

Colombes, 28 February 2013

## Arkema: Full Year 2012 Results

- **Strong financial performance in a mixed economic environment**
  - Sales 8% up to **€6.4** billion
  - **€996** million EBITDA fully in line with guidance
  - **15.6%** EBITDA margin at the high end of the industry range
  - 4<sup>th</sup> quarter EBITDA at €171 million, up 8% versus 4Q'11
  - **€441** million adjusted net income of continuing operations
  - **€900** net debt and **39%** gearing
- **Transformed and reinforced Group**
  - Finalization of major acquisitions and divestments
  - Strong positions in diversified and high added value niche markets
  - Significant presence in North America (34% of sales) and in Asia (21% of sales)
  - Start-up of construction of the Thiochemicals platform in Malaysia
- **Proposed dividend of €1.80 per share**
- **Confidence in achieving the targets set for 2016**

The Board of Directors of Arkema met on February 27<sup>th</sup> 2013 to close the consolidated accounts of Arkema for 2012 and the annual financial statements of the parent company. At the end of the meeting, Thierry Le Hénaff, Chairman and CEO of Arkema, stated:

*« For the second year running, Arkema has delivered an EBITDA close to €1 billion and an EBITDA margin among the highest in the sector. This performance, achieved in an economic environment that was less favorable than in 2011, confirms the validity of the repositioning of the Group's activities portfolio towards high added value niche markets. Moreover, the Group's geographic presence is now more evenly balanced and is further strengthened by several ongoing major investment projects in Asia and the United States.*

*On the basis of the financial performance achieved and to mark its confidence in Arkema's ability to reach the objectives set for 2016, the Board of Directors has decided to propose a significant increase in the dividend, to €1.80 per share. »*

## FULL YEAR 2012 KEY FIGURES

<i>(In millions of euros)</i>	<b>2012</b>	<b>2011</b>	<b>Variation</b>
<b>Sales</b>	<b>6,395</b>	<b>5,900</b>	<b>+8.4%</b>
<b>EBITDA</b>	<b>996</b>	<b>1,034</b>	<b>-3.7%</b>
<i>EBITDA margin</i>	<i>15.6%</i>	<i>17.5%</i>	
<i>Industrial Chemicals</i>	<i>15.9%</i>	<i>18.5%</i>	
<i>Performance Products</i>	<i>17.2%</i>	<i>17.3%</i>	
Recurring operating income	678	762	-11.0%
Non-recurring items	(27)	(45)	-
Adjusted net income of continuing operations	441	574	-23.2%
Net income of discontinued operations	(200)	(587)	-
<b>Net income – Group share</b>	<b>220</b>	<b>(19)</b>	<b>-</b>
Diluted adjusted net income per share of continuing operations (in €)	7.00	9.21	-24.0%

The contribution of the Vinyl activities, divested early July 2012, has been presented in accordance with IFRS 5 rules and terms. Income statement items and balance sheet items (only for 2011 for the balance sheet) for this business have been presented on a separate line in the income statement and the balance sheet. However, the cash flow statement includes flows related to the Vinyl business concerned.

## FULL YEAR 2012 ACTIVITY

**Sales** reached **€6.4 billion**, +8.4% up on 2011. This growth includes a +9.4% change in the scope of business effect reflecting the contribution of acquisitions (specialty resins acquired on 1<sup>st</sup> July 2011 (Cray Valley and Sartomer), Chinese companies Hipro Polymers and Casda Biomaterials, alkoxyates, and an acrylic additive and emulsion site in Brazil) and the impact of the divestment of the tin stabilizer business finalized on 1<sup>st</sup> October 2012. Volumes decreased slightly (-2.0%) compared to 2011 which represented, over the first six months of the year, a high basis of comparison marked by restocking and exceptional growth in Asia. Towards the end of the year, volumes in certain product lines were affected by weak demand in Europe and destocking in some sectors. The evolution of prices (-2.6% compared to 2011) essentially reflects the decrease expected in acrylic monomers and some fluorogases. The translation effect, primarily related to the strengthening of the US dollar against the euro, was positive (+3.6%).

In a less favorable and more volatile economic environment than in 2011, **EBITDA** stood at **€996 million**, close to last year's record level (€1,034 million) and fully in line with the Group's objective to generate in 2012 an EBITDA close to €1 billion. The solid results of its activities in North America where the Group has developed a significant presence (34% of the Group's total sales), the net contribution of acquisitions and divestments, the optimization of the product mix in Performance Products, and the positive impact of the translation effect have helped partially offset the slight decrease in volumes, a return to mid-cycle conditions in acrylic monomers, and noticeably lower unit margins for some fluorogases.

At **15.6%**, the **EBITDA margin** remained among the highest in the industry. With 17.2% and 15.9% EBITDA margins respectively, fully in line with the targets set for the medium term, the two business segments, Performance Products and Industrial Chemicals, each achieved a very solid performance, reflecting the Group's positioning in higher added value specialty businesses.

**Recurring operating income** stood at **€678 million** against €762 million in 2011, after deduction of €318 million depreciation and amortization up by €46 million due primarily to acquisitions and the translation effect related to the strengthening of the US dollar against the euro.

