



# SECOND QUARTER 2015 RESULTS

31 July 2015

**ARKEMA**  
INNOVATIVE CHEMISTRY

# 2Q'15 HIGHLIGHTS

<b>€2,106 m sales</b>	<ul style="list-style-type: none"> <li>▶ +39%, significantly up YoY</li> <li>▶ Including Bostik's contribution of +27%</li> <li>▶ With volumes up 2.1%*</li> </ul>
<b>€320 m EBITDA</b>	<ul style="list-style-type: none"> <li>▶ Excellent rise, up +52% YoY (€210 m in 2Q'14)</li> <li>▶ Up +28% YoY excluding Bostik's contribution</li> <li>▶ Good and promising performance of Bostik</li> <li>▶ Solid contribution of new Thiochemicals plant in Malaysia</li> </ul>
<b>15.2% EBITDA margin</b>	<ul style="list-style-type: none"> <li>▶ Marked improvement versus 13.8% in 2Q'14 despite acrylic cycle and the mechanically dilutive effect of Bostik's integration</li> </ul>
<b>€1.65 adjusted EPS</b>	<ul style="list-style-type: none"> <li>▶ Up +51% YoY</li> </ul>
<b>Strong cash generation</b>	<ul style="list-style-type: none"> <li>▶ +€105 m free cash flow (€(17) m in 2Q'14)</li> <li>▶ €1,773 m net debt down versus 31 March 2015 (€1,888 m)</li> </ul>


\* Excluding the impact of the shutdown of Chauny activity (France)

# WHERE WE STAND IN 2Q'15 ON MAIN DRIVERS

<b>Bostik</b>	<ul style="list-style-type: none"> <li>▶ Strong performance</li> <li>▶ Confirm its very promising start within Arkema</li> </ul>
<b>Thiochemicals in Malaysia</b>	<ul style="list-style-type: none"> <li>▶ Excellent technical and commercial start-up of the unit</li> <li>▶ Significant contribution with ramp-up a touch faster than initially planned</li> </ul>
<b>Acrylics</b>	<ul style="list-style-type: none"> <li>▶ Continue to be in low-cycle conditions in the continuity of 1Q'15</li> <li>▶ Quite limited contribution from Sunke</li> </ul>
<b>Specialty polyamides</b>	<ul style="list-style-type: none"> <li>▶ 1H'15 above 1H'14 with good margin % level</li> </ul>
<b>Fluorogases</b>	<ul style="list-style-type: none"> <li>▶ Confirmation of gradual improvement of pricing of some gases</li> <li>▶ Some benefits from productivity initiatives</li> </ul>
<b>Disposal program</b>	<ul style="list-style-type: none"> <li>▶ Project to divest Sunclear (€180 m sales, €105 m EV). Information - consultation process of work councils in France finalized</li> </ul>
<b>Operational excellence</b>	<ul style="list-style-type: none"> <li>▶ PMMA: project* to shutdown the production of extruded sheets at Bernouville (France) entailing a loss of 38 positions</li> </ul>

