

STRATEGY

2 APRIL
2020

UPDATE

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 In this context, Arkema has withdrawn its guidance published on February 27th, as explained in the Outlook section of the 2019 Universal Registration Document.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

Financial information since 2005 is extracted from the consolidated financial statements of Arkema.

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

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 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 forecast 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.

11:00-12:15 Arkema strategy update

12:15-13:00 Q&A

Our speakers



Thierry Le Hénaff
Chairman and CEO



Marie-José Donsion
CFO



Marc Schuller
COO



Virginie Delcroix
VP Sustainable Development



Vincent Legros
EVP Adhesive solutions

- **This Strategy Update takes place in the unusual context of the current COVID-19 outbreak**
- **Our priority remains the safety and well-being of our employees while ensuring the continuity of our operations to support our customers**
- **Our teams are fully mobilized to manage the impact of the crisis associated with COVID-19**
- **We are confident on our ability to overcome this unique challenge and that our historically prudent balance sheet and cash management will prove valuable in helping us weather the situation ahead**
- **This document outlines our strategic plan over a 5 year-period, as we are taking the next step in our transformation journey**
- **Our 2024 targets are a best estimate at this time as the outcome will depend on the duration and long-term economic impact of the COVID-19 crisis**



PROTECT EMPLOYEES

Dedicated crisis management cells, centrally and in each region as well as 'must-do's' enforced on each site to ensure the safety of our employees



STRONG BALANCE SHEET

We have refinanced our next 3-years' maturities already. Our net liquidity at the end of Q1 2020 stands at €1.5b incl. an undrawn RCF of €900m



MAXIMIZE CONTINUITY OF OPERATIONS

Continue to support our customers across the world as chemicals are essential goods for the global economy



ADAPT SUPPLY CHAIN

Understand risk of supply chain disruptions (suppliers and logistics) and take actions to address anticipated shortages

Impact of COVID-19 on Q1 2020

- Estimated EBITDA impact of €40-50m at the end of Q1
- No visibility on full year impact at this stage

Immediate actions

- Strict working capital monitoring
- Prioritization of CAPEX reducing / rescheduling when appropriate
- Tight control and optimization of operational expenses

OUR VISION

Be the **Specialty Materials leader** offering the most **innovative** and **sustainable solutions** to address our customers' current and future challenges

Our world is changing fast
accelerating demand for new materials



Future of mobility



Lightweighting

Durability

Batteries



Urbanization



Insulation

Energy efficiency

Modular construction



Environment



Wind, solar, hydrogen

Water treatment

Renewable resources



Industry 4.0



3D printing

Miniaturization

Smart materials



Consumer demand



Personalized design

Performance

Sustainability

Arkema has unique materials capabilities to address these challenges

Structuring
materials



Bonding
materials



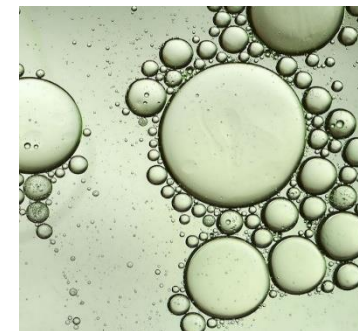
Protecting
surfaces



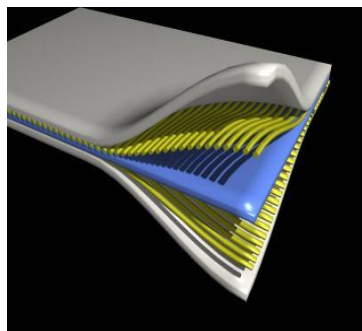
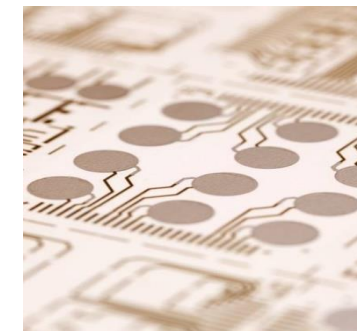
Additive
technology



Surface
science



Piezoelectric
materials



Composite
materials



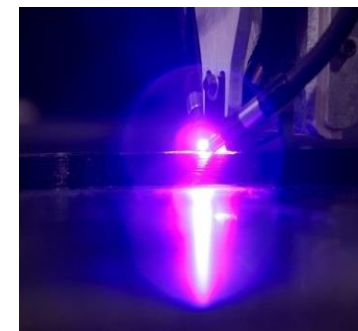
Recyclable
materials



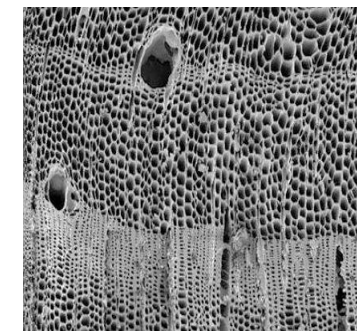
Bio-based
resources



Rheology
modifications



UV curing
technology

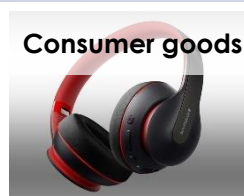
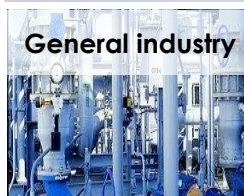


Nanoscience

We have organized this know-how into 3 synergistic growth platforms

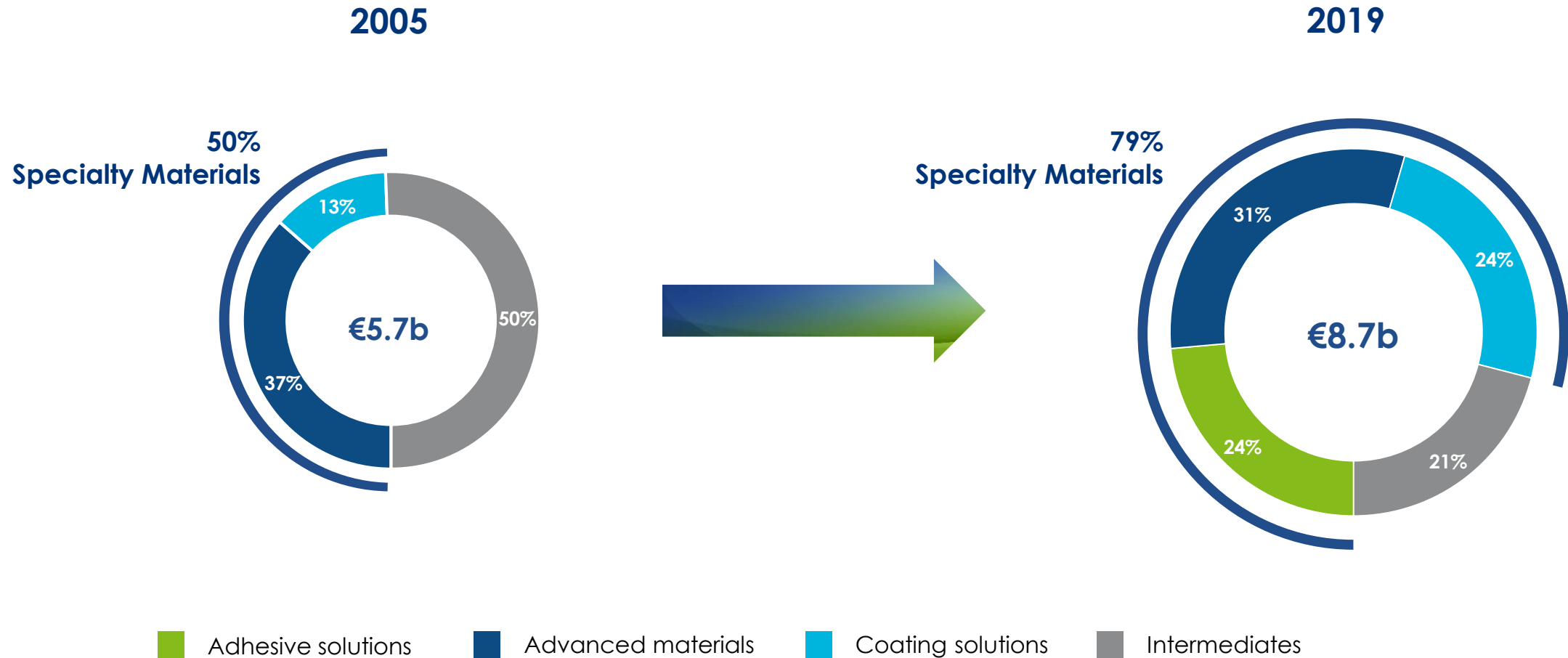


Key end markets



We have progressively developed these 3 platforms since 2005 through a profound portfolio shift

