

## Arkema: Second-quarter 2021 results

The Group recorded excellent earnings growth in the second quarter, notably with EBITDA up 67% compared to 2020 and above the pre-crisis level of 2019. This performance was driven by Specialty Materials <sup>(1)</sup>, which benefited from strong demand for innovative, sustainable materials and from its unique positioning to support global megatrends. In this context, and in light of the quality of the performance achieved in the first half of the year, Arkema is once again significantly increasing its financial targets for 2021.

- Group **sales** of **€2.4 billion**, up 34.6% versus 2020 and up 12.1% versus 2019 at constant scope and currency:
  - ✓ Significant growth in volumes (+17.1% vs. Q2'20 and +3.0% vs. Q2'19), driven by high demand in most end markets and the strong dynamic of new developments
  - ✓ 17.5% increase in selling prices on average compared to the prior year, reflecting the Group's ability to offset the very marked rise in raw materials and energy costs
  - ✓ Sharp acceleration in the benefits of sustainable innovation, particularly in the fast-growing batteries, bio-based materials, 3D printing, electronics and environmentally friendly paints markets
- **EBITDA** of **€478 million**, up 67.1% compared to Q2'20, and a historically high EBITDA margin of 20.0%:
  - ✓ Strong growth in the three segments that constitute Specialty Materials, which recorded EBITDA of €417 million, up nearly 80% versus Q2'20 and 37% versus the pre-Covid reference of Q2'19
  - ✓ Intermediates' EBITDA of €87 million, up 31.8% despite a negative scope effect related to the PMMA divestment on 3 May 2021, benefiting from more favorable market conditions than in the prior year, which was marked by the health crisis
- **Adjusted net income** up almost threefold to **€267 million**, representing €3.50 per share
- **Net debt** of **€1.28 billion** (including €700 million in hybrid bonds), representing 0.9x last-twelve-months EBITDA and including €1.1 billion in gross proceeds from the PMMA divestment, €191 million in dividend payments and a €300 million commitment relating to the share buyback program launched at the end of May
- Continuation of the strategy to refocus on Specialty Materials, with the finalization of the PMMA divestment and the acquisitions of Edge Adhesives and Agiplast
- **Full-year guidance significantly raised**: for 2021, Arkema is now targeting around 30% growth in Specialty Materials' EBITDA relative to 2020 at constant scope and currency <sup>(2)</sup>, which would result in Group EBITDA of around €1.4 billion, excluding a systemic resumption of the health crisis

Following Arkema's Board of Directors' meeting held on 28 July 2021 to approve the Group's consolidated financial statements for the first half of 2021, Chairman and CEO Thierry Le Hénaff said:

*"Arkema's employees can be proud of the performance achieved in the second quarter and I'd like to take this opportunity to thank them warmly for their contribution. We expected the results to be significantly above 2020 levels. But very sharply outperforming 2019, particularly in Specialty Materials, is a great achievement that*

<sup>(1)</sup> Specialty Materials includes the following three segments: Adhesive Solutions, Advanced Materials and Coating Solutions

<sup>(2)</sup> 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

positions us perfectly on our trajectory to 2024. This performance fully confirms the validity of our strategy of sustainable growth and transformation towards innovative, high-performance materials.

In a fast-changing world full of opportunities, we firmly believe in the strength of our project, which is the product of our teams' unwavering commitment since many years, enabling us to support in a unique manner our customers address the major challenges of sustainable development.

Our technologies, the partnerships we forge with our customers, our geographical footprint and our financial flexibility are all valuable assets that will contribute both to speeding up our organic growth via high-quality industrial projects and to strengthening our Specialty Materials through bolt-on acquisitions.

We're more confident than ever in our potential to create value and enthusiastic about growth opportunities notably in such areas as lightweight and bio-based materials, batteries, hydrogen, 3D printing, technical adhesives and more environmentally friendly paints. Raising our guidance for the second time this year is a reflection of this confidence."

