

Imerys reports robust first quarter 2023 results with double-digit growth in current operating income

- First quarter revenue of €997 million¹, in line with last year (-0.9% like-for-like²), amid challenging market conditions
- First quarter current EBITDA margin at 15.1% up from 14.8% in Q4 2022 (Q1 2022: 15.4%) demonstrating the Group's resilient performance
- Double-digit increase in current operating income (+14.6% vs last year) at €105 million and in current net income from continuing operations (+12.2% vs last year) at €68 million

Alessandro Dazza, Chief Executive Officer, said:

"Imerys achieved solid results in the first quarter of 2023 despite a soft economic context, continued customer destocking and weak demand in several markets, especially construction in Europe and the US. The Group was able to maintain its current EBITDA margin above 15% and deliver a 14% increase in current operating income thanks to tight cost management and solid pricing. While some input costs have continued to rise, inflation has shown signs of peaking out and energy prices have softened, as expected, which should benefit the US and Europe. Furthermore, the rebound of the Chinese economy on the one hand, and of the global automotive market on the other hand, are positive factors for the coming months. As we progress into 2023, we will continue to exercise caution in navigating the volatile environment and intend to remain focused on investing in growth opportunities."

Unaudited consolidated results ¹ (€ millions)	Q1 2022	Q1 2023	Change year-on-year (%)
Revenue	1,013	997	-1.6%
Organic growth	-	-0.9%	-
Current EBITDA	156	151	-3.4%
Current EBITDA margin	15.4%	15.1%	-
Current operating income	92	105	+14.6%
Current operating margin	9.0%	10.5%	-
Operating income	89	98	+9.9%
Current net income from continuing operations	60	68	+12.2%
Net income from continuing operations, Group share ²	58	62	+7.8%
Net income from discontinued activities, Group share	15	39	-
Net income, Group share ²	73	101	+38.8%

¹ According to IFRS 5, HTS is accounted for as a discontinued operation and reported under 'Net income from discontinued activities' in 2022 (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.

² The definition of alternative performance measures can be found in the glossary at the end of the press release.

Outlook

While weak demand in certain markets, notably construction and industrial applications, may continue over the coming months, recent market data indicate that both the Chinese economy and the automotive market seem to be on the path of a robust recovery and that the mobile energy sector which was soft in Q1 is expected to go back to sustained growth.

In this volatile and uncertain environment, Imerys will remain focused on costs and cash management to protect its profitability and make further progress on its strategic journey toward its medium-term organic growth and current EBITDA margin objectives³.

COMMENTARY ON THE FIRST QUARTER 2023 RESULTS

Revenue

Unaudited consolidated results (€ millions)	Q1 2022	Q1 2023	Change			
			Reported Change	Like-for-like change	Volumes	Price mix
First quarter	1,013	997	-1.6%	-0.9%	-11.9%	+11.0%

Revenue was €997 million, down 0.9% year-on-year at constant scope and exchange rates in the first quarter of 2023. Group sales volumes were down 12%, reflecting the destocking impact, especially in Europe, and weaker construction markets following recent interest rate increases.

Imerys' pricing effect was positive in the first quarter thanks to the carry-over effect of price increases implemented last year.

Revenue included a positive currency effect of €13 million (+1.3%), primarily as a result of the appreciation of the U.S. dollar against the euro. The scope effect was €19 million negative, related to recent divestitures.

Current EBITDA

Unaudited consolidated results (€ millions)	Q1 2022	Q1 2023	Change
First quarter	156	151	-3.4%
Margin	15.4%	15.1%	-

Current EBITDA was resilient and benefited from the positive contribution of pricing actions aimed at compensating the significant increase in variable costs, fixed costs and overheads.

Imerys maintained a current EBITDA margin above 15% in the first quarter of 2023, and higher than in the fourth quarter of 2022 (14.8%) in similar market conditions.

Current operating income reached €105 million for the first quarter of 2023, a 14.6% increase compared to the first quarter of last year.

