

Presentation of 2018 Annual Results

February 14, 2019

Conrad Keijzer - Chief Executive Officer
Olivier Pirotte - Chief Financial Officer



Disclaimer

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.18-0150 March 20, 2018 with Autorité des Marchés Financiers. Imerys draws the attention of investors to the “Risk factors and Internal control” set forth in section 4 of the 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.

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2018 Fiscal Year Results

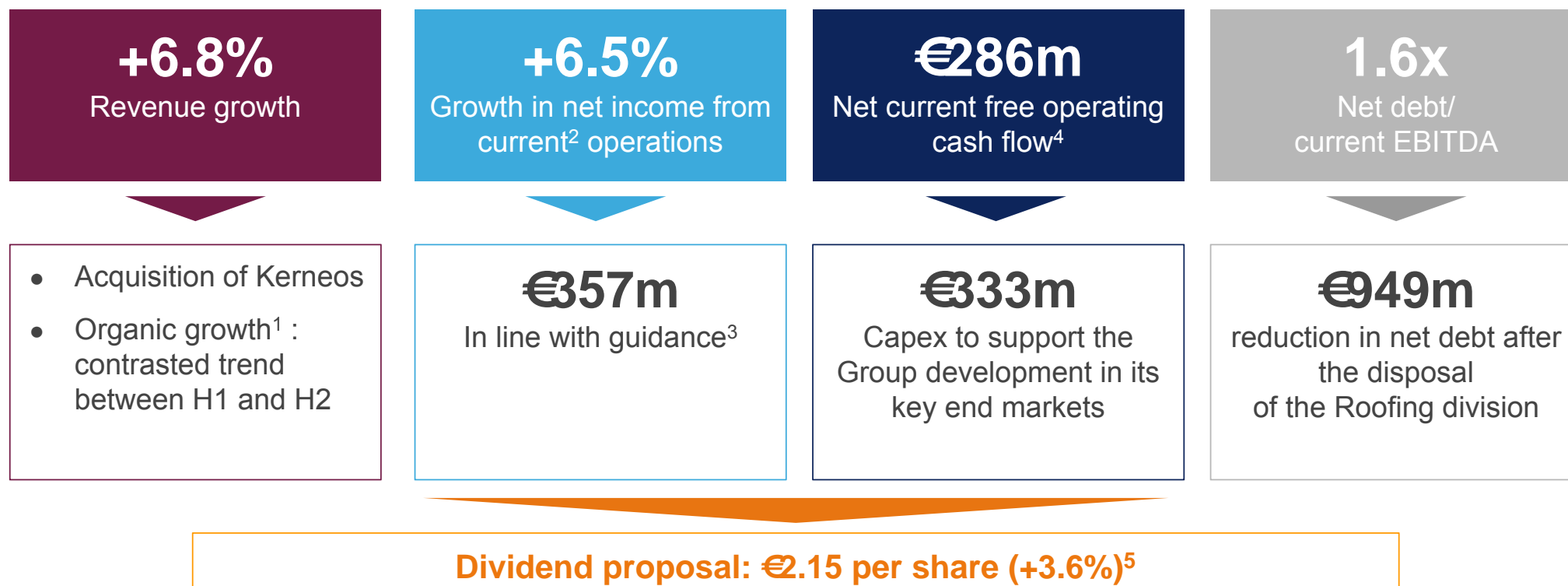
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1 Highlights

Conrad Keijzer - Chief Executive Officer

Financial performance in 2018



(1) Organic growth means 'at comparable Group structure and exchange rates'. It is the sum of the volume effect and the price-mix effect.

(2) Throughout the presentation, "Current" means "before other operating revenue and expenses"

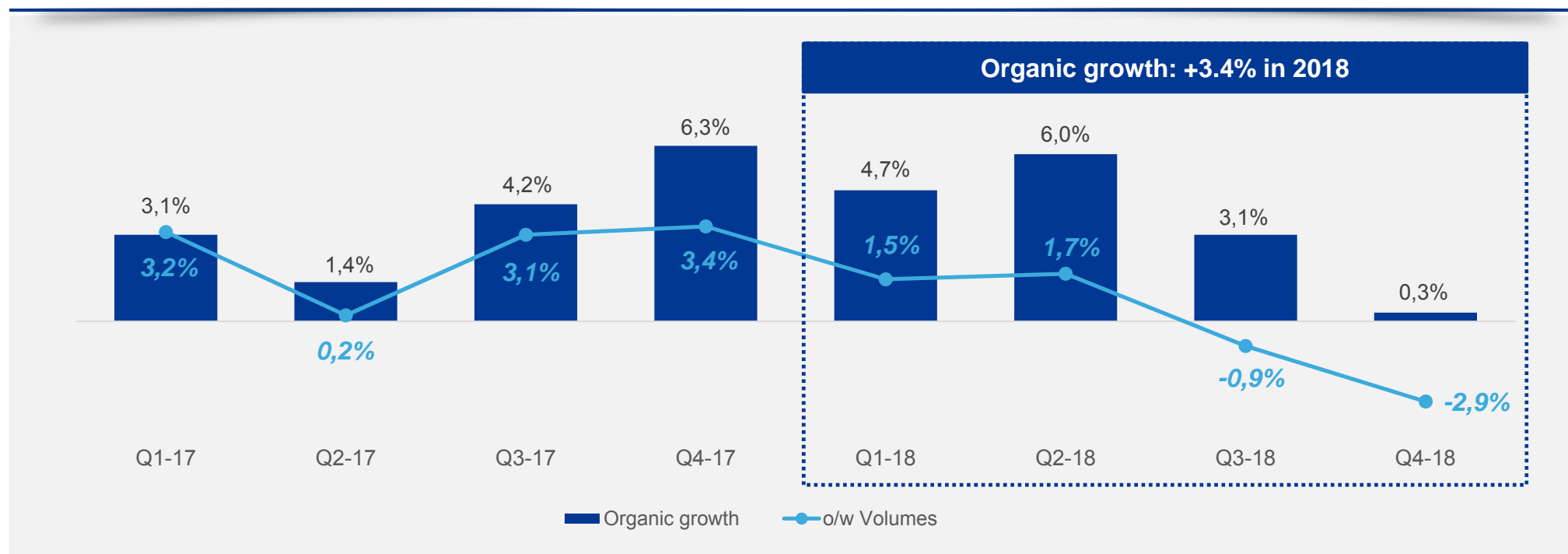
(3) Objective of net income from current operations close to 7% compared with 2017 proforma figures excluding the Roofing division accounted for as discontinued activity since January 1st, 2018 and restated in 2017 accounts. As a consequence, all financial data throughout the presentation exclude the Roofing division.

(4) Net current free operating cash flow = EBITDA – notional tax – change in operating WCR – paid capital expenditure

(5) Proposed by the Board of Directors at the Shareholders' General Meeting of May 10, 2019

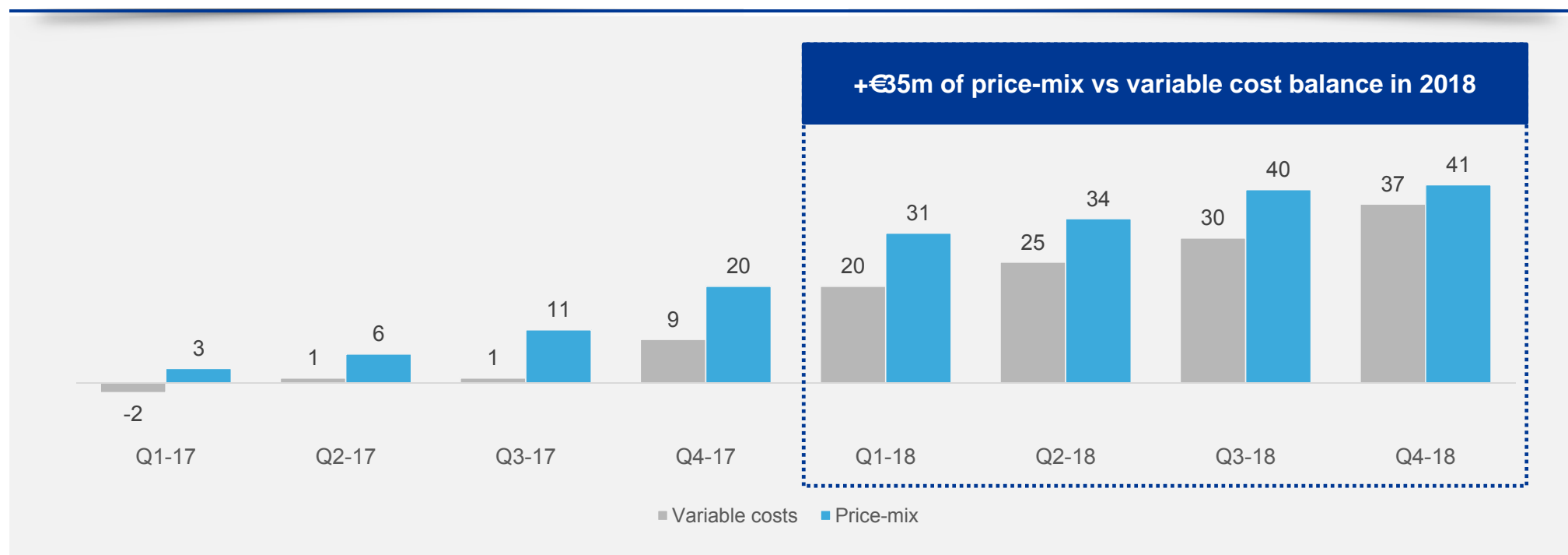
More challenging economic environment in Q4 2018

