

Imerys announces increase in results to September 30, 2017 and confirms its objective for the year

- **Further growth in revenue at + 8.5%**
 - + 2.4% rise at comparable Group structure and exchange rates, including + 3.6% in 3rd quarter
 - Kerneos consolidated as of July 18
- **+ 8.6% growth in current operating income**
 - Operating margin maintained at 14.1%
 - Negative impact of exchange rates in 3rd quarter
- **2017 objective confirmed of over 7% growth in net income from current operations compared with 2016**

Chairman & CEO Gilles Michel commented:

“Imerys’ organic growth and results improved again over the third quarter, in a more positive environment. These results are driven by the Group’s development strategy and its operating performance. They also factor in the integration of Kerneos and the gradual contributions of other acquisitions. Based on the results for the first nine months of the year, the Group confirms its objective of year-on-year growth of over 7% in net income from current operations in 2017.”

Consolidated results Unaudited - € millions	9 months 2016	9 months 2017	Change
Revenue	3,126.5	3,393.5	+ 8.5%
Current operating income ⁽¹⁾	441.5	479.5	+ 8.6%
Operating margin	14.1%	14.1%	-
Net income from current operations, Group’s share ⁽¹⁾	274.5	293.2	+ 6.8%
Net income from current operations, Group’s share, per share (euros) ⁽²⁾	3.48	3.71	+ 6.5%
Net income, Group’s share	219.0	267.8	+ 22.3%

⁽¹⁾ Throughout this press release, “current” means “before other operating income and expenses”, as defined in the notes to the financial statements relating to the consolidated income statement.

⁽²⁾ Weighted average number of outstanding shares of 79,031,930 in the first 9 months of 2017 versus 78,774,246 in the first 9 months of 2016.

DETAILED COMMENTARY ON THE GROUP'S RESULTS

+ 8.5% INCREASE IN REVENUE

Unaudited quarterly data (€ millions)	2016 Revenue	2017 Revenue	Change	o/w volume effect	o/w price-mix effect	Like-for-like change ⁽¹⁾
1 st quarter	1 038.1	1 113.2	+ 7.2%	+ 2.4%	+ 0.0%	+ 2.4%
2 nd quarter	1 058.6	1 107.1	+ 4.6%	+ 0.2%	+ 1.0%	+ 1.2%
3 rd quarter	1 029.8	1 173.2	+ 13.9%	+ 2.8%	+ 0.9%	+ 3.6%
Cumulative 9 months	3 126.5	3 393.5	+ 8.5%	+ 1.8%	+ 0.6%	+ 2.4%

Revenue for the first 9 months of 2017 totaled €3,393.5 million, a + 8.5% increase on a current basis from the same period in 2016. This improvement is due to:

- + 2.4% growth at comparable Group structure and exchange rates, in a context of an overall improvement in activity since the beginning of the year, especially in the 3rd quarter. New products continue to support a positive price-mix component at + 0.6%;
- A positive Group structure effect of + €182.4 million (+ 5.8%), which takes into account for half the consolidation of Kerneos (as of July 18, 2017) and for the balance the external growth operations completed in late 2016 (including Alteo and SPAR) and early 2017 (including Damolin);
- A positive exchange rate effect of + €9.0 million over the first 9 months of 2017 (+ 0.3%), despite the - 2.4% unfavorable impact of exchange rates in the 3rd quarter of 2017.

CURRENT OPERATING INCOME UP + 8.6%

Unaudited quarterly data (€ millions)	2016	2017	Change
1 st quarter	135.4	147.2	+ 8.7%
<i>Operating margin</i>	13.0%	13.2%	+ 0.2 point
2 nd quarter	157.7	165.4	+ 4.9%
<i>Operating margin</i>	14.9%	14.9%	unchanged
3 rd quarter	148.5	166.9	+ 12.4%
<i>Operating margin</i>	14.4%	14.2%	- 0.2 point
Cumulative 9 months	441.5	479.5	+ 8.6%
<i>Operating margin</i>	14.1%	14.1%	unchanged

Current operating income totaled €479.5 million as of September 30, 2017, a + 8.6% increase from the same period in 2016. The Group's **operating margin** remains stable at a high level of 14.1%, despite the significant negative impact of exchange rates in the 3rd quarter (- €7.5 million), while several recent bolt-on acquisitions are not yet making a full contribution. At comparable structure and exchange rates, it continued to grow.

