

**PROSPECTUS SUPPLEMENT DATED 6 NOVEMBER 2019
TO THE BASE PROSPECTUS DATED 12 DECEMBER 2018**



**(a société anonyme incorporated in France)
€3,000,000,000
Euro Medium Term Note Programme**

This prospectus supplement (the "**Supplement**") constitutes a first supplement to and must be read in conjunction with the base prospectus dated 12 December 2018 established by Arkema (the "**Issuer**" or "**Arkema**") in relation to its €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**") which received visa no. 18-561 from the *Autorité des marchés financiers* (the "**AMF**") on 12 December 2018 (the "**Base Prospectus**"). The Base Prospectus together with the Supplement constitute a base prospectus for the purpose of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended or superseded (the "**Prospectus Directive**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

Application has been made for approval of this Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of the AMF General Regulation (*Règlement général de l'AMF*) which implements the Prospectus Directive in France.

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the AMF General Regulation.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to the information included or incorporated in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

This Supplement has been produced for the purpose of (i) updating the section "Risk Factors" appearing on page 3 of the Base Prospectus, (ii) updating the section "Documents Incorporated by Reference" appearing on pages 23 to 29 of the Base Prospectus by incorporating certain sections of the 2018 *Document de Référence* and the 2019 half-year financial report, (iii) updating the section "Description of Arkema" appearing on page 72 of the Base Prospectus, (iv) updating the section "Recent Developments" appearing on pages 73 to 87 of the Base Prospectus and (v) updating sections (2), (3), (4), (10) and (13) of the "General Information" appearing on pages 106 to 108 of the Base Prospectus.

For as long as the Programme remains in effect or any Notes are outstanding, copies of the Base Prospectus, any document containing information incorporated by reference in the Base Prospectus, this Supplement and the Final Terms related to Notes that are listed and admitted to trading on any Regulated Market in the EEA will be available for viewing on the website of (i) the *Autorité des marchés financiers* (www.amf-france.org) and (ii) the Issuer (www.arkema.com) and may be obtained, during normal business hours at the specified offices of the Fiscal Agent and each of the Paying Agents.

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RISK FACTORS

The paragraph below the heading "**Risk Factors relating to the Issuer**" on page 3 of the Base Prospectus is deleted and replaced with the following:

"Risk Factors relating to the Issuer are described on pages 58 to 70 of the 2018 Registration Document as defined and further described under "Documents Incorporated by Reference" in this Base Prospectus and include notably the following:

- industrial risks,
- risks relating to compliance, societal expectations and internal control,
- operational risks,
- project and innovation risks,
- economic and business risks,
- IT risks,
- financial risks,
- talent and skills risks, and
- insurance cover default risks."

DOCUMENTS INCORPORATED BY REFERENCE

The section "Documents Incorporated by Reference" set out on pages 23 to 29 of the Base Prospectus is hereby deleted and replaced with the following:

This Base Prospectus should be read and construed in conjunction with the following pages identified in the cross-reference table below of the following documents which have been previously filed with the AMF as competent authority in France for the purposes of the Prospectus Directive:

- (A) the pages referred to in the table below which are included in the Issuer's 2018 *Document de Référence* in the French language, filed with the AMF under no. D.19-0308 on 11 April 2019 (the "**2018 Registration Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2018 prepared in accordance with IFRS as adopted by the European Union;
- (B) the pages referred to in the table below which are included in the Issuer's 2017 *Document de Référence* in the French language, filed with the AMF under no. D.18-0216 on 29 March 2018 (the "**2017 Registration Document**"), which includes the audited consolidated financial statements of the Issuer as at 31 December 2017 prepared in accordance with IFRS as adopted by the European Union;
- (C) the pages referred to in the table below which are included in the Issuer's interim financial report in the French language, for the six-month period ended on 30 June 2019 (the "**2019 Half-Year Financial Report**");
- (D) the terms and conditions of the notes contained in the base prospectus of the Issuer dated 9 October 2013 (the "**2013 EMTN Conditions**"), in the base prospectus dated 19 December 2014 (the "**2014 EMTN Conditions**"), in the base prospectus dated 25 November 2016 (the "**2016 EMTN Conditions**") and in the base prospectus dated 28 November 2017 (the "**2017 EMTN Conditions**" and together with the 2013 EMTN Conditions, the 2014 EMTN Conditions and the 2016 EMTN Conditions, the "**EMTN Previous Conditions**").

Such pages and document shall be incorporated in, and shall be deemed to form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The availability of the documents incorporated by reference into this Base Prospectus is described in section "General Information" under paragraph (10) "Documents available".

Any information not listed in the cross-reference table below but included in the documents incorporated by reference is given for information purposes only and is not required by the schedules of the Commission Regulation (EC) No 809/2004 of 29 April 2004, as amended (the "**Regulation**").

The English translations of the 2019 Half-Year Financial Report, the 2018 Registration Document and the 2017 Registration Document are available on the website of the Issuer (www.arkema.com). Such English translations are available for information purposes only and are not incorporated by reference in this Base Prospectus and may not be relied upon.

For the avoidance of doubt, "Not applicable" in the cross-reference table below means that the information is not relevant for the purposes of Annex IX of the Regulation.

Items of such Annex IX which are not listed in the cross-reference table below are also not relevant because included elsewhere in this Base Prospectus.

However the information set out in sections “*Description of Arkema*” or “*Recent Developments*” can complete, modify or supersede the information incorporated by reference.

