

ARKEMA ROADSHOW PRESENTATION

SEPTEMBER 2021



ARKEMA
INNOVATIVE CHEMISTRY

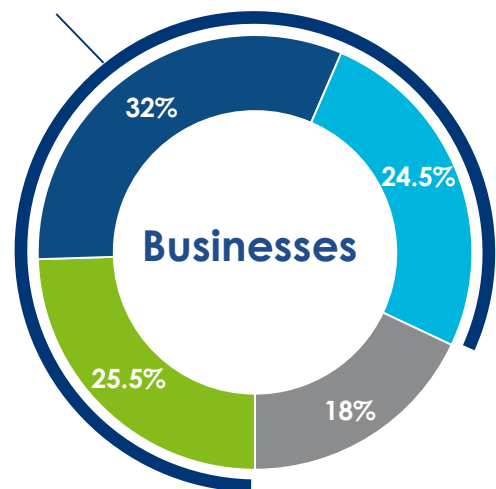
ARKEMA IN A SNAPSHOT

ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA AT A GLANCE

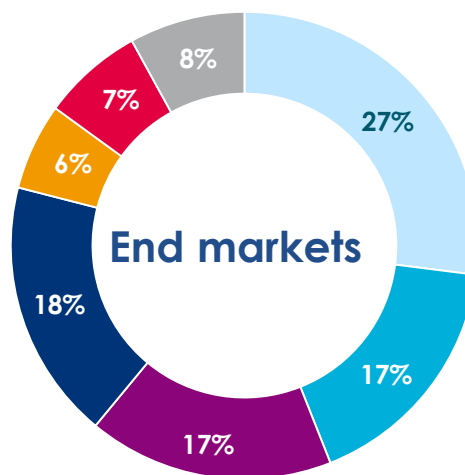
Specialty Materials

82% / 89% pro forma 2020*

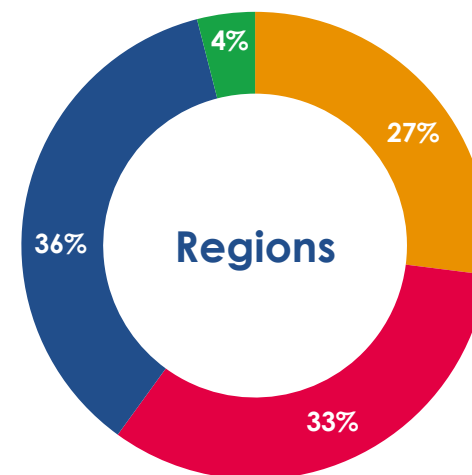


- Adhesive Solutions
- Advanced Materials
- Coating Solutions
- Intermediates

2020 SALES SPLIT



- General industry
- Consumer goods
- Electrics, electronics & energy
- Paints & Coatings
- Building & Construction
- Automotive & Transportation
- Nutrition & water



- Europe
- North-America
- Asia
- ROW

* On a pro forma basis, including full year contribution of all M&A operations announced in 2020



€7.9bn sales



20,600 employees



Present in 55 countries

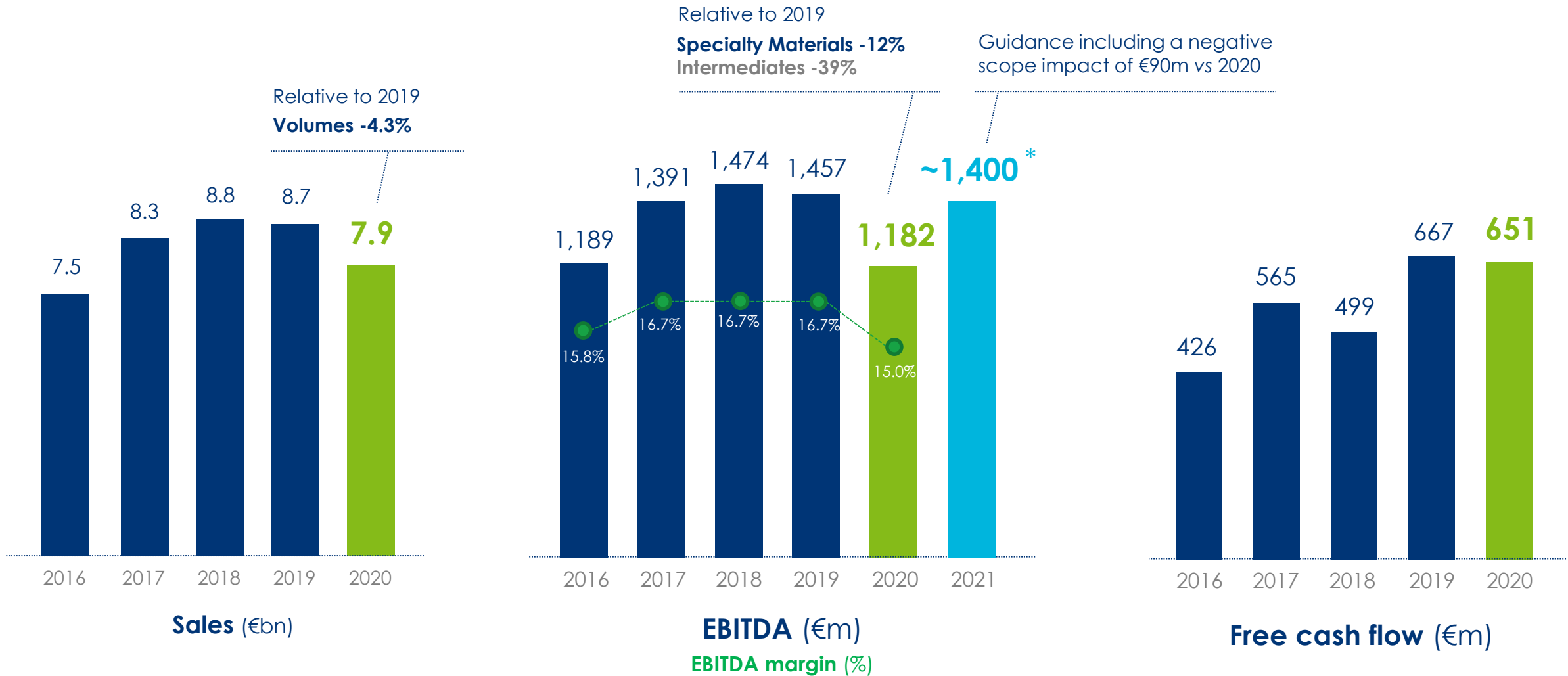


147 plants operated



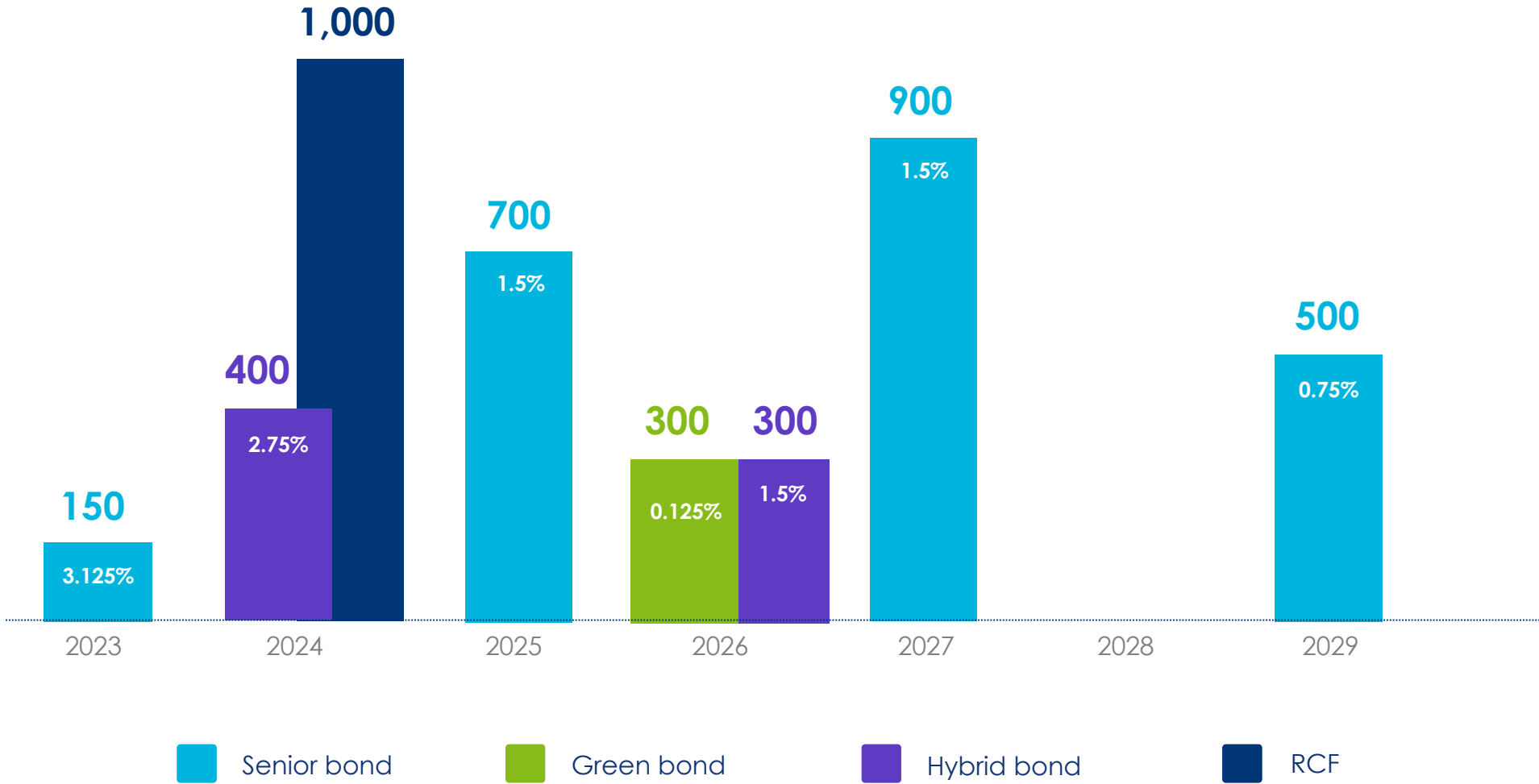
3.1% of revenues invested in R&D

ROBUST AND RESILIENT FINANCIAL PERFORMANCE, ALSO IN COVID CONTEXT









WELL ESTABLISHED FINANCIAL RESOURCES

in €m



STRONG IMPROVEMENT IN CSR RECOGNITION

| | 2015 | 2019 | 2020 | |
|--|---|---|--------------|---|
|  Now a Part of S&P Global | 42 | 65 | 79 | The Sustainability Yearbook 2021 BRONZE AWARD |
| Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA | | | Based on SAM | 6th in DJSI World First integration in 2020 |
|  | BB | A | A | |
|  | C | B | A- | |
|  |  |  | Top 1% | |

