

Colombes, 31 July 2015

Arkema: quarterly information - 2<sup>nd</sup> quarter 2015 results

- Significant **39%** increase of **sales** versus 2Q'14 at **€2,106 million** including Bostik's contribution of 27% and volumes up by 2.1%<sup>1</sup>
- Excellent rise in **EBITDA** to **€320 million, 52%** up on 2Q'14 (€210 million)
  - Significant increase of the EBITDA without Bostik, up by 28%
  - Good and promising performance of Bostik for its start within Arkema
  - Solid contribution of new Thiochemicals plant in Malaysia
- Marked improvement in **EBITDA margin** to **15.2%** (13.8% in 2Q'14)
- **Adjusted net income** of **€1.65** per share, +51% up on 2Q'14
- Good cash flow generation
  - **+€105 million free cash flow**<sup>2</sup> (-€17 million in 2Q'14)
  - **€1,773 million net debt** down compared to end of March 2015 (€1,888 million)

The Board of Directors of Arkema met on 30 July 2015 to close the condensed consolidated accounts of Arkema for 1<sup>st</sup> half 2015. At the end of the meeting, Thierry Le Hénaff, Chairman and CEO of Arkema, stated:

*"The Group delivered a very good second quarter. Excluding Bostik, EBITDA increased strongly compared to last year. Bostik reported a significant growth of its financial performance, thus confirming its promising start within Arkema. The new Thiochemicals platform in Malaysia is ramping up, and fluorogases have begun to recover. Only acrylics upstream performance was down, in the continuity of the start to the year in low cycle conditions. These elements supported the Group's performance and cash generation in a global economic environment which offered limited support and remained mixed from one region to another. These results highlight the quality of Arkema's business portfolio, the relevance of the strategic decisions made in recent years, and the strong commitment of the teams to successfully pursue the Group's development."*

<sup>1</sup> Excluding impact of the shutdown of the Chauny activities in France effective 1<sup>st</sup> quarter 2014.

<sup>2</sup> Cash flow from operations and investments excluding the impact of portfolio management.

## KEY FIGURES 2Q 2015

<i>(In millions of euros)</i>	<b>2Q 2014*</b>	<b>2Q 2015</b>	<b>Variation</b>
<b>Sales</b>	<b>1,520</b>	<b>2,106</b>	<b>+38.6%</b>
<b>EBITDA</b>	<b>210</b>	<b>320</b>	<b>+52.4%</b>
<b>EBITDA margin</b>	<b>13.8%</b>	<b>15.2%</b>	
<i>High Performance Materials</i>	<i>17.8%</i>	<i>16.4%</i>	
<i>Industrial Specialties</i>	<i>14.6%</i>	<i>18.7%</i>	
<i>Coating Solutions</i>	<i>12.1%</i>	<i>12.0%</i>	
Recurring operating income	130	208	+ 60.0%
Non-recurring items	(22)	(66)	n.a.
<b>Adjusted net income</b>	<b>72</b>	<b>120</b>	<b>+66.7%</b>
Net income – Group share	50	133	+166.0%
Adjusted net income per share** (in €)	1.09	1.65	+51.4%

\* 2<sup>nd</sup> quarter 2014 figures have been restated to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015 and in accordance with IFRIC 21 standard "Levies". The quarterly figures by segment restated for 2014 and for 1<sup>st</sup> quarter 2015 are given in the appendices to this press release.

\*\* For 2<sup>nd</sup> quarter 2014, the adjusted net income per share was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014.

## SECOND QUARTER 2015 PERFORMANCE

**Sales** reached **€2,106 million**, 38.6% up on 2<sup>nd</sup> quarter 2014 with a +29.5% business scope effect related to the acquisition of Bostik and the purchase of a stake in Sunke in Acrylics in China. The currency effect was positive at +10.2% mostly due to the strengthening of the US dollar versus the euro. Volumes, up by 2.1%<sup>3</sup>, reflected a marked increase of demand in June after two mixed months. These effects helped largely offset a -3.1% decrease in prices mainly in Coating Solutions.

At **€320 million** against €210 million in 2<sup>nd</sup> quarter 2014, **EBITDA** grew sharply (+52%). All product lines were up over last year, except for acrylic monomers which remain in low cycle conditions, as expected. This increase in EBITDA reflects the contribution of Bostik, better results in fluorogases and polyamides, and the ramp-up of the new Thiochemicals platform in Malaysia. The positive currency exchange effect (translation) continued to support the Group's performance by €30 million over the quarter. **EBITDA margin** grew to **15.2%** from 13.8% in 2<sup>nd</sup> quarter 2014 despite the acrylics cycle and the mechanically dilutive effect of Bostik's integration.

