

## Imerys reports increase in first-half 2016 results

- **+ 1.9% growth in revenue**
  - Contribution from acquisitions completed in 2015
  - - 2.2% organic growth amid slower market decline overall
- **+ 6.9% increase in current operating income**
  - Operating margin up + 70 basis points to 14.0%
  - Positive price-mix effect largely driven by new products
  - Contribution of synergies from acquisitions
- **+ 5.2% increase in net income from current operations**
- **Robust cash flow generation at 176.7 M€**
- **2016 outlook: increase in net income from current operations to be comparable to the first half year, assuming a constant environment**

Chairman & CEO Gilles Michel commented,

*“In the first half of 2016, Imerys continued to improve its operating performance on markets that decreased less than last year overall. These results reflect the benefits of external growth, with acquisitions delivering further synergies, and of our operating excellence and innovation programs. 2016 will be another year of progress, with the Group’s full year growth in net income from current operations likely to be comparable to the first half, assuming unchanged market conditions and environment.”*

Consolidated results (€ millions)	1 <sup>st</sup> half 2015	1 <sup>st</sup> half 2016	% change on current basis
Revenue	2,057.3	2,096.7	+ 1.9%
Current EBITDA <sup>(1)</sup>	381.2	416.9	+ 9.4%
Current operating income <sup>(1)</sup>	274.0	293.0	+ 6.9%
<i>Operating margin</i>	13.3%	14.0%	+ 0.7 point
Net income from current operations, Group’s share <sup>(1)</sup>	174.7	183.9	+ 5.2%
Net income, Group’s share	145.2	158.1	+ 8.8%
<b>Financing</b>			
Paid capital expenditure	121.5	116.7	- 4.0%
Current free operating cash flow, shareholders’ equity <sup>(1), (2)</sup>	141.4	176.7	+ 24.9%
Net financial debt	2,936.9	2,644.2	- 10.0%
	1,487.9	1,524.1	+ 2.4%
<b>Per share data (euros)</b>			
Net income from current operations, Group’s share <sup>(1), (3)</sup>	2.22 €	2.33 €	+ 5.0%

<sup>1</sup> Throughout this press release, “Current” means “before other operating revenue and expenses”.

<sup>2</sup> Current free operating cash flow: EBITDA after deduction of notional tax, changes in working capital requirement and paid capital expenditure.

<sup>3</sup> The weighted average number of outstanding shares was 78,909,966 in H1 2016 compared with 78,736,146 in H1 2015.

## EVENTS SINCE JUNE 30, 2016

The consolidated first-half financial statements to June 30, 2016 were prepared by the Board of Directors at its meeting of July 27, 2016. There are no significant events to report between the cutoff date and the date of the Board meeting.

## DETAILED REVIEW OF THE GROUP'S RESULTS

### INCREASE IN REVENUE TO €2,096.7 MILLION

Quarterly data (unaudited)	2015 Revenue (€ millions)	2016 Revenue (€ millions)	Change (% prior year)	Change at comp. Group structure and exchange rates (% prior year)	Of which volume effect	Of which price-mix effect
1 <sup>st</sup> quarter	973.6	1,038.1	+ 6.6%	- 1.8%	- 2.6%	+ 0.8%
2 <sup>nd</sup> quarter	1,083.7	1,058.6	- 2.3%	- 2.6%	- 3.3%	+ 0.8%
<b>1<sup>st</sup> half</b>	<b>2,057.3</b>	<b>2,096.7</b>	<b>+ 1.9%</b>	<b>- 2.2%</b>	<b>- 3.0%</b>	<b>+ 0.8%</b>

**Revenue** for the 1<sup>st</sup> half of 2016 totaled €2,096.7 million, up + 1.9% year-on-year on a current basis. This improvement is due to:

- A positive Group structure effect of + €112.1 million (+ 5.4%), which takes into account the consolidation of the acquisitions completed in 2015 (S&B as of March 2015, as well as precipitated calcium carbonates, hydrous kaolin for paper and roofing accessories as of November 2015);
- A negative exchange rate effect of - €27.2 million (- 1.3%), mainly resulting from the appreciation of the euro against several other currencies.

At comparable Group structure and exchange rates, revenue decreased - 2.2% compared with the 1<sup>st</sup> half of 2015, reflecting a relative improvement in the economic environment, with however a continued slump on certain markets (steel, paper, etc.). It benefitted from a positive price-mix effect of + 0.8%, supported by new products. The revenue trend in the 2<sup>nd</sup> quarter of 2016 is mainly due to an unfavorable basis of comparison, particularly in certain business groups, and does not signal a change in trend compared with the 1<sup>st</sup> quarter.

## CURRENT OPERATING INCOME UP + 6.9%

<i>Non-audited quarterly data (€ millions)</i>	<b>2015</b>	<b>2016</b>	<b>% Change</b>
<b>1<sup>st</sup> quarter</b>	123.2	135.4	+ 9.9%
<i>Operating margin</i>	12.7%	13.0%	+ 0.3 point
<b>2<sup>nd</sup> quarter</b>	150.8	157.7	+ 4.5%
<i>Operating margin</i>	13.9%	14.9%	+ 1.0 point
<b>1<sup>st</sup> half</b>	<b>274.0</b>	<b>293.0</b>	<b>+ 6.9%</b>
<i>Operating margin</i>	<b>13.3%</b>	<b>14.0%</b>	<b>+ 0.7 point</b>

**Current operating income** totaled €293.0 million in the 1<sup>st</sup> half of 2016, a + 6.9% increase compared with the 1<sup>st</sup> half of 2015. It includes a + €12.2 million Group structure effect resulting from S&B and the other acquisitions completed at the end of 2015. It also takes into account a favorable exchange rate effect of + €16.6 million, particularly due to the devaluation of the Brazilian real. This aspect should be viewed together with the - €7.6 million negative impact on costs due to high inflation in Brazil, from where the Group exports. Current operating income also benefits from acquisitions gradually delivering synergies, a favorable trend in the business mix and from effective management measures, such as:

- Evolution of product price/mix component (+ €15.6 million);
- + €7.2 million improvement in fixed and variable costs, supported by the operating excellence program and procurement management.

