Colombes, 7 May 2019

Arkema: First-quarter 2019 results

- **Sales** up **2.0%** year on year to **€2,215 million**. Increased selling prices (**+4.7%** in the **High Performance Materials** division)
- **EBITDA** at **€370 million**, close to the record performance of first-quarter 2018 (€383 million), in a volatile and mixed economic environment
  - EBITDA growth for specialties (71% of Group sales) despite the decline of certain end-markets (automotive, electronics)
  - Lower performance, as expected, for intermediates [1] (29% of Group sales) compared with last year's record high comparison base
- Very solid **EBITDA margin** at **16.7%**
- **Adjusted net income** at **€165 million,** representing 7.4% of sales
- Strong cash generation for a first quarter, with **free cash flow** increasing to **€73 million** (€25 million outflow in first-quarter 2018)
- **Net debt** under tight control at **€1,130 million** (including a €159 million increase related to the first-time application of IFRS 16), representing **0.8** times the EBITDA of the last 12 months.

Arkema's Board of Directors met on 6 May 2019 to review the Group's consolidated financial statements for the first quarter of 2019. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"The Group's first-quarter financial performance, close to its record-high levels, was in line with the guidance issued at the beginning of the year and demonstrates the Group's good resilience in a global economic environment that was less favorable compared with the first quarter of 2018.

Several points deserve to be highlighted. This solid start to the year was supported by the increased results delivered by Bostik, which is reaping the benefits of its efforts to enhance product mix and raise selling prices in the face of persistently high raw materials costs, as well as its ongoing initiatives to improve its competitiveness. At the same time, the acrylics business confirmed its gradual improvement, and the specialty businesses reported an increase in their overall results, despite a significant decline in volumes in the automotive, electronics and oil & gas markets. Unsurprisingly, earnings for PMMA and fluorogases came in lower than the exceptional levels achieved in the prior year.

Our transformation strategy towards specialty chemicals therefore continues to bear fruit and, beyond the short-term, Arkema will continue to pursue its reflections and projects in order to further increase the share of specialties within its business portfolio."

[1] The intermediate chemicals businesses comprise the Acrylics, PMMA and Fluorogases Business Lines.

KEY FIGURES FOR FIRST-QUARTER 2019

(In millions of euros)	1Q'19	1Q'18	YoY change
Sales	**2,215**	**2,172**	**+2.0%**
EBITDA	**370**	**383**	**-3.4%**
EBITDA margin	**16.7%**	**17.6%**	
Recurring operating income (REBIT)	**247**	**277**	**-10.8%**
REBIT margin	11.2%	12.8%	
Adjusted net income	**165**	**195**	**-15.4%**
Net income - Group share	147	188	-21.8%
Adjusted net income per share (in €)	2.16	2.57	-16.0%
Free cash flow	**73**	**(25)**	

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

FIRST-QUARTER 2019 BUSINESS PERFORMANCE

Sales rose **2.0%** year on year to **€2,215 million**. Selling prices increased 1.3% thanks to continued actions to raise prices in the High Performance Materials division and downstream acrylics. Volumes declined 2.5% compared with the very high level recorded at the beginning of 2018. Coating Solutions benefited from good market dynamics. In the High Performance Materials division, demand was lower year on year in the automotive, electronics and oil & gas markets and overshadowed the success of innovations in several growing segments, such as batteries and 3D printing. The currency effect was a positive 2.8% mainly attributable to the rise in the US dollar against the euro. The scope effect was limited at +0.4%.

In a less favorable global economic context, **EBITDA** of **€370 million** remained at a high level, albeit slightly down on the high comparison base of first-quarter 2018. The decrease in volumes was partially offset by the benefits of higher selling prices, a favorable foreign exchange impact and the €13 million positive effect from the application of IFRS 16. In this environment, specialty businesses, which made up 71% of Group sales, demonstrated their resilience, reporting year-on-year growth thanks to the pro-active policy of raising selling prices, and despite the significant decrease in the contribution from specialty molecular sieves. As expected, EBITDA for the intermediate chemicals businesses was lower compared with last year's record high comparison base in Fluorogases and the MMA/PMMA chain. At **16.7%, EBITDA margin** resisted well at high levels.

