

# 2019 HALF-YEAR FINANCIAL REPORT



**IMERYS**  
TRANSFORM TO PERFORM



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# 1 | Half-Year Activity Report

Imerys faced a challenging market environment and strong comparatives in the first half of 2019. Revenue decline was limited to -1.5% year-on-year on a like-for-like<sup>(1)</sup> basis, supported by a firm +2.7% price mix. On a current basis, revenue decreased by 2.0% to €2,263 million. Half of the current operating income decline (-13.6% to €245 million) came from the North American talc subsidiaries deconsolidation and the temporary shutdown of the wollastonite plant in Willsboro, USA. Net income from current operations dropped by 10.0% to €158.7 million.

Audited consolidated results (€ millions)	H1 2018 <sup>(2)</sup>	H1 2019	Change
Revenue	2,310.5	2,263.4	-2.0%
Current operating income <sup>(3)</sup>	283.8	245.1	-13.6%
Current operating margin	12.3%	10.8%	-150 bp
Operating income	260.1	162.8	-37.4% <sup>(4)</sup>
Net income from current operations, Group share	176.4	158.7	-10.0% <sup>(5)</sup>
Net income, Group share	161.4	95.9 <sup>(6)</sup>	-40.6%
Net current free operating cash flow	75.8	76.6	+1.1%
Net financial debt	2,315.0	1,519.1 <sup>(7)</sup>	-34.4%
Net income from current operations, Group share (€ per share) <sup>(8)</sup>	€2.23	€2.00	-10.0%

## HALF YEAR HIGHLIGHTS

### ■ ROLL OUT OF THE CONNECT AND SHAPE TRANSFORMATION PROGRAM

The Group has started to implement the measures in connection with its strategy and its transformation program called “Connect & Shape”.

The new customer centric and market driven organization is now effective in Asia and North America. In Europe, the information-consultation processes with employee representatives about the new organization is proceeding according to plan.

(1) "Like-for-like: growth at comparable Group perimeter and exchange rates, or "Organic growth".

(2) All 2018 data in the present activity report is restated from Roofing disposal.

(3) Throughout this activity report, "current" means "before other operating income and expenses", as defined in the notes to the financial statements relating to the consolidated income statement.

(4) -17.4% before restructuring charges in connection with the transformation program.

(5) -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 maturing in 2033.

(6) Including €50 million of restructuring charges related to the transformation program.

(7) €1,789.9 million with IFRS 16.

(8) The weighted average number of shares was 79,170,908 in the 1<sup>st</sup> half of 2019 vs. 79,149,662 in the 1<sup>st</sup> half of 2018.

## DETAILED REVIEW OF THE GROUP'S RESULTS

### ■ REVENUE

Unaudited quarterly data (€ millions)	2018 Revenue	2019 Revenue	Change	Organic growth	Volumes	Price-mix
First quarter	1,129.6	1,124.0	-0.5%	-0.9%	-3.6%	+2.7%
Second quarter	1,180.9	1,139.4	-3.5%	-2.0%	-4.8%	+2.7%
<b>First half</b>	<b>2,310.5</b>	<b>2,263.4</b>	<b>-2.0%</b>	<b>-1.5%</b>	<b>-4.2%</b>	<b>+2.7%</b>

**Revenue** for the first half 2019 amounted to €2,263.4 million, slightly decreasing compared to the same period of 2018 (-2.0% on reported basis). In an inflationary environment, Imerys maintained a robust price-mix effect of +2.7%, positive in its two business segments (Performance Minerals and High Temperature Materials and Solutions). This helped mitigate the impact of a decrease in organic growth (-1.5%) caused by lower volumes against challenging comparables and market conditions, notably in European automotive, refractory and industrial markets.

Revenue also included a favorable impact of exchange rates of €53.9 million due mainly to the appreciation of the US dollar versus the euro, which compensated a negative perimeter effect of -€66.9 million (-2.9%), of which -€53.0 million from the deconsolidation of our North American talc subsidiaries following their filing for Chapter 11 since February 14, 2019.

### Revenue by geographic zone of destination (current change)

Revenue by geographic destination (€ millions)	H1 2018	H1 2019	Reported change	% total H1 2019 revenue
EMEA	1,153.9	1,116.6	-3.2%	49%
Americas	681.1	651.8	-4.3%	29%
APAC	475.6	495.1	+4.1%	22%
<b>Total</b>	<b>2,310.5</b>	<b>2,263.4</b>	<b>-2.0%</b>	<b>100%</b>

### ■ CURRENT OPERATING INCOME

Unaudited quarterly data (€ millions)	2018	2019	Change
First quarter	129.6	109.6	-15.4%
<i>Operating margin</i>	<i>11.5%</i>	<i>9.8%</i>	<i>-170 bp</i>
Second quarter	154.2	135.5	-12.1%
<i>Operating margin</i>	<i>13.1%</i>	<i>11.9%</i>	<i>-120 bp</i>
<b>First half</b>	<b>283.8</b>	<b>245.1</b>	<b>-13.6%</b>
<i>Operating margin</i>	<i>12.3%</i>	<i>10.8%</i>	<i>-150 bp</i>

First half 2019 **current operating income** totaled €245.1 million<sup>(9)</sup>, down 13.6% compared to the first half of 2018, reflecting mainly the lower contribution from volumes (-€54.5 million). It also takes into account the North American talc subsidiaries deconsolidation (-€10.6 million) and the impact of the temporary shutdown of the wollastonite plant in Willsboro, USA, due to production issues (-€9.0 million). Excluding the North American talc subsidiaries deconsolidation and temporary shutdown of Willsboro plant, the current operating margin was 11.4% in the first half of 2019. Effect of exchange rates was a positive €12.1 million.

The firm price mix effect of +€60.3 million fully compensated for the €51.1 million negative impact from the carry over of inflation of variable costs, corresponding to a +4.4% year-on-year inflation (down from +5.5% year on year in the first quarter of 2019).

<sup>(9)</sup>The IFRS 16 impact on the current operating income is +€2.8 million in the first half of 2019.

Fixed costs and overheads improved by €19.4 million, reflecting:

- the positive effect of decisions made in the previous year on ceramic proppants and activities in Namibia (for €10.6 million in the first half);
- the first positive effects of the cost containment measures in all our business areas to adapt the Group's cost structure to the current market environment and the implementation of the Group's transformation program for €8.8 million euros in the first half.

## ■ NET INCOME FROM CURRENT OPERATIONS

**Net income from current operations** amounted to 158.7 million<sup>(10)</sup>, down 10.0% compared to the first half of 2018. It includes a €15.2 million improvement in financial results, mainly due to the full repayment on March 2019 of the €56 million Japanese Yen denominated private placement maturing in 2033. The tax charge of -€65.8 million (versus -€74.0 million in the first half of 2018) reflects an effective tax rate of 29.0% (versus 29.6% in the first half of 2018).

**Net income from current operations, Group share, per share** is down -10.0% to €2.00.

## ■ NET INCOME

Other operating income and expenses, net of taxes, amounted to a negative €62.8 million in the first half of 2019 including €50.1 million restructuring costs related to the transformation program and €4.7 million linked to the temporary shutdown of the Willsboro plant in the USA (the full-year negative impact of which is confirmed to be around €25 million on net income).

Consequently **net income, Group share**, was €95.9 million, down 40.6%.

## ■ NET CURRENT FREE OPERATING CASH FLOW

(in € millions)	First half 2018	First half 2019
Current EBITDA	393.2	352.8 <sup>(11)</sup>
Change in operating working capital requirement (WCR)	(88.1)	(72.5)
Paid capital expenditure	(153.4)	(135.5)
Other	8.0	3.0
<b>Current free operating cash flow</b>	<b>159.8</b>	<b>147.7</b>
Notional tax	(84.0)	(71.1)
<b>Net current free operating cash flow</b>	<b>75.8</b>	<b>76.6</b>

Despite a decrease of 10.3% of **current EBITDA** to €352.8 million, Imerys generated a solid level of **net current free operating cash flow** which totaled €76.6 million in the first half of 2019, mainly as a result of the following items:

- a €135.5 million in **paid capital expenditure** (representing 6.0% of revenue) down compared to last year, showing the ability of the Group to adjust capex spending in a slower growth environment;
- a €72.5 million negative change in operating **working capital requirement**, improving compared to last year thanks in particular to a good control over inventories.

(10) The IFRS 16 impact on the net income from current operations is -€0.7 million in the first half of 2019.

(11) €391.3 million with IFRS 16.

## ■ FINANCIAL STRUCTURE

(€ millions)	Without IFRS 16	
	Dec. 31, 2018	June 30, 2019
Net financial debt	1,297.4	1,519.1
Shareholders' equity	3,253.5	3,158.3
<b>Net financial debt / shareholders' equity</b>	<b>39.9%</b>	<b>48.1%</b>
<b>Net financial debt / current EBITDA</b>	<b>1.6x</b>	<b>2.0x</b>

**Net financial debt** excluding IFRS 16 amounted to €1,519.1 million as of June 30, 2019, which represents a ratio between net financial debt and current EBITDA of 2.0x. In addition, IFRS 16 lease liability (related to the right of use of the assets) represented €270.7 million as of June 30, 2019 (i.e. 0.2x of net financial debt to current EBITDA ratio<sup>(12)</sup>) leading to a €1,789.9 million net financial debt under IFRS 16.

The change in net financial debt over the 6 first months of 2019 (+€221 million without IFRS 16) resulted notably from the following items:

- €170.7 million paid in dividends in May 2019;
- €21.5 million for the purchase of treasury shares;
- and €28.5 million related to the deconsolidation of the North American talc subsidiaries cash.

The Group's robust financial structure is rated Baa2 by Moody's and BBB by Standard & Poor's, with a stable outlook for both rating agencies.

At June 30, 2019, Imerys' bond financing amounted to €1,923.5 million with an average maturity of 5.7 years. The Group also benefited from €1,280.0 million in bilateral credit lines. As a result, the Group's **financial resources** totaled €3,203.5 million with an average maturity of 4.4 years.

## EVENTS AFTER THE END OF THE PERIOD

No significant event after the end of the period is to be reported.

## OUTLOOK

Given continuing challenging market environment, the Group will continue to give priority to cost reduction and cash generation.

For 2019, after the impact of the deconsolidation of the North American talc subsidiaries and the temporary shutdown of the Willsboro plant (ca. -7% on net income from current operations) and assuming no further deterioration in the market environment, full year net income from current operations is expected to decline by around 10% versus 2018. This guidance factors in a sequential improvement of the current operating income in the second half compared to the first half.

As announced during its Capital Market Day in June, the Group remains confident to achieve by 2022 an organic growth in line with its underlying markets and an improvement of its EBITDA margin of 200 bps vs 2018<sup>(13)</sup>. The Group expects to achieve €100 million cost savings in full in 2022 with a gradual ramp up over the 2019 - 2022 period.

(12) Based on the last twelve months restated IFRS 16 current EBITDA (of €791.3 million).

(13) For more details, please refer to the press release published on June 13, 2019.



## REVIEW BY BUSINESS GROUP

As previously announced, the Group was reorganised into two business segments effective January 1, 2019: Performance Minerals and High Temperature Materials & Solutions<sup>(14)</sup>.

### ■ PERFORMANCE MINERALS

(55% of consolidated revenue)

Unaudited quarterly revenue (€ million) and like-for-like growth (%)	Q1 2019	Q2 2019	H1 2019	Change / H1 2018
Performance Minerals Americas	282.0 (-2.8%)	273.5 (-3.4%)	555.4 (-3.1%)	-7.8%
Performance Minerals EMEA	258.8 (-0.2%)	256.6 (-3.2%)	515.4 (-1.7%)	-1.6%
Performance Minerals APAC	114.7 (+2.8%)	114.5 (+3.7%)	229.2 (+3.2%)	+7.3%
Eliminations	(32.4)	(24.1)	(56.4)	-
<b>Total Performance Minerals</b>	<b>623.1 (-1.7%)</b>	<b>620.5 (-1.8%)</b>	<b>1,243.6 (-1.8%)</b>	<b>-3.0%</b>
Profitability (€ millions)	H1 2018	H1 2019	Change	
<b>Current operating income</b>	<b>181.9</b>	<b>144.1</b>	<b>-20.8%</b>	
<i>Operating margin</i>	<i>14.2%</i>	<i>11.6%</i>	<i>-260 bp</i>	

The **Performance Minerals** business segment's revenue totaled €1,243.6 million in the first half of 2019 (-3.0% on a current basis). This change takes into account a significant -€54.9 million perimeter effect (-4.3%), mainly due to the deconsolidation of the North American talc subsidiaries. These are working under the "Chapter 11" judicial protection towards an efficient and permanent resolution of their historic talc-related liabilities. They have engaged in productive negotiations of a plan of reorganization with the relevant representatives of claimants. A positive exchange rate effect of €38.6 million (+3.0%) helped partly offset this scope effect. Like-for-like revenue was down 1.8% in the first half of 2019, as a result of contrasted geographic trends.

Revenue in the **Americas** was down 3.4% on a like-for-like basis in the second quarter. Excluding the temporary shutdown of the plant in Willsboro, USA, which has resumed operations in early June, it was down 1.2% in the second quarter versus -1.6% in the first quarter. Sales were affected by negative trend in paper and board markets and weak demand in filtration for food and beverages in the USA.

Revenue in **EMEA** was down 3.2% like-for-like in the second quarter in an adverse market environment. Soft paints & coatings markets and mixed performance in ceramics were partially offset by better revenue growth in filtration. Meanwhile paper & board were particularly weak in the second quarter.

Revenue in **APAC** was up 3.7% like-for-like in the second quarter. Growth was mainly driven by strong sales of conductive additives for mobile energy applications, especially Lithium-ion batteries in China and South Korea. It largely compensated an overall softer environment in plastics, rubber and paints due to the car production decline in China, as well as decreasing paper & board markets in Japan.

