

Investor and analyst factsheet

	<i>3Q'16</i> <i>in €m</i>	<i>3Q'15</i> <i>in €m</i>	<i>Variation</i>	<i>9m'16</i> <i>in €m</i>	<i>9m'15</i> <i>in €m</i>	<i>Variation</i>
Sales	1,838	1,946	(5.5)%	5,683	5,923	(4.1)%
<i>Prices</i>	<i>(4.5)%</i>			<i>(5.1)%</i>		
<i>Volumes</i>	<i>+2.0%</i>			<i>+2.4%</i>		
<i>FX</i>	<i>(1.0)%</i>			<i>(1.5)%</i>		
<i>Portfolio</i>	<i>(2.0)%</i>			<i>+0.1%</i>		
EBITDA	303	286	+5.9%	946	843	+12.2%
<i>High Performance Materials</i>	<i>140</i>	<i>131</i>	<i>+6.9%</i>	<i>454</i>	<i>391</i>	<i>+16.1%</i>
<i>Industrial Specialties</i>	<i>123</i>	<i>114</i>	<i>+7.9%</i>	<i>386</i>	<i>335</i>	<i>+15.2%</i>
<i>Coating Solutions</i>	<i>54</i>	<i>53</i>	<i>+1.9%</i>	<i>167</i>	<i>167</i>	<i>-</i>
<i>Corporate</i>	<i>(14)</i>	<i>(12)</i>		<i>(61)</i>	<i>(50)</i>	
EBITDA margin	16.5%	14.7%		16.6%	14.2%	
Depreciation and amortization	(113)	(110)	+2.7%	(336)	(326)	+3.1%
Recurring EBIT	190	176	+8.0%	610	517	+18.0%
NR items	(19)	(15)		(20)	(97)	
Equity in income of affiliates	1	2		7	7	
Financial results	(25)	(53)	(52.8)%	(75)	(107)	(29.9)%
Income taxes	(51)	(51)	-	(177)	(87)	+103.4%
Net income – Group share	96	61	+57.4%	341	236	+44.5%
Adjusted net income	110	95	+15.8%	350	283	+23.7%
Adjusted EPS (€)	1.45	1.27	+14.2%	4.66	3.85	+21.0%
Weighted average number of ordinary shares	75,056,676	73,440,526		75,056,676	73,440,526	
Capital expenditure	95	161	(41.0)%	243¹	312	(22.1)%
Working capital (12/31)	1,237	1,067		1,237	1,067	
Net debt (12/31)	1,201	1,379		1,201	1,379	
Gearing² (12/31)	29%	35%		29%	35%	

3Q'16 GROUP PERFORMANCE

- **€1,838 m sales**, 5.5% down versus 3Q'15
 - +2.0% volume growth
 - Up YoY in all 3 divisions
 - (4.5)% prices
 - Reflects changes in raw material prices
 - (2.0)% scope of business
 - Divestment of Sunclear
 - (1.0)% currency
- **€303 m EBITDA**, 5.9% up on 3Q'15
 - Excellent results in High Performance Materials and Industrial Specialties
 - All-time high in a 3rd quarter
 - 16.5% EBITDA margin reflecting growing share of higher value added businesses and Bostik's progress

¹ Excluding €20 m reallocation of assets in 2Q'16 without any impact on net debt

² Calculated as net financial debt divided by shareholders' equity

9m'16 PERFORMANCE BY SEGMENT

	9m'16 in €m	9m'15 in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	5,683	5,923	(4.1)%	(5.1)%	+2.4%	(1.5)%	+0.1%
High Performance Materials	2,583	2,515	+2.7% ³	(1.8)%	+2.2%	(2.1)%	+5.3%
Industrial Specialties	1,748	1,918	(8.9)% ³	(4.3)%	+1.7%	(0.9)%	(6.4)%
Coating Solutions	1,331	1,470	(9.5)%	(11.8)%	+3.5%	(1.1)%	-
EBITDA	946	843	+12.2%				
High Performance Materials	454	391	+16.1%				
Industrial Specialties	386	335	+15.2%				
Coating Solutions	167	167	-				
EBITDA margin	16.6%	14.2%					
High Performance Materials	17.6%	15.5%					
Industrial Specialties	22.1%	17.5%					
Coating Solutions	12.5%	11.4%					
Recurring EBIT	610	517	+18.0%				
High Performance Materials	339	281	+20.6%				
Industrial Specialties	257	206	+24.8%				
Coating Solutions	77	81	(4.9)%				

