

Investor and analyst factsheet

<i>In millions of euros</i>	2Q'19	2Q'18	Change	1H'19	1H'18	Change
Sales	2,254	2,270	(0.7)%	4,469	4,442	+0.6%
Prices	(0.6)%			+0.3%		
Volumes	(2.4)%			(2.4)%		
FX	+1.9%			+2.3%		
Portfolio	+0.4%			+0.4%		
EBITDA	407	430	(5.3)%	777	813	(4.4)%
High Performance Materials	170	177	(4.0)%	332	353	(5.9)%
Industrial Specialties	179	208	(13.9)%	336	370	(9.2)%
Coating Solutions	82	68	+20.6%	158	134	+17.9%
Corporate	(24)	(23)		(49)	(44)	
EBITDA margin	18.1%	18.9%		17.4%	18.3%	
Recurring depreciation and amortization	(129)	(112)		(252)	(218)	
Recurring EBIT	278	318	(12.6)%	525	595	(11.8)%
REBIT margin	12.3%	14.0%		11.7%	13.4%	
PPA depreciation and amortization	(10)	(10)		(19)	(18)	
Non-recurring items	(11)	0		(23)	(4)	
Equity in income of affiliates	0	1		(1)	1	
Financial result	(33)	(24)	+37.5%	(60)	(47)	+27.7%
Income taxes	(46)	(64)	(28.1)%	(95)	(116)	(18.1)%
Net income - Group share	176	219	(19.6)%	323	407	(20.6)%
Adjusted net income	192	226	(15.0)%	357	421	(15.2)%
Adjusted EPS (€)	2.52	2.97	(15.2)%	4.68	5.53	(15.4)%
Weighted average number of ordinary shares	76,214,216	76,070,820		76,214,216	76,070,820	
Recurring capital expenditure	101	92 *	+9.8%	187	148 *	+26.4%
Exceptional capital expenditure	20	13		38	18	
Working capital (12/31 for prior year)				1,447	1,178	
Net debt (12/31 for prior year)				1,308	1,006	
Gearing (12/31 for prior year)				26%	20%	

* Restated figures

2Q'19 GROUP PERFORMANCE

- **€2,254m sales**, close to 2Q'18 level (€2,270m)
 - (2.4)% volumes
 - Lower demand in automotive, oil & gas and consumer electronics
 - Strong dynamic in batteries and 3D printing
 - Good growth in Coating Solutions
 - (0.6)% prices
 - Continued strong pricing actions in High Performance Materials (+4.7%)
 - Lower prices in MMA/PMMA and Fluorogases
 - +0.4% scope of business
 - Acquisitions in adhesives
 - +1.9% currency
 - Stronger US dollar against the euro

- **€407m EBITDA**, 2nd time ever with quarterly EBITDA above €400m
 - Good resilience against 2Q'18 record performance (€430m) in a more challenging macroeconomic environment
 - Very solid EBITDA margin of 18.1% (18.9% in 2Q'18 and 18.1% in 2Q'17)

2Q'19 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	2Q'19	2Q'18	Change	Prices	Volumes	FX	Portfolio
Sales	2,254	2,270	(0.7)%	(0.6)%	(2.4)%	+1.9%	+0.4%
<i>High Performance Materials</i>	998	1,007	(0.9)%	+4.7%	(8.0)%	+1.7%	+0.9%
<i>Industrial Specialties</i>	673	709	(5.1)%	(5.7)%	(1.3)%	+1.9%	-
<i>Coating Solutions</i>	576	547	+5.3%	(3.8)%	+6.7%	+2.4%	-
EBITDA	407	430	(5.3)%				
<i>High Performance Materials</i>	170	177	(4.0)%				
<i>Industrial Specialties</i>	179	208	(13.9)%				
<i>Coating Solutions</i>	82	68	+20.6%				
<i>Corporate</i>	(24)	(23)					
EBITDA margin	18.1%	18.9%					
<i>High Performance Materials</i>	17.0%	17.6%					
<i>Industrial Specialties</i>	26.6%	29.3%					
<i>Coating Solutions</i>	14.2%	12.4%					
Recurring EBIT	278	318	(12.6)%				
<i>High Performance Materials</i>	123	137	(10.2)%				
<i>Industrial Specialties</i>	126	163	(22.7)%				
<i>Coating Solutions</i>	54	42	+28.6%				
<i>Corporate</i>	(25)	(24)					

