PRESS RELEASE

PARIS, FEBRUARY 16, 2017

IMERYS
TRANSFORM TO PERFORM

# Imerys delivers solid growth in 2016 results

- **+ 1.9% increase in revenue on current basis**
- **Higher organic growth(1) in 4th quarter: + 1.4% vs. - 1.4% for the year**
- **Growth of + 9.9% in current EBITDA(2) and + 8.2% in current operating income, improved margin at 14.0%**
- **Growth target achieved for net income from current operations: + 6.0%**
- **Strong generation of current free operating cash flow of €395 million**
- **Proposal to increase dividend further to €1.87 per share**

*Chairman & CEO Gilles Michel commented:*

*"In 2016, Imerys improved its performance and again achieved its growth target for net income from current operations. These achievements are the result of our operational excellence programs and our development strategy, which combines internal growth, driven by innovation and external growth, with, in particular, the acquisition of S&B, for which synergies have been achieved one year ahead of schedule. They also reflect the relative improvement in the environment observed towards the end of the year, which however has yet to be confirmed for 2017. In the coming months, the Group will expand through recent acquisitions and continue to benefit from its excellence programs. In this context, Imerys remains well positioned to create long-term value, as evidenced by the contemplated acquisition of Kerneos."*

On February 15, 2017, Imerys' Board of Directors reviewed the final financial statements for fiscal 2016, which will be submitted to shareholders for approval at the Annual General Meeting of May 3, 2017.

| Consolidated results (€ millions) | 2015 | 2016 | % change (current basis) |
|---|---|---|---|
| Revenue | 4,086.7 | 4,165.2 | + 1.9% |
| Current EBITDA (2) | 745.4 | 818.9 | + 9.9% |
| Current operating income (2) | 538.1 | 582.1 | + 8.2% |
| Operating margin | 13.2% | 14.0% | + 0.8 point |
| Net income from current operations, Group's share (2) | 341.5 | 362.1 | + 6.0% |
| Net income, Group's share | 68.4 | 292.8 | n.a. |
| Financing | | | |
| Paid capital expenditure | 271.6 | 278.5 | + 2.5% |
| Current free operating cash flow (3) | 342.5 | 394.6 | + 15.2% |
| Shareholders' equity | 2,671.8 | 2,914.2 | + 9.1% |
| Net financial debt | 1,480.4 | 1,366.5 | - 7.7% |
| Data per share (euros) | | | |
| Net income from current operations, Group's share (2)(4) | 4.31 | 4.60 | + 6.8% |
| Proposed dividend | 1.75 | 1.87 | + 6.9% |

*(1) Organic growth: growth at comparable Group structure and exchange rates, or "on comparable basis"*
*(2) Throughout this press release, "Current" means " before other operating revenue and expenses", as defined in the notes to the financial statements relating to the consolidated income statement*
*(3) Current free operating cash flow: EBITDA after deduction of notional tax, changes in working capital requirement and paid capital expenditure*
*(4) The weighted average number of outstanding shares was 78,714,966 in 2016 against 79,275,846 in 2015.*

## HIGHLIGHTS

On December 11, 2016, Imerys announced the contemplated acquisition of Kerneos. This operation would further enhance the Group's specialty offering in high-potential markets and improve its growth and profitability profile while creating value. Thanks to its expertise in calcium aluminate technologies, Kerneos develops performance binders that bring key properties (rapid hardening, self-leveling, sealing and wear, corrosion or heat resistance) to its customers' innovative solutions for the construction (screed and adhesive tiles mortars, etc.), civil engineering (sewage system infrastructure, etc.) or refractories (protection of blast furnaces, thermal power plants, etc.) sectors.

With operations in Europe, North America and emerging countries and 1,500 employees, Kerneos posted consolidated revenue of €415 million and EBITDA of ca. €100 million over the last 12 months, as of September 30, 2016.

The contemplated acquisition of Kerneos, for an estimated total enterprise value of ca. €880 million, would have a positive impact on net income from current operations per share from the first year of consolidation and would rapidly create value, in particular through synergies estimated at €23 million. The transaction, which remains subject to relevant workers' council consultation, as well as regulatory authorities' approval, should be completed by mid-2017.

Imerys took advantage of favorable market conditions to prepare for the transaction's financing with the launch, in early January 2017, of a €600 bond issue with 10-year maturity and a 1.50% annual coupon.

Finally, Imerys also completed several additional external growth operations during the year. These should contribute approximately more than €100 million in revenue to the Group in 2017 (mainly Damolin, Alteo and Spar).

## CORPORATE GOVERNANCE

At its meeting on February 15, 2017, Imerys' Board of Directors set down the draft resolutions to be submitted to Shareholders for approval at the Annual General Meeting on May 3.

They provide, in particular, for the reappointment as directors for three years of Mrs. Marion Guillou, Mr. Aldo Cardoso, Mr. Paul Desmarais III and Mr. Colin Hall, whose current terms of office were ending, and the further internationalization of the Board by the appointment of Mrs. Martina Merz as a new director for the same three-year period.

