

## Investor and analyst factsheet

	2014 <i>in €m</i>	2013 <i>In €m</i>	2013/ 2014	4Q'14 <i>In €m</i>	4Q'13 <i>In €m</i>	4Q'14/ 4Q'13
<b>Sales</b>	<b>5,952</b>	<b>6,098</b>	<b>(2.4)%</b>	<b>1,431</b>	<b>1,411</b>	<b>+1.4%</b>
<i>Prices</i>	(2.4)%			(0.8)%		
<i>Volumes</i>	+1.0%			(2.2)%		
<i>FX</i>	(0.3)%			3.8%		
<i>Portfolio</i>	(0.7)%			0.7%		
<b>EBITDA</b>	<b>784</b>	<b>902</b>	<b>(13.1)%</b>	<b>162</b>	<b>162</b>	<b>-</b>
<i>High Performance Materials</i>	284	316	(10.1)%	59	68	(13.2)%
<i>Industrial Specialties</i>	300	340	(11.8)%	72	48	+50.0%
<i>Coating Solutions</i>	245	292	(16.1)%	39	52	(25.0)%
<i>Corporate</i>	(45)	(46)		(8)	(6)	
<b>EBITDA margin</b>	<b>13.2%</b>	<b>14.8%</b>		<b>11.3%</b>	<b>11.5%</b>	
<b>Depreciation and amortization</b>	<b>(337)</b>	<b>(314)</b>	<b>+7.3%</b>	<b>(92)</b>	<b>(81)</b>	<b>+13.6%</b>
<b>Recurring EBIT</b>	<b>447</b>	<b>588</b>	<b>(24.0)%</b>	<b>70</b>	<b>81</b>	<b>-13.6%</b>
<b>NR items</b>	<b>(83)</b>	<b>(205)</b>		<b>(8)</b>	<b>(28)</b>	
Equity in income of affiliates	1	5	(80.0)%	1	0	-
Financial results	(74)	(55)	+34.5%	(30)	(15)	+100%
Income taxes	(120)	(161)	(25.5)%	(8)	(15)	(46.7)%
<b>Net income – Group share</b>	<b>167</b>	<b>168</b>	<b>(0.6)%</b>	<b>23</b>	<b>21</b>	<b>+9.5%</b>
<b>Adjusted net income</b>	<b>239</b>	<b>368</b>	<b>(35.1)%</b>	<b>20</b>	<b>46</b>	<b>-56.5%</b>
Adjusted EPS (€)	3.62	5.67	(36.2)%	0.28	0.71	(60.6)%
<b>Capital Expenditures</b>	<b>470</b>	<b>481</b>	<b>(2.3)%</b>	<b>160</b>	<b>210</b>	<b>-23.8%</b>
Working capital (12/31)	958	908	+5.5%			
<b>WC as % of sales<sup>1</sup> (12/31)</b>	<b>16.1%</b>	<b>14.9%</b>				
<b>Net debt (12/31)</b>	<b>154</b>	<b>923</b>				
<b>Gearing<sup>2</sup> (12/31)</b>	<b>4%</b>	<b>39%</b>				

### FULL YEAR 2014 GROUP PERFORMANCE

- **Sales** 1.4% down at constant scope of business and exchange rate
  - +2.3% organic volume growth<sup>3</sup>
    - Supported by Industrial Specialties and High Performance Materials
    - Benefits from strong position in North America (35% of Group sales)
  - -2.4% prices
    - Mostly unfavourable market conditions in Fluorogases and high basis of comparison of 2013 in polyamide 12
    - Limited impact of lower oil-based raw material prices at year-end
  - -0.7% scope of business
    - Change in the consolidation method used for certain companies
    - Divestment of coating resins companies in South Africa
    - Acquisition of a stake in Sunke in acrylics in China
  
- **€784m EBITDA**
  - 13.2% **EBITDA margin**, solid in a volatile and challenging environment
  - Reflecting challenging market conditions in fluorogases and acrylic monomers and high basis of comparison of 2013 in polyamide 12
  - Overall good performance of other product lines, up +8.5% on 2013