In line with EBITDA improvement, **recurring operating income** grew to **€208 million** from €130 million in 2<sup>nd</sup> quarter 2014. It includes €112 million depreciation and amortization, up on last year (€80 million) as a result of the acquisition of Bostik, the purchase of a stake in Sunke, the impact of currencies, and the start-up of new production plants.

**Non-recurring items** amounted to **-€66 million**, including -€52 million resulting from Bostik purchase price allocation which correspond to the step-up of inventories at market price for -€36 million as well as -€16 million additional depreciation and amortization booked as a result of the revaluation at fair value of

<sup>3</sup> Excluding the impact of the closure of the Chauny activities in France effective 1<sup>st</sup> quarter 2014.

tangible and intangible fixed assets. The other non-recurring items mostly correspond to restructuring expenses.

**Financial result** stood at **-€25 million** against -€16 million in 2<sup>nd</sup> quarter 2014 as a result of a higher cost of debt relating to the financing of Bostik acquisition as well as a €3 million unrealized currency loss on the financing in US dollars of the investments made in Thiochemicals in Malaysia.

Following the recognition of €60 million deferred tax assets in France and the reversal of €16 million provisions for deferred tax liabilities recognized as part of the Bostik purchase price allocation, the Group recorded a **+€12 million tax income** over 2<sup>nd</sup> quarter 2015. This amount also includes a €1 million tax due on the 2014 dividend paid in cash. Excluding these items, the tax rate would stand at 30.3% of recurring operating income, reflecting the share of the Group's results generated in the United States.

**Net income Group share** reached **€133 million** against €50 million in 2<sup>nd</sup> quarter 2014. It includes €5 million equity in income of affiliates resulting primarily from the Group's 14% stake in CJ Bio Malaysia Sdn. Bhd. Excluding the after-tax impact of non-recurring items, **adjusted net income** stood at **€120 million**, i.e. **€1.65** per share.

## SEGMENT PERFORMANCE IN 2<sup>ND</sup> QUARTER 2015

### HIGH PERFORMANCE MATERIALS

**Sales** reached **€907 million**, up by +112.4% on 2<sup>nd</sup> quarter 2014, supported by Bostik's contribution (€418 million sales) and a +9.1% currency effect. Volumes rose by +2.7% over 2<sup>nd</sup> quarter 2014 that was affected by the Mont major maintenance turnaround (France) in polyamides. Price effect was positive at +0.6%.

At **€149 million**, **EBITDA** doubled compared to 2<sup>nd</sup> quarter 2014 (€76 million). This very significant improvement was mainly due to Bostik's contribution, a good performance of specialty molecular sieves for petrochemicals, and an improvement in the polyamide 12 performance. Over the first six months of the year (including five months inside Arkema), Bostik achieved €89 million EBITDA, up 15% on 1<sup>st</sup> half 2014 and an EBITDA margin close to 11%. This significant increase is the result of the successful implementation of the development strategy and of a positive currency effect. The teams continue to actively implement synergies between the two groups, although their benefit remained limited at this stage.

**EBITDA margin** reached **16.4%**. Excluding the mechanically dilutive effect of the integration of Bostik, it would be close to 20%, significantly up on last year.

### INDUSTRIAL SPECIALTIES

**Sales** reached **€684 million** against €583 million in 2<sup>nd</sup> quarter 2014. The currency effect was favorable at +11.2%. Volumes grew by +2.3%, supported by the ramp-up of the new Thiochemicals plant in Malaysia which offset the slight decline in PMMA volumes. The +2.9% price increase reflects the improvement in the price of certain fluorogases as well as a continuing favorable environment in MMA.

**EBITDA** improved by 50.6% to **€128 million** compared to 2<sup>nd</sup> quarter 2014 (€85 million). The segment's four main product lines reported a good performance. The gradual improvement in the fluorogas results continued thanks to an increase in the price of some gases and the benefit of productivity initiatives. Thiochemicals achieved an excellent performance with a significant contribution of the new Kerteh platform (Malaysia) which benefited from sustained demand in Asia in the animal feed market. This ramp up, a touch faster than initially planned, should continue for the remainder of 2015. PMMA results remained at very good levels.

