investor day 2010

Finance

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CFO

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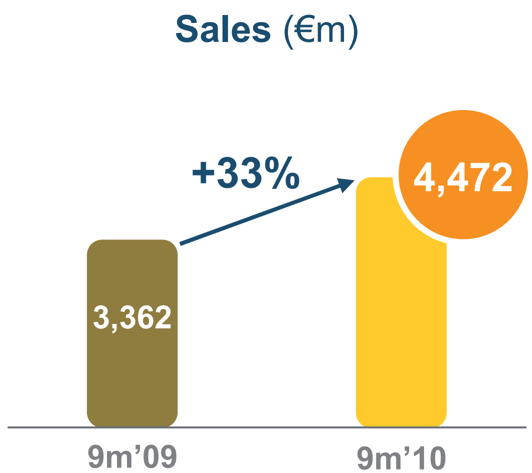
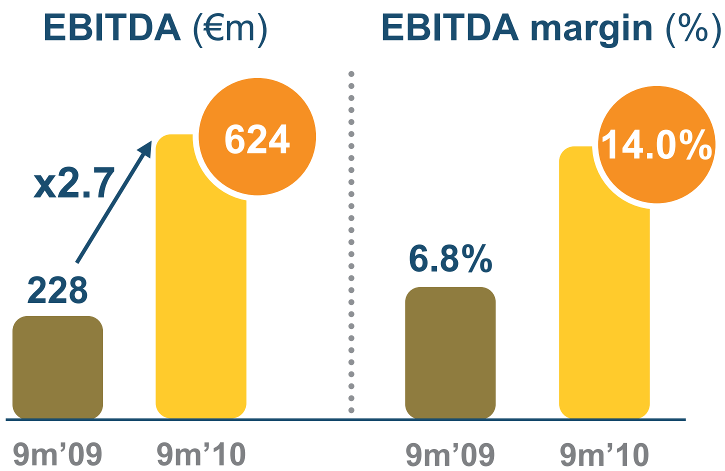
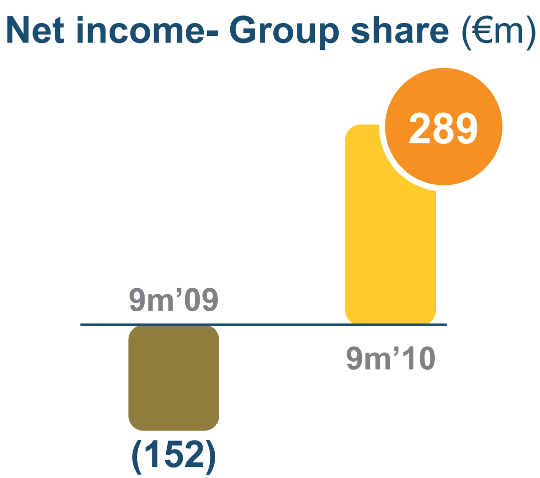
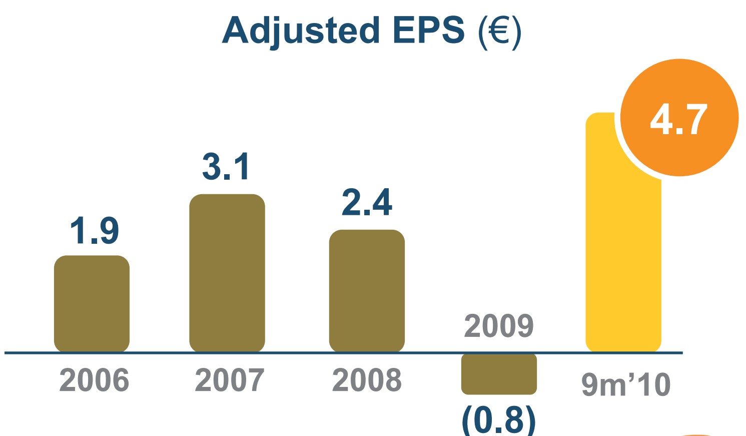
The world is our inspiration

Best performance since spin off









Committed to maintain a strong balance sheet

€m	12/31/07	12/31/08	12/31/09	09/30/10
Net debt	459	495	341	250
Net debt / EBITDA	0.9	1.0	1.1	0.4
Shareholders' equity	1,932	2,018	1,813	2,140
Gearing	24%	25%	19%	12%

