

# Results to September 30, 2014

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Conference Call  
October 31, 2014

Gilles MICHEL – Chairman & CEO  
Michel DELVILLE – CFO



## Disclaimer

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*More comprehensive information about Imerys may be obtained on its website ([www.imerys.com](http://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 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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# Conference call

October 31, 2014

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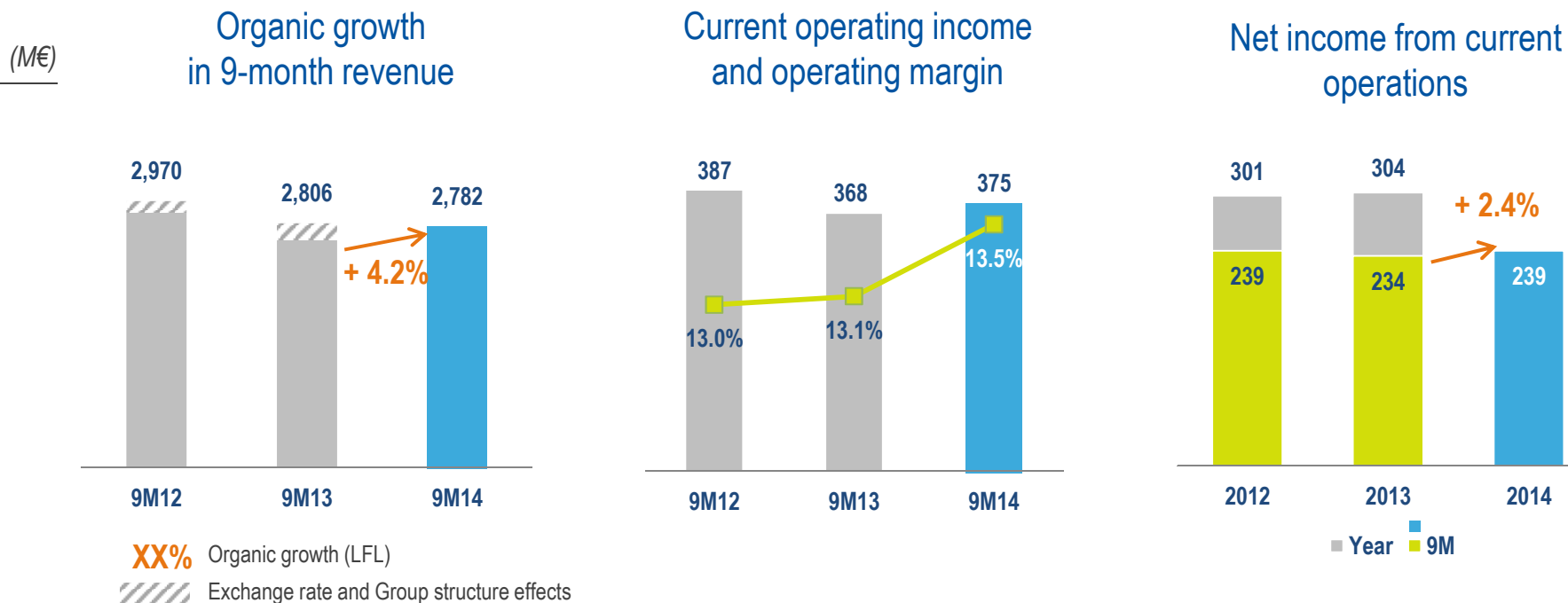
**Results to September 30, 2014**

