ARKEMA

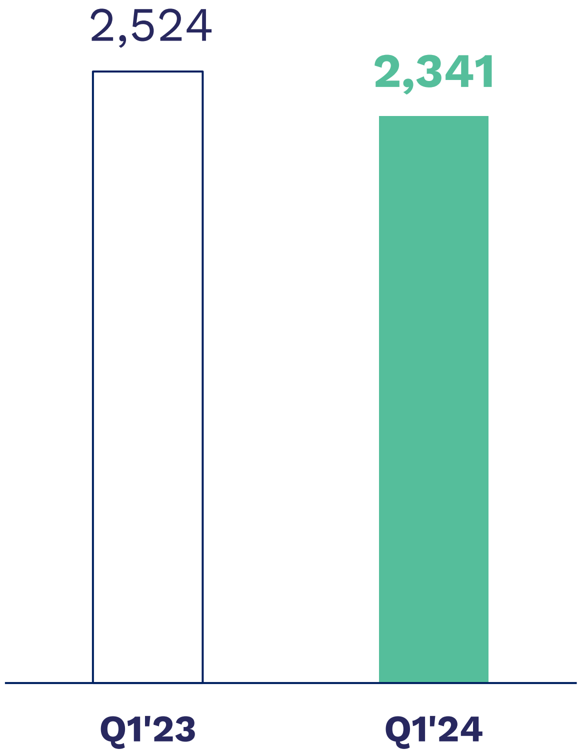
First quarter 2024 results and outlook

07/05/2024

Robust results in a broadly unchanged economic environment

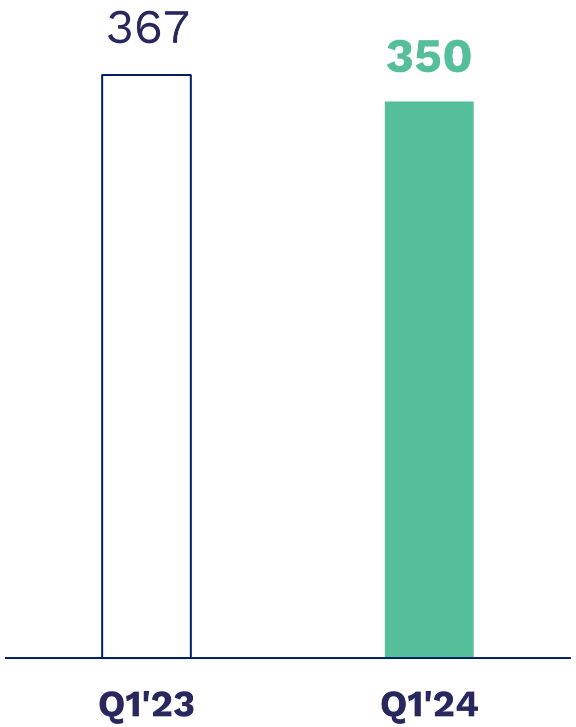
in €million

Sales



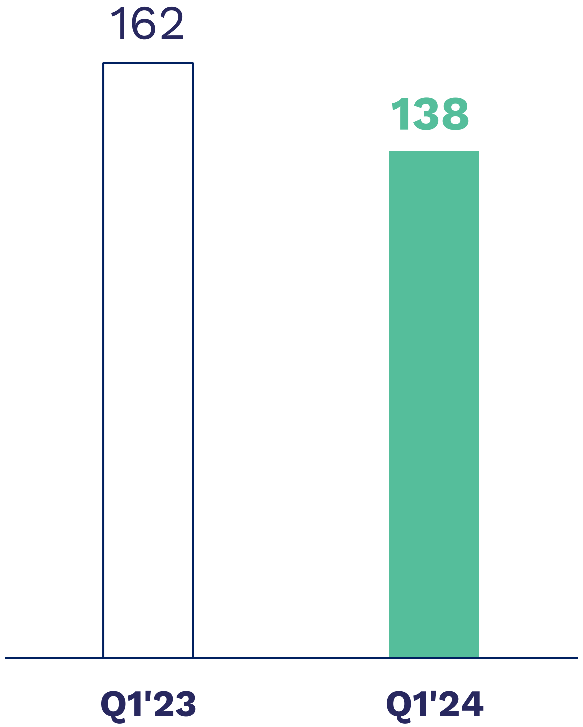
Specialty Materials 93%

EBITDA



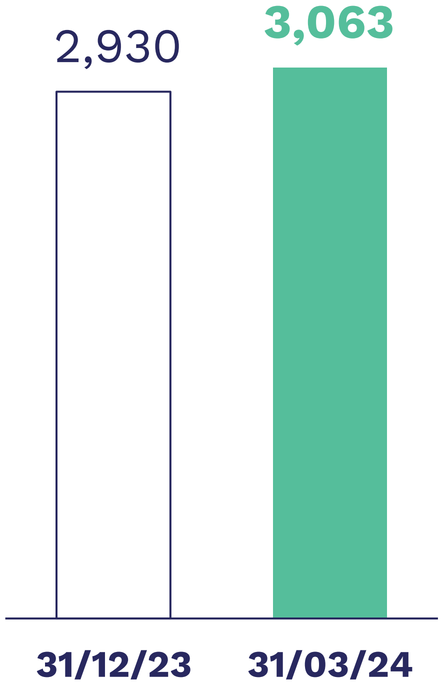
