H1 2019 Results

July 25, 2019

Conrad KEIJZER - CEO
Olivier PIROTTE - CFO
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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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1 Results
H1 2019 results highlights

- Continuing challenging macroeconomic conditions, particularly in industrial, refractory and automotive markets
- Positive price - mix (+2.7%) more than offsetting inflation of input costs

**REVENUE**

€2,263m

**ORGANIC GROWTH**

(1.5%)

**CURRENT OPERATING INCOME**

€245m (-13.6%)

**CURRENT FREE OPERATING CASH FLOW**

€77m (+1.1%)

- Profitability reflecting deconsolidation of North American talc subsidiaries and temporary shutdown of Willsboro plant (USA)
- Gradual roll-out of transformation program delivering fixed costs and overheads reduction
- Solid cash generation

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(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. The perimeter effect amounted to €53 million on revenue and €11 million on COI in H1 2018.
(4) Temporary shutdown of Willsboro plant (USA) having an impact of €11 million on revenue and €9 million on current operating income in H1 2019
(5) The IFRS 16 impact on the current operating income is +€2.8 million in the first half of 2019
Q2 volume trends reflect continued challenging macroeconomic environment

Organic growth, volumes and price - mix (y-o-y, proforma\(^1\))

![Bar chart showing organic growth, volumes, and price-mix for different quarters.]

Organic growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Price-Mix</th>
<th>Volumes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-17</td>
<td>+3.1%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Q2-17</td>
<td>+1.4%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Q3-17</td>
<td>+4.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Q4-17</td>
<td>+6.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Q1-18</td>
<td>+4.7%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Q2-18</td>
<td>+6.0%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Q3-18</td>
<td>+3.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Q4-18</td>
<td>+0.3%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Q1-19</td>
<td>-0.9%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>Q2-19</td>
<td>-2.0%</td>
<td>-3.6%</td>
</tr>
</tbody>
</table>

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

July 25, 2019 | First Half 2019 Results
Price - mix more than offsetting cost inflation

- Contribution of the two business segments to the price - mix
- Raw material inflation easing in Q2
Cost containment measures start delivering visible savings

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

- **€(9)m**
  - Gradual ramp up of the cost containment measures launched in Q1 2019 and first benefits of the transformation program

- **€(10)m**
  - Withdrawal from ceramic proppants market and Namibian operations under care & maintenance regime

- **€(19)m in H1**
  - First Half 2019 Results
Effective cash flow management

Evolution of net current free operating cash flow (€m)

- H1 2018: 76
- Current EBITDA: (40)
- Capital expenditures: 18
- Change in operating working capital: 16
- Control over inventories: 7
- Other: 7
- H1 2019: 77

Disciplined capital allocation
Organic growth reflecting continued challenging market environment

H1 2018 revenue excl. NA talc deconsolidation: 2,258
H1 2018 revenue: 2,311

(-14) Deconsolidation of North American talc subsidiaries

Perimeter: +2.3%
Exchange rates: +2.7%
Volumes: -4.2%
Price mix: +2.7%

H1 2019 revenue up 0.3% restated for deconsolidation of NA talc subsidiaries

Q2:

1,181 (35) 1,146 (8) 25 (56) 32 1,139

July 25, 2019 | First Half 2019 Results
Cost containment measures and Group transformation plan start contributing positively to current operating income

H1 18 current operating income €m

- H1 18 current operating income(restated for NA talc subsidiaries)
- Deconsolidation of North American talc subsidiaries
- Price mix offsetting rise in variable costs
- Decisions re. ceramic proppants/Namibian operations and cost containment measures/Group transformation

H1 19 current operating income €m

- Price mix offsetting rise in variable costs
- Decisions re. ceramic proppants/Namibian operations and cost containment measures/Group transformation

Q2

Perimeter
Exchange rates
Volumes
Price mix
Variable costs
Fixed costs and overheads
Inventories and others
Operating margin

H1 19 current operating income

12.3%
12.1%
10.8%
-13.6%

July 25, 2019 | First Half 2019 Results
Performance Minerals: soft market conditions in Europe and in the USA, revenue down 0.9% LFL excluding Willsboro temporary shutdown

