ARKEMA

The world is our inspiration

Press release

Communiqué de presse

INVESTOR AND ANALYST FACTSHEET

	1Q'11 in €m	1Q'10 in €m	1Q'11/ 1Q'10
Sales	**1,733**	**1,308**	**+33%**
Vinyl Products	328	271	+21.0%
Industrial Chemicals	928	661	+40.4%
Performance Products	472	372	+26.9%
Corporate			
EBITDA	**287**	**137**	**2.1x**
Vinyl Products	1	(8)	n.a.
Industrial Chemicals	225	96	2.3x
Performance Products	76	54	+41%
Corporate	(15)	(5)	n.a.
EBITDA margin	**16.6%**	**10.5%**	
Vinyl Products	0.3%	(3.0)%	
Industrial Chemicals	24.2%	14.5%	
Performance Products	16.1%	14.5%	
Depreciation and amortization	(71)	(70)	
Recurring EBIT	**216**	**67**	**3.2x**
Vinyl Products	(13)	(22)	n.a.
Industrial Chemicals	190	62	3.1x
Performance Products	55	32	72%
Corporate	(16)	(5)	n.a.
NR items	**(5)**	**(7)**	
Equity in income of affiliates	6	3	
Financial results	(9)	(5)	
Income taxes	(56)	(18)	
Net income - continuing operations	152	40	3.8x
Net income - discontinued operations		-	
Net income – Group share	**151**	**40**	**3.8x**
EPS (diluted)	**2.43**	**0.66**	**3.7x**
Adjusted EPS (diluted)	2.51	0.68	3.7x
Adjusted net income	156	41	3.8x
Capital expenditures (recurring)	**54**	**49**	**+10.2%**
Vinyl Products	11	8	
Industrial Chemicals	18	25	
Performance Products	21	17	
Corporate	4		
Net cash flow[1]	**(88)**	**(51)**	n.a.
Working capital (vs 12/31)	1,020	785	29.9%
WC as % of sales (vs 12/31)	**14.7%**[2]	**13.3%**	
Net debt (vs 12/31)	**175**	**94**	**86.2%**
Gearing (vs 12/31)	**7.5%**	**4.2%**	

[1] Calculated as cash flow from operating activities plus cash flow from investing activities

[2] Calculated as working capital end of period divided by 4 times quarterly sales

FIRST QUARTER 2011 PERFORMANCE

EXCELLENT PERFORMANCE WITH STRONG GROWTH

SALES AT €1,733M VS €1,308M IN 1Q'10

- +7.2% volumes versus 1Q'10 supported by:
  - Strong demand and new projects in Asia
  - Fast growing applications related to sustainable development
- +21.2% price effect reflecting ability to pass on high raw material costs through price increases.
- +2.8% effect of the changes in the scope of business corresponding to contribution of the acrylic assets acquired in North America.
- Translation effect (FX rate) of 1.3%.

HIGHEST QUARTERLY EBITDA SINCE SPIN OFF

- EBITDA x2.1 vs 1Q'10
- 60 % of EBITDA growth not related to Acrylic monomers or Vinyls
- Impact of many growth investments projects and progress initiatives
  - Expansion of our position in Asia:
    - 20% of Group sales in 1Q'11
    - HFC 125 plant started-up in April 2010 in China
    - Very strong growth in Technical Polymers sales
  - Fast growing applications related to sustainable development
  - Successful price increase policy

INDUSTRIAL CHEMICALS: 24% EBITDA MARGIN AT RECORD LEVEL

- Excellent performance reflects:
  - Solid demand in main end-markets (+8% volumes)
  - Price increases fully offsetting higher raw material costs (+26% price increase versus 1Q'10)
  - High number of ongoing internal projects
- Fluorochemicals: benefits from HFC-125 production unit in Changshu (China), started up in 2Q'10 with a solid demand in air-conditioning
- Methacrylates: fast-growing LED TV market and improved cost base in Europe
- Thiochemicals: excellent resilience supported by good volumes in animal nutrition and Oil & Gas
- Acrylics: good volumes in March and strong margins in line with past months
- Coatex / Emulsions Systems: growth supported by new products

PERFORMANCE PRODUCTS: CONFIRMED GROWTH AND PROFITABILITY

- +41% EBITDA vs 1Q'10 and EBITDA margin confirmed at high level around 16%
- +10% volumes versus 1Q'10
  - Strong demand on traditional end markets (automotive, industrial sectors, consumer goods) in all regions
  - Significant contribution from new developments in renewable energy: sales x2 in photovoltaic market with a strong contribution of Technical Polymers and Functional Additives
- +14% price increase and more favorable product mix offsetting raw material rise
- Successful start up of the new PVDF Kynar® production unit in Changshu in March

***VINYL PRODUCTS*: SLIGHT MPROVEMENT**

- +19% price increase vs 1Q'10 to offset higher energy and ethylene cost
    - Caustic soda price improved vs low level of 1Q'10
    - PVC unit margins still low
- Slightly improving market conditions in construction in Europe but volumes limited by planned maintenance turnaround in Lavera (since mid-March)
- Excellent performance of Qatar Vinyl Company supported by Asian demand (+€5m in equity income)
- Project to divest pipe business in France representing €45m sales. Pursuing the focus on higher value added PVC derivates

CASH FLOWS, NET DEBT AND PROVISIONS

- Restructuring outflows : €(13)m
- Recurring capex : €54m
- Working capital on sales ratio[3]: 14.7%
- Net debt: €175m (gearing : 7.5%)

OUTLOOK:

- EBITDA in 2nd quarter 2011 expected to be similar to 1st quarter 2011 EBITDA
    - Market conditions remain well oriented, in the continuity of 1st quarter 2011
    - Expected further benefits from innovation and developments in Asia
        - Ramp-up of new PVDF Kynar® unit in Changshu (China)
        - Growing contribution of new applications
    - Maintenance turnaround in Lavera (France) in Vinyls
    - Maintain strong focus on price increases in a context of high raw material costs
- Reiterate confidence for a very good 2011
    - Planned acquisition of Total's resins businesses expected to close beginning of July
    - Start-up of new Coatex production unit expected mid-2011
    - Seasonality back to more traditional pattern (Q2>Q3>Q4)

[3] Calculated as working capital end of period divided by 4 times quarterly sales