

Colombes, 24 February 2022

ARKEMA: FULL-YEAR 2021 RESULTS

Excellent financial performance in 2021, reflecting accelerating demand for innovative and sustainable materials, as well as the Group's reactivity in a demanding and volatile operating context

- Group **sales of €9.5 billion**, up by **25.9%** compared with 2020 at constant scope and currency:
 - Growth in volumes of +7.3%, driven notably by robust demand for sustainable solutions with high technological content, particularly in batteries, 3D printing, consumer goods and more environmentally friendly paints
 - Increase in selling prices of 18.6% over the year, reflecting the Group's initiatives to offset strong raw materials and energy inflation, an improved product mix, as well as the tightness of upstream acrylics
- **EBITDA** at historic high of **€1,727 million**, up by **46.1%** compared with 2020, and **EBITDA margin** at **18.1%**, in an environment marked by operational disruptions and high raw materials and energy costs:
 - Excellent performance of Specialty Materials, up strongly in each of the segments, with EBITDA of €1,503 million (€1,018 million in 2020) and EBITDA margin of 18.5%
 - Increase in EBITDA of Intermediates (€316 million vs. €231 million in 2020), driven by favorable market conditions in acrylics in Asia and despite the negative scope effect related to the PMMA and Functional Polyolefins divestments
- **Adjusted net income** multiplied by 2.3 to **€896 million**, representing €11.88 per share (€5.11 in 2020)
- **Recurring cash flow** stable at **€756 million** (€762 million in 2020) and **net debt** down sharply to **€1,177 million**, including €700 million in hybrid bonds (net debt of €1,910 million at end-2020), representing 0.7x 2021 EBITDA
- Proposed **dividend** of **€3.0 per share** (€2.5 in 2020)

Strengthening of the Specialty Materials platform in line with the 2024 ambition

- Major steps taken to refocus on Specialty Materials, which represent close to 90% of 2021 *pro forma* sales⁽¹⁾, with the finalization of the PMMA divestment and the proposed acquisition of Ashland's performance adhesives business
- Numerous customer partnerships and targeted capacity increase projects to support the Group's sustainable growth strategy, particularly in bio-based products, materials lightweighting, clean mobility, new energies, electronics and more environmentally friendly coatings

Confidence of the Group in the outlook for 2022

- Continued implementation of the Group's strategy, in particular with the closing of the Ashland performance adhesives acquisition, the start-up at mid-year of the PA11 plant in Singapore and the hydrofluoric acid plant in the United States, as well as the strengthening of innovation and targeted investments to support our organic growth
- In 2022, in a global environment that should remain volatile, the Group aims, at constant scope⁽²⁾, to achieve a Specialty Materials' EBITDA comparable to the record high of 2021
- 2024 targets fully supported by the level of performance in 2021 and the significant progress made in the execution of the strategic roadmap

⁽¹⁾ Including the full year contribution of all M&A operations announced in 2021

⁽²⁾ Excluding the acquisition of Ashland's adhesives expected to close in first-quarter 2022

Following Arkema’s Board of Directors’ meeting, held on 23 February 2022 to approve the Group’s consolidated financial statements for 2021, Chairman and CEO Thierry Le Hénaff said:

“I would particularly like to thank Arkema’s employees, who through their commitment and initiatives, enabled the Group to reach an excellent financial performance in 2021 in a demanding operating context, and to successfully complete a number of important organic growth and portfolio management projects. Arkema’s growth was driven by increasingly strong demand for high performance solutions that address challenges linked to sustainable megatrends.

Moreover, our strategy goes hand in hand with demanding CSR commitments which are rooted in the company’s values. After a year marked by Arkema’s inclusion in the CAC 40 ESG index and by the third place achieved in the ‘Chemicals’ category of the DJSI World index, we are happy to have been certified as a Top Employer 2022 in four countries, which account for two-thirds of our employees and recruitments worldwide. 2022 will mark another important step forward in our ambition to become a pure Specialty Materials player. The acquisition of Ashland’s adhesives business is expected to close shortly, and will be followed by the start-up of our two major projects, namely, the bio-based polyamide 11 plant in Singapore and the production of hydrofluoric acid in the United States. Moreover, we have never identified so many innovation opportunities in areas with high technological content. Thanks to our geographic positioning, the intimacy developed with our customers and our unique expertise centered around materials science, I believe Arkema is very well positioned to seize these opportunities.”

KEY FIGURES FOR 2021

<i>in millions of euros</i>		2021	2020	Change
Sales		9,519	7,884	+20.7%
EBITDA		1,727	1,182	+46.1%
Specialty Materials	1,503	1,018	+47.6%	
Intermediates	316	231	+36.8%	
Corporate	-92	-67		
EBITDA margin		18.1%	15.0%	
Specialty Materials	18.5%	15.8%		
Intermediates	22.9%	16.2%		
Recurring operating income (REBIT)		1,184	619	+91.3%
REBIT margin	12.4%	7.9%		
Adjusted net income		896	391	+129.2%
Adjusted net income per share (in €)	11.88	5.11	+132.5%	
Recurring cash flow		756	762	-0.8%
Free cash flow		479	651	-26.4%
Net debt including hybrid bonds		1,177	1,910	

2021 BUSINESS PERFORMANCE

At **€9,519 million, sales** were up 20.7% compared with the prior year, and up 25.9% at constant scope and currency. In a market environment that recovered significantly after 2020, a year marked by a health and economic crisis, volumes rose by 7.3%, with the Group leveraging the acceleration of demand for high performance, sustainable materials. Thus, Arkema benefited from its cutting-edge innovation and its

positioning on solutions that have a high technological content or that are more environmentally friendly in the battery, consumer goods, decorative paints, electronics and 3D printing markets. Certain markets which are more minor for Arkema like oil & gas and paper were down year-on-year, as was the automotive sector, impacted by chip shortages. The price effect came in at +18.6%, reflecting both the adaptation of selling prices throughout the year in the face of high raw materials, energy and logistics cost inflation, and much more favorable market conditions in upstream acrylics relative to the low level of 2020. The 4.1% negative scope effect relates to the divestments of PMMA, finalized on 3 May 2021, and Functional Polyolefins, completed in June 2020, which were partly offset by acquisitions in Specialty Materials. The currency effect was limited over the year (-1.1%).

