

FIRST QUARTER 2021 RESULTS AND OUTLOOK

6 MAY 2021



ARKEMA
INNOVATIVE CHEMISTRY

Q1 '21 FINANCIAL HIGHLIGHTS

€2,226m sales

- up 12.7% compared to Q1'20, at constant scope and currency
- significant increase in volumes (+7.7%), in the continuity of the rebound already observed in Q4'20 (+5.2%)
- strong momentum in most of the Group's end markets, and contribution of new developments driven by sustainable innovation

€358m EBITDA

16.1% EBITDA margin

- up sharply by almost 20% (€300m in Q1'20) and EBITDA margin of 16.1%
- Specialty Materials' ¹ EBITDA of €306m, up 19.5%, 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)

€159m adj. net income

- up 59%, representing €2.08 per share

€(16)m free cash flow

- seasonal increase in working capital in a context of rising volumes and raw materials inflation

€2,002m net debt
(incl. hybrid bonds)

- well controlled (€1,910m at 31 December 2020)
- 1.6x LTM EBITDA

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

Q1 '21 HIGHLIGHTS



KYNAR® PVDF

Capacity expansion

+35% in Changshu, China by 2022, for Li-ion batteries as well as water filtration, construction coatings and semiconductor industries



POLIPLAS

Acquisition finalized

Brazilian leader in hybrid-technology sealants and adhesives for the construction market



CMC

Investment in JV (51%)

