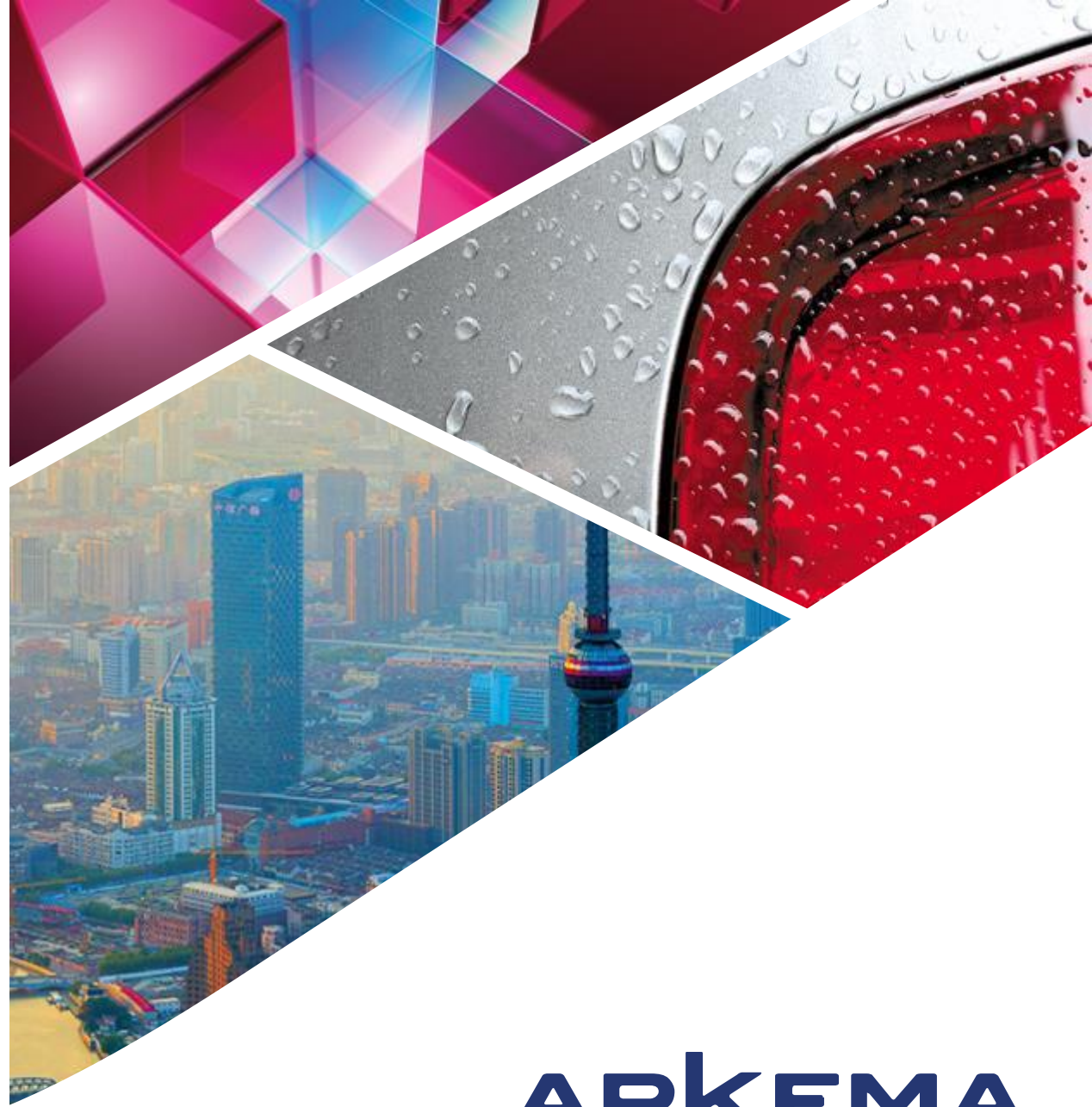


**ARKEMA**

**ODDO BHF FORUM 2021**

JANUARY 2021



**ARKEMA**  
INNOVATIVE CHEMISTRY

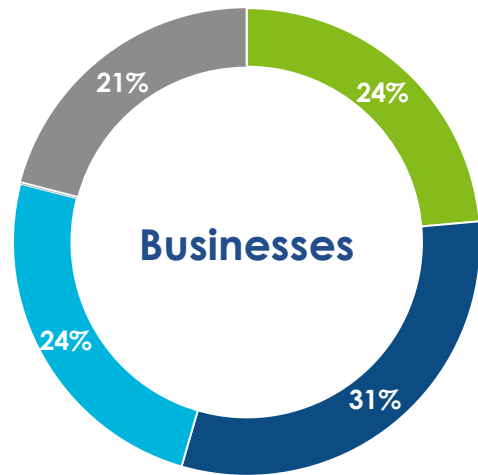


# ARKEMA IN A SNAPSHOT

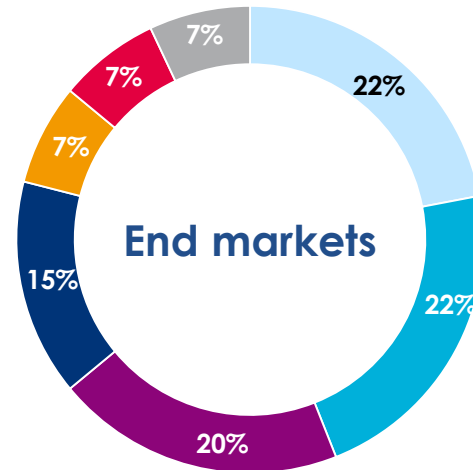
**ARKEMA**  
INNOVATIVE CHEMISTRY

# ARKEMA AT A GLANCE

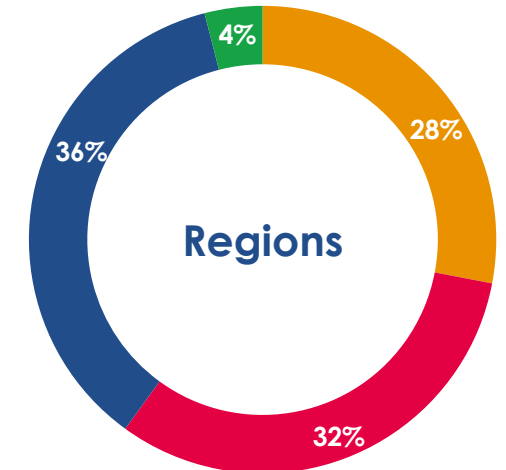
## 2019 SALES SPLIT



- Adhesive Solutions
- Advanced Materials
- Coating Solutions
- Intermediates



- General industry
- Building & Construction
- Consumer goods
- Automotive & Transportation
- Electrics, electronics & energy
- Nutrition & water
- Paints & Coatings



- Europe
- North-America
- Asia
- ROW



**€8.7b**  
sales



**20,500**  
employees



Present  
in **55** countries

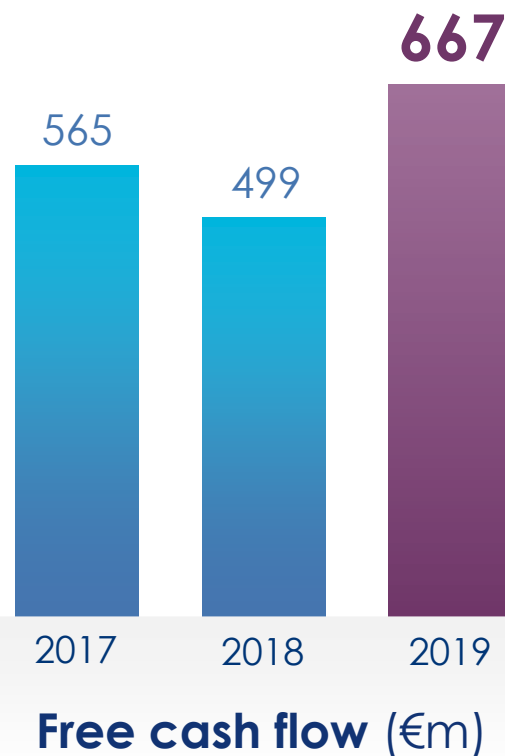
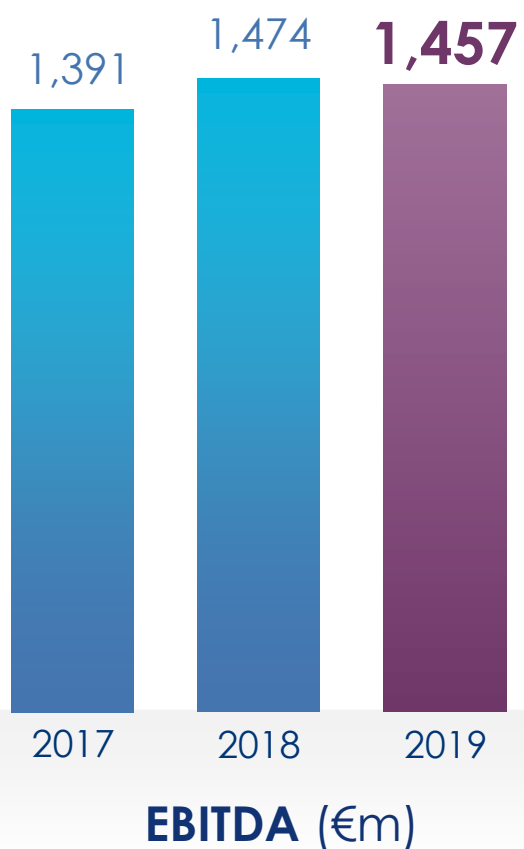


