

**ARKEMA**

**Exane BNP Paribas 15<sup>th</sup> European CEO Seminar**

**Paris – 14<sup>th</sup> June, 2013**

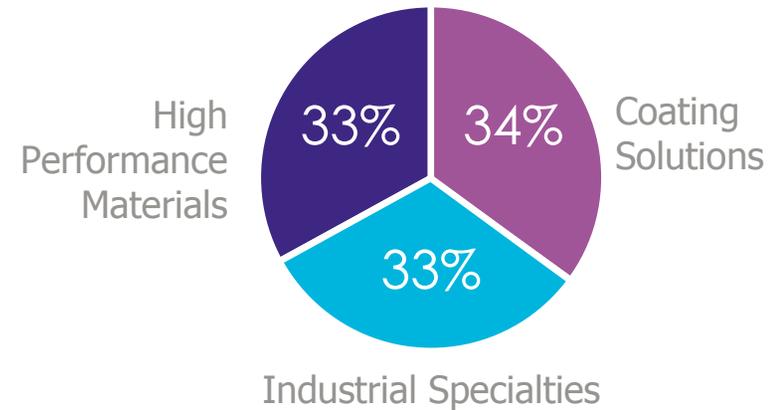
**Thierry Le Hénaff**  
Chairman and CEO

**ARKEMA**  
INNOVATIVE CHEMISTRY

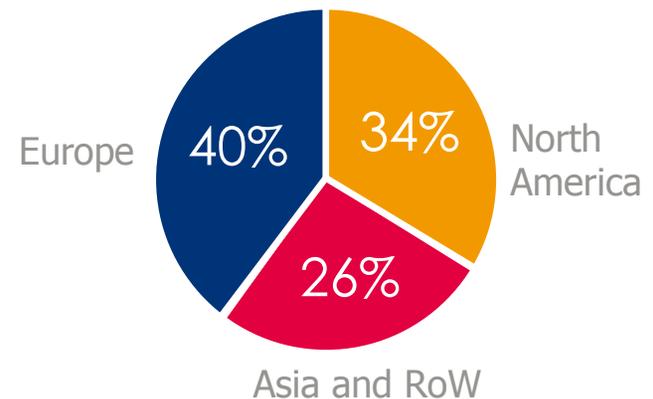
# Arkema 2012 profile

- ▀ Sales of **€6.4 bn**
- ▀ EBITDA of **€996 m**
- ▀ Industry-leading margin at **15.6%**
- ▀ **13,925** employees in 40 countries
- ▀ Capex of **€438 m**
- ▀ R&D at **2.3%** of sales
- ▀ Strong balance sheet

Sales by segment



Sales by region



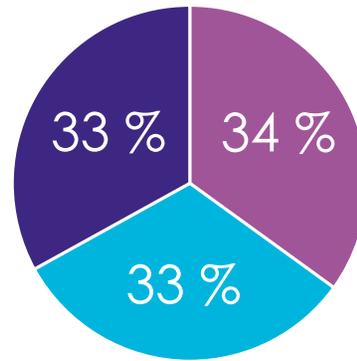
# 3 specialty segments

## High Performance Materials

World of high value and innovative solutions



## Sales by segment



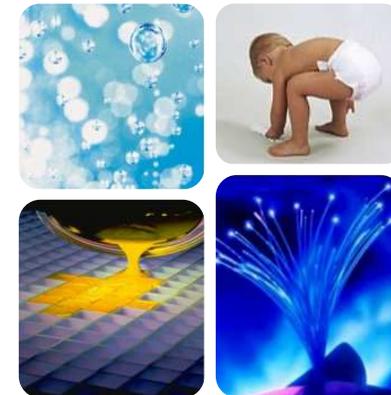
## Industrial Specialties

Global and integrated industrial niches



## Coating Solutions

Solutions for decorative paints, industrial coatings and high-growth acrylic applications