Prospectus Regulation – Annex IX of the Regulation

Prospectus Regulation – Annex IX of the Regulation		2019 Half-Year Financial Report	2018 Registration Document	2017 Registration Document
A.9.1	PERSONS RESPONSIBLE	Not applicable	Not applicable	Not applicable
A9.2	STATUTORY AUDITORS	Not applicable	Not applicable	Not applicable
A9.3	RISK FACTORS	Not applicable		
A9.3.1	Prominent disclosure of risk factors that may affect the issuer’s ability to fulfil its obligations under the securities to investors in a section headed “Risk Factors”.	Page 11	Pages 58 to 70	Not applicable
A9.4	INFORMATION ABOUT THE ISSUER			
A9.4.1	<u>History and development of the issuer:</u>	Not applicable		
A9.4.1.1	the legal and commercial name of the issuer;	Not applicable	Page 310	Not applicable
A9.4.1.2	the place of registration of the issuer and its registration number;	Not applicable	Page 310	Not applicable
A9.4.1.3	the date of incorporation and the length of life of the issuer, except where indefinite;	Not applicable	Page 310	Not applicable
A9.4.1.4	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office; and	Not applicable	Page 310	Not applicable

Prospectus Regulation – Annex IX of the Regulation		2019 Half-Year Financial Report	2018 Registration Document	2017 Registration Document
A9.4.1.5	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer’s solvency.	Pages 3, 4, 11, 19 and 39	Not applicable	Not applicable
A9.5	BUSINESS OVERVIEW			
A9.5.1	<u>Principal activities:</u>			
A9.5.1.1	A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed; and	Not applicable	Pages 5 and 34 to 53	Not applicable
A9.5.1.2	The basis for any statements in the registration document made by the issuer regarding its competitive position.	Not applicable	Pages 10, 11 and 42 to 53	Not applicable
A9.6	ORGANISATIONAL STRUCTURE			
A9.6.1	If the issuer is part of a group, a brief description of the group and of the issuer’s position within it.	Pages 40 to 42	Pages 311 and 312	Not applicable
A9.6.2	If the issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	Not applicable	Not applicable	Not applicable
A.9.7	TREND INFORMATION	Not applicable	Not applicable	Not applicable
A.9.8	PROFIT FORECASTS OR ESTIMATES	Not applicable	Not applicable	Not applicable
A9.9	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES			
A9.9.1	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:			

Prospectus Regulation – Annex IX of the Regulation		2019 Half-Year Financial Report	2018 Registration Document	2017 Registration Document
	(a) members of the administrative, management or supervisory bodies;	Not applicable	Pages 28 and 81 to 95	Not applicable
	(b) partners with unlimited liability, in the case of a limited partnership with a share capital.	Not applicable	Not applicable	Not applicable
A9.9.2	<u>Administrative, Management, and Supervisory bodies conflicts of interests</u>			
	Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	Not applicable	Page 96	Not applicable
A9.10	MAJOR SHAREHOLDERS			
A9.10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Not applicable	Page 318	Not applicable
A9.10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	Not applicable	Not applicable	Not applicable
A9.11	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			

Prospectus Regulation – Annex IX of the Regulation		2019 Half-Year Financial Report	2018 Registration Document	2017 Registration Document
A9.11.1	<u>Historical Financial Information</u>			
	Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year.	Pages 14 to 42 and 44 to 46	Pages 221 to 286	Pages 205 to 266
	(a) balance sheet;	Page 16	Page 228	Page 207
	(b) income statement;	Pages 14 and 15	Pages 226 and 227	Page 205
	(c) cash flow statement; and	Page 17	Page 229	Page 208
	(d) accounting policies and explanatory notes	Pages 19 to 42	Pages 231 to 286	Pages 211 to 266
A9.11.2	<u>Financial statements</u>			
	If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	Not applicable	Not applicable	Not applicable
A9.11.3	<u>Auditing of historical annual financial information</u>			
A9.11.3.1	A statement that the historical financial information has been audited	Pages 44 to 46	Pages 221 to 225	Pages 201 to 204
A9.11.3.2	An indication of other information in the registration document which has been audited by the auditors.	Not applicable	Not applicable	Not applicable
A9.11.3.3	Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is un-audited.	Not applicable	Not applicable	Not applicable

Prospectus Regulation – Annex IX of the Regulation		2019 Half-Year Financial Report	2018 Registration Document	2017 Registration Document
A9.11.4	<u>Age of the latest financial information</u>	Not applicable	Not applicable	Not applicable
A9.11.5	<u>Legal and arbitration proceedings</u>	Page 34	Pages 58 and 267 to 269	Not applicable
A9.11.6	<u>Significant change in the issuer's financial or trading position</u>	Not applicable	Not applicable	Not applicable
A9.12	MATERIAL CONTRACTS			
A9.12	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.	Not applicable	Page 56	Not applicable
A.9.13.	THIRD PARTY INFORMATION	Not applicable	Not applicable	Not applicable
A.9.14	DOCUMENTS ON DISPLAY	Not applicable	Not applicable	Not applicable

Any information not listed above but included in the documents incorporated by reference is given for information purposes only and shall not form part of this Base Prospectus.

The EMTN Previous Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of Notes to be assimilated (*assimilées*) and form a single series with Notes already issued with the relevant EMTN Previous Conditions.

EMTN Previous Conditions	
2013 EMTN Conditions	Pages 24 to 63 of the base prospectus dated 9 October 2013
2014 EMTN Conditions	Pages 25 to 59 of the base prospectus dated 19 December 2014
2016 EMTN Conditions	Pages 26 to 59 of the base prospectus dated 25 November 2016
2017 EMTN Conditions	Pages 27 to 55 of the base prospectus dated 28 November 2017

DESCRIPTION OF ARKEMA

The section under the heading "**Description of Arkema**" on page 72 of the Base Prospectus is deleted and replaced as follows:

"For a general description of Arkema, its activities and its financial condition, please refer to the sections of the 2017 Registration Document, the 2018 Registration Document and the 2019 Half-Year Financial Report identified in the cross-reference table of the "Documents Incorporated by Reference" section of this Base Prospectus."

RECENT DEVELOPMENTS

On 27 September 2019 the Issuer published the following press release:

"Colombes (France) – September 27, 2019

Arkema completes the acquisition of its partner's stake in Sunke

Arkema has completed the acquisition of its partner's stake in Taixing Sunke Chemicals, its joint venture manufacturing acrylic monomers in China, and now becomes the sole shareholder of the company. With this transaction, which has approximately €70 million impact on the net debt, the Group will support the growth of its customers in Asia and benefit from greater flexibility to run this business in a region which accounts for more than 50% of the global acrylic acid demand."

