

Colombes, 1 August 2024

ARKEMA: SECOND-QUARTER 2024 RESULTS

Solid growth in Arkema's second-quarter results evidenced by a strong EBITDA margin in a persistently challenging macroeconomic environment.

- **Sales of €2.5 billion**, up by 3.8% year-on-year:
 - Volumes up 4.7%, supported by improved momentum in certain markets such as sports, batteries and energy, as well as in industrial adhesives
 - Negative 2.4% price effect, in line with the evolution of raw material prices
- **EBITDA of €451 million**, up 8.2% year-on-year, with an EBITDA margin at 17.8% (17.1% in Q2'23):
 - Good growth in most of the businesses - Adhesive Solutions, High Performance Polymers, Fluorogases and the downstream of Coating Solutions
 - Performance Additives down compared with the prior year's high comparison base and upstream acrylics still close to low cycle conditions
- **Adjusted net income of €214 million**, representing €2.87 per share (€2.77 in Q2'23)
- **Recurring cash flow of €132 million** (€145 million in Q2'23), reflecting the tight management of working capital
- **Net debt of €3,270 million** (€3,063 million at end-March 2024), including hybrid bonds and representing **2.2x** last-twelve-months **EBITDA**
- **Full-year 2024 guidance confirmed:** the Group tightens its 2024 forecast range and aims to achieve a higher EBITDA year-on-year, estimated at between €1.53 billion and €1.63 billion (€1.5 billion in 2023).

Following Arkema's Board of Directors' meeting held on 31 July 2024 to approve the Group's condensed consolidated financial statements for the first half of 2024, Chairman and CEO Thierry Le Hénaff said:

"Arkema delivered a good financial performance in the second quarter, highlighted by a strong EBITDA margin at 18% while the economic environment remained challenging, in line with previous quarters and with no clear signs of market recovery. Once again, our teams mobilized to strictly manage costs and working capital, and to successfully carry out our key industrial projects. Beyond the figures, we are particularly pleased with the growth in adhesives and in the Coating Solutions segment's downstream activities, as well as with the ramp-up of PIAM in Asia. We have also made solid progress in the new polyamide 11 unit in Singapore.

In the second half, our focus will remain on the completion or ramp-up of our key projects and on the strict management of our operations. The closing of the recent acquisition of Dow's flexible packaging laminating adhesives business expected in the fourth quarter will also constitute an important milestone for the Group. At the end of the year, Arkema will have thus completed a unique set of major attractive projects, most of them already fully financed. Going into 2025, we will leverage those investments in order to deliver significant earnings growth."

KEY FIGURES

<i>in millions of euros</i>	Q2'24	Q2'23	Change	H1'24	H1'23	Change
Sales	2,536	2,442	+3.8%	4,877	4,966	-1.8%
EBITDA	451	417	+8.2%	801	784	+2.2%
Specialty Materials	390	368	+6.0%	732	715	+2.4%
Intermediates	84	69	+21.7%	123	118	+4.2%
Corporate	-23	-20		-54	-49	
EBITDA margin	17.8%	17.1%		16.4%	15.8%	
Specialty Materials	17.2%	16.6%		16.5%	15.8%	
Intermediates	33.1%	32.5%		29.9%	27.4%	
Recurring operating income (REBIT)	302	285	+6.0%	504	519	-2.9%
REBIT margin	11.9%	11.7%		10.3%	10.5%	
Adjusted net income	214	207	+3.4%	352	369	-4.6%
Adjusted net income per share (in €)	2.87	2.77	+3.6%	4.71	4.94	-4.7%
Recurring cash flow	132	145	-9.0%	72	124	-41.9%
Free cash flow	117	115	+1.7%	35	69	-49.3%
Net debt including hybrid bonds <i>€2,930m as of 31/12/2023</i>	3,270	2,645		3,270	2,645	

SECOND-QUARTER 2024 BUSINESS PERFORMANCE

At **€2,536 million**, the Group's **sales** were up by 3.8% compared with second-quarter 2023. In light of the prior year's baseline which was marked by destocking, volumes grew by 4.7% in a demand environment that remained subdued. They benefited from improved momentum in certain markets such as batteries, energy, consumer goods, sports and packaging, while the construction market remains globally lackluster. The negative 2.4% price effect reflects essentially the lower price of certain raw materials and the 2.3% positive scope effect mainly corresponds to the acquisition of PIAM in Advanced Materials. Limited at a negative 0.8%, the currency effect is primarily linked to the depreciation of the Argentine peso and Chinese yuan against the euro.

