



Colombes, 4 May 2017

Arkema: 1st quarter 2017 results

- **€2,152 million sales, +13,7%** up, driven by volumes and prices in all three business divisions
- Historical high for a quarter with **€355 million EBITDA (+17.5%** compared to Q1 2016)
- **16.5% EBITDA margin** (16.0% in Q1 2016) supported by all three business divisions
- **Adjusted net income +39%** up to **€147 million, i.e. €1.94** per share
- **Net debt** stable compared to 31 December 2016 at **€1,496 million** despite the usual strong seasonality of working capital

The Board of Directors of Arkema met on 3 May 2017 to review the Group's consolidated accounts for 1st quarter 2017. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"In the last few years, the roll-out of our strategy and the continued commitment of our 20,000 employees enabled us to create a much more profitable, growing and highly innovative group.

The results of the 1st quarter 2017 reflect this transformation. Arkema achieved an excellent start to the year with a 14% growth in sales and the highest ever EBITDA in our history for a quarter.

We benefited in particular from robust demand in most of our main markets, from Bostik's ongoing growth reinforced by the recent integration of Den Braven, from the success of our technological innovation in advanced materials, and from a more positive dynamic in acrylics.

In a global economic context that remains volatile, we will continue to rely on our many growth catalysts, adapt our pricing policy to an environment of rising raw material prices, and aim for excellence in the way we operate.

The beginning of this year gives us full confidence in our ability to achieve the objective we set ourselves for 2017."

KEY FIGURES 1ST QUARTER 2017

| <i>(In millions of euros)</i> | Q1 2016 | Q1 2017 | Variation |
|--|--------------|--------------|---------------|
| Sales | 1,893 | 2,152 | +13.7% |
| EBITDA | 302 | 355 | +17.5% |
| EBITDA margin | 16.0% | 16.5% | |
| <i>High Performance Materials</i> | 17.2% | 17.0% | |
| <i>Industrial Specialties</i> | 22.0% | 21.7% | |
| <i>Coating Solutions</i> | 11.6% | 14.1% | |
| Recurring operating income (REBIT) | 191 | 244 | +27.7% |
| Non-recurring items | (11) | (15) | - |
| Adjusted net income | 106 | 147 | +38.7% |
| Net income – Group share | 98 | 137 | +39.8% |
| Adjusted net income per share (in €) | 1.42 | 1.94 | +36.6% |
| Weighted average number of ordinary shares | 74,403,839 | 75,668,784 | - |

FIRST QUARTER 2017 ACTIVITY

In 1st quarter 2017, **sales** rose to **€2,152 million**, +13.7% up on 1st quarter 2016. At constant exchange rates and business scope, growth reached +9.5%. Volumes, +4.6% up, improved significantly across all divisions, driven in particular by good demand in Asia and in several significant end markets for the Group and by the benefits from innovation. The +4.9% price effect reflects an improving acrylic cycle as well as the Group's actions to increase its selling prices. The +3.2% scope effect includes the first quarter of Den Braven and the impact of the divestment of the activated carbon and filter aid as well as the oxo alcohol businesses. The currency effect was limited to +1.0%.

At **€355 million**, **EBITDA** reached a record high for a quarter. +17.5% up on 1st quarter 2016, it grew significantly in each business division. This excellent performance was driven by growth in Specialty Adhesives and the development of high performance materials, the return of Fluorogases to very good levels of results, and an improvement in the acrylic cycle.

EBITDA margin, at **16.5%**, improved on 1st quarter 2016 (16.0%), demonstrating the Group's resilience in a context of rising raw material costs.

In line with the very strong increase in EBITDA, **recurring operating income** rose to **€244 million** from €191 million in 1st quarter 2016. It includes €111 million depreciation and amortization, stable compared to last year.

At **-€15 million**, **non-recurring items** essentially correspond to depreciation and amortization related to the revaluation of tangible and intangible fixed assets carried out as part of Bostik purchase price allocation, as well as the -€5 million impact of the step-up at market price of Den Braven inventories.

Financial result stood at **-€25 million** against -€23 million in 1st quarter 2016. This variation mostly reflects the interest rate and currency effects on debts in currencies other than the euro.

