

2014 results

Meeting of February 12, 2015

Gilles MICHEL - Chairman & CEO

Michel DELVILLE - CFO



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.14-0173 on March 20, 2014 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.

NB:

- *Throughout the presentation “comparable change” means “at comparable Group structure and exchange rates”.*
- *Throughout the document, 2012 data have been restated following the application of revised IAS 19 as of 1/1/2013.*
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2014: Growth in results

- Organic growth: + 3.2%
- Target achieved: increase in net income from current operations (+ 4.0% vs. 2013)
- Improvement in operating margin: 13.4%
 - ◆ Increase in each business group
- Further progress in share of new products: 12% of consolidated sales
- New developments in growth markets
- S&B integration project

Combination with S&B: accelerate the Group's development

■ A major global player in industrial minerals

- ◆ 2014 sales: **412 M€** ⁽¹⁾
- ◆ European **#1** and world **#2** in bentonite, world **#1** in continuous casting fluxes, wollastonite and perlite for construction
- ◆ **51** efficient industrial facilities in **22** countries, abundant mineral reserves

■ A good fit with Imerys with synergy potential

- ◆ Development synergies: businesses and markets served, geographies, innovation
- ◆ Cost synergies

■ Value creation

- ◆ Accretive from the first year of integration
- ◆ Value creation from 3rd full year of consolidation

■ Sound post-integration balance sheet for Imerys

- ◆ Payment of **311 M€** in cash and in stocks for **3.7** million shares, to be issued on a pre-emptive basis ⁽²⁾ exclusively for the Kyriacopoulos family: **4.7%** of Imerys' capital ⁽³⁾
- ◆ Gearing below **60%** after assumption of S&B's debt for **225 M€** ⁽⁴⁾

■ Estimated closing end of February

⁽¹⁾ Excluding bauxite and non operating real estate assets

⁽²⁾ By virtue of the authorization granted by the Shareholders Annual General Meeting of April 25, 2013 to Imerys Board of Directors

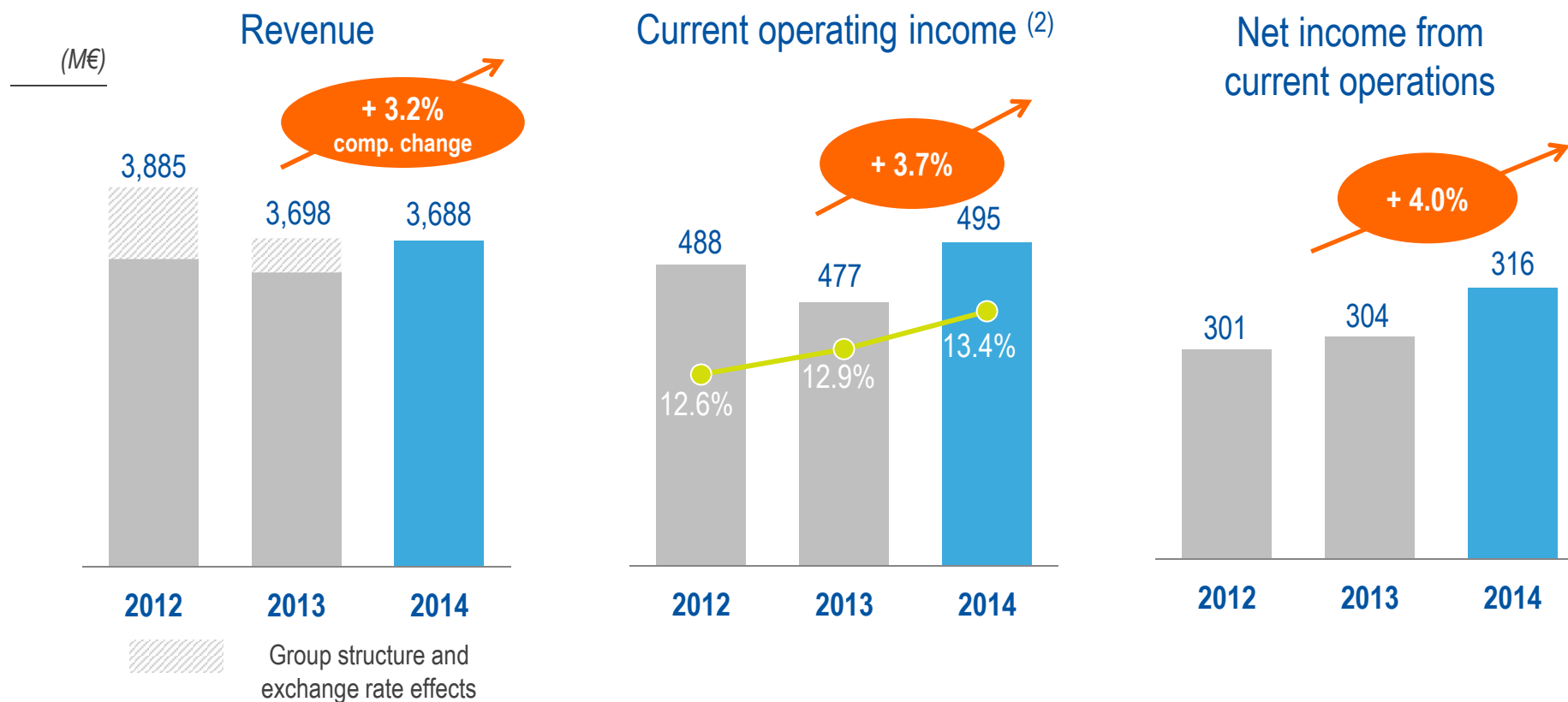
⁽³⁾ Based on the total number of Imerys shares as of December 31, 2014

⁽⁴⁾ As of December 31, 2014

2014 results

Target achieved:
Growth in net income from current operations

2014 results: current net income growth target reached



Proposed dividend: €1.65 per share (+ 3.1%)(3)

(1) Throughout the presentation, "Current operating income" or COI means operating income before other operating revenue and expenses

(2) Proposed by the Board of Directors at the Shareholders' General Meeting of April 30, 2015

2014 results

Analysis by geographic zone and business group

A contrasting, changing economic environment in 2014

Western Europe



€1,647 M
45% of 2014
revenue

■ Weak growth in Europe:

- ◆ Firm activity early 2014 followed by a slowdown in Germany and Northern Europe in Q3
- ◆ Vibrant environment in the UK
- ◆ Continued decrease in new housing starts in France

North America



€878 M
24% of 2014
revenue

■ Dynamic North American market:

- ◆ Firm growth on construction market
- ◆ Rise in current consumption
- ◆ Growth in manufacturing output (automotive, etc.)

Emerging countries

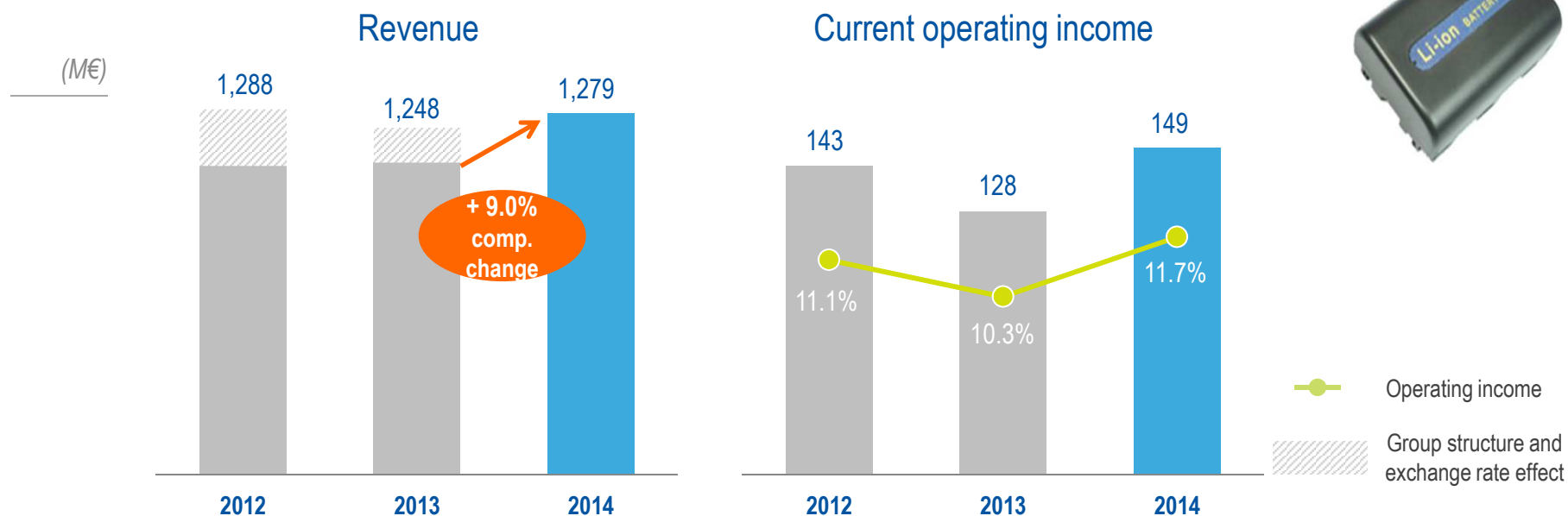


€974 M
26% of 2014
revenue

■ Varied trends on emerging countries:

- ◆ Brazil: sharp slowdown
- ◆ India: strong upturn in activity mid-year
- ◆ China: clear slowdown in construction and iron & steel
- ◆ Southeast Asia: healthy momentum in Malaysia, Indonesia and Thailand

Energy Solutions and Specialties (35% of 2014 revenue)



■ Sound levels for the business group's 4 activities (Carbonates, Monolithic Refractories, Graphite & Carbon and Oilfield Solutions):

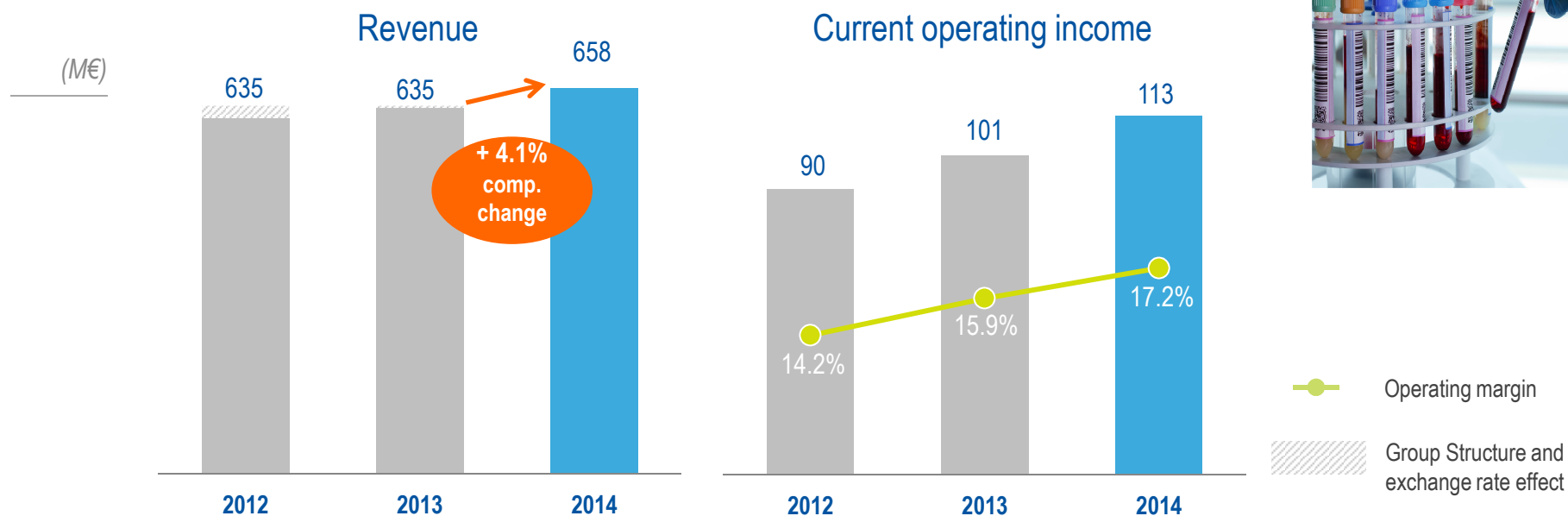
- ◆ Ramp-up of capacities in carbon black for Lithium-Ion batteries and the lime plant in Brazil
- ◆ Ramp-up of the second ceramic proppant plant in the United States
- ◆ Development of new products and innovation

