



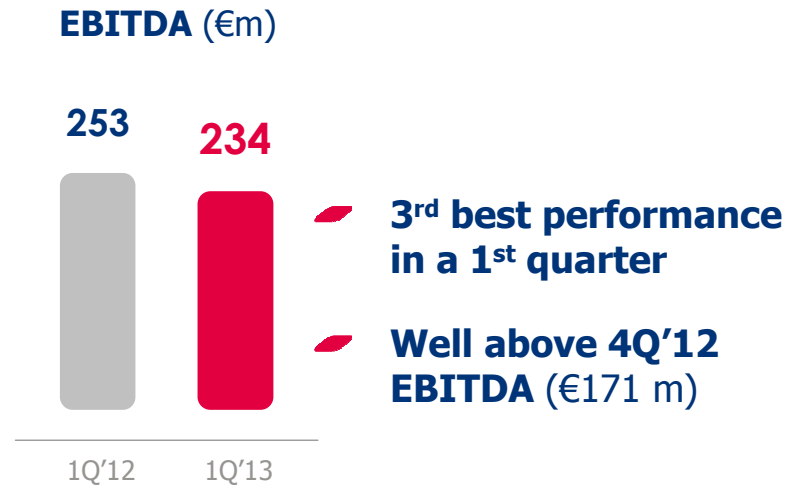
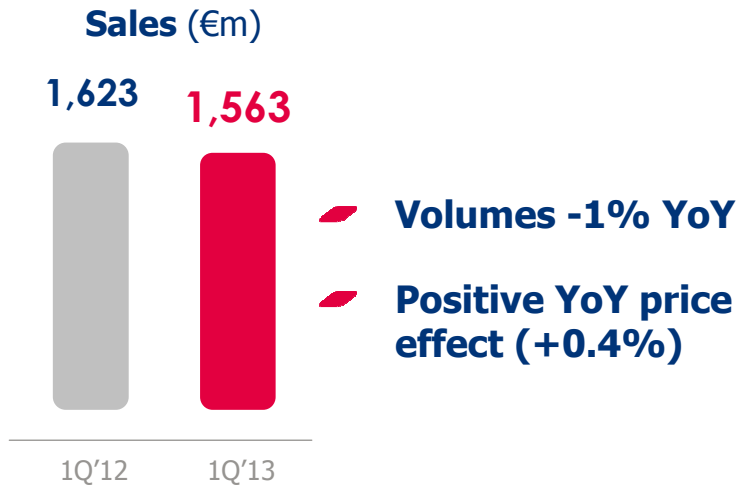
# 1<sup>st</sup> quarter 2013 financial results and main facts

Thierry LEMONNIER  
CFO

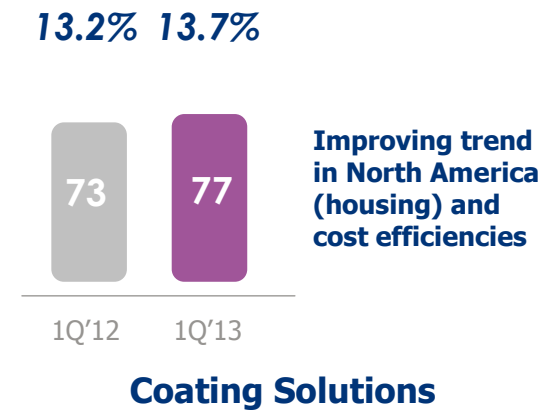
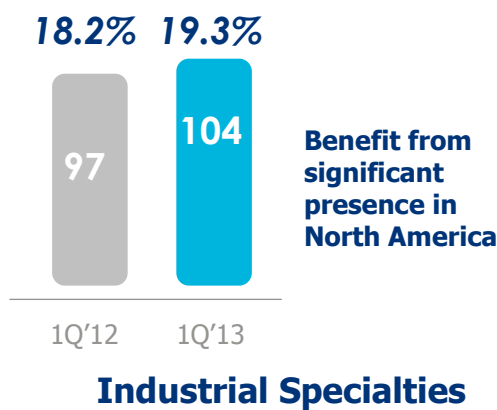
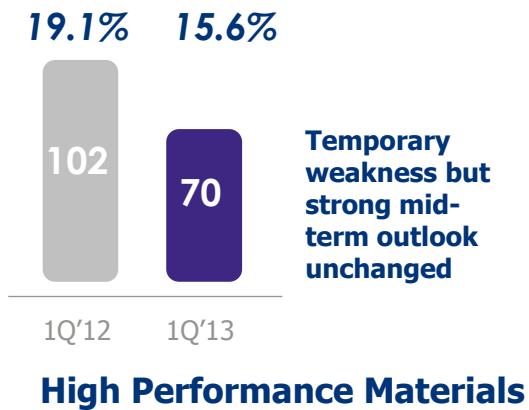
**ARKEMA**  
INNOVATIVE CHEMISTRY



