

Investor and analyst factsheet

<i>In millions of euros</i>	FY17	FY16	Change	4Q'17	4Q'16	Change
Sales	8,326	7,535	+10.5%	1,957	1,852	+5.7%
Prices	+6.5%			+6.7%		
Volumes	+2.4%			0%		
FX	(1.7)%			(4.7)%		
Portfolio	+3.3%			+3.7%		
EBITDA	1,391	1,189	+17.0%	283	243	+16.5%
High Performance Materials	632	570	+10.9%	131	116	+12.9%
Industrial Specialties	585	473	+23.7%	120	87	+37.9%
Coating Solutions	244	208	+17.3%	44	41	+7.3%
Corporate	(70)	(62)	n.a.	(12)	(1)	n.a.
EBITDA margin	16.7%	15.8%		14.5%	13.1%	
Recurring depreciation and amortization	(449)	(455)	(1.3)%	(118)	(119)	(0.8)%
Recurring EBIT	942	734	+28.3%	165	124	+33.1%
PPA depreciation and amortization	(45)	(38)	n.a.	(11)	(10)	n.a.
NR items	(52)	21	n.a.	(32)	13	n.a.
Equity in income of affiliates	1	8	(87.5)%	1	1	-
Financial result	(103)	(103)	-	(25)	(28)	(10.7)%
Income taxes	(162)	(193)	(16.1)%	40	(16)	n.a.
Net income – Group share	576	427	+34.9%	137	86	+59.3%
Adjusted net income	592	418	+41.6%	115	68	+69.1%
Adjusted EPS (€)	7.82	5.56	+40.6%	1.52	0.90	+68.9%
Weighted average number of ordinary shares	75,682,844	75,201,739				
Recurring capital expenditure ¹	431	423	+1.9%	201	181	+11.0%
Exceptional capital expenditure	10	-		6	-	
Working capital (12/31)	1,094	1,105				
Net debt (12/31)	1,056	1,482				
Gearing ² (12/31)	24%	35%				

2017 GROUP PERFORMANCE

- **€8,326 m sales**, up 10.5% on 2016
 - +2.4% volumes
 - +4.4% volumes in High Performance Materials driven by Asia, innovation and start-up of new units
 - +6.5% price
 - Price increases to pass through higher raw material costs in specialties (71% of Group sales)
 - Positive trends in intermediate chemical businesses (29% of Group' sales)³
 - +3.3% scope of business
 - Integration of Den Braven and CMP
 - Divestments of activated carbon and filter aid business and oxo-alcohol business
 - (1.7)% currency
 - Mainly strengthening of the euro against US dollar
- **€1,391 m EBITDA**, up 17.0% on 2016
 - Driven by all three business divisions
 - 16.7% EBITDA margin

¹ Excluding exceptional capex and capex relating to portfolio management

² Calculated as net financial debt divided by shareholders' equity

³ Acrylics, Fluorogases, PMMA.

2017 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	2017	2016	Change	Prices	Volumes	FX	Portfolio
Sales	8,326	7,535	+10.5%	+6.5%	+2.4%	(1.7)%	+3.3%
<i>High Performance Materials</i>	<i>3,830</i>	<i>3,422</i>	<i>+11.9%</i>	<i>+1.5%</i>	<i>+4.4%</i>	<i>(2.1)%</i>	<i>+8.0%</i>
<i>Industrial Specialties</i>	<i>2,545</i>	<i>2,316</i>	<i>+9.9%</i>	<i>+9.6%</i>	<i>+1.7%</i>	<i>(1.4)%</i>	<i>-</i>
<i>Coating Solutions</i>	<i>1,924</i>	<i>1,771</i>	<i>+8.6%</i>	<i>+12.1%</i>	<i>(0.4)%</i>	<i>(1.5)%</i>	<i>(1.5)%</i>
EBITDA	1,391	1,189	+17.0%				
<i>High Performance Materials</i>	<i>632</i>	<i>570</i>	<i>+10.9%</i>				
<i>Industrial Specialties</i>	<i>585</i>	<i>473</i>	<i>+23.7%</i>				
<i>Coating Solutions</i>	<i>244</i>	<i>208</i>	<i>+17.3%</i>				
EBITDA margin	16.7%	15.8%					
<i>High Performance Materials</i>	<i>16.5%</i>	<i>16.7%</i>					
<i>Industrial Specialties</i>	<i>23.0%</i>	<i>20.4%</i>					
<i>Coating Solutions</i>	<i>12.7%</i>	<i>11.7%</i>					
Recurring EBIT	942	734	+28.3%				
<i>High Performance Materials</i>	<i>474</i>	<i>416</i>	<i>+13.9%</i>				
<i>Industrial Specialties</i>	<i>411</i>	<i>300</i>	<i>+37.0%</i>				
<i>Coating Solutions</i>	<i>135</i>	<i>83</i>	<i>+62.7%</i>				

