

PARIS, NOVEMBER 2, 2022

## Imerys delivers a solid financial performance in Q3 2022 and confirms its guidance for 2022 current EBITDA

- Third quarter revenue up 20.8% to €1,116 million (€3,258 million in the first 9 months of the year, +19.0%)<sup>(\*)</sup>
- Organic growth<sup>1</sup> at +13.3% vs. Q3 last year (+14.0% in the first nine months of 2022) driven by pricing actions to compensate for inflation pressure on costs
- Current EBITDA up 15% to €193 million in the third quarter (+10.2% to €568 million in the first 9 months)
- Current net income from continuing operations: €221 million for the first 9 months (+15.7% vs 2021)
- Moving forward with strategic focus on higher growth markets: plans to divest assets serving the paper market and to become a major player in the European lithium market

Alessandro Dazza, Chief Executive Officer, said:

*European markets were soft in the third quarter, as expected, but our performance was solid. Although downward trends in demand are likely to persist, we are on track to meet our current EBITDA guidance for the full year through continued pricing discipline and strict management of costs. The contemplated disposal of assets serving the paper markets and the recently announced plans to develop a large lithium project represent key milestones in the Group's strategy to focus on fast-growing specialty minerals markets."*

| Unaudited consolidated results<br>(€ millions)                    | 9 months 2021 |                         | 9 months<br>2022 <sup>(*)</sup> | Change (%) |
|---|---------------|-------------------------|---------------------------------|------------|
|   | Reported      | Restated <sup>(*)</sup> |                                 |            |
| Revenue   | 3,262         | 2,737                   | 3,258                           | +19.0%     |
| Organic growth  | +17.3%        | -                       | +14.0%                          | -          |
| Current EBITDA  | 594           | 516                     | 568                             | +10.2%     |
| Current EBITDA margin   | 18.2%         | 18.9%                   | 17.4%                           | -          |
| Current operating income  | 363           | 296                     | 346                             | +16.9%     |
| Current operating margin  | 11.1%         | 10.8%                   | 10.6%                           | -          |
| Operating income <sup>2</sup>                                     | 338           | 271                     | 247                             | -8.9%      |
| Current net income from continuing operations                     | 233           | 191                     | 221                             | +15.7%     |
| Net income from continuing operations, Group share <sup>2</sup>   | 216           | 174                     | 124                             | -28.3%     |
| Net income from discontinued activities, Group share <sup>3</sup> | -             | 43                      | 69                              | -          |
| Net income, Group share <sup>2</sup>                              | 216           | 216                     | 193                             | -10.6%     |
| Current net income from continuing operations per share           | €2.75         | €2.25                   | €2.61                           | +15.8%     |

<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> of which €99 million loss relating to goodwill impairment on the ongoing disposal of assets serving the paper market

<sup>3</sup> of which €20 million gain relating to hyperinflation in Turkey in accordance with IAS 29

(\*) Results for the 9 month periods ended 30 September 2021 and 2022 have been restated to reflect the results from continuing operations excluding the High Temperature Solutions business area (HTS) whose contemplated disposal was announced on July 28, 2022. According to IFRS 5, HTS is accounted for as a discontinued operation and reported under 'Net income from discontinued activities' (its revenue, expenses and pre-tax profits are not presented in the consolidated income statement). The assets serving the paper markets whose contemplated disposal was announced on September 9, 2022, are accounted for as non current assets held for sale and therefore included in the consolidated income statement.

## Ongoing disposal process for assets serving the paper market

Along with the ongoing disposal of the High-Temperature Solutions business announced on July 28, Imerys has entered into exclusive negotiations early September for the potential sale of most of its assets producing kaolin and calcium carbonate which primarily serve the paper market, for an enterprise value of €390 million. Proceeds will be paid through staged payments including an earn-out based on the future performance of the business. This would mark another important milestone in the Group's strategy to focus on its core, high-growth specialty minerals business. In total, these activities represented approximately €400m in sales in 2021.

The contemplated divestiture led to the recognition of a goodwill impairment loss on the divested assets of €99 million<sup>4</sup> in the Group's 9 months 2022 income statement<sup>5</sup>.

The closing of the transaction is expected in the course of the first semester of 2023. It remains subject to the fulfillment of customary conditions for this type of transaction, including the information and consultation of works councils and other regulatory approval. At closing, the translation reserve associated with the business disposed of (mainly relating to the devaluation of the Brazilian Real) shall be recycled to the profit and loss statement in accordance with applicable IFRS standards. The Group's shareholders equity will be unaffected by this non-cash loss currently estimated at circa. €200 million as of September 30, 2022.

