

Investor and analyst factsheet

<i>In millions of euros</i>	2Q'17	2Q'16	Change	1H'17	1H'16	Change
Sales	2,198	1,952	+12.6%	4,350	3,845	+13.1%
Prices	+7.1%			+6.0%		
Volumes	+1.8%			+3.2%		
FX	+0.5%			+0.8%		
Portfolio	+3.1%			+3.2%		
EBITDA	398	341	+16.7%	753	643	+17.1%
High Performance Materials	174	165	+5.5%	340	314	+8.3%
Industrial Specialties	176	134	+31.3%	316	263	+20.2%
Coating Solutions	64	63	+1.6%	138	113	+22.1%
Corporate	(16)	(21)		(41)	(47)	
EBITDA margin	18.1%	17.5%		17.3%	16.7%	
Depreciation and amortization	(112)	(112)	-	(223)	(223)	-
Recurring EBIT	286	229	+24.9%	530	420	+26.2%
NR items	(15)	10		(30)	(1)	
Equity in income of affiliates	0	3		0	6	
Financial results	(26)	(27)	(3.7)%	(51)	(50)	+2.0%
Income taxes	(82)	(68)	+20.6%	(148)	(126)	+17.5%
Net income – Group share	160	147	+8.8%	297	245	+21.2%
Adjusted net income	172	134	+28.4%	319	240	+32.9%
Adjusted EPS (€)	2.28	1.79	+27.4%	4.22	3.21	+31.5%
Weighted average number of ordinary shares	75,671,629	74,799,919		75,671,629	74,799,919	
Capital expenditure¹	83	91	(8.8)%	137	148	(7.4)%
Working capital (12/31)	1,366	1,105				
Net debt (12/31)	1,471	1,482				
Gearing² (12/31)	34%	35%				

2Q 2017 GROUP PERFORMANCE

- **€2,198 m sales**
 - +1.8% volume growth
 - Benefits from innovation in Advanced Materials³
 - Good demand in Asia
 - Impact of two maintenance turnarounds in specialty polyamides and acrylics
 - +7.1% prices
 - Ongoing actions to pass through rising raw materials
 - Gradual improvement of acrylic cycle and increase of certain fluorogas prices
 - +3.1% scope of business
 - Integration of Den Braven and CMP
 - Divestments of activated carbon and filter aid, and oxo-alcohol businesses
 - +0.5% currency
- **€398 m EBITDA**, up 16.7% versus 2Q 2016
 - An all-time high in a quarter
 - 18.1% EBITDA margin up on high 2Q'16, confirming Group's ability to adapt to a rising raw materials context

¹ Excluding investments related to portfolio management and, in 2016, excluding €20 m reallocation of assets without any impact on net debt

² Calculated as financial net debt divided by shareholders' equity

³ Advanced Materials include two Business Lines: Technical Polymers and Performance Additives

2Q 2017 PERFORMANCE BY SEGMENT

<i>In millions of euros</i>	2Q'17	2Q'16	Change	Prices	Volumes	FX	Portfolio
Sales	2,198	1,952	+12.6%	+7.1%	+1.8%	+0.5%	+3.1%
<i>High Performance Materials</i>	990	879	+12.6%	+2.2%	+2.9%	(0.1)%	+7.7%
<i>Industrial Specialties</i>	701	609	+15.1%	+9.5%	+4.5%	+1.2%	-
<i>Coating Solutions</i>	499	457	+9.2%	+13.6%	(4.0)%	+0.9%	(1.4)%
EBITDA	398	341	+16.7%				
<i>High Performance Materials</i>	174	165	+5.5%				
<i>Industrial Specialties</i>	176	134	+31.3%				
<i>Coating Solutions</i>	64	63	+1.6%				
<i>Corporate</i>	(16)	(21)					
EBITDA margin	18.1%	17.5%					
<i>High Performance Materials</i>	17.6%	18.8%					
<i>Industrial Specialties</i>	25.1%	22.0%					
<i>Coating Solutions</i>	12.8%	13.8%					
Recurring EBIT	286	229	+24.9%				
<i>High Performance Materials</i>	135	125	+8.0%				
<i>Industrial Specialties</i>	131	92	+42.4%				
<i>Coating Solutions</i>	36	34	+5.9%				
<i>Corporate</i>	(16)	(22)					