**144** plants  
operated



**2.8%** of revenues  
invested in R&D

# A HIGH-LEVEL FINANCIAL PERFORMANCE



## EBITDA margin

**16.7%**

since 2017

## EBITDA to cash conversion rate

**52% in 2019**

above the target of >40% by 2024

## Working capital (% of annual sales)

**13.8% at 30/12/2019**

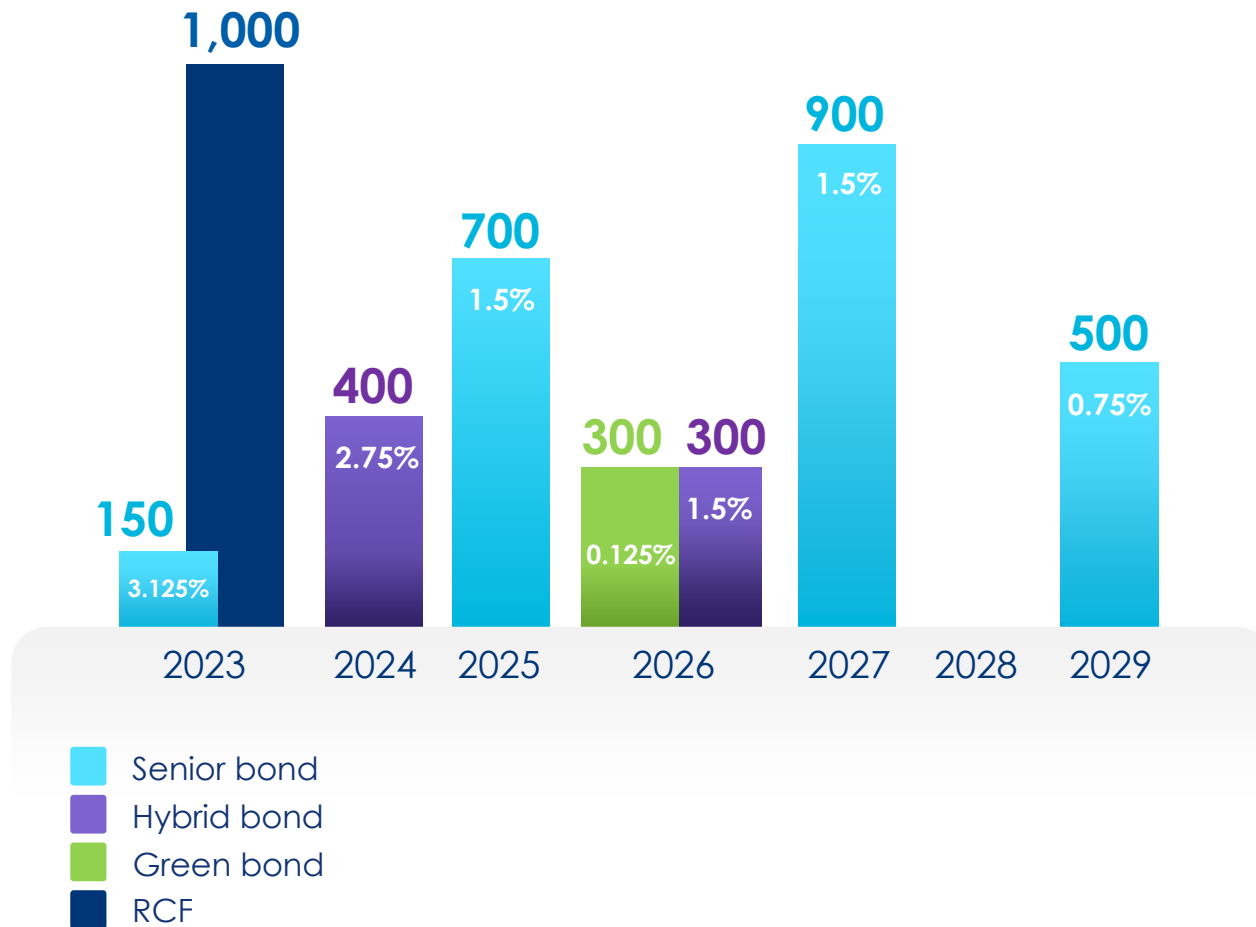
close to the very good level of 2018

## Recurring and exceptional capex

**€607m in 2019**

acceleration of major organic growth projects

# 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)  
**€700 m**

**RCF refinanced and increased to**  
**€1,000m on July 29<sup>th</sup> 2020**  
**3+1+1 years**



# STRONG CSR COMMITMENTS



## 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



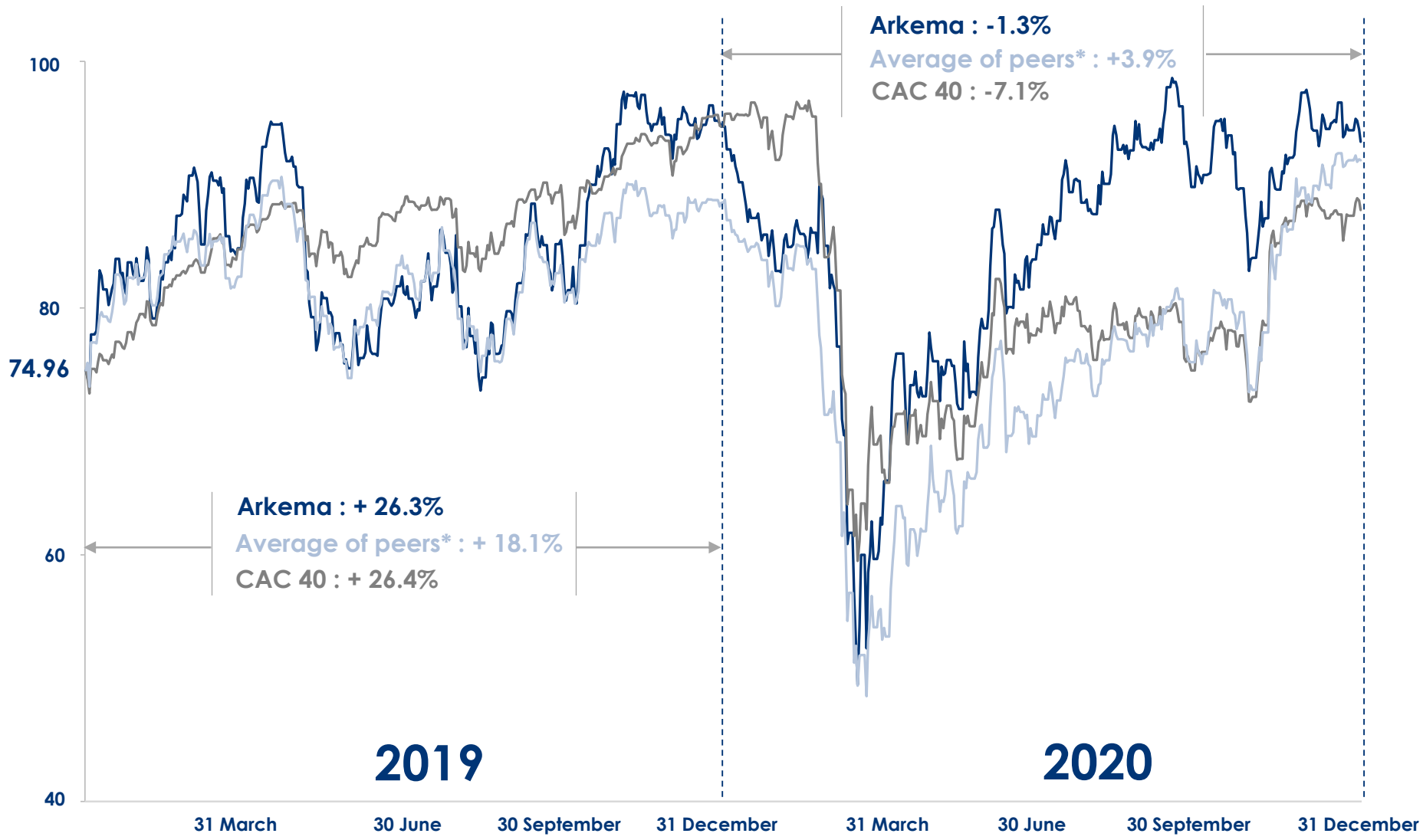
# RECOGNIZED CSR POLICY

## NON-FINANCIAL RATINGS



1. Not disclosed

# EVOLUTION OF THE SHARE PRICE SINCE 1<sup>st</sup> JANUARY 2019



**TSR since May 2006**  
(with reintegrated dividends)

Arkema

around **x4.3**

Average of peers\*

around **x2.9**

CAC 40

around **x1.9**

\* The panel of chemicals peers includes Ashland, BASF, Celanese, Clariant, Dupont, Eastman, Evonik, HB Fuller, Lanxess, Solvay





# OUR LONG TERM AMBITION

**ARKEMA**  
INNOVATIVE CHEMISTRY

# OUR VISION

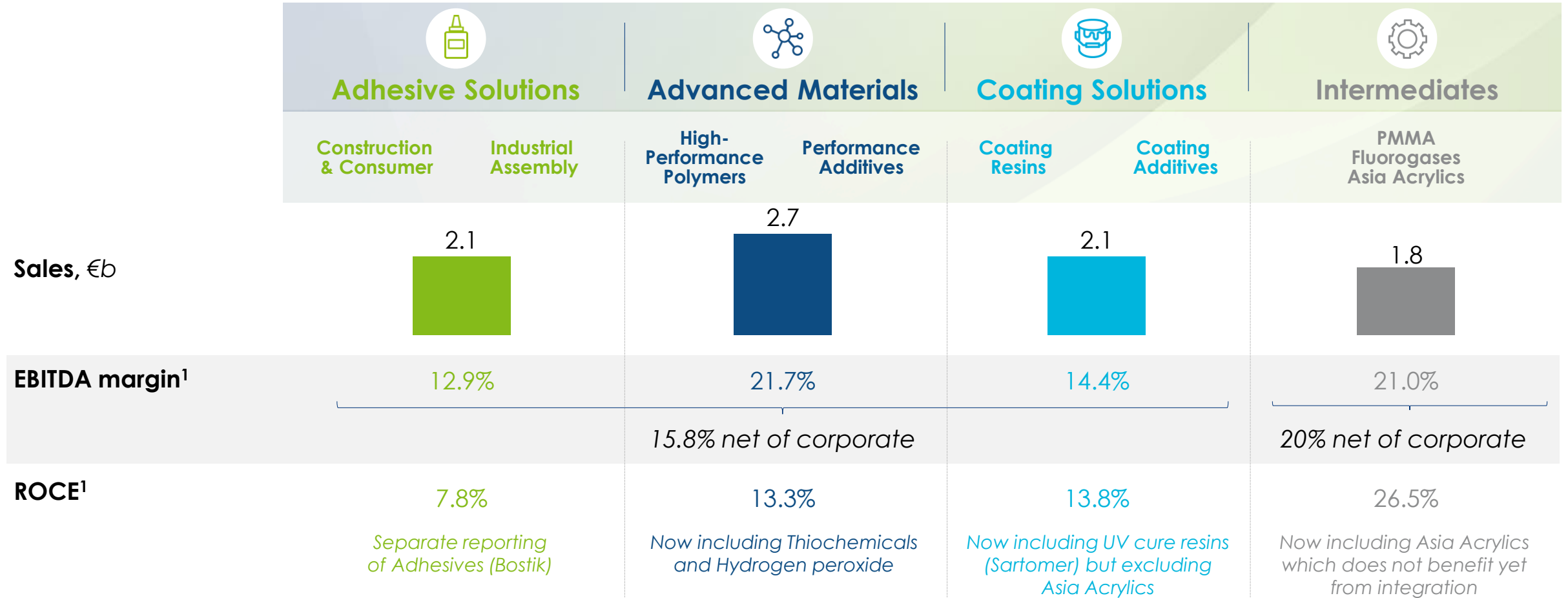


**Be the Specialty Materials leader offering  
the most innovative and sustainable solutions to  
address our customers' current and future challenges**

# WE HAVE ALIGNED OUR BUSINESS STRUCTURE WITH OUR VISION

## 2019 FINANCIALS

### Specialty Materials



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

