Third-quarter 2021 results and outlook

10 November 2021

Specialty Materials at the heart of our new brand territory

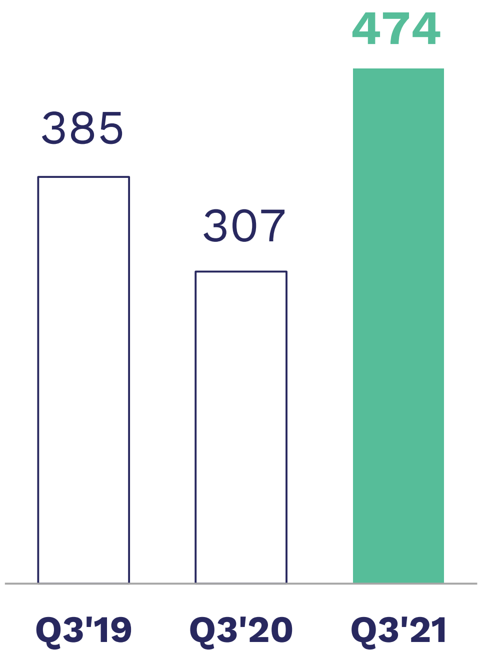
ARKEMA INNOVATIVE MATERIALS FOR A SUSTAINABLE WORLD

Sustainability supporting strong Q3'21 performance

Excellent Q3’21 results in a challenging operational context

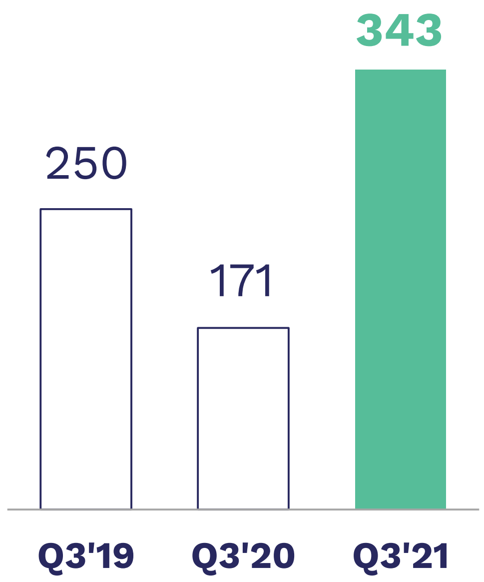
in €m

EBITDA



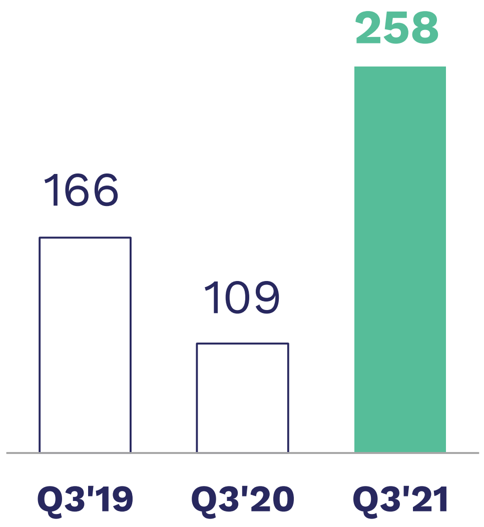
Margin 19.8%

REBIT



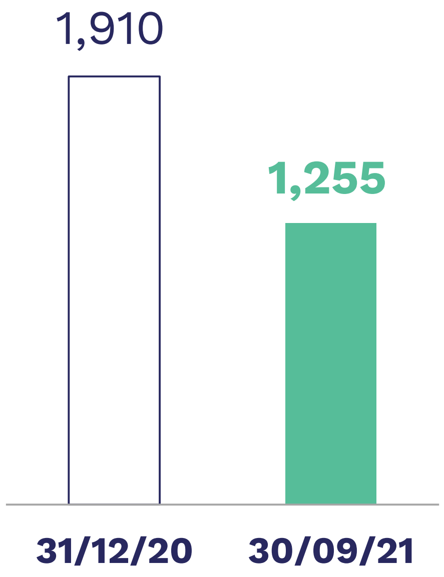
x2.0 *vs* Q3’20

Adj. Net Income



Adj. EPS €3.44

Net Debt
(incl. hybrid bonds)



