

## Investor and analyst factsheet

	<b>4Q'13</b> <i>in €m</i>	<b>4Q'12</b> <i>in €m</i>	<b>4Q'13/ 4Q'12</b>	<b>2013</b> <i>in €m</i>	<b>2012</b> <i>in €m</i>	<b>2013/ 2012</b>
<b>Sales</b>	<b>1,411</b>	<b>1,447</b>	<b>-2.5%</b>	<b>6,098</b>	<b>6,395</b>	<b>-4.6%</b>
<i>High Performance Materials</i>	466	447	4.3%	1,842	2,101	-12.3%
<i>Industrial Specialties</i>	453	502	-9.8%	1,993	2,096	-4.9%
<i>Coating Solutions</i>	486	492	-1.2%	2,224	2,175	2.3%
<i>Corporate</i>	6	6		39	23	
<b>EBITDA</b>	<b>162</b>	<b>171</b>	<b>-5.3%</b>	<b>902</b>	<b>996</b>	<b>-9.4%</b>
<i>High Performance Materials</i>	68	43	58.1%	316	361	-12.5%
<i>Industrial Specialties</i>	48	79	-39.2%	340	399	-14.8%
<i>Coating Solutions</i>	52	45	15.6%	292	279	4.7%
<i>Corporate</i>	(6)	4		(46)	(43)	
<b>EBITDA margin</b>	<b>11.5%</b>	<b>11.8%</b>		<b>14.8%</b>	<b>15.6%</b>	
<i>High Performance Materials</i>	14.6%	9.6%		17.2%	17.2%	
<i>Industrial Specialties</i>	10.6%	15.7%		17.1%	19.0%	
<i>Coating Solutions</i>	10.7%	9.1%		13.1%	12.8%	
<b>Depreciation and amortization</b>	<b>(81)</b>	<b>(91)</b>		<b>(314)</b>	<b>(318)</b>	
<b>Recurring EBIT</b>	<b>81</b>	<b>80</b>	<b>1.3%</b>	<b>588</b>	<b>678</b>	<b>-13.3%</b>
<i>High Performance Materials</i>	41	14	192.9%	212	252	-15.9%
<i>Industrial Specialties</i>	19	49	-61.2%	225	285	-21.1%
<i>Coating Solutions</i>	28	19	47.4%	199	192	3.6%
<i>Corporate</i>	(7)	(2)		(48)	(51)	
<b>NR items</b>	<b>(28)</b>	<b>(2)</b>		<b>(205)</b>	<b>(27)</b>	
<i>Equity in income of affiliates</i>	-	2		5	10	
<i>Financial results</i>	(15)	(15)		(55)	(54)	
<i>Income taxes</i>	(15)	(20)		(161)	(186)	
<b>Net income – Group share</b>	<b>21</b>	<b>16</b>	<b>31.3%</b>	<b>168</b>	<b>220</b>	<b>-23.6%</b>
<b>Adjusted net income<sup>1</sup></b>	<b>46</b>	<b>44</b>	<b>4.5%</b>	<b>368</b>	<b>441</b>	<b>-16.6%</b>
<i>Adjusted EPS</i>	0.73	0.69	5.8%	5.87	7.09	-17.2%
<b>Capital expenditures</b>	<b>210</b>	<b>156</b>	<b>34.6%</b>	<b>481</b>	<b>438</b>	<b>9.8%</b>
<i>High Performance Materials</i>	52	49		101	122	
<i>Industrial Specialties</i>	120	58		255	159	
<i>Coating Solutions</i>	49	44		117	137	
<i>Corporate</i>	(11)	5		8	20	
<b>Free cash flow<sup>2</sup></b>				<b>129</b>	<b>206</b>	
<i>Working capital (vs. 12/31/12)</i>				<b>908</b>	<b>971</b>	<b>-6.5%</b>
<b>WC as % of sales<sup>3</sup> (vs. 12/31/12)</b>				<b>14.9%</b>	<b>15.2%</b>	
<b>Net debt (12/31)</b>				<b>923</b>	<b>900</b>	
<b>Gearing<sup>4</sup> (12/31)</b>				<b>39%</b>	<b>39%</b>	

