

Colombes, 5 March 2015

## Arkema: Full year 2014 results

- **€5,952** million sales, 1.4% down on 2013 at constant scope of business and foreign exchange rate
- **€784** million EBITDA (€902 million in 2013), with €162 million EBITDA in 4Q, at the same level as last year
- 2014 EBITDA margin down at **13.2%**, but remains solid in a market environment impacted by fluorogases and acrylics
- **€167** million net income Group share, stable compared to 2013
- Finalization of three major investments which will support the Group's growth from 2015:
  - Acquisition of Bostik, the world's n°3 in adhesives, finalized on 2 February 2015
  - Construction of thiochemicals plant in Malaysia, which came on stream beginning 2015
  - First stage of the acquisition of Sunke in acrylics in China
- Proposed dividend at **€1.85** per share

The Board of Directors of Arkema met on 4 March 2015 to close the consolidated accounts of Arkema for 2014 and the annual financial statements of the parent company. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

*"In a volatile macro-economic environment with moderate world growth, financial performance was impacted by challenging market conditions in fluorogases, and, in the second half of the year, in acrylics. Nevertheless, the majority of our product lines performed well, demonstrating their sound positioning in high added value niche markets; following a more difficult first part of the year, performance in 4<sup>th</sup> quarter recovered to the same level as last year.*

*Meanwhile, recent months have represented in several respects major steps in the Group's transformation with the start-up of our plant in Malaysia which positions our Thiochemicals activity very favourably in Asia; our access to a competitive acrylic monomer production source in China with our acquisition of a stake in Sunke; and, of course, the acquisition of Bostik finalised early February with the set-up of financing, the completion of the social process in France, and the approval by antitrust authorities, all of which within a tight timetable. These investments, together with the in-depth transformation of Arkema's profile in recent years, ideally position the Group on a path for future growth."*

## 2014 KEY FIGURES

<i>(In millions of euros)</i>	2013	2014	Variation
<b>Sales</b>	<b>6,098</b>	<b>5,952</b>	<b>-2.4%</b>
<b>EBITDA</b>	<b>902</b>	<b>784</b>	<b>-13.1%</b>
<b>EBITDA margin</b>	<b>14.8%</b>	<b>13.2%</b>	
<i>High Performance Materials</i>	<i>17.2%</i>	<i>15.6%</i>	
<i>Industrial Specialties</i>	<i>17.1%</i>	<i>15.2%</i>	
<i>Coating Solutions</i>	<i>13.1%</i>	<i>11.5%</i>	
Recurring operating income	588	447	-24.0%
Non-recurring items	(205)	(83)	n.a.
<b>Adjusted net income</b>	<b>368</b>	<b>239</b>	<b>-35.1%</b>
Net income – Group share	168	167	-0.6%
Adjusted net income per share* (in €)	5.67	3.62	-36.2%

\* For 2013, the adjusted net income per share was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014.

## FULL YEAR 2014 ACTIVITY

**Sales** reached **€5,952 million** against €6,098 million, 1.4% down on 2013 at constant scope of business and foreign exchange rate. In a moderate global growth environment, volumes grew by 2.3% (excluding the impact of the closure of the Chauny activity in France effective 1<sup>st</sup> quarter 2014), supported by Industrial Specialties and High Performance Materials. The -2.4% price effect mostly reflects unfavourable market conditions in fluorogases and the high basis of comparison of 2013 in polyamide 12. The currency effect (translation only) was limited over the year (-0.3%). The -0.7% scope of business effect results from the change in the consolidation method used for certain companies, the divestment of coating resins companies in South Africa, and the acquisition of a stake in Sunke in acrylics in China.

**EBITDA** stood at **€784 million** against €902 million in 2013. It reflects challenging market conditions in fluorogases, unit margins close to a cyclical low in second half 2014 in acrylic monomers, and specific and temporarily unfavourable factors in polyamide 12. The other product lines reported a good performance, up +8.5% on 2013.

Against this backdrop, **EBITDA margin** held up well at **13.2%**. Hence Arkema confirms the overall quality of its portfolio of businesses and will pursue for some of these businesses its actions to improve profitability.

**Recurring operating income** reached **€447 million** against €588 million in 2013 in line with the evolution of EBITDA and higher depreciation and amortization representing €337 million (€314 million in 2013) primarily due to the start-up of new production plants.

**Non-recurring items** stood at **-€83 million**. They correspond to a large extent to restructuring charges, which will contribute to plans to improve profitability announced in Coating Resins (shutdown of production at the Stallingborough site in United Kingdom effective July 2014) and in fluorogases (shutdown of production at the Zaramillo site under discussions with social partners in Spain), and to expenses related to divestment and acquisition operations.

**Financial result** stood at **-€74 million** against -€55 million in 2013. It includes the cost of the debt, with average debt up over the period and an average interest rate of 3%, stable compared to 2013, actuarial losses on certain provisions for long-term employee benefits, and, in accordance with accounting standards, an unrealised currency loss related to the financing in US dollars of the investments made in Thiochemicals in Malaysia.

