



3rd quarter 2014 results

November 14th, 2014

ARKEMA
INNOVATIVE CHEMISTRY



3Q'14 highlights

€1,478m sales

Stable at constant scope of business and exchange rate
+3.0% organic growth of volumes*

€203m EBITDA

Versus €233m in 3Q'13:

- Significant improvement in **High Performance Materials** versus 2Q'14 which was impacted by temporarily unfavourable factors
- Solid performance in **Industrial Specialties** with EBITDA slightly up compared to 3Q'13, confirming stabilization of fluorogases
- **Coating Solutions** down YoY, with conditions close to low cycle in acrylic monomers

13.7% EBITDA margin

Solid performance in a rather challenging macro-economic environment

€1,054m net debt

42% gearing

Down versus end of June 2014 (€1,106m)

Outlook confirmed

- FY 2014 EBITDA target of close to €800m
- 2017 EBITDA target of €1,310m



Highlights since July 1st, 2014

M&A

- Proposed acquisition of **Bostik**¹, #3 worldwide in the low cyclical and low capital intensive adhesive market, announced on September 19th
- Announcement of the closing of the Jurong acquisition (China): 1st production line of **160,000 tonnes of acrylic acid**

Organic growth

- Finalization of the US\$110m investment plant in acrylics in the US with the start-up of a **45 kt methyl acrylate plant in Clear Lake**, announced end of July 2014

Fluorogases

- Project to shutdown fluorogas production in Zaramillo², Spain announced on September 9th

Strategic raw materials

- Signature of an agreement in the US for the supply of propylene produced from PDH