Thanks to these improvements, the segment's EBITDA margin strongly improved compared to last year, and stood at **18.7%**, driven by the more favorable seasonality of 2<sup>nd</sup> quarter.

### COATING SOLUTIONS

At **€509 million**, **sales** were slightly up on last year (€505 million). The currency effect was favorable at +10.1%, and the acquisition of a stake in Sunke in China resulted in a +3.4% business scope effect. Volumes improved slightly by +0.6%, reflecting an ongoing soft demand in decorative paints and in construction in Europe. These effects offset a 13.3% drop in prices reflecting the acrylics cycle and lower raw material costs.

**EBITDA** was stable at **€61 million**. The positive impact of currencies and the solid performance of downstream activities supported by new developments at Coatex and actions to improve profitability in coating resins compensated lower unit margins in acrylic monomers. In this activity, margins were at low-cycle levels, in the continuity of the 1<sup>st</sup> quarter 2015, and should remain so over 2015. Given current market conditions in Asia, the contribution of Sunke in the quarter was quite limited. This market situation should persist for the remainder of the year.

**EBITDA margin** held up well at **12.0%**.

## KEY FIGURES 1<sup>ST</sup> HALF 2015

<i>(In millions of euros)</i>	<b>1H 2014*</b>	<b>1H 2015</b>	<b>Variation</b>
<b>Sales</b>	<b>3,043</b>	<b>3,977</b>	<b>+30.7%</b>
<b>EBITDA</b>	<b>411</b>	<b>557</b>	<b>+35.5%</b>
<b>EBITDA margin</b>	<b>13.5%</b>	<b>14.0%</b>	
<i>High Performance Materials</i>	<i>18.6%</i>	<i>15.8%</i>	
<i>Industrial Specialties</i>	<i>13.4%</i>	<i>16.9%</i>	
<i>Coating Solutions</i>	<i>12.0%</i>	<i>11.3%</i>	
Recurring operating income	253	341	+34.8%
Non-recurring items	(32)	(82)	n.a.
<b>Adjusted net income</b>	<b>148</b>	<b>177</b>	<b>+19.6%</b>
Net income – Group share	116	175	+50.9%
Adjusted net income per share (in €)**	2.26	2.43	+7.5%

\* 1<sup>st</sup> half 2014 figures have been restated to reflect the new reporting structure presented at the Capital Markets Day held on 29 June 2015 and in accordance with the IFRIC 21 standard "Levies".

\*\* For 1<sup>st</sup> half 2014, the adjusted net income per share was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014.

## CASH FLOW AND NET DEBT AT 30 JUNE 2015

In 2<sup>nd</sup> quarter 2015, Arkema generated **+€105 million free cash flow**<sup>4</sup>, significantly up on 2<sup>nd</sup> quarter 2014 (-€17 million). This included a very limited increase in working capital of €2 million (variation excluding +€44 million non-recurring items which primarily included a €36 million non-cash flow related to the inventory step-up carried out as part of Bostik purchase price allocation). It also includes capital expenditure (excluding capital expenditure related to portfolio management operations) amounting to €86 million.

Excluding -€11 million non-recurring items (corresponding mostly to restructuring charges) and the impact of portfolio management operations, Arkema generated +€116 million recurring cash flow in 2<sup>nd</sup> quarter 2015.

Over 1<sup>st</sup> half 2015, free cash flow stood at +€51 million against -€100 million in 1<sup>st</sup> half 2014.

As regards the Group's capital expenditure (including Bostik), the €450 million guidance for 2015 was made on the basis of a 1.25 euro / US dollar exchange rate for budget purposes. It will require adjusting depending on

<sup>4</sup> Cash flow from operations and investments excluding the impact of portfolio management.

the variation in exchange rate. A 10-cent variation in this rate would result in a variation of close to €15 million in total capital expenditure.

Net debt amounted to €1,773 million against €154 million at 31 December 2014. It was slightly down compared to end March 2015 (€1,888 million). This does not include the payment of the balance due in cash for the dividend to the shareholders who did not exercise the option for the payment in shares. This amount of €47 million will be cashed-out in 3<sup>rd</sup> quarter 2015. Gearing stood at 45.9% at end of June 2015.

## 2015 OUTLOOK

Arkema enters the second half of the year with confidence, while remaining cautious on the future development of the global economic environment. Market conditions should remain volatile and contrasted with different dynamics depending on geographic regions and end-markets. Trends in foreign exchange rates, primarily US dollar versus euro, should remain favorable compared to last year, albeit with a more limited benefit in second half of the year than in the first half. In acrylic monomers, unit margins should remain at low-cycle levels until year-end.