1H 2017 PERFORMANCE BY SEGMENT

<i>In millions of euros</i>	1H'17	1H'16	Change	Prices	Volumes	FX	Portfolio
Sales	4,350	3,845	+13.1%	+6.0%	+3.2%	+0.8%	+3.2%
<i>High Performance Materials</i>	1,966	1,747	+12.5%	+1.5%	+3.5%	+0.1%	+7.5%
<i>Industrial Specialties</i>	1,345	1,195	+12.6%	+6.9%	+4.2%	+1.5%	-
<i>Coating Solutions</i>	1,024	889	+15.2%	+13.9%	+1.1%	+1.2%	(1.1)%
EBITDA	753	643	+17.1%				
<i>High Performance Materials</i>	340	314	+8.3%				
<i>Industrial Specialties</i>	316	263	+20.2%				
<i>Coating Solutions</i>	138	113	+22.1%				
<i>Corporate</i>	(41)	(47)					
EBITDA margin	17.3%	16.7%					
<i>High Performance Materials</i>	17.3%	18.0%					
<i>Industrial Specialties</i>	23.5%	22.0%					
<i>Coating Solutions</i>	13.5%	12.7%					
Recurring EBIT	530	420	+26.2%				
<i>High Performance Materials</i>	262	237	+10.5%				
<i>Industrial Specialties</i>	227	177	+28.2%				
<i>Coating Solutions</i>	83	54	+53.7%				
<i>Corporate</i>	(42)	(48)					

HIGH PERFORMANCE MATERIALS

- Volumes up +2.9% driven by innovation and good demand in Asia, in particular in Technical Polymers
- +7.7% sales impact from M&A reflecting Den Braven and CMP acquisitions and the divestment of the activated carbon and filter aid business
- EBITDA up +5.5% YoY despite higher raw materials and large maintenance turnaround in specialty polyamides in France
 - Good volume momentum in Advanced Materials supported by:
 - the benefits from successful developments in lightweight materials and new energies in Technical Polymers
 - the ramp-up of the new specialty molecular sieves unit in Honfleur (France)
 - Growth in Specialty Adhesives supported notably by Den Braven integration
- 17.6% EBITDA margin in 2Q'17 remaining at high level
 - In Specialty Adhesives, EBITDA margin over the 1st half of the year resisted well at 13.3% (13.8% in 1H'16)

INDUSTRIAL SPECIALTIES

- Sales up +14.0% at constant scope of business and FX driven by positive contribution from volumes and prices
- EBITDA strongly up +31.3% YoY
 - Fluorogases back to high levels of profitability
 - The Group should by end of 2017 achieve the target it had set itself for 2018 to improve this business' EBITDA by €100 m compared to 2014
 - Continued very good market conditions in MMA/PMMA
 - Solid contribution of Thiochemicals and Hydrogen Peroxide
- 25.1% EBITDA margin at historically high levels

COATING SOLUTIONS

- Sales up +9.6% at constant FX and scope of business (divestment of oxo-alcohol business early March 2017)
 - +13.6% price effect reflecting gradually improving acrylic cycle and actions to pass through higher raw material costs throughout the chain
 - Volumes reflecting maintenance turnaround at Clear Lake (US) in Acrylics and stock adjustments at some customers in paints and coatings
- EBITDA slightly up YoY at €64 m
 - In line with Group's assumptions, confirmation of the gradual improvement in acrylic monomers unit margins compared to the low levels of 2Q'16
 - Performance of acrylic downstream activities temporarily impacted by higher input costs, including acrylic acid

CASH FLOW AT END OF JUNE 2017

<i>In millions of euros</i>	2Q'17	Comments
EBITDA	398	
Working capital variation ⁽¹⁾	(42)	<ul style="list-style-type: none"> • Reflects the usual seasonality of working capital and higher sales prices • 15.5% working capital over annualized sales ratio versus 17.2% end of June 2017 ⁽²⁾
Change in fixed assets payables ⁽¹⁾	(2)	
Current taxes	(81)	
Cost of debt	(24)	
Capital expenditure ⁽³⁾	(83)	<ul style="list-style-type: none"> • 2017e capital expenditure: close to €450 m
Others	(2)	
Recurring cash flow	164	
Non-recurring items in operating and investing cash flow	(6)	<ul style="list-style-type: none"> • Mainly restructuring expenses
Free cash flow	158	
Impact of portfolio management	(22)	<ul style="list-style-type: none"> • Including CMP business acquisition in Specialty Adhesives
Net cash flow	136	

⁽¹⁾ Excluding non-recurring items and impact of portfolio management

⁽²⁾ Excluding in 2016 fixed asset payable related to the transfer of a 3rd acrylic acid production line to Taixing Sunke Chemicals

⁽³⁾ Excluding capex relating to portfolio management

NET DEBT AT END OF JUNE 2017

- **€1,471 m** net debt slightly down versus 31 March 2017 despite €155 m dividend payment in May
- 34% gearing

2017 OUTLOOK

In the second half of the year, the global macro-economic environment should remain volatile with contrasted dynamics by end-market and by region, higher raw material costs than last year, and the euro strengthening versus the US dollar.

In this context, Arkema will continue to benefit from growth in adhesives and the integration of Den Braven, innovation in Advanced Materials and downstream acrylics, as well as better prices in fluorogases. The Group will continue to ensure that the higher cost of certain raw materials is reflected in its selling prices. Finally, it will continue implementing its operational excellence initiatives to offset part of fixed cost inflation.

The performance of the first half of the year leads the Group to upgrade its initial EBITDA objective for 2017. The Group now anticipates to exceed €1.3 billion EBITDA and achieve between €1,310 million and €1,350 million EBITDA for the full year.