

## Investor and analyst factsheet

	<b>FY'16</b> <i>in €m</i>	<b>FY'15</b> <i>in €m</i>	<b>Variation</b>	<b>4Q'16</b> <i>in €m</i>	<b>4Q'15</b> <i>in €m</i>	<b>Variation</b>
<b>Sales</b>	<b>7,535</b>	<b>7,683</b>	<b>(1.9)%</b>	<b>1,852</b>	<b>1,760</b>	<b>+5.2%</b>
<i>Prices</i>	<i>(3.7)%</i>			<i>+0.8%</i>		
<i>Volumes</i>	<i>+3.2%</i>			<i>+5.8%</i>		
<i>FX</i>	<i>(1.3)%</i>			<i>(0.5)%</i>		
<i>Portfolio</i>	<i>(0.1)%</i>			<i>(0.9)%</i>		
<b>EBITDA</b>	<b>1,189</b>	<b>1,057</b>	<b>+12.5%</b>	<b>243</b>	<b>214</b>	<b>+13.6%</b>
<i>High Performance Materials</i>	<i>570</i>	<i>506</i>	<i>+12.6%</i>	<i>116</i>	<i>115</i>	<i>+0.9%</i>
<i>Industrial Specialties</i>	<i>473</i>	<i>418</i>	<i>+13.2%</i>	<i>87</i>	<i>83</i>	<i>+4.8%</i>
<i>Coating Solutions</i>	<i>208</i>	<i>190</i>	<i>+9.5%</i>	<i>41</i>	<i>23</i>	<i>+78.3%</i>
<i>Corporate</i>	<i>(62)</i>	<i>(57)</i>		<i>(1)</i>	<i>(7)</i>	
<b>EBITDA margin</b>	<b>15.8%</b>	<b>13.8%</b>		<b>13.1%</b>	<b>12.2%</b>	
<b>Depreciation and amortization</b>	<b>(455)</b>	<b>(453)</b>	<b>+0.4%</b>	<b>(119)</b>	<b>(127)</b>	<b>(6.3)%</b>
<b>Recurring EBIT</b>	<b>734</b>	<b>604</b>	<b>+21.5%</b>	<b>124</b>	<b>87</b>	<b>+42.5%</b>
<b>NR items</b>	<b>(17)</b>	<b>(116)</b>	<b>n.a.</b>	<b>3</b>	<b>(19)</b>	<b>n.a.</b>
Equity in income of affiliates	8	10	(20.0)%	1	3	(66.7)%
Financial results	(103)	(92)	+12.0%	(28)	15	n.a.
Income taxes	(193)	(118)	n.a.	(16)	(31)	n.a.
<b>Net income – Group share</b>	<b>427</b>	<b>285</b>	<b>+49.8%</b>	<b>86</b>	<b>49</b>	<b>+75.5%</b>
<b>Adjusted net income</b>	<b>418</b>	<b>312</b>	<b>+34.0%</b>	<b>68</b>	<b>29</b>	<b>+134.5%</b>
Adjusted EPS (€)	5.56	4.23	+31.4%	0.90	0.38	+136.8%
Weighted average number of ordinary shares	75,201,739	73,691,797				
<b>Capital expenditures<sup>1</sup></b>	<b>423</b>	<b>431</b>	<b>(1.9)%</b>	<b>180</b>	<b>181</b>	<b>(0.6)%</b>
Working capital (12/31)	<b>1,105</b>	<b>1,067</b>				
<b>Net debt (12/31)</b>	<b>1,482</b>	<b>1,379</b>				
<b>Gearing<sup>2</sup> (12/31)</b>	<b>34.9%</b>	<b>34.9%</b>				

