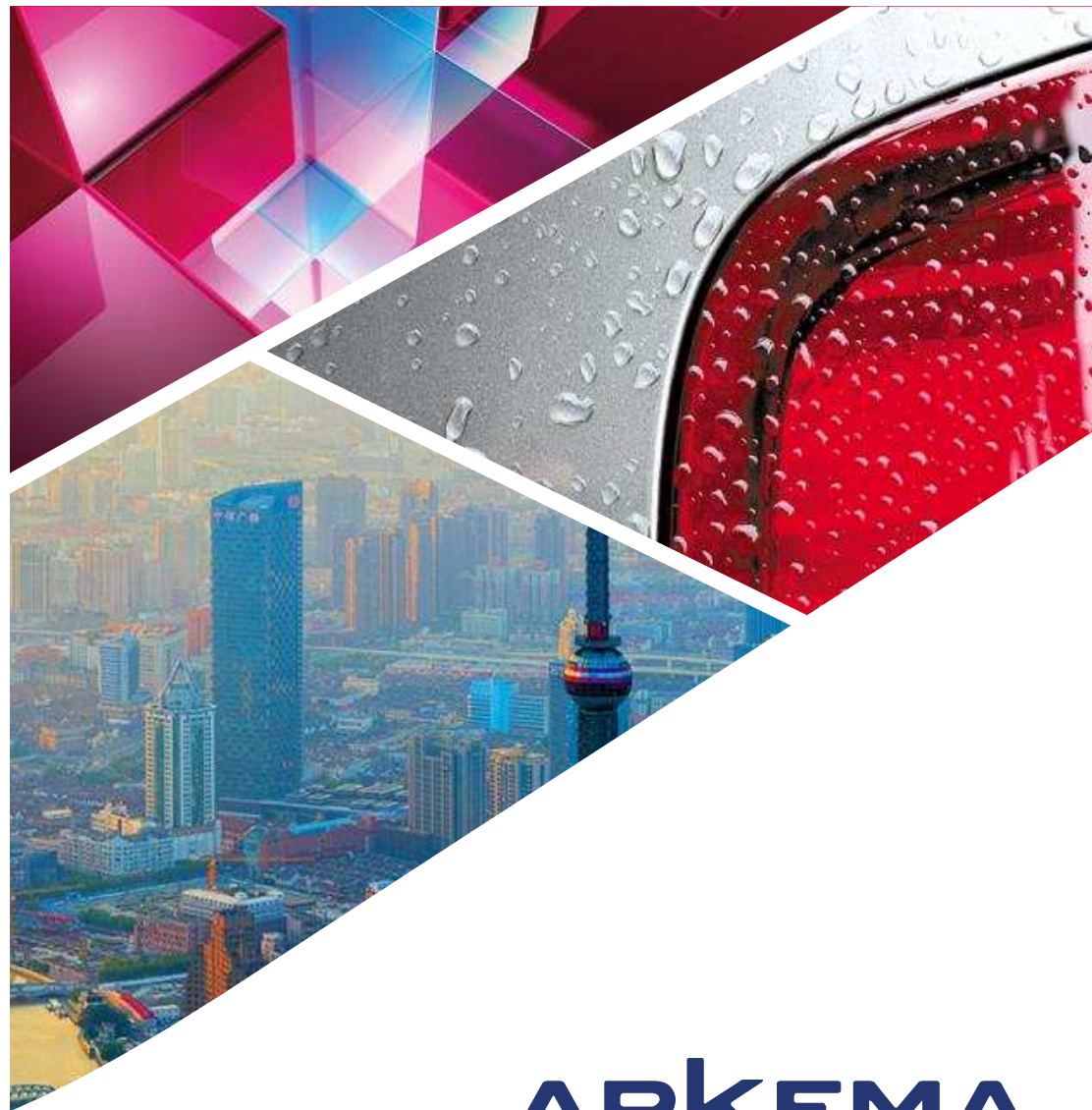


# ARKEMA ROADSHOW PRESENTATION

MARCH 2020



**ARKEMA**  
INNOVATIVE CHEMISTRY



# 2019 HIGHLIGHTS AND OUTLOOK

**ARKEMA**  
INNOVATIVE CHEMISTRY

## A SOLID SET OF RESULTS

**€8,738 m**  
Sales

**72%**  
in specialties

**€1,457 m**  
EBITDA

**16.7%**  
EBITDA margin

**€625 m**  
Adj. net income

**€8.20**  
Adj. EPS

**€667 m**  
Free cash flow

**52%**  
cash conversion

**€1,631 m**  
Net debt

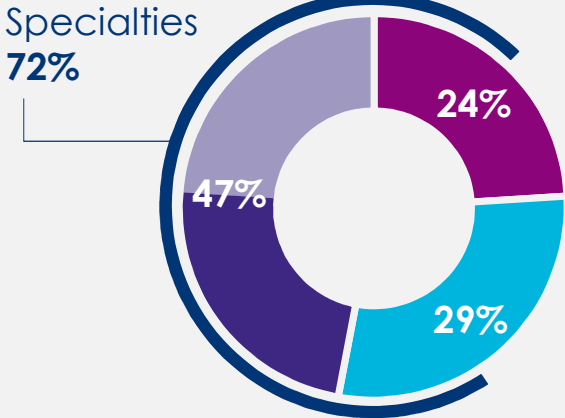
**1.1x**  
EBITDA

**€7.9 bn**  
Capital employed

**12.4%**  
ROACE

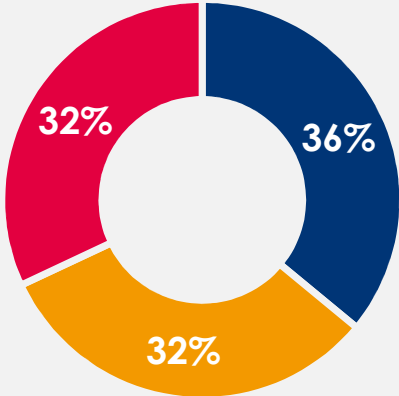
# BREAKDOWN BY DIVISION AND REGION

FY'19 SALES BY DIVISION



- High Performance Materials
- 24% Adhesives
- 23% Advanced Materials
- Industrial Specialties
- Coating Solutions