## KEY FIGURES

<i>(In millions of euros)</i>	Q2'21	Q2'20	YoY change	H1'21	H1'20	YoY change
<b>Sales</b>	<b>2,395</b>	<b>1,902</b>	<b>+25.9%</b>	<b>4,621</b>	<b>3,990</b>	<b>+15.8%</b>
<b>EBITDA</b>	<b>478</b>	<b>286</b>	<b>+67.1%</b>	<b>836</b>	<b>586</b>	<b>+42.7%</b>
Specialty Materials	417	233	+79.0%	723	489	+47.9%
Intermediates	87	66	+31.8%	162	134	+20.9%
Corporate	-26	-13		-49	-37	
<b>EBITDA margin</b>	<b>20.0%</b>	<b>15.0%</b>		<b>18.1%</b>	<b>14.7%</b>	
Specialty Materials	20.7%	15.4%		18.8%	15.3%	
Intermediates	23.5%	17.4%		21.1%	17.3%	
<b>Recurring operating income (REBIT)</b>	<b>345</b>	<b>144</b>	<b>+139.6%</b>	<b>568</b>	<b>304</b>	<b>+86.8%</b>
REBIT margin	14.4%	7.6%		12.3%	7.6%	
<b>Adjusted net income</b>	<b>267</b>	<b>90</b>	<b>+196.7%</b>	<b>426</b>	<b>190</b>	<b>+124.2%</b>
Adjusted net income per share (in €)	3.50	1.18	+196.6%	5.58	2.49	+124.1%
<b>Recurring cash flow<sup>(*)</sup></b>	<b>245</b>	<b>284</b>	<b>-13.7%</b>	<b>298</b>	<b>271</b>	<b>+10.0%</b>
<b>Free cash flow</b>	<b>313</b>	<b>288</b>	<b>+8.7%</b>	<b>297</b>	<b>250</b>	<b>+18.8%</b>
<b>Net debt including hybrid bonds</b>				<b>1,281</b>	<b>2,134</b>	
<i>€1,910m as of 31/12/2020</i>						

(\*) Recurring cash flow corresponds to the free cash flow before exceptional items. It excludes non-recurring items and exceptional capital expenditure.

## SECOND-QUARTER 2021 BUSINESS PERFORMANCE

**Sales** amounted to **€2,395 million**, up 25.9% compared to second-quarter 2020. At constant scope and currency, sales were up 34.6% versus Q2'20 and up 12.1% versus the pre-Covid level of Q2'19. Volumes rose by a sharp 17.1% year on year, and were also 3.0% above 2019 levels, thanks to high demand in most of the Group's end markets, in particular construction, batteries, electronics, transportation and consumer goods. Arkema is thus reaping the benefits of its positioning on growth markets and on innovative, sustainable, high-performance solutions, where demand, linked to global megatrends, is accelerating. The evolution of volumes in the packaging, nutrition and hygiene markets reflects the high 2020 comparison base. The price effect was a positive 17.5%, reflecting price increase initiatives in all product lines to pass on the steep rise in raw materials, energy and logistics costs, and benefiting as well from tight market conditions in the acrylics chain. The negative 4.5% scope effect relates to the divestments of the Functional Polyolefins business on 1 June 2020 and the PMMA business on 3 May 2021, which were partially offset by acquisitions in Specialty Materials. The euro's rise against

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the US dollar was the main factor behind the negative 4.2% currency effect. In second-quarter 2021, Specialty Materials represented 84.5% of total Group sales (80% in Q2'20).

Group **EBITDA**, at **€478 million**, was up by a very sharp 67.1% compared to Q2'20, despite a negative currency and scope effect of around €30 million. This excellent performance was driven by growth in volumes, particularly in Adhesive Solutions, High Performance Polymers and Coating Solutions, the benefits of our price increase initiatives as well as tight market conditions in the acrylics chain. At €417 million, Specialty Materials' EBITDA was well above 2019 pre-Covid levels (+37.2% versus Q2'19 and +79.0% versus Q2'20), with strong growth in all three segments. The Group's **EBITDA margin** reached a historic high of **20.0%**, up 500 bps from Q2'20.

As a result, **recurring operating income** (REBIT) amounted to **€345 million** compared to €144 million in the second quarter of 2020. This figure includes recurring depreciation and amortization of €133 million, down €9 million compared to second-quarter 2020, primarily due to the currency and scope effects. The **REBIT margin** was up by nearly 700 bps to **14.4%**, thus repositioning the Group's return on capital employed above its 10% long term target.

**Operating income** came to **€1.06 billion** and included a pre-tax capital gain of close to €950 million relating to the divestment of PMMA, as well as expenses corresponding primarily to asset impairments.

**Adjusted net income** rose by a strong 197% to **€267 million**, representing **€3.50** per share. In the first half, excluding exceptional items, the tax rate came in at 20% of recurring operating income, versus 22% last year, reflecting the geographic mix of the Group's earnings.

## CASH FLOW AND NET DEBT AT 30 JUNE 2021

For the sake of comparability between different years and to neutralize in particular the significant non-recurring inflows linked to the tax impacts of recent disposals, a recurring cash flow excluding exceptional items is now calculated. This **recurring cash flow** <sup>(3)</sup> thus came to **€245 million** in second-quarter 2021, versus €284 million in second-quarter 2020. It includes an increase in working capital linked to volume growth and raw materials inflation in a context of a sharp improvement in activity. At 30 June 2021, working capital remains well controlled and represented 11.9% of annualized quarterly sales excluding the PMMA business (16.5% at 30 June 2020 and 16.0% at 30 June 2019), an exceptionally low ratio that remains below the normative level due to strong demand and some difficulties to source raw materials, which did not allow to rebuild inventories.