**Income taxes** amounted to **€120 million** against €161 million in 2013, representing a 26.8% tax rate on the recurring operating income, slightly less than in 2013 (27.4%). This rate reflects the breakdown of the results by regions, and in particular the share of North America in the Group's results. The lower rate at the end of the year is mostly due to the recognition of deferred tax assets outside of France amounting to €9 million in total.

**Net income Group share** in 2014 stood at à **€167 million**, stable compared to last year. Excluding the impact after tax of non-recurring items, **adjusted net income** in 2014 amounted to **€239 million** against €368 million in 2013, i.e. €3.62 per share.

Arkema reaffirms the importance of the dividend as a key component of shareholder return. Accordingly, as announced in September 2014 in connection with the proposed acquisition of Bostik and despite significantly lower adjusted net income in 2014, the Board of Directors confirms that the **dividend** proposed to the annual general meeting on 2 June 2015 be maintained at **€1.85 per share**, the same level as in 2013. After adjustment to take account of the share capital increase with preferential subscription rights, the dividend increases by 3% compared to last year. In the context of a strong development of the Group with the recent finalization of three major growth projects, the Board of Directors also decided to propose this year to the shareholders the option of receiving this dividend payment either in cash or in new shares of the Company benefiting from a 10% discount. This option for the payment of dividend in cash will be re-assessed each year by the Board. Pending approval by the shareholders' annual general meeting, the ex-coupon date will be set at 12 June 2015, with payment of the dividend in cash or in new shares taking place from 8 July 2015.

## 2014 SEGMENT PERFORMANCE

### HIGH PERFORMANCE MATERIALS

The results of the **High Performance Materials** segment were affected by the performance of polyamides which reflects the high basis of comparison in 2013 in polyamide 12 and the impact of the maintenance turnaround in Mont in France in 2<sup>nd</sup> quarter. Market conditions have stabilized since mid-2014 in this product line compared to the conditions that prevailed in 2<sup>nd</sup> quarter 2014. The performance of the other product lines was up on last year, supported by the innovation momentum and new developments in fluoropolymers and in Filtration and Adsorption, and by the strong presence of Organic Peroxides in North America and in Asia.

**High Performance Materials sales** amounted to **€1,826 million**, 0.4% down on 2013 at constant scope of business and foreign exchange rate. Volumes improved in all business units (+2.0% overall), and to a large extent offset the -2.4% price effect mostly due to lower prices than last year in polyamide 12. The currency translation effect was limited to -0.5%.

**EBITDA** stood at **€284 million** against €316 million in 2013, and **EBITDA margin** remained at a good level at **15.6%**.

### INDUSTRIAL SPECIALTIES

Despite a high performance in 4<sup>th</sup> quarter, the results of the **Industrial Specialties** segment were down on 2013 mostly due to challenging market conditions in fluorogases. These conditions have stabilised overall since mid-2014. Thiochemicals again delivered a sound performance. PMMA benefited from highly favourable market conditions that should normalise in 2015. Finally, market conditions in Hydrogen Peroxide remained mixed.

**Industrial Specialties sales** reached **€1,972 million** against €1,993 million in 2013, practically stable at constant scope of business and foreign exchange rate (-0.2%). Volumes grew by 3.6% sustained by fluorogases and Thiochemicals. The -3.8% price effect essentially reflects lower prices and an unfavourable product mix in fluorogases in particular in 1<sup>st</sup> half 2014. The -0.6% scope effect is due to a change in the consolidation method used for certain joint ventures.

**EBITDA** stood at **€300 million** against €340 million in 2013, while **EBITDA margin** remained above **15%**.

## COATING SOLUTIONS

Following a strong start to the year, the performance of the **Coating Solutions** segment was impacted by lower unit margins in acrylic monomers following the start-up of new capacities in China. Hence, unit margins in this business, which represents around 15% of the Group's sales, decreased from close to mid-cycle levels early in the year down to low cycle levels at year end. The current situation should persist throughout 2015 with unit margins expected to remain at a cyclical low throughout the year. Despite disappointing volumes overall, in line with 2<sup>nd</sup> quarter 2014, the performance of downstream activities was stable overall, supported by actions taken to improve the profitability of Coating Resins and by the new developments at Coatex.

Coating Solutions **sales** amounted to **€2,131 million** against €2,224 million in 2013, 1.0% up at constant scope of business and foreign exchange rate and excluding the impact of the shutdown of the Chauny site in France, effective 1<sup>st</sup> quarter 2014. Excluding Chauny, volumes grew by 2.2% despite rather disappointing demand in decorative paints in Europe as well as destocking at year end in the superabsorbent market. They offset a -1.2% price effect primarily linked to the changes in prices in the acrylic value chain. The -1.2% scope effect corresponds to the exit from the consolidation scope of the coating resins companies in South Africa and the consolidation of the acrylic acid production line acquired end October 2014 in China. The translation effect was limited to -0.3%.

**EBITDA** reached **€245 million** against €292 million in 2013, and **EBITDA margin** was down to **11.5%**, corresponding to conditions on average just above low cycle.

