ARKEMA
INNOVATIVE CHEMISTRY

Colombes, August 1st 2013

Arkema: 2nd Quarter 2013 Results

# Solid performance in a contrasted economic environment

- **€1,629 million sales, 1.7% down at constant exchange rate and scope of business**
- **Volumes +3.5% up, mainly supported by Coating Solutions segment**
- **€273 million EBITDA and 16.8% EBITDA margin**
    - **High Performance Materials result significantly up versus 1st quarter 2013 but down versus high basis of comparison of 2012**
    - **Strong margin in Industrial Specialties despite adverse impact of weather conditions on fluorogases**
    - **Resilient performance of Coating Solutions but mixed results between the regions**
- **€112 million net income Group share, i.e. 7% of sales**

The Board of Directors of Arkema met on July 31st 2013 to close the condensed consolidated accounts of Arkema for 1st half 2013. At the end of the meeting, Thierry Le Hénaff, Chairman and CEO, stated:

*« In 2nd quarter, Arkema confirmed the strength of its results in a less favorable economic environment than last year which also shows strong disparities from one geographic region to another. Market conditions in Europe are challenging, in particular in France where growth prospects have deteriorated since the end of last year and where the Group continues to consider ways to improve its productivity. Nevertheless, the Group benefited from its balanced geographic presence worldwide, its growing footprint in North America, and its diversified end-markets and continued to benefit from its positioning in high added value specialty businesses.*

*The Group actively reinforced its assets as shown by the capacity extension of its acrylic production capacities in North America in the 2nd quarter, and the construction of its Thiochemicals platform in Malaysia. »*

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## 2ND QUARTER 2013 KEY FIGURES

| *(In millions of euros)* | 2nd quarter 2012 | 2nd quarter 2013 | Variation |
|---|---|---|---|
| **Sales** | **1,719** | **1,629** | **-5.2%** |
| **EBITDA** | **306** | **273** | **-10.8%** |
| **EBITDA margin** | **17.8%** | **16.8%** | |
| *High Performance Materials* | *19.1%* | *19.5%* | |
| *Industrial Specialties* | *22.1%* | *21.1%* | |
| *Coating Solutions* | *14.4%* | *14.0%* | |
| Recurring operating income | 229 | 195 | -14.8% |
| Non-recurring items | (25) | (13) | n.a. |
| **Adjusted net income*** | **151** | **124** | **-17.9%** |
| Net income – Group share | (12) | 112 | n.a. |
| Diluted adjusted net income per share* (in €) | 2.40 | 1.96 | -18.3% |

* For 2nd quarter 2012, adjusted net income of continuing operations (excluding impact of vinyl activities sold beginning of July 2012).

## 2ND QUARTER 2013 PERFORMANCE

**Sales** in 2nd quarter 2013 stood at **€1,629 million** against €1,719 million in 2nd quarter 2012. The +3.5% growth in volumes was mainly supported by the Coating Solutions segment which benefited from an increasing presence in North America where the housing market has been gradually improving. The -5.2% price / product mix effect reflected in particular the decrease in certain raw material costs and a different product mix than in 2012 in High Performance Materials. The -2.3% scope of business effect related to the divestment of the tin stabilizer business finalized on 1st October 2012. The -1.2% translation effect mostly corresponded to the slight strengthening of the euro versus the US dollar.

In an economic environment that was less favorable than last year, **EBITDA**, as expected, stood at **€273 million** in-between the high reference of the 2nd quarter 2012 (€306 million) and the 1st quarter of 2013 (€234 million), thereby confirming the strength of the portfolio of the Group's specialty activities and its balanced geographic presence. The performance of High Performance Materials improved compared to 1st quarter 2013, but was still below last year due to ongoing weak demand in the photovoltaic market and to delays in certain oil and gas projects. Industrial Specialties continued to deliver a high level of performance despite weaker fluorogas business versus last year. Coating Solutions reported a strong and stable result compared with last year, with improving conditions in North America offsetting the more challenging market conditions in decorative paints and construction in Europe. Finally, EBITDA was negatively impacted by the strengthening of euro versus US dollar and by the drop of the yen which resulted in a negative transaction effect.