■ Sharp improvement in operating margin:

- ◆ Contribution of new products
- ◆ Improved price-mix effect
- ◆ Good control of fixed costs and overheads

■ Drop in demand for proppants end of 2014, driven by lower oil prices

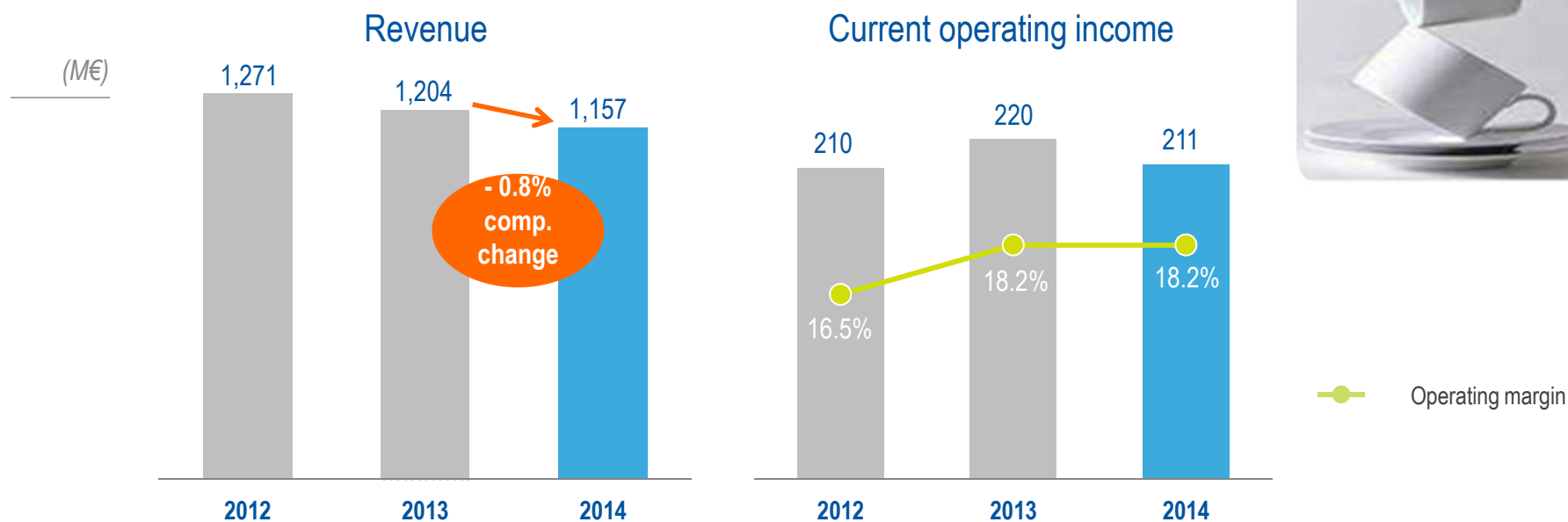
Filtration & Performance Additives (18% of 2014 revenue) ⁽¹⁾



- Comparable Group structure and exchange rates sales growth:
 - ◆ Dynamic automotive and consumer goods markets, particularly in the USA
 - ◆ Ongoing innovation effort in new applications and new market segments
- Further growth in operating margin resulting from sales growth and cost control
- Organizational change:
 - ◆ Kaolin activity integrated into Ceramic Materials business group
 - ◆ S&B to be integrated into Filtration & Performance Additives business group on closing, expected end of February

(1) The Kaolin division, which used to be part of the Filtration & Performance Additives business group, is now part of the Ceramic Materials business group. All financial data per business group is presented under this organization.

Ceramic Materials (31% of 2014 revenue) ⁽¹⁾



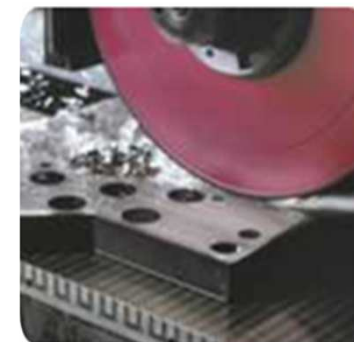
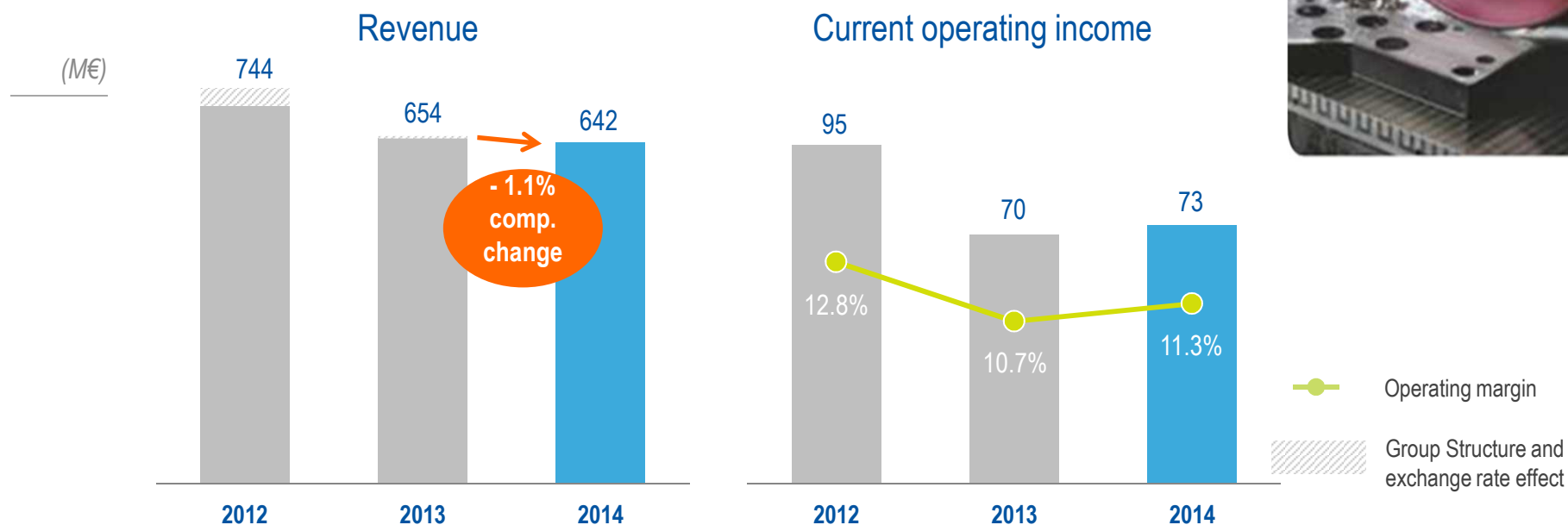
■ Resistant revenue at comparable Group structure and exchange rate:

- ◆ Downturn in paper market but fast development of kaolin specialty applications
- ◆ Resilient renovation sector limiting the decrease in new housing starts in France
- ◆ Healthy activity in minerals for ceramics, particularly in emerging countries

■ Profitability maintained thanks to cost control

(1) The Kaolin division, which used to be part of the Filtration & Performance Additives business group, is now part of the Ceramic Materials business group. All financial data per business group is presented under this organization.

High Resistance Minerals (16% of 2014 revenue)



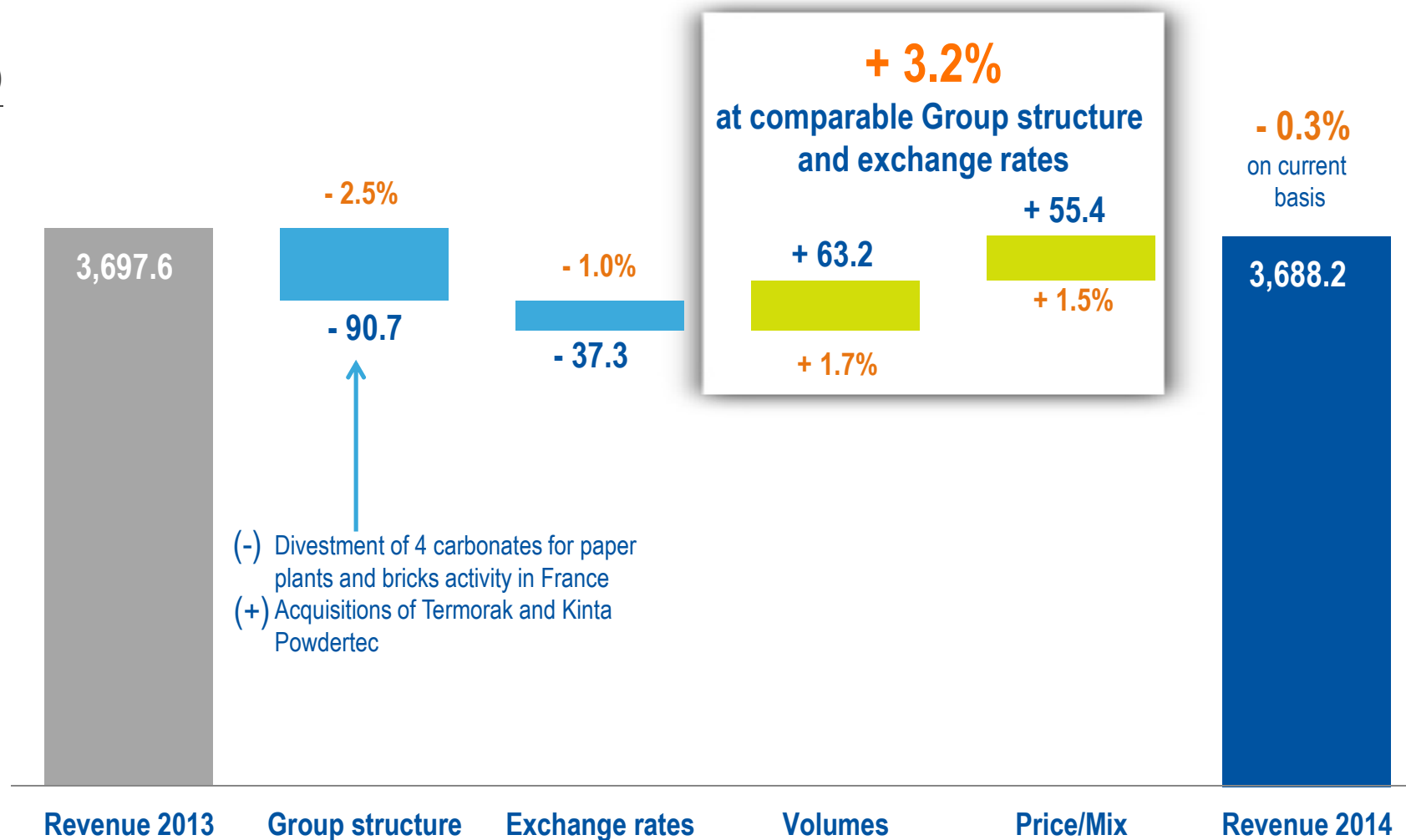
- Decrease in comparable Group structure and exchange rates revenue, particularly because the zirconium activity was refocused on higher value-added products in China
- Firm North American market
- Ramp-up of fused alumina plant in Bahrein
- Upturn in operating margin:
 - ◆ Cost reduction
 - ◆ Industrial reorganization

