



Colombes, 6 November 2018

Arkema: Third-quarter 2018 results

- **Sales** up **6.7%** on Q3 2017 (at constant exchange rates and business scope) to **€2,167 million**
- **EBITDA** up **5.4%** on Q3 2017 to **€374 million**
 - A record-high EBITDA performance for a third quarter
 - Growth in all three of the Group's divisions
- **EBITDA margin** resilient at high levels at **17.3%** (17.6% in Q3 2017)
- Strong **18%** increase in **adjusted net income** to **€186 million**, representing **€2.44** per share
- High cash flow generation, with **€227 million** in **free cash flow** in the quarter, and significant decrease in **net debt** to **€1,167 million** (from €1,372 million at 30 June 2018)
- Outlook for full-year 2018 confirmed

Arkema's Board of Directors met on 5 November 2018 to review the Group's consolidated financial statements for the third quarter of 2018. At the close of the meeting, Chairman and CEO Thierry Le Hénaff stated:

"Arkema delivered a very good financial performance, with adjusted net income rising 18% in a volatile global economic environment. In this context, we are proud to announce our best-ever third-quarter performance, with EBITDA coming in at €374 million, representing a further increase on the excellent third quarter of 2017. Our high level of cash generation enabled us to keep our net debt well under control at 0.8 times the last 12 months' EBITDA."

These results demonstrate the quality of the Group's business portfolio as well as its resilience. Arkema continues to benefit from the quality of its innovation and of its industrial projects in its specialty businesses, as well as the competitiveness and positioning of its intermediate chemicals businesses."

THIRD-QUARTER 2018 KEY FIGURES

<i>(In millions of euros)</i>	3Q'18	3Q'17	YoY change
Sales	2,167	2,019	+7.3%
EBITDA	374	355	+5.4%
EBITDA margin	17.3%	17.6%	
Recurring depreciation and amortization	(109)	(108)	+0.9%
Recurring operating income (REBIT)	265	247	+7.3%
REBIT margin	12.2%	12.2%	
Operating income (EBIT)	249	223	+11.7%
Adjusted net income	186	158	+17.7%
Net income - Group share	174	142	+22.5%
Adjusted net income per share (in €)	2.44	2.08	+17.3%
Weighted average number of ordinary shares	76,190,768	75,664,785	

THIRD-QUARTER 2018 PERFORMANCE

At **€2,167 million**, sales rose 7.3 % year on year. At constant exchange rates and business scope, the 6.7% growth reflected the priority given by the Group to raising its selling prices (positive 6.6% price effect), particularly in its downstream businesses where raw material prices continued to rise during third-quarter 2018 before leveling off towards the end of the period. Volumes were stable overall year on year, reflecting the combined impact of the pro-active price raising policy, regulations in Fluorogases and customers' more cautious approach towards the end of the quarter. The scope effect was a positive 0.9%, corresponding to the bolt-on acquisitions carried out in the adhesives business, and the currency effect was limited (-0.3%).

At **€374 million**, EBITDA was 5.4% higher than the excellent performance delivered in third-quarter 2017. All three divisions reported EBITDA growth, reflecting the good resilience of the specialty businesses and a very robust performance from intermediate chemicals businesses. The **EBITDA margin** reached **17.3%**, close to last year's level (17.6% in third-quarter 2017), reflecting the dilutive effect of higher selling prices on this ratio.

Recurring operating income (REBIT) rose in line with the increase in EBITDA, coming in at **€265 million** against €247 million in the same period of 2017. The third-quarter 2018 figure includes €109 million in recurring depreciation and amortization, stable year on year. At 12.2%, the **REBIT margin** is on a par with third-quarter 2017.

Operating income amounted to **€249 million** and included €8 million in depreciation and amortization related to the revaluation of assets carried out as part of the Bostik, Den Braven and XL Brands purchase price allocation processes, and a net €8 million expense primarily stemming from implementing synergies in adhesives.

The **financial result** represented a net expense of **€26 million**, similar to last year.

The Group's **tax expense** for third-quarter 2018 was **€49 million**, versus €54 million for the same period of 2017. Excluding exceptional items, the tax rate corresponded to 20% of recurring operating income, down significantly on the 25% rate for third-quarter 2017. It reflects the positive impact of the US tax reform and the geographic mix in the Group's earnings.

