

ARKEMA

Bank of America
Materials &
Infrastructure
Conference 2021

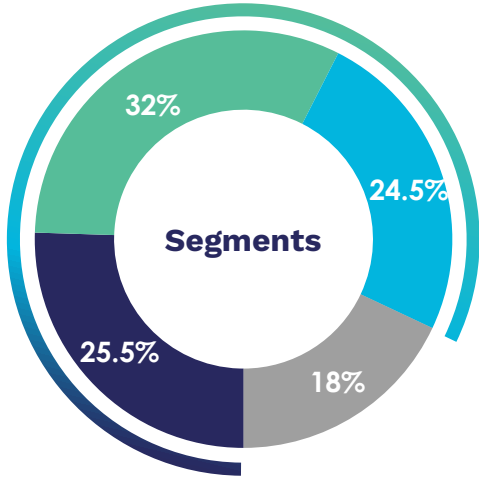
Dec. 2021



Arkema in a snapshot

Arkema at a glance

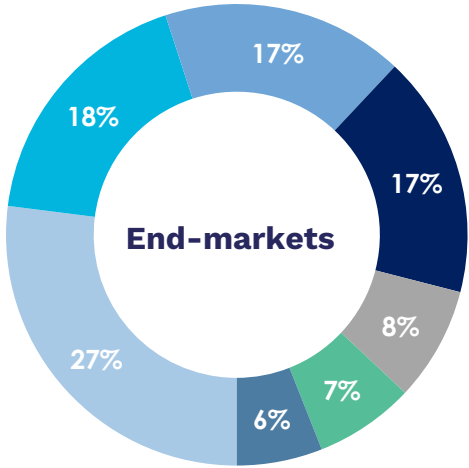
MA
Specialty
Materials
82%
89% pro forma
2020*



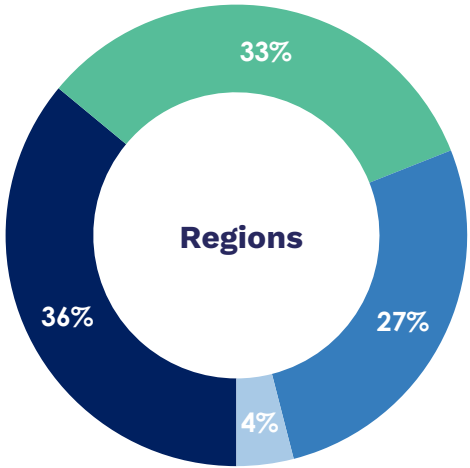
- Adhesive Solutions
- Coating Solutions
- Advanced Materials
- Intermediates

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

2020 Data



- General Industry
- Building & Construction
- Paints & Coatings
- Consumer goods
- Nutrition & Water
- Automotive & Transportation
- Electronics & Energy



- Europe
- North America
- Asia
- ROW

€7.9bn sales

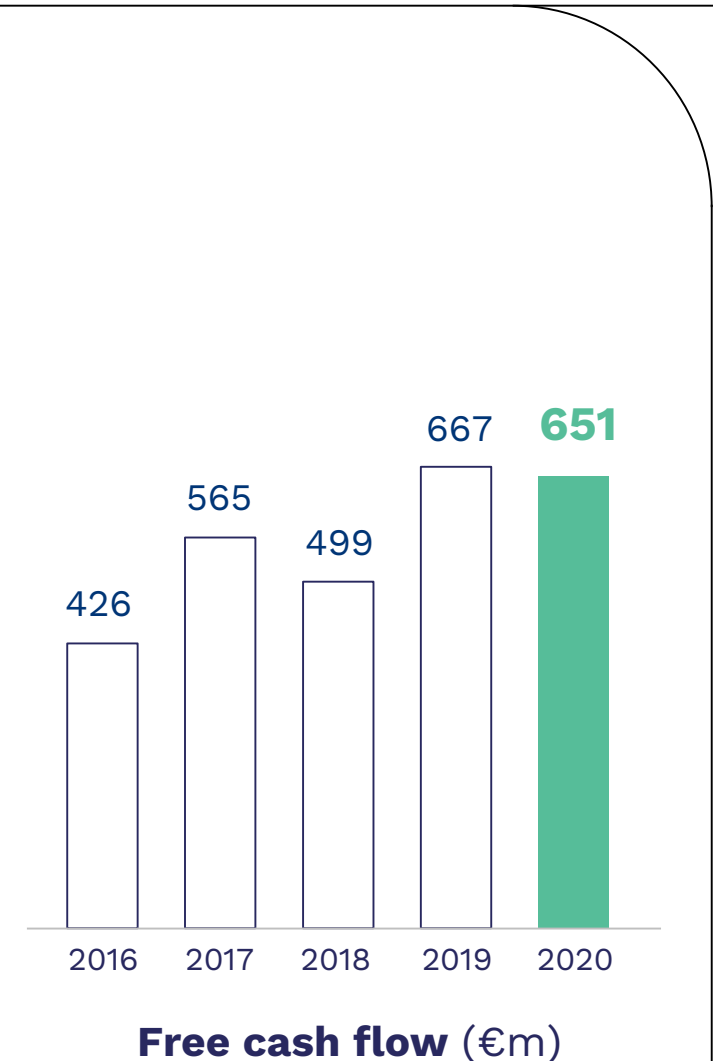
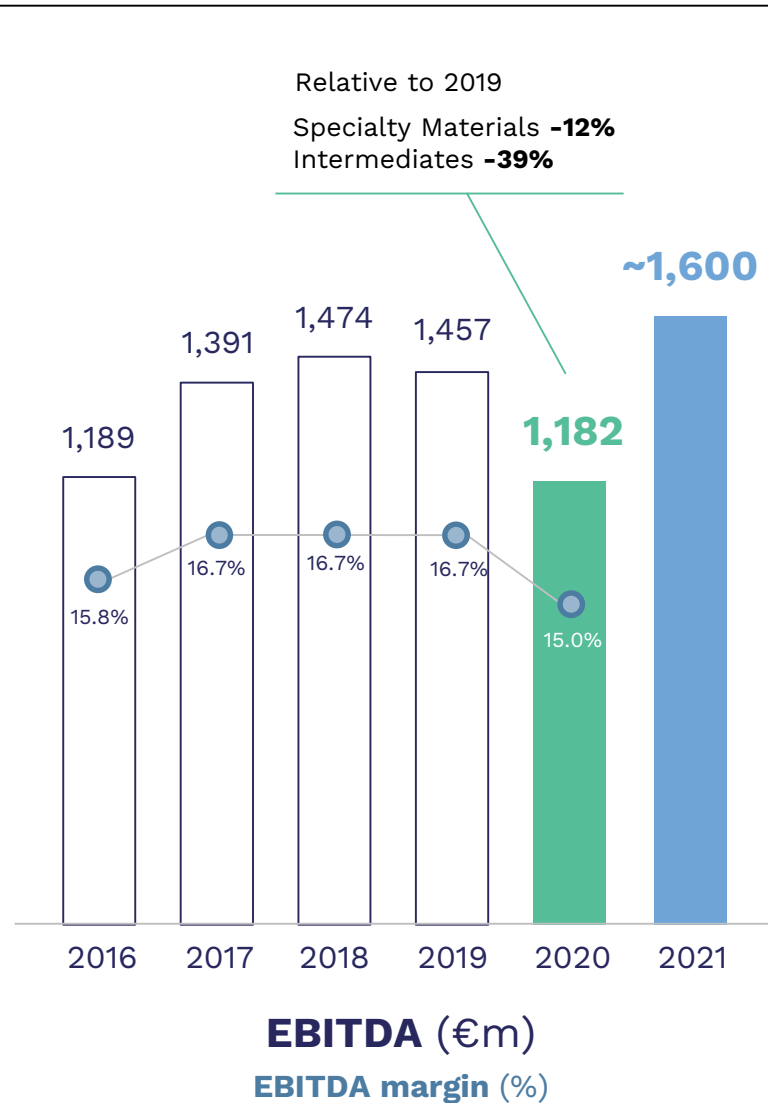
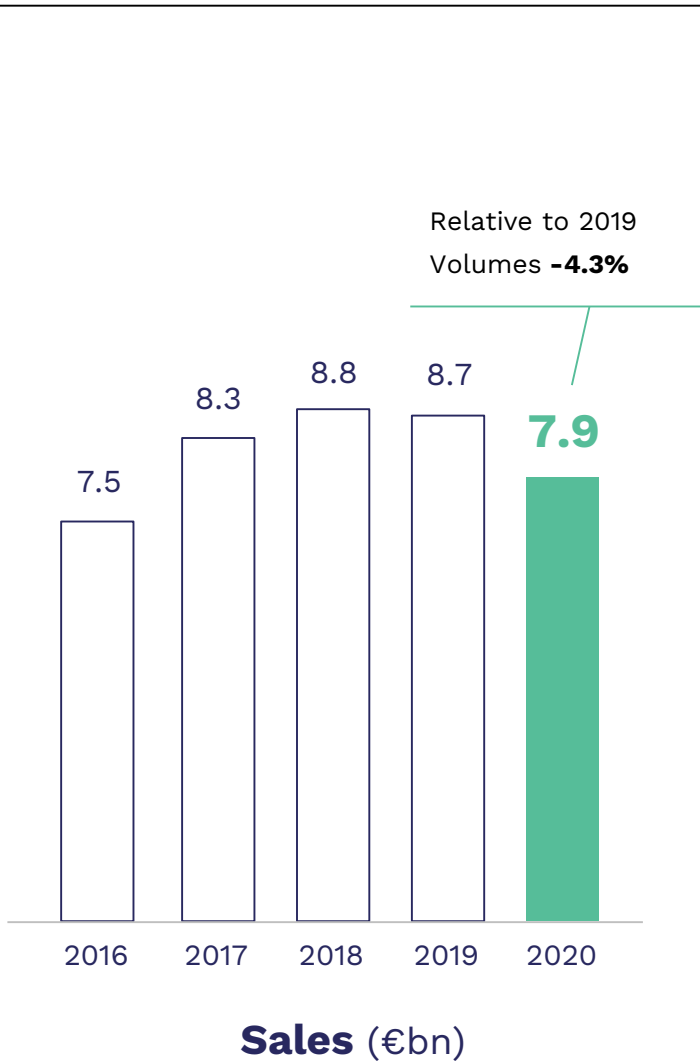
20,600 employees

