

# ARKEMA ROADSHOW PRESENTATION

SEPTEMBER 2022





# Arkema in a snapshot

Innovative materials for a sustainable world

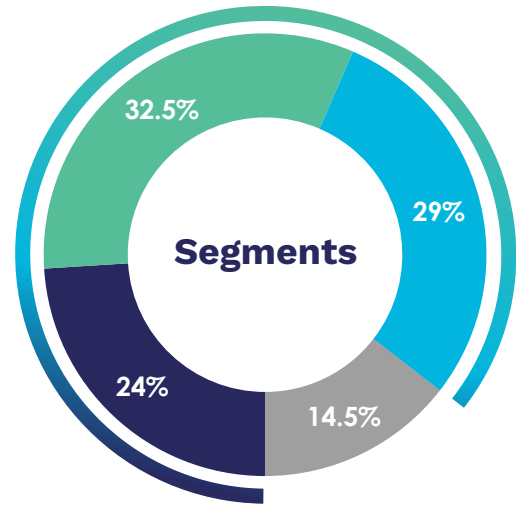
# Arkema at a glance (2021)



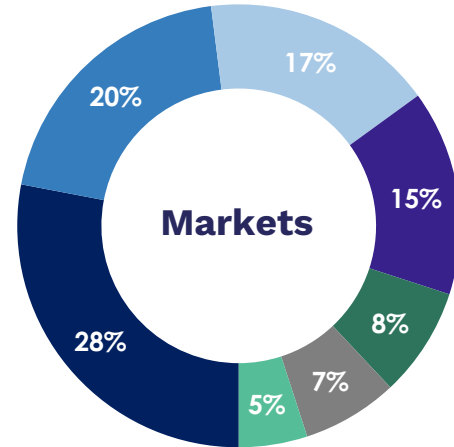
Specialty  
Materials

**85.5%**

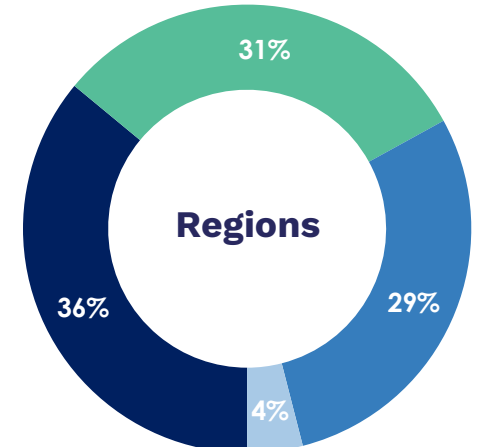
Close to **90%**  
pro forma 2021\*



- Adhesive Solutions
- Coating Solutions
- Advanced Materials
- Intermediates



- Industry
- Building & Construction
- Nutrition & Water
- Automotive & Transportation
- Paints & Coatings
- Consumer goods
- Electronics & Energy



- Europe
- North America
- Asia
- ROW

\* Including full year contribution of all M&A operations announced in 2021

**€9.5bn** sales  
**18.1%** EBITDA margin

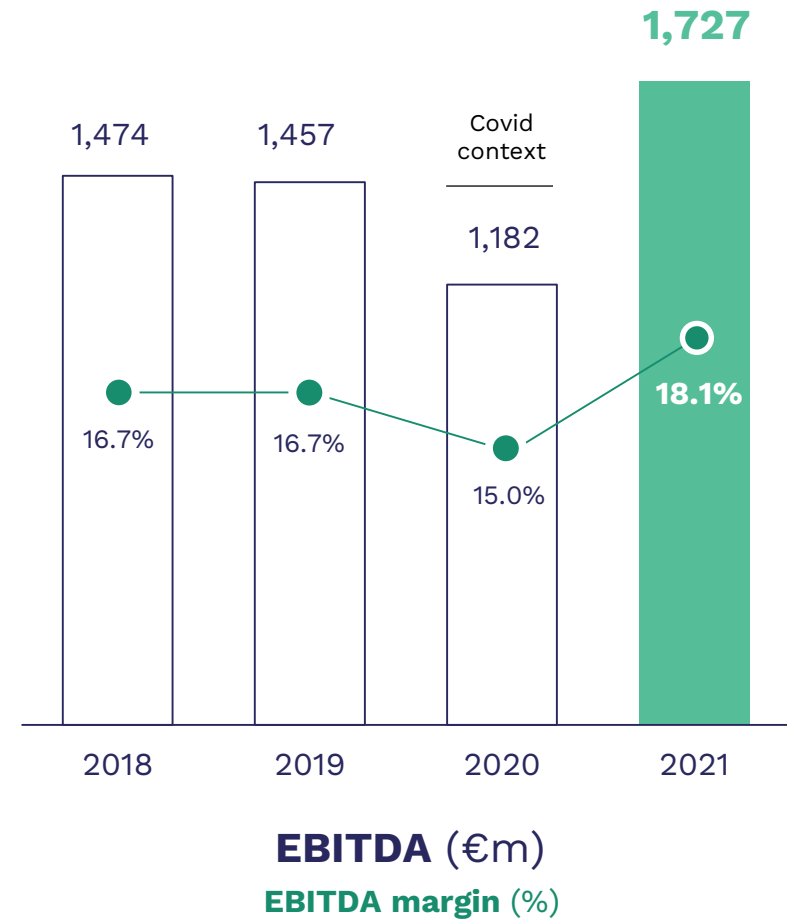
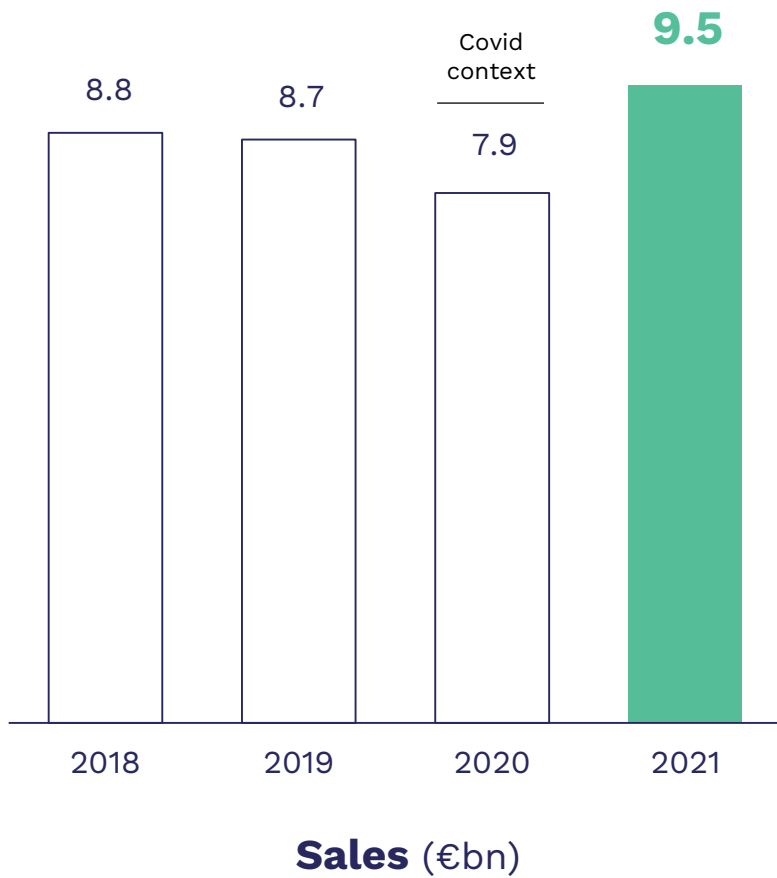
**20,200** employees  
**55** countries

