



ARKEMA
INNOVATIVE CHEMISTRY

**CAPITAL
MARKETS
DAY 2017**

*Strategy
and long-term ambition*

Thierry Le Hénaff, Chairman and CEO

A strong and committed executive team



Thierry Le Hénaff

Chairman and CEO



Marc Schuller

Industrial Specialties
and Coating Solutions



Vincent Legros

Adhesives



Christophe André

Advanced Materials



Luc Benoit-Cattin

Industry



Thierry Lemonnier

Finance



Bernard Boyer

Strategy



Michel Delaborde

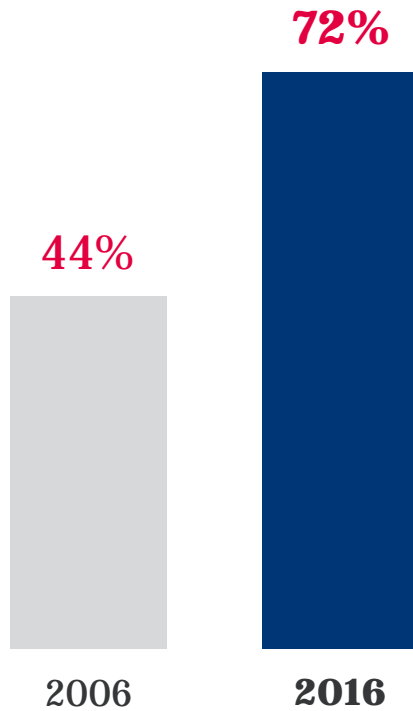
Human Resources
and Communication

Strategy and execution
*have led to **exceptional value creation***
over time

A strong track record...