## CASH FLOW AND NET DEBT AT 31 DECEMBER 2014

In 2014, Arkema generated **+€21 million free cash flow**<sup>1</sup>. This flow includes €470 million capital expenditure including €124 million non-recurring capital expenditure mostly relating to the construction of the Thiochemicals platform in Malaysia, as well as -€60 million non-recurring items corresponding in particular to restructuring expenses and the cash-out of certain provisions. Finally, it includes a -€29 million variation in working capital<sup>2</sup>. The working capital to sales ratio for the year stood at 16.1%, the mechanical outcome of the strengthening of US dollar versus euro compared to 2013.

Excluding non-recurring items and the impact of portfolio management operations, Arkema generated **€205 million recurring cash flow** in 2014.

Acquisitions and divestments represented net cash outflows of €184 million, corresponding primarily to the first stage of the acquisition in acrylics in China.

**Financing cash flows** amounting to **€928 million** in 2014 included a net €689 million hybrid bond issue achieved in October 2014 and a €339 million net share capital increase with preferential subscription rights finalized in December 2014, both completed as part of the Bostik acquisition. It also included the payment of a €1.85 dividend per share totalling €117 million and a €32 million share capital increase reserved for employees.

Consequently, **net debt** amounted to **€154 million** at 31 December 2014 (€923 million at 31 December 2013).

<sup>1</sup> Cash flow from operations and investments excluding the impact of portfolio management

<sup>2</sup> Working capital variation including fixed asset payables and excluding non-recurring items

## 4<sup>TH</sup> QUARTER 2014

(In millions of euros)

	4Q 2013	4Q 2014	Variation
<b>Sales</b>	<b>1,411</b>	<b>1,431</b>	<b>+1.4%</b>
<b>EBITDA</b>	<b>162</b>	<b>162</b>	<b>-</b>
<b>EBITDA margin</b>	<b>11.5%</b>	<b>11.3%</b>	
<i>High Performance Materials</i>	14.6%	13.3%	
<i>Industrial Specialties</i>	10.6%	14.7%	
<i>Coating Solutions</i>	10.7%	8.0%	
Recurring operating income	81	70	-13.6%
Non-recurring items	(28)	(8)	n.a.
<b>Adjusted net income</b>	<b>46</b>	<b>20</b>	<b>-56.5%</b>
Net income – Group share	21	23	+9.5%
Adjusted net income per share* (€)	0.71	0.28	-60.6%

\* For 2013, the adjusted net income per share was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014.

In 4<sup>th</sup> quarter 2014, marked by the usual seasonality at year end, Arkema reported a solid performance with **€162 million EBITDA**, at the same level as last year. The positive currency effect, mostly due to the strengthening of US dollar versus euro, and the absence of one-off items in Thiochemicals helped offset lower unit margins in acrylic monomers and the high basis of comparison of 2013 in High Performance Materials. **EBITDA margin** remained stable at **11.3%**.

**Sales** amounted to **€1,431 million**, 1.7% down at constant scope of business and foreign exchange rate and excluding the impact of the shutdown of the Chauny activity in France. Excluding Chauny, volumes recorded a small decrease compared to the high basis of comparison in certain activities at end 2013 (-0.9%). Prices (-0.8%) reflected to a large extent lower costs of certain oil-based raw materials at year end. The +3.8% currency effect (translation only) was mainly due to the strengthening of US dollar versus euro. Finally, the scope effect (+0.7%) mostly corresponded to the acquisition of a stake in Sunke in acrylics in China, the divestment of coating resins companies in South Africa, and the change in consolidation method for certain joint ventures.

With €59 million EBITDA and a 13.3% EBITDA margin, the results of the **High Performance Materials** segment reflect, as expected, a different seasonality from that of 2013 in the oil and gas market for the Filtration and Adsorption activity as well as a still high basis of comparison at end 2013 in polyamide 12, where market conditions nevertheless have stabilized compared to 2<sup>nd</sup> quarter 2014.

With €72 million EBITDA, significantly up on 4<sup>th</sup> quarter 2013, and a 14.7% EBITDA margin, the **Industrial Specialties** segment benefited from the stabilising of market conditions in fluorogases, a very good performance in PMMA, and a particularly high performance in Thiochemicals.

With €39 million EBITDA and an 8.0% EBITDA margin, the performance of the **Coating Solutions** segment reflects, as announced, lower unit margins in acrylic monomers, at a cyclical low, following the start-up of new capacities in China. The performance of the other product lines was stable overall.

In 4<sup>th</sup> quarter 2014, Arkema generated **+€60 million free cash flow**<sup>3</sup>. This flow includes €160 million capital expenditure and a +€107 million<sup>4</sup> working capital variation which reflects the traditionally favourable seasonality at year end.

<sup>3</sup> Cash flow from operations and investments excluding the impact of portfolio management

<sup>4</sup> Working capital variation including fixed asset payables and excluding non-recurring items

## POST BALANCE SHEET EVENTS

On 30 January 2015, Arkema announced the successful start-up at the beginning of 2015 of its Thiochemicals plant in Malaysia. This new world-scale plant, which has represented investments of some €200 million, strengthens Arkema's world leading position in the production of high added value sulphur derivatives, and will contribute to its development in a fast-growing region, in particular in the animal feed, petrochemicals and refining markets.