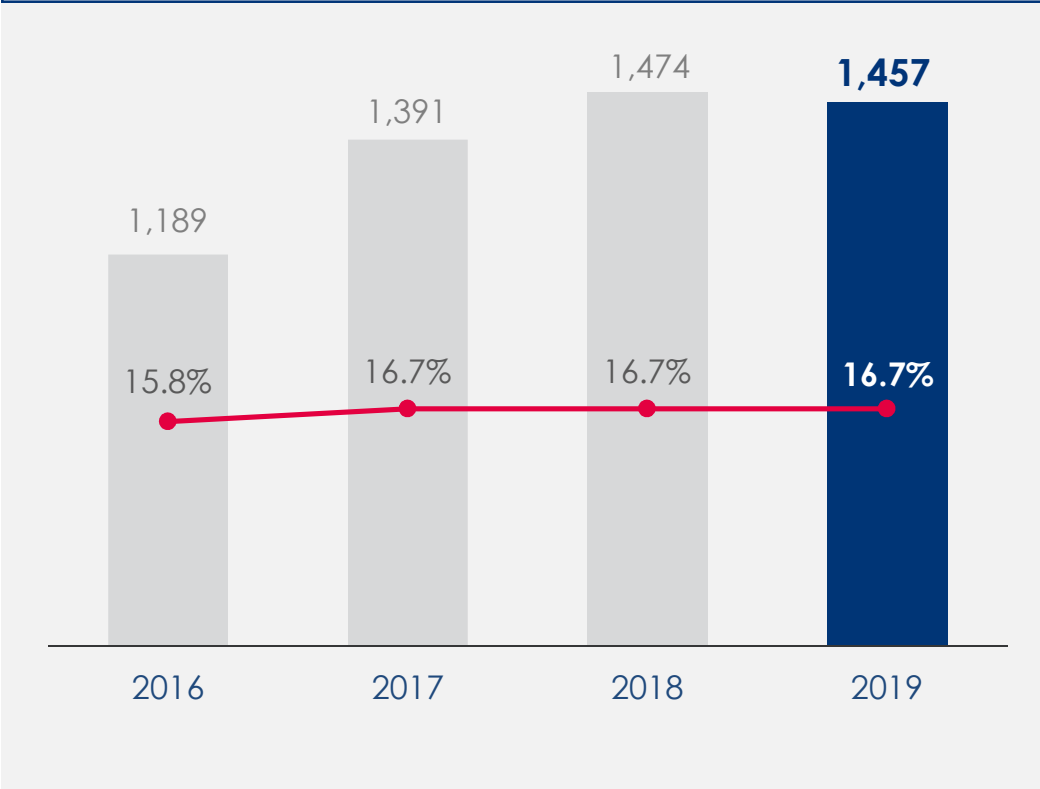
FY'19 SALES BY REGION



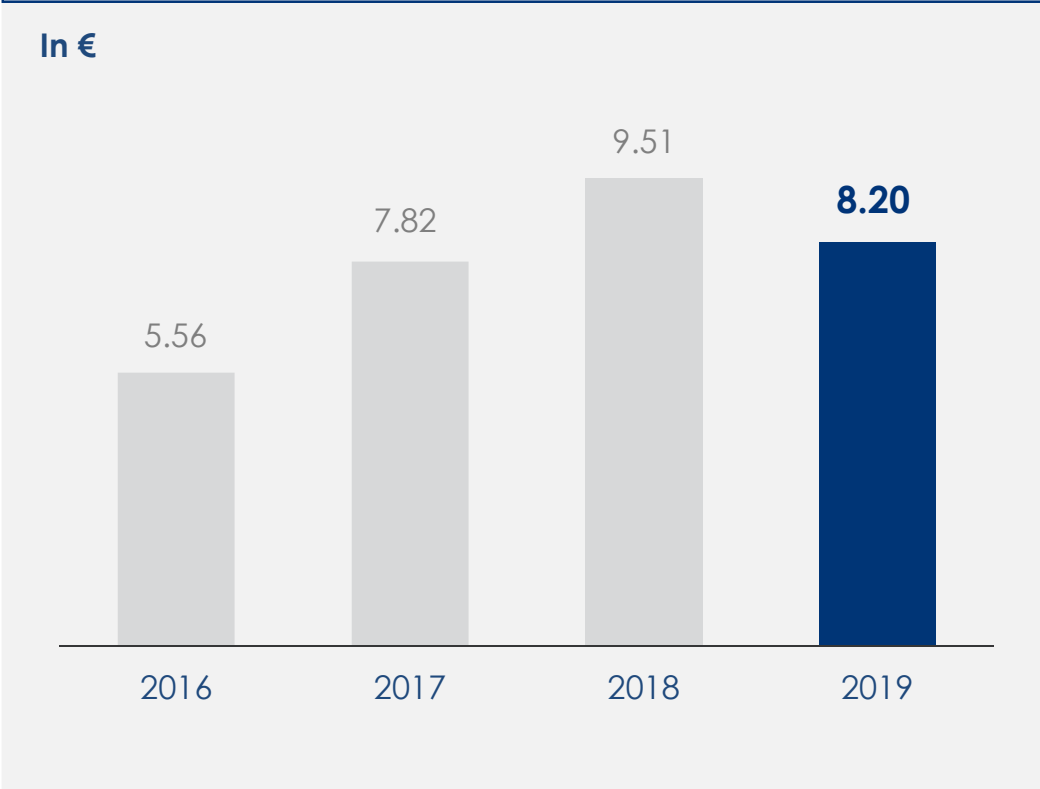
- Europe
- North America
- Asia and RoW
  - o/w 12% in China
  - 16% in Asia, excl. China
  - 4% in RoW

