2017 Morgan Stanley Conference

Third quarter 2017 results and 2017 outlook
Key elements from July 2017 Capital Markets Day

November 2017

Third quarter 2017 results and 2017 outlook

3Q'17 financial highlights

€2,019 m sales	**+9.8%** up YoY **+10.5%** at constant scope and FX **+8%** volume growth in **High Performance Materials** supported by successful innovation in major sustainability trends
€355 m EBITDA	**+17.2%** up on 3Q'16 (€303 m) Strong YoY growth in the three divisions
17.6% EBITDA margin	16.5% in 3Q'16 Margins up YoY in the three divisions
€158 m adjusted net income	**+43.6%** up YoY **€2.08** adjusted EPS
€1,194 m net debt	Excellent cash generation with a free cash flow at **+€274 m** Net debt significantly down versus 30 June 2017 (€1,471 m) Gearing down at **27%**

Main announcements since 30 June 2017

Bostik

Acquisition of XL Brands

A leader in floor covering adhesives in the US

Enable Bostik to offer a full range of solutions in this growing market

US$205 m EV, 11x EBITDA and 7x EBITDA within 4 to 5 years including synergies

Closing expected end 2017

Bostik

Opening of a new site in Gujarat, India

New manufacturing facility in addition to existing plant in Bangalore

Will serve the fast-growing demand for adhesives in industrial markets (flexible lamination, transportation and footwear)

For both India and export markets

Technical Polymers

+20% PVDF production capacity increase in North America

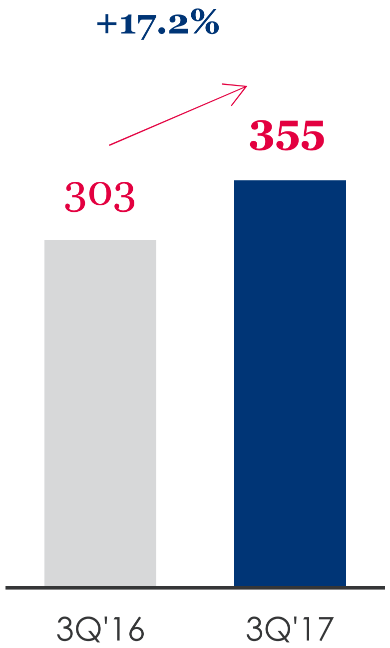
Will meet strong demand in water management, chemical process industry and high performance cables