2014 results

+ 3.2% organic growth:
Development of new products
and new capacities

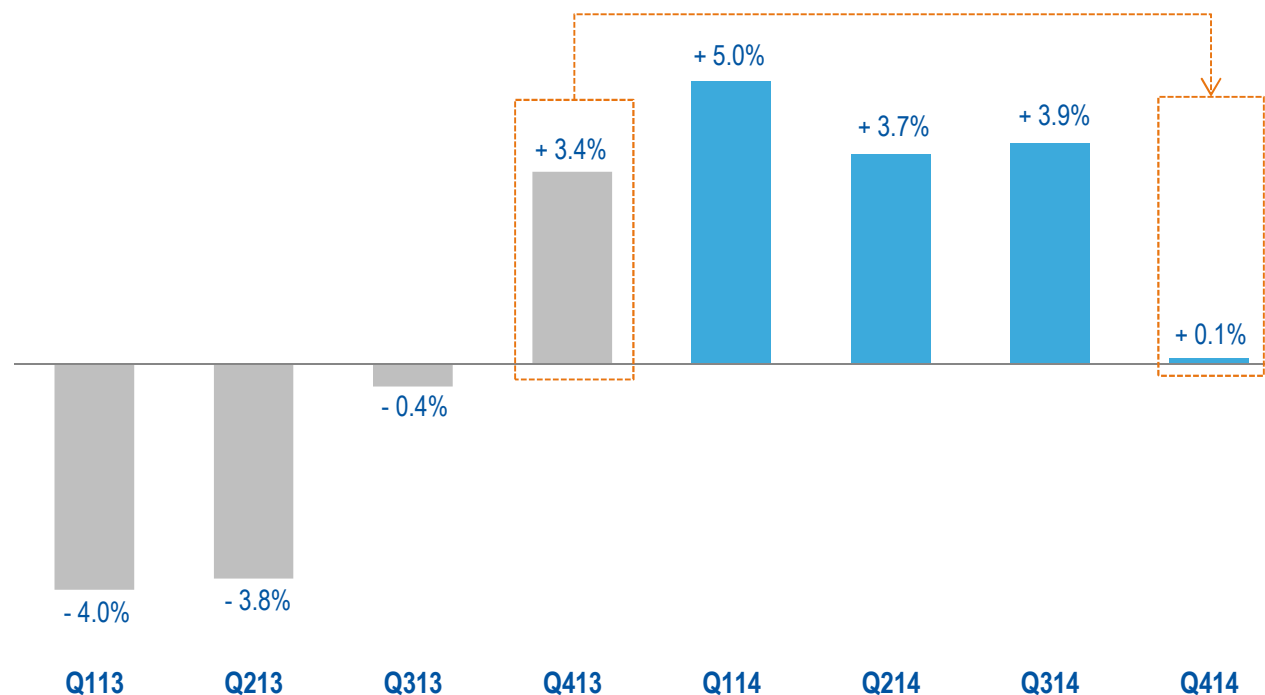
Revenue growth at comparable Group structure and exchange rates

(M€)



Stable revenue in fourth quarter 2014

Quarterly growth at comparable Group structure
and exchange rates



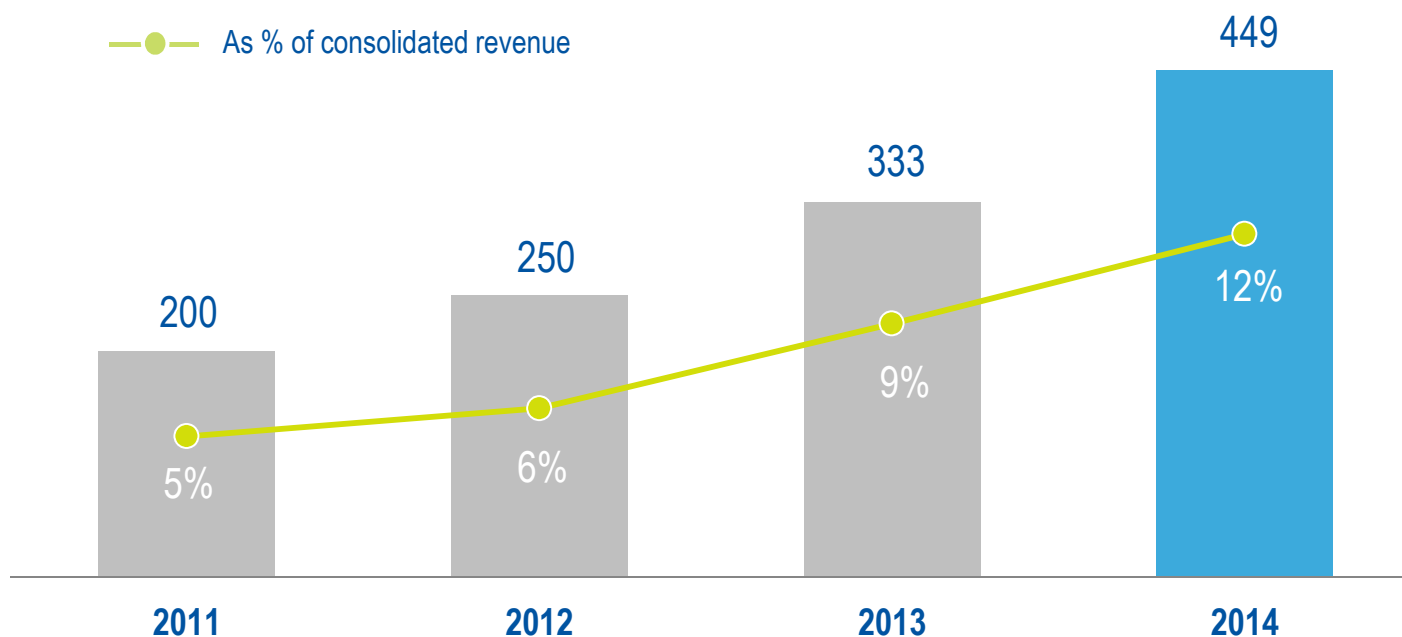
■ Unfavorable base effect in 4th quarter 2013:

- ◆ Favorable weather in Building Materials
- ◆ Upturn in European industrial activity

Further growth in share of new products in revenue

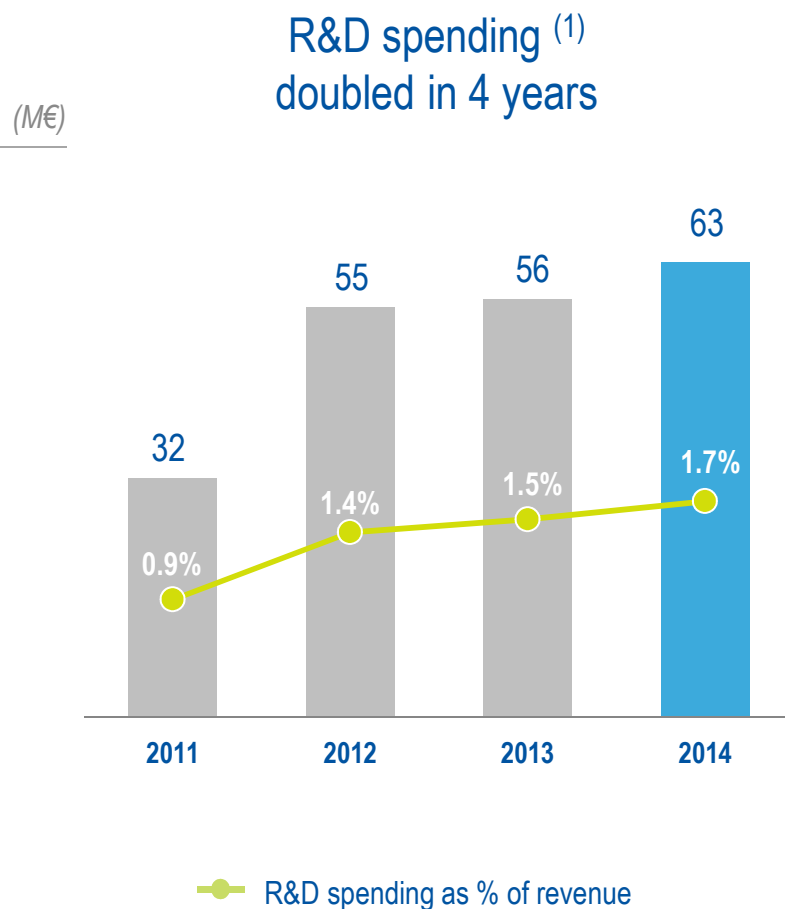
(M€)

Revenue from new products (M€)



- **75** new products launched in 2014

New developments

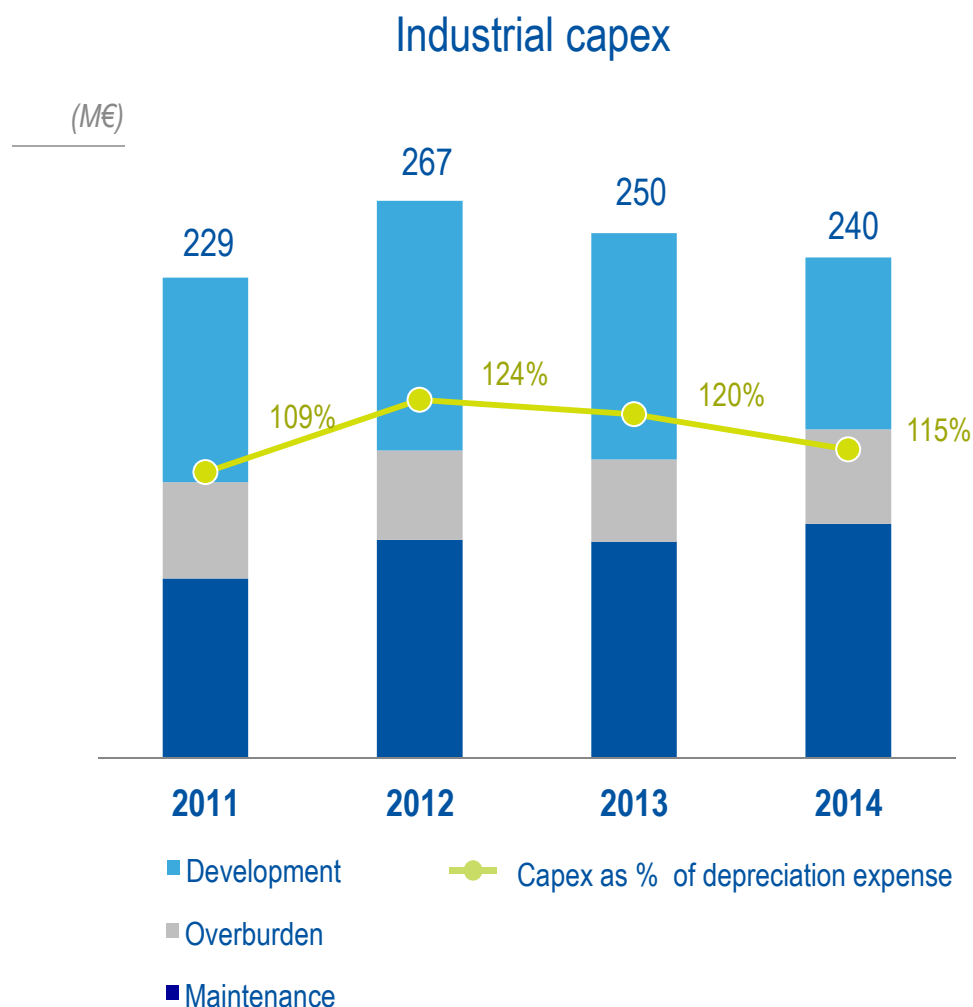


■ Main new product developments:

- ◆ Mineral formulation that makes plastic waste recyclable (**Imerplast™**)
- ◆ Mineral solution for protein extraction in blood plasma fractionation for the pharmaceutical industry (**CelPure™**)
- ◆ New offer of carbon as additive in new-generation lead battery electrodes (**CyPbrid™**)
- ◆ New offer of ultra-pure synthetic graphite for the active electrode in Lithium-Ion batteries for mobile energy
- ◆ New range of high purity talc-based additives for automotive polymers
- ◆ New offer of pure diatomite-based additives for animal feed in the United States