As a result, **net income – Group share** rose to **€174 million** from €142 million in third-quarter 2017. Excluding the post-tax impact of non-recurring items, **adjusted net income** came to **€186 million**, representing **€2.44** per share (versus €2.08 in third-quarter 2017).

THIRD-QUARTER 2018 PERFORMANCE BY DIVISION

HIGH PERFORMANCE MATERIALS: 46% OF TOTAL GROUP SALES

<i>(In millions of euros)</i>	Q3 2018	Q3 2017	YoY change
Sales	987	955	+3.4%
EBITDA	162	161	+0.6%
EBITDA margin	16.4%	16.9%	
Recurring operating income (REBIT)	123	123	-
REBIT margin	12.5%	12.9%	

At **€987 million, sales** generated by the High Performance Materials division were up 3.4% year on year. At constant exchange rates and business scope, sales grew by 2.4%. The positive 1.9% price effect reflects the Group's continued initiatives to raise selling prices across all businesses. Volumes increased slightly (+0.5%), reflecting last year's high comparison base and the priority given to increasing selling prices. The 2.0% positive scope effect corresponded to the integration in adhesives of XL Brands and Nitta Gelatin's industrial adhesives in Japan. The currency effect was a negative 1.0%, mainly due to the strengthening of the euro against the currencies of some emerging markets.

With **€162 million EBITDA** and **16.4% EBITDA margin**, the High Performance Materials division confirms its resilience in an environment of higher raw materials prices, reflecting innovation in lightweight materials and consumer goods, the integration of bolt-on acquisitions in adhesives and a lower contribution from specialty molecular sieves, as expected.

INDUSTRIAL SPECIALTIES: 30% OF TOTAL GROUP SALES

<i>(In millions of euros)</i>	Q3 2018	Q3 2017	YoY change
Sales	646	594	+8.8%
EBITDA	165	149	+10.7%
EBITDA margin	25.5%	25.1%	
Recurring operating income (REBIT)	121	106	+14.2%
REBIT margin	18.7%	17.8%	

Industrial Specialties **sales** were up 8.8% year on year to **€646 million**. At constant exchange rates and business scope, sales grew 8.1% with a positive 11.4% price effect, fuelled by all four of the division's Business Lines. The volume effect was a negative 3.3%, mainly resulting from lower sales quotas in Fluorogases. The currency effect was slightly positive, at 0.6%.

At **€165 million, EBITDA** was up 10.7% year on year, and the **EBITDA margin** stood at **25.5%**. This performance reflects in particular the benefit from Europe's F-Gas regulation in Fluorogases, a slight normalisation of PMMA towards the end of the quarter as well as the robust performances of Thiochemicals and Hydrogen Peroxide.

COATING SOLUTIONS: 24% OF TOTAL GROUP SALES

<i>(In millions of euros)</i>	Q3 2018	Q3 2017	YoY change
Sales	527	463	+13.8%
EBITDA	65	62	+4.8%
EBITDA margin	12.3%	13.4%	
Recurring operating income (REBIT)	39	36	+8.3%
REBIT margin	7.4%	7.8%	

Coating Solutions **sales** came in at **€527 million**, up 13.8% on third-quarter 2017. At constant exchange rates and business scope, sales increased 13.7% year on year, driven by a 10.2% positive price effect which reflects higher selling prices across the entire acrylics chain and by a 3.5% positive volume effect mainly in Asia and the United States. The currency effect was negligible (+0.1%).

At **€65 million**, **EBITDA** was up 4.8 % year on year, notably driven by the gradual improvement in unit margins in acrylic monomers, in line with the Group's assumptions. Downstream businesses remained, however, impacted by higher raw materials prices, notably for acrylic acid. The **12.3% EBITDA margin** was impacted by the particularly dilutive effect of the Group's higher selling prices on this ratio.

Arkema and Jurong have agreed on the purchase by Arkema of Jurong's interest in Taixing Sunke Chemicals, their joint venture that produces acrylic monomers in China. The Group would thus become the sole shareholder of the company for a limited impact on its net debt estimated at around €70 million, thereby allowing it to manage this activity with greater flexibility. The operation, subject notably to the approval by the competent authorities in China, could be completed in the second quarter of 2019.

