

H1 2018 Results

July 27, 2018

Conrad Keijzer - Chief Executive Officer

Olivier Pirotte - Chief Financial Officer



Disclaimer

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Presentation of H1 2018 Results

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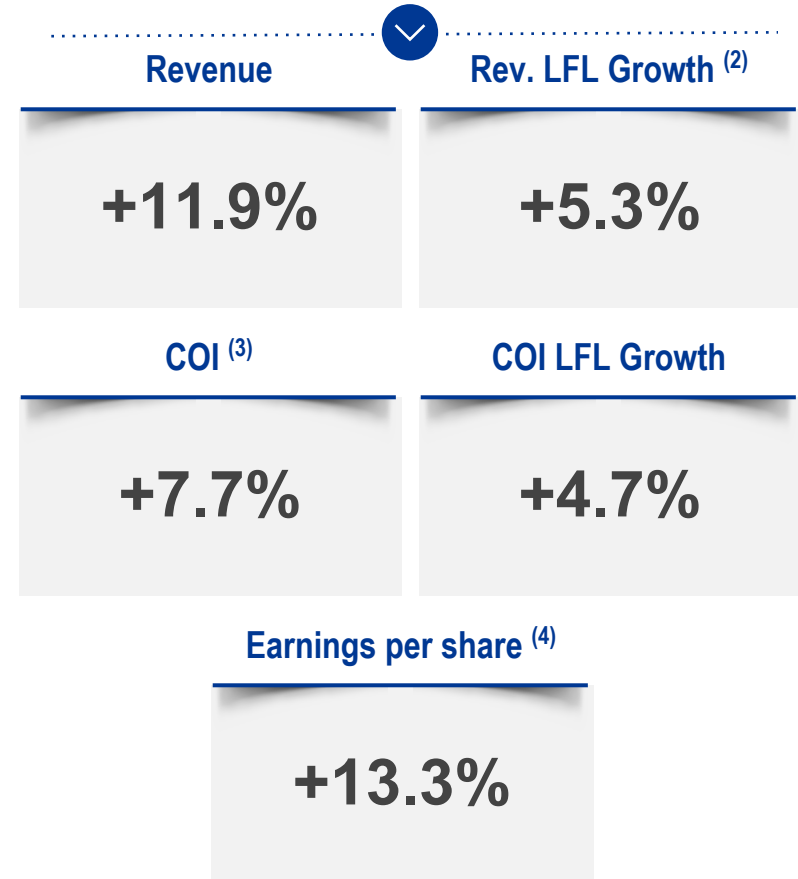
1 Highlights

Conrad Keijzer - Chief Executive Officer

Solid performance in the first half of 2018

- Good top-line growth
 - ◆ Supportive end-markets
 - ◆ Positive price - mix
- Firm operating margin on a like-for-like basis
 - ◆ Still adverse FX conditions
 - ◆ Contribution from acquisitions
- Disposal of the Roofing division

Group figures, proforma of Roofing division ⁽¹⁾



(1) Calculation on proforma basis: Roofing division accounted as discontinued activity in H1 2018 and restated in H1 2017 accounts.

As a consequence, all financial data throughout this press release exclude the Roofing division

(2) Organic growth or "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

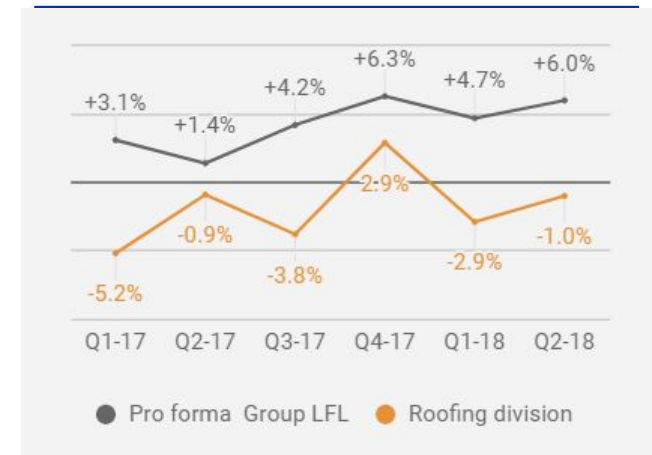
(3) Current Operating Income (COI), "Current" means "before other operating revenue and expenses as defined in the notes to the financial statements relating to the consolidated income statement"

(4) Net income from current operations, per share

Sale of Roofing division: a major strategic move

- Firm offer for an enterprise value of €1.0 billion, closing expected on Q4 2018⁽¹⁾
- Consistent with Imerys' growing focus on specialty materials
 - ◆ Several bolt-on acquisitions and two major operations (S&B in 2015, Kerneos in 2017)
 - ◆ Step up in development capex (€120 million in 2017 vs. €80 million in 2015)
- A new milestone in the Group strategy
 - ◆ Improved growth profile through higher exposure to dynamic markets and geographies
 - ◆ Strengthened balance sheet
 - ◆ Proceeds to be reinvested in specialty materials through selective acquisitions and development capex

Quarterly LFL growth



**Effectively re-positioning Imerys as a global specialty materials Group
with a consistent business portfolio**

(1) Subject to the customary relevant workers' councils consultations and regulatory authorities' approval

Initial views on the Group

- ✔ Strong business portfolio, with global leading positions
- ✔ Resilient financial performance and strong balance sheet
- ✔ Good track record of value creative M&A
- ✔ Highly engaged employees



