

# Q1 2019 Results

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# Disclaimer

More comprehensive information about Imerys may be obtained on its website ([www.imerys.com](http://www.imerys.com)), under Regulated Information, including its Registration Document filed under No. D.19-0175 March 20, 2019 with Autorité des Marchés Financiers. Imerys draws the attention of investors to the “Risk factors and Internal control” set forth in section 4 of the 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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# Presentation of Q1 2019 Results

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# 1 Results

# First quarter 2019 results

Revenue	Current Operating Income <sup>2</sup>	Net income from current operations
<b>€1,124m</b> (-0.5%)	<b>€110m</b> (-15.4%)	<b>€75m</b> (-2.6%)
Organic <sup>1</sup> growth: -0.9%	COI margin: 9.8%	€0.95 per share

- Current revenue: + 1.1% restated for deconsolidation of North American talc subsidiaries <sup>3</sup>, despite still high comparison basis and challenging environment
- Continuing positive price - mix (+ 2.6%) fully offsetting inflation of input costs
- Current operating margin impacted by temporary shutdown of US wollastonite plant <sup>4</sup>
- Ongoing fixed costs and overheads reduction
- Further cost containment initiatives

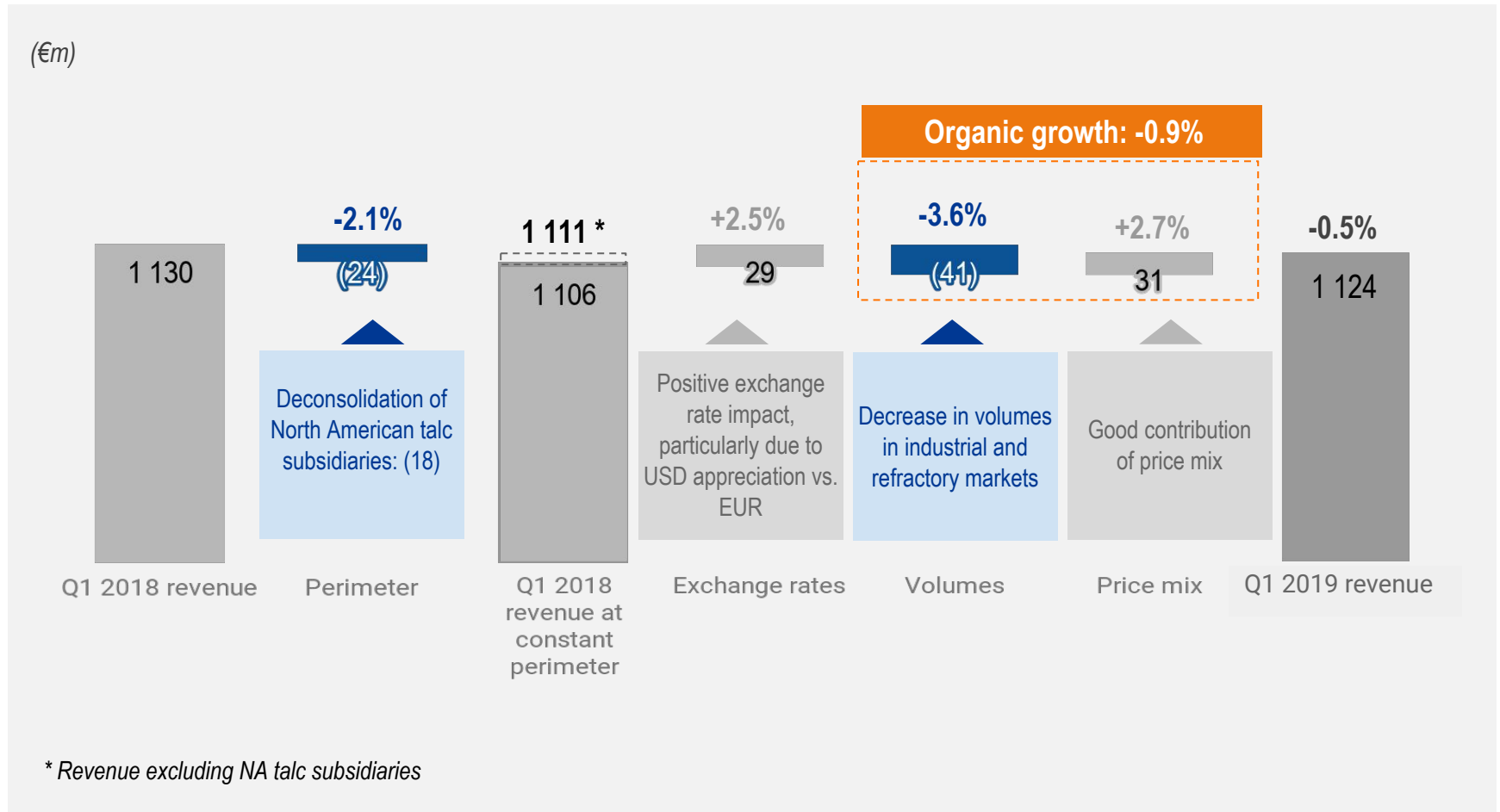
(1) Organic growth means 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect

(2) "Current" means "before other operating revenue and expenses"

(3) Deconsolidation since the filing for Chapter 11 on February 13, 2019

(4) Willsboro plant: total yearly revenue of €40 million, and serving mainly industrial applications such as paint and plastics

# Revenue



# High comparison basis

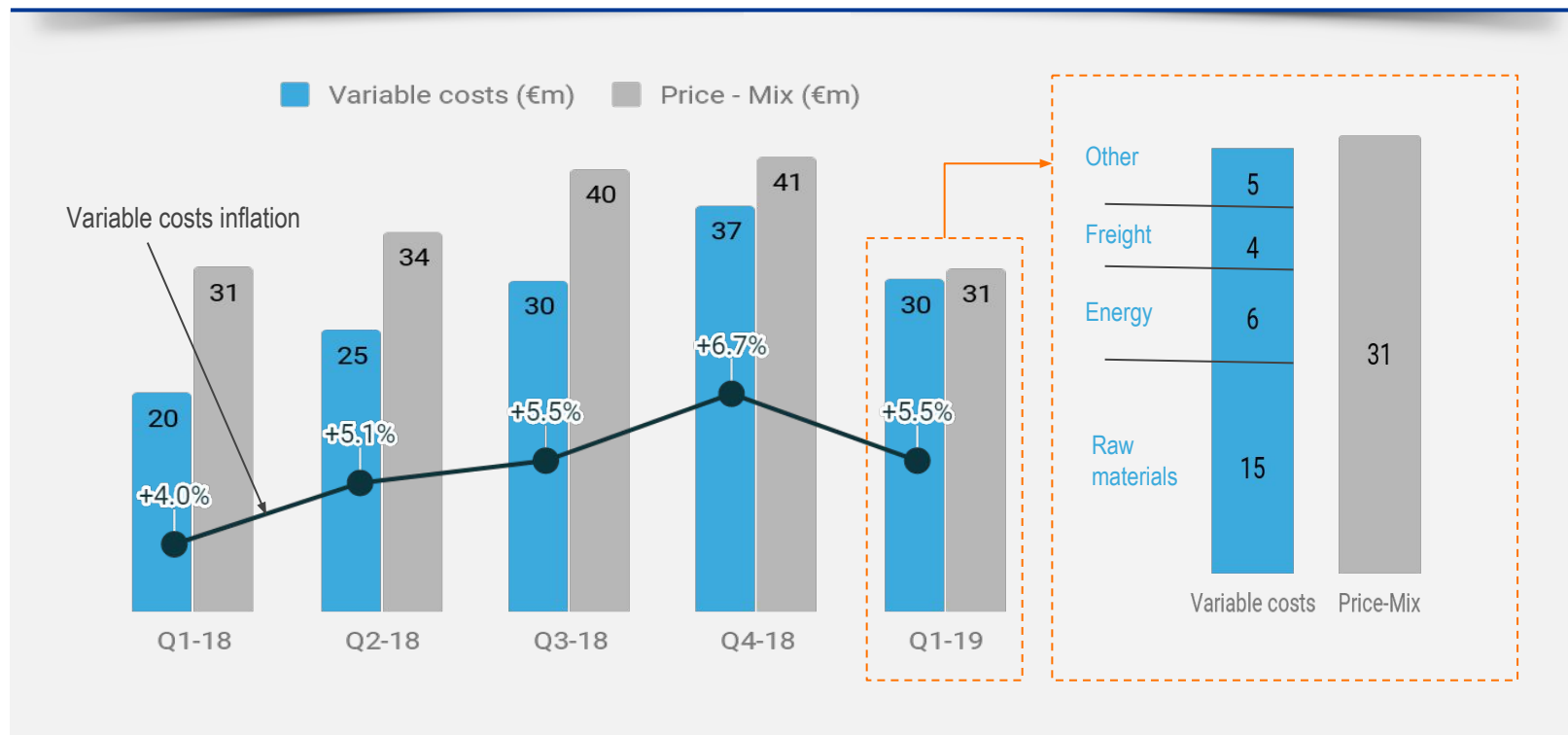
## Organic growth, volumes and price - mix (y-o-y, proforma<sup>1</sup>)



