



ARKEMA
INNOVATIVE CHEMISTRY

2015 Annual General Meeting



2 June 2015





Strategy and 2014 highlights



Arkema in 2014



€ **6.0**bn
sales



14,280
employees



10 R&D
centres

€ **784**m
EBITDA

13.2%
EBITDA margin

89 production sites
Presence in **40** countries

186 patent
applications

1,200
researchers

Reinforced by the acquisition of Bostik on 2 February 2015

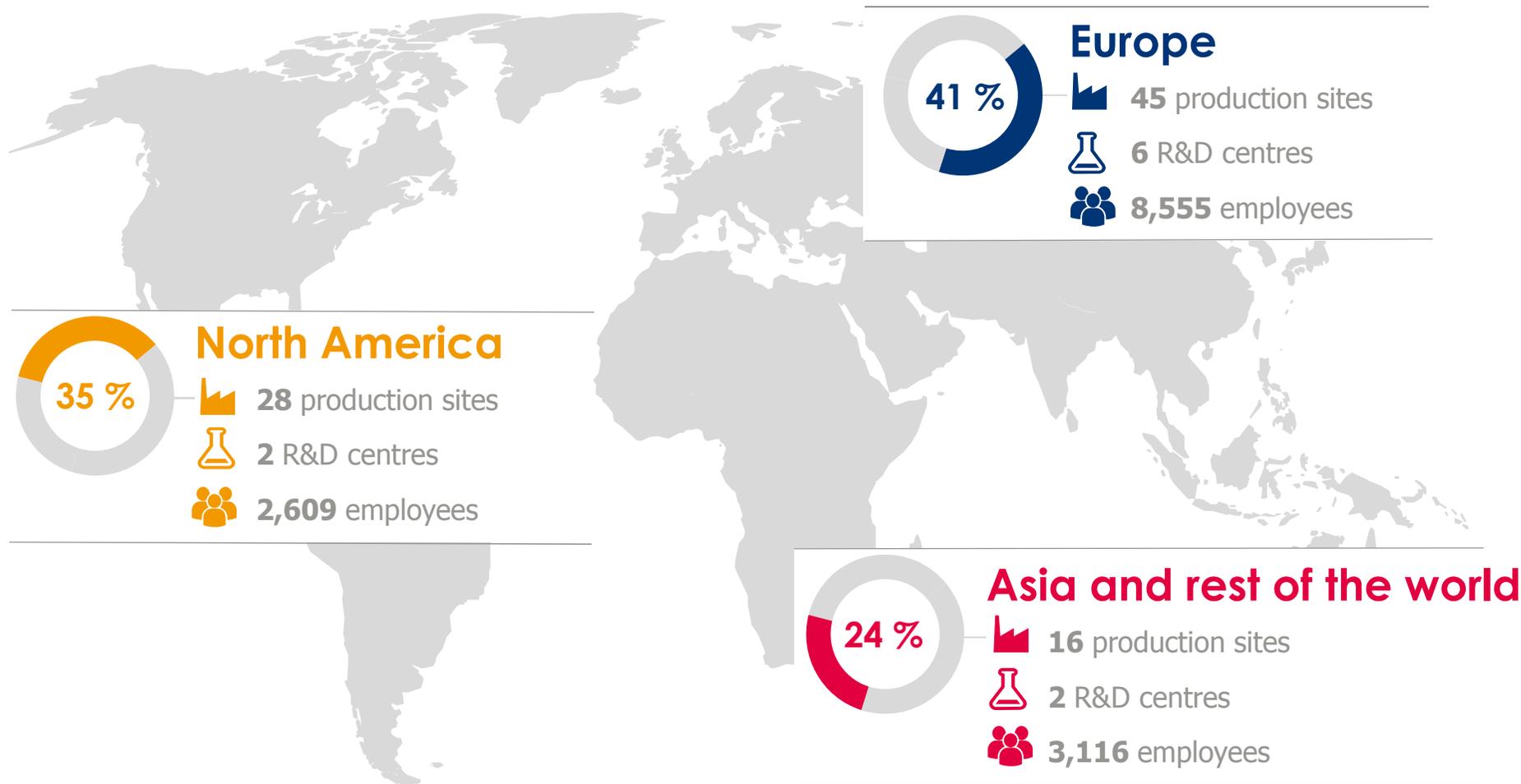


€ **1.5**bn
sales

€ **158**m
EBITDA

4,880
employees

A global presence





A clear strategy to support our ambition

OUR AMBITION:

« Become a world leader in advanced materials »

INNOVATION

Unique know-how focused on 6 megatrends



BOLT-ON ACQUISITIONS

Reinforce market position and enhance profile

EMERGING COUNTRIES

Towards balanced presence

Customer intimacy

Entrepreneurial culture

Operational excellence

Successfully executing our strategy in 2014

**Acquisition in
High Performance Materials**



World-scale unit in Thiochemicals



Platform in Kerteh (Malaysia)

World-scale unit in Acrylics



Stake in Sunke in China

**Acceleration of development
in composites**



Elium[®], Rilsan[®] HT,
Rilsan[®] Clear, PEKK, etc.

**Further improvement of
safety results**



TRIR* < 2

* TRIR: Total recordable injury rate

Three major investments in 2014

BOSTIK



N°3 worldwide in adhesives with a strong mid- and long-term growth potential

**Enterprise value
€1.74bn**

THIOCHEMICALS



1st world-scale platform in Asia

**Investment of around
€200m**

SUNKE



Competitive production base in acrylic monomers in Asia

**Acquisition price (1st line)
US\$240m**

Promising growth platforms for future years

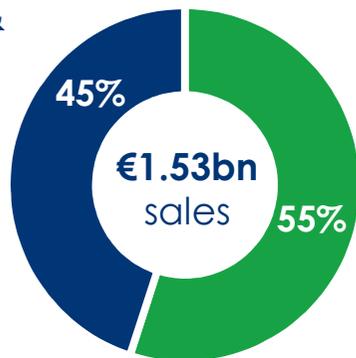


Bostik in a nutshell

- N°3 worldwide in adhesives
- Created in 1889
- Previously part of the Total group
- €1.53bn sales
- 4,880 employees
- Acquisition closed on 2 February 2015

A well-balanced portfolio (sales by segment)

