

# First Quarter 2016 Results

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Conference Call  
April 29, 2016

Gilles MICHEL - Chairman & CEO  
Olivier PIROTTE - CFO



## Disclaimer

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*More comprehensive information about Imerys may be obtained on its website ([www.imerys.com](http://www.imerys.com)), under Regulated Information, including its Registration Document filed under No. D.16-0153 on March 17, 2016 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.*

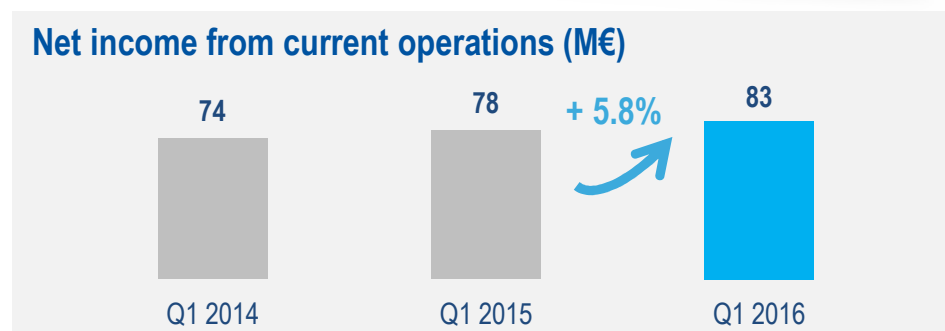
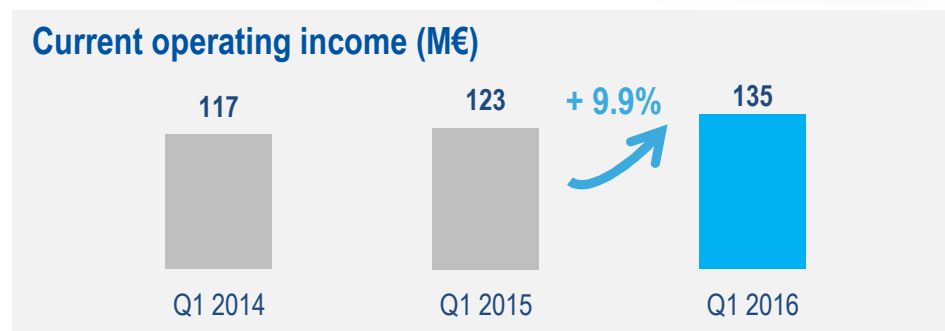
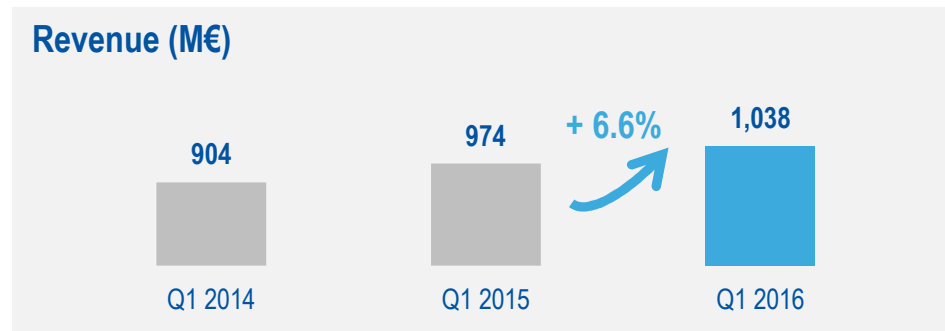
*This document contains projections and other forward-looking statements. Investors are cautioned that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Imerys) that could cause actual results and developments to differ materially from those expressed or implied.*

*Throughout the presentation:*

- *“like-for-like” or “LFL” means “at comparable Group structure and exchange rates”*
- *“current operating income” or COI means operating income before other operating revenue and expenses*

