Colombes, 28 February 2017

Arkema: Full year 2016 results

- **EBITDA** at a new record high of **€1,189** million (+**12.5%** over last year), up significantly in each of the three business divisions
- **Volumes** up by **+3.2%** driven by innovation and Asia
- Significant increase in **EBITDA margin** to **15.8 %** (13.8% in 2015)
- **Adjusted net income +34%** up**,** representing **€5.56** per share
- Strong cash generation with **+€426 million free cash flow**[1]
- **Gearing** well under control at **35%**, identical to last year despite Den Braven acquisition
- Proposed dividend increase of 8% at **€2.05** per share
- 2017 outlook fully in line with the ambitious target announced in 2014

The Board of Directors of Arkema met on 27 February 2017 to close the Group's consolidated accounts for 2016 and the annual financial statements of the parent company. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"The Group achieved an excellent 4th quarter driven by excellent growth in volumes. For the year as a whole, financial performance was significantly up and cash generation was high.

These performances benefit from the projects implemented in recent years, and reflect the Group's profile shift towards specialty chemicals and advanced materials. The swift and successful integration of Bostik has enabled us to achieve one year ahead of schedule the EBITDA growth target we had set ourselves for this acquisition and the acquisition of Den Braven represents a further growth milestone in adhesives.

Our ongoing efforts to develop innovative solutions in new materials are paying off with many commercial successes, in particular in Technical Polymers. Finally, growth in volumes has benefited from our balanced geographic positioning, with a strong presence in North America and in Asia which together account for some 60% of our sales.

The quality of the new Arkema profile, the growth catalysts in place, the management's track record since the stock market listing ten years ago, and the Group's solid financial structure are strong assets to continue creating value over the long term."

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

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2016 KEY FIGURES

(In millions of euros)	**2015**	**2016**	Variation
Sales	**7,683**	**7,535**	**-1.9%**
EBITDA	**1,057**	**1,189**	**+12.5%**
EBITDA margin	**13.8%**	**15.8%**	
High Performance Materials	*15.1%*	*16.7%*	
Industrial Specialties	*17.1%*	*20.4%*	
Coating Solutions	*10.3%*	*11.7%*	
Recurring operating income (REBIT)	604	734	+21.5%
Non-recurring items	(116)	(17)	n/a
Adjusted net income	**312**	**418**	**+34.0%**
Net income – Group share	285	427	+49.8%
Adjusted net income per share (in €)	4.23	5.56	+31.4%
Weighted average number of ordinary shares	73,691,797	75,201,739	

FULL YEAR 2016 ACTIVITY

In 2016, **sales** reached **€7,535 million**, 1.9% down on 2015. In a moderate worldwide economic growth environment, **volumes** rose by **+3.2%.** They improved across all three business divisions, driven by innovation in Technical Polymers, geographic expansion in Adhesives, steadier demand in acrylic monomers, and the ramp-up of the thiochemicals plant in Malaysia. This good performance offset most of the -3.7% price effect which reflects, over the first three quarters of the year, the impact on sales prices of lower raw material costs. The scope effect was close to nil over the year. The currency effect amounted to -1.3%.

At **€1,189 million**, **EBITDA** reached a new record high, **+12.5%** up on last year (€1,057 million), driven by the successful integration and development of Bostik, the important innovation work performed in Technical Polymers and downstream acrylics, and the return of fluorogases to good level of results in line with the plan previously announced. The contribution of major internal projects represented around three fourth of the EBITDA growth over the year. Lower prices for some raw materials together with operational excellence actions also contributed to this achievement. The performance of each of our three business divisions has significantly improved over last year.

EBITDA margin, at **15.8%**, improved significantly over last year (13.8%), supported by the growing share of higher added value activities and Bostik's margin improvement.

Recurring operating income rose to **€734 million** from €604 million in 2015. It includes €455 million depreciation and amortization, globally stable compared to last year (€453 million). **REBIT margin** grew to **9.7%** (7.9% in 2015).

