

ARKEMA

RICHARD JENKINS

SENIOR VICE-PRESIDENT COATING SOLUTIONS

BANK OF AMERICA
VIRTUAL COATINGS FIELD TRIP

02 JUNE 2021



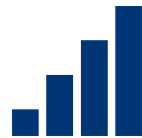
ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA IN A SNAPSHOT



20,600
employees

55
countries



€7.9bn
annual sales

15.0 %
EBITDA margin



147
production sites

€600m
capital expenditure ⁽¹⁾



3
R&D regional hubs

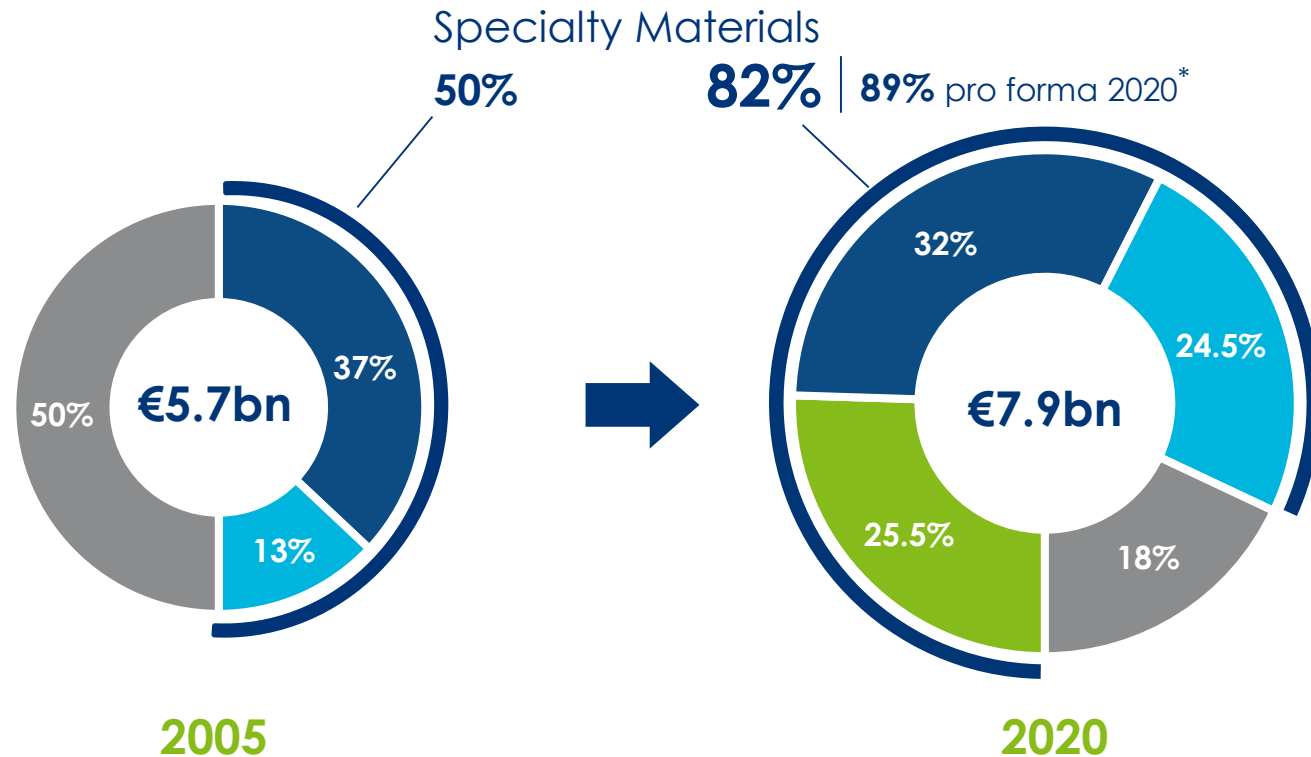
€241m
R&D expenditure

(1) Recurring and exceptional

2020 Data

A DEEP PORTFOLIO SHIFT TOWARD SPECIALTY MATERIALS SINCE 2005

Sales split



■ Adhesive Solutions
 ■ Advanced Materials
 ■ Coating Solutions
 ■ Intermediates

Unique expertise in materials regrouped in 3 coherent and complementary segments

Bonding and assembly solutions

Adhesive Solutions 

Substitution by lighter or bio-based materials

Advanced Materials 

Coatings and protection

Coating Solutions 

* On a pro forma basis, including full year contribution of all M&A operations announced in 2020