**Non-recurring items** reached -€27 million, and correspond primarily to the impact of the shortage in the supply of CDT, the raw material of polyamide 12, following an incident on the Marl site of Evonik in Germany, accounting for -€17 million, and to various expenses related to the divestment and acquisition operations.

The **financial result** stood at -€54 million against -€37 million in 2011. This includes the cost of the debt for which the average interest rate was 3.4% in 2012 (3.5% in 2011).

**Income taxes** amounted to €186 million in 2012 (€125 million in 2011), representing 27.4% of the recurring operating income. This rate reflects the geographic breakdown of the results, with a significant part of the Group's results generated in North America and a smaller part in Europe.

**Net income Group share of continuing operations** stood at **€420 million**, i.e. €6.75 per share and 6.6% of the Group's total sales.

Net income Group share of discontinued operations (Vinyl activities) reached -€200 million. This includes -€73 million net result from operations as well as other income and expenses amounting to -€127 million including the implementation of the warranties negotiated during the workers council's information / consultation process, the cost of establishing the business into a self-sufficient structure (information systems, legal and accounting costs related to the transfer of activities, etc.) and post-closing adjustments related in particular to additional write-offs corresponding to changes in working capital since the beginning of the year. In addition, as part of this divestment, Arkema has set up some warranties to third parties for certain contracts transferred. These warranties, which are covered by a collateral and by a clause for indemnification by Klesch Chemicals Ltd, represent a maximum net amount of 60 millions euros.

**Net income Group share** stood at **€220 million**.

Taking into account the Group's confidence in its mid-term prospects and in the strength of its balance sheet, and willing to continue to share with its shareholders the success of its targeted growth strategy, the Board of Directors has decided to increase the dividend proposed to the next shareholders general meeting, raising it to €1.80 per share from €1.30 in 2011. This decision is consistent with the new dividend policy announced by the Group at the Investor Day held in September 2012, and its intention to significantly increase its dividend for 2012. The shares will be quoted ex-dividend from 6 June 2013 and the dividend will be paid as from 11 June 2013.

## **FULL YEAR 2012 SEGMENT PERFORMANCE**

### **PERFORMANCE PRODUCTS (HIGH PERFORMANCE MATERIALS)**

**Performance Products** sales reached **€2,101 million**, against €1,952 million in 2011. This +7.6% increase reflects the contribution of portfolio management (acquisition of Hipro Polymers and Casda Biomaterials in China in biosourced specialty polyamides (PA 10) and of alkoxyates, and divestment of the tin stabilizer business), the optimization of the product mix, and the positive effect of the strengthening of the US dollar against the euro. Volumes decreased compared to last year (-3%), reflecting weak demand in Europe and destocking in automotive and photovoltaics.

EBITDA stood at **€361 million** against €337 million in 2011, while EBITDA margin stayed at historically high levels, above **17%**. Despite a slowdown towards the end of the year mostly in Europe, Technical Polymers recorded an excellent performance which reflects their successful positioning in high added value niche markets (biosourced polymers, lightweight materials designed for saving energy in transport), the benefit of a unique product range in specialty polyamides (PA 10, 11 and 12), and an evenly balanced geographic presence between each region. Organic peroxides continued to improve their result while optimizing their product portfolio with the divestment of the tin stabilizer business finalized on 1<sup>st</sup> October. The Filtration and Adsorption activity benefited in particular from the integration of alkoxyates, and once again recorded a very solid result.

## INDUSTRIAL CHEMICALS (INDUSTRIAL SPECIALTIES & COATING SOLUTIONS)

**Industrial Chemicals** sales grew by 8.7% to **€4,271 million** against €3,928 million in 2011. This increase primarily reflects the contribution in the first six months of the year of the specialty resins that joined the Group on 1<sup>st</sup> July 2011 and of the positive effect of the strengthening of the US dollar against the euro. These effects largely offset the decrease in volumes in the first six months compared to a high basis of comparison in 2011, and the evolution in the price of acrylic monomers and certain fluorogases.

EBITDA stood at **€678 million** against €725 million in 2011, with a 15.9% EBITDA margin (18.5% in 2011).

**Industrial Specialties** sustained very high performance levels with €399 million EBITDA and a 19.0% EBITDA margin (respectively €441 million and 20.9% in 2011). All of this segment's BUs benefited from the very solid performance of their activities in North America (PMMA in automotive, Thiochemicals in animal feed, Fluorogases in air-conditioning and refrigeration, Hydrogen Peroxide), which helped partially offset the anticipated decrease in HFC-125 margins in China as well as the slowdown in demand for PMMA in electronics (LED TV).

**Coating Solutions** delivered €279 million EBITDA and a 12.8% EBITDA margin (respectively €284 million and 15.7% in 2011). In line with the assumptions used for 2012, market conditions in acrylic monomers returned to mid-cycle levels following their peak in 2011. In Coating Resins, demand for decorative paints remained weak throughout the year in Europe and North America, but was higher in industrial coatings. Coatex's rheology additive activities and Sartomer's photocure resin business confirmed their good performance, supported by both innovation and geographic expansion such as the acquisition of an acrylic additives and emulsions production site in Brazil.