The share of Specialty Materials increased to 85.5% of total Group sales in 2021 (82% in 2020). Lastly, the evolution in the geographic breakdown of sales reflects the growing importance of Asia, as well as the impact of logistics disruptions and the divestment of PMMA in the United States. Accordingly, North America accounted for 31% of Group sales in 2021 *versus* 33% in 2020, Asia and the rest of the world represented 33% *versus* 31% in 2020, and Europe remained stable at 36%.

The Group's **EBITDA** rose by 46.1% year-on-year to **€1,727 million** – a historic high – despite a negative scope effect of around €75 million, mainly related to divestments in Intermediates. All segments reported a significant improvement in their results, reflecting higher volumes in attractive markets, the Group's capacity to pass on higher raw materials and energy costs, the shift in the product mix toward higher value-added solutions and favorable market conditions in upstream acrylics.

In this predominantly favorable environment, the **EBITDA margin** improved by more than 300 bps compared with 2020 to reach its historic high at **18.1%**.

Recurring operating income (REBIT) was up by more than 90% to **€1,184 million**, and the **REBIT margin** improved by 450 bps to **12.4%**. Recurring depreciation and amortization amounted to €543 million, down €20 million year-on-year, essentially due to the divestment of PMMA.

The **financial result** represented a net expense of **€56 million**, down €29 million compared with 2020. This year-on-year change is primarily due to a more favorable interest rate on the portion of the Group's debt swapped into US dollars and, to a lesser extent, to the refinancing, at favorable market conditions, of the €480 million senior bond that matured in April 2020.

Excluding exceptional items, the Group's tax rate amounted to 20% of REBIT in 2021. In 2022, the tax rate excluding exceptional items is expected to amount to around 21% of REBIT.

Adjusted net income, at **€896 million** (or **€11.88** per share), more than doubled *versus* 2020.

CASH FLOWS AND NET DEBT AT 31 DECEMBER 2021

Coming in at **€756 million** in 2021, **recurring cash flow** was stable year-on-year (€762 million in 2020), with the Group's improved operating performance in 2021 offset by the change in working capital (€319 million outflow in 2021 in the context of a strong business recovery and significant inflation in raw materials, after a decrease in working capital in 2020 following the pandemic). However, working capital remained well controlled at 12.7% of annual sales excluding the PMMA business (11.8% at end-December 2020 and 13.8% at end-December 2019), and below its normative level of around 14%. Recurring cash flow also includes recurring capital expenditure of €506 million, or 5.3% of Group sales.

The EBITDA to cash conversion rate, now calculated based on recurring cash flow, was 43.8%, in line with the Group's long-term objective of 40%.

Free cash flow came to **€479 million** for the year (€651 million in 2020), and was mainly impacted by the ramp-up of exceptional capital expenditure corresponding to the bio-based polyamides project in Asia and the hydrofluoric acid supply project with Nutrien in the United States (€252 million in 2021 compared with €140 million in 2020). For the year as a whole, recurring and exceptional capital expenditure amounted to €758 million, in line with the Group's guidance of €750 million. In 2022, Arkema estimates that recurring capital expenditure should come to around 5.5% of Group sales and that the ongoing exceptional capital expenditure should come to an end with an amount of around €130 million.

Free cash flow in 2021 also included a non-recurring cash outflow of €25 million, mainly corresponding to restructuring costs and the consequences of winter storm Uri in the United States.

Net cash flow from portfolio management operations amounted to **€909 million** in 2021. It mainly included proceeds from the divestments of PMMA and the epoxides businesses, as well as the bolt-on acquisitions of Poliplas, Edge Adhesives Texas and Agiplast. In 2020, this figure came to €6 million and notably included the divestment of the Functional Polyolefins business.

Lastly, **cash flow from financing activities** represented a net outflow of **€652 million** for the year. In particular, this figure includes an outflow of €329 million corresponding to the cost of share buybacks, notably those carried out under the €300 million buyback program announced in May 2021 and completed on 24 November, payment of the 2020 dividend of €2.5 per share for a total amount of €191 million, and €15 million in interest paid on hybrid bonds.

Net debt including hybrid bonds fell sharply to stand at **€1,177 million** versus €1,910 million at end-2020, and the net debt (including hybrid bonds) to last-twelve-months EBITDA ratio stood at 0.7x. Including the finalization of the acquisition of Ashland's adhesives, this ratio should remain below 2x annual EBITDA in 2022.

In line with the policy of gradually increasing the dividend, the Board of Directors has decided that, at the annual general meeting of 19 May 2022, it will recommend a dividend payment of €3.0 per share in respect of 2021 (vs. €2.5 per share in respect of 2020), to be paid entirely in cash. Shares will be traded ex-dividend on 23 May 2022 and the dividend will be paid as from 25 May 2022.