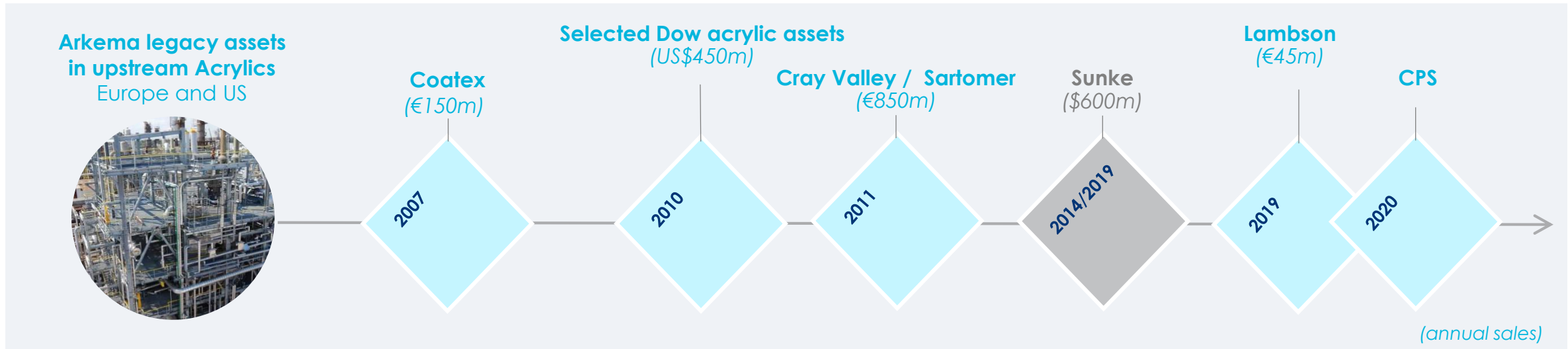
A UNIQUE COMBINATION OF EXPERTISE IN SUSTAINABLE MATERIALS

A SPECIALTY MATERIALS LEADER

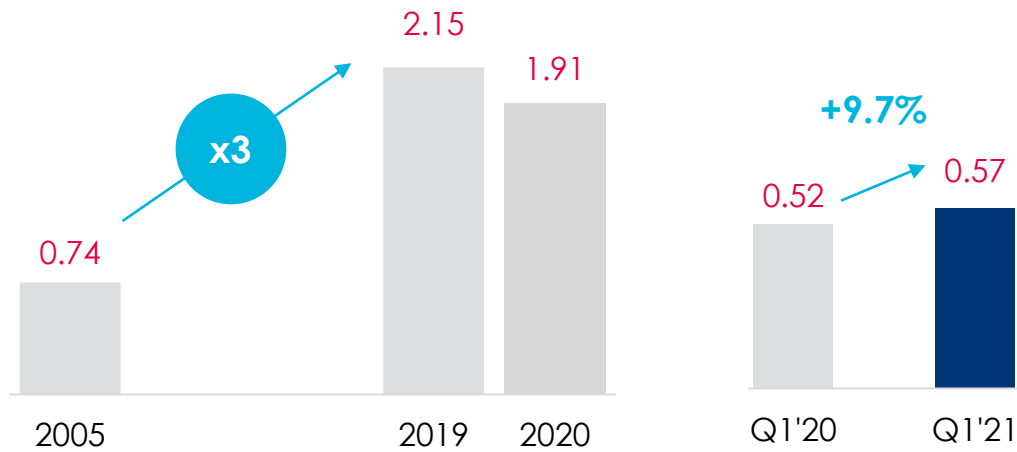
offering the most **innovative**
and **sustainable solutions**
to address our customers'
current and future challenges



