

PARIS, OCTOBER 31, 2018



Imerys: increase in results at September 30, 2018

- Revenue growth¹ up + 9.4% of which + 4.5%² like-for-like for the first 9 months of 2018
- Current operating income³ up + 3.9% for the first 9 months of 2018
- Favorable price-mix in a high inflationary environment
- Net income from current operations targeted to increase by close to + 7% for full year 2018, assuming no further change in market conditions
- Divestment of the Roofing activity effective since October 11, 2018: significant strengthening of Imerys balance sheet

CEO Conrad Keijzer commented:

"Imerys achieve an improvement in results for the first nine months of 2018, thanks to a favorable price-mix in particular, while market conditions have become more challenging in the third quarter. We made the decision to withdraw from the ceramic proppants market and implement a "care and maintenance program" for our operations in Namibia. For the full year 2018, we target to increase our net income from current operations by close to +7%, assuming no further change in market conditions. We have successfully completed the divestment of our Roofing business, which has significantly strengthened our balance sheet."

Consolidated results (unaudited, € millions)	9 months 2017		9 months 2018	Proforma change
	Actual	Proforma of Roofing		
Revenue	3,394	3,167	3,464	+ 9.4 %
Current operating income	480	409	425	+ 3.9 %
Operating margin	14.1%	12.9%	12.3%	- 60 bp
Net income from current operations, Group share	293	244	266	+ 9.1 %
Net income from current operations, Group share, per share ⁴	€3.71	€3.09	€3.36	+ 8.8%
Net income of discontinued activities	-	49	48	-
Net income, Group share	268	219	242	+ 10.3%

¹ Calculation on pro forma basis: Roofing division accounted for as a discontinued activity since January 1st, 2018 and restated in 2017 accounts. As a consequence, all financial data throughout this press release are presented excluding the Roofing division.

² Organic growth: growth at comparable Group perimeter and exchange rates, or "like-for-like".

³ "Current" means "before other operating revenue and expenses", as defined in the notes to the financial statements relating to the consolidated income statement.

⁴ The weighted average number of outstanding shares was 79,208,109 in the first 9 months of 2018 (79,031,830 in the first 9 months of 2017).

HIGHLIGHTS

Completion of the sale of Roofing division: significant strengthening of Imerys balance sheet

On October 11, 2018, Imerys has completed the sale of its Roofing division to an affiliate of Lone Star Funds, a global private equity firm, for an enterprise value of €1.0 billion, which implies a transaction multiple of 9 times 2017 EBITDA.

The Roofing division, which mainly serves the French construction market, generated revenues of €300 million, EBITDA of €113 million and current operating income of €96 million in 2017 with 1,000 employees and 14 plants located in France.

This transaction improves Imerys growth profile through higher exposure to dynamic markets and geographies and strengthens its balance sheet. With total net proceeds of approximately €800 million, the Group reduces its pro forma net financial debt to EBITDA to 1.9 time as of September 30, 2018 (versus 2.5 times previously). In addition, net capital gain amounts to more than €700 million to be booked in the fiscal year ending December 31, 2018.

Withdrawal from ceramic proppants market

Following an in-depth market analysis, Imerys decided to withdraw from the ceramic proppants market. The Group is currently studying several divestiture scenarios for this business, which has a balance sheet value of ca. €150 million. Since the third quarter of 2018, costs associated with this business are recognized as restructuring costs. As a result, the annual negative contribution of the Oilfield Services division to the current operating income should be around €5 million in 2018.

Implementation of “care and maintenance” program for Namibian natural graphite assets

Imerys has decided to implement a care and maintenance program for its Namibian graphite assets to preserve their long-term value for a future point when market pricing allows a proper value to be achieved for this high-quality graphite product. The implementation of a proper care and maintenance program enables Imerys to preserve its mining rights and resume production once general market conditions become more favourable. These assets have a balance sheet value of ca. €50 million.

Update on the talc litigations in the United States of America

Certain subsidiaries of the Group, which operate its American Talc business, are among the defendants in the actions brought before several US federal and state courts by multiple plaintiffs. In these matters, the plaintiffs assert claims based on the alleged hazards related to the use of talc in certain products. Most of this litigation relates to sales made prior to Imerys' 2011 acquisition of its Talc business.