(1) Personnel expenses, studies, processes, industrial testing

Sustained capital expenditure



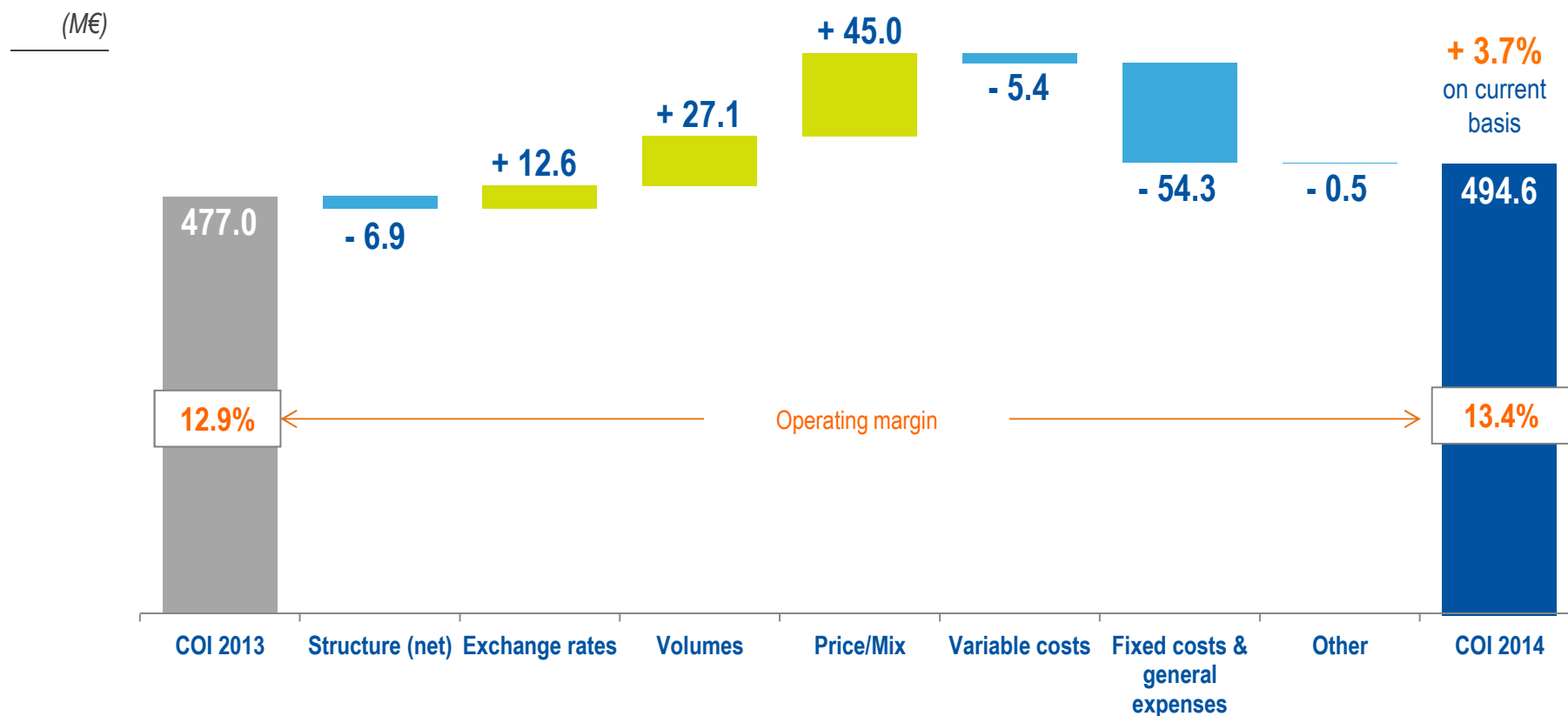
■ Main strategic investments in 2014:

- ◆ **Carbonates:** capacity increases in carbonates for polymers in Asia and North America
- ◆ **Monolithic Refractories:** launch of a 3rd plant in India
- ◆ **Graphite & Carbon:** capacity doubled in carbon black in Belgium and expanded in natural graphite in Canada
- ◆ **Performance Minerals:** capacity increases in pure diatomite for the pharmaceutical industry and high aspect ratio talc for the automotive sector in the US
- ◆ **Ceramic materials:** a 3rd formulation platform in Brazil (after India and Egypt)
- ◆ **Fused Minerals:** new ultrafine production line for high-performance applications in abrasives in Austria

2014 results

Net income from current operations up + 4.0%:
Improved operating margin,
financial expense under control

Improved operating margin at 13.4%



- Positive contribution of volumes and price-mix
- Fixed costs under control: increase mainly due to setup of new capacities and increase in R&D
- Favorable exchange rate effect on operating margin (BRL and ZAR)

Current financial expense

M€	2014	2013
Interest expense, net	(40.2)	(46.7)
Unwinding of long-term provisions and change in other provisions	(3.1)	(3.0)
Net interest expense on pensions	(7.6)	(10.5)
Currency translation, other financial income and expense and financial instruments	5.8	7.4
Current financial expense	(45.1)	(52.7)
Average net financial debt for the period	922.3	971.0

- Decrease in average financial debt and average cost of debt
- Positive impact of exchange rates and financial instruments

Net income from current operations

M€	2014	2013	Change
Current operating income ⁽¹⁾	494.6	477.0	+ 3.7%
Current financial expense	(45.1)	(52.7)	- 14.4%
Current income tax	(131.5)	(118.0)	+ 11.4%
Minority interests	(1.7)	(2.1)	- 19.0%
Net income from current operations, Group's share ⁽²⁾⁽³⁾	316.3	304.2	+ 4.0%
Net income from current operations, Group's share, per share ⁽⁴⁾	€4.15	€4.03	

- Increase in current income tax: **29.2%** in 2014 (vs. **27.8%** in 2013) as a result of fiscal changes, of which French, and the relative weight of countries in results

(1) Including share in income (loss) of affiliates

(2) Net of minority interests

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

(4) Average weighted number of outstanding shares: 76,134,904 in 2014 vs. 75,551,408 in 2013

Net income

M€	2014	2013	Change
Net income from current operations, Group's share ⁽¹⁾⁽²⁾	316.3	304.2	+ 4.0%
Other income and expenses, net, and net income of assets intended for divestment	(44.7)	(62.2)	- 28.1%
Net income, Group's share	271.6	242.0	n.a.

■ Other operating income and expenses, net of tax, include:

- ◆ Restructuring costs, mostly related to programs begun in 2013 and launched in 2014 **- 56.2 M€**
- ◆ Impairment recorded on goodwill assigned to Chinese zirconium activity **- 30.1 M€**
- ◆ After-tax income including gains on disposal of carbonates for paper units and AMCOL termination fee net of expenses incurred **+ 41.6 M€**

(1) Net of minority interests

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

2014 results

Current free operating cash flow

244 M€ current free operating cash flow

(M€)	2014	2013	Change %
Current operating income	494.6	477.0	+ 3.7%
EBITDA	673.8	650.4	+ 3.6%
Change in operating WCR	(48.9)	32.0	n.a.
Paid capital expenditure	(241.5)	(253.1)	- 4.6%
Current free operating cash flow^{(1) (2)}	244.1	306.4	- 20.3%
Financial income (net of tax)	(21,0)	(24,3)	n.a.
Other WCR items	4,4	6,1	n.a.
Current free cash flow	227.5	288.2	n.a.

(1) Current free operating cash flow = EBITDA – notional tax – change in operating WCR
– paid capital expenditure

(2) Including subsidies, value of divested assets and misc.

5.3

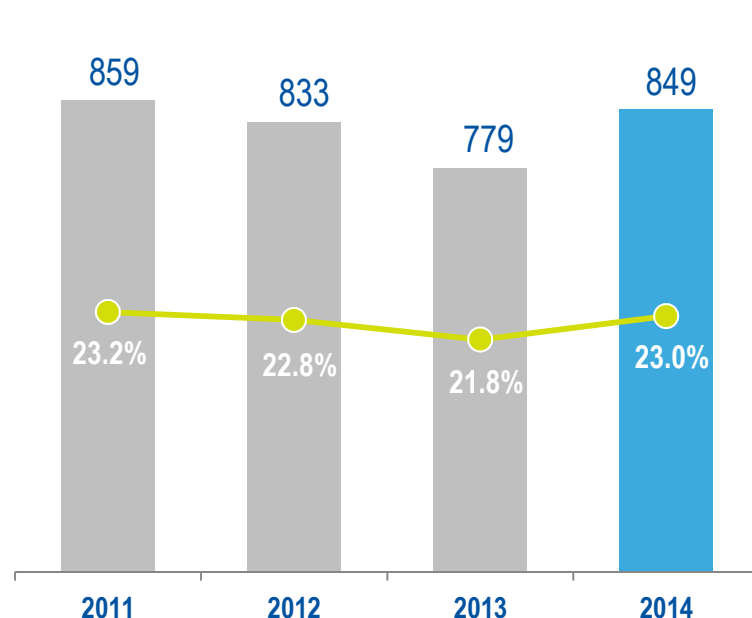
9.8

Working capital requirement at year-end 2014 reflects new capacity starts

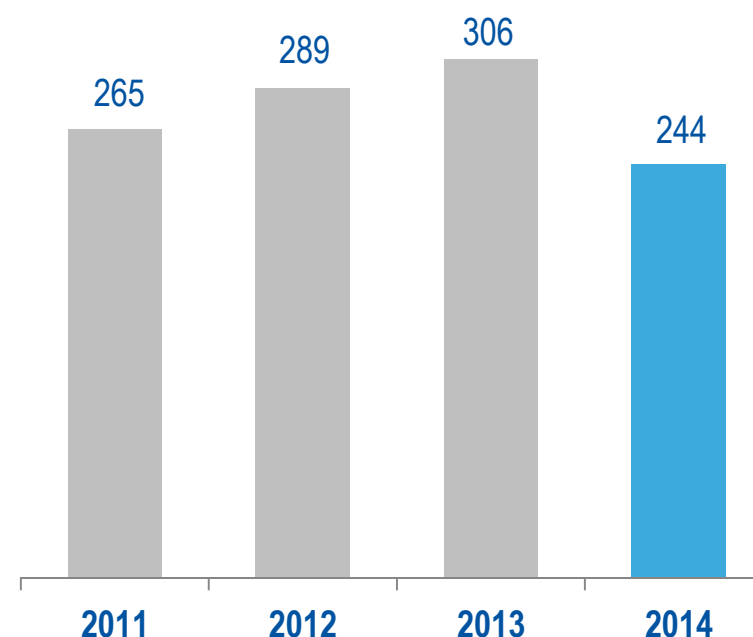
(M€)

Change in gross operating WCR

—●— Current WCR as % of revenue



Change in current free operating cash flow ⁽¹⁾



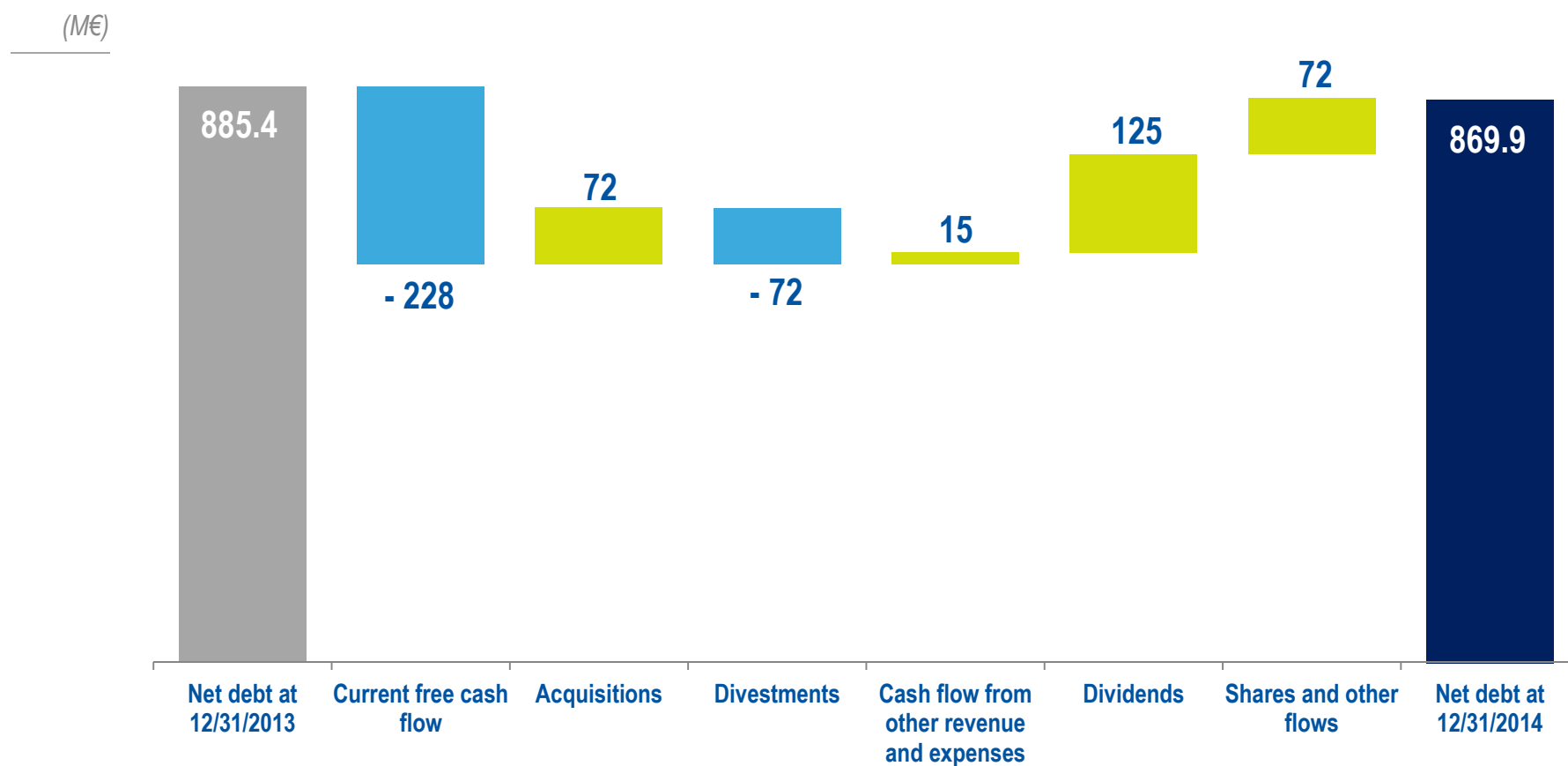
- Non-recurrent rise in operating WCR at year-end as a result of inventory building related to new capacity start-ups

