

Colombes, 10 November 2021

ARKEMA: THIRD-QUARTER 2021 RESULTS

Supported by accelerating demand for innovative, high-performance materials, in an environment marked by strong inflation of raw materials and supply chain disruptions, Group EBITDA rose by a significant 54.4% year-on-year, and is well above the pre-Covid level of 2019. This performance reflects in particular the evolution in the Group's profile towards Specialty Materials and its unique positioning to provide technological solutions that address the major challenges linked to sustainable development.

- Group **sales of €2.4 billion**, up, at constant scope and currency, nearly 30% *versus* 2020 and approximately 17% *versus* 2019:
 - Accelerating demand for cutting-edge and sustainable solutions, notably in batteries, material lightweighting and design, high-performance bonding and more environmentally friendly products
 - Solid growth in volumes (+5.3% *versus* Q3'20) in an operating context marked by the shortage of an increasing number of raw materials and logistics constraints in Asia and the United States
 - In a context of strong raw materials and energy inflation, significant increase in selling prices (+23.8% *versus* Q3'20), reflecting the Group's initiatives to adapt to the situation, as well as an improved product mix
- **EBITDA of €474 million**, up by a strong 54.4% compared to Q3'20, and **EBITDA margin of close to 20%**, a record level for a third quarter:
 - Specialty Materials' EBITDA up 57.1% to €421 million, with growth across all segments, and well above the pre-Covid level (+34.9% *versus* Q3'19)
 - Intermediates' EBITDA of €74 million, benefiting from favorable market conditions that more than offset the negative scope effect related to the PMMA divestment
- **Adjusted net income** multiplied by 2.4 at **€258 million**, representing €3.44 per share
- **Net debt of €1.255 billion** (including €700 million in hybrid bonds), representing 0.8x last-twelve-months EBITDA, integrating a **recurring cash flow** ⁽¹⁾ of **€236 million**
- New step in the strategy to refocus on Specialty Materials with the acquisition of Ashland's performance adhesives business on 31 August
- **Full-year targets** significantly raised again: for 2021, Arkema is now targeting growth of at least 40% in Specialty Materials' EBITDA relative to 2020 at constant scope and currency ⁽²⁾, resulting in a new forecast for Group EBITDA at around €1.6 billion

⁽¹⁾ Recurring cash flow corresponds to free cash flow before exceptional items. It excludes non-recurring items and exceptional capital expenditure

⁽²⁾ With the assumption of a €/€ exchange rate of 1.2 for 2021, the impact on 2020 EBITDA is estimated at a negative €30 million for Specialty Materials and a negative €10 million for Intermediates

Following Arkema's Board of Directors' meeting, held on 9 November 2021 to review the Group's consolidated financial information for the third quarter of 2021, Chairman and CEO Thierry Le Hénaff said:

"We can be proud of Arkema's strong financial performance, achieved in a complex and demanding operating environment. I would like to particularly thank our teams, as these results reflect both their high quality work and their faultless level of commitment.

It is our whole sustainable growth strategy which really stands out. Our Specialty Materials are fully benefiting from their positioning on societal megatrends. We are seeing our developments accelerate structurally across many high-stake markets, such as batteries, 3D printing, eco-friendly paint, sports, home comfort and electronics.

Moreover, we are actively continuing the roll-out of our 2024 strategy and the refocusing of the Group toward Specialty Materials. Thus, by acquiring Ashland's performance adhesives business, we will strengthen our Adhesive Solutions segment with this first-class activity, which through its technological know-how, will enable Bostik to accelerate its growth. The divestment of our epoxides business to Cargill is also in line with our pro-active management of the portfolio.

These positive developments make us truly confident about the future. In this fast-changing world, our cutting-edge innovation in high-performance materials for sustainable solutions, our current and prospective major industrial projects, and our bolt-on acquisition policy provide us with many growth opportunities."