There has been no material adverse development in this litigation affecting the relevant US subsidiaries of the Group in this quarter. However, while these litigations continue to develop/expand, these subsidiaries are assessing and reviewing their strategic options for best protecting their respective long term financial interests.

FULL YEAR 2018 GUIDANCE

The Group expects the performance of the fourth quarter to be in line with the third quarter, which was marked by more challenging market conditions.

Imerys targets in 2018 an increase of close to +7% in net income from current operations, assuming no further change in market conditions.

FINANCIAL REVIEW

+9.4% REVENUE GROWTH

Unaudited quarterly data (€ millions)	2017 Revenue		2018 Revenue	Proforma change			
	Actual	Proforma of Roofing		Actual	Organic	Volumes	Price-mix
First quarter	1,113.2	1,034.1	1,129.6	+ 9.2%	+ 4.7%	+ 1.5%	+ 3.2%
Second quarter	1,107.1	1,030.5	1,180.9	+ 14.6%	+ 6.0%	+ 1.7%	+ 4.3%
First half	2,220.3	2,064.6	2,310.5	+ 11.9%	+ 5.3%	+ 1.6%	+ 3.7%
Third quarter	1,173.2	1,102.7	1,153.9	+ 4.6%	+ 3.1%	- 0.9%	+ 4.0%
First 9 months	3,393.5	3,167.3	3,464.4	+ 9.4%	+ 4.5%	+ 0.7%	+ 3.8%

Revenue for the first 9 months of 2018 ended September 30, 2018 amounts to €3,464.4 million, up + 9.4% compared to the same period of 2017. This increase reflects an organic growth of + 4.5%, thanks in particular to a positive price-mix effect in all business groups, up + 3.8%. Volumes were affected in the third quarter of 2018 by an unexpected slowdown of some markets, in particular automotive and graphite in China, as well as a drop in volumes of ceramic proppants.

Revenue for the first 9 months also includes a positive perimeter effect of + €293.0 million (+ 9.3%), of which €250.0 million from Kerneos (acquired in July 2017) in particular, as well as the impact of significantly adverse exchange rates for - €140.0 million euros (- 4.4%).

+ 3.9% INCREASE IN CURRENT OPERATING INCOME

Unaudited quarterly data (€ millions)	2017		2018	Proforma change	
	Actual	Proforma of Roofing		Actual	Organic
First quarter	147.2	122.8	129.6	+ 5.6%	+ 4.8%
<i>Operating margin</i>	13.2%	11.9%	11.5%	- 0.4 point	+ 0.1 point
Second quarter	165.4	140.7	154.2	+ 9.6%	+ 4.7%
<i>Operating margin</i>	14.9%	13.6%	13.1%	- 0.5 point	+ 0.1 point
First half	312.6	263.4	283.8	+ 7.7%	+ 4.7%
<i>Operating margin</i>	14.1%	12.8%	12.3%	- 0.5 point	stable
Third quarter	166.9	145.4	140.9	-3.1%	-4.3%
<i>Operating margin</i>	14.2%	13.2%	12.2%	-1.0 point	-1.1 point
First 9 months	479.5	408.9	424.6	+ 3.9%	+ 1.5%
<i>Operating margin</i>	14.1%	12.9%	12.3%	- 0.6 point	- 0.3 point

Current operating income totaled €424.6 million in the first 9 months of 2018, up + 3.9% compared to the same period of 2017. Excluding the impact of exchange rate fluctuations (- €22.4 millions) it is up + 9.3%. It benefits from the following factors:

- a positive price-mix effect of + €105.4 million, which is largely offsetting the increase in variable costs (+ €75.1 million, notably raw materials and energy);
- the contribution from recent acquisitions, Kerneos in particular, for + €32.0 million;
- €13.3 million sales volumes.

The + €47.1 million increase in fixed costs and overheads includes ongoing investments in the Group's transformation programs.