Due to start mid-2018

A very strong quarterly performance

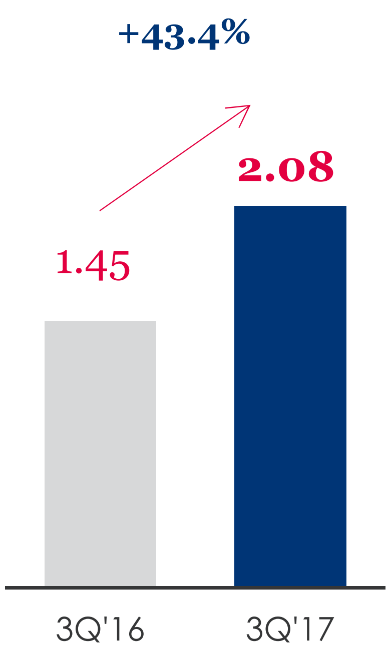
EBITDA

In €m



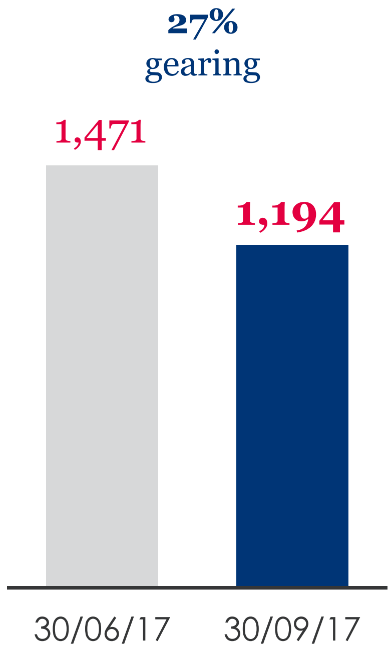
Adjusted EPS

In €

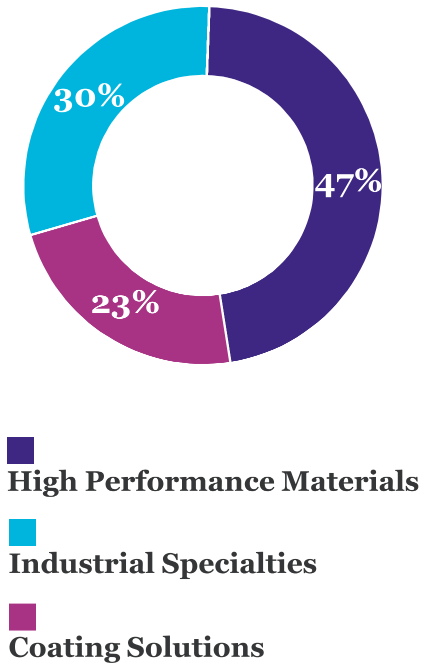


Net debt

In €m



Sales by division



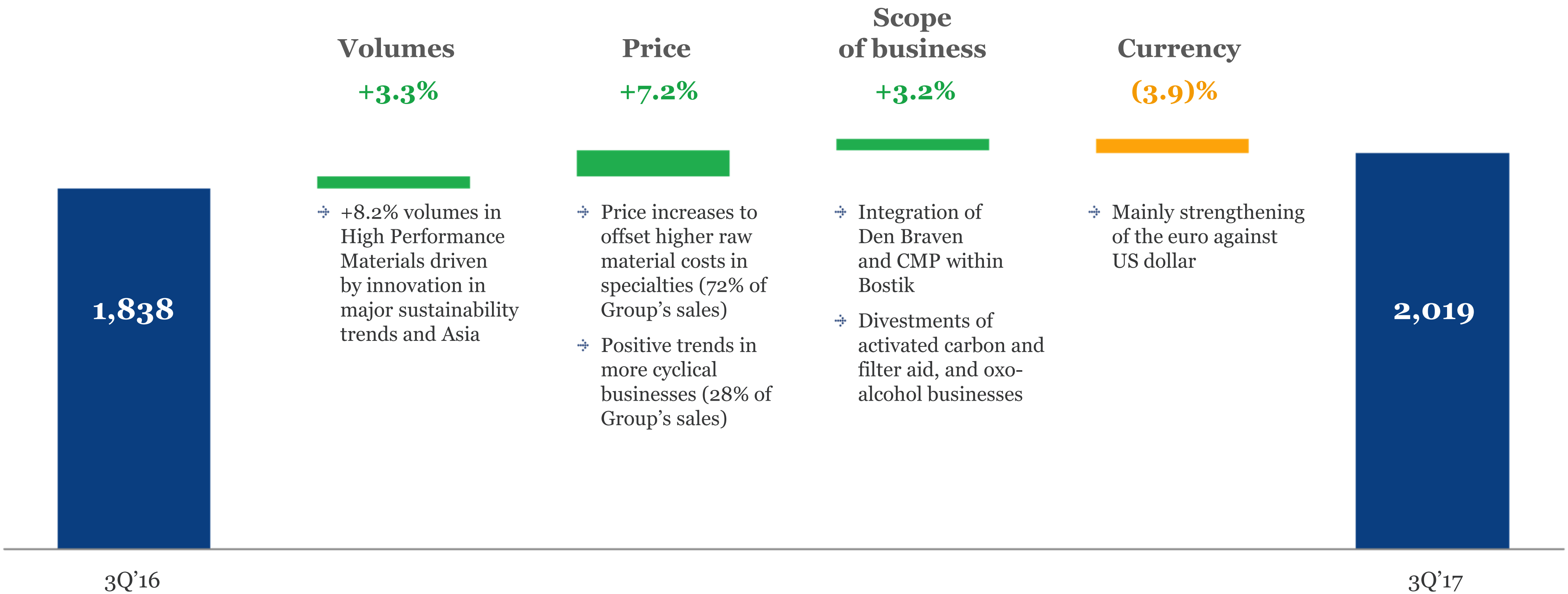
3Q'17 key figures

In €m (except EPS)	3Q'16	**3Q'17**	CHANGE
Sales	1,838	**2,019**	+9.8%
EBITDA	303	**355**	+17.2%
EBITDA margin	16.5%	**17.6%**	
Recurring operating income (REBIT)	190	**247**	+30.0%
REBIT margin	10.3%	**12.2%**	
Adjusted net income	110	**158**	+43.6%
Net income – Group share	96	**142**	+47.9%
Adjusted EPS *(in euros)*	1.45	**2.08**	+43.4%

3Q'17 sales bridge

Sales

In €m



High Performance Materials (47% of Group sales)

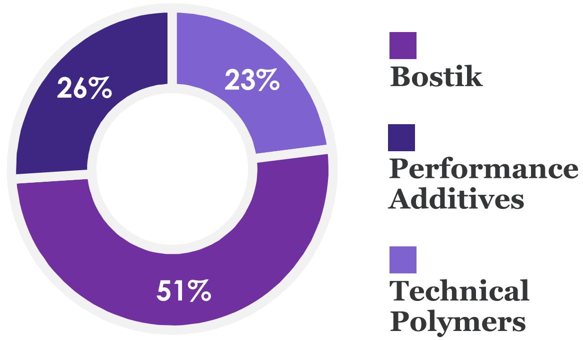
3Q'17 key figures

In €m	3Q'16	3Q'17	Change
Sales	836	**955**	+14.2%
EBITDA	140	**161**	+15.0%
EBITDA margin	16.7%	**16.9%**	
Rec. operating income	102	**123**	+20.6%

3Q'17 sales development

Volumes	**+8.2%**
Prices	**+2.2%**
Currency	**(4.1)%**
Scope	**+7.9%**

3Q'17 sales by Business Line



3Q'17 highlights

- **Volumes up +8.2% versus 3Q'16**
  - Very strong demand in Asia for lighter materials, batteries, photovoltaics, sports and consumer electronics
  - Ramp-up of the new specialty molecular sieves unit in Honfleur (France)
- **+7.9% sales impact from M&A reflecting Den Braven and CMP acquisitions and the divestment of the activated carbon and filter aid business**
- **EBITDA up +15% YoY at €161 m despite higher costs than last year for certain raw materials**
  - Very good volume momentum in advanced materials (Technical Polymers + Performance Additives)
  - Bostik expansion supported notably by Den Braven integration and first synergies
- **16.9% EBITDA margin, slightly up YoY (16.7% in 3Q'16)**

Industrial Specialties (30% of Group sales)

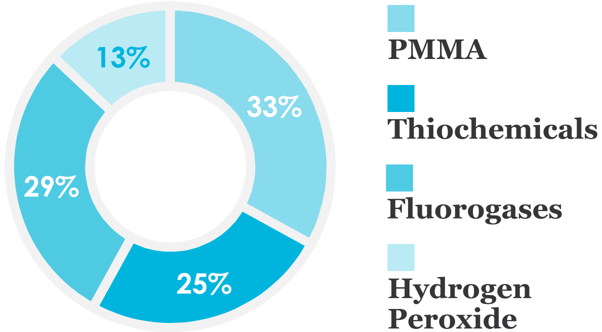
3Q'17 key figures

In €m	3Q'16	3Q'17	Change
Sales	553	**594**	+7.4%
EBITDA	123	**149**	+21.1%
EBITDA margin	22.2%	**25.1%**	
Rec. operating income	80	**106**	+32.5%

3Q'17 sales development

Volumes	**(0.3)%**
Prices	**+11.5%**
Currency	**(4.0)%**
Scope	**-**

3Q'17 sales by Business Line



3Q'17 highlights

- **Sales up +11.2% at constant scope of business and FX**
  - +11.5% price effect driven by good market conditions in Fluorogases and MMA/PMMA
  - Overall stable volumes affected by the consequences of hurricane Harvey, particularly in Thiochemicals
- **EBITDA significantly up +21.1% YoY at €149 m**
  - Confirmation of the return of Fluorogases to very good level of results, in line with the Group's expectations
  - Continued tight market conditions in MMA/PMMA
  - Overall solid performance in Thiochemicals
- **25.1% EBITDA margin, up YoY (22.2% in 3Q'16)**

