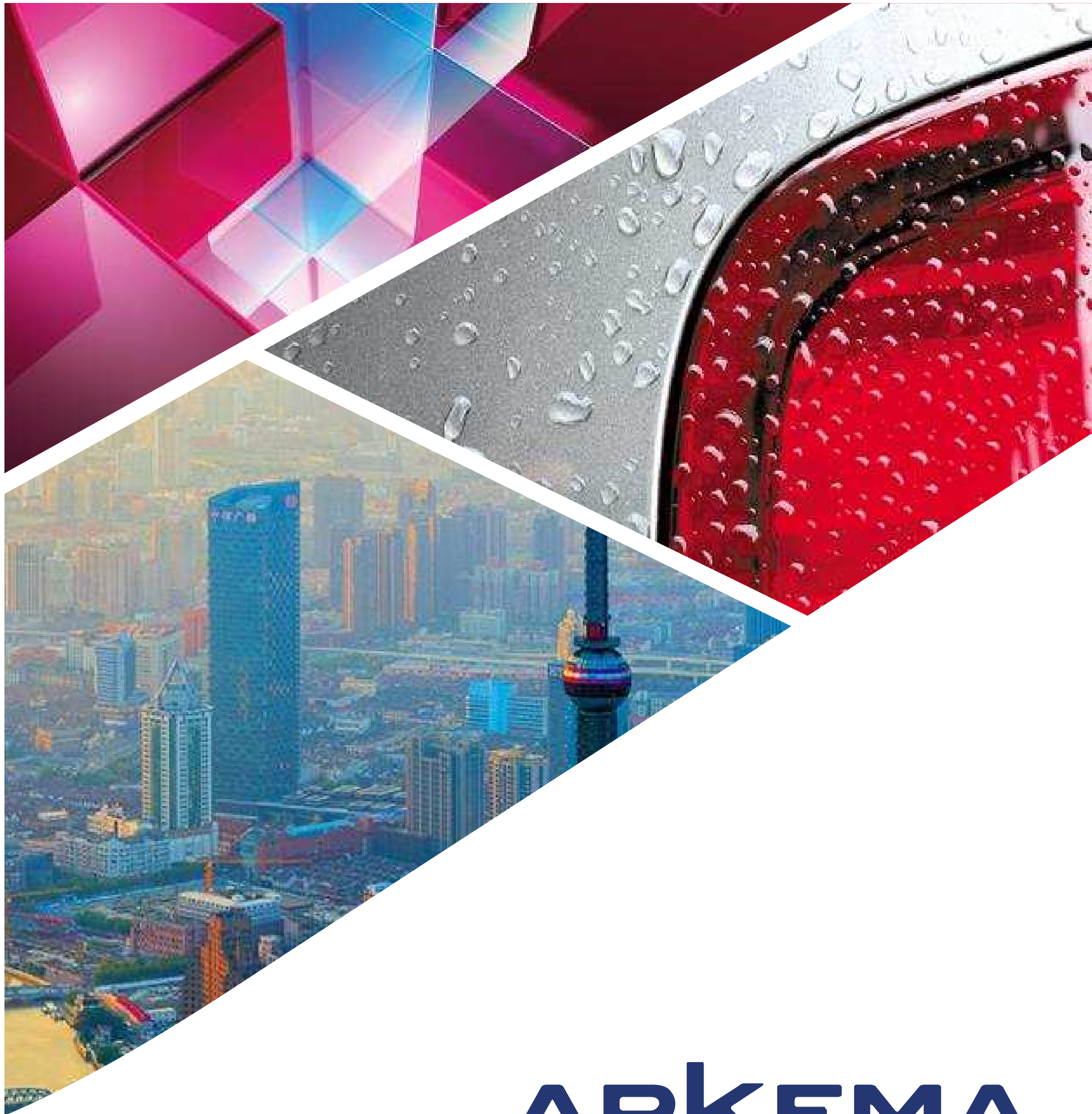
ARKEMA

THIERRY LE HÉNAFF, CHAIRMAN AND CEO

EXANE BNP PARIBAS
21ST EUROPEAN CEO CONFERENCE

PARIS, FRANCE - 12 JUNE 2019



ARKEMA
INNOVATIVE CHEMISTRY

AN EXCELLENT 2018 PERFORMANCE

ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA IN A SNAPSHOT

Ambition to become a leader in specialty chemicals and in advanced materials

€8.8 bn
sales

11.6 %
REBIT margin

€237 m
R&D expenditure

3
regional R&D hubs

20,000
employees

55
countries

€561 m
capital expenditure(1)