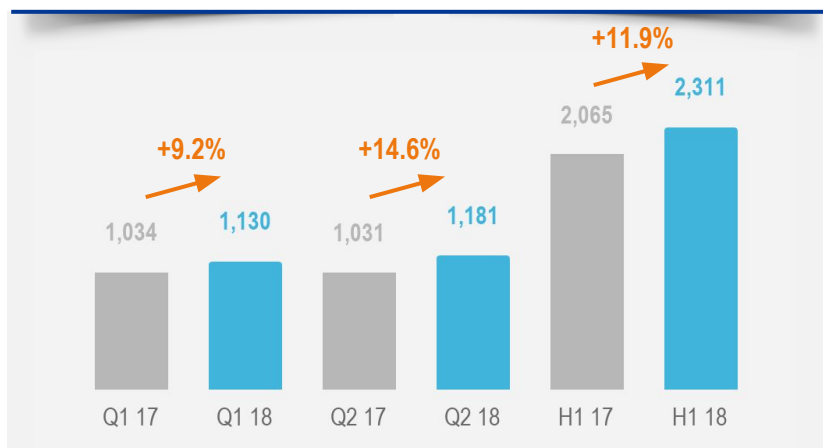
2 Financial Review

Olivier Pirotte - Chief Financial Officer

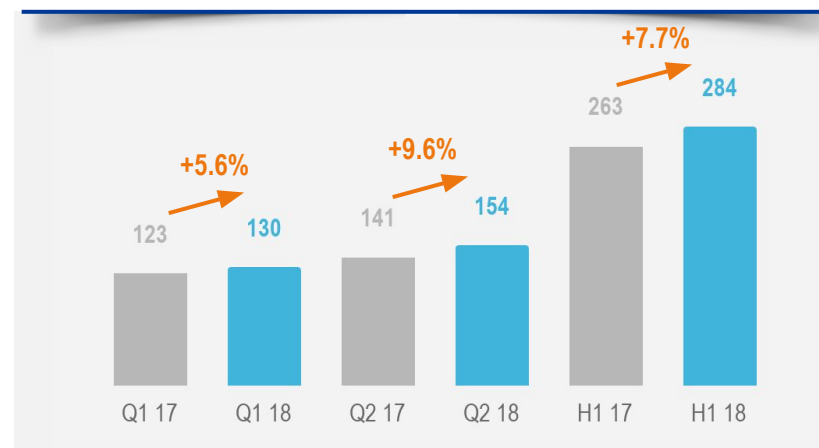
Solid performance in the first half of 2018

Discontinued activities (Roofing business)			(€m)	H1 2017		H1 2018	Proforma change
H1 2017	H1 2018	Change		Reported	Proforma of Roofing	Reported	
156	155	-0.6%	■ Revenue	2,220	2,065	2,311	+11.9%
57	56	-3.1%	■ Current EBITDA	428	371	393	+6.0%
49	51	+3.4%	■ Current operating income	313	263	284	+7.7%
34	33	-3.8%	■ Net income from current operations	190	155	176	+13.5%

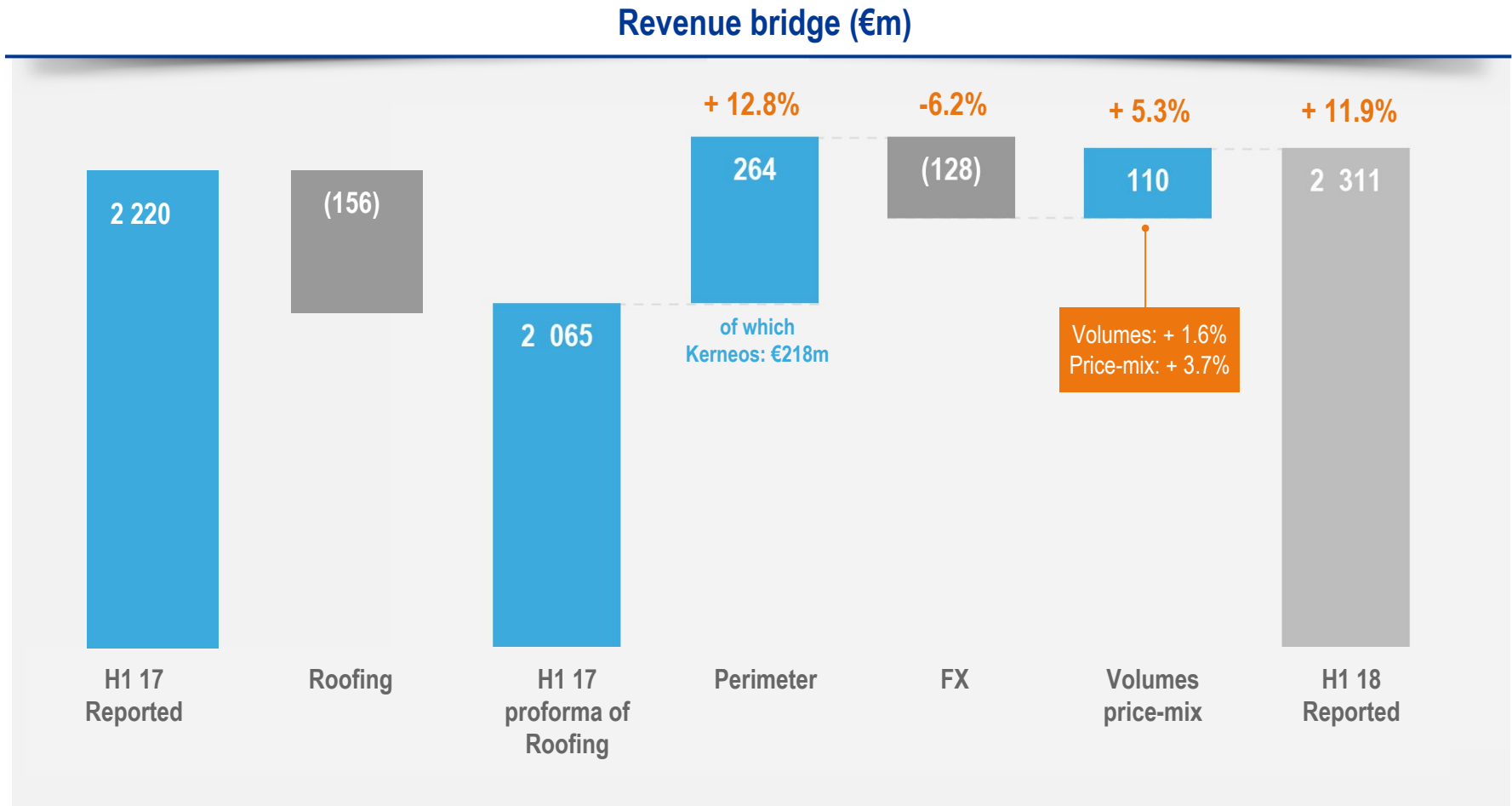
Revenue (€m)



Current operating income (€m)

