

First Half 2017 Results

July 27, 2017 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.17-0190 on March 21, 2017 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.

Note:

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First Half 2017 Results

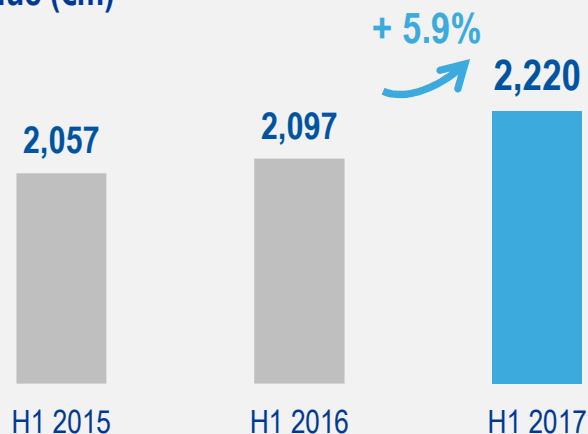
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Highlights

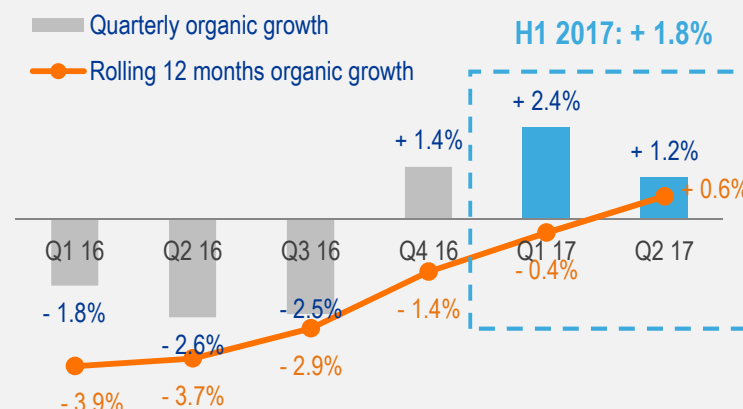


Key Figures for the First Half 2017

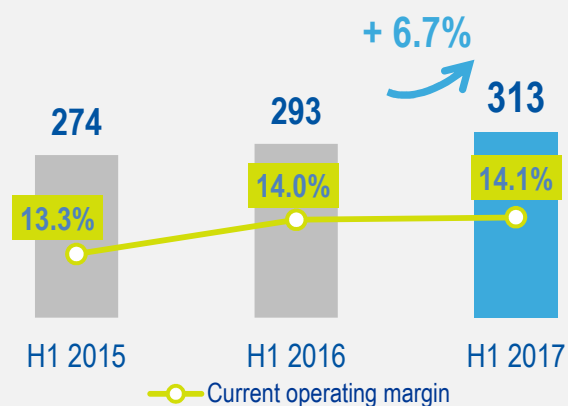
Revenue (€m)



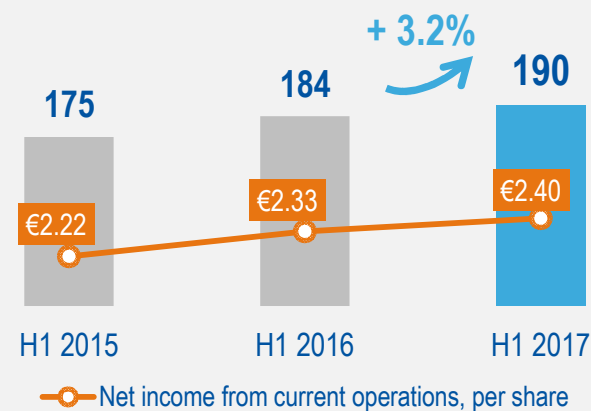
Quarterly organic growth



Current operating income ⁽¹⁾ (€m)



Net income from current operations (€m)



(1) « Current » means « before other operating charges and expenses »

Closing of acquisition of Kerneos

- Integration from **July 18** within the High Resistance Minerals business group
- Value-creating acquisition with expected synergies of **€23m** in third year of full consolidation
 - ◆ Geographic coverage (India, China)
 - ◆ Innovation potential
 - ◆ Cost optimization (procurement, industrial costs, etc.)
- Transaction financed in January 2017 through a **€600m bond issue** with 10-year maturity and annual coupon rate of **1.5 %**
 - ◆ Reimbursement of Kerneos' high yield bond

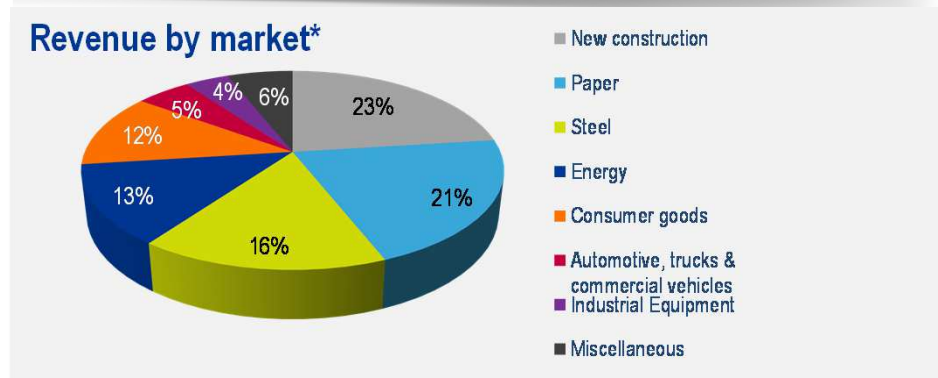
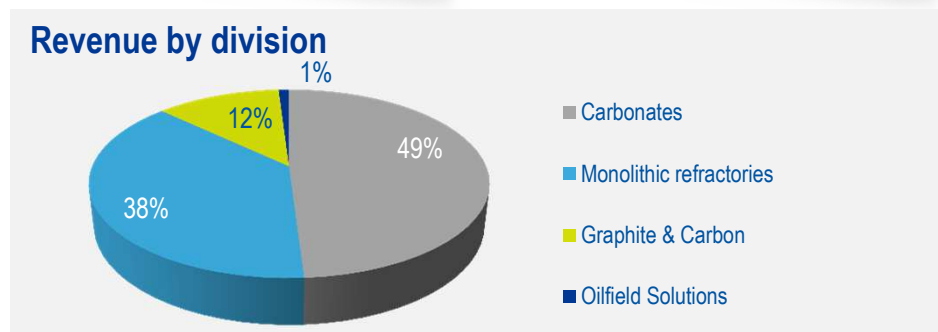
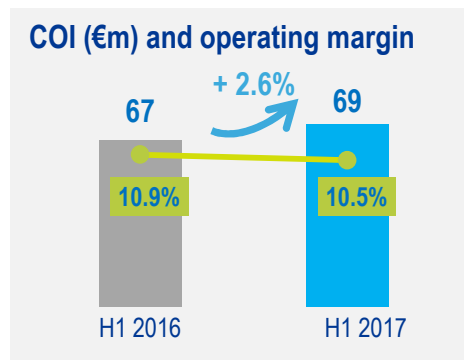
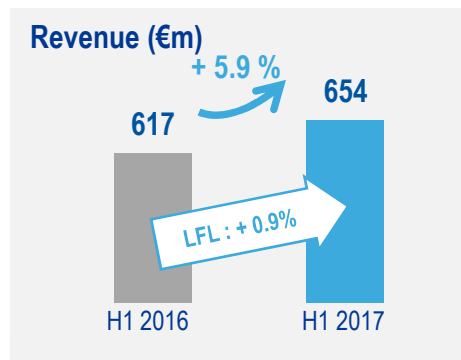
Globally improving market environment