136
production sites

€2.50
dividend per share

+12%/y
since 2007

(1) Recurring and exceptional

SIGNIFICANT INCREASE AFTER AN ALREADY EXCELLENT 2017

+6%

Sales

€ 8.8 billion

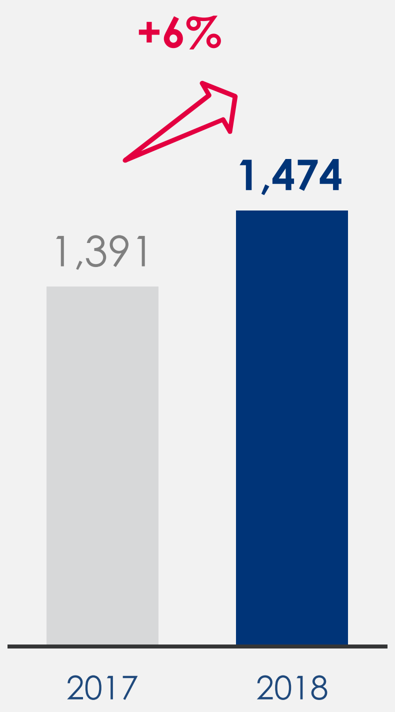
+22.5%

Adjusted net income

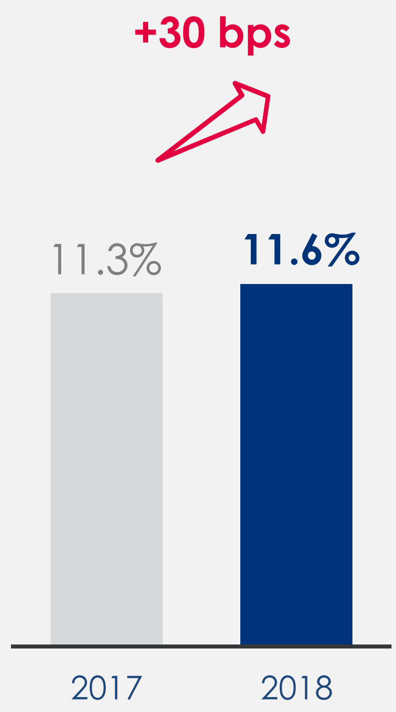
€ 725 million

EBITDA

In €m



REBIT MARGIN



0.7x EBITDA

Net debt

€ 1 billion

+100 bps

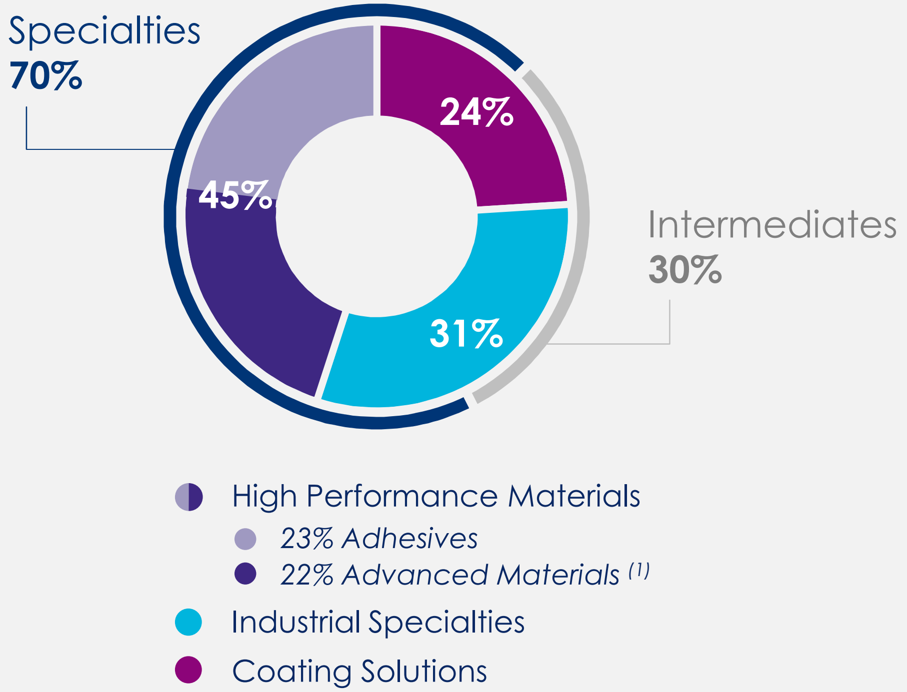
ROACE*

15.1%

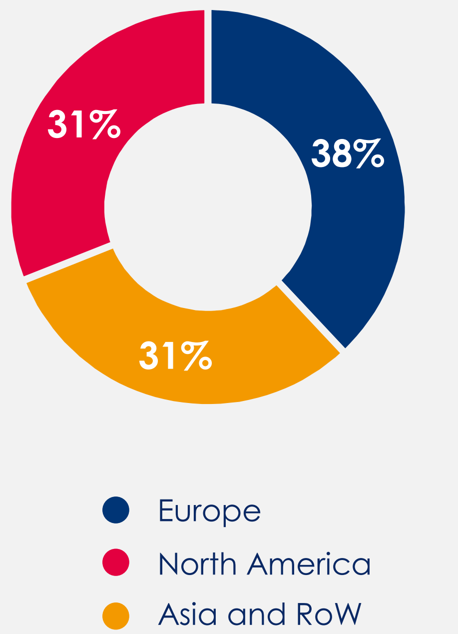
* Return on average capital employed

TRANSFORMATION ON TRACK

FY'18 SALES BY DIVISION



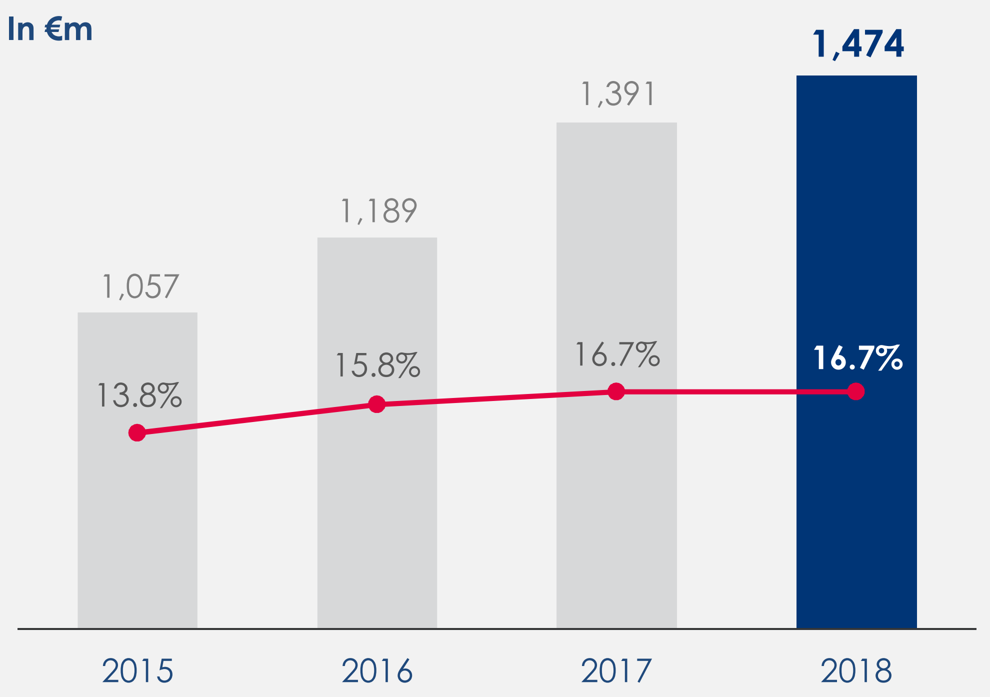
FY'18 SALES BY REGION



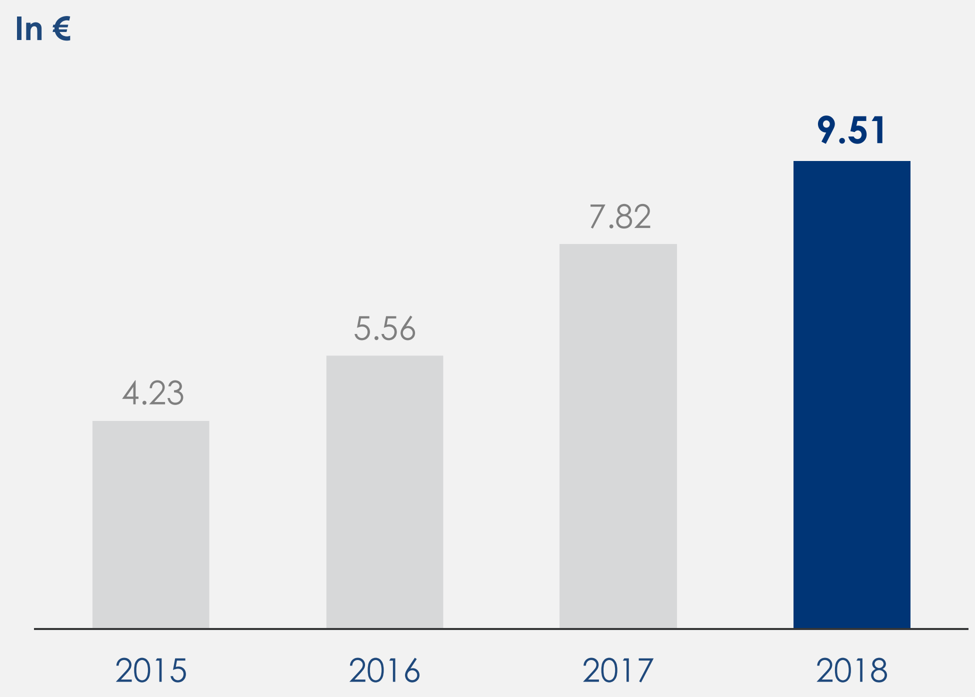
(1) Technical Polymers and Performance Additives Business Lines