At the meeting, the Board duly noted Mrs. Arielle Malard de Rothschild's wish not to request the renewal of her term of office, which was ending. The Board thanked her warmly for her contribution to the Board and its Committees over the last six years.

## DIVIDEND

At the Shareholders' General Meeting of May 3, 2017, the Board of Directors will propose to pay a dividend of €1.87 per share, a + 6.9% increase compared with the dividend paid in 2016, representing a total payout of €149 million, or 41% of the Group's share of net income from current operations. This proposal reflects the Board's confidence in the Group's fundamentals and development prospects. Payment should be made from May 11, 2017.

# DETAILED COMMENTS ON THE GROUP'S RESULTS

## + 1.9% INCREASE IN REVENUE

| Non-audited quarterly data (€ millions) | 2015 Revenue | 2016 Revenue | Change (% prior year) | Change at comp. Group structure and exchange rates (% prior year) | Of which volume effect | Of which price-mix effect |
|---|---|---|---|---|---|---|
| 1st quarter | 973.6 | 1,038.1 | + 6.6% | - 1.8% | - 2.6% | + 0.8% |
| 2nd quarter | 1,083.7 | 1,058.6 | - 2.3% | - 2.6% | - 3.3% | + 0.8% |
| 3rd quarter | 1,027.2 | 1,029.8 | + 0.3% | - 2.5% | - 3.2% | + 0.7% |
| 4th quarter | 1,002.2 | 1,038.7 | + 3.6% | + 1.4% | + 0.9% | + 0.5% |
| Year | 4,086.7 | 4,165.2 | + 1.9% | - 1.4% | - 2.1% | + 0.7% |

**Revenue** for 2016 amounts to €4,165.2 million, a + 1.9% increase compared with 2015. This growth is mainly due to:

- a + €140.2 million positive net structure effect (+ 3.4%), which mostly includes the consolidation of the external growth operations completed in 2015 and 2016;
- a very slight negative exchange rate effect of - €4.4 million.

At comparable Group structure and exchange rates, revenue was - 1.4% lower than in 2015 but rose + 1.4% in the 4th quarter because of a favorable basis of comparison and the relative improvement of some markets and regions.

In 2016, revenue from new products increased + 6.7% to €523 million, which represents 12.5% of the Group's revenue (vs. 12.0% in 2015). Price/mix remains firm at + 0.7% for 2016 (+ €27.1 million).

## OPERATING MARGIN UP + 80 BPS TO 14.0%

| Non-audited quarterly data (€ millions) | 2015 | 2016 | Change |
|---|---|---|---|
| 1st quarter | 123.2 | 135.4 | + 9.9% |
| *Operating margin* | *12.7%* | *13.0%* | *+ 0.3 point* |
| 2nd quarter | 150.8 | 157.7 | + 4.5% |
| *Operating margin* | *13.9%* | *14.9%* | *+ 1.0 point* |
| 3rd quarter | 135.0 | 148.5 | + 10.0% |
| *Operating margin* | *13.1%* | *14.4%* | *+ 1.3 point* |
| 4th quarter | 129.1 | 140.6 | + 8.9% |
| *Operating margin* | *12.9%* | *13.5%* | *+ 0.6 point* |
| **Year** | **538.1** | **582.1** | **+ 8.2%** |
| *Operating margin* | *13.2%* | *14.0%* | *+ 0.8 point* |

The + 8.2% increase in **current operating income** to €582.1 million in 2016 results from:

- The development of the Group's specialty product offering, with price-mix contributing €21.5 million;
- The ramp-up of synergies from acquisitions, including from S&B which were achieved one year ahead of the initial schedule;
- The operating excellence and purchasing control programs, which led to a €18.3 million improvement in fixed and variable costs. The analysis of the + €38.9 million currency impact, mainly attributable to the devaluation of the Brazilian real, should be viewed in the context of the - €6.8 million negative impact on fixed and overhead costs resulting from high inflation in Brazil, a country from which the Group exports.

In this context, the Group's operating margin also benefitted from favorable trend in the activity mix and posted a + 80 basis point improvement to 14.0% (13.2% in 2015).

## + 6.0% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

**Net income from current operations** increased + 6.0% to €362.1 million (€341.5 million in 2015). It takes into account net financial expense of - €63.9 million, a higher figure than in 2015 (- €55.5 million) due to lower gains on exchange rates and financial instruments (- €0.5 million vs. + €8.5 million in 2015). Interest expense increased slightly to - €52.7 million, compared with - €49.1 million in 2015. In addition, the - €154.1 million tax charge (- €140.5 million in 2015) reflects an effective tax rate of 29.7% (29.1% in 2015).

**Net income from current operations per share** grew + 6.8% to €4.60 and includes the impact of share buybacks.

## NET INCOME

The **Group's share of net income** totaled €292.8 million in 2016 (€68.4 million in 2015). It takes into account **other operating income and expenses,** net of tax, for - €69.3 million (vs. - €273.1 million the previous year) which correspond to a small number of restructuring plans (including €25 million in depreciation expense, mostly in Refractory Minerals in China) as well as transaction costs.