KEY FIGURES FOR THIRD-QUARTER 2021

<i>in millions of euros</i>		Q3'21	Q3'20	Change
Sales		2,398	1,909	+25.6%
EBITDA		474	307	+54.4%
Specialty Materials		421	268	+57.1%
Intermediates		74	55	+34.5%
Corporate		-21	-16	
EBITDA margin		19.8%	16.1%	
Specialty Materials		20.1%	16.9%	
Intermediates		24.7%	17.5%	
Recurring operating income (REBIT)		343	171	+100.6%
REBIT margin		14.3%	9.0%	
Adjusted net income		258	109	+136.7%
Adjusted net income per share (in €)		3.44	1.42	+142.3%
Recurring cash flow		236	311	-24.1%
Free cash flow		74	285	-74.0%
Net debt including hybrid bonds		1,255	1,869	
<small>€1,910m as of 31/12/2020</small>				

THIRD-QUARTER 2021 BUSINESS PERFORMANCE

Sales rose **25.6%** year-on-year to **€2,398 million**. At constant scope and currency, sales were up 29.1% compared to last year and 17.2% *versus* Q3'19. Despite shortages in an increasing number of raw materials, particularly in Adhesive Solutions, and certain logistics constraints in Asia and the United States, volumes rose by 5.3%, supported by accelerating demand for sustainable, high-performance materials used in applications relating to societal megatrends. Driven by the Group's innovation and technological know-how, growth remained strong in the battery, consumer goods, electronics and transportation markets, although a slowdown was observed in the automotive sector. The oil & gas and paper markets remained lower year-on-year. The 23.8% positive price effect reflects the continuation of the Group's active policy to pass on in its sales prices the significant inflation in raw materials, energy and logistics costs, tight market conditions in the acrylics chain, as well as mix improvement through the development of high value-added products. The scope effect was a negative 4.6%, as the divestment of PMMA was only partially offset by acquisitions in Adhesive Solutions and Advanced Materials. The currency effect was limited (+1.1%). In third-quarter 2021, Specialty Materials sales accounted for 87.5% of total Group sales (83% in Q3'20).

EBITDA was up sharply by almost 55% to **€474 million**, despite a negative scope effect of approximately €30 million and a complex operating environment. This very good performance, driven by the increase in volumes, particularly in High Performance Polymers and Coating Solutions, and by the improved product mix toward solutions with high technological content, is also a reflection of the Group's positioning in structurally growing applications and markets. Supported by price increases in each segment in an environment of high inflation in raw materials, energy and transportation costs, and benefiting from a favorable context in acrylics, all segments grew significantly, also reflecting the diversity of the Group's end markets and geographic exposure. Specialty Materials' EBITDA came in at €421 million, up by a sharp 57.1% year-on-year and by 34.9% *versus* Q3'19.

In this context, the Group's **EBITDA margin**, up 370 bps to **19.8%**, reached a record level for a third quarter.

At **€343 million**, **recurring operating income (REBIT)** doubled year-on-year. This figure includes recurring depreciation and amortization of €131 million, down €5 million compared to third-quarter 2020, primarily due to the scope effect. The **REBIT margin** improved significantly by 530 bps to reach **14.3%**.

Adjusted net income rose very sharply to **€258 million**, representing **€3.44** per share, *versus* €109 million in Q3'20. For the first nine months of the year, excluding exceptional items, the tax rate came in at 20% of recurring operating income.

CASH FLOW AND NET DEBT AT 30 SEPTEMBER 2021

In third-quarter 2021, Arkema reported **recurring cash flow** of **€236 million** (€311 million in third-quarter 2020). This figure includes an outflow of €103 million (inflow of €158 million in Q3'20), linked to the increase in working capital in a context marked by a strong inflation of raw materials prices and a progressive rebuilding of inventories relative to a particularly low level at the end of June. At end-September 2021, working capital remained tightly controlled and represented 12.3% of annualized sales (13.9% at end-September 2020 and 16.4% at end-September 2019), a ratio that is still below the normative level in a context of sustained demand and tightness in certain raw materials. Recurring cash flow also includes recurring capital expenditure of €111 million, virtually stable year-on-year (€105 million in Q3'20).

Free cash flow came in at **€74 million** (€285 million in Q3'20) and includes a non-recurring outflow of €98 million corresponding mainly to the payment of part of the capital gains tax linked to the divestment of PMMA. The free cash flow figure also includes the ramp-up of exceptional capital expenditure (€64 million *versus* €33 million in Q3'20), relating to the bio-based polyamides unit in Singapore and the hydrofluoric acid supply project with Nutrien in the United States.

At 30 September 2021, including hybrid bonds, **net debt of €1.255 billion** was stable *versus* 30 June 2021 (€1.28 billion) and the net debt (including hybrid bonds) to last-twelve-months EBITDA ratio stood at 0.8x.

