

GREEN BOND PROJECT PRESENTATION

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VP SUSTAINABLE DEVELOPMENT
OCTOBER 05-06, 2020



ARKEMA
INNOVATIVE CHEMISTRY

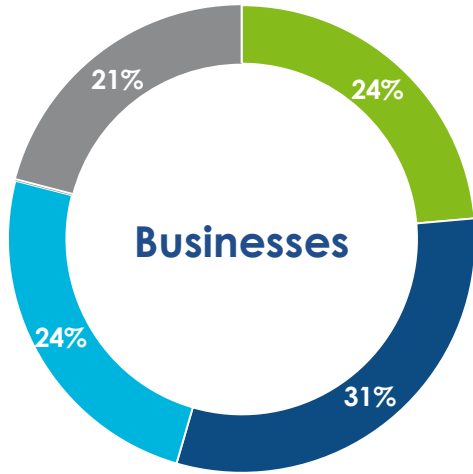


ARKEMA IN A SNAPSHOT

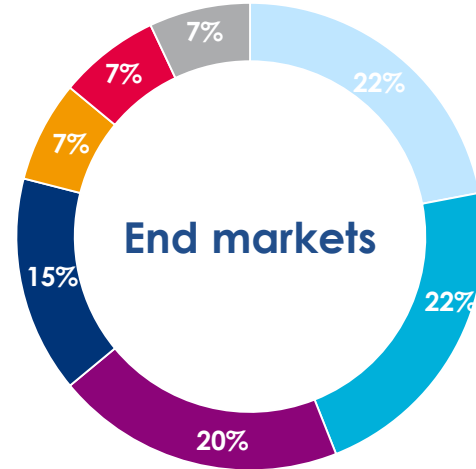
ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA AT A GLANCE