## POST BALANCE SHEET EVENTS

A very serious technical incident occurred on the Total-Naphtachimie steamcracker at Lavéra (France) which supplies to Arkema the propylene it uses to produce the oxo alcohols used in the manufacture of acrylic esters. The steamcracker restart date has yet to be announced. Within the Group, the impact of this interruption in the supply of propylene should entail a non-recurring expense which is estimated at some €5 million for the 1<sup>st</sup> quarter 2013.

Furthermore, this accidental shutdown of the Total-Naphtachimie steamcracker also affects the company Kem One. Accordingly, Arkema has agreed to defer the settlement of certain invoices representing a total outstanding amount of €65 million.

## CASH FLOW AND NET DEBT AT 31 DECEMBER 2012

In 2012, Arkema generated, for its continuing operations, **€206 million free cash flow**<sup>1</sup>. This flow included investments amounting to €438 million against €365 million in 2011. These investments included €351 million recurring capital expenditure, €75 million non recurring investments related to various industrial projects in the Group (Thiochemicals platform in Malaysia, Lacq 2014 project, conversion of mercury electrolysis in Jarrie), and a €12 million investment related to a threefold increase in polyamide 10 capacity at Hipro in China, this latter capital expenditure being included in the acquisition flow. It also includes other exceptional items related in particular to the consequences of the *force majeure* declared in polyamide 12 and to restructuring expenses. Working capital variation was limited to -€13 million, with the working capital to sales ratio remaining well under control at 15.2%.

**Net debt** stood at **€900 million** at 31 December 2012 against €603 million at 31 December 2011, i.e. 39% gearing, in line with the objective to remain below 40%. In addition to the payment of a €1.30 dividend per share totalling €81 million, net debt includes the impact of acquisitions and divestments with a cash outflow for a net amount of €231 million, primarily corresponding to the acquisition of Hipro Polymers and Casda Biomaterials in China as well as the acquisition of an acrylic additives and emulsions site in Brazil and the divestment of the tin stabilizer business finalized on 1<sup>st</sup> October.

<sup>1</sup> Cash flow from operations and investments excluding the impact of portfolio management.

## 4<sup>TH</sup> QUARTER 2012

<i>(In millions of euros)</i>	4 <sup>th</sup> quarter 2012	4 <sup>th</sup> quarter 2011	Variation
<b>Sales</b>	<b>1,447</b>	<b>1,400</b>	<b>+3.4%</b>
<b>EBITDA</b>	<b>171</b>	<b>158</b>	<b>+8.2%</b>
<i>EBITDA margin</i>	<i>11.8%</i>	<i>11.3%</i>	
<i>Industrial Chemicals</i>	<i>12.5%</i>	<i>10.3%</i>	
<i>Performance Products</i>	<i>9.6%</i>	<i>13.6%</i>	
Recurring operating income	80	76	+5.3%
Non-recurring items	(2)	(11)	-
Adjusted net income of continuing operations	44	55	-20.0%
<b>Net income – Group share</b>	<b>16</b>	<b>(463)</b>	<b>-</b>
Diluted adjusted net income per share of continuing operations (in €)	0.68	0.88	-22.7%

In 4<sup>th</sup> quarter 2012 Arkema recorded a strong performance. Sales reached €1,447 million, 3.4% up over 4<sup>th</sup> quarter 2011, while EBITDA stood at €171 million, 8% up, with an 11.8% EBITDA margin (11.3% in 4<sup>th</sup> quarter 2011).

The 4<sup>th</sup> quarter 2012 was marked by the traditional seasonality of the Group's activities at the end of the year and the cautious management by our customers of their inventory levels.

The Performance Products segment, and more specifically Technical Polymers, experienced destocking in 4<sup>th</sup> quarter in certain end-markets, in particular in Europe and in photovoltaics as well as some delays in a few projects in the oil and gas sector. Unit margins showed good resilience. Meanwhile, the contribution to sales of Hipro and Casda and of alkoxyates was partly offset by the impact of the divestment of the tin stabilizer activity.

The Industrial Chemicals results improved significantly compared to the previous year. With a 15.7% EBITDA margin, Industrial Specialties achieved a very sound performance, sustained by favorable market conditions in North America. Coating Solutions, although in low season, also improved over the previous year, and achieved a 9.1% EBITDA margin benefiting from synergies from the integration of newly acquired activities. Volumes grew despite ongoing sluggish demand overall in decorative paints. Coatex's rheology additives and Sartomer's photocure resins performed well.

### OUTLOOK

For 2013, the Group is confident in its ability to achieve once again a strong performance while remaining cautious about the macro-economic environment.

At the beginning of the year, the weak demand observed in certain High Performance Materials end-markets at the end of 2012 continued. However, the Group expects a gradual recovery of volumes in this segment during the first half of the year.

Globally, over the year, market conditions should remain contrasted. They should be solid in North America, with a gradual recovery in decorative paints and should remain challenging in Europe. China should progressively return to higher growth levels. Raw material cost and exchange rates in particular for the US dollar against the euro should remain volatile.

