

2010 Results

Meeting of February 15, 2011

➤ Gérard Buffière

Chief Executive Officer

➤ Michel Delville

Chief Financial Officer



More comprehensive information about Imerys may be obtained on its website (www.imerys.com), under Regulated Information, including its Registration Document filed under No. D.10-0205 on April 1st, 2010 with Autorité des marchés financiers. Imerys draws the attention of investors to the “Risk factors” set forth in section 4 of the 2009 Registration Document .

This document contains projections and other forward-looking statements. Investors are cautioned 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.



➤ **2010 Results**

➤ **Financial structure**

➤ **Conclusion & Outlook**

Strong 2010 results

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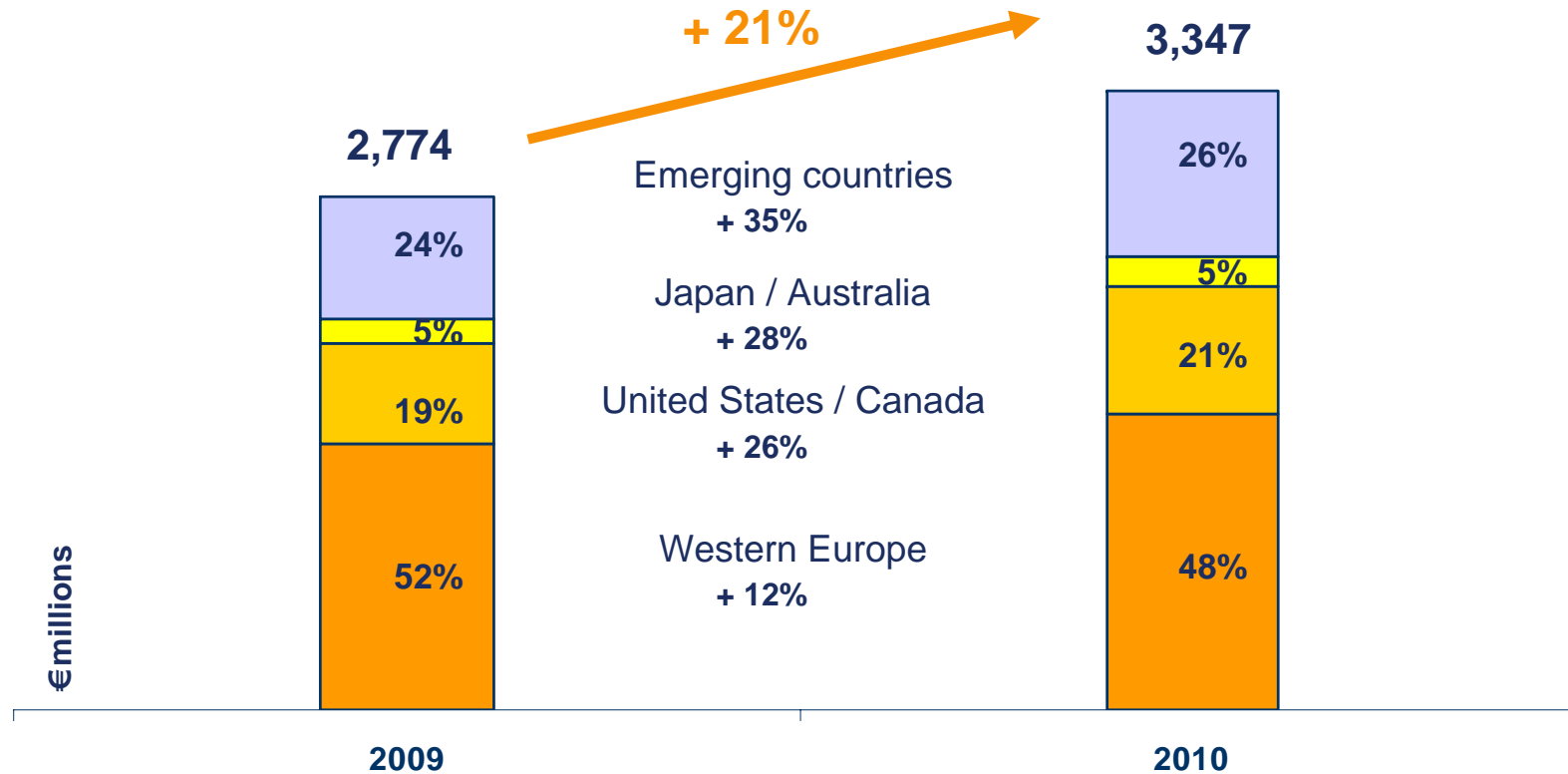
- Gradual improvement of activity since the beginning of the year
 - Most of industrial and consumption markets have been positively orientated
 - Inventory rebuilding in 2nd and 3rd quarters
 - No improvement in construction markets vs. 2009
 - Increase in building permits for several months in France
 - In the US, historically low levels
 - Dynamism of emerging countries
- Euro depreciation vs. other Group currencies⁽¹⁾
- Sales : + 21% to **€3,347 million** (+ 15% at comparable change⁽²⁾)
- Current operating income : + 68% to **€419 million** (+ 70% at comparable change⁽²⁾) (operating margin: 12.5 %)
- Acquisition of PPSA in Brazil