(1) Excluding the Roofing division which has been divested in 2018

# Price mix fully offsetting continuing inflation on costs

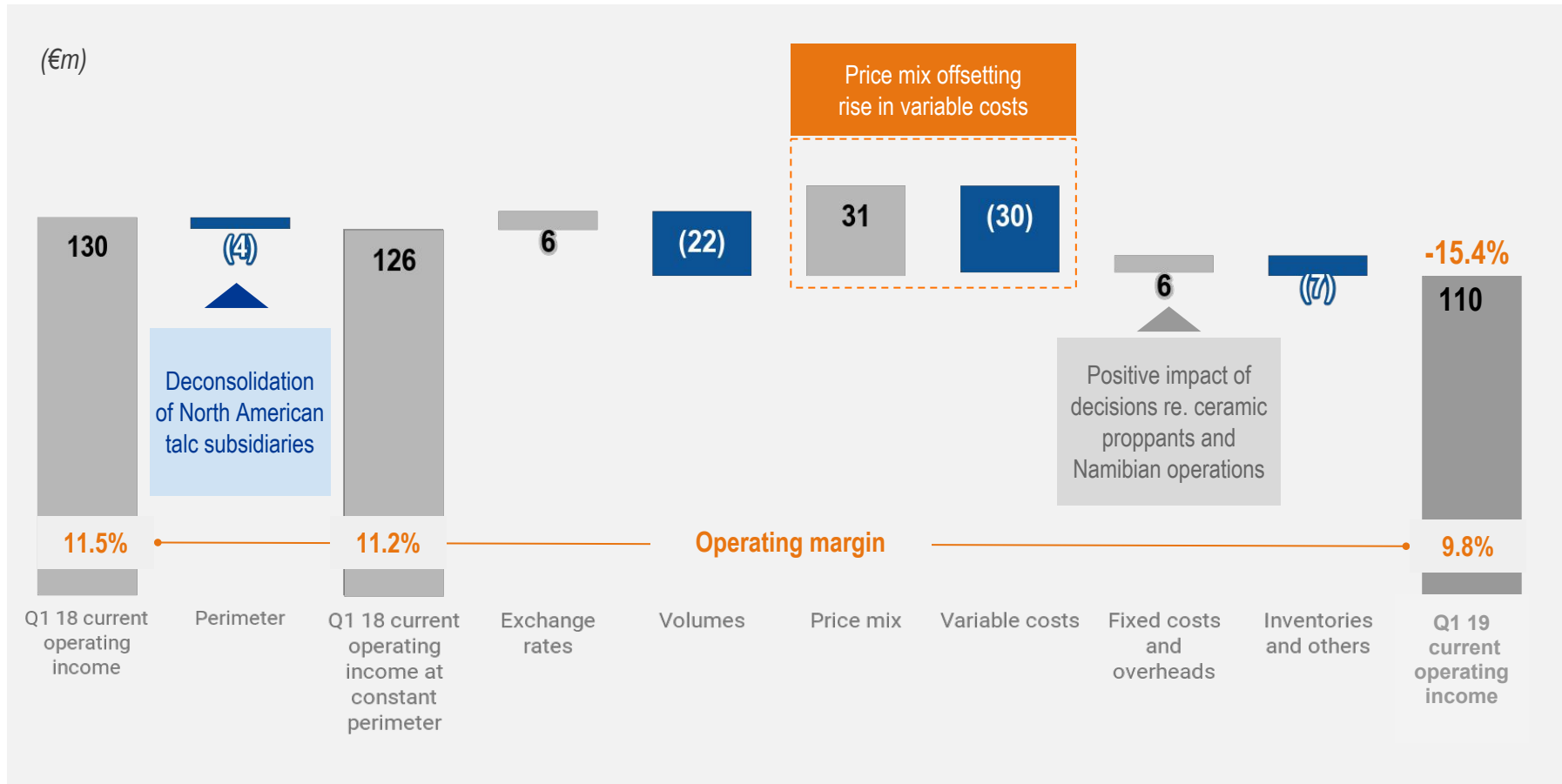
Price - mix and variable cost balance (€m, y-o-y, proforma)