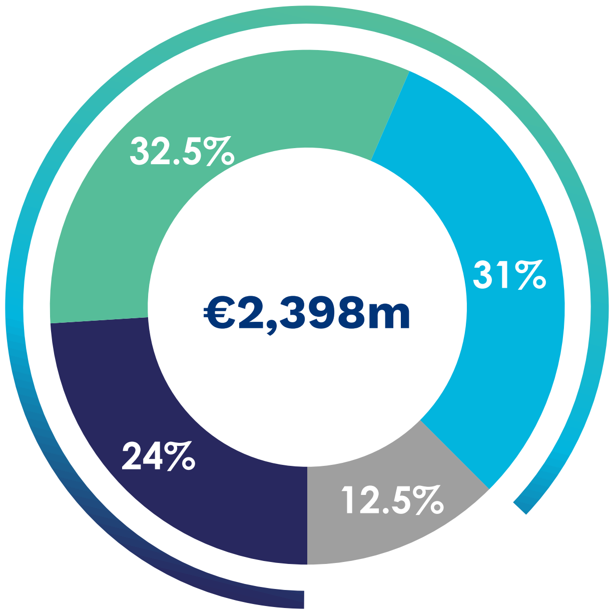
0.8x LTM EBITDA

Specialty Materials performance significantly above 2019

Q3'21 sales split

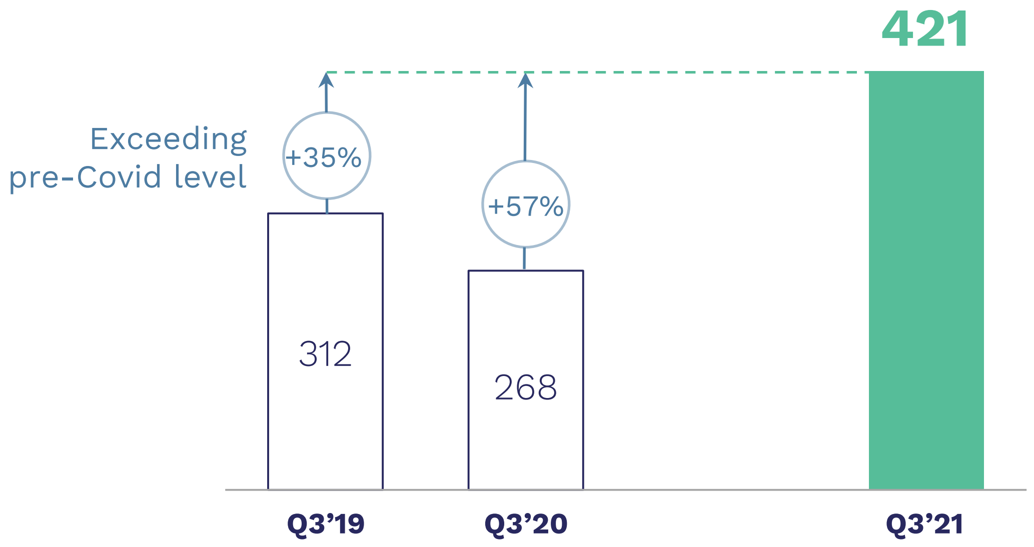
Specialty Materials

87.5%



Adhesive Solutions
Coating Solutions
Advanced Materials
Intermediates

Specialty Materials' EBITDA

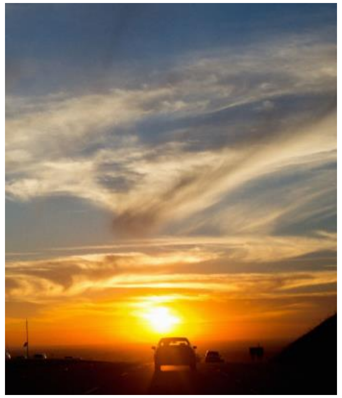
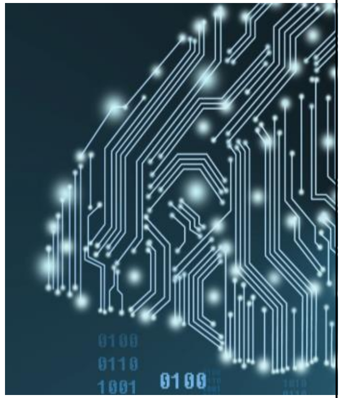


- Volumes up YoY, particularly in High Performance Polymers and Coating Solutions
- Pricing actions in a context of sharp inflation of raw materials, energy and transportation costs
- Adhesive Solutions EBITDA margin on track to reach the 14% target for the full year, despite the mechanical dilutive effect of price increases and the complex raw materials environment

