

Colombes, 7 May 2024

ARKEMA: FIRST-QUARTER 2024 RESULTS

Arkema records robust EBITDA for first-quarter 2024, in line with its full-year guidance, in a broadly unchanged economic environment

- **Sales of €2.3 billion**, down by 7.3% year-on-year:
 - Slight volume growth in the 3 Specialty Materials segments (+2.7%)
 - Good momentum in certain markets such as structural bonding, sports, automotive and energy
 - Negative 8.4% price effect in Specialty Materials, mainly reflecting lower raw material prices and still unfavorable market conditions in upstream acrylics and PVDF
- **EBITDA at €350 million**, down slightly year-on-year (€367 million in Q1'23), supported in particular by the improving performance of industrial adhesives, high performance polymers and the downstream of Coating Solutions, but impacted by lower PVDF and acrylics prices compared with the high comparison base of Q1'23
- **EBITDA margin** up slightly to **15.0%**, reflecting the dynamic management of selling prices and the benefit of the Group's innovation in higher value-added solutions
- **Adjusted net income of €138 million**, representing €1.84 per share (€2.17 in Q1'23)
- **Recurring cash flow of negative €60 million** (negative €21 million in Q1'23), reflecting the usual first-quarter seasonality in working capital
- **Net debt** broadly stable at **€3,063 million** (€2,930 million at end-December 2023) including hybrid bonds and representing around **2x** last-twelve-months **EBITDA**
- **Full-year 2024 guidance confirmed:** the Group confirms its 2024 target of EBITDA estimated at between €1.5 billion and €1.7 billion, with growth weighted more toward the second half of the year, and driven by the ramp-up of major industrial projects and a gradual improvement in market conditions. Second-quarter EBITDA should be slightly up compared with the prior year.
- Continuation of the **targeted acquisition strategy in adhesives**, with the planned acquisition, for an enterprise value of US\$150 million, of Dow's flexible packaging laminating adhesives business (sales of US\$250 million)

Following Arkema's Board of Directors' meeting held on 6 May 2024 to review the Group's consolidated financial information for the first quarter of 2024, Chairman and CEO Thierry Le Hénaff said:

"In a context in continuity with that of Q4 2023, financial performance was solid and EBITDA close to that of first-quarter 2023. Arkema focused on tightly managing its operations and continuing to make progress on its main ongoing projects, in order to reap the initial benefits thereof this spring.

The start of 2024 was also marked by a significant new milestone for our Adhesive Solutions segment, with the highly value-creative planned acquisition of Dow's adhesives business for flexible packaging. With its leading technologies and top-quality manufacturing facilities, this product line will perfectly complement our offering in high-tech industrial adhesives, as was the case with the acquisition of Ashland's adhesives two years ago.

Finally, we are continuing our efforts to decarbonize our value chain with the signature of several new green electricity supply agreements."

KEY FIGURES FOR FIRST-QUARTER 2024

<i>in millions of euros</i>		Q1'24	Q1'23	Change
Sales		2,341	2,524	-7.3%
EBITDA		350	367	-4.6%
Specialty Materials		342	347	-1.4%
Intermediates		39	49	-20.4%
Corporate		-31	-29	
EBITDA margin		15.0%	14.5%	
Specialty Materials		15.7%	15.1%	
Intermediates		24.7%	22.5%	
Recurring operating income (REBIT)		202	234	-13.7%
REBIT margin		8.6%	9.3%	
Adjusted net income		138	162	-14.8%
Adjusted net income per share (in €)		1.84	2.17	-15.2%
Recurring cash flow		-60	-21	
Free cash flow		-82	-46	
Net debt including hybrid bonds <i>€2,930m as of 31/12/2023</i>		3,063	2,389	

FIRST-QUARTER 2024 BUSINESS PERFORMANCE

At **€2,341 million**, Group **sales** declined by 7.3% compared with first-quarter 2023, impacted primarily by a negative 7.2% price effect, which reflects lower raw materials and still unfavorable market conditions in upstream acrylics and PVDF. Broadly stable at a negative 0.2% in an environment of continued weak demand, volumes rose by 2.7% in Specialty Materials, up in each of the three segments, and were down in Intermediates. Certain markets, such as structural bonding, batteries, automotive, energy and sports were well oriented, while construction seems to be stabilizing at a low level. The 1.8% positive scope effect is linked to the acquisition of PIAM in Advanced Materials and, to a lesser extent, Polytec PT and Arc Building Products in Adhesive Solutions. Finally, the currency effect was a negative 1.7%, reflecting essentially the depreciation of the yuan and the US dollar against the euro.