Non-recurring items stood at **-€17 million.** They comprise in particular the impact of divestment and acquisition operations amounting to +€63 million overall, which includes the capital gain on the sale of the activated carbon and filter aid business, -€43 million impairments on assets and -€38 million depreciation and amortization related to the revaluation of tangible and intangible fixed assets carried out as part of Bostik purchase price allocation. In 2015, these items, which amounted to -€116 million, included primarily the impact of Bostik purchase price allocation and of assets impairments.

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Financial result reached **-€103 million** against -€92 million in 2015. This variation mostly reflects the interest rate and currency effects on debts in currencies other than the euro.

Income taxes rose to **-€193 million** from -€118 million in 2015 which included an €82 million tax gain accounted for as part of Bostik purchase price allocation. In 2016, taxes include a €19 million tax gain accounted for as part of Bostik purchase price allocation, as well as a €4 million tax on the dividend paid for 2015. Excluding these items, the tax rate amounted to 28.3% of the recurring operating income, a significant decrease compared to last year (32.9%).

Net income Group share, +49.8% up, rose to **€427 million** against €285 million in 2015. Excluding the after-tax impact of non-recurring items, **adjusted net income** amounted to **€418 million** (€312 million in 2015), *i.e.* **€5.56** per share.

Given the Group's performance in 2016 and its intent to gradually raise the **dividend**, the Board of Directors has decided to propose to the annual general meeting on 23 May 2017, the payment of a cash dividend of **€2.05** per share, 8% up on 2015 (€1.90 per share). The payout ratio therefore amounts to 37% of the adjusted net income and the yield stands at 2.2% based on the share price at 31 December 2016. This decision reflects the confidence of the Board of Directors in the Group's development prospects, solid cash generation and balance sheet. Shares will be traded ex-dividend on 25 May 2017 and the payment of the dividend will take place from 29 May 2017.

Division performance in 2016

High Performance Materials

Sales in High Performance Materials division reached **€3,422 million**, +1.9% [2] up on 2015 (€3,358 million). At constant scope of business and foreign exchange rates, sales rose by +1.2%. Volumes grew by +2.6%, driven by innovation in Technical Polymers, in particular in lighter materials and new energies, and by the geographic expansion of Bostik, whereas the oil and gas activity softened, as expected. Higher volumes offset the -1.4% price effect which reflects a different product mix from last year and the change in certain raw materials prices. The +3.5% scope effect primarily includes the contribution of Bostik over January which largely offset the impact of the divestment of the activated carbon and filter aid business in 4th quarter 2016. The translation effect amounted to -1.8%.

At **€570 million**, **EBITDA** grew by **+12.6%** (€506 million in 2015), supported by good developments in Technical Polymers and Specialty Adhesives. With €210 million EBITDA, +33% up over 2014, Bostik achieved a very good performance, one year ahead of schedule for its mid-term targets. Its EBITDA margin grew to 13.1% against 11.2% over 2015 as a whole, hence continuing to close the gap with its major competitors. Hence Bostik confirms the success of its integration and of its development actions, as well as the adhesives' development potential for Arkema.

The division's **EBITDA margin**, at **16.7%** against 15.1% in 2015, reflects Bostik's progress as well as the excellent performance of the other activities, the average margin of which is close to 20%, at its record high.

Industrial Specialties

Industrial Specialties achieved a very good performance with **EBITDA +13.2%** up over last year and an **EBITDA margin** at an excellent **20.4%**, also close to its record high.

Sales reached **€2,316 million**, -5.5% [1] down on 2015 (€2,450 million) essentially due to a -5.0% scope effect related to the divestment of Sunclear finalized in 4th quarter 2015. Volumes were +2.2% up. They increased in all of the division's activities and in particular in Thiochemicals which continued to benefit from the ramp-up of the Kerteh platform in Malaysia. The -3.2% price effect reflects product mix and the change in the cost of certain raw materials. The translation effect amounted to -0.7%.

EBITDA grew to **€473 million** (€418 million in 2015), supported by the results in Fluorogases which continued to improve, by ongoing favourable market conditions in PMMA, and by an excellent performance in Thiochemicals with the benefit of an extra quarter for the Malaysian platform, which partly offset the impact of the regulatory maintenance turnaround on this platform. Hydrogen Peroxide continued to benefit from its developments in

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[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 €32 million impact of this reporting change.

