



INVESTOR 2012 DAY

PARIS, FRANCE
SEPTEMBER 18, 2012

ARKEMA
INNOVATIVE CHEMISTRY



INVESTOR
2012 **DAY**

AMBITION 2016

Thierry LE HÉNAFF
Chairman and CEO

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Arkema key take-aways

- **Strong portfolio of profitable niche chemical businesses**
- **Powerful operating model with superior track record of value creation**
- **Innovation pipeline and technology leadership combined with enhanced market-driven approach driving our margins up**
- **Selective and profitable growth**
 - Targeted approach of fast-growing segments
 - Increase presence in rapidly developing economies
 - Greater earning stability
- **Disciplined cash allocation**
 - Solid cash generation
 - Strict return criteria for capex and acquisitions
 - Rising dividend
 - Committed to BBB rating

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From 2005 to 2012
Highly successful turnaround

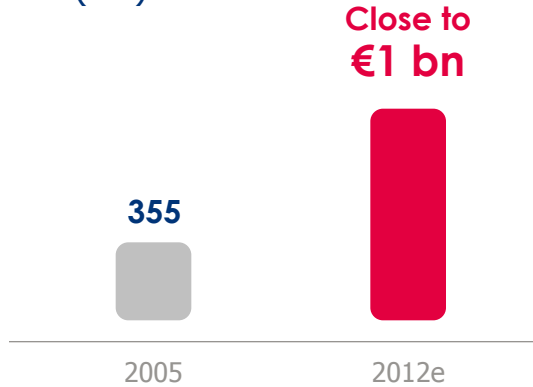
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Rapid and deep transformation executed

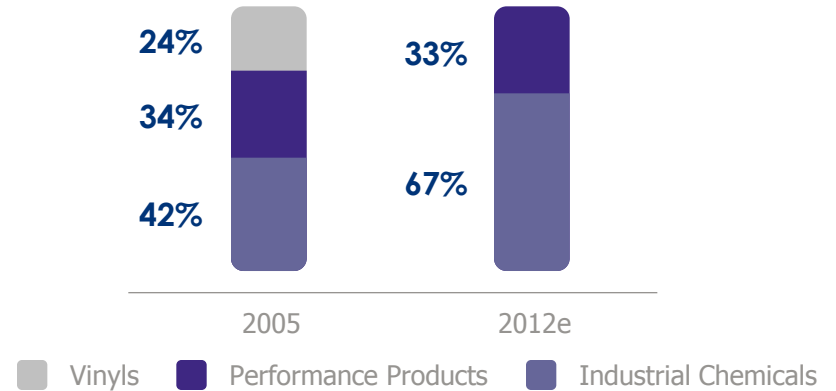


More focused, more profitable, more resilient

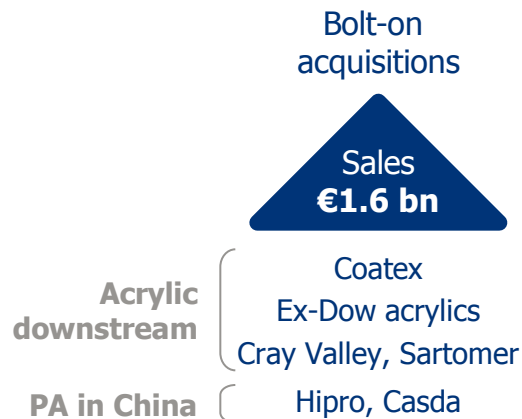
EBITDA (€m)



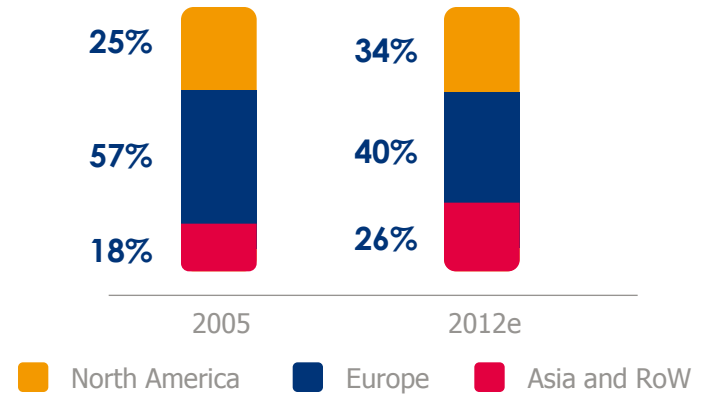
Sales by segment



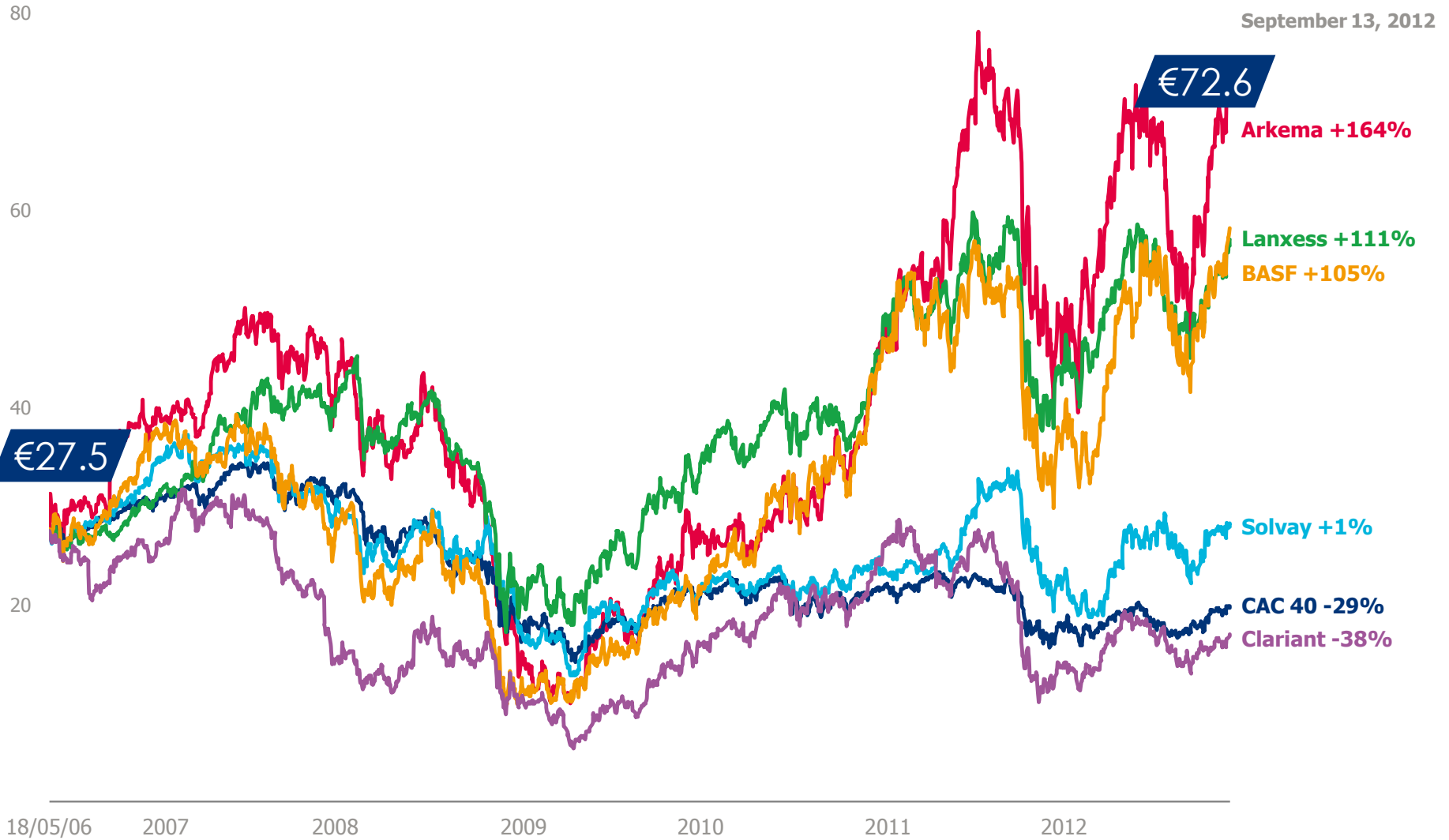
Portfolio changes



Sales by region



Very high return to shareholders



- 
- **Entering a new phase of our development**
 - **A new corporate image**
 - **A new signature**