Construction & Consumer
#3 worldwide



Industry
#3-4 worldwide

Non-woven
#2 worldwide
#1 in specialties

Proforma 2014 figures

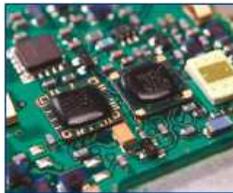
Powerful brands



An attractive adhesives market

€33bn* worldwide market

Industry



Tapes & labels
Transport
Non-woven
Electronics
New energies
Structural bonding

Construction



Floor and walls
Tiles
Sealants

Consumer



Do-It-Yourself stores
Food stores

Markets with regular growth and close to the end customer

* Source: IHS Adhesives and Sealants, 2012

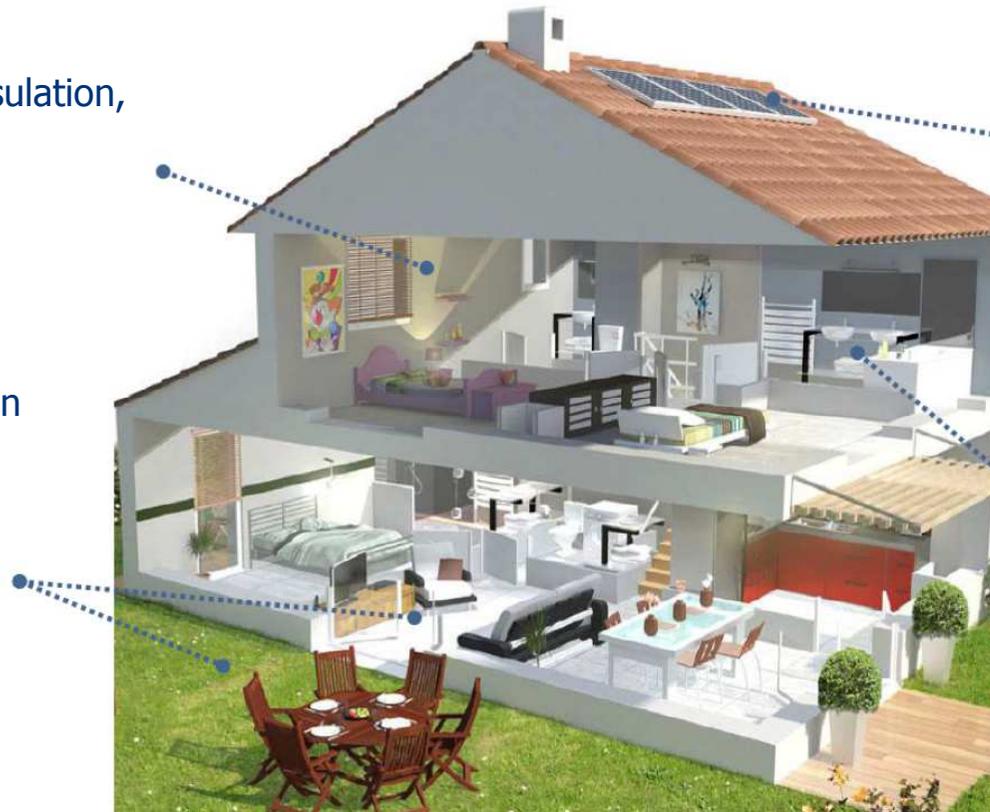
Bostik, solutions for everyday life

Wall systems

Energy efficiency, insulation, ventilation, sealants

Flooring systems

Acoustic and vibration control, artificial turf adhesives



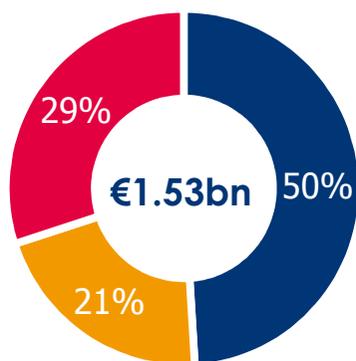
Roofing systems

Photovoltaic and integrated solar thermal solutions, lamination

Sealing systems

Growing global presence

Sales by region



Proforma 2014 figures

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

Global presence (number of sites by country)

48 sites*

40 countries



* As at end of 2014, of which 6 are in France

A delivering strategy

Emerging countries

Increase presence in
higher-growth countries



- Start-up of new units in Malaysia and Brazil
- Ramp-up in China and Egypt

R&D

Reinforce
innovation investments



- New regional R&D centre opened in Shanghai (China) in 2012
- New regional R&D centre opened in Compiègne (France) in 2014
- 15% sales from products less than 3 years old

Brands

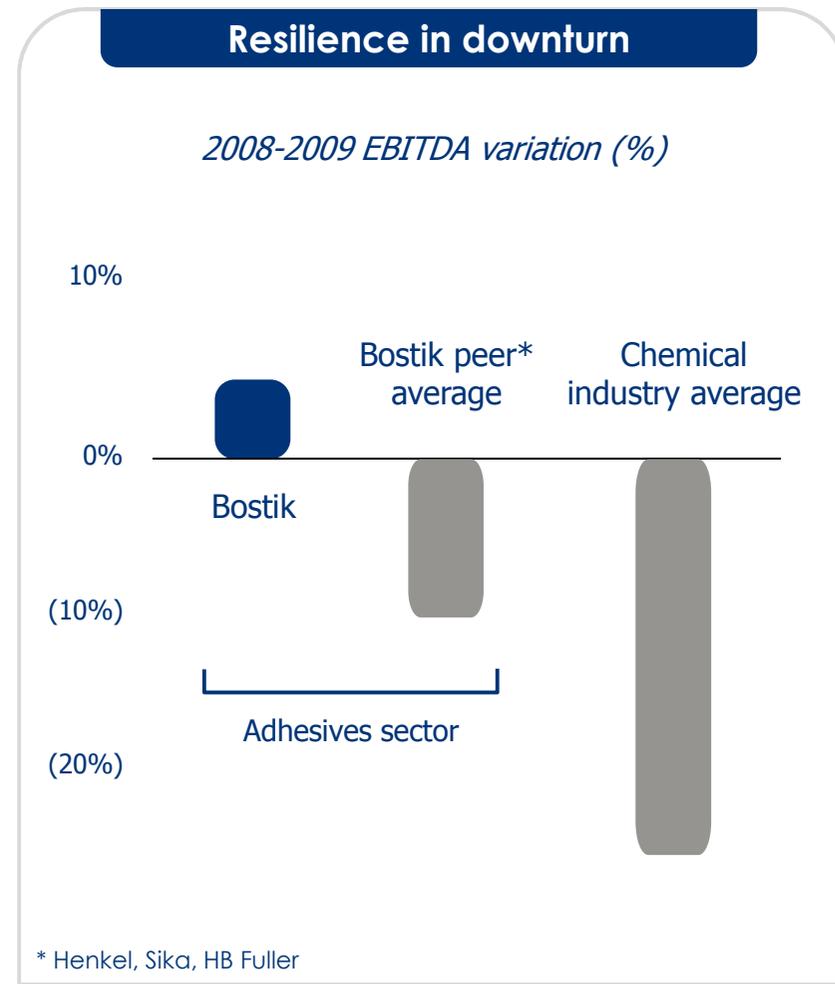
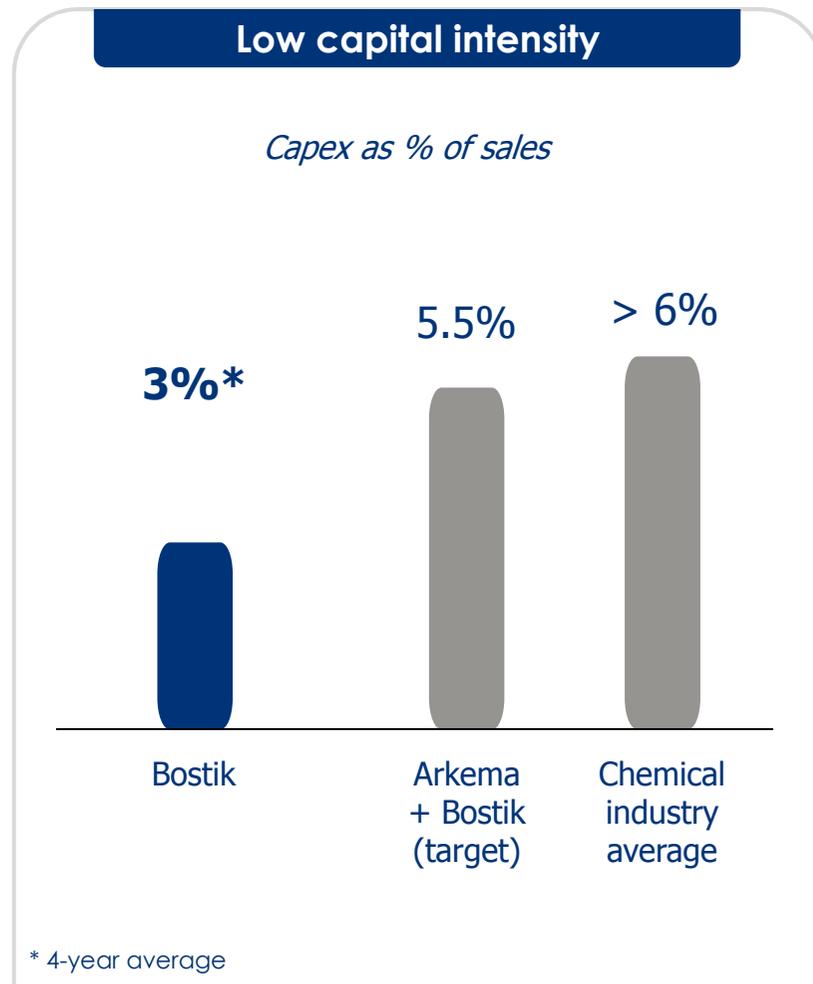
Rationalize the portfolio
of brands



