

ARKEMA

Full-year 2022
results and outlook

23/02/2023



2022 highlights

Helping to shape the future with our strength in materials

Innovative materials for a sustainable world

Addressing tomorrow's challenges

Urbanization and social change

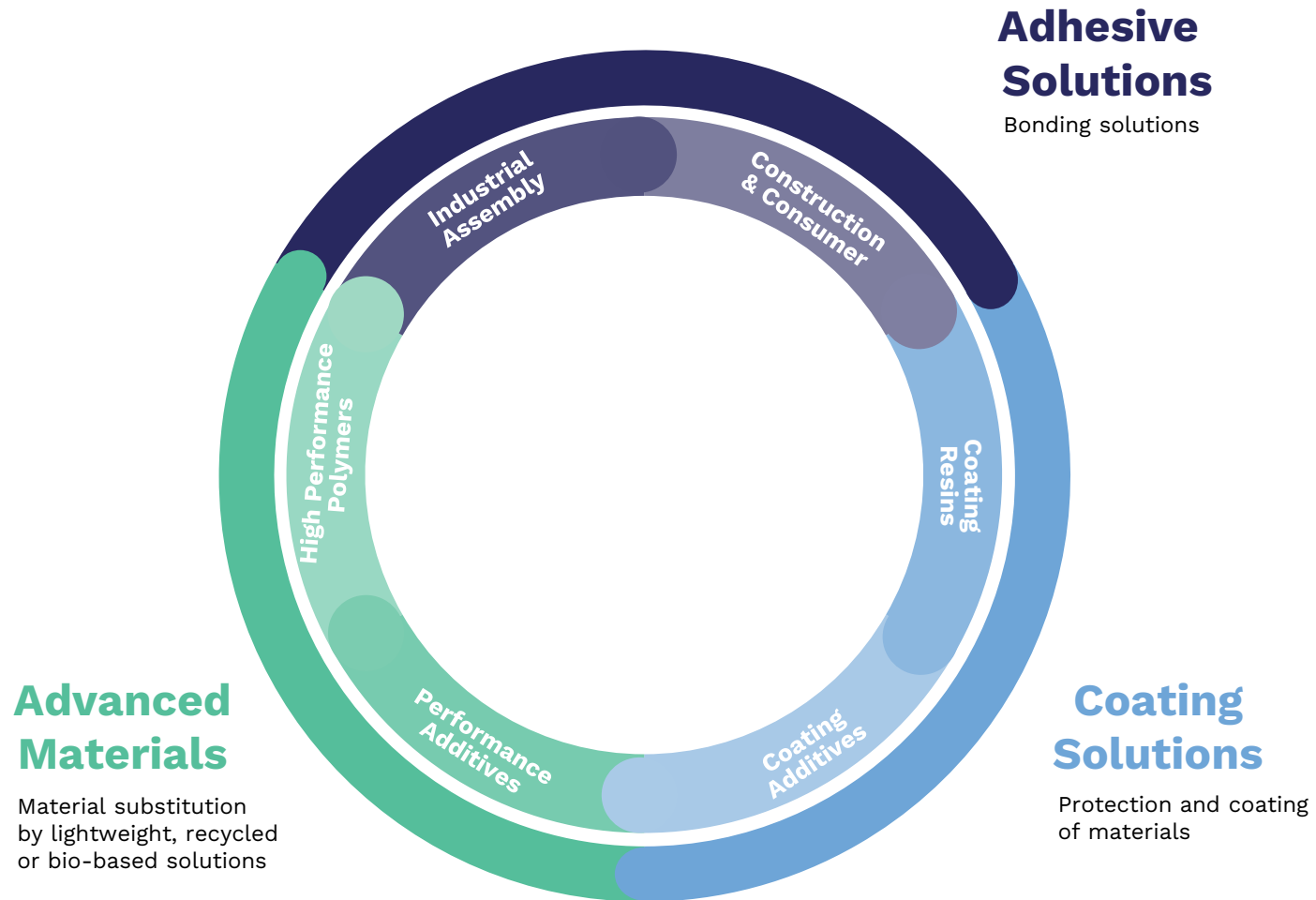
Climate change

Resource scarcity

Technological transformation



Materials science at the core of our portfolio



Strong synergies between the 3 Specialty Materials segments

Shared expertise in design, formulation, polymerization

Numerous customers, end-markets and applications **in common**

Arkema in a snapshot (2022)