In line with its 2016 ambition to become a world leader in specialty chemicals and advanced materials, Arkema will focus its efforts on implementing its major organic growth projects such as the construction of its Thiochemicals platform in Malaysia, its capital expenditure program in Acrylics in North America, and its industrial developments in fluoropolymers and biosourced specialty polyamides in China. In order to support its organic growth, the Group plans to spend some €500 million capex in 2013 and will continue to look for bolt-on acquisitions. The Group will also continue to invest significantly in innovation, as the projects currently underway offer promising prospects in particular in solutions for sustainable development. Finally, the Group will continue to strictly control its costs and cash.

Thanks to the implementation of this targeted growth strategy, Arkema confirms its ambition to achieve, by 2016, €8 billion sales and a 16% EBITDA margin while maintaining its gearing below 40%.

The 2012 results and the outlook are detailed in the presentation "Full year 2012 results" available on the website: [www.finance.arkema.com](http://www.finance.arkema.com)

The consolidated accounts have been audited, and an unqualified certification report has been issued by the Company's statutory auditors. These consolidated financial statements at 31 December 2012 and the statutory auditors' report will be available from March 1<sup>st</sup> after the closing of the financial markets on the Company's website ([www.finance.arkema.com](http://www.finance.arkema.com)).

## FINANCIAL CALENDAR

15 May 2013	1 <sup>st</sup> quarter 2013 results
4 June 2013	Shareholders Annual General Meeting
1 <sup>st</sup> August 2013	1 <sup>st</sup> half 2013 results

*A global chemical company and France's leading chemicals producer, **Arkema** is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in more than 40 countries, some 14,000 employees and 10 research centers, Arkema generates annual revenue of €6.5 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands.*

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### Disclaimer

*The information disclosed in this press release may contain forward-looking statements with respect to the financial conditions, 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 materials 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.*

*Balance sheet, income statement, cash flow statement, statement of changes in shareholders' equity and information by business segment included in this press release are extracted from the consolidated financial statements at 31<sup>st</sup> December 2012 closed by the Board of Directors of Arkema SA on 27 February 2013.*

Quarterly financial information is not audited.

Business segment information is presented in accordance with ARKEMA's internal reporting system used by the management.

The main performance indicators used are as follows:

- **Operating income:** this includes all income and expenses of continuing operations other than financial result, equity in income of affiliates and income taxes;
- **Other income and expenses:** these correspond to a limited number of well-identified non-recurring items of income and expense of a particularly material nature that the Group presents separately in its income statement in order to facilitate understanding of its recurring operational performance. These items of income and expense notably include:
  - Impairment losses in respect of property, plant and equipment and intangible assets,
  - Gains or losses on sale of assets, acquisition expenses, badwills and stock valuation adjustments between the fair value on the acquisition date and the replacement value
  - Certain large restructuring and environmental expenses which would hamper the interpretation of recurring operating income (including substantial modifications to employee benefit plans and the effect of onerous contracts),
  - Certain expenses related to litigation and claims or major damages, whose nature is not directly related to ordinary operations;
- **Recurring operating income:** this is calculated as the difference between operating income and other income and expenses as previously defined;
- **Adjusted net income:** this corresponds to "Net income – Group share" adjusted for the "Group share" of the following items:
  - Other income and expenses, after taking account of the tax impact of these items,
  - Income and expenses from taxation of an exceptional nature, the amount of which is deemed significant,
  - Net income of discontinued operations;
- **EBITDA:** this corresponds to recurring operating income increased by depreciation and amortization;
- **Working capital:** this corresponds to the difference between inventories, accounts receivable, other receivables and prepaid expenses, income tax receivables and other current financial assets on the one hand and accounts payable, other creditors and accrued liabilities, income tax liabilities and other current financial liabilities on the other hand. These items are classified in current assets and liabilities in the consolidated balance sheet;
- **Capital employed:** this is calculated by aggregating the net carrying amounts of intangible assets, property, plant and equipment, equity affiliate investments and loans, other investments, other non-current assets (excluding deferred tax assets) and working capital;
- **Recurring investments:** these correspond to tangible and intangible investments which exclude a small number of investments of an exceptional nature that the Group presents separately in order to facilitate the analysis of cash generation in its financial communication. These investments characterized by their size or their nature are presented either as non-recurring investments or in acquisitions and divestments;
- **Net debt:** this is the difference between current and non-current debt and cash and cash equivalents.



