

## Investor and analyst factsheet

<i>In millions of euros</i>	<b>4Q'19</b>	<b>4Q'18</b>	<b>Change</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Sales</b>	<b>2,053</b>	<b>2,207</b>	<b>(7.0)%</b>	<b>8,738</b>	<b>8,816</b>	<b>(0.9)%</b>
Prices	(5.4)%			(2.3)%		
Volumes	(5.3)%			(2.4)%		
FX	+1.3%			+2.0%		
Portfolio	+2.4%			+1.8%		
<b>EBITDA</b>	<b>295</b>	<b>287</b>	<b>+2.8%</b>	<b>1,457</b>	<b>1,474</b>	<b>(1.2)%</b>
High Performance Materials	140	125	+12.0%	654	640	+2.2%
Industrial Specialties	133	140	(5.0)%	621	675	(8.0)%
Coating Solutions	36	44	(18.2)%	264	243	+8.6%
Corporate	(14)	(22)		(82)	(84)	
<b>EBITDA margin</b>	<b>14.4%</b>	<b>13.0%</b>		<b>16.7%</b>	<b>16.7%</b>	
Recurring depreciation and amortization	(144)	(121)		(531)	(448)	
<b>Recurring EBIT</b>	<b>151</b>	<b>166</b>	<b>(9.0)%</b>	<b>926</b>	<b>1,026</b>	<b>(9.7)%</b>
REBIT margin	7.4%	7.5%		10.6%	11.6%	
PPA depreciation and amortization	(19)	(9)		(47)	(35)	
Non-recurring items	(26)	(51)		(73)	(63)	
Equity in income of affiliates	0	0		(2)	2	
Financial result	(27)	(28)	(3.6)%	(116)	(101)	+14.9%
Income taxes	(2)	51	(103.9)%	(137)	(114)	+20.2%
<b>Net income - Group share</b>	<b>75</b>	<b>126</b>	<b>(40.5)%</b>	<b>543</b>	<b>707</b>	<b>(23.2)%</b>
<b>Adjusted net income</b>	<b>102</b>	<b>118</b>	<b>(13.6)%</b>	<b>625</b>	<b>725</b>	<b>(13.8)%</b>
Adjusted EPS (€)	1.33	1.53	(13.1)%	8.20	9.51	(13.8)%
Weighted average number of ordinary shares	76,175,660	76,240,868		76,175,660	76,240,868	
<b>Recurring capital expenditure</b>	<b>206</b>	<b>232</b>	<b>-11.2%</b>	<b>511</b>	<b>500</b>	<b>+2.2%</b>
Exceptional capital expenditure	28	27		96	61	
Working capital (12/31 for prior year)				1,173	1,178	
<b>Net debt</b> (12/31 for prior year)				<b>1,631</b>	<b>1,006</b>	
<b>Gearing</b> (12/31 for prior year)				<b>31%</b>	<b>20%</b>	

### 2019 GROUP PERFORMANCE

- **€8,738 m sales**, close to 2018 level (€8.8 bn)
  - (2.4)% volumes
    - Slowdown in transportation, oil & gas and consumer electronics impacting High Performance Materials
    - Strong dynamic in niche markets (batteries, 3D printing...)
    - Solid growth in Coating Solutions
  - (2.3)% price
    - Positive in all Business Lines of HPM segment thanks to pricing actions and product mix
    - Lower propylene prices in Coating Solutions
    - Illegal imports in Fluorogases
  - +1.8% scope of business
    - Integration of acquisitions, especially ArrMaz
  - +2.0% currency
    - Stronger US dollar against euro
- **€1,457 m EBITDA**
  - Comparable to 2018 record EBITDA (-1.2%)
  - Specialties up 13% <sup>(1)</sup> and 20% <sup>(1)</sup> decline in intermediates
  - 16.7% EBITDA margin, stable at high levels

<sup>1</sup> Corporate costs allocated to specialties and intermediates according to sales split