With growth in each segment, Group **EBITDA** rose sharply by 8.2% to **€451 million** (€417 million in Q2'23), driven by significant growth in the performance of industrial adhesives, High Performance Polymers strengthened by PIAM's growing contribution, Fluorogases and the downstream of Coating Solutions. Performance Additives were down on the prior year's high comparison base, impacted by several planned maintenance turnarounds in Thiochemicals, while the upstream acrylics market remains close to low cycle conditions. EBITDA is also beginning to benefit from the ramp-up of the recent organic projects, to the tune of €15 million over the quarter and €20 million over the first half of the year. The Group's **EBITDA margin** grew and reached a very solid level at **17.8%** (17.1% in Q2'23), which highlights the strength and resilience of the Group's portfolio of technologies and solutions in a challenging economic context.

At **€302 million**, **recurring operating income** (REBIT) was up 6.0% on the second quarter of 2023, including €149 million in recurring depreciation and amortization, up €17 million year-on-year, mainly reflecting the consolidation of PIAM and the start-up of new production units. **REBIT margin** in the second quarter of 2024 thus amounted to 11.9% (11.7% in Q2'23).

Adjusted net income came to **€214 million** (€207 million in Q2'23), representing **€2.87** per share, including a tax rate, excluding exceptional items, of 22% of recurring operating income.

CASH FLOW AND NET DEBT AT 30 JUNE 2024

At **€132 million** (€145 million in Q2'23), **recurring cash flow** reflects the usual seasonality of business, as well as higher capital expenditure in line with full-year guidance, with recurring capital expenditure amounting to €170 million (€130 million in Q2'23). At end-June 2024, working capital remained well controlled and represented 15.7% of annualized sales (16.9% at end-June 2023).

Free cash flow amounted to **€117 million** (€115 million in Q2'23) and includes a non-recurring cash outflow of €15 million related in particular to start-up costs for the Singapore platform.

The **net cash outflow from portfolio management operations** of **€20 million** corresponds primarily to the acquisition of a majority stake of nearly 78% in Proionic, and to costs associated with the acquisition of Dow's flexible packaging laminating adhesives business. In the prior year, portfolio management operations generated a €69 million net cash outflow which corresponded essentially to the acquisition of Polytec PT.

Net debt (including hybrid bonds) amounted to **€3,270 million** (€3,063 million at end-March 2024), including the dividend payment of €3.50 per share for a total of €261 million. The net debt to last-twelve-months EBITDA ratio stood at 2.2x.

SECOND QUARTER 2024 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (28% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'24	Q2'23	Change
Sales	706	692	+2.0%
EBITDA	109	95	+14.7%
EBITDA margin	15.4%	13.7%	
Recurring operating income (REBIT)	88	75	+17.3%
REBIT margin	12.5%	10.8%	

At **€706 million**, sales of the Adhesive Solutions segment increased 2.0% year-on-year. Volumes were up 5.1%, supported by industrial adhesives, in particular in durable goods, packaging and labeling, while the construction market stabilized at a low level in a challenging market environment. The negative 2.9% price effect reflects the lower price of certain raw materials, while the currency effect was a negative 0.9%. The scope effect was limited at a positive 0.7%, corresponding to the integration of Polytec PT and Arc Building Products.

EBITDA was up sharply by 14.7% compared with second-quarter 2023, reaching **€109 million**, with the **EBITDA margin** improving by 170 bps to **15.4%**. The Adhesive Solutions segment thus maintained a good dynamic, confirming all its potential. It benefited notably from the integration of acquisitions and the development of related synergies, the active management of its selling prices, cost control, and the development of its high-performance solutions in partnership with its customers. In the first half of the year, the EBITDA margin of 15.4% crossed the 15% threshold for the first time.