Outlook



**IMERYS**

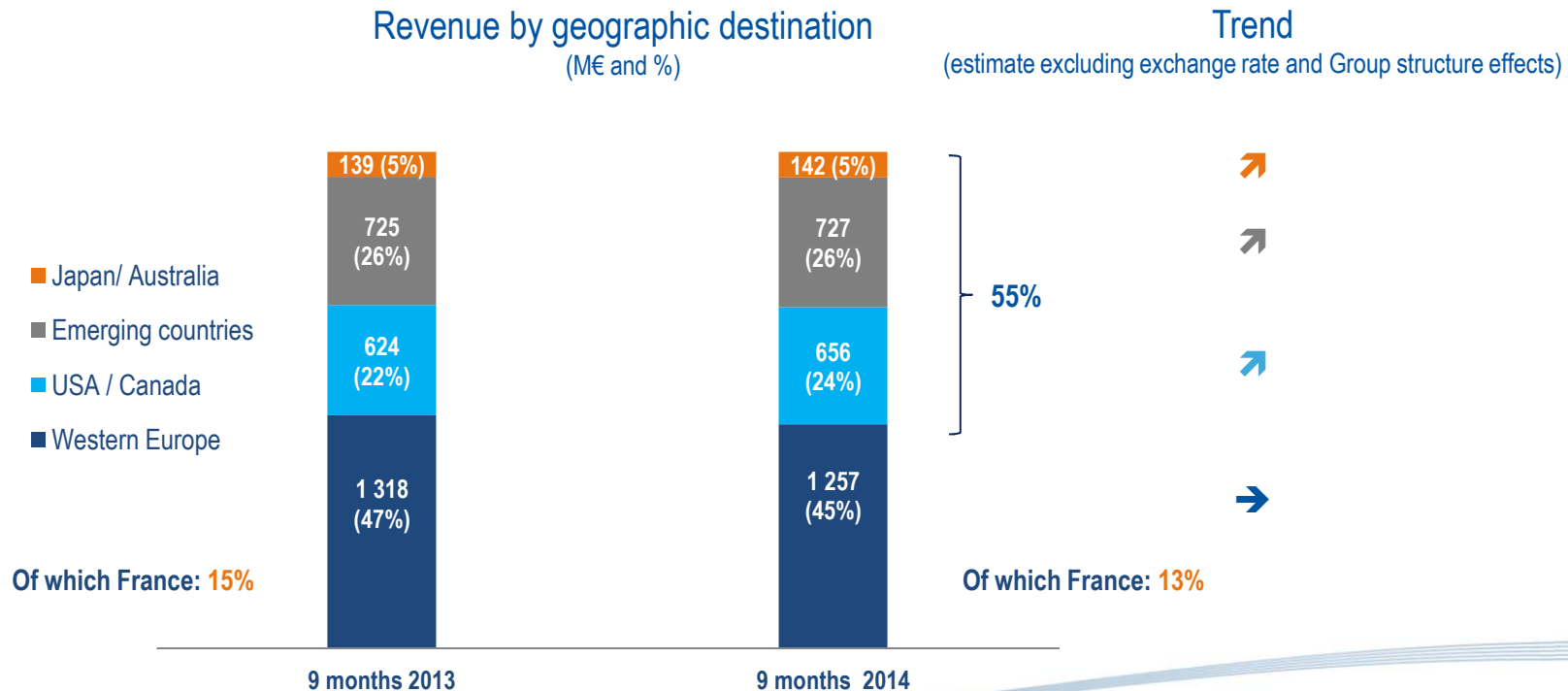
# Continued growth in results



- Robust organic growth over 9 months (+ 4.2%) including + 3.9% in Q3
  - ◆ Ramp-up of new production units and contribution of new products
  - ◆ Group increasingly exposed to the most dynamic zones (USA)
  - ◆ Growth driven by volumes (+ 2.6%) and improved price/mix component (+ 1.6%) over 9 months
  
- 40 bp increase in operating margin to 13.5% over 9 months

# Economic environment trends in 3<sup>rd</sup> quarter 2014

- Wider contrasts within Europe and Emerging countries zones
- New uncertainties in Europe, particularly over industrial activity with recent slowdown in Germany
- Firm environment in USA
- Basis of comparison less favorable in Q3 2014

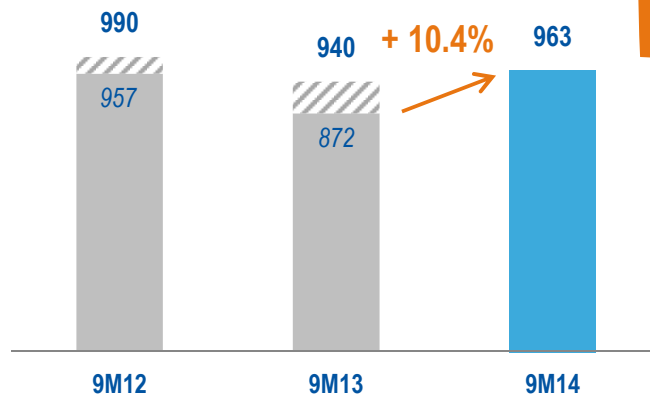


# Solutions for Energy & Specialties

(35% of consolidated revenue to September 30, 2014)

## Organic growth in 9-month revenue

(M€)

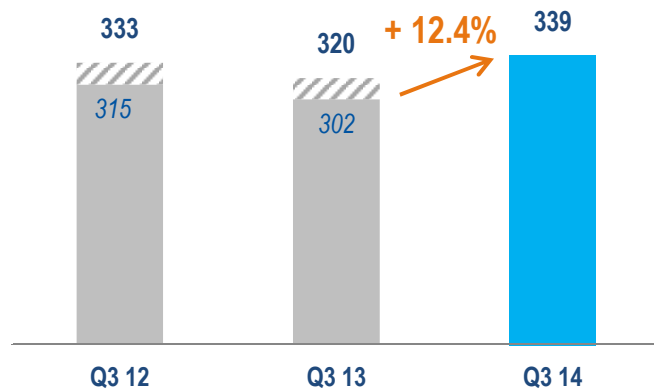


Forex:  
- 40 M€  
Group structure:  
- 35 M€

## ■ Positive overall trends, ramp-up of new capacities

- ◆ **Monolithic Refractories:** good global activity levels in Q3; firm contribution of “Projects” and diversification of the offering
- ◆ **Graphite & Carbon:** healthy trends  
→ carbon black capacity doubled in Belgium to support growth in demand in batteries (Li-ion) and polymers
- ◆ **Oilfield Solutions:** ramp-up of capacities → in line with the forecast
- ◆ **Carbonates:** healthy activity in North America and Asia; resilience in Europe; development of the offering  
→ first contribution of lime plant in Brazil

## Organic growth in Q3 revenue



XX% Organic growth (LFL)  
Exchange rate and structure effects

## ■ Revenue from new capacities: 55 M€

→ Significant increase in exposure to North America

## ■ Structure effects

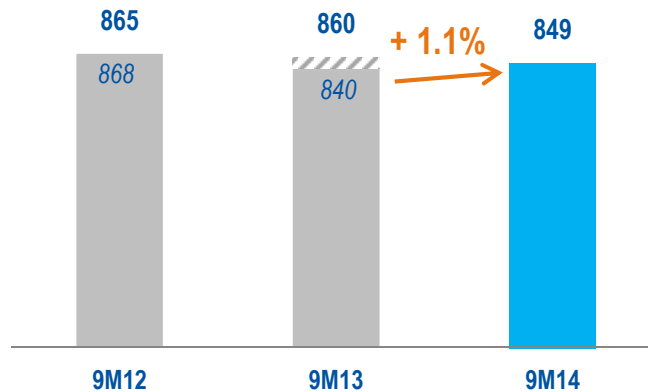
- ◆ Divestment of 4 calcium carbonate for paper units (01/2014)
- ◆ Acquisition of Kinta Powdertech (07/2014)

# Filtration & Performance Additives

(30% of consolidated revenue to September 30, 2014)

Organic growth  
in 9-month revenue

(M€)

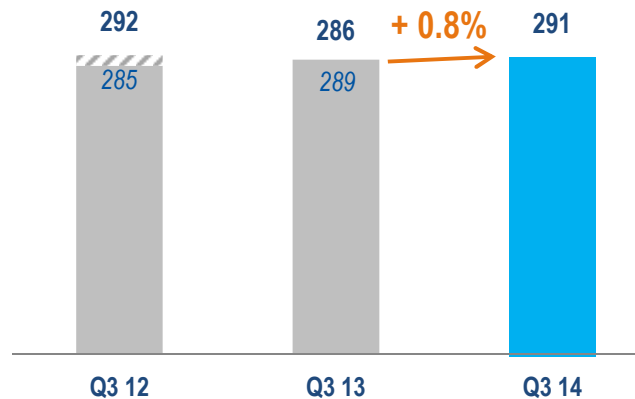


Forex:  
- 14 M€  
Group  
structure:  
- 6 M€

## ■ Performance & Filtration Minerals: positive momentum on main underlying markets

- ◆ Consumer goods
- ◆ Construction and automotive sectors
  - Positive in North America
  - Modest improvement in Northern Europe and UK; recent slowdown in Germany