Against a still high comparison base in upstream acrylics and PVDF in first-quarter 2023, Group **EBITDA** decreased slightly to **€350 million** (€367 million in Q1'23), supported by improving performances in industrial adhesives, high performance polymers and the downstream of Coating Solutions. The Group's **EBITDA margin** rose to **15.0%** (14.5% in Q1'23) despite the decline observed in upstream acrylics, benefiting from the evolution of the portfolio towards higher value-added solutions and reflecting the dynamic management of selling prices.

Recurring operating income (REBIT) of **€202 million** (€234 million in Q1'23) included €148 million in recurring depreciation and amortization, up €15 million compared with first-quarter 2023, mainly reflecting the consolidation of PIAM and the start-up of new production units. In first-quarter 2024, the **REBIT margin** thus amounted to 8.6% (9.3% in Q1'23).

Taking into account a tax rate excluding exceptional items of 22% of recurring operating income, **adjusted net income** amounted to **€138 million** (€162 million in Q1'23), i.e. **€1.84** per share.

CASH FLOW AND NET DEBT AT 31 MARCH 2024

Recurring cash flow of **negative €60 million** (negative €21 million in Q1'23) included the usual business seasonality of the first quarter. At end-March 2024, working capital remained well controlled and represented 16.1% of annualized sales (16.3% at end-March 2023). Recurring cash flow also included increased capital expenditure compared with the prior year at €99 million (€82 million in Q1'23), incorporating notably investments linked to the new industrial projects announced at the Capital Markets Day, namely DMDS in the United States, organic peroxides in China and the decarbonization of acrylics production in France.

Free cash flow was a **negative €82 million** (negative €46 million in Q1'23), including a non-recurring cash outflow of €22 million related in particular to start-up costs for the Singapore platform.

Cash flow from portfolio management operations represented a net outflow of **€21 million**, corresponding mainly to the acquisition of Arc Building Products. Last year it amounted to a positive €30 million and included the proceeds from the disposal of Febex.

As a result, **net debt** (including hybrid bonds) came in at **€3,063 million** (€2,930 million at end-2023), and the net debt to last-twelve-months EBITDA ratio was stable compared with the end of last year, standing at around 2x.

In addition, on 14 March 2024, Arkema successfully issued €400 million of perpetual hybrid bonds with a 4.8% coupon and a first call option that can be exercised by the Group after 5 years, thus anticipating the refinancing of one of its two outstanding hybrid bond issues amounting to €400 million with a first call date of 17 September 2024. The amount of hybrid bonds included in net debt therefore amounted to €1.1 billion at end-March 2024.

FIRST-QUARTER 2024 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (29% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q1'24	Q1'23	Change
Sales	680	698	-2.6%
EBITDA	105	93	+12.9%
EBITDA margin	15.4%	13.3%	
Recurring operating income (REBIT)	82	72	+13.9%
REBIT margin	12.1%	10.3%	

Sales in the Adhesive Solutions segment amounted to **€680 million**, down by 2.6% year-on-year, reflecting a negative 3.7% price effect in a context of decreasing raw material prices, and a negative 1.6% currency effect. The segment's volumes rose by 1.7%, supported by increased demand in structural adhesives and packaging in all three key regions around the world, with construction activity slightly down. The scope effect was a positive 1.0%, corresponding to the integration of Polytec PT and Arc Building Products.

At **€105 million**, **EBITDA** was up sharply by 12.9% compared with first-quarter 2023, and **EBITDA margin** improved by 210 bps to reach the very good level of **15.4%**. This good performance was driven by dynamic pricing management, operational excellence actions, the successful integration of acquisitions and the development of higher value-added solutions.

