

Third-quarter 2023 results and highlights

09/11/2023

Q3'23 financial highlights

€2,326m sales

→ Down **17.2%** at constant currency vs **Q3'22**

- Volumes down 6.6% YoY in an environment of generally slow demand, as in previous quarters
- Negative 10.6% price effect reflecting lower raw materials as well as price normalization in PVDF and upstream acrylics following the exceptional market conditions in 2022

€386m EBITDA

→ EBITDA down from prior year's high comparison base (€495 million in Q3'22)

16.6% EBITDA margin

→ EBITDA margin holding up well at 16.6% (16.7% in Q3'22), reflecting the strength of the Group's positioning and the initiatives taken to adapt to the economic climate

€177m adj. net income

→ Representing €2.38 per share

€2,419m net debt
(incl. hybrid bonds)

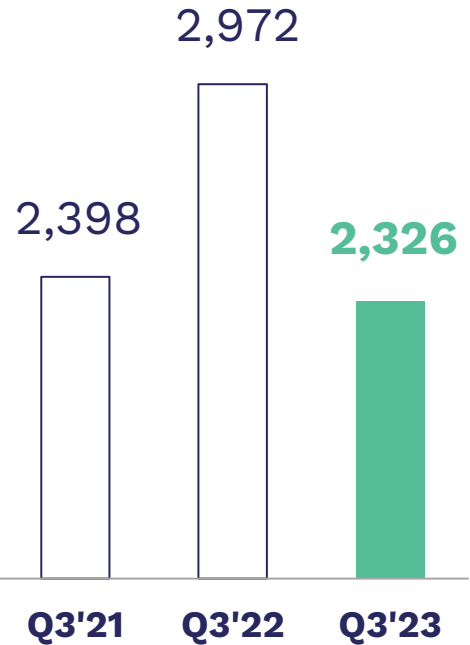
→ 1.7x LTM EBITDA

→ High cash generation with **€312m** recurring cash flow

Solid EBITDA margin and high cash generation in a low volume context

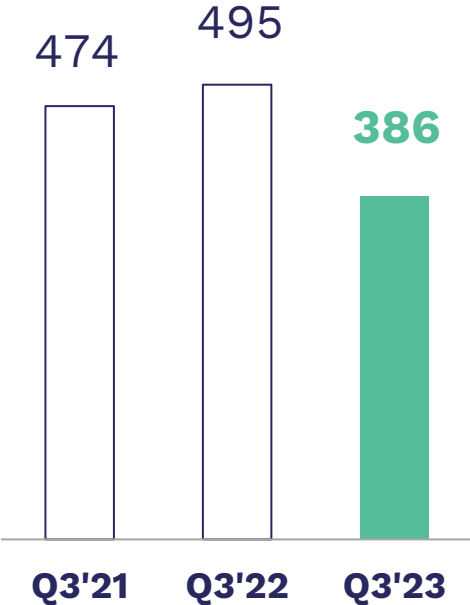
in €million

Sales



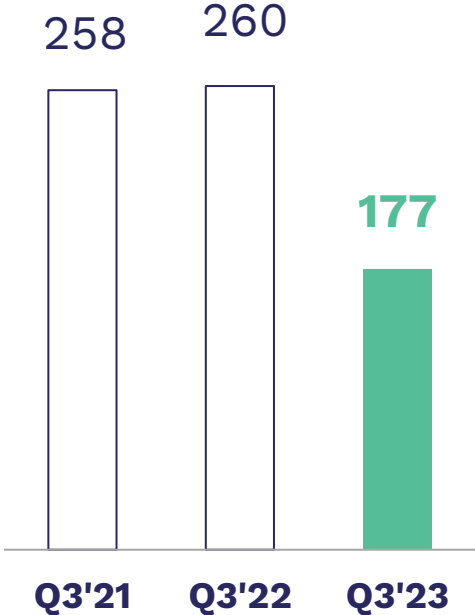
Specialty Materials **91%**

EBITDA



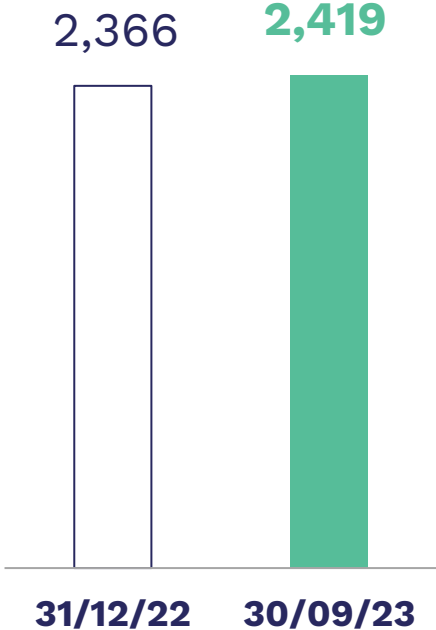
Margin **16.6%**

Adj. Net Income



Adj. EPS **€2.38**

Net Debt (incl. hybrid bonds)



