ARKEMA INNOVATIVE MATERIALS FOR A SUSTAINABLE WORLD

# Third-quarter 2024 results and highlights

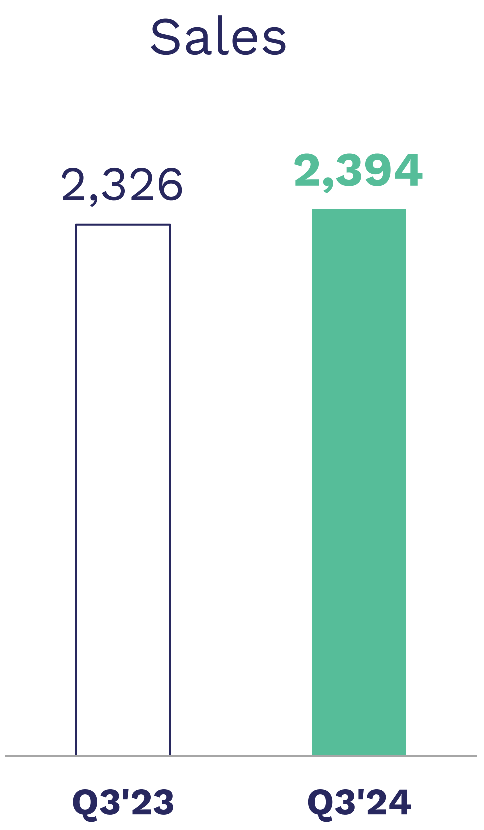
06/11/2024

# Q3'24 financial highlights

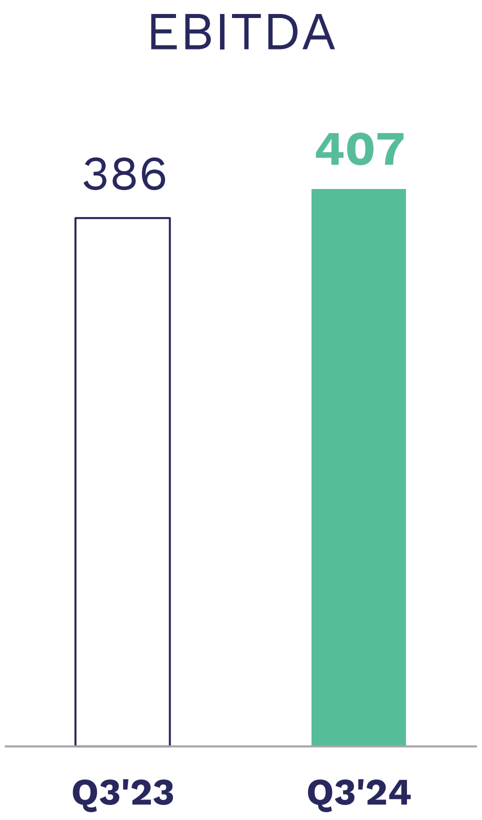
| | | |
|---|---|---|
| **€2,394m** | sales | → **Up 2.9%** *vs* Q3'23<br>• Volumes up 2.2% in an environment of global weak demand, particularly in Europe<br>• Some more buoyant markets such as energy, sports, healthcare and packaging<br>• Broadly stable price effect at a negative 0.2%, reflecting dynamic management of selling prices in a raw materials environment that has stabilized overall |
| **€407m**<br>**17.0%** | EBITDA<br>EBITDA margin | → EBITDA **up 5.4%** vs Q3'23<br>• 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<br>• Intermediates at a solid level, although down on the prior year<br>→ EBITDA margin up reaching the high level of **17.0%** (16.6% in Q3'23) and reflecting:<br>• Quality of the Arkema's positioning and technologies<br>• Group's balanced geographical footprint<br>• Strict management of operations |
| **€168m** | adj. net income | → Representing €2.25 per share |
| **€3,111m** | net debt<br>(incl. hybrid bonds) | → Net debt tightly controlled at **2.0x** LTM EBITDA<br>→ Solid recurring cash flow of **€190m** |