On 2 February 2015, Arkema finalized the acquisition of Bostik, the world's n° 3 in adhesives which reported €1,533 million sales and €158 million EBITDA in 2014. This acquisition is fully consistent with the Group's strategy to expand in specialty chemicals and continue developing its High Performance Materials segment, of which Bostik will represent a new business unit. The financing of this operation was successfully completed in January 2015 with a €700 million bond issue with a 1.5% coupon, complementing the hybrid bond issue completed in October 2014 and the share capital increase finalized in December 2014.

On 3 February 2015, Bernard Pinatel, CEO of Bostik, was appointed a member of Arkema's Executive Committee in charge of the High Performance Materials segment. He succeeds Pierre Chanoine who is retiring. Marc Schuller now oversees both the Industrial Specialties and the Coating Solutions segments.

As part of its operational excellence programme and in line with its objective to further improve the profitability of its Coating Resins business, Arkema has announced a project to close down coating resins production at its Villers-Saint-Paul site in France. The project is subject to the information-consultation process of works councils in France, and will result in the loss of 26 positions.

On 17 February 2015, Arkema and Jurong Chemical announced that they have concluded an agreement that extends, until January 2016, the period for Arkema to exercise its call option to increase its stake in Sunke, the manufacturing joint venture owning the acrylic assets of the Taixing site in China, and to access a total acrylic acid production capacity of 320,000 t/year. Under the terms of the agreement signed in January 2014, the exercise of this option was initially expected in 1<sup>st</sup> quarter 2015. Throughout this period, the joint venture is operated jointly<sup>5</sup> by the two partners, and production will be adjusted to market conditions, thereby providing the partners with all necessary flexibility to optimise performance. The financial terms of the initial agreement signed in January 2014 have been adjusted to reflect the extension of this option. All other conditions remain unchanged.

Arkema further reinforces its High Performance Materials segment with the acquisition, finalized on 2 March 2015, of the Italian company Oxido, specialized in the formulation of organic peroxides for the synthetic rubber crosslinking industry and which achieves around €20 million of sales. This acquisition, which offers significant synergies, along with the project to increase production capacities currently underway in China due to come on stream early 2016, will reinforce Arkema's position as a leading player in organic peroxides.

## IMPACT OF CHANGES TO ACCOUNTING STANDARDS

IFRIC 21 "Levies" was adopted by the European Union in June 2014. It came into force on 1<sup>st</sup> January 2015 with retroactive effect from 1<sup>st</sup> January 2014. Pursuant to this text, Arkema now accounts in 1<sup>st</sup> quarter for the whole of certain taxes previously evenly spread between the four quarters of the year. The impact of this interpretation is neutral on the EBITDA and the net income Group share published for 2014. However, the impact on the EBITDA of each 2014 quarter is as follows: -€12 million in 1<sup>st</sup> quarter and some +€4 million in each of the following three quarters. The detailed impact by quarter and by segment for 2014 is given in the annex to this press release.

In 2015, the application of IFRIC 21 will have, by quarter, a similar effect to that recorded in 2014, but will be neutral on the year as a whole.

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<sup>5</sup> Considered as a joint operation in accordance with IFRS 11 standard "Other facts and circumstances", Sunke's accounts are included for 50% in the Group's financial statements.



## OUTLOOK

In 2015, market conditions are expected to remain volatile and contrasted, with different dynamics depending on geographic regions and product lines. The changes in foreign exchange rates, primarily for the US dollar versus the euro, should make a positive contribution, which should offset low-cycle unit margins in acrylic monomers as well as market conditions that should normalize in PMMA after an excellent 2014. The trend observed recently in oil prices should globally have a limited impact on the Group's results.

The Group will benefit from Bostik's contribution over eleven months, from investments in Thiochemicals in Malaysia, and from its stake in Sunke in acrylics in China. In 1<sup>st</sup> quarter, the contribution of the Thiochemicals platform in Malaysia and of Sunke in China should be limited, however. The Group will also actively pursue the implementation of its operational excellence program which will offset part of the inflation on fixed costs, and of its plan to gradually improve its fluorogas business. The Group's capital expenditure, including Bostik, should represent some €450 million. With these drivers which will support the growth of the Group in 2015, Arkema confirms its mid- and long-term targets.

As announced, a Capital Markets Day will be held on 29 June 2015 in Paris during which the Group will detail its outlook and strategy by segment.

2014 results and outlook are detailed in the presentation "Full year 2014 results" available on the website: [www.finance.arkema.com](http://www.finance.arkema.com).

The consolidated accounts have been audited, and an unqualified certification report has been issued by the statutory auditors. These consolidated financial statements at 31 December 2014 and the statutory auditors' report will be available late March in the reference document posted on the Company's website ([www.finance.arkema.com](http://www.finance.arkema.com)).

