Colombes, 22 February 2018

Arkema: Full year 2017 results

- A very good year end, driving an excellent full-year performance for 2017 and demonstrating the rationale of the Group's strategy
- **€8,326 million** in **sales**, **up 10.5%** on 2016, with 8.9% organic growth
- **EBITDA up 17%** to **€1,391 million**, led by strong growth for all three of the Group's divisions
- **EBITDA margin** at **16.7%** (15.8% in 2016)
- **Adjusted net income up 42%** to **€592 million,** representing **€7.82** per share (€5.56 per share in 2016)
- Very strong cash generation, with **€565 million in free cash flow** and a significant reduction in net debt to **€1,056 million** (versus €1,482 million at 31 December 2016), *i.e.* 0.8 times 2017 EBITDA
- Proposed **dividend** increase from €2.05 to **€2.30** per share

The Board of Directors of Arkema met on 21 February 2018 to approve the Group's consolidated financial statements for 2017 and the annual financial statements of the parent company. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"Our very good performance in 2017 reflects the quality of our underlying strategy and the strength of the growth projects for our specialty businesses. We largely exceeded the medium-term financial targets we set ourselves in 2014, with close to €1.4 billion in EBITDA, excellent cash generation and a low level of debt.

The Group is reaping the benefits of its successful innovations for advanced materials meeting our customers' high demand for lighter materials, new energies, 3D printing and consumer goods as demonstrated by our ranking, for the seventh consecutive year, in the Top 100 Global Innovators by Clarivate Analytics.

With Bostik, we have created a leading growth platform in adhesives, which currently represents almost a quarter of our overall sales. Bostik is proving all its potential, with its EBITDA up by more than 50% since it joined Arkema three years ago.

Lastly, our intermediate chemical businesses achieved an excellent performance supported by a very solid environment and the development and productivity initiatives undertaken since several years.

Arkema has demonstrated over the past three years and in different types of operating contexts, the quality of its portfolio of businesses with one of the best growth rates in its industry."

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. RCS 445 074 685
arkema.com

2017 KEY FIGURES

(In millions of euros)	**2017**	**2016**	Year-on-year change
Sales	**8,326**	**7,535**	**+10.5%**
EBITDA	**1,391**	**1,189**	**+17.0%**
EBITDA margin	**16.7 %**	**15.8 %**	
Recurring depreciation and amortization	(449)	(455)	-1.3%
Recurring operating income (REBIT)	**942**	**734**	**+28.3%**
REBIT margin	11.3%	9.7%	
Depreciation and amortization related to purchase price allocation*	(45)	(38)	N/A
Other income and expenses*	(52)	21	N/A
Operating income	**845**	**717**	**+17.9%**
Adjusted net income	**592**	**418**	**+41.6%**
Net income – Group share	576	427	+34.9%
Adjusted net income per share (in €)	7.82	5.56	+40.6%
Weighted average number of ordinary shares	75,682,844	75,201,739	

* In the consolidated income statement, "Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the purchase price allocation process" is now recognized in "Operating expenses". For 2016, other income and expenses were restated to reflect this reclassification.

2017 BUSINESS PERFORMANCE

Sales totaled **€8,326 million** in 2017, up 10.5% on 2016. At constant exchange rates and business scope, the increase was 8.9%. Volumes, which were 2.4% higher year on year, significantly increased in High Performance Materials (+4.4%) driven by Asia, the Group's innovation drive and the start-up of new units. The price effect was positive for all three divisions with a positive 6.5% price effect overall. This reflects the actions taken by the Group to raise selling prices in specialty businesses (which accounted for 71% of Group sales for the year) and positive market conditions in intermediate chemical businesses (which contributed 29% to the Group's total sales figure[1]). The scope effect added 3.3% to sales and included the contribution of Den Braven as well as the impact of the divestment of the activated carbon and filter aid business and the oxo alcohols business. The currency effect was a negative 1.7%, primarily due to the appreciation of the euro against the US dollar.

Broken down geographically, North America represented 32% of Group sales, Europe 38% and Asia and the rest of the world 30%.

At **€1,391 million**, **EBITDA** reached an all-time high, up 17% year on year and largely exceeding the €1.3 billion target that the Group set itself in 2014 for 2017. All three divisions reported EBITDA rises despite higher raw materials costs than in 2016. This performance was led by Bostik's growth, with in particular the contribution of Den Braven,

[1] Acrylics, Fluorogases and PMMA.

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. 445 074 685
arkema.com

the benefits of sustainability innovations and new manufacturing units for advanced materials, excellent results from the Industrial Specialties division, improvements in the acrylic cycle and operational excellence initiatives.

