

July 30, 2014 conference call

Gilles MICHEL – Chairman & CEO

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IMERYS
TRANSFORM TO PERFORM

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 “LFL” (like-for-like) means “at comparable Group’s structure and exchange rates”.*
- *Throughout the document, 2012 data have been restated following the application of revised IAS 19 as of 1/1/2013. As 2011 financial statements have not been restated, they are not comparable to the statements for financial 2012 and later periods.*
- *Photo credits: Imerys photo library, Rights Reserved, xxx.*

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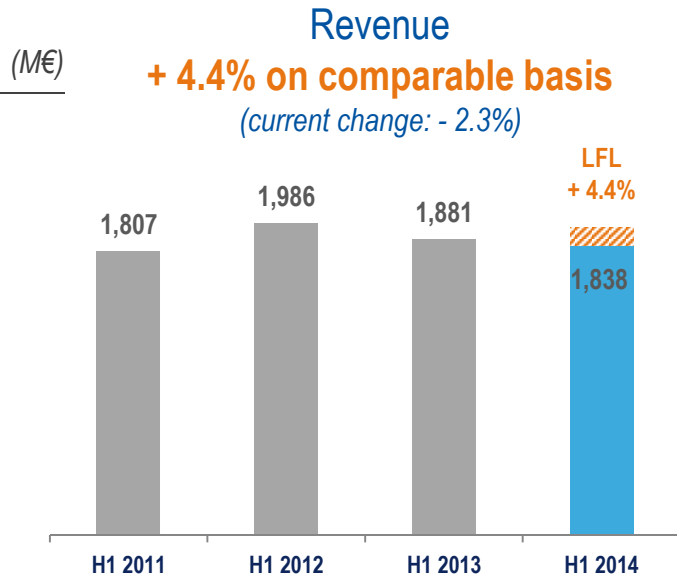
First-half 2014 results

Outlook



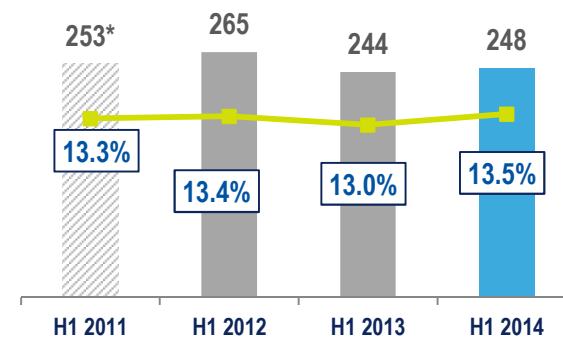
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Improved results in the first half 2014

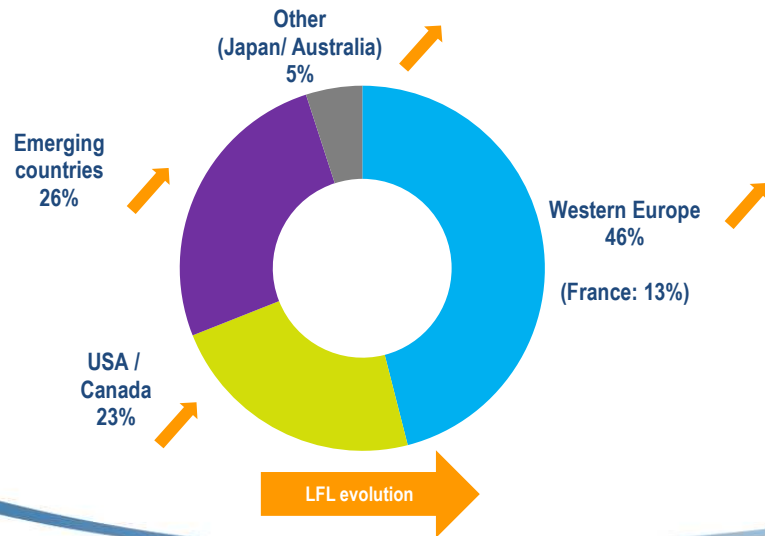


LFL growth in all business groups

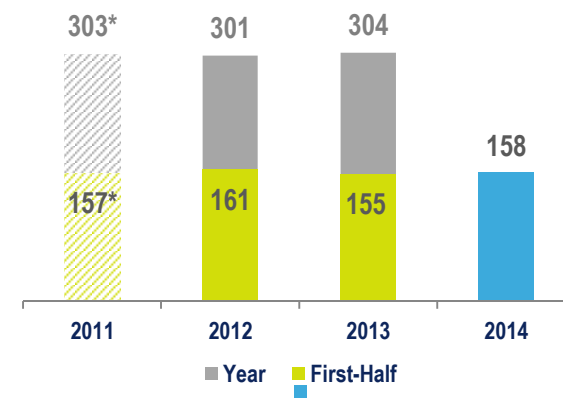
Improved current operations income and operating margin
at 13.5% (+ 0.5 point)



Revenue by geographic destination



Net income from current operations **+ 1.6%**



* 2011 data not comparable as not restated under new IAS 19 standard applied to 2012 and later financial statements.