# 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%**<sup>1</sup>



**>40%** cash generation<sup>2</sup>

## 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

# ADHESIVE SOLUTIONS STRATEGY AT A GLANCE

## 2019 KEY FINANCIALS



**€2.1b**  
sales



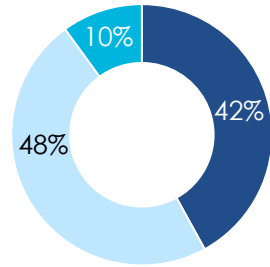
**12.9%**  
EBITDA margin



**3%**  
CAPEX intensity<sup>1</sup>

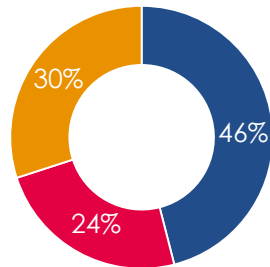


**2.7%**  
R&D intensity<sup>1</sup>



## 2019 REVENUE SPLIT

- Building & Construction
- Do-it-yourself<sup>3</sup>
- Industry<sup>3</sup>



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

## 2024 AMBITION



**High single-digit**  
Annual sales growth  
incl. M&A<sup>2</sup>



**+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



# ACHIEVE ANOTHER STEP-CHANGE IN ADHESIVES BY 2024

Focus on areas where Bostik has strong positions



High single digit annual sales growth

## Construction

- Become a worldwide leader in sealants
- Globalize our presence and expand our range in flooring adhesives and waterproofing



## Industrial Assembly

- Strengthen our position in high performance and engineering adhesives to replace mechanical fasteners



## Organic growth (one third)

- Geographic expansion in Asia and Latam
- High performance and technology driven industrial adhesives



New plant in Japan in 2020

## M&A (two thirds)

- 2 to 3 small bolt-ons per year plus a couple of mid-sized acquisitions over the period
- Focus on technologies and synergies
- 3 bolt-ons achieved in 2020 (LIP, Fixatti and Ideal Work)

# ADVANCED MATERIALS STRATEGY AT A GLANCE

## 2019 KEY FINANCIALS



**€2.7b**  
sales



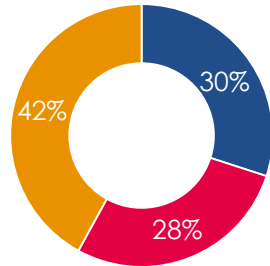
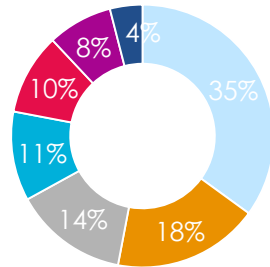
**21.7%**  
EBITDA margin