EBITDA margin increased to**16.7%** from 15.8% in 2016, in line with the Group's medium- and long-term targets.

Recurring operating income amounted to **€942 million** compared to €734 million in 2016, in line with EBITDA increase. It includes €449 million in recurring depreciation and amortization, which was overall stable compared to 2016 (€455 million). **REBIT margin**, which corresponds to recurring operating income as a percentage of sales, rose to **11.3%** from 9.7% in 2016.

At **€845 million, operating income** was up 18% year on year. It included €52 million in net other expenses, roughly half of which stemmed from the consequences of hurricane Harvey in the United States and the remaining half from restructuring and acquisition costs. It also included €45 million in depreciation and amortization related to the revaluation of assets carried out as part of the Bostik and Den Braven purchase price allocation processes.

Financial result represented a net expense of **€103 million**, unchanged from 2016.

Income taxes represented a net expense of **€162 million** in 2017 versus a net €193 million expense in 2016. Excluding exceptional items, the tax rate corresponded to 26% of recurring operating income, down significantly on the 29% rate for 2016 due to the more balanced geographic split of the Group's results in 2017. The income tax expense figure comprises various exceptional items, including a one-time €36 million gain with no cash impact arising from the adjustment of deferred taxes following the decrease in corporate tax rate announced in the United States. In view of the Group's strong position that it has built up in the United States and based on its 2017 results, Arkema will benefit with the US tax reform from an estimated tax saving representing around 6% of its adjusted net income, which will reduce its tax rate to around 23% of recurring operating income. This tax saving comes at a time when the Group is substantially increasing its capital expenditure in the United States.

Net income – Group share rose sharply to **€576 million** from €427 million in 2016. Excluding the post-tax impact of non-recurring items, **adjusted net income** came to **€592 million**, representing **€7.82** per share (up 41% on 2016).

In line with the Group's dividend policy, the Board of Directors has decided that at the Annual General Meeting of 18 May 2018 it will recommend increasing the dividend to be paid entirely in cash from €2.05 per share to **€2.30,** representing a payout rate of almost 30% of the Group's adjusted net income. Shares will be traded ex-dividend on 25 May 2018 and the dividend will be paid as from 29 May 2018.

2017 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS (46% OF TOTAL GROUP SALES)

(In millions of euros)	**2017**	**2016**	Year-on-year change
Sales	**3,830**	**3,422**	**+11.9%**
EBITDA	**632**	**570**	**+10.9%**
EBITDA margin	**16.5%**	**16.7%**	
Recurring operating income (REBIT)	**474**	**416**	**+13.9%**
REBIT margin	12.4%	12.2%	

Sales generated by the High Performance Materials division totaled **€3,830 million**, up 11.9% on 2016. The scope effect was a positive 8.0%, reflecting the integration of Den Braven and the CMP business within Bostik as well as the divestment of the activated carbon and filter aid business. At constant exchange rates and business scope, year-on-year sales growth was 5.9%, led by a 4.4% increase in volumes. Volumes rose for all the division's businesses, driven in particular by very high demand in Asia for lighter materials, new energies (batteries and photovoltaics) and consumer goods (sports and consumer electronics) as well as by the contribution of the new specialty molecular sieves unit in Honfleur (France). The price effect was a positive 1.5%, reflecting the actions undertaken by the Group to raise its selling prices. The currency effect was a negative 2.1%.

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. 445 074 685
arkema.com

At **€632 million**, **EBITDA** increased 10.9% year on year, supported by strong volume momentum for advanced materials (Technical Polymers and Performance Additives), as well as by Bostik's growth fueled by the integration of Den Braven and the benefits of first synergies. This strong rise was achieved despite the significant impact of higher costs for certain raw materials and the stronger euro versus the US dollar.

At 16.5%, EBITDA margin held firm compared with the 16.7% margin for 2016.

INDUSTRIAL SPECIALTIES (31% OF TOTAL GROUP SALES)

(In millions of euros)	**2017**	**2016**	Year-on-year change
Sales	**2,545**	**2,316**	**+9.9%**
EBITDA	**585**	**473**	**+23.7%**
EBITDA margin	**23.0%**	**20.4%**	
Recurring operating income (REBIT)	**411**	**300**	**+37.0%**
REBIT margin	16.1%	13.0%	

Industrial Specialties **sales** were up 9.9% year on year to **€2,545 million**. At constant exchange rates and business scope, sales growth was 11.3%, driven by a 9.6% positive price effect reflecting higher prices for certain fluorogases particularly in Europe and Asia, and positive market conditions in the MMA/PMMA chain. Volumes were 1.7% higher than in 2016, driven mainly by good demand in Thiochemicals. The currency effect was a negative 1.4%.