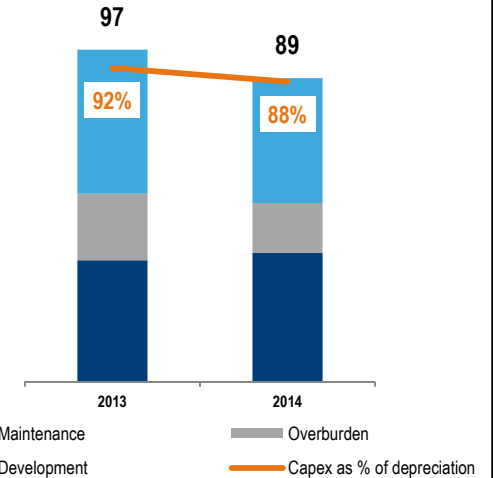
Further developments in 2014

Innovation: FiberLean™, fibrillated micro-cellulose for the paper industry
Commercial launch and first facility, USA

Innovation: ImerPlast™, for polymer recycling
First production line, UK

Acquisition: Termorak
Specialist in refractory materials for petrochemicals, thermal industry, Finland

Booked capital expenditure (M€)



Capacity extension: Celpure™, ultrafine diatomite for medical & food applications
Doubling the capacity, USA

Capacity extension: Carbonates for the plastic packaging industry
New production line, USA

New capacity: fused alumina plant
Bahrain
Start-up July 2014

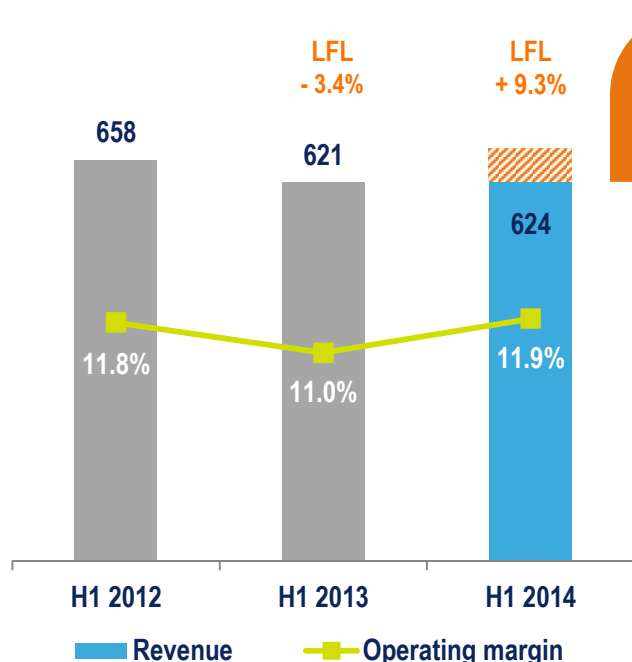
New capacity: Monolithic Refractories
Construction of a 3rd production plant in India

Acquisition: Kinta Powdertec Sdn Bhd
Carbonates for polymers, Malaysia

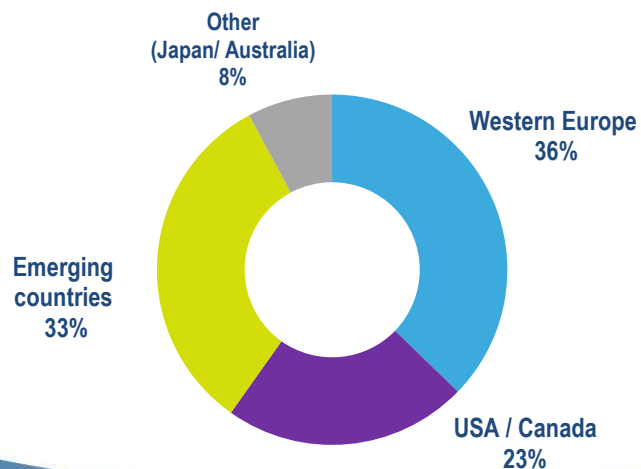
Energy Solutions & Specialties

(34% of consolidated revenue in H1 2014)

(M€)



Forex:
- 32.2 M€
Group structure:
- 22.0 M€



■ H1 2014 revenue vs. H1 2013

- ◆ + 0.6% current change; + 9.3% on comparable basis

■ Positive overall trends, ramp-up of new capacities

- ◆ **Monolithic Refractories:** gradual upturn in high-temperature industries and “Projects” activity
- ◆ **Graphite & Carbon:** Healthy markets overall and firm growth in Li-ion batteries
 - new line launched in Belgium
- ◆ **Oilfield Solutions:** Good momentum of non-conventional oilfield operations in USA
 - ramp-up of Wrens (USA)
- ◆ **Carbonates:** healthy trends except for paper in Europe and North America
 - first sales of lime plant in Brazil
- ◆ Revenue from new units: **30 M€** in H1 14

■ Improved operating margin at 11.9%

■ Development and capital expenditure

- ◆ Capacity extension: Carbonates for polymers (USA), Monolithic Refractories (India)
- ◆ Acquisitions (Termorak; Kinta Powdertech Sdn Bhd)

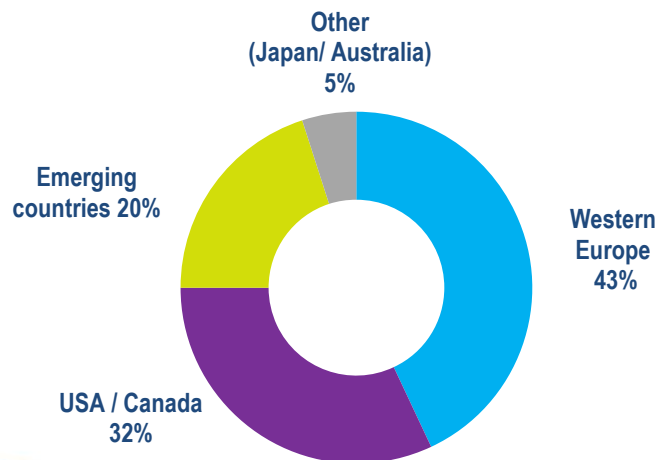
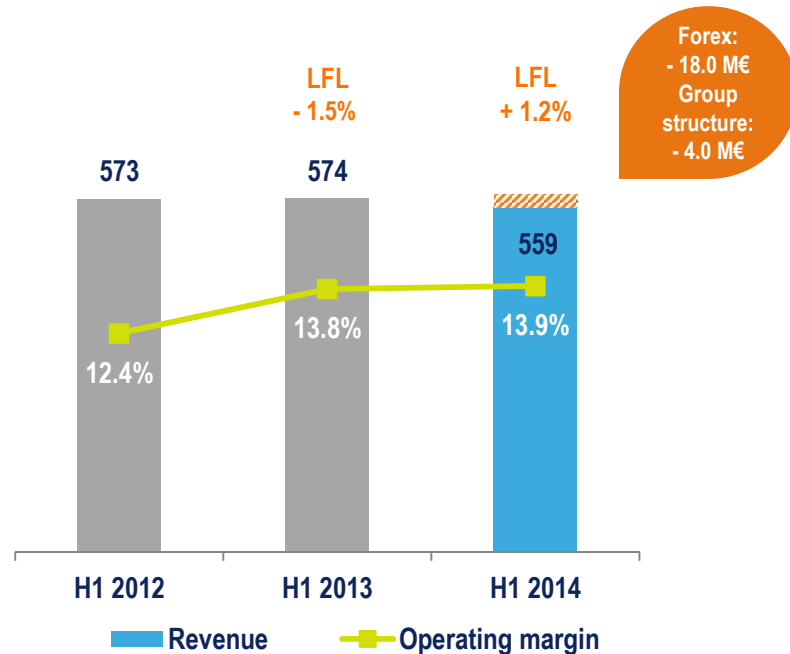