# Sales up and high EBITDA margin in a challenging context

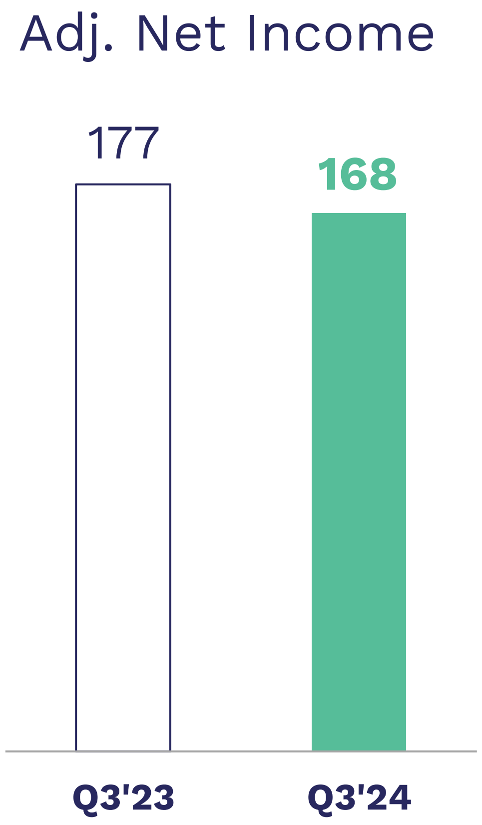
in €million



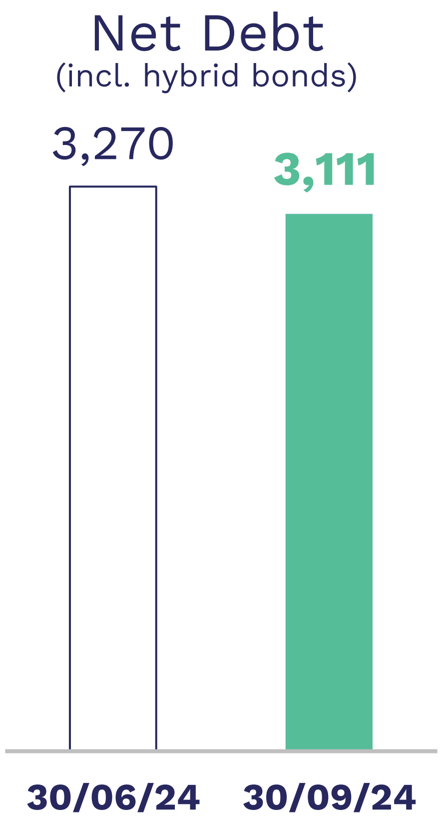

Specialty Materials 92%




Margin 17.0%



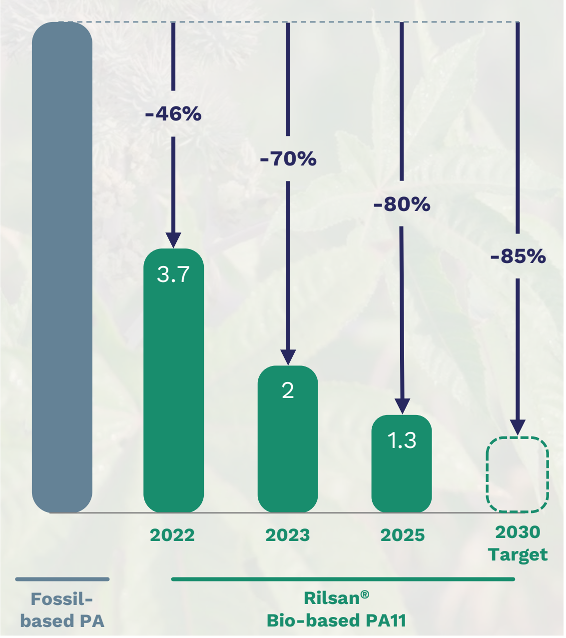

Adj. EPS €2.25




