

## Investor and analyst factsheet

| <i>In millions of euros</i>                       | <b>1Q'20</b> | <b>1Q'19</b> | <b>Change</b> |
|---|--------------|--------------|---------------|
| <b>Sales</b>                                      | <b>2,088</b> | <b>2,215</b> | <b>-5.7%</b>  |
| <i>Prices</i>                                     | -5.1%        |              |               |
| <i>Volumes</i>                                    | -4.8%        |              |               |
| <i>FX</i>   | +0.8%        |              |               |
| <i>Portfolio</i>                                  | +3.4%        |              |               |
| <b>EBITDA</b>                                     | <b>300</b>   | <b>370</b>   | <b>-18.9%</b> |
| <i>Adhesive Solutions</i>                         | 69           | 62           | +11.3%        |
| <i>Advanced Materials</i>                         | 122          | 151          | -19.2%        |
| <i>Coating Solutions</i>                          | 65           | 79           | -17.7%        |
| <i>Intermediates</i>                              | 68           | 103          | -34.0%        |
| <i>Corporate</i>                                  | -24          | -25          |               |
| <b>EBITDA margin</b>                              | <b>14.4%</b> | <b>16.7%</b> |               |
| Recurring depreciation and amortization           | -140         | -123         |               |
| <b>Recurring EBIT</b>                             | <b>160</b>   | <b>247</b>   | <b>-35.2%</b> |
| <i>REBIT margin</i>                               | 7.7%         | 11.2%        |               |
| PPA depreciation and amortization                 | -14          | -9           |               |
| Non-recurring items                               | -14          | -12          |               |
| Equity in income of affiliates                    | -2           | -1           |               |
| Financial result                                  | -23          | -27          | -14.8%        |
| Income taxes                                      | -28          | -49          | -42.9%        |
| <b>Net income - Group share</b>                   | <b>78</b>    | <b>147</b>   | <b>-46.9%</b> |
| <b>Adjusted net income</b>                        | <b>100</b>   | <b>165</b>   | <b>-39.4%</b> |
| Adjusted EPS (€)                                  | 1.31         | 2.16         | -39.4%        |
| <i>Weighted average number of ordinary shares</i> | 76,492,807   | 76,253,737   |               |
| Recurring capital expenditure                     | 79           | 86           | -8.1%         |
| Exceptional capital expenditure                   | 13           | 18           |               |
| Working capital (12/31 for prior year)            | 1,345        | 1,173        |               |
| <b>Net debt</b> (12/31 for prior year)            | <b>2,481</b> | <b>2,331</b> |               |

### 1Q'20 GROUP PERFORMANCE

- **€2,088m sales**, down 5.7% YoY (€2,215m)
  - (4.8)% volumes
    - Economic downturn caused by the Covid-19 health crisis in Asia and in Europe from mid-March
    - Slowdown in automotive, transportation, oil & gas and electronics mainly impacting Advanced Materials
    - Good demand in nutrition, packaging and for certain niche applications essential in combating the virus
  - (5.1)% price
    - Lower propylene prices in Coating Solutions
    - Lower prices in Intermediates
    - Solid pricing power in Adhesive Solutions and Advanced Materials
  - +3.4% scope of business
    - Integration of acquisitions, mainly ArrMaz
  - +0.8% currency
    - Stronger US dollar against the euro
- **€300m EBITDA**
  - ~€45m impact from the effects of Covid-19
  - EBITDA stable in Specialty Materials <sup>(1)</sup>, excluding the impact of Covid-19
  - Adhesive Solutions EBITDA up +11% YoY
  - Intermediates mainly impacted by Covid-19 and Fluorogases

<sup>(1)</sup> Specialty Materials includes the three following segments: Adhesive Solutions, Advanced Materials and Coating Solutions