**EBITDA margin** maintained a very good level at 16.8% and once again stood among the highest in the industry.

**Recurring operating income** stood at **€195 million** against €229 million in 2nd quarter 2012, following deduction of €78 million depreciation and amortization, virtually stable compared to last year.

**Non-recurring items** stood at -€13 million against -€25 million in 2nd quarter 2012. They included in particular some restructuring charges. In 2nd quarter 2012, these items mostly included the impact of the shortage in the supply of CDT (the raw material for polyamide 12) amounting to -€16 million in total as well as various charges related to divestment and acquisition operations.

**Financial result** stood at -€13 million, close to 2nd quarter 2012 (-€14 million).

**Income taxes** amounted to €57 million, i.e. 29.2% of recurring operating income. They included a €3 million tax due on the dividend paid in June 2013. Excluding this tax, the tax rate would stand at 27.7% of the recurring operating income, reflecting the geographic spread of the results with a significant part of the Group's results achieved in North America and a smaller part in Europe.

**Net income Group share** stood at **€112 million** against a -€12 million loss in 2nd quarter 2012.

## SEGMENT PERFORMANCE IN 2ND QUARTER 2013

### HIGH PERFORMANCE MATÉRIALS

**High Performance Materials** sales reached **€477 million** against €572 million in 2nd quarter 2012. The divestment of the tin stabilizer activities represented nearly half of the sales decrease. The negative price effect mostly reflected the lower raw material costs and a different product mix than in 2012. Finally, volumes were slightly down compared to last year.

With **€93 million** EBITDA and a **19.5% EBITDA margin**, the performance of the segment showed a significant improvement compared to 1st quarter 2013 (€70 million EBITDA) while being below the 2nd quarter 2012 (€109 million EBITDA). The decrease compared to 2012 resulted mainly from weaker demand in photovoltaic market and by delays in some oil and gas projects already mentioned in the 1st quarter 2013. Specialty Polyamides delivered an excellent performance which reflected the innovation momentum in the field of lightweight materials and a stronger seasonality than expected. The Organic Peroxides EBITDA margin benefited from its reshaped portfolio of businesses following the divestment of the tin stabilizer business.

### INDUSTRIAL SPECIALTIES

With an EBITDA margin above 21%, the performance of **Industrial Specialties** segment was maintained at a very high level despite fluorogas business being down versus last year on adverse weather conditions in Europe and competitive pressure in China and Europe on certain gases. Sales reached **€540 million** against €566 million in 2nd quarter 2012. **EBITDA** stood at **€114 million** reflecting the ongoing favorable environment in the United States where the Group has developed over the years a strong industrial presence.

The solid results of Thiochemicals were supported by refining and petrochemicals markets in the US. In PMMA, performances in North America and in Europe were mixed reflecting different momentum in the automotive and construction markets by region. Finally, Hydrogen Peroxide performance remained stable overall.

## Coating Solutions

**Coating Solutions** sales reached **€602 million** against €575 million in 2nd quarter 2012. This 4.7% increase reflected mostly higher volumes in North America, supported by a gradual improvement in demand in the residential housing market and the startup of the acrylic acid production capacity extension in Clear Lake (Texas).

**EBITDA** stood at **€84 million** and **EBITDA margin at 14.0%** against €83 million and 14.4% respectively in 2nd quarter 2012. Acrylics benefited from volumes up year-on-year while unit margins were lower than their high level of the 2nd quarter 2012 which was then supported by sharply decreasing propylene prices. Market conditions in Coating Resins remained mixed. Demand grew in North America, but remained lackluster in Europe where weather conditions remained adverse in the quarter. Finally, the performance of Sartomer and Coatex remained resilient sustained by new product development.

## Highlights since 1st April 2013

### Organic growth projects

On 5th June 2013, Arkema announced the startup of the acrylic acid capacity extension at its Clear Lake site in the United States. This project, which raises the site's capacity to some 270KT per year, represents the main part of the US$110 M investment plan announced in November 2010.