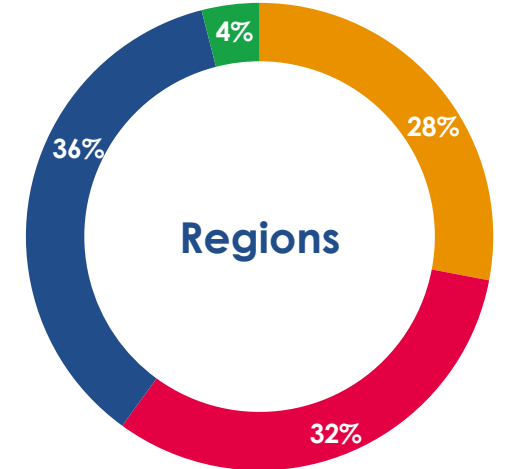
2019 SALES SPLIT



- 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



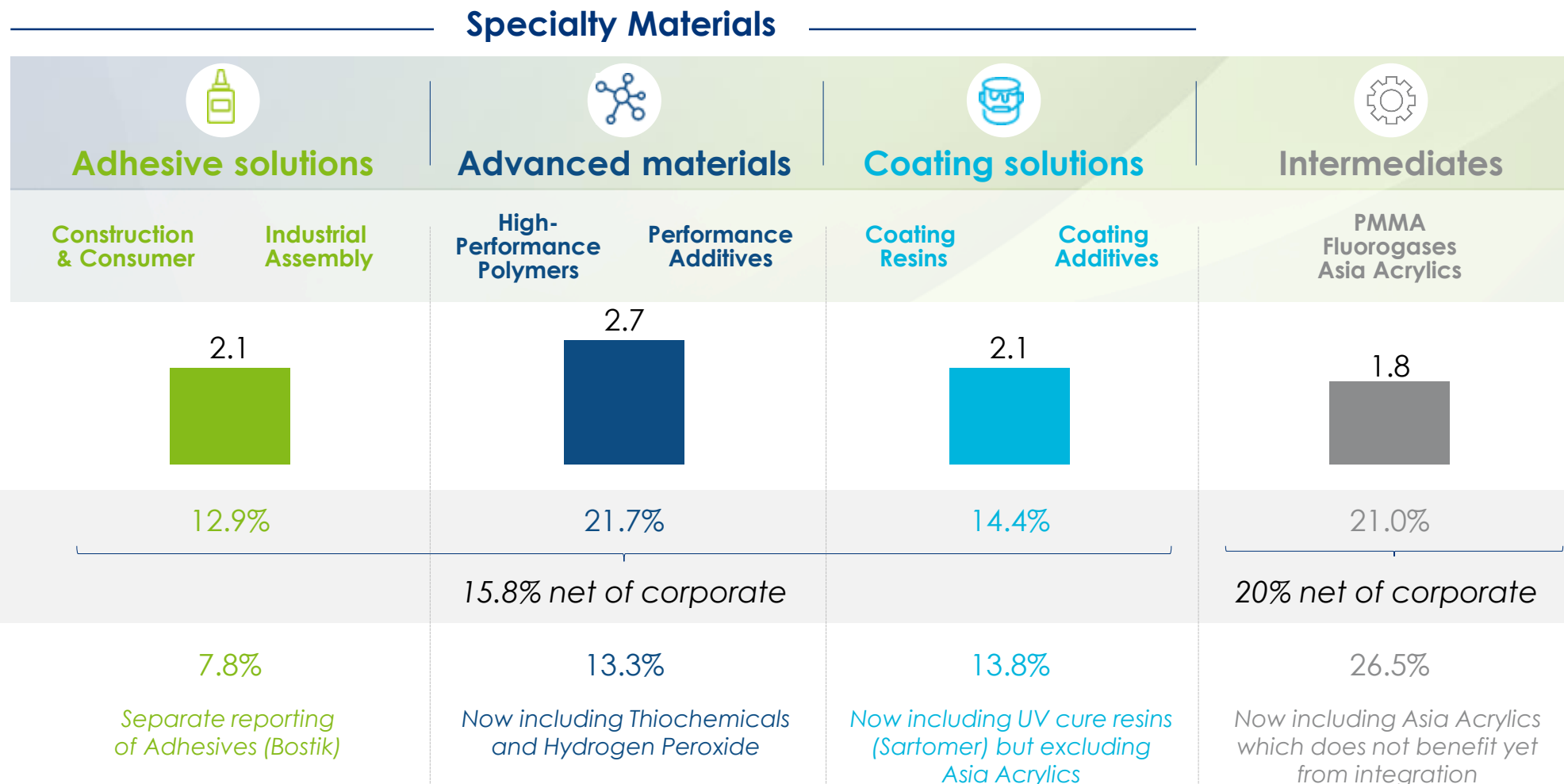
144 plants
operated



2.8% of revenues
invested in R&D

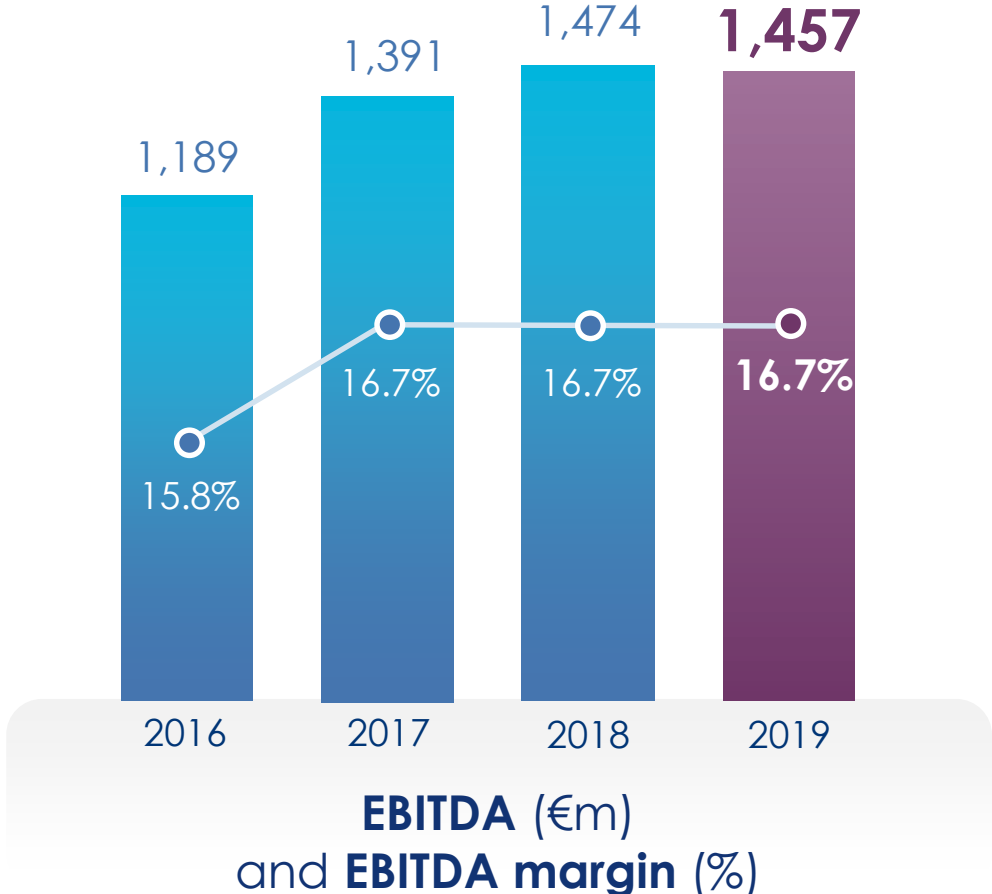
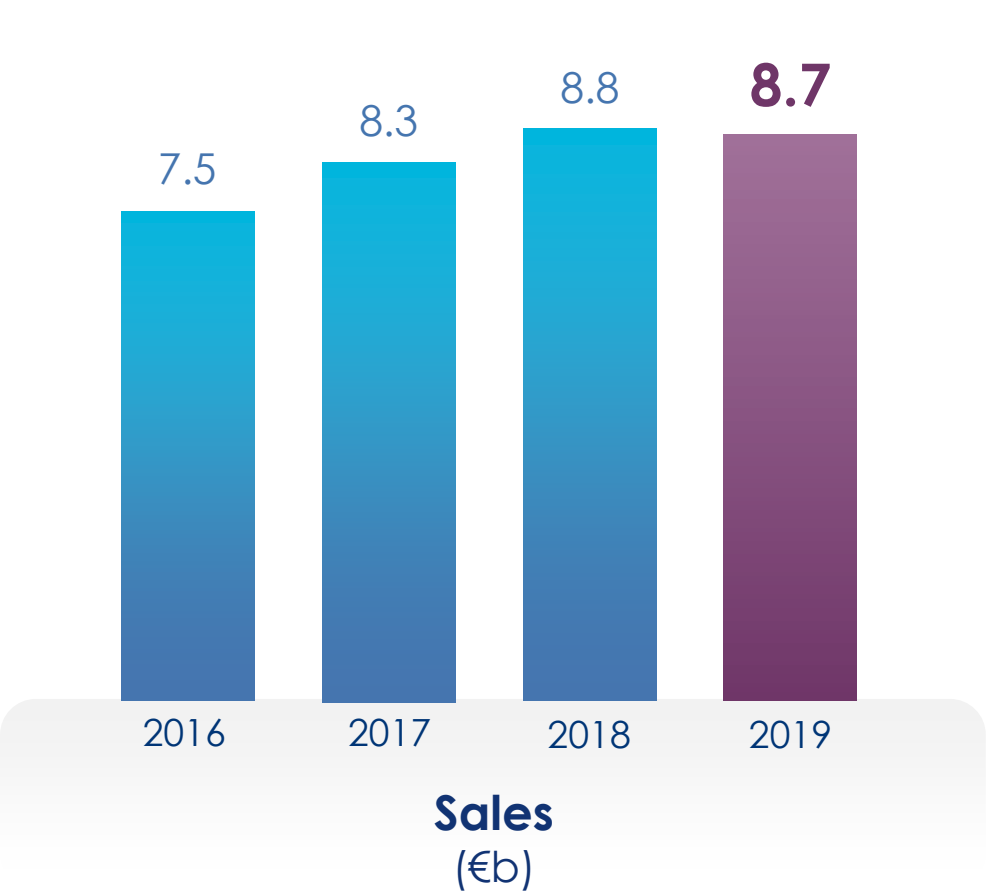
A STRONG SPECIALTY MATERIALS PLATFORM REPRESENTING 80% OF THE SALES

2019 FINANCIALS

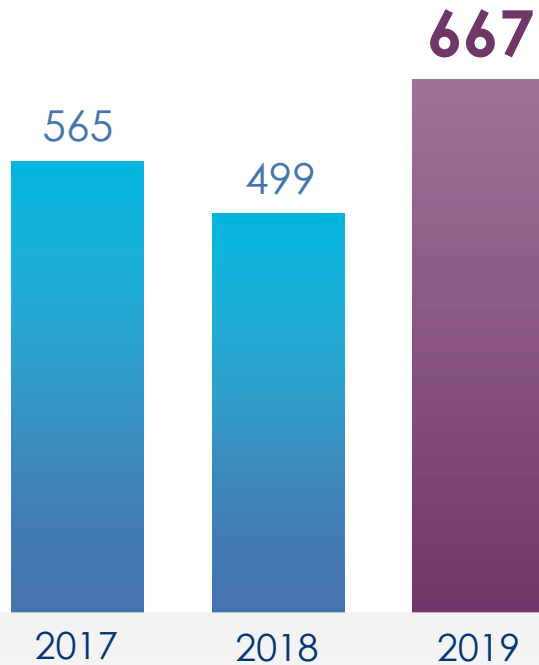


1. Excluding corporate, corresponding to ~1% of sales

A HIGH-LEVEL FINANCIAL PERFORMANCE



RECORD CASH FLOW GENERATION IN 2019



Free cash flow (€m)

EBITDA to cash conversion rate

52%

above the target of >40% by 2024

Working capital (% of annual sales)