Recurring operating income (REBIT) of **€247 million** includes €123 million recurring depreciation and amortization, up €17 million against last year primarily as a result of the IFRS 16 impact and an unfavorable currency effect. **REBIT margin** stood at **11.2%**.

Operating income came in at **€226 million** (€265 million in first-quarter 2018). It includes €12 million in net other expenses, mainly corresponding to restructuring costs, and €9 million in depreciation and amortization, mainly resulting from the revaluation of assets as part of the Bostik, Den Braven and XL Brands purchase price allocation.

The **financial result** represented a net expense of **€27 million,** in the continuity of last year (-€23 million in first-quarter 2018).

The **income tax expense** of **€49 million** reflects the geographic split of results. Excluding exceptional items, the tax rate amounted to 21% of recurring operating income.

Consequently, **net income – Group share** totaled **€147 million** (versus €188 million in first-quarter 2018). Excluding the post-tax impact of non-recurring items, **adjusted net income** came in at **€165 million**, representing **€2.16** per share.

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FIRST-QUARTER 2019 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS (46% OF TOTAL GROUP SALES)

(In millions of euros)	1Q'19	1Q'18	YoY change
Sales	**1,008**	**998**	**+1.0%**
EBITDA	**162**	**176**	**-8.0%**
EBITDA margin	**16.1%**	**17.6%**	
Recurring operating income (REBIT)	**120**	**138**	**-13.0%**
REBIT margin	11.9%	13.8%	

At **€1,008 million, sales** generated by the High Performance Materials division were up 1.0 % year on year. The positive 4.7% price effect was largely positive across all product lines and results both from increased selling prices against a backdrop of high raw materials costs, and constant efforts to improve product mix towards higher value-added applications. Volumes declined 6.7% year on year, mainly reflecting the exceptional contribution from specialty molecular sieves in first-quarter 2018 and a lower demand compared to last year in the automotive, consumer electronics and oil & gas markets. Market dynamics should gradually improve. The scope effect was a positive 0.8%, corresponding to the integration of acquisitions in adhesives. The positive 2.2% currency effect was mainly driven by the rise of the US dollar against the euro.

At **€162 million**, **EBITDA** was down on the excellent performance of first-quarter 2018, reflecting weaker volumes in advanced materials. The **EBITDA margin** resisted well at **16.1%,** the same level as that reached over full year 2018. In adhesives, EBITDA rose year on year thanks to the gradual pass-through of higher raw materials costs and efforts on optimizing the product portfolio.

INDUSTRIAL SPECIALTIES (29% OF TOTAL GROUP SALES)

(In millions of euros)	1Q'19	1Q'18	YoY change
Sales	**642**	**661**	**-2.9%**
EBITDA	**157**	**162**	**-3.1%**
EBITDA margin	**24.5%**	**24.5%**	
Recurring operating income (REBIT)	**106**	**120**	**-11.7%**
REBIT margin	16.5%	18.2%	

Industrial Specialties **sales** totaled **€642 million**, down 2.9% year on year. Volumes declined 3.4% in an environment marked by lower demand in the automotive market and in China. As expected, the negative 2.4% price effect reflects the high selling prices achieved in first-quarter 2018 for the MMA/PMMA chain and Fluorogases. The currency effect was a positive 3.0%, mainly attributable to the rise in the US dollar against the euro.

At **€157 million**, **EBITDA** was slightly down year on year, reflecting the normalization of market conditions in the MMA/PMMA chain in the continuity of fourth-quarter 2018. Fluorogases declined relative to their exceptional performance of 2018, particularly in Europe, which was impacted by the development of illegal HFC imports. These factors were partially offset by the excellent performance of Thiochemicals. In spite of the more volatile market conditions, **EBITDA margin** was stable at high levels at **24.5%**.

