

# FIRST QUARTER 2016 RESULTS

11 MAY 2016



**ARKEMA**  
INNOVATIVE CHEMISTRY

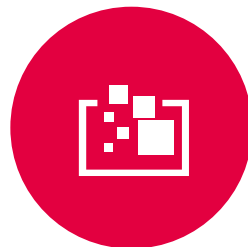
## A VERY STRONG QUARTER

<b>€1,893 m sales</b>	<ul style="list-style-type: none"><li>✦ <b>+1.2%</b> YoY</li><li>✦ Volumes up <b>+2.5%</b> supported by innovation and recently started production units</li></ul>
<b>€302 m EBITDA</b>	<ul style="list-style-type: none"><li>✦ <b>+27%</b> YoY (€237 m in 1Q'15) with a very limited scope effect</li><li>✦ A record high for a first quarter</li></ul>
<b>16% EBITDA margin</b>	<ul style="list-style-type: none"><li>✦ Up <b>330 basis points</b> YoY</li><li>✦ Driven by excellent margins in Industrial Specialties and High Performance Materials</li></ul>
<b>€106 m adjusted net income</b>	<ul style="list-style-type: none"><li>✦ Up <b>+63%</b> YoY</li><li>✦ €1.42 adjusted net income per share</li><li>✦ 5.6% of Group sales</li></ul>
<b>€1,390 m net debt</b>	<ul style="list-style-type: none"><li>✦ Stable versus 31 December 2015 despite the usual strong seasonality of working capital</li></ul>

# 1Q'16 TAKE-AWAYS



**STRONG START  
TO THE YEAR**



**STRUCTURAL DRIVERS  
SUPPORTING  
HIGHER EARNINGS**



**STRONG POTENTIAL  
OF BOSTIK  
CONFIRMED**




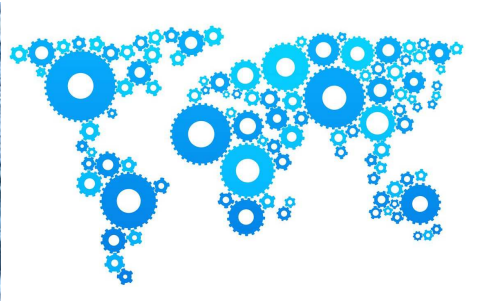






**SUCCESSFUL EXECUTION  
OF STRATEGY**



**OUTLOOK FOR THE YEAR  
CONFIRMED**

# WHERE DO WE STAND ON 2016 PRIORITIES?

			
			
<h2>BOSTIK</h2>	<h2>THIOCHEMICALS</h2>	<h2>FLUOROGASES</h2>	<h2>DIVESTMENT PROGRAM</h2>
<ul style="list-style-type: none"> <li>❖ Further good progress with strong YoY improvement</li> <li>❖ EBITDA margin at ~13% gradually catching up with major peers' average</li> <li>❖ Fully on track towards 2017 target to improve EBITDA by 30% vs 2014</li> </ul>	<ul style="list-style-type: none"> <li>❖ Targeted contribution over a full year (last 12 months) now reached</li> <li>❖ Ramp-up far quicker than initially planned</li> </ul>	<ul style="list-style-type: none"> <li>❖ Gradual recovery in line with Group's assumptions</li> </ul>	<ul style="list-style-type: none"> <li>❖ Project* to divest activated carbon and filter aid activity representing sales of some €93 m to Calgon Carbon</li> <li>❖ Offer based on a €145 m enterprise value, i.e., 9.5x 2015 EBITDA</li> </ul>