Organic growth and volumes (y-o-y, proforma)



Positive price-mix effect maintained in an increasing inflationary environment

Price - mix and variable cost balance (€m)



Business portfolio reshaped and more efficient organization for improved growth profile

Successful integration of Kerneos (In the scope since July 2017)

- Exposure to growing building chemistry markets improving Imerys growth profile
- Integration as per plan, 2018 synergies as expected
- Profitability impacted by significant unfavorable exchange rates and raw materials inflation

Timely disposal of Roofing division (October 11, 2018)

- Last remaining building materials activity in the Group's portfolio
- Highly profitable business but limited growth prospects
- Balance sheet strengthened
- Cash flow of €823m and net capital gain of €740m in 2018

New organization (December 1, 2018)

- Market aligned and customer centric organization
- Simpler organization with fewer layers of management
- New management team appointed

Imerys increasingly positioned as a world leader in specialty minerals

Decisive actions to address market changes in some of our operations

Withdrawal from ceramic proppants market

- Drop in ceramic proppants market due to fundamental technological shift
- - €5m negative contribution to FY 2018 COI¹
- Impairment and restructuring costs of €148m at FY 2018 end

Namibian operations & related projects in graphite

- Namibian operations put on “care and maintenance” program and refocusing of Graphite & Carbon division: - €7m negative contribution to FY 2018 COI
- Impairment and restructuring costs of €78m at FY 2018 end

Improving
underlying
profitability of the
Group

(1) COI: Current Operating Income

Major step to seek permanent resolution of US talc-related liabilities

- Chapter 11 protection allows our North American talc subsidiaries to continue to operate as usual
 - ◆ Employees will see no changes to their roles, wages, or benefits
 - ◆ Customers will continue to receive the same high-quality products
 - ◆ Suppliers will continue to be paid for future deliveries
- Safety of talc confirmed by dozens of peer-reviewed studies, as well as relevant regulatory and scientific bodies
- Strong belief that this litigation is without merit
 - ◆ Filing entities' decision prompted by a projected increase of defense and settlement costs over the next few years
- No material effect on Imerys overall financial health and profitability
 - ◆ Potential estimated net financial impact of €250m, provisioned in 2018 financial statements
 - ◆ Filing subsidiaries representing 3% of Group's 2018 consolidated figures
 - ◆ Excluded from scope of consolidation of the Group from February 14, 2019

(€m)	FY2018
Revenue	143
EBITDA	25
COI ¹	16

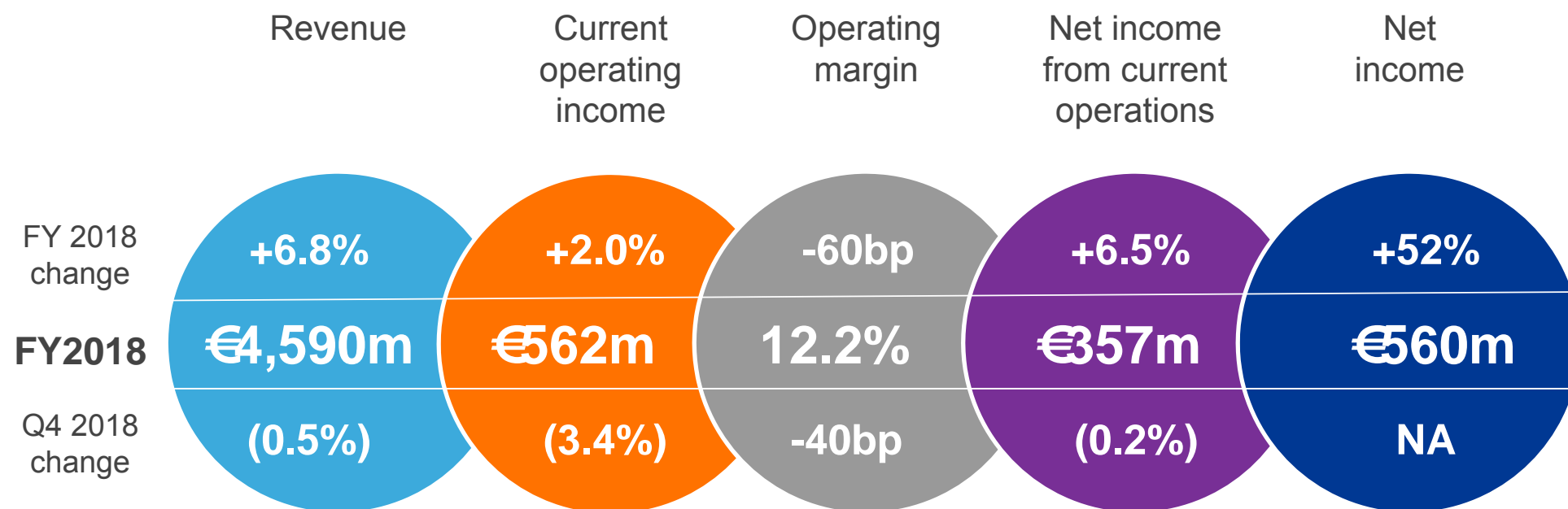
(1) Current Operating Income

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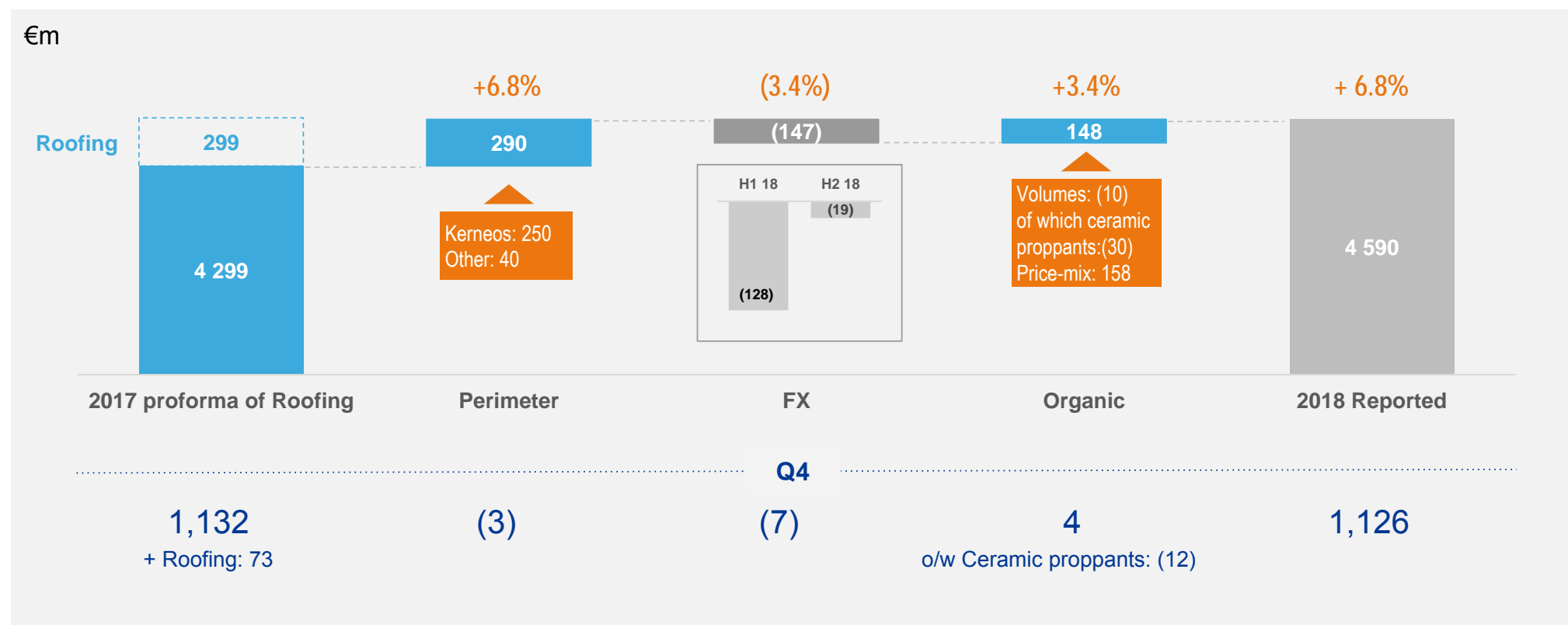
2 Financial Review