STEADY GROWTH IN DIFFERENT MACRO-ECONOMIC ENVIRONMENTS

EBITDA AND EBITDA MARGIN

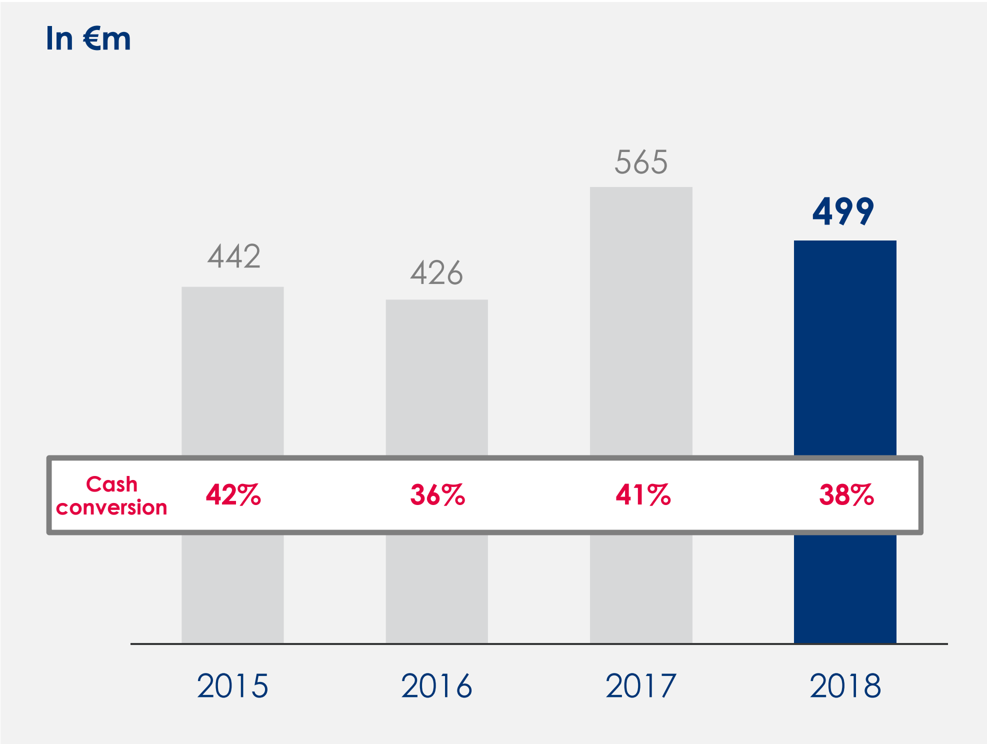


Adjusted EPS

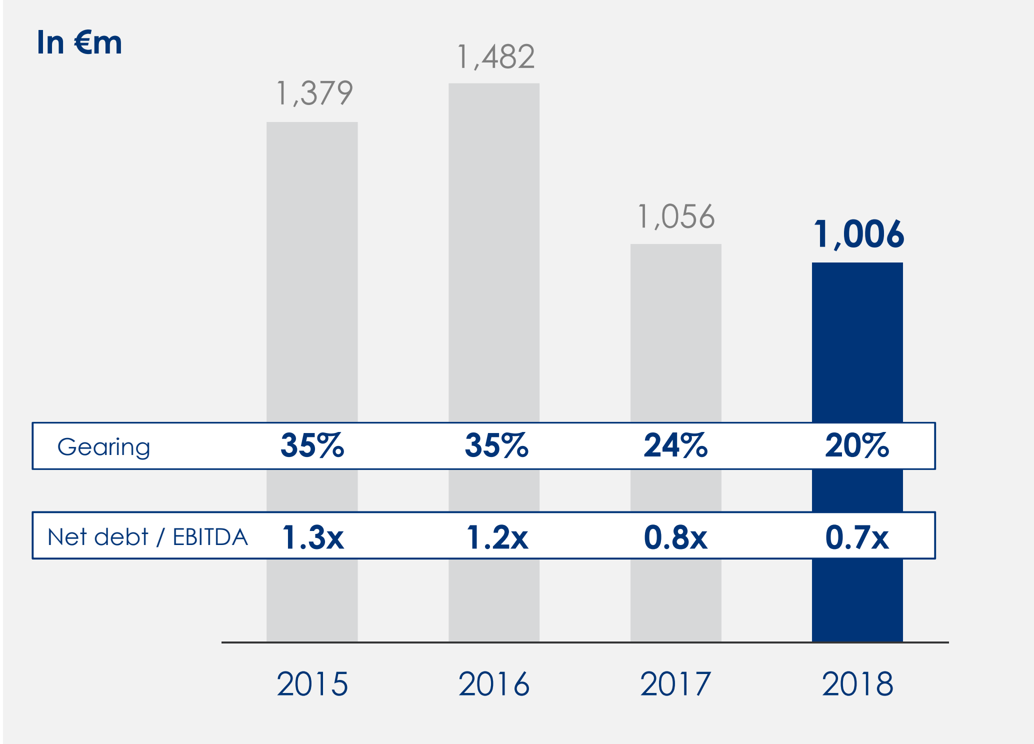


BEST-IN-CLASS CASH GENERATION

Free cash flow and EBITDA to cash conversion rate



NET DEBT excluding €700m hybrid bond



FIRST QUARTER 2019 RESULTS

1Q'19 FINANCIAL HIGHLIGHTS

€2,215m sales	✧ **+2.0%** up YoY ✧ **+4.7%** prices in High Performance Materials
€370m EBITDA	✧ Close to 1Q'18 record performance (€383m) in a more challenging economic environment ✧ EBITDA up in **specialties** (71% of Group sales) despite softer volumes ✧ Lower performance of **intermediates** [1] (29% of Group sales) against last year's record high
16.7% EBITDA margin	✧ Resilient at high levels ✧ 17.6% in 1Q'18
€165m adj. net income	✧ **7.4%** of sales ✧ **€2.16** adjusted EPS
+€73m free cash flow	✧ Strong cash generation, up YoY (-€25m in 1Q'18) ✧ **€1,130m net debt** at 31 March 2019 (€1,006m at 31 December 2018) including €159m impact of the first-time application of IFRS 16

[1] The intermediate chemicals businesses comprise the Acrylics, PMMA and Fluorogases Business Lines.

HIGH PERFORMANCE MATERIALS (46% OF GROUP SALES)

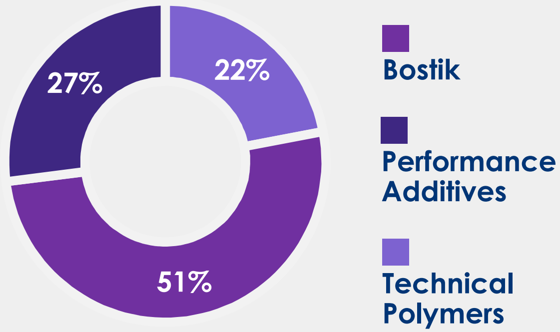
1Q'19 KEY FIGURES

In €m	1Q'18	1Q'19	Change
Sales	998	**1,008**	+1.0%
EBITDA	176	**162**	(8.0)%
EBITDA margin	17.6%	**16.1%**	
Rec. operating income	138	**120**	(13.0)%

1Q'19 SALES DEVELOPMENT

Volumes	**(6.7)%**
Prices	**+4.7%**
Currency	**+2.2%**
Scope	**+0.8%**

1Q'19 SALES BY BUSINESS LINE



1Q'19 HIGHLIGHTS

- **+4.7% price effect, positive across all product lines**
  - Higher selling prices in a context of high raw material costs
