

Imerys posts strong results, doubles net income in first half 2021

- Revenue up 13.6% at €2,158 million: robust organic growth at +17% (+29% in Q2), driven by good commercial performance and global economic recovery
- Accelerating price/mix: + 2.6% in Q2 vs. + 0.5% in Q1
- Substantial improvement in profitability reflecting good costs control in inflationary environment: current EBITDA margin at 18.6% (15.2% in H1 2020), above 2019 fiscal year level (17.6%)
- Net income from current operations more than doubled to €158 million in H1
- Good cash generation with net current free operating cash flow of €122 million in H1

Alessandro Dazza, Chief Executive Officer, said:

“Imerys significantly improved its financial performance in the first half of the year, supported by strong commercial momentum and the global recovery of underlying markets in all geographies. Continued focus on cost savings and pricing discipline contributed to increased profitability even in the current inflationary environment. We are confident that demand for the Group’s specialty minerals solutions will continue at a good pace throughout the year, driven by the prospect of continued economic recovery worldwide. In this context, Imerys expects to reach revenue of €4.2 billion for the year 2021, with current EBITDA margin close to 18%, above the 2019 level, assuming constant exchange rates and no deterioration in the macro-economic environment.”

The limited review procedures on the half-year financial statements have been performed. The limited review report is being issued.

Unaudited consolidated results ¹¹ (€ millions)	H1 2020	H1 2021	Change (%)
Revenue	1,900.2	2,158.3	+13.6%
Organic growth	-15.9%	+16.7%	-
Current EBITDA	289.6	400.4	+38.3%
Current EBITDA margin	15.2%	18.6%	+340 bps
Current operating income	132.1	245.0	+85.5%
Current operating margin	7.0%	11.3%	+440 bps
Operating income	111.3	223.2	+100.5%
Net income from current operations, Group share	72.8	158.3	+117.4%
Net income, Group share	56.6	141.8	+150.4%
Net income from current operations per share ²	€0.91	€1.87	+104.2%

¹ The definition of alternative performance measures can be found in the glossary at the end of the press release.

² Weighted average number of outstanding shares: 84,709,730 in H1 2021 compared with 79,560,430 in H1 2020.

Highlights

Expansion of carbon black production capacity to serve the fast-growing market of Lithium ion batteries for electric vehicles

As part of its growth strategy, Imerys will invest €60 million over the next two years to expand carbon black production capacity at its plant in Willebroek, Belgium, in order to support the fast-growing market of Lithium-ion batteries for electric vehicles. With a unique portfolio of natural and synthetic graphite powders, conductive carbon blacks and tailor-made dispersions, Imerys will continue to develop innovative materials for safer and higher-performing batteries in close cooperation with the leading Lithium-ion battery producers in the world.

Successful issue of a €300 million Sustainability-Linked Bond

On May 14, Imerys successfully issued its first sustainability-linked bond for a principal of €300 million, with an annual coupon of 1% maturing in 2031. With this bond, the Group confirms it is fully committed to achieving its broad sustainability ambitions and to reducing greenhouse gas emissions by 36.0% in 2030 relative to revenue (tCO₂/M€) from a 2018 base year.

Imerys is rated B by CDP, above the industry average (C), Platinum by Ecovadis and AA by MSCI.

Agreement to sell the US kaolin assets serving the paper and board market in North America

On July 24, Imerys signed an agreement to sell to Thiele Kaolin Company, one of the world's leading producers of processed kaolin clay, certain assets and mining resources supplying hydrous kaolin to the paper & packaging markets. These assets, which are part of Imerys' Performance Minerals Americas business segment, posted revenue of approximately \$76 million in 2020 with 109 employees. This transaction is expected to be completed in the second part of the year.

Imerys expects to generate this year net proceeds of ca. €100 million from the sale of these assets and other recent disposals (i.e. Imerys' stake in Fiberlean Technologies, related production facilities, other minor non-strategic assets).

Outlook

Assuming constant exchange rates and no deterioration in the macro-economic environment, Imerys expects to reach revenue of €4.2 billion for the year 2021, with current EBITDA margin close to 18%, above 2019 level (17.6%).