**Free cash flow** came to **€313 million**, versus €288 million in the second quarter of 2020. It included a non-recurring inflow of €132 million, corresponding mainly to tax liabilities relating to the capital gains tax on the PMMA divestment. The tax has been recorded in net cash flow from portfolio management operations but will be disbursed during the second half of the year. Free cash flow for second-quarter 2020 also included a non-recurring €48 million cash inflow, corresponding primarily to tax savings linked to the use of tax losses. This quarter, free cash flow also included an increase in exceptional capital expenditure (€64 million versus €44 million in Q2'20) relating to the construction of the polyamide bio-factory in Singapore and the hydrofluoric acid supply project with Nutrien in the United States.

Cash flows from portfolio management operations represented a net inflow of €912 million in the quarter, essentially corresponding to the PMMA divestment finalized on 3 May and that also included the bolt-on acquisitions of Agiplast and Edge Adhesives in Specialty Materials.

Including hybrid bonds, **net debt** stood at **€1.28 billion** at 30 June 2021 versus €1.91 billion at 31 December 2020. This figure includes €1.1 billion in gross proceeds from the PMMA divestment, the €2.50 per share dividend payment for a total payout of €191 million and a €300 million commitment corresponding to the share buyback program launched in May 2021. The net debt (including hybrid bonds) to last-twelve-months EBITDA ratio remains well under control, at 0.9x.

Moreover, in line with its ambitions in terms of Corporate Social Responsibility, Arkema has signed an addendum to its €1 billion syndicated credit facility set up in July 2020 in order to integrate three key CSR criteria for the Group into the calculation of the cost of credit: greenhouse gas emissions, volatile organic compound emissions and the total recordable injury rate (TRIR). Arkema also obtained approval from all lenders for the first one-year extension, bringing the maturity date for the syndicated credit facility to 29 July 2024.

<sup>(3)</sup> Recurring cash flow corresponds to free cash flow before exceptional items. It excludes non-recurring items and exceptional capital expenditure.

## SECOND-QUARTER 2021 PERFORMANCE BY SEGMENT

### ADHESIVE SOLUTIONS (24% OF TOTAL GROUP SALES)

<i>(In millions of euros)</i>	Q2'21	Q2'20	YoY change
<b>Sales</b>	<b>575</b>	<b>453</b>	<b>+26.9%</b>
<b>EBITDA</b>	<b>82</b>	<b>50</b>	<b>+64.0%</b>
<b>EBITDA margin</b>	<b>14.3%</b>	<b>11.0%</b>	
<b>Recurring operating income (REBIT)</b>	<b>65</b>	<b>35</b>	<b>+85.7%</b>
REBIT margin	11.3%	7.7%	

**Sales** of the Adhesive Solutions segment totaled **€575 million**, significantly up 26.9% compared to second-quarter 2020. Volumes rose by 20.5%, lifted by positive trends in the construction and DIY markets and by a significant rebound in industrial applications. In the continuity of the first quarter, the packaging and hygiene markets faced the high prior-year comparison base. Up 3.8%, the price effect reflected the Group's actions to pass on raw materials inflation. Further pricing initiatives will be implemented in the third quarter, as the impact of rising raw materials will intensify. The 5.5% positive scope effect corresponds to the integration of Fixatti, Ideal Work, Poliplas and Edge Adhesives and the currency effect was a negative 2.9%.

**EBITDA** for the segment totaled **€82 million**, up sharply 64.0% versus Q2'20 and up 15.5% versus Q2'19. This performance was driven by high volumes, operational excellence actions, the integration of acquisitions and initiatives to increase selling prices to offset the rise in raw materials costs. Despite the mechanical dilutive impact of price increases on this ratio, the EBITDA margin reached 14.3%, more than 300 bps higher than in the prior year, thereby consolidating the target of 14% set for 2021 despite the raw materials context.

### ADVANCED MATERIALS (30.5% OF TOTAL GROUP SALES)

<i>(In millions of euros)</i>	Q2'21	Q2'20	YoY change
<b>Sales</b>	<b>729</b>	<b>628</b>	<b>+16.1%</b>
<b>EBITDA</b>	<b>178</b>	<b>124</b>	<b>+43.5%</b>
<b>EBITDA margin</b>	<b>24.4%</b>	<b>19.7%</b>	
<b>Recurring operating income (REBIT)</b>	<b>116</b>	<b>61</b>	<b>+90.2%</b>
REBIT margin	15.9%	9.7%	

**Sales** of the Advanced Materials segment rose by a significant 16.1% to **€729 million**. Volumes grew by 14.5%, driven primarily by the excellent dynamic in High Performance Polymers, which benefited from the acceleration of new developments, particularly in lightweight materials, clean mobility and bio-based products. The trend in volumes was favorable in most of the segment's end markets, including construction, batteries, electronics, consumer goods and transportation. While gradually improving, the oil and gas market was down year on year, and growth was limited in the animal nutrition market, due to the high comparison base in second-quarter 2020. The 5.9% positive price effect reflects the price increases carried out to pass on the rise in raw materials costs. The currency effect was a negative 4.3%.