1.7x LTM EBITDA

Attractive growth projects announced during September's CMD

DMDS, a critical additive enabling biofuel development

A strategic **investment in Beaumont** (Texas, US) consolidating our global leadership position and complementary to our European and Asian manufacturing platforms

A specialty additive derived from sulfur chemistry enjoying **accelerating demand** (sustainable aviation fuel, renewable diesel...)

+35%
global capacity

€175m
combined capex

Luperox®, a high-end process initiator for renewable energy

A major **investment in Changshu** (China) to support the continued growth of our customers in Asia

A “mission critical” niche additive **optimizing our customers' processes** in multiple applications including solar panels

x2.5
capacity in China

Further significant steps to decarbonize our value chain



Major project contributing to our 2030 decarbonization targets



Carling

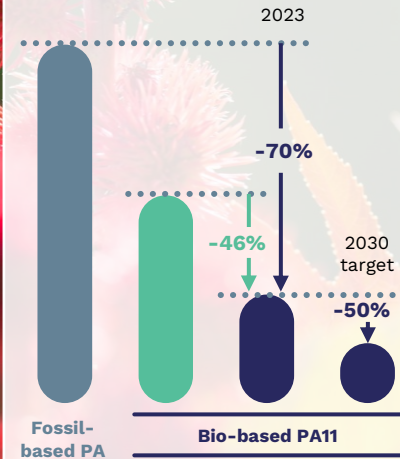
One of the **major acrylic monomer plants** in Europe

Decarbonization of acrylics production

c. **-20%** of CO₂ emissions in Carling site

- Patented purification process
- Best-in-class environmental footprint through optimization of resources, waste and solvent use
- Customers' **Scope 3** reduction, supporting their sustainability roadmap
- €130m investment partly funded by the French State and the EU¹

1. As part of France 2030, operated by ADEME, and NextGenerationEU



Rilsan® PA11 carbon footprint further decreased

-46% carbon footprint reduction of global production

- Reaching less than 2 kg CO₂e/kg
 - renewable or low carbon energy
 - energy efficiency improvements
- 70% vs traditional polyamide resins using fossil-based raw materials and conventional energy sources
- 2030 target to reduce the carbon footprint by a **further 50%**

