

Investor and analyst factsheet

	2Q'15 in €m	2Q'14 ¹ in €m	Variation	1H'15 in €m	1H'14 ¹ in €m	Variation
Sales	2,106	1,520	+38.6%	3,977	3,043	+30.7%
Prices	(3.1)%			(3.1)%		
Volumes ²	+2.1%			-		
FX	+10.2%			+24.7%		
Portfolio	+29.5%			+9.4%		
EBITDA	320	210	+52.4%	557	411	+35.5%
High Performance Materials	149	76	+96.1%	260	163	+59.5%
Industrial Specialties	128	85	+50.6%	221	155	+42.6%
Coating Solutions	61	61	-	114	120	-5.0%
Corporate	(18)	(12)		(38)	(27)	
EBITDA margin	15.2%	13.8%		14.0%	13.5%	
Depreciation and amortization	(112)	(80)	+40.0%	(216)	(158)	+36.7%
Recurring EBIT	208	130	+60.0%	341	253	+34.8%
NR items	(66)	(22)		(82)	(32)	
Equity in income of affiliates	5	-		5	-	
Financial results	(25)	(16)	+56.3%	(54)	(29)	+86.2%
Income taxes	12	(41)		(36)	(75)	
Net income – Group share	133	50	+166.0%	175	116	+50.9%
Adjusted net income	120	72	+66.7%	177	148	+19.6%
Adjusted EPS (€)	1.65	1.09	+51.4%	2.43	2.26	+7.5%
Capital Expenditures	87	113	(23.0)%	151	203	(25.6)%
Working capital (12/31)	1,428	958				
Net debt (12/31)	1,773	154				
Gearing³ (12/31)	45.9%	4.3%				

2Q 2015 GROUP PERFORMANCE

- **€2,106m sales**, significantly up by 39% versus 2Q 2014
 - +2.1% organic volume growth²
 - Strong demand improvement in June
 - Ramp up of the new Thiochemicals plant in Malaysia
 - -3.1% prices
 - Mainly in Coating Solutions
 - +29.5% scope of business
 - Bostik acquisition
 - Acquisition of a stake in Sunke in Acrylics in China
 - +10.2% currency
 - Favorable euro / US dollar FX rate
- **€320m EBITDA**, up 52.4% versus 2Q 2014
 - EBITDA without Bostik, up 28%
 - Good and promising performance of Bostik for its start within Arkema
 - Solid contribution of the new Thiochemicals plant in Malaysia
 - Marked improvement of **EBITDA margin to 15.2%** (13.8% in 2Q'14)

¹ Restated figures to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015 and in accordance with IFRIC 21 "Levies"

² Excluding the impact of the shutdown of Chauny (Fr) site effective 1Q'14

³ Calculated as net financial debt divided by shareholders' equity

1H 2015 PERFORMANCE BY SEGMENT

	1H'15 in €m	1H'14 ⁴ in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	3,977	3,043	+30.7%	(3.1)%	(0.3)%⁵	+9.4%	+24.7%
High Performance Materials	1,649	878	+87.8%	(0.4)%	+0.2%	+8.4%	+79.6%
Industrial Specialties	1,310	1,154	+13.5%	+2.2%	+0.4%	+10.1%	+0.8%
Coating Solutions	1,005	1,000	+0.5%	(11.8)%	(1.7)%	+9.6%	+4.4%
EBITDA	557	411	+35.5%				
High Performance Materials	260	163	+59.5%				
Industrial Specialties	221	155	+42.6%				
Coating Solutions	114	120	(5.0)%				
EBITDA margin	14.0%	13.5%					
High Performance Materials	15.8%	18.6%					
Industrial Specialties	16.9%	13.4%					
Coating Solutions	11.3%	12.0%					
Recurring EBIT	341	253	+34.8%				
High Performance Materials	187	115	+62.6%				
Industrial Specialties	136	89	+52.8%				
Coating Solutions	57	77	(26.0)%				

2Q 2015 PERFORMANCE BY SEGMENT

	2Q'15 in €m	2Q'14 ⁴ in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	2,106	1,520	+38.6%	(3.1)%	+1.9%⁶	+10.2%	+29.5%
High Performance Materials	907	427	+112.4%	+0.6%	+2.7%	+9.1%	+99.7%
Industrial Specialties	684	583	+17.3%	+2.9%	+2.3%	+11.2%	+0.9%
Coating Solutions	509	505	+0.8%	(13.3)%	+0.6%	+10.1%	+3.4%
EBITDA	320	210	+52.4%				
High Performance Materials	149	76	+96.1%				
Industrial Specialties	128	85	+50.6%				
Coating Solutions	61	61	-				
EBITDA margin	15.2%	13.8%					
High Performance Materials	16.4%	17.8%					
Industrial Specialties	18.7%	14.6%					
Coating Solutions	12.0%	12.1%					
Recurring EBIT	208	130	+60.0%				
High Performance Materials	111	52	+113.5%				
Industrial Specialties	84	52	+61.5%				
Coating Solutions	32	39	(17.9)%				