ADVANCED MATERIALS (36% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'24	Q2'23	Change
Sales	918	912	+0.7%
EBITDA	190	185	+2.7%
EBITDA margin	20.7%	20.3%	
Recurring operating income (REBIT)	103	117	-12.0%
REBIT margin	11.2%	12.8%	

At **€918 million, sales** of the Advanced Materials segment grew 0.7% year-on-year. Volumes were down 1.0%, reflecting several planned maintenance turnarounds in Thiochemicals, but were supported by positive momentum in High Performance Polymers in Asia, notably in the battery, energy, medical and sports markets. At negative 2.8%, the price effect reflects mainly the lower price of certain raw materials. The positive 5.7% scope effect corresponds to the integration of PIAM, and the currency effect came in at a negative 1.2%.

At **€190 million**, the segment's **EBITDA** was up 2.7% year-on-year, supported by the progressive contribution of organic projects, and the integration and ramp-up of PIAM. Performance Additives were down on the prior year's high comparison base, in line with the drop in volumes. In early June, the exceptional flooding of the Danube led to a three-month shutdown of our German organic peroxides facility for an impact on EBITDA estimated at around €15 million, mainly in Q3'24. Moreover, the PA11 plant in Singapore and the Nutrien HF site in the United States are now operational and will start ramping up in the second half of the year. The **EBITDA margin** rose by 40 bps in the quarter, standing at a very good level at **20.7%** (20.3% in Q2'23).

COATING SOLUTIONS (26% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'24	Q2'23	Change
Sales	648	617	+5.0%
EBITDA	91	88	+3.4%
EBITDA margin	14.0%	14.3%	
Recurring operating income (REBIT)	61	58	+5.2%
REBIT margin	9.4%	9.4%	

Coating Solutions **sales** came in at **€648 million**, up 5.0% year-on-year, supported by a very strong 10.4% increase in volumes relative to last year's baseline marked by destocking. This performance was driven by the segment's downstream activities, particularly in the industrial coatings market led by the development of solutions focused on sustainability such as powders and additives, and in the electronics and renewable energy markets. Volumes were also up in upstream acrylics, notably in Europe. The negative 5.9% price effect is attributable to the year-on-year decrease of certain raw materials and less favorable market conditions in upstream acrylics. The currency effect was a slightly positive 0.5%.

Driven by the higher volumes in the segment's downstream activities, **EBITDA** rose by 3.4% to **€91 million** (€88 million in Q2'23), benefiting from the contribution of Sartomer's organic project in China and from growth initiatives focused on more sustainable and value-added solutions. In this environment, the **EBITDA margin** stood at **14.0%** (14.3% in Q2'23).

INTERMEDIATES (10% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'24	Q2'23	Change
Sales	254	212	+19.8%
EBITDA	84	69	+21.7%
EBITDA margin	33.1%	32.5%	
Recurring operating income (REBIT)	74	57	+29.8%
REBIT margin	29.1%	26.9%	

At **€254 million, sales** in the Intermediates segment were up 19.8% relative to second-quarter 2023, supported by a positive 11.3% price effect reflecting mainly the good momentum of refrigerant gases while market conditions for acrylics in China remained challenging. Volumes increased by 9.9%, driven by higher demand for the acrylics business in China. The currency effect was a negative 1.4%.

Consequently, Intermediates **EBITDA** rose by 21.7% to **€84 million** and the **EBITDA margin** remained at a very good level at **33.1%** (32.5% in Q2'23).

OUTLOOK FOR 2024

At the beginning of the third quarter, the macroeconomic context remains in line with that of previous quarters, with no tangible signs of a rebound in demand. In this environment, Arkema's teams will continue to focus on the elements that are within their control, in particular the strict management of operations and the ramp-up of the major projects presented last September at the Capital Markets Day. These projects are expected to contribute around €60 million to EBITDA over the full year, of which €40 million is anticipated in the second half of the year.

In this context, Arkema confirms its full-year guidance and tightens its range based on the results of the first six months. The Group thus aims to achieve a higher EBITDA year-on-year in 2024, estimated at between €1.53 and €1.63 billion (€1.5 billion in 2023), depending on the evolution of macroeconomic conditions (previously between €1.5 and €1.7 billion). Third-quarter EBITDA should be slightly up compared with the prior year.

Finally, beyond the short-term priorities, the Group will continue to implement its strategic roadmap, accelerating its innovation efforts in partnership with its customers, and deploying its portfolio of cutting-edge technologies to support the development of solutions for a less carbon-intensive and more sustainable world.

