

# LETTER TO SHAREHOLDERS 69



## RESULTS

- Improved results in 1<sup>st</sup> quarter 2016

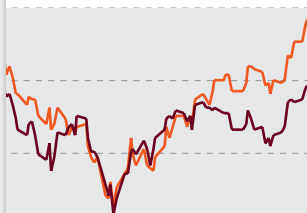
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## NEWS

- ImerPure™: fostering access to drinking water in developing countries
- Casa Imerys: support for local communities

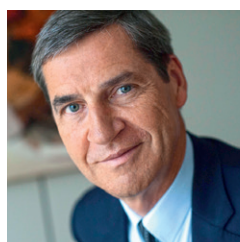
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## SHAREHOLDER'S NOTEBOOK

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## MESSAGE

Gilles MICHEL

Chairman and Chief Executive Officer

## Dear Shareholders,

Imerys continued to progress and improve its profitability in the first quarter, despite a difficult economic environment. The Group benefited from firm consumer goods and automotive sectors, particularly in the United States, but coped with the downturn on markets relating to steel production and non-conventional oil exploration. In this context, the Group's revenue rose + 6.6% to €1,038 million and operating income grew + 9.9% compared with the 1<sup>st</sup> quarter of 2015 to €135 million. As a result, the Group's operating margin raised 30 basis points to 13%.

These results once again illustrate our robust business model and are the fruit of our external growth strategy, with the contribution of S&B, consolidated since March 2015, but also the acquisitions of Solvay's European precipitated calcium carbonate activity, BASF's hydrous paper kaolin activity in the USA and Mastico's roofing accessories business in France in November. They also benefit from the development of new products and our tight cost management, supported by I-Cube, our operating excellence program.

For the rest of the year, the Group will keep up its development strategy and continue to make managing its costs and cash the priority, while adjusting its industrial assets to a global economic environment that remains volatile.

Dear Shareholders, on behalf of all of the Group's employees, thank you again for your support and for the confidence you renewed at the Shareholders' meeting of May 4, 2016.

Gilles Michel



**IMERYS**  
TRANSFORM TO PERFORM

# Improved results in 1<sup>st</sup> quarter 2016



## REVENUE UP + 6.6%, WITH A - 1.8% DECREASE AT COMPARABLE GROUP STRUCTURE AND EXCHANGE RATES

Revenue for the quarter totaled 1,038 M€. This + 6.6% increase compared with the 1<sup>st</sup> quarter of 2015 is mainly due to a + 86 M€ (+ 8.8%) Group structure effect, mostly from the integration of S&B and, to a lesser extent, the other operations consolidated since November 2015 (precipitated calcium carbonates, hydrous paper kaolin and roofing accessories). At comparable Group structure and exchange rates, revenue decreased - 1.8% compared with the 1<sup>st</sup> quarter of 2015. This trend mainly results from the downturn on the steel and proppants markets in the United States. The price/mix effect remains firm, increasing + 0.8% for the Group as a whole (+ 8 M€).

## 30 BASIS POINTS IMPROVEMENT IN OPERATING MARGIN

At 135 M€, current operating income increased + 9.9% compared with the 1<sup>st</sup> quarter of 2015. It includes a + 10 M€ Group structure effect resulting from S&B and the other acquisitions completed in late 2015. It also takes into account a + 7 M€ positive exchange rate effect, mainly due to the Brazilian real. This point should be related to the

negative impact on our costs (- 3 M€) of inflation in Brazil, from where the Group exports its kaolin production. Current operating income also benefits from the favorable trend in the price/mix component (+ 9 M€) and the improvement in fixed and variable costs (+ 6 M€), supported by the I Cube operating excellence program and purchasing management. In this context, the Group's operating margin improved by + 30 basis points to 13.0%.