\* Subject to the information - consultation process of works councils

# 1Q'16 KEY FIGURES

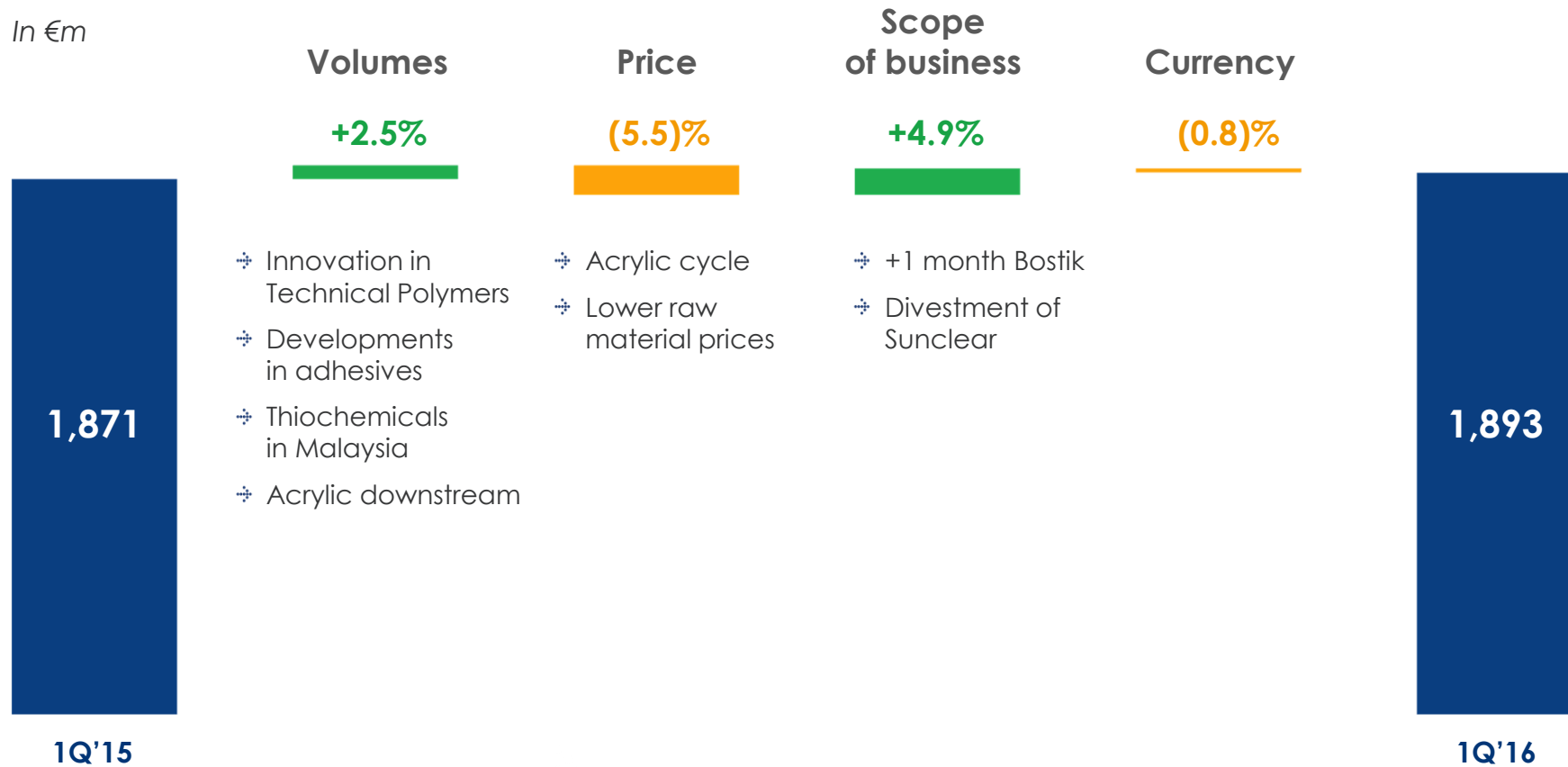
IN €M (EXCEPT EPS)	1Q'15	1Q'16	VARIATION
<b>Sales</b>	1,871	<b>1,893</b>	+1.2%
<b>EBITDA</b>	237	<b>302</b>	+27.4%
<b>EBITDA margin</b>	12.7%	<b>16.0%</b>	
<b>Recurring operating income</b>	133	<b>191</b>	+43.6%
<b>Adjusted net income*</b>	65	<b>106</b>	+63.1%
<b>Net income - Group share</b>	42	<b>98</b>	+133.3%
<b>Adjusted EPS* (in euros)</b>	0.89	<b>1.42</b>	+59.6%

\* Adjusted net income excludes unrealized foreign exchange results on the financing in foreign currencies of non-recurring investments. Adjusted net income for 1st quarter 2015 has been restated accordingly.

