CAPITAL MARKETS DAY 2017

Finance

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Trading update: delivering another very strong quarter in 2Q'17

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- Record 1st quarter 2017
- 2nd quarter 2017 fully in line with expectations
  - High Performance Materials: benefits from Den Braven integration and innovation in Advanced Materials offsetting temporary impact of higher raw materials
  - Industrial Specialties: excellent performance supported by Fluorogases and tight conditions in MMA/PMMA
  - Coating Solutions: gradually improving acrylic monomers more than offsetting impact of turnaround in Clear Lake (US) and temporary effect of input costs on downstream

2015 Capital Markets Day target

Very confident to achieve our €1.3bn EBITDA target for 2017

Delivering targets set at 2015 Capital Markets Day

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	2015 Capital Markets Day targets	Achievements
EBITDA	**€1.3** bn in 2017	Fully on track
Net cash flow	**x3** versus 2014	✓
EBITDA to cash conversion	Increase to **35%** from **25%**	✓
Capex	**~5.5%** of sales	✓
Working capital	**~15%** of sales	✓
Gearing	**~40%**	✓
Net debt to EBITDA	**~1.5x**	✓

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Structural step-up in cash generation

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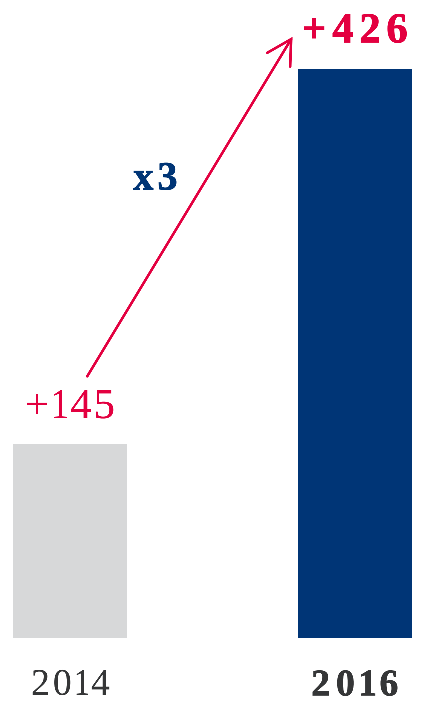
Free cash flow*

In €m



* Free cash flow excluding M&A and exceptional capex
** Working capital on proforma sales. Excluding Den Braven in 2016.

- **EBITDA**
  - *+52% growth over 2 years in line with the roadmap defined at the 2015 Capital Markets Day*
- **Disciplined capex approach**
  - *Recurring capex at 5.6% of sales*
- **Strict working capital management**
  - *Working capital at 14.5%** of Group sales down from 16.1% in 2014*

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Cash allocation over the 2015 - 2016 period

***€0.8 bn** capex*

***€0.9 bn free cash flow** generated over 2015-2016*

M&A	*Dividend*
€2 bn	***€0.3 bn***
Bostik and Den Braven acquisitions Sunclear and the activated carbon and filter aid business divestments	From €1.9 per share in 2015 to €2.05 in 2016

***€1.5 bn net debt** representing 1.2x 2016 EBITDA*

Continue to consistently deliver superior cash generation over the long-term

EBITDA to free cash conversion

35%

	Mid/long-term assumptions
Recurring capex	*~**5.5%** of sales*
Working capital	***~14%** of sales*
Taxes	*Progressively decreasing from **30%** to **28%** of REBIT*

Maintain disciplined capital allocation policy

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Organic growth	*M&A*	*Dividend*
Support development of main growth pillars	***Reinforce current portfolio***	***A key element of shareholder return policy***
Targeted capex	Bolt-on acquisitions with significant synergies and divestments of small non-core businesses	Stable to growing dividend every year

*With net debt to EBITDA **< 2x***

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Maintain capex discipline while expanding main growth pillars