This outlook reflects the Group's confidence in continued, sustained demand for its specialty minerals solutions across all segments and its ability to deliver on cost savings and positive price-mix in the current inflationary environment. Imerys is ideally positioned to capitalize on the global recovery that is gathering pace.

Imerys North American talc entities' Plan of reorganization continues to progress towards final approval

In April, the Plan of reorganization jointly proposed by Imerys and the representatives of current and future potential claimants reached the required 75% approval threshold from the relevant voting creditors and claimants. The relevant US District Court of Delaware recently rescheduled the confirmation hearing on the proposed Plan to mid-November, resulting in a delay to the beginning of 2022 of the potential final judicial approval of the Plan and closure of the Chapter 11 process.

COMMENTARY ON THE FIRST HALF 2021 RESULTS

Revenue

Unaudited quarterly data (€ millions)	2020	2021	Reported Change	Like-for-like change	Volumes	Price mix
First quarter	1,028.5	1,058.5	+2.9%	+6.3%	+5.8%	+0.5%
Second quarter	871.6	1,099.9	+26.2%	+28.9%	+26.3%	+2.6%
Total	1,900.2	2,158.3	+13.6%	+16.7%	+15.2%	+1.5%

Revenue for the first half of 2021 was €2,158.3 million, up 16.7% year-on-year at constant scope and exchange rates, including an exceptional growth of 28.9% in the second quarter. Group sales volumes were up 15.2%, in the first half as the recovery across all underlying markets continued to gain traction.

In a context of high inflation, Imerys' price mix accelerated in Q2 (+2.6%), averaging 1.5% for the first half versus the prior year.

Revenue included a significant, negative currency effect of €82.5 million (-4.3%), primarily as a result of the depreciation of the U.S. dollar against the euro.

The scope effect was €37.6 million for the first half, related mostly to the positive contribution of recent bolt-on acquisitions (Haznedar group, Cornerstone, Sunward Refractories and Hysil) and the divestiture of the kaolin operations in Australia.

Current EBITDA

Unaudited quarterly data (€ millions)	2020	2021	Change
First quarter	164.8	182.7	+10.9%
Second quarter	124.8	217.7	+74.5%
Total	289.6	400.4	+38.3%
Margin	15.2%	18.6%	+340 bps

Current EBITDA reached €400.4 million for the first half of 2021, a 38.3% increase vs. H1 2020. Current EBITDA margin improved by 340 basis points to 18.6% versus the first half of 2020.

It benefitted from positive volume contribution (€138.7 million), strong price mix (€11.9 million) and good cost control. Variable costs were stable (+€0.7 million), as inflation was offset by savings related to purchasing initiatives and the I-Cube industrial excellence program. Fixed costs and overheads were up €36.1 million vs last year, following increased activity at all production sites.

The currency effect was negative at €21.8 million.

Current operating income reached €245.0 million for the first half of 2021, an 85.5% increase compared to the first half of last year.

Net income from current operations

Net income from current operations, Group share, totaled €158.3 million, up 117.4% vs. 2020. Net financial result was negative at -€18.0 million. The income tax expense of €61.3 million corresponds to an effective tax

rate of 27.0%, compared with 28.0% in the first half of 2020. **Net income from current operations, Group share, per share**, was up 104.2% to €1.87.

Net income

Net income, Group share, totaled €141.8 million in the first half of 2021, after -€16.5 million of other income and expenses, after tax.

Net current free operating cash flow

(€ millions)	H1 2020	H1 2021
Current EBITDA	289.6	400.4
Increase (-) / decrease (+) in operating working capital	46.4	(62.7)
Notional tax on current operating income	(37.0)	(66.1)
Other	2.9	2.8
Net current operating cash flow (before capital expenditure)	301.9	274.4
Capital expenditure	(149.4)	(142.7)
Right of use assets (IFRS 16)	(13.4)	(9.5)
Net current free operating cash flow	139.1	122.2

Imerys generated a solid net current free operating cash flow of €122.2 million in the first half of 2021, thanks primarily to disciplined working capital management. This figure includes:

- €142.7 million in paid capital expenditures; booked capital expenditures amounted to €116.0 million.
- Increase in operating working capital (€62.7 million) compared to last year, driven by a significant increase in activity.