THIRD-QUARTER 2021 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (24% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'21	Q3'20	Change
Sales	568	516	+10.1%
EBITDA	79	73	+8.2%
EBITDA margin	13.9%	14.1%	
Recurring operating income (REBIT)	63	57	+10.5%
REBIT margin	11.1%	11.0%	

Sales of the Adhesive Solutions segment totaled **€568 million**, up 10.1% relative to third-quarter 2020. In a context of robust demand in the construction market and in high-performance industrial applications, volumes were impacted by difficulties to source raw materials and logistics constraints, particularly in the United States and in Asia. They fell 2.3% compared to the high comparison base of Q3'20, which was supported by a strong rebound in the construction market. Up 6.6%, the price effect reflected the Group's actions to pass on the sustained inflation in raw materials. The 4.8% positive scope effect corresponds to the integration of Fixatti, Ideal Work, Poliplas and Edge Adhesives Texas, and the currency effect was a positive 1.0%.

At **€79 million**, **EBITDA** for the segment was up 8.2% relative to third-quarter 2020, and the **EBITDA margin** remained at a very high level of **13.9%**, stable compared to the prior year (14.1% in Q3'20) despite the mechanical dilutive impact of price increases on this ratio. This robust performance integrates the benefits of pricing actions to offset increases in raw material prices, and also reflects operational excellence actions, the repositioning toward higher added-value applications, and the integration of bolt-on acquisitions. In this context, which is less favorable than expected, the Group is maintaining its 14% EBITDA margin target for the full year, representing an increase of almost 100 bps compared to last year.

ADVANCED MATERIALS (32.5% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'21	Q3'20	Change
Sales	781	603	+29.5%
EBITDA	174	127	+37.0%
EBITDA margin	22.3%	21.1%	
Recurring operating income (REBIT)	111	66	+68.2%
REBIT margin	14.2%	10.9%	

At **€781 million**, **sales** of the Advanced Materials segment were up a very significant 29.5% year-on-year. With volumes up 13.3%, the Advanced Materials segment continued to benefit from the strong increase in volumes of High Performance Polymers linked to major sustainable trends, notably in batteries, sports and bio-based consumer goods. Performance Additives recorded more moderate growth, impacted by health restrictions in Malaysia, and soft demand in the oil & gas and paper markets. The price effect was up by a sharp 14.6%, reflecting price increase initiatives in the context of raw materials inflation and an improved product mix toward high-performance applications. The 0.8% positive scope effect reflects the integration of Agiplast. The currency effect on the segment was a positive 0.8% over the quarter.

In this context of accelerating demand for sustainable, high-performance materials, **EBITDA** for the segment was up 37.0% year-on-year to **€174 million**, far exceeding the pre-Covid level of Q3'19 (€159 million). This figure reflects the strong dynamic of new business development in solutions for sustainable development, while the automotive (excluding batteries) and oil & gas markets were less supportive. The **EBITDA margin** reached the high level of **22.3%** (21.1% in Q3'20 and 22.5% in Q3'19).

COATING SOLUTIONS (31% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'21	Q3'20	Change
Sales	742	469	+58.2%
EBITDA	168	68	+147.1%
EBITDA margin	22.6%	14.5%	
Recurring operating income (REBIT)	138	39	+253.8%
REBIT margin	18.6%	8.3%	

At **€742 million, sales** of the Coating Solutions segment were up sharply by 58.2% compared to last year. Despite the impact of the shortage of certain raw materials, volumes increased by 5.8%, driven by continued strong demand in decorative paints, industrial coatings, 3D printing, graphic arts and electronics. The positive 52.4% price effect is linked both to price actions implemented in downstream product lines to offset the strong inflation in raw materials, and relative tightness of the acrylics market. The currency effect was neutral on third-quarter 2021 sales.

With a very sharp rise in **EBITDA** to **€168 million** (€68 million in Q3'20 and €82 million in Q3'19), the Coating Solutions segment delivered another very good quarter. It benefited from accelerating demand for more environmentally friendly and higher added-value solutions, as well as from improved market conditions in the acrylics. In this favorable environment, the **EBITDA margin** remained at a very high level at **22.6%** (14.5% in third-quarter 2020 and 15.4% in third-quarter 2019).