Further details concerning the Group's second-quarter 2024 results are provided in the "Second-quarter 2024 results and outlook" presentation and the "Factsheet", both available on Arkema's website at: www.arkema.com/global/en/investor-relations/

REGULATORY INFORMATION

The half-year financial report for the six months ended 30 June 2024 is available on the Group's website (www.arkema.com) under Investors/Financials/Financial results.

FINANCIAL CALENDAR

6 November 2024: Publication of third-quarter 2024 results

27 February 2025: Publication of full-year 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 a context of significant geopolitical tensions, where the outlook for the global economy remains 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 material prices, currency fluctuations, the pace at which cost-reduction projects are implemented, escalating geopolitical tensions, 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 condensed half-yearly consolidated financial statements for the period from 1 January to 30 June 2024, as approved by Arkema's Board of Directors on 31 July 2024. 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; and
- **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 a pure player in Specialty Materials, the Group is structured into three complementary, resilient and highly innovative segments dedicated to Specialty Materials - Adhesive Solutions, Advanced Materials, and Coating Solutions - accounting for some 92% of Group sales in 2023, 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 2023, and operates in some 55 countries with 21,100 employees worldwide.

Investor relations contacts

Béatrice Zilm	+33 (0)1 49 00 75 58	beatrice.zilm@arkema.com
Peter Farren	+33 (0)1 49 00 73 12	peter.farren@arkema.com
Mathieu Briatta	+33 (0)1 49 00 72 07	mathieu.briatta@arkema.com
Alexis Noël	+33 (0)1 49 00 74 37	alexis.noel@arkema.com

Media contacts

Gilles Galinier	+33 (0)1 49 00 70 07	gilles.galinier@arkema.com
Anne Plaisance	+33 (0)6 81 87 48 77	anne.plaisance@arkema.com

Arkema

420, rue d'Estienne d'Orves
92705 Colombes Cedex
France
T +33 (0)1 49 00 80 80
F +33 (0)1 49 00 83 76

Follow us on:

 [Twitter.com/Arkema_group](https://twitter.com/Arkema_group)
 [Linkedin.com/company/arkema](https://www.linkedin.com/company/arkema)

ARKEMA financial statements

Consolidated financial information - At the end of June 2024

Half-year information is subject to a limited review by auditors.
Consolidated financial statements as end of December 2023 have been audited.

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>2nd quarter 2024</u>	<u>2nd quarter 2023</u>
<hr/>		
Sales	2,536	2,442
Operating expenses	(1,965)	(1,900)
Research and development expenses	(68)	(66)
Selling and administrative expenses	(238)	(223)
Other income and expenses	(48)	(32)
Operating income	217	221
Equity in income of affiliates	(1)	(2)
Financial result	(15)	(16)
Income taxes	(52)	(51)
Net income	149	152
Attributable to non-controlling interests	4	0
Net income - Group share	145	152
<i>Earnings per share (amount in euros)</i>	<i>1.94</i>	<i>2.03</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>1.93</i>	<i>2.03</i>

<i>(In millions of euros)</i>	<u>1st half 2024</u>	<u>1st half 2023</u>
<hr/>		
Sales	4,877	4,966
Operating expenses	(3,838)	(3,922)
Research and development expenses	(137)	(136)
Selling and administrative expenses	(473)	(452)
Other income and expenses	(77)	(39)
Operating income	352	417
Equity in income of affiliates	(2)	(5)
Financial result	(33)	(35)
Income taxes	(88)	(92)
Net income	229	285
Attributable to non-controlling interests	5	1
Net income - Group share	224	284
<i>Earnings per share (amount in euros)</i>	<i>2.93</i>	<i>3.73</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>2.92</i>	<i>3.72</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>2nd quarter 2024</u>	<u>2nd quarter 2023</u>
Net income	149	152
Hedging adjustments	12	(20)
Other items	0	-
Deferred taxes on hedging adjustments and other items	0	0
Change in translation adjustments	14	(53)
Other recyclable comprehensive income	26	(73)
Impact of remeasuring unconsolidated investments	(1)	-
Actuarial gains and losses	5	(3)
Deferred taxes on actuarial gains and losses	(1)	1
Other non-recyclable comprehensive income	3	(2)
Total income and expenses recognized directly in equity	29	(75)
Total comprehensive income	178	77
Attributable to non-controlling interest	(1)	(2)
Total comprehensive income - Group share	179	79