CONTINUED PROGRESS IN CSR

To reinforce its sustainable offering commitment, the Group started some years ago to assess its portfolio in light of sustainability criteria and, in 2020, set itself the objective of increasing to 65% the share of its sales that significantly contribute to the United Nations Sustainable Development Goals (SDGs) by 2030 (ImpACT+ objective ⁽³⁾). At end-2021, the Group increased the share of sales assessed to 85%, compared with 72% at end-2020, and based on this new scope, the share of sales that significantly contribute to the SDGs reached 51% (vs. 50% at end-2020).

Moreover, in order to accelerate its transition toward a circular economy, the Group intends to significantly strengthen the life-cycle analysis of its products, which enables to assess their environmental impact. Thus, the Group aims to increase to 50% the share of sales assessed by a life-cycle analysis by end-2024 vs. 27% at end-2021.

In terms of climate and the environment, the Group achieved further progress in its key indicators in 2021. In particular, its greenhouse gas emissions ⁽⁴⁾ were down significantly, falling by 14% compared with 2020 and by 34% compared with the baseline year of 2015. In a context of strongly rising production volumes, this significant reduction reflects the pro-active steps taken by the Group as part of its climate plan roll-out.

Regarding safety, the Group confirmed the previous year's very solid level with a TRIR ⁽⁵⁾ of 1.0, and moreover substantially improved its PSER ⁽⁶⁾ to 3.1 in 2021, compared with 4.0 in 2020. Arkema aims to further improve these results and targets to achieve in 2030 a TRIR of 0.8 and a PSER of 2.0.

Moreover, in line with its commitment to equal opportunity and in recognition of the contribution of diversity to company performance, the Group is continuing to increase the share of women in senior management and executive positions, with this figure reaching 24% in 2021 (vs. 23% in 2020), and targets 26% in 2024.

Lastly, Arkema improved its ranking in the DJSI World index, rising to 3rd place in the "Chemicals" category in 2021 compared with 6th place in 2020, and in 2021 joined the new CAC 40[®] ESG index, which lists the 40 companies that have demonstrated environmental, social and governance (ESG) best practices. The Group has thus been rewarded for its sustainability performance and for integrating its CSR commitment into its development strategy, which will create long-term value.

⁽³⁾ Corresponds to the share of sales that contribute significantly to SDGs, set according to an approach that complies with the established guidelines in this area by the World Business Council for Sustainable Development (WBCSD)

⁽⁴⁾ In absolute value terms for greenhouse gases

⁽⁵⁾ Total recordable injury rate per million hours worked

⁽⁶⁾ Process safety event rate per million hours worked, established according to the criteria of the ICCA/CEFIC (International Council of Chemical Associations/European Chemical Industry Council).

2021 PERFORMANCE BY SEGMENT
ADHESIVE SOLUTIONS (24% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2021	2020	Change
Sales	2,278	1,996	+14.1%
EBITDA	316	261	+21.1%
EBITDA margin	13.9%	13.1%	
Recurring operating income (REBIT)	250	198	+26.3%
REBIT margin	11.0%	9.9%	

Sales in the Adhesive Solutions segment totaled **€2,278 million**, up 14.1% compared with 2020. Volumes grew by 5.4%, benefiting from robust demand in the construction and DIY market, as well as the post-Covid business recovery in high performance industrial applications, but they were impacted in the second half of the year by shortages of several important raw materials. The price effect, which grew constantly throughout the year, was a positive 5.4% and reflects the Group's ongoing actions to pass on high inflation in raw materials. The 4.1% positive scope effect corresponds to the integration of Fixatti, Ideal Work, Poliplas and Edge Adhesives Texas and the currency effect was a negative 0.8%.

EBITDA for the segment rose by 21.1% compared with 2020 to **€316 million**, driven by positive sales momentum, the shift in the product mix toward higher value-added applications and the contribution of acquisitions, with the impact of higher raw materials costs progressively offset by price increase initiatives. In this context, the **EBITDA margin** expanded by 80 bps compared with 2020 to **13.9%**, in line with the guidance of 14% announced in early 2021, which constitutes a good performance, particularly given the mechanical dilutive impact of price increases on this ratio of around 100 bps for the year.

ADVANCED MATERIALS (32.5% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2021	2020	Change
Sales	3,087	2,527	+22.2%
EBITDA	662	496	+33.5%
EBITDA margin	21.4%	19.6%	
Recurring operating income (REBIT)	408	245	+66.5%
REBIT margin	13.2%	9.7%	

Sales in the Advanced Materials segment rose by a strong 22.2% compared with 2020 to **€3,087 million**. Volumes were up by a significant 10.3% compared with the prior year, driven by High Performance Polymers, which benefited from a strong dynamic in most end markets, despite a decline in the automotive sector, and from the acceleration in demand for high performance, sustainable solutions, particularly in batteries, bio-based consumer goods, sports and water filtration. Volume growth was more moderate in Performance Additives, where demand remained lower in the oil & gas and paper markets. The 12.8% increase in prices reflects both the actions taken to increase selling prices in the context of marked raw materials, energy and logistics cost inflation, and product mix improvement toward high performance, higher value-added solutions. The scope effect was a positive 0.2%, corresponding to the integration of Agiplast, finalized on 1 June 2021, and the currency effect was a negative 1.1%.

In this context, the segment's **EBITDA** amounted to **€662 million**, up by 33.5% year-on-year, supported notably by the excellent year of High Performance Polymers. The **EBITDA margin** increased to **21.4%**, compared with 19.6% in 2020.

