



Second quarter 2024 results and outlook

01/08/2024

Solid financial performance in a challenging environment



Q2'24 financial highlights

€2,536m sales

- Up **3.8%** YoY
 - +4.7% volume growth
 - Improved momentum in certain markets such as sports, batteries and energy, and in industrial adhesives
 - Negative 2.4% price effect in line with raw material price evolution

€451m EBITDA
17.8% EBITDA margin

- EBITDA up **8.2%** YoY
 - Good growth in most of the businesses - Adhesive Solutions, High Performance Polymers, Fluorogases and the downstream of Coating Solutions
 - Performance Additives down compared with the prior year's high comparison base and upstream acrylics still close to low cycle conditions
 - €15m benefit from the ramp-up of recent organic CAPEX
- Strong EBITDA margin at **17.8%**
 - Strength and resilience of the Group's portfolio of technologies and solutions in a challenging economic context
 - Strict management of operations

€214m adj. net income

- Representing **€2.87** per share

€3,270m net debt
(incl. hybrid bonds)

- Recurring cash flow of **€132m**, reflecting the usual Q2 seasonality and higher capex in line with the Group's guidance
- Net debt representing 2.2x LTM EBITDA

Making progress in our strategic priorities

Acquisition of
**Dow flexible packaging
laminating adhesives**



Ramp-up of
organic projects



H1'24 highlights

Delivering our roadmap
in **EV batteries**



Significant achievements
toward more
sustainable operations



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**

A **unique opportunity** to become a technological and commercial **partner of choice** in the flexible packaging market

Key figures

US\$150m

Enterprise value
(~10x EBITDA 2024F)

US\$50m

Implementation costs and CAPEX over the next 3 years

US\$30m

Synergies in EBITDA within 5 years

EV/EBITDA < 4

After 5 years
(including synergies, recovery of the market and growth)

1. Proposed acquisition announced on 2 May 2024, subject to the approval of certain antitrust authorities. Closing expected in Q4 2024

Organic projects in cutting-edge technologies to drive future growth

PVDF

Expansions
(China, France)

Batteries, semicon

UV curing resins

Doubling capacity
(China)

*New energies,
electronics, 3D printing*

Pebax®

Expansion
(France)

*Consumer goods,
sustainable lifestyle*

Bio-based PA11

New units
(Singapore, China)

*Consumer goods,
sustainable lifestyle,
mobility*

Fluorospecialties

HF with Nutrien (US)

HFO 1233zd (US)

*Energy efficiency,
batteries*

2023

2024

EBITDA contribution in 2024

c. + €60m

vs 2023

Delivering our roadmap in EV batteries

Stake acquisition in Tiamat

January 2024

Pioneer in new generation
sodium-ion batteries



Partnership with ProLogium

May 2024

Taiwanese technology leader in
lithium ceramic batteries



Acquisition of 78% stake in Proionic

June 2024

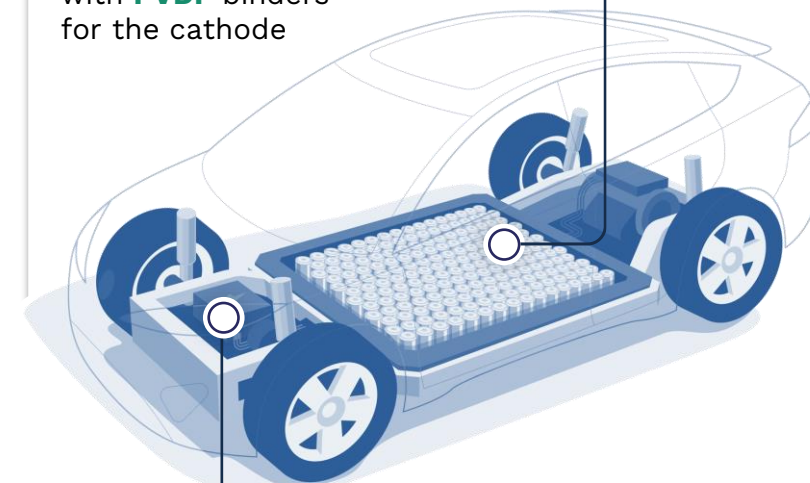
Pioneer in the field of
ionic liquids for **solid batteries**



Leveraging the One Arkema offer

- New **Incellion™** range of waterborne acrylic based binders for the anode
- Synergistic combination with **PVDF** binders for the cathode

Cell



- **PA11** coating for busbars

Pack

- Thermally conductive adhesive (**Polytec PT** range)

