

ARKEMA

ODDO SUSTAINABILITY FORUM

12 NOVEMBER 2020



ARKEMA
INNOVATIVE CHEMISTRY

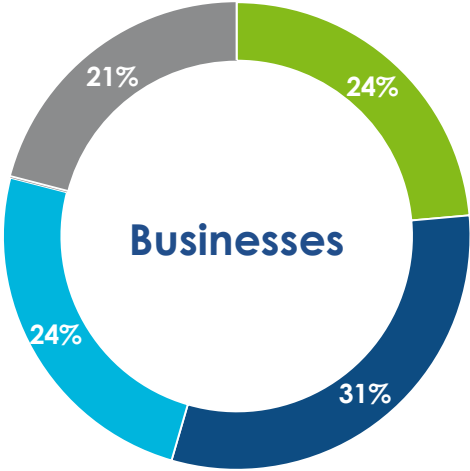


ARKEMA IN A SNAPSHOT

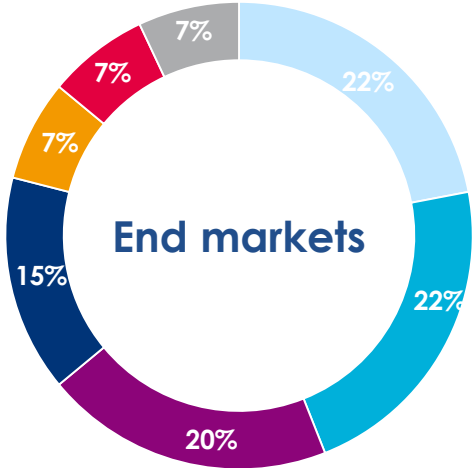
ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA AT A GLANCE

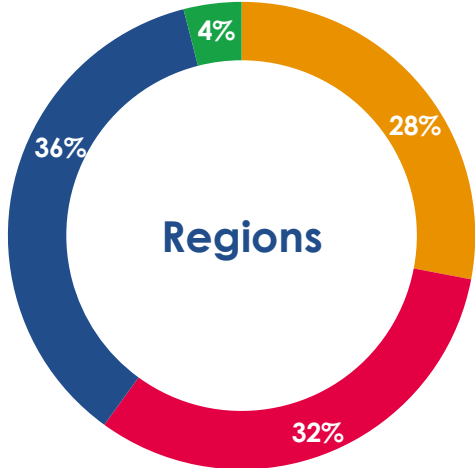
2019 SALES SPLIT



- Adhesive Solutions
- Advanced Materials
- Coating Solutions
- Intermediates



- General industry
- Consumer goods
- Electrics, electronics & energy
- Paints & Coatings
- Building & Construction
- Automotive & Transportation
- Nutrition & water



- Europe
- North-America
- Asia
- ROW



€8.7b
sales



20,500
employees



Present
in **55** countries

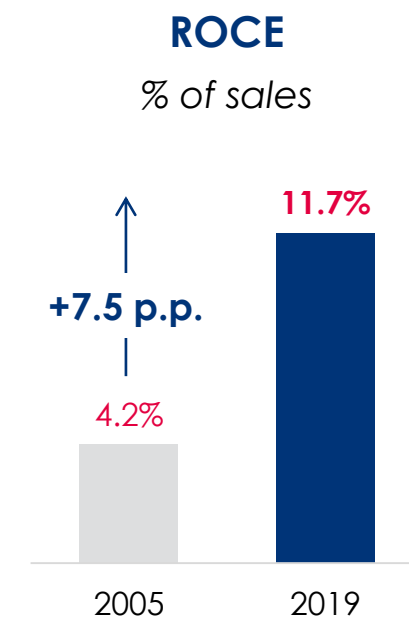
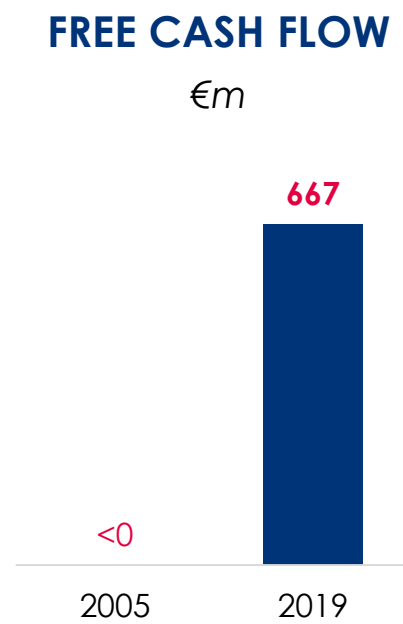
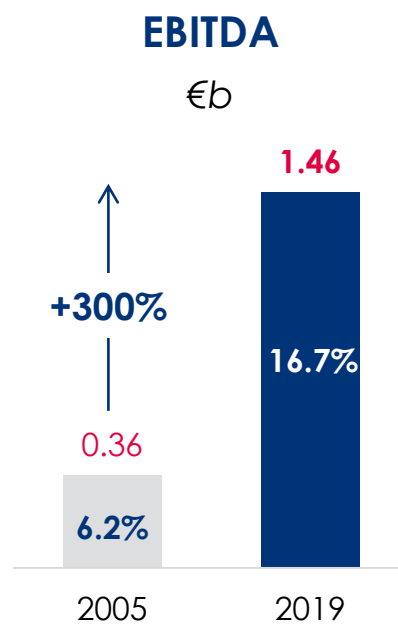
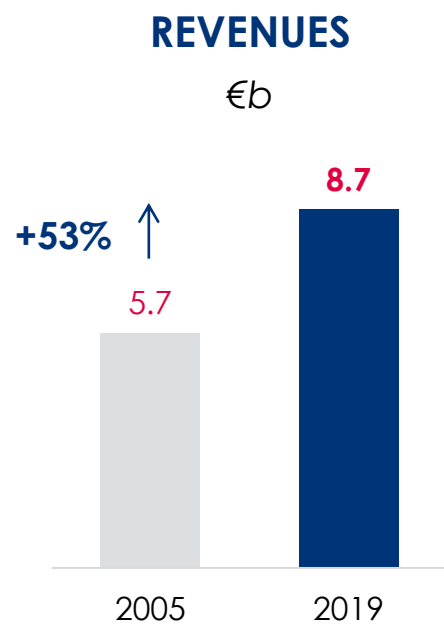


