



# 2018 SHAREHOLDERS' GENERAL MEETING

18 MAY 2018

PALAIS BRONGNIART, PARIS - FRANCE

**ARKEMA**  
INNOVATIVE CHEMISTRY



**2014-2017**  
**AHEAD OF OUR TARGETS**

**ARKEMA**  
INNOVATIVE CHEMISTRY

# ARKEMA TODAY



**€8.3<sub>bn</sub>**  
sales



**19,800**  
employees



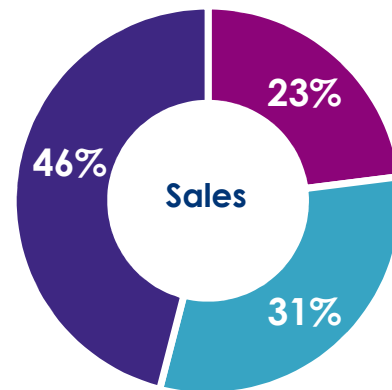
**55**  
countries



**136**  
industrial sites



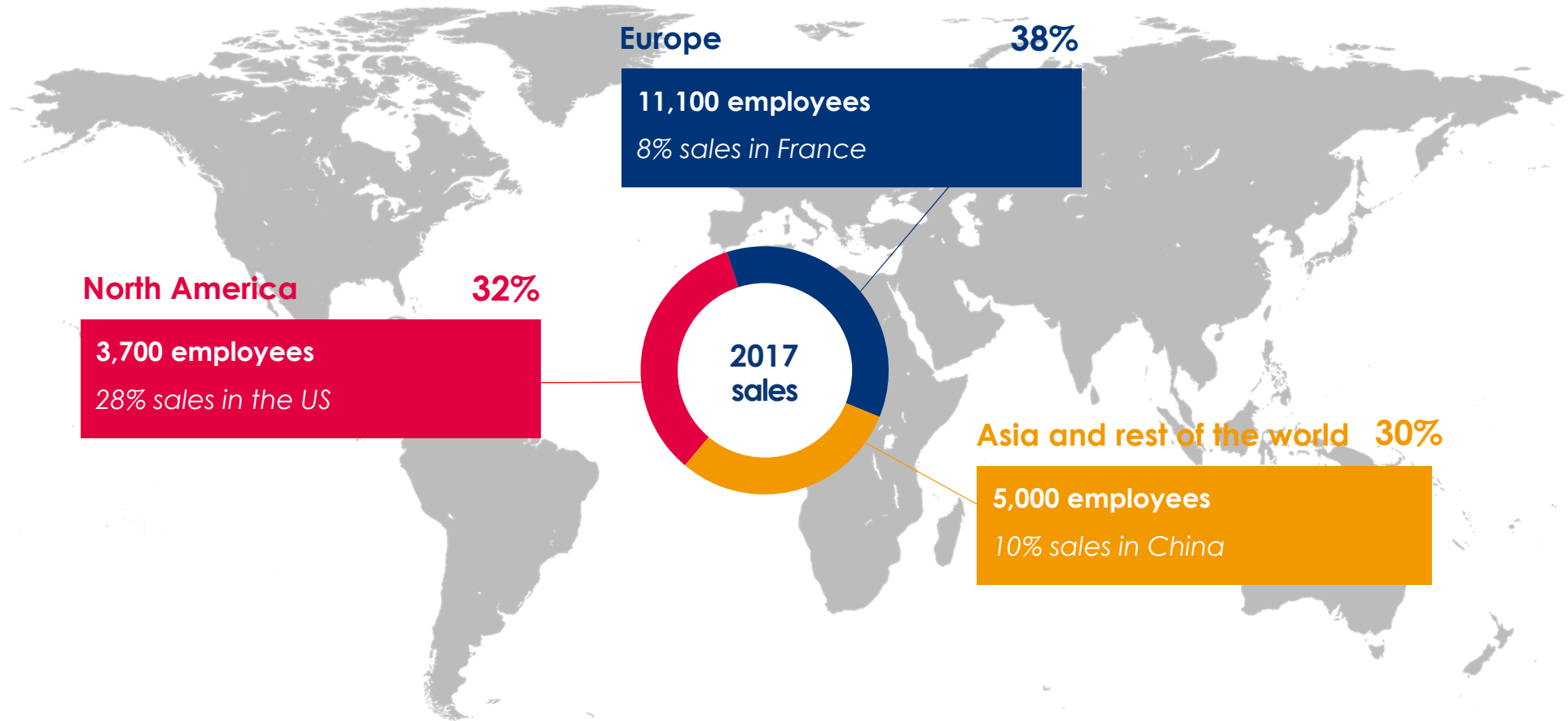
**€235<sub>m</sub>**  
R&D expenses



- High Performance Materials  
*22% Advanced materials*  
*24% Bostik*
- Coating Solutions
- Industrial Specialties

