IMERYS,
MINERAL SOLUTIONS
FOR A CHANGING WORLD
_ 2013 IN BRIEF
WE ARE IMERYS

The world leader in mineral-based specialty solutions for industry, Imerys transforms a unique range of minerals to deliver essential functions – heat resistance, mechanical strength, conductivity, coverage, barrier effect, etc. – for its customers’ products and manufacturing processes.

Whether mineral components, functional additives, process enablers or finished products, Imerys’ solutions contribute to the quality of a great many applications in consumer goods, industrial equipment and construction. Combining expertise, creativity, and attentiveness to their customers, the Group’s international teams constantly identify new applications and develop high value-added solutions, in line with its determined approach to responsible development.

PRESENCE ON A GREAT NUMBER OF MARKETS

Imerys serves a wide range of industries, guaranteeing balanced exposure to different economic cycles. The Group’s sales are spread across 20 or so markets, including these examples.

- HORTICULTURE, PROTECTION OF FLORA
- ENERGY
- AGRI-FOOD
- ELECTRONICS
- HEALTH, BEAUTY & CARE
- HORTICULTURE, PROTECTION OF FLORA
- CONSTRUCTION
- DECORATIVE MATERIALS AND FITTINGS
- STEELMAKING AND METALLURGY
- PAPER
- AUTOMOTIVE, INDUSTRIAL EQUIPMENT AND CONSUMER DURABLES
- PACKAGING

3,698 M€ revenue
477 M€ current operating income
50 countries
15,805 employees
245 industrial sites
OUR BUSINESS: TURNING MINERALS INTO INNOVATIVE SPECIALTIES

Analyzing customers’ needs, proposing relevant innovative solutions and transforming minerals to obtain the required properties: this is Imerys’ core business.

HIGH-QUALITY MINERALS

The Group mines or processes a range of about 30 minerals. On its 115 mining sites it holds an average of 20 years’ high-quality mineral reserves. Thanks to teams who are dedicated to exploring additional resources, Imerys guarantees its customers a lasting supply. In addition, a number of minerals (bauxite, alumina, zirconium, magnesia, etc.) are purchased from external suppliers for processing by the Group.

By selecting relevant techniques for the characteristics of every deposit, Imerys can extract minerals with an economically efficient yet environmentally-friendly approach. Sites at the end of their lives are restored in the best possible conditions. Restoration plans are studied from the outset of mine opening projects, under a Group-wide responsible management process.

KNOW-HOW IN BENEFICIATION AND PROCESSING

To obtain the required properties and so add value, minerals are processed using various technologies, many of which are specific to Imerys, e.g. grinding, grading, drying, calcination, sintering, melting, bleaching, surface chemistry, magnetic purification, and flotation, but also shaping processes such as pressing, extrusion, granulation and casting.

Minerals are processed to optimize their intrinsic properties in order to obtain the required characteristics and specifications, for example strength, conductivity, coverage or barrier effect. The Group thus calls substantial resources into play to innovate in line with its customers’ needs: 300 scientists, eight Research & Development centers, 20 market-focused regional laboratories and collaborations with renowned institutes.

SPECIALTIES FOR A WIDE RANGE OF APPLICATIONS

Imerys produces mineral-based specialties that meet four types of industrial needs and represent a great number of product applications.

THE FOUR PRODUCT TYPES:

1. Mineral components
2. Functional additives
3. Manufacturing process enablers
4. Finished products

Here are some examples of mineral solutions.

• Graphite is converted to meet the specifications of mobile energy and precision engineering (lithium-ion batteries, brake pads).
• Diatomite and perlite are filtration agents for edible beverages.
• Electrofused magnesia is used in domestic appliances (dishwashers, cookers…) to guarantee high electrical resistance and low heat conductivity.
• Monolithic refractories are used as linings in high-temperature industries (steelmaking, foundry…).
The Performance & Filtration Minerals and Kaolin activities cover a wide range of applications in technical fields, e.g. plastics, paint, rubber, personal care, health & beauty, and paper.