**141** plants operated

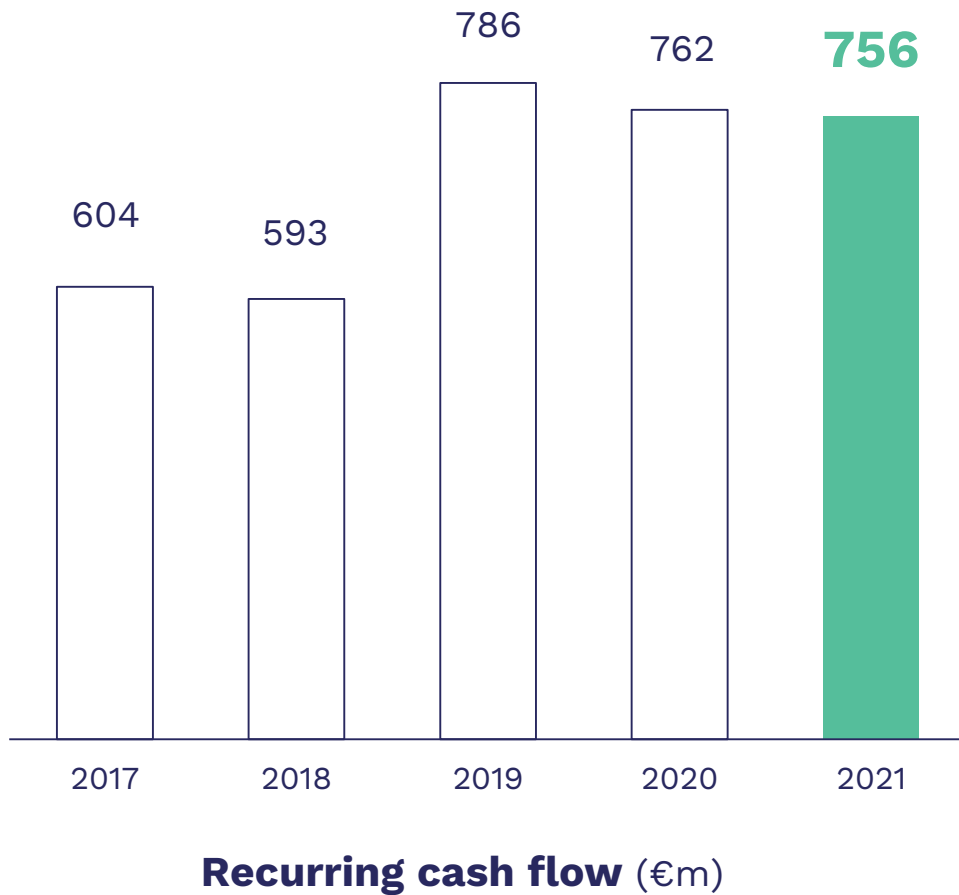
**€758m**  
capital expenditure

**2.6%** of revenues  
invested in R&D

# Excellent 2021 financial performance in a demanding context



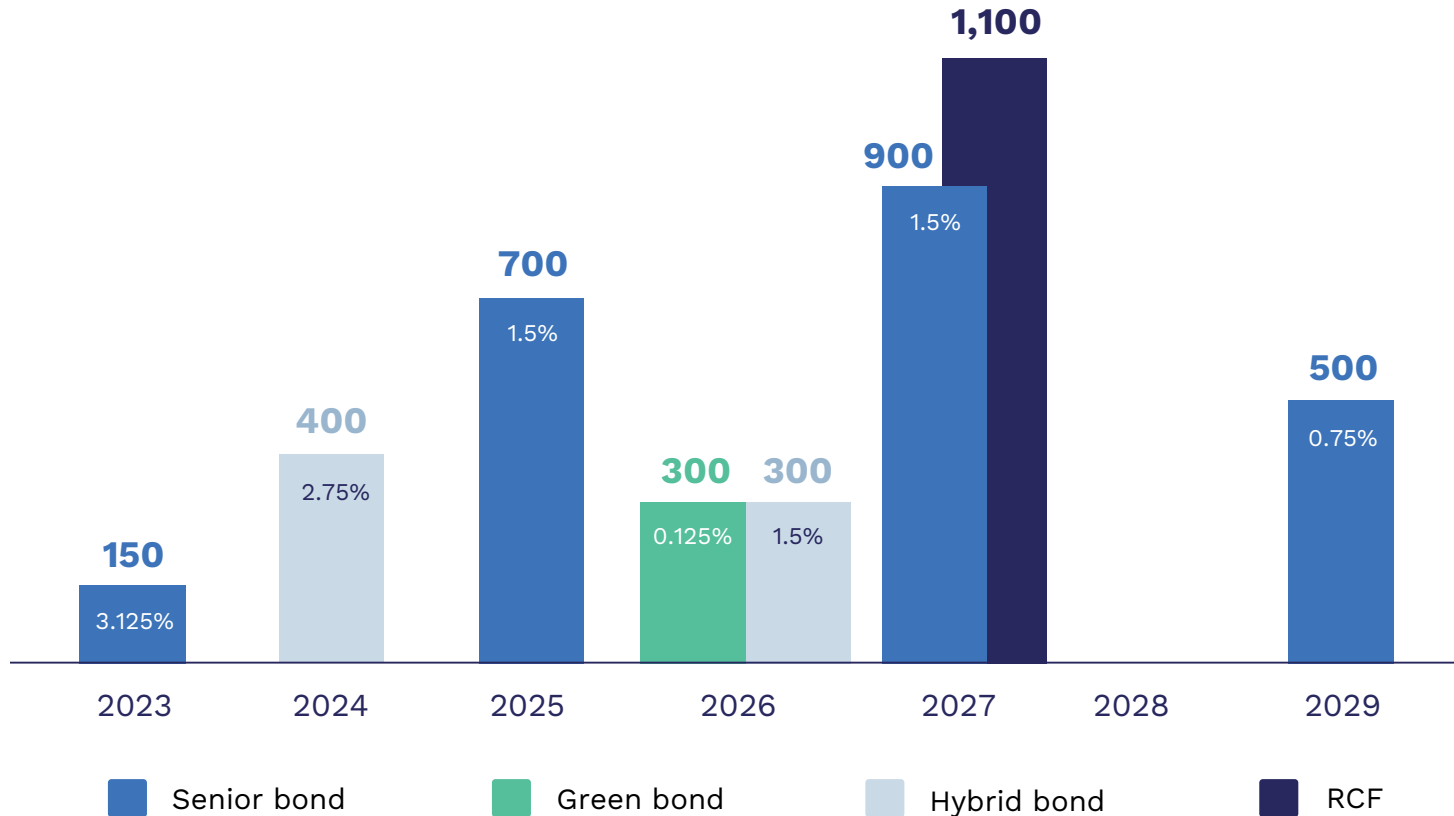
# Strong cash generation



- **EBITDA to cash conversion rate**  
**43.8%** in 2021  
In line with the long-term target of 40%
- **Tightly controlled working capital**  
**12.7%** of sales at end-December 2021
- **Recurring capital expenditure**  
**€506 m** in 2021  
Excluding the 2 major projects of PA11 in Singapore and hydrofluoric acid with Nutrien in the United States (€252 m)

# Well-established financial resources

in €m



→ **Average maturity** (excl. hybrids)

**4.4 years**

→ **RCF**

Maturity extended to **July 2027**  
(instead of July 2024)

