

ARKEMA

Full year 2021 results and outlook

24/02/2022



Excellent financial
performance and strong
strategic progress in 2021

Excellent 2021 financial performance in a demanding context

Sales

€9,519m

+25.9% vs 2020

at constant scope and currency

EBITDA

€1,727m

+46.1% vs 2020

Historic high

Adj. net income

€896m

x2.3 vs 2020

€11.88 per share

EBITDA margin

18.1%

+310 bps vs 2020

SPECIALTY MATERIALS

EBITDA: €1.5bn

EBITDA margin: 18.5%

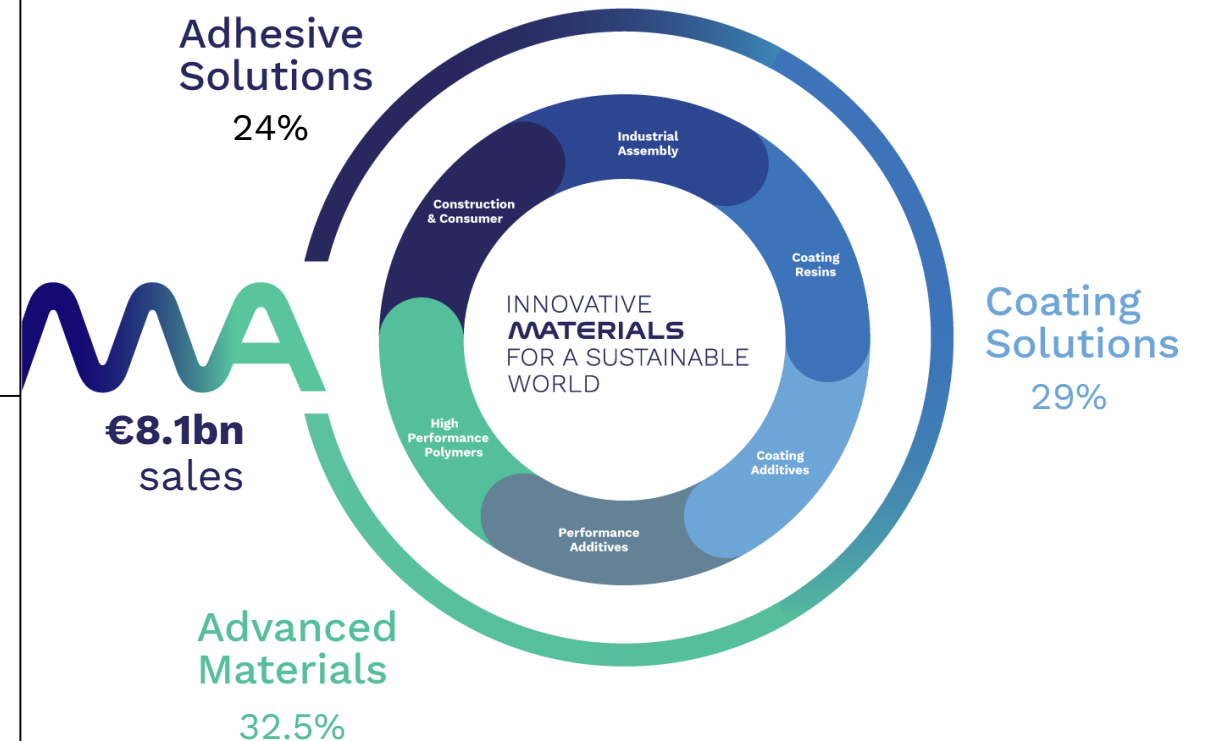
Innovative materials for a sustainable world

A Specialty Materials leader

offering unique innovative and sustainable solutions to address our customers' current and future challenges

5 corporate values supporting our vision

Simplicity ——— Solidarity ——— Inclusion
Performance ——— Empowerment



2021 data

Strong progress in our strategic roadmap



Key steps achieved in **portfolio transformation**



High return expansions to capture sustainable growth



Expanding opportunities from our **sustainability-driven innovation**



Strong **CSR commitment** increasingly recognized

Two major M&A steps with Ashland acquisition and PMMA disposal

Major steps to refocus our portfolio towards Specialty Materials



Ashland Performance Adhesives

Acquisition, expected to close in Q1'22
 EV: US\$1,650m
 8.7x EBITDA after pre-tax synergies

