

PRESS RELEASE

Paris, November 4, 2008

Non-audited consolidated results to September 30, 2008

Firm consolidated sales: + 4.2%
Very high inflation in variable costs in 3rd quarter
Construction market slowdown in Europe
Decrease in net current income: - 4.8%

On Monday, November 3, the Board of Directors of Imerys, meeting under the chairmanship of Aimery Langlois-Meurinne, examined the non-audited results to September 30, 2008 as presented by Gérard Buffière, Chief Executive Officer.

CONSOLIDATED RESULTS (non-audited, millions of euros)	9/30/2008	9/30/2007	% Current change
Sales	2,660.3	2,552.6	+ 4.2%
Current operating income ⁽¹⁾	328.3	361.8	- 9.3%
Net income from current operations ⁽²⁾⁽³⁾	220.8	231.9	- 4.8%
Net income ⁽³⁾	195.7	216.7	- 9.7%
Net income from current operations per share ⁽²⁾⁽³⁾	€3.52	€3.66	- 4.0%

(1) Operating income before other operating income and expense;

(2) Net income, before other operating income and expense, net; (3) Group's share.

Environment

Since the beginning of 2008, Imerys' environment has been marked by the gradual downturn in American and European economic conditions, which gathered pace during the 3rd quarter. New housing-related markets (building materials, ceramics, performance minerals, etc.) remained difficult in the United States and sharply decreased in Europe. The paper sector was affected by further restructuring in both regions. However, global markets connected to industrial equipment (refractories, abrasives, graphite, etc.) remained firm. Moreover, the high inflation in variable costs (energy, raw materials, freight, etc.) recorded in the 1st half worsened in the 3rd quarter as expected. Finally, the euro's average rate against the dollar remained high over the period.

Performance

In that context, the Group's sales held out well thanks to the diversification of its markets in terms of both geography (better exposure to emerging economies) and sectors (+ 4.2% vs. the first 9 months of 2007). Current operating income, however, dropped - 9.3%, reflecting the combined impact of very high inflation in variable costs and lower volumes in construction-rated activities. Net income from current operations decreased by - 4.8%.



IMERYS
TRANSFORM TO PERFORM

2008 Outlook

A downturn in sales volumes occurred recently in some sectors of business. The continuation of this trend in the 4th quarter would lead us to forecast a decrease of approximately - 15% in net income from current operations for 2008 as a whole, compared with 2007.

G rard Buffi re commented, *“Great uncertainty prevails in the environment. In response to this, Imerys has robust strengths: a proven, resilient business model, a sound financial structure – with more than €700 million in available financial resources and no significant debt repayments before 2013 –, free cash flow-generating activities and diverse markets in terms of both geography and outlets. Finally, our cost reduction programs are delivering the expected savings.*

The Group’s ability to optimize free cash flow generation safeguards its future development.”

SALES

Sales totaled €2,660.3 million for the first nine months of 2008, up + 4.2% from the same period in 2007 (+ 4.1% in the 1st half; + 4.5% in the 3rd quarter). This trend takes into account:

- High negative impact of exchange rates for - €120.3 million (- 4.8%, of which - 5.1% in the 1st half and - 4.0% in the 3rd quarter);
- The net effect of changes in Group structure for + €114.5 million (+ 4.5%, of which + 5.0% in the 1st half and + 3.5% in the 3rd quarter), corresponding to the substantial contribution of the acquisitions made since 2007 (+ €137.0 million), minus the impact of divestments.

At comparable Group structure and exchange rates, sales continued to grow at a steady pace (+ 4.5%, of which + 4.2% in the 1st half and + 5.0% in the 3rd quarter). This growth primarily results from the significant improvement in the price/mix component (+ 3.7%), which continued to increase in the 3rd quarter in every sector of activity (+ 3.4% in the 1st half; + 4.4% in the 3rd quarter) in response to the sharp rise in variable costs. Sales volumes increased slightly overall (+ 0.7%), with growth in industrial equipment-related activities offsetting the decreases recorded in construction-related markets.