  - Further product mix shift towards higher value-added applications
- **Volumes down 6.7%**
  - Exceptional specialty molecular sieves contribution in 1Q'18
  - Lower demand YoY in automotive, consumer electronics and oil & gas
- **€162m EBITDA and 16.1% EBITDA margin**
  - EBITDA up in adhesives on raw material cost gradual pass-through and product portfolio optimization
  - EBITDA reflecting lower volumes in advanced materials, yet resilient margin at FY'18 level

INDUSTRIAL SPECIALTIES (29% OF GROUP SALES)

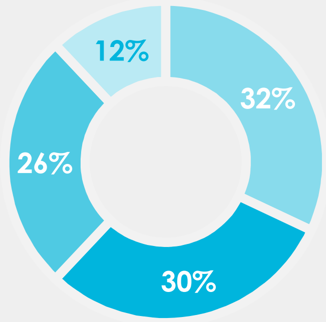
1Q'19 KEY FIGURES

In €m	1Q'18	1Q'19	Change
Sales	661	**642**	(2.9)%
EBITDA	162	**157**	(3.1)%
EBITDA margin	24.5%	**24.5%**	
Rec. operating income	120	**106**	(11.7)%

1Q'19 SALES DEVELOPMENT

Volumes	**(3.4)%**
Prices	**(2.4)%**
Currency	**+3.0%**
Scope	**-**

1Q'19 SALES BY BUSINESS LINE



1Q'19 HIGHLIGHTS

- **€642m sales**
  - -2.4% price against the high levels reached at the beginning of 2018 in MMA/PMMA and Fluorogases
  - Volumes down 3.4% on lower demand in automotive and China
- **€157m EBITDA**
  - Excellent performance of Thiochemicals
  - Normalization of market conditions in MMA/PMMA in the continuity of 4Q'18
  - Fluorogases down from their exceptional performance of 2018, particularly in Europe impacted by the development of HFC illegal imports
- **24.5% EBITDA margin stable at high levels**

COATING SOLUTIONS (25% OF GROUP SALES)

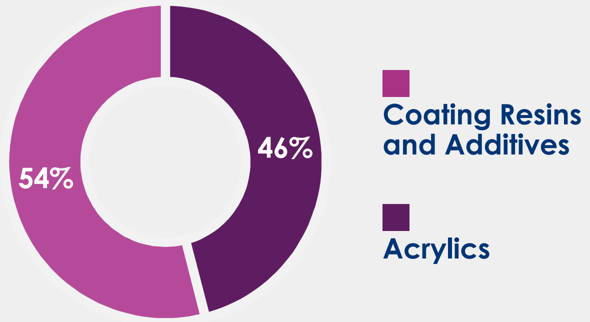
1Q'19 KEY FIGURES

In €m	1Q'18	1Q'19	Change
Sales	507	**558**	+10.1%
EBITDA	66	**76**	+15.2%
EBITDA margin	13.0%	**13.6%**	
Rec. operating income	41	**48**	+17.1%