At **€585 million, EBITDA** increased 23.7% year on year and **EBITDA margin** reached **23%** in a market boosted by robust global growth and a more intense environmental policy in China. Against this backdrop, the division's results reflect the return of Fluorogases to a very good level of results, a tight supply/demand situation in the MMA/PMMA business, and a solid performance by Thiochemicals and Hydrogen Peroxide.

COATING SOLUTIONS (23% OF TOTAL GROUP SALES)

(In millions of euros)	**2017**	**2016**	Year-on-year change
Sales	**1,924**	**1,771**	**+8.6%**
EBITDA	**244**	**208**	**+17.3%**
EBITDA margin	**12.7%**	**11.7%**	
Recurring operating income (REBIT)	**135**	**83**	**+62.7%**
REBIT margin	7.0%	4.7%	

At **€1,924 million**, **sales** for the Coating Solutions division rose 8.6% on 2016, led by a 12.1% positive price effect thanks to a better acrylic cycle as well as measures taken to raise selling prices across the entire chain. Volumes were generally stable year on year (edging down just 0.4%), as higher volumes in the division's downstream businesses offset the impact in the Acrylics business of maintenance turnarounds. The divestment of the oxo-alcohol business resulted in a 1.5% negative scope effect and the currency effect was a negative 1.5%.

The division's **EBITDA** amounted to **€244 million,** up 17.3% year on year, and **EBITDA margin** rose to **12.7%** from 11.7% in 2016. As the Group expected, unit margins for acrylic monomers gradually improved from the low points seen in 2016, and were positioned in 2017 between the low and mid point of the cycle. This more than offset the impact of higher input costs on downstream businesses.

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. 445 074 685
arkema.com

CASH FLOW AND NET DEBT AT 31 DECEMBER 2017

In 2017, Arkema generated a high level of **free cash flow** (which corresponds to net cash flow excluding the impact of portfolio management), with a year-on-year increase of €139 million to **€565 million** (€426 million in 2016). This increase reflects the significant rise in EBITDA and tight control of working capital despite a context of rising raw materials costs. At 31 December 2017, the ratio of working capital to annual sales reached a record low at 13.1% compared with 14.5% at 31 December 2016 (excluding Den Braven which was acquired in late 2016). This ratio, which was positively impacted by the appreciation of the euro, mainly reflects the continuing implementation of a strict operational discipline and the optimization drive conducted in several businesses.

The free cash flow also includes €431 million in recurring capital expenditure [2] (representing 5.2% of Group sales) as well as €10 million in exceptional investments for the initial work undertaken as part of the project to double thiochemical production capacity in Malaysia.

In 2018 Arkema expects capital expenditure to amount to around €550 million, corresponding to recurring capital expenditure representing around 5.5% of sales and to exceptional investments for the specialty polyamides project in Asia and the thiochemicals project in Malaysia presented at Arkema's Capital Markets Day in July 2017.

Finally, free cash flow also included €54 million in non-recurring expenses, primarily relating to the consequences of hurricane Harvey in the United States and restructuring costs.

Free cash flow excluding exceptional investments represented 41% of EBITDA for 2017, thus exceeding the Group's target of a 35% EBITDA conversion rate into cash. This performance is in the top range for the industry as a whole.

Portfolio management operations represented a net cash outflow of just €5 million in 2017, with the impact of the purchase of the assets of CMP Specialty Products in the adhesives business almost entirely offsetting the effect of the divestment of the oxo alcohols business.

Cash flow from financing activities totaled **€192 million** in 2017 and included a bond issue for a total net amount of €891 million, the repayment of a bond that had reached maturity for a net amount of €494 million, the payment of a €2.05 per-share dividend totalling €155 million and a €33 million coupon paid on a hybrid bond.

At 31 December 2017 **net debt** stood at **€1,056 million**, down significantly on the €1,482 million net debt figure at 31 December 2016. The Group's gearing decreased to 24% from 35% at end-December 2016 and net debt represented 0.8 times EBITDA for the year. In accordance with IFRS standards, these figures exclude the hybrid bond.

[2] Excluding exceptional capex and capex relating to portfolio management.

