

Colombes, 3 August 2016

Arkema: quarterly information – 2nd quarter 2016 results

- Strong **EBITDA** growth up **7%** to **€341** million (€320 million in 2Q 2015) driven by the three divisions and **volumes 2.6 %** higher compared to 2Q 2015
- **17.5% EBITDA margin** close to historic highs, supported by very high margins in High Performance Materials and Industrial Specialties
- **€134 million adjusted net income 9%** up on 2Q 2015 (+28% on first half of the year) and **€1.79 adjusted net income per share**
- Solid cash generation with **+€77 million free cash flow¹** and **net debt** overall stable at **€1,406** million despite €143 million dividend payment
- **2016 outlook:** Arkema now targets significant EBITDA growth of some 7% to 9% over the year compared to 2015

The Board of Directors of Arkema met on 2 August 2016 to close the Group's consolidated accounts for 1st half 2016. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"Following a very good start to the year, the Group confirms in 2nd quarter its development momentum with satisfactory progress in volumes, a very good financial performance and a 17.5% EBITDA margin significantly up on last year.

These results reflect in particular the ongoing rapid ramp-up of Bostik with a profitability which further improves. The planned acquisition of Den Braven, announced in July, will reinforce this activity in the coming years and contribute to the strong growth ambition we have for our adhesives.

The many actions conducted by our teams have contributed to the high results achieved in almost all product lines. We are also proud of the growing successes of our innovation in new materials which allow us to support our customers, in particular in Technical Polymers.

Finally, we confirm the progress made over the last quarters in cash generation.

For 2016 as a whole, even though we prefer to remain cautious about the global economic environment, the excellent first half of the year supports our confidence in our ability to achieve a very good year."

¹ Cash flow from operations and investments excluding the impact of portfolio management.

KEY FIGURES 2ND QUARTER 2016

<i>(In millions of euros)</i>	2Q 2015	2Q 2016	Variation
Sales	2,106	1,952	-7.3%
EBITDA	320	341	+6.6%
EBITDA margin	15.2%	17.5%	
<i>High Performance Materials</i>	<i>16.4%</i>	<i>18.8%</i>	
<i>Industrial Specialties</i>	<i>18.7%</i>	<i>22.0%</i>	
<i>Coating Solutions</i>	<i>12.0%</i>	<i>13.8%</i>	
Recurring operating income	208	229	+10.1%
Non-recurring items	(66)	10	n.a
Adjusted net income *	123	134	+8.9%
Net income – Group share	133	147	+10.5%
Adjusted net income per share * (in €)	1.69	1.79	+5.9%
Weighted average number of ordinary shares	72,946,518	74,799,919	

* Adjusted net income excludes unrealized foreign exchange results on the financing in foreign currencies of non-recurring investments. Adjusted net income for 2nd quarter 2015 has been restated accordingly.

SECOND QUARTER 2016 ACTIVITY

Sales stood at **€1,952 million**, -7.3 % down on 2nd quarter 2015 (€2,106 million). Volumes grew by +2.6%, driven by innovation in Technical Polymers, geographic expansion in Adhesives, and solid demand in Coating Solutions. The -5.2% price effect reflects the acrylics cycle and the effect on sales prices of lower raw materials. The -2.2% business scope effect primarily results from the divestment of Sunclear in 4th quarter 2015. The translation effect was negative at -2.5%.

At **€341 million** against €320 million in 2nd quarter 2015, **EBITDA** grew by +6.6%, supported in particular by innovation in Technical Polymers, developments and synergies at Bostik, the ongoing improvement in fluorogases results in line with the Group's assumptions, and lower prices of certain raw materials.

Beyond these elements, the **17.5% EBITDA margin**, significantly up (15.2% in 2nd quarter 2015), reflects the growing share of higher added value activities and Bostik's ramp-up (13.8% EBITDA margin in 1st half 2016).

In line with the strong EBITDA growth, **recurring operating income** was also up at **€229 million** against €208 million in 2nd quarter 2015. It includes €112 million depreciation and amortization, stable compared to last year.

Non-recurring items amounted to **+€10 million**. They primarily include depreciation and amortization related to the revaluation of tangible and intangible fixed assets carried out as part of the allocation of Bostik purchase price and the financial consequences of changes to some pension schemes within the Group.

Financial result stood at **-€27 million** against -€25 million in 2nd quarter 2015.