- **Excellent track-record**
- **Existing covenant on current credit line: net debt / EBITDA < 3x**
- **Gearing to be maintained below 40%**

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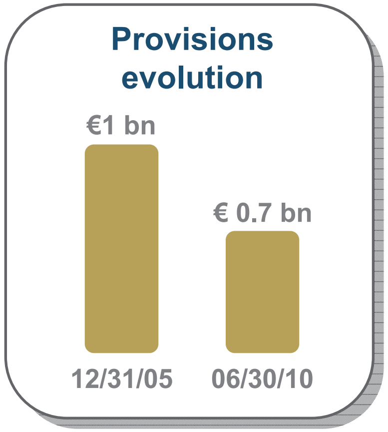
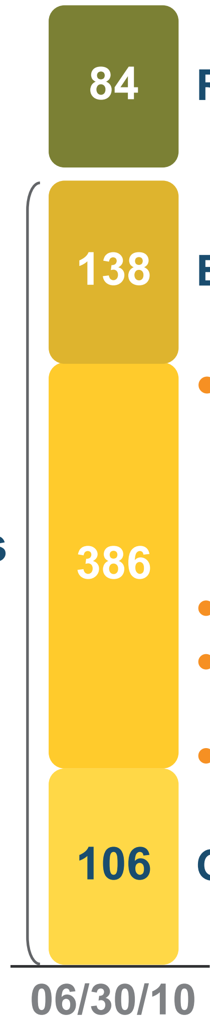
Update on provisions end of June 2010



€714m



Other provisions

€630m

84 – Restructuring provisions

138 – Environmental net of provisions covered by warranties

386
- **Social**
  - Pensions: €278m
  - Healthcare: €58m
  - Long-service awards: €44m
  - Other benefits: €9m
- **Service costs booked through EBITDA: €15m / year**
- **Interest costs & expected return on plan assets booked in financial result**
- **Pension assets: €3m**

106 – Other provisions including litigations

2010 outlook (reminder of 3Q'10 release)

- **FY'10 EBITDA target significantly increased to around €740m**
  - **Market conditions remain well orientated**
  - **Traditional far lower seasonality in 4Q'**
  - **Impact of the external strikes (refineries and Marseille harbor) related to the national pension reform in France estimated at around -€20m (this will mainly concern Vinyls)**
- **FY'10 EBITDA target should result in around 12.5% EBITDA margin**
  - **Above the 12% target set at the spin off, 5 years ago**
  - **Previous high in 2007 with 9.1% EBITDA margin**
- **2010 ROCE will exceed cost of capital**

Cash allocation since spin off

In €bn

Cash from operations	
• Tot. cash flow from operations	1,900
• Working capital decrease	350
• Recurring capex	(1,450)

Use of Cash	
• Restructuring costs	(300)
• M&A (net)	(230)
• Dividend	(120)

Net debt decreased at ~300 end of 2010

Restructuring costs: cash outflows from post spin off restructuring plans

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Six key elements of financial policy

- **Diversify sources of funding**
- **Extend and spread out maturities**
- **Maintain liquidity reserve to cover seasonality of business**
- **Maintain a strong balance sheet**
- **Focus on improving cash flow generation**
- **Maintain investment grade rating**
  - First credit rating in October at BBB- / Baa3, outlook stable

Successful diversification of debt sources

Financial resources end 2009

Revolving credit facility: €1,100m (March 2013)

Local bank loans: €70m

Financial resources end 2010

Bond issue: €500m (October 2017)

Revolving credit facility: €1,100m (March 2013)

Securitization program: €240m (June 2015)