In this context, the Group's **operating margin** improved by + 70 basis points to 14.0% (13.3% in 1<sup>st</sup> half 2015).

## + 5.2% INCREASE IN NET INCOME FROM CURRENT OPERATIONS

**Net income from current operations** increased + 5.2% to €183.9 million (€174.7 M€ in 1<sup>st</sup> half 2015). It includes the following items:

- Financial expense of - €29.1 million, compared with - €23.5 million in the 1<sup>st</sup> half of 2015 due to a lower contribution from foreign exchange and financial instruments (+ 2.0 M€ vs. + 10.2 M€ in 1<sup>st</sup> half 2015). Interest expense decreased slightly to - €24.9 million, compared with - €26.7 million in the 1<sup>st</sup> half of 2015;
- A - €78.1 million tax charge (- €74.1 M€ in 1<sup>st</sup> half 2015), i.e. an effective tax rate of 29.6%, in line with the 1<sup>st</sup> half 2015 rate.

**Net income from current operations per share** rose + 5.0% to €2.33.

## NET INCOME

**Other operating income and expenses, net of tax**, totaled - €25.8 million in the 1<sup>st</sup> half of 2016, compared with - €29.5 million in the 1<sup>st</sup> half of 2015.

After taking other operating income and expenses, net of tax, into account, **the Group's share of net income** totaled €158.1 million (145.2 M€ in 1<sup>st</sup> half 2015).

## ROBUST CURRENT FREE OPERATING CASH FLOW

(€ millions)	H1 2015	H1 2016
<b>Current EBITDA</b>	<b>381.2</b>	<b>416.9</b>
Change in operating working capital requirement (WCR)	(38.3)	(48.3)
Paid capital expenditure	(121.5)	(116.7)
Notional tax	(81.0)	(86.8)
Subsidies, value of divested assets and miscellaneous	1.0	11.6
<b>Current free operating cash flow</b>	<b>141.4</b>	<b>176.7</b>
Paid financial expense (net of tax)	(10.5)	(14.4)
Other WCR items	11.1	15.4
<b>Current free cash flow</b>	<b>142.0</b>	<b>177.7</b>

Imerys generated a robust **current free operating cash flow** in the 1<sup>st</sup> half of 2016 (176.7 M€ vs. 141.4 M€ one year earlier). It mainly results from the following items:

- Higher **EBITDA**, up + 9.4% to €416.9 million in the 1<sup>st</sup> half of 2016;
- A - €48.3 million **change in operating working capital requirement** in the 1<sup>st</sup> half 2016, compared with - €38.3 million in the 1<sup>st</sup> half of 2015, with operating working capital requirement representing 23.4% of annualized sales;
- **Paid capital expenditure**, totaling €116.7 million in the 1<sup>st</sup> half of 2016. The booked amount (€92.1 million) represents 81% of depreciation expense, in line with 1<sup>st</sup> half of 2015 (86%).

## SOUND FINANCIAL STRUCTURE MAINTAINED

(€ millions)	30 June 2015	31 December 2015	30 June 2016
Paid dividends	(132.6)	(132.6)	(138.9)
Net debt, end of period	1,487.9	1,480.4	1,524.1
Average net debt of the period	1,379.3	1,467.0	1,556.3
Shareholders' equity	2,936.9	2,671.8	2,644.2
EBITDA	381.2	745.4	416.9
Net debt / shareholders' equity	50.7%	55.4%	57.6%
Net debt / EBITDA <sup>(4)</sup>	2.1x	2.0x	1.8 x

The Group's **net financial debt** amounts to €1,524.1 million as of the end of June 2016. Current cash flow generation of €177.7 million in the 1<sup>st</sup> half of 2016 covered the dividend payout (€138.9 million) and most of the share repurchases under the Group's buyback program (62.0 M€).

<sup>4</sup> EBITDA last 12 months.

Moody's long-term credit for Imerys has been Baa-2 with a stable outlook since 2011. The short-term rating P-2, also with a stable outlook, was also reaffirmed.

On March 23, Imerys placed a €600 million bond issue in 2 tranches: a €300 million six-year tranche with a 0.875% annual coupon and, for the first time, a 12-year tranche of €300 million with a 1.875% annual coupon. This issue supports the Group's strategy of actively managing its debt and strengthening its liquidity. It allows Imerys, in particular, to anticipate the repayment of the €500 million bond maturing in April 2017, with an annual coupon of 5.0%, while benefiting from very favorable market conditions. It also lengthens the average maturity of its bond financing from 5.5 to 8.0 years.

## COMMENTARY BY BUSINESS GROUP

### REVENUE BY BUSINESS GROUP

(€ millions)	H1 2015	H1 2016	% Change on current basis	Group Structure %	Exchange rates %	% Change on comparable basis
<b>Revenue, of which</b>	<b>2,057.3</b>	<b>2,096.7</b>	<b>+ 1.9%</b>	<b>+ 5.4%</b>	<b>- 1.3%</b>	<b>- 2.2%</b>
Energy Solutions & Specialties	636.0	617.0	- 3.0%	+ 4.2%	- 2.3%	- 4.8%
Filtration & Performance Additives	525.1	570.3	+ 8.6%	+ 10.1%	- 1.5%	- 0.0%
Ceramic Materials	592.4	634.6	+ 7.1%	+ 7.5%	- 0.5%	+ 0.2%
High Resistance Minerals	330.3	299.8	- 9.2%	- 3.5%	- 0.3%	- 5.4%
Holding & Eliminations	(26.5)	(25.0)	n.s.	n.s.	n.s.	n.s.

