



Shareholders' Meeting

Tuesday, May 3, 2005



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- **2004 Results**
- **Transition to IFRS**
- **2005 First Quarter Results**
- **Recent Events and 2005 Outlook**
- **Resolutions**



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2004 Highlights

- **General upturn on the Group's main markets, particularly for Building Materials and Refractories & Abrasives**
- **Macroeconomic environment nevertheless characterized by:**
 - Ongoing weakness of US dollar vs. euro (- 9% on average during the year)
 - Rises in certain cost factors (e.g. energy, freight, raw materials) in the 2nd half of the year
- **Significant improvement in the Group's performance**
 - Growth in consolidated sales on a reported basis for the 1st time since 2001: + 5.3% (+ 7.6% at comparable Group structure and exchange rates)
 - + 14.6% growth in operating income and + 18.4% growth in net income from recurring operations



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2004 key figures (French GAAP)

(€ millions)	2004	2003	Change
Consolidated sales	2,872.7	2,729.2	+ 5.3%
Operating income	425.8	371.7	+ 14.6%
Net income from recurring operations⁽¹⁾⁽²⁾	259.8	219.5	+ 18.4%
Net income⁽¹⁾	209.4	160.2	+ 30.7%
Operating free cash flow⁽³⁾	214.5	261.1	- 17.9%

(1) Group's share

(2) Net income before non-recurring items and goodwill amortization

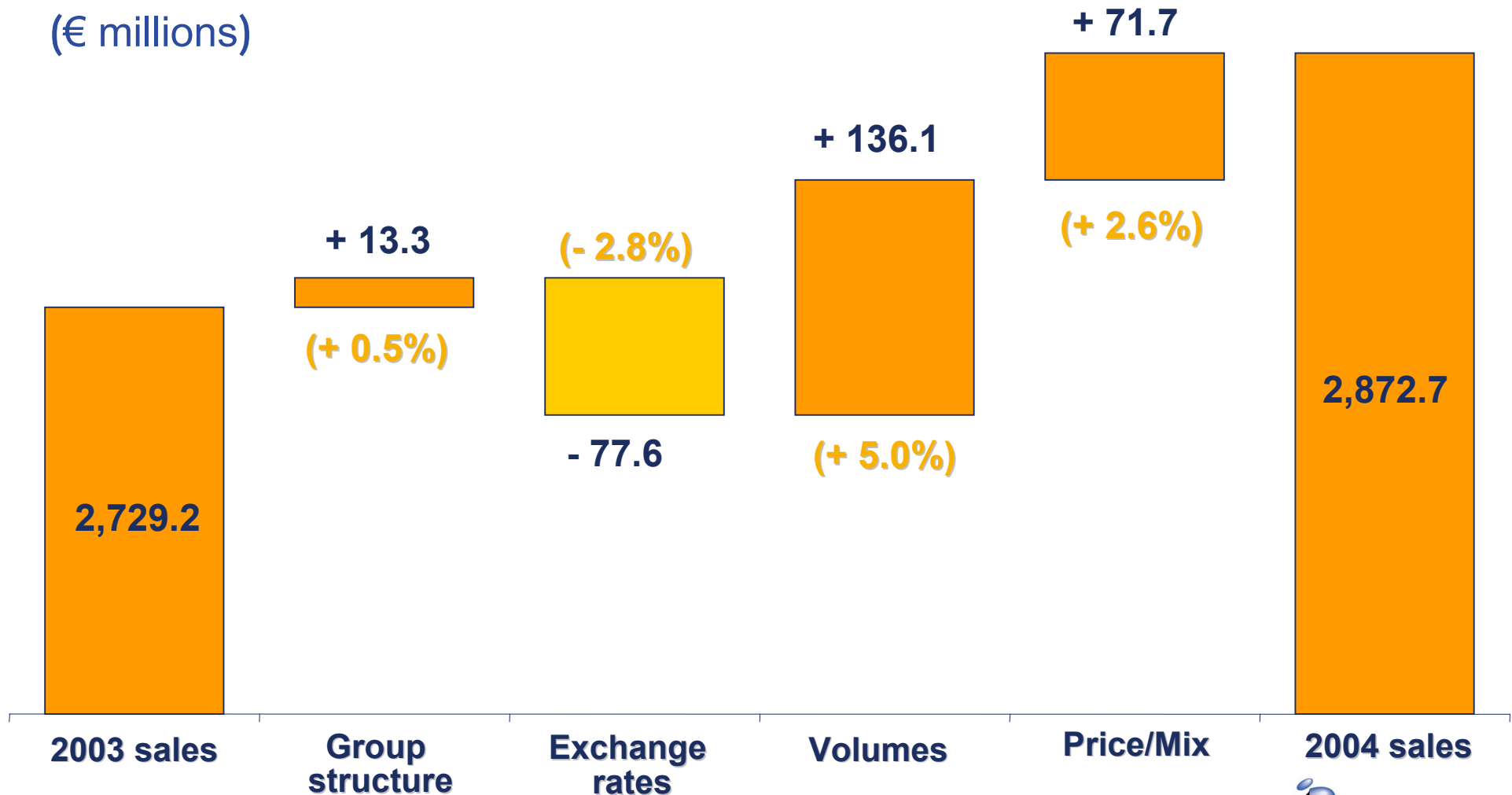
(3) EBITDA less taxes on operating income, change in operating working capital requirements and capital expenditures paid