Accelerating demand for new materials driven by megatrends

GLOBAL MEGATRENDS



KEY CHALLENGES ADDRESSED BY ARKEMA	INCREASING URBANIZATION	RESOURCE SCARCITY	CLIMATE CHANGE	NEW TECHNOLOGIES
Boost **new energies and low carbon mobility**	✓	✓	✓	✓
Develop **lightweight materials and design**		✓	✓	✓
Enhance **living comfort and home efficiency**	✓		✓	
Manage **natural resources** and promote **circular economy**	✓	✓	✓	
Develop **electronic solutions**	✓			✓

SUSTAINABLE DEVELOPMENT GOALS

65%

of our sales should significantly contribute to UN SDGs by 2030

We expect to generate

€400m new sales by 2024

€1bn by 2030

from our 5 innovation platforms, aligned with these key challenges

Significant opportunities in clean mobility

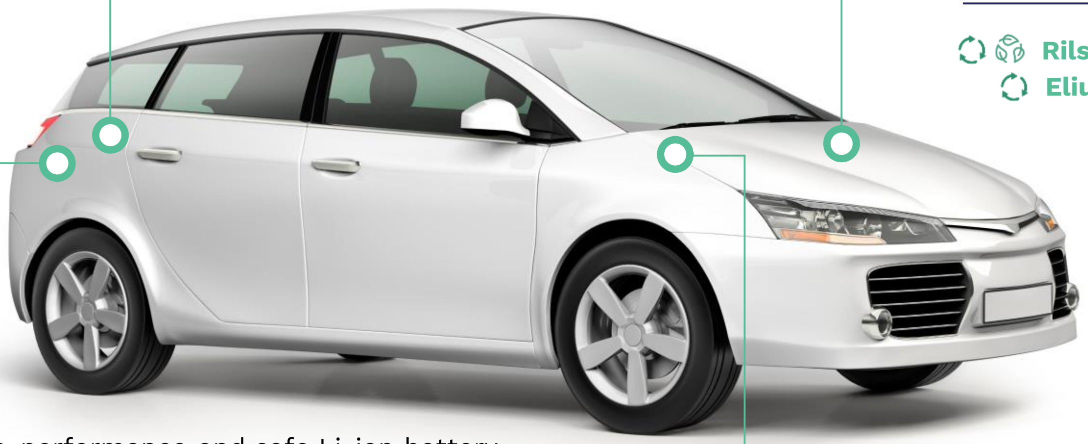
Bio-based
Recyclable

HYDROGEN

Rilsan®	PA11 composites & liners for tanks
Kynar®	PVDF membranes for fuel cells & electrolyzers

CHASSIS

Rilsan® Elium®	100% recyclable composites



BATTERY

Kynar® Kynar CTO®	High-performance and safe Li-ion battery PVDF cells and coating separators
Foranext®	Ultrapure electrolyte salts
Rilsan®	PA11 battery casing and cooling lines
Bostik solutions	Thermally conductive adhesives for cell to cell bonding
Piezotech®	Piezoelectric actuators for monitoring sensors

HYBRID

Rilsan®	Low wash out PA11 for fuel lines and cooling lines

MEGATRENDS

- Increasing urbanization
- Resource scarcity
- Climate change
- New technologies