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specialty applications. In Fluorogases, the Group was, by end 2016, in line with its improvement plan which aims to achieve €80 million more EBITDA in 2017 than in 2014.

COATING SOLUTIONS

At **€1,771 million**, **sales** in the Coating Solutions division decreased by -4.2% compared to last year (€1,849 million). Volumes increased by +5.4%, reflecting sustained demand in acrylic monomers in particular towards the year-end and the benefits of innovation in the downstream activities. The -8.7% price effect reflects the evolution of the acrylics cycle and of the cost of raw materials. It reduced throughout the year, eventually turning positive in 4th quarter 2016 (+ 3.5%). The translation effect amounted to -0.9%.

With **€208 million EBITDA**, **+9.5%** up on 2015 (€190 million) and an **EBITDA margin** close to **12%**, the results of the division reflect the good performance of downstream activities, the benefits of the integration and the good dynamics of volumes in acrylic monomers. In this latter activity, unit margins remained globally stable at low cycle levels for a large part of the year before showing some signs of improvement towards the year-end mostly in Asia.

CASH FLOW AND NET DEBT AT 31 DECEMBER 2016

In 2016, **free cash flow**[3] stood at a very good level of **+€426 million** (+€442 million in 2015). This excellent performance reflects the good control of capital expenditure[4] which amounted to €423 million and, like last year, represents 5.6% of Group's sales, thus confirming the Group's ambition to reduce its capital intensity. The Group also continued to implement strict control of its working capital with a very small variation in operating working capital in 2016 (+€2 million[5]) despite a more sustained activity and a less favourable trend in the cost of raw materials at year-end. The working capital over annual proforma[6] sales ratio stood at 14.5% (excluding Den Braven) against 14.6% [7] in 2015. Free cash flow represents 36% of EBITDA reported in 2016, perfectly in line with the Group's mid-term target of EBITDA conversion rate into cash.

Capital expenditure should represent around €450 million in 2017.

Excluding non-recurring items and the impact of portfolio management operations, Arkema generated **+€477 million recurring cash flow** in 2016 (+€478 million in 2015).

Acquisitions and divestments represented net cash outflows of -€269 million, corresponding primarily to the cost of Den Braven's acquisition net of cash acquired, the divestment of the activated carbon and filter aid business, and the implementation of agreements concluded with Jurong in acrylics in China.

Cash flow from financing activities amounting to **-€256 million** in 2016 included the payment of a dividend of €1.90 per share amounting to €143 million, the proceeds of the share capital increase reserved for employees totalling €42 million, and the payment of €33 million interest on an hybrid bond.

Consequently, **net debt** amounted to **€1,482 million** at 31 December 2016 (against €1,379 million at 31 December 2015), *i.e.* 35% gearing, stable compared to last year.

[3] Cash flow from operations and investments excluding impact of portfolio management.
[4] Excluding reallocation of assets with no impact on net debt.
[5] Excluding flows related to non-recurring items totalling +€9 million mostly due to portfolio management operations.
[6] Annual proforma sales including over a full year the impact of divested and acquired activities.
[7] At 31 December 2015, excluding €54 million trade payables relating to the transfer to the joint venture Taixing Sunke Chemicals of an acrylic acid production line, with no impact on net debt.

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4TH QUARTER 2016 KEY FIGURES

(In millions of euros)	**4Q 2015**	**4Q 2016**	Variation
Sales	**1,760**	**1,852**	**+5.2%**
EBITDA	**214**	**243**	**+13.6%**
EBITDA margin	**12.2%**	**13.1%**	
High Performance Materials	*13.6%*	*13.8%*	
Industrial Specialties	*15.6%*	*15.3%*	
Coating Solutions	*6.1%*	*9.3%*	
Recurring operating income (REBIT)	87	124	+42.5%
Non-recurring items	(19)	3	n/a
Adjusted net income	**29**	**68**	**+134.5%**
Net income – Group share	49	86	+75.5%
Adjusted net income per share (in €)	0.38	0.90	+136.8%