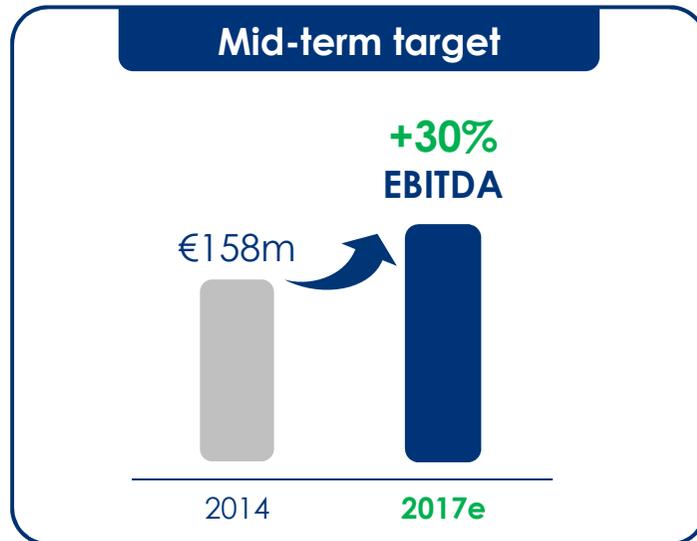
DICHTEN. KLEBEN. PFLEGEN.



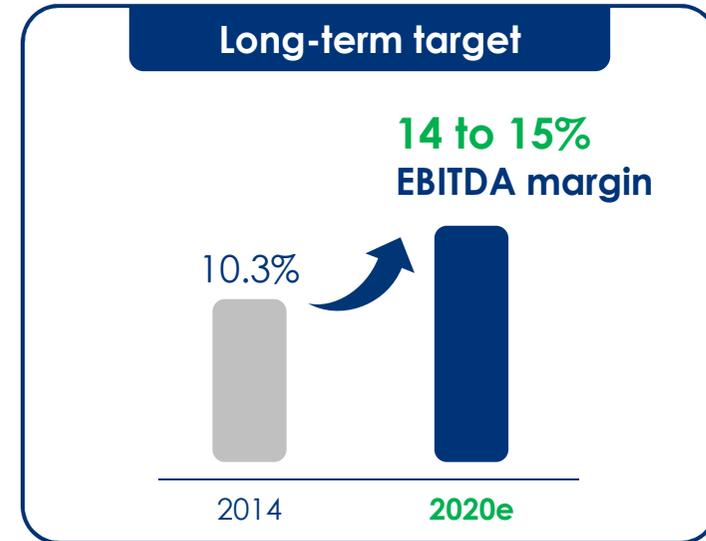
A business resilient to changes in economic cycles



Bostik acquisition will create significant value



Proforma 2014 figures



➤ A smooth integration

- Strong commitment and great spirits of the teams
- Promising 2015 first results, fully in line with announced targets and Group's expectations

➤ Implementation of synergies

- Working groups set up
- Monthly reporting to Arkema's Executive Committee



Malaysia: Group's largest industrial project since the spin-off



- **Around €200m investments**
- **First-rate technical success with successful start-up beginning of 2015**
- **Current good demand in animal nutrition, refining and petrochemical markets**
- **Smooth ramp-up from 2Q'15 in line with expectations**



Acrylics: a growing market

Attractive end-markets

Coatings



Paints
Coatings

Superabsorbents



Diapers
Feminine hygiene

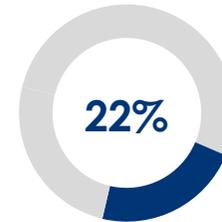
Others



Water treatment
Adhesives
Oil & gas

Strong growth in Asia

Demand by region



Expected growth*

Europe

+1 to 2% per year

North America

+2 to 3% per year

Asia

+7 to 8% per year (China)

Now a global player in Acrylics

North America

Acquisition of Clear Lake beginning of 2010

Finalization mid-2014 of the US\$110m investment plan at Clear Lake and Bayport (Texas)



Europe

Carling (France)

Historical production base of acrylic acid



Asia (Sunke)

Production joint-venture with Jurong Chemical

Access to 160kt/year acrylic acid (since end 2014)

