

2023 Annual Results

February 22, 2024

Alessandro Dazza - Chief Executive Officer

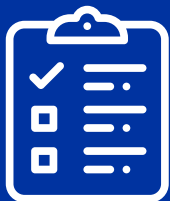
Sébastien Rouge - Chief Financial Officer

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.22-0127 in 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

Full Year 2023 - Financial highlights⁽¹⁾

Revenue	Current EBITDA in line with guidance ⁽²⁾	Substantial cash flow generation	Proposed dividend
€3,794m	€633m	€288m⁽³⁾	€1.35 per share
<ul style="list-style-type: none"> Revenue down 9% like-for-like against high comparables in 2022 (+12.5%) Sales volumes impacted by weak demand in end markets (residential construction, industry and paper) Pricing up 2.6% on full year basis, though slowing in Q4 (-4.4%) to reflect end of surcharges 	<ul style="list-style-type: none"> Current EBITDA at €633 in line with guidance, despite revenue decline Robust margin at 16.7% in line with 2022 benefiting from strong cost actions Q4 2023 EBITDA at €152m, in line with Q4 2022 	<ul style="list-style-type: none"> Substantial cash generation of €288m, fuelled by working capital management actions Significant reduction of OWC (€86m), notably inventories Increase spending on strategic capex (€97m vs. €85m in 2022) to support future growth Other capex (including sustenance) reduced by approx. €30m reflecting good level of operating sites 	<ul style="list-style-type: none"> Current net income from continuing operations at €245m, (-14% vs last year) Proposal of a cash dividend of €1.35 per share (vs. €1.50 per share ordinary dividend paid in 2023) Dividend in line with historical average payout ratio

(1) 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).

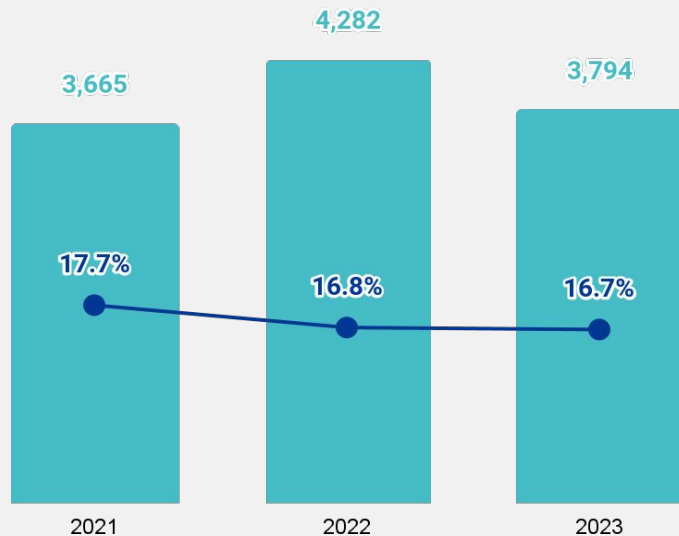
(2) Guidance announced on July 27, 2023: FY 2023 current EBITDA between €630 million and €650 million

(3) Net current free operating cash flow before strategic investments, of which €6m for discontinued operations

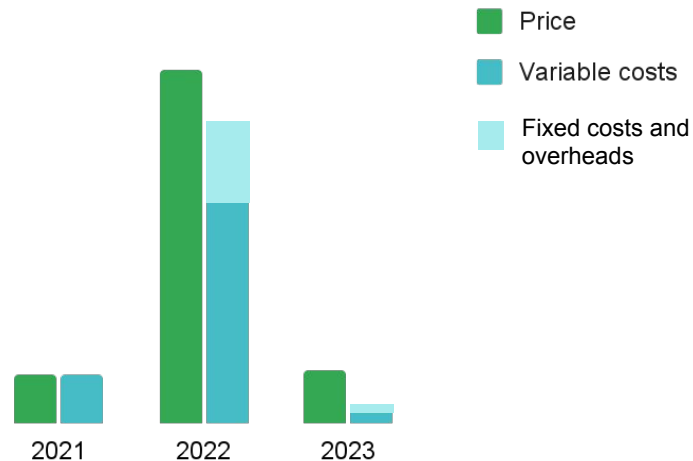
Note: Please refer to the glossary in appendix for definition of Alternative Performance Measures

Resilient current EBITDA margin over the last 3 years

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

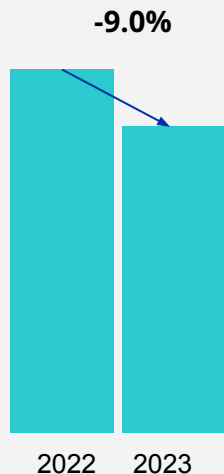


- Stable current EBITDA margin despite volume decline, reflecting the robustness of the business model
- Prices adjusted to reflect evolution of variable costs and other inflationary impacts



