

# Results to September 30, 2015

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Conference call  
October 30, 2015

Gilles MICHEL - Chairman & Chief Executive Officer  
Olivier PIROTTE - Chief Financial Officer



## Disclaimer

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# Conference call

October 30, 2015

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## Results to September 30, 2015

Outlook



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## Results increase as at September 30, 2015

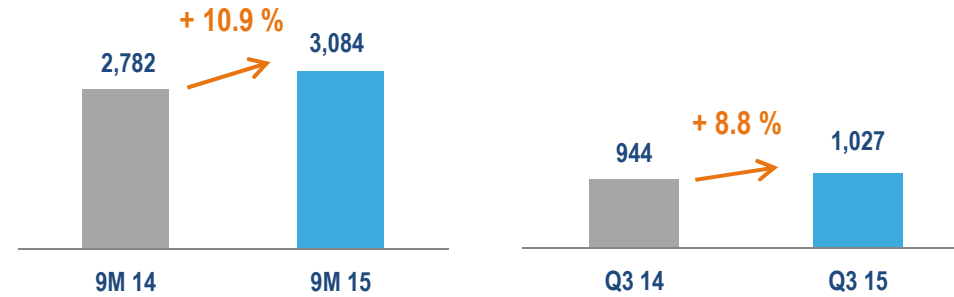
- Revenue up **+ 10.9 %** (- 4.4 % on a like-for-like<sup>(1)</sup> basis)
  - ◆ Global demand slowdown
  - ◆ Increased contrasting trends across markets and geographies
- Operating margin steady at **13.3 %**
- Current Operating Income (COI) up **+ 9.1 %** to **€409 M**
  - ◆ Positive contribution from S&B
  - ◆ Favorable currency impact
- Net income from current operations up **+ 8.7 %** to **€260 M**
- Integration of S&B in line with objectives
- Acquisition of Solvay's European precipitated calcium carbonates division (PCC)

1. Throughout the presentation: "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

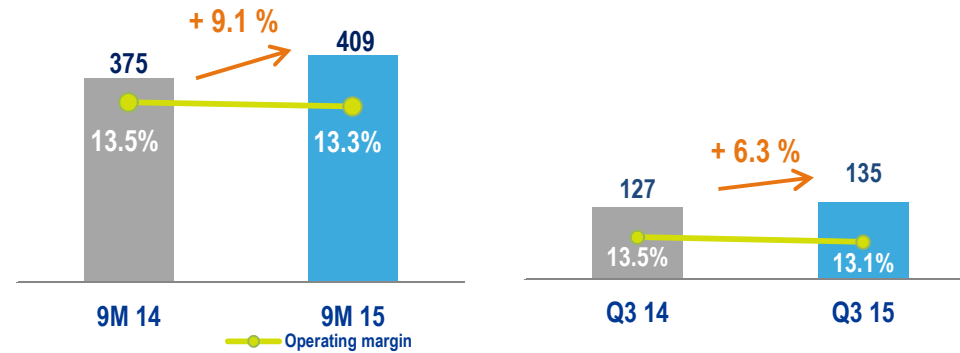


# Results increase in the nine months & third ended September 30, 2015

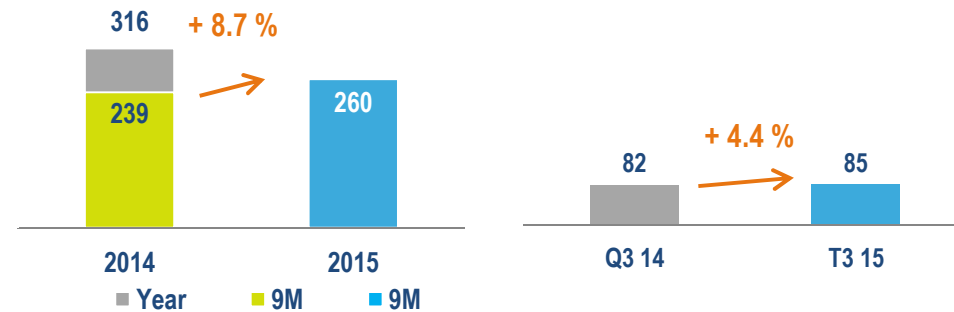
## Revenue



## Current operating Income



## Net income from current operations



# Contrasting market trends over the first 9 months of 2015

9M 2015 vs. 9M 2014

Western Europe

North America

France

Building



Emerging markets

Steel production



Automotive industry



Printing and writing paper



Consumer goods



Shale gas



n.s



n.s.

# Recent developments

## Closing of the acquisition of Solvay's European PCC division



- European leader in thin and ultrathin PCC solutions for specialty applications
- 2014 revenue: **€59 M**
- 4 plants in Europe (France, Austria, United Kingdom and Germany)

## Project to acquire BASF's US paper hydrous kaolin business



- Approval received from relevant regulatory authorities
- Acquisition of BASF's client portfolio for its US paper hydrous kaolin business
- Full-year incremental revenue estimated at **\$60 M**
- Service offering improvement through production optimization