Extension until January 2016 of the period to exercise the option to increase stake in Sunke and access a total of 320kt/year acrylic acid



Innovation in 2014



ELIUM
BY ARKEMA

Strength of a composite,
recyclability
of thermoplastics



KYNAR
BY ARKEMA

Fluoropolymers for lithium
batteries in Asia



ALTUGLAS
BY ARKEMA

LED:
new generation acrylic
glass for LED lighting



PEBAX
BY ARKEMA

At the World Cup
with Nike and Puma



RILSAN
HT
BY ARKEMA

New generation
for engine parts

2014 THOMSON REUTERS
TOP 100
GLOBAL INNOVATORS

Ranked in the 100 most
innovative companies for
the 4th consecutive year

Innovation: future prospects



New transparent and rigid biosourced polyamides for smartphones and tablets



Development of the Kepstan® PEKK "polymer of the extreme"



New generation flame-retardant adhesives for aircraft interior



Genius-Fix: high green strength, very fast cure grab adhesive



Flexible electronics



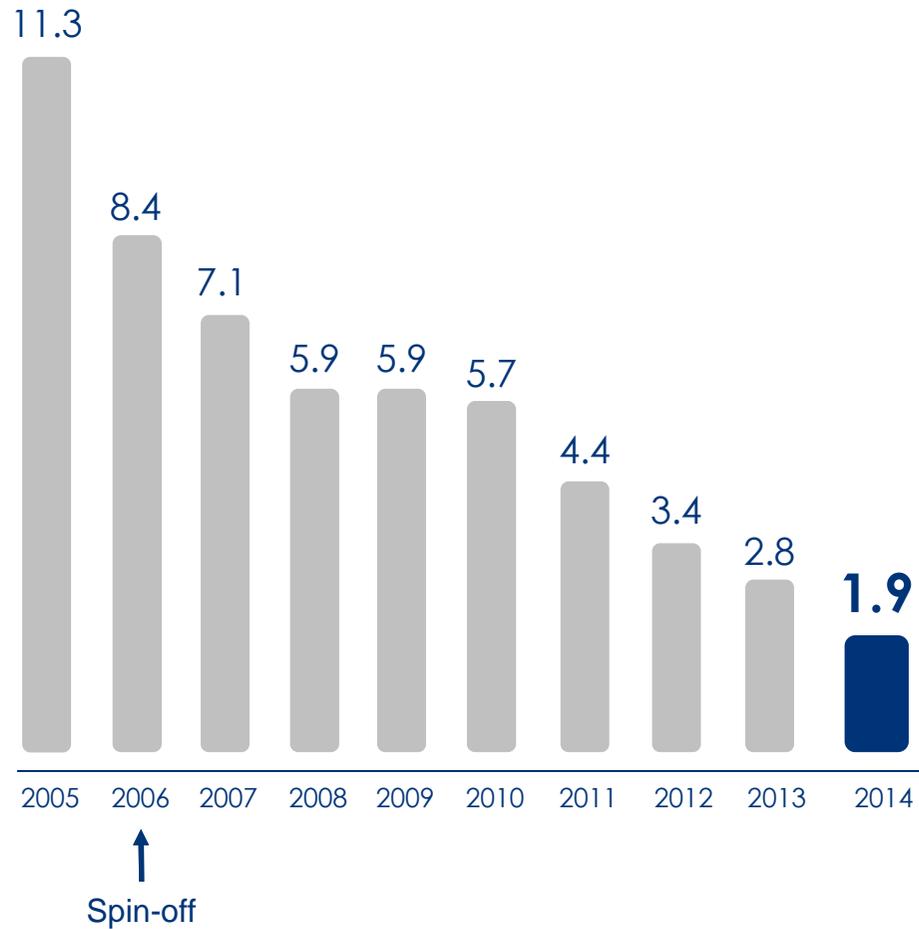
3D printing



New hydrophilic membranes for water treatment

Continuous progress on safety

Total recordable injury rate



Launch of
Arkema Safety Academy
Safety training for **all Group employees** end of 2015

2020 target revised from 2.0 to 1.7

Sustainable development: a Group priority



Further reduce the environmental footprint of the Group's activities

- 2020 targets (versus 2012) to reduce greenhouse gas emissions by **30%** and volatile organic compound emissions by **20%**
- ⇒ **Achieved in 2014***
- 3% improvement in energy efficiency in 2014*



Promote individual and collective development of the Group's men and women

- 86%** of employees attended at least one training course in 2014
- Success of the share capital increase reserved for employees with a **41% participation rate** in the world



Develop openness and dialogue with stakeholders

- Close to **1,000 "Common Ground®" initiatives** around the world in 2014
- 90%** of sites involved



Responsible Care



Our involvement in sailing

Our know-how at the service of performance and innovation

- Lalou Roucayrol: 2nd in the 2014 *Route du Rhum* in Multi 50

A renewed partnership

- Renewal for 4 years
- New partnership in Mini 6.50 with Arkema's innovative materials (Elium® composites, AEC Polymers structural adhesives,...)