Local bank loans

Average maturity >3 years

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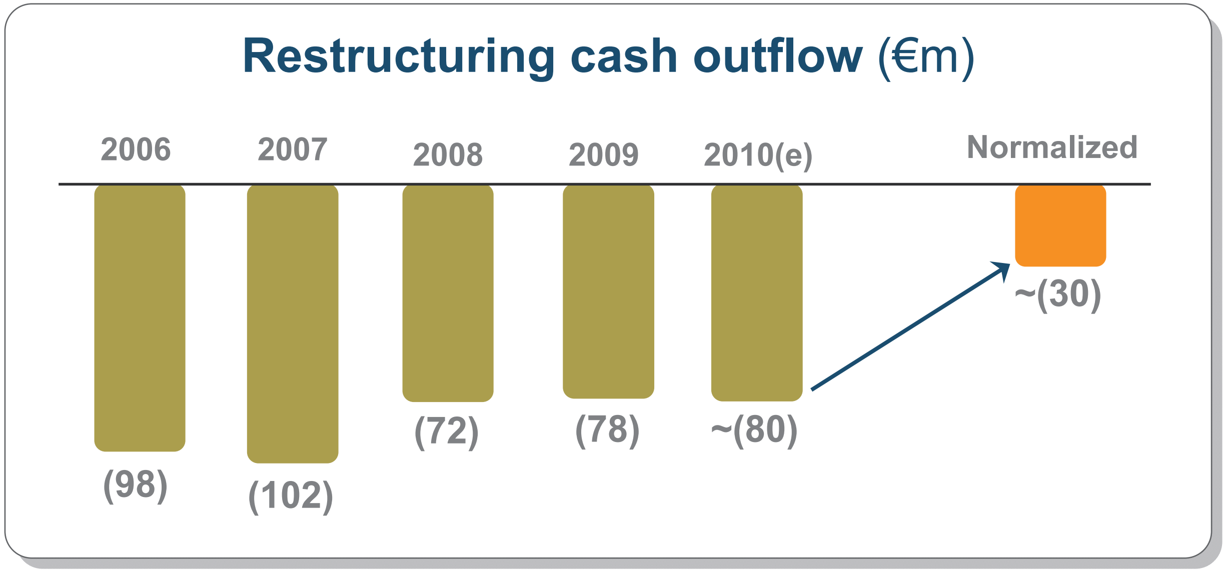
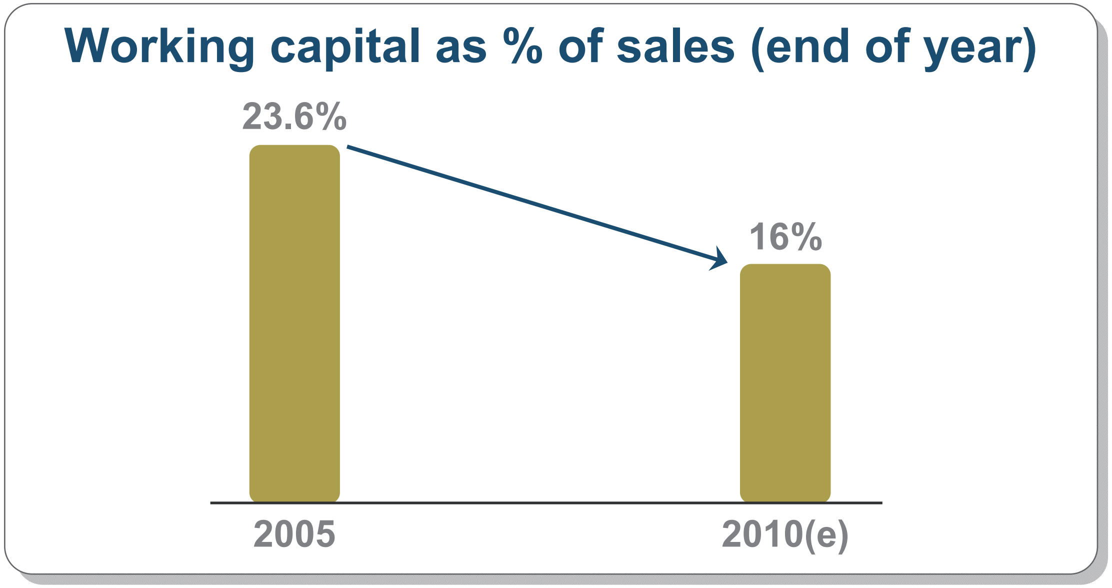
More limited restructuring expenses