Income taxes amounted to **-€68 million** against a +€12 million tax income in 2nd quarter 2015 which included exceptional income of €76 million recognized as part of the allocation of Bostik purchase price. In 2nd quarter 2016, income taxes included a +€3 million reversal of provisions for deferred tax liabilities

recognized as part of the allocation of Bostik purchase price and a -€4 million tax due on the dividend paid for 2015. Excluding these items, the tax rate amounted to 29% of the recurring operating income, reflecting the geographic split of results.

Net income Group share, up by 10.5%, rose to **€147 million** against €133 million in 2nd quarter 2015. Excluding the after tax impact of non-recurring items, **adjusted net income** stood at **€134 million**, *i.e.* **€1.79** per share and close to 7% of the Group's sales.

PERFORMANCE BY DIVISION IN SECOND QUARTER 2016

HIGH PERFORMANCE MATERIALS

Sales stood at **€879 million**, -3.1%² down on 2nd quarter 2015 (€907 million). At constant exchange rate and business scope, sales grew by +1.1%. Volumes were +2.2% higher, supported by innovation in Technical Polymers, in particular in lightweight materials and new energies and by geographic expansion at Bostik. They offset a slightly negative price effect of -1.1%. The translation effect was -3.1%.

At **€165 million**, **EBITDA** rose by +10.7% compared to 2nd quarter 2015 (€149 million). Bostik continued to make good progress and benefited from its development projects, synergies with Arkema, and lower costs. In 1st half 2016, Bostik's EBITDA margin stood at 13.8%, further catching-up with its major competitors, thereby confirming both its good momentum and a faster ramp-up than initially anticipated. Excluding Specialty Adhesives, EBITDA also grew significantly thanks in particular to developments in Technical Polymers.

At **18.8%**, **EBITDA margin** reflects the progress made at Bostik and the excellent performance of the division's other activities.

INDUSTRIAL SPECIALTIES

Sales reached **€609 million**, -11%² down on 2nd quarter 2015 (€684 million) given in particular a -6.5% business scope effect related to the divestment of Sunclear in 4th quarter 2015. Supported by all product lines, volumes grew by +2.0%. The -5.6% price effect reflects changes in the price of some raw materials and the product mix in certain activities. The translation effect was -1.9%.

EBITDA amounted to **€134 million**, +4.7% up on 2nd quarter 2015 (€128 million). In line with the Group's assumptions, fluorogases continued their gradual recovery. Market conditions in PMMA remained favorable. Thiochemicals achieved a very good performance despite a maintenance turnaround in the United States, and with performance at the Kerteh platform in Malaysia close to that of last year. Hydrogen Peroxide continued to benefit from the development of specialty applications.

At **22.0%**, **EBITDA margin** was excellent, at the level of the 1st quarter 2016 (against 17.1% in full year 2015).

COATING SOLUTIONS

At **€457 million**, **sales** were down by -10.2% compared to 2nd quarter 2015 (€509 million). Volumes were +4.0% higher, reflecting good demand both in acrylic monomers and downstream activities. The -12.0% price effect continued to reflect the acrylics cycle and lower raw material prices. The translation effect was -2.2%.

The division continued to show resilience with an improving **EBITDA margin** at **13.8%** (12.0% in 2nd quarter 2015) and **EBITDA** slightly up at **€63 million** (€61 million in 2nd quarter 2015) despite the impact of strikes in France which affected raw material supplies in Acrylics in particular. The good performance of downstream activities more than compensated the results in monomers still slightly below their 2nd quarter 2015 level. Compared to 1st quarter 2016, the unit margins in this activity remained stable overall at low cycle level, in line with the Group's assumptions.

Regarding its Taixing Sunke Chemicals joint venture, the Group finalized discussions with its partner to define a 50/50 split of the rights to acrylic acid capacities. The contracts have now been signed and are being implemented, with corresponding cash-out expected in 3rd quarter 2016.

² At 1st January 2016, a small activity within the Performance Additives business line was reassigned to the Industrial Specialties division. The reported variation in sales includes the €8 million impact of this reporting change.