144 plants
operated



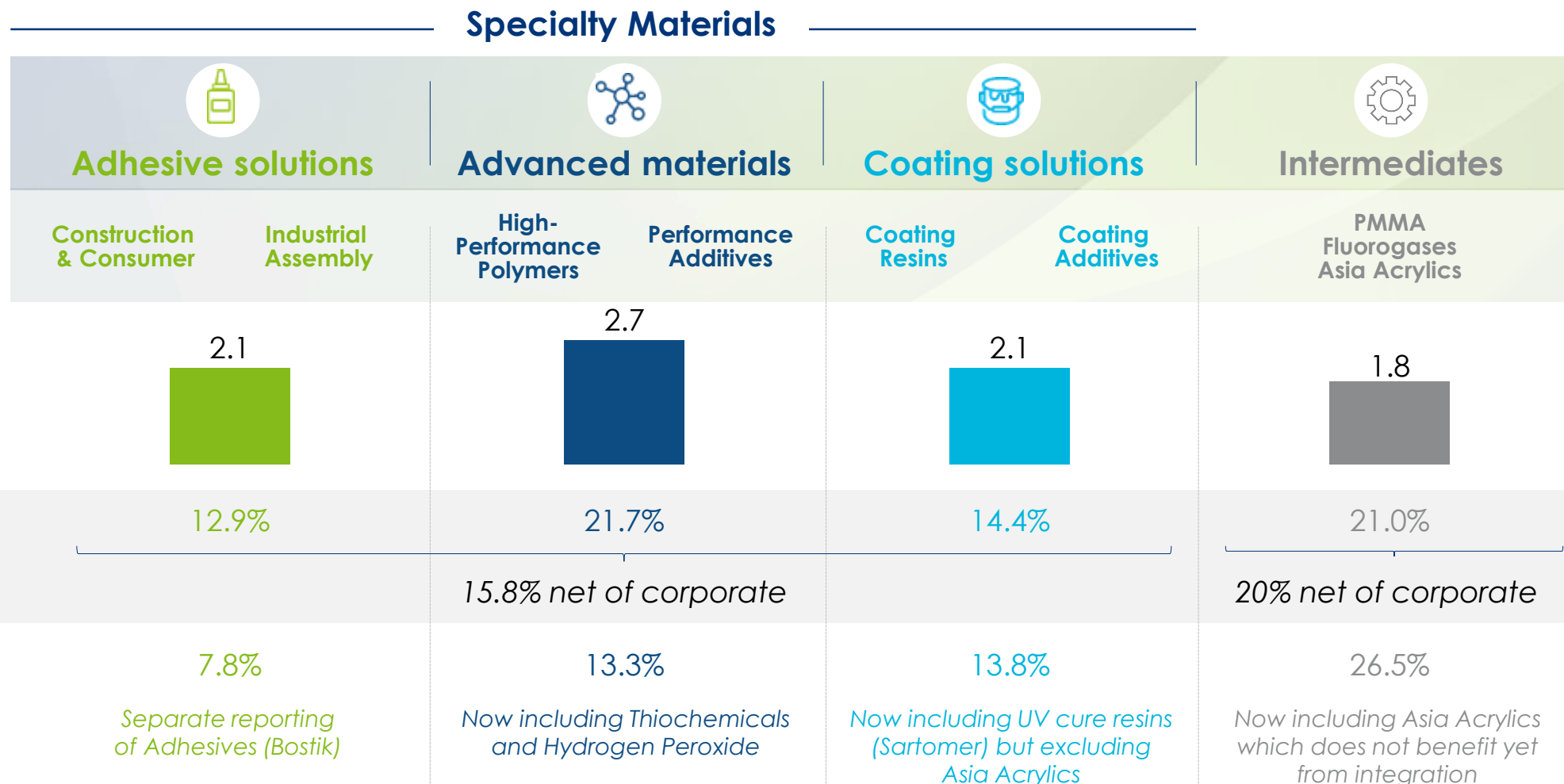
2.8% of revenues
invested in R&D

STEP-CHANGE IN FINANCIAL PERFORMANCE



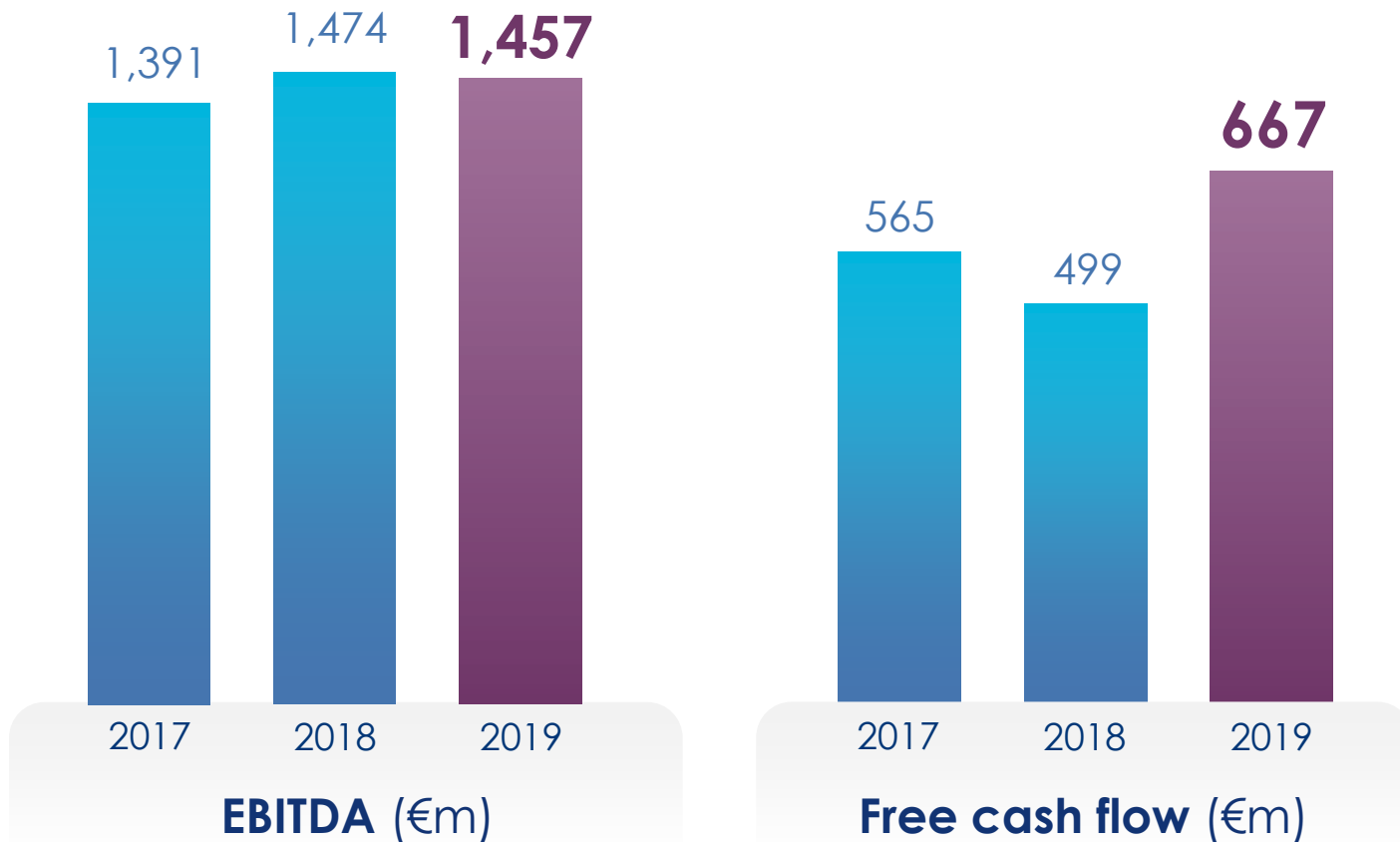
A STRONG SPECIALTY MATERIALS PLATFORM REPRESENTING 80% OF THE SALES

2019 FINANCIALS



1. Excluding corporate, corresponding to ~1% of sales

A HIGH-LEVEL FINANCIAL PERFORMANCE



EBITDA margin

16.7%

since 2017

EBITDA to cash conversion rate

52% in 2019

above the target of >40% by 2024

Working capital (% of annual sales)