On 14 October 2019 the Issuer published the following press release:

"Colombes, October 14, 2019

Arkema announces the proposed divestment of its Functional Polyolefins business

Arkema announces the proposed divestment of its Functional Polyolefins business to SK Global Chemical, a major chemicals player in South Korea and a subsidiary of SK, the large South-Korean corporation. With this project, Arkema continues its shift towards specialty chemicals and advanced materials.

Part of the PMMA *Business Unit* (Industrial Specialties division), the Functional Polyolefins activity represents sales of some €250 million. It comprises ethylene copolymers and terpolymers for the food packaging, cable, electronics and coatings markets, and leverages well-known brands: Evatane®, Lotryl®, Lotader®, Orevac®.

This activity employs around one hundred people in France and has an international sales network of around thirty people.

A subsidiary of South-Korean group SK, SK Global Chemical reported sales of US\$11.9 billion in 2018, and operates around ten production sites around the world.

Offering a highly complementary fit with SK Global Chemical's existing portfolio of activities, Arkema's Functional Polyolefins would enable the company to consolidate its position in the packaging market and enter new industrial markets such as cable manufacturing.

The transfer of the business from Arkema France to SK Global Chemical would lead to the creation of a French subsidiary of the South-Korean group.

The offer received is based on an enterprise value of €335 million.

The proposed disposal is subject to an information and consultation process involving Arkema's employee representative bodies and to the approval of the relevant antitrust authorities. The project is expected to be finalized in second quarter 2020.

This project, part of the program to divest non-strategic activities initiated in 2015, contributes to Arkema's objective to increase the share of specialties in its portfolio, in line with its ambition for these businesses to exceed 80% of Group sales by 2023."

On 30 October 2019, the Issuer published the following press release:

"Colombes, 30 October 2019

Arkema: Third-quarter 2019 results

- **Sales** up 2.3% year on year to **€2,216 million**, including a slight growth in volumes of 0.7 %
- Very good level of **EBITDA** at **€385 million**
 - Up by **3 %** relative to the record level of 2018
 - Driven by the strong increase of **specialty businesses** ⁽¹⁾
- **EBITDA margin** of **17.4%** (17.3% in third-quarter 2018), resilient at a high level in a more challenging and uncertain macroeconomic environment
- **Adjusted net income** of **€166 million**, representing 7.5% of sales
- Strong **free cash flow** generation of **€218 million**, in continuity with the first half
- **Net debt** at **€1,770 million** (1.2 times LTM EBITDA), including the recent acquisition of ArrMaz and of our partner's stake in Sunke
- Ongoing **portfolio transformation** towards specialties, with the planned divestment ⁽²⁾ of Functional Polyolefins announced on 14 October

Arkema's Board of Directors met on 29 October 2019 to review the Group's consolidated financial statements for the third quarter of 2019. Commenting the results, Chairman and CEO Thierry Le Hénaff highlighted the following points:

"The third quarter was marked by the Group's very good financial performance in a macroeconomic environment which remains globally challenging, as well as by the continued proactive portfolio transformation towards specialties, with the planned divestment ⁽²⁾ of the Functional Polyolefins business, the acquisitions of Prochimir and Lambson, and polymer capacity expansions for the 3D printing and battery markets.

Third-quarter results showed contrasting trends between our different product lines and confirm the improving momentum of specialties, notably around the three long-term growth pillars, namely adhesives, advanced materials and performance coatings.

Specialty businesses' EBITDA rose significantly despite lower volumes, thanks to strong pricing, an improved product mix, a more favorable raw materials environment and the consolidation of ArrMaz. Adhesives' EBITDA continued to grow strongly, up by nearly 20% at constant scope compared with the third quarter of 2018. The marked decline of Fluorogases weighed negatively however on the overall performance of intermediate ⁽¹⁾ businesses, despite the resilience of Acrylics and MMA/PMMA.

In this less favorable external environment, the quality of our results rewards our teams' engagement and efforts, and validate the Group's continued strategic refocusing of the business portfolio. The acquisitions we have carried out so far have made an important contribution to the Group's resilience and performance."

⁽¹⁾ The Group distinguishes intermediate businesses, corresponding to the PMMA, Fluorogases and Acrylics Business Lines, and specialty businesses

⁽²⁾ The transaction is subject to an information and consultation process involving Arkema's employee representative bodies and to the approval of the relevant antitrust authorities

KEY FIGURES FOR THIRD-QUARTER 2019

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
Sales	2,216	2,167	+2.3%
EBITDA	385	374	+2.9%
EBITDA margin	17.4%	17.3%	
Recurring operating income (REBIT)	250	265	-5.7%
REBIT margin	11.3%	12.2%	
Adjusted net income	166	186	-10.8%
Adjusted net income per share (in €)	2.19	2.44	-10.2%
Free cash flow	218	227	
Net debt (as of end of September)	1,770	1,167	

As of 1 January 2019, the Group applies IFRS 16, "Leases". The income statement, balance sheet and cash flow statement items for the third quarter of 2019 include the impacts of IFRS 16, which are detailed in the Group's financial statements appended to this press release. The comparative figures for 2018 have not been restated.

THIRD-QUARTER 2019 BUSINESS PERFORMANCE

Sales for the third quarter of 2019 were up 2.3% year on year at **€2,216 million**. This performance was achieved in a challenging economic context, marked by trade wars amongst the world's major powers and uncertainty weighing on demand. The +3.9% scope effect mainly reflects the consolidation of ArrMaz from 1 July. Volumes increased by 0.7%, driven notably by Coating Solutions. In High Performance Materials, the significant decline in demand in the transport, oil & gas and consumer electronics sectors was partly offset by the sustained positive momentum in batteries and 3D printing. The 4.4% negative price effect was due mainly to lower propylene prices in Coating Solutions and market conditions in Fluorogases, which overshadowed the 3% positive price effect in High Performance Materials. The currency effect was a positive 2.0%, essentially reflecting the appreciation of the US dollar against the euro.