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Three new reporting segments

High Performance Materials

World of high value and innovative solutions

- Specialty polyamides
- Fluoropolymers
- Filtration and adsorption
- Organic peroxides



Industrial Specialties

Global and integrated industrial niches

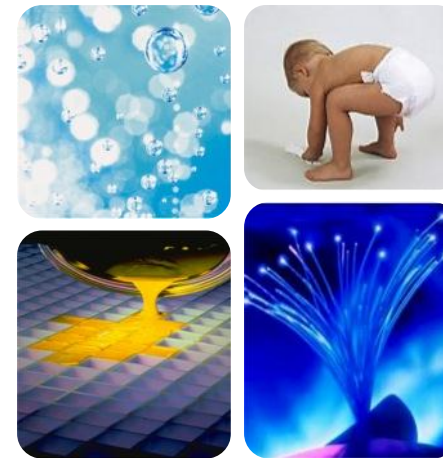
- Thiochemicals
- Fluorogases
- PMMA
- Hydrogen peroxide



Coating Solutions

Solutions for decorative paints, industrial coatings and high-growth acrylic applications

- Acrylic monomers
 - Coating resins
 - UV-curing (Sartomer)
 - Coatex
- Downstream



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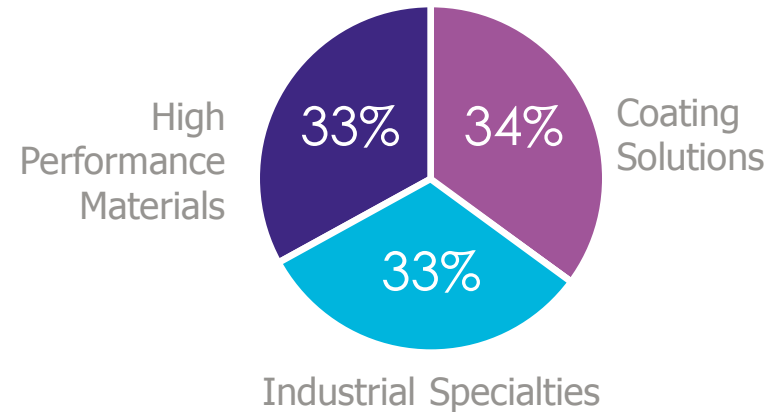
The new Arkema
**Well positioned for
profitable growth**

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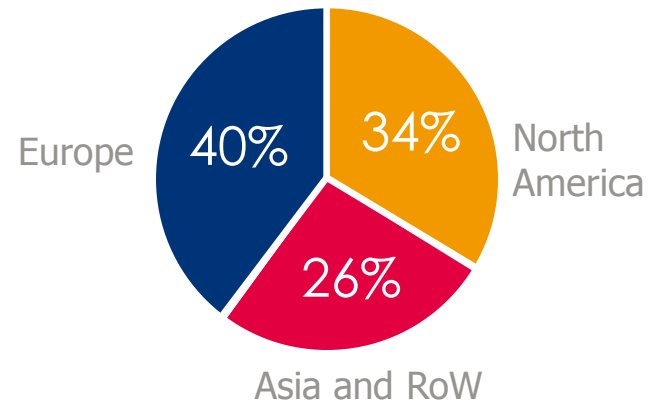
The new Arkema

- Sales of **€6.5 bn**
- EBITDA close to **€1bn**
- Industry-leading margin **~ 15%**
- 14,000** employees in 40 countries
- Strong balance sheet

Sales by segment

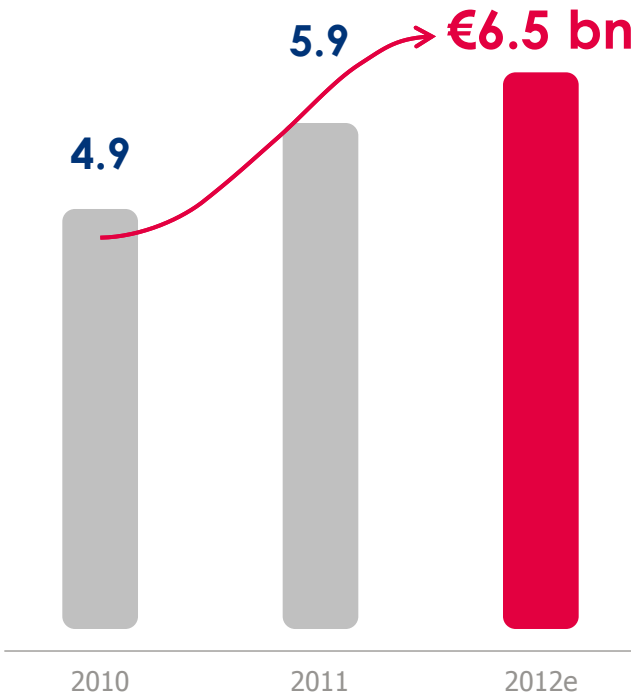


Sales by region

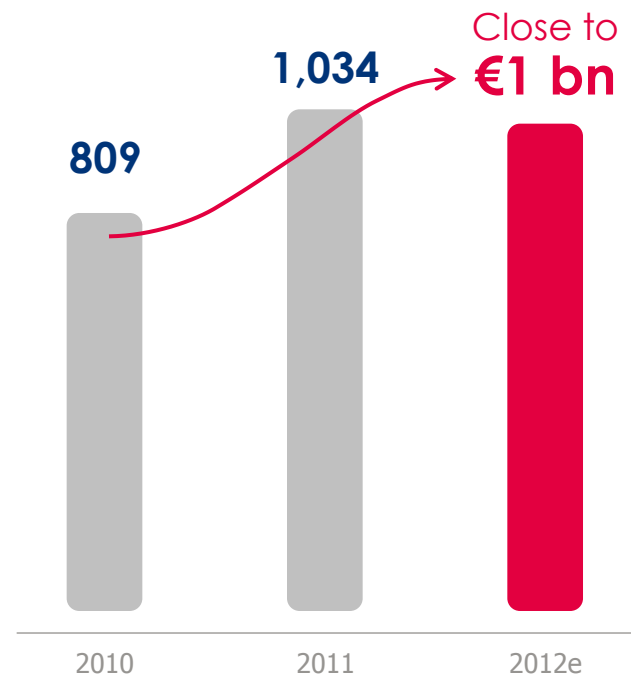


Strong profitability consistently developed

Sales (€bn)