On 18th June 2013, Arkema announced a 15% increase in its bis-peroxide global capacities at both its Spinetta (Italy) and Franklin (Virginia, United States) sites. These new capacities, already operational, represent the first stage of a program designed to increase bis-peroxyde global capacity by 30% by end of 2014. These will help meet strong demand in the synthetic rubber industry for crosslinking agents, in particular in Asia, while also supporting recent developments.

### Acquisitions

Arkema completed two acquisitions in line with its strategy in High Performance Materials:

- **Securing access to its strategic raw materials:**

On 11th April 2013, Arkema signed an agreement with Indian company Jayant Agro, one of the world leading producers of castor oil and derivatives, with a view to acquiring a stake of around 25% in Ihsedu Agrochem, one of its subsidiaries specializing in castor oil production. This operation will provide Arkema with competitive and secure long-term access to this strategic raw material for the manufacture of its biosourced polyamides (PA 10 and PA 11). This project should be finalized in 3rd quarter 2013.

- **Speeding up development through innovation:**

On 3rd April 2013, Arkema announced its acquisition of a majority stake in AEC Polymers, which produces in particular structural adhesives from methacrylates developed by an Arkema technology.

### Other highlights

On 3rd July 2013, the *Fonds Stratégique de Participation* (FSP), a mutual fund set up by four major insurance companies in France – BNP Paribas Cardif, CNP Assurances, Crédit Agricole Assurances through its subsidiary Predica, and Sogécap (Société Générale Group) – in order to promote long-term investment in listed companies, announced that it now owns 6% of Arkema's share capital.

Arkema considers this acquisition of a stake in its share capital as a positive sign showing the confidence of the FSP in the long-term strategy implemented by the Group and in its management.

With a prospect of maintaining a long-term investment of at least 6% of Arkema's share capital, the FSP has shared with the Board of Directors its intent to seek the appointment of a representative on the Board of Directors. The Board of Directors will consider favorably this request for the appointment of an independent representative made by the FSP.

ARKEMA
INNOVATIVE CHEMISTRY

## 1ST HALF 2013 KEY FIGURES

| *(In millions of euros)* | 1st half 2012 | 1st half 2013 | Variation |
|---|---|---|---|
| **Sales** | **3,342** | **3,192** | **-4.5%** |
| **EBITDA** | **559** | **507** | **-9.3%** |
| **EBITDA margin** | **16.7%** | **15.9%** | |
| *High Performance Materials* | *19.1%* | *17.6%* | |
| *Industrial Specialties* | *20.2%* | *20.2%* | |
| *Coating Solutions* | *13.9%* | *13.8%* | |
| Recurring operating income | 409 | 353 | -13.7% |
| Non-recurring items | (25) | (140) | n.a. |
| **Adjusted net income*** | **274** | **221** | **-19.3%** |
| Net income – Group share | 88 | 82 | -6.8% |
| Diluted adjusted net income per share* (in €) | 4.37 | 3.49 | -20.1% |

* For 1st half 2012, adjusted net income of continuing operations (excluding impact of vinyl activities sold beginning of July 2012).

## CASH FLOW AND NET DEBT AT 30TH JUNE 2013

In 2nd quarter 2013, **free cash flow**[1] stood at +€44 million against -€28 million in 2nd quarter 2012. Over the 1st half of the year, it stood at -€16 million against -€23 million in 1st half 2012. On the first 6 months, this flow included a -€156 million variation in working capital related to the traditional increase in sales in the first half of the year. The working capital to sales ratio, however, remained well under control at 17.3%, at the same level as at 30th June 2012. Capital expenditure reached €174 million in the first six months and should accelerate in the 2nd half of the year, as it is the case each year, to reach €500 million for the full year 2013.

The Group also paid on 11th June a €1.80 dividend per share, totaling €113 million. Moreover, as part of its commitments previously made regarding Kem One, Arkema cashed out an amount of €75 million in the 2nd quarter. This amount was already fully booked in the accounts at the end of the 1st quarter.

**Net debt** stood at **€1,150 million** at 30th June 2013 (€900 million at 31st December 2012), i.e. 49.6% gearing, close to last year's level (48.7% at 30th June 2012). However, the Group confirmed its objective to reduce its gearing to around 40% by the end of the year.