The business group is comprised of four activities: Carbonates, Monolithic Refractories, Graphite & Carbon and Oilfield Solutions. It serves the following industries in particular: personal care, health & beauty, paper, steelmaking, foundry, mobile energy, oil and gas fields.
FOR A CHANGING WORLD
THE SIX MAIN LINES OF THE IMERYS MODEL
In a fast-changing world, Imerys is staying on course by founding its development strategy on innovation, geographic expansion, and activity diversification into high-growth markets. This model makes sustainable development an integral part of business.

INNOVATING TO DEVELOP NEW APPLICATIONS

With 16% of its revenue given over to Research & Development, Imerys is achieving its aim of making innovation the driver of its organic growth.

Understanding our customers’ businesses, solving their technical problems, meeting their expectations and anticipating their needs is the starting point for Imerys’ innovation approach. The Group’s 28 research centers are comprised of eight main facilities (specialized in certain minerals) and 20 regional laboratories. This closeness to customers enables teams to identify new expectations and therefore develop new solutions.

SUPPORTING GROWTH
By creating new products and processes, the Group helps its customers to meet new challenges. “Disruptive” innovations, based on the development of new concepts, exist alongside “continuity” innovations that stem from improvements to the existing range. Together, they enable the Group to develop its product offering and its competitiveness. This strategy serves an ambitious objective: contributing €700 million in additional revenue by 2016.

PROTECTING INNOVATION CAPITAL
Innovation, a valuable asset for Imerys, is protected by a relevant intellectual property policy. Approximately 3,500 trademarks have been registered or are in the registration process, while the Group holds more than 1,000 patents and patent applications and over 220 industrial and utility models. This portfolio is regularly rationalized to optimize its cost. To ensure effective protection for its name, the Group has filed the “Imerys” trademark in 90 countries.

Focus on...
KERAVIVA™, A CONCRETE ALLY
Patented by Imerys Ceramics, Keraviva™ involves hot-spraying a thin layer of colored ceramic onto concrete. This protects the material without affecting its mechanical properties. Keraviva™ resists frost, ultraviolet rays, chemicals and fire. It makes graffiti and lichens easier to clean off without impairing the original color. The many outlets range from street furniture and building facades to direction signage.

Almost €60 million allocated to innovation in 2013
+ 7% compared with 2012
More than 65 new products launched in 2013
2013 was marked by a gradual stabilization of the European economy. In North America, sustained demand was especially noticeable in construction and consumer durables. The growth rate was more moderate in emerging countries. More than ever, geographic diversification is a crucial factor in maintaining the Group’s profitability and seizing any internal and external growth opportunities.

**INCREASING PRODUCTION CAPACITIES**

Internal growth particularly includes strengthening production capacities worldwide. In 2013, Imerys built a lime plant in Darespolis (Brazil) to benefit from its local calcium carbonate reserves. In Bahrain, a fused alumina plant, the Group’s first production facility in the Middle East, started production in the first months of 2014.

**EXPANDING PRESENCE ON PROMISING MARKETS**

Imerys’ international expansion also entails a targeted external growth strategy. In April 2013, the Group acquired PyroMax Ceramics LLC in the United States, a ceramic proppant production complex, to bolster its industrial assets in Oilfield Solutions. In Asia, Imerys completed two acquisitions in Monolithic Refractories (cf. “Focus on…”).

**ESTABLISHING BASES IN EMERGING ZONES**

Emerging countries are a major growth lever for Imerys’ activities. The Group is building its development there and has increased its presence substantially in the past 12 years. Imerys targets the most attractive countries, i.e. those where it already has mining, industrial or commercial bases (Brazil, India, South Africa and China) and those which offer significant outlets for its mineral specialties and the possibility of building effective commercial partnerships (Indonesia, Malaysia, Thailand, Russia, Turkey, etc.).