Over 2015, the Group will benefit from the contribution of Bostik over eleven months as well as the ramp-up of its Thiochemicals platform in Malaysia. The contribution from Sunke should remain well below expectations given current market conditions in acrylics in Asia. The Group should continue to benefit from its plan to gradually improve its fluorogas business and from its operational excellence initiatives to offset part of the inflation on fixed costs.

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.

The 2Q 2015 results are detailed in the presentation "Second quarter 2015 results" available on the website: [www.finance.arkema.com](http://www.finance.arkema.com).

The half-year 2015 financial report will be posted to the Company's website in the coming days.

## FINANCIAL CALENDAR

10 November 2015      3<sup>rd</sup> quarter 2015 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 close to 50 countries, some 19,000 employees and research centers in North America, France and Asia, Arkema generates pro forma annual revenue of some €7.5 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 30 June 2015 closed by the Board of Directors of Arkema SA on 30 July 2015.

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 described below. The "Other income and expenses" performance indicator has been modified to incorporate a new category specifically related to the impacts of asset revaluation as part of allocation of the acquisition price for Bostik.

- **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 costs, negative goodwill on acquisitions on favorable terms and the valuation difference on inventories between their fair value at the acquisition date and their production cost,
  - 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),
  - Expenses related to litigation and claims or major damages, whose nature is not directly related to ordinary operations;
  - Depreciation and amortization related to revaluation of identified tangible and intangible assets for the allocation of the acquisition price for Bostik.
- **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 June 2015**



## CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>2<sup>nd</sup> quarter 2015</u> <i>(non audited)</i>	<u>End of June 2015</u> <i>(audited)</i>	<u>2<sup>nd</sup> quarter 2014</u> <i>(non audited)</i>	<u>End of June 2014</u> <i>(audited)</i>
<b>Sales</b>	<b>2 106</b>	<b>3 977</b>	<b>1 520</b>	<b>3 043</b>
Operating expenses	(1 678)	(3 209)	(1 245)	(2 502)
Research and development expenses	(52)	(103)	(39)	(77)
Selling and administrative expenses	(168)	(324)	(106)	(211)
<b>Recurring operating income</b>	<b>208</b>	<b>341</b>	<b>130</b>	<b>253</b>
Other income and expenses	(66)	(82)	(22)	(32)
<b>Operating income</b>	<b>142</b>	<b>259</b>	<b>108</b>	<b>221</b>
Equity in income of affiliates	5	5	-	-
Financial result	(25)	(54)	(16)	(29)
Income taxes	12	(36)	(41)	(75)
<b>Net income*</b>	<b>134</b>	<b>174</b>	<b>51</b>	<b>117</b>
Of which non-controlling interests	1	(1)	1	1
<b>Net income - Group share</b>	<b>133</b>	<b>175</b>	<b>50</b>	<b>116</b>
<i>Earnings per share (amount in euros)**</i>	<i>1,82</i>	<i>2,40</i>	<i>0,77</i>	<i>1,77</i>
<i>Diluted earnings per share (amount in euros)**</i>	<i>1,82</i>	<i>2,39</i>	<i>0,77</i>	<i>1,76</i>
Depreciation and amortization	(112)	(216)	(80)	(158)
<b>EBITDA</b>	<b>320</b>	<b>557</b>	<b>210</b>	<b>411</b>
<b>Adjusted net income</b>	<b>120</b>	<b>177</b>	<b>72</b>	<b>148</b>
<i>Adjusted net income per share (amount in euros)**</i>	<i>1,65</i>	<i>2,43</i>	<i>1,09</i>	<i>2,26</i>
<i>Diluted adjusted net income per share (amount in euros)**</i>	<i>1,64</i>	<i>2,42</i>	<i>1,09</i>	<i>2,24</i>

\* 2014 net income has been restated of the impact of IFRIC 21.