- New pricing initiatives
- Contribution of the two business segments to the price - mix
- Carry over of raw material inflation

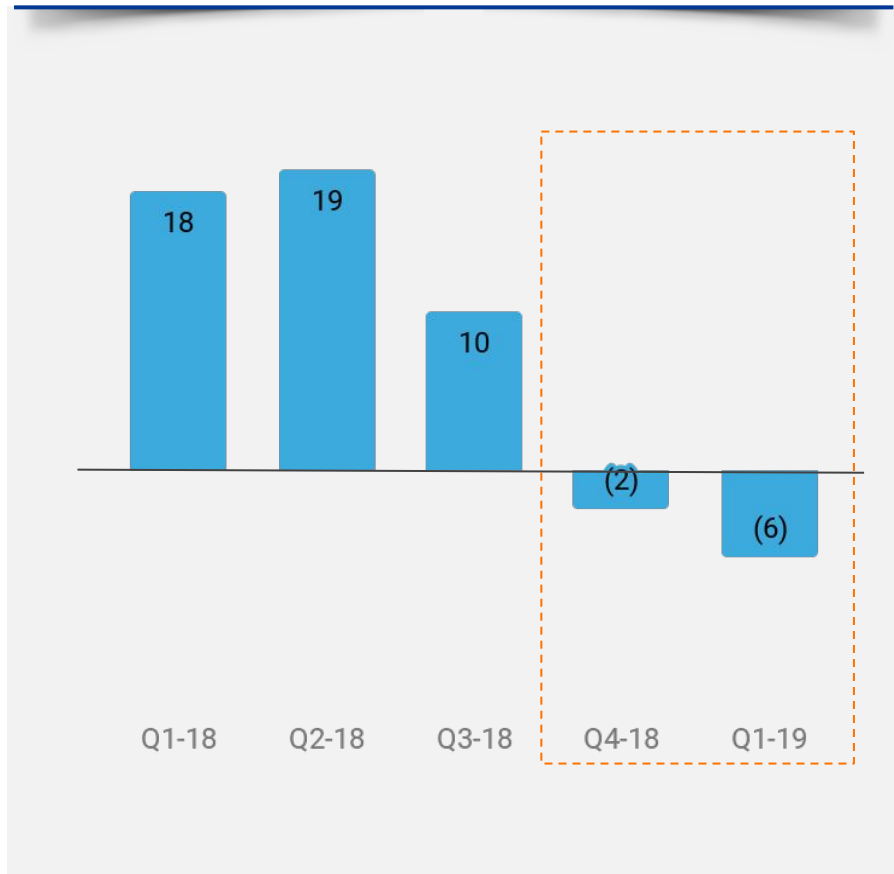


# Current operating income



# Cost containment initiatives

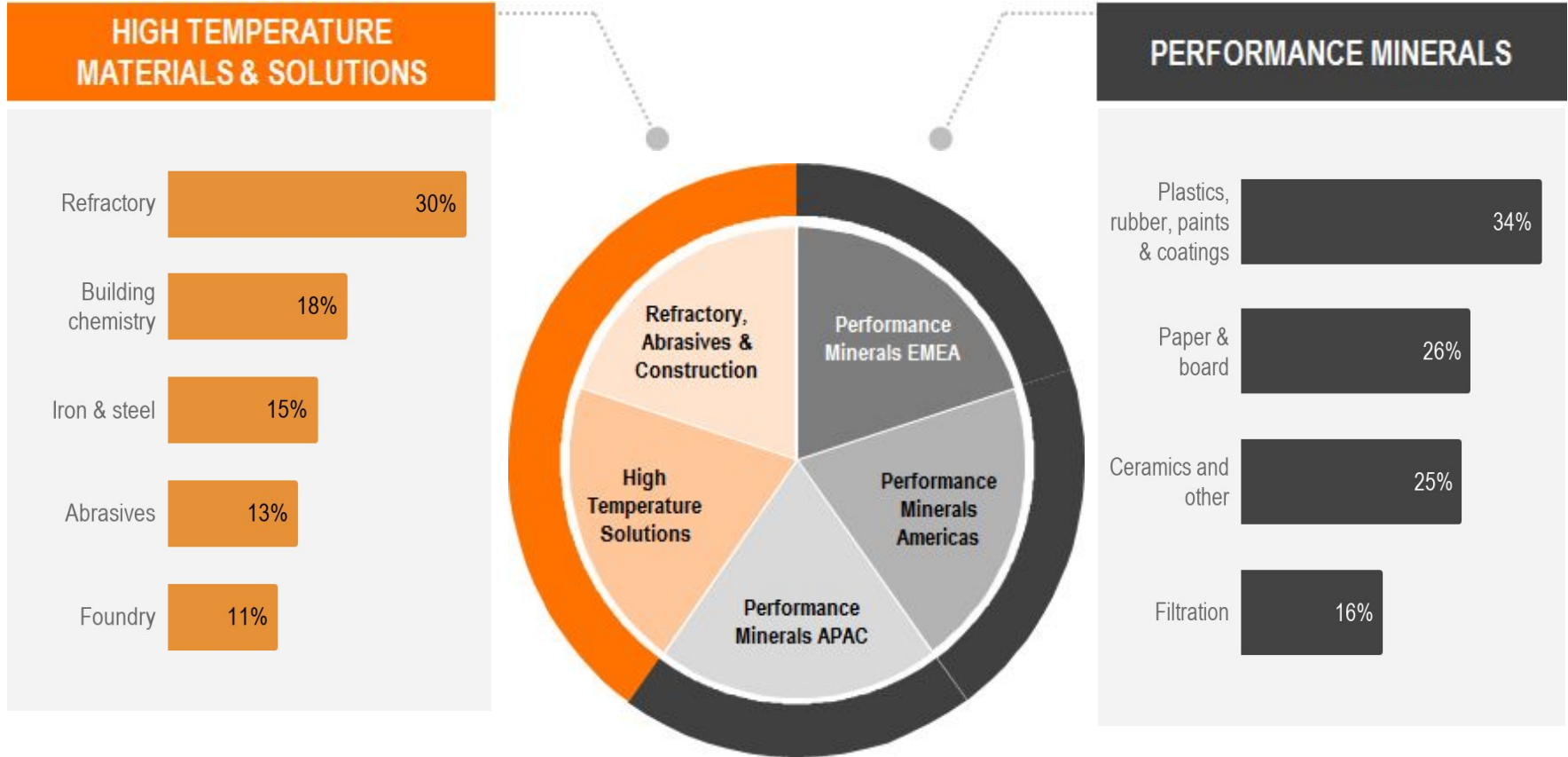
Evolution of fixed costs and overheads (€m, y-o-y)



- Positive impact of withdrawal from ceramic proppants market and Namibian operations put under care & maintenance regime
- Further measures to lower our cost base