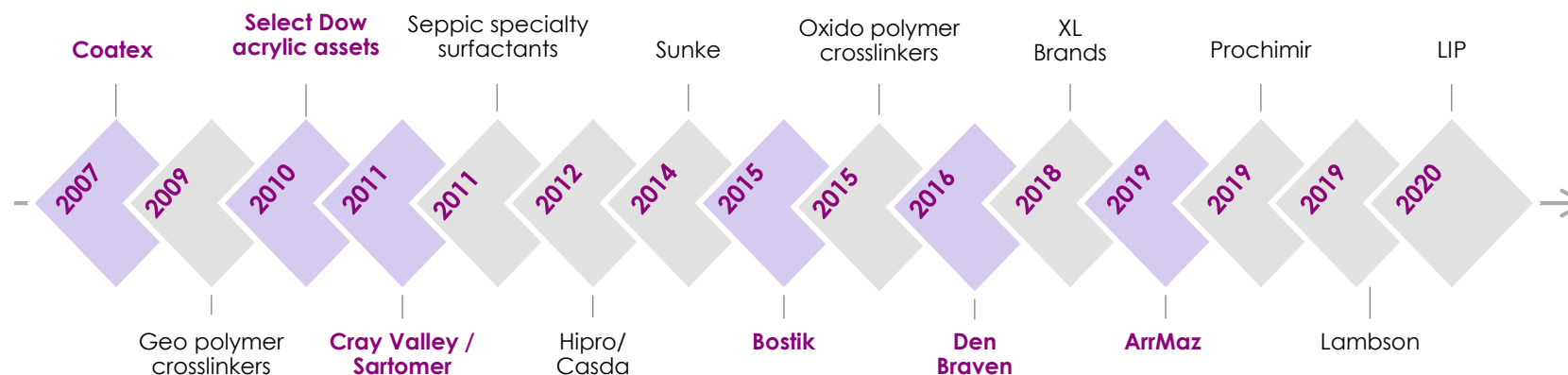
Sales split



M&A was critical in rotating our portfolio towards specialty

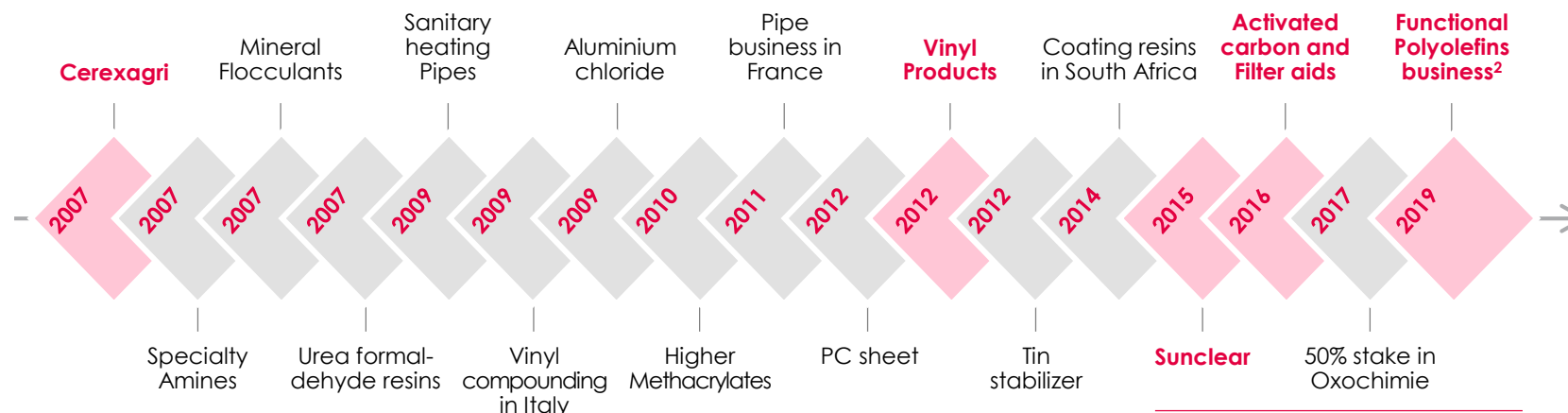
Colored boxes represent the largest acquisitions and divestments over the period

€4.4b
Acquisitions¹



7.6x
Average EV/EBITDA multiple after synergies and growth (vs. 9.3x at acquisition)

€2.2b
Divestments¹



8.6x
Average EV/EBITDA multiple of assets sold (excluding vinyls)

1. Sales acquired / divested over 2005-2019 (full year impact)

2. Closing expected during Q2 2020

3. Initial plan was ~€300m EV for € 700m sales but achieved ~€650m EV for €550m sales

Beyond portfolio management, Arkema strongly improved its performance across 5 dimensions



We became a **balanced global player** growing our presence in Asia



We **innovated** through 6 R&D platforms focused on **sustainability**



We realized strong **operational efficiency** gains



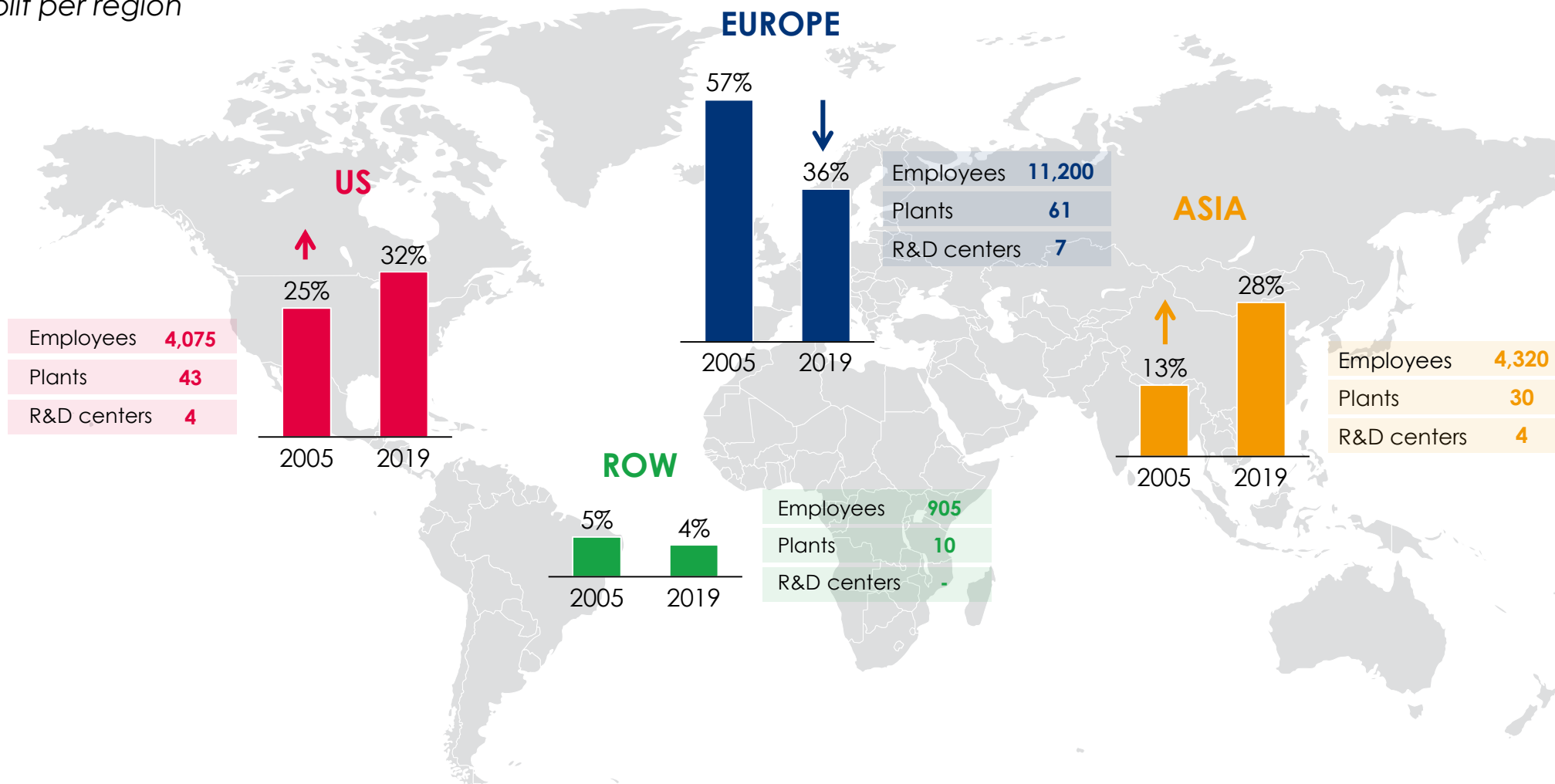
We made significant **CSR** improvements