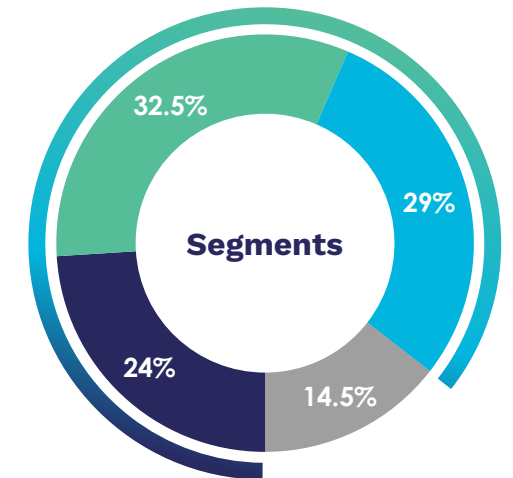
PMMA

Divestment to Trinseo, closing 3 May 2021
 EV: €1,137m
 > 9x EBITDA

Specialty Materials sales

MA
 Specialty
 Materials
85.5%

Close to **90%**
 pro forma 2021*



■ Adhesive Solutions ■ Coating Solutions
 ■ Advanced Materials ■ Intermediates

* On a *pro forma* basis, including full year contribution of all M&A operations announced in 2021

Bolt-on M&A operations



ACQUISITIONS

**Epoxides
 business**

DIVESTMENT

High return expansions to capture sustainable growth

						 Bio-based, renewable  Recyclable  Solvent-free  Less emissive
Kynar® PVDF +50% capacity in Changshu, CN (end-2022) +50% capacity in Pierre-Bénite, FR (Q1'23)	Forane® 15 kt/yr 1233zd capacity in Calvert City, US (end-2023)	Sartomer® +100% photocure resins capacity in Nansha, CN (H2'23)	Pebax® +25% global capacity in Serquigny, FR (mid-2023)	Rilsan® PA11 +50% global capacity in Singapore (mid-2022) New PA11 powders capacity in Changshu, CN (Q1'23)	Hydrofluoric acid 40 kt/yr supply in partnership with Nutrien in Aurora, US with a new eco-friendly process (mid-2022)	
   Kynar® CTO		 	  Pebax® Rnew®	 		
Li-ion battery, water filtration, specialty coatings, electronics	Buildings' thermal isolation, battery thermal management	Electronics, renewable energy	Sports, consumer goods	Transportation, sports, consumer electronics, 3D printing, bio-textiles	Battery, electronics, water treatment	

Expanding opportunities from our sustainability-driven innovation

Global megatrends

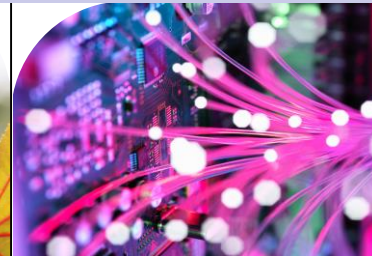
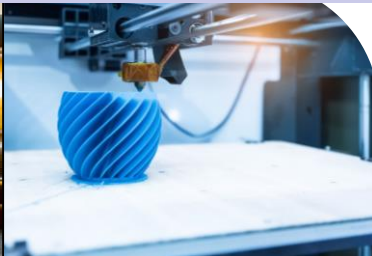
Urbanization
and social
change

