

Investor and analyst factsheet

	2015 in €m	2014 ¹ in €m	Variation	4Q'15 in €m	4Q'14 ¹ in €m	Variation
Sales	7,683	5,952	+29.1%	1,760	1,431	+23.0%
Prices	(4.7)%			(8.5)%		
Volumes	+0.2%			+2.1%		
FX	+7.8%			+5.1%		
Portfolio	+25.8%			+24.4%		
EBITDA	1,057	784	+34.8%	214	166	+28.9%
High Performance Materials	506	314	+61.1%	115	67	+71.6%
Industrial Specialties	418	312	+34.0%	83	75	+10.7%
Coating Solutions	190	203	(6.4)%	23	32	(28.1)%
Corporate	(57)	(45)		(7)	(8)	
EBITDA margin	13.8%	13.2%		12.2%	11.6%	
Depreciation and amortization	(453)	(337)	+34.4%	(127)	(92)	+38.0%
Recurring EBIT	604	447	+35.1%	87	74	+17.6%
NR items	(116)	(83)		(19)	(8)	
Equity in income of affiliates	10	1		3	1	
Financial results	(92)	(74)	+24.3%	15	(30)	
Income taxes	(118)	(120)	(1.7)%	(31)	(8)	+287.5%
Net income – Group share	285	167	+70.7%	49	27	+81.5%
Adjusted net income²	312	246	+26.8%	29	30	(3.3)%
Adjusted EPS ² (€)	4.23	3.72	+13.7%	0.38	0.43	(11.6)%
Capital expenditure	431³	470	(8.3)%	181	160	+13.1%
Working capital (12/31)	1,067	958	+11.4%			
Net debt (12/31)	1,379	154				
Gearing⁴ (12/31)	35%	4%				

FY 2015 GROUP PERFORMANCE

- **€7,683m sales**, 29.1% up versus 2014
 - +0.2% volume growth
 - Moderate worldwide growth
 - Ramp-up of new Thiochemicals platform in Malaysia
 - New developments in Technical Polymers
 - Lower volumes in Coating Solutions
 - -4.7% prices
 - Mainly in Coating Solutions
 - Lower raw materials
 - +25.8% scope of business
 - Bostik acquisition
 - Acquisition of a stake in Sunke in Acrylics in China
 - Sunclear divestment
 - +7.8% currency
 - Favorable euro / US dollar FX rate
- **€1,057m EBITDA**, 34.8% up on 2014
 - Significantly above full-year guidance
 - 13.8% EBITDA margin up YoY (13.2% in 2014) despite Bostik dilutive effect of almost half a percentage point

¹ Restated figures to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015 and in accordance with IFRIC 21 "Levies"

² Adjusted net income excludes unrealized foreign exchange results on the financing in foreign currencies of non-recurring investments

³ Excluding capex related to M&A (mainly related to the transfer of the 3rd acrylic production line to Sunke without any impact on net debt)

⁴ Calculated as net financial debt divided by shareholders' equity

FULL YEAR 2015 PERFORMANCE BY SEGMENT

	2015 <i>in €m</i>	2014⁵ <i>in €m</i>	Variation	Prices	Volumes	FX	Portfolio
Sales	7,683	5,952	+29.1%				
<i>High Performance Materials</i>	<i>3,358</i>	<i>1,730</i>	<i>+94.1%</i>	<i>(4.7)%</i>	<i>+0.2%</i>	<i>+7.8%</i>	<i>+25.8%</i>
<i>Industrial Specialties</i>	<i>2,450</i>	<i>2,269</i>	<i>+8.0%</i>	<i>(0.5)%</i>	<i>(0.1)%</i>	<i>+7.2%</i>	<i>+87.4%</i>
<i>Coating Solutions</i>	<i>1,849</i>	<i>1,930</i>	<i>(4.2)%</i>	<i>(0.2)%</i>	<i>+1.7%</i>	<i>+8.6%</i>	<i>(2.0)%</i>
				<i>(13.9)%</i>	<i>(1.4)%</i>	<i>+7.5%</i>	<i>+3.6%</i>
EBITDA	1,057	784	+34.8%				
<i>High Performance Materials</i>	<i>506</i>	<i>314</i>	<i>+61.1%</i>				
<i>Industrial Specialties</i>	<i>418</i>	<i>312</i>	<i>+34.0%</i>				
<i>Coating Solutions</i>	<i>190</i>	<i>203</i>	<i>(6.4)%</i>				
EBITDA margin	13.8%	13.2%					
<i>High Performance Materials</i>	<i>15.1%</i>	<i>18.2%</i>					
<i>Industrial Specialties</i>	<i>17.1%</i>	<i>13.8%</i>					
<i>Coating Solutions</i>	<i>10.3%</i>	<i>10.5%</i>					
Recurring EBIT	604	447	+35.1%				
<i>High Performance Materials</i>	<i>354</i>	<i>213</i>	<i>+66.2%</i>				
<i>Industrial Specialties</i>	<i>237</i>	<i>169</i>	<i>+40.2%</i>				
<i>Coating Solutions</i>	<i>72</i>	<i>112</i>	<i>(35.7)%</i>				