55 countries

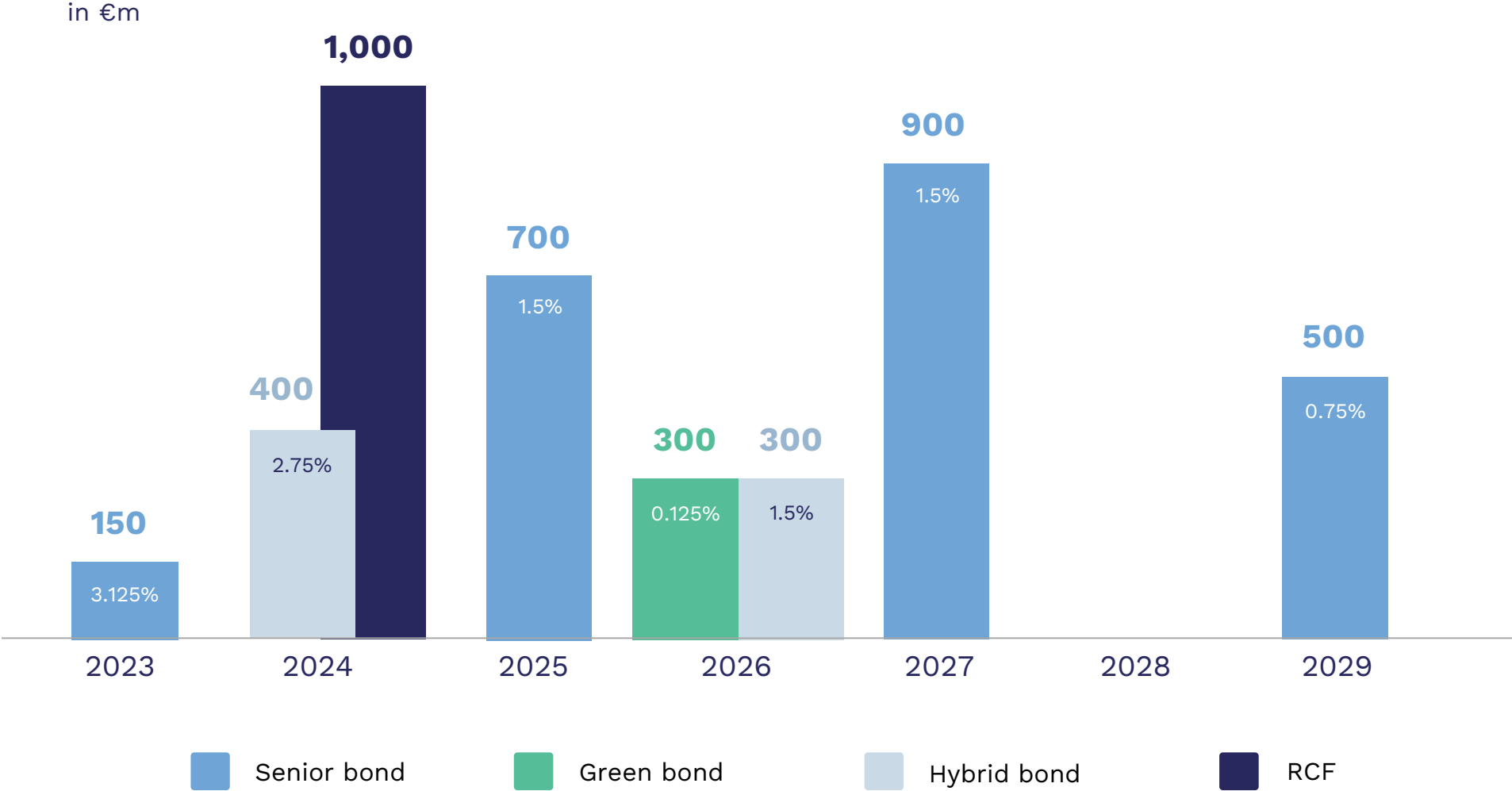
147 plants operated

3.1% of revenues invested in R&D

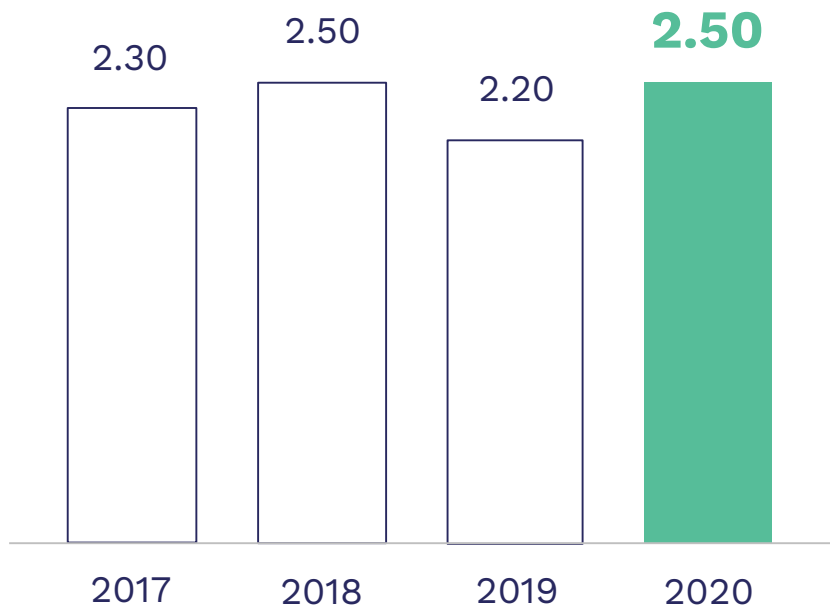
Robust and resilient financial performance, also in the Covid context