[1] Cash flow from operations and investments, excluding impact of portfolio management and before the impact of cash-outs related to Kem One situation.

## OUTLOOK

Market conditions in the second half of the year should be in the continuity of the first half of the year with a marked contrast by regions and a limited visibility. They should continue to be solid in North America, and challenging but stable in Europe. In Asia, China in particular, growth should remain slower than expected. High Performance Materials should continue to be impacted in the 3rd quarter by the weakness in photovoltaic market and delays in some oil and gas projects. However, those markets should as expected improve by year end.

In this environment, Arkema should achieve in the second half of the year an EBITDA similar to the record level of the 2nd half of 2012. Compared to 2012, the 3rd quarter EBITDA should be lower than the high reference of last year and the 4th quarter stronger. The Group thereby confirms its ability to achieve a strong annual performance in a macro-economic environment that is less favorable than in 2012. The Group, however, will continue to carefully monitor the macro-economic environment developments and will implement the necessary adjustment initiatives if it was to be necessary.

The Group continues to implement its focused growth strategy with several progresses and confirms its ambition for 2016 to achieve €8 billion sales and 16% EBITDA margin while maintaining gearing below 40%.

The 2nd quarter 2013 results and the outlook are detailed in the presentation "2nd Quarter 2013 Results and Highlights" available on the website: www.finance.arkema.com. The 1st Half 2013 Financial Report is also available on the website.

## FINANCIAL CALENDAR

7th November 2013 Publication of 3rd quarter 2013 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 more than 40 countries, some 14,000 employees and 10 research centers, Arkema generates annual revenue of €6.4 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands.*

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*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 30 June 2013 closed by the Board of Directors of Arkema SA on 31 July 2013.*

*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

**Consolidated financial statements - At the end of June 2013**

## CONSOLIDATED INCOME STATEMENT

| (In millions of euros) | 2nd quarter 2013 (non audited) | End of June 2013 (audited) | 2nd quarter 2012 (non audited) | End of June 2012 (audited) |
|---|---|---|---|---|
| **Sales** | **1 629** | **3 192** | **1 719** | **3 342** |
| Operating expenses | (1 293) | (2 549) | (1 348) | (2 645) |
| Research and development expenses | (37) | (76) | (36) | (74) |
| Selling and administrative expenses | (104) | (214) | (106) | (214) |
| **Recurring operating income** | **195** | **353** | **229** | **409** |
| Other income and expenses | (13) | (140) | (25) | (25) |
| **Operating income** | **182** | **213** | **204** | **384** |
| Equity in income of affiliates | 1 | 3 | 3 | 6 |
| Financial result | (13) | (27) | (14) | (25) |
| Income taxes | (57) | (106) | (63) | (112) |
| **Net income of continuing operations** | **113** | **83** | **130** | **253** |
| **Net income of discontinued operations** | **-** | **-** | **(141)** | **(164)** |
| **Net income** | **113** | **83** | **(11)** | **89** |
| Of which non-controlling interests | 1 | 1 | 1 | 1 |
| **Net income - Group share** | **112** | **82** | **(12)** | **88** |
| **Of which continuing operations** | **112** | **82** | **129** | **252** |
| **Of which discontinued operations** | **-** | **-** | **(141)** | **(164)** |
| *Earnings per share (amount in euros)* | *1,79* | *1,31* | *(0,20)* | *1,42* |
| *Earnings per share of continuing operations (amount in euros)* | *1,79* | *1,31* | *2,08* | *4,07* |
| *Diluted earnings per share (amount in euros)* | *1,77* | *1,29* | *(0,20)* | *1,40* |
| *Diluted earnings per share of continuing operations (amount in euros)* | *1,77* | *1,29* | *2,05* | *4,02* |
| Depreciation and amortization | (78) | (154) | (77) | (150) |
| **EBITDA** | **273** | **507** | **306** | **559** |
| **Adjusted net income of continuing operations** | **124** | **221** | **151** | **274** |
| *Adjusted net income per share of continuing operations (amount in euros)* | *1,98* | *3,53* | 2,43 | *4,42* |
| *Diluted adjusted net income per share of continuing operations (amount in euros)* | *1,96* | *3,49* | 2,40 | *4,37* |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(In millions of euros)* | 2nd quarter 2013 *(non audited)* | End of June 2013 *(audited)* | 2nd quarter 2012 *(non audited)* | End of June 2012 *(audited)* |
|---|---|---|---|---|
| **Net income** | **113** | **83** | **(11)** | **89** |
| Hedging adjustments | 1 | (2) | 1 | (6) |
| Other items | - | - | - | - |
| Deffered taxes on hedging adjustments and other items | - | - | - | - |
| Change in translation adjustments | (37) | 1 | 79 | 40 |
| **Other recyclable comprehensive income of continuing operations** | **(36)** | **(1)** | **80** | **34** |
| Actuarial gains and losses | 41 | 41 | (44) | (44) |
| Deffered taxes on actuarial gains and losses | (16) | (16) | 9 | 9 |
| **Other non-recyclable comprehensive income of continuing operations** | **25** | **25** | **(35)** | **(35)** |
| **Other comprehensive income of continuing operations** | **(11)** | **24** | **45** | **(1)** |
| Other comprehensive income of discontinued operations | - | - | 1 | (5) |
| **Total income and expenses recognized directly in equity** | **(11)** | **24** | **46** | **(6)** |
| **Comprehensive income** | **102** | **107** | **35** | **83** |
| Of which: non-controlling interest | - | 1 | 2 | 1 |
| **Comprehensive income - Group share** | **102** | **106** | **33** | **82** |