Coating Solutions (23% of Group sales)

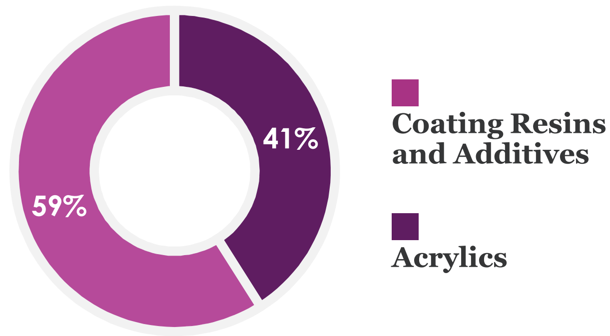
3Q'17 key figures

In €m	3Q'16	3Q'17	Change
Sales	442	**463**	+4.8%
EBITDA	54	**62**	+14.8%
EBITDA margin	12.2%	**13.4%**	
Rec. operating income	23	**36**	+56.5%

3Q'17 sales development

Volumes	**(1.3)%**
Prices	**+11.4%**
Currency	**(3.4)%**
Scope	**(1.8)%**

3Q'17 sales by Business Line



3Q'17 highlights

- **Sales up +10.1% at constant FX and scope of business (divestment of oxo-alcohol business early March 2017)**
  - +11.4 % price effect reflecting gradually improving acrylic cycle and actions to raise selling prices across the entire chain
  - Volumes impacted by the consequences of hurricane Harvey which offset the robust volume growth for coating resins
- **EBITDA up +14.8% YoY at €62 m**
  - In line with the Group's assumption, unit margins for acrylic monomers gradually improving from last year's low points
  - Higher contribution from acrylic monomers more than offsetting the impact in downstream businesses of higher input costs
- **13.4% EBITDA margin, up YoY (12.2% in 3Q'16)**

ARKEMA INNOVATIVE CHEMISTRY

Excellent cash flow in 3Q'17

In €m	3Q'17	
EBITDA	**355**	
Change in working capital [1]	94	• Reflects tight control and usual seasonality of working capital • 15.5% working capital to annualized sales ratio versus 16.8% end of September 2016
Change in fixed assets payables [1]	4	
Current taxes	(50)	
Cost of debt	(24)	
Recurring capital expenditure [2]	(95)	• 2017e capex: slightly below the initial €450 m guidance
Others	11	
RECURRING CASH FLOW	**295**	
Non-recurring items in operating and investing cash flow	(21)	• Correspond mainly to the consequences of hurricane Harvey and restructuring costs
FREE CASH FLOW	**274**	
Impact of portfolio management	(2)	
NET CASH FLOW	**272**	

(1) Excluding non-recurring items and impact of portfolio management
(2) Excluding exceptional capex and capex relating to portfolio management

ARKEMA INNOVATIVE CHEMISTRY

2017 outlook

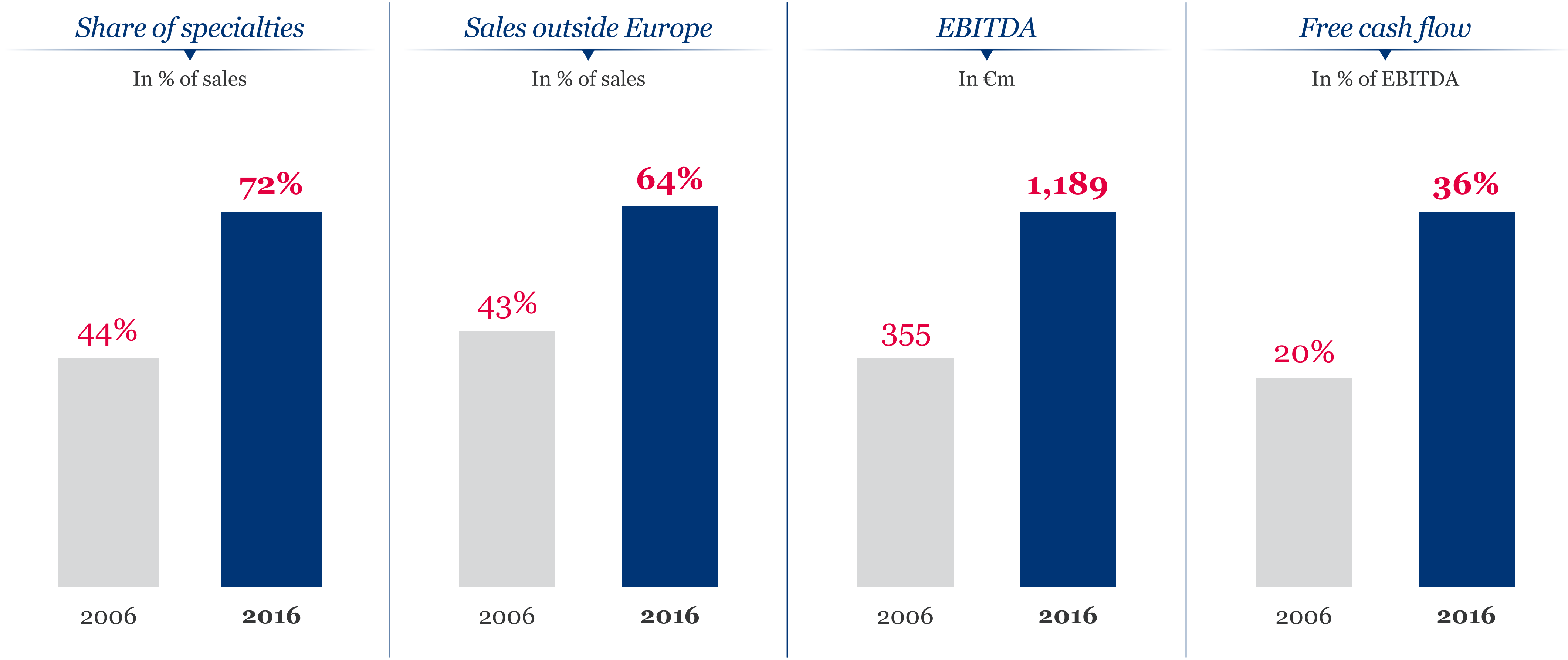
Focus on internal drivers

- Bostik expansion with the integration of Den Braven
- New high value-added applications in advanced materials notably related to major sustainability trends
- Limited improvement expected in 4Q versus last year in Fluorogases given this activity's seasonality
- Ongoing actions to reflect high costs of certain raw materials in the Group's selling prices
- Operational excellence initiatives to offset part of fixed costs inflation

In view of the above factors and the traditional seasonality of the Group's business towards the end of the year, and based on the results achieved in the first nine months of 2017, the Group now targets for the full year an EBITDA in the upper end of the €1,310 m to €1,350 m range announced in August.