(1) Current free operating cash flow = EBITDA – notional tax – change in operating WCR – paid capital expenditure

2014 results

Sound financial structure

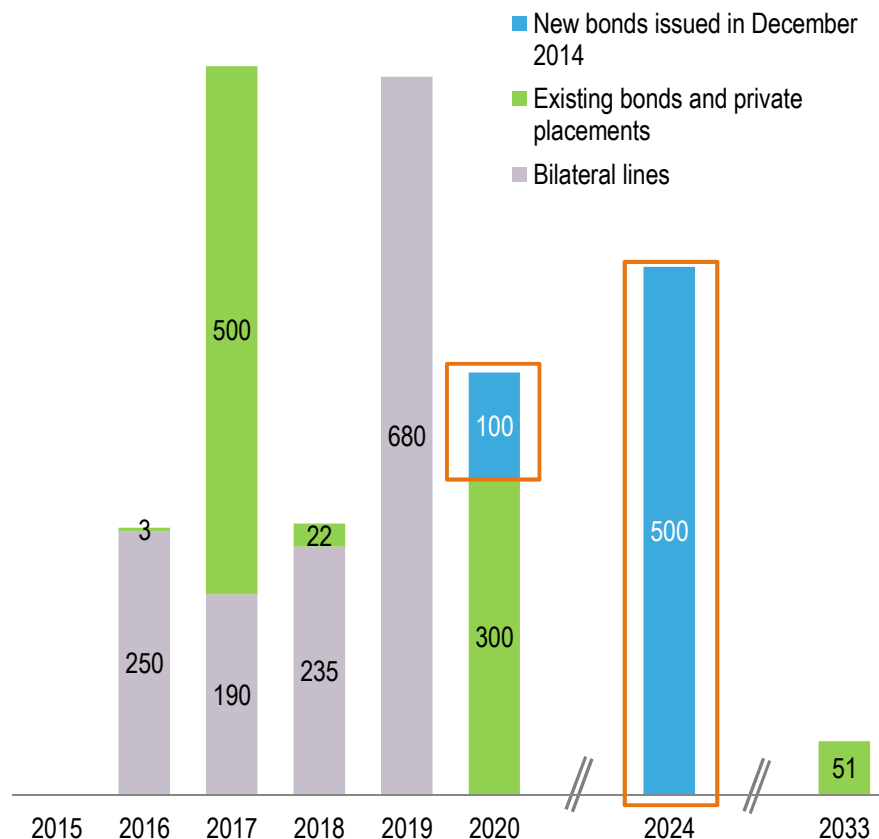
Slight decrease in net financial debt



Greater financial flexibility

Financial resources as of 12/31/2014

(M€)



■ Success of the 600 M€ bond issue launched in December 2014 under the EMTN program:

- ◆ A new 500 M€ bond maturing in December 2024 with a 2% coupon
- ◆ An additional 100 M€ on the November 2020 bond with an annual 2.5% coupon

■ Objectives:

- ◆ Finance the acquisition of S&B
- ◆ Extend the average maturity of financial debt to 5.2 years (vs. 3.9 years as of December 31, 2013)

■ Financial resources

- ◆ Total amount: €2.8 bn
- ◆ Available non-cash resources: €1.3 bn

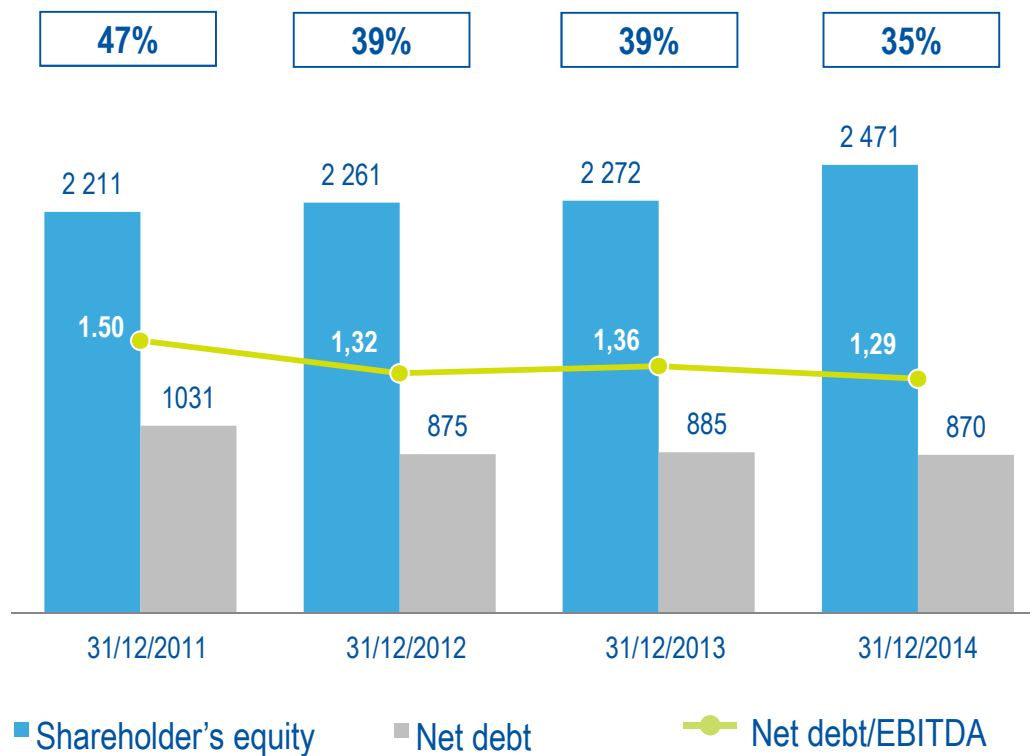
Rating: Baa2, stable outlook
(Moody's)

Sound financial structure

(M€)

Change in financial ratios

Gearing (net debt /
Shareholders'
Equity) (%)



**Gearing kept
below 60%
with the
integration
of S&B**

Outlook

February 12, 2015 | 2014 results



Outlook

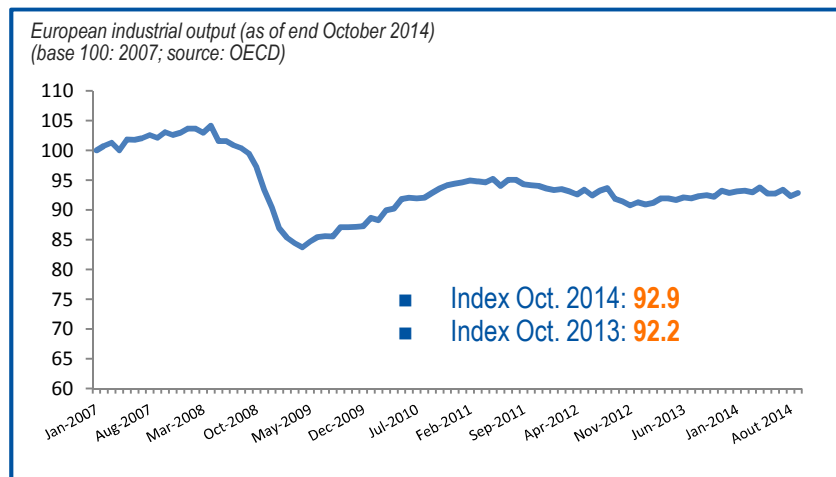
- Robust fundamentals: business positioning, geographic footprint, industrial and technological know how, financial structure
- Continued investment in innovation and new capacities on growing markets
- Favorable economic environment in certain areas: North America, Asia excl. China
- Proven reactivity in adapting industrial assets to changes in market demand
- Opportunities: currency fluctuations and decrease in a number of production costs
- Growth boosted by the forthcoming integration of S&B end of February