EBITDA (€m)



Sales and EBITDA exclude the vinyl business divested beginning of July 2012

Strong competitive advantages

- **Leading** positions in **specialty** niches
- **Global** and **balanced** geographical coverage
- Interacting with the leaders (customers, suppliers, partners)
- Strong **technology** base
 - Broad base of proprietary technologies
 - Rich pipeline of innovation across businesses
- **Ability to manage** complex projects
- **Superior track record** of value creation and ability to deliver
- **Commitment** and **entrepreneurial** spirit

Among top players on 90% of our sales

POSITION		MARKET SIZE (mT)	MAIN PLAYERS	% GROUP SALES
#1	Specialty polyamides	0.2	<ul style="list-style-type: none"> Evonik Ems 	14%
#1	PVDF		<ul style="list-style-type: none"> Solvay 	
#2	Organic peroxides	0.2	<ul style="list-style-type: none"> Akzo Nobel United Initiators 	4%
#1	Thiochemicals	0.7	<ul style="list-style-type: none"> Chevron Phillips 	9%
#1/2	Fluorogases	1.6	<ul style="list-style-type: none"> Dupont Honeywell 	10%
#2	PMMA	1.6	<ul style="list-style-type: none"> Evonik Mitsubishi Chemical 	10%
#3	Hydrogen peroxide	3.2	<ul style="list-style-type: none"> Solvay Evonik 	3%
#4	Acrylic monomers	4.2	<ul style="list-style-type: none"> BASF Dow Nippon Shokubai 	13%
#3	Coatings	4.0	<ul style="list-style-type: none"> BASF Dow 	21%

*As a comparison,
a market like PVC is 40mt*

Broad and balanced geographical reach

34%

of sales

North America

26 production sites
2 R&D centers
2,800 employees

40%

of sales

Europe

44 production sites
6 R&D centers
8,700 employees

5%

of sales

RoW

5 production sites
300 employees

21%

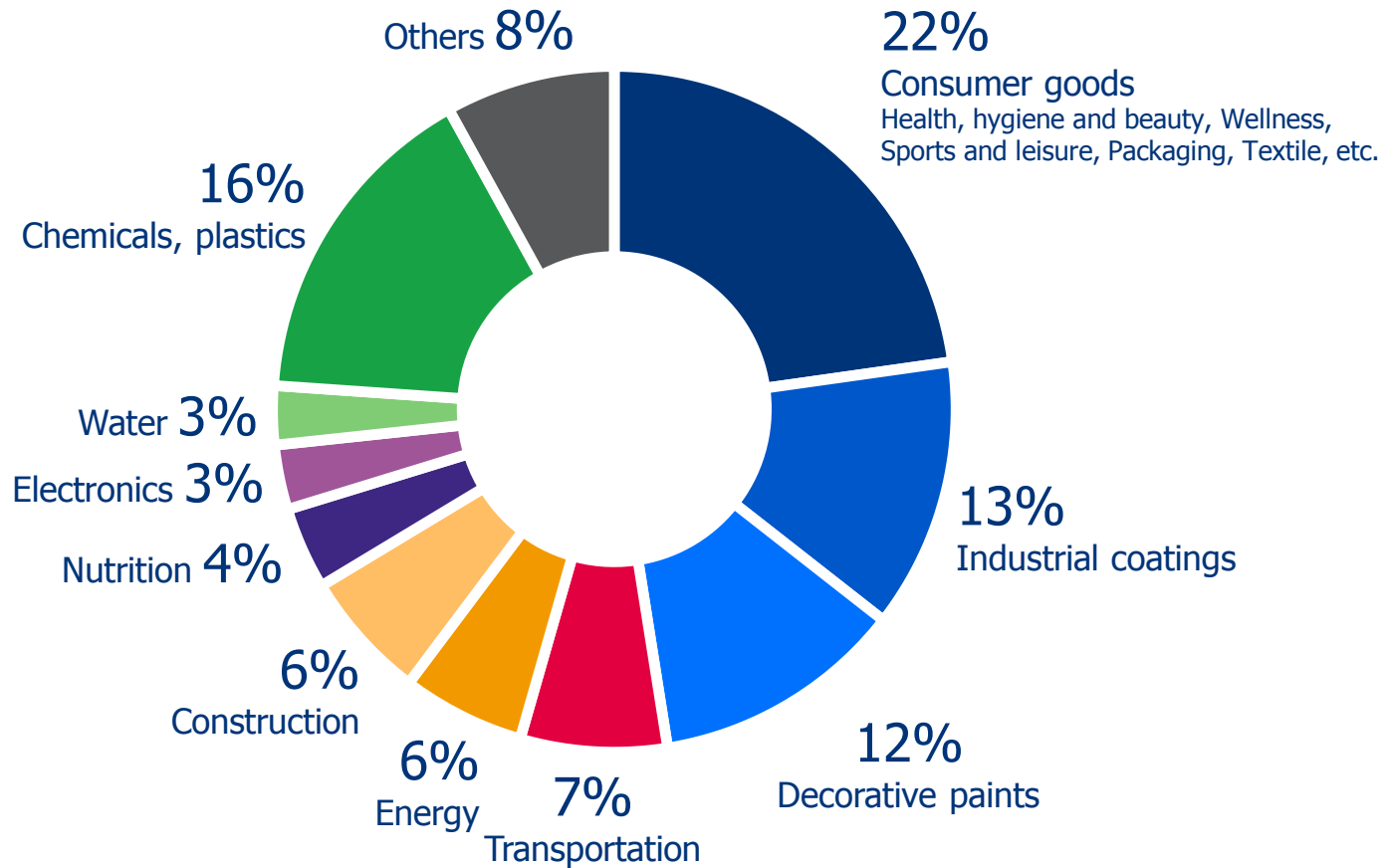
of sales

Asia

10 production sites
2 R&D centers
2,200 employees

HIGH GROWTH COUNTRIES

Diversified end markets with long term growth



- Largest customer represents **less than 3%** of Group sales
- Top 15 customers represent **less than 20%** of Group sales

Innovation-driven culture

Innovation at the heart of Arkema's strategy

- Direct reporting of R&D to CEO
- 2/3 of R&D expenditure in sustainability / megatrends
- €350m new sales from R&D since spin off

Unique technology base

- Core proprietary technologies in long chain polyamides, acrylics, sulfur chemicals, fluorogases and PVDF, MMA
- €150m R&D expenditure and 1,200 researchers
- 150 patents filed in 2011

Close proximity with customers

- 90% of R&D spent at BU level
- R&D centers in Europe, North America, Asia
- A new R&D center to open by end 2012 in China

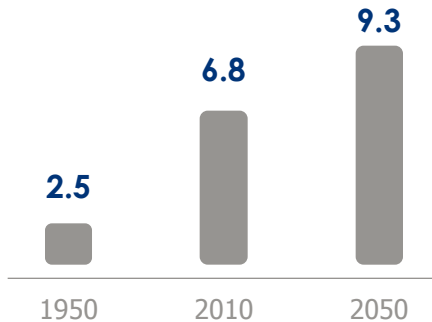
Role of corporate R&D

- Cross-BU market-driven approach
- Breakthrough projects: PEKK, nanotechnologies, bio-process, etc.
- Partnerships with universities and public laboratories

Sustainability creates long term opportunities

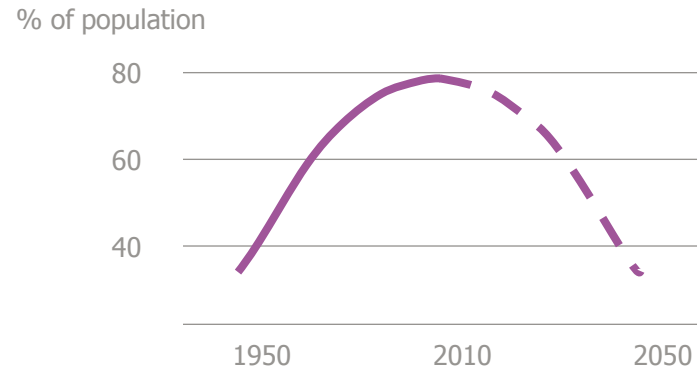
World population will hit 9 billion in 2050

World population (in bn)



1 billion people do not have access to drinking water

Access to drinking water



Energy demand will more than double by 2050

Energy savings



lightweight vehicles, greener houses, etc.