€11.5bn
sales



21,100
employees



55
countries



148
production
sites



€270m
R&D expenditure



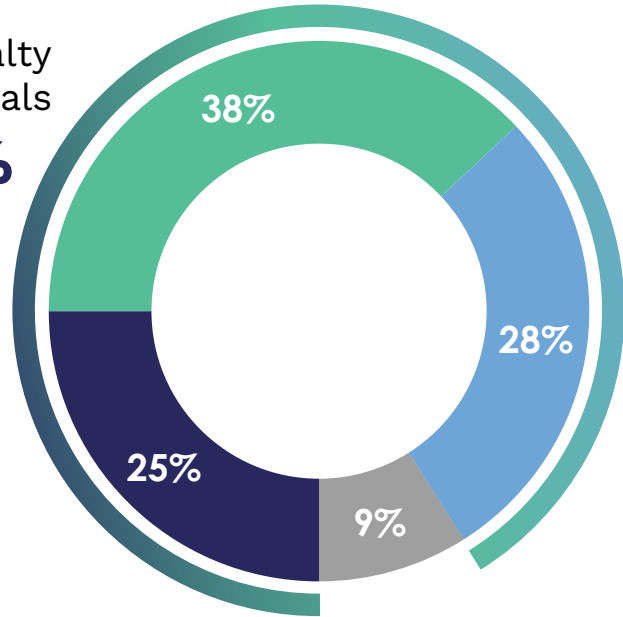
€707m
total capex*

*€584m recurring, €123m exceptional

Diversified end-markets and balanced geographic footprint

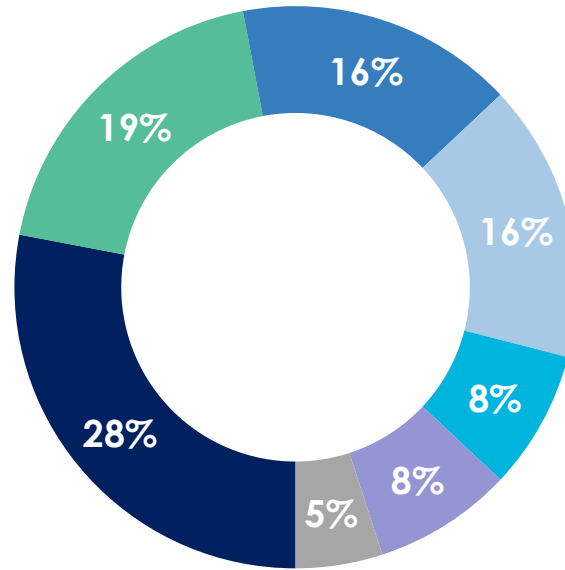
Segments

Specialty Materials
91%



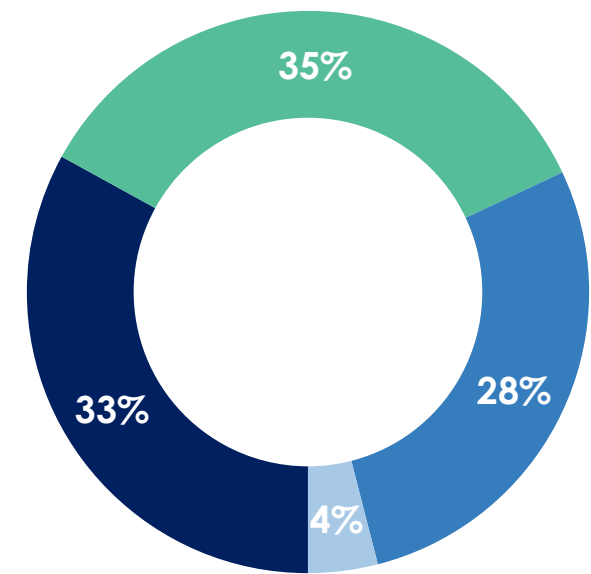
- Adhesive Solutions
- Advanced Materials
- Coating Solutions
- Intermediates

Markets



- Industry
- Paints and coatings
- Building and construction
- Consumer goods
- Nutrition and water
- Electronics and energy
- Auto. and transportation

Regions



- Europe
- North America
- Asia
- Rest of the world

2022 sales

2022 key take-aways



Excellent financial results
in a year of two halves

Superior cash generation
and strong balance sheet

Further strengthening of the
Group's **Specialty Materials**

Acceleration of **innovation**
in sustainable megatrends

Reinforced commitment
to **decarbonization and**
sustainability

Among best-in-class ESG
recognition in the sector

Excellent financial performance achieved in 2022

Sales **€11,550m**
up 21% vs. 2021

Record EBITDA
€2,110m

Strong recurring
cash flow
€933m

Adj. net income
€1,167m
€15.75
per share

2022 financial highlights

€11,550m sales

- Up by **21.3%** vs. 2021
 - **13.6%** organic sales growth, reflecting price increases in the face of significant raw materials and energy cost inflation, the improved product mix, as well as demand slowdown and significant destocking in Q4
 - Acceleration in opportunities for innovative, high value-added solutions, particularly in low-carbon mobility, lightweighting, circular economy and 3D printing

€2,110m EBITDA

18.3% EBITDA margin

- EBITDA at a historic high of €2.1bn, up by a strong **22.2%** YoY and EBITDA margin at 18.3% (18.1% in 2021)
 - Specialty Materials EBITDA at €1,900m (€1,512m in 2021), up in each of the segments
 - Intermediates EBITDA stable at €306m (€307m in 2021)
- Q4'22 EBITDA at €291m (€417m in Q4'21), in line with the Group's guidance and including the strong destocking at year-end

€1,167m adj. net income

- Representing **€15.75** per share

€2,366m net debt
(incl. hybrid bonds)

- **€933m** recurring cash flow at a very high level (€756m in 2021), reflecting notably strict WC management

Strong cash generation and attractive shareholder returns

In line with the Group's policy of **increasing progressively the dividend**

2022

€933m

recurring cash flow

EBITDA to cash conversion

44.2%

Dividend

€3.40 in 2022*

€3.0 in 2021

*Dividend proposed at the shareholders' annual general meeting of 11 May 2023

Group's profile strengthened by recent M&A

Acquisition of
**Ashland
Performance
Adhesives** (US)

Adhesive
Solutions

Acquisition of
**Polimeros
Especiales SA**
(Mexico)