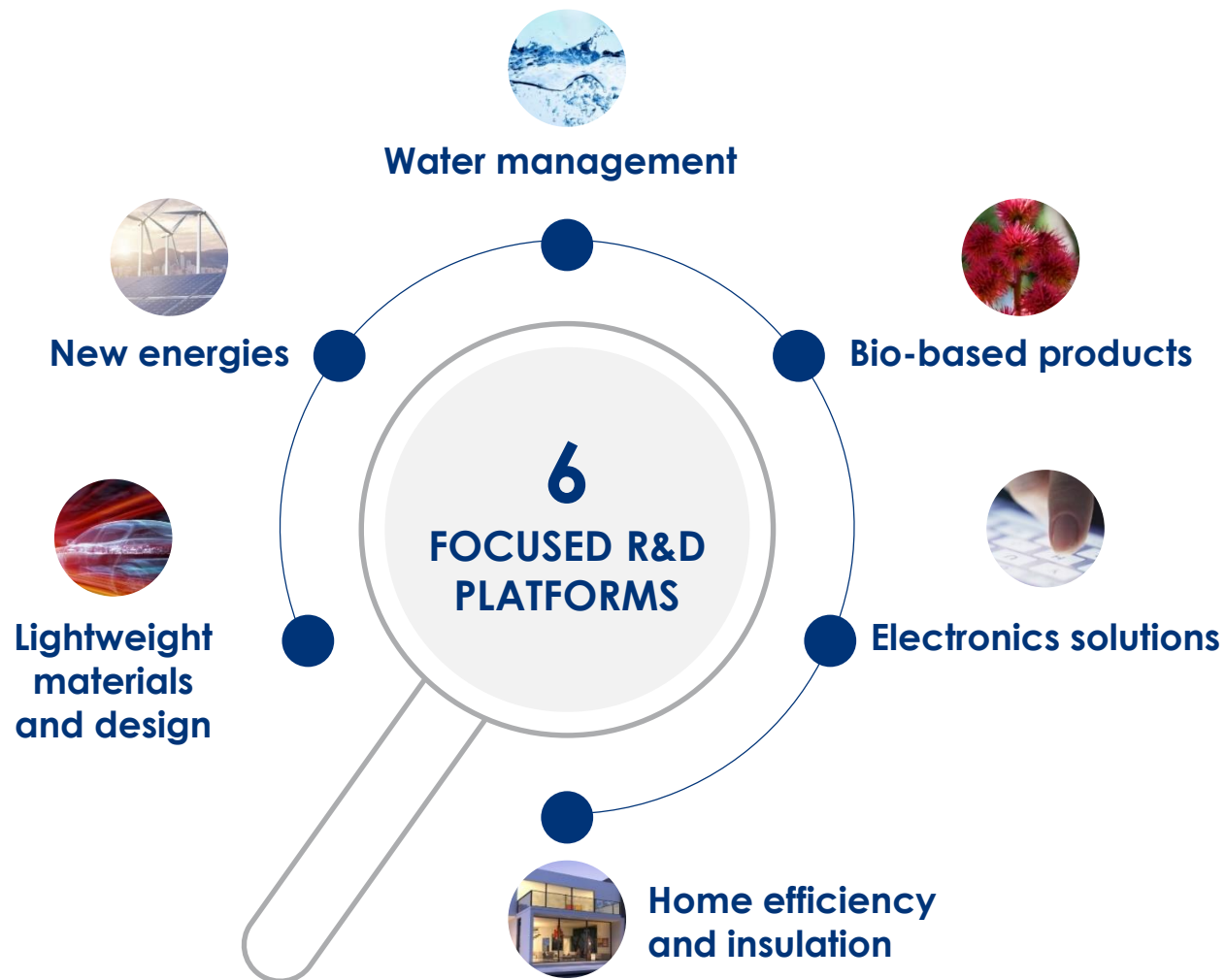


We made a step-change in **financial performance**

1 | Fully rebalanced geographic footprint

Sales split per region





ARKEMA R&D 2019 AT A GLANCE



1,600
Researchers



222
New patents
in 2019



2.8%
R&D spend
as % of sales



10,268
Patents
in force

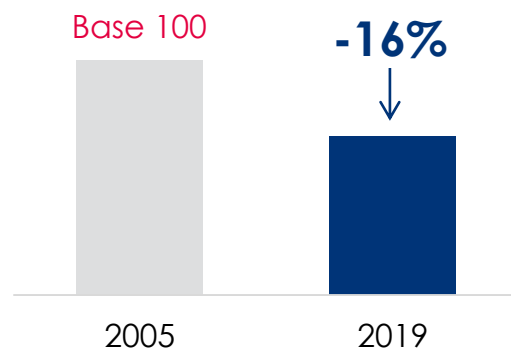


~15% of sales
consist of products
< 5 years old

3 | Strong operational efficiency gains and lean overhead

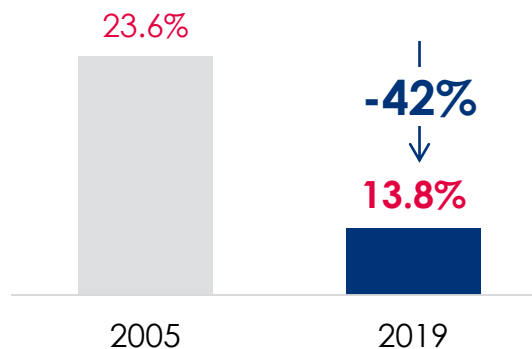
TOTAL FIXED COSTS

as % of sales indexed to 2005



WORKING CAPITAL

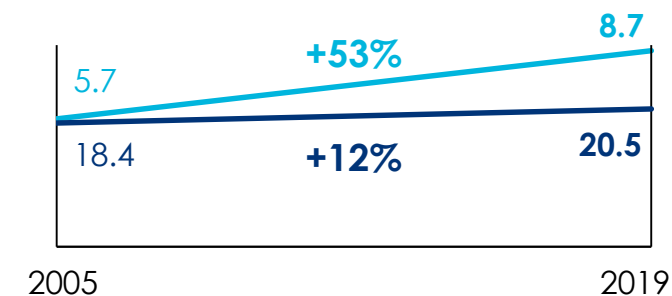
as % of sales



REVENUE & EMPLOYEES

Revenue, €b

Employees, '000



WHILE MANAGING MULTIPLE VALUE CREATING PROJECTS...



IRR on our growth projects >15% (after taxes)

OUTSTANDING CSR TRACK-RECORD

-13% vs. 2015

GHG
emissions



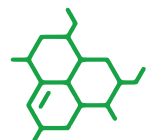
-88% vs. 2005

Recordable
injuries



-40% vs. 2012

VOC
emissions



From 17% to 23%

women in Senior
Executive positions



COMBINED WITH SUSTAINABLE INNOVATION

Industry leading range of **bio-based** specialty polyamides



Large range of **VOC-free** coating solutions



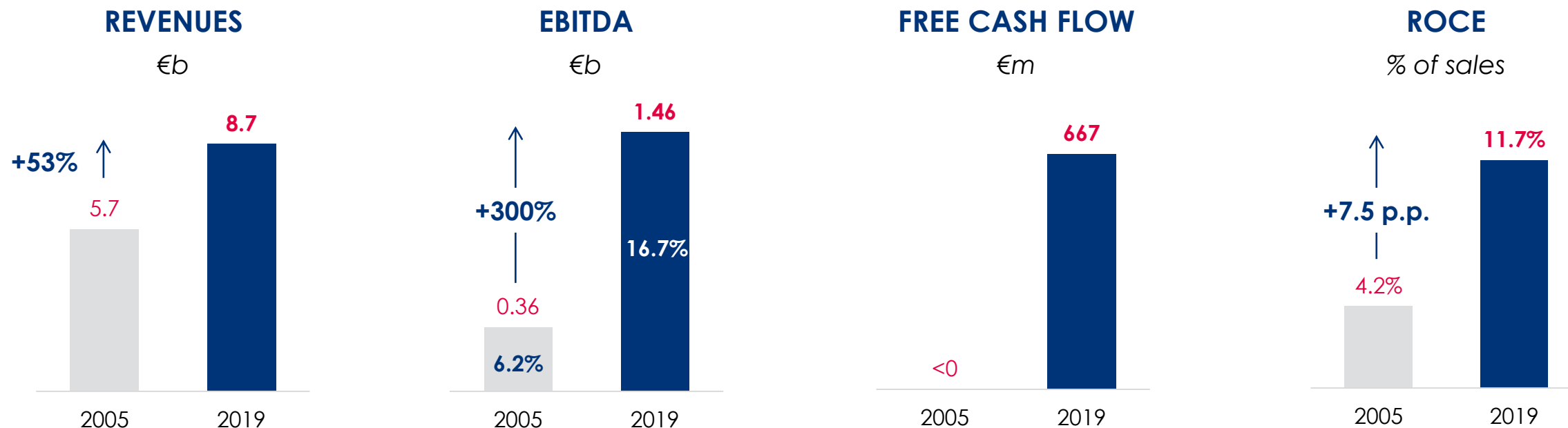
Lightweight composites
to reduce GHG emissions