Meeting of February 12, 2015

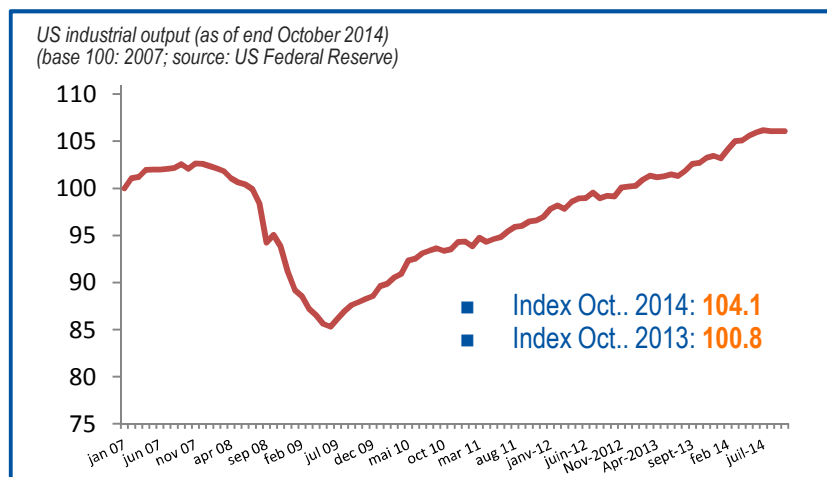
Appendix

Industrial and steel production indicators

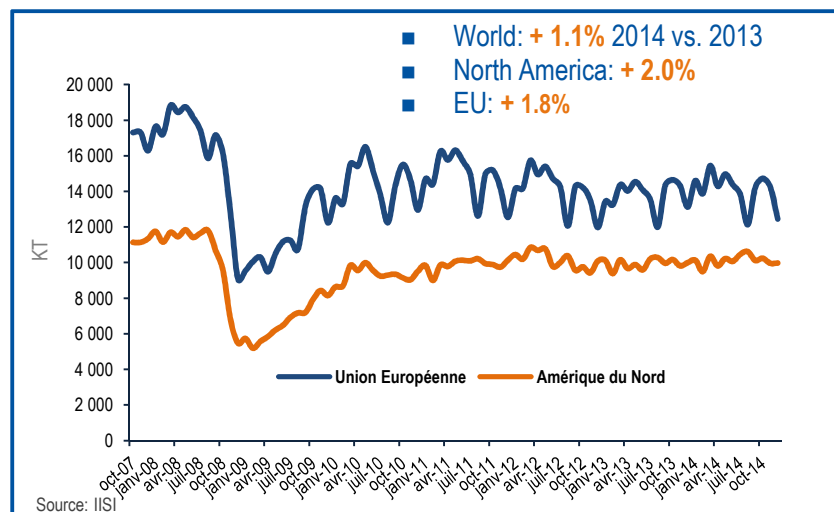
European industrial output



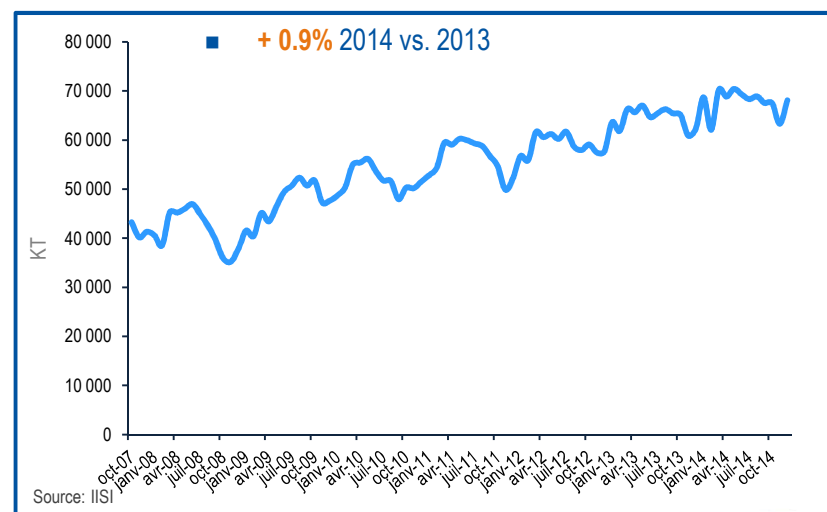
US industrial output



Steel production in Europe and North America

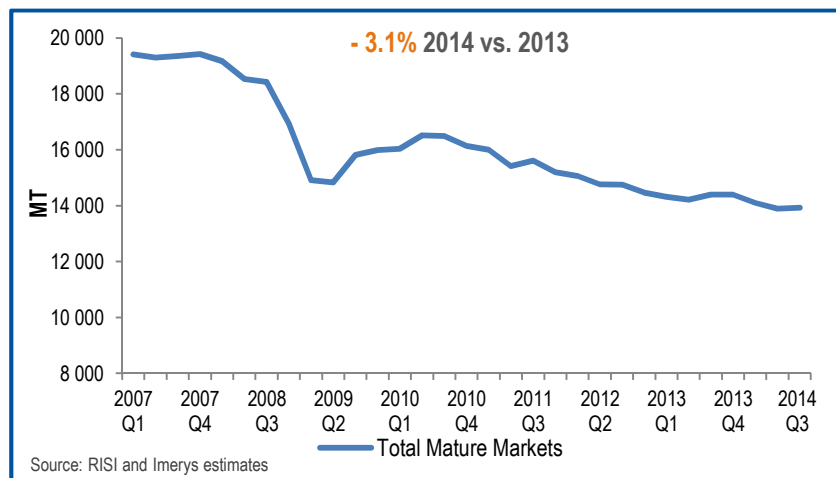


Steel production in China

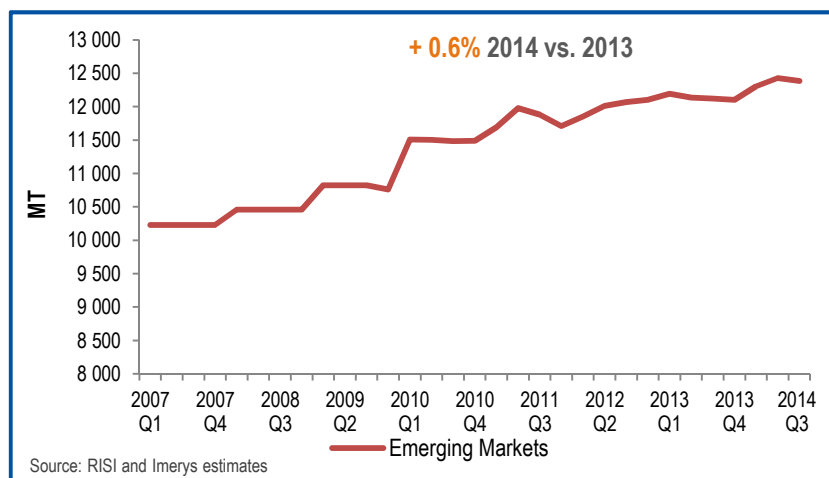


Paper and construction market indicators

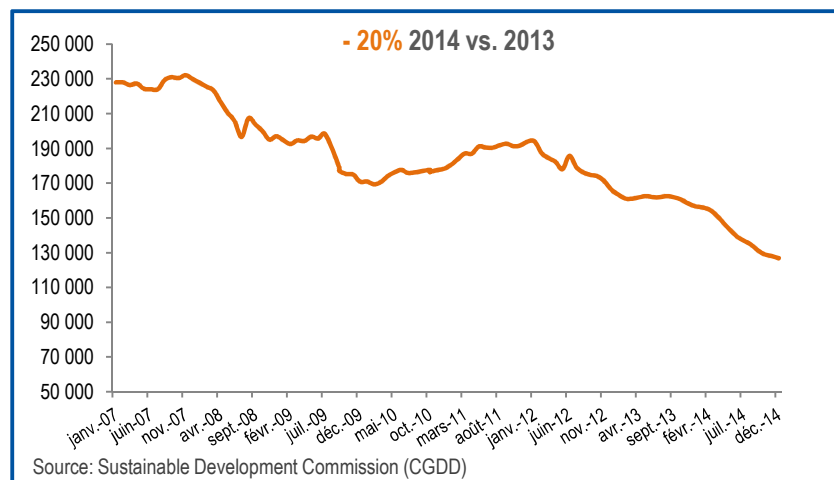
Printing paper production in mature countries



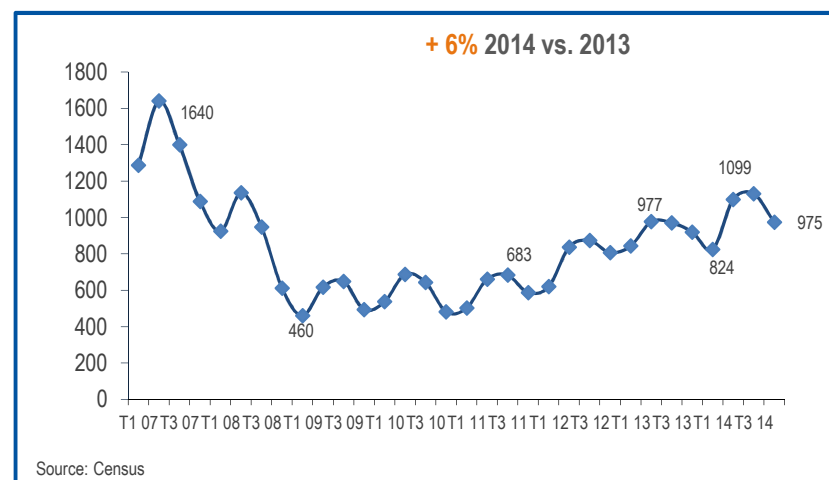
Printing paper production in emerging countries



Single-family housing starts in France



Housing starts in the United States

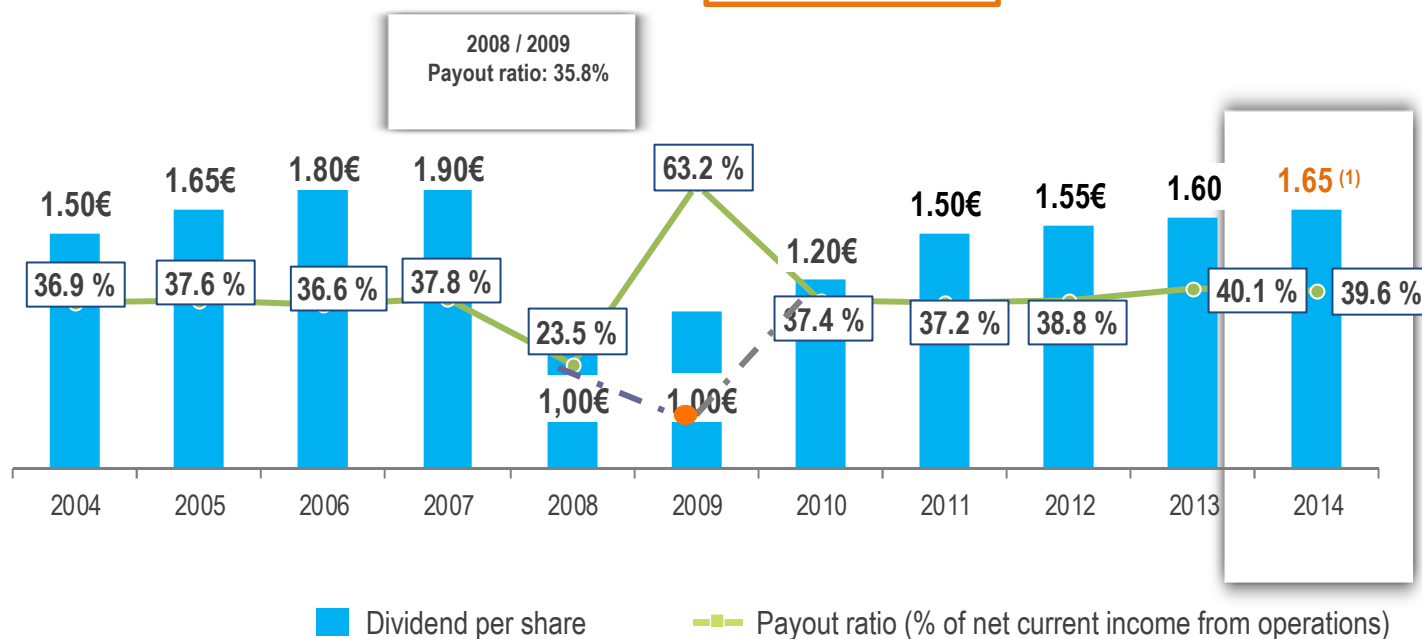


Changes in financial position

(M€)	2014	2013
Current free cash flow	227.5	288.2
External growth	(72.3)	(202.1)
Divestments	71.8	58.5
Cash flow from other revenue and expenses	(15.0)	(54.5)
Rights issue (net of fees)	29.1	42.5
Other share flows	(71.7)	(11.6)
Dividends (incl. share to minority shareholders of Group subsidiaries)	(125.3)	(119.2)
Impact of exchange rates / other	(28.6)	(12.4)
(Increase) Decrease in net debt	15.5	(10.6)
Debt at end of period	869.9	885.4

