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ARKEMA UNVEILS ITS 2028 AMBITION AND ACCELERATES ITS ORGANIC GROWTH IN HIGH PERFORMANCE MATERIALS AND SUSTAINABLE SOLUTIONS

Arkema presents the new stage of its development at the Capital Markets Day of 27 September 2023. Building on the achievements since the April 2020 strategy update, the Group now aims to accelerate its organic sales growth in the medium term, by capitalizing on its recent or future industrial investments in high value-added technological solutions serving fast-growing market segments supported by sustainable megatrends.

- **By 2028, Arkema aims to achieve sales of around €12bn with an elevated EBITDA margin of around 18%**
- **Average organic sales growth is expected at around 4% per year and average organic EBITDA growth at 7 to 8% per year over the 2024-28 period**
- **Cash generation should remain strong and shareholder returns increase by 30% over the 2024-28 period *versus* the prior 5 year period**
- **The Group will also capitalize on the recent validation of its 1.5°C trajectory by SBTi to further strengthen its decarbonization initiatives, paving the way for Net-Zero by 2050**

Since the April 2020 Strategy Update, the Group has steadfastly continued its value-creative transformation, nearly completing its shift into a pure Specialty Materials player thanks to targeted investments, cutting-edge sustainable innovation and a high value-added portfolio management strategy. Arkema's materials science expertise is now built around the three coherent and complementary segments of Adhesive Solutions, Advanced Materials, and Coating Solutions, with an unmatched portfolio of cutting-edge technologies.

This transformation has generated strong financial returns for Arkema and enabled the Group to increase structural profitability. Arkema is thus on track to achieve the ambitious financial targets it set for 2024, while delivering €1.3bn of shareholder returns since 2020 *via* dividends and share buybacks and maintaining strict financial discipline. Importantly, Arkema has also markedly improved its corporate social responsibility profile, notably with an ambitious climate plan aligned with the 1.5°C trajectory validated by SBTi, as well as improvements in workplace safety and in promoting diversity within the organization.

Since Covid, disruptive megatrends have accelerated the world's transformation, and Arkema is at the forefront of enabling change toward a more sustainable economy thanks to its high performance, innovative materials. Building on its successful evolution since 2020, having acquired or built an unparalleled portfolio of technologies, the Group is now ready to progress to the next level of its growth trajectory by leveraging its unique position.

Thus, by 2028, Arkema aims to achieve sales of around €12bn with an elevated EBITDA margin of around 18%, translating into average organic sales growth of around 4% per year and average organic EBITDA growth at 7% to 8% per year in the 2024-28 period. The Group will also maintain its strict financial discipline with a net debt to EBITDA ratio not greater than 2x.

In order to achieve this ambition, Arkema will place sustainability at the heart of its strategy through 5 main drivers:

- (i) Leveraging the strength of One Arkema to enhance employee empowerment and customer intimacy
- (ii) Achieving superior growth from sustainable innovation in 5 key submarkets driven by megatrends where Arkema has built leading positions with cutting-edge technologies
- (iii) Ramping up recent capex, notably the bio-based PA11 plant in Singapore and PVDF expansions, and carrying out new high return projects in batteries, renewable energy, decarbonization and bio-based products
- (iv) Further strengthening the portfolio with bolt-on acquisitions and the finalization of the divestment of Intermediates
- (v) Driving manufacturing excellence including a strong focus on decarbonization and digitalization

Cash generation over the 2024-28 period should remain strong and the total amount of operating cash flow ⁽¹⁾ to allocate is expected to reach around €7bn, equating to an operating cash conversion rate ⁽²⁾ at around 70%. The amount returned to shareholders should increase by around 30% *versus* the 2019-23 period, including steady dividend growth leading to a payout ratio of close to 40% over the 2024-28 period, and some opportunistic share buybacks. Net M&A should represent half of the amount spent during the 2019-23 period while capex should increase by around 15%, reflecting inflation, decarbonization efforts and projects to support the Group's growth notably in batteries.

The Group will also capitalize on the recent validation of its 1.5°C trajectory by SBTi to further strengthen its decarbonization initiatives, paving the way for Net-Zero by 2050.

All these elements are detailed in the "Strategy Update - Lead for sustainable growth" presentation which will be available on the Company's website: www.finance.arkema.com.

⁽¹⁾ Free cash flow before capex (intangible assets and property, plant and equipment additions)

⁽²⁾ Operating cash flow divided by EBITDA

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 world economy and the consequences of the Russian offensive in Ukraine on geopolitical equilibriums 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, and changes in general economic and business conditions. These risk factors are further developed in the 2022 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 2022 Universal Registration Document and other documents filed with the French Autorité des marchés financiers.

Financial information since 2006 is extracted from the consolidated financial statements of Arkema. The business segment information is presented in accordance with Arkema's internal reporting system used by the management.

Besides its IFRS accounts, Arkema also uses alternative performance indicators to provide a more consistent and comparable analysis of the Group's financial performance. Such indicators are defined in the 2022 Universal Registration Document. In this document, 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*

Operating cash flow: *corresponds to free cash flow before capex (intangible assets and property, plant and equipment additions)*

Operating cash conversion rate: *corresponds to operating cash flow divided by EBITDA*

This document contains forward looking information, which describe expectations, strategies, future events or intentions. Forecasts and financial objectives are defined in normalized macroeconomic and market conditions, among other EUR/USD exchange rate of 1.1, GDP of 3% and oil price at US\$80/bbl. The achievement of these forecasts and financial objectives is therefore subject to uncertainties regarding these economic factors, as well as regarding changing market conditions, competitive landscape, regulatory evolutions, and other unplanned events. As a consequence, results may differ from those expressed or implied in this document.

Building on its unique set of expertise in materials science, Arkema offers a portfolio of first-class technologies to address ever-growing demand for new and sustainable materials. With the ambition to become in 2024 a pure player in Specialty Materials, the Group is structured into 3 complementary, resilient and highly innovative segments dedicated to Specialty Materials - Adhesive Solutions, Advanced Materials, and Coating Solutions - accounting for some 91% of Group sales in 2022, and a well-positioned and competitive Intermediates segment. Arkema offers cutting-edge technological solutions to meet the challenges of, among other things, new energies, access to water, recycling, urbanization and mobility, and fosters a permanent dialogue with all its stakeholders. The Group reported sales of around €11.5 billion in 2022, and operates in some 55 countries with 21,100 employees worldwide.

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