

## Investor and analyst factsheet

<i>In millions of euros</i>	Q2'21	Q2'20	Change	H1'21	H1'20	Change
<b>Sales</b>	<b>2,395</b>	<b>1,902</b>	<b>+25.9%</b>	<b>4,621</b>	<b>3,990</b>	<b>+15.8%</b>
Prices	+17.5%			+11.0%		
Volumes	+17.1%			+12.2%		
Currency	-4.2%			-4.3%		
Scope	-4.5%			-3.1%		
<b>EBITDA</b>	<b>478</b>	<b>286</b>	<b>+67.1%</b>	<b>836</b>	<b>586</b>	<b>+42.7%</b>
Specialty Materials	417	233	+79.0%	723	489	+47.9%
Intermediates	87	66	+31.8%	162	134	+20.9%
Corporate	-26	-13		-49	-37	
<b>EBITDA margin</b>	<b>20.0%</b>	<b>15.0%</b>		<b>18.1%</b>	<b>14.7%</b>	
Specialty Materials	20.7%	15.4%		18.8%	15.3%	
Intermediates	23.5%	17.4%		21.1%	17.3%	
Recurring depreciation and amortization	-133	-142		-268	-282	
<b>Recurring EBIT</b>	<b>345</b>	<b>144</b>	<b>+139.6%</b>	<b>568</b>	<b>304</b>	<b>+86.8%</b>
REBIT margin	14.4%	7.6%		12.3%	7.6%	
PPA depreciation and amortization	-17	-15		-34	-29	
Non-recurring items	732	107		708	93	
Equity in income of affiliates	2	1		1	-1	
Financial result	-15	-22	-31.8%	-28	-45	
Income taxes	-220	-96		-263	-124	
<b>Net income - Group share</b>	<b>826</b>	<b>119</b>	<b>+594.1%</b>	<b>950</b>	<b>197</b>	<b>+382.2%</b>
<b>Adjusted net income</b>	<b>267</b>	<b>90</b>	<b>+196.7%</b>	<b>426</b>	<b>190</b>	<b>+124.2%</b>
Adjusted EPS (€)	3.50	1.18	+196.6%	5.58	2.49	+124.1%
Weighted average number of ordinary shares	76,338,552	76,457,621		76,338,552	76,457,621	
Recurring capital expenditure	93	78	+19.2%	165	157	+5.1%
Exceptional capital expenditure	64	44		117	57	
Working capital				968	875	
<b>Net debt incl hybrid bonds</b>				<b>1,281</b>	<b>2,134</b>	

Specialty Materials includes the following three segments: Adhesive Solutions, Advanced Materials and Coating Solutions

### EXCELLENT RESULTS IN Q2'21, REFLECTING THE STRENGTH OF ARKEMA'S POSITIONING

- **€2,395m sales**, up 34.6% vs Q2'20 and up 12.1% vs Q2'19 at constant scope and currency
  - Significant growth in volumes: +17.1% YoY, +3.0% vs Q2-19 pre-Covid level
    - High demand in most of the Group's end markets, in particular construction, batteries, electronics, transportation and consumer goods
    - Sharp acceleration in the benefits of sustainable innovation, particularly in the fast-growing batteries, bio-based materials, 3D printing and eco-friendly paints markets
  - +17.5% prices
    - Price increase initiatives in all products lines reflecting the Group's ability to offset the steep rise in raw materials, energy and logistics costs
    - Tight market conditions in the acrylics chain
  - (4.5)% scope
    - Integration of Fixatti, Ideal Work, Poliplas and Edge Adhesives
    - Functional Polyolefins divestment on 1 June 2020 and PMMA disposal on 3 May 2021
  - (4.2)% currency, reflecting stronger euro against the US dollar
- **€478m EBITDA and 20.0% margin**
  - EBITDA up sharply by 67.1% vs Q2'20, despite negative currency and scope effects of €~30m
    - All 3 Specialty Materials segments growing strongly, with combined EBITDA at €417m, up nearly 80% vs Q2'20 and +37% vs the pre-Covid reference of Q2'19

- Intermediates' EBITDA at €87m, up 31.8% despite a negative scope effect related to the PMMA disposal, benefiting from more favorable market conditions than the prior year, which was marked by the health crisis
  - EBITDA margin reaching a historic high of 20.0%, up 500 bps from Q2'20