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COATING SOLUTIONS (25% OF TOTAL GROUP SALES)

(In millions of euros)	1Q'19	1Q'18	YoY change
Sales	**558**	**507**	**+10.1%**
EBITDA	**76**	**66**	**+15.2%**
EBITDA margin	**13.6%**	**13.0%**	
Recurring operating income (REBIT)	**48**	**41**	**+17.1%**
REBIT margin	8.6%	8.1%	

At **€558 million**, **sales** for the Coating Solutions division rose 10.1% against first-quarter 2018, led by good volume momentum (up 6.9%) and a 3.7% positive currency effect. At the start of the year, the Group continued its efforts to raise selling prices in its more downstream businesses. The price effect for the division as a whole was overall stable (0.5% negative effect) in a context of lower propylene prices for acrylic monomers.

The division's **EBITDA** increased 15.2% year on year to **€76 million**, benefiting from good demand for acrylic monomers and the gradual pass-through of the increase in raw materials prices in its downstream businesses. Driven by this positive momentum, **EBITDA margin** expanded to **13.6%** from 13.0% in the first quarter of 2018.

CASH FLOW AND NET DEBT AT 31 MARCH 2019

Arkema generated **€73 million** in **free cash flow** in first-quarter 2019, significantly up on the negative €25 million recorded in first-quarter 2018. This was driven by a lower increase in working capital requirements (negative €90 million versus negative €221 million in the prior year) while the Group pursued its ambitious organic capital expenditure policy to support its future growth.

The increase in working capital requirements in the first quarter of 2019 reflects the usual seasonality, albeit somewhat offset by lower volumes and the lower cost of certain raw materials. The ratio of working capital to annualized sales stood at 15.1% at end-March 2019 versus 15.3% at end-March 2018.

Total capital expenditure amounted to €109 million (compared with €63 million in first-quarter 2018), of which €86 million was recurring and €18 million exceptional. As announced at the beginning of the year, Arkema expects to invest some €610 million in recurring and exceptional capital expenditure in 2019.

Consequently, **net debt** at 31 March 2019 stood at **€1,130 million** compared with €1,006 million at 31 December 2018, corresponding to a 22% gearing (20% at 31 December 2018). The end-March 2019 net debt figure includes €159 million related to the Group's first-time application of IFRS 16.

FIRST-QUARTER 2019 HIGHLIGHTS

Arkema and Hexcel announced the opening of a joint research and development laboratory in France as part of their strategic alliance to develop thermoplastic composite solutions for the aerospace sector.

Arkema successfully started up its new Kepstan® PEKK (Poly-Ether-Ketone-Ketone) plant at its site located in Mobile, Alabama in the United States, to support strong demand for carbon fiber reinforced composites and in 3D printing. Also during the period, the Group opened a new powder coating resins unit in India to support customers' business development in the region.

POST BALANCE SHEET EVENTS

Sartomer successfully started the 30% capacity extension at its photocure liquid resin production plant in Nansha, located south of Canton in China. This new production line will help meet strong demand from the Group's customers in Asia in the electronics, 3D printing, adhesives and inkjet printing markets.

Arkema has chosen the location of Jurong Island in Singapore to build its new world-scale plant dedicated to the manufacture of the amino 11 monomer and its flagship Rilsan® polyamide 11 resins. With this 50% increase in its global capacities announced in July 2017, the Group supports strong demand from its customers in Asia for high-performance bio-sourced solutions addressing the major opportunity of material lightweighting in particular. This project is part of the Group's exceptional investments totaling some €500 million earmarked for the 2018-2021 period essentially. Construction is scheduled to be completed by late 2021.

OUTLOOK FOR 2019

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.

