

ARKEMA

Deutsche Bank
Global ESG
Conference 2022

28 February 2022



Arkema in a snapshot

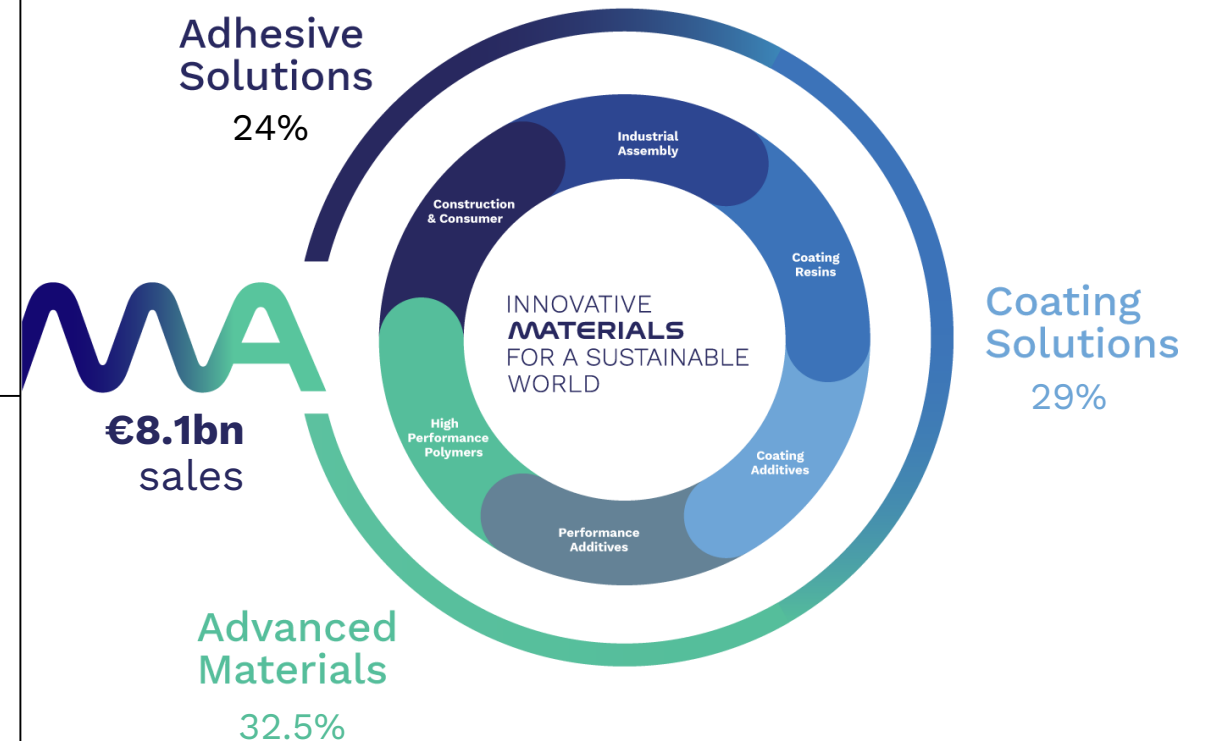
Innovative materials for a sustainable world

A Specialty Materials leader

offering unique innovative and sustainable solutions to address our customers' current and future challenges

5 corporate values supporting our vision

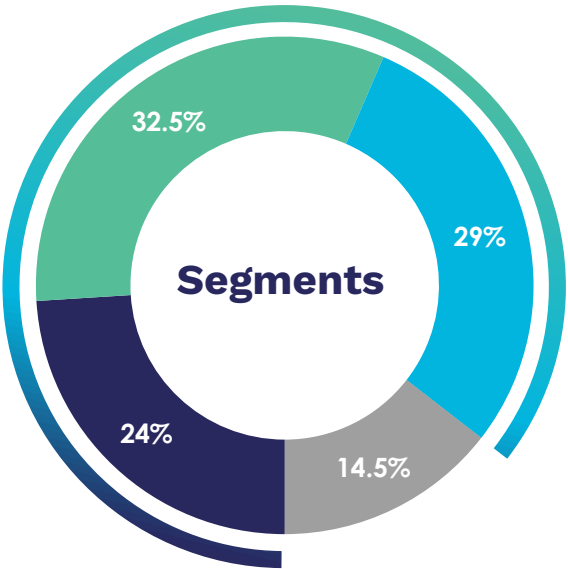
Simplicity ——— Solidarity ——— Inclusion
Performance ——— Empowerment



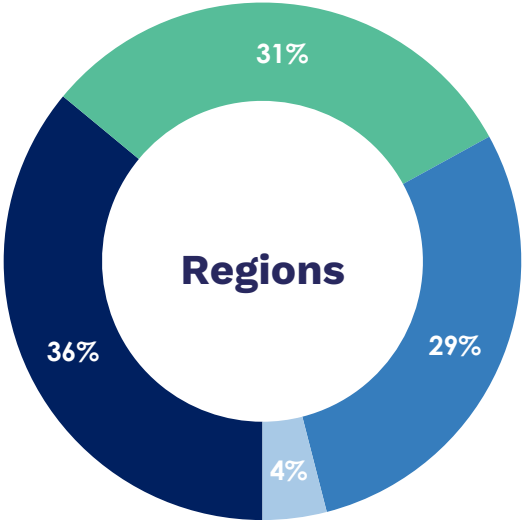
2021 data

Arkema at a glance

MA
 Specialty
 Materials
85.5%
 Close to **90%**
 pro forma 2021 *



- Adhesive Solutions
- Coating Solutions
- Advanced Materials
- Intermediates



- Europe
- North America
- Asia
- ROW

* On a pro forma basis, including full year contribution of all M&A operations announced in 2021

