



ARKEMA



Thierry Le Hénaff

Chairman and CEO

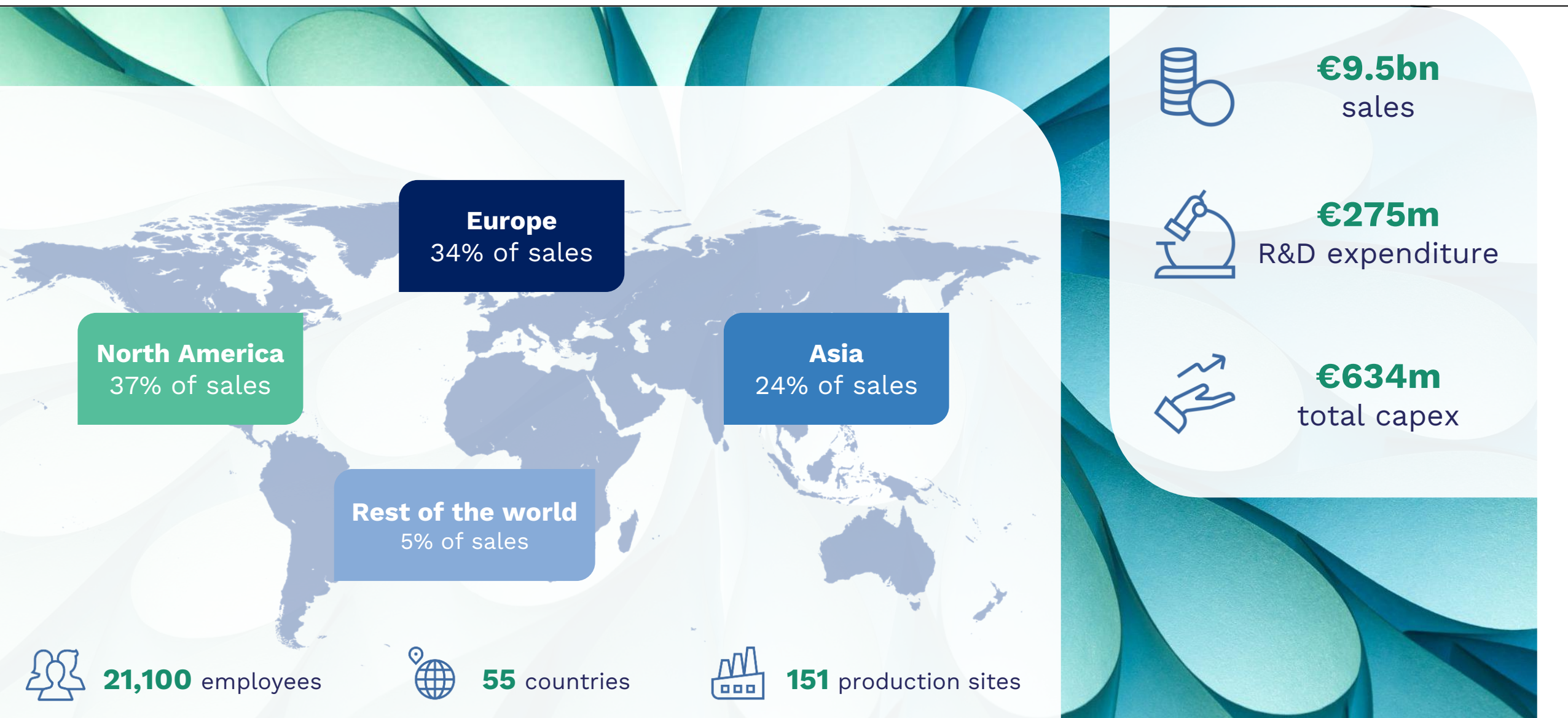
BNP PARIBAS EXANE
26th EUROPEAN CEO CONFERENCE

4 June 2024 – Paris, FRANCE

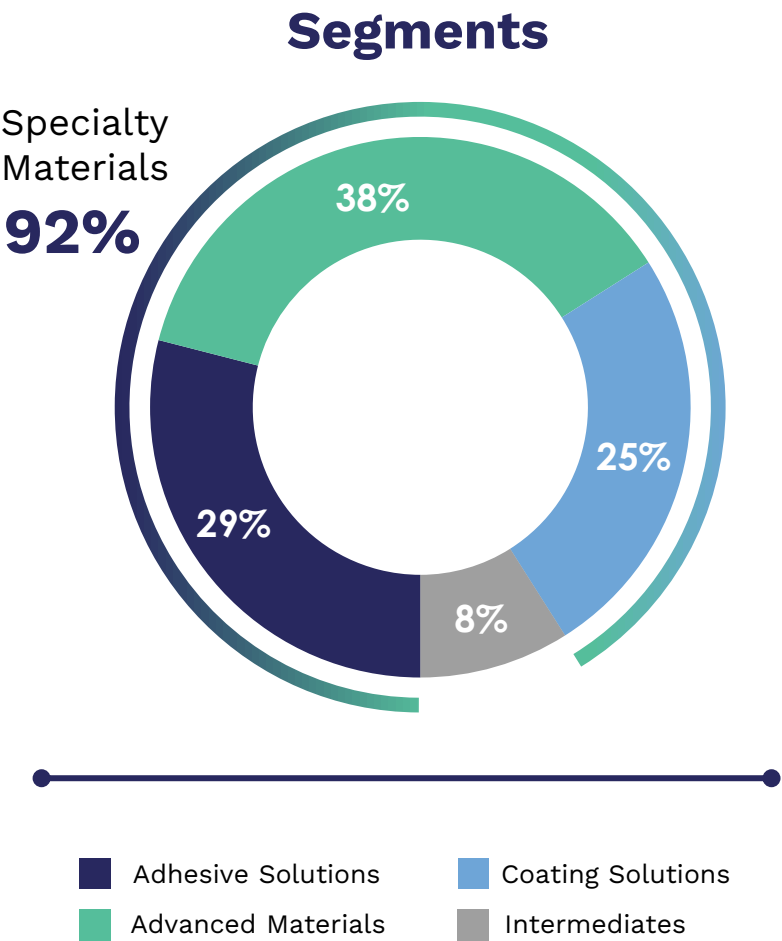


Arkema in a snapshot

Arkema in a snapshot (2023)