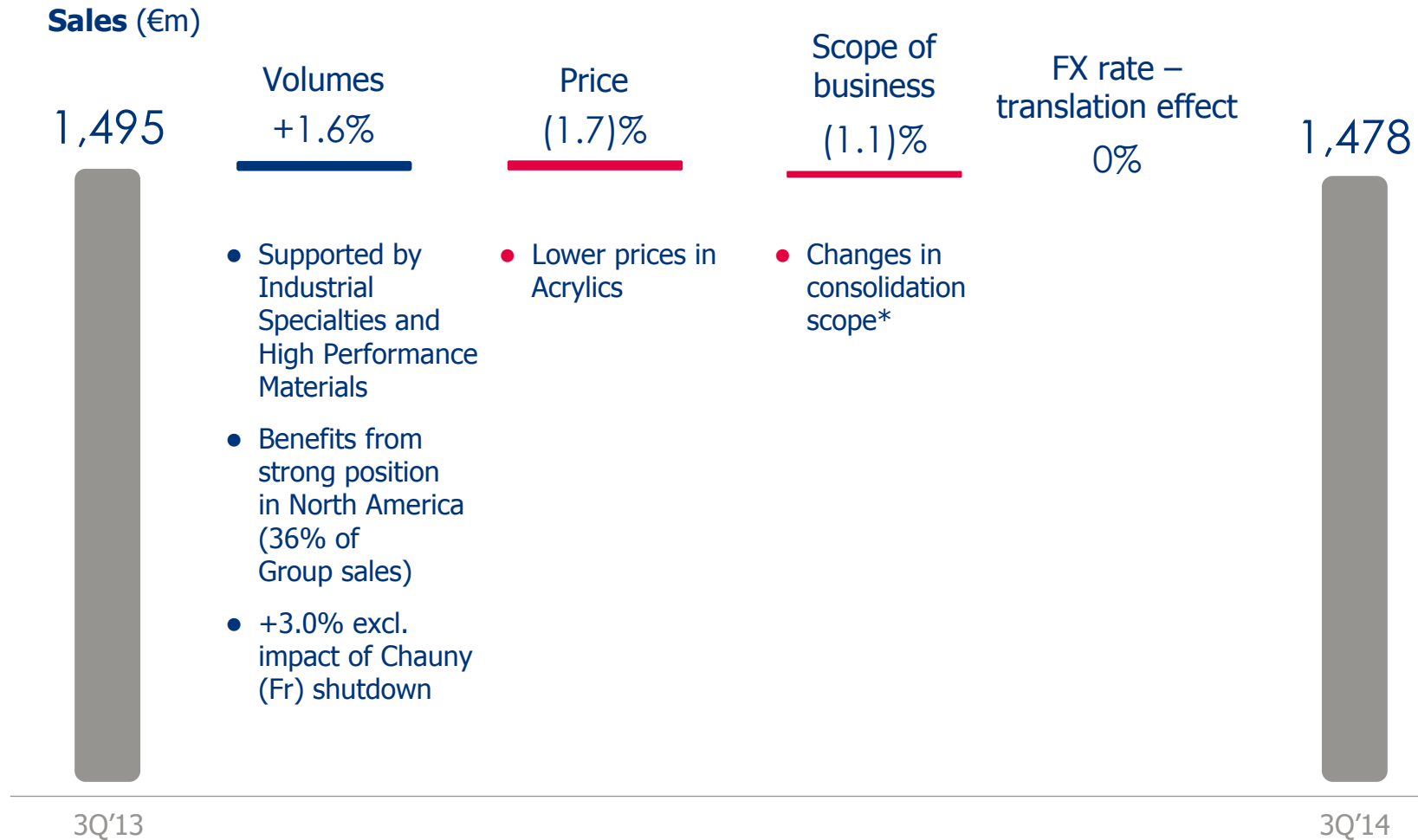


3Q'14 key figures

<i>In €m (except EPS)</i>	3Q'13	3Q'14	variation
Sales	1,495	1,478	(1.1)%
EBITDA	233	203	(12.9)%
EBITDA margin	15.6%	13.7%	
Recurring operating income	154	116	(24.7)%
Adjusted net income	101	63	(37.6)%
Net income (Group share)	65	20	(69.2)%
Adjusted EPS	1.61	0.99	(38.5)%



Sales bridge

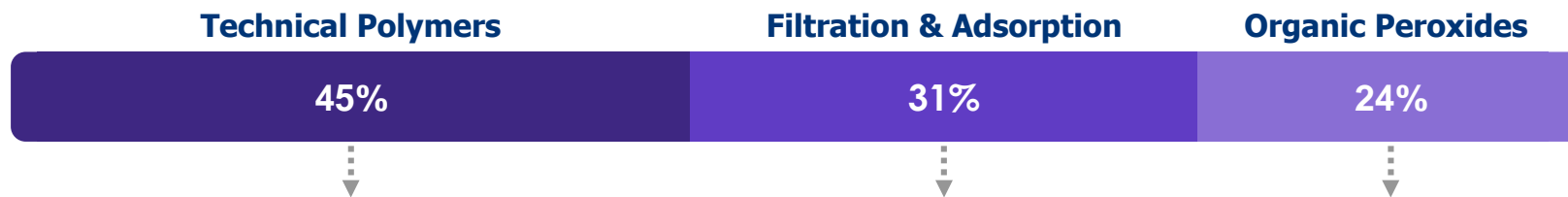


* Daikin Arkema Refrigerants now accounted for under the equity method and coating resins in South Africa unconsolidated

High Performance Materials

In €m	3Q'13	3Q'14	variation		
Sales	451	457	+1.3%	Volumes	+2.5%
EBITDA	85	75	(11.8)%	Prices	(1.0)%
EBITDA margin	18.8%	16.4%		FX (translation)	(0.2)%
Recurring operating income	59	48	(18.6)%	Scope	-

% of segment 3Q'14 sales



- Stable market conditions in PA 12 but high basis of comparison of 3Q'13
- Strong performance of PA 11
- Good growth of PVDF supported by innovation

