

# LETTER TO SHAREHOLDERS 82

## MESSAGE

### Patrick KRON

Chairman of the Board of Directors and  
Interim Chief Executive Officer



### Dear Shareholders,

As you know, the Board of Directors has appointed me as Chairman of the Board last June 25, when I succeeded Gilles Michel. On October 21, following Conrad Keijzer's resignation as Chief Executive Officer, the Board has appointed me interim CEO until a new CEO is appointed.

This change in our leadership team does not affect our will to complete the transformation program we began last year to make Imerys more customer-centric and more agile, and also to improve its operating leverage.

Macroeconomic headwinds held back our performance over the first nine months of the year and are likely to persist over the next few quarters. That is the reason why we now anticipate a decline of 20% in our net income from current operations for 2019 fiscal year versus 2018.

Amid these challenging market conditions, we will endeavor to maintain a positive price-mix effect and continue to give priority to cost reduction and cash generation, while maintaining a sound financial structure through a strict management of our capital expenditures and working capital requirement.

Our Board of Directors and our teams are fully behind our new market-focused organization and our operational efficiency plans, and we are convinced that these will enable us to achieve the long-term objectives we presented at our Capital Markets Day on June 13.

On behalf of all Imerys' employees, I wish to thank you for your continued loyalty and support.

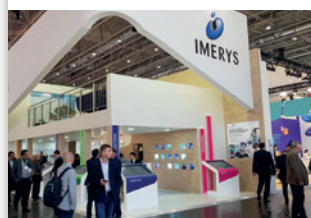
Patrick Kron



#### RESULTS

- Nine-month 2019 results

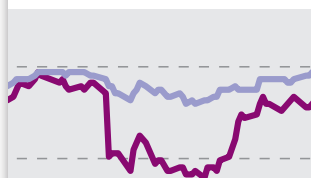
PAGE 2



#### NEWS

- Roll-out of a new market-driven organization structure
- Newsflash: Acquisition of Brazilian company EDK
- Imerys showcases its plastics expertise at the K-Show 2019 trade fair
- Sites open their doors and welcome local communities on European Minerals Day

PAGES 2 AND 3

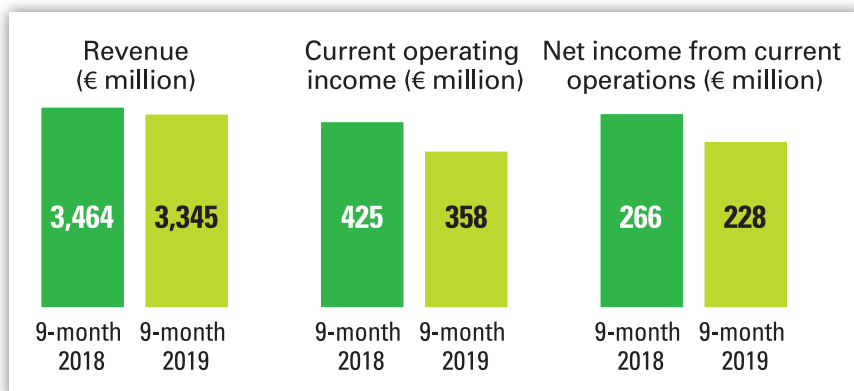


#### SHAREHOLDER'S NOTEBOOK

- Share price evolution
- Did you know?
- Capital Structure
- Contacts

PAGE 4

# Nine-month 2019 results



Macroeconomic headwinds held back Imerys' performance over the first nine months of the year. In the third quarter, Imerys faced a deterioration in market conditions, which caused volumes to drop more than expected. The further downturn in manufacturing activity, especially in the steel, automotive, industrial equipment and paper markets, led to a -6.9% decline in sales volumes following on from a -4.8% decrease in the second quarter.

Over the first nine months of 2019, current operating income was down -15.7%, as a result of the volume contraction and the negative impact of both the shutdown of the Willsboro (USA) wollastonite plant and the deconsolidation of US talc subsidiaries. Two positive factors—a healthy price-mix effect of +2.4%, more than offsetting the inflation in our variable costs, and +€31 million in savings on fixed costs and overhead as a result of our transformation program and cost reductions—mitigated these negative developments.

We have updated our forecasts to reflect the -23% reduction in net income from current operations, Group share, in the third quarter and the likely further impact of macroeconomic headwinds in the fourth quarter. We are now targeting a 20% decrease in net income from current operations, Group share, versus 2018.



The full press release and the nine-month 2019 earnings presentation are available online in the Finance section of the [imerys.com](https://www.imerys.com) website.



## Roll-out of a new market-driven organization structure

Under the transformation plan, a new more effective and simpler customer-centric and market-driven organization structure was introduced last summer in the United States and Asia.

