

# PRESS RELEASE

Paris, February 15, 2012

## Imerys Records Year of Strong Growth in 2011

- Organic sales growth<sup>(1)</sup>: + 8% (+ 10% on current basis)
- Increase in operating margin to 13.3%
- 25% growth in net income from current operations
- Investment for growth:
  - Acquisition of Luzenac Group
  - Internal developments, particularly in the oilfield market
- High generation of current free operating cash flow: 265 M€
- Increase in dividend proposed to Shareholders' General Meeting to €1.50 per share

Imerys' Board of Directors, meeting today under the chairmanship of Gilles Michel, examined the definitive financial statements for 2011. They will be submitted for approval at the General Meeting on April 26, 2012.

CONSOLIDATED RESULTS (€ millions)	2011	2010 <sup>(6)</sup>	% current change
Sales	3,674.8	3,346.7	+ 9.8%
Current operating income <sup>(2)</sup>	487.0	421.5	+ 15.5%
<i>Operating margin</i>	<i>13.3%</i>	<i>12.6%</i>	+ 0.7 point
Net income from current operations, Group share <sup>(3)</sup>	303.1	242.0	+ 25.3%
Net income, Group share	282.0	243.7	n.s.
<b>FINANCING</b>			
Current free operating cash flow <sup>(4)</sup>	264.9	302.1	- 12.3%
Booked capital expenditure	229.2	169.1	+ 35.5%
Shareholders' equity	2,210.9	2,131.8	+ 3.7%
Net financial debt	1,031.1	872.8	+ 18.1%
<b>DATA PER SHARE</b> (euros)			
Net income from current operations, Group share <sup>(3)(5)</sup>	4.03 €	3.21 €	+ 25.5%
Proposed dividend	1.50 €	1.20 €	+ 25.0%

Gilles Michel commented, "In 2011, Imerys improved its profitability, strengthened its financial resources and generated high cash flow, which allowed to step up its capital expenditure. By allocating resources as a priority to geographic expansion and markets diversification, we are giving Imerys new growth vectors. These will strengthen our ability to withstand economic fluctuations. They will also contribute significantly to the implementation of "Ambition 2012-2016", our development strategy that focuses on innovation, faster internal growth and selective acquisitions."

- (1) At comparable Group structure and exchange rates.
- (2) Operating income before other operating revenue and expenses.
- (3) Group share of net income before other operating revenue and expenses, net.
- (4) Current free operating cash flow: EBITDA after deduction of notional tax, changes in working capital and paid capital expenditure.
- (5) The average weighted number of outstanding shares was 75,272,854 in 2011 compared with 75,405,857 in 2010.
- (6) 2010 results have been restated following the change in accounting method related to the recognition of employee benefits, applied on January 1, 2011 and detailed in appendix.



## ECONOMIC ENVIRONMENT 2011

In 2011, Imerys' end markets held well overall compared with 2010, a year of sharp upturn and inventory rebuilding. The signs of economic slowdown that appeared in the summer created a more contrasting environment in the 4<sup>th</sup> quarter but only had a tangible effect on the paper business. Demand remained firm in most emerging markets.

Demand for capital goods (machine tools, aerospace, etc.) and consumer durables (automotive, household appliances, etc.) remained high in 2011, leading in particular to a + 7% rise in global steel production. In North America, steel production was robust, but it slowed down slightly in the European Union and Asia towards the end of the year.

In fast moving consumer goods (food, health, electronics, etc.) and packaging, demand moved in line with global growth. Printing and writing paper production continued to grow in emerging zones but slumped in North America and, to a lesser extent, Europe, towards the end of the year.

Activity improved in the construction sector in France. New single-family housing starts rose + 10% from the previous year, supported by the positive trend in building permits since 2010. In other European countries, which are facing varied situations, improvement is slow. Indicators (building permits and housing starts) progressed very slightly in the United States but are still very low. In China, measures were taken to contain price inflation and overheating in the sector.

Currencies were highly volatile in 2011 while some raw materials rose in price.

## MAJOR EVENTS

After the **creation of The Quartz Corp SAS, a joint venture** with the Norwegian group Norsk Mineral at the end of the first quarter<sup>(1)</sup> (Minerals for Ceramics, Refractories, Abrasives & Foundry business group), the **completion of the acquisition of the world leader in talc, the Luzenac Group**, on August 1, 2011, marked another milestone in Imerys' strategy. The acquisition bolsters the Group's leadership by extending its functional minerals offering (Performance & Filtration Minerals business group). Acquisition represents an enterprise value of US\$ 340 million, i.e. an EBITDA multiple in line with the ratios historically paid by Imerys. Based on current market conditions, the project should create value with a return on capital employed higher than the group's cost of capital from 2013.

Furthermore, on September 20, 2011 Imerys inaugurated a **ceramic proppants plant in the United States** (Ceramics, Refractories, Abrasives & Foundry business group). Proppants are essential products for the fast-growing non-conventional oil and gas field sector. The first shipments were made in early 2012, according to schedule.

Finally, on November 18, 2011, the Group announced its **intention to form a joint venture** with the Al Zayani Investments group for the **construction of a fused alumina production plant in Bahreïn**. This specialty product is used in many applications (e.g. abrasives, refractories, sanding, thermal linings).

## EVENTS AFTER THE END OF THE PERIOD

The annual consolidated financial statements as of December 31, 2011 were closed by the Board of Directors at its meeting on February 15, 2012. No significant event is to be reported between the closing date and that of the Board of Directors.

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(1) Press release of April 28, 2011.

## **OUTLOOK**

Since the end of the summer, the macro-economic environment has been more uncertain and, while activity remained satisfactory in early 2012, visibility remains poor. The Group, therefore, remains vigilant: selective capital expenditure with a focus on growth projects and fast paybacks, strict management of working capital, expenditures and evolution of variable costs and price/mix component.

Over the past four years, Imerys has optimized its cost base and strengthened its financial structure while increasing its exposure to growing markets by expanding in emerging countries and diversifying its business portfolio. Moreover, in 2012, the Group will benefit from additional development potential, brought by the acquisition of the Luzenac Group and the launch of new internal projects, such as proppants.