## Acquisition of Matisco in the roofing market in France

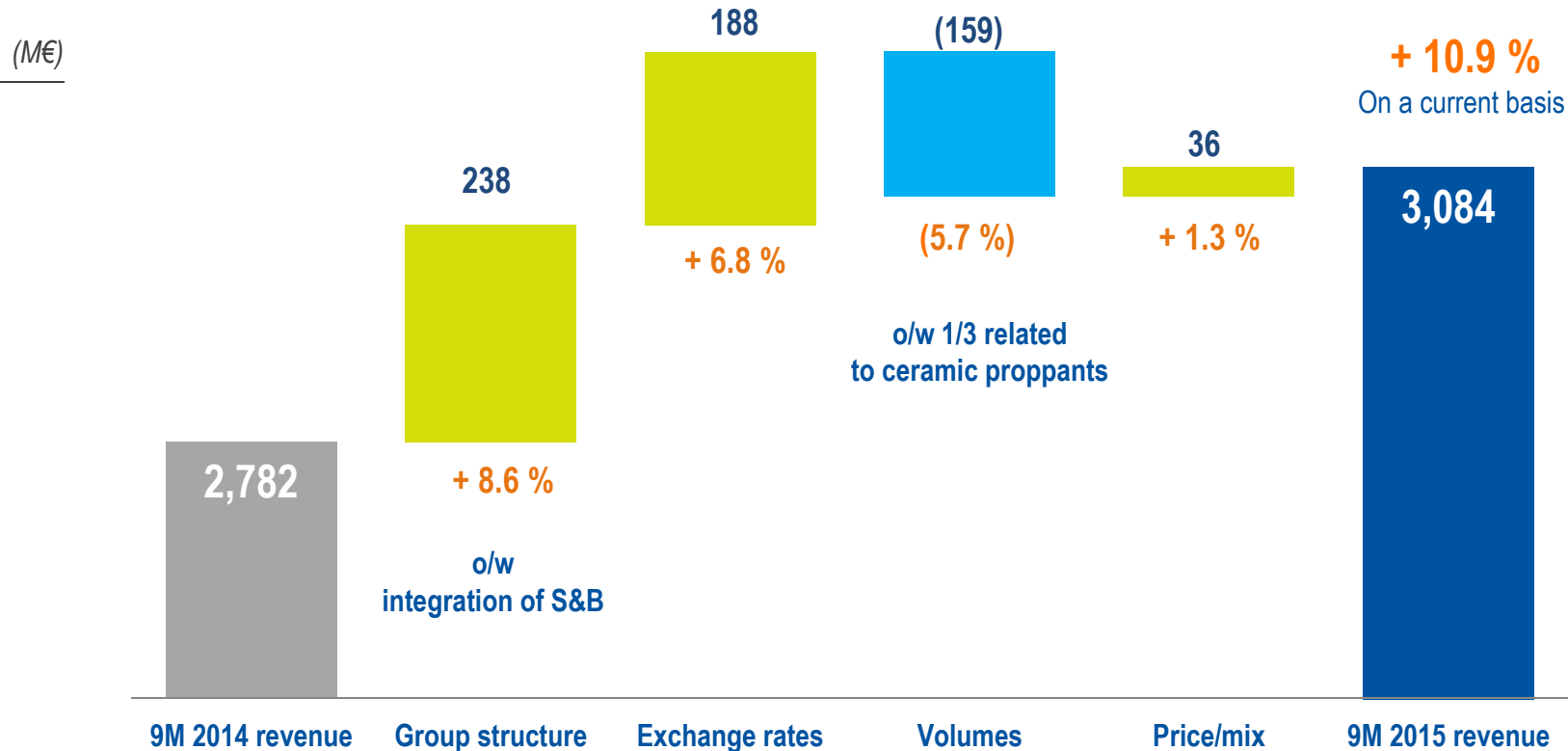


- Specialized manufacturer of metal profiles and accessories for the roofing market in France
- 2014 revenue: **€23 M**
- Broadening of Imerys offering for the roofing market in France

## New production capacities launched

- **India:**
  - ◆ Production started at new production facility for monolithic refractories, dedicated to the steel, cement, energy, aluminum and petrochemicals markets
  - ◆ New ground calcium carbonate (GCC) production plant for the cardboard packaging market
- **USA** - Capacity increase in diatomite dedicated to the pharmaceutical industry (blood fractionation process)
- **France** - New talc production line for the automotive industry
- **Canada** - Talc production capacity increase for the automotive, household appliances and packaging markets

# Revenue increase to €3,084 M at 2015 September-end



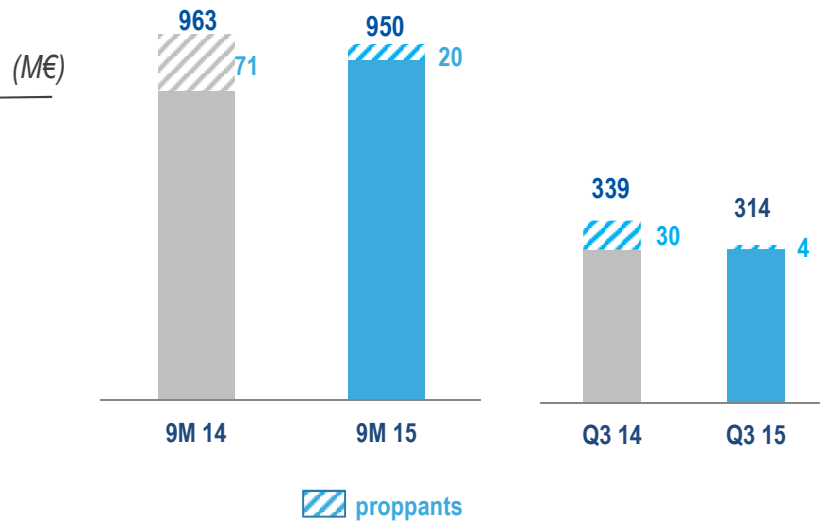
- Like-for-like change: - 4.4 %
- Integration of S&B effective since March 1, 2015
- Favorable currency impact
- Positive price/mix



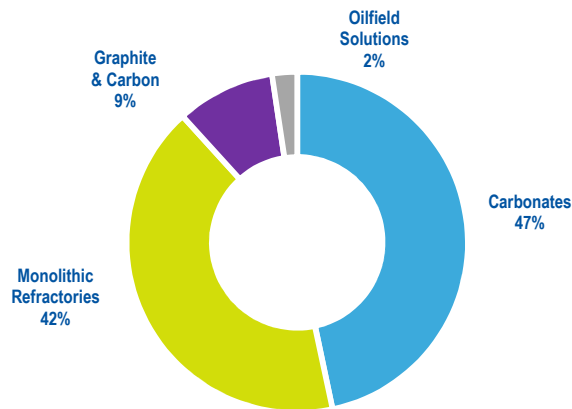


# Energy Solutions & Specialties

(31 % of consolidated revenue at September 30, 2015)



9M 2015 revenue breakdown

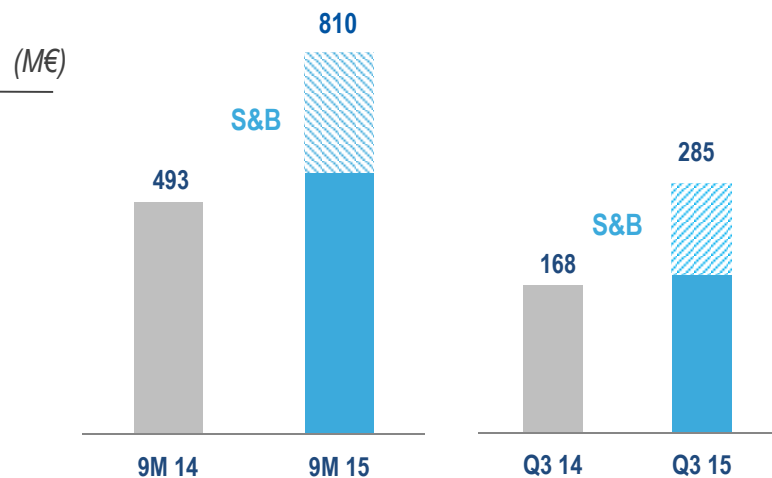


- Like-for-like 9M 2015 revenue: - 6.0 % vs 9M 2014
  - ◆ - 0.4 % like-for-like & excluding proppants
- Good resilience of Carbonates, Monolithic Refractories, Graphite & Carbon
  - ◆ Development of specialty applications (automotive, electronics, packaging, ...)
  - ◆ Decline in steel and paper (mature countries) markets
- Weak demand for Oilfield Solutions
  - ◆ Q3: unfavorable comparables reflecting ceramic proppants ramp-up in 2014
  - ◆ Negative impact of €25 M to €30 M on FY 2015 net income from current operations confirmed