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

FINANCIAL CALENDAR

21 May 2019	Annual General Meeting
27 May 2019	Ex-dividend date
1 August 2019	Publication of first-half 2019 results
30 October 2019	Publication of third-quarter 2019 results

*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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[2] 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 31 March 2019 reviewed by Arkema's Board of Directors on 6 May 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.*

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ARKEMA Financial Statements

Consolidated financial statements - At the end of March 2019

CONSOLIDATED INCOME STATEMENT

(In millions of euros)	**End of March 2019** *(non audited)*	**End of March 2018** *(non audited)*
Sales	**2,215**	**2,172**
Operating expenses	(1,725)	(1,656)
Research and development expenses	(62)	(60)
Selling and administrative expenses	(190)	(187)
Other income and expenses	(12)	(4)
Operating income	**226**	**265**
Equity in income of affiliates	(1)	0
Financial result	(27)	(23)
Income taxes	(49)	(52)
Net income	**149**	**190**
Of which non-controlling interests	2	2
Net income - Group share	**147**	**188**
Earnings per share (amount in euros)	*1.93*	*2.47*
Diluted earnings per share (amount in euros)	*1.92*	*2.47*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In millions of euros)	End of March 2019 *(non audited)*	End of March 2018 *(non audited)*
Net income	**149**	**190**
Hedging adjustments	(3)	-
Other items	-	-
Deferred taxes on hedging adjustments and other items	-	-
Change in translation adjustments	51	(35)
Other recyclable comprehensive income	**48**	**(35)**
Actuarial gains and losses	21	(10)
Deferred taxes on actuarial gains and losses	(5)	3
Other non-recyclable comprehensive income	**16**	**(7)**
Total income and expenses recognized directly in equity	**64**	**(42)**
Comprehensive income	**213**	**148**
Of which: non-controlling interest	4	2
Comprehensive income - Group share	**209**	**146**

INFORMATION BY BUSINESS DIVISION

(non audited)

(In millions of euros)	1st quarter 2019				
	High Performance Materials	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	1,008	642	558	7	**2,215**
Inter-division sales	2	41	19	-	
Total sales	**1,010**	**683**	**577**	**7**	
EBITDA	**162**	**157**	**76**	**(25)**	**370**
Recurring depreciation and amortization	(42)	(51)	(28)	(2)	(123)
Recurring operating income (REBIT)	**120**	**106**	**48**	**(27)**	**247**
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	-	(1)	-	(9)
Other income and expenses	(8)	(3)	0	(1)	(12)
Operating income	**104**	**103**	**47**	**(28)**	**226**
Equity in income of affiliates	0	(1)	-	-	(1)
Intangible assets and property, plant and equipment additions	**47**	**39**	**20**	**3**	**109**
Of which recurring capital expenditure	41	22	20	3	86

(In millions of euros)	1st quarter 2018				
	High Performance Materials	**Industrial Specialties**	**Coating Solutions**	**Corporate**	**Total**
Non-Group sales	998	661	507	6	**2,172**
Inter-division sales	2	41	19	-	
Total sales	**1,000**	**702**	**526**	**6**	
EBITDA	**176**	**162**	**66**	**(21)**	**383**
Recurring depreciation and amortization	(38)	(42)	(25)	(1)	(106)
Recurring operating income (REBIT)	**138**	**120**	**41**	**(22)**	**277**
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	(1)	(1)	(2)	-	(4)
Operating income	**129**	**119**	**39**	**(22)**	**265**
Equity in income of affiliates	0	0	-	-	0
Intangible assets and property, plant and equipment additions	**25**	**27**	**8**	**3**	**63**
Of which recurring capital expenditure *	23	22	8	3	56