In that context, Imerys will continue to implement its development strategy based on the acceleration of internal growth - through innovation and the extension of its business portfolio in growing markets and geographic zones – and on a selective acquisition policy.

## **AMBITION 2012-2016**

At its Investor Day on January 12, Imerys presented its strategic orientations for the next five years, with the aim of speeding up its development by increasing organic growth.

In terms of innovation, Imerys has bolstered its resources to gain greater presence on end markets with high growth potential, but also to enhance its specialty minerals offering. A €60 million budget has been earmarked for Research & Development expenses and capex in 2012. By 2016, the Group could achieve additional sales of up to €700 million with new products. Imerys also intends to keep up its development in emerging countries. India, China and Brazil will play a driving role in a strategy that combines internal growth, acquisitions and partnerships.

Imerys will continue to use strict return on investment criteria by targeting an internal rate of return in excess of 15% for its internal development projects, in order to maintain a sound financial structure. In this way, Imerys intends to achieve return on capital employed that is higher than its average cost of capital in order to create value for its shareholders.

## **DIVIDEND**

At the General Meeting of April 26, 2012, the Board of Directors will propose an increase in dividend to €1.50 per share, i.e. a total amount of €112.7 million, which represents 37.2% of the Group's share of net income from current operations, in accordance with Imerys' distribution policy. The dividend would be paid from May 9, 2012.

## DETAILED COMMENTARY ON THE GROUP'S RESULTS

### SALES

	Sales (€ millions)	Change in sales (% previous year)	Comparable change in sales <sup>(2)</sup> (% previous year)	of which Volume effect	of which Price/Mix effect
<b>2011</b>	<b>3,674.8</b>	<b>+ 9.8%</b>	<b>+ 8.1%</b>	<b>+ 3.7%</b>	<b>+ 4.4%</b>
2010	3,346.7	+ 20.7%	+ 15.0%	+ 13.1%	+ 1.9%

	2011 sales (€ millions)	2010 sales (€ millions)	Change in sales (% previous year)	Comparable change <sup>(2)</sup> (% previous year)	of which Volume effect	of which Price/Mix effect
1 <sup>st</sup> quarter <sup>(3)</sup>	882.7	751.6	+ 17.4%	+ 13.7%	+ 10.2%	+ 3.5%
2 <sup>nd</sup> quarter <sup>(3)</sup>	924.7	871.4	+ 6.1%	+ 10.8%	+ 5.2%	+ 5.7%
3 <sup>rd</sup> quarter <sup>(3)</sup>	942.8	892.2	+ 5.7%	+ 3.8%	- 1.1%	+ 4.9%
4 <sup>th</sup> quarter <sup>(2)</sup>	<b>924.6</b>	<b>831.5</b>	<b>+ 11.2%</b>	<b>+ 4.7%</b>	<b>+ 1.4%</b>	<b>+ 3.3%</b>

- **Almost + 10% rise in sales**
- **Firm overall sales volumes in 2011, despite a high basis of comparison**
- **Firm product price/mix component**

Sales in 2011 totaled €3,674.8, a + 9.8% increase from 2010. This rise takes into account:

- A structure effect of +€125.0 million, mainly (+ €110.5 million) in the second half, reflecting:
  - the acquisition of Pará Pigmentos S.A.'s (PPSA) activity in Brazil (Pigments for Paper & Packaging business group), on August 1, 2010;
  - the deconsolidation, effective January 1, 2011, of North American high-purity quartz activities (Minerals for Ceramics), which were contributed to the joint venture The Quartz Corp SAS;
  - the consolidation of the Luzenac Group from August 1, 2011 (Performance & Filtration Minerals).
- An unfavorable foreign exchange effect of - €67.1 million (- €39.6 million in the second half).

At comparable Group structure and exchange rates, sales grew + 8.1% compared with 2010, a high basis of comparison, due to inventory rebuilding in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters. The positive trend has continued in the 1<sup>st</sup> half of 2011, then the pace slowed down in the 2<sup>nd</sup> half.

With + 1.4% increase in volumes in the 4<sup>th</sup> quarter of 2011, activity was slightly higher than in 2010, except for Pigments for Paper & Packaging. Price/mix effect stayed firm.

(2) At comparable Group structure and exchange rates.

(3) Non-audited quarterly data

## Sales by geographic zone of destination (current change)

(€ millions)	2011 Sales	2010 Sales	Change % 2011 vs. 2010	% of consolidated 2011 sales
Western Europe	1 754.3	1 601.2	+ 9.6%	48%
<i>of which France</i>	624.3	561.4	+ 11.2%	17%
United States / Canada	724.1	685.4	+ 5.6%	20%
Emerging countries	998.3	890.8	+ 12.1%	27%
Others (Japan / Australia)	198.1	169.3	+ 17.0%	5%
<b>Total</b>	<b>3 674.8</b>	<b>3 346.7</b>	<b>+ 9.8%</b>	<b>100%</b>

In 2011, the Group's sales in emerging zones benefited from their dynamic markets and the developments made there in recent years. These zones continue to grow and represented almost 1 billion euros in 2011, of which more than 40% in China, Brazil and India. The US dollar's depreciation against the euro is reflected in slower sales growth in North America, while sales in Europe benefited from a rebound in activity of the construction market in France, particularly after the effects of harsh weather conditions in 2010. Sales in Japan and Australia particularly improved in industrial sectors (Minerals for Ceramics, Refractories, Abrasives & Foundry and Monolithic Refractories).