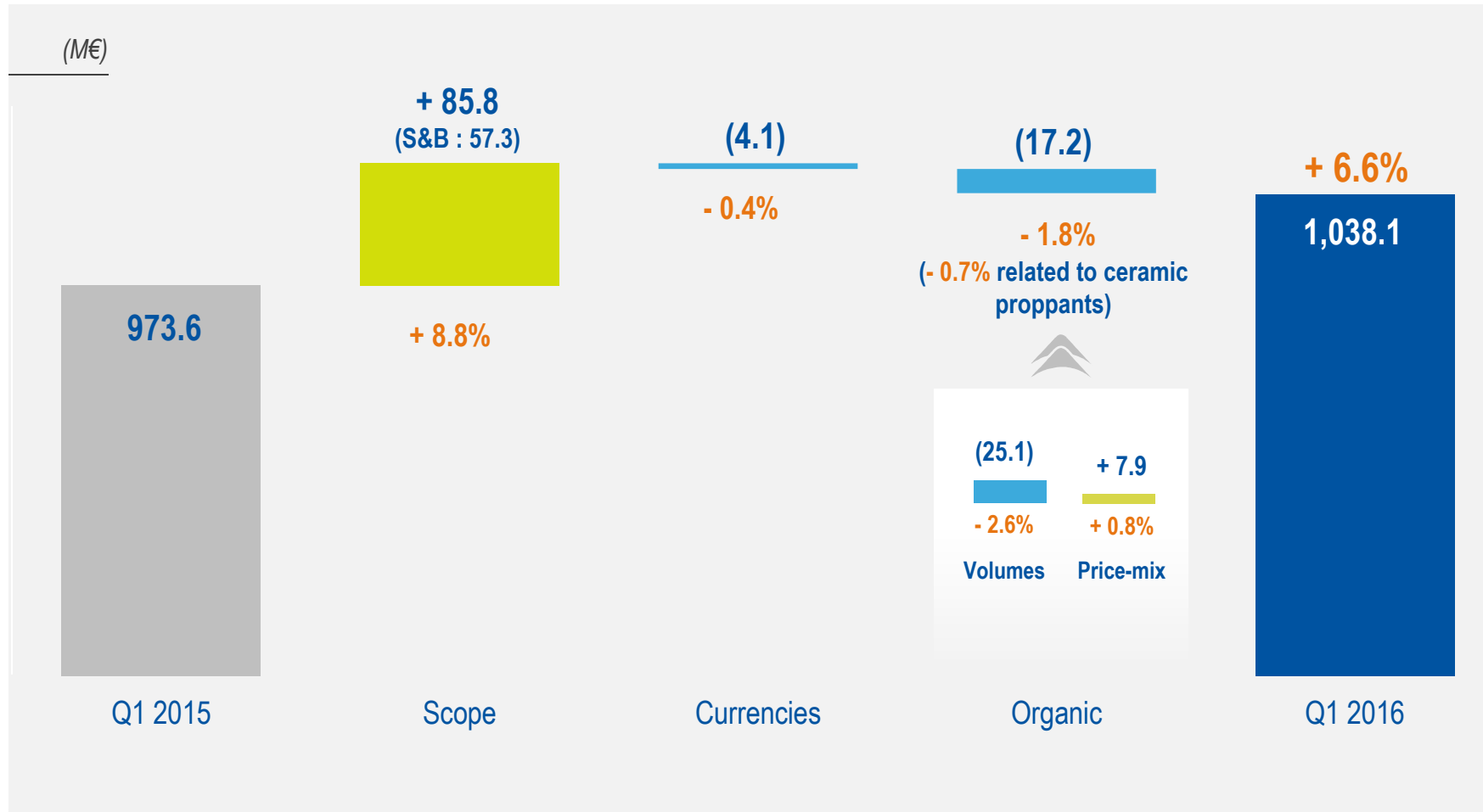
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# Results increase in Q1 2016

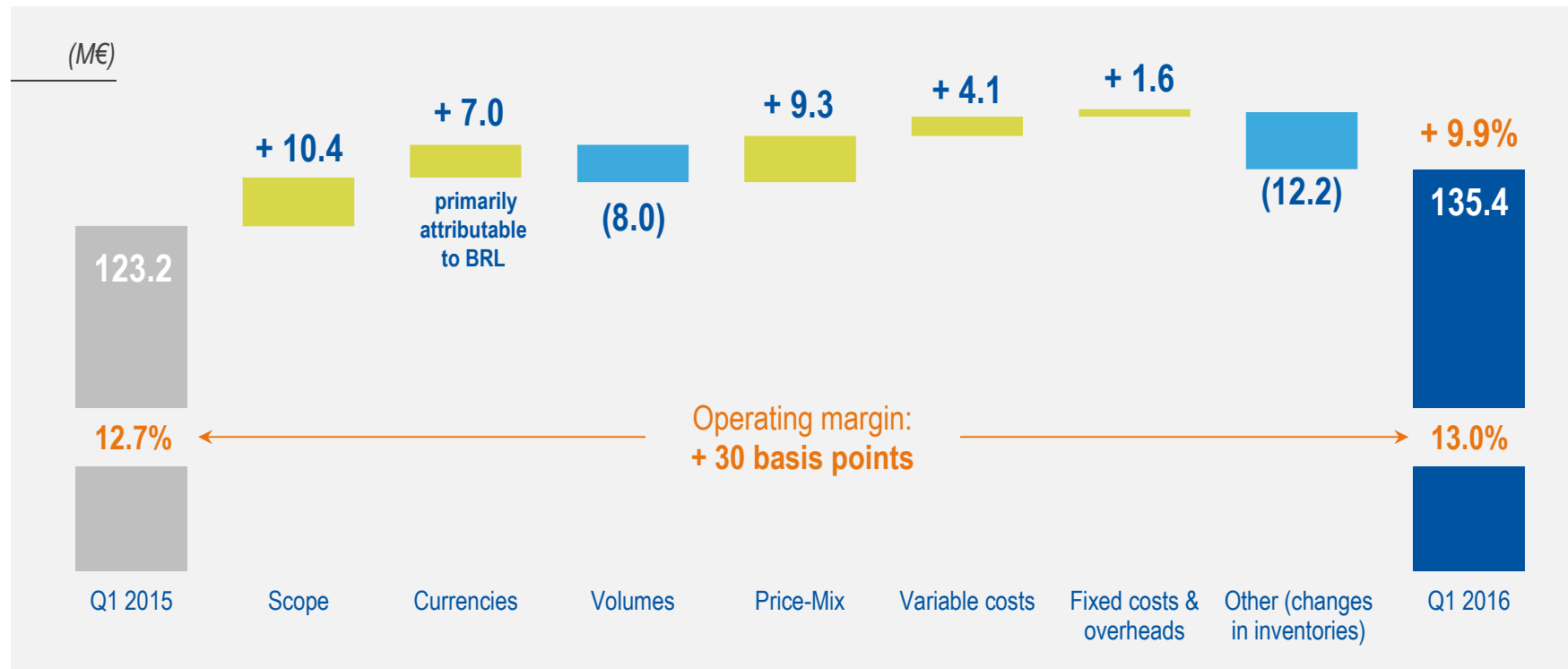


- Revenue growth of **+ 6.6%**
  - ◆ Contribution from external growth transactions completed in 2015
  - ◆ **- 1.8%** like for like (**- 0.7%** related to ceramic proppants)
- Operating margin improvement by **+ 30** basis points to 13.0%
  - ◆ Current operating income up **+ 9.9%**
  - ◆ Positive price-mix mainly supported by new products
  - ◆ Effectiveness of management measures
  - ◆ Contribution of acquisition-led synergies
- Net income from current operations up **+ 5.8%**