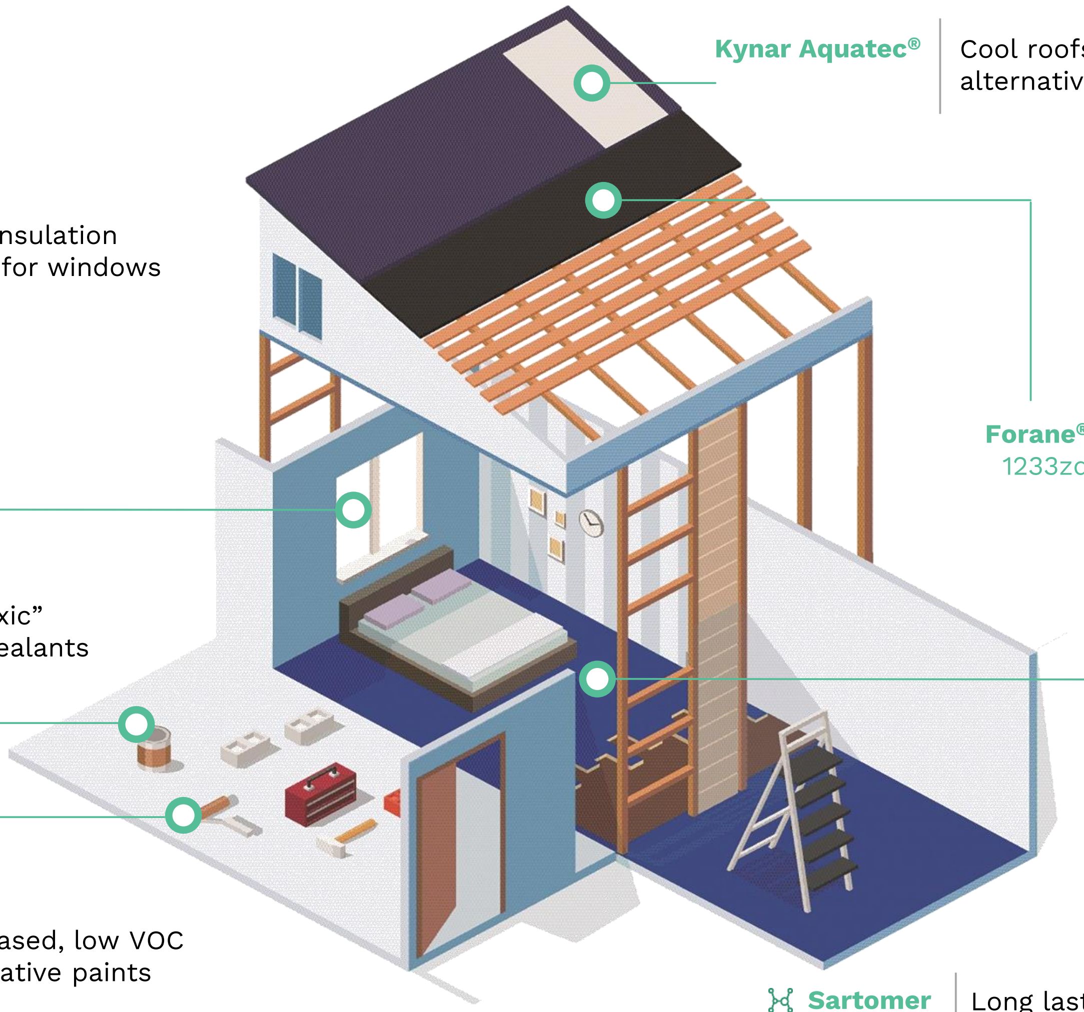
KEY CHALLENGES

- Boost new energies and low carbon mobility
- Develop lightweight materials and design

Extended range of products for living comfort and home efficiency

Bio-based

Low VOC



Kynar Aquatec® | Cool roofs, eco-friendly alternative to air-conditioning

Siliporite® | High thermal insulation double gazing for windows

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

MEGATRENDS

- Increasing urbanization
- Climate change

KEY CHALLENGES

- Enhance living comfort and home efficiency
- Manage natural resources

Increased demand for high-performance bio-based lifestyle products

Bio-based
Recyclable

CONSUMER ELECTRONICS

Rilsan® Sartomer solutions	Durable components for smartphones, tablets, TVs
Rilsan® Pebax® Rnew®	Bio-based & recyclable wearable devices
Piezotech®	Connected AR headset & gloves
Sartomer solutions	High definition printed circuit boards for 5G

CONSUMER GOODS

Rilsan®	Design, customizable & bio-based glass frames Durable dishwasher baskets Bio-based, recyclable toys
Rilsan® Pebax® Rnew®	Technical bio-based textile

HIGH PERFORMANCE SPORTS

Rilsan® Pebax®	100% recyclable running shoes High energy return foam outsoles for sports shoes Bio-based ski boots
N3xtDimension®	3D printed extra-wide comfortable saddles (Carbon®)

MEGATRENDS

- Increasing urbanization
- Resource scarcity
- Climate change
- New technologies

KEY CHALLENGES

- Manage natural resources and promote circular economy
- Develop electronic solutions

Portfolio and ESG highlights

ASHLAND PERFORMANCE ADHESIVES

- Proposed acquisition based on an EV of US$1.65bn
- High-performance adhesives in high-value-added industrial applications in the US
- 2021 sales ~US$360m(1) & 2021 EBITDA ~US$95m(1)
- Incl. tax benefits, 15x EV/2021e EBITDA and 8.7x EV/2026e EBITDA (incl. US$45m pre-tax synergies)
- EBITDA margin target for Adhesive Solutions segment raised to > 17% in 2024