	% of Group revenue*	
Construction and renovation	~20%	<ul style="list-style-type: none"> ■ Further increase in housing starts in the US (+ 3.9 % H1 2017 ⁽¹⁾ vs H1 2016) ■ European construction firm overall
Current consumption	~15%	<ul style="list-style-type: none"> ■ Firm current consumption (ex. food and beverage, consumer electronics, health & beauty. etc.)
Paper	~15%	<ul style="list-style-type: none"> ■ Decrease in printing and writing paper ⁽²⁾ in Europe (- 3.8 %) and in the US (- 6.5 %) in Q1 2017 vs Q1 2016 ■ Increase in emerging countries (+ 1.1%)
Iron / Steel	~10%	<ul style="list-style-type: none"> ■ Improvement in steel production⁽³⁾ in the US (+ 1.3 %) and in Europe (+ 4.1 %) in H1 2017 vs H1 2016
Automotive	~10%	<ul style="list-style-type: none"> ■ Further decline of light vehicles sales in the US (- 2.1 %) ⁽⁴⁾ in H1 2017 vs. H1 2016 ■ + 5.3 % increase in car registrations in Europe 5M 2017 vs 5M 2016⁽⁵⁾
Roofing in France	~7%	<ul style="list-style-type: none"> ■ - 2.0 % decrease in clay roof tiles in H1 2017 vs H1 2016; rise in new single family housing starts up + 19.4 % as of end of May 2017 ⁽⁶⁾ but renovation still declining ■ Improvement of market trend in Q2
US Shale oil	~ 1%	<ul style="list-style-type: none"> ■ Mild recovery in shale oil exploration activity, concentrated in low production cost basins

(*) 2016 estimates

(1) Census (2) RISI (3) Worldsteel (4) IHS automotive. Wards (5) ACEA. (6) Commissariat Général au Développement Durable, over a three-month rolling period

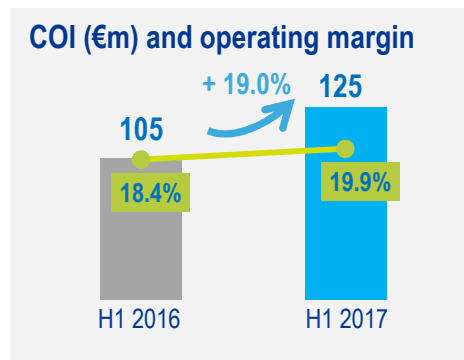
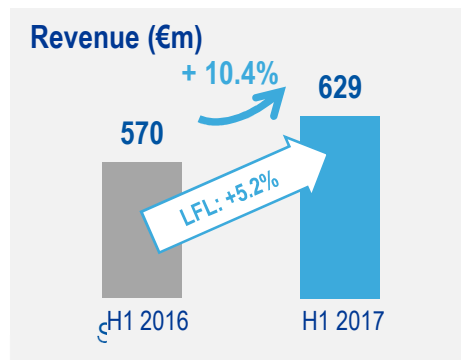
Energy Solutions & Specialties (29% of Group revenue)



* 2016 data

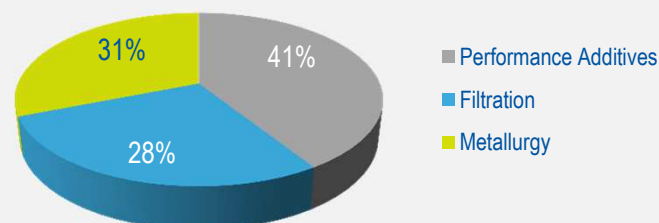
- Carbonates: sustained business in the construction and packaging, weakness of the paper market
- Monolithic Refractories: stabilization of the activity, firm sales in Asia
- Graphite & Carbon: buoyant sales, continuation of the investment program
 - ◆ Acquisition of a technology development company in Japan
 - ◆ Commissioning of a new natural graphite production unit in Namibia
- Oilfield Solutions
 - ◆ Market still at a low level
 - ◆ Negative contribution on COI should not be higher than in 2016 (€23m)
- Decrease in operating margin due to punctual dilutive effect of small acquisitions

Filtration & Performance Additives (28% of Group revenue)

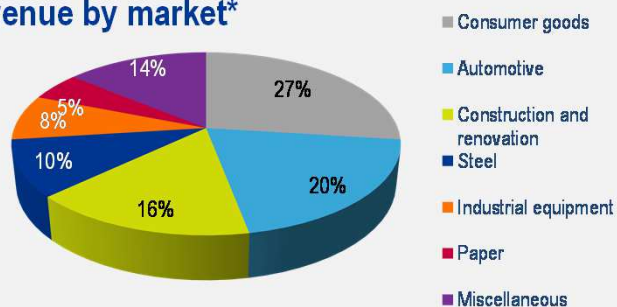


- Performance Additives: globally dynamic markets, in polymers for the automobile in particular
- Filtration: improvement in food & beverage markets and further developments in health & beauty, construction and agriculture markets
- Metallurgy: recovery in steel markets; integration of Damolin's specialty offer
- **+ 1.5 point** improvement in operating margin to **19.9%**

Revenue by division

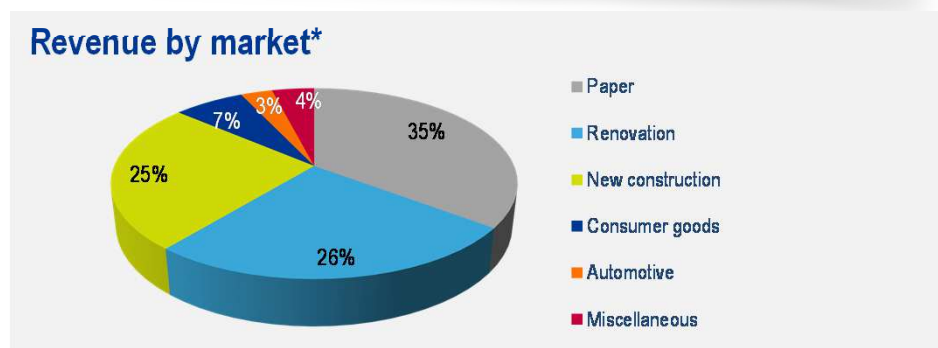
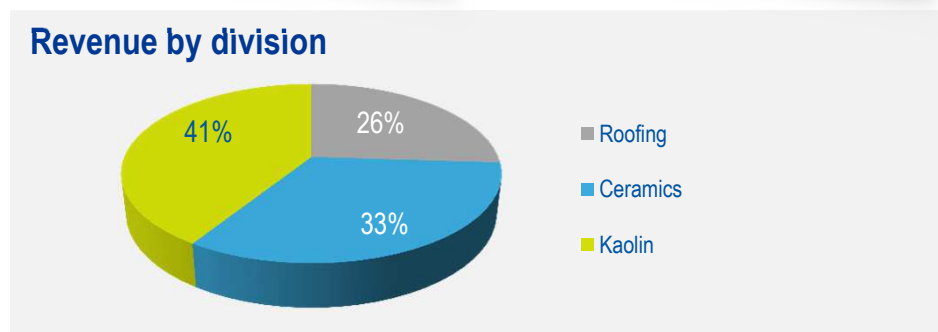
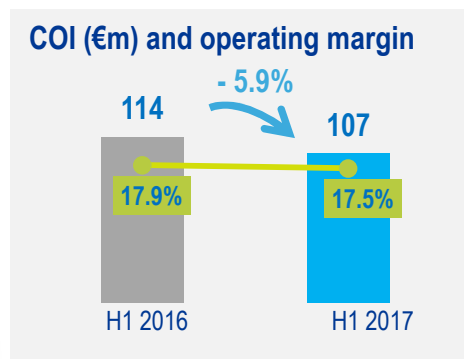
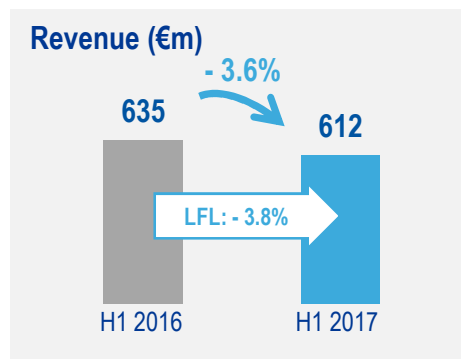


Revenue by market*



* 2016 data

Ceramic Materials (27% of Group revenue)