# A solid start of the year



## EBITDA (€m) and EBITDA margin (%) by segment





# Key drivers of Arkema 1Q'13 performance

## **Contrasted market conditions**

- Positive momentum continuing in North America
- Challenging macro in Europe in the continuity of end 2012
- Lower than expected growth in Asia
- High Performance Materials impacted by weakness in photovoltaic and delays in oil and gas projects

## **Benefit from significant presence built over years in North America (35% of sales in 1Q'13)**

## **Strong positions in high value specialty niches**

## **Successful pricing policy to offset higher raw material costs**

## **Execution of key industrial projects progressing well**

- Thiochemical platform in Malaysia (in partnership with CJ)
- Acrylic monomers in North America (site of Clear Lake)
- Specialty polyamides in China (Hipro and Casda integration and expansion in polyamide 10)

## Two acquisitions in line with Arkema's strategy

### Secure access to strategic raw materials

- Acquisition of a stake of 25% in Ihsedu Agrochem, a subsidiary of Jayant Agro, specialized in production of castor oil
- Closing expected in 3Q'13



### Accelerate development in lightweight thermoplastic composites

- Acquisition of a majority stake in AEC Polymers, a French manufacturer of structural methacrylate adhesives
- Completed in April 2013



# Executing on key industrial projects

## Specialty Polyamide 10 in China

- x3 production capacity of Hipro polymers
- Started end 1Q'13
- 1<sup>st</sup> priority: transportation segment

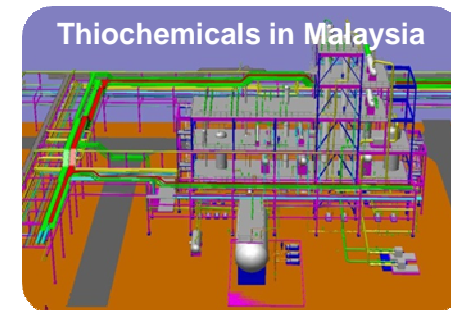
## Acrylic monomers and esters in the US

- US\$110 m investment plan
- 2-Ethyl Hexyl Acrylate unit started in 2012
- +30 kT acrylic acid capacity expected to start end of May 2013
- +45 kT Methyl Acrylate unit expected to start end 2013