At **€178 million**, the segment's **EBITDA** increased by more than 25% compared to pre-Covid Q2'19 levels and by 43.5% year on year, mainly reflecting the marked increase in volumes and the high technological content of Arkema's solutions. In this context, **EBITDA margin** reached a record **24.4%** (19.7% in Q2'20 and 21.8% in Q2'19).

## COATING SOLUTIONS (30% OF TOTAL GROUP SALES)

<i>(In millions of euros)</i>	Q2'21	Q2'20	YoY change
<b>Sales</b>	<b>712</b>	<b>436</b>	<b>+63.3%</b>
<b>EBITDA</b>	<b>157</b>	<b>59</b>	<b>+166.1%</b>
<b>EBITDA margin</b>	<b>22.1%</b>	<b>13.5%</b>	
<b>Recurring operating income (REBIT)</b>	<b>128</b>	<b>28</b>	<b>+357.1%</b>
REBIT margin	18.0%	6.4%	

**Sales** of the Coating Solutions segment rose by a sharp 63.3% to **€712 million**. The 25.4% increase in volumes reflects the strong dynamic in the segment's main markets, namely decorative paints, electronics, 3D printing, graphic arts and industrial coatings. The segment also benefited from its broader offering of more environmentally friendly products, such as waterborne paints and powder coatings. The 44.3% positive price effect reflects price initiatives to offset the increased cost of propylene, acrylics and VAM, as well as a tight acrylics market for activities not integrated downstream. The currency effect was a negative 6.4%.

At **€157 million**, **EBITDA** for the segment was up very significantly (€59 million in Q2'20 and €91 million in Q2'19), benefiting from higher volumes and prices, the shift in the product mix toward higher added-value applications, and more favorable market conditions in activities not integrated downstream. In this context, the **EBITDA margin** came out at a record **22.1%**, up by around 800bps relative to Q2'20 (13.5% in Q2'20 and 15.8% in Q2'19), thereby confirming the segment's profitability potential, in line with the ambition presented at the Capital Market Days.

## INTERMEDIATES (15.5% OF TOTAL GROUP SALES)

<i>(In millions of euros)</i>	Q2'21	Q2'20	YoY change
<b>Sales</b>	<b>371</b>	<b>379</b>	<b>-2.1%</b>
<b>EBITDA</b>	<b>87</b>	<b>66</b>	<b>+31.8%</b>
<b>EBITDA margin</b>	<b>23.5%</b>	<b>17.4%</b>	
<b>Recurring operating income (REBIT)</b>	<b>64</b>	<b>35</b>	<b>+82.9%</b>
REBIT margin	17.3%	9.2%	

**Sales** of the Intermediates segment fell 2.1% year on year to **€371 million**, impacted by a negative 29.0% scope effect corresponding to the divestments of the PMMA business on 3 May 2021 and of the Functional Polyolefins business on 1 June 2020. Volumes grew by 7.7% and the price effect was a positive 22.4%, primarily reflecting more favorable market conditions in acrylics in Asia as well as a gradual improvement in the Fluorogases environment, particularly in the United States. The currency effect was a negative 3.2%.

**EBITDA** increased by 31.8% year on year to **€87 million**, with more favorable market conditions in the segment's various activities more than offsetting the negative scope effect. The **EBITDA margin** rose to **23.5%**, driven notably by the tightness observed in the acrylics chain since the beginning of the year.

## OUTLOOK FOR 2021

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 <sup>(4)</sup>, 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.

Further details concerning the Group's second-quarter 2021 results are provided in the "Second-quarter 2021 results and outlook" presentation and the Factsheet, both available on Arkema's website at [www.finance.arkema.com](http://www.finance.arkema.com).

## REGULATORY INFORMATION

The half-year financial report for the six months ended 30 June 2021 is available on the Group's website ([www.arkema.com](http://www.arkema.com)) under Investor-relations/Financials/Financial results.

## FINANCIAL CALENDAR

10 November 2021	Publication of third-quarter 2021 results
24 February 2022	Publication of full-year 2021 results

*Building on its unique set of expertise in materials science, Arkema offers a world-leading technology portfolio 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 three complementary, resilient and highly innovative segments dedicated to Specialty Materials – Adhesive Solutions, Advanced Materials and Coating Solutions – accounting for some 82% of Group sales in 2020, and a well-positioned and competitive Intermediates segment. Arkema offers cutting-edge technological solutions to meet the challenges of, inter alia, new energies, access to water, recycling, urbanization and mobility, and fosters a permanent dialogue with all its stakeholders. The Group reported sales of around €8 billion in 2020, and operates in some 55 countries with 20,600 employees worldwide. [www.arkema.com](http://www.arkema.com)*

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<sup>(4)</sup> 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 press release may contain forward-looking statements with respect to the financial position, results of operations, business and strategy of Arkema.