This trend also reflects the growing share of emerging economies among the Group’s outlets. Sales increased + 24% in those zones, which now account for 23% of Imerys’ total sales, compared with 19% for the first nine months of 2007.

Sales by business group evolved as follows:

(€ millions)	Q3 2008	Q3 2007	Current change	Comparable change ⁽¹⁾
Minerals for Ceramics, Refractories, Abrasives & Foundry	295.3	256.6	+ 15.1%	+ 10.6%
Performance & Filtration Minerals	138.5	144.4	- 4.1%	+ 3.0%
Pigments for Paper	194.5	204.7	- 5.0%	+ 0.0%
Materials & Monolithics	269.9	252.0	+ 7.1%	+ 5.1%
IMERYS GROUP⁽²⁾	886.2	847.7	+ 4.5%	+ 5.0%

(€ millions)	09/30/2008	09/30/2007	Current change	Comparable change ⁽¹⁾
Minerals for Ceramics, Refractories, Abrasives & Foundry	890.8	777.0	+ 14.6%	+ 9.4%
Performance & Filtration Minerals	406.9	436.4	- 6.7%	+ 0.4%
Pigments for Paper	583.0	604.8	- 3.6%	+ 2.6%
Materials & Monolithics	813.1	763.0	+ 6.6%	+ 3.9%
IMERYS GROUP⁽²⁾	2,660.3	2,552.6	+ 4.2%	+ 4.5%

(1) At comparable Group structure and exchange rates; (2) After holding companies and eliminations.

Minerals for Ceramics, Refractories, Abrasives & Foundry

In the 3rd quarter, markets related to industrial equipment (refractories, abrasive and foundry) remained healthy overall. Minerals for Ceramics markets, however, slowed down significantly in Europe because of the construction sector slump and remain affected by difficulties on the North American market.

Sales to September 30, 2008 totaled €890.8 million (+ 14.6% vs. September 30, 2007). This increase includes exchange rates impact of - €42.1 million (- 5.4%) and a net Group structure effect of + €83.1 million, i.e. + 10.7%. The sales contribution of the acquisitions made since the beginning of 2007¹ is + €88.9 million.

At comparable Group structure and exchange rates, sales grew + 9.4% over the period (+ 8.8% in the 1st half; + 10.6% in the 3rd quarter), mainly because of a significant improvement in the price/mix component. Volumes rose overall, with their decrease in Minerals for Ceramics more than offset by sales growth in other business segments.

Performance & Filtration Minerals

The Performance Minerals activity's markets (paint, plastic, ink, pharmaceuticals, etc.) were difficult during the first 9 months of 2008. The new housing sector significantly decreased in the 3rd quarter in Europe. In the United States, markets remained at an all-time low. Minerals for Filtration markets remained stable overall.

Sales to September 30, 2008 totaled €406.9 million (- 6.7% vs. the same period in 2007). This decrease mainly resulted from a negative exchange rates effect of - €35.3 million (- 8.1%). Changes in Group structure had a limited effect (+ 1.0%)². Allowing for those two factors, sales were virtually stable over the period (+ 0.4%, i.e. - 0.9% in the 1st half; + 3.0% in the 3rd quarter), with an improvement in the price/mix component offsetting slightly lower volumes.

On October 10th, 2008, Imerys acquired the mica mining and processing companies Kings Mountain Minerals Inc. and Suzorite Mining Inc. from the North American group Zemex Corporation. With very high quality mica reserves and two production units in North Carolina (United States) and Quebec (Canada), the two businesses achieve annual sales of approximately \$20 million and enhance the product offering in Performance Minerals (plastic applications, coatings, etc.).

Pigments for Paper

Over the first 9 months of the year, global production of printing and writing paper was stable overall compared with the same period in 2007. Growth remains dynamic in Asia (+ 5.0%), whereas production decreased in North America and Europe because of lower demand, leading to additional paper mill closures.