** 2018 figures have been restated*

CONSOLIDATED CASH FLOW STATEMENT

(In millions of euros)	**End of March 2019** *(non audited)*	**End of March 2018** *(non audited)*
Cash flow - operating activities		
Net income	149	190
Depreciation, amortization and impairment of assets	172	114
Provisions, valuation allowances and deferred taxes	7	(17)
(Gains)/losses on sales of assets	(3)	0
Undistributed affiliate equity earnings	1	0
Change in working capital	(90)	(221)
Other changes	6	4
Cash flow from operating activities	**242**	**70**
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(109)	(63)
Change in fixed asset payables	(66)	(29)
Acquisitions of operations, net of cash acquired	-	(165)
Increase in long-term loans	(8)	(8)
Total expenditures	**(183)**	**(265)**
Proceeds from sale of intangible assets and property, plant and equipment	4	0
Change in fixed asset receivables	(1)	0
Proceeds from sale of operations, net of cash sold	-	-
Proceeds from sale of unconsolidated investments	-	-
Repayment of long-term loans	10	5
Total divestitures	**13**	**5**
Cash flow from investing activities	**(170)**	**(260)**
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	-	-
Purchase of treasury shares	(4)	-
Dividends paid to parent company shareholders	-	-
Dividends paid to non-controlling interests	(1)	(2)
Increase in long-term debt	1	1
Decrease in long-term debt	(14)	(4)
Increase/ decrease in short-term borrowings	36	20
Cash flow from financing activities	**18**	**15**
Net increase/(decrease) in cash and cash equivalents	90	(175)
Effect of exchange rates and changes in scope	(11)	22
Cash and cash equivalents at beginning of period	1,441	1,438
Cash and cash equivalents at end of period	**1,520**	**1,285**

CONSOLIDATED BALANCE SHEET

(In millions of euros)	**End of March 2019** *(non audited)*	**End of December 2018** *(audited)*
ASSETS		
Intangible assets, net	2,893	2,877
Property, plant and equipment, net	2,784	2,627
Equity affiliates : investments and loans	37	38
Other investments	33	33
Deferred tax assets	206	209
Other non-current assets	242	243
TOTAL NON-CURRENT ASSETS	**6,195**	**6,027**
Inventories	1,209	1,136
Accounts receivable	1,389	1,247
Other receivables and prepaid expenses	180	173
Income taxes recoverable	86	80
Other current financial assets	2	7
Cash and cash equivalents	1,520	1,441
TOTAL CURRENT ASSETS	**4,386**	**4,084**
TOTAL ASSETS	**10,581**	**10,111**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	766	766
Paid-in surplus and retained earnings	4,265	4,099
Treasury shares	(32)	(28)
Translation adjustments	191	142
SHAREHOLDERS' EQUITY - GROUP SHARE	**5,190**	**4,979**
Non-controlling interests	52	49
TOTAL SHAREHOLDERS' EQUITY	**5,242**	**5,028**
Deferred tax liabilities	273	268
Provisions for pensions and other employee benefits	456	470
Other provisions and non-current liabilities	435	433
Non-current debt	2,360	2,246
TOTAL NON-CURRENT LIABILITIES	**3,524**	**3,417**
Accounts payable	1,051	1,037
Other creditors and accrued liabilities	348	343
Income taxes payable	109	78
Other current financial liabilities	17	7
Current debt	290	201
TOTAL CURRENT LIABILITIES	**1,815**	**1,666**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,581**	**10,111**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non audited)

(In millions of euros)	Shares issued						Treasury shares				
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Number	Amount	Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
At January 1, 2019	**76,581,492**	**766**	**1,263**	**689**	**2,147**	**142**	**(318,998)**	**(28)**	**4,979**	**49**	**5,028**
Cash dividend	-	-	-	-	-	-	-	-	-	(1)	(1)
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(55,621)	(4)	(4)	-	(4)
Grants of treasury shares to employees	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	6	-	-	-	6	-	6
Other	-	-	-	-	-	-	-	-	-	-	-
Transactions with shareholders	**-**	**-**	**-**	**-**	**6**	**-**	**(55,621)**	**(4)**	**2**	**(1)**	**1**
Net income	-	-	-	-	147	-	-	-	147	2	149
Total income and expense recognized directly through equity	-	-	-	-	13	49	-	-	62	2	64
Comprehensive income	**-**	**-**	**-**		**160**	**49**	**-**	**-**	**209**	**4**	**213**
At March 31, 2019	**76,581,492**	**766**	**1,263**	**689**	**2,313**	**191**	**(374,619)**	**(32)**	**5,190**	**52**	**5,242**

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

(In millions of euros)	End of March 2019	End of March 2018
OPERATING INCOME	**226**	**265**
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(9)	(8)
- Other income and expenses	(12)	(4)
RECURRING OPERATING INCOME (REBIT)	**247**	**277**
- Recurring depreciation and amortization	(123)	(106)
EBITDA	**370**	**383**