**3 CSR criteria** taking into  
account Group's new objectives

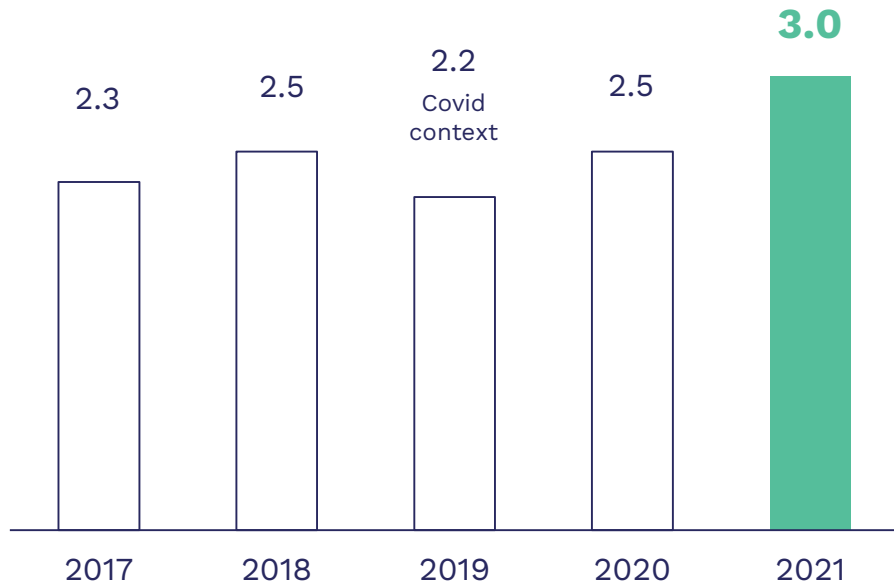
→ **Solid credit rating maintained**

**BBB+** stable outlook (S&P)

**Baa1** stable outlook (Moody's)

# Strong value creation for shareholders

## → Gradual increase in the dividend



**Dividend**  
(in €/share) per fiscal year

→ **€300m share buyback program** finalized in November 2021

→ **Share capital reduction** of 3.2% by cancelling shares in January 2022

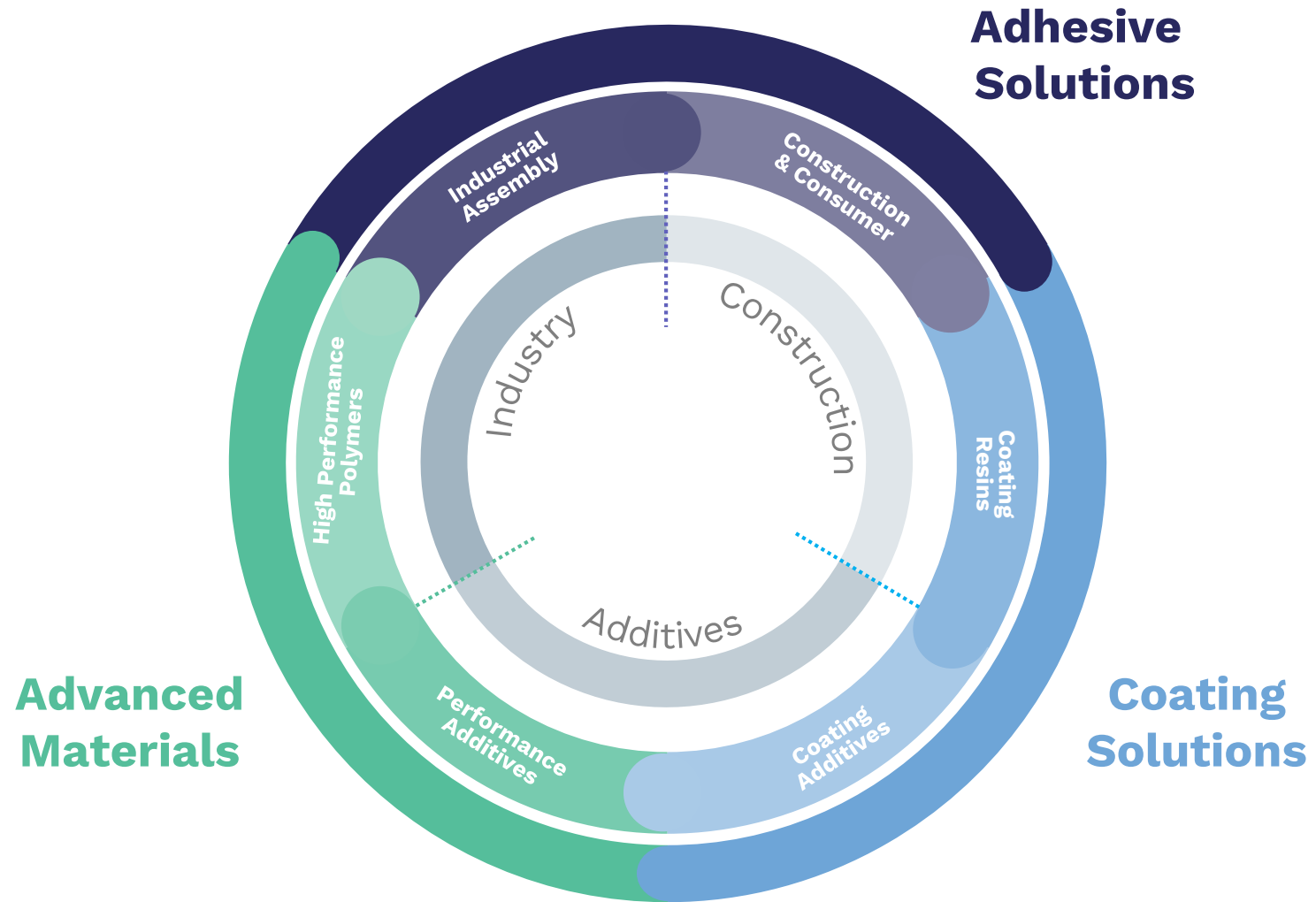




# Strategy and ambition



# Materials science at the core of our streamlined portfolio



# Our 2024 ambition

## A Specialty Materials leader



Sales of  
**€10 to €11 bn**

EBITDA margin of  
**17%**

Organic growth  
**3 to 3.5%** / year



Cash generation **> 40%**

Strict financial discipline

- Net debt (incl. hybrid bonds) on EBITDA ratio **<2x**
- Solide investment grade rating