Olivier Pirotte - Chief Financial Officer

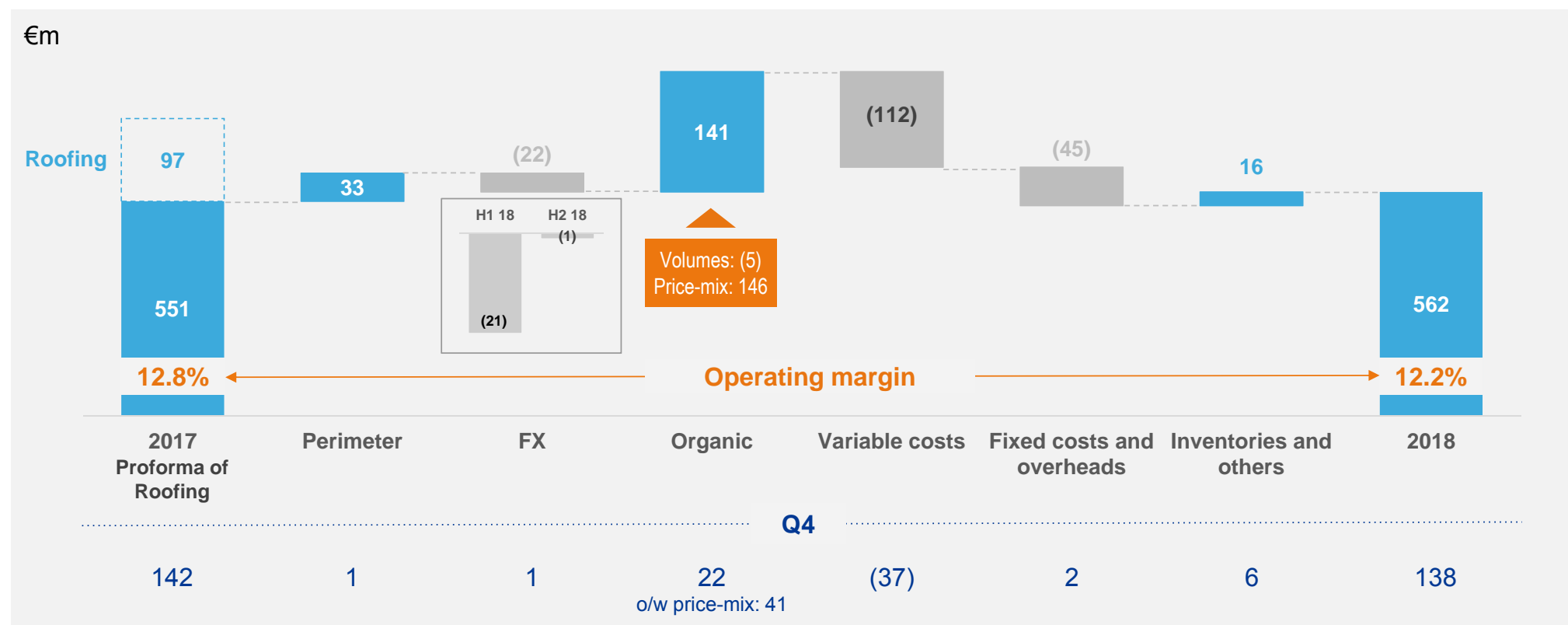
Proforma key figures



2018 proforma revenue up +6.8%

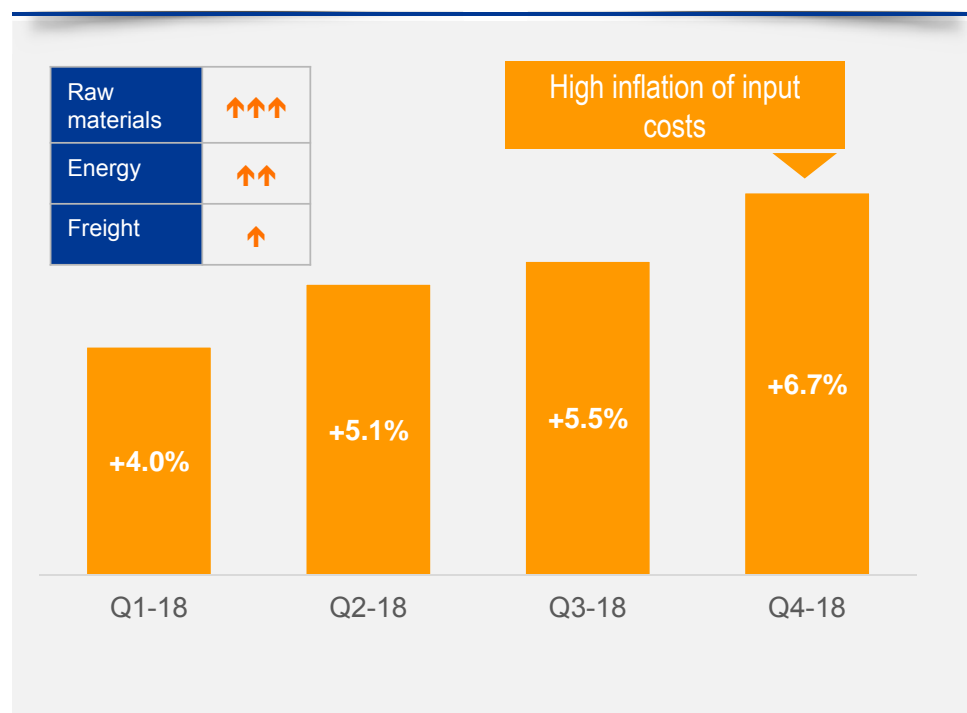


2018 proforma current operating income up +2.0%

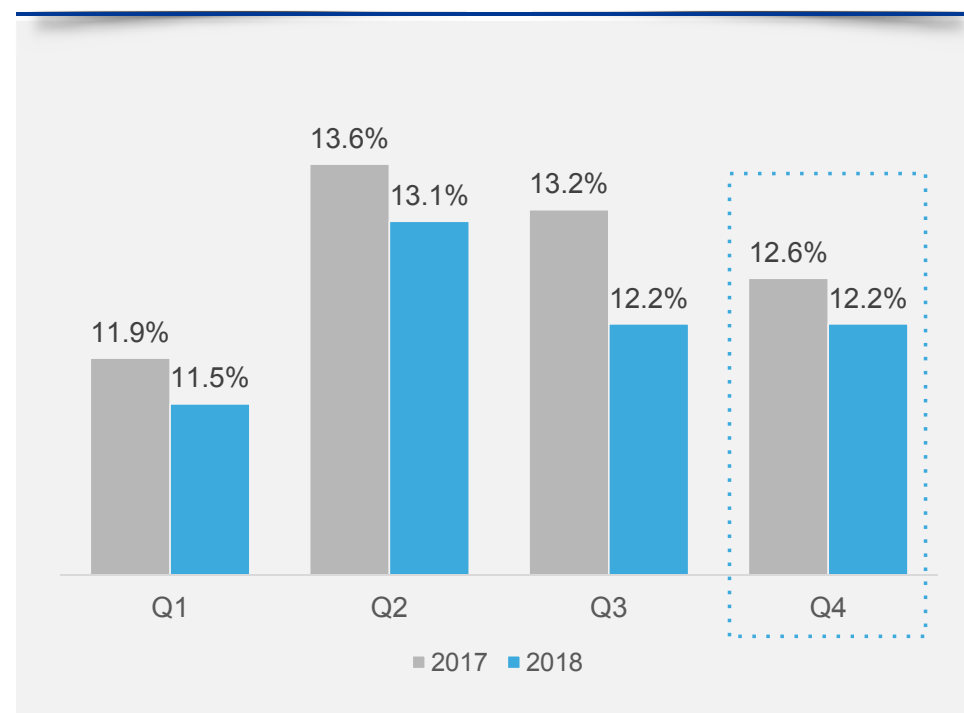


Improving operating margin despite higher inflation

yoy quarterly inflation of variable costs ⁽¹⁾



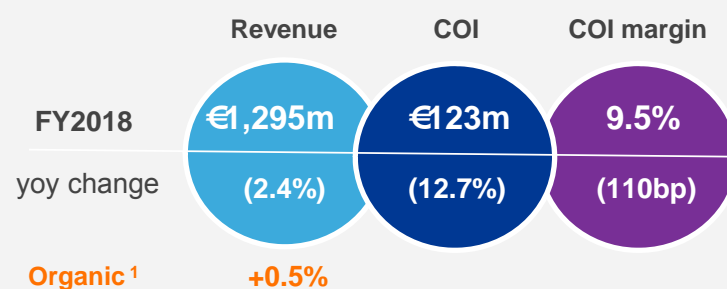
Quarterly operating margin



⁽¹⁾ Including raw materials, energy, freight, chemicals and packaging.