Key elements from July 2017 Capital Markets Day

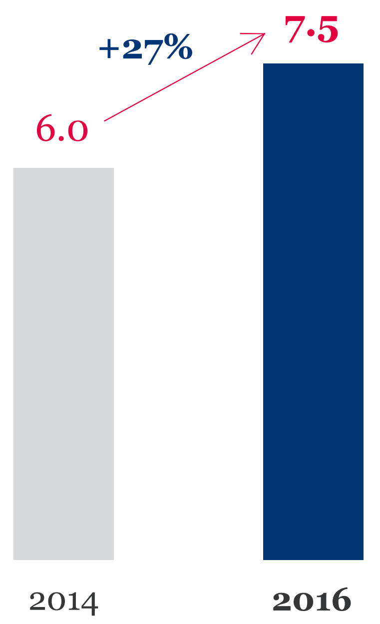
A strong track record…



... including a significant step-up in financials

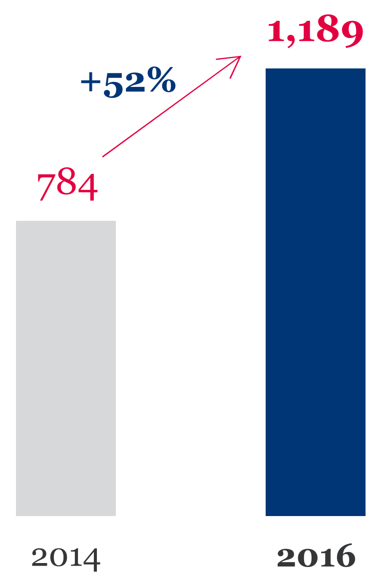
Sales

In €m



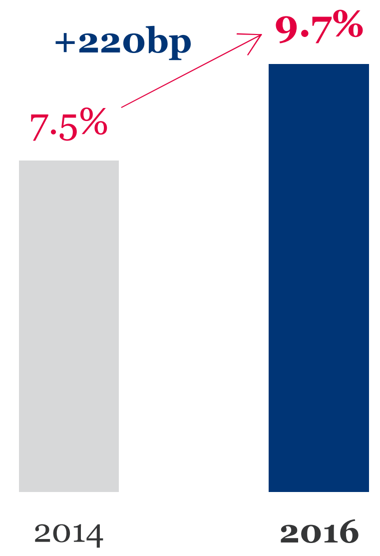
EBITDA

In €m



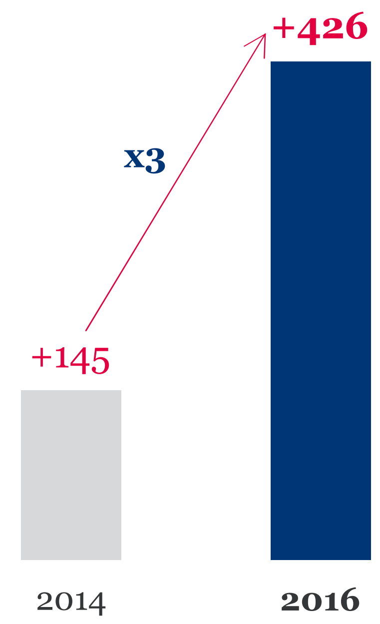
REBIT margin

In %



Free cash flow

In €m



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

ARKEMA INNOVATIVE CHEMISTRY

Main levers of transformation

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

Arkema at a glance (2016)