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Change in consolidated sales 2004

(€ millions)



➤ Positive volumes and price/mix component, easily offsetting the continued substantial impact of US dollar depreciation



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Sales by Business Group

(€ millions)	2004	2003	Current change	Comparable Change
Specialty Minerals	795.1	763.0	+ 4.2%	+ 5.9%
Pigments for Paper	759.6	748.6	+ 1.5%	+ 4.7%
Building Materials	718.9	652.1	+ 10.2%	+ 9.0%
Refractories & Abrasives	629.8	593.7	+ 6.1%	+ 12.3%
Imerys Group⁽¹⁾	2,872.7	2,729.2	+ 5.3%	+ 7.6%

(1) After holdings and eliminations

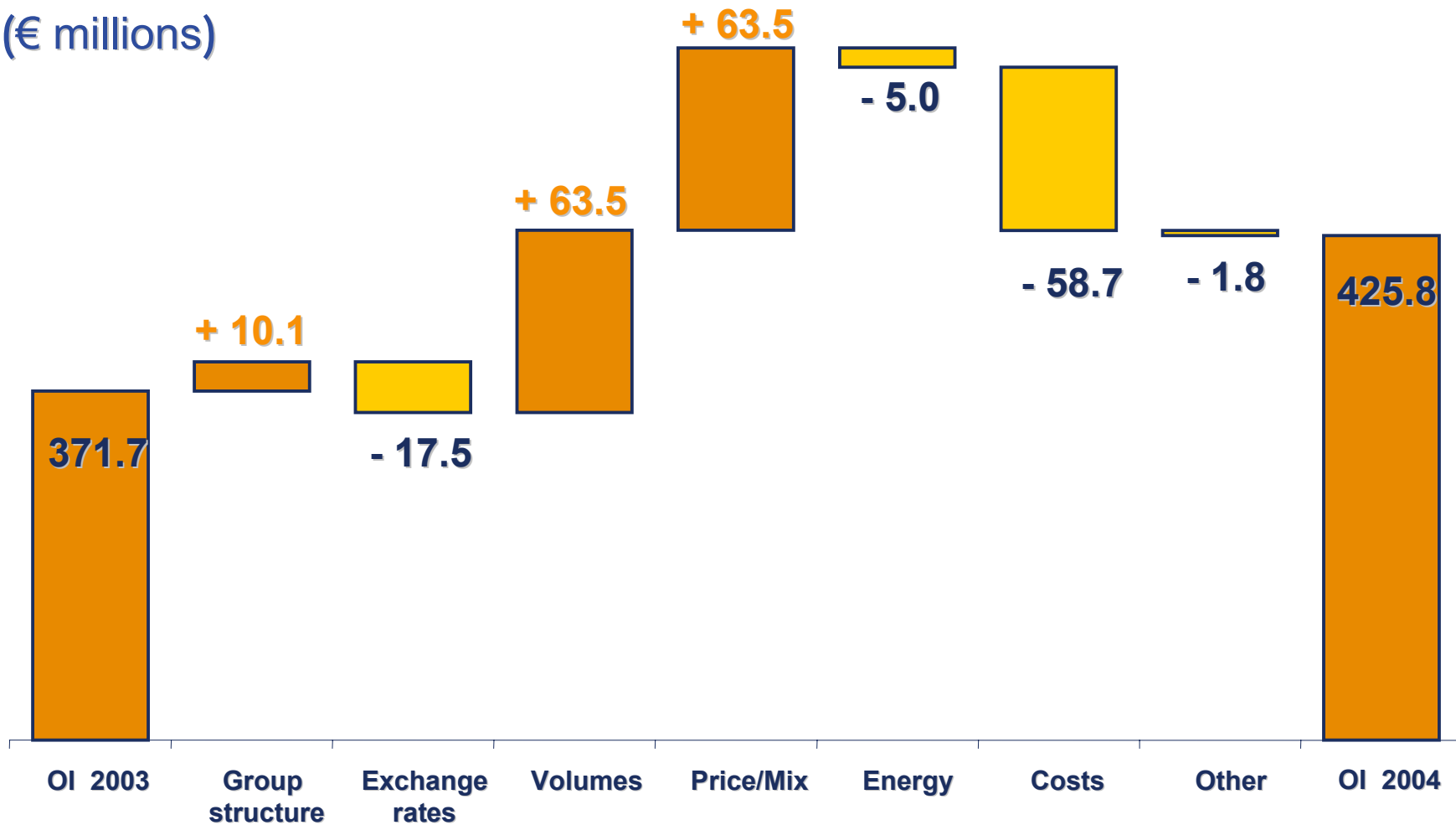
➤ **Very robust business trends**



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Change in operating income

(€ millions)



➤ Significant improvement in profitability (+ 14.6%; + 18.7% excluding exchange rates), reflecting the strong positive effect on operations of higher volumes, a better price/mix component and the positive impact of changes in Group structure



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Operating income by Business Group

(€ millions)	2004	2003	Current change
Specialty Minerals	93.6	79.5	+ 17.7%
Pigments for Paper	101.3	96.9	+ 4.6%
Building Materials	160.8	130.2	+ 23.5%
Refractories & Abrasives	88.6	82.4	+ 7.6%
Imerys Group ⁽¹⁾	425.8	371.7	+ 14.6%