13.8%

close to the very good level of 2018

Recurring and exceptional capital expenditure

€607 m

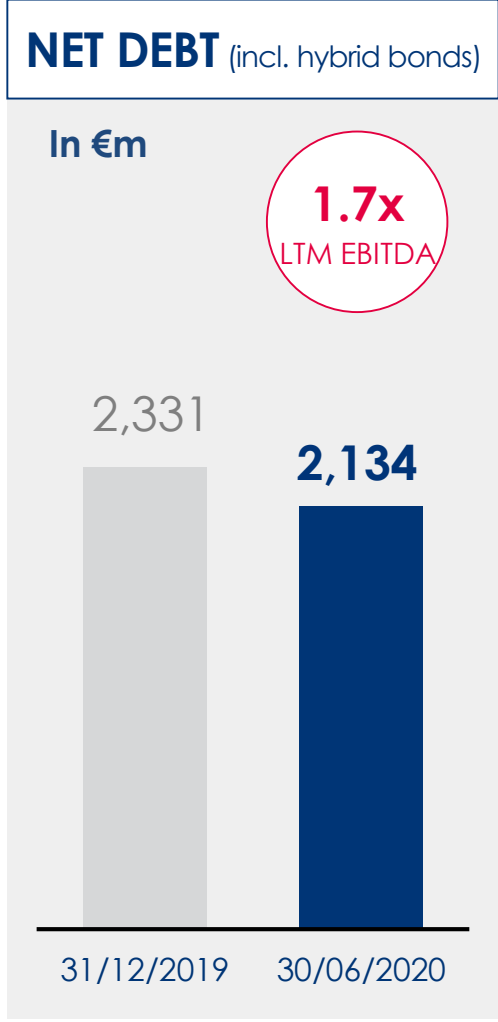
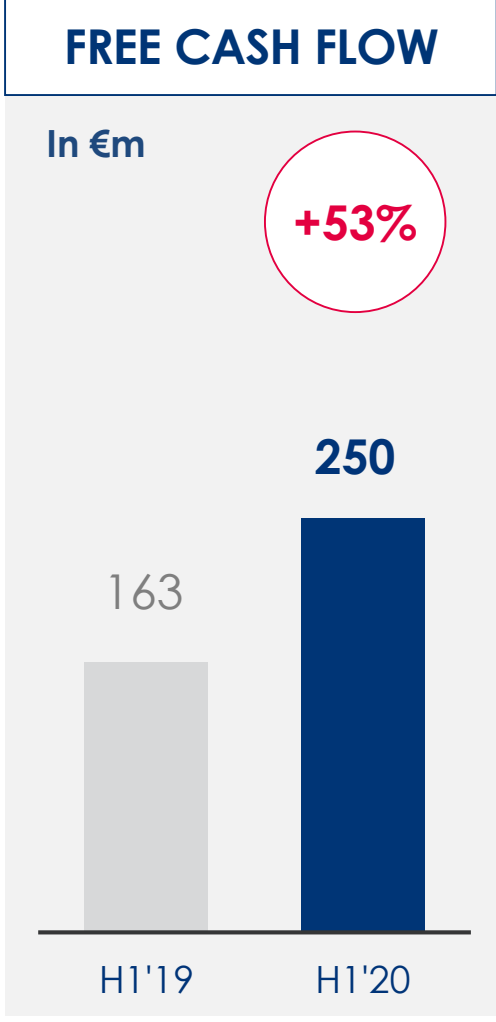
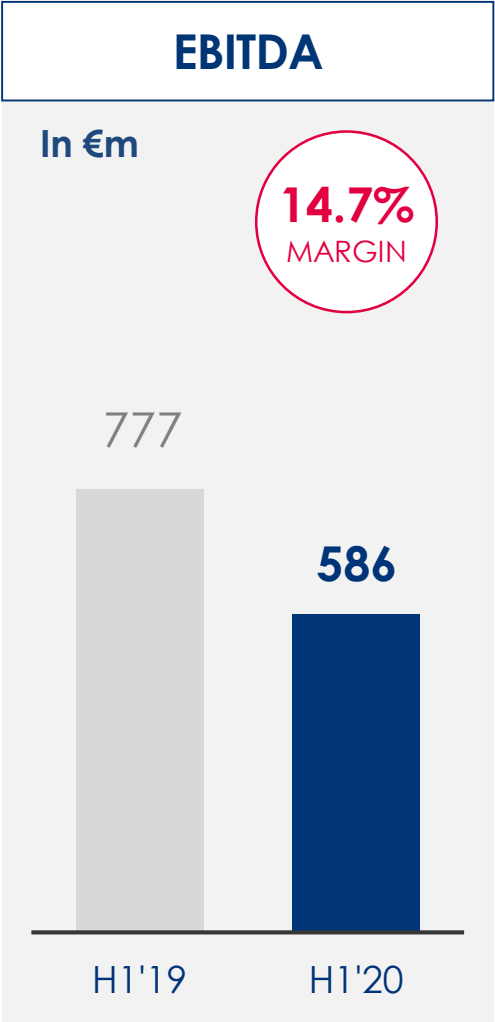
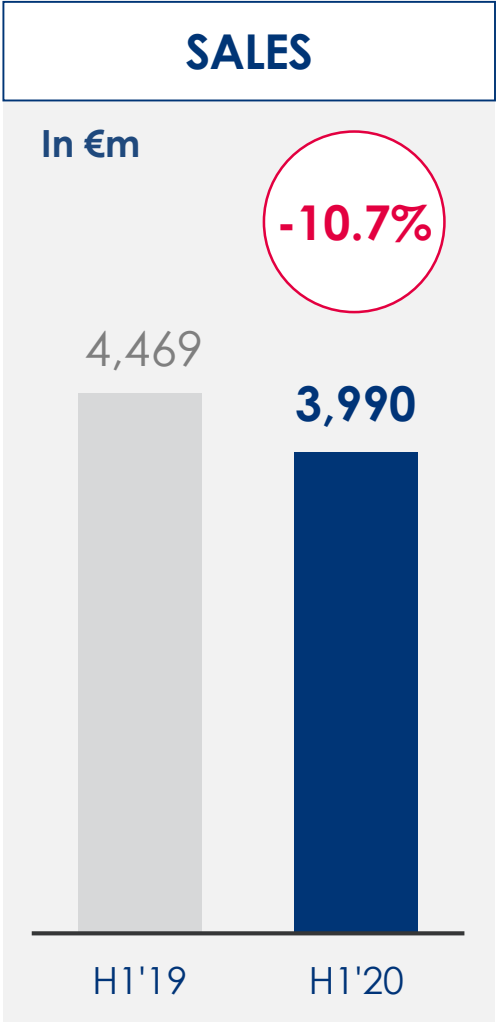
acceleration of major organic growth projects

Tax rate (as a % of REBIT)

19%

stable relative to 2018

H1'20 PERFORMANCE



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

EACH SEGMENT HAS SET GROWTH AND PROFITABILITY AMBITIONS



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%

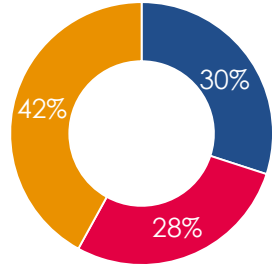
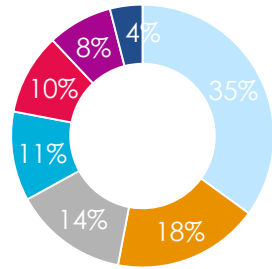
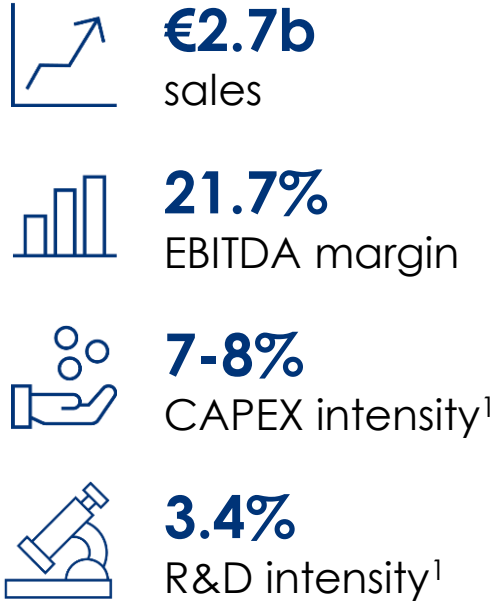
~16%