CASH FLOW AND NET DEBT AT 30 SEPTEMBER 2018

Arkema generated high **free cash flow** at **€227 million** in the third quarter of 2018 (€274 million in third-quarter 2017), reflecting the Group's good operating performance, the seasonal decrease in working capital of €65 million in a context of rising raw material prices, and €142 million in total capital expenditure, of which €16 million in exceptional investments.

The ratio of working capital to annualized sales was 16.1% at end-September 2018 compared with 15.5% at end-September 2017 and 16.8% at end-September 2016.

As announced at the start of the year, total capital expenditure (recurring and exceptional) is expected to amount to around €550 million for the full-year 2018, including the major long-term projects in PEKK, acrylics, thiochemicals and specialty polyamides in Asia.

Portfolio management operations represented a net cash outflow of €27 million, mainly relating to the acquisitions carried out in adhesives.

Net debt stood at **€1,167 million**, significantly lower than the €1,372 million figure at 30 June 2018. It represented 0.8 times EBITDA of the last 12 months and a gearing of 24%.

HIGHLIGHTS SINCE 30 JUNE 2018

During the third quarter of 2018, Arkema continued to implement its development strategy in adhesives and advanced materials, which are two of its major long-term growth drivers.

The Group continued its bolt-on acquisitions in adhesives, finalizing the acquisition of **Nitta Gelatin Inc.'s industrial adhesives** in Japan, with annual sales of some €30 million. It also completed the acquisition of **Afinittica**, specialized in instant adhesives, also known as cyanoacrylates. This small bolt-on acquisition will enable Bostik to develop a solid position in engineering adhesives, notably for the strong growth potential markets of electronics and medical equipment.

In advanced materials, Arkema announced the creation of a joint venture with **Barrday Inc.**, a major player in the composites market. The new company will manufacture and sell high-performance composite solutions based on carbon fiber and specialty polymers for the growing oil and gas market. The Group also announced the creation of a commercial platform dedicated to **3D printing**. This platform will enable it to speed up the development of its materials portfolio and its service offering dedicated to additive manufacturing. In July 2018, the Group announced the opening of a 3D Printing Excellence Center in the United States.

OUTLOOK FOR 2018

The global macro-economic environment is expected to remain contrasted, marked by different dynamics across end-markets and regions, geopolitical tensions and high raw material prices.

In this context, the Group will continue to focus on its internal momentum. It will benefit in particular from its innovation in advanced materials, the integration of bolt-on acquisitions in adhesives, its policy of raising selling prices to reflect higher raw material costs and its operational excellence initiatives to partly offset fixed cost inflation. The performance of the Group's intermediate chemicals businesses should remain globally robust despite the expected gradual normalisation of PMMA in the fourth quarter.

Taking into account these factors and on the back of its results for the first nine months of the year, Arkema confirms its guidance for full-year 2018 to achieve mid-single digit¹ EBITDA growth compared to the excellent performance achieved in 2017.

FINANCIAL CALENDAR

27 February 2019 Publication of full-year 2018 results

*A designer of materials and innovative solutions, **Arkema** shapes materials and creates new uses that accelerate customer performance. Our balanced business portfolio spans High Performance Materials, Industrial Specialties and Coating Solutions. Our globally recognized brands are ranked among the leaders in the markets we serve. Reporting annual sales of €8.3 billion in 2017, we employ around 20,000 people worldwide and operate in some 50 countries. We are committed to active engagement with all our stakeholders. Our research centers in France, North America and Asia concentrate on advances in bio-based products, new energies, water management, electronic solutions, lightweight materials and design, home efficiency and insulation. www.arkema.com*

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¹ Of around 5%.

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. 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 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.

Data included in this press release about the balance sheet, income statement, cash flow statement and statement of changes in shareholders' equity, as well as information by business division, is extracted from the condensed consolidated financial statements at 30 September 2018 reviewed by Arkema's Board of Directors on 5 November 2018. Quarterly financial information is not audited.

Information by business division 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 the following indicators:

- **REBIT margin:** recurring operating income (REBIT) as a percentage of sales.
- **free cash flow:** cash flow from operating and investing activities excluding the impact of portfolio management.
- **EBITDA to free cash conversion rate:** free cash flow excluding exceptional investments divided by EBITDA. Free cash flow is restated to offset the impact of the raw material environment on changes in working capital.

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.