3 coherent Specialty Materials segments serving attractive markets



2023 sales



31%
Building & construction



27%
General industry



19%
Consumer goods & electronics



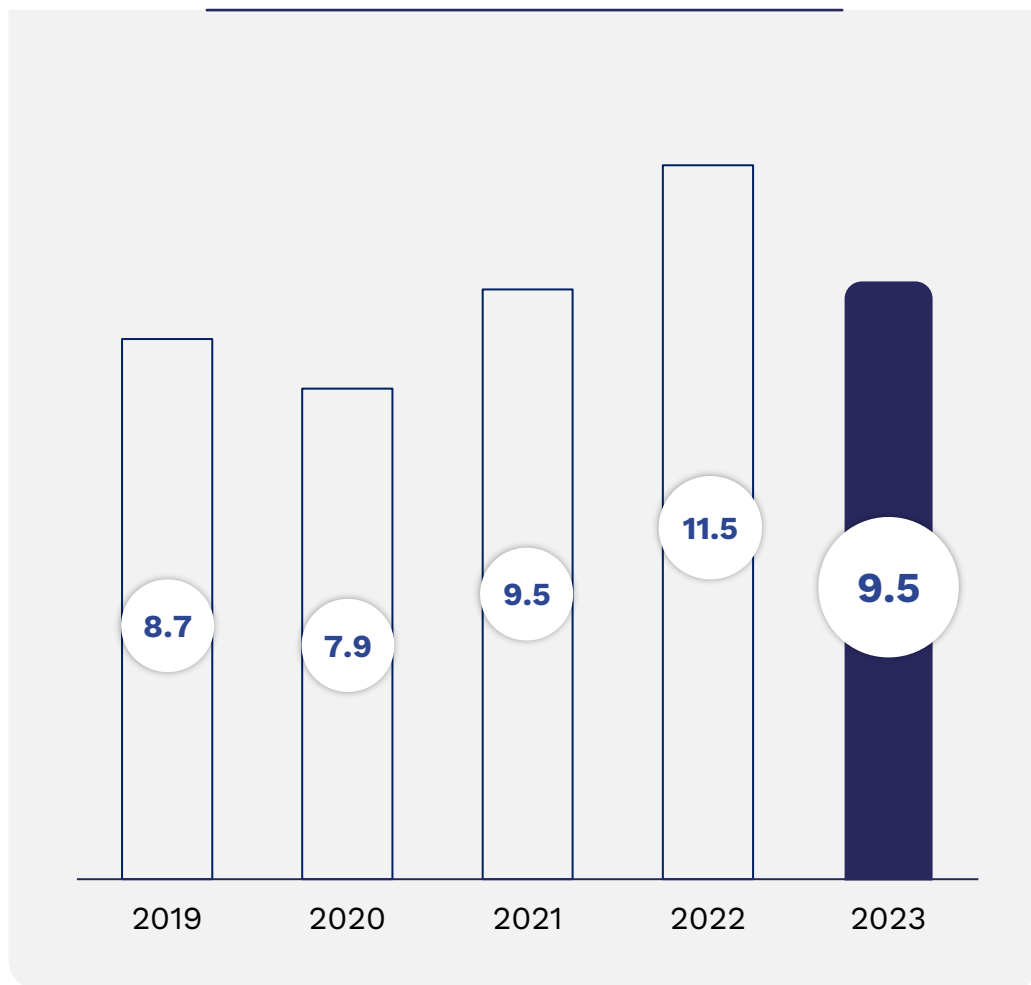
12%
Water, health & nutrition



11%
Transportation & energy

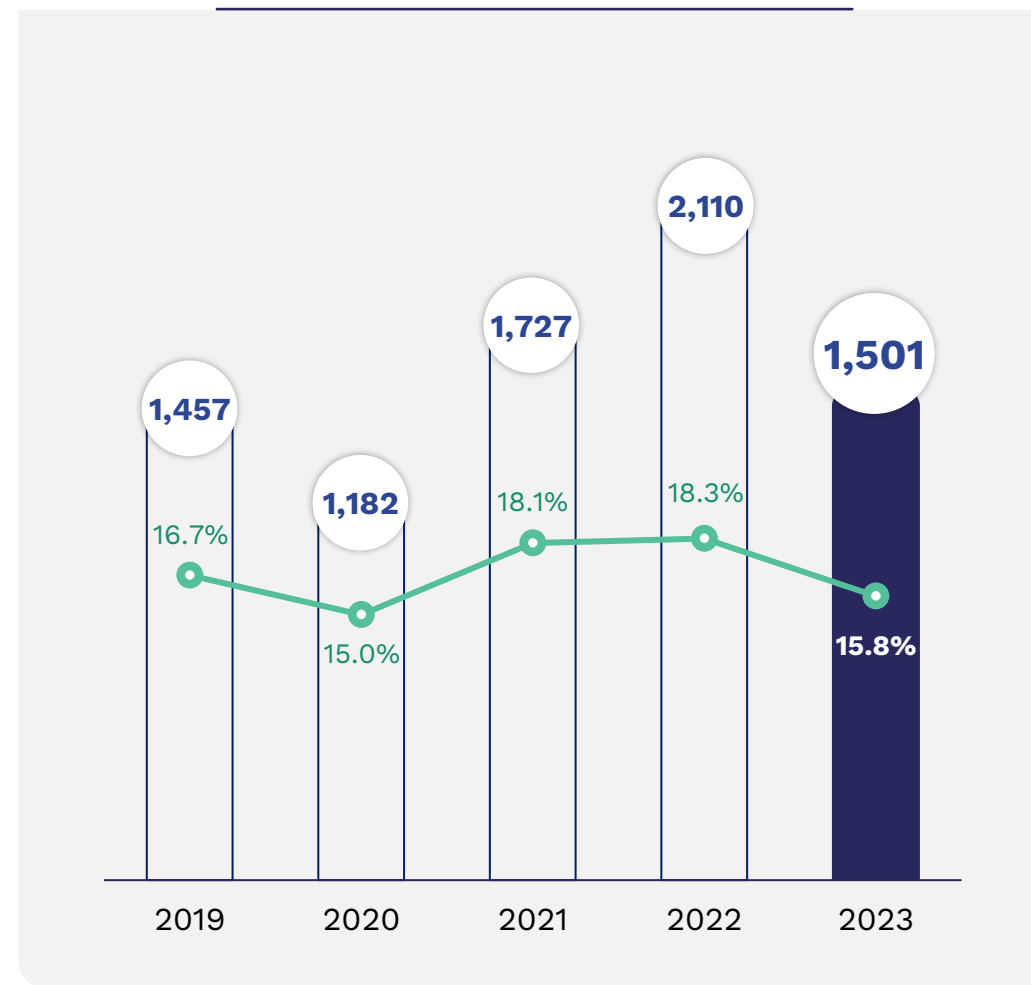
A solid financial performance in 2023 in a demanding context

Sales (€bn)

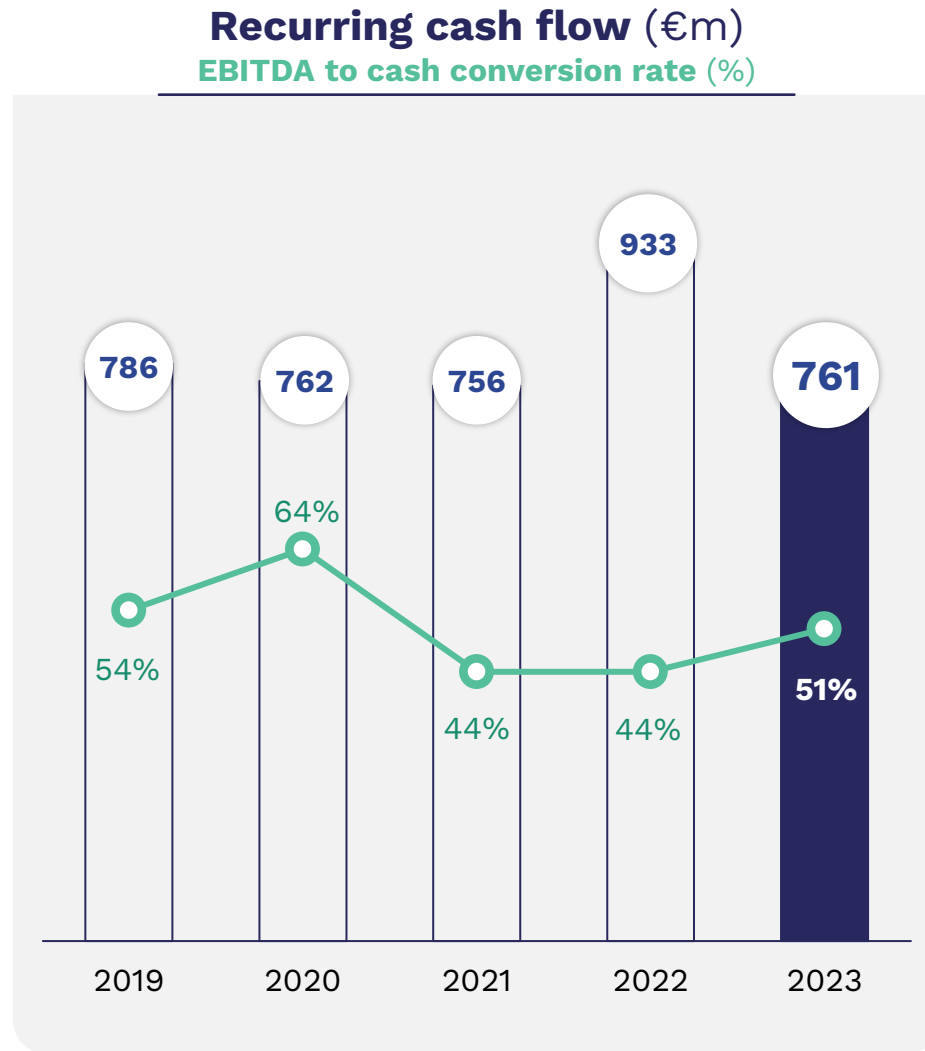


EBITDA (€m)

EBITDA margin (%)



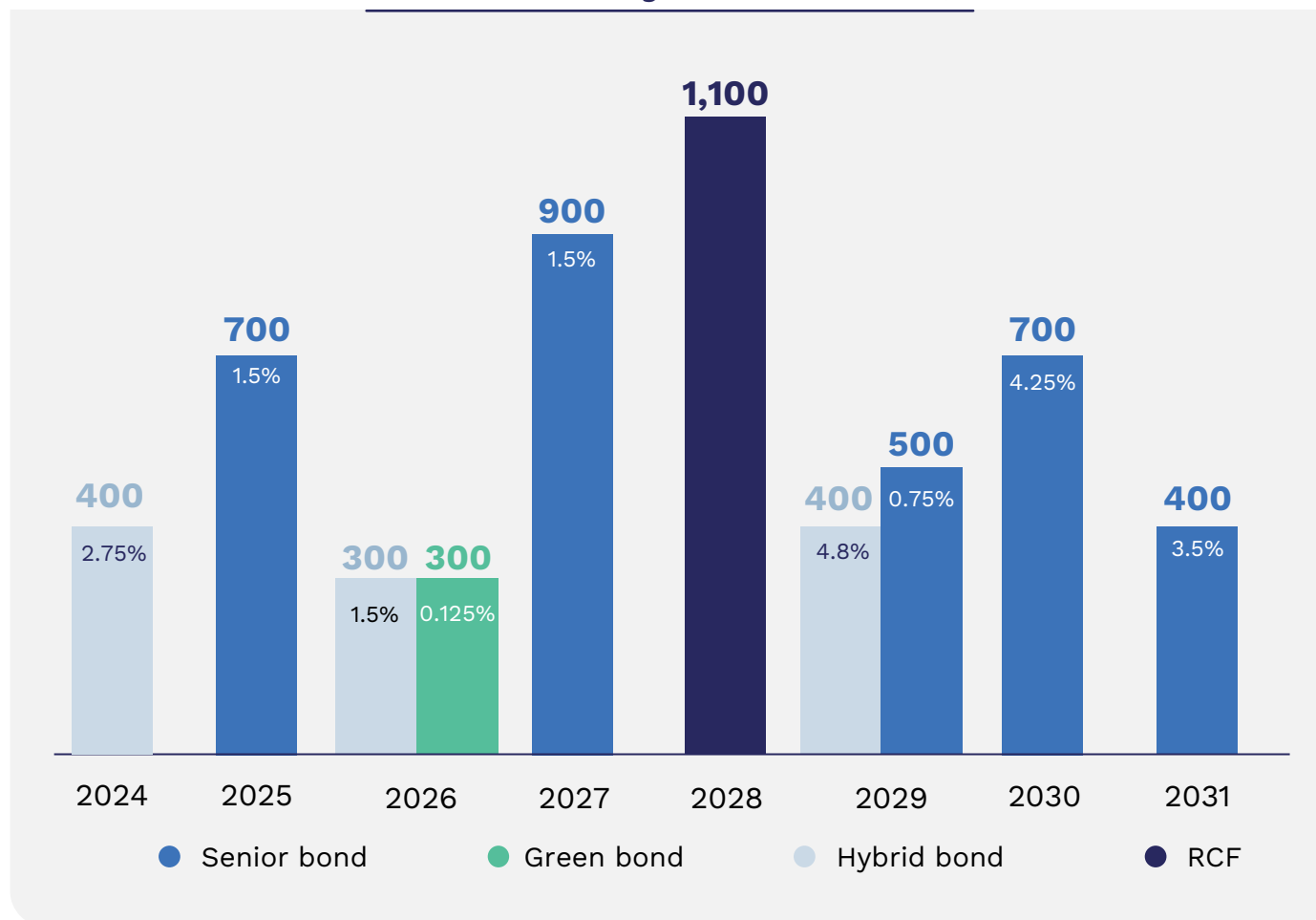
Excellent cash generation



- **EBITDA to cash conversion rate**
50.7% in 2023
above the target of 40%
- **Strict working capital management**
13.1% of sales at end December 2023
(excluding PIAM)
- **Capital expenditure under control**
€634m in 2023