# RESILIENT PERFORMANCE IN A WEAKER ECONOMIC ENVIRONMENT

**EBITDA (€m) and EBITDA margin (%)**

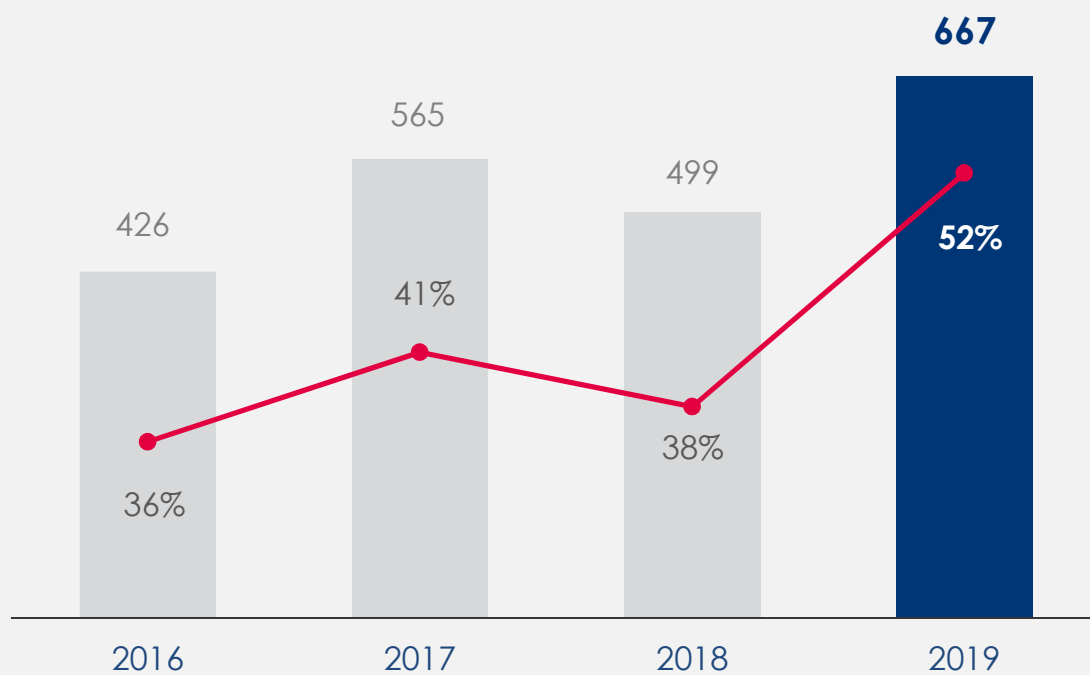


**ADJUSTED EPS**



## EXCELLENT CASH GENERATION

**FREE CASH FLOW (€m)**  
and **EBITDA to cash conversion rate (%)**



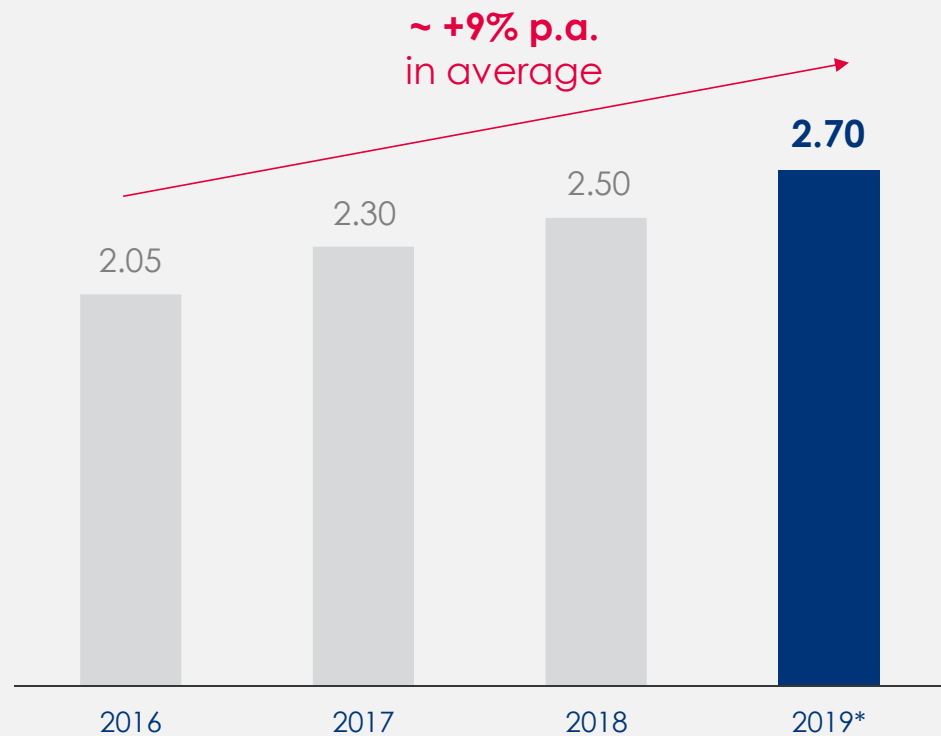
## 2019 HIGHLIGHTS

### High FCF generation

- ❖ Strong EBITDA
- ❖ Cash inflow from working capital
- ❖ While executing our planned growth capex

## DIVIDEND: A KEY COMPONENT OF ARKEMA'S SHAREHOLDER RETURN POLICY

### DIVIDEND in €/share



\* Dividend proposed at the shareholders' annual general meeting of 19 May 2020

- ❖ **33%** payout ratio in 2019 (vs 26% in 2018)
- ❖ **+8%** growth 2019 vs. 2018, reflecting again the strong confidence of the Board in the Group's development prospects
- ❖ Representing a total of **~€205 m for 2019** and a cumulated amount of **€725 million since 2016**
- ❖ Dividend to be paid fully in cash from **27 May 2020**
  - Ex-dividend date: 25 May 2020

