

Imerys: improved activity and results in first quarter 2014

- **Revenue at 904 M€ (- 2.7%), up + 5.0% on comparable basis ⁽¹⁾**
 - Unfavorable Group structure (- 3.9%) and exchange rate (- 3.8%) effects
 - Higher sales on comparable basis in all four business groups: recovery on some markets, start-up of new production capacities
- **Stable current operating income, improved operating margin at 13.0%**
- **+ 1.7% increase in net income from current operations to 74 M€**

Results for the first quarter to March 31, 2014 will be commented on at the Ordinary and Extraordinary General Shareholders' Meeting to be held at 11.00am today. The meeting will be webcast live at www.imerys.com.

Consolidated results <i>Non-audited - € millions</i>	First quarter 2014	First quarter 2013	% current change
Revenue	904.1	929.3	- 2.7%
Current operating income ⁽²⁾	117.3	117.0	+ 0.3%
<i>Operating margin</i>	13.0%	12.6%	+ 0.4 point
Net income from current operations, Group's share ⁽³⁾	73.7	72.5	+ 1.7%
Net income, Group's share	77.6	70.1	n.a.
Net income from current operations, Group's share, per share ^{(3) (4)}	0.97 €	0.96 €	+ 0.6%

Chairman & CEO Gilles Michel commented, "In the first quarter 2014, revenue in each of our business groups rose on a comparable basis. Consolidated net income from current operations also increased. The new production capacities built to serve promising markets, such as proppants, are ramping up and already starting to contribute to the Group's volumes. Imerys is in a good position to continue benefiting from strong demand in the United States and, providing it is confirmed, from economic recovery in Europe."

¹ Throughout this press release, the words "on a comparable basis" mean "at comparable Group structure and exchange rates".

² Throughout the present press release, "Current operating income" means "operating income before other operating revenue and expenses".

³ On a comparable basis, revenue rose + 5.0% and current operating income increased + 4.3%.

⁴ Group's share of net income before other operating revenue and expenses, net.

⁴ The weighted average number of outstanding shares was 76,222,621 in the first quarter 2014 compared with 75,267,211 in the first quarter 2013.

ECONOMIC ENVIRONMENT

In early 2014, demand remained strong overall in North America, despite difficult weather conditions that disrupted industrial activity. In Europe, after several quarters of recession followed by stabilization in late 2013, activity improved in some markets (automotive, industrial equipment, construction, etc.) and countries. Growth slowed in China, Brazil and India.

The depreciation of a high number of currencies (including Japanese yen, Indian rupee, Brazilian real, South African rand and US dollar) against the euro continued in the first quarter 2014.

RECENT EVENTS

On January 31, 2014, Imerys divested four calcium carbonate industrial units serving the paper market that posted total revenue of approximately €75 million in 2012.

In Monolithic Refractories, on February 14, 2014, Calderys acquired the Finnish company Termorak, which is specialized in the design, sourcing and installation of refractory materials for the petrochemical, paper and thermal industry markets. Based in Finland, Termorak also has presence in Sweden and Thailand and achieved €17 million in revenue in 2013.

On March 10, the Group decided not to raise further the offer it launched one month earlier to acquire AMCOL International Corporation, judging that the operation could not be carried out in accordance with its value creation objectives.

The gradual ramp-up of the Wrens proppants plant (United States) and the new carbon black (Belgium) and lime (Brazil) units, which started as planned in late 2013, continued on healthy markets. The fused alumina plant in Bahrain should start up in the second quarter.

OUTLOOK

In Europe, the economic environment seems to be improving, particularly in the northern part of the continent. Demand remains firm in the United States. The various markets served by the Group in emerging countries show more contrasted trends.

Imerys is in a good position to benefit from recovery on markets, provided it is confirmed, and has a stronger financial structure to keep up its growth strategy focused on faster innovation and further geographic and sectorial development.