In the current context, where the Covid-19 pandemic 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 risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented, developments in the Covid-19 situation, and changes in general economic and financial conditions. 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.

Balance sheet, income statement and cash flow statement data, as well as data relating to the statement of changes in shareholders' equity and information by segment included in this press release are extracted from the condensed consolidated financial statements at 30 June 2021 closed by Arkema's Board of Directors on 28 July 2021. Quarterly financial information is not audited.

Information by segment is presented in accordance with Arkema's internal reporting system used by management.

Details of the main alternative performance indicators used by the Group are provided in the tables appended to this press release. For the purpose of analyzing its results and defining its targets, the Group also uses EBITDA margin, which corresponds to EBITDA expressed as a percentage of sales, EBITDA equaling recurring operating income (REBIT) plus recurring depreciation and amortization of tangible and intangible assets, as well as REBIT margin, which corresponds to recurring operating income (REBIT) expressed as a percentage of sales.

For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):

- **scope effect:** the impact of changes in the Group's scope of consolidation, which arise from acquisitions and divestments of entire businesses or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect;
- **currency effect:** the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review;
- **price effect:** the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review;
- **volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period.





# **ARKEMA financial statements**

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**Consolidated financial information - At the end of June 2021**

Half-year information is subject to a limited review by auditors.

Consolidated financial statements as of December 2020 have been audited.

## CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>2<sup>nd</sup> quarter 2021</u>	<u>2<sup>nd</sup> quarter 2020</u>
<b>Sales</b>	<b>2,395</b>	<b>1,902</b>
Operating expenses	(1,812)	(1,539)
Research and development expenses	(58)	(56)
Selling and administrative expenses	(197)	(178)
Other income and expenses	732	107
<b>Operating income</b>	<b>1,060</b>	<b>236</b>
Equity in income of affiliates	2	1
Financial result	(15)	(22)
Income taxes	(220)	(96)
<b>Net income</b>	<b>827</b>	<b>119</b>
Attributable to non-controlling interests	1	0
<b>Net income - Group share</b>	<b>826</b>	<b>119</b>
<i>Earnings per share (amount in euros)</i>	<i>10.82</i>	<i>1.56</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>10.76</i>	<i>1.55</i>

<i>(In millions of euros)</i>	<u>1<sup>st</sup> half 2021</u>	<u>1<sup>st</sup> half 2020</u>
<b>Sales</b>	<b>4,621</b>	<b>3,990</b>
Operating expenses	(3,581)	(3,211)
Research and development expenses	(119)	(120)
Selling and administrative expenses	(387)	(384)
Other income and expenses	708	93
<b>Operating income</b>	<b>1,242</b>	<b>368</b>
Equity in income of affiliates	1	(1)
Financial result	(28)	(45)
Income taxes	(263)	(124)
<b>Net income</b>	<b>952</b>	<b>198</b>
Attributable to non-controlling interests	2	1
<b>Net income - Group share</b>	<b>950</b>	<b>197</b>
<i>Earnings per share (amount in euros)</i>	<i>12.38</i>	<i>2.58</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>12.31</i>	<i>2.57</i>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>2<sup>nd</sup> quarter 2021</u>	<u>2<sup>nd</sup> quarter 2020</u>
<b>Net income</b>	<b>827</b>	<b>119</b>
Hedging adjustments	(10)	15
Other items	-	-
Deferred taxes on hedging adjustments and other items	-	-
Change in translation adjustments	(23)	(53)
<b>Other recyclable comprehensive income</b>	<b>(33)</b>	<b>(38)</b>
Impact of remeasuring unconsolidated investments	(2)	-
Actuarial gains and losses	6	(14)
Deferred taxes on actuarial gains and losses	(1)	2
<b>Other non-recyclable comprehensive income</b>	<b>3</b>	<b>(12)</b>
<b>Total income and expenses recognized directly in equity</b>	<b>(30)</b>	<b>(50)</b>
<b>Total comprehensive income</b>	<b>797</b>	<b>69</b>
Attributable to non-controlling interest	1	(1)
<b>Total comprehensive income - Group share</b>	<b>796</b>	<b>70</b>