Coating
Solutions

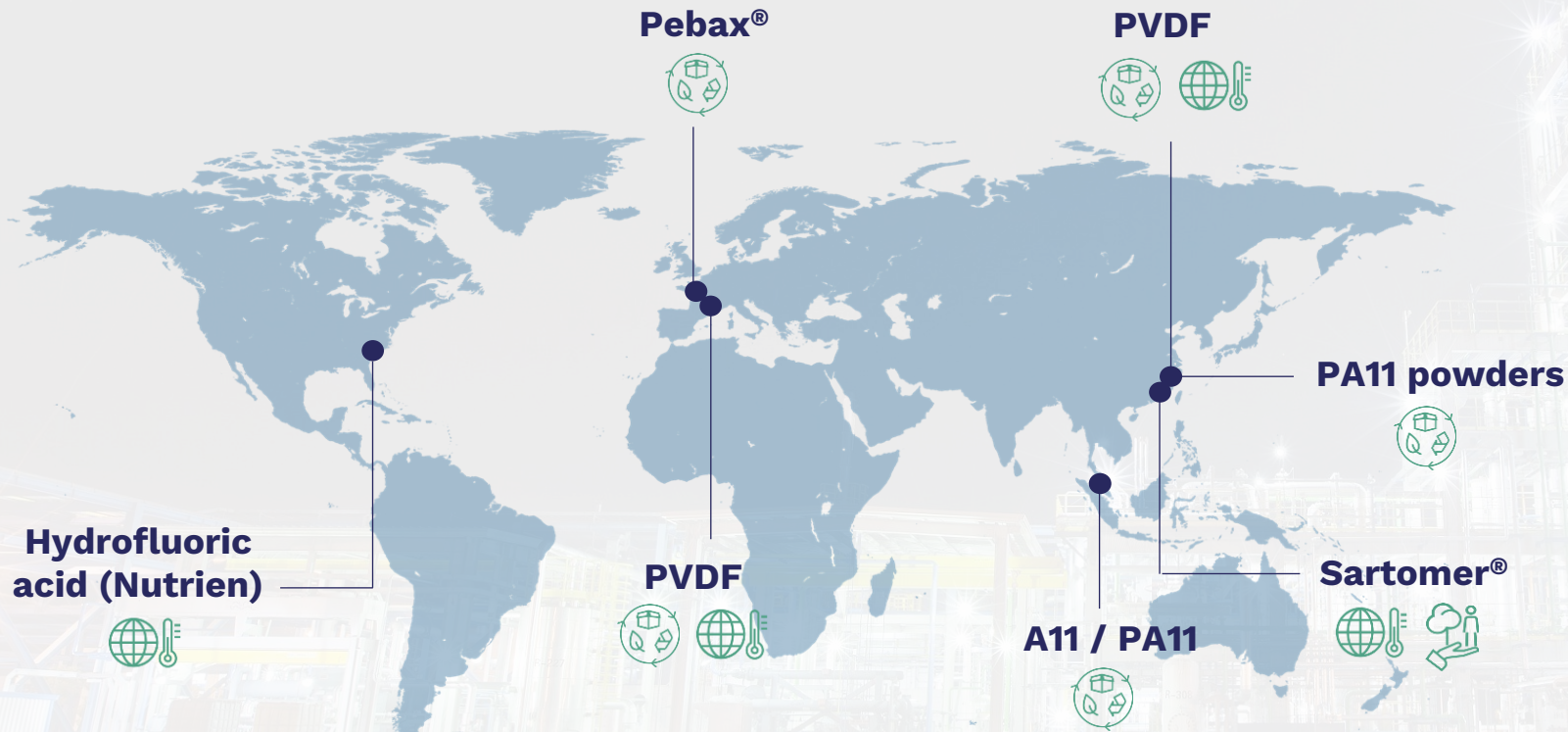
Acquisition of
Permoseal
(South Africa)

Adhesive
Solutions

Febex
disposal
to Prayon

High return investments supporting our sustainable growth strategy

Key current expansion projects



- Bio-based, renewable
Recyclable
- Solvent-free
Low VOC
- Less emissive

Combined Capex
€750m

EBITDA contribution
€50-70m
in 2023 (mainly H2)

~€180-200m
at maturity





Sustainability at the heart of Arkema's strategy

3-pronged approach driving Arkema's commitment to sustainability

**Design materials,
driven by innovation**



**Operate as a
responsible
manufacturer**

**Contribute to
society and cultivate
open dialogue with
stakeholders**



Strong innovation serving sustainability

Up to **€1.5bn** additional sales from sustainable innovation by 2030 vs. 2019

5 R&D platforms

Natural resources management

New energies

Lightweight materials and design

Living comfort and home efficiency

Electronics solutions



>90%

patents filed relating to sustainable development in 2022

53%

of sales significantly contributing to UN SDGs* in 2022

*ImpACT+ target: **65%** by 2030*

*based on 86% of our sales assessed (excl. Ashland Performance Adhesives)

Broader renewable and recyclable product ranges

New **recycled**
high performance
polyamides
made by Agiplast

Advanced
Materials

97% bio-based
Synaqua® resins for
waterborne
decorative paints,
USDA certified

Coating
Solutions

Coating
Solutions

New **mass
balance**
acrylic materials,
ISCC+ certified

Bostik SF10M
adhesive approved
by RecyClass for
recyclable
PE packaging

Adhesive
Solutions

For the world to change... we must change the materials we use

Arkema makes sport better

Pebax® foam for lightweight, flexibility and exceptional energy return in Kiprun KD900X running shoe



Courtesy of Decathlon



Arkema makes building better

Kynar Aquatec®, Coating Solutions resins and additives for durable thermal reflective roofs with 15 to 30% energy savings

Arkema makes mobility better

Outside battery cell (PA11, Piezotech®, Adhesives, Sartomer® UV resins)

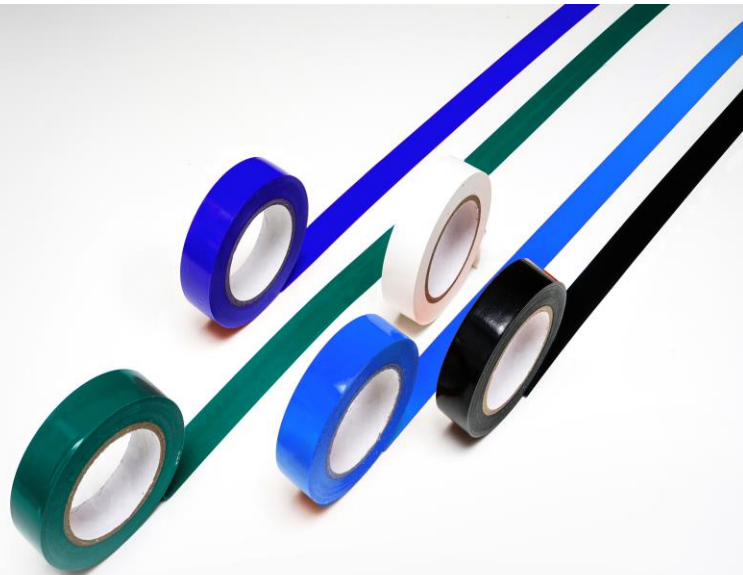
Inside battery cell (PVDF, LiFSI salts)