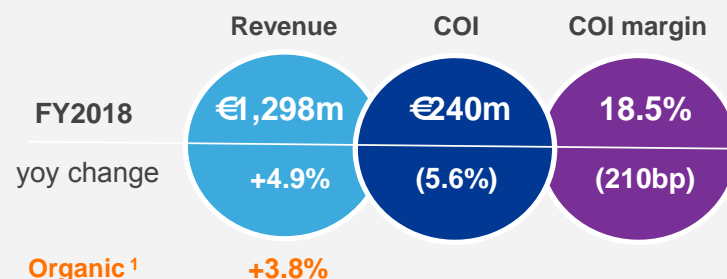
Evolution by business group

Energy Solutions & Specialties



- Withdrawal from ceramic proppants and mothballing of natural graphite assets in Namibia
- Market slowdown in some European and Chinese markets (automotive, mobile energy and industrial markets) in Q4

Filtration & Performance Additives

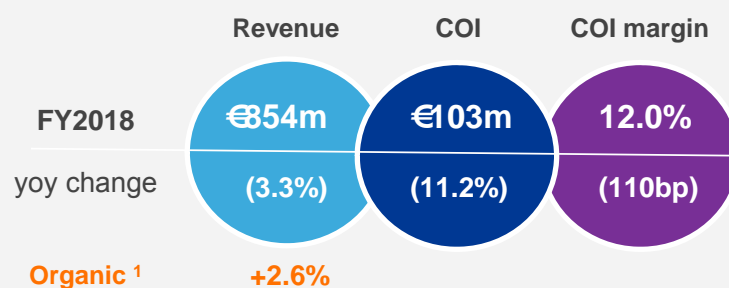


- Supportive markets with however a slowdown in the second half
- Operating margin impacted by less favorable business mix and operational issues in second half

(1) "Organic growth or LFL (like-for-like) means "at comparable Group's structure and exchange rates"

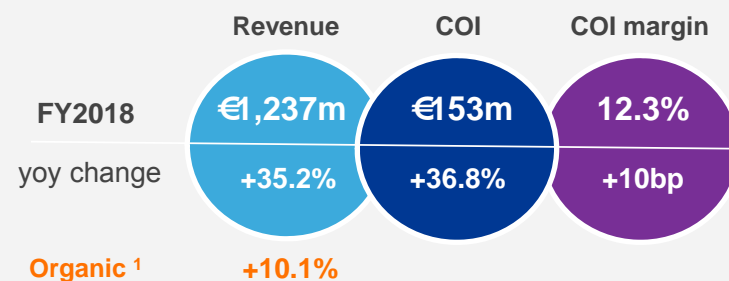
Evolution by business group

Ceramic Materials



- Good momentum in emerging markets and specialty applications
- Operating margin impacted by weak paper markets

High Resistance Minerals



- Positive momentum in North America and APAC compensated by weakness in EMEA markets in Q4
- Firm price-mix to offset high inflation in raw materials, and successful integration of Kerneos (synergies as per plan)

(1) "Organic growth or LFL (like-for-like) means "at comparable Group's structure and exchange rates"

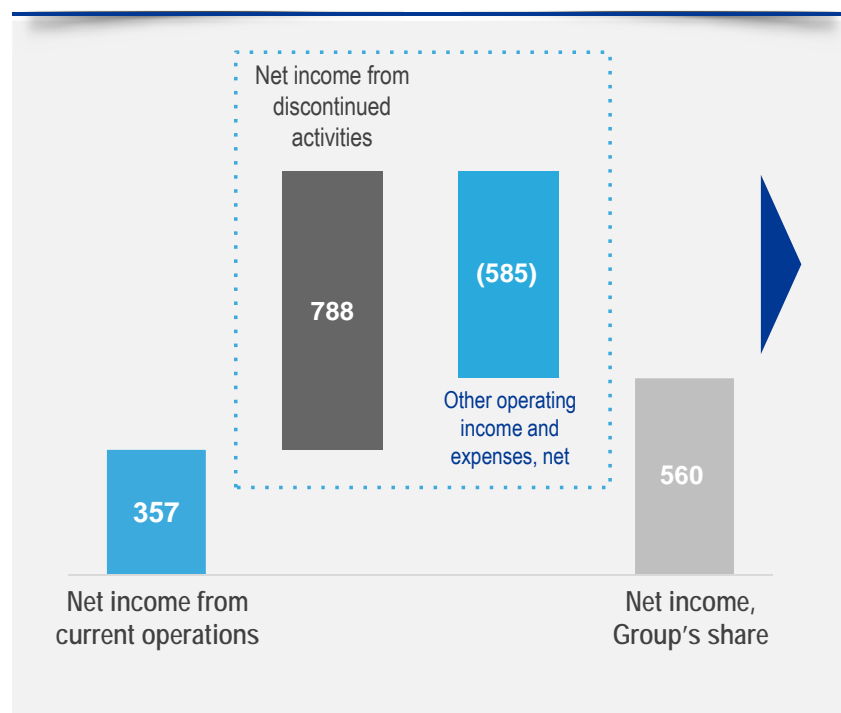
Net income from current operations

(€m)	2017 proforma	2018	Proforma change
■ Current operating income	551	562	+2.0%
■ Current financial expense	(78)	(60)	-
■ Current income tax	(137)	(145)	-
◆ <i>Current tax rate</i>	28.9%	28.9%	-
■ Minority interests	(1)	(0)	-
Net income from current operations, Group's share	335	357	+6.5%
Net income from current operations, Group's share, per share ¹	€4.24	€4.50	+6.2%
■ Other operating income and expenses, net	(34)	(585)	-
■ Net income from discontinued activities	67	788	-
Net income, Group's share	368	560	+52.0%
Net income, Group's share, per share ¹	€4.66	€7.06	+51.5%

(1) Average weighted number of outstanding shares: 79,238,417 in 2018 against 79,015,367 in 2017

Net income, Group's share

Net income, Group's share in 2018 (€m)

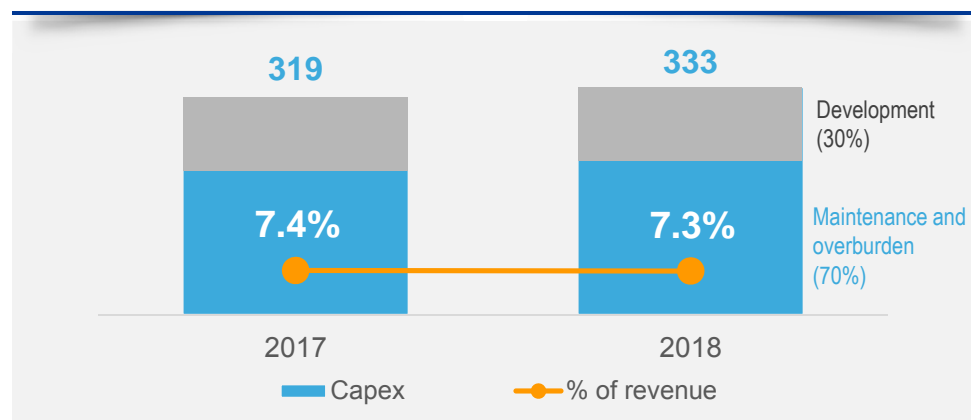


(€m)	Total
Net income from discontinued activities	788
■ Capital gain from disposal of the Roofing division, net of disposal costs	740
■ Contribution of discontinued activities (Roofing)	48
Other income and operating expenses (Impairments, restructuring costs and other exceptional items)	(585)
■ North American Talc subsidiaries	(267)
■ Ceramic proppants	(148)
■ Graphite & Carbon assets	(78)
■ Others	(92)
TOTAL	203