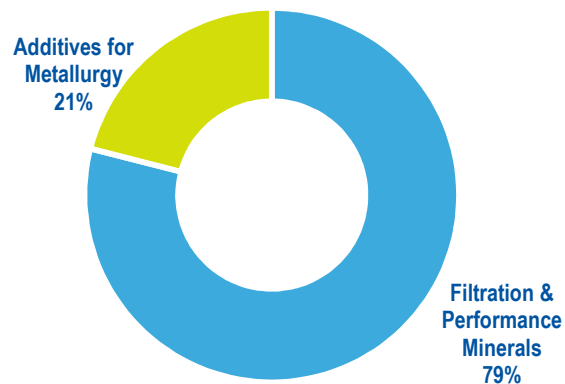


# Filtration & Performance Additives

(26 % of consolidated revenue at September 30, 2015)



9M 2015 revenue breakdown

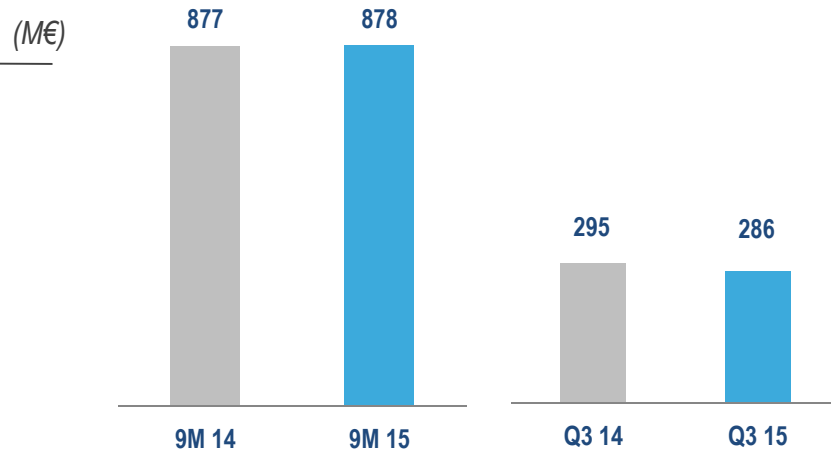


- Like-for-like 9M 2015 revenue: **+ 2.1 %** vs 9M 2014
- Positive momentum continuing in automotive markets (additives for polymers) and new market segments (cosmetics, pharma, recycling)
- Slowdown in revenue in South America and Asia
- Integration of S&B in line with objectives
  - ◆ Resilient Additives for Metallurgy
  - ◆ Good operating performance
  - ◆ Synergies on track



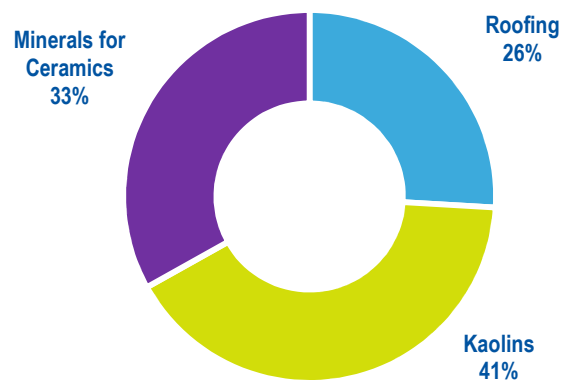
# Ceramic Materials

(28 % of consolidated revenue at September 30, 2015)



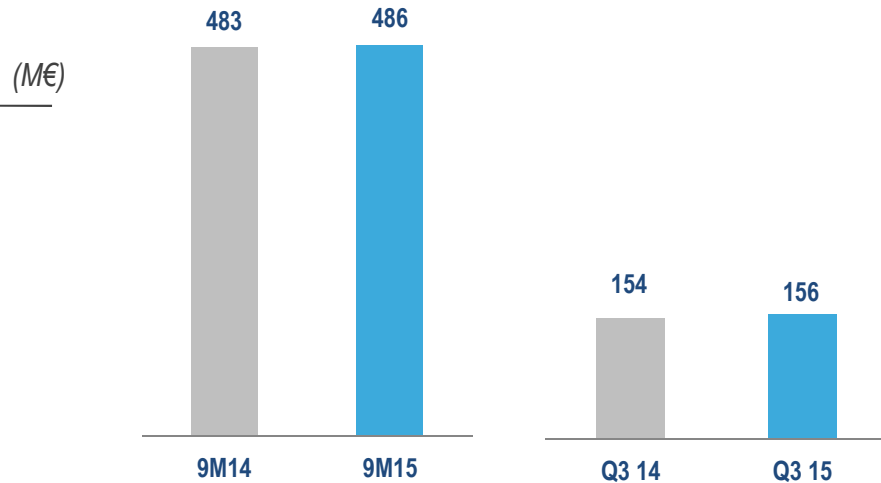
- 9M 2015 vs. 9M 2014 revenue:
  - ◆ + 0.1 % on a current basis; - 4.1 % like-for-like
- Traditional ceramics markets holding up
- Further decline in single-family housing starts in France; sluggish renovation
  - ◆ Sales of new single-family houses up + 9 % over the past 12 months
- Steep decline in demand for printing and writing paper in mature markets, in particular in Q3

9M 2015 revenue breakdown



# High Resistance Minerals

(15 % of consolidated revenue at September 30, 2015)