For the world to change... we must change the materials we use

Arkema makes goods more durable

New leading and integrated offer for **Pressure Sensitive Adhesives** with 4 key technologies: Hot melt, Waterborne, UV, Specialty Solution Acrylics



Arkema enhances boat recyclability

Eco-responsible boat concept by Beneteau in **Elium®** resin



Arkema helps green fuels take off

DMDS specialty additive used in “bio-refineries” to reduce the carbon footprint of air transportation

Circular economy as a priority to reduce environmental impact

2024 target

50% of sales covered by a Life Cycle Assessment

41% in 2022

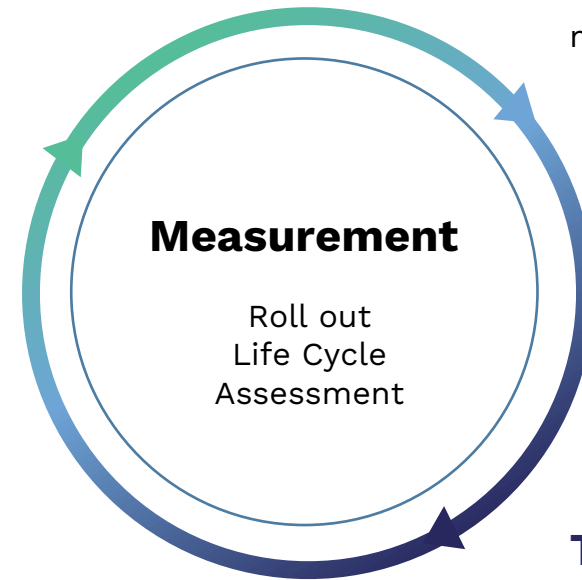
27% in 2021

Implementation, use, end-of-life

Maintain products and materials in the use-loop

Materials

Maximize use of renewable or recycled materials and packaging



Transformation processes

Manage resources on our sites

Reinforced commitment to decarbonization

1.5°C SBT trajectory across
the **whole value chain**

2030 target (vs. 2019)

-46% GHG emissions
for Scopes 1 & 2 and for Scope 3

At constant perimeter

2022 (vs. 2021)

-16% GHG emissions
for Scopes 1 & 2

-15% GHG emissions
for Scope 3

At constant perimeter

Accelerating the switch to low carbon sources of energy



Long-term contracts signed in 2022

100% wind energy

PPA covering all Bayport site (US) needs

300 GWh/year renewable biomethane

with ENGIE in France

61% of electricity from low carbon sources in 2022

Reducing environmental footprint and preserving biodiversity

2030 targets (vs. 2012)

Air: **-65%** VOC* emissions

Water: **-60%** COD*

*Volatile Organic Compounds, Chemical Oxygen Demand

2022 (vs. 2012)

