

Colombes, 6 November 2024

ARKEMA: THIRD-QUARTER 2024 RESULTS

High-level EBITDA margin and increase in third-quarter sales despite a macroenvironment remaining challenging, notably in Europe

- **Sales of €2.4 billion**, up by **2.9%** year-on-year:
 - Volumes up by 2.2% in an environment of global weak demand, particularly in Europe, while supported by certain markets such as energy, sports, healthcare and packaging
 - Broadly stable price effect at a negative 0.2%, reflecting dynamic management of selling prices in a raw materials environment that has stabilized overall
- **EBITDA up by 5.4% to €407 million** (€386 million in Q3'23), driven in particular by strong growth in Adhesive Solutions and Advanced Materials, and better resilience in the US and Asia
- **EBITDA margin up**, reaching the high level of **17.0%** (16.6% in Q3'23), reflecting the quality of the Group's positioning and technologies, its balanced geographical footprint, as well as strict management of its operations
- **Adjusted net income** down slightly to **€168 million**, representing €2.25 per share (€2.38 in Q3'23)
- Solid **recurring cash flow of €190 million** and **net debt** tightly controlled at **€3.1 billion** (including hybrid bonds), down from €3.3 billion at the end of June and representing **2.0x** last twelve-months **EBITDA**
- **2024 guidance**: As the rebound of the macroeconomic environment has not materialized yet, the Group is targeting for 2024 an EBITDA at the lower end of its guidance range of €1.53 billion.

Following Arkema's Board of Directors' meeting held on 5 November 2024 to review the Group's consolidated financial information for the third quarter of 2024, Chairman and CEO Thierry Le Hénaff said:

"Arkema's Specialty Materials sales grew by 4% year-on-year despite a third quarter marked by a challenging environment, particularly in Europe. After an encouraging July, the end of the quarter was marked by weaker demand. I would like to congratulate our teams, whose efforts in this unfavorable environment have enabled the Group to achieve a strong financial performance. In particular, our EBITDA margin increased to reach 17%, showing our resilience and validating our strategy of focusing on Specialty Materials.

Over the coming months, we will be maintaining our efforts on strict management of costs, capital expenditure and working capital. We will also continue to progress on our major growth projects in order to start 2025 in the best possible position. We are also looking forward to welcoming Dow's teams very soon, following the closing of the acquisition of the flexible packaging laminating adhesives business, expected by the end of the year, and which will mark a new chapter in Bostik's growth in high-performance adhesives."

KEY FIGURES FOR THIRD-QUARTER 2024

<i>in millions of euros</i>		Q3'24	Q3'23	Change
Sales		2,394	2,326	+2.9%
EBITDA		407	386	+5.4%
Specialty Materials		377	346	+9.0%
Intermediates		51	55	-7.3%
Corporate		-21	-15	
EBITDA margin		17.0%	16.6%	
Specialty Materials		17.2%	16.4%	
Intermediates		26.7%	26.7%	
Recurring operating income (REBIT)		246	246	-
REBIT margin		10.3%	10.6%	
Adjusted net income		168	177	-5.1%
Adjusted net income per share (in €)		2.25	2.38	-5.5%
Recurring cash flow		190	312	
Free cash flow		175	273	
Net debt including hybrid bonds		3,111	2,419	
<i>€2,930m as of 31/12/2023</i>				

THIRD-QUARTER 2024 BUSINESS PERFORMANCE

At **€2,394 million**, Group **sales** were up by 2.9% compared with third-quarter 2023, supported by Specialty Materials, which benefited in particular from positive organic growth in Asia and North America, while Europe was down, and from PIAM integration. In a macroeconomic environment still challenging, with no recovery in demand and marked by customer destocking at the end of the quarter, Group volumes were nevertheless up 2.2% on last year. Specialty Materials volumes increased by 3.8%, supported by some more buoyant markets such as energy, sports, packaging and healthcare, while construction is showing no signs of improvement and the automotive sector is slowing down, notably in Europe. Intermediates volumes were down by 12.1%, impacted by existing quota mechanisms in refrigerant gases. The price effect remained broadly stable (down 0.2%), with a slight decrease in Specialty Materials (down 0.7%), in line with the overall raw materials' evolution, offset by a positive dynamic in refrigerant gases. The 2.3% positive scope effect corresponds essentially to the acquisition of PIAM in Advanced Materials. The currency effect was a negative 1.4%, reflecting the depreciation of the US dollar and Latin American currencies against the euro.