### Energy Solutions & Specialties

(29% of consolidated revenue in 1<sup>st</sup> half 2016)

Quarterly data (unaudited) (€ millions)	2015	2016	Change on current basis (%)	Change on comparable basis (%)
1 <sup>st</sup> quarter revenue	312.5	300.8	- 3.7%	- 6.8%
2 <sup>nd</sup> quarter revenue	323.5	316.2	- 2.3%	- 2.9%
<b>1<sup>st</sup> half revenue</b>	<b>636.0</b>	<b>617.0</b>	<b>- 3.0%</b>	<b>- 4.8%</b>
Current Operating Income	64.4	67.0	+ 4.1%	+ 3.5%
<i>Operating margin</i>	<i>10.1%</i>	<i>10.9%</i>	<i>+ 0.8 point</i>	
Booked capital expenditure	39.0	32.7	- 16.2%	
<i>as a % of depreciation expense</i>	<i>157%</i>	<i>109%</i>		

The **Energy Solutions & Specialties** business group's **revenue** totaled €617.0 million in the 1<sup>st</sup> half of 2016 (- 3.0% on a current basis). This change takes into account a positive structure effect of + €26.5 million due to the integration of Solvay's precipitated calcium carbonate activities and an unfavorable exchange rate effect of - €14.9 million. At comparable structure and exchange rates, revenue decreased - 4.8% compared with the same period in 2015, mainly because of a weak steel market, particularly in Europe.

Thanks to its capacity expansion and the extension of its specialty offering, the **Carbonates** division took advantage of vibrant North American and Asian markets, while the paper market in Europe remained depressed.

The **Monolithic Refractories** division faced a difficult environment due to poor steel demand and the slowdown on many industrial markets. It continued to expand in India and Asia while adjusting its industrial footprint and costs.

The **Graphite & Carbon** division's sales increased, driven by fast growth in lithium-ion batteries for mobile energy. In addition, Imerys created a company in partnership with Gecko Namibia and in which it has a majority share, to develop its natural graphite offering for European and Asian markets. The company, which should start production in 2017, owns mineral resources and a processing plant in Namibia.

In the **Oilfield Solutions** division, the Group maintained an active industrial and commercial presence on a market that remained weak. For the year as a whole, at unchanged market conditions, the Group confirms that the division's negative contribution to the Group's operating income should not be higher than in 2015 (- €27 million).

In addition, in the 1<sup>st</sup> half of 2016 Imerys created FiberLean™ Technologies, a technological joint venture held 50/50 with Omya, to promote research & development on microfibrillated cellulose (MFC) across multiple applications and sectors.

**Current operating income** rose + 4.1% to €67.0 million thanks to a positive price-mix effect and good control over fixed and overhead costs.

Given these elements, the business group's **operating margin** improved + 0.8 points to 10.9%.

## Filtration & Performance Additives

(27% of consolidated revenue in 1<sup>st</sup> half 2016)

Quarterly data (unaudited) (€ millions)	2015	2016	Change on current basis (%)	Change on comparable basis (%)
1 <sup>st</sup> quarter revenue	218.9	278.2	+ 27.1%	+ 2.3%
2 <sup>nd</sup> quarter revenue	306.2	292.1	- 4.6%	- 1.7%
<b>1<sup>st</sup> half revenue</b>	<b>525.1</b>	<b>570.3</b>	<b>+ 8.6%</b>	<b>+ 0.0%</b>
Current Operating Income	88.0	105.0	+ 19.4%	+ 11.5%
<i>Operating margin</i>	16.8%	18.4%	+ 1.6 point	
Booked capital expenditure	21.5	18.9	- 12.1%	
<i>as a % of depreciation expense</i>	80%	67%		

The **Filtration & Performance Additives** business group's **revenue** totaled €570.3 million in the 1<sup>er</sup> half of 2016, an increase of + 8.6%. It includes a structure effect of + €53.0 million, mainly from the acquisition of S&B, for which the cost and income synergy plan is progressing in line with the provisional schedule, as well as a foreign exchange impact of - €7.8 million.

At comparable structure and exchange rates, the - 1.7% decrease in revenue in the 2<sup>nd</sup> quarter of 2016 mainly corresponds to an unfavorable basis of comparison.

Sales of **Performance Minerals** were supported by the development of wollastonite (from S&B) and talc, particularly for automotive polymers. **Minerals for Filtration** benefited from developments on new segments. **Performance Additives for Metallurgy** held out well in the context of a global fall in steel production.

**Current operating income** rose + 19.4% in the 1<sup>st</sup> half of 2016 to €105.0 million, which includes a + €6.4 million structure effect. It benefited from the ramp-up of synergies at S&B and a positive price-mix component driven by the new product development strategy.

**Operating margin** improved by + 1.6 point to 18.4% as a result.

**Capital expenditure programs** continued in the 1<sup>st</sup> half of 2016 to support the Group's developments on the food, pharma and automotive markets in particular.

## Ceramic Materials

(30% of consolidated revenue in 1<sup>st</sup> half 2016)

Quarterly data (unaudited) (€ millions)	2015	2016	Change on current basis (%)	Change on comparable basis (%)
1 <sup>st</sup> quarter revenue	291.0	323.2	+ 11.1%	+ 2.8%
2 <sup>nd</sup> quarter revenue	301.4	311.4	+ 3.3%	- 2.3%
<b>1<sup>st</sup> half revenue</b>	<b>592.4</b>	<b>634.6</b>	<b>+ 7.1%</b>	<b>+ 0.2%</b>
Current Operating Income	106.8	113.7	+ 6.5%	- 11.7%
<i>Operating margin</i>	<i>18.0%</i>	<i>17.9%</i>	<i>- 0.1 point</i>	
Booked capital expenditure	21.4	27.3	+ 27.6%	
<i>as a % of depreciation expense</i>	<i>48%</i>	<i>69%</i>		

The **Ceramic Materials** business group's **revenue** amounted to €634.6 million in the 1<sup>st</sup> half of 2016. The + 7.1% current change from the 1<sup>st</sup> half of 2015 factors in a + €44.2 million structure effect, mainly resulting from the acquisitions of BASF's hydrous kaolin activities in the United States and of Matisco's metal accessories business in the Roofing division. It takes into account a - €3.1 million exchange rate effect.

At comparable structure and exchange rates, revenue was stable in the 1<sup>st</sup> half of 2016 despite downward trends on the paper market.

In the **Roofing** division, the French clay roof tiles market was virtually stable in the 1<sup>st</sup> half of 2016 (+ 0.4%<sup>(5)</sup>). New single-family housing starts decreased slightly and the renovation market showed no signs of recovery during the period.

With difficult conditions continuing on the paper market, the **Kaolin** division benefited from a favorable product mix thanks to further developments in specialty applications.