1Q'19 SALES DEVELOPMENT

Volumes	**+6.9%**
Prices	**(0.5)%**
Currency	**+3.7%**
Scope	**-**

1Q'19 SALES BY BUSINESS LINE



1Q'19 HIGHLIGHTS

- **€558m sales, up 10.1% YoY**
  - Volumes well up 7% reflecting positive momentum
  - Overall stable price effect for the division
- **€76m EBITDA and 13.6% EBITDA margin**
  - EBITDA up 15% YoY on good demand in acrylic monomers and gradual pass-through of higher raw material costs in downstream activities
  - Positive momentum driving progressive margin expansion

EXCELLENT CASH GENERATION

RECONCILIATION OF EBITDA TO NET CASH FLOW

In €m	1Q'18	1Q'19
EBITDA	**383**	**370**
Current taxes	(53)	(46)
Cost of debt	(20)	(24)
Change in working capital and fixed assets payables [1]	(250)	(126)
Recurring capital expenditure	(56)*	(86)
Exceptional capital expenditure	(5)	(18)
Others (including non-recurring items)	(24)*	3
FREE CASH FLOW	**(25)**	**73**
Impact of portfolio management	(165)	(1)
NET CASH FLOW	**(190)**	**72**

1Q'19 HIGHLIGHTS

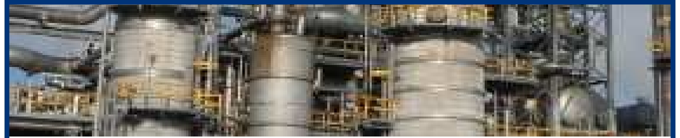
- **Tax rate: 21% of REBIT** (excl. exceptional items)
  - Resulting from geographic mix of earnings
  - 2019e tax rate: ~21% of REBIT
- **Working capital increase reflecting usual seasonality**
  - 15.1% working capital on annualized sales ratio (15.3% end of March 2018)
- **Higher capex YoY reflecting ambitious organic investment policy**
  - 2019e capex (recurring + exceptional): ~€610m

[1] Excluding non-recurring items and impact of portfolio management

* Restated 2018 figures

2019 PRIORITIES

NEW UNITS

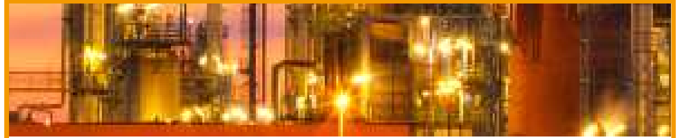


- Ramp up PEKK plant (US) and coating resins unit (India) started early 2019
- Start up capacity expansions in acrylics (US), photocure resins (China) and specialty PA powders (France)

INNOVATION

- Leverage partnerships in composites
- Continued strong emphasis on EV, lightweighting, water treatment and 3D

M&A



- Implementation of acquisition synergies in adhesives
- Completion of Sunke deal in Acrylics
- Close ArrMaz deal and implement integration

OPERATIONAL EXCELLENCE

- Disciplined cost management
- Offset at least 50% of fixed cost inflation
- Tight management of working capital

CSR

- Roll out portfolio sustainability assessment

PRICING INITIATIVES

- Continue actions to increase selling prices selectively and pass through higher raw material costs

2019 OUTLOOK

- In continuity with the start of the year, the macro-economic environment should remain volatile, marked by geopolitical uncertainties that are weighing on global demand

- Continued focus on internal momentum and implementation of our long term strategy

- Following a 2Q performance which should remain below last year in a macro-economic environment in continuity with the start of the year, the Group expects in 2H to benefit from improved market dynamics in specialties, continued recovery in unit margins in downstream businesses and the start-up of new capacities

While remaining attentive to the development of the macro-economic environment, Arkema confirms its ambition to consolidate its financial performance at high levels and to achieve in 2019 an EBITDA comparable with the 2018 record level.

2019 takes into account the new IFRS 16 standard.

SOME SELECTED PRIORITIES GOING FORWARD

OUR STRATEGIC PRIORITIES

Innovation

Acquisitions

High-growth countries

Commercial excellence

Operational excellence

Corporate social responsibility

Digitalization

REMINDER OF 2023 LONG-TERM OBJECTIVES

A global specialty player focused on adhesives and advanced materials (1)

Bostik 2023 objectives

- Exceed **1/3** of Group sales
- **More than double** sales vs 2016
- **12.5%** to **13%** REBIT margin

Advanced materials 2023 objectives

- Exceed **25%** of Group sales
- **14%** to **15%** REBIT margin

Exceed 80% of sales from specialty businesses
(70% in 2018)

