nationality, disability, as well as inclusion.

### Drivers of the Group strategy

Being a safe and diverse place to work are the cornerstone of Imerys' company values.


**Safety** : the Group ambition is to **push the boundaries of the Safety culture** by improving its performance to level 3.3 by 2025.

**Health** : the Group will **accelerate the implementation of improvement actions** allowing the sites to go one level further in terms of maturity.



**Diversity & Inclusion** : The Group recognizes that D&I are long-term ambitions and is **fully committed to accelerate and pursue its efforts on gender, nationality, disability and other dimensions of diversity**, in full alignment with its new D&I program and industry best practices.

# New ESG Mid-Term objectives 2025 : Grow with our customers

## 2. Accelerate the development of sustainable solutions

Material Topic	Group Objective	Perf 2022	Target 2022	Target 2025
<b>Portfolio management</b> 				
<b>Product sustainability</b>	Assess the Products in Application Combinations (PAC) of Imerys product portfolio (by revenue) according to sustainability criteria*	55%	40%	75%
	Ensure the Group New Product Developments are scored as SustainAgility Solutions**	75%	50%	75%

## 3. Sustain business ethics in the whole value chain

Material Topic	Group Objective	Perf 2022	Target 2022	Target 2025
<b>Business Conduct</b>  				
<b>Business ethics &amp; compliance</b>	Improve the external sustainability rating of the Group compared to 2021 assessment.	66	≥ 64	+7% (≥ 70)
<b>Responsible purchasing</b>	Deploy a sustainability rating scheme of Group suppliers (by spend)	57%	50%	75%

\*The Group portfolio is assessed using the SustainAgility Solutions Assessment methodology, which 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.

### Drivers of the Group strategy







**Product sustainability** : the ambition is to push the boundaries of our products to meet customers' needs and offer sustainable solutions with the quantification of the positive impacts. **A higher coverage of the portfolio (75%) is necessary to steer our portfolio for the future.**

**Responsible purchasing** : a finer identification and mitigation of the risks in our supply chain will be possible by **covering a greater part (75%) of our suppliers panel** with a sustainability rating scheme.

**Business ethics and compliance** : in line with the previous objective, Imerys will demonstrate its leadership **by improving** its rating score. By setting an Ecovadis score at 70, Imerys will ensure to **maintain its best in class level in amongst industry leaders.**

# New Mid-Term objectives 2025 : Care for our planet

## 4. Strengthen our commitments to preserve the planet

Material Topic	Group Objective	Perf 2022	Target 2022	Target 2025
<b>Environmental Stewardship</b>     				
<b>Environmental Management</b>	Reduce environmental impacts by assessing the maturity level of sites against environmental management requirements*	NEW	-	100%
<b>Natural Resource Efficiency</b>	Improve water management by ensuring major** sites comply with new water reporting requirements	NEW	-	100%
	Improve mineral resources efficiency by ensuring sites (by mineral waste volume) comply with new mineral wastes reporting requirements	NEW	-	80%
<b>Biodiversity &amp; land rehabilitation</b>	Reduce impact on biodiversity by filling our act4nature commitments and conducting biodiversity audits on priority sites	NEW	-	20
<b>Climate Change</b> 			2023	2030
<b>Scope 1 &amp; 2</b>	Reduce Group scope 1 & 2 greenhouse gas emissions (tCO2eq) by 42% from 2021 base year in alignment with a 1.5°C trajectory	NEW	-	-42%
<b>Scope 3</b>	Engage our suppliers (by spend) to have science based targets	49%	71%	-

\*Requirement as defined by Imerys protocols and measured by the environmental maturity matrix

\*\*Major sites refer to withdrawal > 1 Mm3 or located in water stress zones.

### Drivers of the Group strategy

**Environmental management**: it is necessary to keep on **building expertise and strengthen the Environmental Management System**. A all (100%) of our operations will perform **assessments to regularly measure their progress against leading standards**.

**Natural Resource Efficiency**: the **implementation and accuracy of new specific reporting indicators on water and mineral flows** on sites where the major risks have been identified **will improve significantly the management of the resources** in the long term and contribute to the Group's circularity.

**Biodiversity**: to mitigate **Imerys' exposure to significant risks** related to biodiversity in certain countries, the group will continue to pursue its effort related to act4nature and also **launch biodiversity audits to assess the level and anticipate actions to further reduce risks**.

**Climate Change**: A new target aligned to a 1.5 C trajectory will align Imerys with **upcoming EU regulation**. In addition, the new target will maintain the Group's **competitiveness both in terms of reputation and sustainable product offering**.

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	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 including 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.
Notional income tax rate	Income tax rate on current income



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## Thank you for your attention

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