Details of depreciation and amortizations:

(In millions of euros)	End of March 2019	End of March 2018
Depreciation and amortization	**(172)**	**(114)**
Of which: Recurring depreciation and amortization of tangible and intangible assets	(123)	(106)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(9)	(8)
Of which: Impairment included in other income and expenses	(40)	0

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of March 2019	End of March 2018
NET INCOME - GROUP SHARE	**147**	**188**
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(9)	(8)
- Other income and expenses	(12)	(4)
- 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	2	2
- Taxes on other income and expenses	1	1
- One-time tax-effects	-	2
ADJUSTED NET INCOME	**165**	**195**
- Weighted average number of ordinary shares	76,253,737	76,012,491
- Weighted average number of potential ordinary shares	76,594,223	76,178,438
ADJUSTED EARNINGS PER SHARE (€)	**2.16**	**2.57**
DILUTED ADJUSTED EARNINGS PER SHARE (€)	**2.15**	**2.56**

RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of March 2019	End of March 2018
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	**109**	**63**
- Exceptional capital expenditure	18	5
- Investments relating to portfolio management operations	-	-
- Capital expenditure with no impact on net debt *	5	2
RECURRING CAPITAL EXPENDITURE *	**86**	**56**

** 2018 figures have been restated*

FREE CASH FLOW

(In millions of euros)	End of March 2019	End of March 2018
Cash flow from operating activities	242	70
+ Cash flow from investing activities	(170)	(260)
NET CASH FLOW	**72**	**(190)**
- Net cash flow from portfolio management operations	(1)	(165)
FREE CASH FLOW	**73**	**(25)**

WORKING CAPITAL

(In millions of euros)	End of March 2019	End of December 2018
Inventories	1,209	1,136
+ Accounts receivable	1,389	1,247
+ Other receivables including income taxes	266	253
+ Other current financial assets	2	7
- Accounts payable	1,051	1,037
- Other liabilities including income taxes	457	421
- Other current financial liabilities	17	7
WORKING CAPITAL	**1,341**	**1,178**

CAPITAL EMPLOYED

(In millions of euros)	End of March 2019	End of December 2018
Goodwill, net	1,631	1,618
+ Intangible assets other than goodwill, and property, plant and equipment,	4,046	3,886
+ Investments in equity affiliates	37	38
+ Other investments and other non-current assets	275	276
+ Working capital	1,341	1,178
CAPITAL EMPLOYED	**7,330**	**6,996**

NET DEBT

(In millions of euros)	End of March 2019	End of December 2018
Non-current debt	2,360	2,246
+ Current debt	290	201
- Cash and cash equivalents	1,520	1,441
NET DEBT	**1,130**	**1,006**

IFRS 16 IMPACTS IN THE FIRST QUARTER 2019

Since January 1, 2019, Arkema applies IFRS 16 "Leases". The impacts in 1Q'19 of this standard on the main aggregates and alternative performance indicators used by the Group are described below. The 2018 figures have not been restated.

CONSOLIDATED INCOME STATEMENT

	IFRS 16 impact
EBITDA	13
Recurring depreciation and amortization	(13)
Recurring operating Income (REBIT)	-
Operating Income	-
Financial result	(1)
Adjusted net income	(1)
Net income	(1)

CONSOLIDATED CASH FLOW STATEMENT

	IFRS 16 impact
Cash flow from operating activities	12
Cash flow from financing activities	(12)
Free cash flow	12

CONSOLIDATED BALANCE SHEET

	IFRS 16 impact as March 31, 2019
Property, plant and equipment, net	159
Total assets	**159**
Non-current debt	116
Current debt	43
Total liabilities and shareholders' equity	**159**
Net debt	**159**

INFORMATION BY BUSINESS DIVISION

IFRS 16 impact	**High Performance Materials**	**Industrial Specialties**	**Coating Solutions**	**Corporate**
EBITDA	4	6	2.5	0.5
Recurring depreciation and amortization	(4)	(6)	(2.5)	(0.5)
Recurring operating Income (REBIT)	-	-	-	-