Climate
change

Resource
scarcity

Technological
transformation

Priorities from our 5 innovation platforms



Boost **new energies and clean mobility**

Develop **lightweight materials and design**

Enhance **living comfort and home efficiency**

Manage **natural resources** and promote **circular economy**

Develop **electronic solutions**

We expect to generate

€1.5bn

additional sales by 2030*

*vs €1.0bn
previously announced*

from our 5 innovation platforms, aligned with these priorities

* Compared with 2019

Significant opportunities in clean mobility

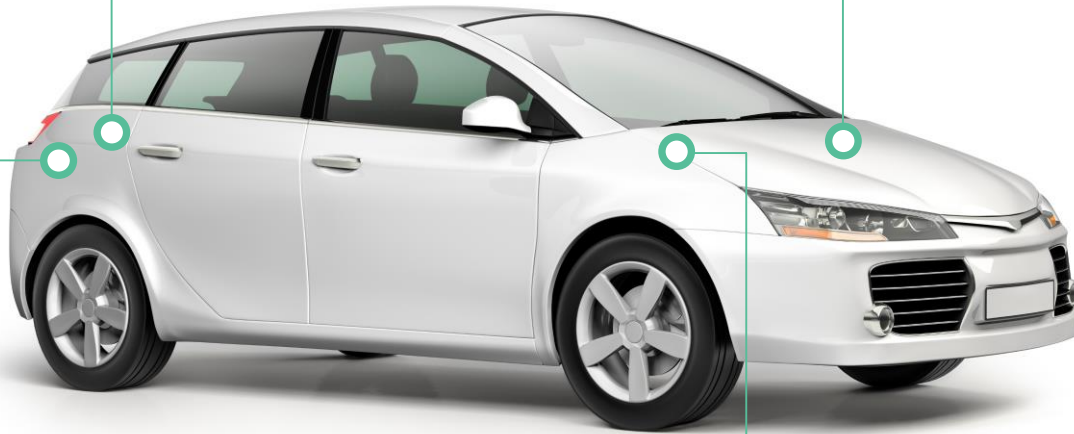
HYDROGEN

PA11 for tanks

PVDF for fuel cells
& electrolyzers

CHASSIS

100% recyclable
composites



BATTERY

PVDF for cathode and separators

Ultrapure **electrolyte salts**

PA11 for battery casing and cooling lines

Adhesives for cell to cell bonding

Piezoelectric actuators for monitoring sensors

HYBRID

PA11 for fuel lines and cooling lines

€1bn
sales in
batteries
by 2030



**New Center of
Excellence for batteries
in France**

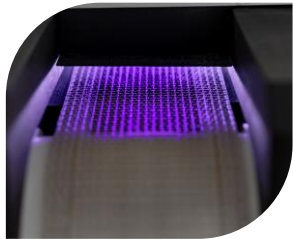
Key partnerships in 2021
Verkor, Morrow

High growth potential in 3D printing

Leading portfolio of solutions for the major 3D printing technologies



Filament extrusion



Radiation curing



Powder bed fusion

Industry



Consumer goods



Aeronautics



Sports



>20%

CAGR 2019-2024 *

* Source: market estimation, Wohlers report 2019



3 Centers of Excellence
dedicated to each
technology

Equity investments
ERPRO 3D Factory, Carbon,
Continuous Composites

Courtesy of Materialise, Demgy, Bowman, Stratasys, Hexcel (HexAM® products), Continuous Composites, IAM Footwear Consortium

Increased demand for sustainable lifestyle products



Consumer goods

Customizable & bio-based eyeglass frames

Bio-based, recyclable toys

Technical bio-based textile



High performance sports

100% recyclable running shoes

High energy return foam outsoles for sports shoes

Bio-based ski boots



Consumer electronics

Durable components for smartphones, tablets, TVs

Bio-based & recyclable wearable devices



* Source: Arkema's demand growth estimation



Agiplast acquisition in 2021
to develop high performance
polymers **recycling**

Strong CSR commitment increasingly recognized

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

→ Improved ranking to **3rd in
DJSI World 2021** vs **6th in 2020**

“Chemicals” category

CSA by S&P Global score: **82**

MSCI  Rating: **A**

CDP  **B** for Climate change
DISCLOSURE INSIGHT ACTION

ecovadis Among **top 1%**
of the sector



V.E

Top percentile
across all sectors

Score: **67**

 **SUSTAINALYTICS**
a Morningstar company
RATED

ISS ESG 
1st decile (global)
(Sept 2021)

CAC 40[®] ESG

Integration in a new Euronext index
(2021)

Continued progress in our 3 CSR structuring programs

Archimedes program

Moving toward higher positive impact

ImpACT+ target

65% of our sales significantly contributing to UN SDGs **by 2030**

51% in 2021¹ (50% in 2020)

(1) Portfolio Sustainability Assessment on 85% of sales assessed in 2021 and 72% in 2020

Circular Economy

A sustainable resource management

Life Cycle Analysis target

50% of our sales covered by a Life Cycle Analysis **by 2024**

27% in 2021 (22% in 2020)

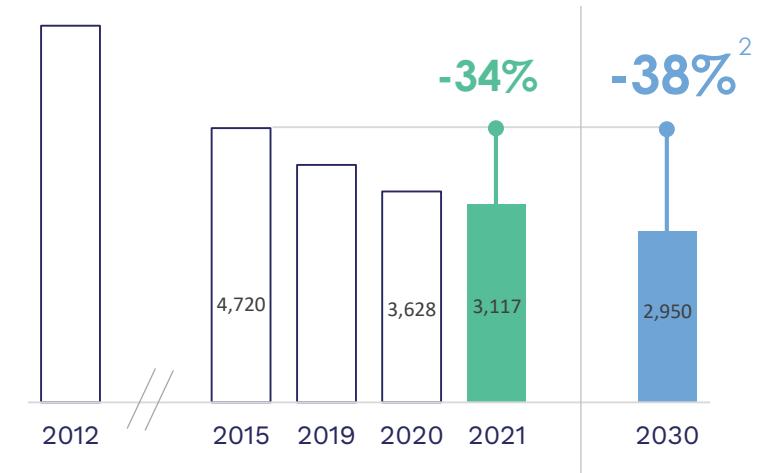
Climate Plan

Contain global warming

Commitment to Paris Agreement

Science Based Target *wb 2 °C*

In kt CO₂ eq.