Debt successfully refinanced in 2023 and early 2024

Debt maturity schedule (€m)



- **Refinancing** of the **€1,100m** senior bond in 2023 and of the **€400m** hybrid bond in March 2024
- **Average maturity** (excluding hybrids) **4 years** (at end-Q1 2024)
- **RCF**
3 CSR criteria taken into account in the Group's objectives
- **Solid financial rating**
Baa1 stable outlook (Moody's)
BBB+ positive outlook (S&P)

Delivering 1.5°C trajectory by 2030, paving the way for Net-Zero in 2050

GHG emissions

2030 targets (vs 2019)



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

-48.5% for Scopes 1 & 2

-39% in 2023 vs 2019

-54% for Scope 3

-53% in 2023 vs 2019

Net energy purchases

2030 targets (vs 2012)

- 25%

- 9% in 2023 vs 2012



CSR achievements recognized by non-financial rating agencies



Improved to A-
for Climate change

B for Water security

**IMPROVED
RATING**



Inclusion in the
CAC® SBT 1.5°
Index created in 2023

Maintained in
CAC 40® ESG

ecovadis

Among **top 4%**
of the sector

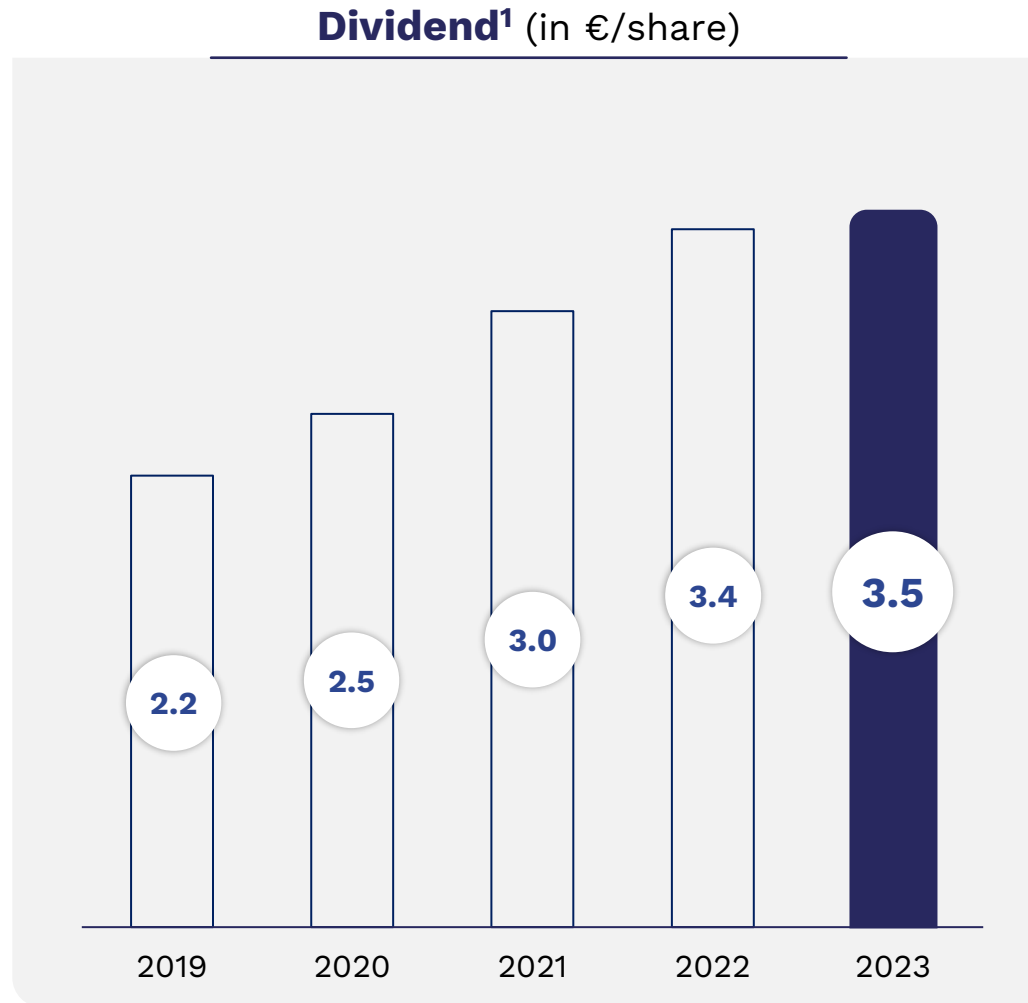
ISS ESG

1st decile (global)

MSCI

Rating **A**

A steadily growing dividend



1. Dividend per fiscal year

Payout ratio of **40%** for fiscal year 2023

+ 12% on average per year over 2019-23 period

In line with the Group's ambition to **progressively increase the dividend**



Strategy and ambition

Our vision is shaped by the accelerating demand
for high-performance materials



A **SIGNATURE**

FOR A **VISION**

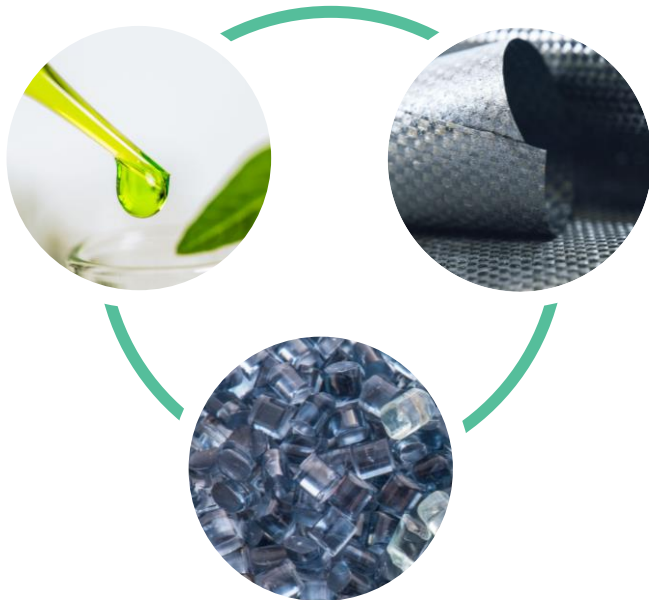
INNOVATIVE **MATERIALS** FOR A SUSTAINABLE WORLD

“Be the Specialty Materials leader,
**offering the most innovative and
sustainable solutions** to address our
customers’ current and future challenges”

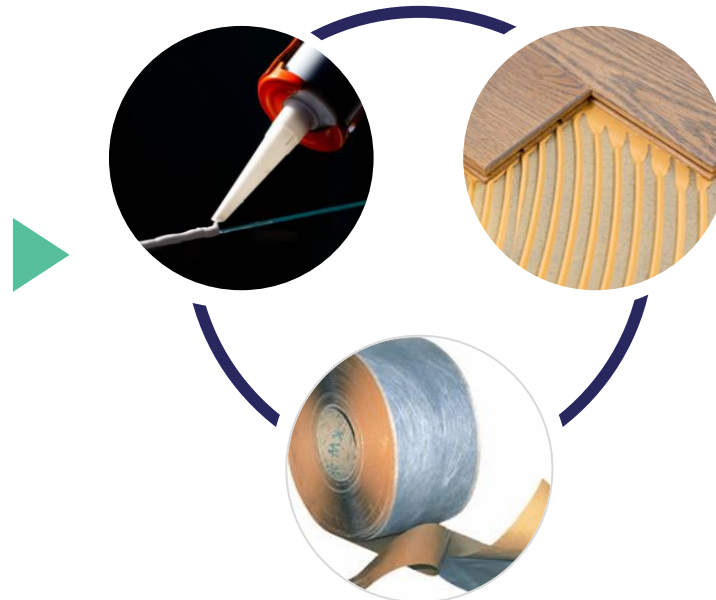
Our know-how is centered on materials science

3 unique and complementary capabilities to seize opportunities from global megatrends