COATING SOLUTIONS (29% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2021	2020	Change
Sales	2,746	1,911	+43.7%
EBITDA	525	261	+101.1%
EBITDA margin	19.1%	13.7%	
Recurring operating income (REBIT)	407	142	+186.6%
REBIT margin	14.8%	7.4%	

Sales in the Coating Solutions segment were up sharply by 43.7% to **€2,746 million**. Volumes grew by 8.1%, driven by robust demand across all of the segment's key markets, namely decorative paints, 3D printing, industrial coatings, graphic arts and electronics. The positive 37.6% price effect reflects the necessary price increases implemented for downstream products to offset very high raw materials and energy inflation, and the significant tightness of upstream acrylics. The currency effect reduced segment sales by 2.0%.

At **€525 million**, **EBITDA** doubled and the **EBITDA margin** reached the high level of **19.1%** (13.7% in 2020), benefiting from the growth and product mix improvement linked to strong demand for more environmentally friendly solutions such as water-based and bio-based paints, powder coatings and UV-curable resins, as well as more favorable conditions in upstream acrylics.

INTERMEDIATES (14.5% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2021	2020	Change
Sales	1,378	1,425	-3.3%
EBITDA	316	231	+36.8%
EBITDA margin	22.9%	16.2%	
Recurring operating income (REBIT)	219	109	+100.9%
REBIT margin	15.9%	7.6%	

At **€1,378 million**, **sales** in the Intermediates segment were down 3.3% compared with the prior year, impacted by a negative scope effect of 29.1% corresponding to the PMMA divestment finalized in May 2021 and the Functional Polyolefins divestment on 1 June 2020. The positive 22.1% price effect was attributable to much more favorable market conditions for acrylics in Asia compared to the low level of the previous years, and to a solid performance in Fluorogases. Volumes rose by 3.6% over the year, driven by higher demand post-Covid, but held back in the second half for acrylics in Asia following Chinese authorities' measures aimed at limiting energy consumption.

In this context of a buoyant market, and despite a negative scope effect of around €90 million, segment **EBITDA** increased by 36.8% to **€316 million** and the **EBITDA margin** improved to **22.9%** (16.2% in 2020).

KEY FIGURES FOR FOURTH-QUARTER 2021

<i>in millions of euros</i>	Q4'21	Q4'20	Change
Sales	2,500	1,985	+25.9%
EBITDA	417	289	+44.3%
Specialty Materials	359	261	+37.5%
Adhesive Solutions	69	69	+0.0%
Advanced Materials	168	123	+36.6%
Coating Solutions	122	69	+76.8%
Intermediates	80	42	+90.5%
Corporate	-22	-14	
EBITDA margin	16.7%	14.6%	
Specialty Materials	16.5%	15.9%	
Adhesive Solutions	11.9%	13.5%	
Advanced Materials	19.2%	19.1%	
Coating Solutions	16.8%	14.1%	
Intermediates	25.6%	12.6%	
Recurring operating income (REBIT)	273	144	+89.6%
REBIT margin	10.9%	7.3%	
Adjusted net income	212	92	+130.4%
Adjusted net income per share (in €)	2.86	1.20	+138.3%
Recurring cash flow	222	180	+23.3%
Free cash flow	108	116	-6.9%

Group **sales** totaled **€2,500 million**, up 28.4% on Q4'20 at constant scope and currency. Volumes were down slightly (-0.5%), penalized notably by the lack of availability of numerous important raw materials in the Adhesive Solutions segment and weaker demand in Coating Solutions compared with the high prior-year comparison base. The solid growth in Advanced Materials offset lower volumes in those two segments. The 28.9% positive price effect was primarily attributable to the Group's price increase policy to offset very strong raw materials, energy and logistics cost inflation, and to the tightness of upstream acrylics. The 5.9% negative scope effect reflects the divestment of PMMA, which was partly offset by the integration of acquisitions in Specialty Materials. The 3.4% positive currency effect was mainly linked to the appreciation of the US dollar against the euro.

Group **EBITDA** rose by 44.3% to **€417 million** despite a negative scope effect of more than €30 million, resulting mainly from the divestment of PMMA. This good performance was supported by the product mix improvement in Specialty Materials linked to the acceleration of demand for solutions that have a high technological content and are more environmentally friendly, as well as by the favorable market conditions in upstream acrylics. In this generally favorable environment, albeit disrupted by raw materials inflation and shortages, the **EBITDA margin** rose to a fourth-quarter record level of **16.7%** (14.6% in Q4'20).

Sales in the Adhesive Solutions segment totaled **€580 million**, up 13.3% relative to fourth-quarter 2020. In a context of continuing good demand, volumes were impacted by key raw materials shortages from our suppliers and fell by 3.3% compared with the high comparison base of Q4'20. These pressures should fade away at the end of first-quarter 2022. The positive 11.5% price effect reflects the Group's ongoing initiatives to pass on the very high raw materials inflation. The 2.8% positive scope effect corresponds to the integration of Poliplas and Edge Adhesives Texas and the currency effect was a positive 2.3%.

At **€69 million**, **EBITDA** for the segment was stable compared with the excellent performance of fourth-quarter 2020. The **EBITDA margin** came to **11.9%** (13.5% for Q4'20), impacted in particular by the strong mechanical dilutive effect of price increases on this ratio.