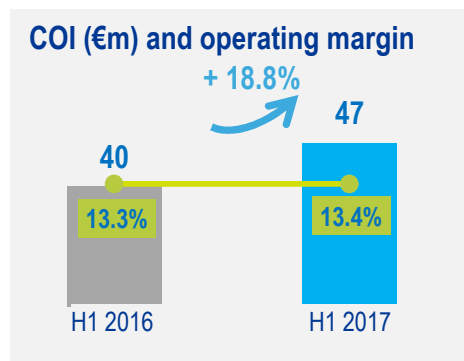
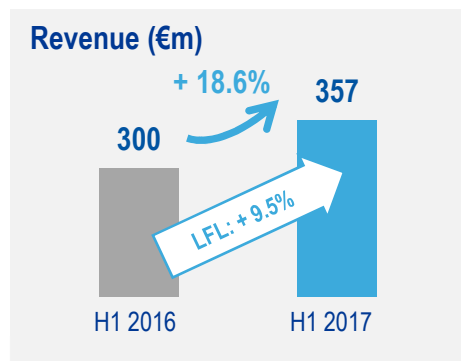


*2016 data

** source: FFTB Federation Française de Tuiles et Briques

- Roofing: decrease in clay tiles market in H1 2017 (- 2.0%**)
 ♦ Lackluster renovation market...
 ♦ ...but improvement in Q2, sustained by positive dynamics in new construction
- Kaolin: declining paper market and unfavorable basis effect due to the end of transition volumes following the acquisition of hydrous kaolin activities from BASF in 2015
- Ceramics: firm sales in tiles, sanitary ware and technical ceramics markets, in particular in emerging countries
- Operating margin under control at a high level (17.5%)

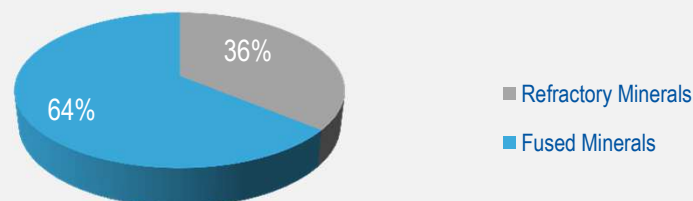
High Resistance Minerals (16% of Group revenue)



■ Buoyant sales in Fused Minerals and Refractory Minerals

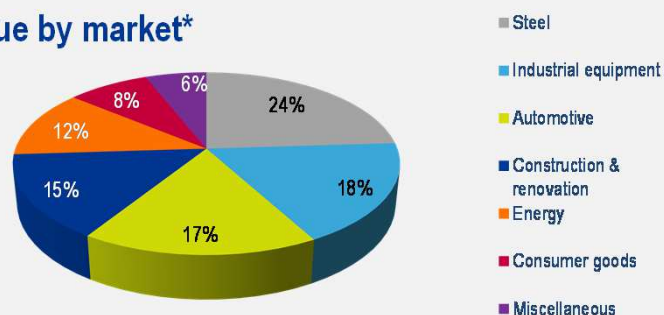
- ◆ Significant impact of restocking effect in Q1 (+ 14.6% LFL)
- ◆ Firm activity in refractory markets and in industrial production

Revenue by division



■ Slight improvement in operating margin: + 0.1 point to 13.4 %

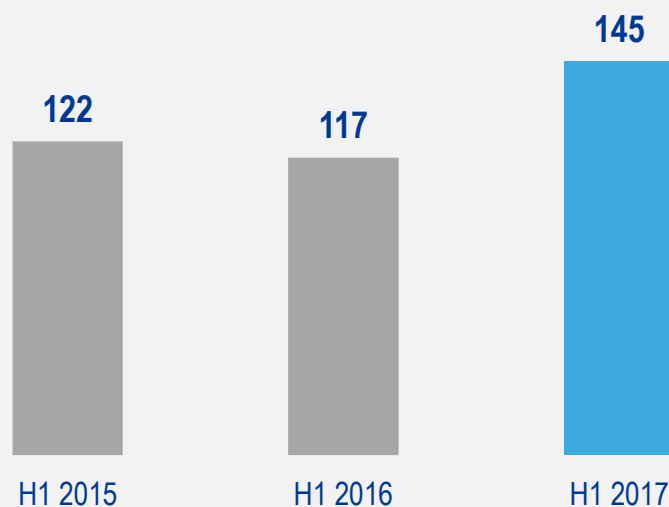
Revenue by market*



* 2016 data

Increase in development capex

Paid Capital Expenditure (€m)



Main development capex programs

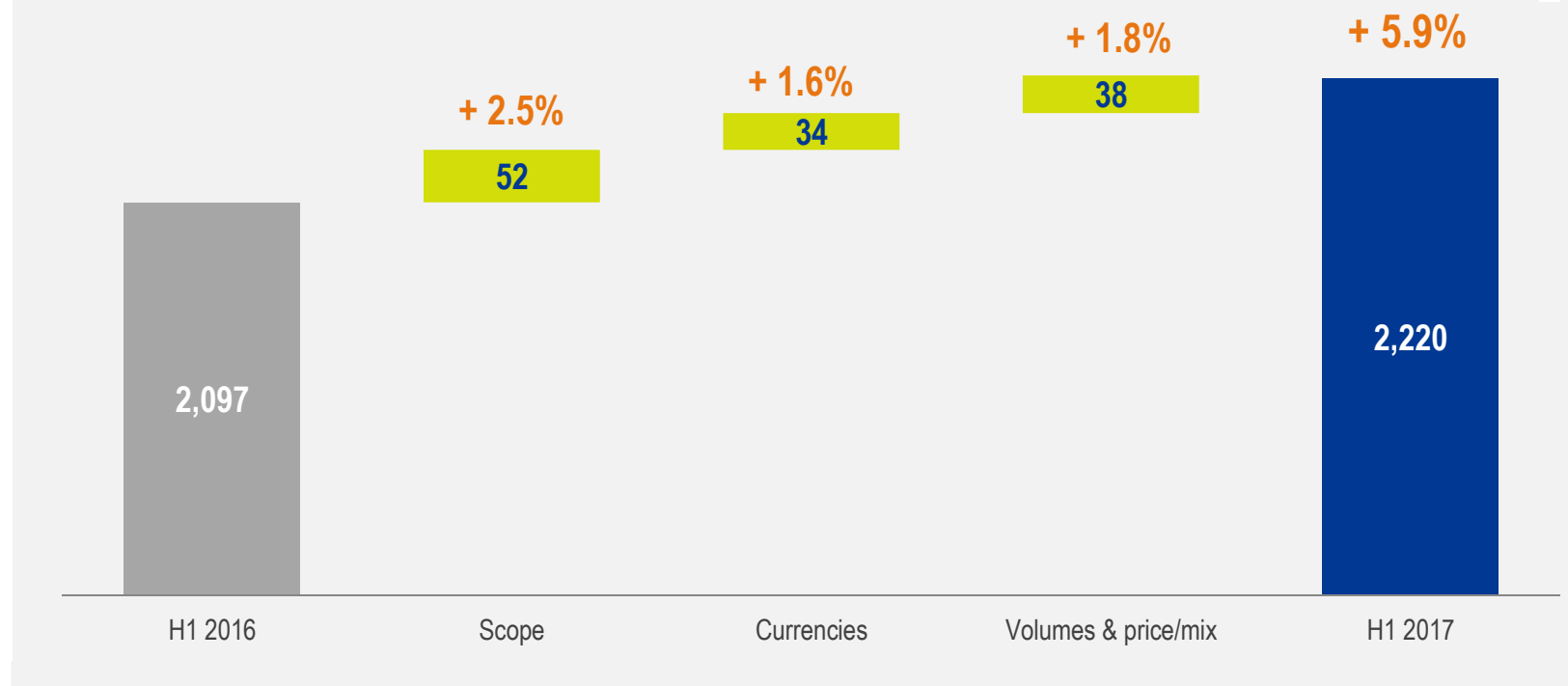
- **Graphite for mobile energy**
(Switzerland / Namibia / U.S.A.)
- **Carbonates for plastic film packaging**
(China)
- **Talc for polymers in automotive industry**
(France / U.S.A.)