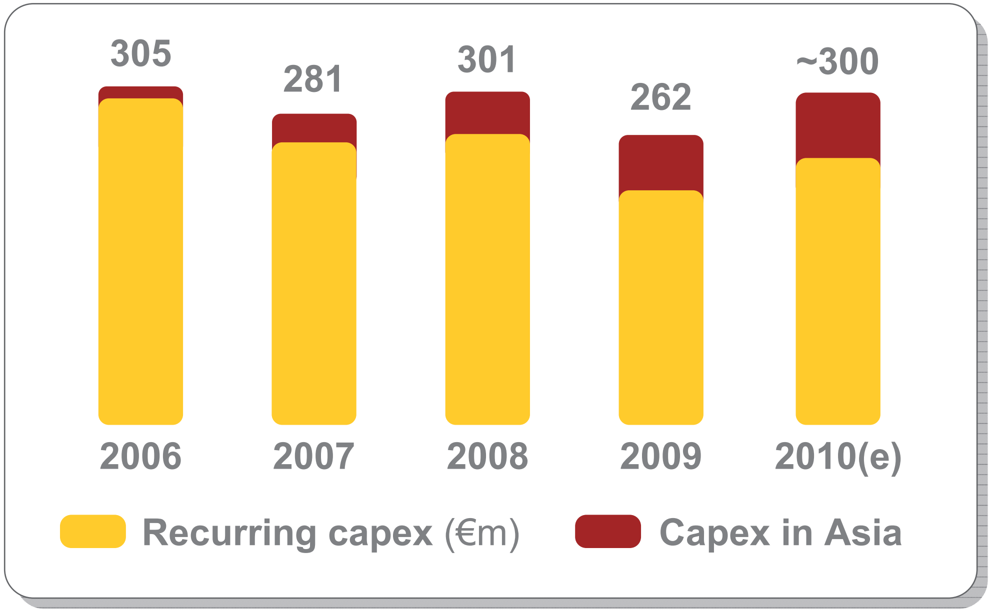
- Maintain strict cost control
- Decreasing restructuring expenses
- Focused productivity improvements mainly in Vinyls
- 2011 expected restructuring cash outflows: ~€50m

€350m cash from working capital optimization



- **Tight management of inventories**
  - Reduction of slow-moving inventories and optimization of spare parts
  - Should be further improved through better production reliability
- **Closely monitor receivables**
  - Reduction of DSO and overdues
- **Maintain working capital on sales ratio at around 16%**

Recurring capex



- **In 2011, recurring capex expected to be around €330m**
- **Beyond 2011, recurring capex expected to be at around 5% of sales**
  - Maintenance capex: ~45% of total capex
  - Growth and productivity capex: ~55% of total capex
  - 1/3 to 1/2 of growth capex allocated to Asia
- **Recurring capex exclude "breakthrough" projects in Asia (Acrylic monomers, Thiochemicals platform)**

Selective acquisitions

- **+€1 bn sales from acquisitions over next 5 years**
- **- €0.3 bn sales from disposals in next 5 years**
- **Selective and strict criteria**
  - **Strategic fit with our existing core businesses**
  - **Accretive from first full year**
  - **No better use of cash**
- **Successful track-record on M&A**
  - **Net EBITDA impact: +€90m**
  - **Net cash out: -€ 230m**

Update on tax situation

	2005	2006	2007	2008	2009	9m'10
REBIT	128	200	293	250	40	408
Net result before taxes	-387	106	228	170	-84	398
Taxes	-41	-59	-104	-69	-87	-107
Net result	-428	47	124	101	-171	291
Taxes/REBIT	32.0%	29.5%	35.5%	27.6%	217.5%	26.2%
Taxes/NRBT	-	55.7%	45.6%	40.6%	-	26.9%

- **Maintain a 30% tax rate based on REBIT**
- **~ €450m unrecognized deferred tax assets end 2009**

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Conclusion

- **Increase cash generation from operations**
  - From €740m EBITDA in 2010e to above €1bn in 2015e
- **Recurring capex at around 5% of sales beyond 2011**
- **Selective acquisition policy**
- **Maintain strong balance sheet with limited debt and investment grade rating**

Disclaimer

- The information disclosed in this document may contain forward-looking statements with respect to the financial condition, 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 among others, changes in raw material prices, currency fluctuations, implementation pace of cost-reduction projects and changes in general economic and business 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.
- Financial information for 2010, 2009, 2008, 2007, 2006 and 2005 is extracted from the consolidated financial statements of Arkema. Quarterly financial information is not audited.
- The business segment information is presented in accordance with Arkema’s internal reporting system used by the management.
- The definition of the main performance indicators used can be found in the 3Q’10 results press release available on www.finance.arkema.com
- *A* global chemical company and France’s leading chemicals producer, Arkema is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in more than 40 countries, 14,000 employees and seven research centers, Arkema generates annual revenue of around €5.8 billion and holds leadership positions in all its markets with a portfolio of internationally recognized brands. The world is our inspiration.

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