

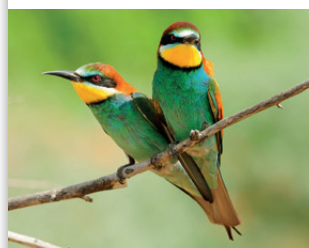
# LETTER TO SHAREHOLDERS 78



## RESULTS

- Solid performance in 1<sup>st</sup> half 2018

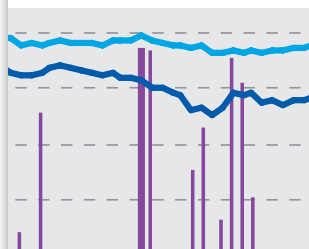
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## NEWS

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## MESSAGE

Conrad KEIJZER

Chief Executive Officer



Dear Shareholders,

In the 1<sup>st</sup> half of 2018, Imerys improved its results and benefited from strong underlying markets, a positive price-mix and contribution from acquisitions.

Revenue grew + 5.3% <sup>(1)</sup> at comparable Group structure and exchange rates. On a current basis, it increased + 11.9% to €2,3 billion, thanks to the contribution of Kerneos in particular. Current operating income rose + 4.7% organically and + 7.7% on a current basis to €284 million with a margin that remained stable on a like for like basis. Finally, net income from current operations increased + 13.5% to €176 million.

This achievement gives us confidence that the Group is on track to deliver an increase in net income from current operations of around + 7% in 2018, assuming current market and exchange rates conditions.

The disposal of the Roofing business, which we expect to complete by the end of the year, marks an important milestone in our value-creation strategy: it will allow the Group to optimize its growth profile and benefit from enhanced financial resources to further build a portfolio of activities focusing on specialty materials.

In the last few months, Imerys has also confirmed its commitment to the protection of biodiversity by actively participating in the Act4nature initiative.

On behalf of all Imerys' employees, we thank you for your continued support and trust in us.

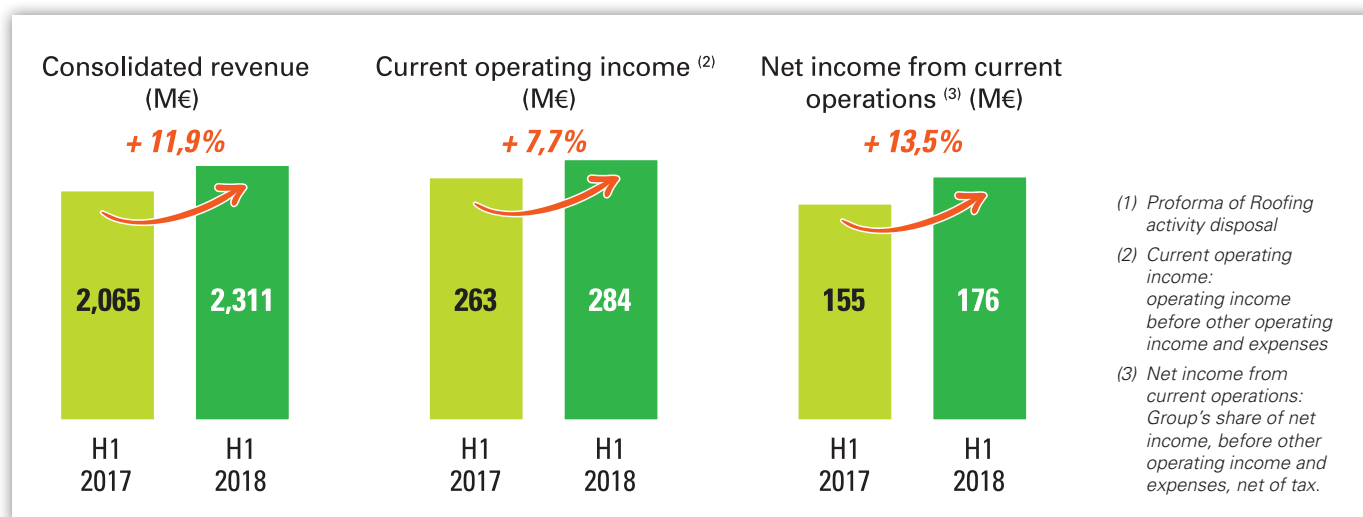
Conrad Keijzer

*(1) The Roofing division is accounted for as a discontinued activity in the first half of 2018 and restated in the first half of 2017 accounts. As a consequence, all financial data are presented excluding the Roofing division.*



