Colombes, 3 May 2018

Arkema: First-quarter 2018 results

- **Sales** up **7.3%** year on year to **€2,172 million** (at constant exchange rates and business scope)
- Good **7.9% EBITDA** growth at **€383 million**, despite a high basis of comparison (€355 million in Q1 2017) and a stronger euro
- **17.6% EBITDA margin** at an historically high ratio in a first quarter (16.5% in Q1 2017), confirming the Group's good resilience despite rising raw materials costs
- Strong increase of **33%** in **adjusted net income** to **€195 million**, representing **€2.57** per share
- **Net debt** of **€1,227 million**, taking into account the acquisition of XL Brands and reflecting a close-to-balance free cash flow despite the usual seasonality of working capital

The Board of Directors of Arkema met on 2 May 2018 to review the Group's consolidated financial statements for the first quarter of 2018. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"Arkema has made a very strong start to the year, with a 33% year on year increase in adjusted net income despite a high basis of comparison in first quarter 2017 and the very strong appreciation of the euro.

These excellent results are supported by the success of our innovation drive in advanced materials, the benefits of increased production capacities in specialty molecular sieves in France and PVDF in China last year, the integration of XL Brands in adhesives and the confirmation of the very good performance of our intermediate chemical businesses. It also reflects lower tax rate and cost of debt.

This start to the year gives us full confidence in our ability to achieve the objective we have announced for 2018."

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KEY FIGURES FOR FIRST-QUARTER 2018

(In millions of euros)	**Q1 2018**	**Q1 2017**	Year-on-year change
Sales	**2,172**	**2,152**	**+0.9%**
EBITDA	**383**	**355**	**+7.9%**
EBITDA margin	**17.6%**	**16.5%**	
Recurring depreciation and amortization	(106)	(111)	-4.5%
Recurring operating income (REBIT)	**277**	**244**	**+13.5%**
REBIT margin	12.8%	11.3%	
Depreciation and amortization related to purchase price allocation*	(8)	(10)	N/A
Other income and expenses*	(4)	(5)	N/A
Operating income	**265**	**229**	**+15.7%**
Adjusted net income	**195**	**147**	**+32.7%**
Net income – Group share	188	137	+37.2%
Adjusted net income per share (in €)	2.57	1.94	+32.5%
Weighted average number of ordinary shares	76,012,491	75,668,784	

* 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 2017, other income and expenses were restated to reflect this reclassification.

FIRST-QUARTER 2018 BUSINESS PERFORMANCE

Sales rose 0.9% year on year to **€2,172 million**. At constant exchange rates and business scope, sales were up 7.3%, driven by a 5.4% positive price effect that reflects the ongoing policy of raising prices in the specialty businesses and market conditions in the intermediate chemicals businesses. Up 1.9% year on year, volumes increased significantly in High Performance Materials notably on the back of a strong quarter for specialty molecular sieves. The currency effect was a negative 6.6%, primarily attributable to the appreciation of the euro versus the US dollar. The 0.3% positive scope effect reflects the integration of XL Brands and CMP, as well as the divestment of the oxo alcohols business.

At **€383 million**, **EBITDA** was up 7.9% on the high first-quarter 2017 performance, with a significantly stronger euro particularly compared to the US dollar, which resulted in a €26 million negative currency effect (on translation only). This increase was driven by the High Performance Materials and Industrial Specialties divisions.

EBITDA margin increased year on year to **17.6%** (16.5% in Q1 2017).

Recurring operating income rose in line with the increase in EBITDA, to **€277 million** from €244 million in the first quarter of 2017. It includes €106 million in recurring depreciation and amortization, which was lower than in first-quarter 2017 (€111 million), mainly due to a favorable currency effect. **REBIT margin**, which corresponds to

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recurring operating income as a percentage of sales, rose to 12.8% in first-quarter 2018 compared to 11.3% in the corresponding prior-year period.

Operating income amounted to **€265 million** compared to €229 million in the first quarter of 2017. The first-quarter 2018 figure included €4 million in net other expenses, mainly corresponding to restructuring expenses and €8 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 **€23 million**, down €2 million on first-quarter 2017, following the refinancing of a bond issue at more favorable market conditions in 2017.

Income taxes for first-quarter 2018 represented a net expense of **€52 million** versus a net expense of €66 million for the same period of 2017. Excluding exceptional items, the tax rate corresponded to 21% of recurring operating income, down significantly on the 29% rate for first-quarter 2017, notably due to the positive impact of the US tax reform.