ADVANCED MATERIALS (38% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q1'24	Q1'23	Change
Sales	878	937	-6.3%
EBITDA	162	160	+1.3%
EBITDA margin	18.5%	17.1%	
Recurring operating income (REBIT)	80	93	-14.0%
REBIT margin	9.1%	9.9%	

At **€878 million, sales** in the Advanced Materials segment were down by 6.3% compared with first-quarter 2023. Volumes were up 1.6%, supported mainly by positive momentum in High Performance Polymers in Asia, notably in the battery, automotive and sports markets, and overall solid volumes in Performance Additives. At negative 9.9%, the price effect reflects lower raw materials and the prior year's still high comparison base for PVDF prices. The scope effect linked to the integration of PIAM amounted to a positive 4.1% and the currency effect was a negative 2.1%.

EBITDA for the segment was stable at **€162 million** (€160 million in Q1'23), supported by the integration of PIAM and the solid performance of the segment's other businesses, which offset the expected decline in PVDF relative to the higher first-quarter 2023 level. The **EBITDA margin** rose to **18.5%** (17.1% in Q1'23).

COATING SOLUTIONS (26% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q1'24	Q1'23	Change
Sales	615	661	-7.0%
EBITDA	75	94	-20.2%
EBITDA margin	12.2%	14.2%	
Recurring operating income (REBIT)	44	63	-30.2%
REBIT margin	7.2%	9.5%	

Sales in the Coating Solutions segment were down by 7.0% compared with first-quarter 2023 to **€615 million**. They were impacted by a negative 11.4% price effect, reflecting the evolution of raw materials and less favorable market conditions in upstream acrylics. Volumes were up 5.3%, driven by Coating Additives, notably for industrial markets, and higher volumes in upstream acrylics in Europe. The currency effect was a negative 0.9%.

Down compared with the high comparison base of Q1'23 in upstream acrylics, **EBITDA** came to **€75 million** (€94 million in Q1'23), supported by the segment's downstream activities, Sartomer and rheology additives, whose EBITDA grew thanks to higher volumes. In this context, the **EBITDA margin** stood at **12.2%** (14.2% in Q1'23).

INTERMEDIATES (7% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q1'24	Q1'23	Change
Sales	158	218	-27.5%
EBITDA	39	49	-20.4%
EBITDA margin	24.7%	22.5%	
Recurring operating income (REBIT)	29	36	-19.4%
REBIT margin	18.4%	16.5%	

At **€158 million, sales** in the Intermediates segment were down 27.5% compared with first-quarter 2023, reflecting a 30.7% drop in volumes in a lackluster acrylics context in China, and integrating the mechanical impact of lower refrigerant gas quotas. The positive 5.5% price effect reflects the momentum of refrigerant gases, while the currency effect was a negative 2.3%.

In this environment, Intermediates **EBITDA** came in at **€39 million versus** €49 million in first-quarter 2023 and the **EBITDA margin** stood at a very good level at **24.7%** (22.5% in Q1'23).

FIRST-QUARTER 2024 HIGHLIGHTS

On 2 January 2024, Arkema finalized the acquisition of Irish manufacturer Arc Building Products, specialized in construction adhesives and sealants and which generates around €15 million in annual sales.

On 12 January 2024, Arkema announced that it had acquired a stake in Tiamat, a pioneering start-up in sodium-ion battery technology, which will enable the Group to accelerate the development of technical solutions adapted to these lithium-free batteries.

In addition, on 1 February 2024, Arkema announced it had successfully started up its Pebax® elastomer capacity expansion at its Serquigny site in France, representing a 40% increase in global capacity production and enabling the Group to support its customers' strong growth, particularly in the sports and consumer goods markets.

Finally, as part of the roll-out of its climate plan, Arkema announced on 26 February 2024 that it had signed long-term renewable energy supply contracts for its Calvert City (Kentucky), Beaumont (Texas), Chatham (Virginia) and West Chester (Pennsylvania) sites, as well as for all Bostik sites in the United States. By the end of 2024, around 40% of the electricity required for Arkema's operations in the United States is expected to come from renewable sources, an important step towards achieving the Group's decarbonization target of reducing its Scopes 1 and 2 greenhouse gas emissions by 48.5% by 2030 relative to 2019.

SUBSEQUENT EVENTS

On 2 May 2024, Arkema signed an agreement for an enterprise value of US\$150 million to acquire Dow's flexible packaging laminating adhesives business, one of the leading producers of adhesives for the flexible packaging market, with annual sales of around US\$250 million. This proposed acquisition will significantly expand Arkema's portfolio of solutions for flexible packaging, enabling the Group to become a key player in this attractive market.