(€ millions)	H1 2020	H1 2021
Net current free operating cash flow	139.1	122.2
Acquisitions and disposals	(32.0)	12.7
Dividend	(137.0)	(98.4)
Change in equity	118.1	(1.8)
Change in non-operating working capital	(20.9)	(33.1)
Other non-recurring income and expenses	(32.8)	(30.7)
Debt servicing costs	(18.9)	(11.4)
Exchange rates and other	(33.4)	0.9
Change in net financial debt	(17.8)	(39.7)

Financial structure

(€ millions)	Dec 31, 2020	June 30, 2021
Net financial debt	1,508.0	1,547.6
Shareholders' equity	2,955.6	3,128.4
Net financial debt / shareholders' equity	51.0%	49.5%
Net financial debt/current EBITDA*	2.4x	2.1x

*Based on the last twelve month current EBITDA

As of June 30, 2021, net financial debt totaled €1,547.6 million, which corresponds to a net financial debt to current EBITDA ratio of 2.1 x, improving vs last year.

The Group's financial structure is solid, as evidenced by the "investment grade" ratings confirmed by Standard and Poor's (September 14, 2020, BBB-, stable outlook) and Moody's (March 31, 2021, Baa3, stable outlook).

COMMENTARY BY SEGMENT

Performance Minerals (56% of consolidated revenue)

Q2 2020 (€ millions)	Q2 2021 (€ millions)	Like for like change on Q2 2020	Unaudited quarterly data	H1 2020 (€ millions)	H1 2021 (€ millions)	Like for like change on H1 2020
214	242	+20.5%	Revenue Americas	464	473	+10.1%
228	300	+33.7%	Revenue Europe, Middle East and Africa (EMEA)	501	583	+17.9%
106	125	+27.3%	Revenue Asia-Pacific (APAC)	217	255	+26.6%
(45)	(50)	-	Eliminations	(92)	(98)	-
501	616	+27.7%	Total revenue	1,090	1,212	+16.6%
-	-	-	Current EBITDA	202	263	+30.2% *
-	-	-	Current EBITDA margin	18.5%	21.7%	+320 bps

* Reported growth

Revenue generated by the **Performance Minerals** segment was up 16.6% like-for-like in the first half of 2021. On a reported basis, revenue was up 11.2% after a negative currency effect of €50.4 million (-4.6%) and a positive scope effect of €1.9 million (+0.2%).

Revenue in the **Americas** was up 10.1% at constant scope and exchange rates in the first half of 2021, of which +20.5% in the second quarter, despite persisting logistic issues which created a significant order backlog. The overall rebound in activity was supported by sales of paints, rubber, polymers and ceramic products in the construction industry and a better performance of filtration and agriculture markets in the consumer goods sector.

Revenue in **Europe, Middle East and Africa** increased by 17.9% at constant scope and exchange rates in the first half of 2021. During the second quarter (+33.7%), the Group benefited from a dynamic construction sector (paints, coatings, rubber and ceramic applications) and better consumer goods market (filtration and life science applications), which returned to pre-crisis levels. Despite a strong upturn, automotive - which continued to suffer from global chip availability issues - and paper markets remained below their 2019 levels.

Revenue in Asia-Pacific was up 26.6% at constant scope and exchange rates in the first half of 2021 (+27.3% in the second quarter) thanks to the rebound of all end markets and geographies, in particular in Graphite & Carbon for mobile energy.

High Temperature Materials & Solutions (44% of consolidated revenue)

Q2 2020 (€ millions)	Q2 2021 (€ millions)	Like for like change on Q2 2020	Unaudited quarterly data	H1 2020 (€ millions)	H1 2021 (€ millions)	Like for like change on H1 2020
137	198	+30.8%	Revenue High Temperature Solutions	301	385	+18.0%
246	311	+31.9%	Revenue Refractory, Abrasives & Construction	543	606	+16.4%
(6)	(16)	-	Eliminations	(18)	(28)	-
377	493	+29.4%	Total revenue	826	962	+16.0%
-	-	-	Current EBITDA	88	140	+60.6% *
-	-	-	Current EBITDA margin	10.6%	14.6%	+400 bps

* Reported growth

Revenue generated by the **High Temperature Materials and Solutions** segment was up 16.0% in the first half of 2021 at constant scope and exchange rates. On a reported basis, revenue increased by 16.5% with a positive scope effect of €35.7 million (+4.3%) and a negative currency effect of €27.2 million (-3.3%).