Proposed dividend: €1.65 per share

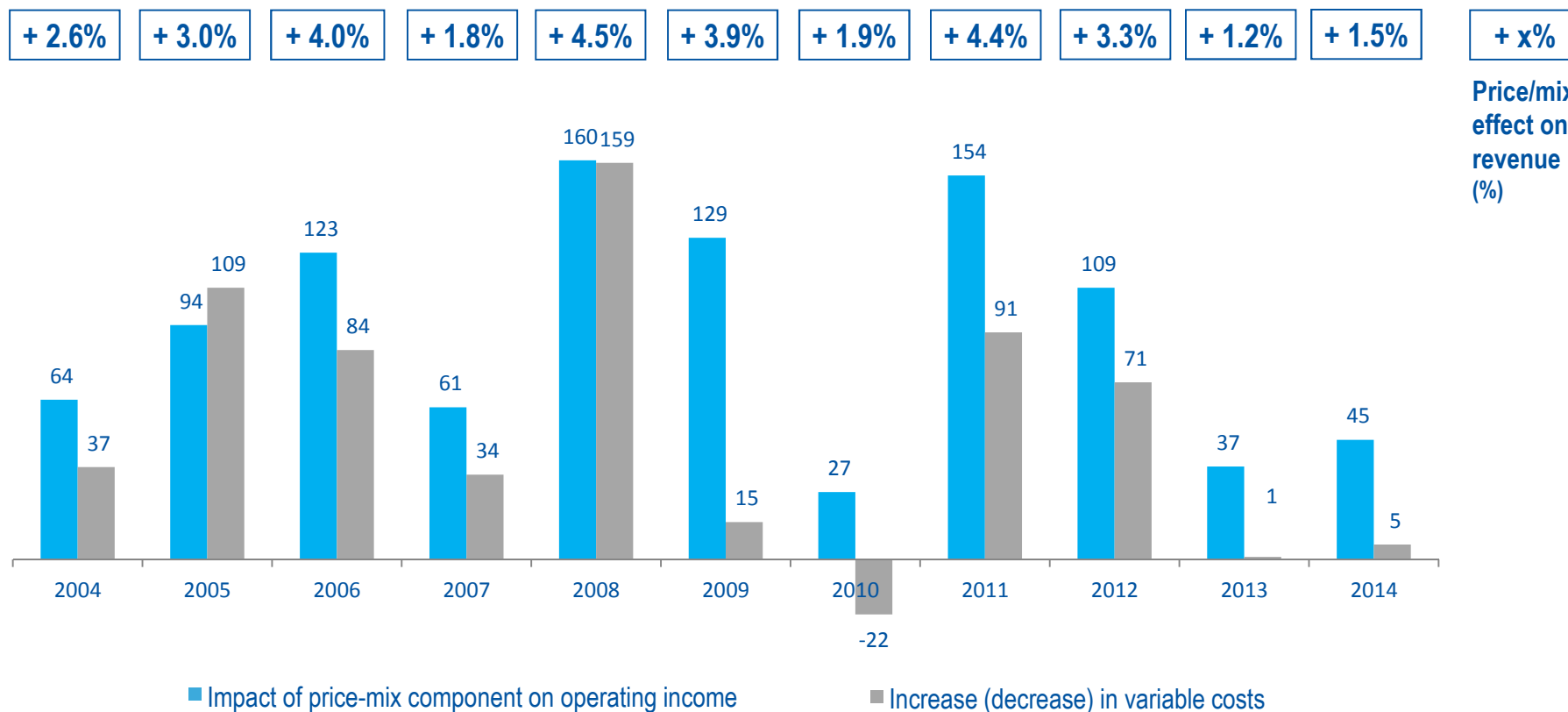
	2014	2013	Change
Net current income from operations per share (€)	4.15	4.03	+ 3.2%
Dividend per share (€)	1.65	1.60	+ 3.1%
Total payout ⁽¹⁾ (€ millions)	125.2 ⁽¹⁾	122.0 ⁽¹⁾	+ 2.6%
Average weighted number of shares	76,134,904	75,551,408	



(1) Based on the number of outstanding shares at the end of the year, payout from May 12, 2015

Positioning on specialty products

(M€)



Revenue and COI by quarter

Revenue (M€)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Energy Solutions & Specialties	306.7	313.8	319.9	307.8	303.2	321.1	338.9	315.5
Filtration & Performance Additives	155.7	166.7	159.7	152.6	159.0	165.8	167.8	165.4
Ceramic Materials	315.4	306.9	297.3	284.8	289.5	292.5	295.1	279.7
High Resistance Minerals	162.5	175.0	159.0	157.3	163.3	165.6	154.2	158.6
Eliminations & Holding companies	-11.1	-11.0	-10.3	-11.3	-10.9	-11.2	-12.2	-12.7
TOTAL	929.3	951.4	925.6	891.3	904.1	933.8	943.8	906.5

Comparable structure and exchange rates growth	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Energy Solutions & Specialties	-	-	-	-	8.3%	10.3%	12.5%	4.6%
Filtration & Performance Additives	-	-	-	-	5.9%	3.2%	6.3%	0.8%
Ceramic Materials	-	-	-	-	1.4%	-0.1%	-2.0%	-2.6%
High Resistance Minerals	-	-	-	-	4.4%	-1.7%	-4.3%	-3.0%
TOTAL	-	-	-	-	5.0%	3.7%	3.9%	0.1%

Current operating income (M€)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Consolidated COI (M€)	117.0	127.0	123.5	109.5	117.3	130.4	127.0	119.8
Operating margin	12.6%	13.3%	13.3%	12.3%	13.0%	14.0%	13.5%	13.2%
Comparable structure and exchange rates growth	-	-	-	-	3.7%	3.9%	-1.1%	3.6%

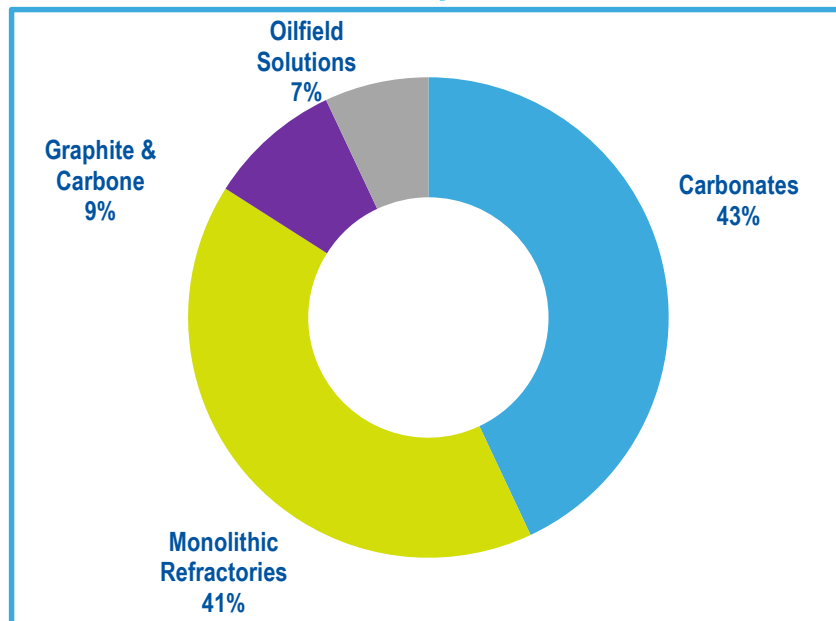
COI and operating margin evolution

Current operating income (M€)	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	2013	2014
Energy Solutions & Specialties	77.5	65.7	67.9	60.2	72.1	77.5	128.1	149.5
Filtration & Performance Additives	45.4	44.9	51.3	49.6	58.0	55.4	100.8	113.4
Ceramic Materials	112.5	97.0	108.5	111.2	104.4	106.7	219.7	211.0
High Resistance Minerals	53.6	41.6	37.4	32.7	36.5	36.3	70.1	72.8
Eliminations & Holding companies	-23.6	-26.6	-21.0	-20.7	-23.2	-29.0	-41.7	-52.2
TOTAL	265.4	222.7	244.0	233.0	247.7	246.9	477.0	494.6

Operating margin	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	2013	2014
Energy Solutions & Specialties	11.8%	10.4%	10.9%	9.6%	11.5%	11.8%	10.3%	11.7%
Filtration & Performance Additives	14.3%	14.2%	15.9%	15.9%	17.9%	16.6%	15.9%	17.2%
Ceramic Materials	17.3%	15.7%	17.4%	19.1%	17.9%	18.6%	18.2%	18.2%
High Resistance Minerals	13.9%	11.7%	11.1%	10.3%	11.1%	11.6%	10.7%	11.3%
TOTAL	13.4%	11.7%	13.0%	12.8%	13.5%	13.3%	12.9%	13.4%

Energy Solutions & Specialties

Revenue by division



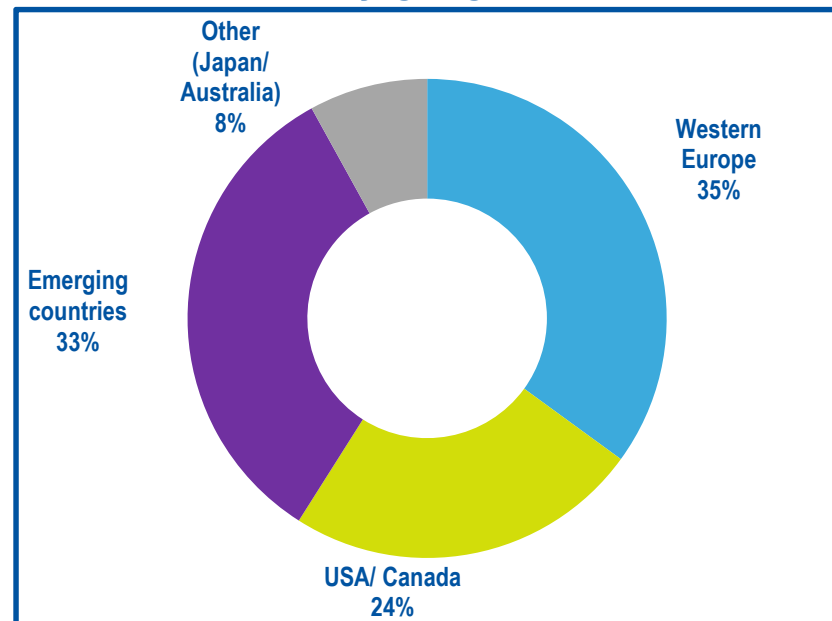
■ Carbonates:

- ◆ 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

Revenue by geographic zone



■ Graphite & Carbon:

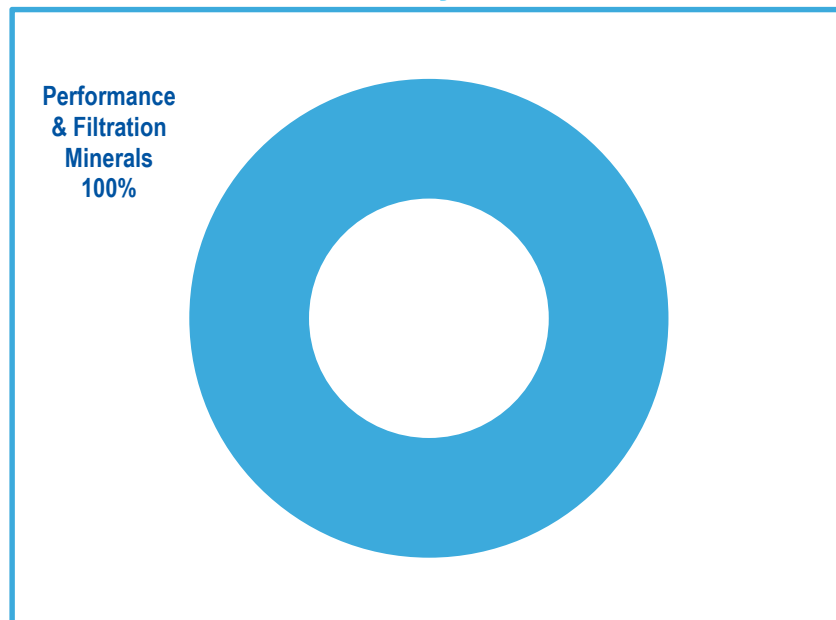
- ◆ High performance graphite powder for mobile energy, electronics and engineering, refractories for the transport and automotive markets

■ Oilfield Solutions:

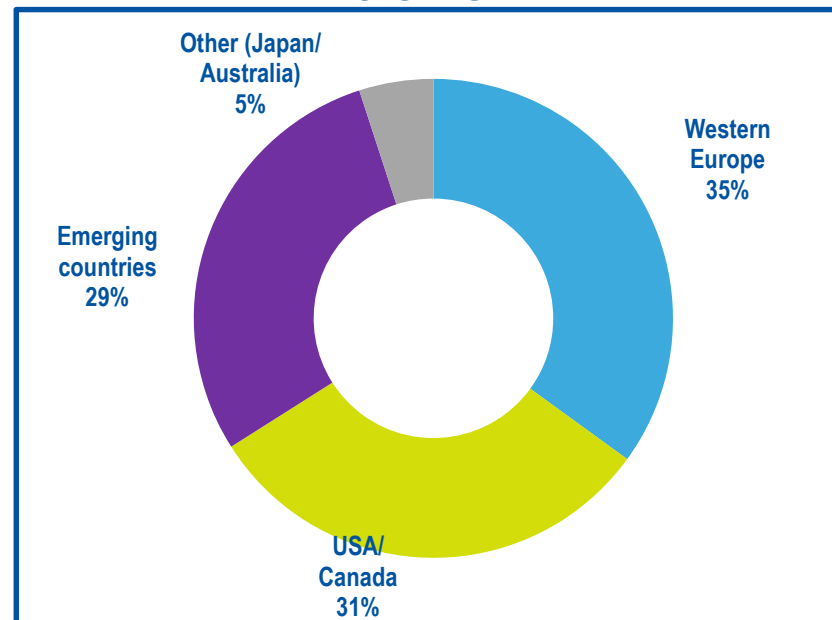
- ◆ Production of proppants for non-conventional oil and gas exploration