Over the first nine months of 2017, Imerys benefited from the positive contribution of volumes and the price-mix component (+ €55.7 million). The increase in variable costs (external costs of production) remains under control at €0.6 million, thanks to operating excellence programs and good cost control. The + €35.8 million increase in fixed

(1) Throughout this press release, "like-for-like" means "at comparable Group structure and exchange rates"

costs and overheads (salaries and internal costs of production) corresponds to the increase in activity and the continued implementation of the human and industrial resources needed for the Group's growth (excellence programs, development teams, new capacities, etc.).

+ 6.8% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

Net income from current operations increased + 6.8% to €293.2 million (€274.5 million for the first 9 months of 2016). It takes into account:

- Financial expense of - €63.1 million (- €47.5 million for the first 9 months of 2016) due to more marked currency effects in the 3rd quarter;
- A - €122.8 million tax charge (- €117.2 million for the first 9 months of 2016), which represents an effective tax rate of 29.5% (29.7% for the first 9 months of 2016).

The Group's share of net income from current operations per share increased + 6.5% to €3.71.

+ 22.3% INCREASE IN NET INCOME

Other operating income and expenses, net of tax, totaled - €25.4 million for the first 9 months of 2017 (- €55.5 million for the first nine months of 2016) and include in particular transaction costs. After taking these other operating income and expenses into account, the **Group's share of net income** amounted to €267.8 million (€219.0 for the first 9 months of 2016), increasing + 22.3%.

ROBUST FINANCIAL STRUCTURE MAINTAINED

Net financial debt of the Group totaled €2,350 million as of September 30, 2017, after taking into account the acquisition of Kerneos. This robust financial structure is rated Baa2 by Moody's and BBB by Standard & Poor's, with a stable outlook in both cases.

COMMENTARY BY BUSINESS GROUP

REVENUE BY BUSINESS GROUP

(€ millions)	9 months 2016	9 months 2017	Change reported	Group structure	Exchange rates	Like-for-like change
Total revenue	3,126.5	3,393.5	+ 8.5%	+ 5.8%	+ 0.3%	+ 2.4%
Energy Solutions & Specialties	936.6	992.3	+ 5.9%	+ 3.3%	+ 0.3%	+ 2.4%
Filtration & Performance Additives	852.3	931.5	+ 9.3%	+ 4.1%	+ 0.2%	+ 5.0%
Ceramic Materials	928.4	897.7	- 3.3%	- 0.4%	+ 0.3%	- 3.2%
High Resistance Minerals	446.4	618.8	+ 38.6%	+ 28.1%	+ 0.7%	+ 9.9%
Holding & Eliminations	(37.2)	(46.8)	-	-	-	-

Energy Solutions & Specialties

(29% of consolidated revenue to September 30, 2017)

Unaudited quarterly data (€ millions)	2016	2017	Change (reported)	Change (like-for-like)
1 st quarter revenue	300.8	321.6	+ 6.9%	+ 1.0%
2 nd quarter revenue	316.2	332.0	+ 5.0%	+ 0.7%
3 rd quarter revenue	319.6	338.7	+ 6.0%	+ 5.3%
Cumulative 9 months revenue	936.6	992.3	+ 5.9%	+ 2.4%

The **Energy Solutions & Specialties** business group's revenue totaled €992.3 million over the first 9 months of 2017 (+ 5.9% on a current basis). This increase factors in a + €30.7 million positive structure effect, due in particular to the acquisitions made in the Monolithic Refractories business group (mainly SPAR in the USA) and a positive exchange rate impact of + €2.8 million (-€9.9 million in the 3rd quarter).

At comparable structure and exchange rates, revenue grew + 5.3% in the 3rd quarter, reflecting overall improvement in activity. Sales were buoyed by vibrant mobile energy and conductive polymer markets (**Graphite & Carbon** division), positive trends in Asia-Pacific and in packaging applications (**Carbonates**) and growth on industrial markets in Europe (**Monolithic Refractories**).

