



ARKEMA

ARKEMA

CIC Forum by Market Solutions

20 November 2024 – Paris, FRANCE



Strategy and ambition

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



A **SIGNATURE**

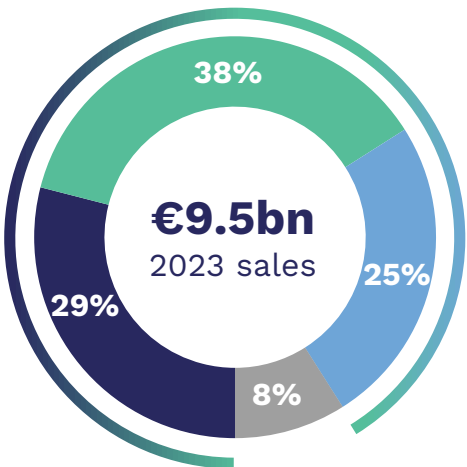
FOR A **VISION**

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”

We have built over time an attractive and well-balanced portfolio of Specialty Materials

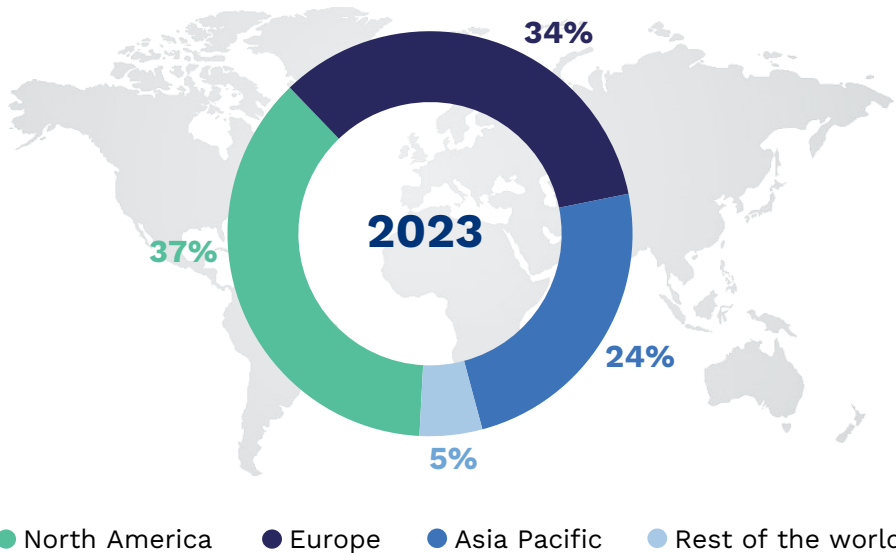
Towards 100% Specialty Materials



Specialty Materials
92%

- Adhesive Solutions
- Advanced Materials
- Coating Solutions
- Intermediates

Rebalanced geographical footprint



21,100
employees



55
countries

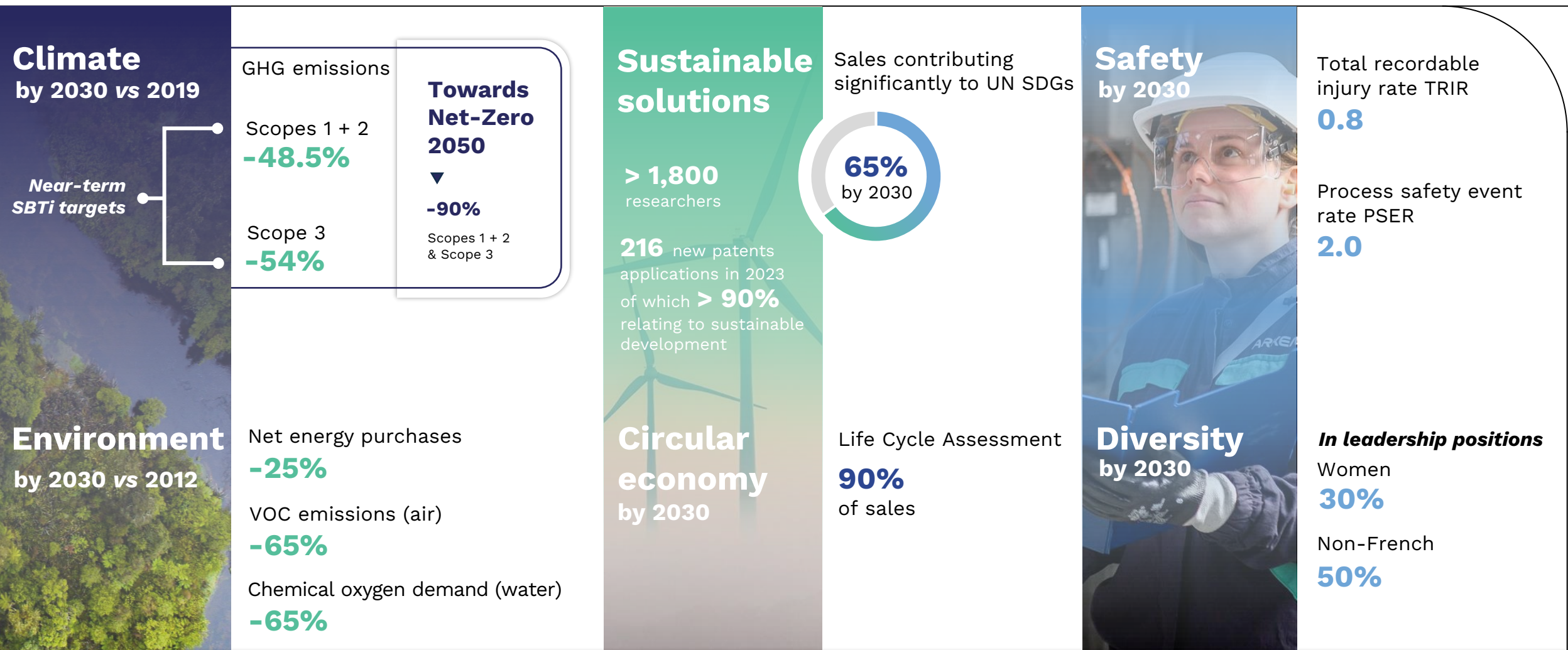


151
production sites



17
R&D centers

A clear CSR roadmap is embedded in our strategy



A recognized ESG performance



A- for Climate change
B for Water security



Rating **A**

With our high performance solutions, we support our customers in their quest for innovation and sustainability