It is due to be in place across Europe by the end of the year. The new organization aims to boost organic growth and improve Imerys' operating leverage in the medium term.

**January 1, 2020**  
new organization structure in place in Europe, the Americas and Asia

## NEWSFLASH: Acquisition of Brazilian company EDK

On November 1, 2019, Imerys finalized the acquisition of certain assets from EDK, one of Brazil's leading producers of ground calcium carbonate (GCC). The assets include 3 production facilities with around 100 employees and generated annual revenue of 65 million Brazilian reais in 2018. Under the deal, Imerys, the world leader in carbonates, is expanding its footprint in South America where it has a longstanding presence and also bolstering its portfolio of products for paint and coating applications.

**€140 million**  
Imerys' annual revenue in Brazil



# Imerys showcases **its plastics expertise** at the K-Show 2019 trade fair

Imerys is one of more than 3,000 exhibitors from across 60 nations presenting its work this week at K 2019, worldwide trade fair for plastics and rubber in Germany.

Imerys is demonstrating a range of products including: talc – for automotive compounds, calcium carbonate – for breathable film, graphite and carbon – for conductive polymers, kaolin – for nylon reinforcement, etc.

Jean-Benoit Papillon, Commercial Director EMEA, explains: “K 2019 is a great opportunity to exhibit products we’ve recently launched and discuss with market experts some of the products that are still in the pipeline for innovation. Particularly, we are making sure that attendees know Imerys is reorganizing itself to become more market-focused, and we are emphasizing all the work we are doing in regard to the sustainable development of plastics, in line with our environmental and corporate social responsibility.”



**34%**

**percentage contribution of plastics, rubbers, paints and coatings to the Performance Minerals business segment's revenue**

## **Sites open their doors** and welcome local communities on **European Minerals Day**

Imerys demonstrated how it fulfils its responsibilities as a sustainability-focused corporate citizen by arranging activities and site visits to mark European Minerals Day.

An Industrial Minerals Association (IMA) initiative, European Minerals Day enables mining operators to talk to the local community – residents, the press and decision-makers – about how they contribute to economic growth and the preservation of the environment. Imerys has also decided to dedicate this day to the United Nations sustainable development objectives.

This year, Imerys opened the doors of its production facilities in France, Greece, the United Kingdom, and Austria, as well as in the United States and in Brazil.



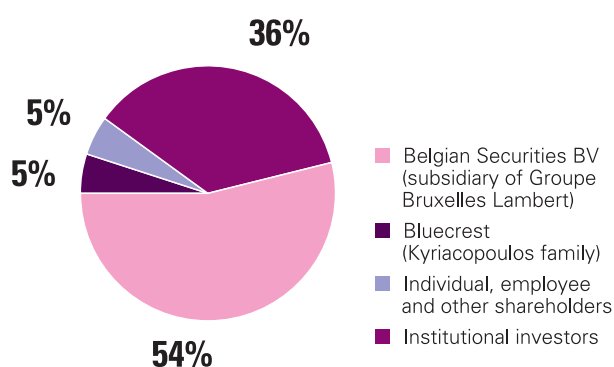
*Young people living nearby visited the Barcarena (Brazil) industrial facility where they learned all about kaolin transformation processes.*

# Share price evolution as of October 31, 2019



## OWNERSHIP STRUCTURE

(October 31, 2019)



## DID YOU KNOW?

This Shareholders' Newsletter is available for download directly on the website (<http://www.imerys.com>, **Finance section > Individual Shareholders > Documents**). Alternatively, you can send us your email address so that we can send you the electronic version directly. By doing so, you can make an active contribution to our sustainable development policy by dispensing with the need for us to print and send out the document.

**Sign up to our distribution list now by emailing us at [shareholders@imerys.com](mailto:shareholders@imerys.com)**

## NEXT DATES

- **February 13, 2020:** Full-year 2019 results
- **April 29, 2020:** First-quarter 2020 results
- **May 4, 2020:** General meeting of the shareholders
- **July 27, 2020:** First-half 2020 results
- **November 2, 2020:** Third-quarter 2020 results

## IMERYS AND THE STOCK MARKET

ISIN: FR0000120859 - NK  
Euronext Paris - Eurolist – Local values  
Compartment A (large caps)  
(Eligible for the deferred settlement service)

Figures at October 31, 2019

- **Number of shares:** 79,500,457
- **Par value:** €2
- **Closing price:** €34.62
- **Market capitalization:** €2.8 billion

## CONTACTS Financial Communication

43, Quai de Grenelle - 75015 Paris  
Tel: +33 (0) 1 49 55 66 55  
[shareholders@imerys.com](mailto:shareholders@imerys.com)  
**Website:** [www.imerys.com](http://www.imerys.com)