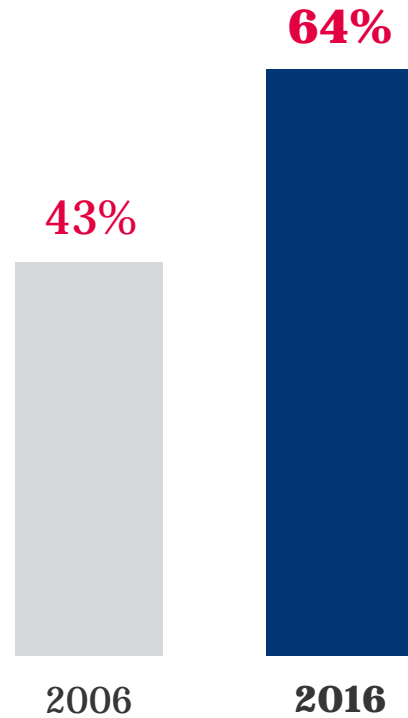
Share of specialties

In % of sales



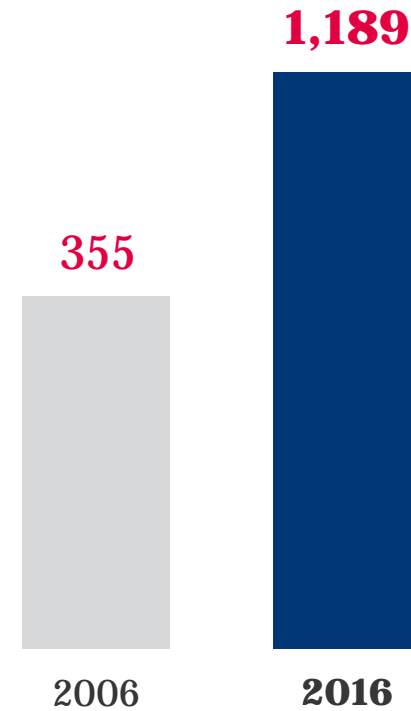
Sales outside Europe

In % of sales



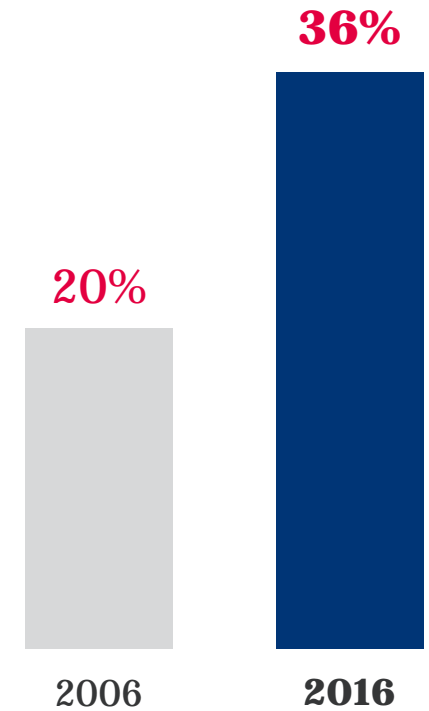
EBITDA

In €m



Free cash flow

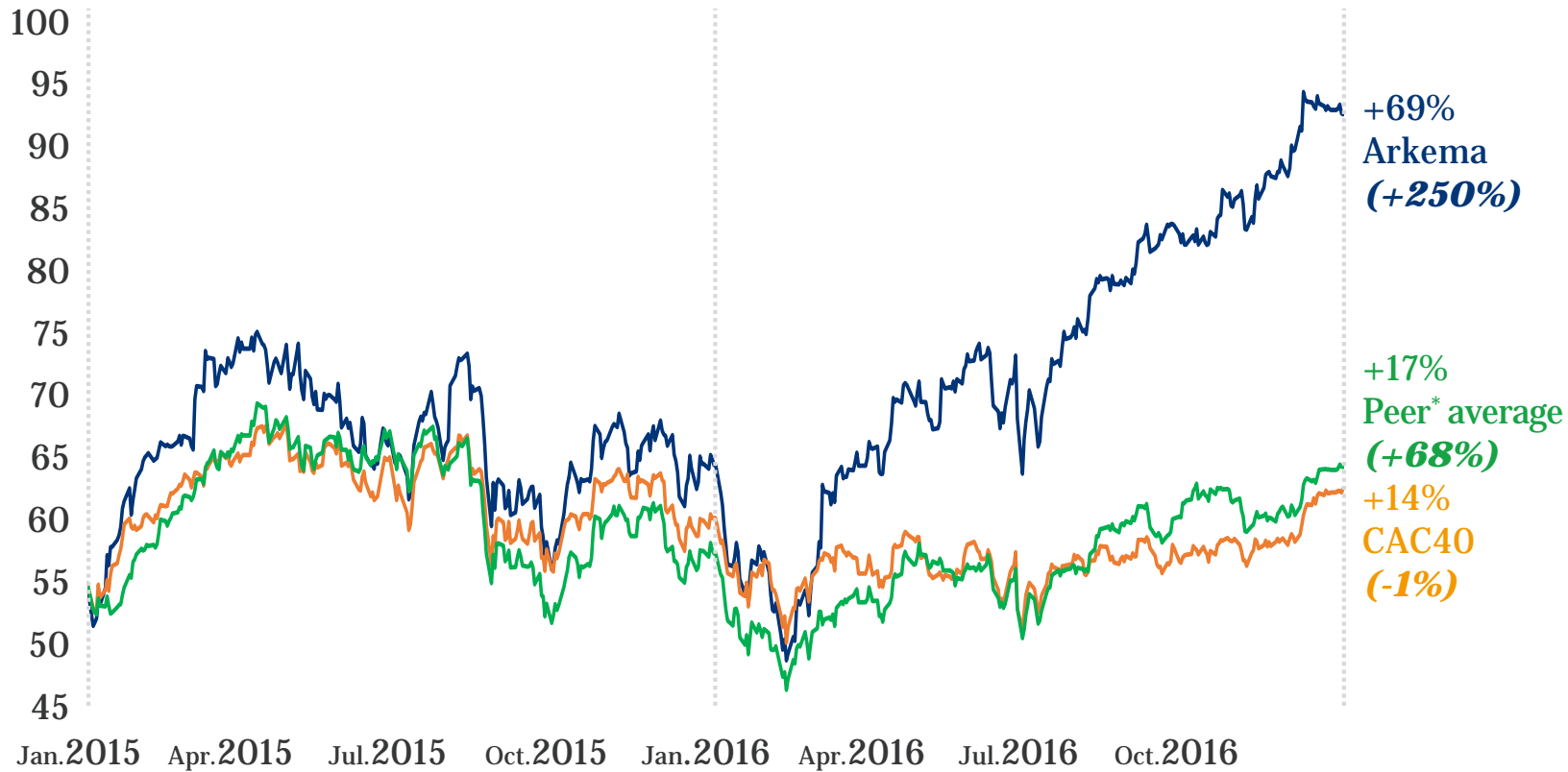
In % of EBITDA



... reflected in the share price evolution

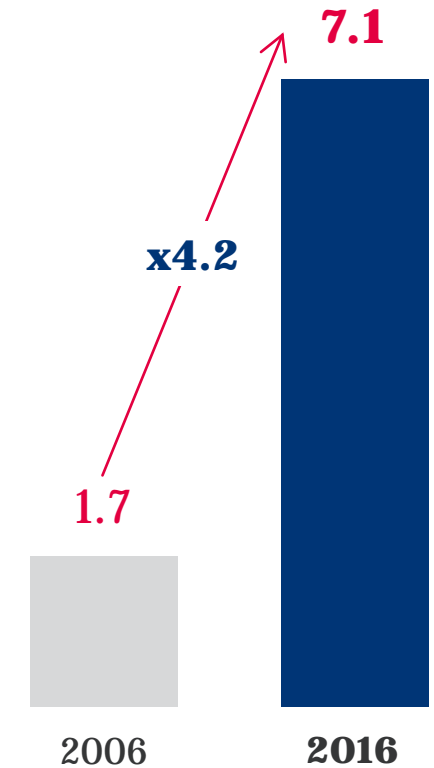
2015-2016 share price evolution

Share price evolution + (10-year performance)



Market capitalization

In €bn



(*) AkzoNobel, BASF, Clariant, DSM, Evonik, Lanxess, Solvay; 10-year performance excludes Evonik

Organic growth

Innovation, partnerships
and geographic expansion

Portfolio management

€3.7 bn sales acquired
€2.2 bn sales divested

Productivity plans

Offset **1/2** to **2/3** of inflation
on fixed costs

Lower capital intensity

5.6% of sales in 2016
versus **8%** at peak

Reduction of working capital

14.5% in 2016
versus **23%** in 2006

Significant achievements since last Capital Markets Day...



New step in the attractive adhesives and sealants market



Development of Bostik and acquisition of Den Braven

Further streamlining of the portfolio



Divestments of activated carbons and filter aids, of oxo-alcohols and of Sunclear

Expansion in PVDF Kynar®



+25% production capacity at Changshu in China

Globalization of the Thiochemicals footprint

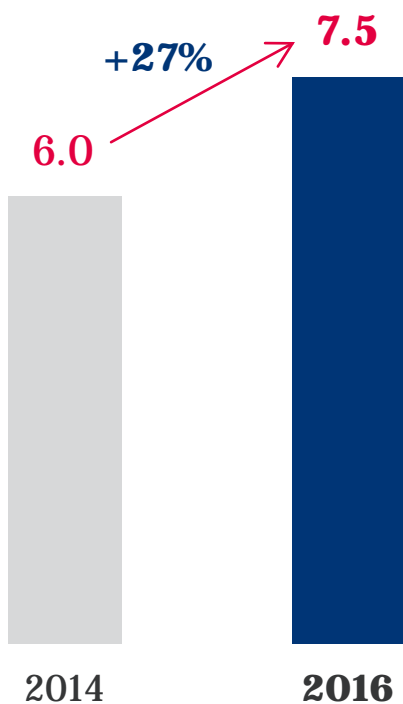


Start and successful ramp-up of the €200 m Thiochemicals complex in Malaysia

... including a significant step-up in financials

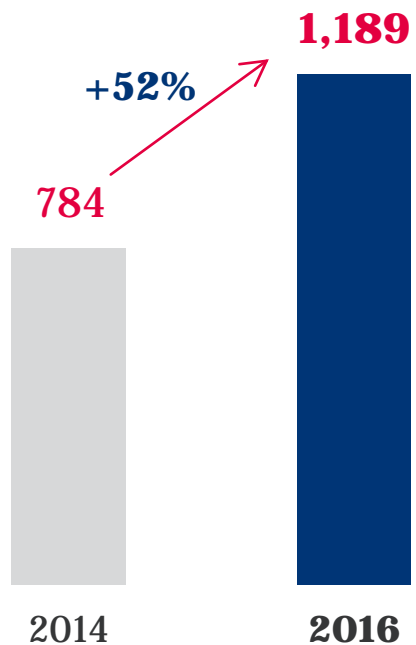
Sales

In €m



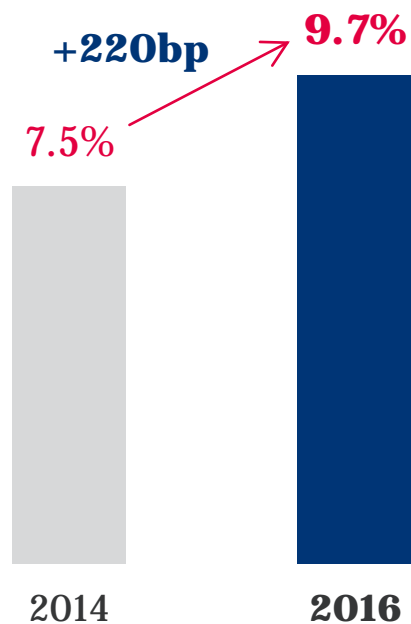
EBITDA

In €m



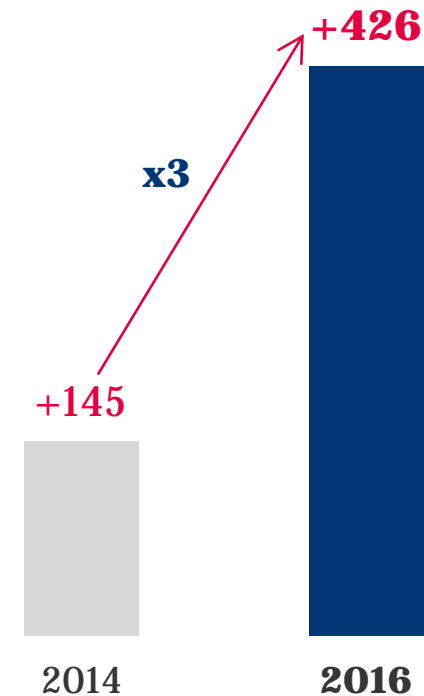
REBIT margin

In %



Free cash flow

In €m



Well on track with short-term (2017) and mid-term (2020) targets

Main drivers 2014-2017

Completely consistent with announced roadmap
1/3 organic growth, 1/3 M&A, 1/3 external environment