## INCREASE IN NET INCOME FROM CURRENT OPERATIONS AND NET INCOME, GROUP'S SHARE

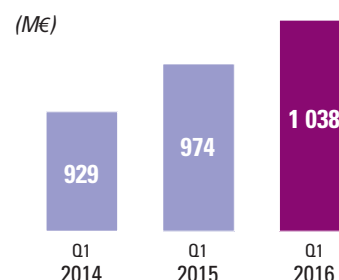
The Group's share of net income from current operations grew + 5.8% to 83 M€. It takes the following items into account:

- Lower financial expense at - 17 M€ (- 11 M€ in 1<sup>st</sup> quarter 2015) due to a lower contribution from foreign exchange and financial instruments, despite a decrease in interest expenses;
- A - 34 M€ current tax charge (- 33 M€ in 1<sup>st</sup> quarter 2015), i.e. a stable tax rate of 29%.

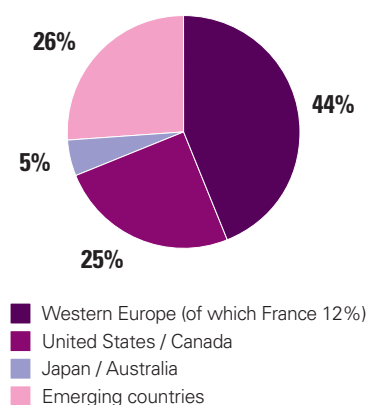
After taking into account other operating income and expenses, net of tax (- 10 M€), the Group's share of net income rose + 5.7% to 72 M€ in the 1<sup>st</sup> quarter of 2016 (69 M€ one year earlier).

### GROUP'S CONSOLIDATED REVENUE

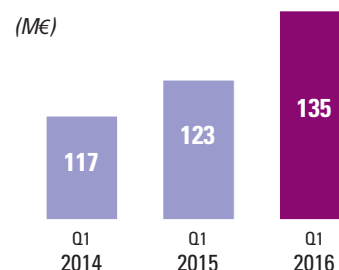
**+ 6.6%**



### REVENUE BY GEOGRAPHIC ZONE



### CURRENT OPERATING INCOME



The full press release  
and related slideshow  
are available at  
[www.imerys.com](http://www.imerys.com) in the News  
& Media Center section.



# ImerPure™:

## fostering access to drinking water in developing countries

**Imerys joined the Springboard Initiative program run by PATH, a global non-profit organization subsidized by the Bill & Melinda Gates Foundation.**

Through this program, PATH has developed a system for home treatment and storage of water for low-income families with no access to drinking water.

Drawing on its mineral expertise and PATH's fundamental design principles, Imerys has developed ImerPure™, a new type of high-performance filtration cartridge.

Imerys, which already has strong bases in emerging countries, has invested in a production unit in Gujarat Province, India. Production should start up by the end of the year. ImerPure™ filters will be distributed through partnerships with emergency aid associations, social enterprises, non-government organizations and household appliance makers.



**Imerys  
low cost  
water filter  
solution for  
households**

Capacity: 14 liters  
Dimensions (assembled): 25x25x60 cm  
Inner box packing size: 28x28x38 cm  
Weight in box: 2.4 kgs

## Casa Imerys

### support for local communities

**Imerys has developed major programs to help local populations. A house for community relations, Casa Imerys, was created in Barcarena, Brazil. It offers literacy classes, cooking workshops, IT lessons, a public letter-writer, a crafts incubator and sports activities.**



Since its creation in 2012, more than 5,000 people benefited from one of these training possibilities in Barcarena, where Imerys has a plant. Casa Imerys' capacity was doubled in 2015.