Group **EBITDA** was up 5.4% year-on-year to **€407 million** (€386 million in Q3'23). With an increase in each of its three segments and particularly in Adhesive Solutions and Advanced Materials, Specialty Materials EBITDA increased significantly by 9.0%. Intermediates remained at a solid level, although down on the prior year. EBITDA included the contribution of major organic growth projects, which will continue to ramp up over the coming quarters to serve attractive markets such as sustainable consumer goods, green energy, mobility, sports and efficient housing. The **EBITDA margin** was up 40 bps on last year, at a very good level of **17.0%** (16.6% in Q3'23), reflecting, in this lackluster market environment, the quality of the Group's positioning and technology portfolio, its balanced geographical footprint as well as its strict management of operations.

At **€246 million**, **recurring operating income (REBIT)** was stable compared with third-quarter 2023, including €161 million in recurring depreciation and amortization, up €21 million year-on-year, mainly reflecting the consolidation of PIAM and the start-up of new production units for Advanced Materials. **REBIT margin** in the third quarter of 2024 thus amounted to 10.3% (10.6% in Q3'23).

Adjusted net income came to **€168 million** (€177 million in Q3'23), representing **€2.25** per share, including a tax rate, excluding exceptional items, of 22% of recurring operating income.

CASH FLOW AND NET DEBT AT 30 SEPTEMBER 2024

Arkema delivered a solid **recurring cash flow** of **€190 million**. It was down compared with the prior year (€312 million in Q3'23), reflecting a less significant change in working capital and an increase in capital expenditure to €167 million (€137 million in Q3'23) corresponding to the implementation of major projects. Working capital remained well controlled, representing 16.4% of annualized sales at end-September 2024 (16.3% at end-September 2023). Over the full year, capital expenditure is expected to come in at around €770 million, in line with full-year guidance. After fine-tuning its analysis of potential future capital expenditure, and taking into account a slower pace of ramp-up of the electric vehicle market, the Group has adjusted the envelop of capital expenditure that was announced at the Capital Markets Day in September 2023, and now plans to spend between €650 million and €700 million a year.

At **€175 million, free cash flow** included a non-recurring cash outflow of €15 million related notably to start-up costs for the Singapore platform and restructuring expenses.

Net debt (including hybrid bonds) remained tightly controlled and decreased slightly over the quarter to **€3,111 million** (€3,270 million at end-June 2024), returning to the level of 2x last twelve-months EBITDA.

THIRD-QUARTER 2024 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (29% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'24	Q3'23	Change
Sales	682	682	-
EBITDA	107	98	+9.2%
EBITDA margin	15.7%	14.4%	
Recurring operating income (REBIT)	86	77	+11.7%
REBIT margin	12.6%	11.3%	

Sales in the Adhesive Solutions segment were stable year-on-year at **€682 million**. This was supported by a 1.9% rise in volumes, reflecting notably a good dynamic in the packaging and labelling markets, while the construction sector remained challenging. At negative 1%, the price effect was limited and reflected the lower price of certain raw materials. The positive scope effect of 0.6% corresponds to the integration of Arc Building Products, and the currency effect was a negative 1.5%.

At **€107 million, EBITDA** was up significantly by 9.2% compared with the previous year, and **EBITDA margin** reached a record level at **15.7%**, up 130 bps on third-quarter 2023. This very good performance confirms the relevance of the segment's development strategy, which is based on product mix improvement toward higher value-added solutions, targeted high-quality acquisitions, active price and cost management as well as operational excellence initiatives.