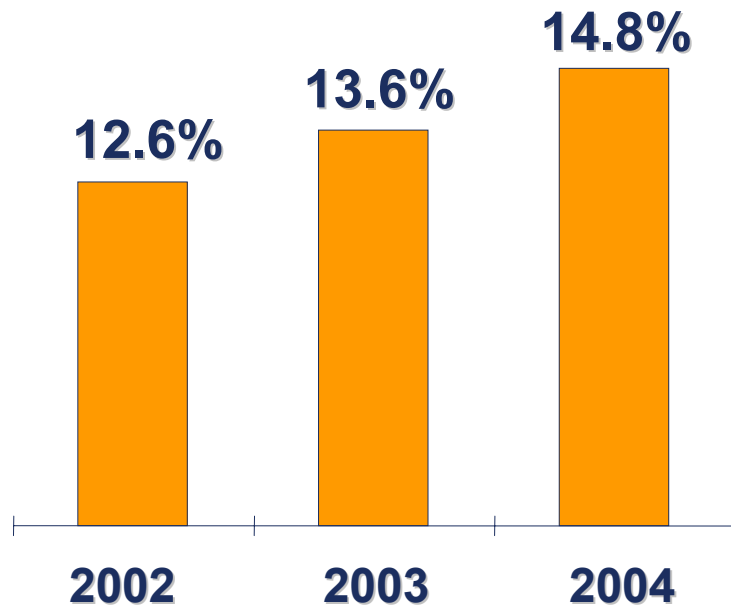
(1) After holdings and eliminations

➤ **Significant progress in each of the four business groups**

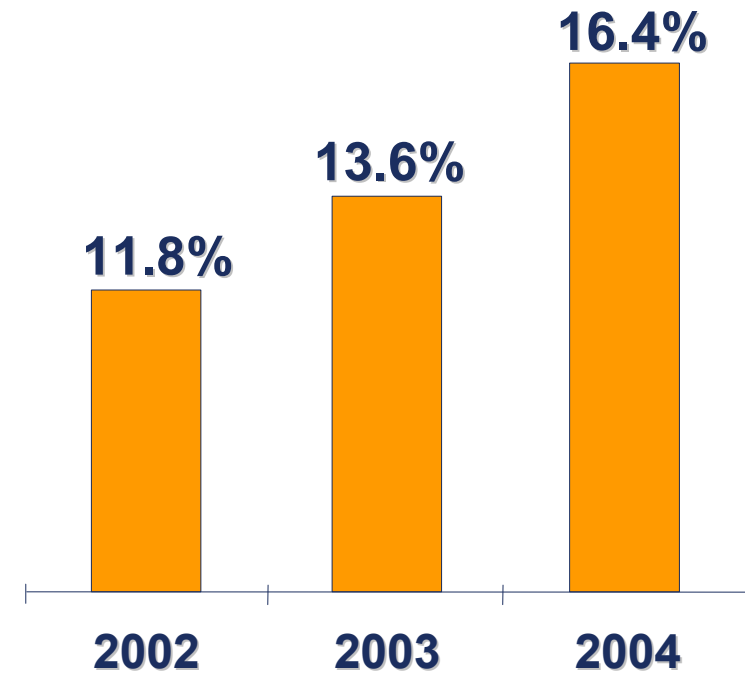


Further improvement in the Group's financial ratios

> Operating margin



> Return on investment(1)



(1) Operating income divided by average capital invested (including goodwill amortization)



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Significant growth in net income from recurring operations

(€ millions)	2004	2003	Change
Operating income	425.8	371.7	+ 14.6%
Financial expenses	(45.1)	(45.7)	
Current income taxes	(121.6)	(108.0)	
Minority interests & equity method	0.7	1.5	
Net income from Recurring operations ⁽¹⁾	259.8	219.5	+ 18.4%

(1) Net income before non-recurring items and goodwill amortization, Group's share

- **Stability of financial expenses**
- **Slight decrease in the effective tax rate to 32.0% (33.1% in 2003)**

Substantial increase in net income

(€ millions)	2004	2003	Change
Net income from Recurring operations⁽¹⁾	259.8	219.5	+ 18.4%
Non-recurring items ⁽¹⁾	(14.9)	(26.2)	
Amortization of goodwill of which:	(35.5)	(33.1)	
- recurring	(28.6)	(26.6)	
- non-recurring	(6.9)	(6.5)	
Net income ⁽¹⁾	209.4	160.2	+ 30.7%

(1) Group's share

➤ **Net non-recurring expenses were limited and mainly related to restructuring costs in Specialty Minerals**



Operating free cash flow remains high

(€ millions)	2004	2003	Change
EBITDA⁽¹⁾	579.7	501.5	+ 15.6%
Tax on operating income	(136.3)	(123.1)	
Change in operating working capital	(34.4)	7.9	
Capital expenditures paid	(194.5)	(125.2)	
Operating free cash flow	214.5	261.1	- 17.9%

(1) Operating income plus net depreciation and provision

- **Substantial growth in EBITDA as a result of the Group's operating performance and new accounting procedure concerning overburden stripping costs**
- **Sharp rise in capital expenditures paid, reflecting this new procedure and the implementation of the Group's major strategic projects**
- **Good control of operating working capital, despite substantial business pick-up throughout the year**

Current free cash flow is growing

(€ millions)	2004	2003
Operating free cash flow	214.5	261.1
Financial expenses	(45.1)	(45.7)
Taxes on financial income	14.6	15.1
Other working capital and miscellaneous items	20.5	(46.4)
Current free cash flow	204.5	184.1

- **Increase of current free cash flow, as a result, as expected, of the non-reoccurrence of the change (which was very negative in 2003) in other working capital items**

