

# Results to September 30, 2009

(non-audited)

Conference Call  
November 4, 2009

➤ Gérard Buffière

Chief Executive Officer

➤ Michel Delville

Chief Financial Officer



- **Relative improvement on some markets in the 3<sup>rd</sup> quarter of 2009**
- **Continuation of action plans**
- **Outlook**

# Ongoing slack market conditions

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- **Slight improvement on the Group's markets in 3<sup>rd</sup> quarter 2009 compared to previous quarter**
  - ➔ **Slower inventory reduction in value chain**
  
- **Demand still substantially below 2008 levels**
  - **Europe and North American zones still impacted**
  - **Continuation of improvement observed since 2<sup>nd</sup> quarter 2009 in some emerging markets**

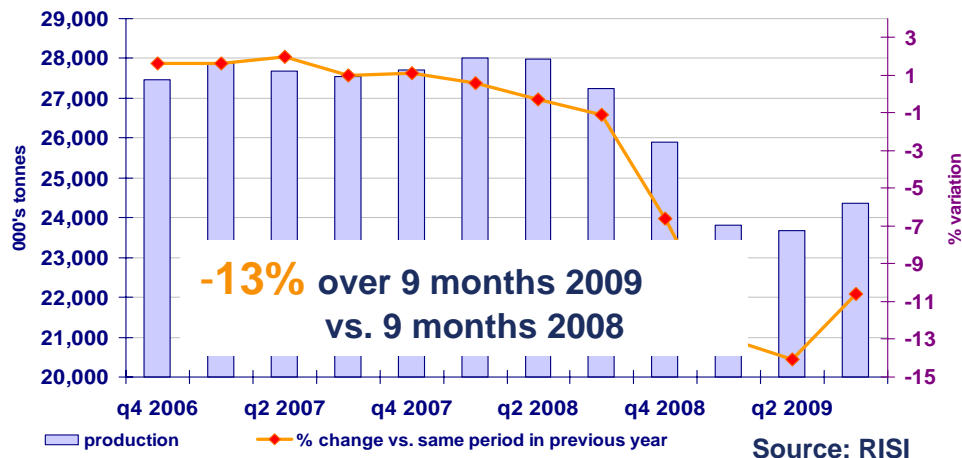
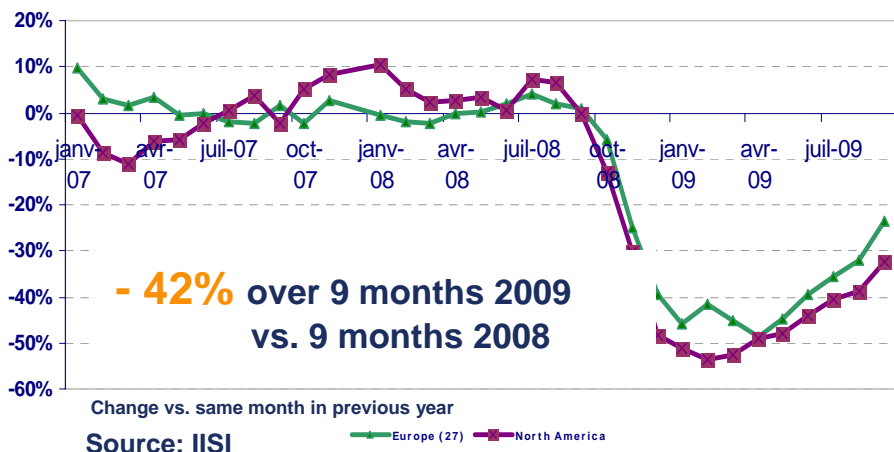


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# Volumes still very low on the Group's markets

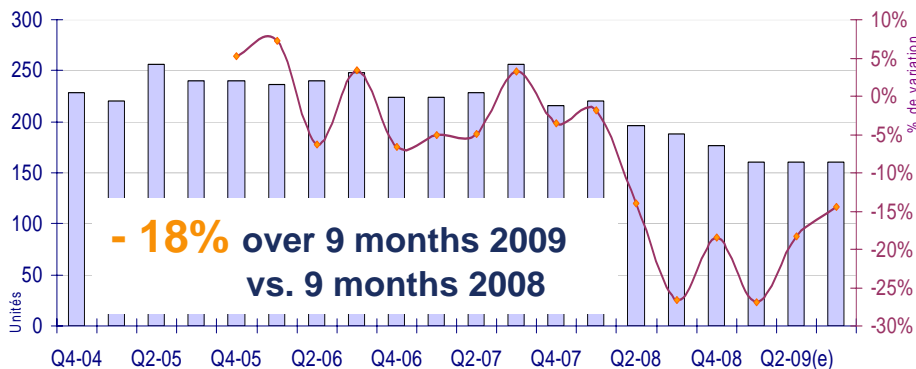
## Steel production in Europe and North America