\* Subject to the information - consultation process of works councils in France

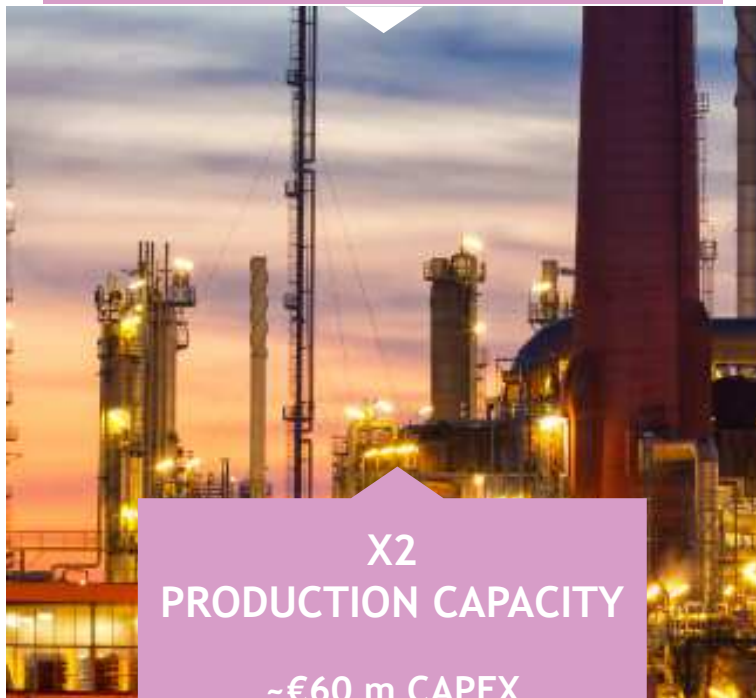
# BOSTIK'S HIGHLIGHTS

<b>1H'15 performance (of which 5 months inside Arkema)</b>	<ul style="list-style-type: none"><li>▶ Strong performance which supports decision to acquire Bostik</li><li>▶ EBITDA of €89 m over 6m'15 (of which 5 months inside Arkema)<ul style="list-style-type: none"><li>• Up +15% versus 6m'14</li></ul></li><li>▶ EBITDA margin close to 11%</li></ul>	
<b>Smooth integration</b>	<ul style="list-style-type: none"><li>▶ Highly committed teams</li><li>▶ Implementation of synergies well on track with short-term focus on cost gains</li><li>▶ Benefits from synergies to ramp up over next quarters according to plans</li></ul>	
<b>Purchase Price Allocation (PPA) impact in 2Q'15*</b>	<ul style="list-style-type: none"><li>▶ €(52) m charges booked in “other income and expenses”<ul style="list-style-type: none"><li>• €(36) m inventory step-up</li><li>• €(16) m additional depreciation on tangible and intangible assets</li></ul></li><li>▶ +€76 m tax profit<ul style="list-style-type: none"><li>• +€60 m deferred tax assets recognized in France</li><li>• +€16 m reversal of deferred tax liabilities</li></ul></li></ul>	

\* Provisional accounting

# ORGANIC PROJECTS ANNOUNCED SINCE 1 APRIL 2015

SPECIALTY MOLECULAR SIEVES  
FOR OIL & GAS  
(HONFLEUR, FRANCE)



X2  
PRODUCTION CAPACITY

~€60 m CAPEX  
Start up in 2 phases  
in 2016 and 2017

BOSTIK  
HOLT MELT PRESSURE SENSITIVE  
ADHESIVES  
(BANGALORE, INDIA)