9M 2015 revenue breakdown

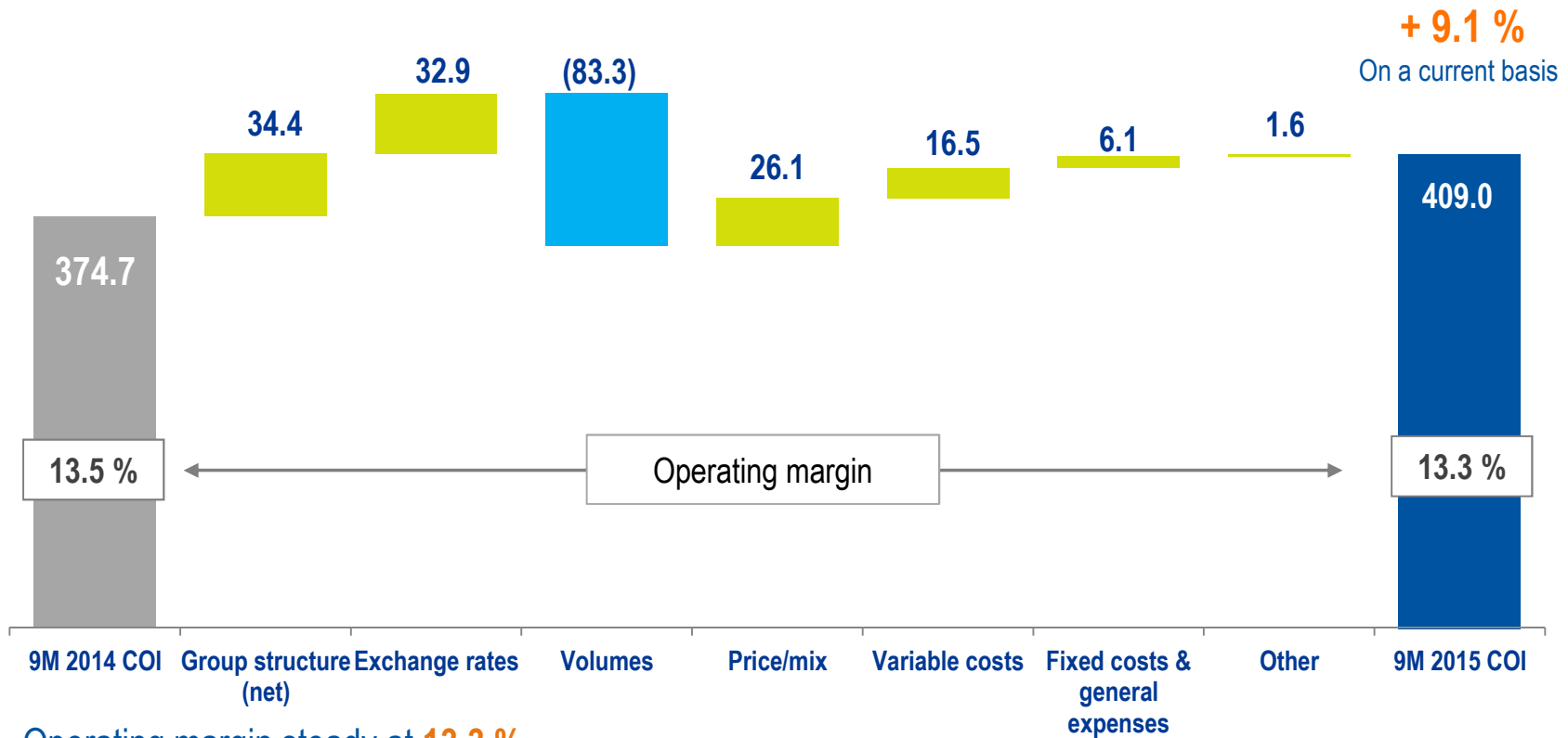


- 9M 2015 vs. 9M 2014 revenue
  - ◆ +0.6% on a current basis; -7.2% like-for-like
- Significant impact of weak demand for refractories, in the US in particular
- Slowdown in industrial markets in Asia and South America
- Good sales momentum in Europe
- Fused Minerals in China now fully refocused
- Divestment of Refractory Minerals trading business in the US



# Improved current operating income

(M€)



- Operating margin steady at **13.3 %**
- Positive contribution from S&B
- Favorable exchange rates and price/mix
- Costs under control



## Net income from current operations up + 8.7 %

M€	9M 2014	9M 2015	Change
Current operating income	374.7	409.0	+ 9.1 %
Current financial expense	(38.1)	(39.5)	
Current income tax	(96.6)	(107.9)	
Minority Interests	(0.9)	(1.7)	
<b>Net income from current operations, Group's share</b>	<b>239.1</b>	<b>259.9</b>	<b>+ 8.7 %</b>
<i>Net income from current operations per share, Group's share <sup>(1)</sup></i>	3.13 €	3.28 €	+ 4.8 %
Other operating income and expenses, net and net income of assets held for sale	(32.5)	(41.4)	
<b>Net income, Group's share</b>	<b>206.6</b>	<b>218.5</b>	<b>+ 5.8 %</b>

- **Net financial costs up, reflecting increase in net debt following acquisition of S&B**
- **Increase in current income tax: 29.2 % over 9M 2015 (vs. 28.7 % over 9M 2014)**
- **Other operating income and expenses, net, include:**
  - ◆ Restructuring costs (of which S&B and ceramic proppants in particular) **€36.9 M**
  - ◆ Acquisition costs **€4.5 M**

1. Average weighted number of outstanding shares: 79 204 998 over the first nine months of 2015 against 76 283 383 over the first nine months 2014

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**Outlook**



**IMERYS**

## Outlook for 2015

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- Increased contrasting trends across markets and geographies in the 3<sup>rd</sup> quarter and continued weakness of a number of Imerys markets
- Robust business model
- Integration of S&B and execution of synergies in line with objectives



**Imerys confirms objective of firm growth  
in net income from current operations in 2015**



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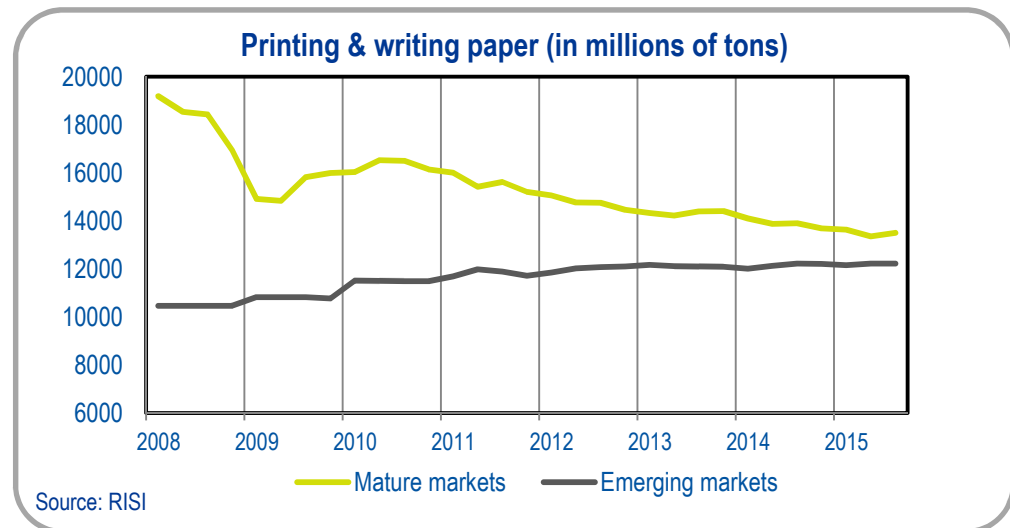
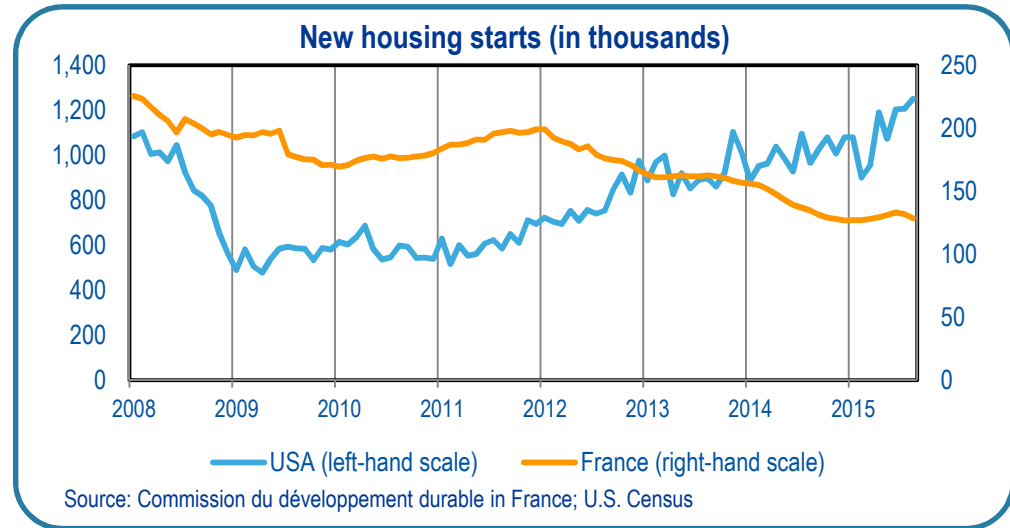
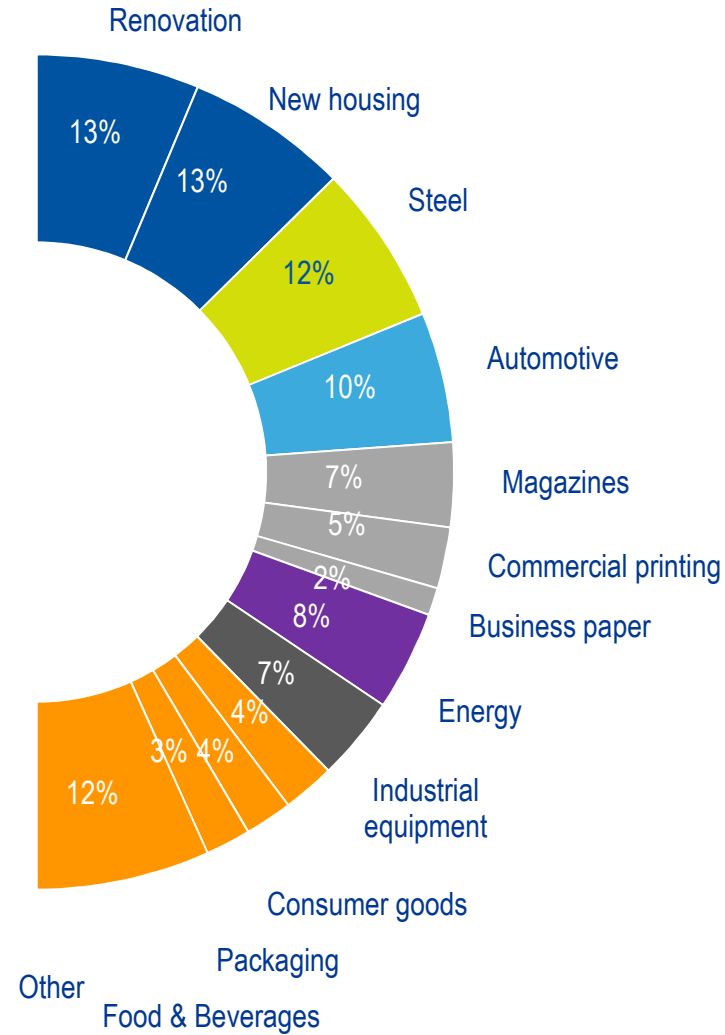
**Appendices**