**IMERYS**  
TRANSFORM TO PERFORM

# Solid performance in 1<sup>st</sup> half 2018<sup>(1)</sup>



## + 11.9% REVENUE INCREASE

Revenue for the 1<sup>st</sup> half of 2018 totaled €2,310 million, a + 11.9% increase on a current basis. This increase reflects a proforma organic growth of + 5.3%, thanks in particular to a price-mix effect in all business groups, up + 3.7%. In markets that continue to be overall positive, volumes rose by + 1.6%.

Revenue also includes a + €264 million positive Group structure effect (+ 12.8%), of which €218 million from Kerneos in particular, as well as the impact of significant adverse exchange rates for - €128 million euros (- 6.2%).

## CURRENT OPERATING INCOME UP + 7.7%

Current operating income amounted to €284 million in the 1<sup>st</sup> half of 2018, a + 7.7% increase from the 1<sup>st</sup> half of 2017. It benefits from the following factors: a positive price-mix effect of + €65 million, which is offsetting the increase in variable costs (+ €45 million, notably raw materials and energy); the contribution from recent acquisitions, for + €29 million, notably Kerneos and €19 million of sales volumes.

The + €37 million increase in fixed costs and overheads includes further

investments to strengthen the Group's competitiveness and support its growth (new production capacity, innovation, human resources and IT systems). Thus, the Group's operating margin remains firm at 12.3% for the first half of 2018.

## + 13.5% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

Net income from current operations rose + 13.5% to €176 million. It includes a financial result that improves from - €42 million in the first half of 2017 to - €34 million in the first half of 2018, due to the decrease of financial costs. The tax charge of - €74 million (- €65 million in the 1<sup>st</sup> half of 2017) reflects an effective tax rate of 29.6% (29.5% in the 1<sup>st</sup> half of 2017).

Net income from current operations, Group share, per share is up + 13.3% to €2.23.

The full press release and slide deck are available in the News & Media Center of the website [www.imerys.com](http://www.imerys.com).



## Imerys **roofing activity disposal**

Imerys has entered on May 2018 into an exclusivity agreement with an affiliate of Lone Star Funds, a global private equity firm, for the purpose of the sale of its roofing division Imerys Toiture for an enterprise value of €1.0 billion, which implies a transaction multiple of 9 times 2017 EBITDA. Lone Star's offer is firm, binding, and fully financed.

Imerys Toiture, which mainly serves the French construction market, generated revenue of €300 million in 2017 with ca. 1,000 employees and 14 plants located in France.

This agreement follows the strategic review conducted by the Board of Directors on the prospects of Imerys' Roofing division with a view to optimize the Group's business portfolio and growth profile. The disposal would



strengthen the Group's balance sheet position, supporting its transition into a specialty materials Group.

This operation is expected to be completed by the fourth quarter of 2018 following the customary relevant workers' councils consultations and subject to regulatory authorities' approval.

## Imerys **commitment to Act4nature** for the protection of biodiversity

As one of the priorities of its Corporate Social Responsibility (CSR) strategy, Imerys has designed and implemented a biodiversity project in line with international CSR standards, the main goals of the National Biodiversity Strategy and the general commitments of Act4nature, the collective initiative launched by Entreprises pour l'Environnement (EpE) and other partners to mobilize businesses for the protection of biodiversity.