Other ratings



ISS ESG

1st decile (global)
June 2020

NEW

V.E

1st in Chemical sector
Score: 67/100 (2021)

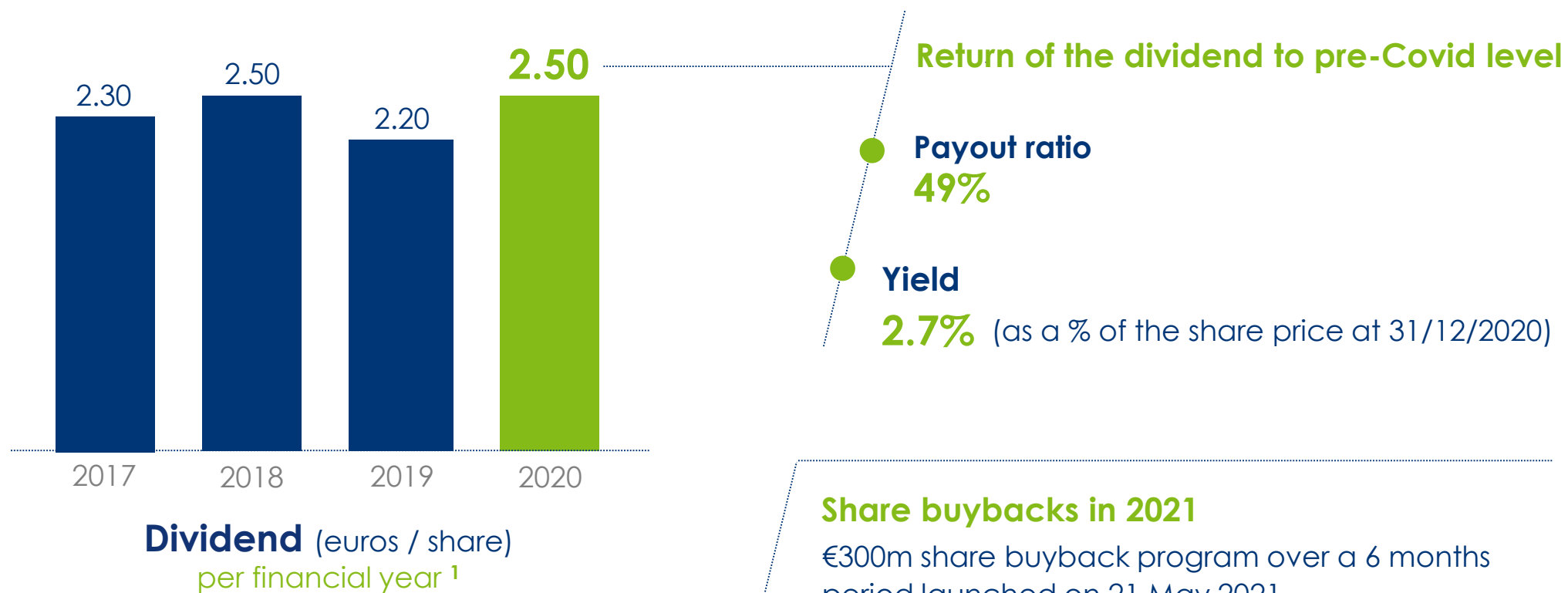


CAC40[®] ESG

Integration in a new index (2021)

Includes the 40 companies that have demonstrated ESG best practices on the Paris Stock Exchange

SHAREHOLDER RETURN



1. The dividend of each financial year is paid the following year

OUR LONG TERM AMBITION

ARKEMA
INNOVATIVE CHEMISTRY

A UNIQUE COMBINATION OF EXPERTISE IN SUSTAINABLE MATERIALS

A SPECIALTY MATERIALS LEADER

offering the most **innovative**
and **sustainable solutions**
to address our customers'
current and future challenges



OUR AMBITION BY 2024

BECOME A SUSTAINABLE AND HIGH-PERFORMANCE SPECIALTY MATERIALS LEADER



Sales of
€10 to 11bn



EBITDA margin of
17%



Organic growth
3 to 3.5% / year



Cash generation
> 40%



Strict financial
discipline



Deconsolidation
of the
Intermediates
segment

4 LEVERS UNDERPIN OUR STRATEGY

Accelerate
organic growth
and **sustainable**
innovation



Strengthen our
Specialty Materials
through
acquisitions



Achieve best-in-class
CSR performance
amongst chemical
players



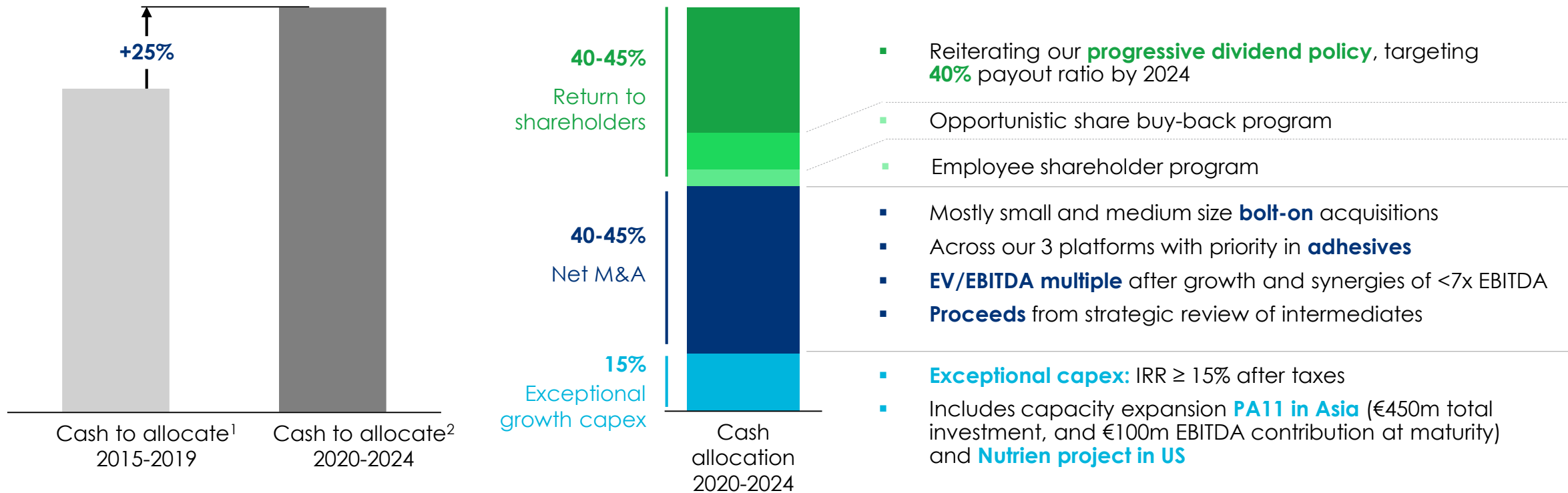
Commercial
and **operational**
excellence
initiatives



CASH ALLOCATION PRIORITIES

Estimated cash to allocate over the 5 year plan
~€3.5bn at constant leverage³ (~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**

ARKEMA
INNOVATIVE CHEMISTRY

SUSTAINABLE INNOVATION DRIVING ORGANIC GROWTH

5 R&D PLATFORMS

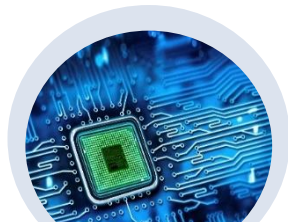


Natural resources management

BIO-SOURCED OR RECYCLABLE SOLUTIONS
CIRCULAR ECONOMY
WATER MANAGEMENT



Lightweight materials



Electronic solutions



New energies



Home efficiency & insulation

SALES CONTRIBUTION

Thanks to our sustainable innovations, we expect to generate

€400m new sales by 2024 and **€1bn by 2030**

PORTFOLIO SUSTAINABILITY ASSESSMENT

NEW Target

65% of our sales **contributing significantly** to the UN Sustainability Development Goals **by 2030**

Currently at 50% on 72% of sales assessed

COMMITTEE AT BOARD LEVEL

Creation of a new **Innovation & Sustainable Growth committee**

VERY SIGNIFICANT POTENTIAL IN BATTERIES

Lithium-ion batteries market



Electric vehicles
30+% CAGR
 2019-2024 ¹

Other applications



Consumer electronics



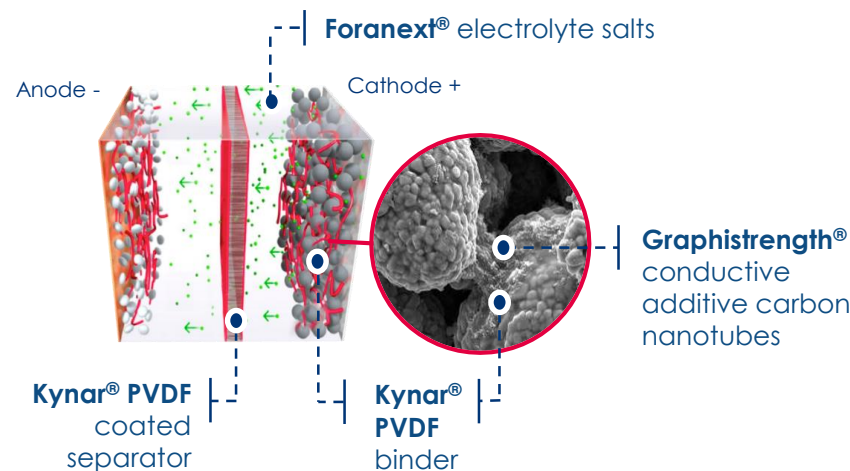
eBikes



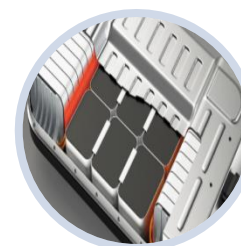
Energy Storage Systems

Innovative solutions to optimize performance of Li-ion batteries

▶ A leader in PVDF for Li-ion **battery cells**



▶ **Battery pack** weight reduction and heat transfer



- ✓ **Rilsan® PA11** for bus bar protection and cooling lines
- ✓ **Elium®** recyclable composite and **Rilsan® PA11** for casing
- ✓ **Bostik** thermal conductive adhesives

Well positioned to capture growth

▶ **New capacities** in China

▶ **Strong partnerships** with major players
 CATL, ATL, Saft...