EXPANSION OF  
PRODUCTION  
CAPACITIES

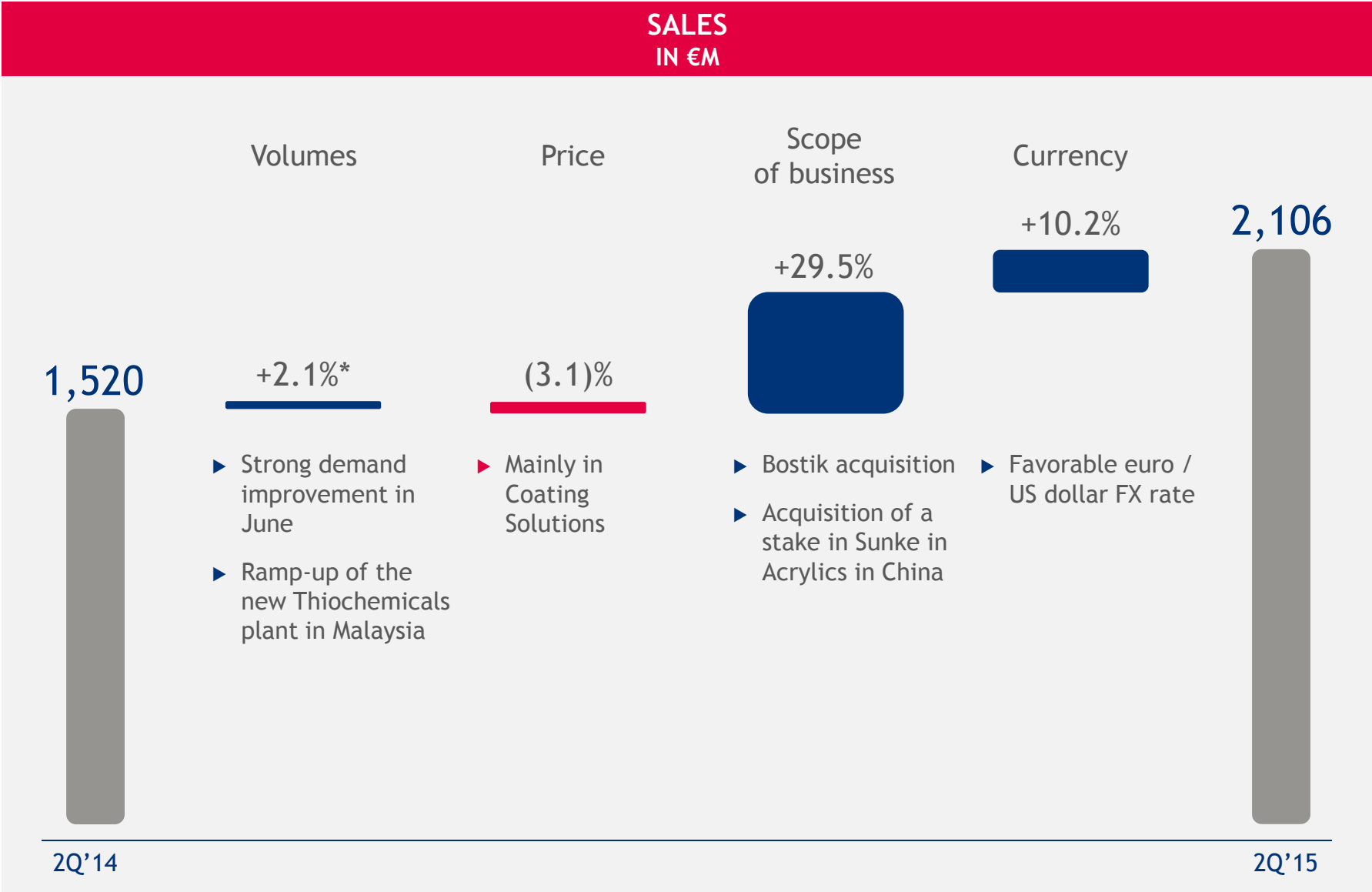
## 2Q'15 KEY FIGURES

IN €M (EXCEPT EPS)	2Q'14*	2Q'15	VARIATION
Sales	1,520	2,106	+38.6%
EBITDA	210	320	+52.4%
EBITDA margin	13.8%	15.2%	
Recurring operating income	130	208	+60.0%
Adjusted net income	72	120	+66.7%
Net income (Group share)	50	133	+166.0%
Adjusted EPS** (euro)	1.09	1.65	+51.4%

\* Restated figures in accordance with IFRIC 21 “Levies”

\*\* For 2014, the adjusted EPS was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014