**IMERYS**

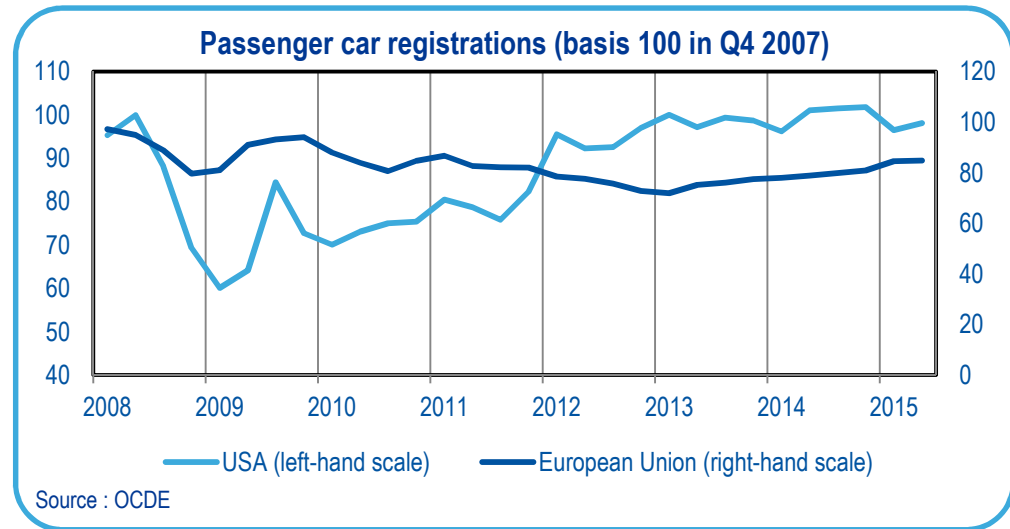
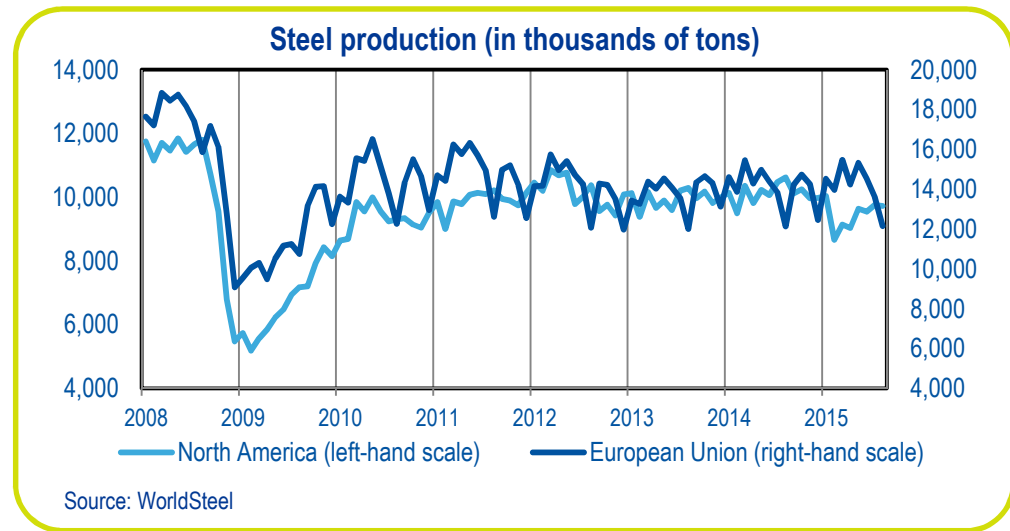
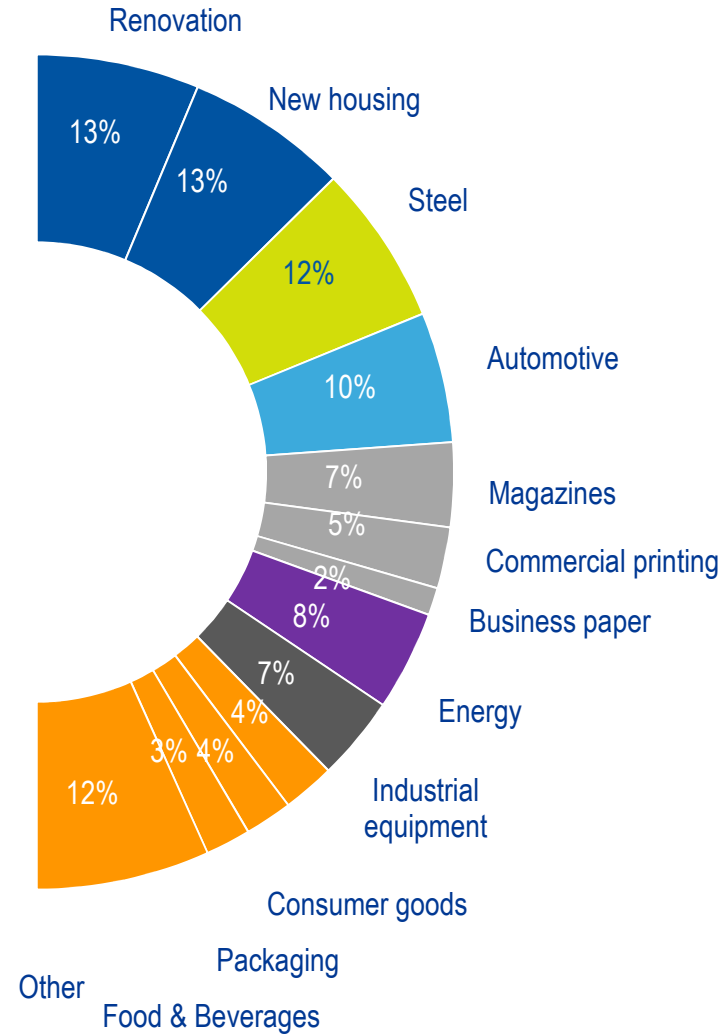
# Market indicators for construction, printing & writing paper