High performance and bio-based polymers for **sports and consumer goods**



Additives, resins and polymers for **green energies**

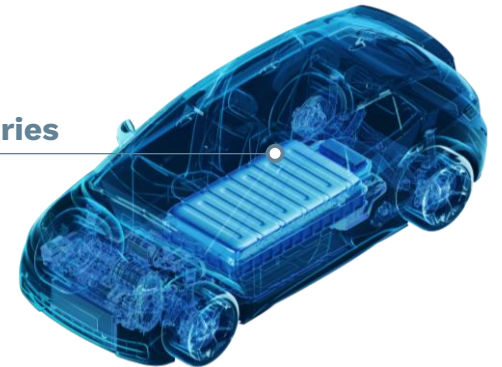


Adhesives, sealants and coatings for **efficient buildings**

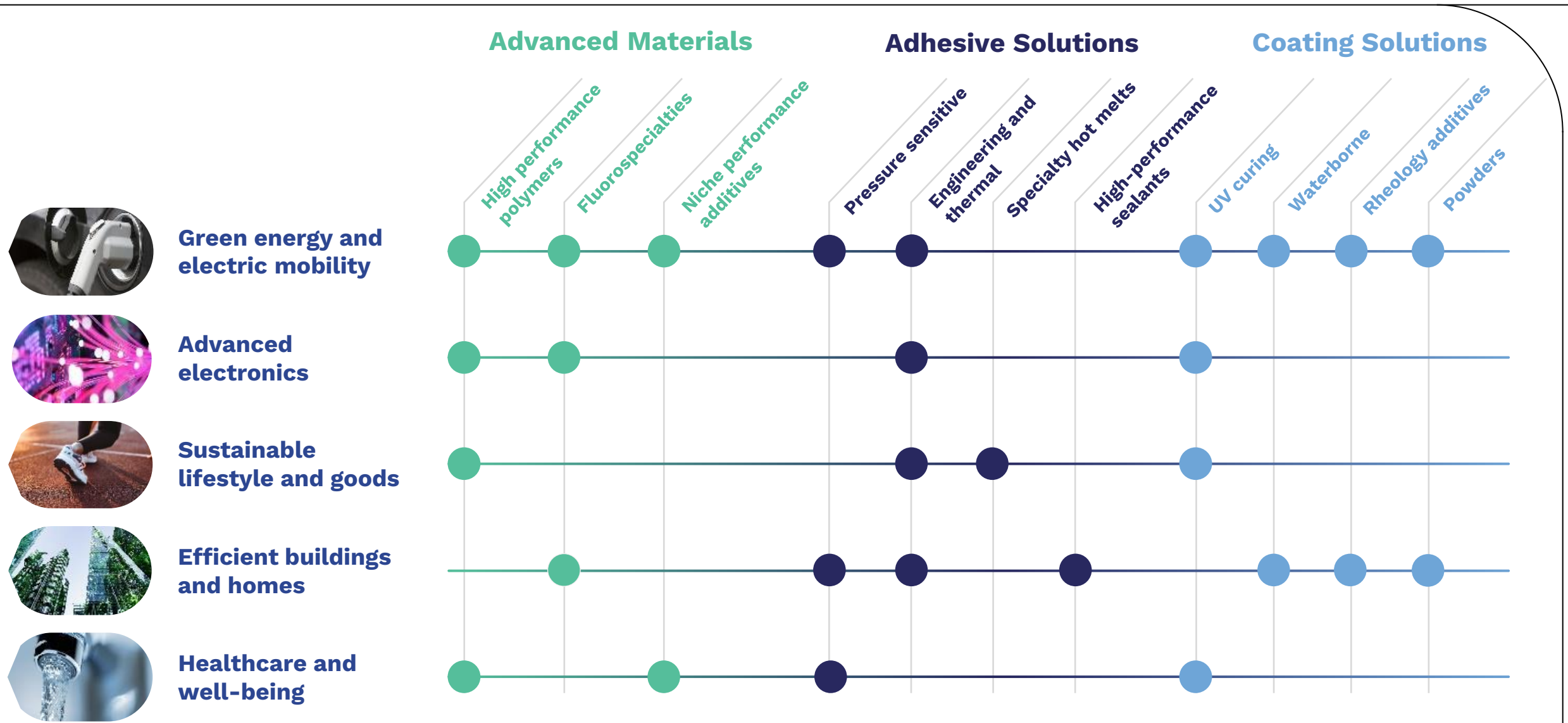


Resins, high performance films and polymers for **advanced electronics**

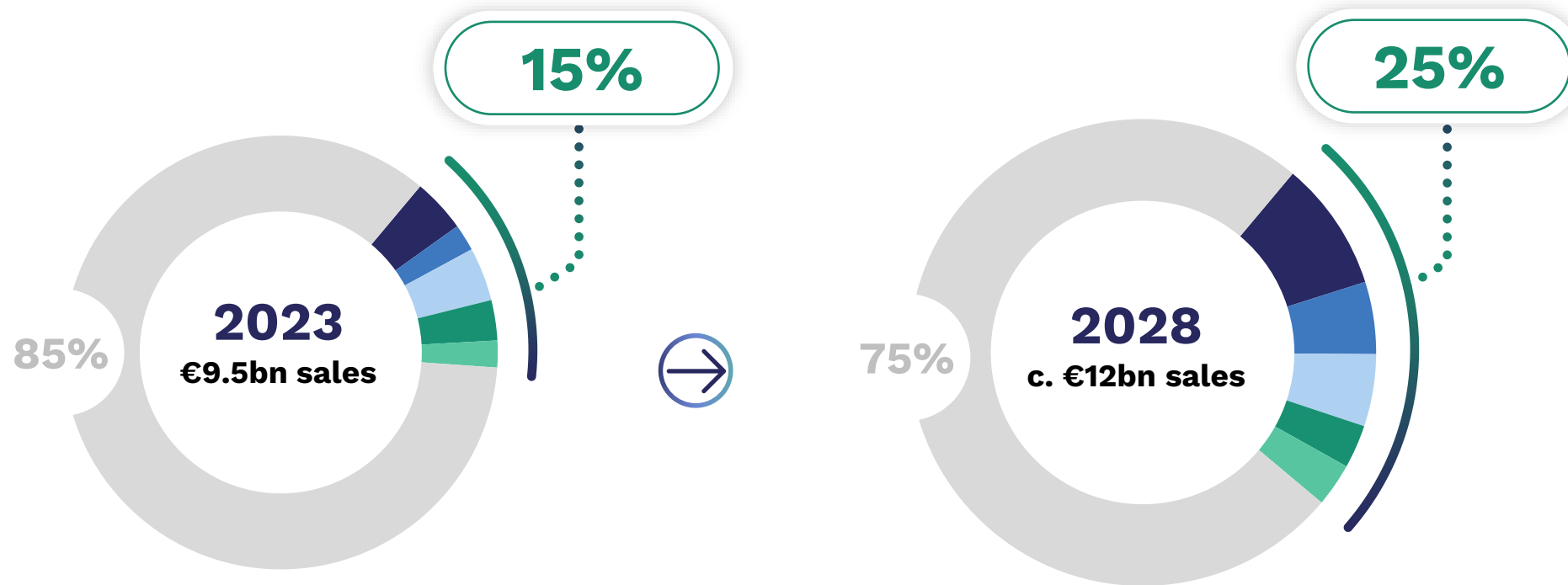
Broad One Arkema portfolio in **EV batteries**