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

ADVANCED MATERIALS STRATEGY AT A GLANCE

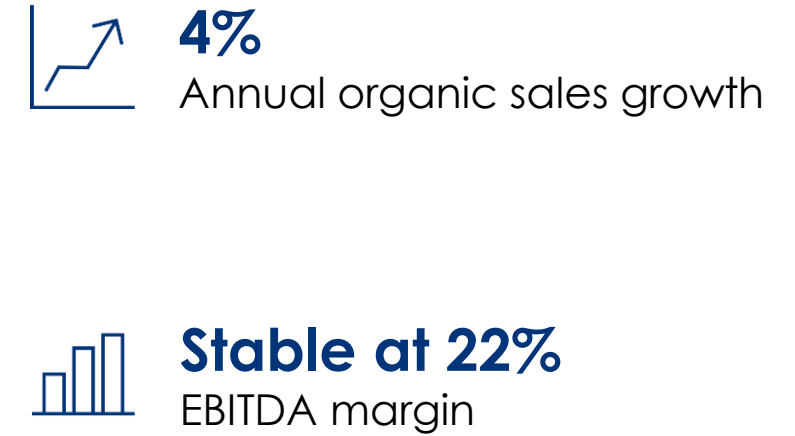
2019 KEY FINANCIALS



2019 REVENUE SPLIT



2024 AMBITION



Growth levers



Support growth with **high-return expansion projects** (polyamides in Asia, PVDF globally, PEKK in US,...)



Innovate with a focus on **sustainability** (bio-sourced materials, new energy, lightweight,...)



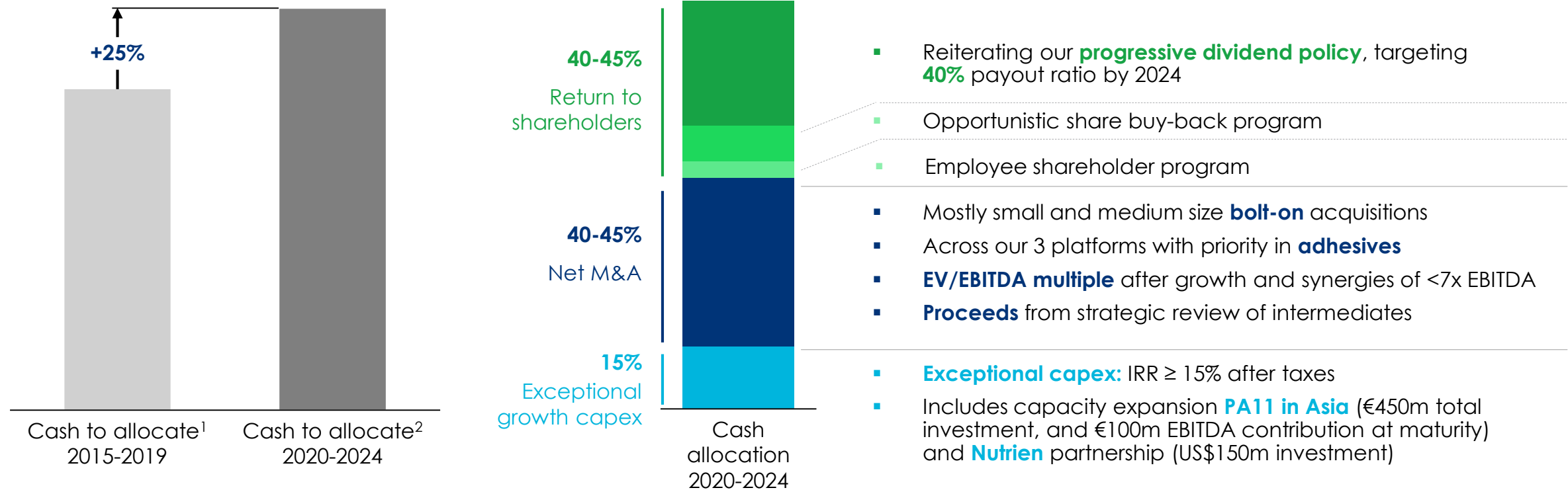
Be the **preferred partner** to solve our customers materials challenges