\*\* Elements for the calculation of earnings per share and adjusted earnings per share for first-half 2014 have been restated:

- in application of IFRIC 21 "Leases";

- and to reflect the dilution factor resulting from the capital increase of 15 December 2014 and the dividend distribution approved at the shareholders' general meeting of 2 June 2015



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>2<sup>nd</sup> quarter 2015</u>	<u>End of June 2015</u>	<u>2<sup>nd</sup> quarter 2014</u>	<u>End of June 2014</u>
	<i>(non audited)</i>	<i>(audited)</i>	<i>(non audited)</i>	<i>(audited)</i>
<b>Net income*</b>	<b>134</b>	<b>174</b>	<b>51</b>	<b>117</b>
Hedging adjustments	18	5	4	(3)
Other items	-	1	-	-
Deffered taxes on hedging adjustments and other items	-	1	-	-
Change in translation adjustments	(79)	117	20	12
<b>Other recyclable comprehensive income</b>	<b>(61)</b>	<b>124</b>	<b>24</b>	<b>9</b>
Actuarial gains and losses	41	41	(41)	(41)
Deffered taxes on actuarial gains and losses	(10)	(10)	7	7
<b>Other non-recyclable comprehensive income</b>	<b>31</b>	<b>31</b>	<b>(34)</b>	<b>(34)</b>
<b>Total income and expenses recognized directly in equity</b>	<b>(30)</b>	<b>155</b>	<b>(10)</b>	<b>(25)</b>
<b>Comprehensive income</b>	<b>104</b>	<b>329</b>	<b>41</b>	<b>92</b>
Of which: non-controlling interest	(1)	1	1	1
<b>Comprehensive income - Group share</b>	<b>105</b>	<b>328</b>	<b>40</b>	<b>91</b>

\* 2014 net income has been restated of the impact of IFRIC 21.

## CONSOLIDATED BALANCE SHEET

	<u>30 June 2015</u>	<u>31 December 2014</u>
<i>(In millions of euros)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
Intangible assets, net	2 485	1 094
Property, plant and equipment, net	2 640	2 272
Equity affiliates : investments and loans	23	18
Other investments	31	33
Deferred tax assets	196	76
Other non-current assets	210	190
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5 585</b>	<b>3 683</b>
Inventories	1 193	977
Accounts receivable	1 356	839
Other receivables and prepaid expenses	178	137
Income taxes recoverable	32	27
Other current financial assets	12	2
Cash and cash equivalents	350	1 149
<b>TOTAL CURRENT ASSETS</b>	<b>3 121</b>	<b>3 131</b>
<b>TOTAL ASSETS</b>	<b>8 706</b>	<b>6 814</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	743	728
Paid-in surplus and retained earnings	2 779	2 626
Treasury shares	-	(3)
Translation adjustments	293	178
<b>SHAREHOLDERS' EQUITY - GROUP SHARE</b>	<b>3 815</b>	<b>3 529</b>
Non-controlling interests	46	44
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3 861</b>	<b>3 573</b>
Deferred tax liabilities	327	57
Provisions for pensions and other employee benefits	613	456
Other provisions and non-current liabilities	439	401
Non-current debt	1 889	1 196
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3 268</b>	<b>2 110</b>
Accounts payable	858	704
Other creditors and accrued liabilities	406	274
Income taxes payable	62	33
Other current financial liabilities	17	13
Current debt	234	107
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 577</b>	<b>1 131</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>8 706</b>	<b>6 814</b>

## CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>End of June 2015</u>	<u>End of June 2014</u>
	<i>(audited)</i>	<i>(audited)</i>
<b>Cash flow - operating activities</b>		
Net income*	174	117
Depreciation, amortization and impairment of assets	237	164
Provisions, valuation allowances and deferred taxes	(85)	(38)
(Gains)/losses on sales of assets	(5)	5
Undistributed affiliate equity earnings	(4)	5
Change in working capital*	(67)	(84)
Other changes	4	5
<b>Cash flow from operating activities</b>	<b>254</b>	<b>174</b>
<b>Cash flow - investing activities</b>		
Intangible assets and property, plant, and equipment additions	(151)	(203)
Change in fixed asset payables	(76)	(52)
Acquisitions of operations, net of cash acquired	(1 298)	(1)
Increase in long-term loans	(22)	(30)
<b>Total expenditures</b>	<b>(1 547)</b>	<b>(286)</b>
Proceeds from sale of intangible assets and property, plant and equipment	6	4
Change in fixed asset receivables	-	-
Proceeds from sale of operations, net of cash sold	-	-
Proceeds from sale of unconsolidated investments	-	5
Repayment of long-term loans	10	6
<b>Total divestitures</b>	<b>16</b>	<b>15</b>
<b>Cash flow from investing activities</b>	<b>(1 531)</b>	<b>(271)</b>
<b>Cash flow - financing activities</b>		
Issuance (repayment) of shares and other equity	92	38
Issuance of hybrid bonds	-	-
Purchase of treasury shares	(4)	-
Dividends paid to parent company shareholders	(135)	(117)
Dividends paid to minority shareholders	(2)	(3)
Change in dividends to be paid	47	-
Increase/ decrease in long-term debt	450	(5)
Increase/ decrease in short-term borrowings and bank overdrafts	36	(20)
<b>Cash flow from financing activities</b>	<b>484</b>	<b>(107)</b>
Net increase/(decrease) in cash and cash equivalents	(793)	(204)
Effect of exchange rates and changes in scope	(6)	(4)
Cash and cash equivalents at beginning of period	1 149	377
<b>Cash and cash equivalents at end of period</b>	<b>350</b>	<b>169</b>