With **EBITDA** of **€385 million**, up 2.9% compared with third-quarter 2018's record high of €374 million, Arkema delivered an excellent performance in a macroeconomic environment that was far less favorable than in 2018. In this context, specialty businesses (72% of sales) reported strong growth, supported by a significant increase at Bostik, innovation, product mix optimization, a more favorable raw materials environment and ArrMaz's very good performance, fully in line with our expectations. Specialties have become the growth driver, taking over from intermediates, which were impacted by much lower profits in Fluorogases compared with last year's very strong performance. **EBITDA margin** was stable at an excellent level of **17.4%** (17.3% in third-quarter 2018).

Recurring depreciation and amortization charges of €135 million were up €26 million year on year due to the €14 million impact of IFRS 16, the start-up of several production units in 2019, the consolidation of ArrMaz and an unfavorable currency effect. Consequently, **recurring operating income (REBIT)** amounted to **€250 million**, representing a **REBIT margin** of **11.3%**.

The **financial result** represented a net expense of **€29 million** (against a €26 million expense in third-quarter 2018). The change mostly reflects the unfavorable interest rate effect on the portion of the Group's debt swapped into US dollars.

For the first nine months of the year, excluding non-recurring items, the tax rate came in at 20% of recurring operating income.

Consequently, **adjusted net income** totaled **€166 million** in the quarter, representing **€2.19** per share.

THIRD-QUARTER 2019 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS (48% OF GROUP SALES)

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
Sales	1,068	987	+8.2%
EBITDA	182	162	+12.3%
EBITDA margin	17.0%	16.4%	
Recurring operating income (REBIT)	134	123	+8.9%
REBIT margin	12.5%	12.5%	

At **€1,068 million**, sales for the High Performance Materials division were up 8.2% year on year (€987 million in third-quarter 2018), driven by a 7.1% positive scope effect corresponding mainly to the consolidation of ArrMaz within Performance Additives as of 1 July 2019. The 3.0% positive price effect, positive across all Business Lines, reflects the impact of price increases and a favorable shift in the product mix towards higher value-added applications, especially in adhesives. The 2.1% positive currency effect was mainly driven by the appreciation of the US dollar against the euro. Volumes were down 4.1%, penalized by the general economic context, with softer demand notably in the transport, oil & gas and consumer electronics segments, and by our customers' cautious inventory management. In the continuity of the first half, momentum remained strong in certain niche markets such as batteries and 3D printing.

The division's **EBITDA** was up 12.3% at **€182 million** (€162 million in third-quarter 2018), supported by the benefits of pricing actions and product mix optimization in a more favorable raw materials environment, and by the acquisition of ArrMaz, which delivered a very good performance, in line with our expectations. Bostik's EBITDA grew by nearly 20%, while Advanced Materials resisted well despite soft volumes in some markets. The division's **EBITDA margin** rose to **17.0%** from 16.4% in the prior year, driven mainly by Bostik's improved margin, which was up by around two percentage points.

INDUSTRIAL SPECIALTIES (28% OF GROUP SALES)

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
Sales	606	646	-6.2%
EBITDA	152	165	-7.9%
EBITDA margin	25.1%	25.5%	
Recurring operating income (REBIT)	98	121	-19.0%
REBIT margin	16.2%	18.7%	

Industrial Specialties **sales** declined 6.2% year on year to **€606 million**. The negative 10.8% price effect reflects the continued very challenging market conditions in Fluorogases and, to a lesser extent, normalization in the MMA/PMMA chain. The positive 2.8% volume effect was driven by a positive dynamic in Thiochemicals. The currency effect was a positive 1.7%, mainly attributable to the rise in the US dollar against the euro.

At **€152 million**, the division's **EBITDA** was down relative to the €165 million reported for the year-earlier period, with the Business Lines delivering very contrasting performances. The results in Fluorogases remained strongly penalized by illegal HFC imports into Europe, which continued to weigh on the prices of this activity. In the fourth quarter, Fluorogases should be significantly below the exceptional performance of 4Q'2018. In contrast, the MMA/PMMA chain resisted well in the third quarter, benefiting from its strong integration, its quality of innovation and lower prices for certain raw materials. Thiochemicals continued to grow in the continuity of the first half, driven by solid demand in its end-markets. The division's **EBITDA margin** of **25.1%** was close to last year's level (25.5%).

COATING SOLUTIONS (24% OF TOTAL GROUP SALES)

<i>(In millions of euros)</i>	3Q'19	3Q'18	YoY change
Sales	535	527	+1.5%
EBITDA	70	65	+7.7%
EBITDA margin	13.1%	12.3%	
Recurring operating income (REBIT)	39	39	-
REBIT margin	7.3%	7.4%	

At **€535 million**, sales of the Coating Solutions division were up 1.5% year on year. Whilst the negative 10.7% price effect was mainly due to lower propylene prices, volume growth was very robust at +7%, mainly in acrylic monomers in Asia and the United States, following the start-up of the new acrylic acid reactor at Clear Lake. The scope effect was a positive 2.9%, corresponding to Arkema's acquisition of Jurong's stake in Taixing Sunke Chemicals, the two companies' joint venture that produces acrylic monomers in China. The currency effect was a positive 2.3%.

The division's **EBITDA** rose 7.7% year on year to **€70 million**, driven mainly by improved unit margins in downstream businesses. The impact of the Imelda storm on the Clear Lake plant was limited to a few million US dollars. The **EBITDA margin** rose to **13.1%** (12.3% in third-quarter 2018).

CASH FLOW AND NET DEBT AT 30 SEPTEMBER 2019

Arkema generated strong **free cash flow** of **€218 million** in the third quarter of 2019 (€227 million in third-quarter 2018), reflecting the Group's very good operating performance and including a €43 million reduction in working capital due to the seasonality of the business. At 30 September 2019, the ratio of working capital to annualized quarterly sales stood at 16.4% versus 16.1% at 30 September 2018.