Cost reduction actions delivering €126m, ie 3.3% of total costs in 2023

Costs Evolution

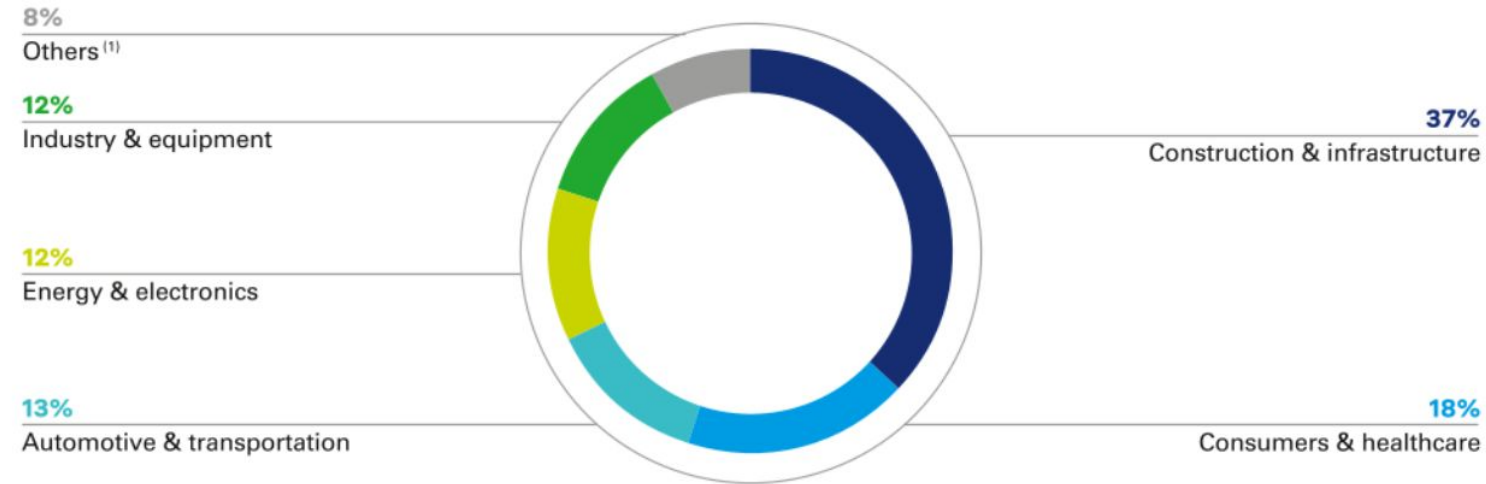


Key components

- ▲ **Inflation: +2.8%**
- ▼ Volume -4.7%
- ▼ FX : -2.2%
- ▼ Perimeter : -0.7%
- ▼ Others: -0.8%
- ▼ **Cost saving actions: -3.3%**

- Our actions delivered **€126 million of cost savings** (3.3% of total costs) more than offsetting overall inflation (2.8%)
- Programs covered all areas of the company: purchasing, operational efficiency at plants, capacity adjustments, overheads and discretionary spending

Imerys end-markets



Source: Imerys estimates.
(1) Including paper under strategic review.

End-markets trends in Q4 2023 (1/3)

Construction



Construction⁽¹⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	+1%	+1%	+1%
North Am.	+0%	+6%	+6%
Asia ⁽³⁾	+7%	+7%	+6%
World	+4%	+5%	+5%

- **Infrastructure and non-residential trending upward**
- **Residential construction severely impacted** by higher interest rates and credit tightening in Europe and America
- **US housing starts:** -3% in Q3 and Q4 and -9% for 2023⁴
- **Similar trend in Europe** : -1.1% for housing start in Q4. Rolling 12 months ended September 2023: -9% for residential building permits
- **China** posts positive figures despite persistent headwinds from **distressed real estate developers**

Consumer goods



Private Consumption ⁽²⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	+0%	+0%	+1%
North Am.	+2%	+2%	+3%
Asia ⁽³⁾	+5%	+5%	+5%
World	+3%	+3%	+4%

- **Sustained private consumption in the US** thanks to robust job markets
- **Household consumption flattish in Europe** as a consequence of high inflation
- Continued rebound in China post Covid-19 restrictions

Source: (1) Oxford Economics ; (2) Oxford Economics (3) Including China ; (4) Eurostat US Department of Housing

End-markets trends in Q4 2023 (2/3)

Automotive



Light vehicle production ⁽¹⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	+17%	+4%	+4%
North Am.	+15%	+8%	+4%
Asia ⁽³⁾	+19%	+4%	+10%
World	+17%	+5%	+8%

- **Quite a robust Q4 activity in all geographies** in line with Q3
- **In Europe, backlog depleting**, reflecting weakening consumers demand due to high prices and credit tightening.
Overall sales still significantly below pre-Covid levels (-14%)
- In North America, flattish outlook

