



2017

ANNUAL GENERAL MEETING



ARKEMA
INNOVATIVE CHEMISTRY



THE NEW ARKEMA

ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA TODAY



€ **7.5** bn
sales



19,700
employees



50
countries



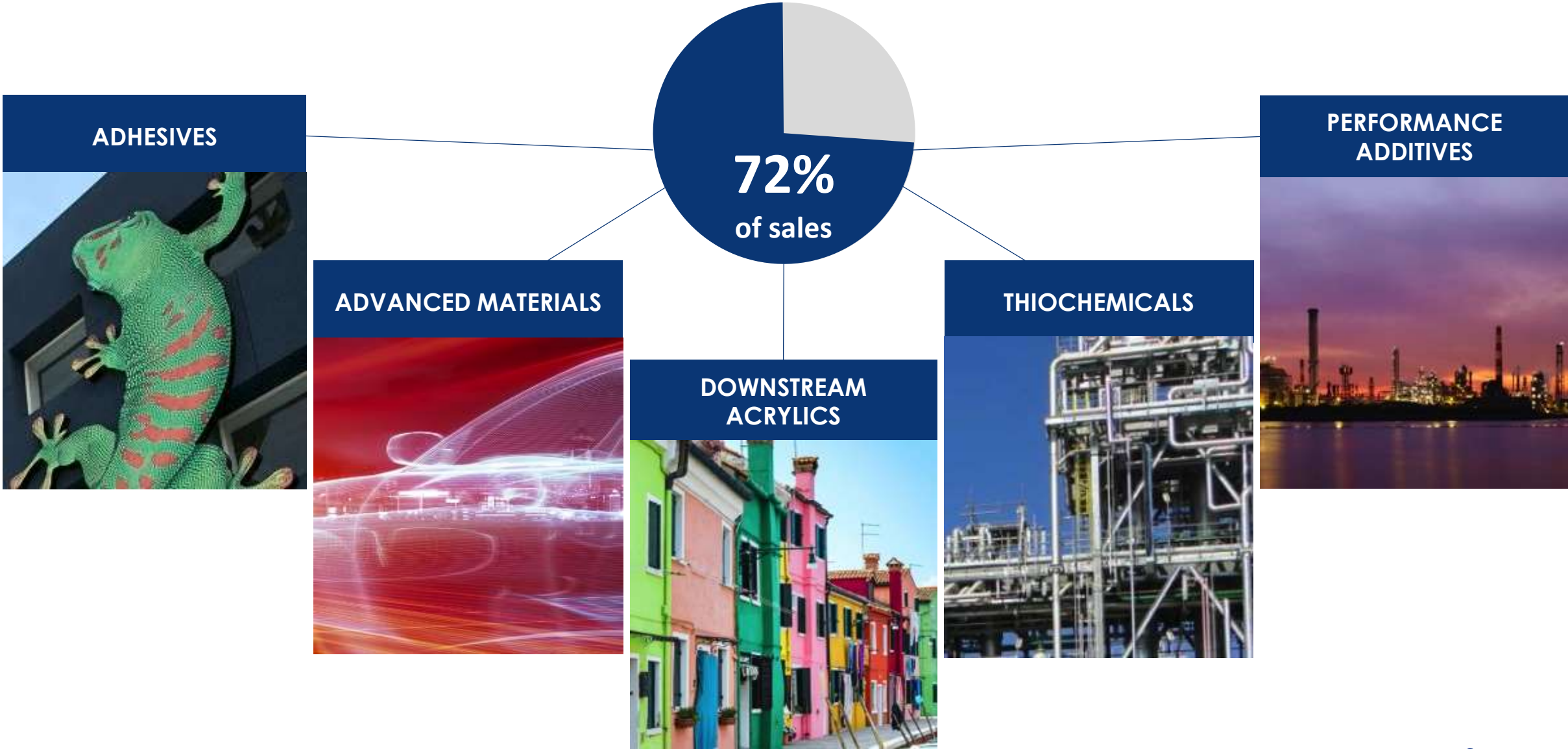
133
industrial sites



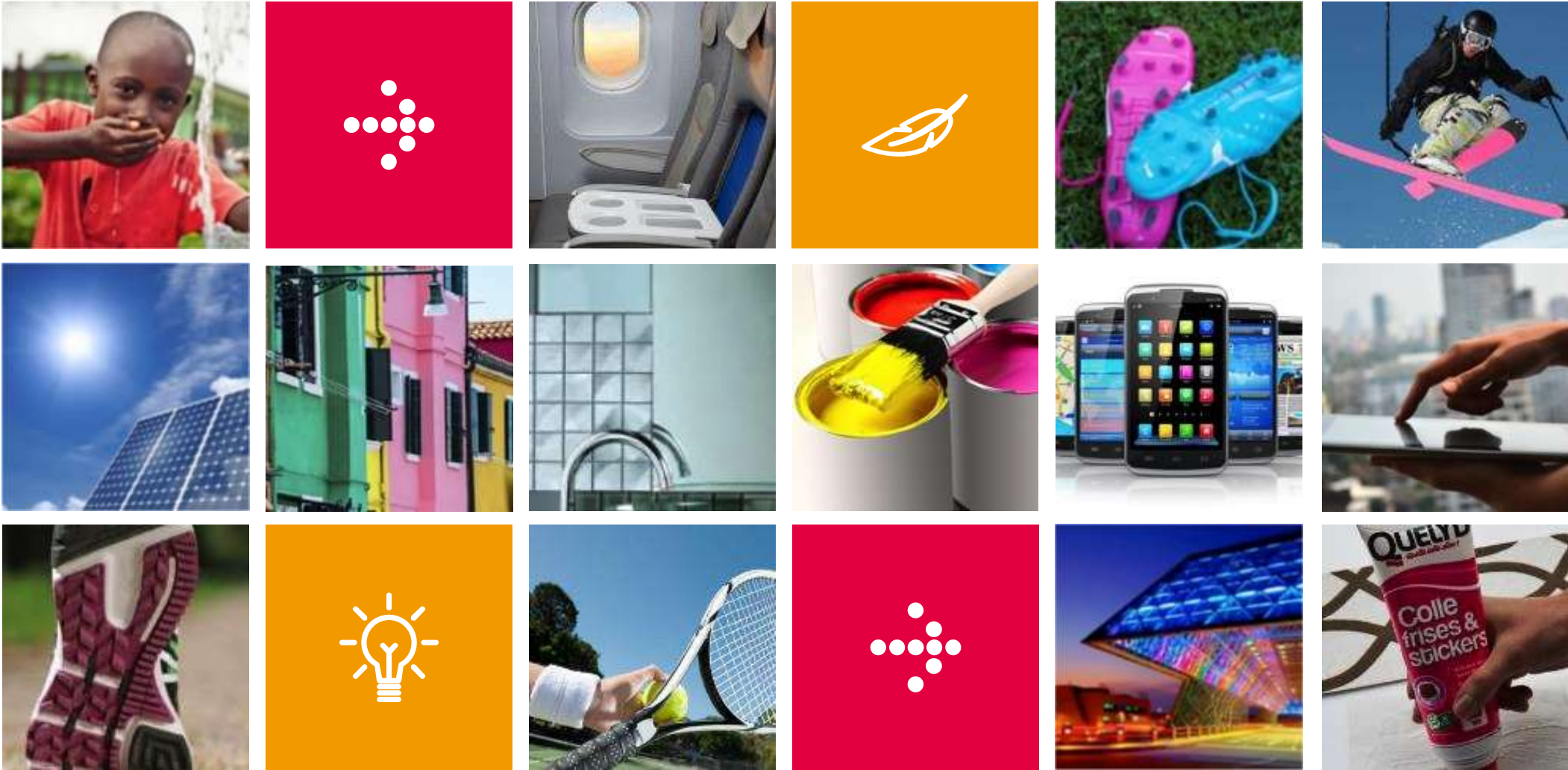
3 R&D and innovation
hubs



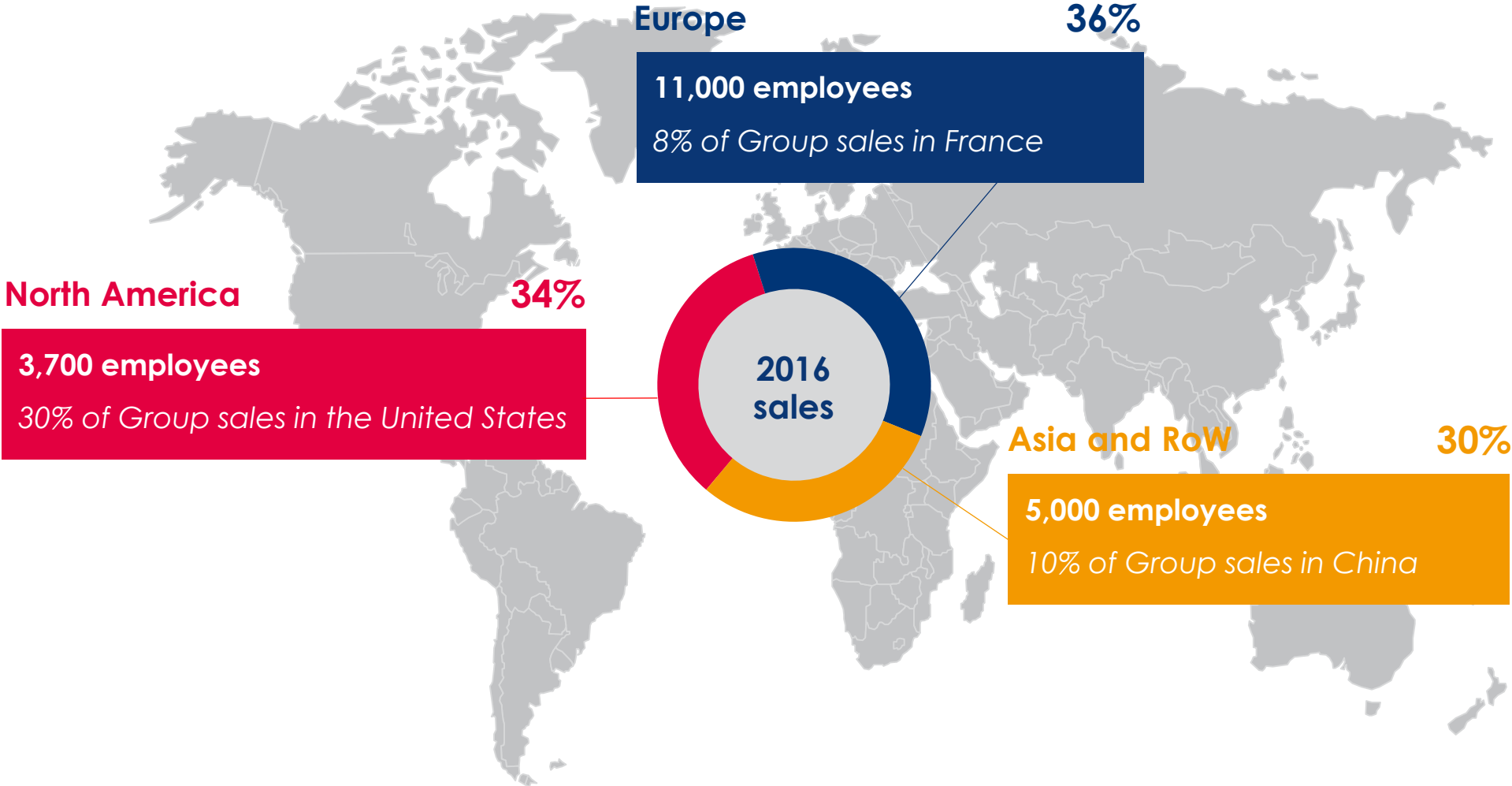
A PORTFOLIO OF BUSINESSES FOCUSED ON SPECIALTIES



MARKETS AND CUSTOMERS ARE AT THE HEART OF THE COMPANY

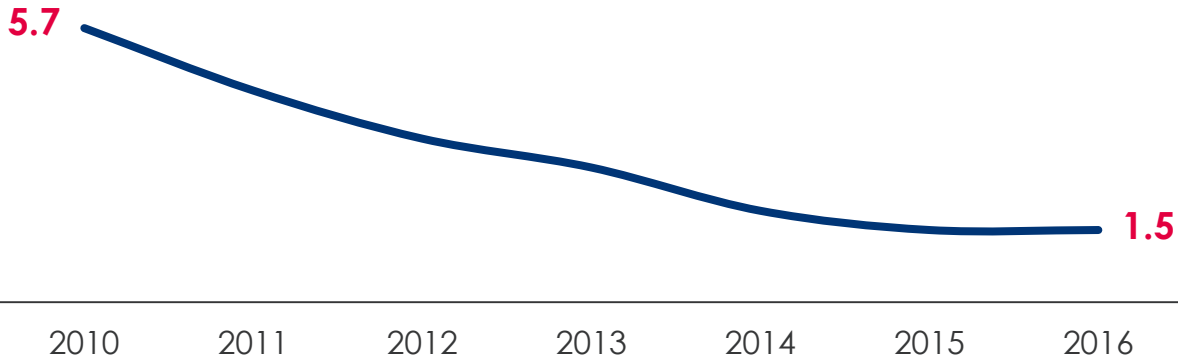


A WELL-BALANCED GEOGRAPHIC FOOTPRINT



A PARTICULAR FOCUS ON SAFETY AND ENVIRONMENT

