

Investor and analyst factsheet

	1Q'16 <i>in €m</i>	1Q'15¹ <i>in €m</i>	Variation
Sales	1,893	1,871	+1.2%
<i>Prices</i>	<i>(5.5)%</i>		
<i>Volumes</i>	<i>+2.5%</i>		
<i>FX</i>	<i>(0.8)%</i>		
<i>Portfolio</i>	<i>+4.9%</i>		
EBITDA	302	237	+27.4%
<i>High Performance Materials</i>	<i>149</i>	<i>111</i>	<i>+34.2%</i>
<i>Industrial Specialties</i>	<i>129</i>	<i>93</i>	<i>+38.7%</i>
<i>Coating Solutions</i>	<i>50</i>	<i>53</i>	<i>(5.7)%</i>
<i>Corporate</i>	<i>(26)</i>	<i>(20)</i>	
EBITDA margin	16.0%	12.7%	
Depreciation and amortization	(111)	(104)	+6.7%
Recurring EBIT	191	133	+43.6%
NR items	(11)	(16)	
Equity in income of affiliates	3	-	
Financial results	(23)	(29)	(20.7)%
Income taxes	(58)	(48)	+20.8%
Net income – Group share	98	42	+133.3%
Adjusted net income²	106	65	+63.1%
Adjusted EPS ² (€)	1.42	0.89	+59.6%
Weighted average number of ordinary shares	74,403,839	72,844,283	
Capital expenditure	57	64	(10.9)%
Working capital (12/31)	1,264	1,067	
Net debt (12/31)	1,390	1,379	
Gearing³ (12/31)	34.8%	34.9%	

1Q'16 GROUP PERFORMANCE

- **€1,893 m sales**, 1.2% up versus 1Q'15
 - +2.5% volume growth
 - Innovation in Technical Polymers
 - Developments in adhesives
 - Thiochemicals in Malaysia
 - Acrylic downstream
 - -5.5% prices
 - Acrylic cycle
 - Lower raw material prices
 - +4.9% scope of business
 - +1 month of Bostik
 - Divestment of Sunclear
 - -0.8% currency
- **€302m EBITDA**, 27.4% up on 1Q'15
 - Record high for a first quarter
 - 16% EBITDA margin, up +330 basis points on 1Q'15, driven by excellent margins in Industrial Specialties and High Performance Materials

¹ Restated figures to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015

² Adjusted net income excludes unrealized foreign exchange results on the financing in foreign currencies of non-recurring investments. Adjusted net income for 1Q'15 has been restated accordingly.

³ Calculated as net financial debt divided by shareholders' equity

1Q'16 PERFORMANCE BY SEGMENT

	1Q'16 <i>in €m</i>	1Q'15⁴ <i>in €m</i>	Variation	Prices	Volumes	FX	Portfolio
Sales	1,893	1,871	+1.2%	(5.5)%	+2.5%	(0.8)%	+4.9%
<i>High Performance Materials</i>	868	742	+17.0% ⁵	(1.7)%	+3.5%	(1.6)%	+18.0%
<i>Industrial Specialties</i>	586	626	(6.4)% ⁵	(3.0)%	+1.8%	-	(6.4)%
<i>Coating Solutions</i>	432	496	(12.9)%	(14.4)%	+2.0%	(0.3)%	(0.1)%
EBITDA	302	237	+27.4%				
<i>High Performance Materials</i>	149	111	+34.2%				
<i>Industrial Specialties</i>	129	93	+38.7%				
<i>Coating Solutions</i>	50	53	(5.7)%				
EBITDA margin	16.0%	12.7%					
<i>High Performance Materials</i>	17.2%	15.0%					
<i>Industrial Specialties</i>	22.0%	14.9%					
<i>Coating Solutions</i>	11.6%	10.7%					
Recurring EBIT	191	133	+43.6%				
<i>High Performance Materials</i>	112	76	+47.4%				
<i>Industrial Specialties</i>	85	52	+63.5%				
<i>Coating Solutions</i>	20	25	(20.0)%				

HIGH PERFORMANCE MATERIALS

- Strong contribution from Bostik:
 - 1 additional month in January
 - EBITDA significantly up YoY supported by geographic expansion, synergies and lower costs
 - ~13% EBITDA margin
- Excluding Bostik, EBITDA significantly up YoY
 - Strong volumes in Technical Polymers in lightweight materials and new energies
 - EBITDA margin above 20%

INDUSTRIAL SPECIALTIES

- Performance up YoY in each Business Line
- Excellent performance of Thiochemicals
 - Driven by one additional quarter of Kerteh (Malaysia)
- Continuing very good level of results in PMMA
- Gradual improvement in Fluorogases in line with Group's assumptions
- Very high EBITDA margin at 22%

COATING SOLUTIONS

- Good resilience of the results thanks to a solid downstream integration
 - Continued good developments at Coatex and coating resins
 - Good cost management
- Unit margins in acrylic monomers stabilized at low levels since end of 2015
 - In line with Group's assumptions

⁴ Restated figures to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015

⁵ At 1st January 2016, a business was transferred from High Performance Materials to Industrial Specialties. YoY variation includes the impact of this transfer.

CASH FLOW AT END OF MARCH 2016

(in €m)	1Q'16	Comments
EBITDA	302	
Working capital variation ⁽¹⁾	(190)	Usual seasonality of working capital 16.7% working capital over annualized sales ratio against 17.8% end of March 2015 ⁽²⁾
Taxes	(61)	Current taxes excluding impact of Bostik PPA
Cost of debt	(19)	
Capex	(57)	2016e capex: ~ €450m at 1.10 €/US\$ exchange rate (previously ~ €470m)
Others	(1)	
Recurring cash flow	(26)	
Non-recurring items in operating and investing cash flow	(9)	Mainly restructuring expenses
Free cash flow	(35)	
Impact of portfolio management	(5)	
Net cash flow	(40)	

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

⁽²⁾ Proforma sales in 1st quarter 2015 including primarily an additional month for Bostik

NET DEBT AT END OF MARCH 2016

- **€1,390 million**, stable compared to 31 December 2015 despite the usual strong seasonality of working capital
- 35% gearing

2016 OUTLOOK

- A world economy remaining slow and volatile:
 - Overall moderate global growth with low visibility and different dynamics by region
 - Volatility in currencies, energy and raw material prices
- Strong organic momentum driven by:
 - Continuous development of Bostik including ramp-up of synergies
 - Progressive improvement of fluorogases business (pricing and competitiveness)
 - In Thiochemicals, additional contribution of the Malaysian platform expected in 2016 vs 2015 already fully booked in 1Q'16. Performance of remaining 9 months of 2016 expected to be comparable to that of last year
 - Operational excellence initiatives to offset part of the inflation on fixed costs
 - Benefit from innovation in lightweight materials and sustainable solutions
- **Based on these drivers and assuming an environment in line with the start of the year as regards energy and currencies, Arkema reiterates its confidence in its ability to grow EBITDA in 2016**