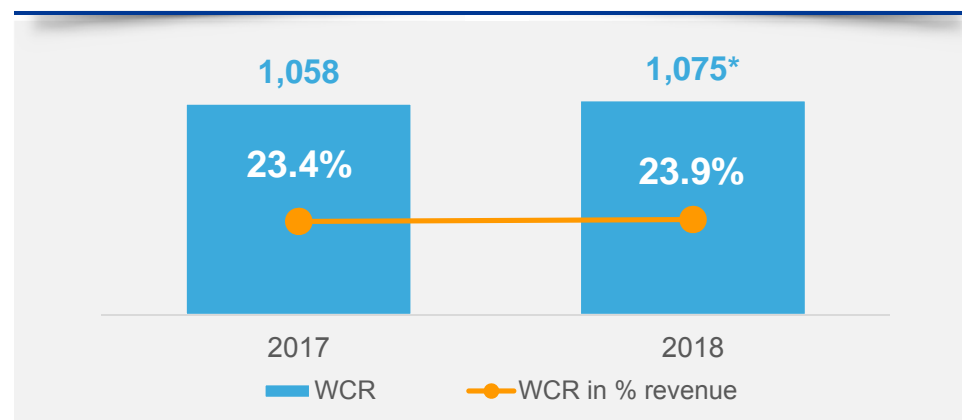
2018 proforma solid cash flow generation at €286m

(€m)	2017	2018	Change
■ Current EBITDA	777	793	+16
■ Change in operating WCR	(13)	(25)	(12)
■ Paid capital expenditure	(319)	(333)	(14)
■ Other	9	14	5
Current free operating cash flow (before tax)	453	448	(5)
Cash flow conversion (as a % of EBITDA)	58%	57%	-
■ Current notional tax	(160)	(163)	(3)
Net current free operating cash flow	294	286	(8)

Paid capital expenditure (€m)



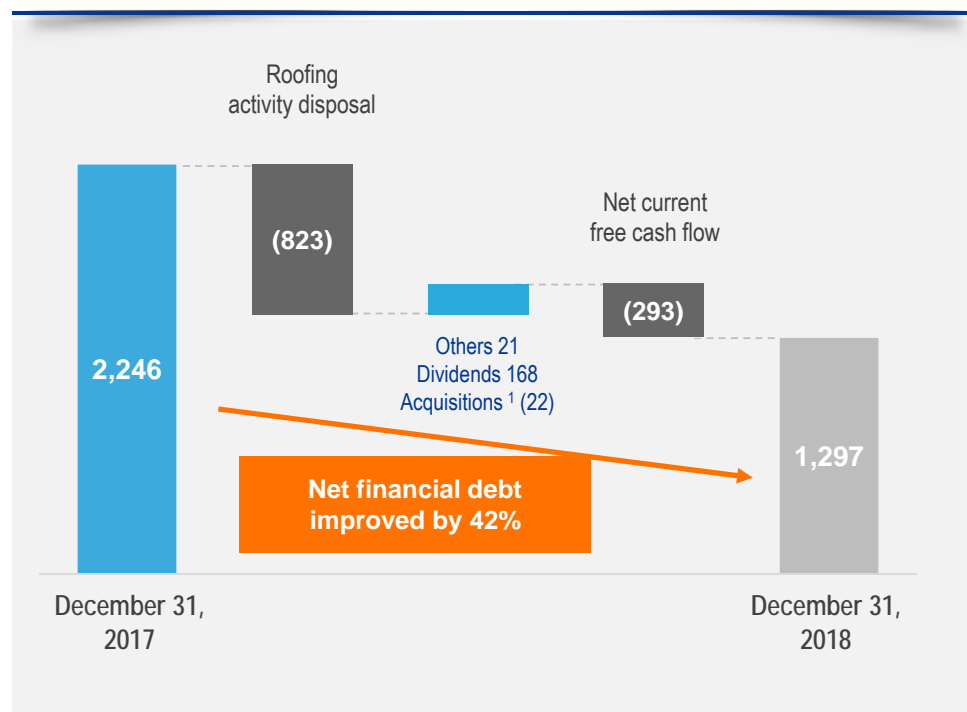
Working capital requirement (€m)



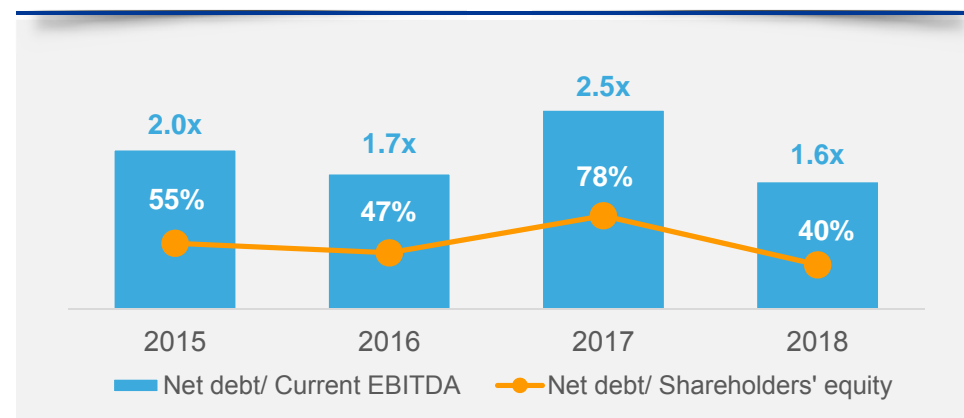
*Of which accounts payables: €543m, accounts receivables: €681m, and inventories: € 937m

Stronger balance sheet after Roofing disposal

Change in net financial debt (€m)



Financial ratios as of December 31



MOODY'S
Baa2
outlook stable

S&P Global
BBB
outlook stable

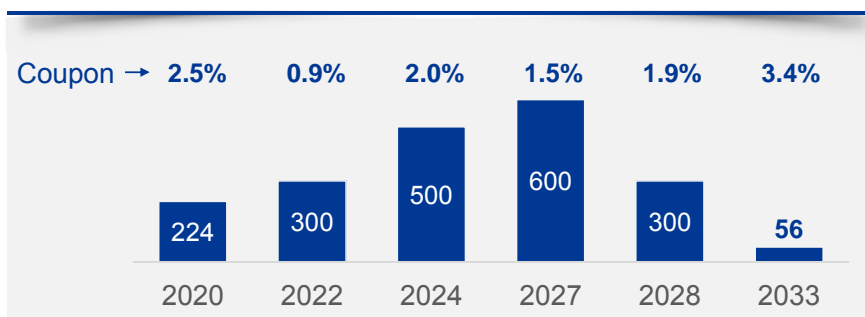
(1) Acquisitions, net of disposals

Financial flexibility

(€m)	Dec.31, 2017	Dec. 31, 2018
■ Bonds	2,003	1,982
■ Other indebtedness	631	161
■ Gross indebtedness	2,634	2,143
■ Cash	388	846
Net debt	2,246	1,297

(€m)	Dec. 31, 2018	Maturity
■ Bonds	1,982	6.5 years
■ Credit facilities	1,330	2.8 years
Financial resources	3,312	5.0 years

Maturities and coupons as of December 31, 2018 (€m)

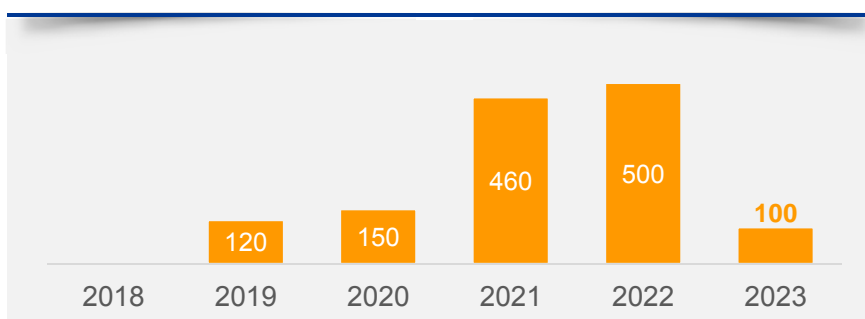


€1,982m

1.8%
interest rate

6.5 years
maturity

Credit lines available as of December 31, 2018 (€m)