Organic growth  
in Q3 revenue



XX% Organic growth (LFL)  
Exchange rate and structure effects

## ■ Kaolin: lower paper production in mature zones and limited growth in emerging countries

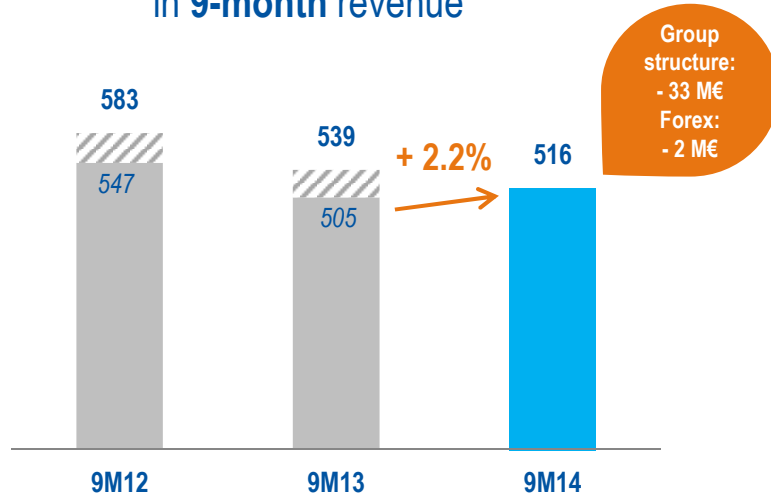
- ◆ Slight decrease in global printing and writing paper, of which - 2% in mature zones compared with the first 9 months of 2013
- ◆ Restructuring by North American paper makers

# Ceramic Materials

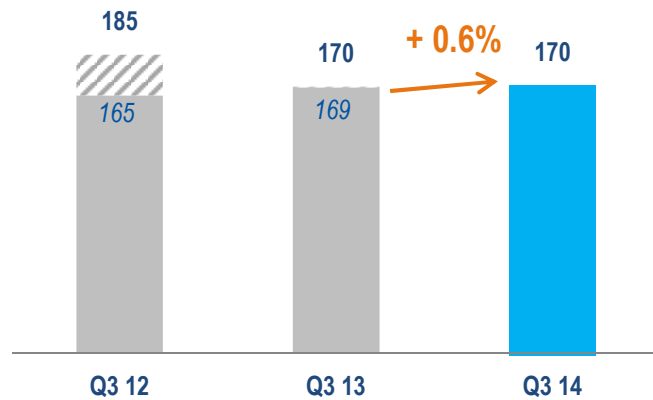
(18% of consolidated revenue to September 30, 2014)

## Organic growth in 9-month revenue

(M€)



## Organic growth in Q3 revenue



XX% Organic growth (LFL)  
Exchange rate and structure effects

### ■ Minerals for Ceramics: geographic redeployment and diversification of offering

- ◆ Vibrant demand in emerging zones, improvement in Northern Europe compared with a low point
- ◆ Strategy based on formulation platforms and diversification outside conventional ceramics

### ■ Building Materials: downturn in Q3 against a less favorable basis of comparison

- Roof tile sales - 5.2% for the trade as a whole over 9 months (vs. 9M 2013)
- ◆ Renovation (2/3 of volumes) no longer enough to offset decrease in new construction
- ◆ New housing starts near all-time low of 1992

### ■ Main structure effects

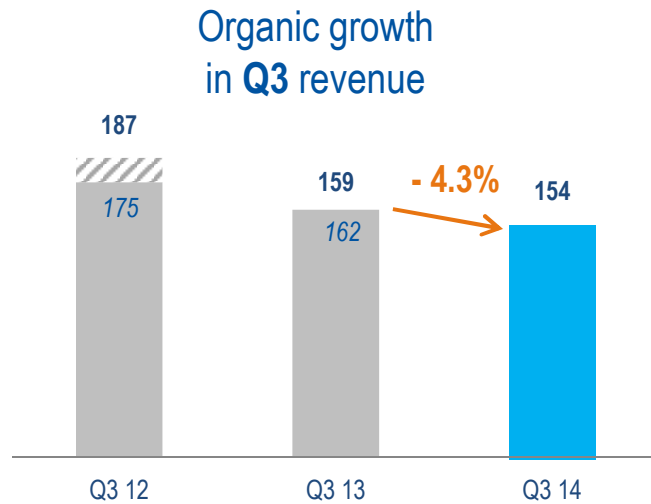
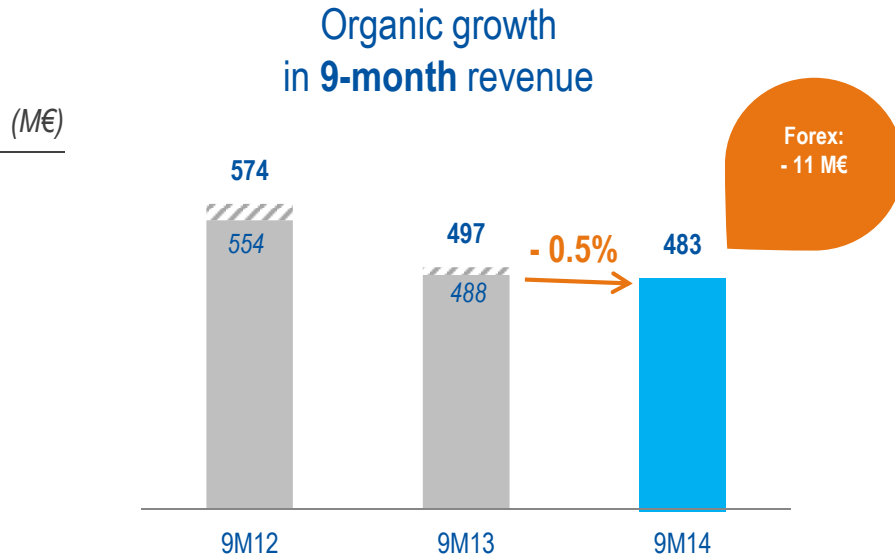
- ◆ Divestment of Imerys Structure (05/2013)
- ◆ Shutdown of Ardoisières d'Angers (12/2013)