(1) Average exchange rates (2009 : 1€= 1.394 USD et 2010 : 1€= 1.326 USD)

(2) At Group structure and exchange rates

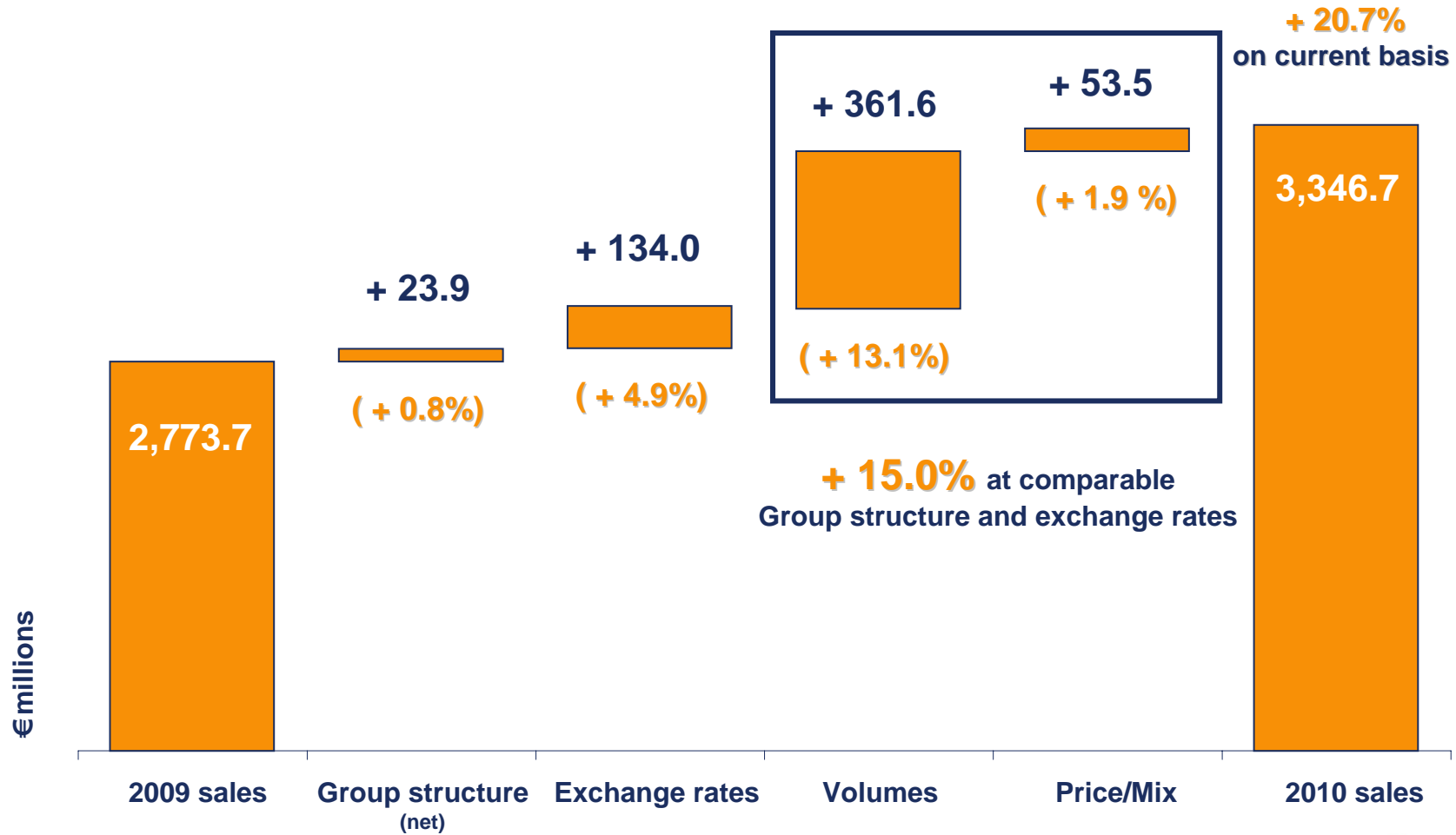
Sales evolution by destination



➤ Emerging countries now represent more than 25% of Group's sales



Increase in volumes...