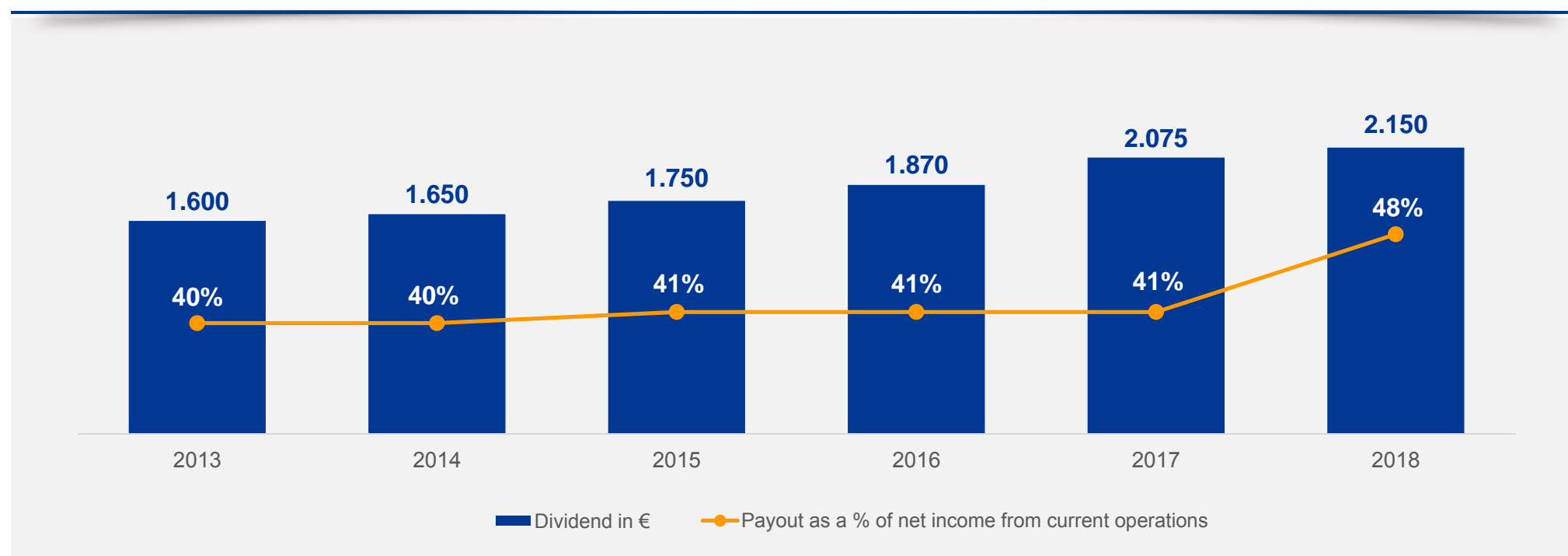


€1,330m

2.8 years
maturity

Proposed dividend increase of + 3.6%

Dividend per share in € and pay-out



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3 Outlook & Conclusion

Conrad Keijzer - Chief Executive Officer

Cost management and cash generation, a priority in 2019

- More challenging market environment
- Demanding basis of comparison in the first half of the year
- Imerys is entering 2019 with:
 - ◆ A new management team to run a simpler, market focused, more customer-centric and efficient organization
 - ◆ Actions taken on businesses impacted by adverse market changes
 - ◆ A reshaped portfolio increasingly focused on specialty minerals
 - ◆ An optimal balance sheet for the current phase of the economic cycle
- Capital Markets Day: June 13, 2019



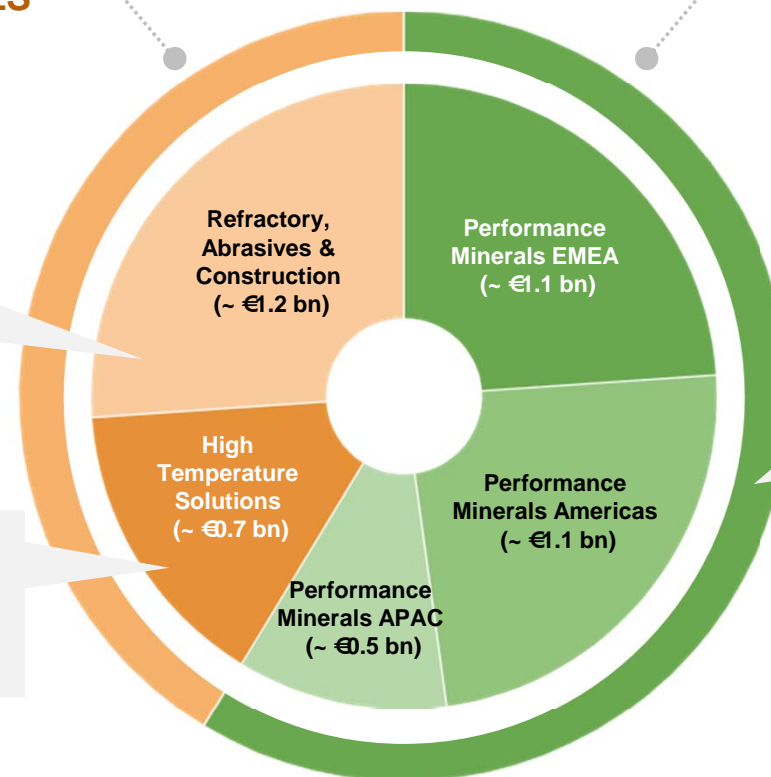
4 Appendix

New segment reporting

HIGH TEMPERATURE MATERIALS & SOLUTIONS

- Refractory Industry
- Abrasives
- Building & Civil Engineering

- Iron & Steel
- Foundry
- Industrial



PERFORMANCE MINERALS

- Plastics & Rubber
- Paints & Coatings
- Filtration & Life Sciences
- Ceramics
- Renewable Energy
- Paper & Board

Revenue and Current Operating Income by quarter

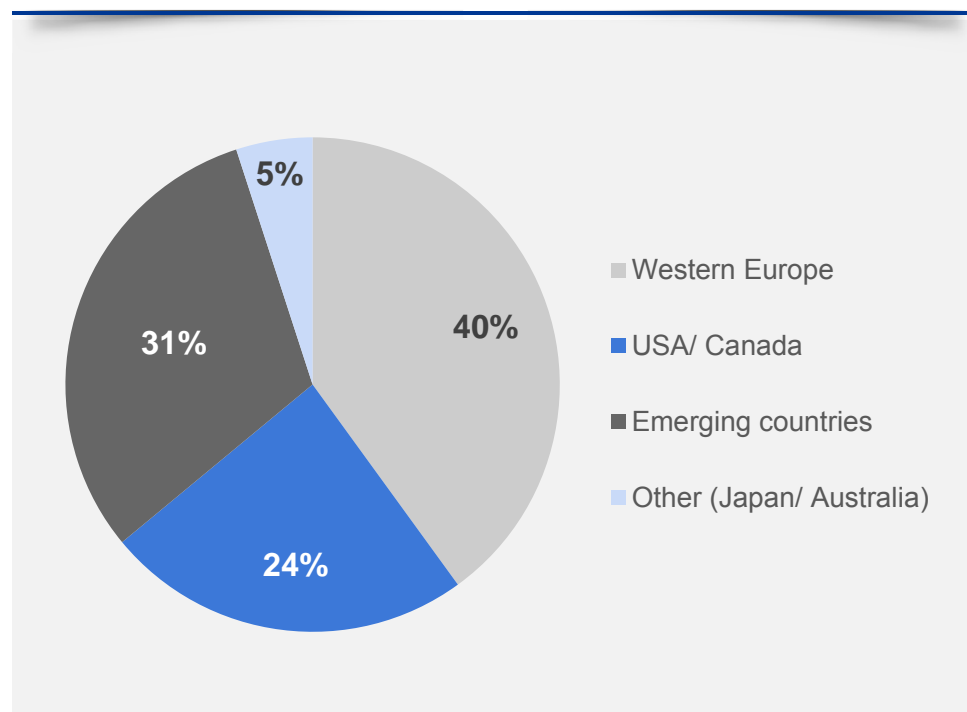
	Historical Data					Proforma of Roofing Data							
Revenue (€m)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Energy Solutions & Specialties	321.6	332.0	338.7	334.3	319.7	321.6	332.0	338.7	334.3	319.7	327.9	327.7	319.7
Filtration & Performance Additives	312.4	317.0	302.2	305.5	322.6	312.4	317.0	302.2	305.5	322.6	333.9	325.2	316.5
Ceramic Materials	310.9	300.9	285.9	285.3	286.6	231.7	224.4	215.4	211.9	208.7	214.6	214.5	216.3
High Resistance Minerals	184.2	171.5	263.1	296.2	304.2	184.2	171.5	263.1	296.2	304.2	329.8	309.4	293.7
Holding & Eliminations	(15.9)	(14.3)	(16.7)	(16.4)	(25.5)	(15.8)	(14.4)	(16.7)	(16.4)	(25.6)	(25.3)	(22.9)	(20.6)
Consolidated revenue	1,113.2	1,107.1	1,173.2	1,204.9	1,207.6	1,034.1	1,030.5	1,102.7	1,131.5	1,129.6	1,180.9	1,153.9	1,125.6
Like-for-like revenue growth	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Energy Solutions & Specialties	+ 1.0 %	+ 0.7 %	+ 5.3 %	+ 9.0 %	+ 4.9%	+ 1.0 %	+ 0.7 %	+ 5.3 %	+ 9.0 %	+4.9%	+2.6%	-1.2%	-4.1%
Filtration & Performance Additives	+ 6.5 %	+ 4.0 %	+ 4.8 %	+ 6.1 %	+ 5.8%	+ 6.5 %	+ 4.0 %	+ 4.8 %	+ 6.1 %	+5.8%	+5.3%	+ 3.7%	+0.4%
Ceramic Materials	- 4.7 %	- 2.9 %	- 1.8 %	- 0.2 %	- 1.2%	-4.5%	-3.6%	-1.2%	-1.2%	-0.7%	+3.7%	+3.4%	+4.0%
High Resistance Minerals	+ 14.6 %	+ 4.4 %	+ 10.7 %	+ 13.2 %	+ 10.3 %	+ 14.6 %	+ 4.4 %	+ 10.7 %	+ 13.2 %	+10.3%	+22.6%	+12.3%	+0.6%
Like-for-like revenue growth	+ 2.4 %	+ 1.2 %	+ 3.6 %	+ 6.1 %	+ 4.2%	+3.1%	+1.4%	+4.2%	+6.3%	+4.7%	+6.0%	+3.1%	+0.3%
Current Operating Income (€m)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Current Operating Income	147.2	165.4	166.9	168.6	154.2	122.8	140.7	145.4	142.4	129.6	154.2	140.9	137.5
Operating margin	13.2 %	14.9 %	14.2 %	14.0 %	12.8 %	11.9%	13.6%	13.2%	12.6%	11.5%	13.1%	12.2%	12.2%