Margin 15.0%

Adj. Net Income



Adj. EPS €1.84

Net Debt
(incl. hybrid bonds)



~2x LTM EBITDA

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

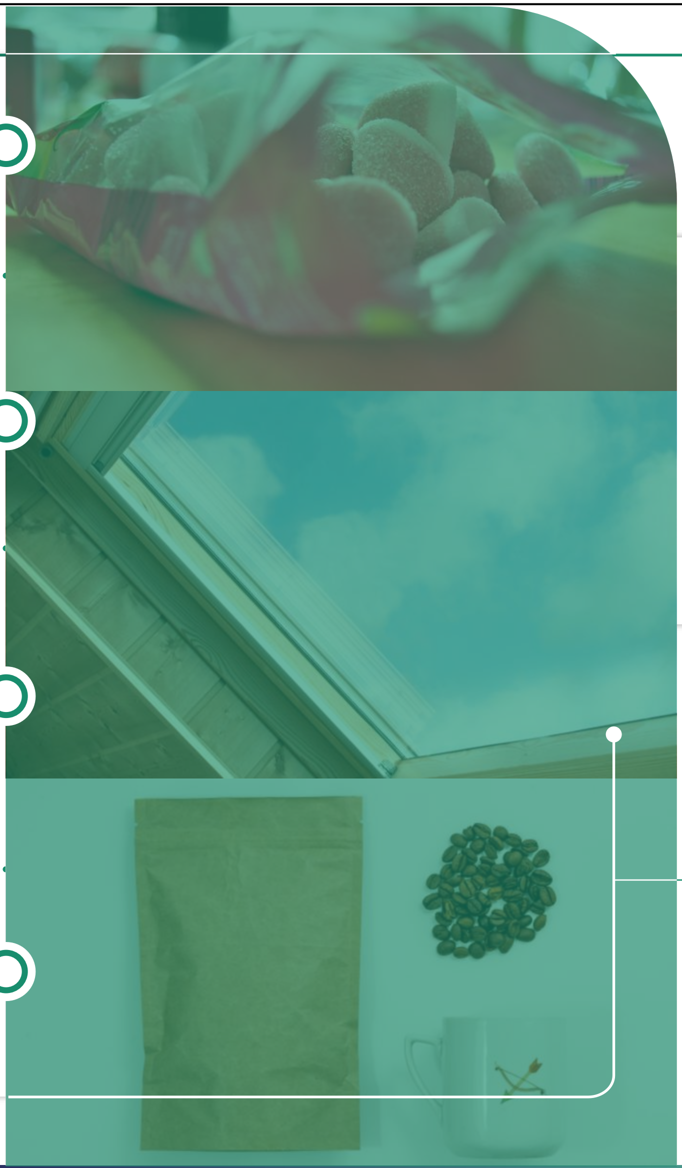
Acquisition[1] of Dow's flexible packaging laminating adhesives: a high-quality business strengthening our existing position