<table>
<thead>
<tr>
<th>Revenue (€m, LFL (^1) change)</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>H1 2019</th>
<th>H1 19/H1 18 current change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americas</td>
<td>282 (-2.8%)</td>
<td>274 (-3.4%)</td>
<td>555 (-3.1%)</td>
<td>-7.8%</td>
</tr>
<tr>
<td>EMEA</td>
<td>259 (-0.2%)</td>
<td>257 (-3.2%)</td>
<td>515 (-1.7%)</td>
<td>-1.6%</td>
</tr>
<tr>
<td>APAC</td>
<td>115 (+2.8%)</td>
<td>115 (+3.7%)</td>
<td>229 (+3.2%)</td>
<td>+7.3%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(32)</td>
<td>(24)</td>
<td>(56)</td>
<td>-</td>
</tr>
<tr>
<td>Performance Minerals revenue</td>
<td>623 (-1.7%)</td>
<td>621 (-1.8%)</td>
<td>1,244 (-1.8%)</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Current operating income</td>
<td>-</td>
<td>-</td>
<td>144</td>
<td>-20.8(^2)*</td>
</tr>
</tbody>
</table>

(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.

(2) Excluding the North American talc subsidiaries deconsolidation and temporary shutdown of Willsboro plant, the current operating income decreased by 10.2% and current operating margin was 12.5% in the first half of 2019.

**Americas**
- Chapter 11 process progressing as expected
- LFL evolution of -1.2% in Q2 excluding temporary shutdown of Willsboro plant
- Negative trend in paper markets and weak filtration for food and beverage in the US

**EMEA**
- Soft paints & coatings markets and mixed performance in ceramics
- Better revenue growth in filtration

**APAC**
- Strong demand for conductive additives for Li-ion batteries
- Soft environment in plastics, rubber and paints due to the car production decline
- Decreasing paper & board markets in Japan

July 25, 2019 | First Half 2019 Results
High Temperature Materials & Solutions: weaker industrial and automotive markets in the second quarter

<table>
<thead>
<tr>
<th>Revenue (€m, LFL (^1) change)</th>
<th>Q1 2019</th>
<th>Q2 2019</th>
<th>H1 2019</th>
<th>H1 19/H1 18 current change</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Temperature Solutions</td>
<td>201 (-1.8%)</td>
<td>209 (-3.4%)</td>
<td>410 (-2.6%)</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Refractory, Abrasives, Construction</td>
<td>319 (-0.2%)</td>
<td>330 (-3.0%)</td>
<td>649 (-1.7%)</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>(11)</td>
<td>(11)</td>
<td>(22)</td>
<td>-</td>
</tr>
<tr>
<td>High Temperature Materials &amp; Solutions</td>
<td>510 (-0.5%)</td>
<td>527 (-3.2%)</td>
<td>1,037 (-1.9%)</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Current operating income</td>
<td>-</td>
<td>-</td>
<td>97</td>
<td>-13.4%</td>
</tr>
</tbody>
</table>

**High Temperature Solutions**

- Car production still weighing on the foundry market in Europe
- Iron & steel becoming more negative in Europe
- Thermal markets recovered from the first quarter

**Refractory, Abrasives & Construction**

- Weak abrasives demand in Europe, and slowdown of construction in June
- Further product developments in the building chemistry business
- Easing inflationary pressure on input costs

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(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: €159 m

<table>
<thead>
<tr>
<th></th>
<th>H1 2018 ¹</th>
<th>H1 2019 ²</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current operating income</td>
<td>283.8</td>
<td>245.1</td>
<td>-13.6%</td>
</tr>
<tr>
<td>Current financial expense</td>
<td>(33.6)</td>
<td>(18.4)</td>
<td>na</td>
</tr>
<tr>
<td>Current income tax</td>
<td>(74.0)</td>
<td>(65.8)</td>
<td>+11.2%</td>
</tr>
<tr>
<td>Current tax rate</td>
<td>29.6%</td>
<td>29.0%</td>
<td>-0.6 point</td>
</tr>
<tr>
<td>Minority interests</td>
<td>0.2</td>
<td>(2.3)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income from current operations, Group’s share</strong></td>
<td>176.4</td>
<td>158.7 ³</td>
<td>-10.0% ⁴</td>
</tr>
<tr>
<td><strong>Net income from current operations, Group’s share (in euros)</strong> ⁵</td>
<td>2.23</td>
<td>2.00</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Other operating income and expenses, net, and net income of assets held for sale</td>
<td>(14.9)</td>
<td>(62.8)</td>
<td>na</td>
</tr>
<tr>
<td><strong>Net income, Group’s share</strong></td>
<td>161.4</td>
<td>95.9</td>
<td>-40.6%</td>
</tr>
</tbody>
</table>