Significant achievements toward more sustainable operations

Commitment with Act4nature

May 2024

New engagements to map and reduce our impacts on biodiversity

Upstream

Reduce major impacts of our raw materials

Direct operations

Understand and act on our sites' impact
Deploy a biodiversity culture internally

Downstream

Assess the biodiversity footprint of our products

Reinforced objectives

in COD emissions, GHG emissions
and water withdrawals

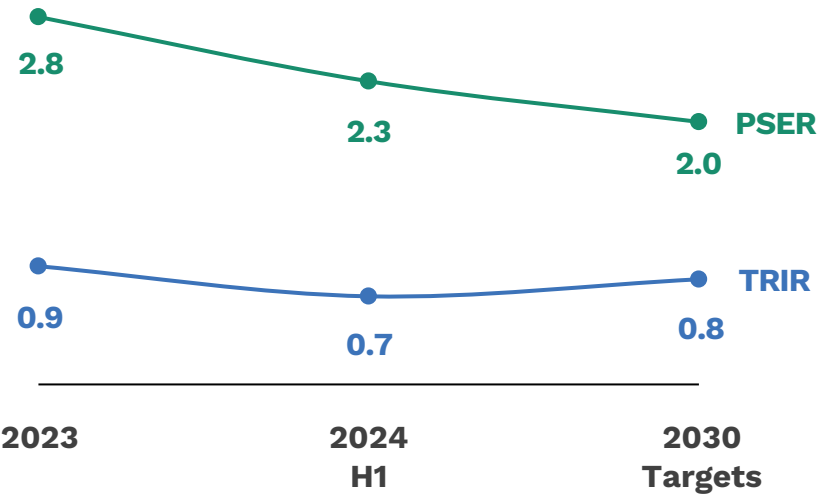


Decarbonizing the global coating value chain

- 4 new Coating Solutions sites certified **Mass Balance ISCC+** in H1 2024
- In addition to Carling (certified end 2022)