3Q'16 PERFORMANCE BY SEGMENT

	3Q'16 in €m	3Q'15 in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	1,838	1,946	(5.5)%	(4.5)%	+2.0%	(1.0)%	(2.0)%
High Performance Materials	836	866	(3.5)% ³	(2.5)%	+1.2%	(1.4)%	-
Industrial Specialties	553	608	(9.0)% ³	(4.1)%	+1.1%	(0.7)%	(6.4)%
Coating Solutions	442	465	(4.9)%	(8.9)%	+4.6%	(0.7)%	-
EBITDA	303	286	+5.9%				
High Performance Materials	140	131	+6.9%				
Industrial Specialties	123	114	+7.9%				
Coating Solutions	54	53	+1.9%				
EBITDA margin	16.5%	14.7%					
High Performance Materials	16.7%	15.1%					
Industrial Specialties	22.2%	18.8%					
Coating Solutions	12.2%	11.4%					
Recurring EBIT	190	176	+8.0%				
High Performance Materials	102	94	+8.5%				
Industrial Specialties	80	70	+14.3%				
Coating Solutions	23	24	(4.2)%				

³ At 1st January 2016, a business was transferred from 1st Performance Additives to Industrial Specialties.
YoY sales variation includes the impact of this transfer.

HIGH PERFORMANCE MATERIALS

- Solid performance of Bostik
 - EBITDA up 4% YoY supported by geographic expansion and synergies which largely offset adverse FX effect
- On the rest of the division, EBITDA significantly up YoY
 - Higher volumes driven by good development of Technical Polymers in lighter materials and new energies offsetting softer demand in applications such as oil & gas
 - Very good EBITDA margin
- Divestment of Activated Carbon and Filter Aid business completed on 2 November 2016 (EV €145 m)

INDUSTRIAL SPECIALTIES

- Lower selling prices vs 3Q'15 partially offset by higher volumes
 - Reflects lower raw materials and product mix in certain activities
- EBITDA margin at an excellent level in 3Q at 22.2%
 - Good performance of Fluorogases
 - Ongoing favourable market conditions in PMMA
 - Regulatory maintenance turnaround in Thiochemicals in Malaysia
- Proposed shutdown⁴ of the R134a fluorogas plant in Pierre-Bénite in France

COATING SOLUTIONS

- Overall good resilience of results
 - EBITDA slightly up YoY
 - EBITDA margin at 12.2%
- Unit margins in monomers stabilized at low levels
 - In line with Group assumptions
 - Volumes up versus 3Q'15
- In downstream, further benefits of innovation in a moderate growth environment

⁴ Project subject to the legal information and consultation process involving employee representative bodies

CASH FLOW AT THE END OF SEPTEMBER 2016

(in €m)	3Q'16	Comments
EBITDA	303	
Working capital variation ⁽¹⁾	107	Usual seasonality of working capital 16.8% working capital over annualized sales ratio ⁽²⁾ (17.6% end of September 2015)
Taxes	(56)	Current taxes excluding non-cash items
Cost of debt	(22)	
Capex ⁽³⁾	(94)	2016e capex: slightly below €450 m
Others	17	Including +€21 m tax credit received, in 2015, in 4 th quarter
Recurring cash flow	255	
Non-recurring items in operating and investing cash flow	(10)	Mainly restructuring costs
Free cash flow	245	
Impact of portfolio management	(44)	Corresponding mainly to the implementation of the agreements concluded with Jurong in acrylics in China
Net cash flow	201	

⁽¹⁾ Variation in working capital and fixed asset payables excluding non-recurring items and impact of portfolio management

⁽²⁾ Working capital at 30 September / (3Q sales * 4). At 30 September 2015, working capital excluding fixed asset payable related to the transfer of a 3rd acrylic acid production line to Taixing Sunke Chemicals

⁽³⁾ Excluding capital expenditure related to portfolio management and restructuring operations

NET DEBT AT THE END OF SEPTEMBER 2016

- **€1,201 m** net debt at 30 September 2016, significantly down on 30 June 2016 (€1,406 m)
- 29% gearing

2016 OUTLOOK

Over the end of the year, the macro-economic environment should remain characterized by moderate world growth, different dynamics by region, and volatility in energy prices, raw materials and currencies.

In this environment, Arkema will continue to focus on its internal drivers and will benefit in particular from the further development of Bostik and new materials and from its operational excellence initiatives aimed at offsetting part of the inflation on fixed costs. The improvement in fluorogases should be limited over the last quarter given the traditional seasonality of this activity at year-end.

Taking into account these elements and the very good results achieved over the first nine months of the year, Arkema adjusts its target upwards. Assuming an energy, raw material and currency environment in the continuity of the 3rd quarter, and taking account of the traditional year-end seasonality, Arkema now aims to achieve a significant EBITDA growth of some 9% to 10% over the year compared to 2015.