2021 Data

€9.5bn sales

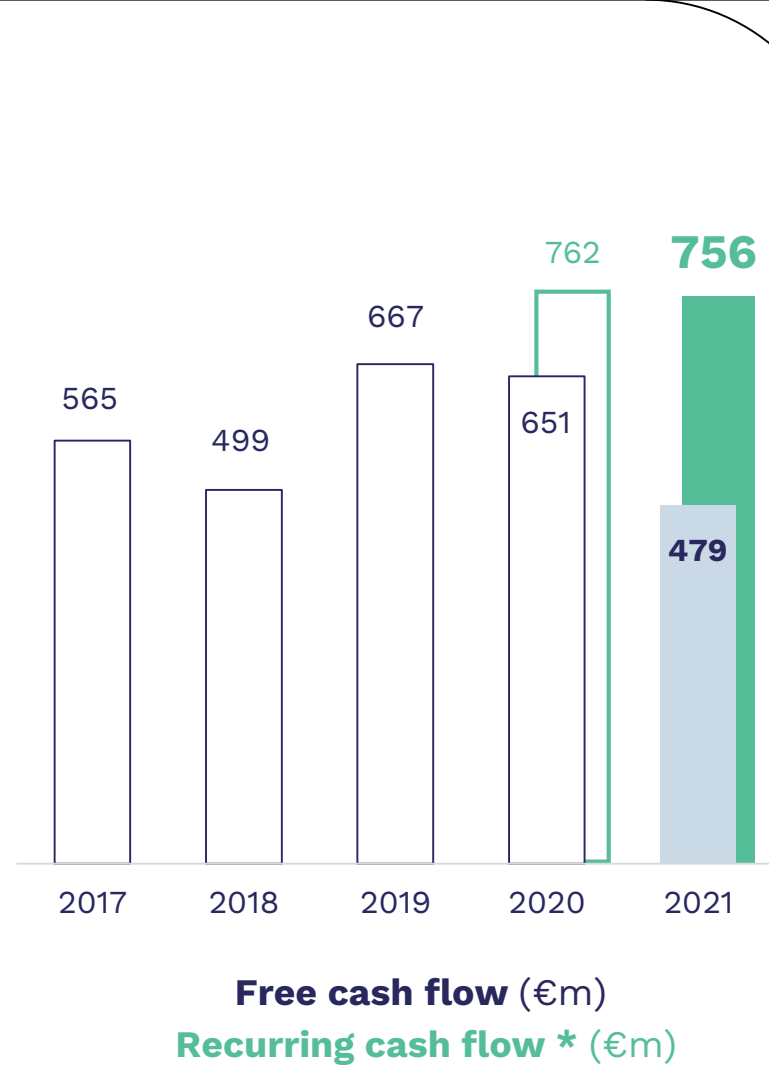
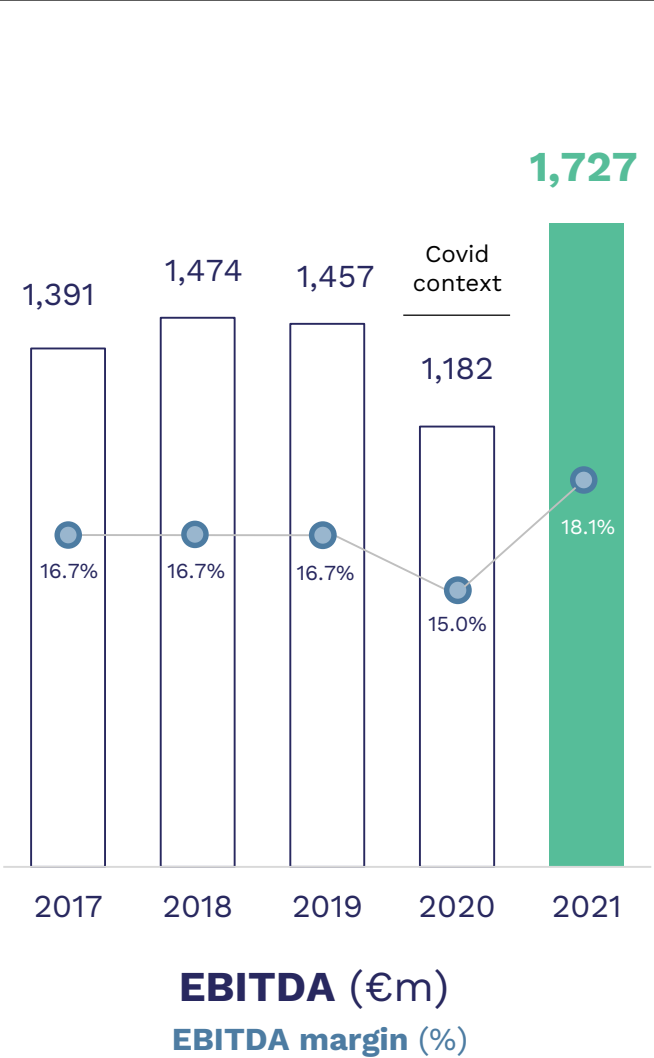
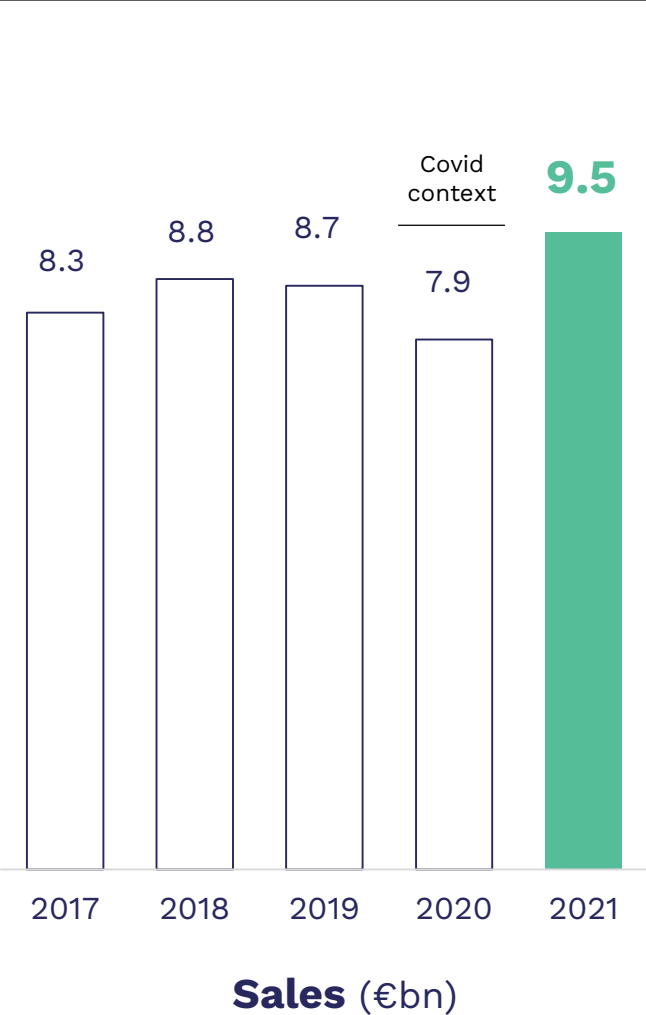
20,200 employees