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. 445 074 685
arkema.com

KEY FIGURES FOR FOURTH-QUARTER 2017

(In millions of euros)	**Q4 2017**	**Q4 2016**	Year-on-year change
Sales	**1,957**	**1,852**	**+5.7%**
EBITDA	**283**	**243**	**+16.5%**
High Performance Materials	131	116	+12.9%
Industrial Specialties	120	87	+37.9%
Coating Solutions	44	41	+7.3%
EBITDA margin	**14.5%**	**13.1%**	
High Performance Materials	*14.4%*	*13.8%*	
Industrial Specialties	*19.8%*	*15.3%*	
Coating Solutions	*10.1%*	*9.3%*	
Depreciation, amortization and impairment	(118)	(119)	-0.8%
Recurring operating income (REBIT)	**165**	**124**	**+33.1%**
REBIT margin	8.4%	6.7%	
Adjusted net income	**115**	**68**	**+69.1%**
Net income – Group share	137	86	+59.3%
Adjusted net income per share (in €)	1.52	0.90	+68.9%

In the fourth quarter of 2017, **sales** rose 6.7% year on year to **€1,957 million** at constant exchange rates and business scope. The price effect was positive for all three divisions with a positive 6.7% price effect overall. This reflects the actions taken by the Group to raise its selling prices for specialty businesses as well as continuously positive market conditions for intermediate chemical businesses. Despite a 4% increase in volumes for advanced materials, volumes for the Group as a whole remained overall stable against the high basis of comparison of the fourth quarter of 2016, particularly in the Coating Solutions division. The scope effect was a positive 3.7% and included the contribution of Den Braven as well as the impact of the divestment of the oxo alcohols business. The currency effect was a negative 4.7%, primarily attributable to the stronger euro versus the US dollar.

Against this backdrop **EBITDA** was up **16.5%** to **€283 million** and **EBITDA margin** reached **14.5%** compared to 13.1% in fourth-quarter 2016, despite much higher raw materials costs in fourth-quarter 2017 and the stronger euro versus the US dollar. This performance was led by higher volumes for advanced materials, the benefits from Den Braven's integration and first synergies, as well as a very good performance from the Industrial Specialties division.

The **High Performance Materials** division delivered a good performance in spite of higher raw materials costs and the stronger euro. At €909 million, the division's sales rose 8.3% on fourth-quarter 2016, led by a 9.3% positive scope effect, mainly related to the integration of Den Braven and CMP. At constant exchange rates and business scope, year-on-year sales growth came to 3.5%, driven by a 4% increase in volumes for advanced materials driven by Asia and innovation. EBITDA came to €131 million, up 12.9% on fourth-quarter 2016, reflecting the strong sales rise.

The **Industrial Specialties** division achieved another very good quarter, with sales up 6.7% year on year to €606 million. At constant exchange rates and business scope, the increase was 11.7% led by a 13.3% positive price effect, with a positive price effect for all of the division's businesses. At €120 million, the division's EBITDA surged 37.9%, supported by increases across all of the division's businesses and reflecting the continuing tight market conditions for the MAM/PMMA chain as well as good results from the Fluorogases business despite the usual year-end seasonality.

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. 445 074 685
arkema.com

The **Coating Solutions** division reported a slight increase against a high basis of comparison in the fourth quarter of 2016, especially for Asia. At €437 million, Coating Solutions sales were generally stable versus fourth-quarter 2016, edging down just 0.7%, with a 2.1% negative scope effect following the divestment of the oxo alcohols business. At constant exchange rates and business scope, sales rose 6.3% on the fourth quarter of 2016, thanks to a 9.0% positive price effect. EBITDA increased by 7.3% to €44 million, with better margins for acrylic monomers in Europe and the United States more than offsetting the impact in downstream businesses of higher input costs.

POST BALANCE SHEET EVENTS

In line with its strategy of continuing to expand in adhesives, on 2 January 2018 Bostik acquired the assets of XL Brands, a leader in floor covering adhesives in the United States. This transaction, based on a US$205 million enterprise value, will enable Bostik to offer a full range of solutions for this growing high added-value market. The Group aims to reduce the EV/EBITDA multiple paid from 11 times to 7 times within four to five years and after implementing synergies.

In February 2018, Arkema announced a 25% increase of its global polyamide 12 production capacities. This new capacity will be added at Arkema's Changshu platform in China and is expected to come on stream by mid-2020. This investment of a few tens of millions of euros will support the strong demand in growing applications such as cable protection, lighter materials in automobiles, high performance sports shoes and consumer electronics.

OUTLOOK FOR 2018

In 2018, demand in the three main geographic regions should remain well oriented and the environment characterized by a marked strengthening of the euro versus the US dollar [3] and higher and volatile raw materials costs.

Against this backdrop, the Group will benefit from its strong innovation drive in advanced materials, from Bostik's growth with the integration of XL Brands and from a market environment expected to remain globally robust for its intermediate chemical businesses. It will continue to implement its major manufacturing projects, as presented during its Capital Markets Day, for thiochemicals, specialty polyamides, fluoropolymers and Sartomer.

Lastly, the Group will continue its actions to pass on in its selling prices the continuous rises in raw materials costs as well as the rollout of its operational excellence initiatives to partly offset inflation on its fixed costs.