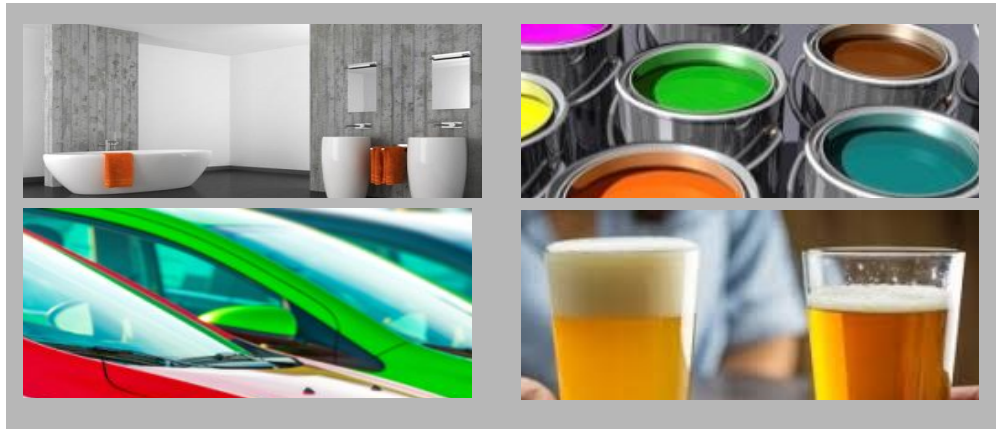
	Fixed costs and overheads	Variable costs
Purchasing optimization	✓	✓
Functions streamlining	✓	
Restructuring of operating sites	✓	
Capacity adjustment	✓	
Discretionary	✓	✓

# Business Segments



# Performance Minerals (55% of revenue)

Revenue (€m)	Q1 2018	Q1 2019	Change	LFL Change <sup>(1)</sup>
■ Americas	295	282	-4.5%	-2.8%
■ EMEA	260	259	-0.6%	-0.2%
■ APAC	107	115	+7.3%	+2.8%
■ Eliminations	(30)	(32)	-	-
■ Performance Minerals	632	623	-1.4%	-1.7%



- **Performance minerals: -1.7%** like-for-like revenue growth with positive price - mix in all regions. Dynamic APAC compensating soft market conditions in Europe and the USA
- **Americas:**
  - ◆ **-€18m** due to North American talc subsidiaries deconsolidation
  - ◆ Activity impacted by destocking in filtration, weak paper and temporary shutdown of Willsboro plant (US) serving polymers business
- **EMEA:** resilient in an adverse market environment, in particular in the automotive sector; paint demand supported by a positive mix
- **APAC:** strong demand for conductive additives for Li-ion batteries for mobile energy and filtration for food and pharma

(1) LFL (like-for-like) means organic growth, or growth 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect. It is excluding North American talc-related subsidiaries which are now out of the scope.

# High Temperature Materials & Solutions (45% of revenue)

Revenue (€m)	Q1 2018	Q1 2019	Change	LFL Change <sup>(1)</sup>
■ High Temperature Solutions	206	201	-2.3%	-1.8%
■ Refractory, Abrasives, Construction	312	319	+2.3%	-0.2%
■ Eliminations	(13)	(11)	-	-
■ High Temperature Materials & Solutions	505	510	+0.8%	-0.5%

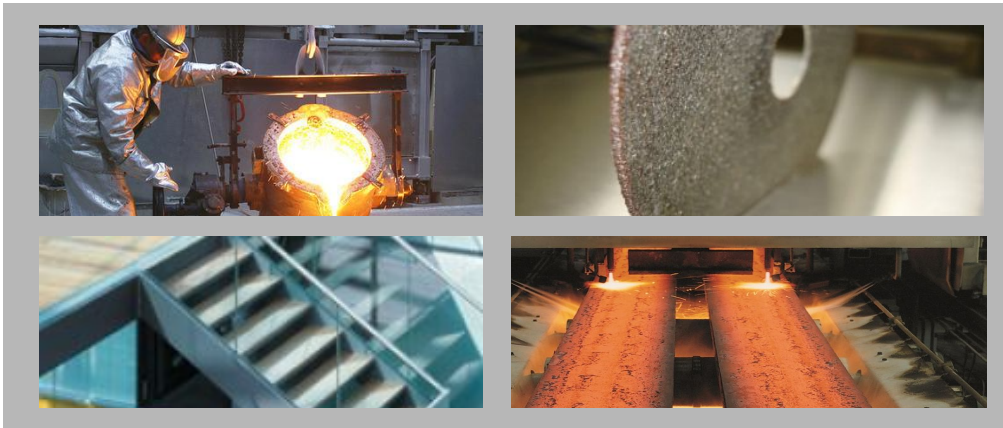
- **High Temperature Materials & Solutions:** globally stable like-for-like revenue with contrasted market and geographical trends