In the continuity of third-quarter trends, **sales** in the Advanced Materials segment rose by a sharp 35.7% compared with Q4'20, coming in at **€874 million**. Driven by a favorable environment across most of the segment's key markets – with the exception of the automotive and oil & gas sectors, which remained down – volumes grew by 4.2%, also supported by a continued very positive dynamic in batteries, bio-based materials, sports and water filtration. The 28.1% positive price effect reflects price increase initiatives and the product mix improvement in technological, high performance solutions with high added value. The Agiplast acquisition resulted in a 0.1% positive scope effect and the currency effect was a positive 3.3%. With **EBITDA** of **€168 million**, up 36.6% compared with Q4'20, and an **EBITDA margin** of **19.2%**, the segment once again delivered an excellent performance in the quarter.

At **€725 million**, **sales** in the Coating Solutions segment were up sharply by 48.3% relative to fourth-quarter 2020. In the context of a high prior-year comparison base, volumes were down by 2.9%. Underlying demand remains nevertheless well-oriented in the segment's key markets. The 47.7% positive price effect was attributable to ongoing pricing actions in downstream activities to offset high raw materials inflation, as well as to the significant tightness of upstream acrylics. The currency effect in the fourth quarter was a positive 3.5%.

Driven by a positive product mix and favorable market conditions in upstream acrylics, **EBITDA** grew strongly by 76.8% to **€122 million**, and the **EBITDA margin** increased by 270 bps to **16.8%**.

At **€312 million**, **sales** in the Intermediates segment were down 6.6% relative to fourth-quarter 2020, impacted by a 39.5% negative scope effect linked to the divestment of PMMA. Volumes decreased by 2.4%, weighed down at the start of the quarter by restrictions imposed in China to limit energy consumption. The positive price effect of 29.9% reflects much better conditions for the acrylics market in Asia compared with the low level of the prior year and an improvement in Fluorogases. The currency effect for the quarter was a positive 5.4%.

In this context, and despite the impact of the divestment of PMMA, **EBITDA** rose sharply to **€80 million** (€42 million in Q4'20) and the **EBITDA margin** came in at **25.6%** (12.6% in Q4'20).

SUBSEQUENT EVENTS

Following the completion on 24 November 2021 of the €300 million share buyback program announced in May 2021, the Board of Directors decided on 24 January 2022 to reduce Arkema's share capital by 3.19%, by canceling 2,450,435 treasury shares acquired at a total cost of €270 million. Following this operation, Arkema's share capital amounted to €742,860,410, divided into 74,286,041 shares with a par value of €10.

Moreover, on 17 January 2022, Arkema announced plans to increase its global production capacity for Pebax® elastomers by 25% through an investment at its Serquigny plant in France to support its customers' strong growth, in particular in the sports and consumer goods markets.

Lastly, on 26 January 2022, the Group increased its previously announced 35% fluoropolymer production capacity increase at its Changshu site in China to support strong demand in lithium-ion batteries and in other important markets. Arkema is now targeting a capacity increase of 50%, with no change in the expected start-up date (end-2022).

OUTLOOK FOR 2022

In 2022, Arkema should benefit from a positive level of global demand, with nuances in different regions and markets, and from its leading positioning on innovative, high performance Specialty Materials. In particular, the Group will leverage its innovation dynamic in fields such as clean mobility, materials lightweighting, natural resources management and living comfort & home efficiency, as well as the start-up of production units in high-growth regions.

At the start of the year, the environment remains volatile, marked by uncertainty related to the health crisis, growing geopolitical tensions and continued strong constraints in raw materials and energy in the continuity of second-half 2021. In this demanding context, while remaining attentive to demand trends, the Group will continue to pass on higher costs in its selling prices and ensure that it optimizes supply chain management.

In first-quarter 2022, Group EBITDA is expected to increase strongly, driven by the growth in Advanced Materials and Coating Solutions. The Adhesive Solutions segment will still remain temporarily impacted by raw materials shortages, and its EBITDA is expected to come in, at constant scope, somewhere between the first-quarter 2020 and the record first-quarter 2021 levels. Intermediates should achieve a solid start to the year.

For full-year 2022, Arkema is aiming to achieve, at constant scope, Specialty Materials EBITDA comparable to the record high of 2021. Moreover, the scope effect at Group level will include the contribution of Ashland's performance adhesives, expected to close in the first quarter, and the residual effect of the divestment of PMMA.

In line with its strategy to become a pure Specialty Materials player by 2024, the Group will continue its bolt-on acquisition policy in 2022, as well as its review of the Intermediates segment. Lastly, beyond the start-up, expected in the middle of the year, of the two major industrial projects, namely the bio-based polyamides plant in Singapore and the hydrofluoric acid plant in the United States, Arkema will continue to strengthen its innovation and capacities to support, in a targeted manner, customer demand in fast-growing markets.

On the strength of its 2021 performance and the significant progress made in the execution of its strategic roadmap, the Group is fully reaffirming its confidence in its ability to achieve its ambitious 2024 targets.

Further details concerning the Group's 2021 results are provided in the "Full year 2021 results and outlook" presentation and the Factsheet, both available on Arkema's website at: www.arkema.com/global/en/investor-relations/

The consolidated financial statements at 31 December 2021 have been audited, and an unqualified certification report has been issued by the Company's statutory auditors. These financial statements and the statutory auditors' report will be available in late March in the Company's Universal Registration Document, which will be posted on Arkema's website at: www.arkema.com/global/en/investor-relations/

FINANCIAL CALENDAR

- 5 May 2022: Publication of first-quarter 2022 results
- 19 May 2022: Annual general meeting
- 29 July 2022: Publication of second-quarter 2022 results
- 10 November 2022: Publication of third-quarter 2022 results

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.