# ATTRACTIVE GROWTH CAPEX COMPLETED IN 2019


**USA**



**PEKK plant**

**Markets:** aerospace, oil & gas, 3D printing

**France**



**+50% global specialty polyamide powders capacities**

**Markets:** coatings, advanced composite materials, 3D printing

**China**



**+30% Sartomer photocure resins production capacities**

**Markets:** electronics, adhesives, 3D printing, inkjet printing

**USA**



**90kt acrylic acid reactor**

**Markets:** paints, coatings, adhesives, water treatment

**India**



**Powder coating resins facility**

**Markets:** low-VOC powder coatings

**India**



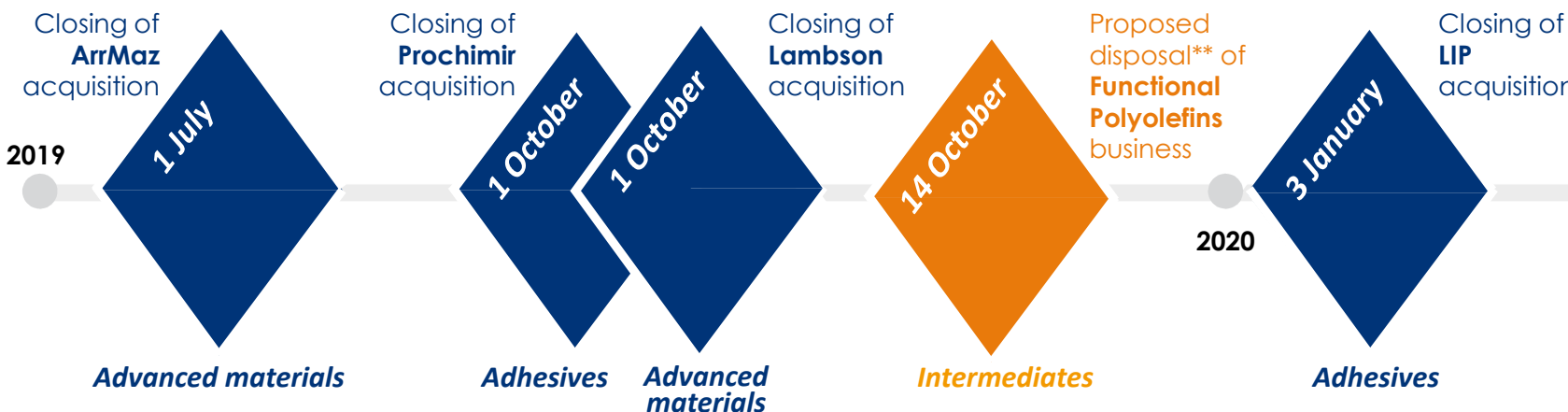
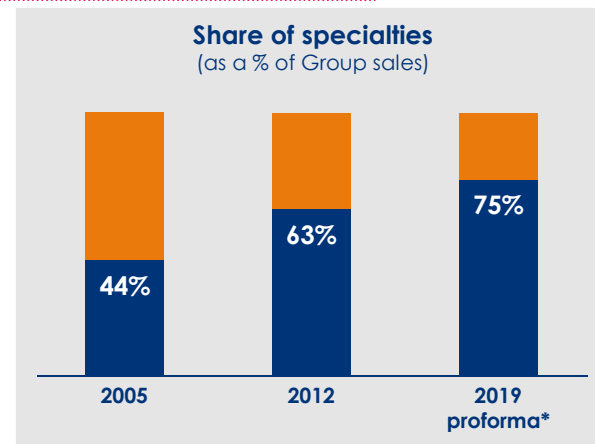
**Powder coating resins facility**

**Markets:** low-VOC powder coatings

**Projects Internal Rate of Return (after taxes) in excess of 15%**



# HIGH DENSITY OF M&A PROJECTS SUPPORTING THE JOURNEY TOWARDS SPECIALTIES



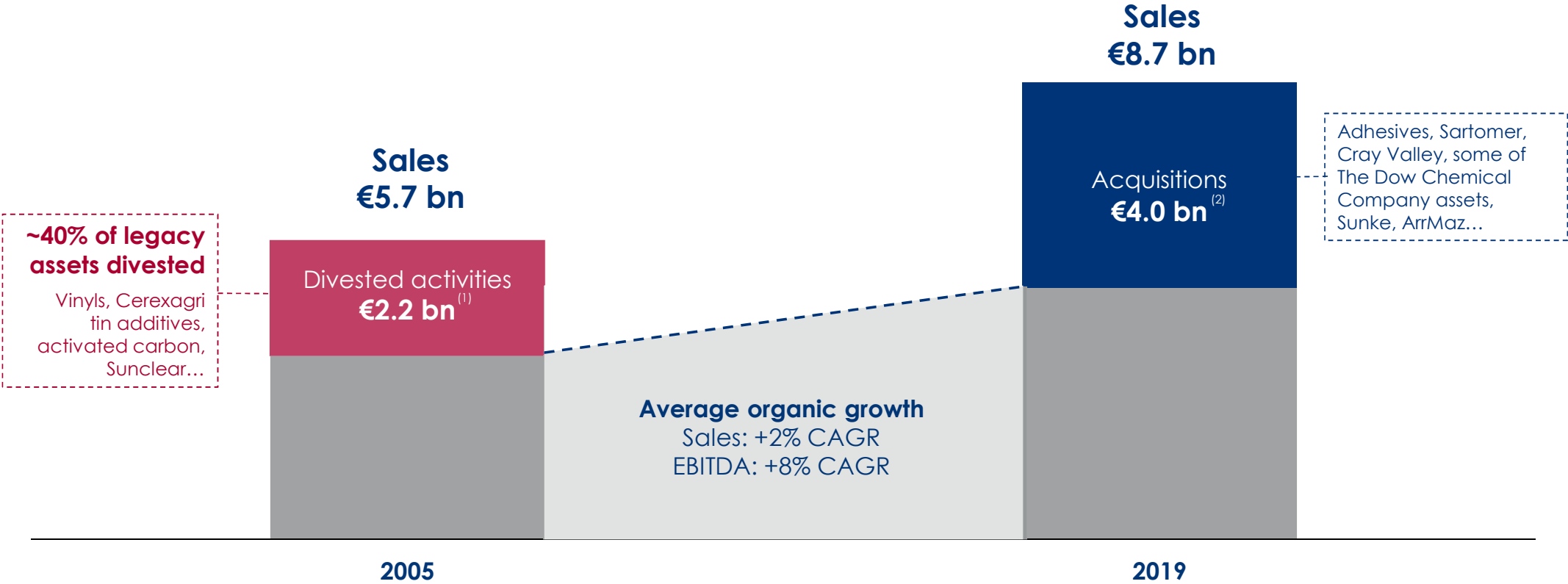
**Acquisition prices**  
~11x EBITDA

down to  
~7-8x EBITDA  
after **synergies**  
and growth  
(4 to 5 years)

\* Including the impact of the acquisitions of ArrMaz, Prochimir, Lambson and LIP and the proposed disposal of the Functional Polyolefins business on a full year basis

\*\* Still subject to the approval of the relevant antitrust authorities

# PORTFOLIO EVOLUTION SINCE 2005



(1) Estimated figures excluding the proposed disposal of the Functional Polyolefins business

(2) Estimated figures

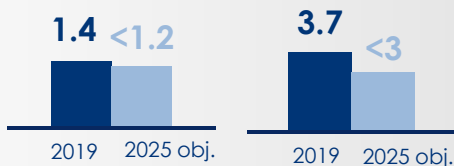
# RECOGNIZED CSR POLICY AT THE HEART OF OUR STRATEGY