ARKEMA Financial Statements

Consolidated financial statements - At the end of September 2018

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>3rd quarter 2018</u>	<u>End of September 2018</u>	<u>3rd quarter 2017</u>	<u>End of September 2017</u>
	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Sales	2,167	6,609	2,019	6,369
Operating expenses	(1,669)	(5,046)	(1,557)*	(4,908)*
Research and development expenses	(58)	(176)	(55)	(176)
Selling and administrative expenses	(183)	(553)	(171)	(542)
Other income and expenses	(8)	(12)	(13)*	(20)*
Operating income	249	822	223	723
Equity in income of affiliates	1	2	0	0
Financial result	(26)	(73)	(27)	(78)
Income taxes	(49)	(165)	(54)	(202)
Net income	175	586	142	443
Of which non-controlling interests	1	5	-	4
Net income - Group share	174	581	142	439
<i>Earnings per share (amount in euros)</i>	2.28	7.63	1.88	5.80
<i>Diluted earnings per share (amount in euros)</i>	2.27	7.61	1.88	5.79

* Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses previously included in "Other income and expenses" have been reclassified in "Operating expenses".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>3rd quarter 2018</u>	<u>End of September 2018</u>	<u>3rd quarter 2017</u>	<u>End of September 2017</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Net income	175	586	142	443
Hedging adjustments	(2)	(2)	1	25
Other items	(1)	(1)	-	-
Deferred taxes on hedging adjustments and other items	-	-	-	-
Change in translation adjustments	(14)	14	(48)	(183)
Other recyclable comprehensive income	(17)	11	(47)	(158)
Actuarial gains and losses	1	19	11	16
Deferred taxes on actuarial gains and losses	(1)	(5)	(5)	(5)
Other non-recyclable comprehensive income	-	14	6	11
Total income and expenses recognized directly in equity	(17)	25	(41)	(147)
Comprehensive income	158	611	101	296
Of which: non-controlling interest	-	5	-	1
Comprehensive income - Group share	158	606	101	295

INFORMATION BY BUSINESS DIVISION

(non audited)

3rd quarter 2018

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	987	646	527	7	2,167
Inter-division sales	3	47	21	-	-
Total sales	990	693	548	7	-
EBITDA	162	165	65	(18)	374
Recurring depreciation and amortization	(39)	(44)	(26)	0	(109)
Recurring operating income (REBIT)	123	121	39	(18)	265
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(8)	-	-	-	(8)
Other income and expenses	(9)	(1)	0	2	(8)
Operating income	106	120	39	(16)	249
Equity in income of affiliates	1	-	-	-	1
Intangible assets and property, plant and equipment additions	48	60	27	11	146
Of which Recurring capital expenditure	38	50	27	11	126

3rd quarter 2017

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	955	594	463	7	2,019
Inter-division sales	2	33	18	-	-
Total sales	957	627	481	7	-
EBITDA	161	149	62	(17)	355
Recurring depreciation and amortization	(38)	(43)	(26)	(1)	(108)
Recurring operating income	123	106	36	(18)	247
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(11)	-	-	-	(11)
Other income and expenses	(6)	(4)	(1)	(2)	(13)
Operating income	106	102	35	(20)	223
Equity in income of affiliates	0	0	-	-	0
Intangible assets and property, plant and equipment additions	40	38	18	4	100
Of which Recurring capital expenditure	37	36	18	4	95

INFORMATION BY BUSINESS DIVISION

(non audited)

End of September 2018

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	2,992	2,016	1,581	20	6,609
Inter-division sales	8	141	59	-	
Total sales	3,000	2,157	1,640	20	
EBITDA	515	535	199	(62)	1,187
Recurring depreciation and amortization	(117)	(131)	(77)	(2)	(327)
Recurring operating income (REBIT)	398	404	122	(64)	860
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	-	-	-	(26)
Other income and expenses	(11)	(2)	(2)	3	(12)
Operating income	361	402	120	(61)	822
Equity in income of affiliates	1	1	-	-	2
Intangible assets and property, plant and equipment additions	110	135	53	23	321
Of which Recurring capital expenditure	89	118	53	23	283