# + 6.6% revenue growth to à 1,038 M€



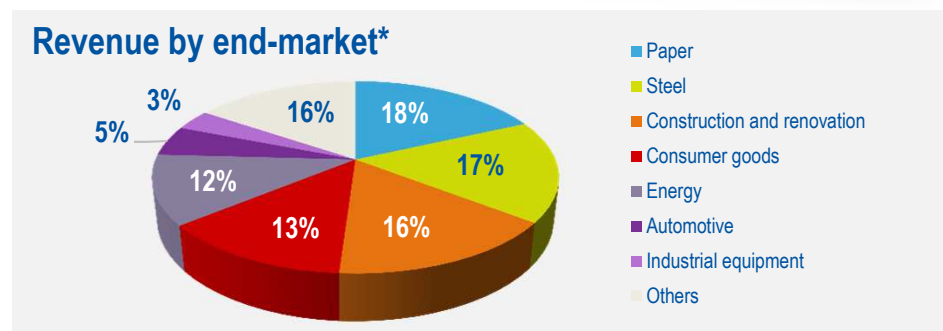
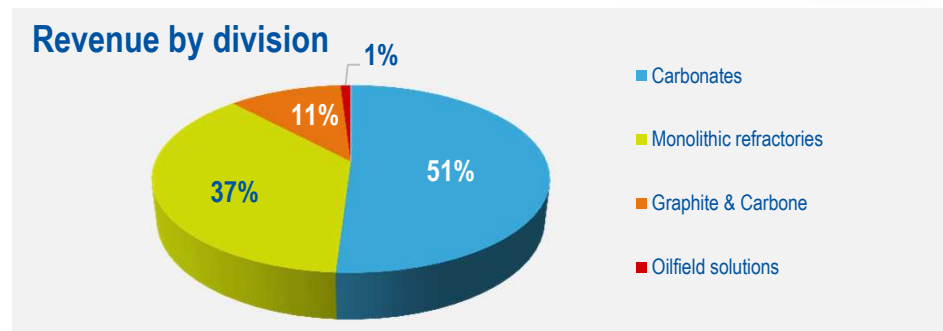
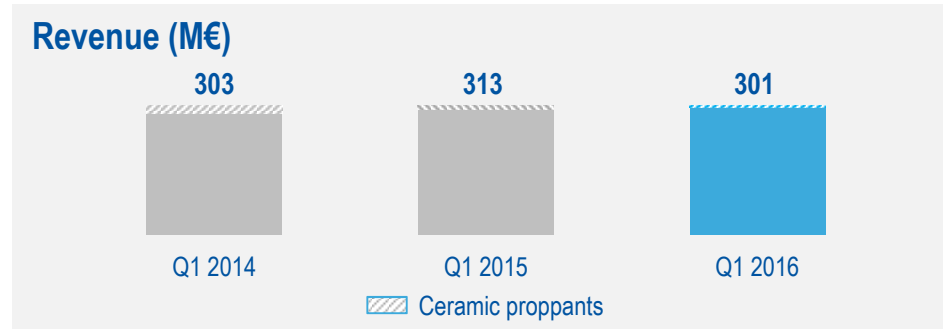
# Increase in current operating income



- Positive contribution from acquisitions, S&B in particular
- Positive contribution from price-mix effect
- Favorable currency translation impact due to the depreciation of the Brazilian Real, to be viewed against inflated cost structure in Brazil (-3,3 M€)
- Variable and fixed costs improved by +5.7 M€, thanks to « I-Cube » operational excellence programs and tight controls over procurement



# Energy Solutions & Specialties (29% of Q1 2016 revenue)

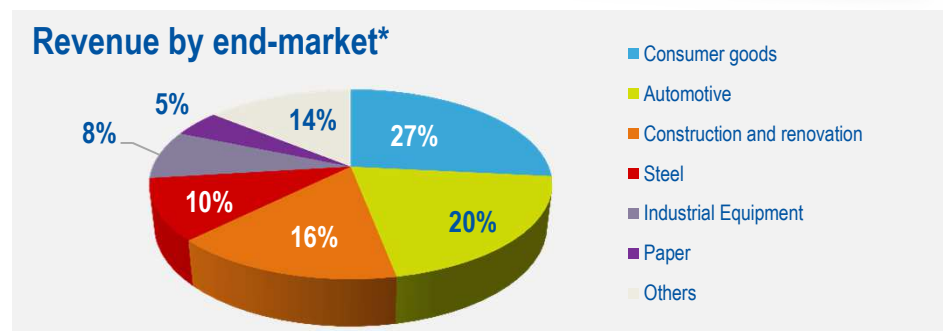
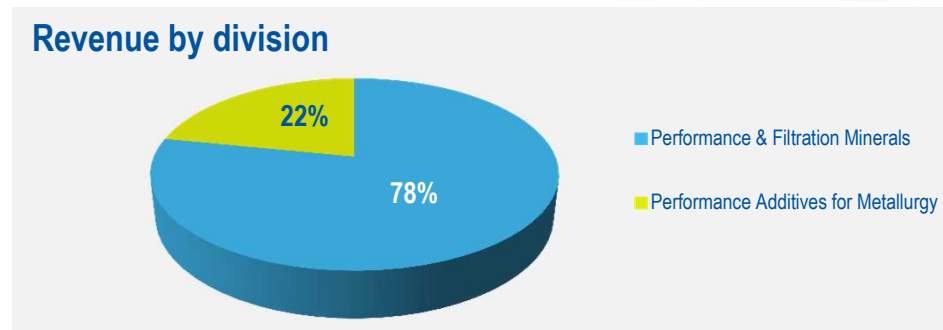
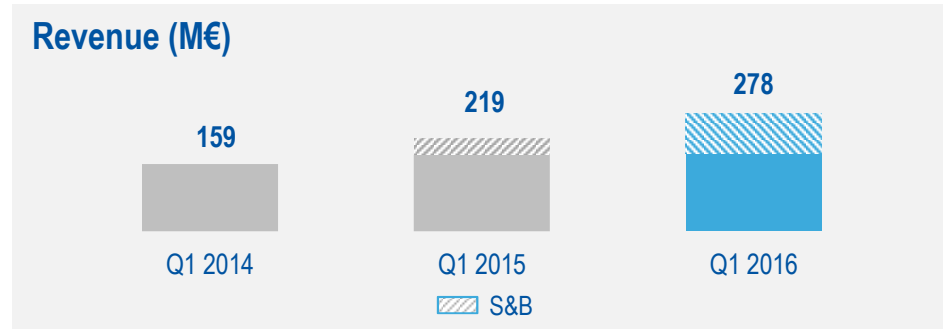