▶ **Continued Innovation**

New Battery Lab in Pierre-Bénite, France for **next generations**

New electrolyte salts (EU Commission battery project)

¹. Market growth for battery electric vehicles - McKinsey center for Future of Mobility

ECO FRIENDLY SOLUTIONS DRIVING OUR ORGANIC GROWTH ^{1/2}



A leader in PVDF (Kynar®) for Li-ion **battery cells**, used as binder or for coated separator

Partnerships with **major players**

BATTERIES



Sustainable and high performance Rilsan® polyamide 11 powders for **freedom of design**, customized **eyewear** with **Materialise** and **JAM'Vision**

Courtesy of Materialise/JAM'Vision

3D PRINTING



Saucony Endorphin Pro 2 with an ultralight Pebax® polymer foam used for **high energy return** outsoles

Courtesy of Saucony

SPORTS

ECO FRIENDLY SOLUTIONS DRIVING OUR ORGANIC GROWTH ^{2/2}

ADHESIVES



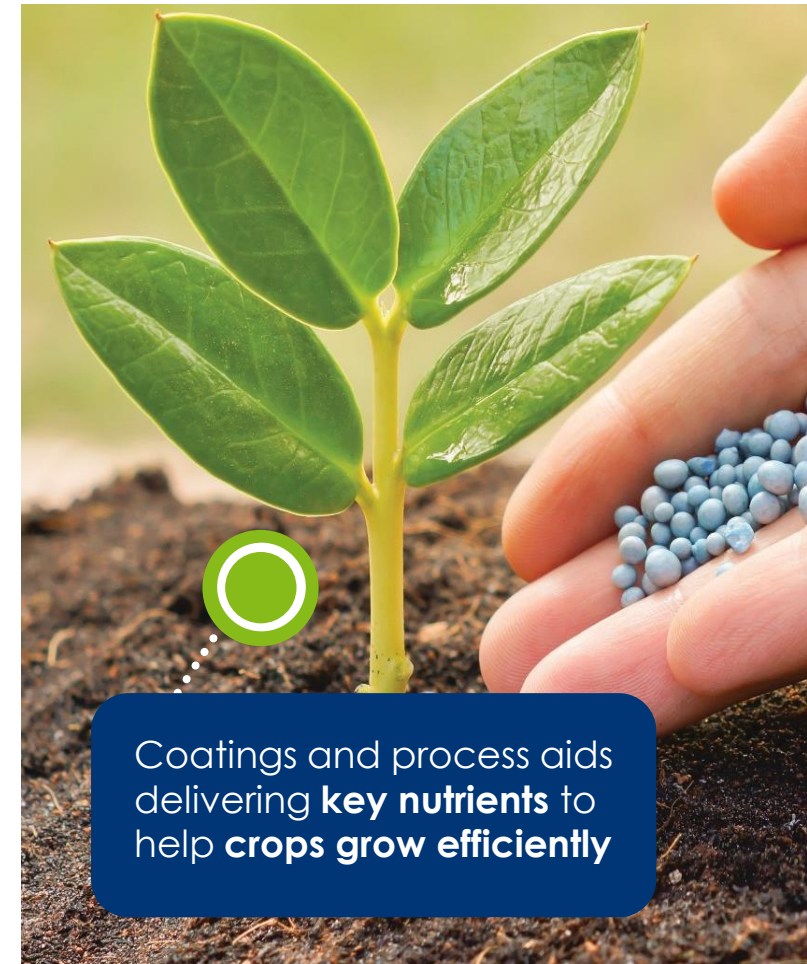
New Butyl grade to replace Asphalt for Flashing Tapes (windows & doors, roofing) and Insulated Glass Sealants

COATINGS



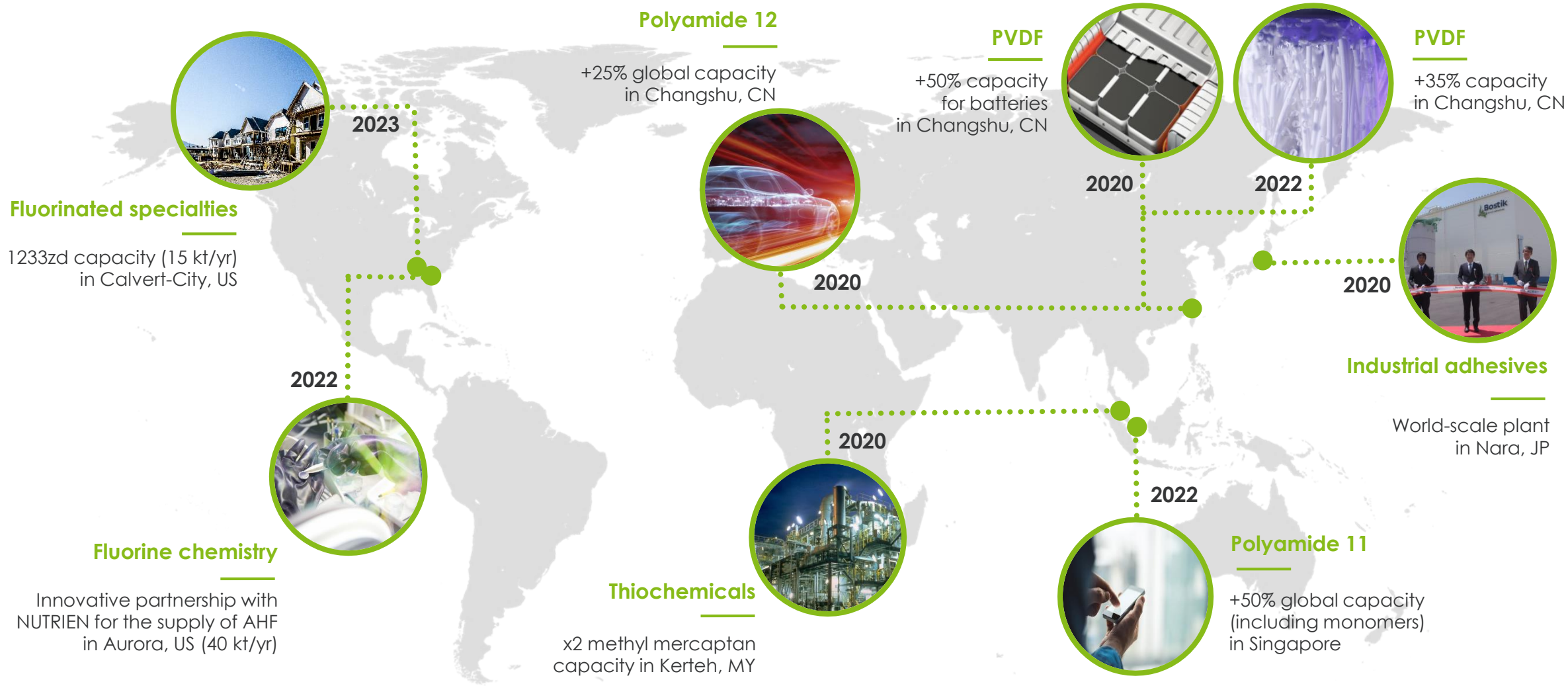
Low VOC powder coatings with low temperature cured properties, mainly for automotive applications

CROP NUTRITION



Coatings and process aids delivering **key nutrients** to help **crops grow efficiently**

INVESTMENTS TO CAPTURE SUSTAINABLE GROWTH



PROGRESS OF OUR 2 MAJOR CAPEX

Final phase of our new integrated bio-factory in Singapore



- ▶ **+50% PA11 capacity** in Asia (100% bio-based)
- ▶ Start-up expected in **2022**
- ▶ **€450m** CAPEX and **€100m** EBITDA at maturity
- ▶ Diversified end-markets with **high growth potential**

Innovative partnership to supply AHF on track to start mid-2022



- ▶ **Use of co-product** from Nutrien to produce AHF
- ▶ **CO₂ emissions reduction by 20 times** vs traditional process
- ▶ **US\$150m investment** into a **40 kt/year** AHF production
- ▶ **Secured and competitive access** to AHF in the US



STRENGTHEN OUR SPECIALTY MATERIALS THROUGH ACQUISITIONS

ARKEMA
INNOVATIVE CHEMISTRY

STRONG M&A EXECUTION IN 2021

Two major steps to refocus our portfolio towards Specialty Materials

ASHLAND PERFORMANCE ADHESIVES

Acquisition project - 31 August 2021



PMMA

Divestment closing - 3 May 2021



Small bolt-on acquisitions or equity investments



Brazilian leader in hybrid-technology sealants and adhesives for construction



Offering expansion in high performance adhesives for residential construction



Specialist in large-series additive manufacturing, notably using 100% bio-based PA11 powder



French start-up specialized in the production of high performance batteries



A leader in the regeneration of high performance polymers and materials circularity

ASHLAND PERFORMANCE ADHESIVES

A STRONGLY VALUE-CREATIVE ACQUISITION PROJECT

Description & Rationale

- ▶ **Acquisition of Ashland's Performance Adhesives business** to expand Arkema's Adhesive Solutions business, offering a **unique and innovative product portfolio** with complementary technologies and geographic presence
- ▶ 2021e sales⁽¹⁾: ~US\$360 million; 2021e EBITDA Margin⁽¹⁾: >25%
- ▶ Fully in line with Arkema's strategy to become a **pure player in Specialty Materials**

Transaction Consideration

- ▶ **US\$1.65 billion cash purchase price**
Taking into account the tax benefits:
 - 15x EV / 2021e EBITDA⁽¹⁾
 - 8.7x EV / 2026e EBITDA (including pre-tax synergies)

Expected Financial Impacts

- ▶ **Increases** EBITDA margin and organic sales growth
- ▶ EPS accretive **within the first year**; expected to **add €1 in EPS by 2026**
- ▶ Significant expected pre-tax synergies of **over US\$45 million**

Financing & Leverage

- ▶ Financed through Arkema's excess cash and existing debt facilities
- ▶ **Net debt of ~1.9x 2021 pro forma EBITDA** ⁽²⁾, in line with Group objective of maintaining this ratio below 2