Sales for the first 9 months of the year totaled €583.0 million (- 3.6% vs. Sept 30, 2007). This decrease is primarily the result of a negative exchange rate effect for - €34.5 million (- 5.7%) and the limited impact of changes in Group structure (- 0.5%). Allowing for these two factors into account, sales rose + 2.6% over the period (+ 3.9% in the 1st half; stable in the 3rd quarter), thanks to a slight improvement in both the price/mix component and volumes.

Materials & Monolithics

In Building Materials, the deterioration of activity continued in the 3rd quarter. Although the renovation sector (roof tiles) held out well and market share was gained in wall bricks, clay product volumes decreased over the first 9 months of the year, consequence of the downtime taken by construction firms in August. Given the slowdown on the French construction market, the Group decided to close its Bessens site (Tarn-et-Garonne, France), which specializes in the production of clay products, and to reallocate production to other sites in the business group.

The Monolithic Refractories market continued to benefit, in the 3rd quarter, from very satisfactory levels of business, driven by the firm steelmaking, glass, cement and aluminum markets.

Sales totaled €813.1 million as on September 30, 2008, up + 6.6% from September 30, 2007. This increase includes + €30.0 million for changes in Group structure, net of divestments³ (the acquisitions made since early 2007⁴ contributed €43.9 million). During the period, the impact of exchange rates was - €9.7 million (- 1.3%).

¹ Baotou (China, February 2007), UCM Group PLC (United Kingdom, April 2007), Yilong (China, May 2007), ZAF (China, June 2007), Jumbo Mining (India, June 2007), Vatutinsky (Ukraine, July 2007), The Feldspar Corporation (USA, September 2007), Astron China (China, February 2008).

² Xinlong (China, May 2007), Perfiltra (Argentina, May 2007).

³ Clay brick & roof tile activities in Spain & Portugal (August 2007).

⁴ B&B (South Africa, August 2007), ACE (India, September 2007) and SVAB (Sweden, April 2008).

At comparable Group structure and exchange rates, sales grew + 3.9% compared with the first 9 months of 2007 (+ 3.3% in the 1st half; + 5.1% in the 3rd quarter). This increase reflects improvement in the price/mix component across all the business group's activities and stable overall volumes, with the rise posted in Monolithic Refractories offsetting the decrease in Building Materials.

OTHER INCOME STATEMENT ITEMS

Current operating income

Current operating income fell - 9.3% to €328.3 million for the first 9 months of 2008 (- 2.8 % in the 1st half; - 22.5 % in the 3rd quarter), compared with €361.8 million for the same period in 2007. This figure takes into account:

- The high negative impact of exchange rates (- €21.8 million, of which - €17.0 million in the 1st half and - €4.8 million in the 3rd quarter);
- A net Group structure effect of + €10.0 million (of which + €7.3 million in the 1st half and + €2.7 million in the 3rd quarter). Implementation of integration plans for the companies acquired since early 2007 is ongoing.

Reprocessed to allow for exchange rates and Group structure effects, current operating income decreased - €21.7 million, i.e. - 6.0% (+ 1.2 % in the 1st half; - 20.7 % in the 3rd quarter). In the 3rd quarter, fixed costs improved as expected thanks to the restructuring plans set up in 2007 and 2008. Further price rises did not, however, offset the record inflation in external costs during the period, as well as the decrease in high-contribution volumes.

The Group's operating margin worked out at 12.3% (vs. 14.2% for the first 9 months of 2007).

Net income from current operations, Group's share

The Group's share of net income from current operations was €220.8 million for the first 9 months of 2008, compared with €231.9 million for the same period in 2007. This - 4.8% decrease (+ 3.2 % in the 1st half; - 20.9 % in the 3rd quarter), driven by the drop in current operating income, takes into account:

- - €29.8 million in financial expense (- €41.9 million for the same period in 2007);
- A current tax charge of - €82.1 million, compared with - €89.0 million in 2007, which represents an effective tax rate of 27.5%, down slightly from 27.8% for the first 9 months of 2007.