## Global printing & writing paper production



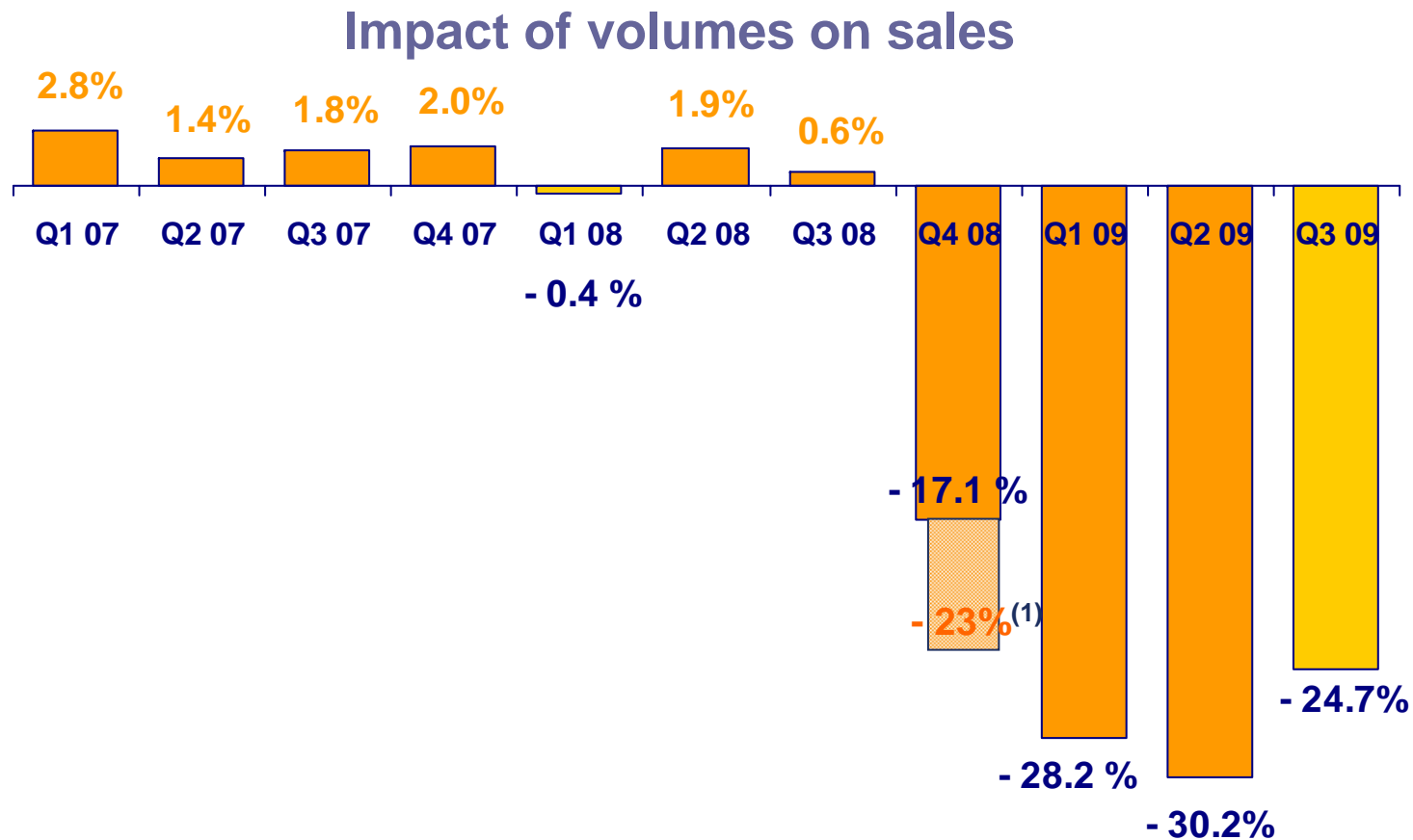
## Quarterly single-family housing starts in France – annual trend