Improving safety performance

Rates per million hours worked





Detailed Q2 Results

01/08/2024

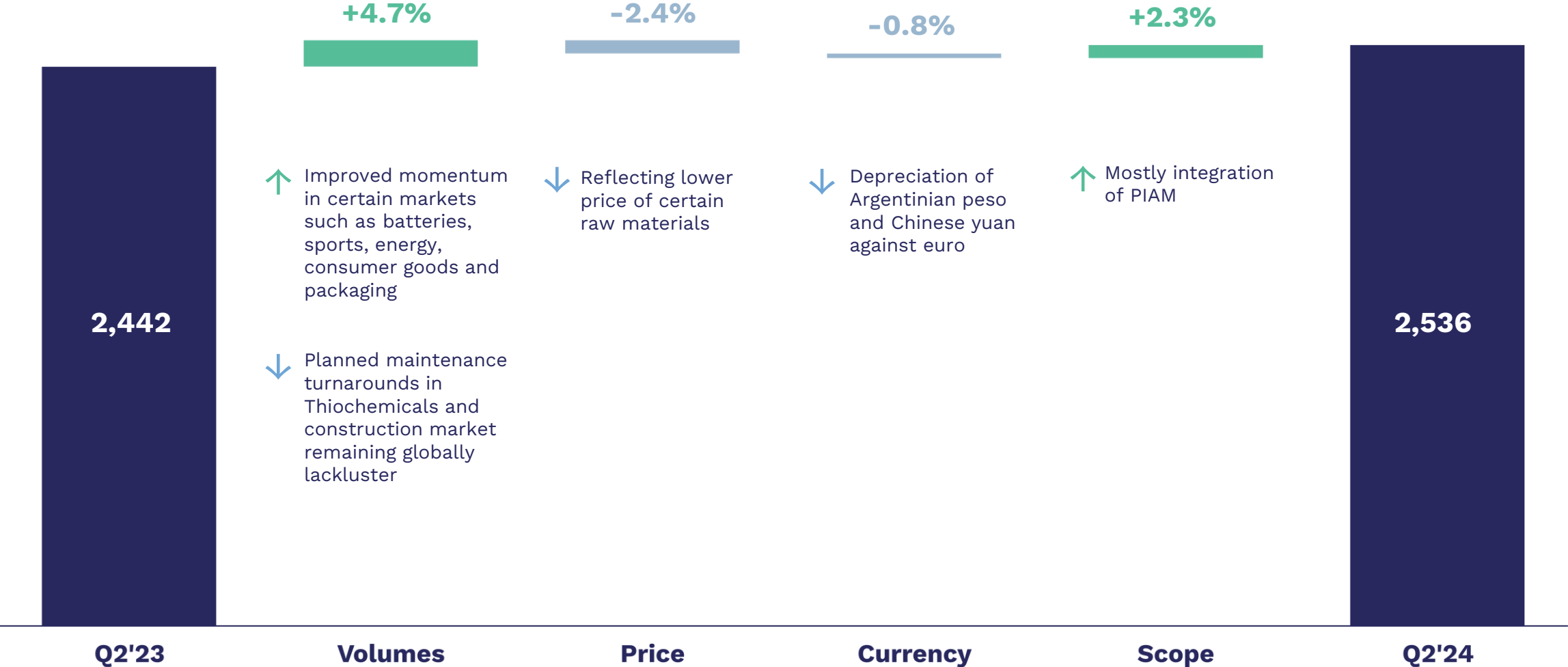
Key figures

in €million

	Q2'24	Q2'23	Change	H1'24	H1'23	Change
Sales	2,536	2,442	+3.8%	4,877	4,966	-1.8%
EBITDA	451	417	+8.2%	801	784	+2.2%
Specialty Materials	390	368	+6.0%	732	715	+2.4%
Intermediates	84	69	+21.7%	123	118	+4.2%
Corporate	-23	-20		-54	-49	
EBITDA margin	17.8%	17.1%		16.4%	15.8%	
Specialty Materials	17.2%	16.6%		16.5%	15.8%	
Intermediates	33.1%	32.5%		29.9%	27.4%	
Recurring operating income (REBIT)	302	285	+6.0%	504	519	-2.9%
REBIT margin	11.9%	11.7%		10.3%	10.5%	
Adjusted net income	214	207	+3.4%	352	369	-4.6%
Net debt (incl. hybrid bonds)	3,270	2,645		3,270	2,645	

Sales growth in a still subdued demand environment

Sales in €million

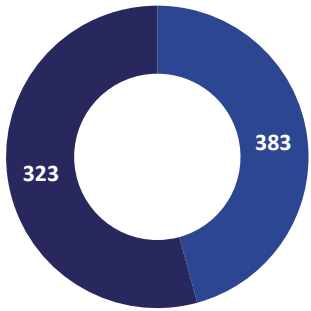


Adhesive Solutions (28% of Group sales in Q2'24)

Key figures

in €m	Q2'24	Q2'23	Change	H1'24	H1'23	Change
Sales	706	692	+2.0%	1,386	1,390	-0.3%
EBITDA	109	95	+14.7%	214	188	+13.8%
EBITDA margin	15.4%	13.7%		15.4%	13.5%	
REBIT	88	75	+17.3%	170	147	+15.6%

Q2'24 Sales
by Business Line



■ Construction & Consumer
■ Industrial Assembly

Sales development

Volumes	——	+5.1%
Prices	——	-2.9%
Currency	——	-0.9%
Scope	——	+0.7%

Highlights Q2'24

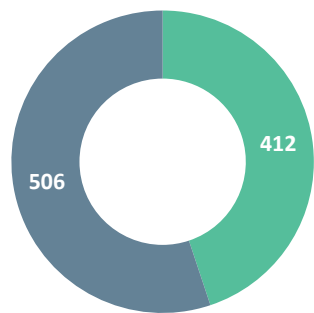
- **Volumes up 5.1% YoY**
 - Supported by industrial adhesives, in particular in durable goods, packaging and labelling
 - Construction stabilizing at a low level in a challenging market environment
- **Prices down 2.9% YoY**, reflecting the lower price of certain raw materials
- **EBITDA sharply up by 14.7% YoY and EBITDA margin improvement to 15.4%**
 - Successful integration of recent acquisitions and development of associated synergies
 - Active pricing management and cost control
 - Development of high-performance solutions

Advanced Materials (36% of Group sales in Q2'24)

Key figures

in €m	Q2'24	Q2'23	Change	H1'24	H1'23	Change
Sales	918	912	+0.7%	1,796	1,849	-2.9%
EBITDA	190	185	+2.7%	352	345	+2.0%
EBITDA margin	20.7%	20.3%		19.6%	18.7%	
REBIT	103	117	-12.0%	183	210	-12.9%