Income taxes amounted to **-€66 million** against **-€58 million** in 1st quarter 2016. Excluding a €2 million reversal of provisions for deferred tax liabilities accounted for as part of Bostik purchase price allocation, the tax rate amounted to 28% of the recurring operating income, reflecting the change in the geographic split of results.

Net income Group share rose significantly to **€137 million** against €98 million in 1st quarter 2016. Excluding the impact after tax of non-recurring items, **adjusted net income** stood at **€147 million**, *i.e.* **€1.94** per share and 6.8% of the Group's sales.

PERFORMANCE BY DIVISION IN 1ST QUARTER 2017

HIGH PERFORMANCE MATERIALS

Sales in High Performance Materials rose to **€976 million**, +12.4% up on 1st quarter 2016 (€868 million). The +7.2% scope effect reflects the integration of Den Braven and the divestment of the activated carbon and filter aid business. At constant exchange rate and business scope, sales grew by +4.9%, with volumes significantly up (+4.1%), in particular in Asia in Technical Polymers where demand was strong in lightweight materials and design applications, new energies and automotive. Demand was also favorable in specialty molecular sieves for petrochemical applications. The price effect was positive at +0.8%. The currency effect remained limited at +0.3%.

EBITDA grew to **€166 million**, +11.4% over 1st quarter 2016 (€149 million) despite a context of rising raw materials. This performance was supported by growing volumes and by a solid performance in each of the three Business Lines, in particular with the good contribution of Specialty Adhesives (Bostik) which now account for over half the division's sales and benefit from the successful integration of Den Braven which performance is in line with the Group's expectations.

At **17.0%**, the division's **EBITDA margin** was stable overall compared to last year, at high level, with Bostik margin slightly up on 1st quarter 2016.

INDUSTRIAL SPECIALTIES

Industrial Specialties **sales** rose to **€644 million**, +9.9% up on 1st quarter 2016 (€586 million). At constant exchange rate and business scope, sales grew by +8.1%, supported in particular by a +3.9% increase in volumes. The +4.2% price effect primarily reflects the further improvement in the prices of some fluorogases and overall pricing actions to adapt to the context of higher raw materials. The currency effect was positive at +1.8%.

At **€140 million**, the division's **EBITDA** was up by +8.5% over 1st quarter 2016 (€129 million), benefiting from the return of Fluorogases to high levels of results, very good market conditions in PMMA which could start to normalize in the second part of the year, and a robust performance in Thiochemicals.

At **21.7%**, **EBITDA margin** was essentially stable compared to 1st quarter 2016 (22.0%).

COATING SOLUTIONS

At **€525 million**, **sales** in the Coating Solutions division rose significantly by +21.5% compared to 1st quarter 2016 (€432 million). Volumes, up +6.5%, grew across all of the division's activities, driven by high demand in a context of strong propylene price increase. The +14.1% price effect reflects the improvement in the acrylic cycle as anticipated and the selling price increase initiatives. The divestment of Oxochimie in March 2017 resulted in a -0.7% scope effect. The currency effect was positive at +1.5%.

At **€74 million**, the division's **EBITDA** grew significantly by +48% over 1st quarter 2016 (€50 million), supported mostly by an improvement in the acrylic cycle in monomers compared to the low levels of 1st quarter 2016. In the continuity of the 4th quarter 2016, this improvement was mainly focused on Asia. Over 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 the first quarter.

EBITDA margin, at **14.1%**, was significantly up over 1st quarter 2016 (11.6%).

CASH FLOW AND NET DEBT AT 31 MARCH 2017

In 1st quarter 2017, Arkema generated **-€44 million free cash flow**¹ (-€35 million in 1st quarter 2016). The €195 million increase in working capital² reflected the traditional seasonality of the activity, a strong increase in sales, and the rising costs of certain raw materials. The ratio of working capital over annualized sales for the quarter stood at 15.6% at end of March 2017 against 16.7% at end of March 2016. Capital expenditure amounted to €54 million over the quarter. Over the year as a whole, they should represent some €450 million.

Excluding non-recurring items and the impact of portfolio management operations, Arkema generated **-€37 million recurring cash flow** over 1st quarter 2017.

Net debt stood at **€1,496 million**, stable compared to 31 December 2016 (€1,482 million), representing a 34% gearing.