**7-8%**  
CAPEX intensity<sup>1</sup>



**3.4%**  
R&D intensity<sup>1</sup>



## 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

<sup>1</sup>. As % of sales

# COATING SOLUTIONS STRATEGY AT A GLANCE

## 2019 KEY FINANCIALS



**€2.1b**  
sales



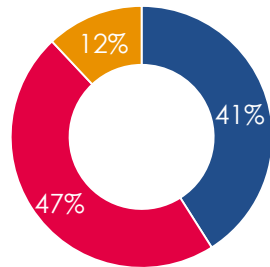
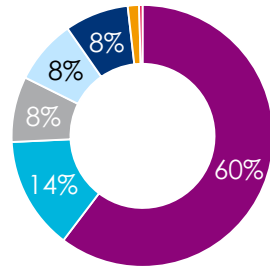
**14.4%**  
EBITDA margin



**5-6%**  
CAPEX intensity<sup>1</sup>



**2.3%**  
R&D intensity<sup>1</sup>



## 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)

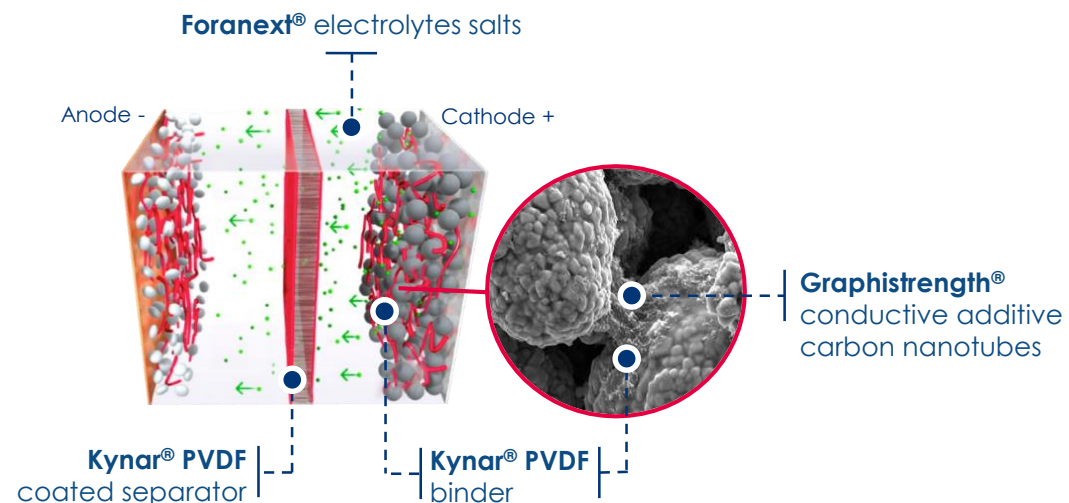
<sup>1</sup>. As % of sales

# SUSTAINABLE INNOVATION AT THE HEART OF OUR GROWTH STRATEGY (1/2)



## LITHIUM-ION BATTERIES

### Optimized performance of Li-ion battery cells for EV



### Heat transfer and battery pack weight reduction



- ✓ Bio-based **Rilsan® PA11** for bus bar protection
- ✓ **Elium®** recyclable composite for casing
- ✓ **Bostik** thermal conductive adhesives



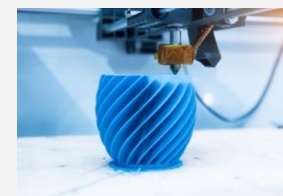
## 3D PRINTING

### Dedicated Global Innovation Centers

#### Radiation Cure of Liquid Resins



#### Thermoplastic extrusion



#### Powder Bed Fusion



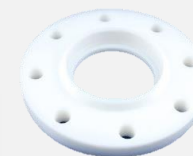
### Arkema's solutions serving diverse end-markets

#### Aerospace



Extremely complex part in **Kepstan® PEKK** composite (Hexcel)

#### Industry



High chemical resistance flange **Kynar® PVDF**

#### Sports



Personalized helmet 100% bio-based **Rilsan® PA11** (EOS/Hexr)



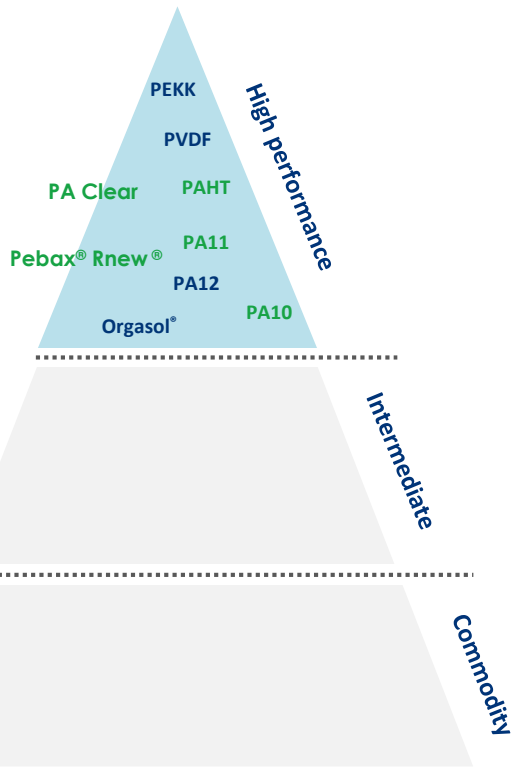
Continuous fiber 3D Printed composites with **Sartomer resins** (Continuous Composites)