<sup>1</sup> At Dec. 31<sup>st</sup>: working capital divided by annual sales

<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

## FULL YEAR 2014 PERFORMANCE BY SEGMENT

	<b>2014</b> <i>in €m</i>	<b>2013</b> <i>in €m</i>	<b>2014/ 2013</b>	<b>Prices</b>	<b>Volumes</b>	<b>FX</b>	<b>Portfolio</b>
<b>Sales</b>	<b>5,952</b>	<b>6,098</b>	<b>(2.4)%</b>	<b>(2.4)%</b>	<b>+1.0%</b>	<b>(0.3)%</b>	<b>(0.7)%</b>
<i>High Performance Materials</i>	1,826	1,842	(0.9)%	(2.4)%	+2.0%	(0.5)%	-
<i>Industrial Specialties</i>	1,972	1,993	(1.1)%	(3.8)%	+3.6%	(0.1)%	(0.6)%
<i>Coating Solutions</i>	2,131	2,224	(4.2)%	(1.2)%	(1.4)%	(0.3)%	(1.2)%
<b>EBITDA</b>	<b>784</b>	<b>902</b>	<b>(13.1)%</b>				
<i>High Performance Materials</i>	284	316	(10.1)%				
<i>Industrial Specialties</i>	300	340	(11.8)%				
<i>Coating Solutions</i>	245	292	(16.1)%				
<b>EBITDA margin</b>	<b>13.2%</b>	<b>14.8%</b>					
<i>High Performance Materials</i>	15.6%	17.2%					
<i>Industrial Specialties</i>	15.2%	17.1%					
<i>Coating Solutions</i>	11.5%	13.1%					
<b>Recurring EBIT</b>	<b>447</b>	<b>588</b>	<b>(24.0)%</b>				
<i>High Performance Materials</i>	175	212	(17.5)%				
<i>Industrial Specialties</i>	172	225	(23.6)%				
<i>Coating Solutions</i>	147	199	(26.1)%				

### HIGH PERFORMANCE MATERIALS

- Results affected by performance of polyamides which reflects the high basis of comparison of 2013 and specific unfavourable factors in polyamide 12
- Technical Polymers:
  - Stable market conditions in polyamide 12 since 2Q'14 but high basis of comparison of 2013 and specific impact of the Mont plant 10-year turnaround in 2Q'14
  - Good performance of polyamide 11
  - Strong new business momentum in PVDF
- Filtration and Adsorption: solid performance year on year supported by good momentum in molecular sieves
- Organic Peroxides: sustained volume growth supported by strong position in the US and in Asia

### INDUSTRIAL SPECIALTIES

- Performance down on challenging market conditions in fluorogases
- Thiochemicals:
  - Good performance supported by growth in oil & gas and animal nutrition
  - Malaysian platform on stream since beginning 2015
- Fluorogases:
  - Disappointing year
  - Lower prices and unfavourable product mix
  - Market conditions stabilized since mid-2014
- PMMA:
  - Favourable market conditions
    - Good demand in automotive, especially in North America
    - Tight supply/demand
  - Conditions expected to normalize in 2015
- Hydrogen Peroxide: contrasted performance by region

### COATING SOLUTIONS

- Following a strong start to the year, performance impacted by lower unit margins in acrylic monomers in 2H'14 following the start-up of new production capacities in China
- Acrylics:
  - Unit margins from close to mid-cycle beginning of 2014 down to low-cycle at year end
    - Expected to remain at cyclical low throughout 2015

- Destocking at year end by customers in superabsorbents
- Benefits from shutdown of Chauny, France
- Coating Resins:
  - Soft demand in decorative paints in Europe
  - Benefits from product mix and cost optimization
  - Divestment of Coating Resins in South Africa
- Coatex: good performance overall
- Sartomer: challenge from Asian imports based on cheaper feedstock

## CASH FLOW AND NET DEBT AT END OF DECEMBER 2014

### CASH FLOW

(in €m)	2014	Comments
EBITDA	784	
Working capital variation*	(29)	
Taxes	(120)	
Cost of debt	(56)	
Recurring capex	(346)	5.8% of sales
Others	(28)	
<b>Recurring cash flow</b>	<b>205</b>	
Non recurring items in operating and investing cash flow	(60)	Restructuring expenses + cash-out of provisions relating to the divestment of vinyl activities
Non recurring capex	(124)	Mainly thiochemicals in Malaysia: Arkema's largest industrial project
<b>Free cash flow</b>	<b>21</b>	
Impact of portfolio management	(184)	Mainly acquisition of a stake in Sunke in acrylics in China
<b>Net cash flow</b>	<b>(163)</b>	

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

### BALANCE SHEET

	31 Dec 2014	31 Dec 2013
Net debt	154	923
<b>Shareholders' equity</b>	<b>3,573</b>	<b>2,349</b>
Net provisions for pensions and other employee benefits*	455	356
Other net provisions*	296	342
<b>Non current assets</b>	<b>3,607</b>	<b>3,162</b>
Working capital	958	908
<b>Capital employed</b>	<b>4,565**</b>	<b>4,070</b>

(\*) Provisions net of non-current assets

(\*\*) Including Sunke's assets and Thiochemicals plant in Malaysia

- Net debt level temporarily lowered by €700 million hybrid bond and €350 million share capital increase aimed at financing Bostik acquisition (closed on 2 February 2015)
- 0.2x net debt/EBITDA
- 4% gearing
- Net provisions include:
  - €348 million pensions (€264 million end 2013) on lower discount rates
  - €55 million restructuring (€50 million end 2013)
  - €125 million environment (€122 million end 2013)