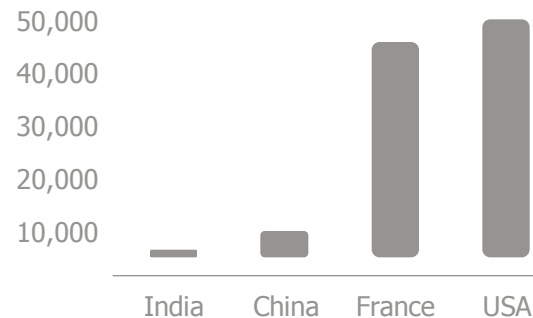
New energies



photovoltaic, battery, wind, biomass, etc.

Increasing standard of living

2011 GDP per capita (current \$)



Arkema well positioned to benefit from megatrends

	POPULATION GROWTH	RENEWABLE RAW MATERIALS	NEW ENERGIES / ENERGY EFFICIENCY	WATER TREATMENT	LIGHTWEIGHT MATERIALS
Coating solutions	Coating resins, Coating additives	Acrylics ex-glycerol		Acrylics	
PMMA		PMMA Rnew®			Glass replacement
Thiochemicals	Bio-methionine for poultry		Petrochemical crackers efficiency		
PVDF			Li-ion batteries, photovoltaic panels, offshore	Membranes for water filtration	Foams for aeronautics and automotive
Specialty polyamides		PA 10.10 and PA 11	PA 11 for deep offshore pipes		Replacement of metal

Major achievements of our innovation in sustainability

Bio-sourced materials

- **Rilsan® Clear**, first bio-based transparent polyamide for glasses
- **Pebax® Rnew**, bio-sourced elastomers for sport shoes
- Announced first **bio-methionine** plant with **CJ CheilJedang**
- Patents developed on **acrylic ex-glycerol**

Eco-friendly solutions

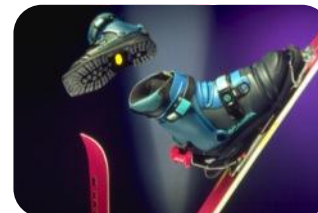
- **Celocor™** opaque polymer for partial replacement of TiO₂
- Successful launch of **Envia®** brand for low-VOC coatings
- **Paladin®** soil fumigant

New energies

- **Apolhya™ Solar** for photovoltaic panel encapsulation
- **Kynar® PVDF** resins for lithium-ion batteries and photovoltaic

Lightweight materials

- **Rilsan® HT** to replace metal in engine-compartment tubing
- **Altuglas ShieldUp®** to replace glass in car sun-roof



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2016 ambition
**A world leader
in specialty chemicals
and advanced materials**

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Our roadmap to 2016

- **Deliver** consistent **profitable growth** and **solid cash flow**
- **Accelerate** expansion in **High Performance Materials** through innovation in sustainability (oil and gas, automotive, new energies) and bolt-on acquisitions
- **Broaden** reach in **higher growth countries** beyond China
- **Increase** further **acrylic downstream** integration
- **Enhance market-driven** approach through long-term partnerships with leaders, differentiation from innovation and broadened range of products
- **Reinforce** operational excellence

2016 financial objectives

Profitable
growth

High
Performance

Higher growth
countries

Acrylic
downstream

Market-driven

Operational
excellence

€8 bn

Sales

16%

EBITDA margin

< 40%

Gearing

Organic
growth + €0.9 bn

M&A + €0.6 bn

High Performance
Materials 18%

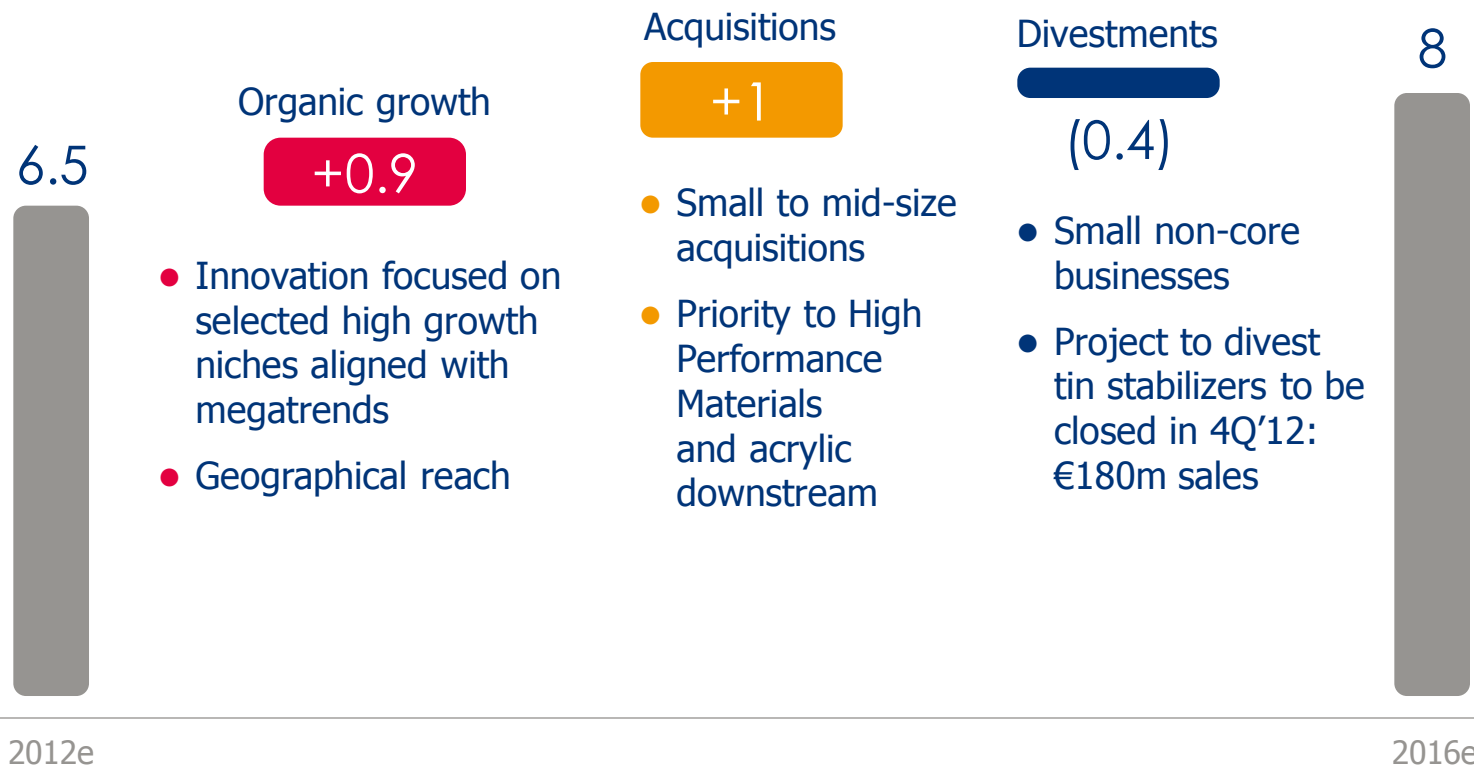
Industrial
Specialties 17%

Coating Solutions 15%

Sales growth balanced between organic and acquisitions

Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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Sales (€bn)