- **High Temperature Solutions**

- ◆ Refractory and foundry markets impacted by decline of major kiln refurbishment projects and car production
- ◆ Supportive iron and steel markets
- ◆ Positive momentum in Asia Pacific

- **Refractory, Abrasives & Construction**

- ◆ Firm price-mix effect in a context of strong inflation of input costs
- ◆ Weak abrasives and refractory demand, in Germany in particular
- ◆ Further global development of building chemistry business



(1) LFL (like-for-like) means organic growth, or growth 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect

# Net income from current operations: €75 m

(€m)	Q1 2018	Q1 2019	Variation
■ Current operating income	129.6	109.6	-15.4%
■ Current financial expense	(19.6)	(2.4)	na
■ Current income tax	(32.6)	(31.1)	- 4.6%
◆ Current tax rate	29.6%	29.0%	- 0.6 point
■ Minority interests	(0.4)	(1.0)	-
<b>Net income from current operations, Group's share</b>	<b>77.1</b>	<b>75.1</b>	<b>- 2.6%</b>
<b>Net income from current operations, Group's share (in euros) <sup>(1)</sup></b>	<b>0.98</b>	<b>0.95</b>	<b>- 2.8%</b>
■ Other operating income and expenses, net, and net income of assets held for sale	(3.5)	(7.9)	na
<b>Net income, Group's share</b>	<b>73.6</b>	<b>67.2</b>	<b>- 8.7%</b>

(1) Average weighted number of outstanding shares: 79,232,164 in Q1 2019 against 79,047,023 in Q1 2018



# 2 Outlook

# 2019 Outlook

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- Context of challenging market environment and demanding comparison basis in the second quarter
- Operations at Willsboro to restart mid year
  - Around (€25) million estimated full year impact on net income
- Further cost containment initiatives
- Deployment of transformation projects with a view to make the most of a simpler, more customer focused organization to support the Group's future growth
- Capital Markets Day: June 13, 2019