## FINANCIAL CALENDAR

6 May 2015	1 <sup>st</sup> quarter 2015 results
2 June 2015	Shareholders Annual General Meeting
29 June 2015	Capital Markets Day in Paris
31 July 2015	1 <sup>st</sup> half 2015 results

*A global chemical company and France's leading chemicals producer, **Arkema** is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in nearly 50 countries, about 19,000 employees, and research centers in North America, France and Asia, Arkema generates pro forma annual revenue of €7.6 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands.*

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Disclaimer

*The information disclosed in this press release may contain forward-looking statements with respect to the financial conditions, 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 risk factors such as, among others, changes in raw materials prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions. 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.*

*Balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity and information by business segment included in this press release are extracted from the consolidated financial statements at 31 December 2014 closed by the Board of Directors of Arkema SA on 4 March 2015.*

*Quarterly financial information is not audited.*

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

*The main performance indicators used are as follows:*

- **Operating income:** *this includes all income and expenses of continuing operations other than financial result, equity in income of affiliates and income taxes;*
- **Other income and expenses:** *these correspond to a limited number of well-identified non-recurring items of income and expense of a particularly material nature that the Group presents separately in its income statement in order to facilitate understanding of its recurring operational performance. These items of income and expense notably include:*
  - *Impairment losses in respect of property, plant and equipment and intangible assets,*
  - *Gains or losses on sale of assets, acquisition expenses, badwills and stock valuation adjustments between the fair value on the acquisition date and the replacement value*
  - *Certain large restructuring and environmental expenses which would hamper the interpretation of recurring operating income (including substantial modifications to employee benefit plans and the effect of onerous contracts),*
  - *Certain expenses related to litigation and claims or major damages, whose nature is not directly related to ordinary operations;*
- **Recurring operating income:** *this is calculated as the difference between operating income and other income and expenses as previously defined;*
- **Adjusted net income:** *this corresponds to "Net income – Group share" adjusted for the "Group share" of the following items:*
  - *Other income and expenses, after taking account of the tax impact of these items,*
  - *Income and expenses from taxation of an exceptional nature, the amount of which is deemed significant,*
  - *Net income of discontinued operations;*
- **EBITDA:** *this corresponds to recurring operating income increased by depreciation and amortization;*
- **Working capital:** *this corresponds to the difference between inventories, accounts receivable, other receivables and prepaid expenses, income tax receivables and other current financial assets on the one hand and accounts payable, other creditors and accrued liabilities, income tax liabilities and other current financial liabilities on the other hand. These items are classified in current assets and liabilities in the consolidated balance sheet;*
- **Capital employed:** *this is calculated by aggregating the net carrying amounts of intangible assets, property, plant and equipment, equity affiliate investments and loans, other investments, other non-current assets (excluding deferred tax assets) and working capital;*
- **Recurring investments:** *these correspond to tangible and intangible investments which exclude a small number of investments of an exceptional nature that the Group presents separately in order to facilitate the analysis of cash generation in its financial communication. These investments characterized by their size or their nature are presented either as non-recurring investments or in acquisitions and divestments;*
- **Net debt:** *this is the difference between current and non-current debt and cash and cash equivalents.*





## **ARKEMA Financial Statements**

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**Consolidated financial statements - At the end of December 2014**

## CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>4<sup>th</sup> quarter 2014</u>	<u>End of December 2014</u>	<u>4<sup>th</sup> quarter 2013</u>	<u>End of December 2013</u>
	(audited)	(audited)	(audited)	(audited)
<b>Sales</b>	1 431	5 952	1 411	6 098
Operating expenses	(1 213)	(4 926)	(1 196)	(4 950)
Research and development expenses	(40)	(155)	(33)	(144)
Selling and administrative expenses	(108)	(424)	(101)	(416)
<b>Recurring operating income</b>	<b>70</b>	<b>447</b>	<b>81</b>	<b>588</b>
Other income and expenses	(8)	(83)	(28)	(205)
<b>Operating income</b>	<b>62</b>	<b>364</b>	<b>53</b>	<b>383</b>
Equity in income of affiliates	1	1	-	5
Financial result	(30)	(74)	(15)	(55)
Income taxes	(8)	(120)	(15)	(161)
<b>Net income</b>	<b>25</b>	<b>171</b>	<b>23</b>	<b>172</b>
Of which: non-controlling interests	2	4	2	4
<b>Net income - Group share</b>	<b>23</b>	<b>167</b>	<b>21</b>	<b>168</b>
<i>Earnings per share* (amount in euros)</i>	0,33	2,53	0,33	2,59
<i>Diluted earnings per share (amount in euros)</i>	0,33	2,51	0,32	2,56
Depreciation and amortization	(92)	(337)	(81)	(314)
<b>EBITDA</b>	<b>162</b>	<b>784</b>	<b>162</b>	<b>902</b>
<b>Adjusted net income</b>	<b>20</b>	<b>239</b>	<b>46</b>	<b>368</b>
<i>Adjusted earnings per share* (amount in euros)</i>	0,28	3,62	0,71	5,67
<i>Diluted adjusted earnings per share (amount in euros)</i>	0,29	3,60	0,70	5,60