Revenue in **High Temperature Solutions**, which is serving the iron & steel, thermal and foundry markets, increased by 18.0% year-on-year at constant scope and exchange rates in the first half of 2021, posting growth of 30.8% growth in the second quarter. The business continued to benefit from the strong underlying markets recovery, particularly in the US and Asia, and to a lesser extent in Europe, currently lagging behind in the recovery cycle. The rebound was supported by the dynamism of the construction sector and by the automotive market, which however has not yet fully recovered to its pre-crisis level mainly as a consequence of the global chip shortage. Last year's bolt-on acquisitions (Haznedar in Turkey, Sunward in Taiwan and Hysil in India) are performing above expectations.

Revenue in the **Refractory, Abrasives & Construction** business area was up 16.4% at constant scope and exchange rates in the first half of 2021, driven by an increase in volumes in all market segments, thanks to a strong global rebound in demand for industrial equipment, especially in the second quarter, and further growth in building and infrastructure (specialty binders). In India, where the recovery was particularly strong in the first half despite the Covid-19, the new greenfield plant in Vizag continued its ramp up to serve the dynamic domestic refractory and construction markets.

First half 2021 results webcast

The press release is available on the Group's website www.imerys.com. The Group will hold a live webcast to discuss the first half 2021 results at 6.30 PM (CET) on July 27, 2021, which can be accessed on the Group's website www.imerys.com.

Financial Calendar

November 2, 2021	Third quarter 2021 Results
February 17, 2022	2021 annual results
April 28, 2022	1st quarter 2022 results
July 28, 2022	1st half 2022 results
November 2, 2022	3rd quarter 2022 results

These dates are subject to change and may be updated on the Group's website <https://www.imerys.com/finance>.

The world's leading supplier of mineral-based specialty solutions for industry with €3.8 billion in revenue and 16,400 employees in 2020. Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods. The Group draws on its understanding of applications, technological knowledge and expertise in material science to deliver solutions by beneficiating its mineral resources, synthetic minerals and formulations. Imerys' solutions contribute essential properties to customers' products and their performance, including heat resistance, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and water repellency. Imerys is determined to develop responsibly, in particular by fostering the emergence of environmentally-friendly products and processes.

More comprehensive information about Imerys may be obtained from its website (www.imerys.com) in the Regulated Information section, particularly in its Registration Document filed with the French financial markets authority (Autorité des marchés financiers, AMF) on March 22, 2021 under number D.21-0167 (also available from the AMF website, www.amf-france.org). Imerys draws investors' attention to chapter 2 "Risk Factors and Internal Control" of its Registration Document.

Disclaimer: This document contains projections and other forward-looking statements. Investors should be aware that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Imerys) that could cause actual results and developments to differ materially from those expressed or implied.

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APPENDIX

Revenue

Revenue by business group (€ millions)	Q2 2020	Q2 2021	Reported change	Group structure	Exchange rates	Like for like change
Performance Minerals	501	616	+22.9%	+0.2%	-3.3%	+27.4%
High Temperature Materials & Solutions	377	493	+30.7%	+4.8%	-2.5%	+29.4%
Holding & Eliminations	(6)	(18)	n.s.	n.s.	n.s.	n.s.
Total	872	1,100	+26.2%	+2.0%	-3.5%	+28.9%

Key income indicators

(€ millions)	Q1 2020	Q1 2021	Change
Revenue	1,028.5	1,058.5	+2.9%
Current EBITDA	164.8	182.7	+10.9%
Current operating income	82.6	116.3	+40.8%
Current financial expense	(13.0)	(11.7)	-
Current taxes	(19.5)	(28.2)	-
Minority interests	(0.9)	(3.1)	-
Net income from current operations, Group share	49.2	73.3	+48.9%
Other operating income and expenses, net	(5.2)	(1.3)	-
Net income, Group share	44.0	72.0	+63.6%