55 countries

141 plants operated

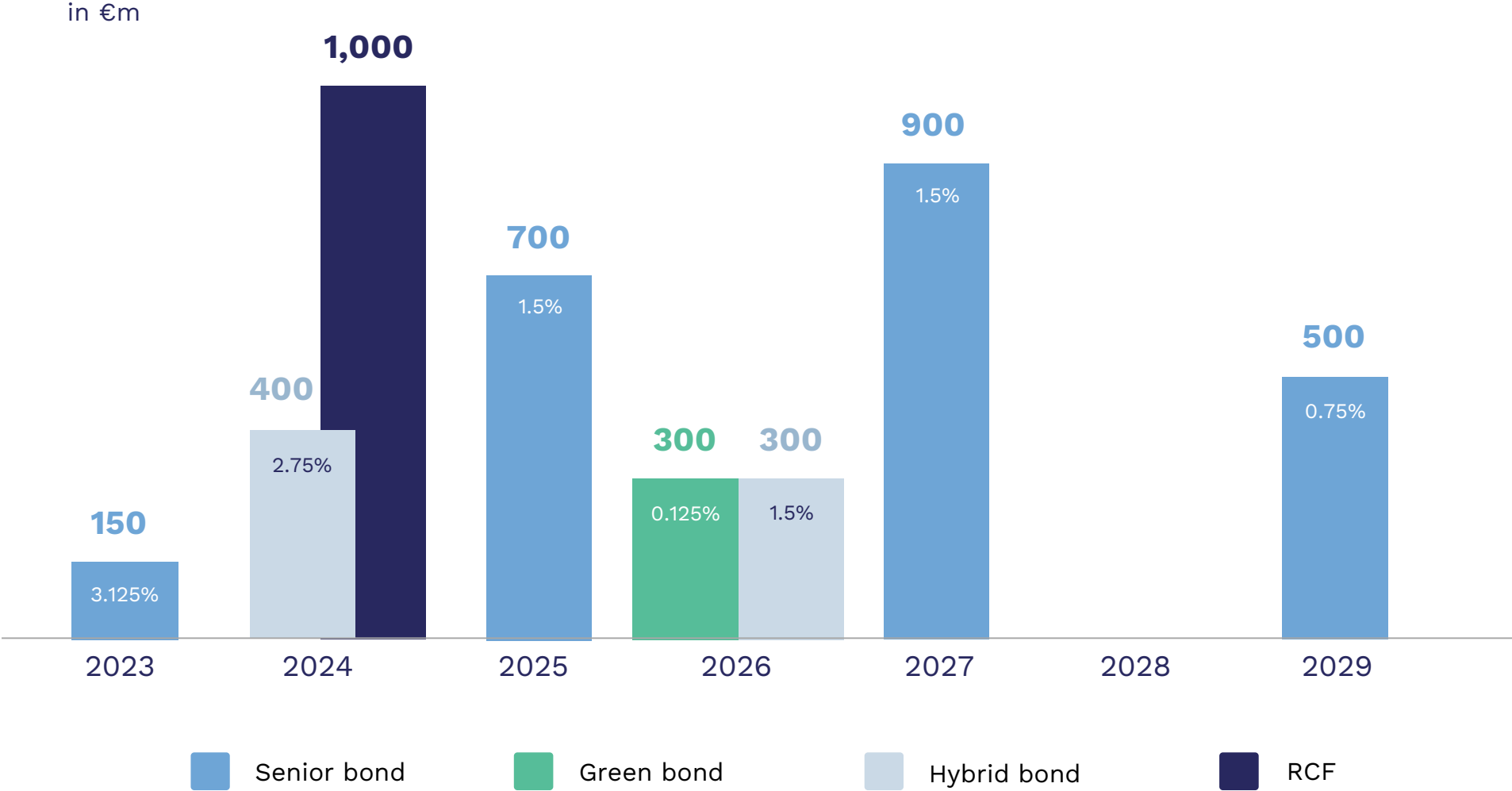
2.6% of revenues
invested in R&D

Strong progress in financial performance



* Recurring cash flow = Free cash flow before exceptional items

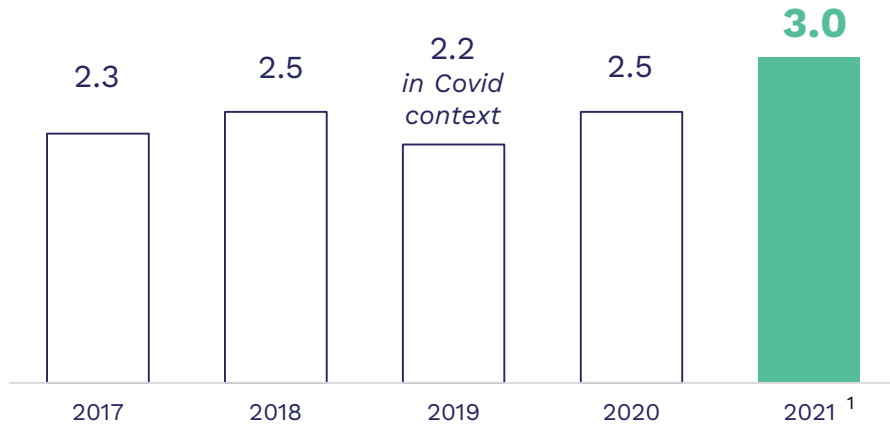
Well established financial resources



High value creation for shareholders

Dividend

(in €/share) per financial year



→ In line with the Group's ambition to **progressively increase shareholder returns**

(1) Dividend proposed at the shareholders' annual general meeting of 19 May 2022

Share buybacks

- **Completion** of the **€300m** program on November 2021
- **Capital reduction** in January 2022 by cancellation of treasury shares representing 3.19% of share capital

Share price evolution in 2021



(2) Peers: Solvay, BASF, Lanxess, Clariant, Sika, Evonik, HB Fuller and MSCI Europe Index

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



Accelerate **organic growth** and **sustainable innovation**

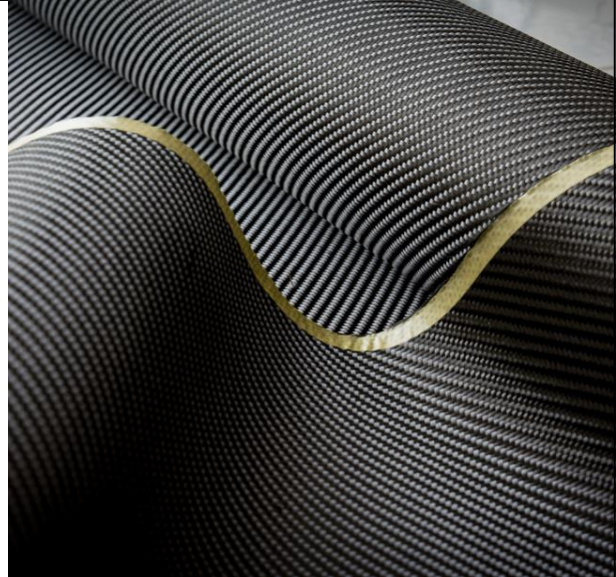


Achieve **best-in-class CSR performance** among chemical players

Strengthen Specialty Materials through **acquisitions**

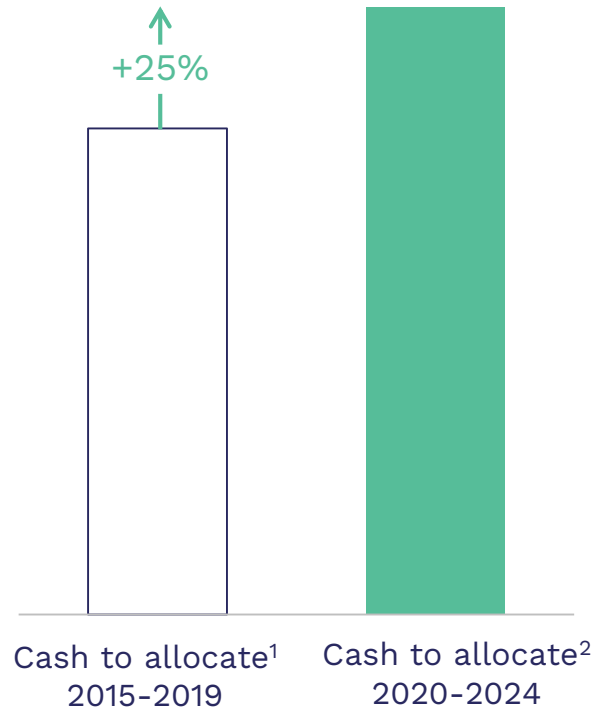


Take action in **commercial and operational excellence** initiatives



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

Key steps achieved in portfolio transformation in 2021

Two major steps to refocus our portfolio towards Specialty Materials

ASHLAND PERFORMANCE ADHESIVES



Acquisition, expected to close in Q1'22
EV: US\$1,650m
8.7x EBITDA after pre-tax synergies

PMMA



Divestment to Trinseo, closing 3 May 2021
EV: €1,137m
> 9x EBITDA

Bolt-on M&A operations



**EPOXIDES
BUSINESS**

ACQUISITIONS

DIVESTMENT

High return expansions to capture sustainable growth

						 Bio-based, renewable  Recyclable  Solvent-free  Less emissive
Kynar® PVDF +50% capacity in Changshu, CN (end-2022) +50% capacity in Pierre-Bénite, FR (Q1'23)	Forane® 15 kt/yr 1233zd capacity in Calvert City, US (end-2023)	Sartomer® +100% photocure resins capacity in Nansha, CN (H2'23)	Pebax® +25% global capacity in Serquigny, FR (mid-2023)	Rilsan® PA11 +50% global capacity in Singapore (mid-2022) New PA11 powders capacity in Changshu, CN (Q1'23)	Hydrofluoric acid 40 kt/yr supply in partnership with Nutrien in Aurora, US with a new eco-friendly process (mid-2022)	
 Kynar® CTO  		 	 Pebax® Rnew® 	 		
Li-ion battery, water filtration, specialty coatings, electronics	Buildings' thermal isolation, battery thermal management	Electronics, renewable energy	Sports, consumer goods	Transportation, sports, consumer electronics, 3D printing, bio-textiles	Battery, electronics, water treatment	

