

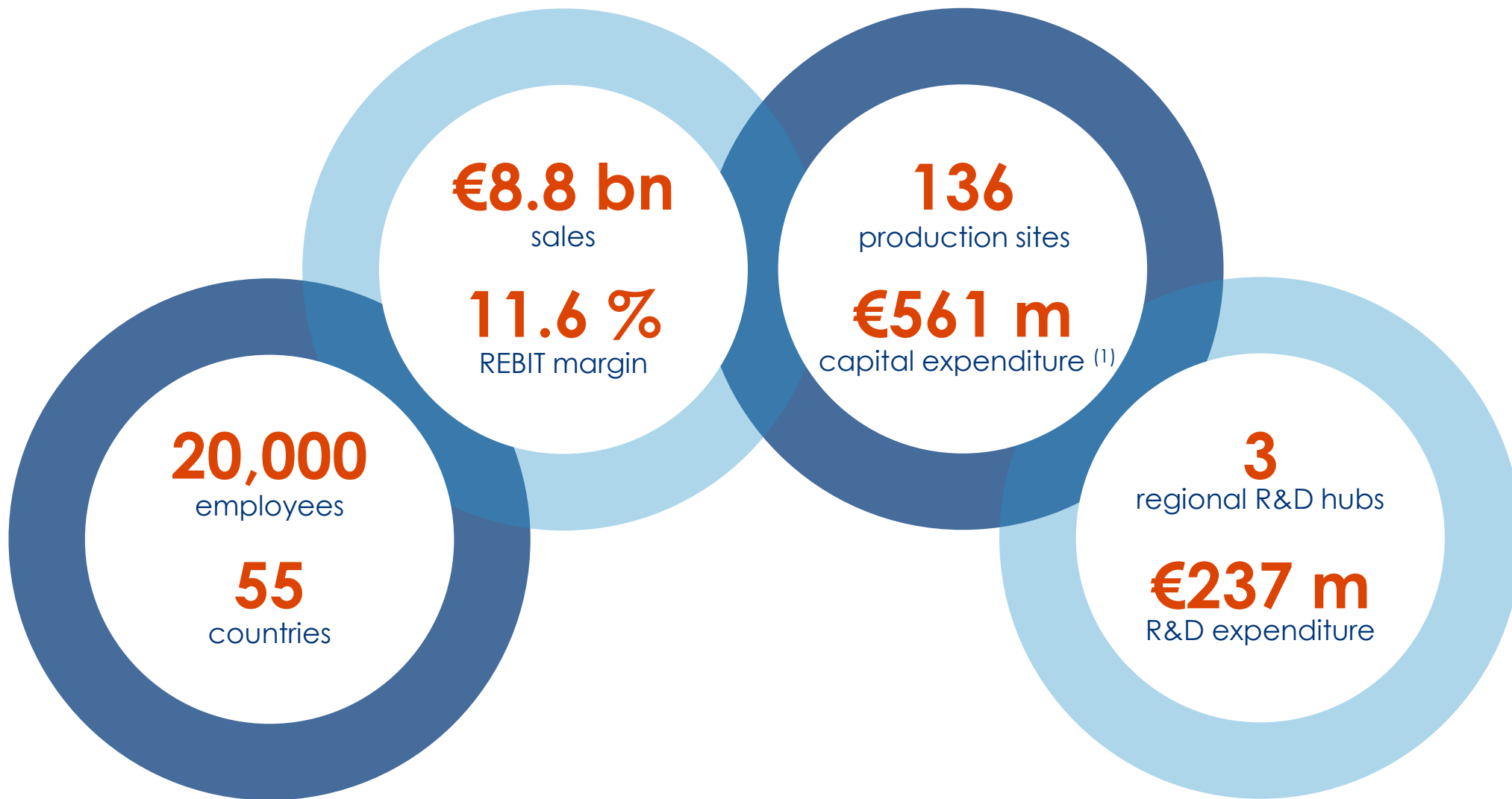


# 2019 GENERAL MEETING

21 May 2019

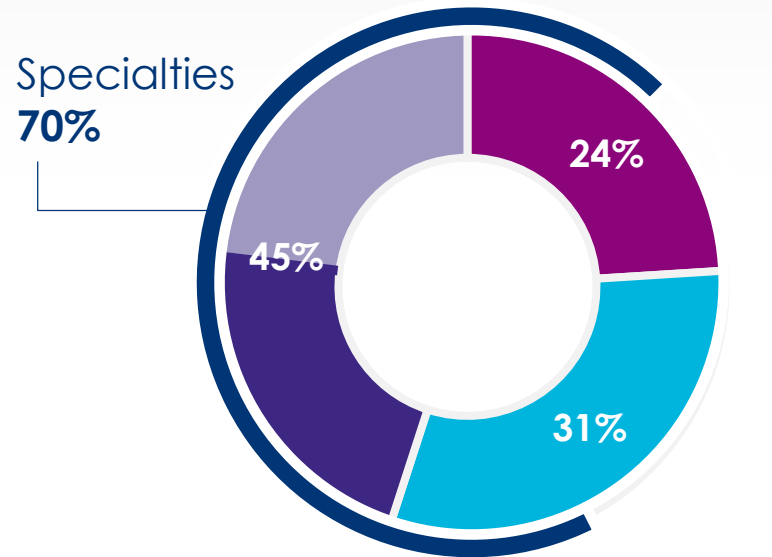
Théâtre des Sablons, Neuilly-sur-Seine - France

**ARKEMA**  
INNOVATIVE CHEMISTRY



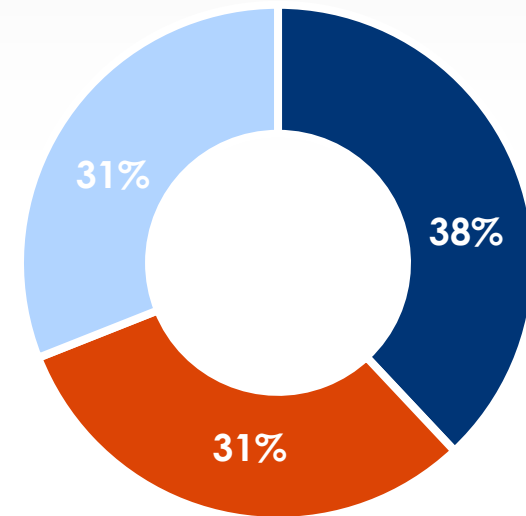
(1) Recurring and exceptional

## A PORTFOLIO FOCUSED ON SPECIALTIES



- High Performance Materials
- 23% Adhesives
- 22% Advanced materials
- Industrial Specialties
- Coating Solutions

## A BALANCED GEOGRAPHIC PRESENCE



- Europe
- North America
- Asia and rest of the world

## BREAKDOWN OF 2018 SALES

# KEY GROWTH MARKETS

**Consumer electronics**



**Decorative paints**



**Water treatment**



**Oil and gas**



**Aerospace**



**Automotive**



**Animal nutrition**



**Batteries**



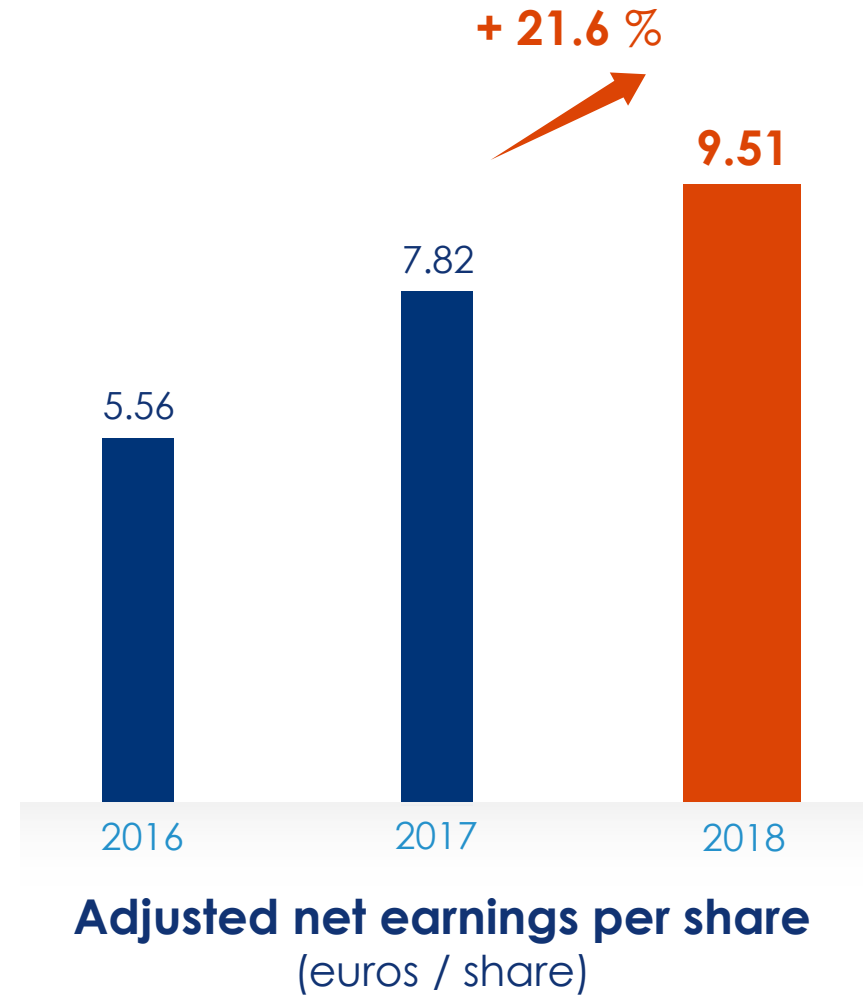
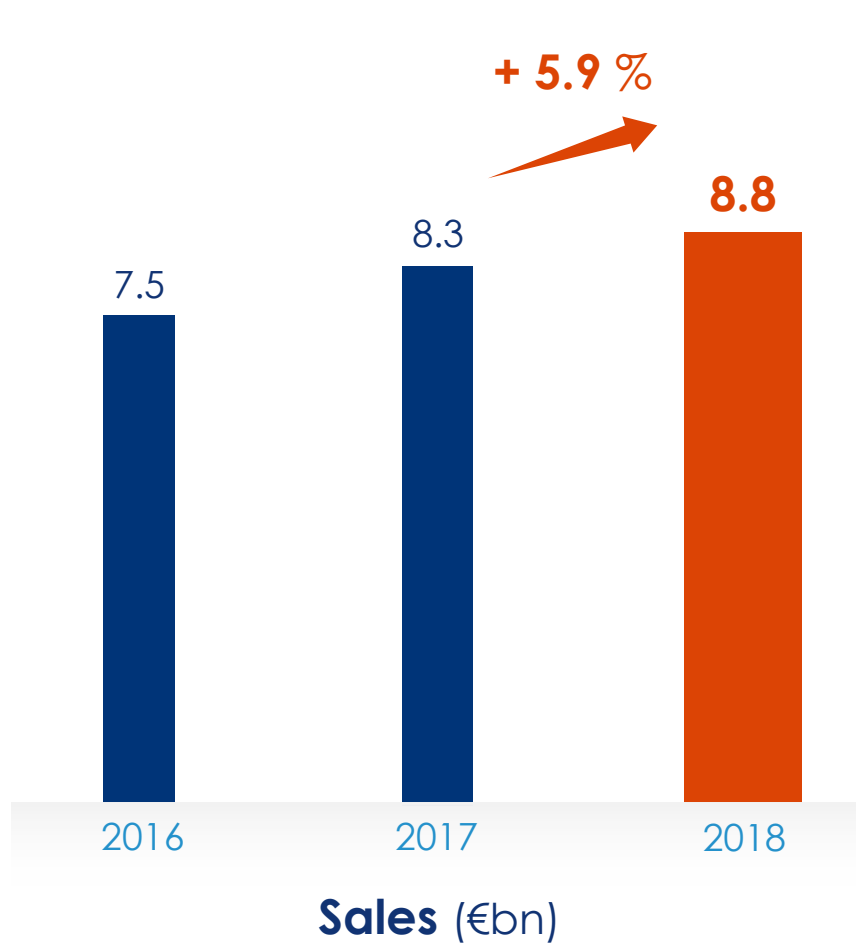
**New energies**