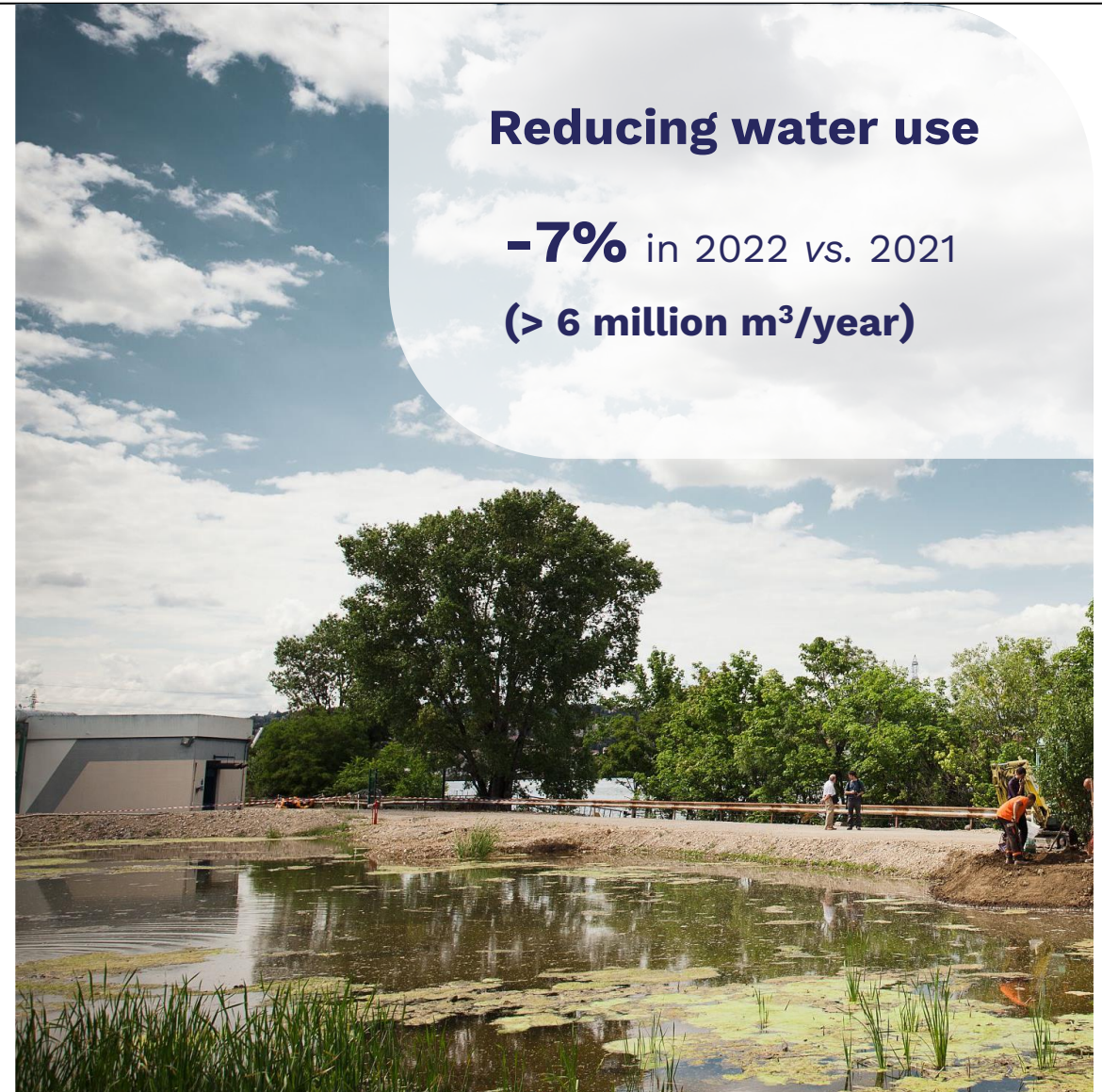
-47%

-58%

Reducing water use

-7% in 2022 vs. 2021

(**> 6 million m³/year**)



5 core values ingrained in our corporate culture

5 core values

Solidarity

Performance

Simplicity

Empowerment

Inclusion



Ensure employees' health and equipment safety

2030 targets

0.8 accident per million hours worked (TRIR)

2.0 process safety events per million hours worked (PSER)

2022

0.9

2.8



Safety in Action
promote safety culture

The Essentials program
14 golden rules to be applied without compromise

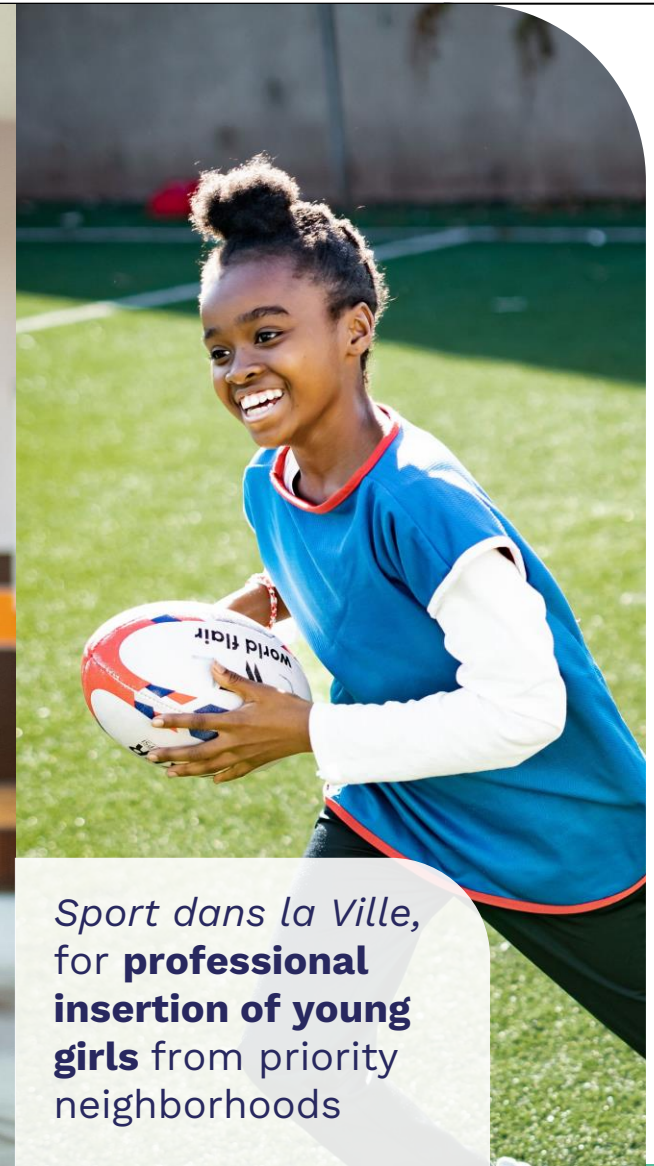
Pursuing initiatives as part of Arkema's societal commitment

2nd annual castor scholarship program in India



6th year of Pragati program for sustainable castor crop in India

6th year of Fund for Education, financing projects to promote education



Sport dans la Ville, for professional insertion of young girls from priority neighborhoods

Promoting diversity, inclusion and equal opportunity



1st publication
of Arkema's
**Diversity and
Inclusion
Charter**



2030 targets

in senior management and executive positions

30% women

26% in 2022

50% non-French

40% in 2022

Committed with
UN Women
to promote
**professional equality
between
women and men**

Arkema recognized as an employer of choice

Top Employer certification renewed in 4 countries



Arkema among the world's best employers by Forbes



Among best-in-class ESG recognition in the sector

MSCI: **A**

CDP: **B** (climate change)

Moody's ESG Solutions: **69**

Superior percentile across all sectors

Ecovadis: **top 3%**

Among the best performing in the sector

Sustainalytics: **Rated**

ISS ESG: **1st decile**

(global, oct. 2022)

CAC40[®] ESG: **Included** (since 2021)

