

## Imerys: improved results in 1<sup>st</sup> quarter 2016

- **+ 6.6% growth in revenue**
  - Contribution of external growth operations completed in 2015
  - - 1.8% at comparable Group structure and exchange rates (- 0.7% due to ceramic proppants)
- **+ 30 basis point improvement in operating margin to 13.0%**
  - + 9.9% increase in current operating income
  - Positive price/mix effect supported by new products
  - Contribution of synergies from acquisitions
- **+ 5.8% rise in net income from current operations**
- **€600 million bond successfully issued in March 2016 at very favorable market conditions**

Chairman & CEO Gilles Michel commented:

*"In early 2016, the Group continues to show progress and to improve its profitability, thanks to the results of its external growth strategy, but also to its innovations and strict cost control. Drawing on these strengths and its robust business model, Imerys will continue to implement its development strategy while adapting its industrial assets to a global economic environment that remains volatile."*

<b>Consolidated results</b> Non-audited - € millions	<b>1<sup>st</sup> quarter</b> <b>2015</b>	<b>1<sup>st</sup> quarter</b> <b>2016</b>	<b>% current</b> <b>change</b>
Revenue	973.6	1,038.1	+ 6.6%
Current EBITDA	172.7	189.8	+ 9.9%
Current operating income <sup>(1)</sup>	123.2	135.4	+ 9.9%
<i>Operating margin</i>	12.7%	13.0%	+ 0.3 point
Net income from current operations, Group's share <sup>(2)</sup>	78.2	82.7	+ 5.8%
Net income, Group's share	68.5	72.4	+ 5.7%
Net income, Group's share, per share <sup>(3)</sup>	1.01 €	1.05 €	+ 3.4%

<sup>1</sup> Throughout this press release, "Current" means "before other operating revenue and expenses".

<sup>2</sup> Group's share of net income before other operating revenue and expenses, net.

<sup>3</sup> The weighted average number of outstanding shares was 79,025,470 in the 1<sup>st</sup> quarter of 2016, compared with 77,278,568 in the 1<sup>st</sup> quarter of 2015 following the issue of new shares with respect to the acquisition of S&B in 2015.

## ANALYSIS OF 1<sup>st</sup> QUARTER 2016 RESULTS

### + 6.6% GROWTH IN REVENUE

**Revenue** for the 1<sup>st</sup> quarter ended 31 March 2016 totaled €1,038.1 million, up + 6.6% compared with the same period in 2015. This growth results from:

- A positive Group structure effect of +€85.8 million (+ 8.8%), mainly due to the acquisition of S&B (consolidated from March 1, 2015) and, to a lesser extent, the other operations consolidated since November 2015 (precipitated calcium carbonates (PCC), paper hydrous kaolin and roofing accessories);
- A - €4.1 million (- 0.4%) negative exchange rate effect, due to the euro's appreciation against a certain number of currencies.

At comparable Group structure and exchange rates, the change is - 1.8 % compared with the same period in 2015 (- 0.7% related to ceramic proppants). The impact of volumes (- 2.6%, i.e. - €25.1 million compared with 1<sup>st</sup> quarter 2015) can be mainly attributed to the steel and ceramic proppants markets in the USA.

The price/mix effect improved + 0.8% for the Group as a whole (+ €7.9 million).

### + 9.9% INCREASE IN CURRENT OPERATING INCOME

**Current operating income** amounted to €135.4 million in the 1<sup>st</sup> quarter of 2016, a + 9.9% increase from the same period in 2015. It includes a +€10.4 million Group structure effect resulting from S&B and, to a lesser extent, the other acquisitions completed in late 2015. It also factors a + €7.0 million favorable exchange rate impact, particularly due to the depreciation of the Brazilian real. This item should be viewed against the - €3.3 million negative impact on costs due to high inflation in Brazil, from where the Group exports its kaolin production. Current operating income also benefits from the favorable trend in the activity mix and the effectiveness of management measures:

- Product price/mix effect (+ €9.3 million);
- + €5.7 million improvement in fixed and variable costs, supported by the operating excellence program "I Cube" and by procurement management.

In this context, the Group's **operating margin** improved by + 30 basis points to 13.0% (12.7% in 1<sup>st</sup> quarter 2015).