Energy & Electronics



Energy, Consumer electronics and EV ⁽²⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	+9%	+5%	-1%
North Am.	+15%	+7%	+1%
Asia ⁽³⁾	+15%	+6%	+8%
World	+13%	+6%	+6%

- **Energy**: low industrial activity in Europe and North America impacting energy consumption and prospects
- **Electronics**: APAC starting to recover, inflationary context impacting western economies
- **Electric Vehicles**: +22% in Q4 mainly fuelled by a dynamic Chinese market, sustained by exports. Flattish in Europe and limited growth in the US

Sources (1) IHS ; (2) IHS, Oxford Economics, Group estimates ; (3) Including China

End-markets trends in Q4 2023 (3/3)

Industry & Equipment



Industrial production ⁽¹⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	-1%	-2%	-2%
North Am.	+0%	+0%	-0%
Asia ⁽⁴⁾	+2%	+2%	+2%
World	+1%	+1%	+2%

- **Significant industrial downturn in Europe.** A recovery is expected, though modest, in 2024, potentially benefiting from gradual easing of monetary policy
- **Weakening industrial activity in the US,** yet more resilient than in Europe, profiting from public spending and more stable energy prices
- **Industrial activity to benefit from stimulus plans in China** bringing some support to manufacturing sector

Graphic Paper



Paper production ⁽²⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	-33%	-26%	-10%
USA	-29%	-25%	-13%
India	+0%	+0%	+0%

Iron & Steel



Steel production ⁽³⁾

	Q2-23 vs. Q2-22	Q3-23 vs. Q3-22	Q4-23 vs Q4-22
Europe	-11%	-5%	-10%
North Am.	-2%	+1%	-1%
China	-3%	+2%	-1%

Source: (1) Oxford Economics (2) RISI (3) Wood Mackenzie (4) including China

2024: A milestone year for lithium projects

EMILI project (France)



- 34kT per year production of hydroxide lithium
- At least 25 years potential life of mine
- Good for 700,000 vehicles/year
- Potentially representing 14% of future European lithium supply

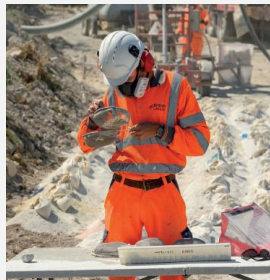
Steps already achieved

- Successive drilling campaigns confirming attractiveness of the deposit (size, grade, structure)
- Technology tested at laboratory scale with several hundred kgs battery-grade lithium produced
- Decision of site locations

2024 Next Steps

- “Public Debate” to start in Q2 and report released in Q3
- Pre-Feasibility Study to be concluded before year end
- Pending necessary permitting, launch construction of industrial pilot plant

Imerys British Lithium (UK)



- JV created in June 2023
- 21kT per year production of lithium carbonate
- At least 30 years potential life of mine expected
- Potentially representing 8% of future European lithium supply

Steps already achieved

- Inferred resources and concentration deemed attractive
- Battery grade lithium carbonate produced in pilot lab
- Integration into Imerys

2024 Next Steps

- Drilling campaign to continue to increase level of accuracy on deposit size and grade
- Process optimisations as part of Pre-Feasibility Study phase ongoing

More than 50 new mineral solutions launched in 2023



Solutions for Energy Transition

- European cordierite saggars for lithium-ion battery makers
- High aspect ratio (HAR) talc and mica: new engineered solutions for high end automotive applications (especially for EVs)



Sustainable Construction

- New metakaolin grades enabling low carbon concrete
- Talc and wollastonite as natural mineral additives for decarbonizing the glass and ceramic industry
- Ultrafine calcium carbonate to improve polymer performance in residential applications



Natural Solutions for Consumers goods

- Diatomite and perlite filters aids to remove different contaminants in renewable diesel (fast growing market in the US)
- Zeolite for micropollutants removal in waste water treatment

78% of new products launched in 2023 “SustainAgility™ solutions” *

* 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

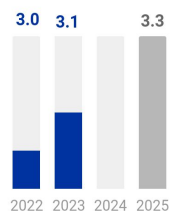


2023 Status of Group mid-term targets: well on track

EMPOWERING OUR PEOPLE

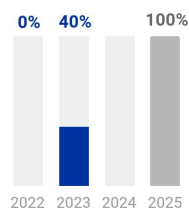
Safety & Health

Safety Culture Maturity*



Human Capital

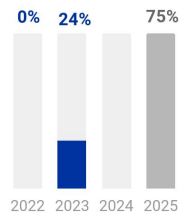
Diversity, Equity & Inclusion Imerys Index*



KPIs integrated in the Index

- ☐ Women in SM roles
- ☐ Women in M/E/P roles
- ☐ M/E/P employees with non significant pay gap
- ☐ Underrepresented nationalities in SM roles
- ☐ Headcount with a disability
- ☐ D&I engagement score
- ☐ Fairness engagement score

