

Investor and analyst factsheet

<i>In millions of euros</i>	Q1'21	Q1'20	Change
Sales	2,226	2,088	+6.6%
Prices	+5.0%		
Volumes	+7.7%		
Currency	-4.4%		
Scope	-1.7%		
EBITDA	358	300	+19.3%
Specialty Materials	306	256	+19.5%
Intermediates	75	68	+10.3%
Corporate	-23	-24	
EBITDA margin	16.1%	14.4%	
Specialty Materials	16.8%	15.2%	
Intermediates	19.0%	17.1%	
Recurring depreciation and amortization	-135	-140	
Recurring EBIT	223	160	+39.4%
REBIT margin	10.0%	7.7%	
PPA depreciation and amortization	-17	-14	
Non-recurring items	-24	-14	
Equity in income of affiliates	-1	-2	
Financial result	-13	-23	
Income taxes	-43	-28	
Net income - Group share	124	78	+59.0%
Adjusted net income	159	100	+59.0%
Adjusted EPS (€)	2.08	1.31	+58.8%
Weighted average number of ordinary shares	76,479,782	76,492,807	
Recurring capital expenditure	72	79	
Exceptional capital expenditure	53	13	
Working capital (12/31 for prior year)	1,071	875	
Net debt incl hybrid bonds	2,002	2,481	

1Q'21 GROUP PERFORMANCE

- **€2,226m sales**, up 6.6% YoY
 - +7.7% volumes
 - Overall strong momentum, in particular in construction, DIY, batteries, electronics, transportation and consumer goods
 - Less buoyant conditions in packaging, crop nutrition and oil & gas
 - +5.0% price
 - Increased prices in the acrylics chain offsetting higher propylene
 - Growing initiatives to raise prices in Specialty Materials to reflect higher raw materials
 - (1.7)% scope of business
 - Integration of Fixatti and Ideal Work in Adhesive Solutions
 - Functional Polyolefins divestment on 1 June 2020
 - (4.4)% currency
 - Stronger euro against the US dollar.
- **€358m EBITDA**, up by a strong 19.3% YoY, and EBITDA margin of 16.1%
 - Rise in volumes, acceleration of new business development, tight control over fixed costs
 - Close to €15 million unfavorable currency effect
 - Specialty Materials' ⁽¹⁾ EBITDA of €306m, up 19.5% YoY, supported by strong increases in the three segments Adhesive Solutions, Advanced Materials and Coating Solutions
 - Intermediates' EBITDA of €75m, up 10.3% (up 18.5% at constant scope)

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

1Q'21 PERFORMANCE BY DIVISION

In millions of euros

	Q1'21	Q1'20	Change	Prices	Volumes	Currency	Scope
Sales	2,226	2,088	+6.6%	+5.0%	+7.7%	-4.4%	-1.7%
Specialty Materials	1,825	1,684	+8.4%	+3.7%	+8.0%	-4.5%	+1.1%
Adhesive Solutions	555	515	+7.8%	-0.4%	+8.6%	-3.9%	+3.5%
Advanced Materials	703	652	+7.8%	+2.6%	+9.5%	-4.3%	-
Coating Solutions	567	517	+9.7%	+9.1%	+5.8%	-5.2%	-
Intermediates	395	397	-0.5%	+10.8%	+6.3%	-4.0%	-13.6%
EBITDA	358	300	+19.3%				
Specialty Materials	306	256	+19.5%				
Adhesive Solutions	86	69	+24.6%				
Advanced Materials	142	122	+16.4%				
Coating Solutions	78	65	+20.0%				
Intermediates	75	68	+10.3%				
Corporate	-23	-24					
EBITDA margin	16.1%	14.4%					
Specialty Materials	16.8%	15.2%					
Adhesive Solutions	15.5%	13.4%					
Advanced Materials	20.2%	18.7%					
Coating Solutions	13.8%	12.6%					
Intermediates	19.0%	17.1%					
Recurring EBIT	223	160	+39.4%				
Specialty Materials	201	151	+33.1%				
Adhesive Solutions	71	54	+31.5%				
Advanced Materials	81	61	+32.8%				
Coating Solutions	49	36	+36.1%				
Intermediates	47	35	+34.3%				
Corporate	-25	-26					

ADHESIVE SOLUTIONS (25% OF GROUP SALES)

- **€555m sales**, up 7.8% YoY
 - +8.6% rise in volumes
 - Strong momentum in construction and DIY, notably in Europe and Asia, in the continuity of H2'20
 - Recovery of industrial markets in high-performance adhesives
 - More subdued growth in packaging and hygiene (high prior-year comparison base)
 - 3.5% scope effect, corresponding to the consolidation of Fixatti and Ideal Work
- **€86m EBITDA**, up sharply 24.6% YoY, and **15.5% EBITDA margin** (up 210 bps YoY)
 - Momentum in volumes, impact of our operational excellence initiatives, repositioning toward higher-value-added applications and integration of our acquisitions
 - Highest ever EBITDA margin level in a quarter