KEY FIGURES 1ST HALF 2016

<i>(In millions of euros)</i>	1H 2015	1H 2016	Variation
Sales	3,977	3,845	-3.3%
EBITDA	557	643	+15.4%
EBITDA margin	14.0%	16.7%	
<i>High Performance Materials</i>	<i>15.8%</i>	<i>18.0%</i>	
<i>Industrial Specialties</i>	<i>16.9%</i>	<i>22.0%</i>	
<i>Coating Solutions</i>	<i>11.3%</i>	<i>12.7%</i>	
Recurring operating income	341	420	+23.2%
Non-recurring items	(82)	(1)	n.a
Adjusted net income *	188	240	+27.7%
Net income – Group share	175	245	+40.0%
Adjusted net income per share * (in €)	2.58	3.21	+24.4%
Weighted average number of ordinary shares	72,946,518	74,799,919	

* Adjusted net income excludes unrealized foreign exchange results on the financing in foreign currencies of non-recurring investments. Adjusted net income for 1st half 2015 has been restated accordingly.

CASH FLOW AND NET DEBT AT 30 JUNE 2016

In 2nd quarter 2016, Arkema generated **+€77 million free cash flow³** (€108 million in 2nd quarter 2015). It includes a €38 million increase in working capital reflecting the traditional stronger activity in 2nd quarter. The annualized working capital to sales ratio stood at 17.2%⁴, overall stable compared to 30 June 2015 (17.5%). It also includes €91 million capital expenditure⁵ as well as –€17 million loans granted to employees as part of the share capital increase finalized in April 2016. –€10 million non-recurring outflows correspond primarily to restructuring charges.

Net debt stood at **€1,406 million**, overall stable compared to 31 March 2016 (€1,390 million). It includes the payment of a €1.90 dividend per share totalling €143 million and the proceeds from the share capital increase reserved for employees totalling €42 million. Gearing remained stable at 35%.

CORPORATE GOVERNANCE

Mrs Claire Pedini resigned from Arkema's Board of Directors on 17 June 2016 due to the proposed acquisition by Saint-Gobain of the Sika group, a major player in the adhesives market. The Board of Directors wishes to thank her most warmly for her strong involvement and valuable contribution to the work of Arkema's Board of

³ Cash flow from operations and investments excluding the impact of portfolio management. In 2nd quarter 2015, cash flow excluding unrealized foreign exchange results on the financing in US dollars of investments in Malaysia (–€3 million) which had no impact on net debt.

⁴ Computed as working capital at 30 June excluding trade payables relating to the transfer of an acrylic acid production line to Taixing Sunke Chemicals / (sales for 2nd quarter * 4).

⁵ Excluding reallocation of assets with no impact on net debt.

Directors and Audit and Accounts Committee for over six years. The Nominating, Compensation and Corporate Governance Committee will meet to examine profiles and put forward candidates to replace her as director.

Furthermore, in accordance with regulatory changes in 2015 and following the approval by the annual general meeting on 7 June 2016 of an amendment to the Articles of Association allowing the appointment of a director representing employees, Mrs Nathalie Muracciole, has been appointed by the European Group Works Council and joined Arkema's Board of Directors effective 7 July 2016.

2016 OUTLOOK

The current macro-economic environment remains marked by moderate global growth overall, low visibility with different dynamics by region, and volatility in currencies, and in energy and raw material prices.

In these conditions, Arkema continues to focus on its internal drivers. Hence the Group actively continues to develop Bostik and implement synergies, in line with its ambition and the medium- and long-term targets it has set for this business. The Group also pursues its plan to gradually improve its fluorogas activity and the roll-out of its operational excellence program to offset part of the inflation on fixed costs. Finally, the Group will carry out, in the 2nd half of the year, a regulatory maintenance turnaround in Kerteh, Malaysia, in Thiochemicals, one year after its start-up.

Assuming an energy, raw material and currency environment in line with the first semester, and taking into account the traditional seasonality of the second half of the year, Arkema reaffirms its confidence in its ability to grow EBITDA in 2016, and now targets a significant growth in EBITDA of some 7% to 9% over the year.

The 2nd quarter 2016 results are detailed in the "Second Quarter 2016 results" presentation available on the website www.finance.arkema.com

The half-year 2016 financial report is available on the Company's website.

FINANCIAL CALENDAR

10 November 2016 3rd quarter 2016 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 €7.7 billion in 2015, we employ approximately 19,000 people worldwide and operate in close to 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. For the latest, visit www.arkema.com*

Investor Relations:

Sophie Fouillat
François Ruas

Tel.: +33 1 49 00 86 37
Tel.: +33 1 49 00 72 07

E-mail: sophie.fouillat@arkema.com
E-mail: francois.ruas@arkema.com

Press Contacts:

Gilles Galinier

Tel.: +33 1 49 00 70 07

E-mail: gilles.galinier@arkema.com

Disclaimer

The information disclosed in this press release may contain forward-looking statements with respect to the financial conditions, 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, among others, changes in raw materials prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business 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 segment included in this press release are extracted from the consolidated financial statements at 30 June 2016 closed by the Board of Directors of Arkema SA on 2 August 2016.