(2) GHG emissions (scopes 1 & 2 + ODS) absolute target vs 2015

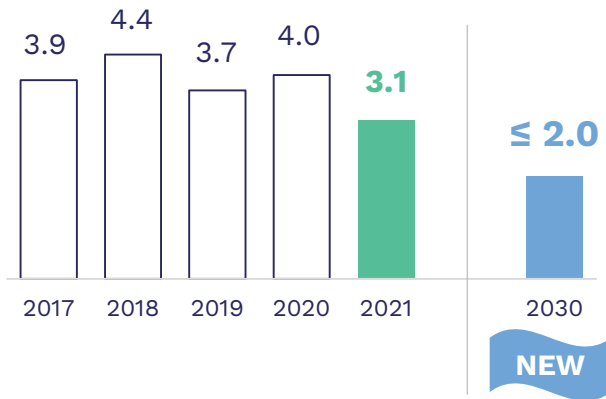
Strengthening safety and promoting diversity

Safety

TRIR (Number of accidents per million hours worked)



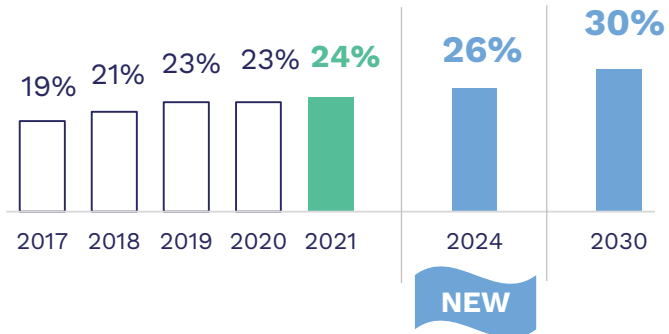
PSER (Process safety events rate per million hours worked)



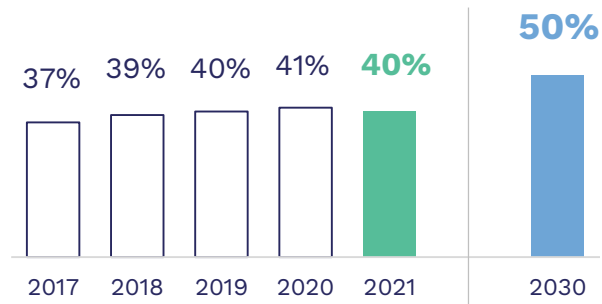
Diversity

in senior management and executive positions

Women



Non-French



ARKEMA CARES 2021

global engagement survey

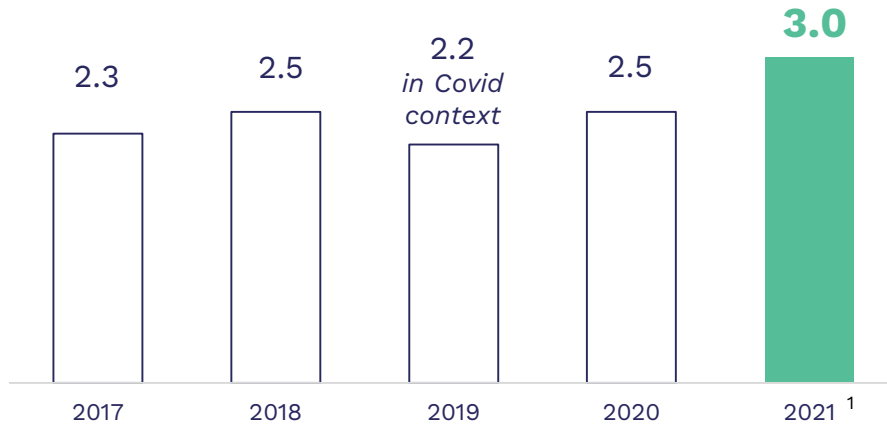
82% of employees stating their full engagement

TOP EMPLOYER 2022
in 4 countries

High value creation for shareholders

Dividend

(in €/share) per financial year



→ In line with the Group's ambition to **progressively increase shareholder returns**

(1) Dividend proposed at the shareholders' annual general meeting of 19 May 2022

Share buybacks

- **Completion** of the **€300m** program on November 2021
- **Capital reduction** in January 2022 by cancellation of treasury shares representing 3.19% of share capital