## 2019 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	2019	2018	Change	Prices	Volumes	FX	Portfolio
<b>Sales</b>	<b>8,738</b>	<b>8,816</b>	<b>(0.9)%</b>	<b>(2.3)%</b>	<b>(2.4)%</b>	<b>+2.0%</b>	<b>+1.8%</b>
<i>High Performance Materials</i>	4,065	3,970	+2.4%	+3.6%	(6.6)%	+1.9%	+3.5%
<i>Industrial Specialties</i>	2,514	2,699	(6.9)%	(7.3)%	(1.5)%	+1.9%	-
<i>Coating Solutions</i>	2,133	2,120	+0.6%	(7.0)%	+4.4%	+2.4%	+0.7%
<b>EBITDA</b>	<b>1,457</b>	<b>1,474</b>	<b>(1.2)%</b>				
<i>High Performance Materials</i>	654	640	+2.2%				
<i>Industrial Specialties</i>	621	675	(8.0)%				
<i>Coating Solutions</i>	264	243	+8.6%				
<i>Corporate</i>	(82)	(84)					
<b>EBITDA margin</b>	<b>16.7%</b>	<b>16.7%</b>					
<i>High Performance Materials</i>	16.1%	16.1%					
<i>Industrial Specialties</i>	24.7%	25.0%					
<i>Coating Solutions</i>	12.4%	11.5%					
<b>Recurring EBIT</b>	<b>926</b>	<b>1,026</b>	<b>(9.7)%</b>				
<i>High Performance Materials</i>	468	481	(2.7)%				
<i>Industrial Specialties</i>	406	497	(18.3)%				
<i>Coating Solutions</i>	142	140	+1.4%				
<i>Corporate</i>	(90)	(92)					

### HIGH PERFORMANCE MATERIALS (47% OF GROUP SALES)

#### Strong resilience despite adverse conditions in certain markets

- Prices up 3.6%, positive in all Business Lines, mainly due to increased selling prices and product mix optimization
- Volumes down 6.6% on marked slowdown in the transportation, oil & gas and consumer electronics markets, partially offset by a good dynamic in batteries and 3D printing
- EBITDA up 2.2% YoY and EBITDA margin stable at 16.1%
  - Bostik EBITDA growth in the high-teens and margin at around 13%
  - Advanced materials resisting well despite lower volumes, with margin close to 20%
  - ArrMaz contribution in line with expectations

### INDUSTRIAL SPECIALTIES (29% OF GROUP SALES)

#### Stability of margins at a high level in spite of weakness in Fluorogases

- Challenging market conditions in Fluorogases, with illegal imports of HFCs in Europe weighing on both prices and volumes
- Normalization in MMA/PMMA, mitigated by strong integration, our innovation and favorable raw materials
- Very good performance of Thiochemicals and growth of Hydrogen Peroxide
- EBITDA at €621m, down from the excellent 2018 performance (€675m), and EBITDA margin remaining at a high level (24.7%)

### COATING SOLUTIONS (24% OF GROUP SALES)

#### Solid year supported by volume growth and downstream margin improvement

- €2,133 m sales up 0.6% YoY
  - Volumes up 4.4% thanks to strong momentum in Acrylics, especially in the US with the start-up of the Clear Lake reactor and in Asia in the first nine months of the year
  - Prices down 7.0% mechanically reflecting lower propylene prices

- EBITDA up 8.6% at €264m
  - Unit margin improvement in downstream activities supported by favorable raw materials environment
  - In Q4'19, more difficult market conditions for Acrylics in a seasonally low quarter
- EBITDA margin up by 90 bps at 12.4%

## CASH FLOW

<i>In millions of euros</i>	<b>2018</b>	<b>2019</b>	<b>Comments</b>
<b>EBITDA</b>	<b>1,474</b>	<b>1,457</b>	
Current taxes	(180)	(142)	Excl. non-recurring items, tax rate at 19% of REBIT 2020e tax rate (excl. non-recurring) at ~20%
Cost of debt	(90)	(98)	
Change in working capital and fixed asset payables <sup>(1)</sup>	(75)	90	Cash inflow linked to working capital (tight management, activity levels and lower raw materials costs) 13.8% working capital over annual sales ratio, close to 2018 level (13.4%)
Recurring capital expenditures	(500)	(511)	Recurring capex at 5.8% of Group sales 2020e total capex: ~€700 m (including exceptional)
Others	(69)	(33)	Including non-recurring items corresponding mainly to restructuring expenses
<b>Free cash flow excluding exceptional capex</b>	<b>560</b>	<b>763</b>	
<b>EBITDA to cash conversion rate</b>	<b>38%</b>	<b>52%</b>	<b>Above Group's 35% target</b>
Exceptional capital expenditures	(61)	(96)	2020e at ~ €200 m (step-up in specialty polyamides capex in Singapore)
<b>Free cash flow</b>	<b>499</b>	<b>667</b>	
Impact of portfolio management	(213)	(729)	In 2019, acquisitions of ArrMaz, Prochimir and Lambson, equity interest in Carbon® and Jurong's stake in Taixing Sunke Chemicals In 2018, acquisition of XL Brands
<b>Net cash flow</b>	<b>286</b>	<b>(62)</b>	