Development and production of instant engineering adhesives



PMMA

Divestment to Trinseo finalized

Enterprise Value: €1,137m

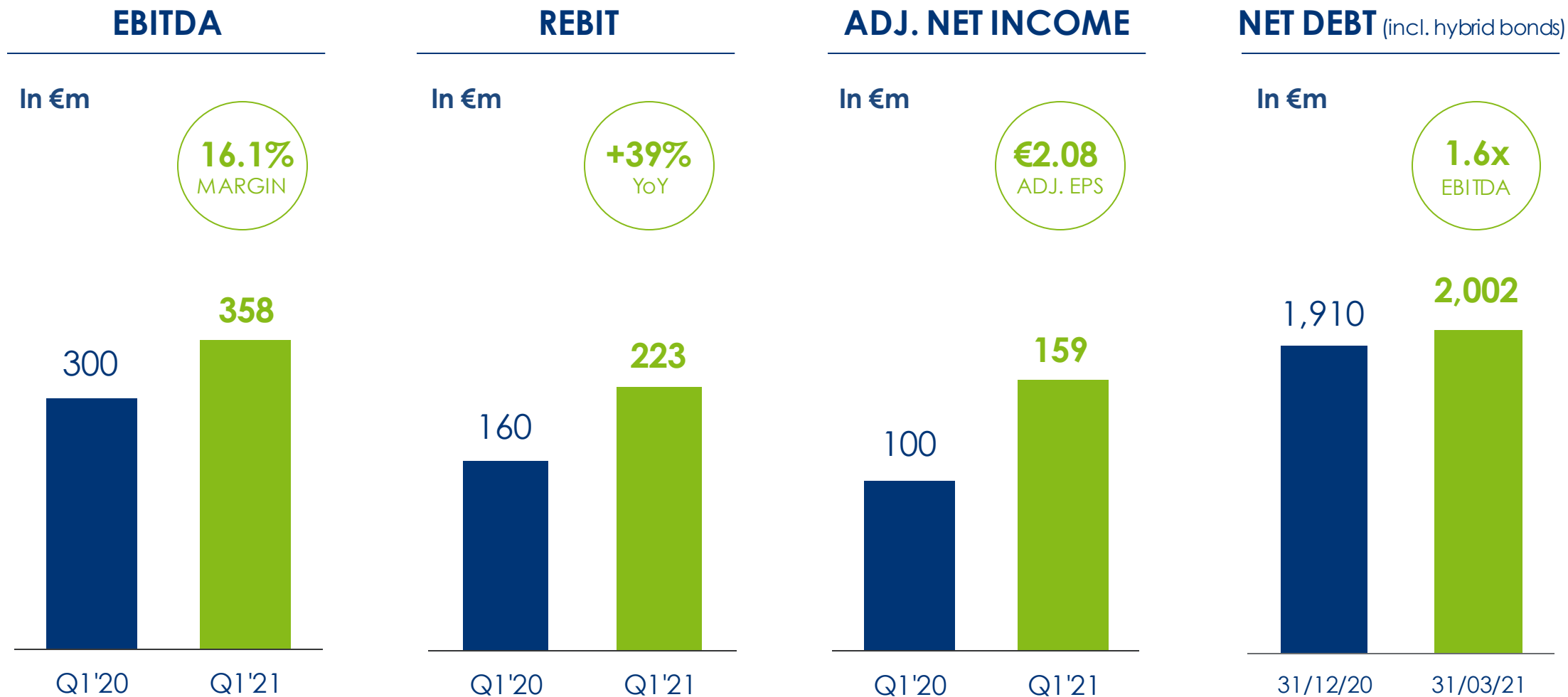


CAC40® ESG

Integration in a new index

Includes the 40 companies that have demonstrated ESG best practices on the Paris Stock Exchange