Well established financial resources



Shareholder return



Dividend (euros / share)
per financial year¹

1. The dividend of each financial year is paid the following year

→ **Return to pre-Covid level in 2020**
€2.50 / share

→ **Payout ratio**
49%

→ **Yield** (as a % of the share price at 31/12/2020)
2.7%

Share buybacks in 2021

€300m share buyback program over a 6 months period launched on 21 May 2021

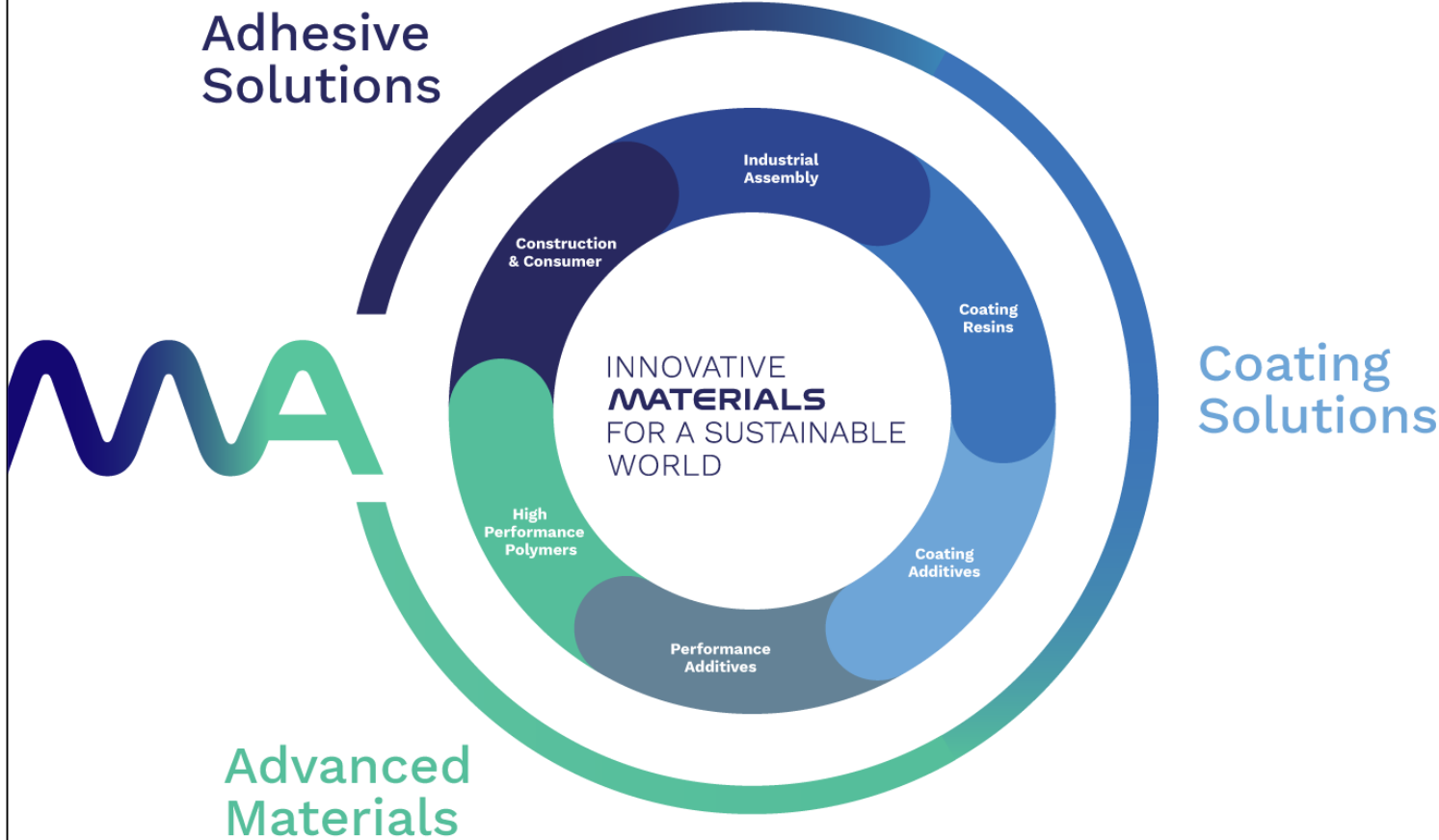


Our long term ambition

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



Our ambition by 2024

Become a sustainable and high-performance Specialty Materials leader



Sales of **€10** to **11bn**

EBITDA margin of **17%**

Organic growth
3 to **3.5%** / year



Cash generation
> 40%

Strict financial
discipline



Deconsolidation of
the Intermediates
segment



4 levers underpin our strategy



Strengthen
Specialty Materials
through **acquisitions**

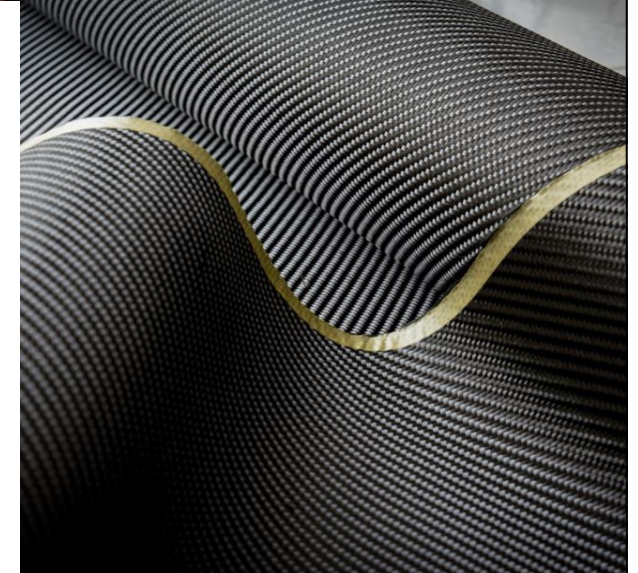


Achieve
**best-in-class
CSR performance**
among chemical
players

Accelerate
organic growth
and **sustainable
innovation**

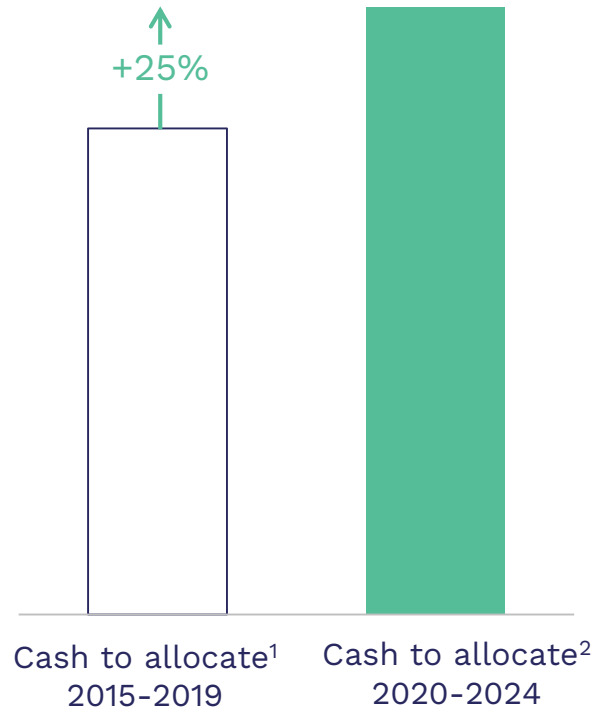


Take action
in **commercial
and operational
excellence**
initiatives

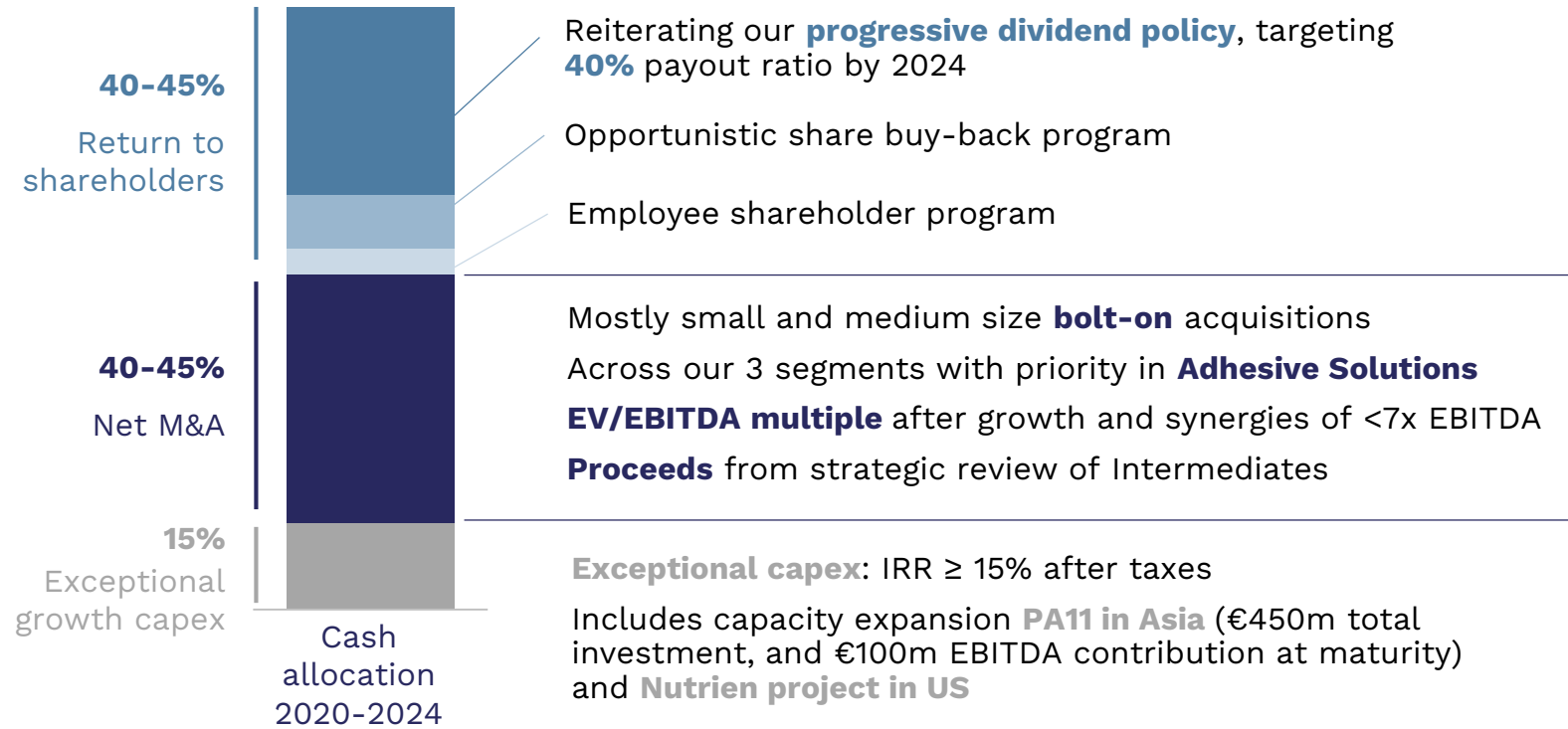


Cash allocation priorities

Estimated cash to allocate over the 5 year plan **~€3.5bn** at constant leverage³ (~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

Strict financial discipline

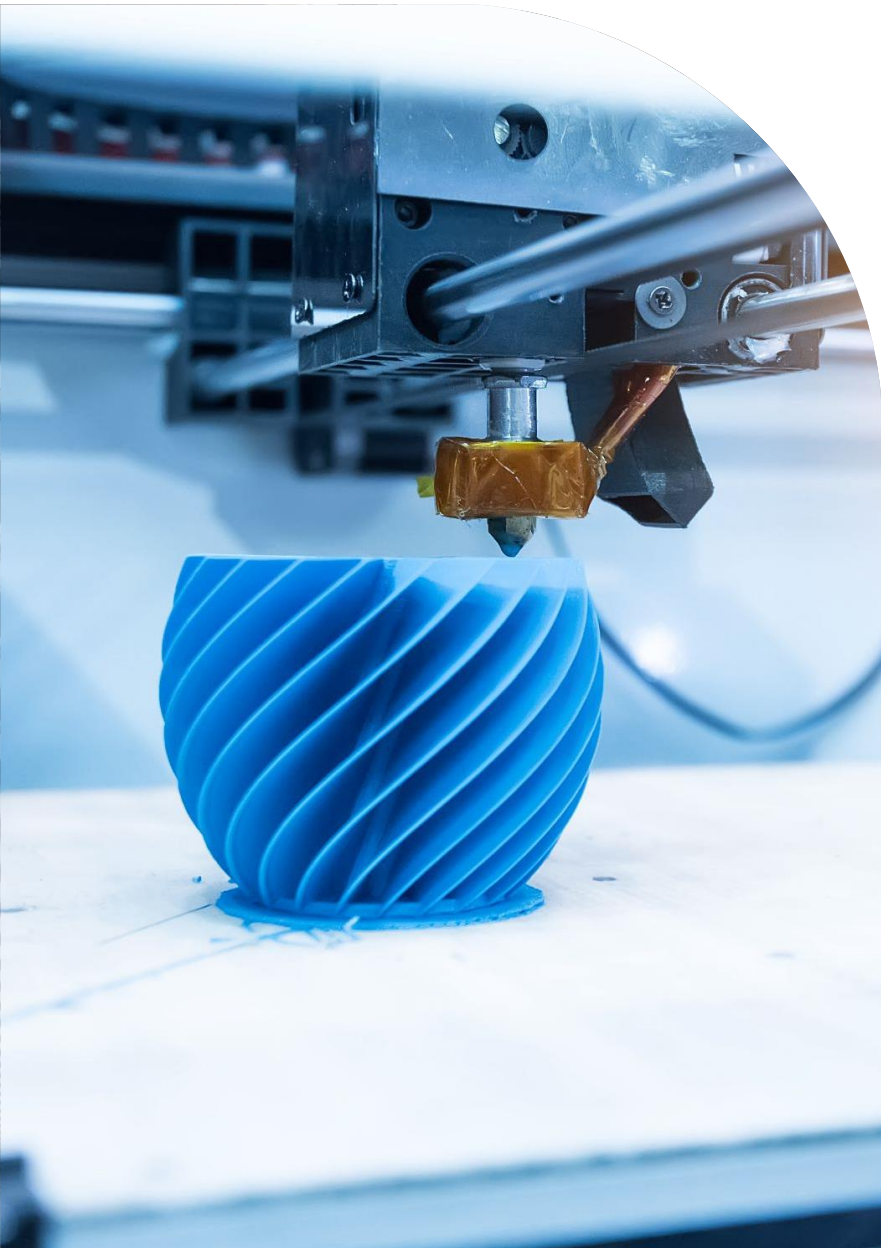
ROCE
>10%

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

Solid
investment
grade rating

Recurring Capex
~5.5%
of sales

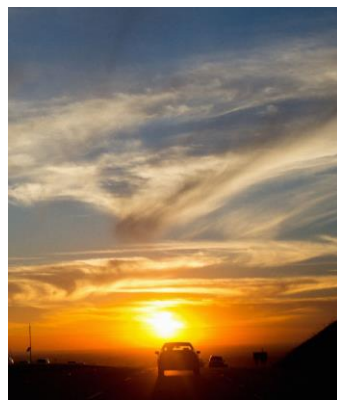
Controlled working capital
~14%
of sales



Accelerate organic
growth and sustainable
innovation

Accelerating demand for new materials driven by megatrends

GLOBAL MEGATRENDS



KEY CHALLENGES ADDRESSED BY ARKEMA

INCREASING URBANIZATION

RESOURCE SCARCITY

CLIMATE CHANGE

NEW TECHNOLOGIES

Boost **new energies and low carbon mobility**



Develop **lightweight materials and design**



Enhance **living comfort and home efficiency**



Manage **natural resources** and promote **circular economy**



Develop **electronic solutions**



SUSTAINABLE
DEVELOPMENT
GOALS

65%

of our sales should significantly contribute to UN SDGs by 2030



We expect to generate from our 5 innovation platforms

€400m new sales by 2024

€1bn* by 2030 *versus* 2019

* to be updated following our announced target in batteries

Significant opportunities in clean mobility

- Bio-based
- Recyclable

€1bn
sales in batteries by 2030



HYDROGEN

- Rilsan®** PA11 composites & liners for tanks
- Kynar®** PVDF membranes for fuel cells & electrolyzers