¹. As % 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

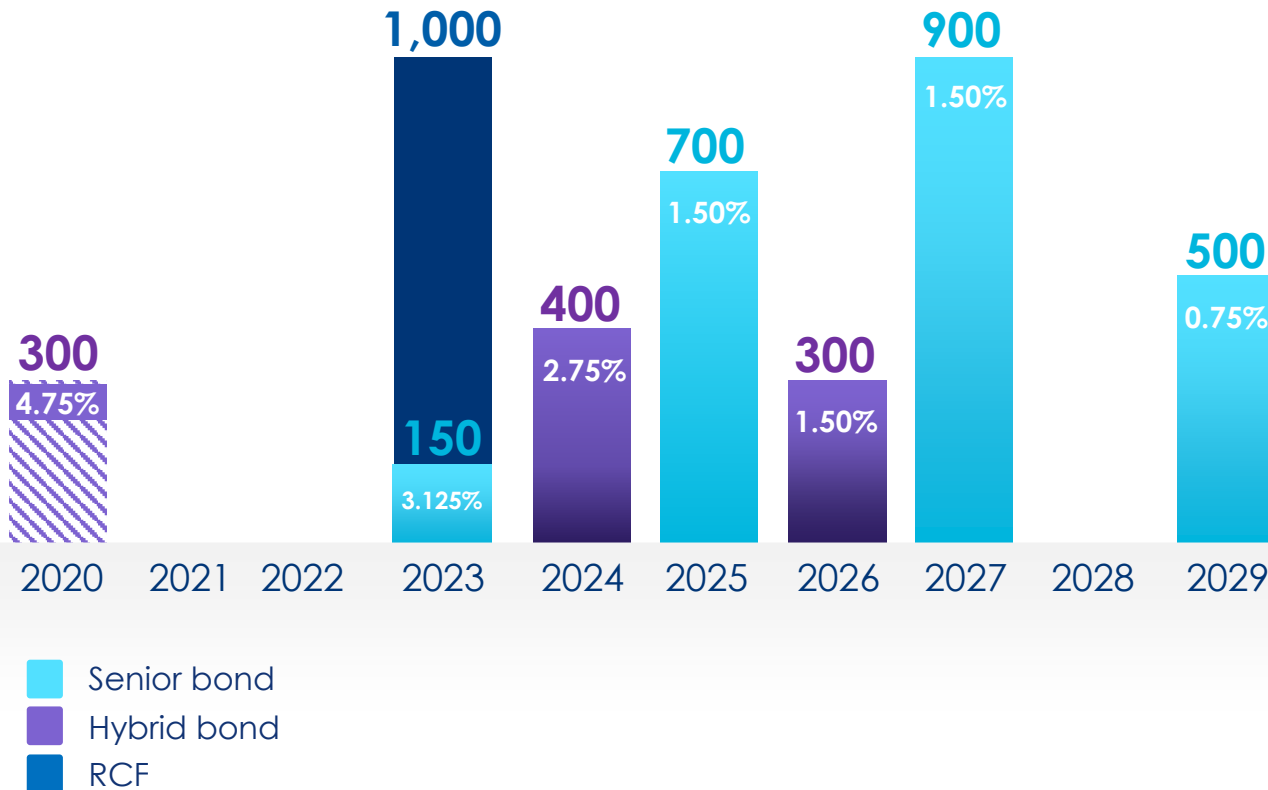


Recurring Capex
~5.5%
of sales



Controlled working capital
~14%
of sales

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)
€1,000 m*

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

* €300m new hybrid bond in January 2020 with a first call option after 6 years. The call option of the remaining 2014 €300m hybrid was exercised in September 2020 and the bond will be reimbursed on October 29th, 2020