HIGH PERFORMANCE MATERIALS: SUCCESSFUL INTEGRATION OF BOSTIK AND INNOVATION IN NEW MATERIALS

- Bostik:
 - €183m EBITDA on 12 months up +16% (of which 11 months within Arkema)
 - 11.2% EBITDA margin
- Technical Polymers:
 - Good development of growing applications (lightweight materials, new energies)
- Performance Additives:
 - In filtration and adsorption:
 - Good year for molecular sieves, up on 2014
 - 2016 to reflect a less favourable project timeline

INDUSTRIAL SPECIALTIES: VERY GOOD PERFORMANCE DRIVEN BY ALL BUSINESS LINES

- PMMA:
 - Very good results, up YoY, on currently favourable market conditions in MMA
 - Divestment of Sunclear closed in November 2015
- Thiochemicals:
 - High contribution from new Malaysian plant on strong demand in Asia in animal nutrition
 - Ramp-up quicker than initially planned
- Fluorogases:
 - Gradual improvement versus 2014 in line with expectations
 - Higher prices of some gases and productivity initiatives
- Hydrogen Peroxide:
 - Solid performance with developments in specialties

COATING SOLUTIONS: GOOD RESILIENCE

- Acrylics:
 - Low cycle unit margins, down YoY. Stabilized at year-end
 - Cautious inventory management by customers due to high volatility in raw material prices
 - Contribution of Sunke in China impacted by new capacities in the region
- Coating Resins and Additives:
 - Solid performance supported by new innovative developments and good cost management
 - Soft demand in deco paints and construction in Europe

⁵ Restated figures to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015

CASH FLOW AT END OF DECEMBER 2015

(in €m)	2015	Comments
EBITDA	1,057	
Working capital variation ⁽¹⁾	122	Strict working capital management supported by lower raw material prices
Taxes	(200)	Current taxes excluding impact of Bostik PPA
Cost of debt	(79)	
Capex ⁽²⁾	(431)	2016e capex: ~ €470m (€/US\$ at 1.10)
Others	9	
Recurring cash flow	478	
Non-recurring items in operating and investing cash flow	(36)	Mainly restructuring expenses
Free cash flow	442	
Impact of portfolio management	(1,219)	Mainly acquisition of Bostik net of cash acquired (price cashed out of €1,603 m) and divestment of Sunclear
Net cash flow	(777)	

⁽¹⁾ Variation in working capital and fixed asset payables excluding non-recurring items

⁽²⁾ Excluding capital expenditure related to M&A (mainly related to the transfer of the 3rd acrylic production line to Sunke without any impact on net debt)

BALANCE SHEET AT END OF DECEMBER 2015

(in €m)	31 Dec 2015	31 Dec 2014
Non-current assets ⁽¹⁾	5,399	3,607
Working capital	1,067	958
Capital employed	6,466	4,565
Shareholder's equity	3,949	3,573
Net provisions for pensions and other employee benefits ⁽²⁾	571	455
Other net provisions ⁽²⁾	336	296
Total net provisions	907	751
Net debt	1,379	154