In addition, on 17 April 2024, Arkema signed an agreement to acquire a majority stake of nearly 78% in Proionic, a leading start-up in the production and development of ionic liquids. With this acquisition, Arkema completes its broad range of solutions and consolidates its position as a key player in materials regardless of battery technologies.

OUTLOOK FOR 2024

As of today, the macroeconomic environment remains marked by a lack of visibility and ongoing geopolitical tensions, with no clear signs yet of a rebound in demand. In this context, Arkema will focus primarily on internal momentum, and will benefit notably from the second quarter onwards from the gradual ramp-up of several high-stake organic growth projects and of PIAM. Second-quarter EBITDA is expected to be slightly higher relative to second-quarter 2023 and therefore significantly higher than Q1'24.

Complemented by the start-up of the 1233zd fluorospecialties unit in the United States from this summer, the Group's major industrial projects should gradually ramp up and contribute around €60 to €70 million in EBITDA for the full year. The Group confirms that production levels at the PA11 plant in Singapore and the Nutrien HF site are progressing well, and that these units should be fully operational by the end of the second quarter. Benefiting also from its cutting-edge innovation and the positive dynamic in adhesives, Arkema thus reaffirms its full-year guidance and aims to achieve in 2024 a higher EBITDA, estimated at between €1.5 billion and €1.7 billion depending on the level of recovery in demand, and with seasonality more weighted to the second half of the year.

Moreover, the Group will continue to implement its strategic roadmap unveiled at the Capital Markets Day in September 2023, paying particular attention to the implementation of its other major industrial projects, namely the increase in organic peroxide capacity in China, the construction of the DMDS unit in the United States, and the decarbonization of acrylics production in France. It will also continue to strengthen, in partnership with its customers, its innovation efforts in solutions for a less carbonized and more sustainable world, and pursue the implementation of its climate plan.

Further details concerning the Group's first-quarter 2024 results are provided in the "First-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

15 May 2024: Annual general meeting

1 August 2024: Publication of first-half 2024 results

6 November 2024: Publication of third-quarter 2024 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 materials 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 31 March 2024 as reviewed by Arkema's Board of Directors on 6 May 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.

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ARKEMA financial statements

Consolidated financial information - At the end of March 2024

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

CONSOLIDATED INCOME STATEMENT

	<u>1st quarter 2024</u>	<u>1st quarter 2023</u>
<i>(In millions of euros)</i>		
Sales	2,341	2,524
Operating expenses	(1,873)	(2,022)
Research and development expenses	(69)	(70)
Selling and administrative expenses	(235)	(229)
Other income and expenses	(29)	(7)
Operating income	135	196
Equity in income of affiliates	(1)	(3)
Financial result	(18)	(19)
Income taxes	(36)	(41)
Net income	80	133
Attributable to non-controlling interests	1	1
Net income - Group share	79	132
<i>Earnings per share (amount in euros)</i>	<i>0.99</i>	<i>1.70</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>0.99</i>	<i>1.69</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>1st quarter 2024</u>	<u>1st quarter 2023</u>
Net income	80	133
Hedging adjustments	(15)	(18)
Other items	0	-
Deferred taxes on hedging adjustments and other items	0	2
Change in translation adjustments	57	(90)
Other recyclable comprehensive income	42	(106)
Impact of remeasuring unconsolidated investments	-	-
Actuarial gains and losses	13	(4)
Deferred taxes on actuarial gains and losses	(3)	0
Other non-recyclable comprehensive income	10	(4)
Total income and expenses recognized directly in equity	52	(110)
Total comprehensive income	132	23
Attributable to non-controlling interest	(5)	1
Total comprehensive income - Group share	137	22

INFORMATION BY SEGMENT

1st quarter 2024

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	680	878	615	158	10	2,341
EBITDA	105	162	75	39	(31)	350
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(23)	(82)	(31)	(10)	(2)	(148)
Recurring operating income (REBIT)	82	80	44	29	(33)	202
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	(27)	(9)	(2)	-	-	(38)
Other income and expenses	(5)	(23)	0	-	(1)	(29)
Operating income	50	48	42	29	(34)	135
Equity in income of affiliates	-	(1)	-	-	-	(1)
Intangible assets and property, plant, and equipment additions	11	63	7	15	3	99
Of which: recurring capital expenditure	11	63	7	15	3	99