Lalou Roucayrol



Quentin Vlamynck



2 Financial results





2014 key figures



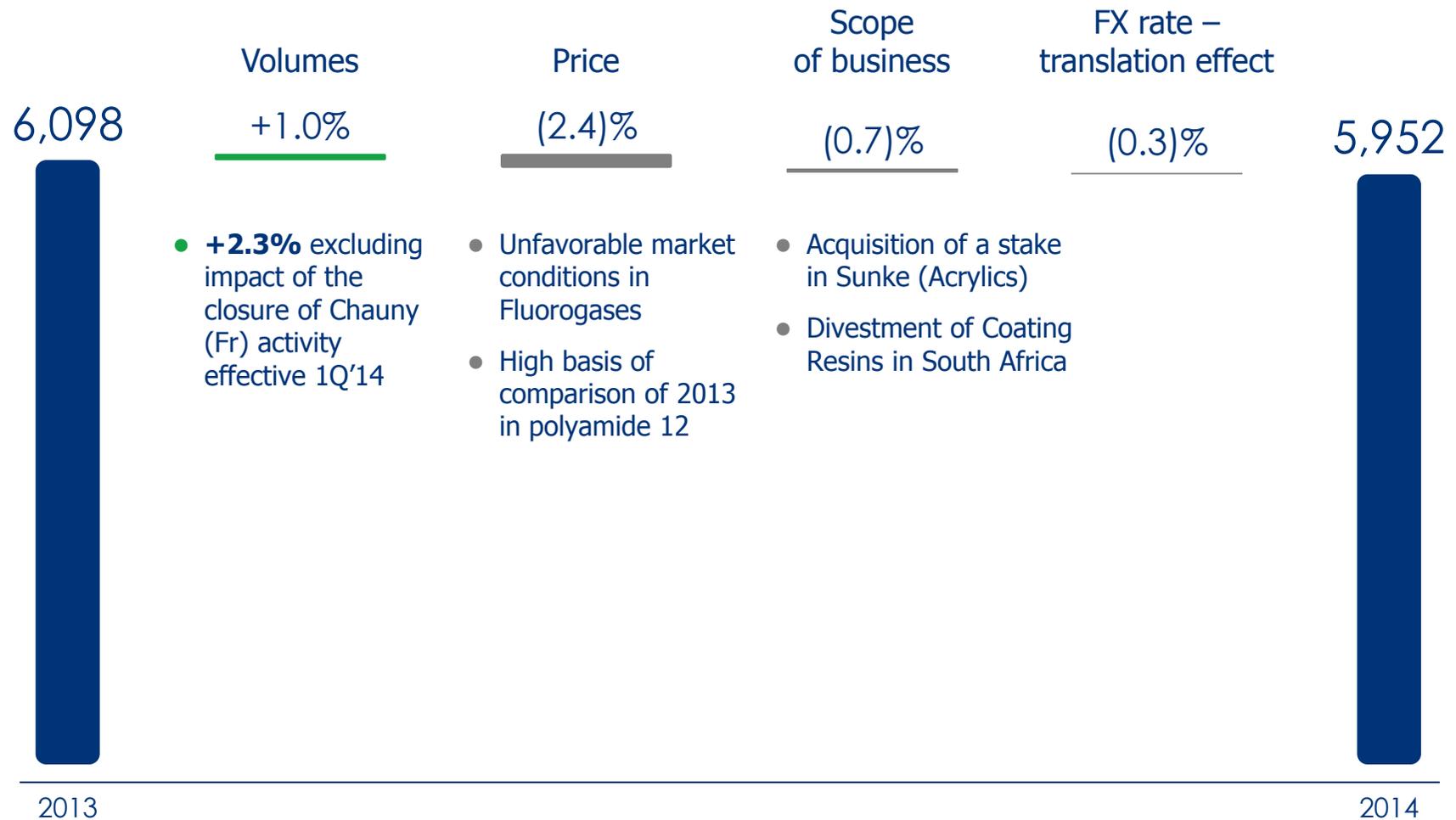
<i>In €m (except EPS)</i>	2013	2014	Variation
Sales	6,098	5,952	(2.4)%
EBITDA	902	784	(13.1)%
EBITDA margin	14.8%	13.2%	
Recurring operating income	588	447	(24.0)%
Adjusted net income	368	239	(35.1)%
Net income (Group share)	168	167	(0.6)%
Adjusted EPS*	5.67	3.62	(36.2)%

* For 2013, the adjusted net income per share was adjusted to take account of the share capital increase with preferential subscription rights finalized in December 2014



Sales bridge

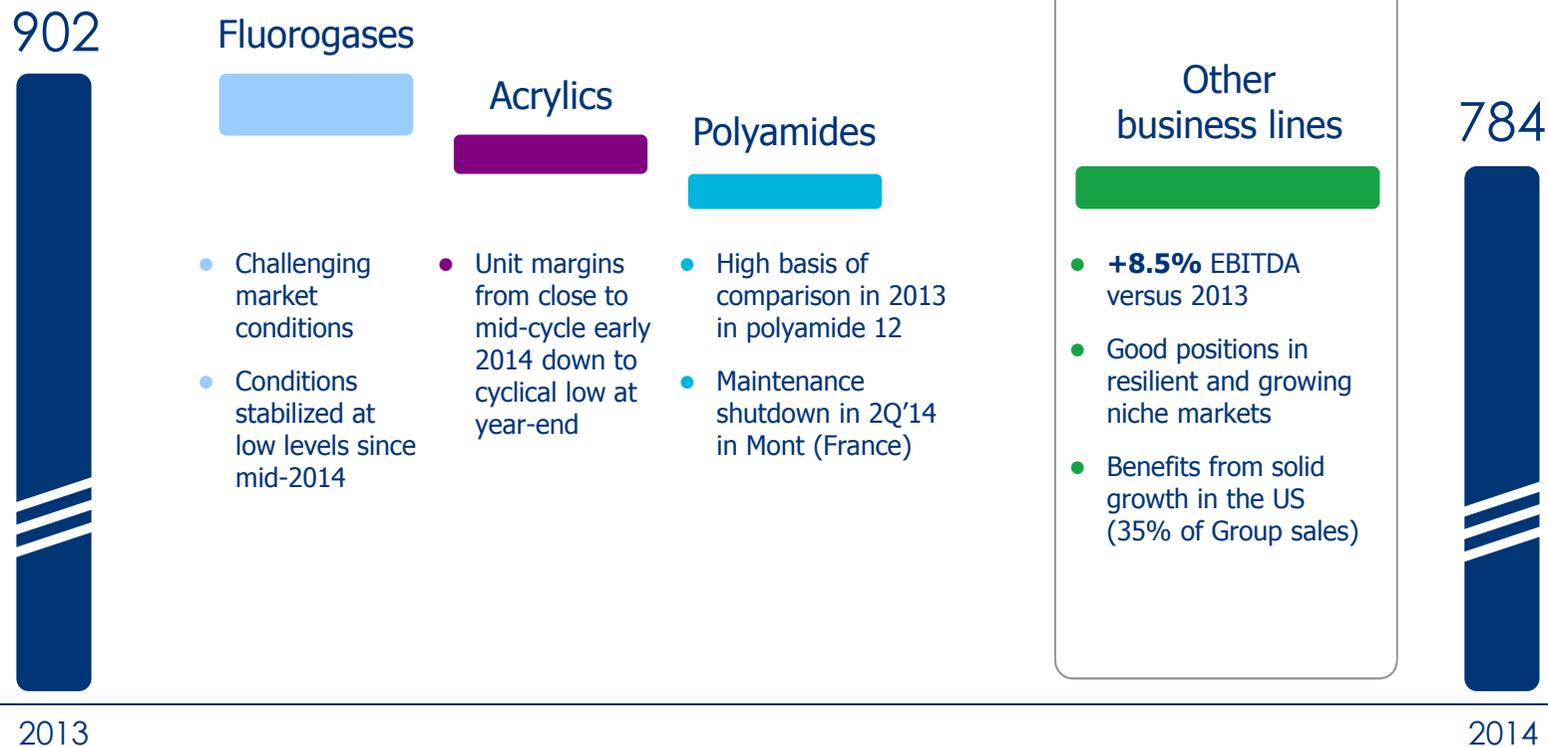
Sales
(€m)



Key drivers of 2014 performance

EBITDA

(€m)



Performance by segment

<i>In €m</i>	2013	2014
Sales	1,842	1,826
EBITDA	316	284
EBITDA margin	17.2%	15.6%