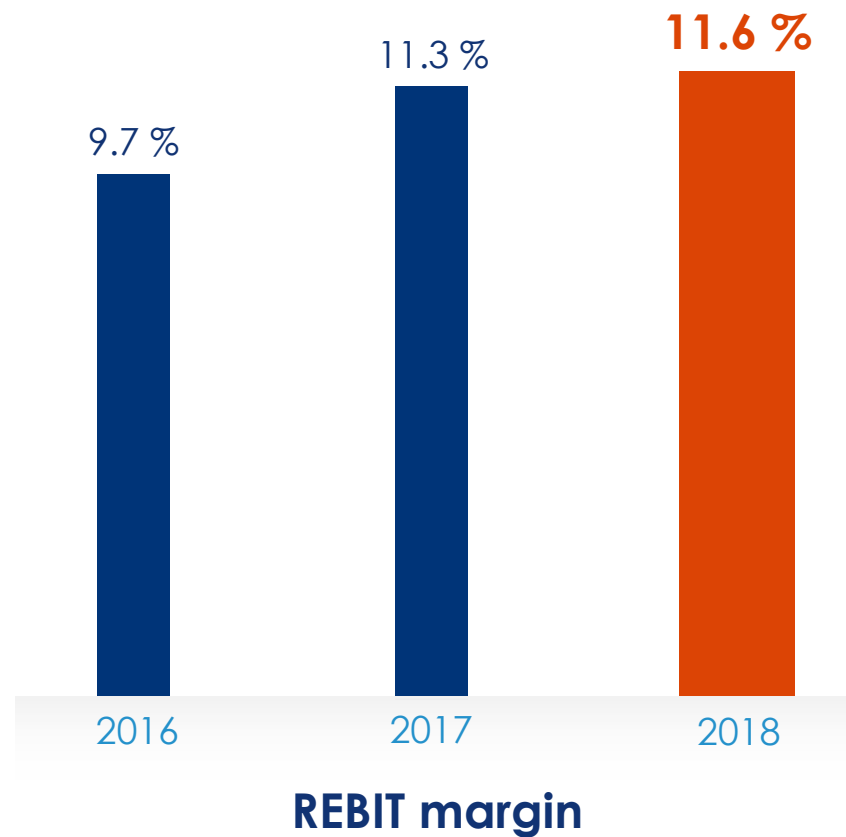
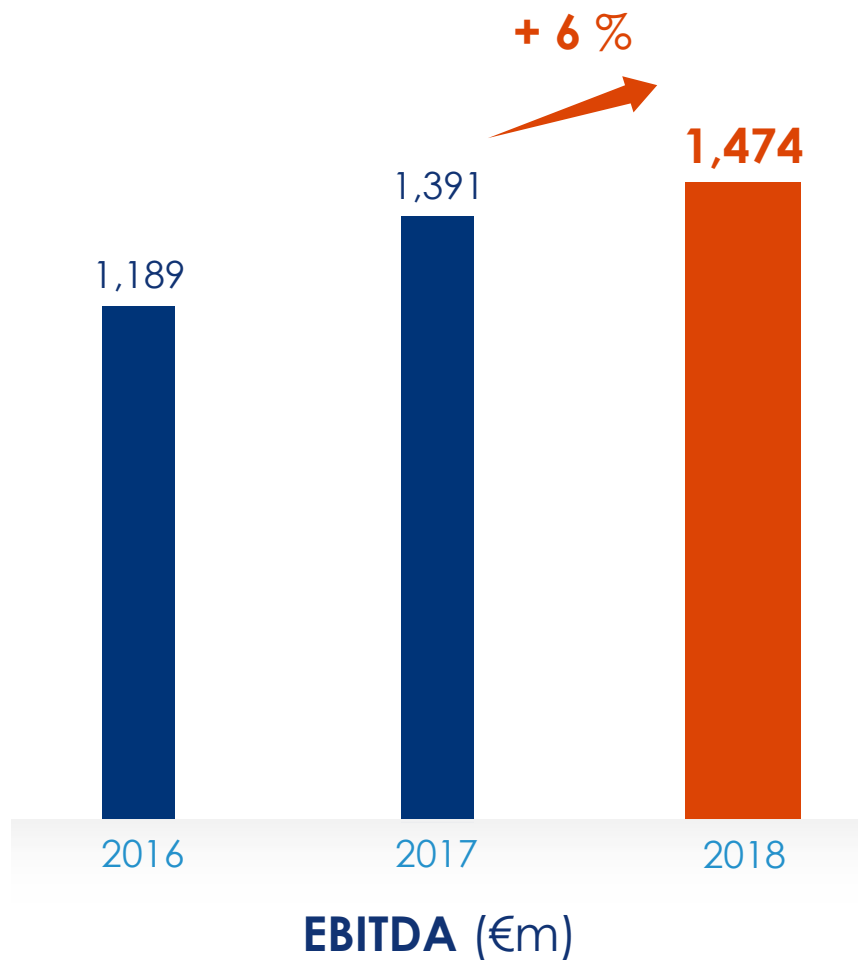
**Sport**