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(1) All 2018 data is restated from Roofing disposal
(2) The IFRS 16 impact on the current operating income is +€2.8 million in the first half of 2019
(3) The IFRS 16 impact on the net income from current operations is -€0.7 million in the first half of 2019
(4) -17.0% before the positive impact on net financial charges of the full repayment on March 2019 of the €56 million Japanese Yen denominated private placement.
(5) Average weighted number of outstanding shares: 79,170,908 in H1 2019 against 79,149,662 in H1 2018
Sound financial structure

Net financial debt evolution in H1 2019 (€m)

<table>
<thead>
<tr>
<th>Without IFRS 16</th>
<th>Dividends</th>
<th>Share buy back</th>
<th>Talc NA subsidiaries</th>
<th>Other</th>
<th>Net financial debt June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,297</td>
<td>21</td>
<td>28</td>
<td>2</td>
<td>1,519 (1)</td>
<td></td>
</tr>
<tr>
<td>1.6x</td>
<td>40%</td>
<td>Net Debt to EBITDA: 2.0x</td>
<td>Financial gearing (1): 48%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net financial debt:
- **Bonds**: 1,924
- **Other indebtedness**: 224
- **Gross indebtedness**: 2,148
- **Cash**: 629
- **Net debt without IFRS 16**: 1,519 (1)

Financial resources:
- **Total**: 3,204
  - Long-term debt rating:
    - Moody's: **Baa2**, stable outlook
    - S&P: **BBB**, stable outlook

(1) €1,790 million with IFRS 16
(2) Net financial debt to shareholders equity
Outlook
# Outlook

**2019**

**Full year net income from current operations expected to decline by around 10% versus 2018**

- Forecasted impact of ca. -7% of the deconsolidation of North American talc subsidiaries and the temporary shutdown of Willsboro plant (USA)
- Sequential improvement of the current operating income in the second half compared to the first half, assuming no further deterioration in the market conditions
- Priority to cost reduction and cash flow generation with further benefits from cost containment measures and “Connect & Shape” transformation program

**2020 - 2022**

**Improving organic growth and profitability**

- Gradual ramp-up of organic growth to reach underlying markets level by 2022

- 2022 current EBITDA margin up by +200 bp vs. 2018
  - €100m cost savings in full in 2022

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(1) Underlying market growth estimated at ca. 2.0% per year in normal trading conditions
(2) Current EBITDA margin was 17.3% in 2018.
Business Segments

**HIGH TEMPERATURE MATERIALS & SOLUTIONS**

- Refractory: 30%
- Building chemistry: 18%
- Iron & steel: 15%
- Abrasives: 13%
- Foundry: 11%

**PERFORMANCE MINERALS**

- Plastics, rubber, paints & coatings: 34%
- Paper & board: 26%
- Ceramics and other: 25%
- Filtration: 16%
Revenue breakdown

Revenue by geography in H1 2019

- Europe, Middle East Africa: 49%
- Americas: 29%
- Asia Pacific: 22%

Revenue by end market in 2018

- Construction: 26%
- Consumer: 13%
- Industry: 13%
- Automotive: 11%
- Iron & Steel: 3%
- Paper: 12%
- Other: 3%
Resilient operating profitability despite weaker trading conditions

<table>
<thead>
<tr>
<th>COI (€m, as % of revenue)</th>
<th>H1 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Minerals</td>
<td>182 (14.2%)</td>
<td>144 (11.6%)</td>
</tr>
<tr>
<td>High Temperature Materials &amp; Solutions</td>
<td>112 (10.7%)</td>
<td>97 (9.3%)</td>
</tr>
<tr>
<td>Other</td>
<td>(10)</td>
<td>4</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>284 (12.3%)</strong></td>
<td><strong>245 (10.8%)</strong></td>
</tr>
</tbody>
</table>
## Historical Performance