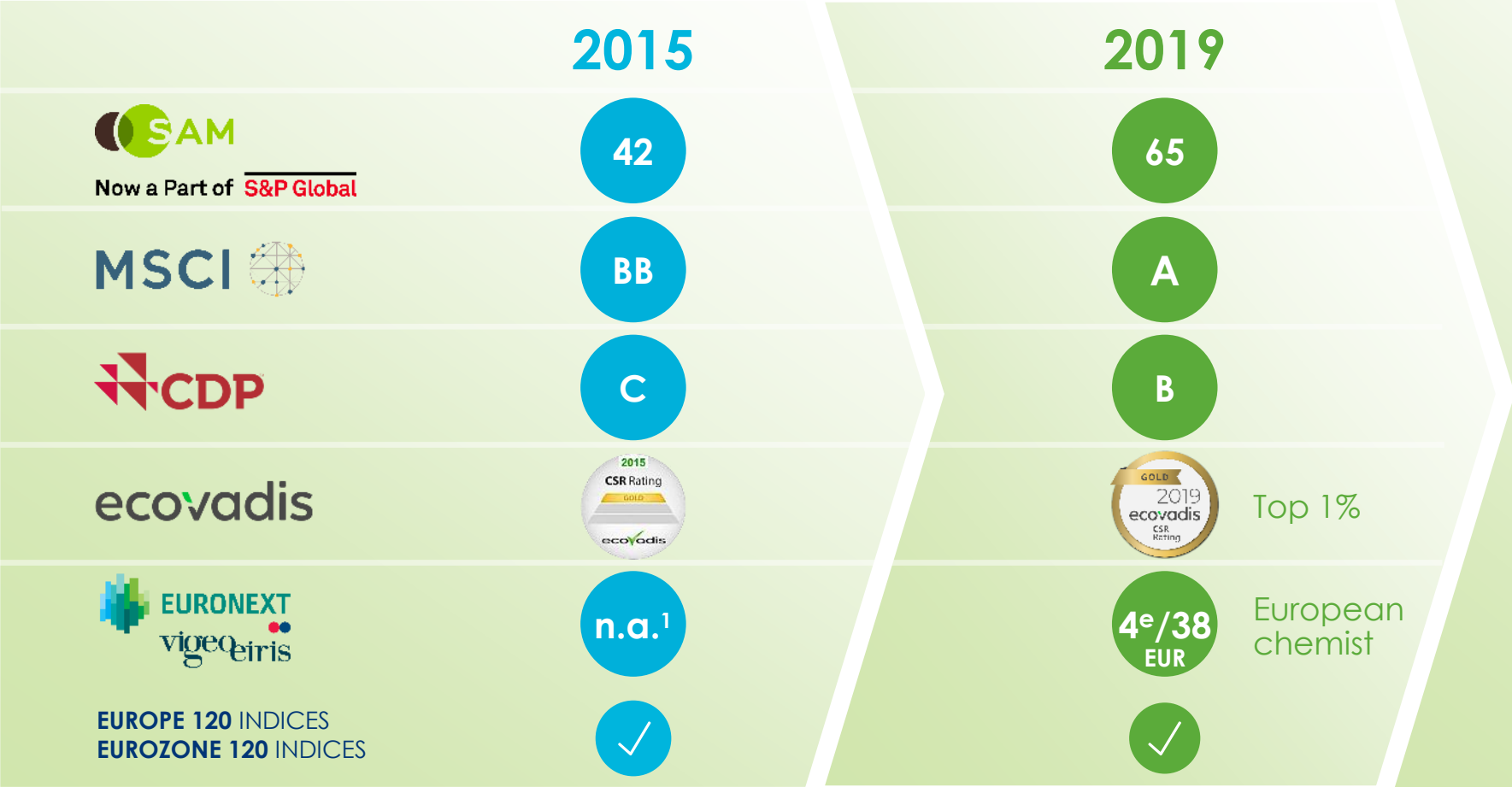
A STRONG SUSTAINABILITY COMMITMENT

ARKEMA
INNOVATIVE CHEMISTRY

STRONG CSR RECOGNITION

NON-FINANCIAL RATINGS

OUR AMBITION

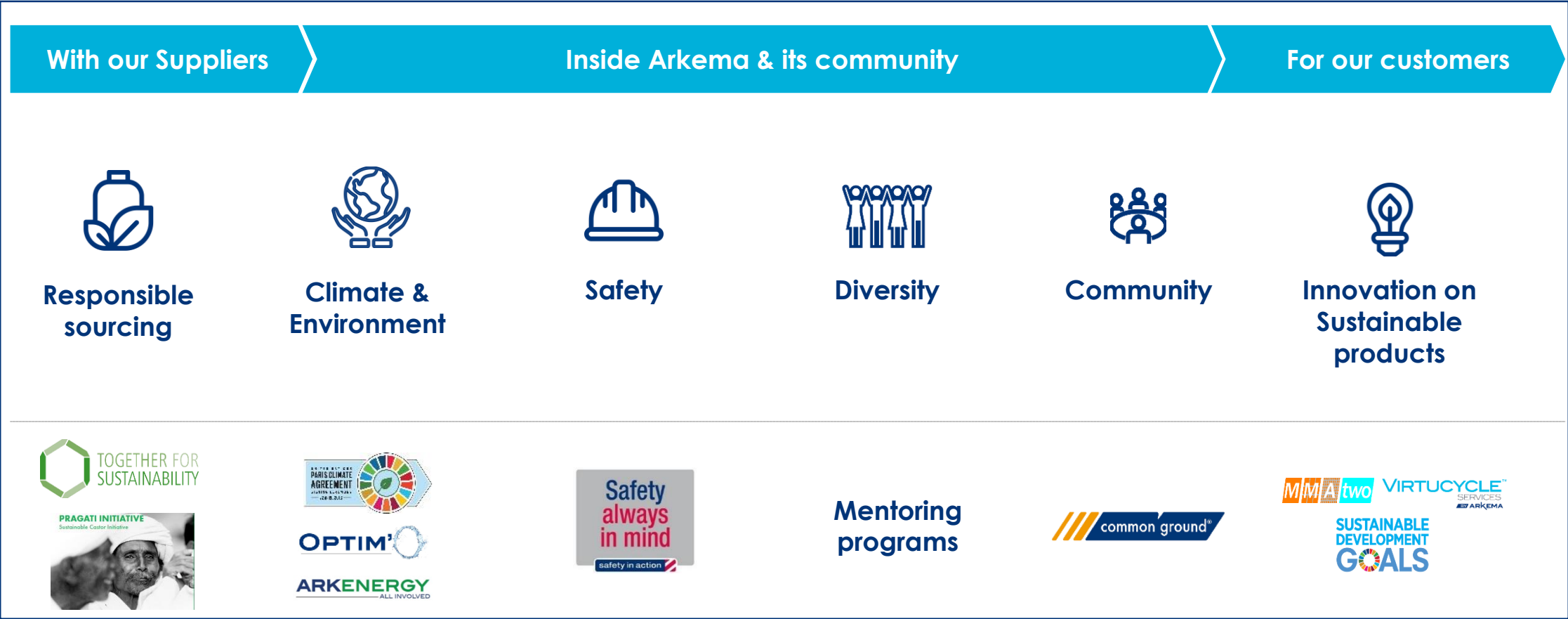


- Rank among the best performing companies
- Inclusion in the **DJSI**

1. Not disclosed

WE CREATE VALUE ALONG THE VALUE CHAIN

CSR EFFORTS ACROSS OUR VALUE CHAIN



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



INNOVATION THROUGH 6 FOCUSED R&D PLATFORMS DEDICATED TO SUSTAINABILITY



PORTFOLIO SUSTAINABILITY ASSESSMENT

44% of products portfolio assessed at end 2019, **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

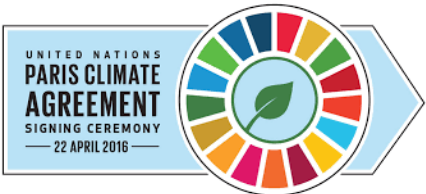


9% of sales from products made from renewable raw material

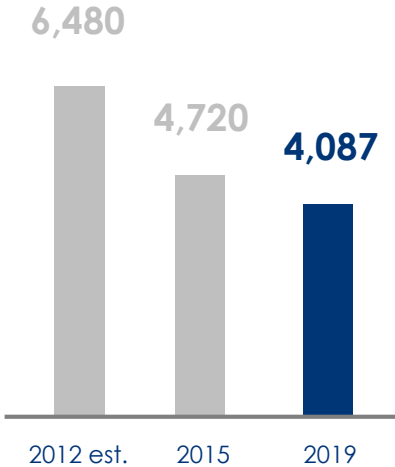
Virtucycle™ recycling program enables customers to partner with Arkema in open-loop and closed-loop initiatives for specialty polymers recycling projects

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

≤ 2,950
kt eq. CO₂
(-38% vs 2015)

ENVIRONMENT

New targets for 2030

AIR	WATER	ENERGY
-65% vs 2012	-60% vs 2012	-20% vs 2012
in volatile organic compounds (VOC) emissions intensity	in chemical oxygen demand (COD) intensity	in net energy purchases intensity

Performance 2019 (vs 2012)

-40%	-50%	-9%
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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

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)



ARKEMA GREEN BOND FRAMEWORK

ARKEMA
INNOVATIVE CHEMISTRY

OVERVIEW OF ARKEMA'S GREEN BOND FRAMEWORK

Arkema's Green Bond Framework is aligned with the four pillars of ICMA's Green Bond Principles*



Use of Proceeds

1

- Construction of Arkema's new world-scale plant based in Singapore.
- Plant dedicated to the manufacture of the **amino 11 monomer** and its **flagship Rilsan® polyamide 11 from castor oil**, a renewable and sustainable feedstock (the "Eligible Project")**



Process for Project Evaluation and Selection

2

- The "Eligible Project" selected by Arkema's Executive Committee.
- The selection has been made on Arkema's biosourced polyamide 11's unique contribution to climate action and responsible consumption and production, as well as the importance of the "Eligible Project" to the global development and expansion of this product.
- Arkema has established a dedicated **Green Bond Committee** to ensure that the "Eligible Project" remains compliant with the Eligibility Criteria throughout the life of the bond.

Management of Proceeds

3

- Processes handled by Arkema's Finance & Treasury Department.
- Monitoring of the allocation of an amount equivalent to the net proceeds from the Green Bonds to the "Eligible Project" based on information provided by its project controlling team in Singapore.
- Pending full allocation, Arkema will invest the balance of the net proceeds as per the company's liquidity management policy.
- Arkema intends to allocate the proceeds to the "Eligible Project" with no more than a **2-year look-back period** and fully **within 36 months** of the issuance of the Green Bonds.

Reporting

4

- **Allocation reporting:**
 - within eighteen months of issuance date, and yearly thereafter
 - until full allocation
- **Impact reporting:**
 - Until the "Eligible Project" is completed, Arkema intends to provide annually an update on the advancement of such project.
 - Post completion of the "Eligible Project", Arkema intends to provide a measure of the impact of the "Eligible Project" on climate change in tons of CO₂ avoided, through an LCA analysis validated by a third party.

*International Capital Market Association Green Bond Principles 2018

**Detailed eligibility criteria for each Project category can be found in Arkema's Green Bond Framework under section 2.1

RILSAN® POLYAMIDE 11 – AN ELIGIBLE GREEN INVESTMENT

- ❖ Wholly derived from renewable feedstock – castor beans
- ❖ Carbon footprint of Rilsan® PA 11 significantly lower when compared to comparable polymers with fossil fuel feedstock*
- ❖ A sustainable high performance polymer - used in demanding durable applications and not for single consumer use
- ❖ Fully recyclable
- ❖ Singapore plant will be built in line with best international standards of safety and environmental performance



*Carbon footprint – calculated in accordance with ISO 14067:2018, 14040 and 14044 and to be validated by third party

ARKEMA'S SINGAPORE PROJECT



CASTOR PLANT



CASTOR SEEDS



CASTOR OIL



AMINO 11

RILSAN® POLYAMIDE 11

No Food Competition

Profitable for Farmers

Driving Sustainable Farming

No Deforestation

Grows in Marginal Soil

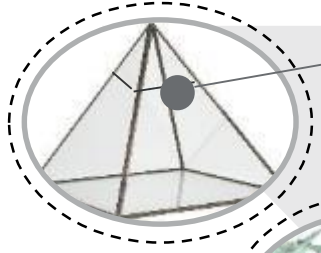
A major A 11 production and PA 11 polymerization investment – moving closer to the castor supply and to Asian customers.