DETAILED COMMENTARY ON THE GROUP'S RESULTS

REVENUE

- **The Group's revenue rose + 5.0% on a comparable basis**
- **Growth on comparable basis in all business groups**
- **Significant negative impacts of Group structure and exchange rates**

Revenue for the first quarter 2014 totals €904.1 million, down - 2.7% compared with the same period in 2013. This decrease is explained by:

- a negative Group structure effect of -€36.4 million (- 3.9%). The impact of the divestments of Imerys Structure, the four calcium carbonate plants and the shutdown of the Ardoisières d'Angers activity (natural slates business in France) was partly offset by the contribution of acquisitions in Monolithic Refractories (Indoporlen, Tokai and Termorak);
- a negative foreign exchange effect of -€35.4 million (- 3.8%), resulting from the euro's appreciation against many currencies, particularly the US dollar; this impact is mainly due to the effect of converting revenue achieved in other currencies into euros.

At comparable Group structure and exchange rates, revenue in the first quarter 2014, rose + 5.0% compared with the same period in 2013 and grew across all four business groups. Volumes increased + 3.3% (€30.7 million) compared with the first quarter 2013, a very favorable basis of comparison. Sales achieved by the units that recently started up account for one-third of this growth. The price/mix component was positive in each of the business groups, up + 1.7% for the Group as a whole (€15.9 million).

REVENUE BY GEOGRAPHIC DESTINATION (CURRENT CHANGE)

(€ millions)	Q1 2014 revenue	% change Q1 '14 vs. Q1 '13	% consolidated revenue Q1 '14	% consolidated revenue Q1 '13
Western Europe	421.6	- 6.0%	47%	48%
<i>of which France</i>	129.5	- 16.7%	14%	17%
United States/Canada	201.9	- 1.7%	22%	22%
Emerging countries	233.4	+ 1.5%	26%	25%
Other (Japan/Australia)	47.2	+ 4.0%	5%	5%
Total	904.1	- 2.7%	100%	100%

The significant depreciation of many currencies against the euro weighed on revenue in the first quarter 2014 (US dollar - 4%, Japanese yen - 16%, Indian rupee - 18%, Brazilian real - 23%, South African rand - 26%, Canadian dollar - 13% vs. first quarter 2013).

The divestment of Imerys Structure explains the drop in revenue in France. Demand was firm in North America, where it was masked by the weak US dollar, and in Japan/Australia as well. Except in China, where the contraction of some markets weighed on the Group's sales, activity showed resilience amid slower growth in emerging countries.

<i>(non-audited - € millions)</i>	Q1 2014	Q1 2013	Current change %	Structure effect %	Exchange rate effect %	Comp. change %
Revenue of which:	904.1	929.3	- 2.7%	- 3.9%	- 3.8%	+ 5.0%
Energy Solutions & Specialties	303.1	306.7	- 1.2%	- 3.9%	- 5.5%	+ 8.3%
Filtration & Performance Additives	273.6	281.3	- 2.8%	- 0.8%	- 3.7%	+ 1.7%
Ceramic Materials	173.8	188.8	- 7.9%	- 11.8%	- 0.7%	+ 4.6%
High Resistance Minerals	163.3	162.5	+ 0.5%	-	- 3.9%	+ 4.4%
Holding Company & Eliminations	(9.7)	(10.0)	n.s.	n.s.	n.s.	n.s.

Energy Solutions & Specialties

(34% of consolidated revenue)

The high temperature industries (steel, metallurgy, power generation, incineration, casting, cement, petrochemicals, etc.) served by **Monolithic Refractories** have recorded a relative improvement since the end of 2013; steel production grew + 6.7% in Europe in the first quarter 2014 compared with the same period the previous year (source: World Steel Association). The mobile energy sector (**Graphite & Carbon**) continued to grow, as did the non-conventional oilfield sector (**Oilfield Solutions**) in the United States, despite severe weather conditions. **Carbonates** markets showed more contrasting trends: these were positive in consumer goods worldwide (personal care products, packaging, etc.) and in construction in North America and Europe, but global production of printing and writing paper remained stable, still declining in mature countries.

