



1st quarter 2015 results

6 May 2015

ARKEMA
INNOVATIVE CHEMISTRY



1Q'15 highlights

€1,871m sales

- Up +23% YoY
- Including Bostik's contribution: €272m sales

€237m EBITDA

Up +18% versus 1Q'14

- EBITDA up YoY excluding the effect of Bostik acquisition
- Benefits from favorable currencies
- Bostik's performance up YoY, in line with announced targets
- Low cycle conditions in Acrylics as expected

12.7% EBITDA margin

Good resilience despite the acrylics cycle and the mechanical dilutive impact of Bostik

€1,888m net debt

Mainly reflecting Bostik acquisition

Promising integration of Bostik

➤ Acquisition finalized on 2 February 2015

➤ 2-month contribution

- € 272m sales
- Performance up YoY in line with announced targets and Group's expectations

➤ Integration well on track supported by strong alignment of teams and disciplined organization of synergy groups

➤ Main accounting impacts of the acquisition

- Acquisition will be accounted for using the 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





Other highlights since 1 January 2015

M&A

- **Sunke:** extension **until January 2016** of the period to exercise the option to increase stake in Sunke and access a total of 320 kt/year acrylic acid
 - JV operated jointly by the partners and production adjusted to market conditions
 - Financial terms of initial agreement adjusted accordingly
 - All other conditions unchanged
- **Organic peroxides:** acquisition on 2 March of **Oxido**
 - Italian company specialized in organic peroxide formulation with ~ €20m sales

Organic growth

- **New world-scale Thiochemicals platform** in Malaysia
 - Successful start-up early January
 - EBITDA contribution from 2Q'15
 - Progressive ramp-up as from 2Q'15 in line with Group's expectations
- **Innovation:** project to double production capacity of **PEKK** in France
 - Start-up expected in 1H'16
 - Intent to build a world-scale unit in the US in 2H'18

Competitiveness

- **Coating Resins:** project* to shutdown the production at Villers-Saint-Paul (France)
 - In line with objective to further improve the profitability of Coating Resins
 - Loss of 26 positions

1Q'15 key figures

<i>In €m (except EPS)</i>	1Q'14*	1Q'15	variation
Sales	1,523	1,871	+22.8%
EBITDA	201	237	+17.9%
EBITDA margin	13.2%	12.7%	
Recurring operating income	123	133	+8.1%
Adjusted net income	76	57	(25.0)%
Net income (Group share)	65	42	(35.4)%
Adjusted EPS** (euro)	1.17	0.78	(33.3)%

* Restated figures in accordance with IFRIC 21 "Levies"

** For 2014, the adjusted EPS was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014



Sales bridge

Sales
(€m)

1,523



1Q'14

Volumes

(2.5)%



- -2.0% excluding the impact of the shutdown of Chauny (Fr) activity
- Slow start of most regions