<i>(In millions of euros)</i>	<u>1st half 2024</u>	<u>1st half 2023</u>
Net income	229	285
Hedging adjustments	(3)	(38)
Other items	0	-
Deferred taxes on hedging adjustments and other items	0	2
Change in translation adjustments	71	(143)
Other recyclable comprehensive income	68	(179)
Impact of remeasuring unconsolidated investments	(1)	-
Actuarial gains and losses	18	(7)
Deferred taxes on actuarial gains and losses	(4)	1
Other non-recyclable comprehensive income	13	(6)
Total income and expenses recognized directly in equity	81	(185)
Total comprehensive income	310	100
Attributable to non-controlling interest	(6)	(1)
Total comprehensive income - Group share	316	101

INFORMATION BY SEGMENT

2nd quarter 2024

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	706	918	648	254	10	2,536
EBITDA	109	190	91	84	(23)	451
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(21)	(87)	(30)	(10)	(1)	(149)
Recurring operating income (REBIT)	88	103	61	74	(24)	302
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	(26)	(10)	(1)	-	-	(37)
Other income and expenses	(11)	(28)	0	(1)	(8)	(48)
Operating income	51	65	60	73	(32)	217
Equity in income of affiliates	-	(1)	-	-	-	(1)
Intangible assets and property, plant, and equipment additions	16	113	28	4	9	170
Of which: recurring capital expenditure	16	113	28	4	9	170

2nd quarter 2023

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	692	912	617	212	9	2,442
EBITDA	95	185	88	69	(20)	417
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(20)	(68)	(30)	(12)	(2)	(132)
Recurring operating income (REBIT)	75	117	58	57	(22)	285
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	(26)	(3)	(3)	-	-	(32)
Other income and expenses	(5)	(26)	0	0	(1)	(32)
Operating income	44	88	55	57	(23)	221
Equity in income of affiliates	-	(2)	-	-	-	(2)
Intangible assets and property, plant, and equipment additions	18	85	25	5	2	135
Of which: recurring capital expenditure	18	80	25	5	2	130

INFORMATION BY SEGMENT

End of June 2024

<i>(In millions of euros)</i>	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,386	1,796	1,263	412	20	4,877
EBITDA	214	352	166	123	(54)	801
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(44)	(169)	(61)	(20)	(3)	(297)
Recurring operating income (REBIT)	170	183	105	103	(57)	504
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	(53)	(19)	(3)	-	-	(75)
Other income and expenses	(16)	(51)	0	(1)	(9)	(77)
Operating income	101	113	102	102	(66)	352
Equity in income of affiliates	-	(2)	-	-	-	(2)
Intangible assets and property, plant, and equipment additions*	27	176	43	11	12	269
Of which: recurring capital expenditure*	27	176	43	11	12	269

*Includes a correction related to Q1'24 data resulting from a transfer of figures between Coating Solutions and Intermediates

End of June 2023

<i>(In millions of euros)</i>	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,390	1,849	1,278	430	19	4,966
EBITDA	188	345	182	118	(49)	784
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(41)	(135)	(61)	(25)	(3)	(265)
Recurring operating income (REBIT)	147	210	121	93	(52)	519
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	(51)	(8)	(4)	-	-	(63)
Other income and expenses	(12)	(16)	(1)	0	(10)	(39)
Operating income	84	186	116	93	(62)	417
Equity in income of affiliates	-	(5)	-	-	-	(5)
Intangible assets and property, plant, and equipment additions	33	137	39	8	7	224
Of which: recurring capital expenditure	33	125	39	8	7	212

CONSOLIDATED CASH FLOW STATEMENT

End of June 2024

End of June 2023

(In millions of euros)

Operating cash flows

Net income	229	285
Depreciation, amortization and impairment of assets	382	334
Other provisions and deferred taxes	23	(26)
(Gains)/losses on sales of long-term assets	4	(28)
Undistributed affiliate equity earnings	3	5
Change in working capital	(279)	(164)
Other changes	18	11
Cash flow from operating activities	380	417