Results



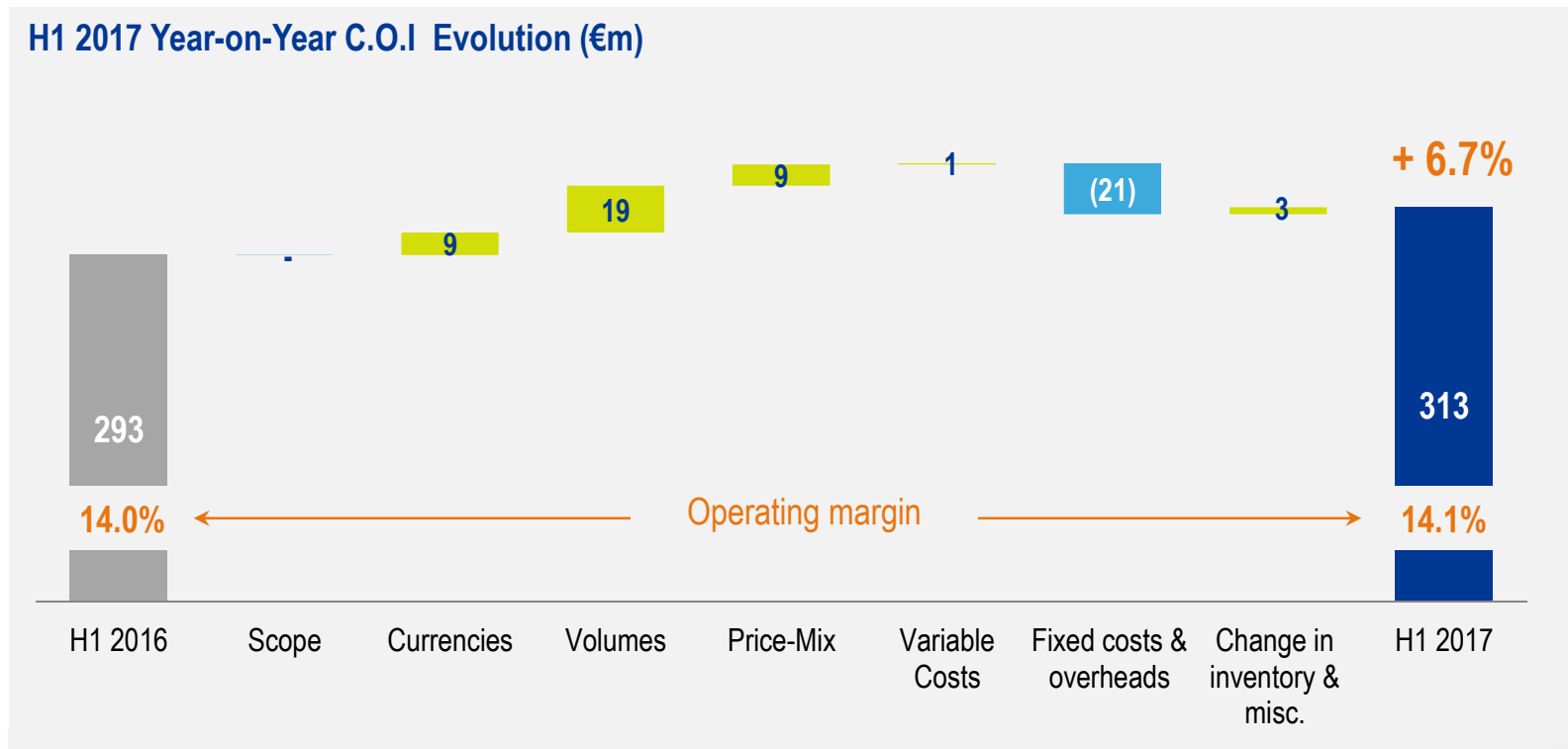
Revenue up + 5.9%

H1 2017 Year-on-Year Revenue Evolution (€m)



- Organic growth at + 1.8% in H1 2017 fueled by volumes (+ 1.4%), with positive price-mix effect (+ 0.5%)
- Contribution from bolt-on acquisitions completed since 2016
- Currency effect reflecting the gradual appreciation of US dollar, in Q1 in particular

Current operating income up + 6.7%



- + 10 bp improvement in operating margin to 14.1%
- Positive contribution from volumes of + €19m, and of + €9m from price-mix. Stability of variable costs thanks to operational excellence initiatives
- + €21m rise in fixed costs and overheads
 - ◆ Increase in production
 - ◆ Gradual deployment of human and industrial resources aimed at fostering Group growth

Net income from current operations up + 3.2%

€m	H1 2016	H1 2017	Change
Current operating income	293.0	312.6	+ 6.7%
Current financial expense	(29.1)	(42.2)	
<i>Average cost of net financial debt</i>	2.3%	2.2%	- 10 bp
Current income tax	(78.1)	(79.8)	
<i>Current tax rate</i>	29.6%	29.5%	
Minority Interests	(1.9)	(0.9)	
Net income from current operations, Group's share	183.9	189.7	+ 3.2%
Other operating income and expenses, net	(25.8)	(17.5)	
Net income. Group's share	158.1	172.2	+ 8.9%
Net income from current operations, Group's share, per share ⁽¹⁾	€2.33	€2.40	+ 3.0%

■ Financial expense

- ◆ Increase reflecting higher financial costs related to the financing of the acquisition of Kerneos

(1) With an average weighted number of outstanding shares of 79,035,849 in H1 2017 vs 78,909,966 in H1 2016

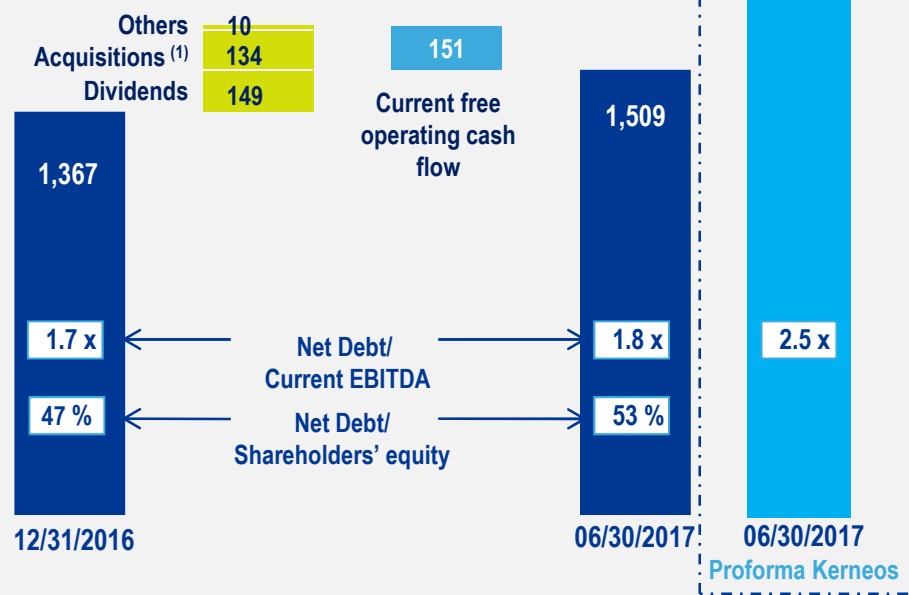
Robust cash flow generation in H1 2017

€m	H1 2016	H1 2017	Change (€m)
Current EBITDA	416.9	428.3	+ 11.4
Change in operating WCR	(48.3)	(44.4)	
<i>WCR as a % of revenue</i>	<i>23.4 %</i>	<i>22.5 %</i>	<i>- 90 bp</i>
Paid capital expenditure	(116.7)	(144.8)	+ 28.1
Current notional tax	(86.8)	(92.2)	↕
Other	11.6	3.7	
Current free operating cash flow ⁽¹⁾	176.7	150.6	- 26.1

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

Financial structure

Evolution of net financial debt (€m)



(1) Acquisitions, net of disposals and transactions on equity

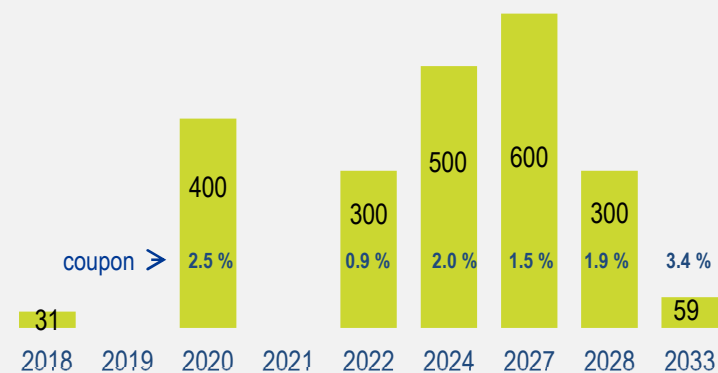
Long-term debt rating

- ◆ Moody's: **Baa2**. stable outlook
- ◆ S&P: **BBB**. stable outlook

Average maturity of bond debt: 7.5 years

Bonds maturity profile as of 06/30/2017

- ◆ Redemption of Avril 2017 bond: **€500m** with **5%** coupon
- ◆ 2027 bond issue: **€600m** with **1.5%** coupon