### FY 2016 GROUP PERFORMANCE

- **€7,535 m sales**, down 1.9% versus FY 2015
  - +3.2% volume growth
    - Up in all three divisions
    - Innovation in Technical Polymers
    - Geographic expansion in Adhesives
    - Good demand in acrylic monomers
  - (3.7)% prices
    - Mainly lower raw materials
    - +0.8% in 4Q'16
  - (0.1)% scope of business
    - One additional month of Bostik in January
    - Divestment of Sunclear
    - Divestment of activated carbon and filter aid business
  - (1.3)% currency
- **€1,189m EBITDA**, up 12.5% versus FY 2015
  - Record high
  - Up significantly in each of the three business divisions
  - 15.8% EBITDA margin, significantly up versus FY 2015 (13.8%)

<sup>1</sup> Excluding capex related to M&A and €20 m reallocation of assets in 2016 without any impact on net debt

<sup>2</sup> Calculated as net financial debt divided by shareholders' equity

## FY 2016 PERFORMANCE BY SEGMENT

	<b>FY'16</b> <i>in €m</i>	<b>FY'15</b> <i>in €m</i>	<b>Variation</b>	<b>Prices</b>	<b>Volumes</b>	<b>FX</b>	<b>Portfolio</b>
<b>Sales</b>	<b>7,535</b>	<b>7,683</b>	<b>(1.9)%</b>	<b>(3.7)%</b>	<b>+3.2%</b>	<b>(1.3)%</b>	<b>(0.1)%</b>
<i>High Performance Materials</i>	<i>3,422</i>	<i>3,358</i>	<i>+1.9%<sup>3</sup></i>	<i>(1.4)%</i>	<i>+2.6%</i>	<i>(1.8)%</i>	<i>+3.5%</i>
<i>Industrial Specialties</i>	<i>2,316</i>	<i>2,450</i>	<i>(5.5)%<sup>3</sup></i>	<i>(3.2)%</i>	<i>+2.2%</i>	<i>(0.7)%</i>	<i>(5.0)%</i>
<i>Coating Solutions</i>	<i>1,771</i>	<i>1,849</i>	<i>(4.2)%</i>	<i>(8.7)%</i>	<i>+5.4%</i>	<i>(0.9)%</i>	<i>-</i>
<b>EBITDA</b>	<b>1,189</b>	<b>1,057</b>	<b>+12.5%</b>				
<i>High Performance Materials</i>	<i>570</i>	<i>506</i>	<i>+12.6%</i>				
<i>Industrial Specialties</i>	<i>473</i>	<i>418</i>	<i>+13.2%</i>				
<i>Coating Solutions</i>	<i>208</i>	<i>190</i>	<i>+9.5%</i>				
<b>EBITDA margin</b>	<b>15.8%</b>	<b>13.8%</b>					
<i>High Performance Materials</i>	<i>16.7%</i>	<i>15.1%</i>					
<i>Industrial Specialties</i>	<i>20.4%</i>	<i>17.1%</i>					
<i>Coating Solutions</i>	<i>11.7%</i>	<i>10.3%</i>					
<b>Recurring EBIT</b>	<b>734</b>	<b>604</b>	<b>+21.5%</b>				
<i>High Performance Materials</i>	<i>416</i>	<i>354</i>	<i>+17.5%</i>				
<i>Industrial Specialties</i>	<i>300</i>	<i>237</i>	<i>+26.6%</i>				
<i>Coating Solutions</i>	<i>83</i>	<i>72</i>	<i>+15.3%</i>				

### HIGH PERFORMANCE MATERIALS

- Strong contribution from Bostik on successful integration
  - €210 m EBITDA, significantly up YoY supported by geographic expansion, synergies, lower costs and one additional month
  - 13.1% EBITDA margin (11.2% in FY'15) progressively catching up with peers
- On the rest of the division, EBITDA significantly up YoY
  - Successful innovation in Technical Polymers in lighter materials and new energies
  - Divestment of activated carbon and filter aid business completed in November 2016
  - Very good EBITDA margin close to 20%, at historical high