Differentiated approach to manage our portfolio

	HIGH GROWTH	VALUE	"BUILDING BLOCK"
High Performance Materials <ul style="list-style-type: none"> Specialty polyamides Fluoropolymers Filtration and Adsorption Organic peroxides 	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> ● 	
Coating Solutions <ul style="list-style-type: none"> Acrylics Coating resins Coatex UV curing 	<ul style="list-style-type: none"> ● ● 	<ul style="list-style-type: none"> ● 	<p>Secure competitive supply for acrylic downstream</p>
Industrial Specialties <ul style="list-style-type: none"> PMMA Thiochemicals Fluorogases Hydrogen peroxide 	<ul style="list-style-type: none"> ● 	<ul style="list-style-type: none"> ● ● ● 	
% of total sales	41%	46%	13%
Expected growth	GDP++	GDP	GDP+
EBITDA margin	> 20%	15%-20%	15%
Level of capex planned	High	Moderate	Platform in Asia

● High Performance Materials
 ● Industrial Specialties
 ● Coating Solutions

Contribution from organic growth well underway

Profitable growth

High Performance

Higher growth countries

Acrylic downstream

Market-driven

Operational excellence

Sales (€bn)

6.5



2012e

Announced or started organic projects



- Thiochemicals in Malaysia
- Hipro-Casda developments
- New sites in coatings
- PVDF expansions in China and France
- Acrylics in the US

2/3 of expected organic growth

Divestment projects

- Project to divest tin stabilizers expected to close in 4Q'12: €180m sales

Future M&A and organic projects



8



2016e

Four transformational projects

Thiochemicals in Malaysia



First sulfur derivatives platform in Asia for animal nutrition and oil and gas

Acrylic monomers in Clear Lake / Bayport



Capacity expansions in acrylic acid and esters and site optimization

Hipro-Casda integration



Broadening of PA10 product range following the acquisition early 2012

PVDF development



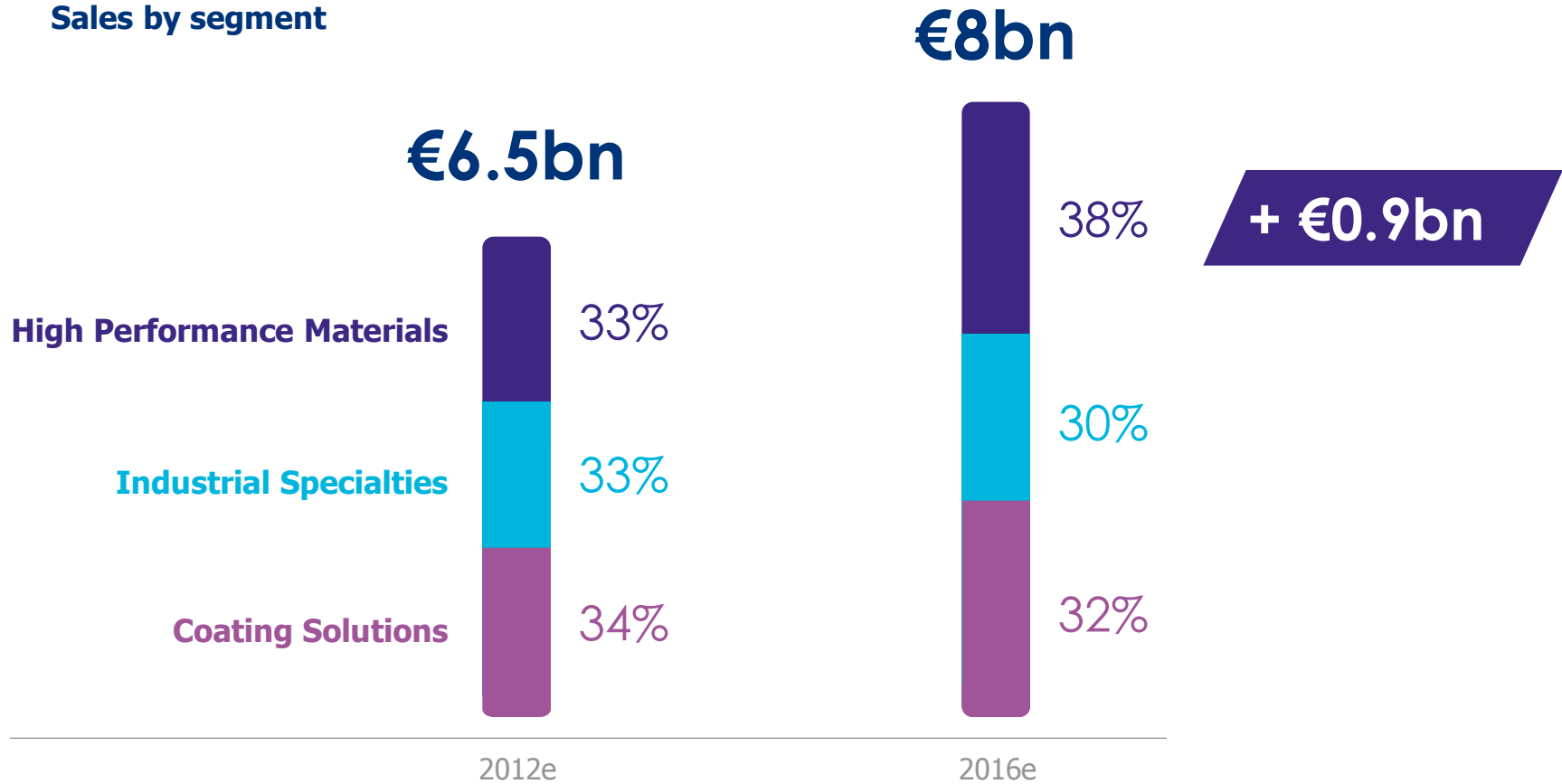
Capacity expansions in Changshu (China) and Pierre-Bénite (France)

- €600 m sales
- EBITDA margin notably **above** Arkema average
- €600 m capex and acquisitions

Accelerate expansion in High Performance Materials

Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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Sales by segment