Share price evolution



(2) Peers: Solvay, BASF, Lanxess, Clariant, Sika, Evonik, HB Fuller and MSCI Europe Index



Detailed Q4'21 & 2021 results and outlook

2021 financial highlights

€9,519m sales

- Up by **25.9%** vs 2020 at constant scope and currency
 - **7.3%** growth in volumes, driven notably by robust demand for sustainable solutions with high technological content, particularly in batteries, 3D printing, consumer goods and more environmentally friendly paints
 - **18.6%** increase in selling prices, reflecting the Group's initiatives to offset strong raw materials and energy inflation, improved product mix, and tightness of upstream acrylics

€1,727m EBITDA

18.1% EBITDA margin

- EBITDA at a historic high, up by **46.1%** YoY, in an environment marked by operational disruptions and high raw materials and energy costs
- Specialty Materials EBITDA of €1,503m (€1,018m in 2020)
 - Strong growth in each of the segments
 - EBITDA margin of 18.5%
- Intermediates EBITDA of €316m vs €231m in 2020, driven by favorable market conditions in acrylics in Asia and despite ~€90m negative PMMA and POF scope effect

€896m adj. net income

- Representing **€11.88** per share

€1,177m net debt
(incl. hybrid bonds)

- **0.7x** LTM EBITDA
- **€756m** recurring cash flow (FCF before exceptional items)