INTERMEDIATES (12.5% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q3'21	Q3'20	Change
Sales	300	315	-4.8%
EBITDA	74	55	+34.5%
EBITDA margin	24.7%	17.5%	
Recurring operating income (REBIT)	53	27	+96.3%
REBIT margin	17.7%	8.6%	

At **€300 million, sales** of the Intermediates segment decreased by 4.8% year-on-year. The divestment of the PMMA business, finalized in May 2021, resulted in a negative scope effect of 37.5%. The price effect for the quarter was significant (+27.6%), mainly reflecting more favorable market conditions for acrylics in Asia and an improvement in Fluorogases in the United States. Volumes in the segment grew by 1.6%, held back by the reduction in acrylics production toward the end of the quarter, following the Chinese authorities' measures aimed at limiting energy consumption. The currency effect was a positive 3.5%.

Intermediates **EBITDA** increased by 34.5% to **€74 million**, and the **EBITDA margin** came in at **24.7%** compared to 17.5% in the prior-year period.

THIRD-QUARTER 2021 HIGHLIGHTS

In line with the Group's ambition to become a pure Specialty Materials player by 2024, Arkema announced on 31 August 2021 the proposed acquisition of Ashland's performance adhesives business, a first-class leader in high-performance adhesives in the United States. With sales of around US\$ 360 million ⁽³⁾ and EBITDA at the very high level of around US\$ 95 million ⁽³⁾ in 2021, Ashland offers a portfolio of high-performance adhesive solutions in high value-added industrial applications. The offer was made on the basis of a US\$ 1,650 million enterprise value, or 15x estimated 2021 EBITDA ⁽³⁾ after taking into account the tax benefits linked to the structure of the transaction. The EV/EBITDA multiple is reduced to 8.7 by 2026 including pre-tax synergies, estimated at 12.5% of sales. This acquisition also allows Arkema to revise upwards the 2024 profitability target of the Adhesive Solutions segment, which now aims for an EBITDA margin above 17%, among the best in the industry, and sales exceeding €3 billion.

On 27 September 2021, Arkema also announced the proposed divestment of its epoxides business to Cargill, a leader in agricultural products and services, pursuing the repositioning of its portfolio on its core businesses.

Moreover, in September 2021, the Group received an ESG score of 67/100 from the V.E (Vigeo Eiris) rating agency, placing it in the top percentile of companies across all sectors, thereby recognizing its performance in Corporate Social Responsibility.

Finally, on 6 July 2021, Arkema announced that it had acquired a stake in Verkor, a French start-up specialized in the production of high-performance batteries. Arkema, a key player thanks to its cutting-edge materials and the innovative solutions that it provides in batteries, in particular for electric vehicles, is thus strengthening its development in batteries and clean mobility.

SUBSEQUENT EVENTS

In parallel with its major project to increase global capacity of bio-based polyamide 11 by 50% in Singapore, on 11 October 2021, Arkema announced the construction of a polyamide 11 powders plant on its Changshu platform in China, scheduled to come on stream in the first quarter of 2023. This investment will further support the growing demand for advanced bio-circular materials in Asia and is included in the €450 million exceptional capital expenditure envelope dedicated to polyamide expansion in Asia.

OUTLOOK FOR 2021

Activity in the fourth quarter of 2021 is expected to be in line with the previous few months. Operational performance will continue to be impacted by the unavailability and inflation of certain raw materials, logistical difficulties and rising energy and transportation costs. These factors will continue to guide the Group's selling price policy. The automotive sector will also remain impacted by the shortage of electronic components, and energy restrictions in China could temporarily reduce demand in the region.

While remaining attentive to the evolution of the macro-economic context, Arkema will continue to greatly benefit from the repositioning of its portfolio towards Specialty Materials and from the very positive momentum driven by major sustainable trends, particularly in the fields of materials lightweighting, clean mobility, natural resource management, and living comfort and home efficiency.

⁽³⁾ Including *pro forma* adjustments

Taking all of these elements into account, the Group is once again significantly raising its annual guidance. Arkema is now aiming for growth of at least 40% in Specialty Materials' EBITDA in 2021 relative to 2020 at constant scope and currency ⁽⁴⁾, versus the 30% announced at the first-half 2021 financial results publication. Group EBITDA should therefore reach around €1.6 billion for the full year. In addition, the Group confirms its full year EBITDA margin target of 14% for the Adhesive Solutions segment, an increase of one percentage point compared to 2020, thus demonstrating the segment's resilience in an exceptional context of strong raw materials inflation and shortages.