## Thiochemical platform in Malaysia

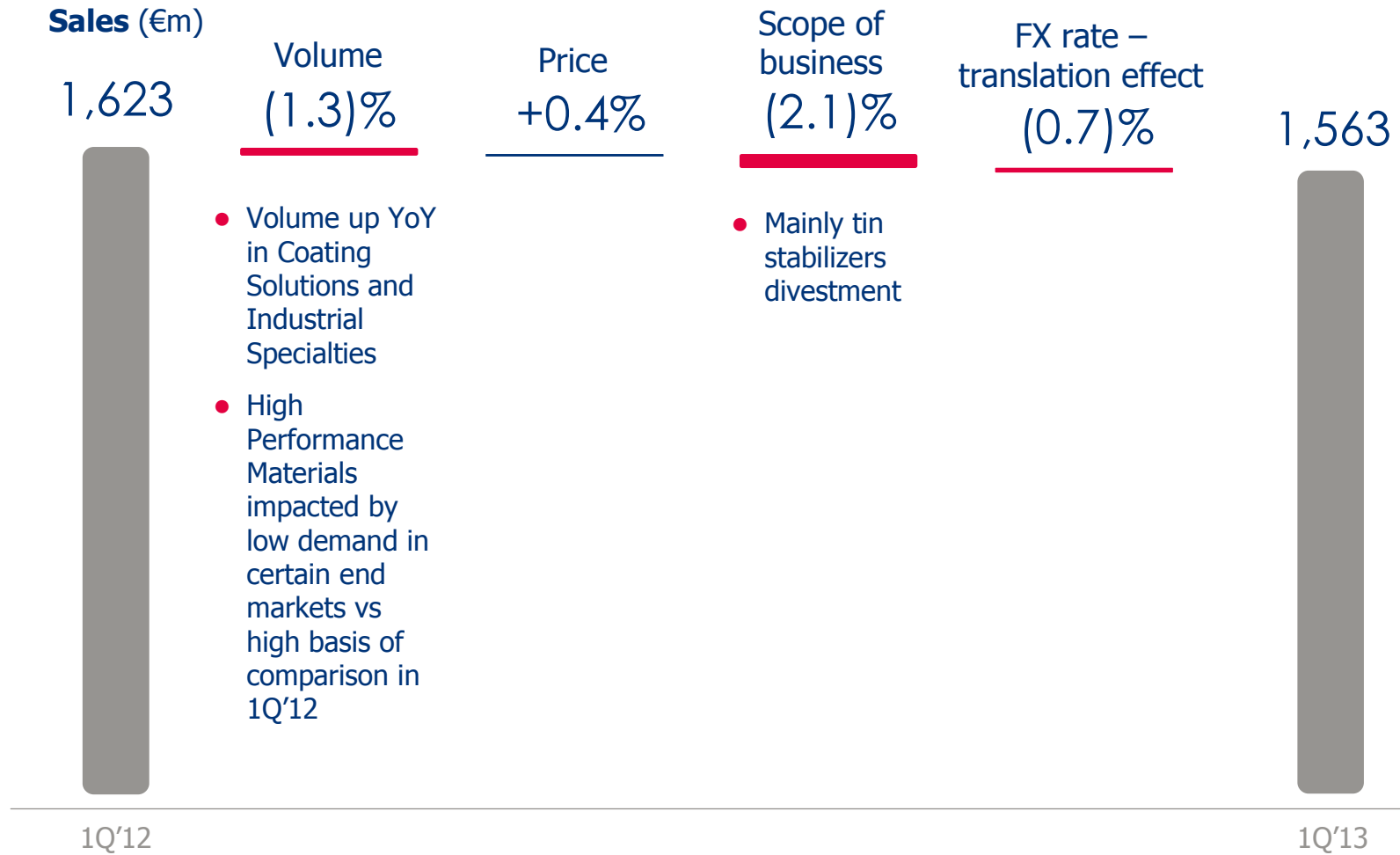
- US\$220 m capex for Arkema
- Construction on track with plan
- Mechanical completion expected beginning of 2014

## Two projects in France securing the positioning of Lacq (Thiochemicals) and Jarrie (Hydrogen Peroxide and chlorates) for coming decades





# Sales bridge





## 1Q'13 key figures

<i>In €m (except EPS)</i>	1Q'12	1Q'13	variation
Sales	1,623	1,563	-3.7 %
EBITDA	253	234	-7.5 %
EBITDA margin	15.6%	15.0%	
Recurring operating income	180	158	-12.2 %
Adjusted net income*	123	97	-21.1 %
Non recurring items	-	(127)	-
Net income (group share)	100	(30)	-
Adjusted EPS (diluted)	1.97	1.53	-22.3 %
Net debt	900	1,009	+12.1%
Gearing	39%	43.5%	

7 | \* For 1Q'12, adjusted net income of continuing operations.