Outlook



Outlook for 2017

- Gradual increase in the contribution from synergies with recently completed acquisitions, in particular with Kerneos since July 18
- Continuation of development strategy
- Increase in net income from current operations above + 7% in 2017, assuming constant market and exchange rates conditions

Appendices



Revenue and current operating income by quarter

Revenue (€m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Energy Solutions & Specialties	312.5	323.5	314.1	303.0	300.8	316.2	319.6	314.0	321.6	332.0
Filtration & Performance Additives	218.9	306.2	284.5	271.9	278.2	292.1	282.0	292.2	312.4	317.0
Ceramic Materials	291.0	301.4	285.8	294.2	323.2	311.4	293.8	293.6	310.9	300.9
High Resistance Minerals	165.3	165.0	156.0	143.1	148.3	151.5	146.5	151.4	184.2	171.5
Eliminations & Holding companies	(14.1)	(12.4)	(13.2)	(10.2)	(12.4)	(12.6)	(12.1)	(12.5)	(15.9)	(14.3)
TOTAL	973.6	1,083.7	1,027.2	1,002.2	1,038.1	1,058.6	1,029.8	1,038.7	1,113.2	1,107.1

Like-for-like revenue growth	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Energy Solutions & Specialties	- 4.7%	- 3.5%	- 9.7%	- 8.1%	- 6.8%	- 2.9%	- 3.2%	+ 1.2%	+ 1.0%	+ 0.7%
Filtration & Performance Additives	+ 2.8%	+ 3.6%	- 0.1%	+ 2.7%	+ 2.3%	- 1.7%	- 0.5%	+ 6.0%	+ 6.5%	+ 4.0%
Ceramic Materials	- 6.3%	- 1.7%	- 4.4%	- 4.7%	+ 2.8%	- 2.3%	- 2.1%	- 3.8%	- 4.7%	- 2.9%
High Resistance Minerals	- 7.4%	- 10.4%	- 3.4%	- 10.5%	- 6.4%	- 4.4%	- 5.5%	+ 4.9%	+ 14.6%	+ 4.4%
Like-for-like revenue growth	- 4.5%	- 3.3%	- 5.6%	- 5.1%	- 1.8%	- 2.6%	- 2.5%	+ 1.4%	+ 2.4%	+ 1.2%

Current Operating Income (€m)	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Consolidated C.O.I.	123.2	150.8	135.0	129.1	135.4	157.7	148.5	140.6	147.2	165.4
Operating margin	12.7%	13.9%	13.1%	12.9%	13.0%	14.9%	14.4%	13.5%	13.2%	14.9%

Current operating income and operating margin by semester

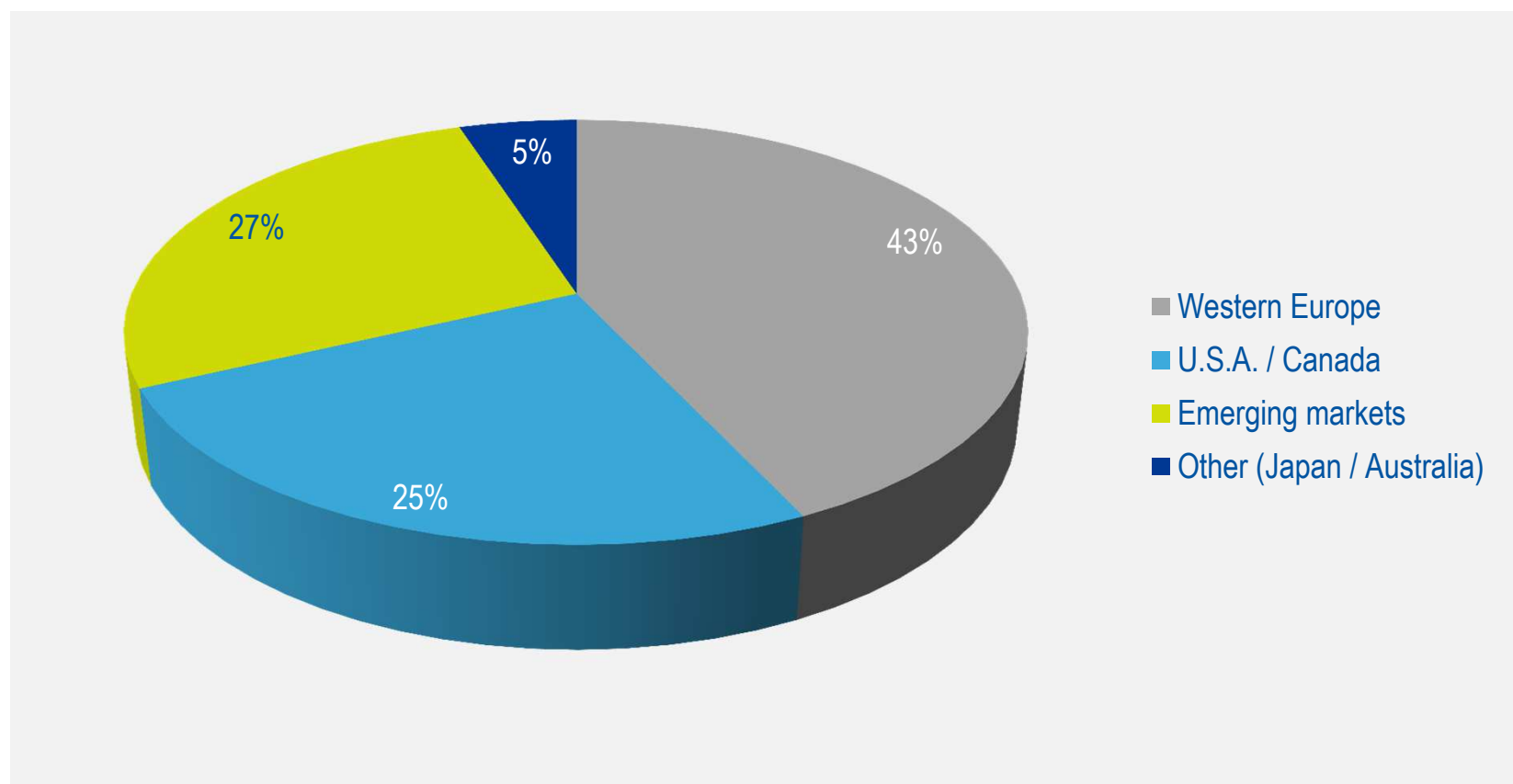
Current Operating Income (€m)	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017
Energy Solutions & Specialties	77.5	65.7	67.9	60.2	72.1	77.5	64.4	55.3	67.0	62.9	68.8
Filtration & Performance Additives	45.4	44.9	51.3	49.6	58.0	55.4	88.0	90.1	105.0	109.7	125.0
Ceramic Materials	112.5	97.0	108.5	111.2	104.4	106.7	106.8	103.3	113.7	109.7	107.0
High Resistance Minerals	53.6	41.6	37.4	32.7	36.5	36.3	41.4	40.2	40.0	38.0	47.5
Eliminations & Holding companies	(23.6)	(26.6)	(21.0)	(20.7)	(23.2)	(29.0)	(26.5)	(24.8)	(32.7)	(31.2)	(35.7)
Consolidated C.O.I	265.4	222.7	244.0	233.0	247.7	246.9	274.0	264.1	293.0	289.1	312.6

Operating Margin	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017
Energy Solutions & Specialties	11.8%	10.4%	10.9%	9.6%	11.5%	11.8%	10.1%	9.0%	10.9%	9.9%	10.5%
Filtration & Performance Additives	14.3%	14.2%	15.9%	15.9%	17.9%	16.6%	16.8%	16.2%	18.4%	19.1%	19.9%
Ceramic Materials	17.3%	15.7%	17.4%	19.1%	17.9%	18.6%	18.0%	17.8%	17.9%	18.7%	17.5%
High Resistance Minerals	13.9%	11.7%	11.1%	10.3%	11.1%	11.6%	12.5%	13.4%	13.3%	12.8%	13.4%
Consolidated Operating Margin	13.4%	11.7%	13.0%	12.8%	13.5%	13.3%	13.3%	13.0%	14.0%	14.0%	14.1%

