

Investor and analyst factsheet

<i>In millions of euros</i>	1Q'19	1Q'18	Change
Sales	2,215	2,172	+2.0%
Prices	+1.3%		
Volumes	(2.5)%		
FX	+2.8%		
Portfolio	+0.4%		
EBITDA	370	383	(3.4)%
High Performance Materials	162	176	(8.0)%
Industrial Specialties	157	162	(3.1)%
Coating Solutions	76	66	+15.2%
Corporate	(25)	(21)	
EBITDA Margin	16.7%	17.6%	
Recurring depreciation and amortization	(123)	(106)	
Recurring EBIT	247	277	(10.8)%
REBIT Margin	11.2%	12.8%	
PPA depreciation and amortization	(9)	(8)	
NR items	(12)	(4)	
Equity in income of affiliates	(1)	0	
Financial Results	(27)	(23)	+17.4%
Income taxes	(49)	(52)	(5.8)%
Net income - Group share	147	188	(21.8)%
Adjusted net income	165	195	(15.4)%
Adjusted EPS (€)	2.16	2.57	(16.0)%
Weighted average number of ordinary shares	76,253,737	76,012,491	
Recurring capital expenditure	86	56*	+53.6%
Exceptional capital expenditure	18	5	
Working capital (12/31 for prior year)	1,341	1,178	
Net debt (12/31 for prior year)	1,130	1,006	
Gearing (12/31 for prior year)	22%	20%	

* Restated 2018 figure

1Q'19 GROUP PERFORMANCE

- **€2,215 m sales**, up 2.0% on 1Q'18
 - +1.3% price
 - Continued pricing actions in High Performance Materials (+4.7 %) and downstream acrylics
 - Normalization of MMA/PMMA and Fluorogases
 - (2.5)% volumes
 - Good growth in Coating Solutions
 - Lower demand in automotive, oil & gas and electronics overshadowing the benefits from innovation
 - Exceptional specialty molecular sieves contribution in 1Q'18
 - +0.4% scope of business
 - Integration of acquisitions in adhesives
 - +2.8% currency
 - Stronger US dollar against the euro
- **€370 m EBITDA**, close to 1Q'18 record performance (€383 m) in a more challenging economic environment
 - EBITDA up in **specialties** (71% of Group sales) despite soft volumes
 - Lower performance of **intermediates**¹ (29% of Group sales) against prior year record high
 - 16.7% EBITDA margin, resilient at high levels

¹ Acrylics, PMMA and Fluorogases Business Lines

1Q'19 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	1Q'19	1Q'18	Change	Prices	Volumes	FX	Portfolio
Sales	2,215	2,172	+2.0%	+1.3%	(2.5)%	+2.8%	+0.4%
<i>High Performance Materials</i>	1,008	998	+1.0%	+4.7%	(6.7)%	+2.2%	+0.8%
<i>Industrial Specialties</i>	642	661	(2.9)%	(2.4)%	(3.4)%	+3.0%	-
<i>Coating Solutions</i>	558	507	+10.1%	(0.5)%	+6.9%	+3.7%	-
EBITDA	370	383	(3.4)%				
<i>High Performance Materials</i>	162	176	(8.0)%				
<i>Industrial Specialties</i>	157	162	(3.1)%				
<i>Coating Solutions</i>	76	66	+15.2%				
<i>Corporate</i>	(25)	(21)					
EBITDA Margin	16.7%	17.6%					
<i>High Performance Materials</i>	16.1%	17.6%					
<i>Industrial Specialties</i>	24.5%	24.5%					
<i>Coating Solutions</i>	13.6%	13.0%					
Recurring EBIT	247	277	(10.8)%				
<i>High Performance Materials</i>	120	138	(13.0)%				
<i>Industrial Specialties</i>	106	120	(11.7)%				
<i>Coating Solutions</i>	48	41	+17.1%				
<i>Corporate</i>	(27)	(22)					

HIGH PERFORMANCE MATERIALS (46% OF GROUP SALES)