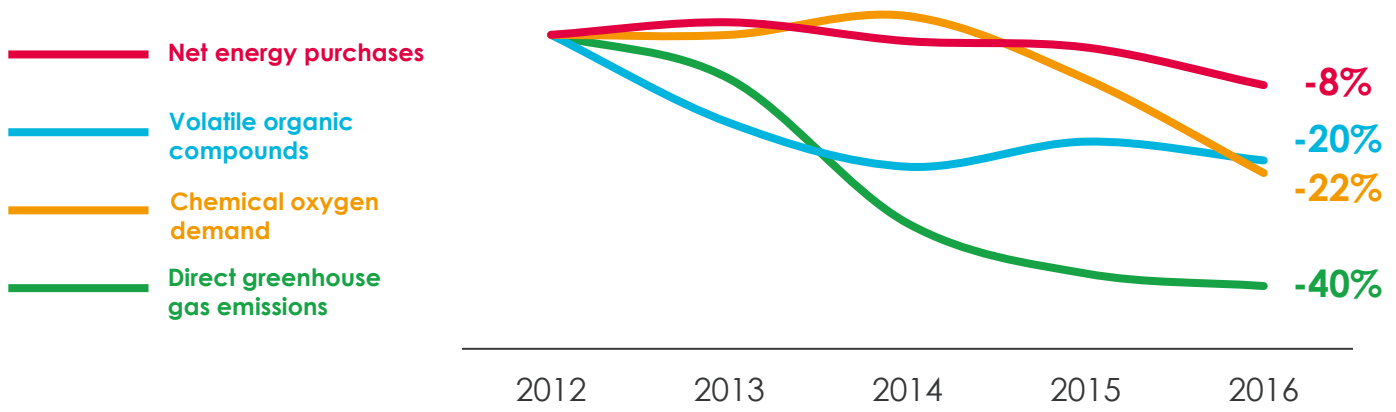
TOTAL RECORDABLE INJURY RATE*



* Per million hours worked



ENVIRONMENTAL ACHIEVEMENTS (2012 BASIS)



AN HISTORICAL HIGH

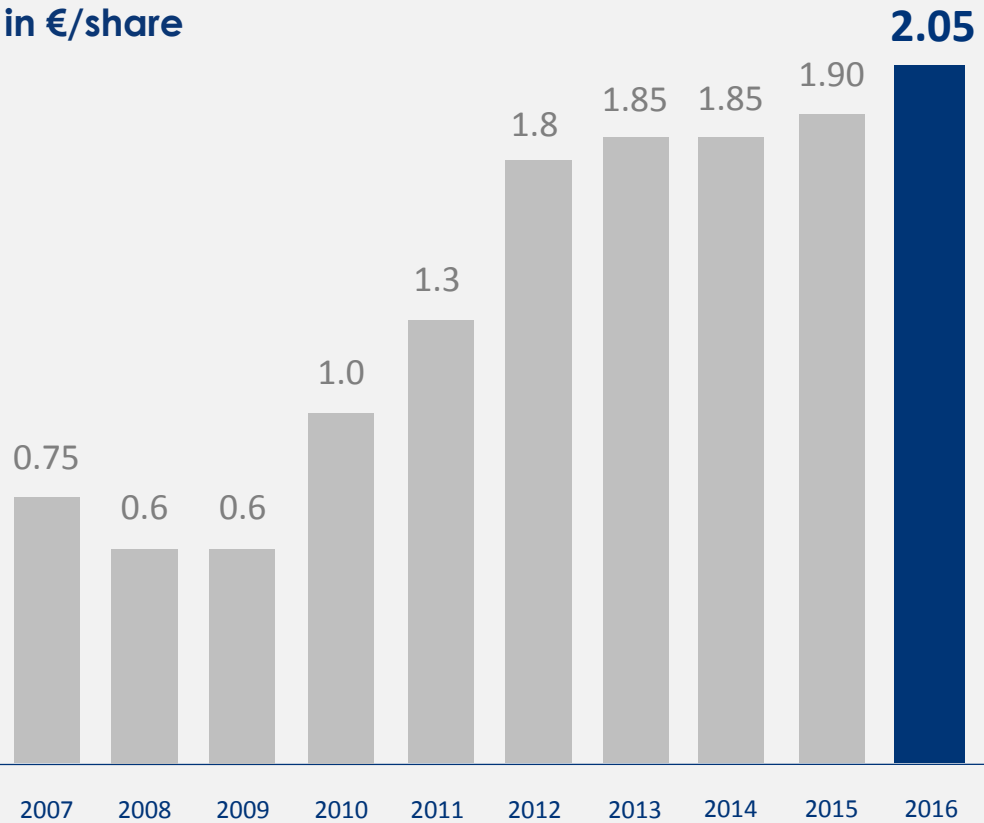
| | | |
|-----------------|-----------------|--------------------------------------|
| EBITDA | €1,189 M | +12,5% versus 2015 |
| EBITDA margin | 15.8% | +200 basis points versus 2015 |
| Adjusted EPS | €5.56 | +31% versus 2015 |
| Free cash flow* | + €426 M | 36% of EBITDA |
| Net debt | €1,482 M | 35% of shareholders' equity |

* Cash flow from operations and investments excluding the impact of portfolio management