<i>(In millions of euros)</i>	<u>1<sup>st</sup> half 2021</u>	<u>1<sup>st</sup> half 2020</u>
<b>Net income</b>	<b>952</b>	<b>198</b>
Hedging adjustments	(25)	8
Other items	-	-
Deferred taxes on hedging adjustments and other items	-	-
Change in translation adjustments	92	(36)
<b>Other recyclable comprehensive income</b>	<b>67</b>	<b>(28)</b>
Impact of remeasuring unconsolidated investments	(2)	-
Actuarial gains and losses	67	(38)
Deferred taxes on actuarial gains and losses	(14)	10
<b>Other non-recyclable comprehensive income</b>	<b>51</b>	<b>(28)</b>
<b>Total income and expenses recognized directly in equity</b>	<b>118</b>	<b>(56)</b>
<b>Total comprehensive income</b>	<b>1,070</b>	<b>142</b>
Attributable to non-controlling interest	3	1
<b>Total comprehensive income - Group share</b>	<b>1,067</b>	<b>141</b>

## INFORMATION BY SEGMENT

### 2<sup>nd</sup> quarter 2021

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	575	729	712	371	8	2,395
<b>EBITDA</b>	82	178	157	87	(26)	478
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(17)	(62)	(29)	(23)	(2)	(133)
<b>Recurring operating income (REBIT)</b>	65	116	128	64	(28)	345
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(12)	(3)	(2)	-	-	(17)
Other income and expenses	(23)	(106)	(3)	876	(12)	732
<b>Operating income</b>	30	7	123	940	(40)	1,060
Equity in income of affiliates	-	2	-	(0)	-	2
<b>Intangible assets and property, plant, and equipment additions</b>	13	101	14	26	4	158
Of which: recurring capital expenditure	13	52	13	11	4	93

### 2<sup>nd</sup> quarter 2020

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	453	628	436	379	6	1,902
<b>EBITDA</b>	50	124	59	66	(13)	286
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(15)	(63)	(31)	(31)	(2)	(142)
<b>Recurring operating income (REBIT)</b>	35	61	28	35	(15)	144
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(10)	(4)	(1)	-	-	(15)
Other income and expenses	(26)	(12)	(3)	188	(40)	107
<b>Operating income</b>	(1)	45	24	223	(55)	236
Equity in income of affiliates	-	0	-	1	-	1
<b>Intangible assets and property, plant, and equipment additions</b>	19	45	15	39	5	123
Of which: recurring capital expenditure	19	30	14	10	5	78

## INFORMATION BY SEGMENT

### End of June 2021

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	1,130	1,432	1,279	766	14	4,621
<b>EBITDA</b>	168	320	235	162	(49)	836
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(32)	(123)	(58)	(51)	(4)	(268)
<b>Recurring operating income (REBIT)</b>	136	197	177	111	(53)	568
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(24)	(7)	(3)	-	-	(34)
Other income and expenses	(29)	(114)	(13)	876	(12)	708
<b>Operating income</b>	83	76	161	987	(65)	1,242
Equity in income of affiliates	-	1	-	(0)	-	1
<b>Intangible assets and property, plant, and equipment additions</b>	28	159	25	66	7	285
Of which: recurring capital expenditure	28	85	22	23	7	165

### End of June 2020

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	968	1,280	953	776	13	3,990
<b>EBITDA</b>	119	246	124	134	(37)	586
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(30)	(124)	(60)	(64)	(4)	(282)
<b>Recurring operating income (REBIT)</b>	89	122	64	70	(41)	304
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(18)	(8)	(3)	-	-	(29)
Other income and expenses	(29)	(18)	(3)	184	(41)	93
<b>Operating income</b>	42	96	58	254	(82)	368
Equity in income of affiliates	-	(2)	-	1	-	(1)
<b>Intangible assets and property, plant, and equipment additions</b>	34	83	29	62	7	215
Of which: recurring capital expenditure	34	55	28	33	7	157

## CONSOLIDATED CASH FLOW STATEMENT

**1<sup>st</sup> half 2021**

**1<sup>st</sup> half 2020**

(In millions of euros)

### Operating cash flows

Net income	952	198
Depreciation, amortization and impairment of assets	421	422
Other provisions and deferred taxes	47	54
(Gains)/losses on sales of long-term assets	(949)	(245)
Undistributed affiliate equity earnings	(1)	2
Change in working capital	(43)	(26)
Other changes	6	11
<b>Cash flow from operating activities</b>	<b>433</b>	<b>416</b>

### Investing cash flows

Intangible assets and property, plant, and equipment additions	(285)	(215)
Change in fixed asset payables	(36)	(55)
Acquisitions of operations, net of cash acquired	(42)	(92)
Increase in long-term loans	(16)	(23)
<b>Total expenditures</b>	<b>(379)</b>	<b>(385)</b>
Proceeds from sale of operations, net of cash transferred	6	2
Proceeds from sale of intangible assets and property, plant, and equipment	1,120	327
Proceeds from sale of unconsolidated investments	4	-
Repayment of long-term loans	9	37
<b>Total divestitures</b>	<b>1,139</b>	<b>366</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>760</b>	<b>(19)</b>