Circular economy initiatives
(e.g. recyclable resins)



5 | Step-change in financial performance



Dividends have increased at a rate of 12% p.a. on average between 2007-2018
 Despite the current market impact of COVID-19 our TSR has almost doubled that of our peers¹ over the last 14 years

TSR	Until end of 2019		Until March 27 2020	
	Arkema	Peers ¹	Arkema	Peers ¹
Since Arkema IPO in 2006	+319%	+189%	+164%	+91%
Since 01/01/2015	+98%	+51%	+25%	+2%

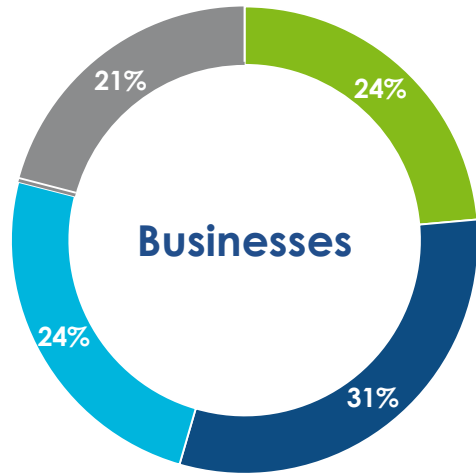
1. Average TSR of Dupont, Solvay, Clariant, Lanxess, H.B. Fuller, BASF, Akzo Nobel, Ashland, DSM