EPOXIDES BUSINESS

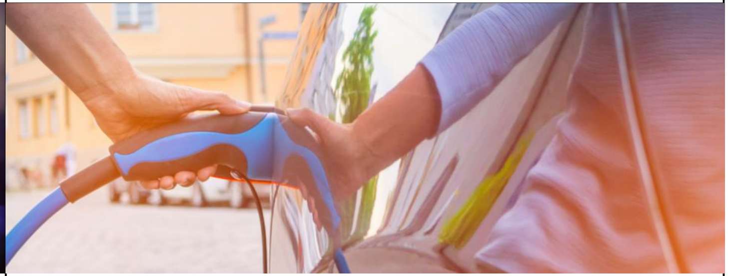
- Divestment project to Cargill
- Bio-based and specialty epoxides in Blooming Prairie (US)
- Annual sales of ~US$40m

V.E ESG RATING

- Score of 67/100
- In the top percentile across all sectors

POLYAMIDE 11 POWDERS

- Expansion in Changshu (CN), expected to start-up in Q1'23
- Part of the €450m exceptional capex for specialty polyamides expansion in Asia



VERKOR

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

1. Including *pro forma* adjustments

Detailed Q3'21 results and outlook

Q3’21 financial highlights

€2,398m	sales	→ Up nearly **30%** *vs* **Q3'20** and **17%** *vs* **Q3’19**, at constant scope and currency • Accelerating demand for cutting-edge and sustainable solutions • Volumes up by a solid **5.3%** YoY, in an operational context marked by the shortage of an increasing number of raw materials and logistics constraints in Asia and US • Significant price increases (**+23.8%** YoY), reflecting Arkema’s initiatives to pass on sharp inflation of raw materials, energy and logistics costs, as well as product mix improvement
€474m **19.8%**	EBITDA EBITDA margin	→ EBITDA **sharply up** by **54.4%** • Specialty Materials EBITDA up 57.1% YoY, at €421m, well above pre-Covid level (+ 34.9% *vs* Q3’19) • Intermediates EBITDA at €74m, despite negative PMMA scope effect → EBITDA margin close to **20%**, record high for a Q3
€258m	adj. net income	→ Representing €3.44 per share
€1,255m	net debt (incl. hybrid bonds)	→ 0.8x LTM EBITDA → €236m recurring cash flow (FCF before exceptional items)

