ARKEMA
INNOVATIVE CHEMISTRY

Colombes, 1st August 2014

Investor and analyst factsheet

	2Q'14 in €m	2Q'13 in €m	2Q'13/ 2Q'12	1H'14 in €m	1H'13 in €m	1H'14/ 1H'13
Sales	**1,520**	**1,629**	**-6.7%**	**3,043**	**3,192**	**-4.7%**
High Performance Materials	451	477	-5.5%	925	925	0%
Industrial Specialties	509	540	-5.7%	1,005	1,079	-6.9%
Coating Solutions	555	602	-7.8%	1,102	1,164	-5.3%
Corporate						
EBITDA	**206**	**273**	-24.5%	**419**	**507**	-17.4%
High Performance Materials	67	93	-28.0%	150	163	-8.0%
Industrial Specialties	80	114	-29.8%	152	218	-30.3%
Coating Solutions	71	84	-15.5%	144	161	-10.6%
Corporate	(12)	(18)		(27)	(35)	
EBITDA margin	**13.6%**	**16.8%**		**13.8%**	**15.9%**	
High Performance Materials	14.9%	19.5%		16.2%	17.6%	
Industrial Specialties	15.7%	21.1%		15.1%	20.2%	
Coating Solutions	12.8%	14.0%		13.1%	13.8%	
Depreciation and amortization	**(80)**	**(78)**		**(158)**	**(154)**	
Recurring EBIT	**126**	**195**	-35.4%	**261**	**353**	-26.1%
High Performance Materials	41	68	-39.7%	98	112	-12.5%
Industrial Specialties	50	85	-41.2%	93	161	-42.2%
Coating Solutions	48	61	-21.3%	98	116	-15.5%
Corporate	(13)	(19)		(28)	(36)	
NR items	**(22)**	**(13)**		**(32)**	**(140)**	
Equity in income of affiliates	-	1		-	3	
Financial results	(16)	(13)		(29)	(27)	
Income taxes	(41)	(57)		(75)	(106)	
Net income – Group share	**47**	**112**	**-58.0%**	**124**	**82**	**+51.2%**
Adjusted net income	**68**	**124**	**-45.2%**	**156**	**221**	**-29.4%**
Adjusted EPS	1.07	1.98	-46.0%	2.47	3.53	-30.0%
Capital expenditures	**113**	**99**	**+14.1%**	**203**	**174**	**+16.7%**
Including recurring capex	80	69	+15.9%	125	119	+5.0%
High Performance Materials	26	15		40	27	
Industrial Specialties	35	22		52	35	
Coating Solutions	18	25		31	44	
Corporate	1	7		2	13	
Working capital (vs. 12/31/13)				**1,051**	**908**	15.7%
WC as % of sales[1] (vs. 12/31/13)				**17.3%**	**14.9%**	
Net debt (12/31/13)				**1,106**	**923**	
Gearing[2] (12/31/13)				**46.6%**	**39.3%**	

[1] At June 30th calculated as working capital end of period divided by 4 times quarterly sales
At Dec. 31st, 2013: working capital divided by 2013 annual sales
[2] Calculated as net financial debt divided by shareholders' equity

ARKEMA
420, rue d'Estienne d'Orves – F-92705 COLOMBES Cedex – France
Standard : +33 (0)1 49 00 80 80 – Fax : +33 (0)1 49 00 83 96
Société anonyme au capital de 623 995 900 euros – 445 074 685 RCS

SECOND QUARTER 2014 PERFORMANCE

€1,520M VERSUS €1,629M IN 2Q'13

- +1.1% volumes
  - +2.5% excluding impact of Chauny (Fr) shutdown
  - Mainly driven by Industrial Specialties
- -4.4% price
  - Lower prices and unfavourable mix in Fluorogases and High Performance Materials
- -0.9% scope of business
  - Changes in consolidation scope (Daikin Arkema Refrigerants now accounted for under the equity method and coating resins in South Africa unconsolidated)
- -2.5% translation effect *(FX rate)*
  - Mainly strengthening of euro versus US dollar

€206M EBITDA VERSUS €273M IN 2Q'13 AND 13.6% EBITDA MARGIN

- Continuing challenging market conditions in fluorogases
- Specific temporary unfavourable factors in polyamide 12
- Volumes below expectations in acrylics
- Solid performance in other product lines
- Resilient EBITDA margin at 13.6% in temporary more challenging environment