### Financing cash flows

Issuance (repayment) of shares and paid-in surplus	-	7
Purchase of treasury shares	(104)	(21)
Issuance of hybrid bonds	-	299
Dividends paid to parent company shareholders	(191)	(168)
Interest paid to bearers of subordinated perpetual notes	(4)	-
Dividends paid to non-controlling interests	(1)	(1)
Increase in long-term debt	6	3
Decrease in long-term debt	(26)	(40)
Increase / (Decrease) in short-term debt	(30)	(508)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(350)</b>	<b>(429)</b>

Net increase/(decrease) in cash and cash equivalents	843	(32)
Effect of exchange rates and changes in scope	(15)	25
Cash and cash equivalents at beginning of period	1,587	1,407
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,415</b>	<b>1,400</b>

## CONSOLIDATED BALANCE SHEET

30 June 2021

31 December 2020

(In millions of euros)

	<u>30 June 2021</u>	<u>31 December 2020</u>
<b>ASSETS</b>		
Goodwill	1,899	1,933
Intangible assets, net	1,494	1,433
Property, plant and equipment, net	2,807	2,828
Equity affiliates: investments and loans	32	29
Other investments	54	57
Deferred tax assets	145	159
Other non-current assets	225	209
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,656</b>	<b>6,648</b>
Inventories	1,109	881
Accounts receivable	1,418	1,131
Other receivables and prepaid expenses	166	163
Income tax receivables	61	70
Other current financial assets	20	40
Cash and cash equivalents	2,415	1,587
Assets held for sale	6	191
<b>TOTAL CURRENT ASSETS</b>	<b>5,195</b>	<b>4,063</b>
<b>TOTAL ASSETS</b>	<b>11,851</b>	<b>10,711</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	767	767
Paid-in surplus and retained earnings	5,020	4,458
Treasury shares	(109)	(6)
Translation adjustments	59	(32)
<b>SHAREHOLDERS' EQUITY - GROUP SHARE</b>	<b>5,737</b>	<b>5,187</b>
Non-controlling interests	52	48
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,789</b>	<b>5,235</b>
Deferred tax liabilities	339	320
Provisions for pensions and other employee benefits	505	530
Other provisions and non-current liabilities	416	383
Non-current debt	2,661	2,663
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,921</b>	<b>3,896</b>
Accounts payable	1,135	987
Other creditors and accrued liabilities	387	339
Income tax payables	264	69
Other current financial liabilities	20	15
Current debt	335	134
Liabilities related to assets held for sale	-	36
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,141</b>	<b>1,580</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,851</b>	<b>10,711</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In millions of euros)</i>	Shares issued				Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholder s' equity
	Number	Amount	Paid-in surplus	Hybrid bonds			Number	Amount			
<b>At 1 January 2021</b>	<b>76,736,476</b>	<b>767</b>	<b>1,272</b>	<b>700</b>	<b>2,486</b>	<b>(32)</b>	<b>(59,756)</b>	<b>(6)</b>	<b>5,187</b>	<b>48</b>	<b>5,235</b>
Cash dividend	-	-	-	-	(195)	-	-	-	(195)	(1)	(196)
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(1,013,235)	(104)	(104)	-	(104)
Grants of treasury shares to employees	-	-	-	-	(1)	-	14,722	1	-	-	-
Share-based payments	-	-	-	-	8	-	-	-	8	-	8
Issuance of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Redemption of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(226)	-	-	-	(226)	2	(224)
<b>Transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(414)</b>	<b>-</b>	<b>(998,513)</b>	<b>(103)</b>	<b>(517)</b>	<b>1</b>	<b>(516)</b>
Net income	-	-	-	-	950	-	-	-	950	2	952
Total income and expense recognized directly through equity	-	-	-	-	26	91	-	-	117	1	118
<b>Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>976</b>	<b>91</b>	<b>-</b>	<b>-</b>	<b>1,067</b>	<b>3</b>	<b>1,070</b>
<b>At 30 June 2021</b>	<b>76,736,476</b>	<b>767</b>	<b>1,272</b>	<b>700</b>	<b>3,048</b>	<b>59</b>	<b>(1,058,269)</b>	<b>(109)</b>	<b>5,737</b>	<b>52</b>	<b>5,789</b>



## ALTERNATIVE PERFORMANCE INDICATORS

To monitor and analyse the financial performance of the Group and its activities, the Group management uses alternative performance indicators. These are financial indicators that are not defined by the IFRS. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

### RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of June 2021	End of June 2020	2 <sup>nd</sup> quarter 2021	2 <sup>nd</sup> quarter 2020
<b>OPERATING INCOME</b>	<b>1,242</b>	<b>368</b>	<b>1,060</b>	<b>236</b>
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(34)	(29)	(17)	(15)
- Other income and expenses	708	93	732	107
<b>RECURRING OPERATING INCOME (REBIT)</b>	<b>568</b>	<b>304</b>	<b>345</b>	<b>144</b>
- Recurring depreciation and amortization of tangible and intangible assets	(268)	(282)	(133)	(142)
<b>EBITDA</b>	<b>836</b>	<b>586</b>	<b>478</b>	<b>286</b>