In the current context, where the Covid-19 pandemic persists across the world, and the evolution of the situation as well as the magnitude of its impacts on the global economy are highly uncertain, the retained assumptions and forward-looking statements could ultimately prove inaccurate.

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, developments in the Covid-19

situation, 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 segment included in this press release are extracted from the consolidated financial statements at 31 December 2021 as approved by Arkema’s Board of Directors on 23 February 2022. Quarterly financial information is not audited. Information by segment 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 EBITDA margin, which corresponds to EBITDA expressed as a percentage of sales, EBITDA equaling recurring operating income (REBIT) plus recurring depreciation and amortization of tangible and intangible assets, as well as REBIT margin, which corresponds 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.

Building on its unique set of expertise in materials science, **Arkema** offers a portfolio of first-class technologies to address ever-growing demand for new and sustainable materials. With the ambition to become in 2024 a pure player in Specialty Materials, the Group is structured into 3 complementary, resilient and highly innovative segments dedicated to Specialty Materials -Adhesive Solutions, Advanced Materials, and Coating Solutions- accounting for some 85.5% of Group sales in 2021, and a well-positioned and competitive Intermediates segment. Arkema offers cutting-edge technological solutions to meet the challenges of, among other things, new energies, access to water, recycling, urbanization and mobility, and fosters a permanent dialogue with all its stakeholders. The Group reported sales of around €9.5 billion in 2021, and operates in some 55 countries with 20,200 employees worldwide.

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ARKEMA financial statements

Consolidated financial information - At the end of December 2021

Consolidated financial statements as of December 2020 and 2021 have been audited.

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>4th quarter 2021</u>	<u>4th quarter 2020</u>
<hr/>		
Sales	2,500	1,985
Operating expenses	(1,969)	(1,607)
Research and development expenses	(65)	(64)
Selling and administrative expenses	(210)	(184)
Other income and expenses	(92)	(46)
Operating income	164	84
Equity in income of affiliates	(1)	(1)
Financial result	(13)	(17)
Income taxes	(42)	(22)
Net income	108	44
Attributable to non-controlling interests	(4)	1
Net income - Group share	112	43
<i>Earnings per share (amount in euros)</i>	<i>1.58</i>	<i>0.38</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>1.57</i>	<i>0.37</i>

<i>(In millions of euros)</i>	<u>End of December 2021</u>	<u>End of December 2020</u>
<hr/>		
Sales	9,519	7,884
Operating expenses	(7,376)	(6,336)
Research and development expenses	(243)	(241)
Selling and administrative expenses	(784)	(745)
Other income and expenses	617	38
Operating income	1,733	600
Equity in income of affiliates	(1)	(2)
Financial result	(56)	(85)
Income taxes	(369)	(178)
Net income	1,307	335
Attributable to non-controlling interests	(2)	3
Net income - Group share	1,309	332
<i>Earnings per share (amount in euros)</i>	<i>17.15</i>	<i>3.98</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>17.04</i>	<i>3.96</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4th quarter 2021

4th quarter 2020

(In millions of euros)

Net income	108	44
Hedging adjustments	7	3
Other items	2	-
Deferred taxes on hedging adjustments and other items	0	(2)
Change in translation adjustments	104	(84)
Other recyclable comprehensive income	113	(83)
Impact of remeasuring unconsolidated investments	(3)	-
Actuarial gains and losses	14	3
Deferred taxes on actuarial gains and losses	(1)	(1)
Other non-recyclable comprehensive income	10	2
Total income and expenses recognized directly in equity	123	(81)
Total comprehensive income	231	(37)
Attributable to non-controlling interest	(3)	-
Total comprehensive income - Group share	234	(37)

(In millions of euros)

End of December 2021

End of December 2020

Net income	1,307	335
Hedging adjustments	(12)	28
Other items	2	-
Deferred taxes on hedging adjustments and other items	(1)	(5)
Change in translation adjustments	278	(212)
Other recyclable comprehensive income	267	(189)
Impact of remeasuring unconsolidated investments	(6)	-
Actuarial gains and losses	76	(47)
Deferred taxes on actuarial gains and losses	(15)	11
Other non-recyclable comprehensive income	55	(36)
Total income and expenses recognized directly in equity	322	(225)
Total comprehensive income	1,629	110
Attributable to non-controlling interest	1	1
Total comprehensive income - Group share	1,628	109

INFORMATION BY SEGMENT

4th quarter 2021

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	580	874	725	312	9	2,500
EBITDA	69	168	122	80	(22)	417
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(18)	(68)	(30)	(25)	(3)	(144)
Recurring operating income (REBIT)	51	100	92	55	(25)	273
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(12)	(4)	(1)	-	-	(17)
Other income and expenses	(19)	(66)	-	(5)	(2)	(92)
Operating income	20	30	91	50	(27)	164
Equity in income of affiliates	-	(1)	-	-	-	(1)
Intangible assets and property, plant, and equipment additions	34	174	55	29	10	302
Of which: recurring capital expenditure	34	108	54	24	10	230

4th quarter 2020

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	512	644	489	334	6	1,985
EBITDA	69	123	69	42	(14)	289
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(17)	(66)	(30)	(30)	(2)	(145)
Recurring operating income (REBIT)	52	57	39	12	(16)	144
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(9)	(4)	(1)	-	-	(14)
Other income and expenses	(6)	(11)	0	(26)	(3)	(46)
Operating income	37	42	38	(14)	(19)	84
Equity in income of affiliates	-	(1)	-	-	-	(1)
Intangible assets and property, plant, and equipment additions	17	124	40	65	5	251
Of which: recurring capital expenditure	17	102	37	37	5	198