## Plans to become a major player in the European lithium market

On October 24, 2022, Imerys announced the launch of a lithium exploitation project (Emili Project) at its Beauvoir site in France. According to initial assessments, the Emili project would reach a production target of 34,000 tonnes of lithium hydroxide per year from 2028, for at least 25 years. It would be one of the European Union's largest lithium mining projects and could, when fully operational, equip the equivalent of 700,000 electric vehicles with lithium-ion batteries.

This project is a response to the challenges introduced by the energy transition: it should offer a long-term solution that addresses Europe's decarbonization ambitions while increasing French and European sovereignty by reducing dependency on imports. Lithium - a key raw material and component for Li-ion batteries - was identified as critical by the European Commission in 2020. Its consumption is expected to grow ten folds by 2030.

Building on its experience and knowledge of local biodiversity, Imerys intends to put forward a responsible project that respects the environment and local communities, in accordance with its code of conduct and international standards. In particular, Imerys commits to developing the project in line with the IRMA<sup>6</sup> Standard, which is the benchmark for responsible mining.

In this framework, the Group intends to use underground mining methods in order to minimize the impact on the local environment. The project design would be developed with the involvement of all local private and public stakeholders in order to devise a responsible industrial project.

As well as reducing the impact on the ecosystem, Imerys would target low CO<sub>2</sub> emissions from its operations, with the aim to produce lithium with less than half of the CO<sub>2</sub> emissions of typical existing hard rock lithium operations in the world<sup>7</sup>. Examples of CO<sub>2</sub> reduction initiatives would include an electric mining fleet, transport by underground pipes, trains and the use of the French low-carbon electricity mix.

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<sup>4</sup> Based on unaudited data as of September 30, 2022 and a EUR/BRL foreign exchange rate of 5.27035. The final impact shall be revised based upon the conditions prevailing at the date control will be lost.

<sup>5</sup> Accounted in "Other income and expenses, after tax" (see 'Net income' section of the press release)

<sup>6</sup> Initiative for Responsible Mining Assurance (<https://responsiblemining.net/>)

<sup>7</sup> From 15-18 tCO<sub>2</sub> / tLCE for the typical existing hard-rock operations to less than 8 tCO<sub>2</sub> / tLCE for the Emili project

Based on the most advanced technology, the project would involve a construction capex of approximately €1bn. The cash cost of the lithium produced at Beauvoir is estimated to be ca. €7-9/kg. The estimated cost would be competitive, notably in the European market, and would secure an attractive return for the project in line with the Group's long-term value creation ambitions.

## Outlook

In a worsening economic environment, especially in Europe, the contribution of pricing efforts and tight cost management should continue over the fourth quarter to mitigate the impact of higher input costs and decelerating volumes. In this context, Imerys confirms its current EBITDA guidance<sup>8</sup> for the full year 2022. Restated for the IFRS 5 impact, this objective stands at €690-710 million.

Imerys will hold a Capital Markets Day on November 7, 2022 to present its 2023-2025 development plan.

## COMMENTARY ON THE THIRD QUARTER AND NINE MONTHS 2022 RESULTS

### Revenue

| Unaudited consolidated results<br>(€ millions) | 2021         |                 | 2022         | Change             |                         |              |               |
|--|--------------|-----------------|--------------|--------------------|-------------------------|--------------|---------------|
|  | Reported     | Restated<br>(*) |              | Reported<br>Change | Like-for-like<br>change | Volumes      | Price         |
| First half                                     | 2,158        | 1,812           | 2,142        | +18.2%             | +14.3%                  | -1.9%        | +16.3%        |
| Third quarter                                  | 1,104        | 924             | 1,116        | +20.8%             | +13.3%                  | -8.7%        | +22.1%        |
| <b>Total</b>                                   | <b>3,262</b> | <b>2,737</b>    | <b>3,258</b> | <b>+19.0%</b>      | <b>+14.0%</b>           | <b>-4.3%</b> | <b>+18.3%</b> |

**Revenue** was €3,258 million, up 14.0% year-on-year at constant scope and exchange rates in the first nine months of 2022. Group sales volumes were down 4.3%, reflecting the impact of the Ukrainian crisis and the international economic sanctions against Russia, local lockdowns in China and the weakness of the automotive industry over the entire year. In the third quarter, volumes declined further (-8.7%) as certain European markets continued to slow down.

In a context of high inflation, Imerys' pricing actions accelerated in the third quarter (+22.1% of price effect), averaging +18.3% for the first nine months versus the prior year.

Revenue included a significantly positive currency effect of €170 million (+6.2%), primarily as a result of the appreciation of the U.S. dollar against the euro. The scope effect was €49 million negative, related to recent divestitures.