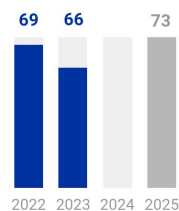
Health Action Plan Completion Rate



GROWING WITH OUR CUSTOMERS

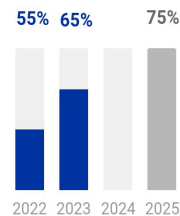
Business Conduct

Group EcoVadis Score*

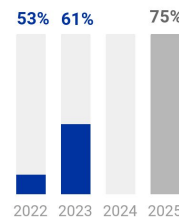


Sustainable Solutions

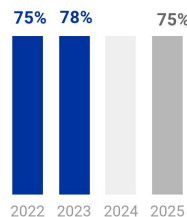
Portfolio SSA mapping



Supplier EcoVadis Coverage



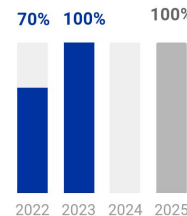
Innovation SSA scores



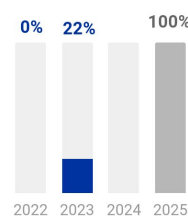
CARING FOR OUR PLANET

Environmental Stewardship

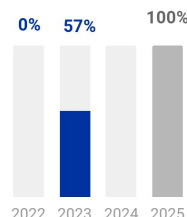
Environmental Maturity Assessment*



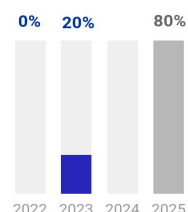
Water Reporting Requirements*



Biodiversity Audits

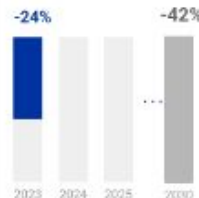


Mineral Reporting Requirements*

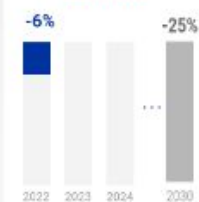


Climate Change

Scope 1 & 2 GHG Emission Reduction



Scope 3 GHG emissions reduction



Accelerating decarbonisation by aligning with a 1.5°C trajectory

Decarbonisation levers

- Energy efficiency
- Fuel switching and biomass use
- Electrification
- Power purchase agreements
- Process innovation



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

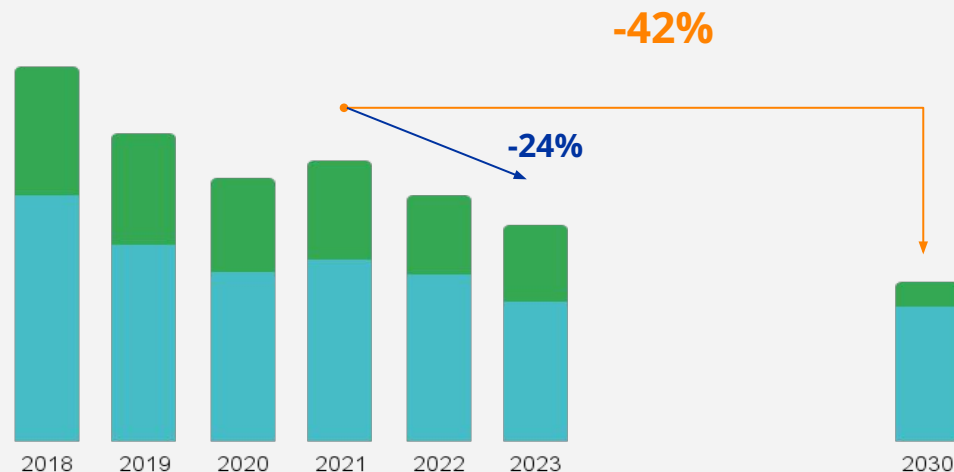
SCIENCE
BASED
TARGETS

FRENCH
BUSINESS
CLIMATE
PLEDGE

Trajectory aligned with 1.5°C*

tCO₂e - scope 1 & 2

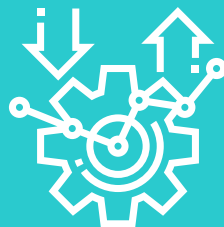
Scope 2 Scope 1



* The Group new target aligned with a 1.5°C trajectory was built based on the most recent SBTi requirements and was validated by the SBTi in July 2023.