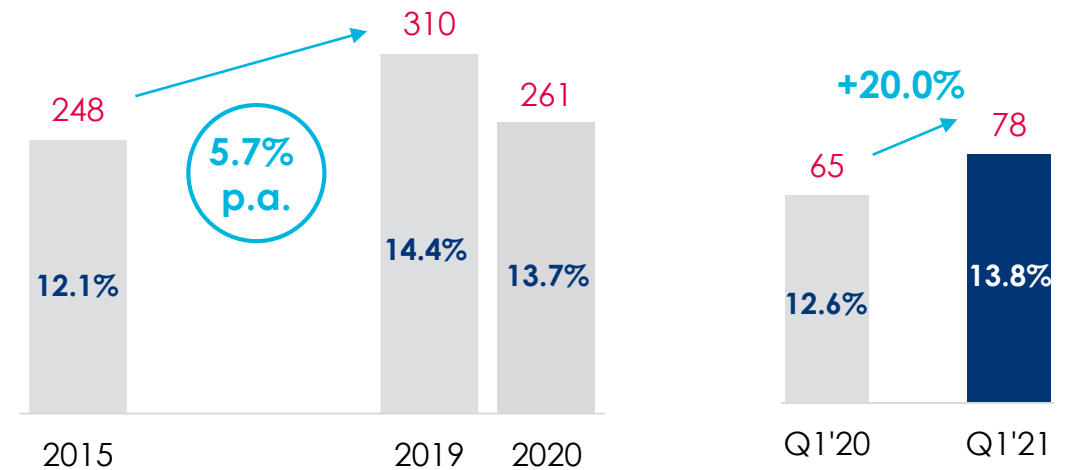
CONSTITUTION OF A ROBUST & INTEGRATED COATING SOLUTIONS SEGMENT



REVENUES* (€bn)



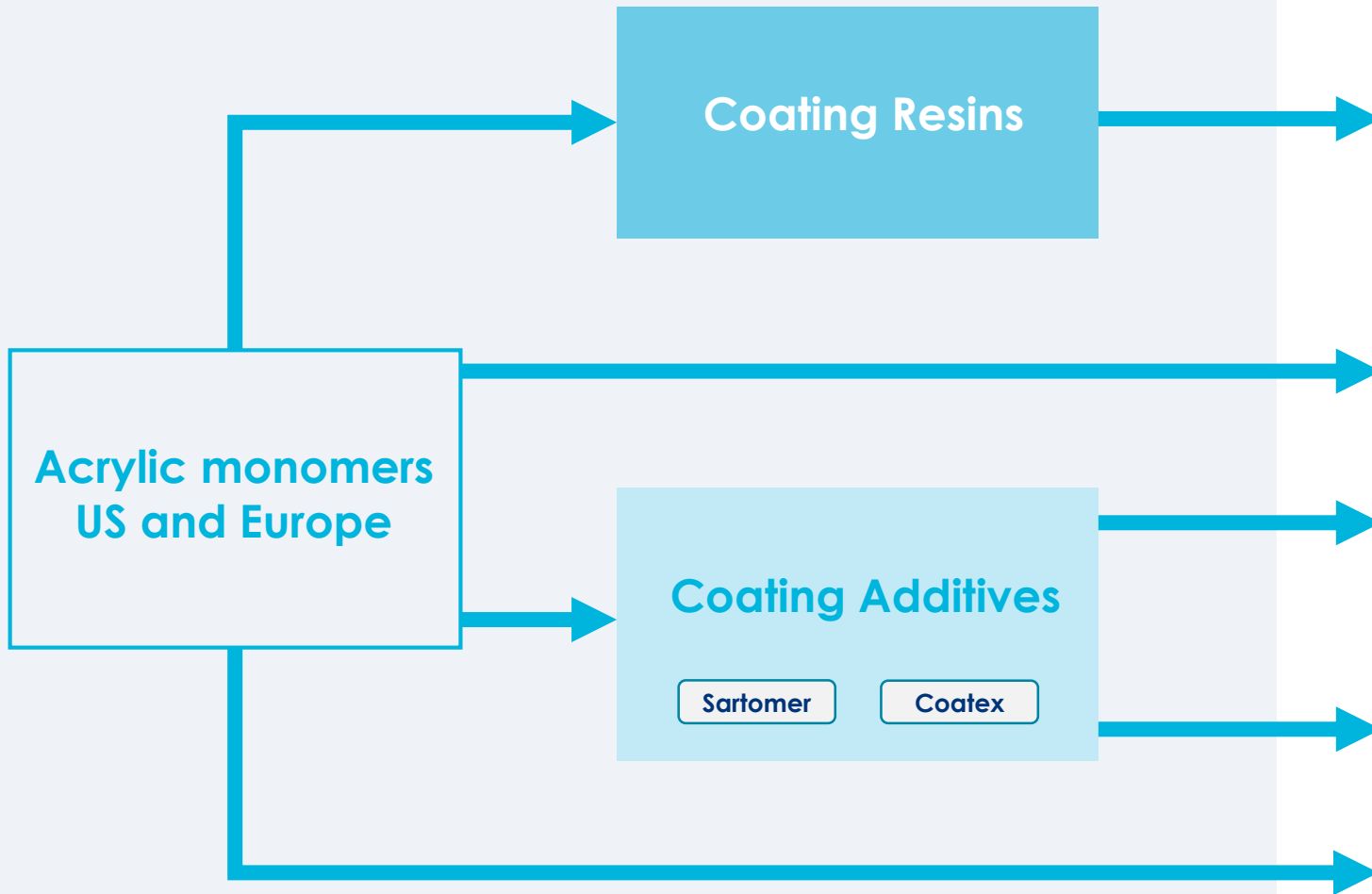
EBITDA* (€m) and EBITDA margin* (%)