# SUSTAINABLE INNOVATION AT THE HEART OF OUR GROWTH STRATEGY (2/2)



## LIGHTWEIGHT SOLUTIONS

### POLYMERS PYRAMID OF PERFORMANCE



### Harsh environment

#### Automotive



High temperature PA  
**Rilsan® HT** for auto  
fluid transfers

- ✓ 7x lighter than steel
- ✓ +150°C operating temperature

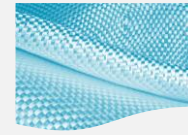
### Low density

#### Sports



**Pebax®** foams for  
sports shoes outsoles

- ✓ Density 0.15
- ✓ Rebound 70%



## COMPOSITES



### Wind

**Elium®** recyclable thermoplastic resin for  
wind turbine blades

- ✓ Pierre Potier Prize 2020



### Hydrogen

**Rilsan® Matrix** or **Elium®** composites for  
hydrogen tank structures (type V & type IV)



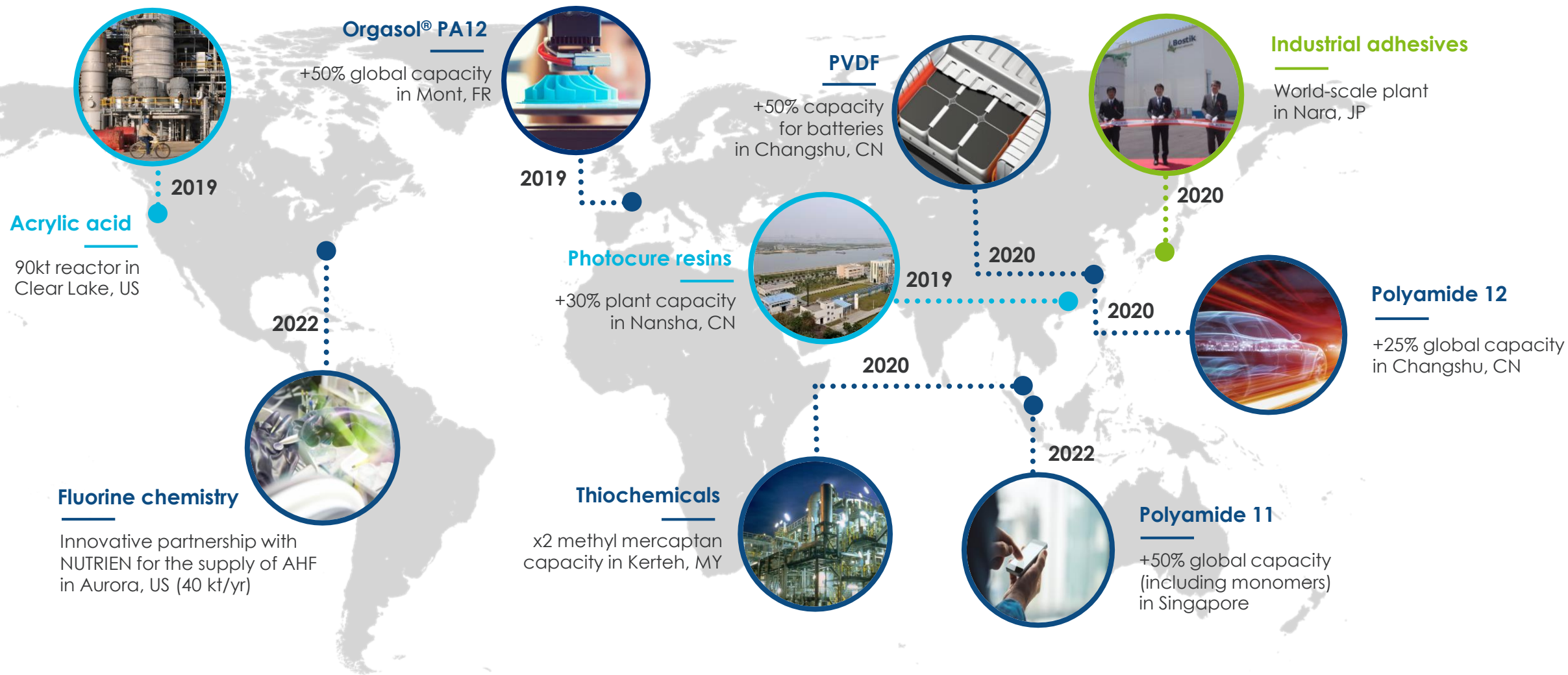
### Aeronautics

**Kepstan®** PEKK + carbon fibers for  
aircraft structure

- ✓ Joint R&D laboratory in France with Hexcel



# MAJOR INVESTMENTS SUPPORTING ORGANIC GROWTH



# INVESTIGATING DIFFERENTIATED STRATEGY ACROSS INTERMEDIATES BUSINESSES

MMA/ PMMA



0.6<sup>1</sup>

Proposed divestment of PMMA business to Trinseo<sup>2</sup>

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)

... Sales 2019, €b

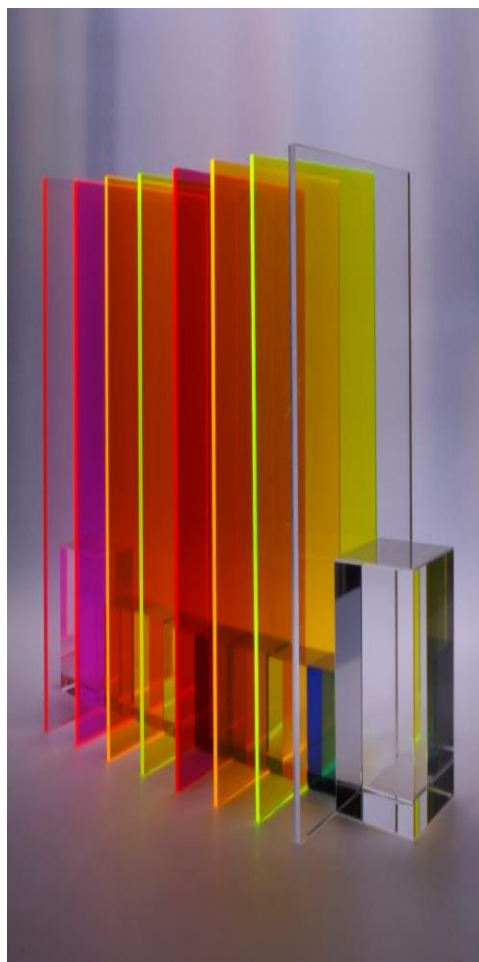
Once these strategies are executed these segments will be integrated in Specialty Materials

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

1. Excluding €0.2b from Functional Polyolefins business – closing of divestment to SK global Chemical on 1 June 2020
2. Subject to the approval of the relevant antitrust authorities and to an information and consultation process involving Arkema's employee representative bodies

# DIVESTMENTS IN INTERMEDIATES IN 2020

## MMA/PMMA



Proposed divestment of Arkema's PMMA business to **Trinseo**<sup>1</sup>

Revenue 2020e ~**€510m**  
EBITDA 2020e ~**€122m**

**Markets:** automotive, construction, signs & displays, and sanitary ware

Enterprise value **€1,137 million**,  
(9.3x EBITDA 2020e)  
Capital gain tax ~15% of EV

Closing expected **mid-2021**

## FUNCTIONAL POLYOLEFINS



Sale of Arkema's Functional Polyolefins business, part of PMMA activity, to **SK Global Chemical**

Revenue ~**€250m per year**

**Markets:** food packaging, cable, electronics and coating markets

Enterprise value **€335 million**  
(net proceeds of **€246m**)

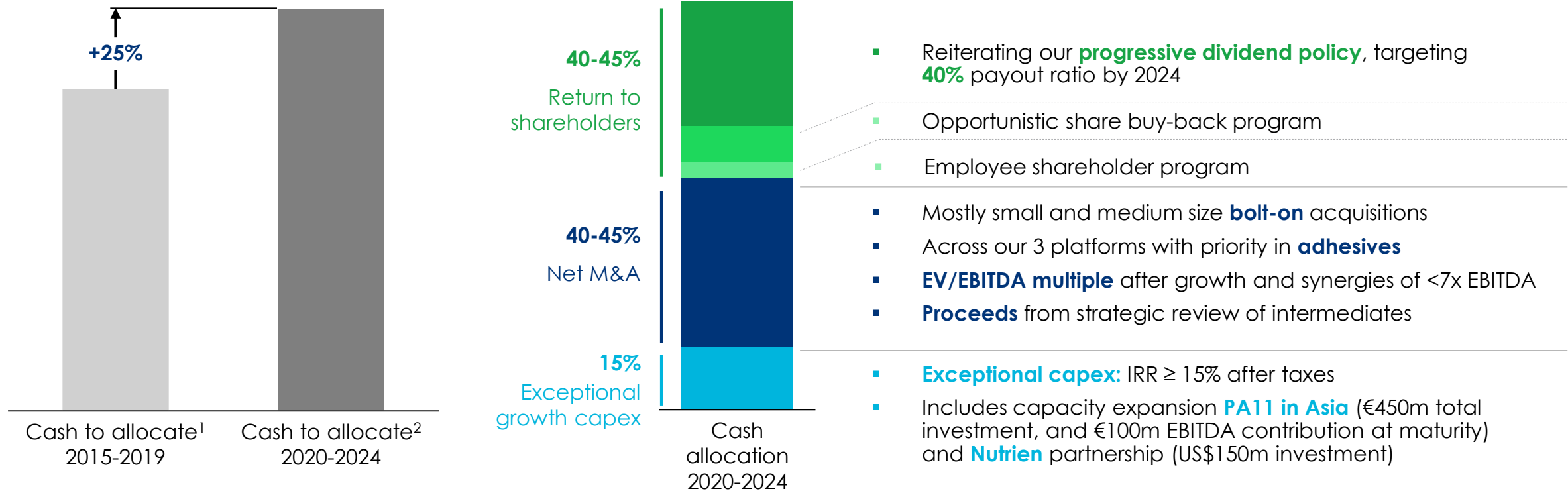
Finalized on **1 June 2020**

1. Subject to the approval of the relevant antitrust authorities and to an information and consultation process involving Arkema's employee representative bodies

# CASH ALLOCATION PRIORITIES

Estimated cash to allocate over the 5 year plan  
 ~€3.5b at constant leverage <sup>3</sup> (~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