## Quarterly housing starts in USA – annual trend



# Slight improvement in 3<sup>rd</sup> quarter 2009...

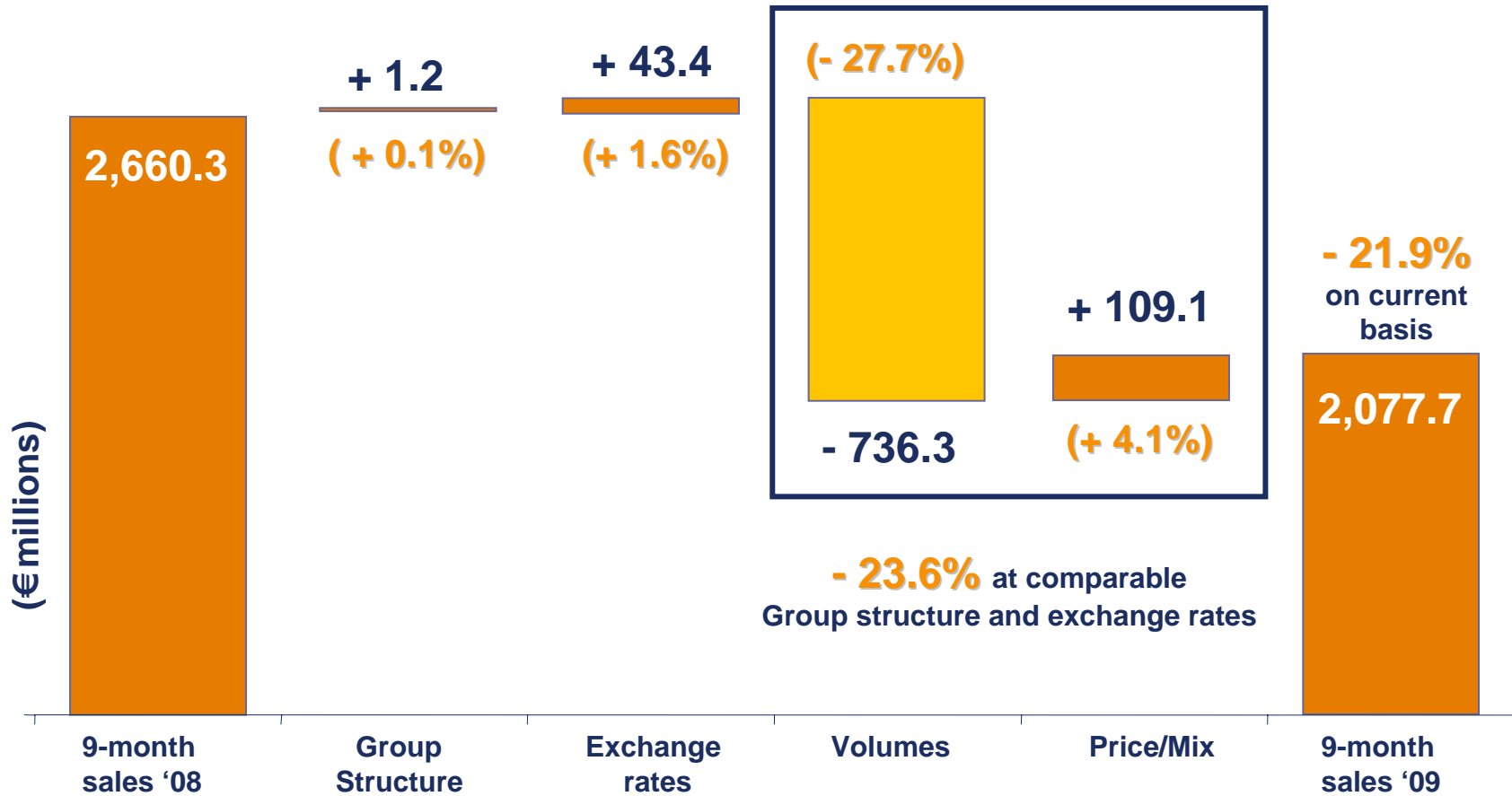
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(1) Decrease recorded in November / December 2008 vs. previous year