⁴ Restated figures to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015 and in accordance with IFRIC 21 "Levies"

⁵ 0% excluding the impact of the shutdown of Chauny (Fr) site effective 1Q'14

⁶ 2.1% excluding the impact of the shutdown of Chauny (Fr) site effective 1Q'14

HIGH PERFORMANCE MATERIALS

- Bostik:
 - €418 m sales
 - Performance significantly up YoY supported by successful implementation of strategy
- Technical Polymers:
 - Improved performance in polyamide 12 vs 2Q'14 which was impacted by a large maintenance turnaround in Mont (France)
 - Benefits from growing applications (batteries, electronics) offsetting lower demand in some oil and gas applications
- Performance Additives:
 - Good performance supported by specialty molecular sieves for petrochemicals

INDUSTRIAL SPECIALTIES

- Thiochemicals:
 - Excellent performance supported by significant contribution from the new platform in Malaysia
 - Ramp-up of Malaysian plant a touch faster than initially planned with strong demand in Asia in the animal nutrition market
- Fluorogases:
 - Gradual improvement reflecting higher prices of some fluorogases and productivity initiatives
- PMMA:
 - Very good level of results with continuing favourable environment in MMA
- Hydrogen Peroxide:
 - Results up YoY with good developments in specialties

COATING SOLUTIONS

- Acrylics (acid + esters):
 - Unit margins at cyclical low
 - Significantly down YoY
 - In the continuity of 1Q'15
 - Expected to remain so throughout 2015
 - Quite limited contribution of Sunke
 - Market situation expected to persist for the remainder of 2015
- Coating Resins and Additives:
 - Solid performance supported by:
 - New developments at Coatex
 - Actions to improve profitability in coating resins
- Ongoing soft demand in decorative paints and construction in Europe

CASH FLOW AND NET DEBT AT END OF JUNE 2015

CASH FLOW

(in €m)	2Q'15	Comments
EBITDA	320	
Working capital variation*	(28)	Excluding €27 m non-recurring items primarily relating to Bostik acquisition
Taxes	(63)	Current taxes excluding impact of Bostik PPA
Cost of debt	(22)	
Capex**	(86)	2015e capex: ~ €450m <ul style="list-style-type: none"> • Computed with the 1.25 €/US\$ rate used for the budget • Will need to be adjusted depending on currency variations • 10-cent variation in €/US\$ implies close to €15m change in capex
Others	(5)	
Recurring cash flow	116	
Non recurring items in operating and investing cash flow	(11)	Mainly restructuring expenses
Free cash flow	105	
Impact of portfolio management	(1)	
Net cash flow	104	

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

** Excluding capital expenditure related to M&A

NET DEBT

- €1,773 m net debt at 30 June 2015 down versus 31 March 2015 (€1,888 m)
- 45.9% gearing

BOSTIK PURCHASE PRICE ALLOCATION IMPACT IN 2Q'15⁷

- €(52) m charges booked in "other income and expenses"
 - €(36) m inventory step-up
 - €(16) m additional depreciation on tangible and intangible assets
- +€76 m tax profit
 - +€60 m deferred tax assets recognized in France
 - +€16 m reversal of deferred tax liabilities

⁷ Provisional accounting

2015 OUTLOOK

- Macro-economic assumptions
 - Arkema enters 2H'15 with confidence, while remaining cautious on the future development of the global economic environment
 - Market conditions expected to remain volatile and contrasted with different dynamics depending on geographic regions and end-markets
 - Trends in FX rates (mainly US\$/€) expected to remain favorable offsetting, albeit with a more limited benefit in 2H than in 1H
 - Unit margins in acrylic monomers expected to remain at low-cycle levels
- Main drivers
 - Consolidation of Bostik on 11 months
 - Ramp-up of the new Thiochemicals platform in Malaysia
 - Gradual improvement of fluorogas business
 - Operational excellence initiatives to offset part of the inflation on fixed costs
 - Contribution from Sunke should remain well below expectations given current market conditions in acrylics in Asia
- Based on these drivers, assuming a continuity in current market conditions, and given the usual seasonality of the second half of the year, Arkema expects an EBITDA slightly above €1 billion (including Bostik contribution) in 2015