1 Including *pro forma* adjustments

2 Estimated 2021 Group EBITDA integrating the full year impact of M&A operations already announced in 2021

ASHLAND PERFORMANCE ADHESIVES OVERVIEW

2021e KEY FIGURES*

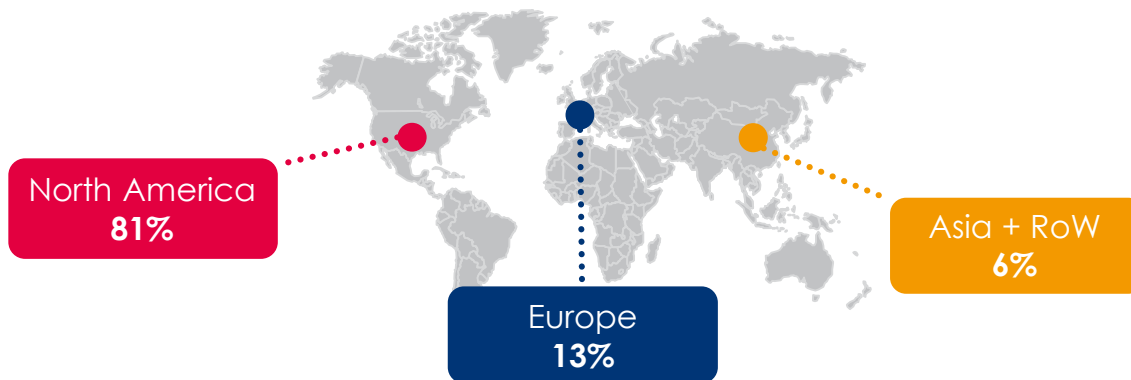
Sales



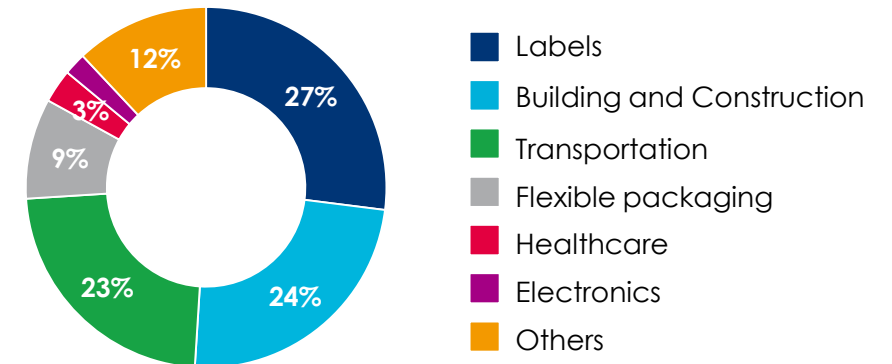
EBITDA



Sales by region



- ▶ **A first class leader** in high performance adhesives for industrial applications in North America
- ▶ **~330 employees** across **6 manufacturing sites**
- ▶ **Solid expertise** in 4 leading adhesive technologies complementary to Bostik's and Arkema's Coating Solutions segment
- ▶ **Very strong financial performance**
- ▶ **Leadership positions** in high value added and attractive segments offering strong growth



* Including *pro forma* adjustments

ASHLAND PERFORMANCE ADHESIVES

A BUSINESS ACTIVE IN 3 SEGMENTS WITH 4 LEADING TECHNOLOGIES

Pressure Sensitive Adhesives



% of sales



Graphic films in **automotive** and **construction**

Labels

Electronics and **health care**

Structural Assembly Adhesives



% of sales



Building & construction
(wood engineering)

Automotive & transportation

Laminating Adhesives & Coatings



% of sales



Flexible packaging
(food and non-food)

Overprint coatings for **labels**

4 common leading technologies



Waterborne acrylics



Solvent-borne acrylics

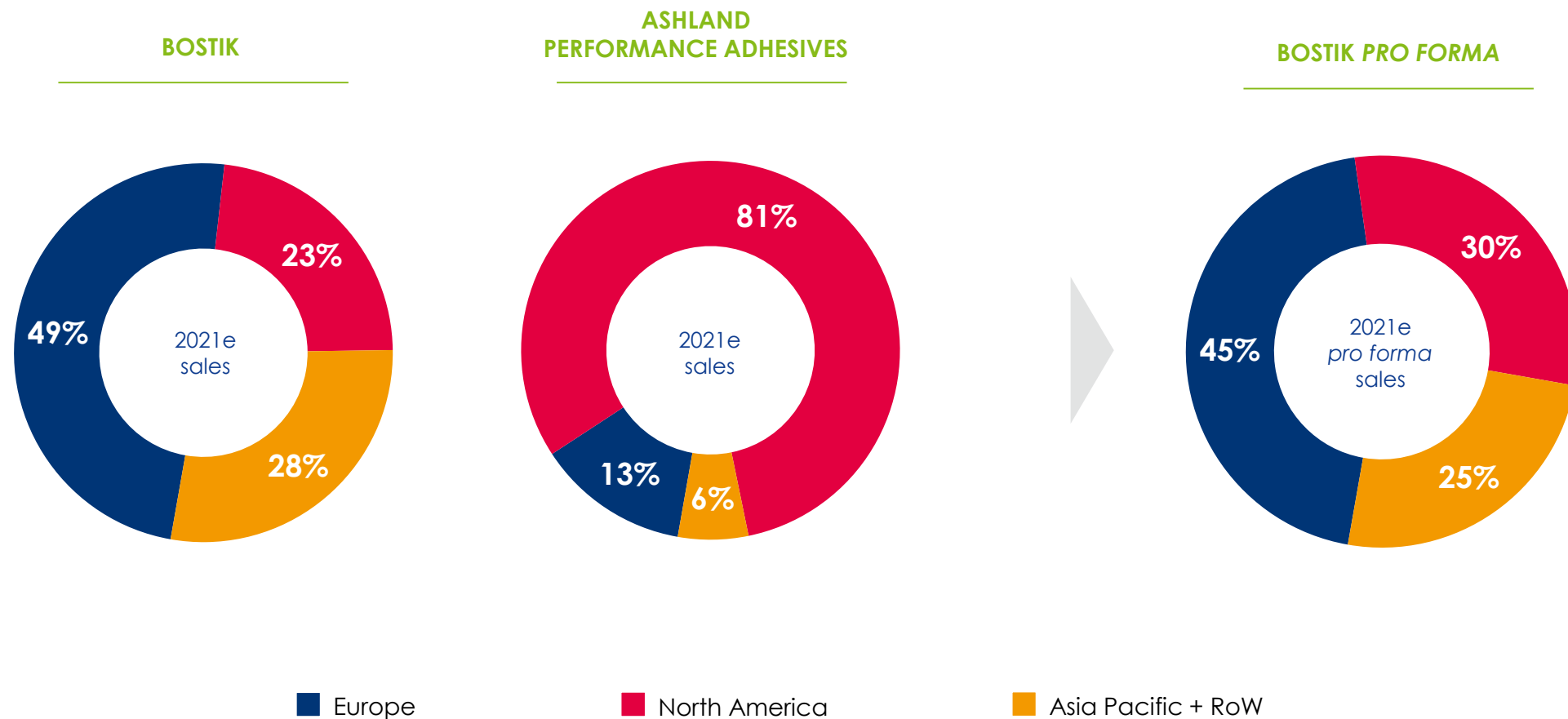


UV curing



Reactive

ASHLAND PERFORMANCE ADHESIVES CAPITALIZE ON STRONG GEOGRAPHIC COMPLEMENTARITIES



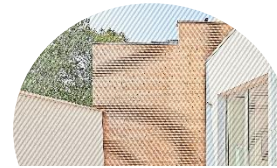
ASHLAND PERFORMANCE ADHESIVES LEVERAGE THE EXCELLENT TECHNOLOGICAL AND COMMERCIAL FIT

Create a strong global position in Pressure Sensitive Adhesives



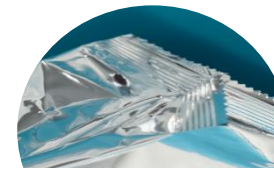
- ▶ Expand **Ashland Performance Adhesives'** range in **Europe** and **Bostik's HMPSA** in **North America**
- ▶ Capitalize on a unique position as an **acrylic player**

Develop complementary strengths in Structural Assembly and Laminating Adhesives & Coatings



STRUCTURAL ASSEMBLY

- ▶ Reinforce the breadth of technologies for structural bonding in US and Europe
- ▶ Accelerate high-growth engineered wood sector penetration