<sup>1</sup> For 4Q'12 and FY'12, adjusted net income of continuing operations (excluding impact of the vinyl activities divested beginning of July 2012)

<sup>2</sup> Cash flow including non-recurring items and excluding impact from M&A

<sup>3</sup> At Dec. 31<sup>st</sup>: working capital divided by annual sales

<sup>4</sup> Calculated as net financial debt divided by shareholders' equity

## **2013 FULL YEAR PERFORMANCE**

### **-4.6% SALES AT €6,098M VERSUS €6,395M IN 2012**

- +1.4% volumes
  - Significant volume growth in Coating Solutions
  - High Performance Materials impacted by delays in Oil & Gas and more challenging market conditions in photovoltaics
- -2.0% price / mix effect
  - Temporary challenges in Fluorogases
  - Less favorable product mix in High Performance Materials
  - Resilience elsewhere
- -1.9% scope of business
  - Mainly divestment of tin stabilizers
- -2.1% translation effect (*FX rate*)
  - Strengthening of the euro vs the US dollar

### **€902M EBITDA AND 14.8% EBITDA MARGIN**

- Solid performance in the large majority of product lines reflecting strong positions on resilient and growing niche markets
  - Benefit from recent investments in US and China
  - Sustainability: lightweight materials, bio-based products, water treatment, li-ion batteries, etc.
- Specific situations impacting 3 business lines
  - Delays in some oil & gas projects in High Performance Materials
  - Challenging market conditions in certain Fluorogases on increased competitive pressure
  - PMMA in Europe reflecting challenging automotive and construction
- Contrasted dynamics by region with challenging Europe, solid context in North America and Asia (Arkema benefiting from strong presence there)
- Productivity initiatives offset  $\frac{3}{4}$  of inflation on fixed costs
- Impact of changes in the scope of business and FX rates (€/USD, €/JPY)
  - Translation effect: €(17)m
  - Transactional effect: same magnitude as translation effect
  - Scope effect (mainly tin stabilizers divestment): €(13)m

### **HIGH PERFORMANCE MATERIALS**

- EBITDA margin maintained at 17.2%
- €1,842m sales down 4% at constant scope of business and FX
  - - 6.4% impact of changes in the scope of business (mainly tin stabilizers divestment)
  - Volumes and mix impacted by delays in some Oil & Gas projects and less favorable market conditions in photovoltaics
- €316m EBITDA
  - High basis of comparison in 2012 in Oil & Gas and photovoltaics
  - Solid performance elsewhere benefiting from new developments and Asia
  - Strong increase of results in 4Q'13 (+58% EBITDA YoY)

### **INDUSTRIAL SPECIALTIES**

- 17.1% EBITDA margin in line with 2016 target
- €1,993m sales
  - Down 3% at constant scope of business and FX
  - - 4% price concentrated on Fluorogases and PMMA
- €340m EBITDA
  - Thiochemicals: solid results despite one-off technical issues impacting 4Q'13 performance. Strong base and promising potential for mid-term growth.
  - Fluorogases: combination of unfavorable weather conditions in 2Q'13 and competitive pressure from Chinese producers in certain gases

- PMMA: contrasted market conditions : robust growth in North America and challenging in Europe
- Hydrogen Peroxide: stable performance

### **COATING SOLUTIONS**

- Continuing improvement of performance
- €2,224m sales
  - Up 5% versus 2012 at constant scope of business and FX
  - +4.6% volumes supported by organic growth capex in Clear Lake (TX) and Carling (France) and gradually improving housing market in North America
- €292m EBITDA (+7% at constant scope of business and FX)
  - Acrylics: Solid volumes supported by investments offset lower unit margins
  - Coating Resins: benefits from cost optimizations and improving market conditions in decorative paints in the US
  - Coatex and Sartomer: good performance supported by innovation and geographical expansion