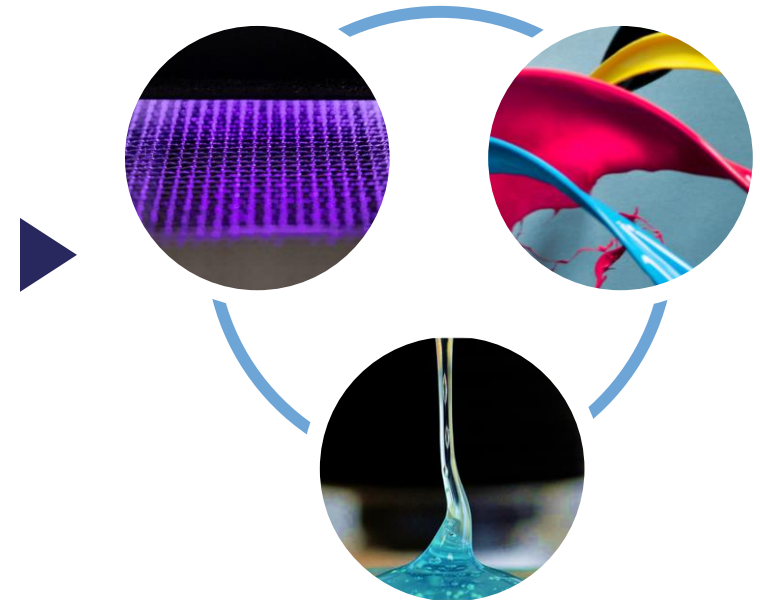
Creating and strengthening materials



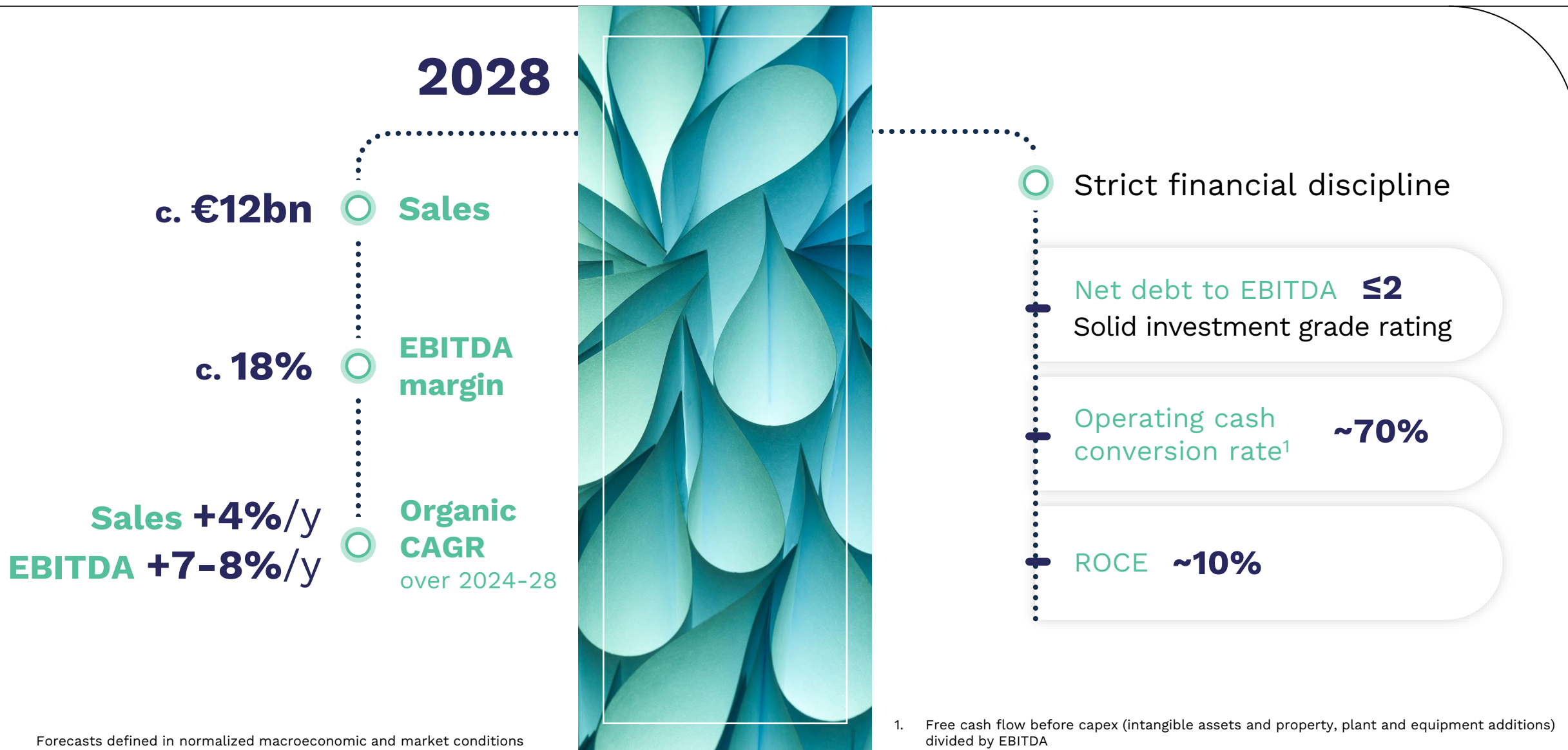
Bonding and assembling materials



Protecting and modifying materials

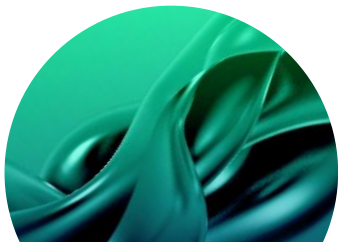

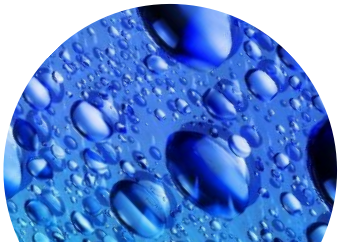


Our strategy underpins ambitious financial objectives

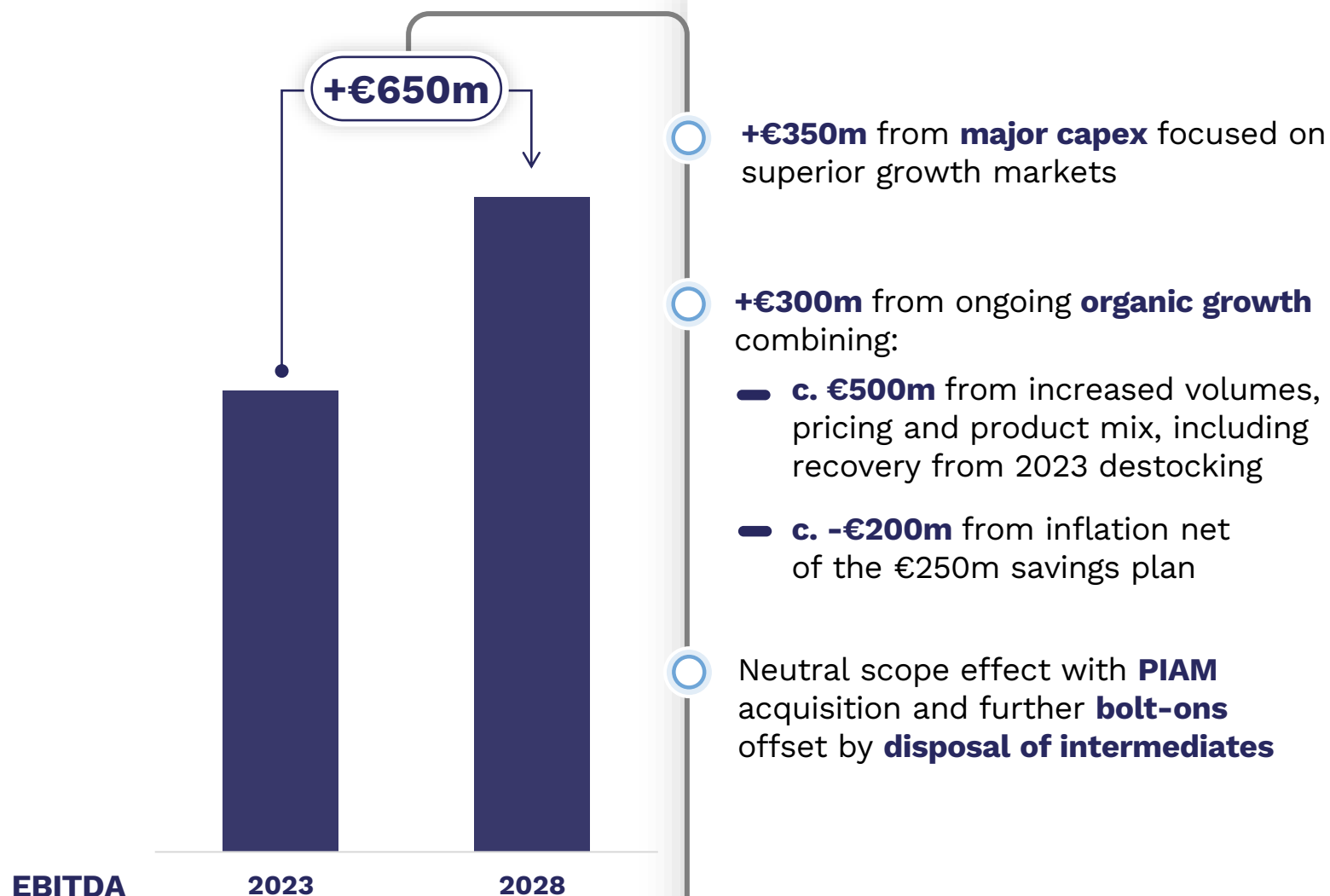


Forecasts defined in normalized macroeconomic and market conditions

Each segment has aligned its targets with the Group objectives

<p>Forecasts defined in normalized macroeconomic and market conditions</p> <p>% of Group sales in 2028</p>	 <p>Advanced Materials</p> <p>c. 45%</p>	 <p>Adhesive Solutions</p> <p>c. 30%</p>	 <p>Coating Solutions</p> <p>c. 25%</p>
<p>Organic sales CAGR over 2024-28</p>	<p>+6%/y</p>	<p>+3.5%/y</p>	<p>+3%/y</p>
<p>2028 EBITDA margin target</p>	<p>23%</p>	<p>17%</p>	<p>17%</p>

