FULL YEAR 2012 RESULTS

Arkema
CITI West Coast Institutional Investor Symposium 2013
San Francisco – March 13th-14th, 2013

Thierry Lemonnier
CFO

ARKEMA
INNOVATIVE CHEMISTRY

Full year 2012 highlights

A strong performance in a volatile and challenging environment

- **+8.4%** sales versus 2011 at €6.4bn
- **€996m** EBITDA fully in line with guidance
- **15.6%** EBITDA margin at the high end of the industry range
- **€441m** adjusted net income of continuing operations
- **€900m** net debt and **39%** gearing

A reinforced profile

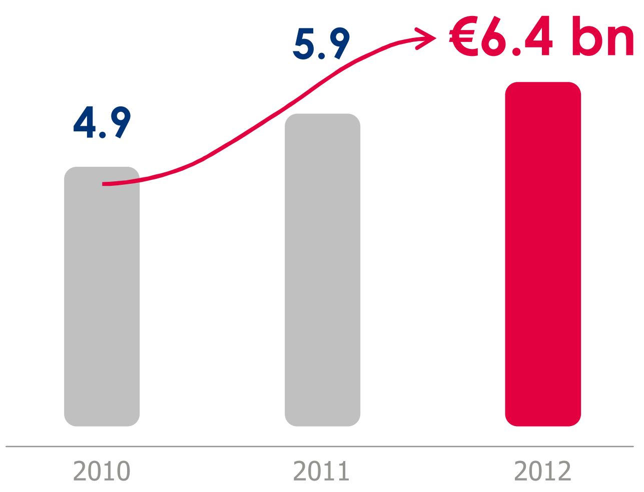
- Significant presence built in North America (34% of sales) and Asia (21% of sales)
- Strong positions in diversified and high added value niche markets
- High density of internal and external projects
  - Significant development projects: Thiochemicals (Malaysia), PVDF and PA10 expansion (China)
  - Major portfolio changes

€1.80 dividend per share* representing 25% payout and confirming confidence in mid-term outlook

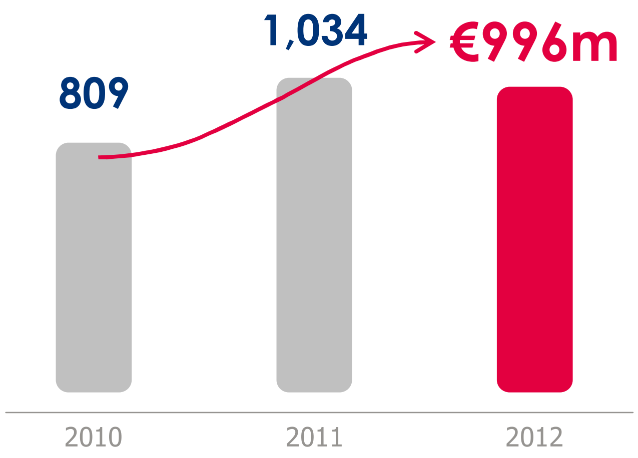
* Dividend proposed to the Shareholder Annual General Meeting of June 4th, 2013

2012 profile

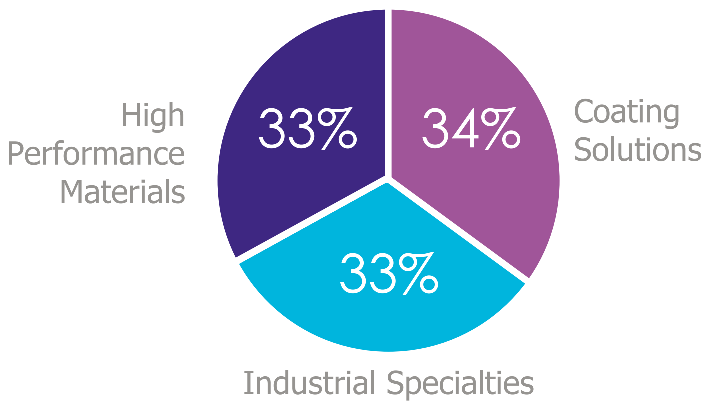
Sales (€bn)