Supported by a good start of the year and this strong internal momentum and despite the euro's current strength, Arkema is confident in its ability to increase its EBITDA in 2018 compared to the excellent performance achieved in 2017.

Further details on the 2017 results and outlook are provided in the "Full year 2017 results" presentation available on Arkema's website at www.finance.arkema.com

The consolidated financial statements at 31 December 2017 have been audited, and an unqualified certification report has been issued by the Company's statutory auditors. These accounts and the statutory auditors' report will be available at end-March in the Company's reference document which will be posted online on Arkema's website at www.finance.arkema.com

[3] 10% increase in euro / US dollar exchange rate has a €(50) m EBITDA impact (translation).

Arkema
420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France
Tel: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96
A French *société anonyme* (joint stock corporation) with share capital of €758,705,060 – Registered in Nanterre under no. 445 074 685
arkema.com

FINANCIAL CALENDAR

3 May 2018	Publication of 1st quarter 2018 results
18 May 2018	Annual General Meeting
1 August 2018	Publication of 1st half 2018 results
6 November 2018	Publication of 3rd quarter 2018 results

*A designer of materials and innovative solutions, **Arkema** shapes materials and creates new uses that accelerate customer performance. Our balanced business portfolio spans High Performance Materials, Industrial Specialties and Coating Solutions. Our globally recognized brands are ranked among the leaders in the markets we serve. Reporting annual sales of €8.3 billion in 2017, we employ around 20,000 people worldwide and operate in some 50 countries. We are committed to active engagement with all our stakeholders. Our research centers in North America, France and Asia concentrate on advances in bio-based products, new energies, water management, electronic solutions, lightweight materials and design, home efficiency and insulation. www.arkema.com*

INVESTOR RELATIONS CONTACTS

Sophie Fouillat	+33 1 49 00 86 37	sophie.fouillat@arkema.com
François Ruas	+33 1 49 00 72 07	francois.ruas@arkema.com

MEDIA CONTACT

Gilles Galinier	+33 1 49 00 70 07	gilles.galinier@arkema.com

DISCLAIMER

The information disclosed in this press release may contain forward-looking statements with respect to the financial position, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented and changes in general economic and financial conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des marchés financiers.

Balance sheet, income statement and cash flow statement data as well as data relating to the statement of changes in shareholders' equity and information by business division included in this press release are extracted from the consolidated financial statements at 31 December 2017 as reviewed by Arkema's Board of Directors on 21 February 2018. Quarterly financial information is not audited.

Information by business division is presented in accordance with Arkema's internal reporting system used by management.

Details of the main alternative performance indicators used by the Group are provided in the tables appended to this press release.

For the purpose of analyzing its results and defining its targets, the Group also uses the following indicators:

- ***REBIT margin:** recurring operating income (REBIT) as a percentage of sales.*
- ***free cash flow:** net cash flow from operating and investing activities excluding the impact of portfolio management.*

For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):

- ***business scope effect:** the impact of changes in the Group's scope of consolidation, which arise from acquisitions and divestments of entire businesses or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect.*
- ***currency effect:** the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review.*
- ***price effect**: the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review.*
- ***volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period.*

ARKEMA Financial Statements

Consolidated financial statements - At the end of December 2017

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	4th quarter 2017 *(non audited)*	End of December 2017 *(audited)*	3rd quarter 2016 *(non audited)*	End of December 2016 *(audited)*
Sales	**1,957**	**8,326**	**1,852**	**7,535**
Operating expenses*	(1,559)	(6,467)	(1,504)	(5,926)
Research and development expenses	(59)	(235)	(57)	(222)
Selling and administrative expenses	(185)	(727)	(177)	(691)
Other income and expenses*	(32)	(52)	13	21
Operating income	**122**	**845**	**127**	**717**
Equity in income of affiliates	1	1	1	8
Financial result	(25)	(103)	(28)	(103)
Income taxes	40	(162)	(16)	(193)
Net income	**138**	**581**	**84**	**429**
Of which non-controlling interests	1	5	(2)	2
Net income - Group share	**137**	**576**	**86**	**427**
*Earnings per share (amount in euros)***	*1.37*	*7.17*	*0.7*	*5.24*
*Diluted earnings per share (amount in euros)***	*1.36*	*7.15*	*0.69*	*5.22*

* Depreciation and amortization associated with revaluation of tangible and intangible assets for allocation of the purchase price of businesses previously included in "Other income and expenses" (see note C4 "Other income and expenses") have been reclassified as "Operating expenses".

