

First-Half 2015 Results

July 29, 2015 Conference call

Gilles MICHEL – Chairman & 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.15-0173 on March 19, 2015 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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First-half 2015 results

S&B integration

Outlook



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Results increase in first-half 2015

- Current operating income ¹ up + **10.6%** to **€274 M**
 - ◆ Positive contribution from S&B and favorable currency impact and lower energy costs
 - ◆ Current operating income improving in all business groups excluding ceramic proppants
- Net income from current operations up + **11.0%** to **€175 M**
- Revenue decrease of - **3.9%** LFL¹
 - ◆ Diverging sector and geographic trends
 - ◆ Relative improvement in activity in Q2: revenue excluding ceramic proppants of - **1.3%** LFL vs. - **3.5%** in Q1
- Solid cash flow generation with current operating cash flow at **€141 M**
- Acquisition of S&B: annual synergies expected to exceed **€25 M** in 2018, of which half to be effective in 2016
- Ongoing execution of development strategy: exclusive agreement signed to acquire Solvay's European precipitated calcium carbonates division (PCC)²

1. Throughout the presentation:

- "Current operating income" or COI means operating income before other operating revenue and expenses
- "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

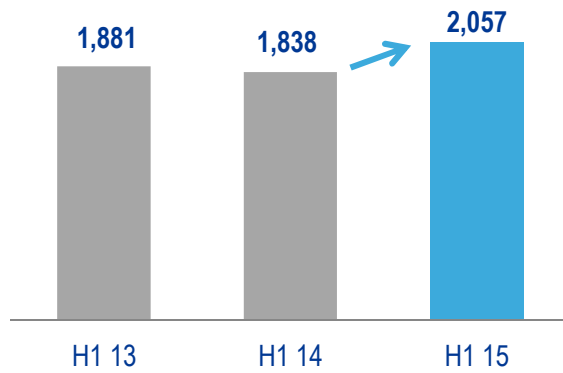
2. Submitted to the authorization by relevant regulatory authorities



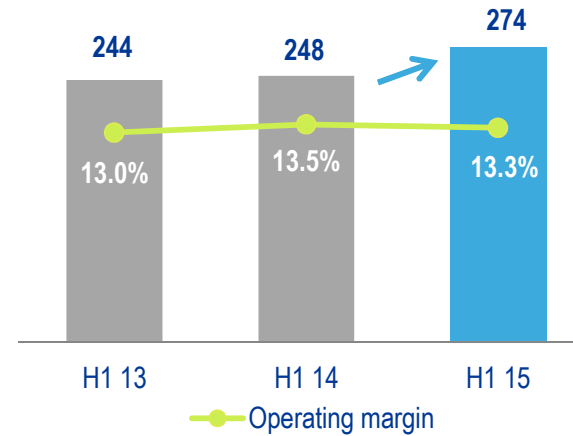
Key figures

(M€)

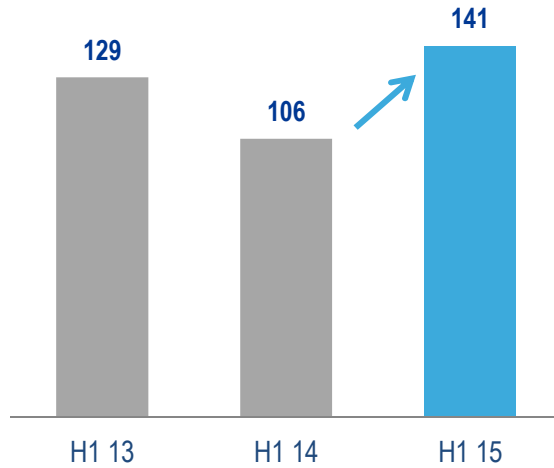
Revenue: + 11.9%



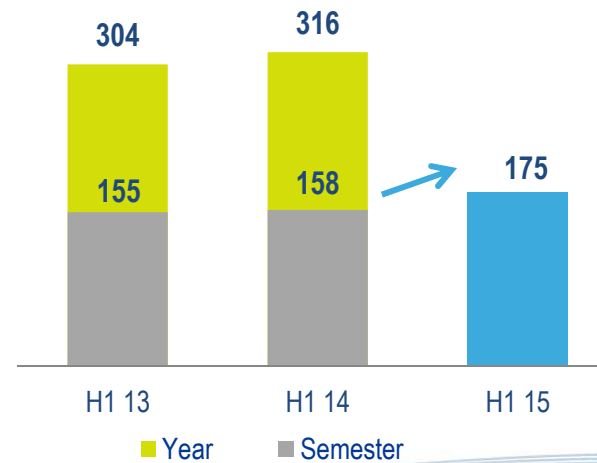
Current operating income: + 10.6%



Solid cash flow from operations



Current net income: + 11.0%



Diverging market trends in first half 2015

H1 2015 vs. H1 2014

Western Europe

North America

Emerging countries

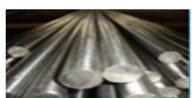
New housing



Renovation



Steel production



Automotive industry



Printing and writing paper



Consumer goods



Shale gas



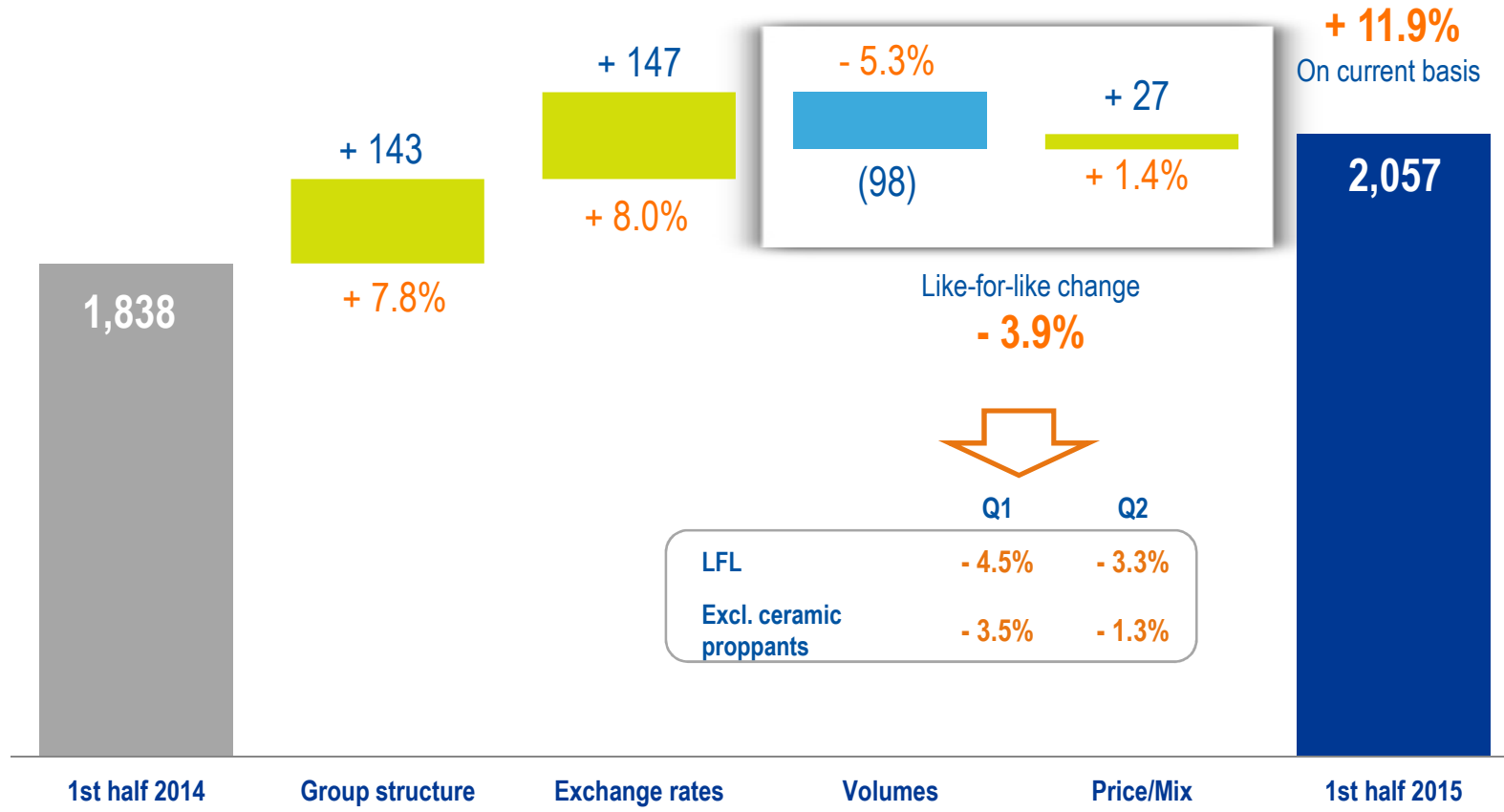
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Revenue increase to €2,057 M