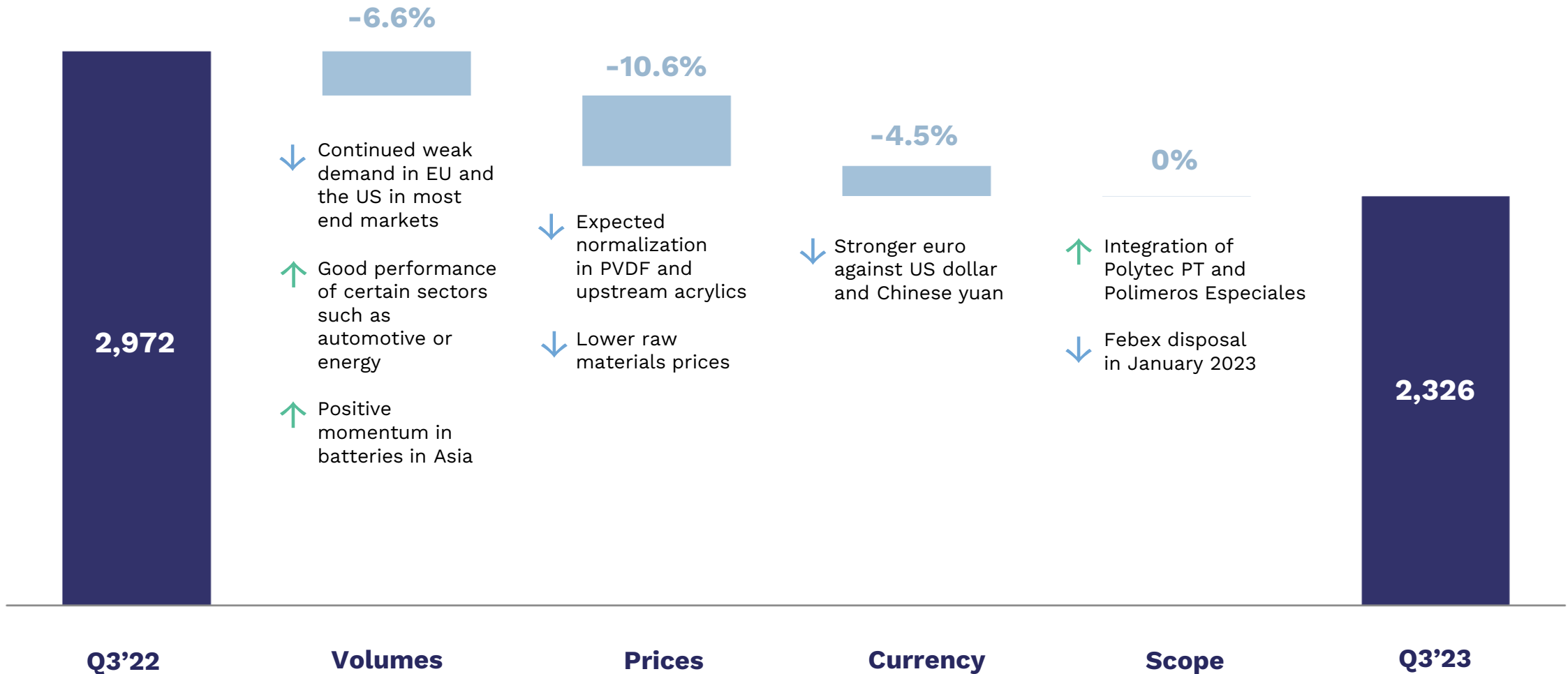
Key figures

in €million

	Q3'23	Q3'22	Change	9m'23	9m'22	Change
Sales	2,326	2,972	-21.7%	7,292	9,043	-19.4%
EBITDA	386	495	-22.0%	1,170	1,819	-35.7%
Specialty Materials	346	458	-24.5%	1,061	1,614	-34.3%
Intermediates	55	59	-6.8%	173	282	-38.7%
Corporate	-15	-22		-64	-77	
EBITDA margin	16.6%	16.7%		16.0%	20.1%	
Specialty Materials	16.4%	16.9%		16.0%	19.8%	
Intermediates	26.7%	24.0%		27.2%	33.6%	
Recurring operating income (REBIT)	246	356	-30.9%	765	1,414	-45.9%
REBIT margin	10.6%	12.0%		10.5%	15.6%	
Adjusted net income	177	260	-31.9%	546	1,079	-49.4%
Net debt (incl. hybrid bonds)	2,419	2,615		2,419	2,615	

Sales down compared to Q3'22 high level

Sales in €million

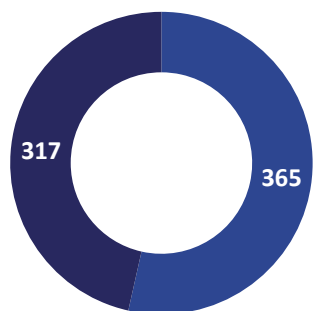


Adhesive Solutions (29% of Group sales in Q3'23)

Key figures

in €m	Q3'23	Q3'22	Change	9m'23	9m'22	Change
Sales	682	757	-9.9%	2,072	2,206	-6.1%
EBITDA	98	90	+8.9%	286	291	-1.7%
EBITDA margin	14.4%	11.9%		13.8%	13.2%	
REBIT	77	69	+11.6%	224	234	-4.3%

Q3'23 sales by Business Line



■ Construction & Consumer
■ Industrial Assembly

Q3'23 sales development

Volumes — -3.4%
Prices — -1.8%
Currency — -5.2%
Scope — +0.5%

Highlights Q3'23

→ Impact of a **5.2% negative currency effect**

→ **Volumes down 3.4% YoY**

- Last year's baseline already affected in EU by the start of destocking
- Demand remaining weak in most end-markets, particularly in EU and in the US
- Volumes up in Asia, supported by slightly more dynamic activity overall

→ **Price down 1.8% YoY**, in the context of lower raw materials prices

→ **€98m EBITDA, up 8.9% YoY**

- Improved product mix towards high value-added solutions
- Strict price management, operational excellence and cost control initiatives

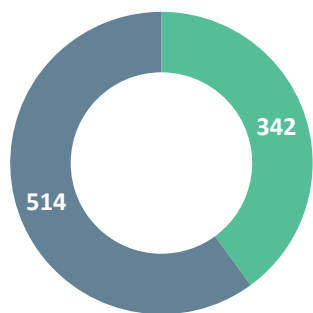
→ **EBITDA margin +250 bps** in an ongoing context of low volumes

Advanced Materials (37% of Group sales in Q3'23)