# ... but with ongoing heavy negative impact of sales volumes



➤ **Positive exchange rate effect** resulting from the US dollar's appreciation against the euro

- **1 € = 1.37 USD** over the first 9 months of 2009 vs. **1.52 USD** over the first 9 months of 2008, **up 10%**
- Weakening of US dollar in Q3 2009



# Slower decrease in sales in 3<sup>rd</sup> quarter 2009

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(€ millions)	9 months 2009	Comparable change <sup>(2)</sup> 9 months	Comparable change <sup>(2)</sup> Q3 2009
Minerals for Ceramics, Refractories, Abrasives & Foundry	579.0	- 37.1%	- 35.1%
Performance & Filtration Minerals <sup>(3)</sup>	378.7	- 19.3%	- 15.0%
Pigments for Paper <sup>(3)</sup>	471.8	- 17.4%	- 12.9%
Materials & Monolithics	664.2	- 16.6%	- 14.8%
<b>Imerys Group sales<sup>(1)</sup></b>	<b>2,077.7</b>	<b>- 23.6%</b>	<b>- 20.9%</b>

(1) After holding companies and eliminations

(2) At comparable Group structure and exchange rates

(3) Transfer of some activities in Asia and South America from Pigments for Paper to Performance & Filtration Minerals

- **Industrial equipment-related activities still difficult**
- **Slower slump in paper production**
- **Slack conditions continuing on developed countries' construction markets**



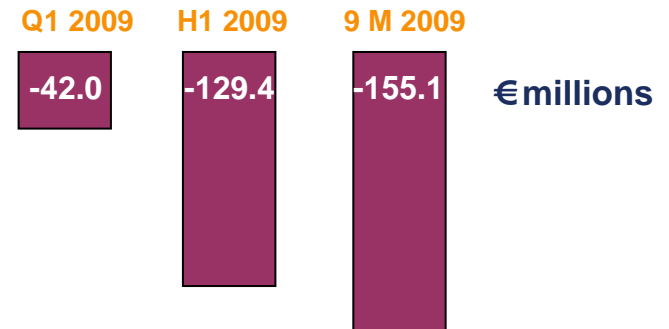
- **Relative improvement on some markets in the 3<sup>rd</sup> quarter of 2009**
- **Continuation of action plans**
- **Outlook**

# Results of action plans as on September 30, 2009

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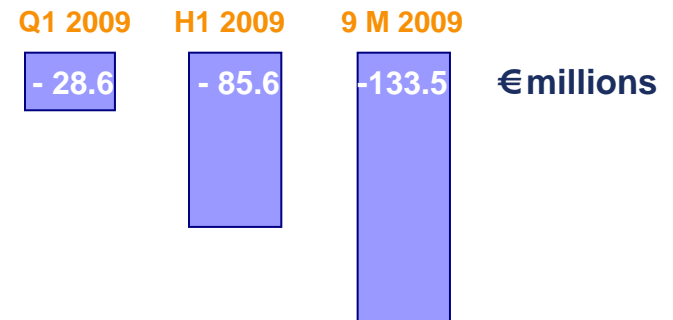
➤ Inventory reduction: - **€155.1 million**

→ decrease in every kind of inventory  
(raw materials, finished goods,  
packaging, etc.)