## CURRENT OPERATING INCOME<sup>(4)(5)</sup>

(€ millions)	2011	2010	% Change	% Comparable change (6)
1 <sup>st</sup> quarter	116.4	84.8	+ 37.3%	+ 35.5%
<i>Operating margin</i>	13.2%	11.3%		
2 <sup>nd</sup> quarter	136.4	124.5	+ 9.6%	+ 13.1%
<i>Operating margin</i>	14.8%	14.3%		
3 <sup>rd</sup> quarter	129.0	116.2	+ 11.0%	+ 7.3%
<i>Operating margin</i>	13.7%	13.0%		
4 <sup>th</sup> quarter	105.2	96.0	+ 9.5%	+ 2.9%
<i>Operating margin</i>	11.4%	11.6%		
<b>Year</b>	<b>487.0</b>	<b>421.5</b>	<b>+ 15.5%</b>	<b>+ 13.7%</b>
<i>Operating margin</i>	13.3%	12.6%		

- Rise in variable costs offset by product price/mix trend
- Positive contribution of volumes

The 15.5% increase in **current operating income** to €487.0 million for 2011 results from the following items:

- A structure effect of + €23.7 million<sup>(7)</sup> (+ €13.4 million in the second half);
- A -€15.9 million foreign exchange effect (mainly due to the US dollar's depreciation against the euro, which counted for -€2.7 million in the 2<sup>nd</sup> half).

At comparable Group structure and exchange rates, current operating income rose + €57.7 million compared with 2010, with a good contribution from sales volumes (+ €59.2 million).

(4) Operating income before other operating revenue and expenses.

(5) Non-audited quarterly data.

(6) At comparable Group structure and exchange rates.

(7) Mainly: Pará Pigmentos S.A. (PPSA) in Brazil (consolidated from 01/08/2010), deconsolidation of North American high-purity quartz activities contributed to The Quartz Corp SAS joint venture (01/01/2011), consolidation of Luzenac Group (01/08/2011).

Fixed production costs and overheads increased (- €57.7 million) in line with the rise in production volumes and the related costs (personnel, maintenance), as well as the launch of development initiatives (teams dedicated to new markets, geographical expansion). The rise in variable costs (- €91.0 million), is mostly due to inflation in some raw materials, such as zircon, of which price tripled in 2011 compared to 2010. Imerys has compensated those evolutions by price increases and mix improvement for an amount of €153.7 million.

In the 4<sup>th</sup> quarter of 2011, operating margin (11.4%) reflected:

- A traditional seasonality effect,
- The slowdown in the Group's production in the second half of 2011 following its preventive measures on working capital and cash management.

For the full year, the Group's operating margin improved to 13.3%, compared with 12.6% in 2010.

## **NET INCOME FROM CURRENT OPERATIONS<sup>(8)</sup>**

Up + 25.3% from 2010, **net income from current operations**, at €303.1 million, reflects:

- The sharp rise in current operating income,
- Improvement in financial expense to - €57.2 million (compared with - €74.7 million over the same period the previous year). This explains:
  - Interest expense decreased from - €57.3 million in 2010 to - €56.1 million in 2011, reflecting a slight reduction in the financing rate,
  - The impact of exchange rates and financial instruments was negligible in 2011; they represented - €10.8 million in expense last year;
  - Accretion of long-term provisions was stable (- €3.1 million in 2011 compared with - €3.4 million in 2010), while net financial expense with respect to pensions totaled €0.2 million in 2011 compared with expense of - €2.8 million in 2010.
- A - €123.3 million tax charge (- €100.4 in 2010), i.e. an effective tax rate of 28.7% compared with 29.0% the previous year.

Excluding perimeter effect related to Group Luzenac acquisition, net income from current operations rose by more than + 22%. This increase is in line with the Group's target, announced on July 28, of growth in excess of + 20% for full-year net income from current operations in 2011.

## **NET INCOME**

The + €38.3 million increase in the **Group's share of net income** to €282.0 million takes into account **other income and expense, net of tax** for - €21.1 million (- € 23.1 million before tax), mainly with respect to:

- Provisions for restructuring and asset depreciation for a total amount of - €14.4 million, net of tax (concerning in particular the Magnesia activity, the reorganization of Canal roof tiles production in Southwest France and the end of production rationalization at PPSA).
- Transaction costs (mainly Luzenac Group acquisition costs), corresponding to an after tax cost of - €4.6 million.

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(8) Net income (loss), Group share, before other operating income and expense, net.

## CASH FLOW

(€ millions)	2011	2010
<b>EBITDA</b>	<b>686.0</b>	<b>621.0</b>
Change in operating working capital	(59.4)	(45.7)
Paid capital expenditure	(227.4)	(154.9)
<b>Current free operating cash flow *</b>	<b>264.9</b>	<b>302.1</b>
Paid financial expense (net of tax)	(37.3)	(46.6)
Other working capital items	(1.0)	18.7
<b>Current free cash flow</b>	<b>226.6</b>	<b>274.2</b>

\* including subsidies, value of divested assets and miscellaneous 5.3 3.7

- **Continued strict management of operating working capital**
- **High level of current free operating cash flow**

Operating working capital represented 23.7% of annualized sales in the last quarter (compared with 21.8% as of December 31, 2010). This ratio was affected by:

- A Group structure effect relating to the consolidation of Luzenac Group activity, which has high seasonal variations (high inventory at start of year as mining campaigns are interrupted during winter);
- An unfavorable foreign exchange effect (depreciation of the US dollar at the end of December).

This ratio takes factoring<sup>(9)</sup> into account for €74 million as on December 31, 2011. At comparable Group structure and exchange rates, the operating working capital to sales ratio was stable compared with the previous year.

As announced, booked capital expenditure (€229.2 million) increased significantly in 2011 and represented 109% of depreciation expense (compared with 79% for 2010). The increase is mostly due to the implementation of growth projects: new capacities to support growth in demand (mainly in the Performance & Filtration Minerals business group) and development in new markets (proppants in the Minerals for Ceramics, Refractories, Abrasive & Foundry business group). Industrial asset maintenance and mine overburden operations increased only slightly, accounting for 62% of depreciation expense for the year (compared with 59% in 2010).

## FINANCIAL STRUCTURE

(€ millions)	December 31, 2011	June 30, 2011	December 31, 2010
Paid dividends	(91.4)	(91.1)	(76.3)
Net debt	1,031.1	873.8	872.8
Shareholders' equity	2,210.9	2,118.6	2,131.8
EBITDA	686.0	352.0	621.0
Net debt / shareholders' equity	46.6%	41.2%	40.9%
Net debt / EBITDA	1.5x	1.3x	1.4x

Thanks to the substantial current free cash flow generated, the increase in the consolidated **net financial debt** and financial ratios is limited, although the Group raised its development capital expenditure and acquired the Luzenac Group in the second half. Imerys also paid €90.6 million in dividends on May 11, 2011, as well as €0.8 million to minority shareholders of Group subsidiaries.