DIVIDEND

DIVIDEND

in €/share



+ 8%

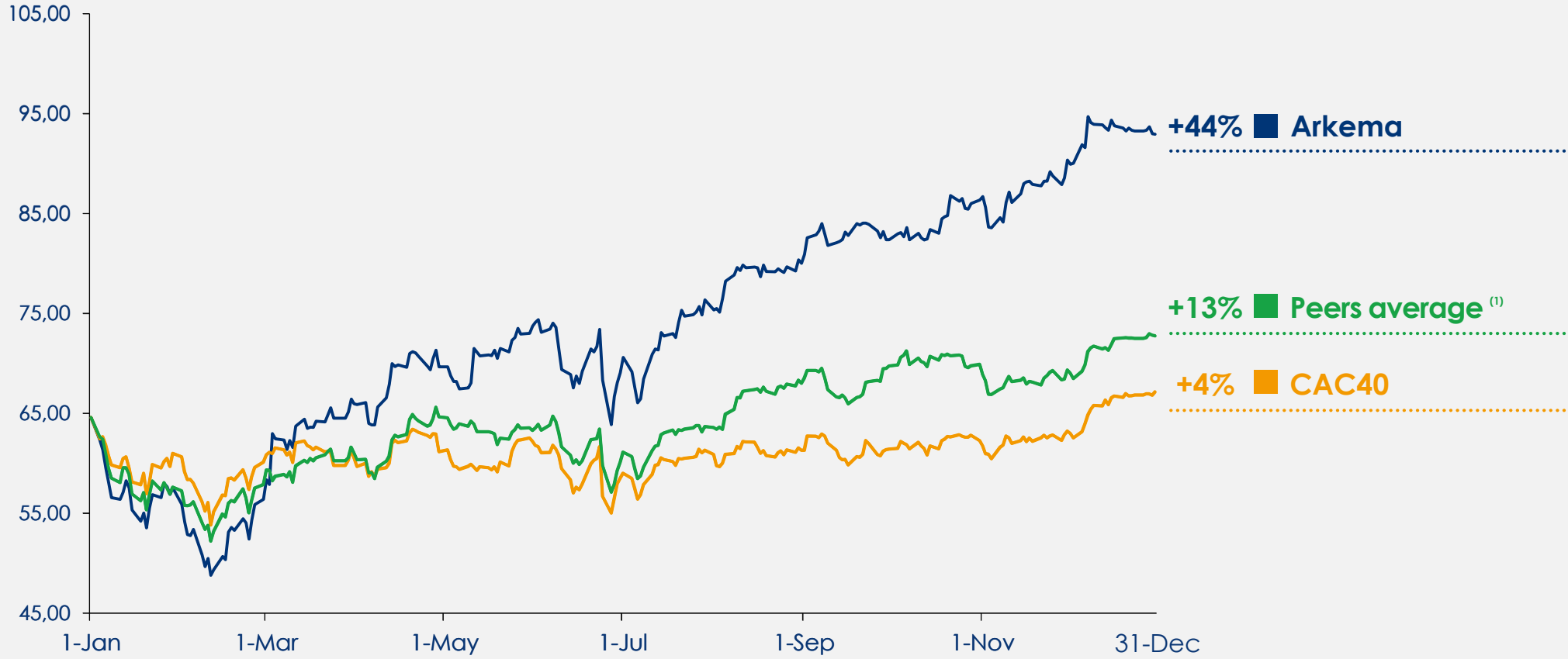
versus 2015

37%

payout ratio

AN EXCEPTIONAL SHARE PRICE PERFORMANCE

2016 SHARE PRICE PERFORMANCE



10-YEAR PERFORMANCE

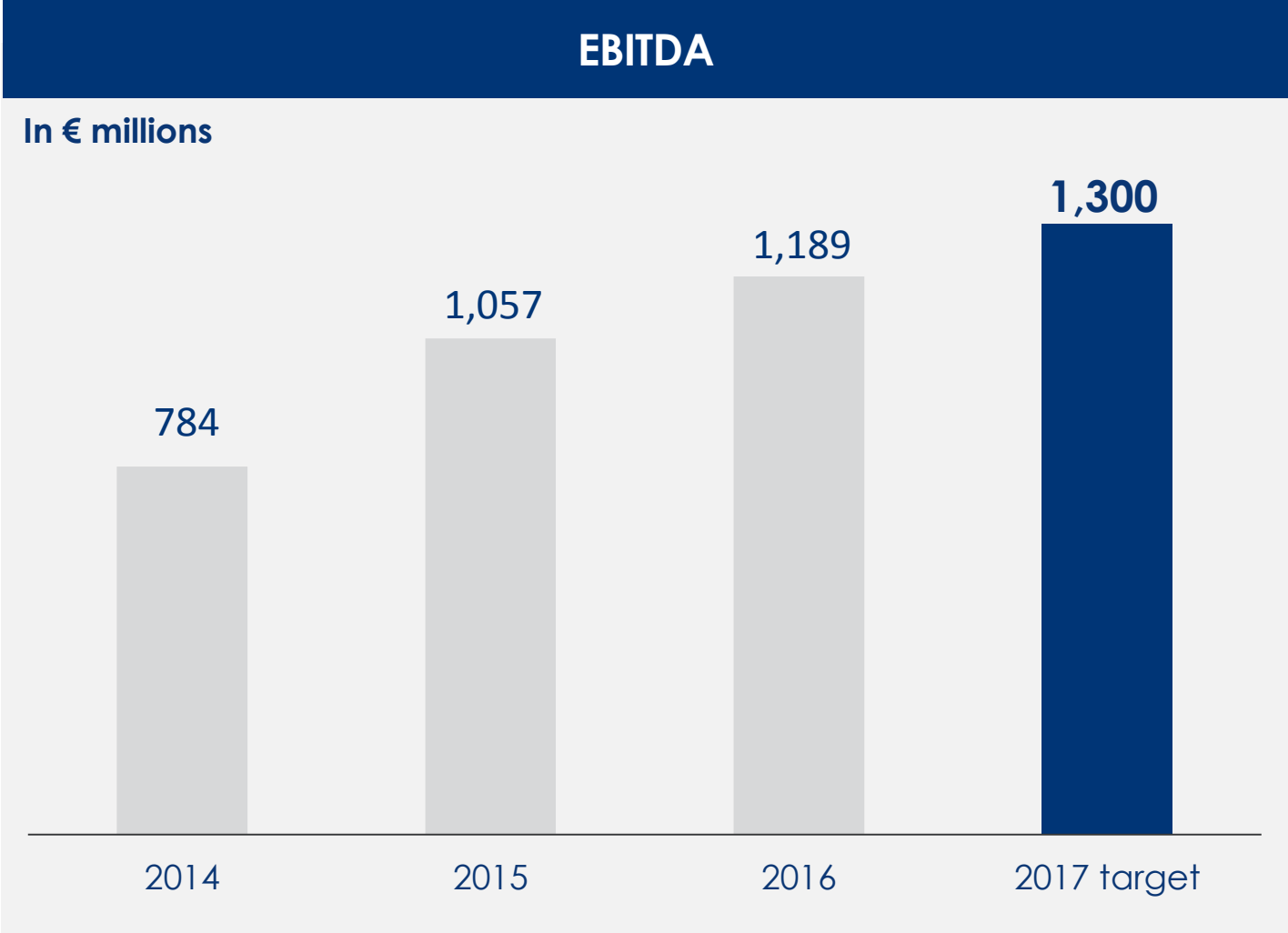
+250%

+68%

-1%

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

AN AMBITIOUS 2017 TARGET ANNOUNCED IN 2014



+ 66% over 3 years

Gearing ratio
around **40%**



2016 HIGHLIGHTS

ARKEMA
INNOVATIVE CHEMISTRY

BOSTIK EXPANSION ON THE CONSTRUCTION MARKET

Philippines

Malaysia

Sweden



NEW PROJECTS TO SUPPORT THE GROUP'S GROWTH

Polyamides

United States and China
2017

PVDF Kynar®

China - 2017

Coating resins

India - 2018



TWO-FOLD INCREASE OF SPECIALTY MOLECULAR SIEVES IN HONFLEUR



RENEGOTIATION OF AGREEMENTS WITH JURONG IN CHINA



FURTHER IMPLEMENTATION OF THE DIVESTMENT PROGRAM



ACTIVATED CARBON AND FILTER AID BUSINESS



OXO ALCOHOL BUSINESS

DEN BRAVEN ACQUISITION

€345 m sales

1,000 employees



SAILING AND ARKEMA



TRANSAT QUÉBEC – SAINT MALO



THE MINI 6.50

FOCUS ON INNOVATION



2016

TOP 100
GLOBAL
INNOVATORS

 **Clarivate**
Analytics

10 YEARS, 20,000 TALENTS



WE
NOS 10 ANS ONT DE L'AVENIR
ARE
10!