HIGHLIGHTS OF 1ST QUARTER 2017

Organic growth

In January 2017, as part of its operational excellence program, the Group announced that it will replace two 45,000 tonnes per year acrylic acid reactors at the end of their life with a single 90,000 tonnes per year reactor at its Clear Lake site in the United States. With this investment, Clear Lake will have a modern, competitive reactor using the latest production technologies available and will thus be positioned among the most competitive acrylics sites in North America.

In February 2017 the Group announced that it had doubled its Kepstan® PEKK production capacities in France, and confirmed an investment in a PEKK world-scale plant at its Mobile site (Alabama) in the United States, scheduled to come on stream in second half 2018.

Portfolio management

In March 2017 the Group announced that it had finalized the sale to INEOS of its 50% stake in Oxochimie, their oxo alcohol production joint venture, and of the associated business.

POST BALANCE SHEET EVENTS

Financing

On 11 April 2017 Arkema successfully completed a €700 million bond issue with a ten-year maturity at a coupon of 1.5%. This operation has enabled the Group to refinance and extend the average maturity of its financial resources taking advantage of favorable market conditions.

Organic growth

In April 2017 Arkema announced the start-up of a 25% extension of its Kynar® PVDF production capacities at its Changshu site in China. This investment will enable the Group to support its customers' growth in Asia, in particular in the new energies and water management markets, as well as in traditional applications in construction coatings and the chemical process industry.

On 24 April 2017 Arkema inaugurated its new specialty molecular sieve plant at its Honfleur facility in France. This investment of some €60 million will enable the Group to support its customers' growth in the refining and petrochemicals markets, in particular in Asia and the Middle East, thereby consolidating its n° 2 world ranking in this activity.

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

² Excluding non-recurring items.

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 1st quarter in a context of rising raw materials fully supports Arkema's ambitious objective to achieve €1.3 billion EBITDA in 2017.

A Capital Markets Day will be held on 10 and 11 July 2017, in France, at Bostik research and development center, near Paris, when the Group will give a more detailed presentation of its longer-term prospects and its strategy.

The 1st quarter 2017 results and the outlook are detailed in the "1st Quarter 2017 results" presentation available on the website www.finance.arkema.com

FINANCIAL CALENDAR

| | |
|-----------------|---|
| 23 May 2017 | Shareholders' annual general meeting at Théâtre des Sablons, in Neuilly-sur-Seine |
| 2 August 2017 | 1 st half 2017 results |
| 9 November 2017 | 3 rd 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*

INVESTOR RELATIONS

| | | |
|-----------------|-------------------|--|
| Sophie Fouillat | +33 1 49 00 86 37 | sophie.fouillat@arkema.com |
| François Ruas | +33 1 49 00 72 07 | francois.ruas@arkema.com |

MEDIA CONTACTS

| | | |
|-------------------|-------------------|--|
| Gilles Galinier | +33 1 49 00 70 07 | gilles.galinier@arkema.com |
| Véronique Obrecht | +33 1 49 00 88 41 | veronique.obrecht@arkema.com |

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 March 2017 closed by the Board of Directors of Arkema SA on 3 May 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.

As part of the analysis of the evolution of its results and in particular its sales, the Group analyzes the following effects (non-audited analyses):

- **Business scope effect:** the business scope effect corresponds to the impact of a change in the scope arising as a result of the acquisition or the divestment of an entire activity or the consolidation or deconsolidation of an entity. Increases or closures of plant capacities are not treated as a scope effect;

- **Currency exchange effect:** the currency translation effect referred to herein corresponds to the mechanical impact of the consolidation of accounts in currencies other than the euro at different exchange rates from one period to another. The currency exchange effect is treated by applying the rate of the previous period to the aggregate of the period under analysis;
- **Price effect:** the impact of average sales price variations is estimated by comparing the weighted average net unit sales price for a range of related products in the current period with the weighted average net unit sales price in the previous period, multiplied in both cases by the volumes sold in the current period;
- **Volume effect:** the impact of variations in volume is estimated by comparing the quantities delivered in the current period with the quantities delivered in the previous period, multiplied in both cases by the weighted average net unit sales price in the previous period.