** From 2017, in accordance with IAS 33, the earnings per share and diluted earnings per share are calculated based on net income (Group share) less the net-of-tax interest paid to bearers of subordinated perpetual notes (hybrid bonds). The 2016 figures have been restated accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	4th quarter 2017 (non audited)	End of December 2017 (audited)	3rd quarter 2016 (non audited)	End of December 2016 (audited)
Net income	**138**	**581**	**84**	**429**
Hedging adjustments	(5)	20	(20)	(6)
Other items	(4)	(4)	1	(6)
Deferred taxes on hedging adjustments and other items	-	-	(1)	(2)
Change in translation adjustments	(17)	(200)	68	7
Other recyclable comprehensive income	**(26)**	**(184)**	**48**	**(7)**
Actuarial gains and losses	16	32	16	13
Deferred taxes on actuarial gains and losses	(6)	(11)	(10)	(12)
Other non-recyclable comprehensive income	**10**	**21**	**6**	**1**
Total income and expenses recognized directly in equity	**(16)**	**(163)**	**54**	**(6)**
Comprehensive income	**122**	**418**	**138**	**423**
Of which: non-controlling interest	4	5	(1)	-
Comprehensive income - Group share	**118**	**413**	**139**	**423**

INFORMATION BY BUSINESS SEGMENT

(In millions of euros)	**4th quarter 2017** **High Performance Materials**	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	909	606	437	5	**1,957**
Inter segment sales	2	34	17	-	
Total sales	**911**	**640**	**454**	**5**	
EBITDA	**131**	**120**	**44**	**(12)**	**283**
Recurring depreciation and amortization	(42)	(42)	(28)	(6)	(118)
Recurring operating income (REBIT)	**89**	**78**	**16**	**(18)**	**165**
Depreciation and amortization associated with revaluation of tangible and intangible assets for allocation of the purchase price of businesses	**(11)**	**-**	**-**	**-**	**(11)**
Other income and expenses	(5)	(7)	(7)	(13)	(32)
Operating income	**73**	**71**	**9**	**(31)**	**122**
Equity in income of affiliates	0	1	-	-	1
Intangible assets and property, plant and equipment additions	**74**	**79**	**43**	**11**	**207**
Of which Recurring capital expenditure	74	73	43	11	201

(In millions of euros)	**4th quarter 2016** **High Performance Materials**	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	839	568	440	5	**1,852**
Inter segment sales	2	25	14	-	
Total sales	**841**	**593**	**454**	**5**	
EBITDA	**116**	**87**	**41**	**(1)**	**243**
Recurring depreciation and amortization	(39)	(44)	(35)	(1)	(119)
Recurring operating income	**77**	**43**	**6**	**(2)**	**124**
Depreciation and amortization associated with revaluation of tangible and intangible assets for allocation of the purchase price of businesses	(10)	-	-	-	(10)
Other income and expenses	65	(48)	-	(4)	13
Operating income	**132**	**(5)**	**6**	**(6)**	**127**
Equity in income of affiliates	-	1	-	-	1
Intangible assets and property, plant and equipment additions	**75**	**64**	**38**	**5**	**182**
Of which Recurring capital expenditure	73	65	38	5	181

INFORMATION BY BUSINESS SEGMENT

(audited)

End of December 2017

(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3,830	2,545	1,924	27	**8,326**
Inter segment sales	7	141	72	-	
Total sales	**3,837**	**2,686**	**1,996**	**27**	
EBITDA	**632**	**585**	**244**	**(70)**	**1,391**
Recurring depreciation and amortization	(158)	(174)	(109)	(8)	(449)
Recurring operating income (REBIT)	**474**	**411**	**135**	**(78)**	**942**
Depreciation and amortization associated with revaluation of tangible and intangible assets for allocation of the purchase price of businesses	**(45)**	**-**	**-**	**-**	**(45)**
Other income and expenses	(19)	(9)	(8)	(16)	(52)
Operating income	**410**	**402**	**127**	**(94)**	**845**
Equity in income of affiliates	1	0	-	-	1
Intangible assets and property, plant and equipment additions	**186**	**165**	**88**	**20**	**459**
Of which Recurring capital expenditure	168	155	88	20	431

End of December 2016

(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3,422	2,316	1,771	26	**7,535**
Inter segment sales	14	109	56	-	
Total sales	**3,436**	**2,425**	**1,827**	**26**	
EBITDA	**570**	**473**	**208**	**(62)**	**1,189**
Recurring depreciation and amortization	(154)	(173)	(125)	(3)	(455)
Recurring operating income	**416**	**300**	**83**	**(65)**	**734**
Depreciation and amortization associated with revaluation of tangible and intangible assets for allocation of the purchase price of businesses	**(38)**	**-**	**-**	**-**	**(38)**
Other income and expenses	60	(61)	2	20	21
Operating income	**438**	**239**	**85**	**(45)**	**717**
Equity in income of affiliates	1	7	-	-	8
Intangible assets and property, plant and equipment additions	**175**	**175**	**82**	**13**	**445**
Of which Recurring capital expenditure	173	155	82	13	423