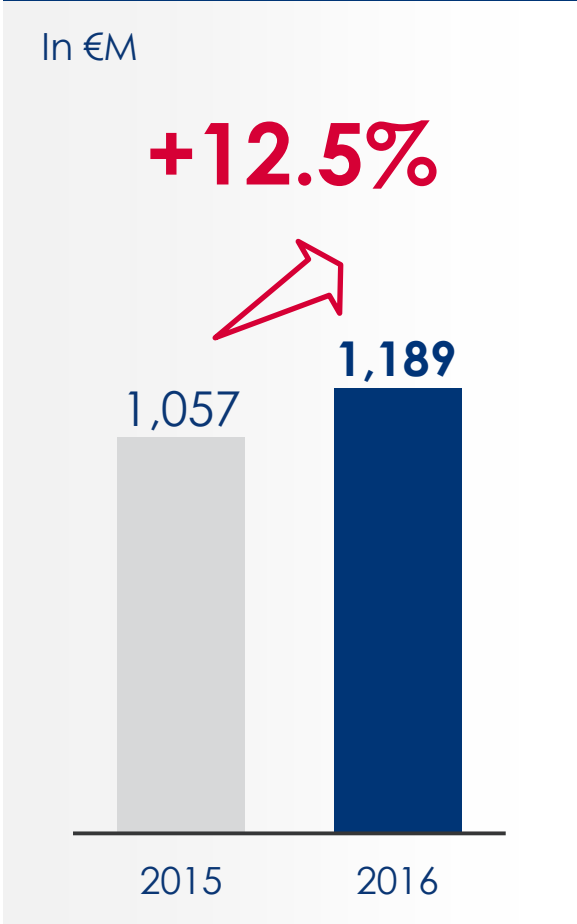


FINANCIAL RESULTS

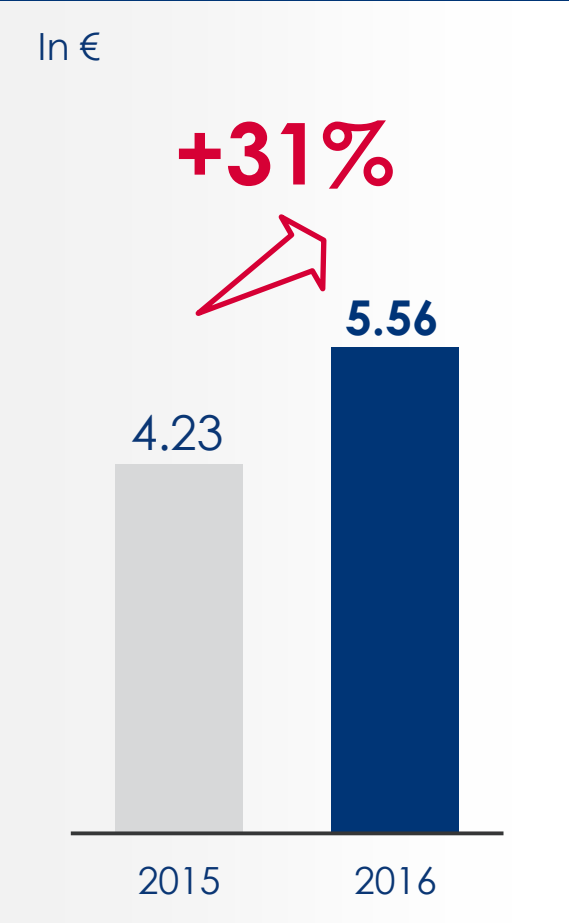
ARKEMA
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AN ALL-TIME HIGH FINANCIAL PERFORMANCE

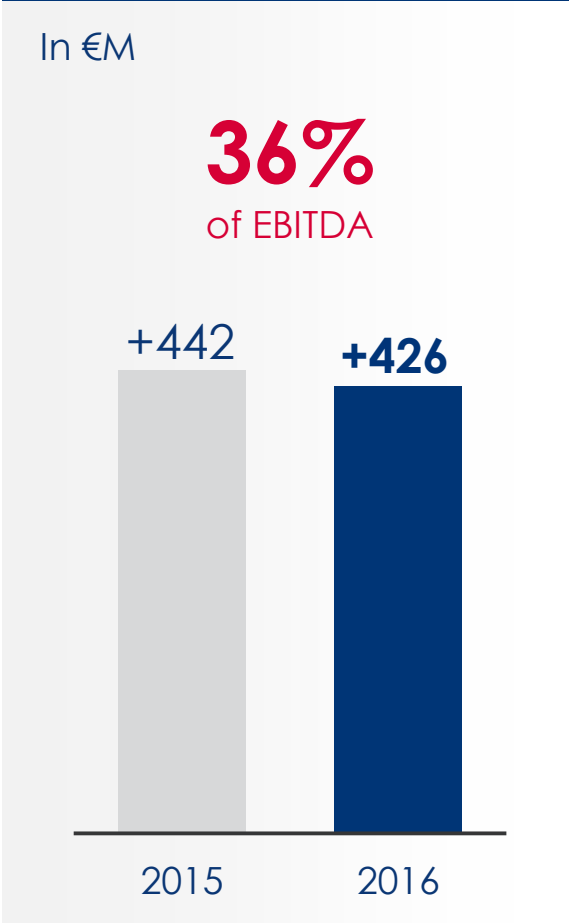
EBITDA



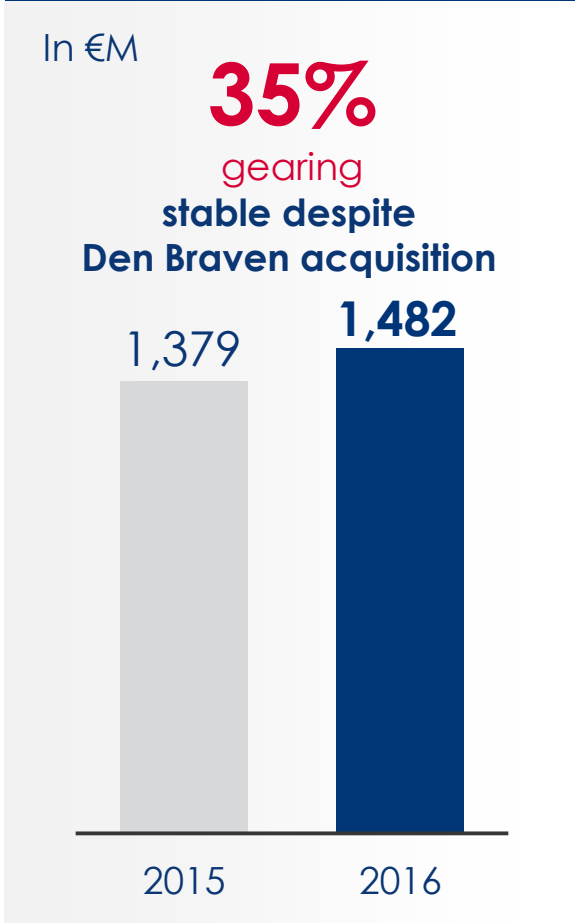
ADJUSTED EPS



FREE CASH FLOW*

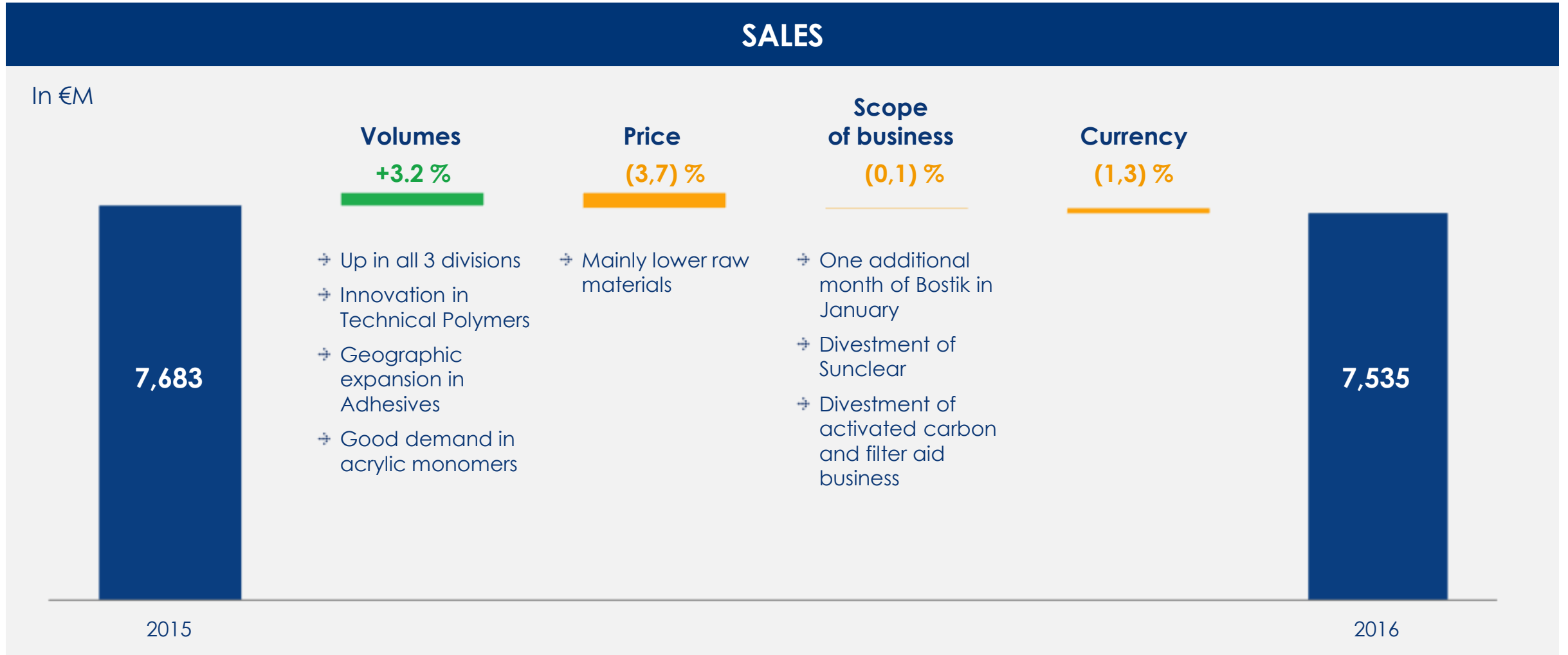


NET DEBT



* Cash flow from operations and investments excluding the impact of portfolio management