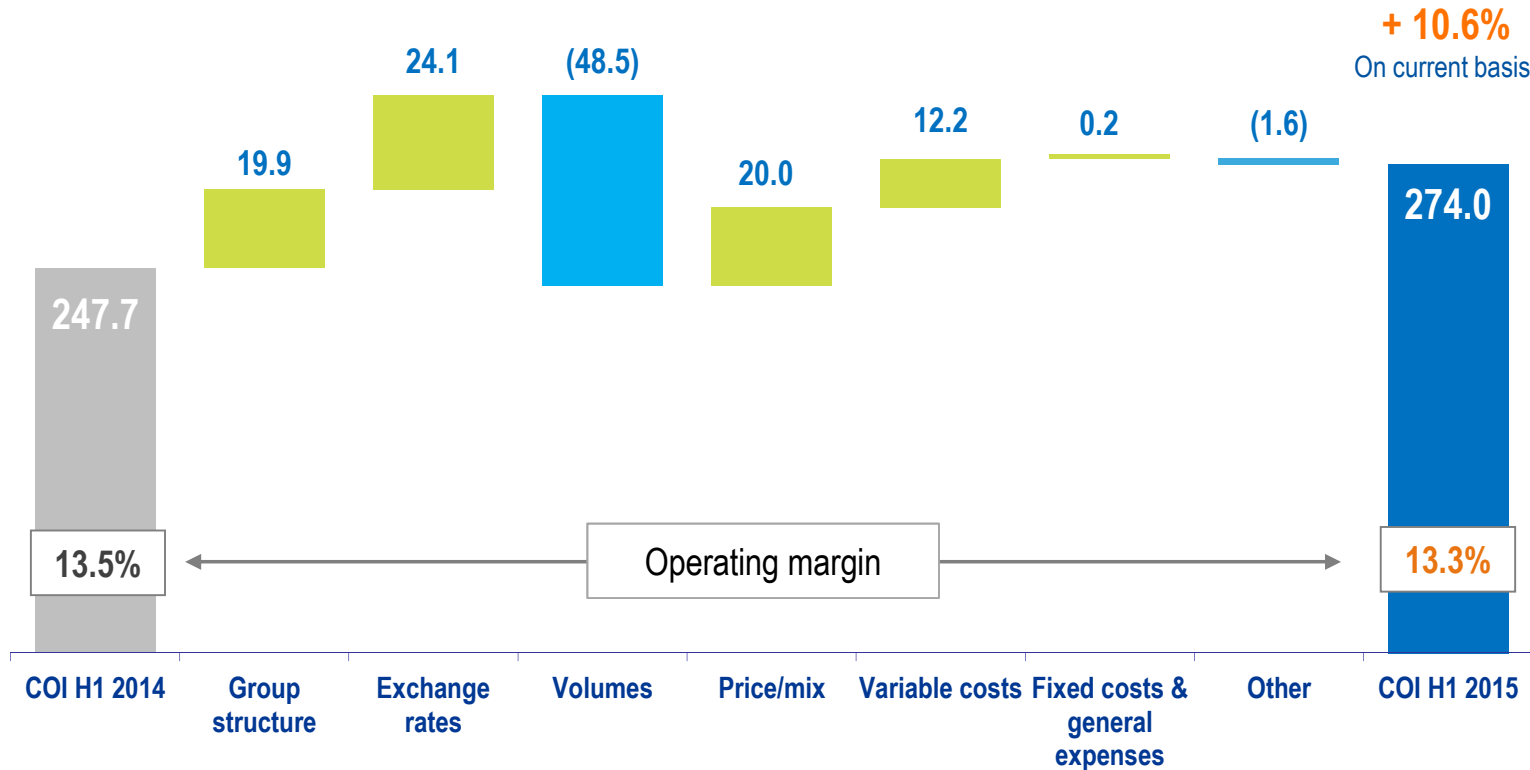
(M€)



- S&B integrated since March, significant currency impact
- Positive price/mix effect across all business groups
- Relative improvement in activity in second quarter

Current operating income up by + 10.6%

(M€)

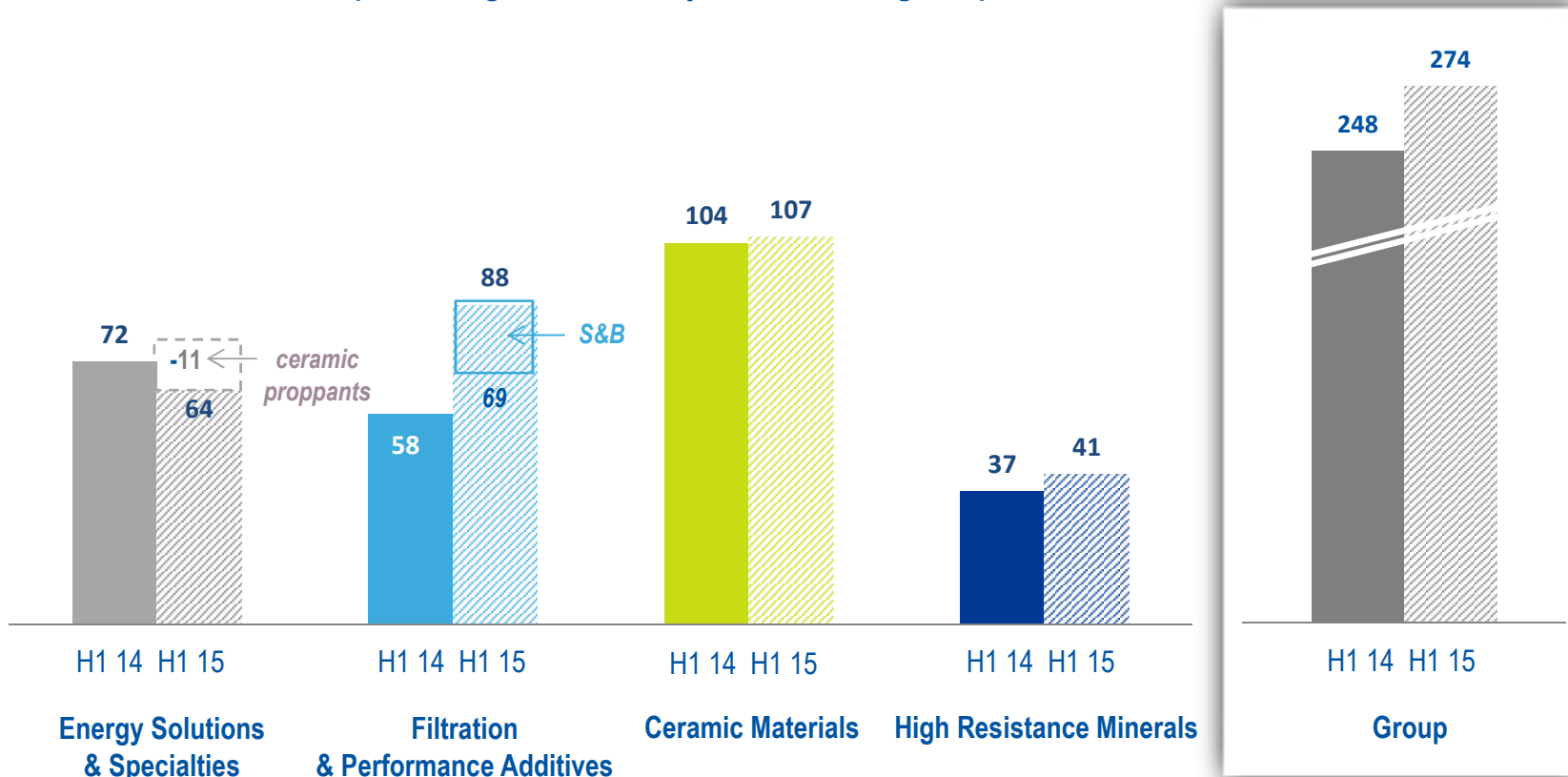


- Operating margin holding up well at **13.3%**
- Positive contribution from S&B
- Favorable impact from exchange rates and price/mix
- Costs under control

Improved current operating income

(M€)