## Q2'21 and H1'21 PERFORMANCE BY SEGMENT

<i>In millions of euros</i>	Q2'21	Q2'20	Change	Prices	Volumes	Currency	Scope
<b>Sales</b>	<b>2,395</b>	<b>1,902</b>	<b>+25.9%</b>	<b>+17.5%</b>	<b>+17.1%</b>	<b>-4.2%</b>	<b>-4.5%</b>
<b>Specialty Materials</b>	<b>2,016</b>	<b>1,517</b>	<b>+32.9%</b>	<b>+16.3%</b>	<b>+19.4%</b>	<b>-4.4%</b>	<b>+1.6%</b>
Adhesive Solutions	575	453	+26.9%	+3.8%	+20.5%	-2.9%	+5.5%
Advanced Materials	729	628	+16.1%	+5.9%	+14.5%	-4.3%	-
Coating Solutions	712	436	+63.3%	+44.3%	+25.4%	-6.4%	-
<b>Intermediates</b>	<b>371</b>	<b>379</b>	<b>-2.1%</b>	<b>+22.4%</b>	<b>+7.7%</b>	<b>-3.2%</b>	<b>-29.0%</b>
<b>EBITDA</b>	<b>478</b>	<b>286</b>	<b>+67.1%</b>				
<b>Specialty Materials</b>	<b>417</b>	<b>233</b>	<b>+79.0%</b>				
Adhesive Solutions	82	50	+64.0%				
Advanced Materials	178	124	+43.5%				
Coating Solutions	157	59	+166.1%				
<b>Intermediates</b>	<b>87</b>	<b>66</b>	<b>+31.8%</b>				
<b>Corporate</b>	<b>-26</b>	<b>-13</b>					
<b>EBITDA margin</b>	<b>20.0%</b>	<b>15.0%</b>					
<b>Specialty Materials</b>	<b>20.7%</b>	<b>15.4%</b>					
Adhesive Solutions	14.3%	11.0%					
Advanced Materials	24.4%	19.7%					
Coating Solutions	22.1%	13.5%					
<b>Intermediates</b>	<b>23.5%</b>	<b>17.4%</b>					
<b>Recurring EBIT</b>	<b>345</b>	<b>144</b>	<b>+139.6%</b>				
<b>Specialty Materials</b>	<b>309</b>	<b>124</b>	<b>+149.2%</b>				
Adhesive Solutions	65	35	+85.7%				
Advanced Materials	116	61	+90.2%				
Coating Solutions	128	28	+357.1%				
<b>Intermediates</b>	<b>64</b>	<b>35</b>	<b>+82.9%</b>				
<b>Corporate</b>	<b>-28</b>	<b>-15</b>					

<i>In millions of euros</i>	H1'21	H1'20	Change	Prices	Volumes	Currency	Scope
<b>Sales</b>	<b>4,621</b>	<b>3,990</b>	<b>+15.8%</b>	<b>+11.0%</b>	<b>+12.2%</b>	<b>-4.3%</b>	<b>-3.1%</b>
<b>Specialty Materials</b>	<b>3,841</b>	<b>3,201</b>	<b>+20.0%</b>	<b>+9.7%</b>	<b>+13.5%</b>	<b>-4.5%</b>	<b>+1.3%</b>
Adhesive Solutions	1,130	968	+16.7%	+1.5%	+14.2%	-3.4%	+4.4%
Advanced Materials	1,432	1,280	+11.9%	+4.2%	+12.0%	-4.3%	-
Coating Solutions	1,279	953	+34.2%	+25.2%	+14.8%	-5.8%	-
<b>Intermediates</b>	<b>766</b>	<b>776</b>	<b>-1.3%</b>	<b>+16.5%</b>	<b>+6.9%</b>	<b>-3.6%</b>	<b>-21.1%</b>
<b>EBITDA</b>	<b>836</b>	<b>586</b>	<b>+42.7%</b>				
<b>Specialty Materials</b>	<b>723</b>	<b>489</b>	<b>+47.9%</b>				
Adhesive Solutions	168	119	+41.2%				
Advanced Materials	320	246	+30.1%				
Coating Solutions	235	124	+89.5%				
<b>Intermediates</b>	<b>162</b>	<b>134</b>	<b>+20.9%</b>				
<b>Corporate</b>	<b>-49</b>	<b>-37</b>					
<b>EBITDA margin</b>	<b>18.1%</b>	<b>14.7%</b>					
<b>Specialty Materials</b>	<b>18.8%</b>	<b>15.3%</b>					
Adhesive Solutions	14.9%	12.3%					
Advanced Materials	22.3%	19.2%					
Coating Solutions	18.4%	13.0%					
<b>Intermediates</b>	<b>21.1%</b>	<b>17.3%</b>					
<b>Recurring EBIT</b>	<b>568</b>	<b>304</b>	<b>+86.8%</b>				
<b>Specialty Materials</b>	<b>510</b>	<b>275</b>	<b>+85.5%</b>				
Adhesive Solutions	136	89	+52.8%				
Advanced Materials	197	122	+61.5%				
Coating Solutions	177	64	+176.6%				
<b>Intermediates</b>	<b>111</b>	<b>70</b>	<b>+58.6%</b>				
<b>Corporate</b>	<b>-53</b>	<b>-41</b>					

