Nouryon
Global Communications

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Media release

Nouryon reports full-year 2021 results with strong revenue growth driven by robust demand and pricing actions

Full-Year 2021 Highlights

- Revenue of $4.9 billion, an increase of 17 percent versus 2020
- Adjusted EBITDA[1] of $1.1 billion, up 10 percent versus the prior year
- Free cash flow[2] of $781 million, a 4 percent increase year over year

Nouryon today reported full-year 2021 results with revenue of $4.9 billion, an increase of 17 percent year over year, driven by volume growth and pricing actions. Excluding impacts from foreign exchange and acquisitions, revenue grew 13 percent. Adjusted EBITDA increased 10 percent year over year, despite significant cost headwinds from raw materials, energy, and logistics. Volume was the primary driver of adjusted EBITDA growth, with additional contributions from pricing, cost improvement initiatives and foreign exchange, offset partially by cost pressures.

Selected financial data (in USD millions)			
	2020	**2021**	**Change**
Revenue	4,207	4,917	17%
Adjusted EBITDA[1]	984	1,081	10%
Adjusted EBITDA margin[3] (%)	23.4%	22.0%	

“Nouryon’s 2021 full-year financial performance reflects the strength of our priority end-markets, as well as our ability to supply a record volume of products to our customers in the face of numerous logistics challenges in global supply chains,” said Charlie Shaver, Nouryon Chairman and CEO. “We accelerated our pricing actions in the fourth quarter, with pricing up 11 percent versus the prior year period, to help support the strong adjusted EBITDA growth for the full year.”

In the Performance Formulations segment, revenue grew 21 percent to over $3.4 billion, and adjusted EBITDA increased 15 percent to $755 million. Revenue growth was particularly strong in several end-markets, including agriculture and food, cleaning goods, oil and gas, packaging, pharmaceuticals, and clothing and apparel. Segment adjusted EBITDA margins in Performance Formulations were 21.9 percent.

Revenue in the Technology Solutions segment increased 8 percent to nearly $1.5 billion, driven by strong growth in APAC and EMEA, along with a ramp up of production in two new plants in China. Segment adjusted EBITDA decreased by 3 percent to $326 million, due to higher costs for raw materials and energy. Technology Solutions segment adjusted EBITDA margins were 22.3 percent.

In 2021, Nouryon earned an EcoVadis Gold rating for its sustainability achievements, having achieved a score that placed it in the top 3 percent of companies rated by EcoVadis, the world’s largest provider of business sustainability ratings.

Nouryon also completed the spin-out of its base chemicals business, Nobian, into a separate company remaining under the ownership of Nouryon’s equity owners, The Carlyle Group and GIC, in July 2021.

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About Nouryon
Nouryon is a global, specialty chemicals leader. Markets and consumers worldwide rely on our essential solutions to manufacture everyday products, such as personal care, cleaning goods, paints and coatings, agriculture and food, pharmaceuticals, and building products. Furthermore, the dedication of more than 7,800 employees with a shared commitment to our customers, business growth, safety, sustainability and innovation has resulted in a consistently strong financial performance. We operate in over 80 countries around the world with a portfolio of industry-leading brands. Visit our website and follow us @Nouryon and on LinkedIn.

Not for publication – for more information
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This release contains financial measures presented on a non-IFRS basis, including adjusted EBITDA and adjusted EBITDA margins. Management believes that, when considered together with reported amounts, these measures are useful to third parties and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These metrics should be considered in addition to, and not as replacements for, the most comparable IFRS measure. Refer to the reconciliations below of non-IFRS financial measures to the most directly comparable IFRS measures.

1. Adjusted EBITDA consists of (loss)/profit for the period before finance income and expenses, results from joint ventures, income taxes, depreciation and amortization, non-operating income or expenses items, the impact of certain non-cash, or other items that are included in profit for the period that we do not consider indicative of our ongoing operating performance. A reconciliation of adjusted EBITDA to (loss)/profit for the period is presented below.
2. Free cash flow is calculated using Adjusted EBITDA less capital expenditures, in Property, Plant and Equipment and Intangible Assets for continuing operations, for the applicable period and is a measure we utilize to assess our operating performance and to assess the amount by which our operating cash flows exceed our working capital needs and capital expenditures. A reconciliation of free cash flow to (loss)/profit for the period is presented below.
3. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue for the applicable period.

Adjusted EBITDA reconciliation ($ in millions)

	2020	2021
(Loss) / profit for the period*	**194**	**(455)**
(Profit) from discontinued operations	(8)	(33)
(Loss) / profit for the period from continuing operations	**186**	**(488)**
Income taxes	55	77
Results from joint ventures and associates	(6)	(10)
Financing income/(expenses)	(12)	849
Depreciation and amortization	611	535
(a) Transaction related costs	22	14
(b) Impairment	14	3
(c) Stock based compensation	28	19
(d) Transition, transformation and integration expenses	39	68
(e) Restructuring	34	3
(f) Other adjustments	13	11
Adjusted EBITDA	**984**	**1,081**
Capital expenditures	(236)	(300)
Free Cash Flow	**748**	**781**

* Loss for the period of $455 million in 2021 was primarily driven by non-cash financing expenses resulting from foreign exchange movements impacting our long-term debt of $534 million and the related impact from fair value movements of derivative financial instruments related to that debt of $300 million.

a) Transaction related costs: Eliminates (i) purchase accounting impacts and transaction fees incurred as part of the acquisition of Nouryon by Carlyle/GIC, (ii) certain third-party fees incurred in connection with the implementation of strategic initiatives, and (iii) the costs associated with the energy hedge redesignation.
b) Impairment: Eliminates impairments of property, plant and equipment, right-of-use assets, intangible assets and goodwill.
c) Stock based compensation: Eliminates costs associated with the management equity plan for the Company.
d) Transition, transformation and integration expenses: Eliminates costs related to strategic alignment of our business and functional organizations, including enhancement in our technology infrastructure. In 2021, also included expenses related to the Nobian spin-out and planning for initial public offering.
e) Restructuring: Eliminates charges resulting from restructuring activities principally from the Company's cost reduction efforts.
f) Other adjustments: Eliminates other non-cash and non-recurring costs to the business including costs for environmental clean-up and management fees from the principal shareholders.