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Acrylics acquisition in China Arkema sets up joint venture with Jurong Chemical

Arkema and Jurong Chemical, China's leader in acrylic acid, announce the creation of Sunke, a joint venture in which Arkema will have a majority interest, comprising the assets of Jurong's acrylic acid production site in Taixing opened in 2012.

This acquisition, in the wake of Arkema's recent startup of its coating resins and Coatex production plants on the Changshu site, will enable the Group to accelerate the development of its Coating Solutions segment in China and in Asia and to assist its customers in particular in fast-growing markets such as superabsorbents, paints, adhesives, water treatment, etc.

It represents a new milestone in Arkema's growth strategy and the achievement of its 2016 targets, in particular by strengthening the Group's position in high growth countries. Finally, it provides the Group with a highly competitive acrylic monomer industrial footprint in Asia.

Production capacity for Arkema initially will be 160,000 t/year for a \$240 M investment, with the option to raise it without delay to 320,000 t/year for a further \$235 M investment.

Commissioned in 2012, the Taixing site is a modern and competitive industrial complex. 200 km west of Shanghai, on the banks of the Yangtze River, it benefits from an excellent location both to secure its raw materials supply and to serve its customers in China and in Asia. China's leading acrylic acid production site, it currently has a 320,000 t/year installed capacity, with two world-scale production lines.

The competitiveness of this site will be further strengthened by the commissioning of a third line with a 160,000 t/year capacity, due to start up in 1st quarter 2015. With a 480,000 t/year capacity, the Taixing facility will thus become one of the world's largest acrylic acid sites.

When the deal closes later this year, Arkema will have access to half of the site's installed production, namely 160,000 t/year, for a \$240 million investment. When the third line comes on stream, Arkema will have the option to access 2/3rd of the site's acrylic acid installed capacity, namely 320,000 t/year, for an additional \$235 M investment. In a full year, sales corresponding to both these lines are estimated at around \$600 M. Finally, Arkema has a further option in the next 5 years to potentially acquire the remaining third of the acrylic acid production capacities, at a cost of \$165 M.

An investment in line with Arkema's focused growth strategy

With this strong industrial base in Asia, a region accounting for 50% of the global acrylics market, Arkema will be in a position to support the growth of its acrylic monomer customers operating in the region, while securing feedstock for its downstream acrylics activities (Coatex, Sartomer, Arkema Coating Resins, etc.). Arkema will benefit from an immediate commercial presence to capitalize on the sustained growth of the local market, in particular in paints, adhesives, superabsorbent polymers for babies diapers, water treatment products, etc.

The anticipated EBITDA margin from these activities will be fully in line with the Company's mid-term targets.

Finally, this major operation is entirely consistent with the Group's strategy to reinforce its presence in higher growth regions with a view to achieving 30% of its sales in these regions by 2016.

"We very much welcome this joint venture with Jurong, which its founder Sun Liping, a leading industrial entrepreneur, has successfully built up. This partnership is a unique opportunity for Arkema to access a major acrylic monomer production site in Asia this year, and what's more in China, a country that alone represents a quarter of the global acrylics market, with high growth. This expansion in a strategic region now provides us with a strong and balanced industrial and commercial footprint on three continents", Marc Schuller, Arkema Executive Vice President, was delighted to say.

"I look forward to our partnership with Arkema", stated Sun Liping, Jurong Chemical founder and main shareholder. *"This deal helps underpin the development of the Taixing site through an international group that is a recognized leader in the acrylics market with a leading presence in Europe and the United States."*

The deal is expected to close in the summer of 2014, and is subject to authorization by the relevant authorities in China as well as a number of administrative formalities.

Arkema manufactures acrylic acid in Europe (Carling, France) and in the United States (Clear Lake, Texas). Arkema is also part of a 50/50 production joint venture in Bayport, Texas, with Nippon Shokubai.

*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 some €6.5 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands.*

***Jurong Chemical** is the world's 5th largest producer of acrylic acid and the acrylics leader in China. It is a subsidiary of Sunvic, a company listed on the Singapore stock market.*

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