HIGH PERFORMANCE MATERIALS

- Performance down compared to 2Q'13 due to temporarily unfavourable factors in polyamide 12
- Impact of the large turnaround maintenance in Mont, France (-€7m EBITDA)
- €451m sales, down 3.2% at constant scope of business and FX
  - +0.9% volumes
    - Good growth momentum in fluoropolymers and Organic Peroxides
    - Stronger-than-expected seasonality in polyamides in 2Q'13
  - -4.1% price on higher competitive pressure in polyamide 12 and unfavourable product mix
  - -2.3% impact from FX (translation effect)

INDUSTRIAL SPECIALTIES

- As expected lower results reflecting challenging market conditions and high basis of comparison in Fluorogases in 2Q'13
- €509m sales down 2.7% at constant scope of business and FX
  - +5.5% volumes in particular in fluorogases, where weather conditions were more favourable than last year
  - -8.2% price on lower prices and unfavourable product mix in fluorogases
  - -2.3% impact from FX (translation effect)
  - -0.7% from changes in consolidation scope (Daikin Arkema Refrigerants now accounted for under the equity method)

COATING SOLUTIONS

- Volumes below expectations were, unlike 1st quarter and the Group's assumption for full year, unable to fully offset anticipated lower unit margins in acrylic monomers
- €555m sales, down 3.2% at constant scope of business and FX
  - +1.9% volumes excluding impact of the shutdown of Chauny (France) effective in 1Q'14
    - No catch up in construction and decorative paints in the US after a harsh winter
    - Very gradual improvements in Europe
  - -1.2% price
  - -2.7% impact from FX (translation effect)
  - -1.9% scope of business (Coating Resins in South Africa unconsolidated)

Cash flow and net debt at end of June 2014

CASH FLOW

(in €m)	**2Q'14**	Comments
EBITDA	206	
Working capital variation *Variation in working capital and fixed assets payables excluding non-recurring items*	(28)	- Usual peak of working capital end of June - Should be largely reversed by year end
Taxes	(39)	
Cost of debt	(10)	
Recurring capex	(80)	
Others	(16)	
Recurring cash flow	**33**	
Non recurring items in operating and investing cash flow	(17)	Including €(6)m restructuring expenses
Non recurring capex	(33)	Thiochemicals in Malaysia: largest industrial project
Free cash flow	**(17)**	
Impact of portfolio management	+3	
Net cash flow	**(14)**	

NET DEBT

- €1,106 m net debt at 30 June 2014 including:
  - €117m dividend paid in May
  - €32m share capital increase reserved for employees
- Below last year level despite evolution in EBITDA and higher capex
- 46.6% gearing (49,6% last year)

Outlook

The economic environment in 2nd half should remain in continuity with 2nd quarter 2014, in particular in fluorogases and acrylics. In these conditions, including the expected contribution from structural growth projects, 2014 EBITDA should be close to €800 million.

Beyond this, the Group maintains its targeted growth strategy and should benefit from 2015 onwards from major organic growth projects like the Thiochemicals platform in Malaysia, the contribution of acrylic assets currently being acquired in China and improvements in the oil and gas market.

However, in order to take account of current performance, Arkema is strengthening the control of its fixed and variable costs, over and above its operational excellence programme, with a further optimisation target of some €50 million over the next three years, and will continue to work to reduce the cyclicality of its business profile.

Following a thorough review of each business unit, the Group confirms its mid-term targets (€8bn sales and 16% EBITDA margin). However, their achievement, initially planned for 2016, is now set for 2017 to take into account a more progressive return to normalized conditions. The Group confirms its 2020 targets.

Highlights since 1st April 2014

- Creation of a joint venture between CECA, Arkema's Filtration and Adsorption subsidiary, and Saudi company Watan Industrial Investment
  - Majority owned by Arkema
  - Due to come on stream in 2nd half 2014
  - Enable CECA to meet the high demand for oilfield production chemicals in the Gulf region
- Discontinuation of the production of coating resins at Stallingborough site (UK) effective July 2014
- Start-up of the new methyl acrylate unit in Clear Lake
  - Completion of the US$ 110m investment plan in Texas over 3 years
  - Ramp up with applications in water treatment, superabsorbents and enhanced oil & gas recovery