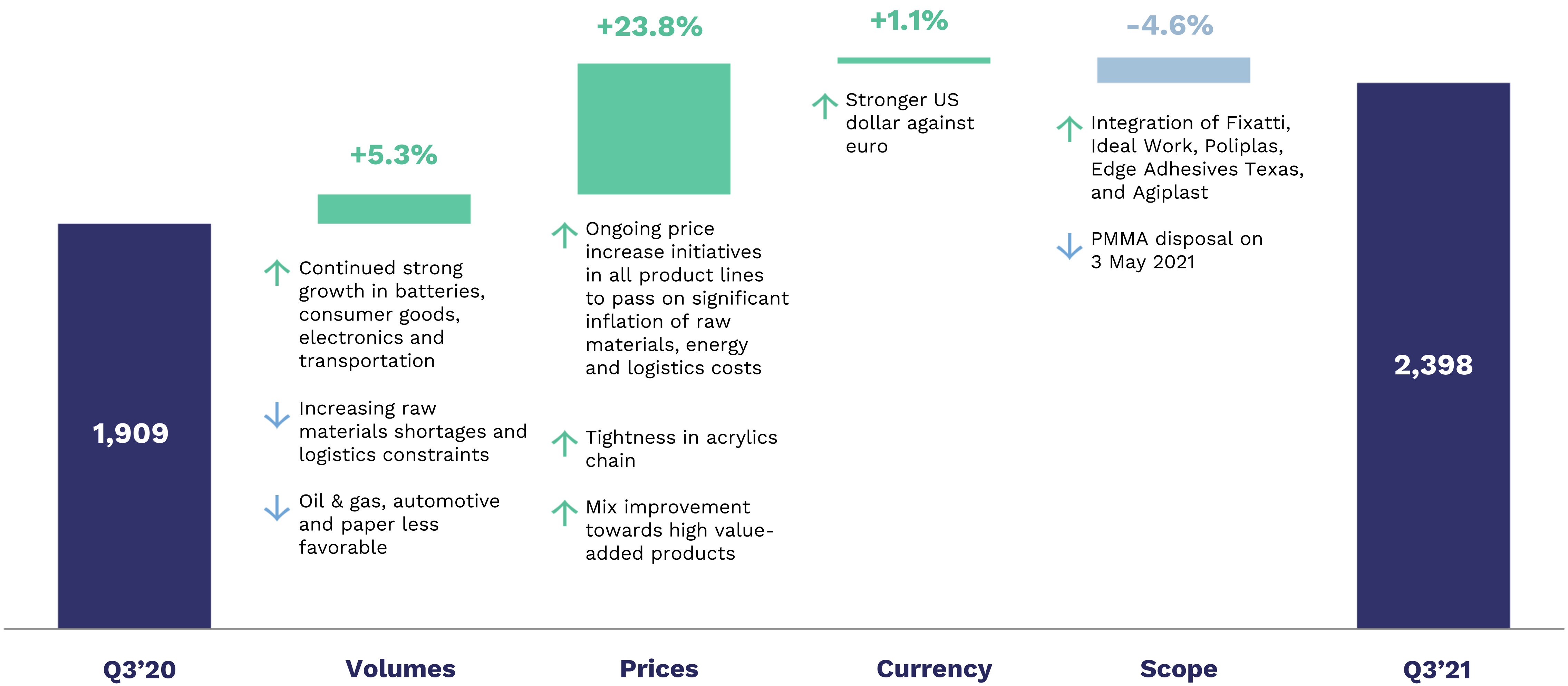
Key figures

in €m

	Q3'21	Q3'20	Change
Sales	**2,398**	1,909	+25.6%
EBITDA	**474**	307	+54.4%
Specialty Materials	**421**	268	+57.1%
Intermediates	**74**	55	+34.5%
Corporate	**-21**	-16	
EBITDA margin	**19.8%**	16.1%	
Specialty Materials	**20.1%**	16.9%	
Intermediates	**24.7%**	17.5%	
Recurring operating income (REBIT)	**343**	171	+100.6%
REBIT margin	**14.3%**	9.0%	
Adjusted net income	**258**	109	+136.7%
Net debt (incl. hybrid bonds)	**1,255**	1,869	

Strong organic sales growth

Sales in €m

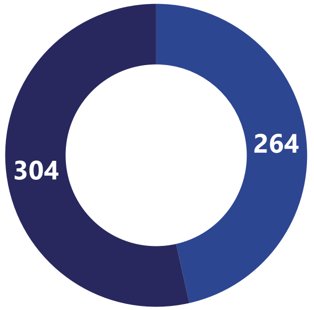


Adhesive Solutions (24% of Group sales)

Key figures

in €m	**Q3'21**	Q3'20	Change
Sales	**568**	516	+10.1%
EBITDA	**79**	73	+8.2%
EBITDA margin	**13.9%**	14.1%	
REBIT	**63**	57	+10.5%

Sales by business line



Construction & Consumer
Industrial Assembly

Sales development

Volumes — -2.3%

Prices — +6.6%

Currency — +1.0%

Scope — +4.8%

Highlights

→ **+6.6% price** effect, reflecting the Group's actions to pass on sustained raw materials inflation

→ **Volumes down 2.3%** from Q3'20 high comparison base
- Robust demand in construction, and in high-performance industrial applications
- Impact of raw material shortages and logistics constraints, particularly in the US and Asia

→ **€79m EBITDA, up 8.2% YoY**, driven by price increase actions, operational excellence, improved product mix and integration of acquisitions

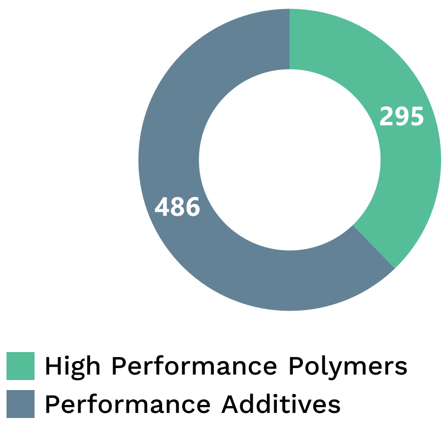
→ **EBITDA margin** at **13.9%** (14.1% in Q3'20), on track to reach full year target of 14%, despite mechanical dilutive effect of price increases

Advanced Materials (32.5% of Group sales)

Key figures

in €m	Q3'21	Q3'20	Change
Sales	**781**	603	+29.5%
EBITDA	**174**	127	+37.0%
EBITDA margin	**22.3%**	21.1%	
REBIT	**111**	66	+68.2%