INFORMATION BY SEGMENT

End of December 2021

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	2,278	3,087	2,746	1,378	30	9,519
EBITDA	316	662	525	316	(92)	1,727
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(66)	(254)	(118)	(97)	(8)	(543)
Recurring operating income (REBIT)	250	408	407	219	(100)	1,184
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(48)	(15)	(5)	-	-	(68)
Other income and expenses	(53)	(181)	(13)	875	(11)	617
Operating income	149	212	389	1,094	(111)	1,733
Equity in income of affiliates	-	0	-	(1)	-	(1)
Intangible assets and property, plant, and equipment additions	77	441	102	121	22	763
Of which: recurring capital expenditure	77	249	97	61	22	506

End of December 2020

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,996	2,527	1,911	1,425	25	7,884
EBITDA	261	496	261	231	(67)	1,182
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(63)	(251)	(119)	(122)	(8)	(563)
Recurring operating income (REBIT)	198	245	142	109	(75)	619
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(35)	(16)	(6)	-	-	(57)
Other income and expenses	(42)	(31)	(3)	157	(43)	38
Operating income	121	198	133	266	(118)	600
Equity in income of affiliates	-	(2)	-	0	-	(2)
Intangible assets and property, plant, and equipment additions	69	271	88	161	16	605
Of which: recurring capital expenditure	69	204	83	88	16	460

CONSOLIDATED CASH FLOW STATEMENT

End of December 2021

End of December 2020

(In millions of euros)

Operating cash flows

Net income	1,307	335
Depreciation, amortization and impairment of assets	817	748
Other provisions and deferred taxes	58	41
(Gains)/losses on sales of long-term assets	(991)	(240)
Undistributed affiliate equity earnings	1	2
Change in working capital	(290)	201
Other changes	13	28
Cash flow from operating activities	915	1,115

Investing cash flows

Intangible assets and property, plant, and equipment additions	(763)	(605)
Change in fixed asset payables	78	13
Acquisitions of operations, net of cash acquired	(40)	(226)
Increase in long-term loans	(36)	(39)
Total expenditures	(761)	(857)
Proceeds from sale of intangible assets and property, plant, and equipment	18	6
Proceeds from sale of operations, net of cash transferred	1,161	326
Proceeds from sale of unconsolidated investments	8	-
Repayment of long-term loans	47	67
Total divestitures	1,234	399
Cash flow from investing activities	473	(458)

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	-	7
Purchase of treasury shares	(329)	(25)
Issuance of hybrid bonds	-	299
Redemption of hybrid bonds	-	(300)
Dividends paid to parent company shareholders	(191)	(168)
Interest paid to bearers of subordinated perpetual notes	(15)	(28)
Dividends paid to non-controlling interests	(4)	(7)
Increase in long-term debt	11	302
Decrease in long-term debt	(68)	(87)
Increase / (Decrease) in short-term debt	(56)	(528)
Cash flow from financing activities	(652)	(535)

Net increase/(decrease) in cash and cash equivalents	736	122
Effect of exchange rates and changes in scope	(38)	58
Cash and cash equivalents at beginning of period	1,587	1,407
Cash and cash equivalents at end of the period	2,285	1,587

CONSOLIDATED BALANCE SHEET

31 December 2021

31 December 2020

(In millions of euros)

	<u>31 December 2021</u>	<u>31 December 2020</u>
ASSETS		
Goodwill	1,925	1,933
Intangible assets, net	1,517	1,433
Property, plant and equipment, net	3,031	2,828
Equity affiliates: investments and loans	29	29
Other investments	52	57
Deferred tax assets	144	159
Other non-current assets	218	209
TOTAL NON-CURRENT ASSETS	6,916	6,648
Inventories	1,283	881
Accounts receivable	1,432	1,131
Other receivables and prepaid expenses	181	163
Income tax receivables	91	70
Other current financial assets	109	40
Cash and cash equivalents	2,285	1,587
Assets held for sale	4	191
TOTAL CURRENT ASSETS	5,385	4,063
TOTAL ASSETS	12,301	10,711
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	767	767
Paid-in surplus and retained earnings	5,598	4,458
Treasury shares	(305)	(6)
Translation adjustments	243	(32)
SHAREHOLDERS' EQUITY - GROUP SHARE	6,303	5,187
Non-controlling interests	47	48
TOTAL SHAREHOLDERS' EQUITY	6,350	5,235
Deferred tax liabilities	342	320
Provisions for pensions and other employee benefits	493	530
Other provisions and non-current liabilities	443	383
Non-current debt	2,680	2,663
TOTAL NON-CURRENT LIABILITIES	3,958	3,896
Accounts payable	1,274	987
Other creditors and accrued liabilities	430	339
Income tax payables	155	69
Other current financial liabilities	52	15
Current debt	82	134
Liabilities related to assets held for sale	-	36
TOTAL CURRENT LIABILITIES	1,993	1,580
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,301	10,711