➤ **Strong positive exchange rate effect (€41 million in Q4 10)**

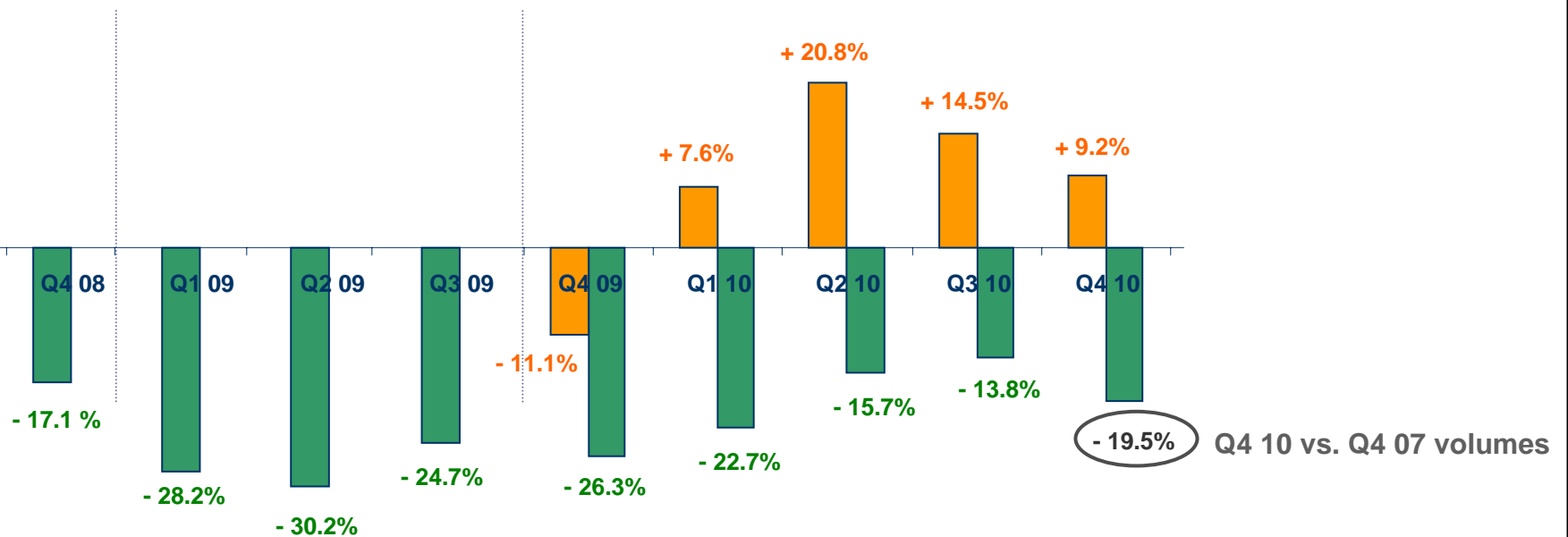
➔ depreciation of euro vs. relevant Group sales' currencies since early 2010



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... but slow rebound

Impact of volumes on quarterly sales



Impact of volumes compared to the same N-1 fiscal year quarter

Impact of volumes compared with pre-crisis period (between Q4 07 and Q3 08)

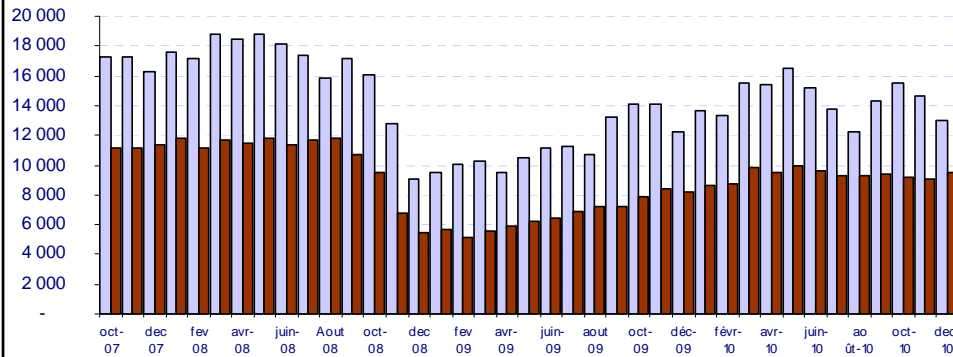
➤ On average, 2010 volumes are still approximately -15% below pre-crisis levels



Indicators still below pre-crisis levels

Steel production in Europe and in North America

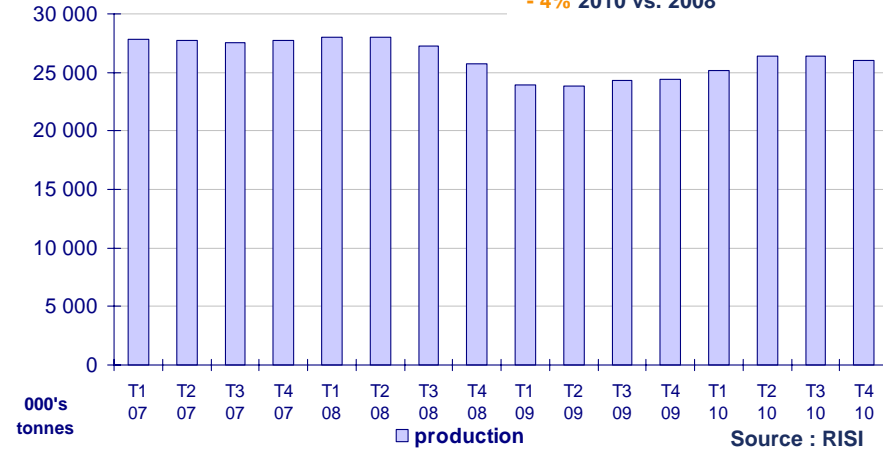
EU (27) : + 26% NA : + 37% 2010 vs. 2009
 EU (27) : - 13% NA : - 11% 2010 vs. 2008