\* 2014 net income and change in working capital have been restated of the impact of IFRIC 21.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(audited)

<i>(In millions of euros)</i>	Shares issued						Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Number	Amount			
<b>At January 1, 2015</b>	<b>72 822 695</b>	<b>728</b>	<b>1 093</b>	<b>689</b>	<b>844</b>	<b>178</b>	<b>(55 014)</b>	<b>(3)</b>	<b>3 529</b>	<b>44</b>	<b>3 573</b>
Cash dividend					(135)				(135)	(2)	(137)
Issuance of share capital	1 538 028	15	77						92	-	92
Purchase of treasury shares							(70 641)	(4)	(4)	-	(4)
Grants of treasury shares to employees					(7)		124 538	7	-	-	
Share-based payments					3				3		3
Other					2				2	3	5
<b>Transactions with shareholders</b>	<b>1 538 028</b>	<b>15</b>	<b>77</b>	<b>-</b>	<b>(137)</b>		<b>53 897</b>	<b>3</b>	<b>(42)</b>	<b>1</b>	<b>(41)</b>
Net income					175				175	(1)	174
Total income and expense recognized directly through equity					38	115			153	2	155
<b>Comprehensive income</b>					<b>213</b>	<b>115</b>			<b>328</b>	<b>1</b>	<b>329</b>
<b>At June 30, 2015</b>	<b>74 360 723</b>	<b>743</b>	<b>1 170</b>	<b>689</b>	<b>920</b>	<b>293</b>	<b>(1 117)</b>	<b>-</b>	<b>3 815</b>	<b>46</b>	<b>3 861</b>

## INFORMATION BY BUSINESS SEGMENT

(non audited)

	1 <sup>st</sup> quarter 2015				
<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	742	626	496	7	1 871
Inter segment sales	3	31	16	-	
<b>Total sales</b>	<b>745</b>	<b>657</b>	<b>512</b>	<b>7</b>	
<b>EBITDA</b>	<b>111</b>	<b>93</b>	<b>53</b>	<b>(20)</b>	<b>237</b>
Depreciation and amortization	(35)	(41)	(28)	-	(104)
<b>Recurring operating income</b>	<b>76</b>	<b>52</b>	<b>25</b>	<b>(20)</b>	<b>133</b>
Other income and expenses	(6)	(2)	(7)	(1)	(16)
<b>Operating income</b>	<b>70</b>	<b>50</b>	<b>18</b>	<b>(21)</b>	<b>117</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>23</b>	<b>33</b>	<b>6</b>	<b>2</b>	<b>64</b>
	1 <sup>st</sup> quarter 2014*				
<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	451	571	495	6	1 523
Inter segment sales	3	32	19	-	
<b>Total sales</b>	<b>454</b>	<b>603</b>	<b>514</b>	<b>6</b>	
<b>EBITDA</b>	<b>87</b>	<b>70</b>	<b>59</b>	<b>(15)</b>	<b>201</b>
Depreciation and amortization	(24)	(33)	(21)	-	(78)
<b>Recurring operating income</b>	<b>63</b>	<b>37</b>	<b>38</b>	<b>(15)</b>	<b>123</b>
Other income and expenses	-	(2)	(3)	(5)	(10)
<b>Operating income</b>	<b>63</b>	<b>35</b>	<b>35</b>	<b>(20)</b>	<b>113</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>14</b>	<b>62</b>	<b>13</b>	<b>1</b>	<b>90</b>

\* Restatement of new reporting structure 2015 and of the 2014 net income due to the impact of IFRIC 21.