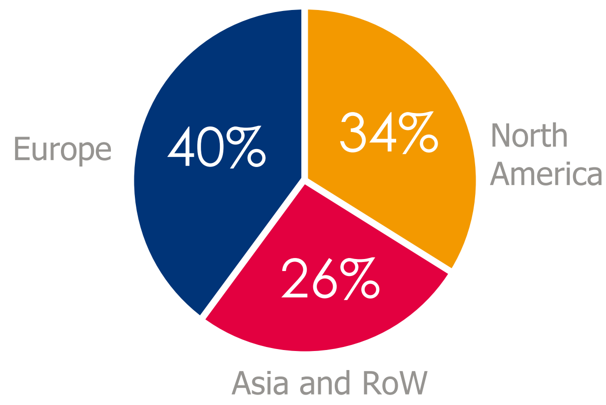
EBITDA (€m)



Sales by segment

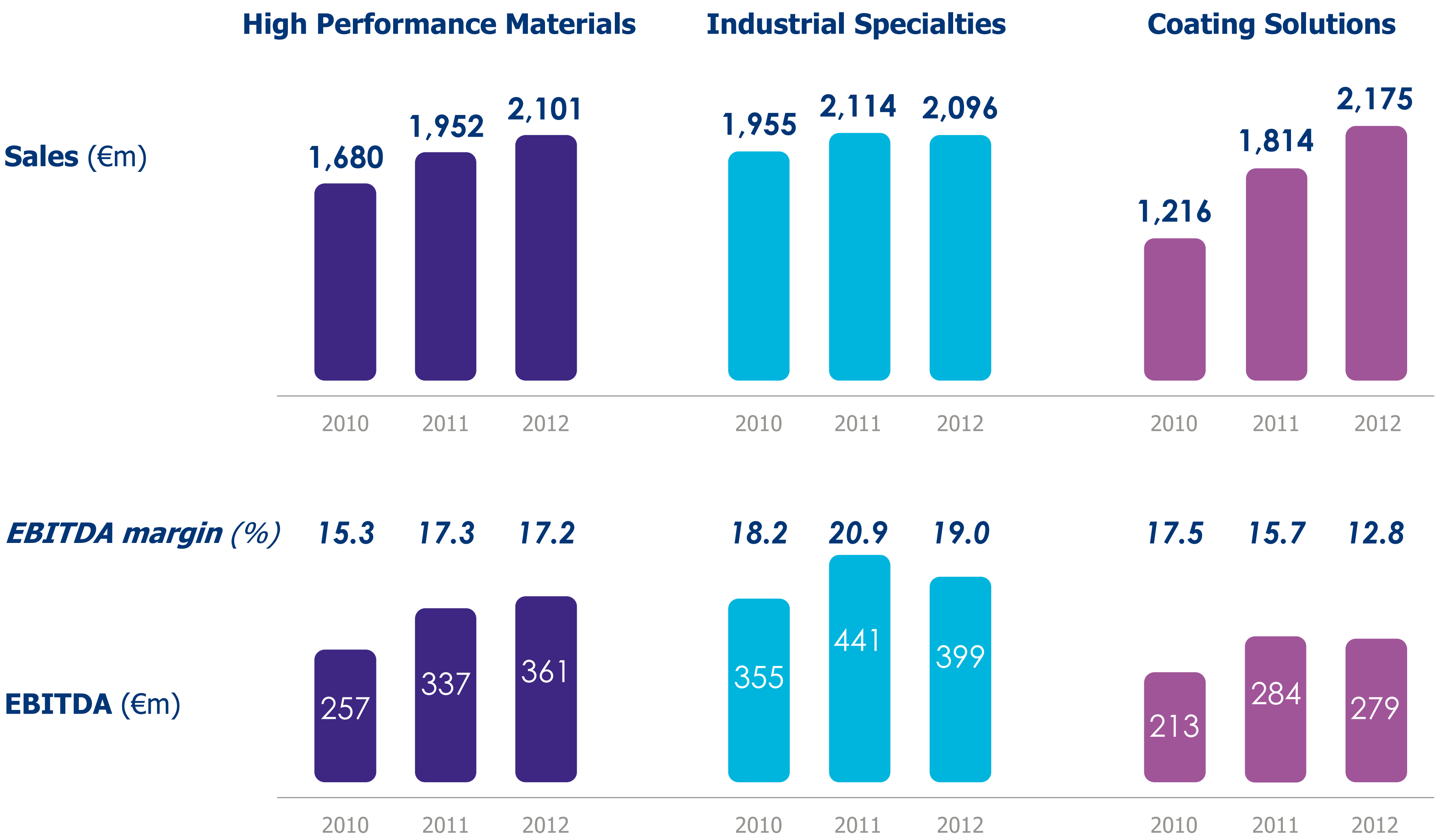


Sales by region

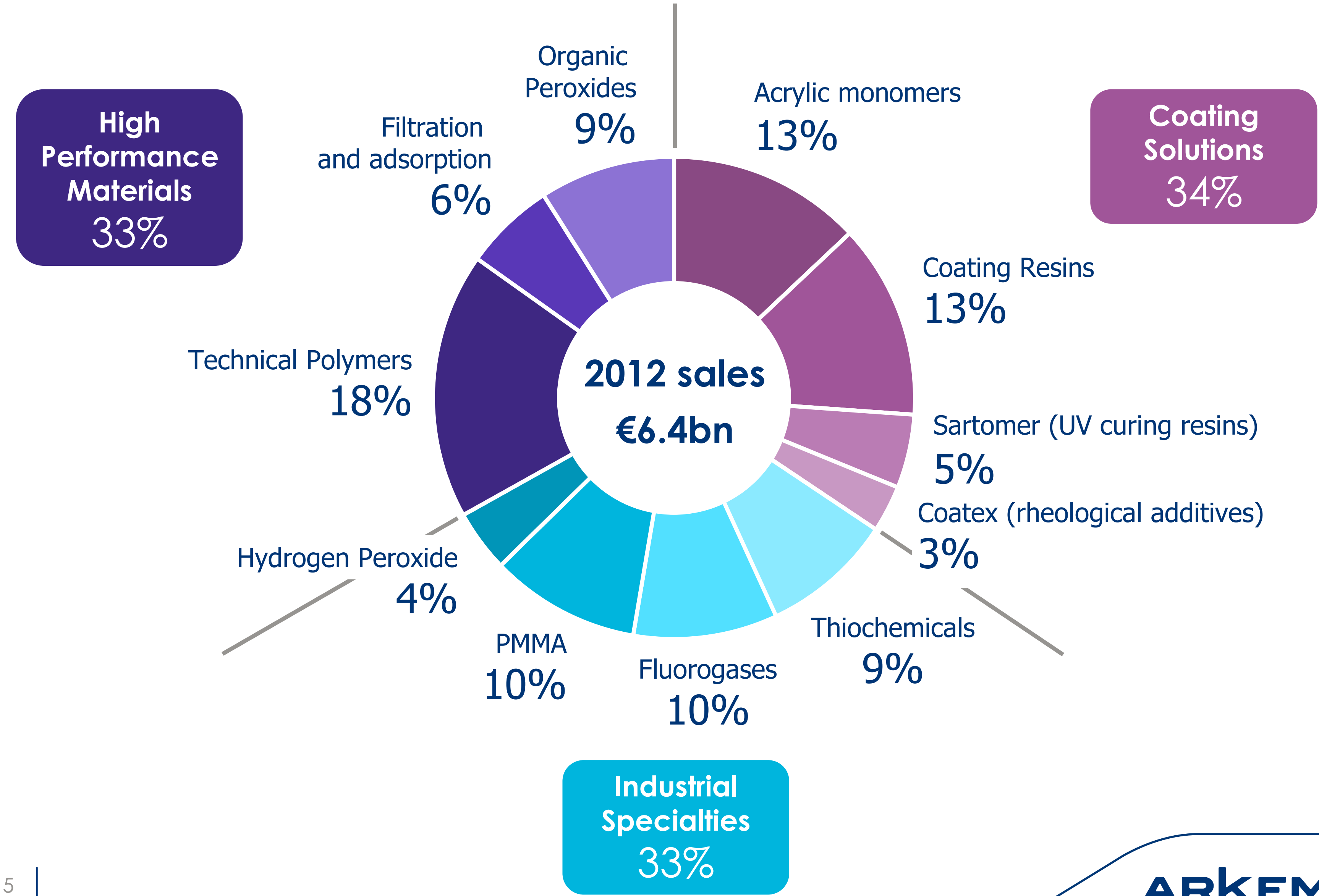


For 2010-2012, in accordance with IFRS5 standards, vinyl business divested beginning of July 2012 is accounted for as discontinued operations