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Filtration & Performance Additives

(30% of consolidated revenue in H1 2014)

(M€)



■ H1 2014 revenue vs. H1 2013

- ◆ **-2.6%** current change; **+1.2%** on comparable basis

■ Firm demand on main markets, except for paper, and good positioning of the offer

- ◆ Firm demand in consumer goods
- ◆ Construction and automotive sectors:
 - Remained buoyant in North America
 - More positive trends in Northern Europe and the UK
 - strong presence in polymers (talc for automotive, recycling)
- ◆ Kaolins activity affected by rationalization of papermaking capacities in mature countries

■ Operating margin: **13.9%**

■ Developments

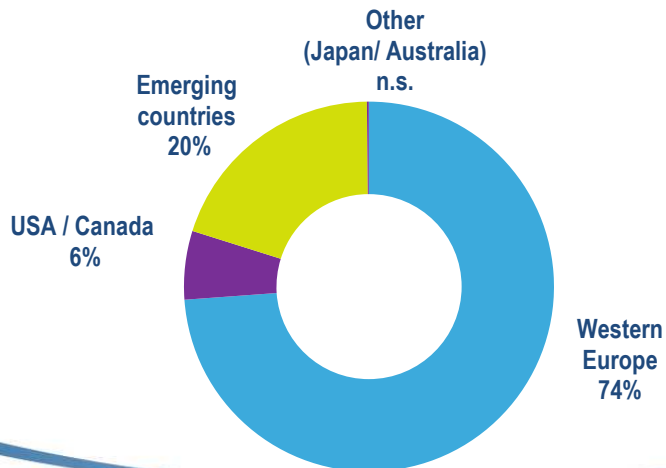
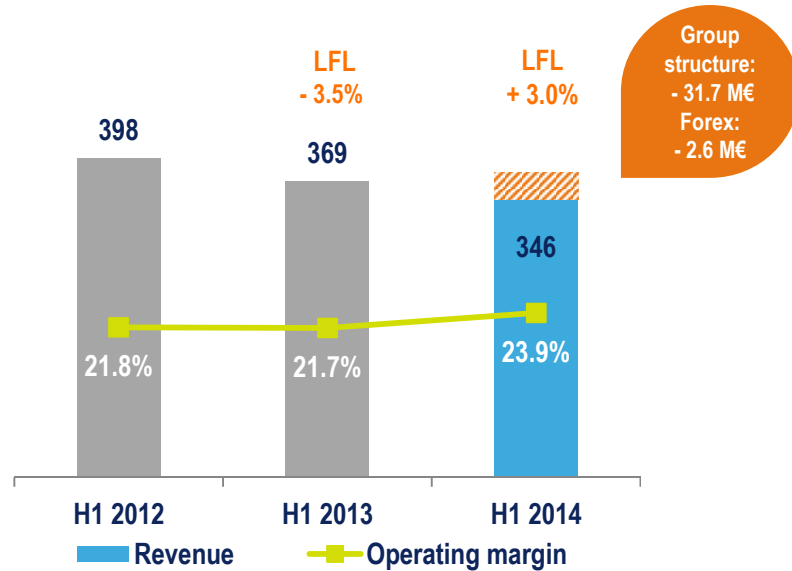
- ◆ Capital expenditure
 - Capacity: Celpure™, food & pharma filtration
 - New product: ImerPlast™, polymer recycling
- ◆ Commercial launch of FiberLean™, innovation for paper



Ceramic Materials

(19% of consolidated revenue in H1 2014)

(M€)



■ H1 2014 revenue vs. H1 2013

- ◆ - 6.3% current change; + 3.0% on comparable basis
- ◆ Divestment of Imerys Structure and shutdown of the Ardoisières d'Angers activity

■ Minerals for Ceramics: positive impact of healthier trends on some construction markets

- ◆ Buoyant demand in most zones, including Northern Europe and UK
- ◆ Effective geographic repositioning and adjustment of the product range

■ Building Materials France: resilient renovation sector

- ◆ Roof tile sales up approx. + 2% for the trade as a whole: mild weather in Q1 and favorable basis of comparison
- ◆ Resilient renovation sector, partly offsetting the slump in new construction (single-family housing starts: - 14% change in past 12 months as at end June)