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2020 **UPDATE**

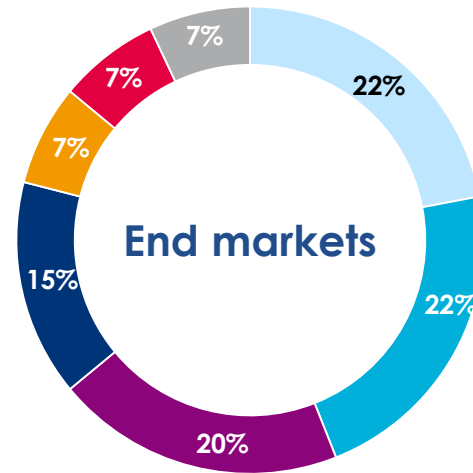
ARKEMA TODAY



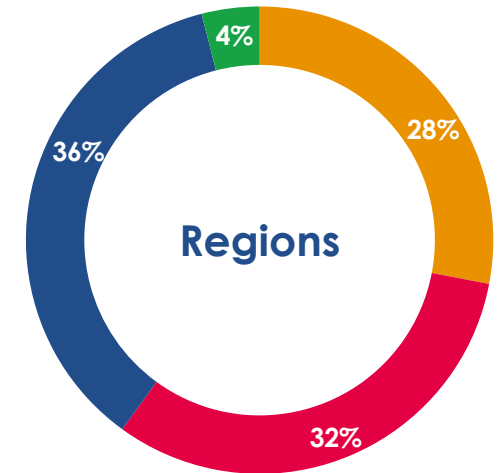
2019 SALES SPLIT



- 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



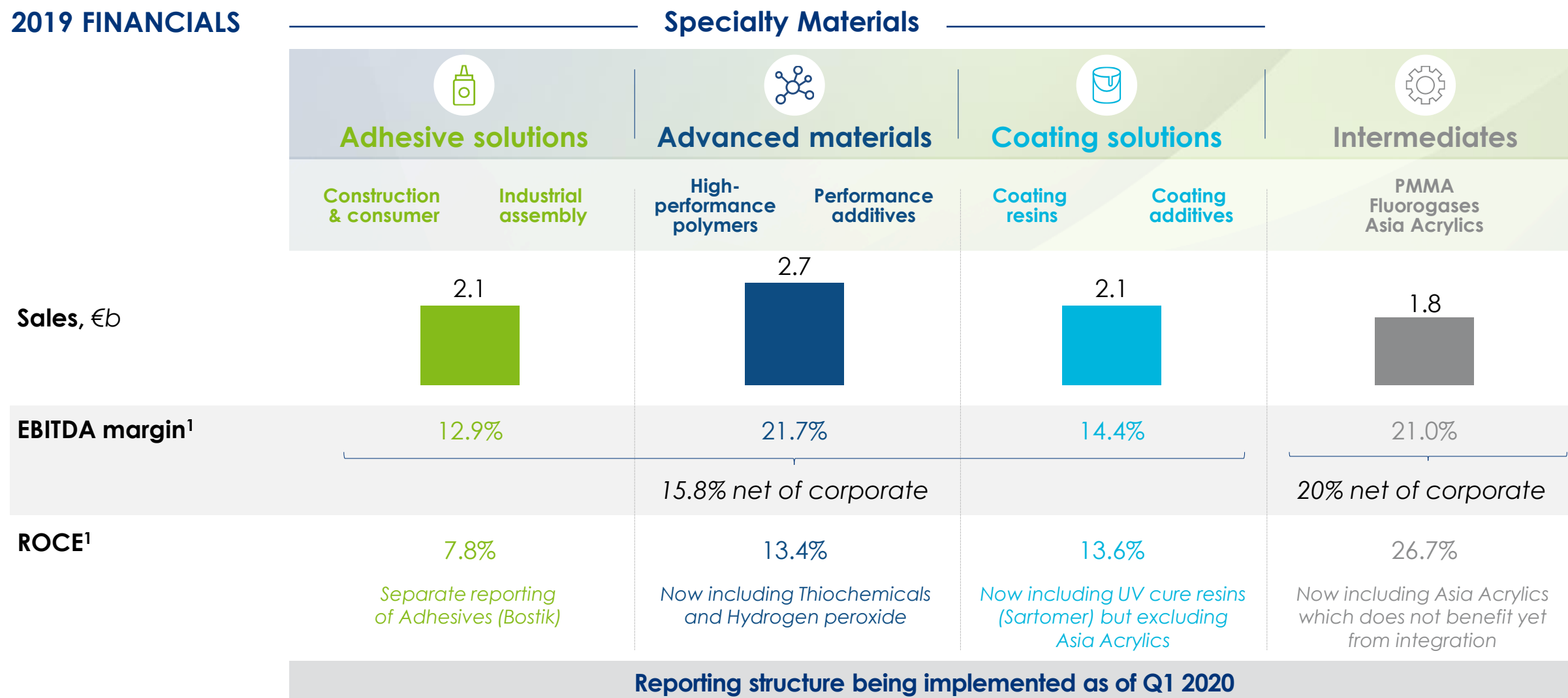
144 plants
operated



2.8% of revenues
invested in R&D

We have aligned our business structure with our vision

2019 FINANCIALS

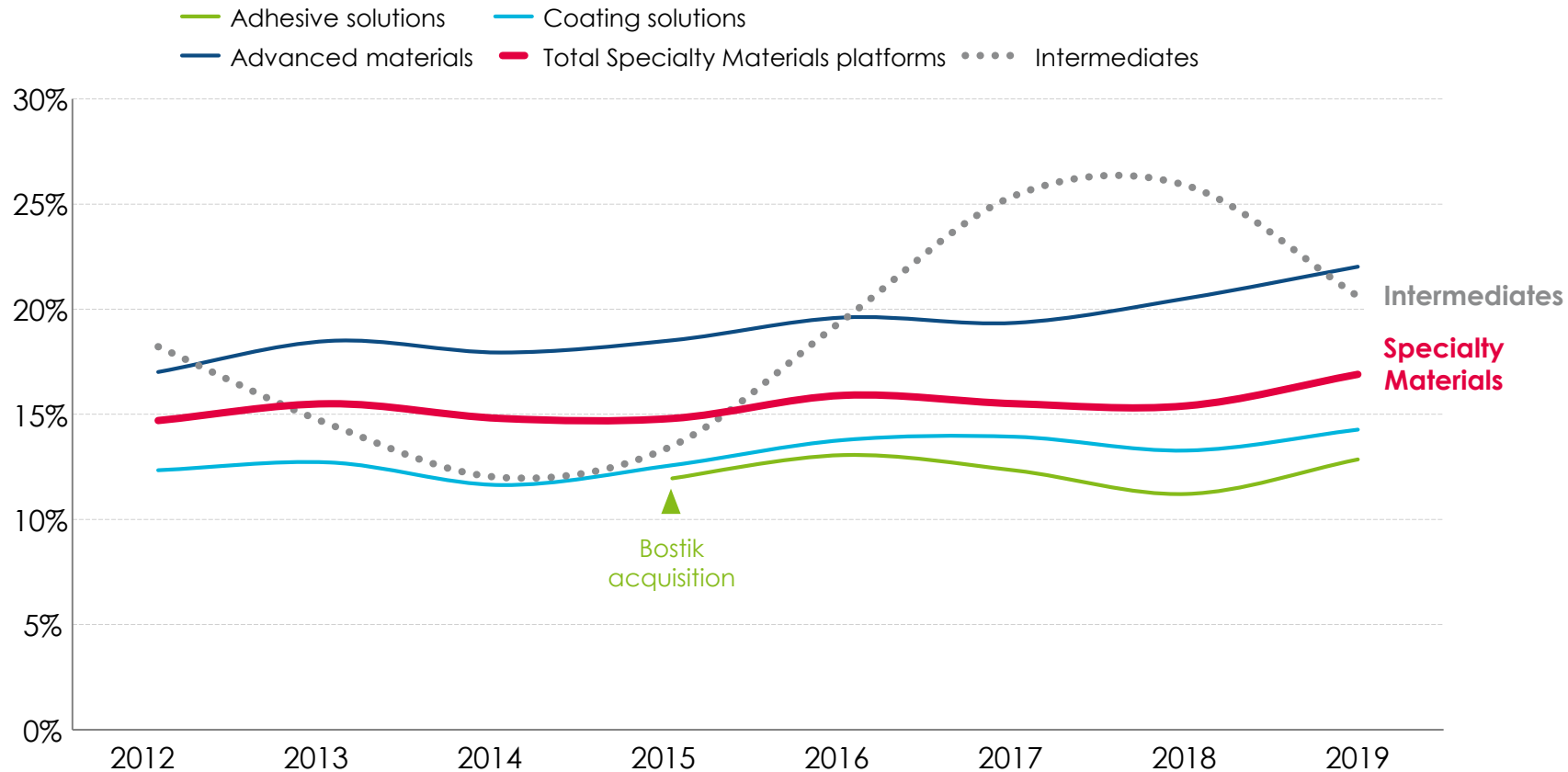


1. Excluding corporate, corresponding to ~1% of sales

The Specialty Materials platforms provide strong growth & resilience

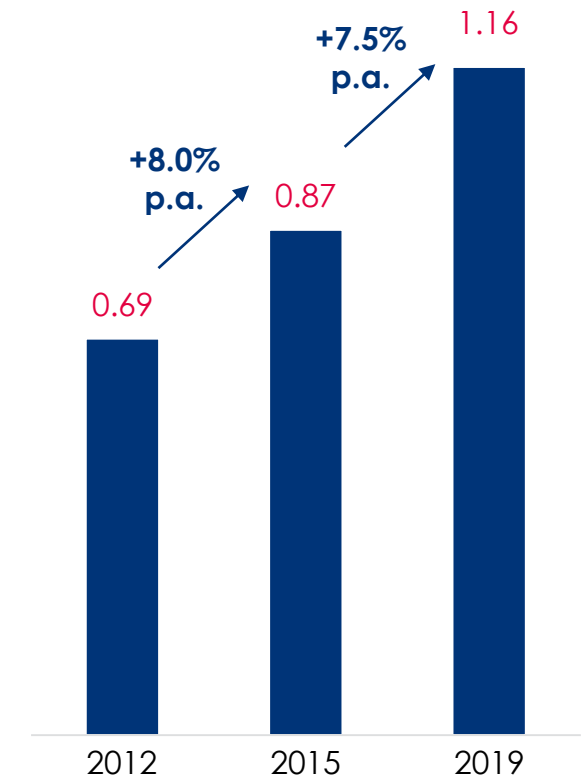
EBITDA margin

%






EBITDA evolution of Specialty Materials platforms

€b



The combination of our Specialty Materials platforms is unique

Specialty Materials

	 Adhesive solutions	 Advanced materials	 Coating solutions			
Leadership position	#3	#1-2	#2-3			
Main competitors	<ul style="list-style-type: none"> ▪ Henkel ▪ Sika ▪ DuPont 	<ul style="list-style-type: none"> ▪ H.B. Fuller ▪ EMS ▪ Dow 	<ul style="list-style-type: none"> ▪ EMS ▪ Kureha ▪ DSM 	<ul style="list-style-type: none"> ▪ Evonik ▪ Solvay ▪ DuPont 	<ul style="list-style-type: none"> ▪ DSM ▪ BASF ▪ Synthomer 	<ul style="list-style-type: none"> ▪ Dow ▪ Allnex

Common back-bone based on Materials capabilities



The platforms are well-positioned on growth trends

UNDERLYING MARKET GROWTH

KEY TRENDS

Adhesive solutions



~3% p.a.

- **Population growth** and urbanization
- **Energy efficiency** and **insulation**
- **Lightweighting** (replacement of mechanical bonding)



Advanced materials



4+% p.a.

- **Lightweighting** for CO₂ and energy reduction in transport
- **Renewable energy** solutions (wind, solar,...)
- Access to **potable water**
- **Recyclable** and **bio-based** plastics
- **3D printing**



Coating solutions



~3% p.a.

- Shift to **environmentally friendly (low VOC) solutions** (e.g. water based, powder, UV cure)
- Increasing demand for **high-performance coatings** (weather resistance, fast drying,...)



Arkema is a leading material solutions provider for Li-ion batteries

ARKEMA SOLUTIONS FOR E-MOBILITY



30+%
CAGR '19-24¹

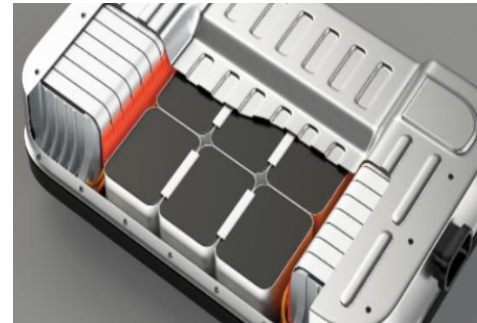
STRONG PARTNERSHIPS



1. Market growth for battery electric vehicles - McKinsey center for Future of Mobility

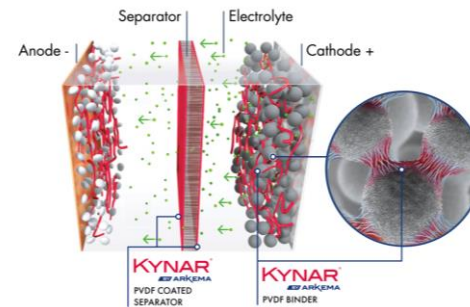
- Adhesive solutions
- Advanced materials
- Coating solutions

LIGHTWEIGHTING AND HEAT TRANSFER OF BATTERY PACKS



- Protection of bus bar**
Bio-based Polyamide 11
- Casing (substitute metal)**
Recyclable thermoplastic composite
- Cell to cell bonding**
Thermal conductive adhesive

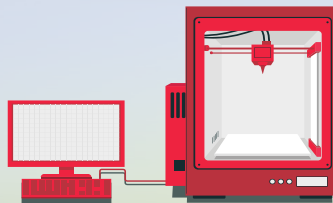
BATTERY PERFORMANCE (energy density, charge time, recyclability)



- Separator coating, cathode binder**
Highly-resistant Kynar® PVDF components
- Electrolyte salts (LiFSI, LiTDI)**
Ultra-pure, strong IP, cost competitive
- Rheology additive for electrolyte**
Optimize flow properties

Arkema is a leading material solutions provider for 3D printing

3D PRINTING SOLUTIONS BY ARKEMA



20+%
CAGR '19-24¹

DEDICATED GLOBAL INNOVATION CENTERS ON 3D PRINTING

<p>Radiation Cure of Liquid Resin</p> 	<p>Thermoplastic extrusion</p> 	<p>Powder Bed Fusion</p> 
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STRONG PARTNERSHIPS



1. Market growth for material demand for 3D printing – Wohlers report 2019

Advanced materials Coating solutions

HIGH-PERFORMANCE POLYMERS FOR 3D PRINTING

PEKK

Easy to process in powder or filaments & ultra high performance for aerospace applications



Extremely Complex part printed in composite (Hexcel)