## 1Q'20 PERFORMANCE BY DIVISION

| <i>In millions of euros</i> | <b>1Q'20</b> | <b>1Q'19</b> | <b>Change</b> | <b>Prices</b> | <b>Volumes</b> | <b>FX</b>    | <b>Portfolio</b> |
|-----------------------------|--------------|--------------|---------------|---------------|----------------|--------------|------------------|
| <b>Sales</b>                | <b>2,088</b> | <b>2,215</b> | <b>-5.7%</b>  | <b>-5.1%</b>  | <b>-4.8%</b>   | <b>+0.8%</b> | <b>+3.4%</b>     |
| <i>Adhesive Solutions</i>   | 515          | 513          | +0.4%         | +0.4%         | -3.2%          | +0.2%        | +3.0%            |
| <i>Advanced Materials</i>   | 652          | 672          | -3.0%         | -1.7%         | -9.9%          | +0.9%        | +7.7%            |
| <i>Coating Solutions</i>    | 517          | 564          | -8.3%         | -8.3%         | -2.7%          | +1.1%        | +1.6%            |
| <i>Intermediates</i>        | 397          | 459          | -13.5%        | -12.1%        | -2.2%          | +0.8%        | -                |
| <b>EBITDA</b>               | <b>300</b>   | <b>370</b>   | <b>-18.9%</b> |               |                |              |                  |
| <i>Adhesive Solutions</i>   | 69           | 62           | +11.3%        |               |                |              |                  |
| <i>Advanced Materials</i>   | 122          | 151          | -19.2%        |               |                |              |                  |
| <i>Coating Solutions</i>    | 65           | 79           | -17.7%        |               |                |              |                  |
| <i>Intermediates</i>        | 68           | 103          | -34.0%        |               |                |              |                  |
| <i>Corporate</i>            | -24          | -25          |               |               |                |              |                  |
| <b>EBITDA margin</b>        | <b>14.4%</b> | <b>16.7%</b> |               |               |                |              |                  |
| <i>Adhesive Solutions</i>   | 13.4%        | 12.1%        |               |               |                |              |                  |
| <i>Advanced Materials</i>   | 18.7%        | 22.5%        |               |               |                |              |                  |
| <i>Coating Solutions</i>    | 12.6%        | 14.0%        |               |               |                |              |                  |
| <i>Intermediates</i>        | 17.1%        | 22.4%        |               |               |                |              |                  |
| <b>Recurring EBIT</b>       | <b>160</b>   | <b>247</b>   | <b>-35.2%</b> |               |                |              |                  |
| <i>Adhesive Solutions</i>   | 54           | 48           | +12.5%        |               |                |              |                  |
| <i>Advanced Materials</i>   | 61           | 97           | -37.1%        |               |                |              |                  |
| <i>Coating Solutions</i>    | 36           | 54           | -33.3%        |               |                |              |                  |
| <i>Intermediates</i>        | 35           | 75           | -53.3%        |               |                |              |                  |
| <i>Corporate</i>            | -26          | -27          |               |               |                |              |                  |

### ADHESIVE SOLUTIONS (25% OF GROUP SALES)

- €515m sales, up 0.4% YoY
  - +3.0% scope effect, on consolidation of Prochimir and LIP
  - 3.2% volumes drop
    - despite increased demand in packaging and strong performance in construction in the US and Southeast Asia
    - slowdown in transportation, in certain industrial segments and initial impacts of lockdowns on construction in Western Europe
- €69m EBITDA and 13.4% EBITDA margin
  - EBITDA up 11.3% YoY, validating strategy of bolt-on acquisitions and product mix optimization toward higher value-added applications
  - Estimated Covid-19 impact of approximately €5m

### ADVANCED MATERIALS (31% OF GROUP SALES)

- €652m sales, slightly down 3.0% YoY
  - 7.7% positive scope effect relating to ArrMaz consolidation
  - Volumes down 9.9% on
    - challenging macro-economic environment, strikes in France in January and Covid-19 health crisis
    - decline in the transport, electronics and oil & gas markets, overshadowing relative strength of nutrition, new developments in sports and innovation
- €122m EBITDA and 18.7% EBITDA margin
  - EBITDA down YoY, mainly due to Covid-19 (~€15m) and strikes (~€10m) impacts
  - EBITDA margin at solid level

### COATING SOLUTIONS (25% OF GROUP SALES)

- €517m sales, down 8.3% YoY
  - -8.3% price effect, primarily due to lower propylene prices
  - Volumes down 2.7%, representing a resilient performance thanks to
    - ramp-up of the Clear Lake reactor in the United States
    - good performance of decorative paints, hygiene and water treatment markets
- €65m EBITDA and 12.6% EBITDA margin
  - EBITDA down 17.7% compared to the very high level in 1Q'19
  - Covid-19 impact of around €10m, and more marginal impact from French strikes