Deconsolidation of  
the Intermediates  
segment



# A strategy supported by 4 levers



Strengthen  
Specialty Materials  
through **bolt-on  
acquisitions**

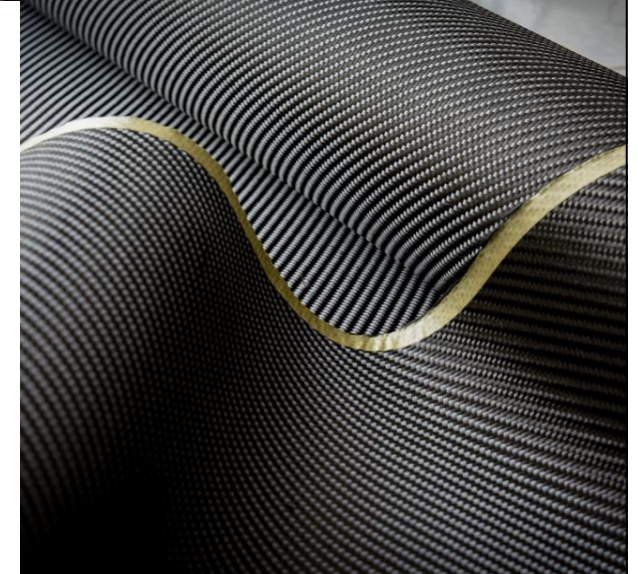


Rank among the  
best-in-class  
chemicals  
companies in  
terms of **CSR**

Accelerate  
**organic growth**  
and **sustainable  
innovation**

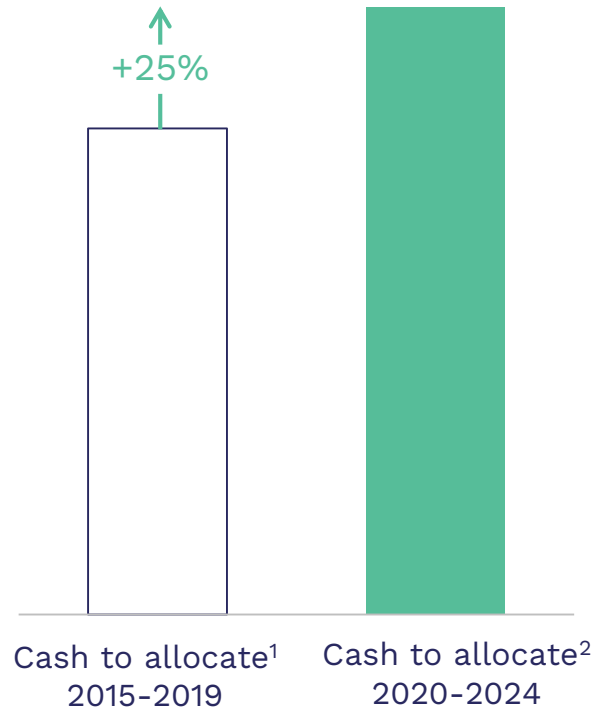


Pursue  
**operational and  
commercial  
excellence**  
initiatives

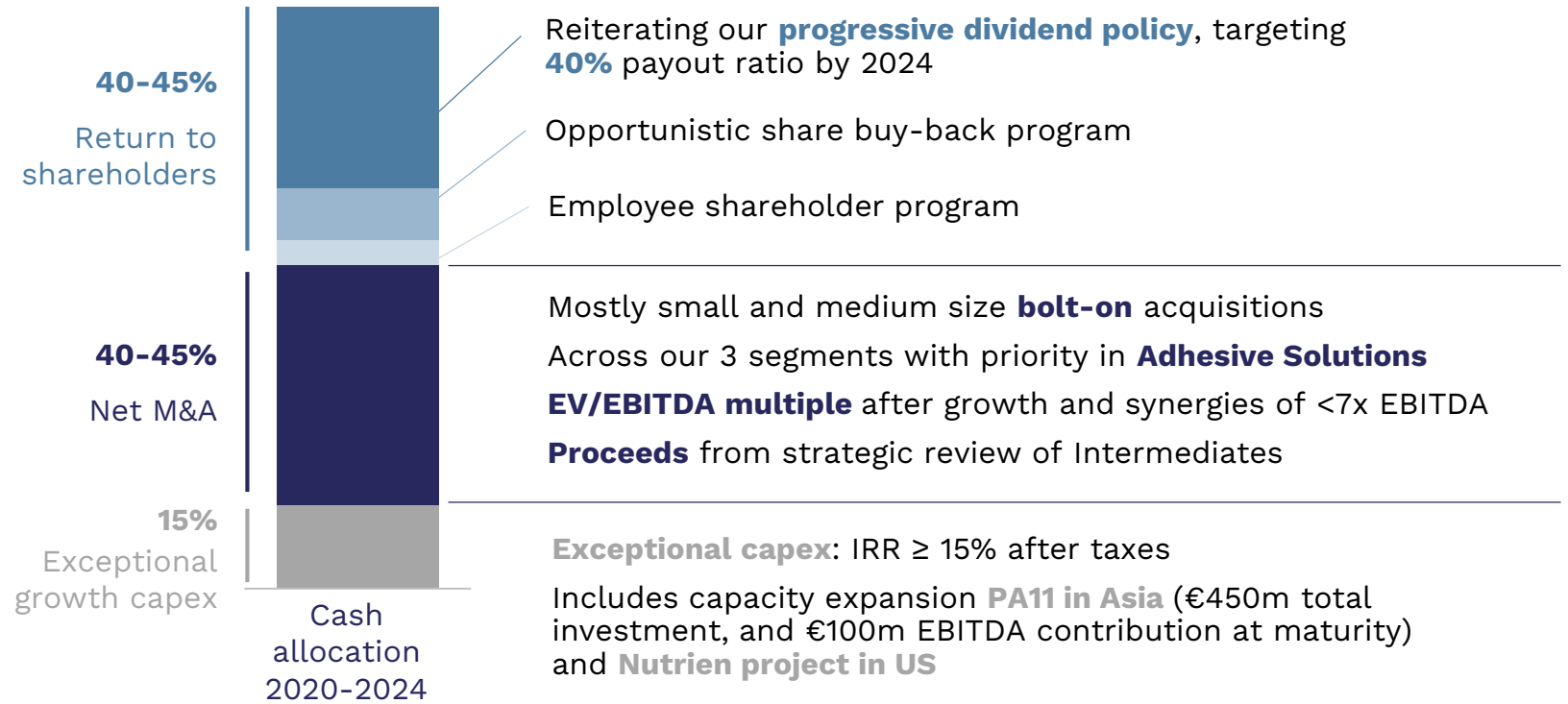


# Cash allocation priorities

Estimated cash to allocate over the 5 year plan **~€3.5bn** at constant leverage<sup>3</sup> (~1.6x)



*Subject to market conditions*



1. Cash from operations minus recurring CAPEX 2. Cash from operations minus recurring CAPEX plus additional net debt available at constant leverage 3. 1.6x net debt to EBITDA ratio incl. €700m hybrid bonds

# Strict financial discipline

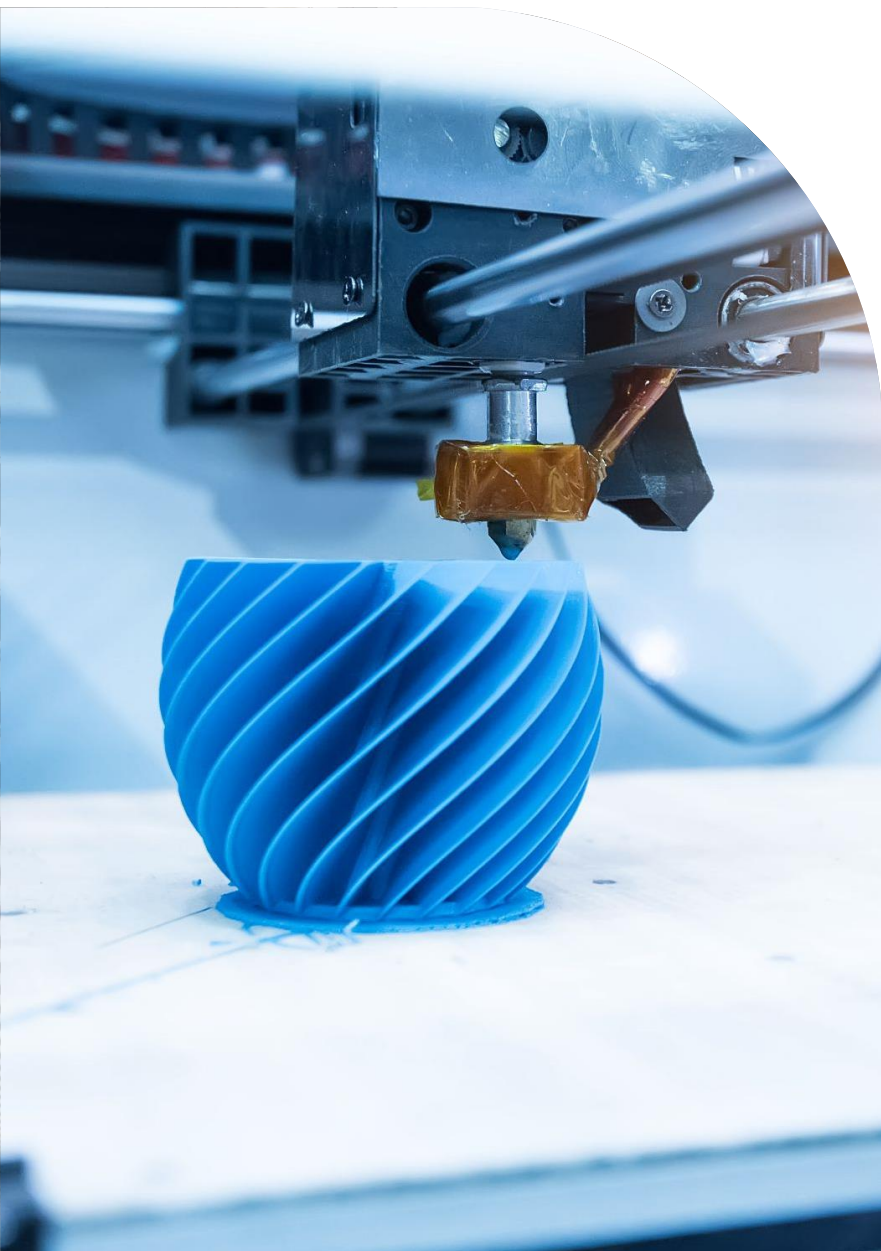
ROCE  
**>10%**

Net debt to EBITDA  
ratio **<2x**  
(Incl. hybrid bonds)

Solid  
investment  
grade rating

Recurring Capex  
**~5.5%**  
of sales

Controlled working capital  
**~14%**  
of sales

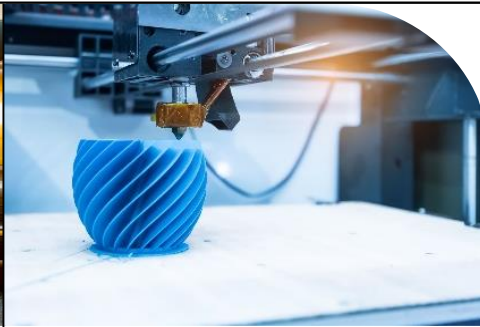


Accelerate organic  
growth and sustainable  
innovation

# Expanding opportunities from our sustainability-driven innovation



**New energies  
and clean mobility**



**Lightweight materials  
and design**



**Living comfort  
and home efficiency**



**Natural resources  
and circular economy**



**Electronics solutions**



Battery



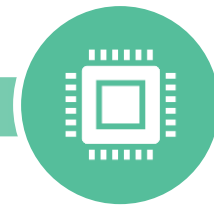
Hydrogen



Lifestyle



Home



Electronics

We expect to generate

**€1.5 bn**

of additional sales by 2030

*compared with 2019*

# Strong growth potential in clean mobility

## Batteries

€1 bn

sales in **batteries**  
by 2030

- Cathode and separators
- Electrolyte salts
- Battery pack
- Cooling line
- Cell assembly
- Sensors