* Excluding Sunke

ARKEMA, A SOLUTIONS PROVIDER TO THE COATINGS MARKET

COATING SOLUTIONS SEGMENT



PAINTS & COATINGS - 60% of segment's sales



Decorative paints

Architectural Coating



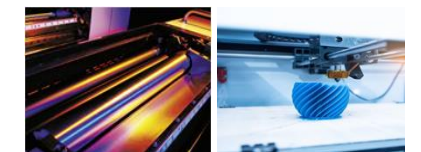
Protective coatings

Coil coatings

Industrial Coating



Functional Coating



Inks and varnishes & 3D printing

OTHER MARKETS



Hygiene



Personal care



Mining



Water treatment

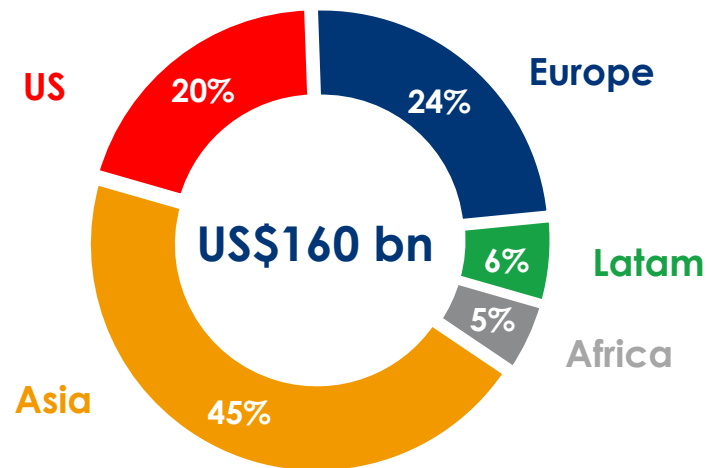


Oil & Gas

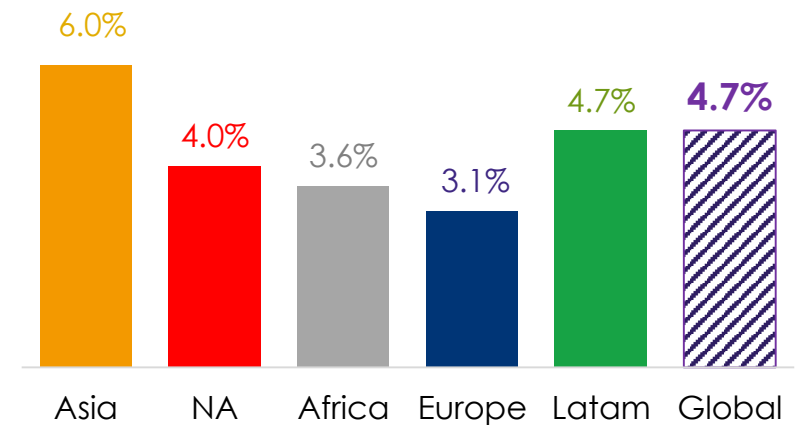
COATINGS IS A LARGE MARKET WITH ATTRACTIVE GROWTH OUTLOOK (1/2)



Coatings market by geography



Coatings market expected growth
(2021-2025 CAGR)



COATINGS IS A LARGE MARKET WITH ATTRACTIVE GROWTH OUTLOOK (2/2)