(9) Factoring contract signed on July 23, 2009 under which transferred receivables are deconsolidated, with the risks and benefits related to receivables transferred to the factor bank. €71 million in receivables was factored as on December 31, 2010.

In the second half of 2011, the Group secured more than a billion euros in bilateral credit facilities maturing in 2015-2016 in order to increase and diversify its financial resources, while extending their average maturity. As on December 31, 2011, Imerys' total financial resources totaled €2.8 billion (of which €1.3 billion in available financial resources excluding cash), with average maturity 3.8 years.

Furthermore, during the first half of 2011, Moody's increased Imerys' long-term credit rating<sup>(10)</sup> from Baa3 to Baa2 with a stable outlook. The short-term rating improved accordingly, from P-3 to P-2, also with a stable outlook.

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(10) "Senior unsecured debt rating"



## COMMENTARY BY BUSINESS GROUP

### Minerals for Ceramics, Refractories, Abrasives & Foundry (32% of consolidated sales)

(€ millions)	2011	2010	Current change	Compar-able change <sup>(1)</sup>
Sales	1,186.1	1,105.0	+ 7.3%	+ 12.2%
Current operating income <sup>(12)</sup>	156.8	135.2	+ 16.0%	+ 19.1%
<i>Operating margin</i>	<i>13.2%</i>	<i>12.2%</i>		
Booked capital expenditure	95.0	63.0	+ 50.9%	
<i>as % of depreciation expense</i>	<i>152%</i>	<i>98%</i>		

- **Firm business on most end markets**
- **Development in oilfield minerals**

Demand in the industries served by Minerals for Refractories, Fused Minerals, Graphite & Carbon (steelmaking, foundry, aluminum, cement, glass, mobile energy, etc.) was firm overall, driven by buoyant markets for capital goods and some durables (machine tools, aerospace, automotive, electronics, etc.). The growth rate of steel production slowed down in the second half, particularly in the 4<sup>th</sup> quarter in China and in Europe. Business in North America, however, improved significantly. Demand remained firm in Minerals for Ceramics, with the slack construction market in the United States offset by the vibrancy of emerging markets.

The increase in the business group's **capital expenditure** in 2011 is explained by the construction and start-up of a ceramic proppants (used to keep fractures in hydrocarbon reservoirs open for non-conventional oil and gas exploration) plant, which represents a \$ 60 million investment. Built on the Andersonville site (Georgia, United States), this unit, inaugurated on September 20, 2011, should produce more than 100,000 tons of product per year. This market is fast-growing and the investment should create value from its first year in operation.

Analysis of the + 7.3% increase in **sales** to €1,186.1 million shows:

- Impact of changes in structure (- €29.9 million): North American activities (mineral reserves and industrial resources) for feldspar, mica and high-purity quartz (Minerals for Ceramics) were deconsolidated with retroactive effect from January 1, 2011 as a result of their contribution to The Quartz Corp SAS, a joint venture now accounted for under the equity method;
- Negative effect of exchange rates for - €23.7 million.

While the basis of comparison was high due to the inventory rebuilding that took place in 2010 (+ 35.2% growth in sales at comparable structure and exchange rates in 2010 compared with 2009), sales at comparable structure and exchange rates rose by a further + 12.2% in 2011, thanks to:

- The significant improvement in the product price/mix: in the context of a stretched zirconium market in China (price and availability), Imerys adapted its pricing policy. The repositioning of the Mineral for Ceramics product range and geographic base also helped to improve the product mix;
- Higher volumes, supported by firm markets.

**Current operating income** increased + €21.6 million, taking into account the - €5.9 million impact of exchange rates and a structure effect of + €1.8 million. The share of income in "The Quartz Corp SAS" joint-venture, now consolidated by equity method, amounts to €4.3 million.

At comparable structure and exchange rates, the improvement in product prices and mix covers the sharp inflation in zircon prices. Volume growth and recent developments (ramp-up of teams dedicated to the oilfield segment, geographic expansion) explains the increase in fixed costs and overheads.

(1) At comparable structure and exchange rates.

(12) Operating income before other operating revenue and expenses.

**Performance & Filtration Minerals**  
*(19% of consolidated sales)*

(€ millions)	2011	2010	Current change	Comparable change <sup>(13)</sup>
Sales	719.7	594.7	+ 21.0%	+ 5.1%
Current operating income <sup>(14)</sup>	83.4	65.9	+ 26.6%	+ 15.1%
<i>Operating margin</i>	<i>11.6 %</i>	<i>11.1 %</i>		
Booked capital expenditure	36.7	26.8	+ 37.0%	
<i>as % of depreciation expense</i>	<i>77%</i>	<i>62%</i>		

- **Firm business in main markets**
- **Luzenac Group: success of ongoing integration**

The Business group's end markets, particularly fast-moving consumer goods (food, health, etc.) and intermediate industries (plastics, rubber, filtration, catalysis, etc.) have been driven by the dynamism of emerging countries. The construction market remained low with however a slight improvement in Europe, while no real turnaround has occurred in the United States. After a brisk start to the year, the markets served by the Talc activity (plastics, paint, paper, ceramics, health & beauty) have also remained firm.

In 2011, **capital expenditures**, excluding maintenance and mine overburden, have focused on the development of new products and on geographic expansion:

- specialty production line for plastics market built and brought on stream in the Sylacauga (Alabama, USA) site;
- production line in Lompoc (California, USA) adapted in response to growing sales of Celite Cynergy™, an innovative filtration agent for edible liquids;
- Filmlink™ production unit created on the Ipoh (Malaysia) site to serve the Asian polymers market.

The latter two capital projects will be operational in the first half of 2012.