Q1'21 PERFORMANCE

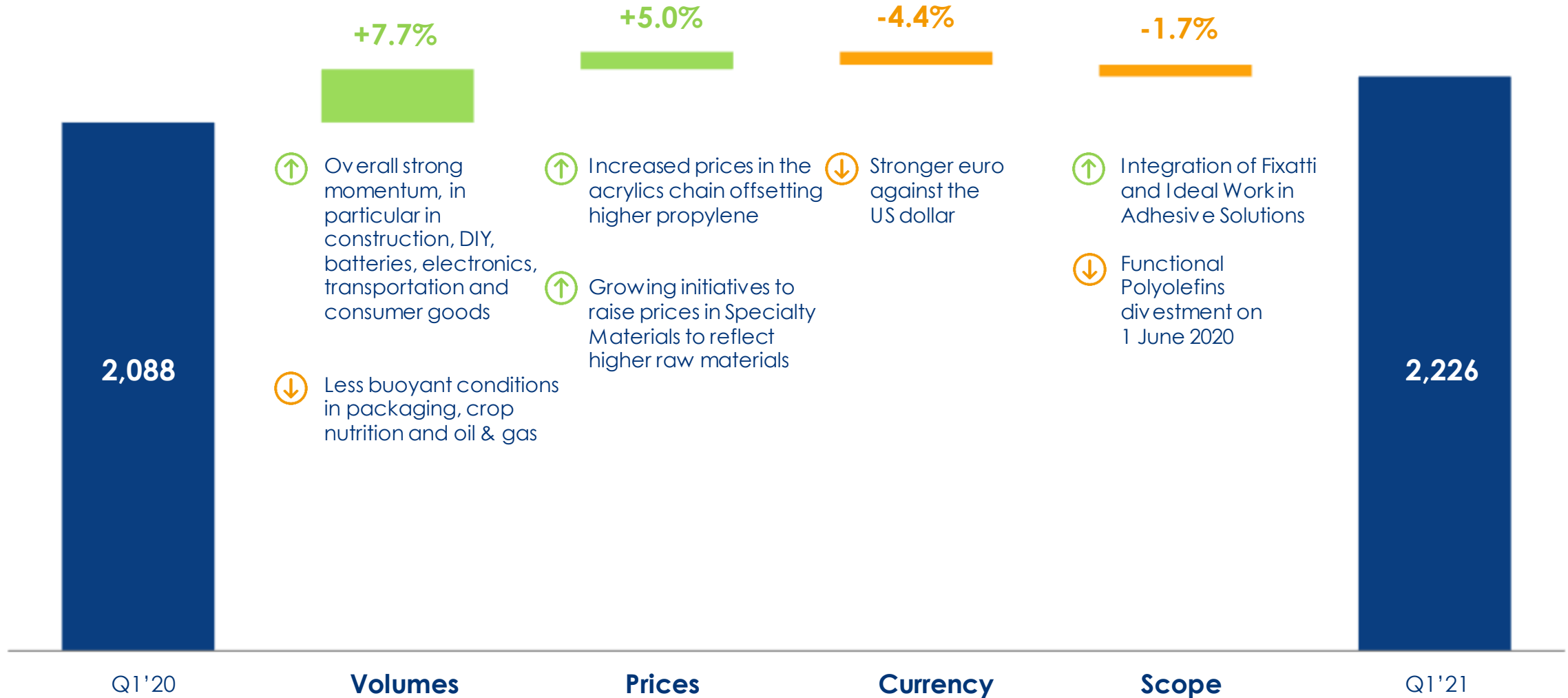


Q1'21 KEY FIGURES

In €m	Q1'20	Q1'21	Change
Sales	2,088	2,226	+6.6%
EBITDA	300	358	+19.3%
Specialty Materials	256	306	+19.5%
Intermediates	68	75	+10.3%
Corporate	(24)	(23)	
EBITDA margin	14.4%	16.1%	
Specialty Materials	15.2%	16.8%	
Intermediates	17.1%	19.0%	
Recurring operating income (REBIT)	160	223	+39.4%
REBIT margin	7.7%	10.0%	
Adjusted net income	100	159	+59.0%
Net debt (incl hybrid bonds)	2,481	2,002	

STRONG ORGANIC GROWTH AT 12.7% DRIVEN BY VOLUMES

Sales in €m



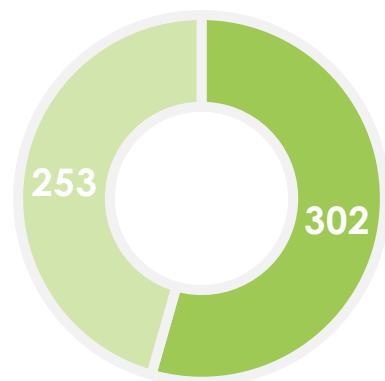
ADHESIVE SOLUTIONS (25% OF GROUP SALES)



Q1'21 KEY FIGURES

In €m	Q1'20	Q1'21	Change
Sales	515	555	+7.8%
EBITDA	69	86	+24.6%
EBITDA margin	13.4%	15.5%	
REBIT	54	71	+31.5%

Q1'21 SALES BY BUSINESS LINE



Construction & Consumer

Industrial Assembly

Q1'21 SALES DEVELOPMENT

Volumes	+8.6%
Prices	(0.4)%
Currency	(3.9)%
Scope	+3.5%

HIGHLIGHTS

- **€555m sales, up 7.8% YoY**, driven by a +8.6% volume increase
 - strong momentum in construction and DIY, notably in Europe and Asia in continuity of H2'20
 - recovery of industrial markets in high-performance adhesives
 - more subdued growth in packaging and hygiene (high prior-year comparison base)
- **€86m EBITDA, up sharply 24.6% YoY**, reflecting momentum in volumes, operational excellence, repositioning and integration of acquisitions
- **15.5% EBITDA margin** (up 210 bps YoY), highest ever EBITDA margin level in a quarter

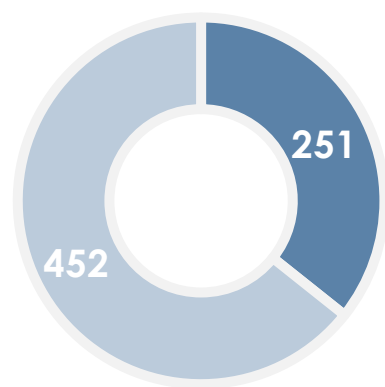


ADVANCED MATERIALS (31.5% OF GROUP SALES)

Q1'21 KEY FIGURES

In €m	Q1'20	Q1'21	Change
Sales	652	703	+7.8%
EBITDA	122	142	+16.4%
EBITDA margin	18.7%	20.2%	
REBIT	61	81	+32.8%

