

LETTER TO SHAREHOLDERS 74



RESULTS

- Improved results in 1st half 2017

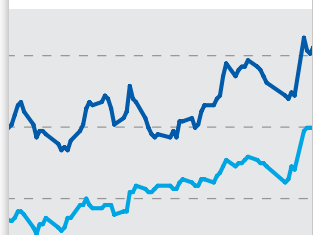
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NEWS

- Acquisition of Kerneos, a major step in the Group's development strategy

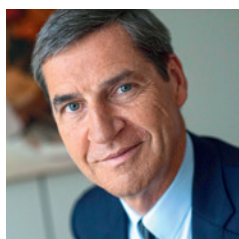
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SHAREHOLDER'S NOTEBOOK

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MESSAGE

Gilles MICHEL

Chairman and Chief Executive Officer

Dear Shareholders,

In the 1st half of 2017, Imerys improved its results in a market environment that was positive overall. The Group benefited from the upturn in industrial markets and steel, as well as the positive momentum for construction in the United States and Europe. Two markets, however, are exceptions: the clay roof tiles which have not yet resumed, and paper, which remains in a slump.

Revenue grew +1.8% at comparable Group structure and exchange rates. On a current basis, it increased + 5.9% to €2,220 million, particularly thanks to the contribution of the acquisitions completed since 2016 and the favorable impact of exchange rates. Current operating income rose + 6.7% to €313 million with a margin that improved + 10 basis points to 14.1%. Finally, net income from current operations increased + 3.2% to €190 million.

In the second half, the Group will continue to reap the rewards of its development strategy and its operating excellence and innovation programs, and will start to gain from the integration of its recent acquisitions, such as Kerneos, the world leader in high-performance calcium aluminate binders.

In this context and at constant market conditions and exchange rates, we are confident in the Group's ability to grow its net income from current operations by more than + 7% in 2017.

On behalf of all Imerys' employees, thank you, dear Shareholders, for your loyalty and trust in us.

Gilles Michel

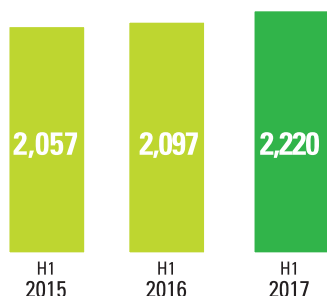


IMERYS
TRANSFORM TO PERFORM

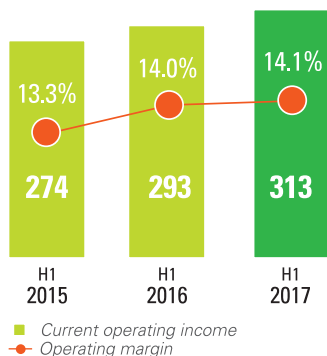
Increase in results in 1st half 2017

In the 1st half of 2017, Imerys continued to improve its operating performance in a market environment that was positive overall, with the significant exception of kaolin for paper.

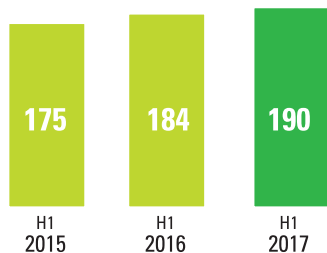
CONSOLIDATED REVENUE (M€)



CURRENT OPERATING INCOME ⁽¹⁾ (M€) AND OPERATING MARGIN (%)



NET INCOME FROM CURRENT OPERATIONS ⁽²⁾ (M€)



- (1) Current operating income: operating income before other operating income and expenses
(2) Net income from current operations: Group's share of net income, before other operating income and expenses, net of tax.

+ 5.9% INCREASE IN REVENUE

Revenue for the 1st half of 2017 totaled €2,220 million, a + 5.9% increase on a current basis. This improvement results from a + €52 million (+ 2.5%) positive Group structure effect, which factors in the consolidation of the external growth operations completed in late 2016 (such as Alteo and SPAR) and early 2017 (including Damolin) and a + €34 million (+ 1.6%) positive exchange rate effect, mainly due to the appreciation of the US dollar in the 1st quarter.

The + 1.8% organic growth reflects overall improvement in activity, with the significant exception of the kaolin for paper market. The 1st quarter had been marked by a significant downstream inventory rebuilding effect in the High Resistance Minerals business group. The price-mix effect, supported by new products, was positive at + 0.5% (+ 1.0% in the 2nd quarter).

CURRENT OPERATING INCOME UP + 6.7%

Current operating income amounted to €313 million in the 1st half of 2017, a + 6.7% increase from the 1st half of 2016. The Group's operating margin improved by + 10 basis points to 14.1% even though several bolt-on acquisitions completed in 2016 are not yet contributing.