■ Higher operating margin at 23.9%

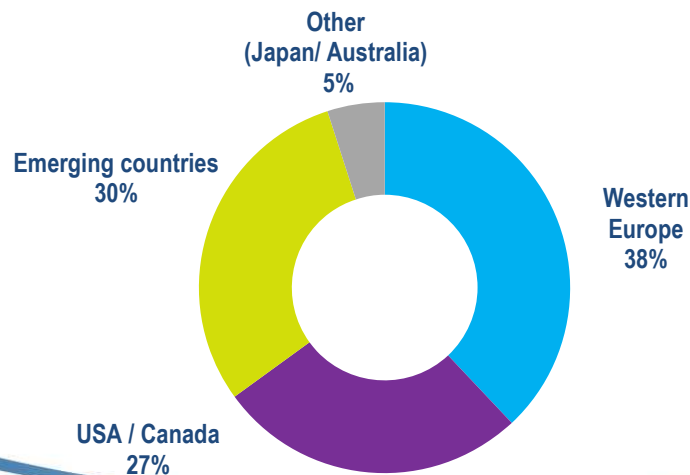
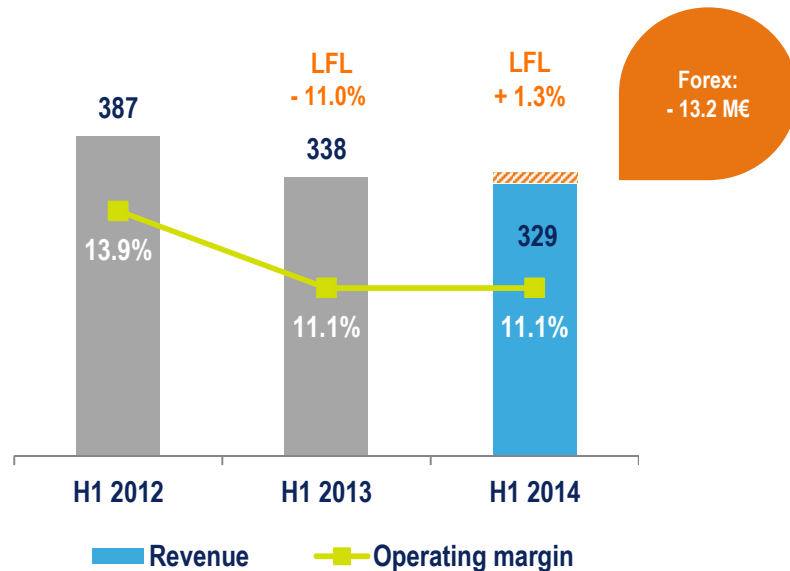


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High Resistance Minerals

(17% of consolidated revenue in H1 2014)

(M€)



■ H1 2014 revenue vs. H1 2013

- ◆ -2.6 % current change; +1.3 % on comparable basis

■ Firm volumes in Fused Minerals except China

- ◆ Slight improvement in Europe (automotive casting) after a heavy slump in 2013
- ◆ Slowdown in construction in China, affecting zirconium activities locally
- Product range refocused on more technical offering

■ Refractory Minerals

- ◆ Activity still firm in North America
- ◆ Increase in steel production in Europe (+3.8% in H1 2014 vs. H1 2013)