The Group's **operating margin**, which amounts to 12.3% for the first 9 months of 2018, takes into account an unfavorable exchange rate impact (- 0.3 point) and business mix.

NET INCOME FROM CURRENT OPERATIONS UP + 9.1%

Net income from current operations, Group share, rose + 9.1% to €266.0 million. It includes a financial result that improves from - €62.4 million in the first 9 months of 2017 to - €49.2 million in the first 9 months of 2018, due to the decrease of financial costs reflecting Imerys' optimization of its financial costs. The tax charge of - €111.1 million (- €102.1 million in the same period of 2017) reflects an effective tax rate of 29.6% (29.5% in 2017).

Net income from current operations, Group share, per share is up + 8.8% to €3.36.

+ 10.3% RISE IN NET INCOME

Net income, Group share, increased + 10.3% to €241.7 million in the first 9 months of 2018. It takes into account other income and operating expenses, net of taxes of - €24.3 million (-€24.7 million in the first 9 months of 2017), of which in the third quarter restructuring costs related to the ceramic proppants and the Namibian operations of Graphite & Carbon in particular. It also includes a €48.4 million contribution of the Roofing division (€48.7 million in the first 9 months of 2017), accounted for as discontinued activity.

ROBUST FINANCIAL STRUCTURE

Net financial debt of the Group totaled ca. €2.3 billion as of September 30, 2018, which does not include the net proceeds of the Roofing division disposal. Net financial debt to EBITDA ratio stands at 1.9 time, taking account of the divestment of this business. This robust financial structure is rated Baa2 by Moody's and BBB by Standard & Poor's, with a stable outlook for both agencies.

BUSINESS GROUPS' ACTIVITY

Energy Solutions & Specialties

(28% of consolidated revenue as of September 30, 2018)

Quarterly data (unaudited) (€ millions)	2017	2018	Change	
			Actual	Organic
1st quarter revenue	321.6	319.7	- 0.6%	+ 4.9%
2nd quarter revenue	332.0	327.9	- 1.2%	+ 2.6%
1st half revenue	653.6	647.6	- 0.9%	+ 3.7%
3rd quarter revenue	338.7	327.7	- 3.2%	- 1.2%
Cumulative 9 months revenue	992.3	975.3	- 1.7%	+ 2.0%

The **Energy Solutions & Specialties** business group's **revenue** totaled €975.3 million in the first 9 months of 2018, down - 1.7% on a reported basis. This change takes into account a significant - €46.9 million exchange rate effect (- 4.7%) and a net perimeter effect of + €9.9 million (+ 1.0%) due to external growth operations completed in the Carbonates division (acquisition of Micronita in Brazil, in November 2017 and Vimal Microns in India, in February 2018, as well as disposal in August 2018 of an activity of lime and limestone production in Brazil, which generated €12 million of revenue in 2017) and in the Monolithic Refractories division (acquisition of Set Linings end of March 2017).

On a like-for-like basis, revenue decreased - 1.2% in the third quarter of 2018 from the previous year. This evolution was primarily driven by the decrease of the **Oilfield Services** division, a business from which the Group has decided to withdraw. While still benefiting from significant growth opportunities over the medium to long term, the **Graphite & Carbon** division faced a slowdown in the lithium-ion battery market in China. In the **Carbonates** division the growth in emerging markets offsetted a softer demand in mature markets. The **Monolithic Refractories** division faced softer industrial markets in Europe (maintenance projects for petrochemicals, incinerators, etc.).

Filtration & Performance Additives

(28% of consolidated revenue as of September 30, 2018)

Quarterly data (unaudited) (€ millions)	2017	2018	Change	
			Actual	Organic
1st quarter revenue	312.4	322.6	+ 3.3%	+ 5.8%
2nd quarter revenue	317.0	333.9	+ 5.3%	+ 5.3%
1st half revenue	629.4	656.5	+ 4.3%	+ 5.5%
3rd quarter revenue	302.2	325.2	+ 7.6%	+ 3.7%
Cumulative 9 months revenue	931.5	981.7	+ 5.4%	+ 4.9%

The **Filtration & Performance Additives** business group's **revenue** totaled €981.7 million in the first 9 months of 2018, a + 5.4% year-on-year increase. It includes a + €46.3 perimeter effect (+ 5.0%) relating in particular to the acquisition of Regain Polymers (September 2017) and a - 42.2 million exchange rate impact (- 4.5%).