Price

(3.1)%



- Mainly in Acrylics

Scope of business

+19.9%



- Bostik acquisition
- Acquisition of a stake in Sunke in Acrylics in China

Currency

+8.6%



- Favorable euro / US dollar FX rate

1,871

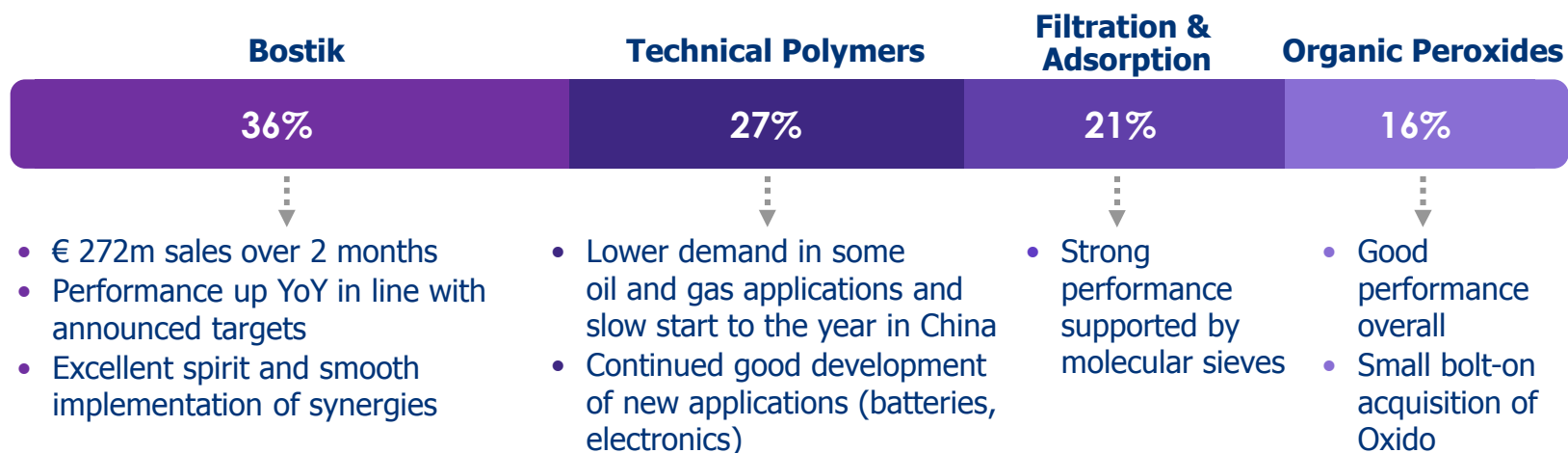


1Q'15

High Performance Materials

In €m	1Q'14*	1Q'15	variation		
Sales	474	763	+61.0%	Volumes	(2.2)%
EBITDA	79	111	+40.5%	Prices	(0.7)%
EBITDA margin	16.7%	14.5%		Currency	+6.7%
Recurring operating income	53	74	+39.6%	Scope	+57.2%

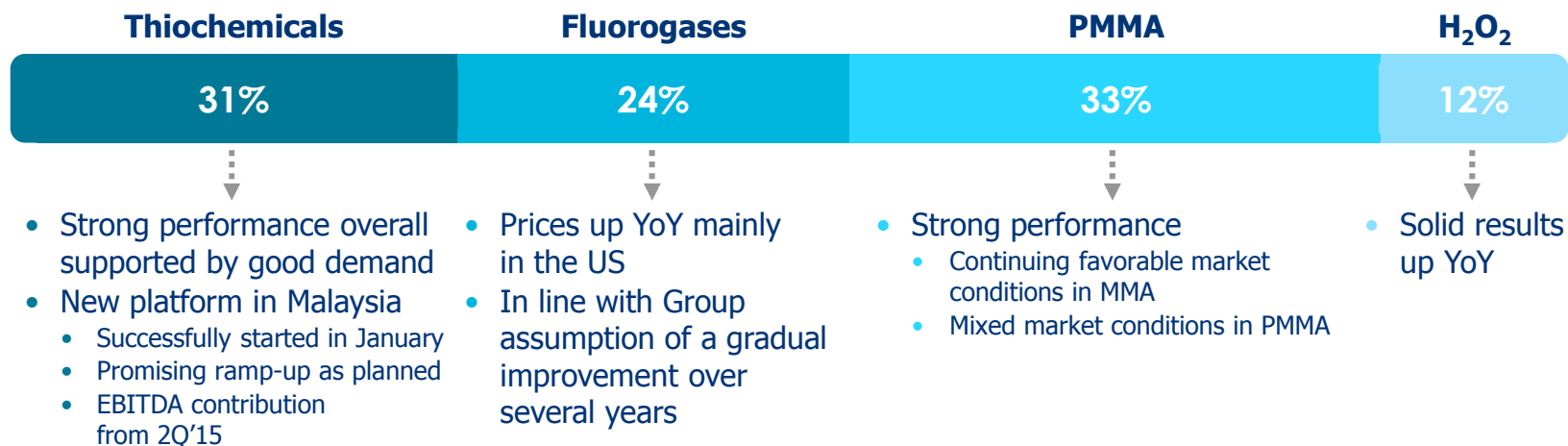
% of segment 1Q'15 sales



Industrial Specialties

In €m	1Q'14*	1Q'15	variation		
Sales	496	550	+10.9%	Volumes	(1.3)%
EBITDA	67	84	+25.4%	Prices	+1.8%
EBITDA margin	13.5%	15.3%		Currency	+9.5%
Recurring operating income	38	47	+23.7%	Scope	+0.8%