13.8% at 30/12/2019

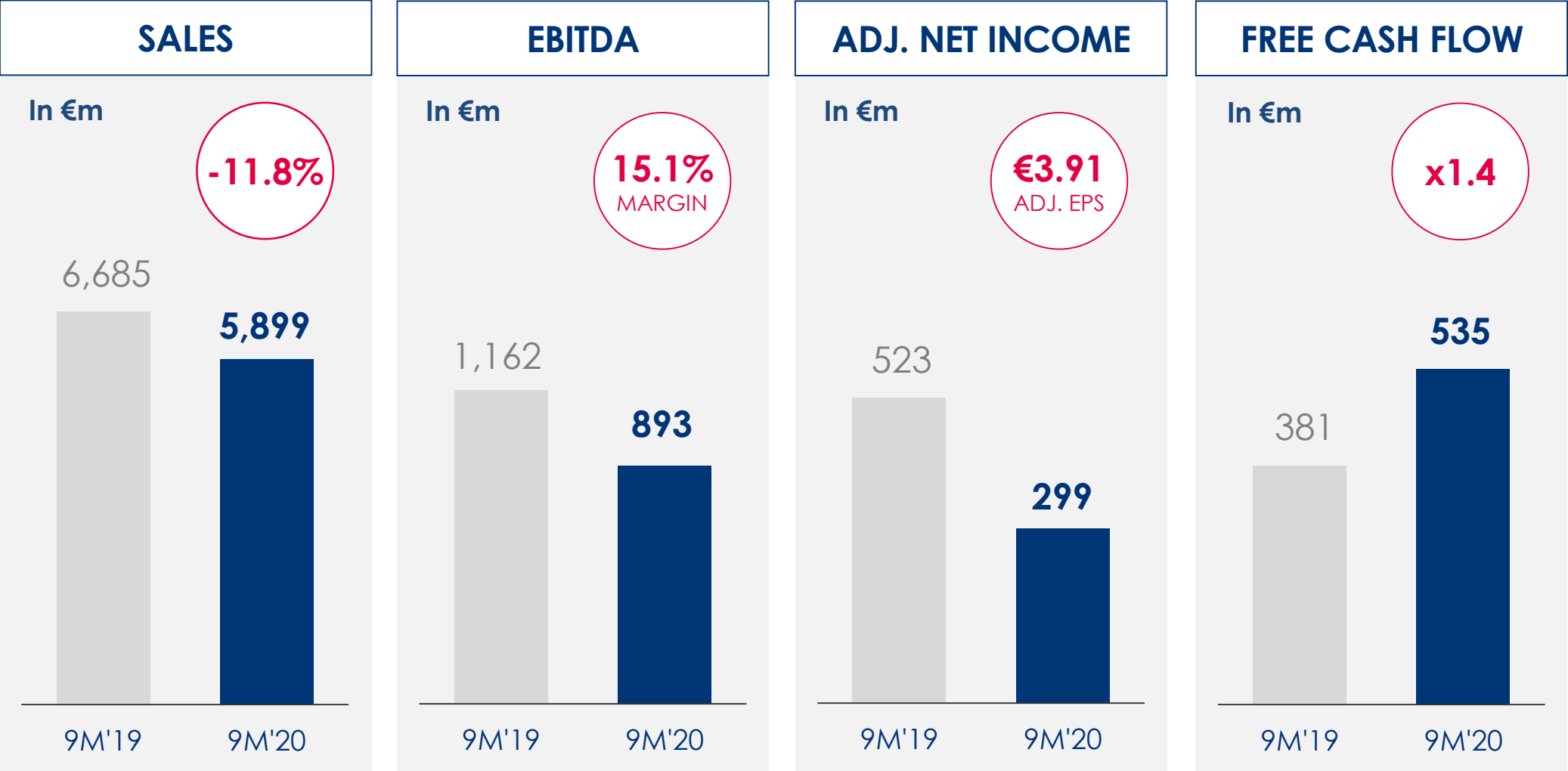
close to the very good level of 2018

Recurring and exceptional capex

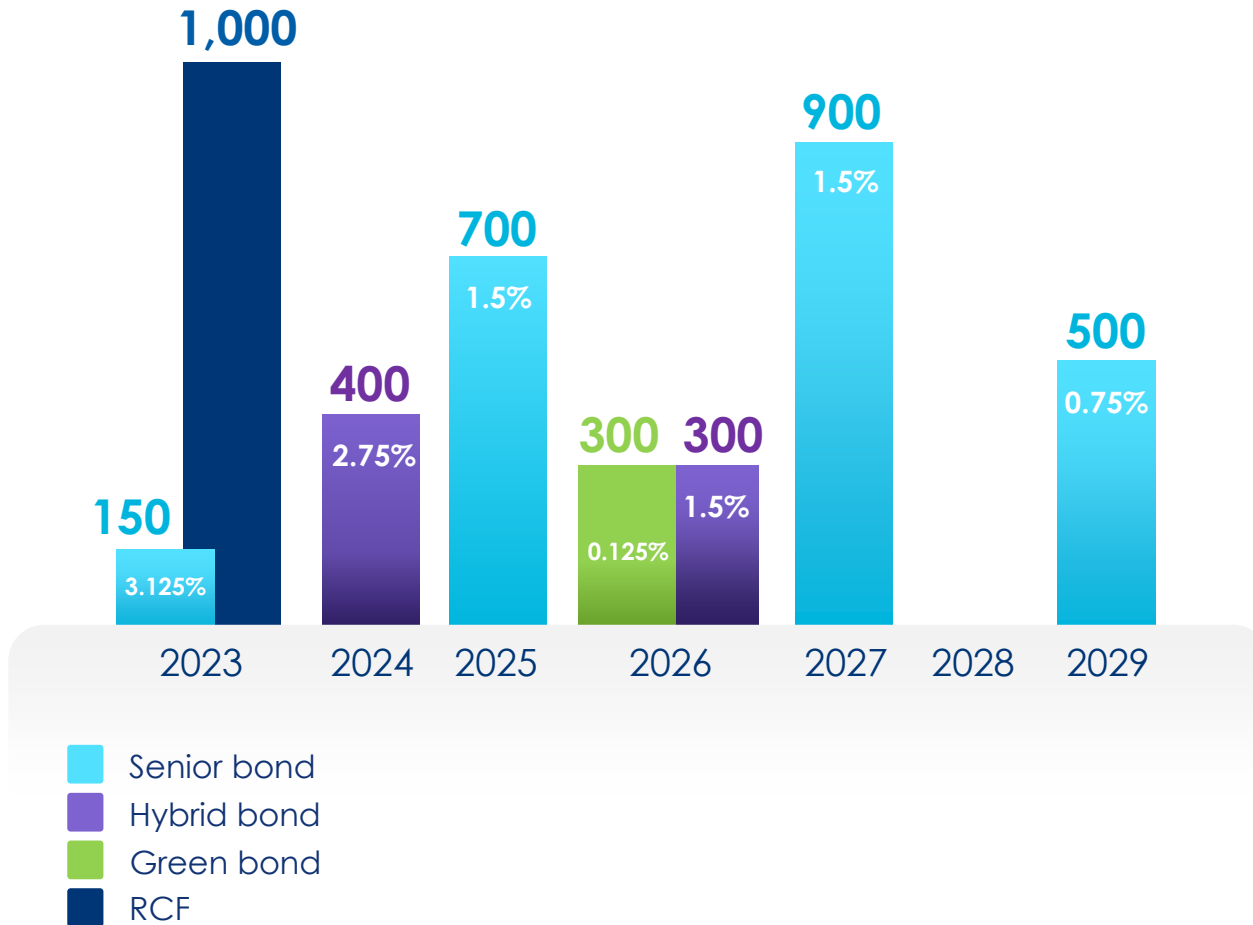
€607m in 2019

acceleration of major organic growth projects

IN 2020, SOLID PERFORMANCE FOR THE FIRST 9 MONTHS IN THE CURRENT CONTEXT



DIVERSIFIED FINANCING RESOURCES



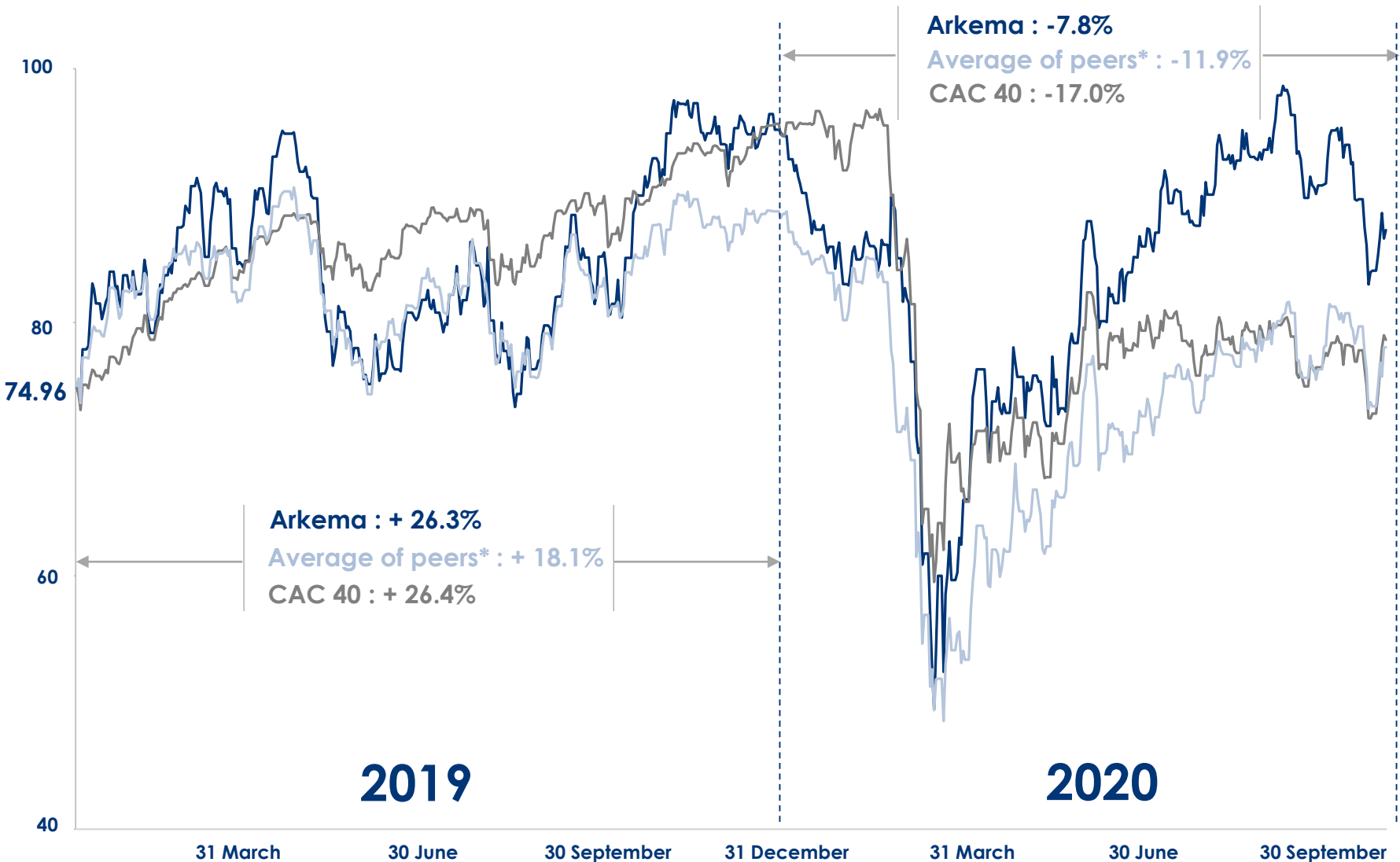
Solid investment grade rating
BBB+ stable outlook (S&P)
Baa1 stable outlook (Moody's)

Net debt (excl. hybrids) / **EBITDA**
 (31/12/2019)
1.1x

Hybrid bonds
 (booked as shareholders' equity)
€700 m

RCF refinanced and increased to
€1,000m on July 29th 2020
3+1+1 years

EVOLUTION OF THE SHARE PRICE SINCE 1st JANUARY 2019