<sup>8</sup> Current EBITDA of €810-840 million for full year 2022 before IFRS5 impact (press release of July 27,2022)

## Current EBITDA

| Unaudited consolidated results<br>(€ millions) | 2021       |              | 2022       | Change        |
|--|------------|--------------|------------|---------------|
|  | Reported   | Restated (*) |            |               |
| First half                                     | 401        | 348          | 375        | +7.9%         |
| Third quarter                                  | 194        | 168          | 193        | +14.9%        |
| <b>Nine months</b>                             | <b>594</b> | <b>516</b>   | <b>568</b> | <b>+10.2%</b> |
| Margin   | 18.2%      | 18.9%        | 17.4%      | -             |

Current EBITDA benefited from higher selling prices, which were gradually implemented over the recent quarters.

The price effect in the first nine months of 2022 compensated for the significant increase in variable costs, fixed costs and overheads, resulting from high inflation on all input factors. The currency effect was positive at €44 million.

Current operating income reached €346 million for the first nine months of 2022, a 16.9% increase compared to the first nine months of last year.

## Current net income from continuing operations

Current net income from continuing operations totaled €221 million in the first nine months, +15.7% vs. last year. Net financial result was negative at €-36 million. The income tax expense of €-84 million corresponds to an effective tax rate of 27.0%. Current net income from continuing operations, per share, was up 15.8% to €2.61.

## Net income

Net income, Group share, totaled €193 million in the first nine months of 2022. Net income from continuing operations, Group share reached €124 million after other income and expenses, of -€97 million in the first nine months of 2022, mostly related to goodwill impairment on the assets for the paper market expected to be sold. The net income also includes €69 million of net income from discontinued activities.

## COMMENTARY BY SEGMENT

Performance Minerals (66% of consolidated revenue)

| Q3 2021    | Q3 2022    | LFL change on Q3 2021 | Unaudited quarterly data<br>(€ millions)      | 9M 2021      | 9M 2022      | LFL change on 9M 2021 |
|------------|------------|-----------------------|---|--------------|--------------|-----------------------|
| 244        | 317        | +18.0%                | Revenue Americas                              | 717          | 875          | +13.0%                |
| 281        | 353        | +23.5%                | Revenue Europe, Middle East and Africa (EMEA) | 864          | 1,012        | +16.0%                |
| 131        | 153        | +15.2%                | Revenue Asia-Pacific (APAC)                   | 386          | 444          | +11.3%                |
| (38)       | (67)       | -                     | Eliminations & others                         | (135)        | (175)        | -                     |
| <b>619</b> | <b>756</b> | <b>+16.5%</b>         | <b>Total revenue</b>                          | <b>1,831</b> | <b>2,156</b> | <b>+13.2%</b>         |

Revenue generated by the **Performance Minerals** segment was up 13.2% like-for-like in the first 9 months of 2022. On a reported basis, revenue was up 17.8% and includes a positive currency effect of €120 million (+6.6%).

Revenue in the **Americas** was up 13.0% at constant scope and exchange rates in the first nine months of 2022, of which +18.0% in the third quarter. All markets were supportive during the third quarter of 2022.

Revenue in **Europe, Middle East and Africa** increased by 16.0% at constant scope and exchange rates in the first nine months of 2022 and +23.5% in the third quarter. Growth in the third quarter was supported by a further increase in selling prices to offset high inflation on energy costs. While sales momentum of ceramics and consumer goods solutions remained positive in the third quarter of 2022, demand for paints was flat after the boom of 2021; plastics and paper remained weak in Europe .

Local lockdowns in China weighed on the performance in **Asia-Pacific** where revenue rose by 11.3% at constant scope and exchange rates in the first nine months of 2022. During the third quarter (+15.2% like-for-like), both sales to the mobile energy sector as well as specialty minerals continued to grow, with filtration, paper and board solutions performing well, while ceramics demand softened.

#### Refractory, Abrasives & Construction (34% of consolidated revenue)

| Q3 2021    | Q3 2022    | LFL change on Q3 2021 | Unaudited quarterly data<br>(€ millions)     | 9M 2021    | 9M 2022      | LFL change on 9M 2021 |
|------------|------------|-----------------------|--|------------|--------------|-----------------------|
| 306        | 362        | +9.8%                 | Revenue Refractory, Abrasives & Construction | 913        | 1,105        | +14.9%                |
| 0          | 0          | -                     | Eliminations & others                        | (6)        | 0            | -                     |
| <b>306</b> | <b>362</b> | <b>+9.9%</b>          | <b>Total revenue</b>                         | <b>907</b> | <b>1,105</b> | <b>+15.7%</b>         |

In accordance with IFRS 5, the **High Temperature Solutions** business area is accounted for as a discontinued operation in 2022 and 2021 and no longer included in the segment reporting. The **Refractory, Abrasives & Construction** business area revenue increased by 21.1% on a reported basis with a favorable currency effect of €52 million (+5.7%) and a negative scope effect of €3 million (-0.4%). Revenue was up 14.9% at constant scope and exchange rates in the first nine months of 2022, driven by the price increases necessary to pass through rising inflation, especially escalating energy costs. As anticipated, organic growth decelerated in the third quarter of 2022 (+9.8%) due to a softening in refractory and abrasives markets in Europe, resulting in a drop in volumes. Sales are also negatively impacted by the crisis in Russia and Ukraine, as well as local lockdowns in China where the business area has a strong presence. Building & infrastructure solutions were resilient in the third quarter. In India, the greenfield plant in Vizag, which produces refractories and specialty binders, continued to ramp up.

