

# Results to September 30, 2006 (non-audited)

November 8, 2006



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# Highlights to September 30, 2006

## ➤ **Contrasting macroeconomic environment**

- Volumes in Pigments for Paper and Specialty Minerals affected by industrial restructuring in the papermaking and ceramics industries
- Building Materials in France and Refractories benefited from dynamic markets
- Substantial increase in variable costs over the period, despite slower inflation in Q3, particularly for energy costs



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# Highlights to September 30, 2006

- **Continued growth by the Group over 9 months: rises of + 10.4% in sales, + 6.1% in current operating income and + 7.6% in net income from current operations**
  - Contribution of acquisitions
  - Improvement in price/mix component and control of fixed costs offsetting rise in variable costs



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# Highlights to September 30, 2006

- **Implementation of major reorganization plan for kaolin production base in UK**
  - Restructuring process progressing satisfactorily
  - Capital expenditure program launched
  
- **Group-wide cost reduction actions**

# Group key figures

(€ millions)	9 months 2006	9 months 2005	Change
<b>Sales</b>	<b>2,477.3</b>	<b>2,243.9</b>	<b>+ 10.4%</b>
<b>Current operating income<sup>(1)</sup></b>	<b>345.7</b>	<b>325.7</b>	<b>+ 6.1%</b>
<b>Net income from current operations<sup>(2)(3)</sup></b>	<b>225.2</b>	<b>209.2</b>	<b>+ 7.6%</b>
<b>Net income <sup>(2)</sup></b>	<b>116.2</b>	<b>243.6</b>	<b>n.s.</b>

- (1) Operating income before other income and expense
- (2) Group's share
- (3) Net income before other income and expense, net

➤ **Improvement in main financial indicators  
for first nine months of year**



# 3<sup>rd</sup> quarter 2006 trends

(€ millions)	Q3 2006	Q3 2005	Change	9 months 2006	9 months 2005	Change
<b>Sales</b>	<b>811.5</b>	<b>757.6</b>	<b>+ 7.1%</b>	<b>2 477.3</b>	<b>2 243.9</b>	<b>+ 10.4%</b>
<b>Current operating income <sup>(1)</sup></b>	<b>116.9</b>	<b>106.7</b>	<b>+ 9.5%</b>	<b>345.7</b>	<b>325.7</b>	<b>+ 6.1%</b>
<b>Net income from current operations<sup>(2)(3)</sup></b>	<b>74.9</b>	<b>69.8</b>	<b>+ 7.3%</b>	<b>225.2</b>	<b>209.2</b>	<b>+ 7.6%</b>

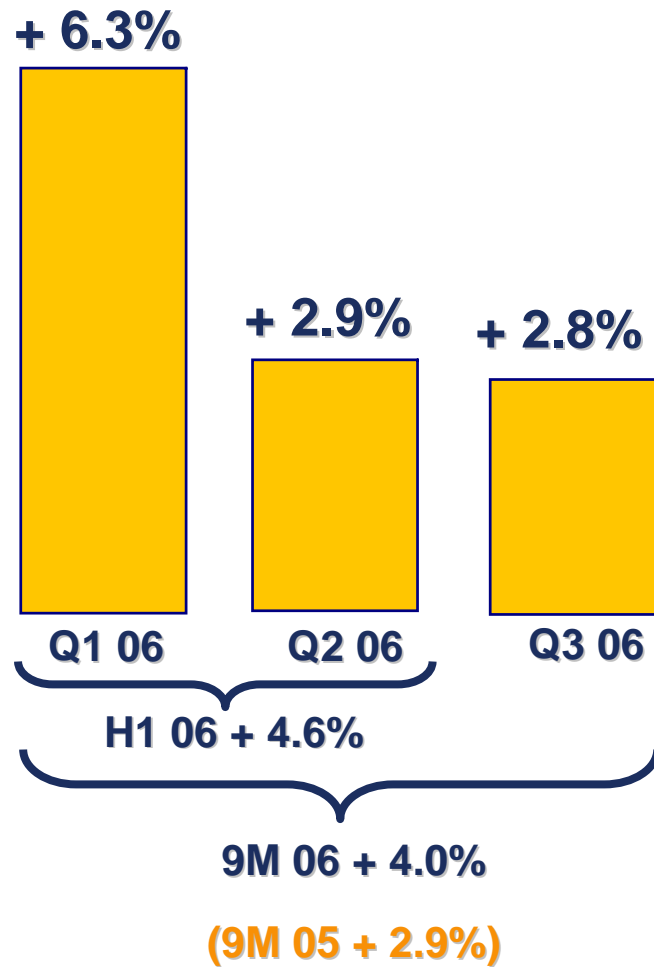
(1) Operating income before other income and expense; (2) Group's share; (3) Net income before other income and expense, net