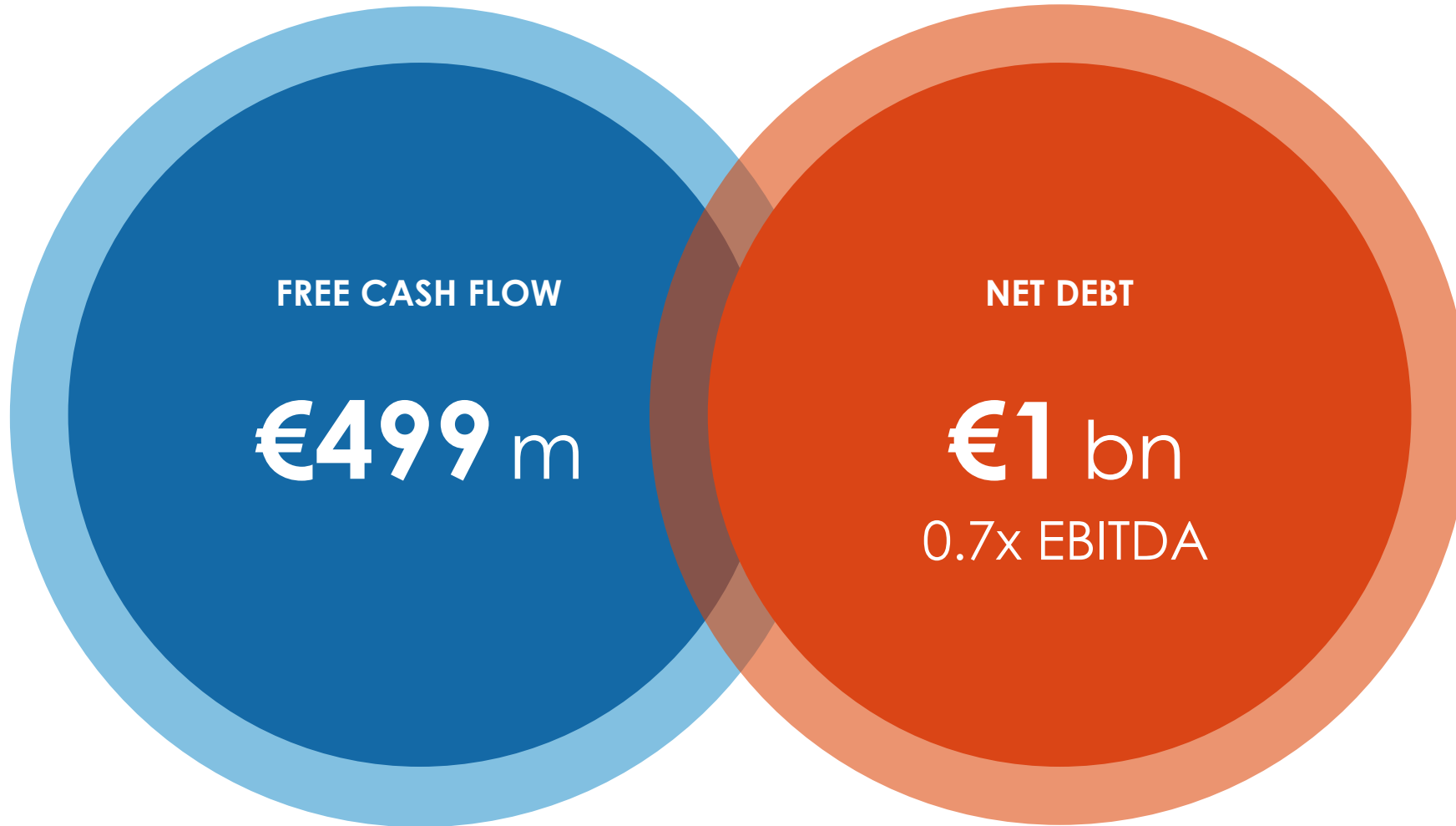


# STRONG GROWTH FOR THE GROUP

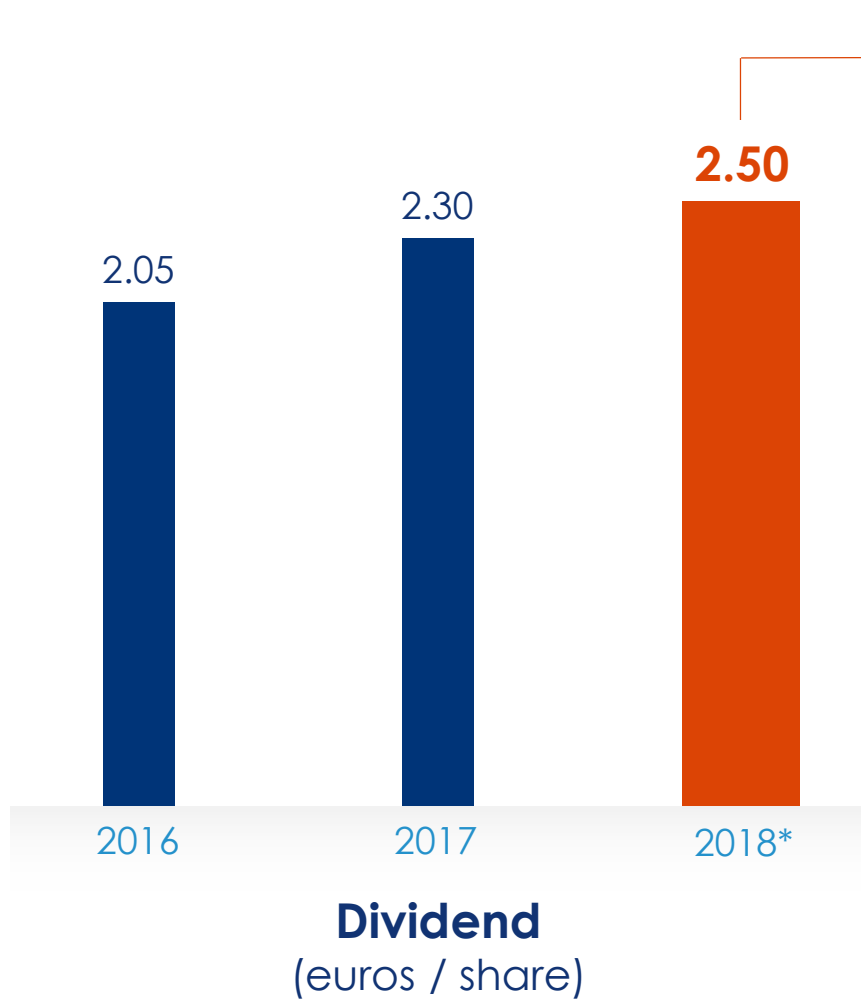


# RECORD FINANCIAL PERFORMANCE





# REGULAR DIVIDEND INCREASE



Dividend proposed at today's general meeting

**In line with our policy of paying a stable or growing dividend each year**

**Pay-out**

**26 %**

(as a % of adjusted net earnings/share)

**Yield**

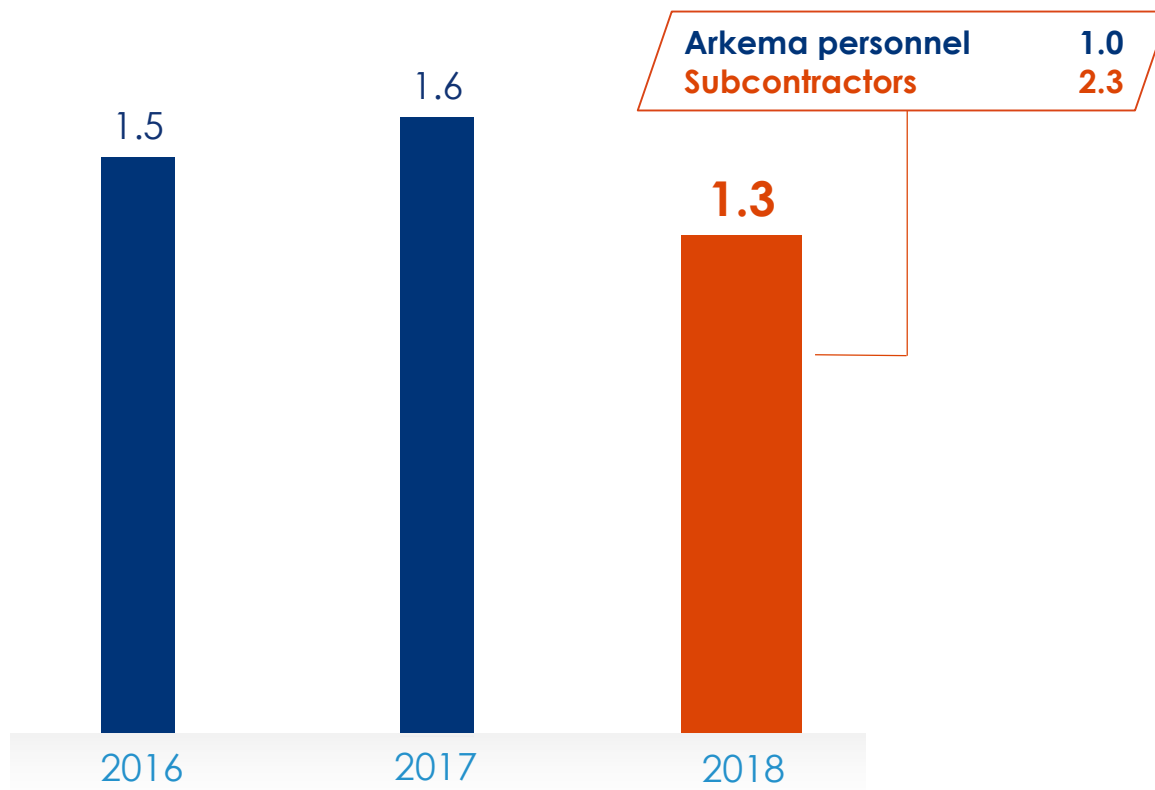
**3.3 %**

(based on the share price as of 31/12/2018)

**Growth 2018 versus 2017**

**+ 8.7 %**



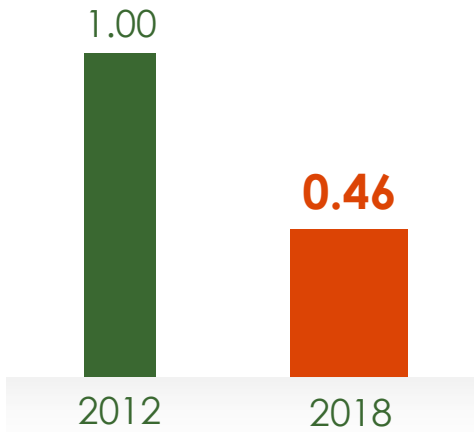


## TRIR

(Total recordable injury rate per million hours worked \*)