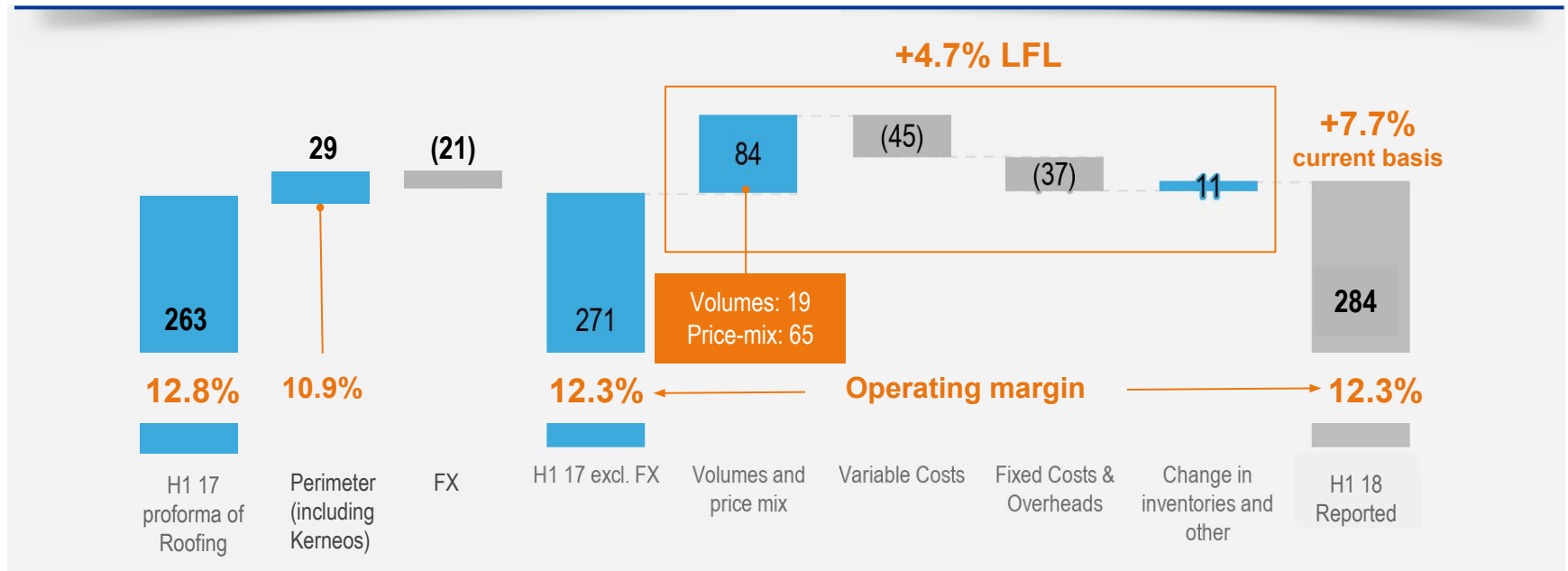


+ 11.9% top-line growth



+ 7.7% growth in current operating income

Current operating income bridge (€m)



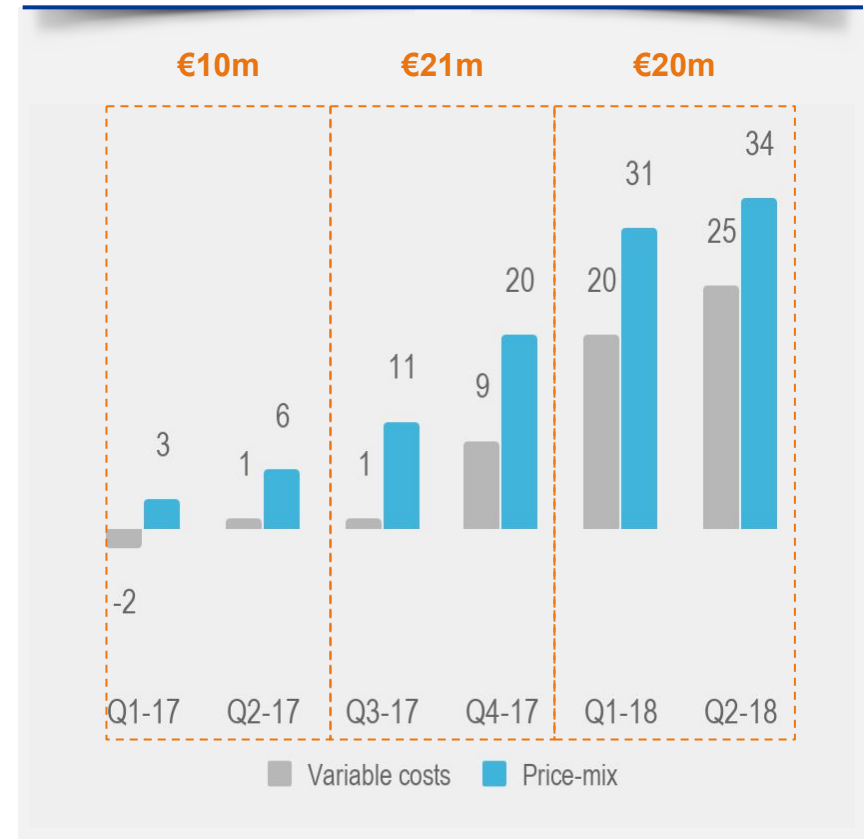
- Contribution from acquisitions, as per plan
- Negative foreign currency impact: - 0.3 point on operating margin
- Positive price mix offsetting higher variable costs (raw material, energy and transport in particular)
- Fixed costs and overheads reflecting ongoing investments for growth in new capacities, up-skilling and transformation programs

Positive organic growth and price-mix/ cost balance

Organic growth (year-on-year, proforma)



Price-mix/ cost balance (€m)

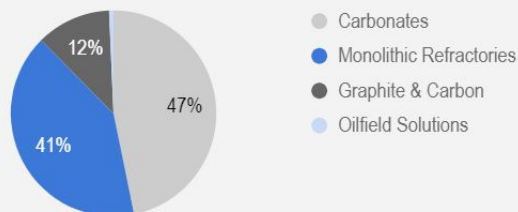


COI evolution by business group

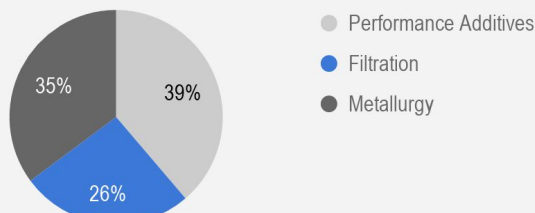
Energy Solutions & Specialties



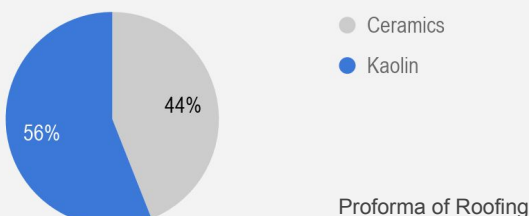
Revenue by division



Filtration & Performance Additives

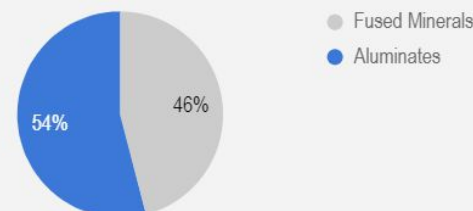


Ceramic Materials



Proforma of Roofing

High Resistance Minerals



(€m)	H1 2017 proforma	H1 2018	Proforma LFL growth (1)
Revenue	654	648	+ 3.7%
COI	69	57	- 0.7%
Operating margin	10.5%	8.8%	- 40 bp

