Investor and analyst factsheet

	3Q'17 in €m	3Q'16 in €m	Change	9m'17 in €m	9m'16 in €m	Change
Sales	**2,019**	**1,838**	**+9.8%**	**6,369**	**5,683**	**+12.1%**
Prices	*+7.2%*			*+6.4%*		
Volumes	*+3.3%*			*+3.2%*		
FX	*(3.9)%*			*(0.7)%*		
Portfolio	*+3.2%*			*+3.2%*		
EBITDA	**355**	**303**	**+17.2%**	**1,108**	**946**	**+17.1%**
High Performance Materials	*161*	*140*	*+15.0%*	*501*	*454*	*+10.4%*
Industrial Specialties	*149*	*123*	*+21.1%*	*465*	*386*	*+20.5%*
Coating Solutions	*62*	*54*	*+14.8%*	*200*	*167*	*+19.8%*
Corporate	*(17)*	*(14)*		*(58)*	*(61)*	
EBITDA margin	**17.6%**	**16.5%**		**17.4%**	**16.6%**	
Depreciation and amortization	(108)	(113)	(4.4)%	(331)	(336)	(1.5)%
Recurring EBIT	**247**	**190**	**+30.0%**	**777**	**610**	**+27.4%**
NR items	(24)	(19)		(54)	(20)	
Equity in income of affiliates	0	1		0	7	
Financial results	(27)	(25)	+8.0%	(78)	(75)	+4.0%
Income taxes	(54)	(51)	+5.9%	(202)	(177)	+14.1%
Net income – Group share	**142**	**96**	**+47.9%**	**439**	**341**	**+28.7%**
Adjusted net income	**158**	**110**	**+43.6%**	**477**	**350**	**+36.3%**
Adjusted EPS *(€)*	2.08	1.45	+43.4%	6.30	4.66	+35.2%
Weighted average number of ordinary shares	75,664,785	75,056,676		75,664,785	75,056,676	
Recurring capital expenditure[1]	**95**	**94**		**230**	**242**	
Working capital *(12/31)*				1,250	1,105	
Net debt *(12/31)*				**1,194**	**1,482**	
Gearing[2] *(12/31)*				**27%**	**35%**	

3Q'17 GROUP PERFORMANCE

- **€2,019 m sales**, 9.8% up versus 3Q'16
  - +3.3% volumes
    - +8.2% volumes in High Performance Materials driven by innovation in major sustainability trends and Asia
  - +7.2% price
    - Price increases to offset higher raw material costs in specialties (72% of Group's sales)
    - Ongoing favourable trends in more cyclical businesses (28% of Group's sales)
  - +3.2% scope of business
    - Integration of Den Braven and CMP within Bostik
    - Divestments of activated carbon and filter aid, and oxo-alcohol businesses
  - (3.9)% currency
    - Mainly strengthening of the euro versus US dollar
- **€355 m EBITDA**, 17.2% up on 3Q'16
  - Strong YoY growth in the three divisions
  - 17.6% EBITDA margin

[1] Excluding exceptional capex and capex relating to portfolio management

[2] Calculated as net financial debt divided by shareholders' equity

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3Q'17 PERFORMANCE BY SEGMENT

	3Q'17 in €m	3Q'16 in €m	Change	Prices	Volumes	FX	Change
Sales	**2,019**	**1,838**	**+9.8%**	**+7.2%**	**+3.3%**	**(3.9)%**	**+3.2%**
High Performance Materials	*955*	*836*	*+14.2%*	+2.2%	+8.2%	(4.1)%	+7.9%
Industrial Specialties	*594*	*553*	*+7.4%*	+11.5%	(0.3)%	(4.0)%	-
Coating Solutions	*463*	*442*	*+4.8%*	+11.4%	(1.3)%	(3.4)%	(1.8)%
EBITDA	**355**	**303**	**+17.2%**				
High Performance Materials	*161*	*140*	*+15.0%*				
Industrial Specialties	*149*	*123*	*+21.1%*				
Coating Solutions	*62*	*54*	*+14.8%*				
EBITDA margin	**17.6%**	**16.5%**					
High Performance Materials	*16.9%*	*16.7%*					
Industrial Specialties	*25.1%*	*22.2%*					
Coating Solutions	*13.4%*	*12.2%*					
Recurring EBIT	**247**	**190**	**+30.0%**				
High Performance Materials	*123*	*102*	*+20.6%*				
Industrial Specialties	*106*	*80*	*+32.5%*				
Coating Solutions	*36*	*23*	*+56.5%*				

9m'17 PERFORMANCE BY SEGMENT

	9m'17 in €m	9m'16 in €m	Change	Prices	Volumes	FX	Change
Sales	**6,369**	**5,683**	**+12.1%**	**+6.4%**	**+3.2%**	**(0.7)%**	**+3.2%**
High Performance Materials	*2,921*	*2,583*	*+13.1%*	+1.7%	+5.0%	(1.3)%	+7.6%
Industrial Specialties	*1,939*	*1,748*	*+10.9%*	+8.4%	+2.8%	(0.2)%	-
Coating Solutions	*1,487*	*1,331*	*+11.7%*	+13.0%	+0.3%	(0.3)%	(1.3)%
EBITDA	**1,108**	**946**	**+17.1%**				
High Performance Materials	*501*	*454*	*+10.4%*				
Industrial Specialties	*465*	*386*	*+20.5%*				
Coating Solutions	*200*	*167*	*+19.8%*				
EBITDA margin	**17.4%**	**16.6%**					
High Performance Materials	*17.2%*	*17.6%*					
Industrial Specialties	*24.0%*	*22.1%*					
Coating Solutions	*13.4%*	*12.5%*					
Recurring EBIT	**777**	**610**	**+27.4%**				
High Performance Materials	*385*	*339*	*+13.6%*				
Industrial Specialties	*333*	*257*	*+29.6%*				
Coating Solutions	*119*	*77*	*+54.5%*				