## INFORMATION BY BUSINESS SEGMENT

(non audited)

2<sup>nd</sup> quarter 2015

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	907	684	509	6	2 106
Inter segment sales	4	33	19	-	
<b>Total sales</b>	<b>911</b>	<b>717</b>	<b>528</b>	<b>6</b>	
<b>EBITDA</b>	<b>149</b>	<b>128</b>	<b>61</b>	<b>(18)</b>	<b>320</b>
Depreciation and amortization	(38)	(44)	(29)	(1)	(112)
<b>Recurring operating income</b>	<b>111</b>	<b>84</b>	<b>32</b>	<b>(19)</b>	<b>208</b>
Other income and expenses	(55)	(6)	(5)	-	(66)
<b>Operating income</b>	<b>56</b>	<b>78</b>	<b>27</b>	<b>(19)</b>	<b>142</b>
Equity in income of affiliates	-	5	-	-	5
<b>Intangible assets and property, plant and equipment additions</b>	<b>27</b>	<b>49</b>	<b>10</b>	<b>1</b>	<b>87</b>

2<sup>nd</sup> quarter 2014\*

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	427	583	505	5	1 520
Inter segment sales	4	29	22	-	
<b>Total sales</b>	<b>431</b>	<b>612</b>	<b>527</b>	<b>5</b>	
<b>EBITDA</b>	<b>76</b>	<b>85</b>	<b>61</b>	<b>(12)</b>	<b>210</b>
Depreciation and amortization	(24)	(33)	(22)	(1)	(80)
<b>Recurring operating income</b>	<b>52</b>	<b>52</b>	<b>39</b>	<b>(13)</b>	<b>130</b>
Other income and expenses	-	(9)	(11)	(2)	(22)
<b>Operating income</b>	<b>52</b>	<b>43</b>	<b>28</b>	<b>(15)</b>	<b>108</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>27</b>	<b>68</b>	<b>18</b>	<b>-</b>	<b>113</b>

\* Restatement of new reporting structure 2015 and of the 2014 net income due to the impact of IFRIC 21.

## INFORMATION BY BUSINESS SEGMENT

(audited)

End of June 2015

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1 649	1 310	1 005	13	3 977
Inter segment sales	7	64	35	-	
<b>Total sales</b>	<b>1 656</b>	<b>1 374</b>	<b>1 040</b>	<b>13</b>	
<b>EBITDA</b>	<b>260</b>	<b>221</b>	<b>114</b>	<b>(38)</b>	<b>557</b>
Depreciation and amortization	(73)	(85)	(57)	(1)	(216)
<b>Recurring operating income</b>	<b>187</b>	<b>136</b>	<b>57</b>	<b>(39)</b>	<b>341</b>
Other income and expenses	(61)	(8)	(12)	(1)	(82)
<b>Operating income</b>	<b>126</b>	<b>128</b>	<b>45</b>	<b>(40)</b>	<b>259</b>
Equity in income of affiliates	-	5	-	-	5
<b>Intangible assets and property, plant and equipment additions</b>	<b>50</b>	<b>82</b>	<b>16</b>	<b>3</b>	<b>151</b>

End of June 2014\*

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	878	1 154	1 000	11	3 043
Inter segment sales	7	61	41	-	
<b>Total sales</b>	<b>885</b>	<b>1 215</b>	<b>1 041</b>	<b>11</b>	
<b>EBITDA</b>	<b>163</b>	<b>155</b>	<b>120</b>	<b>(27)</b>	<b>411</b>
Depreciation and amortization	(48)	(66)	(43)	(1)	(158)
<b>Recurring operating income</b>	<b>115</b>	<b>89</b>	<b>77</b>	<b>(28)</b>	<b>253</b>
Other income and expenses	-	(11)	(14)	(7)	(32)
<b>Operating income</b>	<b>115</b>	<b>78</b>	<b>63</b>	<b>(35)</b>	<b>221</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>41</b>	<b>130</b>	<b>31</b>	<b>1</b>	<b>203</b>

\* Restatement of new reporting structure 2015 and of the 2014 net income due to the impact of IFRIC 21.