Source : IISI

Global printing & writing paper production

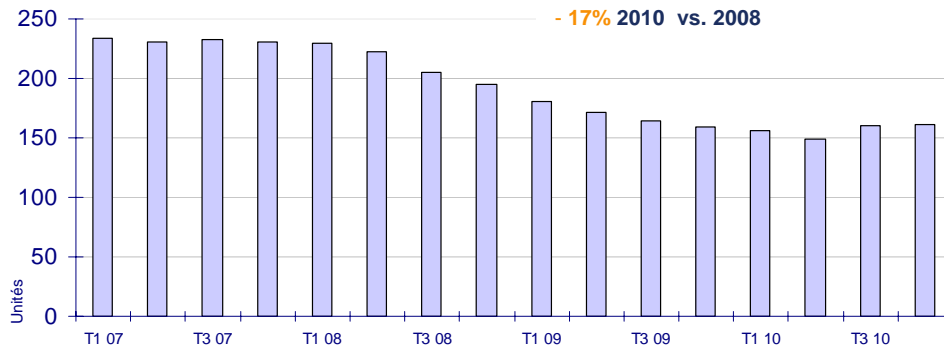
+ 6% 2010 vs. 2009
 - 4% 2010 vs. 2008



Source : RISI

Quarterly single-family housing starts in France, annual trend

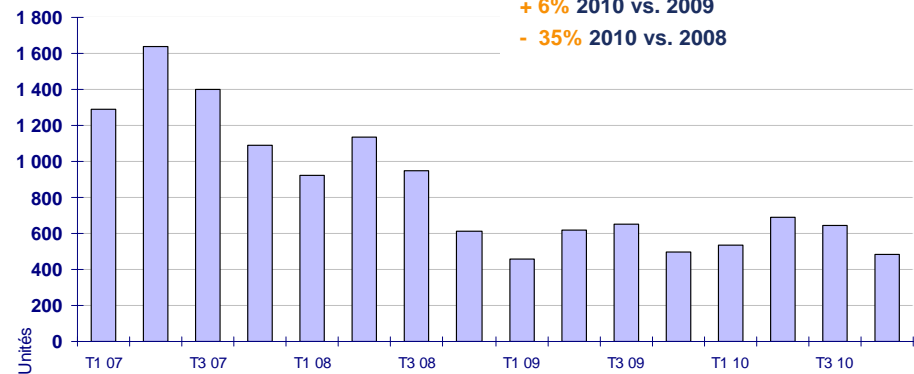
+ 2% 2010 vs. 2009
 - 17% 2010 vs. 2008



Source: French Ministry of Ecology, Sustainable Development, Transports & Housing, as at end December 2010

Quarterly housing starts in USA – annual trend

+ 6% 2010 vs. 2009
 - 35% 2010 vs. 2008



Source : Census

Rebound in activity, mirrors decrease during the crisis

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| (€millions) | Comparable change ⁽²⁾ 2009 vs. 2008 | Comparable change ⁽²⁾ 2010 vs. 2009 | Comparable change ⁽²⁾ Q4 10 vs. Q4 09 | Comparable change ⁽²⁾ Q3 10 vs. Q3 09 |
|---|---|---|---|---|
| Minerals for Ceramics, Refractories, Abrasives & Foundry | - 32.2% | + 35.2% | + 26.3% | + 38.7% |
| Performance & Filtration Minerals | - 14.5% | + 11.7% | + 4.0% | + 6.4% |
| Pigments for Paper | - 14.0% | + 9.8% | + 5.4% | + 9.8% |
| Materials & Monolithics | - 13.9% | + 3.1% | + 1.3% | + 9.7% |
| Sales Imerys Group⁽¹⁾ | - 19.9% | + 15.0% | + 11.1% | + 16.7% |