- Electrolyzers
- H<sub>2</sub> tanks
- Fuel cells

## Hydrogen

A more recent roll-out with **significant growth potential**



# New strategic partnership in EV batteries

## Ultrapure LiFSI electrolyte salts production with Nippon Shokubai

### → Key component of car battery cells

- Power, stability, cycle life and recyclability enhancement
- Next generation of batteries

### → Production plant in Pierre-Bénite

- European battery value chain development
- Cutting-edge patented technology
- Pilot production line since 2021
- Launch of feasibility studies for an industrial plant starting end-2025



### Recent partnerships



Equity investment (production of high performance batteries)

**MORROW**

Development of solutions for high voltage batteries

**CNRS**  
and French universities

Development of new materials for future generations of batteries

# Increased demand for sustainable lifestyle products



## Consumer goods

Customizable & bio-based eyeglass frames

Bio-based, recyclable toys

Technical bio-based textile



## High performance sports

100% recyclable running shoes

High energy return foam outsoles for sports shoes

Bio-based ski boots



## Consumer electronics

Durable components for smartphones, tablets, TVs

Bio-based & recyclable wearable devices

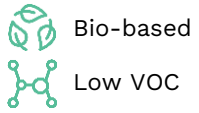


\* Source: Arkema's demand growth estimation



**Agiplast acquisition in 2021**  
to develop high performance  
polymers **recycling**

# Extended range of products for living comfort and home efficiency



Bio-based

Low VOC

**Siliporite®**

High thermal insulation  
double gazing for windows

**Kynar  
Aquatec®**

Cool roofs, eco-friendly  
alternative to air-conditioning

**Forane®  
1233zd**

Highly insulated  
foam panels



**Bostik  
solutions**

“Free from toxic”  
adhesives & sealants

**Synaqua®**

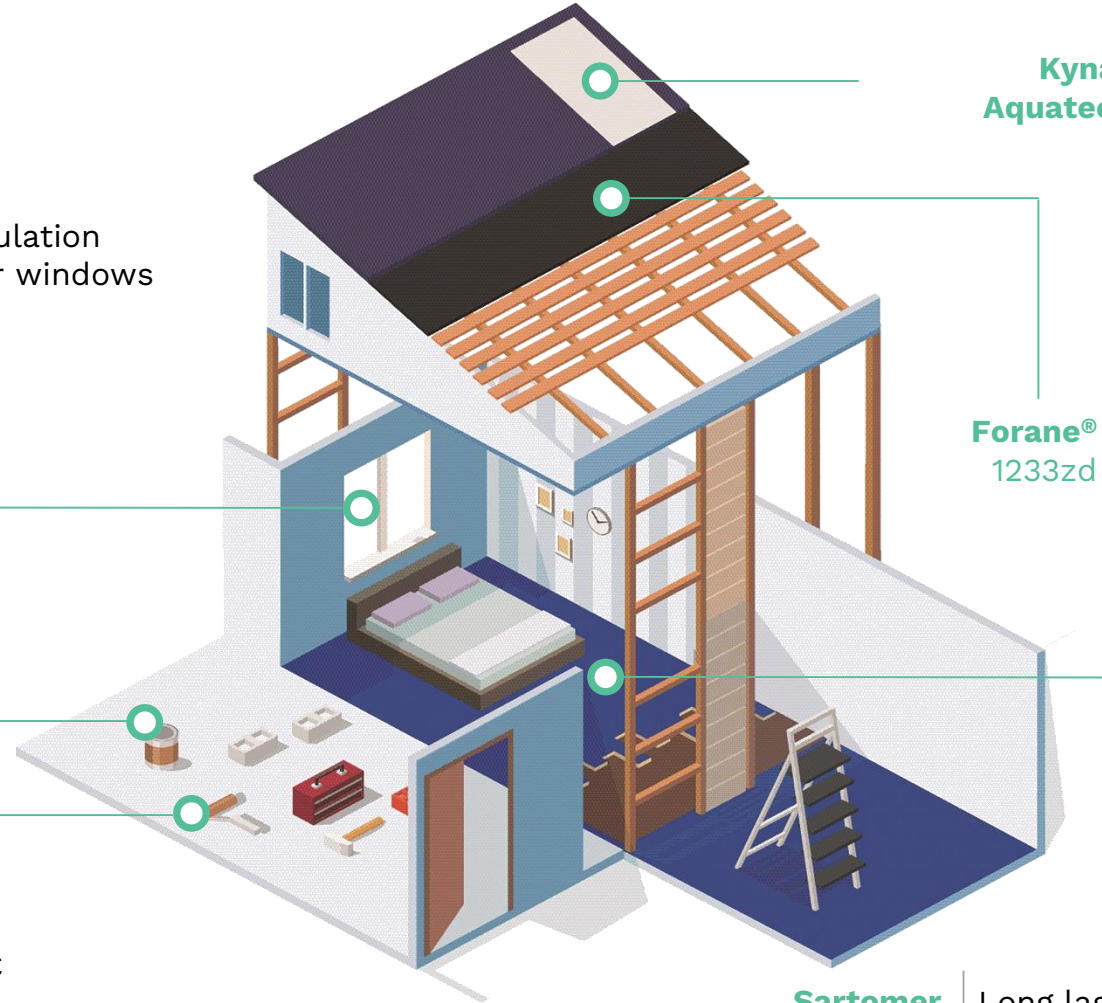


Bio-based, low VOC  
decorative paints



**Sartomer  
solutions**

Long lasting protection for  
wooden floors & surfaces



# Upcoming start-ups of our two major projects

## Rilsan<sup>®</sup> polyamide 11

**+50%** global capacity in Singapore

**New** PA11 powder resins capacity in Changshu, China (1Q'23)

**€450 m** Capex and **€100 m** EBITDA at maturity

Transportation, sports, consumer electronics, bio-textiles, 3D printing, consumer goods



Bio-based, renewable



Recyclable

## Hydrofluoric acid

**40 kT/year** supply in partnership with Nutrien in Aurora, US

**US\$150 m** investment

**20-fold** reduction of CO<sub>2</sub> emissions vs traditional processes

Batteries, electronics, water treatment



Less emissive

# Ongoing high return expansions to capture sustainable growth

				 Bio-based, renewable   Recyclable   Solvent-free   Less emissive
<p><b>Kynar® PVDF</b></p> <p><b>+50%</b> capacity in Changshu, CN (end-2022)</p> <p><b>+50%</b> capacity in Pierre-Bénite, FR (Q1'23)</p>	<p><b>Forane®</b></p> <p><b>15 kt/yr</b> 1233zd capacity in Calvert City, US (end-2023)</p>	<p><b>Sartomer®</b></p> <p><b>+100%</b> photocure resins capacity in Nansha, CN (H2'23)</p>	<p><b>Pebax®</b></p> <p><b>+25%</b> global capacity in Serquigny, FR (mid-2023)</p>	
		 		
<p>Li-ion batteries, water filtration, specialty coatings, electronics</p>	<p>Buildings' thermal isolation, battery thermal management</p>	<p>Electronics, renewable energy</p>	<p>Sports, consumer goods</p>	



Strengthen  
Specialty Materials  
through bolt-on  
acquisitions

# Integration of recent acquisitions to bolster Adhesive Solutions

## Ashland Performance Adhesives



- First-class leader in high performance adhesives in the United States
- ~US\$360m sales in 2021
- Finalized on 28 February 2022

## Permoseal (South Africa)

- Adhesive solutions for DIY, packaging and construction
- €43m sales in 2021
- Finalized on 1 July 2022



## Poliplas (Brazil)

- Hybrid technology sealants and adhesives for construction
- ~€10m sales in 2020
- Finalized on 1 March 2021

## PMP (China)

- Hot-melt adhesives for the consumer electronics market
- >€1m annual sales
- Finalized on 1 April 2022

## Edge Adhesives (Texas)

- High performance adhesives for residential construction
- \$12m annual sales
- Finalized on 1 June 2021