ADVANCED MATERIALS (37% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'24	Q3'23	Change
Sales	885	856	+3.4%
EBITDA	189	172	+9.9%
EBITDA margin	21.4%	20.1%	
Recurring operating income (REBIT)	95	100	-5.0%
REBIT margin	10.7%	11.7%	

Sales in the Advanced Materials segment were up by 3.4% compared with third-quarter 2023 to **€885 million**. The segment's volumes rose by 2.0%, supported by the sports, energy and healthcare markets. However, they were negatively impacted by the slowdown in the automotive sector, notably in Europe, and the temporary shutdown of our German organic peroxides facility following the exceptional flooding of the Danube in early June. The price effect was a negative 2.3%, mainly reflecting changes in raw material prices. The segment's sales also benefited from a positive 5.7% scope effect due to the contribution of PIAM, and the currency was a negative 2.0%.

At **€189 million**, the segment's **EBITDA** rose sharply by 9.9% year-on-year (€172 million in Q3'23). High Performance Polymers EBITDA was up significantly, benefiting from the contribution of new projects, the integration of PIAM and good momentum in high value-added fluorospecialties. Performance Additives EBITDA was down on the Q3'23 high comparison base and included the negative impact of the temporary shutdown of the organic peroxides facility in Germany, estimated at approximately €8 million over the quarter. The **EBITDA margin** was substantially up reaching a very good level at **21.4%** (20.1% in Q3'23).

COATING SOLUTIONS (26% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'24	Q3'23	Change
Sales	627	572	+9.6%
EBITDA	81	76	+6.6%
EBITDA margin	12.9%	13.3%	
Recurring operating income (REBIT)	49	43	+14.0%
REBIT margin	7.8%	7.5%	

Sales in the Coating Solutions segment were up by a sharp 9.6% compared with third-quarter 2023 to **€627 million**. Compared with last year's baseline, which was marked by destocking, volumes rose by 8.7% in an environment that remains relatively challenging, particularly in the upstream, and were supported mainly by the coatings, notably architectural, hygiene and water treatment markets. At a positive 2.1%, the price effect mainly reflected the impact of higher propylene prices in the United States on acrylic monomer prices, and the currency effect was a negative 1.2%.

At **€81 million**, the segment's **EBITDA** rose substantially by 6.6% (€76 million in Q3'23), supported by positive volume trends, strict management of costs and operations and the ramp-up of Sartomer's organic project in China. In this environment, the **EBITDA margin** held up well and stood at **12.9%** (13.3% in Q3'23).

INTERMEDIATES (8% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'24	Q3'23	Change
Sales	191	206	-7.3%
EBITDA	51	55	-7.3%
EBITDA margin	26.7%	26.7%	
Recurring operating income (REBIT)	39	42	-7.1%
REBIT margin	20.4%	20.4%	

Sales in the Intermediates segment totaled **€191 million**, down by 7.3% compared with third-quarter 2023. Volumes were down 12.1%, impacted by the effect of existing quota mechanisms in refrigerant gases, partly offset by higher acrylics volumes in China. Prices rose by 4.8%, driven essentially by the impact of quota mechanisms in refrigerant gases.

In this context, segment **EBITDA** came in at **€51 million** (€55 million in Q3'23) and the **EBITDA margin** remained at a good level at **26.7%** (26.7% in Q3'23).

HIGHLIGHTS

On 29 August 2024, Arkema announced several appointments to its Executive Committee. Sophie Fouillat has been appointed as Executive Vice President, Strategy, replacing Bernard Boyer who is retiring. Tilo Quink has joined the Group to take up the role of Senior Vice President, Performance Additives. Laurent Tellier, who previously held this position, has been appointed Senior Vice President High Performance Polymers and Fluorogases, replacing Erwoan Pezron. Erwoan Pezron becomes advisor to the Chairman and Chief Executive Officer, while remaining a member of the Executive Committee until his retirement at the end of the year.

On 5 September 2024, Arkema successfully completed a €500 million senior bond issue with a 10-year maturity and an annual coupon of 3.50%. This operation will enable the Group to continue to refinance its upcoming bond maturities and extend the average maturity of its debt.