On conventional markets that showed positive overall trends (floor tiles, tableware, sanitary ware), the **Ceramics** division continued its geographic repositioning strategy by entering into a partnership agreement with Samca, a diversified Spanish industrial group with activities in mining, agriculture, energy and plastics. Under this agreement, Samca acquired Imerys Ceramics Espana (ICES), which operates 2 plants in Spain and several clay, quartz and feldspar mines. Samca will also become the exclusive distributor of Imerys products in Spain for the ceramics industry. Similarly, Imerys will become Samca's exclusive distributor for ceramic materials sold in the rest of the world.

**Current operating income** increased + 6.5% to €113.7 million in the 1<sup>st</sup> half of 2016, taking into account an exchange rate effect of + €13.7 million, mainly relating to Kaolin activities in Brazil. It reflects the firmness of both the price/mix component and variable costs.

The business group's **operating margin**, at 17.9%, was stable in relation to the 1<sup>st</sup> half of 2015 (18.0%).

<sup>5</sup> Source: French roof tiles & bricks federation (FFTB), June 2016 newflash



## High Resistance Minerals

(14% of consolidated revenue in 1<sup>st</sup> half 2016)

Quarterly data (unaudited) (€ millions)	2015	2016	Change on current basis (%)	Change on comparable basis (%)
1 <sup>st</sup> quarter revenue	165.3	148.3	- 10.3%	- 6.4%
2 <sup>nd</sup> quarter revenue	165.0	151.5	- 8.1%	- 4.4%
<b>1<sup>st</sup> half revenue</b>	<b>330.3</b>	<b>299.8</b>	<b>- 9.2%</b>	<b>- 5.4%</b>
Current Operating Income	41.4	40.0	- 3.5%	- 7.8%
<i>Operating margin</i>	<i>12.5%</i>	<i>13.3%</i>	<i>+ 0.8 point</i>	
Booked capital expenditure	14.1	12.6	- 10.6%	
<i>as a % of depreciation expense</i>	<i>87%</i>	<i>87%</i>		

The **High Resistance Minerals** business group's **revenue** totaled €299.8 million in the 1<sup>st</sup> half of 2016. On a current basis, one third of the - 9.2% decline from the 1<sup>st</sup> half of 2015 can be attributed to a structure effect resulting from the divestment of a mineral trading activity in the United States at the end of June 2015. At comparable structure and exchange rates, the - 5.4% decrease in revenue is mainly due to the refractories market.

In this context, the **Refractory Minerals** division continued to restructure its industrial assets.

The **Fused Minerals** division kept up its strategy: it developed specialty products with the first sales of Sol Gel for high-performance abrasives, expanded internationally with the ramp-up of its fused alumina plant in Bahrain, and rolled out its operating excellence program.

The business group's **current operating income**, at €40.0 million (including a + €3.1 million exchange rate effect), is comparable to the 1<sup>st</sup> half 2015 figure. The business group's **operating margin** improved + 0.8 point to 13.3%.

Finally, Imerys has signed an exclusive negotiation agreement with Alteo for the acquisition of a specialty alumina activity (fused and tabular alumina for multiple applications including refractories, abrasives and ceramics) with three manufacturing sites (La Bâthie and Beyrède, France, and Teutschenthal, Germany). This business, which had sales of €80 million in 2015, with sales in Europe, North America and Asia-Pacific, employs 290 persons.

This operation would enable Imerys to broaden and optimize its product offering. It is subject to consultation with the relevant personnel representation bodies and to the approval of the relevant regulatory authorities. It could be completed in the second half of 2016.

## Financial calendar 2016

October 28 (before market opening)	3 <sup>rd</sup> quarter 2016 results
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The above date is tentative and may be updated on the Group's website at [www.imerys.com](http://www.imerys.com), in the *Investors & Analysts/Financial Agenda* section.

## Conference call

The press release is available from the Group's website [www.imerys.com](http://www.imerys.com), via the *News* section on the home page.

The results for the 1<sup>st</sup> half of 2016 will be discussed at a conference call at 6:30pm today (Paris time), to be streamed live on the Group's website [www.imerys.com](http://www.imerys.com).

*The world leader in mineral-based specialty solutions for industry, with €4 billion revenue and 16,000 employees, Imerys delivers high value-added, functional solutions to a great number of sectors, from processing industries to consumer goods and building products. The Group draws on its knowledge of applications, scientific expertise and technological know-how to beneficiate its mineral resources, develop formulations and produce synthetic minerals. 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](http://www.imerys.com)) under Regulated Information, particularly in its Registration Document filed with the Autorité des marchés financiers on March 17, 2016 under number D. 16-0153 (also available from the Autorité des marchés financiers website, [www.amf-france.org](http://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.*

*The present document is a translation of the French language version for information purposes only. In the event of any discrepancies, ambiguity or conflict between the French text and this translation, the French text will prevail. Only the French language version is binding.*

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## 1<sup>ST</sup> HALF 2016 RESULTS

### APPENDIX

(Unaudited quarterly data)

#### 1. CONSOLIDATED SALES BREAKDOWN

Revenue by business group (in € millions)	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Energy Solutions & Specialties	316.2	300.8	303.0	314.1	323.5	312.5
Filtration & Performance Additives	292.1	278.2	271.9	284.5	306.2	218.9
Ceramic Materials	311.4	323.2	294.2	285.8	301.4	291.0
High Resistance Minerals	151.5	148.3	143.1	156.0	165.0	165.3
Holdings & Eliminations	(12.6)	(12.4)	(10.2)	(13.2)	(12.4)	(14.1)
<b>Total</b>	<b>1,058.6</b>	<b>1,038.1</b>	<b>1,002.2</b>	<b>1,027.2</b>	<b>1,083.7</b>	<b>973.6</b>

#### REVENUE BY GEOGRAPHIC DESTINATION (CURRENT CHANGE)

(€ millions)	Revenue H1 2016	% Change H1 16 vs. H1 15	% of consolidated revenue H1 16	% of consolidated revenue H1 15
Western Europe	921.7	+ 2.2%	44%	44%
<i>of which France</i>	249.6	+ 3.4%	12%	12%
USA / Canada	514.1	+ 1.2%	25%	25%
Emerging countries	549.9	+ 0.3%	26%	26%
Other (Japan/ Australia)	111.0	+ 11.8%	5%	5%
<b>Total</b>	<b>2,096.7</b>	<b>+ 1.9%</b>	<b>100%</b>	<b>100%</b>