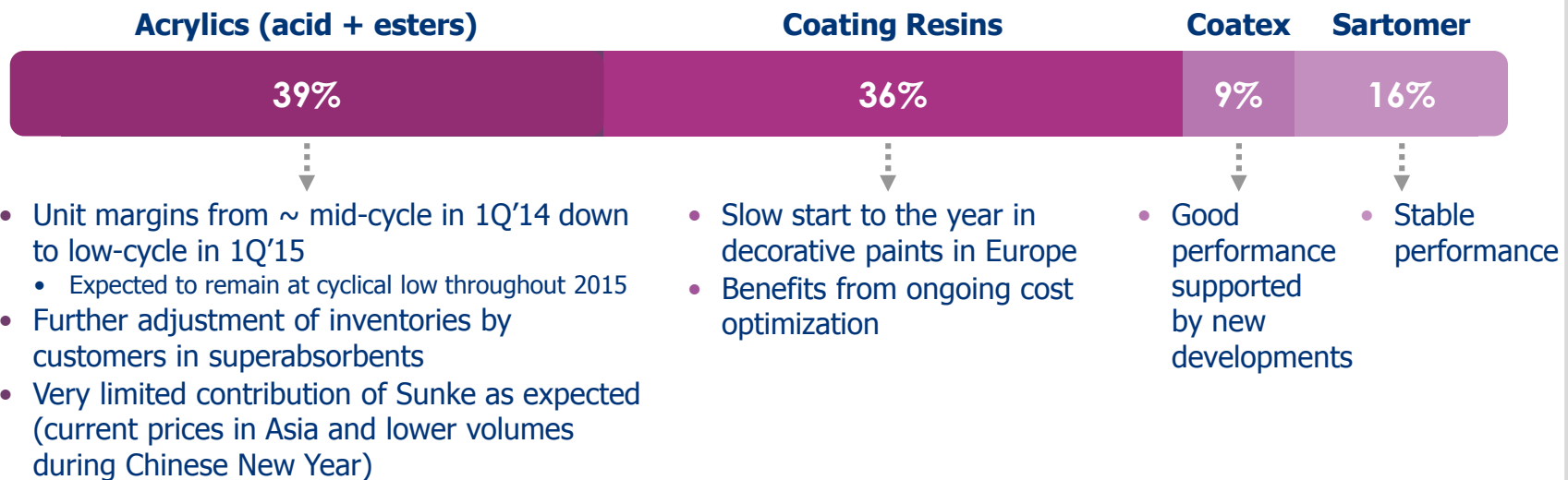
% of segment 1Q'15 sales



Coating Solutions

In €m	1Q'14*	1Q'15	variation		
Sales	547	551	+0.7%	Volumes	(4.0)%**
EBITDA	70	62	(11.4)%	Prices	(9.6)%
EBITDA margin	12.8%	11.3%		Currency	+9.6%
Recurring operating income	47	32	(31.9)%	Scope	+4.9%

% of segment 1Q'15 sales



1Q'15 cash flow

<i>In €m</i>	Q1'15
EBITDA	237
Working capital variation*	(142)
Taxes	(47)
Cost of debt	(18)
Capex**	(61)
Others	(13)
RECURRING CASH FLOW	(44)
Non-recurring items in operating and investing cash flow	(10)
FREE CASH FLOW	(54)
Impact of portfolio management	(1,327)
NET CASH FLOW	(1,381)

Usual seasonality of working capital

- 2015e capex: ~ €450m
- Computed with the 1.25 €/US\$ rate used for the budget
 - Will need to be adjusted depending on currency variations
 - 10-cent variation in €/US\$ implies close to €15m change in capex

Restructuring expenses + cash-out of provisions

- Mainly:
- Acquisition of Bostik (€ 1,629 bn cashed out) net of cash acquired ***
 - Acquisition of Oxido in Organic Peroxides

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

** Excluding capital expenditure related to M&A

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



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

Save-the-date – Capital Markets Day
29 June 2015 – Paris (France)



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.

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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 2015, 2014, 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