* The panel of chemicals peers includes Ashland, BASF, Celanese, Clariant, Dupont, Eastman, Evonik, HB Fuller, Lanxess, Solvay

TSR since May 2006
(with reintegrated dividends)

Arkema

around
x4

Average of peers*

around
x2.6

CAC 40

around
x1.7



OUR LONG TERM AMBITION

ARKEMA
INNOVATIVE CHEMISTRY

OUR VISION IS TO BECOME A PURE SPECIALTY MATERIALS PLAYER

OUR 2024 AMBITION

- **€10-11b** sales
- **GDP+** organic growth
- High group **profitability of ~17% EBITDA margin**
- Strong **cashflow** generation
- Superior **resilience**



SPECIALTY MATERIALS



3-3.5% p.a. average annual organic revenue growth



M&A to more than **double organic growth**



Increase EBITDA margin from **15.8% to ~17%**¹



>40% cash generation²

INTERMEDIATES



Develop differentiated strategies across businesses

1. Net of corporate costs, corresponding to ~1% of sales 2. Free cash flow excluding exceptional CAPEX divided by EBITDA

AMBITIOUS TARGETS FOR EACH SEGMENT OF SPECIALTY MATERIALS



Adhesive Solutions

Be a consolidator of the market, focused on high performance bonding and construction solutions



Advanced Materials

Invest and innovate to support exponential needs for materials based on megatrends



Coating Solutions

Continue to enhance the value proposition and sustainable offering



Sales split 2024 (incl. M&A)

30-35%



35-40%



25-30%



Average annual organic revenue growth

~3%

~4%

~3%



EBITDA margin¹ 2024

~16%

~22%

~16%

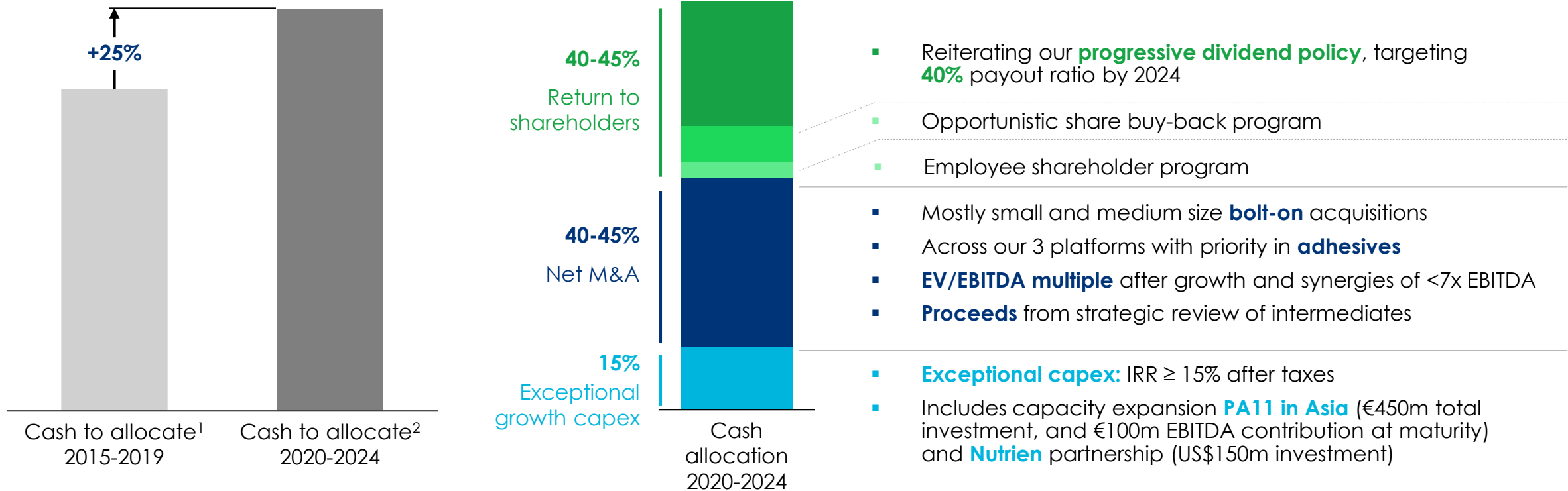
While keeping strict financial discipline at group level: including a ROCE > 10% and normative CAPEX ~5.5% of sales