## 2. KEY INCOME INDICATORS

<i>(in € millions)</i>	Q1 2015	Q1 2016	Change
<b>Revenue</b>	<b>973.6</b>	<b>1,038.1</b>	<b>+ 6.6%</b>
<b>EBITDA</b>	<b>172.7</b>	<b>189.8</b>	<b>+ 9.9%</b>
<b>Current operating income</b>	<b>123.2</b>	<b>135.4</b>	<b>+ 9.9%</b>
Financial income	(11.0)	(17.3)	
Current tax	(33.0)	(34.2)	
Minority interests	(1.0)	(1.1)	
<b>Net income from current operations, Group share</b>	<b>78.2</b>	<b>82.7</b>	<b>+ 5.8%</b>
Other operating income and expenses, net	(9.7)	(10.3)	
<b>Net income, Group share</b>	<b>68.5</b>	<b>72.4</b>	<b>+ 5.7%</b>

<i>(in € millions)</i>	Q2 2015	Q2 2016	Change
<b>Revenue</b>	<b>1,083.7</b>	<b>1,058.6</b>	<b>- 2.3%</b>
<b>EBITDA</b>	<b>208.5</b>	<b>227.2</b>	<b>+ 9.0%</b>
<b>Current operating income</b>	<b>150.8</b>	<b>157.7</b>	<b>+ 4.6%</b>
Financial income	(12.5)	(11.8)	
Current tax	(41.2)	(43.9)	
Minority interests	(0.7)	(0.8)	
<b>Net income from current operations, Group share</b>	<b>96.5</b>	<b>101.2</b>	<b>+ 4.9%</b>
Other operating income and expenses, net	(19.8)	(15.5)	
<b>Net income, Group share</b>	<b>76.7</b>	<b>85.7</b>	<b>+ 11.7%</b>

<i>(in € millions)</i>	H1 2015	H1 2016	Change
<b>Revenue</b>	<b>2,057.3</b>	<b>2,096.7</b>	<b>+ 1.9%</b>
<b>EBITDA</b>	<b>381.2</b>	<b>416.9</b>	<b>+ 9.4%</b>
<b>Current operating income</b>	<b>274.0</b>	<b>293.0</b>	<b>+ 6.9%</b>
Financial income	(23.5)	(29.1)	
Current tax	(74.1)	(78.1)	
Minority interests	(1.7)	(1.9)	
<b>Net income from current operations, Group share</b>	<b>174.7</b>	<b>183.9</b>	<b>+ 5.2%</b>
Other operating income and expenses, net	(29.5)	(25.8)	
<b>Net income, Group share</b>	<b>145.2</b>	<b>158.1</b>	<b>+ 8.8%</b>

### 3. GLOSSARY

Throughout this press release:

- the term "**on a comparable basis**" means: "at comparable Group structure and exchange rates";
  - Restatement of the foreign exchange effect consists of calculating aggregates for the current year at the exchange rate of the previous year. The impact of exchange rate instruments qualifying as hedging instruments is taken into account in current data.
  - Restatement of Group structure effect of newly consolidated entities consists of:
    - for entities entering the consolidation scope in the current year, subtracting the contribution of the acquisition from the aggregates of the current year,
    - for entities entering the consolidation scope in the previous year, subtracting the contribution of the acquisition from January 1 of the current year, until the last day of the month of the current year when the acquisition was made the previous year;
  - Restatement of entities leaving the consolidation scope consists of:
    - for entities leaving the consolidation scope in the current year, subtracting the departing entity's contributions from the aggregates of the previous year as from the first day of the month of divestment,
    - for entities leaving the consolidation scope in the previous year, subtracting the departing entity's contributions from the aggregates of the previous year;
- the term "**Current operating income**" means operating income before other operating income and expenses;
- the term "**Net income from current operations**" means the Group's share of income before other operating revenue and expenses, net;
- the term "**Current free operating cash flow**" means EBITDA after deduction of notional tax, changes in working capital requirement and paid capital expenditure and including subsidies, value of divested assets and miscellaneous (see change in net financial debt in the appendix to this press release);
- the term "**Current free cash flow**" means Current free operating cash flow less financial expense (net of tax) and other working capital requirement items (see change in net financial debt in the appendix to this press release).

**APPENDIX:**  
**SUMMARY OF FINANCIAL STATEMENTS AS OF JUNE 30, 2016**

The Board of Directors met on July 27, 2016 to close the financial statements for the first half ended June 30, 2016. The audit reports are included in the first-half financial report available on the Internet site [www.imerys.com](http://www.imerys.com) (Finance section/ Regulated Information / Periodic Information) or by request (e-mail : [finance@imerys.com](mailto:finance@imerys.com), tel. : + 33 (0)1 49 55 64 01).

**CONSOLIDATED INCOME STATEMENT**

(€ millions)	06.30.2016	06.30.2015	2015
<b>Revenue</b>	<b>2,096.7</b>	<b>2,057.3</b>	<b>4,086.7</b>
<b>Current income and expenses</b>	<b>(1,803.7)</b>	<b>(1,783.3)</b>	<b>(3,548.6)</b>
Raw materials and consumables used	(655.9)	(665.6)	(1,299.5)
External expenses	(563.7)	(545.1)	(1,117.8)
Staff expenses	(446.9)	(431.5)	(877.7)
Taxes and duties	(27.1)	(28.7)	(51.9)
Amortization, depreciation and impairment losses	(113.2)	(113.4)	(225.5)
Other current income and expenses	3.1	1.0	23.8
<b>Current operating income</b>	<b>293.0</b>	<b>274.0</b>	<b>538.1</b>
<b>Other operating income and expenses</b>	<b>(33.4)</b>	<b>(42.4)</b>	<b>(357.2)</b>
Gain or loss from obtaining or losing control	(1.9)	(5.9)	(8.4)
Other non-recurring items	(31.5)	(36.5)	(348.8)
<b>Operating income</b>	<b>259.6</b>	<b>231.6</b>	<b>180.9</b>
<b>Net financial debt expense</b>	<b>(24.9)</b>	<b>(26.7)</b>	<b>(49.1)</b>
Income from securities	6.0	4.5	9.5
Gross financial debt expense	(30.9)	(31.2)	(58.6)
<b>Other financial income and expenses</b>	<b>(4.2)</b>	<b>3.2</b>	<b>(6.4)</b>
Other financial income	126.0	136.0	241.8
Other financial expenses	(130.2)	(132.8)	(248.2)
<b>Financial income (loss)</b>	<b>(29.1)</b>	<b>(23.5)</b>	<b>(55.5)</b>
Income taxes	(70.5)	(61.2)	(56.3)
<b>Net income</b>	<b>160.0</b>	<b>146.9</b>	<b>69.1</b>
Net income, Group share <sup>(1) &amp; (2)</sup>	158.1	145.2	68.4
Net income, share of non-controlling interests	1.9	1.7	0.7