(€ millions)	Q2 2020	Q2 2021	Change
Revenue	871.6	1,099.9	+26.2%
Current EBITDA	124.8	217.7	+74.5%
Current operating income	49.5	128.7	+159.9%
Current financial expense	(16.2)	(6.3)	-
Current taxes	(9.3)	(33.0)	-
Minority interests	(0.4)	(4.4)	-
Net income from current operations, Group share	23.6	85.0	+260.6%
Other operating income and expenses, net	(11.0)	(15.2)	-
Net income, Group share	12.6	69.8	+453.2%

(€ millions)	H1 2020	H1 2021	Change
Revenue	1,900.2	2,158.3	+13.6%
Current EBITDA	289.6	400.4	+38.3%
Current operating income	132.1	245.0	+85.5%
Current financial expense	(29.2)	(18.0)	-
Current taxes	(28.8)	(61.3)	-
Minority interests	(1.3)	(7.4)	-
Net income from current operations, Group share	72.8	158.3	+117.4%
Other operating income and expenses, net	(16.2)	(16.5)	-
Net income, Group share	56.6	141.8	+150.4%

CONSOLIDATED INCOME STATEMENT

(€ millions)	June 30, 2021	June 30, 2020	2020
Revenue	2,158.3	1,900.2	3,798.5
Raw materials and consumables used	(728.8)	(650.5)	(1,292.9)
External expenses	(555.1)	(486.6)	(968.4)
Staff expenses	(464.7)	(448.2)	(875.2)
Taxes and duties	(18.7)	(21.0)	(41.7)
Amortization, depreciation and impairment losses	(160.0)	(161.9)	(342.3)
Intangible assets, mining assets and property, plant and equipment	(135.9)	(128.3)	(268.9)
Right-of-use assets	(24.1)	(33.6)	(73.4)
Other current income and expenses	13.9	0.1	20.5
Current operating income	245.0	132.1	298.5
Gain (loss) from obtaining or losing control	4.0	(2.6)	(5.0)
Other non-recurring items	(25.7)	(18.2)	(155.5)
Operating income	223.2	111.3	138.0
Net financial debt expense	(18.2)	(24.1)	(44.4)
Income from securities	1.4	1.4	2.7
Gross financial debt expense	(19.7)	(25.5)	(47.1)
Interest expense on borrowings and financial debt	(17.8)	(22.9)	(42.2)
Interest expense on lease liabilities	(1.9)	(2.6)	(4.9)
Other financial income (expenses)	0.2	(5.1)	(17.0)
Other financial income	122.4	177.5	270.8
Other financial expenses	(122.2)	(182.6)	(287.8)
Financial income (loss)	(18.0)	(29.2)	(61.4)
Income taxes	(58.3)	(24.8)	(44.3)
Net income	146.9	57.4	32.3
Net income, Group share ⁽¹⁾	141.8	56.6	30.1
Net income attributable to non-controlling interests	5.1	0.7	2.2
(1) Net income per share:			
Basic net income per share (in €)	1.67	0.71	0.37
Diluted net income per share (in €)	1.65	0.70	0.36

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	June 30, 2021	June 30, 2020	2020
Non-current assets	4,816.0	5,004.8	4,862.4
Goodwill	2,155.5	2,140.3	2,149.1
Intangible assets	288.4	289.0	287.6
Right-of-use assets	176.7	223.8	192.5
Mining assets	412.6	479.0	425.6
Property, plant and equipment	1,489.6	1,555.9	1,506.9
Joint ventures and associates	105.5	99.6	87.3
Other financial assets	25.9	45.5	49.1
Other receivables	42.5	28.4	29.8
Derivative financial assets	0.4	-	4.1
Deferred tax assets	119.0	143.2	130.4
Current assets	2,376.7	2,612.4	2,128.7