Revenue, at €303.1 million for the first quarter 2014, dropped - 1.2% compared with the first quarter 2013. This decrease includes:

- A negative exchange rate impact for - €16.8 million;
- An unfavorable structure effect (- €12.1 million) relating to the divestment in late January 2014 of the four calcium carbonate plants serving paper industries (- €19.2 million in the first quarter⁵). This impact was partly offset (by + €7.1 million) by the effect of the acquisitions made in Monolithic Refractories (Indoporlen in June 2013, Tokai in July 2013, Termorak in February 2014).

At comparable structure and exchange rates, the increase in revenue was + 8.3%. It includes, for almost €10 million, the first sales from the proppants, carbon black and lime production plants that started in late 2013 and reflects positive trends on the main underlying markets.

The ramp-up of the Wrens (United States) plant is going as planned with product qualification continuing with oil services companies and local operators. Following this launch, an additional purchase payment of €20 million was made in the first quarter 2014.

⁵ As of December 31, 2013, these plants have been classified as « Assets held for sale », the actual disposal being completed on January 31, 2014. Accordingly, the net income from these sites for the month of January 2014 has been recognized as « Results from available for sales activities ». The Group structure impact on Revenue and Current operating income consequently relates the complete first quarter 2014.

Filtration & Performance Additives

(30% of consolidated revenue)

The **Filtration & Performance Additives** business group serves a great number of industries (agri-food, plastics, paint, rubber, catalysis, paper, pharma, personal care & beauty, etc.). Its activity is driven by trends in consumer goods (beverages, food, magazines, packaging, etc.), capital goods (particularly automotive) and construction (new buildings and renovation).

In the first quarter 2014, demand was firm on the business group's main markets. Manufacturing activity was firm in the United States despite adverse weather conditions and gradually picked up in Europe (automotive sector and construction in some countries). Production of printing and writing paper, however, decreased again in mature countries (- 2% - RISI and Imerys estimates) and grew more slowly in emerging countries (+ 2%).

Revenue totaled €273.6 million in the first quarter 2014. This - 2.8% decrease includes the negative impact of exchange rates for - €10.3 million and a limited structure effect (- €2.3 million).

At comparable structure and exchange rates, revenue rose + 1.7%. The business group benefited from the healthy momentum on its main markets, rapid development in the use of a number of minerals (e.g. talc for automotive polymers) and the launch of new products, which more than offset the significant drop in kaolin volumes.

Ceramic Materials

(19% of consolidated revenue)

In **Building Materials** in France (supply of clay roof tiles and roofing accessories by Imerys Toiture), particularly mild weather conditions in these first months of 2014 offset yet again another slump in new construction (- 3.9% over 12 sliding months to the end of February 2014 – new single-family housing starts – source: French sustainable development commission (CGDD)). Sales of clay roof tiles rose by + 9% compared with the first quarter 2013 for the trade as a whole (source: estimate - French roof tiles & bricks federation (FFRB)).

Thanks to the development of its geographic, industrial and market positioning, the **Minerals for Ceramics** activity benefited from firm demand in North America and emerging countries.

In the first quarter 2014, **revenue**, at €173.8 million, fell - 7.9% compared with the first quarter 2013. This decrease is entirely due to a negative structure effect of - €22.2 million (- 11.8%) relating to the divestment of Imerys Structure (May 2013) and the announcement of the shutdown of Ardoisières d'Angers (natural slates activity in France), by the end of 2013. Exchange rates had a negative effect of - €1.3 million.

At comparable structure and exchange rates, revenue of the first quarter 2014 increased + 4.6% compared with a favorable basis of comparison in Building Materials. The particularly mild weather in France in the first quarter 2014 notably contrasted with the very adverse conditions in the first quarter 2013.