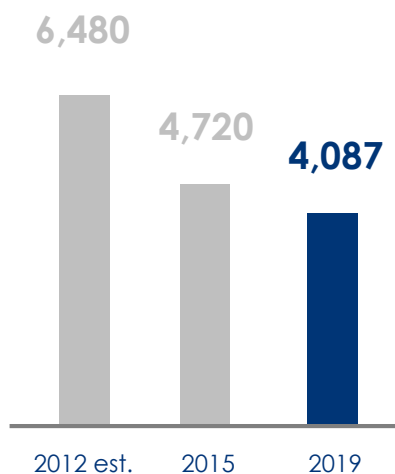


# STRONG COMMITMENT ON CLIMATE AND ENVIRONMENT

## CLIMATE



GHG EMISSIONS in kt eq. CO<sub>2</sub>




## CLIMATE PLAN

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



Greenhouse gas emissions (GHG) new target for 2030

**CLIMATE**  **≤ 2,950**  
kt eq. CO<sub>2</sub>  
**(-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%**

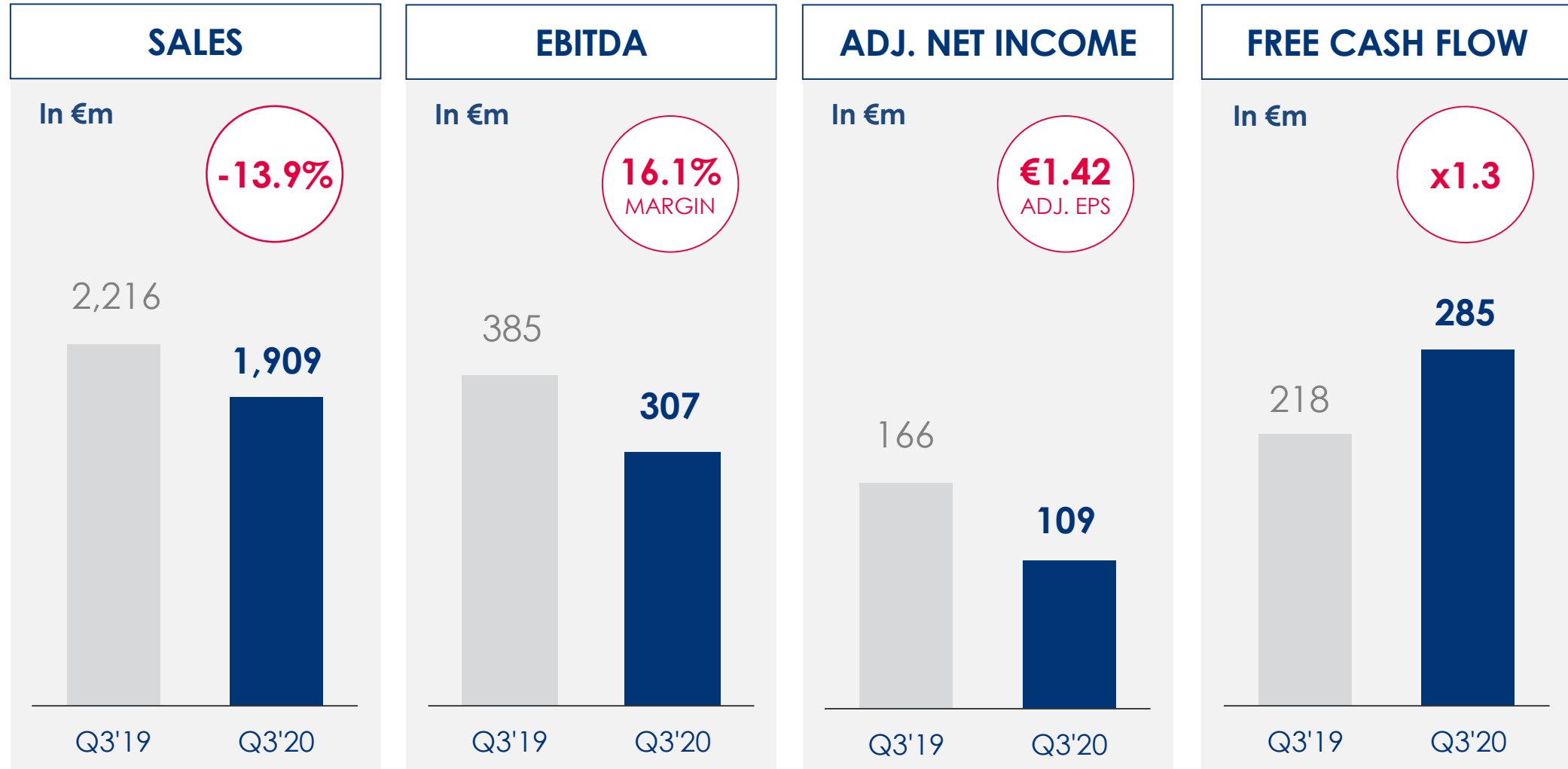
**-9%**



# Q3 2020 RESULTS

**ARKEMA**  
INNOVATIVE CHEMISTRY

# SOLID Q3'20 PERFORMANCE IN THE CURRENT CONTEXT



# STRONG SEQUENTIAL VOLUMES IMPROVEMENT AND EXCELLENT CASH GENERATION

**€1,909m** sales

- ✦ 9% decline at constant scope and currency (-18% in Q2'20), in line with the guidance of around -10% issued end July. Negative volume effect of 4.4%
- ✦ Rebound in the construction and decorative paints markets. Industrial markets remain well down overall despite growth in certain niches with a high technological content such as batteries

**€307m** EBITDA

**16.1%** EBITDA margin

- ✦ Moderate decline in Specialty Materials <sup>1</sup> EBITDA, supported by Bostik's growth and the resilience of Advanced Materials' and Coating Solutions' margins
- ✦ Marked decline in Intermediates, despite the sequential improvement in PMMA
- ✦ Continued fixed cost reduction initiatives

**€109m** adj. net income

- ✦ **€1.42** adjusted EPS

**€285m** free cash flow

- ✦ High level, reflecting the strict management of working capital and moderation of capital expenditure

**€1,869m** net debt  
(incl. hybrid bonds)

- ✦ Down €265m compared with end of June 2020

1. Specialty Materials include the three following segments: Adhesive Solutions, Advanced Materials and Coating Solutions