Revenue	629	657	+ 5.5%
COI	125	122	+ 8.2%
Operating margin	19.9%	18.6%	+ 60 bp

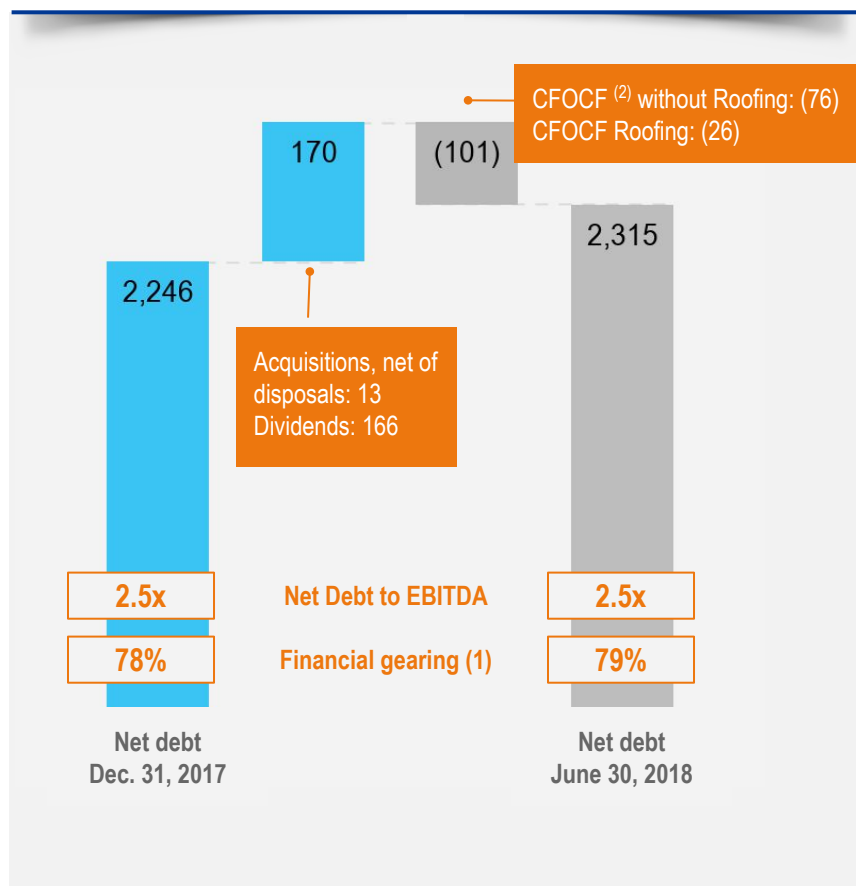
Revenue	456	423	+ 1.5%
COI	58	52	+ 5.3%
Operating margin	12.7%	12.3%	+ 50 bp

Revenue	356	634	+ 16.3%
COI	48	82	+ 15.2%
Operating margin	13.4%	13.0%	stable

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

Sound financial structure

Net Debt Evolution (€m)



(1) Net financial debt to shareholders equity

(2) Current Free Operating Cash Flow

(€m)

As at June 30, 2018

■ Bonds	2,006
■ Other indebtedness	763
■ Gross indebtedness	2,769
■ Cash	454
Net debt	2,315

(€m)

June 30, 2018

Maturity

■ Bonds	2,006	6.9 years
■ Credit facilities	1,330	3.3 years
Financial resources	3,336	5.4 years

- Long-term debt rating
 - ◆ Moody's : **Baa2**, stable outlook
 - ◆ S&P : **BBB**, stable outlook

Net income from current operations up by + 13.5%

Discontinued activities		(€m)	H1 2017		H1 2018	Proforma change
H1 2017	H1 2018		Reported	Proforma	Reported	
49	51	■ Current operating income	313	263	284	+7.7%
(1)	(0)	■ Current financial expense	(42)	(42)	(34)	-
(14)	(18)	■ Current income tax	(80)	(65)	(74)	-
-	-	◆ Current tax rate	29.5%	29.5%	29.6%	-
		■ Minority interests	(1)	(1)	0	-
34	33	Net income from current operations, Group's share	190	155	176	+13.5%
-	-	Net income from current operations, Group's share, per share ⁽¹⁾	2.40 €	1.97 €	2.23 €	+13.3%
-	-	■ Other operating income and expenses, net, and net income of assets held for sale	(18)	(17)	(15)	-
-	-	■ Net income from discontinued activities	-	34	33	-
-	-	Net income, Group's share	172	172	194	+12.7%

(1) Average weighted number of outstanding shares: 79,149,662 in H1 2018 against 79,035,849 in H1 2017



3 Outlook

Conrad Keijzer - Chief Executive Officer

2018 outlook

▶ Full-year net income from current operations targeted to increase by around +7% on FY 2017 proforma of Roofing division ⁽¹⁾

- Kerneos no longer contributing to the scope
- Assuming current exchange rates, continued pressure on variable costs (raw materials, energy, logistics) and still geopolitical uncertainty

▶ Group now re positioned with a strong balance sheet for continued profitable growth

(1) Excluding the Roofing division in H1 2017, Roofing division accounted for in Asset held for Sale in H1 2018



4 Appendix

Cash flow generation

Discontinued activities		(€m)	H1 2017		H1 2018
H1 2017	H1 2018		Reported	Proforma	
57	55	■ Current EBITDA	428	371	393
(8)	(6)	■ Change in operating WCR	(44)	(37)	(88)
-	-	WCR as a % of revenue	22.5%	21.4%	24.0%
(10)	(7)	■ Paid capital expenditure	(145)	(135)	(153)
(15)	(18)	■ Current notional tax	(92)	(78)	(84)
1	0	■ Other	4	4	8
-	-	■ Current free operating cash flow from discontinued activities	-	25	26
-	-	Current free operating cash flow	151	151	101

