

ARKEMA

2016 GLOBAL CHEMICALS
AND AGRICULTURE CONFERENCE

June 21, 2016

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VP Investor Relations



ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA IN 2015



€**7.7** bn
sales



19,000
employees
worldwide



Worldwide
presence
in **50** countries



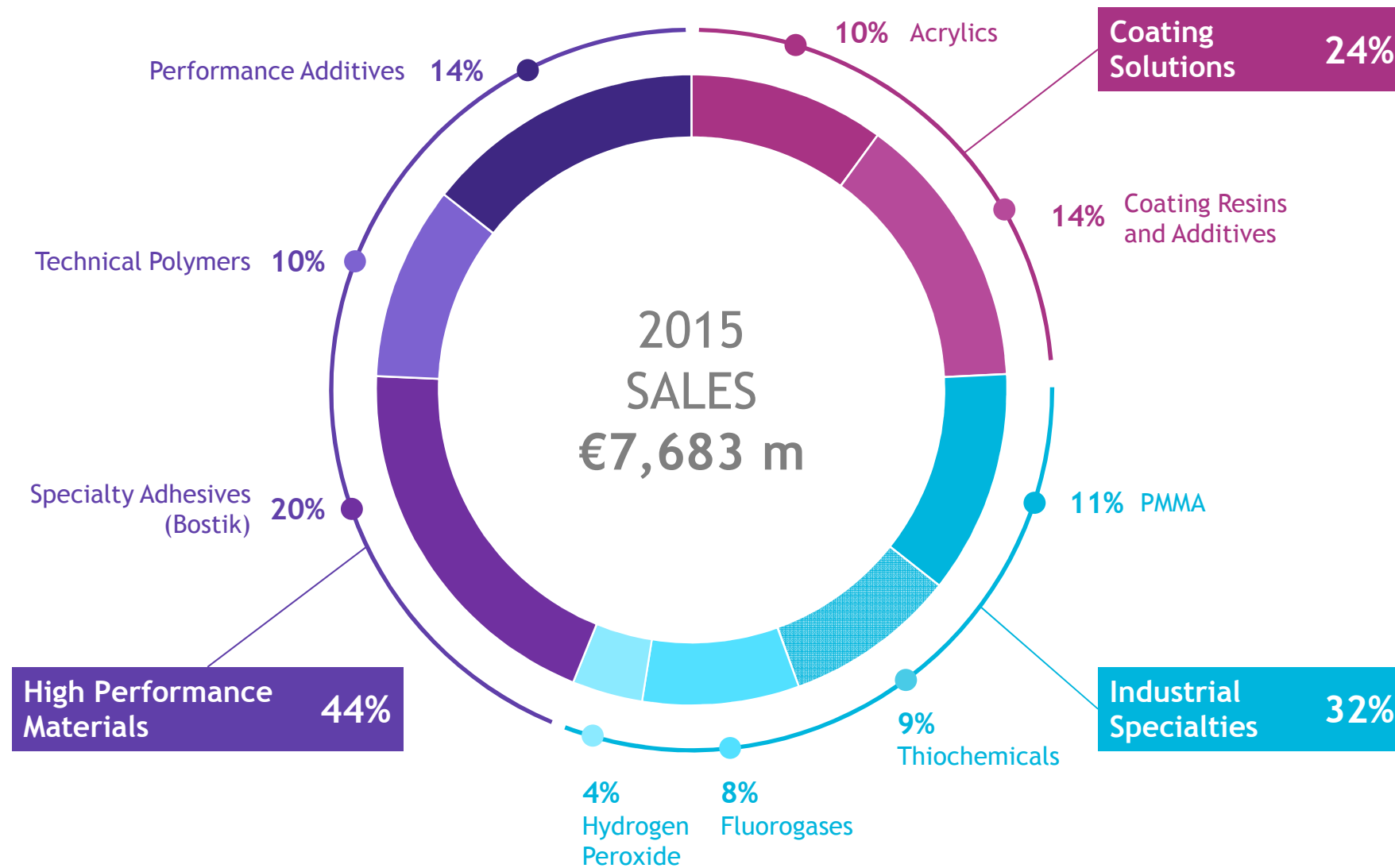