## > Firm 3<sup>rd</sup> quarter

- More moderate Group structure effect (consolidation of World Minerals from mid-July 2005)
- Slight decrease in sales volumes, especially in Pigments for Paper and Specialty Minerals
- Continued significant improvement in price/mix component
- Excellent control of fixed costs
- More moderate rate of variable cost rises



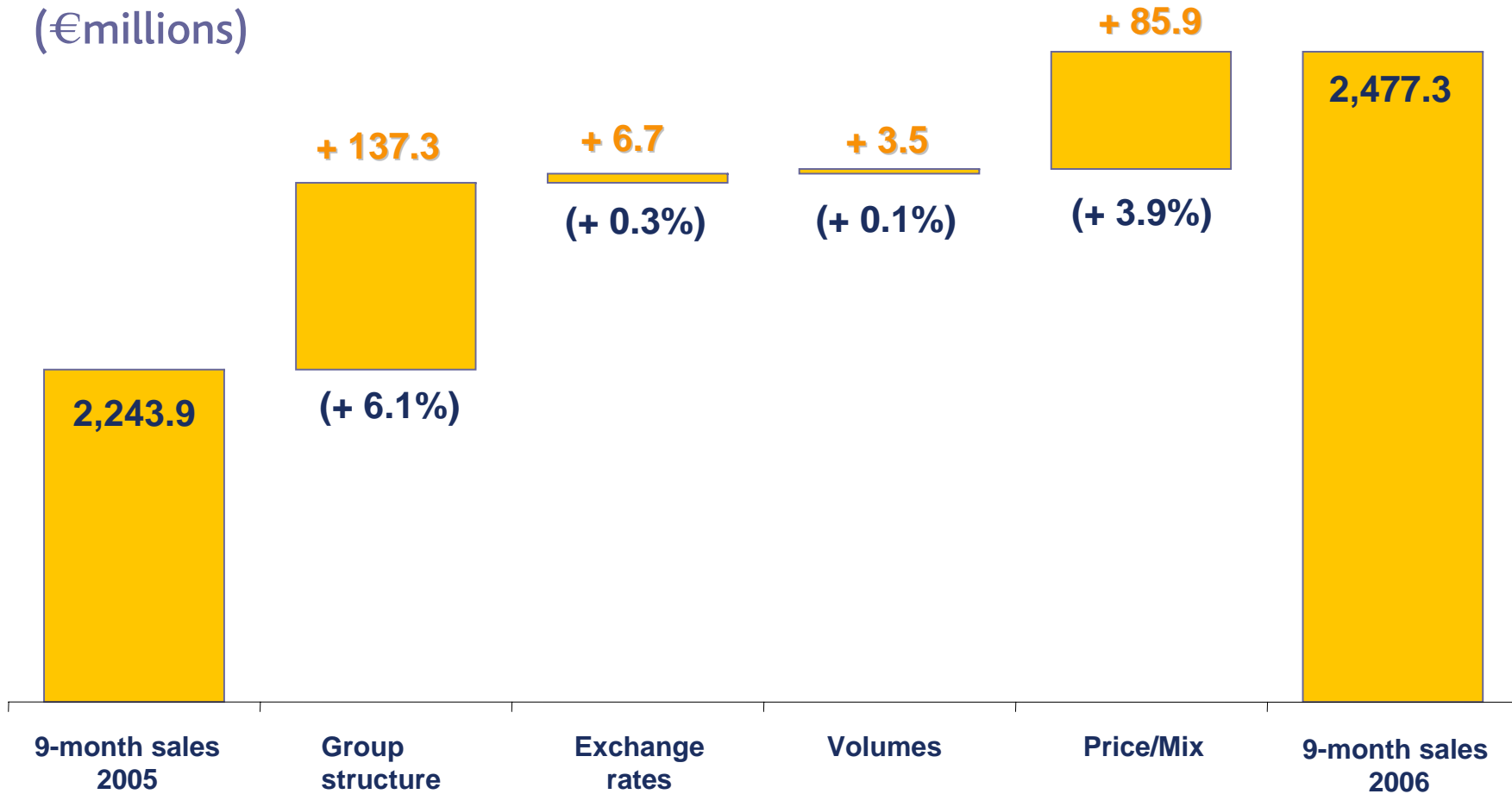
# Quarterly change in sales at comparable Group structure and exchange rates<sup>(1)</sup>