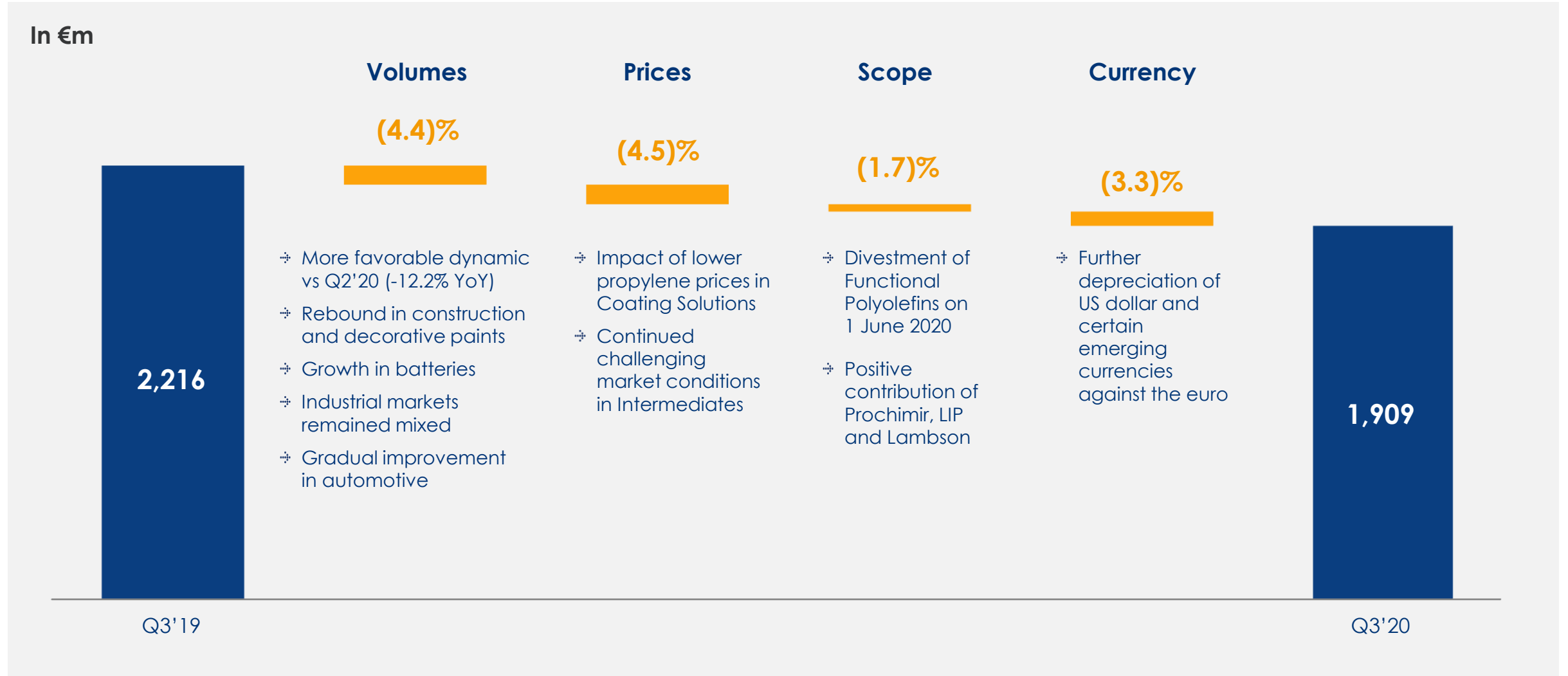
## Q3'20 KEY FIGURES

In €m	Q3'19	Q3'20	Change
<b>Sales</b>	2,216	<b>1,909</b>	(13.9)%
<b>EBITDA</b>	385	<b>307</b>	(20.3)%
Specialty Materials	312	<b>268</b>	(14.1)%
Intermediates	92	<b>55</b>	(40.2)%
Corporate	-19	<b>-16</b>	
<b>EBITDA margin</b>	17.4%	<b>16.1%</b>	
Specialty Materials <sup>1</sup>	17.7%	<b>16.9%</b>	
Intermediates <sup>1</sup>	20.6%	<b>17.5%</b>	
<b>Recurring operating income (REBIT)</b>	250	<b>171</b>	(31.6)%
<b>REBIT margin</b>	11.3%	<b>9.0%</b>	
<b>Adjusted net income</b>	166	<b>109</b>	(34.3)%
<b>Net debt</b> (incl hybrid bonds)	2,470	<b>1,869</b>	
€2,331m as of 31/12/2019			

1. Excluding corporate costs allocation



# Q3'20 SALES BRIDGE



# ADHESIVE SOLUTIONS (27% OF GROUP SALES)



## Q3'20 KEY FIGURES

In €m	Q3'19	Q3'20	Change
<b>Sales</b>	522	<b>516</b>	(1.1)%
<b>EBITDA</b>	71	<b>73</b>	+2.8%
<b>EBITDA margin</b>	13.6%	<b>14.1%</b>	
<b>Rec. operating income</b>	57	<b>57</b>	-

## Q3'20 SALES DEVELOPMENT

<b>Volumes</b>	<b>(0.3)%</b>
<b>Prices</b>	<b>+0.4%</b>
<b>Currency</b>	<b>(3.7)%</b>
<b>Scope</b>	<b>+2.5%</b>

## Q3'20 SALES BY BUSINESS LINE



## Q3'20 HIGHLIGHTS

### ✦ €516m sales, down 1.1% YoY

- Sales back to prior year level at constant scope and currency, after the temporary drop in Q2'20
- Volumes down 0.3% confirming strong recovery of construction, while industrial sectors remained challenging, and packaging and hygiene normalized
- Scope effect of +2.5% corresponding to LIP and Prochimir integration

### ✦ €73m EBITDA and 14.1% EBITDA margin

- EBITDA up ~3% YoY reflecting LIP and Prochimir contribution, very good performance in construction and DIY markets, and fixed costs control
- EBITDA margin +50 bps YoY, confirming Adhesive Solutions' resilience in a challenging macro-economic environment and operational progress

# ADVANCED MATERIALS (31.5% OF GROUP SALES)



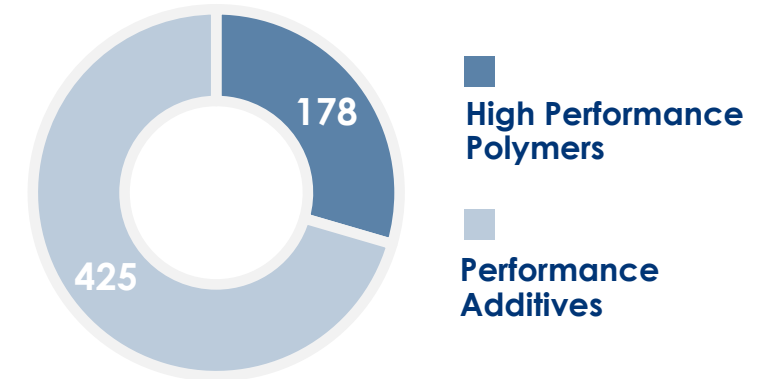
## Q3'20 KEY FIGURES

In €m	Q3'19	Q3'20	Change
<b>Sales</b>	708	<b>603</b>	(14.8)%
<b>EBITDA</b>	159	<b>127</b>	(20.1)%
<b>EBITDA margin</b>	22.5%	<b>21.1%</b>	
<b>Rec. operating income</b>	100	<b>66</b>	(34.0)%

## Q3'20 SALES DEVELOPMENT

<b>Volumes</b>	<b>(12.6)%</b>
<b>Prices</b>	<b>+0.8%</b>
<b>Currency</b>	<b>(3.0)%</b>
<b>Scope</b>	-

## Q3'20 SALES BY BUSINESS LINE



## Q3'20 HIGHLIGHTS

### ➤ €603m sales, down 14.8% YoY

- Decline in volumes (-12.6%) linked to the Covid-19 crisis
  - In High Performance Polymers, strong growth in batteries overshadowed by sharp decline in industrial sectors, consumer goods and oil & gas
  - Performance Additives volumes down in oil & gas, partly offset by robust performance of certain markets like crop nutrition or medical applications
- Price effect of +0.8% mainly reflecting favorable product mix

### ➤ €127m EBITDA and 21.1% EBITDA margin

- EBITDA down 20% YoY, primarily reflecting the drop in volumes, notably for High Performance Polymers, and negative FX, partly offset by lower fixed costs
- EBITDA margin remained at a high level

# COATING SOLUTIONS (24.5% OF GROUP SALES)



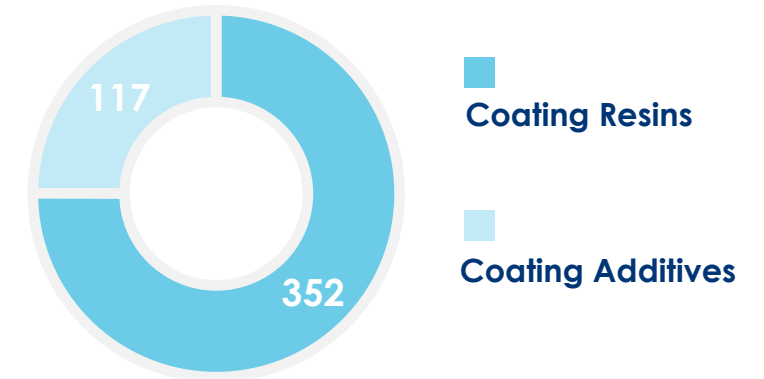
## Q3'20 KEY FIGURES

In €m	Q3'19	Q3'20	Change
<b>Sales</b>	532	<b>469</b>	(11.8)%
<b>EBITDA</b>	82	<b>68</b>	(17.1)%
<b>EBITDA margin</b>	15.4%	<b>14.5%</b>	
<b>Rec. operating income</b>	53	<b>39</b>	(26.4)%

## Q3'20 SALES DEVELOPMENT

<b>Volumes</b>	<b>+2.1%</b>
<b>Prices</b>	<b>(11.3)%</b>
<b>Currency</b>	<b>(3.4)%</b>
<b>Scope</b>	<b>+0.8%</b>

## Q3'20 SALES BY BUSINESS LINE



## Q3'20 HIGHLIGHTS

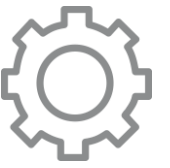
### ✦ €469m sales, down 11.8% YoY

- Price effect of -11.3% primarily linked to lower propylene prices
- Volumes up 2.1% driven by decorative paints, while demand in other markets remained broadly lower versus last year

### ✦ €68m EBITDA and 14.5% EBITDA margin

- EBITDA down 17.1% YoY
  - Decline concentrated in acrylic activities not integrated downstream, amid challenging market conditions since the pandemic started
  - Performance of the other activities on a par with last year's level, supported by good volumes in decorative paints
- EBITDA margin holding up well, benefitting notably from cost reduction initiatives and synergies between product lines within the segment

# INTERMEDIATES (17% OF GROUP SALES)



Q3'20 KEY FIGURES			
In €m	Q3'19	Q3'20	Change
<b>Sales</b>	447	315	(29.5)%
<b>EBITDA</b>	92	55	(40.2)%
<b>EBITDA margin</b>	20.6%	17.5%	
<b>Rec. operating income</b>	61	27	(55.7)%