Cumulative capex over 2017 to 2023

- **Recurring capex at ~5.5% of Group sales**
  - 55% maintenance
  - 45% growth and productivity
    - PEKK in the US
    - Sartomer in China
    - Acrylics in the US
- **2 announced exceptional capex**
  - New polyamide 11 integrated platform in Asia
    €300m over next five years
  - Expansion of thiochemicals platform in Malaysia over 2017 to 2019 period
- **On growth projects, IRR hurdle rate ≥ 15% after taxes and systematic "post-mortem analysis"**

A strict acquisition policy

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Well-identified priorities…

- **Small to mid-size bolt-on acquisitions**
- **3 focus areas**
  - Adhesives (in priority)
  - Advanced materials
  - Acrylic downstream
- **Strategic fit**
  - Expand market share
  - Increase resilience

… with stringent criteria

- **EPS and cash accretive in year 1 or year 2**
- **EV/EBITDA multiple after synergies below Arkema's multiple after 4 to 5 years**
- **Maintain investment grade rating**

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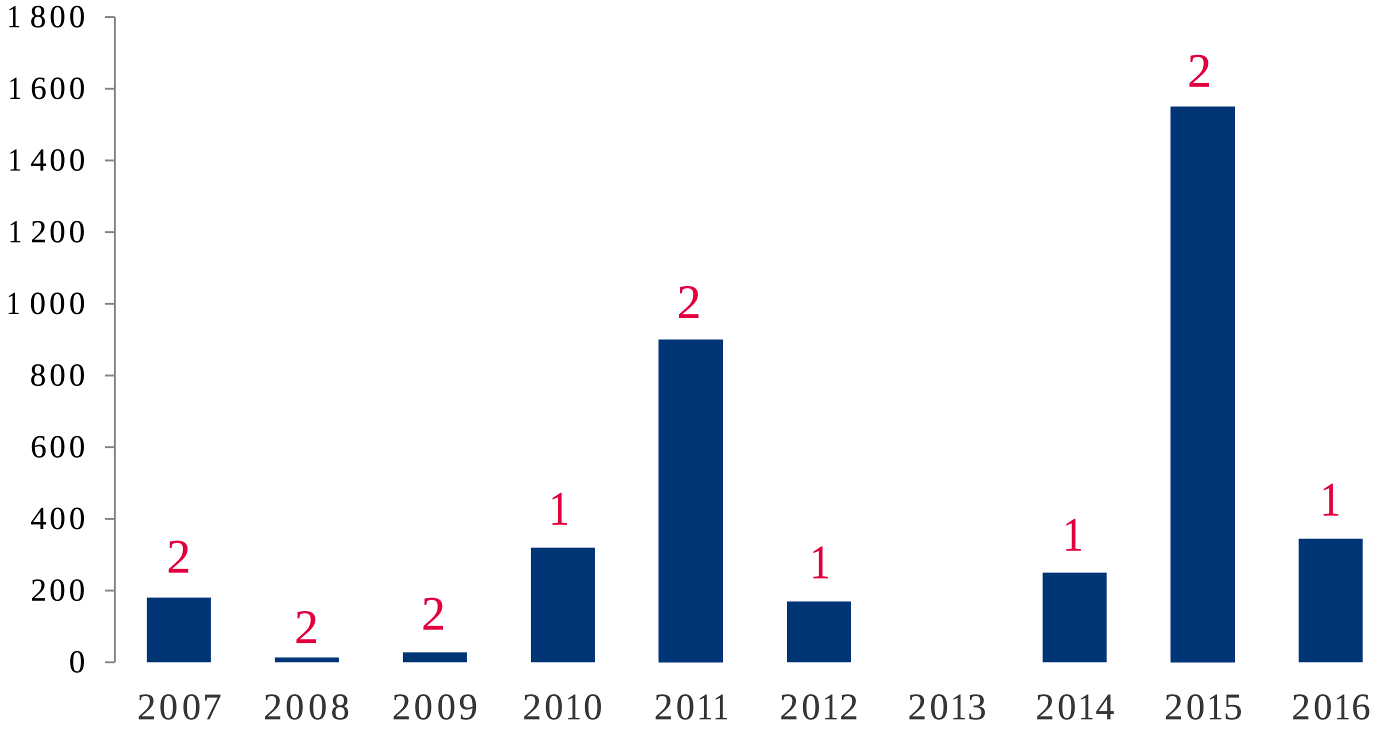
Successful and regular M&A activity