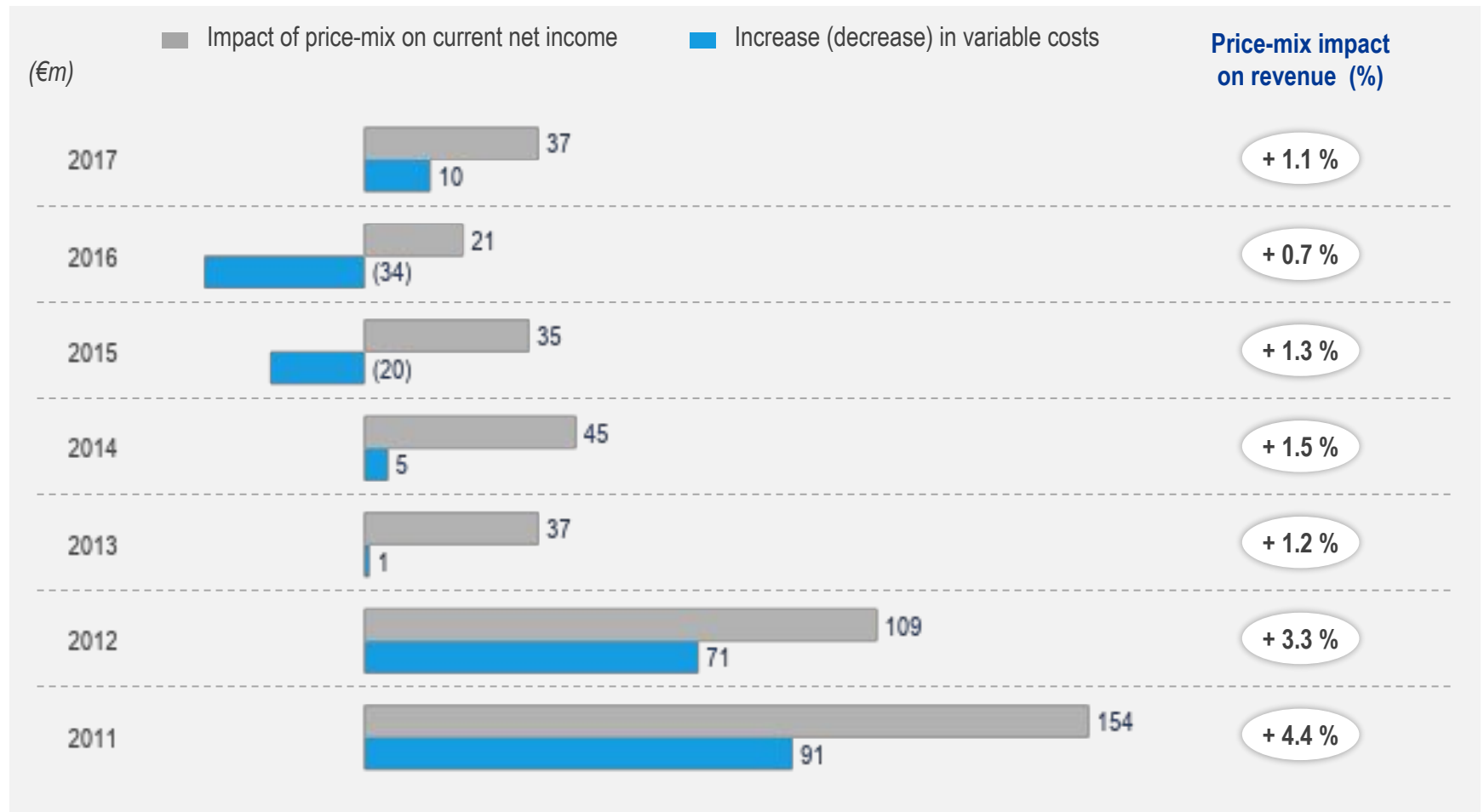
Revenue and Current Operating Income by quarter

	Historical Data					Proforma of Roofing Data					
Revenue (€m)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Energy Solutions & Specialties	321.6	332.0	338.7	334.3	319.7	321.6	332.0	338.7	334.3	319.7	327.9
Filtration & Performance Additives	312.4	317.0	302.2	305.5	322.6	312.4	317.0	302.2	305.5	322.6	333.9
Ceramic Materials	310.9	300.9	285.9	285.3	286.6	231.7	224.4	215.4	211.9	208.7	214.6
High Resistance Minerals	184.2	171.5	263.1	296.2	304.2	184.2	171.5	263.1	296.2	304.2	329.6
Holding & Eliminations	(15.9)	(14.3)	(16.7)	(16.4)	(25.5)	(15.9)	(14.3)	(16.7)	(16.4)	(25.5)	(25.2)
Consolidated revenue	1,113.2	1,107.1	1,173.2	1,204.9	1,207.6	1,034.1	1,030.5	1,102.7	1,131.5	1,129.6	1,180.9
Like-for-like revenue growth	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Energy Solutions & Specialties	+ 1.0 %	+ 0.7 %	+ 5.3 %	+ 9.0 %	+ 4.9%	+ 1.0 %	+ 0.7 %	+ 5.3 %	+ 9.0 %	+4.9%	+2.8%
Filtration & Performance Additives	+ 6.5 %	+ 4.0 %	+ 4.8 %	+ 6.1 %	+ 5.8%	+ 6.5 %	+ 4.0 %	+ 4.8 %	+ 6.1 %	+5.8%	+5.3%
Ceramic Materials	- 4.7 %	- 2.9 %	- 1.8 %	- 0.2 %	- 1.2%	-4.5%	-3.6%	-1.2%	-1.2%	-0.7%	+3.7%
High Resistance Minerals	+ 14.6 %	+ 4.4 %	+ 10.7 %	+ 13.2 %	+ 10.3 %	+ 14.6 %	+ 4.4 %	+ 10.7 %	+ 13.2 %	+10.3%	+22.6%
Like-for-like revenue growth	+ 2.4 %	+ 1.2 %	+ 3.6 %	+ 6.1 %	+ 4.2%	+3.1%	+1.4%	+4.2%	+6.3%	+4.7%	+6.0%
Current Operating Income (€m)	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Current Operating Income	147.2	165.4	166.9	168.6	154.2	122.8	140.7	145.4	142.4	129.6	154.2
Operating margin	13.2 %	14.9 %	14.2 %	14.0 %	12.8 %	11.9%	13.6%	13.2%	12.6%	11.5%	13.1%