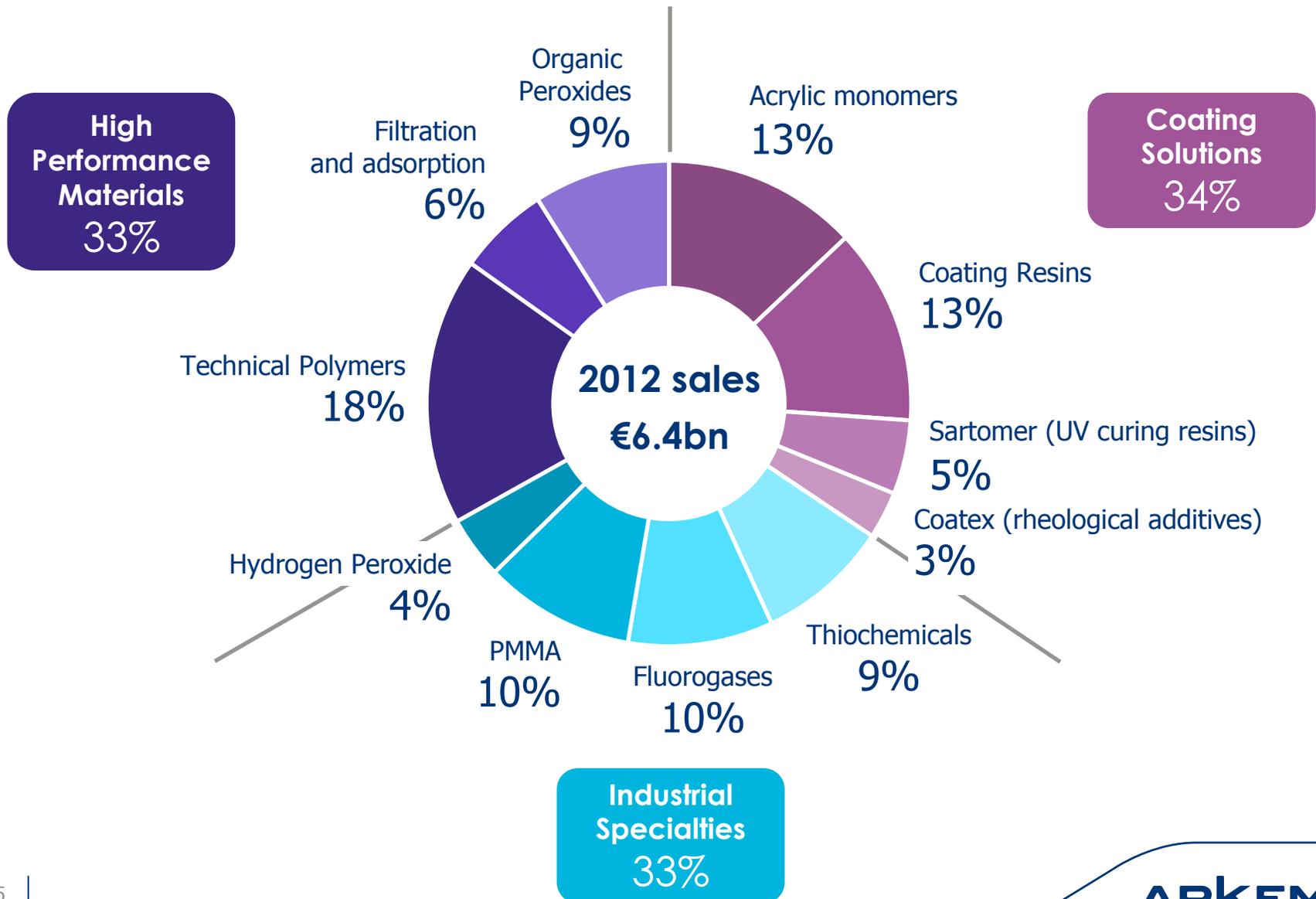




# Performance by new reporting segment



# Sales breakdown by business

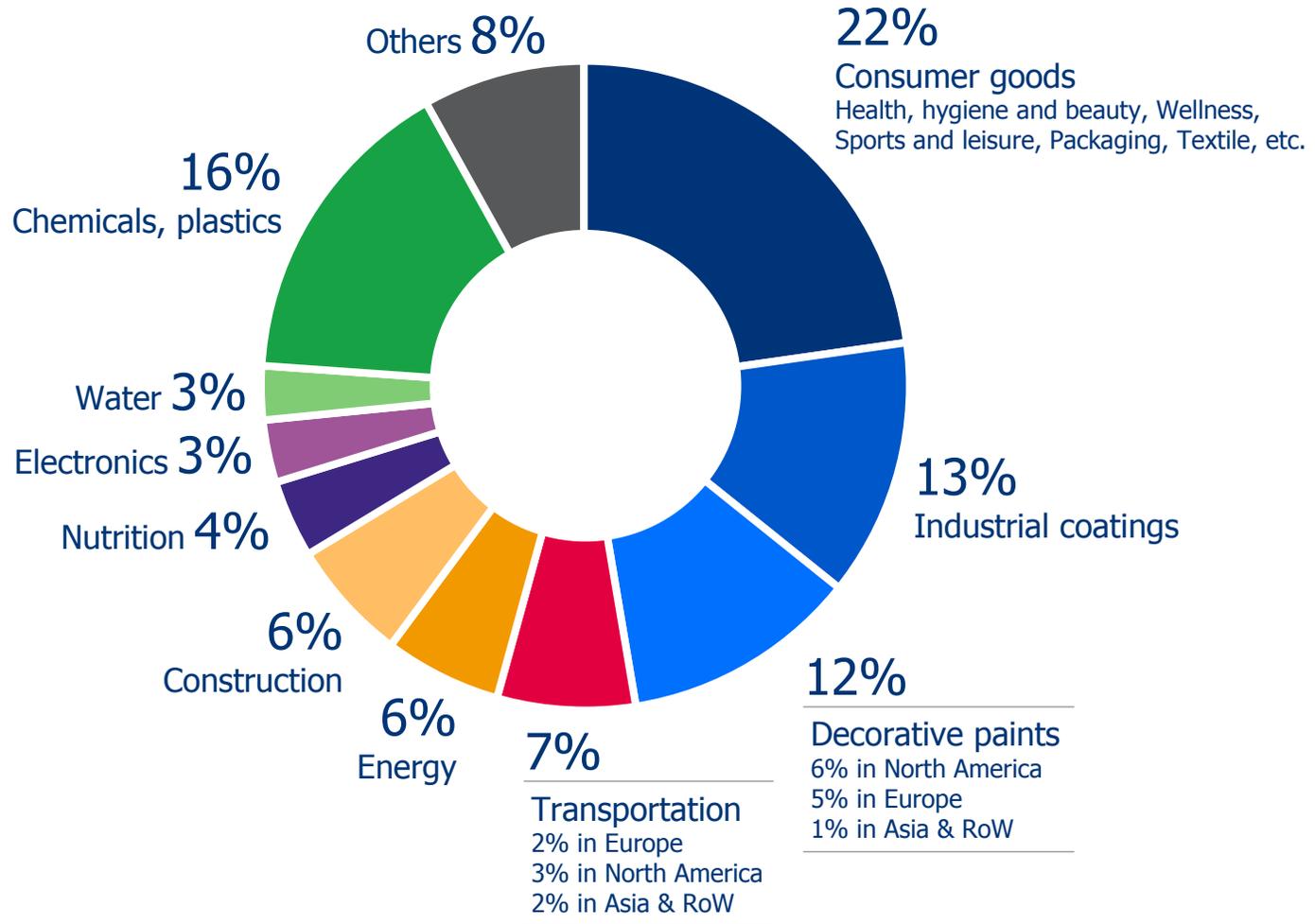


# Among top players on 90% of our sales

POSITION		MARKET SIZE (mT)	MAIN PLAYERS	% GROUP SALES
#1	Specialty polyamides	0.2	<ul style="list-style-type: none"> <li>Evonik</li> <li>Ems</li> </ul>	14%
#1	PVDF		<ul style="list-style-type: none"> <li>Solvay</li> </ul>	
#2	Organic peroxides	0.2	<ul style="list-style-type: none"> <li>Akzo Nobel</li> <li>United Initiators</li> </ul>	9%
#1	Thiochemicals	0.7	<ul style="list-style-type: none"> <li>Chevron Phillips</li> </ul>	9%
#1/2	Fluorogases	1.6	<ul style="list-style-type: none"> <li>Dupont</li> <li>Honeywell</li> </ul>	10%
#2	PMMA	1.6	<ul style="list-style-type: none"> <li>Evonik</li> <li>Mitsubishi Chemical</li> </ul>	10%
#3	Hydrogen peroxide	3.2	<ul style="list-style-type: none"> <li>Solvay</li> <li>Evonik</li> </ul>	4%
#4	Acrylic monomers	4.2	<ul style="list-style-type: none"> <li>BASF</li> <li>Dow</li> <li>Nippon Shokubai</li> </ul>	13%
#3	Coating resins	4.0	<ul style="list-style-type: none"> <li>BASF</li> <li>Dow</li> </ul>	13%
#2	UV-curing resins	0.3	<ul style="list-style-type: none"> <li>Allnex (ex Cytec)</li> <li>Eternal</li> </ul>	5%