CHASSIS

- Rilsan®** 100% recyclable composites
- Elium®**

BATTERY

- Kynar®** High-performance and safe Li-ion battery
- Kynar CTO®** PVDF cells and coating separators
- Foranext®** Ultrapure electrolyte salts
- Rilsan®** PA11 battery casing and cooling lines
- Bostik solutions** Thermally conductive adhesives for cell to cell bonding
- Piezotech®** Piezoelectric actuators for monitoring sensors

HYBRID

- Rilsan®** Low wash out PA11 for fuel lines and cooling lines



MEGATRENDS

- Increasing urbanization
- Resource scarcity
- Climate change
- New technologies

KEY CHALLENGES

- Boost new energies and low carbon mobility
- Develop lightweight materials and design

Extended range of products for living comfort and home efficiency



Bio-based

Low VOC

Siliporite®

High thermal insulation
double gazing for windows

Kynar Aquatec®

Cool roofs, eco-friendly
alternative to air-conditioning

Forane®
1233zd

Highly insulated
foam panels

Bostik solutions

“Free from toxic”
adhesives & sealants

Synaqua®

Bio-based, low VOC
decorative paints

**Sartomer
solutions**

Long lasting protection for
wooden floors & surfaces



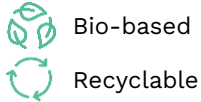
MEGATRENDS

- Increasing urbanization
- Climate change

KEY CHALLENGES

- Enhance living comfort and home efficiency
- Manage natural resources

Increased demand for high-performance bio-based lifestyle products



CONSUMER ELECTRONICS

Rilsan®
Sartomer solutions

Durable components for smartphones, tablets, TVs

Rilsan®
Pebax® Rnew®

Bio-based & recyclable wearable devices

Piezotech®

Connected AR headset & gloves

Sartomer solutions

High definition printed circuit boards for 5G

HIGH PERFORMANCE SPORTS

Rilsan®
Pebax®

100% recyclable running shoes
High energy return foam outsoles for sports shoes
Bio-based ski boots

N3xtDimension®

3D printed extra-wide comfortable saddles (Carbon®)

CONSUMER GOODS

Rilsan®

Design, customizable & bio-based glass frames
Durable dishwasher baskets
Bio-based, recyclable toys

Rilsan®
Pebax® Rnew®

Technical bio-based textile



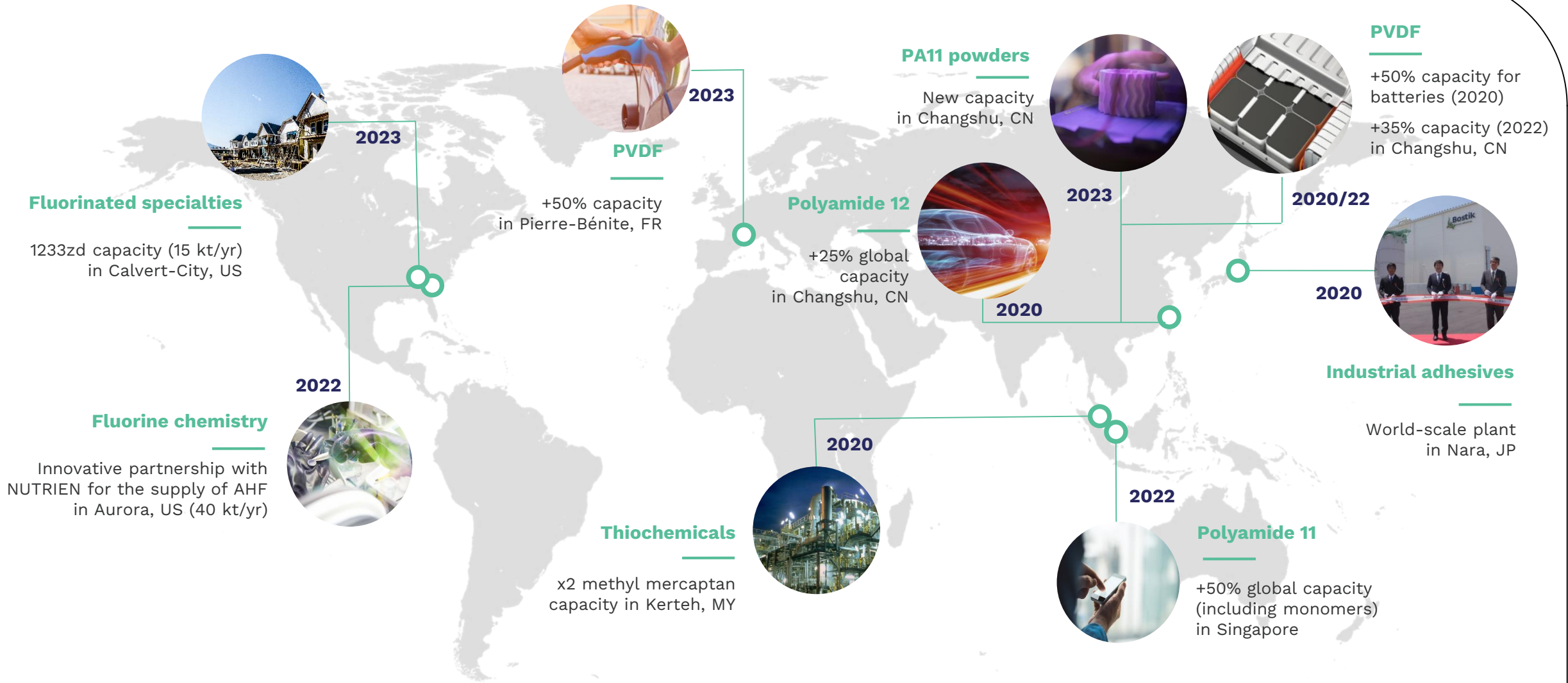
MEGATRENDS

- Increasing urbanization
- Resource scarcity
- Climate change
- New technologies

KEY CHALLENGES

- Manage natural resources and promote circular economy
- Develop electronic solutions

Investments to capture sustainable growth



Progress of our 2 major capex



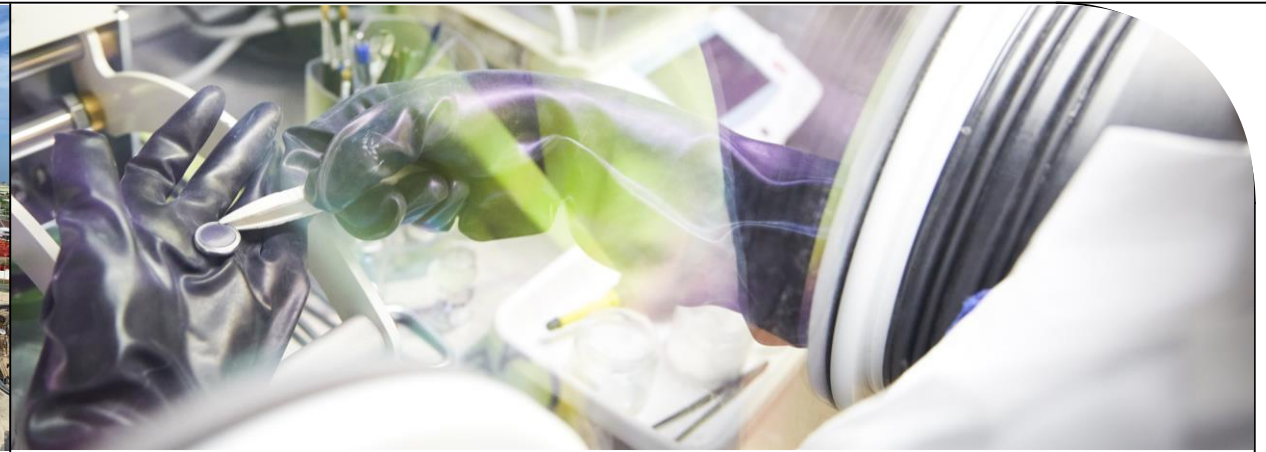
Final phase of our new integrated bio-factory in Singapore

+50% PA11 capacity in Asia (100% bio-based)

Start-up of Singapore plant expected in **2022**

€450m CAPEX and **€100m** EBITDA at maturity

Diversified end-markets with high growth potential



Innovative partnership to supply AHF on track to start mid-2022

Use of **co-product** from Nutrien to produce AHF

CO₂ emissions reduction by 20 times vs traditional process

US\$150m investment into a **40 kt/year** AHF production

Secured and competitive access to AHF in the US



Strengthen Specialty Materials through acquisitions

Strong M&A execution in 2021

Two major steps to refocus our portfolio towards Specialty Materials

ASHLAND PERFORMANCE ADHESIVES

Acquisition project - 31 August 2021



PMMA

Divestment to Trinseo – closing 3 May 2021



Other M&A operations



Brazilian leader in hybrid-technology sealants and adhesives for construction



Offering expansion in high performance adhesives for residential construction



A leader in the regeneration of high performance polymers and materials circularity



Specialist in large-series additive manufacturing, notably using 100% bio-based PA11 powder



French start-up specialized in the production of high performance batteries

EPOXIDES BUSINESS

Bio-based and specialty epoxides in Blooming Prairie (US). Divestment project to Cargill

BOLT-ON ACQUISITIONS

EQUITY INVESTMENTS

DIVESTMENT

Ashland Performance Adhesives

A strongly value-creative acquisition project

Transaction highlights

US\$1.65bn enterprise value, representing, including the tax benefits:

15x 2021e EBITDA¹

8.7x 2026e EBITDA (including pre-tax synergies)

Financial impact

EPS accretive **within the first year**, and expected to **add €1 in EPS by 2026**

Significant expected pre-tax synergies of **over US\$45m**

Financing & leverage

Financed through Arkema's excess cash and existing debt facilities

Net debt on EBITDA ratio after closing in line with Group's objective to maintain this ratio **below 2**