HIGH PERFORMANCE MATERIALS (47% OF GROUP SALES)

- Volumes up +8.2% versus 3Q'16
  - Very strong demand in Asia for lighter materials, batteries, photovoltaics, sports and consumer electronics
  - Ramp-up of the new specialty molecular sieves unit in Honfleur (France)
- +7.9% sales impact from M&A reflecting Den Braven and CMP acquisitions and the divestment of the activated carbon and filter aid business
- EBITDA up +15% YoY at €161 m despite higher costs than last year for certain raw materials
  - Very good volume momentum in advanced materials (Technical Polymers + Performance Additives)
  - Bostik expansion supported notably by Den Braven integration and first synergies
- 16.9% EBITDA margin, slightly up YoY (16.7% in 3Q'16)

INDUSTRIAL SPECIALTIES (30% OF GROUP SALES)

- Sales up +11.2% at constant scope of business and FX
  - +11.5% price effect driven by good market conditions in Fluorogases and MMA/PMMA
  - Overall stable volumes affected by the consequences of hurricane Harvey, particularly in Thiochemicals
- EBITDA significantly up +21.1% YoY at €149 m
  - Confirmation of the return of Fluorogases to very good level of results, in line with the Group's expectations
  - Continued tight market conditions in MMA/PMMA
  - Overall solid performance in Thiochemicals
- 25.1% EBITDA margin, up YoY (22.2% in 3Q'16)

COATING SOLUTIONS (23% OF GROUP SALES)

- Sales up +10.1% at constant FX and scope of business (divestment of oxo-alcohol business early March 2017)
  - +11.4% price effect reflecting gradually improving acrylic cycle and actions to raise selling prices across the entire chain
  - Volumes impacted by the consequences of hurricane Harvey which offset the robust volume growth in coating resins
- EBITDA up +14.8% YoY at €62 m
  - In line with the Group's assumptions, unit margins for acrylic monomers gradually improving from last year's low points
  - Higher contribution from acrylic monomers more than offsetting the impact in downstream businesses of higher input costs
- 13.4% EBITDA margin, up YoY (12.2% in 3Q'16)

CASH FLOW IN 3Q 2017

In millions of euros	3Q'17	Comments
EBITDA	**355**	
Change in working capital [1]	94	• Reflects tight control and usual seasonality of working capital • 15.5% working capital to annualized sales ratio versus 16.8% end of September 2016
Change in fixed assets payables [1]	4	
Current taxes	(50)	
Cost of debt	(24)	
Recurring capital expenditure [2]	(95)	• 2017e capex: slightly below the initial €450 m guidance
Others	11	
Recurring cash flow	**295**	
Non-recurring items in operating and investing cash flow	(21)	• Correspond mainly to the consequences of hurricane Harvey and restructuring costs
Free cash flow	**274**	
Impact of portfolio management	(2)	
Net cash flow	**272**	

(1) Excluding non-recurring items and impact of portfolio management
(2) Excluding exceptional capex and capex relating to portfolio management

NET DEBT AT THE END OF SEPTEMBER 2017

- **€1,194 m** net debt at 30 September 2017, significantly down on 30 June 2017 (€1,471 m)
- 27% gearing

ACCOUNTING STANDARDS

In accordance with IAS 33, the calculation of earnings per share and diluted earnings per share figures will now take into account the payments due to bearers of deeply subordinated perpetual notes (hybrid bonds). This interest expense will be deducted from net income (Group share) for the year.

Consequently, the figures for full year 2016 and the fourth quarter of 2016 have been restated to reflect this change, payments related to the hybrid bond issued in October 2014 being fully taken into account in the fourth quarter of the year. Accordingly, earnings per share for the fourth quarter of 2016 amounted to €0.70 and diluted earnings per share to €0.69. For full-year 2016, restated earnings per share totaled €5.24 and diluted earnings per share €5.22.

The change will not affect the calculation of adjusted net income per share.

OUTLOOK FOR FULL-YEAR 2017

The global macro-economic environment is expected to remain volatile in the fourth quarter of 2017, with contrasting trends across the Group's end-markets and geographic regions, higher raw materials prices than last year and a stronger euro against the US dollar.

Against this backdrop, Arkema's business will continue to benefit from the expansion of Bostik, with the integration of Den Braven and new high value-added applications in advanced materials, notably related to major sustainability trends. Improvement of Fluorogases should remain limited in the fourth quarter compared to the previous year given this activity's seasonality. The Group will also pursue its actions to ensure that the high costs of certain raw materials are reflected in its selling prices. Lastly, it will continue implementing its operational excellence initiatives to offset part of fixed costs inflation.

In view of the above factors and the traditional seasonality of the Group's business towards the end of the year, and based on the results achieved in the first nine months of 2017, the Group now targets for the full year an EBITDA in the upper end of the €1,310 million to €1,350 million range announced in August.