HIGH PERFORMANCE MATERIALS (46% OF GROUP SALES)

- Sales up +5.9% YoY at constant scope of business and FX
 - +4.4% volumes YoY, up in all Business Lines
 - Very strong demand in Asia for lighter materials, new energies (batteries and photovoltaics) and consumer goods (sport and consumer electronics)
 - Contribution from the new specialty molecular sieves unit in Honfleur (France)
- +8.0% sales from M&A reflecting Den Braven and CMP acquisitions and the divestment of the activated carbon and filter aid business
- EBITDA up +11% YoY
 - Very good volume momentum in advanced materials (Technical Polymers + Performance Additives)
 - Bostik continued expansion supported in particular by Den Braven integration and first synergies
 - Despite higher costs of certain raw materials and a stronger euro versus the US dollar
- Good resistance of EBITDA margin at 16.5%, nearly stable compared to 2016

INDUSTRIAL SPECIALTIES (31% OF GROUP SALES)

- Sales up +11.3% YoY at constant scope of business and FX
 - +9.6% price effect driven by higher prices of certain fluorogases, in particular in Europe and Asia, and tight market conditions in MMA/PMMA
 - Volumes mainly driven by good demand in Thiochemicals
- EBITDA up +24% YoY
 - Fluorogases back as planned to very good level of results supported by legislation in Europe and environmental policies in China
 - Tight supply and demand balance in MMA/PMMA
 - Solid performance in Thiochemicals and Hydrogen Peroxide
- 23% EBITDA margin

COATING SOLUTIONS (23% OF GROUP SALES)

- Sales up +11.7% YoY at constant FX and scope of business
 - +12.1% price effect reflecting improving acrylic cycle and actions to pass through higher raw material costs across the entire chain
 - Higher volumes in downstream businesses offset the impact in acrylic monomers of maintenance turnarounds
 - -1.5% sales from M&A reflecting the divestment of the oxo-alcohol business
- EBITDA up +17.3% YoY
 - Acrylic margins in 2017 between low and mid-cycle, in line with Group's assumption
 - Improvement in the acrylic monomers unit margins more than offsetting the impact in downstream businesses of higher input costs

CASH FLOW

<i>In millions of euros</i>	2017	Comments
EBITDA	1,391	
Change in working capital ⁽¹⁾	(48)	• 13.1% working capital to sales ratio versus 14.5% (excluding Den Braven) in 2016
Change in fixed assets payables ⁽¹⁾	2	
Taxes	(208)	<ul style="list-style-type: none"> • Excluding exceptional items, tax rate at 26% of REBIT (29% in 2016) • Based on 2017 results, tax saving with US tax reform estimated at around 6% of 2017 adjusted net income • 2018e tax rate: ~23% of REBIT
Cost of debt	(92)	
Recurring capital expenditure ⁽²⁾	(431)	<ul style="list-style-type: none"> • 5.2% of Group sales (5.6% in 2016) • 2018e capex (recurring + exceptional): ~€550m
Others	15	
Recurring cash flow	629	
Exceptional capital expenditure	(10)	• As part of the project to double thiochemical production capacity in Malaysia
Other non-recurring items in operating and investing cash flow	(54)	• Correspond mainly to the consequences of hurricane Harvey and restructuring costs
Free cash flow	565	
Impact of portfolio management	(5)	
Net cash flow	560	