In the 4th quarter, traditionally marked by softer seasonality at year-end, Arkema achieved an excellent performance. At **€243 million** against €214 million in 2015, **EBITDA** reached an all-time high for a fourth quarter. It grew by **+13.6%** over last year in an environment globally more favourable than initially anticipated. It reflects the very good level of results in High Performance Materials and Industrial Specialties, which had high basis of comparison in 4th quarter 2015, and the significant improvement in the results of Coating Solutions. **EBITDA margin** improved compared to last year to **13.1%.**

Sales amounted to **€1,852 million**, +5.2% up on 4th quarter 2015 (€1,760 million). At constant scope of business and foreign exchange rates, sales grew by +6.6%. Volumes improved by **+5.8%**, supported by a very good demand in the three divisions, in particular in acrylic monomers. The +0.8% price effect reflects primarily the increase in sales prices in Acrylics and Fluorogases. The divestment of the activated carbon and filter aid business finalized in November 2016 resulted in a -0.9% scope effect. The translation effect amounted to -0.5%.

At **€116 million**, **EBITDA** of **High Performance Materials** division grew slightly compared to the high performance of the 4th quarter 2015, supported by the solid contribution of Bostik despite unfavourable translation effect in certain countries and innovation in Technical Polymers, both offsetting the impact of the divestment of the activated carbons and filter aid business in November. No contribution was booked in 4th quarter for Den Braven.

The **Industrial Specialties** division again achieved a very good performance with **€87 million EBITDA** against €83 million in 4th quarter 2015. It benefited from the solid contribution of all the product lines with, in particular, the ongoing improvement in the results of Fluorogases and favourable market conditions in MMA/PMMA.

In the **Coating Solutions** division, **EBITDA** grew significantly to **€41 million** against €23 million in 4th quarter 2015, thanks to the improvement in the acrylic monomers results and the solid contribution of downstream activities.

At **€68 million** against €29 million in 4th quarter 2015, **adjusted net income** mostly reflects higher EBITDA and lower depreciation and amortization compared to last year.

After taking account of non-recurring items, **net income Group share** rose to **€86 million** from €49 million in 2015.

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Arkema generated **+€139 million free cash flow** [8] in 4th quarter 2016. This flow included €181 million capital expenditure. The +€89 million [9] working capital variation (excluding non-recurring items) reflects the traditionally favourable seasonality at year-end and, compared to 4th quarter 2015 when the variation stood at +€196 million, a more sustained level of activity and a less favourable evolution in the cost of some raw materials.

POST BALANCE SHEET EVENTS

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.

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.

2016 results and outlook are detailed in the presentation "Full year 2016 results" available on the website: www.finance.arkema.com.

The consolidated accounts at 31 December 2016 have been audited, and an unqualified certification report has been issued by the Company's statutory auditors. These consolidated financial statements and the statutory auditors' report will be available late March in the reference document posted on the Company's website www.finance.arkema.com.

FINANCIAL CALENDAR

4 May 2017	1st quarter 2017 results
23 May 2017	Shareholders Annual General Meeting
2 August 2017	1st half 2017 results
9 November 2017	3rd quarter 2017 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 €7.5 billion, we employ approximately 20,000 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. www.arkema.com*

[8] Cash flow from operations and investments excluding the impact of portfolio management.
[9] Excluding flows related to non-recurring items mostly due to portfolio management operations.

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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 31 December 2016 reviewed by the Board of Directors of Arkema on 27 February 2017. 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 amortization 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,*
  - *Unrealized 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.*

In analyzing changes in its results, particularly changes in sales, the Group identifies the influence of the following effects (such analysis is unaudited):

- ***effect of changes in scope of business**: effects of changes in scope of business arise on acquisition or disposal of an entire business or on first-time consolidation or deconsolidation of an entity. An increase or reduction in capacity is not analysed as creating a change in the scope of business;*
- ***effect of foreign currency movements**: the effect of foreign currency movements is the mechanical impact of consolidation of accounts denominated in currencies other than the euro at different exchange rates from one period to another. The effect of foreign currency movements is calculated by applying the foreign exchange rates of the prior period to the figures of the current period;*
- ***effect of changes in prices**: the impact of changes in average sales prices is estimated by comparing the average weighted unit net sales price of a range of related products in the current period with their average weighted unit net sales price in the prior period, multiplied, in both cases, by the volumes sold in the reference period;*
- ***effect of changes in volumes**: the impact of changes in volumes is estimated by comparing quantities delivered in the reference period with the quantities delivered in the prior period, multiplied, in both cases, by the average weighted unit net sales prices of the relevant prior period.*

