ARKEMA
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Press release

Communiqué de presse

INVESTOR AND ANALYST FACTSHEET

In accordance with IFRS 5 rule and terms, 1Q'11 and 1Q'12 income statement items and balance sheet items of the Vinyl business concerned by a divestment project[1] have been presented on a separate line in the income statement and balance sheet. However, cash flow statement includes flows related to this Vinyls business.

	1Q'12 in €m	1Q'11 in €m	*1Q'12/ 1Q'11*
Sales	**1,623**	**1,424**	***14.0%***
Industrial Chemicals	1,083	947	*14.4%*
Performance Products	534	472	*13.1%*
Corporate	6	5	
EBITDA	**253**	**289**	***(12.5)%***
Industrial Chemicals	170	227	*(25.1)%*
Performance Products	102	74	*37.8%*
Corporate	(19)	(12)	
EBITDA margin	**15.6%**	**20.3%**	
Industrial Chemicals	15.7%	24.0%	
Performance Products	19.1%	15.7%	
Depreciation and amortization	(73)	(61)	
Recurring EBIT	**180**	**228**	***(21.1)%***
Industrial Chemicals	123	189	*(34.9)%*
Performance Products	76	52	*46.2%*
Corporate	(19)	(13)	.
NR items	**-**	**(3)**	
Equity in income of affiliates	3	6	
Financial results	(11)	(8)	
Income taxes	(49)	(55)	
Net income *of continuing operations*	123	168	*(26.8)%*
Net income *of discontinued operations*	(23)	(16)	-
Net income – Group share	**100**	**151**	***(33.8)%***
EPS (diluted)	**1.60**	**2.43**	***(34.2)%***
Adjusted EPS (diluted)	**1.97**	**2.74**	***(28.1)%***
Adjusted net income *of continuing operations*	**123**	**170**	***(27.6)%***
Recurring capital expenditures	**59**	**43**	***37.2%***
Industrial Chemicals	39	18	
Performance Products	16	21	
Free cash flow[2] of continuing operations	**5**	**(9)**	
Working capital of continuing operations (12/31)	1,008	960	
WC as % of sales[3]	**16.4%**	**15.0%**	
Net debt (12/31)	**835**	**603**	
Gearing[4]	**37%**	27%	

[1] This project remains subject to the approval by the relevant antitrust authorities.
[2] Cash flow including non-recurrent items and excluding impact from M&A
[3] At March 31st, 2012: WC excluding debt to Hipro/Casda minority shareholders, divided by 4 x (sales of 1Q'12 + Hipro/Casda estimated sales in 1Q'12).
At Dec. 31st, 2011: WC of continuing operations divided by (2011 annual sales of continuing operations + estimation of Total resins in 1H'11 + estimation of 2011 Seppic sales).
[4] Calculated as net financial debt divided by shareholders' equity

GOOD START TO THE YEAR
SHOWING A SIGNIFICANT INCREASE VERSUS END 2011

IMPROVING MARKET CONDITIONS VERSUS END 2011

- As expected, contrasted market conditions by region
  - Positive developments in North America
  - Asia, especially China, recovering gradually after Chinese new year
  - Europe remaining challenging especially in construction
- High basis of comparison of 1Q'11 (restocking in several business lines and booming Asia)
- Sharp increase of raw material costs versus end 2011
  - Continued strong focus on price increases
  - Confident to fully offset higher raw materials in 2Q'12
- Strong momentum in niche markets (bio-based polymers, oil & gas, specialty materials for high performance coatings)
- Innovation and Asia continue to support growth

HIGHLIGHTS SINCE JANUARY 1ST, 2012

- Finalization of the acquisition of Hipro and Casda companies in China in bio-based specialty polyamides
- Completion of the legal information and consultation process of workers councils on the Vinyl divestment project
- Success of the 3rd share capital increase reserved to employees
  - € 29m subscribed
  - Employee holdings in Arkema's share capital now represents 5.5%
- Force majeure declared on polyamide 12 following accident at Evonik's CDT plant in Marl (Germany)
  - CDT is a key raw material for PA12 production
  - Taking into account insurance and deductibles, exceptional impact should be limited at ~ €(17)m to be booked in 2012 in other income and expenses
- Bond issue in April 2012
  - Amount: €230m
  - Maturity: April 30, 2020