\*Following the capital increase of 15 December 2014, elements for the calculation of earnings per share and adjusted earnings per share have been adjusted by the dilution factor resulting from the issuance of preferential subscription rights.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>4<sup>th</sup> quarter 2014</u>	<u>End of December 2014</u>	<u>4<sup>th</sup> quarter 2013</u>	<u>End of December 2013</u>
<i>(In millions of euros)</i>	(audited)	(audited)	(audited)	(audited)
<b>Net income</b>	<b>25</b>	<b>171</b>	<b>23</b>	<b>172</b>
Hedging adjustments	(19)	(6)	(2)	(4)
Other items	-	(4)	2	2
Deferred taxes on hedging adjustments and other items	1	1	-	-
Change in translation adjustments	37	172	(29)	(78)
<b>Other recyclable comprehensive income</b>	<b>19</b>	<b>163</b>	<b>(29)</b>	<b>(80)</b>
Actuarial gains and losses	(50)	(89)	22	62
Deferred taxes on actuarial gains and losses	14	21	(6)	(22)
<b>Other non-recyclable comprehensive income</b>	<b>(36)</b>	<b>(68)</b>	<b>16</b>	<b>40</b>
<b>Other comprehensive income</b>	<b>(17)</b>	<b>95</b>	<b>(13)</b>	<b>(40)</b>
<b>Total income and expenses recognized directly through equity</b>	<b>(17)</b>	<b>95</b>	<b>(13)</b>	<b>(40)</b>
<b>Comprehensive income</b>	<b>8</b>	<b>266</b>	<b>10</b>	<b>132</b>
Of which: non-controlling interests	-	5	2	2
<b>Comprehensive income - Group share</b>	<b>8</b>	<b>261</b>	<b>8</b>	<b>130</b>

## CONSOLIDATED BALANCE SHEET

**31 December 2014**      **31 December 2013**  
(audited)                                      (audited)

(In millions of euros)

	<b>31 December 2014</b>	<b>31 December 2013</b>
	(audited)	(audited)
<b>ASSETS</b>		
Intangible assets, net	1 094	973
Property, plant and equipment, net	2 272	1 943
Equity affiliates : investments and loans	18	17
Other investments	33	52
Deferred tax assets	76	66
Other non-current assets	190	177
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 683</b>	<b>3 228</b>
Inventories	977	896
Accounts receivable	839	824
Other receivables and prepaid expenses	137	125
Income taxes recoverable	27	24
Other current financial assets	2	2
Cash and cash equivalents	1 149	377
<b>TOTAL CURRENT ASSETS</b>	<b>3 131</b>	<b>2 248</b>
<b>TOTAL ASSETS</b>	<b>6 814</b>	<b>5 476</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	728	630
Paid-in surplus and retained earnings	2 626	1 687
Treasury shares	(3)	(12)
Translation adjustments	178	7
<b>SHAREHOLDERS' EQUITY - GROUP SHARE</b>	<b>3 529</b>	<b>2 312</b>
Non-controlling interests	44	37
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3 573</b>	<b>2 349</b>
Deferred tax liabilities	57	64
Provisions for pensions and other employee benefits	456	361
Other provisions and non-current liabilities	401	439
Non-current debt	1 196	1 207
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2 110</b>	<b>2 071</b>
Accounts payable	704	687
Other creditors and accrued liabilities	274	256
Income taxes payable	33	19
Other current financial liabilities	13	1
Current debt	107	93
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 131</b>	<b>1 056</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>6 814</b>	<b>5 476</b>

## CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>31 December 2014</u>	<u>31 December 2013</u>
	(audited)	(audited)
<b>Cash flow - operating activities</b>		
Net income	171	172
Depreciation, amortization and impairment of assets	351	324
Provisions, valuation allowances and deferred taxes	(54)	20
(Gains)/losses on sales of assets	4	(31)
Undistributed affiliate equity earnings	6	4
Change in working capital	21	(30)
Other changes	8	8
<b>Cash flow from operating activities</b>	<b>507</b>	<b>467</b>
<b>Cash flow - investing activities</b>		
Intangible assets and property, plant, and equipment additions	(470)	(481)
Change in fixed asset payables	(16)	30
Acquisitions of operations, net of cash acquired	(189)	(14)
Increase in long-term loans	(53)	(45)
<b>Total expenditures</b>	<b>(728)</b>	<b>(510)</b>
Proceeds from sale of intangible assets and property, plant and equipment	8	10
Change in fixed asset receivables	-	-
Proceeds from sale of operations, net of cash sold	-	-
Proceeds from sale of unconsolidated investments	15	90
Repayment of long-term loans	35	21
<b>Total divestitures</b>	<b>58</b>	<b>121</b>
<b>Cash flow from investing activities</b>	<b>(670)</b>	<b>(389)</b>
<b>Cash flow - financing activities</b>		
Issuance (repayment) of shares and other equity	378	11
Issuance of hybrid bonds	689	-
Purchase of treasury shares	(2)	-
Dividends paid to parent company shareholders	(117)	(113)
Dividends paid to minority shareholders	(5)	-
Increase/ decrease in long-term debt	(15)	142
Increase/ decrease in short-term borrowings and bank overdrafts	-	(100)
<b>Cash flow from financing activities</b>	<b>928</b>	<b>(60)</b>
Net increase/(decrease) in cash and cash equivalents	765	18
Effect of exchange rates and changes in scope	7	(1)
Cash and cash equivalents at beginning of period	377	360
<b>Cash and cash equivalents at end of period</b>	<b>1 149</b>	<b>377</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