**Current operating income** for the segment came to €144.1 million in the first half of 2019, resulting in an operating margin of 11.6% (from 14.2% in the first half of 2018). Excluding the North American talc subsidiaries deconsolidation and temporary shutdown of Willsboro plant, current operating income decreased by 10.2% and current operating margin was 12.5% in the first half of 2019.

(14) The correspondence between the new business segments and the former divisions can be found on page 11 of the 2018 Registration Document.

## ■ HIGH TEMPERATURE MATERIALS AND SOLUTIONS

(45% of consolidated revenue)

Unaudited quarterly revenue (€ millions) and like-for-like growth (%)	Q1 2019	Q2 2019	H1 2019	Change / H1 2018
High Temperature Solutions	201.4 (-1.8%)	208.6 (-3.4%)	410.0 (-2.6%)	-3.2%
Refractory, Abrasives, Construction	319.3 (-0.2%)	330.1 (-3.0%)	649.4 (-1.7%)	-0.2%
Eliminations	(11.1)	(11.3)	(22.4)	-
<b>Total High Temperature Materials and Solutions</b>	<b>509.6 (-0.5%)</b>	<b>527.4 (-3.2%)</b>	<b>1,037.0 (-1.9%)</b>	<b>-1.2%</b>
<b>Profitability (€ millions)</b>	<b>H1 2018</b>		<b>H1 2019</b>	<b>Change</b>
<b>Current operating income</b>	<b>111.9</b>		<b>96.9</b>	<b>-13.4%</b>
<i>Operating margin</i>	<i>10.7%</i>		<i>9.3%</i>	<i>-130 bp</i>

The **High Temperature Materials and Solutions** business segment's **revenue** totaled €1,037.0 million in the first half of 2019, -1.2% year-on-year decrease on current basis. It includes a +18.5 million exchange rate impact (+1.8%) and a -€11.5 million perimeter effect (-1.1%), mainly related to the disposal of a cat litter business (October 1, 2018), and a non-core fused magnesia plant in United Kingdom (March 1, 2019). Like-for-like change in revenue trended down in the second quarter (-3.2% versus -0.5% in the first quarter).

In the second quarter, the **High Temperature Solutions** revenue decreased by 3.4% on a like-for-like basis due to more challenging market conditions. Car production continued to weigh on the foundry market in Europe and the iron & steel production has further deteriorated after a weak first quarter, as a consequence of capacity reduction of steel mills. However, thermal markets (major kiln refurbishment projects for petrochemicals, boilers, incinerators industries) recovered from the first quarter.

Revenue of **Refractory, Abrasives and Construction** was down 3.0% like-for-like in the second quarter due to an unfavorable basis of comparison and an adverse trading environment for abrasives and for construction particularly in June. This slowdown was mainly seen in Europe, where Imerys has a significant presence. The Group pursued its product development in the building chemistry business.

The business segment's **current operating income** totaled €96.9 million, leading to an operating margin of 9.3% in the first half of 2019 (versus 10.7% in the first half of 2018), due to volumes decline partly offset by price - mix, downward trend in alumina prices and lower fixed costs and overheads.

## RELATED PARTIES AND RISK FACTORS

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### ■ RELATED PARTIES

Related parties disclosures in the 1<sup>st</sup> half of 2019 are detailed in the present 2019 Half-Year Financial Report: Chapter 2 - Financial Statements - [Note 22](#).

### ■ RISK FACTORS

An analysis of major risks is regularly conducted within the Group. It results in the mapping of the estimated potential impact of each identified risk and the extent to which it is controlled. This risk analysis and management process is described in detail in section 4.2 of the 2018 Registration Document. The main risks and risk factors the Group is facing and their management as well as associated control methods are presented in section 4.1 of the 2018 Registration Document. The main categories of identified risks in Chapter 4, section 1 of the 2018 Registration Document are risks related to Imerys' business, industrial and environmental risks, legal risks and risks relating to financial markets.

Information related to the management of risks arising from financial liabilities in the 1<sup>st</sup> half of 2019 are detailed in the present Half-Year Financial Report: Chapter 2 - Financial Statements - [Note 19.2](#).

An update of the 2018 Group risk mapping has been presented to the 2019 May audit committee. This update has included a review of the risk related to the ongoing Group transformation project (named "Connect and Shape") and an update of all Imerys' key risks.

Management considers that this recent assessment of main risks and uncertainties for 2019 does not modify its global perception about Imerys' risks as provided in Chapter 4, section 1 of the 2018 Registration Document.



## 2 | Condensed financial statements

### FINANCIAL STATEMENTS

#### ■ CONSOLIDATED INCOME STATEMENT

(€ millions)	Notes	June 30, 2019	June 30, 2018	2018
<b>Revenue</b>	<b>4</b>	<b>2,263.4</b>	<b>2,310.5</b>	<b>4,590.0</b>
<b>Current income and expenses</b>		<b>(2,018.3)</b>	<b>(2,026.7)</b>	<b>(4,027.9)</b>
Raw materials and consumables used	5	(784.6)	(755.3)	(1,503.2)
External expenses	6	(582.6)	(637.4)	(1,267.8)
Staff expenses	7	(481.9)	(503.1)	(997.7)
Taxes and duties		(21.4)	(20.9)	(41.2)
Amortization, depreciation and impairment		(165.3)	(125.8)	(265.9)
Intangible assets, mining assets and property, plant and equipment		(129.6)	(125.8)	(265.9)
Right-of-use assets <sup>(1)</sup>	15	(35.7)	-	-
Other current income and expenses		17.5	15.7	47.9
<b>Current operating income</b>		<b>245.1</b>	<b>283.8</b>	<b>562.1</b>
<b>Other operating income and expenses</b>	<b>8</b>	<b>(82.3)</b>	<b>(23.7)</b>	<b>(651.5)</b>
Gain (loss) from obtaining or losing control		3.4	(6.5)	3.9
Other non-recurring items		(85.7)	(17.1)	(655.4)
<b>Operating income</b>		<b>162.8</b>	<b>260.1</b>	<b>(89.4)</b>
<b>Net financial debt expense</b>		<b>(8.3)</b>	<b>(21.5)</b>	<b>(42.0)</b>
Income from securities		3.2	1.9	4.9
Gross financial debt expense		(11.5)	(23.3)	(46.9)
Interest expense on borrowings and financial debt		(8.1)	(23.3)	(46.9)
Interest expense on lease liabilities <sup>(1)</sup>		(3.4)	-	-
<b>Other financial income and expenses</b>		<b>(10.1)</b>	<b>(12.1)</b>	<b>(18.2)</b>
Other financial income		126.1	145.5	285.4
Other financial expenses		(136.2)	(157.6)	(303.6)
<b>Financial income (loss)</b>	<b>9</b>	<b>(18.4)</b>	<b>(33.6)</b>	<b>(60.2)</b>
Income tax	10	(46.5)	(65.3)	(89.0)
<b>Net income from discontinued operations<sup>(2)</sup></b>		<b>-</b>	<b>32.6</b>	<b>788.0</b>
<b>Net income</b>		<b>98.0</b>	<b>193.8</b>	<b>549.4</b>
Net income, Group share <sup>(3)</sup>	11	95.9	194.1	559.6
Net income attributable to non-controlling interests		2.1	(0.3)	(10.2)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

(2) Roofing division (Note 20)

(3) Net income per share:

Basic net income per share (in €)	12	1.21	2.04	7.06
Diluted net income per share (in €)	12	1.20	2.01	6.96

## ■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	Notes	June 30, 2019	June 30, 2018	2018
<b>Net income</b>		<b>98.0</b>	<b>193.8</b>	<b>549.4</b>
<b>Items not to be reclassified to profit</b>				
<b>Post-employment benefits</b>		<b>(39.7)</b>	<b>59.2</b>	<b>25.8</b>
Actuarial gains (losses), surplus of the actual return on assets over their normative return in profit		(39.7)	59.2	25.8
<b>Income tax on items not to be reclassified</b>	<b>10</b>	<b>9.0</b>	<b>(10.9)</b>	<b>(5.4)</b>
<b>Items to be reclassified to profit</b>				
<b>Cash flow hedges</b>		<b>0.9</b>	<b>(6.8)</b>	<b>(8.2)</b>
Recognition in equity		(1.2)	(4.5)	(5.3)
Reclassification in profit		2.1	(2.3)	(2.9)
<b>Translation reserve</b>		<b>22.8</b>	<b>(40.6)</b>	<b>(39.6)</b>
Recognition in equity		25.4	(40.4)	(41.6)
Reclassification in profit		(2.6)	(0.2)	2.0
<b>Income tax on items to be reclassified</b>	<b>10</b>	<b>(1.0)</b>	<b>6.9</b>	<b>2.9</b>
<b>Other comprehensive income (expense)</b>		<b>(8.0)</b>	<b>7.8</b>	<b>(24.5)</b>
<b>Total comprehensive income (expense)</b>		<b>90.0</b>	<b>201.6</b>	<b>524.9</b>
Total comprehensive income (expense), Group share		87.1	202.3	535.2
Total comprehensive income (expense) attributable to non-controlling interests		2.9	(0.7)	(10.3)

## ■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	June 30, 2019	June 30, 2018	2018
<b>Non-current assets</b>		<b>5,060.6</b>	<b>5,140.3</b>	<b>4,908.3</b>
Goodwill	13	2,123.8	2,147.9	2,143.3
Intangible assets	14	277.2	291.8	277.6
Right-of-use assets <sup>(1)</sup>	15	254.2	-	-
Mining assets	15	503.4	507.5	503.7
Property, plant and equipment	15	1,574.1	1,797.8	1,662.1
Joint ventures and associates		116.2	122.9	112.8
Other financial assets		40.3	63.6	42.0
Other receivables		39.6	45.5	35.1
Derivative financial assets		7.2	18.6	19.3
Deferred tax assets		124.6	144.7	112.4
<b>Current assets</b>		<b>2,496.9</b>	<b>2,381.1</b>	<b>2,685.6</b>
Inventories	17	832.9	863.6	867.0
Trade receivables		730.6	756.9	656.6
Other receivables		294.0	284.7	296.9
Derivative financial assets		6.6	10.2	7.3
Other financial assets <sup>(2)</sup>	19.1	10.5	8.9	8.9
Cash and cash equivalents <sup>(2)</sup>	19.1	622.3	456.8	848.9
<b>Assets held for sale</b>		<b>-</b>	<b>233.1</b>	<b>-</b>
<b>Consolidated assets</b>		<b>7,557.5</b>	<b>7,754.5</b>	<b>7,593.9</b>
<b>Equity, Group share</b>		<b>3,116.3</b>	<b>2,878.2</b>	<b>3,217.2</b>
Capital		159.0	159.4	159.0
Premiums		520.5	534.3	520.4
Reserves		2,340.9	1,990.4	1,978.2
Net income, Group share		95.9	194.1	559.6
<b>Equity attributable to non-controlling interests</b>		<b>39.2</b>	<b>49.1</b>	<b>36.4</b>
<b>Equity</b>		<b>3,155.5</b>	<b>2,927.3</b>	<b>3,253.6</b>
<b>Non-current liabilities</b>		<b>3,043.2</b>	<b>2,832.2</b>	<b>3,095.5</b>
Provisions for employee benefits		346.8	271.8	290.0
Other provisions	18	439.9	382.6	666.2
Borrowings and financial debt <sup>(2)</sup>	19.1	1,913.9	1,986.8	1,995.9
Lease liabilities <sup>(1) &amp; (2)</sup>	19.1	197.9	-	-
Other debts		18.8	19.1	17.7
Derivative financial liabilities		1.5	-	0.4
Deferred tax liabilities		124.4	171.9	125.3
<b>Current liabilities</b>		<b>1,358.8</b>	<b>1,861.3</b>	<b>1,244.8</b>
Other provisions	18	21.8	28.7	23.7
Trade payables		544.4	565.4	557.3
Income tax payable		179.8	121.0	115.1
Other debts		286.5	320.4	358.9
Derivative financial liabilities		10.2	14.1	9.7
Borrowings and financial debt <sup>(2)</sup>	19.1	239.5	800.6	168.5
Lease liabilities <sup>(1) &amp; (2)</sup>	19.1	72.8	-	-
Bank overdrafts <sup>(2)</sup>	19.1	3.8	11.1	11.6
<b>Liabilities related to assets held for sale</b>		<b>-</b>	<b>133.7</b>	<b>-</b>
<b>Consolidated equity and liabilities</b>		<b>7,557.5</b>	<b>7,754.5</b>	<b>7,593.9</b>