- > Significant contribution of innovation in lightweighting, new energies and bio-materials
- > Acquisition and development of Bostik, 1st year of Den Braven
- > New Thiochemicals platform in Malaysia
- > Internal measures and better pricing in fluorogases
- > Gradual recovery of acrylic acid and MMA market at peak conditions
- > First benefits of Honfleur expansion of molecular sieves

Reminder of 2017 objective:
€1.3 bn EBITDA

Main drivers 2017-2020

Intermediate milestone to 2023 long-term ambition

- > Further contribution of innovation in lightweighting, new energies and bio-materials
- > First benefits from new technology platforms in composites and 3D printing, supported by PEKK and Sartomer capex
- > Development of Den Braven including ≥€30 m synergies
- > Further bolt-on acquisitions in adhesives including recently acquired CMP
- > Further expansion in Thiochemicals in Malaysia
- > Full ramp-up of Honfleur expansion of molecular sieves

Reminder of 2020 objectives:
€10 bn sales and EBITDA margin close to 17%

Arkema
today



€7.5 bn sales



19,700 employees



Present in **50 countries**



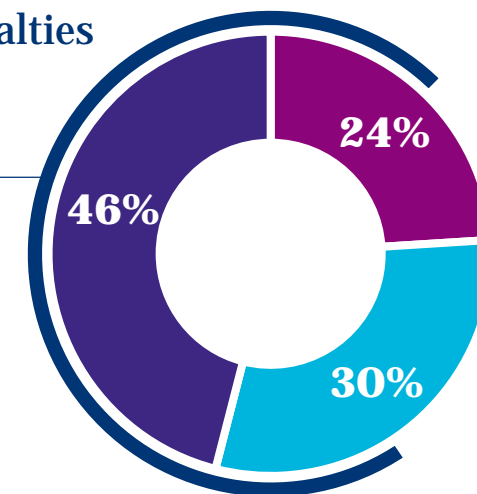
133 industrial sites



€222 m R&D spending

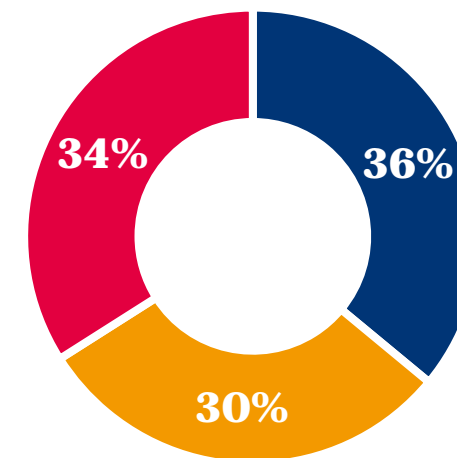
A strong portfolio of businesses

Specialties
72%



- High Performance Materials
25% Advanced Materials
21% Adhesives
- Coating Solutions
- Industrial Specialties

A global and balanced footprint



- Europe
- North America
- Asia and RoW

High Performance Materials



Advanced Materials

Adhesives

High value added niches

Well-known brands

Innovation supported by megatrends

Co-developments with customers

Industrial Specialties



Fluorogases

Upstream of PVDF

PMMA

Engineering plastic

Thiochemicals

H₂O₂

Integrated intermediate chains

Global leading positions

Complex and proprietary manufacturing processes and technologies

World-scale and competitive plants

Coating Solutions



Acrylic Monomers

Upstream of Performance Coatings

Performance Coatings

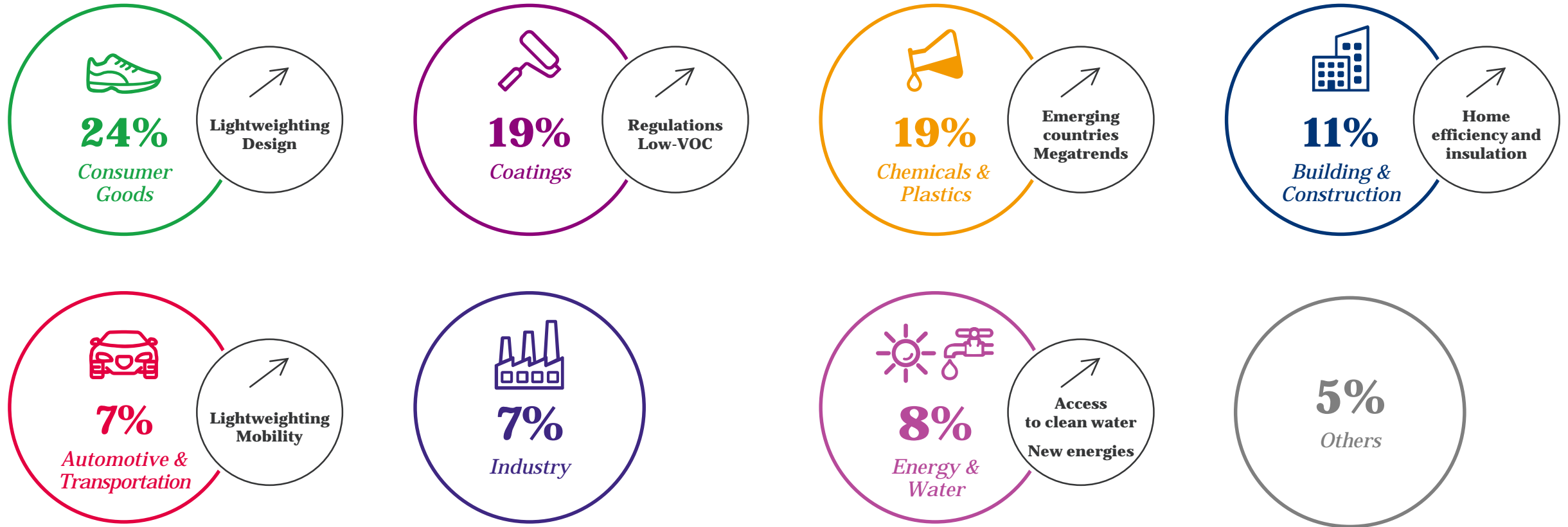
Extensive offering to coating customers

Competitive and global acrylic acid backbone

Eco-friendly solutions

Downstream integration reinforces resilience

2016 sales by end markets



Diversity of end markets offers resilience and growth

Management



Entrepreneurial
and nimble culture

Track record

Execution skills

Customers



Leadership positions
(#1 to #3 worldwide) on 90% of sales

Customer intimacy at all Group levels

Global footprint

Know-how



Broad and proprietary
technology base

Innovation pipeline

Ability to manage complex projects

Superior cash generation and solid balance sheet

Leading positions on all key product lines

Rank

Business Lines

Main peers

#3

Bostik (adhesives and sealants)