***€3.7 bn** sales acquired since spin-off*

Total sales acquired (in €m)
Number of acquisitions



- Regular acquisition stream
- Proven ability to acquire and integrate small to important acquisitions
- Since spin-off, acquisitions focused on 2 main priorities
  - Enter and expand in the adhesives market with €1.9 bn sales acquired
  - Create a performance coatings value chain with €1.6 bn sales acquired

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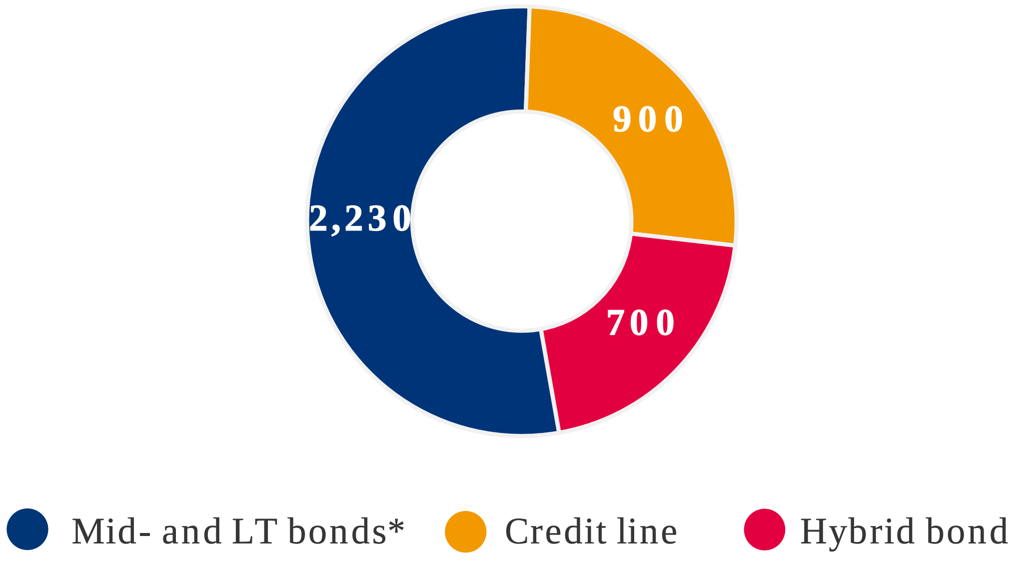
A strong and balanced debt structure