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



We act and innovate for
people and the planet

Strong CSR commitment increasingly recognized

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

→ Improved ranking to **3rd in
DJSI World 2021** vs **6th in 2020**

“Chemicals” category

CSA by S&P Global score: **82**



Rating: **A**



B for Climate change

ecovadis

Among **top 1%**
of the sector



V.E

Top percentile
across all sectors

Score: **67**



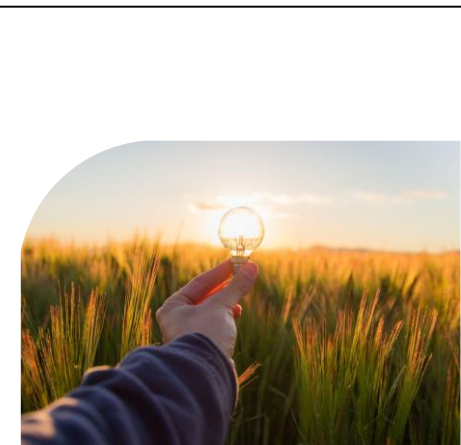
ISS ESG

1st decile (global)
(Sept 2021)

CAC 40[®] ESG

Integration in a new Euronext index
(2021)

A CSR approach centered around 5 major priorities



Sustainable solutions offering

Moving toward higher positive impact



Circular economy

A sustainable resource management



Climate plan

Contain global warming



Safety and environment

Acting as a responsible manufacturer



Employees and relations with stakeholders

A committed value chain

Sustainable solutions offering: moving toward higher positive impact

Global megatrends

Urbanization and social change

Climate change

Resource scarcity

Technological transformation

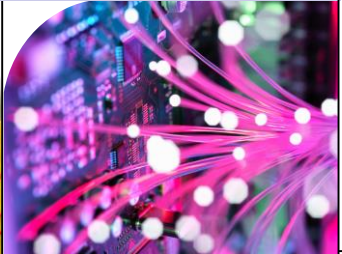
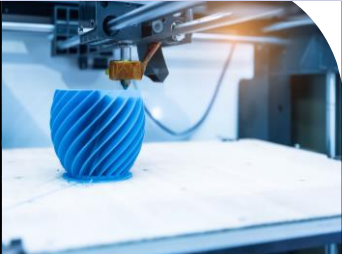
ImpACT+ target

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

51% in 2021¹ (50% in 2020)

(1) Portfolio Sustainability Assessment on 85% of sales assessed in 2021 and 72% in 2020

Key challenges addressed by Arkema



Boost **new energies and clean mobility**

Develop **lightweight materials and design**

Enhance **living comfort and home efficiency**

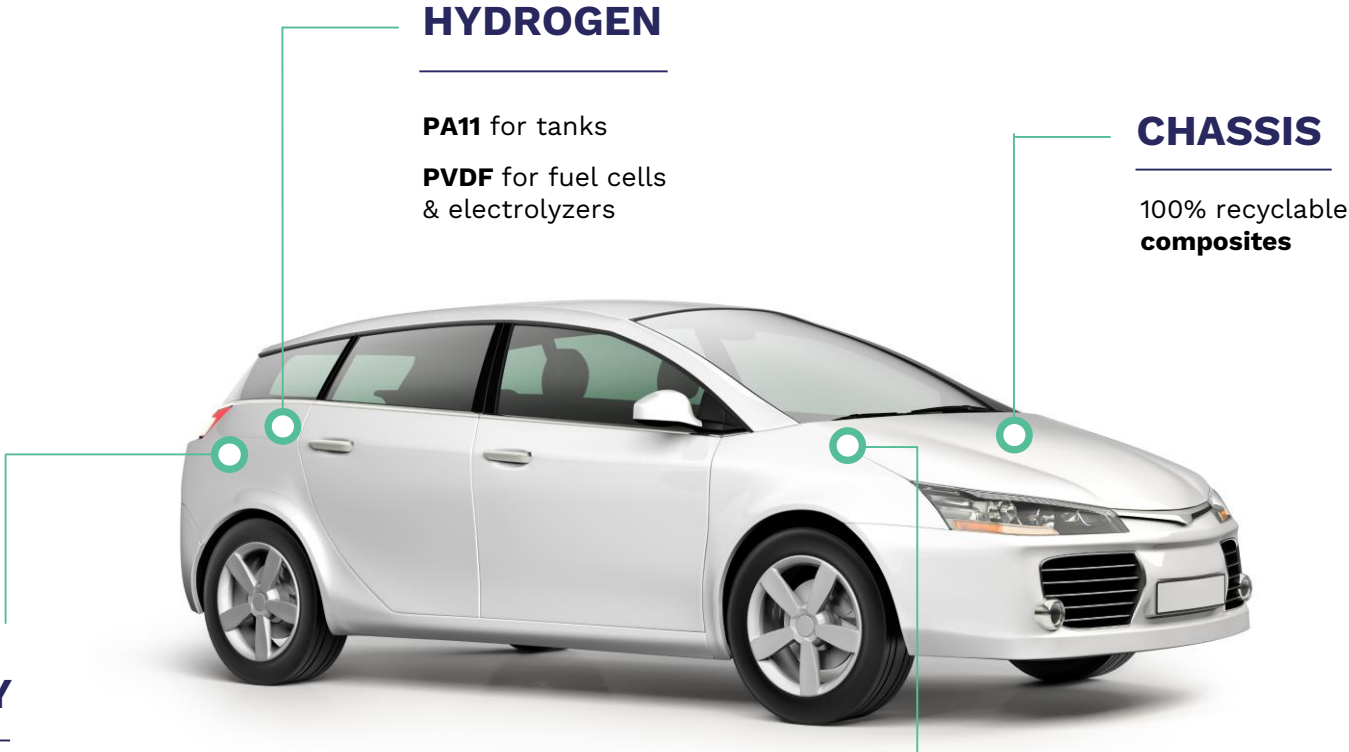
Manage **natural resources** and promote **circular economy**

Develop **electronic solutions**

We expect to generate **€1.5bn** additional sales by 2030² vs €1.0bn previously announced

(2) Compared with 2019

Significant opportunities in clean mobility



€1bn
sales in **batteries**
by 2030



New Center of Excellence for batteries in France



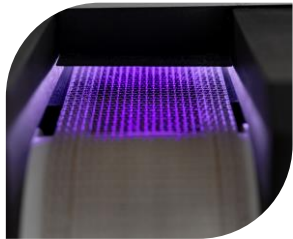
Key partnerships in 2021
Verkor, Morrow

High growth potential in 3D printing

Leading portfolio of solutions for the major 3D printing technologies



Filament extrusion



Radiation curing



Powder bed fusion

Industry



Consumer goods



Aeronautics



Sports



>20%

CAGR 2019-2024 *

* Source: market estimation, Wohlers report 2019



3 Centers of Excellence
dedicated to each
technology

Equity investments
ERPRO 3D Factory, Carbon,
Continuous Composites

Courtesy of Materialise, Demgy, Bowman, Stratasys, Hexcel (HexAM® products), Continuous Composites, IAM Footwear Consortium