# CONSOLIDATED BALANCE SHEET

| | 30 June 2013 | 31 December 2012 |
|---|---|---|
| | *(audited)* | *(audited)* |
| *(In millions of euros)* | | |
| **ASSETS** | | |
| Intangible assets, net | 969 | 962 |
| Property, plant and equipment, net | 1 876 | 1 852 |
| Equity affiliates : investments and loans | 67 | 71 |
| Other investments | 58 | 36 |
| Deferred tax assets | 67 | 83 |
| Other non-current assets | 151 | 147 |
| **TOTAL NON-CURRENT ASSETS** | **3 188** | **3 151** |
| Inventories | 954 | 920 |
| Accounts receivable | 1 024 | 920 |
| Other receivables and prepaid expenses | 172 | 147 |
| Income taxes recoverable | 27 | 35 |
| Other current financial assets | 3 | 8 |
| Cash and cash equivalents | 299 | 360 |
| **TOTAL CURRENT ASSETS** | **2 479** | **2 390** |
| Assets held for sale | - | - |
| **TOTAL ASSETS** | **5 667** | **5 541** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Share capital | 629 | 629 |
| Paid-in surplus and retained earnings | 1 581 | 1 587 |
| Treasury shares | (12) | (16) |
| Translation adjustments | 83 | 82 |
| **SHAREHOLDERS' EQUITY - GROUP SHARE** | **2 281** | **2 282** |
| Non-controlling interests | 36 | 29 |
| **TOTAL SHAREHOLDERS' EQUITY** | **2 317** | **2 311** |
| Deferred tax liabilities | 43 | 33 |
| Provisions for pensions and other employee benefits | 392 | 432 |
| Other provisions and non-current liabilities | 413 | 446 |
| Non-current debt | 1 068 | 1 071 |
| **TOTAL NON-CURRENT LIABILITIES** | **1 916** | **1 982** |
| Accounts payable | 739 | 683 |
| Other creditors and accrued liabilities | 272 | 318 |
| Income taxes payable | 40 | 56 |
| Other current financial liabilities | 2 | 2 |
| Current debt | 381 | 189 |
| **TOTAL CURRENT LIABILITIES** | **1 434** | **1 248** |
| Liabilities associated with assets held for sale | - | - |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **5 667** | **5 541** |