Q3'20 SALES DEVELOPMENT	
<b>Volumes</b>	(3.8)%
<b>Prices</b>	(10.5)%
<b>Currency</b>	(3.0)%
<b>Scope</b>	(12.2)%

## Q3'20 HIGHLIGHTS

### ✦ €315m sales, down 29.5% YoY

- -12.2% scope effect corresponding to the divestment of the Functional Polyolefins business, finalized on 1 June 2020
- Price effect of -10.5% reflecting unfavorable market conditions in Fluorogases in EU and Asia, and in acrylics in China
- Modest volumes decline of 3.8%
  - Strong slowdown in Fluorogases
  - Higher demand in PMMA, driven notably by the gradual improvement in automotive and sustained momentum in the niche market for protective barriers

### ✦ €55m EBITDA and 17.5% EBITDA margin

- Considerably lower than Q3'19 in the unfavorable context linked to the pandemic
- Sequential improvement in PMMA

# HIGH FREE CASH FLOW IN Q3'20

## RECONCILIATION OF EBITDA TO NET CASH FLOW

In €m	Q3'19	Q3'20
<b>EBITDA</b>	<b>385</b>	<b>307</b>
Current taxes	(48)	(31)
Cost of debt	(24)	(19)
Change in working capital and fixed assets payables <sup>1</sup>	59	160
Recurring capital expenditure	(118)	(105)
Exceptional capital expenditure	(30)	(33)
Non-recurring items and others	(6)	6
<b>FREE CASH FLOW</b>	<b>218</b>	<b>285</b>
Impact of portfolio management	(594)	(5)
<b>NET CASH FLOW</b>	<b>(376)</b>	<b>280</b>

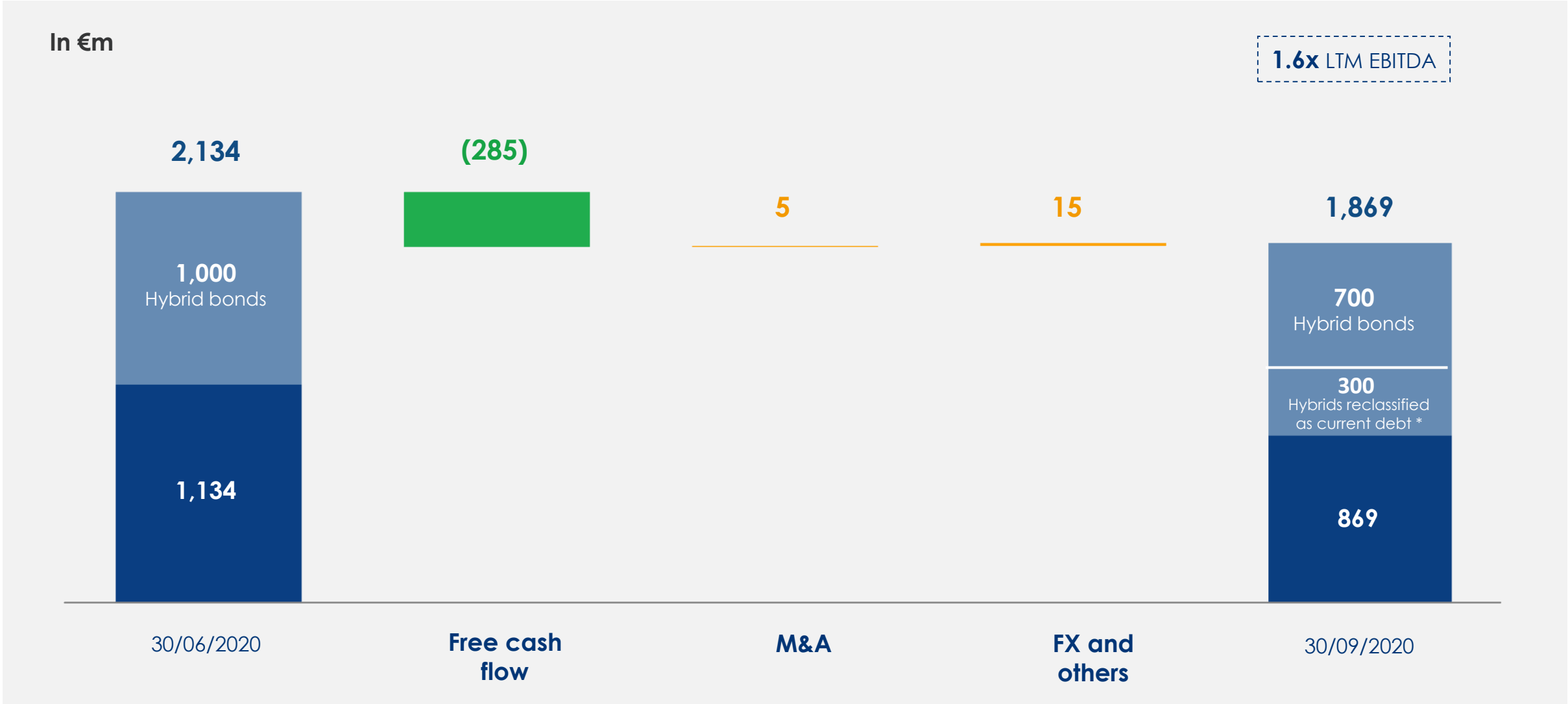
1. Excluding non-recurring items and impact of portfolio management

## Q3'20 HIGHLIGHTS

- ✦ **Tax rate Q3'20: ~22% of REBIT** (excl. exceptional items)
- ✦ **Strict working capital management**
  - 13.9% working capital on annualized quarterly sales (16.4% at 30 September 2019)
- ✦ **Lower capital expenditure vs Q3'19**
  - The Group **confirms ~€600m of recurring and exceptional capex for 2020**
- ✦ **Impact of portfolio management in Q3'19 (€594m) mainly corresponding to ArrMaz acquisition**



# Q3'20 NET DEBT BRIDGE (INCLUDING HYBRID BONDS)



\* Refunded in October 2020

# CSR HIGHLIGHTS

## PORTFOLIO SUSTAINABILITY ASSESSMENT



**65%** of Group sales assessed at end Sept. 2020 (44% at end 2019)

Around **46%** of assessed sales significantly contribute to UN SDGs

## CLIMATE & ENVIRONMENT (9M'20 vs end 2019)

### CLIMATE



Around **-10%**

### AIR



More than **-10%**

### WATER



More than **-5%**

### ENERGY



**Broadly stable**

Driven by proactive actions of the Group

while lower volumes had a slight favorable impact on climate and a negative impact on energy

Indicators in absolute value for GHG (climate) and in intensity for VOC (air), COD (water) and energy.



### ELIUM®

- ✦ **ZEBRA** project for the **first 100% recyclable** wind turbine blade
- ✦ **2020 Pierre Potier Prize: Elium®** thermoplastic resin for wind turbines

### FIRST EVER GREEN BOND

- ✦ **€300m, 6 years** maturity, coupon **0.125%**, dedicated to **new world-scale plant** in Singapore for **100% bio-based Rilsan® PA 11**



### RANKING #11

- ✦ **#11** in the Wall Street Journal's ranking of the **100 "Most Sustainably Managed Companies in the World"**, and **#1** in the chemical sector



### DJSI

- ✦ **DJSI World: #6** in the "Chemicals" category (among 114 companies assessed)

Member of  
**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA

# OUTLOOK

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- ❖ The fourth quarter is marked by a **second wave of Covid-19** in many countries, especially in Europe, which could weigh on global demand.
- ❖ In this uncertain environment, Arkema estimates at this stage that **activity levels** should nevertheless be **in the continuity of those of the third quarter**, excluding a significant impact on the global economy linked to the new sanitary restrictions.
- ❖ **Fourth-quarter sales could therefore decline by around 7% year on year at constant scope and currency**, reflecting a solid performance of the construction market for Bostik and Coating Solutions, a sequential improvement for High Performance Polymers, but a continued marked decline in Intermediates.
- ❖ Arkema will continue to focus its efforts on the elements that are within its control, notably cost reduction initiatives and the strict management of working capital and capital expenditure.
- ❖ The Group will continue to implement its long-term strategy, in line with its ambition to become a pure player in Specialty Materials by 2024.

# DISCLAIMER

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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*.

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