Current Operating Income and margin by semester

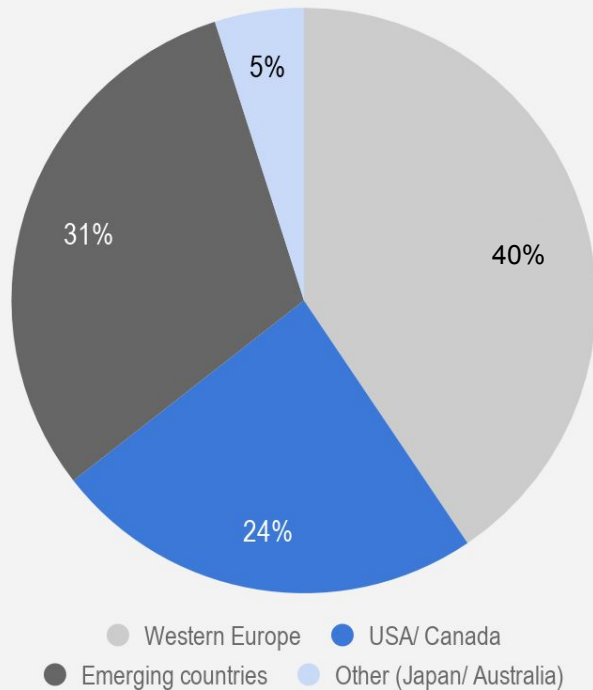
	Historical Data		Proforma of Roofing Data		
Current Operating Income (€m)	H1 2017	H2 2017	H1 2017	H2 2017	H1 2018
Energy Solutions & Specialties	68,8	72.3	68,8	72.3	57.1
Filtration & Performance Additives	125.0	129.2	125.0	129.2	121.8
Ceramic Materials	107,0	105.7	57.9	58.0	52.1
High Resistance Minerals	47.5	64.0	47.5	64.0	82.2
Holding & Eliminations	(35.7)	(35.7)	(35.7)	(35.7)	(29.4)
Current Operating Income	312.6	335.5	263.4	287.8	283.8
Operating Margin	H1 2017	H2 2017	H1 2017	H2 2017	H1 2018
Energy Solutions & Specialties	10.5 %	10.7 %	10.5 %	10.7 %	8.8%
Filtration & Performance Additives	19.9 %	21.3 %	19.9 %	21.3 %	18.6%
Ceramic Materials	17,5 %	18.5 %	12.7%	13.6%	12.3%
High Resistance Minerals	13.4 %	11.4 %	13.4 %	11.4 %	13.0%
Operating Margin	14.1 %	14.1 %	12.8%	12.9%	12.3%

Evolution of price-mix and variable costs

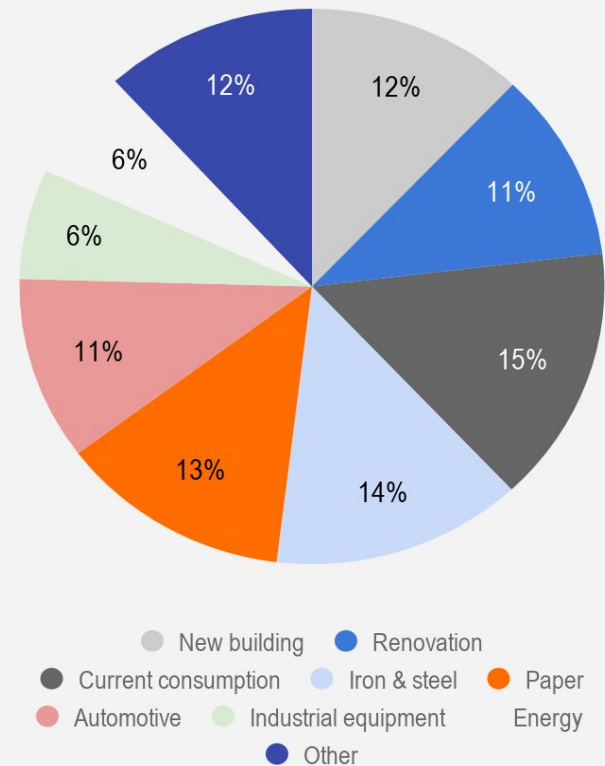


Revenue breakdown, proforma of Roofing division

Revenue by geography in H1 2018



Revenue by end-market (2017)



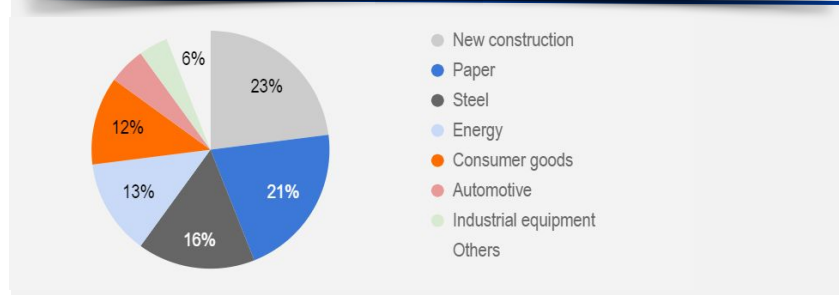
Energy Solutions & Specialties (28% of revenue)

(€m)	H1 2017	H1 2018	Change	LFL Change ⁽¹⁾
■ Revenue	653.6	647.6	-0.9%	+3.7%
■ COI	68.8	57.1	-17.0%	-0.7%
■ Operating margin	10.5%	8.8%	-170 bp	-40 bp

Revenue by division



Revenue by market (2017)



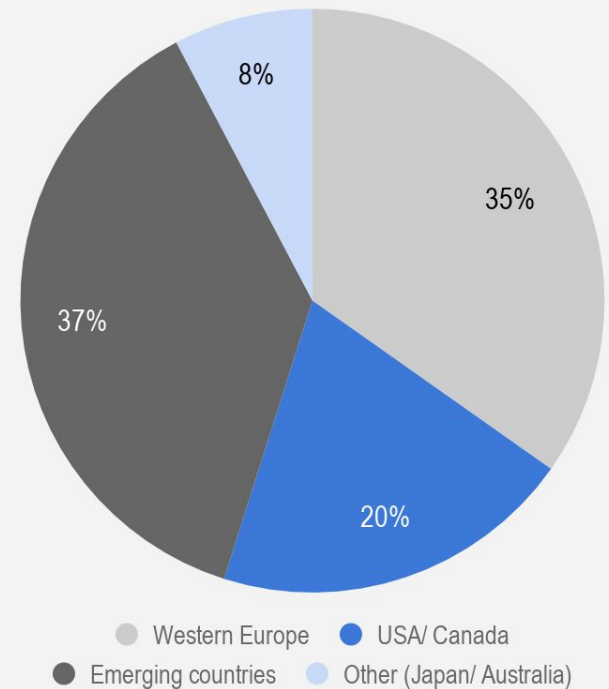
- Good performance of the Monolithic Refractory division in dynamic refractory and industrial markets as well as of Carbonates' non-graphic paper businesses
- Operational issues as regards to a development project of an industrial and mining site of natural graphite in Namibia (Graphite & Carbon)
 - ◆ Still favorable prospect for growth in mobile energy
- Review of options for the Oilfield Solutions division in a ceramic proppants market still at a low level