Finally, the Group will continue to implement its strategy in line with its ambition to become a pure sustainable and high-performance Specialty Materials player by 2024.

Further details concerning the Group's third-quarter 2021 results are provided in the "Third-quarter 2021 results and outlook" presentation and the Factsheet, both available on Arkema's website at: www.finance.arkema.com.

FINANCIAL CALENDAR

24 February 2022: publication of full-year 2021 results

DISCLAIMER

The information disclosed in this press release may contain forward-looking statements with respect to the financial position, results of operations, business and strategy of Arkema.

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

Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented, developments in the Covid-19 situation, and changes in general economic and financial conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des marchés financiers.

Balance sheet, income statement and cash flow statement data, as well as data relating to the statement of changes in shareholders' equity and information by segment included in this press release are extracted from the consolidated financial information at 30 September 2021 reviewed by Arkema's Board of Directors on 9 November 2021. 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.

⁽⁴⁾ With the assumption of a €/€ exchange rate of 1.2 for 2021, the impact on 2020 EBITDA is estimated at a negative €30 million for Specialty Materials and a negative €10 million for Intermediates

For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):

- ⇒ **scope effect:** the impact of changes in the Group’s scope of consolidation, which arise from acquisitions and divestments of entire businesses or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect;
- ⇒ **currency effect:** the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review;
- ⇒ **price effect:** the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review;
- **volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period.

Building on its unique set of expertise in materials science, **Arkema** offers a portfolio of first-class technologies to address ever-growing demand for new and sustainable materials. With the ambition to become in 2024 a pure player in Specialty Materials, the Group is structured into 3 complementary, resilient and highly innovative segments dedicated to Specialty Materials -Adhesive solutions, Advanced Materials, and Coating Solutions- accounting for some 82% of Group sales in 2020, 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 €8 billion in 2020, and operates in some 55 countries with 20,600 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
Caroline Chung	+33 (0)1 49 00 74 37	caroline.chung@arkema.com

Media contacts

Gilles Galinier	+33 (0)1 49 00 70 07	gilles.galinier@arkema.com
Véronique Obrecht	+33 (0)1 49 00 88 41	veronique.obrecht@arkema.com

A French *société anonyme* (limited company) with share capital of €767,364,760 – Registered in Nanterre: RCS 445 074 685 Nanterre

Arkema

420 rue d’Estienne d’Orves
92705 Colombes Cedex
France
P +33 (0)1 49 00 80 80
arkema.com

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ARKEMA financial statements

Consolidated financial information - At the end of September 2021

Consolidated financial statements as of December 2020 have been audited.

CONSOLIDATED INCOME STATEMENT

	<u>3rd quarter 2021</u>	<u>3rd quarter 2020</u>
<i>(In millions of euros)</i>		
Sales	2,398	1,909
Operating expenses	(1,826)	(1,518)
Research and development expenses	(59)	(57)
Selling and administrative expenses	(187)	(177)
Other income and expenses	1	(9)
Operating income	327	148
Equity in income of affiliates	(1)	0
Financial result	(15)	(23)
Income taxes	(64)	(32)
Net income	247	93
Attributable to non-controlling interests	0	1
Net income - Group share	247	92
<i>Earnings per share (amount in euros)</i>	<i>3.19</i>	<i>1.02</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>3.16</i>	<i>1.02</i>

	<u>End of September 2021</u>	<u>End of September 2020</u>
<i>(In millions of euros)</i>		
Sales	7,019	5,899
Operating expenses	(5,407)	(4,729)
Research and development expenses	(178)	(177)
Selling and administrative expenses	(574)	(561)
Other income and expenses	709	84
Operating income	1,569	516
Equity in income of affiliates	0	(1)
Financial result	(43)	(68)
Income taxes	(327)	(156)
Net income	1,199	291
Attributable to non-controlling interests	2	2
Net income - Group share	1,197	289
<i>Earnings per share (amount in euros)</i>	<i>15.57</i>	<i>3.60</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>15.47</i>	<i>3.59</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>3rd quarter 2021</u>	<u>3rd quarter 2020</u>
Net income	247	93
Hedging adjustments	6	17
Other items	-	-
Deferred taxes on hedging adjustments and other items	(1)	(3)
Change in translation adjustments	82	(92)
Other recyclable comprehensive income	87	(78)
Impact of remeasuring unconsolidated investments	(1)	-
Actuarial gains and losses	(5)	(12)
Deferred taxes on actuarial gains and losses	0	2
Other non-recyclable comprehensive income	(6)	(10)
Total income and expenses recognized directly in equity	81	(88)
Total comprehensive income	328	5
Attributable to non-controlling interest	1	0
Total comprehensive income - Group share	327	5