On 30 October 2024, Arkema finalized a share capital increase reserved for employees, for a total of close to 8,700 subscriptions and a global amount of €61.8 million, thus demonstrating the strong commitment of Group employees and their confidence in Arkema's development opportunities. The newly issued shares are fully assimilated to the existing shares and will be entitled to the dividend payment in 2025.

OUTLOOK FOR 2024

With a still lackluster macroeconomic environment expected for the rest of the year, marked by limited visibility and a continued weak demand environment, the Group will focus on strictly managing its operating costs and optimizing its working capital in line with demand. In parallel, work on the longer term will continue, with the ongoing ramp-up of the organic projects, the closing of the acquisition of Dow's flexible packaging laminating adhesives business, as well as the first steps in the start-up of the HFO-1233zd fluorospecialties unit in the United States.

In this context, based on the results of the first nine months, Arkema expects to achieve in 2024 an EBITDA at the lower end of its guidance range of €1.53 billion.

Finally, the Group will continue to implement its strategic roadmap, leveraging its cutting-edge innovation, strengthening partnerships with its customers, and deploying its portfolio of technologies to support the development of solutions for a less carbon-intensive and more sustainable world.

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

FINANCIAL CALENDAR

27 February 2025: Publication of full-year results

7 May 2025: Publication of first-quarter 2025 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 consolidated financial information at 30 September 2024, as reviewed by Arkema's Board of Directors on 5 November 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
James Poutier	+33 (0)1 49 00 73 12	james.poutier@arkema.com
Alexis Noël	+33 (0)1 49 00 74 37	alexis.noel@arkema.com
Colombe Boiteux	+33 (0)1 49 00 72 07	colombe.boiteux@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

A French *société anonyme* (limited company) registered in Nanterre:
RCS 445 074 685 Nanterre

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 September 2024

Consolidated financial statements as end of December 2023 have been audited.

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>3rd quarter 2024</u>	<u>3rd quarter 2023</u>
Sales	2,394	2,326
Operating expenses	(1,917)	(1,835)
Research and development expenses	(47)	(68)
Selling and administrative expenses	(222)	(209)
Other income and expenses	(24)	(32)
Operating income	184	182
Equity in income of affiliates	(2)	(2)
Financial result	(20)	(9)
Income taxes	(42)	(54)
Net income	120	117
Attributable to non-controlling interests	2	3
Net income - Group share	118	114
<i>Earnings per share (amount in euros)</i>	1.43	1.39
<i>Diluted earnings per share (amount in euros)</i>	1.42	1.37

<i>(In millions of euros)</i>	<u>End of September 2024</u>	<u>End of September 2023</u>
Sales	7,271	7,292
Operating expenses	(5,755)	(5,757)
Research and development expenses	(184)	(204)
Selling and administrative expenses	(695)	(661)
Other income and expenses	(101)	(71)
Operating income	536	599
Equity in income of affiliates	(4)	(7)
Financial result	(53)	(44)
Income taxes	(130)	(146)
Net income	349	402
Attributable to non-controlling interests	7	4
Net income - Group share	342	398
<i>Earnings per share (amount in euros)</i>	4.36	5.12
<i>Diluted earnings per share (amount in euros)</i>	4.34	5.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>3rd quarter 2024</u>	<u>3rd quarter 2023</u>
Net income	120	117
Hedging adjustments	13	(13)
Other items	—	0
Deferred taxes on hedging adjustments and other items	(1)	0
Change in translation adjustments	(155)	109
Other recyclable comprehensive income	(143)	96
Impact of remeasuring unconsolidated investments	0	0
Actuarial gains and losses	(14)	26
Deferred taxes on actuarial gains and losses	3	(5)
Other non-recyclable comprehensive income	(11)	21
Total income and expenses recognized directly in equity	(154)	117
Total comprehensive income	(34)	234
Attributable to non-controlling interest	2	3
Total comprehensive income - Group share	(36)	231