1H'19 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	1H'19	1H'18	Change	Prices	Volumes	FX	Portfolio
Sales	4,469	4,442	+0.6%	+0.3%	(2.4)%	+2.3%	+0.4%
<i>High Performance Materials</i>	2,006	2,005	-	+4.7%	(7.4)%	+1.9%	+0.8%
<i>Industrial Specialties</i>	1,315	1,370	(4.0)%	(4.1)%	(2.3)%	+2.4%	-
<i>Coating Solutions</i>	1,134	1,054	+7.6%	(2.2)%	+6.8%	+3.0%	-
EBITDA	777	813	(4.4)%				
<i>High Performance Materials</i>	332	353	(5.9)%				
<i>Industrial Specialties</i>	336	370	(9.2)%				
<i>Coating Solutions</i>	158	134	+17.9%				
<i>Corporate</i>	(49)	(44)					
EBITDA margin	17.4%	18.3%					
<i>High Performance Materials</i>	16.6%	17.6%					
<i>Industrial Specialties</i>	25.6%	27.0%					
<i>Coating Solutions</i>	13.9%	12.7%					
Recurring EBIT	525	595	(11.8)%				
<i>High Performance Materials</i>	243	275	(11.6)%				
<i>Industrial Specialties</i>	232	283	(18.0)%				
<i>Coating Solutions</i>	102	83	+22.9%				
<i>Corporate</i>	(52)	(46)					

2Q'19 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS (44% OF GROUP SALES)

- €998m sales, down 0.9% YoY
 - +4.7% price effect, in continuity with the beginning of the year
 - Continued increase in selling prices
 - Product mix optimization towards higher value-added applications
 - Volumes down 8.0%, in line with market trends, on notably lower demand YoY in automotive, consumer electronics and oil & gas and inventory adjustments in some of those chains
- €170m EBITDA and 17.0% EBITDA margin
 - Good resilience of EBITDA in spite of weakness in certain end-markets weighing on volumes particularly in advanced materials
 - Benefits of pricing initiatives, especially in adhesives which recorded significant EBITDA growth
 - In 1H, Bostik EBITDA margin up 100 bp YoY at 13%

INDUSTRIAL SPECIALTIES (30% OF GROUP SALES)

- €673m sales, down 5.1% YoY
 - -5.7% price effect against the very high levels reached in 2018 in MMA/PMMA and Fluorogases
 - Volumes down 1.3%, mainly in Fluorogases
- €179m EBITDA and 26.6% EBITDA margin
 - Solid performance with excellent margin but down against 2Q'18 record performance
 - Strong performance of Thiochemicals
 - Fluorogases impacted in particular by continued illegal HFC imports in Europe weighing on volumes and prices of this business
 - Normalization of market conditions in MMA/PMMA in the continuity of 1Q'19

COATING SOLUTIONS (26% OF GROUP SALES)

- €576m sales, up 5.3% YoY
 - Volumes up significantly at +6.7%, with continued good momentum especially in acrylic monomers
 - Price effect of -3.8% mainly reflects lower propylene price. Overall stable prices in downstream activities
- €82m EBITDA, strongly up by 20.6% YoY
 - Gradual improvement of market conditions in acrylic monomers
 - Progressive recovery of unit margins in downstream activities
- Significant EBITDA margin expansion at 14.2%

CASH FLOW

<i>In millions of euros</i>	2Q'18	2Q'19	Comments
EBITDA	430	407	
Current taxes	(64)	(47)	In line with the change in results
Cost of debt	(22)	(25)	
Change in working capital and fixed asset payables ⁽¹⁾	(152)	(103)	Tight management, activity levels and favorable impact of lower raw materials costs on inventories 16.0% working capital on annualized sales ratio (16.5% at end of June 2018)
Recurring capital expenditure	(92) *	(101)	Ambitious organic investment policy
Exceptional capital expenditure	(13)	(20)	2019e capex (recurring + exceptional) at ~€610m
Others	(46) *	(21)	Including non-recurring items corresponding mainly to restructuring expenses
Free cash flow	41	90	
Impact of portfolio management	(9)	(24)	Mainly equity investment in Carbon®
Net cash flow	32	66	

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

* Restated figures

NET DEBT

- **€1,308m** net debt at 30 June 2019, including €190m dividend payment
- **0.9x** EBITDA of last 12 months and **26%** gearing

OUTLOOK FOR 2019

In the second half of the year, the macroeconomic environment is expected to remain volatile and complex, marked by continued geopolitical uncertainties, which are weighing on global demand and raw material volatility. However, the inventory adjustments observed in the first half of the year in certain end-markets are expected to ease. In this context, Arkema will maintain its focus on internal momentum and the implementation of its long-term strategy.

The Group will therefore continue to roll out its industrial projects, its innovation drive for sustainable development and mobility, and its targeted acquisition dynamic. In the second half of the year, the Group should, in particular, benefit from the start-up of certain industrial projects in Sartomer resins in Asia, technical polymers in France and acrylics in the United States, as well as the contribution from the acquisition of ArrMaz, finalized on 1 July, and of Sunke, which is due to be completed in the third quarter of the year. The Group will also continue to implement its operational excellence initiatives and its policy of selectively raising selling prices in a context of still high oil prices.

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 ⁽¹⁾ an EBITDA comparable with the 2018 record level.

⁽¹⁾ 2019 takes into account the new IFRS 16 standard.