As a result, **net income – Group share** rose sharply to **€188 million** from €137 million in first-quarter 2017. Excluding the post-tax impact of non-recurring items, **adjusted net income** came to **€195 million**, representing **€2.57** per share (€1.94 in Q1 2017).

FIRST-QUARTER 2018 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS (46% OF TOTAL GROUP SALES)

(In millions of euros)	**Q1 2018**	**Q1 2017**	Year-on-year change
Sales	**998**	**976**	**+2.3%**
EBITDA	**176**	**166**	**+6.0%**
EBITDA margin	**17.6%**	**17.0%**	
Recurring operating income (REBIT)	**138**	**127**	**+8.7%**
REBIT margin	13.8%	13.0%	

Sales generated by the High Performance Materials division came in at **€998 million**, up 2.3% year on year. At constant exchange rates and business scope, sales grew by 6.9%, thanks to a 7.3% increase in volumes, driven notably by the large number of projects carried out over the quarter in specialty molecular sieves and the ongoing benefits of the innovation drive. The price effect for the division was a negative 0.4% but is up around 2.5% excluding molecular sieves, reflecting the Group's policy to pass on the increase in raw materials costs in its sales prices. These actions will continue over the coming months. The currency effect was a negative 6.1%, primarily attributable to the appreciation of the euro versus the US dollar. The 1.5% positive scope effect reflects the integration of XL Brands and CMP.

EBITDA was up 6% at **€176 million** in first-quarter 2018, despite the strong appreciation of the euro and higher raw materials costs than in the same prior-year period. This performance reflects the strong contribution of the specialty molecular sieves business, the benefits of the integration of XL Brands in adhesives, and the solid performance of the division's other product lines led by innovation.

The second quarter will be impacted by strikes by France's national railway workers (SNCF) which affect the transportation by train of certain products and raw materials, and thus operations at certain sites, mainly in advanced materials.

At **17.6%**, **EBITDA margin** improved compared to first-quarter 2017 (17.0%).

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INDUSTRIAL SPECIALTIES (31% OF TOTAL GROUP SALES)

(In millions of euros)	Q1 2018	Q1 2017	Year-on-year change
Sales	**661**	**644**	**+2.6%**
EBITDA	**162**	**140**	**+15.7%**
EBITDA margin	**24.5%**	**21.7%**	
Recurring operating income (REBIT)	**120**	**96**	**+25.0%**
REBIT margin	18.2%	14.9%	

Industrial Specialties **sales** were up 2.6% year on year to **€661 million**. At constant exchange rates and business scope, year-on-year sales growth came to 9.6%. The 13.6% positive price effect reflects ongoing high prices for fluorogases in Europe and Asia and tight market conditions in the MMA/PMMA chain. The 4% negative volume effect mainly results from the expected decline in sales quotas in Fluorogases, which was more than offset by the increase in HFC prices. The 7% negative currency effect was mostly attributable to the appreciation of the euro versus the US dollar.

The division's **EBITDA** amounted to **€162 million**, up 15.7% year on year, with increases across all businesses, confirming the division's excellent performances.

EBITDA margin reached **24.5%** (21.7% in the first quarter of 2017).

COATING SOLUTIONS (23% OF TOTAL GROUP SALES)

(In millions of euros)	Q1 2018	Q1 2017	Year-on-year change
Sales	**507**	**525**	**-3.4%**
EBITDA	**66**	**74**	**-10.8%**
EBITDA margin	**13.0%**	**14.1%**	
Recurring operating income (REBIT)	**41**	**47**	**-12.8%**
REBIT margin	8.1%	9.0%	

Coating Solutions **sales** came in at **€507 million**, down 3.4% on first-quarter 2017. At constant exchange rates and business scope, year-on-year sales increased 5.2%, driven by a 6.0% positive price effect reflecting ongoing actions to raise selling prices along the entire acrylic chain. Down 0.8% on first-quarter 2017 when restocking took place, volumes were impacted by weather conditions in Europe and the United States. The currency effect was a negative 7.2%, primarily due to the appreciation of the euro versus the US dollar. The 1.5% negative scope effect corresponds to the divestment of the oxo alcohols business in March 2017.

EBITDA for the Coating Solutions division amounted to **€66 million**, down 10.8% against a high basis of comparison (€74 million) for first-quarter 2017, particularly in China, where unit margins reached very high levels in early 2017. Over the rest of the year, unit margins are expected to improve overall compared to 2017.

EBITDA margin resisted well at **13%** against 14.1% in the first quarter of 2017.