(1) Technical Polymers and Performance Additives Business Lines

Delivering strong margins and cash generation

REBIT margin
11.5% to 12.5%

EBITDA to free cash conversion
35%

Under strict financial discipline

ROCE (2)
at least 10%

Net debt
<2x EBITDA

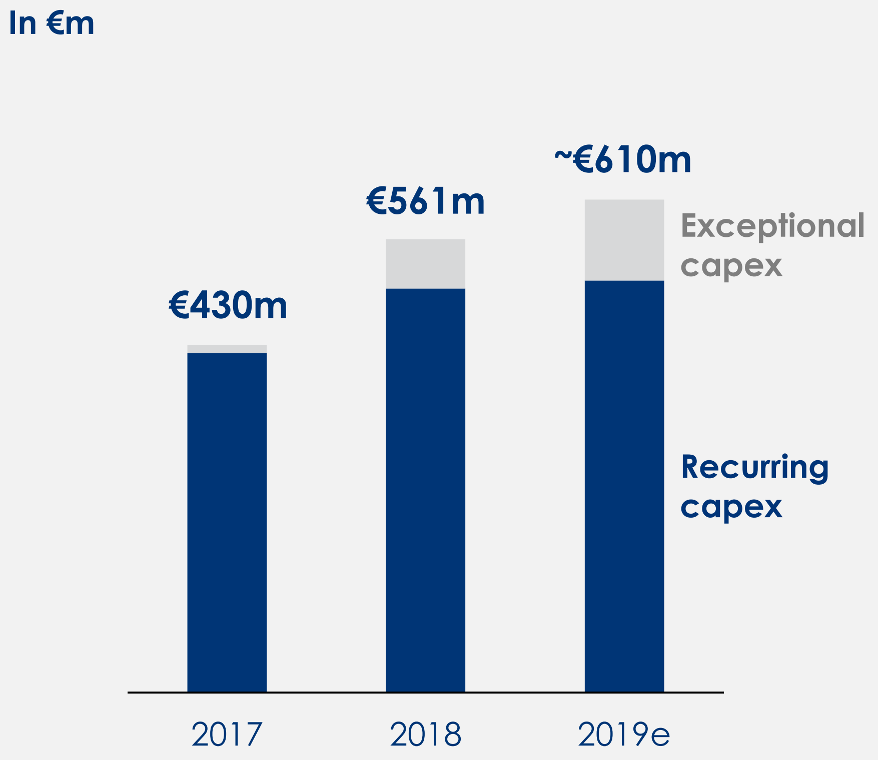
Rating
Solid investment grade

Defined in normalized market conditions

(2) (REBIT – current taxes) / (net debt + shareholders' equity)

INVEST IN FUTURE GROWTH

CAPEX PLAN



STRONG CAPEX DISCIPLINE

- **~5.5%** recurring capex as a % of Group sales
- **~€500m** exceptional capex over 2018-2021

x2 thiochemicals
capacities in Malaysia

5% growth p.a.

Start-up expected
in 1H 2020

Specialty polyamides expansion plan in Asia
(incl +50% global PA11)

5% growth p.a.

PA11 unit to be
completed by late 2021

EXCEPTIONAL CAPEX FOCUSED ON HIGH GROWTH LINES

AMBITIOUS INVESTMENT PLAN IN ADVANCED MATERIALS

Start-up

2019

+30% Sartomer photocure resins production capacities

Markets : *3D printing, electronics, graphic arts*

LT growth drivers :
- Low VOC content
- Lightweighting

+50% global specialty polyamides powders capacities

Markets : *coatings, advanced composite materials, 3D printing*

LT growth drivers :
- Sustainability
- Lightweighting

2020

+25% global PA12 production capacities

Markets : *automotive, sports, electronics*

2021

+50% global PA11 production capacities (monomer + polymer)

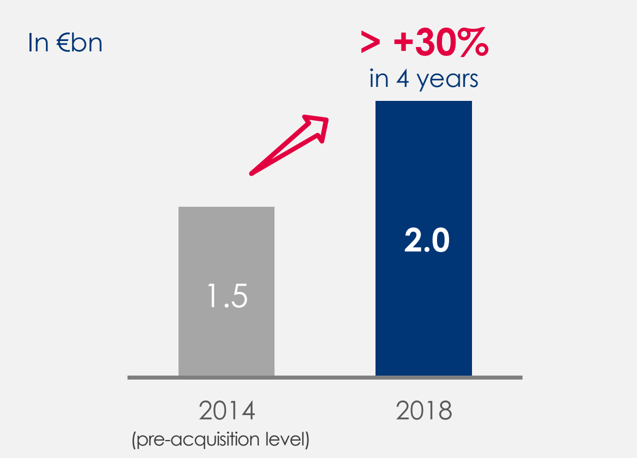
Markets : *3D printing, electronics, automotive*

LT growth drivers :
- Bio-based products (PA11, Pebax® RNew)
- Lightweighting (transportation, sports)

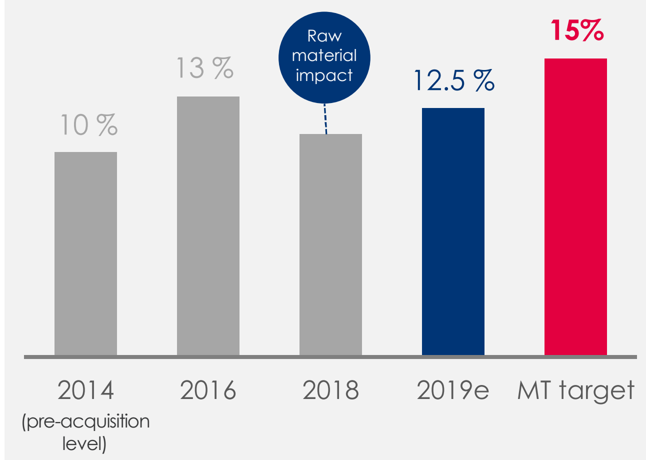
~5%/YEAR VOLUME GROWTH IN ADVANCED MATERIALS BY 2023

DELIVER PROFITABLE GROWTH IN ADHESIVES

SALES GROWTH



EBITDA MARGIN



Create value through M&A

- Roll out acquisition strategy in a fragmented market
- Finalize implementation of synergies at Den Braven in line with €30m target
- Solid pipeline of small to medium size reflections

Expand organically

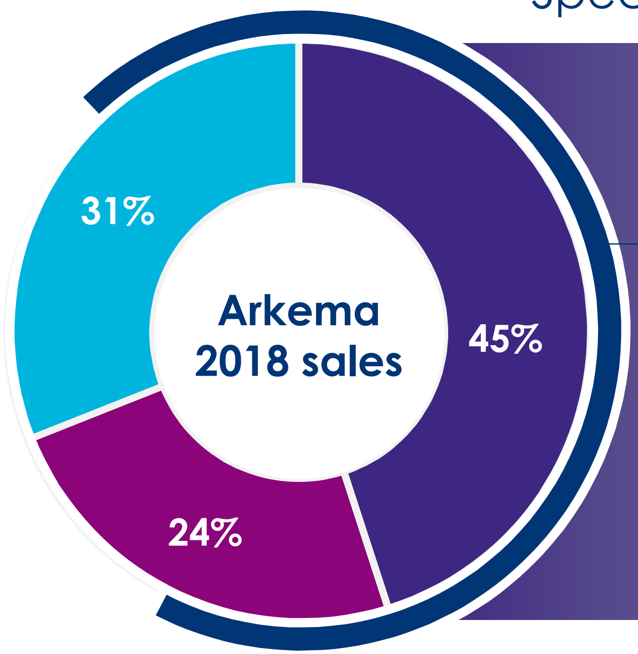
- Accelerate geographic expansion
- Leverage the acquisition of Afinitica in engineering adhesives
- Support development in durable goods through innovation in megatrends
- Become a global leader in sealants