⁽¹⁾ Excluding non-recurring items and impact of portfolio management

⁽²⁾ Excluding exceptional capex and capex relating to portfolio management

NET DEBT

- **€1,056 m** net debt at 31 December 2017, significantly down on 31 December 2016 (€1,482 m)
- 24% gearing and 0.8x 2017 EBITDA

DIVIDEND

- Proposed dividend increase from €2.05 to €2.30 per share⁴, up +12% versus 2016
 - Reflects the strong confidence of the Board in the current level of profitability and long-term development prospects
 - ~30% payout ratio
 - Dividend to be paid fully in cash from 29 May 2018 (ex-dividend date: 25 May 2018)

⁴ Dividend proposed to the shareholders' annual general meeting of 18 May 2018

OUTLOOK

In 2018, demand in the three main geographic regions should remain well oriented and the environment characterized by a marked strengthening of the euro versus the US dollar ⁵ and higher and volatile raw materials costs.

Against this backdrop, the Group will benefit from its strong innovation drive in advanced materials, from Bostik's growth with the integration of XL Brands and from a market environment expected to remain globally robust 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 in its selling prices the continuous rises in raw materials costs as well as the rollout of its operational excellence initiatives to partly offset inflation on its fixed costs.

Supported by a good start of the year and this strong internal momentum and despite the euro's current strength, Arkema is confident in its ability to increase its EBITDA in 2018 compared to the excellent performance achieved in 2017.

⁵ 10% increase in euro / US dollar exchange rate has a €(50) m EBITDA impact (translation).

4Q'17 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	4Q'17	4Q'16	Change	Prices	Volumes	FX	Portfolio
Sales	1,957	1,852	+5.7%	+6.7%	0%	(4.7)%	+3.7%
<i>High Performance Materials</i>	909	839	+8.3%	+1.0%	+2.5%	(4.5)%	+9.3%
<i>Industrial Specialties</i>	606	568	+6.7%	+13.3%	(1.6)%	(5.0)%	-
<i>Coating Solutions</i>	437	440	(0.7)%	+9.0%	(2.7)%	(4.8)%	(2.1)%
EBITDA	283	243	+16.5%				
<i>High Performance Materials</i>	131	116	+12.9%				
<i>Industrial Specialties</i>	120	87	+37.9%				
<i>Coating Solutions</i>	44	41	+7.3%				
EBITDA margin	14.5%	13.1%					
<i>High Performance Materials</i>	14.4%	13.8%					
<i>Industrial Specialties</i>	19.8%	15.3%					
<i>Coating Solutions</i>	10.1%	9.3%					
Recurring EBIT	165	124	+33.1%				
<i>High Performance Materials</i>	89	77	+15.6%				
<i>Industrial Specialties</i>	78	43	+81.4%				
<i>Coating Solutions</i>	16	6	+166.7%				

HIGH PERFORMANCE MATERIALS

Good performance despite higher raw materials and stronger euro

- Sales up +3.5% vs 4Q'16 at constant scope and FX
- +4% volume growth in advanced materials driven by Asia and innovation
- Benefits from Den Braven integration and synergies

INDUSTRIAL SPECIALTIES

A very strong quarter

- Sales up +11.7% vs 4Q'16 at constant scope and FX driven by positive price effect in all businesses
- Positive contribution from all Business Lines
- Continuing tight market conditions in MMA/PMMA
- Good results of Fluorogases despite the usual year-end seasonality

COATING SOLUTIONS

Slight improvement against high comparison base in 4Q'16 in particular in Asia

- Sales up +6.3% vs 4Q'16 at constant scope and FX
- -2.1% sales resulting from the disposal of the oxo alcohols business
- Improvement of acrylic margins in Europe and the US vs 4Q'16 largely offsetting the impact of higher input costs in downstream businesses