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	• Based on a **US$150m Enterprise Value** • Corresponding to book value of WC and assets • Representing around 10x EBITDA 2024F
Implementation costs and Capex	Around **US$50m** over the next three years
Significant synergies	• Around **US$30m in EBITDA** within 5 years • 50% costs and 50% development
Mid-term objectives	• Align profitability with Bostik’s near-term targets • ROCE well above Arkema’s current level • **EV/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

Step up in new generation of batteries

proionic

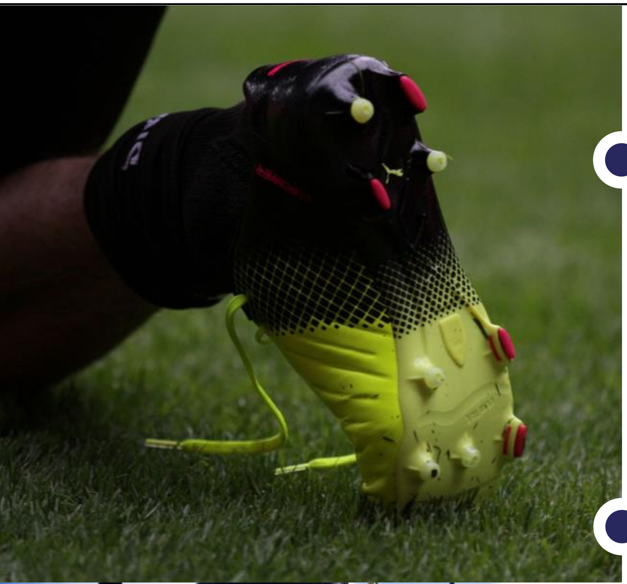
- Acquisition[1] of a **pioneering start-up** and **world leader** in the field of ionic liquids
- Annual sales around **€2.5m** in 2023
- Ionic liquids are **key components** for the next generation of **solid batteries** with potential application in flexible batteries

1. Proposed acquisition of a 78% majority stake, announced on 17 April 2024

Tiamat

- Start-up pioneer in sodium-ion battery technology
- Acquisition of a stake in Tiamat announced on **12 January 2024**

Successful start-up of PEBAX® capacity increase



Capacity increase in Serquigny (France)

- +40% in global Pebax® elastomers production capacity
- New unit to produce both bio-circular Pebax® Rnew® and classical Pebax® elastomer ranges

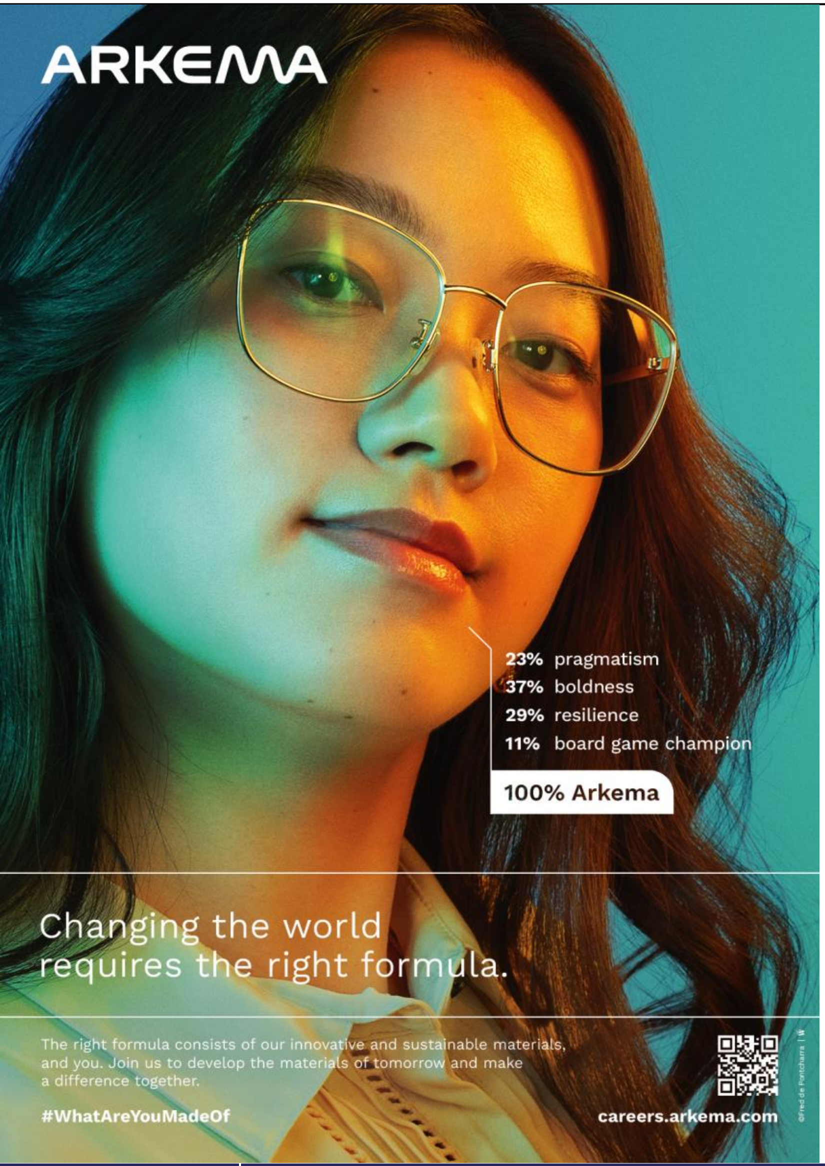
Designed with the latest advancements in industrial processes