### INDUSTRIAL SPECIALTIES

- Strong performance across all business lines with 20.4% EBITDA margin, close to historical high
- Very robust performance of Thiochemicals
  - Contribution of one additional quarter of Kerteh complex (Malaysia) partially offset by regulatory maintenance turnaround in 3Q'16
- Further improvement of Fluorogases
  - Mainly supported by higher prices of certain gases
  - Back to good level of results
  - In line with improvement plan (+€80 m EBITDA in 2017 vs 2014)
- Continuing favourable market conditions in PMMA
  - Divestment of Sunclear in November 2015
- Benefits from developments in specialties in Hydrogen Peroxide

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

## COATING SOLUTIONS

- Overall solid results in a still challenging environment for acrylic monomers
- Good performance of downstream businesses supported by new developments and cost management
- Some improvements at year-end in acrylic monomers
  - Good volume growth particularly in 4Q'16
  - Unit margins stable at low points during most of the year with some improvements at year-end, mainly in Asia

## CASH FLOW AT END OF DECEMBER 2016

(in €m)	FY'16	Comments
<b>EBITDA</b>	<b>1,189</b>	
Working capital variation*	16	Strict working capital management Benefits from lower raw materials
Taxes	(206)	
Cost of debt	(89)	
Capex**	(423)	€450 m in 2017e
Others	(10)	
<b>Recurring cash flow</b>	<b>477</b>	
Non-recurring items in operating and investing cash flow	(51)	Mainly restructuring expenses and impact of the closure and / or transfer of some defined benefit pension schemes
<b>Free cash flow</b>	<b>426</b>	
Impact of portfolio management	(269)	Acquisition of Den Braven net of cash acquired Divestment of activated carbon and filter aid business Implementation of the agreements concluded with Jurong in acrylics in China
<b>Net cash flow</b>	<b>157</b>	

\* Variation in working capital and fixed asset payables excluding non-recurring items and impact of portfolio management

\*\* Excluding reallocation of assets without any impact on net debt

## BALANCE SHEET AT END OF DECEMBER 2016

(in €m)	31 Dec 16	31 Dec 15	Comments
Non-current assets*	5,724	5,399	Mainly integration of Den Braven
Working capital	1,105	1,067	14.5% working capital on sales ratio** (14.6% in 2015)
<b>Capital Employed</b>	<b>6,829</b>	<b>6,466</b>	11% ROCE (REBIT / average capital employed)
<b>Shareholder's equity</b>	<b>4,249</b>	<b>3,949</b>	
Net provisions for pensions and other employee benefits***	520	571	Moderate level of pension provisions at €366 m (€388 m end 2015)
Other net provisions***	343	336	Including: €47m restructuring (€51 m end 2015) €131 m environment (€134 m end 2015)
<b>Total net provisions***</b>	<b>863</b>	<b>907</b>	
<b>Net debt</b>	<b>1,482</b>	<b>1,379</b>	

\* Excluding deferred taxes and including pension assets

\*\* Working capital on proforma sales. Excluding Den Braven in 2016

\*\*\* Provisions net of non-current assets

- **€1,482 m net debt at 31 December 2016**
  - 35% gearing stable versus 31 December 2015, despite Den Braven acquisition
  - 1.2x net debt/EBITDA
- Credit rating
  - Standard & Poor's: BBB (stable outlook)
    - Outlook upgraded in November 2016
  - Moody's: Baa2 (stable outlook)
    - Outlook upgraded in November 2016

## DIVIDEND

- Dividend increased to €2.05 per share<sup>4</sup>, up +8% versus 2015
  - Reflects confidence in the Group's development prospects, solid cash generation and balance sheet
  - 37% payout on 2016 adjusted net income
  - 2.2% dividend yield (*based on share price at year end*)

## 2017 OUTLOOK

In 2017, the macroeconomic environment should remain characterized by moderate global growth, mixed dynamics by region, and volatility in energy prices, raw materials and currencies. Market conditions in acrylic monomers should gradually improve while PMMA should start to normalize in the second half of the year.