Increased demand for sustainable lifestyle products



Consumer goods

Customizable & bio-based glass frames

Bio-based, recyclable toys

Technical bio-based textile



High-performance sports

100% recyclable running shoes

High energy return foam outsoles for sports shoes

Bio-based ski boots



Consumer electronics

Durable components for smartphones, tablets, TVs

Bio-based & recyclable wearable devices



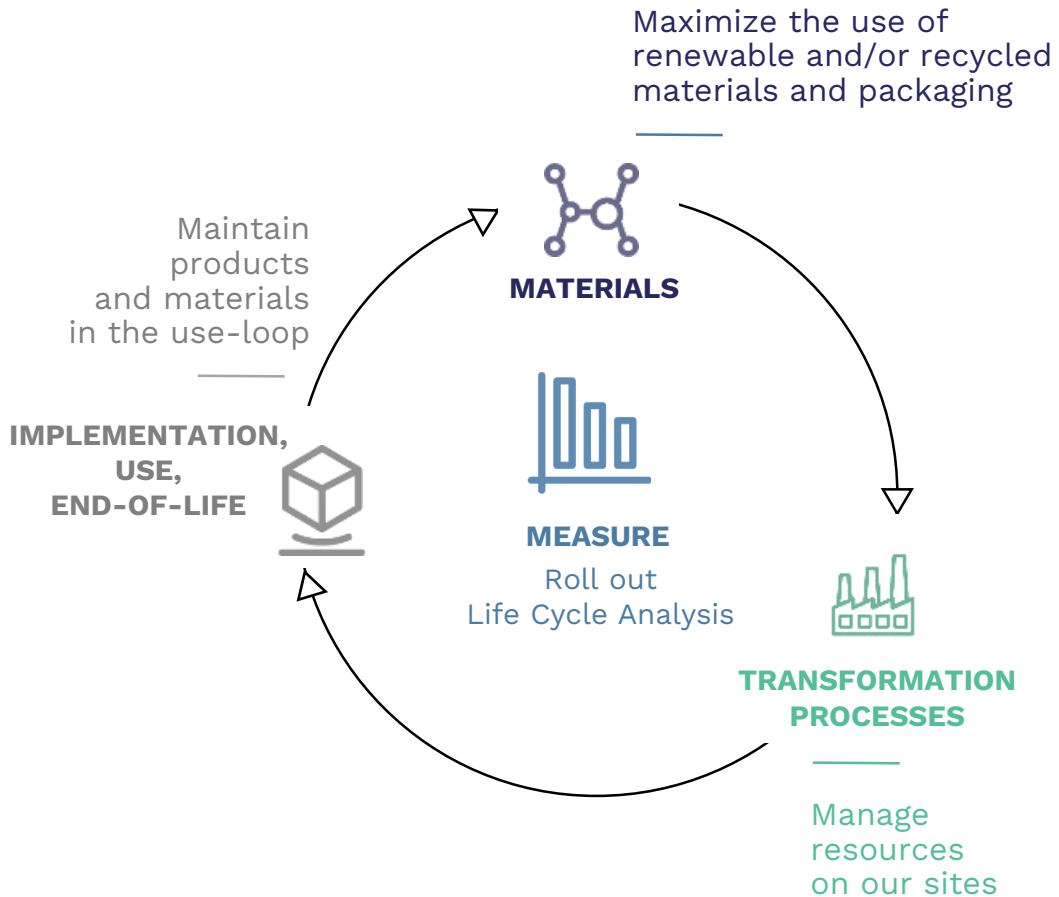
* Source: Arkema's demand growth estimation



Agiplast acquisition in 2021
to develop high performance
polymers **recycling**

Circular economy: a sustainable resource management

4 main levers



Life Cycle Analysis target

50% of our sales covered by a Life Cycle Analysis **by 2024**

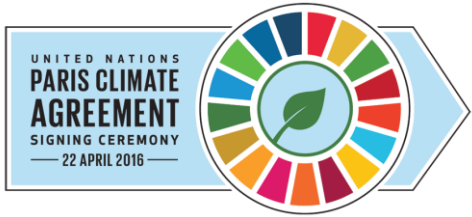
27% in 2021 (22% in 2020)



Highlight 2021

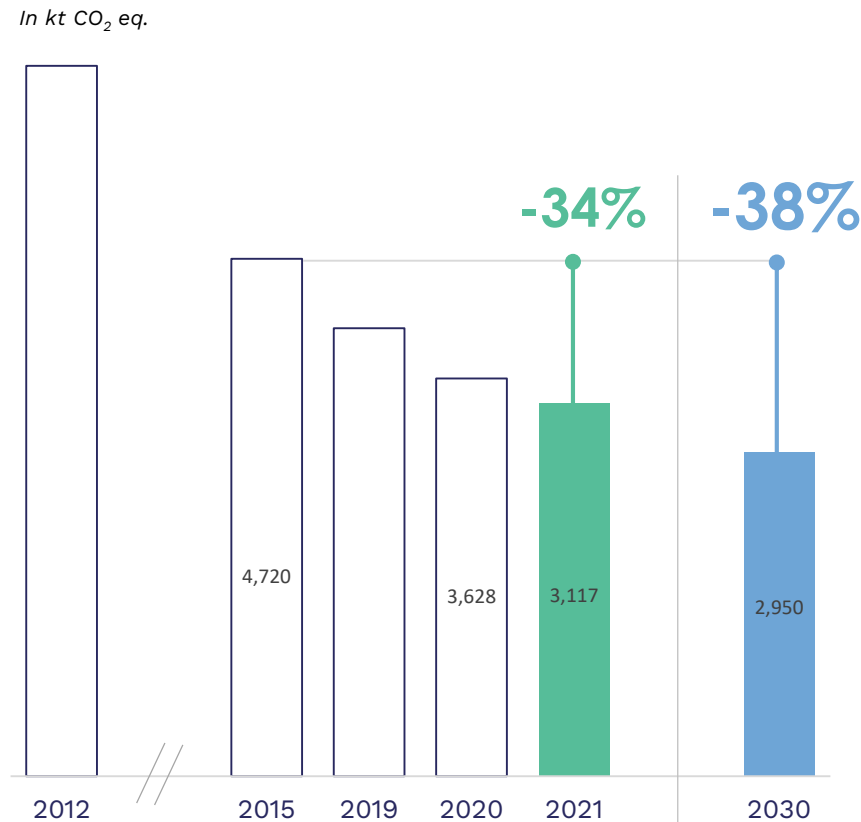
Acquisition of Agiplast, a leader in the **regeneration of high performance polymers**

Climate plan: contain global warming



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

GHG emissions



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

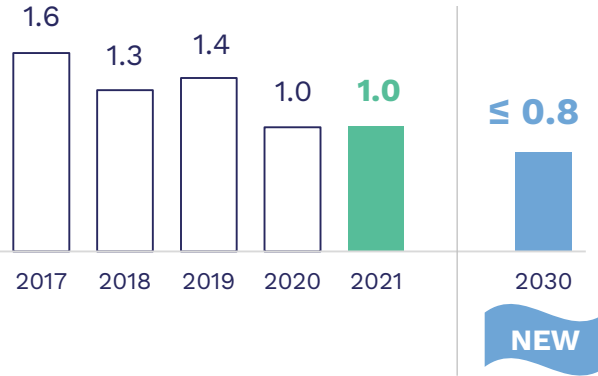
Main levers

- Energy efficiency & green energy
- Process optimization & innovation
- Suppliers commitment to climate
- Low carbon solutions