- Improved process with water consumption at the site reduced by 25%

Wide range of applications

- Sports equipment : running shoes, soccer shoes and ski boots
- Electronic devices
- Antistatic additives
- Medical devices

CSR highlights



New employer brand

Campaign
« What are you made of ? »
to support the recruitment
of 2,000 full time employees
each year

Reflecting our corporate culture focused on **people** and **teamwork**

ISCC+ certification

Production site in Villers-Saint-Paul (France) is the **first** UV-LED-EB curable resins **manufacturing site in Europe** to receive ISCC+ certification

Renewable energy agreements in the US

Supply of **150 GWh** of electricity from **renewable sources**

40% of Group's US power needs from renewable sources by end-2024 (Including prior deals)

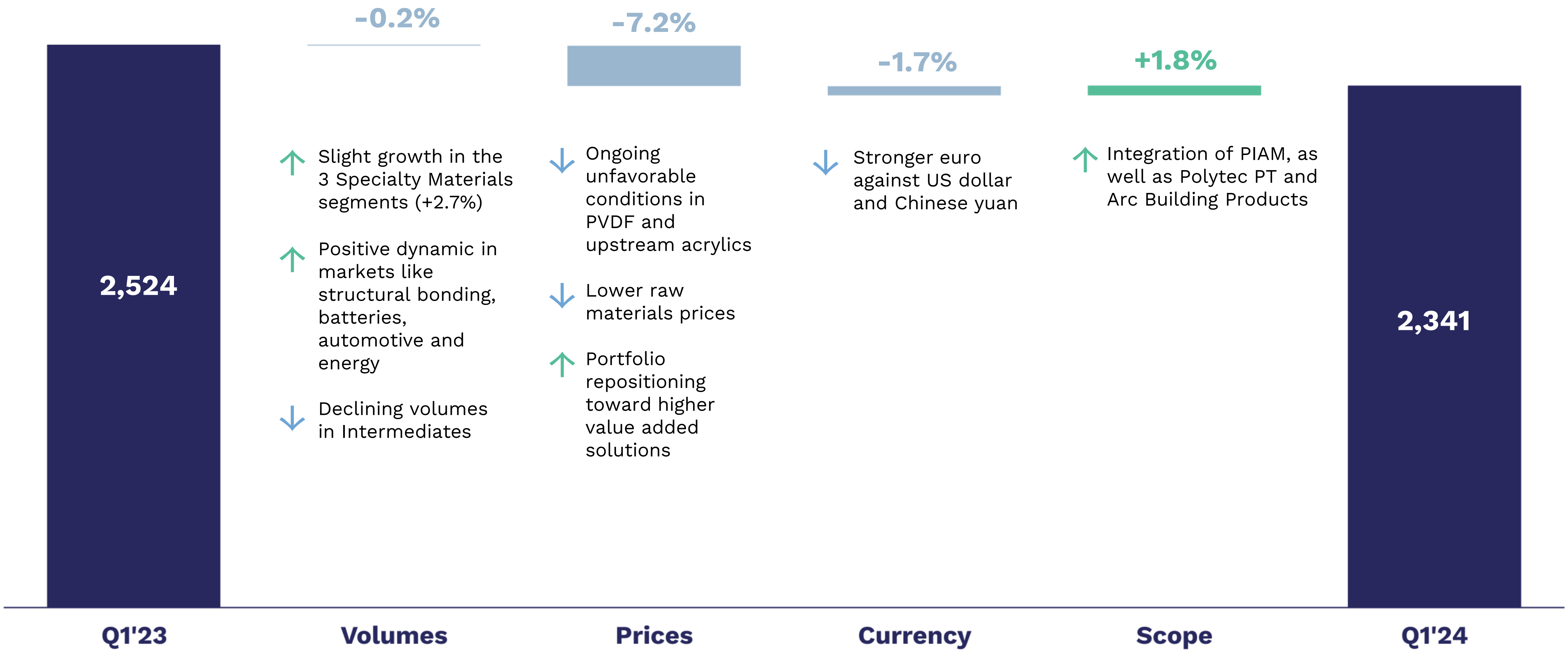
Key figures

in €million

	Q1'24	Q1'23	Change
Sales	**2,341**	2,524	-7.3%
EBITDA	**350**	367	-4.6%
Specialty Materials	**342**	347	-1.4%
Intermediates	**39**	49	-20.4%
Corporate	**-31**	-29	
EBITDA margin	**15.0%**	14.5%	
Specialty Materials	**15.7%**	15.1%	
Intermediates	**24.7%**	22.5%	
Recurring operating income (REBIT)	**202**	234	-13.7%
REBIT margin	**8.6%**	9.3%	
Adjusted net income	**138**	162	-14.8%
Net debt (incl. hybrid bonds)	**3,063**	2,389	