- Temporary less favorable product mix

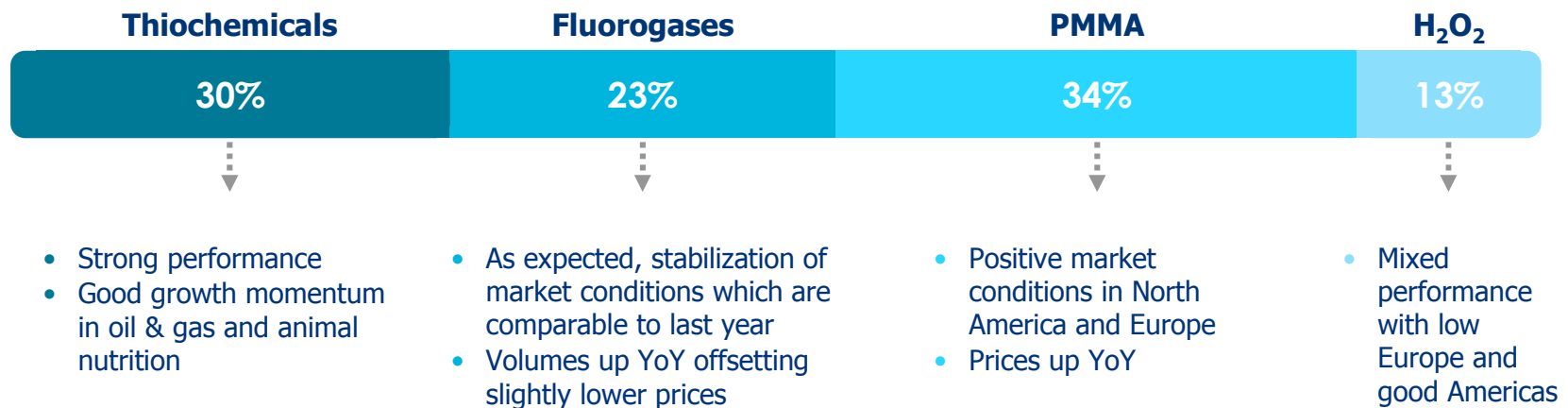
- Good volume growth supported by strong position in the US

Industrial Specialties

In €m	3Q'13	3Q'14	variation
Sales	461	476	+3.3%
EBITDA	74	76	+2.7%
EBITDA margin	16.1%	16.0%	
Recurring operating income	45	41	(8.9)%

Volumes	+4.5%
Prices	(0.5)%
FX (translation)	+0.2%
Scope	(0.9)%

% of segment 3Q'14 sales





Coating Solutions

In €m	3Q'13	3Q'14	variation		
Sales	574	540	(5.9)%	Volumes	(0.7)%
EBITDA	79	62	(21.5)%	Prices	(3.2)%
EBITDA margin	13.8%	11.5%		FX (translation)	+0.2%
Recurring operating income	55	37	(32.7)%	Scope	(2.2)%

% of segment 3Q'14 sales



- Market conditions close to low cycle
- Volumes up in Asia to prepare integration of the acrylic assets acquired in China end of October
- Benefits from shutdown of Chauny (Fr)

- Moderate demand for paints in Europe
- Benefits from product mix and cost optimization

- Good performance from new markets

- Good volumes overall

3Q'14 cash flow

<i>In €m</i>	3Q'14
EBITDA	203
Working capital variation *	44
Taxes	(38)
Cost of debt	(13)
Recurring capex	(84)
Others	(9)
RECURRING CASH FLOW	103
Non-recurring items in operating and investing cash flow	(19)
Non recurring capex	(23)
FREE CASH FLOW	61
Impact of portfolio management	(1)
NET CASH FLOW	60

Reflects usual seasonality of working capital

Thiochemicals in Malaysia: largest industrial project

€1,054m net debt end of September 2014

- Includes €117m dividend paid in May
- Includes €32m share capital increase reserved for employees
- Excludes impact of the closing in October of the acquisition of acrylic assets in China (payment of US\$240m + building of the business working capital)