Henkel, Sika, H.B. Fuller

#1

Specialty Polyamides

Evonik, Ems-Chemie, Ube

#1

PVDF (fluoropolymers)

Solvay, Kureha

#1

Sartomer (UV curing resins)

Allnex, Miwon

#1

Thiochemicals

Chevron Phillips

#2

MMA / PMMA

Mitsubishi Rayon, Evonik, Sumitomo

#3

Fluorogases

Honeywell, Chemours, Mexichem

#2

Acrylic Monomers

BASF, Dow, Nippon Shokubai

#3

Performance Coatings

BASF, Allnex, Dow

● High Performance Materials

● Industrial Specialties

● Coating Solutions

Acquisitions have delivered true value over time

Created performance coatings value chain



*Coatex / Certain Dow assets in the US
Cray Valley / Sartomer / Sunke*

Entered the attractive adhesives market



*Only 3 years of Bostik
(Den Braven non included)*

€2.9 bn
spent

€480 m
2017e EBITDA

6.0 times
2017e EBITDA

Best-in-class manufacturing footprint



Safety and **environmental** performance



Proprietary technologies



Ability to manage **complex projects**

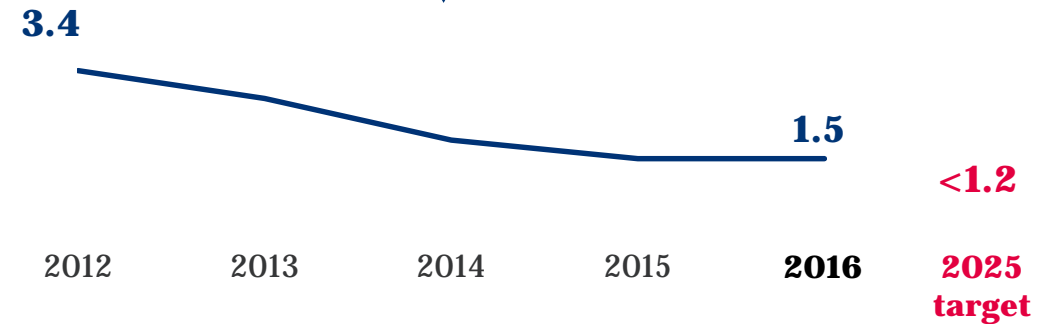


Global competitive footprint

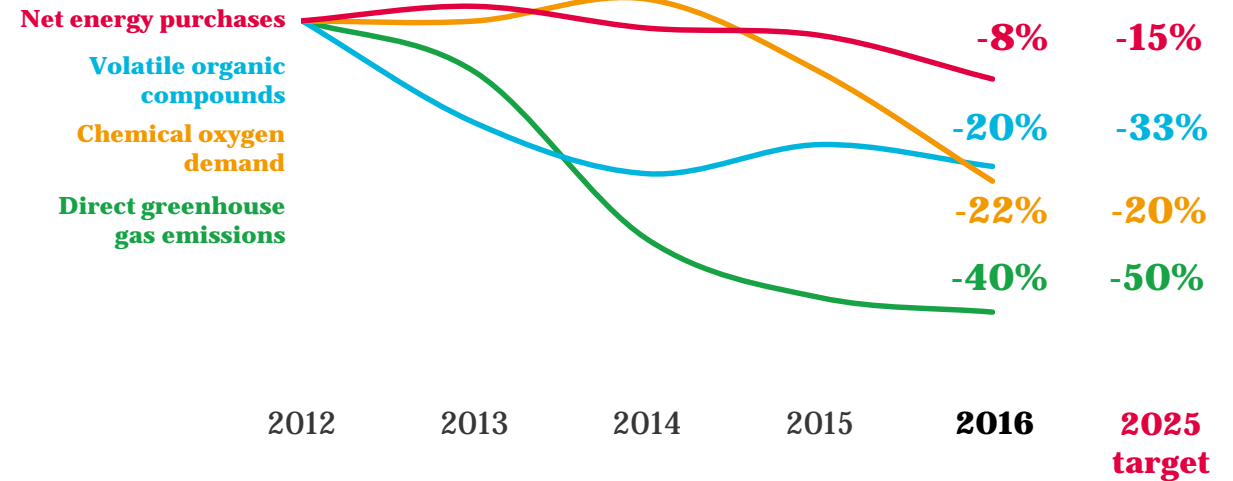


Digitalization

Total recordable injury rate



Emissions



Thiochemicals *Malaysia*

€200 m investment

Greenfield site

At full capacity after 18 months

Partnership with CJ CheilJedang
(South Korea) on bio process



Molecular sieves *France*

€60 m investment

For xylene separation

Quick ramp-up expected

Digital and 3D used to optimize
the design of the plant and address
working and ergonomics conditions



Changshu

China



Largest industrial plant
of Arkema worldwide

\$500 m cumulative
investments with profitability
in line with Group average

State-of-the-art industrial
units and focus on product
differentiation

5 Business Lines represented
1 large R&D centre opened
in 2012



Strong and transparent corporate governance



>94%

*attendance rate
over 2014-2016*



98%

*average approval rate
of last AGM resolutions*



45%

*female
directors*



1

*senior independent director
appointed in 2016*



80%

*independent
members*



Our long-term ambition (2023)

Accelerate
*our journey **toward specialties***



***A global specialty chemical group** strongly focused on adhesives and advanced materials, fostering customers innovation in megatrends and sustainability, and delivering best-in-class financial, operational and CSR performance.*

Long-term financial objectives (2023)