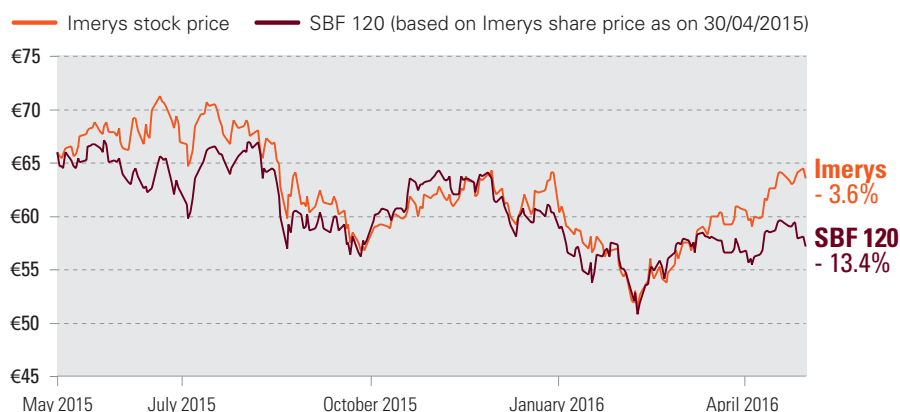
In Ipixuna, near one of the Group's clay quarries, social programs (education, sport, fishing, cooking and gardening) attracted almost 3,000 people in 2015. In particular, Imerys offers support for pregnant women, training for children, dental and eye care, help for the elderly and assistance for job-seekers.



# Imerys share price over one year

Imerys share price benefited from an upturn in confidence stemming from the publication of the 2015 annual results and quarterly results that were firm, after bottoming out in a volatile stock market environment.

The Company's stock price has also outperformed the SBF 120 since the beginning of 2016, with a +5.3% increase vs. -2.9% for the index, reflecting the Group's resilient results in an economic context that remains uncertain.



## IMERYS ON THE STOCK MARKET

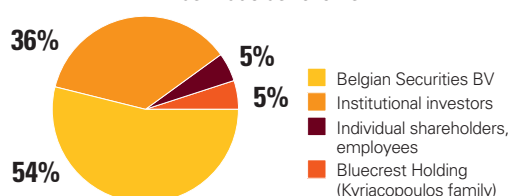
ISIN: FR0000120859 - NK  
Euronext Paris - Eurolist - Local Stocks  
Compartment A (Blue Chips)  
(eligible for deferred settlement service)

Data as of April 30, 2016

- **Number of shares:** 79,642,080
- **Nominal value:** €2.00
- **Closing price:** €64.46
- **Market capitalization:** €5.1 billion

## Shareholder structure

As of April 30, 2016, Imerys' share capital was made as follows:



## NEXT DATES

- **Wednesday July 27, after trading:**  
1<sup>st</sup> half 2016 results
- **Friday October 28, before trading:**  
3<sup>rd</sup> quarter 2016 results

## CONTACTS Financial Communication

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## Shareholders' meeting

The Ordinary & Extraordinary Shareholders' Meeting, meeting under the Chairmanship of Gilles Michel on May 4, 2016, passed all of the submitted resolutions, including:

- Approval of the statutory and consolidated financial statements for 2015 and payment of a €1.75 dividend per share from May 12, 2016;
- Renewal, for the benefit of the Board of Directors, of the authorization for the Company to buy back its own shares, as well as to make allotments of free company shares to employees or officers of the Group;
- Ratification of the cooptation of Mr. Colin Hall and Mr. Laurent Raets as new Directors;
- Renewal of Mr. Ian Gallienne and Mr. Laurent Raets' term of office as Directors, for a 3-year period;
- Appointment, as new Directors, of Mrs. Odile Desforges and Mr. Arnaud Vial for a 3-year period;
- Mrs. Fatine Layt, Mr. Robert Peugeot and Mr. Amaury de Seze did not request the renewal of their term of office; they were warmly thanked for their outstanding contribution to the works of the Board and those of the Committees of which they were members. Mr. Amaury de Seze, as Vice-President of the Board, was particularly saluted by Gilles Michel for the crucial role he played in the Group's strategy and development in recent years.

Consequently, the Board of Directors is comprised of 17 members including 2 employee representative directors, 7 independent members and 6 women, the proportion of which represents 40% of the Board's membership.