1. Excluding corporate, corresponding to ~1% of sales

CASH ALLOCATION PRIORITIES

Estimated cash to allocate over the 5 year plan
 ~€3.5b at constant leverage ³ (~1.6x)

SUBJECT TO MARKET CONDITIONS



1. Cash from operations minus recurring CAPEX 2. Cash from operations minus recurring CAPEX plus additional net debt available at constant leverage 3. 1.6x net debt to EBITDA ratio incl. €700m hybrid bonds

MAINTAIN STRICT FINANCIAL DISCIPLINE



ROCE
>10%



Net debt to EBITDA ratio
<2x
Incl. hybrid bonds



Solid investment grade
rating



Recurring Capex
~5.5%
of sales



Controlled working capital
~14%
of sales



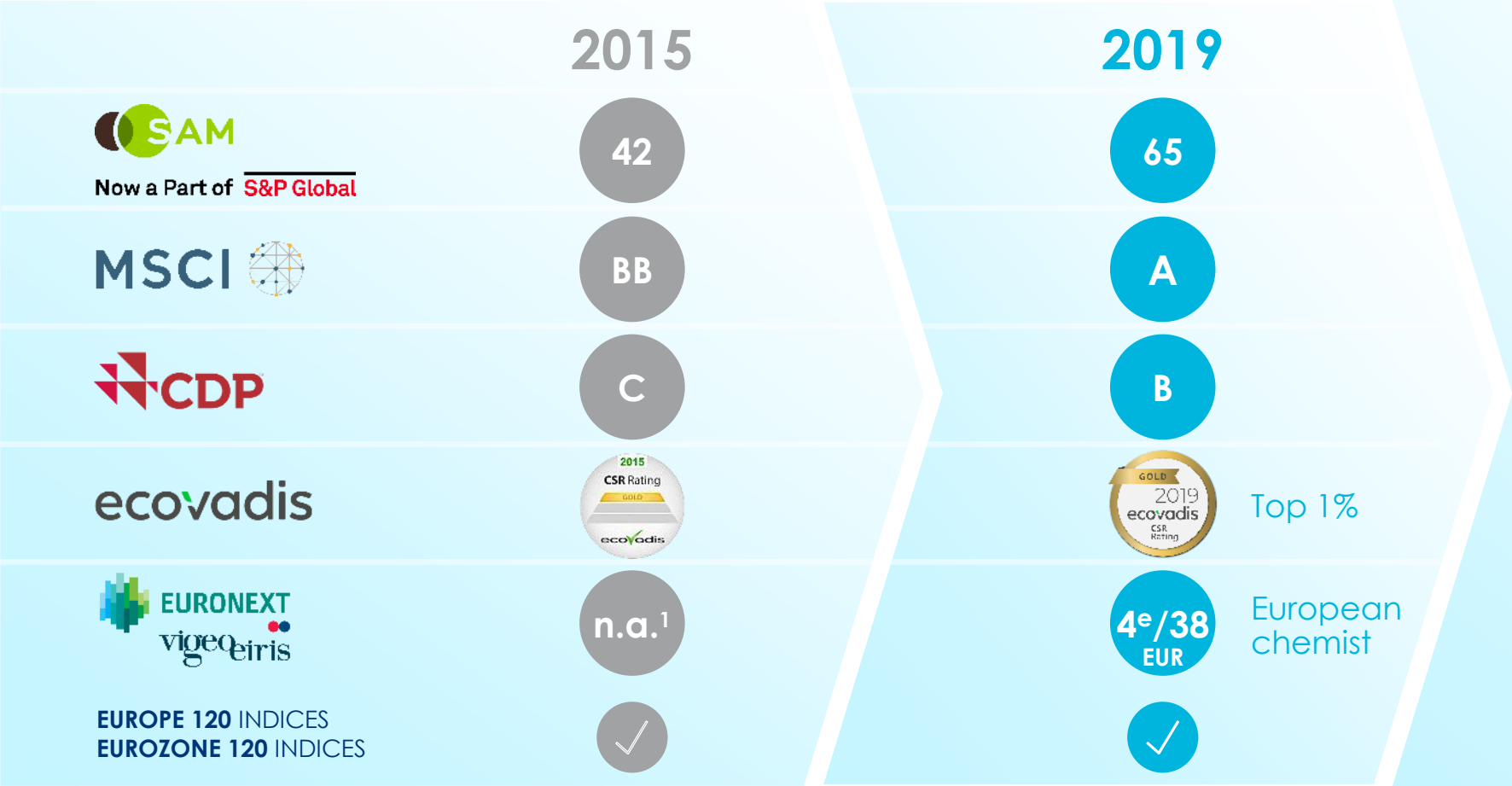
A STRONG SUSTAINABILITY COMMITMENT

ARKEMA
INNOVATIVE CHEMISTRY

STRONG CSR RECOGNITION

NON-FINANCIAL RATINGS

OUR AMBITION



- Rank among the best performing companies
- Inclusion in the **DJSI**

1. Not disclosed

WE CREATE VALUE ALONG THE VALUE CHAIN

CSR EFFORTS ACROSS OUR VALUE CHAIN



Responsible sourcing



Climate & Environment



Safety



Diversity



Community



Innovation on Sustainable products



Mentoring programs



ARKEMA CORPORATE SOCIAL RESPONSIBILITY POLICY



OUR MISSION

Develop, as a responsible industrial company, innovative solutions adapted to our customers' main challenges and support them in their quest for sustainable performance

