ARKEMA
INNOVATIVE CHEMISTRY

Investor and analyst factsheet

	1Q'14 in €m	1Q'13 in €m	1Q'14/ 1Q'13
Sales	***1,523***	***1,563***	**-2.6%**
High Performance Materials	*474*	*448*	5.8%
Industrial Specialties	*496*	*539*	-8.0%
Coating Solutions	*547*	*562*	-2.7%
Corporate			
EBITDA	***213***	***234***	-9.0%
High Performance Materials	*83*	*70*	18.6%
Industrial Specialties	*72*	*104*	-30.8%
Coating Solutions	*73*	*77*	-5.2%
Corporate	*(15)*	*(17)*	
EBITDA margin	***14.0%***	***15.0%***	
High Performance Materials	*17.5%*	*15.6%*	
Industrial Specialties	*14.5%*	*19.3%*	
Coating Solutions	*13.3%*	*13.7%*	
Depreciation and amortization	***(78)***	***(76)***	
Recurring EBIT	***135***	***158***	-14.6%
High Performance Materials	*57*	*44*	29.5%
Industrial Specialties	*43*	*76*	-43.4%
Coating Solutions	*50*	*55*	-9.1%
Corporate	*(15)*	*(17)*	
NR items	***(10)***	***(127)***	
Equity in income of affiliates	*-*	*2*	
Financial results	*(13)*	*(14)*	
Income taxes	*(34)*	*(49)*	
Net income – Group share	***77***	***(30)***	**-**
Adjusted net income	***88***	***97***	**-9.3%**
Adjusted EPS	*1.40*	*1.55*	-9.7%
Capital expenditures	***90***	***75***	**+20.0%**
High Performance Materials	*14*	*13*	
Industrial Specialties	*60*	*36*	
Coating Solutions	*15*	*20*	
Corporate	*1*	*6*	
Working capital (vs. 12/31/13)	***1,010***	***908***	11.2%
WC as % of sales[1] *(vs. 12/31/13)*	***16.6%***	***14.9%***	
Net debt *(12/31/13)*	***1,007***	***923***	
Gearing[2] *(12/31/13)*	***41.7%***	***39.3%***	

[1] At March 31st calculated as working capital end of period divided by 4 times quarterly sales
At Dec. 31st, 2013: working capital divided by 2013 annual sales
[2] Calculated as net financial debt divided by shareholders' equity

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FIRST QUARTER 2014 PERFORMANCE

€1,523M VERSUS €1,563M IN 1Q'13

- +3.3% volumes:
  - Strong volumes in High Performance Materials (slow start in 1Q'13)
  - Improving volumes in Coating Solutions
- -2.6% price effect
  - Pricing and mix in Fluorogases
- -1.2% scope of business
  - Changes in consolidation scope (Daikin Arkema Refrigerants now accounted for under the equity method and coating resins in South Africa unconsolidated)
- -2.1% translation effect *(FX rate)*
  - Mainly strengthening of euro versus US dollar

€213M EBITDA AND 14.0% EBITDA MARGIN

- High basis of comparison in Fluorogases in 1Q'13
  (+7% EBITDA excluding Fluorogases)

€77M NET INCOME (GROUP SHARE) VERSUS -€30M IN 1Q'13

HIGH PERFORMANCE MATERIALS

- Strong start of the year compared to soft 1Q'13 with 19% EBITDA growth and 17.5% EBITDA margin
- €474m sales, up 7.9% at constant scope of business and FX
  - +7.8% volumes
    - Up in all business units
    - Good demand in Oil and Gas for Filtration and Adsorption
    - Better trend in European automotive
    - New developments for Li-ion batteries and additives for Oil and Gas
  - Prices overall stable YoY on favorable product mix
  - -2.1% impact from FX (translation effect)

INDUSTRIAL SPECIALTIES

- Lower results reflecting more challenging market conditions and very high basis of comparison in Fluorogases
- Excluding Fluorogases, performance slightly up YoY
- €496m sales down 4.8% at constant scope of business and FX
  - +2.8% volumes
  - -7.6% price on lower prices and unfavorable product mix in Fluorogases
  - -1.8% impact from FX (translation effect)
  - -1.4% from changes in consolidation scope (Daikin Arkema Refrigerants now accounted for under the equity method)

COATING SOLUTIONS

- Good resilience in a mixed environment
- €547m sales, up 1.4% at constant scope of business and FX
  - +4.6% volumes excluding impact of the shutdown of Chauny (France) in 1Q'14
    - Benefits from organic growth projects in acrylics (AA capacity expansion in Clear Lake and SAP extension by Sumitomo Seika in Carling)
    - Improving demand for paints in Europe offset impact from harsh winter in North America
  - Prices overall stable YoY
  - -1.9% scope of business (Coating Resins in South Africa unconsolidated)

- -2.4% impact from FX (translation effect)
- Good volumes in acrylic monomers offsetting lower unit margins YoY in line with FY'14 assumption
- Benefits from productivity initiatives (Coating Resins, shutdown of Chauny, France)

CASH FLOW AND NET DEBT AT END OF MARCH 2014

CASH FLOW

(in €m)	**1Q'14**	Comments
EBITDA	213	
Working capital variation	(152)	- Usual seasonality of working capital - Should be largely reversed at year end
Taxes	(31)	
Cost of debt	(11)	
Recurring capex	(45)	
Others	(5)	
Recurring cash flow	**(31)**	
Non recurring items in operating and investing cash flow	(7)	Including €(6) restructuring expenses
Non recurring capex	(45)	- Thiochemicals in Malaysia: largest industrial project - Lacq 2014 (finalization of investment plan)
Free cash flow	**(83)**	
Impact of portfolio management	-	
Net cash flow	**(83)**	

NET DEBT

- €1,007 m net debt at 31 march 2014
- 41,7% gearing

OUTLOOK

- Assumptions
  - Moderate worldwide growth with contrasted market conditions by regions
  - Stable €/US$ exchange rate versus 2013 (unchanged assumption despite unfavorable rate in 1Q'14)
  - 2nd quarter 2014:
    - 2 very large maintenance turnarounds in Thiochemicals (Beaumont, US) and Technical Polymers (Mont, France)
    - For fluorogases, current market conditions expected to continue, with 2Q'13 being last quarter as high comparison base
- Top priorities
  - Deliver € 40 m structural EBITDA from organic developments
  - Execute the € 450 m capex plan to fuel future EBITDA growth
  - Start up Thiochemicals platform in Malaysia
  - Finalize acquisition of Jurong's acrylic assets in China
  - Finalize current analyses intended to take, mid-term, profitability of fluorogases back to historical level
  - Accelerate R&D programs on composites, bio-sourced polymers and batteries
  - Continue to implement productivity initiatives (fixed and variable costs)
- While cautious about macro, Arkema is confident in its ability to grow EBITDA in 2014. Beyond, Arkema confirms its mid-term targets.

PROJECTS ANNOUNCED IN 1Q'14

- Acquisition of acrylic assets from Jurong in China[3]:

[3] Project subject to authorization by relevant authorities in China and several administrative formalities

- Creation of a manufacturing JV in Taixing with Jurong Chemical, leader in acrylic monomers in China
- ~US$ 600m FY sales for 320 kt/year
- Cash outs
  - US$ 240m for 1st line of 160kt
  - US$ 235m for 2nd line of 160kt

- Expansion of Organic Peroxides in China
  - x2 production capacity in Changshu
  - To support increasing use of polymers in Asia
  - Start-up expected in 2016