High Performance Materials

- Basis of comparison of 2013 in polyamide 12 and maintenance shutdown in 2Q'14 in Mont (Fr)
- Performance of the other business lines up supported by good innovation momentum
- EBITDA margin at a good level at 15.6%

<i>In €m</i>	2013	2014
Sales	1,993	1,972
EBITDA	340	300
EBITDA margin	17.1%	15.2%

Industrial Specialties

- Challenging market conditions in Fluorogases
- Another good performance of Thiochemicals
- Very favorable market conditions in PMMA
- EBITDA margin above 15%

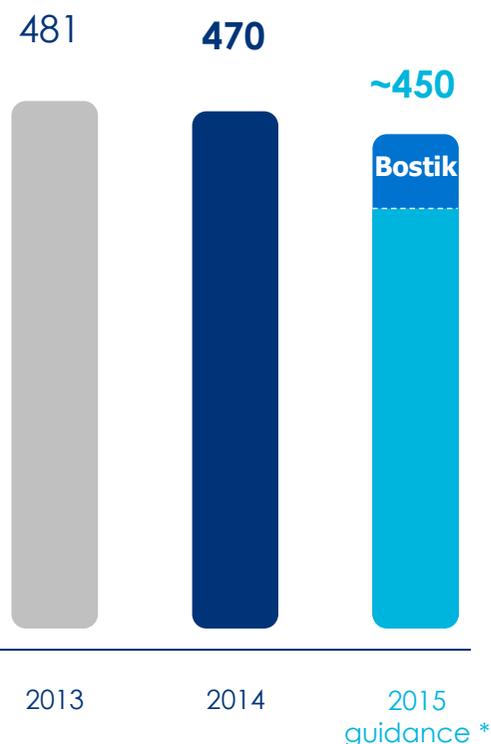
<i>In €m</i>	2013	2014
Sales	2,224	2,131
EBITDA	292	245
EBITDA margin	13.1%	11.5%

Coating Solutions

- Lower unit margins in acrylic monomers
- Performance of downstream activities overall stable
- 11.5% EBITDA margin with market conditions on average slightly above low cycle

Focusing on growth capex

Capex
(€m)



2014 recurring capex: €346m

- Growth project: finalization of the investment plan in Acrylics in the US (US\$110m over 3 years)
- “Ambition” program to optimize the supply chain
- Maintenance, safety and environment capex

2014 non recurring capex: €124m

- Finalization of the Thiochemicals platform in Malaysia

Decrease of the Group’s capital intensity from around 8% of sales in 2014 to around 6% in 2015

* €450 million guidance for 2015 made on the basis of a 1.25 euro / US dollar exchange rate for budget purposes which will require adjustment depending on the variation in exchange rate. A 10-cent variation in this rate would result in a variation of close to €15 million in total capital expenditure.



Maintain a strong balance sheet

Financing of Bostik acquisition

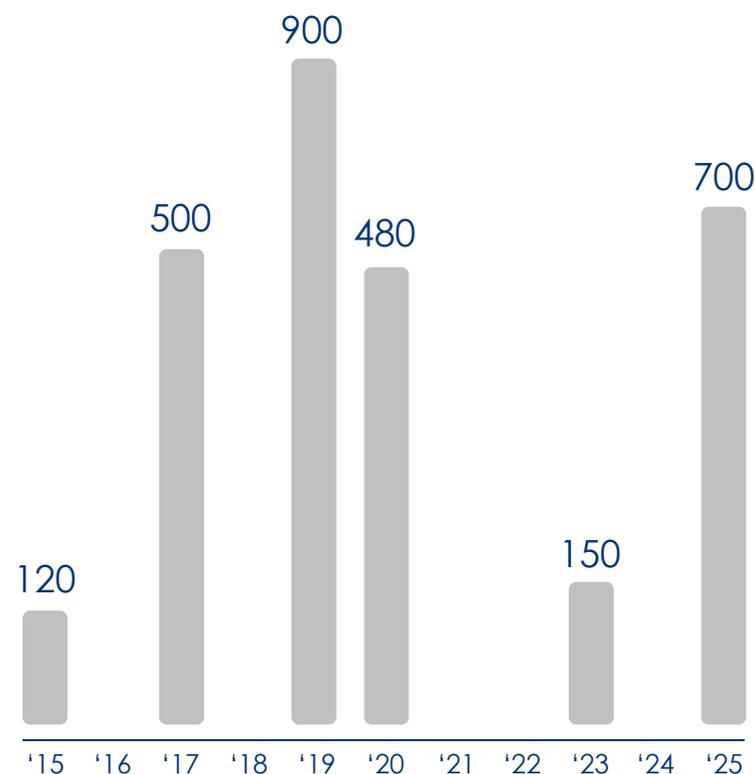
- €350m share capital increase with preferential subscription rights
- €700m perpetual hybrid bond issue
 - Coupon of 4.75% / year
- €700m bond issue
 - Coupon of 1.50% / year

Renewal of the €900m syndicated revolving credit facility for 5 years

Credit rating

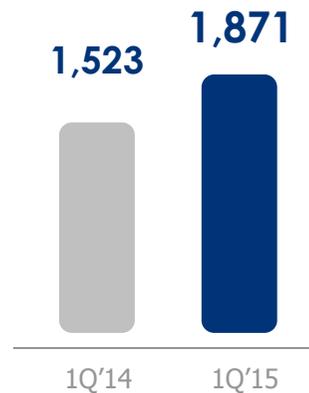
Standard & Poor's	BBB	negative outlook
Moody's	Baa2	negative outlook

Debt maturity profile (€m)



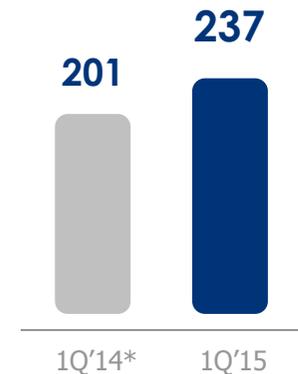
Solid 1st quarter 2015 performance

Sales (€m)



- **+22.8%** including Bostik contribution of €272m
- **(2.0)% volumes** **
- **(3.1)% prices** mainly in Acrylics

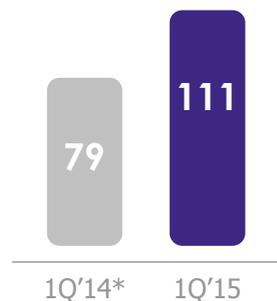
EBITDA (€m)



- **EBITDA up** excluding Bostik contribution
- Benefits from favorable currencies
- **EBITDA margin** at **12.7%** despite acrylics cycle and Bostik's mechanical dilutive impact