<i>(In millions of euros)</i>	<u>End of September 2021</u>	<u>End of September 2020</u>
Net income	1,199	291
Hedging adjustments	(19)	25
Other items	-	-
Deferred taxes on hedging adjustments and other items	(1)	(3)
Change in translation adjustments	174	(128)
Other recyclable comprehensive income	154	(106)
Impact of remeasuring unconsolidated investments	(3)	-
Actuarial gains and losses	62	(50)
Deferred taxes on actuarial gains and losses	(14)	12
Other non-recyclable comprehensive income	45	(38)
Total income and expenses recognized directly in equity	199	(144)
Total comprehensive income	1,398	147
Attributable to non-controlling interest	4	1
Total comprehensive income - Group share	1,394	146

INFORMATION BY SEGMENT

3rd quarter 2021

<i>(In millions of euros)</i>	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	568	781	742	300	7	2,398
EBITDA	79	174	168	74	(21)	474
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(16)	(63)	(30)	(21)	(1)	(131)
Recurring operating income (REBIT)	63	111	138	53	(22)	343
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(12)	(4)	(1)	-	-	(17)
Other income and expenses	(5)	(1)	0	4	3	1
Operating income	46	106	137	57	(19)	327
Equity in income of affiliates	-	0	-	(1)	-	(1)
Intangible assets and property, plant, and equipment additions	15	108	22	26	5	176
Of which: recurring capital expenditure	15	56	21	14	5	111

3rd quarter 2020

<i>(In millions of euros)</i>	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	516	603	469	315	6	1,909
EBITDA	73	127	68	55	(16)	307
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(16)	(61)	(29)	(28)	(2)	(136)
Recurring operating income (REBIT)	57	66	39	27	(18)	171
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	(8)	(4)	(2)	-	-	(14)
Other income and expenses	(7)	(2)	-	(1)	1	(9)
Operating income	42	60	37	26	(17)	148
Equity in income of affiliates	-	1	-	(1)	-	0
Intangible assets and property, plant, and equipment additions	18	64	19	34	4	139
Of which: recurring capital expenditure	18	47	18	18	4	105

INFORMATION BY SEGMENT

End of September 2021

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,698	2,213	2,021	1,066	21	7,019
EBITDA	247	494	403	236	(70)	1,310
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(48)	(186)	(88)	(72)	(5)	(399)
Recurring operating income (REBIT)	199	308	315	164	(75)	911
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	(36)	(11)	(4)	-	-	(51)
Other income and expenses	(34)	(115)	(13)	880	(9)	709
Operating income	129	182	298	1,044	(84)	1,569
Equity in income of affiliates	-	1	-	(1)	-	0
Intangible assets and property, plant, and equipment additions	43	267	47	92	12	461
Of which: recurring capital expenditure	43	141	43	37	12	276

End of September 2020

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,484	1,883	1,422	1,091	19	5,899
EBITDA	192	373	192	189	(53)	893
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(46)	(185)	(89)	(92)	(6)	(418)
Recurring operating income (REBIT)	146	188	103	97	(59)	475
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)	(12)	(5)	-	-	(43)
Other income and expenses	(36)	(20)	(3)	183	(40)	84
Operating income	84	156	95	280	(99)	516
Equity in income of affiliates	-	(1)	-	0	-	(1)
Intangible assets and property, plant, and equipment additions	52	147	48	96	11	354
Of which: recurring capital expenditure	52	102	46	51	11	262

CONSOLIDATED CASH FLOW STATEMENT

End of September 2021

End of September 2020

(In millions of euros)