## **ARKEMA Financial Statements**

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**Consolidated financial statements - At the end of December 2012**



## CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>4th quarter 2012</u> <i>(audited)</i>	<u>End of December 2012</u> <i>(audited)</i>	<u>4th quarter 2011</u> <i>(audited)</i>	<u>End of December 2011</u> <i>(audited)</i>
<b>Sales</b>	<b>1 447</b>	<b>6 395</b>	<b>1 400</b>	<b>5 900</b>
Operating expenses	(1 217)	(5 137)	(1 188)	(4 632)
Research and development expenses	(39)	(148)	(35)	(132)
Selling and administrative expenses	(111)	(432)	(101)	(374)
<b>Recurring operating income</b>	<b>80</b>	<b>678</b>	<b>76</b>	<b>762</b>
Other income and expenses	(2)	(27)	(11)	(45)
<b>Operating income</b>	<b>78</b>	<b>651</b>	<b>65</b>	<b>717</b>
Equity in income of affiliates	2	10	2	17
Financial result	(15)	(54)	(11)	(37)
Income taxes	(20)	(186)	20	(125)
<b>Net income of continuing operations</b>	<b>45</b>	<b>421</b>	<b>76</b>	<b>572</b>
<b>Net income of discontinued operations</b>	<b>(29)</b>	<b>(200)</b>	<b>(539)</b>	<b>(587)</b>
<b>Net income</b>	<b>16</b>	<b>221</b>	<b>(463)</b>	<b>(15)</b>
Of which non-controlling interests	-	1	-	4
<b>Net income - Group share</b>	<b>16</b>	<b>220</b>	<b>(463)</b>	<b>(19)</b>
<b>Of which continuing operations</b>	<b>45</b>	<b>420</b>	<b>76</b>	<b>568</b>
<b>Of which discontinued operations</b>	<b>(29)</b>	<b>(200)</b>	<b>(539)</b>	<b>(587)</b>
<i>Earnings per share (amount in euros)</i>	<i>0,25</i>	<i>3,54</i>	<i>(7,52)</i>	<i>(0,31)</i>
<i>Earnings per share of continuing operations (amount in euros)</i>	<i>0,71</i>	<i>6,75</i>	<i>1,24</i>	<i>9,22</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>0,24</i>	<i>3,49</i>	<i>(7,52)</i>	<i>(0,31)</i>
<i>Diluted earnings per share of continuing operations (amount in euros)</i>	<i>0,70</i>	<i>6,67</i>	<i>1,22</i>	<i>9,12</i>
Depreciation and amortization	(91)	(318)	(82)	(272)
<b>EBITDA</b>	<b>171</b>	<b>996</b>	<b>158</b>	<b>1 034</b>
<b>Adjusted net income</b>	<b>41</b>	<b>368</b>	<b>26</b>	<b>500</b>
<b>Adjusted net income of continuing operations</b>	<b>44</b>	<b>441</b>	<b>55</b>	<b>574</b>
<i>Adjusted net income per share of continuing operations (amount in euros)</i>	<i>0,69</i>	<i>7,09</i>	<i>0,89</i>	<i>9,31</i>
<i>Diluted adjusted net income per share of continuing operations (amount in euros)</i>	<i>0,68</i>	<i>7,00</i>	<i>0,88</i>	<i>9,21</i>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>4th quarter 2012</u>	<u>End of December 2012</u>	<u>4th quarter 2011</u>	<u>End of December 2011</u>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>Net income</b>	<b>16</b>	<b>221</b>	<b>(463)</b>	<b>(15)</b>
Hedging adjustments	(2)	(1)	7	3
Deferred taxes on hedging adjustments	-	-	-	1
Actuarial gains and losses	(44)	(87)	(45)	(28)
Deferred taxes on actuarial gains and losses	11	20	16	11
Other items	-	-	2	2
Deferred taxes on other items	-	-	-	-
Change in translation adjustments	(25)	(13)	55	55
<b>Other comprehensive income of continuing operations</b>	<b>(60)</b>	<b>(81)</b>	<b>35</b>	<b>44</b>
<b>Other comprehensive income of discontinued operations</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>1</b>
<b>Total income and expenses recognized directly in equity</b>	<b>(60)</b>	<b>(88)</b>	<b>35</b>	<b>45</b>
<b>Comprehensive income</b>	<b>(44)</b>	<b>133</b>	<b>(428)</b>	<b>30</b>
Of which: non-controlling interest	-	1	2	6
<b>Comprehensive income - Group share</b>	<b>(44)</b>	<b>132</b>	<b>(430)</b>	<b>24</b>

## CONSOLIDATED BALANCE SHEET

	<u>31 December 2012</u>	<u>31 December 2011</u>
	<i>(audited)</i>	<i>(audited)</i>
<i>(In millions of euros)</i>		
<b>ASSETS</b>		
Intangible assets, net	962	777
Property, plant and equipment, net	1 852	1 706
Equity affiliates : investments and loans	71	66
Other investments	36	35
Deferred tax assets	83	66
Other non-current assets	147	109
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3 151</b>	<b>2 759</b>
Inventories	920	945
Accounts receivable	920	834
Other receivables and prepaid expenses	147	117
Income taxes recoverable	35	36
Other current financial assets	8	9
Cash and cash equivalents	360	252
<b>TOTAL CURRENT ASSETS</b>	<b>2 390</b>	<b>2 193</b>
Assets held for sale	-	380
<b>TOTAL ASSETS</b>	<b>5 541</b>	<b>5 332</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	629	619
Paid-in surplus and retained earnings	1 587	1 484
Treasury shares	(16)	(10)
Translation adjustments	82	97
<b>SHAREHOLDERS' EQUITY - GROUP SHARE</b>	<b>2 282</b>	<b>2 190</b>
Non-controlling interests	29	27
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2 311</b>	<b>2 217</b>
Deferred tax liabilities	33	35
Provisions and other non-current liabilities	878	791
Non-current debt	1 071	583
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1 982</b>	<b>1 409</b>
Accounts payable	683	665
Other creditors and accrued liabilities	318	265
Income taxes payable	56	39
Other current financial liabilities	2	12
Current debt	189	272
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 248</b>	<b>1 253</b>
Liabilities associated with assets held for sale	-	453
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>5 541</b>	<b>5 332</b>

## CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>End of December 2012</u> <i>(audited)</i>	<u>End of December 2011</u> <i>(audited)</i>
<b>Cash flow - operating activities</b>		
Net income	221	(15)
Depreciation, amortization and impairment of assets	362	592
Provisions, valuation allowances and deferred taxes	(23)	88
(Gains)/losses on sales of assets	(26)	(37)
Undistributed affiliate equity earnings	(1)	(8)
Change in working capital	(42)	(85)
Other changes	8	8
<b>Cash flow from operating activities</b>	<b>499</b>	<b>543</b>
<b>Of which cash flow from operating activities of discontinued operations</b>	<b>(157)</b>	<b>(153)</b>
<b>Cash flow - investing activities</b>		
Intangible assets and property, plant, and equipment additions	(479)	(424)
Change in fixed asset payables	(8)	24
Acquisitions of operations, net of cash acquired	(264)	(580)
Increase in long-term loans	(60)	(32)
<b>Total expenditures</b>	<b>(811)</b>	<b>(1 012)</b>
Proceeds from sale of intangible assets and property, plant and equipment	41	13
Change in fixed asset receivables	3	-
Proceeds from sale of operations, net of cash sold	(6)	-
Proceeds from sale of unconsolidated investments	-	45
Repayment of long-term loans	19	12
<b>Total divestitures</b>	<b>57</b>	<b>70</b>
<b>Cash flow from investing activities</b>	<b>(754)</b>	<b>(942)</b>
<b>Of which cash flow from investing activities from discontinued operations</b>	<b>(73)</b>	<b>(55)</b>
<b>Cash flow - financing activities</b>		
Issuance (repayment) of shares and other equity	47	10
Purchase of treasury shares	(13)	(10)
Dividends paid to parent company shareholders	(81)	(61)
Dividends paid to minority shareholders	(1)	0
Increase/ decrease in long-term debt	497	15
Increase/ decrease in short-term borrowings and bank overdrafts	(94)	177
<b>Cash flow from financing activities</b>	<b>355</b>	<b>131</b>
Net increase/(decrease) in cash and cash equivalents	100	(268)
Effect of exchange rates and changes in scope	6	(5)
Cash and cash equivalents at beginning of period	254	527
<b>Cash and cash equivalents at end of period</b>	<b>360</b>	<b>254</b>
<b>Of which cash and cash equivalents of discontinued operations</b>	<b>-</b>	<b>2</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

(In millions of euros)	Shares issued		Paid-in surplus	Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount				Number	Amount			
<b>At January 1, 2012</b>	<b>61 864 577</b>	<b>619</b>	<b>1 021</b>	<b>463</b>	<b>97</b>	<b>(214 080)</b>	<b>(10)</b>	<b>2 190</b>	<b>27</b>	<b>2 217</b>
Cash dividend	-	-	(81)	-	-	-	-	(81)	(1)	(82)
Issuance of share capital	1 012 638	10	37	-	-	-	-	47	-	47
Purchase of treasury shares	-	-	-	-	-	(250 000)	(13)	(13)	-	(13)
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	(7)	-	150 046	7	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	9	-	-	-	9	-	9
Other	-	-	-	(2)	-	-	-	(2)	2	-
<b>Transactions with shareholders</b>	<b>1 012 638</b>	<b>10</b>	<b>(44)</b>	<b>-</b>	<b>-</b>	<b>(99 954)</b>	<b>(6)</b>	<b>(40)</b>	<b>1</b>	<b>(39)</b>
Net income	-	-	-	220	-	-	-	220	1	221
Total income and expense recognized directly through equity	-	-	-	(73)	(15)	-	-	(88)	-	(88)
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>132</b>	<b>1</b>	<b>133</b>
<b>At December 31, 2012</b>	<b>62 877 215</b>	<b>629</b>	<b>977</b>	<b>610</b>	<b>82</b>	<b>(314 034)</b>	<b>(16)</b>	<b>2 282</b>	<b>29</b>	<b>2 311</b>

## INFORMATION BY BUSINESS SEGMENT

(non audited)

### 4th quarter 2012

(In millions of euros)

	Industrial Chemicals	Performance Products	Corporate	Total
Non-Group sales	994	447	6	1 447
Inter segment sales	30	2	-	
<b>Total sales</b>	<b>1 024</b>	<b>449</b>	<b>6</b>	
<b>EBITDA</b>	<b>124</b>	<b>43</b>	<b>4</b>	<b>171</b>
Depreciation and amortization	(56)	(29)	(6)	(91)
<b>Recurring operating income</b>	<b>68</b>	<b>14</b>	<b>(2)</b>	<b>80</b>
Other income and expenses	(7)	5	-	(2)
<b>Operating income</b>	<b>61</b>	<b>19</b>	<b>(2)</b>	<b>78</b>
Equity in income of affiliates	-	-	2	2
<b>Intangible assets and property, plant and equipment additions</b>	<b>102</b>	<b>49</b>	<b>5</b>	<b>156</b>
Of which recurring capex	79	43	5	127