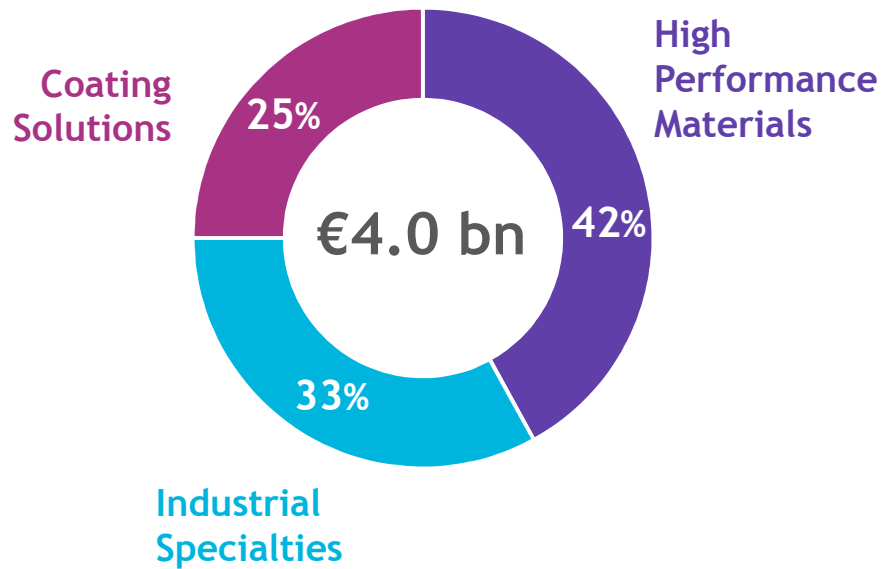
# 2Q'15 SALES BRIDGE



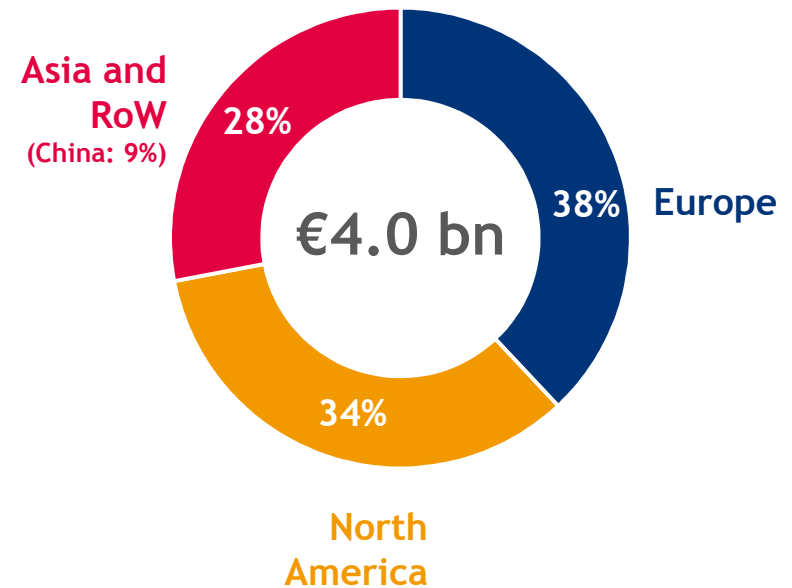
7 | \* Excluding the impact of the shutdown of Chauny (Fr) activity

# 1H'15 SALES BREAKDOWN BY SEGMENT AND REGION

1H'15 sales by segment



1H'15 sales by region



*Favorable balance in current market conditions*



# HIGH PERFORMANCE MATERIALS

## 2Q'15 KEY FIGURES

In €m	2Q'14*	2Q'15	variation
Sales	427	907	+112.4%
EBITDA	76	149	+96.1%
EBITDA margin	17.8%	16.4%	
Rec. operating income	52	111	+113.5%

## 2Q'15 SALES DEVELOPMENT

Volumes	+2.7%
Prices	+0.6%
Currency	+9.1%
Scope	+99.7%

## 2Q'15 HIGHLIGHTS

### Bostik

- ▶ €418 m sales
- ▶ Performance significantly up YoY supported by successful implementation of strategy