Operating cash flows

Net income	1,199	291
Depreciation, amortization and impairment of assets	571	576
Other provisions and deferred taxes	34	42
(Gains)/losses on sales of long-term assets	(960)	(247)
Undistributed affiliate equity earnings	0	1
Change in working capital	(248)	133
Other changes	11	21
Cash flow from operating activities	607	817

Investing cash flows

Intangible assets and property, plant, and equipment additions	(461)	(354)
Change in fixed asset payables	(14)	(54)
Acquisitions of operations, net of cash acquired	(41)	(94)
Increase in long-term loans	(20)	(26)
Total expenditures	(536)	(528)
Proceeds from sale of operations, net of cash transferred	12	3
Variation des créances sur cession d'immobilisations	0	-
Proceeds from sale of intangible assets and property, plant, and equipment	1,122	327
Proceeds from sale of unconsolidated investments	8	-
Repayment of long-term loans	44	58
Total divestitures	1,186	388
CASH FLOW FROM INVESTING ACTIVITIES	650	(140)

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	-	7
Purchase of treasury shares	(240)	(21)
Issuance of hybrid bonds	-	299
Rachat d'obligations hybrides	-	-
Dividends paid to parent company shareholders	(191)	(168)
Interest paid to bearers of subordinated perpetual notes	(15)	(14)
Dividends paid to non-controlling interests	(2)	(2)
Increase in long-term debt	7	3
Decrease in long-term debt	(46)	(58)
Increase / (Decrease) in short-term debt	(57)	(531)
CASH FLOW FROM FINANCING ACTIVITIES	(544)	(485)

Net increase/(decrease) in cash and cash equivalents	713	192
Effect of exchange rates and changes in scope	(14)	48
Cash and cash equivalents at beginning of period	1,587	1,407
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,286	1,647

CONSOLIDATED BALANCE SHEET

30 September 2021

31 December 2020

(In millions of euros)

ASSETS

Goodwill	1,911	1,933
Intangible assets, net	1,500	1,433
Property, plant and equipment, net	2,906	2,828
Equity affiliates: investments and loans	29	29
Other investments	55	57
Deferred tax assets	150	159
Other non-current assets	196	209
TOTAL NON-CURRENT ASSETS	6,747	6,648
Inventories	1,254	881
Accounts receivable	1,394	1,131
Other receivables and prepaid expenses	177	163
Income tax receivables	67	70
Other current financial assets	67	40
Cash and cash equivalents	2,286	1,587
Assets held for sale	4	191
TOTAL CURRENT ASSETS	5,249	4,063
TOTAL ASSETS	11,996	10,711

LIABILITIES AND SHAREHOLDERS' EQUITY

Share capital	767	767
Paid-in surplus and retained earnings	5,395	4,458
Treasury shares	(245)	(6)
Translation adjustments	140	(32)
SHAREHOLDERS' EQUITY - GROUP SHARE	6,057	5,187
Non-controlling interests	52	48
TOTAL SHAREHOLDERS' EQUITY	6,109	5,235
Deferred tax liabilities	347	320
Provisions for pensions and other employee benefits	514	530
Other provisions and non-current liabilities	406	383
Non-current debt	2,673	2,663
TOTAL NON-CURRENT LIABILITIES	3,940	3,896
Accounts payable	1,097	987
Other creditors and accrued liabilities	439	339
Income tax payables	191	69
Other current financial liabilities	52	15
Current debt	168	134
Liabilities related to assets held for sale	-	36
TOTAL CURRENT LIABILITIES	1,947	1,580
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,996	10,711

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In millions of euros)</i>	Shares issued					Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount	Paid-in surplus	Hybrid bonds	Number			Amount				
At 1 January 2021	76,736,476	767	1,272	700	2,486	(32)	(59,756)	(6)	5,187	48	5,235	
Cash dividend	-	-	-	-	(206)	-	-	-	(206)	(2)	(208)	
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares	-	-	-	-	-	-	(2,277,309)	(240)	(240)	-	(240)	
Annulation d'actions propres	-	-	-	-	-	-	-	-	-	-	-	
Grants of treasury shares to employees	-	-	-	-	(1)	-	14,722	1	-	-	-	
Cessions d'actions propres	-	-	-	-	-	-	-	-	-	-	-	
Share-based payments	-	-	-	-	13	-	-	-	13	-	13	
Issuance of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	
Redemption of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	(91)	-	-	-	(91)	2	(89)	
Transactions with shareholders	-	-	-	-	(285)	-	(2,262,587)	(239)	(524)	-	(524)	
Net income	-	-	-	-	1,197	-	-	-	1,197	2	1,199	
Total income and expense recognized directly through equity	-	-	-	-	25	172	-	-	197	2	199	
Comprehensive income	-	-	-	-	1,222	172	-	-	1,394	4	1,398	
At 30 September 2021	76,736,476	767	1,272	700	3,423	140	(2,322,343)	(245)	6,057	52	6,109	