Maintain a strong balance sheet

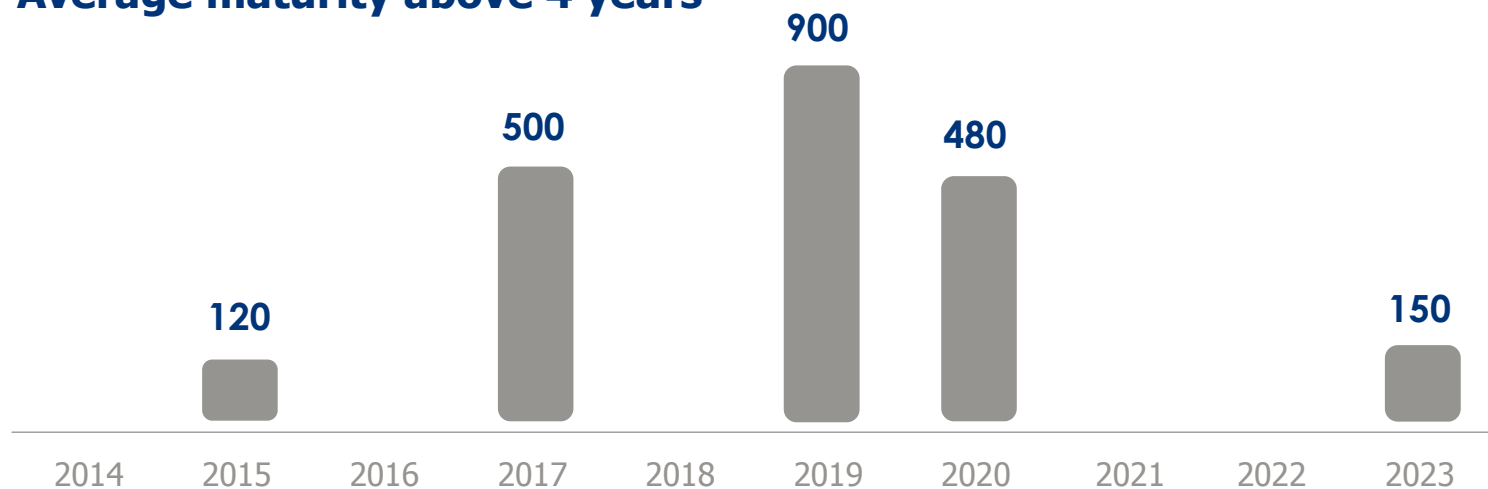
➤ Issuance of €700 million perpetual hybrid bonds on October 23rd, 2014

- First step of the financing of the proposed acquisition* of Bostik
- Coupon: 4.75% / year
- First call date: October 29th, 2020
- Recognized as equity under IFRS rules

➤ Renewal of the syndicated revolving credit facility on October 29th, 2014

- Facility increased to a maximum amount of €900m (vs €700m previously)
- Duration: 5 years + possibility of extension by 1 or 2 years
- Covenant: net debt / EBITDA \leq 3.5x

➤ Average maturity above 4 years





Outlook

➤ 4Q'14 assumptions

- Macro-economic environment expected to remain challenging with:
 - Contrasting trends by product line and region
 - Continuing volatility in foreign exchange rates and oil prices
- Expect usual seasonality towards year-end
- Market conditions in fluorogases and polyamide 12 expected to remain stable and in-line with those observed in 3Q'14
- Unit margins in acrylic monomers expected to remain close to low cycle

➤ Maintain focus on strict control of fixed and variable costs

➤ Finalize major growth projects

- Integrate acrylic assets acquired in China
- Start Thiochemicals platform in Malaysia
- Implement step-by-step plan to restore profitability of fluorogases
- Progress on the proposed acquisition* of Bostik and its financing

➤ While remaining cautious given the volatility of the macro-economic environment, Arkema confirms its 2014 target of an EBITDA close to €800m

➤ Arkema confirms its 2017 EBITDA target of €1,310 million¹ and its long-term targets



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