Current financial expense

€m	H1 2016	H1 2017
Interest expense, net	(24.9)	(27.4)
Unwinding of long-term provisions and change in other provisions	(1.9)	(2.1)
Net interest expense on pensions	(4.4)	(3.6)
Currency translation, other financial income and expense and financial instruments	2.0	(9.1)
Current financial expense	(29.1)	(42.2)

Breakdown of revenue by geography in H1 2017



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

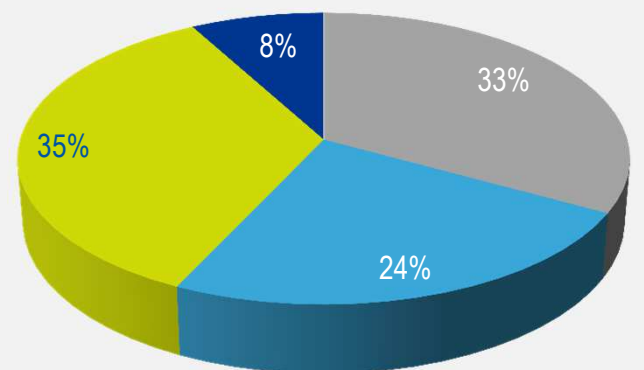
■ Graphite & Carbon

- ◆ 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 2017 revenue by geography



■ Western Europe ■ U.S.A. / Canada
■ Emerging markets ■ Other (Japan / Australia)

Filtration & Performance Additives

■ Performance Minerals

- ◆ Additives for paints, plastics, polymers, rubbers, adhesives, sealants, pharma & personal care (mainly talc, mica and wollastonite, etc.)

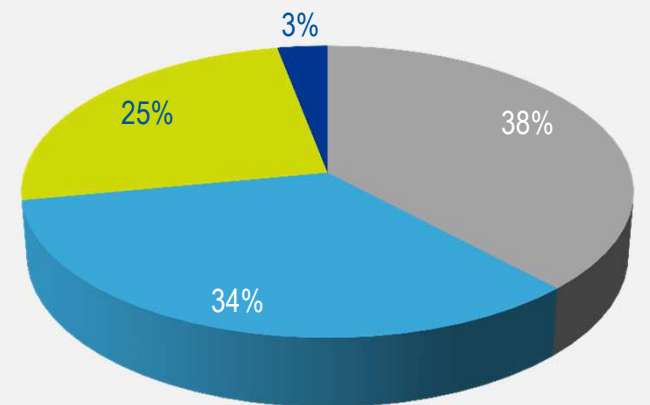
■ Filtration

- ◆ 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 2017 revenue by geography



■ Western Europe ■ U.S.A. / Canada
■ Emerging markets ■ Other (Japan / Australia)

Ceramic Materials

■ Roofing

- ◆ Clay roof tiles in France

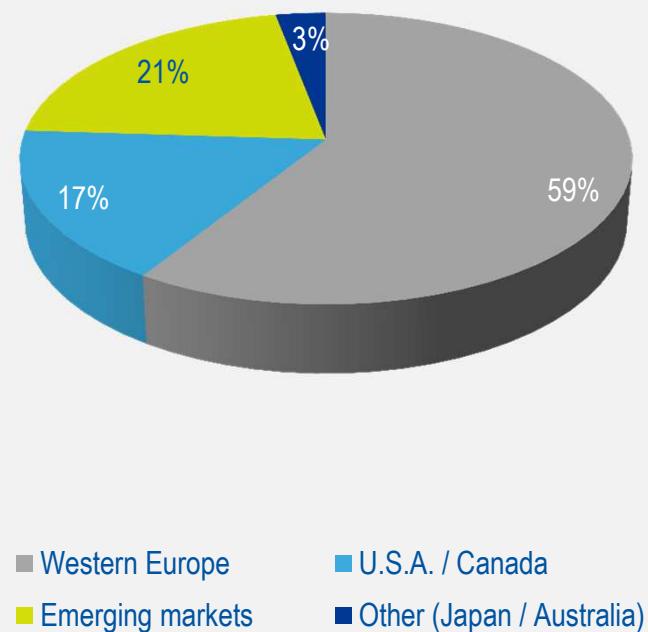
■ Ceramics

- ◆ 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 2017 revenue by geography



High Resistance Minerals

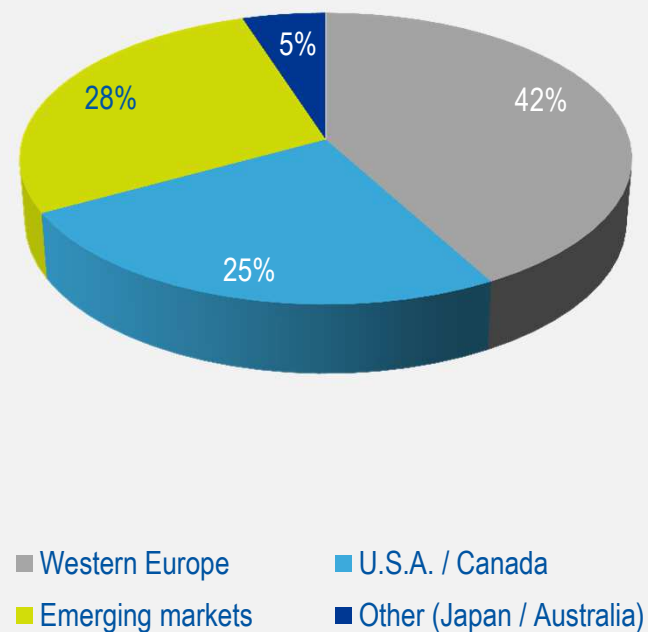
■ Fused Minerals

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

■ Refractory Minerals

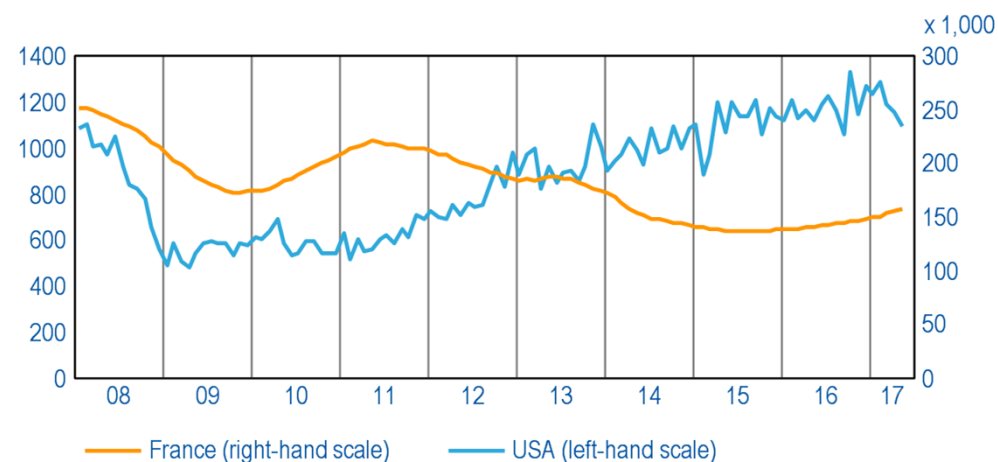
- ◆ Production of acidic refractory minerals including andalusite, chamottes

H1 2017 revenue by geography



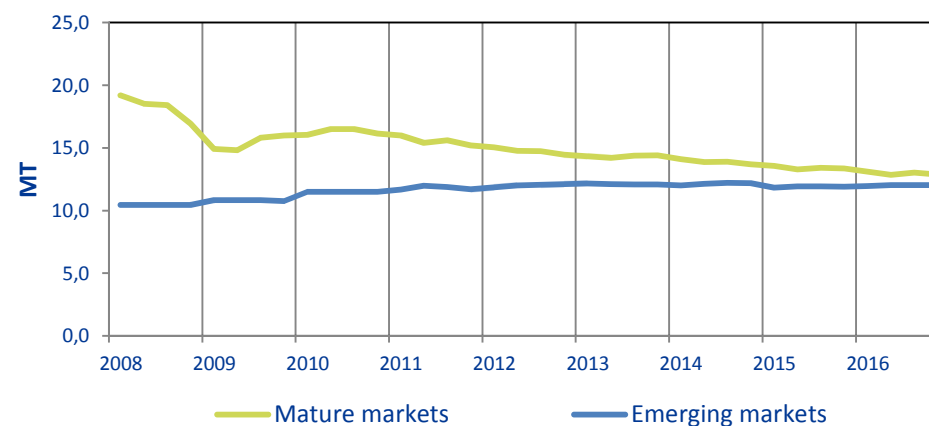
Market indicators for construction, printing & writing paper