Quarterly financial information is not audited.

Business segment information is presented in accordance with Arkema's internal reporting system used by the management.

The main performance indicators used are described below:

- **Operating income:** *this includes all income and expenses of continuing operations other than financial result, equity in income of affiliates and income taxes;*
- **Other income and expenses:** *these correspond to a limited number of well-identified non-recurring items of income and expense of a particularly material nature that the Group presents separately in its income statement in order to facilitate understanding of its recurring operational performance. These items of income and expense notably include:*
 - *Impairment losses in respect of property, plant and equipment and intangible assets,*
 - *Gains or losses on sale of assets, acquisition expenses, badwills and stock valuation adjustments between the fair value on the acquisition date and the replacement value*
 - *Certain large restructuring and environmental expenses which would hamper the interpretation of recurring operating income (including substantial modifications to employee benefit plans and the effect of onerous contracts),*
 - *Certain expenses related to litigation and claims or major damages, whose nature is not directly related to ordinary operations;*
 - *Depreciation and amortisation related to the revaluation of tangible and intangible assets identified as part of the allocation of the Bostik acquisition price.*
- **Recurring operating income:** *this is calculated as the difference between operating income and other income and expenses as previously defined;*
- **Adjusted net income:** *this corresponds to "Net income – Group share" adjusted for the "Group share" of the following items:*
 - *Other income and expenses, after taking account of the tax impact of these items,*
 - *Income and expenses from taxation of an exceptional nature, the amount of which is deemed significant,*
 - *Net income of discontinued operations,*
 - *Unrealised currency losses or gains on financing in non-recurring investment currencies.*
- **EBITDA:** *this corresponds to recurring operating income increased by depreciation and amortization;*
- **Working capital:** *this corresponds to the difference between inventories, accounts receivable, other receivables and prepaid expenses, income tax receivables and other current financial assets on the one hand and accounts payable, other creditors and accrued liabilities, income tax liabilities and other current financial liabilities on the other hand. These items are classified in current assets and liabilities in the consolidated balance sheet;*
- **Capital employed:** *this is calculated by aggregating the net carrying amounts of intangible assets, property, plant and equipment, equity affiliate investments and loans, other investments, other non-current assets (excluding deferred tax assets) and working capital;*
- **Recurring investments:** *these correspond to tangible and intangible investments which exclude a small number of investments of an exceptional nature that the Group presents separately in order to facilitate the analysis of cash generation in its financial communication. These investments characterized by their size or their nature are presented either as non-recurring investments or in acquisitions and divestments;*
- **Net debt:** *this is the difference between current and non-current debt and cash and cash equivalents.*



ARKEMA Financial Statements

Consolidated financial statements - At the end of June 2016

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	2nd quarter 2016 <i>(non audited)</i>	End of June 2016 <i>(audited)</i>	2nd quarter 2015 <i>(non audited)</i>	End of June 2015 <i>(audited)</i>
Sales	1,952	3,845	2,106	3,977
Operating expenses	(1,491)	(2,965)	(1,678)	(3,209)
Research and development expenses	(56)	(112)	(52)	(103)
Selling and administrative expenses	(176)	(348)	(168)	(324)
Recurring operating income	229	420	208	341
Other income and expenses	10	(1)	(66)	(82)
Operating income	239	419	142	259
Equity in income of affiliates	3	6	5	5
Financial result	(27)	(50)	(25)	(54)
Income taxes	(68)	(126)	12	(36)
Net income	147	249	134	174
Of which non-controlling interests	-	4	1	(1)
Net income - Group share	147	245	133	175
<i>Earnings per share (amount in euros)</i>	<i>1.96</i>	<i>3.28</i>	<i>1.82</i>	<i>2.40</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>1.96</i>	<i>3.27</i>	<i>1.82</i>	<i>2.39</i>
Depreciation and amortization	(112)	(223)	(112)	(216)
EBITDA	341	643	320	557
Adjusted net income	134	240	123	188
<i>Adjusted net income per share (amount in euros)</i>	<i>1.79</i>	<i>3.21</i>	<i>1.69</i>	<i>2.58</i>
<i>Diluted adjusted net income per share (amount in euros)</i>	<i>1.78</i>	<i>3.2</i>	<i>1.68</i>	<i>2.57</i>
<i>Weighted average number of shares</i>		<i>74,799,919</i>		<i>72,946,518</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>2nd quarter 2016</u>	<u>End of June 2016</u>	<u>2nd quarter 2015</u>	<u>End of June 2015</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(audited)</i>	<i>(non audited)</i>	<i>(audited)</i>
Net income	147	249	134	174
Hedging adjustments	(11)	11	18	5
Other items	(6)	(6)	-	1
Deferred taxes on hedging adjustments and other items	(1)	(1)	-	1
Change in translation adjustments	31	(42)	(79)	117
Other recyclable comprehensive income	13	(38)	(61)	124
Actuarial gains and losses	(16)	(16)	41	41
Deferred taxes on actuarial gains and losses	2	2	(10)	(10)
Other non-recyclable comprehensive income	(14)	(14)	31	31
Total income and expenses recognized directly in equity	(1)	(52)	(30)	155
Comprehensive income	146	197	104	329
Of which: non-controlling interest	(2)	-	(1)	1
Comprehensive income - Group share	148	197	105	328