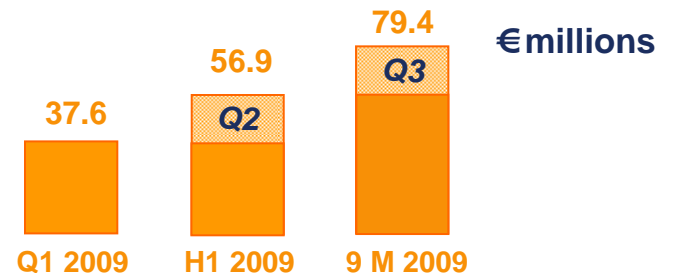


➤ Decrease in fixed costs: - **€133.5 million**

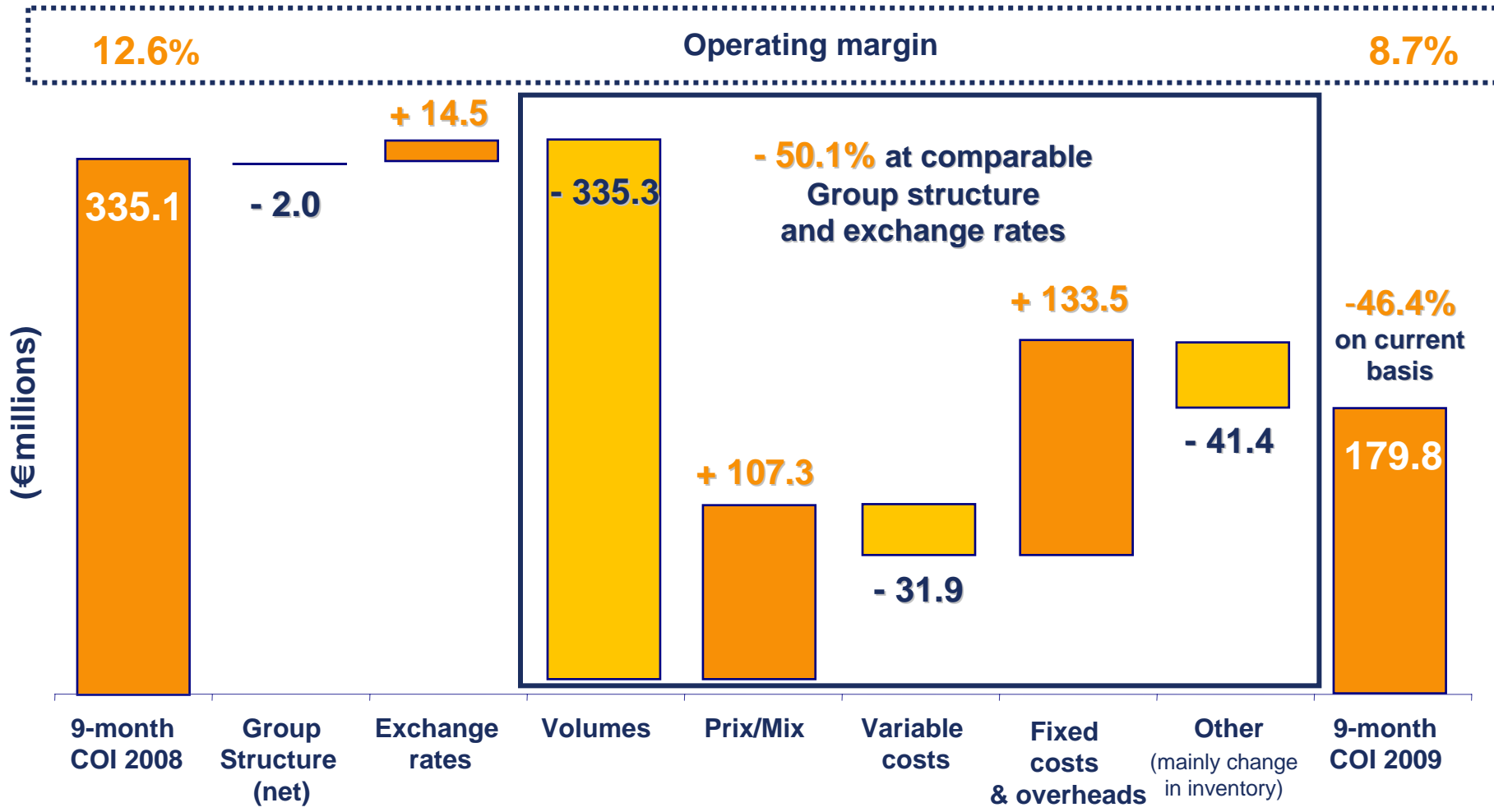
i.e. a **13%** reduction of the total fixed  
costs & overheads base  
→ improvement in all business groups



➤ Booked capital expenditure contained  
at **€79.4 million**



# Significant positive effect of savings plans and price/mix on operating margin



- Positive product price/mix component in all 4 business groups
- Stabilized variable costs in the 3<sup>rd</sup> quarter
- Further savings on fixed costs & overheads