Proforma 2014 revenue S&B



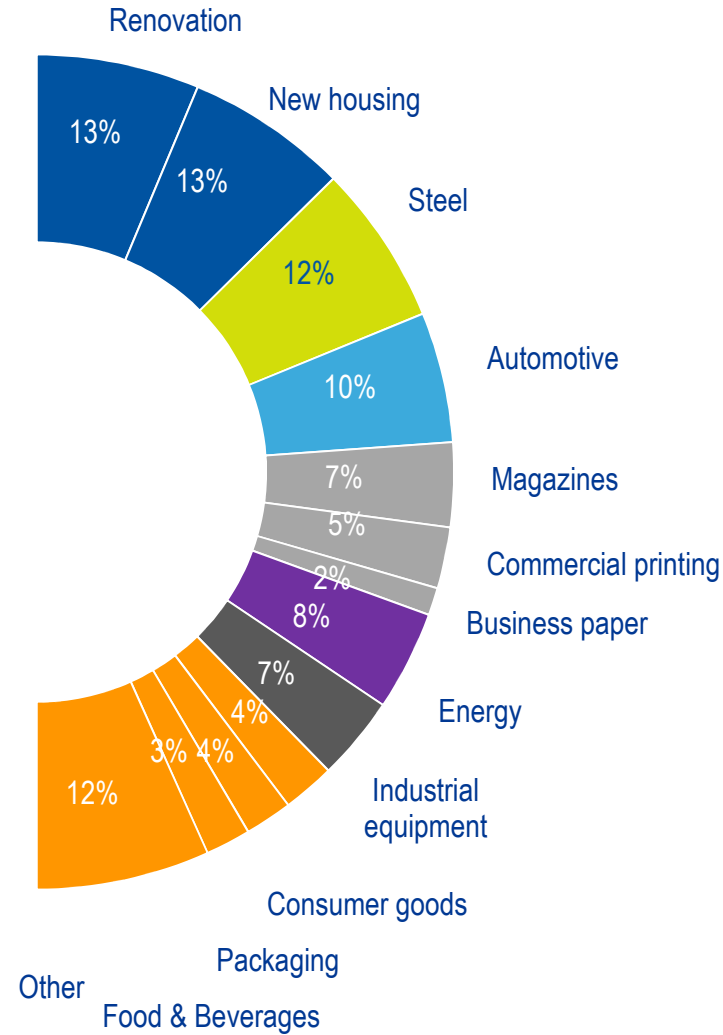
# Indicators for steel production and passenger car registrations

Proforma 2014 revenue S&B

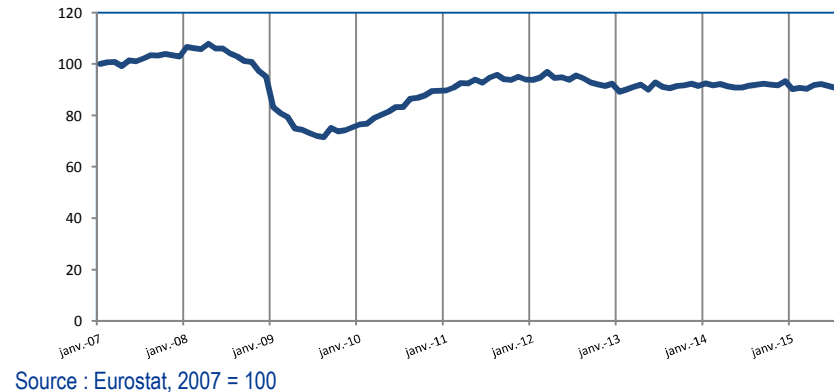


# Industrial production indicator: industrial equipment

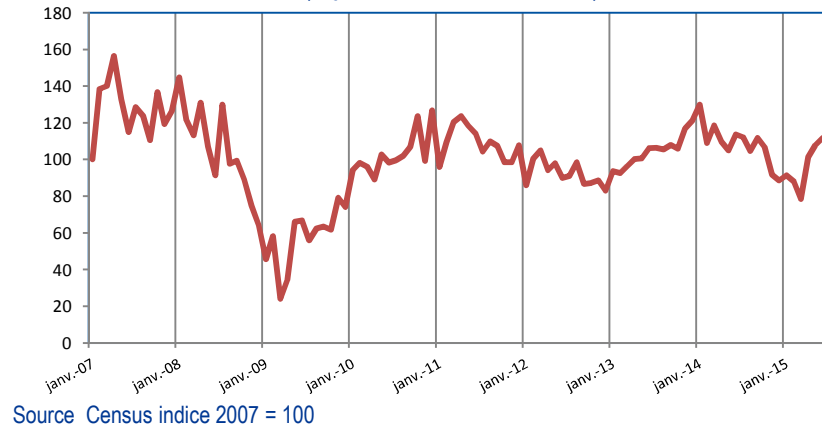
Proforma 2014 revenue S&B



**New orders index (machine and industrial equipment manufacturing)**  
**European Union (28)**  
*(adjusted for seasonal effects and working days)*