136
industrial sites



3 R&D
and innovation
geographical hubs

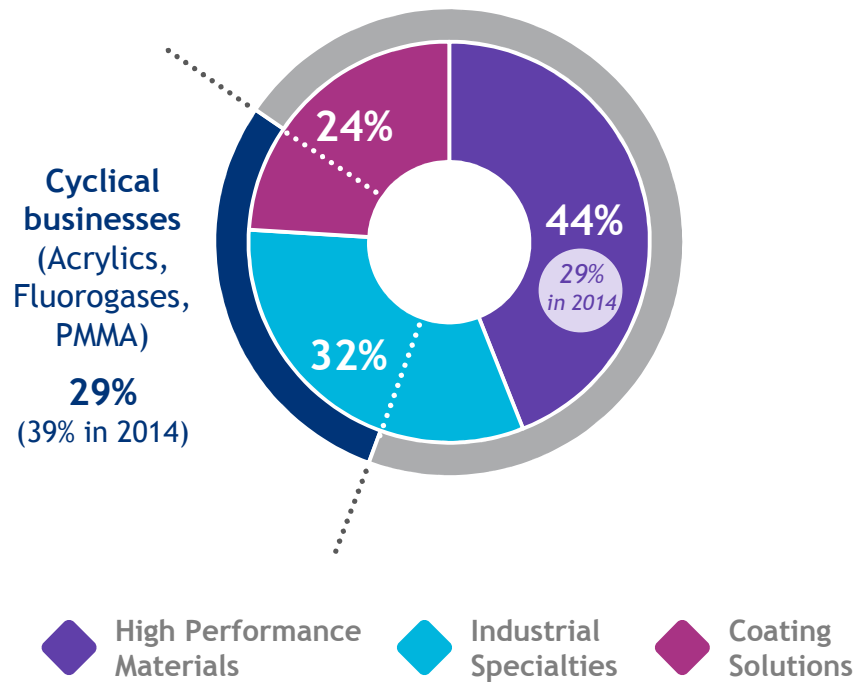


SALES BREAKDOWN BY BUSINESS



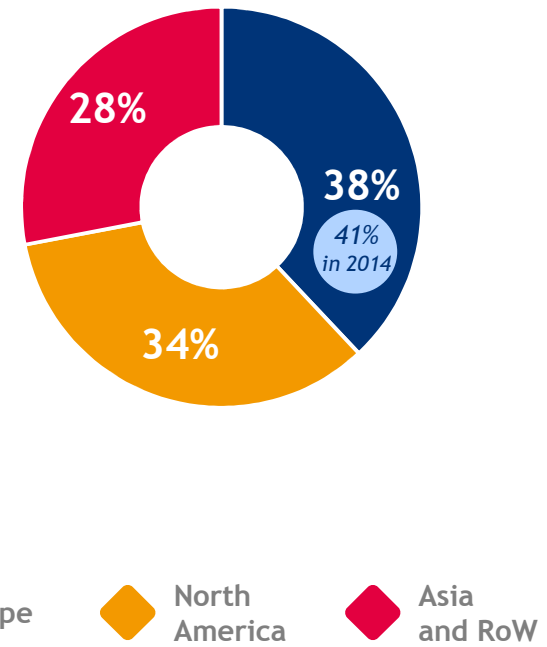
A STEP CHANGE IN THE GROUP'S PROFILE

FY'15 sales by business segment



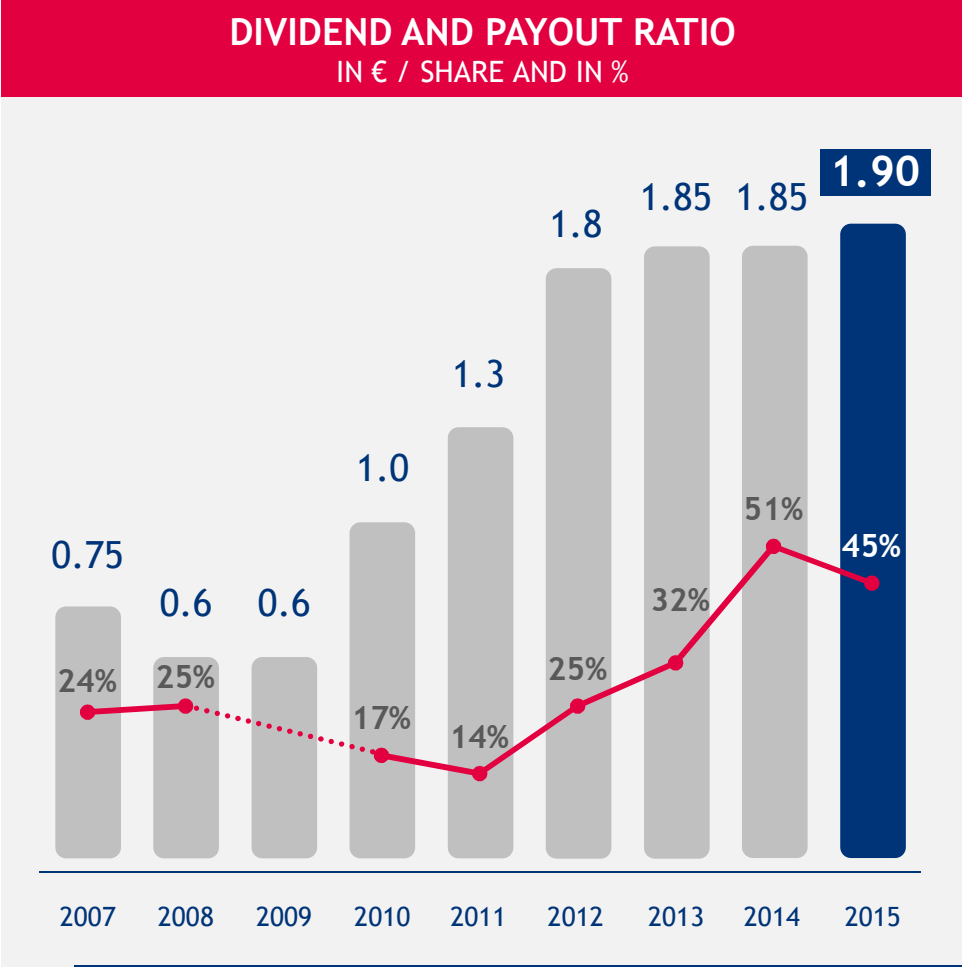
ACCELERATING DEVELOPMENT OF HIGH PERFORMANCE MATERIALS