ARKEMA Financial Statements

Consolidated financial statements - At the end of March 2017

CONSOLIDATED INCOME STATEMENT

| <i>(In millions of euros)</i> | <u>End of March 2017</u> <i>(non audited)</i> | <u>End of March 2016</u> <i>(non audited)</i> |
|--|--|--|
| Sales | 2,152 | 1,893 |
| Operating expenses | (1,658) | (1,474) |
| Research and development expenses | (61) | (56) |
| Selling and administrative expenses | (189) | (172) |
| Recurring operating income | 244 | 191 |
| Other income and expenses | (15) | (11) |
| Operating income | 229 | 180 |
| Equity in income of affiliates | 0 | 3 |
| Financial result | (25) | (23) |
| Income taxes | (66) | (58) |
| Net income | 138 | 102 |
| Of which non-controlling interests | 1 | 4 |
| Net income - Group share | 137 | 98 |
| <i>Earnings per share (amount in euros)</i> | <i>1.81</i> | <i>1.32</i> |
| <i>Diluted earnings per share (amount in euros)</i> | <i>1.81</i> | <i>1.31</i> |
| Depreciation and amortization | (111) | (111) |
| EBITDA | 355 | 302 |
| Adjusted net income | 147 | 106 |
| <i>Adjusted net income per share (amount in euros)</i> | <i>1.94</i> | <i>1.42</i> |
| <i>Diluted adjusted net income per share (amount in euros)</i> | <i>1.94</i> | <i>1.42</i> |
| <i>Weighted average number of shares</i> | <i>75,668,783</i> | <i>74,403,839</i> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| <i>(In millions of euros)</i> | <u>End of March 2017</u> <i>(non audited)</i> | <u>End of March 2016</u> <i>(non audited)</i> |
|--|--|--|
| Net income | 138 | 102 |
| Hedging adjustments | 8 | 22 |
| Other items | - | - |
| Deferred taxes on hedging adjustments and other items | - | - |
| Change in translation adjustments | (16) | (73) |
| Other recyclable comprehensive income | (8) | (51) |
| Actuarial gains and losses | 11 | - |
| Deferred taxes on actuarial gains and losses | (4) | - |
| Other non-recyclable comprehensive income | 7 | - |
| Total income and expenses recognized directly in equity | (1) | (51) |
| Comprehensive income | 137 | 51 |
| Of which: non-controlling interest | 1 | 2 |
| Comprehensive income - Group share | 136 | 49 |

CONSOLIDATED BALANCE SHEET

| | <u>March, 31st 2017</u> | <u>December, 31st 2016</u> |
|---|------------------------------------|---------------------------------------|
| <i>(In millions of euros)</i> | <i>(non audited)</i> | <i>(audited)</i> |
| ASSETS | | |
| Intangible assets, net | 2,754 | 2,777 |
| Property, plant and equipment, net | 2,570 | 2,652 |
| Equity affiliates : investments and loans | 35 | 35 |
| Other investments | 33 | 33 |
| Deferred tax assets | 166 | 171 |
| Other non-current assets | 229 | 227 |
| TOTAL NON-CURRENT ASSETS | 5,787 | 5,895 |
| Inventories | 1,186 | 1,111 |
| Accounts receivable | 1,372 | 1,150 |
| Other receivables and prepaid expenses | 188 | 197 |
| Income taxes recoverable | 66 | 64 |
| Other current financial assets | 8 | 10 |
| Cash and cash equivalents | 588 | 623 |
| TOTAL CURRENT ASSETS | 3,408 | 3,155 |
| TOTAL ASSETS | 9,195 | 9,050 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Share capital | 757 | 757 |
| Paid-in surplus and retained earnings | 3,306 | 3,150 |
| Treasury shares | (4) | (4) |
| Translation adjustments | 285 | 301 |
| SHAREHOLDERS' EQUITY - GROUP SHARE | 4,344 | 4,204 |
| Non-controlling interests | 46 | 45 |
| TOTAL SHAREHOLDERS' EQUITY | 4,390 | 4,249 |
| Deferred tax liabilities | 286 | 285 |
| Provisions for pensions and other employee benefits | 508 | 520 |
| Other provisions and non-current liabilities | 453 | 464 |
| Non-current debt | 1,377 | 1,377 |
| TOTAL NON-CURRENT LIABILITIES | 2,624 | 2,646 |
| Accounts payable | 969 | 932 |
| Other creditors and accrued liabilities | 378 | 402 |
| Income taxes payable | 103 | 62 |
| Other current financial liabilities | 24 | 31 |
| Current debt | 707 | 728 |
| TOTAL CURRENT LIABILITIES | 2,181 | 2,155 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 9,195 | 9,050 |