### 4th quarter 2011

(In millions of euros)

	Industrial Chemicals	Performance Products	Corporate	Total
Non-Group sales	938	457	5	1 400
Inter segment sales	42	3	-	
<b>Total sales</b>	<b>980</b>	<b>460</b>	<b>5</b>	
<b>EBITDA</b>	<b>97</b>	<b>62</b>	<b>(1)</b>	<b>158</b>
Depreciation and amortization	(54)	(29)	1	(82)
<b>Recurring operating income</b>	<b>43</b>	<b>33</b>	<b>-</b>	<b>76</b>
Other income and expenses	(37)	33	(7)	(11)
<b>Operating income</b>	<b>6</b>	<b>66</b>	<b>(7)</b>	<b>65</b>
Equity in income of affiliates	-	-	2	2
<b>Intangible assets and property, plant and equipment additions</b>	<b>124</b>	<b>36</b>	<b>6</b>	<b>166</b>
Of which recurring capex	89	36	6	131

## INFORMATION BY BUSINESS SEGMENT

(non audited)

### 1st quarter 2012

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	534	532	551	6	1 623
Inter segment sales	7	32	27	-	
<b>Total sales</b>	<b>541</b>	<b>564</b>	<b>578</b>	<b>6</b>	
<b>EBITDA</b>	<b>102</b>	<b>97</b>	<b>73</b>	<b>(19)</b>	<b>253</b>
Depreciation and amortization	(26)	(27)	(20)	-	(73)
<b>Recurring operating income</b>	<b>76</b>	<b>70</b>	<b>53</b>	<b>(19)</b>	<b>180</b>
Other income and expenses	-	1	(1)	-	-
<b>Operating income</b>	<b>76</b>	<b>71</b>	<b>52</b>	<b>(19)</b>	<b>180</b>
Equity in income of affiliates	-	-	-	3	3
<b>Intangible assets and property, plant and equipment additions</b>	<b>16</b>	<b>23</b>	<b>28</b>	<b>4</b>	<b>71</b>
Of which recurring capex	16	15	24	4	59

### 2nd quarter 2012

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	572	566	575	6	1 719
Inter segment sales	5	34	21	-	
<b>Total sales</b>	<b>577</b>	<b>600</b>	<b>596</b>	<b>6</b>	
<b>EBITDA</b>	<b>109</b>	<b>125</b>	<b>83</b>	<b>(11)</b>	<b>306</b>
Depreciation and amortization	(27)	(29)	(20)	(1)	(77)
<b>Recurring operating income</b>	<b>82</b>	<b>96</b>	<b>63</b>	<b>(12)</b>	<b>229</b>
Other income and expenses	(25)	3	(2)	(1)	(25)
<b>Operating income</b>	<b>57</b>	<b>99</b>	<b>61</b>	<b>(13)</b>	<b>204</b>
Equity in income of affiliates	-	-	-	3	3
<b>Intangible assets and property, plant and equipment additions</b>	<b>33</b>	<b>40</b>	<b>32</b>	<b>4</b>	<b>109</b>
Of which recurring capex	33	26	27	3	89

### 3rd quarter 2012

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	548	496	557	5	1 606
Inter segment sales	3	27	16	-	
<b>Total sales</b>	<b>551</b>	<b>523</b>	<b>573</b>	<b>5</b>	
<b>EBITDA</b>	<b>107</b>	<b>98</b>	<b>78</b>	<b>(17)</b>	<b>266</b>
Depreciation and amortization	(27)	(28)	(21)	(1)	(77)
<b>Recurring operating income</b>	<b>80</b>	<b>70</b>	<b>57</b>	<b>(18)</b>	<b>189</b>
Other income and expenses	2	3	(2)	(3)	-
<b>Operating income</b>	<b>82</b>	<b>73</b>	<b>55</b>	<b>(21)</b>	<b>189</b>
Equity in income of affiliates	1	-	-	1	2
<b>Intangible assets and property, plant and equipment additions</b>	<b>24</b>	<b>38</b>	<b>33</b>	<b>7</b>	<b>102</b>
Of which recurring capex	18	21	29	8	76

### 4th quarter 2012

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	447	502	492	6	1 447
Inter segment sales	2	16	14	-	
<b>Total sales</b>	<b>449</b>	<b>518</b>	<b>506</b>	<b>6</b>	
<b>EBITDA</b>	<b>43</b>	<b>79</b>	<b>45</b>	<b>4</b>	<b>171</b>
Depreciation and amortization	(29)	(30)	(26)	(6)	(91)
<b>Recurring operating income</b>	<b>14</b>	<b>49</b>	<b>19</b>	<b>(2)</b>	<b>80</b>
Other income and expenses	5	(4)	(3)	-	(2)
<b>Operating income</b>	<b>19</b>	<b>45</b>	<b>16</b>	<b>(2)</b>	<b>78</b>
Equity in income of affiliates	-	-	-	2	2
<b>Intangible assets and property, plant and equipment additions</b>	<b>49</b>	<b>58</b>	<b>44</b>	<b>5</b>	<b>156</b>
Of which recurring capex	43	36	43	5	127