\* 2015 data

- Revenue: - 6.8 % LFL
  - ◆ Steel markets
  - ◆ Ceramic proppants
- Strong increase in demand for graphite used in lithium-ion batteries for mobile energy
- Integration of Solvay's European PCC business in Q4 2015
- Proactive management of costs in monolithic refractories
- Impact of ceramic proppants on current operating income in line with expectations



# Filtration & Performance Additives (26% of Q1 2016 revenue)



\* 2015 data

## ■ Integration of S&B

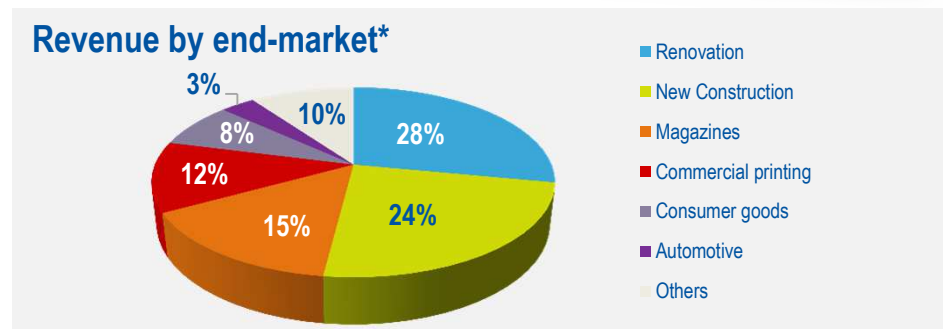
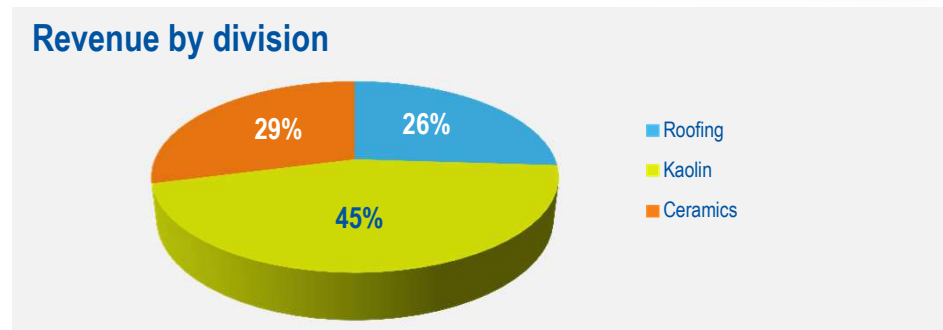
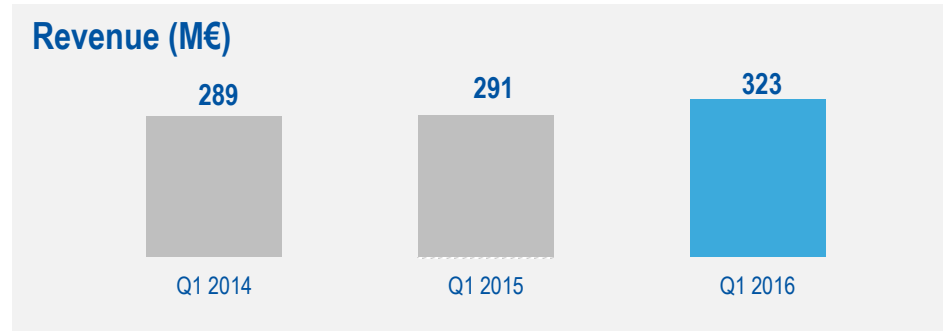
- ◆ 3 months vs. 1 month in Q1 2015
- ◆ Satisfactory synergies delivery: costs and revenue (e.g. Wollastonite, functional additive for polymers)
- ◆ Performance additives for metallurgy doing well (foundry and steel markets)

## ■ LFL revenue growth of + 2.3%

- ◆ Well-oriented demand for polymers, in particular in the automotive industry
- ◆ Consumer-related markets holding up well
- ◆ Development of new products in agri-food, healthcare, beauty, pharma markets, etc.