# High Resistance Materials

(17% of consolidated revenue to September 30, 2014)



XX% Organic growth (LFL)  
 Exchange rate and structure effects

## ■ Fused Minerals: impact of slowdown in manufacturing activity in Germany and construction in China

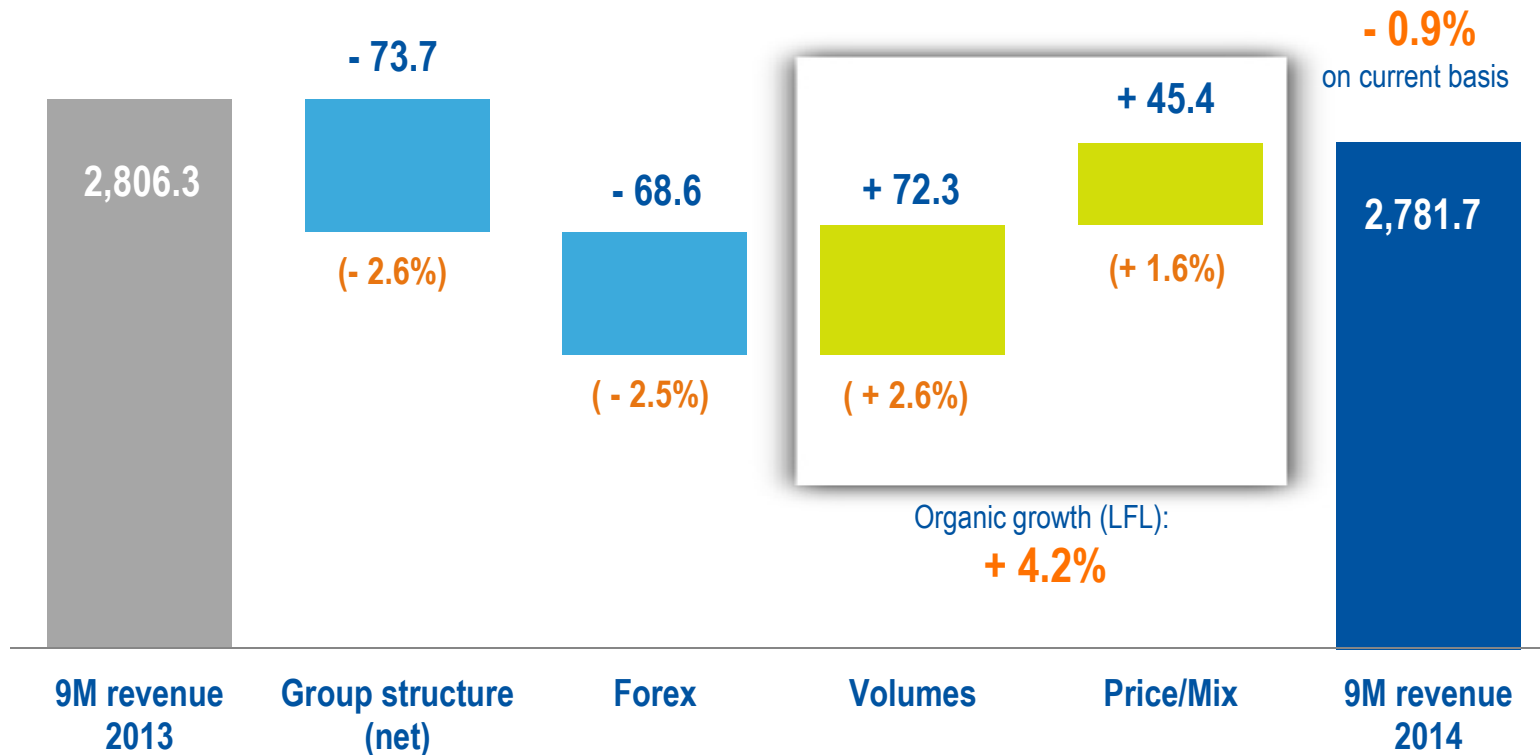
- ◆ Chinese activities affected by market trends, particularly in zirconium
  - Product range refocused on more technical products
- ◆ Production launched at Bahrain plant

## ■ Minerals for Refractories: globally firm

- ◆ Buoyant demand in North America, the main market
- ◆ Europe:
  - Resilient against a less favorable basis of comparison in Q3
  - Appearance of new uncertainties over industrial equipment in Europe

# Organic growth in 9M revenue: + 4.2%

(M€)