OUR 3 COMMITMENTS



Deliver sustainable solutions driven by innovation

- Solutions that address societal challenges
- Innovation at the heart of the activities
- Product stewardship



Manage our activities as a responsible manufacturer

- Safety of people and processes
- Health
- Environmental footprint reduction



Cultivate an open dialogue and close relations with our stakeholders


- Ethics
- Human rights
- Diversity & Employee development
- Responsible value chain
- Corporate citizenship



A GROUP COMMITTED TO A MORE SUSTAINABLE WORLD

OUR PRIORITIES

- 1 Develop our offer of **sustainable solutions** through collaborative innovation and the deployment of our products portfolio assessment
- 2 Intensify the **circular economy** approach across the entire value chain
- 3 Deploy the commitment of Arkema's **climate plan** in line with the Paris Agreement
- 4 Maintain a **high level of prevention** and **management of industrial risks**
- 5 Ensure the **safety, health** and **well-being** of our employees



A **multidimensional** approach, targeting **5 priority axes**

INNOVATION THROUGH 6 FOCUSED R&D PLATFORMS DEDICATED TO SUSTAINABILITY



PORTFOLIO SUSTAINABILITY ASSESSMENT

65% of products portfolio assessed at end Sept. 2020 (44% end 2019), **around 46%** of which is significantly contributing to UN Sustainable Development Goals

Objective to achieve **100%** portfolio sustainability assessment

RESEARCH & INNOVATION

In 2019, **149** patent applications linked to sustainable development, representing **67%** of the total number of patent applications.

10,268 patents in force

CIRCULAR ECONOMY

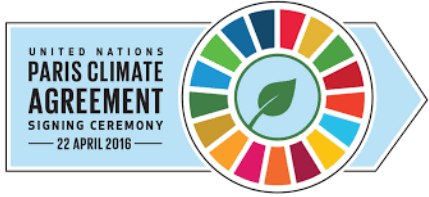


9% of sales from products made from renewable raw material (in 2019)

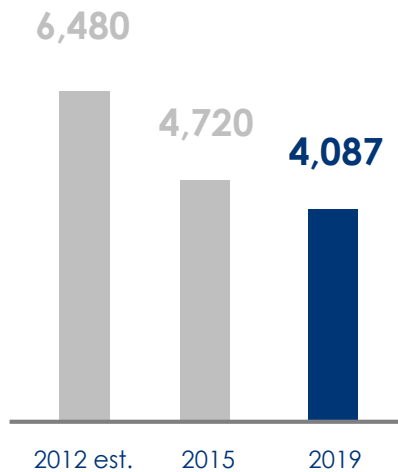
Virtucycle™ recycling program enables customers to partner with Arkema in open-loop and closed-loop initiatives for specialty polymers recycling projects

STRONG COMMITMENT ON CLIMATE AND ENVIRONMENT

CLIMATE



GHG EMISSIONS in kt eq. CO₂




CLIMATE PLAN

Commitment to Paris agreement and Science-Based Target trajectory **well below 2°C**



Greenhouse gas emissions (GHG) new target for 2030

CLIMATE  **≤ 2,950**
kt eq. CO₂
(-38% vs 2015)

ENVIRONMENT

New targets for 2030

AIR



-65%
vs 2012

in volatile organic compounds (VOC) emissions intensity

WATER



-60%
vs 2012

in chemical oxygen demand (COD) intensity

ENERGY



-20%
vs 2012

in net energy purchases intensity

Performance 2019 (vs 2012)

-40%

-50%

-9%

CULTIVATE AN OPEN DIALOGUE WITH OUR STAKEHOLDERS



SUSTAINABLE SUPPLY

>1600 suppliers assessed accounting for more than **50%** of the Group's purchases

COMMUNITY RELATIONS



~ **1000** initiatives per year with neighboring communities

**From 23% to 25%
in 2025**



women in senior management

DIVERSITY

Promotion of women and international talents in senior management



EMPLOYEES

80% are actively engaged

CSR HIGHLIGHTS FOR THE FIRST 9 MONTHS 2020



ELIUM®

- ✦ **ZEBRA** project for the **first 100% recyclable** wind turbine blade
- ✦ **2020 Pierre Potier Prize: Elium®** thermoplastic resin for wind turbines

FIRST EVER GREEN BOND

- ✦ **€300m, 6 years** maturity, coupon **0.125%**, dedicated to **new world-scale plant** in Singapore for **100% bio-based Rilsan® PA 11**



RANKING #11

- ✦ **#11** in the Wall Street Journal's ranking of the **100 "Most Sustainably Managed Companies in the World"**, and **#1** in the chemical sector



ARKEMA CONTRIBUTION TO THE UN SDGs

		Sustainable solutions	Responsible manufacturer	Open dialogue		Sustainable solutions	Responsible manufacturer	Open dialogue
	No poverty							
	Zero hunger							
	Good health and well-being							
	Quality education							
	Gender equality							
	Clean water and sanitation							
	Affordable and clean energy							
	Decent work and economic growth							
	Industry, innovation and infrastructure							

■ Strategic contribution (through strategic objectives or programs)
■ Direct contribution (resulting from voluntary initiatives)
■ Indirect contribution (resulting from the Group's activities)



GOVERNANCE

ARKEMA
INNOVATIVE CHEMISTRY

COMPOSITION OF THE BOARD AND ITS COMMITTEES (1/2)



14 *
DIRECTORS

95%

ATTENDANCE RATE IN 2019

- 8 meetings including
- 1 full day strategy seminar
 - 2-day working session in China