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CASH FLOW AND NET DEBT AT 31 MARCH 2018

Arkema reported a **free cash flow** of -**€25 million** in the first quarter of 2018, up against the first quarter of 2017 (-€44 million), thanks to higher EBITDA and lower taxes. The €221 million rise in working capital reflects the traditional seasonality of the business and the increase in the cost of certain raw materials. The ratio of working capital over annualized sales for the quarter stood at 15.3% at end-March 2018 versus 15.6% at end-March 2017. Capital expenditure amounted to €63 million, including €58 million of recurring capital expenditure. Full-year 2018 capital expenditure is expected to amount to around €550 million, corresponding to recurring capital expenditure of around 5.5% of sales and exceptional investments for the specialty polyamides and thiochemicals projects in Asia.

Net cash flow from portfolio management operations was a negative €165 million following the acquisition of XL Brands in early January.

Consequently, **net debt** amounted to **€1,227 million** at 31 March 2018 versus €1,056 million at 31 December 2017, *i.e.*, a gearing of 27% versus 24% at 31 December 2017.

FIRST-QUARTER 2018 HIGHLIGHTS

Acquisitions

In line with its development strategy in adhesives, Bostik acquired on 2 January 2018 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.

Organic growth

In February 2018, Arkema announced a 25% increase in 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.

Partnership

Arkema and Hexcel have signed a strategic alliance to develop thermoplastic solutions for the aerospace sector, combining the expertise of Hexcel in carbon fibers and that of Arkema in PEKK. As part of this partnership, a joint research and development laboratory will be set up in France.

POST BALANCE SHEET EVENTS

Organic growth

In April 2018, Arkema brought on stream new Kynar® PVDF capacities at its Calvert City plant in the United States. This 20% increase in US production capacities will enable Arkema to support its customers' growth in the region in emerging applications such as water filtration and in traditional markets such as the chemical process industry and high performance cables (automobile, fiber optics, oil industry).

Capital increase reserved for employees

Arkema carried out a capital increase reserved for employees in April 2018, with 610,405 shares subscribed for a total amount of €50 million. The newly issued shares will carry rights with effect from 1 January 2017 and will be eligible for the 2018 dividend payment.

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Outlook for 2018

Demand in the three main geographic regions should remain well oriented and the environment characterized by a stronger euro[1] and higher raw materials costs than in 2017.

The Group will continue to benefit from its strong innovation drive in advanced materials, the integration of XL Brands within Bostik and a globally robust market environment 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 the rises in raw materials costs in its selling prices and the rollout of its operational excellence initiatives to partly offset inflation on its fixed costs.

On the back of a very good start to the year, Arkema confirms its objective to increase its EBITDA in 2018 compared to the excellent performance already achieved in 2017.

The first-quarter 2018 results and outlook are detailed in the "First-quarter 2018 results" presentation available on the Group's website at: www.finance.arkema.com

Financial calendar

18 May 2018	Annual General Meeting
25 May 2018	Shares trade ex-dividend
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*

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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, cash flow statement, statement of changes in shareholders' equity and information by business division included in this press release are extracted from the condensed consolidated financial statements at 31 March 2018 reviewed by the Board of Directors of Arkema SA on 2 May 2018. Quarterly financial information is not audited.

[1] A 10% increase in the euro/US dollar exchange rate has a negative €50 million impact on EBITDA for the year (translation effect).

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):

- ***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.*

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ARKEMA Financial Statements

Consolidated financial statements - At the end of March 2018

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	**End of March 2018** *(non audited)*	**End of March 2017** *(non audited)*
Sales	**2,172**	**2,152**
Operating expenses	(1,656)	(1,668)*
Research and development expenses	(60)	(61)
Selling and administrative expenses	(187)	(189)
Other income and expenses	(4)	(5)*
Operating income	**265**	**229**
Equity in income of affiliates	0	0
Financial result	(23)	(25)
Income taxes	(52)	(66)
Net income	**190**	**138**
Of which non-controlling interests	2	1
Net income - Group share	**188**	**137**
*Earnings per share (amount in euros)** *	*2.47*	*1.81*
*Diluted earnings per share (amount in euros)** *	*2.47*	*1.81*

* Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses previously included in “Other income and expenses” have been reclassified in "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).