<i>(In millions of euros)</i>	<u>End of September 2024</u>	<u>End of September 2023</u>
Net income	349	402
Hedging adjustments	10	(51)
Other items	0	0
Deferred taxes on hedging adjustments and other items	(1)	2
Change in translation adjustments	(84)	(34)
Other recyclable comprehensive income	(75)	(83)
Impact of remeasuring unconsolidated investments	(1)	0
Actuarial gains and losses	4	19
Deferred taxes on actuarial gains and losses	(1)	(4)
Other non-recyclable comprehensive income	2	15
Total income and expenses recognized directly in equity	(73)	(68)
Total comprehensive income	276	334
Attributable to non-controlling interest	(4)	2
Total comprehensive income - Group share	280	332

INFORMATION BY SEGMENT

3rd quarter 2024

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	682	885	627	191	9	2,394
EBITDA	107	189	81	51	(21)	407
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(21)	(94)	(32)	(12)	(2)	(161)
Recurring operating income (REBIT)	86	95	49	39	(23)	246
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	(28)	(8)	(2)	-	-	(38)
Other income and expenses	(9)	(13)	0	0	(2)	(24)
Operating income	49	74	47	39	(25)	184
Equity in income of affiliates	-	(2)	-	-	-	(2)
Intangible assets and property, plant, and equipment additions	21	100	28	3	15	167
Of which: recurring capital expenditure	21	100	28	3	15	167

3rd quarter 2023

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	682	856	572	206	10	2,326
EBITDA	98	172	76	55	(15)	386
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(21)	(72)	(33)	(13)	(1)	(140)
Recurring operating income (REBIT)	77	100	43	42	(16)	246
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)	(5)	(1)	-	-	(32)
Other income and expenses	(10)	(21)	0	(1)	0	(32)
Operating income	41	74	42	41	(16)	182
Equity in income of affiliates	-	(2)	-	-	-	(2)
Intangible assets and property, plant, and equipment additions	15	93	23	7	4	142
Of which: recurring capital expenditure	15	88	23	7	4	137

INFORMATION BY SEGMENT

End of September 2024

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	2,068	2,681	1,890	603	29	7,271
EBITDA	321	541	247	174	(75)	1,208
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(65)	(263)	(93)	(32)	(5)	(458)
Recurring operating income (REBIT)	256	278	154	142	(80)	750
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	(81)	(27)	(5)	-	-	(113)
Other income and expenses	(25)	(64)	0	(1)	(11)	(101)
Operating income	150	187	149	141	(91)	536
Equity in income of affiliates	-	(4)	-	-	-	(4)
Intangible assets and property, plant, and equipment additions*	48	276	71	14	27	436
Of which: recurring capital expenditure*	48	276	71	14	27	436

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

End of September 2023

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	2,072	2,705	1,850	636	29	7,292
EBITDA	286	517	258	173	(64)	1,170
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(62)	(207)	(94)	(38)	(4)	(405)
Recurring operating income (REBIT)	224	310	164	135	(68)	765
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	(77)	(13)	(5)	-	-	(95)
Other income and expenses	(22)	(37)	(1)	(1)	(10)	(71)
Operating income	125	260	158	134	(78)	599
Equity in income of affiliates	-	(7)	-	-	-	(7)
Intangible assets and property, plant, and equipment additions	48	230	62	15	11	366
Of which: recurring capital expenditure	48	213	62	15	11	349

CONSOLIDATED CASH FLOW STATEMENT

End of September 2024

End of September 2023

(In millions of euros)

Operating cash flows

Net income	349	402
Depreciation, amortization and impairment of assets	582	512
Other provisions and deferred taxes	16	(70)
(Gains)/losses on sales of long-term assets	3	(29)
Undistributed affiliate equity earnings	4	7
Change in working capital	(262)	(27)
Other changes	22	15
Cash flow from operating activities	714	810