(1) After holding companies and eliminations

(2) At comparable Group structure and exchange rates

➤ Lower activity in Q4 2010 vs. Q3 2010

- Seasonal slowdown
- End of inventory rebuilding
- Bad weather conditions



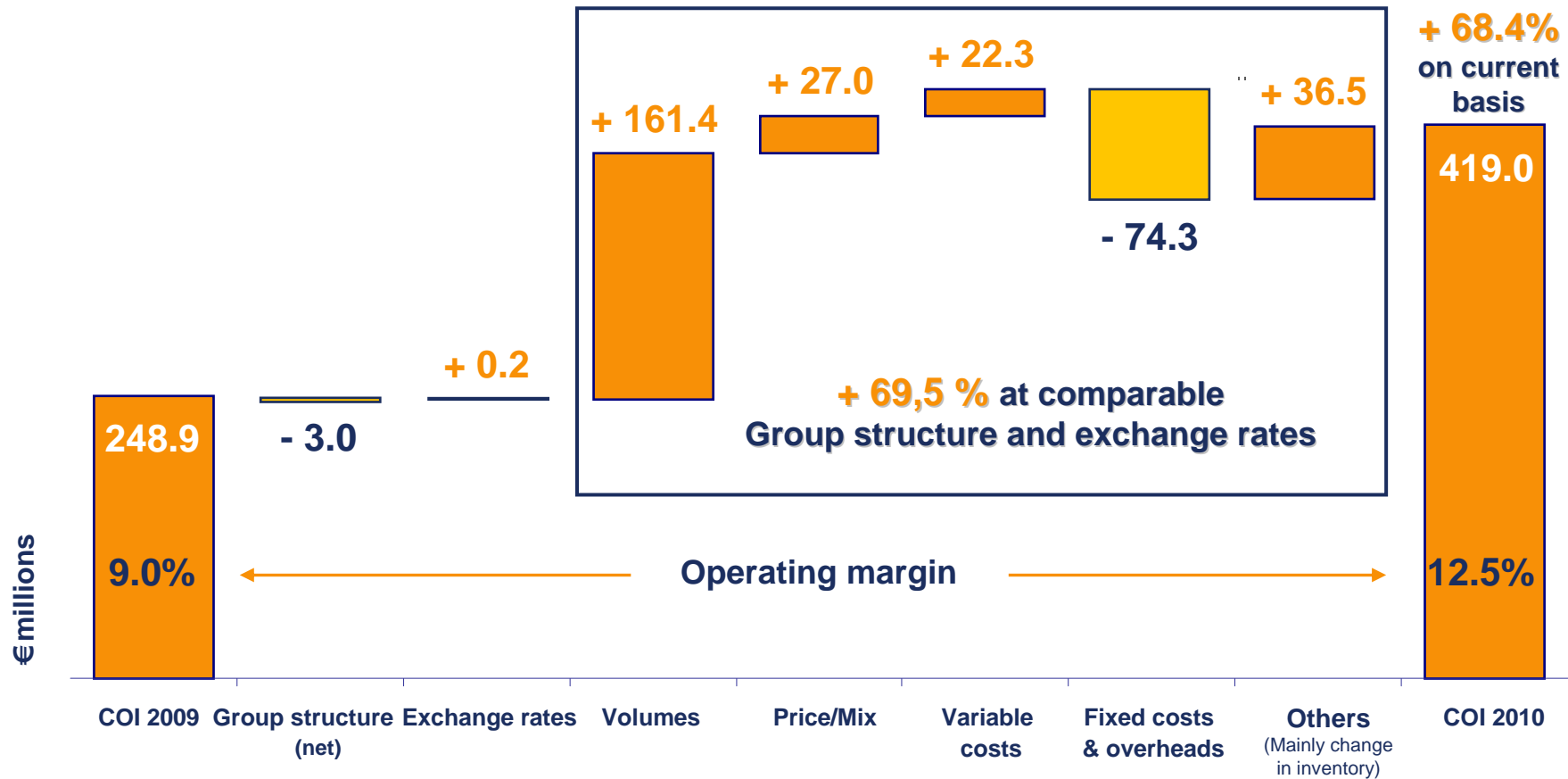
Recovery of operating margins

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| (€millions) | 2010 | 2009 | Change |
|---|----------------|-------|-------------------------------------|
| Minerals for Ceramics, Refractories, Abrasives & Foundry | | | |
| Sales | 1,105.0 | 794.5 | + 35.2% comp. change ⁽¹⁾ |
| Current operating income | 134.6 | 44.0 | + 206.4% |
| Operating margin | 12.2% | 5.5% | + 6.7 bp |
| Performance & Filtration Minerals | | | |
| Sales | 594.7 | 500.7 | + 11.7% comp. change ⁽¹⁾ |
| Current operating income | 64.8 | 26.9 | + 141.1% |
| Operating margin | 10.9% | 5.4% | + 5.5 bp |
| Pigments for Paper | | | |
| Sales | 767.1 | 631.9 | + 9.8% comp. change ⁽¹⁾ |
| Current operating income | 76.0 | 41.6 | + 82.8% |
| Operating margin | 9.9% | 6.6% | + 3.3 bp |
| Materials & Monolithics | | | |
| Sales | 922.6 | 875.6 | + 3.1% comp. change ⁽¹⁾ |
| Current operating income | 187.5 | 168.0 | + 11.6% |
| Operating margin | 20.3% | 19.2% | + 1.1 bp |