EBITDA growth is driven by well identified levers



Forecasts defined in normalized macroeconomic and market conditions

Cumulative EBITDA
2024-28

~€10bn

-30%

for tax, interest expense,
working capital variation
and others

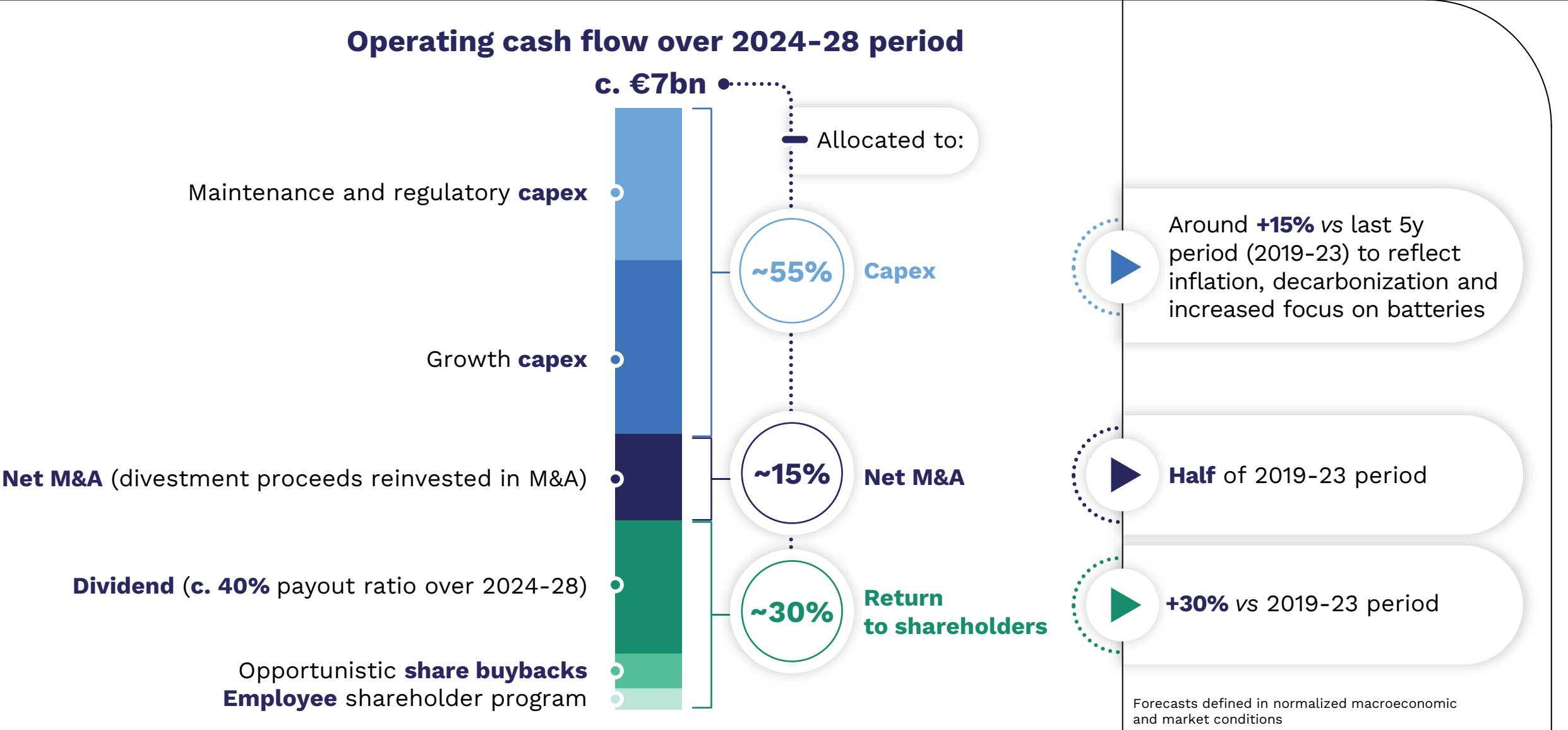


70%

Operating cash flow¹
c. €7bn

1. Free cash flow before capex (intangible assets and property, plant and equipment additions)

Capital allocation will be value driven and attractive for our shareholders



We place sustainability at the heart of our strategy



Leverage the strength of **One Arkema** to enhance employee **empowerment** and **customer intimacy**



Achieve superior growth from **sustainable innovation** in key technologies and focus markets



Ramp-up **recent major capex** and carry out **new** targeted **high-return projects**

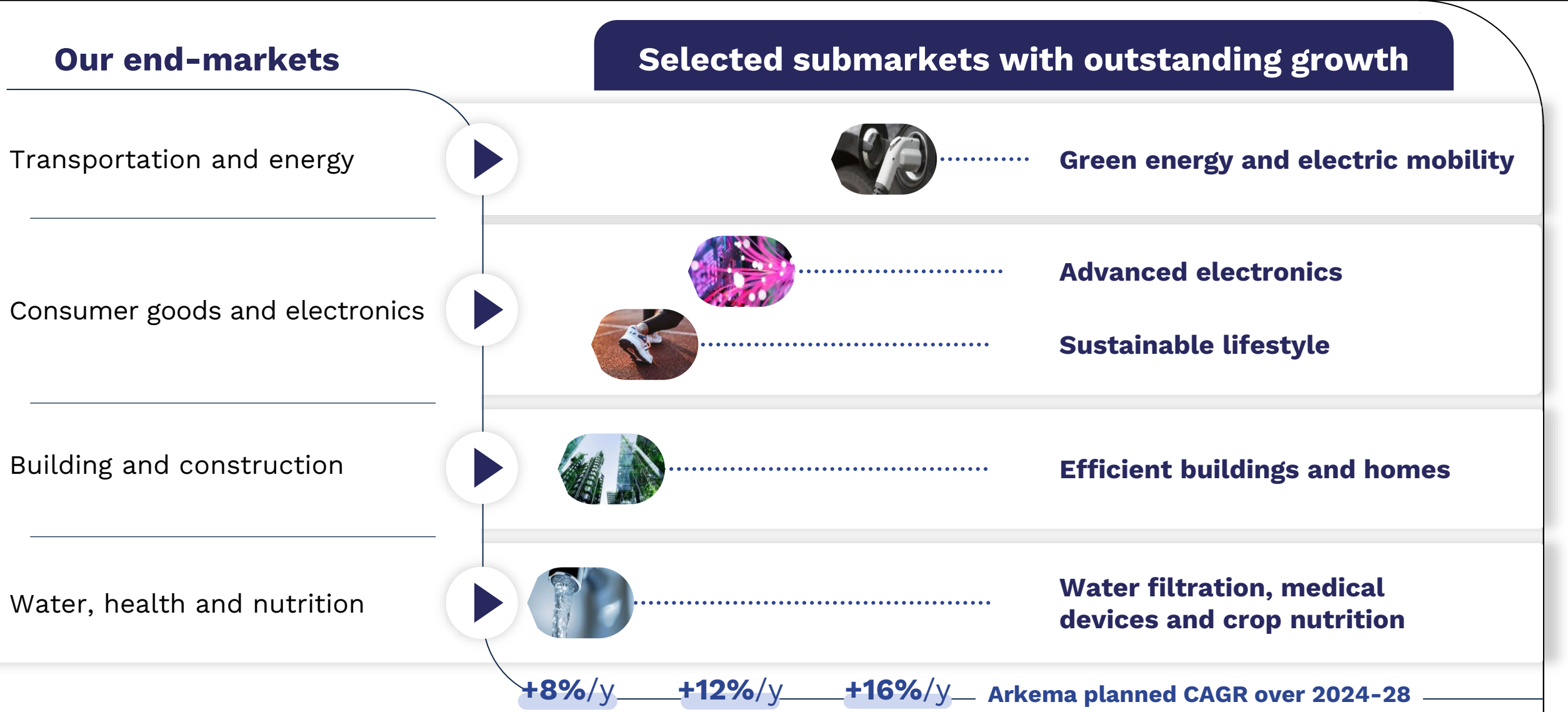


Further strengthen the portfolio with **bolt-on M&A** and finalize the divestment of **Intermediates**