EBITDA (€m) and EBITDA margin (%) by segment

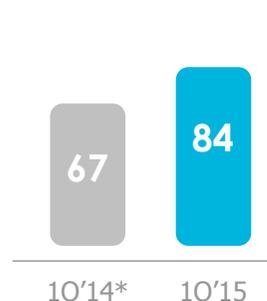
16.7% 14.5%



EBITDA strongly up supported by Bostik's contribution fully in line with announced targets

High Performance Materials

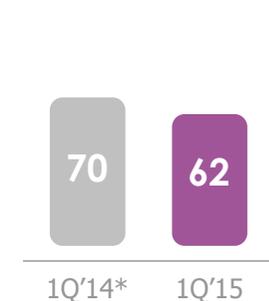
13.5% 15.3%



EBITDA up 25% supported by Thiochemicals, PMMA and some improvement in Fluorogases

Industrial Specialties

12.8% 11.3%



Reflects lower acrylic monomers unit margins

Coating Solutions

* Restated figures to take account of IFRIC 21 « Levies »

** Excluding impact of the closure of Chauny (Fr) activity effective 1Q'14



2015 outlook

Macro-economic assumptions

- Market conditions expected to remain volatile and contrasted with different dynamics depending on geographic regions and product lines
- Trends in FX rates (mainly US\$/€) expected to remain favorable offsetting, at least, low-cycle unit margins in acrylic monomers and normalizing market conditions in PMMA

Main drivers

- Consolidation of Bostik over 11 months
- Smooth ramp-up of the new Thiochemicals platform in Malaysia
- Stake in Sunke in Acrylics in China,
 - *Still limited contribution in 2Q'15 due to prevailing market conditions in acrylics in Asia*
- First signs of recovery in Fluorogases

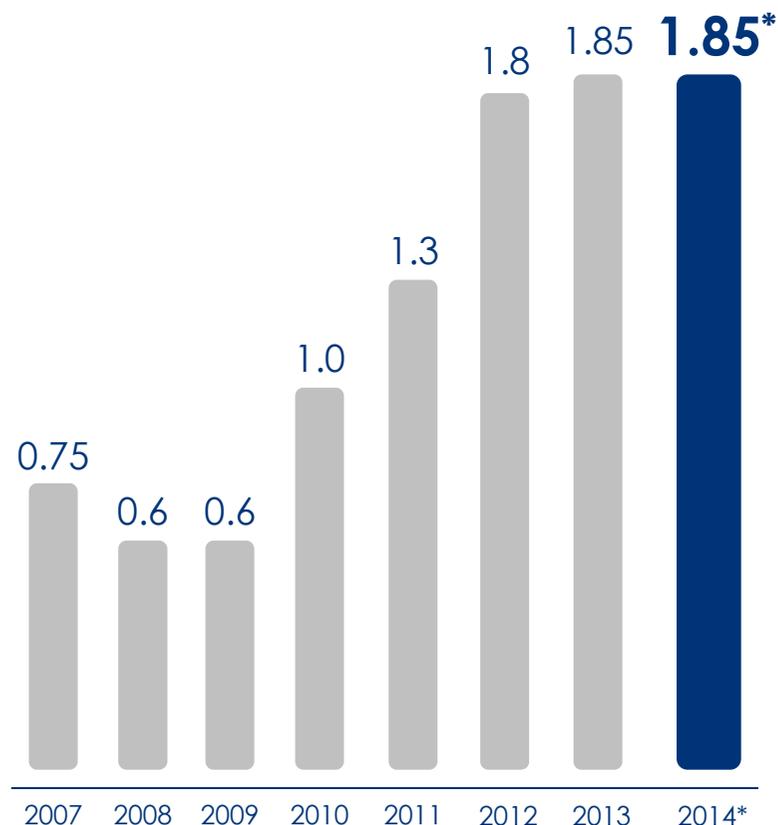
These drivers will support the Group's growth in 2015

- Excluding the effect of Bostik acquisition, Arkema expects its EBITDA to grow in 2Q'15



Dividend

Dividend
(€/share)



- **Reminder of dividend policy: “aims to reach a 30% payout ratio on adjusted net income and not to reduce dividend”**
- **Dividend maintained at €1.85 (payout ratio of 51%)**
 - Despite lower adjusted net income
 - Despite a higher number of shares outstanding following the share capital increase completed in December 2014
- **Confirms dividend as key component of shareholder return**
- **Proposal of the option for the payment of dividend in shares (4th resolution)**

Arkema's share



Performance since spin-off
(18 May 2006)*

— **ARKEMA** +157%
— **CAC 40** +2%

Current market capitalization ~€5.0bn
(€1.7bn at the date of the spin-off)

* Restated historical data to take account of the share capital increase with preferential subscription rights realized in December 2014



3 Governance





Board of Directors

Composition and activity

- **11** directors at the date of this meeting
 - **90%** independence rate*
 - **27%** women
 - **1** director representing shareholder employees
- Activity in 2014
 - **7** meetings
 - Attendance rate: **96%**

Main topics reviewed in 2014

- The Group's strategy and its implementation
 - Follow-up of the Group's main organic growth projects (Thiochemicals in Malaysia, Acrylics in the US)
 - Detailed review of acquisition projects: Bostik and Acrylics in China
- Financial statements (approval of the annual financial statements after their review) and financial information
- Internal control and risk management
- Governance
 - Composition of the Board
 - Compensation of the Chairman and CEO and main executives
 - Succession plans for executives
 - Assessment of the Board



Strong involvement of the Board in Bostik acquisition

Strong mobilization of the directors for organization of meetings

- Project discussed at several Board meetings
- **3 meetings fully** dedicated to the project and scheduled in a tight timetable
 - 1 meeting of the Board, 1 of the Strategy Committee and 1 of the Audit and Accounts Committee
- **100% attendance rate** at these meetings

Detailed review of the project

- Review of the acquisition target: main drivers of the adhesives market, Bostik's positioning and historical performance
- Review of Bostik's performance improvement plan, assessment of synergies and analysis of potential risks
- Review of the terms of the acquisition and valuation
- Review of the organization and Bostik's management team
- **Unanimous approval of the acquisition**

Review of the financing

- Approval of the terms of the financing, notably the share capital increase with preferential subscription rights
- **Unanimous approval*** of the agreements entered into with Natixis as part of the financing of the acquisition

* Excluding Mr. Laurent Mignon, CEO of Natixis, who did not take part in the vote



Nominating, Compensation and Corporate Governance Committee



Composition and activity

- **4** independent members
 - Thierry Morin (Chairman)
 - Victoire de Margerie
 - François Énaud
 - Bernard Kasriel
- **3** meetings in 2014 with an attendance rate of **100%**