We have developed an unmatched range of cutting-edge technologies to serve key identified submarkets



This combination of technologies x submarkets will accelerate our growth



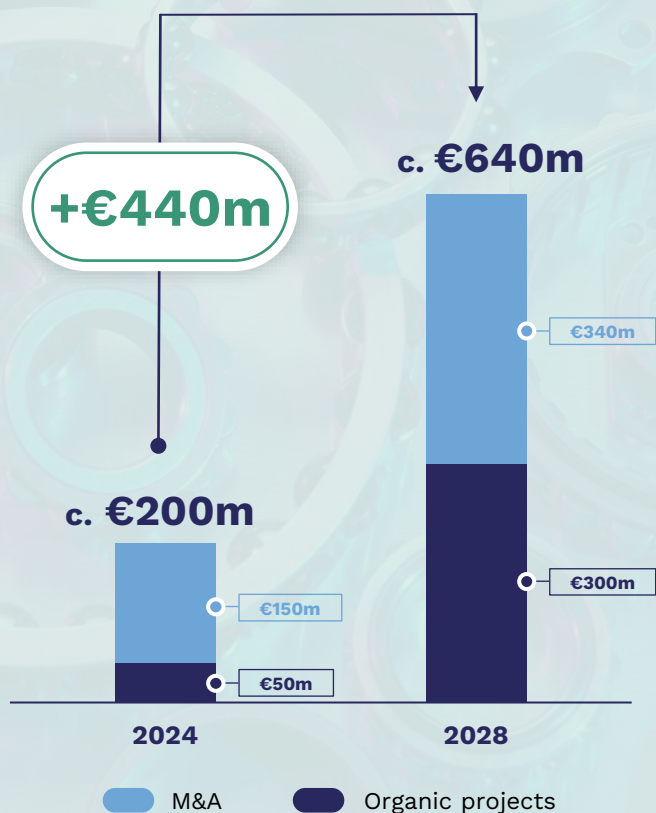
3x higher organic sales CAGR than Group's average
Over 50% of Arkema R&D spendings

- Green energy & electric mobility
- Advanced electronics
- Efficient buildings and homes
- Sustainable lifestyle and goods
- Healthcare and well-being

Forecasts defined in normalized macroeconomic and market conditions

12 major projects nearly fully financed will generate strong additional EBITDA

Total EBITDA contribution



Organic CAPEX

Start-up in 2023 & 2024

- PVDF (China, France)
- UV curing resins (China)
- Bio-based PA11 (Singapore, China) and Pebax® (France)
- HF with Nutrien (US)
- HFO 1233zd (US)

Start-up in 2025 & 2026

- Additive for biofuels (US)
- Decarbonization of acrylics production (France)
- Niche additive for renewable energies (China)

Combined CAPEX

c. €1.1bn
(€1bn financed end-24)

Recent major acquisitions

Ashland Performance Adhesives

Feb. 2022
Pressure Sensitive Adhesives

PI Advanced Materials

Dec. 2023
High performance PI films

Dow flexible packaging laminating adhesives

Expected in Q4 2024
Adhesives in flexible packaging

Combined EV

c. €3.0bn ⁽¹⁾
(fully financed end-24)

(1) Including 100% of PIAM and reduced to €2.4bn when taking into account Arkema's 54% share in PIAM



Third quarter 2024 results

Extract from « Third-quarter 2024 results and highlights »
presentation (6 November 2024)

Sales up and high EBITDA margin in a challenging context

in €million

Sales

2,326

2,394

Q3'23

Q3'24

Specialty
Materials 92%

EBITDA

386

407

Q3'23

Q3'24

Margin 17.0%

Adj. Net Income

177

168

Q3'23

Q3'24

Adj. EPS €2.25

Net Debt (incl. hybrid bonds)

3,270

3,111

30/06/24

30/09/24

2.0x LTM EBITDA

Q3'24 financial highlights

€2,394m sales

→ **Up 2.9%** vs Q3'23

- Volumes up 2.2% in an environment of global weak demand, particularly in Europe
- Some more buoyant markets such as energy, sports, healthcare and packaging
- Broadly stable price effect at a negative 0.2%, reflecting dynamic management of selling prices in a raw materials environment that has stabilized overall