\* Includes injuries to both Group and subcontractor employees

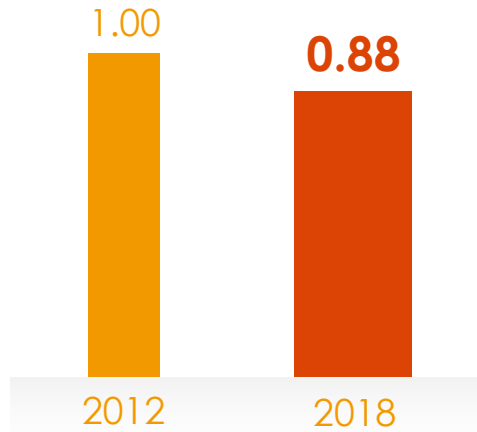




**Climate**

13 CLIMATE ACTION

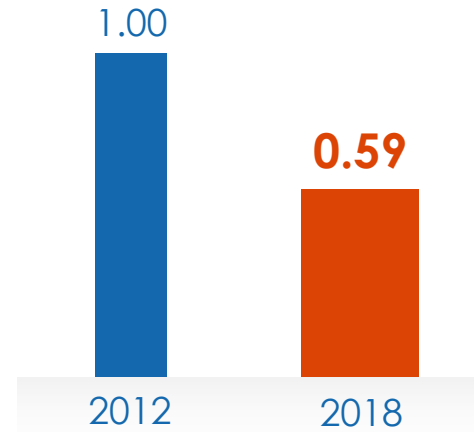
Direct greenhouse gas emissions



**Energy**

7 AFFORDABLE AND CLEAN ENERGY

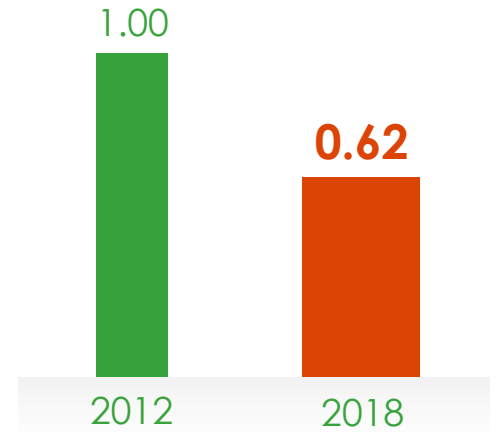
Net energy purchases



**Water**

14 LIFE BELOW WATER

Chemical oxygen demand



**Air**

15 LIFE ON LAND

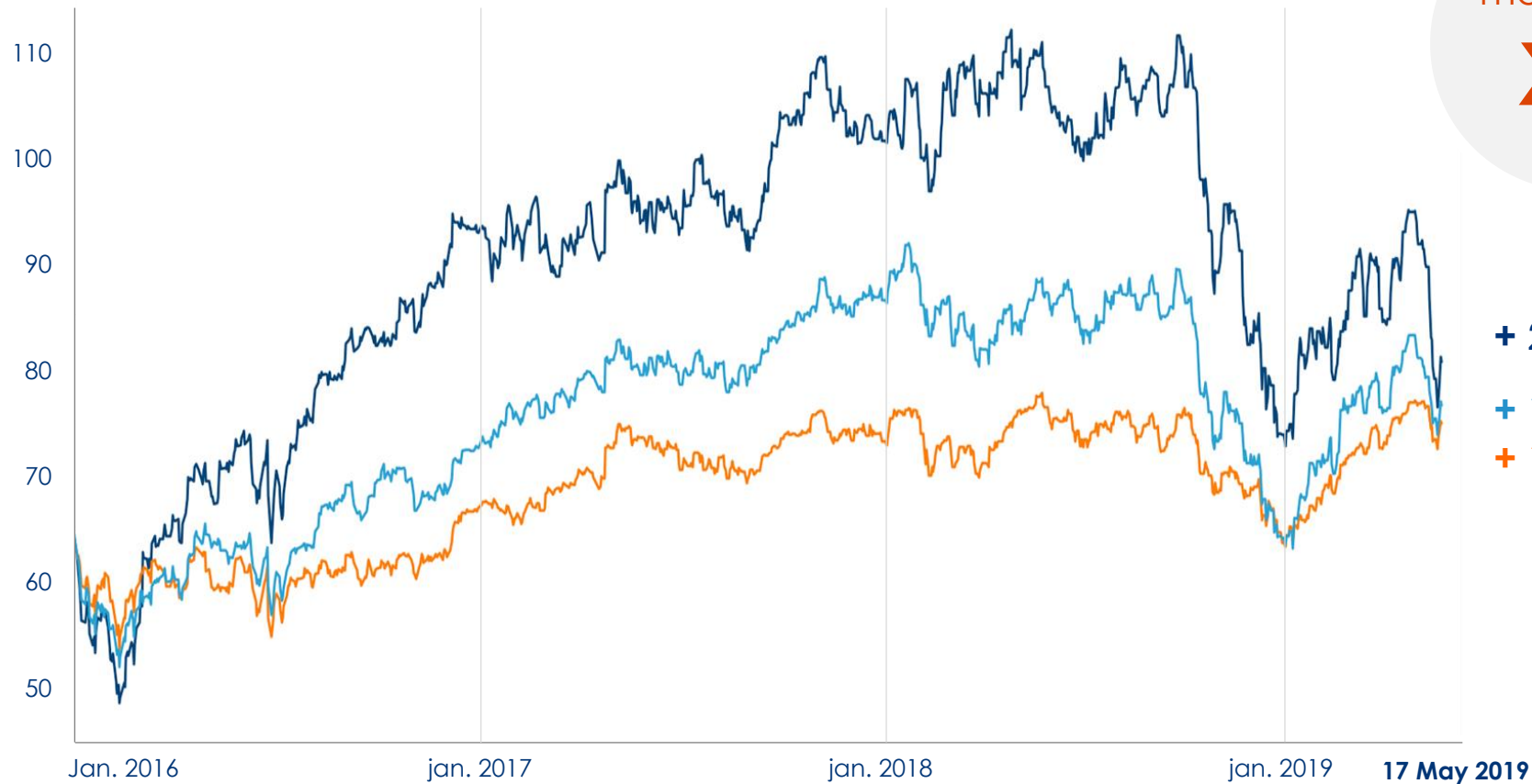
Volatile organic compounds

In EFPI terms compared with 2012

# STRONG LONG-TERM VALUE CREATION

2018 PERFORMANCE

### Change over 3 years



more than **x3** since the 2006 stock market listing  
adjusted for dividends

**+ 25.1 % Arkema**

**+ 18.8 % Peer group average <sup>(1)</sup>**

**+ 16.3 % CAC 40**

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



## XL Brands

Creating a leader in flooring adhesives in the United States



## Nitta Gelatin's industrial adhesives

Reinforcing our presence in Japan



## Afinitica

Innovative technology in instant adhesives



## Hexcel

Aerospace market

Opening of a joint R&D  
laboratory  
in France

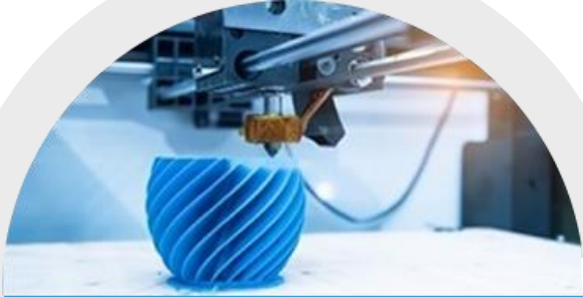


## Barrday

Oil and gas market

Creation of a  
joint-venture

# SUCCESS OF OUR INNOVATION IN MANY KEY SEGMENTS



## 3D printing

Centre of excellence  
in Exton (USA)



## Batteries

New materials



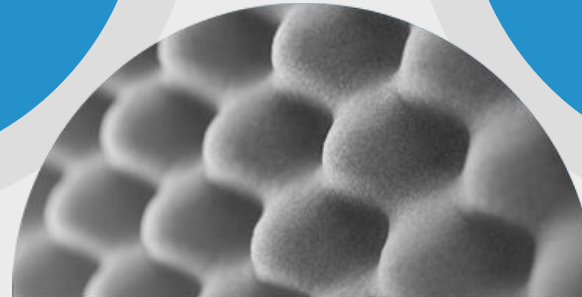
## Bio-based materials

Consumer goods



## Bostik - consumer

Launch of Fix & Flash



## Energy efficiency

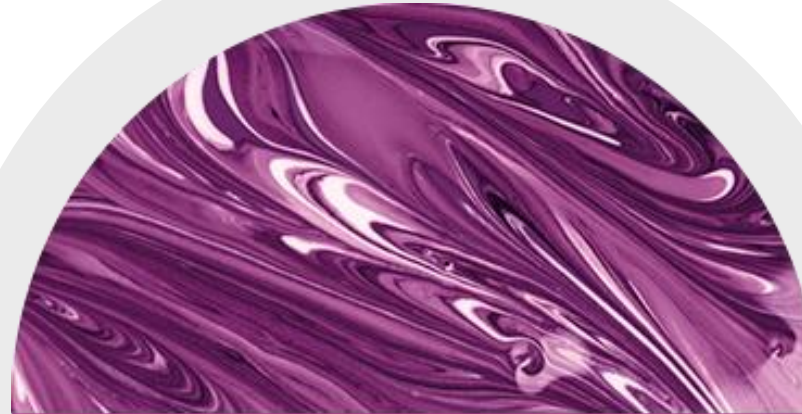
New generation of  
fluorogases for  
insulation foams



## Clear Lake (USA)

Construction of a new  
90 kt reactor

Start-up expected  
mid-2019



## Sunke (China)

Project to acquire our  
partner's stake

Closing expected  
mid-2019

# NUMEROUS COMMERCIAL EXCELLENCE INITIATIVES



**Cross-functional approach  
by market**  
(electronics, automotive...)



**Development of key  
accounts  
management**



**Sales Academy**



**Digitalisation of  
customer service**



## Continue digital marketing approach

Launch of Fix&Flash supported by a digital initiatives



## Strengthen e-commerce

1688.com : Arkema's e-store on Alibaba's platform in China



## Model tomorrow's factory

Use of 3D and 4D modeling during the conception phase



## Exploit artificial intelligence

Chair with *École polytechnique* « Design and Modeling of Innovative Materials »



## Share new collaborative approaches

Information campaign on use of new IT tools



# A HIGHLY COMMITTED GROUP

2018 HIGHLIGHTS



Youth programme  
at the *Théâtre des Champs-Élysées*



No Thirst Initiative



Funds for education



Pragati initiative



Opinion surveys



**ARKEMA**  
INNOVATIVE CHEMISTRY

SUPPORTER NATIONAL

**ARKEMA IS PROUD  
TO SUPPORT WOMEN'S FOOTBALL AND  
THE FIFA WOMEN'S WORLD CUP™**

## OUR 3 COMMITMENTS



**DELIVER SUSTAINABLE SOLUTIONS  
DRIVEN BY INNOVATION**



**MANAGE OUR ACTIVITIES AS A  
RESPONSIBLE MANUFACTURER**



**CULTIVATE AN OPEN DIALOGUE  
AND CLOSE RELATIONS WITH  
OUR STAKEHOLDERS**



## 2018 performance

 Lightweight materials and design	 New energies	 Water management
 Bio-based products	 Home efficiency and insulation	 Electronics solutions

**154** patent applications linked to sustainable development generated by the 6 innovation platforms

## 2018 highlight

Arkema receives an award from BMW for the Rilsan® range in the Sustainability category



## Going further in 2019

Arkema began a systematic evaluation of its portfolio in light of sustainability criteria



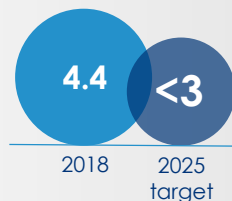
## 2018 performance



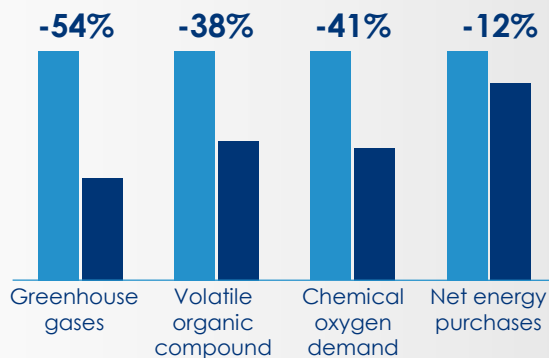
**TRIR**  
Injury rate



**PSER**  
Process event rate



**EMISSIONS INTENSITY**  
per tonne produced



● Reference year 2012  
● Achieved in 2018



## 2018 highlight

Arkema leading the MMAtwo European project for the recycling of PMMA



## Going further in 2019

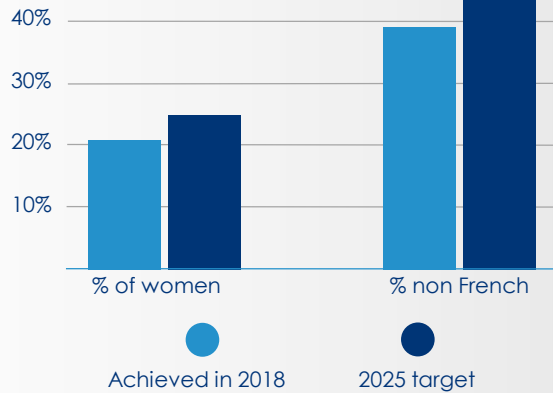
Initiated a climate plan to define Arkema's roadmap and targets in light of the Paris Agreement



## 2018 performance

### DIVERSITY

in senior management and executive positions



## 2018 highlight

Engagement survey amongst the European workforce: an excellent Net Promoter Score (NPS) of 20



## Going further in 2019

Materiality assessment to actively listen to our stakeholders regarding CSR matters