Member of

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

**3rd place
DJSI World 2022**

"Chemicals" category

S&P Global Sustainability
Yearbook 2023 – score **83**

Detailed Q4'22 & 2022 results and outlook

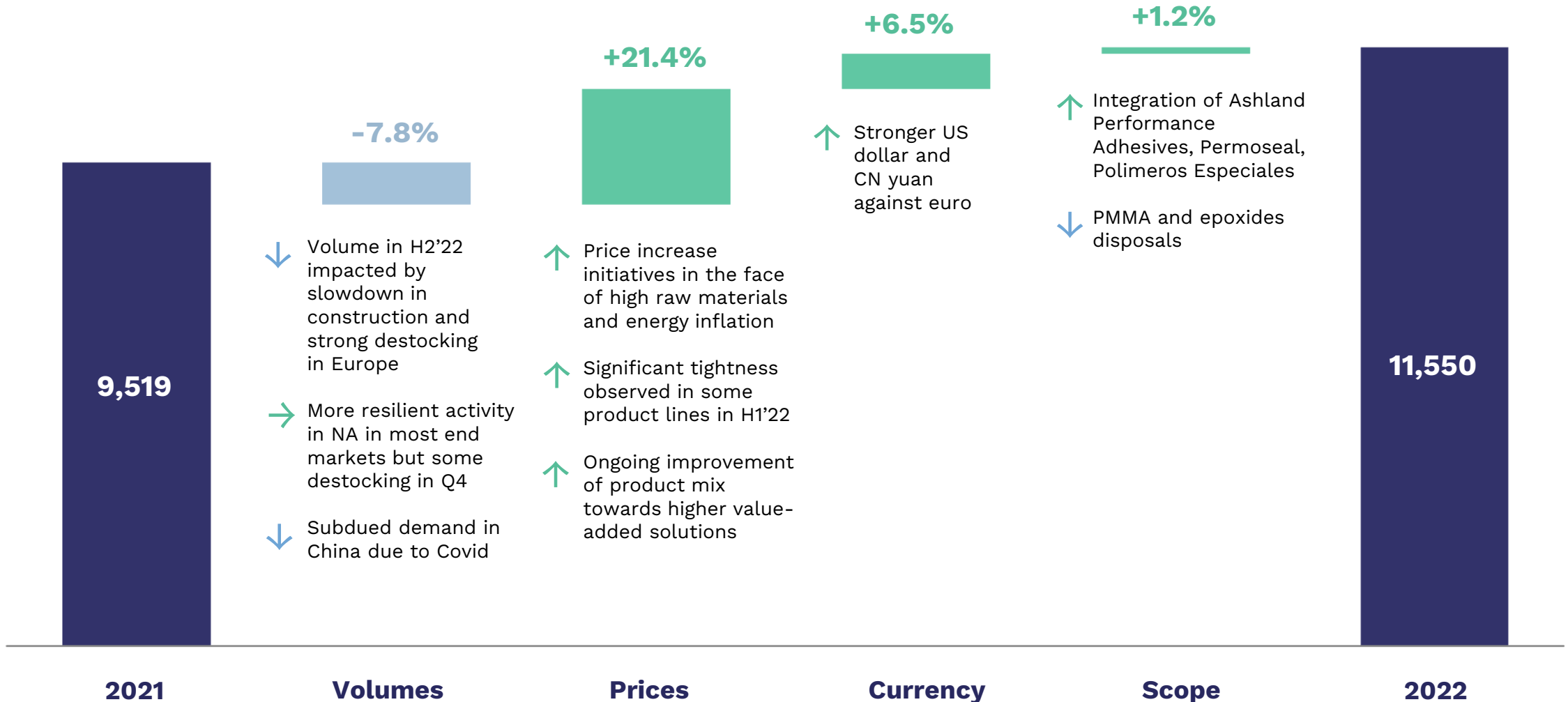
Key figures

in €m

	Q4'22	Q4'21	Change	2022	2021	Change
Sales	2,507	2,500	+0.3%	11,550	9,519	+21.3%
EBITDA	291	417	-30.2%	2,110	1,727	+22.2%
Specialty Materials	286	360	-20.6%	1,900	1,512	+25.7%
Intermediates	24	79	-69.6%	306	307	-0.3%
Corporate	-19	-22		-96	-92	
EBITDA margin	11.6%	16.7%		18.3%	18.1%	
Specialty Materials	12.3%	16.1%		18.1%	18.1%	
Intermediates	13.3%	31.2%		30.0%	26.5%	
Recurring operating income (REBIT)	146	273	-46.5%	1,560	1,184	+31.8%
REBIT margin	5.8%	10.9%		13.5%	12.4%	
Adjusted net income	88	212	-58.5%	1,167	896	+30.2%
Net debt (incl. hybrid bonds)				2,366	1,177	

Sales increase driven by price adjustments to pass on high inflation

Sales in €m

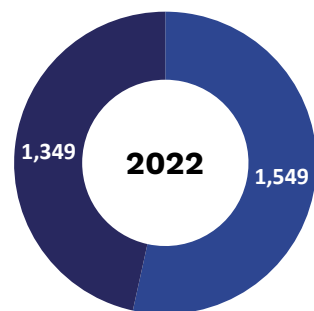


Adhesive Solutions (25% of Group sales)

Key figures

in €m	Q4'22	Q4'21	Change	2022	2021	Change
Sales	692	580	+19.3%	2,898	2,278	+27.2%
EBITDA	75	69	+8.7%	366	316	+15.8%
EBITDA margin	10.8%	11.9%		12.6%	13.9%	
REBIT	54	51	+5.9%	288	250	+15.2%

Sales by Business Line



- Construction & Consumer
- Industrial Assembly

Sales development

	Q4'22	2022
Volumes	-11.7%	-7.8%
Prices	+11.2%	+14.8%
Currency	+3.8%	+5.3%
Scope	+16.0%	+14.9%