Main topics reviewed in 2014

- Composition of the Board and its Committees
 - Independence of the directors
 - Diversity and balanced gender representation
- Review of succession plans and composition of the Executive Committee
 - Approval of the appointment of Mr. Pinatel to the Executive Committee upon proposal of the Chairman and CEO
- Compensation principles (Chairman and CEO and Executive Committee)
 - Performance shares
 - Say-on-Pay
- Follow-up of the legal and regulatory changes on corporate governance matters
- Preparation and analysis of the Board assessment
- Assessment of the work of the Committee



Changes in the Board functioning in 2015

Changes regarding the Strategy Committee

- Replaced in 2015 by an **annual seminar of the Board of Directors** dedicated to the Group's strategy
- **Objectives:**
 - Involve all directors in the discussions relating to the Group's strategic orientations
 - Give all directors the same information on the Group's strategy
- **2** meetings of the Strategy Committee in 2014 with a **100%** attendance rate
 - Analysis of the Group's strategy
 - Review of major projects (Bostik and JV in Acrylics in China)

Maximum age limit of directors

- Proposal of a **modification of the Articles of Association** (13th resolution)
 - In a context of Arkema's strong development, with the recent finalization of three transforming projects for the Group
- Would allow the Board to decide, in the event of a director reaching the statutory age limit (70 years) during his term of office, that he could continue to exercise his functions until his term is completed
- **Objectives:**
 - Accommodate current and future changes in the Board's composition
 - Offer to the Board more flexibility to ensure that the Company's key competencies and continuity of knowledge are safeguarded within it

Renewal of terms of office and appointment



Victoire de Margerie

Renewal (6th resolution)

Independent director

Member of the Nominating, Compensation and Corporate Governance Committee



François Énaud

Renewal (7th resolution)

Independent director

Member of the Nominating, Compensation and Corporate Governance Committee



Laurent Mignon

Renewal (8th resolution)

Independent director



Hélène Moreau-Leroy

Appointment (14th resolution)

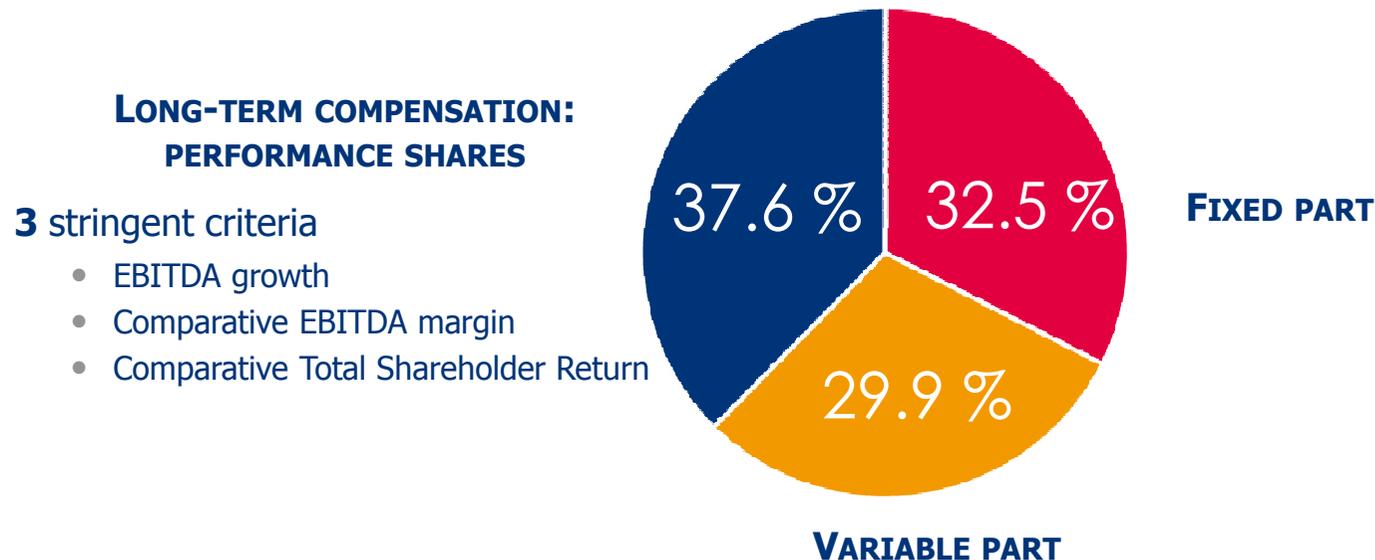
Independent director

Member of the Audit and Accounts Committee*

* Subject to her appointment as director

Compensation principles of the Chairman and Chief Executive Officer

- Principles unchanged since 2012, date of the renewal of the Chairman and CEO's term of office as director
- Structure of the compensation in 2014



- Quantitative** criteria: maximum weight of **110%** of the annual fixed compensation
 - EBITDA: 55 %
 - Recurring cash flow: 27.5 %
 - Margin on variable costs of new developments: 27.5 %
- Qualitative** criteria: maximum weight of **40%** of the annual fixed compensation
 - Implementation of the Group's long-term strategy
 - Quantified operational criteria (safety, fixed costs, working capital, capex, balance sheet)
 - Implementation of major structural projects



Elements of 2014 compensation submitted to shareholders' opinion (9th resolution)



<i>(in euros)</i>	Amount	Description
Fixed compensation	750,000	Unchanged since May 2012
Variable compensation	688,500	<ul style="list-style-type: none">• 14% less than in 2013 and 34% less than in 2012• Quantitative criteria: 73% of the variable part, qualitative criteria: 27%• Overall achievement rate of 61%<ul style="list-style-type: none">• 47% in respect of quantitative criteria• 100% in respect of qualitative criteria
Performance shares	26,000 rights	<ul style="list-style-type: none">• 100% subject to performance criteria• Same amount of rights as in 2013 and 2012

Audit and Accounts Committee

Composition and activity

- **3** independent members
 - Philippe Vassor (Chairman)
 - Isabelle Boccon-Gibod (permanent representative of the *FSP*)
 - Claire Pedini
- Since 2014, **6** annual meetings instead of 5 previously
 - 1 additional meeting fully dedicated to internal control
 - **1 exceptional meeting** dedicated to the acquisition of Bostik and to its financing
 - **100%** attendance rate
- Changes in the composition in 2015:
 - Retirement of Jean-Pierre Seeuws, member of the Committee until end 2014
 - Appointment of H el ene Moreau-Leroy*

Main topics reviewed in 2014

- Review of the financial statements and financial information
- Review of internal control procedures and risk mapping
- Specific review of Bostik acquisition
- Review of commitments on pensions and similar benefits
- Follow-up of the roll-out of global SAP "Ambition" program to optimize the supply chain
- Assessment of the work of the Committee

* Subject to her appointment as member of the Board of Directors



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 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.

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 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 reference document filed with the French *Autorité des Marchés Financiers* and available on www.finance.arkema.com