ADVANCED MATERIALS (31.5% OF GROUP SALES)

- **€703m sales**, up 7.8% YoY
 - Volumes up 9.5%
 - Strong growth in High Performance Polymers
 - Benefits of innovation and new developments in batteries, automotive, sports equipment and water filtration
 - Rebound in most industrial sectors amplified by some customer restocking
 - Price effect up 2.6% reflecting price increase initiatives in a context of raw materials inflation
- **€142m EBITDA** and high **EBITDA margin at 20.2%**
 - EBITDA up 16.4% YoY in a context of increasing demand for sustainable, high-performance materials

COATING SOLUTIONS (25.5% OF GROUP SALES)

- **€567m sales**, up 9.7% YoY
 - +9.1% price effect, offsetting higher propylene prices
 - Volumes up 5.8%
 - Strong dynamic in decorative paints, 3D printing, industrial coatings, graphic arts and electronics
 - Product availability temporarily affected by winter storm Uri in the United States
- **€78m EBITDA** and **13.8% EBITDA margin**
 - EBITDA up sharply by 20%, benefiting from the improvement in volumes, price increases in a context of raw materials inflation and the integration within the acrylics chain of the segment's activities

INTERMEDIATES (18% OF GROUP SALES)

- **€395m sales**, slightly down 0.5% YoY
 - High organic growth at 17.1% with +10.8% price effect and volume effect of 6.3%
 - More favorable market conditions in acrylics in Asia
 - Still challenging conditions in Europe and in Asia in Fluorogases
 - More limited growth in PMMA given the high prior year comparison base in the context of the pandemic
 - (13.6%) scope effect related to the Functional Polyolefins divestment at 1 June 2020
- **€75m EBITDA** up 10.3% YoY (+18.5% at constant scope) and **19.0% EBITDA margin**

CASH FLOW

<i>In millions of euros</i>	Q1'20	Q1'21	Comments
EBITDA	300	358	
Current taxes	(26)	(49)	Tax rate: 22% of REBIT (excl. exceptional items)
Cost of debt	(25)	(13)	
Change in working capital and fixed asset payables ⁽¹⁾	(181)	(187)	12.7% working capital on annualized sales (16.5% end-March 2020 and 15.1% end-March 2019)
Recurring capital expenditure	(79)	(72)	2021e capex (recurring + exceptional) at ~€750m
Exceptional capital expenditure	(13)	(53)	
Non recurring and others	(14)	0	Mainly restructuring expenses in 2020
Free cash flow	(38)	(16)	
Impact of portfolio management	(95)	(16)	Mainly LIP acquisition in 2020
Net cash flow	(133)	(32)	

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

NET DEBT

- **€2,002m net debt** at 31 March 2021, including €700 million in hybrid bonds, broadly stable versus end-2020 (€1,910 m, including €700 million in hybrid bonds).
- Net debt including hybrid bonds representing **1.6x** EBITDA of the last 12 months.

OUTLOOK FOR 2021

The positive market dynamics observed in the first quarter is continuing, supported by strong demand in the construction and DIY markets, and in several industrial markets that are important for the Group.

Thanks to its innovation for sustainable development and recent industrial capacity expansions, while being attentive to the market environment, which remains volatile, Arkema considers it is very well positioned to benefit from the strongly rising demand for high-performance materials.

In this environment of robust demand, raw material inflation should accelerate in the second quarter. The Group will continue its initiatives to increase prices to offset this impact.

In this context, and also in light of its first-quarter financial performance, the Group has raised significantly the Specialty Materials' guidance for 2021. Excluding a systemic resumption of the health crisis,,

- Specialty Materials' EBITDA is now expected to grow by around 20% in 2021 compared to 2020 at constant scope and currency ⁽²⁾
- Bostik, in line with its 2024 trajectory, confirms its EBITDA margin target of 14% in the year, and Intermediates' EBITDA should at least reach last year's level at constant scope ⁽³⁾ and currency ⁽²⁾.

Finally, Arkema will continue to move ahead with its ambition to become a pure Specialty Materials player by 2024.

Further details concerning the Group's first-quarter 2021 results are provided in the "First-quarter 2021 results and outlook" presentation and the press release available on Arkema's website www.finance.arkema.com.

⁽²⁾ With the assumption of a €/€ exchange rate of 1.2 for 2021, the impact on 2020 EBITDA is estimated at a negative €30 million for Specialty Materials and a negative €10 million for Intermediates

⁽³⁾ The combined EBITDA contribution of Functional Polyolefins, divested on 1 June 2020, and of PMMA, divested on 3 May 2021, was close to €135m in 2020 and €45m in 2021 (January – April, PMMA only)