# 1Q'16 SALES BRIDGE

## SALES

In €m



# HIGH PERFORMANCE MATERIALS

## 1Q'16 KEY FIGURES

IN €M	1Q'15*	1Q'16	variation
<b>Sales</b>	742	<b>868</b>	+17.0%**
<b>EBITDA</b>	111	<b>149</b>	+34.2%
<b>EBITDA margin</b>	15.0%	<b>17.2%</b>	-
<b>Rec. operating income</b>	76	<b>112</b>	+47.4%

## 1Q'16 SALES DEVELOPMENT

<b>Volumes</b>	<b>+3.5%</b>
<b>Prices</b>	<b>(1.7)%</b>
<b>Currency</b>	<b>(1.6)%</b>
<b>Scope</b>	<b>+18.0%</b>

## 1Q'16 HIGHLIGHTS

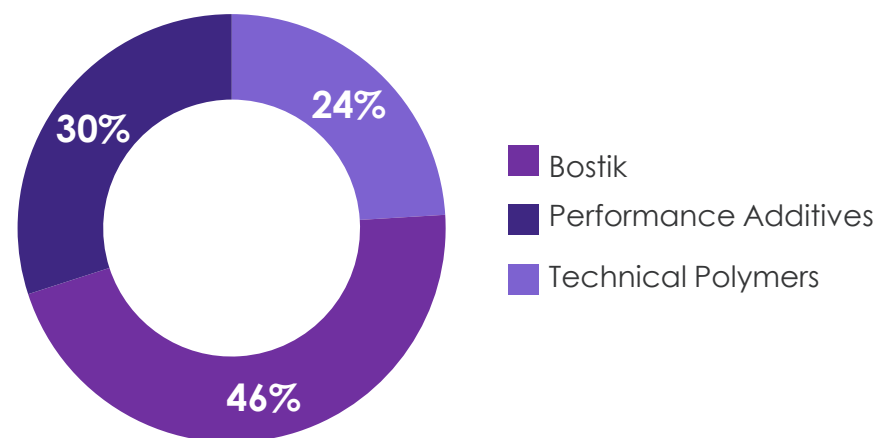
### Strong contribution from Bostik

- 1 additional month in January
- EBITDA significantly up YoY supported by geographic expansion, synergies and lower costs
- ~13% EBITDA margin

### Excluding Bostik, EBITDA significantly up YoY

- Strong volumes in Technical Polymers in lightweight materials and new energies
- EBITDA margin above 20%

## 1Q'16 SALES BY BUSINESS LINE



\* Restated figures in accordance with the new reporting presented at the 2015 CMD.

\*\* At 1<sup>st</sup> January 2016, a business was transferred from High Performance Materials to Industrial Specialties. YoY sales variation includes the impact of this transfer.

# INDUSTRIAL SPECIALTIES

## 1Q'16 KEY FIGURES

IN €M	1Q'15*	1Q'16	variation
Sales	626	586	(6.4)%**
EBITDA	93	129	+38.7%
EBITDA margin	14.9%	22.0%	-
Rec. operating income	52	85	+63.5%

## 1Q'16 HIGHLIGHTS

Performance up YoY in each Business Line

Excellent performance of Thiochemicals

✦ Driven by one additional quarter of Kerteh (Malaysia)

Continuing very good level of results in PMMA

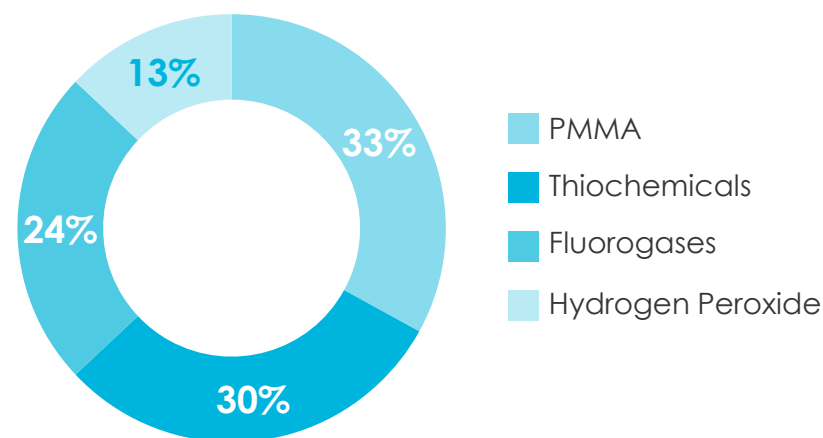
Gradual improvement in Fluorogases in line with Group's assumptions

Very high EBITDA margin at 22%

## 1Q'16 SALES DEVELOPMENT

Volumes	+1.8%
Prices	(3.0)%
Currency	-
Scope	(6.4)%

## 1Q'16 SALES BY BUSINESS LINE



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# COATING SOLUTIONS

## 1Q'16 KEY FIGURES

IN €M	1Q'15*	1Q'16	variation
<b>Sales</b>	496	<b>432</b>	(12.9)%
<b>EBITDA</b>	53	<b>50</b>	(5.7)%
<b>EBITDA margin</b>	10.7%	<b>11.6%</b>	-
<b>Rec. operating income</b>	25	<b>20</b>	(20.0)%