FY'15 sales by region



FURTHER REBALANCING OF GEOGRAPHICAL PRESENCE

DIVIDEND



Dividend increased to €1.90, up +2.7%

- ▶ Reflects confidence in the Group’s solid cash generation and balance sheet
- ▶ 45% payout on 2015 adjusted net income
- ▶ 2.9% dividend yield (based on share price at year end)

In line with dividend policy:
“aims at paying a stable to growing dividend each year”

 **A key element of shareholder return**

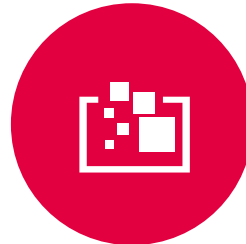
1Q'16: A VERY STRONG QUARTER

€1,893 m sales	<ul style="list-style-type: none">✦ +1.2% YoY✦ Volumes up +2.5% supported by innovation and recently started production units
€302 m EBITDA	<ul style="list-style-type: none">✦ +27% YoY (€237 m in 1Q'15) with a very limited scope effect✦ A record high for a first quarter
16% EBITDA margin	<ul style="list-style-type: none">✦ Up 330 basis points YoY✦ Driven by excellent margins in Industrial Specialties and High Performance Materials
€106 m adjusted net income	<ul style="list-style-type: none">✦ Up +63% YoY✦ €1.42 adjusted net income per share✦ 5.6% of Group sales
€1,390 m net debt	<ul style="list-style-type: none">✦ Stable versus 31 December 2015 despite the usual strong seasonality of working capital

1Q'16 TAKE-AWAYS



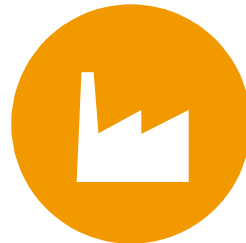
**STRONG START
TO THE YEAR**



**STRUCTURAL DRIVERS
SUPPORTING
HIGHER EARNINGS**



**STRONG POTENTIAL
OF BOSTIK
CONFIRMED**











**SUCCESSFUL EXECUTION
OF STRATEGY**



**OUTLOOK FOR THE YEAR
CONFIRMED**

WHERE DO WE STAND ON 2016 PRIORITIES?

			
			
<h2>BOSTIK</h2>	<h2>THIOCHEMICALS</h2>	<h2>FLUOROGASES</h2>	<h2>DIVESTMENT PROGRAM</h2>
<ul style="list-style-type: none"> ❖ Further good progress with strong YoY improvement ❖ EBITDA margin at ~13% gradually catching up with major peers' average ❖ Fully on track towards 2017 target to improve EBITDA by 30% vs 2014 	<ul style="list-style-type: none"> ❖ Targeted contribution over a full year (last 12 months) now reached ❖ Ramp-up far quicker than initially planned 	<ul style="list-style-type: none"> ❖ Gradual recovery in line with Group's assumptions 	<ul style="list-style-type: none"> ❖ Project* to divest activated carbon and filter aid activity representing sales of some €93 m to Calgon Carbon ❖ Offer based on a €145 m enterprise value, i.e., 9.5x 2015 EBITDA