### + 5.8% RISE IN NET INCOME FROM CURRENT OPERATIONS

**Net income from current operations** rose + 5.8% to €82.7 million (€78.2 million in 1<sup>st</sup> quarter 2015). It includes the following items:

- Financial expense of -€17.3 million (compared with -€11.0 million in 1<sup>st</sup> quarter 2015) due to a lower contribution from foreign exchange and financial instruments (-€2.4 million vs. +€5.5 million in 1<sup>st</sup> quarter 2015). Interest expenses are slightly down to -€11.9 million, compared with -€12.8 million in 1<sup>st</sup> quarter 2015.
- A -€34.2 million current tax charge (-€33.0 million in 1<sup>st</sup> quarter 2015), i.e. an effective tax rate of 29.0% (29.5% in 1<sup>st</sup> quarter 2015).

The Group's share of net income from current operations per share rose + 3.4% to €1.05.

## NET INCOME

**Other operating income and expenses, net of tax**, totaled - €10.3 million in the 1<sup>st</sup> quarter of 2016, compared with - €9.7 million in the 1<sup>st</sup> quarter of 2015.

After taking into account other operating income and expenses, net of tax, **the Group's share of net income** amounted to €72.4 million in the 1<sup>st</sup> quarter of 2016 (€68.5 million in 1<sup>st</sup> quarter 2015).

## FINANCIAL SITUATION

The Group's net financial debt has not changed significantly since December 31, 2015, standing at almost €1.6 billion as of March 31, 2016. Imerys' long-term credit rating by Moody's has been "Baa-2" since 2011, with a stable outlook. The short-term rating, "P-2", was also renewed, again with a stable outlook.

On March 23, Imerys launched a €600 million bond issue in 2 tranches: a €300 million 6-year tranche with a 0.875% annual coupon, and a €300 million tranche with a 12-year maturity for the first time and a 1.875% annual coupon. This issue supports the Group's strategy of actively managing its debt and strengthening its liquidity. In particular, it allows Imerys to anticipate the repayment of the €500 million bond maturing in 2017, with an annual coupon of 5.0%, while benefiting from very favorable market conditions. It also lengthens the average maturity of its bond financing from 5.5 to 8 years.

Furthermore, the Group took advantage of market trends to acquire 0.8% of its own capital in the 1<sup>st</sup> quarter of 2016 under its share buyback program.

## BUSINESS GROUPS' ACTIVITY IN 1<sup>st</sup> QUARTER 2016

### Energy Solutions & Specialties

(29% of consolidated revenue)

(non-audited - € millions)	Q1 2015	Q1 2016	Current change %	Structure effect %	Exchange rate effect %	Comparable change %
Revenue	312.5	300.8	- 3.7%	+ 4.3%	- 1.2%	- 6.8%

The **Energy Solutions & Specialties** business group's revenue totaled €300.8 million in the 1<sup>st</sup> quarter of 2016 (down - 3.7% on a current basis). This change particularly factors in a + €13.4 million positive structure effect relating to the acquisition of Solvay's European PCC activities and a - €3.7 million unfavorable exchange rate impact. At comparable structure and exchange rates, revenue is - 6.8% year-on-year compared with the same period in 2015 due to the slump on the steel and ceramic proppants markets.

The **Carbonates** division's sales benefited from the contribution of Solvay's PCC activities, which are consolidated as of October 30, 2015, and the development of specialty applications for consumer goods and construction, particularly in the United States (plastic film, polymers, paint, etc.).

In the **Monolithic Refractories** division, the cost structure was adjusted in response to the evolution of certain markets, iron and steel in particular.

Rapid growth in lithium-ion batteries for mobile energy fuelled the **Graphite & Carbon** division's sales in the 1<sup>st</sup> quarter.

The impact of the **Oilfield Solutions** division on the Group's current operating income was in line with expectations in the 1<sup>st</sup> quarter of 2016. Over the year as a whole, assuming unchanged market conditions, this figure should not be higher than in 2015 (- €27 million).

The creation of FiberLean™ Technologies, a technological 50/50 joint venture with Omya, will enable to promote research and development on microfibrillated cellulose (MFC) in multiple applications and sectors.