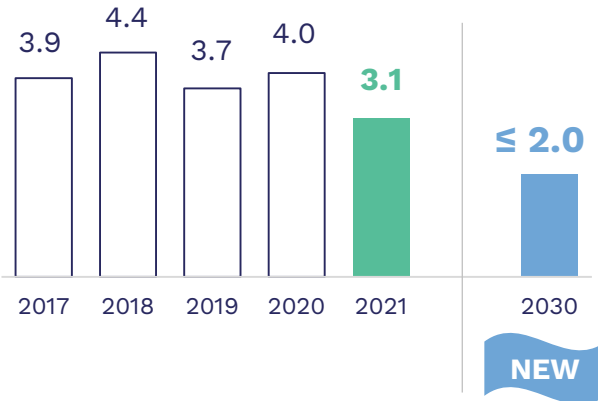
Safety and environment: acting as a responsible manufacturer

Safety

TRIR (Number of accidents per million hours worked)

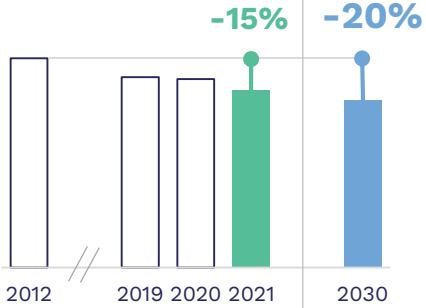


PSER (Process safety event rate per million hours worked)

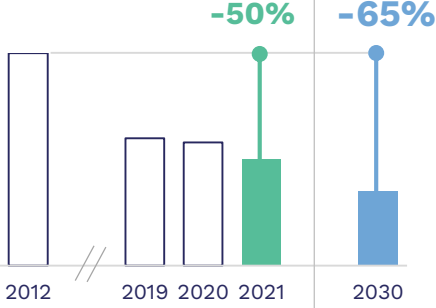


Environment ¹

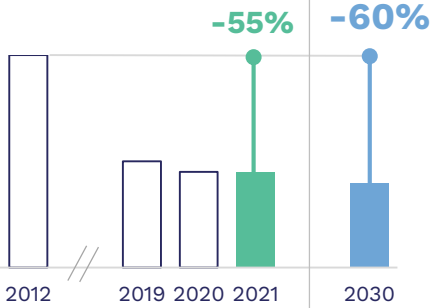
Energy



VOC



COD



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



Highlight 2021

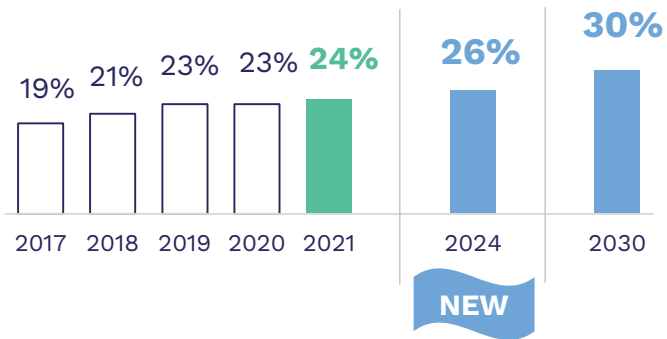
Commitment of Arkema with **act4nature international** to preserve biodiversity

Employees and relations with stakeholders: a committed value chain

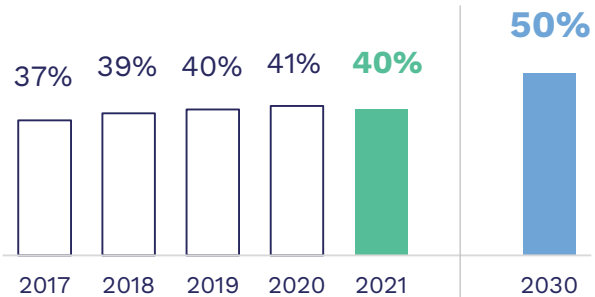
Diversity

in senior management and executive positions

Women



Non-French



ARKEMA CARES 2021
global engagement survey

82% of employees stating
their full engagement

TOP EMPLOYER 2022
in 4 countries

Responsible sourcing

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

71% in 2021 (68% in 2020)

5th year of **Pragati**
program for
sustainable castor
crop in India



Highlight 2021



Detailed Q4'21 & 2021 results and outlook

Extract from "Full year 2021 results and outlook" presentation (24 February 2022)

2021 financial highlights

€9,519m sales

- Up by **25.9%** vs 2020 at constant scope and currency
 - **7.3%** growth in volumes, driven notably by robust demand for sustainable solutions with high technological content, particularly in batteries, 3D printing, consumer goods and more environmentally friendly paints
 - **18.6%** increase in selling prices, reflecting the Group's initiatives to offset strong raw materials and energy inflation, improved product mix, and tightness of upstream acrylics

€1,727m EBITDA

18.1% EBITDA margin

- EBITDA at a historic high, up by **46.1%** YoY, in an environment marked by operational disruptions and high raw materials and energy costs
- Specialty Materials EBITDA of €1,503m (€1,018m in 2020)
 - Strong growth in each of the segments
 - EBITDA margin of 18.5%
- Intermediates EBITDA of €316m vs €231m in 2020, driven by favorable market conditions in acrylics in Asia and despite ~€90m negative PMMA and POF scope effect

€896m adj. net income

- Representing **€11.88** per share

€1,177m net debt
(incl. hybrid bonds)

- **0.7x** LTM EBITDA
- **€756m** recurring cash flow (FCF before exceptional items)

