

## Investor and analyst factsheet

	1Q'15 in €m	1Q'14 <sup>1</sup> in €m	Variation
<b>Sales</b>	<b>1,871</b>	<b>1,523</b>	<b>+22.8%</b>
Prices	(3.1)%		
Volumes	(2.5)%		
FX	+8.6%		
Portfolio	+19.9%		
<b>EBITDA</b>	<b>237</b>	<b>201</b>	<b>+17.9%</b>
High Performance Materials	111	79	+40.5%
Industrial Specialties	84	67	+25.4%
Coating Solutions	62	70	(11.4)%
Corporate	(20)	(15)	
<b>EBITDA margin</b>	<b>12.7%</b>	<b>13.2%</b>	
<b>Depreciation and amortization</b>	<b>(104)</b>	<b>(78)</b>	<b>+33.3%</b>
<b>Recurring EBIT</b>	<b>133</b>	<b>123</b>	<b>+8.1%</b>
<b>NR items</b>	<b>(16)</b>	<b>(10)</b>	
Equity in income of affiliates	-	-	
Financial results	(29)	(13)	+123.1%
Income taxes	(48)	(34)	+41.2%
<b>Net income – Group share</b>	<b>42</b>	<b>65</b>	<b>(35.4)%</b>
<b>Adjusted net income</b>	<b>57</b>	<b>76</b>	<b>(25.0)%</b>
Adjusted EPS (€)	0.78	1.17	(33.3)%
<b>Capital Expenditures</b>	<b>64</b>	<b>90</b>	<b>(28.9)%</b>
Working capital (12/31)	<b>1,431</b>	<b>958</b>	
<b>Net debt (12/31)</b>	<b>1,888</b>	<b>154</b>	
<b>Gearing<sup>2</sup> (12/31)</b>	<b>49.7%</b>	<b>4,3%</b>	

### 1Q 2015 GROUP PERFORMANCE

- **€1,871m sales**, 22.8% up versus 1Q 2014
  - -2.0% organic volume growth<sup>3</sup>
    - Slow start of most regions
  - -3.1% prices
    - Mainly in Acrylics
  - +19.9% scope of business
    - Bostik acquisition
    - Acquisition of a stake in Sunke in Acrylics in China
  - +8.6% currency
    - Favorable euro / US dollar FX rate
- **€237m EBITDA**, 18% up on 1Q 2014
  - EBITDA up excluding the effect of Bostik acquisition
  - Benefit of more favorable currencies
  - Bostik's first months up, in line with announced targets
  - Low-cycle market conditions as expected in Acrylics
  - Good resilience of **EBITDA margin** at **12.7%** despite acrylics cycle and the mechanical dilutive effect of Bostik

<sup>1</sup> Restated figures in accordance with IFRIC 21 "Levies"

<sup>2</sup> Calculated as net financial debt divided by shareholders' equity

<sup>3</sup> Excluding the impact of the shutdown of Chauny (Fr) site effective 1Q'14

## 1Q 2015 PERFORMANCE BY SEGMENT

	1Q'15 in €m	1Q'14 <sup>4</sup> in €m	Variation	Prices	Volumes	FX	Portfolio
<b>Sales</b>	<b>1,871</b>	<b>1,523</b>	<b>+22.8%</b>	<b>(3.1)%</b>	<b>(2.5)%</b>	<b>+8.6%</b>	<b>+19.9%</b>
<i>High Performance Materials</i>	763	474	+61.0%	(0.7)%	(2.2)%	+6.7%	+57.2%
<i>Industrial Specialties</i>	550	496	+10.9%	+1.8%	(1.3)%	+9.5%	+0.8%
<i>Coating Solutions</i>	551	547	+0.7%	(9.6)%	(4.0)%	+9.6%	+4.9%
<b>EBITDA</b>	<b>237</b>	<b>201</b>	<b>+17.9%</b>				
<i>High Performance Materials</i>	111	79	+40.5%				
<i>Industrial Specialties</i>	84	67	+25.4%				
<i>Coating Solutions</i>	62	70	(11.4)%				
<b>EBITDA margin</b>	<b>12.7%</b>	<b>13.2%</b>					
<i>High Performance Materials</i>	14.5%	16.7%					
<i>Industrial Specialties</i>	15.3%	13.5%					
<i>Coating Solutions</i>	11.3%	12.8%					
<b>Recurring EBIT</b>	<b>133</b>	<b>123</b>	<b>+8.1%</b>				
<i>High Performance Materials</i>	74	53	+39.6%				
<i>Industrial Specialties</i>	47	38	+23.7%				
<i>Coating Solutions</i>	32	47	(31.9)%				

### HIGH PERFORMANCE MATERIALS

- Bostik:
  - €272 million sales over 2 months
  - Performance up YoY in line with announced targets
  - Excellent spirit and smooth implementation of synergies
- Technical Polymers:
  - Lower demand in some oil and gas applications and slow start to the year in China
  - Continued good development of new applications (batteries, electronics)
- Filtration and Adsorption: strong performance supported by molecular sieves
- Organic Peroxides:
  - Good performance overall
  - Small bolt-on acquisition of Oxido