# Ceramic Materials (31% of Q1 2016 revenue)



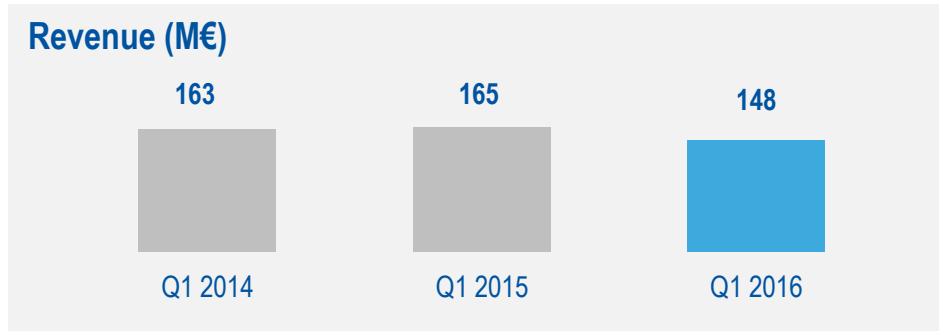
\* 2015 data

- LFL revenue **+ 2.8%**
  - ◆ Reported: **+ 11.1%**
- Ceramics
  - ◆ Traditional markets well oriented (tableware, sanitaryware, etc.)
- Roofing
  - ◆ Improvement compared to Q1 2015
  - ◆ Development of new products and contribution of Matisco acquired in Q4 2015
- Kaolin
  - ◆ Positive dynamics in specialty applications
  - ◆ Contribution from the paper hydrous kaolin business acquired from BASF in the US in Q4 2015

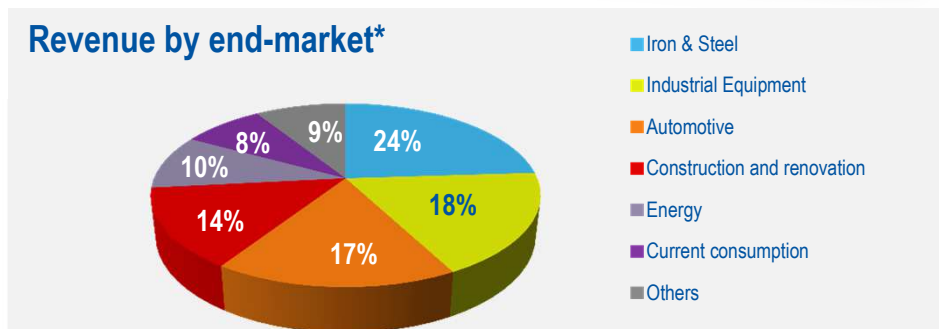
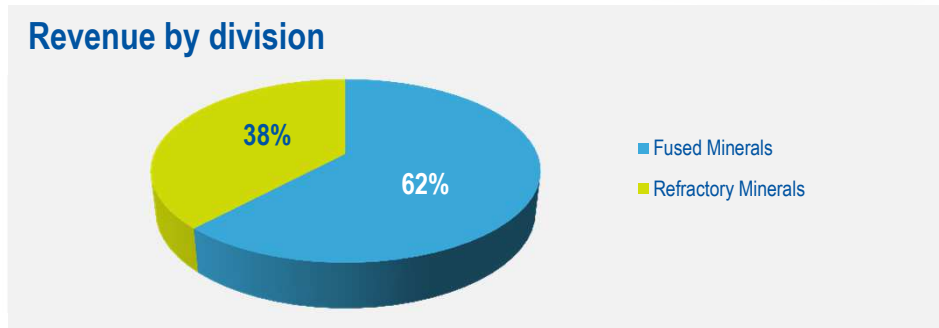




# High Resistance Minerals (14% of Q1 2016 revenue)



- Revenue: - 6.4% LFL
- Difficult trading environment in refractories for steel
- Development of specialty products: commercial launch of Sol Gel for high performance abrasives
- Ongoing cost optimization programs and industrial capacity adjustment



\* 2015 data

## Increase in net income from current operations

M€	Q1 2015	Q1 2016	Change
<b>Current operating income<sup>(1)</sup></b>	<b>123.2</b>	<b>135.4</b>	<b>+ 9.9%</b>
Current financial expense	(11.0)	(17.3)	
Current income tax	(33.0)	(34.2)	
Minority interests	(1.0)	(1.1)	
<b>Net income from current operations, Group's share<sup>(2)(3)</sup></b>	<b>78.2</b>	<b>82.7</b>	<b>+ 5.8%</b>
Other income and expenses, net	(9.7)	(10.3)	
<b>Net Income, Group's share</b>	<b>68,5</b>	<b>72,4</b>	<b>+ 5,7%</b>
<i>Net income from current operations (Group's share) per share<sup>(4)</sup></i>	<i>1.01 €</i>	<i>1.05 €</i>	<i>+ 3.4%</i>

- **Current financial expenses: negative impact of currency translation**
- **Current tax rate stable at 29.0% in Q1 2016**
- **Other income and expenses include restructuring and acquisitions costs**

(1) Including share in income (loss) of affiliates

(2) Net of minority interests

(3) Net income before other operating revenue and expenses, net

(4) Average weighted number of outstanding shares: 79,025,470 in Q1 2016 vs 77,278,568 in Q1 2015

# Conclusion

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## Conclusion

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- **Contribution from new acquisitions and ramp-up of synergy delivery**
- **Deployment of innovation and development projects**
- **Cost control and industrial adjustment to volatile operating environment**