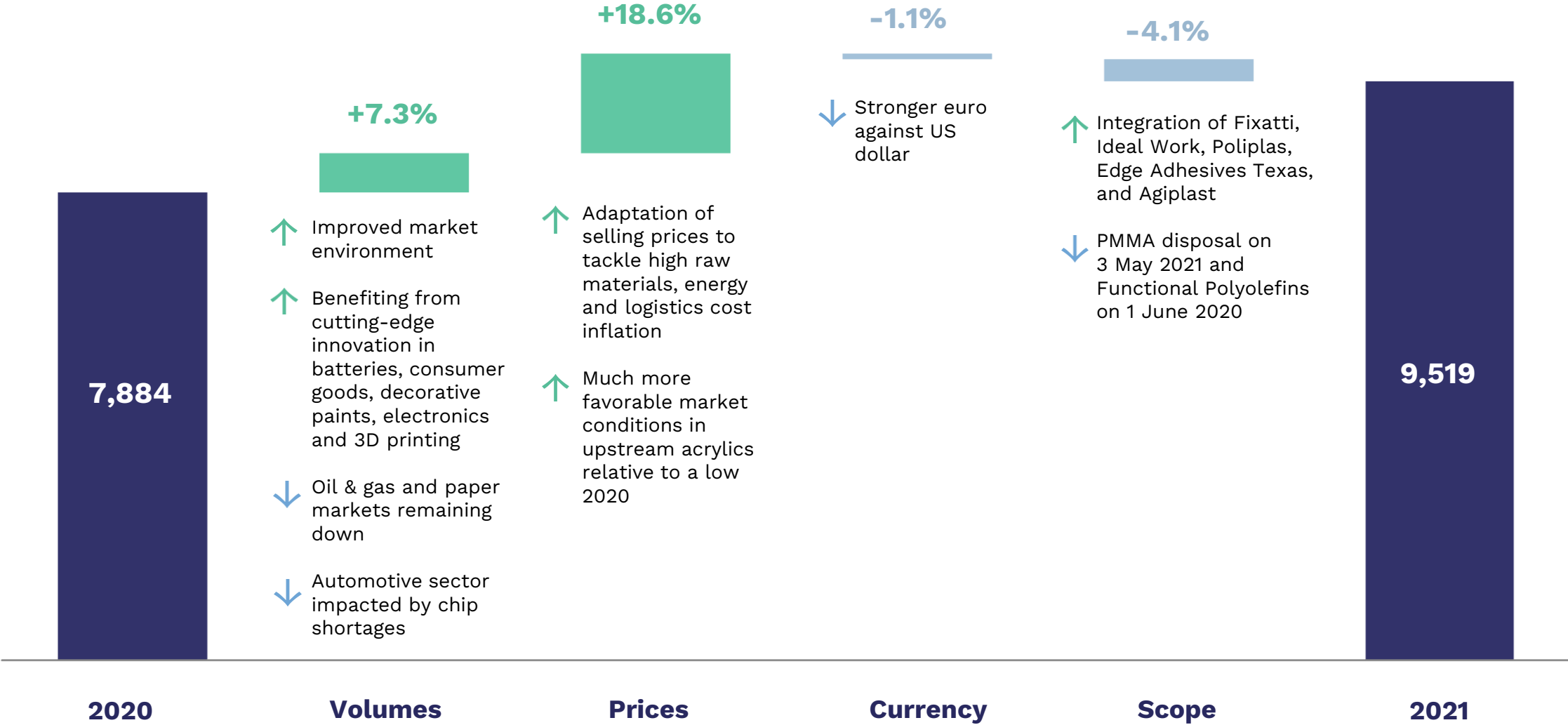
Key figures

in €m

	Q4'21	Q4'20	Change	2021	2020	Change
Sales	2,500	1,985	+25.9%	9,519	7,884	+20.7%
EBITDA	417	289	+44.3%	1,727	1,182	+46.1%
Specialty Materials	359	261	+37.5%	1,503	1,018	+47.6%
Intermediates	80	42	+90.5%	316	231	+36.8%
Corporate	-22	-14		-92	-67	
EBITDA margin	16.7%	14.6%		18.1%	15.0%	
Specialty Materials	16.5%	15.9%		18.5%	15.8%	
Intermediates	25.6%	12.6%		22.9%	16.2%	
Recurring operating income (REBIT)	273	144	+89.6%	1,184	619	+91.3%
REBIT margin	10.9%	7.3%		12.4%	7.9%	
Adjusted net income	212	92	+130.4%	896	391	+129.2%
Net debt (incl. hybrid bonds)				1,177	1,910	

Strong organic sales growth

Sales in €m



- ↑ Improved market environment
- ↑ Benefiting from cutting-edge innovation in batteries, consumer goods, decorative paints, electronics and 3D printing
- ↓ Oil & gas and paper markets remaining down
- ↓ Automotive sector impacted by chip shortages

- ↑ Adaptation of selling prices to tackle high raw materials, energy and logistics cost inflation
- ↑ Much more favorable market conditions in upstream acrylics relative to a low 2020

↓ Stronger euro against US dollar

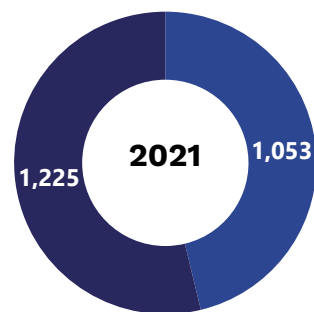
- ↑ Integration of Fixatti, Ideal Work, Poliplas, Edge Adhesives Texas, and Agiplast
- ↓ PMMA disposal on 3 May 2021 and Functional Polyolefins on 1 June 2020

Adhesive Solutions (24% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	580	512	+13.3%	2,278	1,996	+14.1%
EBITDA	69	69	-	316	261	+21.1%
EBITDA margin	11.9%	13.5%		13.9%	13.1%	
REBIT	51	52	-	250	198	+26.3%

Sales by business line



■ Construction & Consumer
■ Industrial Assembly

Sales development

	Q4'21	2021
Volumes	-3.3%	+5.4%
Prices	+11.5%	+5.4%
Currency	+2.3%	-0.8%
Scope	+2.8%	+4.1%

2021 highlights

→ Volumes up 5.4% YoY

- Robust demand in construction and DIY
- Recovery in high performance industrial applications post-Covid
- Shortages of several important raw materials in H2'21

→ Prices up 5.4% YoY

- Reflecting the Group's ongoing actions to pass on high raw materials inflation
- Constantly growing through the year (+11.5% in Q4'21)

→ EBITDA increase of 21.1% YoY, driven by positive sales momentum, shift in product mix toward higher value-added applications and contribution of acquisitions

→ EBITDA margin up 80 bps to 13.9%,

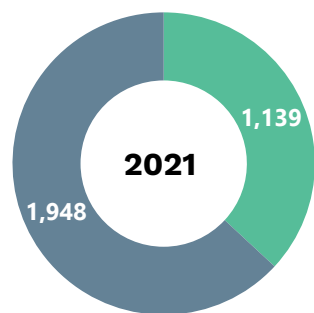
- In line with the 14% guidance announced early 2021
- Despite mechanical dilutive impact of price increases on this ratio of ~100 bps for the year

Advanced Materials (32.5% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	874	644	+35.7%	3,087	2,527	+22.2%
EBITDA	168	123	+36.6%	662	496	+33.5%
EBITDA margin	19.2%	19.1%		21.4%	19.6%	
REBIT	100	57	+75.4%	408	245	+66.5%

Sales by business line



■ High Performance Polymers
■ Performance Additives

Sales development

	Q4'21	2021
Volumes	+4.2%	+10.3%
Prices	+28.1%	+12.8%
Currency	+3.3%	-1.1%
Scope	+0.1%	+0.2%

2021 highlights

→ Volumes up 10.3% YoY

- Driven by High Performance Polymers' strong dynamic in most end markets, despite decline in the automotive sector
- Acceleration in demand for high performance and sustainable solutions
- Moderate volume growth in Performance Additives, with lower demand in oil & gas and paper markets

→ Prices up 12.8% YoY

- Selling price increases in the context of marked raw materials, energy and logistic costs inflation
- Improved product mix on high performance, higher value-added solutions

→ EBITDA up 33.5% YoY, supported notably by the excellent year of High Performance Polymers

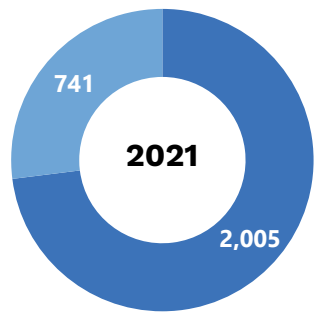
→ EBITDA margin at 21.4% (19.6% in 2020)

Coating Solutions (29% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	725	489	+48.3%	2,746	1,911	+43.7%
EBITDA	122	69	+76.8%	525	261	+101.1%
EBITDA margin	16.8%	14.1%		19.1%	13.7%	
REBIT	92	39	+135.9%	407	142	+186.6%

Sales by business line



■ Coating Resins
■ Coating Additives

Sales development

	Q4'21	2021
Volumes	-2.9%	+8.1%
Prices	+47.7%	+37.6%
Currency	+3.5%	-2.0%
Scope	-	-

2021 highlights

→ Prices up 37.6% YoY

- Necessary price increases in downstream product lines to offset very high raw materials and energy inflation
- Significant tightness of upstream acrylics

→ Volumes up 8.1% YoY, driven by robust demand in decorative paints, 3D printing, industrial coatings, graphic arts and electronics

→ €525m EBITDA (vs €261m in 2020)