The business group's **sales** totaled €719.7 million in 2011. This + 21.0% increase takes into account:

- A structure effect of + €114.2 million, comprised of:
  - + €119.0 million relating to the acquisition of the Luzenac Group, the world leader in talc, which was fully consolidated from August 1, 2011.
  - - €4.8 million with respect to the rationalization of carbonate activities in the Americas (divestment in late 2010 of the Gouverneur calcium carbonate processing unit (New-York, United States) and Performance Minerals activities in Argentina).
- A foreign exchange effect of - €19.5 million.

The increase in sales at comparable structure and exchange rates (+ 5.1%) corresponds to improvement in the product/mix component through the introduction of new products and the Business group's development in emerging countries.

**Current operating income**, at €83.4 million, rose by + €17.5 million, including €10.9 million in structure effect. Foreign exchange impact was unfavorable at - €3.3 million. The + 15.1% increase reflects higher profitability with a substantial price/mix effect. Since its acquisition, the profitability of the Talc activity has improved, to progressively close up the level of the Business group as a whole.

(13) At comparable structure and exchange rates.

(14) Operating income before other operating other operating revenue and expenses.

**Pigments for Paper & Packaging**  
*(21% of consolidated sales)*

(€ millions)	2011	2010	Current change	Comparable change <sup>(15)</sup>
Sales	796.4	767.1	+ 3.8%	+ 0.4%
Current operating income <sup>(16)</sup>	83.2	76.9	+ 8.2%	+ 2.1%
<i>Operating margin</i>	<i>10.4%</i>	<i>10.0%</i>		
Booked capital expenditure	68.7	60.6	+ 13.3%	
<i>as % of depreciation expense</i>	<i>102%</i>	<i>86%</i>		

- **Slowdown in paper production in 2<sup>nd</sup> half, sector restructured in North America**
- **Dynamic emerging markets**

In 2011, global production of printing and writing paper was on a par with 2010, a high basis of comparison due to inventory rebuilding in the papermaking sector. The rise in production in emerging countries (+ 6.0%) offset the erosion in mature countries (- 4.0%), which was significant in North America in the second half.

The increase in **capital expenditures** was driven, in particular, by:

- Production rationalization in Brazil, following the acquisition of PPSA (August 2010), together with the development of deposits, also in Brazil (unsoiling costs);
- Reconstruction of the Miyagi plant in Japan, which was badly damaged by the March earthquake; production resumed progressively at the end of the year.

The + 3.8% increase in **sales** to €796.4 million for 2011, taking into account:

- A + €36.5 million structure effect, mainly in connection with the acquisition of PPSA;
- Negative exchange rate impact of - €10.4 million.

At comparable Group structure and exchange rates, sales were stable in 2011 (+ 0.4%) compared with the previous year. After a dynamic first half in mature countries, the printing and writing paper segment was affected by the rationalization programs carried out by some North American customers: several paper mills reduced output or shut down in the 4<sup>th</sup> quarter of 2011 to address the slump in demand and limit inventories. In that more difficult context, Imerys was able to benefit from its expansion in emerging countries (new capacities launched in 2010) and the development of its product and service offering for the Packaging market.

**Current operating income** totaled €83.2 million in 2011 (+ €6.3 million) and takes into consideration:

- a + €10.8 million structure effect;
- a negative exchange rate effect of - €6.2 million.

At comparable structure and exchange rates, current operating income rose + 2.1%. This current operating income includes an approximately €5 million insurance compensation for the damage to the Japanese plant in Miyagi.

(15) At comparable structure and exchange rates.

(16) Operating income before other operating revenue and expenses.

**Materials and Monolithics**  
**(28% du Consolidated sales)**

(€ millions)	2011	2010	Current change	Compar-able change <sup>(17)</sup>
Sales	1,025.3	922.6	+ 11.1%	+ 11.4%
Current operating income <sup>(18)</sup>	209.5	187.6	+ 11.6%	+ 11.5%
<i>Operating margin</i>	20.4%	20.3%		
Booked capital expenditure	24.0	14.0	+ 71.8%	
<i>as % of depreciation expense</i>	77%	42%		

- **A good year for construction in France**
- **Firm markets for Monolithic Refractories, development of "projects" activity**

In France, driven by the increase in single-family housing permits, building starts rose 10%<sup>(19)</sup> in 2011 compared with the previous year. New single-family housing sales, however, began to slow down in the 2<sup>nd</sup> quarter of 2011. The renovation segment was also buoyant (+ 2.5%), taking into account the upturn in early 2011 to make up for the harsh weather in late 2010.

In that context, clay products<sup>(20)</sup> showed volume growth of + 9.4% for roofing components and + 19% for bricks in 2011, supported by their intrinsic qualities (heat inertia, energy efficiency, etc.).

Business was healthy in Monolithic Refractories, which benefited from a dynamic global steelmaking sector and robust activity in other segments (power generation, incineration, petrochemicals, etc.) in Europe. Many new plant construction or capacity extension projects were also launched, which helped to keep those markets firm.

In 2011, **capital expenditures** focused primarily on maintaining industrial assets and improving energy efficiency in the Building Materials activity, with the launch of facilities designed to use biomass on Léguevin site (Haute-Garonne, France). A new line, dedicated to tap hole clay production, was also built in China, within Calderys plant.

Rising + 11.1% in 2011 compared with 2010, the business group's **sales** totaled €1,025.3 million, taking into account:

- A limited structure effect of + €2.0 million (acquisition at the start of 2011 of La Française des Tuiles et Briques (Allier, France), a company specializing in upscale flat roof tiles);
- Negative exchange rate impact of - €4.2 million.

At comparable Group structure and exchange rates, sales grew + 11.4% in total, with firm volumes and a positive price/mix component.

The Materials & Monolithics business group's **current operating income** totaled €209.5 million (+ €21.9 million from 2010). Group structure and exchange rate effects were negligible (+ €0.9 million and - €0.5 million, respectively). At comparable Group structure and exchange rates, the price/mix component covered the rise in variable costs (primarily inflation in refractory raw materials). Fixed costs increased in line with the sharp rise in sales volumes; furthermore, the Monolithic Refractories activity set up dedicated teams to the development of its "refractory solutions for new plants" and its geographic expansion.