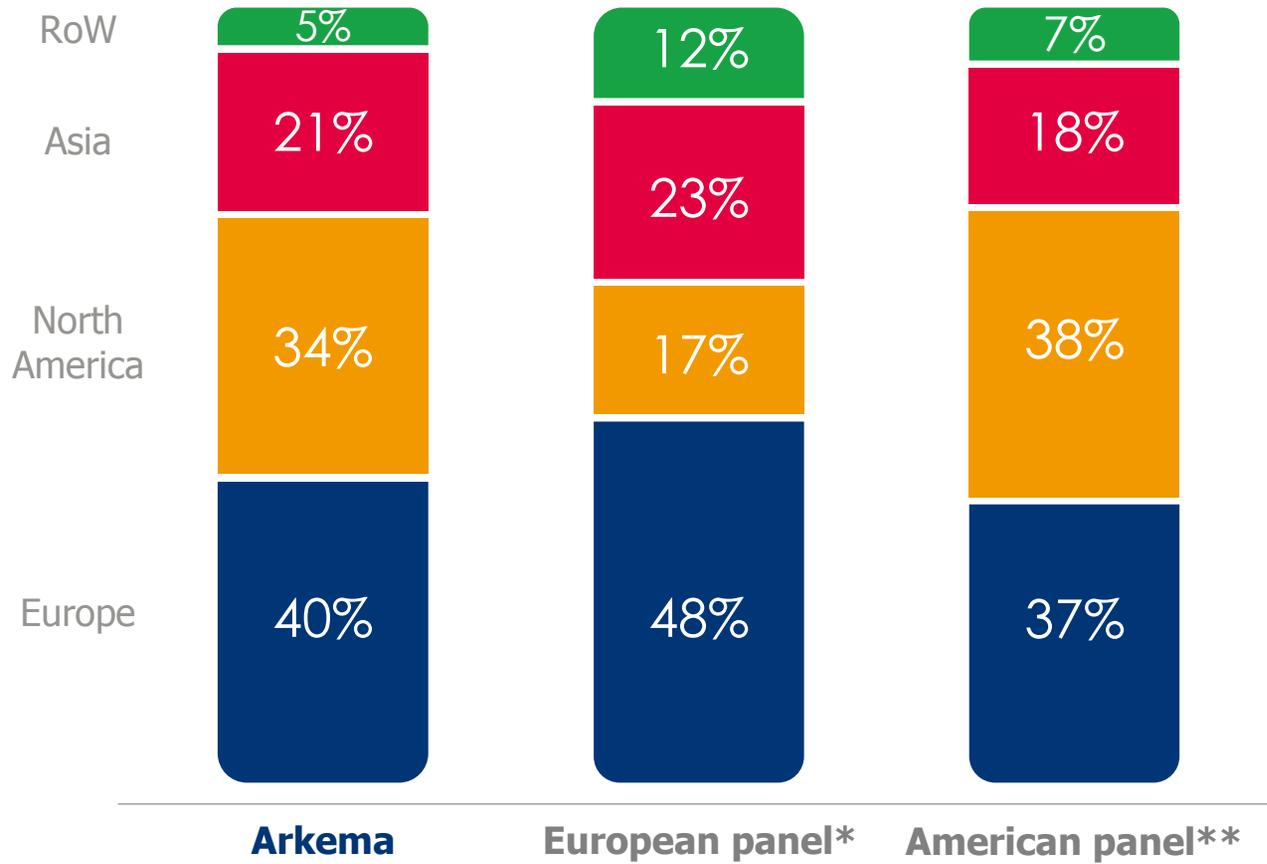


# Diversified end markets





# Balanced geographical reach



\* Akzo Nobel, BASF, Clariant, Lanxess, Solvay  
\*\* Dow, Celanese, Chemtura

# Solid balance sheet and financing

**Shareholders' equity** € 2.3 bn

**Net debt** € 900 m

**Gearing** 39 %

**Net debt / EBITDA** 0.9x

## Rating

**Standards & Poor's** **BBB** **Stable outlook**

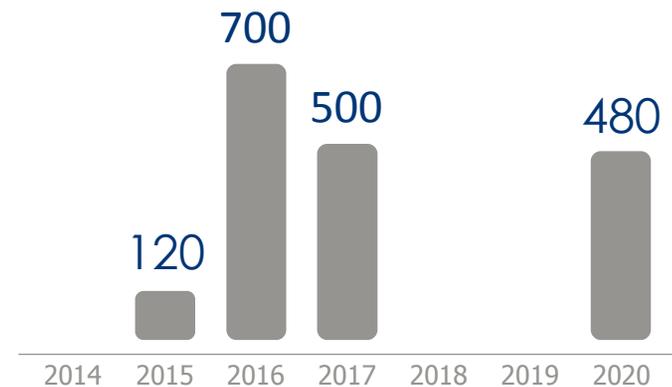
**Moody's** **Baa2** **Stable outlook**

*Figures at 31<sup>st</sup> December 2012*

## €1.9bn financing resources (€m)

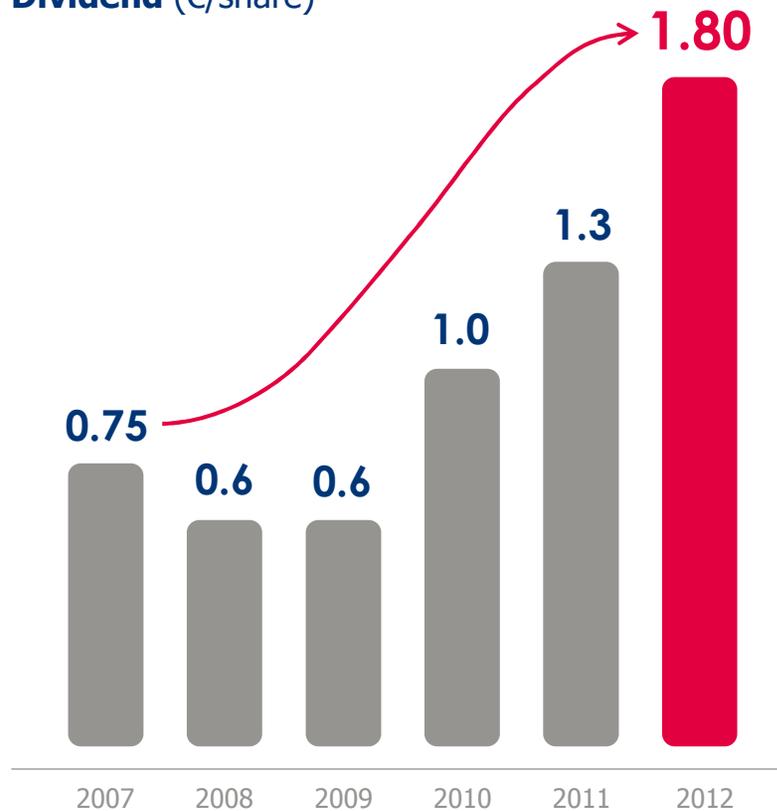


## Average maturity > 4 years (€m)



# Dividend increase reflects strong confidence in Arkema's potential

Dividend (€/share)



- ▀ Payout: 25% of adjusted net income
- ▀ 2.3% dividend yield (based on share price at year end)
- ▀ Arkema confirms its target to reach a 30% payout ratio on adjusted net income

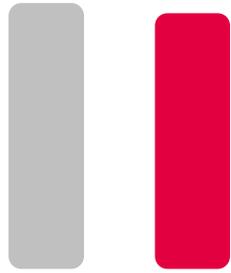


1<sup>st</sup> quarter 2013  
**financial results**

# A solid start of the year

## Sales (€m)

1,623 1,563



- Volumes -1% YoY
- Positive YoY price effect (+0.4%)

1Q'12 1Q'13

## EBITDA (€m)

253 234

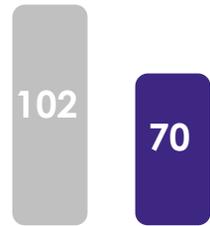


- 3<sup>rd</sup> best performance in a 1<sup>st</sup> quarter
- Well above 4Q'12 EBITDA (€171 m)

1Q'12 1Q'13

## EBITDA (€m) and EBITDA margin (%) by segment

19.1% 15.6%

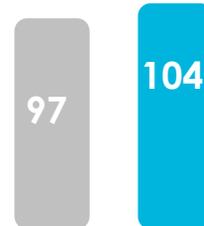


Temporary weakness but strong mid-term outlook unchanged

1Q'12 1Q'13

### High Performance Materials

18.2% 19.3%

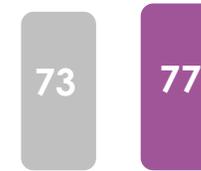


Benefit from significant presence in North America

1Q'12 1Q'13

### Industrial Specialties

13.2% 13.7%



Improving trend in North America (housing) and cost efficiencies

1Q'12 1Q'13

### Coating Solutions



# Key drivers of Arkema 1Q'13 performance

## **Contrasted market conditions**

- Positive momentum continuing in North America
- Challenging macro in Europe in the continuity of end 2012
- Lower than expected growth in Asia
- High Performance Materials impacted by weakness in photovoltaic and delays in oil and gas projects