**New orders index (machine and industrial equipment manufacturing) – US**  
*(adjusted for seasonal effects)*



# Acquisition of S&B, a world player in industrial minerals

**Bentonite**  
(47% of revenue)




#1 in Europe      #2 worldwide

**Continuous casting<sup>(1)</sup>**  
(22%)



#1 worldwide

**Perlite**  
(15%)



#1 worldwide in construction

**Wollastonite**  
(7%)



#1 worldwide

- Revenue: **€412 M** <sup>(2)</sup>
- **1,500** employees
- **97%** of revenues generated outside Greece
- Operating in **22** countries
- Performing and competitive industrial footprint with **51** sites
- Consolidated from March 1, 2015
- Acquisition price: **€525 M**
- Net debt assumed: **€253 M**
- Payment in cash : **€311 M**
- Payment in shares: **3.7** million Imerys shares (capital increase reserved to the Kyriacopoulos family who owns **5%** as of June 30, 2015 )

(1) Functional additives for continuous casting fluxes for the steel industry

(2) 2014 data, activities acquired by Imerys

# Annual synergies expected to exceed €25 M in 2018, of which half to be effective in 2016

## ■ Integration progressing well

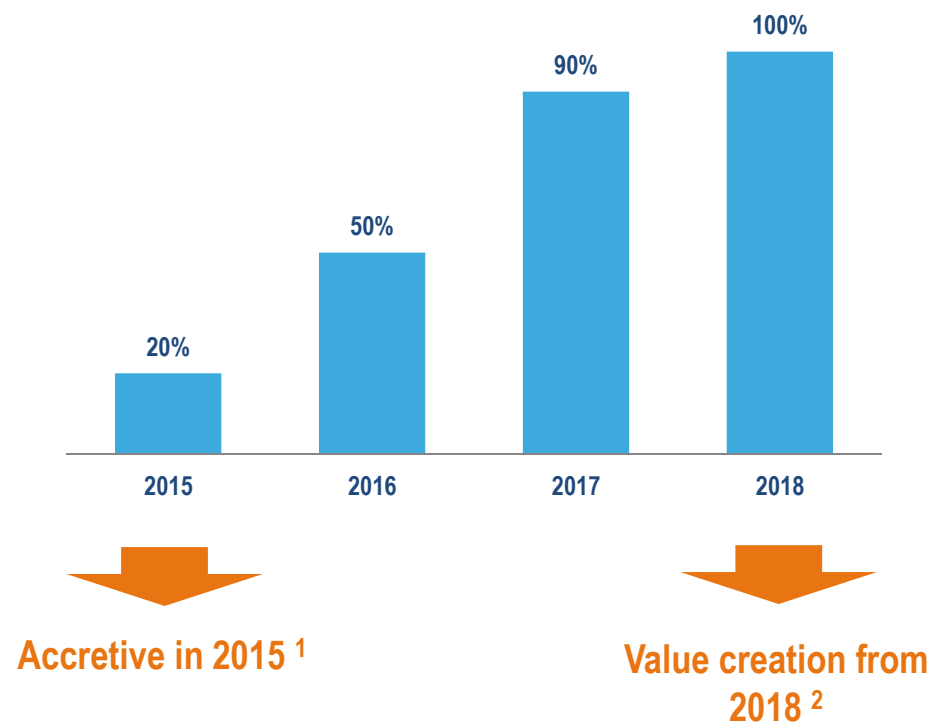
## ■ Development synergies

- ◆ Group offering expansion
- ◆ Stronger geographical footprint
- ◆ Acceleration in R&D and innovation

## ■ Cost synergies

- ◆ Consolidation of overheads
- ◆ Adaptation of industrial organization
- ◆ Optimization of mining resources

Timeline for synergy realization



1. On net income from current operations per share

2. Assuming WACC of 8%



# Revenue and Current Operating income by quarter

Revenue (M€)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Energy Solutions & Specialties	306.7	313.8	319.9	307.8	303.2	321.1	338.9	315.5	312.5	323.5	314.1
Filtration & Performance Additives	155.7	166.7	159.7	152.6	159.0	165.8	167.8	165.4	218.9	306.2	284.5
Ceramic Materials	315.4	306.9	297.3	284.8	289.5	292.5	295.1	279.7	291.0	301.4	285.8
High Resistance Minerals	162.5	175.0	159.0	157.3	163.3	165.6	154.2	158.6	165.3	165.0	156.0
Eliminations & Holding companies	(11.1)	(11.0)	(10.3)	(11.3)	(10.9)	(11.2)	(12.2)	(12.7)	(14.1)	(12.4)	(13.2)
<b>TOTAL</b>	<b>929.3</b>	<b>951.4</b>	<b>925.6</b>	<b>891.3</b>	<b>904.1</b>	<b>933.8</b>	<b>943.8</b>	<b>906.5</b>	<b>973.6</b>	<b>1,083.7</b>	<b>1,027.2</b>

Comparable structure and exchange rates growth	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Energy Solutions & Specialties	-	-	-	-	+ 8.3%	+ 10.3%	+ 12.5%	+ 4.6%	- 4.7%	- 3.5%	- 9.7 %
Filtration & Performance Additives	-	-	-	-	+ 5.9%	+ 3.2%	+ 6.3%	+ 0.8%	+ 2.8%	+ 3.6%	- 0.1 %
Ceramic Materials	-	-	-	-	+ 1.4%	- 0.1%	- 2.0%	- 2.6%	- 6.3%	- 1.7%	- 4.4 %
High Resistance Minerals	-	-	-	-	+ 4.4%	- 1.7%	- 4.3%	- 3.0%	- 7.4%	- 10.4%	- 3.4 %
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>+ 5.0%</b>	<b>+ 3.7%</b>	<b>+ 3.9%</b>	<b>+ 0.1%</b>	<b>- 4.5%</b>	<b>- 3.3%</b>	<b>- 5.6 %</b>

Current operating income (M€)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
Consolidated COI (M€)	117.0	127.0	123.5	109.5	117.3	130.4	127.0	119.8	123.2	150.8	135.0
Operating margin	12.6%	13.3%	13.3%	12.3%	13.0%	14.0%	13.5%	13.2%	12.7%	13.9%	13.1%

## Current operating income and operating margin by semester

Current operating income (M€)	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015
Energy Solutions & Specialties	77.5	65.7	67.9	60.2	72.1	77.5	64.4
Filtration & Performance Additives	45.4	44.9	51.3	49.6	58.0	55.4	88.0
Ceramic Materials	112.5	97.0	108.5	111.2	104.4	106.7	106.8
High Resistance Minerals	53.6	41.6	37.4	32.7	36.5	36.3	41.4
Eliminations & Holding companies	(23.6)	(26.6)	(21.0)	(20.7)	(23.2)	(29.0)	(26.5)
<b>TOTAL</b>	<b>265.4</b>	<b>222.7</b>	<b>244.0</b>	<b>233.0</b>	<b>247.7</b>	<b>246.9</b>	<b>274.0</b>
Operating margin	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015
Energy Solutions & Specialties	11.8%	10.4%	10.9%	9.6%	11.5%	11.8%	10.1%
Filtration & Performance Additives	14.3%	14.2%	15.9%	15.9%	17.9%	16.6%	16.8%
Ceramic Materials	17.3%	15.7%	17.4%	19.1%	17.9%	18.6%	18.0%
High Resistance Minerals	13.9%	11.7%	11.1%	10.3%	11.1%	11.6%	12.5%
<b>TOTAL</b>	<b>13.4%</b>	<b>11.7%</b>	<b>13.0%</b>	<b>12.8%</b>	<b>13.5%</b>	<b>13.3%</b>	<b>13.3%</b>