Sales by business line



Sales development

Volumes	+13.3%
Prices	+14.6%
Currency	+0.8%
Scope	+0.8%

Highlights

→ **Volumes up 13.3% YoY**
- Strong increase in High Performance Polymers volumes, in particular in batteries, sports and bio-based consumer goods
- Automotive (excluding batteries) and oil & gas markets less supportive

→ **Prices up 14.6%**, reflecting price increase initiatives in a rising raw materials environment, and improved product mix on high-performance applications

→ **€174m EBITDA, up 37.0% YoY**, far exceeding pre-Covid level of Q3'19 (€159m), in the context of accelerating demand for sustainable and high-performance materials

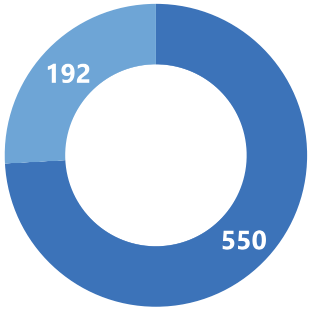
→ **EBITDA margin at a high level of 22.3%** (21.1% in Q3'20 and 22.5% in Q3'19)

Coating Solutions (31% of Group sales)

Key figures

in €m	**Q3'21**	Q3'20	Change
Sales	**742**	469	+58.2%
EBITDA	**168**	68	+147.1%
EBITDA margin	**22.6%**	14.5%	
REBIT	**138**	39	+253.8%

Sales by business line



Sales development

Volumes	+5.8%
Prices	+52.4%
Currency	-
Scope	-

Highlights

→ **Prices up 52.4% YoY**
- Price actions in downstream product lines to offset high raw materials inflation
- Relative tightness of the acrylics market

→ **Volumes up 5.8% YoY**, driven by continued strong demand in decorative paints, industrial coatings, 3D printing, graphic arts and electronics

→ **€168m EBITDA**
(*vs* €68m in Q3'20 and €82m in Q3'19)
- Accelerating demand for more eco-friendly and higher value-added solutions
- Improved conditions in acrylics market
- Pricing power in downstream activities

→ **EBITDA margin at a very high level of 22.6%**
(14.5% in Q3'20 and 15.4% in Q3'19)

Intermediates (12.5% of Group sales)

Key figures

in €m	**Q3'21**	Q3'20	Change
Sales	**300**	315	-4.8%
EBITDA	**74**	55	+34.5%
EBITDA margin	**24.7%**	17.5%	
REBIT	**53**	27	+96.3%

Sales development

Volumes — +1.6%

Prices — +27.6%

Currency — +3.5%

Scope — -37.5%

Highlights

- → **Scope effect of -37.5%** related to PMMA divestment
- → **Prices up by a significant 27.6% YoY**, reflecting more favorable market conditions in acrylics in Asia, and Fluorogases improvement in the US
- → **Volumes up 1.6% YoY**, held back by the reduction in acrylics production end-Q3'21 following Chinese authorities' measures to limit energy consumption
- → **€74m EBITDA**, up 34.5% YoY and **EBITDA margin at 24.7%** from 17.5% last year