2016 SALES BRIDGE



A RECORD-HIGH EBITDA

+12.5% versus 2015



Significant progression of the 3 divisions

Historical high



15.8% EBITDA margin

~75% of EBITDA growth
coming from major internal projects

Bostik development, growth in Technical Polymers and downstream acrylics, Fluorogases

AN IMPROVING PERFORMANCE IN EACH OF THE 3 DIVISIONS

HIGH PERFORMANCE MATERIALS

| IN €M | 2015 | 2016 | Variation |
|----------------------|-------|--------------|-----------|
| Sales | 3,358 | 3,422 | +1.9% |
| EBITDA | 506 | 570 | +12.6% |
| EBITDA margin | 15.1% | 16.7% | |



- ❖ Bostik 2017 target achieved one year ahead of schedule
- ❖ Benefits from innovation in Technical Polymers

INDUSTRIAL SPECIALTIES

| IN €M | 2015 | 2016 | Variation |
|----------------------|-------|--------------|-----------|
| Sales | 2,450 | 2,316 | (5.5)% |
| EBITDA | 418 | 473 | +13.2% |
| EBITDA margin | 17.1% | 20.4% | |



- ❖ Strong performance of all Business Lines
- ❖ 20.4% EBITDA margin close to historical high

COATING SOLUTIONS

| IN €M | 2015 | 2016 | Variation |
|----------------------|-------|--------------|-----------|
| Sales | 1,849 | 1,771 | (4.2)% |
| EBITDA | 190 | 208 | +9.5% |
| EBITDA margin | 10.3% | 11.7% | |

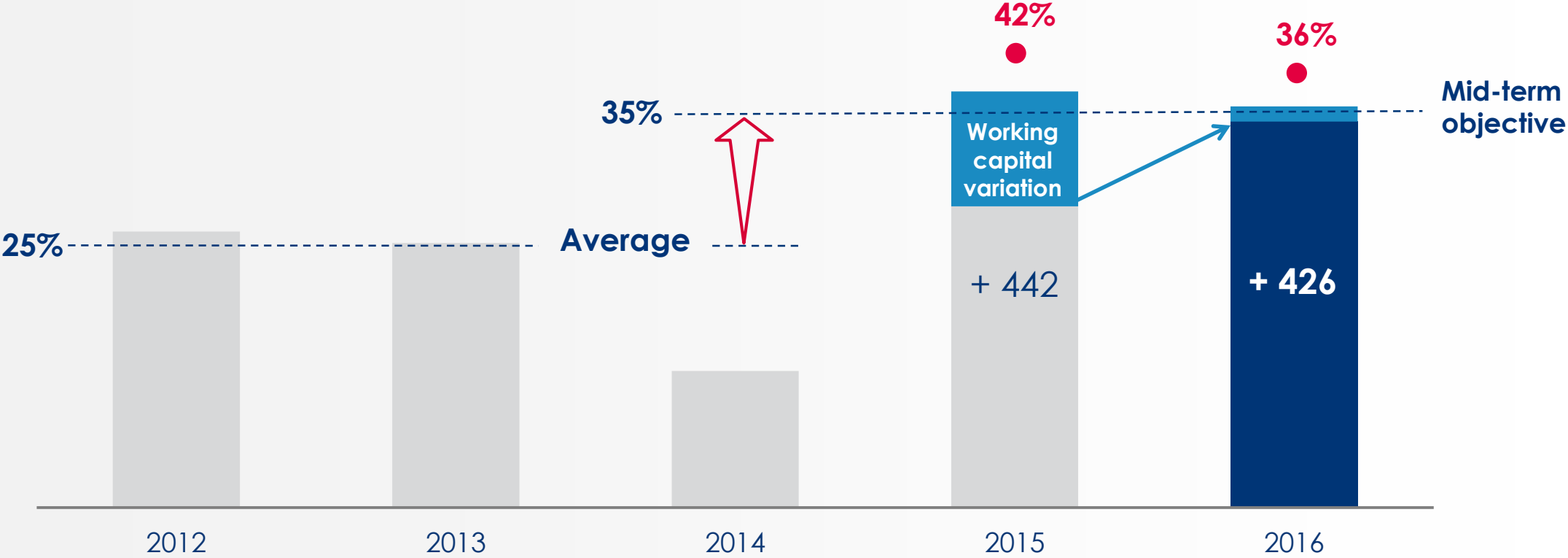


- ❖ Overall solid results in a challenging environment for acrylic monomers

A VERY STRONG CASH GENERATION

FREE CASH FLOW ⁽¹⁾ in €M

Conversion rate: free cash flow ⁽¹⁾ / EBITDA (in %)

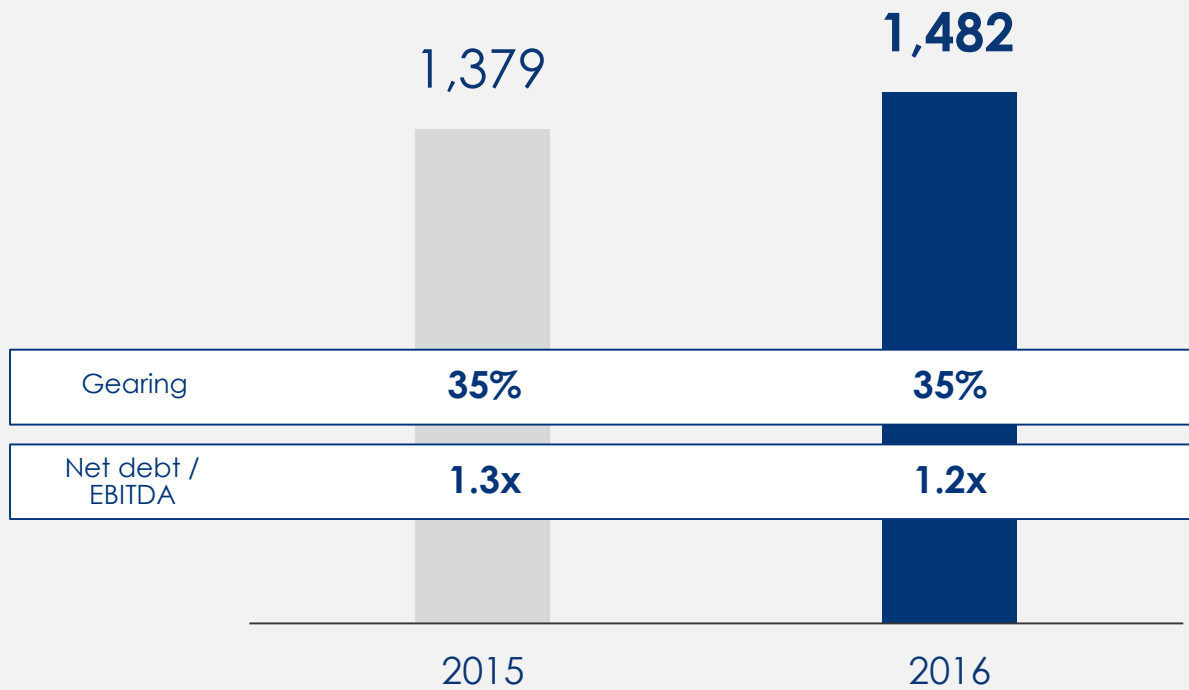


(1) Cash flow excluding M&A, exceptional capex, dividend and cost of hybrid

STABLE GEARING

NET DEBT – excluding €700 m hybrid bond

In €M



✦ Credit ratings reviewed upwards in November 2016

- Standard & Poor's: BBB (stable outlook)
- Moody's: Baa2 (stable outlook)

✦ €700 m 10-year bond issue in April 2017

- 1.5% annual coupon
- To refinance and extend average maturity

1Q'17 KEY FIGURES

+13.7%

Sales

2,152 million euros

+17.5%

EBITDA

355 million euros

+50 basis points

EBITDA margin

16.5% (16% in 1Q'16)

**High Performance
Materials**

€166 M **EBITDA** up 11 %
compared to 1Q'16

Solid performance of the three
Business Lines and benefits
from Den Braven integration

17.0 % EBITDA margin

Industrial Specialties

€140 M **EBITDA** up 9%
compared to 1Q'16

Fluorogases back to high levels
of results and very good
market conditions in PMMA

21.7% EBITDA margin

Coating Solutions

€74 M **EBITDA** up 48%
compared to 1Q'16

Improvement in acrylic cycle
compared to the low points of
1Q'16

14.1% EBITDA margin

2017 OUTLOOK

Focus on internal drivers

- Positive momentum of Bostik and integration of Den Braven
- Innovation in high performance materials and downstream acrylics
- Recovery plan in Fluorogases
- Arkema will continue to adapt its pricing policy to reflect higher raw materials
- Operational excellence initiatives to offset part of the inflation on fixed costs