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

(2) Included in the calculation of net financial debt

19.1 1,789.8 2,315.0 1,297.4

## ■ CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€ millions)	Equity, Group share									Equity	Total
	Capital	Premiums	Reserves					Net income, Group share	Subtotal	attributable to non-controlling interests	
			Treasury shares	Cash flow hedges	Translation reserve	Others reserves	Subtotal				
Equity at January 1, 2018	159.2	529.1	(44.4)	2.8	(409.4)	2,222.0	1,771.0	368.3	2,827.6	50.6	2,878.2
Total comprehensive income (expense)	-	-	-	(4.5)	(35.5)	48.3	8.3	194.1	202.4	(0.8)	201.6
Transactions with shareholders	0.2	5.2	2.8	0.0	0.0	208.3	211.1	(368.3)	(151.8)	(0.7)	(152.5)
Appropriation of 2017 net profit	-	-	-	-	-	368.3	368.3	(368.3)	0.0	-	0.0
Dividend (€2.075 per share)	-	-	-	-	-	(164.6)	(164.6)	-	(164.6)	(0.9)	(165.5)
Capital increase	0.2	5.2	-	-	-	0.3	0.3	-	5.7	0.1	5.8
Treasury share transactions	-	-	2.8	-	-	-	2.8	-	2.8	-	2.8
Share-based payments	-	-	-	-	-	7.8	7.8	-	7.8	-	7.8
Transactions with non-controlling interests	-	-	-	-	-	(3.5)	(3.5)	-	(3.5)	0.1	(3.4)
Equity at June 30, 2018	159.4	534.3	(41.6)	(1.7)	(444.9)	2,478.6	1,990.4	194.1	2,878.2	49.1	2,927.3
Total comprehensive income (expense)	-	-	-	(1.1)	(3.7)	(27.9)	(32.7)	365.5	332.8	(9.5)	323.3
Transactions with shareholders	(0.4)	(13.9)	24.8	0.0	0.0	(4.3)	20.5	0.0	6.2	(3.3)	2.9
Dividend	-	-	-	-	-	-	0.0	-	0.0	(2.5)	(2.5)
Capital increase	-	0.3	-	-	-	(0.3)	(0.3)	-	(0.0)	2.0	2.0
Capital decrease	(0.4)	(14.2)	-	-	-	-	0.0	-	(14.6)	-	(14.6)
Treasury share transactions	-	-	24.8	-	-	(14.3)	10.5	-	10.5	-	10.5
Share-based payments	-	-	-	-	-	7.1	7.1	-	7.1	-	7.1
Transactions with non-controlling interests	-	-	-	-	-	3.2	3.2	-	3.2	(2.8)	0.4
Equity at December 31, 2018	159.0	520.4	(16.8)	(2.8)	(448.6)	2,446.4	1,978.2	559.6	3,217.2	36.3	3,253.5
Change in accounting policy <sup>(1)</sup>	-	-	-	-	-	(2.6)	(2.6)	-	(2.6)	-	(2.6)
Total comprehensive income (expense)	-	-	-	0.6	21.3	(30.7)	(8.8)	95.9	87.1	2.9	90.0
Transactions with shareholders	0.0	0.1	3.0	0.0	0.0	371.2	374.2	(559.6)	(185.3)	0.0	(185.3)
Appropriation of 2018 net profit	-	-	-	-	-	559.6	559.6	(559.6)	0.0	-	0.0
Dividend (€2.150 per share)	-	-	-	-	-	(170.0)	(170.0)	-	(170.0)	(0.4)	(170.4)
Capital increase	-	0.1	-	-	-	-	0.0	-	0.1	-	0.1
Treasury share transactions	-	-	3.0	-	-	(24.5)	(21.5)	-	(21.5)	-	(21.5)
Share-based payments	-	-	-	-	-	6.5	6.5	-	6.5	-	6.5
Transactions with non-controlling interests	-	-	-	-	-	(0.4)	(0.4)	-	(0.4)	0.4	0.0
Equity at June 30, 2019	159.0	520.5	(13.8)	(2.2)	(427.3)	2,784.3	2,341.0	95.9	3,116.4	39.2	3,155.6

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019



## CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	Notes	June 30, 2019	June 30, 2018	2018
<b>Cash flow from operating activities</b>		<b>145.1</b>	<b>289.5</b>	<b>615.7</b>
Of which cash flow from discontinued operations <sup>(1)</sup>		-	37.4	59.7
Cash flow from current operations	Appendix 1	264.7	355.9	847.2
Interest paid		(12.3)	(22.6)	(46.1)
Income tax on current operating income and financial income		(89.0)	(32.5)	(135.7)
Dividends received from available-for-sale financial assets		-	(0.2)	0.1
Cash flow from other operating income and expenses	Appendix 2	(18.3)	(11.1)	(49.8)
<b>Cash flow from investing activities</b>		<b>(137.0)</b>	<b>(174.8)</b>	<b>378.4</b>
Of which cash flow from discontinued operations <sup>(1)</sup>		-	(6.6)	676.1
Acquisitions of intangible assets and property, plant and equipment	Appendix 3	(135.5)	(160.1)	(342.8)
Acquisitions of shares in consolidated entities, net of acquired cash		(2.3)	(23.2)	(23.7)
Transaction costs		(5.1)	(8.1)	(22.1)
Changes in the estimated contingent consideration of the seller		-	-	(0.8)
Acquisitions of available-for-sale financial assets		-	-	(0.1)
Disposals of intangible assets and property, plant and equipment	Appendix 3	10.3	11.1	26.8
Disposals of shares in consolidated entities, net of disposed cash		(3.3)	7.4	743.2
Net change in financial assets		(4.3)	(4.0)	(7.2)
Interest income		3.2	2.1	5.1
<b>Cash flow from financing activities</b>		<b>(230.0)</b>	<b>(38.8)</b>	<b>(529.2)</b>
Of which cash flow from discontinued operations <sup>(1)</sup>		-	(31.8)	(29.9)
Capital increase and decrease in cash		0.1	5.7	(6.9)
Disposals (acquisitions) of treasury shares		(21.5)	(1.1)	9.4
Dividends paid to shareholders		(170.0)	(164.6)	(164.6)
Dividends paid to non-controlling interests		(0.7)	(0.9)	(3.2)
Loans issued		6.9	5.6	5.6
Repayments of borrowings		(90.2)	(3.7)	(32.7)
Net change in other debts		45.4	120.2	(336.8)
<b>Change in cash and cash equivalents</b>		<b>(221.9)</b>	<b>75.9</b>	<b>464.9</b>

(1) Roofing division (Note 20)

(€ millions)	June 30, 2019	June 30, 2018	2018
<b>Cash and cash equivalents at January 1</b>	<b>837.3</b>	<b>379.0</b>	<b>379.0</b>
Change in cash and cash equivalents	(221.9)	75.9	464.9
Reclassification of discontinued operations	-	(1.8)	-
Impact of currency fluctuations	3.1	(7.3)	(6.6)
<b>Cash and cash equivalents at the end of the period<sup>(2)</sup></b>	<b>618.5</b>	<b>445.8</b>	<b>837.3</b>
Cash	372.4	372.4	509.1
Cash equivalents	249.9	84.4	339.8
Bank overdrafts	(3.8)	(11.1)	(11.6)

(2) At June 30, 2019, "Cash and cash equivalents at the end of the period" included a restricted balance of €3.5 million (€1.3 million at June 30, 2018 and €7.1 million at December 31, 2018) not available for Imerys SA and its subsidiaries, of which €2.4 million (€0.6 million at June 30, 2018 and €5.6 million at December 31, 2018) due to legal restrictions or foreign exchange controls and €1.1 million (€0.7 million at June 30, 2018 and €1.5 million at December 31, 2018) due to statutory requirements.

**Appendix 1: Cash flow from current operations**

(€ millions)	Notes	June 30, 2019	June 30, 2018	2018
<b>Net income</b>		<b>98.0</b>	<b>193.8</b>	<b>549.4</b>
<b>Adjustments</b>		<b>257.3</b>	<b>266.5</b>	<b>326.6</b>
Income tax		46.5	82.6	115.5
Share in net income of joint ventures and associates		(2.9)	(1.3)	(1.7)
Dividends received from joint ventures and associates		2.8	3.0	5.6
Share of net income from non-recurring operations of associates		(0.9)	0.1	7.7
Other operating income and expenses, net of impairment loss recognized against goodwill		83.2	24.1	(95.0)
Net operating amortization and depreciation	Appendix 3	165.2	130.9	270.8
Net operating impairment loss on assets		2.6	6.2	4.2
Net operating provisions		(51.4)	(10.3)	(29.9)
Net interest income and expenses		6.9	20.0	38.7
Share-based payments expenses		6.5	7.8	15.3
Change in fair value of hedge instruments		0.7	(0.1)	(1.9)
Income (loss) from non-recurring disposals of intangible assets and property, plant and equipment		(1.9)	3.5	(2.7)
<b>Change in working capital requirement</b>		<b>(90.6)</b>	<b>(104.4)</b>	<b>(28.8)</b>
Inventories		14.8	(77.7)	(99.5)
Accounts receivable, advances and down payments received		(82.6)	(89.4)	15.0
Accounts payable, advances and down payments paid		(5.3)	73.4	59.0
Other receivables and debts		(56.2)	(10.7)	(3.3)
Elimination of the impact of IFRS 16		38.7	-	-
<b>Cash flow from current operations</b>		<b>264.7</b>	<b>355.9</b>	<b>847.2</b>

**Appendix 2: Cash flow from operating income and expenses**

(€ millions)	Notes	June 30, 2019	June 30, 2018	2018
<b>Other operating income and expenses</b>		<b>(82.3)</b>	<b>(24.2)</b>	<b>87.3</b>
Continuing operations		-	-	(651.5)
Discontinued operations <sup>(1)</sup>		-	-	738.8
<b>Adjustments</b>		<b>64.0</b>	<b>13.1</b>	<b>(137.1)</b>
Transaction costs		5.1	8.1	22.1
Changes in the estimated contingent consideration of the seller		-	-	0.8
Income from disposals of consolidated investments and available-for-sale financial assets		(8.5)	(1.6)	(766.5)
Income from non-recurring disposals of intangible assets and property, plant and equipment		(5.5)	(6.2)	(5.4)
Other net operating amortization and depreciation	Appendix 3	(0.2)	9.0	224.3
Other net operating provisions		43.1	1.6	351.3
Share of net income from non-recurring operations of associates		(0.9)	0.1	7.7
Income tax paid on other operating income and expenses		30.9	2.1	28.6
<b>Cash flow from other operating income and expenses</b>		<b>(18.3)</b>	<b>(11.1)</b>	<b>(49.8)</b>

(1) Roofing division (Note 20)

### Appendix 3: Table of indirect references to the notes

(€ millions)	Notes	June 30, 2019	June 30, 2018			2018		
			Continuing operations	Discontinued operations <sup>(1)</sup>		Continuing operations	Discontinued operations <sup>(1)</sup>	Total
Consolidated Statement of Cash Flows								
Acquisitions of intangible assets and property, plant and equipment		(135.5)	(153.2)	(6.9)	(160.1)	(333.5)	(9.3)	(342.8)
Intangible assets	14	(10.7)	(8.2)	(0.1)	(8.3)	(28.4)	(0.3)	(28.7)
Property, plant and equipment	15	(97.9)	(113.5)	(3.2)	(116.7)	(307.7)	(5.8)	(313.5)
Neutralization of activated restoration provisions		-	-	-	-	0.2	-	0.2
Neutralization of finance lease acquisitions		-	(0.1)	-	(0.1)	-	-	-
Change in payables on acquisitions of intangible assets and property, plant and equipment		(26.9)	(31.5)	(3.6)	(35.1)	2.9	(3.7)	(0.8)
Disposals of intangible assets and property, plant and equipment		10.3	10.5	0.6	11.1	26.0	0.8	26.8
Intangible assets	14	0.1	0.4	-	0.4	1.8	-	1.8
Property, plant and equipment	15	1.7	7.6	0.4	8.0	16.2	0.8	17.0
Income from asset disposals		1.9	(3.7)	0.2	(3.5)	2.7	-	2.7
Income from non-recurring asset disposals	8	5.5	6.2	-	6.2	5.4	-	5.4
Change in receivables on disposals of intangible assets and property, plant and equipment		1.2	0.1	-	0.1	(0.1)	-	(0.1)
Appendix 1								
Net operating amortization and depreciation		165.2	125.4	5.5	130.9	265.4	5.4	270.8
Increase in amortization – intangible assets	14	10.4	8.9	0.2	9.1	18.9	0.4	19.3
Increase in depreciation – property, plant and equipment	15	155.1	118.8	5.3	124.1	250.0	5.1	255.1
Amortization of prepaid expenses		-	-	-	-	0.2	-	0.2
Amortization and depreciation reversals – intangible assets and property, plant and equipment		(0.3)	(2.0)	-	(2.0)	(3.1)	-	(3.1)
Neutralization of finance lease depreciation		-	(0.3)	-	(0.3)	(0.6)	-	(0.6)
Appendix 2								
Other net operating amortization and depreciation		(0.2)	9.0	0.0	9.0	224.3	0.0	224.3
Impairment loss – intangible assets	14	-	-	-	-	22.6	-	22.6
Impairment loss – property, plant and equipment	15	0.9	10.5	-	10.5	218.3	-	218.3
Reversal of impairment loss – intangible assets and property, plant and equipment	15	(1.2)	(1.5)	-	(1.5)	(16.6)	-	(16.6)

(1) Roofing division (Note 20)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### ■ 2019 SIGNIFICANT EVENTS

This paragraph helps readers to easily identify the main notes addressing significant events that occurred in the first half of 2019.

- Change in structure within the Imerys Group: [Information by Segment](#).
- “Connect & Shape” transformation program: [Note 8](#).
- Developments in the US talc-related operational dispute: [Notes 18 and 20](#).
- Change in accounting policy IFRS 16, Leases as of January 1, 2019: [Note 2.1](#).

### ■ BASIS OF PREPARATION

#### Note 1 Accounting principles

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The half-year financial statements at June 30, 2019 are intended to update the information published in the full-year financial statements at December 31, 2018 in accordance with International Financial Reporting Standards (IFRS) adopted within the European Union (hereafter “the Standards”). They are presented here in a condensed form in accordance with IAS 34, Interim Financial Reporting and do not include all the information covered in the full financial statements as published at the end of the financial year. They must therefore be analyzed in conjunction with the Group’s full-year financial statements published at December 31, 2018. The European Union’s adoption process may result in temporary differences at the end of the reporting period between the Standards and IFRS. However at June 30, 2019, no differences existed between the Standards and IFRS. The half-year consolidated financial statements were approved by the Board of Directors of Imerys S.A., the parent company of the Group, at its meeting held on July 25, 2019.

#### Note 2 Changes in accounting policies and errors

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##### 2.1 Mandatory changes

##### Early adoption

Imerys did not early adopt any standard or interpretation in 2018 or 2019.