CONSOLIDATED CASH FLOW STATEMENT

| | <u>End of March 2017</u> | <u>End of March 2016</u> |
|---|--------------------------|--------------------------|
| <i>(In millions of euros)</i> | <i>(non audited)</i> | <i>(non audited)</i> |
| Cash flow - operating activities | | |
| Net income | 138 | 102 |
| Depreciation, amortization and impairment of assets | 121 | 120 |
| Provisions, valuation allowances and deferred taxes | (4) | (9) |
| (Gains)/losses on sales of assets | 0 | (2) |
| Undistributed affiliate equity earnings | (1) | (2) |
| Change in working capital | (179) | (151) |
| Other changes | (2) | 3 |
| Cash flow from operating activities | 73 | 61 |
| Cash flow - investing activities | | |
| Intangible assets and property, plant, and equipment additions | (54) | (57) |
| Change in fixed asset payables | (54) | (43) |
| Acquisitions of operations, net of cash acquired | 1 | 0 |
| Increase in long-term loans | (9) | (12) |
| Total expenditures | (116) | (112) |
| Proceeds from sale of intangible assets and property, plant and equipment | 4 | 7 |
| Change in fixed asset receivables | - | 0 |
| Proceeds from sale of operations, net of cash sold | 10 | - |
| Proceeds from sale of unconsolidated investments | 0 | - |
| Repayment of long-term loans | 5 | 4 |
| Total divestitures | 19 | 11 |
| Cash flow from investing activities | (97) | (101) |
| Cash flow - financing activities | | |
| Issuance (repayment) of shares and other equity | - | 0 |
| Issuance of hybrid bonds | - | - |
| Purchase of treasury shares | - | (2) |
| Dividends paid to parent company shareholders | - | - |
| Dividends paid to non-controlling interests | 0 | (1) |
| Increase/ decrease in long-term debt | (1) | (2) |
| Increase/ decrease in short-term borrowings and bank overdrafts | (19) | (5) |
| Cash flow from financing activities | (20) | (10) |
| Net increase/(decrease) in cash and cash equivalents | (44) | (50) |
| Effect of exchange rates and changes in scope | 9 | 22 |
| Cash and cash equivalents at beginning of period | 623 | 711 |
| Cash and cash equivalents at end of period | 588 | 683 |

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non audited)

| <i>(In millions of euros)</i> | Shares issued | | | Paid-in surplus | Hybrid bonds | Retained earnings | Translation adjustments | Treasury shares | | Shareholders' equity - Group share | Non-controlling interests | Shareholders' equity |
|---|-------------------|------------|--------------|-----------------|--------------|-------------------|-------------------------|-----------------|--------------|------------------------------------|---------------------------|----------------------|
| | Number | Amount | Number | | | | | Amount | | | | |
| At January 1, 2017 | 75,717,947 | 757 | 1,211 | 689 | 1,250 | 301 | (65,823) | (4) | 4,204 | 45 | 4,249 | |
| Cash dividend | - | - | - | - | - | - | - | - | - | - | - | |
| Issuance of share capital | - | - | - | - | - | - | - | - | - | - | - | |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - | - | |
| Grants of treasury shares to employees | - | - | - | - | - | - | - | - | - | - | - | |
| Share-based payments | - | - | - | - | 4 | - | - | - | 4 | - | 4 | |
| Other | - | - | - | - | - | - | - | - | - | - | - | |
| Transactions with shareholders | - | - | - | - | 4 | - | - | - | 4 | - | 4 | |
| Net income | - | - | - | - | 137 | - | - | - | 137 | 1 | 138 | |
| Total income and expense recognized directly through equity | - | - | - | - | 15 | (16) | - | - | (1) | - | (1) | |
| Comprehensive income | - | - | - | - | 152 | (16) | - | - | 136 | 1 | 137 | |
| At March 31, 2017 | 75,717,947 | 757 | 1,211 | 689 | 1,406 | 285 | (65,823) | (4) | 4,344 | 46 | 4,390 | |