Limited changes in Group structure during the year

> **Acquisitions: €51.3 million**

- Specialty Minerals: acquisition of Burton-Apta (Hungary), a leading European manufacturer of refractory kiln furniture for ceramics
- Pigments for Paper: acquisition of 2 kaolin blending units in Sweden
- Building Materials: take-over of 3 distribution companies (5 new outlets) by Larivière; acquisition of Rivereau (clay partition bricks in the Brittany and Val de Loire regions)

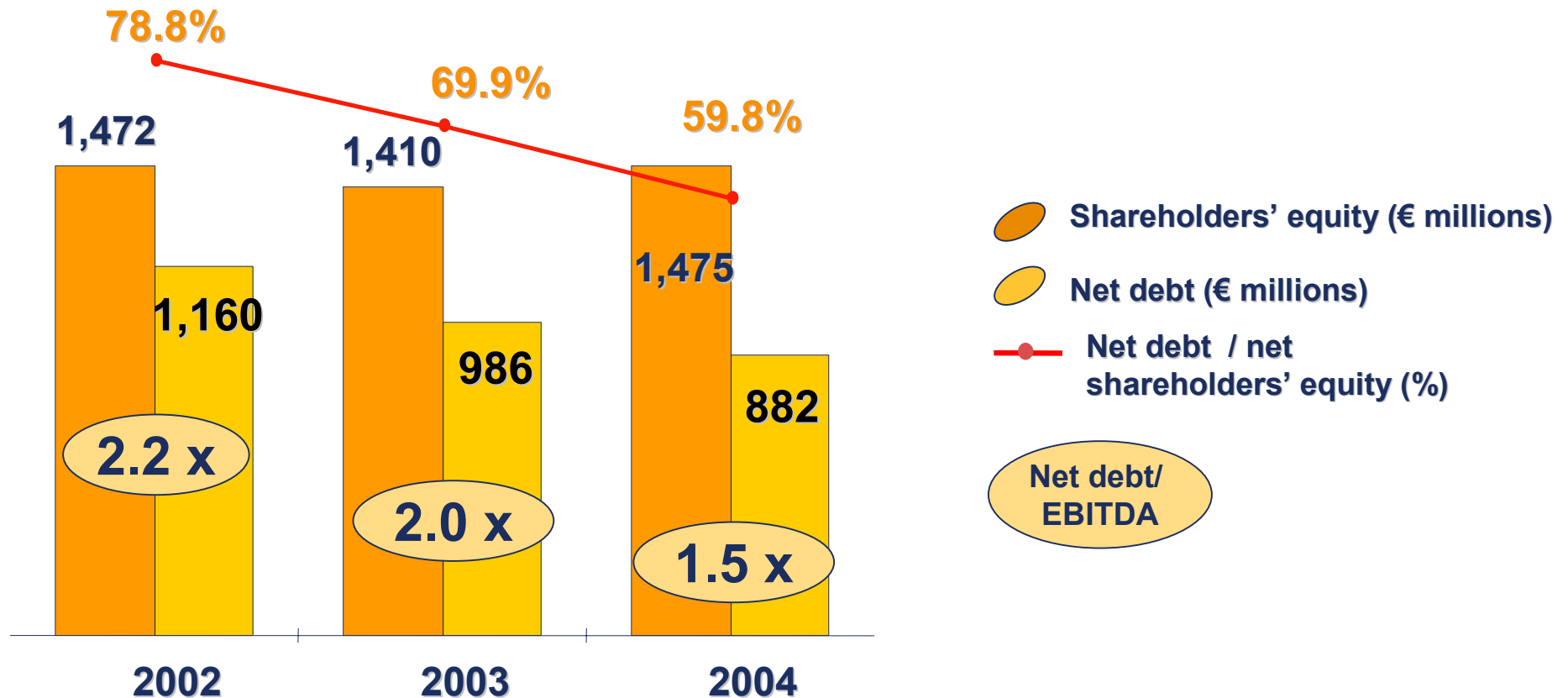
> **Divestitures: €28.9 million**

- Pigments for Paper: sale of CDM, a Swedish subsidiary specializing in the distribution of chemicals for the paper and water treatment industries
- Non-operating assets