Current operating income by business group

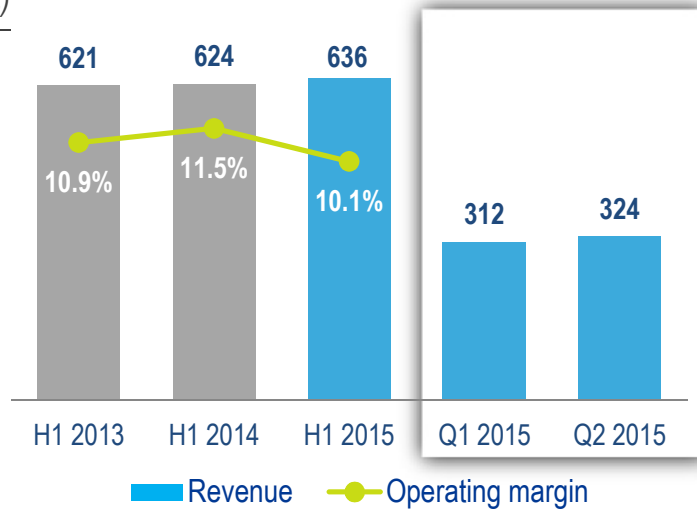


- Current operating income improving in all business groups, excluding ceramic proppants

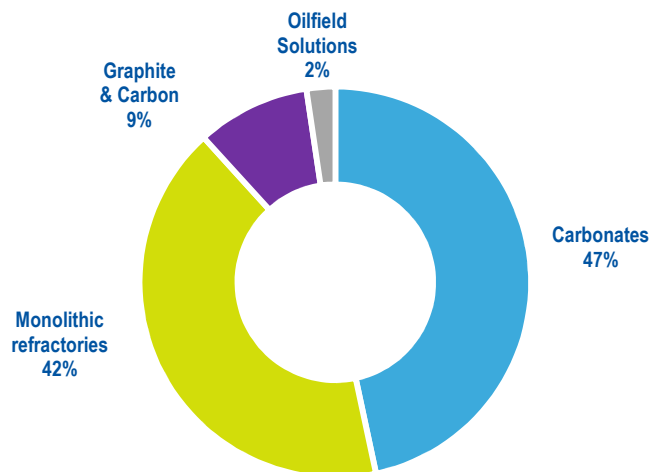
Energy Solutions & Specialties

(31% of consolidated revenue in H1 2015)

(M€)



H1 2015 revenue breakdown



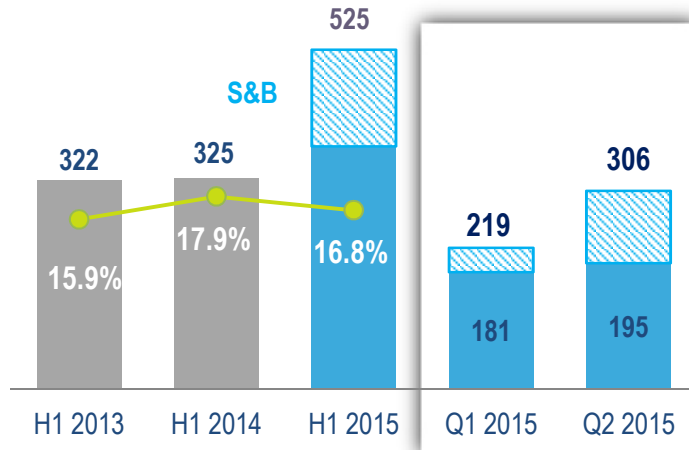
- H1 2015 revenue - **4.1%** LFL vs H1 2014; slight LFL increase excluding ceramic proppants (+ **0.6%**)
- 3 main businesses holding up well
 - ◆ Expansion of specialty applications (plastic films, polymers, etc.) in **Carbonates**
 - ◆ Good momentum in **Monolithic Refractories** in Asia and relative improvement in Europe
 - ◆ Increase in **Graphite & Carbon** sales for consumer electronics and automotive applications
- Decline in Oilfield Solutions
 - ◆ Adjustment to sharp fall in ceramic proppants market
 - ◆ Industrial, technical and sales organization safeguarded
- Increase in current operating income excluding ceramic proppants



Filtration & Performance Additives

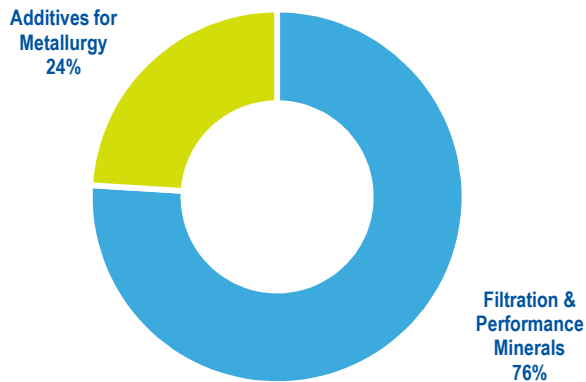
(25% of consolidated revenue in H1 2015)

(M€)



■ Revenue ● Operating margin

H1 2015 revenue breakdown

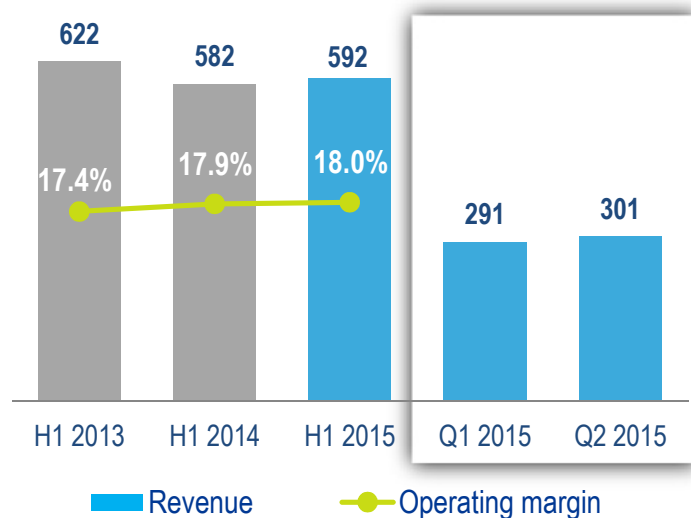


- S&B integrated over a 4-month period
- Like-for-like revenue up **+ 3.2%**
 - ◆ Good momentum in Europe and the US
 - ◆ New applications developed for the automotive industry, penetration of new market segments (cosmetics, recycled polymers, etc.)
- Additives for Metallurgy: a new segment created from S&B:
 - ◆ Good activity level overall
 - ◆ Operating and financial measures taken in anticipation of potential disruption caused by the Greek financial crisis
- Operating margin at **16.8%** including the integration of S&B

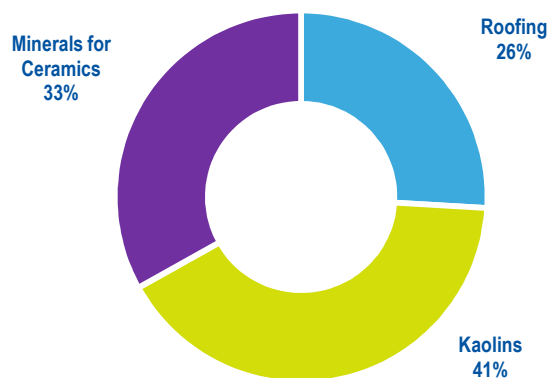
Ceramic Materials

(28% of consolidated revenue in H1 2015)

(M€)



H1 2015 revenue breakdown



■ H1 2015 revenue vs. H1 2014

- ◆ + 1.8% on current basis; - 4.0% LFL

■ Minerals for Ceramics

- ◆ Core markets performing well
- ◆ Positive contribution from business segment and geographical diversification

■ Roofing

- ◆ Volume trend stabilized in Q2 following unfavorable basis of comparison in Q1
- ◆ Relatively good resilience of renovation market mitigating negative impact of declining single-family housing starts in France

■ Kaolins

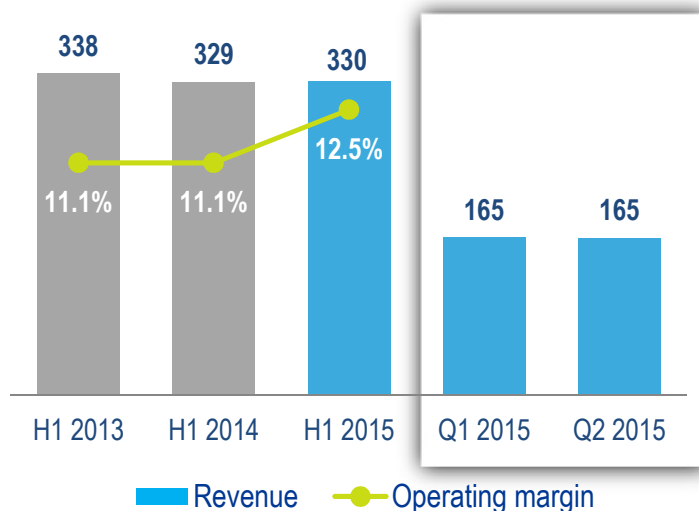
- ◆ Sharp fall in demand for printing and writing paper in North America
- ◆ Good momentum in specialty applications