€407m EBITDA

17.0% EBITDA margin

→ EBITDA **up 5.4%** vs Q3'23

- Specialty Materials EBITDA significantly up by 9%, driven in particular by strong growth in Adhesive Solutions and Advanced Materials, and better resilience in the US and Asia
- Intermediates at a solid level, although down on the prior year

→ EBITDA margin up reaching the high level of **17.0%** (16.6% in Q3'23) and reflecting:

- Quality of the Arkema's positioning and technologies
- Group's balanced geographical footprint
- Strict management of operations

€168m adj. net income

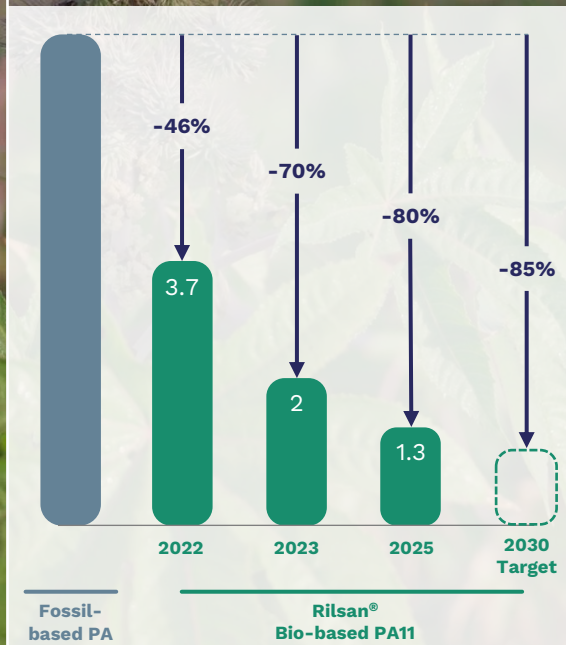
→ Representing €2.25 per share

€3,111m net debt
(incl. hybrid bonds)

→ Net debt tightly controlled at **2.0x** LTM EBITDA

→ Solid recurring cash flow of **€190m**

Further steps achieved to decarbonize our value chain



Rilsan® PA11 carbon footprint further decreased

-80% vs traditional polyamide resins using fossil-based raw materials and conventional energy sources

Two main levers of decarbonization

- **Renewable** or **low carbon** energy
- **Energy efficiency** improvements

2030 target to reduce the carbon footprint to **≤ 1 kg CO₂e/kg**

Breakthrough in wind turbine blade recycling

ZEBRA project demonstrates closed loop system for wind turbines made with Elium® resin

« Solar Impulse Efficient Solution » label for Kynar

Rewarding Kynar Aquatec® PVDF high efficiency in durable cool roof solutions

Launch of more sustainable adhesive solutions

New Kizen™ LIME range for packaging

> 80%
renewable ingredients

- Innovative and **proprietary formulation** designed for recyclable paper and cardboard packing
- **Reducing carbon footprint** and improving the sustainability of packaging solutions

