

## Imerys delivers strong organic growth and current EBITDA in Q1 2021

- Strong organic growth driven by good commercial performance and continued recovery in end markets: +6.3% vs. Q1 2020
- Revenue up 2.9% vs Q1 2020 at €1,058 million
- Current<sup>1</sup> EBITDA up 10,9%; current EBITDA margin at 17.3% (vs. 16.0% in Q1 2020), supported by positive price mix and strong operational execution
- Net income from current operations of €73.3 million, up 49% vs Q1 2020

Alessandro Dazza, Chief Executive Officer, said:

*"Imerys made a strong start to 2021 with positive organic growth momentum, improved EBITDA and higher margins, well above pre-pandemic levels. We are encouraged by these results which underscore our commitment to disciplined cost management and commercial excellence. As the recovery gathers pace, albeit at varying levels across sectors and geographies, we will strive to deliver enhanced operating leverage and profitability improvements in 2021. Recent capacity additions in fast-growing markets emphasize the Group's confidence in its ability to capture future growth opportunities. "*

Unaudited consolidated results <sup>1</sup> (€ millions)	Q1 2020	Q1 2021	Change (%)
Revenue	1,028.5	1,058.5	+2.9%
Organic growth	-7.5%	+6.3%	-
Current EBITDA	164.8	182.7	+10.9%
Current EBITDA margin	16.0%	17.3%	+130 bps
Current operating income	82.6	116.3	+40.8%
Current operating margin	8.0%	11.0%	+300 bps
Operating income	78.0	114.5	+46.8%
Net income from current operations, Group share	49.2	73.3	+48.9%
Net income, Group share	44.0	72.0	+63.6%
Net income from current operations per share <sup>2</sup>	€0.62	€0.87	+38.8%

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

<sup>2</sup> Weighted average number of outstanding shares: 84,684,525 in Q1 2021 compared with 78,959,698 in Q1 2020.

## **Additional capacity expansion and portfolio management**

As part of its development strategy, Imerys will invest €60 million in the next two years in the expansion of its 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.

The Group has sold its 50% holding in Fiberlean Technologies Ltd to Werhahn, a German diversified, family-owned group. Fiberlean Technologies, based in the United Kingdom, which employs 70 people, was established in 2016 to develop an innovative composite material made from microfibrillated cellulose (MFC) and minerals, used in the the manufacture of paper and packaging, as well as in a variety of other engineered applications and industries. Imerys will maintain the rights to the technology thanks to a license agreement, thereby continuing to provide these solutions and minerals to its customer base. The transaction also includes the disposal by Imerys of four MFC production facilities for paper & board clients (two in France, one in India and one in the USA); Imerys will remain the key mineral supplier to these customers.

## **Outlook**

Imerys is expecting demand for its specialty mineral solutions to continue at a good pace throughout the year driven by the prospect of further economic recovery worldwide. Current EBITDA and current EBITDA margin are targeted to improve in 2021 versus 2020. Recent capacity additions in rapidly expanding markets will enhance the Group's ability to capture future growth opportunities.

## **Imerys North American talc entities' Plan of Reorganization reaches the voting approval threshold**

On April 7, 2021, the Plan of Reorganization ("the Plan") proposed by the North American talc entities (Imerys Talc America, Imerys Talc Vermont and Imerys Talc Canada) has received the majority support of 79.7% of the voting creditors and claimants in the U.S talc related litigation that was necessary to meet the 75% approval threshold required under the relevant statutory provisions applicable to their Plan. This is an important milestone towards the resolution of historic liabilities related to talc in the United-States.

The next step in the Chapter 11 process of the relevant talc entities will be the confirmation hearing on the Plan by the relevant US. District Court of Delaware, which is expected this summer, with potential final approval of the Plan by the relevant US Courts and closure of Chapter 11 process by the end of 2021.

## COMMENTARY ON THE FIRST QUARTER 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%

**Revenue** for the first quarter of 2021 was €1,058.5 million, up 6.3% year-on-year at constant scope and exchange rates (of which +7.0% for the Performance Minerals segment and +4.7% for the High Temperature Materials & Solutions segment). Group sales volumes were up 5.8%, as the recovery across underlying markets is gaining traction.

In this context, Imerys maintained a positive 0.5% price-mix versus the prior year.

Revenue included a significant negative currency effect of €52.1 million (-5.1%), primarily as a result of the depreciation of the U.S. dollar against the euro.

The scope effect was €20.5 million for the first quarter, 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%
Margin	16.0%	17.3%	+130 bps

**Current EBITDA** reached €182.7 million for the first quarter 2021, a 10.9% increase vs. the first quarter of 2020. Current EBITDA margin improved by 130 basis points to 17.3% versus the first quarter of 2020.

It benefitted from positive volume contribution (€27.7 million), positive price mix (€1.7 million) and ongoing cost control. Variable costs declined by €1.6 million, as inflation was offset by savings related to purchasing initiatives and the I-Cube industrial excellence program. Fixed costs and overheads were down €1.6 million vs last year.

The currency effect was negative at €11.4 million.

**Current operating income** at €116.3 million showed a 40.8% increase against Q1 2020.

### Net income from current operations

**Net income from current operations, Group share**, totaled €73.3 million, up 48.9% vs. the first quarter of 2020. Net financial result is negative at -€11.7 million, in line with the first quarter of 2020. The income tax expense of €28.2 million corresponds to an effective tax rate of 27.0%, compared with 28.0% in the first quarter of 2020. **Net income from current operations, Group share, per share**, was up 38.8% to €0.87.