## 1Q'16 HIGHLIGHTS

**Good resilience of the results thanks to a solid downstream integration**

- ✦ Continued good developments at Coatex and coating resins
- ✦ Good cost management

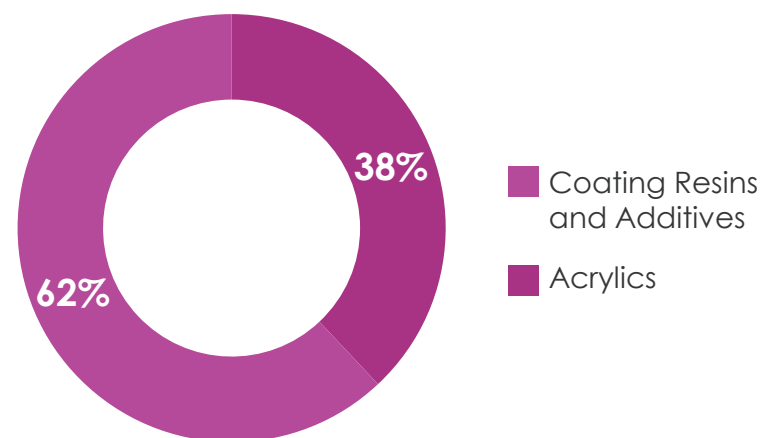
**Units margins in acrylic monomers stabilized at low levels since end of 2015**

- ✦ In line with Group's assumptions

## 1Q'16 SALES DEVELOPMENT

<b>Volumes</b>	<b>+2.0%</b>
<b>Prices</b>	<b>(14.4)%</b>
<b>Currency</b>	<b>(0.3)%</b>
<b>Scope</b>	<b>(0.1)%</b>

## 1Q'16 SALES BY BUSINESS LINE



\* Restated figures in accordance with the new reporting presented at the 2015 CMD.

# 1Q'16 CASH FLOW

IN €M	1Q'16	
<b>EBITDA</b>	<b>302</b>	
Working capital variation <sup>(1)</sup>	(190)	Usual seasonality of working capital 16.7% working capital over annualized sales ratio against 17.8% end of March 2015 <sup>(2)</sup>
Taxes	(61)	Current taxes excluding impact of Bostik PPA
Cost of debt	(19)	
Capital expenditure	(57)	2016e capex: ~ €450m at 1.10 €/US\$ exchange rate (previously ~ €470m)
Others	(1)	
<b>RECURRING CASH FLOW</b>	<b>(26)</b>	
Non-recurring items in operating and investing cash flow	(9)	Mainly restructuring expenses
<b>FREE CASH FLOW</b>	<b>(35)</b>	
Impact of portfolio management	(5)	
<b>NET CASH FLOW</b>	<b>(40)</b>	

<sup>(1)</sup> Variation in working capital and fixed asset payables excluding non-recurring items

<sup>(2)</sup> Proforma sales including in 1<sup>st</sup> quarter 2015 primarily an additional month for Bostik

# 2016 OUTLOOK

## A world economy remaining slow and volatile:

- ✦ Overall moderate global growth with low visibility and different dynamics by region
- ✦ Volatility in currencies, energy and raw material prices

## Strong organic momentum driven by:

- ✦ Continuous development of Bostik including ramp-up of synergies
- ✦ Progressive improvement of fluorogases business (pricing and competitiveness)
- ✦ In Thiochemicals, additional contribution of the Malaysian platform expected in 2016 vs 2015 already fully booked in 1Q'16. Performance of remaining 9 months of 2016 expected to be comparable to that of last year.
- ✦ Operational excellence initiatives to offset part of the inflation on fixed costs
- ✦ Benefit from innovation in lightweight materials and sustainable solutions



Based on these drivers and assuming an environment in line with the start of the year as regards energy and currencies,  
**Arkema reiterates its confidence in its ability to grow EBITDA in 2016**

# DISCLAIMER

The information disclosed in this document may contain forward-looking statements with respect to the financial condition, 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 material risk factors such as among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions. These risk factors are further developed in the reference document.

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*.

Financial information for 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005 is extracted from the consolidated financial statements of Arkema. Quarterly financial information is not audited.

The business segment information is presented in accordance with Arkema's internal reporting system used by the management.

The definition of the main performance indicators used can be found in the press release on the quarterly results.