## Q2'21 AND H1'21 SALES BY BUSINESS LINE

<i>In millions of euros</i>	Q2'21	Q2'20	Change	H1'21	H1'20	Change
<b>Sales Adhesive Solutions</b>	<b>575</b>	<b>453</b>	<b>+26.9%</b>	<b>1,130</b>	<b>968</b>	<b>+16.7%</b>
Construction & Consumer	316	237	+33.3%	618	505	+22.4%
Industrial Assembly	259	216	+19.9%	512	463	+10.6%
<b>Sales Advanced Materials</b>	<b>729</b>	<b>628</b>	<b>+16.1%</b>	<b>1,432</b>	<b>1,280</b>	<b>+11.9%</b>
High Performance Polymers	246	178	+38.2%	497	378	+31.5%
Performance Additives	483	450	+7.3%	935	902	+3.7%
<b>Sales Coating Solutions</b>	<b>712</b>	<b>436</b>	<b>+63.3%</b>	<b>1,279</b>	<b>953</b>	<b>+34.2%</b>
Coating Resins	531	314	+69.1%	934	687	+36.0%
Coating Additives	181	122	+48.4%	345	266	+29.7%
<b>Sales Intermediates</b>	<b>371</b>	<b>379</b>	<b>-2.1%</b>	<b>766</b>	<b>776</b>	<b>-1.3%</b>

## Q2'21 PERFORMANCE BY SEGMENT

### ADHESIVE SOLUTIONS (24% OF TOTAL GROUP SALES)

- **€575m sales**, up a significant 26.9% YoY
  - 20.5% volume increase
    - Positive trends in construction and DIY
    - Significant rebound in industrial applications
    - Packaging and hygiene facing high prior-year comparison base
  - 3.8% price effect
    - Pricing actions to offset raw materials inflation
    - Further pricing initiatives in Q3'21, as the impact of rising raw materials will intensify
- **€82m EBITDA** up sharply 64.0% YoY, 15.5% vs Q2'19, driven by high volumes, operational excellence actions, the integration of acquisitions and initiatives to increase selling prices to offset the rise in raw materials costs
- **14.3% EBITDA margin**, up by more than 300 bps vs Q2'20, thereby consolidating the target of 14% set for 2021 despite the raw materials context

### ADVANCED MATERIALS (30.5% OF TOTAL GROUP SALES)

- **€729m sales**, up a significant 16.1% YoY
  - Volumes up 14.5%
    - Excellent dynamic in High Performance Polymers
    - Acceleration of new developments particularly in lightweight materials, clean mobility and bio-based products
    - Favorable trend in most of the segment's end markets, while oil & gas remained down year-on-year and animal nutrition faced a high comparison base
  - Prices up 5.9%, reflecting price increase initiatives in a context of rising raw materials
- **€178m EBITDA**, up by more than 25% vs pre-Covid level of Q2'19 (up 43.5% YoY), mainly reflecting the marked increase in volumes and the high technological content of Arkema's solutions
- Record high **EBITDA margin at 24.4%**