##### Adoption upon effective date

**IFRS 16, Leases.** As of January 1, 2019, contracts that convey the right to use an asset for a period of time in exchange for consideration are recognized as right-of-use assets against a lease liability ([Note 15](#)). The scope of contracts has been systematically reviewed, reassessing the existence of leases in each contract according to the criteria of the standard and excluding leases with a term of 12 months or less and low-value assets in line with the exemption set out in the standard. Lease fees are recognized in expenses ([Note 6](#)). The initial direct costs of setting up the contract are excluded from the measurement of right-of-use assets, in accordance with the option set out in the transition provisions of the standard. In the financial statements, the following items are presented separately: right-of-use assets, lease liabilities, amortization and depreciation in current operating income generated by right-of-use assets and the interest expense generated by lease liabilities in financial income. In the Consolidated Statement of Cash Flows, cash payments for the principal portion of the lease liability are presented in “Loan repayments” for financing activities and cash payments for the interest portion of the lease liability are presented in “Interest paid” for operating activities. Imerys applied the simplified approach, according to which the cumulative impact of initial adoption is recognized as an adjustment in equity at January 1, 2019. Comparative information for 2018 has not been restated. Right-of-use assets were measured in relation to the amortized value at the date of transition. The non-discounted value of the lease commitment at January 1, 2019 amounted to €325.9 million, which represents a discounted liability of €291.5 million. In the absence of implicit interest rates, the leases were discounted using the lessees’ incremental borrowing rate at January 1, 2019. These rates were calculated over the residual duration of each lease by applying a risk-free rate to the lease currency, increased by Imerys’ credit spread in euros and adjusted for the difference between Credit Default Swaps in France and the lessees’ country. At

the date of transition, the average weighted incremental borrowing rate equaled 2.20%. Up until December 31, 2018, only finance leases were recognized as lease liabilities. Operating leases were presented as "Operating leases" and "Operating commitments" in the note concerning off-balance sheet commitments ([Note 28 in chapter 6 of the 2018 Registration Document](#)). The following table presents the reconciliation between the off-balance sheet commitments published at December 31, 2018 and the lease liabilities recognized at January 1, 2019.

(€ millions)	January 1, 2019
Operating leases	240.3
Operating commitments	241.2
<b>Commitments given including leases<sup>(1)</sup></b>	<b>481.5</b>
Elimination of operating commitments other than leases <sup>(2)</sup>	(141.1)
<b>Non-discounted value of off balance sheet operating leases under IAS 17</b>	<b>340.4</b>
Elimination of service concession arrangements	(21.0)
Elimination of leases of low-value assets and other immaterial leases	(7.6)
Elimination of leases of leases with a term of 12 months or less	(5.0)
Elimination of leases of mine land leases	(5.1)
Elimination of leases starting after the transition date and agreed before December 31, 2018	(3.9)
Elimination (inclusion) of consideration contingent on exercising option to terminate (extend) the lease	13.4
Non-discounted value of finance leases under IAS 17	14.7
<b>Non-discounted value of the IFRS 16 lease commitment</b>	<b>325.9</b>
Discount using the incremental borrowing rate	(34.4)
<b>Lease liabilities</b>	<b>291.5</b>

(1) [Note 28 in chapter 6 of the 2018 Registration Document](#)

(2) *Commitments to purchase raw materials, energy and other operating commitments given*

The following table presents the impact the change in accounting policy had on the Statement of Financial Position at January 1, 2019. Deferred tax assets and liabilities have been calculated separately for lease liabilities and right-of-use assets, respectively.

(€ millions)	January 1, 2019
<b>Non-current assets</b>	<b>336.5</b>
Right-of-use assets	276.0
Property, plant and equipment	(14.3)
Deferred tax assets	74.8
<b>Current assets</b>	<b>(1.0)</b>
Other receivables	(1.0)
<b>Consolidated assets</b>	<b>335.5</b>
<b>Equity, Group share</b>	<b>(2.5)</b>
Reserves	(2.5)
<b>Equity</b>	<b>(2.5)</b>
<b>Non-current liabilities</b>	<b>275.4</b>
Other provisions	(6.9)
Borrowings and financial debt	(12.8)
Lease liabilities	221.0
Deferred tax liabilities	74.1
<b>Current liabilities</b>	<b>62.6</b>
Trade payables	(7.2)
Borrowings and financial debt	(0.7)
Lease liabilities	70.5
<b>Consolidated equity and liabilities</b>	<b>335.5</b>

The implementation of IFRS 16 has prompted Imerys to make the following changes to its main Alternative Performance Measures: right-of-use assets are included in capital employed (*Information by Segment*), lease liabilities come within net financial debt (*Note 19.1*) and the interest expense generated by lease liabilities in financial income is added to net financial debt expense (*Consolidated Income Statement*). However, no changes have been made to the definition of current free operating cash flow (*Note 19.1*). Lease payments of this kind continue to be deducted in the same way as before IFRS 16 came into effect.

**IFRIC 23, Uncertainty over Income Tax Treatments.** This interpretation clarifies the accounting for uncertainties in the measurement of income tax. Entities must assume that a taxation authority will have full knowledge of all relevant information when examining any amounts reported to it. The interpretation sets out the criteria to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. It requires entities to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing. Finally, the interpretation requires entities to reassess their judgments and estimates if facts and circumstances change. Imerys already integrated these criteria in its judgment process. The Group therefore has not felt any impact from this interpretation coming into force. Furthermore, even though the IFRIC 23 interpretation does not clarify the uncertainty over income tax treatments in the Statement of Financial Position, the clarifications provided have led Imerys to recognize these items in "Income tax payable" as soon as the interpretation comes into force.

**Amendments to IAS 19, Plan Amendment, Curtailment or Settlement.** This amendment involves updating the actuarial assumptions used to calculate the current service cost, unwinding and normative return on plan assets and reimbursement rights after a plan amendment, curtailment or settlement. The actuaries at Imerys have already been following the provisions in their work in the interests of best practice. Therefore, the adoption of this interpretation will have no impact.

Furthermore, amendments to IFRS 9, Prepayment Features with Negative Compensation, and IAS 28, Long-term Interests in Associates and Joint Ventures, do not apply to Imerys.

## 2.2 Voluntary changes

Imerys did not voluntarily change its accounting policy in 2018 or 2019.

## 2.3 Errors

No errors were corrected in 2018 or 2019.

## Note 3 Standards and interpretations effective after the closing date

In line with the European Union's latest IFRS endorsement status report of March 28, 2019 published by the European Financial Reporting Advisory Group (EFRAG), Imerys will apply the following standards and interpretations as of June 30, 2019.

### 3.1 Application in 2020

**Amendment to IFRS 3, Business Combinations.** This amendment clarifies the description of a business by defining its three main elements: inputs, the substantive processes that create outputs, and the outputs themselves. The amendment narrows the definition of a business and outputs by focusing on goods and services provided to customers and removing the reference to an ability to reduce costs.

**Amendment to IAS 1 and IAS 8, Definition of Material.** By revisiting the definition of materiality, this amendment defines information as material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the users of the financial statements make on the basis of those financial statements.

### 3.2 Application in 2021

IFRS 17, Insurance Contracts, does not apply to Imerys.

## ■ INFORMATION BY SEGMENT

On November 26, 2018, Imerys announced the implementation of a new structure, organized around two segments – Performance Minerals and High Temperature Materials & Solutions – and grouping five newly created business areas to focus on Imerys' core markets. Despite the new organization coming into effect of December 1, 2018, no changes had been reflected in any of the financial information available and Executive Management was only able to allocate resources from January 1, 2019. As a result, this half-year financial report is the first time Imerys is presenting its Information by Segment for the two new segments – Performance Minerals (PM) and High Temperature Materials & Solutions (HTMS). Each of the reported segments manufactures and sells goods and services presenting geological, industrial and commercial synergies. They are formed through the aggregation of business areas monitored each month by Executive Management in its business reporting. Executive Management does not consider the holding structure that handles the Group's centralized financing to be a segment. The aggregates for this activity are therefore presented in a reconciliation column with inter-segment eliminations (IS&H). Comparative information has been restated.

### Consolidated Income Statement

Revenue from transactions made by Imerys with each of its external customers never exceeds the threshold of 10.0% of the Group's revenue.

At June 30, 2019

(€ millions)	PM	HTMS	IS&H	Total
<b>External revenue</b>	<b>1,227.1</b>	<b>1,036.5</b>	<b>(0.2)</b>	<b>2,263.4</b>
Sale of goods	1,098.3	940.0	(0.2)	2,038.1
Rendering of services	128.8	96.5	-	225.3
<b>Inter-segment revenue</b>	<b>16.5</b>	<b>0.5</b>	<b>(17.0)</b>	<b>0.0</b>
<b>Revenue</b>	<b>1,243.6</b>	<b>1,037.0</b>	<b>(17.2)</b>	<b>2,263.4</b>
<b>Current operating income</b>	<b>144.1</b>	<b>96.9</b>	<b>4.1</b>	<b>245.1</b>
Of which amortization, depreciation and impairment	(107.3)	(52.5)	(5.5)	(165.3)
<b>Other operating income and expenses</b>				<b>(82.3)</b>
<b>Operating income</b>				<b>162.8</b>
<b>Financial income (loss)</b>				<b>(18.4)</b>
Interest income				3.3
Interest expense				(7.1)
<b>Income tax</b>				<b>(46.4)</b>
<b>Net income</b>				<b>98.0</b>

**At June 30, 2018**

(€ millions)	PM	HTMS	IS&H	Total
<b>External revenue</b>	<b>1,259.9</b>	<b>1,047.6</b>	<b>3.0</b>	<b>2,310.5</b>
Sale of goods	1,116.4	952.3	2.7	2,071.4
Rendering of services	143.5	95.3	0.3	239.1
<b>Inter-segment revenue</b>	<b>22.5</b>	<b>1.8</b>	<b>(24.3)</b>	<b>0.0</b>
<b>Revenue</b>	<b>1,282.4</b>	<b>1,049.4</b>	<b>(21.3)</b>	<b>2,310.5</b>
<b>Current operating income</b>	<b>181.9</b>	<b>111.9</b>	<b>(10.0)</b>	<b>283.8</b>
Of which amortization, depreciation and impairment	(78.6)	(44.3)	(2.9)	(125.8)
<b>Other operating income and expenses</b>				<b>(23.7)</b>
<b>Operating income</b>				<b>260.1</b>
<b>Financial income (loss)</b>				<b>(33.6)</b>
Interest income				2.2
Interest expense				(22.5)
<b>Income tax</b>				<b>(65.3)</b>
<b>Net income from discontinued operations</b>				<b>32.6</b>
<b>Net income</b>				<b>193.8</b>

**At December 31, 2018**

(€ millions)	PM	HTMS	IS&H	Total
<b>External revenue</b>	<b>2,520.5</b>	<b>2,070.1</b>	<b>(0.6)</b>	<b>4,590.0</b>
Sale of goods	2,230.4	1,872.4	(1.4)	4,101.4
Rendering of services	290.1	197.7	0.8	488.6
<b>Inter-segment revenue</b>	<b>38.5</b>	<b>2.2</b>	<b>(40.7)</b>	<b>0.0</b>
<b>Revenue</b>	<b>2,559.0</b>	<b>2,072.3</b>	<b>(41.3)</b>	<b>4,590.0</b>
<b>Current operating income</b>	<b>352.8</b>	<b>221.3</b>	<b>(12.0)</b>	<b>562.1</b>
Of which amortization, depreciation and impairment	(166.6)	(93.9)	(5.4)	(265.9)
<b>Other operating income and expenses</b>				<b>(651.5)</b>
<b>Operating income</b>				<b>(89.4)</b>
<b>Financial income (loss)</b>				<b>(60.2)</b>
Interest income				5.3
Interest expense				(45.0)
<b>Income tax</b>				<b>(89.0)</b>
<b>Net income from discontinued operations</b>				<b>788.0</b>
<b>Net income</b>				<b>549.4</b>



## Consolidated Statement of Financial Position

At June 30, 2019

(€ millions)	PM	HTMS	IS&H	Total
<b>Capital employed – Assets</b>	<b>3,669.5</b>	<b>2,843.9</b>	<b>232.6</b>	<b>6,746.0</b>
Goodwill <sup>(1)</sup>	1,144.6	978.4	0.8	2,123.8
Intangible assets and property, plant and equipment <sup>(2)</sup>	1,591.3	949.8	67.8	2,608.9
Inventories	386.3	449.4	(2.8)	832.9
Trade receivables	380.6	356.8	(6.8)	730.6
Other receivables – non-current and current	147.5	73.3	112.8	333.6
Joint ventures and associates	19.2	36.2	60.8	116.2
<b>Unallocated assets</b>				<b>811.5</b>
<b>Total assets</b>				<b>7,557.5</b>
<b>Capital employed – Liabilities</b>	<b>528.6</b>	<b>453.0</b>	<b>47.9</b>	<b>1,029.5</b>
Trade payables	281.6	264.2	(1.4)	544.4
Other debts – non-current and current	175.4	135.3	(5.4)	305.3
Income tax payable	71.6	53.5	54.7	179.8
<b>Provisions</b>	<b>442.1</b>	<b>213.2</b>	<b>153.2</b>	<b>808.5</b>
<b>Unallocated liabilities</b>				<b>2,564.0</b>
<b>Total non-current and current liabilities</b>				<b>4,402.0</b>
<b>Total capital employed</b>	<b>3,140.9</b>	<b>2,390.9</b>	<b>184.7</b>	<b>5,716.5</b>
<i>(1) Increase in goodwill</i>	<i>0.1</i>	<i>-</i>	<i>-</i>	<i>0.1</i>
<i>(2) Acquisitions of intangible assets and property, plant and equipment</i>	<i>76.3</i>	<i>51.0</i>	<i>8.2</i>	<i>135.5</i>