Recurring and exceptional capital expenditure for the quarter amounted to €148 million, including €30 million of exceptional capital expenditure relating to Thiochemicals in Malaysia and specialty polyamides in Asia. For full-year 2019, recurring and exceptional capital expenditure is expected to total around €610 million.

Portfolio management operations represented a net cash outflow of €594 million, mainly stemming from the acquisitions of ArrMaz, finalized on 1 July 2019, and of Jurong's stake in Taixing Sunke Chemicals, the two companies' acrylic monomer production joint venture in China.

Consequently, at 30 September 2019, **net debt**, which also includes the €13 million cost of share buybacks, stood at **€1,770 million** compared with €1,308 million at 30 June 2019. Net debt represented 1.2 times EBITDA of the last 12 months and gearing stood at 34%.

POST BALANCE SHEET EVENTS

On 1 October, Arkema finalized the acquisition of Prochimir, a manufacturer of high performance adhesive films, and of Lambson, specialized in photoinitiators for photocure resins.

On 8 October, Arkema successfully brought on stream a new production line for ultra-high performance polyamide 12 powders at the Mont plant in France. The Group thus increases its global capacity by over 50% to support the increase in demand for fast-growing niche industrial applications, in particular in the coatings, personal care, composites and 3D printing markets.

On 14 October, Arkema announced the proposed divestment of its Functional Polyolefins business to SK Global Chemical, a major chemicals player in South Korea and a subsidiary of SK, the large South-Korean corporation. Part of the PMMA Business Line (Industrial Specialties division), the Functional Polyolefins business represents sales of some €250 million. The offer received is based on an enterprise value of €335 million. The proposed divestment is subject to an information and consultation process involving Arkema's employee representative bodies and to the approval of the relevant antitrust authorities. The project is expected to be finalized in second quarter 2020.

Finally, on 15 October, driven by continued strong growth in the lithium-ion battery market for electric vehicles, Arkema announced plans to increase by approximately 50% the capacity of its high-performance polymer PVDF Kynar® dedicated to this market at its Changshu plant in China.

These projects will contribute to Arkema's objective to increase the share of specialties in its portfolio, in line with its ambition for these businesses to exceed 80% of Group sales by 2023.

OUTLOOK FOR 2019

For the remainder of the year, the macroeconomic environment is expected to remain challenging and volatile, with continued geopolitical uncertainties likely to weigh on global demand and raw materials prices, leading to cautious inventory management by our customers. 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 operational excellence initiatives, its innovation drive for sustainable development and mobility, and its targeted acquisition dynamic. In the fourth quarter, intermediate businesses should be well below last year's level, penalized mainly by a strong decline in Fluorogases. Specialties should however continue to report solid growth, driven notably by positive momentum at Bostik and performance coatings, as well as the contribution of ArrMaz, whilst technical polymers should be affected by lower demand from key customers.

Taking into account the performance over the first three quarters of the year and 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 ⁽³⁾ an EBITDA comparable with the 2018 record level.

Further details on the Group's third-quarter 2019 results and outlook are provided in the "Third quarter 2019 results and highlights" presentation available on Arkema's website at www.finance.arkema.com

■ FINANCIAL CALENDAR

- 27 February ■ Publication of full-year 2019 results
- 2020 ■

*A designer of materials and innovative solutions, **Arkema** shapes materials and creates new uses that accelerate customer performance. Our balanced business portfolio spans High Performance Materials, Industrial Specialties and Coating Solutions. Our globally recognized brands are ranked among the leaders in the markets we serve. Reporting annual sales of €8.8 billion in 2018, we employ 20,000 people worldwide and operate in some 55 countries. We are committed to active engagement with all our stakeholders. Our research centers in North America, France and Asia concentrate on advances in bio-based products, new energies, water management, electronic solutions, lightweight materials and design, home efficiency and insulation. www.arkema.com*

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⁽³⁾ 2019 takes into account the new IFRS 16 standard.

■ **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. 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 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 business division included in this press release are extracted from the condensed consolidated financial statements at 30 September 2019 reviewed by Arkema's Board of Directors on 29 October 2019. Quarterly financial information is not audited.*

■ *Information by business division 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 REBIT margin as an indicator, corresponding 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

Consolidated financial statements - At the end of September 2019

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>3rd quarter 2019</u>	<u>End of September 2019</u>	<u>3rd quarter 2018</u>	<u>End of September 2018</u>
	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Sales	2.216	6.685	2.167	6.609
Operating expenses	(1.721)	(5.177)	(1.669)	(5.046)
Research and development expenses	(61)	(184)	(58)	(176)
Selling and administrative expenses	(193)	(577)	(183)	(553)
Other income and expenses	(24)	(47)	(8)	(12)
Operating income	217	700	249	822
Equity in income of affiliates	(1)	(2)	1	2
Financial result	(29)	(89)	(26)	(73)
Income taxes	(40)	(135)	(49)	(165)
Net income	147	474	175	586
Of which non-controlling interests	2	6	1	5
Net income - Group share	145	468	174	581
<i>Earnings per share (amount in euros)</i>	1.91	5.66	2.28	7.63
<i>Diluted earnings per share (amount in euros)</i>	1.90	5.63	2.27	7.61

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>3rd quarter 2019</u>	<u>End of September 2019</u>	<u>3rd quarter 2018</u>	<u>End of September 2018</u>
	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Net income	147	474	175	586
Hedging adjustments	(5)	(6)	(2)	(2)
Other items	(1)	-	(1)	(1)
Deferred taxes on hedging adjustments and other items	-	-	-	-
Change in translation adjustments	61	75	(14)	14
Other recyclable comprehensive income	55	69	(17)	11
Actuarial gains and losses	(29)	(62)	1	19
Deferred taxes on actuarial gains and losses	6	11	(1)	(5)
Other non-recyclable comprehensive income	(23)	(51)	-	14
Total income and expenses recognized directly in equity	32	18	(17)	25
Comprehensive income	179	492	158	611
Of which: non-controlling interest	3	7	-	5
Comprehensive income - Group share	176	485	158	606