## **Benefit from significant presence built over years in North America (35% of sales in 1Q'13)**

## **Strong positions in high value specialty niches**

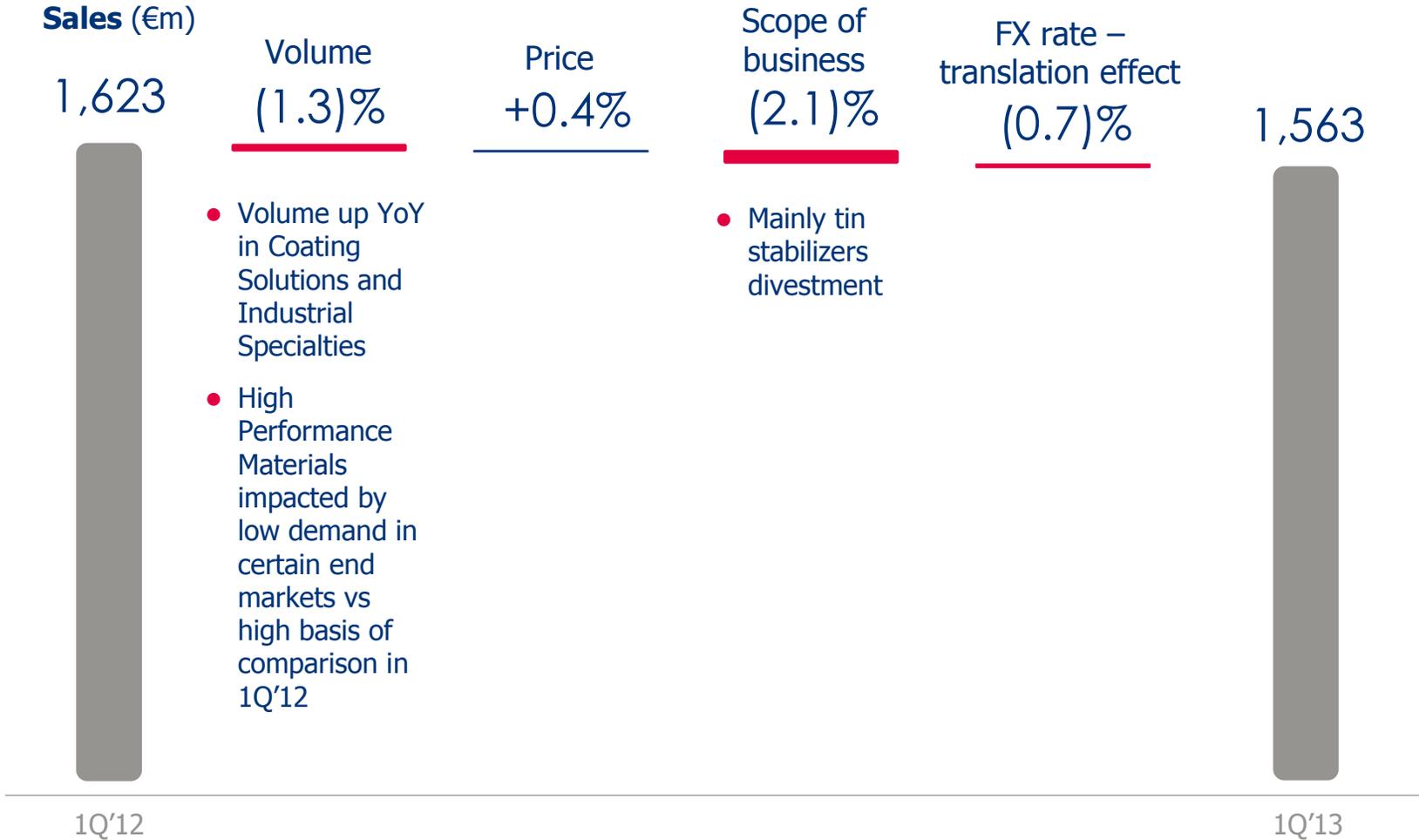
## **Successful pricing policy to offset higher raw material costs**

## **Execution of key industrial projects progressing well**

- Thiochemical platform in Malaysia (in partnership with CJ)
- Acrylic monomers in North America (site of Clear Lake)
- Specialty polyamides in China (Hipro and Casda integration and expansion in polyamide 10)



# Sales bridge

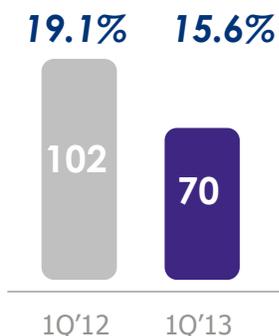
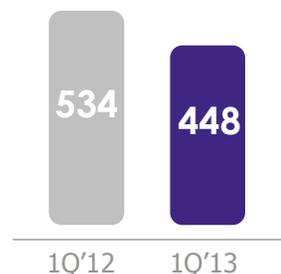


# Performance by segment

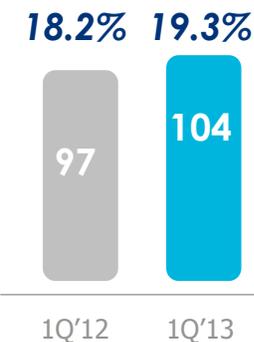
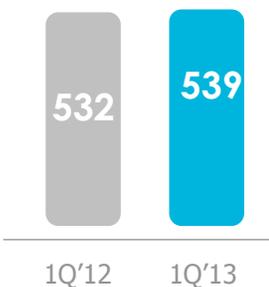
Sales (€m)

EBITDA (€m)  
EBITDA margin (%)

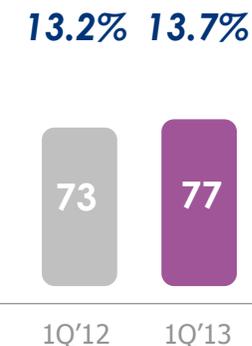
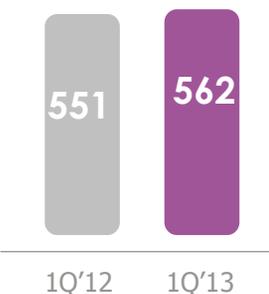
## High Performance Materials



## Industrial Specialties



## Coating Solutions



- As announced, slow start of the year with temporary low demand in specific end-markets (photovoltaic, delays in new oil and gas projects)

- EBITDA margin at 15.6%

- Still very confident in the strong mid term outlook

- Excellent performance with 19.3% EBITDA margin

- Benefit from strong positions built in North America for all businesses

- Higher year-on-year volumes

- Strong EBITDA performance at €104 m

- Positive momentum in Coating Solutions

- Volumes up year-on-year

- +5.5% EBITDA and improved EBITDA margin at 13.7%



# Outlook

- **Market conditions expected to remain contrasted in 2013**
  - Solid environment in North America
  - Continuing challenging environment in Europe
  - Slower than expected growth in Asia but some signs of improvement
- **2Q'13 assumptions**
  - Industrial Specialties and Coating Solutions should remain well-oriented
  - High Performance Materials: performance should be in the continuity of 1Q'13. Market conditions should improve in the second half of the year
- **Focused on organic growth projects to support mid-term ambition**
  - Acrylics in North America, Thiochemical platform in Malaysia, Specialty Polyamide 10 in China, new coating resins unit in China, etc.
- **Arkema confirms its confidence in achieving another strong year in 2013 while remaining cautious on macro-economic development**
- **Confirm ambition to achieve in 2016 €8 billion sales and 16% EBITDA margin while maintaining gearing below 40%**