At June 30, 2018

(€ millions)	PM	HTMS	IS&H	Total
<b>Capital employed – Assets</b>	<b>3,704.3</b>	<b>2,790.7</b>	<b>323.6</b>	<b>6,818.6</b>
Goodwill <sup>(1)</sup>	1,169.8	977.3	0.8	2,147.9
Intangible assets and property, plant and equipment <sup>(2)</sup>	1,530.0	888.5	178.6	2,597.1
Inventories	405.2	443.7	14.7	863.6
Trade receivables	405.8	357.6	(6.5)	756.9
Other receivables – non-current and current	167.5	89.9	72.8	330.2
Joint ventures and associates	26.0	33.7	63.2	122.9
<b>Unallocated assets</b>				<b>702.8</b>
<b>Assets held for sale<sup>(3)</sup></b>				<b>233.1</b>
<b>Total assets</b>				<b>7,754.5</b>
<b>Capital employed – Liabilities</b>	<b>597.2</b>	<b>448.7</b>	<b>(20.0)</b>	<b>1,025.9</b>
Trade payables	295.6	269.8	-	565.4
Other debts – non-current and current	224.0	148.1	(32.6)	339.5
Income tax payable	77.6	30.8	12.6	121.0
<b>Provisions</b>	<b>355.8</b>	<b>234.9</b>	<b>92.4</b>	<b>683.1</b>
<b>Unallocated liabilities</b>				<b>2,984.5</b>
<b>Liabilities related to assets held for sale<sup>(3)</sup></b>				<b>133.7</b>
<b>Total non-current and current liabilities</b>				<b>4,827.2</b>
<b>Total capital employed</b>	<b>3,107.1</b>	<b>2,342.0</b>	<b>343.6</b>	<b>5,792.7</b>
<i>(1) Increase in goodwill</i>	<i>7.1</i>	<i>21.8</i>	<i>-</i>	<i>28.9</i>
<i>(2) Acquisitions of intangible assets and property, plant and equipment</i>	<i>101.3</i>	<i>43.1</i>	<i>15.7</i>	<i>160.1</i>
<i>(3) Capital employed by the disposal group held for sale</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>153.1</i>

**At December 31, 2018**

(€ millions)	PM	HTMS	IS&H	Total
<b>Capital employed – Assets</b>	<b>3,621.5</b>	<b>2,760.2</b>	<b>173.4</b>	<b>6,555.1</b>
Goodwill <sup>(1)</sup>	1,166.1	976.4	0.8	2,143.3
Intangible assets and property, plant and equipment <sup>(2)</sup>	1,500.0	902.5	40.9	2,443.4
Inventories	409.6	458.3	(0.9)	867.0
Trade receivables	367.4	296.0	(6.8)	656.6
Other receivables – non-current and current	160.8	91.4	79.8	332.0
Joint ventures and associates	17.6	35.6	59.6	112.8
<b>Unallocated assets</b>				<b>1,038.8</b>
<b>Total assets</b>				<b>7,593.9</b>
<b>Capital employed – Liabilities</b>	<b>555.7</b>	<b>460.8</b>	<b>32.5</b>	<b>1,049.0</b>
Trade payables	282.3	264.0	11.0	557.3
Other debts – non-current and current	208.2	169.6	(1.2)	376.6
Income tax payable	65.2	27.2	22.7	115.1
<b>Provisions</b>	<b>591.9</b>	<b>226.5</b>	<b>161.5</b>	<b>979.9</b>
<b>Unallocated liabilities</b>				<b>2,311.4</b>
<b>Total non-current and current liabilities</b>				<b>4,340.3</b>
<b>Total capital employed</b>	<b>3,065.8</b>	<b>2,299.4</b>	<b>140.9</b>	<b>5,506.1</b>
<i>(1) Increase in goodwill</i>	<i>(0.9)</i>	<i>21.9</i>	<i>-</i>	<i>21.0</i>
<i>(2) Acquisitions of intangible assets and property, plant and equipment</i>	<i>205.1</i>	<i>107.1</i>	<i>20.8</i>	<i>333.0</i>

**Information by region**

The following table presents a breakdown of revenue by geographical location of Group operations:

(€ millions)	June 30, 2019	June 30, 2018	2018
France	278.9	290.2	537.8
Other European countries	903.7	928.6	1,827.0
North America	603.7	631.7	1,284.1
Asia – Oceania	374.1	357.7	733.8
Other countries	103.0	102.3	207.3
<b>Revenue by geographical location of Group operations</b>	<b>2,263.4</b>	<b>2,310.5</b>	<b>4,590.0</b>

The following table presents a breakdown of revenue by geographical location of customers:

(€ millions)	June 30, 2019	June 30, 2018	2018
France	125.2	130.9	250.7
Other European countries	922.9	953.1	1,842.7
North America	560.8	585.5	1,187.3
Asia – Oceania	493.1	473.1	974.5
Other countries	161.4	167.9	334.8
<b>Revenue by geographical location of customers</b>	<b>2,263.4</b>	<b>2,310.5</b>	<b>4,590.0</b>

## ■ NOTES TO THE CONSOLIDATED INCOME STATEMENT

### Note 4 Revenue

The following table presents a breakdown of revenue by sale of goods and rendering of services. In the first half of 2019, total revenue amounted to €2,263.4 million (€2,310.5 million in the first half of 2018 and €4,590.0 million for the full year), representing a 2.0% decrease (compared with an increase of 11.9% in the first half of 2018 and 6.8% for the full year), including a positive currency effect of €53.9 million (a negative effect of €128.0 million in the first half of 2018 and €147.1 million for the full year) and a negative scope effect of €66.9 million (a negative effect of €263.7 million in the first half of 2018 and a positive effect of €290.4 million for the full year). At constant scope and exchange rates, revenue grew by 0.3% (compared with 5.3% in the first half of 2018 and 3.4% for the full year).

(€ millions)	June 30, 2019	June 30, 2018	2018
Sale of goods	2,038.1	2,071.4	4,101.5
Rendering of services	225.3	239.1	488.5
<b>Total</b>	<b>2,263.4</b>	<b>2,310.5</b>	<b>4,590.0</b>

The following table presents a different breakdown of revenue by the time at which goods or services are transferred to customers, distinguishing between goods and services transferred to customers at a given point in time and services transferred to customers over time.

(€ millions)	June 30, 2019	June 30, 2018	2018
<b>Goods and services transferred to customers at a given point in time</b>	<b>2,041.0</b>	<b>2,075.7</b>	<b>4,108.1</b>
Sale of material specialties	2,038.1	2,071.4	4,101.5
Rendering of industrial services	2.4	3.7	5.4
Rendering of other services	0.5	0.6	1.2
<b>Services transferred to customers over time</b>	<b>222.4</b>	<b>234.8</b>	<b>481.9</b>
Shipping revenue	134.8	147.6	303.1
Rendering of industrial services	87.1	86.7	177.7
Rendering of other services	0.5	0.5	1.1
<b>Total</b>	<b>2,263.4</b>	<b>2,310.5</b>	<b>4,590.0</b>

Furthermore, other breakdowns of revenue are presented in [Information by Segment](#): by segment before and after inter-segment eliminations, by geographical location of Group operations and by geographical location of customers.

### Note 5 Raw materials and consumables used

(€ millions)	June 30, 2019	June 30, 2018	2018
Raw materials	(398.3)	(463.2)	(877.8)
Energy	(183.2)	(169.8)	(335.8)
Chemicals	(32.4)	(30.9)	(62.8)
Other consumables	(99.7)	(100.8)	(242.3)
Merchandise	(58.9)	(68.4)	(101.1)
Change in inventories	(14.1)	72.1	102.1
Self-constructed assets	2.0	5.7	14.5
<b>Total</b>	<b>(784.6)</b>	<b>(755.3)</b>	<b>(1,503.2)</b>

## Note 6 External expenses

(€ millions)	June 30, 2019	June 30, 2018	2018
Transportation	(268.2)	(303.8)	(601.0)
Operating leases	-	(39.8)	(80.9)
Lease fees recognized in expenses <sup>(1)</sup>	(23.7)	0.0	0.0
Lease term of 12 months or less	(10.2)	-	-
Leases of low-value assets and other immaterial leases	(6.5)	-	-
Variable fees and services	(7.0)	-	-
Subcontracting	(75.2)	(68.8)	(140.2)
Maintenance and repair	(64.9)	(64.7)	(131.9)
Fees	(54.8)	(60.8)	(116.1)
Other external expenses	(95.8)	(99.5)	(197.7)
<b>Total</b>	<b>(582.6)</b>	<b>(637.4)</b>	<b>(1,267.8)</b>

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

## Note 7 Staff expenses

(€ millions)	June 30, 2019	June 30, 2018	2018
Salaries	(373.7)	(395.1)	(784.3)
Social security contributions	(65.0)	(68.4)	(138.5)
Net change in provisions for employee benefits	13.1	8.2	19.3
Contributions to defined benefit plans	(18.2)	(11.9)	(21.8)
Contributions to defined contribution plans	(16.3)	(12.8)	(29.0)
Profit-sharing schemes	(14.8)	(14.6)	(26.4)
Other employee benefits	(7.0)	(8.5)	(17.0)
<b>Total</b>	<b>(481.9)</b>	<b>(503.1)</b>	<b>(997.7)</b>

## Note 8 Other operating income and expenses

Other operating income and expenses corresponds to items of income and expenses resulting from a limited number of clearly identified, non-recurring and significant events, such as the impact in profit of acquiring or losing control of a business (Note 20), restructuring including any related asset disposals, impairment loss recognized against goodwill (Note 16) or major disputes (Note 18).

(€ millions)	June 30, 2019	June 30, 2018	2018
<b>Gain (loss) from obtaining or losing control</b>	<b>3.4</b>	<b>(6.5)</b>	<b>3.9</b>
Transaction costs	(5.1)	(8.1)	(5.4)
Changes in the estimated contingent consideration of the seller	-	-	(0.8)
Income from disposal of consolidated businesses	8.5	1.6	10.1
<b>Other non-recurring items</b>	<b>(85.7)</b>	<b>(17.2)</b>	<b>(655.4)</b>
Impairment due to restructuring	0.2	(9.0)	(224.2)
Income from non-recurring asset disposals	5.5	6.2	5.5
Restructuring expenses paid	(49.2)	(11.8)	(76.3)
Change in provisions	(43.1)	(2.5)	(352.7)
Share of net income from non-recurring operations of associates	0.9	(0.1)	(7.7)
<b>Other operating income and expenses</b>	<b>(82.3)</b>	<b>(23.7)</b>	<b>(651.5)</b>
Income tax	19.3	8.8	56.2
<b>Other operating income and expenses, net of income tax</b>	<b>(63.0)</b>	<b>(14.9)</b>	<b>(595.3)</b>

## Other operating income and expenses in the first half of 2019

In the first half of 2019, gross "Other operating income and expenses" represented a €82.3 million expense made up of €52.0 million in restructuring charges resulting from the "Connect & Shape" transformation program. Income tax gains on "Other operating income and expenses" amounted to €19.3 million. Therefore, "Other operating income and expenses, net of income tax" reflected a total expense of €63.0 million, of which €57.8 million with no cash impact and a €5.2 million reduction in cash.

## Other operating income and expenses in the first half of 2018

In the first half of 2018, gross "Other operating income and expenses" represented a €23.7 million expense. Income tax gains on "Other operating income and expenses" amounted to €8.8 million. Therefore, "Other operating income and expenses, net of income tax" reflected a total expense of €14.9 million, of which €12.1 million with no cash impact and a €2.8 million reduction in cash.

## Other operating income and expenses in 2018

In 2018, gross "Other operating income and expenses" represented a €651.5 million expense. Income tax gains on "Other operating income and expenses" amounted to €56.2 million. Therefore, "Other operating income and expenses, net of income tax" reflected a total expense of €595.3 million, of which €597.8 million with no cash impact and a €2.5 million increase in cash.

## Note 9 Financial income (loss)

At June 30, 2019

(€ millions)	Non-hedge accounting			Hedge accounting				Total
	IFRS 9 categories			Fair value		Cash flow		
	Amortized cost	Fair value through profit or loss	Non IFRS 9	Hedged item	Hedge	Hedged item	Hedge	
Net financial debt expense	(11.5)	3.2	0.0	0.0	0.0	0.0	0.0	(8.3)
Income from securities	-	3.2	-	-	-	-	-	3.2
Gross financial debt expense	(11.5)	0.0	0.0	0.0	0.0	0.0	0.0	(11.5)
Borrowings and financial debt	(8.1)	-	-	-	-	-	-	(8.1)
Lease liabilities <sup>(1)</sup>	(3.4)	-	-	-	-	-	-	(3.4)
Other financial income and expenses	(3.6)	(0.5)	(5.9)	16.2	(16.3)	0.0	0.0	(10.1)
Net exchange rate differences	2.8	(0.6)	1.0	-	-	-	-	3.2
Expense and income on derivative instruments	-	-	-	16.2	(16.3)	-	-	(0.1)
Financial income and expenses of defined benefit plans	-	-	(4.7)	-	-	-	-	(4.7)
Unwinding of other provisions	-	-	(2.2)	-	-	-	-	(2.2)
Other financial income and expenses	(6.4)	0.1	-	-	-	-	-	(6.3)
Financial income (loss)	(15.1)	2.7	(5.9)	16.2	(16.3)	0.0	0.0	(18.4)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

## At June 30, 2018

(€ millions)	Non-hedge accounting			Hedge accounting				Total
	IFRS 9 categories		Non IFRS 9	Fair value		Cash flow		
	Amortized cost	Fair value through profit or loss		Hedged item	Hedge	Hedged item	Hedge	
Net financial debt expense	(23.3)	1.8	0.0	0.0	0.0	0.0	0.0	(21.5)
Income from securities	-	1.8	-	-	-	-	-	1.8
Gross financial debt expense	(23.3)	-	-	-	-	-	-	(23.3)
Other financial income and expenses	(5.4)	(0.1)	(6.6)	(0.6)	0.6	0.0	0.0	(12.1)
Net exchange rate differences	1.8	0.2	(0.3)	-	-	-	-	1.7
Expense and income on derivative instruments	-	-	-	(0.6)	0.6	-	-	0.0
Financial income and expenses of defined benefit plans	-	-	(4.4)	-	-	-	-	(4.4)
Unwinding of other provisions	-	-	(1.9)	-	-	-	-	(1.9)
Other financial income and expenses	(7.2)	(0.3)	-	-	-	-	-	(7.5)
Financial income (loss)	(28.7)	1.7	(6.6)	(0.6)	0.6	0.0	0.0	(33.6)

## At December 31, 2018

(€ millions)	Non-hedge accounting			Hedge accounting				Total
	IFRS 9 categories		Non IFRS 9	Fair value		Cash flow		
	Amortized cost	Fair value through profit or loss		Hedged item	Hedge	Hedged item	Hedge	
Net financial debt expense	(46.9)	4.9	0.0	0.0	0.0	0.0	0.0	(42.0)
Income from securities	-	4.9	-	-	-	-	-	4.9
Gross financial debt expense	(46.9)	-	-	-	-	-	-	(46.9)
Other financial income and expenses	(5.9)	1.0	(13.3)	(1.3)	1.3	0.0	0.0	(18.2)
Net exchange rate differences	(4.8)	1.2	(0.4)	-	-	-	-	(4.0)
Expense and income on derivative instruments	-	-	-	(1.3)	1.3	-	-	0.0
Financial income and expenses of defined benefit plans	-	-	(8.6)	-	-	-	-	(8.6)
Unwinding of other provisions	-	-	(4.0)	-	-	-	-	(4.0)
Other financial income and expenses	(1.1)	(0.2)	(0.3)	-	-	-	-	(1.6)
Financial income (loss)	(52.8)	5.9	(13.3)	(1.3)	1.3	0.0	0.0	(60.2)

## Note 10 Income tax

### Half-year income tax rate

The tax rate applied to the half-year income ([Note 11](#)) is obtained using an estimate of the rate applicable to the annual income. The estimate is calculated by taking the average legal rate and weighting it by the income forecast. This weighted average is adjusted for permanent differences expected to occur over the year as well as incidents expected to occur during the second half of the year.