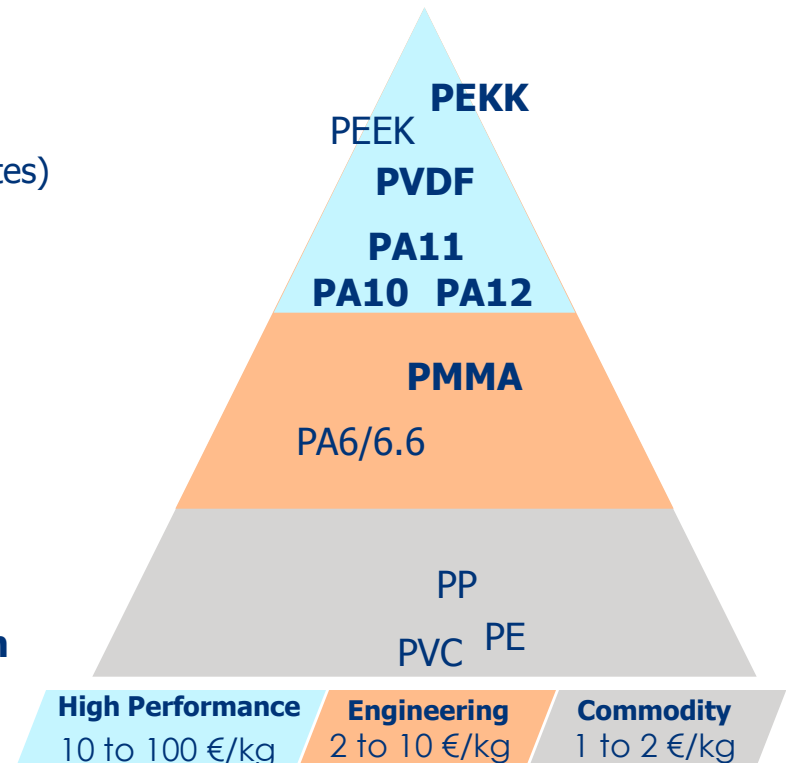


Sales growth of 40% in High Performance Materials



- Balance between organic developments and bolt-on acquisitions
- Leverage megatrends through innovation
 - Lightweight materials (specialty polyamides and composites)
 - New energies (photovoltaic, lithium-ion batteries, etc.)
 - Energy efficiency (glass coating, medical oxygen, etc.)
 - Oil and gas (oil and gas enhanced production, etc.)
 - Renewables
- Tailor products to regional needs (worldwide R&D centers, new Chinese lab)
- Remaining development potential in high growth countries (China, Middle East, Brazil, India, etc.) still huge

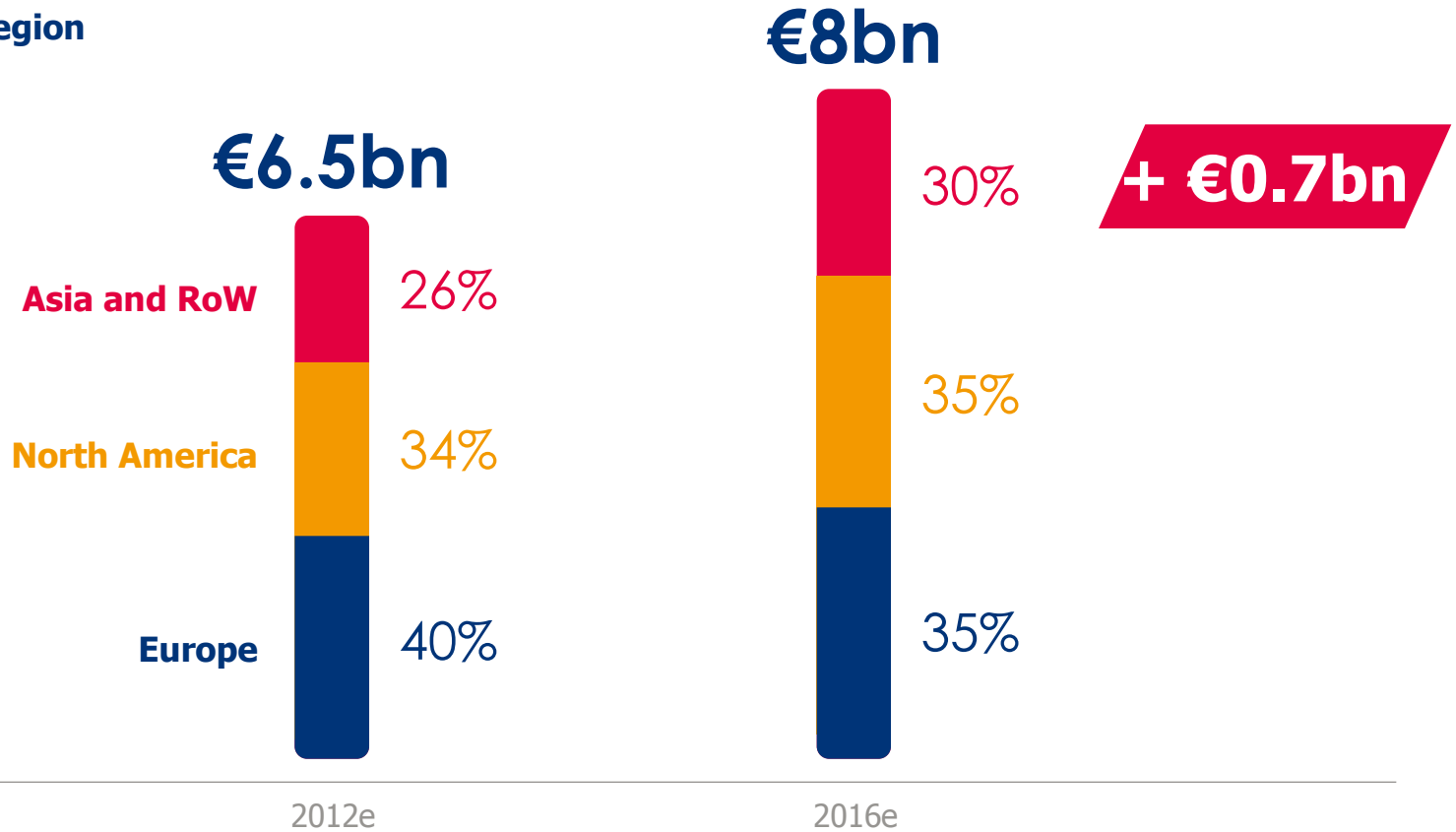
Polymer pyramid
Arkema focused on the high end of the range



Expansion in higher growth countries

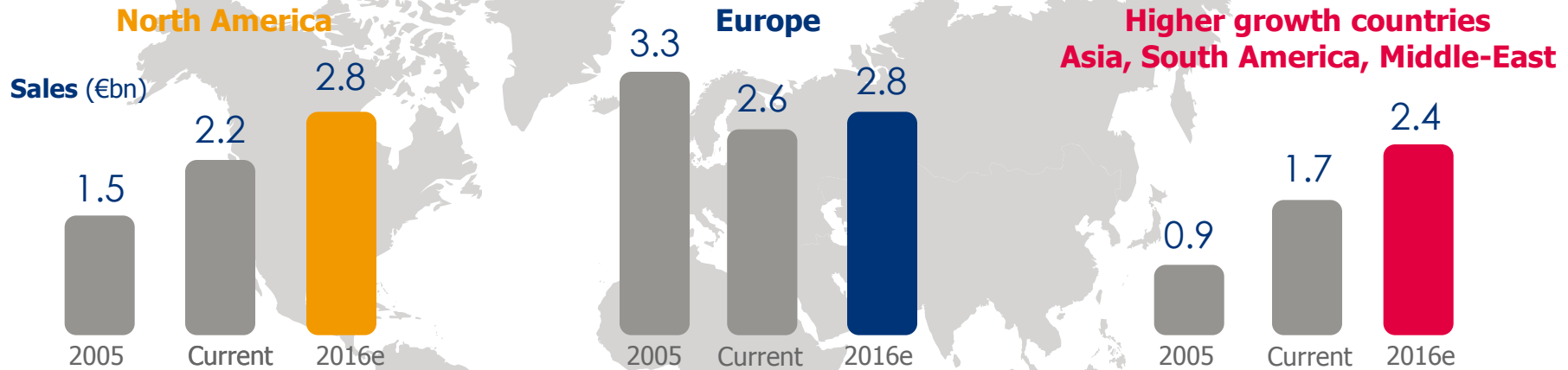
Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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Sales by region