€7.5 bn sales

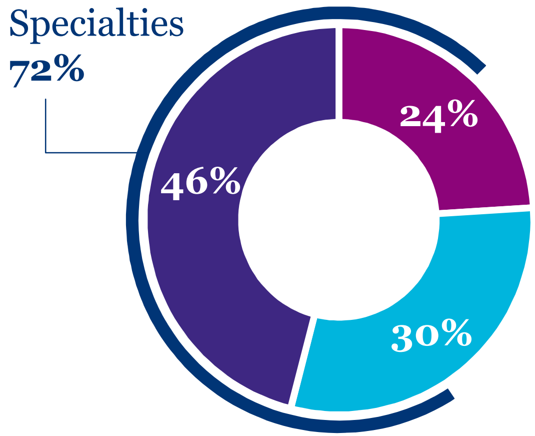
19,700 employees

Present in **50 countries**

133 industrial sites

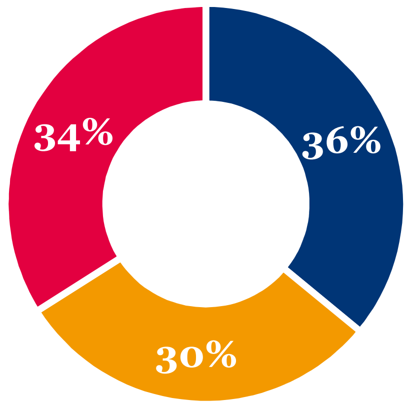
€222 m R&D spending

A strong portfolio of businesses



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

A global and balanced footprint



- Europe
- North America
- Asia and RoW

ARKEMA INNOVATIVE CHEMISTRY

Our portfolio of businesses

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

H_2O_2

- 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

24% *Consumer Goods* — ↗ Lightweighting Design

19% *Coatings* — ↗ Regulations Low-VOC

19% *Chemicals & Plastics* — ↗ Emerging countries Megatrends

11% *Building & Construction* — ↗ Home efficiency and insulation

7% *Automotive & Transportation* — ↗ Lightweighting Mobility

7% *Industry*

8% *Energy & Water* — ↗ Access to clean water; New energies

5% *Others*

Diversity of end markets offers resilience and growth

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

Our vision

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

Maintain disciplined capital allocation policy

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***

Our strategic priorities

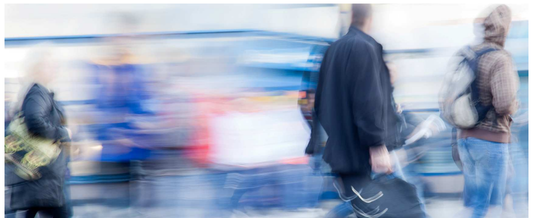
Innovation

Acquisitions

Emerging countries

Commercial excellence

Operational excellence



Corporate social responsibility

Digitalization

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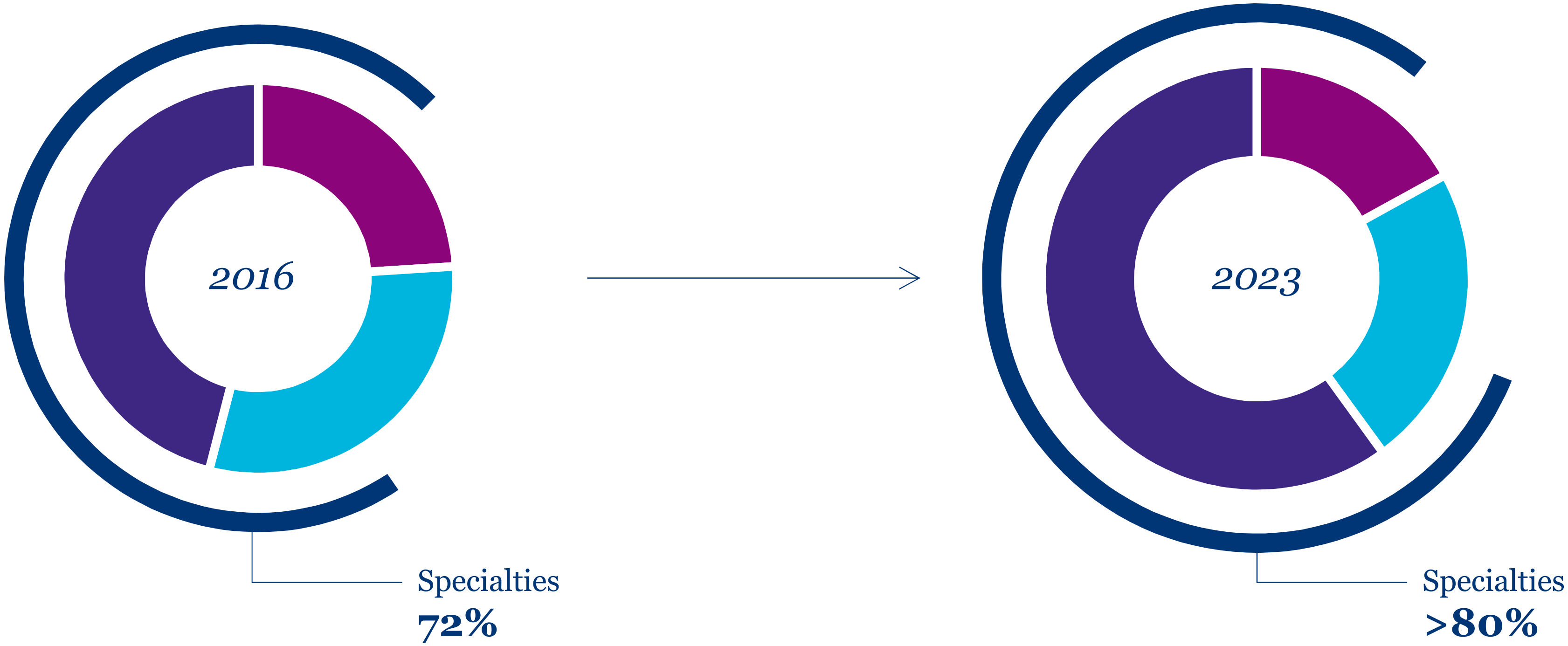
Accelerate growth of Advanced Materials and Adhesives