Fast Glue Ultra+ for DIY

60%
bio-based materials

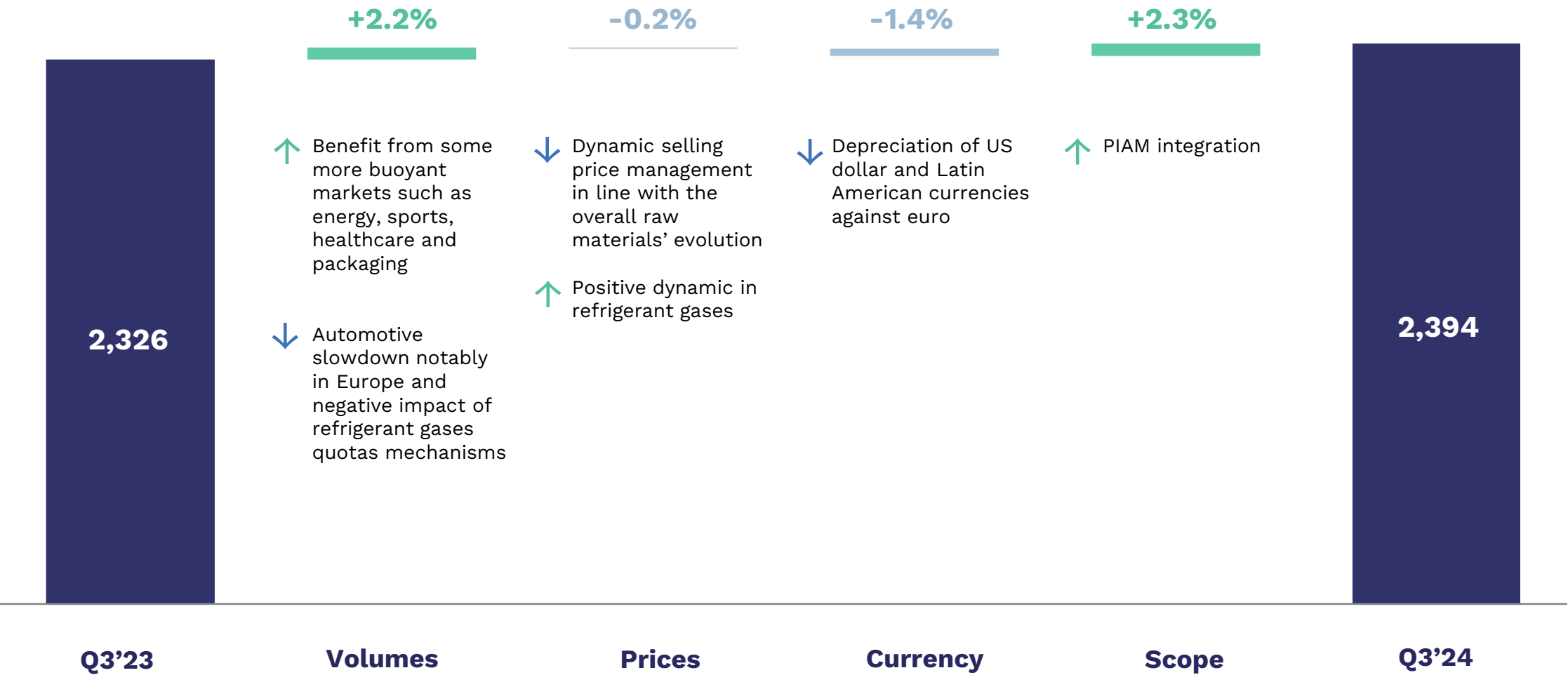
Exceptional strength, durability, and resistance to extreme conditions

Combining **high performance** with a strong **commitment to sustainability**



Sales increase in a global weak demand environment

Sales in €million

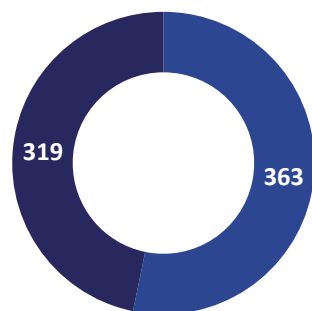


Adhesive Solutions (29% of Group sales in Q3'24)

Key figures

in €m	Q3'24	Q3'23	Change	9m'24	9m'23	Change
Sales	682	682	-	2,068	2,072	-0.2%
EBITDA	107	98	+9.2%	321	286	+12.2%
EBITDA margin	15.7%	14.4%		15.5%	13.8%	
REBIT	86	77	+11.7%	256	224	+14.3%

Q3'24 sales by Business Line



■ Construction & Consumer
■ Industrial Assembly

Q3'24 sales development

Volumes — +1.9%
Prices — -1.0%
Currency — -1.5%
Scope — +0.6%

Highlights Q3'24

→ Volumes up 1.9% YoY

- Good dynamic in packaging and labelling markets
- Construction sector remaining challenging

→ Prices down 1.0% YoY, reflecting lower prices of certain raw materials

→ €107m EBITDA significantly up 9.2% YoY and record EBITDA margin at 15.7% (+130 bps vs Q3'23)

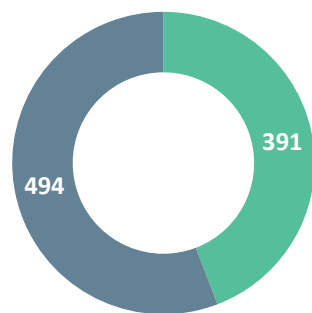
- Improved product mix toward higher value-added solutions
- Active price and cost management
- Operational excellence initiatives

Advanced Materials (37% of Group sales in Q3'24)

Key figures

in €m	Q3'24	Q3'23	Change	9m'24	9m'23	Change
Sales	885	856	+3.4%	2,681	2,705	-0.9%
EBITDA	189	172	+9.9%	541	517	+4.6%
EBITDA margin	21.4%	20.1%		20.2%	19.1%	
REBIT	95	100	-5.0%	278	310	-10.3%

Q3'24 sales by Business Line



■ High Performance Polymers
■ Performance Additives

Q3'24 sales development

Volumes ——— +2.0%
Prices ——— -2.3%
Currency ——— -2.0%
Scope ——— +5.7%

Highlights Q3'24

→ Volumes up 2.0% YoY

- Supported by sports, energy and healthcare markets
- Slowdown in automotive sector, notably in Europe
- Negative impact of the temporary shutdown of our German organic peroxides site

