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## ARKEMA BROADENS ITS RANGE OF HIGH PERFORMANCE POLYMERS WITH THE ACQUISITION OF A CONTROLLING STAKE IN PI ADVANCED MATERIALS

- Proposed acquisition of Glenwood Private Equity's 54% stake in the listed South Korean company PI Advanced Materials (PIAM), for €728m enterprise value. The company will be fully consolidated in Arkema's accounts
- With sales of over €200m, an EBITDA margin of around 30% and best-in-class manufacturing, PIAM is the global leader in polyimide films, delivering superior growth in the attractive consumer electronics and electric vehicles markets
- New significant milestone in Arkema's transformation into a pure Specialty Materials player
- Rare opportunity to broaden Arkema's polymer range with an ultra-high performance and cutting-edge technology, strengthening the Advanced Materials segment's portfolio and performance
- PIAM's sales expected to grow at 13% p.a., driven by unique opportunities for polyimide in increasingly demanding applications such as lithium-ion batteries, 5G antennas, high resolution OLED displays or flexible screens, and supported by recent capacity expansions
- Valuation representing c.20x the average 2021/2022 EBITDA, and targeting 8x 2027 estimated EBITDA, post synergies evaluated at €30 million
- Transaction fully financed in cash, maintaining a strong balance sheet with a net debt on EBITDA ratio within Arkema's financial leverage objective of 2x

*"PIAM is an outstanding company with a unique technological positioning, state of the art manufacturing facilities and invaluable customer relationships. This acquisition is fully aligned with our strategy to be at the forefront of high performance materials for high growth end markets supported by megatrends such as electric vehicles and advanced electronics. After the divestment of PMMA, the acquisition of Ashland adhesives and the current start-up of our bio PA11 plant in Singapore, Arkema is delivering another significant milestone of its strategy focused on innovative materials for a sustainable world",* stated Thierry Le Hénaff, Arkema's Chairman and Chief Executive Officer.

### A KEY MILESTONE IN THE STRENGTHENING OF ARKEMA'S ADVANCED MATERIALS SEGMENT

With more than 30% global market share, PIAM, based in South Korea, is the global leader of polyimide films for flexible printed circuit boards and graphite sheets used in the high growth and high margin markets of mobile devices and electric vehicles.

PIAM's ultra-high performance polyimides are cutting-edge materials offering exceptionally high temperature resistance, dimensional stability, flexibility and electric insulation. They are increasingly used in attractive markets such as electric vehicles, consumer electronics, semiconductor manufacturing and other advanced industrial applications. They benefit from the growing need for miniaturization, higher thermal management and increased safety and durability.

With two state-of-the-art industrial production sites and two R&D centers in South Korea, this highly innovative company employs approximately 320 people. PIAM enjoyed strong sales growth of 12% per year on average in the 2012-2021 period, focusing on top quality and high value added products, and reaching an EBITDA margin of 30%. Sales amounted to around €200 million in 2022, temporarily impacted by the large destocking observed in the global consumer electronics market.

PIAM sales are expected to grow by around 13% per year in the coming years, supported by its robust innovation pipeline and successful customer qualifications in 5G antennas and high-resolution OLED displays, as well as by strong growth in applications such as flexible screens. In the electric vehicle market, growth will be driven by high demand for tapes for battery cell insulation, flexible printed circuit boards for battery management systems and varnishes for high-voltage motor coils. Besides, PIAM will benefit from the recently finalized capital expenditure program of around €100 million that will cover most of the planned mid term developments.

The acquisition of Glenwood Private Equity's 54% controlling stake will allow the full consolidation of PIAM in Arkema's accounts. The remaining 46% of the shares will continue to be listed on the Korean stock exchange.

PIAM's portfolio fits perfectly with the Advanced Materials segment, strengthening the high performance polymer range in attractive markets linked to megatrends, and enabling to accelerate the segment's organic sales growth and expand its EBITDA margin.

## **A DEAL FULLY IN LINE WITH ARKEMA'S STRATEGY AND OFFERING STRONG SYNERGIES**

Given PIAM's best-in-class innovation, ultra-high performance product portfolio and leading position, this project is perfectly aligned with the Group's ambition to be a pure player in Specialty Materials and to pursue its development in fast-growing applications supported by megatrends.

The project offers significant pre-tax synergies estimated at around €30 million at the EBITDA level, which should be progressively achieved within the next five years, with a limited requirement for additional capital expenditure. These synergies are driven by the perfect complementarities of product ranges, Arkema's geographic reach and PIAM's strong customer intimacy in Asia.

The transaction price is based on a €728 million enterprise value for the 54% stake, representing c.20x the average 2021/2022 EBITDA. The enterprise value/EBITDA multiple will be reduced to 8x in 2027 with the benefit of PIAM's organic growth and of the targeted synergies and will continue to decrease over the following years. The deal will be financed fully in cash, maintaining a strong balance sheet with a level of net debt including hybrid bonds that will stay within Arkema's financial leverage objective of 2x EBITDA.

Following this transaction and all that has been achieved over the past years in both organic projects and M&A, Arkema's technological profile will now be uniquely positioned to benefit from the accelerating demand linked to megatrends. In the coming years, the Group will give its priority to organic growth, leveraging its breadth of innovative technologies in attractive markets and applications. With regard to M&A, the Group will continue to work on the deconsolidation of its Intermediates segment and will focus its acquisitions program on bolt-on operations, particularly in adhesives.

The deal, which is subject to the approval of Chinese and Korean anti-trust authorities, should be finalized end-2023.

Building on its unique set of expertise in materials science, Arkema offers a portfolio of first-class technologies to address ever-growing demand for new and sustainable materials. With the ambition to become in 2024 a pure player in Specialty Materials, the Group is structured into 3 complementary, resilient and highly innovative segments dedicated to Specialty Materials - Adhesive Solutions, Advanced Materials, and Coating Solutions - accounting for some 91% of Group sales in 2022, and a well-positioned and competitive Intermediates segment. Arkema offers cutting-edge technological solutions to meet the challenges of, among other things, new energies, access to water, recycling, urbanization and mobility, and fosters a permanent dialogue with all its stakeholders. The Group reported sales of around € 11.5 billion in 2022, and operates in some 55 countries with 21,100 employees worldwide.

Investor relations contacts:

Béatrice Zilm	+33 (0)1 49 00 75 58	<a href="mailto:beatrice.zilm@arkema.com">beatrice.zilm@arkema.com</a>
Peter Farren	+33 (0)1 49 00 73 12	<a href="mailto:peter.farren@arkema.com">peter.farren@arkema.com</a>
Mathieu Briatta	+33 (0)1 49 00 72 07	<a href="mailto:mathieu.briatta@arkema.com">mathieu.briatta@arkema.com</a>
Caroline Chung	+33 (0)1 49 00 74 37	<a href="mailto:caroline.chung@arkema.com">caroline.chung@arkema.com</a>

Media contact :

Anne Plaisance +33 (0)6 81 87 48 77 [anne.plaisance@arkema.com](mailto:anne.plaisance@arkema.com)