# High value-added acquisition reinforcing the downstream of CS segment



## Polimeros Especiales SA (Mexico)

### Leading player in solvent-free waterborne acrylic resins

Waterborne is one of Arkema's key-solvent free technologies together with powder resins, as well as UV/LED/EB and high-solid systems

- ~US\$40m sales in 2021 and 230 employees
- Architectural & decorative paints, textiles, pressure sensitive adhesives
- In line with Arkema's strategy to expand its Coating Solutions segment in growing markets and low-VOC solutions
- Finalized on 1 September 2022





Rank among the  
best-in-class chemicals  
companies  
in terms of CSR

# Arkema Corporate Social Responsibility policy



## Our 3 commitments

<p><b>Deliver sustainable solutions driven by innovation</b></p>	<p><b>Manage our activities as a responsible manufacturer</b></p>	<p><b>Cultivate an open dialogue and close relations with our stakeholders</b></p>
<ul style="list-style-type: none"> <li>→ Responsible product stewardship</li> <li>→ Solutions addressing social challenges provided by 5 innovation platforms:                             <ul style="list-style-type: none"> <li>• New energies</li> <li>• Natural resources management</li> <li>• Living comfort &amp; home efficiency</li> <li>• Lightweight materials &amp; design</li> <li>• Electronics solutions</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>→ Safety of people and processes</li> <li>→ Health</li> <li>→ Climate</li> <li>→ Resources management</li> <li>→ Environment</li> </ul>	<ul style="list-style-type: none"> <li>→ Ethics</li> <li>→ Human rights</li> <li>→ Diversity &amp; inclusion</li> <li>→ Employee development</li> <li>→ Responsible value chain</li> <li>→ Corporate citizenship</li> </ul>



# Recognized non-financial performance

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

→ **3<sup>rd</sup> place in DJSI World 2021**

« Chemicals » category

CSA score by S&P Global : **82**



Rating : **A**



**B** for climate change



Among the best performing **1%** in the sector



# V.E

**Superior percentile**  
across all sectors

Score : **67**



**ISS ESG**

**1<sup>st</sup> decile** (global)

(Sept 2021)

## CAC 40<sup>®</sup> ESG

Inclusion in the new Euronext index (2021)

# Ongoing development of our 3 CSR structuring programs

## Archimedes program

Moving toward higher positive impact

### ImpACT+ target

**65%** of our sales significantly contributing to UN SDGs **by 2030**

**51% in 2021**<sup>1</sup> (50% in 2020)

(1) Portfolio Sustainability Assessment on 85% of sales assessed in 2021 and 72% in 2020

## Circular Economy

A sustainable resource management

### Life Cycle Analysis target

**50%** of our sales covered by a Life Cycle Analysis **by 2024**

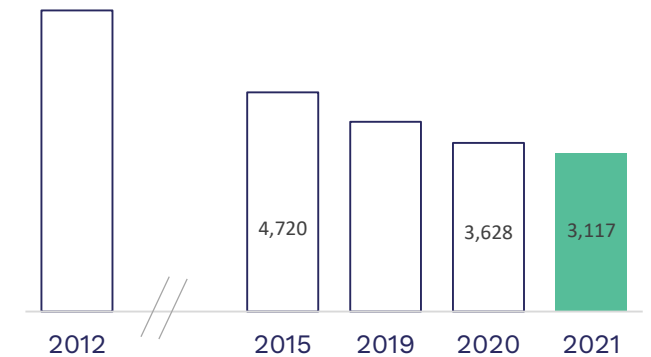
**27% in 2021** (22% in 2020)

## Climate Plan

Contain global warming

### Commitment to Paris agreement

Reinforced in July 2022 with a **1.5°C** trajectory

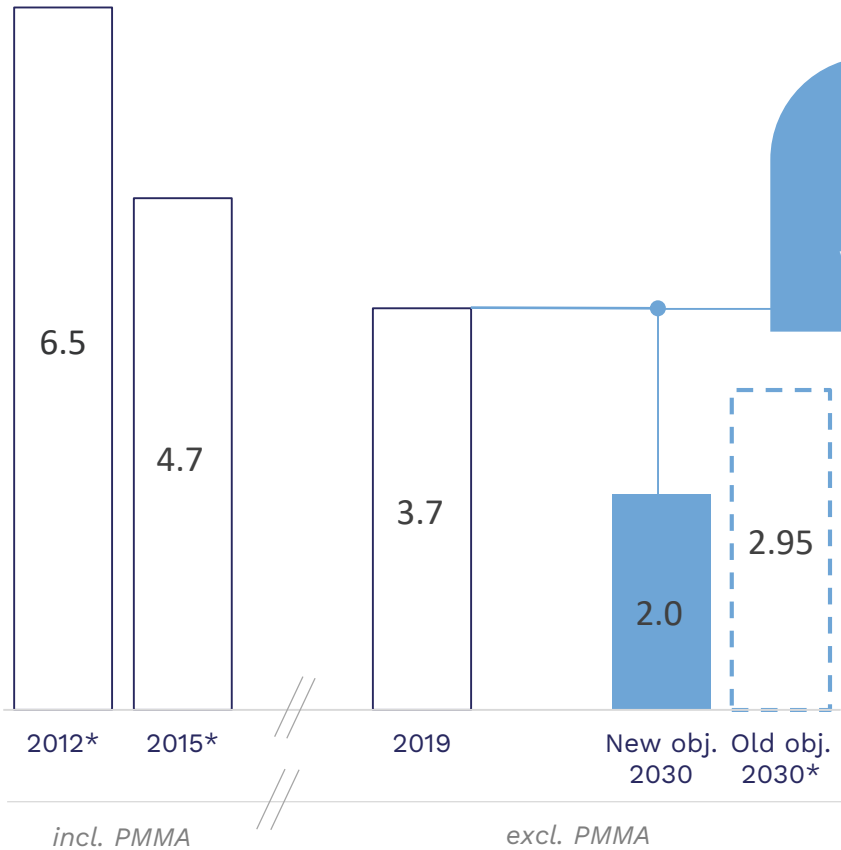


GHG emissions (scopes 1 & 2 + ODS) In kt CO<sub>2</sub> eq.

# A new, more ambitious climate plan

## Scopes 1+2

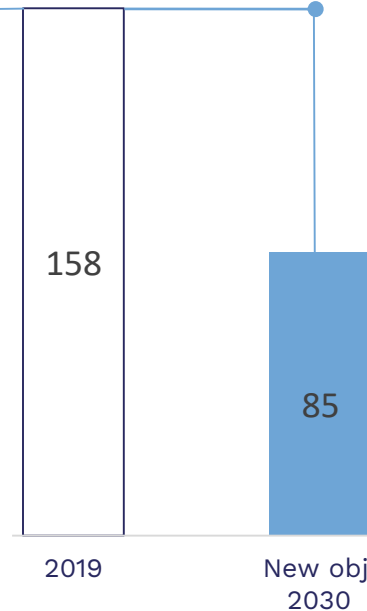
(Mt CO<sub>2</sub> eq.)



**-46%**  
in 2030  
vs 2019

## Scope 3

(Mt CO<sub>2</sub> eq.)