On a like-for-like basis, the business group's revenue was up + 3.7% in the third quarter of 2018. Although the market environment remained broadly supportive, the **Performance Additives** division was impacted by the uncertainty on the automotive market. The **Metallurgy** division benefitted from share gains and a healthy market growth. The **Filtration** division enjoyed a positive product mix effect thanks to supportive beer and wine filtration market.

The Group disposed its French cat litter business, that generated €11 million in sales and will be deconsolidated from the Metallurgy division from November 1, 2018.

Ceramic Materials

(18% of consolidated revenue as of September 30, 2018)

Quarterly data (unaudited) (€ millions)	2017		2018	Proforma change	
	Actual	Proforma of Roofing		Actual	Organic
1st quarter revenue	310.9	231.7	208.7	- 9.9%	- 0.7%
2nd quarter revenue	300.9	224.4	214.6	- 4.4%	+ 3.7%
1st half revenue	611.8	456.2	423.3	- 7.2%	+ 1.5%
3rd quarter revenue	285.9	215.4	214.5	- 0.4%	+ 3.4%
Cumulative 9 months revenue	897.7	671.5	637.8	- 5.0%	+ 2.1%

The **Ceramic Materials** business group's **revenue** totaled €637.8 million in the first 9 months of 2018. The - 5.0% year-on-year actual change factors in a significant - €40.9 million negative exchange rate effect (- 6.1%), in particular due to the Brazilian real.

Revenue is up + 3.4% on a like-for-like basis in the third quarter of 2018. The **Ceramics** division maintained a good momentum, particularly in sanitaryware and fiberglass, supported by favorable construction markets. The **Kaolin** division benefitted from its expansion in specialty applications (mainly paint and plastics).

High Resistance Minerals

(26% of consolidated revenue as of September 30, 2018)

Quarterly data (unaudited) (€ millions)	2017	2018	Change	
			Actual	Organic
1st quarter revenue	184.2	304.2	+ 65.1%	+ 10.3%
2nd quarter revenue	171.5	329.8	+ 92.3%	+ 22.6%
1st half revenue	355.7	633.9	+ 78.2%	+ 16.3%
3rd quarter revenue	263.1	309.4	+ 17.6%	+ 12.3%
Cumulative 9 months revenue	618.8	943.3	+ 52.5%	+ 14.6%

The **High Resistance Minerals** business group's **revenue** totaled €943.3 million in the first 9 months of 2018. The + 52.5% year-on-year reported change in revenue factors in a + €258.4 million significant perimeter effect (+ 41.8%) relating to the integration of Kerneos, and to a lesser extent to Zhejiang in China in the Fused Minerals division. The exchange rate impact was substantial at - €24.1 million (- 3.9%).

On a like-for-like basis, revenue increased + 12.3% in the third quarter of 2018, supported by firm price-mix in a context of high raw materials inflation. Demand in the **Aluminates** division, which includes Kerneos, and in the **Fused Minerals** division, continued to grow, albeit at a slower pace in the refractory and the industrial markets.

Financial agenda 2019

February 14, 2019 (before market)	Full Year 2018 Results
May 6, 2019 (post market)	Q1 2018 Results
May 10, 2019	General Meeting of Shareholders
July 30, 2019 (before market)	H1 2018 Results
October 29, 2019 (post market)	Q3 2018 Results

These dates are tentative and may be updated on the Group's website at www.imerys.com, in the *Investors & Analysts / Financial Agenda* section.

Conference call

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

The third quarter 2018 results will be discussed in a **conference call today at 8:30 am** (Paris time). The conference call will be streamed live on the Group's website www.imerys.com.

The world leader in mineral-based specialty solutions for industry, with €4.6 billion revenue and 18,000 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 deliver resources based on beneficiation of its mineral resources, synthetic minerals and formulations. These contribute essential properties to customers' products and performance, including refractoriness, hardness, conductivity, opacity, durability, purity, lightness, filtration, absorption and repellency. Imerys is determined to develop responsibly, in particular by fostering the emergence of environmentally-friendly products and processes.