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

INFORMATION BY BUSINESS DIVISION

(non audited)

3 rd quarter 2019					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	1.068	606	535	7	2.216
Inter-division sales	3	34	18	-	
Total sales	1.071	640	553	7	
EBITDA	182	152	70	(19)	385
Recurring depreciation and amortization of tangible and intangible assets	(48)	(54)	(31)	(2)	(135)
Recurring operating income (REBIT)	134	98	39	(21)	250
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(9)	-	0	-	(9)
Other income and expenses	(20)	(4)	0	0	(24)
Operating income	105	94	39	(21)	217
Equity in income of affiliates	0	(1)	-	-	(1)
Intangible assets and property, plant and equipment additions	63	47	32	6	148
Of which recurring capital expenditure	44	36	32	6	118

3 rd quarter 2018					
(In millions of euros)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	987	646	527	7	2.167
Inter-division sales	3	47	21	-	
Total sales	990	693	548	7	
EBITDA	162	165	65	(18)	374
Recurring depreciation and amortization of tangible and intangible assets	(39)	(44)	(26)	0	(109)
Recurring operating income (REBIT)	123	121	39	(18)	265
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	-	-	-	(8)
Other income and expenses	(9)	(1)	0	2	(8)
Operating income	106	120	39	(16)	249
Equity in income of affiliates	1	-	-	-	1
Intangible assets and property, plant and equipment additions	48	60	27	11	146
Of which recurring capital expenditure	38	44*	27	11	120*

* Restated figures

INFORMATION BY BUSINESS DIVISION

(non audited)

End of September 2019

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	3.074	1.921	1.669	21	6.685
Inter-division sales	8	112	57	-	
Total sales	3.082	2.033	1.726	21	
EBITDA	514	488	228	(68)	1.162
Recurring depreciation and amortization of tangible and intangible assets	(137)	(158)	(87)	(5)	(387)
Recurring operating income (REBIT)	377	330	141	(73)	775
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	(2)	-	(28)
Other income and expenses	(37)	(6)	(1)	(3)	(47)
Operating income	314	324	138	(76)	700
Equity in income of affiliates	0	(2)	-	-	(2)
Intangible assets and property, plant and equipment additions	167	128	75	11	381
Of which recurring capital expenditure	127	92	75	11	305

End of September 2018

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	2.992	2.016	1.581	20	6.609
Inter-division sales	8	141	59	-	
Total sales	3.000	2.157	1.640	20	
EBITDA	515	535	199	(62)	1.187
Recurring depreciation and amortization of tangible and intangible assets	(117)	(131)	(77)	(2)	(327)
Recurring operating income (REBIT)	398	404	122	(64)	860
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	-	-	(26)
Other income and expenses	(11)	(2)	(2)	3	(12)
Operating income	361	402	120	(61)	822
Equity in income of affiliates	1	1	-	-	2
Intangible assets and property, plant and equipment additions	110	135	53	23	321
Of which recurring capital expenditure	89	103*	53	23	268*

* Restated figures

CONSOLIDATED CASH FLOW STATEMENT

<i>(In millions of euros)</i>	<u>End of September 2019</u> <i>(non audited)</i>	<u>End of September 2018</u> <i>(non audited)</i>
Cash flow - operating activities		
Net income	474	586
Depreciation, amortization and impairment of assets	469	355
Other provisions and deferred taxes	(14)	(31)
(Gains)/losses on sales of long-term assets	(6)	(2)
Undistributed affiliate equity earnings	5	(2)
Change in working capital	(116)	(309)
Other changes	17	14
Cash flow from operating activities	829	611
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(381)	(321)
Change in fixed asset payables	(81)	(13)
Acquisitions of operations, net of cash acquired	(606)	(199)
Increase in long-term loans	(28)	(53)
Total expenditures	(1.096)	(586)
Proceeds from sale of intangible assets and property, plant and equipment	8	2
Repayment of long-term loans	21	15
Total divestitures	29	17
Cash flow from investing activities	(1.067)	(569)
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	3	51
Purchase of treasury shares	(30)	(26)
Issuance of hybrid bonds	399	-
Redemption of hybrid bonds	(425)	-
Dividends paid to parent company shareholders	(190)	(176)
Interest paid to bearers of subordinated perpetual notes	(12)	-
Dividends paid to non-controlling interests	(1)	(1)
Increase in long-term debt	2	1
Decrease in long-term debt	(531)	(17)
Increase/ decrease in short-term borrowings	477	26
Cash flow from financing activities	(308)	(142)
Net increase/(decrease) in cash and cash equivalents	(546)	(100)
Effect of exchange rates and changes in scope	(42)	1
Cash and cash equivalents at beginning of period	1.441	1.438
Cash and cash equivalents at end of period	853	1.339

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

CONSOLIDATED BALANCE SHEET

<i>(In millions of euros)</i>	<u>End of September 2019</u> <i>(non audited)</i>	<u>End of December 2018</u> <i>(audited)</i>
ASSETS		
Intangible assets, net	3.274	2.877
Property, plant and equipment, net	2.992	2.627
Equity affiliates : investments and loans	35	38
Other investments	53	33
Deferred tax assets	216	209
Other non-current assets	255	243
TOTAL NON-CURRENT ASSETS	6.825	6.027
Inventories	1.217	1.136
Accounts receivable	1.348	1.247
Other receivables and prepaid expenses	181	173
Income tax receivables	85	80
Other current financial assets	6	7
Cash and cash equivalents	853	1.441
TOTAL CURRENT ASSETS	3.690	4.084
TOTAL ASSETS	10.515	10.111
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	766	766
Paid-in surplus and retained earnings	4.302	4.099
Treasury shares	(56)	(28)
Translation adjustments	216	142
SHAREHOLDERS' EQUITY - GROUP SHARE	5.228	4.979
Non-controlling interests	55	49
TOTAL SHAREHOLDERS' EQUITY	5.283	5.028
Deferred tax liabilities	267	268
Provisions for pensions and other employee benefits	555	470
Other provisions and non-current liabilities	404	433
Non-current debt	1.881	2.246
TOTAL NON-CURRENT LIABILITIES	3.107	3.417
Accounts payable	881	1.037
Other creditors and accrued liabilities	392	343
Income tax payables	94	78
Other current financial liabilities	16	7
Current debt	742	201
TOTAL CURRENT LIABILITIES	2.125	1.666
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10.515	10.111