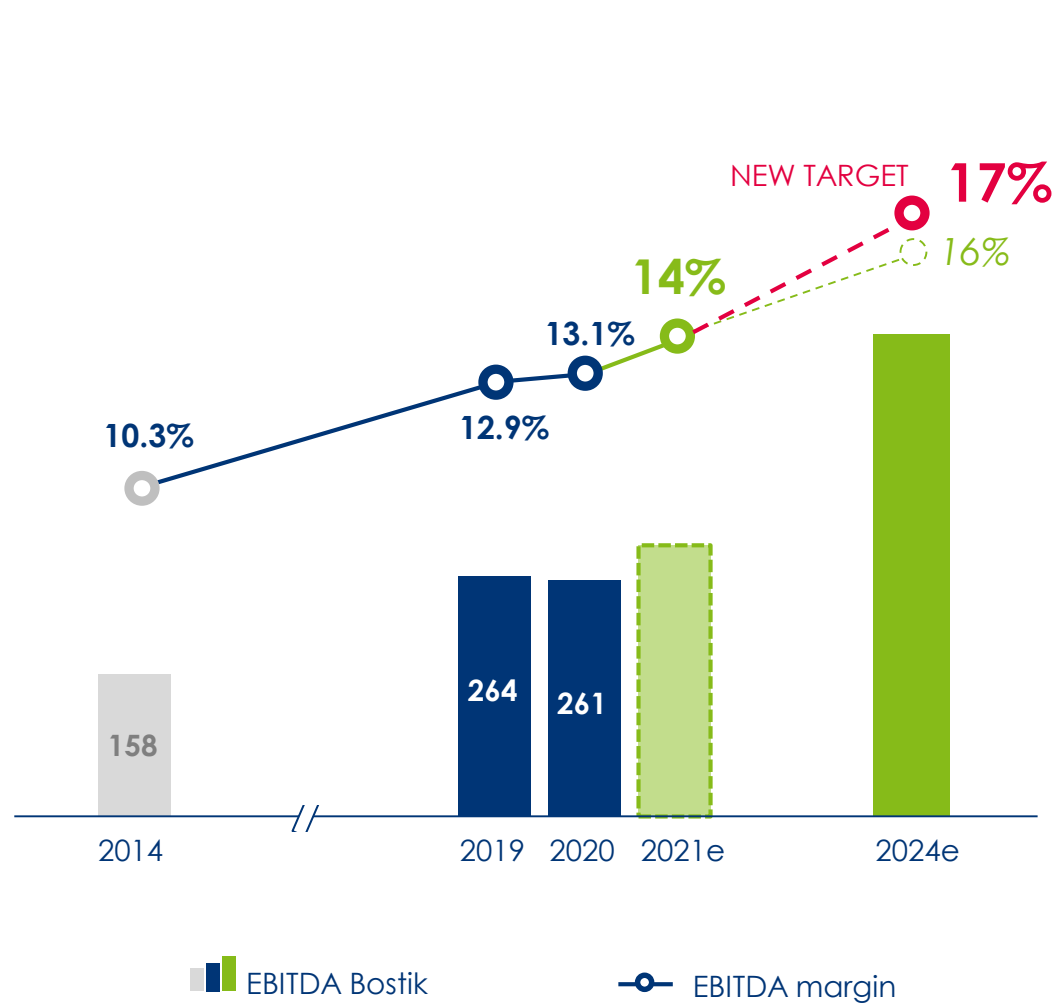


**LAMINATING ADHESIVES
AND COATINGS**

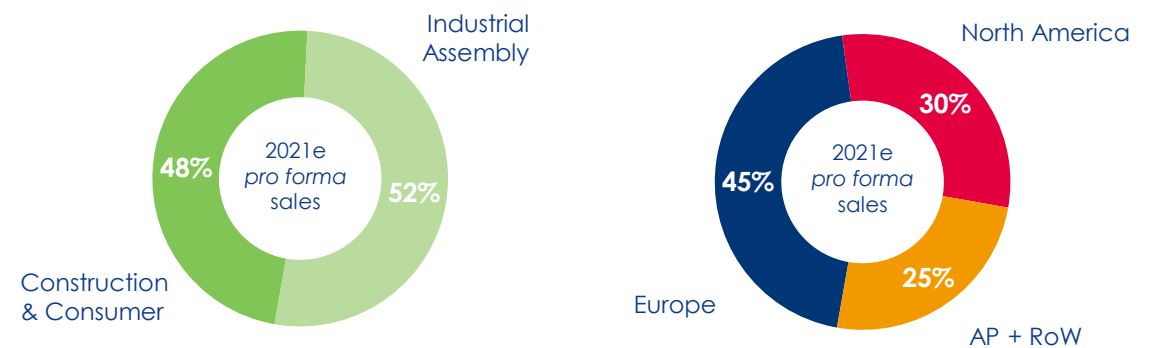
- ▶ Extend Bostik's solutions in North America, the world's largest flexible packaging market
- ▶ Leverage UV curing technologies

ASHLAND PERFORMANCE ADHESIVES

CONSOLIDATING BOSTIK'S LONG TERM GROWTH AMBITION



- ▶ Becoming strong global **player** in Pressure Sensitive Adhesives, with the one of the **most complete offerings**
- ▶ Strengthening Bostik's presence **in the US**
- ▶ Reinforcing **high value added** industrial adhesives portfolio
- ▶ Improving **profitability** with **new 2024e EBITDA margin target** at **17%**, among the very best in the industry



ACHIEVE BEST-IN-CLASS CSR PERFORMANCE

ARKEMA
INNOVATIVE CHEMISTRY

ARKEMA CORPORATE SOCIAL RESPONSIBILITY POLICY



OUR 3 COMMITMENTS



Deliver sustainable solutions driven by innovation

- ▶ Solutions that address societal challenges
- ▶ Innovation at the heart of the activities
- ▶ Product stewardship



Manage our activities as a responsible manufacturer

- ▶ Safety of people and processes
- ▶ Health
- ▶ Environmental footprint reduction



Cultivate an open dialogue and close relations with our stakeholders

- ▶ Ethics
- ▶ Human rights
- ▶ Diversity & Employee development
- ▶ Responsible value chain
- ▶ Corporate citizenship

3 STRUCTURING PROGRAMS SUPPORTING SUSTAINABLE GROWTH

ARCHIMEDES

moving towards higher positive impact

Portfolio Sustainability Assessment

Impact+

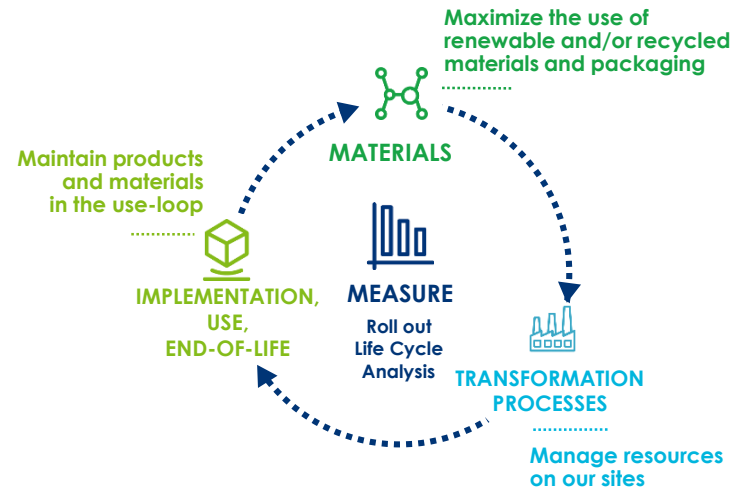
50% of our sales **significantly contributing** to UN SDGs in 2020 *

▶ Target **65%** by 2030

*Based on 72% of 2020 sales assessed

CIRCULAR ECONOMY

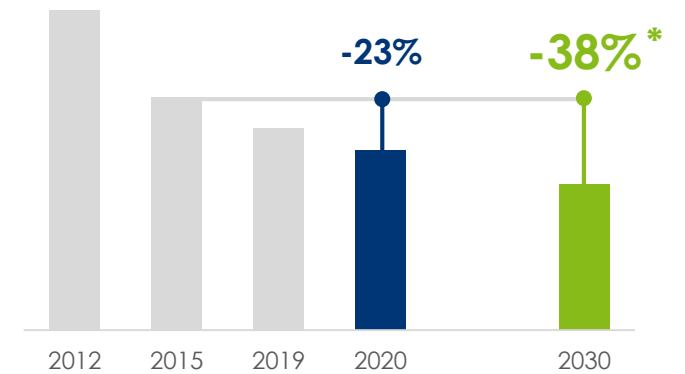
a sustainable resource management



CLIMATE PLAN

contain global warming

Commitment to Paris Agreement
Science Based Target w/ 2 °C



*GHG emissions (scopes 1&2 + ODS) absolute target vs 2015

A SOLID FOUNDATION



Responsible sourcing



Safety



Environment



Diversity



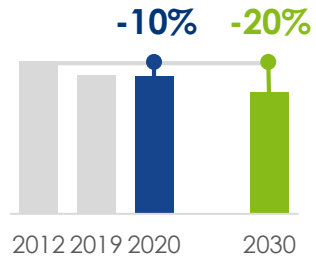
Community

COMMITMENT TO SUSTAINABILITY REINFORCED WITH A SOLID FOUNDATION

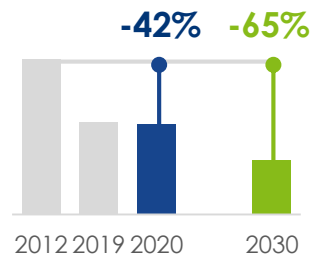


ENVIRONMENT ¹

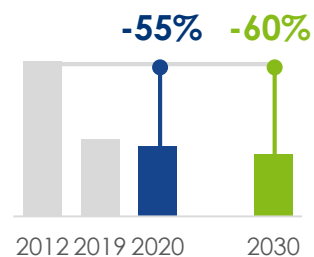
Energy



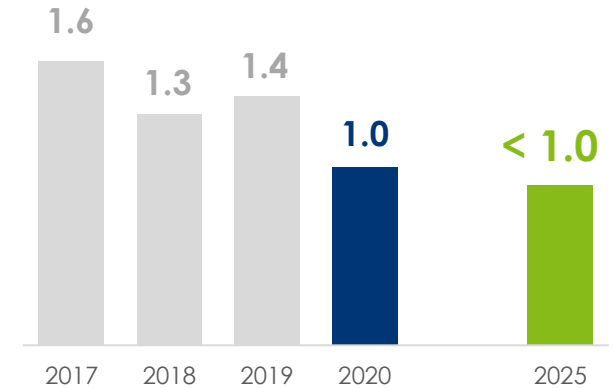
VOC



COD



SAFETY

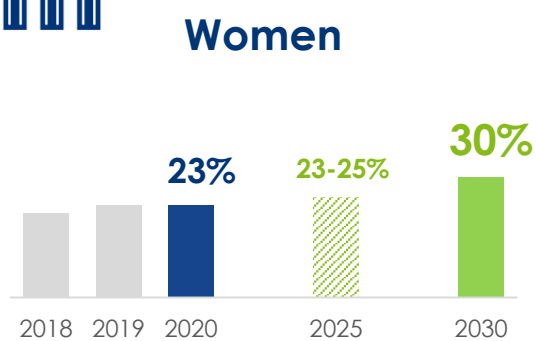


TRIR (Number of accidents per million hours worked)



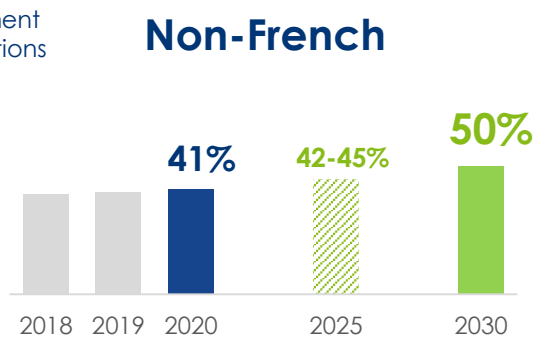
DIVERSITY

Women



in senior management and executive positions

Non-French



RESPONSIBLE SOURCING

80% of our purchases from relevant suppliers in 2025
(Together for Sustainability assessed)

68% in 2020

1. EFPI vs 2012 for Energy, VOC (volatile organic compounds) and COD (chemical oxygen demand)

Q2'21 RESULTS AND OUTLOOK

EXTRACT FROM Q2'21 RESULTS AND OUTLOOK PRESENTATION

ARKEMA
INNOVATIVE CHEMISTRY

Q2'21 FINANCIAL HIGHLIGHTS

€2,395m sales

- Up **34.6%** compared to Q2'20 at constant scope & currency, +12.1% vs Q2'19
 - significant growth in volumes, **+17.1%** YoY, +3.0% vs Q2'19 pre-Covid level
 - high demand in most of the Group's end markets
 - sharp acceleration in the benefits of sustainable innovation
 - prices up **17.5%**, reflecting the Group's ability to offset the steep rise in raw materials, energy and logistics costs

€478m EBITDA

20.0% EBITDA margin

- EBITDA up sharply by **67.1%**
 - All 3 Specialty Materials segments¹ growing strongly, with combined EBITDA at €417m, up nearly 80% above Q2'20 and +37% vs Q2'19 pre-Covid level
 - Intermediates EBITDA at €87m, up 31.8% despite a negative scope effect related to the PMMA disposal
 - EBITDA margin reaching a historic high of 20.0%, up 500 bps from Q2'20

€267m adj. net income

- Representing €3.50 per share

€245m recurring cash flow
(FCF excl. non-recurring items)