2.0x LTM EBITDA

# Further steps achieved to decarbonize our value chain

**Carbon footprint**
(kg $CO_2$e/kg)




## 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 $CO_2$e/kg**

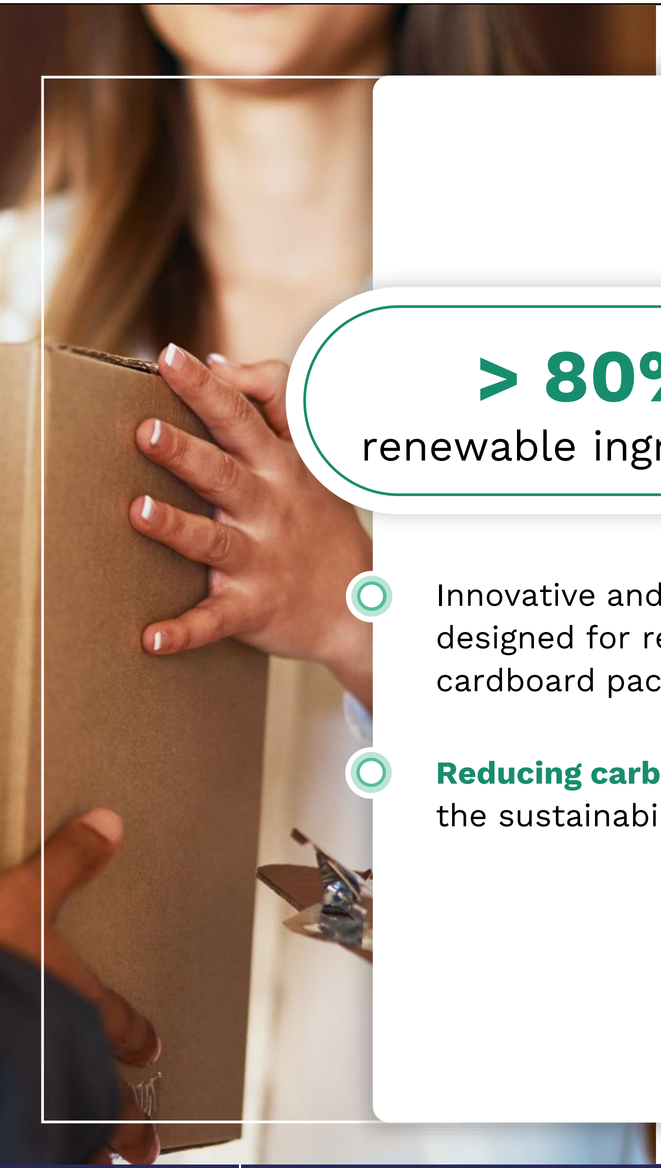
**Breakthrough in wind turbine blade recycling**