¹ Including *pro forma* adjustments

Ashland Performance Adhesives

Overview

2021e key figures *

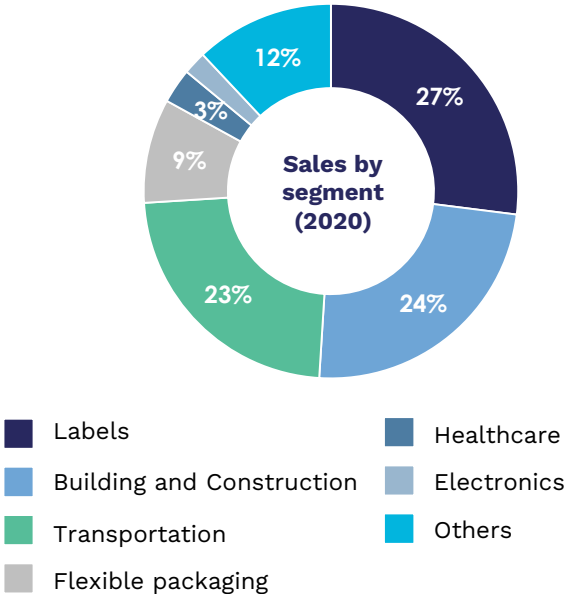
~US\$360m sales

81% NA
13% EU
6% AP+RoW

~US\$95m EBITDA

~330 employees **6** plants

Main segments



Leading technologies

Pressure Sensitive Adhesives

% of sales

Structural Assembly Adhesives

% of sales

Laminating Adhesives & Coatings

% of sales

A first class leader in high performance adhesives for industrial applications in NA

Very strong financial performance

Leadership positions in high value added and attractive segments offering strong growth

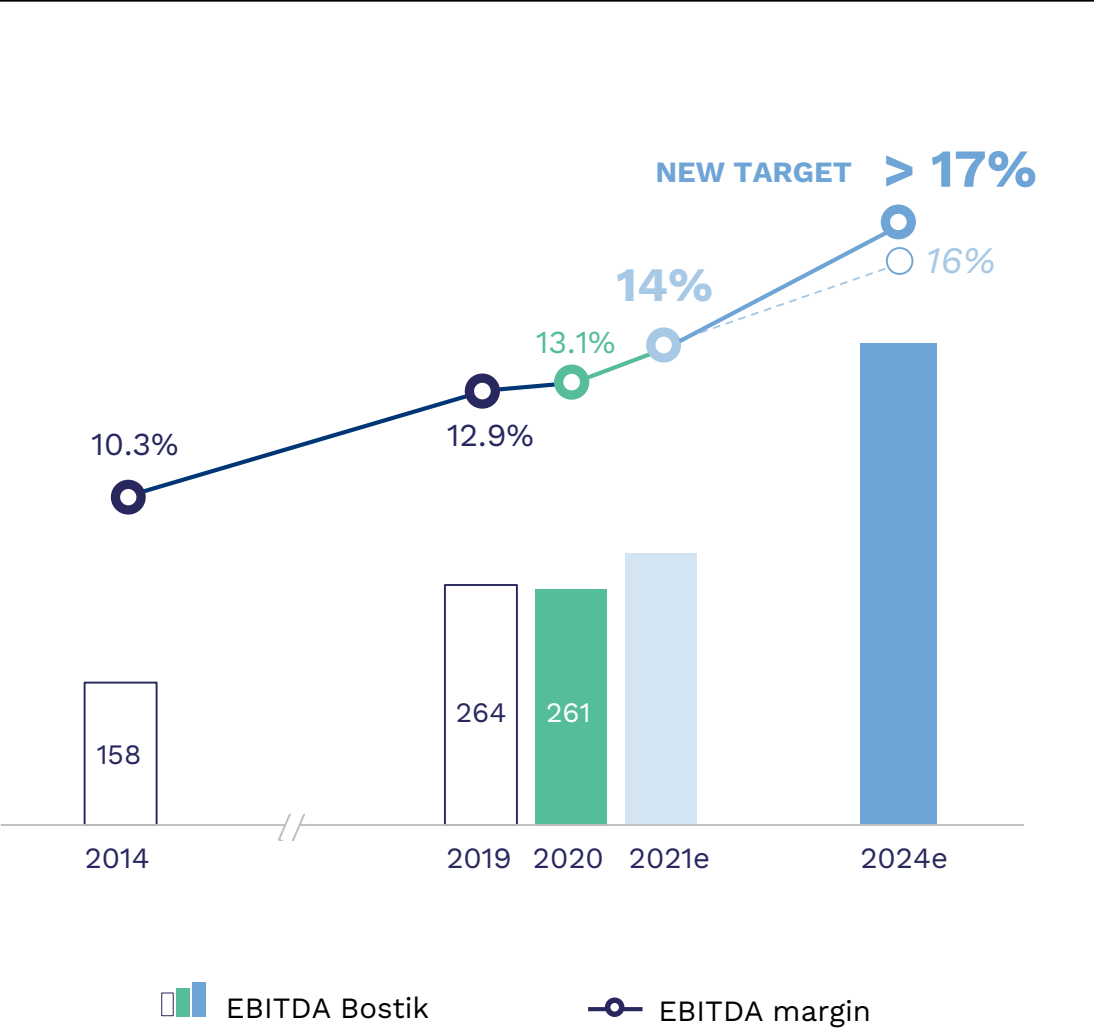
Solid expertise in 4 leading adhesive technologies complementary to Bostik’s and Arkema’s Coating Solutions segment

(waterborne acrylics, solvent borne acrylics, UV curing, reactive)

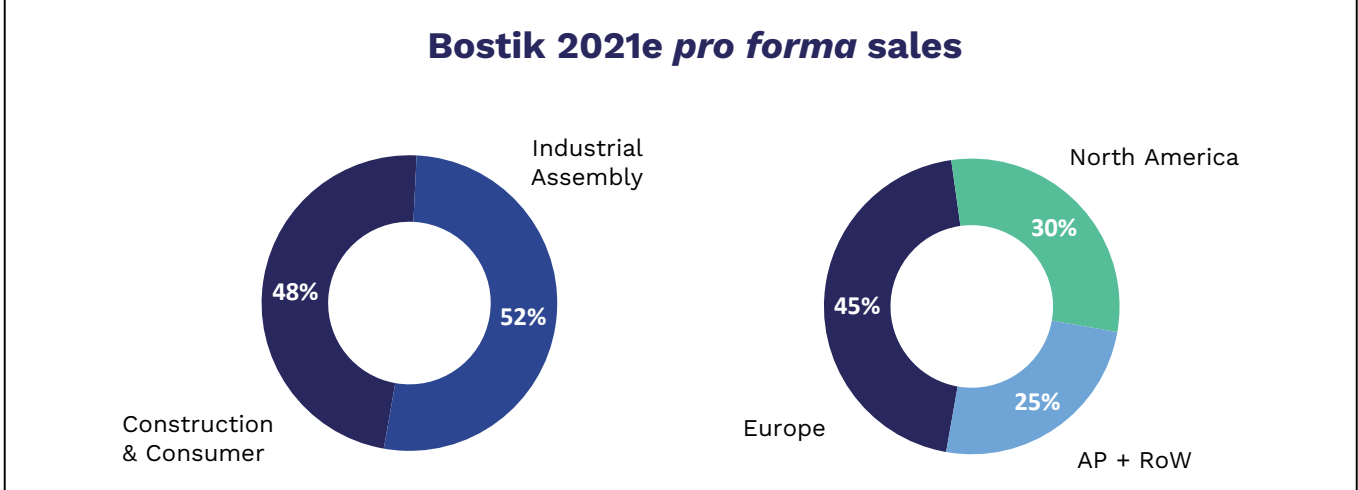
* Including pro forma adjustments

Ashland Performance Adhesives

Consolidating Bostik's long term growth ambition



- Becoming strong global **player** in Pressure Sensitive Adhesives, with one of the **most complete offerings**
- Strengthening Bostik's presence **in the US**
- Reinforcing **high value added** industrial adhesives portfolio
- Improving **profitability** with **new 2024e EBITDA margin target above 17%**, among the very best in the industry





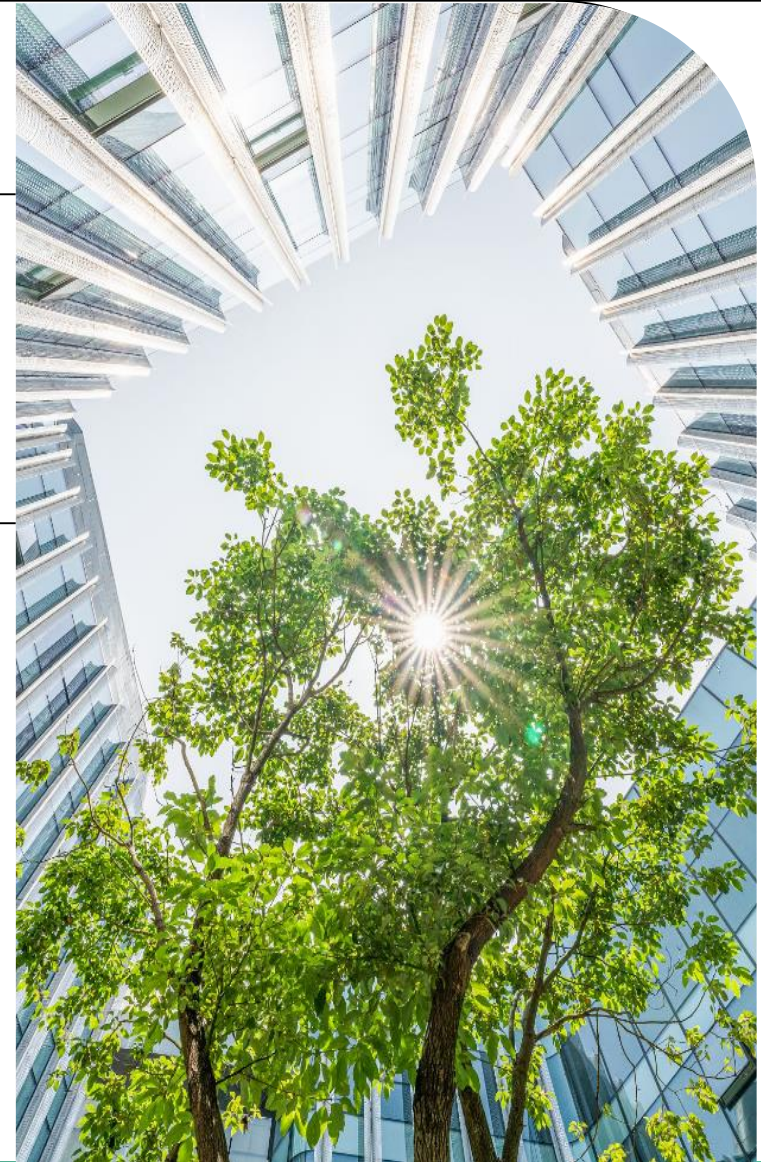
Achieve best-in-class
CSR performance

Arkema Corporate Social Responsibility policy








Our 3 commitments

<p>Deliver sustainable solutions driven by innovation</p>	<p>Manage our activities as a responsible manufacturer</p>	<p>Cultivate an open dialogue and close relations with our stakeholders</p>
<ul style="list-style-type: none"> → Solutions that address societal challenges → Innovation at the heart of the activities → Product stewardship 	<ul style="list-style-type: none"> → Safety of people and processes → Health → Environmental footprint reduction 	<ul style="list-style-type: none"> → Ethics → Human rights → Diversity & employee development → Responsible value chain → Corporate citizenship