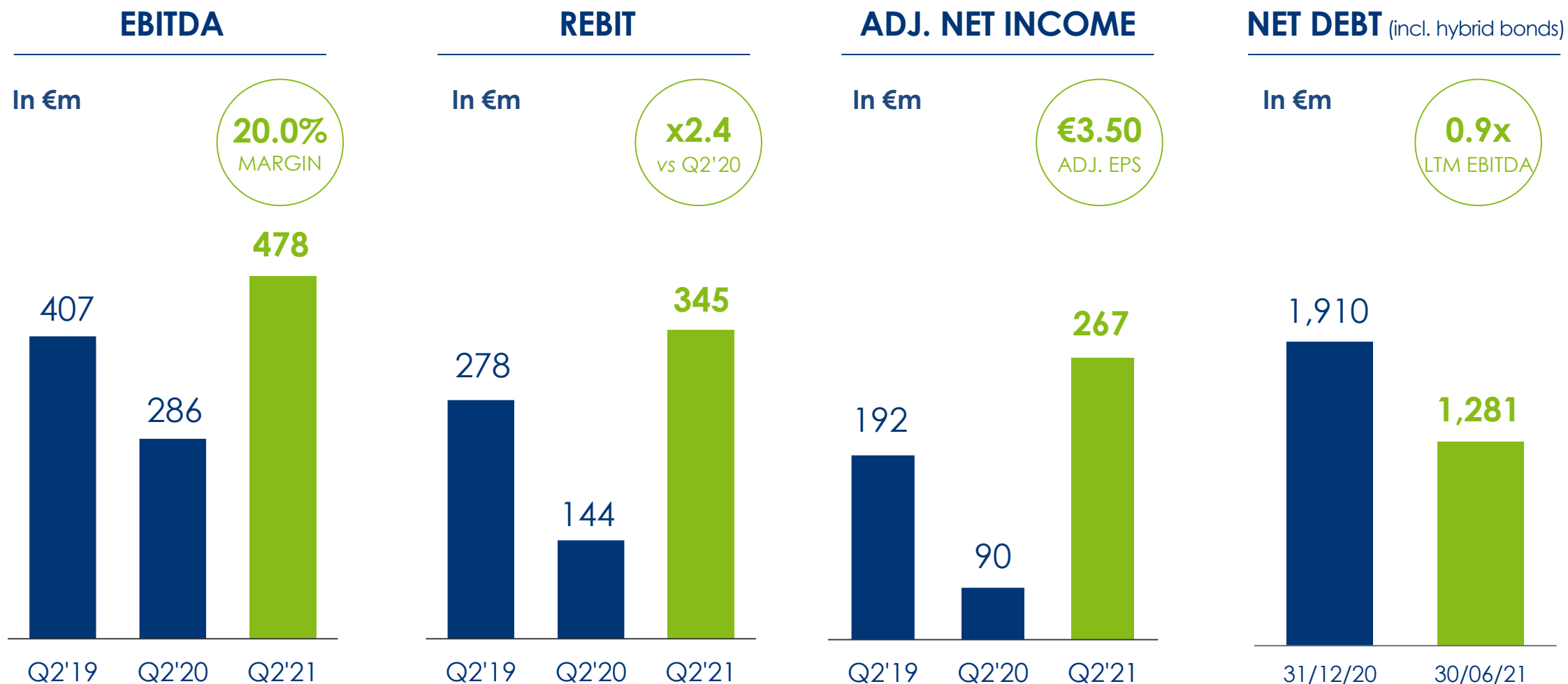
- Working capital remaining well controlled and below normative level (11.9% of annualized sales, excluding the PMMA business)

€1,281m net debt
(incl. hybrid bonds)

- Including gross proceeds from PMMA disposal for €1.1bn, dividends payment for €191m and €300m commitment linked to share buyback program launched in May
- 0.9x LTM EBITDA

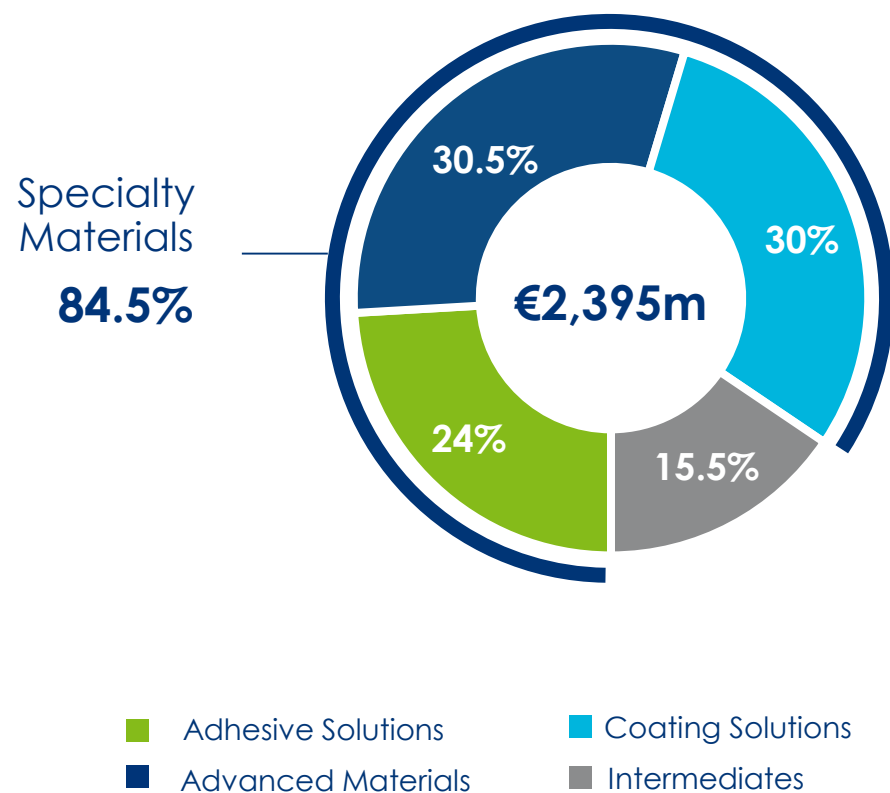
1. Specialty Materials include the three following segments: Adhesive Solutions, Advanced Materials and Coating Solutions