■ Operating margin stable at 18.0%

High Resistance Minerals

(16% of consolidated revenue in H1 2015)

(M€)



H1 2015 revenue breakdown



■ H1 2015 revenue vs. H1 2014

- ◆ + 0.4% on current basis ; - 8.9% LFL

■ Fused Minerals

- ◆ Quarter-on-quarter improvement
- ◆ Activities in China refocused
- ◆ Bahrein plant progressively ramping up

■ Refractory Minerals

- ◆ Negative impact of lower steel production in the US
- ◆ Disposal of refractory minerals trading business in the US

■ Operating margin increase to 12.5%

- ◆ Refocusing on added-value products
- ◆ Cost-cutting initiatives

Net income from current operations up + 11.0%

M€	H1 2014	H1 2015	Change
Current operating income ⁽¹⁾	247.7	274.0	+ 10.6%
Current financial expense	(27.9)	(23.5)	
<i>of which: Interest expense, net</i>	(20.1)	(26.7)	
<i>Average net financial debt for the period</i>	893	1.379	
Current income tax	(62.1)	(74.1)	
<i>Current tax rate</i>	28.3%	29.6%	
Minority Interests	(0.2)	(1.7)	
Net income from current operations, Group's share⁽²⁾⁽³⁾	157.5	174.7	+ 11.0%
<i>Net income from current operations, Group's share per share⁽⁴⁾</i>	2.06 €	2.22 €	
Other operating income and expenses, net and net income of assets held for sale	(26.0)	(29.5)	
Net income, Group's share	131.5	145.2	+ 10.4%

1. Including share in income of affiliates

2. Net of minority interests

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

4. Average weighted number of outstanding shares 78 736 146 in H1 2015 against 75 329 586 in H1 2014

Solid cash flow generation in first half 2015

M€	H1 2014	H1 2015
EBITDA	338.4	381.2
Change in operating WCR	(57.4)	(38.3)
<i>WCR as a % of revenue</i>	22.4%	23.1%
Paid capital expenditure	(106.6)	(121.5)
Current notional tax	(70.0)	(81.0)
Current free operating cash flow⁽¹⁾	105.7	141.4

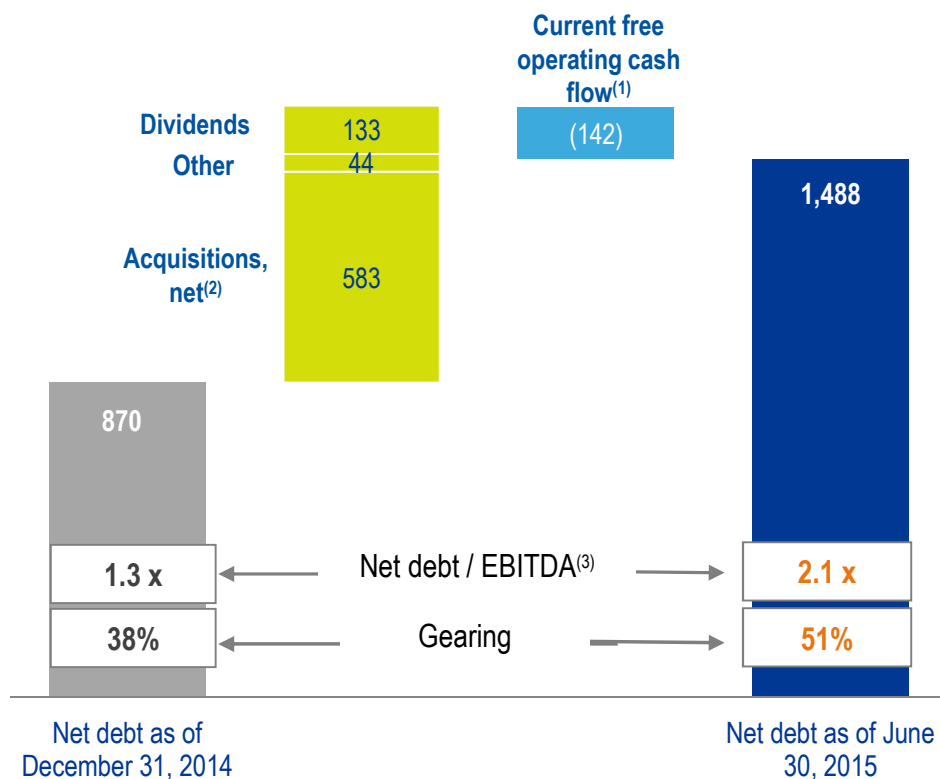
- Booked capital expenditure: **€97.7 M**, i.e. **86%** of depreciation expense
 - ◆ Maintenance and overburden: **€66.2 M** (vs. **€53.4 M**)
 - ◆ Development capital expenditure: **€31.5 M** (vs. **€35.5M**)

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

Healthy financial situation maintained

(M€)

Change in net financial debt



Financial resources

- ◆ Total amount: **€2.9 bn** (maturity: **4.8 years**)
- ◆ Available resources excluding cash: **€957 M**

- ◆ Long-term debt rated by Moody's: **Baa2, stable outlook**

1. Current free cash flow = EBITDA – notional tax – change in operating WCR – paid capital expenditure – financial expense paid – other WCR

2. Acquisitions net of disposals and shareholders' equity transactions

3. EBITDA over 12 rolling months, includes 4 months of S&B

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First-half 2015 results

S&B integration

Outlook



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

Bentonite
(47% of revenue)



#1 in Europe #2 worldwide

Continuous casting⁽¹⁾
(22%)



#1 worldwide

Perlite
(15%)



#1 worldwide in construction

Wollastonite
(7%)



#1 worldwide

- Revenue: **€412 M** ⁽²⁾
- **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

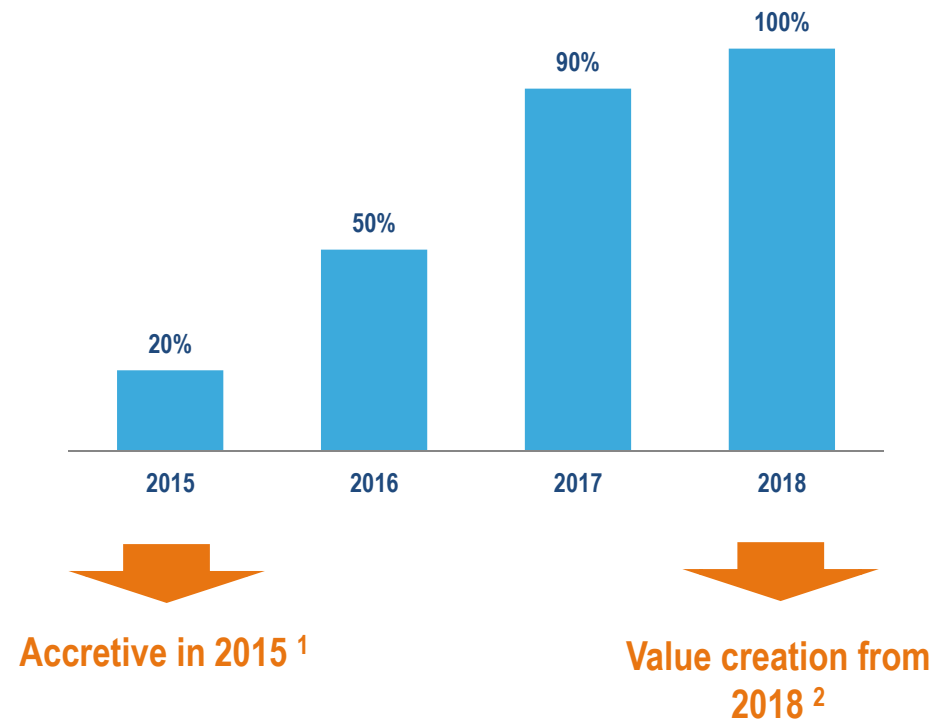
■ Development synergies

- ◆ 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%



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Outlook

- **Group's markets and regions expected to continue to show contrasting trends**
- **Increase in net income from current operations in 2015**
- **Priorities maintained: tight control over costs, cash and industrial organization**
- **Development strategy to be pursued further**