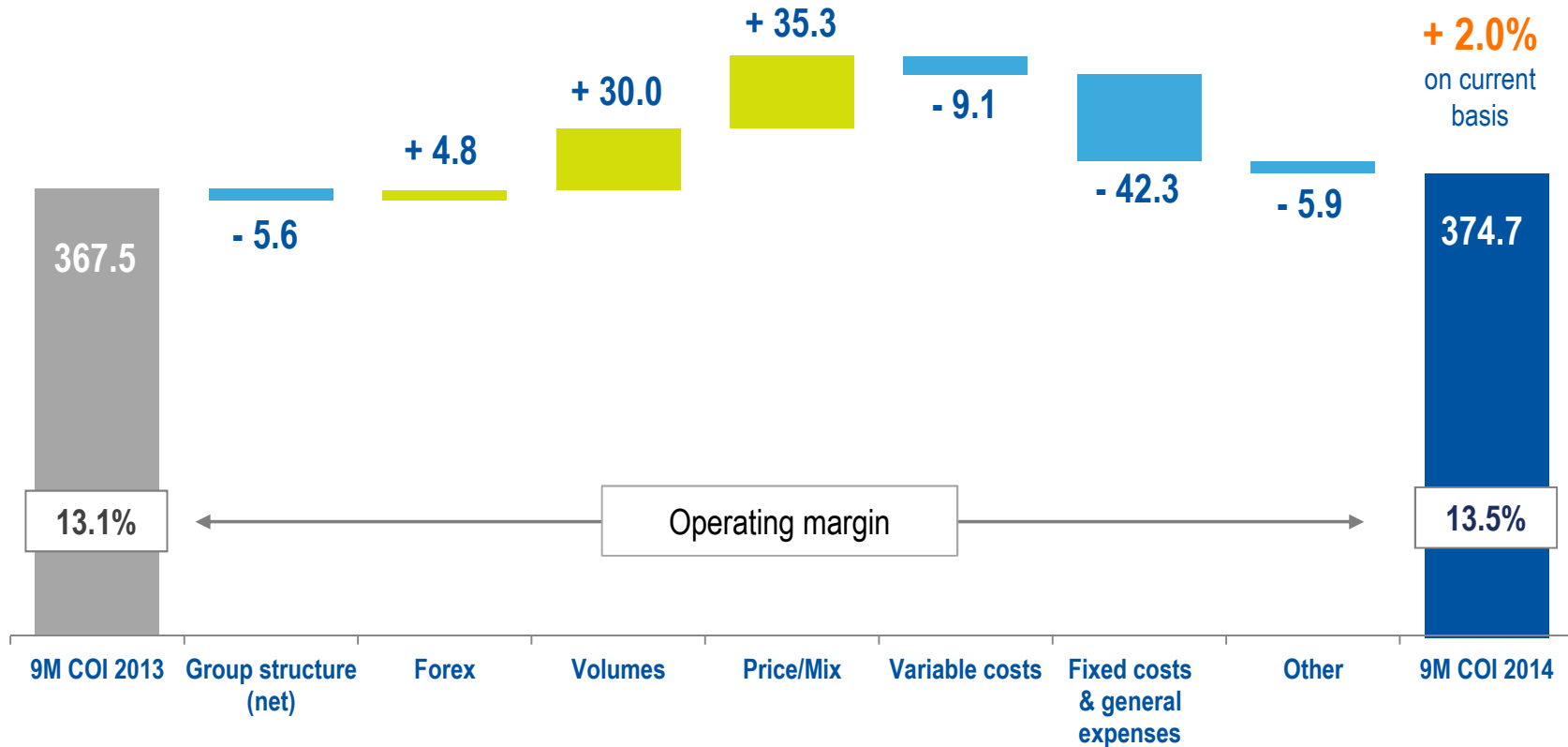


- Group structure effect: mainly divestments (4 calcium carbonate units and Imerys Structure); shutdown of ADA; acquisitions (Indoporlen, Tokai, Termorak, Kinta Powdertec)
- Limited exchange rate impact in Q3 because of weaker euro
- Increase in volumes: contribution of new capacities and benefits of geographic and sector diversification
- Positive price/mix effect in all business groups



# Solid operating margin at 13.5%

(M€)



- Contribution of volumes from new capacities and R&D efforts: almost 2/3 of the increase in fixed costs
- Product price/mix offsetting trends in variable costs
- Improved operating margin in Q3 2014: **13.5%** vs. **13.3%** (Q3 2013)



## Current financial expense

€ millions	9M 2014	9M 2013
Interest expense, net	(29.2)	(35.7)
Unwinding of long-term provisions and change in other provisions	(2.2)	(3.0)
Net interest expense on pensions	(5.9)	(7.9)
Currency translation, other financial income and expense and financial instruments	(0.8)	5.8
<b>Current financial expense</b>	<b>(38.1)</b>	<b>(40.8)</b>

- **Decrease in average financial debt and average cost of debt**
- **Favorable currency translation effects and results on financial instruments in Q3 2014**



## + 2.4% growth in net income from current operations

€ millions	9M 2014	9M 2013	Change
Current operating income <sup>(1)</sup>	374.7	367.5	+ 2.0%
Current financial expense	(38.1)	(40.8)	
Current income tax	(96.6)	(91.2)	
Minority Interests	(0.9)	(2.0)	
<b>Net income from current operations, Group's share<sup>(2)(3)</sup></b>	<b>239.1</b>	<b>233.5</b>	<b>+ 2.4%</b>
<i>Net income from current operations, Group's share, per share<sup>(4)</sup></i>	€3.13	€3.10	+ 1.2%.

- **Increase in current tax rate: 28.7% over 9M 2014 (vs. 27.9% over 9M 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 : 76,283,383 in first 9 months of 2014  
vs. 75,405,853 in first 9 months of 2013

## Net income

€ millions	9M 2014	9M 2013	Change
Net income from current operations, Group's share <sup>(1)(2)</sup>	239.1	233.5	+ 2.4%
Other operating income and expenses, net, and net income of assets held for sale	(32.5)	(34.0)	
Net income, Group's share	206.6	199.5	+ 3.5%

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

- ◆ Restructuring costs, mostly related to programs initiated in 2013 - 39.7 M€
- ◆ Impairment recorded on goodwill assigned to Chinese zirconium activity - 30.4 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) + 37.6 M€

1. Net of minority interests

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

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**Outlook**



**IMERYS**

## Outlook: guidance confirmed for 2014

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- Based on the sound performance of the first 9 months, the objective of higher net income from current operations in 2014 than 2013 is maintained
- In an economic environment characterized by new uncertainties in Europe, in particular over industrial activity
  - Continued implementation of growth strategy
  - Vigilance and responsiveness to demand trends



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## Appendix



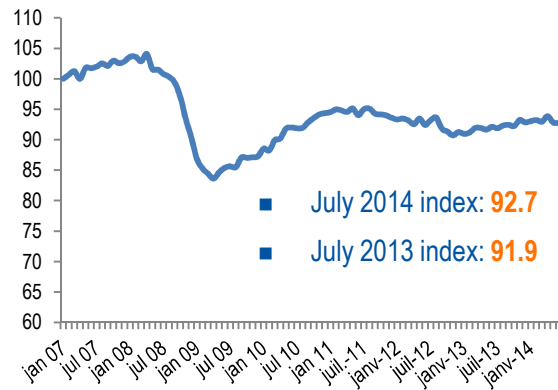
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# Increase of industrial output and steel production