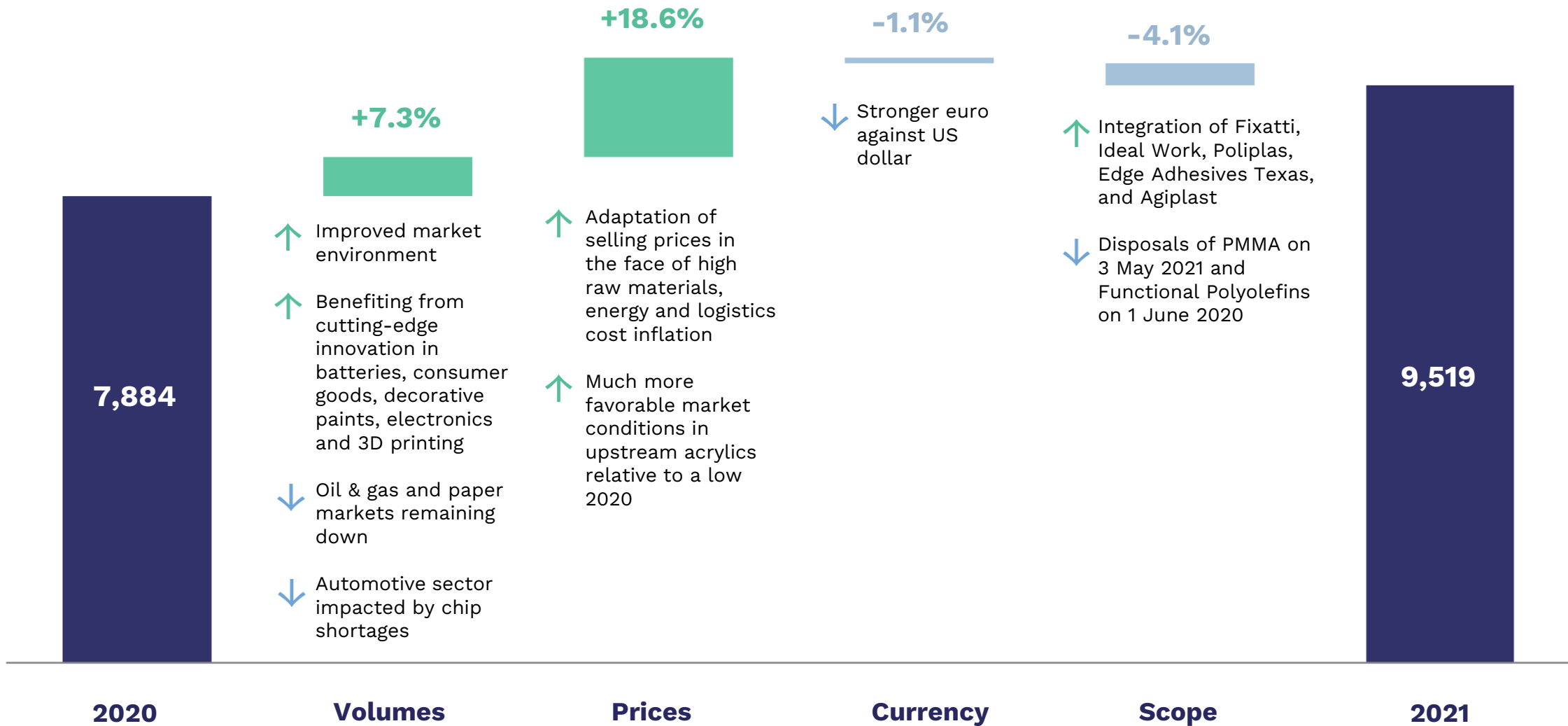
Key figures

in €m

	Q4'21	Q4'20	Change	2021	2020	Change
Sales	2,500	1,985	+25.9%	9,519	7,884	+20.7%
EBITDA	417	289	+44.3%	1,727	1,182	+46.1%
Specialty Materials	359	261	+37.5%	1,503	1,018	+47.6%
Intermediates	80	42	+90.5%	316	231	+36.8%
Corporate	-22	-14		-92	-67	
EBITDA margin	16.7%	14.6%		18.1%	15.0%	
Specialty Materials	16.5%	15.9%		18.5%	15.8%	
Intermediates	25.6%	12.6%		22.9%	16.2%	
Recurring operating income (REBIT)	273	144	+89.6%	1,184	619	+91.3%
REBIT margin	10.9%	7.3%		12.4%	7.9%	
Adjusted net income	212	92	+130.4%	896	391	+129.2%
Net debt (incl. hybrid bonds)				1,177	1,910	

Strong organic sales growth

Sales in €m

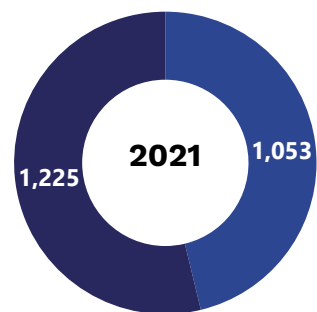


Adhesive Solutions (24% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	580	512	+13.3%	2,278	1,996	+14.1%
EBITDA	69	69	-	316	261	+21.1%
EBITDA margin	11.9%	13.5%		13.9%	13.1%	
REBIT	51	52	-1.9%	250	198	+26.3%

Sales by business line



■ Construction & Consumer
■ Industrial Assembly

Sales development

	Q4'21	2021
Volumes	-3.3%	+5.4%
Prices	+11.5%	+5.4%
Currency	+2.3%	-0.8%
Scope	+2.8%	+4.1%

2021 highlights

→ Volumes up 5.4% YoY

- Robust demand in construction and DIY
- Recovery in high performance industrial applications post-Covid
- Shortages of several important raw materials in H2'21

→ Prices up 5.4% YoY

- Reflecting the Group's ongoing actions to pass on high raw materials inflation
- Constantly growing through the year (+11.5% in Q4'21)

→ EBITDA increase of 21.1% YoY, driven by positive sales momentum, shift in product mix toward higher value-added applications and contribution of acquisitions

→ EBITDA margin up 80 bps to 13.9%,

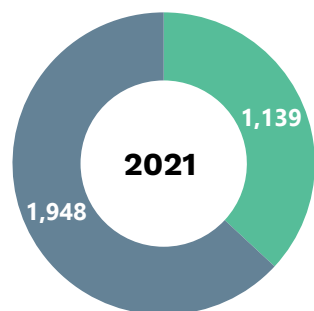
- In line with the 14% guidance announced early 2021
- Despite mechanical dilutive impact of price increases on this ratio of ~100 bps for the year

Advanced Materials (32.5% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	874	644	+35.7%	3,087	2,527	+22.2%
EBITDA	168	123	+36.6%	662	496	+33.5%
EBITDA margin	19.2%	19.1%		21.4%	19.6%	
REBIT	100	57	+75.4%	408	245	+66.5%

Sales by business line



■ High Performance Polymers
■ Performance Additives

Sales development

	Q4'21	2021
Volumes	+4.2%	+10.3%
Prices	+28.1%	+12.8%
Currency	+3.3%	-1.1%
Scope	+0.1%	+0.2%

2021 highlights

→ Volumes up 10.3% YoY

- Driven by High Performance Polymers' strong dynamic in most end markets, despite decline in the automotive sector
- Acceleration in demand for high performance and sustainable solutions
- Moderate volume growth in Performance Additives, with lower demand in oil & gas and paper markets

→ Prices up 12.8% YoY

- Selling price increases in the context of marked raw materials, energy and logistics cost inflation
- Improved product mix on high performance, higher value-added solutions

→ EBITDA up 33.5% YoY, supported notably by the excellent year of High Performance Polymers