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Appendices



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First half 2015 highlights

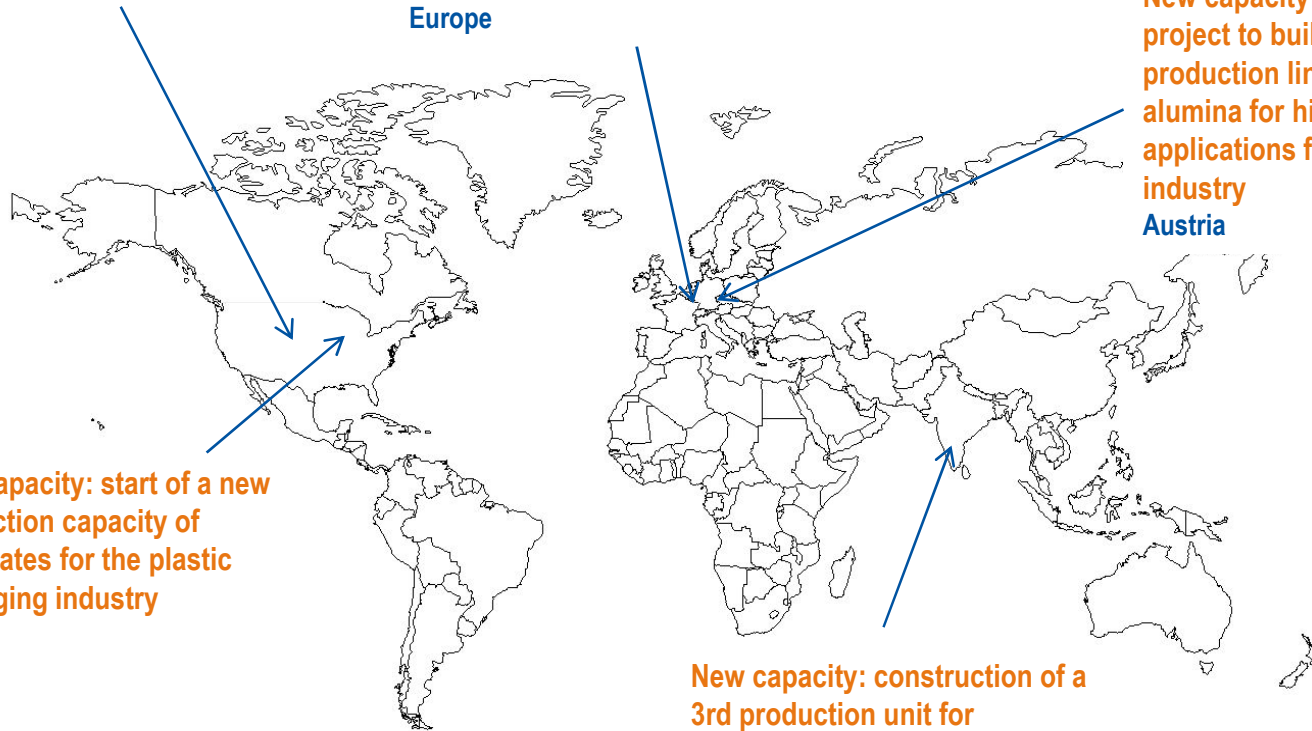
Acquisition in progress: BASF's
US paper hydrous kaolin
business
USA

Acquisition in progress: Solvay's
European precipitated calcium
carbonates division (PCC), a
European leader in thin and ultra-
thin solutions for specialty
applications
Europe

New capacity: launch of a
project to build a new
production line for ultra-thin
alumina for high performance
applications for the abrasive
industry
Austria

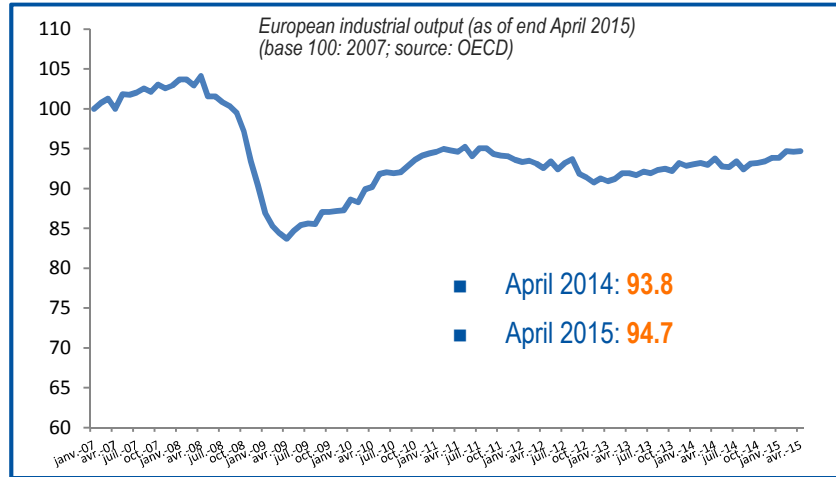
New capacity: start of a new
production capacity of
Carbonates for the plastic
packaging industry
USA

New capacity: construction of a
3rd production unit for
Monolithic Refractories
India