# 2013 priorities

- **Finalize \$110m investment plan in acrylics in the US**
  - Start-up of 60kt acrylic acid expansion (2Q'13). Half of capacity for methyl acrylate production
  - Start-up of 45kt methyl acrylate unit (2H'13)
- **Maintain pace of development in China**
  - Start-up of Hipro capacity expansion (x3) end 1Q'13
  - New emulsion units in Changshu (4Q'13)
- **Further synergies in coating resins**
- **Execute on the construction of the Thiochemicals platform in Malaysia**
- **Implement project to secure sulfur supply over next 30 years for Thiochemicals in Lacq**
  - Turnaround expected in 4Q'13
- **Finalize investment in Jarrie in the next generation of electrolysis (membrane technology)**
- **€ 500 million capex in 2013e to support targeted growth ambition**
  - In line with the mid-term capex guidance of € 1.7 bn capex over 4 years (2013-2016)

Acrylic monomers in US



Hipro-Casda



Thiochemicals in Malaysia





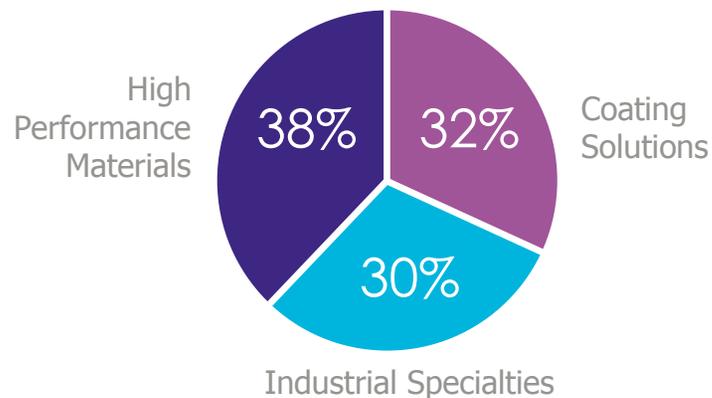
On track to  
**2016 targets**

**ARKEMA**  
INNOVATIVE CHEMISTRY

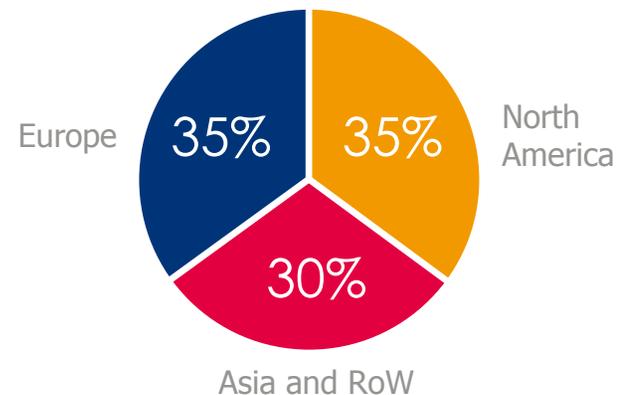
# Confident to deliver our long-term targets

- **€ 8bn sales and 16% EBITDA margin in 2016**
- **Gearing to be maintained below 40%**
- **Portfolio increasingly focused on specialties**
- **Very balanced geographic presence**