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

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

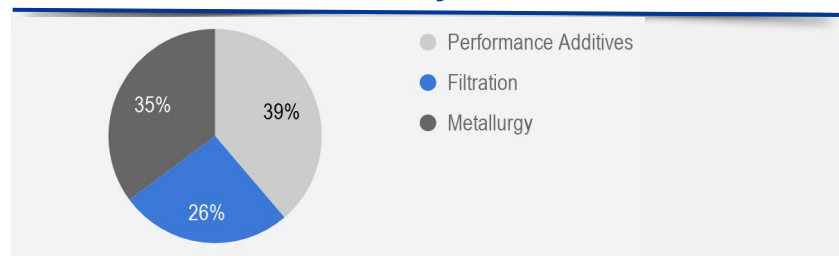
H1 2018 Revenue by geography



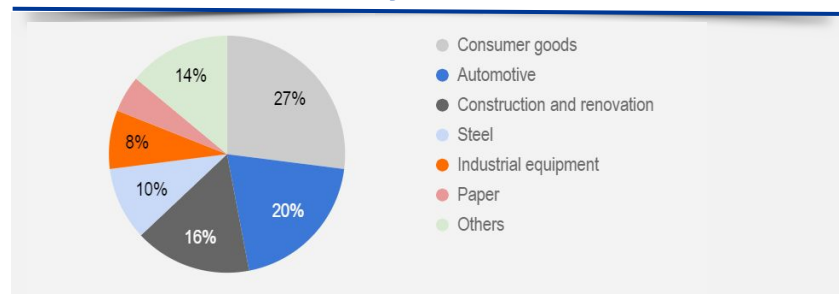
Filtration & Performance Additives (28% of revenue)

(€m)	H1 2017	H1 2018	Change	LFL Change ⁽¹⁾
■ Revenue	629.4	656.5	+4.3%	+5.5%
■ COI	125.0	121.8	-2.6%	+8.2%
■ Operating margin	19.9%	18.6%	-130 bp	+60 bp

Revenue by division



Revenue by market (2017)



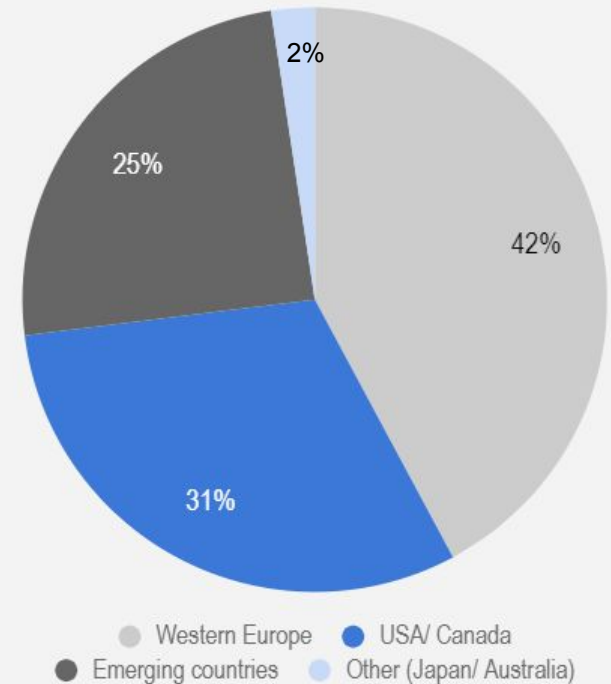
- Firm markets overall
 - ◆ Healthy markets for the Filtration and Performance Additives divisions
 - ◆ Dynamic foundry and industrial markets for the Metallurgy division
- Continued diversification in cosmetics and agriculture segments through new product development
- LFL operating margin expansion

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

Filtration & Performance Additives

- Performance Additives
 - ◆ Additives for paints, plastics, polymers, rubbers, adhesives, sealants, pharma & personal care (mainly talc, mica and wollastonite, etc.)
- Filtration
 - ◆ Filtration minerals providing filter aid for edible liquids such as beer, wine, oil, fruit juice, etc. (mainly diatomite and perlite)
 - ◆ Perlite based solutions used in building materials and horticulture
- Metallurgy
 - ◆ Bentonite (binders for foundry, sealing solutions, additives for drilling and for consumer products) and continuous casting fluxes for the steel industry

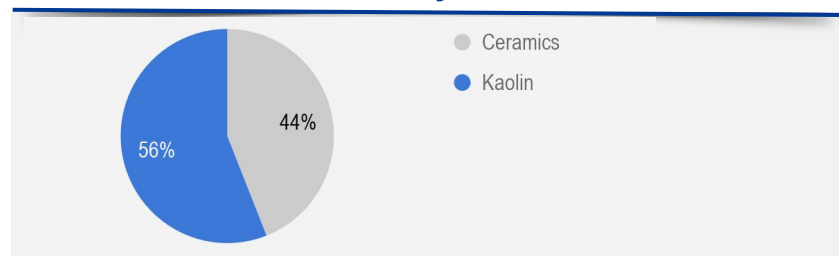
H1 2018 Revenue by geography



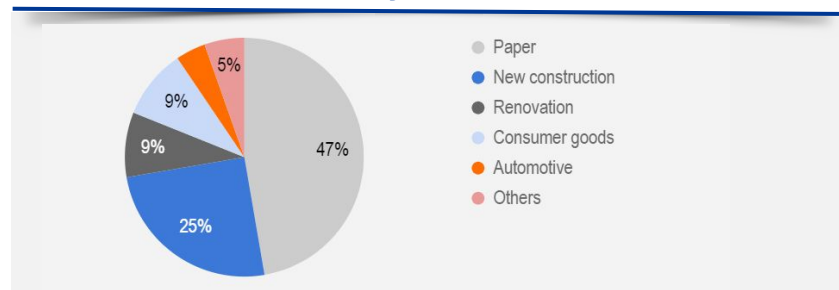
Ceramic Materials (18% of revenue)