(1) Net income per share

Basic net income per share (in €)	2.00	1.84	0.86
Diluted net income per share (in €)	1.97	1.82	0.85

(2) Net income from current operations, Group share

Basic net income from current operations per share (in €)	2.33	2.22	4.31
Diluted net income from current operations per share (in €)	2.30	2.19	4.24
Other operating income and expenses net of income taxes, Group share	(25.8)	(29.5)	(273.1)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	06.30.2016	06.30.2015	2015
<b>Non-current assets</b>	<b>4,140.1</b>	<b>4,284.4</b>	<b>4,189.1</b>
Goodwill	1,619.1	1,738.1	1,631.3
Intangible assets	72.9	96.0	105.1
Mining assets	570.4	497.2	552.3
Property, plant and equipment	1,561.2	1,685.1	1,589.6
Joint ventures and associates	144.5	137.1	126.2
Other financial assets	27.3	30.1	31.6
Other receivables	37.5	39.0	33.5
Derivative financial assets	24.7	11.2	15.0
Deferred tax assets	82.5	50.6	104.5
<b>Current assets</b>	<b>2,462.7</b>	<b>2,137.9</b>	<b>1,979.7</b>
Inventories	722.5	781.8	738.3
Trade receivables	638.4	657.0	578.1
Other receivables	259.5	250.8	223.6
Derivative financial assets	20.9	4.2	5.0
Other financial assets <sup>(1)</sup>	11.3	21.1	19.6
Cash and cash equivalents <sup>(1)</sup>	810.1	423.0	415.1
<b>Consolidated assets</b>	<b>6,602.8</b>	<b>6,422.3</b>	<b>6,168.8</b>
<b>Equity, Group share</b>	<b>2,602.8</b>	<b>2,907.8</b>	<b>2,644.1</b>
Capital	159.4	161.0	159.2
Premiums	536.6	586.3	530.2
Reserves	1,748.7	2,015.3	1,886.3
Net income, Group share	158.1	145.2	68.4
<b>Equity, share of non-controlling interests</b>	<b>41.4</b>	<b>29.1</b>	<b>27.8</b>
<b>Equity</b>	<b>2,644.2</b>	<b>2,936.9</b>	<b>2,671.9</b>
<b>Non-current liabilities</b>	<b>2,877.9</b>	<b>2,176.4</b>	<b>2,224.2</b>
Employee benefit liabilities	372.5	285.3	322.9
Other provisions	310.0	279.3	304.2
Loans and financial debts <sup>(1)</sup>	2,115.9	1,500.8	1,500.0
Other debts	40.9	40.8	42.4
Derivative financial liabilities	5.7	3.6	1.9
Deferred tax liabilities	32.9	66.6	52.8
<b>Current liabilities</b>	<b>1,080.7</b>	<b>1,309.0</b>	<b>1,272.7</b>
Other provisions	21.2	20.9	19.2
Trade payables	448.7	492.2	441.0
Income taxes payable	84.2	67.8	50.4
Other debts	266.3	272.8	315.6
Derivative financial liabilities	7.6	15.9	19.2
Loans and financial debts <sup>(1)</sup>	214.3	436.4	423.8
Bank overdrafts <sup>(1)</sup>	38.4	3.0	3.5
<b>Consolidated equity and liabilities</b>	<b>6,602.8</b>	<b>6,422.3</b>	<b>6,168.8</b>
<i>(1) Positions included in the calculation of the net financial debt</i>	<i>1,524.1</i>	<i>1,487.9</i>	<i>1,480.4</i>

## CONSOLIDATED STATEMENT OF CASH FLOW

In addition to the table presented below, analyses on the change in the net financial debt:

- from current operating income to current free operating cash flow;
- and from current free operating cash flow to the change in net financial debt

are disclosed in Note 18 to the Condensed financial statements, Chapter 2 of the 1<sup>st</sup> Half Financial Report 2016.

(€ millions)	Notes	06.30.2016	06.30.2015	2015
<b>Cash flow from operating activities</b>		<b>241.4</b>	<b>229.1</b>	<b>544.5</b>
Cash flow generated by current operations	Appendix 1	346.3	320.7	760.4
Interests paid		(31.2)	(37.2)	(61.7)
Income taxes on current operating income and financial income (loss)		(50.0)	(31.7)	(105.8)
Dividends received from available-for-sale financial assets		(0.2)	0.2	0.3
Cash flow generated by other operating income and expenses	Appendix 2	(23.5)	(22.9)	(48.7)
<b>Cash flow from investing activities</b>		<b>(92.6)</b>	<b>(404.3)</b>	<b>(610.5)</b>
Acquisitions of intangible assets and property, plant and equipment		(116.7)	(121.5)	(271.6)
Acquisitions of investments in consolidated entities after deduction of cash acquired		(15.3)	(286.6)	(351.0)
Transaction costs		(2.8)	(7.0)	(10.6)
Changes in estimate of the contingent remuneration of the seller		-	(0.6)	(0.2)
Acquisitions of available-for-sale financial assets		-	-	(0.4)
Disposals of intangible assets and property, plant and equipment		23.3	2.3	7.2
Disposals of investments in consolidated entities after deduction of cash disposed of		8.1	2.7	6.7
Net change in financial assets		4.7	2.3	0.2
Paid-in interests		6.1	4.1	9.2
<b>Cash flow from financing activities</b>		<b>191.3</b>	<b>(61.6)</b>	<b>(154.4)</b>
Capital increases and decreases in cash		6.6	47.6	(10.0)
Disposals (acquisitions) of treasury shares		(61.7)	(10.6)	(11.8)
Dividends paid to shareholders		(137.5)	(132.5)	(132.5)
Dividends paid to non-controlling interests		(1.5)	(0.1)	(0.1)
Acquisitions of investments in consolidated entities from non-controlling interests		(0.1)	-	-
Loan issues <sup>(1)</sup>		611.8	116.9	23.5
Loan repayments <sup>(2)</sup>		(1.8)	(327.3)	(342.8)
Net change in other debts <sup>(3)</sup>		(224.5)	244.4	319.3
<b>Change in cash and cash equivalents</b>		<b>340.1</b>	<b>(236.8)</b>	<b>(220.4)</b>