### COATING SOLUTIONS (30% OF TOTAL GROUP SALES)

- **€712m sales**, up by a sharp 63.3% YoY
  - Prices up 44.3%
    - Price initiatives to offset the increased cost of propylene, acrylics and VAM
    - Tight acrylics market for activities not integrated downstream
  - Volumes up 25.4%
    - Strong dynamic in decorative paints, electronics, 3D printing, graphic arts and industrial coatings
    - Benefits from the broader offering of more environmentally friendly products, such as waterborne paints and powder coatings

- **EBITDA** up very significantly at **€157m** (€59m in Q2'20), benefiting from higher volumes and prices, the shift toward higher added-value applications and more favorable market conditions in activities not integrated downstream
- Record **EBITDA margin** of **22.1%**, around 800 bps above last year, confirming the segment's profitability potential

#### INTERMEDIATES (15.5% OF TOTAL GROUP SALES)

- **€371m sales**, down 2.1% YoY
  - (29.0)% scope effect related to Functional Polyolefins and PMMA divestments
  - 22.4% price effect
    - More favorable market conditions in acrylics in Asia
    - Gradual improvement in Fluorogases, particularly in the US
  - **€87m EBITDA**, up 31.8% YoY, with more favorable market conditions in the segment's various activities more than offsetting the negative scope effect
  - **EBITDA margin** at **23.5%**, driven notably by the acrylics chain tightness observed since the beginning of the year

#### CASH FLOW

<i>In millions of euros</i>	<b>Q2'20</b>	<b>Q2'21</b>	<b>Comments</b>
<b>EBITDA</b>	<b>286</b>	<b>478</b>	
Current taxes	(29)	(68)	H1'21 tax rate: 20% of REBIT (excl. exceptional items)
Cost of debt	(17)	(14)	
Change in working capital and fixed asset payables <sup>(1)</sup>	103	(53)	Exceptionally low working capital on sales ratio of 11.9% excl. PMMA (16.5% end-June 2020 and 16.0% end-June 2019)
Recurring capital expenditure	(78)	(93)	
Others	19	(5)	
<b>Recurring cash flow</b> <sup>(2)</sup>	<b>284</b>	<b>245</b>	
Exceptional capital expenditure	(44)	(64)	
Non-recurring items	48	132	Mainly tax payables linked to PMMA disposal in 2021
<b>Free cash flow</b>	<b>288</b>	<b>313</b>	
Impact of portfolio management	242	912	Mainly net proceeds from PMMA disposal in 2021 and Functional Polyolefins in 2020
<b>Net cash flow</b>	<b>530</b>	<b>1225</b>	

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

2. Recurring cash flow corresponds to free cash flow before exceptional items. It excludes non-recurring items and exceptional capital expenditure

#### NET DEBT

- **€1,281m** net debt (incl. hybrid bonds) at 30 June 2021, including:
  - €1.1bn in gross proceeds from the PMMA divestment,
  - the €2.50 per share dividend payment for a total payout of €191m,
  - a €300m commitment corresponding to the share buyback program launched in May 2021
- Representing **0.9x** EBITDA of the last 12 months

## OUTLOOK FOR 2021

The positive dynamic observed in the first half is continuing, benefiting from solid demand in most of the Group's end markets. Arkema will nevertheless remain vigilant and ready to respond rapidly to the current evolution of the health crisis and the rising raw materials context, and will pursue its price increase initiatives.

Moreover, Arkema will continue to leverage its strong sustainable innovation dynamic and its recent capacity expansions in order to capitalize on accelerating demand for sustainable, high-performance solutions, driven by global megatrends.

In light of its first-half financial performance, and while remaining attentive to the macroeconomic context which remains volatile, the Group has significantly raised its full-year guidance once again. Excluding a systemic resumption of the health crisis, Arkema is now targeting for 2021, around 30% growth in Specialty Materials' EBITDA relative to 2020 at constant scope and currency <sup>(1)</sup>, versus the 20% previously announced. Group EBITDA should therefore reach around €1.4 billion for the full year.

Finally, Arkema will continue to deploy its strategic roadmap, in line with its ambition to become a pure Specialty Materials player by 2024.

---

<sup>(1)</sup> With the assumption of a €/€ exchange rate of 1.2 for 2021, the impact on 2020 EBITDA is estimated at a negative €30m for Specialty Materials and a negative €10m for Intermediates