## DIVIDEND

- Dividend maintained at €1.85 per share
  - Despite lower adjusted net income
  - Despite a higher number of shares outstanding following the share capital increase completed in December 2014
  - In line with announcement made in September 2014
- +3% up compared to 2013 after adjustment to take account of the share capital increase finalized in December 2014
- Confirms dividend as a key component of shareholder return
- Reflects confidence in long-term outlook
- 3.4% dividend yield (*based on share price at year end*)

## PRIORITIES FOR 2015

- Integrate Bostik as a key component of Arkema Group and deliver expected profit growth
- Ramp up the Thiochemicals platform in Malaysia
- Optimize performance of Sunke in acrylics in China in current challenging market conditions
- Sustain growth from innovation
  - Step up in composite materials and PEKK production
  - Leverage Chinese R&D center in Changshu
- Implement operational excellence program
  - Safety positioned as a top priority
  - Continue to roll out the global SAP "Ambition" program to optimize the Group supply chain
  - Further globalization of goods and services purchasing
- First steps to restore profitability of Fluorogases
- New projects under review

## OUTLOOK

- 2015 macro-economic assumptions
  - Market conditions expected to remain volatile and contrasted with different dynamics depending on geographic regions and product lines
  - FX rates (mainly US\$/€) should make a positive contribution and offset low-cycle unit margins in acrylic monomers and more normalized market conditions in PMMA
- Main drivers of 2015
  - 11 months consolidation of Bostik
  - New Thiochemicals platform in Malaysia
  - Stake in Sunke in acrylics in China
  - Implement actions to gradually improve fluorogases
  - *In 1Q'15, still limited contribution from Thiochemicals in Malaysia and from Sunke*
- With these drivers which will support the growth of the Group in 2015, Arkema confirms its mid- and long-term targets

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

- **M&A**

- Closing of the acquisition of Bostik, the world's n°3 in adhesives which reported €1,533 million sales and €158 million EBITDA in 2014. Financing of this operation successfully completed in January 2015 with a €700 million bond issue with a 1.5% coupon complementing a hybrid bond issue and a share capital increase finalized in 2014
- 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

- **Project<sup>4</sup> to close down coating resins production in Villers-Saint-Paul, France**

## IMPACT OF CHANGES TO ACCOUNTING STANDARDS

- IFRIC 21 "Levies" adopted by the European Union in June 2014.
- 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.
- Impact of this interpretation neutral on the EBITDA and the net income Group share published for 2014.
- However, impact on the EBITDA of each 2014 quarter 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 the FY2014 results 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

---

<sup>4</sup> Project subject to the information-consultation of works councils in France

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

	4Q'14 In €m	4Q'13 In €m	4Q'14/ 4Q'13	Prices	Volumes	FX	Portfolio
<b>Sales</b>	<b>1,431</b>	<b>1,411</b>	<b>+1.4%</b>	<b>(0.8)%</b>	<b>(2.2)%</b>	<b>+3.8%</b>	<b>+0.7%</b>
<i>High Performance Materials</i>	444	466	(4.7)%				
<i>Industrial Specialties</i>	491	453	+8.4%				
<i>Coating Solutions</i>	489	486	+0.6%				
<b>EBITDA</b>	<b>162</b>	<b>162</b>	<b>-</b>				
<i>High Performance Materials</i>	59	68	(13.2)%				
<i>Industrial Specialties</i>	72	48	+50.0%				
<i>Coating Solutions</i>	39	52	(25.0)%				
<b>EBITDA margin</b>	<b>11.3%</b>	<b>11.5%</b>					
<i>High Performance Materials</i>	13.3%	14.6%					
<i>Industrial Specialties</i>	14.7%	10.6%					
<i>Coating Solutions</i>	8.0%	10.7%					
<b>Recurring EBIT</b>	<b>70</b>	<b>81</b>	<b>(13.6)%</b>				
<i>High Performance Materials</i>	29	41	(29.3)%				
<i>Industrial Specialties</i>	38	19	+100.0%				
<i>Coating Solutions</i>	12	28	(57.1)%				

### HIGH PERFORMANCE MATERIALS

- Filtration and Adsorption: different seasonality than in 2013 in the oil & gas market
- Polyamide 12: high basis of comparison of 4Q'13 but stable market conditions since 2Q'14
- Organic Peroxides: good volumes

### INDUSTRIAL SPECIALTIES

- Thiochemicals: particularly high performance
- PMMA: tight supply & demand balance and strong automotive demand, especially in the US
- Fluorogases: now stabilized at a low point

### COATING SOLUTIONS

- Acrylics monomers: weak performance with unit margins now at low cycle and destocking in superabsorbents
- Acrylic downstream: overall stable performance with benefits from new applications