## 1.5°C trajectory across the full value chain

- Replacing previous commitment of a well below 2°C trajectory on scopes 1+2
- Science Based Target approach
- Commitment across full value chain

### Scopes 1+2

- Energy efficiency
- Evolution of energy mix

### Scope 3

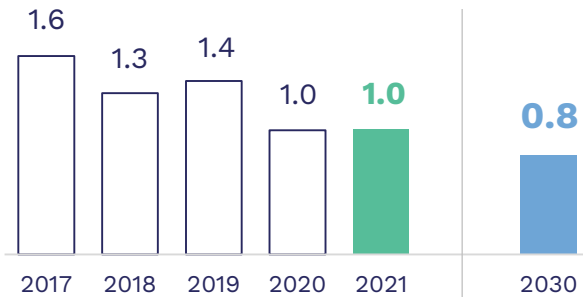
- Reduction of most emissive activities
- Innovation contributing to GHG reduction
- Commitments from suppliers on scopes 1+2

\* Including Ozone Depleting Substances (~0,25 kT in 2015)

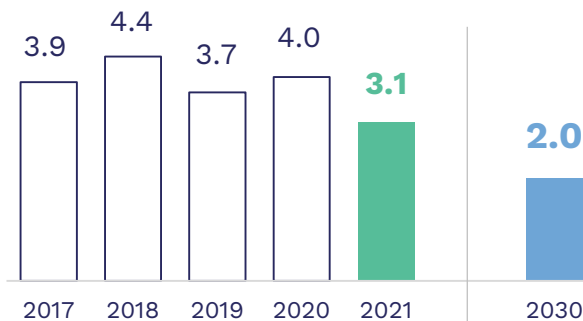
# Strengthening safety and promoting diversity

## Safety

**TRIR** (Number of accidents per million hours worked)



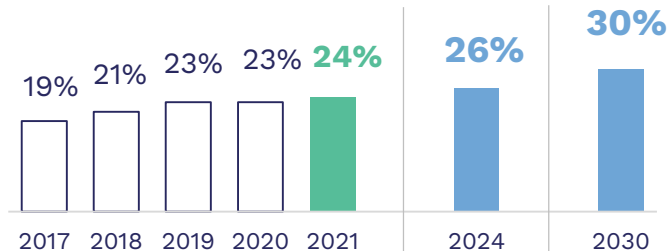
**PSER** (Process safety events rate per million hours worked)



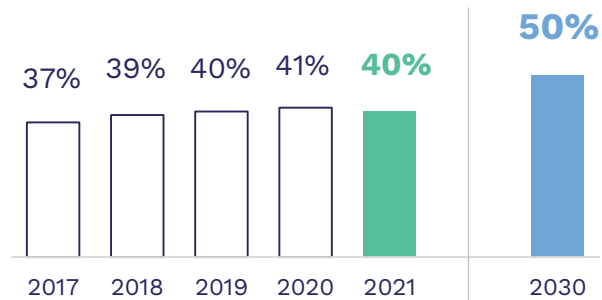
## Diversity

in senior management and executive positions

### Women



### Non-French



### ARKEMA CARES 2021

global engagement survey

**82%** of employees stating their full engagement

**TOP EMPLOYER 2022**  
in 4 countries



# Q2'22 results and outlook

Extract from “Second-quarter 2022 results and outlook” presentation  
(29 July 2022)

# Q2'22 financial highlights

**€3,184m** sales

- Up **23.2%** vs **Q2'21** at constant scope and currency
  - Benefits of new business developments in high value-added sustainable solutions
  - Selling price adjustments in the face of very significant raw materials, energy and transportation cost inflation
  - Slight decline in volumes relative to last year's high comparison base
  - Contrasting regional dynamics, robust in North America, down in Europe, and slightly positive in Asia despite China lockdowns

**€705m** EBITDA

**22.1%** EBITDA margin

- EBITDA up by a strong **47.5%** vs **Q2'21** and record EBITDA margin at **22.1%**
- Specialty Materials EBITDA up a very significant 41.8% YoY, at €600m, supported by each of the 3 segments Adhesive Solutions, Advanced Materials and Coating Solutions
- Intermediates EBITDA at €129m, benefiting notably from more favorable market conditions overall and from initiatives taken by the Group

**€443m** adj. net income

- Representing €5.99 per share

**€2,789m** net debt  
(incl. hybrid bonds)

- 1.3x LTM EBITDA
- €235m recurring cash flow, reflecting the quality of the financial performance and including an increase in working capital from higher prices and traditional seasonality

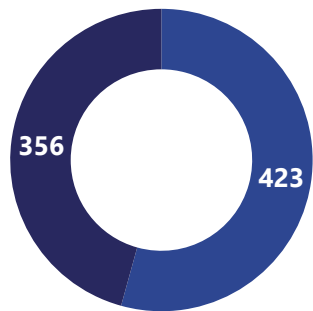


# Adhesive Solutions (25% of Group sales in Q2'22)

## Key figures

in €m	Q2'22	Q2'21	Change	H1'22	H1'21	Change
Sales	<b>779</b>	575	+35.5%	<b>1,449</b>	1,130	+28.2%
EBITDA	<b>111</b>	82	+35.4%	<b>201</b>	168	+19,6%
EBITDA margin	<b>14.2%</b>	14.3%		<b>13.9%</b>	14.9%	
REBIT	<b>92</b>	65	+41.5%	<b>165</b>	136	+21.3%

## Q2'22 Sales by Business Line



■ Construction & Consumer  
■ Industrial Assembly

## Q2'22 sales development

Volumes — -6.2%  
Prices — +17.4%  
Currency — +6.6%  
Scope — +17.7%

## Highlights Q2'22

- Sharp **price effect at +17.4% YoY**, in response to very elevated inflation of raw materials, energy and logistics costs
- **Volumes down 6.2% YoY**
  - Up strongly in the US and Asia
  - High base of comparison in Q2'21
  - Slowdown in construction and DIY in Europe
- **€111m EBITDA, up by a significant 35.4%**
  - Price adjustment discipline
  - Product mix evolution toward higher value-added solutions
  - Very good performance of Ashland's adhesives
- **Stable EBITDA margin at 14.2%**
  - Despite ~200 bps mechanical dilutive impact from price increases

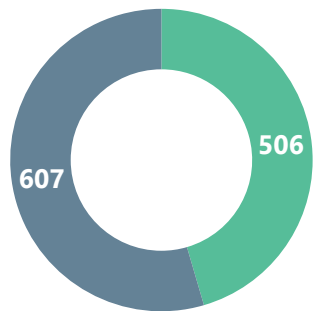
# Advanced Materials (35% of Group sales in Q2'22)

## Key figures

in €m	Q2'22	Q2'21 *	Change	H1'22	H1'21 *	Change
Sales	<b>1,113</b>	785	+41.8%	<b>2,188</b>	1,537	+42.4%
EBITDA	<b>282</b>	184	+53.3%	<b>556</b>	326	+70.6%
EBITDA margin	<b>25.3%</b>	23.4%		<b>25.4%</b>	21.2%	
REBIT	<b>215</b>	116	+85.3%	<b>422</b>	191	+120.9%

\* Integrates the reclassification of the upstream of PVDF in the High Performance Polymers Business Line (from Intermediates segment).

## Q2'22 Sales by Business Line



■ High Performance Polymers  
■ Performance Additives

## Q2'22 sales development

Volumes — -4.1%  
Prices — +38.4%  
Currency — +8.3%  
Scope — -0.8%

## Highlights Q2'22

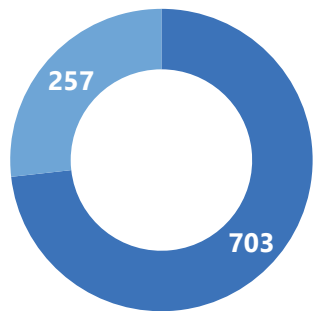
- **Prices up 38.4% YoY**, highly positive in both Business Lines
  - Selling price increases in a highly inflationary context for raw materials and energy
  - Product mix improvement toward innovative, high performance solutions in batteries, lightweighting, sports, bio-based materials, healthcare, electronics...
- **Volumes moderately down 4.1% YoY**
  - Demand well oriented in most of the segment's key end markets but automotive still impacted by component shortages
  - Slowdown in Europe, logistics disruptions, and lockdowns in China
- **€282m EBITDA, up 53.3% YoY**
  - Growth in demand for solutions coming from the Group's innovation
  - Strength of positions in the US and China, and tightness in the availability of certain product lines
- **EBITDA margin at a high level of 25.3%**

# Coating Solutions (30% of Group sales in Q2'22)

## Key figures

in €m	Q2'22	Q2'21	Change	H1'22	H1'21	Change
Sales	<b>960</b>	712	+34.8%	<b>1,822</b>	1,279	+42.5%
EBITDA	<b>207</b>	157	+31.8%	<b>399</b>	235	+69.8%
EBITDA margin	<b>21.6%</b>	22.1%		<b>21.9%</b>	18.4%	
REBIT	<b>175</b>	128	+36.7%	<b>336</b>	177	+89.8%

## Q2'22 Sales by Business Line



■ Coating Resins  
■ Coating Additives

## Q2'22 sales development

Volumes — -0.4%  
Prices — +26.7%  
Currency — +8.5%  
Scope — -

## Highlights Q2'22

- **+26.7% price effect** in a still highly inflationary environment
  - Price increases for downstream products
  - More favorable conditions in upstream acrylics
- **Volumes slightly down 0.4% YoY**
  - Significant increase in the US
  - Slowdown in Europe and lockdowns in China
- **€207m EBITDA, sharply up 31.8%**
  - Product mix improvement toward higher value added and eco-friendly solutions, such as photocure resins in new energies, electronics, and 3D printing, as well as powder and rheology additives
- **Excellent EBITDA margin at 21.6%**

# Intermediates (10% of Group sales in Q2'22)

## Key figures

in €m	Q2'22	Q2'21 *	Change	H1'22	H1'21 *	Change
Sales	<b>322</b>	315	+2.2%	<b>593</b>	661	-10.3%
EBITDA	<b>129</b>	81	+59.3%	<b>223</b>	156	+42.9%
EBITDA margin	<b>40.1%</b>	25.7%		<b>37.6%</b>	23.6%	
REBIT	<b>114</b>	64	+78.1%	<b>193</b>	117	+65.0%

\* Integrates the reclassification of the upstream of PVDF in the Advanced Materials segment (from Intermediates segment).