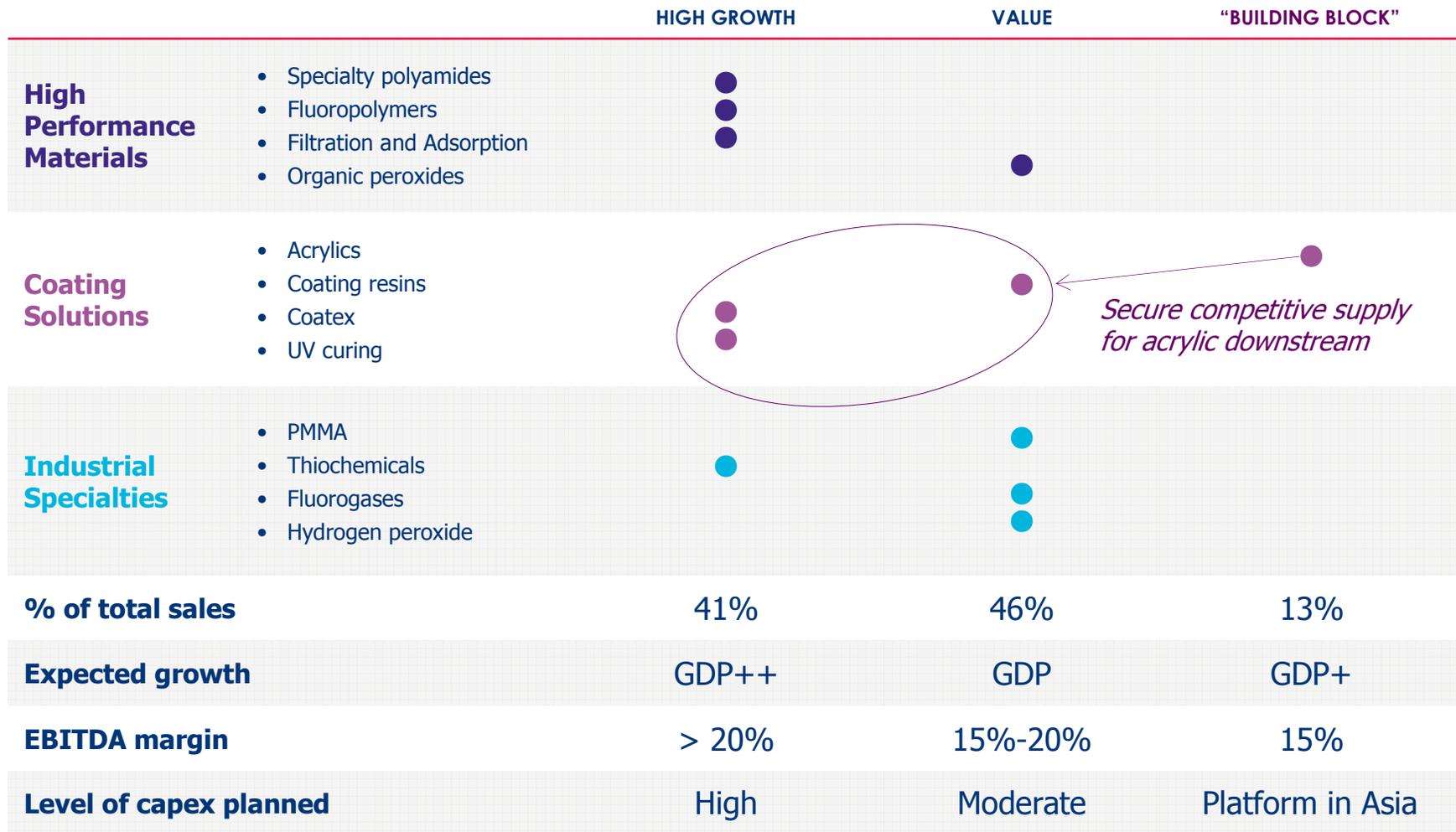
**Sales by segment (2016e)**



**Sales by region (2016e)**



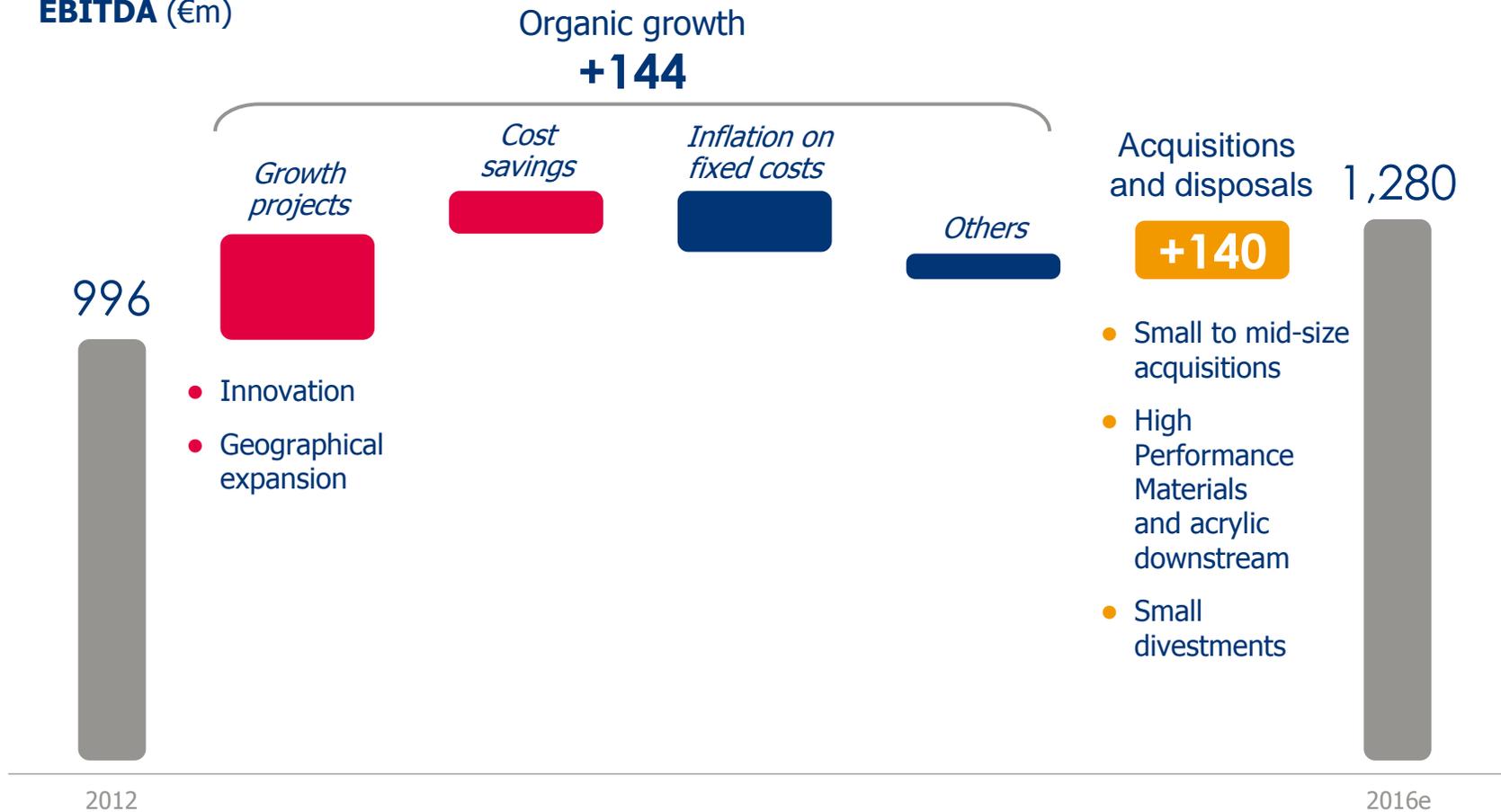
# Differentiated approach to manage our portfolio



■ High Performance Materials
 ■ Industrial Specialties
 ■ Coating Solutions

# Organic growth and acquisitions to support EBITDA growth

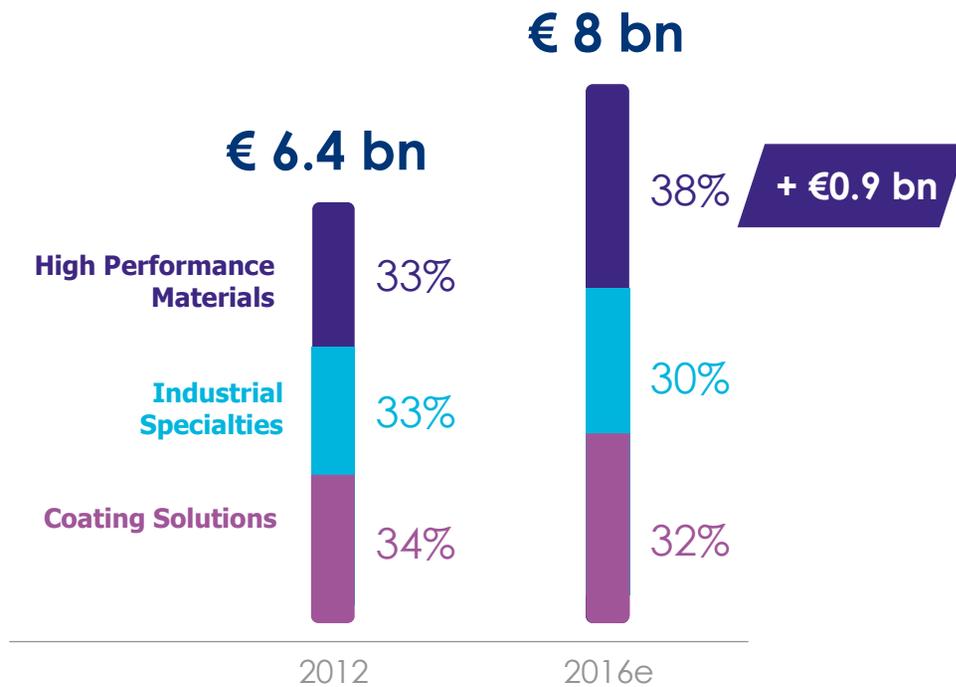
EBITDA (€m)