INFORMATION BY BUSINESS SEGMENT

(non audited)

1st quarter 2017

(In millions of euros)

| | High Performance Materials | Industrial Specialties | Coating Solutions | Corporate | Total |
|--|----------------------------------|---------------------------|----------------------|-------------|------------|
| Non-Group sales | 976 | 644 | 525 | 7 | 2,152 |
| Inter segment sales | 3 | 36 | 19 | - | |
| Total sales | 979 | 680 | 544 | 7 | |
| EBITDA | 166 | 140 | 74 | (25) | 355 |
| Depreciation and amortization | (39) | (44) | (27) | (1) | (111) |
| Recurring operating income | 127 | 96 | 47 | (26) | 244 |
| Other income and expenses | (16) | 2 | (1) | - | (15) |
| Operating income | 111 | 98 | 46 | (26) | 229 |
| Equity in income of affiliates | 0 | 0 | - | - | 0 |
| Intangible assets and property, plant and equipment additions | 24 | 21 | 6 | 3 | 54 |

1st quarter 2016

(In millions of euros)

| | High Performance Materials | Industrial Specialties | Coating Solutions | Corporate | Total |
|--|----------------------------------|---------------------------|----------------------|-------------|------------|
| Non-Group sales | 868 | 586 | 432 | 7 | 1,893 |
| Inter segment sales | 5 | 31 | 15 | - | |
| Total sales | 873 | 617 | 447 | 7 | |
| EBITDA | 149 | 129 | 50 | (26) | 302 |
| Depreciation and amortization | (37) | (44) | (30) | - | (111) |
| Recurring operating income | 112 | 85 | 20 | (26) | 191 |
| Other income and expenses | (11) | - | - | - | (11) |
| Operating income | 101 | 85 | 20 | (26) | 180 |
| Equity in income of affiliates | - | 3 | - | - | 3 |
| Intangible assets and property, plant and equipment additions | 31 | 16 | 8 | 2 | 57 |

AJUSTED NET INCOME

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

| | <u>1st quarter 2017</u> | <u>End of March 2017</u> | <u>1st quarter 2016</u> | <u>End of March 2016</u> |
|---|------------------------------------|--------------------------|-------------------------|--------------------------|
| <i>(In millions of euros)</i> | <i>(non audited)</i> | <i>(non audited)</i> | <i>(non audited)</i> | <i>(non audited)</i> |
| ADJUSTED NET INCOME | 147 | 147 | 106 | 106 |
| Other income and expenses | (15) | (15) | (11) | (11) |
| Other income and expenses - Non-controlling interests | - | - | - | - |
| Exchange differences on foreign currency financing for investments of an exceptional nature | - | - | - | - |
| Taxes on other income and expenses | 5 | 5 | 3 | 3 |
| Non-current taxation | - | - | - | - |
| NET INCOME - GROUP SHARE | 137 | 137 | 98 | 98 |

NET DEBT

| <i>(In millions of euros)</i> | March, 31st 2017 <i>(non audited)</i> | December, 31st 2016 <i>(audited)</i> |
|-------------------------------|--|---|
| Non-current debt | 1,377 | 1,377 |
| Current debt | 707 | 728 |
| Cash and cash equivalents | 588 | 623 |
| NET DEBT | 1,496 | 1,482 |

FREE CASH FLOW

| <i>(In millions of euros)</i> | End of March 2017 <i>(non audited)</i> | End of March 2016 <i>(non audited)</i> |
|--|--|--|
| Cash flow from operating activities | 73 | 61 |
| Cash flow from investing activities | (97) | (101) |
| NET CASH FLOW | (24) | (40) |
| <i>Of which:</i> | | |
| <i>Unrealized foreign exchange differences on the financing in US dollar of the investments made in Thiochemicals in Malaysia without any impact on net debt</i> | | |
| <i>Net cash flow from portfolio management</i> | 20 | (5) |
| FREE CASH FLOW | (44) | (35) |