Differentiated development pace across regions

Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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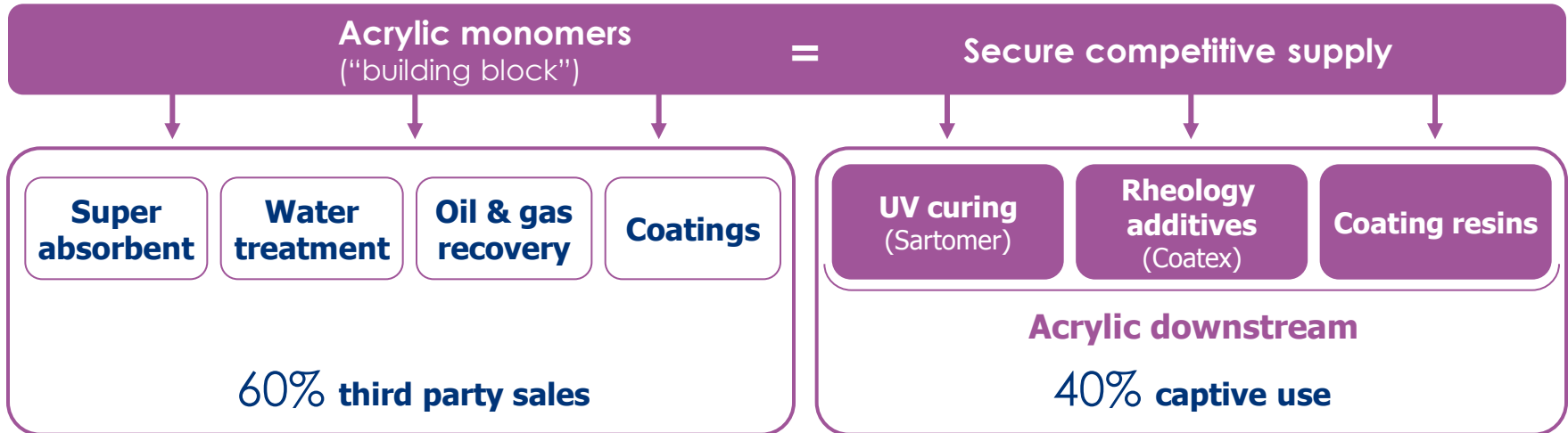


- Major player in the USA
- Shale gas will support long term competitiveness of the economy
- Anticipated rebound in housing
- Recovery underway in automotive

- Focus on high value products
- Pursue efforts in competitiveness
- Divest small non-core businesses

- +40% sales growth
- From a mainly Chinese focus to a more balanced approach: China, Middle East, India, Brazil
- Continue to develop local capabilities
- Promising pipeline of projects
 - PVDF expansion in China
 - Thiochemicals in Malaysia
 - Hipro-Casda in China
 - Acrylic emulsions in Brazil

Increase further acrylic downstream integration



- Long term partnerships with leading customers
- Focus on high growth applications (4% cagr in 2012-2016)

- From 40% to 45% downstream integration to increase further earning stability
- Innovative solutions
 - Coating resins: low VOC coatings
 - Sartomer: ink jet and 3D printing
 - Coatex: bumper technology™ for improved TiO₂ efficiency

Enhance market-driven approach

Profitable growth

High Performance

Higher growth countries

Acrylic downstream

Market-driven

Operational excellence

- Acceleration of market-driven initiatives beyond traditional product / technology approach
- Mix shift driven by specialty applications

High performance coatings



- Acrylic monomers for low-VOC formulations
- Sartomer UV-curing resins
- Coatex additives
- Kynar® Aquatec for cool roofing

Oil and gas



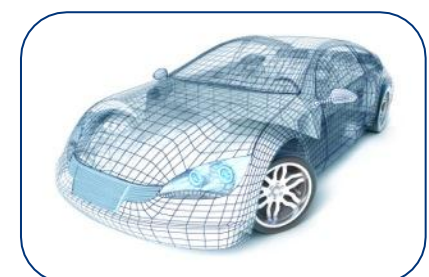
- PVDF Kynar® and PA 11 in deep offshore pipes
- Acrylics for enhanced O&G recovery
- Oil-field additives

New energies



- PVDF Kynar® for photovoltaic and li-ion batteries
- EVA and organic peroxides for silicon encapsulation

Mobility Lightweight materials



- High-temperature specialty polyamides for metal replacement
- PMMA ShieldUp for glass replacement
- PVDF foams

Reinforce operational excellence

Profitable growth

High Performance

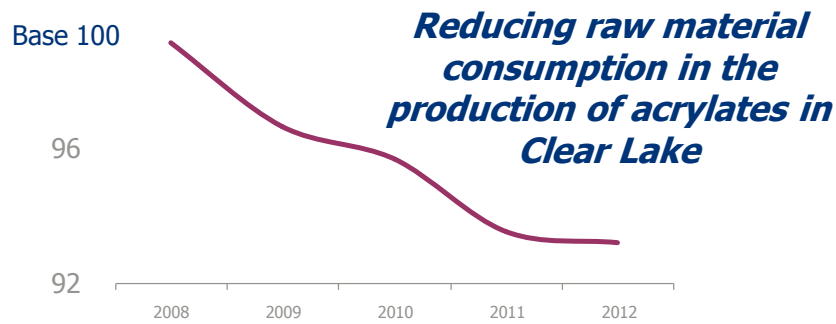
Higher growth countries

Acrylic downstream

Market-driven

Operational excellence

- Ensure top quartile manufacturing performance of the major manufacturing sites
- Significant further potential in variable cost optimization (acrylics, thiochemicals, etc.)
- Combine accountability of BUs with centralized approach
 - Management of major capex
 - Global procurement
 - Supply chain (worldwide IT project "ambition")



Clear Lake (Acrylics)

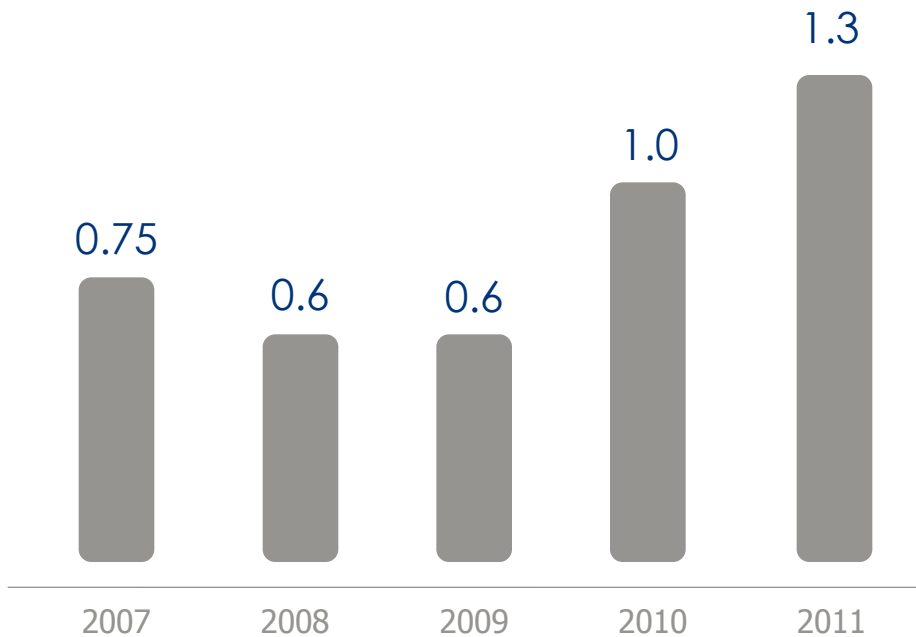


Beaumont (Thiochemicals)