PVDF

Filaments with excellent UV and Chemical resistance



Flange with high chemical resistance

Bio-based PA11

Powders with improved impact resistance & Sustainability



Personalized Helmet (EOS/Hexr)

UV CURABLE RESINS FOR 3D PRINTING (Sartomer)



Continuous fiber 3D Printed Composites

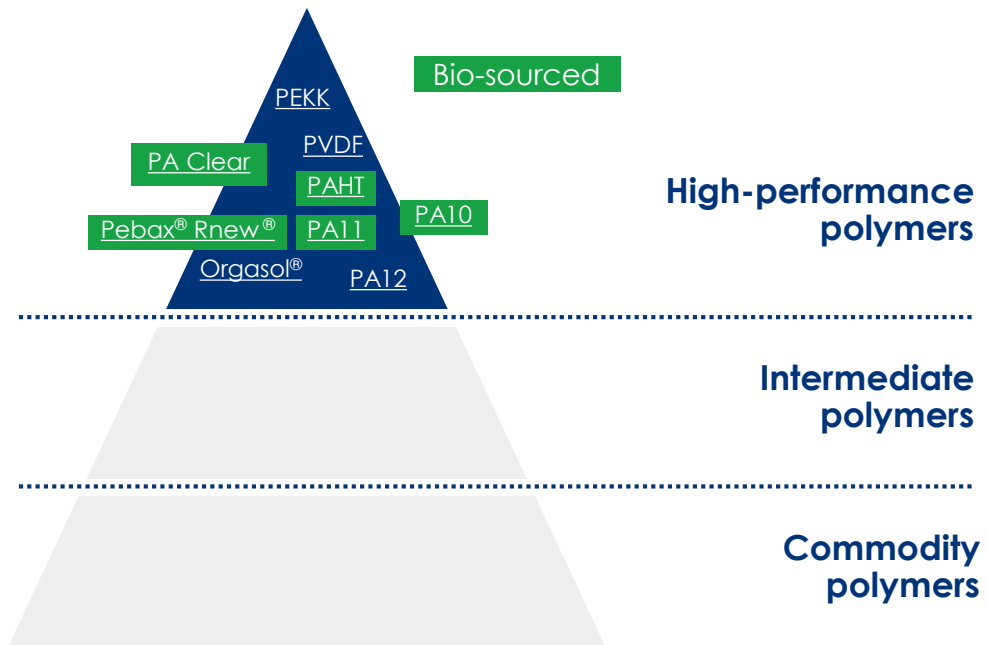


Lattice design 3D Printed Midsole (Carbon® /Adidas)

Arkema has a strong position in lightweighting solutions

 Advanced materials

HIGH PERFORMANCE POLYMERS WITHSTANDING EXTREME CONDITIONS



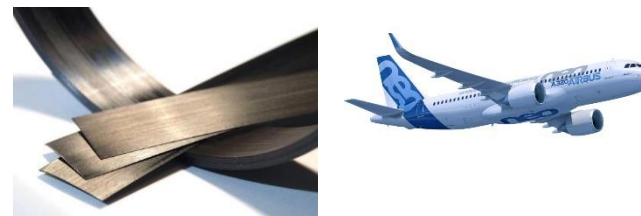
STRONG PARTNERSHIPS



HIGH Performance

Carbon fiber composites PEKK/CF Tapes

2x stronger than steel



High temperature PA auto fluid transfers

7x lighter than steel
+150°C operating temp



LOW density

Foams

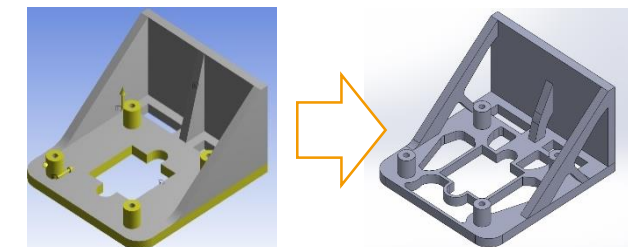
Density 0.15 ; Rebound 70%



3D Printing

Design optimization

Up to 50% less material use



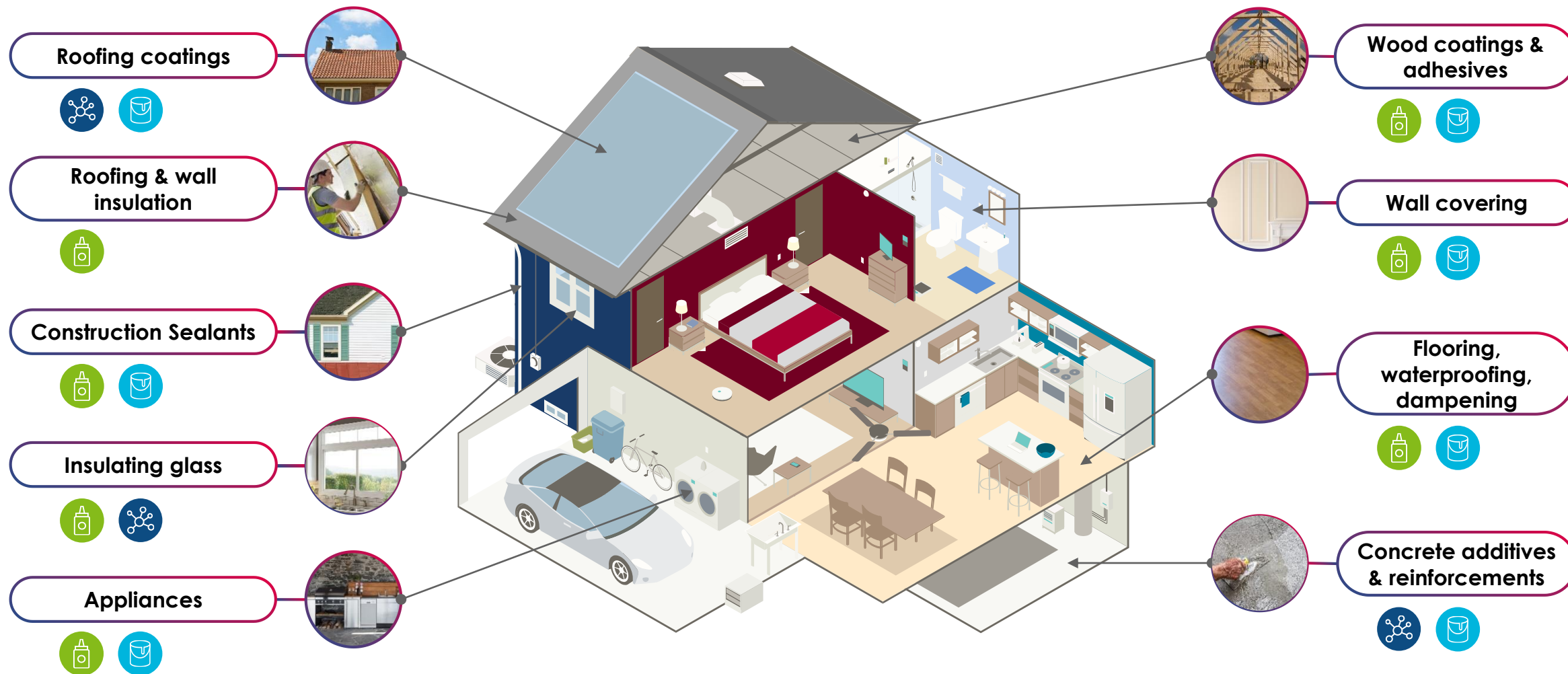
Arkema provides solutions for all aspects of construction

OUR SOLUTIONS ARE EVERYWHERE

 Adhesive solutions

 Advanced materials

 Coating solutions



Intermediates have leading positions and solid profitability over the cycle

MMA/ PMMA



Key strengths

- **Integrated** player in innovative PMMA Resins
- Globally recognized **brands**
- Portfolio geared towards attractive **sustainable** growth trends
- **Leading positions** in North America and Europe

Leadership position

#1 in PMMA resins in US
#2 in PMMA resins in Europe

FLUOROGASES



- Strong **global player** supported by historical **leadership** positions
- Unique and proprietary **technological know how** in the new generation of fluorogases and several **specialty** fluorochemicals
- Offering a competitive **upstream support to the Kynar® PVDF** value chain

#3

ASIA ACRYLICS



- Attractive **geographic location**
- Access to the **first market worldwide**, in constant expansion
- **Support** a strong commercial and industrial **footprint globally**