New housing starts
(in thousands)



Source: Thomson Reuters Datastream

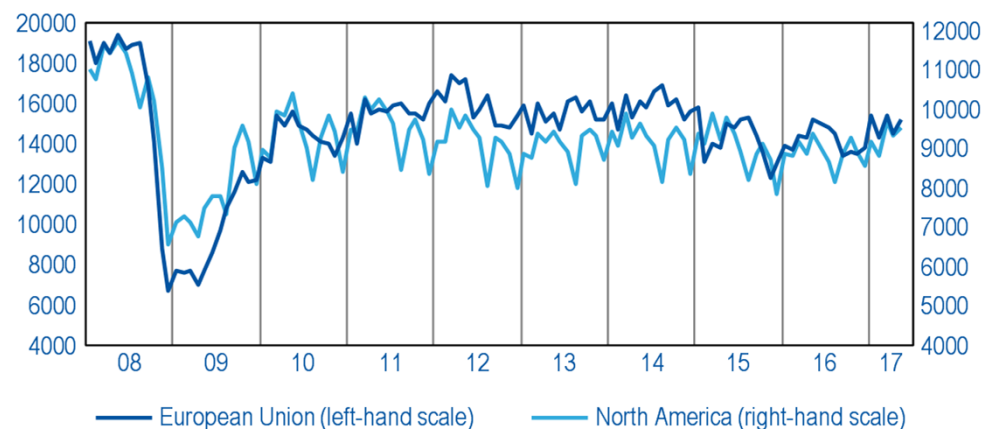
Printing & writing paper
(in millions of tons)



Source : RISI

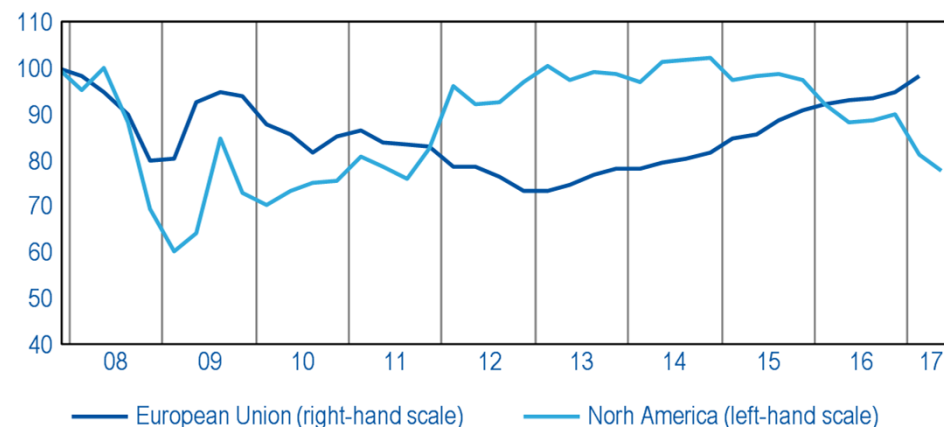
Indicators for steel production and passenger car registrations

**Steel production
(in thousands of tons)**



Source: Thomson Reuters Datastream

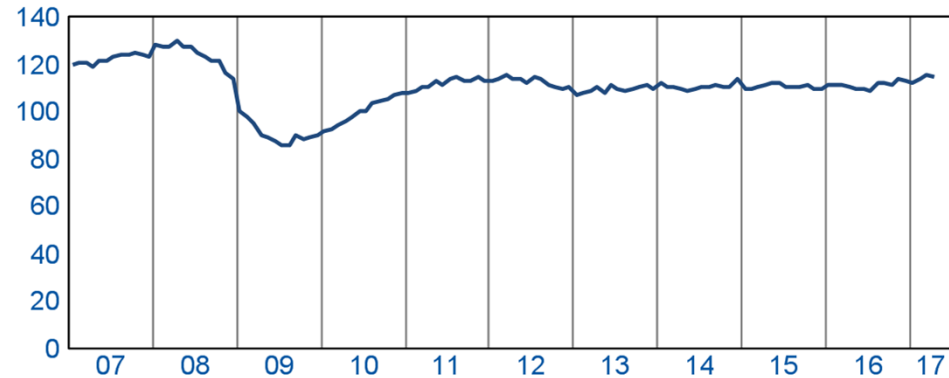
**Passenger car registrations
(base 100 in Q4 2007)**



Source: Thomson Reuters Datastream

Industrial production indicator: industrial equipment

New orders index (machine and industrial equipment manufacturing in EU-28 (adjusted for seasonal effect and working days)



Source: Thomson Reuters Datastream

New orders index (machine and industrial equipment manufacturing in the U.S.A. (adjusted for seasonal effect)



Source: Thomson Reuters Datastream

Kerneos: a new platform to grow Imerys' minerals-based specialties



Main strategic rationale for Imerys

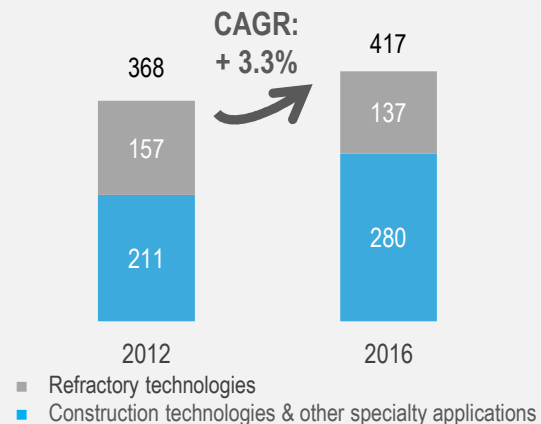


- A world class **technology platform**
- Entering into a **new and growing market segment**
 - ◆ Leveraging growing adoption rate of aluminate technologies in construction
 - ◆ Enhancing Imerys financial performance with above Group-average top line growth, profitability and cash flow generation
- **Close fit with Imerys' business model**
 - ◆ Leading technologies, high quality assets with global footprint, secured access to mineral reserves
 - ◆ Leadership position: worldwide # 1 in calcium aluminates performance binders
 - ◆ High-functional value products with multiple key properties, for a small share of client input costs
 - ◆ Innovation leadership and customer focus
 - ◆ Shared culture of excellence

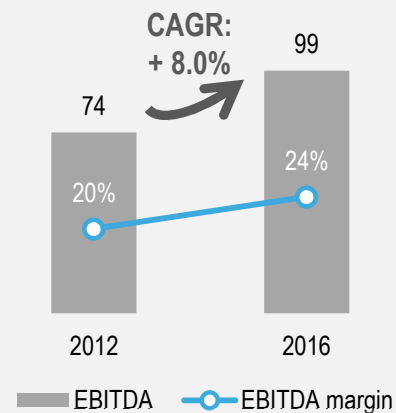


Kerneos: global leadership positions with proven track record of growth and profitability

Sustained revenue growth (€m)



High profitability (€m)



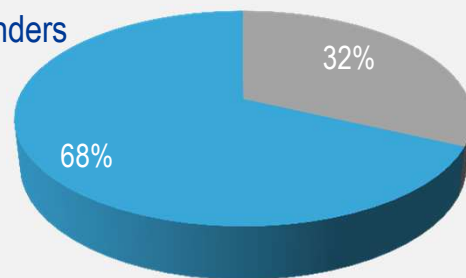
■ Proven track-record of **growth and resilient profitability** at high level

- ◆ Revenue: + 3.3% CAGR 2012-2016, of which + 6.2% organic growth p.a. in construction technologies
- ◆ 24% EBITDA margin in 2016

■ Strong free cash flow: **€60m** in 2016 ⁽¹⁾

Revenue by segment

Worldwide #1 in CAC performance binders for construction technologies



■ Refractory technologies
■ Construction technologies & other specialty applications

Worldwide #1 in CAC performance binders for refractories



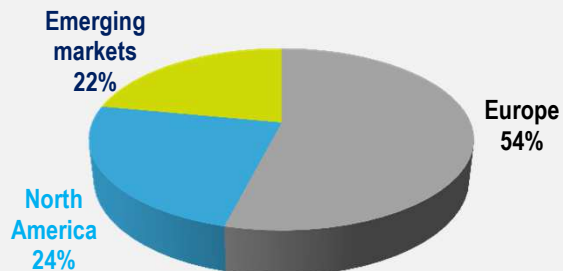
(1) Free cash flow before taxes, excluding exceptional and non recurring items
Free cash flow excludes financial lease charges

With Kerneos, Imerys would complement its global footprint...