# Decrease in net income from current operations

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(€ millions)	9 months 2009	9 months 2008	Change
<b>Current operating income</b>	<b>179.8</b>	<b>335.1</b>	<b>- 46.4%</b>
Financial income (expense)	(59.2)	(30.4)	
Current income tax	(33.8)	(82.1)	
<b>Net income from current operations, Group's share<sup>(1)(2)</sup></b>	<b>87.3</b>	<b>220.8</b>	<b>- 60.5%</b>
Other revenue and expenses, net	(53.6)	(25.1)	
<b>Net income</b>	<b>33.6</b>	<b>195.7</b>	<b>- 82.8%</b>

(1) Of which minority interest and share of income of affiliates

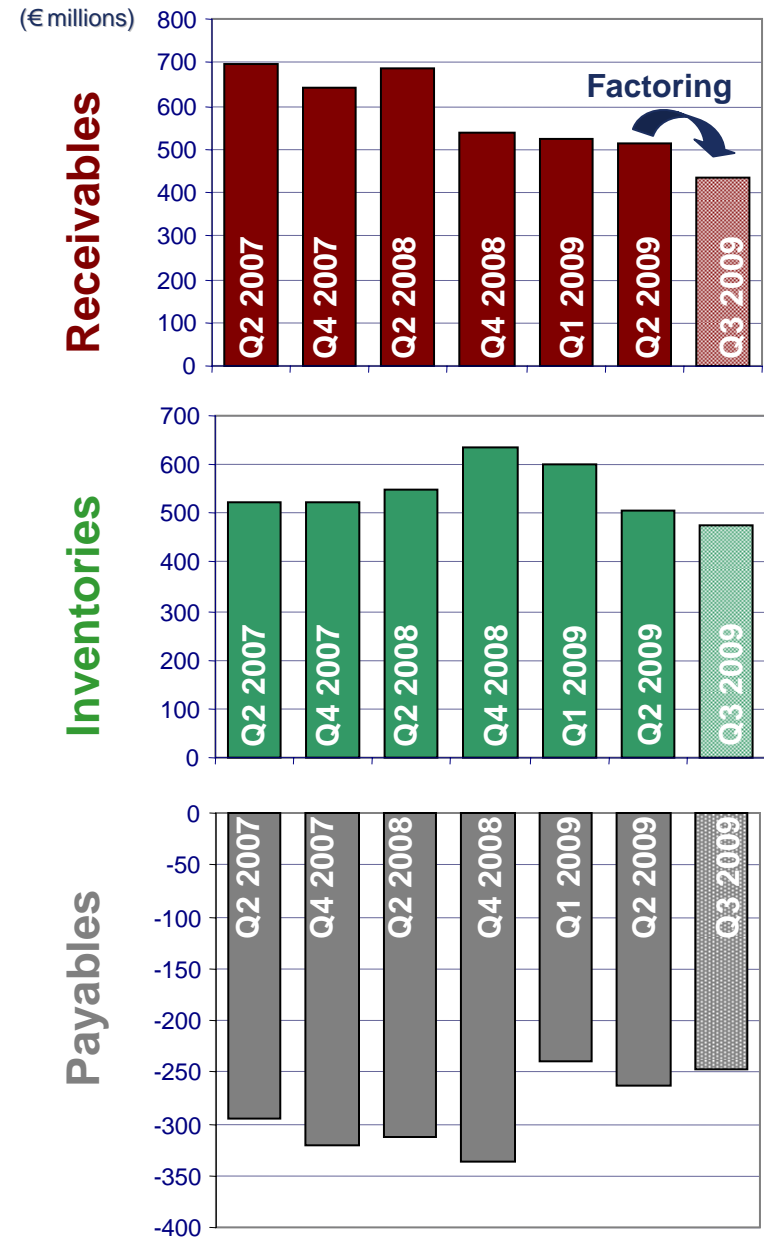
(2) Net income before other operating revenue and expenses, net

- **Reduction in financial expense in 3<sup>rd</sup> quarter 2009**  
(- €14.3 million vs. - €44.9 million in 1<sup>st</sup> half 2009)
- **Current income tax rate: 28.0%**



# Change in operating working capital requirements

- Implementation of deconsolidating factoring contract (€87.0 million in receivables factored in 3<sup>rd</sup> quarter 2009)
  
- Extensive inventory reduction (- €155.1 million since the beginning of 2009)
  