Filtration & Performance Additives (1)

Revenue by division



Revenue by geographic zone



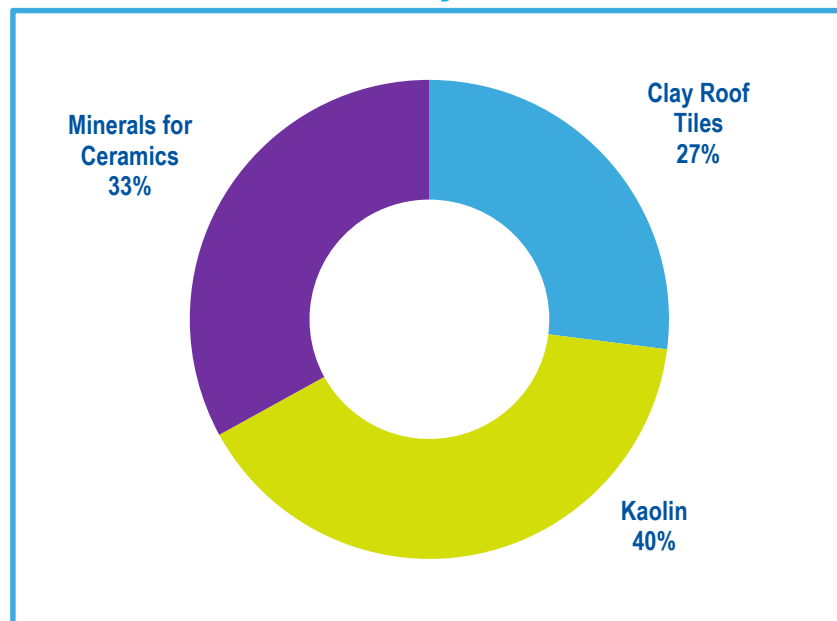
■ Performance & Filtration Minerals :

- ◆ A wide range of minerals with cutting-edge functional properties
- ◆ Performance Minerals (mainly talc and mica): additives for paints, plastics, polymers, rubbers, adhesives, sealants, pharma & personal care, etc.
- ◆ Minerals for Filtration (mainly diatomite and perlite): filter aid for edible liquids (beer, wine, oil, fruit juice, etc.)

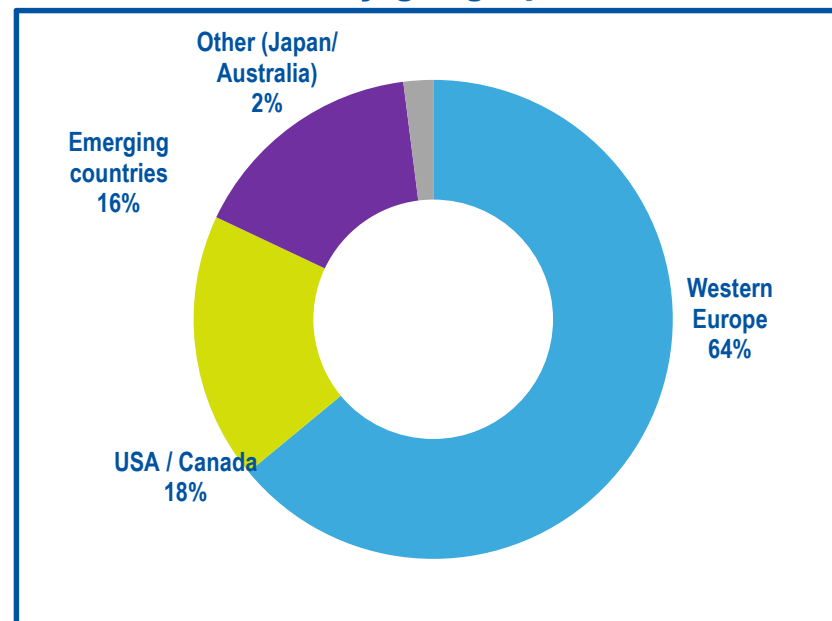
(1) Kaolin activity transferred from the Filtration & Performance Minerals business group to the Ceramic Materials business group, due to the forthcoming integration of S&B

Ceramic Materials ⁽¹⁾

Revenue by division



Revenue by geographic zone

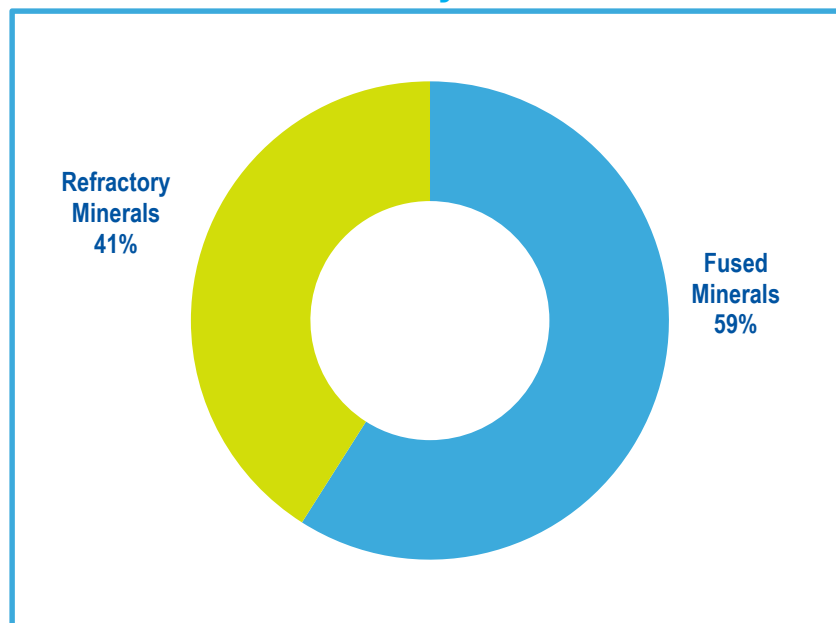


- **Clay Roof Tiles:**
 - ◆ Clay roof tiles in France
- **Minerals for Ceramics:**
 - ◆ Raw materials and bodies for tableware, sanitary and floor tiles, quartz, kiln furniture for the roof tile and ceramics industry
- **Kaolin:**
 - ◆ Kaolin for applications in the paper, paints, plastics, ceramics and refractories markets, etc.

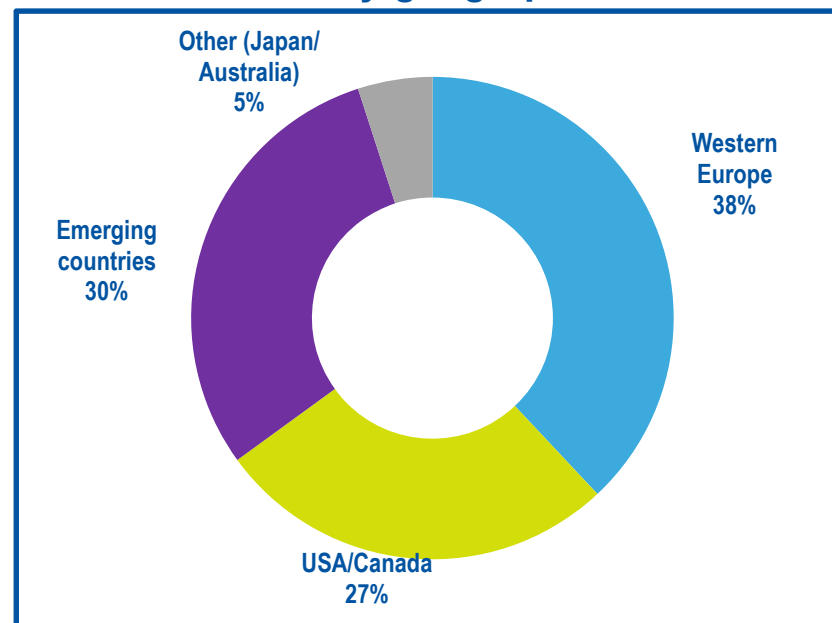
(1) Kaolin activity transferred from the Filtration & Performance Minerals business group to the Ceramic Materials business group, due to the forthcoming integration of S&B

High Resistance Minerals

Revenue by division



Revenue by geographic zone



- **Fused Minerals:**

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

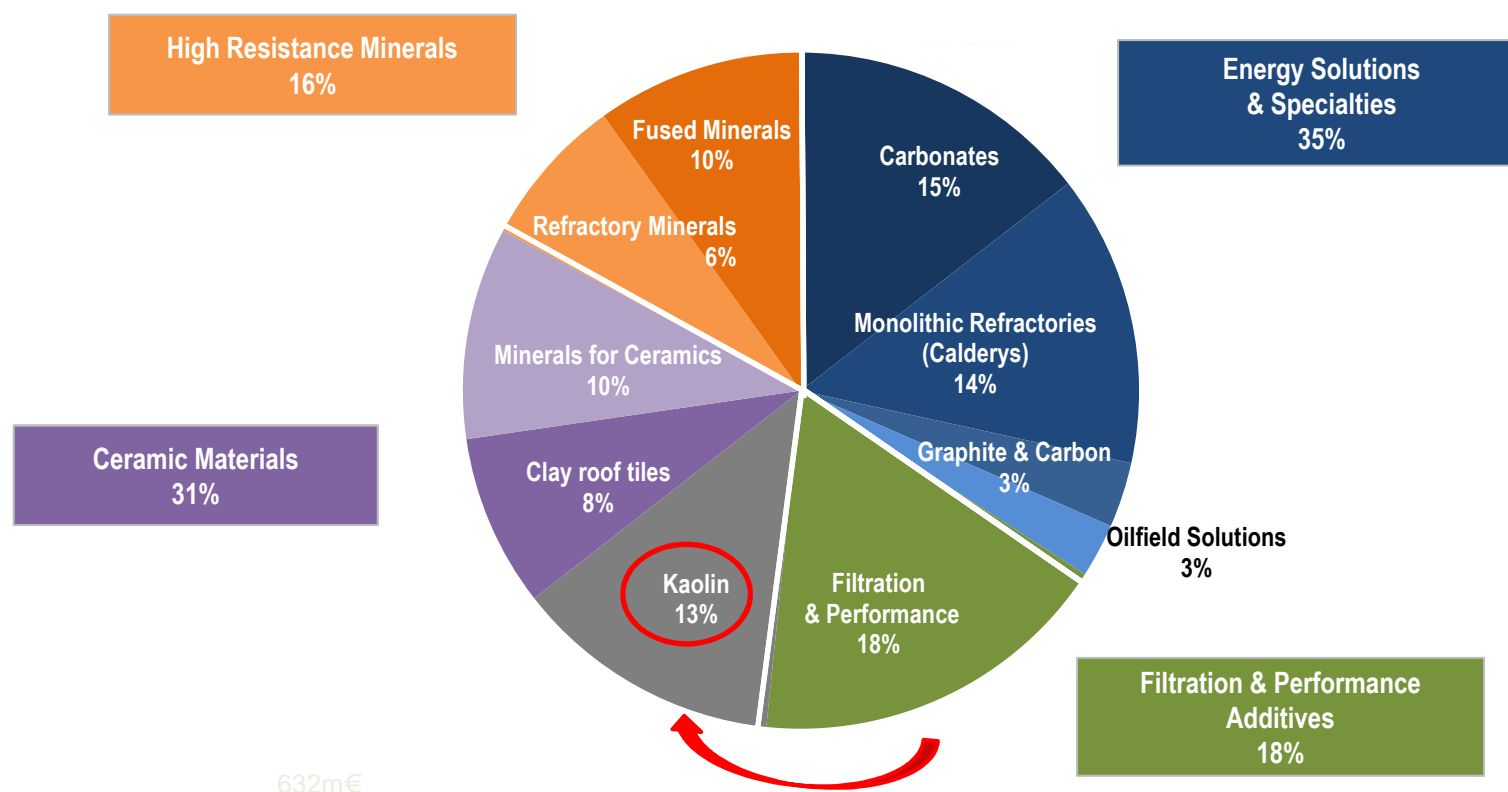
- **Refractory Minerals:**

- ◆ Production of acidic refractory minerals including andalusite, chamottes

Operating organization

- Filtration & Performance Additives business group's Kaolin activity integrated into the Ceramic Materials business group, given the planned strategic combination with S&B

2014 revenue by activity





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