

## Investor and analyst factsheet

	<b>1Q'17</b> <i>in €m</i>	<b>1Q'16</b> <i>in €m</i>	<b>Variation</b>
<b>Sales</b>	<b>2,152</b>	<b>1,893</b>	<b>+13.7%</b>
<i>Prices</i>	+4.9%		
<i>Volumes</i>	+4.6%		
<i>FX</i>	+1.0%		
<i>Portfolio</i>	+3.2%		
<b>EBITDA</b>	<b>355</b>	<b>302</b>	<b>+17.5%</b>
<i>High Performance Materials</i>	166	149	+11.4%
<i>Industrial Specialties</i>	140	129	+8.5%
<i>Coating Solutions</i>	74	50	+48.0%
<i>Corporate</i>	(25)	(26)	
<b>EBITDA margin</b>	<b>16.5%</b>	<b>16.0%</b>	
Depreciation and amortization	(111)	(111)	-
<b>Recurring EBIT</b>	<b>244</b>	<b>191</b>	<b>+27.7%</b>
NR items	(15)	(11)	
Equity in income of affiliates	1	4	
Financial results	(25)	(23)	(8.7)%
Income taxes	(66)	(58)	-
<b>Net income – Group share</b>	<b>137</b>	<b>98</b>	<b>+39.8%</b>
<b>Adjusted net income</b>	<b>147</b>	<b>106</b>	<b>+38.7%</b>
Adjusted EPS (€)	1.94	1.42	+36.6%
Weighted average number of ordinary shares	75,668,784	74,403,839	
<b>Capital expenditure</b>	<b>54</b>	<b>57</b>	<b>(5.3)%</b>
Working capital (12/31)	1,346	1,105	
<b>Net debt (12/31)</b>	<b>1,496</b>	<b>1,482</b>	
<b>Gearing<sup>1</sup> (12/31)</b>	<b>34%</b>	<b>35%</b>	

### 1Q'17 GROUP PERFORMANCE

- **€2,152 m sales**, 13.7% up versus 1Q'16
  - +4.6% volumes
    - Good growth in each of the 3 divisions
    - Robust demand in most end-markets
    - Benefits from innovation in megatrends
  - +4.9% prices
    - Ongoing actions to pass through rising raw materials
    - Improving acrylic cycle
  - +3.2% scope of business
    - Integration of Den Braven
    - Divestments of activated carbon and filter aid business and of oxo-alcohols
  - +1.0% currency
- **€355 m EBITDA**, 17.5% up on strong 1Q'16
  - An all-time high in a quarter
  - 16.5% EBITDA margin up on high 1Q'16 (16.0%)

<sup>1</sup> Calculated as net financial debt divided by shareholders' equity

## 1Q'17 PERFORMANCE BY DIVISION

	<b>1Q'17</b> <i>in €m</i>	<b>1Q'16</b> <i>in €m</i>	<b>Variation</b>	<b>Prices</b>	<b>Volumes</b>	<b>FX</b>	<b>Portfolio</b>
<b>Sales</b>	<b>2,152</b>	<b>1,893</b>	<b>+13.7%</b>	<b>+4.9%</b>	<b>+4.6%</b>	<b>+1.0%</b>	<b>+3.2%</b>
<i>High Performance Materials</i>	976	868	+12.4%	+0.8%	+4.1%	+0.3%	+7.2%
<i>Industrial Specialties</i>	644	586	+9.9%	+4.2%	+3.9%	+1.8%	-
<i>Coating Solutions</i>	525	432	+21.5%	+14.1%	+6.5%	+1.5%	(0.7)%
<b>EBITDA</b>	<b>355</b>	<b>302</b>	<b>+17.5%</b>				
<i>High Performance Materials</i>	166	149	+11.4%				
<i>Industrial Specialties</i>	140	129	+8.5%				
<i>Coating Solutions</i>	74	50	+48.0%				
<b>EBITDA margin</b>	<b>16.5%</b>	<b>16.0%</b>					
<i>High Performance Materials</i>	17.0%	17.2%					
<i>Industrial Specialties</i>	21.7%	22.0%					
<i>Coating Solutions</i>	14.1%	11.6%					
<b>Recurring EBIT</b>	<b>244</b>	<b>191</b>	<b>+27.7%</b>				
<i>High Performance Materials</i>	127	112	+13.4%				
<i>Industrial Specialties</i>	96	85	+12.9%				
<i>Coating Solutions</i>	47	20	+135.0%				