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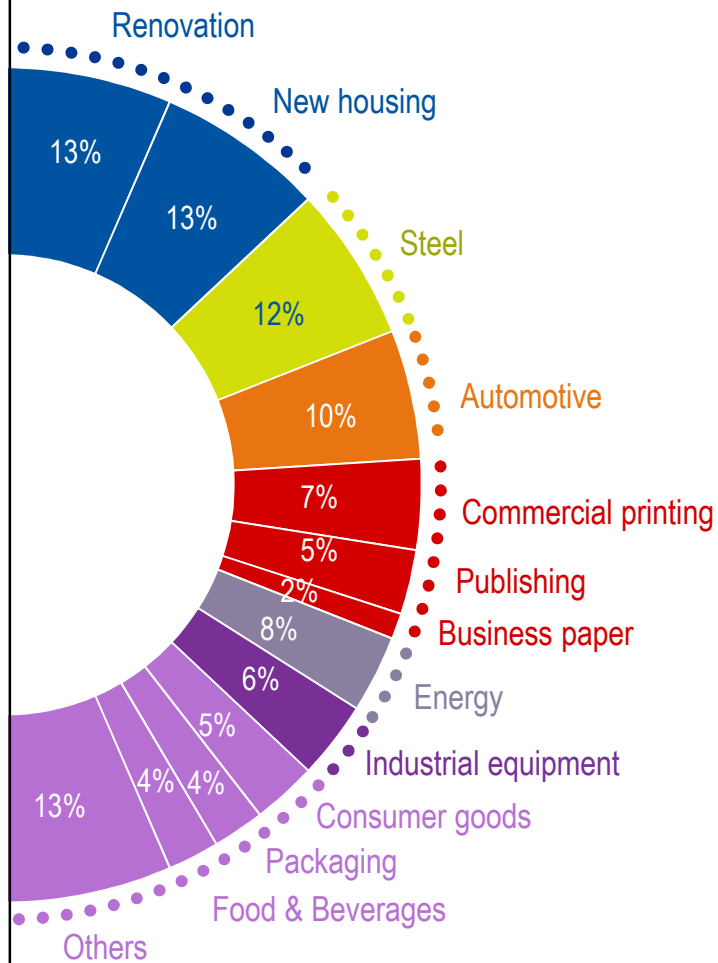
**Appendices**



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# Market indicators for construction, printing & writing paper