CONSOLIDATED BALANCE SHEET

	<u>30 June 2016</u>	<u>31 December 2015</u>
<i>(In millions of euros)</i>	<i>(audited)</i>	<i>(audited)</i>
ASSETS		
Intangible assets, net	2,377	2,410
Property, plant and equipment, net	2,577	2,727
Equity affiliates : investments and loans	33	29
Other investments	29	29
Deferred tax assets	183	193
Other non-current assets	235	204
TOTAL NON-CURRENT ASSETS	5,434	5,592
Inventories	1,118	1,129
Accounts receivable	1,247	1,051
Other receivables and prepaid expenses	192	190
Income taxes recoverable	35	33
Other current financial assets	7	15
Cash and cash equivalents	677	711
TOTAL CURRENT ASSETS	3,276	3,129
TOTAL ASSETS	8,710	8,721
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	756	745
Paid-in surplus and retained earnings	2,996	2,864
Treasury shares	(5)	(3)
Translation adjustments	254	294
SHAREHOLDERS' EQUITY - GROUP SHARE	4,001	3,900
Non-controlling interests	48	49
TOTAL SHAREHOLDERS' EQUITY	4,049	3,949
Deferred tax liabilities	292	307
Provisions for pensions and other employee benefits	546	571
Other provisions and non-current liabilities	436	453
Non-current debt	1,868	1,873
TOTAL NON-CURRENT LIABILITIES	3,142	3,204
Accounts payable	846	884
Other creditors and accrued liabilities	378	378
Income taxes payable	63	68
Other current financial liabilities	17	21
Current debt	215	217
TOTAL CURRENT LIABILITIES	1,519	1,568
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,710	8,721

CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>End of June 2016</u> <i>(audited)</i>	<u>End of June 2015</u> <i>(audited)</i>
Cash flow - operating activities		
Net income	249	174
Depreciation, amortization and impairment of assets	243	237
Provisions, valuation allowances and deferred taxes	(51)	(85)
(Gains)/losses on sales of assets	(2)	(5)
Undistributed affiliate equity earnings	(4)	(4)
Change in working capital	(186)	(67)
Other changes	10	4
Cash flow from operating activities	259	254
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(168)	(151)
Change in fixed asset payables	(50)	(76)
Acquisitions of operations, net of cash acquired	0	(1,298)
Increase in long-term loans	(39)	(22)
Total expenditures	(257)	(1,547)
Proceeds from sale of intangible assets and property, plant and equipment	7	6
Change in fixed asset receivables	0	0
Proceeds from sale of operations, net of cash sold	20	0
Proceeds from sale of unconsolidated investments	0	-
Repayment of long-term loans	8	10
Total divestitures	35	16
Cash flow from investing activities	(222)	(1,531)
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	46	92
Issuance of hybrid bonds	-	0
Purchase of treasury shares	(6)	(4)
Dividends paid to parent company shareholders	(143)	(135)
Dividends paid to minority shareholders	(1)	(2)
Change in dividends to be paid	-	47
Increase/ decrease in long-term debt	(3)	450
Increase/ decrease in short-term borrowings and bank overdrafts	3	36
Cash flow from financing activities	(104)	484
Net increase/(decrease) in cash and cash equivalents	(67)	(793)
Effect of exchange rates and changes in scope	33	(6)
Cash and cash equivalents at beginning of period	711	1,149
Cash and cash equivalents at end of period	677	350