- Firm organic growth over the period
  - All business groups contribute to this development

# Sales growth

(€millions)



- Substantial contribution of acquisitions made in 2005 and since the beginning of 2006
- Significant improvement in price/mix component
- Volumes stable overall



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# Consolidated sales by business group

(€ millions)	9 months 2006	9 months 2005	Current change	Comparable change
Specialty Minerals	680.3	594.7	+ 14.4%	+ 2.3%
Pigments for Paper	575.6	557.4	+ 3.3%	+ 2.7%
Materials & Monolithics	668.8	708.0	- 5.5%	+ 6.8%
Refractories, Abrasives & Filtration	588.8	417.5	+ 41.0%	+ 3.5%
<b>Imerys Group<sup>(1)</sup></b>	<b>2,477.3</b>	<b>2,243.9</b>	<b>+ 10.4%</b>	<b>+ 4.0%</b>

(1) After holding company and eliminations

## ➤ Significant improvement in 9-month sales

- Significant group structure effect in 3 of 4 business groups
- Positive product price/mix effect in all 4 business groups
- Low volumes in Specialty Minerals and Pigments for Paper (industrial restructuring at some American and European papermakers)



# Current operating income

- **+ 6.1% growth over the period with contribution from all 4 business groups**
- **Positive contribution (+ €20.5 million<sup>(1)</sup>) of acquisitions made during the period and limited impact of exchange rates (- €0.5 million)**
- **Positive price/mix effect offsetting inflation in variable costs (at a slower rate in Q3)**
- **Operating margin 14.0% (vs. 14.5% for the first 9 months of 2005), up from 1<sup>st</sup> half '06 (13.7%)**



# Significant growth in net income from current operations

(€ millions)	9 months 2006	9 months 2005	Change
<b>Current operating income</b>	<b>345.7</b>	<b>325.7</b>	<b>+ 6.1%</b>
Financial income (expense)	(31.4)	(35.3)	
Current taxes	(88.4)	(81.3)	
Minority interest and equity method	(0.7)	0.1	
<b>Net income from current operations<sup>(1)</sup></b>	<b>225.2</b>	<b>209.2</b>	<b>+ 7.6%</b>

(1) Net income before other income and expense, net

- **Slight improvement in financial expense due to positive impact of exchange rates**
- **Stable tax rate at 28.1% vs. 28.0% as of 9/30/2005 and 26.1% in 2005**

# Net income

(€ millions)	9 months 2006	9 months 2005	Change
<b>Net income from current operations<sup>(1)(2)</sup></b>	<b>225.2</b>	<b>209.2</b>	<b>+ 7.6%</b>
<b>Other income and expense, net<sup>(2)</sup>, of which:</b>	<b>(109.0)</b>	<b>34.4</b>	
• Revenue from divestments, net of tax	-	99.6	
• Value adjustments relating to UK plan, net of tax	(81.2)	-	
• Other value adjustments and restructuring expenses, net of tax	(27.8)	(65.2)	
<b>Net income <sup>(2)</sup></b>	<b>116.2</b>	<b>243.6</b>	<b>n.s.</b>

(1) Net income before other income and expense, net

(2) Group's share

- **UK plan → industrial asset depreciation with no cash impact, provisions for site restoration and restructuring expenses**
- **Other expenses → cost reduction actions throughout the Group**

## 2006 outlook

- **Imerys' markets have shown contrasting trends since the beginning of 2006**
- **Growth rate of Group's net income from current operations remains healthy**
- **In total, if the macroeconomic environment and market conditions remain unchanged, Imerys estimates that it will be able to achieve its target of + 7% growth in net income from current operations for the full year**



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# 2007 financial schedule

## ➤ Shorter financial statement production times:

- **2006 annual results:** Thursday February 15, 2007  
(before trading)
- **Q1 2007 results & annual general meeting:** Wednesday, May 2, 2007  
(before trading)
- **1<sup>st</sup> half results 2007:** Wednesday, August 1, 2007  
(before trading)
- **Q3 2007 results:** Tuesday, November 6, 2007  
(before trading)

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