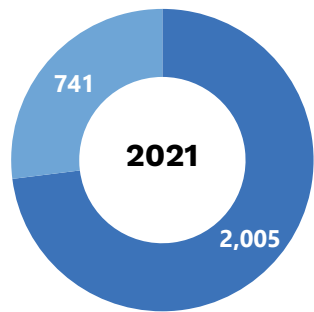
→ EBITDA margin at 21.4% (19.6% in 2020)

Coating Solutions (29% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	725	489	+48.3%	2,746	1,911	+43.7%
EBITDA	122	69	+76.8%	525	261	+101.1%
EBITDA margin	16.8%	14.1%		19.1%	13.7%	
REBIT	92	39	+135.9%	407	142	+186.6%

Sales by business line



■ Coating Resins
■ Coating Additives

Sales development

	Q4'21	2021
Volumes	-2.9%	+8.1%
Prices	+47.7%	+37.6%
Currency	+3.5%	-2.0%
Scope	-	-

2021 highlights

→ Prices up 37.6% YoY

- Necessary price increases in downstream product lines to offset very high raw materials and energy inflation
- Significant tightness of upstream acrylics

→ Volumes up 8.1% YoY, driven by robust demand in decorative paints, 3D printing, industrial coatings, graphic arts and electronics

→ €525m EBITDA (vs €261m in 2020)

- Growth and product mix improvement linked to strong demand for more environmentally friendly solutions
- More favorable conditions in upstream acrylics

→ EBITDA margin at a high level of 19.1% (13.7% in 2020)

Intermediates (14.5% of Group sales)

Key figures

in €m	Q4'21	Q4'20	Change	2021	2020	Change
Sales	312	334	-6.6%	1,378	1,425	-3.3%
EBITDA	80	42	+90.5%	316	231	+36.8%
EBITDA margin	25.6%	12.6%		22.9%	16.2%	
REBIT	55	12	+358.3%	219	109	+100.9%

Sales development

	<u>Q4'21</u>	<u>2021</u>
Volumes	— -2.4% —	+3.6%
Prices	— +29.9% —	+22.1%
Currency	— +5.4% —	+0.1%
Scope	— -39.5% —	-29.1%

2021 highlights

- **Scope effect of -29.1% YoY** related to PMMA and Functional Polyolefins divestments
- **Prices up 22.1% YoY**
 - Much more favorable market conditions for acrylics in Asia compared to the low level of the previous years
 - Solid performance in Fluorogases
- **Volumes up 3.6% YoY**
 - Higher demand post-Covid
 - Held back in H2'21 in Asia Acrylics following Chinese authorities' measures to limit energy consumption
- **EBITDA up 36.8% YoY and EBITDA margin at 22.9%** from 16.2% last year