Inventories	751.3	778.4	691.8
Trade receivables	677.3	549.7	568.0
Other receivables	213.1	204.8	196.3
Derivative financial assets	39.5	3.7	14.2
Other financial assets	7.5	11.9	9.9
Cash and cash equivalents	687.9	1,063.9	648.5
Assets held for sale	59.7	-	-
Consolidated assets	7,252.3	7,617.2	6,991.1
Equity, Group share	3,067.9	3,007.3	2,896.6
Share capital	169.9	170.0	169.9
Share premium	614.4	617.3	614.4
Treasury shares	(6.3)	(11.1)	(6.7)
Reserves	2,148.1	2,174.3	2,088.9
Net income, Group share	141.8	56.6	30.1
Equity attributable to non-controlling interests	60.5	47.5	59.0
Equity	3,128.4	3,054.8	2,955.6
Non-current liabilities	2,669.3	2,763.3	2,740.1
Provisions for employee benefits	277.1	337.7	352.3
Other provisions	414.8	414.4	394.9
Borrowings and financial debt	1,701.3	1,694.8	1,698.3
Lease liabilities	148.9	174.5	167.8
Other debts	21.5	32.4	34.3
Derivative financial liabilities	8.1	5.8	0.5
Deferred tax liabilities	97.6	103.8	92.0
Current liabilities	1,442.1	1,799.1	1,295.4
Other provisions	42.7	23.3	58.8
Trade payables	582.4	500.8	475.6
Income taxes payable	101.3	74.0	79.2
Other debts	325.2	277.6	371.6
Derivative financial liabilities	3.0	25.5	6.0
Borrowings and financial debt	323.9	817.3	260.9
Lease liabilities	43.2	69.4	42.6
Bank overdrafts	20.4	11.2	0.7
Liabilities related to assets held for sale	12.4	-	-
Consolidated equity and liabilities	7,252.3	7,617.1	6,991.1

CURRENT FREE OPERATING CASH FLOW

Net current free operating cash flow corresponds to the residual cash flow from recurring operations after current operating income taxes and operating capital expenditure, taking into account proceeds from operating asset disposals and cash changes in operating working capital requirement. In comparison with the cash flow presented in the [Consolidated Statement of Cash Flows](#), net current free operating cash flow corresponds to the recurring portion of "Net cash flows from (used in) operating activities" adjusted for acquisitions and disposals of intangible assets and property, plant and equipment in "Cash flow from investing activities" after income taxes.

(€ millions)	June 30, 2021	June 30, 2020	2020
Consolidated Income Statement			
Revenue	2,158.3	1,900.2	3,798.5
Raw materials and consumables used	(728.8)	(650.5)	(1,292.9)
External expenses	(555.1)	(486.6)	(968.4)
Staff expenses	(464.7)	(448.2)	(875.2)
Taxes and duties ⁽¹⁾	(18.7)	(21.0)	(41.7)

Other current income and expenses	13.9	0.1	20.5
Adjustments			
Change in provisions for employee benefits	(2.8)	(1.9)	(2.5)
Change in current operating write-downs and provisions	1.4	(4.0)	(10.0)
Share in net income of joint ventures and associates	(5.5)	1.1	(1.2)
Dividends received from joint ventures and associates	2.4	0.4	4.4
Current EBITDA	400.4	289.6	631.5
Income taxes			
Notional tax on current operating income	(66.1)	(37.0)	(83.0)
Adjustments			
Change in operational working capital requirement ⁽²⁾	(62.7)	46.4	74.9
Carrying amount of intangible assets and property, plant and equipment disposed of	2.8	2.9	35.7
Net current operating cash flow	274.4	301.9	659.1
Investing activities			
Acquisitions of intangible assets and property, plant and equipment ⁽³⁾	(142.7)	(149.4)	(262.1)
Additions to right-of-use assets	(9.5)	(13.4)	(23.5)
Net current free operating cash flow	122.2	139.1	373.5
<i>(1) Consolidated Income Statement</i>			
<i>(2) Change in operating working capital requirement (Consolidated Statement of Cash Flows)</i>	(62.7)	46.4	74.9
<i>Adjustments for decrease (increase) in inventories</i>	(55.7)	16.7	86.3
<i>Adjustments for decrease (increase) in trade receivables</i>	(103.0)	52.6	34.9
<i>Adjustments for increase (decrease) in trade payables</i>	96.0	(23.0)	(46.3)
<i>(3) Acquisitions of intangible assets and property, plant and equipment (Consolidated Statement of Cash Flows)</i>	(142.7)	(149.4)	(262.1)
<i>Acquisitions of intangible assets</i>	(12.2)	(11.9)	(22.3)
<i>Acquisitions of property, plant and equipment</i>	(103.8)	(88.9)	(231.6)
<i>Change in payables on acquisitions of intangible assets and property, plant and equipment</i>	(26.7)	(48.6)	(8.2)

CHANGE IN NET FINANCIAL DEBT

The following table presents the cash flow from non-recurring operations, i.e. non-recurring operating transactions, changes in the scope of consolidation, financing transactions and transactions with shareholders. These cash flows, added to the net current free operating cash flow from the previous table, give the total change in net financial debt.