## 2015 revenue

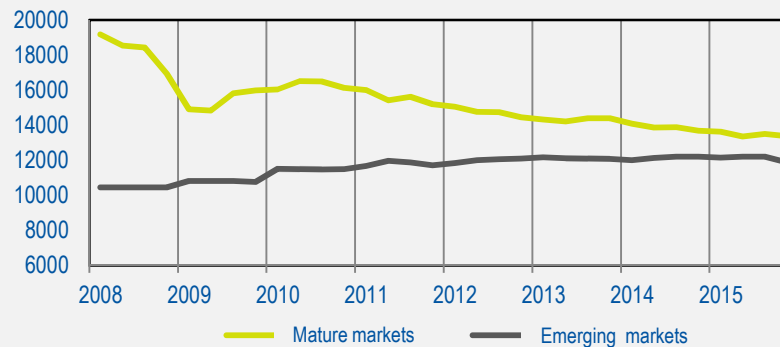


## New housing starts (in thousands)



Source: Thomson Reuters Datastream

## Printing & writing paper (in millions of tons)

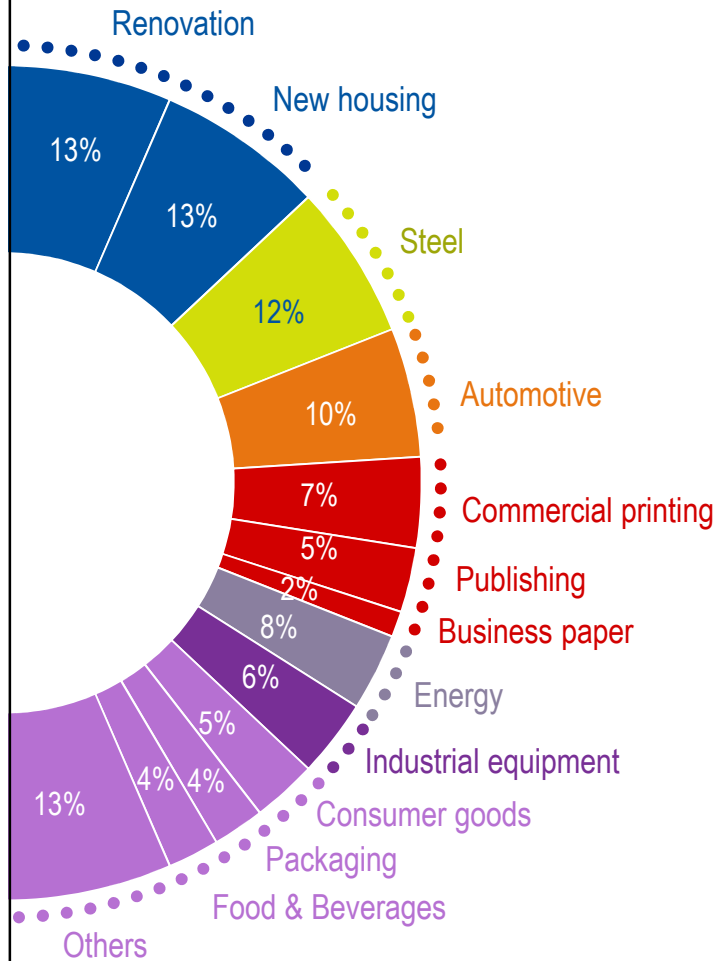


Source: RISI



# Indicators for steel production and passenger car registrations

## 2015 revenue



## Steel production (in thousands of tons)



Source: Thomson Reuters Datastream

## Passenger car registrations (basis 100 in Q4 2007)

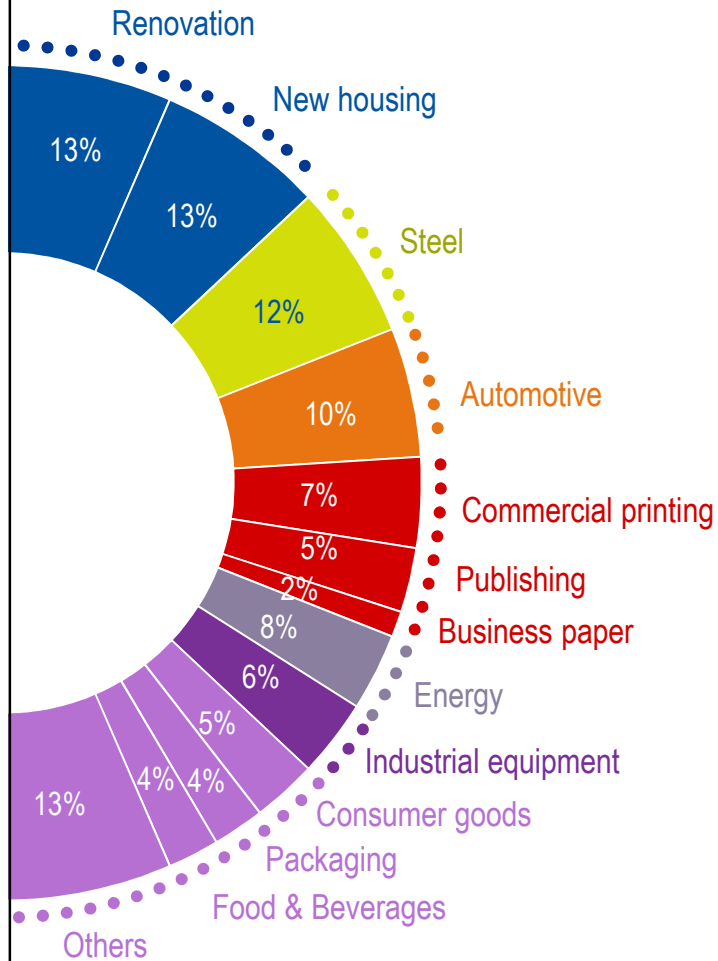


Source: Thomson Reuters Datastream



# Industrial production indicator: industrial equipment

## 2015 revenue

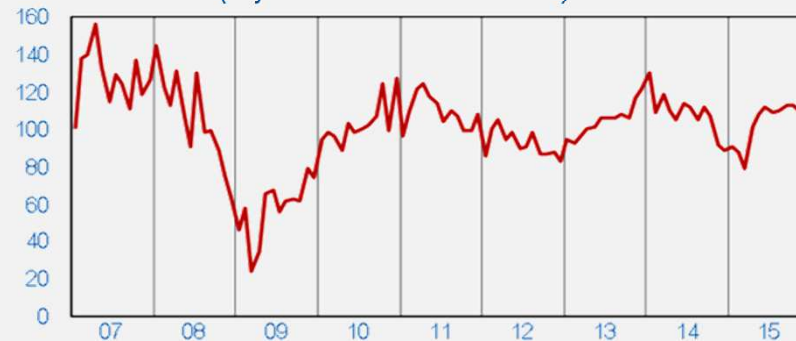


## New orders index (machine and industrial equipment manufacturing) (adjusted for seasonal effects and working days) UE



Source: Thomson Reuters Datastream

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



Source: Thomson Reuters Datastream





# 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	Q4 2015	Q1 2016
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	303.0	300.8
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	271.9	278.2
Ceramic Materials	315.4	306.9	297.3	284.8	289.5	292.5	295.1	279.7	291.0	301.4	285.8	294.2	323.2
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	143.1	148.3
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)	(10.2)	(12.4)
<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>	<b>1,002.2</b>	<b>1,038.1</b>

LFL growth	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Energy Solutions & Specialties	-	-	-	-	+ 8.3%	+ 10.3%	+ 12.5%	+ 4.6%	- 4.7%	- 3.5%	- 9.7%	- 8.1%	- 6.8%
Filtration & Performance Additives	-	-	-	-	+ 5.9%	+ 3.2%	+ 6.3%	+ 0.8%	+ 2.8%	+ 3.6%	- 0.1%	+ 2.7%	+ 2.3%
Ceramic Materials	-	-	-	-	+ 1.4%	- 0.1%	- 2.0%	- 2.6%	- 6.3%	- 1.7%	- 4.4%	- 4.7%	+ 2.8%
High Resistance Minerals	-	-	-	-	+ 4.4%	- 1.7%	- 4.3%	- 3.0%	- 7.4%	- 10.4%	- 3.4%	- 10.5%	- 6.4%
<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>	<b>- 5.1%</b>	<b>- 1.8%</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	Q4 2015	Q1 2016
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	129.1	135.4
Operating margin	12.6%	13.3%	13.3%	12.3%	13.0%	14.0%	13.5%	13.2%	12.7%	13.9%	13.1%	12.9%	13.0%

## 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
Energy Solutions & Specialties	77.5	65.7	67.9	60.2	72.1	77.5	64.4	55.3
Filtration & Performance Additives	45.4	44.9	51.3	49.6	58.0	55.4	88.0	90.1
Ceramic Materials	112.5	97.0	108.5	111.2	104.4	106.7	106.8	103.3
High Resistance Minerals	53.6	41.6	37.4	32.7	36.5	36.3	41.4	40.2
Eliminations & Holding companies	- 23.6	- 26.6	- 21.0	- 20.7	- 23.2	- 29.0	- 26.5	- 24.8
<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>	<b>264.1</b>

Operating margin	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015
Energy Solutions & Specialties	11.8%	10.4%	10.9%	9.6%	11.5%	11.8%	10.1%	9.0%
Filtration & Performance Additives	14.3%	14.2%	15.9%	15.9%	17.9%	16.6%	16.8%	16.2%
Ceramic Materials	17.3%	15.7%	17.4%	19.1%	17.9%	18.6%	18.0%	17.8%
High Resistance Minerals	13.9%	11.7%	11.1%	10.3%	11.1%	11.6%	12.5%	13.4%
<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>	<b>13.0%</b>