* Subject to the information - consultation process of works councils

1Q'16 KEY FIGURES

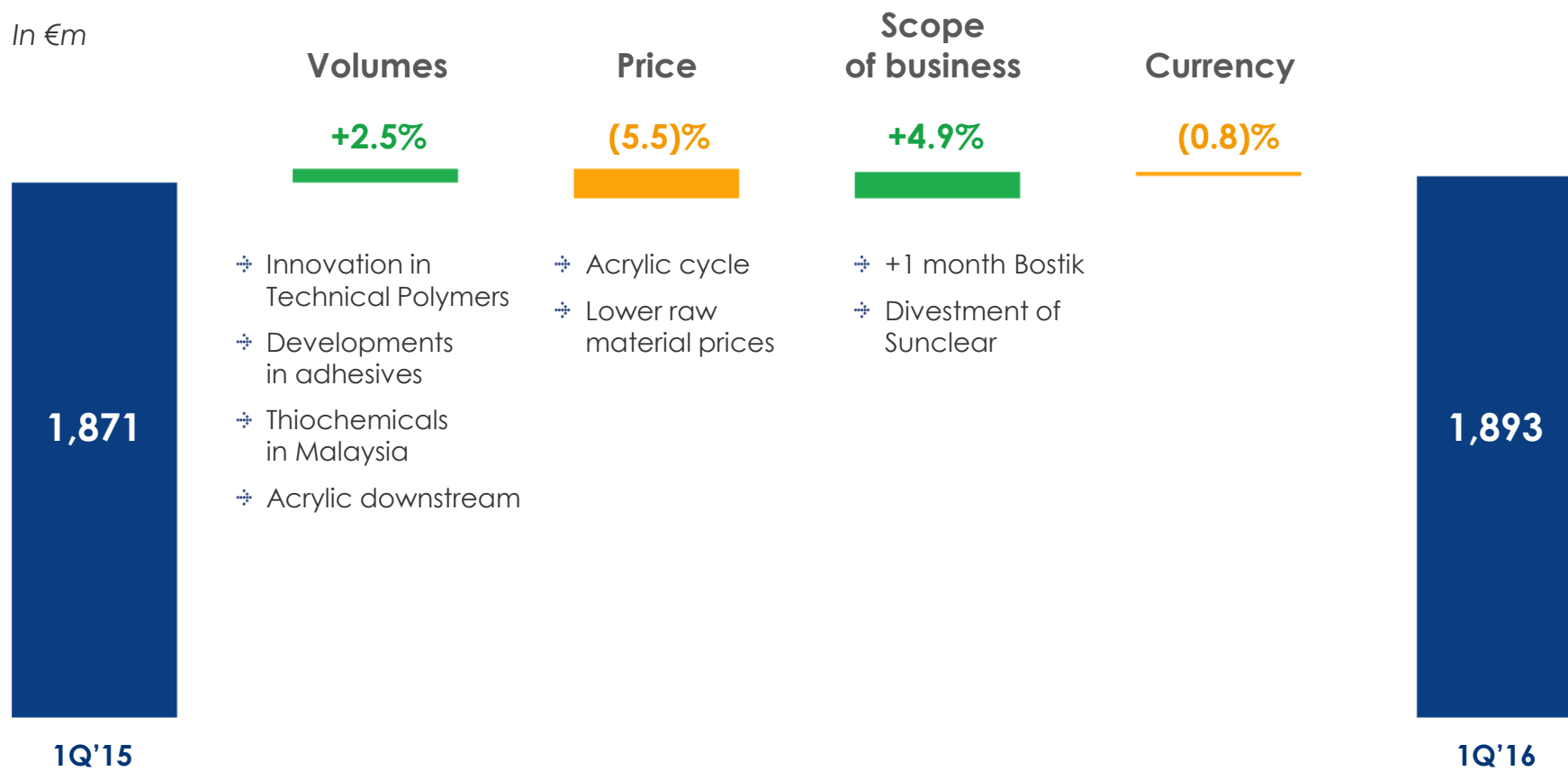
IN €M (EXCEPT EPS)	1Q'15	1Q'16	VARIATION
Sales	1,871	1,893	+1.2%
EBITDA	237	302	+27.4%
EBITDA margin	12.7%	16.0%	
Recurring operating income	133	191	+43.6%
Adjusted net income*	65	106	+63.1%
Net income - Group share	42	98	+133.3%
Adjusted EPS* (in euros)	0.89	1.42	+59.6%

* Adjusted net income excludes unrealized foreign exchange results on the financing in foreign currencies of non-recurring investments. Adjusted net income for 1st quarter 2015 has been restated accordingly.