CONSOLIDATED BALANCE SHEET

(In millions of euros)	End of December 2017 (audited)	End of December 2016 (audited)
ASSETS		
Intangible assets, net	2,706	2,777
Property, plant and equipment, net	2,464	2,652
Equity affiliates : investments and loans	30	35
Other investments	30	33
Deferred tax assets	150	171
Other non-current assets	230	227
TOTAL NON-CURRENT ASSETS	**5,610**	**5,895**
Inventories	1,145	1,111
Accounts receivable	1,115	1,150
Other receivables and prepaid expenses	181	197
Income taxes recoverable	70	64
Other current financial assets	17	10
Cash and cash equivalents	1,438	623
TOTAL CURRENT ASSETS	**3,966**	**3,155**
TOTAL ASSETS	**9,576**	**9,050**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	759	757
Paid-in surplus and retained earnings	3,575	3,150
Treasury shares	(2)	(4)
Translation adjustments	101	301
SHAREHOLDERS' EQUITY - GROUP SHARE	**4,433**	**4,204**
Non-controlling interests	41	45
TOTAL SHAREHOLDERS' EQUITY	**4,474**	**4,249**
Deferred tax liabilities	271	285
Provisions for pensions and other employee benefits	460	520
Other provisions and non-current liabilities	443	464
Non-current debt	2,250	1,377
TOTAL NON-CURRENT LIABILITIES	**3,424**	**2,646**
Accounts payable	965	932
Other creditors and accrued liabilities	377	402
Income taxes payable	82	62
Other current financial liabilities	10	31
Current debt	244	728
TOTAL CURRENT LIABILITIES	**1,678**	**2,155**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,576**	**9,050**

CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	End of December 2017 (audited)	End of December 2016 (audited)
Cash flow - operating activities		
Net income	581	429
Depreciation, amortization and impairment of assets	501	530
Provisions, valuation allowances and deferred taxes	(41)	(56)
(Gains)/losses on sales of assets	(2)	(106)
Undistributed affiliate equity earnings	2	(5)
Change in working capital	(41)	11
Other changes	8	18
Cash flow from operating activities	**1,008**	**821**
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(459)	(445)
Change in fixed asset payables	6	(37)
Acquisitions of operations, net of cash acquired	(1)	(338)
Increase in long-term loans	(60)	(62)
Total expenditures	**(514)**	**(882)**
Proceeds from sale of intangible assets and property, plant and equipment	10	118
Change in fixed asset receivables	0	0
Proceeds from sale of operations, net of cash sold	11	43
Proceeds from sale of unconsolidated investments	0	19
Repayment of long-term loans	45	38
Total divestitures	**66**	**218**
Cash flow from investing activities	**(448)**	**(664)**
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	3	51
Purchase of treasury shares	(17)	(6)
Dividends paid to parent company shareholders	(188)	(176)
Dividends paid to non-controlling interests	(4)	(4)
Increase/ decrease in long-term debt	870	(38)
Increase/ decrease in short-term borrowings and bank overdrafts	(472)	(83)
Cash flow from financing activities	**192**	**(256)**
Net increase/(decrease) in cash and cash equivalents	752	(99)
Effect of exchange rates and changes in scope	63	11
Cash and cash equivalents at beginning of period	623	711
Cash and cash equivalents at end of period	**1,438**	**623**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

(In millions of euros)	Shares issued						Treasury shares				
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Number	Amount	Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
At January 1, 2017	**75,717,947**	**757**	**1,211**	**689**	**1,250**	**301**	**(65,823)**	**(4)**	**4,204**	**45**	**4,249**
Cash dividend	-	-	-	-	(188)	-	-	-	(188)	(4)	(192)
Issuance of share capital	152,559	2	5	-	-	-	-	-	7	-	7
Purchase of treasury shares	-	-	-	-	-	-	(180,000)	(17)	(17)	-	(17)
Grants of treasury shares to employees	-	-	-	-	(19)	-	212,598	19	-	-	-
Share-based payments	-	-	-	-	13	-	-	-	13	-	13
Other	-	-	-	-	1	-	-	-	1	(5)	(4)
Transactions with shareholders	**152,559**	**2**	**5**	**-**	**(193)**	**-**	**32,598**	**2**	**(184)**	**(9)**	**(193)**
Net income	-	-	-	-	576	-	-	-	576	5	581
Total income and expense recognized directly through equity	-	-	-	-	37	(200)	-	-	(163)	-	(163)
Comprehensive income	**-**	**-**	**-**	**-**	**613**	**(200)**	**-**	**-**	**413**	**5**	**418**
At December 31, 2017	**75,870,506**	**759**	**1,216**	**689**	**1,670**	**101**	**(33,225)**	**(2)**	**4,433**	**41**	**4,474**

ALTERNATIVE PERFORMANCE INDICATORS

To monitor and analyse the financial performance of the Group and its activities, the Group management uses alternative performance indicators. These are financial indicators that are not defined by the IFRS. A reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS is presented below.

RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of December 2017	End of December 2016	4th quarter 2017	4th quarter 2016
OPERATING INCOME	**845**	**717**	**122**	**127**
- Depreciation and amortization associated with revaluation of tangible and intangible assets for allocation of the purchase price of businesses	(45)	(38)	(11)	(10)
- Other income and expenses	(52)	21	(32)	13
RECURRING OPERATING INCOME (REBIT)	**942**	**734**	**165**	**124**
- Recurring depreciation and amortization	(449)	(455)	(118)	(119)
EBITDA	**1,391**	**1,189**	**283**	**243**

Details of depreciation and amortizations:

(In millions of euros)	End of December 2017	End of December 2016	4th quarter 2017	4th quarter 2016
Depreciation and amortization	**(501)**	**(530)**	**(136)**	**(162)**
Of which: Impairment included in other income and expenses	(449)	(455)	(118)	(119)
Of which: Recurring depreciation and amortization	(45)	(38)	(11)	(10)
Of which: Depreciation and amortization associated with revaluation of assets for allocation of the purchase price of businesses	(7)	(37)	(7)	(33)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of December 2017	End of December 2016	4th quarter 2017	4th quarter 2016
NET INCOME - GROUP SHARE	**576**	**427**	**137**	**86**
- Depreciation and amortization associated with revaluation of assets for allocation of the purchase price of businesses	(45)	(38)	(11)	(10)
- Other income and expenses	(52)	21	(32)	13
- Other income and expenses - Non-controlling interests	-	3	-	3
- Taxes on depreciation and amortization associated with revaluation of assets for allocation of the purchase price of businesses	12	10	2	1
- Taxes on other income and expenses	14	4	8	2
- One-time tax-effects	55	9	55	9
ADJUSTED NET INCOME	**592**	**418**	**115**	**68**
- Weighted average number of ordinary shares	75,682,844	75,201,739		
- Weighted average number of potential ordinary shares	75,895,729	75,429,599		
ADJUSTED EARNINGS PER SHARE (€)	**7,82**	**5,56**	**1,52**	**0,90**
DILUTED ADJUSTED EARNINGS PER SHARE (€)	**7,80**	**5,54**	**1,52**	**0,89**

FREE CASH FLOW

(In millions of euros)	End of December 2017	End of December 2016	4th quarter 2017	4th quarter 2016
Cash flow from operating activities	1,008	821	350	246
+ Cash flow from investing activities	(448)	(664)	(174)	(327)
NET CASH FLOW	**560**	**157**	**176**	**(81)**
- Net cash flow from portfolio management operations	(5)	(269)	(1)	(220)
FREE CASH FLOW	**565**	**426**	**177**	**139**

RECURRING INVESTMENTS

(In millions of euros)	End of December 2017	End of December 2016	4th quarter 2017	4th quarter 2016
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	**459**	**445***	**207**	**182**
- Exceptional investments	10	-	6	-
- Investments relating to portfolio management operations	18	-	-	-
- Investments with no impact on net debt	-	22	-	1
RECURRING INVESTMENTS	**431**	**423**	**201**	**181**

* The 2016 figures have been corrected by €2 million, in coherence with the cash flow statement.

NET DEBT

(In millions of euros)	End of December 2017	End of December 2016
Non-current debt	2,250	1,377
Current debt	244	728
Cash and cash equivalents	1,438	623
NET DEBT	**1,056**	**1,482**

WORKING CAPITAL

(In millions of euros)	End of December 2017	End of December 2016
Inventories	1,145	1,111
Accounts receivable	1,115	1,150
Other receivables including income taxes	251	261
Accounts payable	(965)	(932)
Other liabilities including income taxes	(459)	(464)
Derivatives	7	(21)
WORKING CAPITAL	**1,094**	**1,105**

CAPITAL EMPLOYED

(In millions of euros)	End of December 2017	End of December 2016
Goodwill, net	1,525	1,703
Intangible assets other than goodwill, and property, plant and equipment, net	3,645	3,726
Investments in equity affiliates	30	35
Other investments and other non-current assets	260	260
Working capital	1,094	1,105
CAPITAL EMPLOYED	**6,554**	**6,829**