End of September 2017

<i>(In millions of euros)</i>	High Performance Materials	Industrial Specialties	Coating Solutions	Corporate	Total
Non-Group sales	2,921	1,939	1,487	22	6,369
Inter-division sales	5	107	55	-	
Total sales	2,926	2,046	1,542	22	
EBITDA	501	465	200	(58)	1,108
Recurring depreciation and amortization	(116)	(132)	(81)	(2)	(331)
Recurring operating income	385	333	119	(60)	777
Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(34)	-	-	-	(34)
Other income and expenses	(14)	(2)	(1)	(3)	(20)
Operating income	337	331	118	(63)	723
Equity in income of affiliates	1	(1)	-	-	0
Intangible assets and property, plant and equipment additions	112	86	45	9	252
Of which Recurring capital expenditure	94	82	45	9	230

CONSOLIDATED BALANCE SHEET

	<u>End of September 2018</u>	<u>End of December 2017</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(audited)</i>
ASSETS		
Intangible assets, net	2,870	2,706
Property, plant and equipment, net	2,488	2,464
Equity affiliates : investments and loans	38	30
Other investments	32	30
Deferred tax assets	145	150
Other non-current assets	269	230
TOTAL NON-CURRENT ASSETS	5,842	5,610
Inventories	1,284	1,145
Accounts receivable	1,332	1,115
Other receivables and prepaid expenses	175	181
Income taxes recoverable	69	70
Other current financial assets	5	17
Cash and cash equivalents	1,339	1,438
TOTAL CURRENT ASSETS	4,204	3,966
TOTAL ASSETS	10,046	9,576
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	765	759
Paid-in surplus and retained earnings	4,046	3,575
Treasury shares	(26)	(2)
Translation adjustments	115	101
SHAREHOLDERS' EQUITY - GROUP SHARE	4,900	4,433
Non-controlling interests	48	41
TOTAL SHAREHOLDERS' EQUITY	4,948	4,474
Deferred tax liabilities	275	271
Provisions for pensions and other employee benefits	439	460
Other provisions and non-current liabilities	412	443
Non-current debt	2,246	2,250
TOTAL NON-CURRENT LIABILITIES	3,372	3,424
Accounts payable	962	965
Other creditors and accrued liabilities	395	377
Income taxes payable	91	82
Other current financial liabilities	18	10
Current debt	260	244
TOTAL CURRENT LIABILITIES	1,726	1,678
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,046	9,576

CONSOLIDATED CASH FLOW STATEMENT

	<u>End of September 2018</u>	<u>End of September 2017</u>
<i>(In millions of euros)</i>	<i>(non audited)</i>	<i>(non audited)</i>
Cash flow - operating activities		
Net income	586	443
Depreciation, amortization and impairment of assets	355	364
Provisions, valuation allowances and deferred taxes	(31)	(16)
(Gains)/losses on sales of assets	(2)	(3)
Undistributed affiliate equity earnings	(2)	1
Change in working capital	(309)	(135)
Other changes	14	4
Cash flow from operating activities	611	658
Cash flow - investing activities		
Intangible assets and property, plant, and equipment additions	(321)	(252)
Change in fixed asset payables	(13)	(48)
Acquisitions of operations, net of cash acquired	(199)	(1)
Increase in long-term loans	(53)	(33)
Total expenditures	(586)	(334)
Proceeds from sale of intangible assets and property, plant and equipment	2	7
Change in fixed asset receivables	-	0
Proceeds from sale of operations, net of cash sold	-	11
Proceeds from sale of unconsolidated investments	-	0
Repayment of long-term loans	15	42
Total divestitures	17	60
Cash flow from investing activities	(569)	(274)
Cash flow - financing activities		
Issuance (repayment) of shares and other equity	51	2
Purchase of treasury shares	(26)	(17)
Dividends paid to parent company shareholders	(176)	(155)
Dividends paid to non-controlling interests	(1)	(2)
Increase in long-term debt	1	910
Decrease in long-term debt	(17)	(17)
Increase/ decrease in short-term borrowings	26	33
Cash flow from financing activities	(142)	754
Net increase/(decrease) in cash and cash equivalents	(100)	1,138
Effect of exchange rates and changes in scope	1	55
Cash and cash equivalents at beginning of period	1,438	623
Cash and cash equivalents at end of period	1,339	1,816

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(non audited)