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Continued consolidation of financial structure



- Substantial improvement in financial ratios
- Further extension of average maturity of financial resources to 5.3 years vs. 4.1 as at end 2003, with two bank and bond refinancing operations in mid-year

Earnings and dividend per share

	2004	2003	Change
Net income from recurring operations per share (€)	4.10	3.48 ⁽¹⁾	+ 17.8%
Net dividend per share (€)	1.50	1.25	+ 20.0%
Total distribution (€ millions)	95.2	79.4	
Current pay-out	36.6%	36.2%	
Weighted average number of shares	63,399,045	63,094,096	

(1) After 1-for-4 split of the Imerys share's par value

- **Increase in dividend slightly higher than the growth rate of net current income per share**

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Transition to IFRS – Opening balance sheet

- The main impact on the Group's balance sheet is the decrease in consolidated shareholders' equity as on January 1, 2004, resulting mainly, as previously announced, from the recognition – without income statement or cash impact – of all the actuarial differences linked to its pension commitments (mainly in the UK)

(€ millions)

FR GAAP shareholders' equity 01/01/2004	Impact IFRS 1.20	Other impacts	IFRS shareholders' equity 01/01/2004
1,410.3	(134.8)	(15.4)	1,260.1

- At the end of 2004, increase in the net debt to equity ratio in IFRS (65.6%) vs its French GAAP level of 59.8%



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Transition to IFRS - Income statement (I)

- Under IFRS, the notion of "Non-recurring items" disappears and is replaced by the line "Other revenue and expenses", positioned between operating profit (comparable to French GAAP operating income) and operating income
- For Imerys, on a 2004 basis, there is little difference between French GAAP operating income and IFRS operating profit

(€ millions)

French GAAP 2004 operating income	Stock options plans accounting May 2003 et 2004 (IFRS 2)	Impact on amortization of mineral reserves valuation (IFRS 1.16)	Financial discounts (IAS 18)	Other impacts (net)	2004 IFRS operating profit
425.8	(2.3)	(2.8)	(2.2)	0.4	418.9



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Transition to IFRS - Income statement (II)

➤ **Imerys' net income is higher under IFRS than it was under French GAAP, due to the ending of annual goodwill amortization**

(€ millions)

FR GAAP 2004 net income ⁽¹⁾	Differences operating income & Operating profit	Differences financial result	End of goodwill amortization	Other impacts (net)	IFRS 2004 net income ⁽¹⁾
209.4	(5.4) ⁽²⁾	3.8 ⁽²⁾	30.3	(0.7)	237.4

(1) Group's share

(2) After tax

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1st quarter 2005 highlights

> **Business remained healthy overall, but with more disparities between the business groups**

- Buoyant market conditions in refractories and in abrasives and good activity in paper
- Impact of harsh winter in France on Building Materials, without undermining the market's excellent fundamentals
- Less favorable markets as a whole in Specialty Minerals (particularly performance minerals)

> **The price/mix component increased in all four business groups**

> **Operating performance is improving, but remains affected by:**

- The depreciation of the US dollar against the euro (- 5% on average over the quarter)
- The sharp increase in some external costs (energy, freight, chemicals), which was particularly felt in Pigments for Paper

Key figures (IFRS)

(IFRS - € millions)	Q1 2005	Q1 2004	Change
Consolidated sales	752.9	687.0	+ 9.6%
Profit from current operations⁽¹⁾	99.1	94.1	+ 5.3%
Net income from recurring operations⁽²⁾	57.2	52.3	+ 9.2%
Net income⁽²⁾⁽³⁾	59.0	50.4	+ 17.2%
Net income from recurring operations per share⁽²⁾	€0.90	€0.82	+ 9.8%