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ARKEMA Financial Statements

Consolidated financial statements - At the end of December 2016

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	4th quarter 2016 *(non audited)*	End of December 2016 *(audited)*	4th quarter 2015 *(non audited)*	End of December 2015 *(audited)*
Sales	**1,852**	**7,535**	**1,760**	**7,683**
Operating expenses	(1,494)	(5,888)	(1,444)	(6,206)
Research and development expenses	(57)	(222)	(55)	(209)
Selling and administrative expenses	(177)	(691)	(174)	(664)
Recurring operating income	**124**	**734**	**87**	**604**
Other income and expenses	3	(17)	(19)	(116)
Operating income	**127**	**717**	**68**	**488**
Equity in income of affiliates	1	8	3	10
Financial result	(28)	(103)	15	(92)
Income taxes	(16)	(193)	(31)	(118)
Net income	**84**	**429**	**55**	**288**
Of which non-controlling interests	(2)	2	6	3
Net income - Group share	**86**	**427**	**49**	**285**
Earnings per share (amount in euros)	*1.14*	*5.68*	*0.66*	*3.87*
Diluted earnings per share (amount in euros)	*1.13*	*5.66*	*0.65*	*3.85*
Depreciation and amortization	(119)	(455)	(127)	(453)
EBITDA	**243**	**1,189**	**214**	**1,057**
Adjusted net income	**68**	**418**	**29**	**312**
Adjusted net income per share (amount in euros)	*0.90*	*5.56*	*0.38*	*4.23*
Diluted adjusted net income per share (amount in euros)	*0.89*	*5.54*	*0.38*	*4.22*
Weighted average number of shares		*75,201,739*		*73,691,796*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	4th quarter 2016 (non audited)	End of December 2016 (audited)	4th quarter 2015 (non audited)	End of December 2015 (audited)
Net income	**84**	**429**	**55**	**288**
Hedging adjustments	(20)	(6)	(12)	(8)
Other items	1	(6)	-	1
Deferred taxes on hedging adjustments and other items	(1)	(2)	-	1
Change in translation adjustments	68	7	46	119
Other recyclable comprehensive income	**48**	**(7)**	**34**	**113**
Actuarial gains and losses	16	13	21	60
Deferred taxes on actuarial gains and losses	(10)	(12)	(5)	(14)
Other non-recyclable comprehensive income	**6**	**1**	**16**	**46**
Total income and expenses recognized directly in equity	**54**	**(6)**	**50**	**159**
Comprehensive income	**138**	**423**	**105**	**447**
Of which: non-controlling interest	(1)	0	9	6
Comprehensive income - Group share	**139**	**423**	**96**	**441**

CONSOLIDATED BALANCE SHEET

(In millions of euros)	31 December 2016 (audited)	31 December 2015 (audited)
ASSETS		
Intangible assets, net	2,777	2,410
Property, plant and equipment, net	2,652	2,727
Equity affiliates : investments and loans	35	29
Other investments	33	29
Deferred tax assets	171	193
Other non-current assets	227	204
TOTAL NON-CURRENT ASSETS	**5,895**	**5,592**
Inventories	1,111	1,129
Accounts receivable	1,150	1,051
Other receivables and prepaid expenses	197	190
Income taxes recoverable	64	33
Other current financial assets	10	15
Cash and cash equivalents	623	711
TOTAL CURRENT ASSETS	**3,155**	**3,129**
TOTAL ASSETS	**9,050**	**8,721**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	757	745
Paid-in surplus and retained earnings	3,150	2,864
Treasury shares	(4)	(3)
Translation adjustments	301	294
SHAREHOLDERS' EQUITY - GROUP SHARE	**4,204**	**3,900**
Non-controlling interests	45	49
TOTAL SHAREHOLDERS' EQUITY	**4,249**	**3,949**
Deferred tax liabilities	285	307
Provisions for pensions and other employee benefits	520	571
Other provisions and non-current liabilities	464	453
Non-current debt	1,377	1,873
TOTAL NON-CURRENT LIABILITIES	**2,646**	**3,204**
Accounts payable	932	884
Other creditors and accrued liabilities	402	378
Income taxes payable	62	68
Other current financial liabilities	31	21
Current debt	728	217
TOTAL CURRENT LIABILITIES	**2,155**	**1,568**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,050**	**8,721**

CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	End of December 2016 (audited)	End of December 2015 (audited)
Cash flow - operating activities		
Net income	429	288
Depreciation, amortization and impairment of assets	530	568
Provisions, valuation allowances and deferred taxes	(56)	(102)
(Gains)/losses on sales of assets	(106)	(82)
Undistributed affiliate equity earnings	(5)	(9)
Change in working capital	11	186
Other changes	18	9
Cash flow from operating activities	**821**	**858**
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(445)	(493)
Change in fixed asset payables	(37)	47
Acquisitions of operations, net of cash acquired	(338)	(1,292)
Increase in long-term loans	(62)	(46)
Total expenditures	**(882)**	**(1,784)**
Proceeds from sale of intangible assets and property, plant and equipment	118	9
Change in fixed asset receivables	0	1
Proceeds from sale of operations, net of cash sold	43	101
Proceeds from sale of unconsolidated investments	19	-
Repayment of long-term loans	38	38
Total divestitures	**218**	**149**
Cash flow from investing activities	**(664)**	**(1,635)**
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	51	96
Issuance of hybrid bonds	-	0
Purchase of treasury shares	(6)	(7)
Dividends paid to parent company shareholders	(176)	(168)
Dividends paid to non-controlling interests	(4)	(3)
Increase/ decrease in long-term debt	(38)	446
Increase/ decrease in short-term borrowings and bank overdrafts	(83)	7
Cash flow from financing activities	**(256)**	**371**
Net increase/(decrease) in cash and cash equivalents	(99)	(406)
Effect of exchange rates and changes in scope	11	(32)
Cash and cash equivalents at beginning of period	711	1,149
Cash and cash equivalents at end of period	**623**	**711**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

	Shares issued						Treasury shares				
(In millions of euros)	**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, 2016	**74,472,101**	**745**	**1,172**	**689**	**1,003**	**294**	**(36,925)**	**(3)**	**3,900**	**49**	**3,949**
Cash dividend	-	-	-	-	(176)	-	-	-	(176)	(4)	(180)
Issuance of share capital	1,245,846	12	39	-	-	-	-	-	51	-	51
Purchase of treasury shares	-	-	-	-	-	-	(100,617)	(6)	(6)	-	(6)
Grants of treasury shares to employees	-	-	-	-	(5)	-	71,719	5	-	-	-
Share-based payments	-	-	-	-	12	-	-	-	12	-	12
Other	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	**1,245,846**	**12**	**39**	**-**	**(169)**	**-**	**(28,898)**	**(1)**	**(119)**	**(4)**	**(123)**
Net income	-	-	-	-	427	-	-	-	427	2	429
Total income and expense recognized directly through equity	-	-	-	-	(11)	7	-	-	(4)	(2)	(6)
Comprehensive income	**-**	**-**	**-**	**-**	**416**	**7**	**-**	**-**	**423**	**-**	**423**
At December 31, 2016	**75,717,947**	**757**	**1,211**	**689**	**1,250**	**301**	**(65,823)**	**(4)**	**4,204**	**45**	**4,249**

INFORMATION BY BUSINESS SEGMENT

(non audited)

(In millions of euros)	4th quarter 2016				
	High Performance Materials	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	839	568	440	5	**1,852**
Inter segment sales	2	25	14	-	
Total sales	**841**	**593**	**454**	**5**	
EBITDA	**116**	**87**	**41**	**(1)**	**243**
Depreciation and amortization	(39)	(44)	(35)	(1)	(119)
Recurring operating income	**77**	**43**	**6**	**(2)**	**124**
Other income and expenses	55	(48)	-	(4)	3
Operating income	**132**	**(5)**	**6**	**(6)**	**127**
Equity in income of affiliates	-	1	-	-	1
Intangible assets and property, plant and equipment additions	**73**	**64**	**38**	**5**	**180**