Investing cash flows

Intangible assets and property, plant, and equipment additions	(269)	(224)
Change in fixed asset payables	(50)	(124)
Acquisitions of operations, net of cash acquired	(29)	(65)
Increase in long-term loans	(55)	(33)
Total expenditures	(403)	(446)
Proceeds from sale of intangible assets and property, plant, and equipment	3	7
Change in fixed asset receivables	(2)	-
Proceeds from sale of operations, net of cash transferred	-	32
Repayment of long-term loans	16	20
Total divestitures	17	59
Cash flow from investing activities	(386)	(387)

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	-	0
Purchase of treasury shares	(14)	(23)
Issuance of hybrid bonds	399	-
Dividends paid to parent company shareholders	(261)	(253)
Interest paid to bearers of subordinated perpetual notes	(5)	(5)
Dividends paid to non-controlling interests and buyout of minority interests	(1)	(2)
Increase in long-term debt	3	396
Decrease in long-term debt	(750)	(42)
Increase / (Decrease) in short-term debt	685	(34)
Cash flow from financing activities	56	37
Net increase/(decrease) in cash and cash equivalents	50	67
Effect of exchange rates and changes in scope	(1)	7
Cash and cash equivalents at beginning of period	2,045	1,592
Cash and cash equivalents at end of the period	2,094	1,666

CONSOLIDATED BALANCE SHEET

30 June 2024

31 December 2023

(In millions of euros)

ASSETS	30 June 2024	31 December 2023
Goodwill	3,061	3,040
Intangible assets, net	2,400	2,416
Property, plant and equipment, net	3,787	3,730
Equity affiliates: investments and loans	10	13
Other investments	56	52
Deferred tax assets	151	157
Other non-current assets	294	251
TOTAL NON-CURRENT ASSETS	9,759	9,659
Inventories	1,361	1,208
Accounts receivable	1,539	1,261
Other receivables and prepaid expenses	191	170
Income tax receivables	135	142
Other current financial assets	12	32
Cash and cash equivalents	2,094	2,045
Assets held for sale	-	-
TOTAL CURRENT ASSETS	5,332	4,858
TOTAL ASSETS	15,091	14,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	750	750
Paid-in surplus and retained earnings	6,690	6,304
Treasury shares	(34)	(21)
Translation adjustments	252	170
SHAREHOLDERS' EQUITY - GROUP SHARE	7,658	7,203
Non-controlling interests	246	252
TOTAL SHAREHOLDERS' EQUITY	7,904	7,455
Deferred tax liabilities	454	436
Provisions for pensions and other employee benefits	379	397
Other provisions and non-current liabilities	445	416
Non-current debt	3,038	3,734
TOTAL NON-CURRENT LIABILITIES	4,316	4,983
Accounts payable	1,114	1,036
Other creditors and accrued liabilities	417	392
Income tax payables	87	83
Other current financial liabilities	27	27
Current debt	1,226	541
Liabilities related to assets held for sale	-	-
TOTAL CURRENT LIABILITIES	2,871	2,079
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,091	14,517

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In millions of euros)</i>	Shares issued			Hybrid bonds	Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount	Paid-in surplus				Number	Amount			
At 1 January 2024	75,043,514	750	1,067	700	4,537	170	(228,901)	(21)	7,203	252	7,455
Cash dividend	-	-	-	-	(266)	-	-	-	(266)	(1)	(267)
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Capital decrease by cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(150,070)	(14)	(14)	-	(14)
Grants of treasury shares to employees	-	-	-	-	(1)	-	12,601	1	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	16	-	-	-	16	-	16
Issuance of hybrid bonds	-	-	-	400	(1)	-	-	-	399	-	399
Redemption of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	4	-	-	-	4	1	5
Transactions with shareholders	-	-	-	400	(248)	-	(137,469)	(13)	139	-	139
Net income	-	-	-	-	224	-	-	-	224	5	229
Total income and expense recognized directly through equity	-	-	-	-	10	82	-	-	92	(11)	81
Comprehensive income	-	-	-	-	234	82	-	-	316	(6)	310
At 30 June 2024	75,043,514	750	1,067	1,100	4,523	252	(366,370)	(34)	7,658	246	7,904