- Growth and product mix improvement linked to strong demand for more environmentally friendly solutions
- More favorable conditions in upstream acrylics

→ EBITDA margin at a high level of 19.1% (13.7% in 2020)

Intermediates (14.5% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	312	334	-6.6%	1,378	1,425	-3.3%
EBITDA	80	42	+90.5%	316	231	+36.8%
EBITDA margin	25.6%	12.6%		22.9%	16.2%	
REBIT	55	12	+358.3%	219	109	+100.9%

Sales development

	<u>Q4'21</u>	<u>2021</u>
Volumes	— -2.4% —	+3.6%
Prices	— +29.9% —	+22.1%
Currency	— +5.4% —	+0.1%
Scope	— -39.5% —	-29.1%

2021 highlights

- **Scope effect of -29.1% YoY** related to PMMA and Functional Polyolefins divestments
- **Prices up 22.1% YoY**
 - Much more favorable market conditions for acrylics in Asia compared to the low level of the previous years
 - Solid performance in Fluorogases
- **Volumes up 3.6% YoY**
 - Higher demand post-Covid
 - Held back in H2'21 in Asia Acrylics following Chinese authorities' measures to limit energy consumption
- **EBITDA up 36.8% YoY and EBITDA margin at 22.9%** from 16.2% last year

2021 cash flow

in €m

Reconciliation of EBITDA to net cash flow

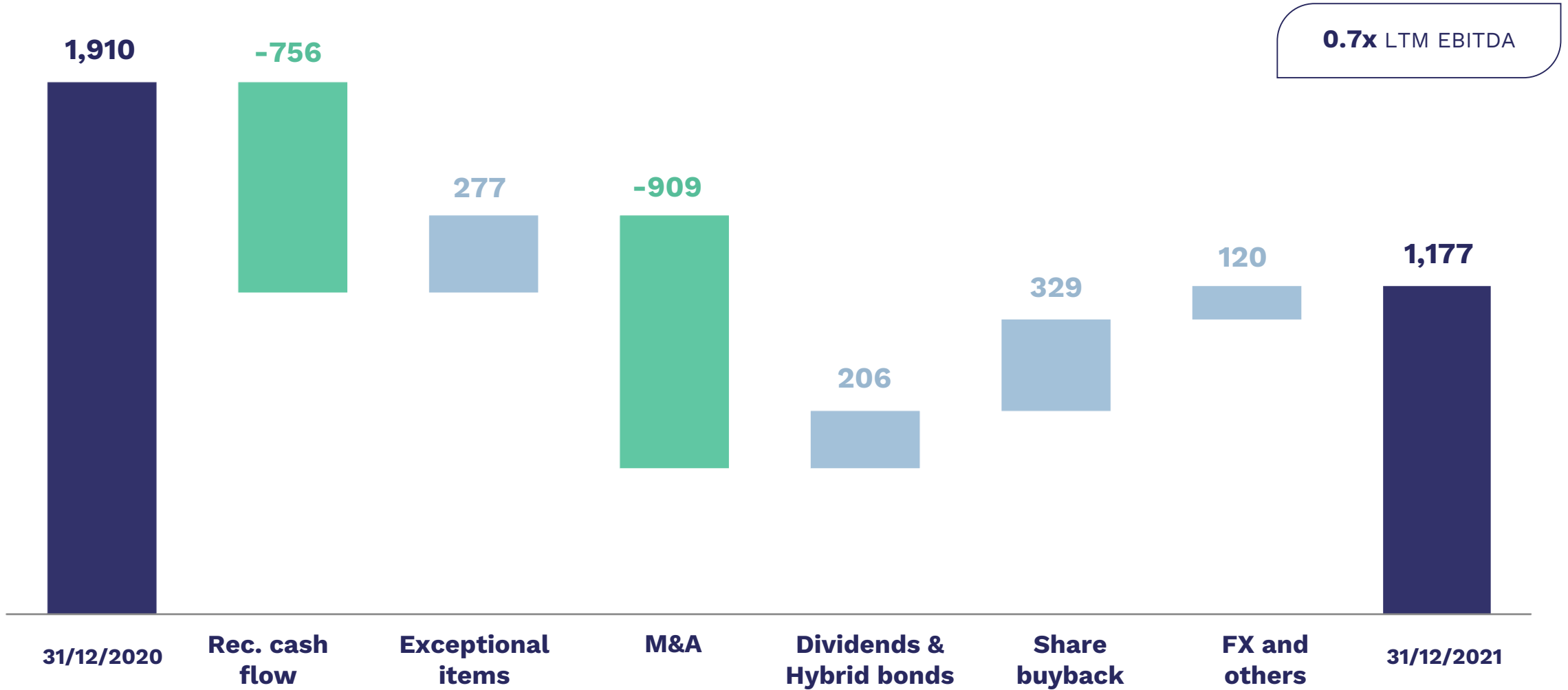
	2021	2020
EBITDA	1,727	1,182
Current taxes	-233	-121
Cost of debt	-52	-75
Change in working capital and fixed assets payables ⁽¹⁾	-238	212
Recurring capital expenditure	-506	-460
Others	58	24
Recurring cash flow	756	762
Exceptional capital expenditure	-252	-140
Non-recurring items	-25	29
Free cash flow	479	651
Impact of portfolio management	909	6
Net cash flow	1,388	657

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

- **2021 tax rate**
 - **20%** of REBIT (excl. exceptional items)
 - In 2022, **~21%** of REBIT (excl. exceptional items)
- **Working capital well controlled**
12.7% of annual sales (excl. PMMA)
- **EBITDA to cash conversion rate**
43.8% in line with long term objective of 40%
- **Non-recurring items**
Mainly restructuring costs and consequences of winter storm Uri in the United States
- **Recurring and exceptional capex**
 - **€758m** in 2021, in line with the Group's guidance of €750m
 - **5.5%** of sales in recurring capex and **~€130m** in exceptional capex expected in 2022

Net debt evolution (including hybrid bonds)

in €m



Further strengthen our Specialty Materials in 2022



M&A

- Integrate **Ashland Performance Adhesives** and **implement synergies** with Bostik and Coating Solutions segment
- Benefit from recent **bolt-ons** and carry out new acquisitions
- Pursue **strategic review** in Intermediates



High return projects

- Start up our major **expansion projects**
 - +50% **Rilsan® PA11** capacity in Asia
 - **AHF supply** in partnership with Nutrien in the US
 - +50% **Kynar® PVDF** capacity in China



Innovation

- **Accelerate development** in clean mobility, lightweighting, 3D printing, bio-based products, eco-friendly coatings
- **Foster innovation capabilities** between the 3 Specialty Materials segments



CSR

- Reinforce **climate actions** along the value chain
- Progress on **Product Sustainability Assessment**
- Continue to promote **inclusion** and **diversity**
- Implement a new **Materiality Assessment**

Outlook

- In 2022, Arkema should benefit from a positive level of global demand with nuances in different regions and markets, and from its leading positioning on innovative, high performance Specialty Materials.
- Environment still volatile at the start of the year, marked by uncertainty related to the health crisis, growing geopolitical tensions and continued strong constraints in raw materials and energy. While remaining attentive to the demand trends, the Group will continue to pass on higher costs in its selling prices, and ensure to optimize supply chain management.
- For **full-year 2022** Arkema is aiming to achieve **Specialty Materials EBITDA comparable to the record high of 2021 at constant scope**. Moreover, the scope effect at Group level will include the contribution of Ashland Performance Adhesives expected to close in the first quarter and the residual effect of the divestment of PMMA.
- Confidence in the Group's ability to achieve its ambitious 2024 targets fully reaffirmed.

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