⁽¹⁾ Excluding deferred taxes and including pension assets

⁽²⁾ Provisions net of non-current assets

- €1,379 m net debt at 31 December 2015
 - 35% gearing
 - 1.3x net debt/EBITDA
- €571 m net provisions for pensions and other employee benefits include:
 - €388 m provisions for pensions (€348 m end 2014)
 - Impact of Bostik integration (€177 m provisions on acquisition)
 - €55 m decrease in provisions on higher discount rates
- €336 m other net provisions include:
 - €51 m restructuring (€55 m end 2014)
 - €134 m environment (€125 m end 2014)
 - Increase versus 2014 results mainly from Bostik integration

DIVIDEND

- Dividend increased to €1.90 per share, up +2.7%
 - Reflects confidence in the Group's solid cash generation and balance sheet
 - 45% payout on 2015 adjusted net income
 - 2.9% dividend yield (*based on share price at year end*)

PRIORITIES FOR 2016

- Fluorogases
 - Follow-up of antidumping cases in the US
 - Higher pricing on HFCs in Europe
 - Further address competitiveness issues
- Thiochemicals
 - Pursue successful development of Malaysian platform
 - Further growth potential
- Bostik
 - Accelerate geographic expansion
 - Finalize implementation of short-term synergies
- M&A
 - Implementation of divestment program (~€500 m sales remaining)

2016 OUTLOOK

- Cautious macro-economic approach:
 - Moderate worldwide growth and contrasted dynamics by region
 - Volatility in currencies, energy and raw material prices
- Strong organic momentum driven by:
 - Continuous development of Bostik including ramp-up of synergies
 - Progressive improvement of fluorogases business (pricing and competitiveness)
 - Additional contribution of Thiochemicals platform in Malaysia (one more quarter)
 - Operational excellence initiatives to offset part of the inflation on fixed costs
 - Benefit from innovation in lightweight materials and sustainable solutions
- **Assuming energy cost and FX in line with current levels, Arkema is confident in its ability to grow EBITDA in 2016**

PROJECTS ANNOUNCED SINCE 1ST JANUARY 2016

- On 29 January 2016, the Group announced that it had decided not to exercise its option to increase its stake in Taixing Sunke Chemicals and its rights to production capacity in acrylics in China, as the financial conditions for exercising the option no longer reflected the market conditions prevailing in this activity in the region.

4Q'15 PERFORMANCE BY SEGMENT

	2015 in €m	2014 ⁶ in €m	Variation	Prices	Volumes	FX	Portfolio
Sales	1,760	1,431	+23.0%	(8.5)%	+2.1%	+5.1%	+24.4%
<i>High Performance Materials</i>	843	420	+100.7%				
<i>Industrial Specialties</i>	532	563	(5.5)%				
<i>Coating Solutions</i>	379	441	(14.1)%				
EBITDA	214	166	+28.9%				
<i>High Performance Materials</i>	115	67	+71.6%				
<i>Industrial Specialties</i>	83	75	+10.7%				
<i>Coating Solutions</i>	23	32	(28.1)%				
EBITDA margin	12.2%	11.6%					
<i>High Performance Materials</i>	13.6%	16.0%					
<i>Industrial Specialties</i>	15.6%	13.3%					
<i>Coating Solutions</i>	6.1%	7.3%					
Recurring EBIT	87	74	+17.6%				
<i>High Performance Materials</i>	73	39	+87.2%				
<i>Industrial Specialties</i>	31	38	(18.4)%				
<i>Coating Solutions</i>	(9)	6	-				

HIGH PERFORMANCE MATERIALS

- Bostik: successful implementation of strategy and benefit of first synergies
- Technical Polymers: strong developments in PVDF
- Performance Additives: good quarter for molecular sieves in filtration and adsorption

INDUSTRIAL SPECIALTIES

- Thiochemicals: excellent performance supported by Malaysian plant
- PMMA: another strong set of results with some signs of normalization at year-end
- Fluorogases: reflect usual year-end seasonality

COATING SOLUTIONS

- Acrylics: low cycle conditions in line with 3rd quarter 2015 and maintenance shutdowns in Europe and US
- Coating Resins and Additives: lower costs but usual year-end seasonality

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