More comprehensive information about Imerys may be obtained from its website (www.imerys.com) under Regulated Information, particularly in its Registration Document filed with Autorité des marchés financiers on March 20, 2018 under number D.18-0150 (also available from the Autorité des marchés financiers website, www.amf-france.org). Imerys draws the attention of investors to chapter 4, "Risk Factors and Internal Control", of its Registration Document.

***Disclaimer:** This document contains projections and other forward-looking statements. Investors are cautioned that such projections and forward-looking statements are subject to various risks and uncertainties (many of which are difficult to predict and generally beyond the control of Imerys) that could cause actual results and developments to differ materially from those expressed or implied.*

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APPENDIX: THIRD QUARTER 2018 RESULTS (UNAUDITED)

1. CONSOLIDATED REVENUE BREAKDOWN: PROFORMA DATA

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Revenue by business group (€ millions)							
Energy Solutions & Specialties	321.6	332.0	338.7	334.3	319.7	327.9	327.7
Filtration & Performance Additives	312.4	317.0	302.2	305.5	322.6	333.9	325.2
Ceramic Materials	231.7	224.4	215.4	211.9	208.7	214.6	214.5
High Resistance Minerals	184.2	171.5	263.1	296.2	304.2	329.8	309.4
Holding & Eliminations	(15.8)	(14.4)	(16.7)	(16.4)	(25.6)	(25.3)	(22.9)
Group	1,034.1	1,030.5	1,102.7	1,131.5	1,129.6	1,180.9	1,153.9
Like-for-like revenue proforma growth							
Energy Solutions & Specialties	+ 1.0%	+ 0.7%	+ 5.3%	+ 9.0%	+ 4.9%	+ 2.6%	- 1.2%
Filtration & Performance Additives	+ 6.5%	+ 4.0%	+ 4.8%	+ 6.1%	+ 5.8%	+ 5.3%	+ 3.7%
Ceramic Materials	- 4.5%	- 3.6%	- 1.2%	- 1.2%	- 0.7%	+ 3.7%	+ 3.4%
High Resistance Minerals	+ 14.6%	+ 4.4%	+ 10.7%	+ 13.2%	+ 10.3%	+ 22.6%	+ 12.3%
Group	+ 3.1%	+ 1.4%	+ 4.2%	+ 6.3%	+ 4.7%	+ 6.0%	+ 3.1%
Current operating income (€ millions)							
Group	122.8	140.7	145.4	142.4	129.6	154.2	140.9
Operating margin	11.9%	13.6%	13.2%	12.6%	11.5%	13.1%	12.2%

2. REVENUE BY GEOGRAPHIC DESTINATION

Revenue by geographic destination (€ millions)	9M 2018 revenue	Change vs. 9M 2017	% total 9M 2017 revenue	% total 9M 2018 revenue
Western Europe	1,379.2	+11.6%	39 %	40%
of which France	192.5	+16.5%	5 %	6%
USA / Canada	836.2	-0.3%	26 %	24%
Emerging countries	1,077.9	+14.8%	30 %	31%
Japan / Australia	171.1	+10.7%	5 %	5%

3. KEY INCOME INDICATORS

Consolidated results (€ millions)	Proforma of Roofing					
	Q1 2017	Q2 2017	Q3 2017	Q1 2018	Q2 2018	Q3 2018
Revenue	1,034.1	1,030.5	1,102.7	1,129.6	1,180.9	1,153.9
Current operating income	122.8	140.7	145.4	129.6	154.2	140.9
Net income from current operations	69.6	85.8	88.5	79.4	96.9	89.6
Current net income per share (€)	0.88	1.08	1.12	1.00	1.22	1.13
Net income from discontinued activities	15.5	18.3	14.8	15.8	16.8	15.7
Net income, Group share	78.8	93.4	95.6	91.7	102.4	96.0

4. GLOSSARY

- The term **"on a comparable basis" or "like for like"** 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.