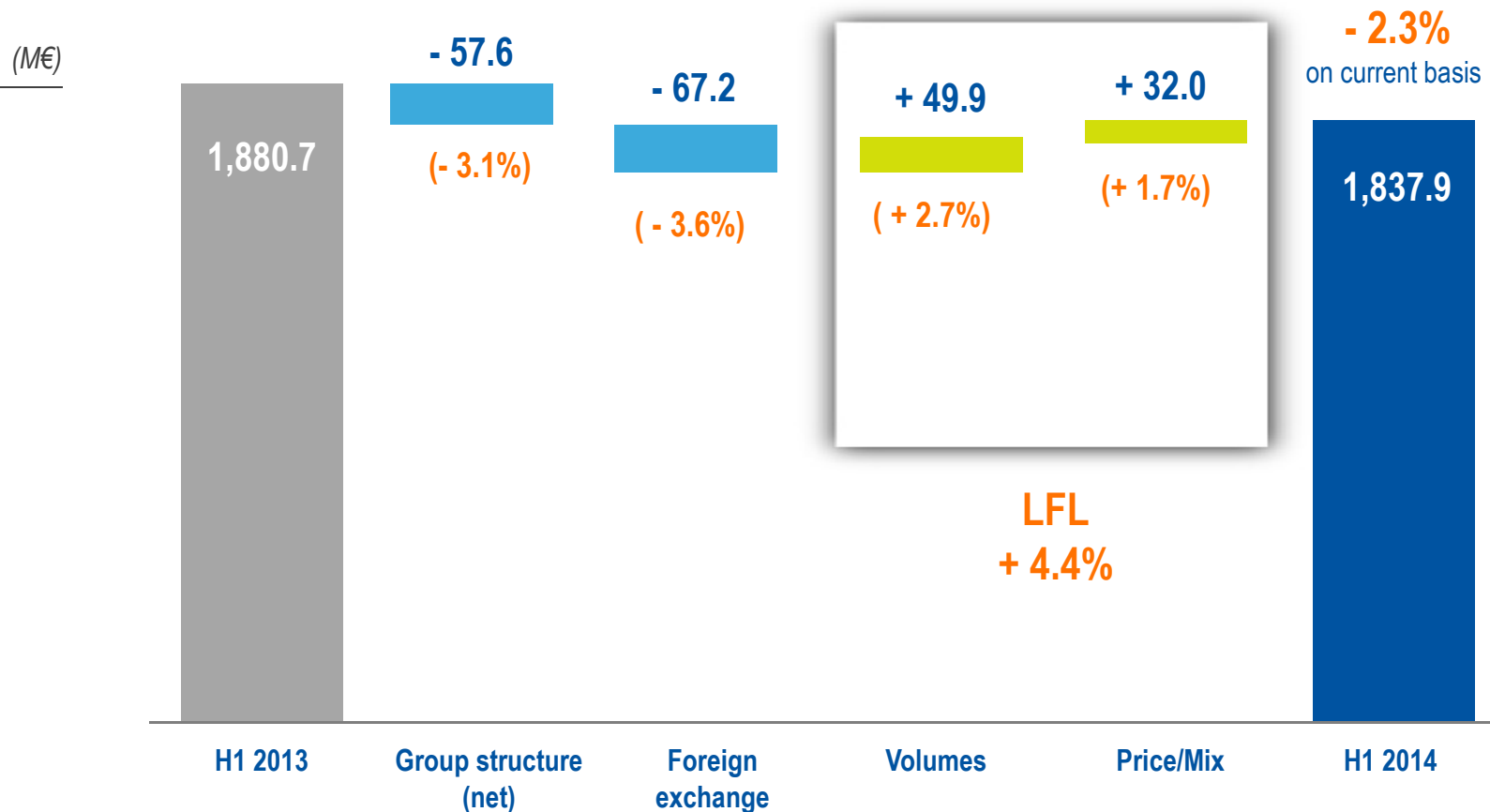
■ Stable operating margin: 11.1%

■ Construction of plant in Bahrain completed

- start-up early July 2014



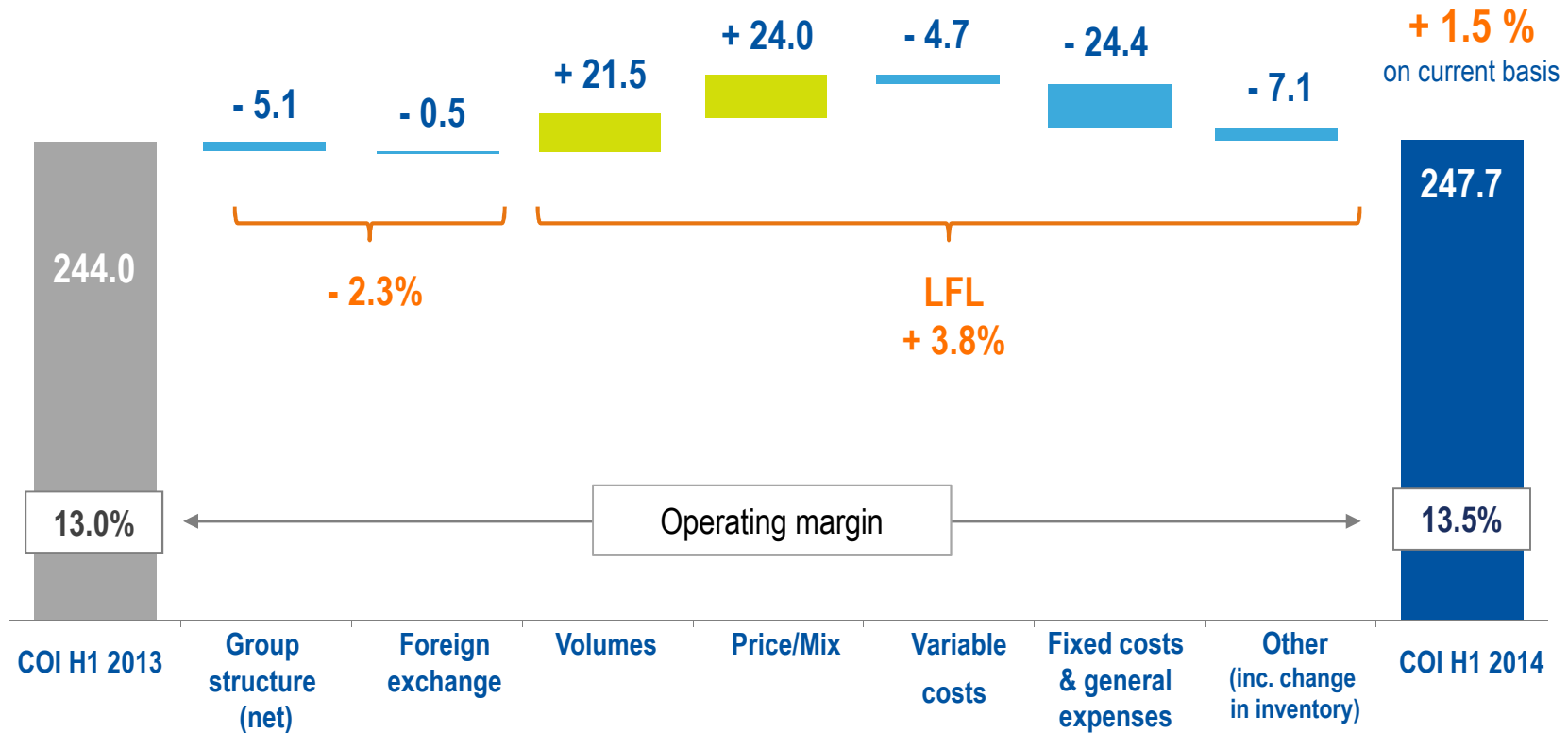
Revenue: up + 4.4% on a like-for-like basis



- Group structure effect: divestment of 4 calcium carbonate sites, Imerys Structure and shutdown of the Ardoisières d'Angers activity; 3 acquisitions in Monolithic Refractories (Indoporlen, Tokai and Termorak)
- Appreciation of euro against US dollar (- 4%), Brazilian real (- 18%), Japanese yen (- 12%), Indian rupee (- 15%), etc.
- Increase in volumes: improved demand on some markets, contribution of new capacities
- Favorable price/mix in all business groups

Improved operating margin at 13.5%

(M€)



- Currency translation effect offset by transaction effect (depreciation of Brazilian real and South African rand on local cost bases)
- Improvement in volumes, launch of new capacities
- Control of fixed production costs and general expenses
 - ◆ Almost two-thirds due to launch of new capacities
- Moderate inflation in variable costs more than offset by price/mix effect

Current financial expense

€ millions	H1 2014	H1 2013
Interest expense, net	(20.1)	(25.4)
Unwinding of long-term provisions and change in other provisions	(1.2)	(1.6)
Net interest expense on pensions	(3.8)	(5.3)
Currency translation, other financial income and expense and financial instruments	(2.8)	4.5
Current financial expense	(27.9)	(27.8)
<i>Average net financial debt for the period</i>	893	984

- **Decrease in average financial debt and of average cost of debt over the period**
- **Negative impact of currency translation and results on financial instruments**

Net income from current operations

€ millions	H1 2014	H1 2013	Change
Current operating income ⁽¹⁾	247.7	244.0	+ 1.5%
Current financial expense	(27.9)	(27.8)	
Current income tax	(62.1)	(60.1)	
Minority Interests	(0.2)	(1.1)	
Net income from current operations, Group's share⁽²⁾⁽³⁾	157.5	155.0	+1.6%
<i>Net income from current operations, Group's share, per share ⁽⁴⁾</i>	€2.06	€2.06	n.s.