2021 cash flow

in €m

Reconciliation of EBITDA to net cash flow

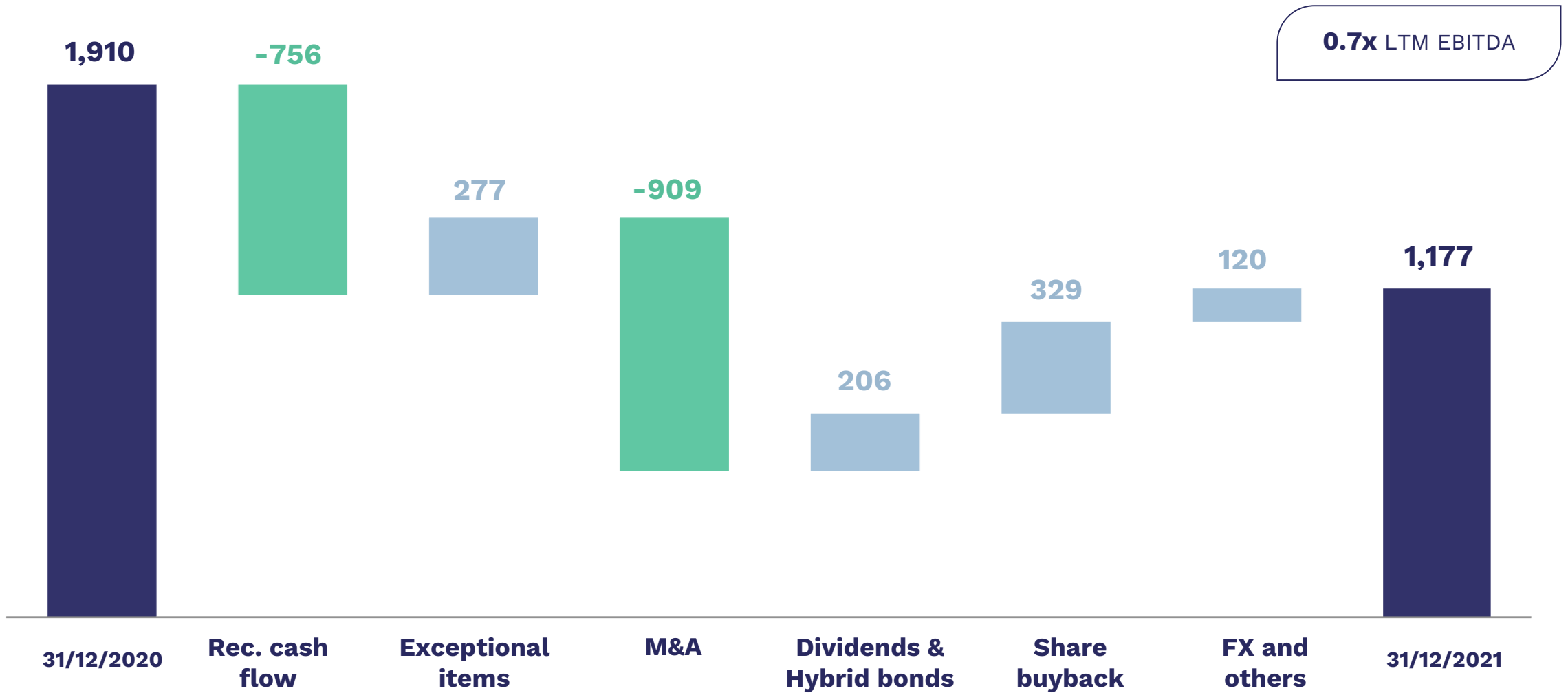
	2021	2020
EBITDA	1,727	1,182
Current taxes	-233	-121
Cost of debt	-52	-75
Change in working capital and fixed assets payables ⁽¹⁾	-238	212
Recurring capital expenditure	-506	-460
Others	58	24
Recurring cash flow	756	762
Exceptional capital expenditure	-252	-140
Non-recurring items	-25	29
Free cash flow	479	651
Impact of portfolio management	909	6
Net cash flow	1,388	657

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

- **2021 tax rate**
 - **20%** of REBIT (excl. exceptional items)
 - In 2022, **~21%** of REBIT (excl. exceptional items)
- **Working capital well controlled**
12.7% of annual sales (excl. PMMA)
- **EBITDA to cash conversion rate**
43.8% in line with long term objective of 40%
- **Non-recurring items**
Mainly restructuring costs and consequences of winter storm Uri in the United States
- **Recurring and exceptional capex**
 - **€758m** in 2021, in line with the Group's guidance of €750m
 - **5.5%** of sales in recurring capex and **~€130m** in exceptional capex expected in 2022

Net debt evolution (including hybrid bonds)

in €m



Further strengthen our Specialty Materials in 2022



M&A

- Integrate **Ashland Performance Adhesives** and **implement synergies** with Bostik and Coating Solutions segment
- Benefit from recent **bolt-ons** and carry out new acquisitions
- Pursue **strategic review** in Intermediates



High return projects

- Start up our major **expansion projects**
 - +50% **Rilsan® PA11** capacity in Asia
 - **AHF supply** in partnership with Nutrien in the US
 - +50% **Kynar® PVDF** capacity in China



Innovation

- **Accelerate development** in clean mobility, lightweighting, 3D printing, bio-based products, eco-friendly coatings
- **Foster innovation capabilities** between the 3 Specialty Materials segments



CSR

- Reinforce **climate actions** along the value chain
- Progress on **Product Sustainability Assessment**
- Continue to promote **inclusion** and **diversity**
- Implement a new **Materiality Assessment**

Outlook

- In 2022, Arkema should benefit from a positive level of global demand with nuances in different regions and markets, and from its leading positioning on innovative, high performance Specialty Materials.
- Environment still volatile at the start of the year, marked by uncertainty related to the health crisis, growing geopolitical tensions and continued strong constraints in raw materials and energy. While remaining attentive to the demand trends, the Group will continue to pass on higher costs in its selling prices, and ensure supply chain management optimization.
- For **full-year 2022** Arkema is aiming to achieve **Specialty Materials EBITDA comparable to the record high of 2021 at constant scope**. Moreover, the scope effect at Group level will include the contribution of Ashland Performance Adhesives, expected to close in the first quarter, and the residual effect of the divestment of PMMA.
- Confidence in the Group's ability to achieve its ambitious 2024 targets fully reaffirmed.

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