## STRONG GENERATION OF CURRENT FREE OPERATING CASH FLOW

| (€ millions) | 2015 | 2016 |
|---|---|---|
| Current EBITDA | 745.4 | 818.9 |
| Change in operating working capital requirement (WCR) | 21.8 | 14.4 |
| Paid capital expenditure | (271.6) | (278.5) |
| Notional tax | (156.7) | (173.1) |
| Autres | 3.6 | 13.0 |
| Current free operating cash flow | 342.5 | 394.6 |
| Paid financial expense (net of tax) | (31.8) | (39.9) |
| Other WCR items | 27.7 | 74.0 |
| Current free cash flow | 338.4 | 428.8 |

Imerys generated a strong **current free operating cash flow** in 2016 (€394.6 million vs. €342.5 million one year earlier), mostly from the following items:

- A + 9.9% increase in current **EBITDA** to €818.9 million;
- A + €14.4 million positive change in operating **working capital requirement** in 2016, compared with + €21.8 million in 2015, thanks to optimized inventory management. The ratio of working capital requirement to annualized sales amounted to 23.6%;
- **Paid capital expenditure,** which totaled €278.5 million in 2016. The booked amount (€288.5 million) represents 128% of depreciation charge, a comparable ratio to 2015 (122%). In addition, capital expenditure in 2017 will reflect the deployment of a multi-year investment program to tap into the growing market of lithium-ion batteries for mobile energy.

## FINANCIAL STRUCTURE

| (€ millions) | 2015 | 2016 |
|---|---|---|
| Net debt, end of period | 1,480.4 | 1,366.5 |
| Average net debt of the period | 1,467.0 | 1 516,5 |
| Shareholders' equity | 2,671.8 | 2,914.2 |
| Current EBITDA | 745,4 | 818,9 |
| Net debt / shareholders' equity | 55,4% | 46,9% |
| Net debt / Current EBITDA | 2.0x | 1.7x |

**Net financial debt** totaled €1,366.5 million as of December 31, 2016, a - €114 million decrease compared with December 31, 2015. It takes into account the €139.4 million dividend payout, most of the share repurchases completed under the Group's buyback program (€66 million) and payment for the acquisitions completed in 2016.

As of December 31, 2016, Imerys' **financial resources** totaled €3.9 billion. After deducting gross financial debt, available non-cash resources amount to €1.9 billion with an average maturity of 4.9 years.

Finally, on January 10, 2017, Imerys completed a €600 million bond issue with a 10-year maturity and a 1.50% annual coupon. The offer was oversubscribed 3 times and benefited from highly favorable market conditions. It enables Imerys to prepare for the contemplated acquisition of Kerneos, which was announced on December 11 and should be entirely funded from the Group's available resources. It also contributes to the extension of the average maturity of the Group's debt financing from 5.5 to 6.5 years.

Following the announcement of the Kerneos acquisition project, Imerys' unsecured senior debt, as rated by Moody's since 2011, was confirmed at "Baa-2" with a stable outlook. The credit rating given by Standard & Poors on December 14 is "BBB", also with a stable outlook.

# REVIEW BY BUSINESS GROUP

## Energy Solutions & Specialties

*(30% of 2016 consolidated revenue)*

| Non-audited quarterly data (€ millions) | 2015 | 2016 | Current change | Change at comp. basis (% prior year) |
|---|---|---|---|---|
| 1st quarter revenue | 312.5 | 300.8 | - 3.7% | - 6.8% |
| 2nd quarter revenue | 323.5 | 316.2 | - 2.3% | - 2.9% |
| 3rd quarter revenue | 314.1 | 319.6 | + 1.7% | - 3.2% |
| 4th quarter revenue | 303.0 | 314.0 | + 3.7% | + 1.2% |
| **Full-year revenue** | **1,253.1** | **1,250.7** | **- 0.2%** | **- 3.0%** |
| **Current operating income** | **119.7** | **129.9** | **+ 8.5%** | **-** |
| *Operating margin* | *9.6%* | *10.4%* | *+ 0.8 point* | - |

The Energy Solutions & Specialties business group's **revenue** totaled €1,250.7 million in 2016. On a current basis it was stable overall and factors in a positive structure effect of + €42.6 million, relating to the acquisition of Solvay's European precipitated calcium carbonate activities (November 2015).

At comparable structure and exchange rates, revenue decreased - 3.0% compared with the same period in 2015, essentially due to the slump on the refractories market, which however eased off in the 4th quarter.

The business group's **current operating income** increased + 8.5% to €129.9 million thanks to a positive price/mix and effective control over fixed and overhead costs. Consequently, the business group's **operating margin** improved + 0.8 point to 10.4%.