#2

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2020 **UPDATE**

**Our vision is to become a pure
Specialty Materials player**

ARKEMA
INNOVATIVE CHEMISTRY

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

4 levers underpin our strategy

Accelerate
organic
growth and
innovation



Strengthen our
specialty platforms
through **bolt-on**
M&A



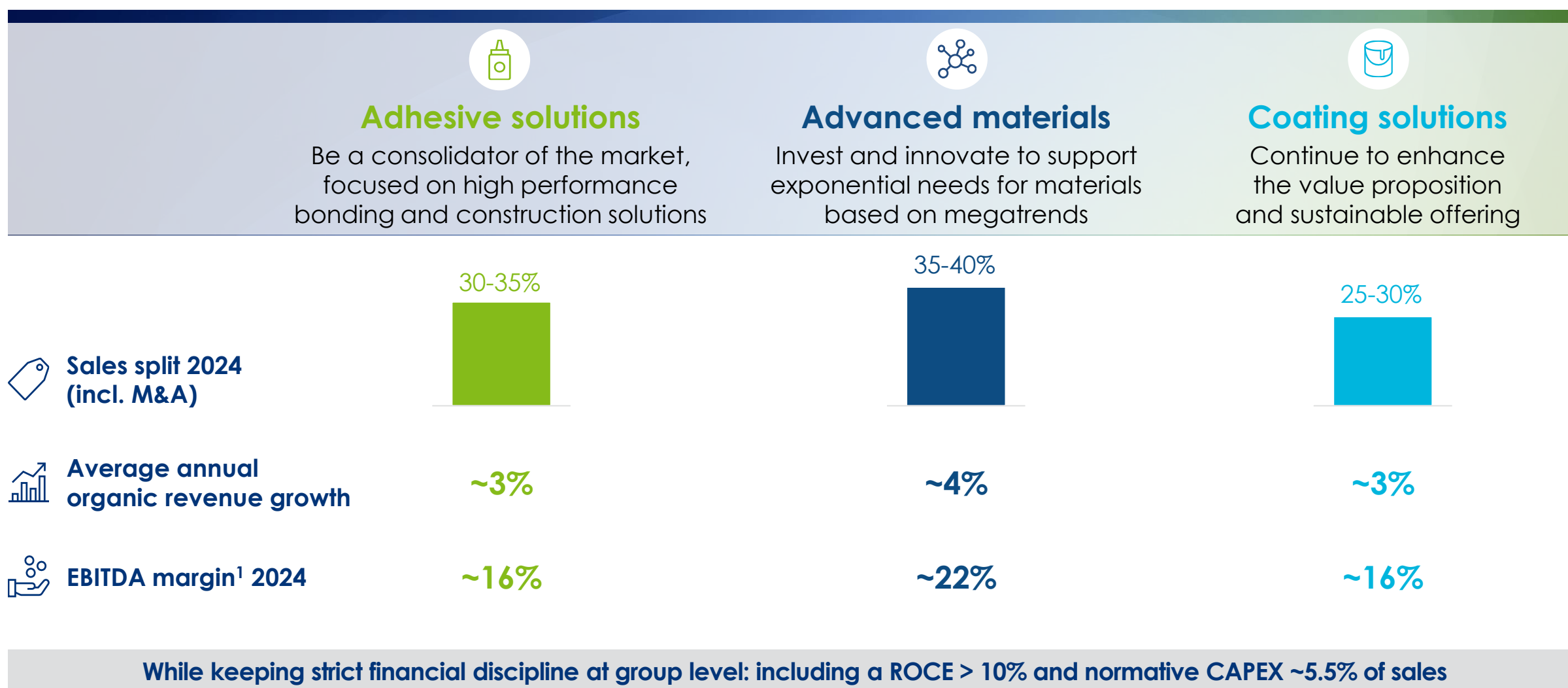
Commercial
and operational
excellence
initiatives



Achieve best-in-class
CSR performance
amongst chemical
players



Each platform has set growth and profitability ambitions



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

Adhesive solutions strategy at a glance

2019 KEY FINANCIALS



€2.1b
sales



12.9%
EBITDA margin

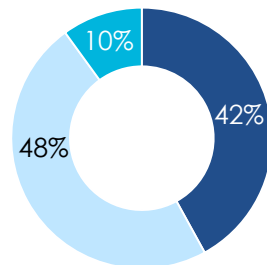


3%
CAPEX intensity¹

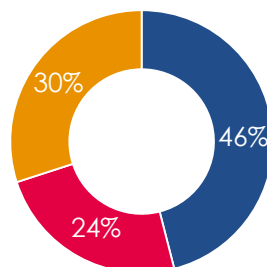


2.7%
R&D intensity¹

2019 REVENUE SPLIT



- Building & Construction
- Do-it-yourself³
- Industry³



- Europe
- North America
- Asia & Rest of the World

2024 AMBITION



High single-digit
Annual sales growth
incl. M&A²



+300 bps
EBITDA margin increase

Growth levers



Accelerate organic growth through **presence in Asia as well as key technologies** (high-performance adhesives for **industrial assembly** and **waterproofing & flooring** in construction)



Launch phase 2 of our **operational excellence** program



Grow through **bolt-on M&A** in a fragmented market

1. As % of sales 2. Organic growth of ~3% 3. Separate market definitions as used by Adhesive solutions

Advanced materials strategy at a glance

2019 KEY FINANCIALS



€2.7b
sales



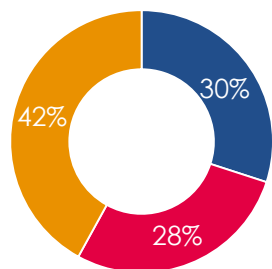
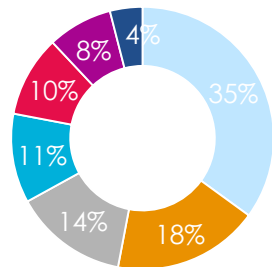
21.7%
EBITDA margin



7-8%
CAPEX intensity¹



3.4%
R&D intensity¹



2019 REVENUE SPLIT

- Building & Construction
- Consumer goods
- General industry
- Electrics, electronics & energy
- Automotive & Transportation
- Paint & coatings
- Nutrition & Water

- Europe
- North America
- Asia & Rest of the World



2024 AMBITION



4%
Annual organic sales growth



Stable at 22%
EBITDA margin

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

Coating solutions strategy at a glance

2019 KEY FINANCIALS



€2.1b
sales



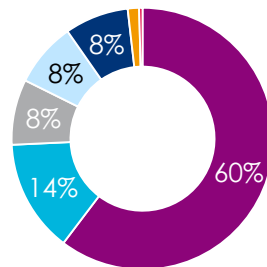
14.4%
EBITDA margin



5-6%
CAPEX intensity¹

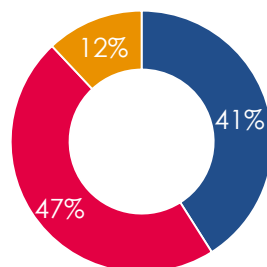


2.3%
R&D intensity¹



2019 REVENUE SPLIT

- Paint & coatings
- Consumer goods
- Nutrition & Water
- General industry
- Building & Construction
- Electrics, electronics & energy



- Europe
- North America
- Asia & Rest of the World

2024 AMBITION



3%
Annual organic sales growth



+150bps
EBITDA margin increase

Growth levers



Increase capacity in our existing platforms in **fast growing geographies** (e.g. photocurable resins in China, powder coatings India,...)



Optimize operating model incl. closer integration with other platforms and downstream acrylics



Further strengthen our **Sustainable technology** offering (Low-VOC formulations, bio-sourced, energy efficient products)

1. As % of sales

Investigating differentiated strategy across intermediates businesses

... Sales 2019, €b

MMA/ PMMA



0.6¹

Explore **strategic options** for MMA/ PMMA

FLUOROGASES



0.7

Focus on **specialty segment** (~€0.2b) high-value intermediates for fluoropolymers, as well as fluoroderivatives for electronics & batteries

Investigate **strategic alternatives** for emissive applications (air conditioning and refrigeration), including partnerships (~€0.5b)

ASIA ACRYLICS



0.3

Balance **acrylic monomer capacity** in Asia through upstream partnerships and downstream growth (organic or bolt-on acquisitions)

Once these strategies are executed these segments will be integrated in Specialty Materials