(€ millions)	06.30.2016	06.30.2015	2015
<b>Opening cash and cash equivalents</b>	<b>411.6</b>	<b>654.5</b>	<b>654.5</b>
Change in cash and cash equivalents	340.1	(236.8)	(220.4)
Impact of changes due to exchange rate fluctuations	20.0	2.3	(22.5)
<b>Closing cash and cash equivalents<sup>(4)</sup></b>	<b>771.7</b>	<b>420.0</b>	<b>411.6</b>
Cash	382.2	272.8	286.8
Cash equivalents	427.9	150.2	128.3
Bank overdrafts	(38.4)	(3.0)	(3.5)

(1) Of which as of June 30, 2016, a €600.0 million bond issue and as of June 30, 2015, a €110.0 million bilateral credit lines utilization.

(2) Of which in 2015, the repayment for an amount of €314.6 million of the high yield bond of the S&B group (Note 13).

(3) Of which as of June 30, 2016, a -€217.6 million net change in commercial papers (+€266.5 million as of June 30, 2015 and +€347.6 million as of December 31, 2015).

(4) As of June 30 2016, the position "Closing cash and cash equivalents" comprises a balance of €3.4 million (€2.4 million as of June 30, 2015 and €3.3 million as of December 31, 2015) not available for Imerys SA and its subsidiaries, of which €1.3 million (€1.6 million as of June 30, 2015 and €3.1 million as of December 31, 2015) with respect to foreign exchange control legislations and €2.1 million (€0.8 million as of June 30, 2015 and €0.2 million as of December 31, 2015) with respect to statutory requirements. As of June 30, 2016, foreign exchange control legislation applies in particular to the Greek entities controlled as a result of the S&B group acquisition (Notes 13 and 19).



## APPENDIX 1: CASH FLOW GENERATED BY CURRENT OPERATIONS

(€ millions)	06.30.2016	06.30.2015	2015
<b>Net income</b>	<b>160.0</b>	<b>146.9</b>	<b>69.1</b>
<b>Adjustments</b>	<b>254.4</b>	<b>246.6</b>	<b>683.3</b>
Income taxes	70.5	61.2	56.3
Share in net income of joint ventures and associates	(2.7)	(3.7)	(8.1)
Dividends received from joint ventures and associates	4.3	3.8	7.4
Impairment losses on goodwill	0.5	0.5	118.8
Share in net income of associates out of the recurring business	(0.8)	-	0.1
Other operating income and expenses excluding impairment losses on goodwill	33.7	41.9	238.3
Net operating amortization and depreciation	113.0	113.2	225.1
Net operating impairment losses on assets	4.0	(0.8)	-
Net operating provisions	11.5	0.8	(9.4)
Dividends receivable from available-for-sale financial assets	-	-	(0.1)
Net interest income and expenses	26.3	26.8	49.1
Share-based payments expense	5.3	3.7	7.3
Change in fair value of hedge instruments	(0.4)	0.5	2.2
Income from current disposals of intangible assets and property, plant and equipment	(10.8)	(1.3)	(3.7)
<b>Change in the working capital requirement</b>	<b>(68.1)</b>	<b>(72.8)</b>	<b>8.0</b>
Inventories	12.9	(25.7)	6.1
Trade accounts receivable, advances and down payments received	(75.4)	(33.1)	41.2
Trade accounts payable, advances and down payments paid	14.2	20.5	(25.5)
Other receivables and debts	(19.8)	(34.5)	(13.8)
<b>Cash flow generated by current operations</b>	<b>346.3</b>	<b>320.7</b>	<b>760.4</b>

## APPENDIX 2: CASH FLOW GENERATED BY OTHER OPERATING INCOME AND EXPENSES

(€ millions)	06.30.2016	06.30.2015	2015
<b>Other operating income and expenses</b>	<b>(33.4)</b>	<b>(42.4)</b>	<b>(357.2)</b>
<b>Adjustments</b>	<b>9.9</b>	<b>19.5</b>	<b>308.5</b>
Transaction costs	2.8	7.0	10.6
Changes in estimate of the contingent remuneration of the seller	-	0.6	0.2
Income from disposals of consolidated investments and available-for-sale financial assets	(0.9)	(1.8)	(2.4)
Impairment losses on goodwill	0.5	0.5	118.8
Income from non-recurring disposals of intangible assets and property, plant and equipment	(1.0)	0.1	0.1
Other net operating amortization and depreciation	6.5	12.0	153.0
Other net operating provisions	(5.1)	(6.2)	15.0
Share in net income of associates out of the recurring business	(0.8)	-	0.1
Income taxes paid on other operating income and expenses	7.9	7.3	13.1
<b>Cash flow generated by other operating income and expenses</b>	<b>(23.5)</b>	<b>(22.9)</b>	<b>(48.7)</b>

## CURRENT FREE OPERATING CASH FLOW

The current free operating cash flow is the residual cash flow resulting from current operating business and remaining after payment of current operating income taxes and operating capital expenditure, receipt of the disposal proceeds of operating assets and adjustment from cash changes in operational working capital requirement