(17) At comparable structure and exchange rates.

(18) Operating income before other operating revenue and expenses.

(19) Source: New single-family housing starts – French Ministry of the Environment, Sustainable Development, Transport and Housing.

(20) Source: Fédération Française des Tuiles et Briques (French roof tiles & bricks federation) – provisional data.

## CORPORATE GOVERNANCE

On February 15, Imerys Board of Directors also approved resolutions projects, which will be submitted at the Shareholders' General Meeting on April 26, 2012. They include the renewal of the terms of office as Directors of Mr. Gilles Michel, Jacques Drijard and Jocelyn Lefebvre and the nomination of Mr. Xavier Le Clef as a new Director. Mr. Eric Le Moyne de Sérigny, whose term of office will expire, did not enquire for a renewal. The Board also stated its intention to maintain the merger of the functions of Chairman and Chief Executive Officer and to reappoint Mr. Gilles Michel in those functions, with the provision of the renewal of its term of office as Director.

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## MEETING

The press release is available from the Group's website [www.imerys.com](http://www.imerys.com) and can be viewed from the home page, "Press releases" section.

Imerys is holding a presentation meeting today at 6:30pm at Maison des Arts & Métiers (9 bis avenue d'Iéna, 75116 Paris), at which commentary will be given on the 2011 results. The conference will be webcast live on the Group's website [www.imerys.com](http://www.imerys.com).

## FINANCIAL AGENDA 2012

April 26	Shareholders' General Meeting – 1 <sup>st</sup> quarter 2012 results
July 27	1 <sup>st</sup> half 2012 results
November 5	3 <sup>rd</sup> quarter 2012 results

These dates are given for guidance and may be updated in the Group's website [www.imerys.com](http://www.imerys.com) in the section Investors & Analysts / Financial Agenda.

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*The world leader in mineral specialties for industry, Imerys bases its development on a sound, profitable business model. The Group processes, enriches and combines a unique range of 30 minerals, in many cases mined from its own deposits, to contribute essential functions to its customers' products and processes. Thanks to their properties (heat resistance and mechanical strength, conductivity, coverage, barrier effect, etc.), these specialties have a great number of everyday applications in consumer durables, fast-consumer goods, capital goods and construction, and are developing on many growing markets. Imerys' R&D and marketing teams combine their efforts to identify new applications in promising sectors of business and in emerging markets, and to develop new, value-added solutions that meet those needs.*

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*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 Autorité des marchés financiers on March 31, 2011 under number D.11-0205 (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", of its Registration Document.*

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**Warning on projections and forward-looking statements:** *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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## 2011 RESULTS

### Appendix<sup>(1)</sup>

#### 1. Consolidated sales breakdown

Change in consolidated sales	% current change	% structure effect	% foreign exchange effect	% comparable change <sup>(2)</sup>
<b>IMERYS GROUP</b>	+ 9.8%	+ 3.7%	- 2.0%	+ 8.1%

Quarterly change on comparable basis <sup>(2)</sup> 2011 vs.	Q1 '11	Q2 '11	Q3 '11	Q4 '11
	+ 13.7%	+ 10.8%	+ 3.8%	+ 4.7%
2010 vs. 2009 (Reminder)	Q1 '10	Q2 '10	Q3 '10	Q4 '10
	+ 9.5%	+ 22.7%	+ 16.7%	+ 11.1%

Quarterly change	Q4 2011	Q4 2010	Current change	Compar-able change <sup>(2)</sup>	2011	2010	Current change	Compar-able change <sup>(2)</sup>
Minerals for Ceramics, Refractories, Abrasives & Foundry	294.9	279.6	+ 5.5%	+ 7.5%	1 186.1	1 105.0	+ 7.3%	+ 12.1%
Performance & Filtration Minerals	217.6	138.3	+ 57.4%	+ 7.3%	719.7	594.7	+ 21.0%	+ 5.1%
Pigments for Paper & Packaging	188.6	201.4	- 6.4%	- 6.4%	796.4	767.1	+ 3.8%	+ 0.4%
Materials & Monolithics	235.6	221.2	+ 6.5%	+ 7.6%	1 025.3	922.6	+ 11.1%	+ 11.4%
<b>SALES AFTER HOLDING COMPANIES &amp; ELIMINATIONS</b>	<b>924.7</b>	<b>831.5</b>	<b>+ 11.2%</b>	<b>+ 4.7%</b>	<b>3 674.8</b>	<b>3 346.7</b>	<b>+ 9.8%</b>	<b>+ 8.1%</b>

Quarterly change	Q1 11	Q2 11	H1 11	Q3 11	Q4 11	H2 11	2011
<b>IMERYS GROUP – current change</b>	+ 17.4%	+ 6.1%	+ 11.4%	+ 5.7%	+ 11.2%	+ 8.3%	+ 9.8%
<b>IMERYS GROUP – comparable change<sup>(2)</sup> of which:</b>	+ 13.7%	+ 10.8%	+ 12.2%	+ 3.8%	+ 4.7%	+ 4.2%	+ 8.1%
Minerals for Ceramics, Refractories, Abrasives & Foundry	+ 16.7%	+ 19.3%	+ 18.1%	+ 5.7%	+ 7.5%	+ 6.6%	+ 12.2%
Performance & Filtration Minerals	+ 7.0%	+ 3.0%	+ 4.9%	+ 3.6%	+ 7.3%	+ 5.4%	+ 5.1%
Pigments for Paper & Packaging	+ 8.0%	+ 3.8%	+ 5.7%	- 2.1%	- 6.4%	- 4.2%	+ 0.4%
Materials & Monolithics	+ 19.5%	+ 12.7%	+ 15.9%	+ 6.5%	+ 7.6%	+ 7.0%	+ 11.4%

(1) Non-audited quarterly information.