³ announced at its Capital Markets Day on November 7, 2022

Current net income from continuing operations

Current net income from continuing operations totaled €68 million in the first quarter, +12.2% vs. last year. Net financial result was negative €12 million. The income tax expense of €25 million corresponds to an effective tax rate of 27.0%. Current net income from continuing operations, per share reached €0.79.

Net income

Net income, Group share, totaled €101 million in the first quarter of 2023. Net income from continuing operations, Group share reached €62 million. It includes -€5 million of other income and expenses, after tax, mainly due to acquisition and divestiture costs and targeted business reorganizations.

COMMENTARY BY SEGMENT

Performance Minerals (68% of consolidated revenue)

Unaudited quarterly data (€ millions)	Q1 2022	Q1 2023	Current change vs. Q1 2022	LFL change vs. Q1 2022
Revenue Americas	262	256	-2.2%	-1.2%
Revenue Europe, Middle East and Africa (EMEA)	310	328	+5.6%	+6.6%
Revenue Asia-Pacific (APAC)	141	133	-6.1%	-1.1%
Eliminations	(55)	(39)	-	-
Total revenue	659	677	+2.8%	+4.4%

Revenue generated by the **Performance Minerals** segment was up 4.4% like-for-like in the first quarter of 2023. On a reported basis, revenue was up 2.8% and includes a positive currency effect of €10 million (+1.4%).

Revenue in the **Americas** was down 1.2% at constant scope and exchange rates in the first quarter of 2023. The paper and board market softened due to high inventory levels, while ceramics and plastic solutions suffered from rising interest rates impacting residential construction.

Revenue in **Europe, Middle East and Africa** increased by 6.6% at constant scope and exchange rates in the first quarter of 2023. Growth was supported by solid pricing. Ceramics and paper were negatively impacted by destocking and mill downtimes.

Revenue in **Asia-Pacific** was down 1.1% at constant scope and exchange rates for the first three months of the year. Volumes were impacted by softer demand in the mobile energy sector after the end of government subsidies in China for EVs and a slow construction industry.

High Temperature Materials and Solutions (32% of consolidated revenue)

Unaudited quarterly data (€ millions)	Q1 2022	Q1 2023	Current change vs. Q1 2022	LFL change vs. Q1 2022
Revenue Refractory, Abrasives & Construction	355	319	-10.1%	-10.9%
Eliminations & others	0	1	-	-
Total revenue	355	320	-9.9%	-10.6%

The **Refractory, Abrasives & Construction** business area revenue decreased by 10.1% on a reported basis with a favorable currency effect of €3 million (+0.9%). As anticipated, organic growth decelerated in the first quarter of 2023 (-10.9%) as a consequence of continued customer destocking and weak demand in industrial applications (refractories and abrasives), especially in Europe. Sales of Building & Infrastructure solutions were more resilient confirming the increased penetration of our products in the construction industry.

First quarter 2023 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 quarter 2023 results at 18.30am (CET) on May 2, 2023, which can be accessed on the Group's website www.imerys.com.

Financial Calendar

July 27, 2023	1st half 2023 results
October 30, 2023	3rd quarter 2023 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 €4.3 billion in revenue and 14,000 employees in 2022. 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, 2023 under number D.23-0127 (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 by Segment

Unaudited quarterly data (€ millions)	Q1 2022	Q1 2023	Current change vs. Q1 2022	LFL change vs. Q1 2022
Performance Minerals	659	677	+2.8%	+4.4%
High Temperature Materials & Solutions	355	320	-9.9%	-10.6%
Holding & Eliminations	(1)	0	-	-
Total Revenue	1,013	997	-1.6%	-0.9%

Key income statement indicators

(€ millions)	Q1 2022	Q1 2023	Change
Revenue	1,013	997	-1.6%
Current EBITDA	156	151	-3.4%
Current operating income	92	105	+14.6%
Current financial expense	(9)	(12)	-
Current taxes	(22)	(25)	-
Minority interests	(1)	(1)	-
Current net income from continuing operations	60	68	+12.2%
Other operating income and expenses, net	(2)	(6)	-
Net income from continuing operations, Group share	58	62	-
Net income from discontinued activities, Group share	15	39	-
Net income, Group share	73	101	-

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). 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 (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.