## ■ Manufacturing indexes

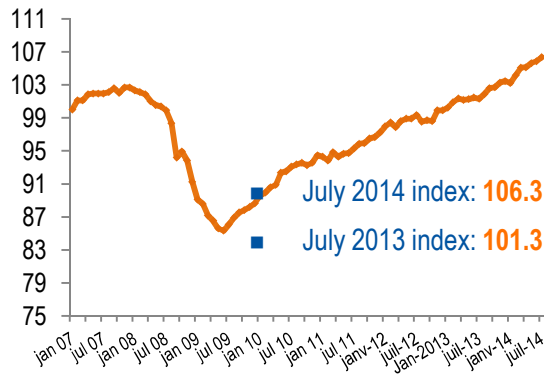
### Europe

European industrial output (as at end July 2014)  
(base 100: 2007; source: OECD)



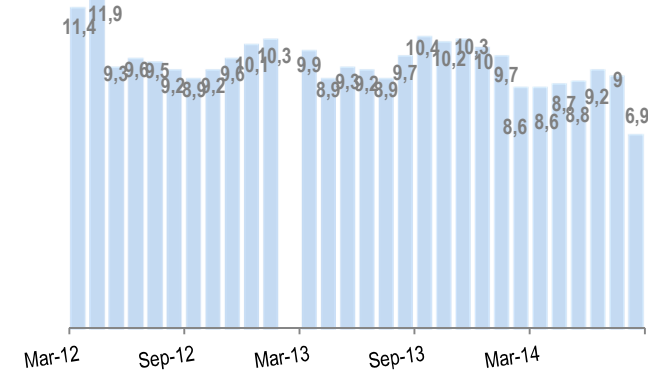
### United States

US industrial output (as at end July 2014)  
(base 100: 2007; source: US Federal Reserve)

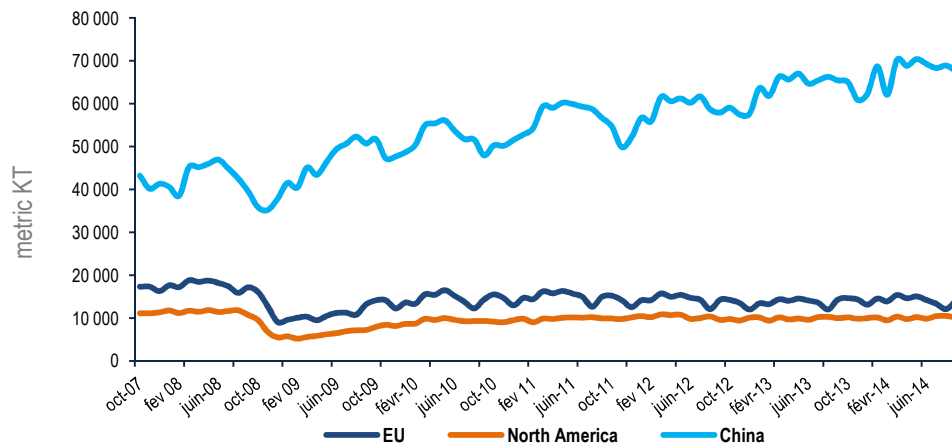


### China

Chinese industrial output (as at August 2014)  
(% yoy growth: 2007 source: National Bureau of Statistics)



## ■ Steel production in Europe, North America and China



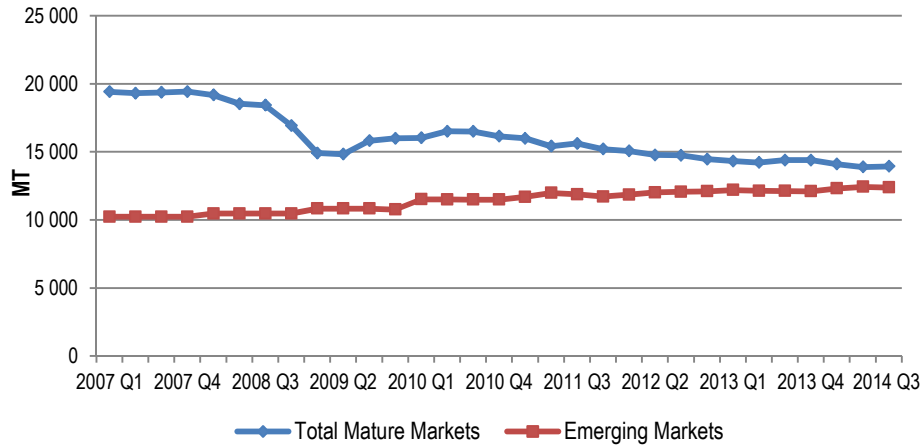
Source: IISI

### % yoy growth in steel production

	2013	H2 13	H1 14	9M 14
EU (28):	-1.8%	+2.1%	+4.8%	+2.9%
North America:	-1.9%	+2.0%	+1.5%	+2.3%
China:	+7.5%	+9.3%	+5.3%	+2.3%
World:	+3.5%	+5.0%	+4.8%	+4.2%

# Paper and Construction

## Quarterly production of printing & writing paper



Source: RISI and Imerys estimates

## Printing & writing paper production 9M 2014 vs. 9M 2013

- Mature countries: **- 2.4%**
- Emerging countries: **+ 1.8%**
- World: **- 0.4%**

## Single-family housing starts in France

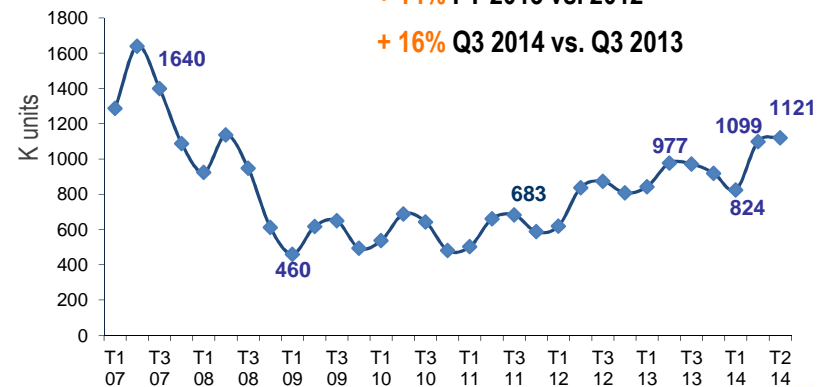
**- 16.8%** change in past 12 months  
(as at end August 2014)