(In millions of euros)	4th quarter 2015				
	High Performance Materials	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	843	532	379	6	**1,760**
Inter segment sales	2	29	12	-	
Total sales	**845**	**561**	**391**	**6**	
EBITDA	**115**	**83**	**23**	**(7)**	**214**
Depreciation and amortization	(42)	(52)	(32)	(1)	(127)
Recurring operating income	**73**	**31**	**(9)**	**(8)**	**87**
Other income and expenses	5	(13)	(22)	11	(19)
Operating income	**78**	**18**	**(31)**	**3**	**68**
Equity in income of affiliates	-	3	-	-	3
Intangible assets and property, plant and equipment additions	**78**	**63**	**38**	**2**	**181**

INFORMATION BY BUSINESS SEGMENT

(audited)

(In millions of euros)	End of December 2016 High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3,422	2,316	1,771	26	**7,535**
Inter segment sales	14	109	56	-	
Total sales	**3,436**	**2,425**	**1,827**	**26**	
EBITDA	**570**	**473**	**208**	**(62)**	**1,189**
Depreciation and amortization	(154)	(173)	(125)	(3)	(455)
Recurring operating income	**416**	**300**	**83**	**(65)**	**734**
Other income and expenses	22	(61)	2	20	(17)
Operating income	**438**	**239**	**85**	**(45)**	**717**
Equity in income of affiliates	1	7	-	-	8
Intangible assets and property, plant and equipment additions	**173**	**175**	**82**	**13**	**443**

(In millions of euros)	End of December 2015 High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3,358	2,450	1,849	26	**7,683**
Inter segment sales	12	121	64	-	
Total sales	**3,370**	**2,571**	**1,913**	**26**	
EBITDA	**506**	**418**	**190**	**(57)**	**1,057**
Depreciation and amortization	(152)	(181)	(118)	(2)	(453)
Recurring operating income	**354**	**237**	**72**	**(59)**	**604**
Other income and expenses	(69)	(21)	(36)	10	(116)
Operating income	**285**	**216**	**36**	**(49)**	**488**
Equity in income of affiliates	-	10	-	-	10
Intangible assets and property, plant and equipment additions	**167**	**183**	**137**	**6**	**493**

AJUSTED NET INCOME

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

(In millions of euros)	4th quarter 2016 *(non audited)*	End of December 2016 *(audited)*	4th quarter 2015 *(non audited)*	End of December 2015 *(audited)*
NET INCOME - GROUP SHARE	**86**	**427**	**49**	**285**
Other income and expenses	(3)	17	19	116
Other income and expenses - Non-controlling interests	(3)	(3)		
Exchange differences on foreign currency financing for investments of an exceptional nature	-	-	(35)	-
Taxes on other income and expenses	(3)	(14)	56	(29)
Non-current taxation	(9)	(9)	(60)	(60)
ADJUSTED NET INCOME	**68**	**418**	**29**	**312**

NET DEBT

(In millions of euros)	31 december 2016 *(audited)*	31 december 2015 *(audited)*
Non-current debt	1,377	1,873
Current debt	728	217
Cash and cash equivalents	623	711
NET DEBT	**1,482**	**1,379**

FREE CASH FLOW

(In millions of euros)	End of December 2016 *(audited)*	End of September 2016 *(non audited)*	4th quarter 2016 *(non audited)*	End of December 2015 *(audited)*	4th quarter 2015 *(non audited)*
Cash flow from operating activities	821	575	246	858	380
Cash flow from investing activities	(664)	(337)	(327)	(1,635)	(19)
NET CASH FLOW	157	238	(81)	(777)	361
Of which:					
Unrealized foreign exchange differences on the financing in US dollar of the investments made in Thiochemicals in Malaysia without any impact on net debt					40
Net cash flow from portfolio management	(269)	(49)	(220)	(1,219)	114
FREE CASH FLOW	**426**	**287**	**139**	**442**	**207**