(1) Profit from operations before other revenue and expenses

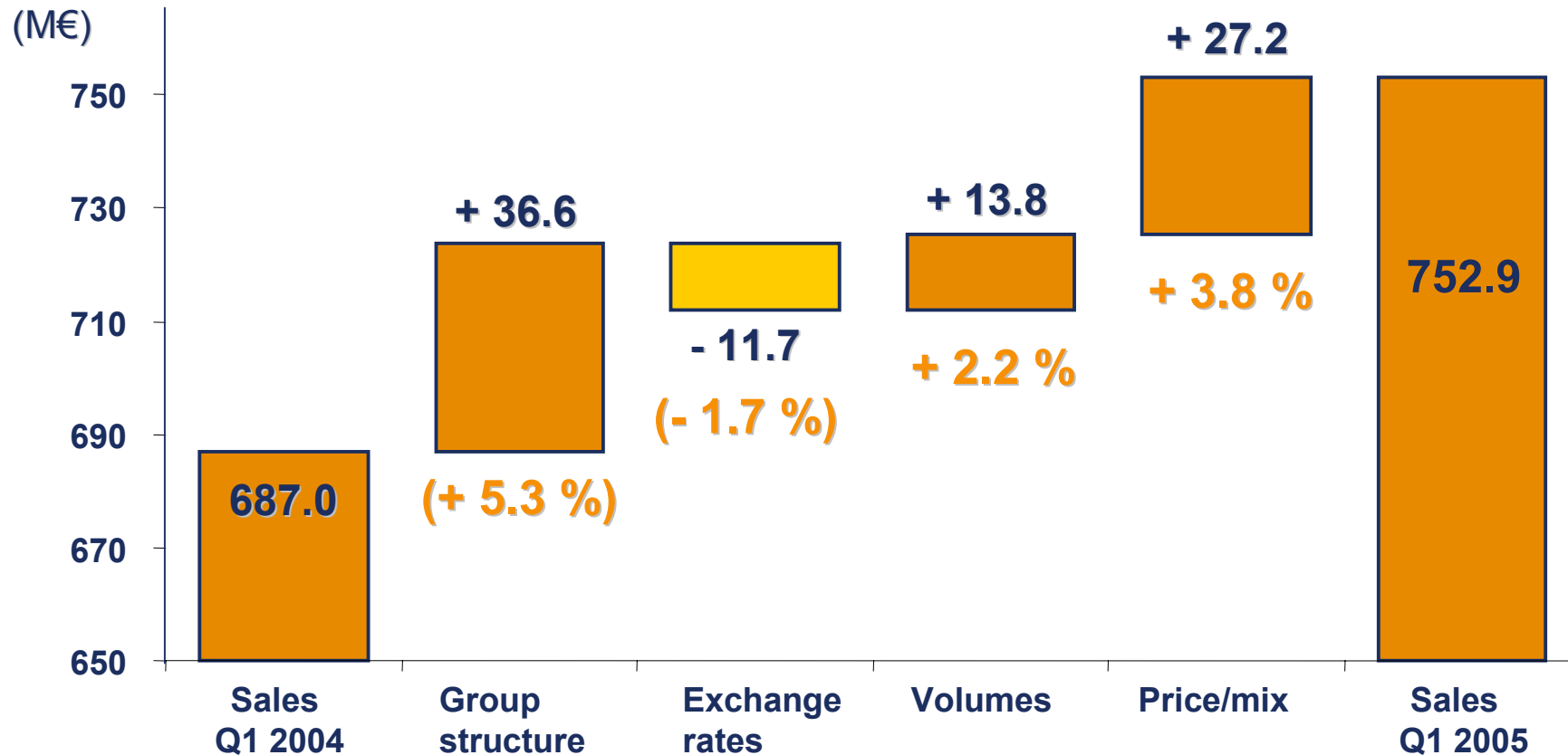
(2) Group's share

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



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Change in consolidated sales



- Significant positive impact of changes in structure (Lafarge Réfractaires, net of minor divestitures)
- Ongoing adverse effect of exchange rates
- Very firm growth at constant Group structure and exchange rates, in terms of both sales volumes and the price/mix component



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Consolidated sales by Business Group