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

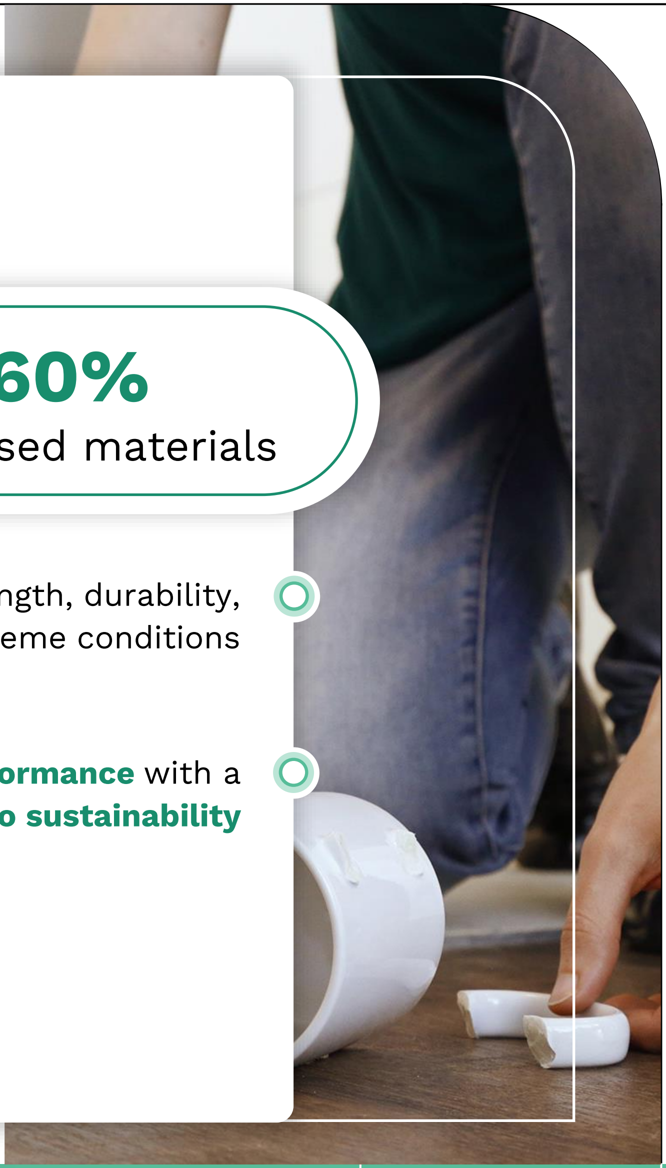
**> 80%**
renewable ingredients

- 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**



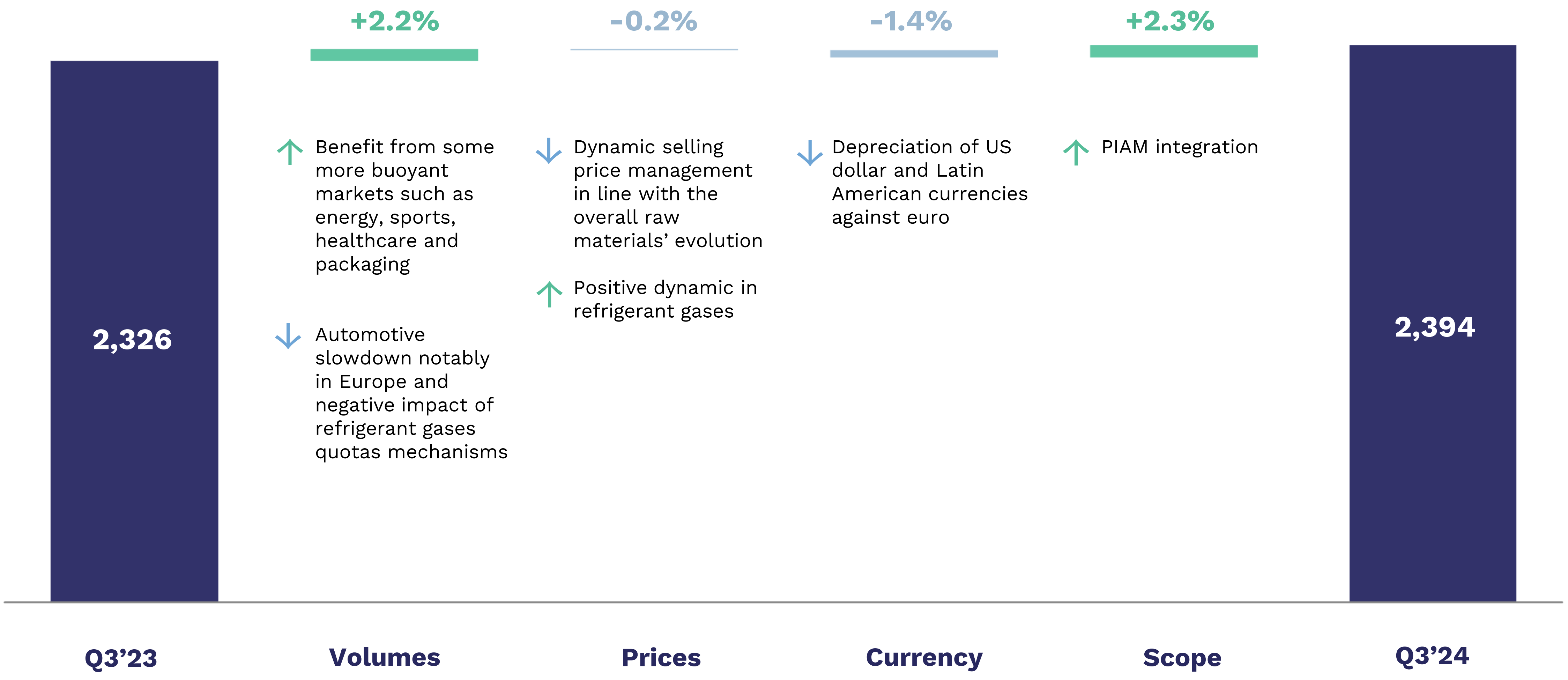
# Key figures

in €million

| | **Q3'24** | Q3'23 | Change | **9m'24** | 9m'23 | Change |
|---|---|---|---|---|---|---|
| **Sales** | **2,394** | 2,326 | +2.9% | **7,271** | 7,292 | -0.3% |
| **EBITDA** | **407** | 386 | +5.4% | **1,208** | 1,170 | +3.2% |
| Specialty Materials | **377** | 346 | +9.0% | **1,109** | 1,061 | +4.5% |
| Intermediates | **51** | 55 | -7.3% | **174** | 173 | +0.6% |
| Corporate | **-21** | -15 | | **-75** | -64 | |
| **EBITDA margin** | **17.0%** | 16.6% | | **16.6%** | 16.0% | |
| Specialty Materials | **17.2%** | 16.4% | | **16.7%** | 16.0% | |
| Intermediates | **26.7%** | 26.7% | | **28.9%** | 27.2% | |
| **Recurring operating income** (REBIT) | **246** | 246 | - | **750** | 765 | -2.0% |