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non audited)

<i>(In millions of euros)</i>	Shares issued			Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount						Number	Amount			
At January 1, 2016	74,472,101	745	1,172	689	1,003	294	(36,925)	(3)	3,900	49	3,949	
Cash dividend	-	-	-	-	(143)	-	-	-	(143)	(1)	(144)	
Issuance of share capital	1,109,024	11	35	-	-	-	-	-	46	-	46	
Purchase of treasury shares	-	-	-	-	-	-	(100,617)	(6)	(6)	-	(6)	
Grants of treasury shares to employees	-	-	-	-	(4)	-	71,719	4	-	-	-	
Share-based payments	-	-	-	-	7	-	-	-	7	-	7	
Other	-	-	-	-	-	-	-	-	-	-	-	
Transactions with shareholders	1,109,024	11	35	-	(140)	-	(28,898)	(2)	(96)	(1)	(97)	
Net income	-	-	-	-	245	-	-	-	245	4	249	
Total income and expense recognized directly through equity	-	-	-	-	(8)	(40)	-	-	(48)	(4)	(52)	
Comprehensive income	-	-	-	-	237	(40)	-	-	197	-	197	
At March 31, 2016	75,581,125	756	1,207	689	1,100	254	(65,823)	(5)	4,001	48	4,049	

INFORMATION BY BUSINESS SEGMENT

(non audited)

2nd quarter 2016

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	879	609	457	7	1,952
Inter segment sales	4	29	14	-	
Total sales	883	638	471	7	
EBITDA	165	134	63	(21)	341
Depreciation and amortization	(40)	(42)	(29)	(1)	(112)
Recurring operating income	125	92	34	(22)	229
Other income and expenses	(10)	(2)	1	21	10
Operating income	115	90	35	(1)	239
Equity in income of affiliates	1	2	-	-	3
Intangible assets and property, plant and equipment additions	35	56	17	3	111

2nd quarter 2015

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	907	684	509	6	2,106
Inter segment sales	4	33	19	-	
Total sales	911	717	528	6	
EBITDA	149	128	61	(18)	320
Depreciation and amortization	(38)	(44)	(29)	(1)	(112)
Recurring operating income	111	84	32	(19)	208
Other income and expenses	(55)	(6)	(5)	-	(66)
Operating income	56	78	27	(19)	142
Equity in income of affiliates	-	5	-	-	5
Intangible assets and property, plant and equipment additions	27	49	10	1	87

INFORMATION BY BUSINESS SEGMENT

(non audited)

End of June 2016

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1,747	1,195	889	14	3,845
Inter segment sales	9	60	29	-	
Total sales	1,756	1,255	918	14	
EBITDA	314	263	113	(47)	643
Depreciation and amortization	(77)	(86)	(59)	(1)	(223)
Recurring operating income	237	177	54	(48)	420
Other income and expenses	(21)	(2)	1	21	(1)
Operating income	216	175	55	(27)	419
Equity in income of affiliates	1	5	-	-	6
Intangible assets and property, plant and equipment additions	66	72	25	5	168

End of June 2015

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1,649	1,310	1,005	13	3,977
Inter segment sales	7	64	35	-	
Total sales	1,656	1,374	1,040	13	
EBITDA	260	221	114	(38)	557
Depreciation and amortization	(73)	(85)	(57)	(1)	(216)
Recurring operating income	187	136	57	(39)	341
Other income and expenses	(61)	(8)	(12)	(1)	(82)
Operating income	126	128	45	(40)	259
Equity in income of affiliates	-	5	-	-	5
Intangible assets and property, plant and equipment additions	50	82	16	3	151

AJUSTED NET INCOME

Net income Group share may be reconciled to adjusted net income as follows:

	<u>2nd quarter 2016</u>	<u>End of June 2016</u>	<u>2nd quarter 2015</u>	<u>End of June 2015</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(audited)</i>	<i>(non audited)</i>	<i>(audited)</i>
NET INCOME - GROUP SHARE	147	245	133	175
Other income and expenses	(10)	1	66	82
Exchange differences on foreign currency financing for investments of an exceptional nature	-	-	3	11
Taxes on other income and expenses	(3)	(6)	(19)	(20)
Non-current taxation	-	-	(60)	(60)
ADJUSTED NET INCOME	134	240	123	188