### INTERMEDIATES (19% OF GROUP SALES)

- €397m sales, down 13.5% YoY
  - -12.1% price effect, on challenging market conditions in Fluorogases and lower propylene prices
  - Volumes slightly down 2.2%, mainly reflecting impact of Covid-19 and decline of the automotive market
- €68m EBITDA and 17.1% EBITDA margin
  - Much lower Fluorogases earnings on illegal HFC gas imports into Europe
  - Estimated Covid-19 impact, especially on acrylics in China, at around €10m
  - Moderate impact from normalization of market conditions in MMA/PMMA

### CASH FLOW

| <i>In millions of euros</i>                                       | <b>1Q'19</b> | <b>1Q'20</b> | <b>Comments</b>  |
|---|--------------|--------------|--|
| <b>EBITDA</b>   | <b>370</b>   | <b>300</b>   |  |
| Current taxes   | (47)         | (26)         | Tax rate: 21% of REBIT (excl. exceptional items)<br>2020e tax rate: ~21% of REBIT                        |
| Cost of debt  | (24)         | (25)         |  |
| Change in working capital and fixed asset payables <sup>(1)</sup> | (126)        | (181)        | Working capital seasonal increase<br>16.5% working capital on annualized sales (15.1% end of March 2019) |
| Recurring capital expenditures                                    | (86)         | (79)         | 2020e capex (recurring + exceptional) at ~€600m  |
| Exceptional capital expenditures                                  | (18)         | (13)         |  |
| Others  | 4            | (14)         | Including non recurring items in 2020, corresponding mainly to restructuring expenses                    |
| <b>Free cash flow</b>   | <b>73</b>    | <b>(38)</b>  |  |
| Impact of portfolio management                                    | (1)          | (95)         | Mainly LIP acquisition in 2020   |
| <b>Net cash flow</b>  | <b>72</b>    | <b>(133)</b> |  |

### NET DEBT

- **€2,481m** net debt at 31 March 2020, including €1 billion in hybrid bonds and representing a €150 million increase versus end-2019 (€2,331 m, including €700 million in hybrid bonds), of which €95 million relate to acquisitions.
- Net debt including hybrid bonds representing **1.8x** EBITDA of last 12 months

## OUTLOOK FOR 2020

As of today, the Covid-19 pandemic continues to spread across the world, and the evolution of the situation as well as its impact on the global economy remain uncertain. In this context, the Group previously announced that the 2020 guidance published with its 2019 results was no longer relevant.

Global demand is expected to slow significantly in the second quarter of the year, due to the lockdown measures enforced across the different regions of the world that are impacting many sectors of the economy. Construction in Europe and the United States is one market that will be particularly affected in the second quarter and this will impact specifically the performance of the Adhesive Solutions and Coating Solutions segments. While remaining attentive as to how the situation develops, the Group will draw on its strengths to best manage the current situation and mitigate the impacts of the crisis. These include its balanced geographical footprint, the diversity of its end markets, and its capacity for innovation, particularly in certain niche applications that are essential in combating the virus, such as disinfection, medical equipment and protective barriers and masks.

Looking beyond the current quarter, the prospects of an improvement in the economic environment will depend on how the pandemic evolves, which is still too uncertain to make sufficiently reliable estimates as to the impact of the crisis on Arkema's full-year 2020 results, although the Group anticipates a gradual improvement in global demand from mid-year onwards.

In order to limit the economic impact of the Covid-19 crisis, the Group intends to reduce its capital expenditure by €100 million in 2020, compared to the level originally planned, and to reduce its fixed costs by €50 million compared to 2019.

Thanks to those initiatives, the positioning of its product lines, its moderate indebtedness and strong liquidity level, Arkema confirms its confidence in its ability to deal with this unprecedented crisis and to be well positioned when the recovery materializes.

Finally, the Group continues to progress with its reflections about its development and long-term evolution, in line with its ambition presented during the 2 April 2020 Strategy Update to become a pure Specialty Materials player by 2024.