(€m)	H1 2017 proforma	H1 2018	Change	LFL Change ⁽¹⁾
■ Revenue	456.2	423.3	-7.2%	+1.5%
■ COI	57.9	52.1	-10.0%	+5.3%
■ Operating margin	12.7%	12.3%	-40 bp	+50 bp

Revenue by division



Revenue by market (2017)



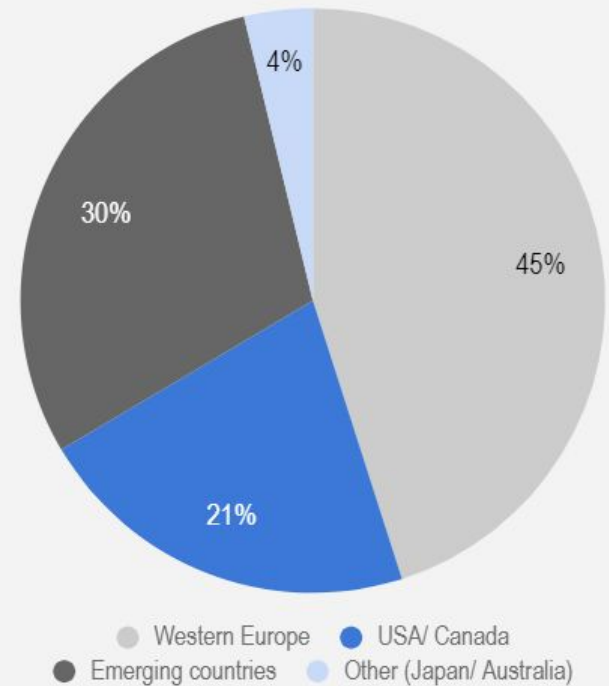
- Disposal of the Roofing division expected to be closed by the fourth quarter of 2018
- Ceramics division benefitted from supportive markets and Kaolin division continued to successfully expand in specialty applications (mainly paint and plastics)
- Operating margin improvement on a like-for-like basis thanks to a tight cost management, in a context of adverse FX impact

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

Ceramic Materials

- Ceramics
 - ◆ Raw materials and bodies for tableware, sanitary and floor tiles, quartz, technical ceramics
- Kaolin
 - ◆ Kaolin for applications in the paper, paints, plastics, ceramics and refractories markets, etc.

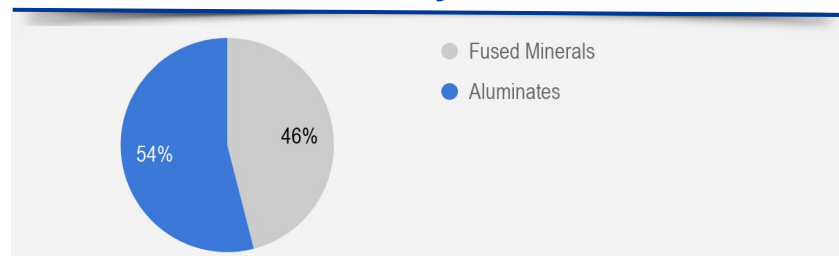
H1 2018 Revenue by geography



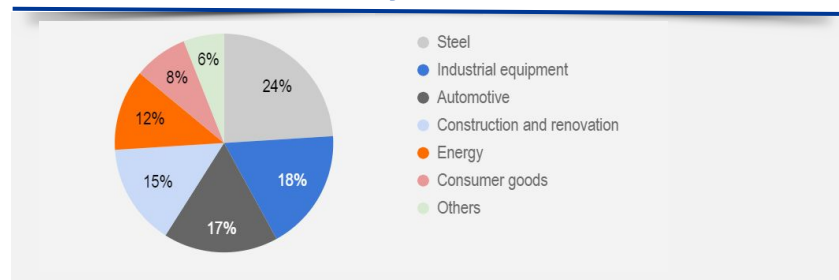
High Resistance Minerals (26% of revenue)

(€m)	H1 2017	H1 2018	Change	LFL Change ⁽¹⁾
■ Revenue	355.7	633.9	+78.2%	+16.3%
■ COI	47.5	82.2	+73.1%	+15.2%
■ Operating margin	13.4%	13.0%	-40 bp	stable

Revenue by division



Revenue by market (2017)



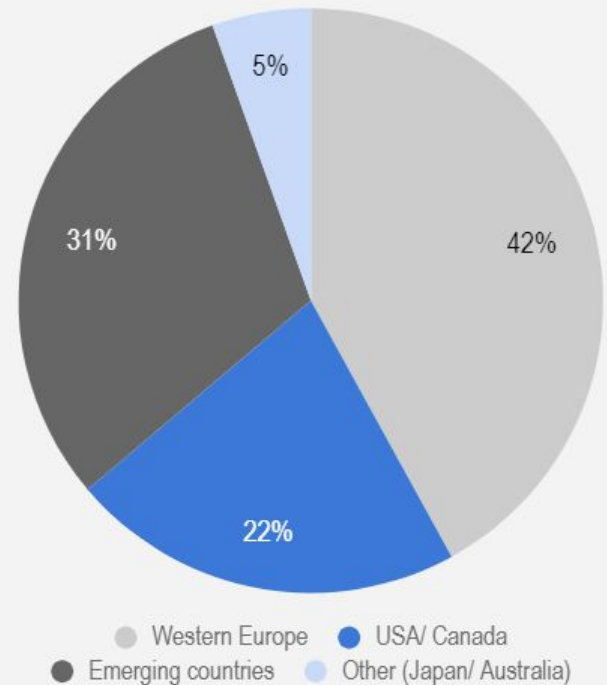
- Continued growth of the Alumina division, which includes Kerneos
 - ◆ Development in construction and civil engineering (building chemistry)
 - ◆ Buoyant level of activity in refractories
- Dynamic markets of the Fused Minerals division in all geographies and markets, industrial production in particular
- Stable margin despite a strong pressure on certain raw materials

(1) "LFL" (like-for-like) means "at comparable Group's structure and exchange rates"

High Resistance Minerals

- Fused Minerals
 - ◆ Fused alumina and bauxite for abrasives (cutting, grinding and polishing mills, sandpapers), zirconium for refractories, oxygen sensor
- Aluminates
 - ◆ Binders and additives for soil preparation mortars, self-leveling screeds, glues and mortars, tile joints, technical mortars
 - ◆ Special hydraulic binders for monolithic refractory concretes, protective mortars and repair of sanitation networks
 - ◆ Production of acidic refractory minerals including andalusite, chamottes

H1 2018 Revenue by geography





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