2022 highlights

- **Prices up 14.8% YoY**, in response to inflation in raw materials, energy and transport costs
- **Volumes down 7.8% YoY**
 - Slowdown in EU construction
 - Significant destocking in H2 following the growth of the construction market since summer 2020
- **EBITDA up 15.8% YoY**
 - Ashland's performance adhesives contribution
 - Impact from lower volumes
 - Evolution in product mix toward higher value-added applications
- **EBITDA margin** holding up well at **12.6%**, despite mechanical dilutive impact of price increases of close to 2 points

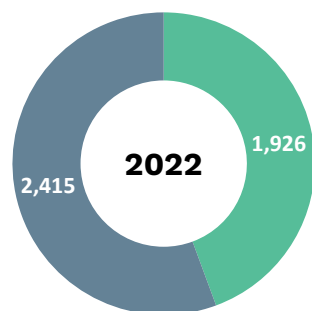
Advanced Materials (38% of Group sales)

Key figures

in €m	Q4'22	Q4'21*	Change	2022	2021*	Change
Sales	1,022	933	+9.5%	4,341	3,307	+31.3%
EBITDA	148	169	-12.4%	941	671	+40.2%
EBITDA margin	14.5%	18.1%		21.7%	20.3%	
REBIT	74	91	-18.7%	663	388	+70.9%

* Integrates the reclassification of the upstream of PVDF in the High Performance Polymers Business Line (from Intermediates segment).

Sales by Business Line



■ High Performance Polymers
■ Performance Additives

Sales development

	Q4'22	2022
Volumes	-9.8%	-5.5%
Prices	+16.9%	+31.1%
Currency	+3.4%	+6.6%
Scope	-1.0%	-0.9%

2022 highlights

→ Volumes down 5.5% YoY

- Solid demand in areas linked to megatrends
- Slowdown and destocking in EU in Performance Additives in H2
- Covid situation in China

→ Prices up 31.1% YoY

- Fairly homogeneous in the two Business Lines in the context of input cost inflation
- Specific PVDF situation with significant tightness in batteries in the first 9 months
- Improved product mix

→ EBITDA up 40.2% YoY

- HPP supported by excellent momentum in highly technical solutions and tightness in PVDF
- Performance Additives progressing to a very good level, but impacted by decline in volumes in H2

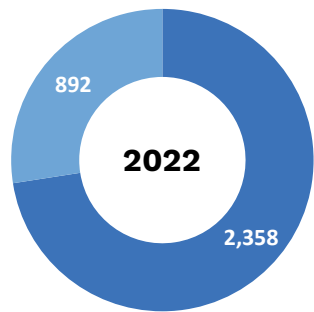
→ EBITDA margin at 21.7% (20.3% in 2021)

Coating Solutions (28% of Group sales)

Key figures

in €m	Q4'22	Q4'21	Change	2022	2021	Change
Sales	603	725	-16.8%	3,250	2,746	+18.4%
EBITDA	63	122	-48.4%	593	525	+13.0%
EBITDA margin	10.4%	16.8%		18.2%	19.1%	
REBIT	31	92	-66.3%	466	407	+14.5%

Sales by Business Line



- Coating Resins
- Coating Additives

Sales development

	Q4'22	2022
Volumes	-23.6%	-8.3%
Prices	+1.0%	+19.1%
Currency	+4.6%	+7.2%
Scope	+1.2%	+0.4%

2022 highlights

- **Prices up 19.1% YoY**, driven by price increases in the downstream, as well as in upstream acrylics, in a context of high inflation in raw materials and energy
- **Volumes down 8.3% YoY**
 - Benefit from new developments in more eco-friendly solutions
 - Slowdown and destocking in EU, particularly in decorative paints
 - Lockdowns in China, and US more resilient
- **EBITDA up 13.0%**
 - Favorable conditions in upstream acrylics in H1
 - Resilience of downstream activities in a highly inflationary environment
- **EBITDA margin** maintained at a high level of **18.2%** (19.1% in 2021)

Intermediates (9% of Group sales)

Key figures

in €m	Q4'22	Q4'21*	Change	2022	2021*	Change
Sales	181	253	-28.5%	1,020	1,158	-11.9%
EBITDA	24	79	-69.6%	306	307	-0.3%
EBITDA margin	13.3%	31.2%		30.0%	26.5%	
REBIT	8	64	-87.5%	245	239	+2.5%

* Integrates the reclassification of the upstream of PVDF in the High Performance Polymers Business Line (from Intermediates segment).

Sales development

	<u>Q4'22</u>	<u>2022</u>
Volumes	— -20.6% —	-14.0%
Prices	— -9.9% —	+12.8%
Currency	— +2.8% —	+7.2%
Scope	— -0.8% —	-17.9%

2022 highlights

- **Scope effect of -17.9% YoY** related to PMMA disposal in May 2021
- **Volumes down 14.0% YoY**
 - Covid situation in China affecting demand for acrylics in Asia
 - Mechanical effect of quotas in the US in refrigerant gases
- **Prices up 12.8% YoY**
 - Solid momentum in refrigerant gases, particularly in the US
 - Strong contrast between the two halves with clear deterioration of market conditions in Asia acrylics in H2
- **EBITDA stable at €306m** with EBITDA margin at 30.0%
 - Supported by progression of refrigerant gases
 - Despite PMMA disposal

Strong EBITDA to cash conversion

in €m

	2022	2021
EBITDA	2,110	1,727
Current taxes	-326	-233
Cost of debt	-71	-52
Change in working capital and fixed assets payables ⁽¹⁾	-176	-238
Recurring capital expenditure	-584	-506
Others	-20	58
Recurring cash flow	933	756
Exceptional capital expenditure	-123	-252
Non-recurring items	-26	-25
Free cash flow	784	479
Impact of portfolio management	-1,629	909
Net cash flow	-845	1,388