Investment in capacity expansion and the extension of its specialty offering (plastic film, polymer, paint etc.) enabled the **Carbonates** division to benefit from vibrant North American and Southeast Asian markets, while the paper market continued to slump.

In the **Monolithic Refractories** division, activity trends remained healthy in India and Asia, and the slump on the European steel market eased off towards the end of the year. The division's cost adjustments helped the business group's profitability.

On September 1, 2016, the Group developed its geographic positioning in monolithic refractories by acquiring SPAR, a producer of monolithic refractories in North America, a market where it was not previously present. SPAR mainly serves the petrochemicals, power generation, cement and incineration markets. Imerys also consolidated two smaller companies specializing in installation services in Sweden (Fagersta Eldfasta) and the United Kingdom early 2017 (NG Johnson).

The **Graphite & Carbon** division's sales were driven by rapid growth in lithium-ion batteries for mobile energy. To support growth in demand, particularly in electric vehicles, in 2016 the Group launched a multi-year annual investment program, focused on R&D, further geographic expansion, capacity increases and enhancement of mineral resources (e.g. natural graphite production and exploitation in Namibia).

Early February 2017, Imerys acquired a technological development company in Japan, Nippon Power Graphite (NPG), which holds some assets and patented technologies for the production of materials for lithium-ion battery anodes.

In the **Oilfield Solutions** division, while the ceramic proppants market has not yet recovered, the Group maintained its commercial and industrial presence. As expected, the division's negative contribution to the Group's current operating income was lower than the previous year (€23 million vs. €27 million in 2015).

## Filtration & Performance Additives

*(27% of 2016 consolidated revenue)*

| Non-audited quarterly data (€ millions) | 2015 | 2016 | Current change | Change at comp. basis (% prior year) |
|---|---|---|---|---|
| 1st quarter revenue | 218.9 | 278.2 | + 27.1% | + 2.3% |
| 2nd quarter revenue | 306.2 | 292.1 | - 4.6% | - 1.7% |
| 3rd quarter revenue | 284.5 | 282.0 | - 0.9% | - 0.5% |
| 4th quarter revenue | 271.9 | 292.2 | + 7.5% | + 6.0% |
| **Full-year revenue** | **1,081.5** | **1,144.5** | **+ 5.8%** | **+ 1.4%** |
| **Current operating income** | **178.1** | **214.6** | **+ 20.5%** | **-** |
| *Operating margin* | *16.5%* | *18.8%* | *+2.3 points* | - |

The **Filtration & Performance Additives** business group's **revenue** totaled €1,144.5 million in 2016. It includes a + €53.8 million structure effect relating to the integration of S&B (March 1, 2015) and a negative exchange rate impact for - €5.8 million.

The business group's growth was dynamic in the 4th quarter leading to a + 1.4% increase at constant structure and exchange rates for the full year. Sales growth was driven by the development of new products, in particular.

The business group's **current operating income** increased + 20.5% to €214.6 million. It takes into account a + €7.3 million structure effect, including synergies achieved with S&B, and benefits from a positive price-mix due to the new product development strategy. As a result, operating margin improved + 2.3 points to 18.8%.

The **Performance Additives** division's activity was firm all year long. Trends were healthy on all market segments, particularly polymers for the automotive sector. Recent innovations helped to boost sales.

The **Filtration** division's sales were driven by a firm consumer goods sector (beer, wine, edible oils, sweeteners, etc.). The Group also benefited from sales growth in high-purity solutions for the healthcare sector and its developments in new segments.

The performance of the **Metallurgy** division, serving the casting and steelmaking markets, was satisfactory. In addition, it will enlarge its specialty offer to the industrial adsorbents through the acquisition of Damolin, a Danish mineral-based solutions producer. Consolidated from January 1, 2017, Damolin generated €45 million in revenue in 2015.

## Ceramic Materials

*(29% of 2016 consolidated revenue)*

| Non-audited quarterly data (€ millions) | 2015 | 2016 | Current change | Change at comp. basis (% prior year) |
|---|---|---|---|---|
| 1st quarter revenue | 291.0 | 323.2 | + 11.1% | + 2.8% |
| 2nd quarter revenue | 301.4 | 311.4 | + 3.3% | - 2.3% |
| 3rd quarter revenue | 285.8 | 293.8 | + 2.8% | - 2.1% |
| 4th quarter revenue | 294.2 | 293.6 | - 0.2% | - 3.8% |
| **Full-year revenue** | **1,172.4** | **1,222.0** | **+ 4.2%** | **- 1.4%** |
| **Current operating income** | **210.1** | **223.4** | **+ 6.3%** | **-** |
| *Operating margin* | *17.9%* | *18.3%* | *+ 0.4 point* | - |

The **Ceramic Materials** business group's **revenue** totaled €1,222.0 million in 2016. The + 4.2% rise from 2015 takes into account a + €56.9 million structure impact, resulting, in particular, from the acquisitions of BASF's hydrous kaolin activity in the USA and of Matisco's roofing accessories activity in the Roofing division in November 2015. It also factors in a + €8.8 exchange rate effect.