SALES AT €1,623 M VS. €1,424 M IN 1Q'11

- +17% variation from the changes in the scope of business resulting mainly from specialty resins and alkoxylates
- Stable prices
  - Strong pricing in Performance Products
  - Mid cycle conditions in acrylic monomers
  - HFC-125 in China
- -5% volume
  - High basis of comparison notably in Industrial Chemicals
- +2% translation effect (FX rate) mainly from a stronger US dollar vs euro

INDUSTRIAL CHEMICALS : GOOD RESULTS WITH VERY HIGH COMPARISON BASE IN 1Q'11

- +14% sales at €1,083m
  - Benefits from specialty resins acquired in July 2011
  - As expected, lower YoY volumes on high comparison basis (more balanced seasonality this year)
- Strong performance of Thiochemicals, PMMA and Acrylic Specialties (Sartomer, Coatex)
- Acrylic acid margins at mid-cycle in line with FY'12 assumption
- Fluorochemicals at good level despite normalizing margins in HFC-125 in China
- Demand gradually improving in Coating resins

PERFORMANCE PRODUCTS : PERFORMANCE REFLECTS PORTFOLIO STRENGTH

- +13% sales at €534m
  - Strong pricing and favorable product mix
  - Benefits from acquisitions (mainly alkoxylates)
- +38% EBITDA and EBITDA margin at record level in a 1st quarter at 19.1%
- Excellent performance of Technical Polymers sustained by new developments and repositioning on high value added and fast growing niche markets
- Strong performance of Specialty Chemicals on favorable product mix and benefit from recently acquired alkoxylates
- Closing of Hipro and Casda acquisition on February 1st, 2012

UPDATE ON PROJECT TO DIVEST VINYLS

- Information / consultation of relevant workers councils completed
  - Some warranties to be put in place
  - € (25) to (30) m exceptional expense to be booked in 2Q'12 in net result of discontinued operations
- Approval by relevant antitrust authorities on-going
- Closing expected mid 2012
- Impact on 1Q'12 financial statements
  - €(17) m EBITDA including €(16)m impact of strikes related to the divestment project
  - €(23) m net income

CASH FLOW AND NET DEBT

- €100m operating cash flow from continuing operations
- Working capital / sales[5] at 16.4% vs 14.7% end of March 2011
  - Usual seasonality of working capital
  - Integration of acquired resin business with structurally higher ratio
  - Vinyl activities at lower ratio not included in 2012
- € 71m capex including:
  - € 59m recurring capex in line with € 350m FY'12 target
  - € 12m non recurring capex (Jarrie, Lacq 2014, Thiochemicals in Malaysia) in line with € 50m FY'12 guidance
- €185m cash outflow related to M&A
  - Additional ~€65m to be paid to Hipro - Casda minority shareholders in 2Q'12
- Net debt at € 835m representing 37% gearing

[5] Calculated as working capital end of period divided by 4 times quarterly sales. End of March 2012, (working capital excluding debt towards minority shareholders of Hipro-Casda) / [(1Q'12 sales + estimated 1Q'12 sales of Hipro-Casda) x 4]

FURTHER DIVERSIFICATION OF FINANCING SOURCES

- New bond issued in April 2012
    - Amount: €230m
    - Interest rate: 3.85% per year
    - Maturity: April 2020
- Total financing sources now amounts to €1,970m with an average maturity above 5 years

(in €m)	2013	2014	2015	2016	2017	2018	2019	2020
Revolving credit facility	300							
Securitization program			240					
Revolving credit facility				700				
Bond issue					500			
Bond issue								230

OUTLOOK

- 2Q'12 expected to be above 1Q'12 while remaining below very high 2Q'11
    - Market conditions of 1Q'12 expected to continue in 2Q'12
    - Very high basis of comparison in 2Q'11
    - Confidence in fully offsetting recent raw material increases in the course of 2Q
    - Several scheduled large maintenance turnaround in 2Q'12
        - Acrylics (Bayport – US) / Polyamide 11 (Marseille - France) / Thiochemicals (Lacq – France, Beaumont – US)

- Current priorities maintained
    - Integration of Hipro - Casda in China
    - Finalization of Vinyl divestment expected to close mid-year
    - Projects under construction in Asia in Thiochemicals, Fluorochemicals and Coating Resins

- Confident in achieving a very solid 2012 while remaining attentive to macro-economic developments
    - Confident in our strengths and drivers supporting future growth
    - Continue to combine strict management of the company with targeted growth