REBIT margin
11.5% to 12.5%



EBITDA to free cash conversion
35%

Under strict financial discipline



ROCE
at least 10%

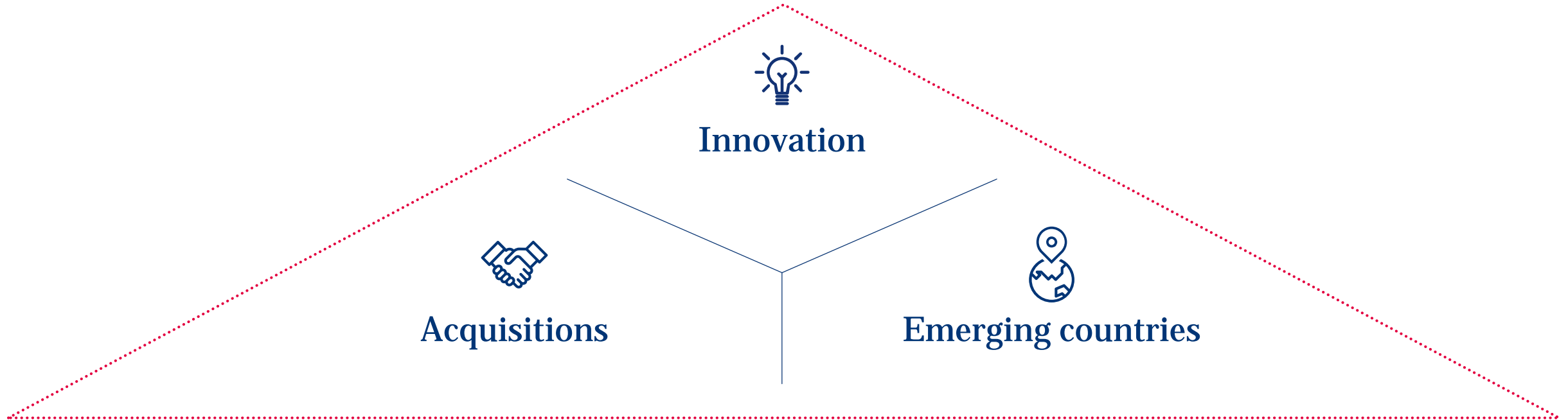


Net debt
<2x EBITDA



Rating
Solid investment grade

Defined in normalized market conditions and under current IFRS rules



Commercial excellence



Operational excellence

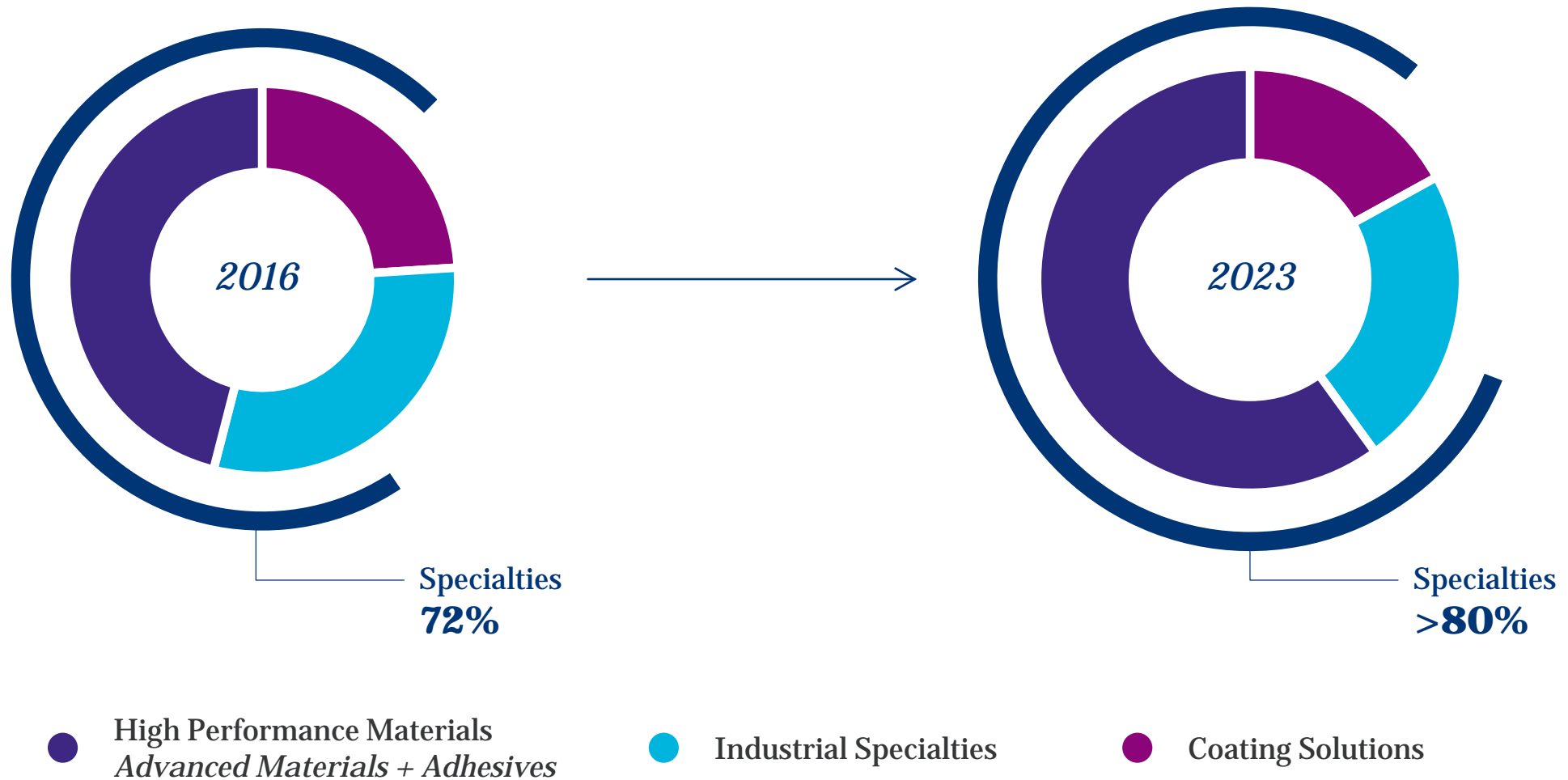


Corporate social responsibility

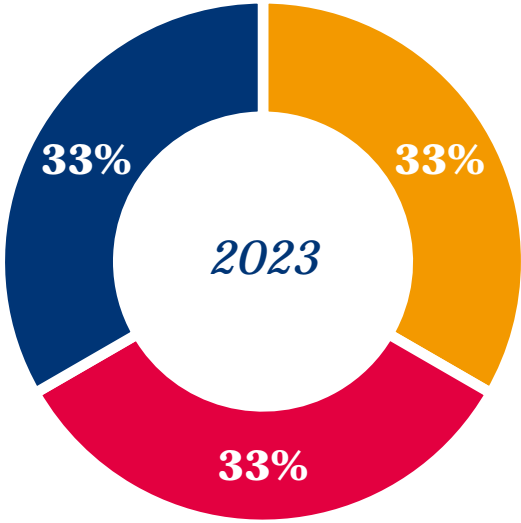
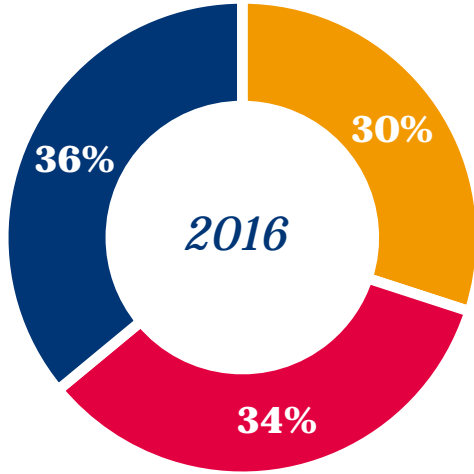


Digitalization

Accelerate growth of Advanced Materials and Adhesives



Reinforce footprint in higher growth countries



● Europe

● North America

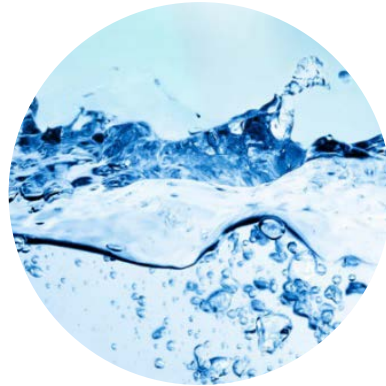
● Asia and RoW



*Lightweight
materials
and design*



New energies



*Water
management*



*Home efficiency
and insulation*



*Bio-based
products*



*Electronics
solutions*

6 R&D and innovation platforms focused on megatrends

Rilsan® HT

For lightweighting



Ground-breaking innovation
for car manufacturers

Bio-based thermoplastic

Withstand high temperatures
and aggressive fluids

Flexible and extrudable

Hydrophilic membranes

For water filtration



Special Kynar® PVDF grade

Better filtration process
(solids, bacteria, viruses)