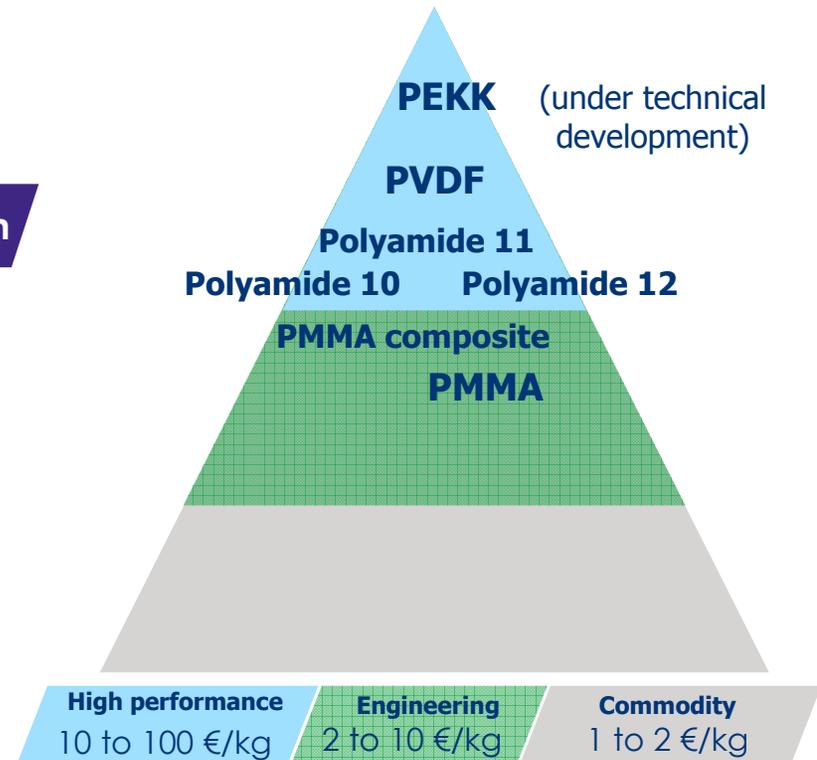


# Accelerate expansion in High Performance Materials

### Sales by segment

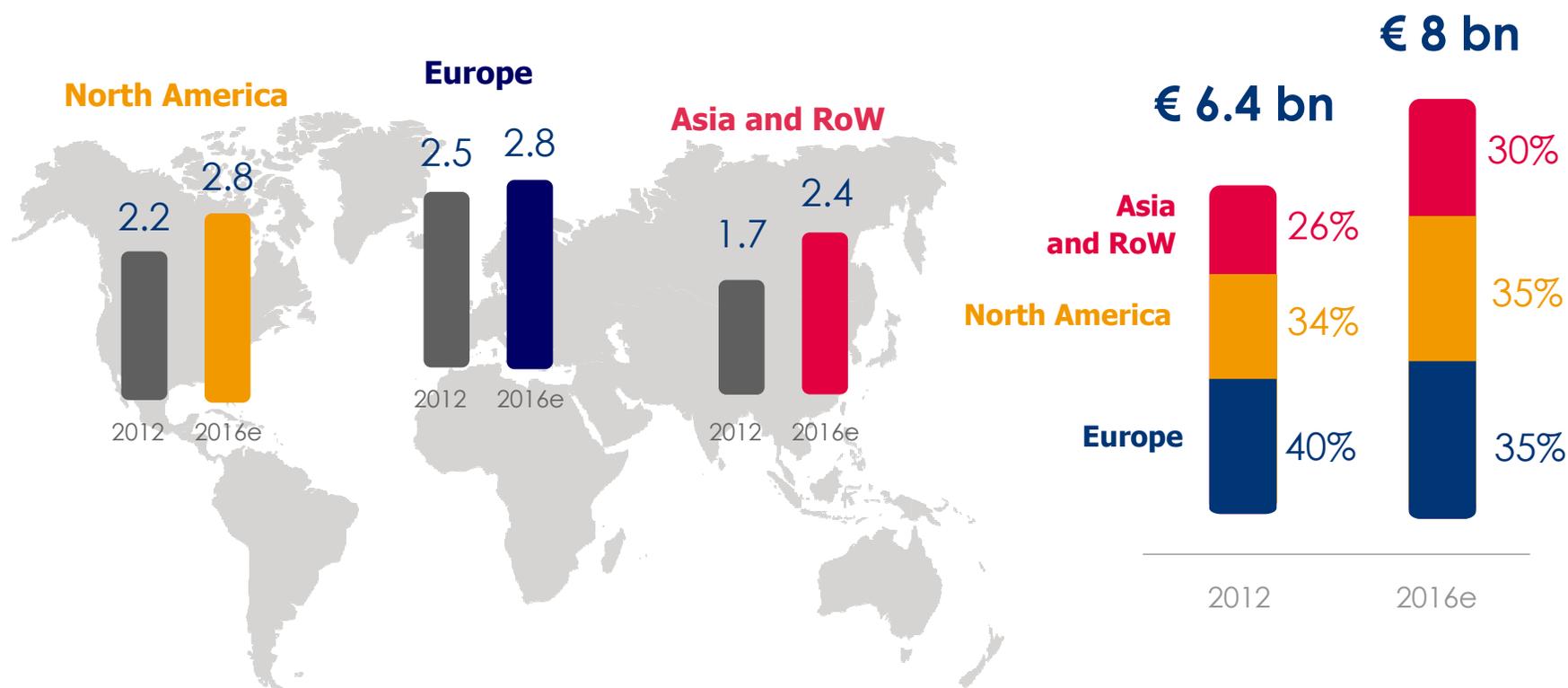


### Polymers pyramid Arkema well positioned on high end



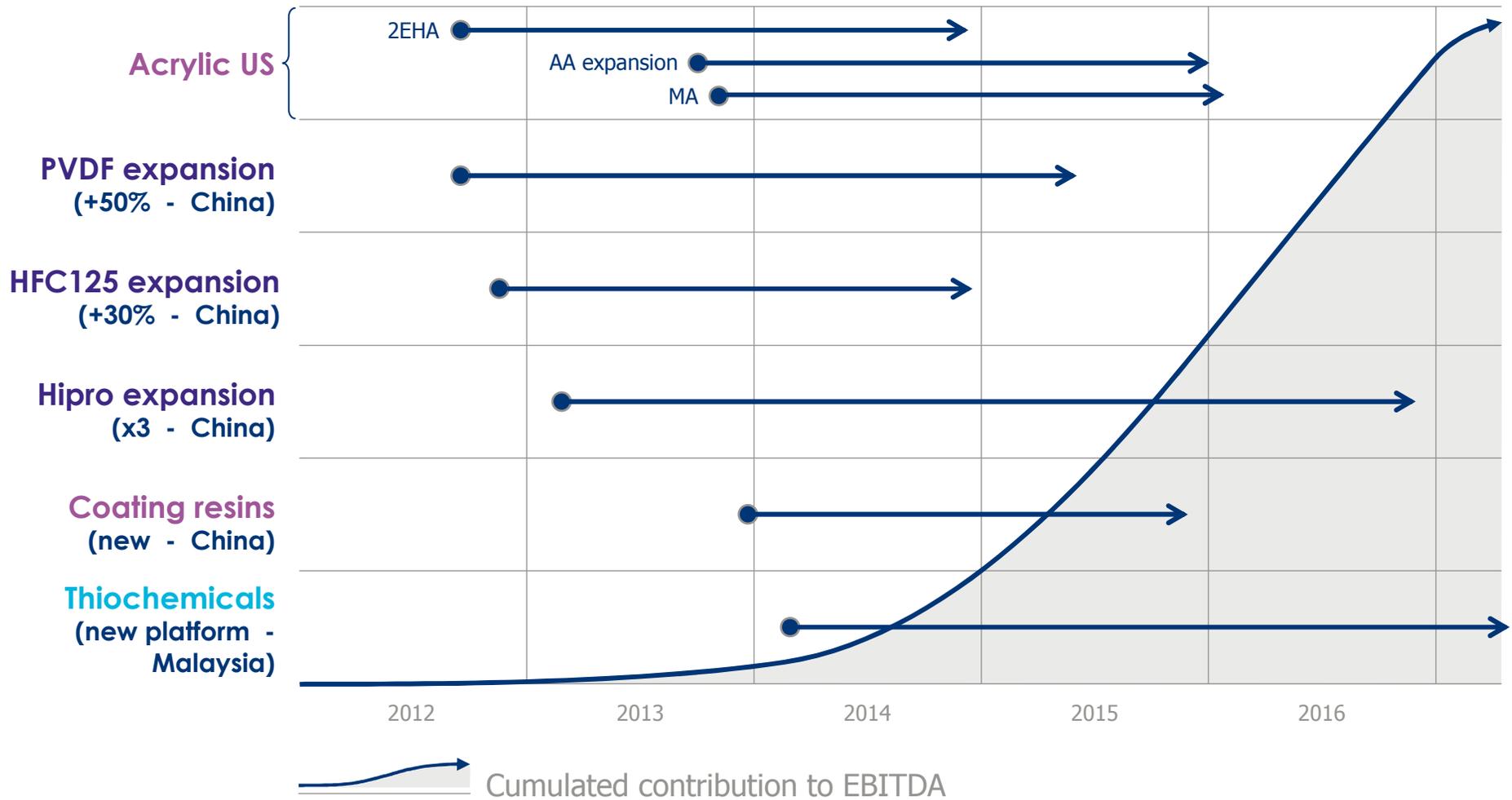
# Development in high growth countries

## Sales by region (€bn)



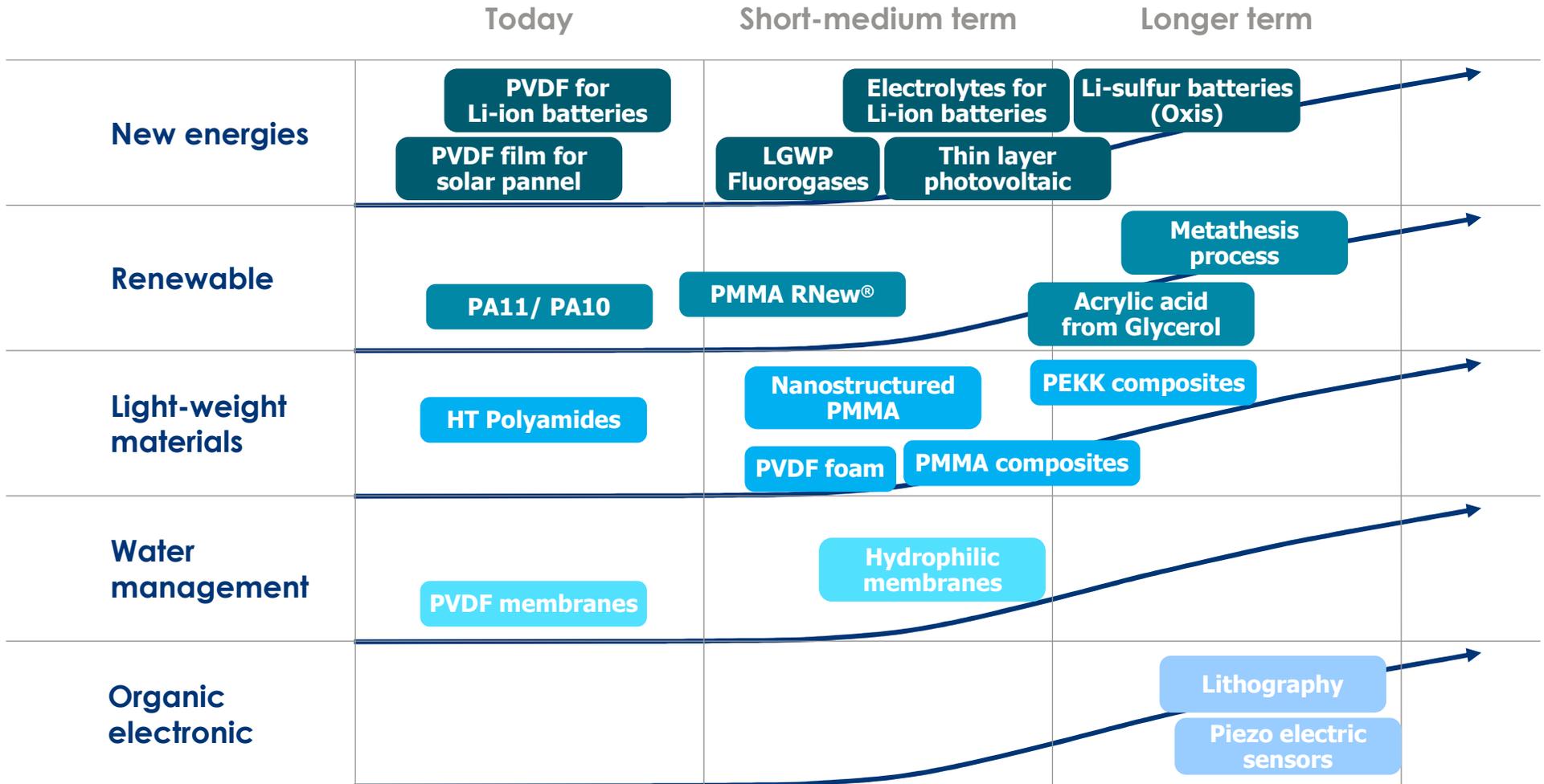


# Contribution of organic growth projects to EBITDA





# A rich pipeline of R&D projects



# High Performance Materials roadmap to 2016

## 2016 ambition

- 38% of Group sales
- 18% EBITDA margin

## Strategic drivers

- Leverage megatrends through innovation in lightweight materials, new energies and renewable raw materials
- Reinforce portfolio of specialty polymers through bolt-on acquisitions and breakthrough technological projects
- Execute on Hipro-Casda business development
- Strengthen leadership position in PVDF through geographic expansions and extend range of fluoropolymers
- Expand in high growth countries (Middle-East, India, Brazil, etc.)

## Major current projects

- Capacity expansion at Hipro (x3)
- PVDF expansion in China
- High-temperature polyamides
- New capacity in molecular sieves

### World of high value and innovative solutions

- Specialty polyamides
- Fluoropolymers
- Filtration and adsorption
- Organic peroxides



# Industrial Specialties roadmap to 2016

## 2016 ambition

- 30% of Group sales
- 17% EBITDA margin

## Strategic drivers

- Reinforce global industrial footprint
- Secure strategic supplies
- Expand in higher growth countries
- Develop new applications through innovation (Paladin® for soil fumigation, new generation of fluorogases, lightweight materials)

## Major current projects

- Thiochemicals platform in Malaysia
- Investments to secure sulfur supply in Lacq for next 30 years (project Lacq 2014)
- Investment to move Jarrie site to next generation of electrolysis (membrane technology)

