

Imerys: improved results in 1st quarter 2017

- + 7.2% revenue growth to €1,113 million
 - + 2.4% organic growth⁽¹⁾
- + 8.7% increase in current operating income to €147 million
 - Operating margin 13.2%, up + 20 basis points

Chairman & CEO Gilles Michel commented:

"In the first quarter, Imerys took advantage of healthier market trends that were already visible at the end of 2016. The increase in our results reflects the dynamism and positioning of our businesses in this environment, as well as the effectiveness of our management measures and operating excellence program. In the coming quarters, the Group will benefit from the contribution of recent acquisitions and will pursue its development strategy, in particular with the proposed acquisition of Kerneos."

Consolidated results (€ millions)	Q1 2016	Q1 2017	Change
Revenue	1,038.1	1,113.2	+ 7.2 %
Current EBITDA ⁽²⁾	189.8	201.7	+ 6.3 %
Current operating income ⁽²⁾	135.4	147.2	+ 8.7 %
Operating margin	13.0%	13.2%	+ 0.2 point
Net income from current operations, Group's share ⁽²⁾	82.7	85.3	+ 3.1 %
Net income, Group's share	72.4	78.8	+ 8.8 %
Net income from current operations, Group's share, per share (€) ⁽²⁾⁽³⁾	1.04	1.08	+ 3.6 %

(1) Organic growth: growth at comparable Group structure and exchange rates, or "on comparable basis"

(2) Throughout this press release, "Current" means "before other operating revenue and expenses", as defined in the notes to the financial statements relating to the consolidated income statement

(3) The weighed average number of shares was 78,849,404 in Q1 2017 vs. 79,218,628 in Q1 2016

ANALYSIS OF 1ST QUARTER 2017 RESULTS

+ 7.2% REVENUE GROWTH

Revenue in the 1st quarter of 2017 (ended March 31, 2017) totaled €1,113.2 million, a + 7.2% increase from the same period in 2016. This growth is due to the + 2.4% rise in revenue at comparable Group structure and exchange, thanks to sales volumes, confirming the improved trend recorded in the 4th quarter of 2016 (+ 1.4%).

It also includes a + €26.4 million positive structure effect (+ 2.5%), related to the consolidation of external growth operations completed in 2016 (particularly Alteo and SPAR) and early 2017 (particularly Damolin) and a + €23.5 million positive exchange rate effect (+ 2.3%), mainly due to the appreciation of the US dollar.

+ 8.7% INCREASE IN CURRENT OPERATING INCOME

Current operating income totaled €147.2 million in the 1st quarter of 2017, a + 8.7% increase from the 1st quarter of 2016. It benefited from a more supportive environment than at the same period last year (+ €12.9 million positive contribution of volumes), a + €3.4 million positive price-mix contribution and the + €1.6 million reduction in variable costs, resulting from the operating excellence program and tight control over procurement.

The increase in fixed and overhead costs was limited to €10.0 million in a context of production capacity expansion.

Consequently, the Group's **operating margin** grew + 20 basis points to 13.2% (13.0% in 1st quarter 2016).

+ 3.1% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

Net income from current operations increased + 3.1% to €85.3 million (€82.7 million in 1st quarter 2016). It includes net financial expense that rose from - €17.3 million in 1st quarter 2016 to - € 25.8 million because of the €4.6 million increase in interest expense (- €16.5million in 1st quarter 2017 vs. - €11.9 million in 1st quarter 2016). This increase reflects the March 2016 and January 2017 bond issues for a total amount of €1.2 billion which were aiming at anticipating in favorable conditions the Group's financing needs, such as the proposed acquisition of Kerneos. Exchange rates and financial instruments went from - €2.4 million in the 1st quarter of 2016 to - €7.7 million in the 1st quarter of 2017. Finally, the - €35.8 million tax charge (- €34.2 million in 1st quarter 2016) reflects an effective tax rate of 29.5% (29.0% in 1st quarter 2016).

The Group's share of net income from current operations per share increased + 3.6% to €1.08.

NET INCOME

The Group's share of net income rose by + 8.8% in the 1st quarter of 2017 to €78.8 million, taking other operating income and expenses, net of tax (mainly related to acquisition costs), into account for - €6.5 million in the 1st quarter of 2017.

FINANCIAL STRUCTURE

At €1.5 billion as of March 31, 2017, the Group's net financial debt did not change significantly compared with December 31, 2016. Following the announcement of the planned acquisition of Kerneos, Imerys' unsecured senior debt, as rated by Moody's since 2011, was confirmed at "Baa-2" with a stable outlook on December 13, 2016. The credit rating given by Standard & Poors on December 14 is "BBB", also with a stable outlook.