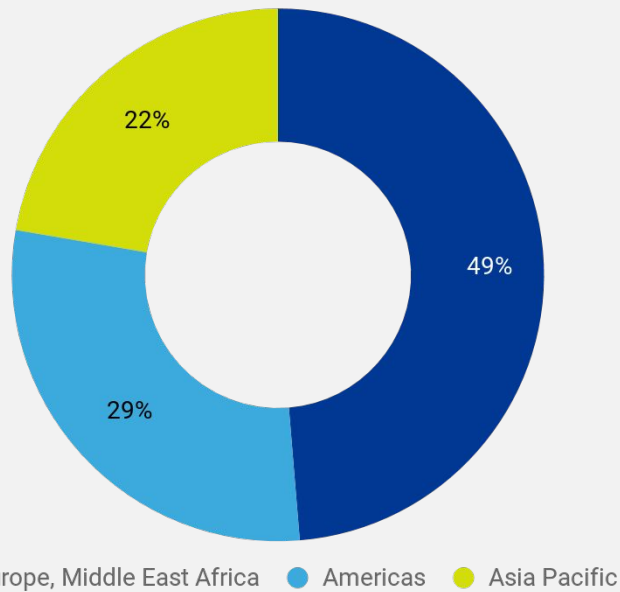




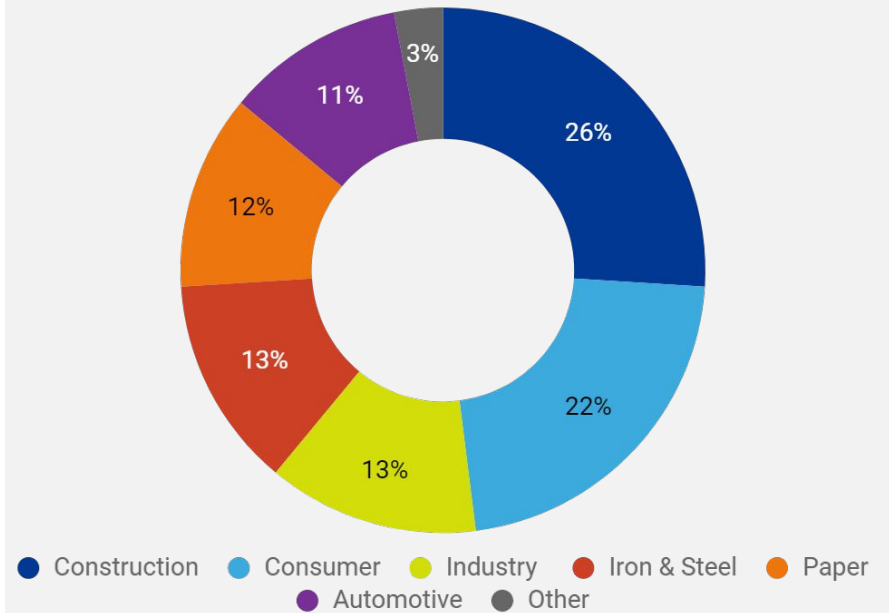
# **3 Appendix**

# Revenue breakdown

## Revenue by geography in Q1 2019



## Revenue by end market in 2018



# Historical Performance

Revenue (€m)	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019
<b>Performance Minerals</b>	<b>2,575</b>	<b>668</b>	<b>661</b>	<b>632</b>	<b>641</b>	<b>2,602</b>	<b>632</b>	<b>650</b>	<b>641</b>	<b>636</b>	<b>2,559</b>	<b>623</b>
Americas	1,283	324	319	301	325	1,269	295	307	314	310	1,227	282
Asia Pacific	416	106	106	103	110	426	107	107	108	106	428	115
Europe, Middle East Africa	982	261	259	251	247	1,018	260	264	248	246	1,018	259
<b>High Temperature Materials &amp; Solutions</b>	<b>1,304</b>	<b>382</b>	<b>378</b>	<b>474</b>	<b>468</b>	<b>1,703</b>	<b>505</b>	<b>544</b>	<b>523</b>	<b>500</b>	<b>2,072</b>	<b>510</b>
High Temperature Solutions	725	206	214	221	181	822	206	218	216	204	844	201
Refractory, Abrasives, Construction	598	184	171	263	296	915	312	338	319	302	1,271	319
Other and eliminations	(17)	(16)	(8)	(3)	23	(6)	(7)	(13)	(10)	(10)	(41)	(9)
<b>Group</b>	<b>3,862</b>	<b>1,034</b>	<b>1,031</b>	<b>1,103</b>	<b>1,132</b>	<b>4,299</b>	<b>1,130</b>	<b>1,181</b>	<b>1,154</b>	<b>1,126</b>	<b>4,590</b>	<b>1,124</b>
<b>Current operating income (€m)</b>	<b>FY 2016</b>	<b>Q1 2017</b>	<b>Q2 2017</b>	<b>Q3 2017</b>	<b>Q4 2017</b>	<b>FY 2017</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>FY 2018</b>	<b>Q1 2019</b>
<b>Group</b>	<b>479</b>	<b>123</b>	<b>141</b>	<b>145</b>	<b>142</b>	<b>551</b>	<b>130</b>	<b>154</b>	<b>141</b>	<b>137</b>	<b>562</b>	<b>110</b>
Operating margin	12.4%	11.9%	13.6%	13.2%	12.5%	12.8%	11.5%	13.1%	12.2%	12.2%	12.2%	9.8%

Current operating income (€m)	FY 2016	H1 2017	H2 2017	FY 2017	H1 2018	H2 2018	FY 2018
<b>Performance Minerals</b>	<b>373</b>	<b>198</b>	<b>192</b>	<b>390</b>	<b>182</b>	<b>171</b>	<b>353</b>
Operating margin	14.5%	14.9%	15.1%	15.0%	14.2%	13.4%	13.8%
<b>High Temperature Materials &amp; Solutions</b>	<b>135</b>	<b>84</b>	<b>88</b>	<b>173</b>	<b>112</b>	<b>109</b>	<b>221</b>
Operating margin	10.4%	11.1%	9.4%	10.1%	10.7%	10.7%	10.7%
Holding and eliminations	(29)	(19)	7	(12)	(10)	(2)	(12)
<b>Group</b>	<b>479</b>	<b>263</b>	<b>287</b>	<b>551</b>	<b>284</b>	<b>278</b>	<b>562</b>
Operating margin	12.4%	12.8%	12.9%	12.8%	12.3%	12.2%	12.2%



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