EXCELLENT RESULTS REFLECTING THE STRENGTH OF ARKEMA'S POSITIONING

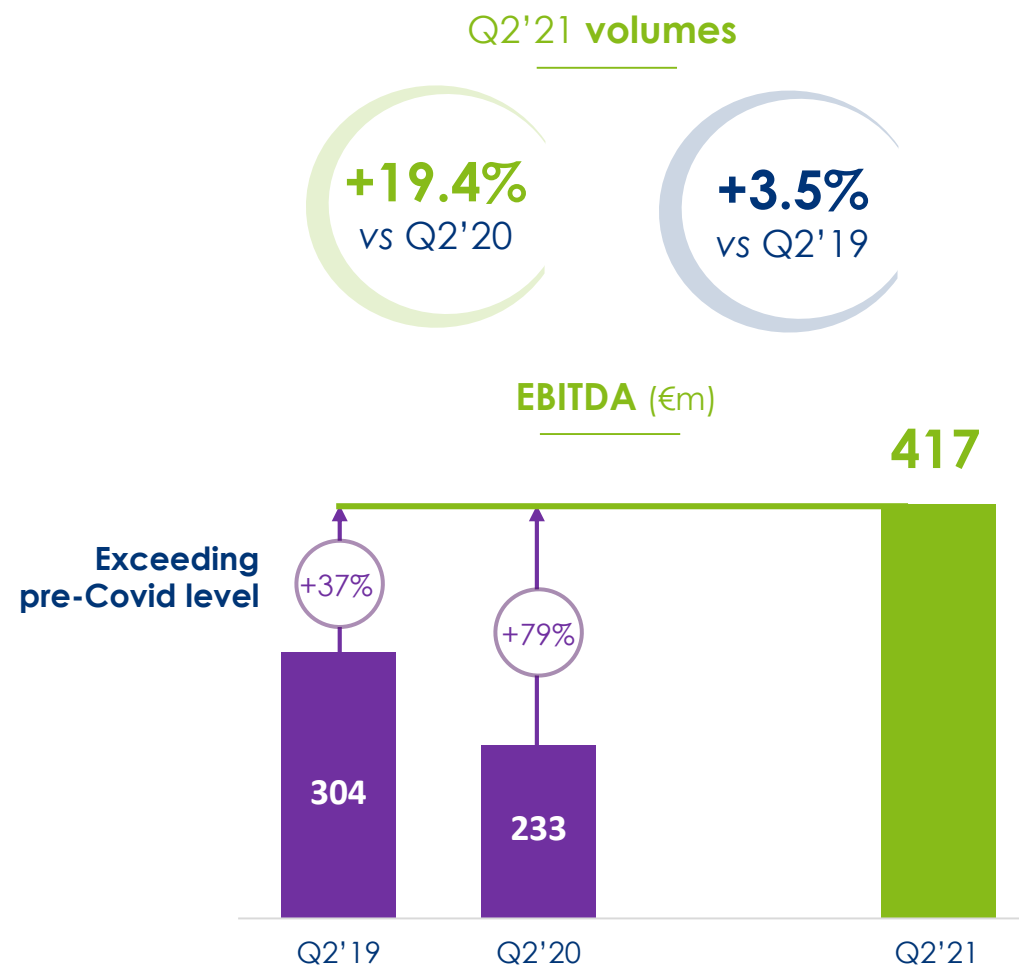


PERFORMANCE DRIVEN BY ALL SEGMENTS

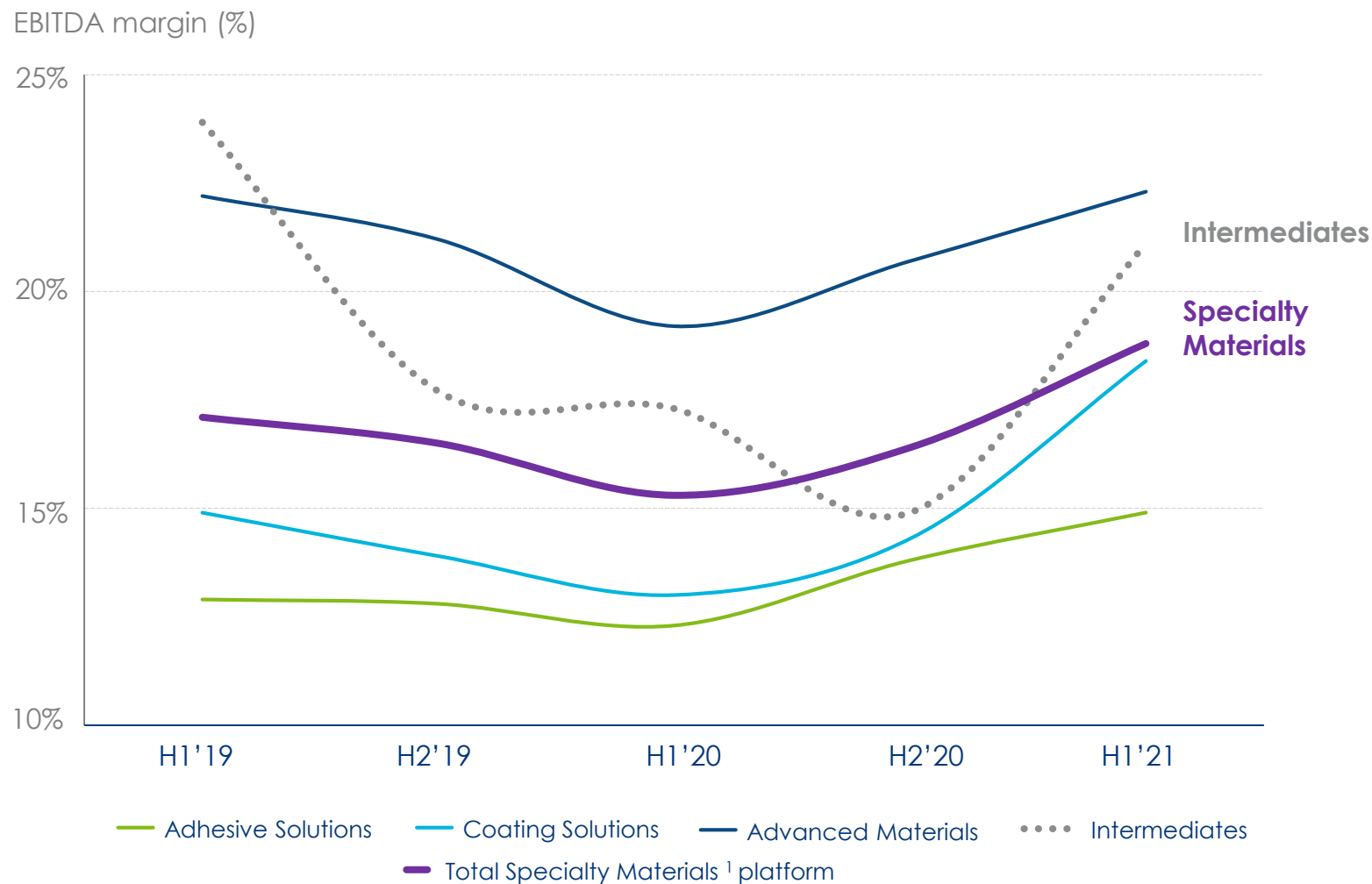
Q2'21 sales split



Specialty Materials far above 2019



DECISIVE MEASURES TO ADAPT TO RISING RAW MATERIALS



Strong volumes

Pricing actions

+17.5% price effect on sales in Q2'21 vs Q2'20

Neutral to positive net impact versus raw materials in all segments

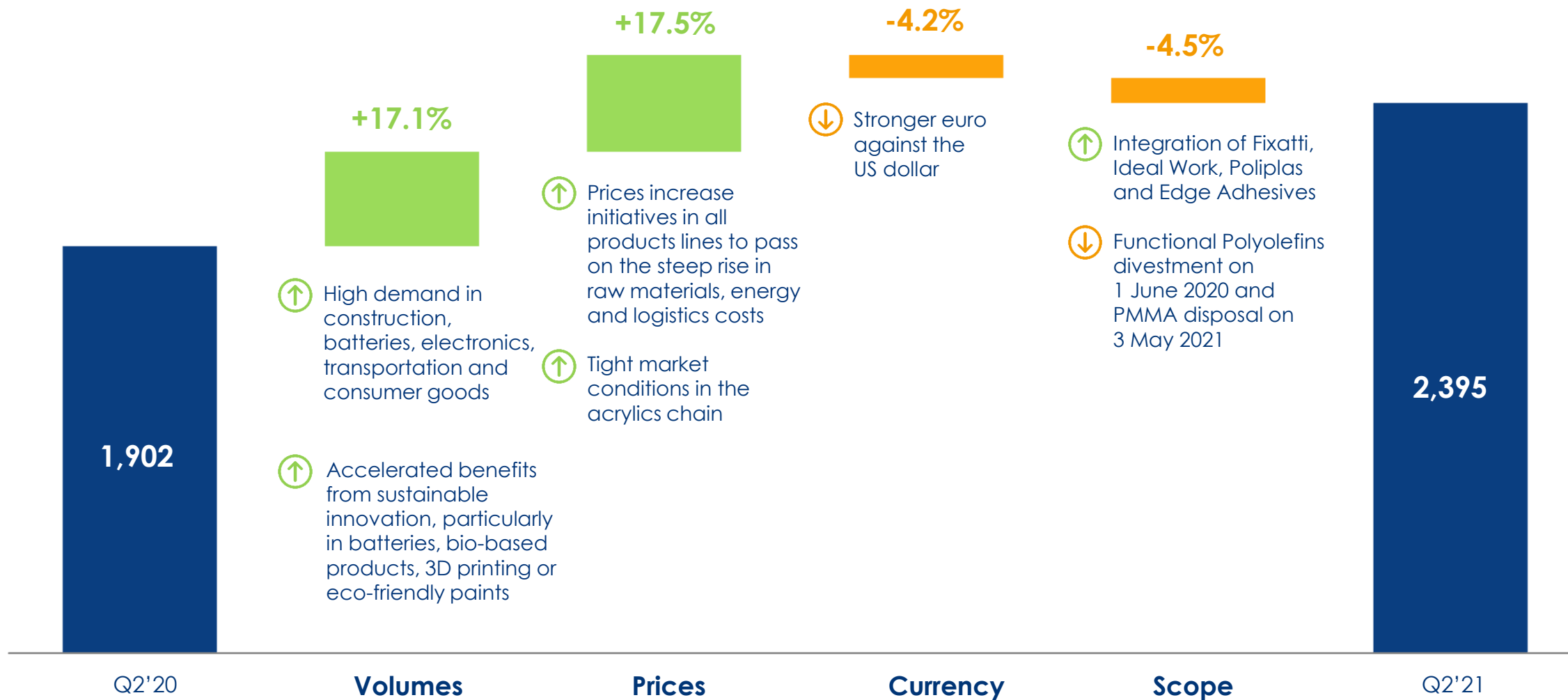
Tight market conditions in **acrylics**

Strict control of costs

1. Specialty Materials include the three following segments: Adhesive Solutions, Advanced Materials and Coating Solutions

STRONG SALES INCREASE DRIVEN EQUALLY BY VOLUMES AND PRICES

Sales in €m



ADHESIVE SOLUTIONS (24% OF GROUP SALES IN Q2'21)



Q2'21 KEY FIGURES

| In €m | Q2'20 | Q2'21 | Change |
|---------------|-------|-------|--------|
| Sales | 453 | 575 | +26.9% |
| EBITDA | 50 | 82 | +64.0% |
| EBITDA margin | 11.0% | 14.3% | |
| REBIT | 35 | 65 | +85.7% |

H1'21 KEY FIGURES

| In €m | H1'20 | H1'21 | Change |
|---------------|-------|-------|--------|
| Sales | 968 | 1,130 | +16.7% |
| EBITDA | 119 | 168 | +41.2% |
| EBITDA margin | 12.3% | 14.9% | |
| REBIT | 89 | 136 | +52.8% |

Q2'21 SALES DEVELOPMENT

| | |
|----------|--------|
| Volumes | +20.5% |
| Prices | +3.8% |
| Currency | (2.9)% |
| Scope | +5.5% |

H1'21 SALES DEVELOPMENT

| | |
|----------|--------|
| Volumes | +14.2% |
| Prices | +1.5% |
| Currency | (3.4)% |
| Scope | +4.4% |

HIGHLIGHTS Q2'21

- **20.5% volume increase**
 - Positive trends in construction and DIY
 - Significant rebound in industrial applications
 - Packaging and hygiene facing high prior-year comparison base
- **3.8% price effect**
 - Pricing actions offsetting raw materials inflation
 - Further pricing initiatives in Q3'21, as the impact of rising raw materials will intensify
- **€82m EBITDA**, up sharply 64.0% YoY, 15.5% vs Q2'19
- **14.3% EBITDA margin**
 - More than 300bps higher than in Q2'20
 - Consolidating the target of 14% set for 2021 despite the raw materials context

ADVANCED MATERIALS (30.5% OF GROUP SALES IN Q2'21)



Q2'21 KEY FIGURES

| In €m | Q2'20 | Q2'21 | Change |
|----------------------|-------|--------------|--------|
| Sales | 628 | 729 | +16.1% |
| EBITDA | 124 | 178 | +43.5% |
| EBITDA margin | 19.7% | 24.4% | |
| REBIT | 61 | 116 | +90.2% |

H1'21 KEY FIGURES

| In €m | H1'20 | H1'21 | Change |
|----------------------|-------|--------------|--------|
| Sales | 1,280 | 1,432 | +11.9% |
| EBITDA | 246 | 320 | +30.1% |
| EBITDA margin | 19.2% | 22.3% | |
| REBIT | 122 | 197 | +61.5% |

Q2'21 SALES DEVELOPMENT

| | |
|-----------------|---------------|
| Volumes | +14.5% |
| Prices | +5.9% |
| Currency | (4.3)% |
| Scope | - |

H1'21 SALES DEVELOPMENT

| | |
|-----------------|---------------|
| Volumes | +12.0% |
| Prices | +4.2% |
| Currency | (4.3)% |
| Scope | - |

HIGHLIGHTS Q2'21

- **Volumes up 14.5%**
 - Excellent dynamic in High Performance Polymers
 - Acceleration of new developments in lightweight materials, clean mobility and bio-based products
 - Favorable trend in most of the segment's end markets, while oil & gas remained down YoY and animal nutrition faced a high comparison base
- **Prices up 5.9%**, reflecting price increase initiatives in a context of rising raw materials
 - **€178m EBITDA**, up by more than 25% vs pre-Covid level of Q2'19 (up 43.5% YoY)
 - Record high **EBITDA margin** at **24.4%**

COATING SOLUTIONS (30% OF GROUP SALES IN Q2'21)



Q2'21 KEY FIGURES

| In €m | Q2'20 | Q2'21 | Change |
|---------------|-------|--------------|---------|
| Sales | 436 | 712 | +63.3% |
| EBITDA | 59 | 157 | +166.1% |
| EBITDA margin | 13.5% | 22.1% | |
| REBIT | 28 | 128 | +357.1% |