Improved output

Much longer lifetime

Celacor®

For paints and coatings



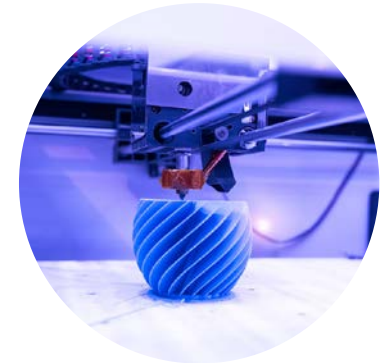
Reduce quantity of TiO₂
used in waterborne paints

Keep the same level
of performance

Enhance gloss
and resistance to dulling

N3xtDimension™

For 3D printing



Full range of solutions
for additive manufacturing
and 3D prototyping

Pioneer in UV curable materials
for 3D printing

Innovation driven by customer
partnerships

3 major growth pillars



Adhesives



Advanced Materials



Thiochemicals

A wave of significant projects supporting our objectives



Adhesives

- > Further organic growth and cost optimization of **Bostik** “legacy”
- > Development of **Den Braven** and **CMP** including implementation of synergies with Bostik
- > Further participate in market consolidation with **bolt-on acquisitions**

★ **Announced today**



Advanced Materials

- > Build and start the **PEKK plant** in **Mobile** (Alabama, USA)
- > Continuously expand our **PVDF capacities** in the 3 regions consistently with our current investment in Changshu (China)
- ★ Expand significantly the bio-based **polyamide 11 chain in Asia (+50% WW)**
- > Leverage the recent expansion of the **molecular sieves plant** at **Honfleur** (France)
- ★ Expand by **30% Sartomer production capacity** in **Nansha** (China)

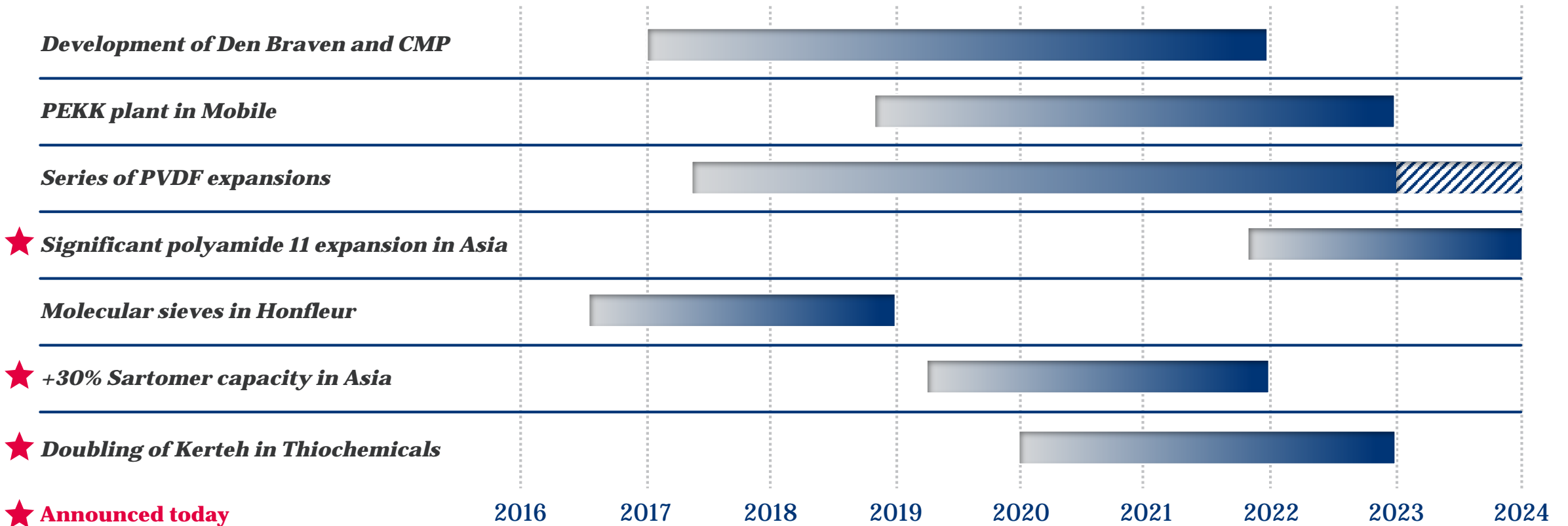


Thiochemicals

- ★ Double site capacity at **Kerteh** (Malaysia)
- > Advanced thoughts underway on a project to double site capacity at **Beaumont**
- > Accelerate development of our **Careflex®** and **Odorflex®** solutions in petrochemicals and refining

Planned calendar of these projects

Start-up Ramp-up



Market

Fragmented market and ongoing **consolidation** by the leaders

Barriers to entry, **resilience** and low capital intensity

Substitution of mechanical fasteners by adhesives

Increasing needs for **home efficiency and insulation**

Arkema / Bostik

Participate in the consolidation of the market

Focused growth in core segments and high value niches

R&D efforts increased by **30%** to foster innovation

Synergies with **Arkema's Advanced Materials**





- > Exceed **1/3** of Group sales
- > **More than double** sales versus 2016
*in completing GDP+ organic growth by
an ambitious bolt-on acquisition program*
- > **12.5% to 13%** REBIT margin
- > Maintain capex level below **3%** of sales

Market

Consolidated market with limited number of players
 Significant opportunities **from megatrends**
Lightweighting, clean water, new energies, 3D printing