Highlights

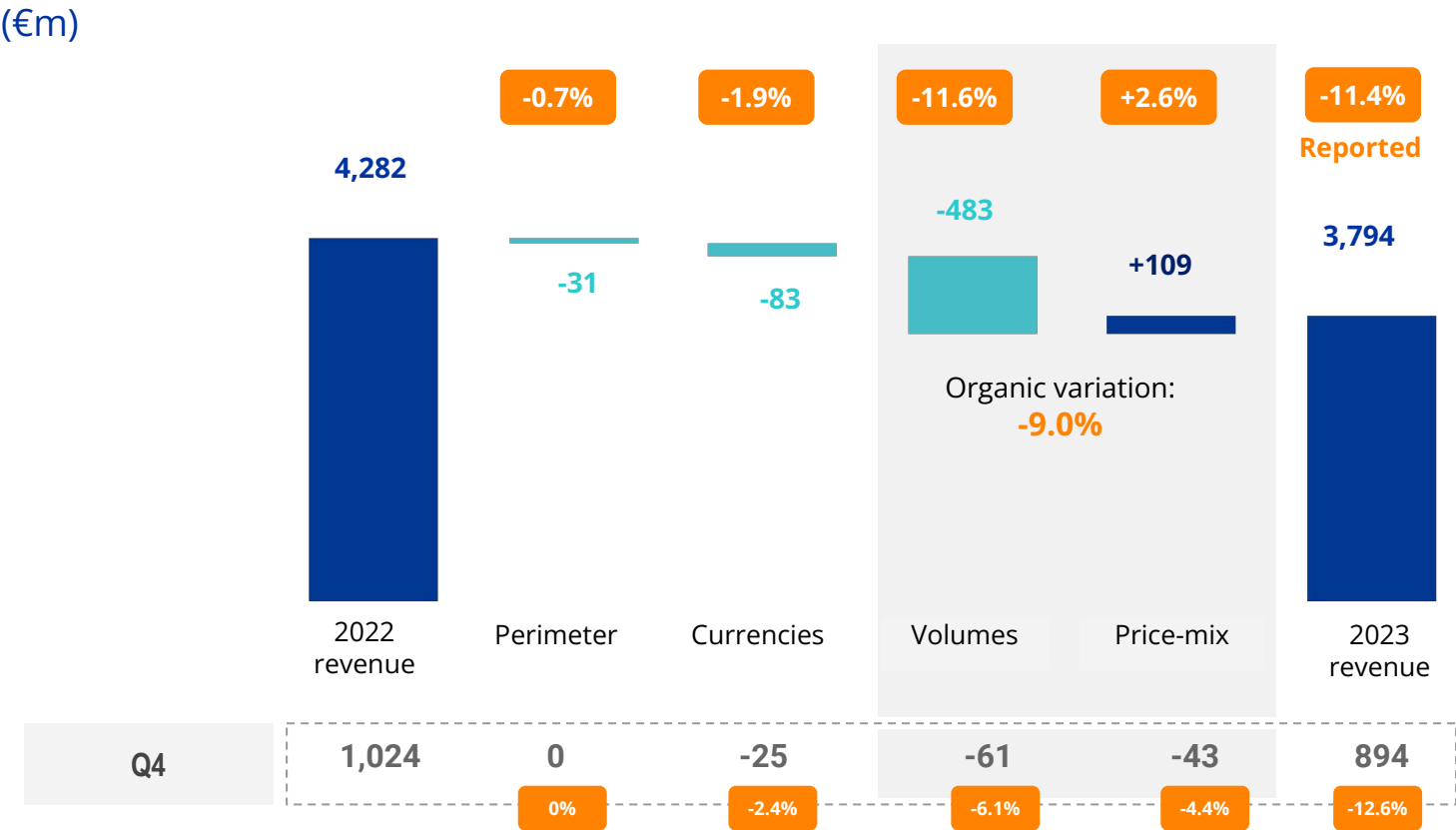


Financial
Results



Outlook

Impact of volume decline contained by positive pricing



Performance Minerals

Q4 2022	Q4 2023	Like for like change vs. Q4 2022	(€m) Revenue	2022	2023	Like for like change vs. 2022
286	246	-10.9%	PM Americas	1,188	1,034	-9.9%
392	336	-11.5%	PM EMEA & APAC	1,608	1,423	-9.1%
(46)	(24)	-	Eliminations & others	(197)	(116)	-
633	559	-8.5%	Total revenue	2,600	2,341	-7.2%
-	-	-	Current EBITDA	480	374	-22.1%*
			Current EBITDA margin	18.5%	16.0%	-

- Soft demand for mineral solutions dedicated to the construction industry in Europe and the Americas
- Paper producers massively destocking throughout the year (expected to be over in the US)
- Soft consumer demand in Asia, flattish in Europe, still solid in the US
- Resilient current EBITDA margin at 16.0% thanks to prices and costs actions partly compensating sales reduction