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

\* Restatement of the foreign exchange effect consists of calculating the aggregates of the current year at the previous year's exchange rate

\* Restatement of the structure effect of entities joining the Group consists of:

- for entities entering the perimeter in the current year, deleting the contribution of the acquisition from the aggregates of the current year

- for entities entering the perimeter the previous year, deleting the contribution of the acquisition from January 1 of the current year to the last day of the month in the current year when the acquisition was completed the previous year.

\* Restatement of entities entering the perimeter consists of:

- for entities leaving the perimeter in the current year, deleting the contributions of the departing entity from the previous aggregates from the 1<sup>st</sup> day of the month of divestment

- for entities leaving the perimeter in the previous year, deleting the contributions of the departing entity from the aggregates of the previous year.

Sales breakdown by business group	2011	2010
Minerals for Ceramics, Refractories, Abrasives & Foundry	32%	32%
Performance & Filtration Minerals	19%	17%
Pigments for Paper & Packaging	21%	23%
Materials & Monolithics	28%	28%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

## 2. Key income factors

In 2011 the Group changed its accounting method for recording personnel benefits. As of January 1, 2011, Imerys applies the SoRIE (Statement of Recognised Income and Expense) method and now writes down a provision for the entire actuarial variances generated by defined-benefit commitments and their hedging assets against the Group's shareholders' equity. Comparative information for 2010 has been reprocessed.

This method makes the Group's commitments clearer and updates its accounting principles in line with the choices of IASB and most significant issuers listed on NYSE-Euronext Paris.

(€ millions)	2010 published	Reprocessing	2010 restated
<b>IMPACTS ON INCOME STATEMENT</b>			
Revenue from ordinary activities	3,346.7		3,346.7
Current operating income <sup>(3)</sup>	419.0	2.5	421.5
Current financial income (expense)	(74.7)		(74.7)
Current tax	(99.5)	(0.9)	(100.4)
Minority interests	(4.5)	0.1	(4.4)
Net income from current operations <sup>(4)</sup>	240.3	1.7	242.0
Other revenue and expenses, net	0.5	1.2	1.7
Net income <sup>(4)</sup>	240.8	2.9	243.7
<b>IMPACTS ON CONSOLIDATED CASH POSITION</b>			
<b>Assets</b>			
Other financial assets	33.7	(12.6)	21.1
Deferred tax assets	45.5	23.2	68.7
<b>Liabilities</b>			
Shareholders' equity (including income)	2,196.4	(64.6)	2,131.8
Provisions for personnel benefits	94.7	75.2	169.9

(€ millions)	Q4 2011	Q4 2010	Change	H2 2011	H2 2010	Change
<b>SALES</b>	<b>924.7</b>	<b>831.5</b>	<b>+ 11.2%</b>	<b>1,867.5</b>	<b>1,723.7</b>	<b>+ 8.3%</b>
<b>CURRENT OPERATING INCOME<sup>(3)</sup></b>	<b>105.1</b>	<b>96.0</b>	<b>+ 9.5%</b>	<b>234.1</b>	<b>212.2</b>	<b>+ 10.3%</b>
Current operating income	(18.3)	(22.8)		(26.9)	(42.5)	
Current taxes	(23.5)	(21.6)		(59.3)	(48.9)	
Minority interests	(0.7)	(0.8)		(1.8)	(2.2)	
<b>NET INCOME FROM CURRENT OPERATIONS<sup>(4)</sup></b>	<b>59.8</b>	<b>50.8</b>	<b>+ 17.8%</b>	<b>146.1</b>	<b>118.6</b>	<b>+ 23.2 %</b>
Other revenue and expenses, net	(12.8)	4.2		(19.0)	4.6	
<b>NET INCOME<sup>(4)</sup></b>	<b>47.0</b>	<b>55.0</b>	<b>n.a.</b>	<b>127.1</b>	<b>123.2</b>	<b>n.a.</b>

(3) Operating income before other operating revenue and expenses.

(4) Group's share.

The Board of Directors met on February 15, 2012 to close the financial statements for 2011. Audit procedures have been carried out and the audit reports are being issued.

## CONSOLIDATED INCOME STATEMENT

(€millions)	2011	2010
<b>Revenue</b>	<b>3,674.8</b>	<b>3,346.7</b>
<b>Current revenue and expenses</b>	<b>(3,187.8)</b>	<b>(2,925.2)</b>
Raw materials and consumables used	(1,294.5)	(1,178.6)
External expenses	(940.9)	(849.5)
Staff expenses <sup>(1)</sup>	(695.1)	(633.1)
Taxes and duties	(45.1)	(41.6)
Amortization, depreciation and impairment losses	(210.9)	(213.0)
Other current revenue and expenses	(11.6)	(15.1)
Share in net income of joint ventures and associates	10.3	5.7
<b>Current operating income</b>	<b>487.0</b>	<b>421.5</b>
<b>Other operating revenue and expenses</b>	<b>(23.1)</b>	<b>(10.8)</b>
Gain or loss from obtaining or losing control	7.8	40.8
Other non-recurring items <sup>(1)</sup>	(30.9)	(51.6)
<b>Operating income</b>	<b>463.9</b>	<b>410.7</b>
<b>Net financial debt expense</b>	<b>(56.1)</b>	<b>(57.3)</b>
Income from securities	3.0	2.7
Gross financial debt expense	(59.1)	(60.0)
<b>Other financial revenue and expenses</b>	<b>(1.1)</b>	<b>(7.2)</b>
Other financial revenue	178.7	212.1
Other financial expenses	(179.8)	(219.3)
<b>Financial income (loss)</b>	<b>(57.2)</b>	<b>(64.5)</b>
Income taxes <sup>(1)</sup>	(121.2)	(98.1)
<b>Net income</b>	<b>285.5</b>	<b>248.1</b>
Net income, Group share <sup>(2) &amp; (3)</sup>	282.0	243.7
Net income, share of non-controlling interests	3.5	4.4

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits

(2) Net income per share

Basic net income per share (in €)	3.75	3.23
Diluted net income per share (in €)	3.71	3.22

(3) Net income from current operations, Group share

Basic net income from current operations per share (in €)	4.03	3.21
Diluted net income from current operations per share (in €)	3.99	3.20
Other net operating revenue and expenses, Group share	(21.1)	1.7