2017 figures

# A BALANCED GEOGRAPHIC FOOTPRINT



# MARKETS AND CUSTOMERS ARE AT THE HEART OF THE COMPANY



## 6 RESEARCH AND INNOVATION PLATFORMS



**New  
energies**



**Bio-based  
products**



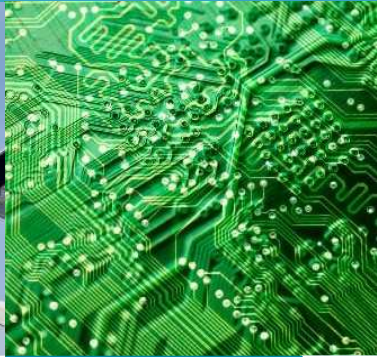
**Water  
management**



**Home  
efficiency and  
insulation**

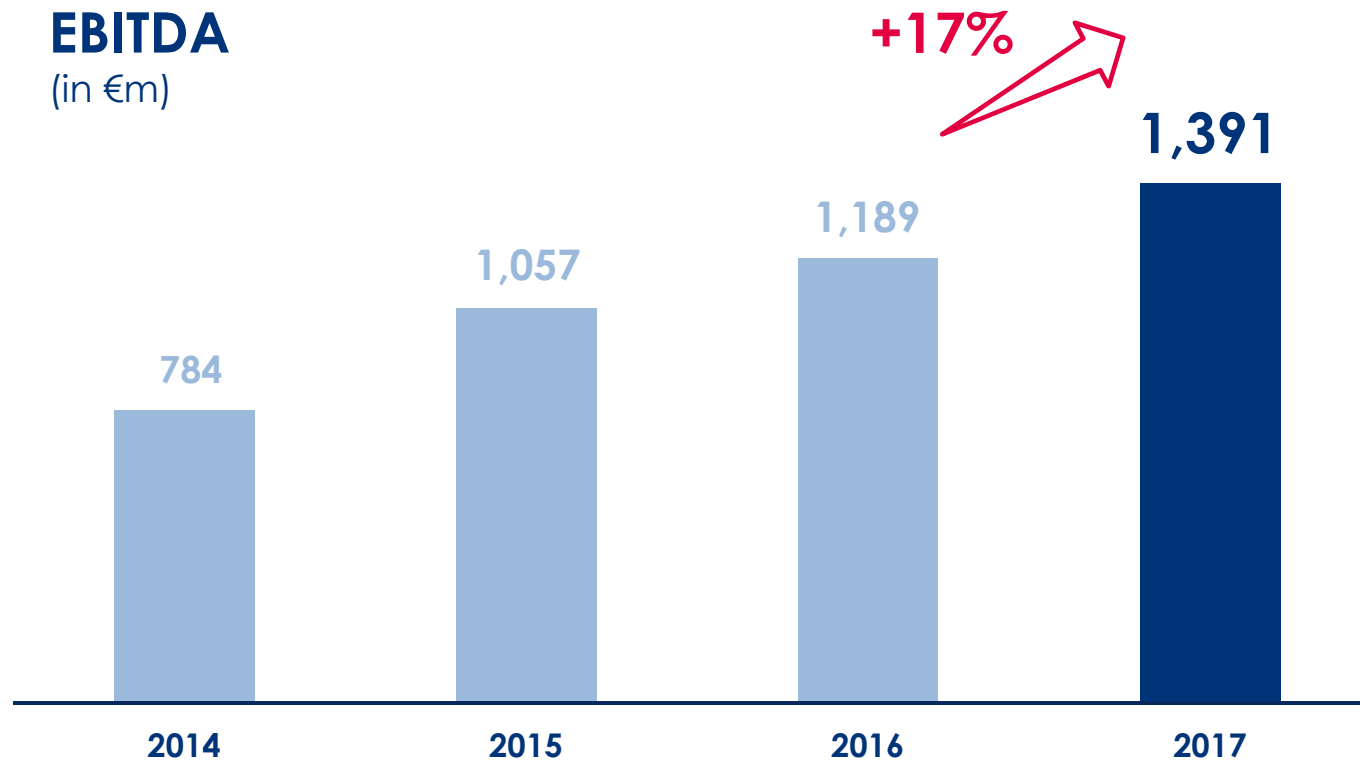


**Lightweight  
materials and  
design**



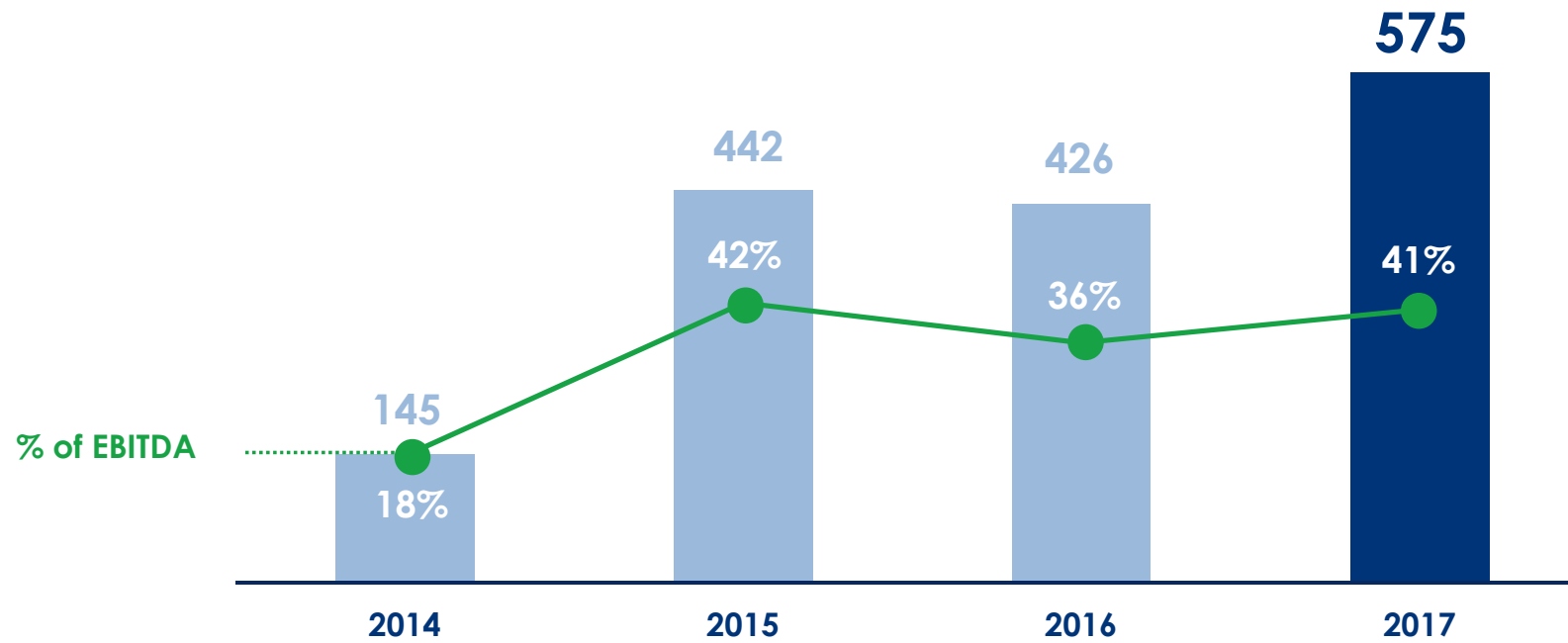
**Electronics  
solutions**

## A VERY STRONG AND STEADY GROWTH



# BEST-IN-CLASS CASH CONVERSION

## Net cash flow<sup>(1)</sup> (in €m)



(1) Cash flow from operations and investments excluding the impact of portfolio management and exceptional investments

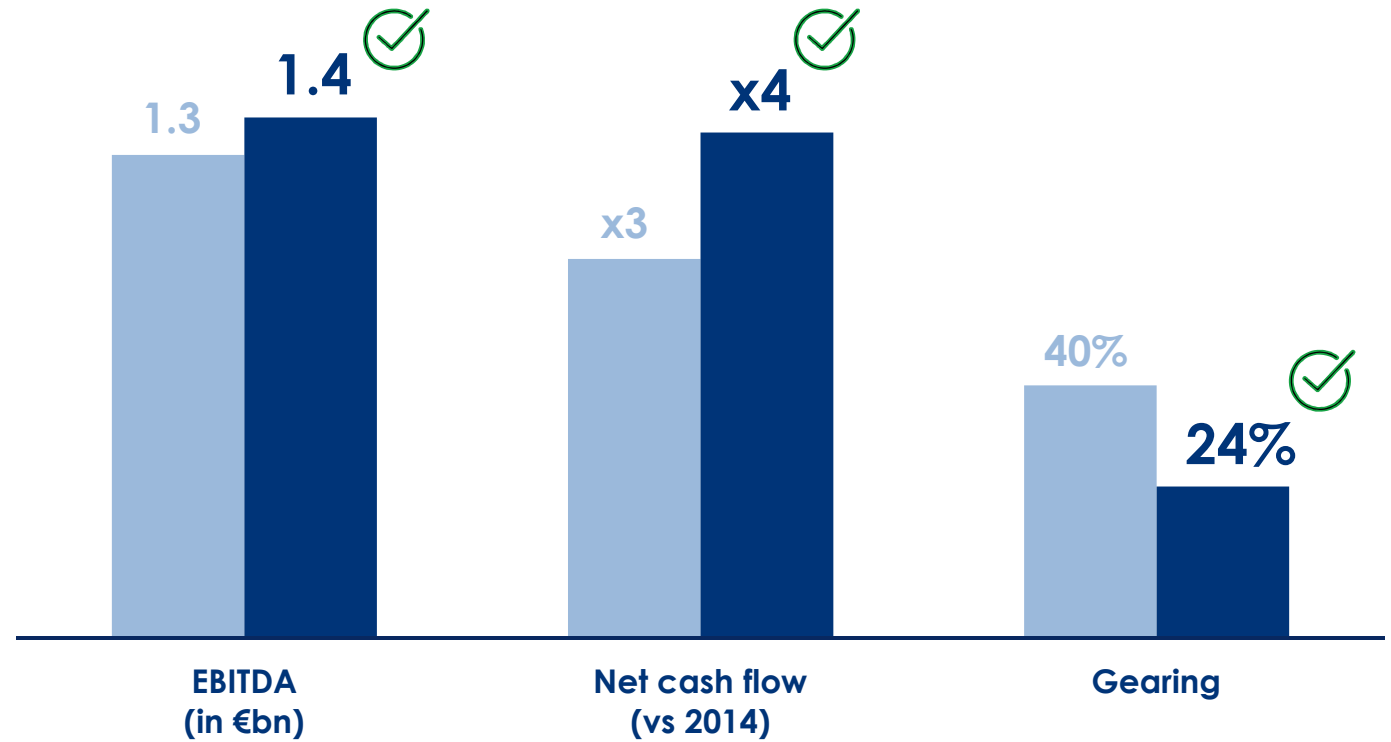


# AHEAD OF OUR FINANCIAL TARGETS

## 2017 TARGETS

SET AT OUR  
2015 CAPITAL MARKETS DAY

## ACHIEVED IN 2017



# CASH ALLOCATION

**€2.7BN** FREE CASH BEFORE CAPEX GENERATED OVER 2015-2017



**€1.1BN** NET DEBT AT 31/12/2017 REPRESENTING **0.8x** 2017 EBITDA

# BOSTIK FULLY ON TRACK 3 YEARS LATER



DIAPERS



PACKAGING



AUTOMOTIVE



CONSTRUCTION

- ❖ ACQUIRED IN 2015 FOR €1.7 BN
- ❖ +53% EBITDA IN 3 YEARS (~+30 % ORGANIC)
- ❖ 7 NEW PRODUCTION UNITS
- ❖ 3 BOLT-ON ACQUISITIONS
  - Den Braven
  - CMP
  - XL Brands
- ❖ MORE THAN 600 NEW PRODUCTS