**Deliver sustainable solutions driven by innovation**

- 44% products portfolio audited, **46%** of which is contributing to UN Sustainable Development Goals

**Manage our activities as a responsible manufacturer**



**TRIR**  
Number of accidents per million hours worked

**PSER**  
Number of process events per million hours worked

**Cultivate an open dialogue and close relations with our stakeholders**

- Women hold 23%** of senior management and executive positions, in line with 2025 objectives
- 1,600+ suppliers** assessed through Together For Sustainability (>50% of the Group's purchases)

## RECOGNITION

**ROBECOSAM**  
We are Sustainability Investing.

**MSCI**

**CDP**  
DRIVING SUSTAINABLE ECONOMIES



**EURONEXT**  
vigeo eiris  
INDICES

# NEW AMBITIOUS TARGETS FOR CLIMATE AND ENVIRONMENT



## CLIMATE

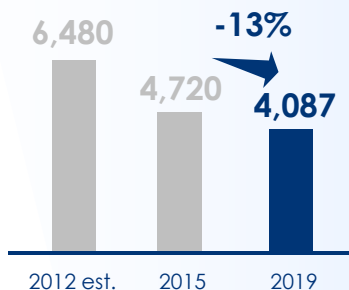


**Climate plan**  
Commitment to Paris agreement  
and Science-Based Target  
trajectory **well below 2°C**

**Greenhouse gas emissions (GHG)  
new target for 2030**

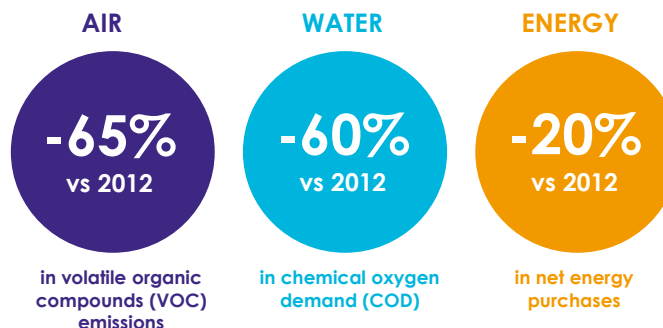
**≤ 2,950**  
kt eq. CO<sub>2</sub>  
(-38% vs 2015)

GHG emissions in kt eq. CO<sub>2</sub>



## ENVIRONMENT

**New targets for 2030**



**Performance 2019** (vs 2012)



# OUTLOOK

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**For 2020, Arkema aims to reach an EBITDA level comparable to 2019 level, excluding the impact of the Covid-19**

- ❖ Full year EBITDA driven by:
  - Increase of Bostik's EBITDA of around 10%, supported by structural binding and construction chemicals
  - Stable performance in Advanced materials, despite still challenging automotive and electronics markets
  - Decline in Fluorogases (illegal imports in Europe)
- ❖ In 2020, the economic environment is likely to remain uncertain
- ❖ The contribution between the two halves will be more balanced than last year
- ❖ Uncertainty persists concerning the evolution of Covid-19. The Group estimates its impact on EBITDA at the end of February at around €20 m

# 2020 PRIORITIES

## INNOVATION



- ❖ Leverage partnerships in composites and 3D printing
- ❖ Accelerate development of EV, lightweighting, water treatment and 3D printing

## NEW UNITS



- ❖ Capacity expansions start up in thiochemicals (Malaysia), Polyamide 12 (China), PVDF (China)
- ❖ New world scale adhesives plant (Japan)
- ❖ Execution of the bio-sourced PA11 project in Singapore

## M&A



- ❖ Continue ArrMaz integration and synergy implementation
- ❖ Ramp-up of acquisition synergies in adhesives
- ❖ Completion of Functional Polyolefins divestment
- ❖ Continue strategy of small bolt-ons with a priority in adhesives

## OPERATIONAL EXCELLENCE



- ❖ Stay agile to adapt to the global environment in continuity with 2019
- ❖ Fully offset fixed costs inflation through variable and fixed costs optimization initiatives
- ❖ Maintain tight management of working capital

## CSR



- ❖ Roll out portfolio sustainability assessment
- ❖ Develop circular economy
- ❖ Commit to Climate Plan with new KPIs

# BOSTIK ON TRACK TO DELIVER FURTHER GROWTH

## KEY ACHIEVEMENTS

- ❖ 2019 sales up by more than 30% against the starting point of 2014
- ❖ EBITDA margin improvement to ~13% in 2019, driven by product mix and pricing, portfolio pruning and acquisition synergies
- ❖ Recent bolt-ons
  - Prochimir: high performance thermobonding adhesives films for automotive, construction, textile and healthcare
  - LIP: Danish leader in tile adhesives, waterproofing systems and floor preparation solutions

## OUR PRIORITIES

### Expand organically and by bolt-on acquisitions

- ❖ Structural and engineering adhesives
- ❖ High performance sealants
- ❖ Flooring systems
- ❖ Emerging countries

### Further improve profitability

- ❖ 2020e EBITDA: ~€300 m (vs. a starting point at ~€150 m in 2014)
- ❖ Mid-term EBITDA margin target at 15%





# ADVANCED MATERIALS GROWTH DRIVEN BY INNOVATION AND ACQUISITIONS

## ARRMAZ

### ❖ Global leader in specialty surfactants

- US\$290 m sales and 18% EBITDA margin
- Tailored and sustainable solutions for attractive markets (crop nutrition, mining, infrastructure)

### ❖ Promising integration to be pursued in the coming years

- Benefitting from excellent complementarities (technologies, geographic reach, formulation expertise)
- US\$15 m synergies to be implemented by 2023