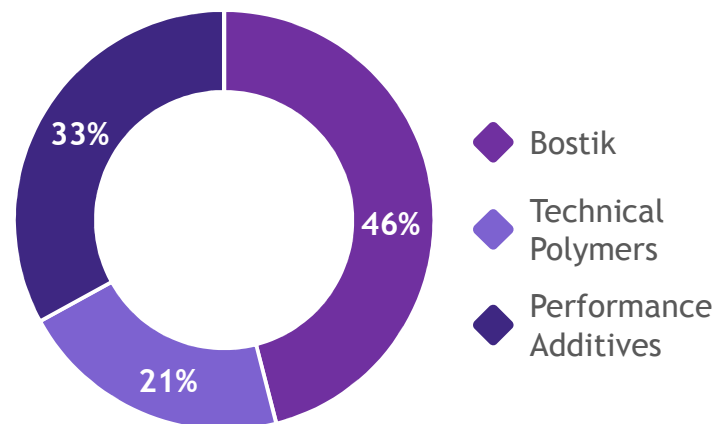
### Technical Polymers

- ▶ Improved performance in polyamide 12 vs 2Q'14 which was impacted by a large maintenance turnaround in Mont (France)
- ▶ Benefit from growing applications (batteries, electronics) offsetting lower demand in some oil and gas applications

### Performance Additives

- ▶ Good performance supported by specialty molecular sieves for petrochemicals

## 2Q'15 SALES BY BUSINESS LINE



# INDUSTRIAL SPECIALTIES

## 2Q'15 KEY FIGURES

In €m	2Q'14*	2Q'15	variation
Sales	583	684	+17.3%
EBITDA	85	128	+50.6%
EBITDA margin	14.6%	18.7%	
Rec. operating income	52	84	+61.5%

## 2Q'15 SALES DEVELOPMENT

Volumes	+2.3%
Prices	+2.9%
Currency	+11.2%
Scope	+0.9%

## 2Q'15 HIGHLIGHTS

### Thiochemicals

- ▶ Excellent performance supported by significant contribution from the new platform in Malaysia
- ▶ Ramp-up of Malaysian plant a touch faster than initially planned with strong demand in Asia in the animal nutrition market

### Fluorogases

- ▶ Gradual improvement reflecting higher prices of some fluorogases and productivity initiatives

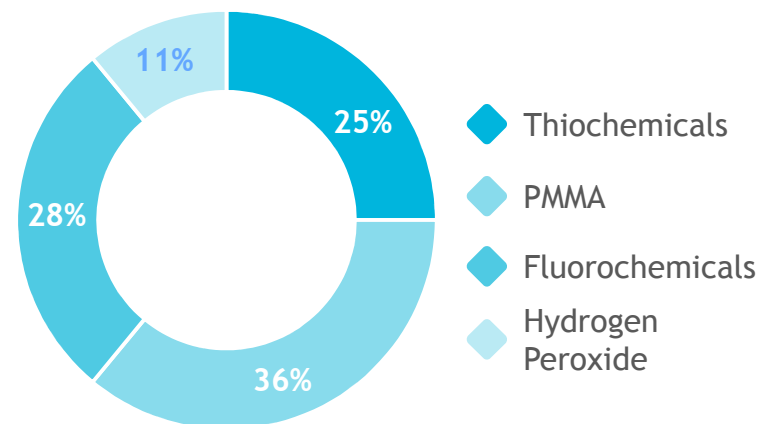
### PMMA

- ▶ Very good level of results with continuing favorable environment in MMA

### Hydrogen Peroxide

- ▶ Results up YoY with good developments in specialties

## 2Q'15 SALES BY BUSINESS LINE



# COATING SOLUTIONS

## 2Q'15 KEY FIGURES

In €m	2Q'14*	2Q'15	variation
Sales	505	509	+0.8%
EBITDA	61	61	-
EBITDA margin	12.1%	12.0%	
Rec. operating income	39	32	(17.9)%