Imerys' profitability benefited from positive contributions from volumes (+ €19 million), the price-mix component (+ €9 million) and variable costs, which improved thanks to operating excellence programs and efficient procurement. Fixed costs and overheads increased by €21 million, due on one hand to the increase in production and, on the



other, the gradual setup of the human and industrial resources needed to ensure the Group's future growth (excellence programs, development teams, additional production capacities, etc.).

+ 3.2% IMPROVEMENT IN NET INCOME FROM CURRENT OPERATIONS

Net income from current operations rose + 3.2% to €190 million. It includes - €42 million in financial expense, which was mostly driven up by an increase in interest expense due to the two bond issues, which enabled the Group to anticipate its financing needs, such as for the acquisition of Kerneos, on favorable terms. Net income from current operations also takes into account a - €80 million tax charge, reflecting an effective tax rate of 29.5%, which is comparable to the rate for the 1st half of 2016. The Group's share of net income from current operations per share increased + 3.0% to €2.40.

The full press release
and slide deck are available
from www.imerys.com
in the News & Media
Center section.



Acquisition of Kerneos, a major step in the Group's development strategy

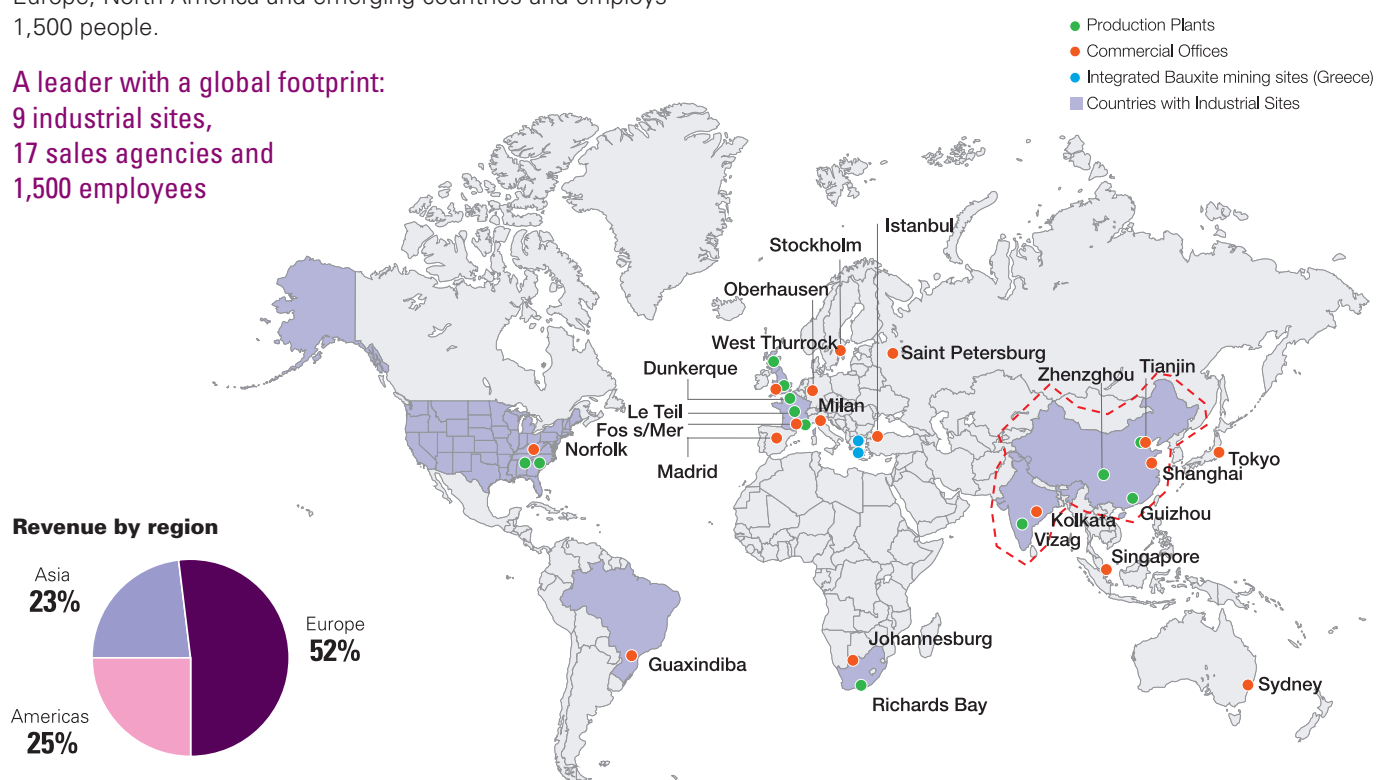
With Kerneos, the Group enhances its specialty offering in high-potential markets.