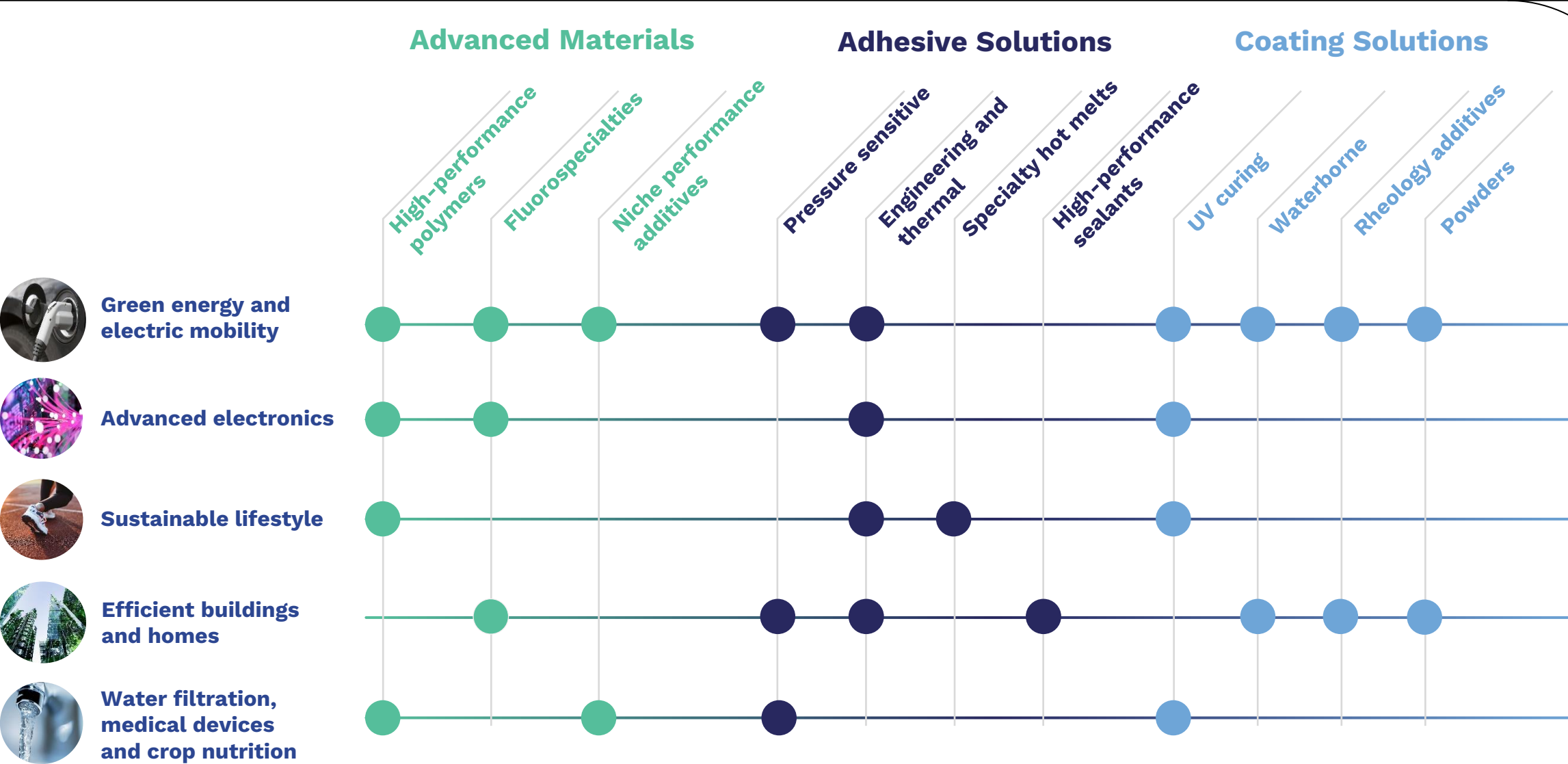


Drive our manufacturing excellence including a strong focus on **decarbonization** and **digitalization**

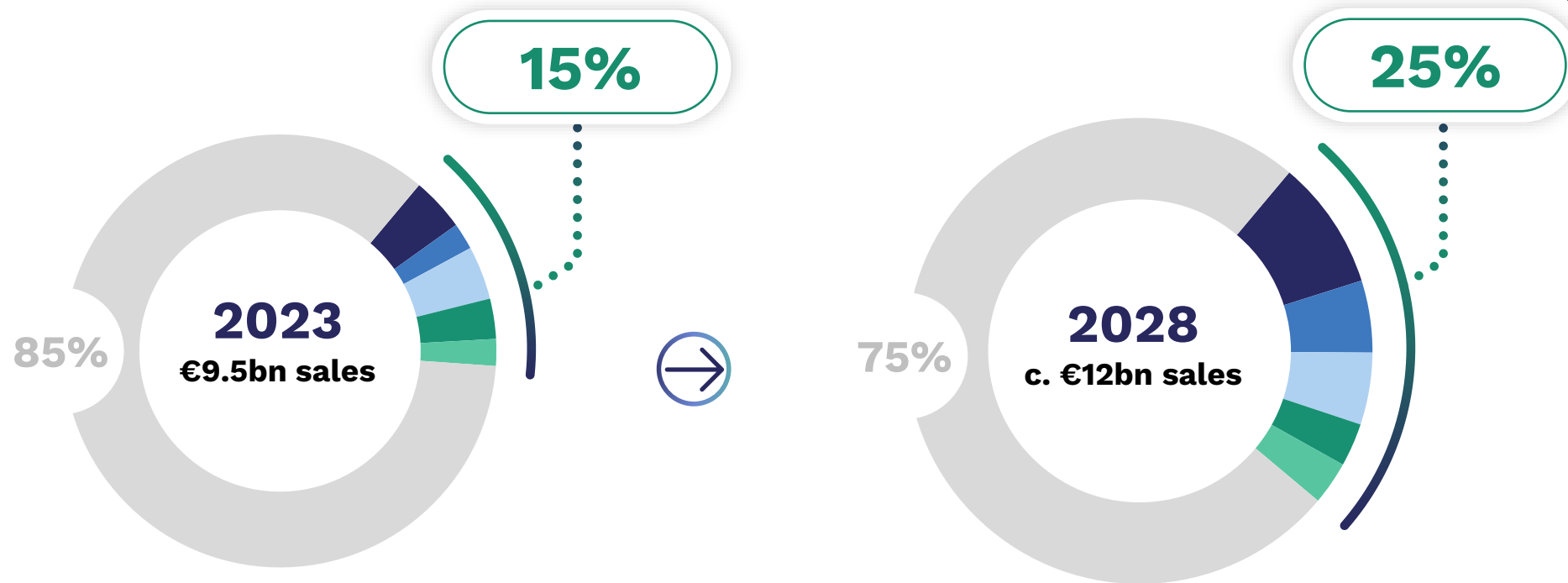
We identified 5 key submarkets with superior growth driven by sustainable megatrends



With these differentiated technologies, we are uniquely positioned to serve the key identified submarkets



This combination of technologies x submarkets will accelerate our growth



3x higher organic sales CAGR than Group's average
Over 50% of Arkema R&D spendings

- Green energy & electric mobility
- Advanced electronics
- Efficient buildings and homes
- Sustainable lifestyle
- Water filtration, medical devices & crop nutrition

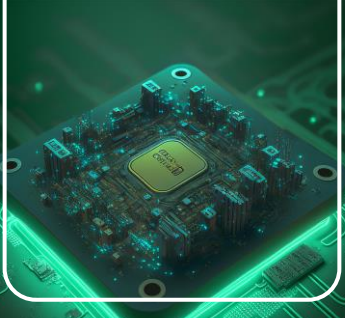
Forecasts defined in normalized macroeconomic and market conditions

Recent capex supporting Arkema's ambition

PVDF

Expansions
(China, France)


Batteries, semicon



UV curing resins

Doubling capacity
(China)


New energies, electronics, 3D printing



Bio-based PA11

New units
(Singapore, China)


Consumer goods, sustainable lifestyle, mobility



Pebax®

Expansion
(France)

Consumer goods, sustainable lifestyle




Fluorospecialties

HF with Nutrien (US)

HFO 1233zd (US)

Energy efficiency, batteries



Startup

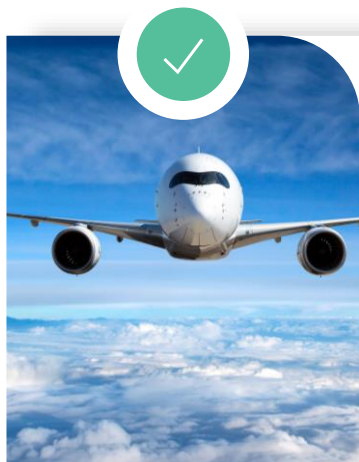
2023

2024

EBITDA contribution

in 2028	c. €250m	vs 2023
in 2024	c. +€60-70m	vs 2023

New attractive capex initiatives will be implemented



Additive for biofuels

DMDS capacity in Beaumont, US. Essential additive in **biofuel** production



Decarbonization of acrylics production

Manufacturing process modification at Carling, France. Patented purification technology **to decarbonize** and improve **competitiveness**



Niche additive for renewable energy

Expansion in Changshu, China. **“Mission critical” additive** for multiple applications including solar panels



Solutions for batteries

Significant **PVDF** investment and new **electrolyte salts** unit to support strong global growth of **EV batteries** with a focus on the US (Calvert City)



Bio PA11 value chain

Continue to leverage the **Amino 11** backbone by investing in high-end **bio-based polymers** including transparent and recycled grades

Preliminary estimate of capex (announced in CMD 2023 or under review)

€900m - €1bn

Annual EBITDA contribution at maturity

c. +€250m

(c. +€100m in 2028 vs 2023)



Announced in CMD 2023



Review ongoing

Forecasts defined in normalized macroeconomic and market conditions

PIAM acquisition¹ closed in December offering superior growth potential in attractive markets