Investing cash flows

Intangible assets and property, plant, and equipment additions	(436)	(366)
Change in fixed asset payables	(75)	(131)
Acquisitions of operations, net of cash acquired	(29)	(66)
Increase in long-term loans	(63)	(45)
Total expenditures	(603)	(608)
Proceeds from sale of intangible assets and property, plant, and equipment	5	8
Proceeds from sale of operations, net of cash transferred	—	32
Repayment of long-term loans	52	56
Total divestitures	57	96
Cash flow from investing activities	(546)	(512)

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	—	0
Purchase of treasury shares	(24)	(32)
Issuance of hybrid bonds	399	—
Redemption of hybrid bonds	(400)	—
Dividends paid to parent company shareholders	(261)	(253)
Interest paid to bearers of subordinated perpetual notes	(16)	(16)
Dividends paid to non-controlling interests and buyout of minority interests	(2)	(3)
Increase in long-term debt	494	397
Decrease in long-term debt	(764)	(63)
Increase / (Decrease) in short-term debt	327	(31)
Cash flow from financing activities	(247)	(1)
Net increase/(decrease) in cash and cash equivalents	(79)	297
Effect of exchange rates and changes in scope	29	11
Cash and cash equivalents at beginning of period	2,045	1,592
Cash and cash equivalents at end of the period	1,995	1,900

CONSOLIDATED BALANCE SHEET

30 September 2024

31 December 2023

(In millions of euros)

	<u>30 September 2024</u>	<u>31 December 2023</u>
ASSETS		
Goodwill	3,011	3,040
Intangible assets, net	2,331	2,416
Property, plant and equipment, net	3,735	3,730
Equity affiliates: investments and loans	11	13
Other investments	56	52
Deferred tax assets	111	157
Other non-current assets	258	251
TOTAL NON-CURRENT ASSETS	9,513	9,659
Inventories	1,392	1,208
Accounts receivable	1,412	1,261
Other receivables and prepaid expenses	195	170
Income tax receivables	106	142
Other current financial assets	24	32
Cash and cash equivalents	1,995	2,045
Assets held for sale	19	—
TOTAL CURRENT ASSETS	5,143	4,858
TOTAL ASSETS	14,656	14,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	750	750
Paid-in surplus and retained earnings	6,402	6,304
Treasury shares	(44)	(21)
Translation adjustments	97	170
SHAREHOLDERS' EQUITY - GROUP SHARE	7,205	7,203
Non-controlling interests	247	252
TOTAL SHAREHOLDERS' EQUITY	7,452	7,455
Deferred tax liabilities	407	436
Provisions for pensions and other employee benefits	391	397
Other provisions and non-current liabilities	429	416
Non-current debt	3,540	3,734
TOTAL NON-CURRENT LIABILITIES	4,767	4,983
Accounts payable	993	1,036
Other creditors and accrued liabilities	472	392
Income tax payables	71	83
Other current financial liabilities	23	27
Current debt	866	541
Liabilities related to assets held for sale	12	—
TOTAL CURRENT LIABILITIES	2,437	2,079
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,656	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	-	-	-	-	(277)	-	-	-	(277)	(2)	(279)
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Capital decrease by cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(271,070)	(24)	(24)	-	(24)
Cancellation of purchased treasury shares	-	-	-	-	-	-	-	-	-	-	-
Grants of treasury shares to employees	-	-	-	-	(1)	-	12,601	1	0	-	0
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	21	-	-	-	21	-	21
Issuance of hybrid bonds	-	-	-	400	(1)	-	-	-	399	-	399
Redemption of hybrid bonds	-	-	-	(400)	-	-	-	-	(400)	-	(400)
Other	-	-	-	-	3	-	-	-	3	1	4
Transactions with shareholders	-	-	-	0	(255)	-	(258,469)	(23)	(278)	(1)	(279)
Net income	-	-	-	-	342	-	-	-	342	7	349
Total income and expense recognized directly through equity	-	-	-	-	11	(73)	-	-	(62)	(11)	(73)
Comprehensive income	-	-	-	-	353	(73)	-	-	280	(4)	276
At 30 September 2024	75,043,514	750	1,067	700	4,635	97	(487,370)	(44)	7,205	247	7,452