Key figures

in €m	Q3'23	Q3'22	Change	9m'23	9m'22	Change
Sales	856	1,131	-24.3%	2,705	3,319	-18.5%
EBITDA	172	237	-27.4%	517	793	-34.8%
EBITDA margin	20.1%	21.0%		19.1%	23.9%	
REBIT	100	167	-40.1%	310	589	-47.4%

Q3'23 sales by Business Line



- High Performance Polymers
- Performance Additives

Q3'23 sales development

Volumes	-5.3%
Prices	-13.9%
Currency	-4.1%
Scope	-1.0%

Highlights Q3'23

→ **Prices down 13.9% YoY**, mainly reflecting normalization of PVDF in batteries in China

→ **Volumes down 5.3% YoY**

- Rising in High Performance Polymers, driven by automotive and energy, as well as new developments linked to sustainable megatrends
- Declining in Performance Additives mainly due to subdued demand in Europe

→ **€172m EBITDA** vs €237m in Q3'22

- In HPP, combination of higher volumes overall, and price normalization in PVDF
- Performance Additives' EBITDA increase thanks to positive momentum notably in renewable energies

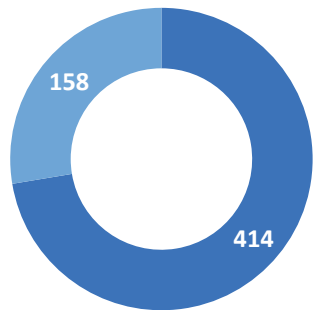
→ **EBITDA margin holding up well at 20.1%**

Coating Solutions (25% of Group sales in Q3'23)

Key figures

in €m	Q3'23	Q3'22	Change	9m'23	9m'22	Change
Sales	572	825	-30.7%	1,850	2,647	-30.1%
EBITDA	76	131	-42.0%	258	530	-51.3%
EBITDA margin	13.3%	15.9%		13.9%	20.0%	
REBIT	43	99	-56.6%	164	435	-62.3%

Q3'23 sales by Business Line



■ Coating Resins
■ Coating Additives

Q3'23 sales development

Volumes — -9.5%
Prices — -18.4%
Currency — -3.5%
Scope — +0.7%

Highlights Q3'23

- **Prices down 18.4% YoY**
 - Less favorable market conditions in upstream acrylics
 - Lower raw materials prices
- **Volumes down 9.5% YoY**
 - Impacted by weak demand
 - Increasing in Asia
- **€76m EBITDA vs €131m in Q3'22**
 - Less favorable market conditions in acrylic monomers
 - Downstream product lines' EBITDA holding up better, thanks to improved product mix and dynamic price management in a context of lower raw materials
- **EBITDA margin at 13.3% vs 15.9% in Q3'22**
 - Limited decline in this significantly more challenging environment
 - Supported by initiatives undertaken by the segment's teams and integration of the acrylics value chain

Intermediates (9% of Group sales in Q3'23)

Key figures

in €m	Q3'23	Q3'22	Change	9m'23	9m'22	Change
Sales	206	246	-16.3%	636	839	-24.2%
EBITDA	55	59	-6.8%	173	282	-38.7%
EBITDA margin	26.7%	24.0%		27.2%	33.6%	
REBIT	42	44	-4.5%	135	237	-43.0%

Q3'23 sales development

Volumes	——	-12.6%
Prices	————	+3.7%
Currency	——	-7.4%
Scope	————	-

Highlights Q3'23

- **Volumes down 12.6% YoY**
 - Mainly due to weak demand for acrylics in Asia
- **Prices up 3.7% YoY**
 - Solid momentum in refrigerant gases in the US and EU
- **Negative 7.4% currency effect YoY**
 - Stronger euro against Chinese yuan
- **EBITDA resisting very well** in the global macro context **at €55m**
- **EBITDA margin at a very good level of 26.7%**

Solid cash flow generation

in €million

	Q3'23	Q3'22	9m'23	9m'22
EBITDA	386	495	1,170	1,819
Current taxes	-69	-76	-181	-294
Cost of debt	-8	-21	-36	-47
Change in working capital and fixed assets payables ⁽¹⁾	131	138	-155	-490
Recurring capital expenditure	-137	-131	-349	-302
Others	9	29	-13	9
Recurring cash flow	312	434	436	695
Exceptional capital expenditure	-5	-21	-17	-87
Non-recurring cash flow	-34	-16	-77	-23
Free cash flow	273	397	342	585
Impact of portfolio management	-5	-121	-44	-1,628
Net cash flow	268	276	298	-1,043

→ **9m'23 tax rate**
~21% of REBIT (excl. exceptional items)