(*) reported growth

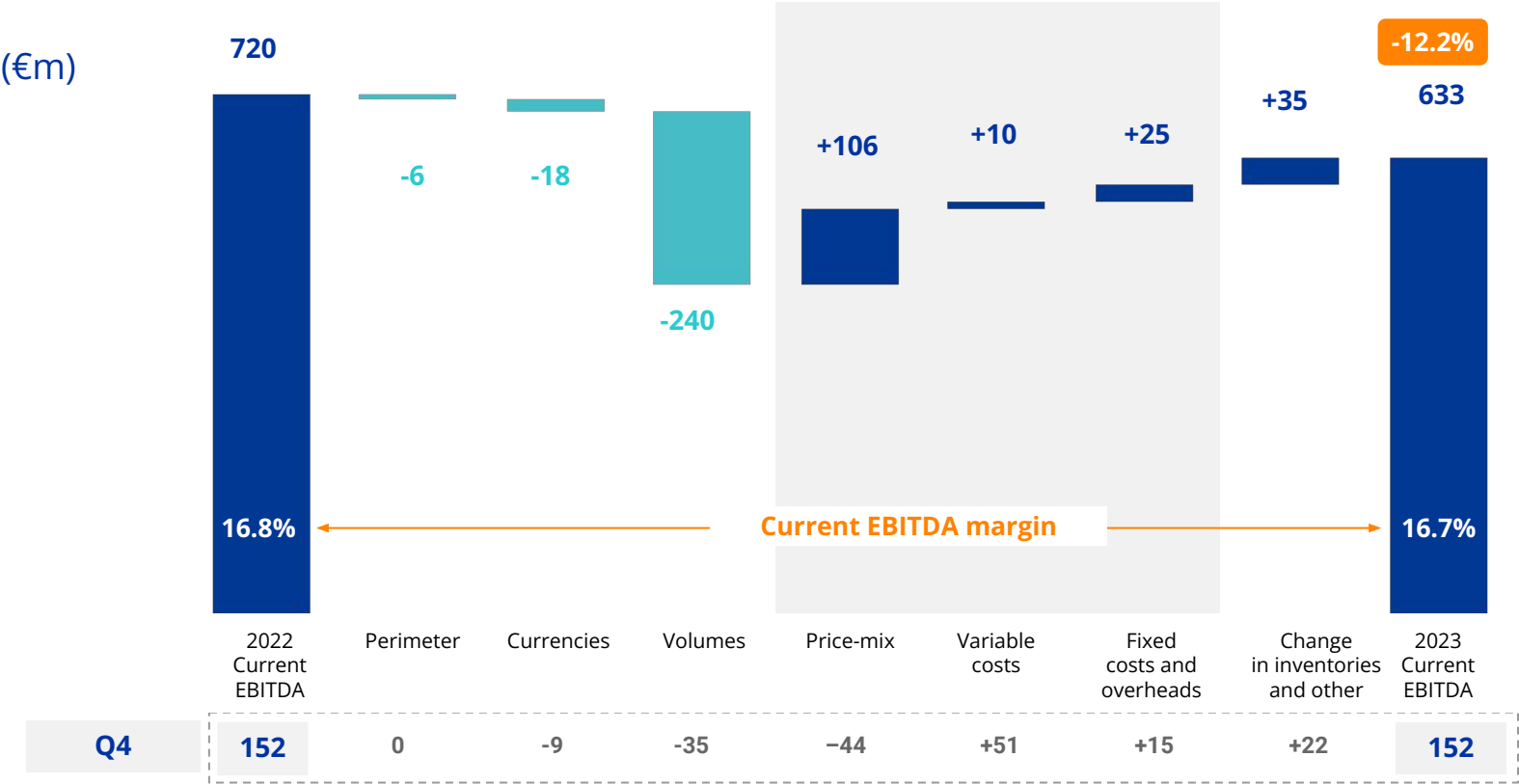
Solutions for Refractory, Abrasives and Construction

Q4 2022	Q4 2023	Like for like change vs. Q4 2022	(€m) Revenue	2022	2023	Like for like change vs. 2022
329	288	-9.4%	Refractory, Abrasives, Construction	1,434	1,233	-11.9%
-	-	-	Eliminations & others	-	-	-
329	288	-9.4%	Total revenue	1,434	1,233	-11.9%
-	-	-	Current EBITDA	208	141	-32.0%*
-	-	-	Current EBITDA margin	14.5%	11.5%	-

- Volumes impacted by low iron and steel production (as a consequence of low construction activity) and weak industrial end-markets in Europe, Asia and, to a lesser extent, in the US
- In Europe, increased competition from Asian players benefiting from lower energy and logistic costs
- Despite adverse market, conditions speciality binders for construction kept good momentum thanks to market share gains
- Current EBITDA at €141 million impacted by revenue decrease. Savings actions in place to mitigate the volume impact

(*) reported growth

Current EBITDA at €633 million, in line with FY 2023 guidance (*)



(*) Guidance announced on July 27, 2023: FY 2023 current EBITDA between €630 million and €650 million