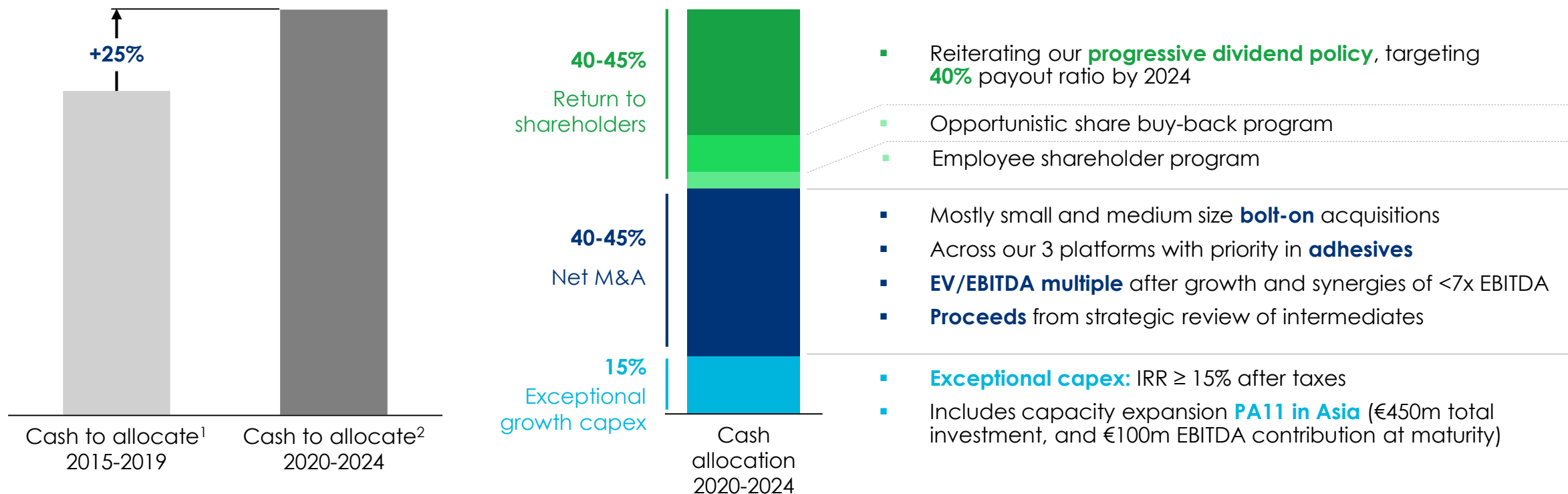
Strategic review in progress to assess the best path for each component – **pending appropriate market conditions**

1. Excludes €0.2b from Functional Polyolefins business – closing of disposal expected in Q2 2020

Cash allocation priorities

Estimated cash to allocate over the 5 year plan
~€3.5b 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

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

We continue to drive CSR improvements across our value chain

CSR EFFORTS ACROSS OUR VALUE CHAIN



OUR AMBITIONS

Dow Jones Sustainability Indexes

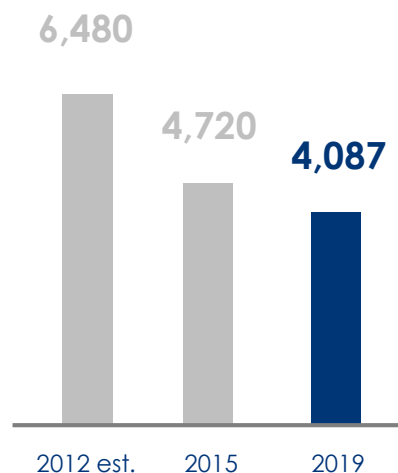
Integrate the DJSI

Achieve 100% portfolio sustainability assessment (currently 44%)

CLIMATE



GHG EMISSIONS in kt eq. CO₂



CLIMATE PLAN

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



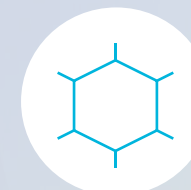
Greenhouse gas emissions (GHG) new target for 2030

≤ 2,950
kt eq. CO₂
(-38% vs 2015)

ENVIRONMENT

New targets for 2030

AIR



-65%
vs 2012

in volatile organic compounds (VOC) emissions intensity

WATER



-60%
vs 2012

in chemical oxygen demand (COD) intensity

ENERGY



-20%
vs 2012

in net energy purchases intensity

Performance 2019 (vs 2012)

-40%

-50%

-9%

Our employees and values are at the core of what we do

OUR SHARED VALUES

PERFORMANCE



SOLIDARITY



ACCOUNTABILITY



SIMPLICITY



OUR INITIATIVES

6.3%

of outstanding shares held by **employees**

Philanthropic

actions **driven by employees choice** of cause, e.g., the Arkema Fund for Education and salary rounding schemes

80% of employees

engage every year in **learning & adapting** to meet new business, technological, social & environmental challenges

Diversity

promotion initiatives, aiming at **25% women** and **45% non-French** in Senior Executive positions

KEY TAKE-AWAYS



Complete transition to a **pure player in Specialty Materials**



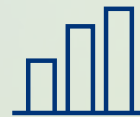
Focused and resilient portfolio



CSR at the core of our strategy



Unique innovation based on **megatrends**



High **profitability and cash** generation



New **value creation** phase for our **shareholders & stakeholders**

Backup

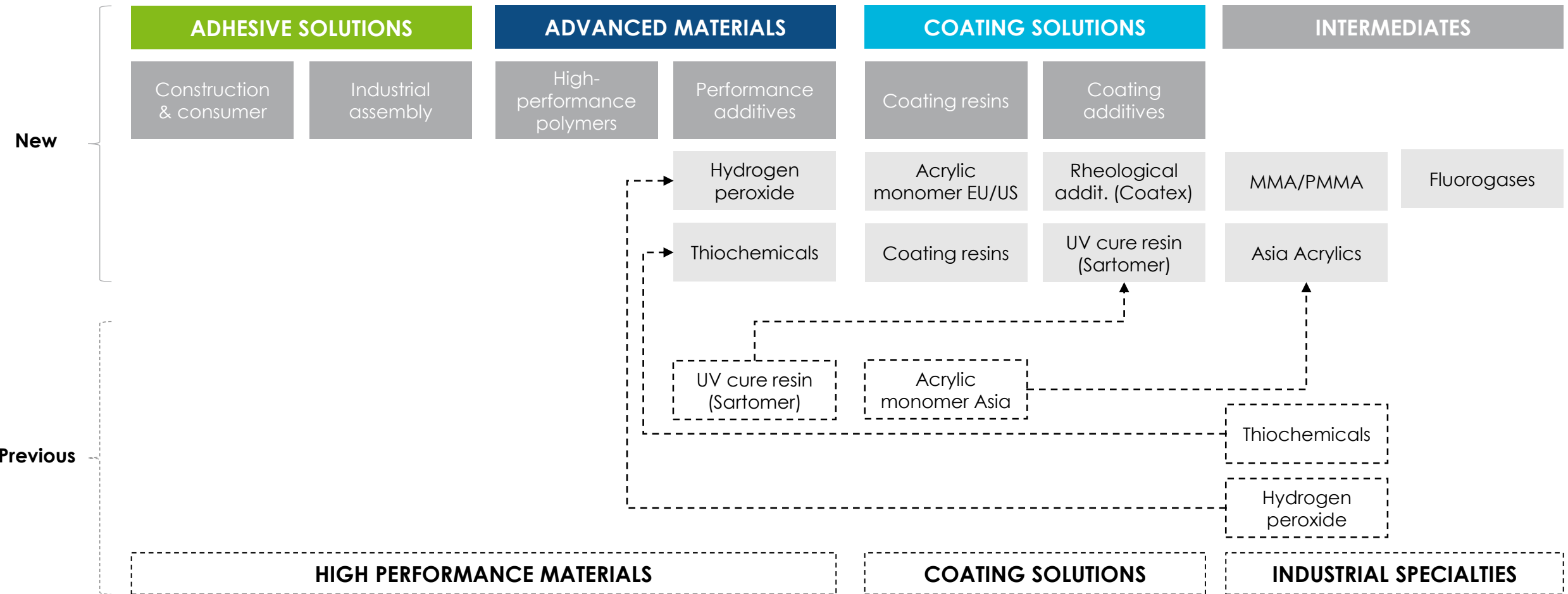
Changes in segment reporting as of Q1 2020

Separate reporting of Adhesives (Bostik)

Now including Thiochemicals and Hydrogen peroxide

Now including UV cure resins (Sartomer) but excluding Asia Acrylics

Now including Asia Acrylics which does not benefit yet from integration



New Executive Committee organization



Thierry Le Hénaff
Chairman and CEO



Marie-José Donsion
CFO



Thierry Parmentier
EVP Human Resources and
Corporate Communication



Bernard Boyer
EVP Strategy



Luc Benoit-Cattin
EVP Industry and CSR



Vincent Legros
EVP Adhesive solutions



Marc Schuller
COO



Richard Jenkins
Coating solutions



Marie-Pierre Chevallier
Performance additives



Erwoan Pezron
High-performance
polymers