# MAJOR ACHIEVEMENTS IN ADVANCED MATERIALS

## NEW UNITS



**MOLECULAR SIEVES**  
Honfleur / France

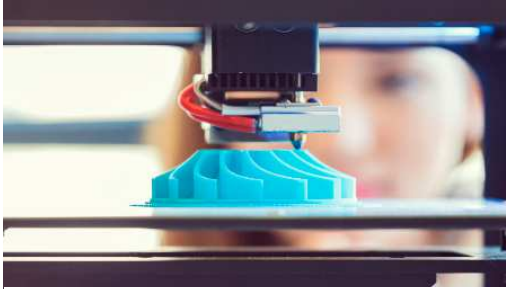


**PVDF Kynar®**  
Changshu / China

## INNOVATION



**BATTERIES**



**3D PRINTING**



**COMPOSITES**



**LIGHTWEIGHT**

# SUCCESS OF OUR THIOCHEMICALS PLATFORM IN ASIA



**STARTED IN 2015, €200M INVESTMENTS**

**MAIN  
MARKETS**



**REFINING / PETROCHEMICALS**



**ANIMAL NUTRITION**

# A STRONG PROGRESSION OF OUR INTERMEDIATE CHEMICAL BUSINESSES

## ACRYLICS



**Competitiveness actions in the US  
Acquisition in China**

## FLUOROGASES



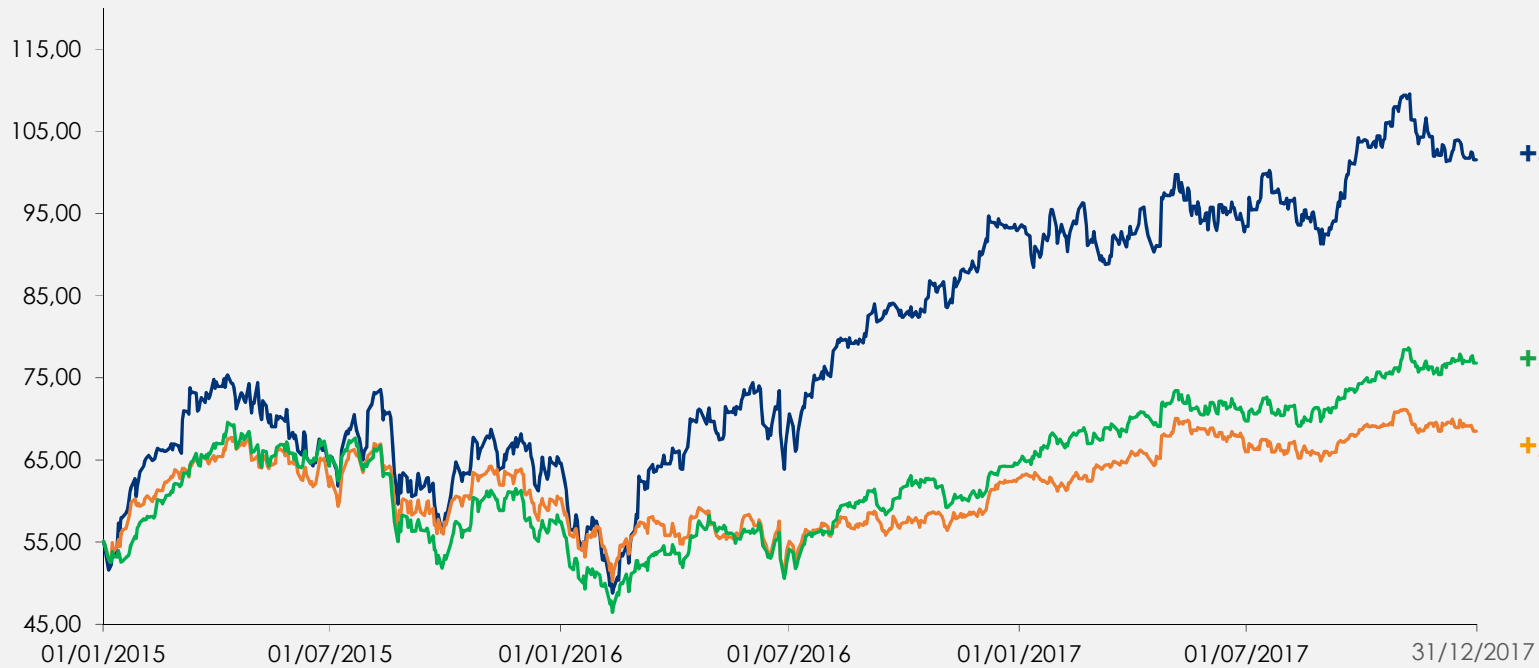
**A global position benefitting  
from regulatory changes**

## MMA/PMMA



**Regular growth  
Favorable market conditions**

# A STRONG VALUE CREATION OVER THE PERIOD



Performance since 1 January 2018

- +84%** ■ **Arkema** +8%
- +39%** ■ **Peer average<sup>(1)</sup>** 0%
- +24%** ■ **CAC 40** +4%

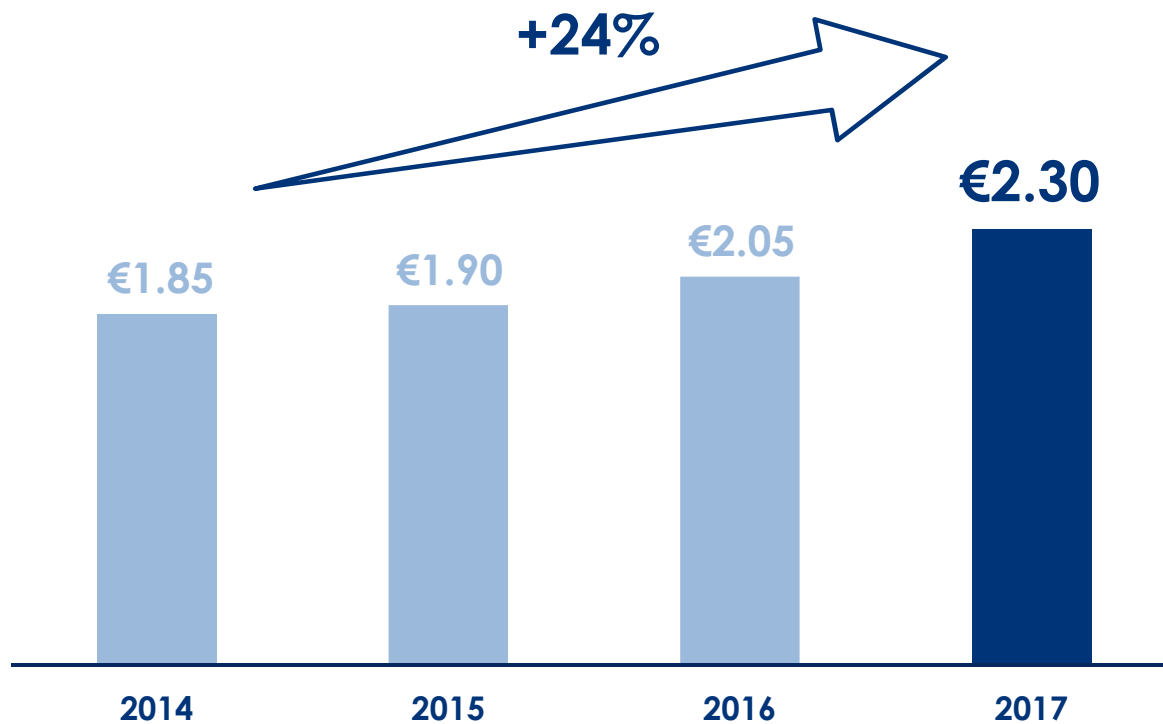
**Market capitalization at spin-off (2006): €1.7bn**

**Today: €8.3bn**

**~ x5**

(1) AkzoNobel, BASF, Clariant, DSM, Evonik, Lanxess, Solvay

## DIVIDEND, A KEY ELEMENT OF RETURN TO SHAREHOLDERS



### Dividend yield

based on 31/12/2017 share price

**2.3%**

### Payout ratio

as a % of adjusted earnings per share

**~30%**





# 2017 HIGHLIGHTS

**ARKEMA**  
INNOVATIVE CHEMISTRY

# BOLT-ON ACQUISITIONS IN ADHESIVES



**XL Brands**  
January 2018



**CMP**  
May 2017

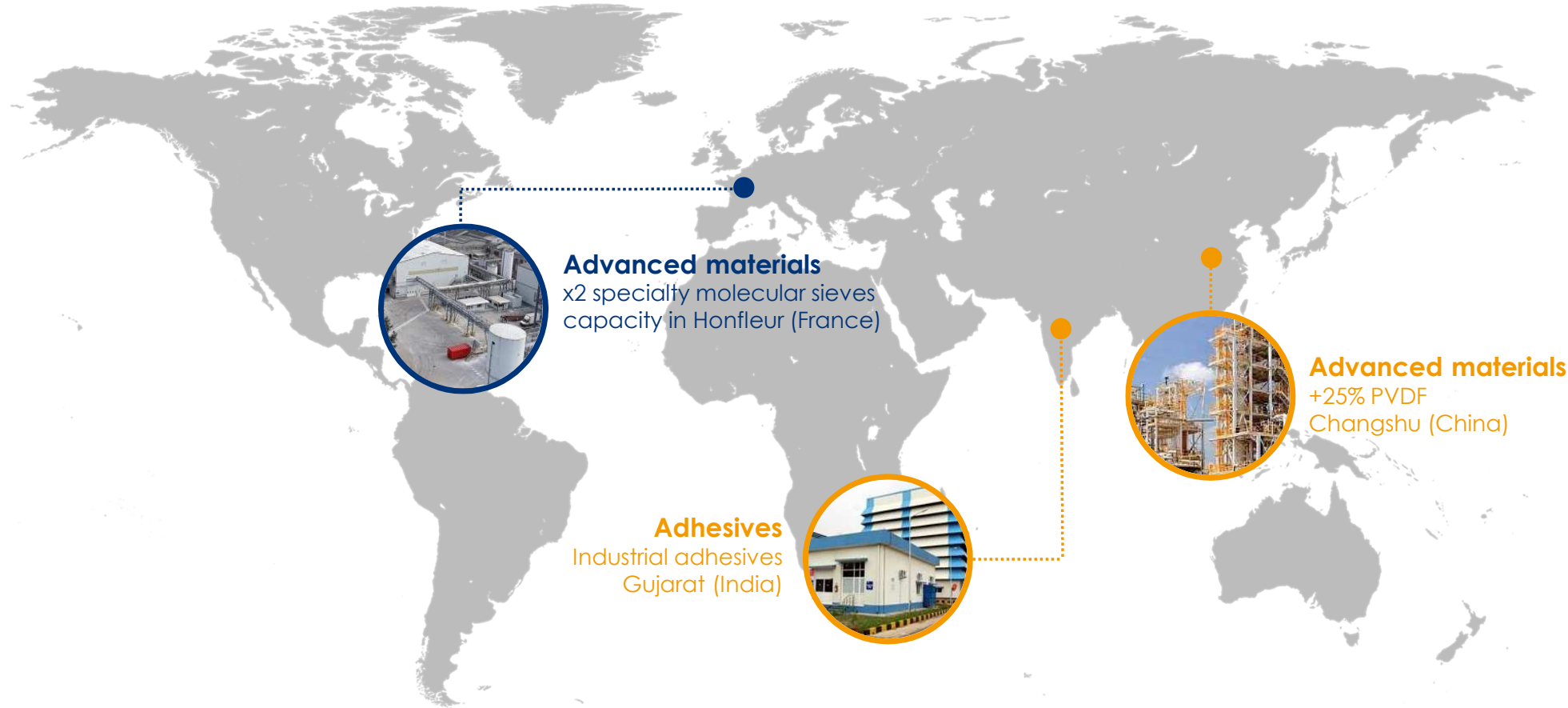
**Creation of a leader in  
floor adhesives in the US**