#### Third quarter and 9 months 2022 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 third quarter and nine months 2022 results at 10.00am (CET) on November 2, 2022, which can be accessed on the Group's website [www.imerys.com](http://www.imerys.com).

## Financial Calendar

|                   |                     |
|-------------------|---------------------|
| November 7, 2022  | Capital Markets Day |
| February 16, 2023 | Annual results 2022 |

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 €4.4 billion in revenue and 17,000 employees in 2021. 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, 2022 under number D.22-0131 (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 by business areas

| Q3 2021    | Q3 2022    | Reported change on Q3 2021 | Unaudited quarterly data<br>(€ millions)                        | 9M 2021      | 9M 2022      | Reported change on 9M 2021 |
|------------|------------|----------------------------|---|--------------|--------------|----------------------------|
| 244        | 317        | +29.8%                     | Revenue Americas  | 717          | 875          | +22.1%                     |
| 281        | 353        | +25.6%                     | Revenue Europe, Middle East and Africa (EMEA)                   | 864          | 1,012        | +17.1%                     |
| 131        | 153        | +16.2%                     | Revenue Asia-Pacific (APAC)                                     | 386          | 444          | +15.0%                     |
| (38)       | (67)       | -                          | Eliminations & others   | (136)        | (175)        | -                          |
| <b>619</b> | <b>756</b> | <b>+22.2%</b>              | <b>Total Performance Minerals revenue</b>                       | <b>1,831</b> | <b>2,156</b> | <b>+17.8%</b>              |
| 306        | 362        | +18.1%                     | Revenue Refractory, Abrasives & Construction                    | 913          | 1,105        | +21.1%                     |
| 0          | 0          | -                          | Eliminations & others   | (6)          | 0            | -                          |
| <b>306</b> | <b>362</b> | <b>+18.1%</b>              | <b>Total High Temperature Materials &amp; Solutions revenue</b> | <b>907</b>   | <b>1,105</b> | <b>+21.9%</b>              |

### Key income statement indicators

| (€ millions)  | Q3 2021    | Q3 2022      | Change        | 9M 2021      | 9M 2022      | Change        |
|---|------------|--------------|---------------|--------------|--------------|---------------|
| <b>Revenue</b>  | <b>924</b> | <b>1,116</b> | <b>+20.8%</b> | <b>2,737</b> | <b>3,258</b> | <b>+19.0%</b> |
| <b>Current EBITDA</b>   | <b>168</b> | <b>193</b>   | <b>+14.9%</b> | <b>516</b>   | <b>568</b>   | <b>+10.2%</b> |
| <b>Current operating income</b>                                 | <b>93</b>  | <b>118</b>   | <b>+27.6%</b> | <b>296</b>   | <b>346</b>   | <b>+16.9%</b> |
| Current financial expense                                       | (10)       | (17)         | -             | (29)         | (36)         | -             |
| Current taxes   | (23)       | (27)         | -             | (72)         | (84)         | -             |
| Minority interests  | (2)        | (2)          | -             | (4)          | (5)          | -             |
| <b>Current net income from continuing operations</b>            | <b>59</b>  | <b>72</b>    | <b>+21.5%</b> | <b>191</b>   | <b>221</b>   | <b>+15.7%</b> |
| Other operating income and expenses, net                        | (0)        | (95)         | -             | (17)         | (97)         | -             |
| <i>of which loss on impairment goodwill on assets for paper</i> | -          | (99)         | -             | -            | (99)         | -             |
| <b>Net income from continuing operations, Group share</b>       | <b>59</b>  | <b>(24)</b>  | -             | <b>174</b>   | <b>124</b>   | <b>-28.3%</b> |
| Net income from discontinued activities, Group share            | 16         | 24           | +53.4%        | 43           | 69           | +61.7%        |
| <b>Net income, Group share</b>                                  | <b>74</b>  | <b>1</b>     | -             | <b>216</b>   | <b>193</b>   | <b>-10.6%</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 2021 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).<br/>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.<br/>Restatement of Group structure to take into account newly consolidated entities consists of:<br/>subtracting the contribution of the acquisition from the aggregates of the current year, for entities entering the consolidation scope in the current year;<br/>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.<br/>Restatement of entities leaving the consolidation scope consists of:<br/>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;<br/>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 (also called Price 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 (or Current net income)  | 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.  |