

Investor and analyst factsheet

	2Q'16 in €m	2Q'15 in €m	Variation	1H'16 in €m	1H'15 in €m	Variation
Sales	1,952	2,106	(7.3)%	3,845	3,977	(3.3)%
Prices	(5.2)%			(5.4)%		
Volumes	+2.6%			+2.6%		
FX	(2.5)%			(1.7)%		
Portfolio	(2.2)%			+1.1%		
EBITDA	341	320	+6.6%	643	557	+15.4%
High Performance Materials	165	149	+10.7%	314	260	+20.8%
Industrial Specialties	134	128	+4.7%	263	221	+19.0%
Coating Solutions	63	61	+3.3%	113	114	(0.9)%
Corporate	(21)	(18)		(47)	(38)	
EBITDA margin	17.5%	15.2%		16.7%	14.0%	
Depreciation and amortization	(112)	(112)	-	(223)	(216)	(3.2)%
Recurring EBIT	229	208	+10.1%	420	341	+23.2%
NR items	10	(66)		(1)	(82)	
Equity in income of affiliates	3	5	(40.0)%	6	5	+20.0%
Financial results	(27)	(25)	(8.0)%	(50)	(54)	+7.4%
Income taxes	(68)	12	n.a.	(126)	(36)	n.a.
Net income – Group share	147	133	+10.5%	245	175	+40.0%
Adjusted net income¹	134	123	+8.9%	240	188	+27.7%
Adjusted EPS ¹ (€)	1.79	1.69	+5.9%	3.21	2.58	+24.4%
Weighted average number of ordinary shares	74,799,919	72,946,518		74,799,919	72,946,518	
Capital expenditures²	91	87	+4.6%	148	151	(2.0)%
Working capital (12/31)	1,295	1,067				
Net debt (12/31)	1,406	1,379				
Gearing³ (12/31)	34.7%	34.9%				

2Q 2016 GROUP PERFORMANCE

- **€1,952 m sales**, down 7.3% versus 2Q 2015
 - +2.6% volume growth
 - Innovation in Technical Polymers
 - Geographic expansion in Adhesives
 - Solid demand in Coating Solutions
 - -5.2% prices
 - Acrylic cycle
 - Lower raw material prices
 - -2.2% scope of business
 - Divestment of Sunclear
 - -2.5% currency
- **€341m EBITDA**, up 6.6% versus 2Q 2015
 - Driven by the three divisions
 - 17.5% EBITDA margin, close to historic highs, supported by very high margins in High Performance Materials and Industrial Specialties

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

² Excluding €20 m reallocation of assets in 2016 without any impact on net debt

³ Calculated as net financial debt divided by shareholders' equity

2Q 2016 PERFORMANCE BY SEGMENT

	2Q'16 in €m	2Q'15 in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	1,952	2,106	(7.3)%	(5.2)%	+2.6%	(2.5)%	(2.2)%
High Performance Materials	879	907	(3.1)% ⁴	(1.1)%	+2.2%	(3.1)%	(0.2)%
Industrial Specialties	609	684	(11.0)% ⁴	(5.6)%	+2.0%	(1.9)%	(6.5)%
Coating Solutions	457	509	(10.2)%	(12.0)%	+4.0%	(2.2)%	-
EBITDA	341	320	+6.6%				
High Performance Materials	165	149	+10.7%				
Industrial Specialties	134	128	+4.7%				
Coating Solutions	63	61	+3.3%				
EBITDA margin	17.5%	15.2%					
High Performance Materials	18.8%	16.4%					
Industrial Specialties	22.0%	18.7%					
Coating Solutions	13.8%	12.0%					
Recurring EBIT	229	208	+10.1%				
High Performance Materials	125	111	+12.6%				
Industrial Specialties	92	84	+9.5%				
Coating Solutions	34	32	+6.3%				