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In millions of euros)</i>	Shares issued				Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount	Paid-in surplus	Hybrid bonds			Number	Amount			
At 1 January 2021	76,736,476	767	1,272	700	2,486	(32)	(59,756)	(6)	5,187	48	5,235
Cash dividend	-	-	-	-	(206)	-	-	-	(206)	(4)	(210)
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(3,033,726)	(329)	(329)	-	(329)
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	-	(30)	-	313,929	30	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	17	-	-	-	17	-	17
Issuance of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Redemption of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	6	-	-	-	6	2	8
Transactions with shareholders	-	-	-	-	(213)	-	(2,719,797)	(299)	(512)	(2)	(514)
Net income	-	-	-	-	1,309	-	-	-	1,309	(2)	1,307
Total income and expense recognized directly through equity	-	-	-	-	44	275	-	-	319	3	322
Comprehensive income	-	-	-	-	1,353	275	-	-	1,628	1	1,629
At 31 December 2021	76,736,476	767	1,272	700	3,626	243	(2,779,553)	(305)	6,303	47	6,350

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 December 2021	End of December 2020	4 th quarter 2021	4 th quarter 2020
OPERATING INCOME	1,733	600	164	84
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(68)	(57)	(17)	(14)
- Other income and expenses	617	38	(92)	(46)
RECURRING OPERATING INCOME (REBIT)	1,184	619	273	144
- Recurring depreciation and amortization of tangible and intangible assets	(543)	(563)	(144)	(145)
EBITDA	1,727	1,182	417	289

Details of depreciation and amortization of tangible and intangible assets:

(In millions of euros)	End of December 2021	End of December 2020	4 th quarter 2021	4 th quarter 2020
Depreciation and amortization of tangible and intangible assets	(817)	(748)	(246)	(172)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(543)	(563)	(144)	(145)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(68)	(57)	(17)	(14)
Of which: Impairment included in other income and expenses	(206)	(128)	(85)	(13)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of December 2021	End of December 2020	4 th quarter 2021	4 th quarter 2020
NET INCOME - GROUP SHARE	1,309	332	112	43
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(68)	(57)	(17)	(14)
- Other income and expenses	617	38	(92)	(46)
- 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	15	14	3	4
- Taxes on other income and expenses	(146)	(54)	16	7
- One-time tax effects	(5)	-	(10)	-
ADJUSTED NET INCOME	896	391	212	92
- Weighted average number of ordinary shares	76,409,368	76,457,875		
- Weighted average number of potential ordinary shares	75,859,550	76,702,124		
ADJUSTED EARNINGS PER SHARE (in euros)	11.88	5.11	2.86	1.20
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	11.81	5.10	2.85	1.20

RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of December 2021	End of December 2020	4 th quarter 2021	4 th quarter 2020
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	763	605	302	251
- Exceptional capital expenditure	252	140	71	50
- Investments relating to portfolio management operations	-	-	-	-
- Capital expenditure with no impact on net debt	5	5	1	3
RECURRING CAPITAL EXPENDITURE	506	460	230	198

CASH FLOWS AND EBITDA TO CASH CONVERSION RATE

(In millions of euros)	End of December 2021	End of December 2020	4 th quarter 2021	4 th quarter 2020
Cash flow from operating activities	915	1,115	308	298
+ Cash flow from investing activities	473	(458)	(177)	(318)
NET CASH FLOW	1,388	657	131	(20)
- Net cash flow from portfolio management operations	909	6	23	(136)
FREE CASH FLOW	479	651	108	116
Exceptional capital expenditure	(252)	(140)	(71)	(50)
- Non-recurring cash flow	(25)	29	(43)	(14)
RECURRING CASH FLOW	756	762	222	180

The net cash flow from portfolio management operations corresponds to the impact of acquisition and divestment operations.

Non-recurring cash flow corresponds to cash flow from other income and expenses.

For the sake of comparability and to eliminate the impact of non-recurring cash flow, a new metric – recurring cash flow excluding exceptional items (exceptional capital expenditure and non-recurring cash flow) – has been introduced and now serves as the basis for calculating the EBITDA to cash conversion rate. The EBITDA to cash conversion rate for 2020 has thus been adjusted to reflect this new definition.

(In millions of euros)	End of December 2021	End of December 2020
RECURRING CASH FLOW	756	762
EBITDA	1,727	1,182
EBITDA TO CASH CONVERSION RATE	43.8%	64.5%

NET DEBT

<i>(In millions of euros)</i>	<u>End of December 2021</u>	<u>End of December 2020</u>
Non-current debt	2,680	2,663
+ Current debt	82	134
- Cash and cash equivalents	2,285	1,587
NET DEBT	477	1,210
+ Hybrid bonds	700	700
NET DEBT AND HYBRID BONDS	1,177	1,910

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of December 2021</u>	<u>End of December 2020</u>
Inventories	1,283	881
+ Accounts receivable	1,432	1,131
+ Other receivables including income taxes	272	233
+ Other current financial assets	109	40
- Accounts payable	1,274	987
- Other liabilities including income taxes	585	408
- Other current financial liabilities	52	15
WORKING CAPITAL	1,185	875

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of December 2021</u>	<u>End of December 2020</u>
Goodwill, net	1,925	1,933
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4,548	4,261
+ Investments in equity affiliates	29	29
+ Other investments and other non-current assets	270	266
+ Working capital	1,185	875
CAPITAL EMPLOYED	7,957	7,364
Elements of capital employed classified as assets held for sale	4	178
CAPITAUX EMPLOYES AJUSTES	7,961	7,542

RETURN ON CAPITAL EMPLOYED (ROCE)

<i>(In millions of euros)</i>	<u>End of December 2021</u>	<u>End of December 2020</u>
Recurring operating income (REBIT)	1,184	619
Adjusted capital employed	7,961	7,542
ROCE	14.9 %	8.2 %