(1) At comparable Group structure and exchange rates

Operating margin target achieved

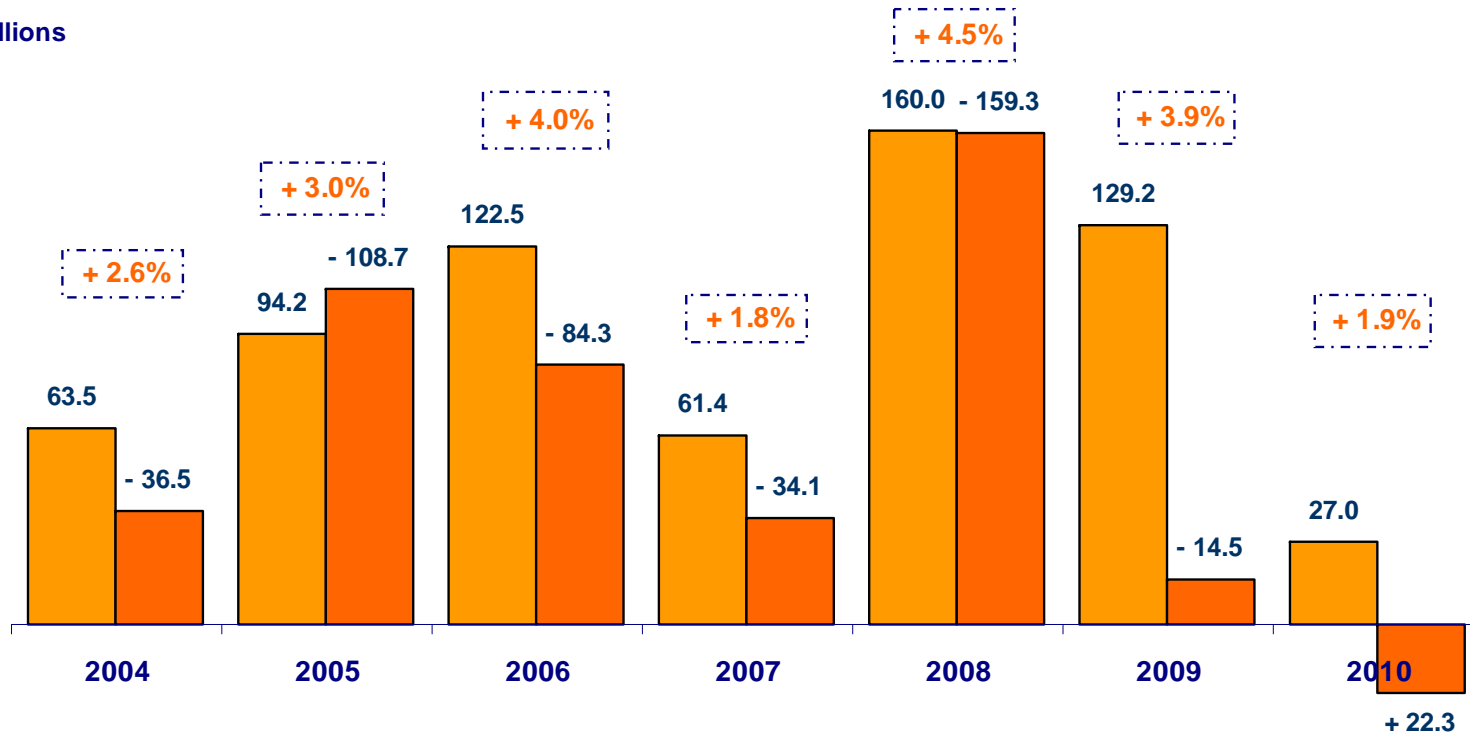


- Good contribution of volumes
- Positive price/mix component
- More than 50% of fixed costs and overheads savings in 2009 (€158 million) carried over from 2009



Positive pricing power

€millions



+ x% Price/mix effect (on sales)

Price/mix component (on operating result)

Increase in variable costs



- **Strengthening of strategic position in Paper & packaging**
 - Significant increase in reserves and resources of Brazilian kaolin
 - Long-term management of mining costs
 - Enhancement of industrial (transformation unit) and logistical assets (pipeline, port terminal)
- **Consolidation since August 1, 2010**
- **Investment = €54.1 million**
- **Integration according acquisition plan**

> Safety

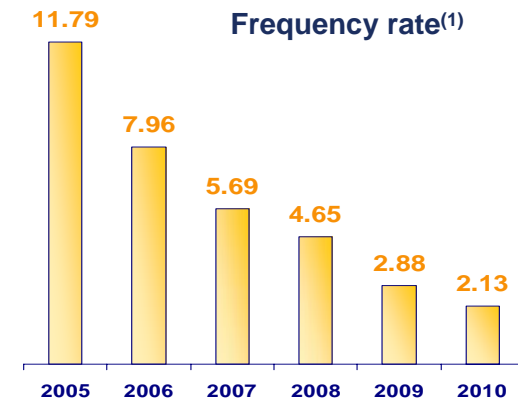
- - **82%** decrease in frequency rate⁽¹⁾ since 2005

> Environnement

- Generalization of environmental management systems
- **160** sites are equipped with an EMS as of 12/31/10

> Eco Bos Project

- Eco town to be developed on former mining and industrial sites in Cornwall



(1) Number of lost-time accidents x 1,000,000/number of work hours



➤ **2010 Results**

➤ **Financial structure**

➤ **Conclusion & Outlook**

Decrease in interest expense reflecting debt reduction

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| (€ millions) | 2010 | 2009 |
|--|---------------|---------------|
| Interest expense | (57.3) | (69.1) |
| Currency translation | (4.4) | (5.8) |
| Financial expense with respect to pensions | (2.8) | (6.8) |
| Unwinding of long term provisions | (3.4) | (3.1) |
| Other financial income and expenses | (6.8) | 1.5 |
| Current financial expense | (74.7) | (83.4) |