### INDUSTRIAL SPECIALTIES

- Thiochemicals:
  - Strong performance overall supported by good demand
  - New platform in Malaysia
    - Successfully started in January
    - Promising ramp-up as planned
    - EBITDA contribution from 2Q'15
- Fluorogases:
  - Prices up YoY mainly in the US
  - In line with Group assumption of a gradual improvement over several years
- PMMA:
  - Strong performance
    - Continuing favorable market conditions in MMA
    - Mixed market conditions in PMMA
- Hydrogen Peroxide: solid results up YoY

<sup>4</sup> Restated figures in accordance with IFRIC 21 "Levies"

## COATING SOLUTIONS

- Acrylics:
  - Unit margins from close to mid-cycle in 1Q'14 down to low-cycle in 1Q'15
    - Expected to remain at cyclical low throughout 2015
  - Further adjustments of inventories by customers in superabsorbents
  - Very limited contribution of Sunke as expected (current prices in Asia and lower volumes during Chinese New Year)
- Coating Resins:
  - Slow start to the year in decorative paints in Europe
  - Benefits from ongoing cost optimization
- Coatex: good performance supported by new developments
- Sartomer: stable performance

## CASH FLOW AND NET DEBT AT END OF MARCH 2015

### CASH FLOW

(in €m)	1Q'15	Comments
EBITDA	237	
Working capital variation*	(142)	Usual seasonality of working capital
Taxes	(47)	
Cost of debt	(18)	
Capex**	(61)	2015e capex: ~€450m <ul style="list-style-type: none"> <li>• Computed with the 1.25 €/US\$ rate used for the budget</li> <li>• Will need to be adjusted depending on currency variations</li> <li>• 10 cent variation in €/US\$ implies close to €15m change in capex</li> </ul>
Others	(13)	
<b>Recurring cash flow</b>	<b>(44)</b>	
Non recurring items in operating and investing cash flow	(10)	Restructuring expenses + cash-out of provisions
<b>Free cash flow</b>	<b>(54)</b>	
Impact of portfolio management	(1,327)	Mainly: <ul style="list-style-type: none"> <li>• Acquisition of Bostik (€1,629 bn cashed out) net of cash acquired***</li> <li>• Acquisition of Oxido in Organic Peroxides</li> </ul>
<b>Net cash flow</b>	<b>(1,381)</b>	

\* Variation in working capital and fixed asset payables excluding non-recurring items

\*\* Excluding capital expenditure related to M&A

\*\*\* = Preliminary price of €1,629 m - cash acquired + costs and capex related to the acquisition

### NET DEBT

- €1,888 m net debt at 31 March 2015
- 49.7% gearing

## MAIN ACCOUNTING IMPACTS OF BOSTIK ACQUISITION

- Accounting of the acquisition with Purchase Accounting in accordance with IFRS 3 (revised) standard (Purchase Price Allocation – PPA)
  - Recognition of assets acquired and liabilities assumed at fair value
  - Maximum 12 months to finalize the purchase price allocation and determine the goodwill
- At 31 March 2015, Bostik's assets and liabilities booked at historical value
- PPA for assets and liabilities underway and will be accounted for retroactively
  - Depreciation and amortization resulting from PPA will be accounted for from 2Q'15 retroactively from acquisition date
- Inventory step-up to be booked as non-recurring items in 2Q'15

## 2015 OUTLOOK

- Macro-economic assumptions
  - Market conditions expected to remain volatile and contrasted with different dynamics depending on geographic regions and product lines
  - Trends in FX rates (mainly US\$/€) expected to remain favorable offsetting, at least, low-cycle unit margins in acrylic monomers and normalizing market conditions in PMMA
- Main drivers
  - Consolidation of Bostik on 11 months
  - Smooth ramp-up of the new Thiochemicals platform in Malaysia
  - Stake in Sunke in Acrylics in China
    - *Still limited contribution in 2Q'15 due to prevailing market conditions in acrylics in Asia*
  - Gradual recovery plan of fluorogases underway
- These drivers will support the Group's growth in 2015
  - Excluding the effect of Bostik acquisition, Arkema expects its EBITDA to grow in 2Q'15

## PROJECTS ANNOUNCED SINCE 1<sup>ST</sup> JANUARY 2015

- **Acquisition of Bostik**
  - Closing of the acquisition of Bostik, world n°3 in adhesives.
  - Financing of this operation successfully completed in January 2015 with a €700 million bond issue with a 10-year maturity and a 1.5% coupon complementing a hybrid bond issue and a share capital increase finalized in 2014
- **External growth**
  - Extension until January 2016 of the period for Arkema to exercise its call option to increase its share in Sunke in acrylics in China and access a total of 320 kt/year acrylic acid
  - Acquisition of Oxido an Italian company specialized in the formulation of organic peroxides which achieves around €20 million of sales
- **Organic growth**
  - Successful start-up of the Thiochemicals plant in Malaysia with progressive ramp-up as from 2Q'15 in line with Group's expectations and EBITDA contribution from 2Q'15
  - Project to double production capacity of PEKK in France with start-up expected in 1H'16 and intent to build a world-scale unit in the US in 2H'18
- **Project<sup>5</sup> to close down coating resins production in Villers-Saint-Paul, France entailing a loss of 26 positions**

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<sup>5</sup> Project subject to the information-consultation of works councils in France