### Sustainable sourcing



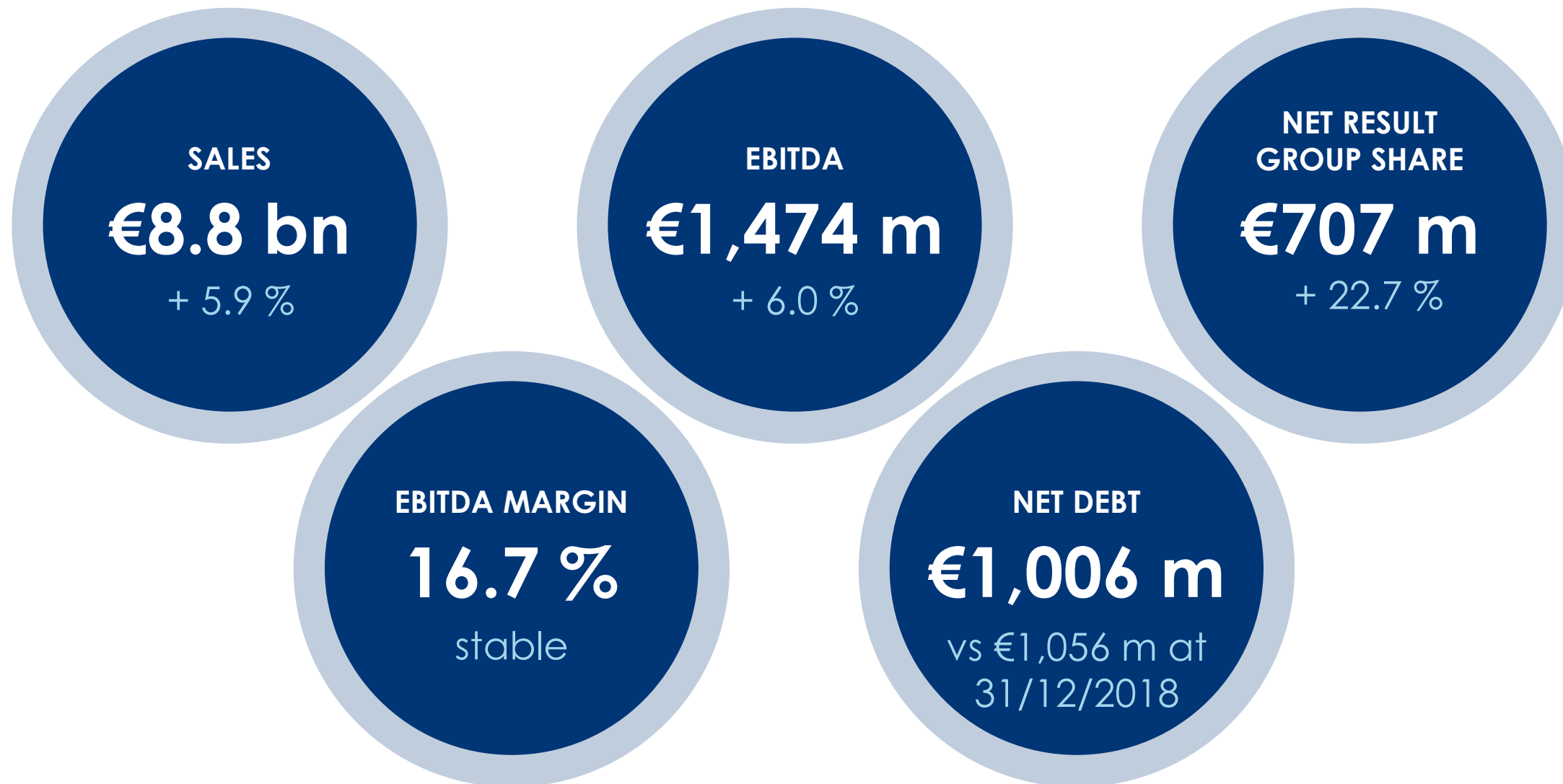
### Ties with local communities





# 2018 FINANCIAL RESULTS



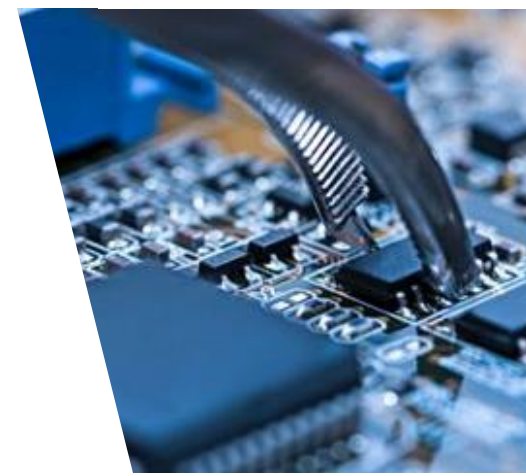


# HIGH PERFORMANCE MATERIALS IN 2018 (45% OF SALES)

in €m	2017	2018	YoY change
<b>Sales</b>	3,830	<b>3,970</b>	+ 3.7 %
<b>EBITDA</b>	632	<b>640</b>	+ 1.3 %
<b>EBITDA margin</b>	16.5 %	<b>16.1 %</b>	

Adhesives performance temporarily impacted by higher raw material costs

Good growth from advanced materials driven by innovation for sustainable development



# INDUSTRIAL SPECIALTIES IN 2018 (31% OF SALES)



in €m	2017	2018	YoY change
Sales	2,545	2,699	+ 6.1 %
EBITDA	585	675	+ 15.4 %
EBITDA margin	23.0 %	25.0 %	

Record performance driven by the four product lines

Exceptional results from Fluorogases surpassing the high reference year of 2017

MMA/PMMA market globally tight, normalizing in the 4<sup>th</sup> quarter



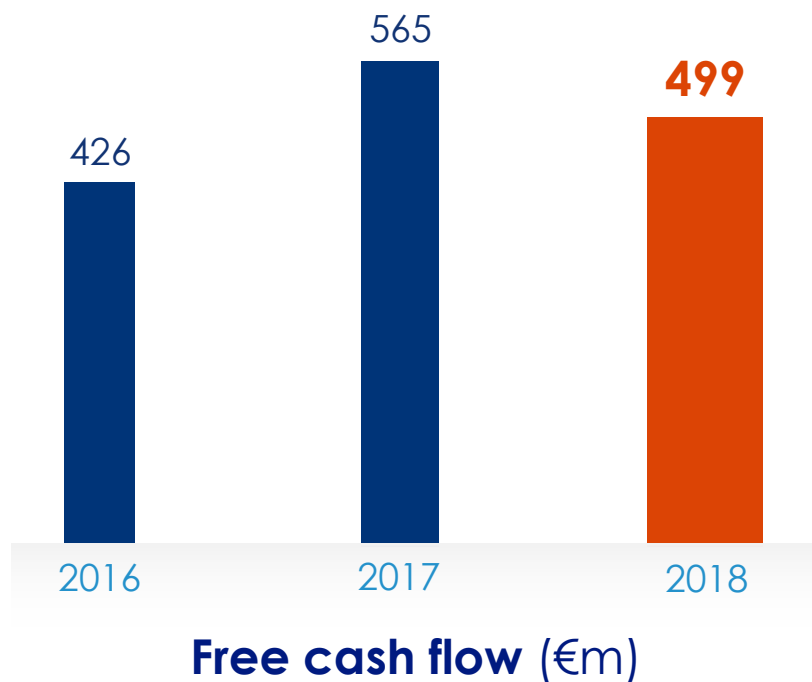
# COATING SOLUTIONS IN 2018 (24 % OF SALES)

in €m	2017	2018	YoY change
Sales	1,924	2,120	+ 10.2 %
EBITDA	244	243	- 0.4 %
EBITDA margin	12.7 %	11.5 %	

Gradual improvement of market conditions in acrylic monomers

Impact of higher raw material costs on downstream activities





## EBITDA to cash conversion rate

**38 %**

in line with the 35% target

## Working capital (% of annual sales)

**13.4 %**

close to historically low levels of 2017

## Recurring and exceptional capital expenditure

**€561 m**

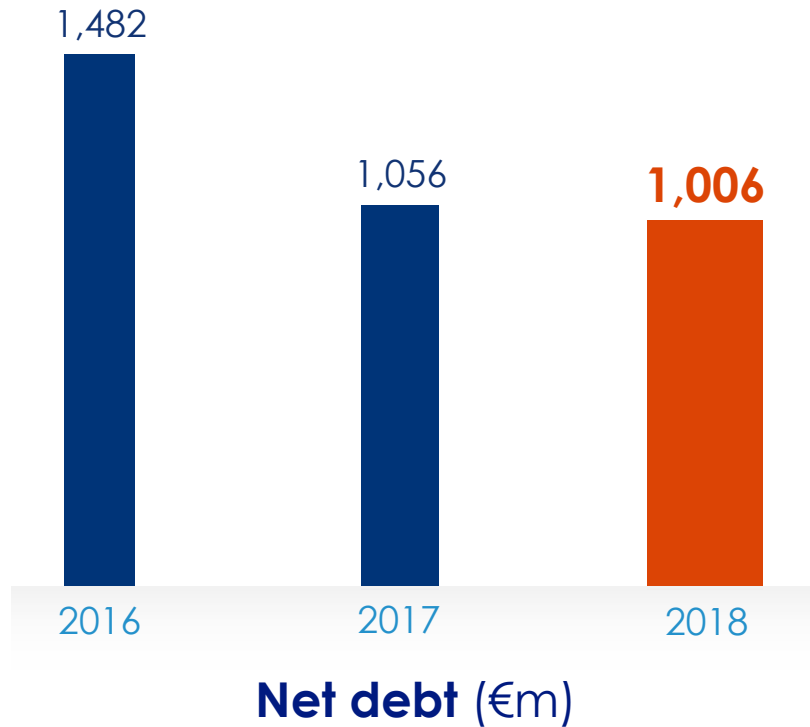
acceleration of major organic growth projects

## Tax rate (as a % of REBIT)

**19 %**

benefits of the US tax reform

# A VERY SOLID FINANCIAL SITUATION



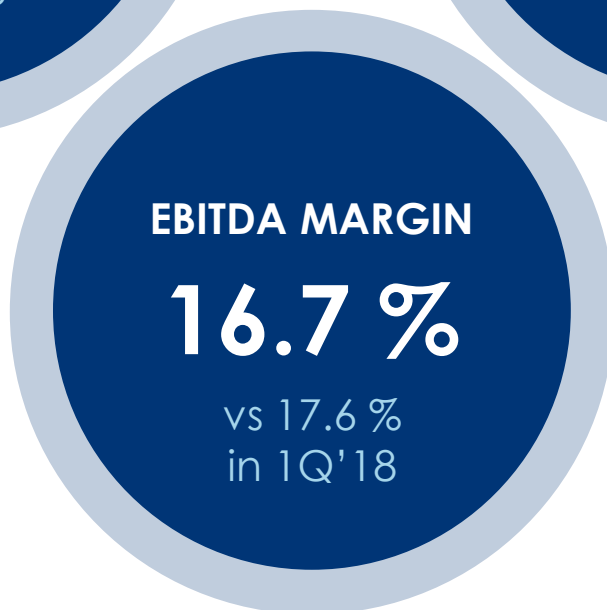
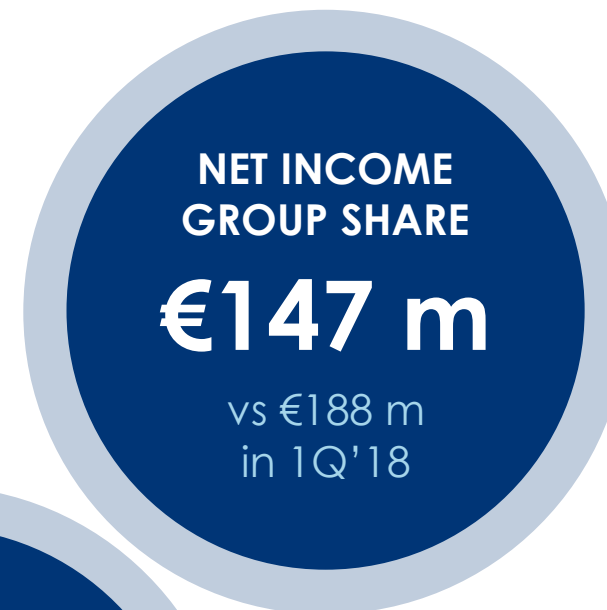
**Gearing** (net debt on shareholders' equity)  
**20 %**