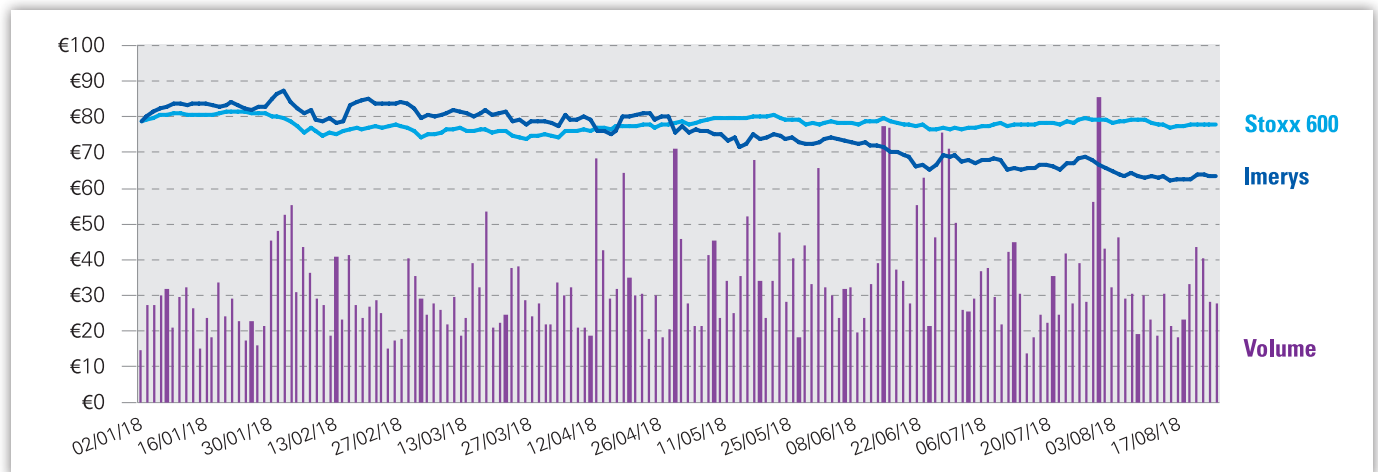


The action program was drawn up between late 2017 and early 2018 by an internal working group comprising a range of support and operational functions. This program is designed to respond to these commitments and will be implemented at all Imerys sites around the world.

The ambition and complexity of the project led Imerys to form a scientific partnership for the period 2018-2021 with the UMS 2006 Patrimoine Naturel (Muséum National d'Histoire Naturelle - Agence Française pour la Biodiversité - CNRS) to advise and support it in this initiative.



# Share price evolution from January 2, 2018 to August 17, 2018



## GENERAL DATA PROTECTION REGULATION (GDPR)

In view of the general data protection regulation (GDPR) recently enforced in all the countries of the European Union, we wish to state that Imerys is taking all the necessary steps to ensure the security of your personal data.

Your data are known to Imerys only because of your capacity as a shareholder in the company, your registration as a recipient of our financial information or the professional relationship you have with the Financial Communication Department of Imerys.

You are free to request access to and rectification of your data at any time, and to unsubscribe from our publications by sending your request to the following address:

Financial Communications  
43, Quai de Grenelle - 75015 Paris - France  
shareholders@imerys.com

## 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](mailto:shareholders@imerys.com).**

## NEXT DATE

- **Tuesday October 30, after trading:** 3<sup>rd</sup> quarter 2018 results

## IMERYS ON THE STOCK MARKET

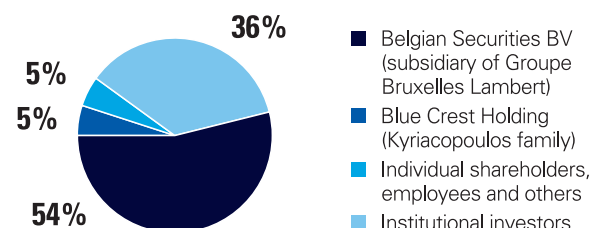
ISIN: FR0000120859 - NK  
Euronext Paris - Eurolist - Local Stocks  
Compartment A (Blue Chips)  
*(Eligible for deferred settlement service)*

*Data as of August 31, 2018*

- **Number of shares:** 79,715,741
- **Nominal value:** €2
- **Closing price:** €61.9
- **Market capitalization:** €5 billion

## SHAREHOLDING *(Imerys estimates)*

As of June 30, 2018, Imerys' capital is made up as follows:



## CONTACTS Financial Communication

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