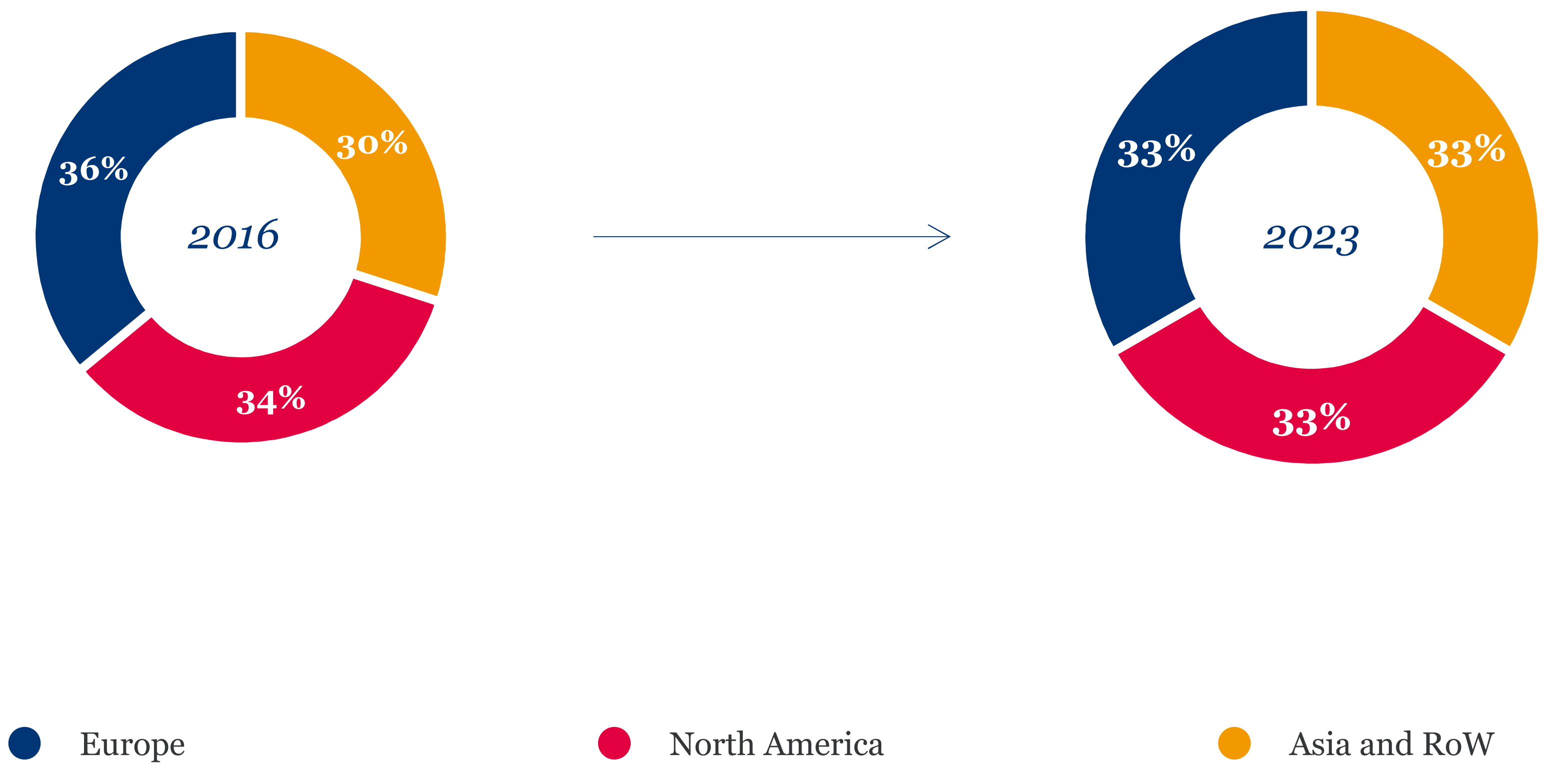


High Performance Materials
Advanced Materials + Adhesives

Industrial Specialties

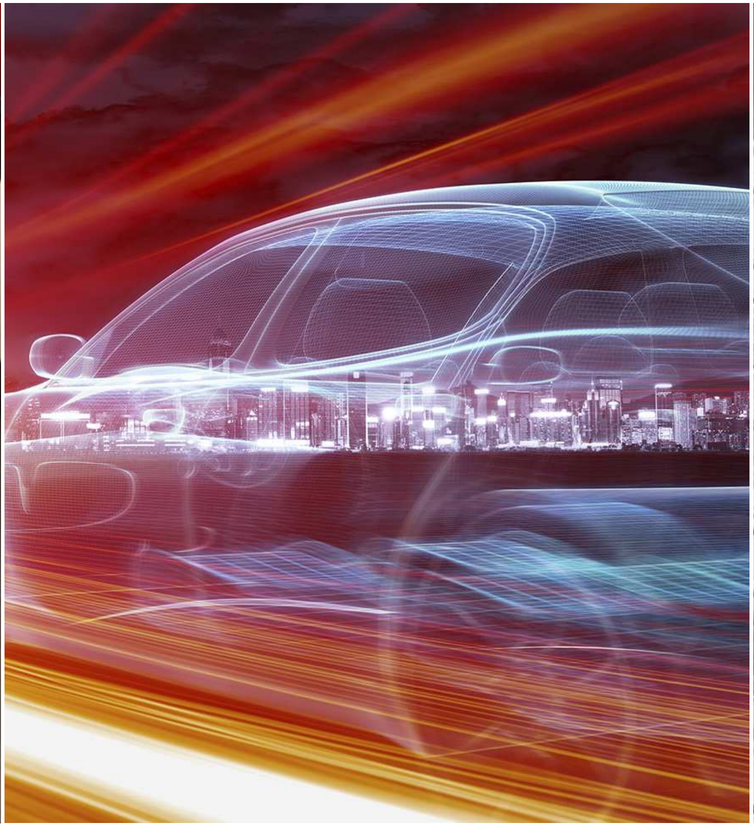
Coating Solutions

Reinforce footprint in higher growth countries



3 major growth pillars

Adhesives



Advanced Materials

Thiochemicals

ARKEMA INNOVATIVE CHEMISTRY

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**

Advanced Materials

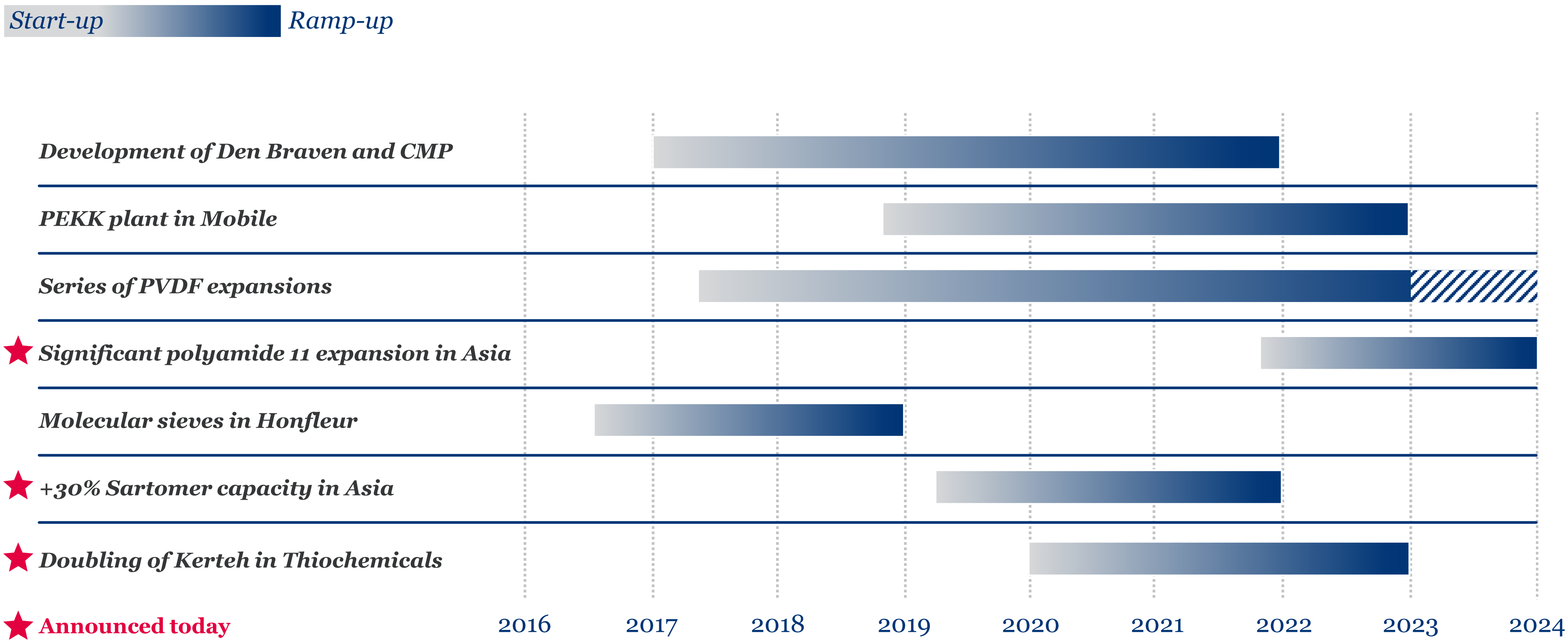
- Build and start the **PEKK plant** in **Mobile** (Alabama, USA)
- Continuously expand our **PVDF capacities** in the 3 regions consistently with our current investment in Changshu (China)
- ★ Expand significantly the bio-based **polyamide 11 chain in Asia (+50% WW)**
- Leverage the recent expansion 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 **Carelflex®** and **Odorflex®** solutions in petrochemicals and refining

★ **Announced today**

Planned calendar of these projects



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Adhesives

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**

ARKEMA INNOVATIVE CHEMISTRY

Adhesives long-term ambition

- 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

ARKEMA INNOVATIVE CHEMISTRY

Advanced Materials

Market

Consolidated market with limited number of players

Significant opportunities **from megatrends**
Lightweighting, clean water, new energies, 3D printing