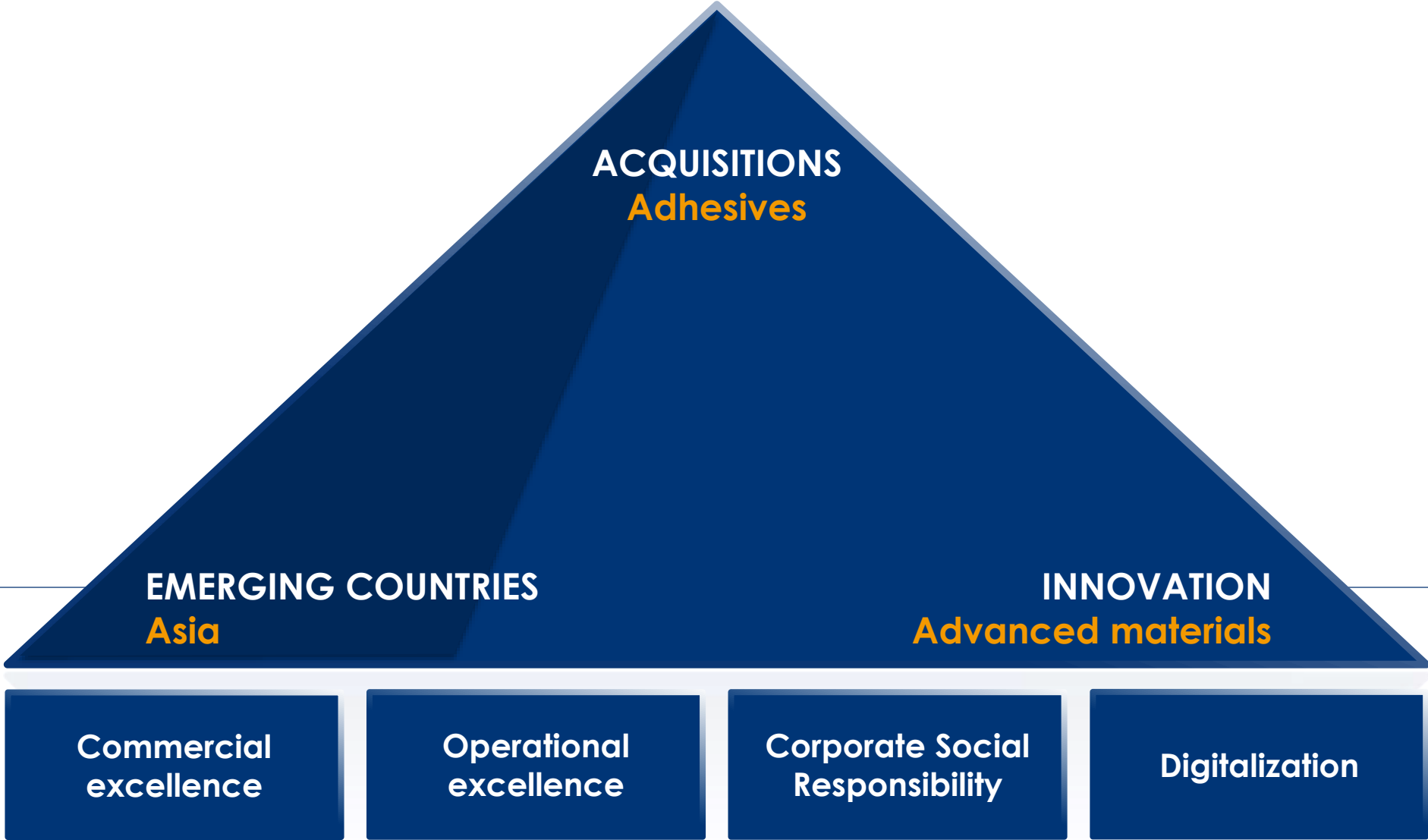
 **The very good start of the year fully supports Arkema's ambitious objective to achieve €1.3 bn EBITDA in 2017**



ARKEMA TOMORROW

ARKEMA
INNOVATIVE CHEMISTRY

OUR STRATEGIC PRIORITIES



5 MAJOR PILLARS FOR FUTURE GROWTH



SPECIALTY ADHESIVES

Integration of Den Braven

Organic growth

Bolt-on acquisitions



ADVANCED MATERIALS

Innovation in « megatrends »