1Q'16 SALES BRIDGE

SALES

In €m



HIGH PERFORMANCE MATERIALS

1Q'16 KEY FIGURES

IN €M	1Q'15*	1Q'16	variation
Sales	742	868	+17.0%**
EBITDA	111	149	+34.2%
EBITDA margin	15.0%	17.2%	-
Rec. operating income	76	112	+47.4%

1Q'16 SALES DEVELOPMENT

Volumes	+3.5%
Prices	(1.7)%
Currency	(1.6)%
Scope	+18.0%

1Q'16 HIGHLIGHTS

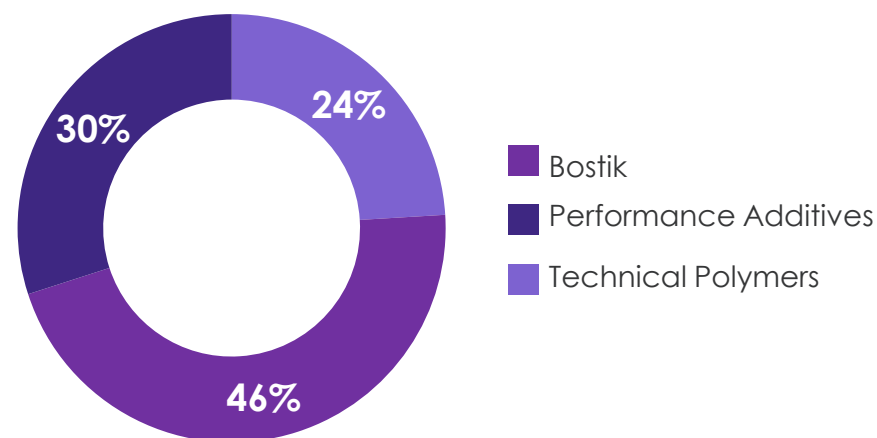
Strong contribution from Bostik

- 1 additional month in January
- EBITDA significantly up YoY supported by geographic expansion, synergies and lower costs
- ~13% EBITDA margin

Excluding Bostik, EBITDA significantly up YoY

- Strong volumes in Technical Polymers in lightweight materials and new energies
- EBITDA margin above 20%

1Q'16 SALES BY BUSINESS LINE



* Restated figures in accordance with the new reporting presented at the 2015 CMD.

** At 1st January 2016, a business was transferred from High Performance Materials to Industrial Specialties. YoY sales variation includes the impact of this transfer.

INDUSTRIAL SPECIALTIES

1Q'16 KEY FIGURES

IN €M	1Q'15*	1Q'16	variation
Sales	626	586	(6.4)%**
EBITDA	93	129	+38.7%
EBITDA margin	14.9%	22.0%	-
Rec. operating income	52	85	+63.5%

1Q'16 HIGHLIGHTS

Performance up YoY in each Business Line

Excellent performance of Thiochemicals

✦ Driven by one additional quarter of Kerteh (Malaysia)

Continuing very good level of results in PMMA

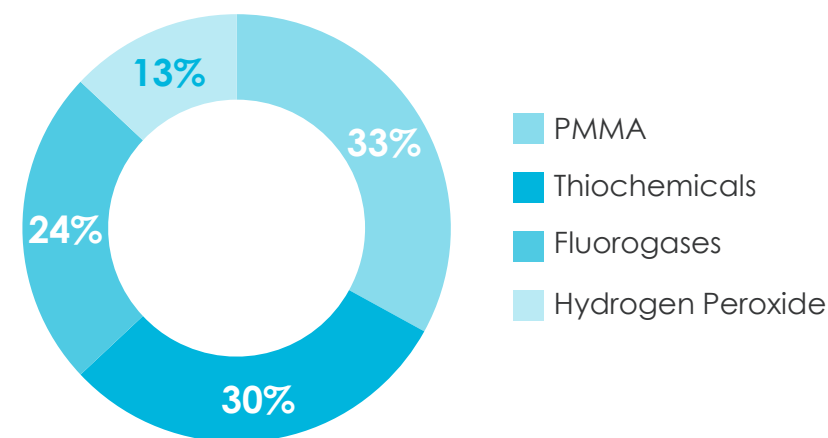
Gradual improvement in Fluorogases in line with Group's assumptions