*since 29 July 2020



45%
women



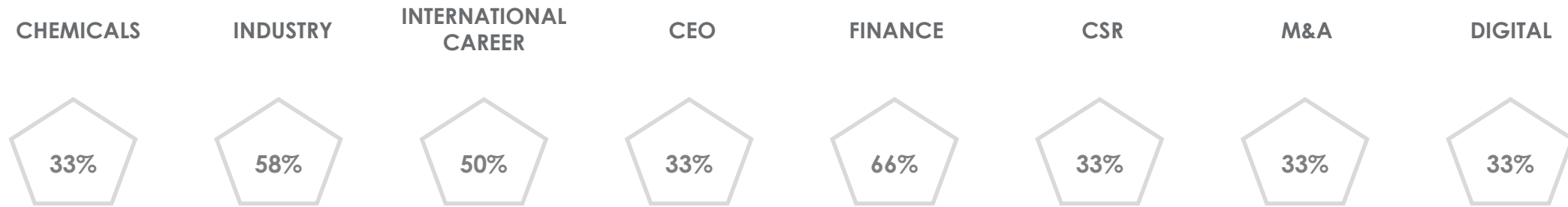
64%
Independence
rate



1
Senior independent
director

COMPOSITION OF THE BOARD AND ITS COMMITTEES (2/2)

COMBINATION OF EXPERIENCE, SKILLS AND INDEPENDENCE (2019 COMPOSITION)



2 COMMITTEES

AUDIT AND ACCOUNTS COMMITTEE

4 MEMBERS

100%
ATTENDANCE RATE
IN 2019
6 meetings

3/4
independence
rate

NOMINATING, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

3 MEMBERS

92%
ATTENDANCE RATE
IN 2019
4 meetings

2/3
independence
rate

CHAIRMAN AND CEO GOVERNANCE STRUCTURE



EFFICIENCY OF ARKEMA'S GOVERNANCE STRUCTURES SINCE 2006

- ✦ Strict respect of the **balance of powers** between the Board and management,
- ✦ **Robust control** mechanisms,
- ✦ **Strong and independent personalities** of board's members,
- ✦ Directors' genuine **commitment** to and **interest** in the **Group's strategy**

Renewal of the Chairman and CEO's mandate in May 2020



GOVERNANCE STRUCTURE IN ADEQUACY WITH THE GROUP'S SPECIFIC NEEDS SINCE 2006

- ✦ Has **proved efficiency** in the context of **transformation of Arkema**, still in the course of **being completed**
- ✦ Has **enabled financial, non-financial and corporate governance evolution** as described before

Adequacy of governance structure regularly reviewed by the Board

IMPORTANT MISSIONS OF THE BOARD AND ITS COMMITTEES (1/2)



EXTENSIVE REVIEW OF THE STRATEGY IMPLEMENTATION

Information or prior approval of the most significant transactions

1 annual full day meeting dedicated to strategy and operational priorities

Dedicated **ad-hoc meetings** on specific projects

1 annual field trip to a significant Arkema site

Full integration of **CSR topics**

NOMINATION PROCESS

Independent and selective recruitment process of Board members **led by a search firm** according to Board needs combining skills, expertise, as well as strong and independent personalities

SUCCESSION PLAN

- **Strict and regular follow-up** by the CNRG of **succession plan** of Chairman and CEO and of COMEX members
- Review of executive positions management policy

IMPORTANT MISSIONS OF THE BOARD AND ITS COMMITTEES (2/2)

COMPENSATION PROCESS

- Extensive review by the CNRG of compensation package of Chairman and CEO with constant inclusion of comments from investors and executive session of the Board on this topic
- Review and approval by the CNRG of COMEX members compensation package in line with Group compensation
- Analyses and set-up of performance share plans conditions by the CNRG

ASSESSMENT OF OPERATING PROCEDURES OF THE BOARD AND ITS COMMITTEES

- Formal questionnaire filed by each director on an annual basis, reviewed by the CNRG and presented to the Board
- External consultant assessment every three years

In 2018, “Arkema’s corporate governance model ranks as a best practice : great satisfaction of the directors due to board’s open, adversarial and constructive discussions with a complete freedom of expression leading to qualitative discussions resulting from Board’s diversity and the members’ complementary skill-sets”

CEO REMUNERATION PACKAGE / 2020 - 2024 POLICY

FIXED COMPENSATION

- ✦ Reviewed for every renewal of the Chairman and CEO's term of office (every 4 years)
- ✦ Taking into account **duties and responsibilities** of the Chairman and CEO and **changes** in the Group's size and profile

Targets aligned with the Group's strategy and priorities (up to 180%* of annual fixed compensation)

- **Quantifiable (90%, up to 135%):** EBITDA, recurring cash flow, contribution of new developments (each up to 45%)
- **Qualitative (30%, up to 45%):** implementation of the Group's LT strategy (50%), day-to-day management, including CSR strategy development (50%)

* As from 1/1/2021 (150% for 2020)

ANNUAL VARIABLE COMPENSATION

LONG-TERM COMPENSATION

Performance shares subject to 5 performance conditions (each for 20%):

- **4 financial criteria**
- **1 CSR criteria**
- **Acquisition period** of 3 years followed by a 2-year holding period (total of 5 years)
- **Over-performance rewarded:** up to 120% of initial allocation

PENSION

20% of fixed + variable

SEVERANCE PAYMENT

subject to performance conditions

Up to a maximum of 2 years of fixed and variable in cumul

NON COMPETE INDEMNITY

OTHER BENEFITS

Company car and unemployment insurance

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 continues to rapidly spread 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 2019 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*. This presentation must be read in conjunction with the Base Prospectus dated 28 January 2020 as supplemented (the "Base Prospectus"). The Base Prospectus, the supplement thereto and the relevant final terms, when published, will be available on Arkema's website (www.arkema.com/en/investor-relations/regulated-information/).

This presentation was prepared on the basis of the information provided in Arkema's Universal Registration Documents, Amendment to the 2019 Universal Registration Document, events and presentations (including Strategy Update 2020) which are available on the website of Arkema (www.arkema.com/en/investor-relations/)

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 2019 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