PI Advanced Materials

- Superior sales growth expected at **13%/y**

- PI films and varnishes** for increasingly demanding applications

- FPCB and graphite sheets

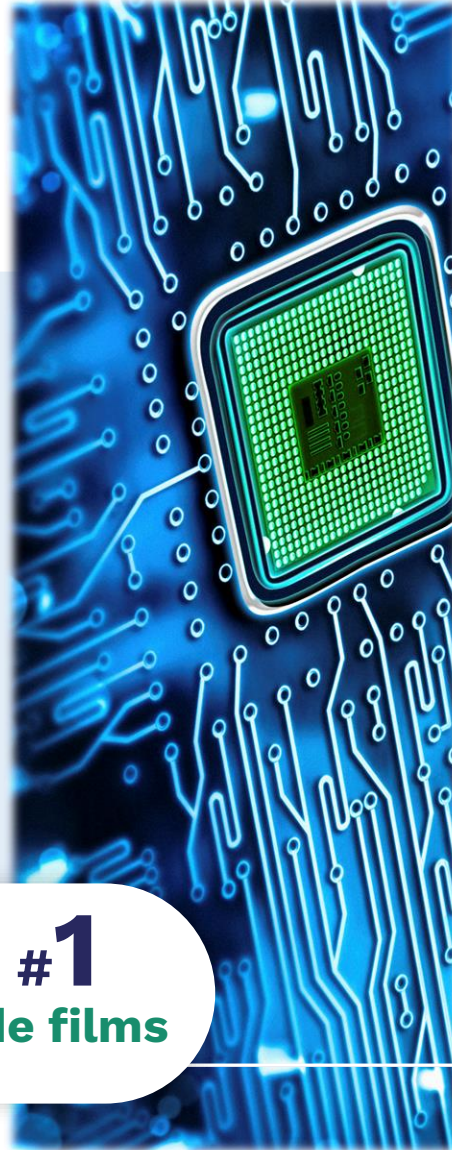
- EV Battery Management System

- 5G antennas

- OLED displays

- Flexible screens

GLOBAL #1
Polyimide films

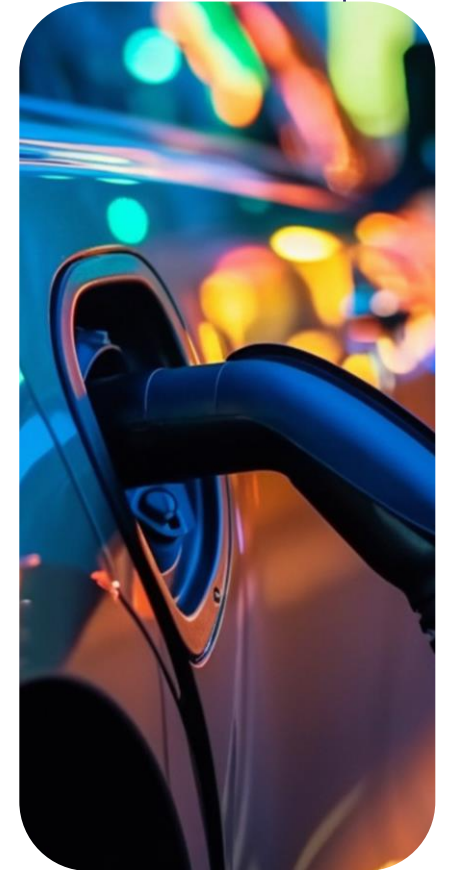


Progressive rebound expected from Q2'24 after slow 2023

- Volume **ramp-up** from March
- In line with electronics market dynamic

Ongoing confirmation of identified synergies

- Mapping targets for **expansion** of PIAM sales in NA and Europe
- Joint R&D reviews driving **new innovation potential**



1. Acquisition of a 54% majority stake

Acquisition¹ of Dow's flexible packaging laminating adhesives: a high-quality business strengthening our existing position

One of the **global leaders** for
adhesives in flexible packaging

Annual sales
around **US\$ 250m**

High-quality solutions with
well recognized brands

5 state-of-the-art
production sites


• A unique opportunity

- Become a **leader** in the flexible **packaging market**
- Become a technological and commercial **partner of choice**

In line with the Group's strategy
to expand in superior
technologies and growing markets

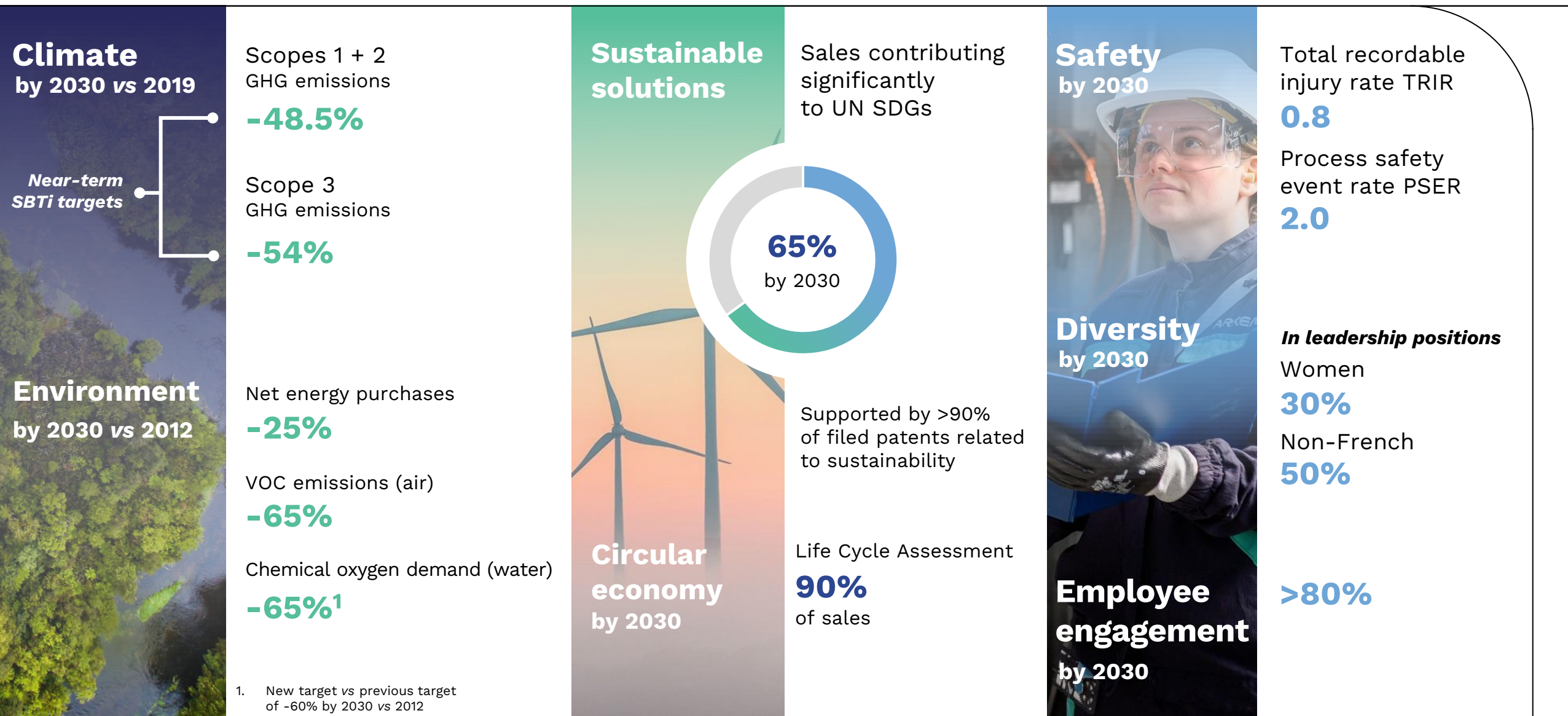
1. Proposed acquisition announced on 2 May 2024, subject to the approval of certain antitrust authorities

Acquisition of Dow's flexible packaging laminating adhesives business: a highly value creative operation



Transaction price	<ul style="list-style-type: none">Based on a US\$150m Enterprise ValueCorresponding to book value of WC and assetsRepresenting around 10x EBITDA 2024F
Implementation costs and Capex	Around US\$50m over the next three years
Significant synergies	<ul style="list-style-type: none">Around US\$30m in EBITDA within 5 years50% costs and 50% development
Mid-term objectives	<ul style="list-style-type: none">Align profitability with Bostik's near-term targetsROCE well above Arkema's current levelEV/EBITDA < 4 after 5 years including synergies, recovery of the market and growth
Closing	Expected in Q4 2024 , subject to the approval of certain antitrust authorities

A clear CSR roadmap is embedded in our strategy





First-quarter 2024 results

Extract from « First quarter 2024 results and outlook »
presentation (7 May 2024)

Q1'24 financial highlights

€2,341m sales

- Down **7.3%** YoY
 - Slight volume growth in the 3 Specialty Materials segments (+2.7%)
 - Good momentum in structural bonding, sports, automotive and energy markets
 - Negative 8.4% price effect in Specialty Materials mainly reflecting lower raw material prices and still unfavorable market conditions in upstream acrylics and PVDF

€350m EBITDA
15.0% EBITDA margin

- EBITDA slightly down YoY and up vs Q4'23
 - Improving performance of industrial adhesives, high performance polymers and the downstream of Coating Solutions
 - Impacted by lower PVDF and acrylics prices compared with Q1'23 high comparison base
- EBITDA margin up slightly despite the decline in upstream acrylics
 - Dynamic management of selling prices
 - Benefit of the Group's innovation in higher value-added solutions