#### Details of depreciation and amortization of tangible and intangible assets:

(In millions of euros)	End of June 2021	End of June 2020	2 <sup>nd</sup> quarter 2021	2 <sup>nd</sup> quarter 2020
<b>Depreciation and amortization of tangible and intangible assets</b>	<b>(421)</b>	<b>(422)</b>	<b>(275)</b>	<b>(266)</b>
Of which: Recurring depreciation and amortization of tangible and intangible assets	(268)	(282)	(133)	(142)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(34)	(29)	(17)	(15)
Of which: Impairment included in other income and expenses	(119)	(111)	(125)	(109)

### ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of June 2021	End of June 2020	2 <sup>nd</sup> quarter 2021	2 <sup>nd</sup> quarter 2020
<b>NET INCOME - GROUP SHARE</b>	<b>950</b>	<b>197</b>	<b>826</b>	<b>119</b>
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(34)	(29)	(17)	(15)
- Other income and expenses	708	93	732	107
- Other income and expenses - Non-controlling interests	-	-	-	0
- Taxes on depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	8	7	4	4
- Taxes on other income and expenses	(158)	(64)	(160)	(67)
- One-time tax effects	-	-	-	-
<b>ADJUSTED NET INCOME</b>	<b>426</b>	<b>190</b>	<b>267</b>	<b>90</b>
- Weighted average number of ordinary shares	76,338,552	76,457,621	0	0
- Weighted average number of potential ordinary shares	76,736,476	76,667,395	0	0
<b>ADJUSTED EARNINGS PER SHARE (€)</b>	<b>5.58</b>	<b>2.49</b>	<b>3.50</b>	<b>1.18</b>
<b>DILUTED ADJUSTED EARNINGS PER SHARE (€)</b>	<b>5.55</b>	<b>2.48</b>	<b>3.48</b>	<b>1.18</b>

### RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of June 2021	End of June 2020	2 <sup>nd</sup> quarter 2021	2 <sup>nd</sup> quarter 2020
<b>INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS</b>	<b>285</b>	<b>215</b>	<b>158</b>	<b>123</b>
- Exceptional capital expenditure	117	57	64	44
- Investments relating to portfolio management operations	-	-	-	-
- Capital expenditure with no impact on net debt	3	1	1	1
<b>RECURRING CAPITAL EXPENDITURE</b>	<b>165</b>	<b>157</b>	<b>93</b>	<b>78</b>

### FREE CASH FLOW

(In millions of euros)	End of June 2021	End of June 2020	2 <sup>nd</sup> quarter 2021	2 <sup>nd</sup> quarter 2020
Cash flow from operating activities	433	416	282	313
+ Cash flow from investing activities	760	(19)	943	217
<b>NET CASH FLOW</b>	<b>1,193</b>	<b>397</b>	<b>1,225</b>	<b>530</b>
- Net cash flow from portfolio management operations	896	147	912	242
<b>FREE CASH FLOW</b>	<b>297</b>	<b>250</b>	<b>313</b>	<b>288</b>
- Non-recurring cash flow including exceptional capital expenditure	(1)	(21)	68	4
<b>RECURRING CASH FLOW</b>	<b>298</b>	<b>271</b>	<b>245</b>	<b>284</b>

The net cash flow from portfolio management operations corresponds to the impact of acquisition and divestment operations.

## NET DEBT

<i>(In millions of euros)</i>	<u>End of June 2021</u>	<u>End of December 2020</u>
Non-current debt	2,661	2,663
+ Current debt	335	134
- Cash and cash equivalents	2,415	1,587
<b>NET DEBT</b>	<b>581</b>	<b>1,210</b>
+ Hybrid bonds	700	700
<b>NET DEBT AND HYBRID BONDS</b>	<b>1,281</b>	<b>1,910</b>

## WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of June 2021</u>	<u>End of December 2020</u>
Inventories	1,109	881
+ Accounts receivable	1,418	1,131
+ Other receivables including income taxes	227	233
+ Other current financial assets	20	40
- Accounts payable	1,135	987
- Other liabilities including income taxes	651	408
- Other current financial liabilities	20	15
<b>WORKING CAPITAL</b>	<b>968</b>	<b>875</b>

## CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of June 2021</u>	<u>End of December 2020</u>
Goodwill, net	1,899	1,933
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4,301	4,261
+ Investments in equity affiliates	32	29
+ Other investments and other non-current assets	279	266
+ Working capital	968	875
<b>CAPITAL EMPLOYED</b>	<b>7,479</b>	<b>7,364</b>