(€ millions)	06.30.2016	06.30.2015	2015
Current operating income	293.0	274.0	538.1
Operating amortization, depreciation and impairment losses <sup>(1)</sup>	113.2	113.4	225.5
Net change in operating provisions	9.1	(6.3)	(17.5)
Share in net income of joint ventures and associates	(2.7)	(3.7)	(8.1)
Dividends received from joint ventures and associates	4.3	3.8	7.4
<b>Operating cash flow before taxes (current EBITDA)</b>	<b>416.9</b>	<b>381.2</b>	<b>745.4</b>
Notional taxes on current operating income <sup>(2)</sup>	(86.7)	(81.0)	(156.7)
<b>Current net operating cash flow</b>	<b>330.2</b>	<b>300.2</b>	<b>588.7</b>
<b>Paid capital expenditures<sup>(3) &amp; (4)</sup></b>	<b>(116.7)</b>	<b>(121.5)</b>	<b>(271.6)</b>
Intangible assets	(3.1)	(7.2)	(48.9)
Property, plant and equipment	(65.3)	(72.4)	(174.4)
Overburden mining assets <sup>(5)</sup>	(23.8)	(18.1)	(50.9)
Debts on acquisitions	(24.5)	(23.8)	2.6
<b>Carrying amount of current asset disposals</b>	<b>11.5</b>	<b>1.0</b>	<b>3.6</b>
<b>Change in the operational working capital requirement</b>	<b>(48.3)</b>	<b>(38.3)</b>	<b>21.8</b>
Inventories	12.9	(25.7)	6.1
Trade accounts receivable, advances and down payments received	(75.4)	(33.1)	41.2
Trade accounts payable, advances and down payments paid	14.2	20.5	(25.5)
<b>Current free operating cash flow</b>	<b>176.7</b>	<b>141.4</b>	<b>342.5</b>
<i>(1) Operating amortization, depreciation and impairment losses</i>	113.2	113.4	225.5
<i>Net operating amortization and depreciation (Appendix 1 of the consolidated statement of cash flows)</i>	113.0	113.2	225.1
<i>Finance leases depreciation (Appendix 3 of the consolidated statement of cash flows)</i>	0.2	0.2	0.4
<i>(2) Effective tax rate on current operating income</i>	29.6%	29.6%	29.1%
<i>(3) Paid capital expenditure</i>	(116.7)	(121.5)	(271.6)
<i>Acquisitions of intangible assets and property, plant and equipment (Consolidated statement of cash flows)</i>	(116.7)	(121.5)	(271.6)
<i>(4) Recognized capital expenditures / asset depreciation ratio</i>	81.4%	86.2%	121.6%
<i>The recognized capital expenditures / asset depreciation ratio equals the paid capital expenditures (except for debts on acquisitions) divided by the increases in amortization and depreciation</i>			
<i>Increases in asset amortization and depreciation</i>	113.2	113.4	225.5
<i>(5) Overburden mining assets</i>	(23.9)	(18.3)	(51.0)
<i>Overburden mining assets - capital expenditure</i>	(23.8)	(18.1)	(50.9)
<i>Neutralization of activated restoration provisions</i>	(0.1)	(0.2)	(0.1)

## CHANGE IN NET FINANCIAL DEBT

(€ millions)	06.30.2016	06.30.2015	2015
<b>Current free operating cash flow</b>	<b>176.7</b>	<b>141.4</b>	<b>342.5</b>
Financial income (loss)	(29.1)	(23.5)	(55.5)
Financial impairment losses and unwinding of the discount	6.1	6.1	7.5
Income taxes on financial income (loss)	8.6	7.0	16.2
Change in income tax debt	16.7	42.2	36.6
Change in deferred taxes on current operating income	11.5	0.1	(1.9)
Change in other items of working capital	(19.8)	(34.5)	(13.8)
Share-based payments expense	5.3	3.7	7.3
Change in fair value of operational hedge instruments	1.9	(0.7)	(0.7)
Change in dividends receivable from available-for-sale financial assets	(0.2)	0.2	0.2
<b>Current free cash flow</b>	<b>177.7</b>	<b>142.0</b>	<b>338.4</b>
<b>External growth</b>	<b>(16.0)</b>	<b>(868.9)</b>	<b>(950.5)</b>
Acquisitions of investments in consolidated entities after deduction of the net debt acquired	(15.9)	(868.9)	(950.1)
Acquisitions of investments in consolidated entities from non-controlling interests	(0.1)	-	-
Acquisitions of available-for-sale financial assets	-	-	(0.4)
<b>Disposals</b>	<b>9.1</b>	<b>2.7</b>	<b>6.7</b>
Disposals of investments in consolidated entities after deduction of the net debt disposed of	8.1	2.7	6.7
Non-recurring disposals of intangible assets and property plant and equipment	1.0	-	-
<b>Transaction costs</b>	<b>(2.8)</b>	<b>(7.0)</b>	<b>(10.6)</b>
<b>Changes in estimate of the contingent remuneration of the seller</b>	<b>-</b>	<b>(0.6)</b>	<b>(0.2)</b>
<b>Cash flow from other operating income and expenses</b>	<b>(23.5)</b>	<b>(22.9)</b>	<b>(48.7)</b>
<b>Dividends paid to shareholders and non-controlling interests</b>	<b>(139.0)</b>	<b>(132.6)</b>	<b>(132.6)</b>
<b>Financing requirement</b>	<b>5.5</b>	<b>(887.3)</b>	<b>(797.5)</b>
Transactions on equity	(55.1)	285.8	227.0
Net change in financial assets	0.4	2.6	0.6
<b>Change in net financial debt</b>	<b>(49.2)</b>	<b>(598.9)</b>	<b>(569.9)</b>
<b>(€ millions)</b>	<b>06.30.2016</b>	<b>06.30.2015</b>	<b>2015</b>
<b>Opening net financial debt</b>	<b>(1,480.4)</b>	<b>(869.9)</b>	<b>(869.9)</b>
Change in net financial debt	(49.2)	(598.9)	(569.9)
Impact of changes due to exchange rate fluctuations	5.5	(19.1)	(40.6)
<b>Closing net financial debt</b>	<b>(1,524.1)</b>	<b>(1,487.9)</b>	<b>(1,480.4)</b>