Strengthen operational excellence

- Simplify processes and streamline organization
- Optimize manufacturing footprint
- Leverage integrated worldwide IT systems

PROPOSED ACQUISITION OF ARRMAZ
ANOTHER MILESTONE IN GROWING OUR SPECIALTY BUSINESSES

Specialties **70%**



- High Performance Materials
- Industrial Specialties
- Coating Solutions

HIGH PERFORMANCE MATERIALS

Adhesives

Advanced Materials

Technical Polymers

Performance Additives

ARRMAZ

ARRMAZ, A NEW STEP TOWARDS ARKEMA'S AMBITION TO ACHIEVE > 80% IN SPECIALTIES BY 2023

PROPOSED ACQUISITION OF ARRMAZ
EXECUTIVE SUMMARY

- Proposed acquisition of US-based ArrMaz, a global leader in specialty surfactants for crop nutrition, mining and infrastructure with US$290m sales and 18% EBITDA margin
- Acquisition reinforces our Performance Additives business, one of the 3 strong pillars within the High Performance Materials division, along with Adhesives and Technical Polymers
- ArrMaz specializes in tailored and sustainable solutions for attractive markets driven by mega-trends and fast-growing countries
- The transaction will combine Arkema's and ArrMaz's complementary expertise in formulations, technologies and geographic reach for specialty surfactants
- Purchase price based on a US$570m enterprise value, corresponding to a 10.8x EV/EBITDA multiple (~7x 2023e EBITDA including synergies)
- This acquisition of a profitable, resilient and low capital intensive business is another milestone in Arkema's growth journey towards specialties

A PERFECT STRATEGIC FIT

PROPOSED ACQUISITION OF ARRMAZ
ARRMAZ AT A GLANCE

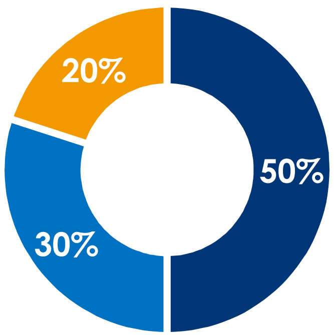
KEY STRENGTHS

- Leading positions in specialty surfactants for crop nutrition, mining and infrastructure
- Strong expertise in designing tailor-made formulations with 6 laboratories dedicated to product development
- Solid partnerships with leading global customers
- Strong footprint in North America and fast-growing countries
- Well positioned in attractive markets growing above GDP

KEY FIGURES (LTM)

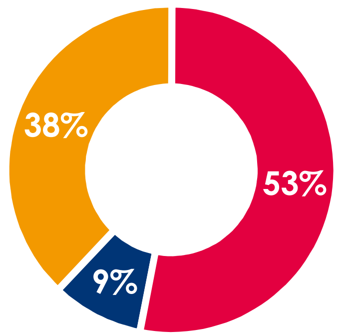
Sales	**US$ 290m**
EBITDA margin	**18%**
REBIT margin	**15%**
Capex to sales	**2.5%**
Employees	**400**

SALES BY END MARKET



- Crop nutrition
- Mining
- Infrastructure

SALES BY REGION



- North America
- Asia and RoW
- Europe

PROPOSED ACQUISITION OF ARRMAZ
TRANSACTION OVERVIEW

Transaction highlights	US$570m enterprise value 10.8x EV/ LTM EBITDA ~7x EV/ 2023e EBITDA including synergies
Financial impact	EPS and cash accretive from first year US$15m synergies, fully achieved within 4 years
Financing	100 % cash Post acquisition, Arkema's net debt to pro forma EBITDA* around 1.1x
Closing	Expected in summer 2019 Subject to clearance by relevant antitrust authorities

* Pro forma EBITDA = consensus for Arkema's 2019e EBITDA + ArrMaz's LTM EBITDA

PROPOSED ACQUISITION OF ARRMAZ
BUILDING A NEW LEADER IN SPECIALTY SURFACTANTS

ARRMAZ

US$290m sales

- Leadership positions in crop nutrition, mining and infrastructure
- Strong expertise in formulation and extensive technical support
- Long-term partnerships with global leading customers
- Strong footprint in North America and state-of-the-art facilities in fast-growing regions

+

ARKEMA'S SPECIALTY SURFACTANTS

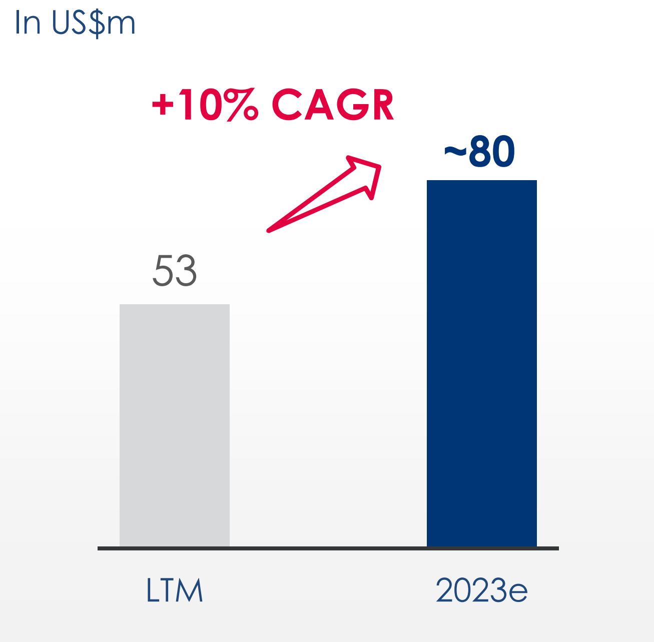
US$205m sales

- Strong chemistry expertise in specialty surfactants
- Extensive formulation know-how (adhesives, specialty surfactants, Coatex rheology additives)
- Well established positions in Europe, the Middle East and Africa in crop nutrition, infrastructure and oil and gas markets