<i>(In millions of euros)</i>	Shares issued						Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Number	Amount			
At January 1, 2018	75,870,506	759	1,216	689	1,670	101	(33,225)	(2)	4,433	41	4,474
Cash dividend	-	-	-	-	(176)	-	-	-	(176)	(1)	(177)
Issuance of share capital	661,950	6	45	-	-	-	-	-	51	-	51
Purchase of treasury shares	-	-	-	-	-	-	(257,642)	(26)	(26)	-	(26)
Grants of treasury shares to employees	-	-	-	-	(2)	-	28,532	2	-	-	-
Share-based payments	-	-	-	-	15	-	-	-	15	-	15
Other	-	-	-	-	(3)	-	-	-	(3)	3	-
Transactions with shareholders	661,950	6	45	-	(166)	-	(229,110)	(24)	(139)	2	(137)
Net income	-	-	-	-	581	-	-	-	581	5	586
Total income and expense recognized directly through equity	-	-	-	-	11	14	-	-	25	-	25
Comprehensive income	-	-	-	-	592	14	-	-	606	5	611
At September 30, 2018	76,532,456	765	1,261	689	2,096	115	(262,335)	(26)	4,900	48	4,948

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 September 2018</u>	<u>End of September 2017</u>	<u>3rd quarter 2018</u>	<u>3rd quarter 2017</u>
OPERATING INCOME	822	723	249	223
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	(34)	(8)	(11)
- Other income and expenses	(12)	(20)	(8)	(13)
RECURRING OPERATING INCOME (REBIT)	860	777	265	247
- Recurring depreciation and amortization	(327)	(331)	(109)	(108)
EBITDA	1,187	1,108	374	355

Details of depreciation and amortizations:

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of September 2017</u>	<u>3rd quarter 2018</u>	<u>3rd quarter 2017</u>
Depreciation and amortization	(355)	(365)	(119)	(119)
Of which: Recurring depreciation and amortization	(327)	(331)	(109)	(108)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(26)	(34)	(8)	(11)
Of which: Impairment included in other income and expenses	(2)	-	(2)	-

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of September 2017</u>	<u>3rd quarter 2018</u>	<u>3rd quarter 2017</u>
NET INCOME - GROUP SHARE	581	439	174	142
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(26)	(34)	(8)	(11)
- Other income and expenses	(12)	(20)	(8)	(13)
- 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	6	9	2	3
- Taxes on other income and expenses	4	7	2	5
- One-time tax-effects	2	-	-	-
ADJUSTED NET INCOME	607	477	186	158
- Weighted average number of ordinary shares	76,190,768	75,664,785		
- Weighted average number of potential ordinary shares	76,306,477	75,882,662		
ADJUSTED EARNINGS PER SHARE (€)	7.97	6.30	2.44	2.08
DILUTED ADJUSTED EARNINGS PER SHARE (€)	7.95	6.28	2.42	2.08

FREE CASH FLOW

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of September 2017</u>	<u>3rd quarter 2018</u>	<u>3rd quarter 2017</u>
Cash flow from operating activities	611	658	361	343
+ Cash flow from investing activities	(569)	(274)	(161)	(71)
NET CASH FLOW	42	384	200	272
- Net cash flow from portfolio management operations	(201)	(4)	(27)	(2)
FREE CASH FLOW	243	388	227	274

RECURRING INVESTMENTS

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of September 2017</u>	<u>3rd quarter 2018</u>	<u>3rd quarter 2017</u>
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	321	252	146	100
- Exceptional investments	34	4	16	2
- Investments relating to portfolio management operations	4	18	4	3
- Investments with no impact on net debt	-	-	-	-
RECURRING INVESTMENTS	283	230	126	95

NET DEBT

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of December 2017</u>
Non-current debt	2,246	2,250
+ Current debt	260	244
- Cash and cash equivalents	1,339	1,438
NET DEBT	1,167	1,056

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of December 2017</u>
Inventories	1,284	1,145
+ Accounts receivable	1,332	1,115
+ Other receivables including income taxes	244	251
+ Other current financial assets	5	17
- Accounts payable	962	965
- Other liabilities including income taxes	486	459
- Other current financial liabilities	18	10
WORKING CAPITAL	1,399	1,094

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of September 2018</u>	<u>End of December 2017</u>
Goodwill, net	1,621	1,525
+ Intangible assets other than goodwill, and property, plant and equipment,	3,737	3,645
+ Investments in equity affiliates	38	30
+ Other investments and other non-current assets	301	260
+ Working capital	1,399	1,094
CAPITAL EMPLOYED	7,096	6,554