Source: Commission on sustainable development of the French Government

## Single-family housing starts in the USA – annualized trend

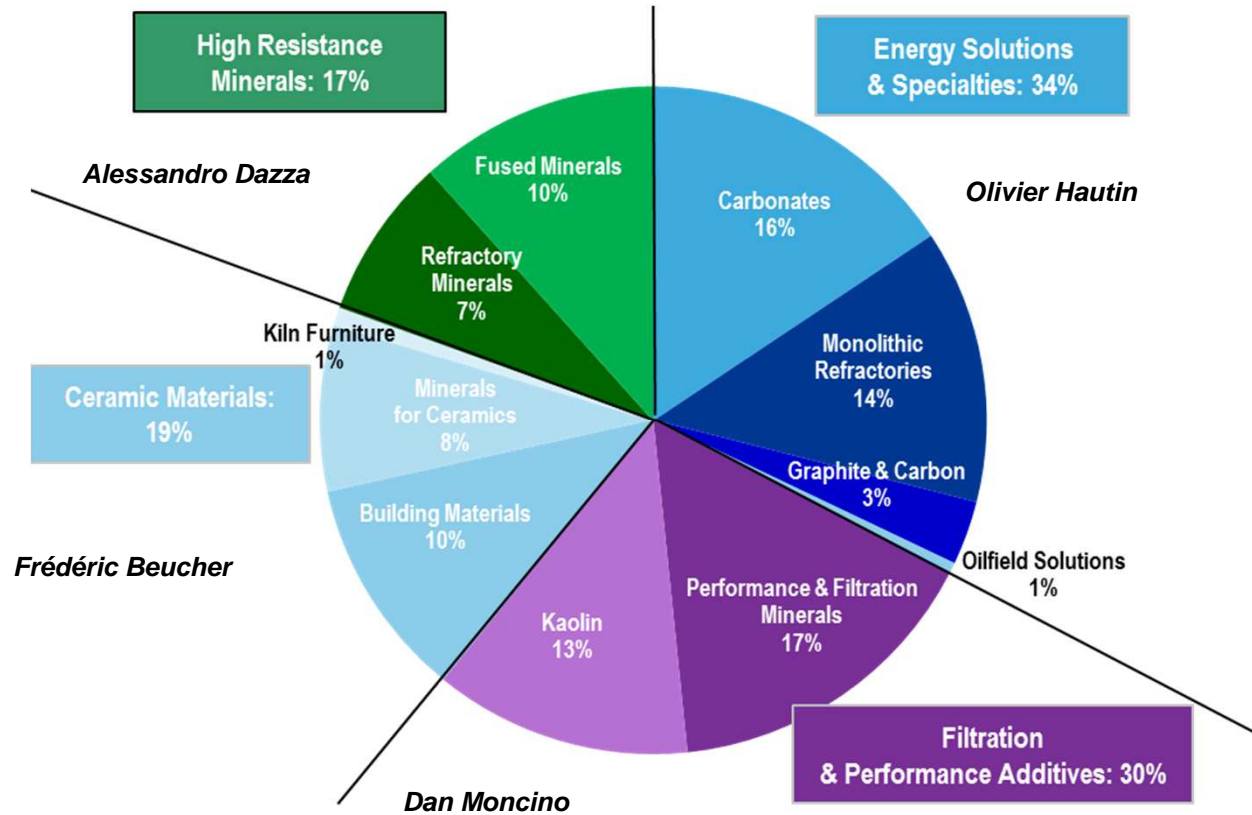
**+ 14%** FY 2013 vs. 2012  
**+ 16%** Q3 2014 vs. Q3 2013