Imerys regularly invests to extend its geographic presence and, as a result, increase its exposure to fast-growing markets and sectors, in both mature economies and emerging markets.

26% of revenue achieved in emerging countries compared with 6% in 2001
Imerys’ mineral specialties, already present on many markets, are set to win over new sectors with high growth potential.

**BROADENING THE ACTIVITY PORTFOLIO**

Mobile energy, packaging, environment, non-conventional oil and gas fields, health and beauty, automotive, aerospace and more: Imerys is active in all of these promising sectors, guiding its choices for capital expenditure and acquisitions.

**DEVELOPING IN OILFIELD SOLUTIONS**

For several years, Imerys has sought to establish itself on non-conventional oil and gas field operations in the United States through ceramic proppants. With the prospect of a highly promising market, the Group undertook research, filed patents, built an initial plant in Georgia in 2012, then acquired PyraMax in 2013 (cf. “Focus on...”).

**MAKING THE RIGHT CHOICES**

Other profitable segments, including mobile energy for electronic devices and electric vehicles, are the focus of capital expenditure and a development driver for the Graphite & Carbon activity. For example, the carbon black plant in Willebroek, Belgium, doubled its production capacity.

**MOVING INTO RENEWABLE ENERGIES**

In 2011, the Group joined forces with Norwegian Crystallites AS to meet growing demand for high-purity quartz, particularly for the photovoltaic industry. The Group is also innovating in sustainable housing with its ready-to-fit photovoltaic tiles for new or renovated roofs.

Imerys is a decentralized group but in 2012 it set up an Industrial Department with the role of disseminating best practices and techniques. In addition to cost reduction, this approach comes under an overall continuous improvement process designed to combine efficiency and effectiveness.

**CREATING AN INTERNAL FRAMEWORK**

A key component of this operating excellence approach is the monitoring of 14 key indicators rolled out on all production sites since the end of the first half of 2013. Calculated using a common, Group-wide methodology, they are tracked site by site and consolidated at activity, business group and, Group levels. Positive fallout has been recorded since the indicators were set up, in terms of energy consumption in Europe and North America, and supply and production processes in South America.

Imerys constantly optimizes its industrial assets to adapt them to market trends, control costs and increase its flexibility and competitiveness.

**BANKING ON OPERATING EXCELLENCE AND DISCIPLINED FINANCIAL MANAGEMENT**

To ensure all units have a common culture and practices, “Imerys Operational Excellence” training is being rolled out for both management and the teams on the ground. The aim is to center processes on employees by engaging them in a continuous improvement dynamic. Three pilot sessions took place in Europe in 2013 and will be continued in 2014 with around ten new sessions, expanding into the Americas.

**INSTILLING A MINDSET**

Launched in 2014, the “Imerys Industrial Improvement” program will strengthen ownership of the performance by all employees and enhance their grasp of industrial processes to improve the results of the Group’s mines and plants. Around 10 reference sites will be named to set up operational excellence tools and a cross-functional team will be formed to speed up dissemination of best practices.

**ROLLOUT PERFORMANCE**

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**Focus on... DISCIPLINED CASH MANAGEMENT**

In a difficult economic context, optimizing working capital requirement (WCR) and cash-flow control drives cash generation and strengthens Imerys’ ability to finance its internal and external growth. The entire company has rallied round this goal through a great number of initiatives, including a dedicated intranet, bespoke training, and specific assignments to identify improvement areas and propose customized support in rolling out action plans.

14 key industrial performance indicators

80% of production managers trained in operating excellence in 2014

**Focus on... STRATEGIC ACQUISITION OF PYRAMAX**

With the acquisition of PyraMax Ceramics LLC in 2013, Imerys gained a new proppants production unit, strengthening its industrial assets in Oilfield Solutions in the United States. This will enable the Group to increase its production capacity from 100,000 to 325,000 tons and ramp up faster to serve the booming non-conventional hydrocarbons market in the USA. The Group is aiming for €150 million revenue in this area by 2016.