- Decrease in payables, due the lower level of activities

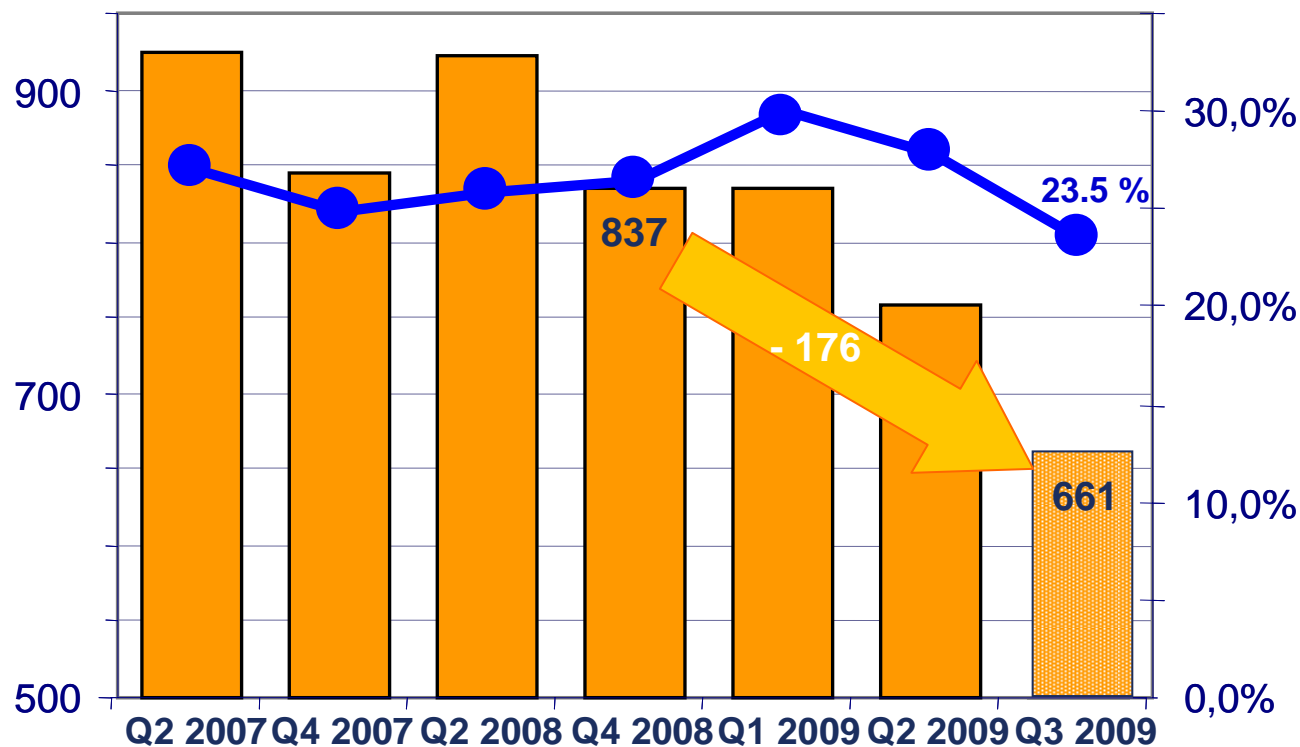


# Substantial improvement in working capital requirements as at end September

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(WCR in €millions)

(% of sales)



- Decrease in operating working capital requirements : **€176 million** since the beginning of 2009
- Working capital/Sales ratio of **23.5%**  
Excluding factoring, working capital/Sales at **26.6%**

- **Relative improvement on some markets in the 3<sup>rd</sup> quarter of 2009**
- **Continuation of action plans**
- **Outlook**

- **Lack of visibility over the business trend in coming quarters**
- **Priority remains cash flow generation and strict cost management**
- **Goal of operating margin close to 10% in early 2010 confirmed**

*More comprehensive information about Imerys may be obtained from its Internet website ([www.imerys.com](http://www.imerys.com)) under Regulated Information, particularly in its Document de Reference filed with Autorité des marchés financiers on April 3, 2009 under number D.09-0192 (also available from the Autorité des marchés financiers website, [www.amf-france.org](http://www.amf-france.org)). Imerys draws the attention of investors to chapter 4, “Risk Factors”, of its Document de Référence.*

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