### Filtration & Performance Additives

(26% of consolidated revenue)

(non-audited - € millions)	Q1 2015	Q1 2016	Current change %	Structure effect %	Exchange rate effect %	Comparable change %
Revenue	218.9	278.2	+ 27.1%	+ 25.9%	- 1.1%	+ 2,3%

The **Filtration & Performance Additives** business group's revenue totaled €278.2 million in the 1<sup>st</sup> quarter of 2016, a + 27.1% increase. It includes a + €56.8 million structure effect due to the acquisition of S&B (which will not be present from the 2<sup>nd</sup> quarter), and a - €2.5 million exchange rate impact. The synergy plan (costs and revenue) related to S&B's integration is making very satisfactory progress.

Revenue grew + 2.3% at comparable structure and exchange rates in the 1<sup>st</sup> quarter of 2016, thanks to the fast development of new products and firm demand from markets served by the business group.

Sales by the **Performance Minerals** activity benefited from firm demand for talc and wollastonite - from S&B - for polymers, particularly for the automotive sector. The **Minerals for Filtration** division benefited from the generally firm consumer goods sector and from development in new segments.

The **Additives for Metallurgy** division, which particularly supplies continuous casting fluxes for steel, binders for foundry, held out relatively well despite the downturn in steel production.

## Ceramic Materials

(31% of consolidated revenue)

(non-audited - € millions)	Q1 2015	Q1 2016	Current change %	Structure effect %	Exchange rate effect %	Comparable change %
Revenue	291.0	323.2	+ 11.1%	+ 7.7%	+ 0.6%	+ 2.8%

The **Ceramic Materials** business group's **revenue** totaled €323.2 million in the 1<sup>st</sup> quarter of 2016. The + 11.1% current change compared with the 1<sup>st</sup> quarter of 2015 includes a + €22.4 million exchange rate effect, mainly due to the acquisition of BASF's hydrous kaolin activity in the United States and of Matisco's metal accessories in the Roofing division. It takes into account a + €1.7 million exchange rate impact. At comparable structure and exchange rates, revenue grew up + 2.8%.

The **Roofing** division's sales improved, benefiting from a favorable basis of comparison with the level of activity in the 1<sup>st</sup> quarter of 2015 and the gradual stabilization of roof tiles sales in France.

In the **Kaolin** division, the Group continued its developments in specialty applications, particularly in the United States, while the paper market is in a significant downturn in North America.

In the **Ceramics** division, sales were also globally firm on its traditional markets (floor tiles, sanitaryware, tableware).

## High Resistance Minerals

(14% of consolidated revenue)

(non-audited - € millions)	Q1 2015	Q1 2016	Current change %	Structure effect %	Exchange rate effect %	Comparable change %
Revenue	165.3	148.3	- 10.3%	- 4.0%	+ 0.1%	- 6.4%

The **High Resistance Minerals** business group's **revenue** amounted to €148.3 million in the 1<sup>st</sup> quarter of 2016. The - 10.3% change in revenue on a current basis compared with 2015 takes into account a - €6.6 million structure effect relating to the divestment of a minerals trading activity in the United States in late June 2015.

At comparable Group structure and exchange rates, the - 6.4% revenue decline mainly can be chiefly attributed to the fact that demand for refractories used in steel production was still high in the 1<sup>st</sup> quarter 2015. Consequently, the **Refractory Minerals** division continued its industrial asset adjustment programs to meet changes in demand.

In the **Fused Minerals** division, the Group continues to develop the higher value-added specialty segment with the commercial launch of Sol gel for high performance abrasives, while optimizing its cost structure.

## Financial calendar 2016

May 4	Shareholders' General Meeting
July 27 (after market close)	1 <sup>st</sup> half 2016 results
October 28 (before market close)	3 <sup>rd</sup> quarter 2016 results

All above dates are tentative and may change. Updates are available on the Group's website at [www.imerys.com](http://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](http://www.imerys.com), via the *News* section on the home page. The results for the 1<sup>st</sup> quarter of 2016 will be discussed at a **conference call at 10:00am today** (Paris time). The conference will be streamed live on the Group's website [www.imerys.com](http://www.imerys.com).