ALTERNATIVE PERFORMANCE INDICATORS

To monitor and analyse the financial performance of the Group and its activities, the Group management uses alternative performance indicators. These are financial indicators that are not defined by the IFRS. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

RECURRING OPERATING INCOME (REBIT) AND EBITDA

<i>(In millions of euros)</i>	End of June 2024	End of June 2023	2 nd quarter 2024	2 nd quarter 2023
OPERATING INCOME	352	417	217	221
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(75)	(63)	(37)	(32)
- Other income and expenses	(77)	(39)	(48)	(32)
RECURRING OPERATING INCOME (REBIT)	504	519	302	285
- Recurring depreciation and amortization of tangible and intangible assets	(297)	(265)	(149)	(132)
EBITDA	801	784	451	417

Details of depreciation and amortization of tangible and intangible assets:

<i>(In millions of euros)</i>	End of June 2024	End of June 2023	2 nd quarter 2024	2 nd quarter 2023
Depreciation and amortization of tangible and intangible assets	(382)	(334)	(193)	(170)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(297)	(265)	(149)	(132)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(75)	(63)	(37)	(32)
Of which: Impairment included in other income and expenses	(10)	(6)	(7)	(6)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	End of June 2024	End of June 2023	2 nd quarter 2024	2 nd quarter 2023
NET INCOME - GROUP SHARE	224	284	145	152
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(75)	(63)	(37)	(32)
- Other income and expenses	(77)	(39)	(48)	(32)
- 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	16	13	7	7
- Taxes on other income and expenses	12	8	11	4
- One-time tax effects	(4)	(4)	(2)	(2)
ADJUSTED NET INCOME	352	369	214	207
- Weighted average number of ordinary shares	74,748,618	74,716,206	-	-
- Weighted average number of potential ordinary shares	75,043,514	75,043,514	-	-
ADJUSTED EARNINGS PER SHARE (in euros)	4.71	4.94	2.87	2.77
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	4.69	4.92	2.85	2.76

RECURRING CAPITAL EXPENDITURE

<i>(In millions of euros)</i>	End of June 2024	End of June 2023	2 nd quarter 2024	2 nd quarter 2023
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	269	224	170	135
- Exceptional capital expenditure	-	12	-	5
- Investments relating to portfolio management operations	-	-	-	-
- Capital expenditure with no impact on net debt	-	-	-	-
RECURRING CAPITAL EXPENDITURE	269	212	170	130

CASH FLOWS

<i>(In millions of euros)</i>	End of June 2024	End of June 2023	2 nd quarter 2024	2 nd quarter 2023
Cash flow from operating activities	380	417	295	274
+ Cash flow from investing activities	(386)	(387)	(198)	(228)
NET CASH FLOW	(6)	30	97	46
- Net cash flow from portfolio management operations	(41)	(39)	(20)	(69)
FREE CASH FLOW	35	69	117	115
Exceptional capital expenditure	-	(12)	-	(5)
- Non-recurring cash flow	(37)	(43)	(15)	(25)
RECURRING CASH FLOW	72	124	132	145
- Recurring capital expenditure	(269)	(212)	(170)	(130)
OPERATING CASH FLOW	341	336	302	275

Operating Cash Flow corresponds to the recurring cash flow before recurring capital expenditure

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.

NET DEBT

<i>(In millions of euros)</i>	<u>End of June 2024</u>	<u>End of December 2023</u>
Non-current debt	3,038	3,734
+ Current debt	1,226	541
- Cash and cash equivalents	2,094	2,045
NET DEBT	2,170	2,230
+ Hybrid bonds	1,100	700
NET DEBT AND HYBRID BONDS	3,270	2,930

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of June 2024</u>	<u>End of December 2023</u>
Inventories	1,361	1,208
+ Accounts receivable	1,539	1,261
+ Other receivables including income taxes	326	312
+ Other current financial assets	12	32
- Accounts payable	1,114	1,036
- Other liabilities including income taxes	504	475
- Other current financial liabilities	27	27
WORKING CAPITAL	1,593	1,275

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of June 2024</u>	<u>End of December 2023</u>
Goodwill, net	3,061	3,040
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	6,187	6,146
+ Investments in equity affiliates	10	13
+ Other investments and other non-current assets	350	303
+ Working capital	1,593	1,275
CAPITAL EMPLOYED	11,201	10,777