### Global and integrated industrial niches

- Thiochemicals
- Fluorogases
- PMMA
- Hydrogen peroxide



# Coating Solutions roadmap to 2016

## 2016 ambition

- 32% of Group sales
- 15% EBITDA margin

## Strategic drivers

- Increase downstream integration
- Further acquisition synergies in coating resins
- Expand in Asia and Latin America
- Bolt-on acquisition of new specialties
- Benefit from US decorative paints recovery

## Major current projects

- US\$ 110 m investment plan in acrylics in US (Clear Lake and Bayport expansions)
- New emulsion unit in China
- Leverage Brazilian acquisition in coating resins and rheological additives

### Solutions for decorative paints, industrial coatings and high-growth acrylic applications

- Acrylic monomers
  - Coating resins
  - UV-curing (Sartomer)
  - Coatex
- Down-stream







## Conclusion

- **Solid Q1'13 performance in a volatile and challenging macro-environment**
- **High quality portfolio of profitable niche chemical businesses**
- **Dividend policy reflects confidence in our mid-term outlook**
- **High density of organic growth projects supporting targeted growth strategy**
- **Confident for 2013 while remaining cautious about the macro-environment**

**Clear roadmap to achieve 2016 ambition**



## Disclaimer

The information disclosed in this document may contain forward-looking statements with respect to the financial condition, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des Marchés Financiers.

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

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

The definition of the main performance indicators used can be found in the reference document filed with the French *Autorité des Marchés Financiers* and available on [www.finance.arkema.com](http://www.finance.arkema.com)

# ARKEMA

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