# CONSOLIDATED CASH FLOW STATEMENT

| (In millions of euros) | End of June 2013<br>(audited) | End of June 2012<br>(audited) |
|---|---|---|
| **Cash flow - operating activities** | | |
| Net income | 83 | 89 |
| Depreciation, amortization and impairment of assets | 155 | 188 |
| Provisions, valuation allowances and deferred taxes | (24) | 14 |
| (Gains)/losses on sales of assets | (4) | (10) |
| Undistributed affiliate equity earnings | 6 | 3 |
| Change in working capital | (156) | (209) |
| Other changes | 4 | 3 |
| **Cash flow from operating activities** | **64** | **78** |
| **Of which cash flow from operating activities of discontinued operations** | **-** | **(123)** |
| **Cash flow - investing activities** | | |
| Intangible assets and property, plant, and equipment additions | (174) | (217) |
| Change in fixed asset payables | (25) | (32) |
| Acquisitions of operations, net of cash acquired | (10) | (243) |
| Increase in long-term loans | (16) | (25) |
| **Total expenditures** | **(225)** | **(517)** |
| Proceeds from sale of intangible assets and property, plant and equipment | 5 | 13 |
| Change in fixed asset receivables | - | - |
| Proceeds from sale of operations, net of cash sold | - | - |
| Proceeds from sale of unconsolidated investments | - | - |
| Repayment of long-term loans | 14 | 8 |
| **Total divestitures** | **19** | **21** |
| **Cash flow from investing activities** | **(206)** | **(496)** |
| **Of which cash flow from investing activities from discontinued operations** | **-** | **(48)** |
| **Cash flow - financing activities** | | |
| Issuance (repayment) of shares and other equity | 8 | 33 |
| Purchase of treasury shares | - | (13) |
| Dividends paid to parent company shareholders | (113) | (81) |
| Dividends paid to minority shareholders | - | (1) |
| Increase/ decrease in long-term debt | (5) | 226 |
| Increase/ decrease in short-term borrowings and bank overdrafts | 191 | 106 |
| **Cash flow from financing activities** | **81** | **270** |
| Net increase/(decrease) in cash and cash equivalents | (62) | (148) |
| Effect of exchange rates and changes in scope | 1 | 1 |
| Cash and cash equivalents at beginning of period | 360 | 254 |
| **Cash and cash equivalents at end of period** | **299** | **107** |
| **Of which cash and cash equivalents of discontinued operations** | **-** | **-** |

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

*(audited)*

| *(In millions of euros)* | Shares issued | | | | | Treasury shares | | Shareholders' equity - Group share | Non-controlling interests | Shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Number** | **Amount** | **Paid-in surplus** | **Retained earnings** | **Translation adjustments** | **Number** | **Amount** | | | |
| **At January 1, 2013** | **62 877 215** | **629** | **977** | **610** | **82** | **(314 034)** | **(16)** | **2 282** | **29** | **2 311** |
| Cash dividend | - | - | (113) | - | - | - | - | (113) | - | (113) |
| Issuance of share capital | 70 958 | - | 2 | - | - | - | - | 2 | - | 2 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Cancellation of purchased treasury shares | - | - | - | - | - | - | - | - | - | - |
| Grants of treasury shares to employees | - | - | - | (4) | - | 87 060 | 4 | - | - | - |
| Sale of treasury shares | - | - | - | - | - | - | - | - | - | - |
| Share-based payments | - | - | - | 4 | - | - | - | 4 | - | 4 |
| Other | - | - | - | - | - | - | - | - | 6 | 6 |
| **Transactions with shareholders** | **70 958** | **-** | **(111)** | **-** | **-** | **87 060** | **4** | **(107)** | **6** | **(101)** |
| Net income | - | - | - | 82 | - | - | - | 82 | 1 | 83 |
| Total income and expense recognized directly through equity | - | - | - | 23 | 1 | - | - | 24 | - | 24 |
| **Comprehensive income** | **-** | **-** | **-** | **105** | **1** | **-** | **-** | **106** | **1** | **107** |
| **At June 30, 2013** | **62 948 173** | **629** | **866** | **715** | **83** | **(226 974)** | **(12)** | **2 281** | **36** | **2 317** |