1H 2016 PERFORMANCE BY SEGMENT

	1H'16 in €m	1H'15 in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	3,845	3,977	(3.3)%	(5.4)%	+2.6%	(1.7)%	+1.1%
High Performance Materials	1,747	1,649	+5.9% ⁴	(1.4)%	+2.8%	(2.4)%	+8.0%
Industrial Specialties	1,195	1,310	(8.8)% ⁴	(4.4)%	+1.9%	(1.0)%	(6.4)%
Coating Solutions	889	1,005	(11.5)%	(13.2)%	+3.0%	(1.3)%	(0.1)%
EBITDA	643	557	+15.4%				
High Performance Materials	314	260	+20.8%				
Industrial Specialties	263	221	+19.0%				
Coating Solutions	113	114	(0.9)%				
EBITDA margin	16.7%	14.0%					
High Performance Materials	18.0%	15.8%					
Industrial Specialties	22.0%	16.9%					
Coating Solutions	12.7%	11.3%					
Recurring EBIT	420	341	+23.2%				
High Performance Materials	237	187	+26.7%				
Industrial Specialties	177	136	+30.1%				
Coating Solutions	54	57	(5.3)%				

⁴ At 1st January 2016, a business was transferred from Performance Additives to Industrial Specialties. YoY sales variation includes the impact of this transfer.

HIGH PERFORMANCE MATERIALS

- Another strong contribution of Bostik
 - +3% organic growth of sales
 - EBITDA up YoY supported by geographic expansion, synergies and lower costs
 - 13.8% EBITDA margin in 1H'16, continuing to reduce gap with major competitors
- On the rest of the division, EBITDA significantly up YoY
 - Strong volumes in Technical Polymers in lightweight materials and new energies
 - 1H'16 EBITDA margin slightly above 21.5% among the best in industry

INDUSTRIAL SPECIALTIES

- Very high EBITDA margin at 22.0%
- Gradual improvement in Fluorogases in line with Group's assumptions
- Continuing favorable market conditions in PMMA
- Quite solid performance of Thiochemicals
 - Despite maintenance turnaround in the US
 - Contribution of Kerteh's platform around last year level
- Benefits from developments in specialties in Hydrogen Peroxide

COATING SOLUTIONS

- Good resilience of results
 - EBITDA up YoY
 - EBITDA margin up at 13.8%
 - Despite strikes in France which impacted the supply chain in monomers
- Good performance of downstream supported by new developments and cost management
- Stabilization of unit margins in acrylic monomers confirmed
 - In line with Group's assumptions

CASH FLOW AND NET DEBT AT END OF JUNE 2016

CASH FLOW

(in €m)	2Q'16	Comments
EBITDA	341	
Working capital variation*	(46)	Usual seasonality of working capital 17.2%** working capital over annualized sales ratio (17.5% end of June 2015)
Taxes	(68)	Current taxes excluding non-cash items
Cost of debt	(23)	
Capex***	(91)	2016e capex: ~ €450m at 1.10 €/US\$ exchange rate
Others	(26)	Mainly loans granted to employees as part of the share capital increase reserved to employees achieved in April 2016 (€-17 m)
Recurring cash flow	87	
Non-recurring items in operating and investing cash flow	(10)	Mainly restructuring expenses
Free cash flow	77	
Impact of portfolio management	0	
Net cash flow	77	

* Variation in working capital and fixed asset payables excluding non-recurring items

** Excluding fixed asset payable related to the transfer of a 3rd acrylic acid production line to Sunke

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

NET DEBT

- €1,406 m net debt at 30 June 2016 overall stable compared to 31 March 2016 (€1,390 m)
- 35% gearing

2016 OUTLOOK

The current macro-economic environment remains marked by moderate global growth overall, low visibility with different dynamics by region, and volatility in currencies, and in energy and raw material prices.

In these conditions, Arkema continues to focus on its internal drivers. Hence the Group actively continues to develop Bostik and implement synergies, in line with its ambition and the medium- and long-term targets it has set for this business. The Group also pursues its plan to gradually improve its fluorogas activity and the roll-out of its operational excellence program to offset part of the inflation on fixed costs. Finally, the Group will carry out, in the 2nd half of the year, a regulatory maintenance turnaround in Kerteh, Malaysia, in Thiochemicals, one year after its start-up.

Assuming an energy, raw material and currency environment in line with the first semester, and taking into account the traditional seasonality of the second half of the year, Arkema reaffirms its confidence in its ability to grow EBITDA in 2016, and now targets a significant growth in EBITDA of some 7% to 9% over the year.