In the **Oilfield Solutions** division, the market environment remains unchanged for ceramic proppants. Over the year as a whole, at unchanged market conditions and exchange rates, the Group confirms that this division's negative contribution to the Group's operating income should not be greater than in 2016 (- €23 million).

Filtration & Performance Additives

(27% of consolidated revenue to September 30, 2017)

Unaudited quarterly data (€ millions)	2016	2017	Change (reported)	Change (like-for-like)
1 st quarter revenue	278.2	312.4	+ 12.3%	+ 6.5%
2 nd quarter revenue	292.1	317.0	+ 8.5%	+ 4.0%
3 rd quarter revenue	282.0	302.2	+ 7.1%	+ 4.8%
Cumulative 9 months revenue	852.3	931.5	+ 9.3%	+ 5.0%

The **Filtration & Performance Additives** business group's **revenue** totaled €931.5 million over the first 9 months of 2017, a + 9.3% increase. It includes a + €34.5 million structure effect resulting from the acquisition of Damolin (industrial absorbents), as well as + €1.6 million exchange rate impact (- €9.0 million in the 3rd quarter).

In the 3rd quarter, the sales of the **Performance Additives**, **Filtration** and **Metallurgy** divisions grew + 4.8% at comparable structure and exchange rates, reflecting a strong positioning on healthy markets.

In this context, the Group continued its developments, particularly in the health & beauty, construction and agriculture sectors. Furthermore, Imerys reinforced its presence in solutions for plastics recycling, with the acquisition of Regain Polymers in the United Kingdom.

Ceramic Materials

(26% of consolidated revenue to September 30, 2017)

Unaudited quarterly data (€ millions)	2016	2017	Change (reported)	Change (like-for-like)
1 st quarter revenue	323.2	310.9	- 3.8%	- 4.7%
2 nd quarter revenue	311.4	300.9	- 3.3%	- 2.9%
3 rd quarter revenue	293.8	285.9	- 2.7%	- 1.8%
Cumulative 9 months revenue	928.4	897.7	- 3.3%	-3.2%

The **Ceramic Materials** business group's **revenue** totaled €897.7 million as of September 30, 2017. The - 3.3% current change compared with the first 9 months of 2016 takes into account a - €3.5 million structure effect (divestment of a site) and a + €2.3 million exchange rate effect (- €2.2 million in the 3rd quarter).

Revenue improved sequentially in the 3rd quarter with a limited drop of - 1.8 % at comparable structure and exchange rates in a still challenging market for paper (**Kaolin** division). Clay roof tiles market in France (**Roofing** division) decreased - 2.3% in the 3rd quarter ⁽²⁾ due to a slack renovation segment. Moreover, markets were good overall for the **Ceramics** division.

(2) source: French roof tiles & bricks federation (FFTB)

High Resistance Minerals

(18% of consolidated revenue to September 30, 2017)

Unaudited quarterly data (€ millions)	2016	2017	Change (reported)	Change (like-for-like)
1st quarter revenue	148.3	184.2	+ 24.2%	+ 14.6%
2nd quarter revenue	151.5	171.5	+ 13.2%	+ 4.4%
3rd quarter revenue	146.5	263.1	+ 79.5%	+ 10.7%
Cumulative 9 months revenue	446.4	618.8	+ 38.6%	+ 9.9%

Revenue for the **High Resistance Minerals business group**, which includes the new **Kerneos** division, totaled €618.8 million as of September 30, 2017. On a current basis, it takes into account a + €125.4 million structure effect, mainly from the acquisition of Kerneos in the 3rd quarter (+ €91.4 million). The structure effect also includes, to a lesser extent, the Alteo Group's specialty alumina production activities and, more recently, Zhejiang Valley's high-purity zirconia activities in China. The exchange rate effect totals + €3.0 million for the first 9 months of 2017 (- €3.0 million in the 3rd quarter).

In the 3rd quarter of 2017, sales by the business group's divisions – **Fused Minerals**, **Refractory Minerals** and **Kerneos** – were driven by a strong sales and innovation momentum on healthy markets. In the third quarter of 2017, the business group's sales at comparable structure and exchange rates grew + 10.7%, yet against a relatively favorable basis of comparison.