- **Global presence:** 1,500 employees in 9 industrial facilities and 17 sales offices
- **Competitive industrial base** located in key markets
- **Secured access to required minerals** (including ownership of red bauxite mines)
- Strong customer focus with **recognized technical support** and expertise
- Significant presence in growing geographies: ca. **50%** of revenue in North America and emerging markets:

Sole CAC player with global footprint

Revenue by region (9 months 2016)



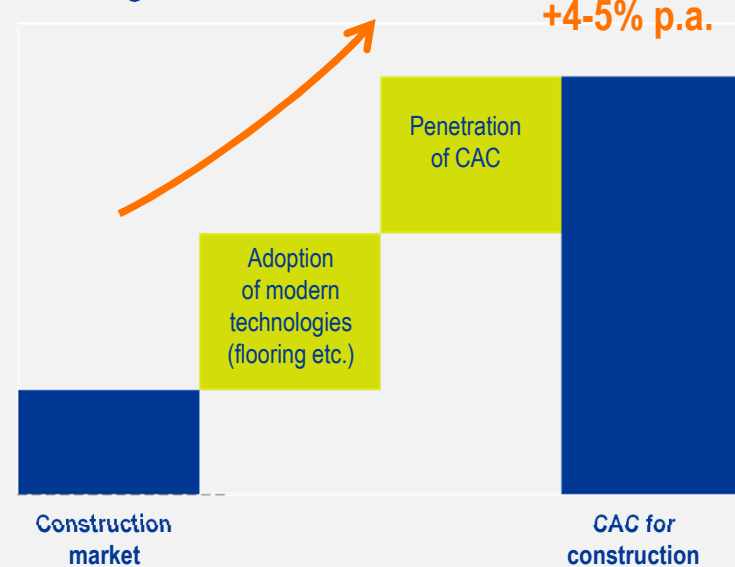
- Production Plants
- Commercial Offices
- Integrated Bauxite mining sites
- Countries with Industrial Sites

... and enhance its profile with 2/3 of Kerneos activities offering growth potential

■ Construction technologies and specialty applications: long-term growth **outperforming construction** markets

- ◆ Self leveling and quick drying properties
- ◆ Cost effective solution
- ◆ High penetration potential of mortars using CAC technology in the US
- ◆ Continuing CAC penetration in all European markets (France, Germany and the UK)
- ◆ Customer base including premium players (Sika, Bostik, Weber, Mapei, Thomsit, etc.)

Leveraging growing adoption rate of aluminate technologies in construction



■ Other specialty applications

- ◆ CAC products for wastewater treatment, mining industry, metal refinery, engineering jobs and specialized concrete producers
- ◆ Bauxite mining activities

Refractory technologies: high value offering

- Serving primarily as binders for **refractory products (monolithics)**
 - ◆ Performance binders are critical to the performance of client products
 - ◆ Represents a small share of client input cost in refractories
- Benefiting from a **resilient performance**
 - ◆ Selling almost exclusively added value CAC products with high level of technical service
 - ◆ Serving several high temperature industries (steel, cement, glass, petrochemical, incinerators, etc.)
 - ◆ Substitution from bricks to monolithic refractories
- CAC market for **refractories prospect**
 - ◆ Expectations of mature countries recovery, India growth and increasing CAC penetration in emerging markets
 - ◆ Expectation of markets with growing demand of modern standard

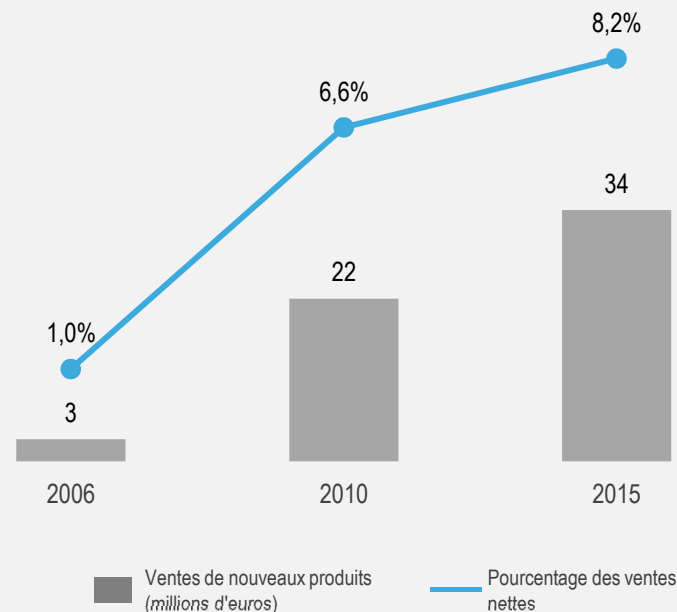
Leadership en innovation soutenu par un fort potentiel en R&D

■ R&D de grande qualité qui renforcera la capacité d'innovation d'Imerys

- ◆ 2 centres de R&D dédiés aux technologies de la construction (France) et aux réfractaires (Chine)
- ◆ 5 laboratoires d'applications dans le monde dédiés au support client
- ◆ Vaste réseau de coopération avec les universités et instituts

Évolution des ventes de nouveaux produits ces dix dernières années

En millions d'euros et pourcentage des ventes nettes



■ Principales marques

TERNAL SECAR ALAG CALCOAT FONDAG CIMENT FONDU SEWPERCOAT LDSF OPTOMET peramin[®]
a Kerneos brand



€23 m run-rate annual synergies identified

■ Leveraging geographical coverage

- ◆ Kerneos stronger presence in some geographies

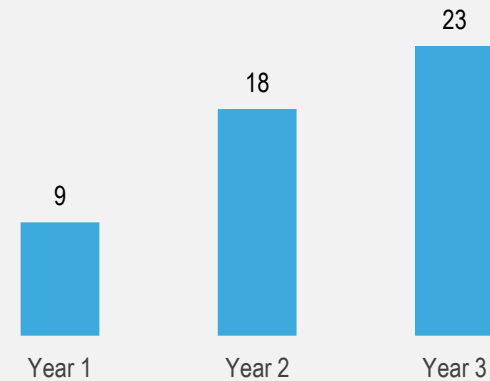
■ Enhancing innovation potential

- ◆ New technologies/ applications
- ◆ Cross fertilization opportunities

■ Cost optimization

- ◆ Procurement efficiencies
- ◆ Industrial set up

Pre-tax synergies phasing (€m)



Imerys and Kerneos: a value creative transaction

- **Estimated enterprise value of c.€880 million**
 - ◆ €23m annual run rate synergies from third full year of consolidation
 - ◆ 8.9x 2016 EBITDA and 7.2x post run-rate annual synergies
- **Financed from Imerys' available resources**
 - ◆ Available cash and secured financing
 - ◆ Complies with our objective to maintain an investment grade rating
 - ◆ Ensures financing flexibility: deleveraging thanks to solid cash generation
- **Value creative acquisition**
 - ◆ ROCE above WACC within 3 years, in line with Imerys stringent acquisition criteria
 - ◆ High single digit EPS¹ accretion from first full-year of consolidation



7.2x 2016 EBITDA
post run-rate annual synergies



High single-digit
EPS accretion from Year 1

1. Net income from current operations per share

Kerneos, a further step in Imerys' development strategy that matches all our value-creation criteria

- ✓ World class technology platform
- ✓ Entry into a new growing market segment
- ✓ Enhancement of Imerys growth and profitability profile
- ✓ Excellent fit with Imerys business model
- ✓ Strong innovation capabilities
- ✓ Significant synergies identified
- ✓ Consistent with investment grade objective



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