On July 18, Imerys closed the acquisition of Kerneos. With revenue of €417 million in 2016, Kerneos is the world leader in high performance calcium aluminate binders. Drawing on its expertise in calcium aluminates, the company develops binders that contribute key properties (rapid hardening, self-leveling, sealing and wear, corrosion or heat resistance) to its customers' innovative solutions for the construction, civil engineering or refractories sectors. Kerneos operates in Europe, North America and emerging countries and employs 1,500 people.

A leader with a global footprint:

**9 industrial sites,
17 sales agencies and
1,500 employees**

This transaction is expected to have a positive impact on net income from current operations per share from the first full year of consolidation and to rapidly create value, notably thanks to synergies estimated at €23 million in the third full year of consolidation. The acquisition is entirely funded from the Group's available resources; it preserves Imerys' sound financial situation, while complying with its goal of maintaining an "investment grade" credit rating.

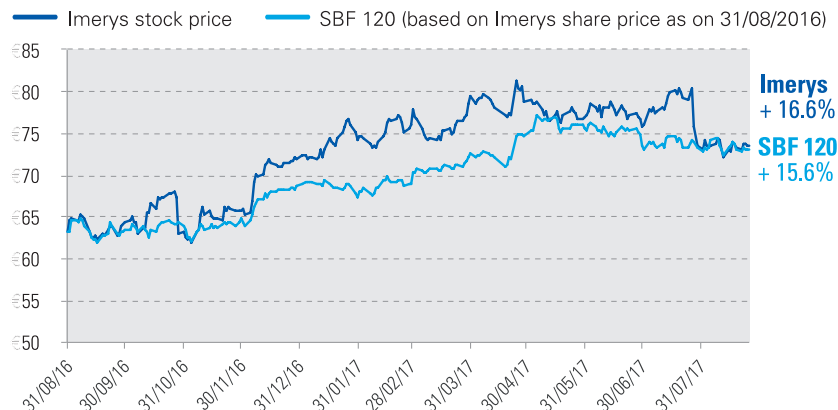


Kerneos is the world #1 in high performance binders that contribute self-leveling and rapid hardening to cement screed for construction.

Kerneos is the world #1 in high performance aluminate binders for the protection of refractory furnaces.

Imerys share price over one year

After having outperformed its reference index (+ 27.6% for Imerys and + 17.4% for the SBF 120 between August 31, 2016 and July 26, 2017) and reached a historical high (€80.6 on July 26, 2017), Imerys share price has stabilized around €73 after the release of its first half results. The share price is however up + 16,6% year on year. Imerys is valued at 15 times its net income from current operations per share for the current fiscal year and offers a 2.5% rate of return.

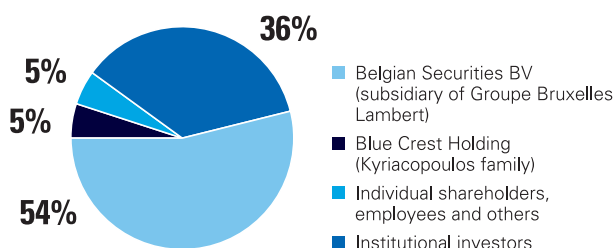


STOCK NEWS

In early June 2017, Imerys entered into a new contract, replacing the previous one, with an investment services provider, for the purposes of buying back its own shares under the share buyback program, as published on May 2, 2017 and approved by the Combined General Meeting of May 3, 2017.

Shareholder structure

(as of June 30, 2017)



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 August 31, 2017

- Number of shares: 79,572,491
- Nominal value: €2.00
- Closing price: €73.9
- Market capitalization: €5,880 million

DID YOU KNOW?

You can download this Letter to Shareholders directly from our website (<http://www.imerys.com>, Finance Section > Individual Shareholders > Documents) or provide us with your email address to receive it in electronic form. By avoiding the printing and routing of the document, you can make an active contribution to our sustainable development process.

**Sign up now to
our emailing list by
contacting us at
shareholders@imerys.com**



NEXT DATE

- Tuesday October 31, after trading:
3rd quarter 2017 results

CONTACTS Financial Communication

154 rue de l'Université - 75007 Paris
Tel: +33 (0) 1 49 55 66 55
Fax: +33 (0) 1 49 55 63 16
shareholders@imerys.com
Website: www.imerys.com