BUSINESS GROUPS' ACTIVITY IN FIRST QUARTER 2017

Energy Solutions & Specialties

(29% of consolidated revenue)

Non audited data (€ millions)	Q1 2016	Q1 2017	Current change	like for like change
Revenue	300.8	321.6	+ 6.9 %	+ 1.0 %

The **Energy Solutions & Specialties** business group's revenue totaled €321.6 million in the 1st quarter of 2017 (+ 6.9% on a current basis). This change takes into account a + €8.7 million structure effect, due in particular to the acquisitions completed in the Monolithic Refractories division (mainly SPAR in the United States, in November 2016) and a + €9.1 million exchange rate effect. At constant structure and exchange rates, revenue increased + 1.0% from the same period in 2016.

The **Carbonates** division's sales were slightly up, thanks to industrial markets and the construction sector, in the US in particular.

In the **Monolithic Refractories** division, the activity stabilized, after several quarter of underperformance. In addition, the Group consolidated its positions by acquiring two medium-size firms serving the petrochemicals, electricity generation and waste incineration markets, NG Johnson (UK) and Set Linings (Germany).

The **Graphite & Carbon** division's sales remained dynamic. The Group continued to execute its multiannual capital expenditure program (R&D, industrial capacities and mining resources) with the acquisition, early February 2017, of Nippon Power Graphite (NPG), a technological development company which holds assets and proprietary technologies for the production of materials for lithium-ion battery anodes.

In the **Oilfield Solutions** division, the Group maintained its industrial and commercial presence on a ceramic proppant market that remained at the same low level of last year.

Filtration & Performance Additives

(28% of consolidated revenue)

Non audited data (€ millions)	Q1 2016	Q1 2017	Current change	like for like change
Revenue	278.2	312.4	+ 12.3 %	+ 6.5 %

The **Filtration & Performance Additives** business group's **revenue** totaled €312.4 million in the 1st quarter of 2017, a + 12.3% increase. It includes a + €11.0 structure effect relating to the acquisition of Damolin, and a + 5.2 million exchange rate impact.

At comparable structure and exchange rates, the business group's revenue continued to grow, rising + 6.5% in the 1st quarter of 2017.

The **Performance Additives** division's sales grew across all market segments and regions, driven in particular by automotive polymers.

All of the **Filtration** division's markets showed positive trends in the 1st quarter of 2017 (edible liquids, industry, etc.). The Group continued to develop new segments, particularly high-purity solutions for healthcare.

The **Metallurgy** division, benefitted from a healthy sales momentum, the upturn in steel markets and the integration of Damolin's specialty products (industrial absorbents, etc.).

Ceramic Materials

(27% of consolidated revenue)

Non audited data (€ millions)	Q1 2016	Q1 2017	Current change	like for like change
Revenue	323.2	310.9	- 3.8 %	- 4.7 %

The **Ceramic Materials** business group's **revenue** totaled €310.9 million in the 1st quarter of 2017. The - 3.8% current change from the 1st quarter of 2016 factors in a - €2.9 million structure effect (divestment of a production site) and takes into account a + €5.6 million exchange rate effect. It is worth recalling that the integration of the hydrous kaolin activity portfolio acquired from BASF end of 2015 involved transition volumes in the first months of 2016.

The **Kaolin** division, which mainly serves the paper market, has continued to expand in specialty applications (paint, rubber, plastics, inks, etc.).

In the **Roofing** division, the clay roof tile market remained weak, decreasing - 3.4% in the first quarter of 2017 (source: FFTB), due in particular to a decrease in the renovation market, even though new construction continued its growth momentum.

The **Ceramics** division's sales, which essentially serve the floor tiles, sanitaryware and tableware markets, were firm in both developed countries (particularly Europe and the United States) and emerging countries.

High Resistance Minerals

(16% of consolidated revenue)

Non audited data (€ millions)	Q1 2016	Q1 2017	Current change	like for like change
Revenue	148.3	184.2	+ 24.2 %	+ 14.6 %

The **High Resistance Minerals** business group's **revenue** totaled €184.2 million in the 1st quarter of 2017. The + 24.2% current change in revenue compared with 2016 factors in a + €10.2 million structure effect relating to the integration of the Alteo Group's specialty alumina production activities, and a + €4.2 million exchange rate impact.

At comparable structure and exchange rates, sales increased + 14.6%, due to the refractory and industrial production markets recovery.

In the **Fused Minerals** and **Refractory Minerals** divisions, positive market trends in the 1st quarter 2017 were amplified by inventory rebuilding by most of the Group's industrial customers.

Financial agenda 2017

May 3 (11.00 am)	Shareholders' General Meeting
July 27 (before market opening)	1 st half 2017 results
October 31 (after market close)	3 rd quarter 2017 results

These dates are tentative and may be updated on the Group's website at www.imerys.com, in the *Investors & Analysts / Financial Agenda* section.

Conference call

The press release is available on the Group's website www.imerys.com from the homepage in the News section. The 1st quarter 2017 results will be discussed in a **conference call today at 10am** (Paris time). The conference call will be streamed live on the Group's website www.imerys.com.