- ✓ Arkema only producer in the world of 100% biobased amino 11 & polyamide 11
- ✓ World scale plant in Singapore dedicated to producing amino 11 (~50% increase of worldwide capacities)
- ✓ Project also includes production of Rilsan® PA 11 on the same site
- ✓ Scheduled to come on stream in 2022

RILSAN® POLYAMIDE 11, NOT JUST BIOBASED



Elegance Rilsan... Rilsan prestige des meilleures marques



The highest performing polyamide range



Biobased, renewable
Low carbon footprint



A proven legacy of 70 years



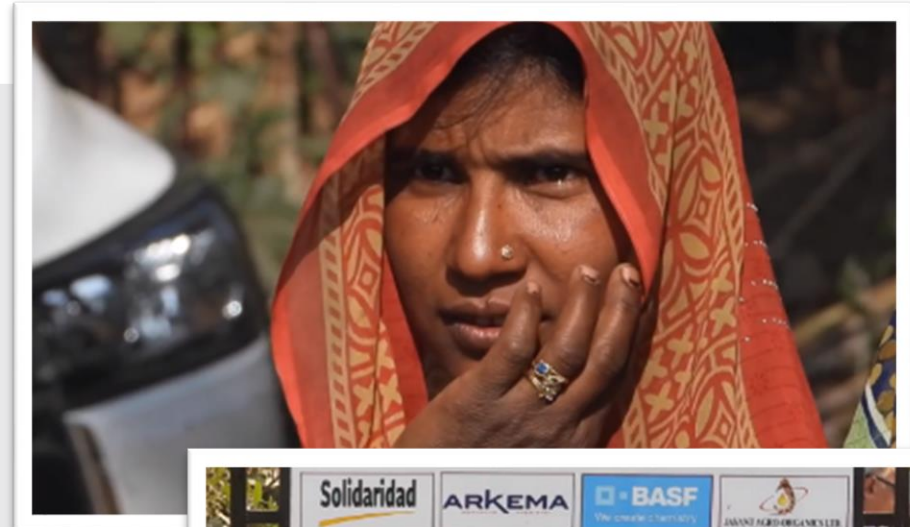
No competition with food
No deforestation



Profitable crop
Sustainable farming



Recyclable



Arkema and its partners in the **Pragati** initiative are driving sustainable farming in India, where 80% of the world's castor beans originate

SUSTAINABLE SOURCING: CASTOR CROP

WHERE?



The Pragati initiative is focused in Gujarat, where most of the castor crop is grown.



TOP 4
uses for Castor oil



700,000

Numbers of castor beans farmers in India

800,000

Numbers of hectares of land dedicated to castor farming in India

TOP 2
perceived sustainability advantages of castor beans

Naturally drought resistant
Does not compete with food chain for humans or animals

47%

Of the weight of castor bean is captured as castor oil. The remainder is generally repurposed as a fertilizer

5

Farmers typically harvest castor pods at least 5 times per year 120 to 210 days after planting