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

- **2022 tax rate**
 - **21%** of REBIT (excl. exceptional items)
 - In 2023, **~21%** of REBIT (excl. except. items)

- **Strict working capital management**
12.6% of annual sales (12.7% end-2021)

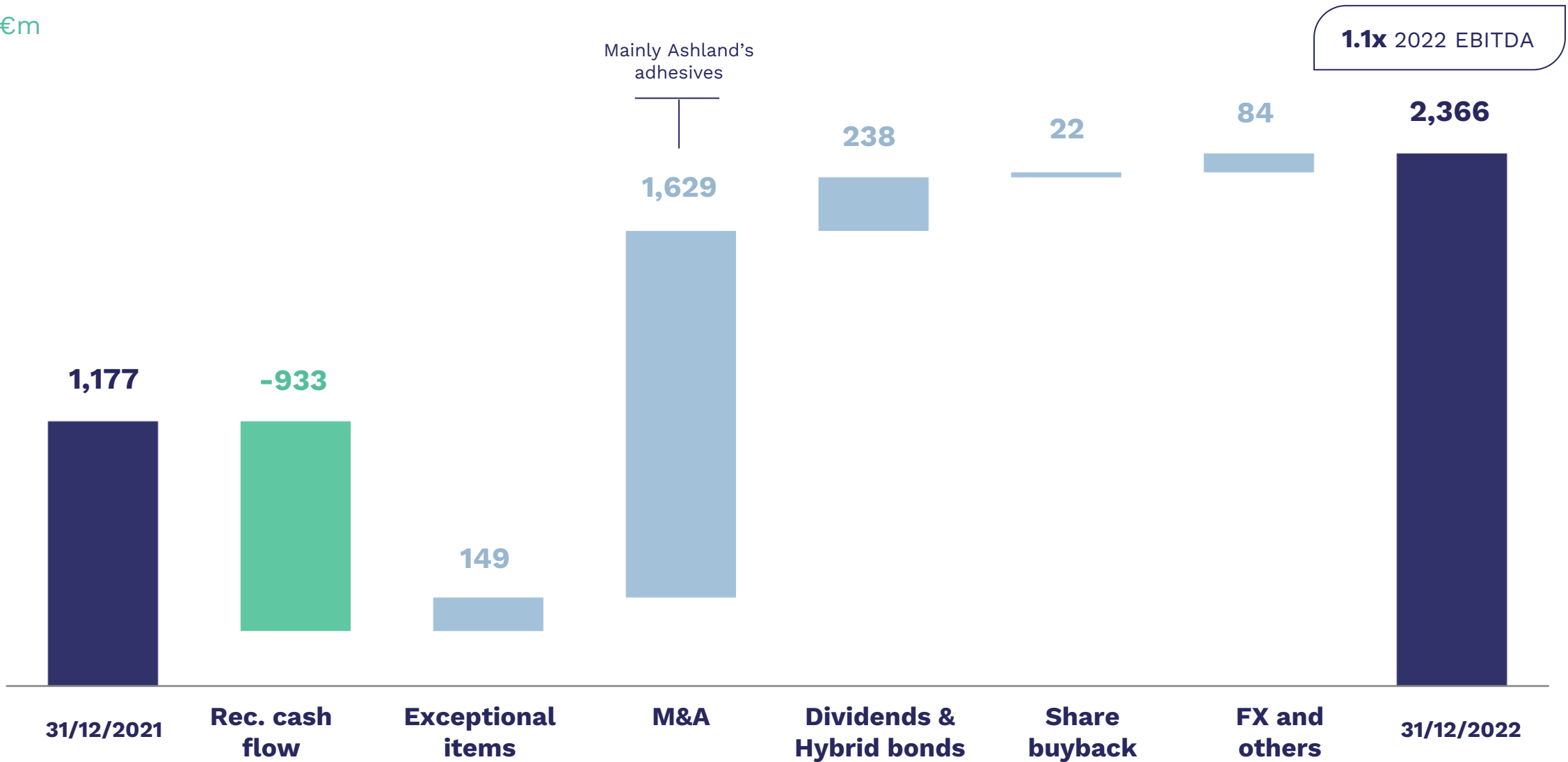
- **EBITDA to cash conversion rate**
44.2% in line with long term objective of 40%

- **Impact of portfolio management**
Mainly Ashland Performance Adhesives

- **Recurring and exceptional capex**
 - **€707m** in 2022
 - **~6%** of sales in recurring capex and **~€30m** in exceptional capex in 2023

Net debt evolution (including hybrid bonds)

in €m



Outlook

- At the beginning of the year, the macroeconomic context is marked by a lack of visibility and ongoing weak demand. A progressive improvement is expected from the spring, gathering momentum in the second part of the year. The Group will maintain its strong focus on cash generation and cost management.
- Arkema will benefit from the contribution, mainly in the second half, of its key expansion projects supported by its innovation in sustainable solutions, as well as the ramp up of Ashland's adhesives.
- Arkema aims to achieve in 2023 an EBITDA of around €1.5bn to €1.6bn and maintain a high EBITDA to cash conversion rate >40%.
- The Group confirms its 2024 objectives and will continue to implement its strategic roadmap supported by its cutting-edge innovation focused on sustainable development and decarbonization, targeted investments to support customers in high-growth markets linked to megatrends, high valued-added M&A and strategic review of Intermediates.

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 where the consequences of the Russian offensive in Ukraine and the economic sanctions against Russia on geopolitical equilibriums and 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, development of the Russian offensive against Ukraine, developments in the Covid-19 situation, and changes in general economic and business conditions. These risk factors are further developed in the 2021 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 2021 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