Capacity expansions in Asia



MOLECULAR SIEVES

Ramp up at Honfleur

Growth of the markets in Asia and Middle-East



DOWNSTREAM ACRYLICS

Growth in emerging countries

Technological diversification



THIOCHEMICALS

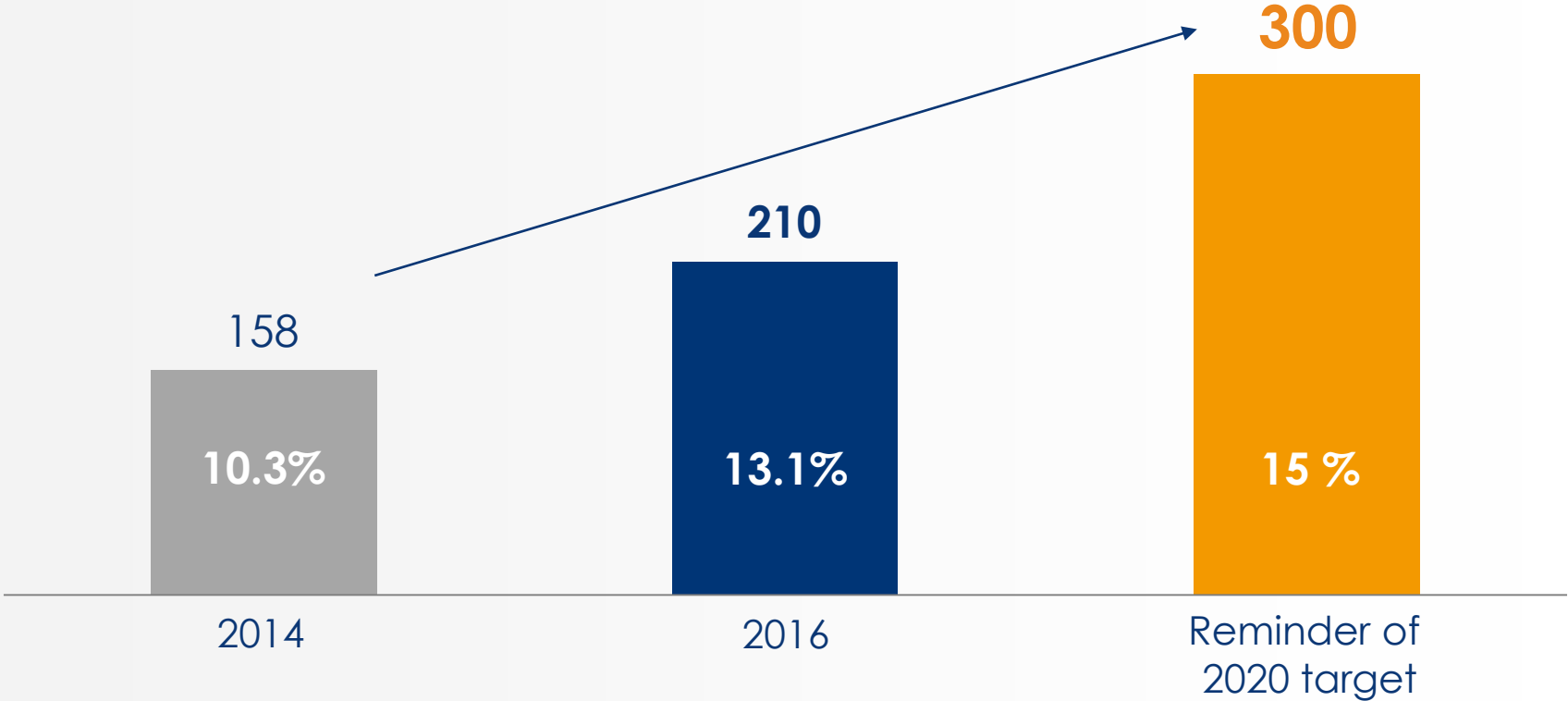
Partnerships

Combined “products and services” offer

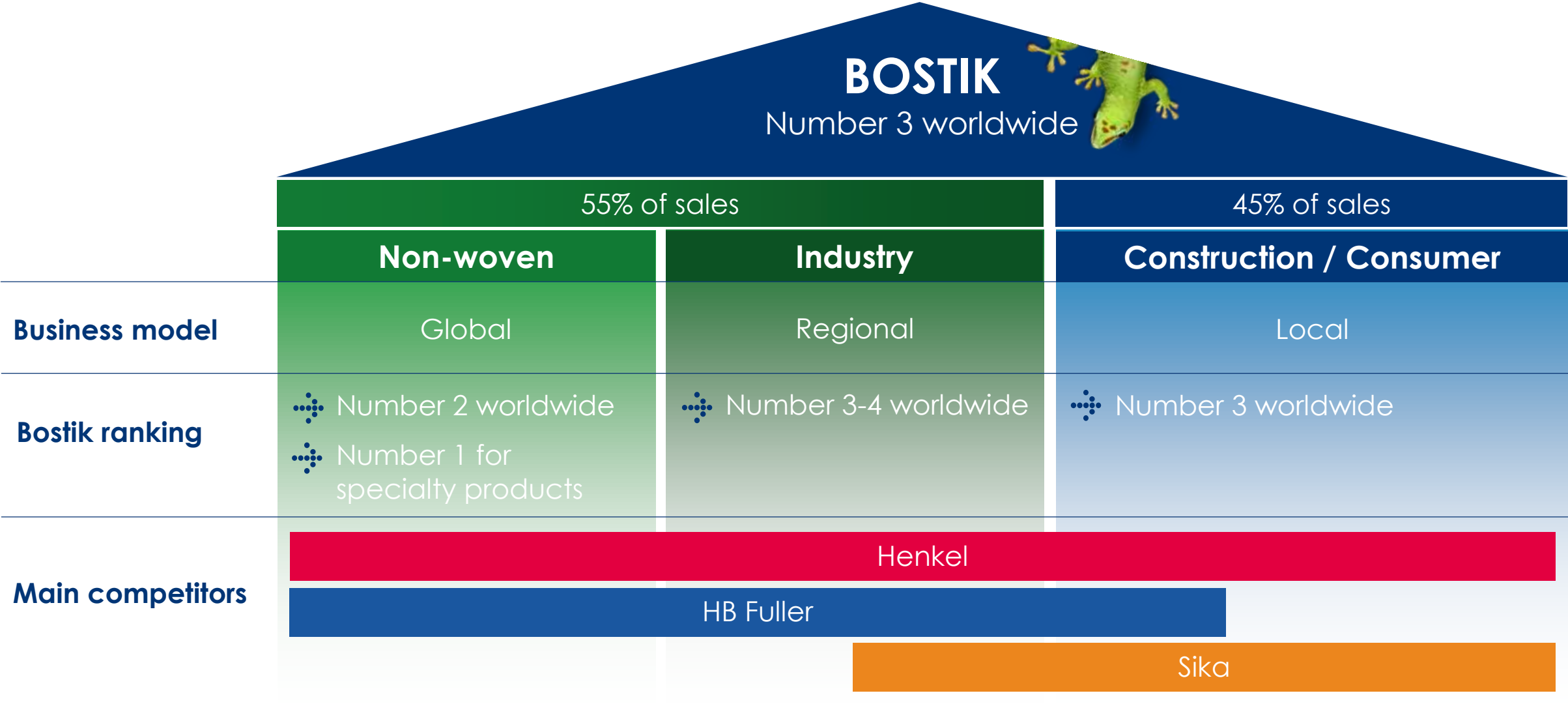
A STRONG AMBITION FOR BOSTIK

BOSTIK EBITDA AND EBITDA MARGIN

In €M



LEADING POSITIONS IN DIVERSIFIED END MARKETS



INNOVATION IN SMART ADHESIVES

Milwaukee (United States)



Venette (France)

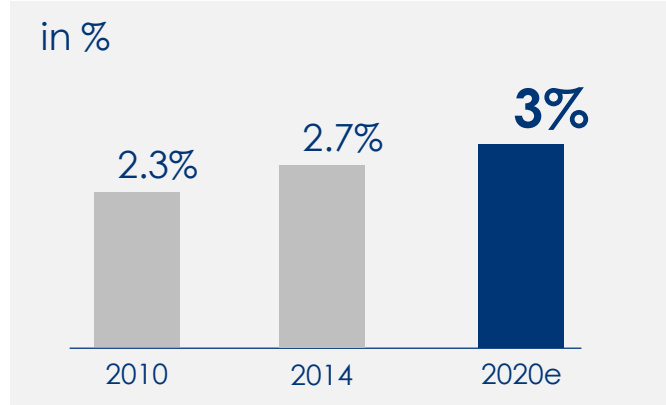


Shanghai (China)



R&D INTENSITY (R&D / SALES)

in %



Thin core diapers

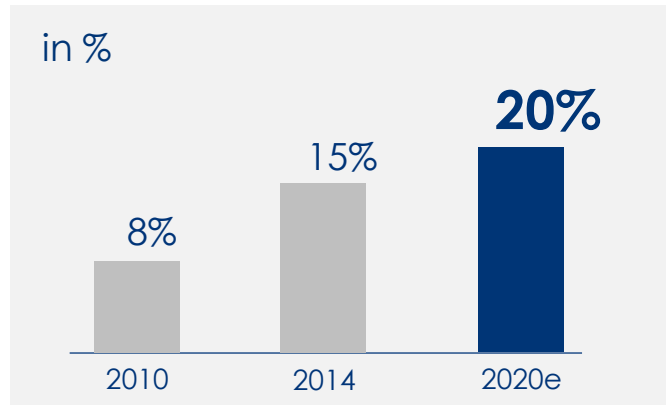


Reactive tapes and labels



SALES FROM PRODUCTS < 3 YEARS OLD

in %



Self levelling screed



THERMOPLASTIC COMPOSITES ELIUM®



PEKK KEPSTAN[®], A BREAKTHROUGH INNOVATION

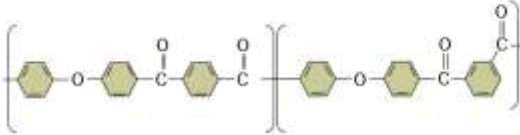
Exceptional resistance properties

Project to build a world-scale unit

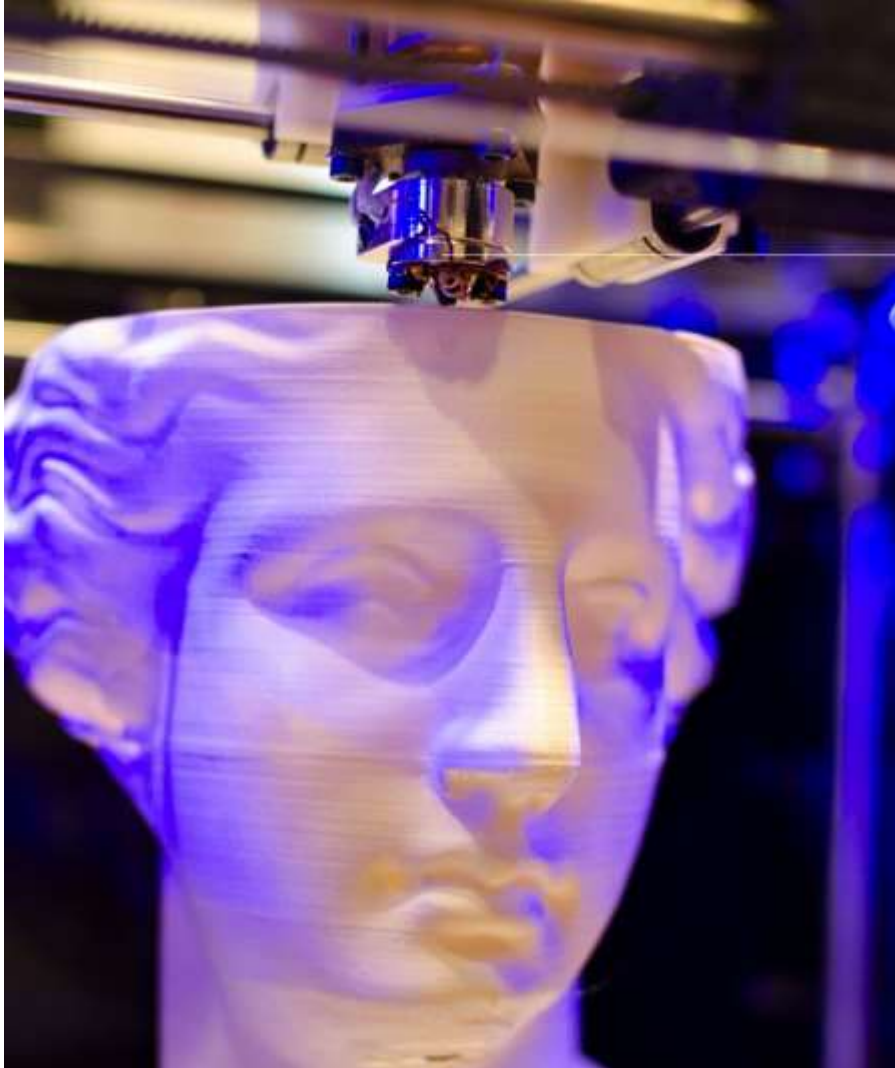
Demanding end markets



CHEMICAL FORMULA



INNOVATION IN THE DESIGN OF MATERIALS: 3D PRINTING



N3XTDIMENSION™
BY ARKEMA

APOLHYA®
BY ARKEMA

KEPSTAN™
BY ARKEMA

KYNAR®
BY ARKEMA

NANOSTRENGTH® **RILSAN®**
BY ARKEMA BY ARKEMA

PEBAX® **ORGASOL®** **RILSAN®**
BY ARKEMA BY ARKEMA FINE POWDERS
BY ARKEMA

SARTOMER
ARKEMA GROUP

INNOVATION AS A WAY TO CONTRIBUTE TO SUSTAINABLE DEVELOPMENT GOALS



Bio-based products

New energies

Water management

Lightweight materials and design

Electronic solutions

Home efficiency and insulation



OUR FIVE CSR PILLARS



SAFETY



ENVIRONMENT



INNOVATION



**INDIVIDUAL AND
COLLECTIVE
DEVELOPMENT**



**OPEN DIALOGUE
WITH
STAKEHOLDERS**

MATERIALITY ANALYSIS: OPEN DIALOGUE WITH OUR STAKEHOLDERS

What is it?