Over the year, Arkema will benefit in particular from the integration of Den Braven, innovation in materials and downstream acrylics and elements of progress in certain fluorogases. The Group will increase its selling prices to reflect higher raw materials. Finally, it will pursue its operational excellence initiatives aimed at offsetting part of the inflation on fixed costs.

Taking into account these elements and assuming a global macroeconomic environment comparable to that of 2016, the Group confirms its ambition announced in 2014 to achieve €1.3 billion EBITDA in 2017.

## PROJECTS ANNOUNCED SINCE 1<sup>ST</sup> JANUARY 2017

As part of its programme to divest €700 million sales, Arkema announced on 26 January 2017 a project for the divestment to INEOS of its 50% stake in Oxochimie, their joint venture for the production of oxo alcohols and the associated business. The impact of this divestment on the Group's annual sales would represent some €40 million. Due to be finalized in 2017, this project is subject to the approval of the relevant antitrust authorities.

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<sup>4</sup> Dividend proposed to the shareholders' annual general meeting of 23 May 2017

## 4Q 2016 PERFORMANCE BY SEGMENT

	<b>4Q'16</b> <i>in €m</i>	<b>4Q'15</b> <i>in €m</i>	<b>Variation</b>	<b>Prices</b>	<b>Volumes</b>	<b>FX</b>	<b>Portfolio</b>
<b>Sales</b>	<b>1,852</b>	<b>1,760</b>	<b>+5.2%</b>	<b>+0.8%</b>	<b>+5.8%</b>	<b>(0.5)%</b>	<b>(0.9)%</b>
<i>High Performance Materials</i>	839	843	(0.5)% <sup>5</sup>	(0.3)%	+3.7%	(1.1)%	(1.8)%
<i>Industrial Specialties</i>	568	532	+6.8% <sup>5</sup>	+0.6%	+4.3%	+0.2%	-
<i>Coating Solutions</i>	440	379	+16.1%	+3.5%	+12.6%	(0.1)%	-
<b>EBITDA</b>	<b>243</b>	<b>214</b>	<b>+13.6%</b>				
<i>High Performance Materials</i>	116	115	+0.9%				
<i>Industrial Specialties</i>	87	83	+4.8%				
<i>Coating Solutions</i>	41	23	+78.3%				
<b>EBITDA margin</b>	<b>13.1%</b>	<b>12.2%</b>					
<i>High Performance Materials</i>	13.8%	13.6%					
<i>Industrial Specialties</i>	15.3%	15.6%					
<i>Coating Solutions</i>	9.3%	6.1%					
<b>Recurring EBIT</b>	<b>124</b>	<b>87</b>	<b>+42.5%</b>				
<i>High Performance Materials</i>	77	73	+5.5%				
<i>Industrial Specialties</i>	43	31	+38.7%				
<i>Coating Solutions</i>	6	(9)	n.a.				

### HIGH PERFORMANCE MATERIALS

EBITDA slightly up versus high 4Q'15

- Solid performance of Bostik despite FX
- No contribution booked for Den Braven
- Benefits from innovation in Technical Polymers
- Divestment of activated carbon and filter aid business in November 2016

### INDUSTRIAL SPECIALTIES

Another strong quarter

- Robust performance in Thiochemicals
- Improvement of Fluorogases in line with recovery plan
- Continuing favourable market conditions in PMMA

### COATING SOLUTIONS

First signs of improvement

- Volumes significantly up YoY mainly in acrylics
- Improvement of acrylic unit margins, mainly in Asia
- Sales price increases in downstream acrylics on higher raw materials

<sup>5</sup> At 1<sup>st</sup> January 2016, a business was transferred from 1<sup>st</sup> Performance Additives to Industrial Specialties. YoY sales variation includes the impact of this transfer.