1st quarter 2023

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	698	937	661	218	10	2,524
EBITDA	93	160	94	49	(29)	367
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(21)	(67)	(31)	(13)	(1)	(133)
Recurring operating income (REBIT)	72	93	63	36	(30)	234
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	(25)	(5)	(1)	-	-	(31)
Other income and expenses	(7)	10	(1)	0	(9)	(7)
Operating income	40	98	61	36	(39)	196
Equity in income of affiliates	-	(3)	-	-	-	(3)
Intangible assets and property, plant, and equipment additions	15	52	14	3	5	89
Of which: recurring capital expenditure	15	45	14	3	5	82

CONSOLIDATED CASH FLOW STATEMENT

End of March 2024

End of March 2023

(In millions of euros)

Operating cash flows

Net income	80	133
Depreciation, amortization and impairment of assets	189	164
Other provisions and deferred taxes	(14)	(2)
(Gains)/losses on sales of long-term assets	5	(26)
Undistributed affiliate equity earnings	1	3
Change in working capital	(185)	(136)
Other changes	9	7
Cash flow from operating activities	85	143

Investing cash flows

Intangible assets and property, plant, and equipment additions	(99)	(89)
Change in fixed asset payables	(71)	(107)
Acquisitions of operations, net of cash acquired	(19)	0
Increase in long-term loans	(10)	(8)
Total expenditures	(199)	(204)
Proceeds from sale of intangible assets and property, plant, and equipment	1	3
Change in fixed asset receivables	1	-
Proceeds from sale of operations, net of cash transferred	-	32
Repayment of long-term loans	9	10
Total divestitures	11	45
Cash flow from investing activities	(188)	(159)

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	-	-
Purchase of treasury shares	(4)	(5)
Issuance of hybrid bonds	399	-
Dividends paid to parent company shareholders	-	-
Interest paid to bearers of subordinated perpetual notes	(5)	(5)
Dividends paid to non-controlling interests and buyout of minority interests	-	-
Increase in long-term debt	2	395
Decrease in long-term debt	(730)	(20)
Increase / (Decrease) in short-term debt	706	(40)
Cash flow from financing activities	368	325
Net increase/(decrease) in cash and cash equivalents	265	309
Effect of exchange rates and changes in scope	6	16
Cash and cash equivalents at beginning of period	2,045	1,592
Cash and cash equivalents at end of the period	2,316	1,917

CONSOLIDATED BALANCE SHEET

31 March 2024

31 December 2023

(In millions of euros)

	<u>31 March 2024</u>	<u>31 December 2023</u>
ASSETS		
Goodwill	3,043	3,040
Intangible assets, net	2,423	2,416
Property, plant and equipment, net	3,746	3,730
Equity affiliates: investments and loans	11	13
Other investments	54	52
Deferred tax assets	154	157
Other non-current assets	254	251
TOTAL NON-CURRENT ASSETS	9,685	9,659
Inventories	1,326	1,208
Accounts receivable	1,465	1,261
Other receivables and prepaid expenses	172	170
Income tax receivables	143	142
Other current financial assets	10	32
Cash and cash equivalents	2,316	2,045
Assets held for sale	-	-
TOTAL CURRENT ASSETS	5,432	4,858
TOTAL ASSETS	15,117	14,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	750	750
Paid-in surplus and retained earnings	6,781	6,304
Treasury shares	(25)	(21)
Translation adjustments	233	170
SHAREHOLDERS' EQUITY - GROUP SHARE	7,739	7,203
Non-controlling interests	247	252
TOTAL SHAREHOLDERS' EQUITY	7,986	7,455
Deferred tax liabilities	450	436
Provisions for pensions and other employee benefits	383	397
Other provisions and non-current liabilities	411	416
Non-current debt	3,032	3,734
TOTAL NON-CURRENT LIABILITIES	4,276	4,983
Accounts payable	1,068	1,036
Other creditors and accrued liabilities	409	392
Income tax payables	92	83
Other current financial liabilities	39	27
Current debt	1,247	541
Liabilities related to assets held for sale	-	-
TOTAL CURRENT LIABILITIES	2,855	2,079
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,117	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 January 1, 2024	75,043,514	750	1,067	700	4,537	170	(228,901)	(21)	7,203	252	7,455
Cash dividend	—	—	—	—	(5)	—	—	—	(5)	—	(5)
Issuance of share capital	—	—	—	—	—	—	—	—	—	—	—
Capital decrease by cancellation of treasury shares	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—	—	(50,000)	(4)	(4)	—	(4)
Cancellation of purchased treasury shares	—	—	—	—	—	—	—	—	—	—	—
Grants of treasury shares to employees	—	—	—	—	—	—	—	—	—	—	—
Sale of treasury shares	—	—	—	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	8	—	—	—	8	—	8
Issuance of hybrid bonds	—	—	—	400	(1)	—	—	—	399	—	399
Redemption of hybrid bonds	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	1	—	—	—	1	0	1
Transactions with shareholders	—	—	—	400	3	—	(50,000)	(4)	399	—	399
Net income	—	—	—	—	79	—	—	—	79	1	80
Total income and expense recognized directly through equity	—	—	—	—	(5)	63	—	—	58	(6)	52
Comprehensive income	—	—	—	—	74	63	—	—	137	(5)	132
At March 31, 2024	75,043,514	750	1,067	1,100	4,614	233	(278,901)	(25)	7,739	247	7,986