Q2'24 Sales by Business Line



■ High Performance Polymers
■ Performance Additives

Sales development

Volumes	—	-1.0%
Prices	—	-2.8%
Currency	—	-1.2%
Scope	—	+5.7%

Highlights Q2'24

→ Volumes down 1.0% YoY

- Impacted by planned maintenance turnarounds in Thiochemicals
- Supported by positive momentum in High Performance Polymers in Asia, notably in the battery, energy, medical and sport markets

→ Prices down 2.8% YoY, reflecting mainly the lower price of certain raw materials

→ EBITDA up 2.7% YoY and EBITDA margin at a very good level at 20.7%

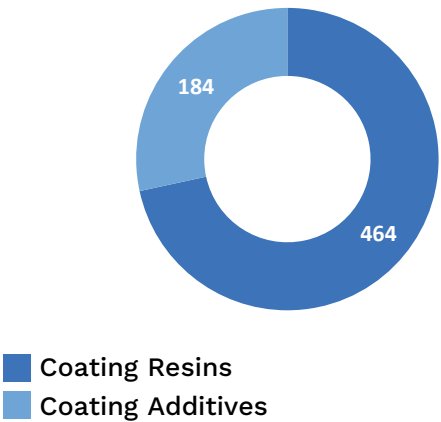
- Progressive contribution of organic projects
- Integration and ramp-up of PIAM
- Performance Additives down relative to last year's high comparison base, in line with the drop in volumes

Coating Solutions (26% of Group sales in Q2'24)

Key figures

in €m	Q2'24	Q2'23	Change	H1'24	H1'23	Change
Sales	648	617	+5.0%	1,263	1,278	-1.2%
EBITDA	91	88	+3.4%	166	182	-8.8%
EBITDA margin	14.0%	14.3%		13.1%	14.2%	
REBIT	61	58	+5.2%	105	121	-13.2%

Q2'24 Sales by Business Line



Sales development

Volumes	+10.4%
Prices	-5.9%
Currency	+0.5%
Scope	-

Highlights Q2'24

- **Volumes up by a very strong 10.4% YoY**
 - Driven by downstream activities, particularly in industrial coatings, electronics and renewable energy
 - Higher volumes in upstream acrylics, notably in Europe
- **Prices down 5.9% YoY**
 - Year-on-year decrease of certain raw materials
 - Less favorable market conditions in upstream acrylics
- **EBITDA up 3.4% YoY and EBITDA margin at 14.0%**
 - Higher volumes in downstream activities
 - Contribution of Sartomer’s organic project in China
 - Growth initiatives focused on more sustainable and value-added solutions

Intermediates (10% of Group sales in Q2'24)

Key figures

in €m	Q2'24	Q2'23	Change	H1'24	H1'23	Change
Sales	254	212	+19.8%	412	430	-4.2%
EBITDA	84	69	+21.7%	123	118	+4.2%
EBITDA margin	33.1%	32.5%		29.9%	27.4%	
REBIT	74	57	+29.8%	103	93	+10.8%

Sales development

Volumes ——— +9.9%

Prices ——— +11.3%

Currency ——— -1.4%

Scope ——— -

Highlights Q2'24

- **Volumes up 9.9% YoY**
 - Higher demand for acrylics in China
- **Prices up 11.3% YoY**
 - Good momentum of refrigerant gases
 - Ongoing challenging market conditions for acrylics in China
- **€84m EBITDA and very good level of EBITDA margin at 33.1%**

Cash flow generation reflecting usual seasonality

in €million

	Q2'24	Q2'23	H1'24	H1'23
EBITDA	451	417	801	784
Current taxes	-54	-57	-93	-112
Cost of debt	-12	-12	-26	-28
Change in working capital and fixed assets payables ⁽¹⁾	-76	-42	-331	-285
Others	-7	-31	-10	-23
Operating cash flow	302	275	341	336
Recurring capital expenditures	-170	-130	-269	-212
Recurring cash flow	132	145	72	124
Exceptional capital expenditure	0	-5	0	-12
Non-recurring items	-15	-25	-37	-43
Free cash flow	117	115	35	69
Impact of portfolio management	-20	-69	-41	-39
Net cash flow	97	46	-6	30

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

→ **Q2'24 tax rate**
22% of REBIT (excl. exceptional items)

