

Arkema is preparing the future with the ambition of becoming a Specialty Materials leader

At a Strategy Update meeting on April 2, Arkema presents its ambition to become a world leader in Specialty Materials realigned around three coherent businesses with attractive growth prospects: Adhesive Solutions, Advanced Materials, and Coating Solutions. The Group unveils its roadmap and its objectives for 2024 at this event. In the context of Covid-19, Arkema also provides an update on the management and the consequences of this unprecedented health crisis.

While the management of the crisis related to Covid-19 requires everybody to be mobilized -priority being given to the health and safety of its employees while supporting its customers and its other stakeholders to the best of its abilities-, Arkema decided to maintain its Strategy Update meeting today to share its vision and unveil its strong ambitions for the mid-term.

Since 2006, the Group has undertaken an in-depth transformation that has enabled it to progressively develop leading positions in Specialty Materials through targeted investments, an innovation policy focused on the major sustainable development trends, and pro-active portfolio management. These activities now account for almost 80% of its sales.

Today, Arkema is entering a new phase in this transformation. This is based on three coherent and complementary divisions focused on Specialty Materials, namely Adhesive Solutions, Advanced Materials, and Coating Solutions. In a world in which demand for sustainable and high performance materials is growing, Arkema enjoys a unique positioning around those three growth platforms. These combine real in-house innovation expertise, strong commercial and industrial synergies, and a common approach to serving customers in sustainable and growing markets.

Thus, the Group has decided to align its organization and reporting with this vision, which will now consist of:

- Three divisions that will be reported separately and will include all Arkema Specialty Materials: "Adhesive Solutions", "Advanced Materials", and "Coating Solutions"; and
- An "Intermediates" division consisting of MMA/PMMA, Fluorogases and Asia Acrylics, consolidating activities with more volatile results and for which the Group will implement differentiated strategies. In particular, the Group will undertake a review of its strategic options for MMA/PMMA, explore possible alternatives to minimize its exposure to the most emissive applications of its Fluorogases, and rebalance its Asia Acrylics business between upstream and downstream.

By 2024, Arkema aims to become a pure Specialty Materials player, with a resilient and focused portfolio, characterized by high profitability and strong cash generation. Thus, Arkema aims to generate sales of €10 to 11 billion and an EBITDA margin of around 17% compared to 15.8% today for the Specialty Materials business. To carry through this latest stage in its development, the Group intends to build on its many innovation projects and investments in major projects such as the expansion of its specialty polyamides in Asia, which will help for example meet the challenges of material lightweighting, 3D-printing, new energies, and energy efficiency in buildings. Arkema also intends to continue playing an active part in the consolidation of the Adhesives market. In a world undergoing significant change, innovation, corporate social responsibility and commercial excellence will remain more than ever at the very heart of the Group's strategy.

Arkema will also maintain strict financial discipline, with a net debt (including hybrid bonds) to EBITDA ratio of less than 2 and a return on capital employed (ROCE) in excess of 10% by 2024. Over the next five years, the

Group's cash generation is expected to grow further compared to the previous period (2015-2019). By maintaining the net debt (including hybrid bonds) to EBITDA ratio around end-2019 levels, it should allow Arkema to finance major organic growth projects and portfolio management operations, as well as raise shareholder returns, the goal being to achieve a dividend pay-out ratio of some 40% by 2024. It should also allow opportunistic share buy-backs under favorable market conditions.

The 2024 targets outlined in this press release constitute our best current estimates. Achieving these targets will depend on the duration and long-term economic impacts of the Covid-19 crisis.

All these elements are detailed in the "Strategy Update" presentation and the "Factsheet - new reporting key figures" document which will be available on the Company's website: www.finance.arkema.com.

In the short term, in the current and unprecedented context of Covid-19, the Group is implementing crisis management measures to ensure the protection of its employees' health as a priority, adjusting its supply chain, and adapting its production facilities to best manage potential disruptions and ensure the continuity of supply to its customers in essential markets. The Group continues to monitor its cash generation and is taking active steps to reduce its investments and fixed costs from the levels initially forecast for 2020. In the first quarter, the impact of Covid-19 on the Group's EBITDA is estimated at between €40 and 50 million. Given its very solid financial structure and liquidity levels, the Group is confident in its ability to get through these difficult times for the global economy and emerge in a position of strength.

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The information disclosed in the whole 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. In this context, Arkema has withdrawn its guidance published on February 27th, as explained in the Outlook section of the 2019 Universal Registration Document.

These assumptions and forward-looking statements are also subject to material risk factors such as among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects, evolution of 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 2019 Universal Registration Document and other documents filed with the French Autorité des marchés financiers.

Besides its IFRS accounts, Arkema also uses Alternative Performance Indicators to provide a more consistent and comparable analysis of the Group's financial performance. Such indicators are defined in the 2019 Universal Registration Document and their corresponding adjustment to IFRS figures is detailed. The most significant ones are :

EBITDA margin: corresponds to EBITDA as a percentage of sales, with EBITDA being equal to recurring operating income (REBIT) plus recurring depreciation and amortization of property, plant and equipment, and intangible assets

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

This document contains forward looking information, which describe expectations, strategies, future events or intentions. Main macro-economic assumptions retained relate to USD/EUR = 1.1; GDP = 3% and oil price at 50\$ to 60\$ / bbl.

The achievement of forecasts is therefore subject to uncertainties regarding these economic factors, as well as regarding changing market conditions, competitive landscape, regulatory evolutions, and other unplanned events. As a consequence, results may differ from those expressed or implied in this document.