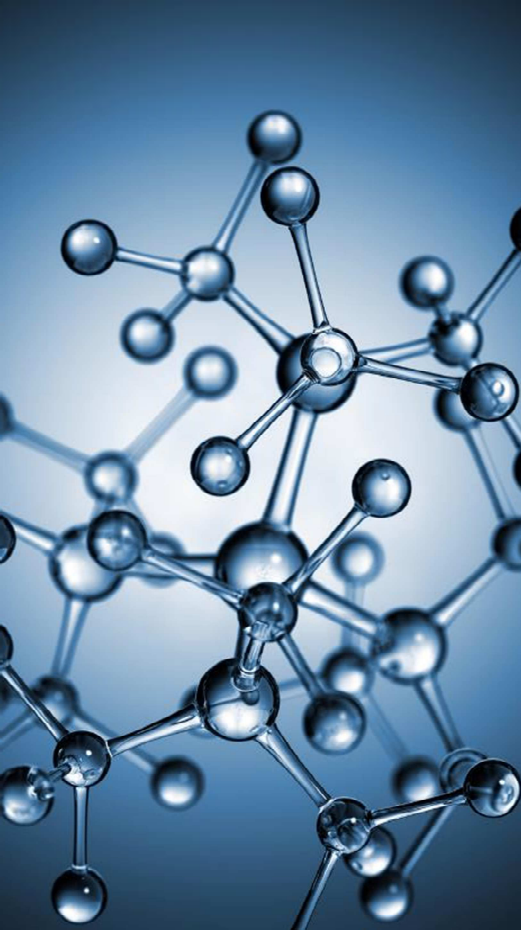
**Den Braven**  
A leader in sealants in Europe  
**December 2016**

**Successful integration**

# START-UP OF PRODUCTION UNITS



## INNOVATION IN 2017



- ❖ Arkema ranked among the top 100 **most innovative companies in the world** for the 7<sup>th</sup> consecutive year  
*Clarivate Analytics*
- ❖ **13 R&D centers** spread across 3 regional hubs
- ❖ **R&D expenses: 2.8% sales, i.e, €235m**
- ❖ **239 patents** filed

## PROMISING DEVELOPMENTS IN COMPOSITES...



- ❖ **Doubling of PEKK capacities** in France
- ❖ **Partnership with Hexcel** in aeronautics
- ❖ Construction of a **wind turbine blade from Elium® thermoplastic resin**
- ❖ Ramp-up of **Rilsan® Matrix** in automotive



## ... AND IN 3D PRINTING



- ❖ Launch of **N3xtDimension™** products range
- ❖ Partnership with **Eos**
- ❖ Success of our Rilsan® powders in **automotive** and **cosmetics**

# INNOVATE TO GO BEYOND THE LIMITS



## *Nike* **BREAKING2**



Lightweighting  
Resistance  
Flexibility  
Energy return

# ARKEMA'S MATERIALS TO SUPPORT OUR SAILING SPONSORSHIP



❖ **Winners** of the **Transat Jacques Vabre**  
(Multi50 category)

❖ **6<sup>th</sup> place** in the **Transat Mini la Boulangère**  
(Mini 6.50 category)

❖ Construction of a **new Multi50** for the  
**Route du Rhum 2022**



ARKEMA, NATIONAL SUPPORTER OF THE WOMEN'S WORLD CUP 2019





# 2017 FINANCIAL RESULTS

**ARKEMA**  
INNOVATIVE CHEMISTRY

## 2017 KEY FIGURES

**+10.5%**

**Sales**  
**€8,326m**

**+17%**

**EBITDA**  
**€1,391m**

**+90 bps**

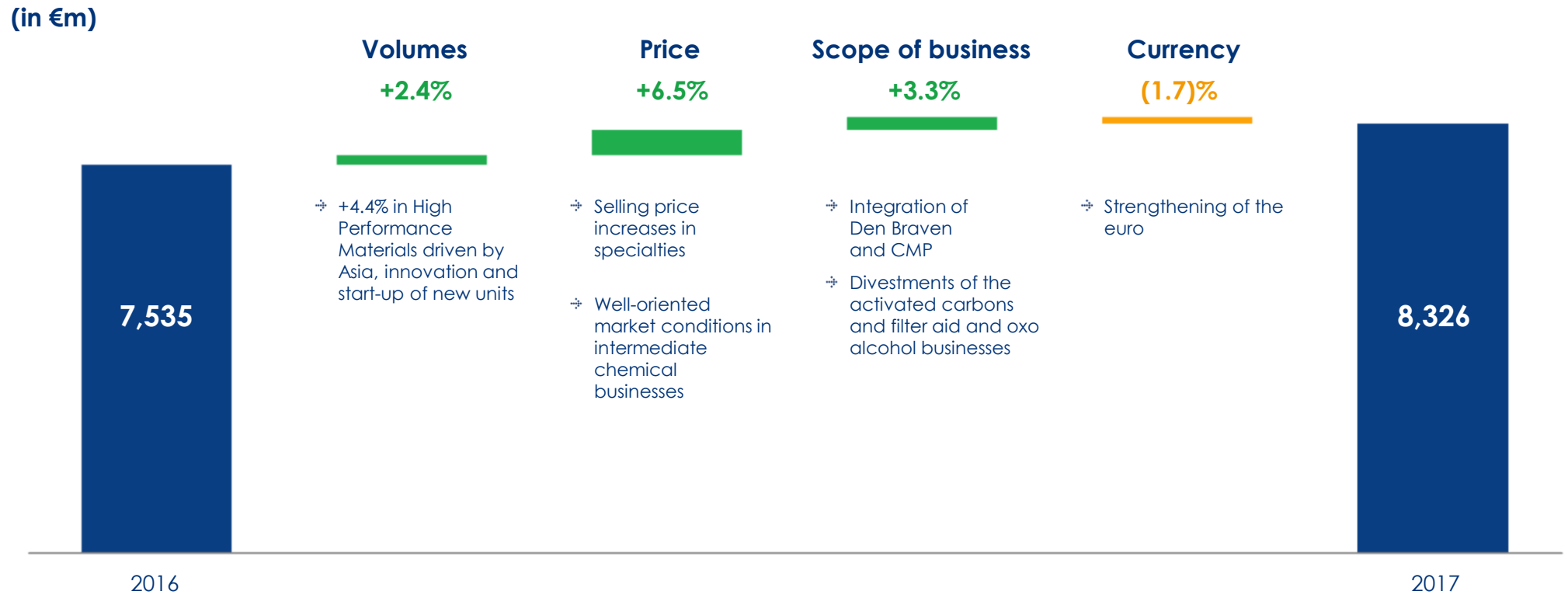
**EBITDA margin**  
**16.7%**  
vs 15.8%

**+35%**

**Net income -  
Group share**  
**€576m**

**Net debt**  
**€1,056m**  
vs €1,482m

# 2017 SALES BRIDGE

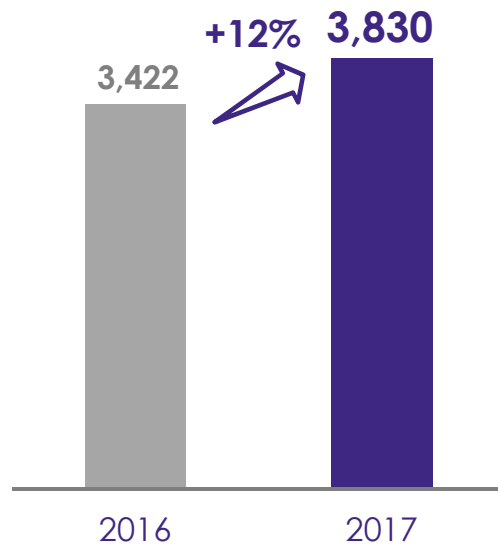


\* Acrylics, Fluorogases, PMMA

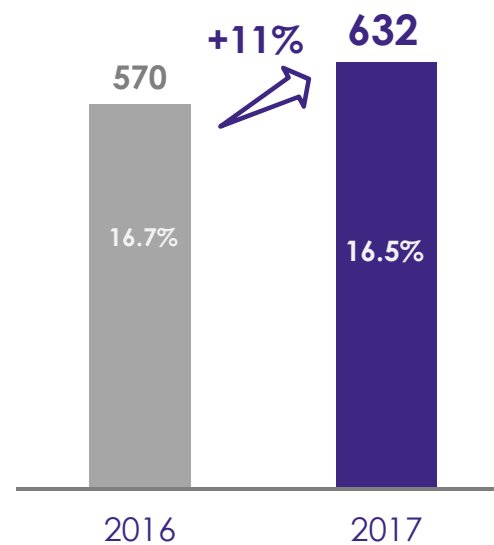
# HIGH PERFORMANCE MATERIALS IN 2017 (46% OF GROUP SALES)



**Sales**  
(in €m)



**EBITDA and EBITDA margin**  
(in €m and %)



An excellent performance driven by:

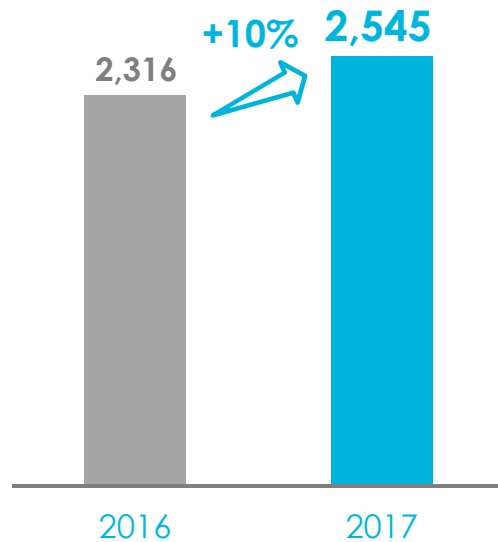
- ❖ innovation in advanced materials
- ❖ growth in adhesives supported by the integration of Den Braven

Despite rising raw material costs

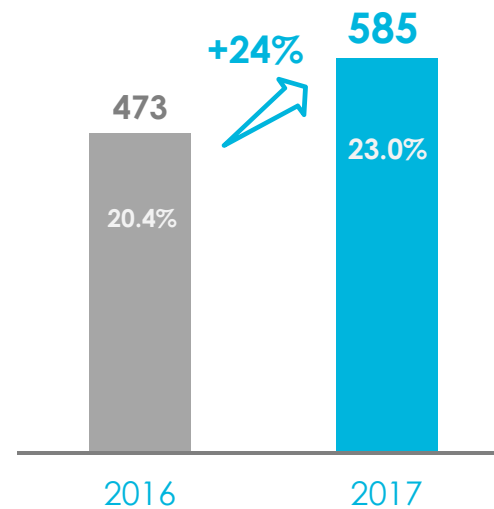
# INDUSTRIAL SPECIALTIES IN 2017 (31% OF GROUP SALES)



**Sales**  
(in €m)



**EBITDA and EBITDA margin**  
(in €m and %)



Very strong performance

Fluorogases back to very good levels of results

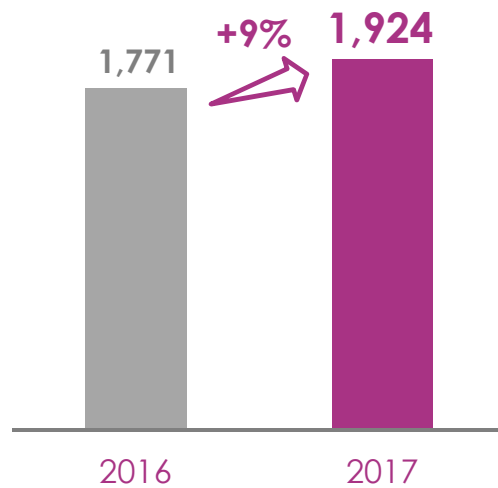
Tight market conditions in MMA/PMMA

Solid performance of Thiochemicals and Hydrogen Peroxide

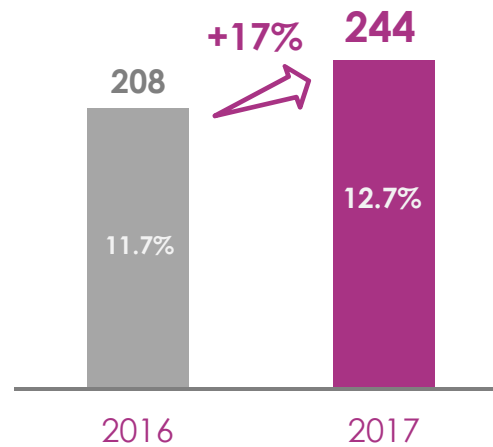
# COATING SOLUTIONS IN 2017 (23% OF GROUP SALES)



**Sales**  
(in €m)



**EBITDA and EBITDA margin**  
(in €m and %)

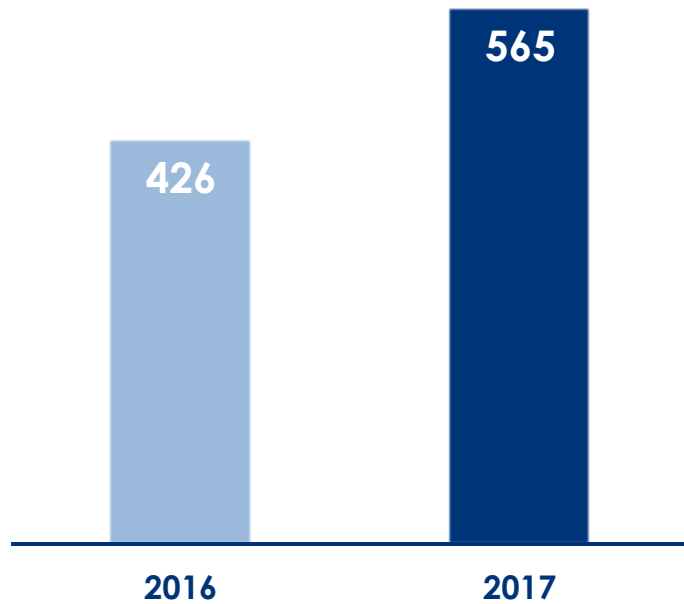


Gradual improvement of the acrylic cycle

Increase of selling prices in downstream businesses to offset higher input costs

# AN EXCELLENT CASH GENERATION

## Free cash flow (in €m)



## EBITDA to free cash conversion

Free cash flow / EBITDA

**41%**

## Working capital

as a % of sales

**13.1%**

## Recurring capital expenditure

**€431m**

## Tax rate

as a % of REBIT

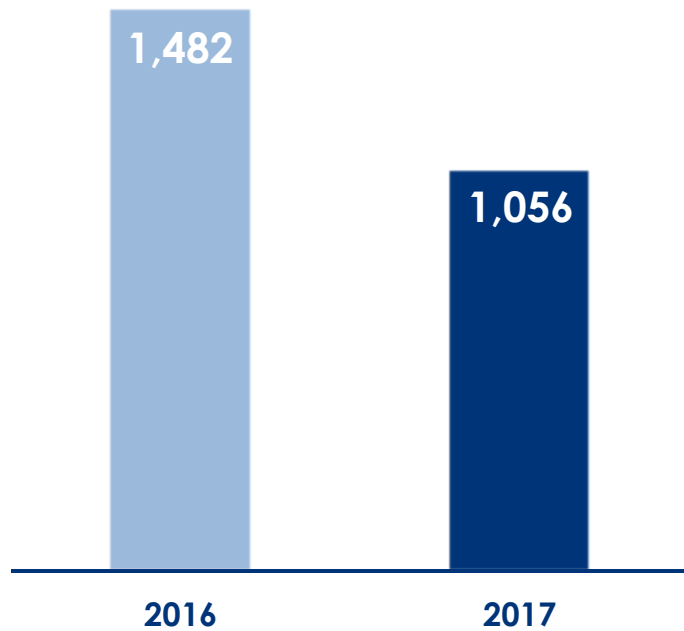
**26%**

**23%** expected for 2018, including benefits from US tax reform



# A VERY STRONG FINANCIAL SITUATION

## Net debt (in €m)



## Gearing

Net debt / shareholders' equity

**24%**

## Net debt / EBITDA

**0.8x**

Refinancing of a bond issue with a positive impact on the cost of debt

**~€12m** gain in 2018 vs 2017

## Q1 2018 KEY FIGURES

**+0.9%**

**Sales**

**€2,172m**

+7.3 % organic growth

**+7.9%**

**EBITDA**

**€383m**

€(26)m currency effect (translation)

**+110 bps**

**EBITDA margin**

**17.6%**

vs 16.5%

**+37.2%**

**Net income  
Group share  
€188m**

**Net debt**

**€1,227m**

including the acquisition of XL Brands

# Q1 2018 PERFORMANCE BY DIVISION

## High Performance Materials

IN €M	Q1 2017	Q1 2018	Change
Sales	976	998	+2.3%
EBITDA	166	176	+6.0%
EBITDA margin	17.0%	17.6%	



Very good performance driven by specialty molecular sieves, innovation and XL Brands

## Industrial Specialties

IN €M	Q1 2017	Q1 2018	Change
Sales	644	661	+2.6%
EBITDA	140	162	+15.7%
EBITDA margin	21.7%	24.5%	



Increases across all businesses of the division

## COATING SOLUTIONS

IN €M	Q1 2017	Q1 2018	Change
Sales	525	507	(3.4)%
EBITDA	74	66	(10.8)%
EBITDA margin	14.1%	13.0%	



Good resistance of the division against a high basis of comparison for Q1 2017 in Asia

# OUTLOOK

## ❖ External environment

- Well-oriented demand in all three main regions
- Strong euro\*
- Higher raw material costs

## ❖ Arkema will continue to benefit from:

- Strong innovation drive in advanced materials
- Integration of XL Brands within Bostik
- Globally robust market environment in its intermediate chemical businesses
- Actions to pass on in its selling prices the rises in raw material costs
- Operational excellence initiatives to partly offset inflation on its fixed costs

**Arkema confirms its objective to increase EBITDA in 2018 compared to the excellent 2017 performance**

\* 10% increase in euro / US dollar exchange rate has a €(50) m EBITDA impact (translation) for the year

# FINANCIAL RESOLUTIONS

## ❖ Approval of the 2017 Company's and consolidated financial statements

- 1<sup>st</sup> and 2<sup>nd</sup> resolutions

## ❖ Re-election of a statutory auditor

- 10<sup>th</sup> resolution

## ❖ Renewal of the authorization to carry out share buybacks

- 14<sup>th</sup> resolution

## ❖ Renewal of authorizations to increase share capital

- With preferential subscription rights (15<sup>th</sup> resolution) - maximum nominal amount: €379m, *i.e.* 50% of share capital
- Without preferential subscription rights, with priority period (16<sup>th</sup> resolution) - maximum nominal amount: 10% of share capital
- Without preferential subscription rights, by means of a private placement (17<sup>th</sup> resolution) - maximum nominal amount : 10% of share capital
- To set the issue price (18<sup>th</sup> resolution)
- Without preferential subscription rights as compensation for contributions in kind (19<sup>th</sup> resolution) - maximum nominal amount : 10% of share capital

**Overall maximum amount:** 50% of share capital (21<sup>st</sup> resolution)

Length of authorizations: **26 months**

Authorizations cannot be used from the date a takeover bid for the Company's shares is filed by a third party and until the end of the offer period.