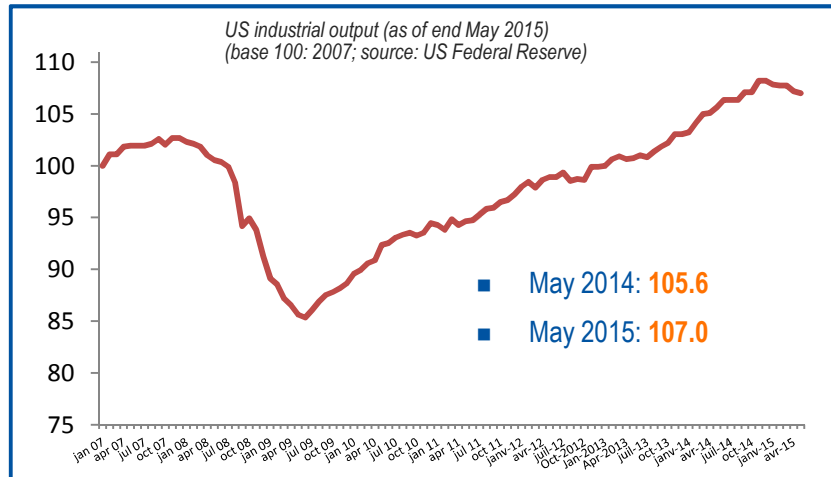


Industrial production indicators

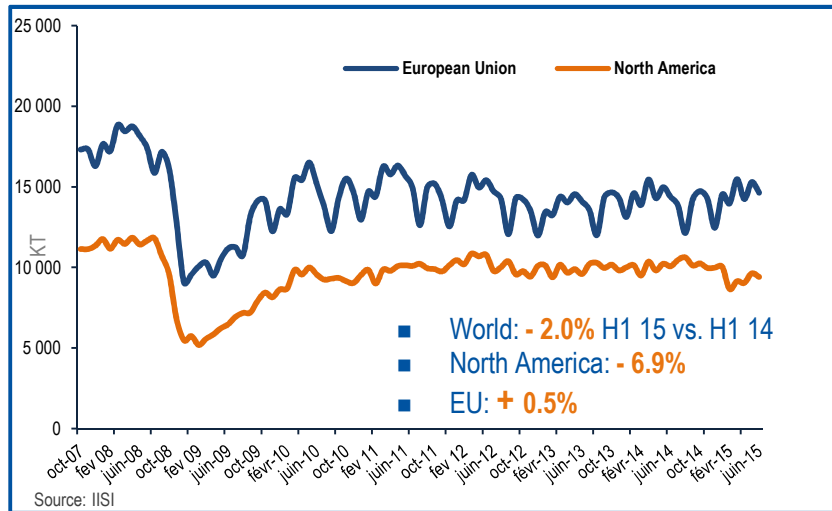
European industrial output



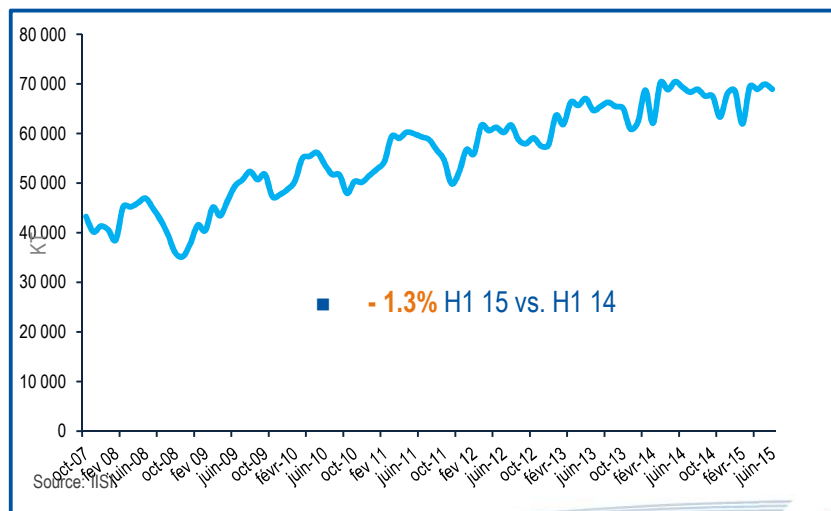
US industrial output



Steel production in Europe and North America At end June 2015

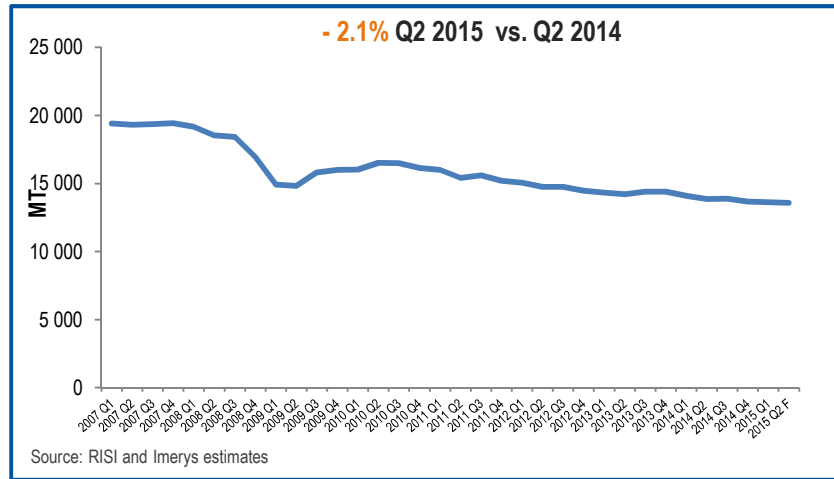


Steel production in China At end June 2015

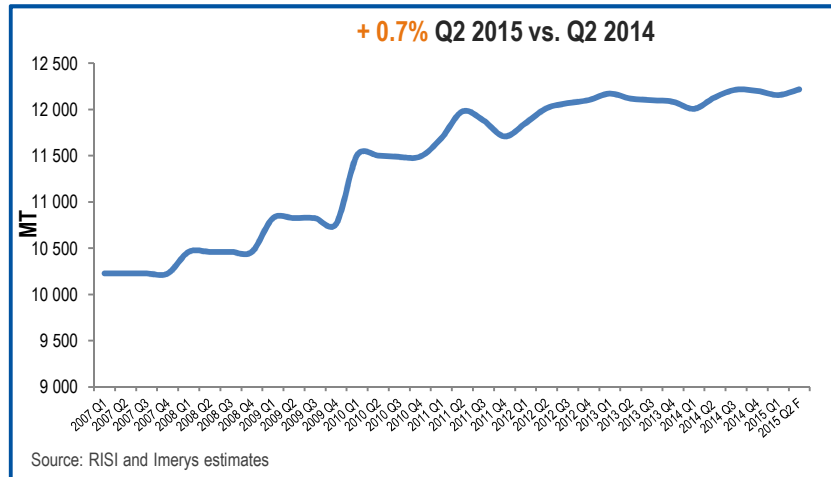


Other market indicators

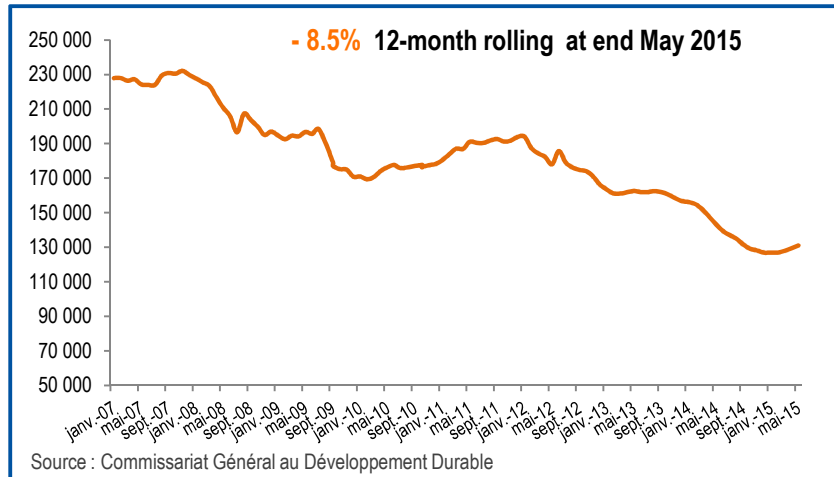
Printing paper production in mature countries



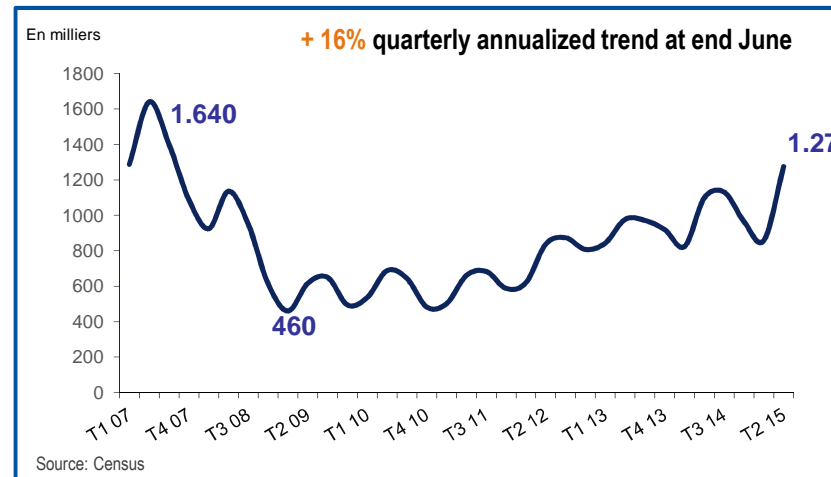
Printing paper production in emerging countries