## INFORMATION BY BUSINESS SEGMENT

*(non audited)*

| *(In millions of euros)* | 2nd quarter 2013 | | | | |
|---|---|---|---|---|---|
| | **High Performance Materials** | **Industrial Specialties** | **Coating Solutions** | **Corporate** | **Total** |
| Non-Group sales | 477 | 540 | 602 | 10 | **1 629** |
| Inter segment sales | 3 | 26 | 21 | - | |
| **Total sales** | **480** | **566** | **623** | **10** | |
| **EBITDA** | **93** | **114** | **84** | **(18)** | **273** |
| Depreciation and amortization | (25) | (29) | (23) | (1) | (78) |
| **Recurring operating income** | **68** | **85** | **61** | **(19)** | **195** |
| Other income and expenses | (5) | - | (4) | (4) | (13) |
| **Operating income** | **63** | **85** | **57** | **(23)** | **182** |
| Equity in income of affiliates | - | - | - | 1 | 1 |
| **Intangible assets and property, plant and equipment additions** | **18** | **49** | **25** | **7** | **99** |
| Of which recurring capex | 15 | 22 | 25 | 7 | 69 |

| *(In millions of euros)* | 2nd quarter 2012 | | | | |
|---|---|---|---|---|---|
| | **High Performance Materials** | **Industrial Specialties** | **Coating Solutions** | **Corporate** | **Total** |
| Non-Group sales | 572 | 566 | 575 | 6 | **1 719** |
| Inter segment sales | 5 | 34 | 21 | - | |
| **Total sales** | **577** | **600** | **596** | **6** | |
| **EBITDA** | **109** | **125** | **83** | **(11)** | **306** |
| Depreciation and amortization | (27) | (29) | (20) | (1) | (77) |
| **Recurring operating income** | **82** | **96** | **63** | **(12)** | **229** |
| Other income and expenses | (25) | 3 | (2) | (1) | (25) |
| **Operating income** | **57** | **99** | **61** | **(13)** | **204** |
| Equity in income of affiliates | - | - | - | 3 | 3 |
| **Intangible assets and property, plant and equipment additions** | **33** | **40** | **32** | **4** | **109** |
| Of which recurring capex | 33 | 26 | 27 | 3 | 89 |

## INFORMATION BY BUSINESS SEGMENT

*(audited)*

| *(In millions of euros)* | **End of June 2013** | | | | |
|---|---|---|---|---|---|
| | **High Performance Materials** | **Industrial Specialties** | **Coating Solutions** | **Corporate** | **Total** |
| Non-Group sales | 925 | 1 079 | 1 164 | 24 | **3 192** |
| Inter segment sales | 6 | 52 | 42 | - | |
| **Total sales** | **931** | **1 131** | **1 206** | **24** | |
| **EBITDA** | **163** | **218** | **161** | **(35)** | **507** |
| Depreciation and amortization | (51) | (57) | (45) | (1) | (154) |
| **Recurring operating income** | **112** | **161** | **116** | **(36)** | **353** |
| Other income and expenses | (7) | - | (5) | (128) | (140) |
| **Operating income** | **105** | **161** | **111** | **(164)** | **213** |
| Equity in income of affiliates | - | - | - | 3 | 3 |
| **Intangible assets and property, plant and equipment additions** | **31** | **85** | **45** | **13** | **174** |
| Of which recurring capex | 27 | 35 | 44 | 13 | 119 |

| *(In millions of euros)* | **End of June 2012** | | | | |
|---|---|---|---|---|---|
| | **High Performance Materials** | **Industrial Specialties** | **Coating Solutions** | **Corporate** | **Total** |
| Non-Group sales | 1 106 | 1 098 | 1 126 | 12 | **3 342** |
| Inter segment sales | 12 | 66 | 48 | - | |
| **Total sales** | **1 118** | **1 164** | **1 174** | **12** | |
| **EBITDA** | **211** | **222** | **156** | **(30)** | **559** |
| Depreciation and amortization | (53) | (56) | (40) | (1) | (150) |
| **Recurring operating income** | **158** | **166** | **116** | **(31)** | **409** |
| Other income and expenses | (25) | 4 | (3) | (1) | (25) |
| **Operating income** | **133** | **170** | **113** | **(32)** | **384** |
| Equity in income of affiliates | - | - | - | 6 | 6 |
| **Intangible assets and property, plant and equipment additions** | **49** | **63** | **60** | **8** | **180** |
| Of which recurring capex | 49 | 41 | 51 | 7 | 148 |