| **REBIT margin** | **10.3%** | 10.6% | | **10.3%** | 10.5% | |
| **Adjusted net income** | **168** | 177 | -5.1% | **520** | 546 | -4.8% |
| **Net debt** (incl. hybrid bonds) | **3,111** | 2,419 | | **3,111** | 2,419 | |

# Sales increase in a global weak demand environment

## Sales in €million

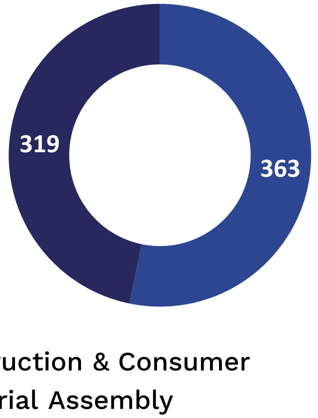


# Adhesive Solutions (29% of Group sales in Q3'24)

## 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




## 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)

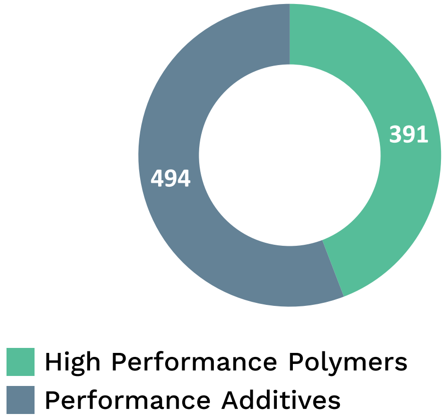
- Improved product mix toward higher value-added solutions
- Active price and cost management
- Operational excellence initiatives

# 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




## 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

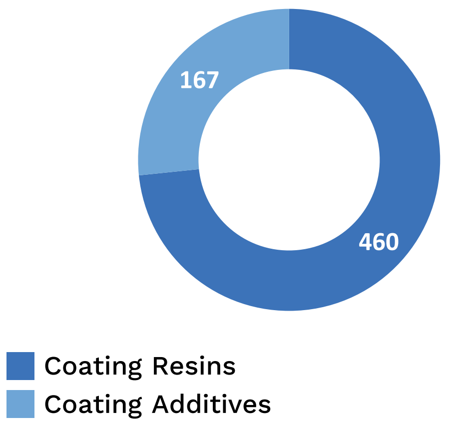
→ **EBITDA margin substantially up, reaching a very good level at 21.4%**