At comparable structure and exchange rates, revenue decreased - 1.4% compared with 2015.

**Current operating income** grew + 6.3% to €223.4 million in 2016. It includes a + €25.3 million exchange rate effect, mostly relating to Kaolin activities in Brazil, and reflects a firm product price/mix. At 18.3%, the business group's **operating margin** improved + 0.4 point over 2015.

The **Roofing** division faced a clay roof tiles market that decreased - 1.9% in 2016 compared with 2015, particularly due to a slack renovation segment. In new construction, which accounts for approximately a quarter of sales, the increase in new single-family housing starts was maintained in the second half of the year, reflecting the recovery in construction permit applications.

The **Kaolin** division, which mainly serves the paper market, continued to gain positive momentum thanks to the contribution of BASF's hydrous kaolin activities, as well as the development of board packaging and specialty applications (paint, rubber, plastic, ink, etc.).

On markets with healthy overall trends (sanitary ware, tableware and floor tiles), the **Ceramics** division's sales were firm in emerging countries. During the period, Imerys sold an industrial site in Spain to Samca, a Spanish industrial minerals group.

## High Resistance Minerals

*(14% of 2016 consolidated revenue)*

| Non-audited quarterly data (€ millions) | 2015 | 2016 | Current change | Change at comp. basis (% prior year) |
|---|---|---|---|---|
| 1st quarter revenue | 165.3 | 148.3 | - 10.3% | - 6.4% |
| 2nd quarter revenue | 165.0 | 151.5 | - 8.1% | - 4.4% |
| 3rd quarter revenue | 156.0 | 146.5 | - 6.0% | - 5.5% |
| 4th quarter revenue | 143.1 | 151.4 | + 5.7% | + 4.9% |
| **Full-year revenue** | **629.4** | **597.8** | **- 5.0%** | **- 3.1%** |
| **Current operating income** | **81.6** | **78.0** | **- 4.5%** | **-** |
| *Operating margin* | *13.0%* | *13.0%* | *stable* | - |

**Revenue** for the High Resistance Minerals business group, which mainly serves high temperature (steel, casting, glass, aluminum, etc.) and abrasives industries, totaled €597.8 million in 2016, down - 5.0% on a current basis from 2015. This decrease includes a €12.7 million structure effect from the divestment of a minerals trading activity in the United States at the end of June 2015. On a comparable basis, revenue decreased - 3.1%, mainly because of weaker refractories market.

The business group's **current operating income** totaled €78.0 million. It includes a + €7.6 million exchange rate effect and benefits from restructuring and cost reduction programs. In this context, the business group's **operating margin** was stable at 13.0%.

In a market environment that remains difficult, Imerys continued to restructure its industrial asset base of the **Refractory Minerals** division, particularly in China.

In **Fused Minerals** division, demand was healthier in the fourth quarter. This notably allowed for accelerated revenue growth at the fused alumina plant in Bahrain. The Group also recorded its first sales of ultrafine alumina for high performance abrasives.

On December 31, 2016 Imerys completed the acquisition of the Alteo Group's specialty alumina activities. Under this transaction, Imerys committed to divest the La Bâthie, France plant. The remaining activities owned by Imerys generate €50 million in revenue. This operation enables the Group to broaden its product range with tabular alumina.

## Financial agenda 2017

| | |
|---|---|
| April 28 (before market opening) | 1st quarter 2017 results |
| May 3 (11.00 am) | Shareholders' General Meeting |
| July 27 (before market opening) | 1st half 2017 results |
| October 31 (after market close) | 3rd quarter 2017 results |

All above dates are tentative and may change. Updates are available on the Group's website at ***www.imerys.com***, in the *Investors & Analysts/Financial Agenda* section.

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## Presentation

The press release is available on the Group's website ***www.imerys.com*** from News section on the homepage in *News* section.

The presentation of the 2016 results will start at 11am on February 16, 2017 and will be streamed live on the Group's website.

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***The world leader in mineral-based specialty solutions for industry****, with €4.2 billion revenue and close to 16,000 employees, 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 beneficiate its mineral resources, produce synthetic minerals and develop 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 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). Imerys draws the attention of investors to chapter 4, "Risk Factors and Internal Control", of its Registration Document.*

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***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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|---|---|
| Analyst / Investor Relations:<br>Vincent Gouley - +33 (0)1 4955 6469<br>*finance@imerys.com* | Press contacts:<br>Vincent Gouley - +33 (0)1 4955 6469<br>Philémon Tassel - +33 (0)6 3010 9611<br>Sarah Fornier - +33 (0)7 8740 8350 |

# CONSOLIDATED RESULTS TO DECEMBER 31, 2016

# APPENDIX

(non-audited quarterly data)

