ARKEMA

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Press release

Communiqué de presse

INVESTOR AND ANALYST FACTSHEET

In accordance with IFRS 5 rule and terms, income statement items and balance sheet items of the Vinyl business divested on July 3, 2012 have been presented on a separate line in the income statement and balance sheet. However, cash flow statement includes flows related to this Vinyl business.

	2Q'12 in €m	2Q'11 in €m	2Q'12/ 2Q'11	1H'12 in €m	1H'11 in €m	1H'12/ 1H'11
Sales	**1,719**	**1,489**	**15.4%**	**3,342**	**2,913**	**14.7%**
Industrial Chemicals	1,141	980	16.4%	2,224	1,927	15.4%
Performance Products	572	504	13.5%	1,106	976	13.3%
Corporate	6	5		12	10	
EBITDA	**306**	**321**	**-4.7%**	**559**	**610**	-8.4%
Industrial Chemicals	208	226	-8.0%	378	453	-16.6%
Performance Products	109	99	10.1%	211	173	22.0%
Corporate	(11)	(4)		(30)	(16)	
EBITDA margin	**17.8%**	**21.6%**		**16.7%**	**20.9%**	
Industrial Chemicals	18.2%	23.1%		17.0%	23.5%	
Performance Products	19.1%	19.6%		19.1%	17.7%	
Depreciation and amortization	**(77)**	**(61)**		**(150)**	**(122)**	
Recurring EBIT	**229**	**260**	**-11.9%**	**409**	**488**	-16.2%
Industrial Chemicals	159	189	-15.9%	282	378	-25.4%
Performance Products	82	75	9.3%	158	127	24.4%
Corporate	(12)	(4)		(31)	(17)	
NR items	**(25)**	**(6)**		**(25)**	**(9)**	
Equity in income of affiliates	3	4		6	10	
Financial results	(14)	(4)		(25)	(12)	
Income taxes	(63)	(54)		(112)	(109)	
Net income of continuing operations	130	200	-35.0%	253	368	-31.3%
Net income of discontinued operations	(141)	(14)		(164)	(30)	
Net income – Group share	**(12)**	**184**	**-**	**88**	**335**	**-73.7%**
Adjusted net income of continuing operations	**151**	**203**	**-25.6%**	**274**	**373**	**-26,5%**
Adjusted EPS (diluted) of continuing operations	2.40	3.25	-26.2%	4.37	5.99	-27.0%
Capital expenditures (recurring)	**89**	**57**	**56.1%**	**148**	**100**	**48.0%**
Industrial Chemicals	53	31		92	49	
Performance Products	33	22		49	43	
Corporate	3	4		7	8	
Free cash flow[1] of continuing operations				**(23)**	**(29)**	
Working capital of continuing operations (vs. 12/31/11)				1,190	**960**	24.0%
WC as % of sales[2] (vs. 12/31/11)				**17.3%**	**15.0%**	
Net debt (12/31/11)				**1,093**	**603**	
Gearing[3] (12/31/11)				**48.7%**	**27.2%**	

[1] Cash flow including non-recurring items and excluding impact from M&A

[2] At June 30th calculated as working capital end of period divided by 4 times quarterly sales
At Dec. 31st, 2011: WC of continuing operations divided by (2011 annual sales of continuing operations + estimate of Total resins in 1H'11 + estimate of 2011 Seppic alkoxylates sales).

[3] Calculated as net financial debt divided by shareholders' equity

SECOND QUARTER 2012 PERFORMANCE

ARKEMA CONFIRMS ITS HIGH PROFITABILITY LEVEL WITH 18% EBITDA MARGIN

STRONG PERFORMANCE DESPITE CHALLENGING MACRO

+15% SALES AT €1,719M VERSUS €1,489M IN 2Q'11

- +17% scope of business:
  Specialty resins, alkoxylates and Hipro/Casda
- -4% volumes:
  High basis of comparison in 2Q'11 notably in Industrial Chemicals
- -3% price effect:
  Positive pricing in Performance Products
  Back to mid cycle conditions in acrylic monomers
- +5% translation effect *(FX rate)*

€306M EBITDA

- Close to the record level of 2Q'11 (€321m in 2Q'11)
- EBITDA above €300m for the 2nd time in Arkema's history

17.8% EBITDA MARGIN

- 18.2% in Industrial Chemicals which continues to deliver a strong set of results
- 19.1% in Performance Products supported by strong positions in niche markets (high performance polymers)