→ Prices down 2.3% YoY, mainly reflecting changes in raw materials prices

→ Sharp 9.9% EBITDA increase YoY, at €189m

- HPP significantly up, benefiting from new organic projects contribution, PIAM integration and good momentum in high value-added fluorospecialties
- Performance Additives EBITDA down on the high comparison base of Q3'23, including ~€8m negative impact from German site temporary shutdown

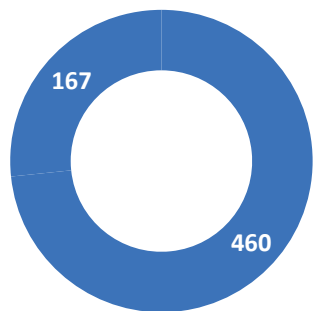
→ EBITDA margin substantially up, reaching a very good level at 21.4%

Coating Solutions (26% of Group sales in Q3'24)

Key figures

in €m	Q3'24	Q3'23	Change	9m'24	9m'23	Change
Sales	627	572	+9.6%	1,890	1,850	+2.2%
EBITDA	81	76	+6.6%	247	258	-4.3%
EBITDA margin	12.9%	13.3%		13.1%	13.9%	
REBIT	49	43	+14.0%	154	164	-6.1%

Q3'24 sales by Business Line



■ Coating Resins
■ Coating Additives

Q3'24 sales development

Volumes ——— +8.7%
Prices ——— +2.1%
Currency ——— -1.2%
Scope ——— -

Highlights Q3'24

→ Volumes up 8.7% YoY

- Low comparison base last year, marked by destocking
- Supported mainly by coatings, notably architectural, hygiene and water treatment markets
- Environment remaining challenging, particularly in the upstream

→ Prices up 2.1% YoY

- Impact of propylene price increase on acrylic monomers prices in the US

→ €81m EBITDA vs €76m in Q3'23

- Positive volumes trend
- Strict management of costs and operations
- Ramp-up of Sartomer's capex in China

→ EBITDA margin holding up well in the context at 12.9%

Intermediates (8% of Group sales in Q3'24)

Key figures

in €m	Q3'24	Q3'23	Change	9m'24	9m'23	Change
Sales	191	206	-7.3%	603	636	-5.2%
EBITDA	51	55	-7.3%	174	173	+0.6%
EBITDA margin	26.7%	26.7%		28.9%	27.2%	
REBIT	39	42	-7.1%	142	135	+5.2%

Q3'24 sales development

Volumes	——	-12.1%
Prices	————	+4.8%
Currency	——	-0.0%
Scope	————	-

Highlights Q3'24

- **Volumes down 12.1% YoY**
 - Effect of existing quota mechanisms in refrigerant gases
 - Higher acrylics volumes in China
- **Prices up 4.8% YoY**, driven essentially by the impact of quota mechanisms in refrigerant gases
- **€51m EBITDA and EBITDA margin remaining at a good level at 26.7%**

Solid recurring cash flow

in €million

	Q3'24	Q3'23	9m'24	9m'23
EBITDA	407	386	1,208	1,170
Current taxes	-52	-69	-145	-181
Cost of debt	-15	-8	-41	-36
Change in working capital and fixed assets payables ⁽¹⁾	-6	131	-337	-154 ^(*)
Others	23	9	13	-14 ^(*)
Operating cash flow	357	449	698	785
Recurring capital expenditures	-167	-137	-436	-349
Recurring cash flow	190	312	262	436
Exceptional capital expenditure	0	-5	0	-17
Non-recurring items	-15	-34	-52	-77
Free cash flow	175	273	210	342
Impact of portfolio management	-1	-5	-42	-44
Net cash flow	174	268	168	298

→ **9m'24 tax rate**
~**22%** of REBIT (excl. exceptional items)