Current net income from continuing operations reached €242 million

(€m)	2022	2023	Change
Current EBITDA	720	633	-12.2%
Current operating income	439	365	-16.9%
Current financial expenses	(50)	(38)	-
Current income tax	(105)	(81)	-
Current tax rate	26.9%	24.9%	-
Minority interest	(6)	(3)	-
Current net income from continuing operations, Group share	278	242	-12.8%
Other operating income and expenses, net, Group share	(105)	(235)	-
Net income from continuing operations, Group share	173	8	-
Net income from discontinued activities, Group share	64	44	-
Net income, Group share	237	51	-78.4%

- Net other operating income and expenses impacted by the impairment of the assets serving the paper market for €175 million
- €44 million of net income from discontinued activities included in total net income

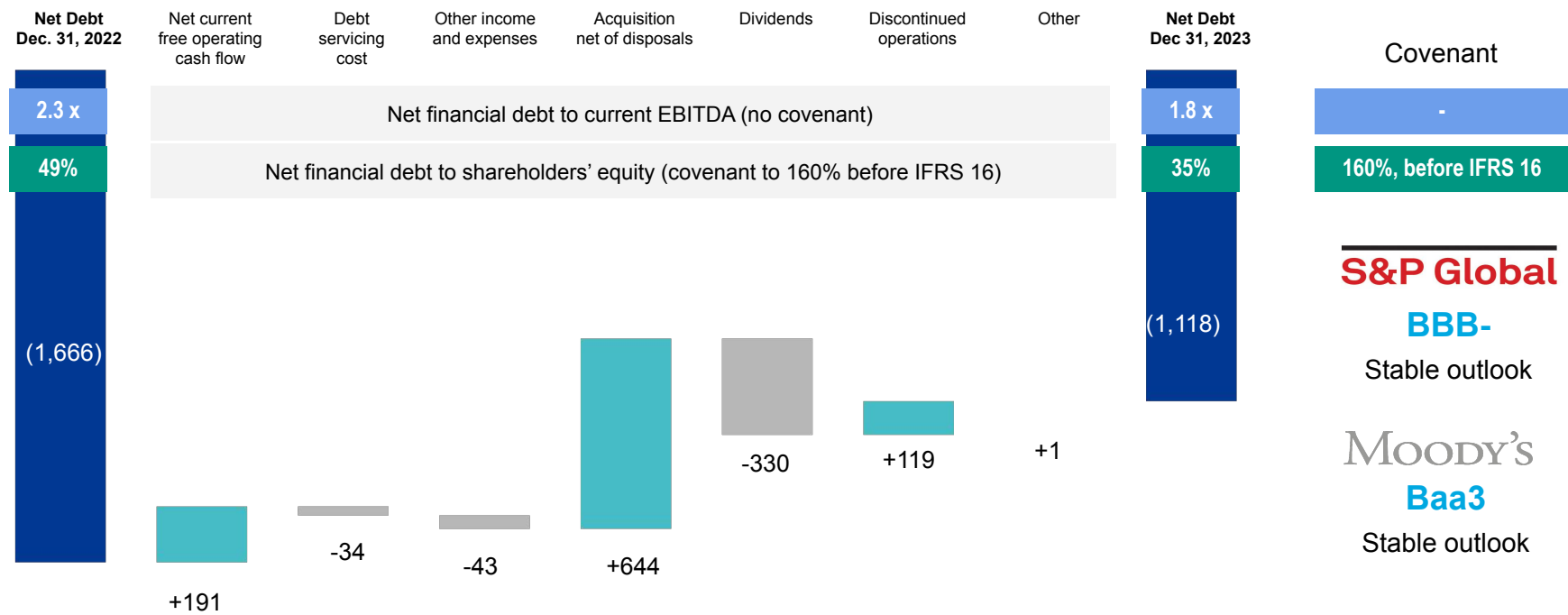
Substantial free operating cash flow generation supported by working capital management actions

(€m)	2022	2023
Current EBITDA (including discontinued operations)*	859	640
Increase (-)/decrease (+) in operating working capital	(233)	86
Notional tax on current operating income	(155)	(96)
Others	11	9
Current operating cash flow (before capital expenditure)	482	639
Paid capital expenditure	(406)	(390)
<i>of which strategic capital expenditures</i>	<i>(85)</i>	<i>(97)</i>
Right to use assets (IFRS 16)	(56)	(58)
Net current free operating cash flow	20	191

*According to IFRS 5 rules, including discontinued operations.