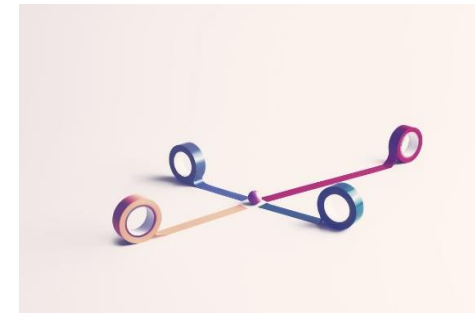
Industrial Coating



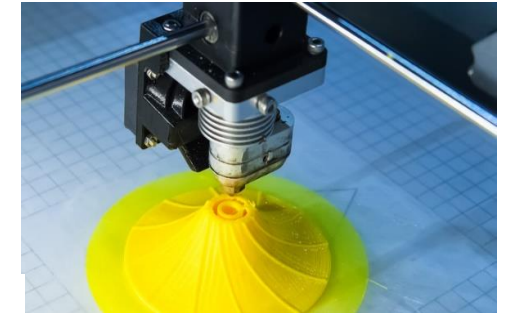
Architectural Coating



Functional Coating



Digital Inks & 3D printing



Forecasted growth
CAGR 2021-25

~4%

~4%

~4%

~13%

● Growing demand for **more environmentally friendly coatings** (solid or waterborne)

● Growing demand for **innovative powder solutions**

● Growing demand for **high quality products**

● **Increasing regulatory constraints** limiting the usage of lower quality/price coatings

● Growing demand for **PSA** driven by growth in e-commerce

● Growing **construction industry**

● **Fast-developing markets** (3D printing, inkjet)

● Growing demand for **tailor made** small series, **food & beverage packaging** and **eco-friendly inks**

SUSTAINABILITY AS THE KEY MARKET TREND FOR COATINGS

4 KEY TRENDS IN SUSTAINABLE COATINGS



Bio-based products



Lower temp cured powder and liquid coatings



Less hazardous substances

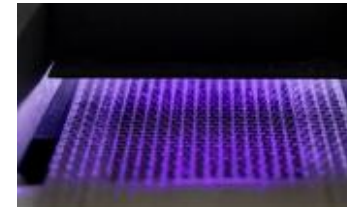


Longer lasting coatings

3 MAIN TECHNOLOGY TRENDS



WATERBORNE systems



UV/LED/EB systems



POWDER Coatings

ARKEMA IS IDEALLY POSITIONED TO ADDRESS THE NEW MARKET GROWTH DRIVERS

Eco-friendliness	Product type	Product	Arkema technology
	Solvent-borne	Acrylics	●
		PU	●
		Alkyd	●
		Epoxy	●
		Polyester	●
	Water-borne	Acrylics	●
		PU	●
		Alkyd	●
		Epoxy	●
		Polyester	●
	UV-curing	●	
	Powder coatings	●	
	Additives	●	



Technology innovation

5 coating materials R&D facilities in Europe, China and the USA



Sustainability – range of non-VOC technologies

High-solid content, waterborne, powder coating, UV cure



Resilient, Integrated and Global Supply Chain with deep understanding of local constraint

25 coating materials production sites and 5 acrylics monomer sites across 4 continents



COATING SOLUTIONS STRATEGY : IMPROVING MIX AND BUSINESS QUALITY

OUR AMBITION



+3% p.a.
Sales growth
2019-2024



+150 bps
EBITDA margin
increase between
2019 and 2024

OUR ACTIONS



1 **Increase capacity** in our existing platforms in **fast-growing geographies** (e.g. photocurable resins in China, powder coatings India,...)



2 Optimize **operating model** incl. closer integration with other platforms and downstream acrylics



3 Further strengthen our **sustainable technology** offering (low-VOC formulations, bio-sourced, energy efficient products)

1 | CAPACITY EXPANSION IN FAST GROWING GEOGRAPHIES

PHOTOCURABLE RESINS PLANT NANSHA, CHINA



+30% capacity expansion (1st step)

Applications



Early 2019 – Start date

POWDER COATING RESINS PLANT NAVI MUMBAI, INDIA



Capture fast growth from Indian and Middle-Eastern markets
1st global chemical company expanding into India