## 1. CONSOLIDATED REVENUE BREAKDOWN

| | Revenue (€ millions) | Change (% prior year) | Change at comp. basis (% prior year) | Of which volume effect | Of which price-mix effect |
|---|---|---|---|---|---|
| 2014 | 3,688.2 | - 0.3% | + 3.2% | + 1.7% | + 1.5% |
| 2015 | 4,086.7 | + 10.8% | - 4.6% | - 5.9% | + 1.3% |
| 2016 | 4,165.2 | + 1.9% | - 1.4% | - 2.1% | + 0.7% |

| Non-audited data (€ millions) | 9M 2015 | 9M 2016 | Current change % | Group structure % | Exchange rates % | Comp. change % |
|---|---|---|---|---|---|---|
| Energy Solutions & Specialties | 950.2 | 936.6 | - 1.4% | + 4.3% | - 1.4% | - 4.3% |
| Filtration & Performance Additives | 809.6 | 852.3 | + 5.3% | + 6.6% | - 1.1% | - 0.2% |
| Ceramic Materials | 878.1 | 928.4 | + 5.7% | + 6.2% | + 0.0% | - 0.6% |
| High Resistance Minerals | 486.2 | 446.4 | - 8.2% | - 2.6% | - 0.2% | - 5.4% |
| Holding & Eliminations | (39.6) | (37.2) | n.s. | n.s. | n.s. | n.s. |
| **Consolidated revenue** | **3,084.5** | **3,126.5** | **+ 1.4%** | **+ 4.4%** | **- 0.7%** | **- 2.3%** |

| Revenue by business group (€ millions) | Q4 2015 | Q4 2016 | Current change % | Group structure % | Exchange rates % | Comp. change % |
|---|---|---|---|---|---|---|
| Energy Solutions & Specialties | 303.0 | 314.0 | + 3.7% | + 0.7% | + 1.8% | + 1.2% |
| Filtration & Performance Additives | 271.9 | 292.2 | + 7.5% | + 0.2% | + 1.3% | + 6.0% |
| Ceramic Materials | 294.2 | 293.6 | - 0.2% | + 0.7% | + 2.9% | - 3.8% |
| High Resistance Minerals | 143.1 | 151.4 | + 5.7% | - | + 0.9% | + 4.9% |
| Holding & Eliminations | (10.2) | (12.5) | n.s. | n.s. | n.s. | n.s. |
| **Total** | **1,002.2** | **1,038.7** | **+ 3.6%** | **+ 0.4%** | **+ 1.8%** | **+ 1.4%** |

| Revenue by geographic destination (€ millions) | 2016 Revenue | 2016 vs. 2015 (current change) | % total 2015 revenue | % total 2016 revenue |
|---|---|---|---|---|
| Western Europe | 1,786.5 | - 0.5% | 44% | 43% |
| *of which France* | 473.9 | + 2.1% | 11% | 11% |
| USA / Canada | 1,031.4 | + 3.1% | 24% | 25% |
| Emerging countries | 1,127.2 | + 3.3% | 27% | 27% |
| Other (Japan/ Australia) | 220.1 | + 10.4% | 5% | 5% |
| **Total** | **4,165.2** | **+ 1.9%** | **100%** | **100%** |

## 2. KEY RESULTS INDICATORS

| (€ millions) | 9M 2015 | 9M 2016 | Change |
|---|---|---|---|
| Revenue | 3,084.5 | 3,126.5 | + 1.4% |
| Currrent Operating Income | 409.0 | 441.5 | + 8.0% |
| Current financial expense | (39.5) | (47.5) | |
| Current taxes | (107.9) | (117.2) | |
| Minority interests | (1.7) | (2.3) | |
| Net income from current operations | 259.9 | 274.5 | + 5.6% |
| Other operating income and expenses. nets | (41.4) | (55.5) | |
| **Net income, Group's share** | **218.5** | **219.0** | **+ 0.2%** |

| (€ millions) | Q4 2015 | Q4 2016 | Change |
|---|---|---|---|
| Revenue | 1,002.2 | 1,038.7 | + 3.6% |
| Currrent Operating Income | 129.1 | 140.6 | + 8.9% |
| Current financial expense | (16.0) | (16.4) | |
| Current taxes | (32.6) | (36.9) | |
| Minority interests | 1.1 | 0.3 | |
| Net income from current operations | 81.6 | 87.6 | + 7.4% |
| Other operating income and expenses. nets | (231.7) | (13.8) | |
| **Net income, Group's share** | **(150.1)** | **73.8** | **n.s.** |

## 3. GLOSSARY

- 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;
- the term **"Current free operating cash flow"** means EBITDA after deduction of notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous;
- the term "**Current free cash flow**" means Current free operating cash flow less financial expense (net of tax) and other working capital requirement items.

# APPENDIX

## SUMMARY OF FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

The Board of Directors met on February 15, 2017 to close the financial statements for 2016. Audit procedures have been carried out and the audit reports are being issued.