INFORMATION BY BUSINESS DIVISION

(non audited)

(In millions of euros)	**1st quarter 2018** High Performance Materials	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	998	661	507	6	**2,172**
Inter-division sales	2	41	19	-	
Total sales	**1,000**	**702**	**526**	**6**	
EBITDA	**176**	**162**	**66**	**(21)**	**383**
Recurring depreciation and amortization	(38)	(42)	(25)	(1)	(106)
Recurring operating income (REBIT)	**138**	**120**	**41**	**(22)**	**277**
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	-	-	-	(8)
Other income and expenses	(1)	(1)	(2)	-	(4)
Operating income	**129**	**119**	**39**	**(22)**	**265**
Equity in income of affiliates	0	0	-	-	0
Intangible assets and property, plant and equipment additions	**25**	**27**	**8**	**3**	**63**
Of which Recurring capital expenditure	23	24	8	3	58

(In millions of euros)	**1st quarter 2017** High Performance Materials	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	976	644	525	7	**2,152**
Inter-division sales	3	36	19	-	
Total sales	**979**	**680**	**544**	**7**	
EBITDA	**166**	**140**	**74**	**(25)**	**355**
Recurring depreciation and amortization	(39)	(44)	(27)	(1)	(111)
Recurring operating income	**127**	**96**	**47**	**(26)**	**244**
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(10)	-	-	-	(10)
Other income and expenses	(6)	2	(1)	-	(5)
Operating income	**111**	**98**	**46**	**(26)**	**229**
Equity in income of affiliates	0	0	-	-	0
Intangible assets and property, plant and equipment additions	**24**	**21**	**6**	**3**	**54**
Of which Recurring capital expenditure	24	20	6	3	53

CONSOLIDATED BALANCE SHEET

(In millions of euros)	March, 31st 2018 (non audited)	End of December 2017 (audited)
ASSETS		
Intangible assets, net	2,828	2,706
Property, plant and equipment, net	2,409	2,464
Equity affiliates : investments and loans	29	30
Other investments	30	30
Deferred tax assets	149	150
Other non-current assets	231	230
TOTAL NON-CURRENT ASSETS	**5,676**	**5,610**
Inventories	1,208	1,145
Accounts receivable	1,351	1,115
Other receivables and prepaid expenses	185	181
Income taxes recoverable	64	70
Other current financial assets	3	17
Cash and cash equivalents	1,285	1,438
TOTAL CURRENT ASSETS	**4,096**	**3,966**
TOTAL ASSETS	**9,772**	**9,576**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	759	759
Paid-in surplus and retained earnings	3,761	3,575
Treasury shares	(2)	(2)
Translation adjustments	66	101
SHAREHOLDERS' EQUITY - GROUP SHARE	**4,584**	**4,433**
Non-controlling interests	41	41
TOTAL SHAREHOLDERS' EQUITY	**4,625**	**4,474**
Deferred tax liabilities	265	271
Provisions for pensions and other employee benefits	453	460
Other provisions and non-current liabilities	434	443
Non-current debt	2,249	2,250
TOTAL NON-CURRENT LIABILITIES	**3,401**	**3,424**
Accounts payable	996	965
Other creditors and accrued liabilities	376	377
Income taxes payable	104	82
Other current financial liabilities	7	10
Current debt	263	244
TOTAL CURRENT LIABILITIES	**1,746**	**1,678**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,772**	**9,576**

CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	End of March 2018 (non audited)	End of March 2017 (non audited)
Cash flow - operating activities		
Net income	190	138
Depreciation, amortization and impairment of assets	114	121
Provisions, valuation allowances and deferred taxes	(17)	(4)
(Gains)/losses on sales of assets	0	0
Undistributed affiliate equity earnings	0	(1)
Change in working capital	(221)	(179)
Other changes	4	(2)
Cash flow from operating activities	**70**	**73**
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(63)	(54)
Change in fixed asset payables	(29)	(54)
Acquisitions of operations, net of cash acquired	(165)	1
Increase in long-term loans	(8)	(9)
Total expenditures	**(265)**	**(116)**
Proceeds from sale of intangible assets and property, plant and equipment	0	4
Change in fixed asset receivables	0	-
Proceeds from sale of operations, net of cash sold	-	10
Proceeds from sale of unconsolidated investments	-	0
Repayment of long-term loans	5	5
Total divestitures	**5**	**19**
Cash flow from investing activities	**(260)**	**(97)**
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	-	-
Purchase of treasury shares	-	-
Dividends paid to parent company shareholders	-	-
Dividends paid to non-controlling interests	(2)	0
Increase/ decrease in long-term debt	(3)	(1)
Increase/ decrease in short-term borrowings	20	(19)
Cash flow from financing activities	**15**	**(20)**
Net increase/(decrease) in cash and cash equivalents	(175)	(44)
Effect of exchange rates and changes in scope	22	9
Cash and cash equivalents at beginning of period	1,438	623
Cash and cash equivalents at end of period	**1,285**	**588**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	**End of March 2018** *(non audited)*	**End of March 2017** *(non audited)*
Net income	**190**	**138**
Hedging adjustments	-	8
Other items	-	-
Deferred taxes on hedging adjustments and other items	-	-
Change in translation adjustments	(35)	(16)
Other recyclable comprehensive income	**(35)**	**(8)**
Actuarial gains and losses	(10)	11
Deferred taxes on actuarial gains and losses	3	(4)
Other non-recyclable comprehensive income	**(7)**	**7**
Total income and expenses recognized directly in equity	**(42)**	**(1)**
Comprehensive income	**148**	**137**
Of which: non-controlling interest	2	1
Comprehensive income - Group share	**146**	**136**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non 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, 2018	**75,870,506**	**759**	**1,216**	**689**	**1,670**	**101**	**(33,225)**	**(2)**	**4,433**	**41**	**4,474**
Cash dividend	-	-	-	-	-	-	-	-	-	-	-
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	5	-	-	-	5	-	5
Other	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	**-**	**-**	**-**	**-**	**5**	**-**	**-**	**-**	**5**	**-**	**5**
Net income	-	-	-	-	188	-	-	-	188	2	190
Total income and expense recognized directly through equity	-	-	-	-	(7)	(35)	-	-	(42)	-	(42)
Comprehensive income	**-**	**-**	**-**	**-**	**181**	**(35)**	**-**	**-**	**146**	**2**	**148**
At March 31, 2018	**75,870,506**	**759**	**1,216**	**689**	**1,856**	**66**	**(33,225)**	**(2)**	**4,584**	**41**	**4,625**