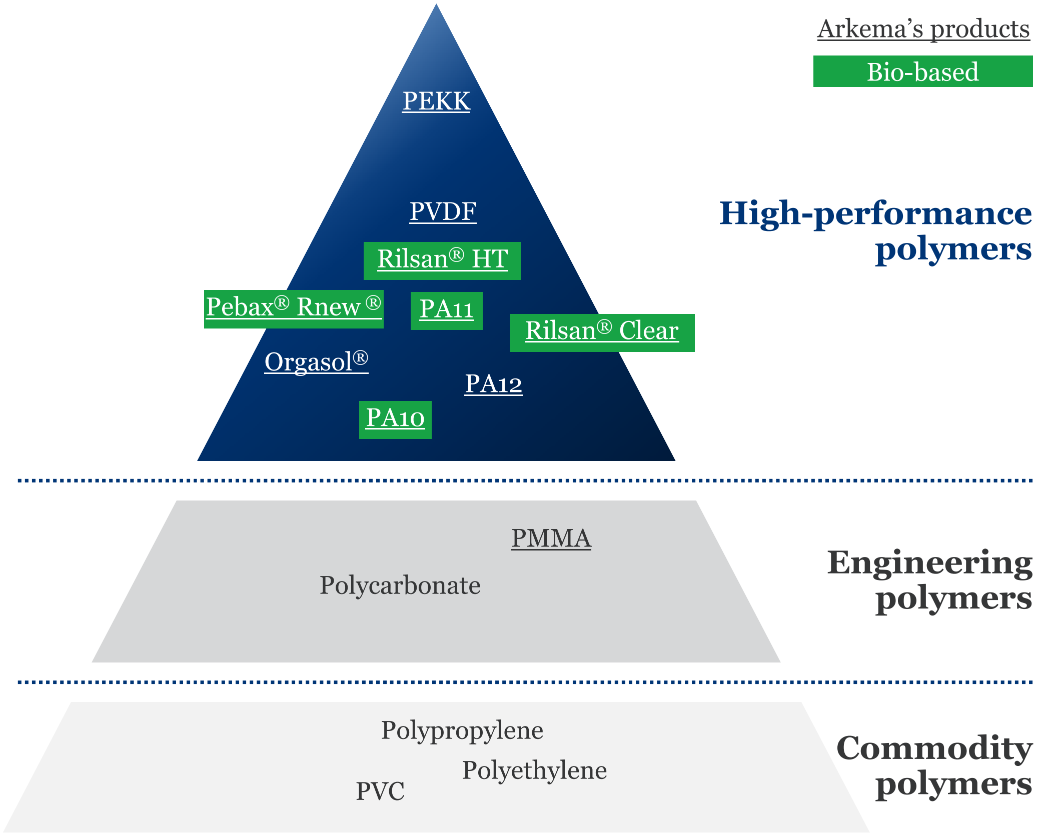
Arkema

Unique technology-driven portfolio supporting high-value applications

Unique **bio-based** positioning

Well recognized brands

Ranking of polymers pricing and performance



Advanced Materials long-term ambition

- 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

Targeting excellence is our driver

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

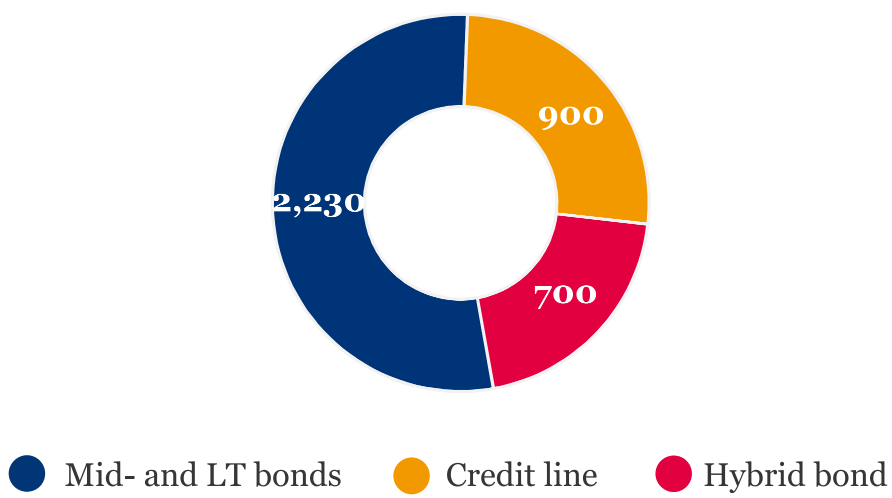
Supply chain streamlining

ARKEMA INNOVATIVE CHEMISTRY

A strong and balanced debt structure

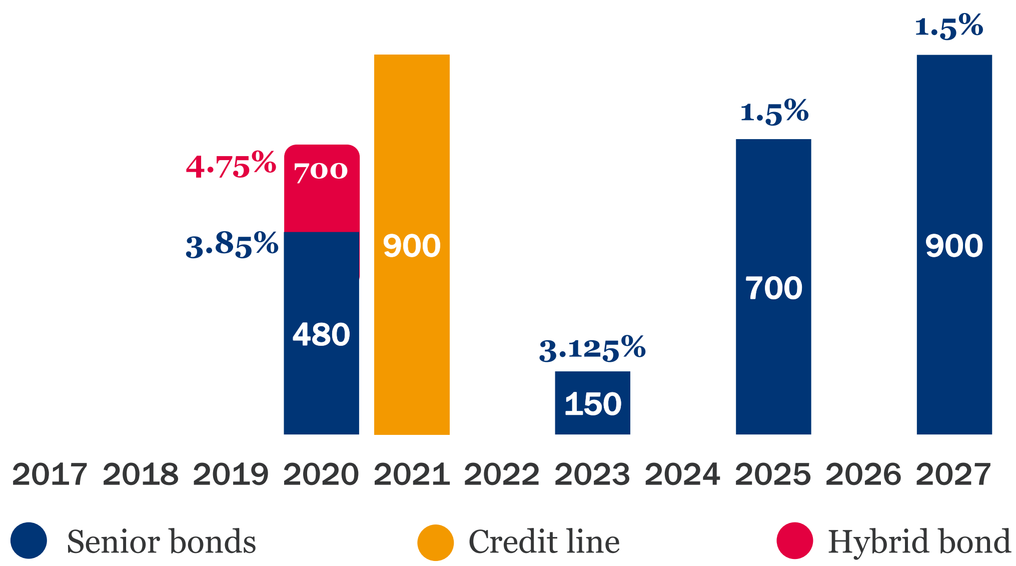
€3.8 bn *of financial resources*

In €m



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

In €m

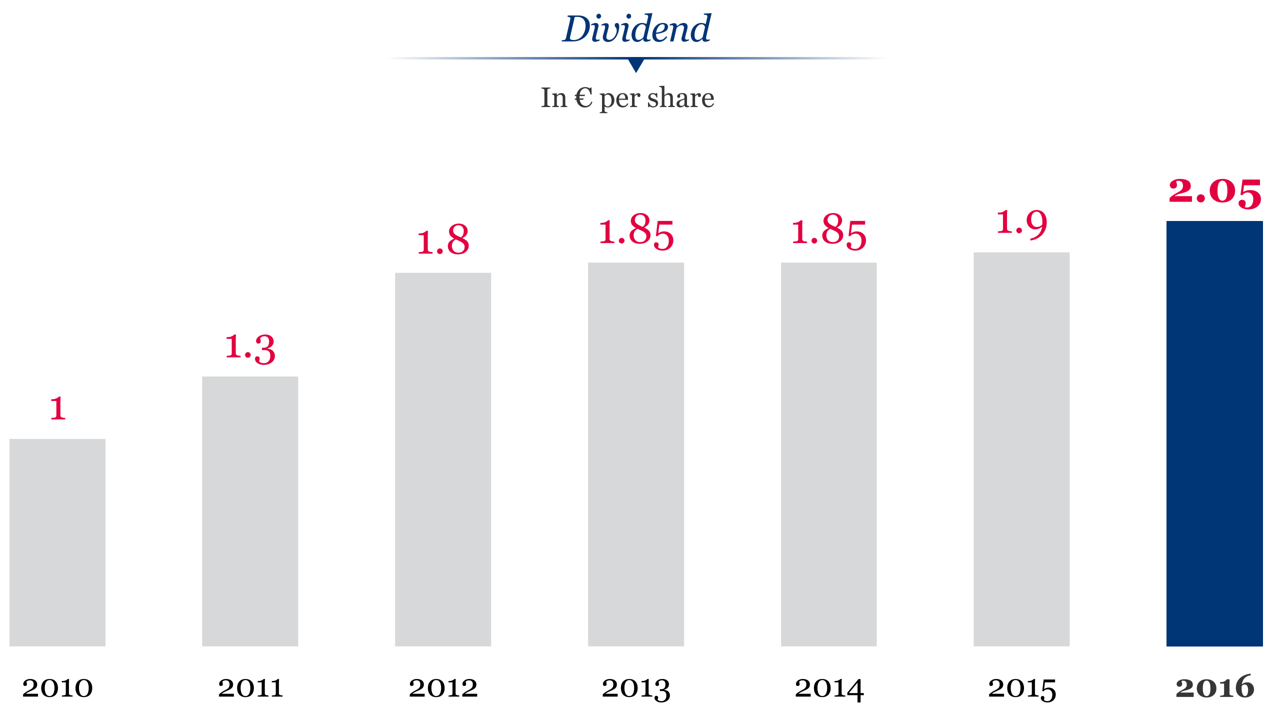


€900m bond issued in 2Q'17 at **1.50% / year**

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

Cash cost of hybrid bond **€33 m**

Dividend policy



- 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

ARKEMA INNOVATIVE CHEMISTRY

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 segment 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 2016 included in section 4.3.3. of the 2016 Reference Document and in the press release. 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.

Exceptional capex: corresponds 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.