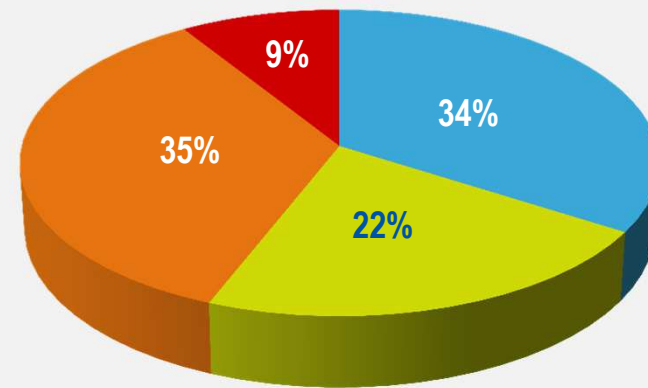
## Current financial expense

M€	Q1 2015	Q1 2016
Interest expense, net	(12.8)	(11.9)
Unwinding of long-term provisions and change in other provisions	(1.3)	(0.8)
Net interest expense on pensions	(2.4)	(2.2)
Currency translation, other financial income and expense and financial instruments	5.5	(2.4)
<b>Current financial expense</b>	<b>(11.0)</b>	<b>(17.3)</b>

# Energy Solutions & Specialties

- **Carbonates (15% of Group revenue in Q1 2016):**
  - ◆ 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 (11%):**
  - ◆ 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 (ns):**
  - ◆ Production of ceramic proppants for non-conventional oil and gas exploration

Q1 2016 revenue by region



- Western Europe
- USA/Canada
- Emerging countries
- 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.)
- ◆ Perlite based solutions used in building materials and horticulture

## ■ Minerals for Filtration

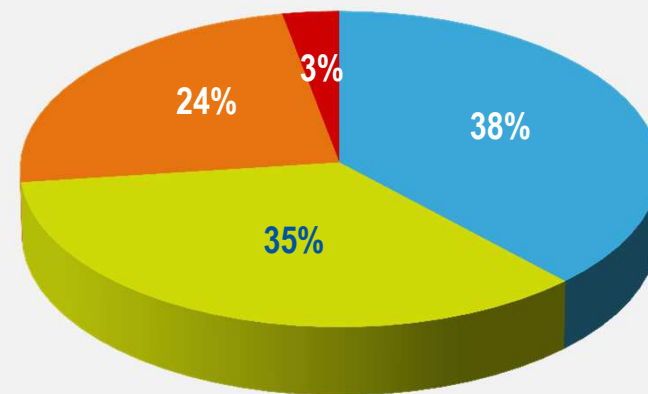
- ◆ Filtration minerals providing filter aid for edible liquids such as beer, wine, oil, fruit juice, etc. (mainly diatomite and perlite)

## ■ 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

20%  
of Group  
revenue  
in Q1 2016

Q1 2016 revenue by region



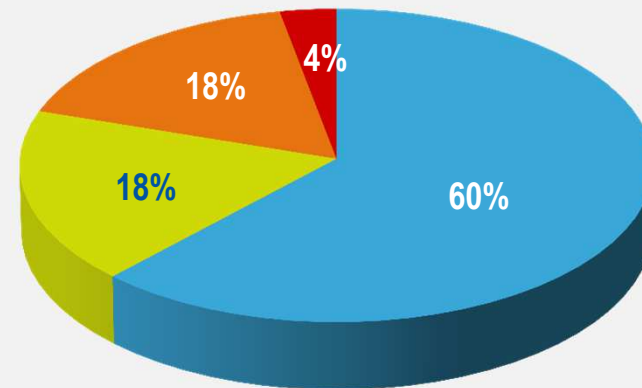
- Western Europe
- USA/Canada
- Emerging countries
- Other (Japan/ Australia)



# Ceramic Materials

- **Roofing (8% of Group revenue in Q1 2016)**
  - ◆ Clay roof tiles in France
- **Ceramics (9%)**
  - ◆ Raw materials and bodies for tableware, sanitary and floor tiles, quartz, technical ceramics
- **Kaolin (14%)**
  - ◆ Kaolin for applications in the paper, paints, plastics, ceramics and refractories markets, etc.

Q1 2016 revenue by region



- Western Europe
- USA/Canada
- Emerging countries
- Other (Japan/ Australia)

# High Resistance Minerals

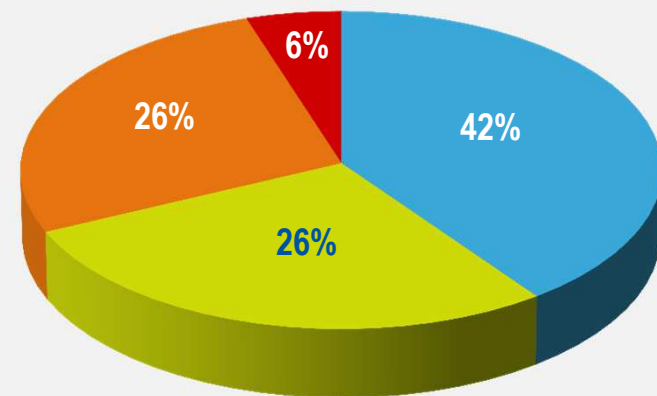
- **Fused Minerals (9% of Group revenue in Q1 2016)**

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

- **Refractory Minerals (5%):**

- ◆ Production of acidic refractory minerals including andalusite, chamottes

Q1 2016 revenue by region



- Western Europe
- USA/Canada
- Emerging countries
- Other (Japan/ Australia)



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