### **CASH FLOW, NET DEBT AND FINANCING SOURCES AT YEAR END**

#### CASH FLOW

(in €m)	<b>2013</b>	Comments
EBITDA	902	
Working capital variation	(57)	Excluding non-recurring items and impact of portfolio management
Taxes	(139)	
Cost of debt	(41)	
Recurring capex	(329)	In line with guidance of ~5.5% of sales
Others	(14)	
<b>Recurring cash flow</b>	<b>322</b>	Representing 36% of EBITDA, stable YoY
Non recurring items in operating and investing cash flow	(41)	Including €(26) restructuring expenses
Non recurring capex	(152)	- Thiochemicals in Malaysia: largest industrial project - Lacq 2014, conversion of electrolysis in Jarrie: removing risks highlighted at spin-off
<b>Free cash flow</b>	<b>129</b>	
Impact of portfolio management	(51)	Related to the definitive exit of all vinyl activities
<b>Net cash flow</b>	<b>78</b>	

#### STRONG BALANCE SHEET

	<b>31 Dec 2012</b>	<b>31 Dec 2013</b>
Net debt	900	923
<b>Shareholders' equity</b>	<b>2,311</b>	<b>2,349</b>
Net provisions for pensions and other employee benefits*	431	356
Other net provisions*	343	342
<b>Non current assets</b>	<b>3,068</b>	<b>3,162</b>
Working capital	971	908
<b>Capital employed</b>	<b>4,039</b>	<b>4,070</b>

(\*) Provisions net of non-current assets

- 1x net debt / EBITDA and 39% gearing
- €264 m provisions for pensions (€331 m in 2012) on higher discount rates

- Other provisions include:
  - €50 m restructuring (stable YoY)
  - €122 m environment (stable YoY)
  - €170 m other provisions (stable YoY)
- €632 m unrecognized deferred tax assets end 2013

## **2014 OUTLOOK**

- Macro-economic assumptions
  - Market conditions expected to remain contrasted
    - Solid growth in North America
    - Stabilization at current low points in Europe
    - Asia to remain with higher level of growth (China, South East Asia)
  - On average expected stability of €/US\$ exchange rate versus 2013
- Top priorities of the year
  - Deliver € 40 m structural EBITDA in 2014 from organic developments
  - Execute on the € 450 m capex plan for 2014 to fuel future EBITDA growth
  - Start Thiochemicals platform in Malaysia
  - Accelerate R&D programs on composites, bio-sourced polymers and batteries
  - Finalize acquisition of Jurong's acrylic assets
  - Continue to address competitiveness issue in Europe
- Outlook
  - While cautious on macro, confidence in Arkema's ability to grow EBITDA in 2014
  - High 1Q'13 comparison base for fluorogases to be reversed in the remaining part of the year

## **4<sup>TH</sup> QUARTER 2013 PERFORMANCE**

### **-2.5% SALES AT €1,411M VERSUS €1,447M IN 4Q'12**

- +2.4% volumes
- -1.1% price / mix effect
- -0.6% scope of business
- -3.2% translation effect (*FX rate*)

### **€162M EBITDA AND 11.5% EBITDA MARGIN (€171M EBITDA AND 11.8% EBITDA MARGIN IN 4Q'12)**

#### **HIGH PERFORMANCE MATERIALS**

- €68m EBITDA and 14.6% EBITDA margin
  - +58 % EBITDA vs 4Q'12 supported by better Oil & Gas for Filtration and Adsorption

#### **INDUSTRIAL SPECIALTIES**

- €48m EBITDA and 10.6% EBITDA margin
  - Challenges in Fluorogases and one-off technical issues in Thiochemicals

#### **COATING SOLUTIONS**

- €52m EBITDA and 10.7% EBITDA margin
  - +16 % EBITDA vs 4Q'12: benefits from organic investments and productivity