- Sales up 1.0% YoY
 - +4.7% price effect, positive across all product lines
 - Higher selling prices in a context of high raw material costs
 - Further product mix shift towards higher value-added applications
 - Volumes down 6.7%
 - Exceptional specialty molecular sieves contribution in 1Q'18
 - Lower demand YoY in automotive, consumer electronics and oil & gas
- €162 m EBITDA and EBITDA margin at 16.1%
 - EBITDA up in adhesives on raw material cost gradual pass-through and product portfolio optimization
 - EBITDA reflects lower volumes in advanced materials, yet resilient margin at FY18 level

INDUSTRIAL SPECIALTIES (29% OF GROUP SALES)

- Sales down 2.9% YoY
 - (2.4)% price effect against the high levels reached at the beginning of 2018 in MMA/PMMA and Fluorogases
 - (3.4%) volumes on lower demand in automotive and in China
- €157 m EBITDA
 - Excellent performance of Thiochemicals
 - Normalization of market conditions in MMA/PMMA in the continuity of 4Q'18
 - Fluorogases down from the exceptionally high performance of 2018, particularly in Europe impacted by the development of HFC illegal imports
 - 24.5% EBITDA margin stable at high levels

COATING SOLUTIONS (25% OF GROUP SALES)

- Sales up 10.1% YoY
 - Volumes well up 6.9% YoY reflecting positive momentum
 - Overall stable price effect for the division

- €76 m EBITDA and 13.6% EBITDA margin
 - EBITDA up 15.2% YoY on good demand in acrylic monomers and gradual pass-through of higher raw material costs in downstream activities
 - Positive momentum driving progressive margin expansion

CASH FLOW

<i>In millions of euros</i>	1Q'18	1Q'19	Comments
EBITDA	383	370	
Current taxes	(53)	(46)	Geographic mix of Group's earnings Excl. exceptional items, tax rate at 21% of REBIT 2019e tax rate at ~21%
Cost of debt	(20)	(24)	
Change in working capital and fixed asset payables ⁽¹⁾	(250)	(126)	Working capital increase reflecting traditional seasonality 15.1% working capital over annualized sales ratio (15.3% at end of March 2018)
Recurring capital expenditures ⁽²⁾	(56)	(86)	Ambitious organic investment policy
Exceptional capital expenditures	(5)	(18)	2019e CAPEX (recurring + exceptional) at ~€610m
Others ⁽²⁾	(24)	3	Including non-recurring items corresponding mainly to restructuring expenses
Free cash flow	(25)	73	
Impact of portfolio management	(165)	(1)	XL Brands acquisition in 2018
Net cash flow	(190)	72	

⁽¹⁾ Excluding non-recurring items and impact of portfolio management

⁽²⁾ Restated 2018 figures

NET DEBT

- **€1,130 m** net debt at 31 March 2019, up on 31 December 2018 (€1,006 m) including +€159 m impact from first-time application of IFRS 16
- 22% gearing and 0.8x EBITDA of last 12 months

2019 OUTLOOK

In continuity with the start of the year, the macroeconomic environment should remain volatile, marked by geopolitical uncertainties which are weighing on global demand. In this context, Arkema will maintain its focus on internal momentum and the implementation of its long-term strategy.

The Group will continue the roll-out of its industrial projects to reinforce its positions in specialty businesses and higher-growth regions, its innovation drive for sustainable development, its targeted acquisition policy, its operational excellence initiatives and its policy of selectively raising selling prices in a context of high oil prices.

Over the course of the year, while remaining attentive to the development of the macroeconomic environment, Arkema confirms its ambition to consolidate its financial performance at high levels and to achieve in 2019 ⁽²⁾ an EBITDA comparable with the 2018 record level. Following a second quarter performance which should remain below last year in a macroeconomic environment in continuity with the start of the year, the Group expects in the second half of the year to benefit from improved market dynamics in specialties, continued recovery in unit margins in downstream businesses, and the start-up of new capacities.

² 2019 takes into account the new IFRS 16 standard.