# 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




## 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)

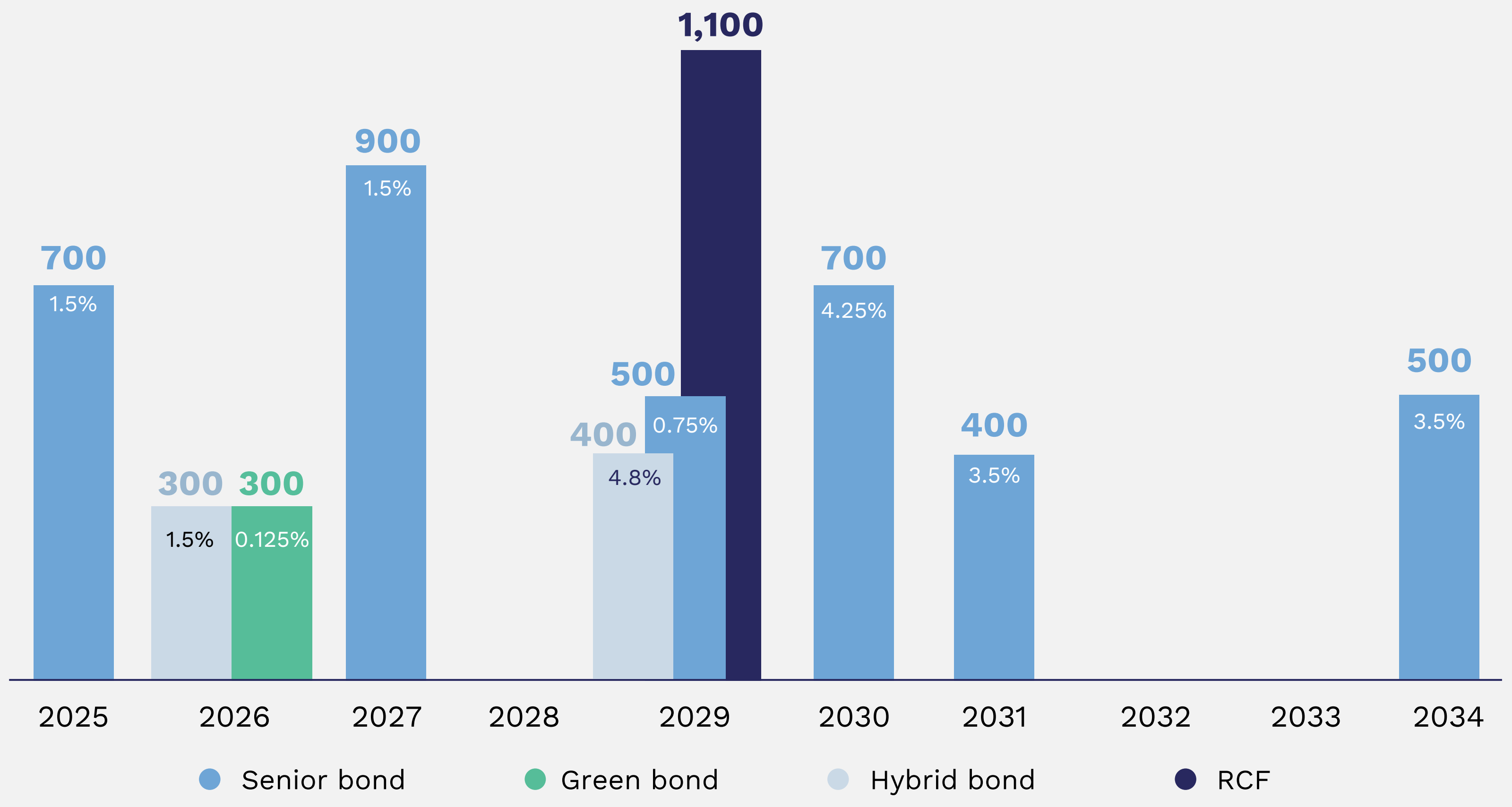
→ **Working capital**
**16.4%** of annualized sales at end-September 2024

→ **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)