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 September 2024	End of September 2023	3 rd quarter 2024	3 rd quarter 2023
OPERATING INCOME	536	599	184	182
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(113)	(95)	(38)	(32)
- Other income and expenses	(101)	(71)	(24)	(32)
RECURRING OPERATING INCOME (REBIT)	750	765	246	246
- Recurring depreciation and amortization of tangible and intangible assets	(458)	(405)	(161)	(140)
EBITDA	1,208	1,170	407	386

Details of depreciation and amortization of tangible and intangible assets:

<i>(In millions of euros)</i>	End of September 2024	End of September 2023	3 rd quarter 2024	3 rd quarter 2023
Depreciation and amortization of tangible and intangible assets	(582)	(512)	(200)	(178)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(458)	(405)	(161)	(140)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(113)	(95)	(38)	(32)
Of which: Impairment included in other income and expenses	(11)	12	(1)	(6)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	End of September 2024	End of September 2023	3 rd quarter 2024	3 rd quarter 2023
NET INCOME - GROUP SHARE	342	398	118	114
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(113)	(95)	(38)	(32)
- Other income and expenses	(101)	(71)	(24)	(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	25	23	9	10
- Taxes on other income and expenses	17	14	5	6
- One-time tax effects	(6)	(19)	(2)	(15)
ADJUSTED NET INCOME	520	546	168	177
Weighted average number of ordinary shares	74,699,795	74,636,305		
Weighted average number of potential ordinary shares	75,114,108	75,043,514		
ADJUSTED EARNINGS PER SHARE (in euros)	6.96	7.32	2.25	2.38
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	6.92	7.28	2.23	2.36

RECURRING CAPITAL EXPENDITURE

<i>(In millions of euros)</i>	End of September 2024	End of September 2023	3 rd quarter 2024	3 rd quarter 2023
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	436	366	167	142
- Exceptional capital expenditure	—	17	—	5
- Investments relating to portfolio management operations	—	—	—	—
- Capital expenditure with no impact on net debt	—	—	—	—
RECURRING CAPITAL EXPENDITURE	436	349	167	137

CASH FLOWS

<i>(In millions of euros)</i>	End of September 2024	End of September 2023	3 rd quarter 2024	3 rd quarter 2023
Cash flow from operating activities	714	810	334	393
+ Cash flow from investing activities	(546)	(512)	(160)	(125)
NET CASH FLOW	168	298	174	268
- Net cash flow from portfolio management operations	(42)	(44)	(1)	(5)
FREE CASH FLOW	210	342	175	273
Exceptional capital expenditure	—	(17)	—	(5)
- Non-recurring cash flow	(52)	(77)	(15)	(34)
RECURRING CASH FLOW	262	436	190	312
- Recurring capital expenditure	(436)	(349)	(167)	(137)
OPERATING CASH FLOW	698	785	357	449

Operating cash flow corresponds to recurring cash flow before recurring capital expenditure

Net cash flow from portfolio management operations corresponds to the impact of acquisition and disposal 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 September 2024</u>	<u>End of December 2023</u>
Non-current debt	3,540	3,734
+ Current debt	866	541
- Cash and cash equivalents	1,995	2,045
NET DEBT	2,411	2,230
+ Hybrid bonds	700	700
NET DEBT AND HYBRID BONDS	3,111	2,930

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of September 2024</u>	<u>End of December 2023</u>
Inventories	1,392	1,208
+ Accounts receivable	1,412	1,261
+ Other receivables including income taxes	301	312
+ Other current financial assets	24	32
- Accounts payable	993	1,036
- Other liabilities including income taxes	543	475
- Other current financial liabilities	23	27
WORKING CAPITAL	1,570	1,275

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of September 2024</u>	<u>End of December 2023</u>
Goodwill, net	3,011	3,040
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	6,066	6,146
+ Investments in equity affiliates	11	13
+ Other investments and other non-current assets	314	303
+ Working capital	1,570	1,275
CAPITAL EMPLOYED	10,972	10,777