(IFRS - € millions)	Q1 2005	Q1 2004	Current change	Comparable change
Specialty Minerals	190.6	189.6	+ 0.5%	+ 1.5%
Pigments for Paper	185.1	181.5	+ 2.0%	+ 9.3%
Building Materials	184.1	177.3	+ 3.8%	+ 1.8%
Refractories & Abrasives	200.3	145.5	+ 37.6%	+ 13.2%
Imerys Group⁽¹⁾	752.9	687.0	+ 9.6%	+ 6.0%

(1) After holdings and eliminations

Consolidated sales by Business Group

- **Sharp growth in Refractories & Abrasives**
 - Integration of Lafarge Réfractaires (consolidated for the entire quarter)
 - Strong improvement in activity and in the price/mix component

- **Also a substantial increase in Pigments for Paper**
 - Dynamic paper market, in Europe, in Asia and in the United States
 - Effect of 2004 capital expenditures in calcium carbonates

- **Limited growth in Building Materials, due to substantial impact of the harsh French winter from mid-February to mid-March**

- **Slight increase in Specialty Minerals, with a softening of sales volumes**



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Operating performance

> Growth in profit from current operations was impacted by:

- Changes in Group structure (mainly the contribution of Lafarge Réfractaires, net of minor divestitures) for + €2.7 million
- Exchange rates (depreciation of US dollar and rise of other currencies vs. the euro) for - €2.9 million

> At constant Group structure and exchange rates, growth was + €5.2 million, reflecting:

- Some short-term difficulties in Pigments for Paper, with price increases not completely negotiated during the quarter, while certain external cost factors have experienced an unprecedented rise
- Progress in the other three business groups, significantly offset in Building Materials by the impact of the harsh winter in France



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Completion of refocusing on minerals processing

➤ **Sale of most of American Minerals' assets to the Prince Mineral Company (USA)**

- Specializing in basic refractory minerals processing and trading in the United States, the subsidiary achieves annual sales of approximately \$65 million
- Transaction completed in mid-March 2005




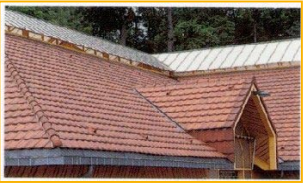
➤ **Sale of Larivière, the French leader in the specialized distribution of roofing products**



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A leader in flagship products

Larivière's main products

	Natural slates	Zinc	Roof windows	Roof tiles	Wood
% of Larivière sales	20%	8%	10%	21%	8%
					
Market position	1	2	2	2	n/a

5 flagship products accounting for more than 2/3 of Larivière's sales

Divestiture of Larivière

> Larivière is the French leader in specialized distribution of roofing products

- €290 million in annual sales
- 75 agencies in France, with strong presence in Western regions
- Approx. 800 employees
- 19,000 business customers, 1,200 suppliers and 59,000 product references

> Sale to Axa Private Equity, to which the company's management team will be associated

- Reference enterprise value (cash and debt free) of approximately €155 million, i.e. 0.53x Larivière's 2004 sales and 10.9x its 2004 operating income
- Acquisition completed on April 19, 2005



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Continued implementation of Imerys' external growth strategy

➤ Acquisition of QA Refractories, a specialized monolithic refractories producer in South Africa

- With annual sales of approximately €7 million, the company is an excellent business fit with Plibrico's current positions in South Africa.
- Following the acquisition of Lafarge Réfractaires, the operation enhances the new entity's presence outside Europe.

➤ Further strengthening of positions in ground calcium carbonates (GCC) for performance minerals

- Acquisition of a 60% stake in Gran Bianco Carrara (Italy), a business that achieves annual sales of €5 million to the paint and plastics markets, in particular
- Increase from 25% to 68% of interest in Blancs Minéraux de Tunisie, the leading Tunisian producer of GCC for performance minerals with sales of €2.5 million (mainly to the North African paint markets) Its production capacity will be extended



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2005 outlook

- **Although trends on the Group's markets remain positive overall, some of them have been somewhat more volatile since the beginning of the year**
- **The price/mix component should improve significantly in 2005 in all four business groups**
- **This increase reflects, among others, the sharp inflation in some external costs, which so far shows no signs of easing off**
- **Internal and external development will be a priority in 2005 for a Group that is now completely refocused on its core business – minerals processing**



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