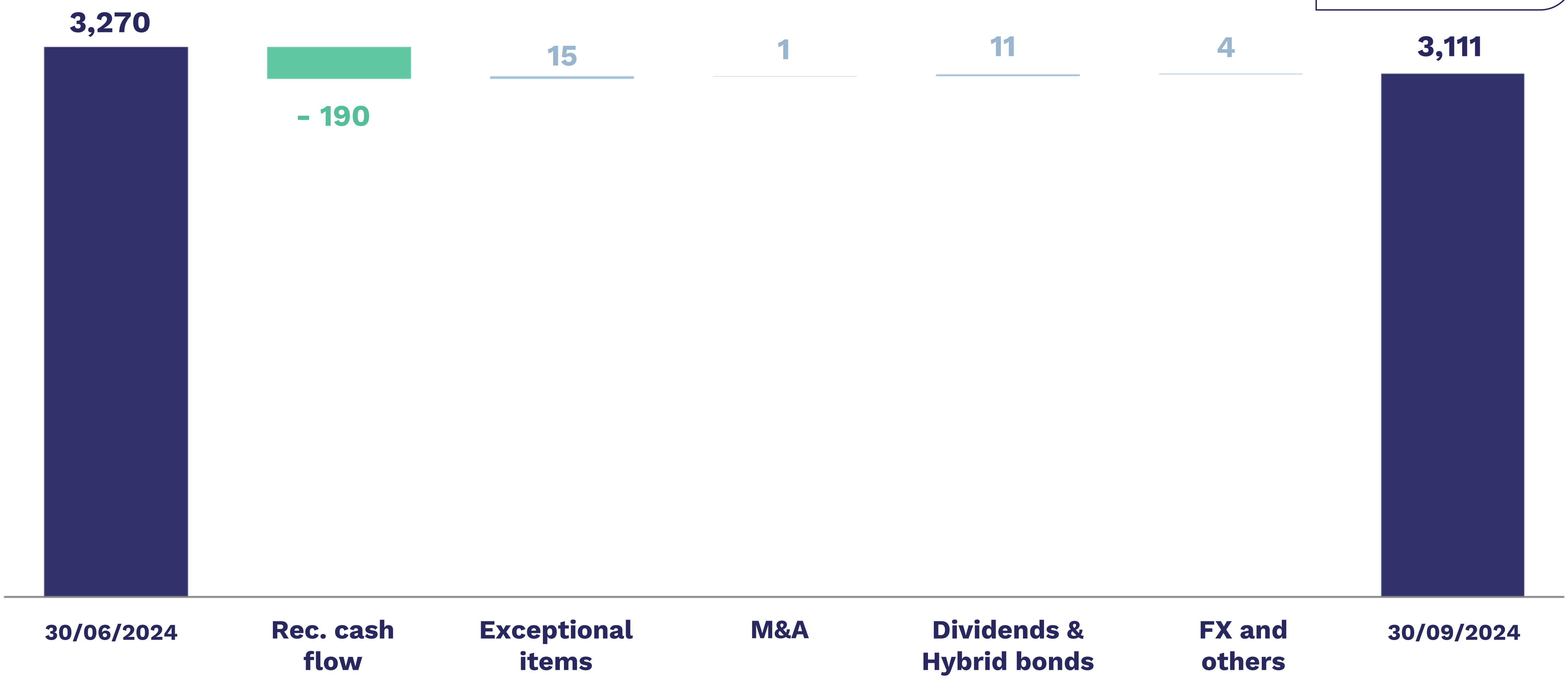



- **Average maturity** (excluding hybrids)
  **4.3 years** (at end-Q3 2024)
- **Average coupon** (excluding hybrids)
  **2.2%** (at end-Q3 2024)
- **RCF**
  **3 CSR criteria** taken into account in the Group's objectives
- **Solid financial rating**
  **Baa1** stable outlook (Moody's)
  **BBB+** positive outlook (S&P)

# Net debt tightly controlled at 2x EBITDA

in €million

**2.0x** LTM EBITDA



# FY 2024 outlook

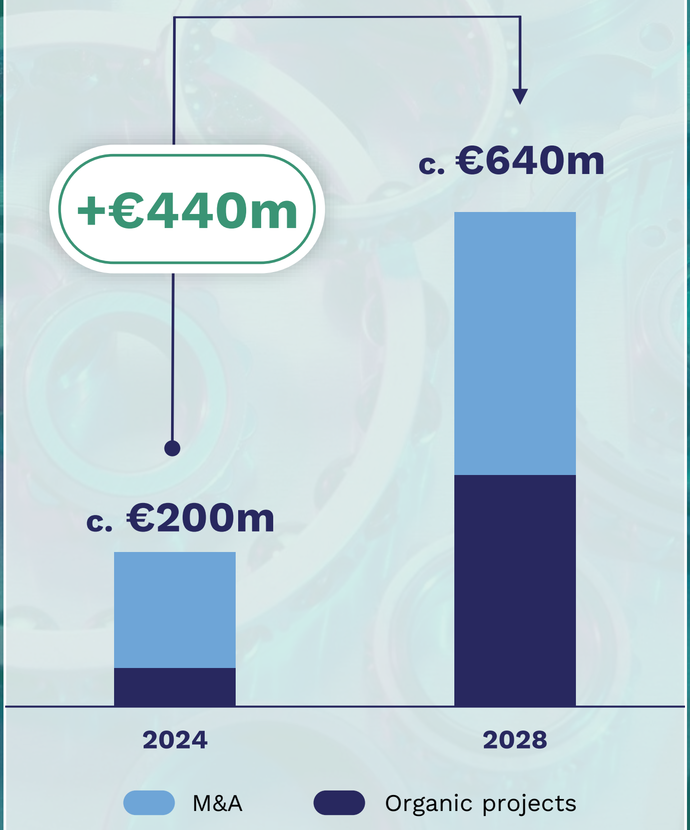
- With a still lackluster macroeconomic context expected for the rest of the year, marked by limited visibility and a continued weak demand environment, the Group will focus on strictly managing its operating costs and optimizing its working capital in line with demand

- 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

# 12 major projects generating strong additional EBITDA while being nearly fully financed

## 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

# 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