The Group applied IFRS 16 for the first time at 1 January 2019, under the modified retrospective approach which does not require restatement of the comparative figures for 2018.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non audited)

(In millions of euros)	Shares issued			Treasury shares			Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity		
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments				Number	Amount
At January 1, 2019	76,581,492	766	1.263	689	2.147	142	(318.998)	(28)	4.979	49	5.028
Cash dividend	-	-	-	-	(202)	-	-	-	(202)	(1)	(203)
Issuance of share capital	42.728	0	3	-	-	-	-	-	3	-	3
Purchase of treasury shares	-	-	-	-	-	-	(355.621)	(30)	(30)	-	(30)
Grants of treasury shares to employees	-	-	-	-	(2)	-	22.749	2	-	-	-
Share-based payments	-	-	-	-	19	-	-	-	19	-	19
Issuance of hybrid bonds	-	-	-	399	-	-	-	-	399	-	399
Redemption of hybrid bonds	-	-	-	(394)	(31)	-	-	-	(425)	-	(425)
Other	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	42.728	0	3	5	(216)	-	(332.872)	(28)	(236)	(1)	(237)
Net income	-	-	-	-	468	-	-	-	468	6	474
Total income and expense recognized directly through equity	-	-	-	-	(57)	74	-	-	17	1	18
Comprehensive income	-	-	-	-	411	74	-	-	485	7	492
At September 30, 2019	76,624,220	766	1.266	694	2.342	216	(651.870)	(56)	5.228	55	5.283

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

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of September 2018</u>	<u>3rd quarter 2019</u>	<u>3rd quarter 2018</u>
OPERATING INCOME	700	822	217	249
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
- Other income and expenses	(47)	(12)	(24)	(8)
RECURRING OPERATING INCOME (REBIT)	775	860	250	265
- Recurring depreciation and amortization of tangible and intangible assets	(387)	(327)	(135)	(109)
EBITDA	1.162	1.187	385	374

Details of depreciation and amortization of tangible and intangible assets:

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of September 2018</u>	<u>3rd quarter 2019</u>	<u>3rd quarter 2018</u>
Depreciation and amortization of tangible and intangible assets	(469)	(355)	(153)	(119)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(387)	(327)	(135)	(109)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
Of which: Impairment included in other income and expenses	(54)	(2)	(9)	(2)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of September 2018</u>	<u>3rd quarter 2019</u>	<u>3rd quarter 2018</u>
NET INCOME - GROUP SHARE	468	581	145	174
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(28)	(26)	(9)	(8)
- Other income and expenses	(47)	(12)	(24)	(8)
- Other income and expenses - Non-controlling interests	-	-	-	-
- Taxes on depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	7	6	2	2
- Taxes on other income and expenses	13	4	10	2
- One-time tax-effects	-	2	-	-
ADJUSTED NET INCOME	523	607	166	186
- Weighted average number of ordinary shares	76,156,547	76,190,768		
- Weighted average number of potential ordinary shares	76,613,410	76,306,477		
ADJUSTED EARNINGS PER SHARE (€)	6.87	7.97	2.19	2.44
DILUTED ADJUSTED EARNINGS PER SHARE (€)	6.83	7.95	2.17	2.42

RECURRING CAPITAL EXPENDITURE

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of September 2018</u>	<u>3rd quarter 2019</u>	<u>3rd quarter 2018</u>
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	381	321	148	146
- Exceptional capital expenditure	68	34	30	16
- Investments relating to portfolio management operations	-	4	-	4
- Capital expenditure with no impact on net debt	8	15*	-	6*
RECURRING CAPITAL EXPENDITURE	305	268*	118	120*

* Restated figures

FREE CASH FLOW

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of September 2018</u>	<u>3rd quarter 2019</u>	<u>3rd quarter 2018</u>
Cash flow from operating activities	829	611	345	361
+ Cash flow from investing activities	(1,067)	(569)	(721)	(161)
NET CASH FLOW	(238)	42	(376)	200
- Net cash flow from portfolio management operations	(619)	(201)	(594)	(27)
FREE CASH FLOW	381	243	218	227

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
Inventories	1.217	1.136
+ Accounts receivable	1.348	1.247
+ Other receivables including income taxes	266	253
+ Other current financial assets	6	7
- Accounts payable	881	1.037
- Other liabilities including income taxes	486	421
- Other current financial liabilities	16	7
WORKING CAPITAL	1.454	1.178

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
<i>Goodwill, net</i>	2.028	1.618
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4.238	3.886
+ Investments in equity affiliates	35	38
+ Other investments and other non-current assets	308	276
+ Working capital	1.454	1.178
CAPITAL EMPLOYED	8.063	6.996

NET DEBT

<i>(In millions of euros)</i>	<u>End of September 2019</u>	<u>End of December 2018</u>
Non-current debt	1.881	2.246
+ Current debt	742	201
- Cash and cash equivalents	853	1.441
NET DEBT	1.770	1.006

IFRS 16 IMPACT ON THE MAIN API

As of January 1, 2019 Arkema applies IFRS 16 "Leases". The impacts of this standard on the main alternative performance indicators used by the Group are described below. The 2018 figures have not been restated.