➤ Process of exchange with stakeholders on CSR topics

6 priority topics

Aligned with stakeholders expectations



Safety

1 Safety of people and process



Environment

2 Resources management



Innovation

3 Sustainable and innovative solutions

4 Product stewardship and responsibility

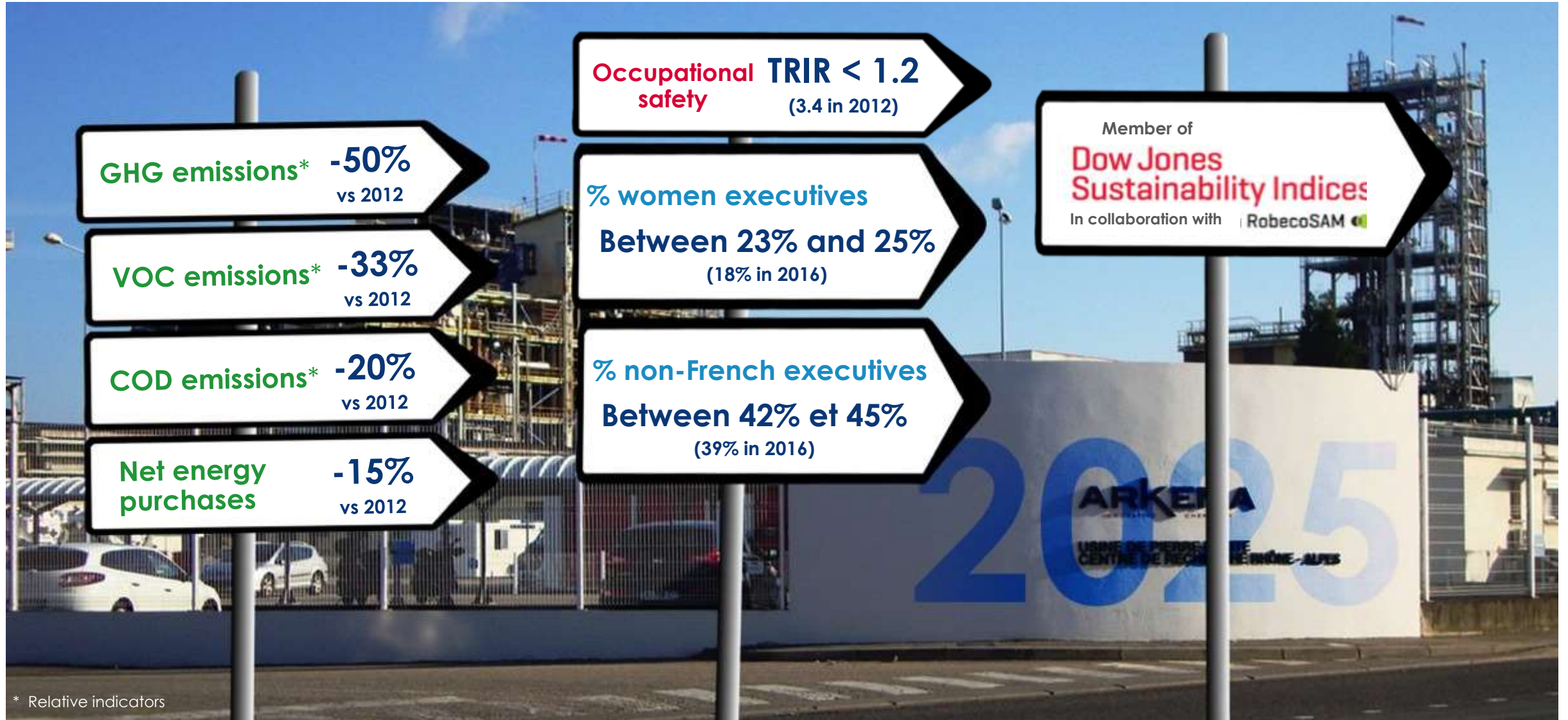


Social

5 Diversity and equal opportunities

6 Training and individual development

AMBITIOUS OBJECTIVES FOR 2025



* Relative indicators



CORPORATE GOVERNANCE

ARKEMA
INNOVATIVE CHEMISTRY

THE BOARD OF DIRECTORS IN 2016

COMPOSITION 13 members



5 women

1 senior independent director

1 director representing employees

1 director representing shareholder employees

82% independent directors

ACTIVITY IN 2016



8 meetings

95% attendance rate

1 annual seminar dedicated to the Group's strategy



A diversified and high level experience in France and abroad in industry, finance and services

SPECIALIZED COMMITTEES IN 2016

AUDIT AND ACCOUNTS COMMITTEE

Philippe Vassor (Chairman)

- Isabelle Boccon-Gibod
- Marie-José Donsion
- Hélène Moreau-Leroy



6 meetings
100% attendance rate
75% independent directors

NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

Thierry Morin (Chairman)

- François Enaud
- Bernard Kasriel
- Victoire de Margerie



3 meetings
100% attendance rate
100% independent directors

COMPENSATION PRINCIPLES FOR THE EXECUTIVE OFFICER

1



Principles defined by the Board of Directors on recommendations by the Nominating, Compensation and Corporate Governance Committee

2



At each renewal of the term of office

3



A structure defined for the duration of the term of office

4



In accordance with the AFEP-MEDEF Code recommendations

5



Principles aligned with the Group's mid- and long-term strategic priorities



Principles defined as part of the renewal of the term of office on 7 June 2016 for his duration

STRUCTURE OF THE COMPENSATION OF THE CHAIRMAN AND CEO

FIXED COMPENSATION

- Set for the 4-year term of office
- Benchmarked against a panel of French and European industrial companies

ANNUAL VARIABLE COMPENSATION

| Maximum | Criteria | Weighting |
|----------------------------|--|---------------------|
| 150% of fixed compensation | <ul style="list-style-type: none"> • EBITDA • Recurring cash flow • Contribution from new developments | 110% of fixed comp. |
| | <ul style="list-style-type: none"> • Precise qualitative criteria relating to day-to-day management, strategy and major industrial projects | 40% of fixed comp. |

LONG-TERM COMPENSATION: PERFORMANCE SHARES

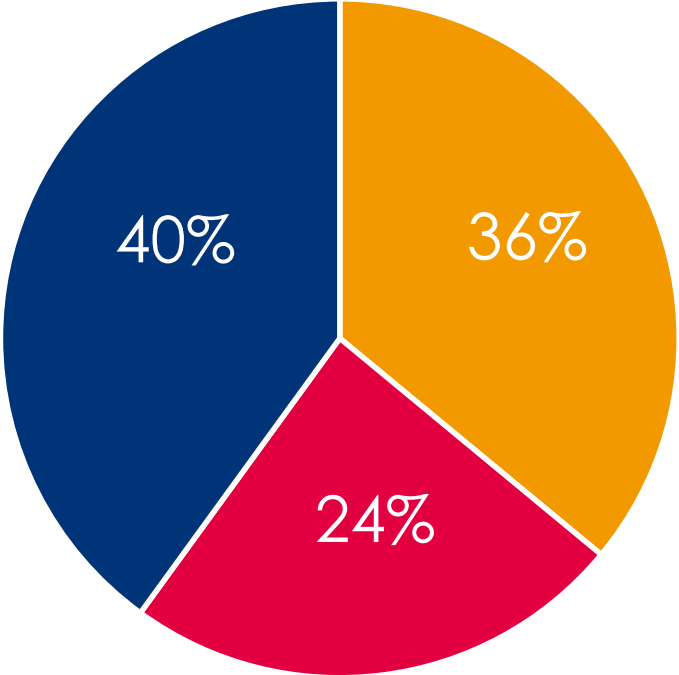
| Allocation | Criteria for the vesting of shares |
|---|--|
| 30,000 shares (110% in case of outperformance) | <ul style="list-style-type: none"> • REBIT margin • EBITDA to cash conversion rate • Comparative Total Shareholder Return • Average return on capital employed |

OTHER COMPENSATION COMPONENTS

- Pension: 20% of total fixed and variable compensation (since the termination on 7 June 2016 of the supplementary defined benefit pension scheme)
- Benefits in kind
- Termination indemnity (approved by the annual general meeting of 7 June 2016)

STRUCTURE OF THE CHAIRMAN AND CEO'S 2016 COMPENSATION

LONG-TERM COMPENSATION



ANNUAL VARIABLE COMPENSATION

FIXED COMPENSATION



3/4 of the compensation linked to the short- and long-term Company's performance

COMPONENTS OF THE CHAIRMAN AND CEO'S 2016 COMPENSATION SUBMITTED TO CONSULTATION

| <i>(in euros)</i> | Amounts | Description |
|------------------------------|----------------|--|
| Fixed compensation | 835,000 | <ul style="list-style-type: none"> ↗ €750,000 until 6 June 2016 and set at €900,000 as part of the renewal of his term of office on 7 June 2016 |
| Variable compensation | 1,252,500 | <ul style="list-style-type: none"> ↗ Reflects the very strong financial and operational performance of the Group in 2016 ↗ 100% for each of the 3 quantitative criteria (73% of criteria) ↗ 100% for the qualitative criteria (27% of criteria) |
| Performance shares | 30,000 rights | <ul style="list-style-type: none"> ↗ Definitive vesting fully subject to 4 performance criteria ↗ Vesting-holding period of 5 years ↗ Number of allocated rights reviewed as part of the new term of office |
| One-off indemnity | 1,500,000 | <ul style="list-style-type: none"> ↗ As compensation for the loss of part of the pension rights acquired during more than 20 years in the supplementary defined benefit pension scheme terminated at the annual general meeting on 7 June 2016 |
| Pension | 254,250 | <ul style="list-style-type: none"> ↗ System replacing since 7 June 2016 the terminated supplementary defined benefit pension scheme |

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

MARIE-JOSÉ DONSION



Ratification of the appointment as director

- Senior Vice-President Finance of Alstom and member of its Executive Committee
- Chairman of the Audit and Accounts Committee, subject to the approval of the general meeting

THIERRY MORIN



Re-election as director

- Executive in the automotive industry
- Deep knowledge of Arkema and its major priorities

YANNICK ASSOUD



Appointment as director

- Chief Executive Officer of Latécoère group
- Long-standing experience as an executive in the aeronautics sector

MARC PANDRAUD



Re-election as director

- Executive in the banking industry
- Deep knowledge of Arkema and its major priorities



Composition of the Board of Directors following this annual general meeting: 12 members and 45% of women ⁽¹⁾

(1) In accordance with the criteria of the AFEP-MEDEF code

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 definition of the main performance indicators used can be found in the press releases on www.finance.arkema.com