- **Increased current tax rate: 28.3% in H1 2014 (vs. 27.8% in H1 2013)**

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: 76,329,586 in H1 2014 vs. 75,365,106 in H1 2013

Net income

€ millions	H1 2014	H1 2013	Change
Net income from current operations, Group's share ⁽¹⁾⁽²⁾	157.5	155.0	+ 1.6%
Other operating income and expenses, net and net income of assets held for sale	(26.0)	(26.3)	
Net income, Group's share	131.5	128.7	n.a.

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

- ◆ Restructuring charges mostly related to programs initiated in 2013 - 32.9 M€
- ◆ Impairment recorded on goodwill assigned to Chinese zirconium activity - 30.1 M€
- ◆ Gains from disposal of carbonates for paper units and results of these assets, minus acquisition costs and other expenses (including AMCOL termination fee net of expenses incurred) + 37.0 M€

1. Net of minority interests

2. Net income before other operating revenue and expenses, net

Current free operating cash flow

€ millions	H1 2014	H1 2013
EBITDA	338.4	335.8
Change in operating WCR	(57.4)	(23.5)
Paid capital expenditure	(106.6)	(119.5)
Current free operating cash flow^{(1) (2)}	105.7	129.0
Financial income (net of tax)	(20.0)	(20.1)
Other WCR items	8.5	5.7
Current free cash flow	94.2	114.6
	1.4	4.1

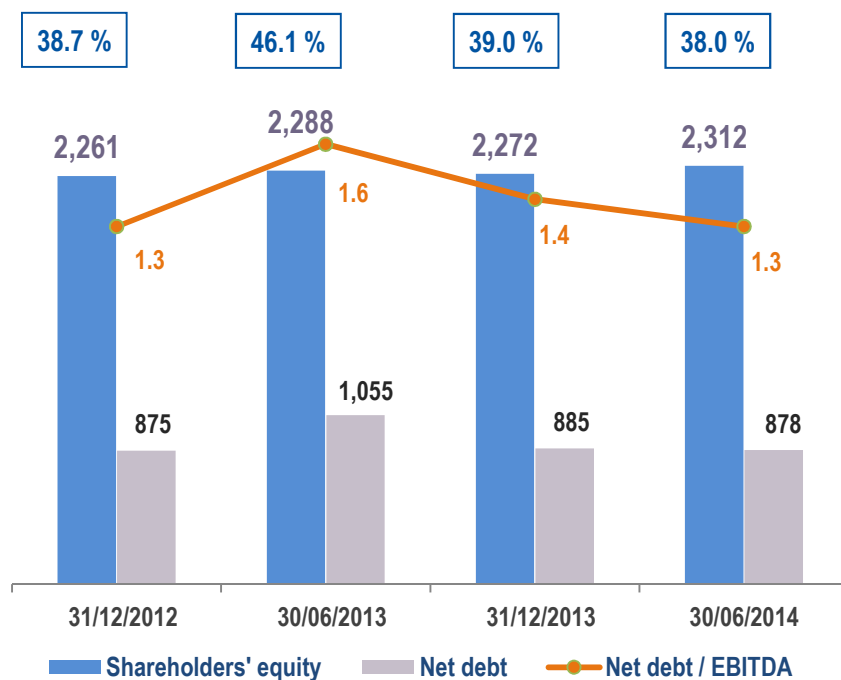
1. Current free operating cash flow
= EBITDA – notional tax – change in operating WCR – paid capital expenditure
2. Including subsidies, value of divested assets and misc.

- WCR / annualized sales ratio stable at **22.4%**; inventory build-up in new activities
- Booked capital expenditure: **89 M€**, i.e. **89%** of depreciation expense in H1 2014
 - ◆ Maintenance and overburden steady at previous years' levels (**52.4 M€**)
 - ◆ Development capital expenditure (**36.5 M€**)

Sound financial structure

(M€)

Net debt /
Shareholders'
equity (%)



- Net financial debt: **878 M€**, on a par with December 31, 2013 (885 M€)
 - ◆ Payment of **124 M€** in dividends
 - ◆ Payment of Termorak and part of the additional contractual price for PyraMax Ceramics, LLC (**42.5 M\$**)
 - ◆ Divestment of 4 Carbonates units
 - ◆ Termination fee for AMCOL contract received, minus expenses incurred for the operation
- Sound financial ratios
- Financial resources
 - ◆ Total amount: **€2.2 bn.** (maturity: **3.9 years**)
 - ◆ Available resources excluding cash: **€0.9 bn.**

- Confirmation of Moody's long-term credit rating:
Baa2, stable outlook

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First-half 2014 results

Outlook



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2014 Outlook

■ 2014 objective: increase in net income from current operations compared with 2013, assuming current economic conditions remain

- ◆ Dynamic activity in North America
- ◆ Some signs of improvement in Europe
- ◆ Uneven activity levels, weaker overall growth in emerging countries
- ◆ Strong euro
- ◆ Refocused scope of business

■ Continued implementation of 2012-2016 development plan

- ◆ Diversification of activity portfolio
- ◆ Ramp-up of new capacities
- ◆ Contribution of new products
- ◆ Constant control of costs
- ◆ Value creation