→ **Working capital**
16.4% of annualized sales at end-September 2024

→ **Capex**

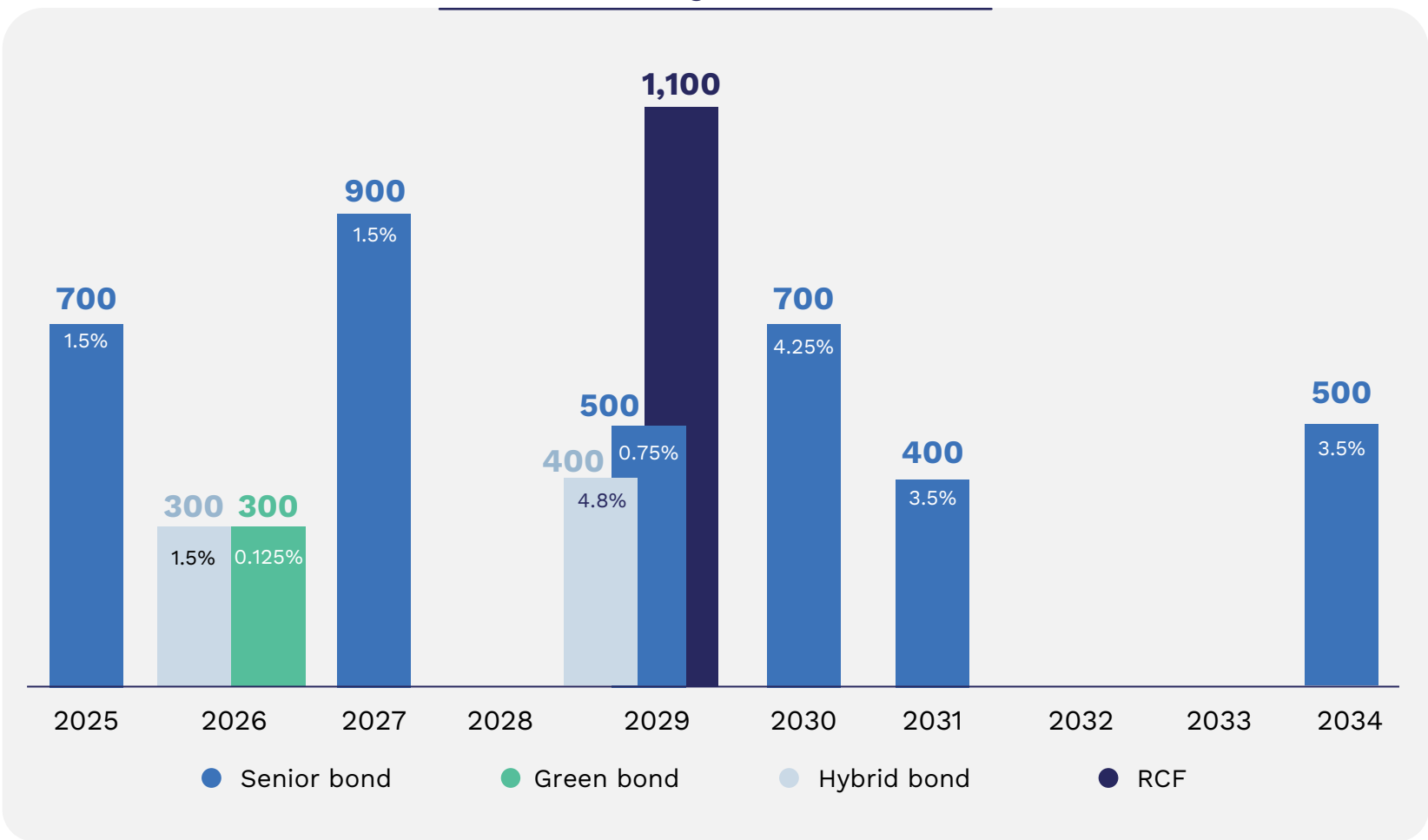
- FY'24 expected at ~€770m
- Starting 2025, capex expected between €650m and €700m per year

(1) Excluding non-recurring items and impact of portfolio management

(*) Includes a correction related to 9m'23 data (reclassification of €1m from "Others" to "Change in working capital and fixed assets payables")

Debt successfully refinanced in 2024

Debt maturity schedule (€m)



- **Average maturity** (excluding hybrids)
4.3 years (at end-Q3 2024)
- **Average coupon** (excluding hybrids)
2.2% (at end-Q3 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)

FY 2024 outlook

- With a still lackluster macroeconomic context expected for the rest of the year, marked by limited visibility and a continued weak demand environment, the Group will focus on strictly managing its operating costs and optimizing its working capital in line with demand
- In parallel, the Group will continue to work on the longer term, with the ongoing ramp-up of the organic projects, the closing of the acquisition of Dow's flexible packaging laminating adhesives business, as well as the first steps in the start-up of the HFO-1233zd fluorospecialties unit in the United States
- In this context, based on the results of the first nine months, Arkema expects to achieve in 2024 an EBITDA at the lower end of its guidance range of €1.53 billion

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

Recurring cash flow: corresponds to free cash flow excluding exceptional capex and non recurring items

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

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 over the period 2024-2028 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.