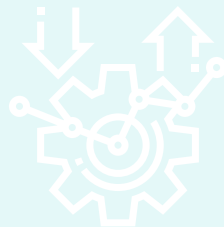
Net debt reduced by €548 million (-33%) compared to December 31, 2022

Change in net financial debt (€m)





Highlights



Financial Results



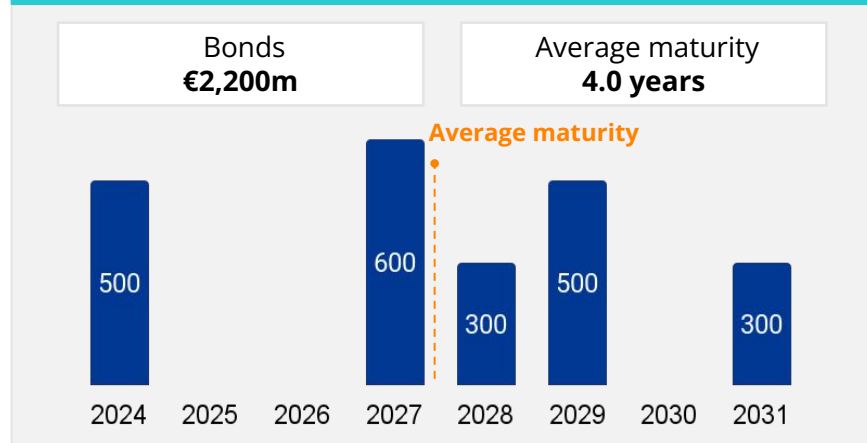
Outlook

- After unprecedented destocking in 2023, markets have stabilized
- Construction, notably residential, and, to a lesser extent, Automotive are expected to remain low, still impacted by high interest rates, while other markets such as Consumers and Life Sciences, or Energy and Electronics are expected to progress
- In this uncertain economic and geopolitical environment, Imerys will maintain a strict cost discipline and prioritize growth thanks to new industrial capacities, innovative products and its exposure to mobile and sustainable energy
- Sustainability and specifically our commitment to reduce GHG emissions will continue to drive our strategic decisions

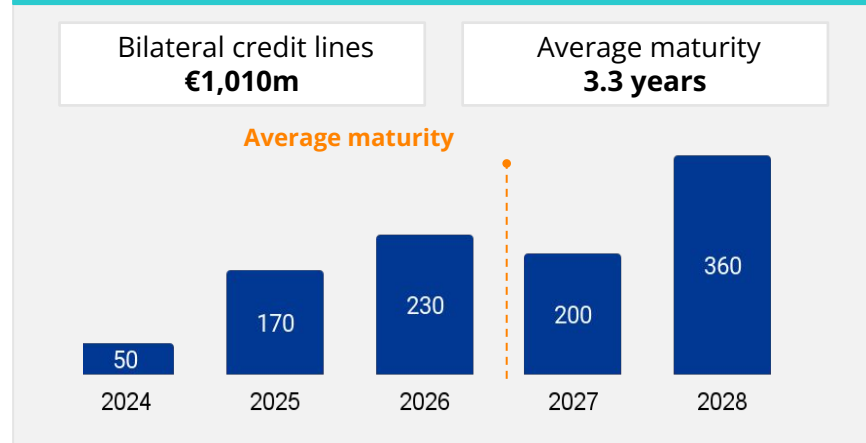
APPENDIX

Strong liquidity position

Bond maturity profile (€m)



Bilateral credit lines maturity profile (€m)



High level of available resources :

€1,010 million credit lines and €1,253 million cash
as of December 31, 2023

(€m)	31/12/2022	31/12/2023
Bonds	1,700	2,200
Other debts	585	172
Gross debt	2,285	2,372
Cash	619	1,253
Net debt	1,666	1,118
Average interest rate (gross)	1.5%	1.2%

Sales per quarter and reporting segment

Sales (€ millions)	PM Americas		PM EMEA & APAC		Others PM		PM	
	2022	2023	2022	2023	2022	2023	2022	2023
First quarter	271	266	376	386	-48	-30	599	622
Second quarter	305	267	419	361	-45	-32	679	596
Third quarter	327	255	421	339	-59	-30	689	564
Fourth quarter	286	246	392	336	-45	-23	633	559
Full Year	1,188	1,034	1,608	1,423	-197	-116	2,600	2,341

Sales (€ millions)	PM		RAC		Others		Group	
	2022	2023	2022	2023	2022	2023	2022	2023
First quarter	599	622	356	319	58	56	1,013	997
Second quarter	679	596	388	328	62	61	1,129	985
Third quarter	689	564	362	297	65	57	1,116	918
Fourth quarter	633	559	329	288	62	47	1,024	894
Full Year	2,600	2,341	1,434	1,233	248	221	4,282	3,794

Current EBITDA per quarter and reporting segment

Current EBITDA (€ millions)	PM Americas		PM EMEA & APAC		Others PM		PM	
	2022	2023	2022	2023	2022	2023	2022	2023
First half	110	83	132	100	-3	3	239	186
Second half	118	84	138	102	-15	2	241	188
Full Year	228	167	271	202	-18	4	480	374

Current EBITDA (€ millions)	PM		RAC		Others		Group	
	2022	2023	2022	2023	2022	2023	2022	2023
First half	239	186	127	76	9	69	375	331
Second half	241	188	81	66	23	48	345	302
Full Year	480	374	208	141	32	118	720	633

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 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 operating income

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