<sup>(1)</sup> Excluding non-recurring items and impact of portfolio management

## NET DEBT

- **€1,631 m** net debt at 31 December 2019 (€1,006 m at end of 2018)
- 31% gearing and 1.1x 2019 EBITDA

## DIVIDEND

- Proposed dividend increase from €2.50 to €2.70 per share <sup>(2)</sup>, up 8% versus 2018
  - Reflects again the strong confidence of the Board in the Group's development prospects
  - 33% pay-out ratio
  - Dividend to be paid fully in cash from 27 May 2020 (ex-dividend date: 25 May 2020)

<sup>2</sup> Dividend proposed at the shareholders' annual general meeting of 19 May 2020

## 4Q'19 PERFORMANCE BY DIVISION

<i>In millions of euros</i>	<b>4Q'19</b>	<b>4Q'18</b>	<b>Change</b>	<b>Prices</b>	<b>Volumes</b>	<b>FX</b>	<b>Portfolio</b>
<b>Sales</b>	<b>2,053</b>	<b>2,207</b>	<b>(7.0)%</b>	<b>(5.4)%</b>	<b>(5.3)%</b>	<b>+1.3%</b>	<b>+2.4%</b>
<i>High Performance Materials</i>	991	978	+1.3%	+1.9%	(7.6)%	+1.5%	+5.4%
<i>Industrial Specialties</i>	593	683	(13.2)%	(10.3)%	(3.9)%	+0.9%	-
<i>Coating Solutions</i>	464	539	(13.9)%	(12.6)%	(2.8)%	+1.4%	-
<b>EBITDA</b>	<b>295</b>	<b>287</b>	<b>+2.8%</b>				
<i>High Performance Materials</i>	140	125	+12.0%				
<i>Industrial Specialties</i>	133	140	(5.0)%				
<i>Coating Solutions</i>	36	44	(18.2)%				
<i>Corporate</i>	(14)	(22)					
<b>EBITDA margin</b>	<b>14.4%</b>	<b>13.0%</b>					
<i>High Performance Materials</i>	14.1%	12.8%					
<i>Industrial Specialties</i>	22.4%	20.5%					
<i>Coating Solutions</i>	7.8%	8.2%					
<b>Recurring EBIT</b>	<b>151</b>	<b>166</b>	<b>(9.0)%</b>				
<i>High Performance Materials</i>	91	83	+9.6%				
<i>Industrial Specialties</i>	76	93	(18.3)%				
<i>Coating Solutions</i>	1	18	(94.4)%				
<i>Corporate</i>	(17)	(28)					

### HIGH PERFORMANCE MATERIALS

#### Double-digit EBITDA growth

- Scope effect +5.4% due to ArrMaz, Prochimir and Lambson contributions
- Volumes down 7.6%, on customers destocking, continued weaker demand as well as strikes in France
- Price effect +1.9% reflecting selling price increases and product mix optimization, especially in Adhesives
- Strong progression of Bostik in the continuity of the first nine months

### INDUSTRIAL SPECIALTIES

#### Contrasted performance

- Sales down 14.2% vs 4Q'18 at constant scope and FX
- Prices down 10.3% mainly due to illegal HFC imports in Europe impacting Fluorogases performance
- Solid performance of other Business Lines

### COATING SOLUTIONS

#### A weaker quarter for Acrylics

- Volumes down 2.8% vs high 4Q'18, in a seasonally low quarter marked also by strikes in France
- Prices down 12.6% due to the lower propylene prices
- Improved unit margins in downstream activities partly offsetting challenging market conditions for upstream businesses

## 2020 OUTLOOK

In 2020, in an economic environment that is likely to remain volatile, Arkema aims to achieve an EBITDA comparable with the 2019 level, excluding the impact of Covid-19. For the full year, the Group's results should be driven by EBITDA growth of around 10% for Bostik, whilst Advanced Materials should be broadly stable and Fluorogases should decline. The contribution between the two halves should be more balanced than last year. Uncertainty persists concerning the evolution of Covid-19. The Group estimates its impact on EBITDA at the end of February at around €20 million.