## Current financial expense

M€	9M 2014	9M 2015
Interest expense, net	(29.2)	(38.9)
Unwinding of long-term provisions and change in other provisions	(2.1)	(2.9)
Net interest expense on pensions	(5.9)	(8.3)
Currency translation, other financial income and expense and financial instruments	(0.9)	10.6
<b>Current financial expense</b>	<b>(38.1)</b>	<b>(39.5)</b>



# Energy Solutions & Specialties

## ■ Carbonates (14 % of Group revenues as at 09/30/2015):

- ◆ 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 (13 %):

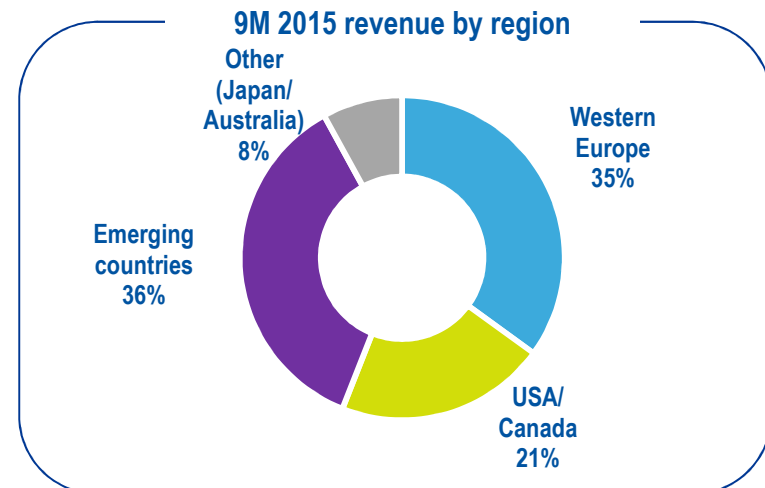
- ◆ Unshaped refractory materials used to protect industrial equipment from high temperatures in heavy industries (steel, cement, power generation, petro-chemicals, etc.)
- ◆ Protection for furnaces, kilns, crucibles and incinerators

## ■ Graphite & Carbon (3 %):

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

## ■ Oilfield Solutions (1 %):

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



# Filtration & Performance Additives

## ■ Filtration & Performance Additives

(21 % of Group revenues as at 09/30/2015)

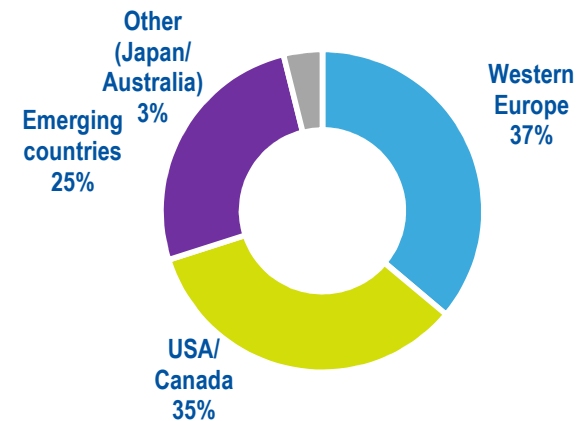
- ◆ Performance Minerals (mainly talc, mica and wollastonite): additives for paints, plastics, polymers, rubbers, adhesives, sealants, pharma & personal care, etc.
- ◆ Minerals for Filtration (mainly diatomite and perlite): filter aid for edible liquids (beer, wine, oil, fruit juice, etc.)
- ◆ Perlite based solutions used in building materials and horticulture

## ■ Additives for Metallurgy (6 %)

- ◆ Bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products) and continuous casting fluxes for the steel industry



9M 2015 revenue by region



# Ceramic Materials

- Roofing (7 % of Group revenues as at 09/30/2015)

- ◆ Clay roof tiles in France



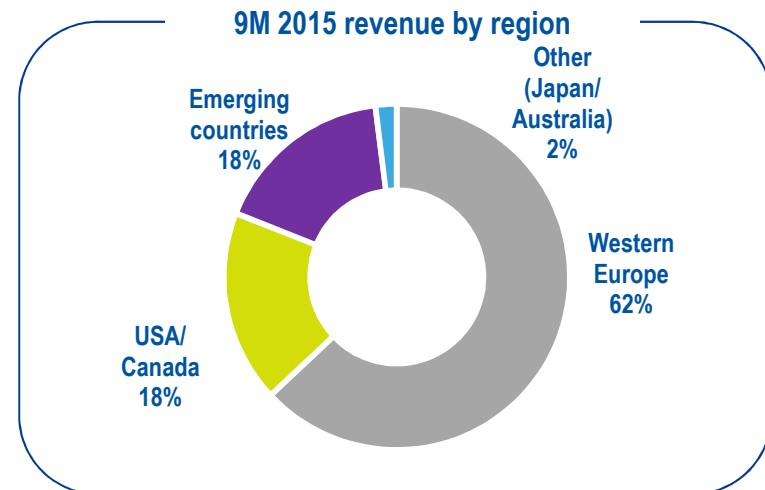
- Minerals for Ceramics (9 %)

- ◆ Raw materials and bodies for tableware, sanitary and floor tiles, quartz, kiln furniture for the roof tile and ceramics industry



- Kaolins (11 %)

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



# High Resistance Minerals

- Fused Minerals (9 % of Group revenues as at 09/30/2015)

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

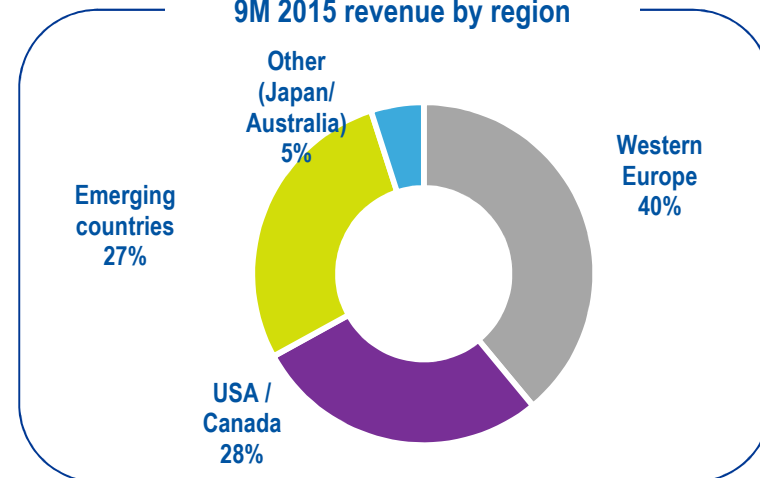


- Refractory Minerals (6 %):

- ◆ Production of acidic refractory minerals including andalusite, chamottes



9M 2015 revenue by region





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