*The world leader in mineral-based specialty solutions for industry, with €4 billion revenue and 16,000 employees, Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods and building products. The Group draws on its knowledge of applications, scientific expertise and technological know-how to beneficiate its mineral resources, develop formulations and produce synthetic minerals. 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](http://www.imerys.com)) under Regulated Information, particularly in its Registration Document filed with the Autorité des marchés financiers on March 17, 2016 under number D. 16-0153 (also available from the Autorité des marchés financiers website, [www.amf-france.org](http://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.*

<u>Analyst / Investor Relations:</u> Vincent Gouley - + 33 (0)1 4955 6469 <a href="mailto:finance@imerys.com">finance@imerys.com</a>	<u>Press contacts:</u> Vincent Gouley - + 33 (0)1 4955 6469 Philémon Tassel - + 33 (0)6 3010 9611 Sarah Fornier - + 33 (0)7 8740 8350
--	--

## 1<sup>ST</sup> QUARTER 2016 RESULTS (UNAUDITED)

### APPENDIX

#### 1. CONSOLIDATED REVENUE BREAKDOWN

Revenue by business group (€ millions)	Q1 2015	Q4 2015	Q1 2016
Energy Solutions & Specialties	312.5	303.0	300.8
Filtration & Performance Additives	218.9	271.9	278.2
Ceramic Materials	291.0	294.2	323.2
High Resistance Minerals	165.3	143.1	148.3
Holding Company & Eliminations	(14.1)	(10.2)	(12.4)
<b>Total</b>	<b>973.6</b>	<b>1 002.2</b>	<b>1 038.1</b>

#### REVENUE BY GEOGRAPHIC DESTINATION (CURRENT CHANGE)

(€ millions)	Revenue Q1 2016	% change Q1 16 vs. Q1 15	As a % of consolidated revenue Q1 15	As a % of consolidated revenue Q1 16
Western Europe	456.0	+ 6.2%	44%	44%
of which France	128.2	+ 6.3%	12%	12%
United States/Canada	256.9	+ 8.4%	24%	25%
Emerging countries	266.9	+ 3.4%	27%	26%
Other (Japan/Australia)	58.3	+ 18.2%	5%	5%
<b>Total</b>	<b>1,038.1</b>	<b>+ 6.6%</b>	<b>100%</b>	<b>100%</b>

Quarterly change (non-audited)	Q1 2015	Q1 2016	Current change %	Structure effect %	Exchange rate effect %	Compar- able change
<b>Revenue, of which:</b>	<b>973.6</b>	<b>1 038.1</b>	<b>+ 6.6%</b>	<b>+ 8.8%</b>	<b>- 0.4%</b>	<b>- 1.8%</b>
Energy Solutions & Specialties	312.5	300.8	- 3.7%	+ 4.3%	- 1.2%	- 6.8%
Filtration & Performance Additives	218.9	278.2	+ 27.1%	+ 25.9%	- 1.1%	+ 2.3%
Ceramic Materials	291.0	323.2	+ 11.1%	+ 7.7%	+ 0.6%	+ 2.8%
High Resistance Minerals	165.3	148.3	- 10.3%	- 4.0%	+ 0.1%	- 6.4%
Holding Company & Eliminations	(14.1)	(12.4)	n.s.	n.s.	n.s.	n.s.

## 2. SUMMARIZED INCOME STATEMENT

<i>(in millions d'euros)</i>	Q1 2015	Q1 2016	Change
Revenue	973.6	1 038.1	+ 6.6%
<b>EBITDA</b>	<b>172.7</b>	<b>189.8</b>	<b>+ 9.9%</b>
Current operating income	123.2	135.4	+ 9.9%
Financial expense	(11.0)	(17.3)	
Current taxes	(33.0)	(34.2)	
Minority interests	(1.0)	(1.1)	
<b>Net income from current operations <sup>(1)</sup></b>	<b>78.2</b>	<b>82.7</b>	<b>+ 5.8%</b>
Other operating income and expenses. net	(9.7)	(10.3)	
<b>Net income <sup>(1)</sup></b>	<b>68.5</b>	<b>72.4</b>	<b>+ 5.7%</b>

*(1) Group share.*