## INNOVATION

### ❖ Batteries

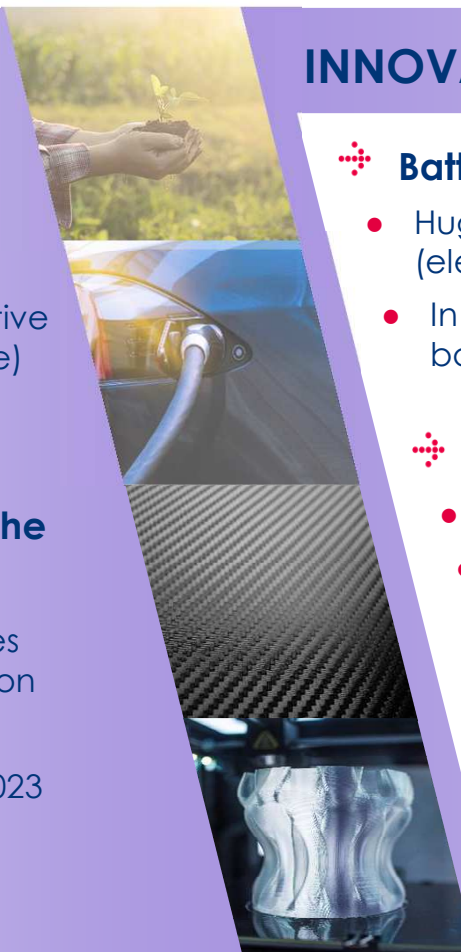
- Huge potential to serve high growth markets (electric vehicles, stationary storage)
- In 2020, +50% PVDF capacity dedicated to lithium-ion batteries in Changshu

### ❖ Thermoplastic composites

- Lightweight and recyclability (automotive, wind power)
- Building up on partnership with Hexcel for the aerospace sector (joint R&D laboratory opened in 2019)

### ❖ 3D printing

- Shift from prototyping to production of industrial parts
- In 2020, leverage on our partnership with Carbon®





# LEVERAGING INTEGRATION IN COATING SOLUTIONS

## KEY ACHIEVEMENTS

### ❖ Acrylic monomers

- Start-up of the new 90kt/yr acrylic acid reactor in Clear Lake (US)
- Acquisition of our partner's stake in Sunke

### ❖ Downstream activities

- Opening of a new powder coating resins unit in India
- Recovery of unit margins in 2019

## OUR PRIORITIES

### ❖ Long term objective to increase downstream integration

- Organic growth
- Bolt-on acquisitions in performance coatings

### ❖ Build up on megatrends

- Water treatment
- Increasing demand for low-VOC products



# FULL YEAR 2019 RESULTS

**ARKEMA**  
INNOVATIVE CHEMISTRY

## FY'19 RESULTS KEY TAKE-AWAYS

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**€8,738m** sales

✦ Close to 2018 level (€8.8 bn)

**€1,457m** EBITDA

✦ Comparable to 2018 record EBITDA (-1.2%)

✦ Q4'19 EBITDA up 3% to €295 m

✦ Specialties up 13%\* and 20%\* decline in intermediates

**16.7%** EBITDA margin

✦ Stable at high levels

**€625m** adjusted net income

✦ **€8.20** adjusted EPS

**€667m** free cash flow

✦ Significant growth (€499m in 2018)

✦ EBITDA to cash conversion rate of **52%** (38% in 2018)

**€1,631m** net debt  
(excl. €700 m hybrid)

✦ 31% gearing

✦ **1.1x** 2019 EBITDA

**Dividend**

✦ Further increase, up 8% to **2.70** euros/share for 2019\*\*

\* Corporate costs allocated to specialties and intermediates according to sales split

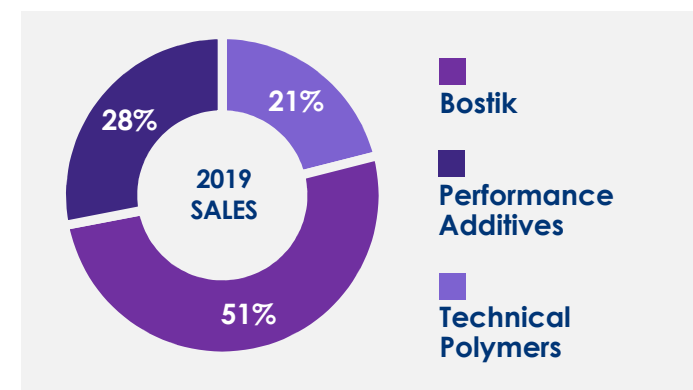
\*\* Dividend proposed at the shareholders' annual general meeting of 19 May 2020

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

## HIGH PERFORMANCE MATERIALS (47% OF GROUP SALES)

In €m	2018	2019	Change
Sales	3,970	4,065	+2.4%
EBITDA	640	654	+2.2%
EBITDA margin	16.1%	16.1%	
REBIT	481	468	(2.7)%
REBIT margin	12.1%	11.5%	

Volumes	(6.6)%
Prices	+3.6%
Currency	+1.9%
Scope	+3.5%



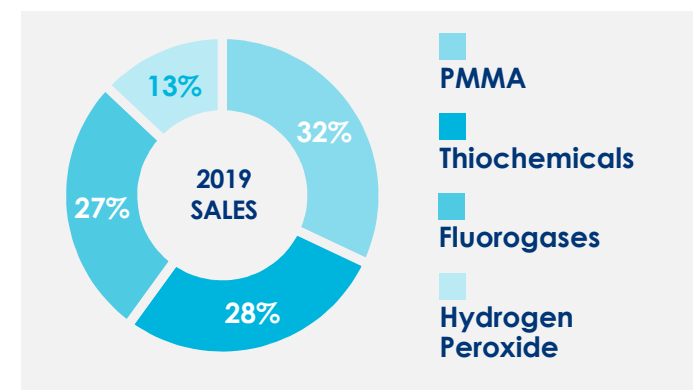
### STRONG RESILIENCE DESPITE ADVERSE CONDITIONS IN CERTAIN MARKETS

- ✦ **Prices up 3.6%, positive in all Business Lines**, mainly due to increased selling prices and product mix optimization
- ✦ **Volumes down 6.6%** on marked slowdown in the transportation, oil & gas and consumer electronics markets, partially offset by a good dynamic in batteries and 3D printing
- ✦ **EBITDA up +2.2% YoY** and **EBITDA margin stable at 16.1%**
  - Bostik EBITDA growth in the high-teens and margin at around 13%
  - Advanced materials resisting well despite lower volumes, with margin close to 20%
  - ArrMaz contribution in line with expectations

## INDUSTRIAL SPECIALTIES (29% OF GROUP SALES)

In €m	2018	2019	Change
<b>Sales</b>	2,699	<b>2,514</b>	(6.9)%
<b>EBITDA</b>	675	<b>621</b>	(8.0)%
<b>EBITDA margin</b>	25.0%	<b>24.7%</b>	
<b>REBIT</b>	497	<b>406</b>	(18.3)%
<b>REBIT margin</b>	18.4%	<b>16.1%</b>	