## CONSOLIDATED INCOME STATEMENT

| (€ millions) | 2016 | 2015 |
|---|---|---|
| **Revenue** | **4,165.2** | **4,086.7** |
| **Current income and expenses** | **(3,583.1)** | **(3,548.6)** |
| Raw materials and consumables used | (1,303.2) | (1,299.5) |
| External expenses | (1,115.7) | (1,117.8) |
| Staff expenses | (898.6) | (877.7) |
| Taxes and duties | (49.1) | (51.9) |
| Amortization, depreciation and impairment losses | (225.8) | (225.5) |
| Other current income and expenses | 9.3 | 23.8 |
| **Current operating income** | **582.1** | **538.1** |
| **Other operating income and expenses** | **(81.3)** | **(357.2)** |
| Gain or loss from obtaining or losing control | (14.5) | (8.4) |
| Other non-recurring items | (66.8) | (348.8) |
| **Operating income** | **500.8** | **180.9** |
| **Net financial debt expense** | **(52.7)** | **(49.1)** |
| Income from securities | 12.3 | 9.5 |
| Gross financial debt expense | (65.0) | (58.6) |
| **Other financial income and expenses** | **(11.2)** | **(6.4)** |
| Other financial income | 236.5 | 241.8 |
| Other financial expenses | (247.7) | (248.2) |
| **Financial income (loss)** | **(63.9)** | **(55.5)** |
| Income taxes | (142.2) | (56.3) |
| Net income of assets held for sale | 0.0 | 0.0 |
| **Net income** | **294.7** | **69.1** |
| Net income, Group share(1) | 292.8 | 68.4 |
| Net income, share of non-controlling interests | 1.9 | 0.7 |

| | | |
|---|---|---|
| *(1) Net income per share* | | |
| *Basic net income per share (in €)* | *3.72* | *0.86* |
| *Diluted net income per share (in €)* | *3.66* | *0.85* |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (€ millions) | 2016 | 2015 |
|---|---|---|
| **Non-current assets** | **4,343.3** | **4,189.1** |
| Goodwill | 1,674.7 | 1,631.3 |
| Intangible assets | 81.6 | 105.1 |
| Mining assets | 585.4 | 552.3 |
| Property, plant and equipment | 1,686.5 | 1,589.6 |
| Joint ventures and associates | 122.5 | 126.2 |
| Other financial assets | 40.0 | 31.6 |
| Other receivables | 40.5 | 33.5 |
| Derivative financial assets | 17.8 | 15.0 |
| Deferred tax assets | 94.3 | 104.5 |
| **Current assets** | **2,389.1** | **1,979.7** |
| Inventories | 712.5 | 738.3 |
| Trade receivables | 608.1 | 578.1 |
| Other receivables | 234.4 | 223.6 |
| Derivative financial assets | 14.9 | 5.0 |
| Other financial assets(1) | 9.6 | 19.6 |
| Cash and cash equivalents(1) | 809.6 | 415.1 |
| **Assets held for sale** | **0.0** | **0.0** |
| **Consolidated assets** | **6,732.4** | **6,168.8** |
| | | |
| **Equity, Group share** | **2,861.5** | **2,644.1** |
| Capital | 159.2 | 159.2 |
| Premiums | 529.7 | 530.2 |
| Reserves | 1,879.8 | 1,886.3 |
| Net income, Group share | 292.8 | 68.4 |
| **Equity, share of non-controlling interests** | **52.7** | **27.8** |
| **Equity** | **2,914.2** | **2,671.9** |
| **Non-current liabilities** | **2,356.7** | **2,224.2** |
| Employee benefit liabilities | 295.4 | 322.9 |
| Other provisions | 343.8 | 304.2 |
| Loans and financial debts(1) | 1,601.7 | 1,500.0 |
| Other debts | 38.5 | 42.4 |
| Derivative financial liabilities | 4.6 | 1.9 |
| Deferred tax liabilities | 72.7 | 52.8 |
| **Current liabilities** | **1 461.5** | **1,272.7** |
| Other provisions | 22.6 | 19.2 |
| Trade payables | 422.7 | 441.0 |
| Income taxes payable | 79.1 | 50.4 |
| Other debts | 336.5 | 315.6 |
| Derivative financial liabilities | 5.2 | 19.2 |
| Loans and financial debts(1) | 584.0 | 423.8 |
| Bank overdrafts(1) | 11.4 | 3.5 |
| **Liabilities related to assets held for sale** | **0.0** | **0.0** |
| **Consolidated equity and liabilities** | **6,732.4** | **6,168.8** |
| *(1) Positions included in the calculation of the net financial debt* | *1,366.5* | *1,480.4* |