### HIGH PERFORMANCE MATERIALS

- Volumes up +4.1% driven by strong demand in Asia
- +7.2% sales impact from M&A reflecting Den Braven acquisition and the divestment of the activated carbon and filter aid business
- EBITDA up +11.4% YoY despite rising raw materials
  - Good growth in Specialty Adhesives benefiting from innovation, geographic expansion, pricing actions to offset raw materials increases and Den Braven contribution fully in line with the Group's expectations
  - Benefits from successful developments in lightweight materials and design, new energies and automotive in Technical Polymers
  - Positive momentum in specialty molecular sieves for petrochemical applications
- 17% EBITDA margin at high level including Bostik margin slightly up on 1Q'16

### INDUSTRIAL SPECIALTIES

- Sales up +8.1% at constant FX and scope of business driven by positive contribution from volumes and prices
- EBITDA margin at 21.7% overall stable at high levels
  - Fluorogases back to high levels of profitability
  - Continued very good market conditions in PMMA, which could start to normalize in the second part of the year
  - Robust contribution of Thiochemicals and Hydrogen Peroxide

### COATING SOLUTIONS

- Sales up +20.6% at constant FX and scope of business (divestment of oxo-alcohols early March 2017)
  - +6.5% volumes YoY driven by strong demand in a context of rising propylene prices
  - Higher selling prices reflecting improving acrylic cycle and raw material pass-through

- Confirmation of the margin improvement in acrylic monomers compared to the low levels of 1Q'16
  - In the continuity of 4Q'16, YoY improvement mainly focused on Asia
  - For the rest of the year, unit margins should gradually improve in Europe and North America compared to last year whereas they are normalizing in Asia after the peak levels of 1Q'17

#### CASH FLOW AT THE END OF MARCH 2017

(in €m)	1Q'17	Comments
<b>EBITDA</b>	<b>355</b>	
Change in working capital <sup>(1)</sup>	(195)	Reflects the usual seasonality of working capital, a strong start to the year and higher raw material prices 15.6% working capital over annualized sales ratio versus 16.7% end of March 2016
Change in fixed assets payables <sup>(1)</sup>	(54)	
Current taxes	(64)	
Cost of debt	(22)	
Capital expenditure	(54)	2017e capital expenditure: around €450 m
Others	(3)	
<b>Recurring cash flow</b>	<b>(37)</b>	
Non-recurring items in operating and investing cash flow	(7)	Mainly restructuring expenses
<b>Free cash flow</b>	<b>(44)</b>	
Impact of portfolio management	20	Mainly divestment of the oxo-alcohol business
<b>Net cash flow</b>	<b>(24)</b>	

<sup>(1)</sup> Excluding non-recurring items and impact of portfolio management

#### NET DEBT AT THE END OF SEPTEMBER 2016

- **€1,496 m** net debt at 31 March 2017, stable versus 31 December 2016 (€1,482 m) despite the usual strong working capital seasonality
- 34% gearing

#### 2017 OUTLOOK

In the continuity of the previous quarters, the global macro-economic environment should remain volatile with contrasted dynamics by end-markets and by region, and with higher costs of energy and raw materials than last year.

In this context, Arkema will continue in particular to benefit from Bostik positive momentum and Den Braven integration, from innovation in high performance materials and downstream acrylics, and from its recovery plan in fluorogases. The Group will ensure that the higher cost of raw materials is reflected in its selling prices. Finally, it will continue its operational excellence initiatives to offset part of fixed cost inflation.

The very good performance achieved in 1<sup>st</sup> quarter in a context of rising raw materials fully supports Arkema's ambitious objective to achieve €1.3 billion EBITDA in 2017.