Financial calendar 2018

February 14	2017 annual results
April 27	1 st quarter 2018 results
May 4, 11:00 am	Shareholders' General Meeting
July 27	1 st half 2018 results
October 30	3 rd quarter 2018 results

The above 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 from the Group's website www.imerys.com, via the *News* section on the home page.

The results for the first 9 months of 2017 will be discussed at a conference call at 6:30pm today (Paris time), to 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 in 2016, 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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APPENDIX

(Unaudited quarterly data)

1. CONSOLIDATED REVENUE BREAKDOWN

Revenue by business group (€ millions)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Energy Solutions & Specialties	300.8	316.2	319.6	314.0	321.6	332.0	338.7
Filtration & Performance Additives	278.2	292.1	282.0	292.2	312.4	317.0	302.2
Ceramic Materials	323.2	311.4	293.8	293.6	310.9	300.9	285.9
High Resistance Minerals	148.3	151.5	146.5	151.4	184.2	171.5	263.1
Holding & Eliminations	(12.4)	(12.6)	(12.1)	(12.5)	(15.9)	(14.3)	(16.7)
Total	1,038.1	1,058.6	1,029.8	1,038.7	1,113.2	1,107.1	1,173.2

Revenue by business group (€ millions)	Q3 2016	Q3 2017	Change (reported)	Group structure	Exchange rates	Change (like- for-like)
Energy Solutions & Specialties	319.6	338.7	+ 6.0%	+ 3.8%	- 3.1%	+ 5.3%
Filtration & Performance Additives	282.0	302.2	+ 7.1%	+ 5.6%	- 3.2%	+ 4.8%
Ceramic Materials	293.8	285.9	- 2.7%	- 0.1%	- 0.8%	- 1.8%
High Resistance Minerals	146.5	263.1	+ 79.5%	+ 70.8%	- 2.0%	+ 10.7%
Holding & Eliminations	(12.1)	(16.7)	-	-	-	-
Total	1,029.8	1,173.2	+ 13.9%	+ 12.7%	- 2.4%	+ 3.6%

Revenue by region by destination (€ millions)	9 months 2017 consolidated revenue	Change 9 months 2017 vs. 9 months 2016 (reported)	% total consolidated revenue 9 months 2016	% total consolidated revenue 9 months 2017
Western Europe	1,459.8	+ 7.3%	44%	43%
<i>o/w France</i>	372.6	+ 2.5%	12%	11%
USA / Canada	838.6	+ 8.7%	25%	25%
Emerging countries	940.4	+ 13.0%	26%	28%
Japan/ Australia	154.7	- 5.6%	5%	4%
Total	3,393.5	+ 8.5%	100%	100%

2. KEY INCOME INDICATORS

(€ millions)	H1 2016	H1 2017	Change
Revenue	2,096.7	2,220.3	+ 5.9%
Current operating income	293.0	312.6	+ 6.7%
Current financial expense	(29.1)	(42.2)	
Current taxes	(78.1)	(79.8)	
Minority interest	(1.9)	(0.9)	
Net income from current operations	183.9	189.7	+ 3.2%
Other operating income and expenses, net	(25.8)	(17.5)	
Net income, Group's share	158.1	172.2	+ 8.9%

(€ millions)	Q3 2016	Q3 2017	Change
Revenue	1,029.8	1,173.2	+ 13.9%
Current operating income	148.5	166.9	+12.4%
Current financial expense	(18.4)	(20.9)	
Current taxes	(39.1)	(43.0)	
Minority interest	(0.4)	0.5	
Net income from current operations	90.6	103.5	+ 14.2%
Other operating income and expenses, net	(29.7)	(7.9)	
Net income, Group's share	60.9	95.6	+ 57.0%

(€ millions)	9 months 2016	9 months 2017	Change
Revenue	3,126.5	3,393.5	+ 8.5%
Current operating income	441.5	479.5	+ 8.6%
Current financial expense	(47.5)	(63.1)	
Current taxes	(117.2)	(122.8)	
Minority interest	(2.3)	(0.4)	
Net income from current operations	274.5	293.2	+ 6.8%
Other operating income and expenses, net	(55.5)	(25.4)	
Net income, Group's share	219.0	267.8	+ 22.3%

3. GLOSSARY

Throughout this press release:

- the term **"on a comparable basis"** 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;