**Net debt / EBITDA**  
**0.7x**

**Upgraded credit ratings from rating agencies**

Standard & Poor's: **BBB+** (stable outlook)

Moody's: **Baa2** (positive 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

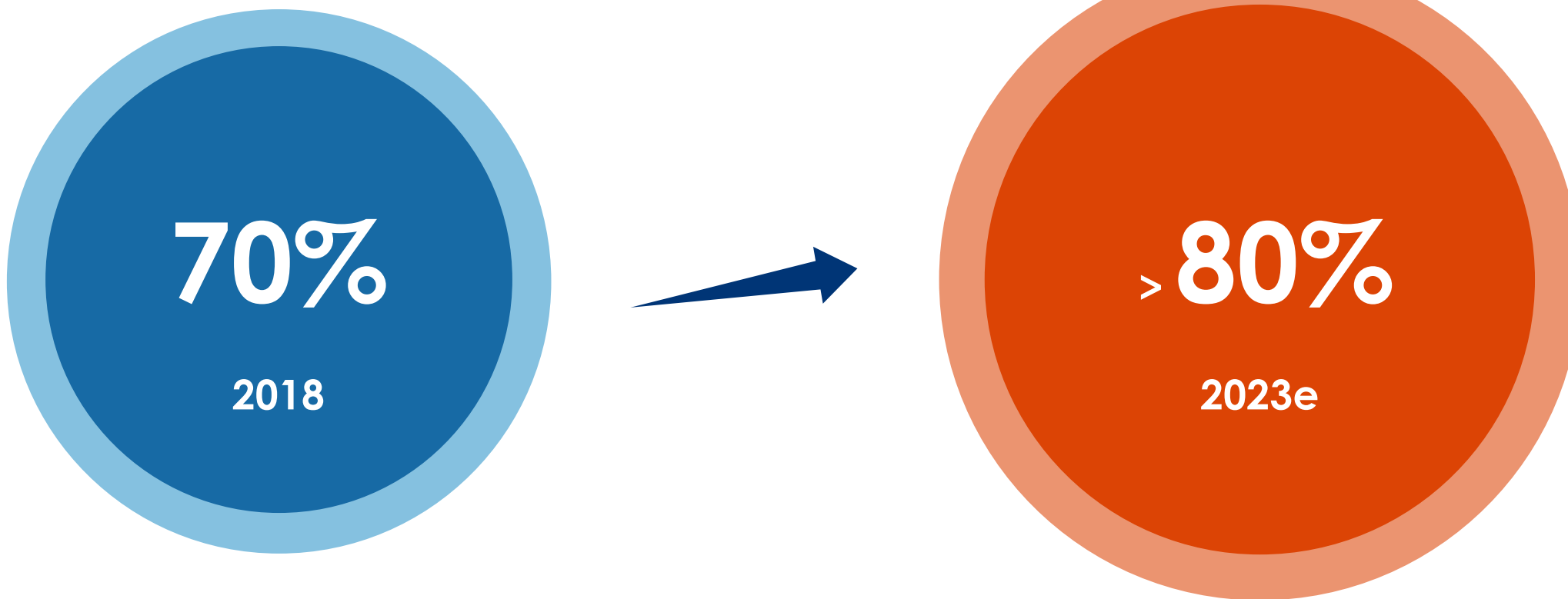
**While remaining attentive to the development of the macro-economic environment, Arkema confirms its ambition to consolidate its financial performance at high levels and to achieve in 2019 an EBITDA comparable with the 2018 record level**