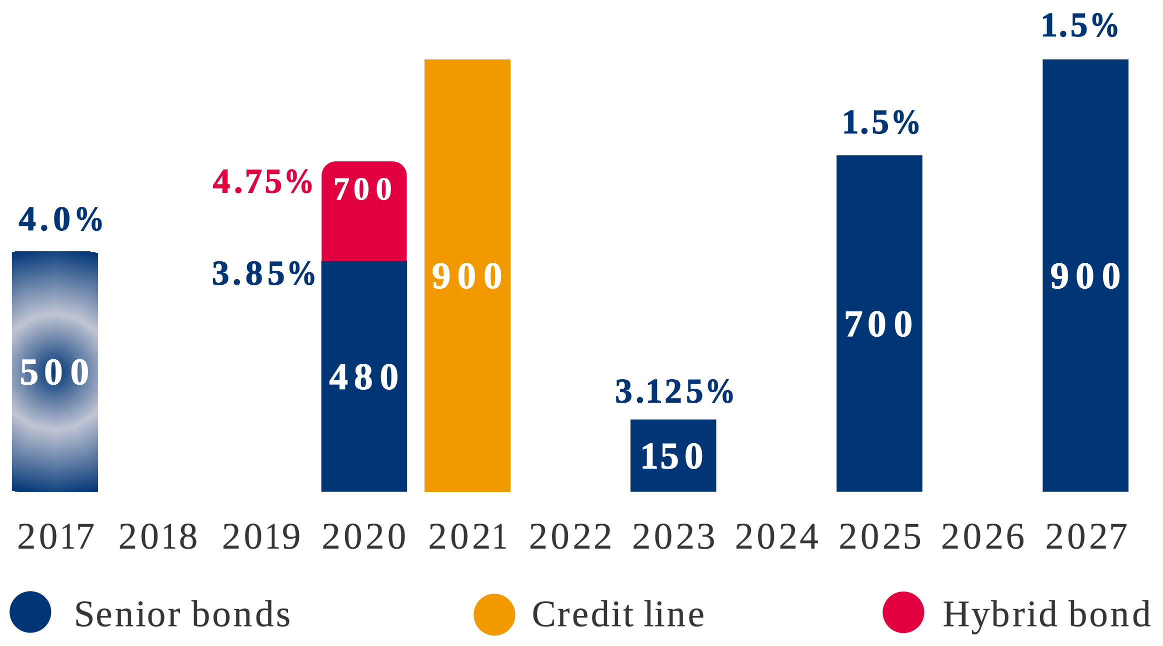
€3.8 bn *of financial resources*

In €m



€2.6 bn *of financial resources with maturity beyond 3 years*

In €m



€900m bond issued in 2Q'17 at **1.50% / year**

Cash cost of senior bonds **€47 m** (versus **€54 m** previously)

Cash cost of hybrid bond **€33 m**

* Excluding €500 m bond maturing in October 2017

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Financial policy principles

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Financial principles	Achievements
Maintain solid investment grade rating	Ratings revised upwards in November 2016 Standard & Poor's: BBB (stable outlook) Moody's: Baa2 (stable outlook)
Maintain permanent liquidity reserves in excess of €500 m to cover seasonality of business	**€1.6 bn** current liquidity reserves
Maintain average maturity at over three years	Average maturity of **6 years**
Diversify sources of financing	Combination of senior bonds (58%), hybrid bonds (18%) and credit line (24%)

Committed to maintain solid investment grade rating

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A return on capital employed above 10% over the long term

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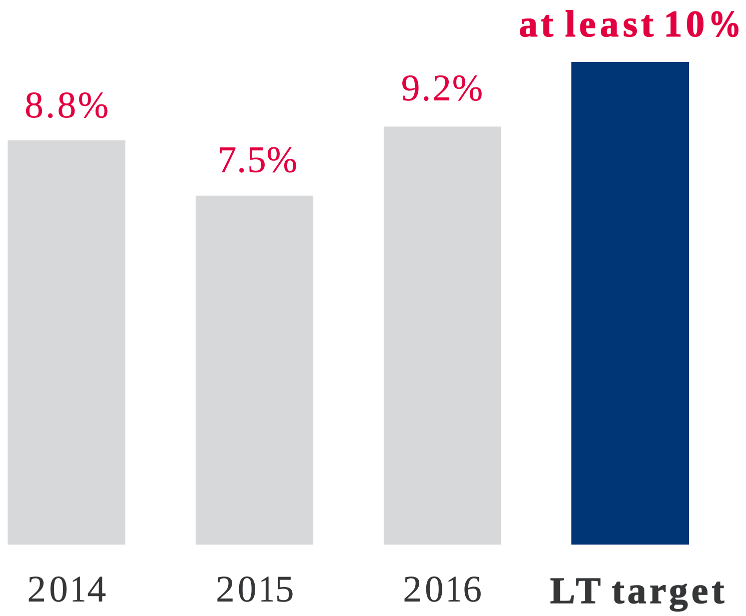
*Return on capital employed**

$$\frac{REBIT\ - current\ income\ taxes}{Net\ debt + shareholders'\ equity}$$



- **Significant premium on WACC (currently at ~7.5%)**
- **Reflecting the Group's strong discipline in its capex and acquisition policies**

* Under current IFRS rules

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Key take-aways

Permanent focus on
cash generation

Disciplined cash allocation:
dividend, capex, M&A

Strict financial discipline:
maintain solid investment grade rating
ROCE of at least 10%

Glossary

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: (REBIT – current income taxes) / (net debt + 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.

Disclaimer

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.