## Income tax recognized in profit

(€ millions)	June 30, 2019	June 30, 2018	2018
<b>Payable and deferred income tax</b>			
Income tax payable	(57.4)	(57.0)	(97.5)
Deferred tax	11.0	(8.3)	8.5
<b>Total</b>	<b>(46.4)</b>	<b>(65.3)</b>	<b>(89.0)</b>
<b>Income tax by level of profit</b>			
<b>Income tax on current operating and financial income (loss)</b>	<b>(65.7)</b>	<b>(74.1)</b>	<b>(145.2)</b>
Current operating and financial income (loss) tax payable	(88.3)	(59.1)	(127.1)
Current operating and financial income (loss) deferred tax	22.6	(15.0)	(18.1)
<b>Income tax on other operating income and expenses</b>	<b>19.3</b>	<b>8.8</b>	<b>56.2</b>
Income tax payable on other operating income and expenses	30.9	2.1	29.6
Deferred tax on other operating income and expenses	(11.6)	6.7	26.6
<b>Total</b>	<b>(46.4)</b>	<b>(65.3)</b>	<b>(89.0)</b>

## Income tax recognized in equity

(€ millions)	June 30, 2019	June 30, 2018	2018
Actuarial gains (losses), surplus of the actual return on assets over their normative return in profit	9.0	(10.9)	(5.4)
<b>Income tax on items not to be reclassified</b>	<b>9.0</b>	<b>(10.9)</b>	<b>(5.4)</b>
<b>Cash flow hedges</b>	<b>(0.4)</b>	<b>2.3</b>	<b>2.6</b>
Income tax recognized in equity	0.3	1.5	1.6
Income tax reclassified in profit or loss	(0.7)	0.8	1.0
<b>Translation reserve</b>	<b>(0.6)</b>	<b>4.6</b>	<b>0.3</b>
Income tax recognized in equity	(0.6)	4.6	0.3
Income tax reclassified in profit or loss	-	-	-
<b>Income tax on items to be reclassified</b>	<b>(1.0)</b>	<b>6.9</b>	<b>2.9</b>
<b>Total</b>	<b>8.0</b>	<b>(4.0)</b>	<b>(2.5)</b>

## Income tax paid

In the first half of 2019, income tax paid in cash and using tax credits amounted to €58.2 million (€30.4 million in the first half of 2018 and €107.1 million for the full year).

## Note 11 Net income from current operations and Net income, Group share

(€ millions)	June 30, 2019	June 30, 2018	2018
Current operating income	245.1	283.8	562.1
Financial income (loss)	(18.4)	(33.6)	(60.2)
Income tax on current operating income and financial income	(65.7)	(74.1)	(145.2)
Current operating income (expenses) and financial income (loss) attributable to non-controlling interests	(2.1)	0.3	0.1
<b>Net income from current operations, Group share</b>	<b>158.9</b>	<b>176.4</b>	<b>356.8</b>
Other operating income and expenses, gross	(82.3)	(23.7)	(651.5)
Income tax on other operating income and expenses	19.3	8.8	56.2
Other operating income (expenses) attributable to non-controlling interests	-	-	10.1
<b>Net income from discontinued operations<sup>(1)</sup></b>	<b>-</b>	<b>32.6</b>	<b>788.0</b>
<b>Net income, Group share</b>	<b>95.9</b>	<b>194.1</b>	<b>559.6</b>

(1) Roofing division (Note 20)

## Note 12 Earnings per share

(€ millions)	June 30, 2019	June 30, 2018		2018	
		Discontinued operations <sup>(1)</sup>		Discontinued operations <sup>(1)</sup>	
<b>Numerator</b>					
Net income from continuing operations, Group share	95.9	161.5	-	(228.4)	
Net income from discontinued operations	-	32.6	32.6	788.0	788.0
<b>Net income, Group share</b>	<b>95.9</b>	<b>194.1</b>	<b>-</b>	<b>559.6</b>	<b>-</b>
Net income from current operations, Group share	158.9	176.4	-	356.8	-
<b>Denominator</b>					
Weighted average number of shares used to calculate basic income per share	79,170,908	79,149,662	79,149,662	79,238,417	79,238,417
Impact of share option conversion	927,235	1,198,821	1,198,821	1,133,473	1,133,473
Weighted average number of shares used to calculate diluted income per share	80,098,143	80,348,483	80,348,483	80,371,890	80,371,890
<b>Basic income per share, Group share (in €)</b>					
Basic net income per share	1.21	2.04	0.41	7.06	9.94
Basic net income from current operations per share	2.01	2.23	0.41	4.50	9.94
<b>Diluted income per share, Group share (in €)</b>					
Diluted net income per share	1.20	2.01	0.41	6.96	9.80
Diluted net income from current operations per share	1.98	2.19	0.41	4.44	9.80

(1) Roofing division (Note 20)



## ■ NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Note 13 Goodwill

#### Table of changes

(€ millions)	June 30, 2019	June 30, 2018	2018
<b>Carrying amount at January 1, 2019</b>	<b>2,143.3</b>	<b>2,135.5</b>	<b>2,135.5</b>
Gross amount	2,220.5	2,212.6	2,212.6
Impairment	(77.2)	(77.1)	(77.1)
Incoming entities	0.1	28.9	21.0
Outgoing entities	(23.7)	-	(11.6)
Reclassification to assets held for sale	-	(11.0)	-
Exchange rate differences	4.1	(5.4)	(1.4)
<b>Carrying amount at June 30, 2019</b>	<b>2,123.8</b>	<b>2,147.9</b>	<b>2,143.3</b>
Gross amount	2,201.4	2,229.0	2,220.5
Impairment	(77.6)	(81.1)	(77.2)

The Group has not completed any acquisitions over the last 12 months.

### Note 14 Intangible assets

(€ millions)	Software	Trademarks, patents and licenses	Industrial processes and others	Total
<b>Carrying amount at January 1, 2018</b>	<b>19.1</b>	<b>180.8</b>	<b>105.6</b>	<b>305.5</b>
Gross amount	94.2	201.0	171.8	467.0
Amortization and impairment	(75.1)	(20.3)	(66.1)	(161.5)
Incoming entities	(0.6)	(12.2)	1.8	(11.0)
Outgoing entities	(1.3)	(0.5)	(0.6)	(2.4)
Acquisitions	3.9	0.1	24.4	28.4
Disposals	(1.0)	-	(0.8)	(1.8)
Amortization	(7.6)	(1.4)	(9.9)	(18.9)
Impairment	-	-	(22.6)	(22.6)
Reversals of impairment	0.1	-	-	0.1
Reclassification and other	5.6	(3.4)	(2.7)	(0.5)
Exchange rate differences	0.2	0.3	0.3	0.8
<b>Carrying amount at January 1, 2019</b>	<b>18.4</b>	<b>163.7</b>	<b>95.5</b>	<b>277.6</b>
Gross amount	96.5	180.3	195.4	472.2
Amortization and impairment	(78.1)	(16.6)	(99.9)	(194.6)
Outgoing entities	(0.6)	-	-	(0.6)
Acquisitions	0.6	-	10.1	10.7
Disposals	-	-	(0.1)	(0.1)
Amortization	(5.0)	(0.7)	(4.7)	(10.4)
Reclassification and other	7.4	0.5	(8.3)	(0.4)
Exchange rate differences	0.1	0.1	0.3	0.5
<b>Carrying amount at June 30, 2019</b>	<b>20.9</b>	<b>163.6</b>	<b>92.8</b>	<b>277.3</b>
Gross amount	102.5	179.4	162.8	444.7
Amortization and impairment	(81.6)	(15.8)	(70.0)	(167.4)

## Note 15 Property, plant and equipment

### Table of changes

The following table shows the change in the carrying amount of property, plant and equipment owned by the Group between the beginning and end of the periods presented. The "Right-of-use assets" column presents the change in rights conveyed by leases to use property, plant and equipment. The "Mining assets" column includes the carrying amount of mineral deposits for which Imerys owns the property rights or has leased, as well as the overburden work required to gain access to the deposit. The other columns in the table analyze the change in freehold movable and immovable property, depending on their nature.

(€ millions)	Right-of-use assets <sup>(1)</sup>	Mining assets	Land and buildings	Plant and equipment	Down payments and plants under construction	Other plant and equipment	Total
<b>Carrying amount at January 1, 2018</b>	-	<b>592.6</b>	<b>394.6</b>	<b>1,203.6</b>	<b>221.8</b>	<b>76.0</b>	<b>2,488.6</b>
Gross amount	-	968.3	665.2	4,059.4	225.4	323.1	6,241.4
Amortization and impairment	-	(375.6)	(270.6)	(2,855.8)	(3.6)	(247.2)	(3,752.8)
Incoming entities	-	(26.7)	4.8	153.3	(6.4)	(109.7)	15.3
Outgoing entities	-	(51.0)	(34.1)	(77.8)	(11.0)	(1.0)	(174.9)
Acquisitions	-	61.7	14.3	51.6	162.5	17.4	307.5
Disposals	-	(1.0)	(8.5)	(5.3)	(0.7)	(0.7)	(16.2)
Amortization	-	(58.7)	(15.7)	(154.5)	(0.5)	(20.6)	(250.0)
Impairment	-	(6.8)	(35.8)	(145.8)	(29.2)	(0.7)	(218.3)
Reversals of impairment	-	0.8	1.4	14.3	-	0.1	16.6
Reclassification and other	-	(4.4)	5.9	12.3	(137.9)	124.6	0.5
Exchange rate differences	-	(2.9)	(1.9)	2.1	(0.7)	0.1	(3.3)
<b>Carrying amount at January 1, 2019</b>		<b>503.6</b>	<b>325.0</b>	<b>1,053.8</b>	<b>197.9</b>	<b>85.5</b>	<b>2,165.8</b>
Gross amount	-	896.2	575.4	3,903.1	228.4	319.3	5,922.4
Amortization and impairment	-	(392.6)	(250.4)	(2,849.3)	(30.5)	(233.8)	(3,756.6)
Change in accounting policy <sup>(1)</sup>	276.0	-	(5.5)	(7.4)	-	(1.6)	261.5
Outgoing entities	(2.4)	(10.2)	(4.7)	(38.7)	(3.8)	(11.2)	(71.0)
Acquisitions	-	29.3	1.6	14.9	49.6	2.5	97.9
Acquisition cost and subsequent adjustments	15.2	-	-	-	-	-	15.2
Disposals	-	(0.2)	(0.6)	(0.5)	(0.3)	(0.1)	(1.7)
Amortization	(35.7)	(26.4)	(7.6)	(75.6)	-	(10.2)	(155.5)
Impairment	-	-	(0.1)	(0.7)	-	(0.1)	(0.9)
Reversals of impairment	0.2	0.1	0.1	0.6	-	0.2	1.2
Reclassification and other	-	3.9	9.1	45.2	(63.6)	8.9	3.5
Exchange rate differences	0.9	3.2	2.2	6.8	1.8	0.7	15.6
<b>Carrying amount at June 30, 2019</b>	<b>254.2</b>	<b>503.3</b>	<b>319.5</b>	<b>998.4</b>	<b>181.6</b>	<b>74.6</b>	<b>2,331.6</b>
Gross amount	469.2	902.4	577.1	3,675.3	212.2	301.9	6,138.1
Amortization and impairment	(215.0)	(399.0)	(257.6)	(2,676.9)	(30.6)	(227.3)	(3,806.4)

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

## Leases

The Group negotiates leases to obtain from the lessee the right to use certain mining, industrial and logistics equipment, as well as immovable administrative, industrial and logistical property. These rights are recognized in “Right-of-use assets” against “Lease liabilities” included in net financial debt ([Note 19.1](#)). This accounting policy is applied to all leases, except leases with a term of 12 months or less, leases of low-value assets and variable lease fees and services, which are recognized in expenses (€23.7 million at June 30, 2019, as detailed in [Note 6](#)). The following table presents the change in the carrying amount of “right-of-use assets” by asset type.

(€ millions)	Brownfield land, plants and warehouses	Offices and housing	Bulk carriers	Freight cars	Mining equipment	Movable and immovable industrial equipment	Right-of -use assets
<b>Carrying amount at January 1, 2019</b>	<b>81.3</b>	<b>72.4</b>	<b>62.2</b>	<b>27.5</b>	<b>18.2</b>	<b>14.4</b>	<b>276.0</b>
Outgoing entities	-	-	-	(2.4)	-	-	(2.4)
Acquisition cost and subsequent adjustments	3.6	2.7	1.8	4.1	2.1	0.9	15.2
Amortization	(7.8)	(6.8)	(10.0)	(4.8)	(3.6)	(2.7)	(35.7)
Reversals of impairment	-	-	-	-	-	0.2	0.2
Exchange rate differences	-	0.3	0.2	0.2	0.2	-	0.9
<b>Carrying amount at June 30, 2019</b>	<b>77.1</b>	<b>68.6</b>	<b>54.2</b>	<b>24.6</b>	<b>16.9</b>	<b>12.8</b>	<b>254.2</b>

At June 30, 2019, “Lease liabilities” recognized against “Right-of-use assets” amounted to €270.7 million ([Note 19.1](#)) and generated interest expense of €3.4 million recognized in financial income (loss) ([Note 9](#)). Cash payments for leases totaled €37.9 million over the first half of 2019. The schedule of future cash payments for “Lease liabilities” is included in the financial liabilities schedule present in [Note 19.1](#). The Group does not generate any material revenue from leasing the freehold assets it owns, nor from the sub-lease of assets leased.