The world leader in mineral-based specialty solutions for industry, with €4.2 billion revenue and close to 16,000 employees, Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods. The Group draws on its knowledge of applications, technological expertise and its material science know-how to deliver resources based on beneficiation of its mineral resources, synthetic minerals and formulations. These contribute essential properties to customers' products and performance, including refractoriness, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and repellency. Imerys is determined to develop responsibly, in particular by fostering the emergence of environmentally-friendly products and processes.

More comprehensive information about Imerys may be obtained from its website (www.imerys.com) under Regulated Information, particularly in its Registration Document filed with Autorité des marchés financiers on March 21, 2017 under number D.17-0190 (also available from the Autorité des marchés financiers website, www.amf-france.org). Imerys draws the attention of investors to chapter 4, "Risk Factors and Internal Control", of its Registration Document.

Disclaimer: *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 QUARTER 2017 RESULTS (NON AUDITED)

1. CONSOLIDATED REVENUE BREAKDOWN

Revenue by business group (€ millions)	Q1 2016	Q1 2017	Current change %	Group structure %	Exchange rates %	Comp. change %
Energy Solutions & Specialties	300.8	321.6	+ 6.9 %	+ 2.9 %	+ 3.0 %	+ 1.0 %
Filtration & Performance Additives	278.2	312.4	+ 12.3 %	+ 3.9 %	+ 1.9 %	+ 6.5 %
Ceramic Materials	323.2	310.9	- 3.8 %	- 0.9 %	+ 1.7 %	- 4.7 %
High Resistance Minerals	148.3	184.2	+ 24.2 %	+ 6.9 %	+ 2.8 %	+ 14.6 %
Holding & Eliminations	- 12.4	- 15.9	n.s.	n.s.	n.s.	n.s.
Total	1,038.1	1,113.2	+ 7.2 %	+ 2.5 %	+ 2.3 %	+ 2.4 %

Revenue by business group (€ millions)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Energy Solutions & Specialties	300.8	316.2	319.6	314.0	321.6
Filtration & Performance Additives	278.2	292.1	282.0	292.2	312.4
Ceramic Materials	323.2	311.4	293.8	293.6	310.9
High Resistance Minerals	148.3	151.5	146.5	151.4	184.2
Holding & Eliminations	- 12.4	- 12.6	- 12.1	- 12.5	- 15.9
Total	1,038.1	1,058.6	1,029.8	1,038.7	1,113.2

Revenue by geographic destination	Q1 2017 Revenue	Change vs. Q1 2016	% total Q1 2016 revenue	% total Q1 2017 revenue
Western Europe	486.7	+ 6.7 %	44 %	44 %
of which France	129.4	+ 0.9 %	12 %	12 %
USA / Canada	279.0	+ 8.6 %	25 %	25 %
Emerging countries	296.4	+ 11.0 %	26 %	27 %
Other (Japan/ Australia)	51.1	- 12.3 %	5 %	4 %
Total	1,113.2	+ 7.2 %	100 %	100 %

2. KEY INCOME INDICATORS

(€ millions)	Q1 2016	Q1 2017	Change
Revenue	1,038.1	1,113.2	+ 7.2 %
Current EBITDA	189.8	201.7	+ 6.3 %
Résultat opérationnel courant	135.4	147.2	+ 8.7 %
Current financial expense	- 17.3	- 25.8	
Current taxes	- 34.2	- 35.8	
Minority interests	- 1.1	- 0.2	
Net income from current operations	82.7	85.3	+ 3.1 %
Other operating income and expenses, net	- 10.3	- 6.5	
Net income, Group's share	72.4	78.8	+ 8.8 %

3. GLOSSARY

- The term **"on a comparable basis" or "like for like"** means: "at comparable Group structure and exchange rates";
 - Restatement of the foreign exchange effect consists of calculating aggregates for the current year at the exchange rate of the previous year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data.
 - Restatement of Group structure effect of newly consolidated entities consists of:
 - for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year,
 - for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the previous year;
 - Restatement of entities leaving the consolidation scope consists of:
 - for entities leaving the consolidation scope in the current year, subtracting the departing entity's contributions from the aggregates of the previous year as from the first day of the month of divestment,
 - for entities leaving the consolidation scope in the previous year, subtracting the departing entity's contributions from the aggregates of the previous year.
- the term **« volume effect »** corresponds to the sum of the change in sales volumes of each division between the current year and the previous one, valued at the average sales price of the previous year.
- the term **« price-mix effect »** corresponds to the sum of the change in average prices by product family of each division between the current year and the previous one, applied to volumes of the current year.
- the term **"Current operating income"** means operating income before other operating income and expenses;
- the term **"Net income from current operations"** means the Group's share of income before other operating revenue and expenses, net.