LEVERAGE EXCELLENT COMPLEMENTARITIES

PROPOSED ACQUISITION OF ARRMAZ
SUPERIOR VALUE CREATION

EBITDA



KEY DRIVERS TO DELIVER SUPERIOR VALUE

- **Above GDP growth driven by:**
  - Sustainable trends and fast-growing countries
  - New developments (for nutrients, lithium and oil & gas process aids)
- **Well-identified synergies estimated at US$15m by 2023**
  - Cost synergies on raw materials purchasing
  - Development synergies through commercial, technological and geographical complementarities
- **Transaction multiple reduced to ~7x EBITDA after 4 years**
- **Superior EBITDA to cash conversion [1] at around 60%**

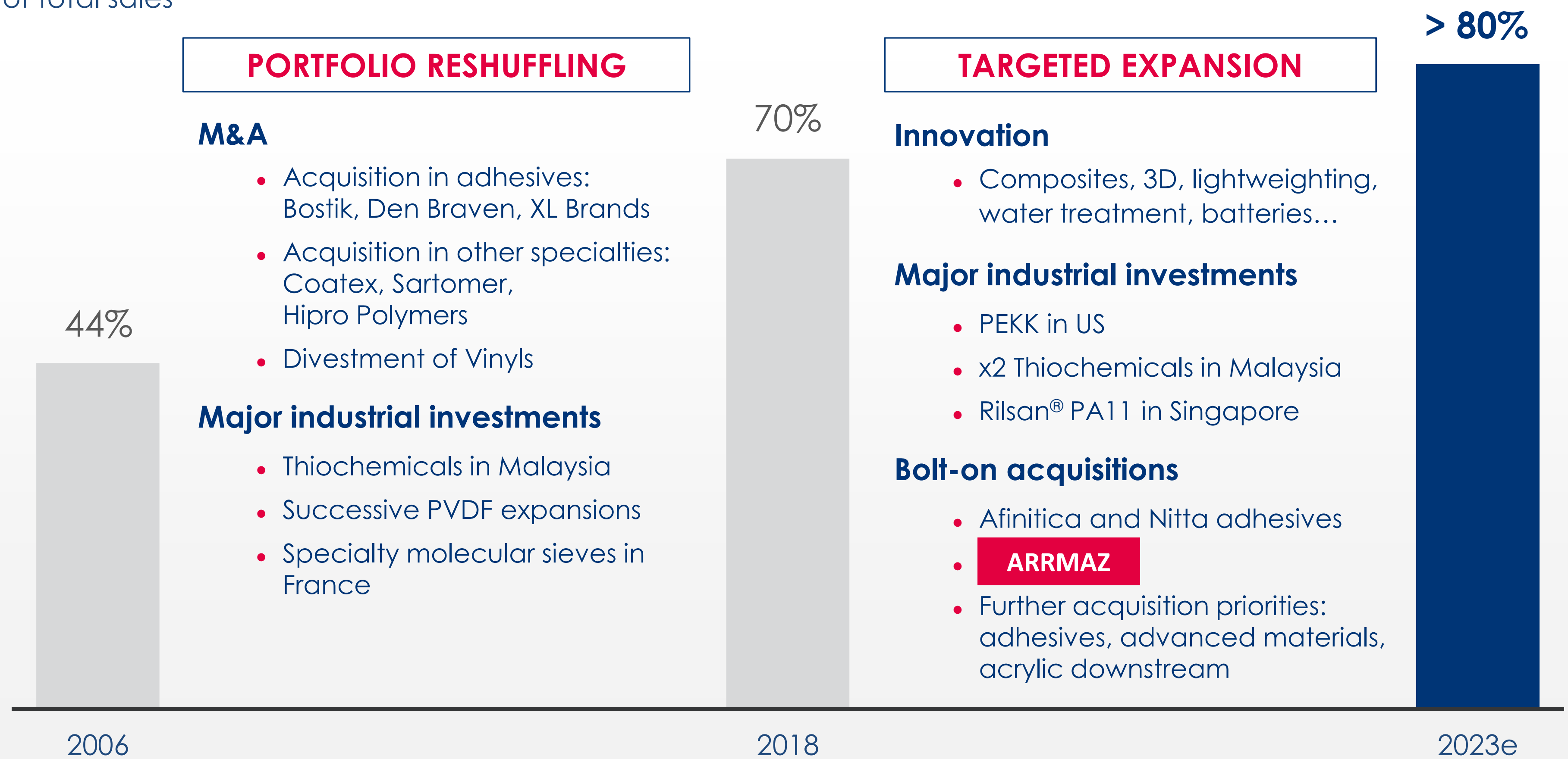
ANOTHER STEP FORWARD TOWARDS ARKEMA'S 2020 AND 2023 TARGETS

[1] Corresponds to free cash flow excluding exceptional capital expenditure divided by EBITDA

GROWTH IN SPECIALTIES: AN ONGOING MOMENTUM

SHARE OF SPECIALTIES

As a % of total sales



PORTFOLIO RESHUFFLING

M&A

- Acquisition in adhesives: Bostik, Den Braven, XL Brands
- Acquisition in other specialties: Coatex, Sartomer, Hipro Polymers
- Divestment of Vinyls

Major industrial investments

- Thiochemicals in Malaysia
- Successive PVDF expansions
- Specialty molecular sieves in France

TARGETED EXPANSION

Innovation

- Composites, 3D, lightweighting, water treatment, batteries…

Major industrial investments

- PEKK in US
- x2 Thiochemicals in Malaysia
- Rilsan® PA11 in Singapore

Bolt-on acquisitions

- Afinitica and Nitta adhesives
- ARRMAZ
- Further acquisition priorities: adhesives, advanced materials, acrylic downstream

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 reference document. As part of the analysis of its results or to define its objectives, the Group uses in particular 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 cash conversion rate: corresponds to the free cash flow excluding exceptional capital expenditure divided by EBITDA

Return on average capital employed (ROACE): corresponds to the REBIT divided by the average of capital employed at the end of years Y and Y-1.