## Note 16 Impairment tests

Impairment tests are performed systematically on all Cash Generating Units (CGUs) at the end of the financial year. They are only performed at the half-year close when an impairment indicator suggests it is necessary. As no impairment indicators have identified a need, impairment tests were not performed on CGUs at June 30, 2019. At December 31, 2018, impairment tests on CGUs did not lead to the recognition of any impairment loss.

## Note 17 Inventories

(€ millions)	June 30, 2019			June 30, 2018			2018		
	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount	Gross amount	Write-down	Carrying amount
Raw materials	395.4	(21.4)	374.0	424.9	(31.0)	393.9	437.5	(40.9)	396.6
Work in progress	116.9	(1.2)	115.7	82.6	(1.5)	81.1	89.1	(2.1)	87.0
Finished goods	283.8	(16.6)	267.2	343.3	(10.8)	332.5	341.5	(24.6)	316.9
Merchandise	78.5	(2.5)	76.0	58.4	(2.3)	56.1	69.0	(2.5)	66.5
<b>Total</b>	<b>874.6</b>	<b>(41.7)</b>	<b>832.9</b>	<b>909.2</b>	<b>(45.6)</b>	<b>863.6</b>	<b>937.1</b>	<b>(70.1)</b>	<b>867.0</b>

## Note 18 Other provisions

(€ millions)	June 30, 2019	June 30, 2018	2018
Other non-current provisions	439.9	382.6	666.2
Other current provisions	21.8	28.7	23.7
<b>Total</b>	<b>461.7</b>	<b>411.3</b>	<b>689.9</b>

The following table presents the change in other provisions.

(€ millions)	Product warranties	Environmental and dismantling obligations	Mining site restoration	Legal, social and regulatory risks	Total
<b>Balance at January 1, 2018</b>	<b>30.2</b>	<b>95.1</b>	<b>123.3</b>	<b>173.1</b>	<b>421.7</b>
Change in the scope of consolidation	(22.2)	0.8	6.1	4.3	(11.0)
Increases	1.7	24.1	10.3	308.7	344.8
Utilizations	(2.1)	(3.8)	(6.1)	(14.9)	(26.9)
Unused decreases	(2.7)	(4.6)	-	(38.9)	(46.2)
Unwinding expense	-	1.1	2.8	0.1	4.0
Reclassification and other	(0.2)	1.3	0.1	(4.1)	(2.9)
Exchange rate differences	(0.1)	(0.3)	0.8	6.0	6.4
<b>Balance at January 1, 2019</b>	<b>4.6</b>	<b>113.7</b>	<b>137.3</b>	<b>434.3</b>	<b>689.9</b>
Change in accounting policy <sup>(1)</sup>	-	0.2	-	(7.1)	(6.9)
Change in the scope of consolidation	-	(3.5)	(5.6)	(165.3)	(174.4)
Increases	0.8	14.5	16.4	11.3	43.0
Utilizations	(1.4)	(2.7)	(2.0)	(16.1)	(22.2)
Unused decreases	(0.6)	(5.1)	-	(7.9)	(13.6)
Unwinding expense	-	0.8	1.4	-	2.2
Reclassification and other	(0.1)	(0.5)	-	(61.7)	(62.3)
Exchange rate differences	-	-	0.8	5.2	6.0
<b>Balance at June 30, 2019</b>	<b>3.3</b>	<b>117.4</b>	<b>148.3</b>	<b>192.7</b>	<b>461.7</b>

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

The criteria used to measure other provisions at the end of the half-year reporting period are identical to those applied at the end of the annual reporting period (Note 23.2 in chapter 6 of the 2018 Registration Document). These provisions include in particular the balance of the provision set aside to resolve the litigation situation involving the Group's talc operations in the US. On February 13, 2019, the Group's three North American subsidiaries decided to file for the protection, with immediate effect, of the special legal process of Chapter 11 under US laws in order to seek a permanent resolution of their historic talc-related litigation in the United States. Under Chapter 11, the Group remains the legal owner of the share capital of the three relevant North American entities, but their assets are frozen and subject to the control of the US Delaware federal courts, which will oversee their continuing operations as well as the conclusion and execution of the potential plan of reorganization currently under negotiation between these entities and the representatives of existing claimants in the outstanding litigation as well as any future potential claimants. The process also suspends all ongoing and future litigation proceedings and prevents any new claims being filed against these entities in relation to historic talc sales in the US. Given the transfer of effective control over the three entities on February 13, 2019 to the court and for the benefit of creditors, the assets and liabilities held by the entities were removed from the scope of consolidation of the Group's financial statements from this date forward. This led to +€5.8 million being recognized in other operating income and expenses (Note 8). The on-going negotiation of the plan of reorganization of these entities between all relevant stakeholders is progressing as expected. At the date at which the half-year results at June 30, 2019 were approved, there have been no new developments that may lead the Executive Management to reconsider the estimate previously made of the risk related to the resolution of the aforementioned Chapter 11 process and its potential financial impact on the Group, which was sufficiently provided for in the annual financial statements as at December 31, 2018.

## Note 19 Financial liabilities

### 19.1. Financial debt

Net financial debt reflects the Group's net position on the market and with financial institutions, *i.e.* the total financial liabilities contracted in the market and with financial institutions in the form of bonds, bank credits, finance lease credits and bank overdrafts, less cash, cash equivalents and other current financial assets. It is used to manage the Group's financial resources, in particular to calculate covenants with which Imerys has to comply as part of the financing agreements entered into with financial markets ([Note 19.2](#)).

This note analyzes the change in net financial debt in two stages – from current operating income to current free operating cash flow, and from current free operating cash flow to the change in net financial debt. The following table presents the link between net financial debt and the Consolidated Statement of Financial Position with a distinction between non-derivative and derivative financial instruments. Derivative financial instruments included in the calculation of net financial debt correspond to financing hedge assets and liabilities since they are part of the future cash outflows of this aggregate ([Note 19.2](#)). Operational hedge instruments are not included in the calculation of net financial debt.

(€ millions)	June 30, 2019	June 30, 2018	2018
<b>Non-derivative financial liabilities</b>	<b>2,427.9</b>	<b>2,798.5</b>	<b>2,176.0</b>
Borrowings and financial debt – non-current	1,913.9	1,986.8	1,995.9
Lease liabilities – non-current <sup>(1)</sup>	197.9	-	-
Borrowings and financial debt – current	239.5	800.6	168.5
Lease liabilities – current <sup>(1)</sup>	72.8	-	-
Bank overdrafts	3.8	11.1	11.6
<b>Non-derivative financial assets</b>	<b>(632.8)</b>	<b>(465.7)</b>	<b>(857.8)</b>
Other financial assets	(10.5)	(8.9)	(8.9)
Cash and cash equivalents	(622.3)	(456.8)	(848.9)
<b>Hedge derivatives</b>	<b>(5.3)</b>	<b>(17.8)</b>	<b>(20.8)</b>
Financing hedge instruments – liabilities	3.4	2.6	2.0
Financing hedge instruments – assets	(8.7)	(20.4)	(22.8)
<b>Net financial debt</b>	<b>1,789.8</b>	<b>2,315.1</b>	<b>1,297.4</b>

(1) Change in accounting policy IFRS 16, Leases ([Note 2.1](#)) as of January 1, 2019

## Current free operating cash flow

Current free operating cash flow corresponds to the residual cash flow from recurring operations after current operating income tax and operating capital expenditure, taking into account proceeds from operating asset disposals and cash changes in operational working capital requirement.

(€ millions)	June 30, 2019	June 30, 2018		2018	
			Discontinued operations <sup>(1)</sup>		Discontinued operations <sup>(1)</sup>
Current operating income	245.1	283.8	50.8	562.1	76.1
Elimination of the impact of IFRS 16	(2.9)	-	-	-	-
Operating amortization, depreciation and impairment	129.6	125.8	5.4	265.9	5.4
Net change in operating provisions	(18.9)	(18.0)	(0.8)	(38.6)	(0.4)
Share in net income of joint ventures and associates	(2.9)	(1.3)	-	(1.7)	-
Dividends received from joint ventures and associates	2.8	3.0	-	5.6	-
<b>Operating cash flow before taxes (current EBITDA)</b>	<b>352.8</b>	<b>393.2</b>	<b>55.5</b>	<b>793.3</b>	<b>81.1</b>
Notional tax on current operating income <sup>(2)</sup>	(71.1)	(84.3)	(17.7)	(162.6)	(26.6)
<b>Net current operating cash flow</b>	<b>281.7</b>	<b>309.0</b>	<b>37.8</b>	<b>630.7</b>	<b>54.5</b>
<b>Capital expenditure</b>	<b>(135.5)</b>	<b>(153.4)</b>	<b>(6.8)</b>	<b>(333.0)</b>	<b>(9.9)</b>
Intangible assets	(10.7)	(8.3)	(0.1)	(28.4)	(0.3)
Property, plant and equipment	(70.8)	(88.4)	(3.2)	(251.6)	(5.9)
Overburden mining assets	(27.1)	(25.2)	-	(55.9)	-
Debt on acquisitions	(26.9)	(31.6)	(3.5)	2.9	(3.7)
<b>Carrying amount of current asset disposals</b>	<b>3.0</b>	<b>8.0</b>	<b>0.4</b>	<b>13.5</b>	<b>0.8</b>
<b>Change in operational working capital requirement</b>	<b>(72.6)</b>	<b>(88.1)</b>	<b>(5.6)</b>	<b>(25.4)</b>	<b>(0.1)</b>
Inventories	14.7	(72.1)	(5.6)	(99.9)	0.4
Accounts receivable, advances and down payments received	(82.6)	(82.7)	(6.7)	15.1	(0.1)
Accounts payable, advances and down payments paid	(4.7)	66.7	6.7	59.4	(0.4)
<b>Current free operating cash flow</b>	<b>76.6</b>	<b>75.5</b>	<b>25.7</b>	<b>285.8</b>	<b>45.3</b>

(1) Roofing division (Note 20)

(2) Effective tax rate on current operating income

29.0%	29.6%	34.8%	28.9%	-
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## Change in net financial debt

	June 30, 2019	June 30, 2018	2018		
(€ millions)		Discontinued operations <sup>(1)</sup>	Discontinued operations <sup>(1)</sup>		
<b>Current free operating cash flow</b>	<b>76.6</b>	<b>75.5</b>	<b>25.7</b>	<b>285.8</b>	<b>45.3</b>
Financial income (loss)	(18.4)	(33.6)	(0.3)	(60.2)	(0.5)
Elimination of the impact of IFRS 16 on financial income (loss)	3.5	-	-	-	-
Financial impairment loss and unwinding of the discount	7.3	13.6	0.1	10.9	0.2
Income tax on financial income (loss)	5.3	10.2	0.1	17.4	0.2
Change in income tax debt	(0.8)	48.9	2.0	16.5	1.7
Change in deferred taxes on current operating income	(22.3)	8.1	0.1	17.3	0.6
Change in other items of working capital	(56.2)	(15.0)	4.3	(9.2)	6.0
Share-based payments expenses	6.5	7.6	0.2	14.9	0.4
Change in the fair value of operational hedge instruments	0.1	0.1	-	(0.7)	-
Change in dividends expected from available-for-sale financial assets	-	(0.2)	-	0.1	-
<b>Current free cash flow</b>	<b>1.6</b>	<b>115.2</b>	<b>32.2</b>	<b>292.8</b>	<b>53.9</b>
<b>Acquisitions</b>	<b>(2.3)</b>	<b>(22.7)</b>	<b>0.0</b>	<b>(23.2)</b>	<b>0.0</b>
Acquisitions of shares in consolidated entities minus net debt acquired	(2.3)	(22.4)	-	(22.9)	-
Acquisitions of available-for-sale financial assets	-	(0.3)	-	(0.3)	-
<b>Disposals</b>	<b>(16.4)</b>	<b>13.7</b>	<b>0.0</b>	<b>51.9</b>	<b>851.5</b>
Disposals of investments in consolidated entities minus net debt disposed	(21.8)	7.5	-	42.2	851.5
Non-recurring disposals of intangible assets and property plant and equipment	5.4	6.2	-	9.7	-
<b>Transaction costs</b>	<b>(5.1)</b>	<b>(8.1)</b>	<b>-</b>	<b>(5.4)</b>	<b>(16.7)</b>
<b>Changes in the estimated contingent consideration of the seller</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.8)</b>	<b>-</b>
<b>Cash flow from other operating income and expenses</b>	<b>(18.6)</b>	<b>(9.7)</b>	<b>(1.4)</b>	<b>(46.6)</b>	<b>(3.3)</b>
<b>Dividends paid to shareholders and non-controlling interests</b>	<b>(170.7)</b>	<b>(102.6)</b>	<b>(62.9)</b>	<b>(104.9)</b>	<b>(62.9)</b>
<b>Financing requirement</b>	<b>(211.5)</b>	<b>(14.1)</b>	<b>(32.1)</b>	<b>163.8</b>	<b>822.5</b>
Transactions on equity	(21.4)	4.6	-	2.4	-
Net change in financial assets	(4.0)	(4.0)	0.1	(7.1)	0.1
<b>Cash flow of assets held for sale</b>	<b>-</b>	<b>(32.1)</b>	<b>(32.1)</b>	<b>822.6</b>	<b>822.6</b>
<b>Change in net financial debt</b>	<b>(236.9)</b>	<b>(45.6)</b>	<b>-</b>	<b>981.7</b>	<b>-</b>

(1) Roofing division (Note 20)

	June 30, 2019	June 30, 2018	2018		
(€ millions)		Discontinued activity <sup>(1)</sup>	Discontinued activity <sup>(1)</sup>		
<b>Net financial debt excluding IFRS 16 lease liabilities at January 1</b>	<b>(1,297.4)</b>	<b>(2,246.4)</b>	<b>-</b>	<b>(2,246.4)</b>	<b>-</b>
Cancellation of IAS 17 finance lease liabilities <sup>(2)</sup>	13.5	-	-	-	-
Change in net financial debt	(236.9)	(45.6)	-	981.7	-
Modification in the definition of current free operating cash flow <sup>(3)</sup>	-	-	-	(4.7)	-
Transfer to assets held for sale	-	(1.3)	-	-	-
Impact of currency fluctuations	1.7	(21.7)	-	(28.0)	-
<b>Net financial debt excluding IFRS 16 lease liabilities at June 30</b>	<b>(1,519.1)</b>	<b>(2,315.0)</b>	<b>0.0</b>	<b>(1,297.4)</b>	<b>0.0</b>
IFRS 16 lease liabilities	(270.7)	-	-	-	-
<b>Net financial debt including IFRS 16 lease liabilities at June 30</b>	<b>(1,789.8)</b>	<b>(2,315.0)</b>	<b>0.0</b>	<b>(1,297.4)</b>	<b>0.0</b>

(1) Roofing division (Note 20)

(2) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

(3) Note 1.5 of chapter 6 in the 2018 Registration Document

## 19.2. Borrower's liquidity risk

**Description.** Borrower's liquidity risk is the risk whereby Imerys would not be in a position to meet the repayment obligations of its financial liabilities. To assess the exposure of the Group to this risk, the following table presents maturity on issue at June 30, 2019.