Dividend increase reflects confidence in our long term prospects

Dividend (€/share)



*Reminder of Arkema general policy
"Arkema intends to pay a stable to
reasonably rising dividend each year"*

- Arkema targets a **30% payout** ratio on adjusted net income
- For 2012, dividend per share will already show a **significant step-up**

14% payout ratio
on adjusted net income
of continuing operations

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Looking ahead

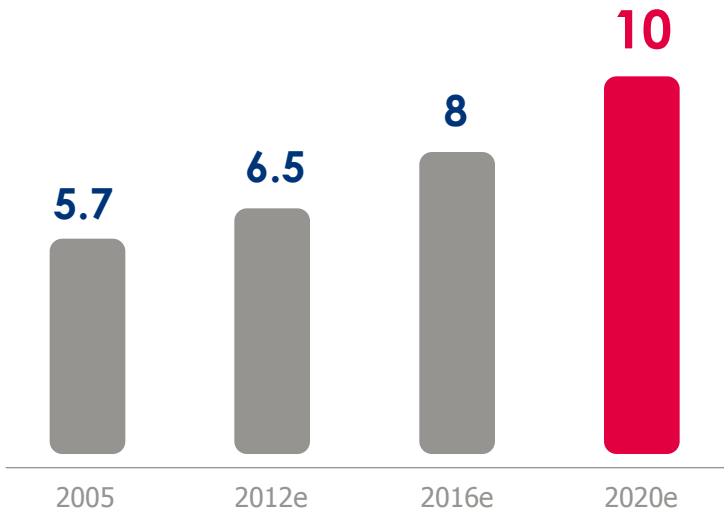
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Strong confidence in our long term potential

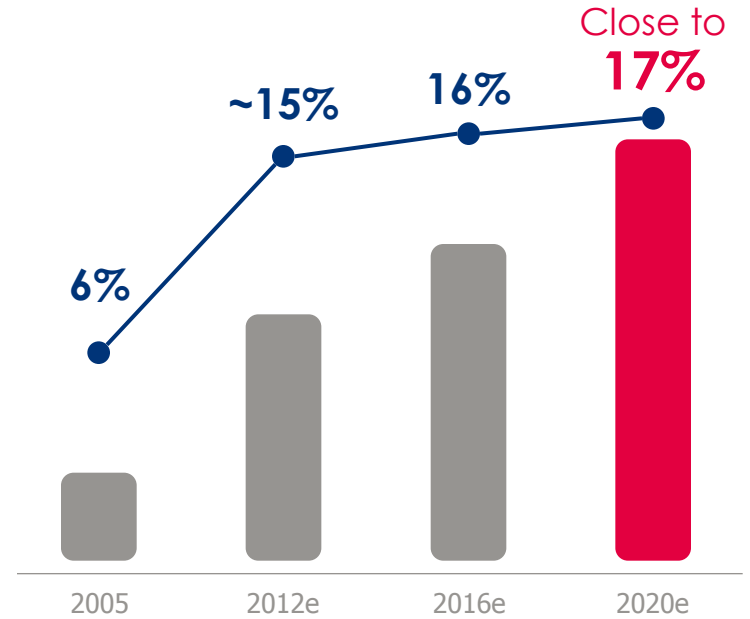
- **Several major current projects will start delivering only full speed after 2016**
 - Thiochemicals in Malaysia
 - PVDF expansion in Pierre-Bénite
 - Ramp-up of Clear Lake expansion in acrylic
- **Other long term thoughts could materialize over 2016-2020**
 - Acrylic monomers in Asia
 - Metathesis project with Elevance
 - PEKK development
- **Combination of technology leadership and enhanced end-market approach will continue to generate significant opportunities in sustainability**
- **Growth potential remains considerable for Arkema in developing economies (still low to moderate market shares)**

Main objectives 2020

Sales (€bn)



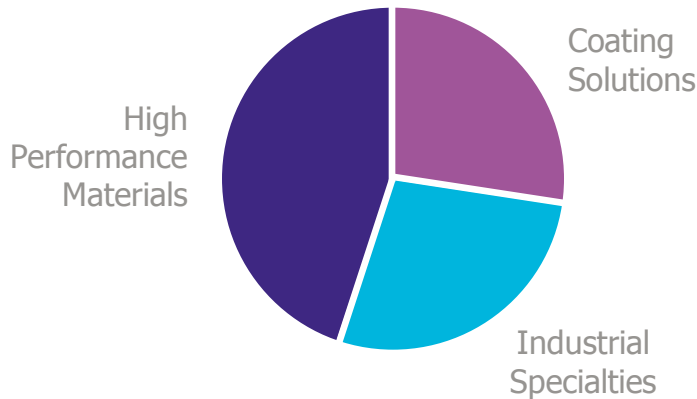
EBITDA and EBITDA margin (%)



Gearing < 40%

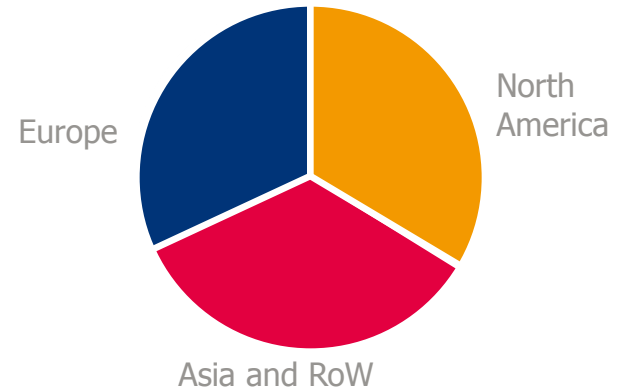
Key drivers of future evolution

Sales by segment



- Continue to drive High Performance Materials growth with innovation
- Increase acrylic downstream integration a step further to 50% of sales
- Further shift on specialties will increase EBITDA margins by close to 100 bp
- Mobility, oil and gas, new energies, nutrition, lightweight materials, renewables, high performance coatings will continue to generate large opportunities

Sales by region



- Balanced geographical reach between Europe, North America and rest of the world
- Continue to invest new capabilities in developing economies
- Continue to leverage strong and profitable presence in North America

Conclusion

- **High quality portfolio of profitable niches**
- **Strong competitive advantages ensuring value creation over the long term**
- **Superior track record of consistently delivering**
- **Clear roadmap for selective and profitable growth**
- **Ambitious targets confirming long term potential**
- **Dividend increase reflecting confidence**

**A world leader in specialty chemicals
and advanced materials**

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 2011, 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 reference document filed with the French Autorité des Marchés Financiers and available on www.finance.arkema.com