## High Performance Materials

<i>In €m</i>	1Q'12	1Q'13	variation
Sales	534	448	-16.1 %
EBITDA	102	70	-31.4 %
EBITDA margin	19.1%	15.6%	
Recurring operating income	76	44	-42.1 %

### **As announced previously, slow start of the year**

- Temporary low demand in specific end-markets (photovoltaic, delays in new oil and gas projects)
- Stabilizing market conditions versus 4Q'12 and progressive improvement expected in 2H'13
- Significant improvement of EBITDA versus 4Q'12 (favorable impact of seasonality)

### **Sales at €448m versus €534m in 1Q'12**

- -7% volumes versus high basis of comparison of 1Q'12
- -6% impact of scope of business (mainly tin stabilizers divestment)

### **EBITDA margin at 15.6%**

- Overall good performance in Specialty Polyamides
- Fluoropolymers impacted by weak demand in photovoltaics and timing of oil & gas projects
- Filtration and Adsorption impacted by the timing of oil and gas projects versus strong 1Q'12
- Improved profile in Organic Peroxides (tin stabilizer disposal in 4Q'12)

### **Still very confident in the strong mid term outlook**





## Industrial Specialties

<i>In €m</i>	1Q'12	1Q'13	variation
Sales	532	539	+1.3 %
EBITDA	97	104	+7.2 %
EBITDA margin	18.2%	19.3%	
Recurring operating income	70	76	+8.6 %

**Excellent performance with 19.3% EBITDA margin**

- Benefit from strong positions built in North America for all businesses

**Slight increase of sales at €539m on higher year-on-year volumes**

**Strong EBITDA performance at €104 million**

- Thiochemicals: remaining well oriented, supported by good volumes (strong demand from animal nutrition, petrochemicals and refining)
- Fluorochemicals: unit margins under pressure for some fluorogases offset by benefits from large product range and wide geographical presence
- PMMA: solid US automotive market while more challenging market conditions in Europe
- Hydrogen Peroxide: overall stable performance



## Coating Solutions

<i>In €m</i>	1Q'12	1Q'13	variation
Sales	551	562	+2.0 %
EBITDA	73	77	+5.5 %
EBITDA margin	13.2%	13.7%	
Recurring operating income	53	55	+3.8 %

### Positive momentum in Coating Solutions segment

#### +2% sales at €562m

- Volumes up year-on-year
- Price increases offset higher raw material costs

#### +5.5% EBITDA and improved EBITDA margin at 13.7%

- Acrylic monomers: positive volume development and mid cycle unit margin in line with 2013 assumptions
- Solid performances of Sartomer and Coatex on innovation and geographic expansion
- Contrasted market conditions in Coating Resins with improvement in decorative paints in North America and continuing weakness in Europe, amplified by bad weather conditions
- EBITDA margin progress in line with 2016 target of 15% EBITDA margin



# Outlook

## **Market conditions expected to remain contrasted in 2013**

- Solid environment in North America
- Continuing challenging environment in Europe
- Slower than expected growth in Asia but some signs of improvement

## **2Q'13 assumptions**

- Industrial Specialties and Coating Solutions should remain well-oriented
- High Performance Materials: performance should be in the continuity of 1Q'13. Market conditions should improve in the second half of the year

## **Focused on organic growth projects to support mid-term ambition**

- Acrylics in North America, Thiochemical platform in Malaysia, Specialty Polyamide 10 in China, new coating resins unit in China, etc.

## **Arkema confirms its confidence in achieving another strong year in 2013 while remaining cautious on macro-economic development**

## **Confirm ambition to achieve in 2016 €8 billion sales and 16% EBITDA margin while maintaining gearing below 40%**



# Disclaimer

The information disclosed in this document may contain forward-looking statements with respect to the financial condition, results of operations, business and strategy of Arkema. Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business conditions.

Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des Marchés Financiers.

Financial information for 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 2005 is extracted from the consolidated financial statements of Arkema. Quarterly financial information is not audited.

The business segment information is presented in accordance with Arkema's internal reporting system used by the management.

The definition of the main performance indicators used can be found in the reference document filed with the French Autorité des Marchés Financiers and available on [www.finance.arkema.com](http://www.finance.arkema.com)