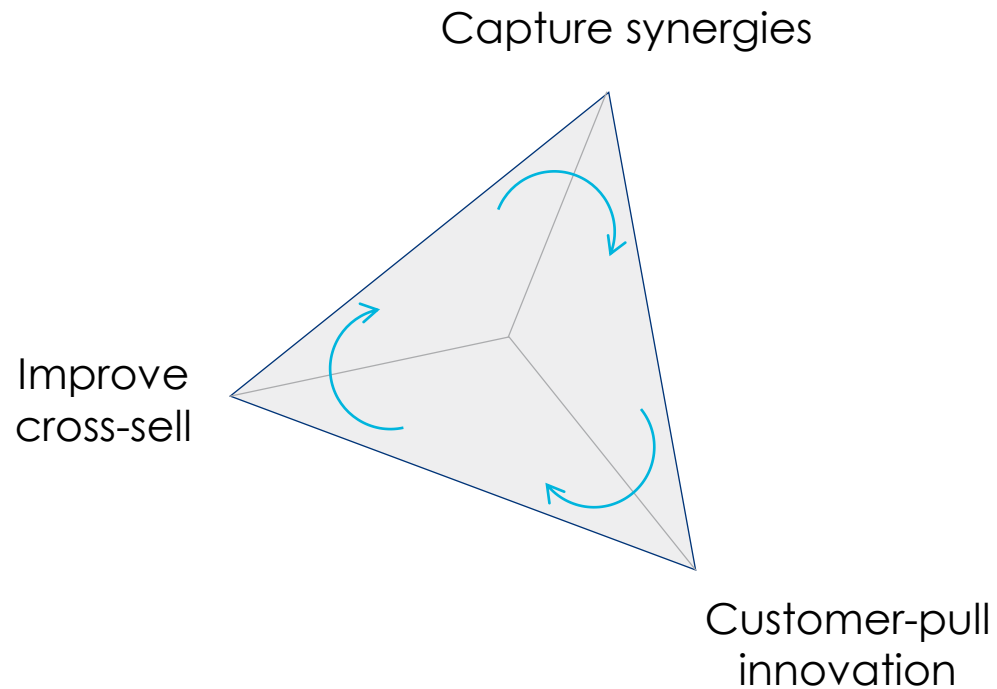
Applications



February 2019 – Start date

2 | NEW OPERATING MODEL TO DRIVE VALUE

INTEGRATED BUSINESS STEERING



Across all Coating Solutions businesses

CUSTOMER CENTRICITY



Strengthen commercial excellence



Refocus on most profitable and growing segments



Develop Key Account Management capabilities for major customers



3 | FURTHER STRENGTHEN OUR PORTFOLIO OF SUSTAINABLE SOLUTIONS

SUPPORTING OVERALL SUSTAINABILITY EFFORTS ALREADY

Low-VOC formulations



- Growing range of **low-VOC solutions**
- **Coatex rheology additives** enable reduction of VOCs, heavy metals and nonylphenol in formulations

Bio-based formulations



- Suitable for **EU Ecolabel paint formulations**
- Up to more than **96% of biosourced carbon** on total carbon

Energy efficiency



- Low temperature materials which keep the **temperature of the house cool**
- Leverages technology platform **link with Kynar**

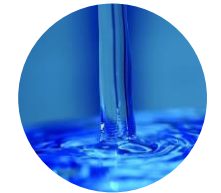
DEVELOPMENT PRIORITIES

High solid content



Reduce solvent usage

Water-borne



Replace solvent by water

UV curing



Zero VOC & limit energy consumption

Powder coatings



Zero VOC

End-customers and regulations drive a shift towards environmentally friendly solutions in all segments

CONCLUSION: WE ARE WELL POSITIONED TO ACHIEVE OUR TARGETS

OUR STRENGTHS

- A **unique value proposition** with a resilient, integrated global supply chain as a solid foundation
- An **optimal positioning**:
 - On higher growth market segments (e.g. construction coating, functional coating)
 - On high-growth technologies (e.g. rheology additives)
- A **wide portfolio** of **sustainable technologies**
- **Deep understanding** of **customers' needs**

OUR GROWTH INITIATIVES



Increase capacity in our existing platforms in **fast-growing geographies** (e.g. photocurable resins in China, powder coatings India,...)



Optimize **operating model** incl. closer integration with other platforms and downstream acrylics



Further strengthen our **sustainable technology** offering (low-VOC formulations, bio-sourced, energy efficient products)



+3% p.a.
Sales growth 2019-2024

+150 bps
EBITDA margin increases between 2019 and 2024

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.

In the current context, where the Covid-19 epidemic persists across the world, and the evolution of the situation as well as the magnitude of its impacts on the global economy are highly uncertain, the retained assumptions and forward looking statements could ultimately prove inaccurate.

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, developments in the Covid-19 situation, and changes in general economic and business conditions. These risk factors are further developed in the 2020 Universal Registration 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 2020 Universal Registration Document. As part of the analysis of its results or to define its objectives, the Group uses in particular the following indicators:

EBITDA margin: corresponds to EBITDA as a percentage of sales, EBITDA equaling recurring operating income (REBIT) plus recurring depreciation and amortization of tangible and intangible assets

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