**Creating an internal framework**

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Fostering Diversity of Talent

Imerys would be unable to develop or evolve without the quality and commitment of its employees. Its teams, made up of men and women from every profession and every background, are united by their spirit of enterprise.

In 2013, the Group continued to develop its organization, making many career developments possible. Training efforts and the rollout of certain sustainable development goals were stepped up. Finally, the Group made its compensations and benefits policy more efficient.

Supporting and Training

To evolve in line with changes in organization, Imerys kept up its recruitment and internal mobility efforts and stepped up its training actions in 2013. Imerys Learning Center launched two new programs, “Sales Excellence”, designed to improve teams’ commercial & marketing performance, and “Operational Excellence”, which gives managers tools to improve the performance of industrial facilities.

In addition, the “Senior Leadership Programme” created with INSEAD in 2012 improved the management and leadership skills of many current or future Group executives.

Sharing Corporate Culture

Cohesive relations between employees and the strength of their connection to the Group are important aspects of Human Resources policy. Many initiatives were rolled out internally for that purpose, including cross-Group seminars by profession to share best practices, a magazine, an enterprise social network and multi-media tools for sharing information.

Harmonizing Compensation Systems

The business units in the various countries where the Group is active are gradually aligning their compensation and benefits practices on the highest international standards. In Brazil, for example, across-the-board salary increases will now be limited to an annual compensation ceiling. In Indonesia, Indoporlen, a company acquired in 2013, also improved its complementary benefits system with the setup of life insurance coverage for employees and better healthcare coverage for management personnel.

Sustainable Development, a Global Strategic Orientation

Sustainable Development is a crucial component of Imerys’ long-term strategy, in order to support growth and promote responsible social and environmental management.

In 2013, after analyzing the most significant Sustainable Development issues and the relevant stakeholders, Imerys decided to strengthen its process along three main lines: focusing on social, environmental and governance issues.

Keeping Everyone’s Health and Safety

Preventing workplace health and safety risks is one of Imerys’ priorities. The Group’s action in this area is built on clearly defined lines: regular audits, a global training plan, a behavior-based safety program, an accident analysis program and a serious accident prevention plan, as well as events designed to consolidate safety culture on key sites.

Controlling Environmental Impacts

Imerys’ activities involve natural resources such as minerals, soil, energy and water. The Group constantly strives to reduce its environmental footprint and use those resources efficiently through a common approach across all of its activities.

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Focus on…

A Strong Commitment to Diversity

One of Imerys’ strengths is the diversity of its employees: men and women from many nationalities and cultures who work together and share common goals. The Group’s Diversity Charter sets down Imerys’ commitment in this area. Diversity programs were set up in five countries in 2013. A Woman’s Mentoring Programme was launched in late 2013, to focus on the women career development, especially those in operational positions.

31% share of women in the workforce (salaried employees category)

1,000 hours training given out by Imerys Learning Center

Focus on…

Encouraging Constructive Dialogue

Under its “Community Relations” protocol, Imerys officially delegates responsibility for community relations to the most senior employee in charge of managing each facility. The protocol requires every site to map its stakeholders and draw up an action and continuous improvement plan. It also encourages constructive dialogue with stakeholders and requires a response to any admissible complaints they make.

1.31 combined lost-time accident frequency rate (-57% vs. 2009)

100% of sites have an EMS

Focus on…

Guaranteeing Ethical Conduct

As regards governance, a cornerstone of the Sustainable Development process, the Group promotes ethical business conduct rules and deploys training programs and self-assessment systems to check that practices are compliant. These efforts were continued in 2013, including an update of the anti-fraud and anti-corruption policy.

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All units have set up an Environmental Management System (EMS) and 81 of them are also ISO 14001 or EMAS certified. These EMS are fully integrated into the Group’s EHS (Environment, Health & Safety) audit program, with 15 sites visited in 2013.