(In millions of euros)	Shares issued		Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount					Number	Amount			
<b>At January 1, 2014</b>	<b>63 029 692</b>	<b>630</b>	<b>868</b>		<b>819</b>	<b>7</b>	<b>(226 974)</b>	<b>(12)</b>	<b>2 312</b>	<b>37</b>	<b>2 349</b>
Cash dividend	-	-	(55)	-	(62)	-	-	-	(117)	(5)	(122)
Issuance of share capital	9 793 003	98	280	-	-	-	-	-	378	-	378
Purchase of treasury shares	-	-	-	-	-	-	(32 643)	(2)	(2)	-	(2)
Grants of treasury shares to employees	-	-	14	-	(25)	-	204 603	11	-	-	-
Share-based payments	-	-	(14)	-	21	-	-	-	7	-	7
Other	-	-	-	689	1	-	-	-	690	7	697
<b>Transactions with shareholders</b>	<b>9 793 003</b>	<b>98</b>	<b>225</b>	<b>689</b>	<b>(65)</b>	<b>-</b>	<b>171 960</b>	<b>9</b>	<b>956</b>	<b>2</b>	<b>958</b>
Net income	-	-	-	-	167	-	-	-	167	4	171
Total income and expenses recognized directly through equity	-	-	-	-	(77)	171	-	-	94	1	95
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>261</b>	<b>5</b>	<b>266</b>
<b>At December 31, 2014</b>	<b>72 822 695</b>	<b>728</b>	<b>1 093</b>	<b>689</b>	<b>844</b>	<b>178</b>	<b>(55 014)</b>	<b>(3)</b>	<b>3 529</b>	<b>44</b>	<b>3 573</b>



## INFORMATION BY BUSINESS SEGMENT

(audited)

4<sup>th</sup> quarter 2014

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	444	491	489	7	1 431
Inter segment sales	3	23	17	-	
<b>Total sales</b>	<b>447</b>	<b>514</b>	<b>506</b>	<b>7</b>	
<b>EBITDA</b>	<b>59</b>	<b>72</b>	<b>39</b>	<b>(8)</b>	<b>162</b>
Depreciation and amortization	(30)	(34)	(27)	(1)	(92)
<b>Recurring operating income</b>	<b>29</b>	<b>38</b>	<b>12</b>	<b>(9)</b>	<b>70</b>
Other income and expenses	(2)	(2)	(2)	(2)	(8)
<b>Operating income</b>	<b>27</b>	<b>36</b>	<b>10</b>	<b>(11)</b>	<b>62</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>47</b>	<b>76</b>	<b>35</b>	<b>2</b>	<b>160</b>
Of which recurring capex	47	54	34	2	137

4<sup>th</sup> quarter 2013

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	466	453	486	6	1 411
Inter segment sales	2	23	16	-	
<b>Total sales</b>	<b>468</b>	<b>476</b>	<b>502</b>	<b>6</b>	
<b>EBITDA</b>	<b>68</b>	<b>48</b>	<b>52</b>	<b>(6)</b>	<b>162</b>
Depreciation and amortization	(27)	(29)	(24)	(1)	(81)
<b>Recurring operating income</b>	<b>41</b>	<b>19</b>	<b>28</b>	<b>(7)</b>	<b>81</b>
Other income and expenses	(3)	(2)	(4)	(19)	(28)
<b>Operating income</b>	<b>38</b>	<b>17</b>	<b>24</b>	<b>(26)</b>	<b>53</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>52</b>	<b>120</b>	<b>49</b>	<b>(11)</b>	<b>210</b>
Of which recurring capex	50	55	48	(11)	142

## INFORMATION BY BUSINESS SEGMENT

(audited)

End of December 2014

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1 826	1 972	2 131	23	5 952
Inter segment sales	13	105	75		
<b>Total sales</b>	<b>1 839</b>	<b>2 077</b>	<b>2 206</b>	<b>23</b>	
<b>EBITDA</b>	<b>284</b>	<b>300</b>	<b>245</b>	<b>(45)</b>	<b>784</b>
Depreciation and amortization	(109)	(128)	(98)	(2)	(337)
<b>Recurring operating income</b>	<b>175</b>	<b>172</b>	<b>147</b>	<b>(47)</b>	<b>447</b>
Other income and expenses	(13)	(41)	(13)	(16)	(83)
<b>Operating income</b>	<b>162</b>	<b>131</b>	<b>134</b>	<b>(63)</b>	<b>364</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>115</b>	<b>256</b>	<b>95</b>	<b>4</b>	<b>470</b>
Of which recurring capex	112	139	91	4	346

End of December 2013

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1 842	1 993	2 224	39	6 098
Inter segment sales	11	104	79	-	
<b>Total sales</b>	<b>1 853</b>	<b>2 097</b>	<b>2 303</b>	<b>39</b>	
<b>EBITDA</b>	<b>316</b>	<b>340</b>	<b>292</b>	<b>(46)</b>	<b>902</b>
Depreciation and amortization	(104)	(115)	(93)	(2)	(314)
<b>Recurring operating income</b>	<b>212</b>	<b>225</b>	<b>199</b>	<b>(48)</b>	<b>588</b>
Other income and expenses	(11)	(2)	(40)	(152)	(205)
<b>Operating income</b>	<b>201</b>	<b>223</b>	<b>159</b>	<b>(200)</b>	<b>383</b>
Equity in income of affiliates	1	-	-	4	5
<b>Intangible assets and property, plant and equipment additions</b>	<b>101</b>	<b>255</b>	<b>117</b>	<b>8</b>	<b>481</b>
Of which recurring capex	93	114	114	8	329