Doubling of net income from current operations

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| (€ millions) | 2010 | 2009 | Change |
|--|--------------|--------------|---------------|
| Current operating income⁽¹⁾ | 419.0 | 248.9 | + 68% |
| Current financial expense | (74.7) | (83.4) | |
| Current income tax | (99.5) | (46.2) | |
| Net income from current operations, Group's share⁽³⁾ | 240.3 | 119.3 | + 102% |
| Net income per share, Group share ⁽¹⁾⁽⁴⁾ | €3.19 | €1.66 | + 93% |

(1) Including share in income (loss) of affiliates

(2) Net of minority interests

(3) Net income, Group share, before other operating revenue and expenses, net

(4) Based on the number of outstanding shares at the end of the year (historical figures adjusted following the June 2, 2009 capital increase) 75,405,857 in 2010 vs. 72,054,523 in 2009.

➤ **Current tax rate: 28.9% vs 27.9% in 2009**



| (€ millions) | 2010 | 2009 | Change |
|--|--------------|--------------|---------------|
| Net income from current operations, Group share⁽¹⁾ | 240.3 | 119.3 | + 102% |
| Other revenue and expenses | 0.5 | (78.0) | |
| Net income, Group share | 240.8 | 41.3 | n.s. |

➤ Other revenue and expenses, net

- In 2010, they included:

- Badwill of the acquisition of PPSA, net of acquisition costs **€40.2 million**
- Non-recurring foreign exchange gain recorded on 2010 1st half⁽¹⁾ **€6.7 million**
- Restructuring expenses and provisions for assets depreciation **- €30.7 million**
- Depreciation expense for sites restoration **- €14.2 million**

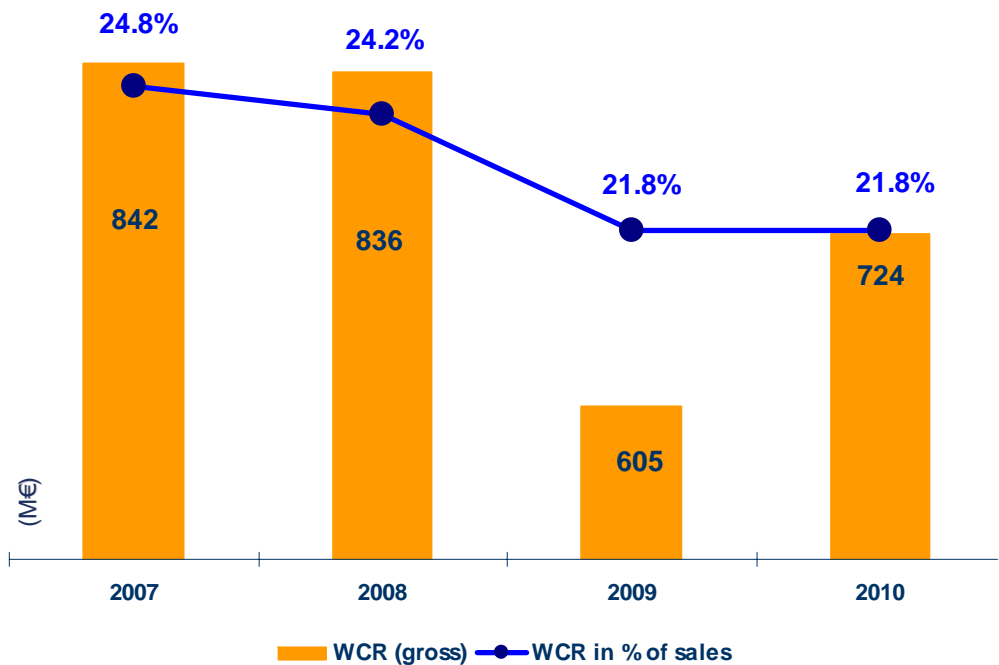
- In 2009, primarily affected by impact of restructuring

(1) Gross amount: € 10.2 million



Management of operating Working Capital Requirement

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> WCR increase

- in line with activity rebound
- Group structure and exchange rate effects

> Stable WCR in % of sales to **21.8%** in 2010

> Ongoing factoring set up since September 2009 (€71 million in 2010, €83 million in 2009)

Current free operating cash flow > €300 million

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| (€ millions) | 2010 | 2009 |
|---|--------------|--------------|
| EBITDA | 621.0 | 416.6 |
| ● Change in operating WCR | (45.7) | 235.3 |
| ● Investment paid | (154.9) | (138.4) |
| Current free operating cash flow^{(1) (2)} | 303.1 | 450.3 |
| ● Financial expense (net of tax) | (46.6) | (50.4) |
| ● Other WCR items | 17.7 | 42.1 |
| Current free cash flow | 274.2 | 442.0 |

(1) Current free operating cash flow = EBITDA – notional tax – change in WCR - investment paid