(€ millions)	Less than 1 year		2 to 5 years		More than 5 years		Total
	Capital	Interest	Capital	Interest	Capital	Interest	
<b>Non-derivative financial liabilities</b>	<b>287.8</b>	<b>19.3</b>	<b>1,185.1</b>	<b>122.7</b>	<b>967.3</b>	<b>51.4</b>	<b>2,633.6</b>
Eurobond/EMTN	-	15.6	1,023.5	112.3	900.0	33.8	2,085.2
Private placements	-	-	-	-	-	-	0.0
Short-term negotiable debt securities issued	170.0	-	-	-	-	-	170.0
Bilateral facilities	-	-	-	-	-	-	0.0
Other facilities	41.7	-	3.0	-	-	-	44.7
Lease liabilities <sup>(1)</sup>	76.1	3.7	158.6	10.4	67.3	17.6	333.7
<b>Hedge derivatives</b>	<b>(5.3)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(5.3)</b>
Financing hedge instruments – liabilities	3.4	-	-	-	-	-	3.4
Financing hedge instruments – assets	(8.7)	-	-	-	-	-	(8.7)
<b>Future cash outflows</b>							
<b>with respect to gross financial debt</b>	<b>282.5</b>	<b>19.3</b>	<b>1,185.1</b>	<b>122.7</b>	<b>967.3</b>	<b>51.4</b>	<b>2,628.3</b>
<b>Non-derivative financial liabilities</b>	<b>3.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.8</b>
Bank overdrafts	3.8	-	-	-	-	-	3.8
<b>Non-derivative financial assets</b>	<b>(632.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(632.8)</b>
Other financial assets	(10.5)	-	-	-	-	-	(10.5)
Cash and cash equivalents	(622.3)	-	-	-	-	-	(622.3)
<b>Future cash outflows</b>							
<b>with respect to net financial debt</b>	<b>(346.4)</b>	<b>19.3</b>	<b>1,185.1</b>	<b>122.7</b>	<b>967.3</b>	<b>51.4</b>	<b>1,999.4</b>
Of which items recognized at June 30, 2019 (Net financial debt)	(350.1)	15.4	1,165.0	9.7	936.8	13.0	1,789.8
<b>Non-derivative financial liabilities</b>	<b>830.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>830.9</b>
Trade payables	544.4	-	-	-	-	-	544.4
Other debts	286.5	-	-	-	-	-	286.5
<b>Hedge derivatives</b>	<b>3.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.2</b>
Operational hedge instruments – liabilities	8.3	-	-	-	-	-	8.3
Operational hedge instruments – assets	(5.1)	-	-	-	-	-	(5.1)
<b>Future cash outflows</b>	<b>487.7</b>	<b>19.3</b>	<b>1,185.1</b>	<b>122.7</b>	<b>967.3</b>	<b>51.4</b>	<b>2,833.5</b>

(1) Change in accounting policy IFRS 16, Leases (Note 2.1) as of January 1, 2019

As a large portion of the debt issued at a fixed rate is swapped into floating rate, the maturity of the net financial debt after interest rate swaps is as follows:

(€ millions)	2019	2020 - 2024	2025 and beyond	Total
<b>Debt at fixed rate</b>	<b>87.7</b>	<b>1,171.7</b>	<b>949.8</b>	<b>2,209.2</b>
Debt at fixed rate on issue	87.7	1,171.7	949.8	2,209.2
Fixed-for-floating swap	-	-	-	0.0
<b>Debt at floating rate</b>	<b>(422.4)</b>	<b>3.0</b>	<b>0.0</b>	<b>(419.4)</b>
Debt at floating rate on issue	206.6	3.0	-	209.6
Net cash and other current financial assets	(629.0)	-	-	(629.0)
Fixed-for-floating swap	-	-	-	0.0
<b>Net financial debt</b>	<b>(334.7)</b>	<b>1,174.7</b>	<b>949.8</b>	<b>1,789.8</b>



**Management.** Imerys is required to maintain one covenant for a portion of its finance agreements. The main restrictive terms and conditions attached to certain bilateral facilities are as follows:

- Purpose: general corporate financing requirement.
- Covenant compliance obligations: consolidated net financial debt excluding IFRS 16 lease liabilities/consolidated equity shall, in accordance with the related financing agreements, be less than or equal to 1.60 at the end of each reporting period for annual consolidated financial statements. At June 30, 2019, the ratio calculated on continuing and discontinued operations worked out at 0.48 (0.79 at June 30, 2018 and 0.40 at December 31, 2018).
- Absence of any collateral in favor of lenders.

Failure to comply with the above obligations in any of the related financing agreements could lead to the available amount being canceled and the corresponding financial debt becoming immediately due, upon demand of the lender(s) in question. Other than with two exceptions, the Group's financing agreements do not provide for any cross default if a mandatory covenant is breached. At June 30, 2019, Moody's maintained its long-term rating of Baa2, outlook stable (Baa2, outlook stable at June 30, 2018 and Baa2, outlook stable at December 31, 2018). Similarly, S&P reaffirmed its rating of BBB, outlook stable (BBB, outlook stable at June 30, 2018 and BBB, outlook stable at December 31, 2018).

On June 24, 2019, Imerys updated its Euro Medium Term Note program (EMTN) with the Financial Industry Regulatory Authority in Luxembourg, the *Commission de Surveillance du Secteur Financier*. The program amounted to €3.0 billion and is approved to issue notes similar to ordinary bonds with maturities from one month to 30 years. At June 30, 2019, outstanding securities amounted to €1,923.5 million (€1,977.8 million at June 30, 2018 and €1,979.1 million at December 31, 2018). Imerys also has a short-term negotiable securities program capped at €1,000.0 million (€1,000.0 million at June 30, 2018 and €1,000.0 million at December 31, 2018) rated P-2 by Moody's (P-2 at June 30, 2018 and P-2 at December 31, 2018). At June 30, 2019, outstanding short-term negotiable securities amounted to €170.0 million (€719.0 million at June 30, 2018 and €120.0 million at December 31, 2018). At June 30, 2019, Imerys had access to €1,280.0 million in bilateral facilities (€1,330.0 million at June 30, 2018 and €1,330.0 million at December 31, 2018), a portion of which secures the short-term negotiable securities issued, in accordance with the Group's financial policy.

## ■ OTHER INFORMATION

### Note 20 Changes in the scope of consolidation

**Performance Minerals (PM)** On February 12, 2019, the segment relinquished control of its three North American talc entities. Following their placement under the legal control of the court as part of seeking protection under Chapter 11 of the US Bankruptcy Act (*Note 18*), this loss of control led to +€5.8 million being recognized in other operating income and expenses (*Note 8*).

**High Temperature Materials & Solutions (HTMS)** The segment has not undergone any material change in the scope of consolidation since the acquisition on July 18, 2017 of the French group Kerneos, the world's leading manufacturer of high performance calcium aluminate binders.

In 2019, Imerys relinquished control of its Oilfield Solutions division in accordance with the decision taken to withdraw from the market in 2018. The assets and liabilities of this division were therefore transferred to an entity over which Imerys does not exercise control, in which the Group holds a stake, the value of which is measured using the equity method. Furthermore, the Group sold its Roofing division on October 11, 2018, generating a gain of €756.3 million before tax, which was recognized in net income from discontinued operations (*Consolidated Income Statement*). As the Roofing division constituted a significant business line, it was accounted for in discontinued operations at June 30, 2018.

### Note 21 Translation of foreign currencies

(€1 =)	Foreign currencies	June 30, 2019		June 30, 2018		2018	
		Closing	Average	Closing	Average	Closing	Average
Brazil	BRL	4.3610	4.3437	4.4951	4.1422	4.4366	4.3092
India	INR	78.4287	79.1076	79.9451	79.4450	79.9122	80.7041
Singapore	SGD	1.5395	1.5356	1.5896	1.6054	1.5591	1.5927
Turkey	TRY	6.5655	6.3562	5.3385	4.9566	6.0588	5.7096
UK	GBP	0.8966	0.8736	0.8861	0.8798	0.8945	0.8847
US	USD	1.1380	1.1298	1.1658	1.2104	1.1450	1.1810

### Note 22 Related parties

#### Related parties outside Imerys

Imerys has related party relationships with the Canadian group Power and the Belgian group Frère-CNP. These groups are the ultimate controlling parties of Imerys. Through their joint venture Parjointco, they jointly control the Swiss group Pargesa, which controls Imerys through a direct investment in the Belgian group GBL. In this respect, Pargesa and GBL are related parties of Imerys. Imerys is not involved in any transactions with these related parties.

#### Key management personnel of Imerys

The managers qualifying as related parties at June 30, 2019 are the 14 members of the Board of Directors, including the Chief Executive Officer (16 members at June 30, 2018 and 14 members at December 31, 2018) and the 12 members of the Executive Committee, including the Chief Executive Officer (10 members at June 30, 2018 and 10 members at December 31, 2018) (*Note 27 of chapter 6 in the 2018 Registration Document*).

### Post-employment benefits for Imerys employees

The post-employment benefit plans to which Imerys employees are entitled are deemed to be related party agreements. The amount of the contributions to external funds recognized as an expense in the first half of 2019 amounted to €16.1 million (€7.7 million at June 30, 2018 and €17.5 million for the full year), primarily including €8.9 million for Axa (€3.7 million at June 30, 2018 and €3.7 million for the full year) and €1.4 million for Comerica, United States (€1.1 million at June 30, 2018 and €5.6 million for the full year) and €0.8 million for Imerys UK Pension Fund Trustees Ltd., United Kingdom (€0.8 million at June 30, 2018 and €1.5 million for the full year).

### FCPE Imerys Actions

The corporate mutual fund holding Imerys shares, known as FCPE Imerys Actions, is managed by BNP Paribas Asset Management SAS and overseen by a Supervisory Board of eight members made up of four shareholder representatives and four Imerys representatives. As Imerys, together with the shareholders, exercises joint control over FCPE Imerys Actions, the fund is deemed to be a related party. The amounts recognized in the first half of 2019 (the first half of 2018 and the full year) for the FCPE Imerys Actions are immaterial.

## Note 23 Subsequent events

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The half-year consolidated financial statements at June 30, 2019 were approved by the Board of Directors at its meeting held on July 25, 2019. No significant event occurred between the end of the reporting period and the meeting of the Board of Directors.



### 3 | Statutory auditors' review report

#### DELOITTE & ASSOCIES

6, place de la Pyramide  
92908 Paris-La Défense Cedex

S.A. au capital de € 1.723.040 - 572 028 041 R.C.S. Nanterre  
Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

#### ERNST & YOUNG et Autres

Tour First - TSA 14444  
92037 Paris-La Défense cedex

S.A.S. à capital variable – 438 476 913 R.C.S. Nanterre  
Commissaire aux Comptes  
Membre de la compagnie régionale de Versailles

### Statutory Auditors' Review Report on the half-yearly Financial Information

For the period from January 1 to June 30, 2019

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying half-yearly condensed consolidated financial statements of Imerys, for the period from January 1 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

#### 1. Conclusion of the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note 2 to the condensed half-yearly consolidated financial statements regarding the change in accounting policy related to the application in January 1<sup>st</sup>, 2019 of the IFRS 16 standard "Revenue from Contracts with Customers".

#### 2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris la Défense, July 30, 2019  
The statutory auditors

DELOITTE & ASSOCIES  
Frédéric Gourd

ERNST & YOUNG et Autres  
Sébastien Huet



## 4 | Person responsible for the Half-Year Financial Report

### **1 - Person responsible for the Half-Year Financial Report**

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Conrad Keijzer, Chief Executive Officer

### **2 - Certificate of the person responsible for the Half-Year Financial Report**

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I certify that to the best of my knowledge the condensed financial statements for the past six months have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the reporting entity and the companies included in the scope of consolidation, and that the enclosed half-year activity report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements, an account of the main related-party transactions as well as a description of the principal risks and the principal uncertainties for the remaining six months of the year.

Paris, July 30, 2019

Conrad Keijzer  
Chief Executive Officer







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TRANSFORM TO PERFORM

French Limited Liability Company (Société Anonyme)  
with a share capital of €158 971 388  
RCS Paris 562 008 151



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