Strong improvement in CSR recognition

	2015	2019	2020	
 Now a Part of 	42	65	79	The Sustainability Yearbook 2021 Bronze Award
Member of Dow Jones Sustainability Indices <small>Powered by the S&P Global CSA</small>			<i>Based on SAM</i>	Improved ranking to 3rd in DJSI World 2021 vs 6th in 2020
	BB	A	A	
	C	B	A-	
	Gold	Gold	Top 1%	



CAC40[®] ESG

Integration in a new index (2021)

Includes the 40 companies that have demonstrated ESG best practices on the Paris Stock Exchange

Other ratings




a Morningstar company

RATED



1st decile (global)
June 2020



Top percentile across all sectors
Score: 67/100 (2021)

3 structuring programs supporting sustainable growth

Archimedes program

Moving toward higher positive impact

Impact+ target

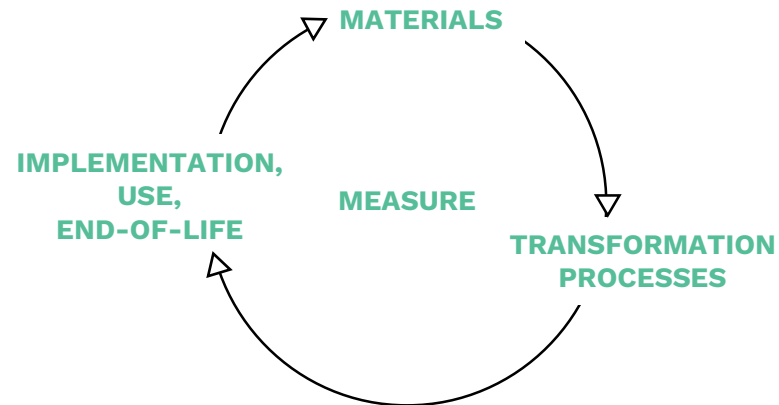
65% of our sales significantly contributing to UN SDGs **by 2030**

50% in 2020*

*Based on 72% of 2020 sales assessed (Portfolio Sustainability Assessment)

Circular Economy

A sustainable resource management



MATERIALS: maximize the use of renewable and/or recycled materials and packaging

TRANSFORMATION PROCESSES: manage resources on our sites

IMPLEMENTATION, USE, END-OF-LIFE: maintain products and materials in the use-loop

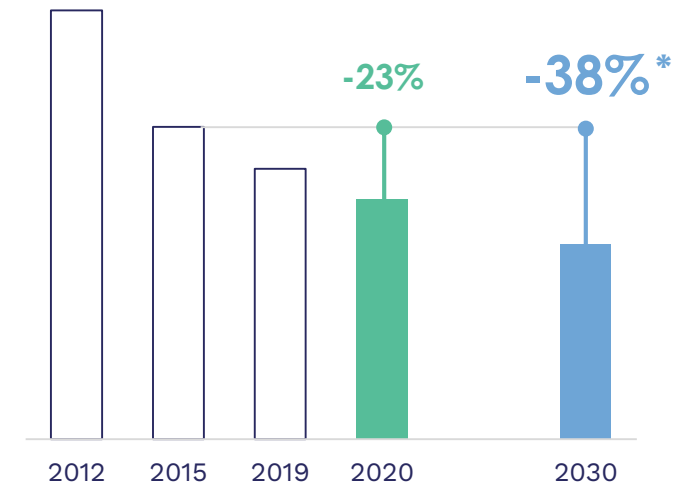
MEASURE: roll out Life Cycle Analysis

Climate Plan

Contain global warming

Commitment to Paris Agreement

Science Based Target w/ 2°C

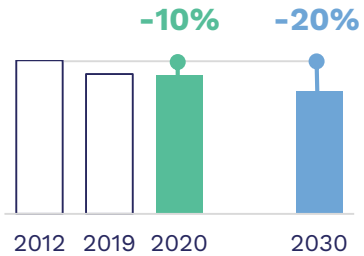


*GHG emissions (scopes 1&2 + ODS) absolute target vs 2015

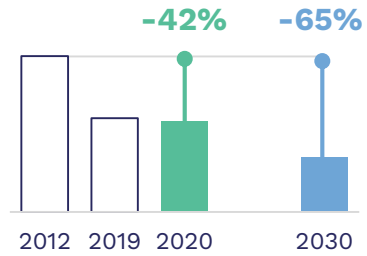
Commitment to sustainability reinforced with a solid foundation

Environment ¹

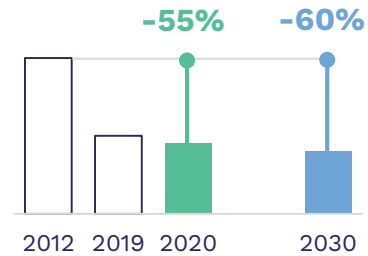
Energy



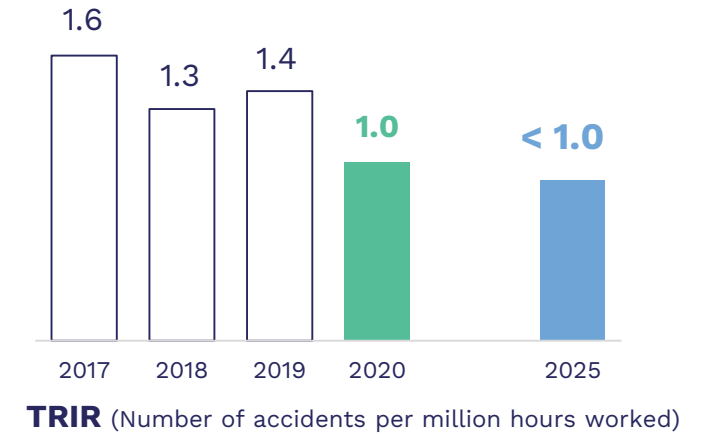
VOC



COD



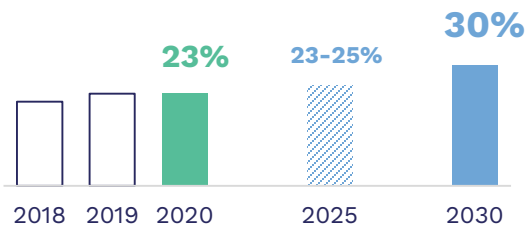
Safety



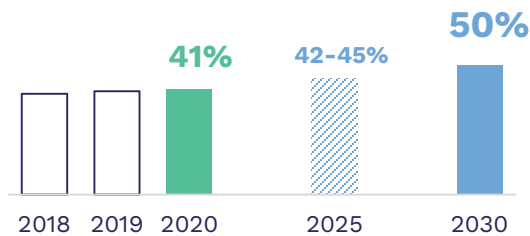
Diversity

in senior management and executive positions

Women



Non-French



Responsible sourcing

80% of our purchases from **relevant suppliers in 2025**
(Together for Sustainability assessed)