# CURRENT FREE OPERATING CASH FLOW

| (€ millions) | 2016 | 2015 |
|---|---|---|
| Current operating income | 582.1 | 538.1 |
| Operating amortization, depreciation and impairment losses(1) | 225.8 | 225.5 |
| Net change in operating provisions | 7.0 | (17.5) |
| Share in net income of joint ventures and associates | (1.7) | (8.1) |
| Dividends received from joint ventures and associates | 5.6 | 7.4 |
| **Operating cash flow before taxes (current EBITDA)** | **818.8** | **745.4** |
| Notional taxes on current operating income(2) | (173.1) | (156.7) |
| **Current net operating cash flow** | **645.7** | **588.7** |
| **Paid capital expenditures(3) & (4)** | **(278.5)** | **(271.6)** |
| Intangible assets | (9.5) | (48.9) |
| Property, plant and equipment | (230.1) | (174.4) |
| Overburden mining assets(5) | (48.9) | (50.9) |
| Debts on acquisitions | 10.0 | 2.6 |
| **Carrying amount of current asset disposals** | **13.0** | **3.6** |
| **Change in the operational working capital requirement** | **14.4** | **21.8** |
| Inventories | 58.5 | 6.1 |
| Trade accounts receivable, advances and down payments received | (25.5) | 41.2 |
| Trade accounts payable, advances and down payments paid | (18.6) | (25.5) |
| **Current free operating cash flow** | **394.6** | **342.5** |

| | | |
|---|---|---|
| *(1) Operating amortization, depreciation and impairment losses* | *225.8* | *225.5* |
| *Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)* | *225.6* | *225.1* |
| *Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)* | *0.2* | *0.4* |
| *(2) Effective tax rate on current operating income* | *29.7%* | *29.1%* |
| *(3) Paid capital expenditure* | *(278.5)* | *(271.6)* |
| *Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)* | *(278.4)* | *(271.6)* |
| *Finance lease acquisitions (Appendix 3 of the consolidated statement of cash flows)* | *(0.1)* | *0.0* |
| *(4) Recognized capital expenditures / asset depreciation ratio* | *127.8%* | *121.6%* |
| *The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures* | | |
| *(except for debts on acquisitions) divided by the increases in amortization and depreciation* | | |
| *Increases in asset amortization and depreciation* | *225.8* | *225.5* |
| *(5) Overburden mining assets* | *(48.9)* | *(51.0)* |
| *Overburden mining assets - capital expenditure* | *(48.9)* | *(51.0)* |
| *Neutralization of activated restoration provisions* | *0.0* | *0.0* |

## CHANGE IN NET FINANCIAL DEBT

| (€ millions) | 2016 | 2015 |
|---|---|---|
| **Current free operating cash flow** | **394.6** | **342.5** |
| Financial income (loss) | (63.9) | (55.5) |
| Financial impairment losses and unwinding of the discount | 5.0 | 7.5 |
| Non-recurring foreign exchange gain related to a financial restructuring | - | - |
| Income taxes on financial income (loss) | 19.0 | 16.2 |
| Change in income tax debt | 30.1 | 36.6 |
| Change in deferred taxes on current operating income | 22.1 | (1.9) |
| Change in other items of working capital | 10.7 | (13.8) |
| Share-based payments expense | 10.5 | 7.3 |
| Change in fair value of operational hedge instruments | 0.9 | (0.7) |
| Change in dividends receivable from available-for-sale financial assets | (0.2) | 0.2 |
| **Current free cash flow** | **428.8** | **338.4** |
| **External growth** | **(84.6)** | **(950.5)** |
| Acquisitions of investments in consolidated entities after deduction of the net debt acquired | (78.5) | (950.1) |
| Acquisitions of investments in consolidated entities from non-controlling interests | (0.1) | 0.0 |
| Acquisitions of available-for-sale financial assets | (6.0) | (0.4) |
| **Disposals** | **28.5** | **6.7** |
| Disposals of investments in consolidated entities after deduction of the net debt disposed of | 27.5 | 6.7 |
| Disposals of investments in consolidated entities to non-controlling interests | 0.0 | 0.0 |
| Non-recurring disposals of intangible assets and property plant and equipment | 1.0 | 0.0 |
| Disposals of available-for-sale financial assets | 0.0 | 0.0 |
| **Transaction costs** | **(13.5)** | **(10.6)** |
| **Changes in estimate of the contingent remuneration of the seller** | **0.0** | **(0.2)** |
| **Cash flow from other operating income and expenses** | **(41.9)** | **(48.7)** |
| **Dividends paid to shareholders and non-controlling interests** | **(139.4)** | **(132.6)** |
| **Financing requirement** | **177.9** | **(797.5)** |
| Transactions on equity | (49.8) | 227.0 |
| Net change in financial assets | (4.3) | 0.6 |
| **Cash flow from assets held for sale** | **0.0** | **0.0** |
| **Change in net financial debt** | **123.8** | **(569.9)** |

| (€ millions) | 2016 | 2015 |
|---|---|---|
| **Opening net financial debt** | **(1,480.4)** | **(869.9)** |
| Change in net financial debt | 123.8 | (569.9) |
| Impact of changes due to exchange rate fluctuations | (9.9) | (40.6) |
| Transfert in assets held for sale | 0.0 | 0.0 |
| Impact of changes in fair value of interest rate hedges | 0.0 | 0.0 |
| **Closing net financial debt** | **(1,366.5)** | **(1,480.4)** |