(€ millions)	June 30, 2021	June 30, 2020	2020
Net current free operating cash flow	122.2	139.1	373.5
Income taxes			
Notional income tax on financial income (loss) and non-recurring income and expenses	4.9	8.2	17.1
Change in current and deferred tax assets and liabilities	(1.7)	(31.5)	(16.4)
Change in income tax payables and receivables	11.1	12.6	0.8
Income taxes paid on non-recurring income and expenses	3.6	13.0	17.7
Consolidated Income Statement			
Financial income (loss)	(18.0)	(29.2)	(61.4)
Other operating income and expenses	(21.7)	(20.7)	(160.5)
Adjustments			
Change in non-operating working capital requirement	(47.0)	(5.3)	34.7

Change in financial write-downs and provisions	1.7	2.1	4.1
Change in fair value of hedging instruments	-	0.4	0.4
Non-recurring impairment losses	(1.7)	-	12.7
Change in non-recurring write-downs and provisions	(9.3)	(26.1)	48.2
Investments in associates	1.4	-	8.9
Gain (loss) on businesses disposed of	(3.8)	1.3	2.7
Gain (loss) on intangible assets and property, plant and equipment disposed of	0.7	(0.3)	1.3
Investing activities			
Acquisition of businesses	(27.1)	(33.3)	(99.0)
Disposal of businesses	17.6	-	0.8
Disposal of intangible assets and property, plant and equipment	-	0.5	0.5
Loans and advances in cash received from (granted to) third parties	22.1	0.8	(0.1)
Equity			
Share capital increases (decreases)	0.8	-	-
Disposals (acquisitions) of treasury shares	(2.6)	(1.7)	(0.5)
Share-based payments	4.6	2.9	5.8
Dividends	(98.4)	(17.4)	(17.6)
Change in net financial debt excl. exchange rate effects	(40.6)	15.6	173.5

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(€ millions)</i>	June 30, 2021	June 30, 2020	2020
Net income	146.9	57.4	32.3
Adjustments			
Adjustments for depreciation and amortization	171.3	161.6	407.7
Adjustments for impairment loss on goodwill	-	-	12.7
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, trade and other receivables	0.2	2.3	1.0
Adjustments for impairment loss (reversal of impairment loss) recognized in profit or loss, inventories	(6.0)	(1.7)	7.5
Adjustments for provisions	(14.6)	(30.3)	(32.7)
Adjustments for share-based payments	4.6	2.9	5.8
Adjustments for losses (gains) on disposal of non-current assets	(7.3)	0.1	1.6
Adjustments for undistributed profits from joint ventures and associates	(4.1)	1.1	7.7
Adjustments for net interest income and expense	18.3	23.0	42.0
Adjustments for fair value losses (gains)	0.4	5.5	0.4
Other adjustments for non-cash items	1.3	1.1	2.2
Other adjustments for which cash effects are investing or financing cash flow	1.4	1.3	2.3
Change in working capital requirement	(109.7)	41.1	109.5
Adjustments for decrease (increase) in inventories	(55.7)	16.7	86.3
Adjustments for decrease (increase) in trade receivables	(103.0)	52.6	34.9
Adjustments for increase (decrease) in trade payables	96.0	(23.0)	(46.3)
Adjustments for other receivables and debts	(47.0)	(5.3)	34.6
Adjustments for income tax expense	58.3	24.8	44.2

Net cash flow from (used in) operations	261.2	290.0	644.2
Interest paid	(12.3)	(17.3)	(46.5)
Income taxes refund (paid)	(48.3)	(34.6)	(63.9)
Adjustments for dividends received	(0.5)	-	-
Adjustments for dividends received from joint ventures and associates	2.4	0.4	4.4
Net cash flows from (used in) operating activities	202.4	238.6	538.2

