

Asia: a strong priority

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Executive Vice President

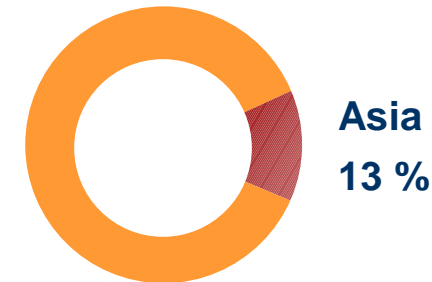


Already a solid position for Arkema

Main sites in Asia



ARKEMA sales in 2006*



- 10 production sites including 5 in China
- Main product lines:
 - H₂O₂, Fluorochemicals, PMMA, Acrylics
 - Functional Additives, Polyamides
- 1 R&D center in Japan
- Capex:
 - > €50m in average for the next 3 years
- 1,300 employees (8% of total workforce)



A selective approach

Five cornerstones to take advantage of Asian Growth

Capitalize on
Arkema's
technology
and know how

Industrial
partnerships

Long term
competitive
access to raw
materials

Build
worldscale
competitive
units

Balance
the risks

*Focus on Arkema's
strongest product lines*

Hydrogen Peroxide in China

Market opportunity

- 🍷 **Growing market in North East Asia:**
 - > 10%/year between 2000 and 2006 in China and expected around 7-8%/year afterwards
 - Regional market with some global customers
- 🍷 **Limited reliable supply:**
 - Small local producers mainly for “lower end” market
 - Limited imports availability (Thailand, Indonesia)
 - Slowdown of capacity expansion announcements from Chinese producers

Arkema's competitive advantages

- 🍷 **Leadership position in H₂O₂**
- 🍷 **World-scale competitive units**
- 🍷 **Manufacturing and process know how**
- 🍷 **Reliability and Quality**

*Capacity increase in 2008
to supply growing market with more & more
global customers (Chemicals, Pulp & Paper)*

ARKEMA SHANGHAI HYDROGEN PEROXIDE

Start up end 2000

- Joint Venture with Shanghai Coking (raw material supplier)
- Ideally located to supply customers
- Initial capacity 33 kT/year expanded to ~40 kT/year

Capacity expansion → ~ 80 kT

- Capitalize on our recognized leading position in China
- Strong market growth
- World-scale unit
- Start-up mid 2008



Acrylics in India

Market opportunity

- 🍷 **Growing market particularly in Asia**
 - Expected growth during the next five years:
 - Around 4-5%/year worldwide
 - Around 8-9%/year in China and India
 - ~ 0,8 to 1MT additional worldwide demand in 5 years
- 🍷 **Supply / demand balance**
 - Improvement of current operating rates (86% in 2007 → >90% in 2010)
 - Limited number of new capacity announcements:
 - BASF in Europe (2008)
 - Chinese producers (2007-2008)
 - India still without local production

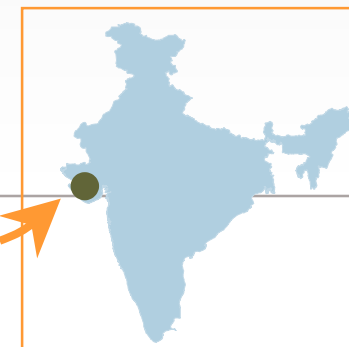
Arkema's position

- 🍷 **Strong position in Acrylics**
- 🍷 **Production platforms in US and Europe**
- 🍷 **Proprietary technology and operational know how**

Creating a world-scale production unit in India, due to start up in 2010, is a real opportunity

MOU signed with ESSAR Chemicals Ltd

- Joint Venture 50/50
- Production of Acrylic acid and esters
- World-scale unit in Vadinar (Gujarat)
- Propylene from ESSAR refinery by pipe
- Supply of local markets (50% of Indian market in Mumbai area)