Q3'21 Cash flow

in €m

Reconciliation of EBITDA to net cash flow

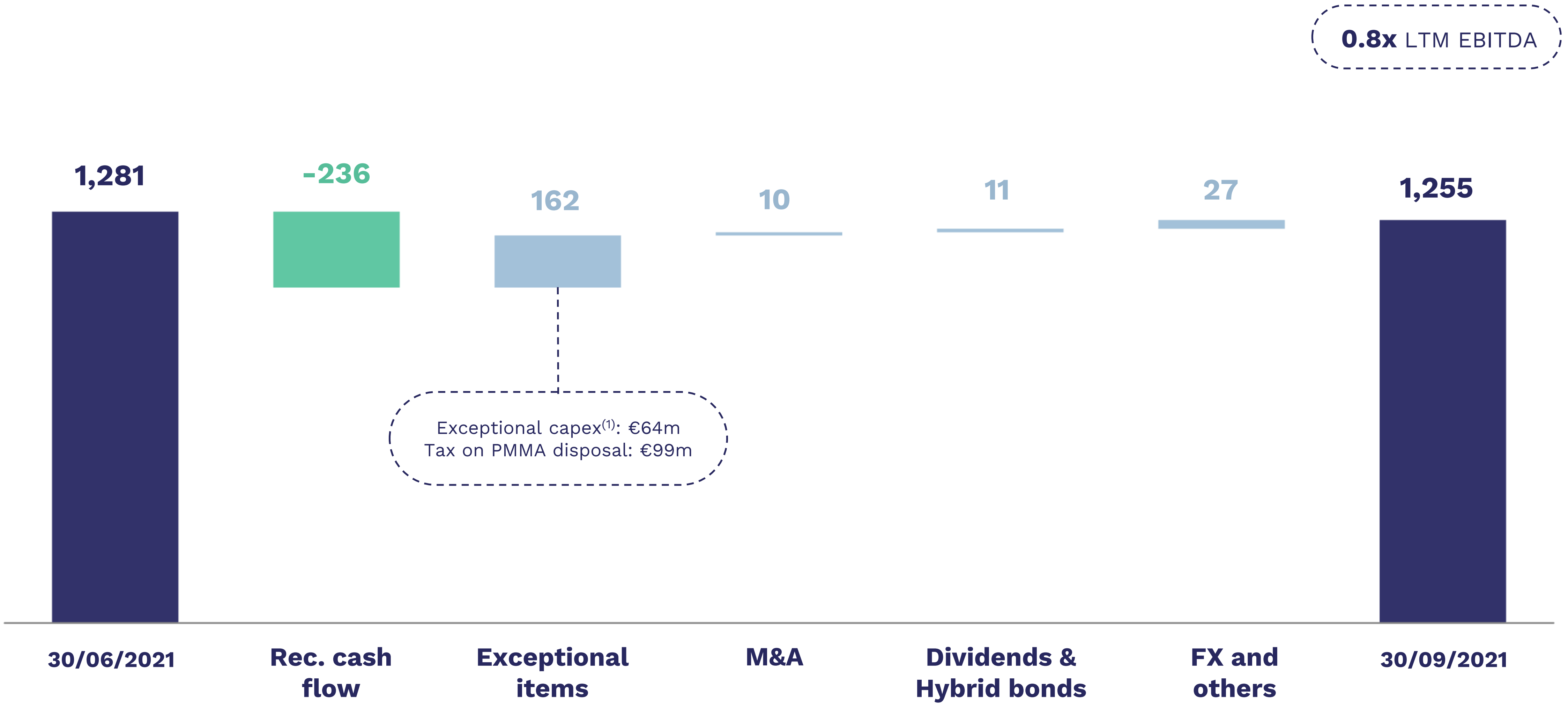
	Q3'21	Q3'20
EBITDA	**474**	307
Current taxes	-60	-31
Cost of debt	-13	-19
Change in working capital and fixed assets payables(1)	-80	160
Recurring capital expenditure	-111	-105
Others	26	-1
Recurring cash flow	**236**	311
Exceptional capital expenditure	-64	-33
Non-recurring items	-98	7
Free cash flow	**74**	285
Impact of portfolio management	-10	-5
Net cash flow	**64**	280

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

- **Q3'21 tax rate**
  20% of REBIT (excl. exceptional items)
- **Working capital tightly controlled**
  12.3% of annualized sales at end-September 2021
- **Non-recurring items**
  Mainly corresponding to part of the tax payment linked to PMMA disposal in 2021
- **Exceptional capex**
  Ramp-up in the construction of the bio-based PA11 plant in Singapore and of the hydrofluoric acid unit in the US

Net debt evolution (including hybrid bonds)

in €m



1. PA11 expansion in Asia and Nutrien project

Outlook

- Activity in Q4'21 should be in line with the past few months. Operational performance will continue to be impacted by the unavailability of certain raw materials, logistical difficulties, and rising input costs, which will guide the Group's selling price policy. The automotive sector will also remain affected by the shortage of electronic components, and energy restrictions in China could temporarily reduce demand in the region.

- Arkema will continue to greatly benefit from the repositioning of its portfolio towards Specialty Materials and from the very positive momentum driven by major sustainable trends.

- The Group is again significantly raising its annual guidance, targeting **growth of at least 40% in Specialty Materials EBITDA** in 2021 compared to 2020, at constant scope and currency(1), compared to 30% previously communicated with H1'21 results. **Group EBITDA** should thus be **around €1.6 billion** for the full year.

- In addition, the Group confirms the EBITDA margin target of 14% for the year for the Adhesive Solutions segment.

- Finally, the Group will continue to implement its strategy in line with its ambition to become, by 2024, a pure player in sustainable and high-performance Specialty Materials.

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