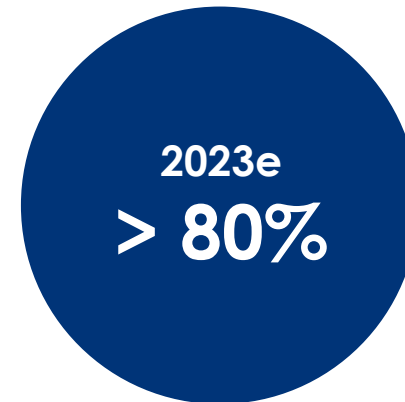
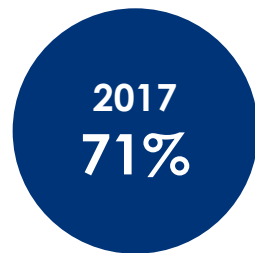


# 2023 AMBITION

**ARKEMA**  
INNOVATIVE CHEMISTRY

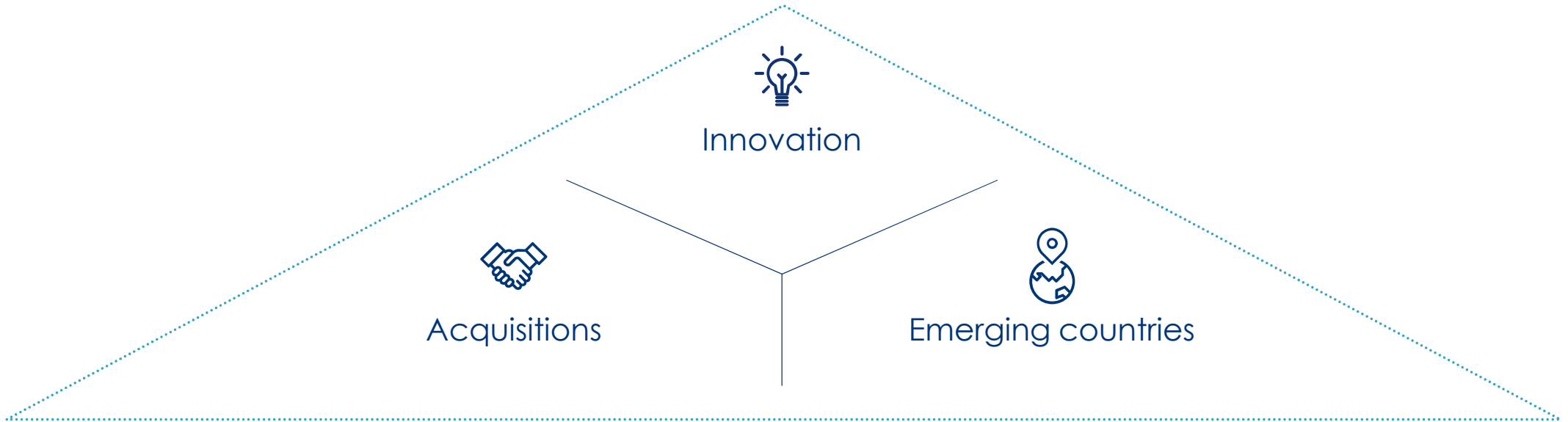
## OUR LONG-TERM AMBITION

# A GLOBAL PLAYER IN **SPECIALTY CHEMICALS**



Share of Group sales in specialty businesses

# OUR STRATEGIC PRIORITIES



Commercial excellence



Operational excellence



Corporate social responsibility



Digitalization





# CORPORATE SOCIAL RESPONSIBILITY

**ARKEMA**  
INNOVATIVE CHEMISTRY

# OUR CORPORATE SOCIAL RESPONSIBILITY POLICY

## OUR FRAMEWORK



## OUR 3 PRIORITIES

Offering **sustainable solutions**  
driven by **innovation**

Acting as a  
**responsible industrial** company

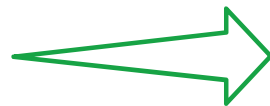
Encouraging a close and  
**open dialogue** with all  
our stakeholders

# OFFERING SUSTAINABLE SOLUTIONS DRIVEN BY INNOVATION

## A RESEARCH IN LINE WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



## A PROMISING DEVELOPMENT EXAMPLE



Used for the production of wind turbines



Recyclable thermoplastics



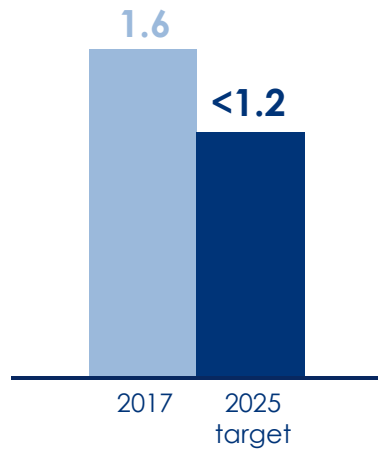
Lighter than metal

# ACTING AS A RESPONSIBLE INDUSTRIAL COMPANY



## Safety

**Total recordable injury rate**  
per million hours worked



- ❖ Behavior-based approach
- ❖ Process safety

**3** GOOD HEALTH AND WELL-BEING



**13** CLIMATE ACTION



**15** LIFE ON LAND



**6** CLEAN WATER AND SANITATION



**7** AFFORDABLE AND CLEAN ENERGY



## Environment

	2017 (versus 2012)	2025 target (versus 2012)
Greenhouse gas emissions	-48%	-50%
Volatile organic compounds	-34%	-33%
Chemical oxygen demand	-30%	-40%
Net energy purchased	-11%	-15%



# ENCOURAGING A CLOSE AND OPEN DIALOGUE WITH ALL OUR STAKEHOLDERS

## TOGETHER FOR SUSTAINABILITY



Developing a responsible supply chain

## CONTRIBUTION TO COMMON GOOD



*Sail for water*  
Common Ground®

## HUMAN RESOURCES



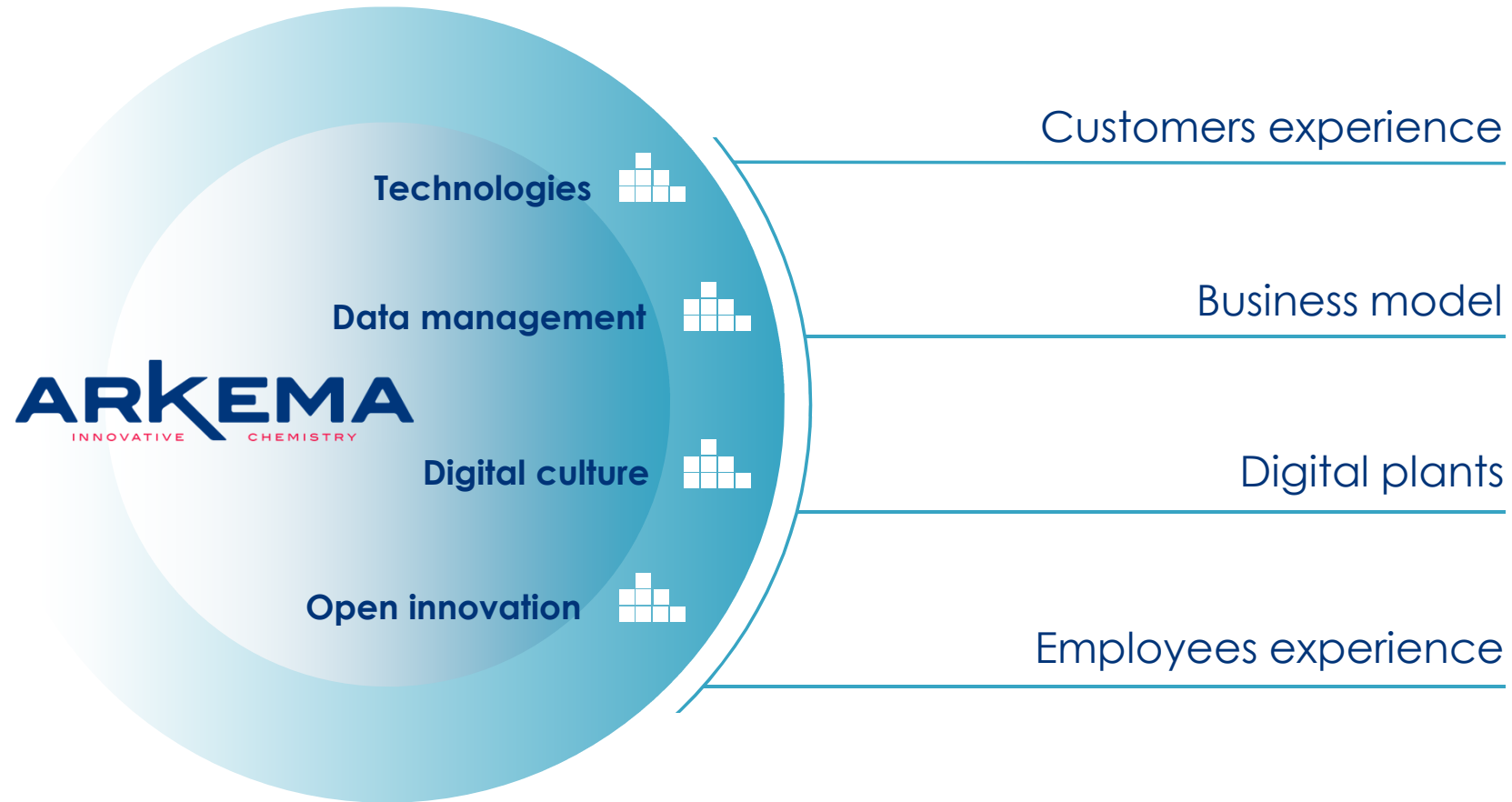
Promoting diversity in senior management  
and executive positions  
Work-life quality