**INFORMATION BY BUSINESS SEGMENT**  
**Restated by IFRIC 21 and new reporting structure 2015**

**1st quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total Group
Non-Group sales	451	571	495	6	1 523
Inter segment sales	3	32	19	-	-
<b>Total sales</b>	<b>454</b>	<b>603</b>	<b>514</b>	<b>6</b>	<b>-</b>
<b>EBITDA</b>	<b>87</b>	<b>70</b>	<b>59</b>	<b>(15)</b>	<b>201</b>
Depreciation and amortization	(24)	(33)	(21)	-	(78)
<b>Recurring operating income</b>	<b>63</b>	<b>37</b>	<b>38</b>	<b>(15)</b>	<b>123</b>
Other income and expenses	-	(2)	(3)	(5)	(10)
<b>Operating income</b>	<b>63</b>	<b>35</b>	<b>35</b>	<b>(20)</b>	<b>113</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>14</b>	<b>62</b>	<b>13</b>	<b>1</b>	<b>90</b>

**2nd quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total Group
Non-Group sales	427	583	505	5	1 520
Inter segment sales	4	29	22	-	-
<b>Total sales</b>	<b>431</b>	<b>612</b>	<b>527</b>	<b>5</b>	<b>-</b>
<b>EBITDA</b>	<b>76</b>	<b>85</b>	<b>61</b>	<b>(12)</b>	<b>210</b>
Depreciation and amortization	(24)	(33)	(22)	(1)	(80)
<b>Recurring operating income</b>	<b>52</b>	<b>52</b>	<b>39</b>	<b>(13)</b>	<b>130</b>
Other income and expenses	-	(9)	(11)	(2)	(22)
<b>Operating income</b>	<b>52</b>	<b>43</b>	<b>28</b>	<b>(15)</b>	<b>108</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>27</b>	<b>68</b>	<b>18</b>	<b>-</b>	<b>113</b>

**3rd quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total Group
Non-Group sales	432	552	489	5	1 478
Inter segment sales	2	28	17	-	-
<b>Total sales</b>	<b>434</b>	<b>580</b>	<b>506</b>	<b>5</b>	<b>-</b>
<b>EBITDA</b>	<b>84</b>	<b>82</b>	<b>51</b>	<b>(10)</b>	<b>207</b>
Depreciation and amortization	(25)	(40)	(22)	-	(87)
<b>Recurring operating income</b>	<b>59</b>	<b>42</b>	<b>29</b>	<b>(10)</b>	<b>120</b>
Other income and expenses	(6)	(33)	3	(7)	(43)
<b>Operating income</b>	<b>53</b>	<b>9</b>	<b>32</b>	<b>(17)</b>	<b>77</b>
Equity in income of affiliates	-	-	-	-	-
<b>Intangible assets and property, plant and equipment additions</b>	<b>25</b>	<b>57</b>	<b>24</b>	<b>1</b>	<b>107</b>

**4th quarter 2014**

*(In millions of euros)*

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total Group
Non-Group sales	420	563	441	7	1 431
Inter segment sales	6	24	18	-	-
<b>Total sales</b>	<b>426</b>	<b>587</b>	<b>459</b>	<b>7</b>	<b>-</b>
<b>EBITDA</b>	<b>67</b>	<b>75</b>	<b>32</b>	<b>(8)</b>	<b>166</b>
Depreciation and amortization	(28)	(37)	(26)	(1)	(92)
<b>Recurring operating income</b>	<b>39</b>	<b>38</b>	<b>6</b>	<b>(9)</b>	<b>74</b>
Other income and expenses	(1)	(3)	(2)	(2)	(8)
<b>Operating income</b>	<b>38</b>	<b>35</b>	<b>4</b>	<b>(11)</b>	<b>66</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>46</b>	<b>81</b>	<b>31</b>	<b>2</b>	<b>160</b>

**INFORMATION BY BUSINESS SEGMENT**  
**Restated by IFRIC 21 and new product breakdown 2015**

End of December 2014

(In millions of euros)

	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total Group
Non-Group sales	1 730	2 269	1 930	23	<b>5 952</b>
Inter segment sales	15	113	77	-	
<b>Total sales</b>	<b>1 745</b>	<b>2 382</b>	<b>2 007</b>	<b>23</b>	
<b>EBITDA</b>	<b>314</b>	<b>312</b>	<b>203</b>	<b>(45)</b>	<b>784</b>
Depreciation and amortization	(101)	(143)	(91)	(2)	(337)
<b>Recurring operating income</b>	<b>213</b>	<b>169</b>	<b>112</b>	<b>(47)</b>	<b>447</b>
Other income and expenses	(7)	(47)	(13)	(16)	(83)
<b>Operating income</b>	<b>206</b>	<b>122</b>	<b>99</b>	<b>(63)</b>	<b>364</b>
Equity in income of affiliates	1	-	-	-	1
<b>Intangible assets and property, plant and equipment additions</b>	<b>112</b>	<b>268</b>	<b>86</b>	<b>4</b>	<b>470</b>