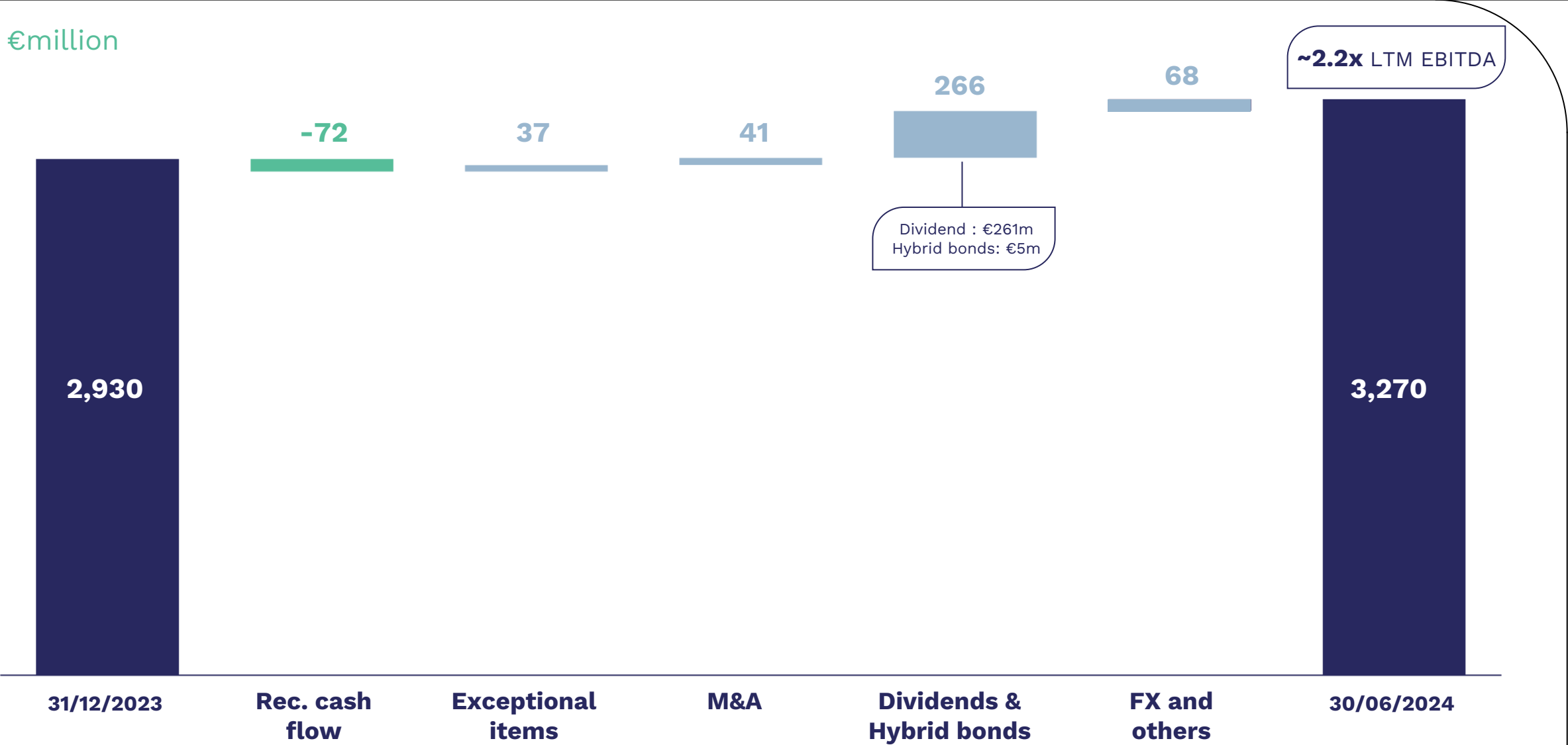
→ **Working capital**
15.7% of annualized sales at end-June 2024
(16.9% at end-June 2023)

→ **Q2'24 Portfolio management**

- Acquisition of a 78% stake in Proionic finalized on 3 June 2024
- Fees related to the acquisition of Dow flexible packaging laminating adhesives

Net debt integrating dividend payment in May

in €million



Outlook

- At the start of the third quarter the macroeconomic context remains in line with that of previous quarters, with no tangible signs of a rebound in demand.
- In this environment, Arkema will continue to focus on elements under its control, in particular the strict management of operations and the ramp-up of its major projects, which are expected to contribute around €60 million of EBITDA in 2024, of which €40 million estimated in H2'24.
- Arkema confirms its full-year guidance, tightening its range, and aims to achieve a higher EBITDA year-on-year in 2024, estimated at between €1.53 billion and €1.63 billion (€1.5bn in 2023) depending on the evolution of macroeconomic conditions (previously €1.5bn to €1.7bn). In Q3'24, the Group's EBITDA is expected to be slightly up YoY.

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