Vadinar refinery

Polyamides in China

Market opportunity

- 📦 **Growing market in Asia**
 - Sport & leisure
 - Fuel lines
 - Air brakes
 - Textile
- 📦 **Customer oriented business**
 - Technical support from KTC in Japan

Arkema's position

- 📦 **Leading position in this sector**
- 📦 **Monomer integration (C11, C12)**
- 📦 **High performance products**

Invest in China to get closer to customers and benefit from fast developing markets

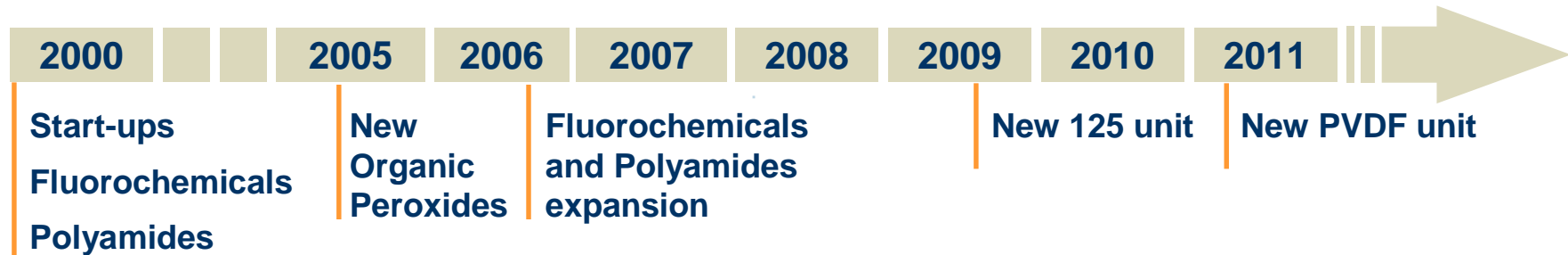
Polyamides production in China

- First production in 1998
- Polymerization unit in 2000
- Rilsan® 11 production in 2006
- Capacity expansion project (x2)
 - Keep pace with local market growth
 - Take advantage of low cost manufacturing base
 - Start up Q3 2007



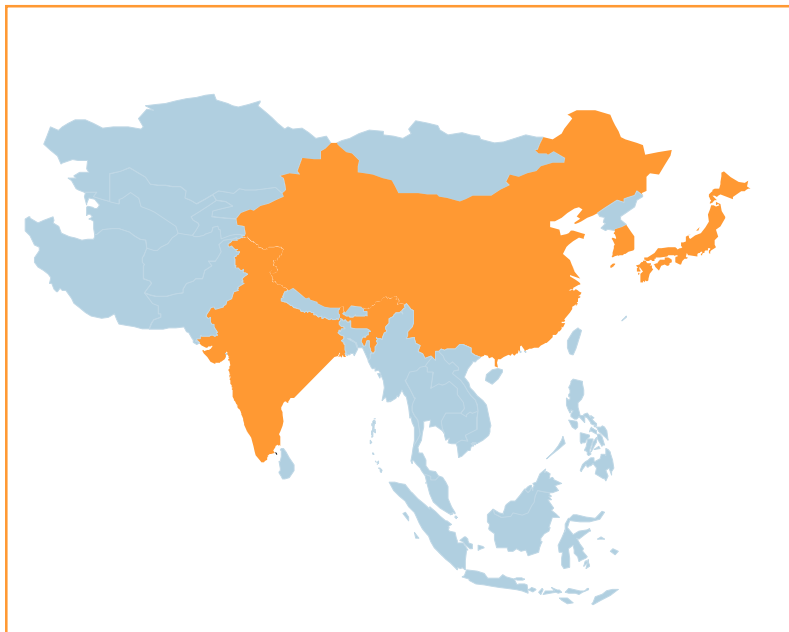
Changshu: a competitive production platform

A platform set to grow



Taking advantage of Asia growth potential

Using our strong starting point to create world scale competitive plants on key product lines



>€50m CAPEX in average for the next three years

% of sales in Asia