Current Operating Income and margin by semester

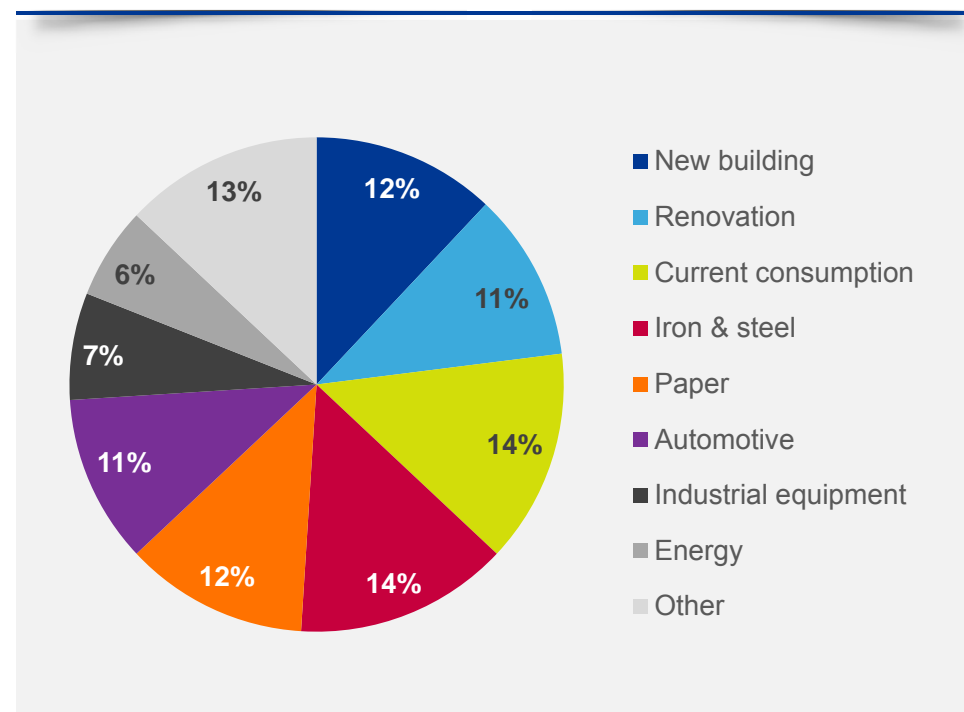
	Historical Data		Proforma of Roofing Data			
Current Operating Income (€m)	H1 2017	H2 2017	H1 2017	H2 2017	H1 2018	H2 2018
Energy Solutions & Specialties	68,8	72.3	68,8	72.3	57.1	66.1
Filtration & Performance Additives	125.0	129.2	125.0	129.2	121.8	118.3
Ceramic Materials	107,0	105.7	57.9	58.0	52.1	50.8
High Resistance Minerals	47.5	64.0	47.5	64.0	82.2	70.2
Holding & Eliminations	(35.7)	(35.7)	(35.7)	(35.7)	(29.4)	(27.1)
Current Operating Income	312.6	335.5	263.4	287.8	283.8	278.3
Operating Margin	H1 2017	H2 2017	H1 2017	H2 2017	H1 2018	H2 2018
Energy Solutions & Specialties	10.5 %	10.7 %	10.5 %	10.7 %	8.8%	10.2%
Filtration & Performance Additives	19.9 %	21.3 %	19.9 %	21.3 %	18.6%	18.4%
Ceramic Materials	17,5 %	18.5 %	12.7%	13.6%	12.3%	11.7%
High Resistance Minerals	13.4 %	11.4 %	13.4 %	11.4 %	13.0%	11.7%
Operating Margin	14.1 %	14.1 %	12.8%	12.9%	12.3%	12.2%

Revenue breakdown, proforma of Roofing division

Revenue by geography (2018)



Revenue by end-market (2018)



Energy Solutions & Specialties (28% of revenue)

(€m)	2017	2018	Change	LFL Change ¹
■ Revenue 9 months	992.3	975.3	-1.7%	+2.0%
■ Revenue Q4	334.3	319.7	-4.4%	-4.1%
■ Revenue FY	1,326.6	1,295.0	-2.4%	+0.5%
■ COI FY	141.1	123.2	-12.7%	+1.5%
■ Operating margin	10.6%	9.5%	-	-

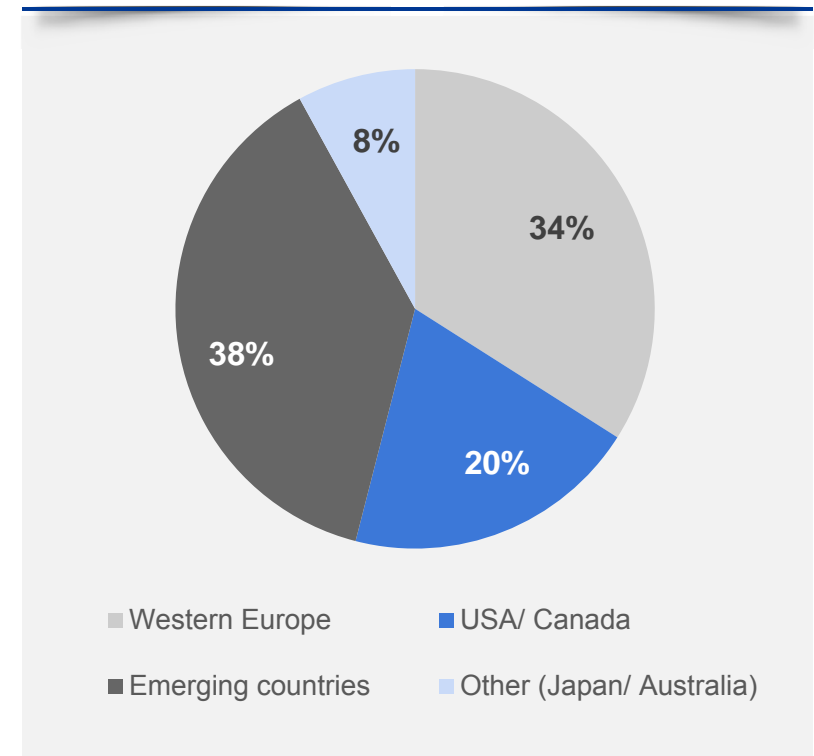
- Withdrawal from ceramic proppants and mothballing of natural graphite assets in Namibia
- Market slowdown in some European and Chinese markets (automotive, mobile energy and industrial markets) in Q4

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

Energy Solutions & Specialties

- Carbonates
 - ◆ Natural (GCC) and Precipitated (PCC) Calcium Carbonates used as filling or coating pigment for paper production and functional additives for paints, plastics, etc..
- Monolithic Refractories
 - ◆ Unshaped refractory materials used to protect industrial equipment from high temperatures in heavy industries (steel, cement, power generation, petro-chemicals, etc.)
 - ◆ Protection for furnaces, kilns, crucibles and incinerators
- Graphite & Carbon
 - ◆ High performance graphite powder for mobile energy, electronics and engineering, refractories for the transport and automotive markets
- Oilfield Solutions
 - ◆ Production of ceramic proppants for non-conventional oil and gas exploration