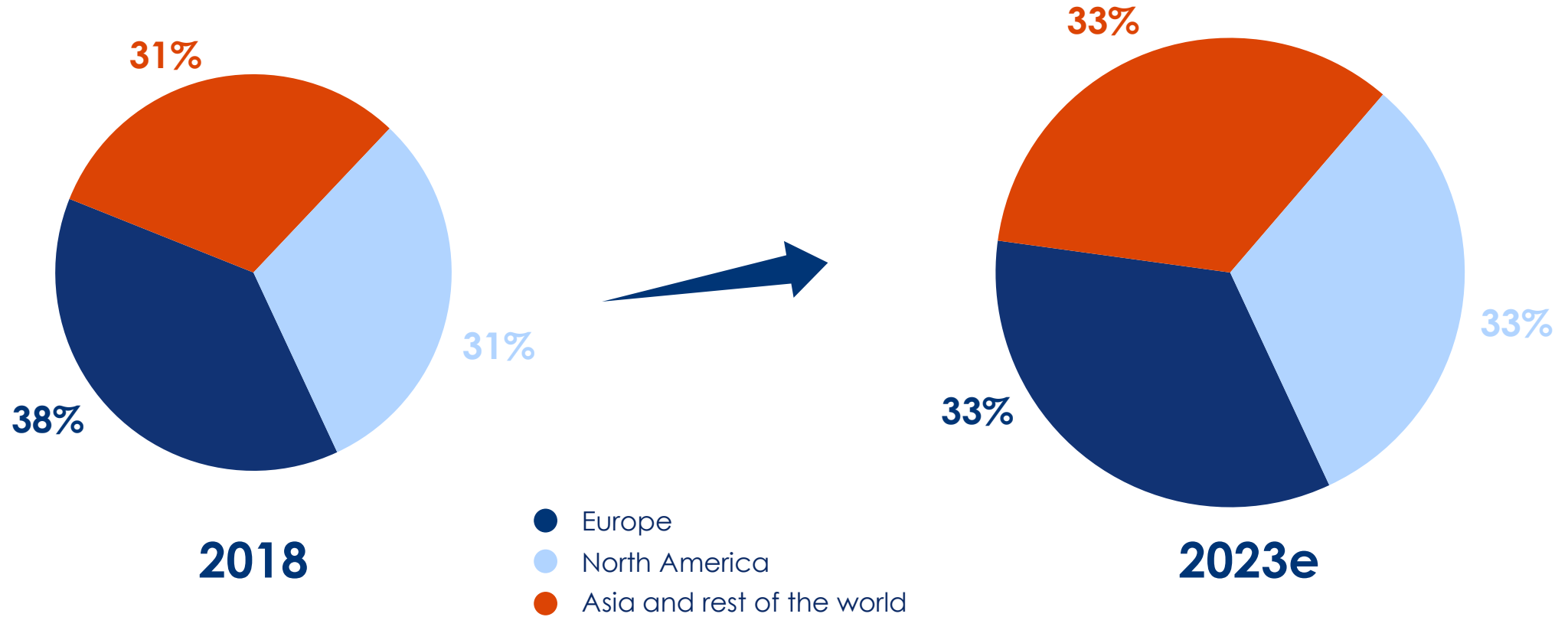
# OUR GROWTH AMBITION

## SHARE OF SALES IN SPECIALTIES



# CONTINUE THE GEOGRAPHIC REBALANCING

## BREAKDOWN OF SALES BY REGION





**REBIT MARGIN**

**11.5 % to 12.5 %**

**EBITDA TO CASH  
CONVERSION RATE**

**35 %**

**ACHIEVED WITH STRICT FINANCIAL  
DISCIPLINE**

# TWO MAJOR GROWTH PLATFORMS

OUR GROWTH AMBITION

## BOSTIK ADHESIVES : targeted acquisitions and increased profitability

2023 TARGETS

> **1/3**  
OF GROUP  
SALES

REBIT MARGIN  
**12.5** % to **13** %



## ADVANCED MATERIALS <sup>(1)</sup> : innovation and geographic expansion

2023 TARGETS

> **25%**  
OF GROUP  
SALES

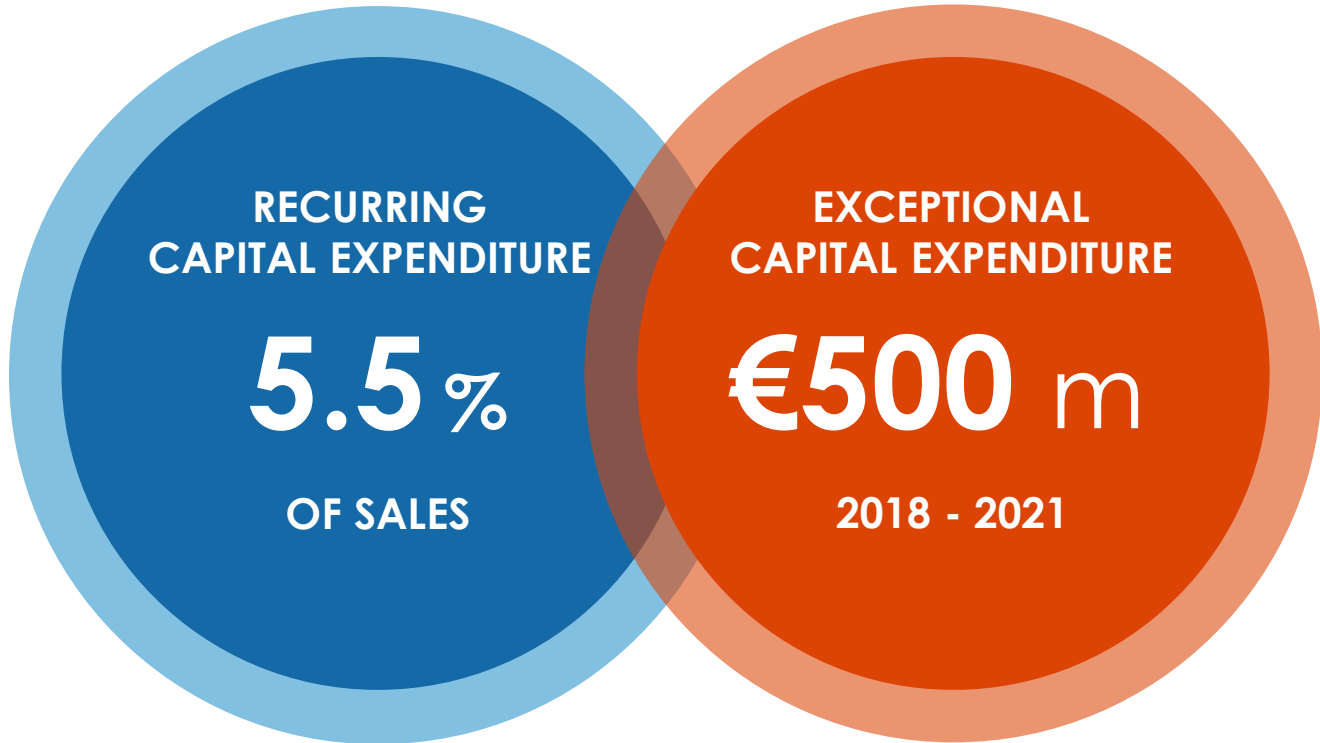
REBIT MARGIN  
**14** % to **15** %



(1) Technical Polymers and Performance Additives



# STRONG DYNAMIC OF INDUSTRIAL PROJECTS



## MAIN INVESTMENTS

**PEKK high-performance polymer**  
in the United States

**Bio-sourced PA11 polyamide**  
in Singapore

**Specialty polyamides**  
in France

**Photocure resins**  
in China

**Thiochemicals**  
in Malaysia

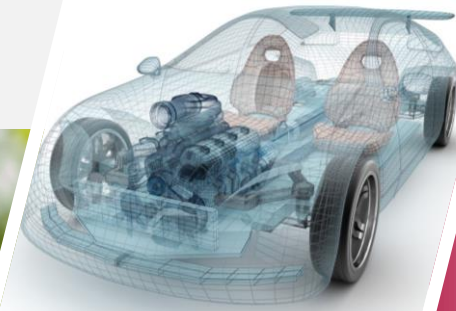
**Acrylics**  
in the United States

# STRENGTHENING OUR POSITION IN BIO-SOURCED MATERIALS

**50%** increase in global production capacities of **polyamide 11**



Monomer and polymer unit in Singapore end-2021



**Automotive**



**Electronics**



**Sport**



30 % production capacity increase  
for **photocure resins** in China



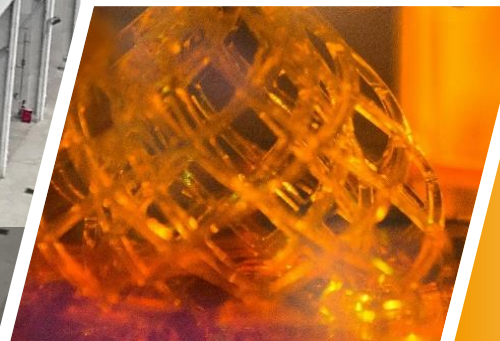
Started in Nansha (China) in 2Q 2019



Electronics



Graphic arts



3D printing

# FINALIZING THE EXPANSION OF THE THIOCHEMICALS PLATFORM IN MALAYSIA

**Doubling** production capacity of the **Kerteh site** (Malaysia)



**Animal nutrition**



**Refining**



**Petrochemicals**

# PROPOSED ACQUISITION OF ARMAZ, ANOTHER MILESTONE IN GROWING OUR SPECIALTY BUSINESSES



A major US-based player in **specialty surfactants**



Sales of US\$290 m  
EBITDA margin of 18%



**Crop nutrition**



**Mining**



**Infrastructure**

# SIX INNOVATION PLATFORMS FOR SUSTAINABLE GROWTH



## FROM THE RESIN TO COMPOSITES

## THERMOPLASTIC COMPOSITES



# A LARGE AND GLOBAL OFFERING FOR 3D PRINTING



## A RANGE OF MATERIALS ADAPTED TO EVERY 3D PRINTING TECHNOLOGY



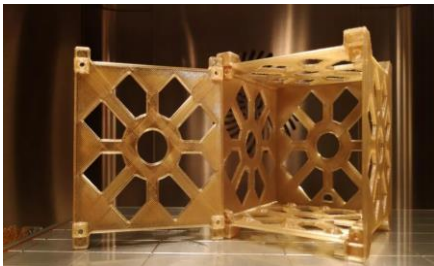
**Liquid resins**  
UV Curing

**N3XTDIMENSION**  
BY ARKEMA



**Thermoplastics**  
Powder bed fusion

**RILSAN**  
BY ARKEMA  
**KEPSTAN**  
BY ARKEMA  
**ORGASOL**  
BY ARKEMA



**Thermoplastics**  
Filament extrusion

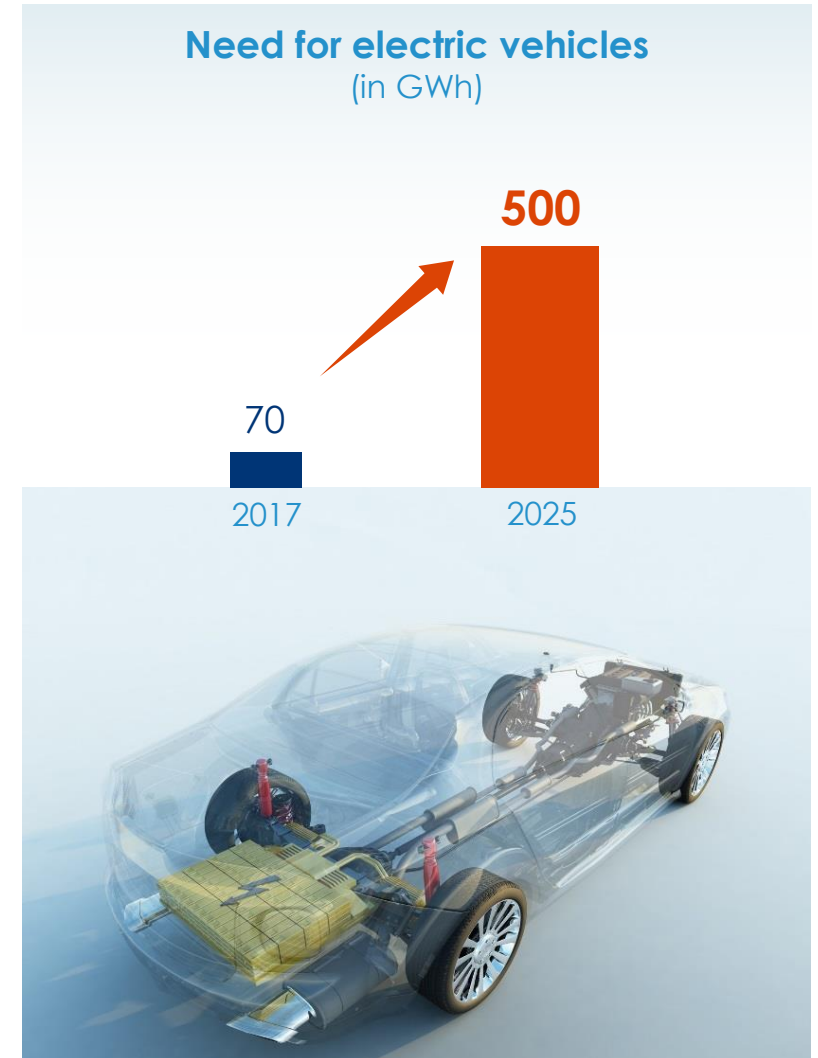
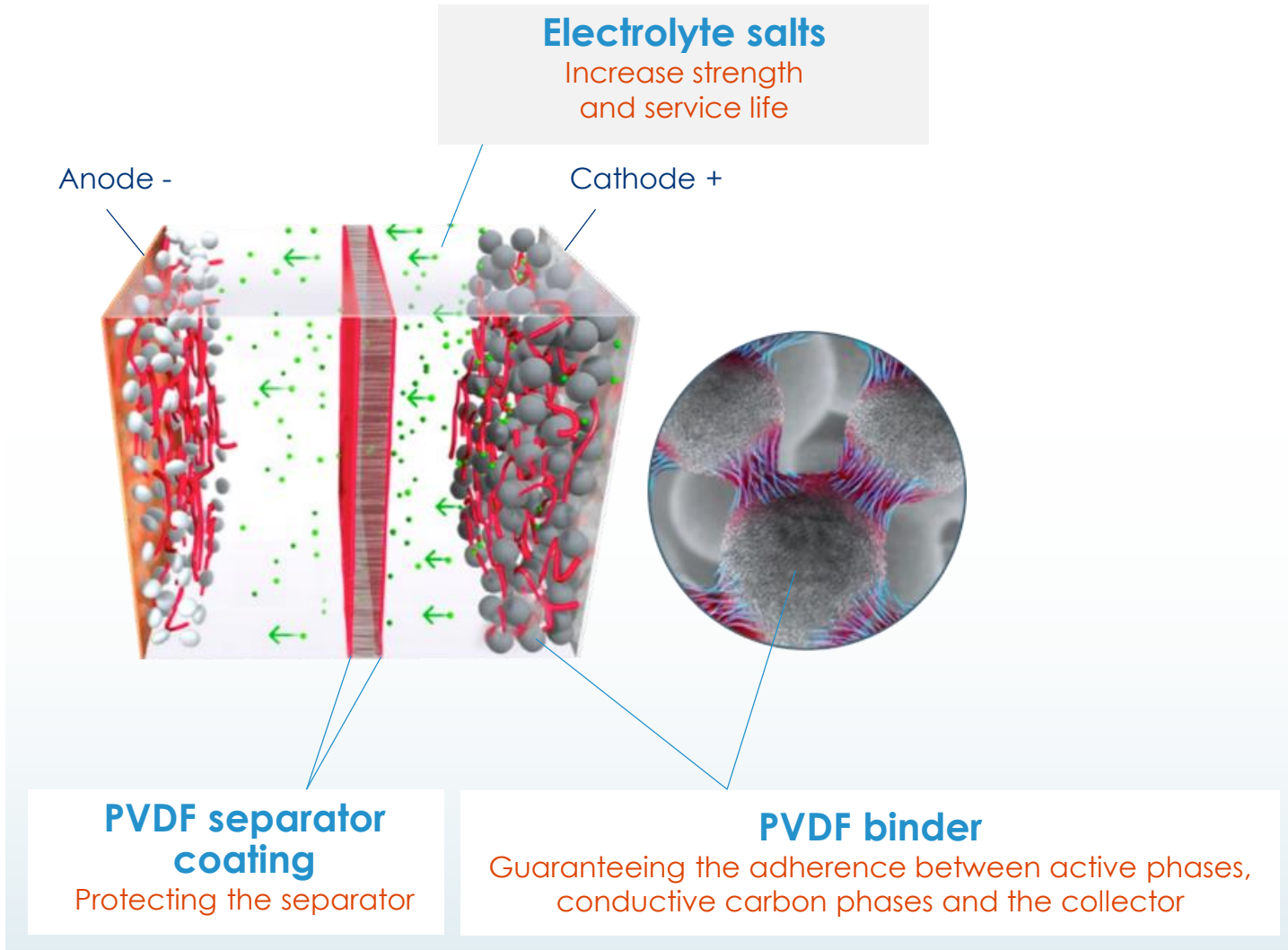
**KEPSTAN**  
BY ARKEMA  
**KYNAR**  
BY ARKEMA