Sales evolution reflecting mainly lower raw materials

Sales in €million



Volumes
- ↑ Slight growth in the 3 Specialty Materials segments (+2.7%)
- ↑ Positive dynamic in markets like structural bonding, batteries, automotive and energy
- ↓ Declining volumes in Intermediates

Prices
- ↓ Ongoing unfavorable conditions in PVDF and upstream acrylics
- ↓ Lower raw materials prices
- ↑ Portfolio repositioning toward higher value added solutions

Currency
- ↓ Stronger euro against US dollar and Chinese yuan

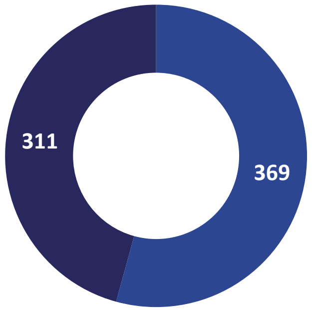
Scope
- ↑ Integration of PIAM, as well as Polytec PT and Arc Building Products

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



Construction & Consumer
Industrial Assembly

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%**

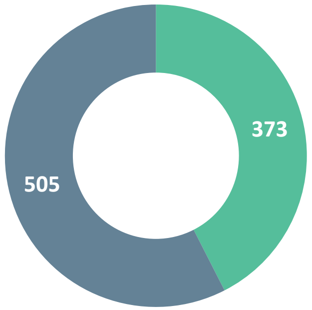
- Dynamic pricing management
- Contribution of operational excellence actions
- Successful integration of recent acquisitions
- Development of higher value-added solutions

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



High Performance Polymers
Performance Additives

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%**

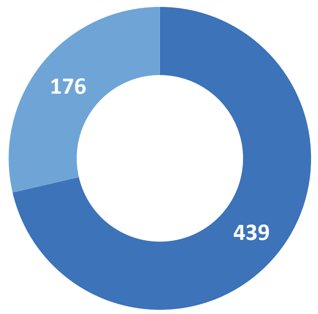
- Contribution of PIAM integration
- Solid performance of most of the segment's businesses