Very high EBITDA margin at 22%

1Q'16 SALES DEVELOPMENT

Volumes	+1.8%
Prices	(3.0)%
Currency	-
Scope	(6.4)%

1Q'16 SALES BY BUSINESS LINE



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COATING SOLUTIONS

1Q'16 KEY FIGURES

IN €M	1Q'15*	1Q'16	variation
Sales	496	432	(12.9)%
EBITDA	53	50	(5.7)%
EBITDA margin	10.7%	11.6%	-
Rec. operating income	25	20	(20.0)%

1Q'16 HIGHLIGHTS

Good resilience of the results thanks to a solid downstream integration

- ✦ Continued good developments at Coatex and coating resins
- ✦ Good cost management

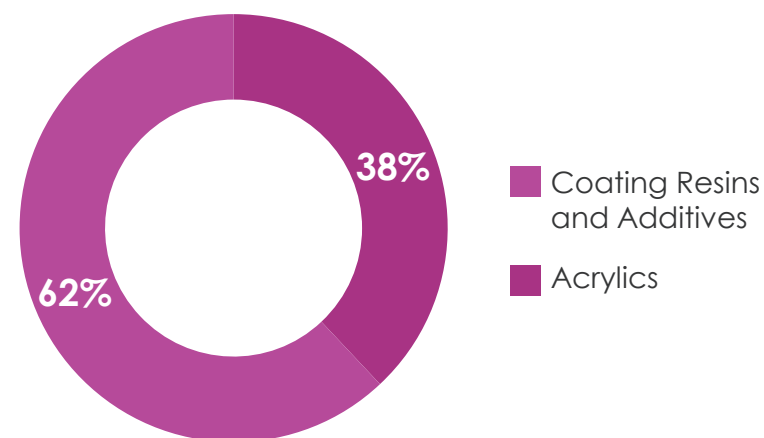
Units margins in acrylic monomers stabilized at low levels since end of 2015

- ✦ In line with Group's assumptions

1Q'16 SALES DEVELOPMENT

Volumes	+2.0%
Prices	(14.4)%
Currency	(0.3)%
Scope	(0.1)%

1Q'16 SALES BY BUSINESS LINE



* Restated figures in accordance with the new reporting presented at the 2015 CMD.

1Q'16 CASH FLOW

IN €M	1Q'16	
EBITDA	302	
Working capital variation ⁽¹⁾	(190)	Usual seasonality of working capital 16.7% working capital over annualized sales ratio against 17.8% end of March 2015 ⁽²⁾
Taxes	(61)	Current taxes excluding impact of Bostik PPA
Cost of debt	(19)	
Capital expenditure	(57)	2016e capex: ~ €450m at 1.10 €/US\$ exchange rate (previously ~ €470m)
Others	(1)	
RECURRING CASH FLOW	(26)	
Non-recurring items in operating and investing cash flow	(9)	Mainly restructuring expenses
FREE CASH FLOW	(35)	
Impact of portfolio management	(5)	
NET CASH FLOW	(40)	

⁽¹⁾ Variation in working capital and fixed asset payables excluding non-recurring items

⁽²⁾ Proforma sales including in 1st quarter 2015 primarily an additional month for Bostik

2016 OUTLOOK CONFIRMED

A world economy remaining slow and volatile:

- ✦ Overall moderate global growth with low visibility and different dynamics by region
- ✦ Volatility in currencies, energy and raw material prices