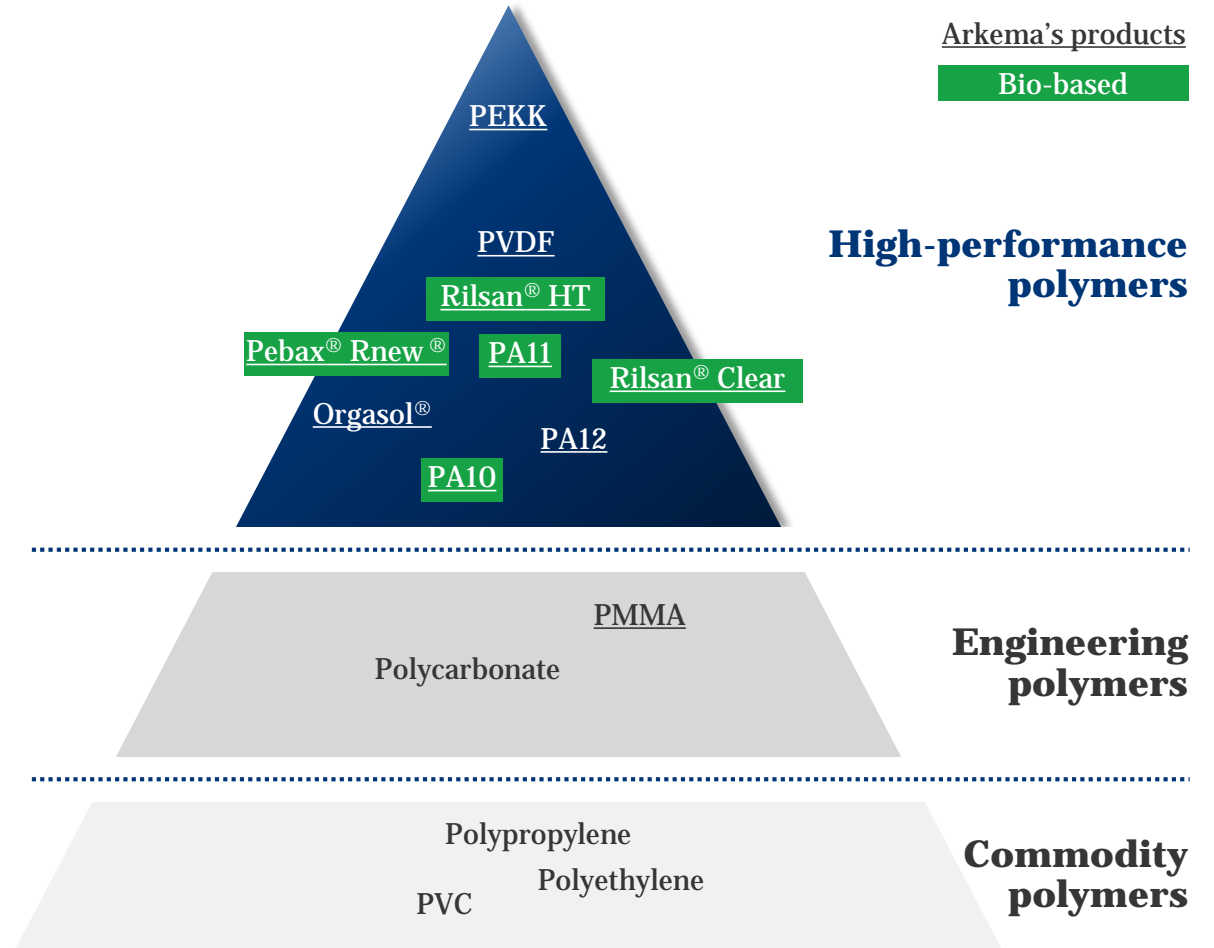
Arkema

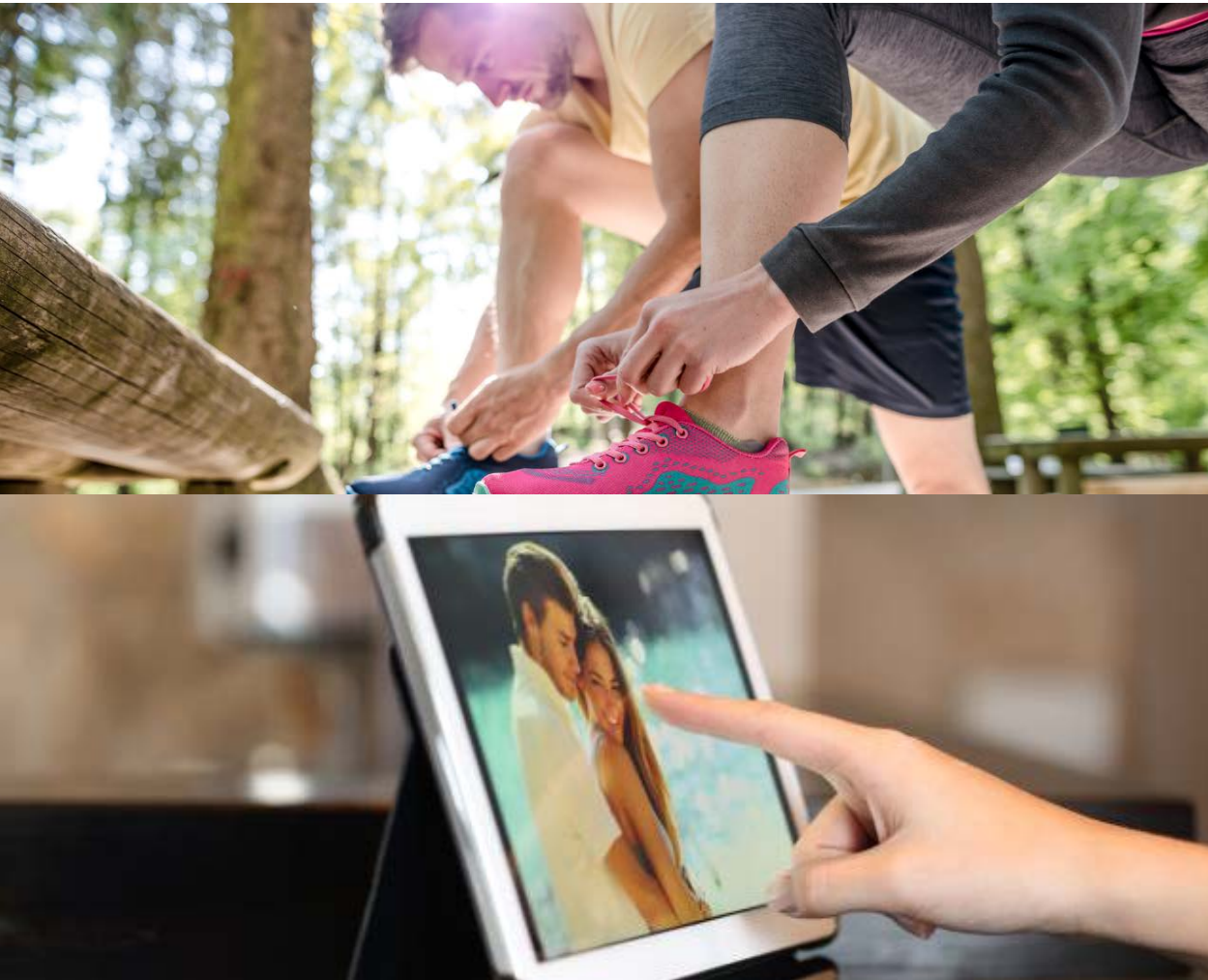
Unique technology-driven portfolio
 supporting high-value applications

Unique **bio-based** positioning
Well recognized brands



Ranking of polymers pricing and performance





- > Exceed **25%** of Group sales
- > **14%** to **15%** REBIT margin
- > Support long-term growth of bio-based polyamide 11 with **~€300 m** exceptional capex in Asia
- > R&D expenses at **4%** of sales, up to 8% in certain applications

Market

H₂S derivatives

Niche market with significant opportunities
in a balanced mix of **fast growing and resilient applications**

Animal nutrition, petrochemicals / refining
Gas odorant, polymers

Emergence of Asia with increasing needs
for innovative solutions

Arkema

Worldwide #1 with global first class manufacturing footprint

Unique technology developed over more than 30 years

Customized solutions combining products and local services

Long-term partnerships with selected industry leaders



Status of current thoughts in Thiochemicals



- > **Balanced contribution** from refining/petrochemicals and animal nutrition
- > Expected average top line growth of **5%/year** over the period
- > **Double REBIT** from 2016 levels (purely organic)