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. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of March 2018	End of March 2017
OPERATING INCOME	**265**	**229**
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	(10)
- Other income and expenses	(4)	(5)
RECURRING OPERATING INCOME (REBIT)	**277**	**244**
- Recurring depreciation and amortization	(106)	(111)
EBITDA	**383**	**355**

Details of depreciation and amortizations:

(In millions of euros)	End of March 2018	End of March 2017
Depreciation and amortization	**(114)**	**(121)**
Of which: Recurring depreciation and amortization	(106)	(111)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(8)	(10)
Of which: Impairment included in other income and expenses	0	-

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of March 2018	End of March 2017
NET INCOME - GROUP SHARE	**188**	**137**
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	(10)
- Other income and expenses	(4)	(5)
- Other income and expenses - Non-controlling interests	-	-
- Taxes on depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	2	5
- Taxes on other income and expenses	1	-
- One-time tax-effects	2	-
ADJUSTED NET INCOME	**195**	**147**
- Weighted average number of ordinary shares	76,012,491	75,668,784
- Weighted average number of potential ordinary shares	76,178,438	75,868,569
ADJUSTED EARNINGS PER SHARE (€)	**2,57**	**1,94**
DILUTED ADJUSTED EARNINGS PER SHARE (€)	**2,56**	**1,94**

FREE CASH FLOW

(In millions of euros)	End of March 2018	End of March 2017
Cash flow from operating activities	70	73
+ Cash flow from investing activities	(260)	(97)
NET CASH FLOW	**(190)**	**(24)**
- Net cash flow from portfolio management operations	(165)	20
FREE CASH FLOW	**(25)**	**(44)**

RECURRING INVESTMENTS

(In millions of euros)	End of March 2018	End of March 2017
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	**63**	**54**
- Exceptional investments	5	1
- Investments relating to portfolio management operations	-	-
- Investments with no impact on net debt	-	-
RECURRING INVESTMENTS	**58**	**53**

NET DEBT

(In millions of euros)	End of March 2018	End of December 2017
Non-current debt	2,249	2,250
+ Current debt	263	244
- Cash and cash equivalents	1,285	1,438
NET DEBT	**1,227**	**1,056**

WORKING CAPITAL

(In millions of euros)	End of March 2018	End of December 2017
Inventories	1,208	1,145
+ Accounts receivable	1,351	1,115
+ Other receivables including income taxes	249	251
+ Other current financial assets	3	17
- Accounts payable	996	965
- Other liabilities including income taxes	480	459
- Other current financial liabilities	7	10
WORKING CAPITAL	**1,328**	**1,094**

CAPITAL EMPLOYED

(In millions of euros)	End of March 2018	End of December 2017
Goodwill, net	1,664	1,525
+ Intangible assets other than goodwill, and property, plant and equipment, net	3,573	3,645
+ Investments in equity affiliates	29	30
+ Other investments and other non-current assets	30	260
+ Working capital	1,328	1,094
CAPITAL EMPLOYED	**6,624**	**6,554**