

Arkema acquires Ashland's performance adhesives and reaches a new milestone in the Group's 2024 ambition

- An agreement was signed today for the acquisition of Ashland's Performance Adhesives business, a first-class leader in high performance adhesives for industrial applications in the United States with a unique and innovative product portfolio
- This project perfectly aligns with the Group's ambition to become a pure Specialty Materials player by 2024 and focus its development on sustainable and high performance solutions
- This key step supports Bostik's strong long term growth ambition and now allows it to aim for an EBITDA margin above 17% in 2024
- Sales of approximately US\$360 million ⁽¹⁾ in 2021 with an EBITDA margin above 25% ⁽¹⁾ and 330 employees.
- The offer was made on the basis of a US\$ 1,650 million enterprise value, i.e. 15x the estimated 2021 EBITDA ⁽¹⁾ after taking into account the tax benefits linked to the structure of the transaction
- Significant pre-tax synergies, estimated at 12.5% of sales, enabling to reduce the EV/EBITDA multiple to 8.7 by 2026
- Strongly value-creative deal for Arkema's shareholders, with an accretive impact on net earnings per share in the first year, and a €1 per share accretion by 2026

"We are very happy and proud of this move. In a context of strong earnings growth following the recent divestment of PMMA and the start of the strategic review of Fluorogases, the acquisition of Ashland's adhesives business is a fantastic opportunity to reinforce the Group's presence in the US and to accelerate Bostik's growth. With an excellent business which holds leading positions in many high-growth segments and a high level of profitability, this project fully aligns with the Group's targeted acquisition strategy. Ashland's adhesives will constitute a new technological platform for our adhesives and the synergies are particularly high given the geographical and application complementarities with Bostik and our Coating Solutions platform. The cultures of the teams are very close, focused on customer centricity and sustainable innovation. We look forward to welcoming Ashland's high-caliber management team and to partner together for this highly value creative deal.", stated Thierry Le Hénaff, the Group's Chairman and Chief Executive Officer.

A major step in Bostik's strong long term growth ambition

With estimated sales of around US\$ 360 million ⁽¹⁾ and an estimated EBITDA at a very high level of around US\$95 million ⁽¹⁾ in 2021, Ashland offers a portfolio of high performance adhesive solutions in high-value-added industrial applications.

⁽¹⁾ Including *pro forma* adjustments

With its large range of key technologies and well-known brands, Ashland Performance Adhesives is a key player in pressure-sensitive adhesives in the United States, operating in high-growth applications, in particular in decorative, protection, and signage films for automotive and buildings. Combined with Bostik's and the Coating Solutions segment's sustainable and high performance solutions, its range will represent one of the most complete offerings in the pressure sensitive adhesives sector.

Ashland also holds significant positions in structural adhesives in the United States, in particular in segments such as wood bonding for construction, composites and transportation. This will allow Bostik to complement its positions and to benefit from fast-growing demand driven by major sustainable trends.

Finally, Ashland Performance Adhesives offers a wide range of adhesives for flexible packaging, addressing growing demand for more sustainable products. Thanks to Ashland's positioning in North America, Bostik will complete its geographic presence in flexible lamination, becoming one of the world's key players in this sector.

Ashland's Performance Adhesives business, which employs approximately 330 people and operates 6 production plants, mainly in North America, has enjoyed sustained growth in recent years and has significant growth potential in Europe and Asia. Combined with Arkema's global positioning, the excellent technological, geographic and commercial complementarities of this acquisition will enable Bostik to expand its offering and position itself as a major player in high performance industrial adhesives.

This acquisition also allows to upgrade the 2024 profitability target for Arkema's Adhesive Solutions segment, which now aims for an EBITDA margin above 17%, among the very best in the industry, with sales of over €3 billion.

A strongly value-creative project, perfectly in line with Arkema's 2024 ambition

This project offers significant pre-tax synergies estimated at over US\$ 45 million, which will be progressively implemented over the next 5 years. They will focus on the commercial development of globalized solutions in high-growth segments, procurement synergies through our acrylics business and industrial optimizations.

Given these synergies and the anticipated growth over the next few years, the enterprise value/EBITDA multiple will be reduced to 8.7 times in 2026 after taking account of the tax benefits linked to the structure of the transaction, which are estimated at more than US\$200 million.

This deal will be financed fully in cash, and the level of net debt including hybrid bonds on closing will remain tightly controlled at 1.9x the 2021 *pro forma* EBITDA ⁽²⁾, in line with the Group's objective to maintain this ratio below 2.

Furthermore, this business represents a high EBITDA-to-cash conversion rate, above the Group's long-term targets, given the tight control of working capital and limited capital intensity.

Within the first year of integration this deal will have an accretive impact on net earnings per share and the accretive impact will reach €1 per share by 2026.

This proposed acquisition is fully in line with the Group's strategy and ambition to become a pure Specialty Materials player by 2024 generating sales of at least €10 billion with an EBITDA margin of around 17% and improved resilience. It is a major step in strengthening Arkema's Adhesive Solutions segment.

The project is subject to the approval of the antitrust authorities in the countries concerned. Relevant legal information and consultation process involving employee representative bodies will be performed before closing.

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

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 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, 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 €8 billion in 2020, and operates in some 55 countries with 20,600 employees worldwide. www.arkema.com

INVESTOR RELATIONS CONTACTS

Béatrice Zilm	+33 1 49 00 75 58	beatrice.zilm@arkema.com
Peter Farren	+33 1 49 00 73 12	peter.farren@arkema.com
Mathieu Briatta	+33 1 49 00 72 07	mathieu.briatta@arkema.com
Caroline Chung	+33 1 49 00 74 37	caroline.chung@arkema.com

MEDIA CONTACTS

Gilles Galinier	+33 1 49 00 70 07	gilles.galinier@arkema.com
Véronique Obrecht	+33 1 49 00 88 41	veronique.obrecht@arkema.com

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.

Arkema

420, rue d'Estienne d'Orves – F-92705 Colombes Cedex – France

Tel.: +33 1 49 00 80 80 – Fax: +33 1 49 00 83 96

A French société anonyme (limited company) with share capital of €767,364,760 – Registered in Nanterre: RCS 445 074 685

arkema.com