At €3.52, net income from current operations per share is down - 4.0% from €3.66 as on September 30, 2007. The weighted average number of outstanding shares was 62,791,873, compared with 63,333,017 for the first 9 months of 2007.

Net income, Group's share

The Group's share of net income was €195.7 million as on September 30, 2008, compared with €216.7 million for the same period in 2007. In 2008, it included - €25.1 million in other operating income and expense, net, mainly with respect to the restructuring programs carried out in the Group in 2008, particularly the closure of the Bessens plant in the 3rd quarter.

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Practical information

An information conference call will take place today at 8:30 am (Paris time).

The presentation, in French with simultaneous English translation, will be webcast live on www.imerys.com and available for listening online after the call.

The world leader in adding value to minerals, Imerys is active in 47 countries through over 260 industrial and commercial sites. The Group achieved €3.4 billion in sales in 2007. Imerys mines and processes minerals from reserves with rare qualities in order to develop solutions that improve its customers' product performance and manufacturing efficiency. The Group's products have a great many applications in everyday life, including construction, personal care, paper, paint, plastic, ceramics, telecommunications and beverage filtration.

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1. Consolidated sales breakdown

Change in consolidated sales	% current change	% structure effect	% change effect	% comparable change ⁽¹⁾
IMERYS GROUP	+ 4.2%	+ 4.5%	- 4.8%	+ 4.5%

(1) Change at comparable Group structure and exchange rates.

Quarterly change	Q1 08	Q2 08	Q3 08	9/30/2008
IMERYS Group – current change	+ 3.9%	+ 4.3%	+ 4.5%	+ 4.2%
IMERYS Group – comparable change	+ 3.2%	+ 5.1%	+ 5.0%	+ 4.5%
Of which:				
Minerals for Ceramics, Refractories, Abrasives & Foundry	+ 6.3%	+ 11.1%	+ 10.6%	+ 9.4%
Performance & Filtration Minerals	- 1.9%	+ 0.0%	+ 3.0%	+ 0.4%
Pigments for Paper	+ 3.9%	+ 3.9%	+ 0.0%	+ 2.6%
Materials & Monolithics	+ 3.0%	+ 3.6%	+ 5.1%	+ 3.9%

Sales by business group	9/30/2008	9/30/2007
Minerals for Ceramics, Refractories, Abrasives & Foundry	33%	30%
Performance & Filtration Minerals	15%	17%
Pigments for Paper	22%	23%
Materials & Monolithics	30%	30%
IMERYS GROUP	100%	100%

Sales by geographic destination	9/30/2008	9/30/2007
Western Europe	53%	55%
- of which France	20%	20%
United States and Canada	19%	21%
Japan / Australia	5%	5%
Emerging countries	23%	19%
IMERYS GROUP	100%	100%

2. Simplified income statement

(millions of euros)	Q3 08	Q3 07	Change	9/30/2008	9/30/2007	Change
SALES	886.2	847.8	+ 4.5%	2,660.3	2,552.6	+ 4.2%
CURRENT OPERATING INCOME	92.0	118.8	- 22.5%	328.3	361.8	- 9.3%
Financial income (expense)	(9.6)	(12.9)		(29.8)	(41.9)	
Current tax	(21.9)	(28.7)		(82.1)	(89.0)	
Minority interests	(1.0)	(1.3)		(1.9)	(2.4)	
Share of income of affiliates	1.4	1.2		6.3	3.5	
NET INCOME FROM CURRENT OPERATIONS	61.0	77.1	- 20.9%	220.8	231.9	- 4.8%
Other operating income and expense, net	(9.7)	(11.8)		(25.1)	(15.2)	
NET INCOME (Group's share)	51.3	65.3	- 22.0%	195.7	216.7	- 9.7%
NET INCOME FROM CURRENT OPERATIONS PER SHARE (Group's share) (euros)	€0.97	€1.22	- 20.4%	€3.52	€3.66	- 4.0%