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>	<u>End of March 2024</u>	<u>End of March 2023</u>
OPERATING INCOME	135	196
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(38)	(31)
- Other income and expenses	(29)	(7)
RECURRING OPERATING INCOME (REBIT)	202	234
- Recurring depreciation and amortization of tangible and intangible assets	(148)	(133)
EBITDA	350	367

Details of depreciation and amortization of tangible and intangible assets:

<i>(In millions of euros)</i>	<u>End of March 2024</u>	<u>End of March 2023</u>
Depreciation and amortization of tangible and intangible assets	(189)	(164)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(148)	(133)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(38)	(31)
Of which: Impairment included in other income and expenses	(3)	0

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	<u>End of March 2024</u>	<u>End of March 2023</u>
NET INCOME - GROUP SHARE	79	132
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(38)	(31)
- Other income and expenses	(29)	(7)
- 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	9	6
- Taxes on other income and expenses	1	4
- One-time tax effects	(2)	(2)
ADJUSTED NET INCOME	138	162
- Weighted average number of ordinary shares	74,800,943	74,790,424
- Weighted average number of potential ordinary shares	75,043,514	75,043,514
ADJUSTED EARNINGS PER SHARE (in euros)	1.84	2.17
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	1.84	2.16

RECURRING CAPITAL EXPENDITURE

<i>(In millions of euros)</i>	<u>End of March 2024</u>	<u>End of March 2023</u>
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	99	89
- Exceptional capital expenditure	-	7
- Investments relating to portfolio management operations	-	-
- Capital expenditure with no impact on net debt	-	-
RECURRING CAPITAL EXPENDITURE	99	82

CASH FLOWS

<i>(In millions of euros)</i>	<u>End of March 2024</u>	<u>End of March 2023</u>
Cash flow from operating activities	85	143
+ Cash flow from investing activities	(188)	(159)
NET CASH FLOW	(103)	(16)
- Net cash flow from portfolio management operations	(21)	30
FREE CASH FLOW	(82)	(46)
- Exceptional capital expenditure	-	(7)
- Non-recurring cash flow	(22)	(18)
RECURRING CASH FLOW	(60)	(21)
- Recurring capital expenditure	(99)	(82)
OPERATING CASH FLOW	39	61

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 March 2024</u>	<u>End of december 2023</u>
Non-current debt	3,032	3,734
+ Current debt	1,247	541
- Cash and cash equivalents	2,316	2,045
NET DEBT	1,963	2,230
+ Hybrid bonds	1,100	700
NET DEBT AND HYBRID BONDS	3,063	2,930

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of March 2024</u>	<u>End of December 2023</u>
Inventories	1,326	1,208
+ Accounts receivable	1,465	1,261
+ Other receivables including income taxes	315	312
+ Other current financial assets	10	32
- Accounts payable	1,068	1,036
- Other liabilities including income taxes	501	475
- Other current financial liabilities	39	27
WORKING CAPITAL	1,508	1,275

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of March 2024</u>	<u>End of December 2023</u>
Goodwill, net	3,043	3,040
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	6,169	6,146
+ Investments in equity affiliates	11	13
+ Other investments and other non-current assets	308	303
+ Working capital	1,508	1,275
CAPITAL EMPLOYED	11,039	10,777