<b>Volumes</b>	<b>(1.5)%</b>
<b>Prices</b>	<b>(7.3)%</b>
<b>Currency</b>	<b>+1.9%</b>
<b>Scope</b>	<b>-</b>



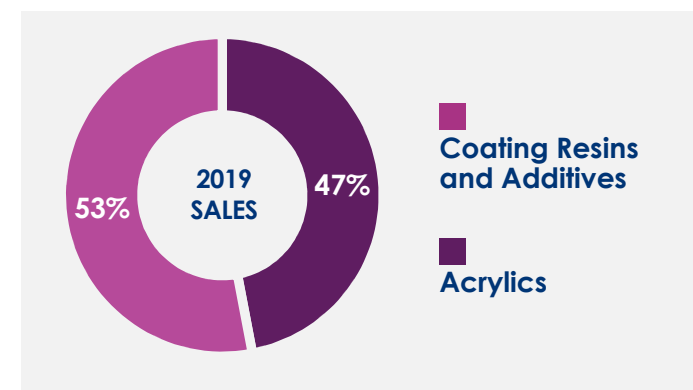
### STABILITY OF MARGINS AT A HIGH LEVEL IN SPITE OF WEAKNESS IN FLUOROGASES

- ✦ Challenging market conditions for **Fluorogases**, with illegal imports of HFCs in Europe weighing on both prices and volumes
- ✦ Normalization in **MMA/PMMA**, mitigated by strong integration, our innovation and favorable raw materials
- ✦ Very good performance of **Thiochemicals** and growth of **Hydrogen Peroxide**
- ✦ **EBITDA at €621m**, down from the excellent 2018 performance (€675m), and **EBITDA margin** remaining at **a high level (24.7%)**

## COATING SOLUTIONS (24% OF GROUP SALES)

In €m	2018	2019	Change
Sales	2,120	2,133	+0.6%
EBITDA	243	264	+8.6%
EBITDA margin	11.5%	12.4%	
REBIT	140	142	+1.4%
REBIT margin	6.6%	6.7%	

Volumes	+4.4%
Prices	(7.0)%
Currency	+2.4%
Scope	+0.7%



### SOLID YEAR SUPPORTED BY VOLUME GROWTH AND DOWNSTREAM MARGIN IMPROVEMENT

#### ✦ Sales up 0.6% YoY

- **Volumes up 4.4%** thanks to strong momentum in Acrylics, especially in the US with the start-up of the Clear Lake reactor and in Asia in the first nine months of the year
- **Prices down 7.0%** mechanically reflecting lower propylene prices

#### ✦ EBITDA up 8.6% at €264m

- Unit margin improvement in downstream activities supported by favorable raw materials environment
- In Q4'19, more difficult market conditions for Acrylics in a seasonally low quarter

#### ✦ EBITDA margin up by 90 bps at 12.4%

## 2019 SALES BRIDGE



## EXCELLENT CASH GENERATION

### BRIDGE OF EBITDA TO FREE CASH FLOW

In €m	2018	2019
<b>EBITDA</b>	<b>1,474</b>	<b>1,457</b>
Current taxes	(180)	(142)
Cost of debt	(90)	(98)
Change in working capital and fixed assets payables <sup>(1)</sup>	(75)	90
Recurring capital expenditure	(500)	(511)
Others (including non-recurring items)	(69)	(33)
<b>Free cash flow excluding exceptional capex</b>	<b>560</b>	<b>763</b>
<b>EBITDA to cash conversion rate</b>	<b>38.0%</b>	<b>52.4%</b>
Exceptional capital expenditure	(61)	(96)
<b>FREE CASH FLOW</b>	<b>499</b>	<b>667</b>

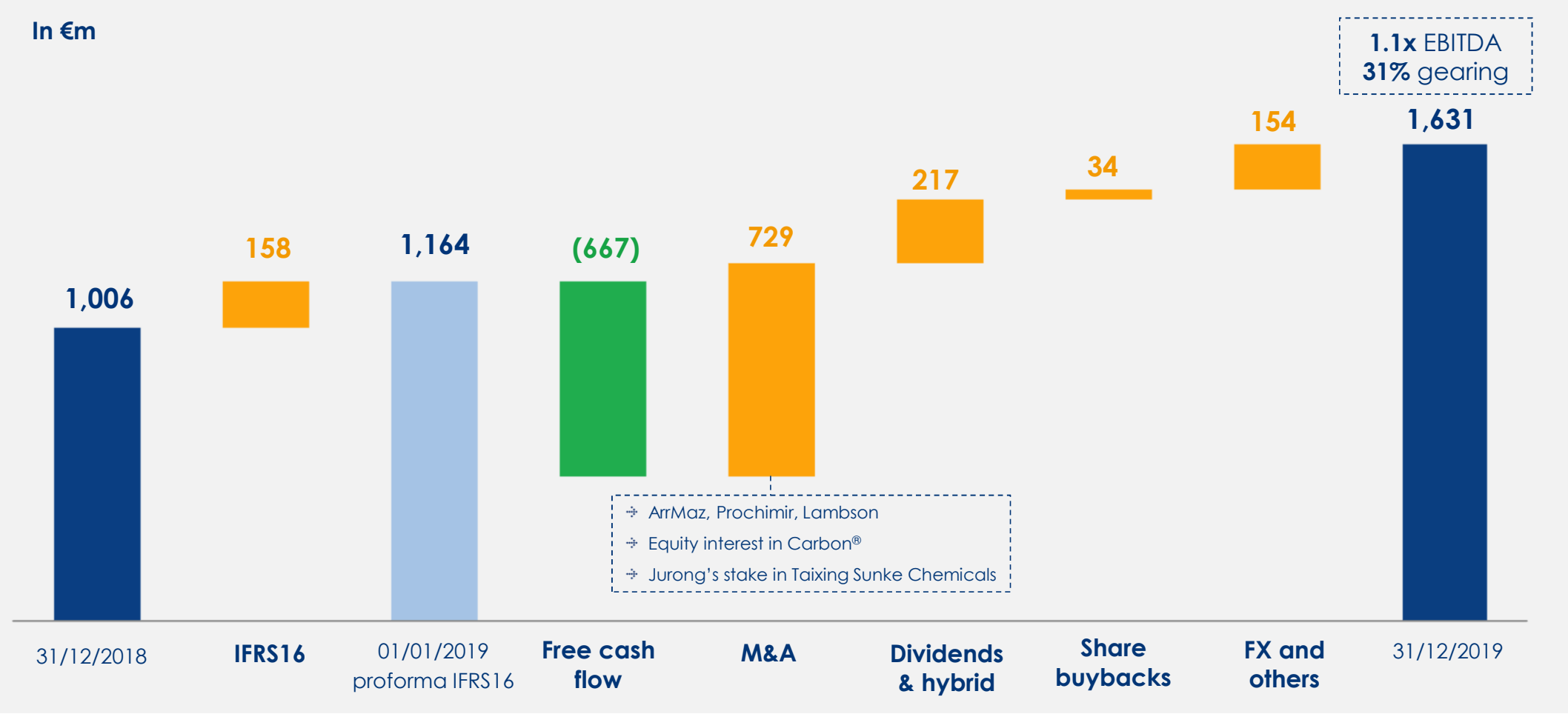
<sup>(1)</sup> Excluding non-recurring items and impact of portfolio management