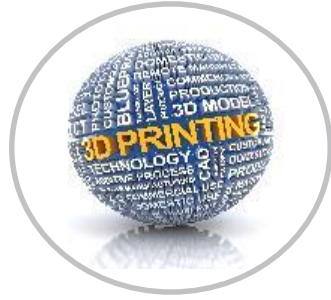
DRIVEN BY OUR MARKETS

High Performance Sports Shoes



Lightweight
Energy Return
Durable Flexibility

3D Printing



Efficient Processing
Superior Impact
Proven Legacy

Automotive



Lightweight
Metal Replacement
New Energy Vehicles

Consumer Products



Durable
Eyewear
Design Flexibility
Eco Design

Consumer Electronics



Laptop and
Mobile Phone
Components

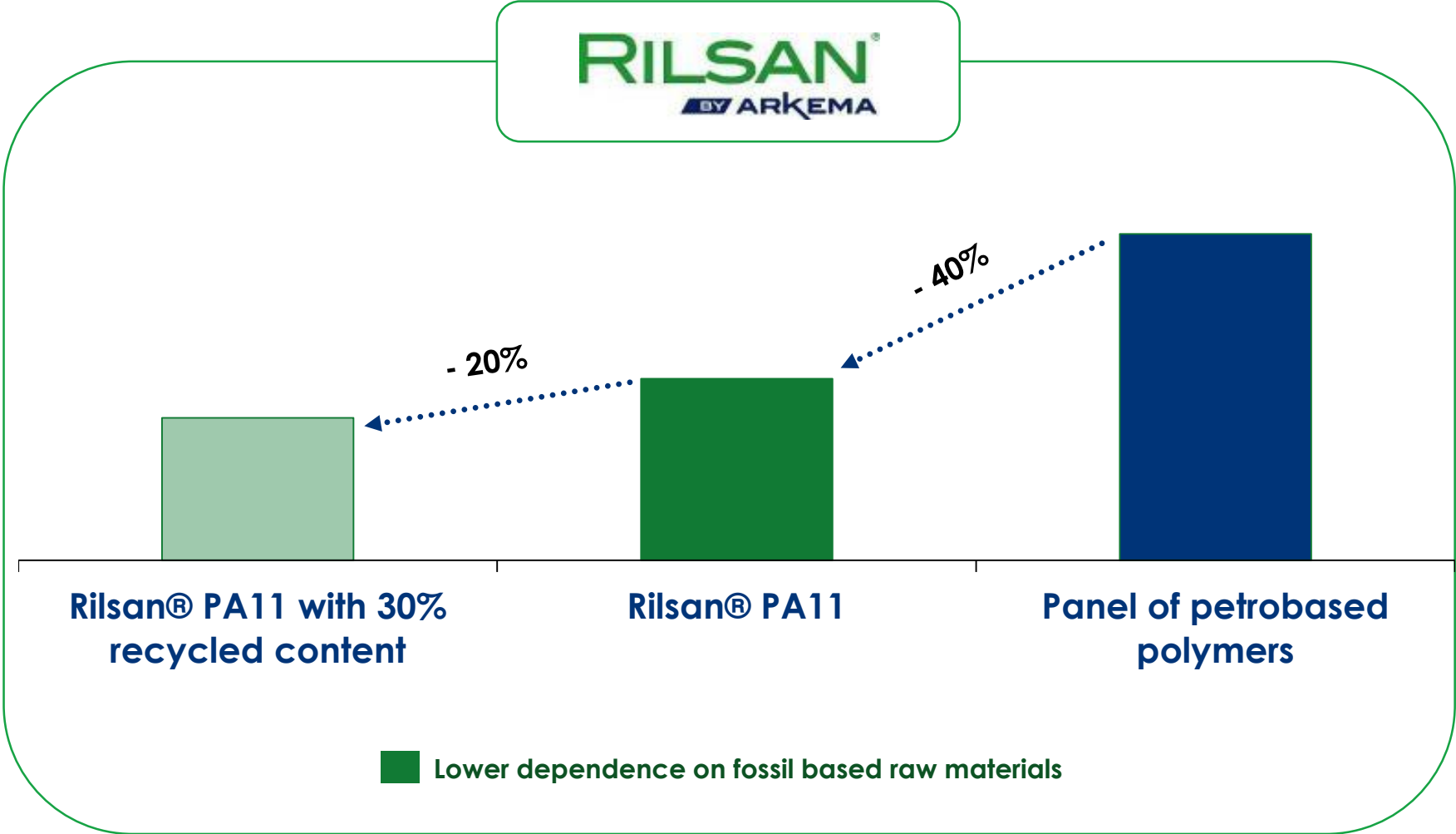
 LIGHTWEIGHT

 RECYCLABLE

 RENEWABLE

 HIGHLY DURABLE

BIOBASED PA11 VS. FOSSIL POLYMERS: FAVORABLE CLIMATE CHANGE IMPACT



Climate change (kg eq. CO₂/kg)
Standard ISO 14040-14044-14067

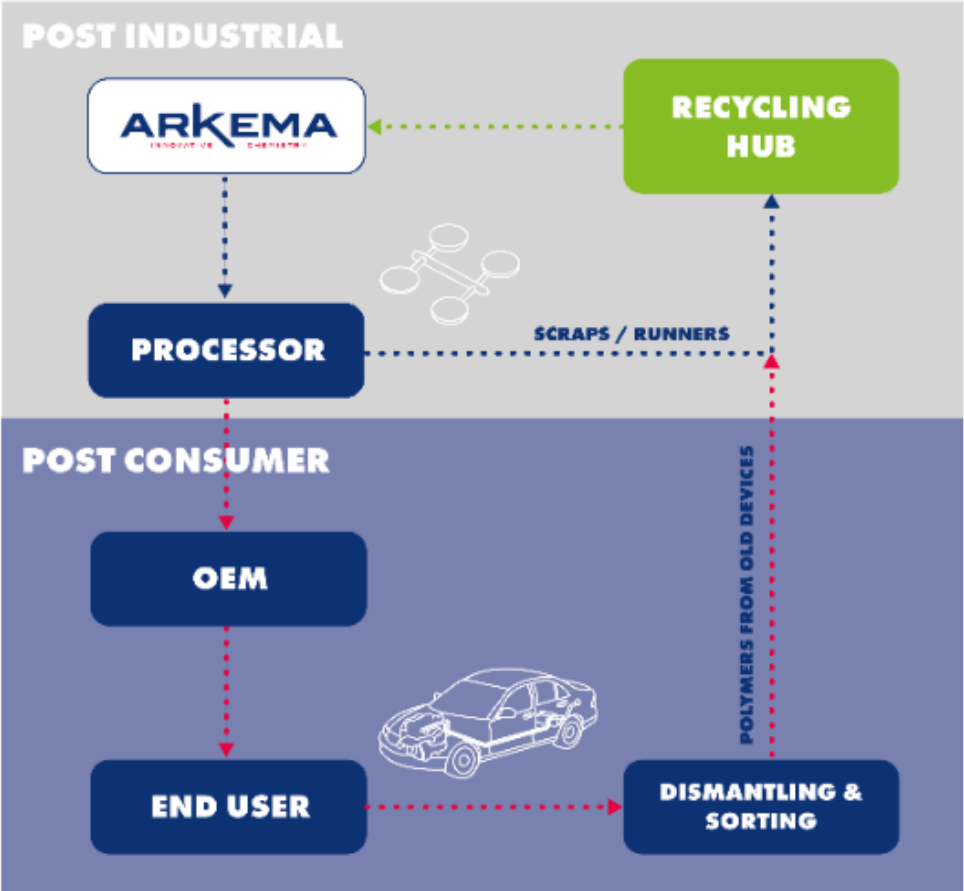
A VIRTUOUS CYCLE FOR “END OF LIFE”



New recycling initiative with partners and key customers



RECYCLING PROCESS



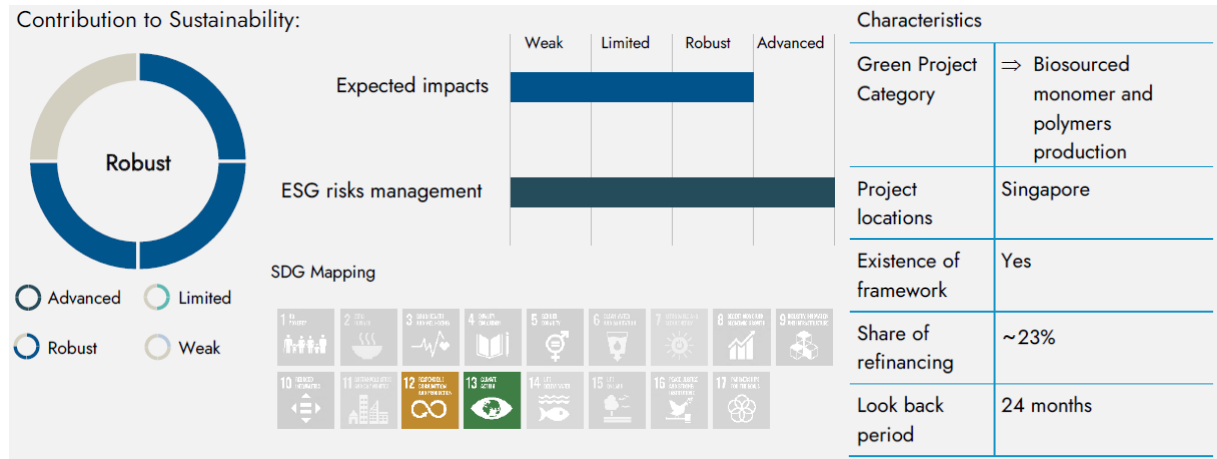
EXTERNAL REVIEW

Arkema's Green Bond Framework is supported by the following External Reviews

Pre Issuance - Second Party Opinion

Arkema's Green Bond Framework has been reviewed by Vigeo Eiris who provided a Second Party Opinion, confirming its alignment with the ICMA's 2018 Green Bond Principles (GBP).

Vigeo Eiris is of the opinion that Arkema's Framework is **aligned** with the four core components the Green Bond Principles 2018 ("GBP") and is in line with some **best practices** taken into account in Vigeo Eiris' methodology. ✓



“We are of the opinion that the contemplated Bond is coherent with Arkema’s strategic sustainability priorities and sector issues and contributes to achieving the Issuer’s sustainability commitments.”



Post Issuance External Verification

An independent auditor will provide a limited assurance to ensure:

- the allocation of the Green Bonds proceeds - on an annual basis and until the proceeds are fully allocated,
- the impact indicator in tons of CO₂ avoided – at least once in the lifetime of the bond,

are compliant with the Framework

ARKEMA EURO GREEN BOND TERM SHEET

ISSUER

ARKEMA (Ticker: AKEFP, Country: FR)

Issuer Ratings

Baa1 (st) by Moody's / BBB + (st) by S&P

Exp. Issue Rating

Baa1 by Moody's / BBB+ by S&P

Format

Senior, Unsecured, RegS, Bearer Dematerialised Notes

Settlement

[14th October 2020] (T+6)

Size

EUR 300mn Expected

Maturity

[14th October 2026]

Coupon

Fixed, Ann, Act/Act

Docs

EMTN / Euronext Paris Listing / €100k+100k / Change of control / 3mth par call / Clean-up call (80%) / MWC (B+20)

Governing Law

French Law

Green Structuring Advisors and JLMs

BNPP, Citi

UoP

An amount equivalent to the net proceeds will be used to finance/refinance eligible green projects as described in Arkema's Green Bond Framework

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Unless otherwise expressly indicated or noted herein, all information regarding markets, market size, market share, market position, growth rates or other industry data pertaining to the business of Arkema are based on estimates prepared by Arkema based on certain assumptions and its knowledge of the industry in which it operates, as well as data from various market research publications, publicly available information and industry publications, including reports published by various third-party sources. Neither Arkema nor the Managers have verified that data independently and cannot assure you as to their accuracy.

DISCLAIMER (2/3)

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 (<https://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 (<https://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

Return on capital employed (ROCE): corresponds to the REBIT divided by the capital employed at the end of the year

DISCLAIMER (3/3)

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