Source: Census

# Operationnal organization

Revenue breakdown by activity \*



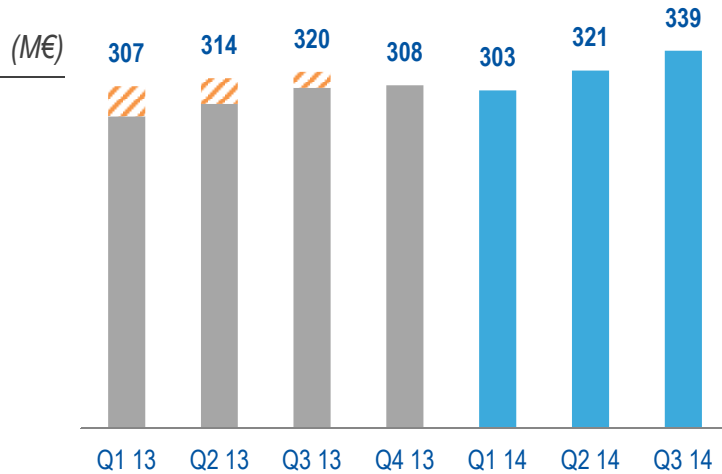
\* On full-year 2013 basis



# Quarterly revenue by business group

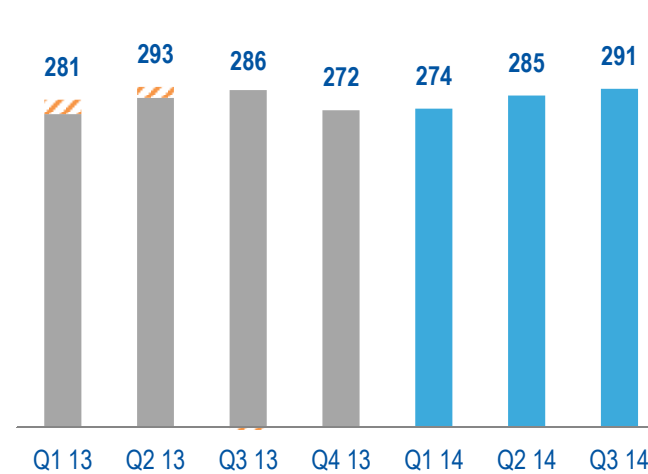
## Energy Solutions & Specialties

+ 12,4% LFL in Q3 14



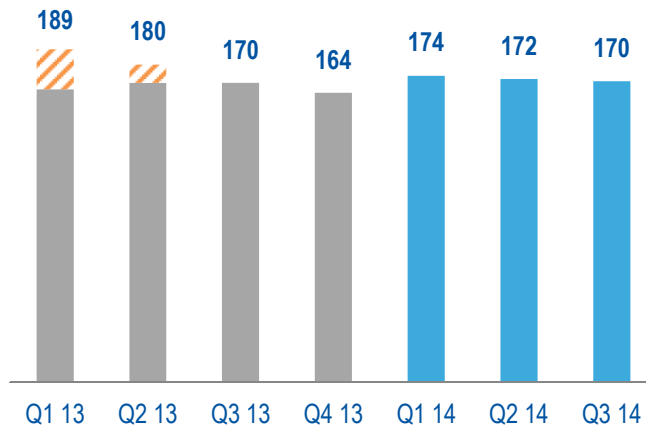
## Filtration & Performance Additives

+ 0,8% LFL in Q3 14



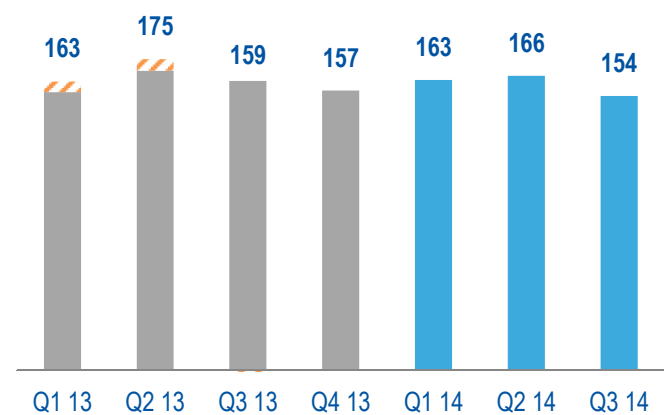
## Ceramic Materials

+ 0,6% LFL in Q3 14



## High Resistance Minerals

- 4,3% LFL in Q3 14

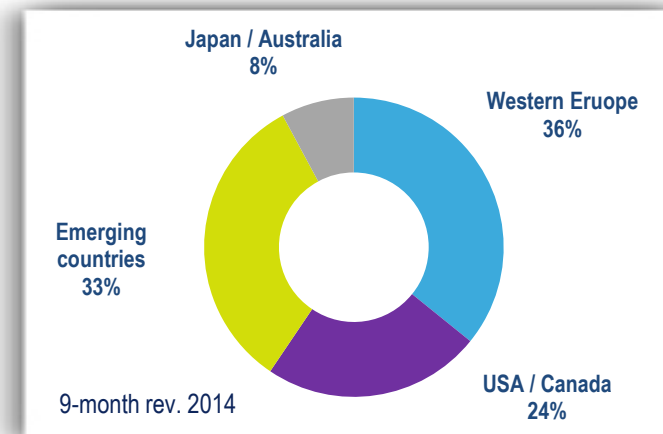


## Main financial indicators by business group

(M€)	2013	2012	2011
<b>ENERGY SOLUTIONS &amp; SPECIALTIES</b>			
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%
<b>FILTRATION &amp; PERFORMANCE ADDITIVES</b>			
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%
<b>CERAMIC MATERIALS</b>			
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%
<b>HIGH RESISTANCE MINERALS</b>			
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%
<b>IMERYS GROUP</b>			
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%

# 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

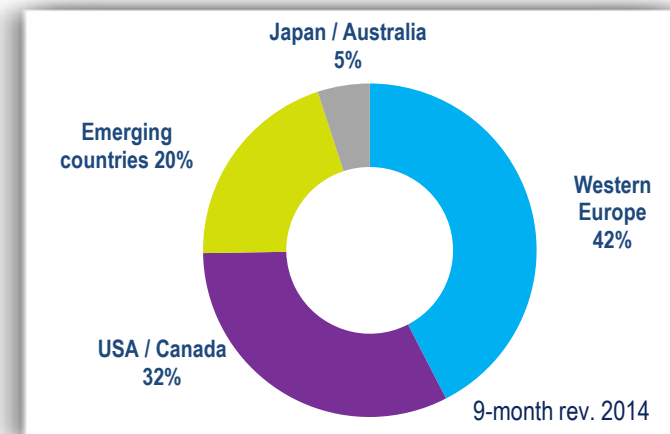
## ■ Performance & Filtration Minerals (17% of 2013 Group revenue):

- ◆ 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%):

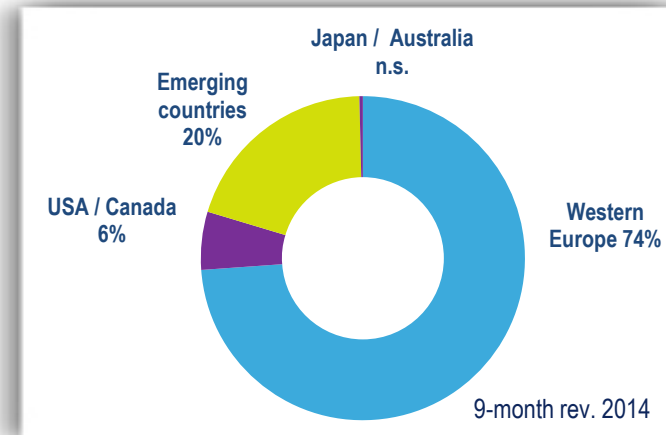
- ◆ Kaolin used as a coating agent and filler in paper, paints, plastics, ceramic, refractories, etc.





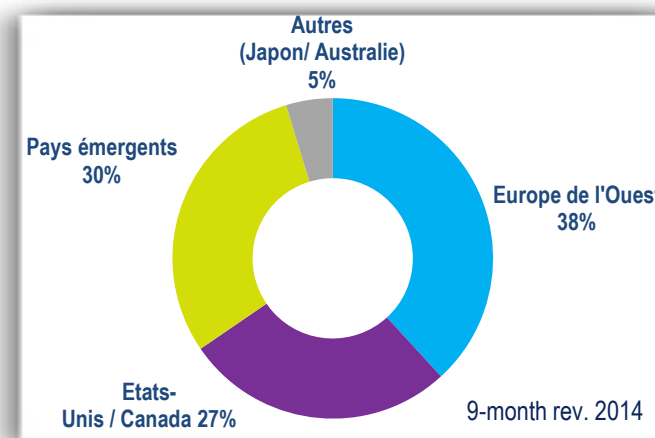
# Ceramic Materials

- 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





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