High Resistance Minerals

(17% of consolidated revenue)

Through its **Refractory Minerals** and **Fused Minerals** specialties, the business group is exposed to high temperature industries (steel, metal casting, glass, aluminum, etc.) and to the industrial equipment and capital goods markets (machine-tools, automotive, etc.). After slumping heavily in the first nine months of 2013, demand picked up in the first quarter 2014 in Europe and remained firm in North America. The slowdown observed in late 2013 continued in China.

At €163.3 million, the business group's **revenue** (+ 0.5% vs. first quarter 2013) takes into account a negative exchange rate effect for - €6.4 million (- 3.9%).

At comparable structure and exchange rates, revenue increased + 4.4%. Strong demand was amplified by an inventory rebuilding effect in some segments. The business group's activity decreased in China, where restructuring of industrial and commercial assets continued.

CURRENT OPERATING INCOME

- **Improvement in operating margin to 13.0%**
- **Upturn in volumes, firm price/mix component**

Current operating income totaled €117.3 million (+ 0.3%) in the first quarter 2014 and takes the following items into account:

- A negative Group structure effect of - €3.5 million (- 3.0%) relating to the divestment of the Imerys Structure activity and of the four calcium carbonate plants, as well as the shutdown of Ardoisières d'Angers (natural slates activity in France). Their effect was partly offset by the contribution of Tokai, Indoporlen and Termorak (Monolithic Refractories);
- An unfavorable exchange rate effect of - €0.5 million (- 0.4%), which is limited compared with the effect on revenue. The currency translation impact on current operating income is partly offset by the improved cost base in the countries from which Imerys exports its minerals (currency transaction effect).

At comparable Group structure and exchange rates, current operating income rose + 3.7%. The contribution resulting from volumes amounted to + €14.4 million. Fixed costs rose + €11.4 million, with half of this amount directly attributable to higher activity. The remainder represents fixed production costs and general expenses for the new capacities launched in 2013 and the increase of R&D spending.

The product price/mix effect totals + €12.0 million, whereas inflation in variable costs was limited (- €0.9 million).

At 13.0%, the Group's **operating margin** improved + 0.4 point compared with the first quarter 2013 (12.6%).

NET INCOME FROM CURRENT OPERATIONS

Net income from current operations increased + 1.7% and amounts to €73.7 million (€725 million in first quarter 2013). It includes the following items:

- Financial expense for - €14.7 million (vs. - €15.8million in first quarter 2013):
 - improvement in interest expense on financial debt (- €11.4 million in first quarter 2014, compared with - €13.3 million in first quarter 2013) due to the lower cost of financial debt over the period;
 - net financial cost of pensions and other changes in provisions represented - €2.2 million (- €3.5 million in first quarter 2013);
 - net impact of foreign exchange and financial instruments were an expense of - €1.1 million (+ €1.0 million in first quarter 2013).
- The - €28.9 million tax charge (- €28.3 million in first quarter 2013), representing a slight rise in the effective tax rate to 28.2% (28.0% in first quarter 2013) and mainly reflecting the effect of the increase of French tax contributions.

NET INCOME

Other operating income and expenses, net of tax amounted to €12.7 million in the first quarter 2014. This amount, net of tax, (€3.9 million in the first quarter 2014) is made of:

- Gains from disposals, costs related to acquisitions and divestments for a total after-tax amount of + €32.0 million including notably the termination fees under the AMCOL acquisition contract, minus the expenses incurred by Imerys with respect to this operation, as well the capital gains on the divestment of four carbonates units dedicated to the paper market;
- Restructuring charges mostly made of additional expenses related to operations initiated in 2013 (closure of Venezuelan activities, shutdown of Ardoisières d'Angers, restructuring of Kaolin for paper and some Chinese activities), for an after-tax amount of - €28.1 million.

After taking into account other operating income and expenses, net of tax, the **Group's share of net income** amounted to €77.6 million in the first quarter 2014 (€70.1 million in first quarter 2013).