H1'21 KEY FIGURES

| In €m | H1'20 | H1'21 | Change |
|---------------|-------|--------------|---------|
| Sales | 953 | 1,279 | +34.2% |
| EBITDA | 124 | 235 | +89.5% |
| EBITDA margin | 13.0% | 18.4% | |
| REBIT | 64 | 177 | +176.6% |

Q2'21 SALES DEVELOPMENT

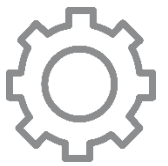
| | |
|----------|---------------|
| Volumes | +25.4% |
| Prices | +44.3% |
| Currency | (6.4)% |
| Scope | - |

H1'21 SALES DEVELOPMENT

| | |
|----------|---------------|
| Volumes | +14.8% |
| Prices | +25.2% |
| Currency | (5.8)% |
| Scope | - |

HIGHLIGHTS Q2'21

- **Prices up 44.3%**
 - Price initiatives to offset the increased cost of propylene, acrylics and VAM
 - Tight acrylics market for activities not integrated downstream
- **Volumes up 25.4%**
 - Strong dynamic in decorative paints, electronics, 3D printing, graphic arts and industrial coatings
 - Benefits from the broader sustainable offering with waterborne paints or powder coatings
- **EBITDA up very significantly at €157m** (€59m in Q2'20)
 - **Record EBITDA margin of 22.1%**, around 800 bps above last year, confirming the segment's profitability potential



INTERMEDIATES (15.5% OF GROUP SALES IN Q2'21)

Q2'21 KEY FIGURES

| In €m | Q2'20 | Q2'21 | Change |
|----------------------|-------|-------|--------|
| Sales | 379 | 371 | (2.1)% |
| EBITDA | 66 | 87 | +31.8% |
| EBITDA margin | 17.4% | 23.5% | |
| REBIT | 35 | 64 | +82.9% |

H1'21 KEY FIGURES

| In €m | H1'20 | H1'21 | Change |
|----------------------|-------|-------|--------|
| Sales | 776 | 766 | (1.3)% |
| EBITDA | 134 | 162 | +20.9% |
| EBITDA margin | 17.3% | 21.1% | |
| REBIT | 70 | 111 | +58.6% |

Q2'21 SALES DEVELOPMENT

Volumes +7.7%

Prices +22.4%

Currency (3.2)%

Scope (29.0)%

H1'21 SALES DEVELOPMENT

Volumes +6.9%

Prices +16.5%

Currency (3.6)%

Scope (21.1)%

HIGHLIGHTS Q2'21

- **-29.0% scope effect** related to Functional Polyolefins and PMMA divestments
- **22.4% price effect**
 - More favorable market conditions in acrylics in Asia
 - Gradual improvement in Fluorogases, particularly in the US
- **€87m EBITDA, up 31.8% YoY** despite negative scope effect
- **EBITDA margin at 23.5%**, driven notably by the acrylics chain tightness observed since the beginning of the year

KEY FIGURES

| In €m | Q2'20 | Q2'21 | Change | H1'20 | H1'21 | Change |
|---|-------|--------------|---------|-------|--------------|---------|
| Sales | 1,902 | 2,395 | +25.9% | 3,990 | 4,621 | +15.8% |
| EBITDA | 286 | 478 | +67.1% | 586 | 836 | +42.7% |
| Specialty Materials | 233 | 417 | +79.0% | 489 | 723 | +47.9% |
| Intermediates | 66 | 87 | +31.8% | 134 | 162 | +20.9% |
| Corporate | (13) | (26) | | (37) | (49) | |
| EBITDA margin | 15.0% | 20.0% | | 14.7% | 18.1% | |
| Specialty Materials | 15.4% | 20.7% | | 15.3% | 18.8% | |
| Intermediates | 17.4% | 23.5% | | 17.3% | 21.1% | |
| Recurring operating income (REBIT) | 144 | 345 | +139.6% | 304 | 568 | +86.8% |
| REBIT margin | 7.6% | 14.4% | | 7.6% | 12.3% | |
| Adjusted net income | 90 | 267 | +196.7% | 190 | 426 | +124.2% |
| Net debt (incl. hybrid bonds) | | | | 2,134 | 1,281 | |

Q2'21 AND H1'21 CASH FLOW

Reconciliation of EBITDA to net cash flow

| In €m | Q2'20 | Q2'21 | H1'20 | H1'21 |
|--|-------|--------------|-------|--------------|
| EBITDA | 286 | 478 | 586 | 836 |
| Current taxes | (29) | (68) | (55) | (117) |
| Cost of debt | (17) | (14) | (42) | (27) |
| Change in working capital and fixed assets payables ¹ | 103 | (53) | (78) | (240) |
| Recurring capital expenditure | (78) | (93) | (157) | (165) |
| Others | 19 | (5) | 17 | 11 |
| Recurring cash flow | 284 | 245 | 271 | 298 |
| Exceptional capital expenditure | (44) | (64) | (57) | (117) |
| Non-recurring items | 48 | 132 | 36 | 116 |
| Free cash flow | 288 | 313 | 250 | 297 |
| Impact of portfolio management | 242 | 912 | 147 | 896 |
| Net cash flow | 530 | 1,225 | 397 | 1,193 |

H1'21 tax rate

20% of REBIT (excl. exceptional items)

Working capital below normative level

11.9% of annualized sales at end-June 2021 (excl. PMMA)

Non-recurring items

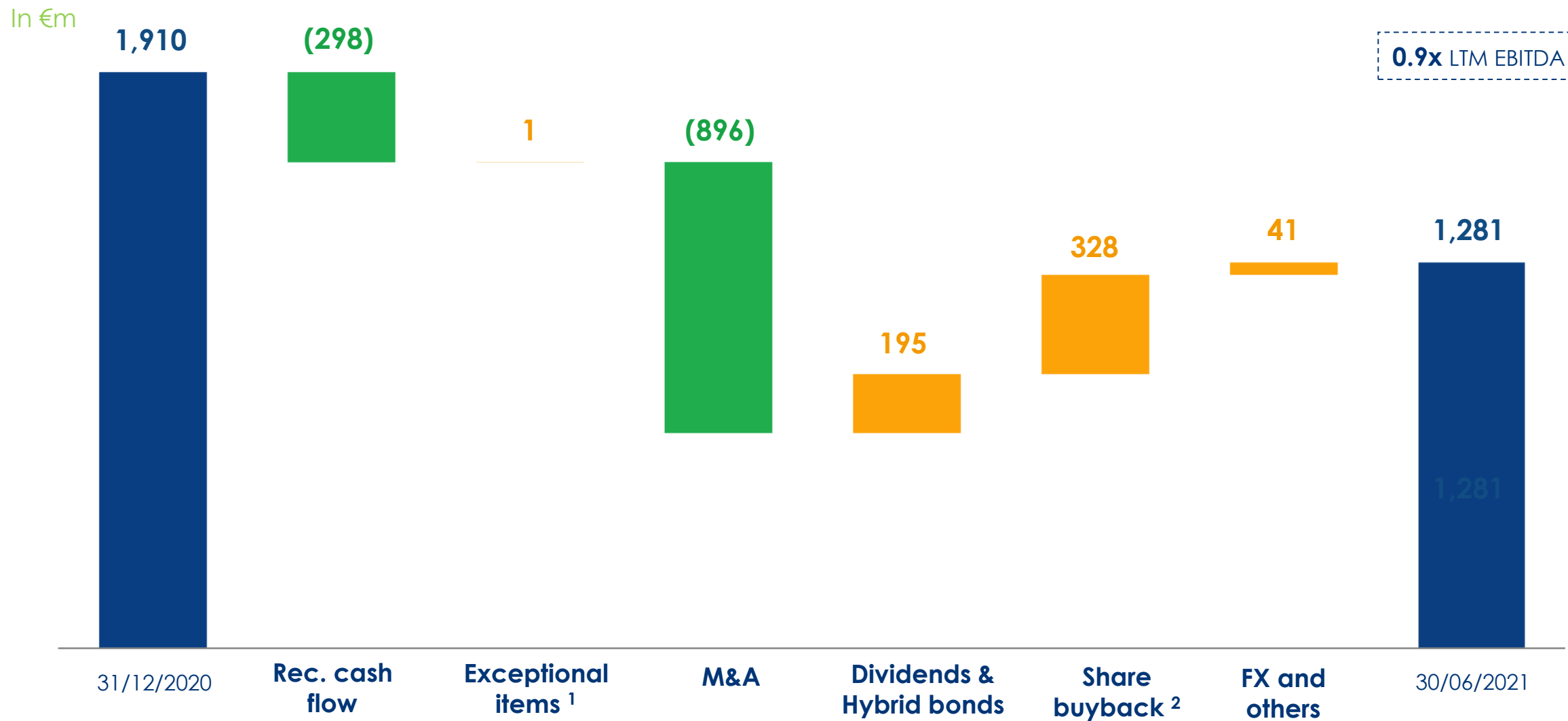
mainly corresponding to tax payables linked to PMMA disposal in 2021

Portfolio management

includes mainly net proceeds from PMMA disposal in 2021, and from Functional Polyolefins in 2020

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

NET DEBT EVOLUTION (INCLUDING HYBRID BONDS)



1. Includes exceptional capex and non-recurring items

2. Includes the €300m commitment relating to the share buyback program launched at the end of May 2021

OUTLOOK

- ▶ The positive dynamic observed in the first half is continuing, benefiting from **solid demand in most of the Group's end markets**.
- ▶ Arkema will nevertheless remain vigilant and ready to respond rapidly to the current evolution of the health crisis and the rising raw materials context, and will pursue its price increase initiatives.
- ▶ Moreover, Arkema will continue to **leverage its strong sustainable innovation dynamic** and its recent capacity expansions in order to capitalize on accelerating demand for sustainable, high-performance solutions, driven by global megatrends.
- ▶ In light of its first-half financial performance, and while remaining attentive to the macroeconomic context which remains volatile, the Group has **significantly raised its full-year guidance once again**. Excluding a systemic resumption of the health crisis, Arkema is now targeting for 2021, **around 30% growth in Specialty Materials' EBITDA relative to 2020 at constant scope and currency** ⁽¹⁾, versus the 20% previously announced. Group EBITDA should therefore reach **around €1.4 billion for the full year**.
- ▶ Finally, Arkema will continue to deploy its strategic roadmap, in line with its ambition to become a **pure Specialty Materials player by 2024**.

1. With the assumption of a €/€ exchange rate of 1.2 for 2021, the impact on 2020 EBITDA is estimated at a negative €30m for Specialty Materials and a negative €10m for Intermediates

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 the evolution of the situation as well as the magnitude of its impacts on the global economy are highly 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, developments in the Covid-19 situation, and changes in general economic and business conditions. These risk factors are further developed in the 2020 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 2020 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 free cash flow excluding exceptional capital expenditure divided by EBITDA