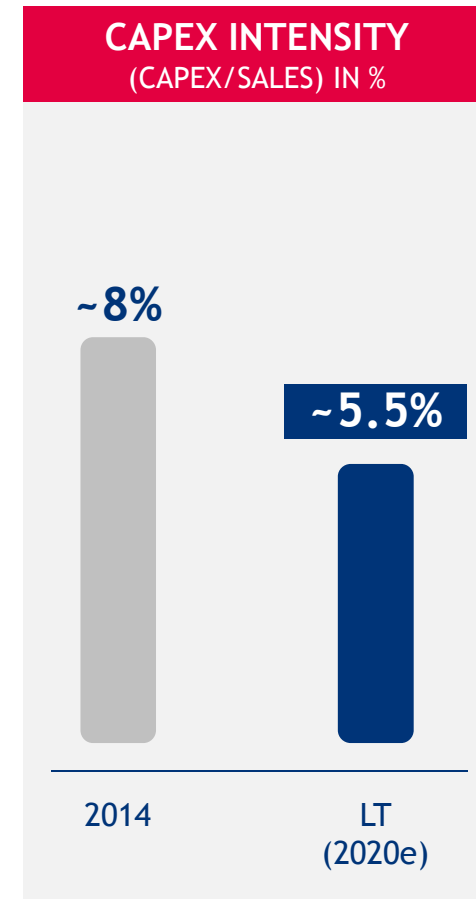
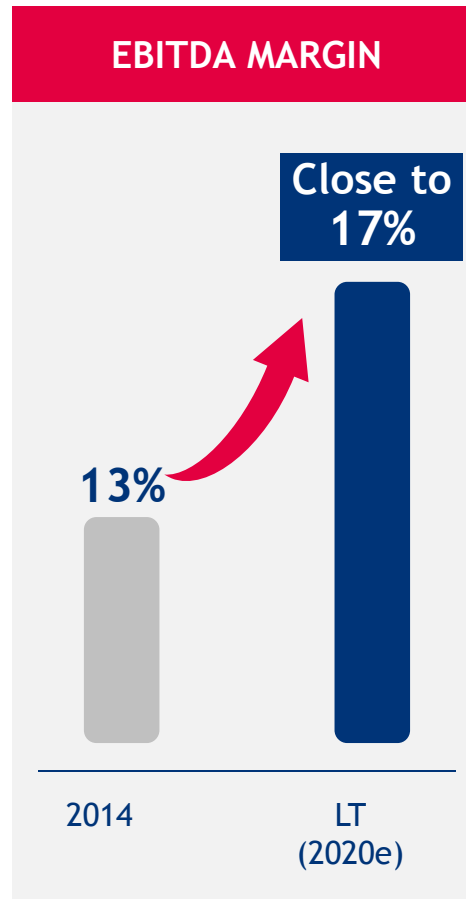
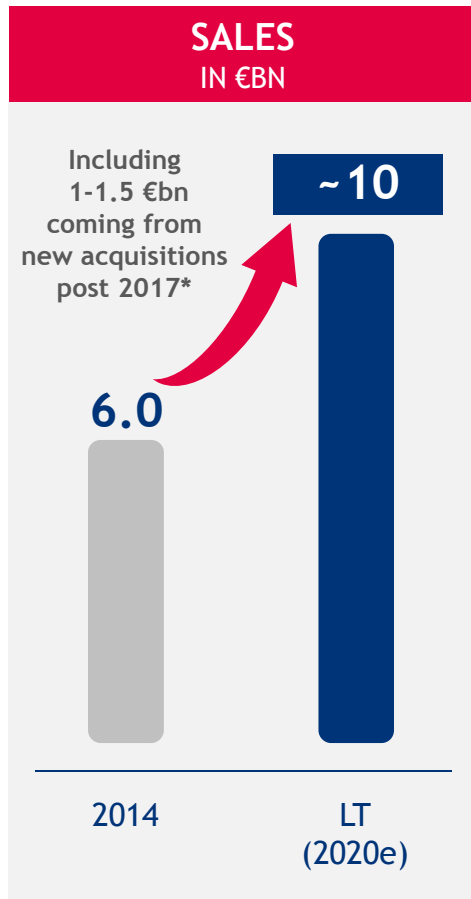
Strong organic momentum driven by:

- ✦ Continuous development of Bostik including ramp-up of synergies
- ✦ Progressive improvement of fluorogases business (pricing and competitiveness)
- ✦ In Thiochemicals, additional contribution of the Malaysian platform expected in 2016 vs 2015 already fully booked in 1Q'16. Performance of remaining 9 months of 2016 expected to be comparable to that of last year.
- ✦ Operational excellence initiatives to offset part of the inflation on fixed costs
- ✦ Benefit from innovation in lightweight materials and sustainable solutions



Based on these drivers and assuming an environment in line with the start of the year as regards energy and currencies,
Arkema reiterates its confidence in its ability to grow EBITDA in 2016

OUR LONG-TERM AMBITION



Defined in normalized market conditions (*Acrylics in mid-cycle, €/US\$ at 1.15, brent at US\$70/b,...*)

Net debt / EBITDA ~1.5x

* Beyond Bostik and Jurong acquisitions

MAIN STRATEGIC DIRECTIONS

1

ACCELERATE GROWTH
OF HIGH PERFORMANCE
MATERIALS

2

SELECTIVE GROWTH IN
INDUSTRIAL SPECIALTIES

3

REINFORCE ACRYLICS
DOWNSTREAM

4

FINALIZE THE FULL
GEOGRAPHICAL
BALANCING

5

DISPOSAL OF NON-CORE
ASSETS

6

MAINTAIN EMPHASIS
ON OPERATIONAL
EXCELLENCE

2017 EBITDA TARGET

2017 EBITDA TARGET: €1.3 BN

ORGANIC GROWTH + €180 m vs 2014

MAIN DRIVERS

- ▶ Thiochemicals in Malaysia
- ▶ Bostik growth: +€50 m
- ▶ Internal measures in Fluorogases: +€40 m
- ▶ O&G in filtration and adsorption
- ▶ Acrylics in the US