Single-family housing starts in France

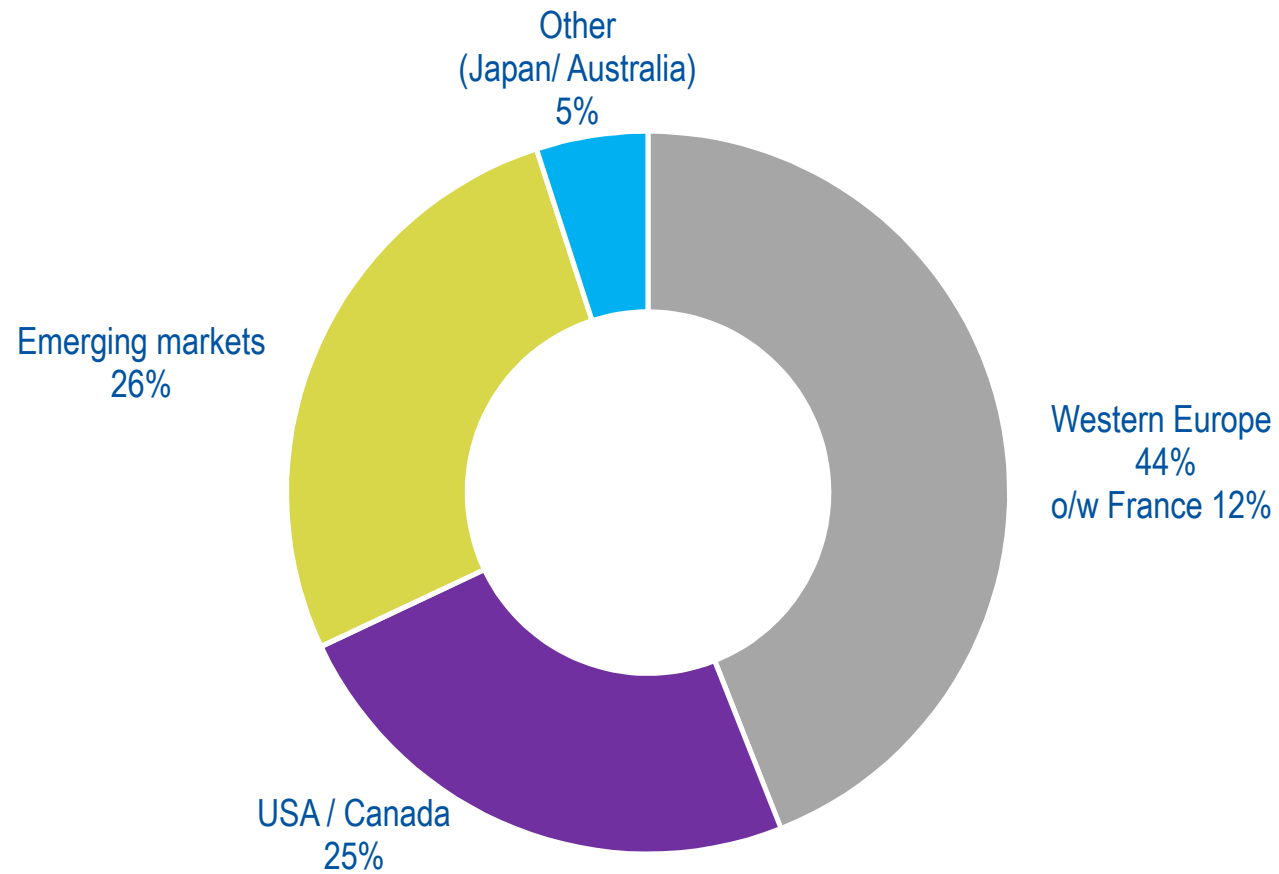


Housing starts in the United States

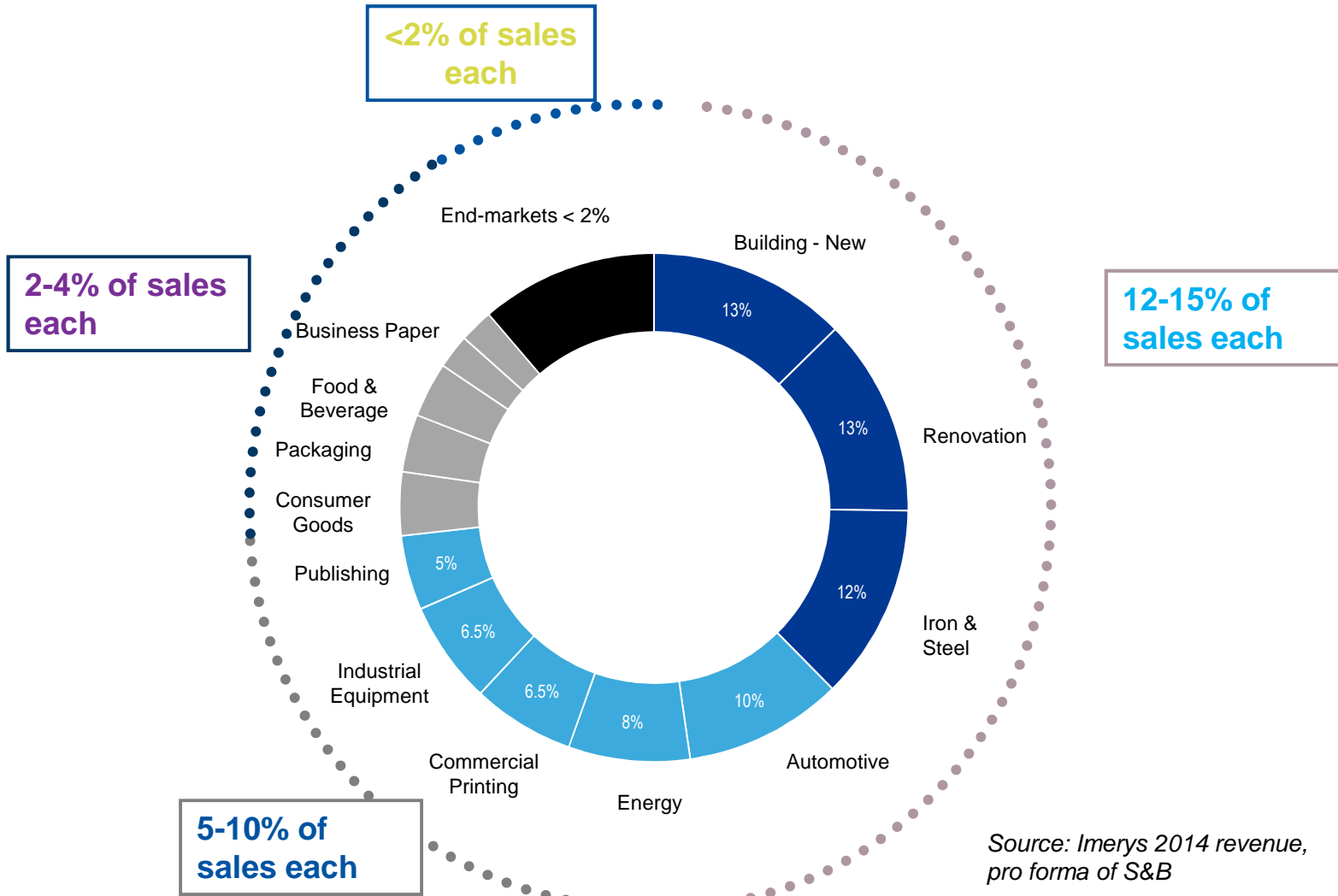


Breakdown of revenue by region in H1 2015

(M€)



Breakdown of revenue by end market



Source: Imerys 2014 revenue, pro forma of S&B



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
Energy Solutions & Specialties	306.7	313.8	319.9	307.8	303.2	321.1	338.9	315.5	312.5	323.6
Filtration & Performance Additives	155.7	166.7	159.7	152.6	159.0	165.8	167.8	165.4	218.9	306.2
Ceramic Materials	315.4	306.9	297.3	284.8	289.5	292.5	295.1	279.7	291.0	301.4
High Resistance Minerals	162.5	175.0	159.0	157.3	163.3	165.6	154.2	158.6	165.3	165.0
Eliminations & Holding companies	-11.1	-11.0	-10.3	-11.3	-10.9	-11.2	-12.2	-12.7	-14.1	-12.4
TOTAL	929.3	951.4	925.6	891.3	904.1	933.8	943.8	906.5	973.6	1 083.7

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
Energy Solutions & Specialties	-	-	-	-	+ 8.3%	+ 10.3%	+ 12.5%	+ 4.6%	- 4.7%	- 3.5%
Filtration & Performance Additives	-	-	-	-	+ 5.9%	+ 3.2%	+ 6.3%	+ 0.8%	+ 2.8%	+ 3.6%
Ceramic Materials	-	-	-	-	+ 1.4%	- 0.1%	- 2.0%	- 2.6%	- 6.3%	- 1.7%
High Resistance Minerals	-	-	-	-	+ 4.4%	- 1.7%	- 4.3%	- 3.0%	- 7.4%	- 10.4%
TOTAL	-	-	-	-	5.0%	3.7%	3.9%	0.1%	- 4.5%	- 3.3%

Current operating income (M€)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Consolidated COI (M€)	117.0	127.0	123.5	109.5	117.3	130.4	127.0	119.8	123.2	150.8
Operating margin	12.6%	13.3%	13.3%	12.3%	13.0%	14.0%	13.5%	13.2%	12.7%	13.9%
Comparable structure and exchange rates growth	-	-	-	-	+ 3.7%	+ 3.9%	- 1.1%	+ 3.6%	- 9.0%	- 5.5%

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
TOTAL	265.4	222.7	244.0	233.0	247.7	246.9	274.0
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%
TOTAL	13.4%	11.7%	13.0%	12.8%	13.5%	13.3%	13.3%

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

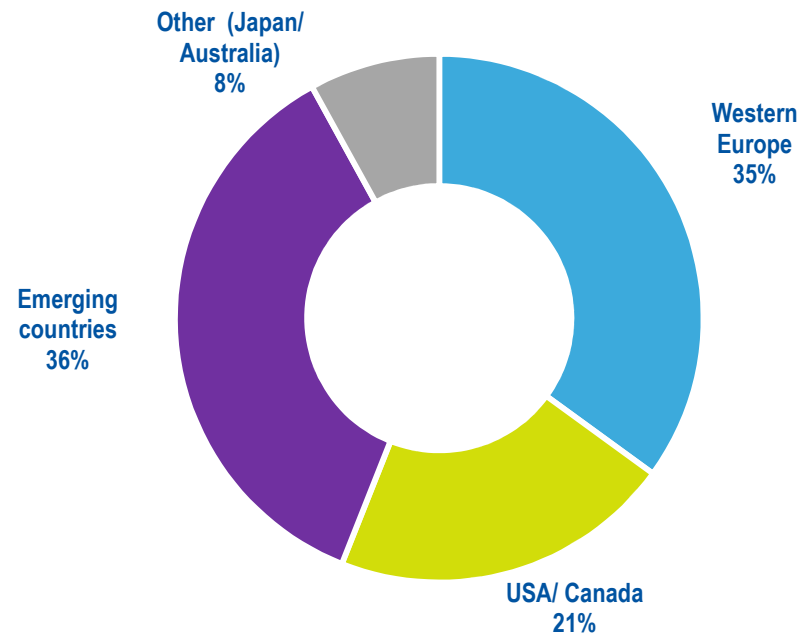
■ Graphite & Carbon:

- ◆ 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

H1 2015 revenue by region



Filtration & Performance Additives

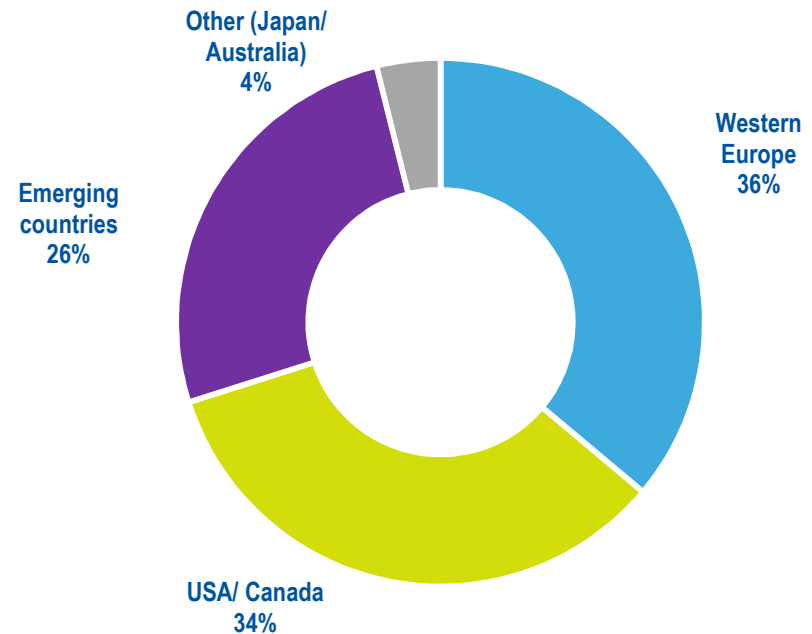
■ Filtration & Performance Additives:

- ◆ 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:

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

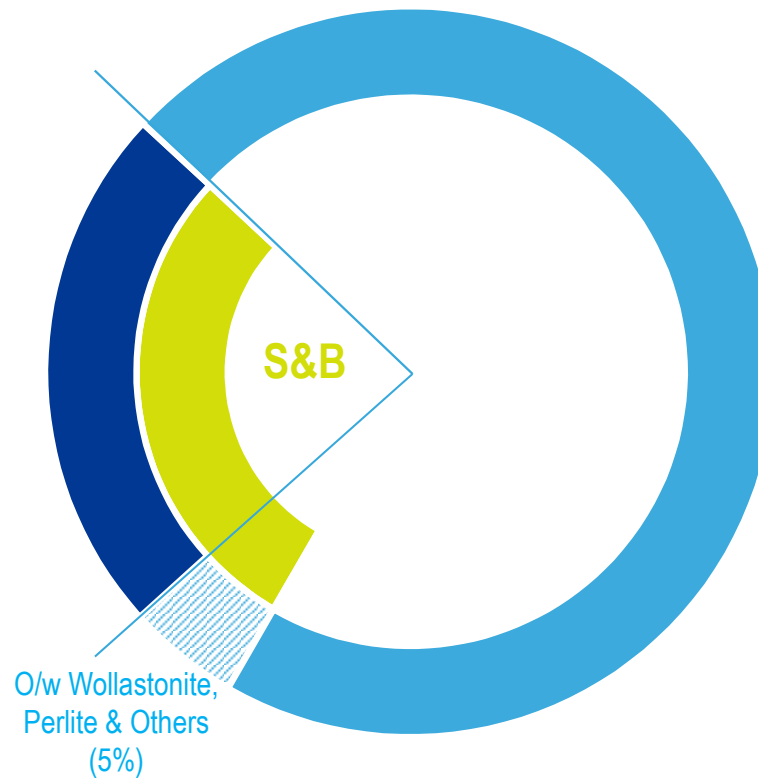
H1 2015 revenue by region



S&B's activities integrated in the Filtration & Performance Additives business segment from March 1, 2015

Additives for Metallurgy (24%)

- Performance Additives for Casting (bentonite)
- Performance Additives for continuous casting fluxes



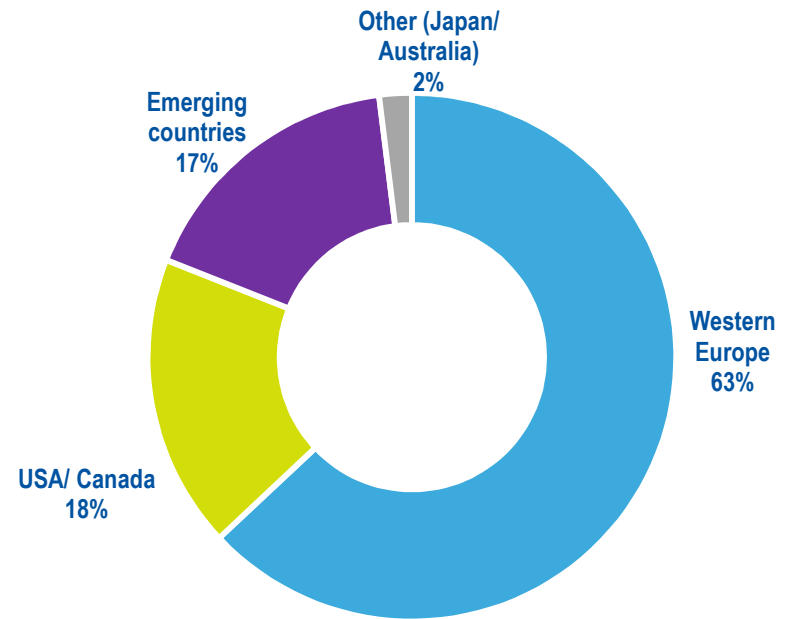
Filtration & Performance Minerals (76%)



Ceramic Materials

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

H1 2015 revenue by region



High Resistance Minerals

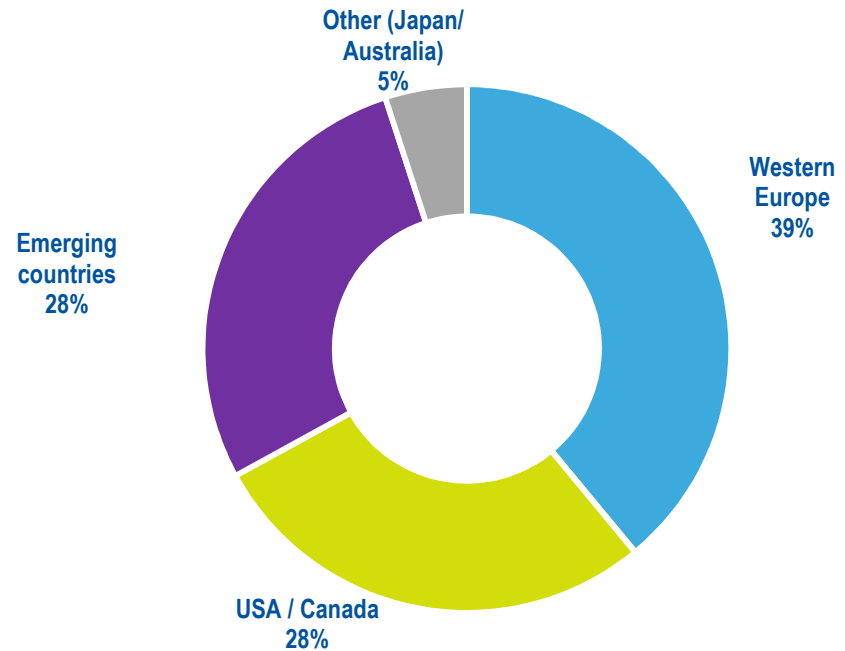
■ Fused Minerals:

- ◆ 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

H1 2015 revenue by region



Current financial expense

M€	H1 2014	H1 2015
Interest expense, net	(20.1)	(26.7)
Unwinding of long-term provisions and change in other provisions	(1.4)	(1.9)
Net interest expense on pensions	(3.8)	(5.1)
Currency translation, other financial income and expense and financial instruments	(2.7)	10.2
Current financial expense	(27.9)	(23.5)
<i>Average net financial debt for the period</i>	893	1,379



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