ALTERNATIVE PERFORMANCE INDICATORS

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

RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of September 2021	End of September 2020	3 rd quarter 2021	3 rd quarter 2020
OPERATING INCOME	1,569	516	327	148
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(51)	(43)	(17)	(14)
- Other income and expenses	709	84	1	(9)
RECURRING OPERATING INCOME (REBIT)	911	475	343	171
- Recurring depreciation and amortization of tangible and intangible assets	(399)	(418)	(131)	(136)
EBITDA	1,310	893	474	307

Details of depreciation and amortization of tangible and intangible assets:

(In millions of euros)	End of September 2021	End of September 2020	3 rd quarter 2021	3 rd quarter 2020
Depreciation and amortization of tangible and intangible assets	(571)	(576)	(150)	(154)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(399)	(418)	(131)	(136)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(51)	(43)	(17)	(14)
Of which: Impairment included in other income and expenses	(121)	(115)	(2)	(4)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of September 2021	End of September 2020	3 rd quarter 2021	3 rd quarter 2020
NET INCOME - GROUP SHARE	1,197	289	247	92
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(51)	(43)	(17)	(14)
- Other income and expenses	709	84	1	(9)
- 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	12	10	4	3
- Taxes on other income and expenses	(162)	(61)	(4)	3
- One-time tax effects	5	-	5	-
ADJUSTED NET INCOME	684	299	258	109
- Weighted average number of ordinary shares	75,865,209	76,424,364		
- Weighted average number of potential ordinary shares	76,316,982	76,690,590		
ADJUSTED EARNINGS PER SHARE (€)	9.02	3.91	3.44	1.42
DILUTED ADJUSTED EARNINGS PER SHARE (€)	8.96	3.90	3.41	1.42

RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of September 2021	End of September 2020	3 rd quarter 2021	3 rd quarter 2020
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	461	354	176	139
- Exceptional capital expenditure	181	90	64	33
- Investments relating to portfolio management operations	-	-	-	-
- Capital expenditure with no impact on net debt	4	2	1	1
RECURRING CAPITAL EXPENDITURE	276	262	111	105

FREE CASH FLOW

(In millions of euros)	End of September 2021	End of September 2020	3 rd quarter 2021	3 rd quarter 2020
Cash flow from operating activities	607	817	174	401
+ Cash flow from investing activities	650	(140)	(110)	(121)
NET CASH FLOW	1,257	677	64	280
- Net cash flow from portfolio management operations	886	142	(10)	(5)
FREE CASH FLOW	371	535	74	285
- Non-recurring cash flow including exceptional capital expenditure	(163)	(47)	(162)	(26)
RECURRING CASH FLOW	534	582	236	311

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

NET DEBT

<i>(In millions of euros)</i>	<u>End of September 2021</u>	<u>End of December 2020</u>
Non-current debt	2,673	2,663
+ Current debt	168	134
- Cash and cash equivalents	2,286	1,587
NET DEBT	555	1,210
+ Hybrid bonds	700	700
NET DEBT AND HYBRID BONDS	1,255	1,910

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of September 2021</u>	<u>End of December 2020</u>
Inventories	1,254	881
+ Accounts receivable	1,394	1,131
+ Other receivables including income taxes	244	233
+ Other current financial assets	67	40
- Accounts payable	1,097	987
- Other liabilities including income taxes	630	408
- Other current financial liabilities	52	15
WORKING CAPITAL	1,180	875

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of September 2021</u>	<u>End of December 2020</u>
Goodwill, net	1,911	1,933
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4,406	4,261
+ Investments in equity affiliates	29	29
+ Other investments and other non-current assets	251	266
+ Working capital	1,180	875
CAPITAL EMPLOYED	7,777	7,364