## Q2'22 Sales development

Volumes	——	-18.1%
Prices	————	+29.2%
Currency	——	+9.5%
Scope	————	-18.4%

## Highlights Q2'22

- **Scope effect of -18.4%** related to residual impact of PMMA divestment in May 2021
- **Prices up 29.2% YoY**
  - Good momentum in refrigerant gases, particularly in the US
  - More favorable market conditions in acrylics in Asia
- **Volumes down 18.1% YoY**
  - Mechanical effect of fluorogas quotas in the US
  - Acrylics impacted by lockdown measures in China, particularly at the beginning of the quarter
- **€129m EBITDA, significantly up 59.3% YoY**
- **EBITDA margin at 40.1%** (25.7% in Q2'21)
  - Much-improved refrigerant gases performance compared to a low comparison base last year
  - Tightness in upstream acrylics in Asia

# Cash flow

in €million

## Reconciliation of EBITDA to net cash flow

	Q2'22	Q2'21	H1'22	H1'21
<b>EBITDA</b>	<b>705</b>	478	<b>1,324</b>	836
Current taxes	-117	-68	-218	-117
Cost of debt	-13	-14	-26	-27
Change in working capital and fixed assets payables <sup>(1)</sup>	-217	-53	-628	-240
Recurring capital expenditure	-99	-93	-171	-165
Others	-24	-5	-20	11
<b>Recurring cash flow</b>	<b>235</b>	245	<b>261</b>	298
Exceptional capital expenditure	-26	-64	-66	-117
Non-recurring items	2	132	-7	116
<b>Free cash flow</b>	<b>211</b>	313	<b>188</b>	297
Impact of portfolio management	-11	912	-1,507	896
<b>Net cash flow</b>	<b>200</b>	1,225	<b>-1,319</b>	1,193

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

→ **Q2'22 tax rate**  
21% of REBIT (excl. exceptional items)

→ **Working capital**

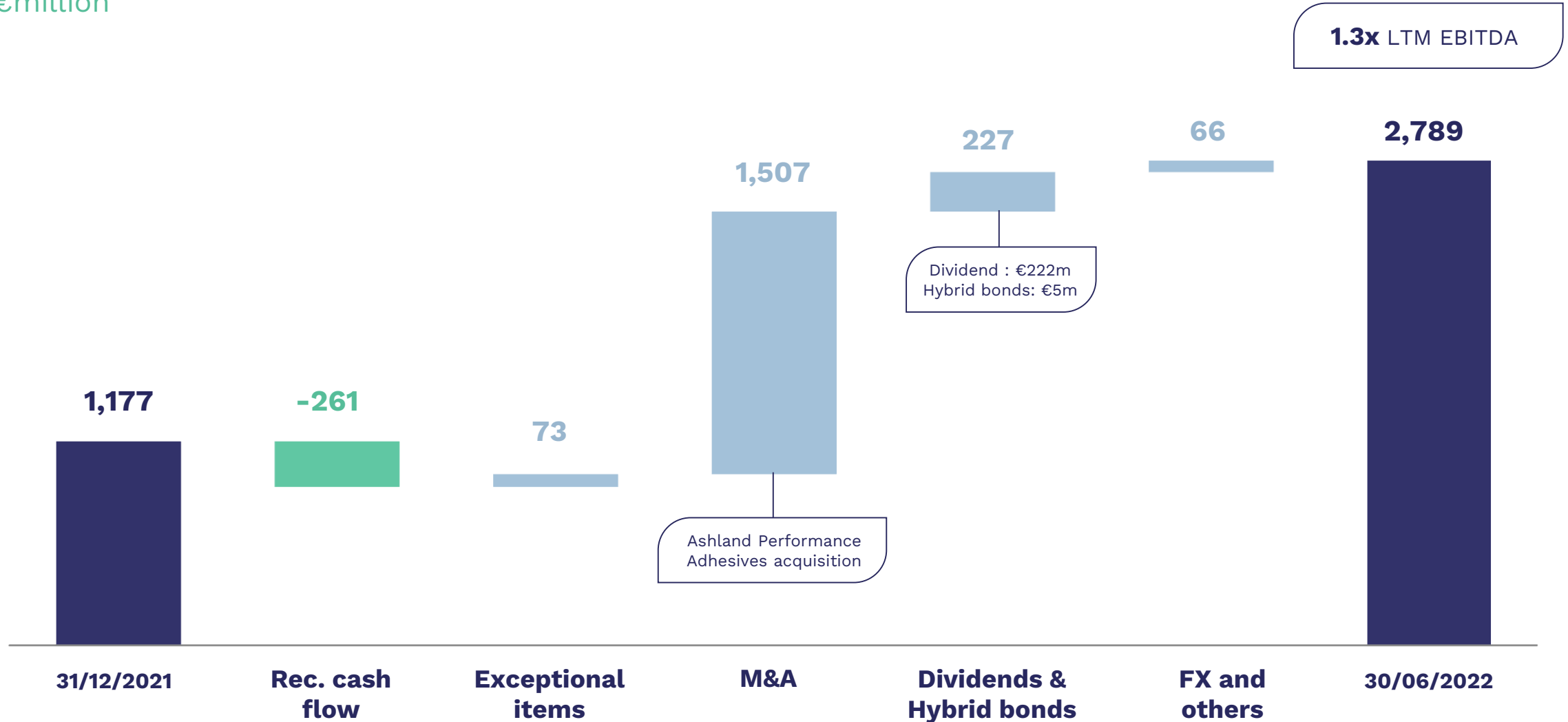
- Seasonal volume increase
- Higher selling prices and raw materials
- **14.9%** of annualized sales at end-June 2022

→ **Impact of portfolio management**

- Payment of Ashland's performance adhesives acquisition finalized on 28 February 2022
- Proceeds from PMMA disposal in 2021

# Net debt evolution (including hybrid bonds)

in €million



# Outlook

- Second half marked by a context of risks of lockdowns in China, geopolitical tensions linked to the war in Ukraine, concerns regarding the availability and price of natural gas and electricity in Europe, as well as the significant increase in the level of inflation, which are all factors that could weigh on demand going forward.
- The Group will benefit from its balanced geographic presence and will remain attentive to the evolution of market conditions. Moreover, it will ensure to take inflation into account in its selling prices, strictly manage its fixed costs and inventories, and pursue its innovation in high performance materials.
- Despite the uncertain macroeconomic environment and the decline in volumes observed in Europe, **Arkema is raising its annual targets** and now aims to achieve in 2022, excluding further significant disruptions of the global context, **annual EBITDA growth at constant scope of 17% to 22%** compared with 2021 (vs. “slight growth” previously), **representing an EBITDA of around €2,100m.**
- Reaffirmed confidence in the Group’s ability to achieve ambitious 2024 targets and continued implementation of the strategic roadmap for sustainable development, with its bolt-on acquisition policy, industrial capacity expansions, numerous initiatives in CSR and the strength of innovation which should enable the Company to generate €1.5 billion of new revenues from 2019 to 2030 around its five large R&D platforms.

# 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 the current context, where the Covid-19 epidemic persists across the world, and where the consequences of the Russian offensive in Ukraine and the economic sanctions against Russia on geopolitical equilibriums and 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, development of the Russian offensive against Ukraine, developments in the Covid-19 situation, and changes in general economic and business conditions. These risk factors are further developed in the 2021 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 2021 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