→ **Working capital**
16.3% of annualized sales at end-September 2023

→ **Impact of portfolio management**

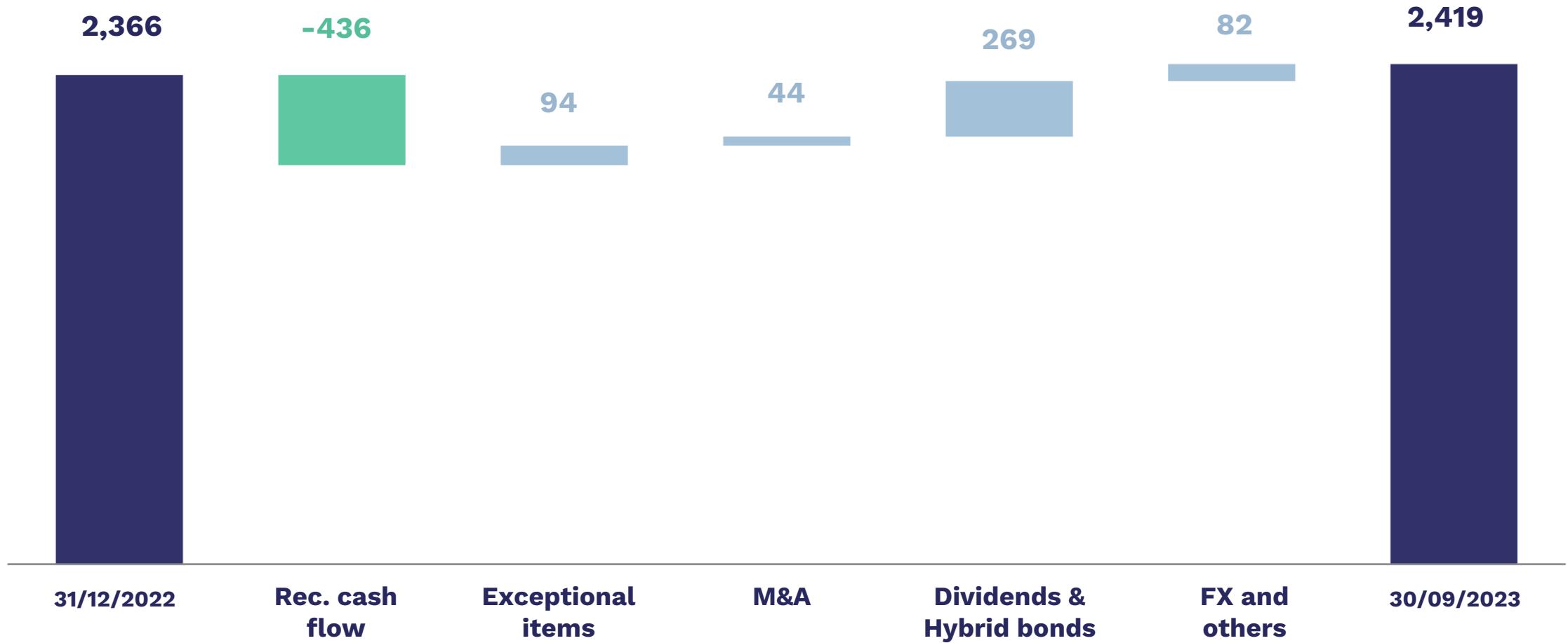
- Permoseal and Polimeros Especiales acquisitions in Q3'22
- Polytec acquisition and Febex disposal in 9m'23
- Ashland's performance adhesives acquisition in 9m'22

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

Net debt tightly controlled

in €million

1.7x LTM EBITDA



Outlook

- The economic environment remains challenging at the end of the year, in line with the level seen since the beginning of the year, and is marked by low volumes in most end markets and uncertainties in all three regions, as well as by heightened geopolitical tensions.
- In this context, the Group will continue to work on the elements under its control, in particular cost management, optimization of working capital and the roll out of ongoing technological developments with its customers and partners.
- Arkema will ensure the successful completion of several key projects that will contribute to the growth in 2024.
- Based on the results of the first nine months and the momentum expected in Q4, and as indicated last September at the Capital Markets Day, Arkema confirms its EBITDA forecast of around €1.5bn in 2023, supported in particular by the resilience of several product lines and ongoing cost-saving initiatives. The Group is also aiming for a high EBITDA to cash conversion of around 40%.

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 a context marked by strong geopolitical tensions, where the evolution of the world economy remain 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, rising geopolitical tensions, and changes in general economic and business conditions. These risk factors are further developed in the 2022 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 2022 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 recurring cash flow divided by EBITDA