68% in 2020

1. EFPI vs 2012 for Energy, VOC (volatile organic compounds) and COD (chemical oxygen demand)

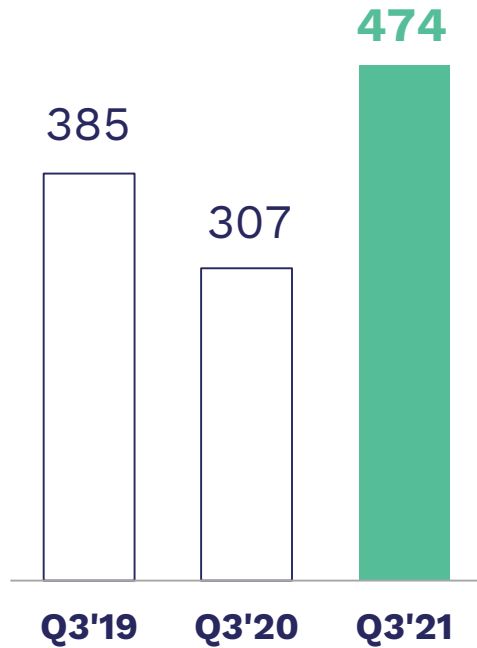


Detailed Q3'21 results and outlook

Excellent Q3'21 results in a challenging operational context

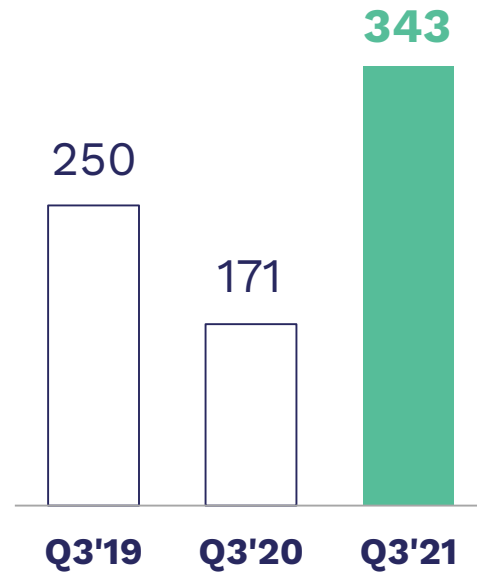
in €m

EBITDA



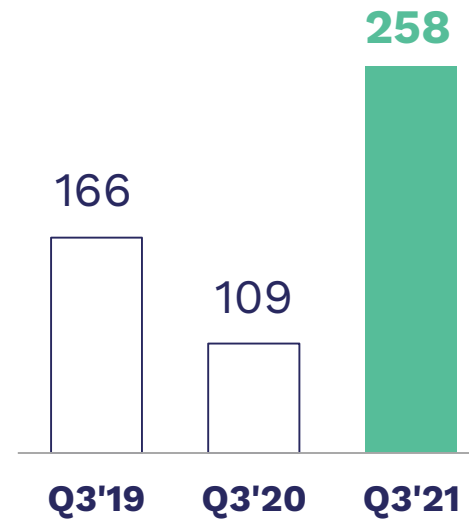
Margin **19.8%**

REBIT



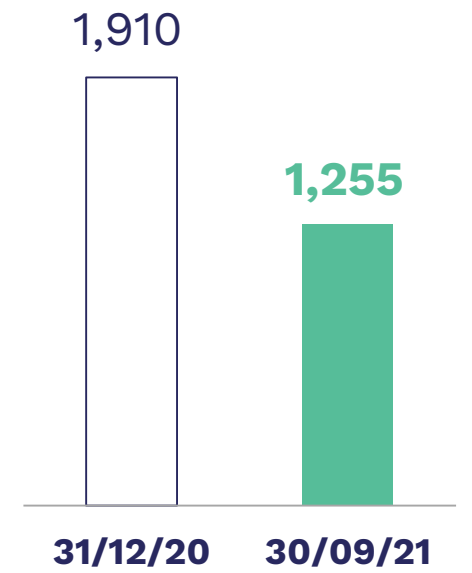
x2.0 vs Q3'20

Adj. Net Income



Adj. EPS **€3.44**

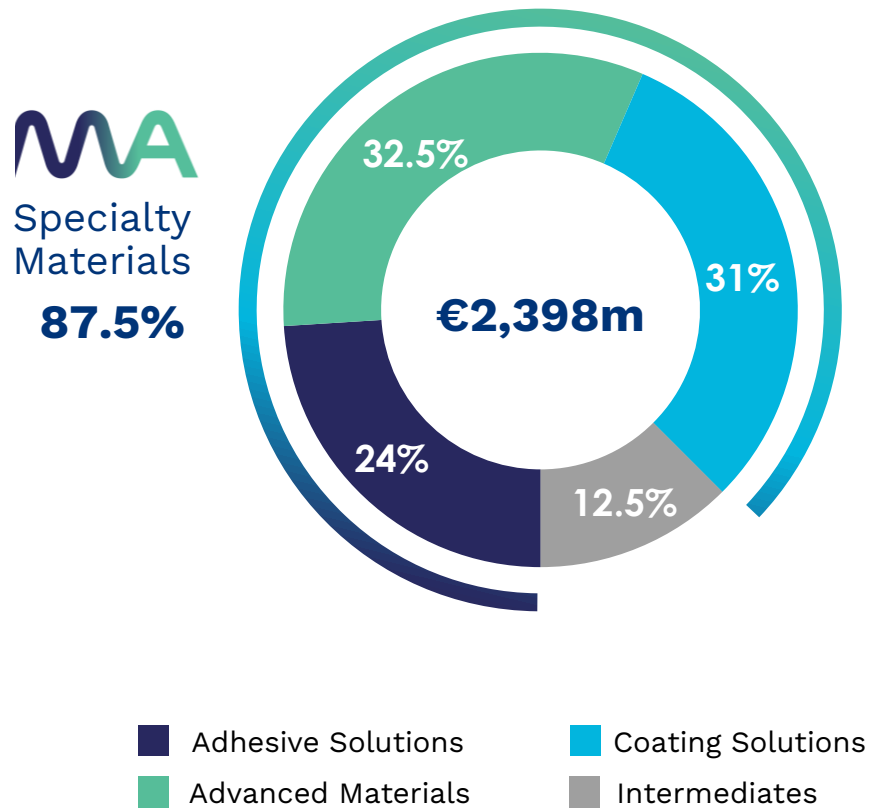
Net Debt (incl. hybrid bonds)



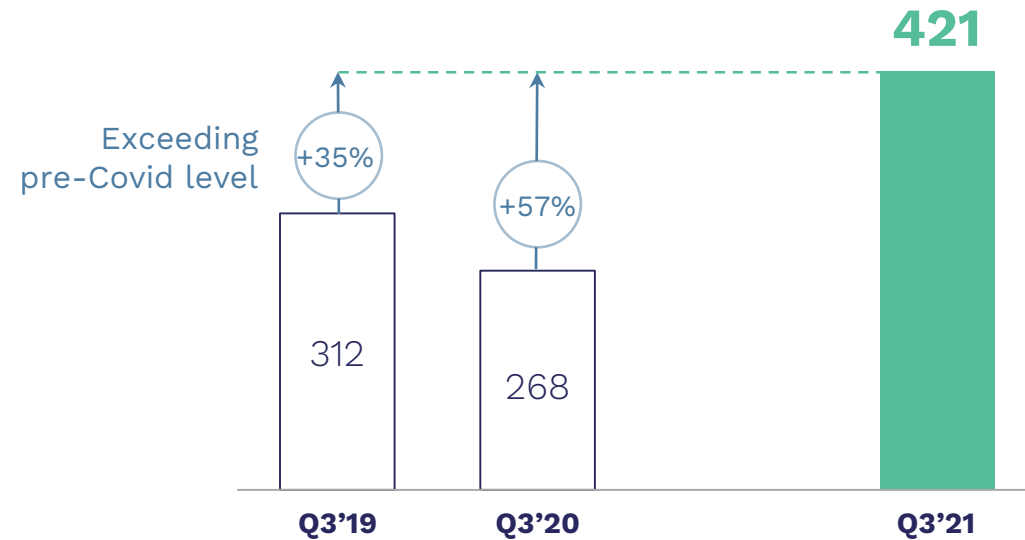
0.8x LTM EBITDA

Specialty Materials performance significantly above 2019

Q3'21 sales split



Specialty Materials' EBITDA



- Volumes up YoY, particularly in High Performance Polymers and Coating Solutions
- Pricing actions in a context of sharp inflation of raw materials, energy and transportation costs
- Adhesive Solutions EBITDA margin on track to reach the 14% target for the full year, despite the mechanical dilutive effect of price increases and the complex raw materials environment

Q3'21 financial highlights

€2,398m sales

- Up nearly **30%** vs **Q3'20** and **17%** vs **Q3'19**, at constant scope and currency
 - Accelerating demand for cutting-edge and sustainable solutions
 - Volumes up by a solid **5.3%** YoY, in an operational context marked by the shortage of an increasing number of raw materials and logistics constraints in Asia and US
 - Significant price increases (**+23.8%** YoY), reflecting Arkema's initiatives to pass on sharp inflation of raw materials, energy and logistics costs, as well as product mix improvement

€474m EBITDA

19.8% EBITDA margin

- EBITDA **sharply up** by **54.4%**
 - Specialty Materials EBITDA up 57.1% YoY, at €421m, well above pre-Covid level (+ 34.9% vs Q3'19)
 - Intermediates EBITDA at €74m, despite negative PMMA scope effect
- EBITDA margin close to **20%**, record high for a Q3

€258m adj. net income

- Representing €3.44 per share

€1,255m net debt
(incl. hybrid bonds)

- 0.8x LTM EBITDA
- €236m recurring cash flow (FCF before exceptional items)

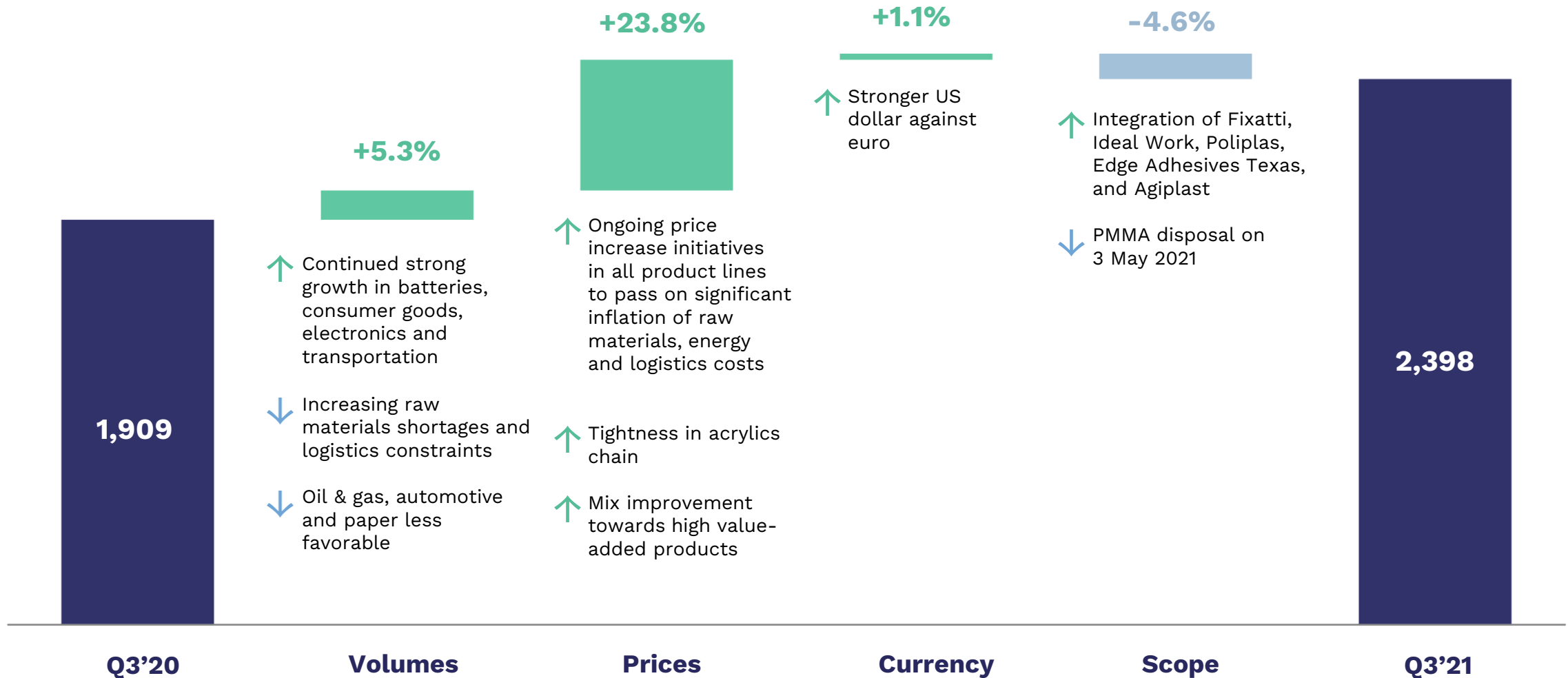
Key figures

in €m

	Q3'21	Q3'20	Change
Sales	2,398	1,909	+25.6%
EBITDA	474	307	+54.4%
Specialty Materials	421	268	+57.1%
Intermediates	74	55	+34.5%
Corporate	-21	-16	
EBITDA margin	19.8%	16.1%	
Specialty Materials	20.1%	16.9%	
Intermediates	24.7%	17.5%	
Recurring operating income (REBIT)	343	171	+100.6%
REBIT margin	14.3%	9.0%	
Adjusted net income	258	109	+136.7%
Net debt (incl. hybrid bonds)	1,255	1,869	

Strong organic sales growth

Sales in €m

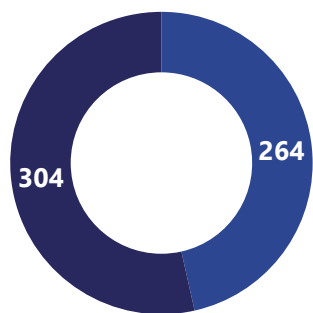


Adhesive Solutions (24% of Group sales)