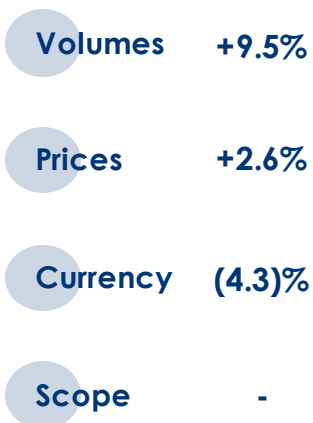
Q1'21 SALES BY BUSINESS LINE



■ High Performance Polymers

■ Performance Additives

Q1'21 SALES DEVELOPMENT



HIGHLIGHTS

- **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, up 16,4% YoY, and high EBITDA margin at 20.2%**, in a context of increasing demand for sustainable, high-performance materials

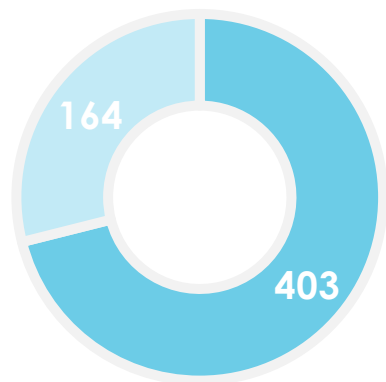


COATING SOLUTIONS (25.5% OF GROUP SALES)

Q1'21 KEY FIGURES

In €m	Q1'20	Q1'21	Change
Sales	517	567	+9.7%
EBITDA	65	78	+20.0%
EBITDA margin	12.6%	13.8%	
REBIT	36	49	+36.1%

Q1'21 SALES BY BUSINESS LINE



■ Coating Resins

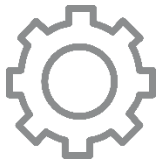
■ Coating Additives

Q1'21 SALES DEVELOPMENT

- Volumes +5.8%
- Prices +9.1%
- Currency (5.2)%
- Scope -

HIGHLIGHTS

- **+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
- **EBITDA up sharply by 20%** and **13.8% EBITDA margin** supported by good volumes, pricing initiatives and benefit from the acrylic chain integration



INTERMEDIATES (18% OF GROUP SALES)

Q1'21 KEY FIGURES

In €m	Q1'20	Q1'21	Change
Sales	397	395	(0.5)%
EBITDA	68	75	+10.3%
EBITDA margin	17.1%	19.0%	
REBIT	35	47	+34.3%

Q1'21 SALES DEVELOPMENT

Volumes	+6.3%
Prices	+10.8%
Currency	(4.0)%
Scope	(13.6)%

HIGHLIGHTS

- **High organic growth at 17.1%**, with **+10.8% price effect** and **volumes 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 Functional Polyolefins divestment at 1 June 2020
- **€75m EBITDA, up 10.3% YoY**, and +18.5% at constant scope
- **EBITDA margin at 19.0%**

Q1'21 CASH FLOW

RECONCILIATION OF EBITDA TO NET CASH FLOW

In €m	Q1'20	Q1'21
EBITDA	300	358
Current taxes	(26)	(49)
Cost of debt	(25)	(13)
Change in working capital and fixed assets payables ¹	(181)	(187)
Recurring capital expenditure	(79)	(72)
Exceptional capital expenditure	(13)	(53)
Others (including non-recurring items)	(14)	-
FREE CASH FLOW	(38)	(16)
Impact of portfolio management	(95)	(16)
NET CASH FLOW	(133)	(32)

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

Tax rate

~ **22%** of REBIT (excl. exceptional items)