FINANCIAL SITUATION

Net financial debt, which totaled €885 million as of December 31, 2013, decreased slightly as of March 31, 2014. On March 14, 2014, Moody's reconfirmed the long-term credit rating (unsecured senior debt) it had given Imerys in 2011, Baa2 with a stable outlook. The short-term rating of P-2 was also renewed, again with a stable outlook.

Financial agenda 2014

July 30	First half 2014 results
October 30	Third quarter 2014 results

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

Meeting

The press release is available from the Group's website www.imerys.com with access via the homepage in the "News" section.

Imerys is holding its Ordinary & Extraordinary Shareholders' Meeting at 11.00am today at Pavillon Dauphine (Place du Maréchal de Lattre de Tassigny – 75116 Paris). Commentary will be given on the first quarter 2014 results at the meeting, which will be webcast live on the Group's website, www.imerys.com.

The world leader in mineral-based specialty solutions for industry, with €3.7 billion revenue and 15,800 employees in 2013, **Imerys** transforms a unique range of minerals to deliver essential functions (heat resistance, mechanical strength, conductivity, coverage, barrier effect, etc.) that are essential to its customers' products and manufacturing processes.

Whether mineral components, functional additives, process enablers or finished products, Imerys' solutions contribute to the quality of a great number of applications in consumer goods, industrial equipment or construction. Combining expertise, creativity and attentiveness to customers' needs, the Group's international teams constantly identify new applications and develop high value-added solutions under a determined approach to responsible development. These strengths enable Imerys to develop through a sound, profitable business model.

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 20, 2014 under number D.14-0173 (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.

Warning on projections and forward-looking statements: The declarations made in this document contain projections and 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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FIRST QUARTER 2014 RESULTS (NON-AUDITED)
APPENDIX

1. CONSOLIDATED REVENUE BREAKDOWN

Comparable quarterly change 2014 vs. 2013	Q1 2014			
	+ 5.0%			
Reminder 2013 vs. 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
	- 4.0%	- 3.8%	- 0.4%	+ 3.4%

Revenue by business group (€ millions)	Q1 2014	Q4 2013	Q1 2013
Energy Solutions & Specialties	303.1	307.7	306.7
Filtration & Performance Additives	273.6	272.2	281.3
Ceramic Materials	173.8	164.1	188.8
High Resistance Minerals	163.3	157.3	162.5
Holding Company & Eliminations	(9.7)	(10.0)	(10.0)
Total	904.1	891.3	929.3

Quarterly change (non-audited)	Q1 2013	Q1 2012	Current change %	Structure effect %	Exchange rate effect %	Comp. change %
Revenue of which:	929.3	974.4	- 4.6%	+ 0.8%	- 1.5%	- 4.0%
Energy Solutions & Specialties	306.7	318.9	- 3.8%	+ 0.1%	- 2.6%	- 1.3%
Filtration & Performance Additives	281.3	282.9	- 0.5%	+ 2.7%	- 0.5%	- 2.7%
Ceramic Materials	188.8	199.1	- 5.2%	0.0%	- 0.2%	- 5.0%
High Resistance Minerals	162.5	188.2	- 13.7%	0.0%	- 1.5%	- 12.2%
Holding Company & Eliminations	(10.0)	(14.7)	n.s.	n.s.	n.s.	n.s.

2. KEY INCOME INDICATORS

<i>(€ millions)</i>	Q1 2014	Q1 2013	Change
Revenue	904.1	929.3	- 2.7%
Current operating income	117.3	117.0	+ 0.3%
Financial expense	(14.7)	(15.8)	
Current taxes	(28.9)	(28.3)	
Minority interests	(0.0)	(0.3)	
Net income from current operations ⁽¹⁾	73.7	72.5	+ 1.7%
Other operating income and expenses, net	3.9	(2.5)	
Net income ⁽¹⁾	77.6	70.1	+ 10.8%

(1) Group's share.