€151M ADJUSTED NET INCOME OF CONTINUING OPERATIONS

- 8.8% of sales

INDUSTRIAL CHEMICALS*: STRONG SET OF RESULTS*

- +16% sales at € 1,141 m
  - Benefits from specialty resins acquired on July 1st, 2011
  - Lower YoY volumes on high comparison base and maintenance turnarounds (Acrylics, Thiochemicals)
- 18.2% EBITDA margin
  - High level in Fluorochemicals despite normalizing margins in HFC125 in China and moderate volumes
  - Thiochemicals profitability impacted by maintenance turnarounds but demand remains well oriented
  - Mid-cycle conditions in acrylic acid
  - Weak momentum in decorative coating resins in North America and Europe
  - Sustained performance in PMMA and acrylic specialties (Coatex, Sartomer)
- Strict control of fixed costs

PERFORMANCE PRODUCTS: *VERY HIGH EBITDA LEVEL*

- +14% sales at €572m
  - Positive pricing with favorable product mix
  - Benefits from acquisitions (bio-based PA 10.10 and alkoxylates)
- +10% EBITDA vs 2Q'11 and EBITDA margin above 19% for the 2nd quarter in a row
- Excellent performance of Technical Polymers
  - In Fluoropolymers, strong demand in Oil & Gas and improving market conditions in photovoltaic
  - High performance of specialty polyamides
  - Positive contribution from Hipro and Casda acquisition
- Strong performance of Specialty Chemicals on favorable product mix and contribution from acquired alkoxylates

DISPOSAL OF VINYL BUSINESS CLOSED

- Closing made on July 3rd, 2012 (project announced on November 23rd, 2011)
- The divested vinyl business generated around € 1 bn sales with 2,630 employees
- In 2nd quarter 2012, net income from discontinued operations amounted to € (141) million including:
  - €(47)m net income from operations (challenging European construction market and complexity of managing in parallel a major divestment project and day-to-day operations)
  - €(33)m related to the social warranties put in place as part of the legal information / consultation process of the relevant workers councils
  - €(34)m related to the transaction and separation costs (IT, service agreements, legal and accounting fees, etc.)
  - €(27)m related to post closing adjustments (mainly an additional write-off taking into account the change in the working capital since end 2011)

CASH FLOW AND NET DEBT AT END OF JUNE 2012

- +€201m operating cash flow from continuing operations in 1H'12 (+€95m in 1H'11)
- € 180m capex including € 148m recurring capex and € 32m non recurring capex (Jarrie, Lacq 2014, Thiochemicals in Malaysia)
- €222m cash outflow related to M&A (mainly Hipro – Casda)
- Net debt at € 1,093m includes
  - Payment of dividend of €1.30 per share representing € 81m
  - Share capital increase reserved to employees for a total amount of € 29m
  - Share buy back for € 13m
- Gearing target confirmed at ~40%

OUTLOOK

- Arkema will continue to carefully monitor the macro-economic environment which remains challenging and uncertain
  - Sovereign debt issue in Europe
  - Volatility of raw material costs and foreign exchange rates
  - Traditional summer and year-end seasonality
- Arkema will continue to focus on internal growth momentum
  - Reinforced position in niche markets
  - Capex in fast growing product lines and regions
- Assuming market conditions in line with 1H'12 and remaining cautious on macro-economic developments, Arkema confirms its confidence in its ability to deliver a very solid year in 2012, and should achieve an EBITDA close to €1 billion
- Arkema confirms its 2016 targets of 8 billion euros sales and 1,250 millions euros.

HIGHLIGHTS SINCE APRIL 1ST, 2012

- Share capital increase reserved to employees for a total € 29 m in April 2012
- € 230 m bond issue in April 2012 maturing April 2020 at 3.85% per year
- Payment of a dividend of 1.30€ / share in June 2012 for a total amount of € 81 m
- Closing of the divestment of Vinyls on July 3rd, 2012
- Announced expansion of Kynar® PVDF in Pierre Bénite (France)
    - + 50% capacity expected to start end 2014
    - € 70m total capex including capacity expansion and process optimization
- Project to divest tin stabilizer business (Functional Additives BU)
    - ~ €180m sales
    - Closing expected in fall 2012
- Announced acquisition of additives and emulsions production site in Brazil
    - US$20m combined sales from business to be acquired and Coatex current sales in Brazil
    - Closing expected in 2H'12