Working capital

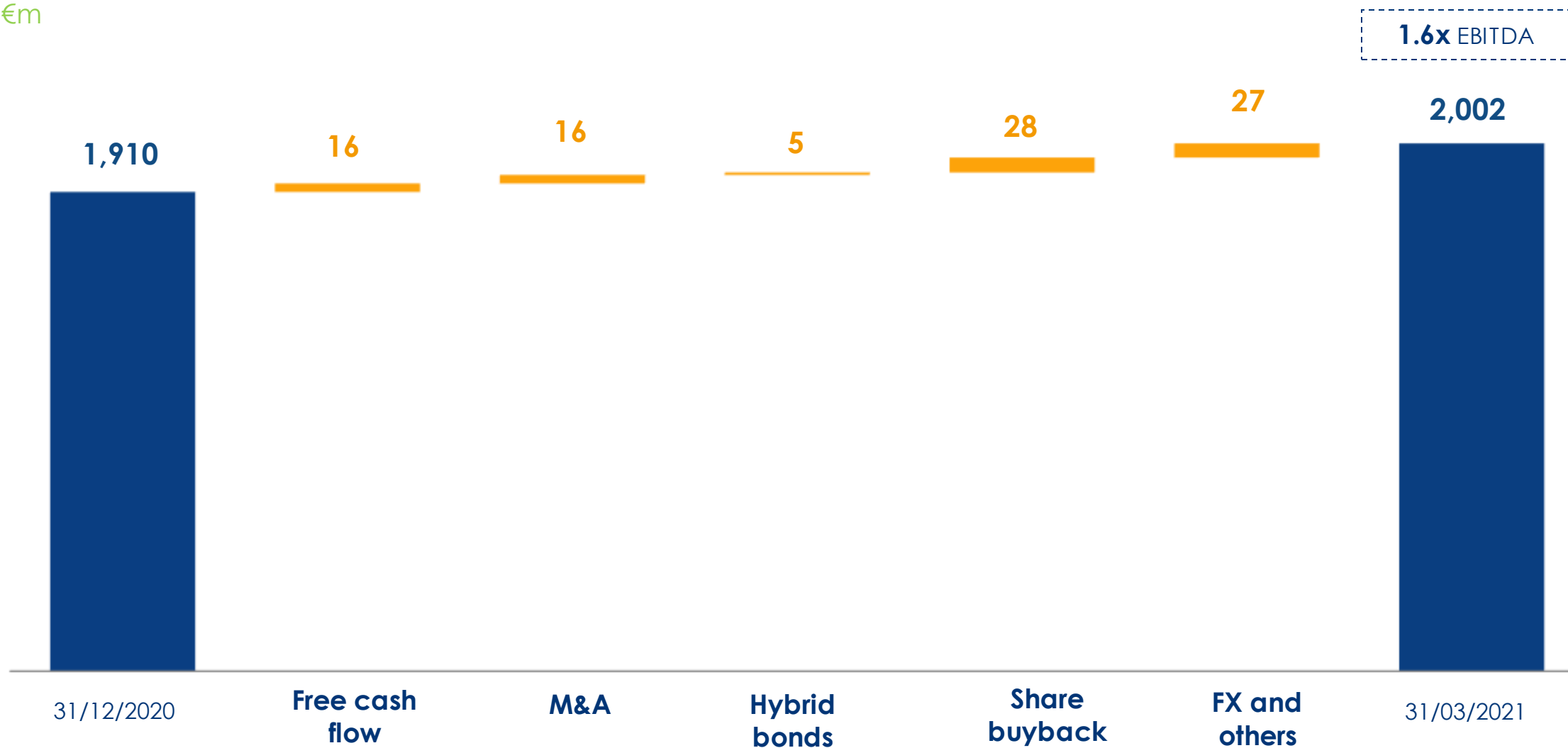
12.7% of annualized sales at end-March 2021, remaining at a very good level

Exceptional capex

Ramp-up in the construction of the bio-based PA11 plant in Singapore and of the hydrofluoric acid unit in the US

NET DEBT EVOLUTION (INCLUDING HYBRID BONDS)

In €m



OUTLOOK

- ▶ The positive market dynamics observed in the first quarter is continuing, supported by strong demand in the construction and DIY markets, and 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 materials 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 ¹
 - ▶ **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 ² and currency ¹

1. 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

2. 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)

DISCLAIMER

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 persists 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 2020 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 2020 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