€138m adj. net income

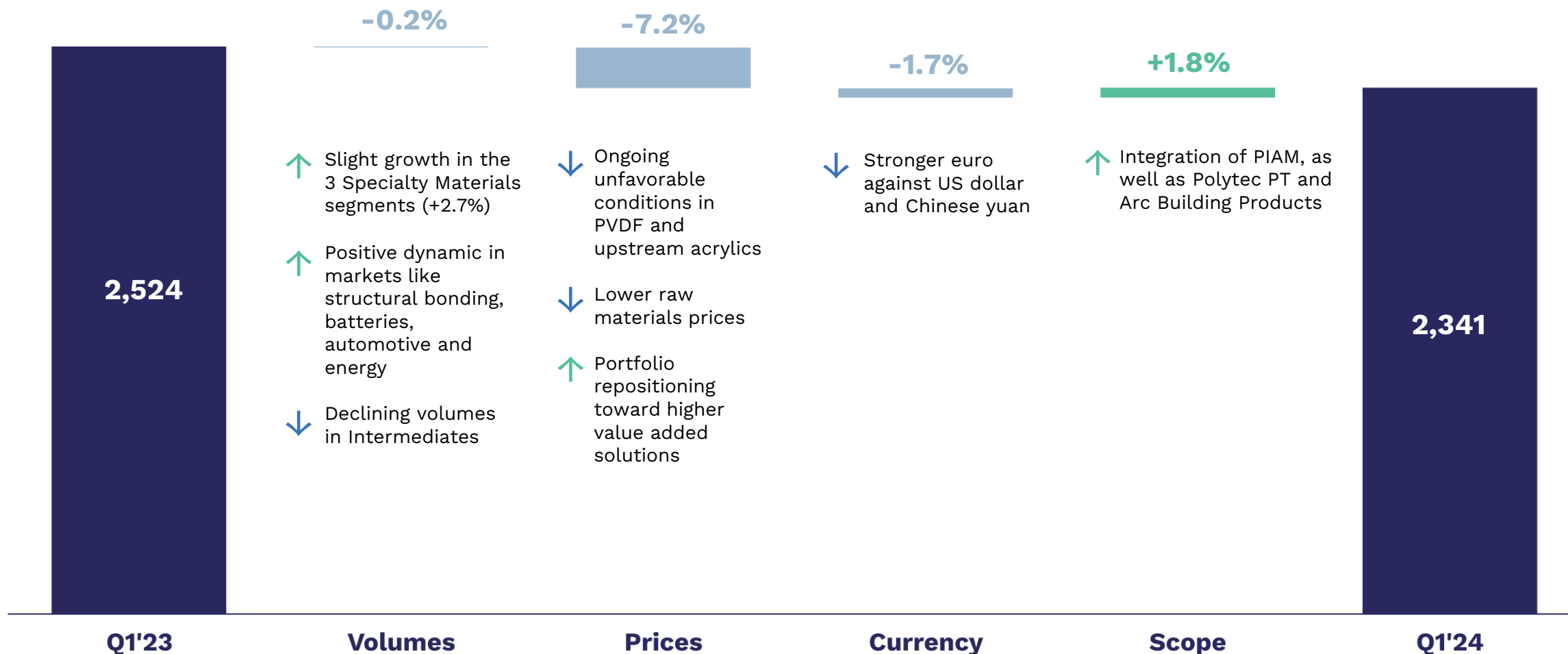
- Representing **€1.84** per share

€3,063m net debt
 (incl. hybrid bonds)

- Recurring cash flow of negative €60m, reflecting the usual Q1 seasonality
- Net debt broadly stable representing around 2x LTM EBITDA

Sales evolution reflecting mainly lower raw materials

Sales in €million

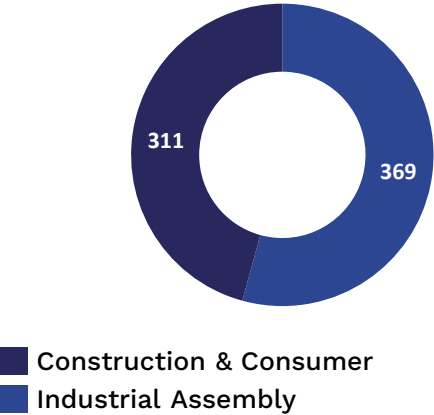


Adhesive Solutions (29% of Group sales)

Key figures

in €m	Q1'24	Q1'23	Change
Sales	680	698	-2.6%
EBITDA	105	93	+12.9%
EBITDA margin	15.4%	13.3%	
REBIT	82	72	+13.9%

Sales by Business Line



Sales development

Volumes	+1.7%
Prices	-3.7%
Currency	-1.6%
Scope	+1.0%

Highlights

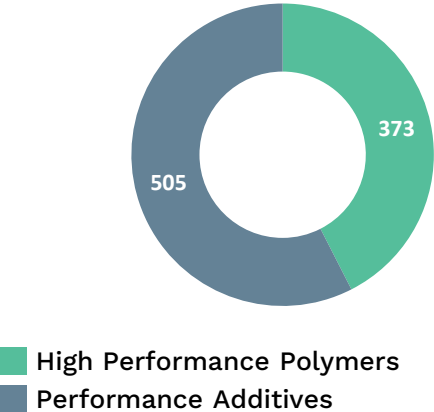
- **Volumes up 1.7% YoY**
 - Stronger demand in structural bonding and packaging in all 3 key regions
 - Construction activity slightly down
- **Prices down 3.7% YoY**, reflecting decreasing raw materials
- **EBITDA sharply up by 12.9% YoY and significant EBITDA margin improvement to 15.4%**
 - Dynamic pricing management
 - Contribution of operational excellence actions
 - Successful integration of recent acquisitions
 - Development of higher value-added solutions

Advanced Materials (38% of Group sales)

Key figures

in €m	Q1'24	Q1'23	Change
Sales	878	937	-6.3%
EBITDA	162	160	+1.3%
EBITDA margin	18.5%	17.1%	
REBIT	80	93	-14.0%

Sales by Business Line



Sales development

Volumes	+1.6%
Prices	-9.9%
Currency	-2.1%
Scope	+4.1%

Highlights

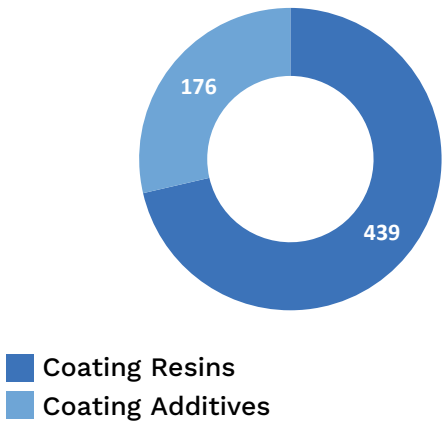
- **Volumes up 1.6% YoY**
 - Positive momentum in High Performance Polymers in Asia, notably in the battery, automotive and sport markets
 - Performance Additives volumes globally solid
- **Prices down 9.9% YoY**
 - Reflecting lower raw materials
 - Still high comparison base for PVDF prices in Q1'23
- **Stable EBITDA YoY and higher EBITDA margin at 18.5%**
 - Contribution of PIAM integration
 - Solid performance of most of the segment's businesses

Coating Solutions (26% of Group sales)

Key figures

in €m	Q1'24	Q1'23	Change
Sales	615	661	-7.0%
EBITDA	75	94	-20.2%
EBITDA margin	12.2%	14.2%	
REBIT	44	63	-30.2%

Sales by Business Line



Sales development

Volumes	+5.3%
Prices	-11.4%
Currency	-0.9%
Scope	-

Highlights

- **Volumes up 5.3% YoY**
 - Improving demand in Coating Additives, notably for industrial markets
 - Higher volumes in upstream acrylics in Europe
- **Prices down 11.4% YoY**
 - Less favorable market conditions in upstream acrylics
 - Decrease in raw materials prices
- **€75m EBITDA and EBITDA margin at 12.2%**
 - Upstream acrylics EBITDA down YoY compared with the high comparison base of Q1'23
 - Growth of downstream activities' EBITDA, thanks to higher volumes

Intermediates (7% of Group sales)

Key figures

in €m	Q1'24	Q1'23	Change
Sales	158	218	-27.5%
EBITDA	39	49	-20.4%
EBITDA margin	24.7%	22.5%	
REBIT	29	36	-19.4%

Sales development

Volumes	——	-30.7%
Prices	————	+5.5%
Currency	——	-2.3%
Scope	————	-

Highlights

- **Volumes down 30.7% YoY**
 - Mechanical impact on volumes from lower refrigerant gas quotas
 - Lackluster business context for acrylics in China
- **Prices up 5.5% YoY**
 - Good momentum in refrigerant gases
- **€39m EBITDA and very good level of EBITDA margin at 24.7%**

Cash flow generation reflecting usual seasonality

in €million

	Q1'24	Q1'23
EBITDA	350	367
Current taxes	-39	-55
Cost of debt	-14	-16
Change in working capital and fixed assets payables ⁽¹⁾	-255	-243
Recurring capital expenditure	-99	-82
Others	-3	8
Recurring cash flow	-60	-21
Exceptional capital expenditure	0	-7
Non-recurring items	-22	-18
Free cash flow	-82	-46
Impact of portfolio management	-21	30
Net cash flow	-103	-16

→ **Q1'24 tax rate**
22% of REBIT (excl. exceptional items)

→ **Working capital**
16.1% of annualized sales at end-March 2024
(16.3% at end-March 2023)

→ **Portfolio management**

- Acquisition of Arc Building Products in 2024
- Proceeds from the sale of Febex in 2023

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

Outlook

- The macroeconomic environment remains marked by a lack of visibility and ongoing geopolitical tensions, with no clear signs yet of a rebound in demand.
- In this context, Arkema will focus primarily on internal momentum, and will benefit from the gradual ramp-up from Q2 onwards of several high-stake organic growth projects and of PIAM, with Q2'24 EBITDA expected to be slightly higher relative to Q2'23 and therefore significantly higher than Q1'24.
- Benefiting from its cutting-edge innovation, the positive dynamic in adhesives, the EBITDA contribution of €60 to €70 million from the Group's major industrial projects, as well as the integration of PIAM, Arkema reaffirms its full-year guidance and aims to achieve in 2024 a higher EBITDA, estimated at €1.5 billion to €1.7 billion depending on the level of recovery in demand, and with seasonality more weighted to the second half of the year.

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 2023 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 2023 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

Operating cash flow: corresponds to free cash flow before capex (intangible assets and property, plant and equipment additions)

EBITDA to cash conversion rate: corresponds to free cash flow excluding exceptional items (exceptional capex and non-recurring cash flow) divided by EBITDA

Operating cash conversion rate: corresponds to operating cash flow divided by EBITDA

ROCE: corresponds to the REBIT divided by the capital employed at the end of the year

CAGR over 24-28: corresponds to the compound annual growth rate over the 5-year period 2024-28

This document contains forward looking information, which describe expectations, strategies, future events or intentions. Forecasts and financial objectives are defined in normalized macroeconomic and market conditions, among other EUR/USD exchange rate of 1.1, GDP of 3% and oil price at US\$80/bbl. The achievement of these forecasts and financial objectives is therefore subject to uncertainties regarding these economic factors, as well as regarding changing market conditions, competitive landscape, regulatory evolutions, and other unplanned events. As a consequence, results may differ from those expressed or implied in this document.