(€ millions)	June 30, 2021	June 30, 2020	2020
Acquisitions of intangible assets	(12.2)	(11.9)	(22.3)
Acquisitions of property, plant and equipment	(103.8)	(88.9)	(231.6)
Change in payables on acquisitions of intangible assets and property, plant and equipment	(26.7)	(48.6)	(8.2)
Cash flows used in (from gaining) control of subsidiaries or other businesses	(28.1)	(34.5)	(71.3)
Proceeds from disposals of intangible assets and property, plant and equipment	5.3	4.3	38.7
Cash flows from losing control of subsidiaries or other businesses	16.8	-	0.5
Cash advances and loans granted to third parties	54.8	3.5	4.9
Cash receipts from repayment of advances and loans granted to third parties	(30.1)	(2.7)	(7.8)
Interest received	1.4	1.4	2.4
Cash flow from investing activities	(122.7)	(177.4)	(294.7)
Proceeds from issuing shares	0.8	-	-
Payments to acquire or redeem treasury shares	(2.6)	(1.7)	(0.5)
Dividends paid	(97.9)	(17.4)	(17.6)
Proceeds from borrowings	299.0	322.9	30.5
Repayments of borrowings	(5.5)	(24.2)	(294.0)
Payments of lease liabilities	(26.6)	(33.7)	(79.3)
Other cash inflows (outflows)	(234.2)	116.2	144.2
Cash flow from financing activities	(67.0)	362.1	(216.9)
Change in cash and cash equivalents	12.7	423.4	26.6

(€ millions)	June 30, 2021	June 30, 2020	2020
Cash and cash equivalents at the beginning of the period	647.8	653.2	653.2
Change in cash and cash equivalents	12.8	423.4	26.6
Effect of exchange rate changes	7.0	(23.9)	(32.0)
Cash and cash equivalents at the end of the period	667.6	1,052.7	647.8
Cash	481.8	792.9	455.2
Cash equivalents	206.1	271.0	193.3
Bank overdrafts	(20.4)	(11.2)	(0.7)

GLOSSARY

Imerys uses “current” indicators to measure the recurrent performance of its operations, excluding significant items that, because of their nature and their relatively infrequent occurrence, cannot be considered as inherent to the recurring performance of the Group (see section 5.5 Definitions and reconciliation of alternative performance measures to IFRS indicators in the 2020 Universal Registration Document).

Alternative Performance Indicators	Definitions and reconciliation to IFRS indicators
Growth at constant scope and exchange rates (also called life-for-like change, LFL growth organic or internal growth)	<p>Calculated by stripping out the impact of currency fluctuations as well as acquisitions and disposals (scope effect). Restatement of the currency effect consists of calculating aggregates for the prior year at the exchange rate of the current year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data. Restatement of Group structure to take into account newly consolidated entities consists of: subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year; subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the prior year, for entities entering the consolidation scope in the prior year. Restatement of entities leaving the consolidation scope consists of: subtracting the departing entity's contribution from the aggregates of the prior year as from the first day of the month of divestment, for entities leaving the consolidation scope in the current year; subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.</p>
Volume effect	The sum of the change in sales volumes of each business area between the current and prior year, valued at the average sales price of the prior year.
Price mix effect	The sum of the change in average prices by product family of each business area between the current and prior year, applied to volumes of the current year.
Current operating income	The operating income before other operating income and expenses (income from changes in control and other non-recurring items).
Net income from current operations	The Group's share of income before other operating income and expenses, net (income from changes in control and other non-recurring items, net of tax) and income from discontinued operations.
Current EBITDA	Calculated from current operating income before operating amortization, depreciation and impairment losses and adjusted for changes in operating provisions and write-downs, share in net income and dividends received from joint ventures and associates.
Net current operating cash flow	Net current free operating cash flow before capital expenditure and right-of-use assets (to reflect the IFRS 16 calculation).
Net current free operating cash flow	The Group's current EBITDA after deducting notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous.
Net financial debt	The difference between borrowings and financial debt and cash and cash equivalents.