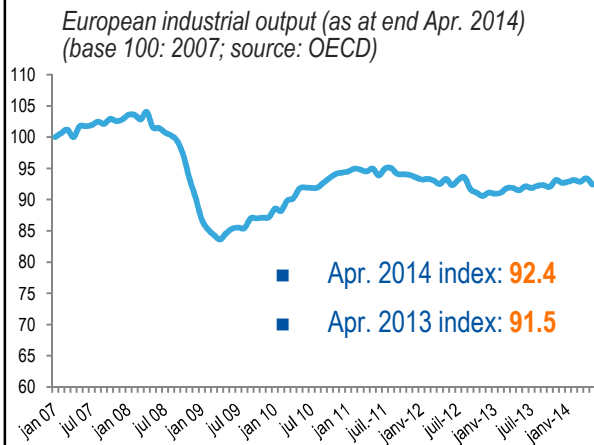
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Appendix

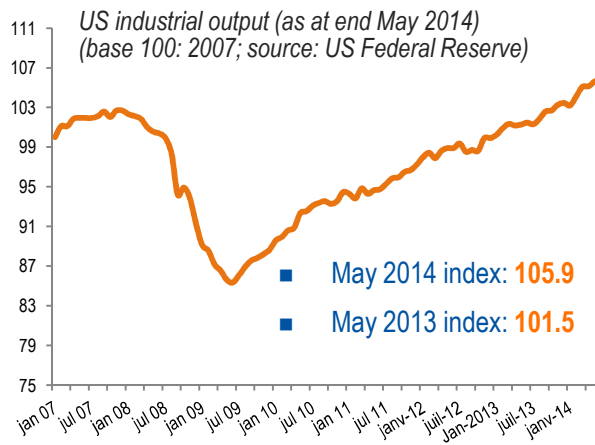
Increase of industrial output and steel production

Manufacturing indexes

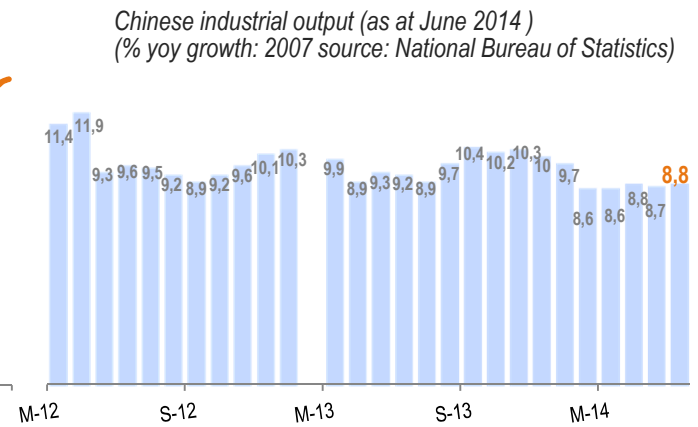
Europe



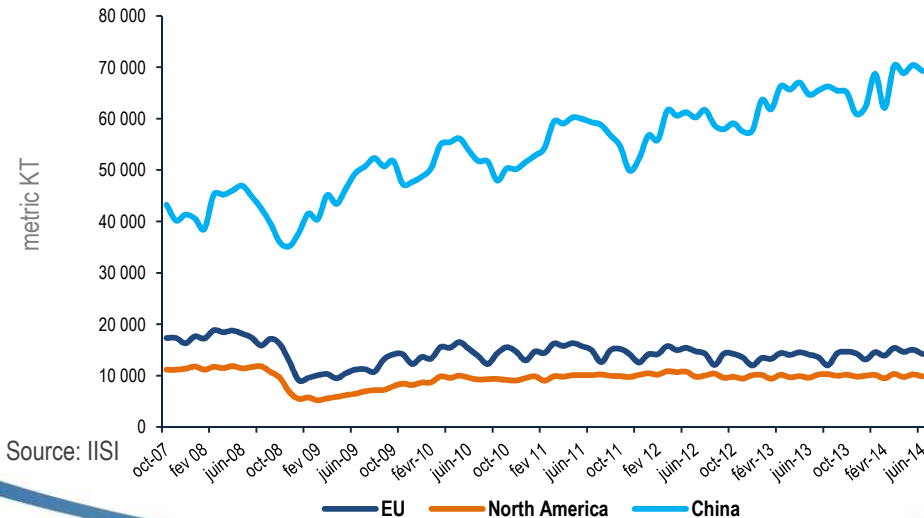
United States



China



Steel production in Europe, North America and China



% yoy growth in steel production

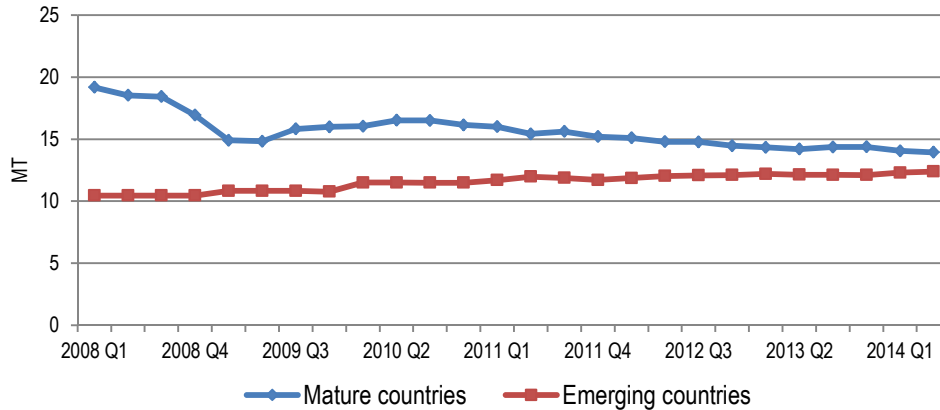
	2013	H2 13	H1 14
EU (28):	- 1.8%	+ 2.1%	+ 3.8%
North America:	- 1.9%	+ 2.0%	+ 1.7%
China:	+ 7.5%	+ 9.3%	+ 3.0%
World:	+ 3.5%	+ 5.0%	+ 2.5%