# DIGITAL TRANSFORMATION

**ARKEMA**  
INNOVATIVE CHEMISTRY

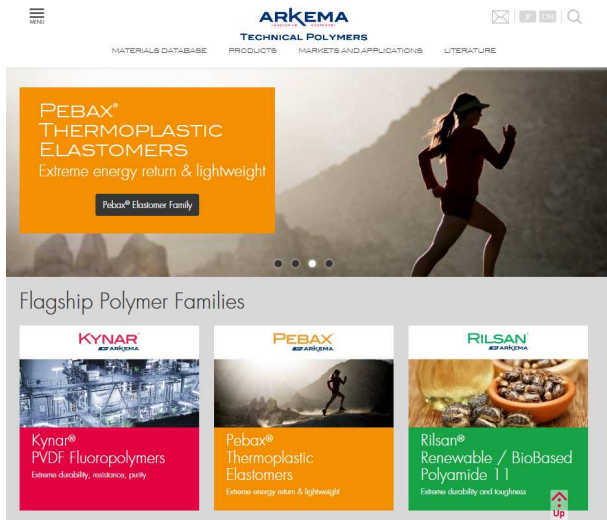
# DIGITAL TRANSFORMATION



# CUSTOMERS EXPERIENCE IN OUR TECHNICAL POLYMERS

Develop a strong message  
“An extreme world needs extreme materials”

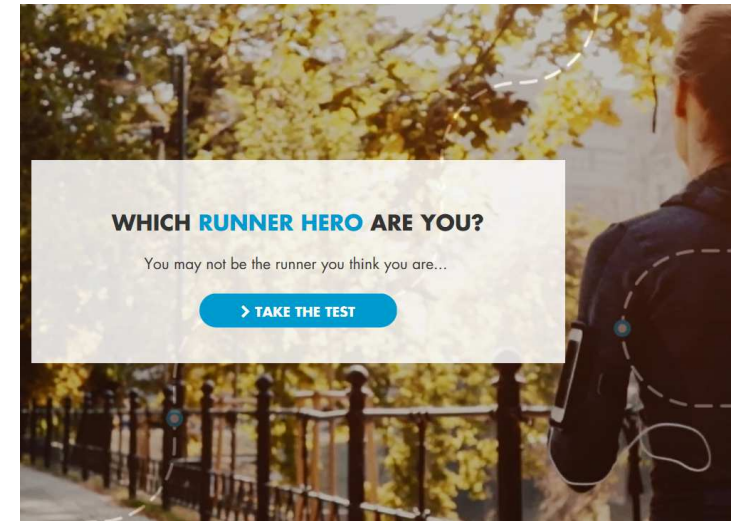
Launch of a dedicated site  
ExtremeMaterials.com



Creation of a digital brand for athletes

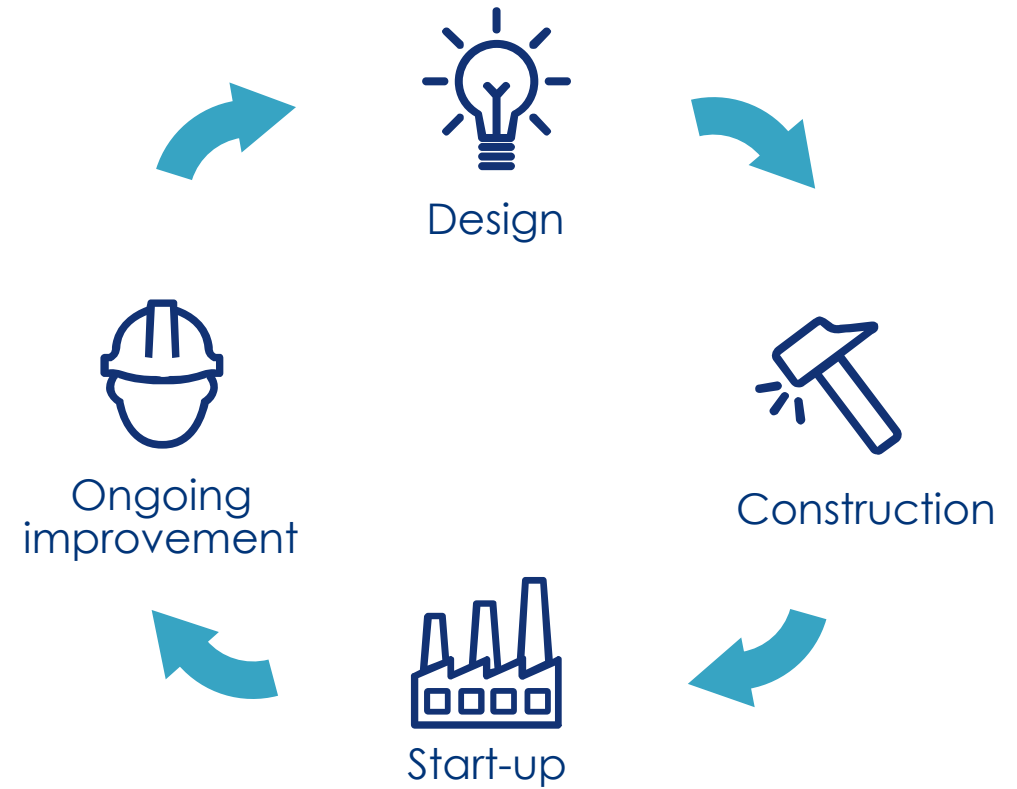


Campaigns and events





# DIGITAL INNOVATION TO SUPPORT INDUSTRIAL PROJECTS



# AMBITIOUS 2023 FINANCIAL TARGETS



**REBIT MARGIN**  
**11.5% to 12.5%**



**EBITDA to free cash conversion**  
**35%**

Under strict financial discipline

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ROCE  
**at least 10%**

NET DEBT  
**<2x EBITDA**

Rating  
**Solid investment grade**

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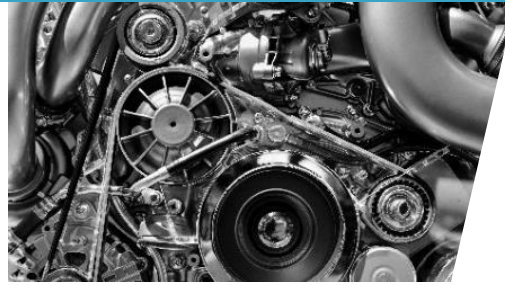
Defined in normalized market conditions and under current IFRS rules

## OUR AMBITION IN ADHESIVES



- ✦ Exceed **1/3** of Group sales in 2023
- ✦ More than **double** sales versus 2016
- ✦ **12.5% to 13%** REBIT margin target