CONSOLIDATED INCOME STATEMENT

	3 rd quarter 2019	End of September 2019
EBITDA	15	42
Recurring depreciation and amortization of tangible and intangible assets	(14)	(40)
Recurring operating Income (REBIT)	1	2
Operating Income	1	2
Financial result	(1)	(3)
Ajusted net income	-	(1)
Net income	-	(1)

CONSOLIDATED CASH FLOW STATEMENT

	3 rd quarter 2019	End of September 2019
Cash flow from operating activities	14	39
Cash flow from financing activities	(14)	(39)
Free cash flow	14	39

CONSOLIDATED BALANCE SHEET

	End of September 2019
Property, plant and equipment, net	158
Total assets	158
Non-current debt	115
Current debt	44
Net Debt	159
Net income	(1)
Total liabilities and shareholders' equity	158

INFORMATION BY BUSINESS DIVISION

IFRS 16 impact (3 rd quarter 2019)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate
EBITDA	5	5.5	3.5	1
Recurring depreciation and amortization of tangible and intangible assets	(5)	(5)	(3)	(1)
Recurring operating Income (REBIT)	-	0.5	0.5	-

IFRS 16 impact (End of September 2019)	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate
EBITDA	13.5	18	8.5	2
Recurring depreciation and amortization of tangible and intangible assets	(13)	(17)	(8)	(2)
Recurring operating Income (REBIT)	0.5	1.0	0.5	-

GENERAL INFORMATION

The section "General Information" on pages 106 *et seq.* of the Base Prospectus is amended as follows:

- (1) The paragraph under the heading "**(2) Corporate authorisations**" on page 106 is deleted in its entirety and replaced by the following:

"Arkema has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme. Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of (i) the *Conseil d'administration* of Arkema or (ii) the Ordinary General Meeting of the Issuer's shareholders if (a) the *statuts* of the Issuer so require (at the date hereof the *statuts* of Arkema do not require a resolution of the Ordinary General Meeting) or (b) the shareholders at an Ordinary General Meeting decide to authorise an issue of *obligations*, all pursuant to Article L.228-40 of the French *Code de commerce*. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations*, falls within the general powers of the *Président Directeur Général*.

- (a) The update of the Programme has been authorised by a decision of the *Conseil d'administration* of Arkema on 5 November 2018.
- (b) On 29 October 2019, the *Conseil d'administration* of Arkema authorised, among others, the issue of *obligations* or other assimilated securities up to a maximum aggregate nominal amount of €500,000,000 for one year and delegated to the *Président-Directeur général*, the *Directeur général finances* and the *Directeur financement et trésorerie* of the Issuer, acting together or separately, all powers to issue Notes up to said nominal aggregate amount and to determine their terms and conditions.

- (2) The paragraph under the heading "**(3) No significant change in the financial or trading position**" on page 106 is deleted in its entirety and replaced by the following:

"Except as disclosed in the "Recent Developments" section, there has been no significant change in the financial or trading position of Arkema or the Group since 30 September 2019."

- (3) The paragraph under the heading "**(4) No material adverse change**" on page 106 is deleted in its entirety and replaced by the following:

"There has been no material adverse change in the prospects of Arkema since 31 December 2018."

- (4) The paragraph under the heading "**(10) Documents available**" on page 107 is deleted in its entirety and replaced by the following:

"For so long as Notes issued under the Programme are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer, or otherwise, using any kinds of communication means, permitted by law, at the choice of the Issuer and from the specified offices of the Paying Agents, free of charge:

- (i) the *statuts* of the Issuer;
- (ii) a copy of the documents incorporated by reference in this Base Prospectus, which comprise the 2018 Reference Document, the 2017 Reference Document and the 2019 Half-Year Financial Report;
- (iii) each Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any other regulated market in the EEA;
- (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus and any document incorporated by reference;
- (v) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.

For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, on the websites of the Issuer (www.arkema.com) and of the AMF (www.amf-france.org):

- (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris and/or in any Member State of the EEA; and
 - (ii) this Base Prospectus together with any supplement to this Base Prospectus; and
 - (iii) the documents incorporated by reference in this Base Prospectus (excluding the 2019 Half Year Financial Report in respect of the AMF website)."
- (5) The paragraph under the heading "**(13) Benchmark Regulation**" on page 108 is deleted in its entirety and replaced by the following:

"Amounts payable under the Floating Rate Notes may be calculated by reference to EURIBOR or LIBOR which are respectively provided by the European Money Markets Institute ("**EMMI**") and ICE Benchmark Administration Limited ("**ICE**"), or other Reference Rates as indicated in the relevant Final Terms. As at the date hereof, the ICE and the EMMI appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). The relevant Final Terms in respect of an issue of Floating Rate Notes may specify the relevant benchmark, the relevant administrator and whether such administrator appears on the European Securities and Markets Authority register referred to above."

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS SUPPLEMENT

Person assuming responsibility for this Supplement

In the name of the Issuer

I declare, to the best of my knowledge (having taken all reasonable care to ensure that such is the case), that the information contained in this Supplement is in accordance with the facts and contains no omission likely to affect its import.

6 November 2019

Arkema
420, rue d'Estienne d'Orves
92700 Colombes
France

Duly represented by:
Thomas Lestavel
Directeur Financement et Trésorerie
Authorised Signatory



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French monetary and Financial Code (Code monétaire et financier) and with the General Regulations (Règlement Général) of the Autorité des marchés financiers ("AMF"), in particular Articles 212-31 to 212-33, the AMF has granted the visa No. 19-512 on 6 November 2019 to this Supplement. This Supplement has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French Monetary and Financial Code (Code monétaire et financier), the visa was granted following an examination of "whether the documents is complete and comprehensible, and whether the information it contains is coherent ". It does not imply the approval by the AMF of the opportunity of the transactions contemplated hereby nor that the AMF has verified the accounting and financial data set out in it. In accordance with Article 212-32 of the AMF's General Regulation (Règlement général de l'AMF), any issuance or admission to trading of notes on the Basis of the Base prospectus, as supplemented by this Supplement, shall be subject to the publication of Final Terms setting out the terms of the securities being issued.