Key figures

in €m	Q3'21	Q3'20	Change
Sales	568	516	+10.1%
EBITDA	79	73	+8.2%
EBITDA margin	13.9%	14.1%	
REBIT	63	57	+10.5%

Sales by business line



■ Construction & Consumer
■ Industrial Assembly

Sales development

Volumes ——— -2.3%
Prices ——— +6.6%
Currency ——— +1.0%
Scope ——— +4.8%

Highlights

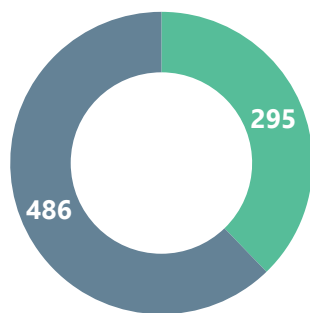
- **+6.6% price** effect, reflecting the Group's actions to pass on sustained raw materials inflation
- **Volumes down 2.3%** from Q3'20 high comparison base
 - Robust demand in construction, and in high-performance industrial applications
 - Impact of raw material shortages and logistics constraints, particularly in the US and Asia
- **€79m EBITDA, up 8.2% YoY**, driven by price increase actions, operational excellence, improved product mix and integration of acquisitions
- **EBITDA margin at 13.9%** (14.1% in Q3'20), on track to reach full year target of 14%, despite mechanical dilutive effect of price increases

Advanced Materials (32.5% of Group sales)

Key figures

in €m	Q3'21	Q3'20	Change
Sales	781	603	+29.5%
EBITDA	174	127	+37.0%
EBITDA margin	22.3%	21.1%	
REBIT	111	66	+68.2%

Sales by business line



■ High Performance Polymers
■ Performance Additives

Sales development

Volumes ——— +13.3%
Prices ——— +14.6%
Currency ——— +0.8%
Scope ——— +0.8%

Highlights

- **Volumes up 13.3% YoY**
 - Strong increase in High Performance Polymers volumes, in particular in batteries, sports and bio-based consumer goods
 - Automotive (excluding batteries) and oil & gas markets less supportive

- **Prices up 14.6%**, reflecting price increase initiatives in a rising raw materials environment, and improved product mix on high-performance applications

- **€174m EBITDA, up 37.0% YoY**, far exceeding pre-Covid level of Q3'19 (€159m), in the context of accelerating demand for sustainable and high-performance materials

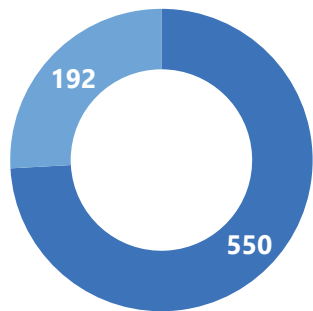
- **EBITDA margin at a high level of 22.3%** (21.1% in Q3'20 and 22.5% in Q3'19)

Coating Solutions (31% of Group sales)

Key figures

in €m	Q3'21	Q3'20	Change
Sales	742	469	+58.2%
EBITDA	168	68	+147.1%
EBITDA margin	22.6%	14.5%	
REBIT	138	39	+253.8%

Sales by business line



■ Coating Resins
■ Coating Additives

Sales development

Volumes — +5.8%
Prices — +52.4%
Currency — -
Scope — -

Highlights

- **Prices up 52.4% YoY**
 - Price actions in downstream product lines to offset high raw materials inflation
 - Relative tightness of the acrylics market
- **Volumes up 5.8% YoY**, driven by continued strong demand in decorative paints, industrial coatings, 3D printing, graphic arts and electronics
- **€168m EBITDA**
(vs €68m in Q3'20 and €82m in Q3'19)
 - Accelerating demand for more eco-friendly and higher value-added solutions
 - Improved conditions in acrylics market
 - Pricing power in downstream activities
- **EBITDA margin at a very high level of 22.6%**
(14.5% in Q3'20 and 15.4% in Q3'19)

Intermediates (12.5% of Group sales)

Key figures

in €m	Q3'21	Q3'20	Change
Sales	300	315	-4.8%
EBITDA	74	55	+34.5%
EBITDA margin	24.7%	17.5%	
REBIT	53	27	+96.3%

Sales development

Volumes	——	+1.6%
Prices	————	+27.6%
Currency	——	+3.5%
Scope	————	-37.5%

Highlights

- **Scope effect of -37.5%** related to PMMA divestment
- **Prices up by a significant 27.6% YoY**, reflecting more favorable market conditions in acrylics in Asia, and Fluorogases improvement in the US
- **Volumes up 1.6% YoY**, held back by the reduction in acrylics production end-Q3'21 following Chinese authorities' measures to limit energy consumption
- **€74m EBITDA**, up 34.5% YoY and **EBITDA margin at 24.7%** from 17.5% last year

Q3'21 Cash flow

in €m

Reconciliation of EBITDA to net cash flow

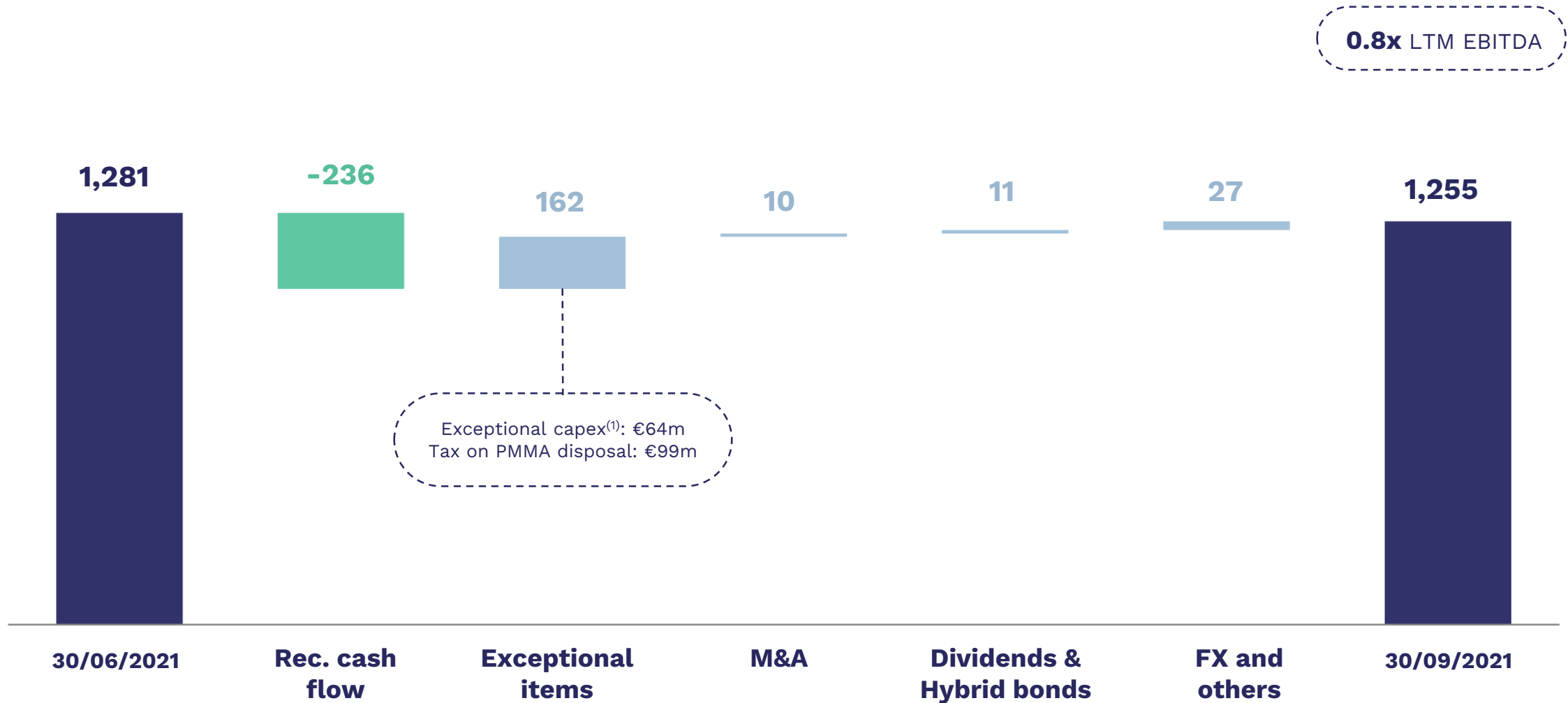
	Q3'21	Q3'20
EBITDA	474	307
Current taxes	-60	-31
Cost of debt	-13	-19
Change in working capital and fixed assets payables ⁽¹⁾	-80	160
Recurring capital expenditure	-111	-105
Others	26	-1
Recurring cash flow	236	311
Exceptional capital expenditure	-64	-33
Non-recurring items	-98	7
Free cash flow	74	285
Impact of portfolio management	-10	-5
Net cash flow	64	280

1. Excluding non-recurring items and impact of portfolio management

- **Q3'21 tax rate**
20% of REBIT (excl. exceptional items)
- **Working capital tightly controlled**
12.3% of annualized sales at end-September 2021
- **Non-recurring items**
Mainly corresponding to part of the tax payment linked to PMMA disposal in 2021
- **Exceptional capex**
Ramp-up in the construction of the bio-based PA11 plant in Singapore and of the hydrofluoric acid unit in the US

Net debt evolution (including hybrid bonds)

in €m



1. PA11 expansion in Asia and Nutrien project

Outlook

- Activity in Q4'21 should be in line with the past few months. Operational performance will continue to be impacted by the unavailability of certain raw materials, logistical difficulties, and rising input costs, which will guide the Group's selling price policy. The automotive sector will also remain affected by the shortage of electronic components, and energy restrictions in China could temporarily reduce demand in the region.
- Arkema will continue to greatly benefit from the repositioning of its portfolio towards Specialty Materials and from the very positive momentum driven by major sustainable trends.
- The Group is again significantly raising its annual guidance, targeting **growth of at least 40% in Specialty Materials EBITDA** in 2021 compared to 2020, at constant scope and currency¹, compared to 30% previously communicated with H1'21 results. **Group EBITDA** should thus be **around €1.6 billion** for the full year.
- In addition, the Group confirms the EBITDA margin target of 14% for the year for the Adhesive Solutions segment.
- Finally, the Group will continue to implement its strategy in line with its ambition to become, by 2024, a pure player in sustainable and high-performance Specialty Materials.

1. With the assumption of a €/€ exchange rate of 1.2 for 2021, the impact on 2020 EBITDA is estimated at a negative €30 million for Specialty Materials and a negative €10 million for Intermediates

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