Net income

**Net income, Group share**, totaled €72.0 million in the first quarter of 2021, after -€1.3 million of other income and expenses, after tax.

## COMMENTARY BY SEGMENT

Performance Minerals (56% of consolidated revenue)

Unaudited quarterly data (€ millions)	Q1 2020	Q1 2021	Current change vs. Q1 2020	LFL change vs. Q1 2020
Revenue Americas	251	231	-8.0%	+0.8%
Revenue Europe, Middle East and Africa (EMEA)	273	283	+3.6%	+4.8%
Revenue Asia-Pacific (APAC)	111	130	+16.9%	+25.9%
Eliminations	(47)	(48)	-	-
<b>Total revenue</b>	<b>589</b>	<b>596</b>	<b>+1.3%</b>	<b>+7.0%</b>

Revenue generated by the **Performance Minerals** segment was up 7.0% like-for-like in the first quarter of 2021. On a reported basis, revenue was up 1.3% after a negative currency effect of €34 million (-5.7%) and a positive scope effect of €3 million (+0.5%).

Revenue in the **Americas** was up 0.8% at constant scope and exchange rates in the first quarter of 2021. The overall recovery of paints, rubber, polymers and ceramic products and the performance of filtration and life science markets were hampered by shipping containers shortage and heavy winter storms affecting several plants in February.

Revenue in **Europe, Middle-East and Africa** increased by 4.8% at constant scope and exchange rates in the first quarter of 2021. Plastics, rubber, paints & coatings and ceramics & building products benefited from the recovery of the construction and automotive markets in Europe, while demand for consumer goods and paper was still low in connection with ongoing Covid-19 restrictions .

Revenue in **Asia-Pacific** was up 25.9% at constant scope and exchange rates in the first quarter of 2021 thanks to the rapid recovery of end markets, buoyant growth of Graphite & Carbon for mobile energy and the rebound of specialty minerals for plastics, paints & coatings and ceramics, which are back to their 2019 level.

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

Unaudited quarterly data (€ millions)	2020	2021	Current change vs. Q1 2020	LFL change vs Q1 2020
Revenue High Temperature Solutions	164	187	+14.1%	+7.1%
Revenue Refractory, Abrasives & Construction	297	295	-0.6%	+3.6%
Eliminations	(11)	(12)	-	-
<b>Total revenue</b>	<b>449</b>	<b>470</b>	<b>+4.6%</b>	<b>+4.7%</b>

Revenue generated by the **High Temperature Materials and Solutions** segment was up 4.7% in the first quarter of 2021 at constant scope and exchange rates. On a reported basis, revenue increased by 4.6% due to a negative currency effect of €18 million (-3.9%) and positive scope effect of €18 million (+4.0%).

Revenue in **High Temperature Solutions**, which is serving iron & steel, thermal and foundry markets increased by 7.1% at constant scope and exchange rates in the first quarter of 2021. The business benefited from strong underlying markets recovery, particularly in India and China, and to a lesser extent in Europe, where the demand was driven by thermal and foundry markets. The recent acquisition in Turkey, Haznedar, had a good start to the year. Other bolt-on acquisitions are also proceeding according to plan.

Revenue in the **Refractory, Abrasives & Construction** business area was up 3.6% at constant scope and exchange rates in the first quarter of 2021, driven by an increase in volumes in all market segments, thanks to continuing solid growth in building and infrastructure (specialty binders) and further recovery in iron & steel and automotive. The performance was particularly strong in EMEA and in China. In India, the Group completed the commissioning of a new plant in Vizag and started production to serve the growing demand of the domestic refractory market.

## First quarter 2021 results webcast

The press release is available on the Group's website [www.imerys.com](http://www.imerys.com). The Group will hold a live webcast to discuss the first quarter 2021 results at 9.30 AM (CET) on April 30, 2021, which can be accessed on the Group's website [www.imerys.com](http://www.imerys.com).

## Financial Calendar

May 10, 2021	General Meeting of Shareholders
July 27, 2021	1st half 2021 results
November 2, 2021	3rd quarter 2021 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](http://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](http://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 breakdown

Revenue by business group (€ millions)	Q1 2020	Q1 2021	Reported change	Group structure	Exchange rates	Like for like change
Performance Minerals	589	596	+1.3%	+0.5%	-5.7%	+7.0%
High Temperature Materials & Solutions	449	470	+4.6%	+4.0%	-3.9%	+4.7%
Holding & Eliminations	(9)	(8)	n.s.	n.s.	n.s.	n.s.
<b>Total</b>	<b>1,029</b>	<b>1,058</b>	<b>+2.9%</b>	<b>+2.0%</b>	<b>-5.1%</b>	<b>+6.3%</b>

### Key income indicators

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

## 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).</p> <p>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.</p> <p>Restatement of Group structure to take into account newly consolidated entities consists of:</p> <ul style="list-style-type: none"> <li>subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year;</li> <li>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.</li> </ul> <p>Restatement of entities leaving the consolidation scope consists of:</p> <ul style="list-style-type: none"> <li>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;</li> <li>subtracting the departing entity's contribution from the aggregates of the prior year, for entities leaving the consolidation scope in the prior year.</li> </ul>
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.