2018 Revenue by geography



Filtration & Performance Additives (28% of revenue)

(€m)	2017	2018	Change	LFL Change ¹
■ Revenue 9 months	931.5	981.7	+5.4%	+4.9%
■ Revenue Q4	305.5	316.5	+3.6%	+0.4%
■ Revenue FY	1,237.0	1,298.1	+4.9%	+3.8%
■ COI FY	254.2	240.1	-5.6%	+1.7%
■ Operating margin	20.6%	18.5%	-	-

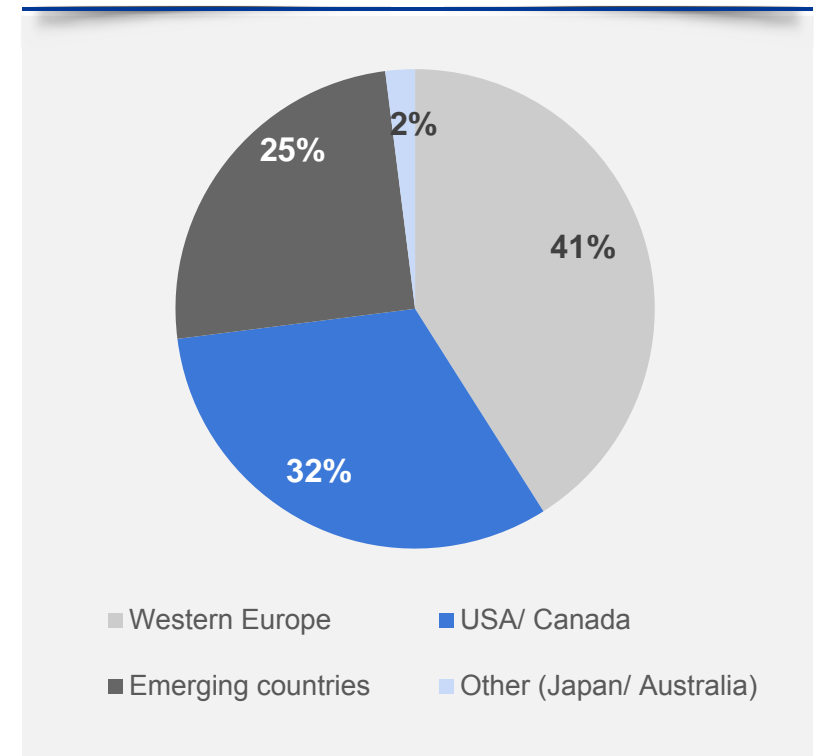
- Supportive markets with however a slowdown in the second half
- Operating margin impacted by less favorable business mix and operational issues in second half

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Filtration & Performance Additives

- Performance Additives
 - ◆ Additives for paints, plastics, polymers, rubbers, adhesives, sealants, pharma & personal care (mainly talc, mica and wollastonite, etc.)
- Filtration
 - ◆ Filtration minerals providing filter aid for edible liquids such as beer, wine, oil, fruit juice, etc. (mainly diatomite and perlite)
 - ◆ Perlite based solutions used in building materials and horticulture
- Metallurgy
 - ◆ Bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products) and continuous casting fluxes for the steel industry

2018 Revenue by geography



Ceramic Materials (18% of revenue)

(€m)	2017	2018	Change	LFL Change ¹
■ Revenue 9 months	671.5	637.8	-5.0%	+2.1%
■ Revenue Q4	211.9	216.3	+2.1%	+4.0%
■ Revenue FY	883.4	854.1	-3.3%	+2.6%
■ COI FY	115.8	102.9	-11.2%	-2.6%
■ Operating margin	13.1%	12.0%	-	-

- Good momentum in emerging markets and specialty applications
- Operating margin impacted by weak paper markets

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Ceramic Materials

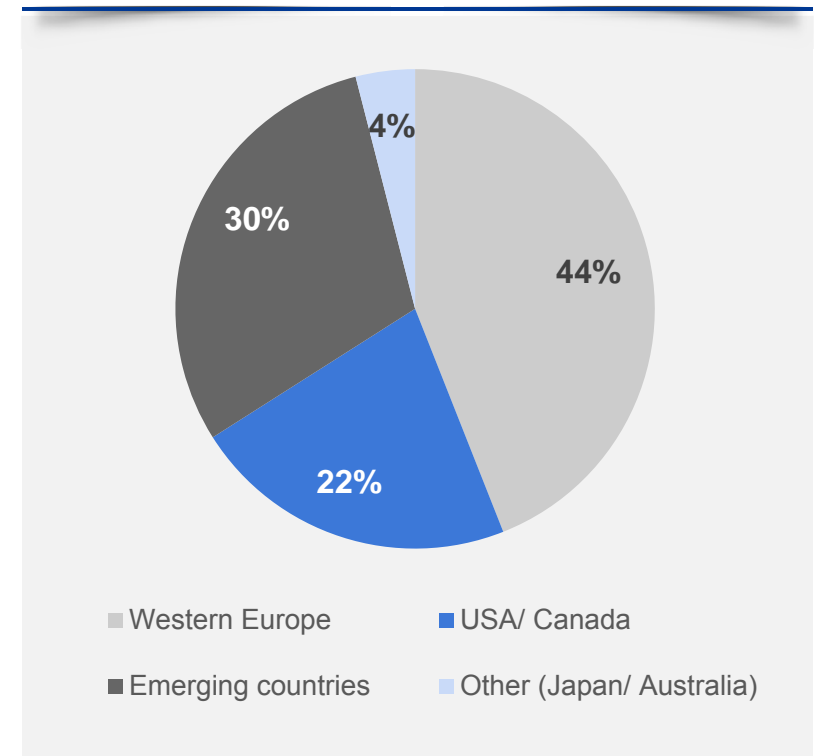
■ Ceramics

- ◆ Raw materials and bodies for tableware, sanitary and floor tiles, quartz, technical ceramics

■ Kaolin

- ◆ Kaolin for applications in the paper, paints, plastics, ceramics and refractories markets, etc.

2018 Revenue by geography



High Resistance Minerals (26% of revenue)

(€m)	2017	2018	Change	LFL Change ¹
■ Revenue 9 months	618.8	943.3	+52.5%	+14.6%
■ Revenue Q4	296.2	293.7	-0.8%	+0.6%
■ Revenue FY	915.0	1,237.0	+35.2%	+10.1%
■ COI FY	111.5	152.5	+36.8%	+9.9%
■ Operating margin	12.2%	12.3%	-	-

- Positive momentum in North America and APAC compensated by weakness in EMEA markets in Q4
- Firm price-mix to offset high inflation in raw materials, and successful integration of Kerneos (synergies as per plan)

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

High Resistance Minerals

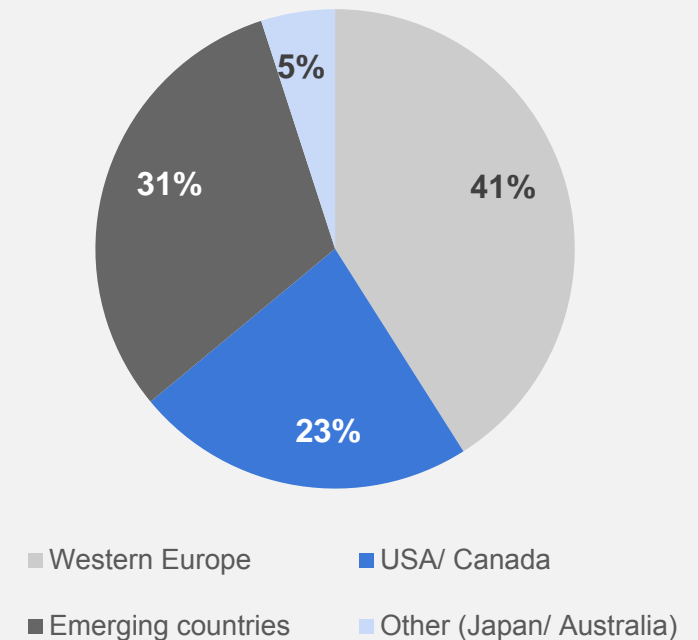
■ Fused Minerals

- ◆ Fused alumina and bauxite for abrasives (cutting, grinding and polishing mills, sandpapers), zirconium for refractories, oxygen sensor

■ Aluminates

- ◆ Binders and additives for soil preparation mortars, self-leveling screeds, glues and mortars, tile joints, technical mortars
- ◆ Special hydraulic binders for monolithic refractory concretes, protective mortars and repair of sanitation networks
- ◆ Production of acidic refractory minerals including andalusite, chamottes

2018 Revenue by geography





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