Current market for materials

More than **€1 bn**

# STRONG GROWTH OPPORTUNITIES IN LITHIUM-ION BATTERIES

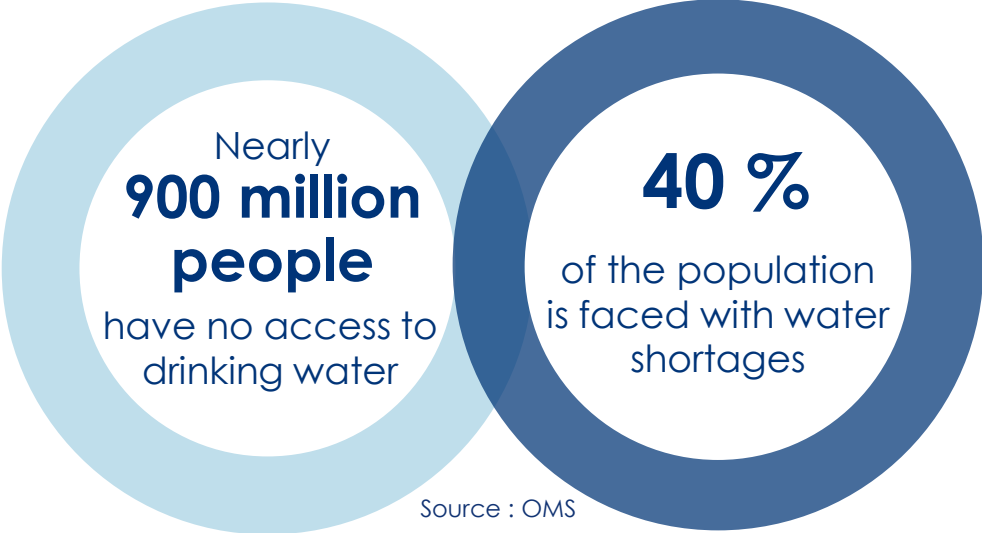
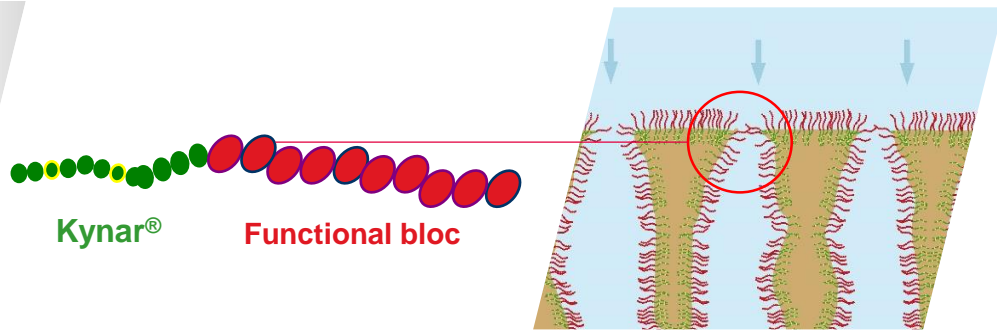


Source : McKinsey Sustainable Mobility Initiative, AABC Europe - January 2019



## PVDF Kynar® hollow fibres

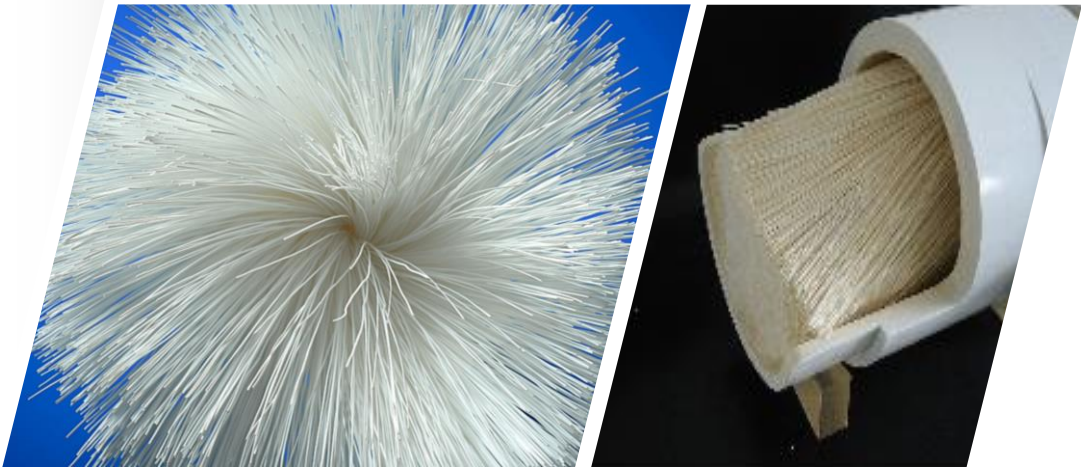
Potabilization and treatment of waste water



15 % reduction in energy needed to filter the same volume of water

Increase in the membrane's useful life

Unclogging made easier





A large, stylized graphic of the letter 'G' is positioned on the left side of the page. It is composed of several overlapping, semi-transparent shapes in various shades of purple and grey, creating a layered, 3D effect. The word "GOVERNANCE" is centered within the negative space of the 'G'.

# GOVERNANCE



## AN EXPERIENCED AND DIVERSE BOARD OF DIRECTORS

- ❖ Complementarity of skills in areas like **industry, chemicals, finance, acquisitions, CSR** and **digital**
- ❖ Diversity of **international** experience
- ❖ **CEO** responsibilities

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

## BOARD OF DIRECTORS

**6** meetings

**1** annual seminar dedicated to strategy

**1** meeting in China early 2019 followed by a visit of the Changshu industrial platform

**97%** attendance rate

## SPECIALIZED COMMITTEES

### AUDIT AND ACCOUNTS COMMITTEE

**6** meetings

**100%** attendance rate

### NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

**3** meetings

**92%** attendance rate

# CHANGES TO THE BOARD OF DIRECTORS' COMPOSITION



## RENEWALS

For a 4-year term

### **Victoire de Margerie**

Member of the Nominating, Compensation and Corporate Governance Committee

### **Hélène Moreau-Leroy**

Member of the Audit and Accounts Committee  
Senior independent director

### **Laurent Mignon**

## APPOINTMENT

For a 4-year term

### **Ian Hudson**

British citizen

Chairman of the Board of Directors of Carbios

Senior management experience in the chemicals sector



Member of the Audit and Accounts Committee

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## 13 MEMBERS FOLLOWING THE AGM OF WHICH 7 ARE INDEPENDENT

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# COMPENSATION POLICY FOR THE CHAIRMAN AND CEO SUBMITTED TO APPROVAL



ELEMENTS	DESCRIPTION
<b>Fixed compensation</b>	<ul style="list-style-type: none"> <li>✦ Set in <b>2016</b></li> <li>✦ For the <b>duration of his term</b> (4 years)</li> </ul>
<b>Variable compensation</b>	<ul style="list-style-type: none"> <li>✦ <b>Maximum: 150 %</b> of fixed compensation</li> <li>✦ <b>3 quantifiable criteria</b> :               <ul style="list-style-type: none"> <li>• EBITDA, cash generation, contribution of new developments</li> <li>• Maximum : <b>110 %</b> of fixed compensation</li> </ul> </li> <li>✦ <b>Qualitative criteria</b> (1/3 quantifiable)               <ul style="list-style-type: none"> <li>• Maximum : <b>40 %</b> of fixed compensation</li> </ul> </li> </ul>
<b>Performance shares</b>	<ul style="list-style-type: none"> <li>✦ <b>30,000 shares.</b> 120 % in the event of outperformance</li> <li>✦ <b>Entirely subject to performance criteria</b></li> <li>✦ <b>3-year</b> vesting period + 2-year holding period</li> </ul>
<b>Other elements</b>	<ul style="list-style-type: none"> <li>✦ <b>Pension</b> (no supplementary retirement benefits) : 20 % of fixed + variable compensation</li> <li>✦ <b>Engagement linked to the termination of his term</b>, subject to performance criteria               <ul style="list-style-type: none"> <li>• 2 years of fixed + variable compensation</li> </ul> </li> <li>✦ <b>Benefits in kind</b></li> </ul>

# ELEMENTS OF 2018 COMPENSATION SUBJECT TO APPROVAL



	AMOUNT	DESCRIPTION
<b>Fixed compensation</b>	€900,000	<ul style="list-style-type: none"> <li>✦ <b>Unchanged since 2016</b></li> </ul>
<b>Variable compensation</b>	€1,350,000	<ul style="list-style-type: none"> <li>✦ <b>Excellent financial and operational performance</b></li> <li>✦ <b>3 quantifiable criteria</b> <ul style="list-style-type: none"> <li>• Granted : <b>110 %</b> of fixed compensation</li> </ul> </li> <li>✦ <b>Qualitative criteria</b> <ul style="list-style-type: none"> <li>• Granted : <b>40 %</b> of fixed compensation</li> </ul> </li> </ul>
<b>Performance shares</b>	30,000 shares	<ul style="list-style-type: none"> <li>✦ 110 % in the event of outperformance</li> <li>✦ <b>4 performance criteria</b> <ul style="list-style-type: none"> <li>• REBIT margin</li> <li>• EBITDA to cash conversion rate</li> <li>• Comparative Total Shareholder Return</li> <li>• Return on capital employed</li> </ul> </li> </ul>
<b>Other elements</b>		<ul style="list-style-type: none"> <li>✦ <b>Pension: €450,000</b></li> <li>✦ <b>Benefits in kind: €24,000</b></li> </ul>

# PERFORMANCE SHARES (13<sup>TH</sup> RESOLUTION)



**Renewal of the authorization granted at the 2016 annual general meeting**

**Objective to closely involve management and certain employees to the medium-term development of the Group and stock market performance**

✦ Around 1,400 employees concerned

**Plans entirely subject to demanding performance criteria**

✦ 4 financial criteria used for the previous authorization maintained

✦ Better reward outperformance

**Final allocation after 3 years with a 2-year holding period**

# DISCLAIMER

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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 2018 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.