## OUR AMBITION IN ADVANCED MATERIALS



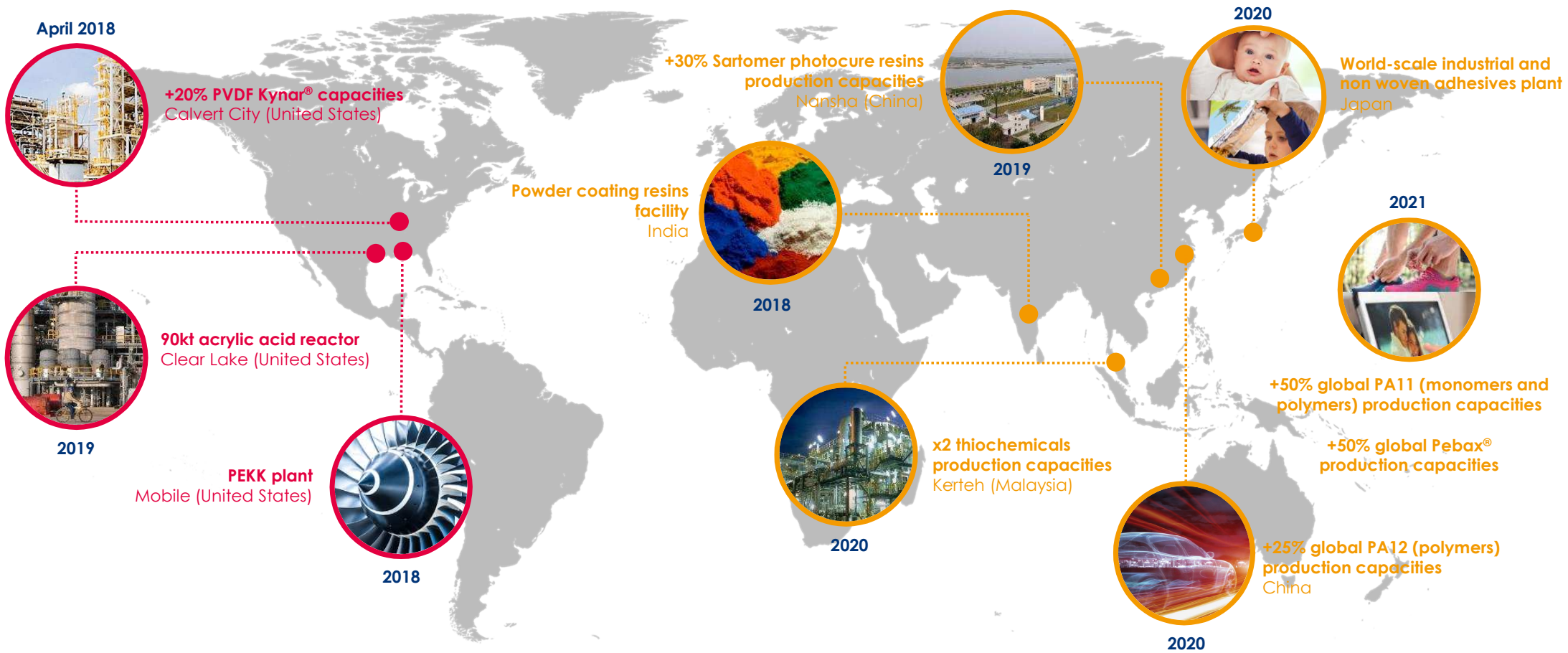
- ❖ Exceed **25%** of Group sales in 2023
- ❖ **14% to 15%** REBIT margin target

## HIGH LEVEL INTERMEDIATE CHEMICAL BUSINESSES



- ❖ Targeted investments to **strengthen competitiveness** and **support market growth** in the United States and Asia
- ❖ Development of long-term **partnerships with customers**
- ❖ Product and process **innovation**

# SIGNIFICANT PROJECTS TO SUPPORT LONG-TERM GROWTH



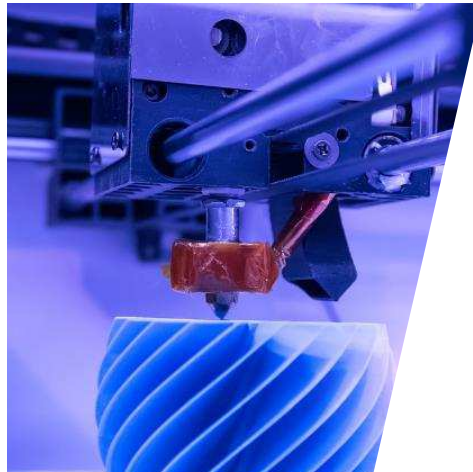
# SPEED UP THE GROWTH OF OUR BIO-BASED POLYAMIDE



- ❖ **+50%** global bio-based **polyamide 11** (monomers and polymers) and **Pebax®** production capacities in Asia in 2021

Around **€300m** investment

- ❖ **+25%** global **polyamide 12** (polymers) production capacities in China in 2020



# BUILD ON THE SUCCESS OF OUR THIOCHEMICALS IN MALAYSIA



Start-up expected in 2020

**Doubling** of Kerteh  
production capacities



Support the strong growth  
of **animal nutrition, refining**  
and **petrochemicals**  
markets in Asia



# PEKK KEPSTAN<sup>®</sup>, THE EXTREME MATERIAL



- ❖ Polymer offering excellent **resistance to very high temperature and pressure**
- ❖ Much **lighter** than metal
- ❖ **World-scale unit** in the United States in 2018
- ❖ Partnership with **Hexcel**



# CORPORATE GOVERNANCE

**ARKEMA**  
INNOVATIVE CHEMISTRY

# THE BOARD OF DIRECTORS IN 2017

12

members including  
1 director representing employees  
1 director representing shareholder employees

1

senior  
independent  
director

80%

independence rate  
8 directors out of 10\*

45%

of women\*\*

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## DIVERSITY AND COMPLEMENTARITY OF EXPERIENCE AND SKILLS

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- ❖ In **industry, chemicals, bank and finance, IT services** sectors
- ❖ Strong experience **outside France** (United States, Asia and Europe)
- ❖ **Executive management** positions

\* In accordance with the criteria of the AFEP-MEDEF Code

\*\* Excluding director representing employees in accordance with AFEP-MEDEF Code

# BOARD ACTIVITY IN 2017

## BOARD OF DIRECTORS

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**8** meetings

**1** annual seminar dedicated to the Group's strategy

**1** visit of industrial sites and R&D centre in France (Honfleur and Serquigny)

**91%** attendance rate

## SPECIALIZED COMMITTEES

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### AUDIT AND ACCOUNTS COMMITTEE

**6** meetings

**96%** attendance rate

### NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

**4** meetings

**94%** attendance rate

## SPECIFIC TOPICS REVIEWED IN 2017



- ❖ **Adhesives:** integration of Den Braven, acquisition of XL Brands
- ❖ Major **investment** projects: specialty polyamides in Asia, Thiochemicals in Malaysia
- ❖ Group's **digital ambition**, cyber security
- ❖ Changes in the **composition** of the Board of Directors and Executive Committee

# CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS SUBMITTED TO THE GENERAL MEETING

## FONDS STRATÉGIQUE DE PARTICIPATIONS

### Re-election as director



- Represented by Isabelle Boccon-Gibod
- Member of the Audit and Accounts Committee

## MARIE-ANGE DEBON

### Appointment



- Group Senior Executive VP of the Suez Group in charge of France, Italy and Central Europe
- Experience as a high level executive in the public and private sectors

## DIRECTOR REPRESENTING SHAREHOLDER EMPLOYEES

### Re-election as director

(only one position of director to be filled)

- **Jean-Marc Bertrand**, proposed by the Supervisory Board of the Arkema Actionnariat France company mutual fund

### *Appointment supported by the Board of Directors*

- **Uwe Michael Jakobs**, proposed by the Supervisory Board of the Arkema Actionnariat International company mutual fund

## ALEXANDRE DE JUNIAC

### Appointment



- CEO of the International Air Transport Association (IATA)
- Experience as Chairman and CEO and high level executive in various industry sectors

❖ **Composition of the Board following this annual general meeting: 13 members and 42% of women\***

\* Excluding director representing employees, in accordance with AFEP-MEDEF Code

# COMPENSATION POLICY FOR THE CHAIRMAN AND CEO SUBMITTED TO SHAREHOLDERS' APPROVAL

## Fixed compensation



Set in 2016

For the duration of his  
term of office  
(4 years)

## Annual variable compensation



**Maximum:**  
150% of fixed compensation

**3 quantifiable criteria**  
EBITDA, cash generation,  
contribution of new developments  
Maximum: **110%** of  
fixed compensation

**Qualitative criteria**  
(1/3 quantifiable)  
Maximum: **40%** of  
fixed compensation

## Performance shares



**30,000 shares**  
110% in case of outperformance

**Fully subject to  
performance criteria**

**3-year** vesting period  
followed by a 2-year  
mandatory holding period

## Other components



**Pension**  
(no supplementary pension scheme)  
**20%** of fixed + variable compensation

**Termination indemnity**  
**2 years** of fixed + variable  
compensation  
Subject to performance criteria

**Benefits in kind**

# COMPONENTS OF COMPENSATION FOR 2017 SUBMITTED TO SHAREHOLDERS' APPROVAL

## Fixed compensation



€900k

Unchanged since 2016

## Annual variable compensation



€1,350k

**Excellent financial and operational performance**

### **3 quantifiable criteria**

Awarded: **110%** of fixed compensation

### **Qualitative criteria**

Awarded: **40%** of fixed compensation

## Performance shares



30,000 shares  
110% in case of outperformance

### **4 performance criteria**

REBIT margin, EBITDA to cash conversion rate, comparative Total Shareholder Return, return on capital employed

## Other components



**Pension**  
€450k

### **Benefits in kind**

€24k



## INVOLVE EMPLOYEES IN THE GROUP'S DEVELOPMENT



- ❖ **6 share capital increases reserved for employees** since stock market listing
- ❖ Around **6% employee ownership**
- ❖ **2018 capital increase:**  
**41%** participation rate (69% in France and 25 % outside France) and **€50 m** invested by employees
- ❖ **Renewal of the delegation of authority** submitted in the 22<sup>nd</sup> resolution

# 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 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 division information is presented in accordance with Arkema's internal reporting system used by the management.*

*The main performance indicators used by the Group are defined in the notes to the consolidated financial statements at 31 December 2017 included in section 4.3.3 of the 2017 Reference Document. As part of the analysis of its results or to define its objectives, the Group also uses the following indicators:*

**REBIT margin:** *corresponds to the recurring operating income (REBIT) as a percentage of sales.*

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

**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:  $(REBIT - \text{current income taxes}) / (\text{net debt} + \text{shareholders' equity})$  under current IFRS rules.*