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

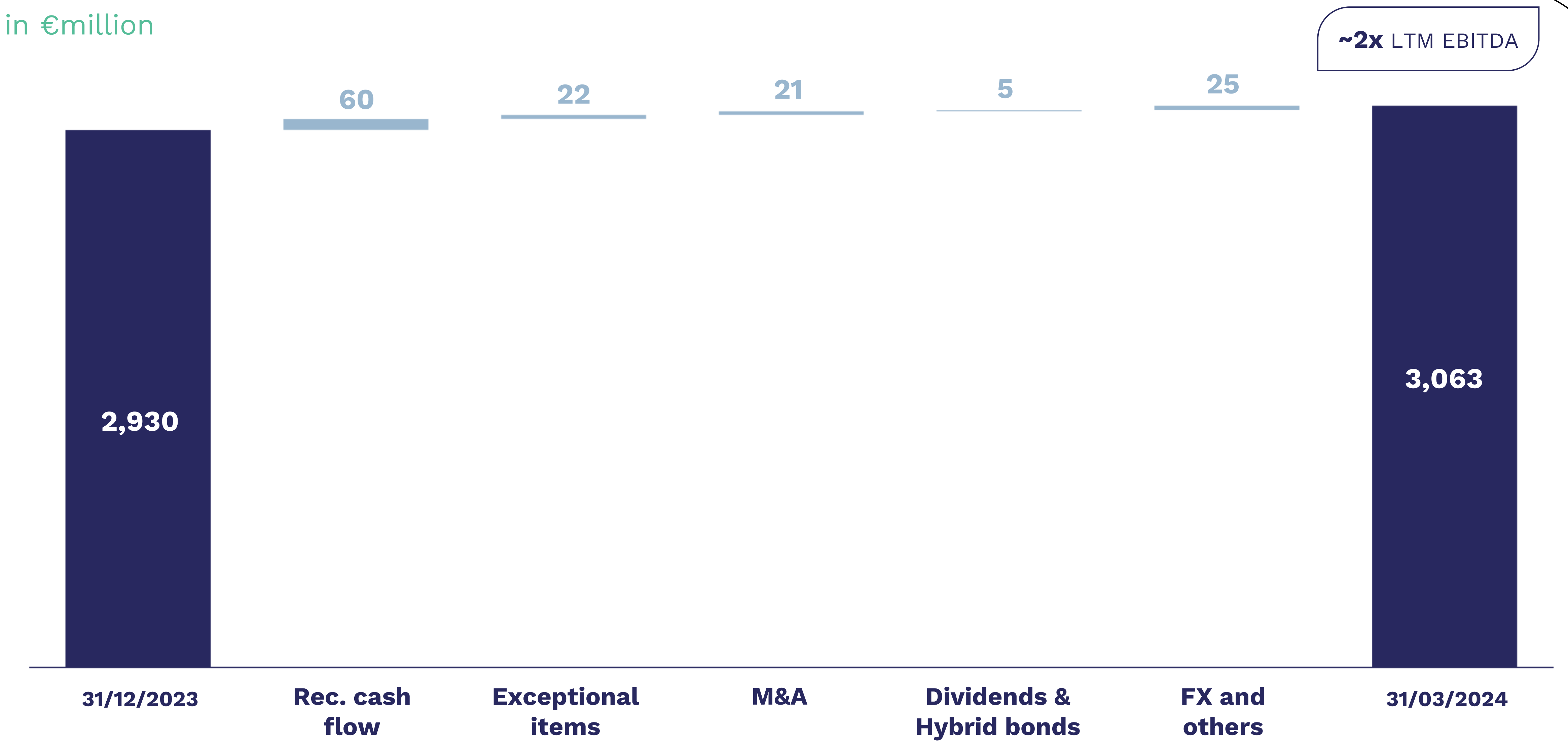
→ **Q1'24 tax rate**
22% of REBIT (excl. exceptional items)

→ **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

Net debt broadly stable around 2x EBITDA



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

EBITDA to cash conversion rate: corresponds to the recurring cash flow divided by EBITDA