OTHER DRIVERS

- ▶ Other organic
 - ▶ Operational excellence gains
 - ▶ Inflation on fixed costs
- ⇒ 3 elements offsetting each other

M&A + €190 m vs 2014

ACQUISITIONS

- ▶ Bostik (initial €158 m)
- ▶ 1st step of Sunke acquisition
- ▶ 2nd step of Sunke acquisition
with Sunke contribution defined in mid-cycle conditions

DIVESTMENTS

- ▶ €700 m sales to be divested
- ▶ Divestment of Sunclear in PMMA in 4Q'15 (€180 m sales)

EXTERNAL ENVIRONMENT + €150 m vs 2014

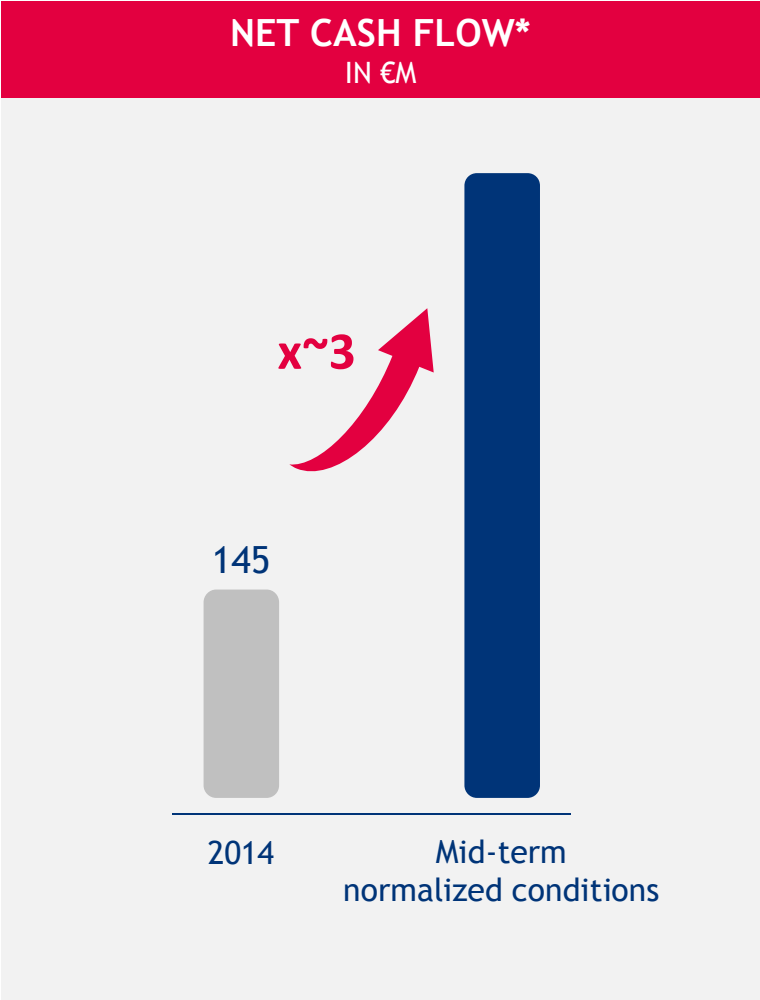
NORMALIZED

- ▶ Acrylics in mid-cycle
(currently low-cycle)
- ▶ Fluorogases: +€40 m
from better pricing environment
(currently gradually improving)
- ▶ FX rate: €/US\$ at 1.15
- ▶ PMMA: normalization of market conditions
(currently close to high-cycle)
- ▶ Brent: US\$70/b

Defined in normalized market conditions (*Acrylics in mid-cycle, €/US\$ at 1.15, brent at US\$70/b,...*)

Gearing at ~40%

IMPROVE CASH FLOW GENERATION



Increase cash conversion of EBITDA for the medium term from ~25% on average to 35%**

- ▶ Based on EBITDA progression according to Group’s ambition
- ▶ Cost of debt ~3% / year
- ▶ Tax ~30% of REBIT
- ▶ Other elements ~€(35) m/ year
- ▶ Working capital ~15% of sales
- ▶ Capex ~5.5% of sales

* Net cash flow excluding M&A, exceptional capex (such as Kerteh), dividend and cost of hybrid

** Net cash flow / EBITDA

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 for 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006 and 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 release on the quarterly results.