**INFORMATION BY BUSINESS SEGMENT**  
**Restated information by business segment: impact of IFRIC 21**  
*(non audited)*

**1<sup>st</sup> quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	474	496	547	6	1 523
Inter segment sales	3	30	18	-	-
<b>Total sales</b>	<b>477</b>	<b>526</b>	<b>565</b>	<b>6</b>	
<b>EBITDA</b>	<b>79</b>	<b>67</b>	<b>70</b>	<b>(15)</b>	<b>201</b>
Depreciation and amortization	(26)	(29)	(23)	-	(78)
<b>Recurring operating income</b>	<b>53</b>	<b>38</b>	<b>47</b>	<b>(15)</b>	<b>123</b>
Other income and expenses	(1)	(1)	(3)	(5)	(10)
<b>Operating income</b>	<b>52</b>	<b>37</b>	<b>44</b>	<b>(20)</b>	<b>113</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>14</b>	<b>60</b>	<b>15</b>	<b>1</b>	<b>90</b>
Of which recurring capex	14	17	13	1	45

**2<sup>nd</sup> quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	451	509	555	5	1 520
Inter segment sales	4	28	22	-	-
<b>Total sales</b>	<b>455</b>	<b>537</b>	<b>577</b>	<b>5</b>	
<b>EBITDA</b>	<b>68</b>	<b>82</b>	<b>72</b>	<b>(12)</b>	<b>210</b>
Depreciation and amortization	(26)	(30)	(23)	(1)	(80)
<b>Recurring operating income</b>	<b>42</b>	<b>52</b>	<b>49</b>	<b>(13)</b>	<b>130</b>
Other income and expenses	(3)	(6)	(11)	(2)	(22)
<b>Operating income</b>	<b>39</b>	<b>46</b>	<b>38</b>	<b>(15)</b>	<b>108</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>29</b>	<b>64</b>	<b>19</b>	<b>1</b>	<b>113</b>
Of which recurring capex	26	35	18	1	80

**3<sup>rd</sup> quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	457	476	540	5	1 478
Inter segment sales	3	24	18	-	-
<b>Total sales</b>	<b>460</b>	<b>500</b>	<b>558</b>	<b>5</b>	
<b>EBITDA</b>	<b>77</b>	<b>77</b>	<b>63</b>	<b>(10)</b>	<b>207</b>
Depreciation and amortization	(27)	(35)	(25)	-	(87)
<b>Recurring operating income</b>	<b>50</b>	<b>42</b>	<b>38</b>	<b>(10)</b>	<b>120</b>
Other income and expenses	(7)	(32)	3	(7)	(43)
<b>Operating income</b>	<b>43</b>	<b>10</b>	<b>41</b>	<b>(17)</b>	<b>77</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>25</b>	<b>56</b>	<b>26</b>	<b>-</b>	<b>107</b>
Of which recurring capex	25	33	26	-	84

**4<sup>th</sup> quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	444	491	489	7	1 431
Inter segment sales	3	23	17	-	-
<b>Total sales</b>	<b>447</b>	<b>514</b>	<b>506</b>	<b>7</b>	
<b>EBITDA</b>	<b>60</b>	<b>74</b>	<b>40</b>	<b>(8)</b>	<b>166</b>
Depreciation and amortization	(30)	(34)	(27)	(1)	(92)
<b>Recurring operating income</b>	<b>30</b>	<b>40</b>	<b>13</b>	<b>(9)</b>	<b>74</b>
Other income and expenses	(2)	(2)	(2)	(2)	(8)
<b>Operating income</b>	<b>28</b>	<b>38</b>	<b>11</b>	<b>(11)</b>	<b>66</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>47</b>	<b>76</b>	<b>35</b>	<b>2</b>	<b>160</b>
Of which recurring capex	47	54	34	2	137

**End of December 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1 826	1 972	2 131	23	5 952
Inter segment sales	13	105	75	-	-
<b>Total sales</b>	<b>1 839</b>	<b>2 077</b>	<b>2 206</b>	<b>23</b>	
<b>EBITDA</b>	<b>284</b>	<b>300</b>	<b>245</b>	<b>(45)</b>	<b>784</b>
Depreciation and amortization	(109)	(128)	(98)	(2)	(337)
<b>Recurring operating income</b>	<b>175</b>	<b>172</b>	<b>147</b>	<b>(47)</b>	<b>447</b>
Other income and expenses	(13)	(41)	(13)	(16)	(83)
<b>Operating income</b>	<b>162</b>	<b>131</b>	<b>134</b>	<b>(63)</b>	<b>364</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>115</b>	<b>256</b>	<b>95</b>	<b>4</b>	<b>470</b>
Of which recurring capex	112	139	91	4	346