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Performance Minerals</td>
<td>2,575</td>
<td>668</td>
<td>661</td>
<td>632</td>
<td>641</td>
<td>2,602</td>
<td>632</td>
<td>650</td>
<td>641</td>
<td>636</td>
<td>2,559</td>
<td>623</td>
<td>621</td>
</tr>
<tr>
<td>Americas</td>
<td>1,283</td>
<td>324</td>
<td>319</td>
<td>301</td>
<td>325</td>
<td>1,269</td>
<td>295</td>
<td>307</td>
<td>314</td>
<td>310</td>
<td>1,227</td>
<td>282</td>
<td>274</td>
</tr>
<tr>
<td>Europe, Middle East Africa</td>
<td>982</td>
<td>261</td>
<td>259</td>
<td>251</td>
<td>247</td>
<td>1,018</td>
<td>260</td>
<td>264</td>
<td>248</td>
<td>246</td>
<td>1,018</td>
<td>259</td>
<td>257</td>
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<tr>
<td>Asia Pacific</td>
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<td>106</td>
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<td>103</td>
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<td>426</td>
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<td>108</td>
<td>106</td>
<td>428</td>
<td>115</td>
<td>115</td>
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<tr>
<td>High Temperature Materials &amp; Solutions</td>
<td>1,304</td>
<td>382</td>
<td>378</td>
<td>474</td>
<td>468</td>
<td>1,703</td>
<td>505</td>
<td>544</td>
<td>523</td>
<td>500</td>
<td>2,072</td>
<td>510</td>
<td>527</td>
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<td>High Temperature Solutions</td>
<td>725</td>
<td>206</td>
<td>214</td>
<td>221</td>
<td>181</td>
<td>1,269</td>
<td>295</td>
<td>307</td>
<td>314</td>
<td>310</td>
<td>1,227</td>
<td>282</td>
<td>209</td>
</tr>
<tr>
<td>Refractory, Abrasives, Construction</td>
<td>598</td>
<td>184</td>
<td>171</td>
<td>263</td>
<td>296</td>
<td>915</td>
<td>312</td>
<td>338</td>
<td>319</td>
<td>302</td>
<td>1,271</td>
<td>319</td>
<td>330</td>
</tr>
<tr>
<td>Other and eliminations</td>
<td>(17)</td>
<td>(16)</td>
<td>(8)</td>
<td>(3)</td>
<td>23</td>
<td>(6)</td>
<td>(7)</td>
<td>(13)</td>
<td>(10)</td>
<td>(10)</td>
<td>(41)</td>
<td>(9)</td>
<td>(9)</td>
</tr>
<tr>
<td>Group</td>
<td>3,862</td>
<td>1,034</td>
<td>1,031</td>
<td>1,103</td>
<td>1,132</td>
<td>4,299</td>
<td>1,130</td>
<td>1,181</td>
<td>1,154</td>
<td>1,126</td>
<td>4,590</td>
<td>1,124</td>
<td>1,139</td>
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<table>
<thead>
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<tbody>
<tr>
<td>Group</td>
<td>479</td>
<td>123</td>
<td>141</td>
<td>145</td>
<td>142</td>
<td>551</td>
<td>130</td>
<td>154</td>
<td>141</td>
<td>137</td>
<td>562</td>
<td>110</td>
<td>136</td>
</tr>
<tr>
<td>Operating margin</td>
<td>12.4%</td>
<td>11.9%</td>
<td>13.6%</td>
<td>13.2%</td>
<td>12.5%</td>
<td>12.8%</td>
<td>11.5%</td>
<td>13.1%</td>
<td>12.2%</td>
<td>12.2%</td>
<td>12.2%</td>
<td>9.8%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current operating income (€m)</th>
<th>FY 2016</th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>FY 2017</th>
<th>H1 2018</th>
<th>H2 2018</th>
<th>FY 2018</th>
<th>H1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Minerals</td>
<td>373</td>
<td>198</td>
<td>192</td>
<td>390</td>
<td>182</td>
<td>171</td>
<td>353</td>
<td>144</td>
</tr>
<tr>
<td>Operating margin</td>
<td>14.5%</td>
<td>14.9%</td>
<td>15.1%</td>
<td>15.0%</td>
<td>14.2%</td>
<td>13.4%</td>
<td>13.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td>High Temperature Materials &amp; Solutions</td>
<td>135</td>
<td>84</td>
<td>88</td>
<td>173</td>
<td>112</td>
<td>109</td>
<td>221</td>
<td>97</td>
</tr>
<tr>
<td>Operating margin</td>
<td>10.4%</td>
<td>11.1%</td>
<td>9.4%</td>
<td>10.1%</td>
<td>10.7%</td>
<td>10.7%</td>
<td>10.7%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Holding and eliminations</td>
<td>(29)</td>
<td>(19)</td>
<td>7</td>
<td>(12)</td>
<td>(10)</td>
<td>(2)</td>
<td>(12)</td>
<td>4</td>
</tr>
<tr>
<td>Group</td>
<td>479</td>
<td>263</td>
<td>287</td>
<td>551</td>
<td>284</td>
<td>278</td>
<td>562</td>
<td>245</td>
</tr>
<tr>
<td>Operating margin</td>
<td>12.4%</td>
<td>12.8%</td>
<td>12.9%</td>
<td>12.8%</td>
<td>12.3%</td>
<td>12.2%</td>
<td>12.2%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>