## 2Q'15 SALES DEVELOPMENT

Volumes	+0.6%
Prices	(13.3)%
Currency	+10.1%
Scope	+3.4%

## 2Q'15 HIGHLIGHTS

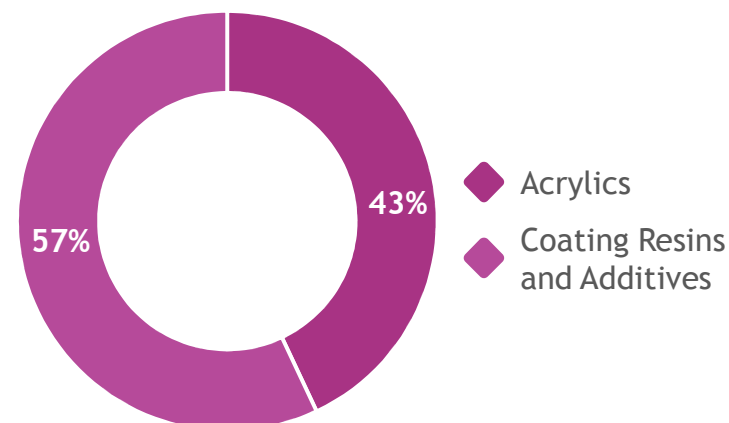
### Acrylics (acid + esters)

- ▶ Unit margins at cyclical low
  - Significantly down YoY
  - In the continuity of 1Q'15
  - Expected to remain so throughout 2015
- ▶ Quite limited contribution from Sunke
  - Market situation expected to persist for the remainder of 2015

### Coating Resins and Additives

- ▶ Solid performance supported by:
  - New developments at Coatex
  - Actions to improve profitability in coating resins
- ▶ Ongoing soft demand in decorative paints and construction in Europe

## 2Q'15 SALES BY BUSINESS LINE



# 2Q'15 CASH FLOW

IN €M	2Q'15	
<b>EBITDA</b>	<b>320</b>	
Working capital variation*	(28)	▶ Excluding €27 m non-recurring items primarily relating to Bostik acquisition
Taxes	(63)	▶ Current taxes excluding impact of Bostik PPA
Cost of debt	(22)	
Capex**	(86)	▶ 2015e capex: ~ €450m computed with the 1.25 €/US\$ rate used for the budget. Will need to be adjusted depending on currency variations. A 10-cent variation in €/US\$ implies close to €15m change in capex
Others	(5)	
<b>RECURRING CASH FLOW</b>	<b>116</b>	
Non-recurring items in operating and investing cash flow	(11)	▶ Mainly restructuring expenses
<b>FREE CASH FLOW</b>	<b>105</b>	
Impact of portfolio management	(1)	
<b>NET CASH FLOW</b>	<b>104</b>	

\* Variation in working capital and fixed asset payables excluding non-recurring items

\*\* Excluding capital expenditure related to M&A

# 2015 OUTLOOK

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## Macro-economic assumptions

- ▶ Arkema enters 2H'15 with confidence, while remaining cautious on the future development of the global economic environment
- ▶ Market conditions expected to remain volatile and contrasted with different dynamics depending on geographic regions and end-markets
- ▶ Trends in FX rates (mainly US\$/€) expected to remain favorable versus last year, albeit with a more limited benefit in 2H than in 1H
- ▶ Unit margins in acrylic monomers expected to remain at low-cycle levels

## 2015 main drivers

- ▶ Consolidation of Bostik on 11 months
- ▶ Ramp-up of the new Thiochemicals platform in Malaysia
- ▶ Gradual improvement of fluorogas business
- ▶ Operational excellence initiatives to offset part of the inflation on fixed costs
- ▶ Contribution from Sunke should remain well below expectations given current market conditions in acrylics in Asia

**Based on these drivers, assuming a continuity in current market conditions, and given the usual seasonality of the second half of the year, Arkema expects an EBITDA slightly above €1 billion (including Bostik contribution) in 2015**

# DISCLAIMER

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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 material 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. These risk factors are further developed in the reference document.

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 2015, 2014, 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)