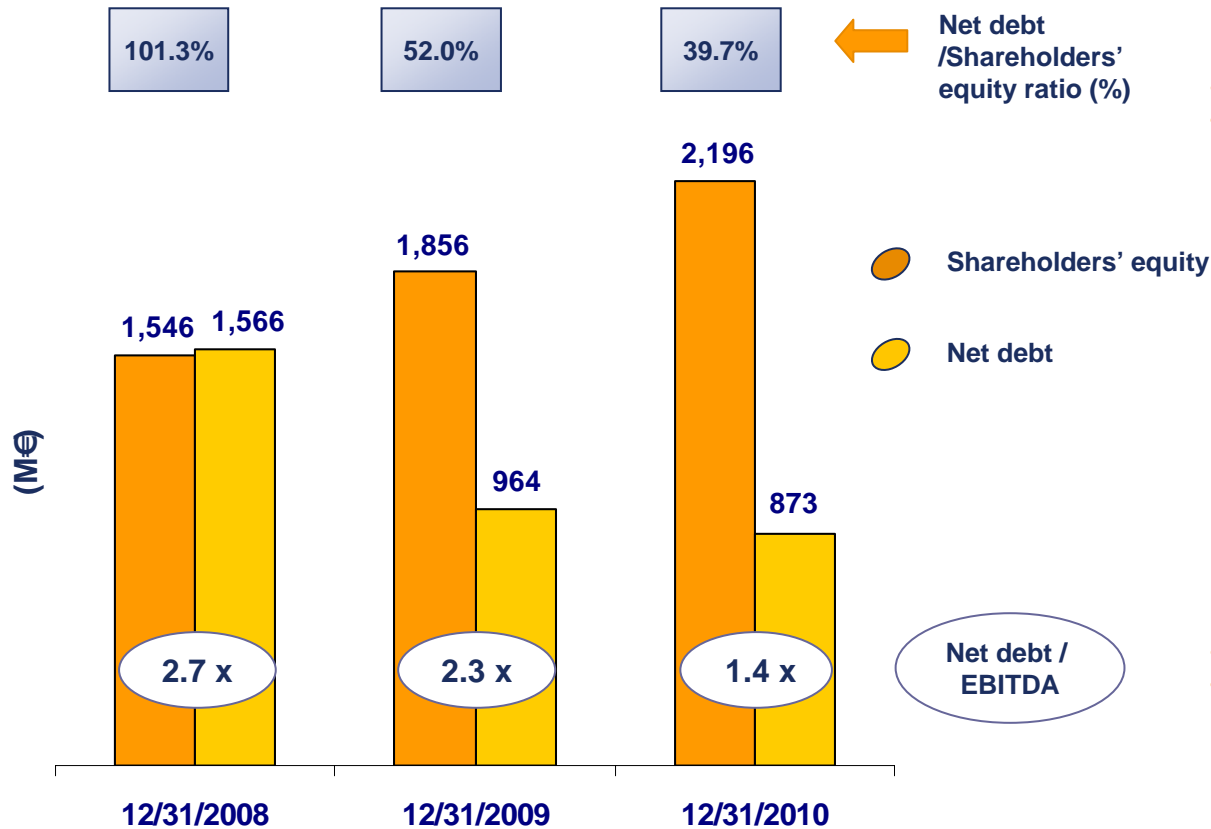
(2) Including subsidies, value of divested assets and misc.

3.7

6.3



Strengthened financial structure



Stable financial resources

- Approximately €2.2 bn total resources, of which €1 bn financial resources available
- No significant repayment before end of 2012

Average maturity of financial resources 3.8 years

- Net debt / Equity covenant : 150%
- Net debt / EBITDA covenant : 3.75x



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Dividend proposal

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| | 2010 | 2009 | Change |
|---|---------------------------|-------------------|----------------|
| Net income from current operations per share (€) | 3.19 | 1.66 | + 92.6% |
| Dividend per share (€) | 1.20⁽¹⁾ | 1.00 | + 20.0% |
| Total payout⁽²⁾ (€ millions) | 90.6 | 75.5 | + 20.2% |
| Average weighted number of shares⁽³⁾ | 75,405,857 | 72,054,523 | |

- (1) Proposed at Annual General Meeting on April 28, 2011
- (2) Based on the number of outstanding shares at the end of the year
- (3) Historical figures adjusted following the June 2, 2009 capital increase

➤ **Average payout ratio: 37.7% of net current income**



- **2010 Results**
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Conclusion & Outlook



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Appendix



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Decrease in net debt

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| (€ millions) | 2010 | 2009 |
|---|--------------|--------------|
| Current free cash flow | 274.2 | 442.0 |
| External growth / Disposals | (66.7) | 5.0 |
| Cash flow from other revenue and expenses | (15.8) | (44.2) |
| Rights issue (net of fees) | - | 247.5 |
| Other share movements | (4.5) | 1.3 |
| Dividends | (76.3) | (63.6) |
| Impact of foreign exchange / others | (19.4) | 13.8 |
| (Increase) / Decrease in net debt | 91.5 | 601.8 |

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Chief Executive Officer

➤ Michel Delville

Chief Financial Officer