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€millions)	2011	2010	01.01.2010
<b>Non-current assets</b>	<b>3,210.0</b>	<b>2,947.5</b>	<b>2,752.9</b>
Goodwill	1,019.7	950.4	897.5
Intangible assets	37.7	34.6	43.8
Mining assets	502.9	453.5	377.2
Property, plant and equipment	1,384.1	1,287.6	1,224.1
Joint ventures and associates	82.4	54.4	50.0
Available-for-sale financial assets	4.8	7.4	7.5
Other financial assets <sup>(1)</sup>	18.5	21.1	16.1
Other receivables	74.6	45.0	43.7
Derivative financial assets	12.7	24.8	17.6
Deferred tax assets <sup>(1)</sup>	72.6	68.7	75.4
<b>Current assets</b>	<b>1,746.4</b>	<b>1,489.9</b>	<b>1,190.8</b>
Inventories	645.9	545.1	440.5
Trade receivables	526.9	446.5	364.4
Other receivables	141.0	128.0	110.7
Derivative financial assets	2.0	12.2	5.0
Marketable securities and other financial assets	6.4	6.0	5.6
Cash and cash equivalents	424.2	352.1	264.6
<b>Consolidated assets</b>	<b>4,956.4</b>	<b>4,437.4</b>	<b>3,943.7</b>
<b>Equity, Group share</b>	<b>2,180.1</b>	<b>2,105.0</b>	<b>1,784.0</b>
Capital	150.3	151.0	150.8
Premiums	319.6	338.4	339.4
Reserves <sup>(1)</sup>	1,428.2	1,371.9	1,252.5
Net income, Group share <sup>(1)</sup>	282.0	243.7	41.3
<b>Equity, share of non-controlling interests <sup>(1)</sup></b>	<b>30.8</b>	<b>26.8</b>	<b>18.8</b>
<b>Equity</b>	<b>2,210.9</b>	<b>2,131.8</b>	<b>1,802.8</b>
<b>Non-current liabilities</b>	<b>1,641.2</b>	<b>1,483.6</b>	<b>1,454.3</b>
Provisions for employee benefits <sup>(1)</sup>	231.3	169.9	169.3
Other provisions	265.2	189.6	157.7
Loans and financial debts	1,028.4	1,016.8	1,037.7
Other debts	12.2	10.2	9.5
Derivative financial liabilities	9.1	15.3	16.5
Deferred tax liabilities	95.0	81.8	63.6
<b>Current liabilities</b>	<b>1,104.3</b>	<b>822.0</b>	<b>686.6</b>
Other provisions	19.2	14.4	18.6
Trade payables	360.0	317.1	260.7
Income taxes payable	9.7	25.1	20.6
Other debts	261.7	239.8	185.7
Derivative financial liabilities	19.0	1.4	2.9
Loans and financial debts	422.0	219.5	186.0
Bank overdrafts	12.7	4.7	12.1
<b>Consolidated equity and liabilities</b>	<b>4,956.4</b>	<b>4,437.4</b>	<b>3,943.7</b>

(1) After voluntary change in accounting method on the recognition of actuarial differences of post-employment employee benefits (see Note 2.2).

**CONSOLIDATED STATEMENT OF CASH FLOWS**

(€millions)	2011	2010
<b>Cash flow from operating activities</b>	<b>447.4</b>	<b>406.4</b>
Cash flow generated by current operations	638.7	567.4
Interests paid	(49.6)	(62.7)
Income taxes on current operating income and financial income (loss)	(124.9)	(82.6)
Dividends received from available-for-sale financial assets	0.6	0.1
Cash flow generated by other operating revenue and expenses	(17.4)	(15.8)
<b>Cash flow from investing activities</b>	<b>(421.7)</b>	<b>(203.0)</b>
Acquisitions of intangible assets and property, plant and equipment	(227.0)	(154.9)
Acquisitions of investments in consolidated entities after deduction of cash acquired	(239.2)	(62.0)
Acquisitions of available-for-sale financial assets	(0.6)	0.4
Disposals of intangible assets and property, plant and equipment	8.3	8.6
Disposals of investments in consolidated entities after deduction of cash disposed of	33.0	1.8
Disposals of available-for-sale financial assets	0.9	-
Net change in financial assets	0.7	1.0
Paid-in interests	2.2	2.1
<b>Cash flow from financing activities</b>	<b>37.4</b>	<b>(125.2)</b>
Capital increases	5.4	8.5
Capital decreases	(24.9)	(7.1)
Disposals (acquisitions) of treasury shares	(2.1)	(5.9)
Dividends paid to shareholders	(90.6)	(75.5)
Dividends paid to non-controlling interests	(0.8)	(0.8)
Acquisitions of investments in consolidated entities from non-controlling interests	(1.3)	(7.2)
Disposals of investments in consolidated entities to non-controlling interests	-	-
Loan issues	117.3	67.0
Loan repayments	(2.4)	(32.0)
Net change in other debts	36.8	(72.2)
<b>Change in cash and cash equivalents</b>	<b>63.1</b>	<b>78.2</b>

(€millions)	2011	2010
<b>Opening cash and cash equivalents</b>	<b>347.4</b>	<b>252.6</b>
Change in cash and cash equivalents	63.1	78.2
Impact of changes due to changes in perimeter	-	(0.1)
Impact of changes due to exchange rate fluctuations	0.9	17.5
Impact of changes in consolidation mode	0.1	(0.8)
<b>Closing cash and cash equivalents</b>	<b>411.5</b>	<b>347.4</b>
Cash <sup>(1)</sup>	216.5	344.7
Cash equivalents <sup>(2)</sup>	207.7	7.4
Bank overdrafts	(12.7)	(4.7)

(1) As of December 31, 2011, cash comprises a balance of €7.1 million not available for Imerys SA and its subsidiaries, of which €2.2 million (€0.1 million as of December 31, 2010) with respect to foreign exchange control legislations and €4.9 million with respect to statutory requirements.

(2) Cash equivalents are investments with a maturity below three months, indexed on a monetary market rate and that may be disposed of at any time.