## INFORMATION BY BUSINESS SEGMENT

(audited)

End of December 2012

(In millions of euros)

	Industrial Chemicals	Performance Products	Corporate	Total
Non-Group sales	4 271	2 101	23	6 395
Inter segment sales	187	17	-	
<b>Total sales</b>	<b>4 458</b>	<b>2 118</b>	<b>23</b>	
<b>EBITDA</b>	<b>678</b>	<b>361</b>	<b>(43)</b>	<b>996</b>
Depreciation and amortization	(201)	(109)	(8)	(318)
<b>Recurring operating income</b>	<b>477</b>	<b>252</b>	<b>(51)</b>	<b>678</b>
Other income and expenses	(5)	(18)	(4)	(27)
<b>Operating income</b>	<b>472</b>	<b>234</b>	<b>(55)</b>	<b>651</b>
Equity in income of affiliates	-	1	9	10
<b>Intangible assets and property, plant and equipment additions</b>	<b>296</b>	<b>122</b>	<b>20</b>	<b>438</b>
Of which recurring capex	221	110	20	351

End of December 2011

(In millions of euros)

	Industrial Chemicals	Performance Products	Corporate	Total
Non-Group sales	3 928	1 952	20	5 900
Inter segment sales	181	17	-	
<b>Total sales</b>	<b>4 109</b>	<b>1 969</b>	<b>20</b>	
<b>EBITDA</b>	<b>725</b>	<b>337</b>	<b>(28)</b>	<b>1 034</b>
Depreciation and amortization	(172)	(99)	(1)	(272)
<b>Recurring operating income</b>	<b>553</b>	<b>238</b>	<b>(29)</b>	<b>762</b>
Other income and expenses	(80)	33	2	(45)
<b>Operating income</b>	<b>473</b>	<b>271</b>	<b>(27)</b>	<b>717</b>
Equity in income of affiliates	-	1	16	17
<b>Intangible assets and property, plant and equipment additions</b>	<b>246</b>	<b>100</b>	<b>19</b>	<b>365</b>
Of which recurring capex	192	100	19	311



## INFORMATION BY BUSINESS SEGMENT

(audited)

End of December 2012

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	2 101	2 096	2 175	23	6 395
Inter segment sales	17	109	78	-	
<b>Total sales</b>	<b>2 118</b>	<b>2 205</b>	<b>2 253</b>	<b>23</b>	
<b>EBITDA</b>	<b>361</b>	<b>399</b>	<b>279</b>	<b>(43)</b>	<b>996</b>
Depreciation and amortization	(109)	(114)	(87)	(8)	(318)
<b>Recurring operating income</b>	<b>252</b>	<b>285</b>	<b>192</b>	<b>(51)</b>	<b>678</b>
Other income and expenses	(18)	3	(8)	(4)	(27)
<b>Operating income</b>	<b>234</b>	<b>288</b>	<b>184</b>	<b>(55)</b>	<b>651</b>
Equity in income of affiliates	1	-	-	9	10
<b>Intangible assets and property, plant and equipment additions</b>	<b>122</b>	<b>159</b>	<b>137</b>	<b>20</b>	<b>438</b>
Of which recurring capex	110	98	123	20	351

End of December 2011

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1 952	2 114	1 814	20	5 900
Inter segment sales	17	99	82	-	
<b>Total sales</b>	<b>1 969</b>	<b>2 213</b>	<b>1 896</b>	<b>20</b>	
<b>EBITDA</b>	<b>337</b>	<b>441</b>	<b>284</b>	<b>(28)</b>	<b>1 034</b>
Depreciation and amortization	(99)	(109)	(63)	(1)	(272)
<b>Recurring operating income</b>	<b>238</b>	<b>332</b>	<b>221</b>	<b>(29)</b>	<b>762</b>
Other income and expenses	33	(30)	(50)	2	(45)
<b>Operating income</b>	<b>271</b>	<b>302</b>	<b>171</b>	<b>(27)</b>	<b>717</b>
Equity in income of affiliates	1	-	-	16	17
<b>Intangible assets and property, plant and equipment additions</b>	<b>100</b>	<b>126</b>	<b>120</b>	<b>19</b>	<b>365</b>
Of which recurring capex	100	98	94	19	311

End of December 2010

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1 680	1 955	1 216	18	4 869
<b>EBITDA</b>	<b>257</b>	<b>355</b>	<b>213</b>	<b>(16)</b>	<b>809</b>
Depreciation and amortization	(93)	(103)	(49)	(2)	(247)
<b>Recurring operating income</b>	<b>164</b>	<b>252</b>	<b>164</b>	<b>(18)</b>	<b>562</b>
<b>Intangible assets and property, plant and equipment additions</b>	<b>109</b>	<b>89</b>	<b>62</b>	<b>5</b>	<b>265</b>