Commercial excellence

Accelerate our long-term growth

**Program to be launched at the
2017 worldwide Senior Management convention**

Key account management

Geographic expansion

End-market expertise

Place our customers at the heart of our digital strategy

Transversal innovation across businesses

Operational excellence

Objective: €30 m to €40 m gain /year

To offset at least 1/2 of inflation on fixed costs



*People quality
and commitment*



*Safety
and environment*



*Manufacturing
excellence*
Competitiveness,
reliability, quality



*“Next Gen” manufacturing
footprint with digitalization*



*Supply chain
streamlining*

Business



Place customers at the heart of the digital strategy

Strengthen knowledge, relationships and intimacy with customers

Upgrade our value proposition to our customers

Increase our global digital visibility and influence

Operations



Move to “Next Gen” manufacturing footprint

Develop the use of immersive tools for construction 3D and 4D modelling and viewing systems

Set up of new automated tasks and processes

Further leverage and streamline our supply chain through digital

Organization



Deeply reinforce internal digital culture, tools and uses

Implement a worldwide talent management system

Further develop collaborative work through dedicated platforms

Improve global data sharing and social media leverage

5 components of our CSR policy



Safety



Environment



Innovation



**Employee
development**



Open dialogue

Ramp-up of our CSR ambition

Continuous progress in long-term safety
and environmental targets

Adding a new dimension to CSR through broader dialogue
with stakeholders: **Materiality Assessment**

Mid-term ambition >

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

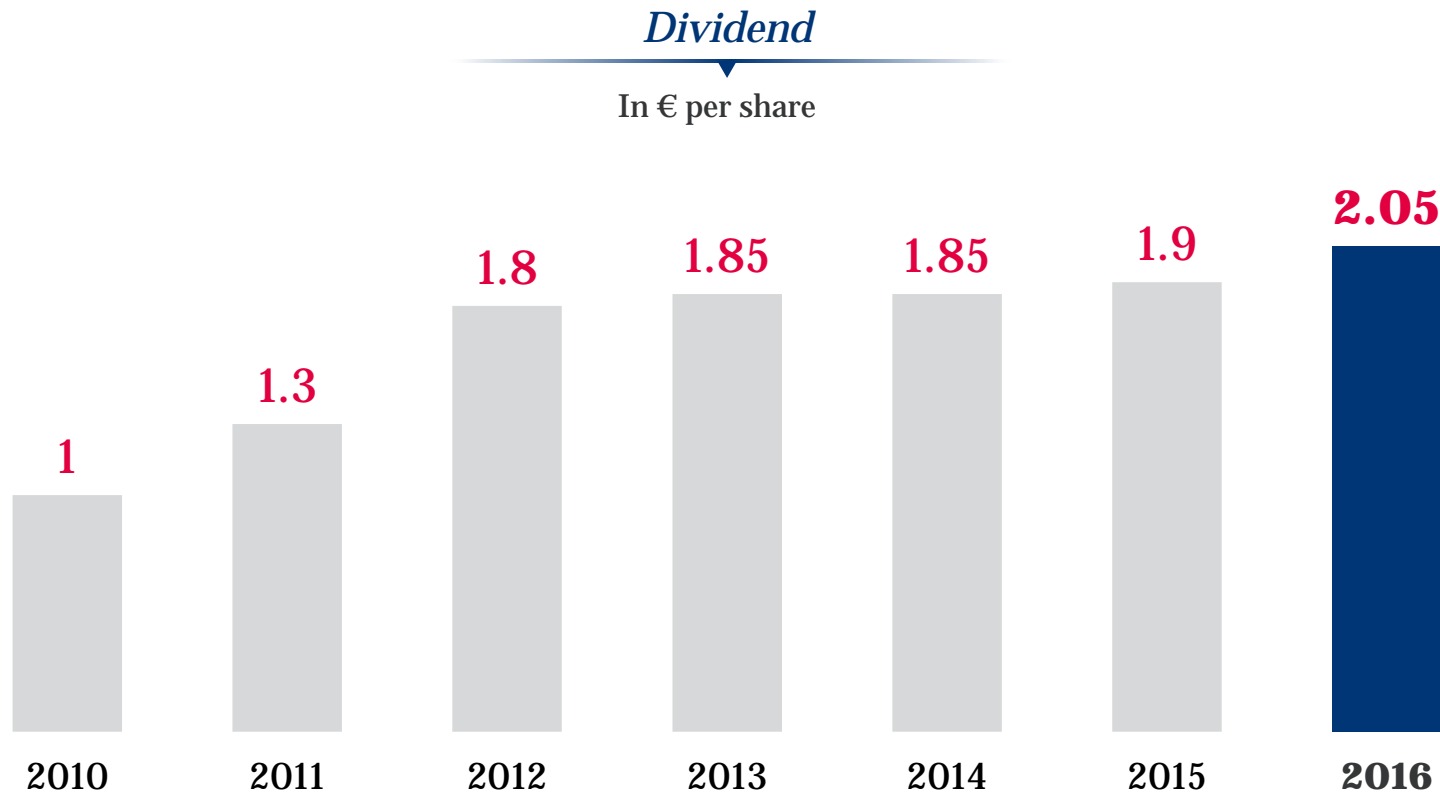
A 360° approach

Face economic, environmental and social challenges

Reduce our environmental footprint

Offer our customers **I3S**
Innovative Sustainable and Smart Solutions





- > Arkema confirms its policy aiming to pay a stable to growing dividend each year
- > The dividend has grown at **13%** per year on average since 2010
- > **37%** payout in 2016

A key element of shareholder return



Accelerate growth in
Advanced Materials and Adhesives



Achieve a **strong**
and **resilient REBIT margin**



Achieve consistently
superior cash generation



Speed-up **innovation**
in **megatrends**



Establish **CSR** and **Digital** as
key catalysts of transformation

Recurring operating income (REBIT): is calculated as the difference between operating income and other income and expenses. It excludes the depreciation and amortization resulting from the revaluation of tangible and intangible assets as part of the allocation of purchase price of acquired businesses.

Other income and expenses: 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 (as defined in the 2016 consolidated financial statements included in chapter 4 of the 2016 Reference Document).

EBITDA: corresponds to recurring operating income increased by the depreciation and amortization not included in other income and expenses.

Adjusted net income: 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,
- unrealized exchange differences on foreign currency financing for investments of an exceptional nature.

Free cash flow: corresponds to cash flow from operations and investments excluding the impact of portfolio management.

Exceptional capex: correspond to exceptional investments which are unusual in size or nature.

EBITDA to free cash conversion: corresponds to the ratio of EBITDA on the free cash flow excluding exceptional capex. Free cash flow will be restated to offset the impact of the raw material environment on changes in working capital.

Return on capital employed: corresponds to the ratio of: $(\text{REBIT} - \text{current income taxes}) / (\text{net debt} + \text{shareholders' equity})$ under current IFRS rules. All other accounting and financial indicators are defined in the 2016 consolidated financial statements included in the 2016 Reference Document.

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 Company's 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 since 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 Glossary and in the chapter 4 of the 2016 Reference Document.