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Paper and Construction

Quarterly production of printing & writing paper

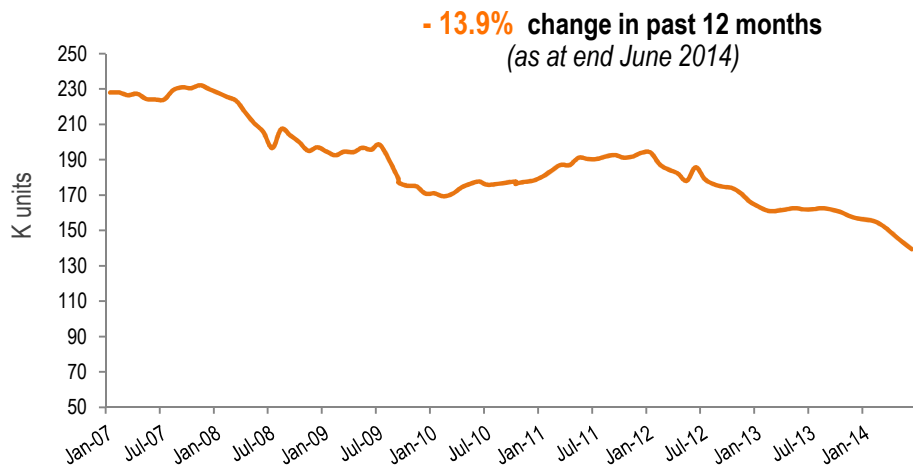


Source: RISI and Imerys estimates

Printing & writing paper production H1 14 vs. H1 13

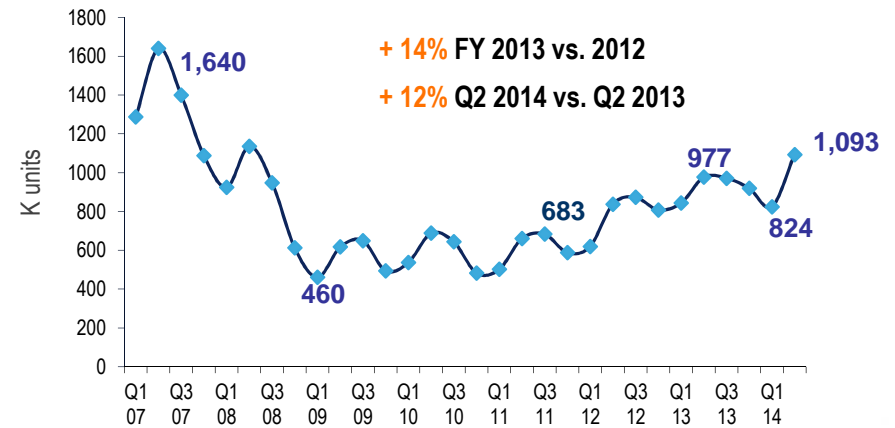
- Mature countries: **- 2%**
- Emerging countries: **+ 2%**
- World: **stable**

Single-family housing starts in France



Source: Commission on sustainable development of the French Government

Single-family housing starts in the USA – annualized trend



Source: Census



Energy Solutions & Specialties

- Carbonates (16% of 2013 Group revenue):
 - ◆ 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 (14%):
 - ◆ Unshaped refractory materials used to protect industrial equipment from high temperatures in heavy industries (steel, cement, power stations, petro chemistry etc.)
 - ◆ Protective element inside furnaces, kilns, crucibles and incinerators
- Graphite & Carbon (3%):
 - ◆ High performance graphite powder for the mobile energy, electronics, engineering, refractory automotive and transport markets
- Oilfield Solutions (1%):
 - ◆ Production of proppants for non conventional oil and gas exploration



Filtration & Performance Additives

■ Performance & Filtration Minerals (17% of 2013 Group revenue):

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



■ Kaolin (13%):

- ◆ Kaolin used as a coating agent and filler in paper, paints, plastics, ceramic, refractories, etc.



Ceramic Materials

- Building Materials (10% of 2013 Group revenue):
 - ◆ Clay roof tiles in France
- Minerals for Ceramics (8%):
 - ◆ Raw materials and bodies for tableware, sanitary and floor tiles, quartz, technical ceramics
- Kiln furniture (1%):
 - ◆ Kiln furniture for the tiles and ceramics industries



High Resistance Minerals

- Fused Minerals (10% of 2013 Group revenue):
 - ◆ Fused alumina and bauxite for abrasives (cutting, grinding and polishing mills, sand papers), zirconium for refractories, oxygen sensors
- Refractory Minerals (7%):
 - ◆ Production of acidic refractory minerals as andalusite, chamottes



Main financial indicators by business group

(M€)	2013	2012	2011
ENERGY SOLUTIONS & SPECIALTIES			
Revenue	1,248.2	1,287.9	1,240.4
Current operating income	129.4	143.5	145.7
Current operating margin	10.4%	11.1%	11.7%
FILTRATION & PERFORMANCE ADDITIVES			
Revenue	1,132.2	1,145.8	932.1
Current operating income	159.1	136.2	110.9
Current operating margin	14.1%	11.9%	11.9%
CERAMIC MATERIALS			
Revenue	702.6	761.6	788.2
Current operating income	160.0	163.3	168.9
Current operating margin	22.8%	21.4%	21.4%
HIGH RESISTANCE MINERALS			
Revenue	653.8	743.8	768.1
Current operating income	70.1	95.3	107.7
Current operating margin	10.7%	12.8%	14.0%
IMERYS GROUP			
Revenue	3,697.6	3,884.8	3,674.8
Current operating income	477.0	488.1	487.0
Current operating margin	12.9%	12.6%	13.3%



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