### 2019 HIGHLIGHTS

- ❖ **Outstanding EBITDA to cash conversion rate**, benefitting from cash inflow linked to working capital (tight management, activity levels and lower raw materials costs)
  - 13.8% working capital to annual sales ratio, close to 2018 level (13.4%)
- ❖ **Tax rate: 19% of REBIT** (excl. non-recurring items)
  - Unchanged from 2018
  - 2020e tax rate (excl. non-recurring): ~20% of REBIT
- ❖ **€607m capex outflow**
  - Recurring capex: 5.8% of Group sales
  - 2020e total capex: ~€700 m, including ~€200 m exceptional capex (step-up in specialty polyamides capex in Singapore)



# 2019 NET DEBT BRIDGE



## STRONG FINANCIAL PERFORMANCE IN 4Q'19

### SALES

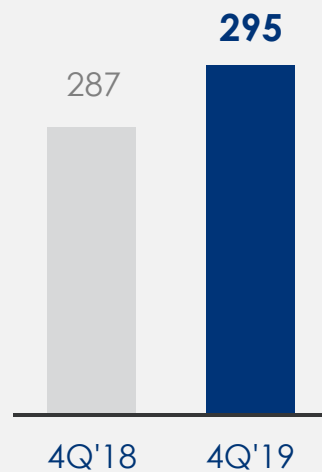
In €m



- ✦ **-7.0%** YoY
- ✦ Volumes down 5.3% in a difficult global economic environment

### EBITDA

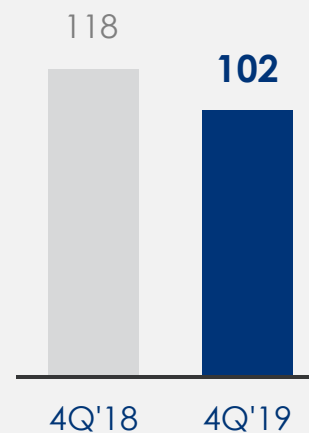
In €m



- ✦ **Up 2.8%** against 4Q'18, driven by specialties
- ✦ EBITDA margin up 140 bps at 14.4%

### ADJUSTED NET INCOME

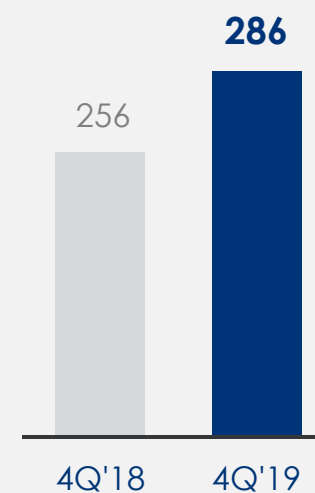
In €m



- ✦ **€1.33** adjusted EPS

### FREE CASH FLOW

In €m



- ✦ Excellent cash generation
- ✦ Continued strict working capital management

# 4Q'19 PERFORMANCE DRIVEN BY HIGH PERFORMANCE MATERIALS

## HIGH PERFORMANCE MATERIALS

in €m	4Q'18	4Q'19	Change
<b>Sales</b>	978	<b>991</b>	+1.3%
<b>EBITDA</b>	125	<b>140</b>	+12%
<b>EBITDA margin</b>	12.8%	<b>14.1%</b>	

### DOUBLE-DIGIT EBITDA GROWTH

- ✦ Scope effect +5.4% due to ArrMaz, Prochimir and Lambson contributions
- ✦ Volumes down 7.6%, on customers destocking, continued weaker demand as well as strikes in France
- ✦ Price effect +1.9% reflecting selling price increases and product mix optimization, especially in Adhesives
- ✦ Strong progression of Bostik in the continuity of the first nine months

## INDUSTRIAL SPECIALTIES

in €m	4Q'18	4Q'19	Change
<b>Sales</b>	683	<b>593</b>	(13.2)%
<b>EBITDA</b>	140	<b>133</b>	(5.0)%
<b>EBITDA margin</b>	20.5%	<b>22.4%</b>	

### CONTRASTED PERFORMANCE

- ✦ Sales down 14.2% vs 4Q'18 at constant scope and FX
- ✦ Prices down 10.3% mainly due to illegal HFC imports in Europe impacting Fluorogases performance
- ✦ Solid performance of other Business Lines

## COATING SOLUTIONS

in €m	4Q'18	4Q'19	Change
<b>Sales</b>	539	<b>464</b>	(13.9)%
<b>EBITDA</b>	44	<b>36</b>	(18.2)%
<b>EBITDA margin</b>	8.2%	<b>7.8%</b>	

### A WEAKER QUARTER FOR ACRYLICS

- ✦ Volumes down 2.8% vs high 4Q'18, in a seasonally low quarter marked also by strikes in France
- ✦ Prices down 12.6% due to lower propylene prices
- ✦ Improved unit margins in downstream activities partly offsetting challenging market conditions for upstream businesses

## DISCLAIMER

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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 division 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 2018 Reference Document. As part of the analysis of its results or to define its objectives, the Group uses in particular the following indicators:

**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

**Return on average capital employed (ROACE):** corresponds to the REBIT divided by the average of capital employed at the end of years Y and Y-1.