Performance by new reporting segment



Sales breakdown by business



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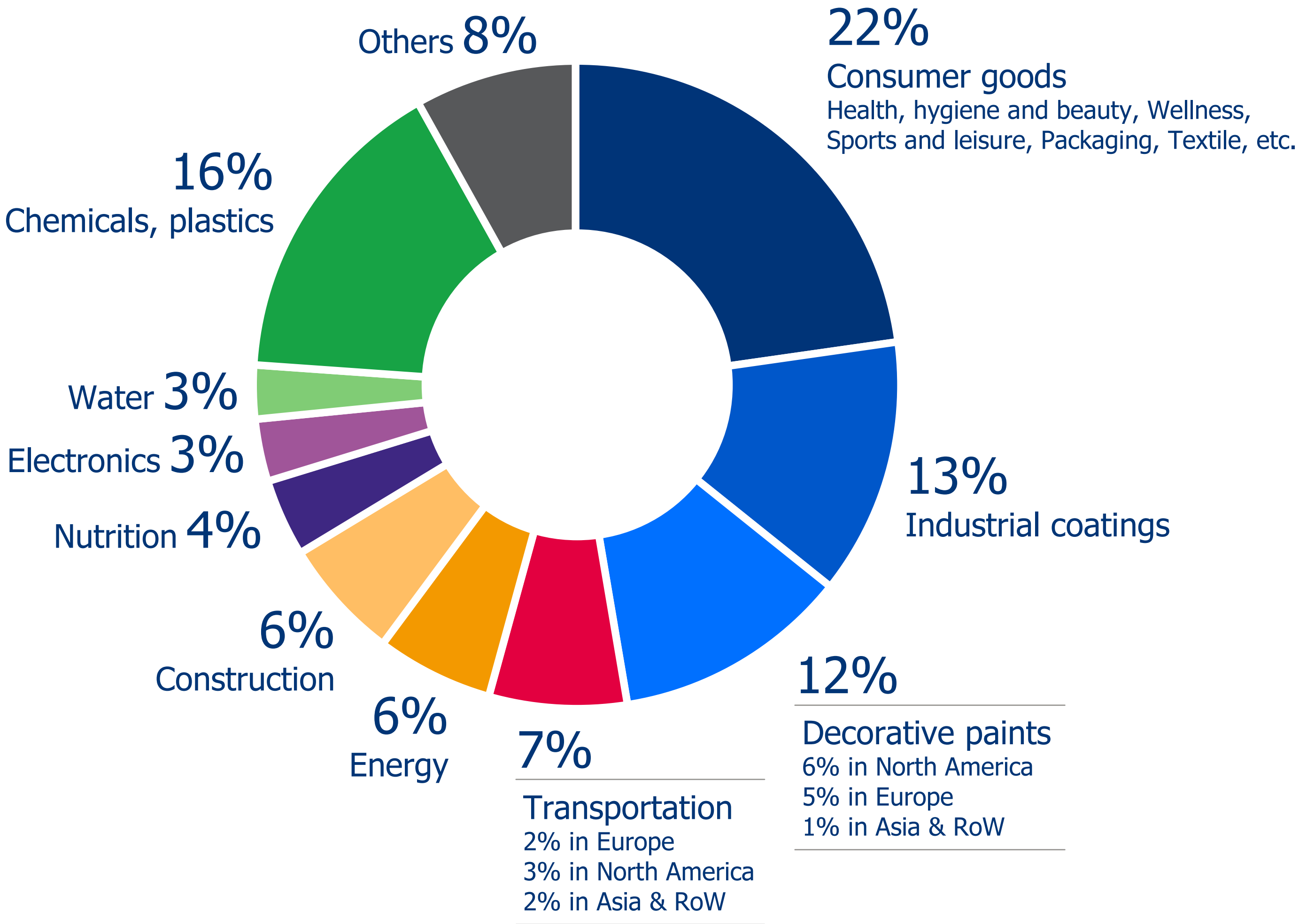
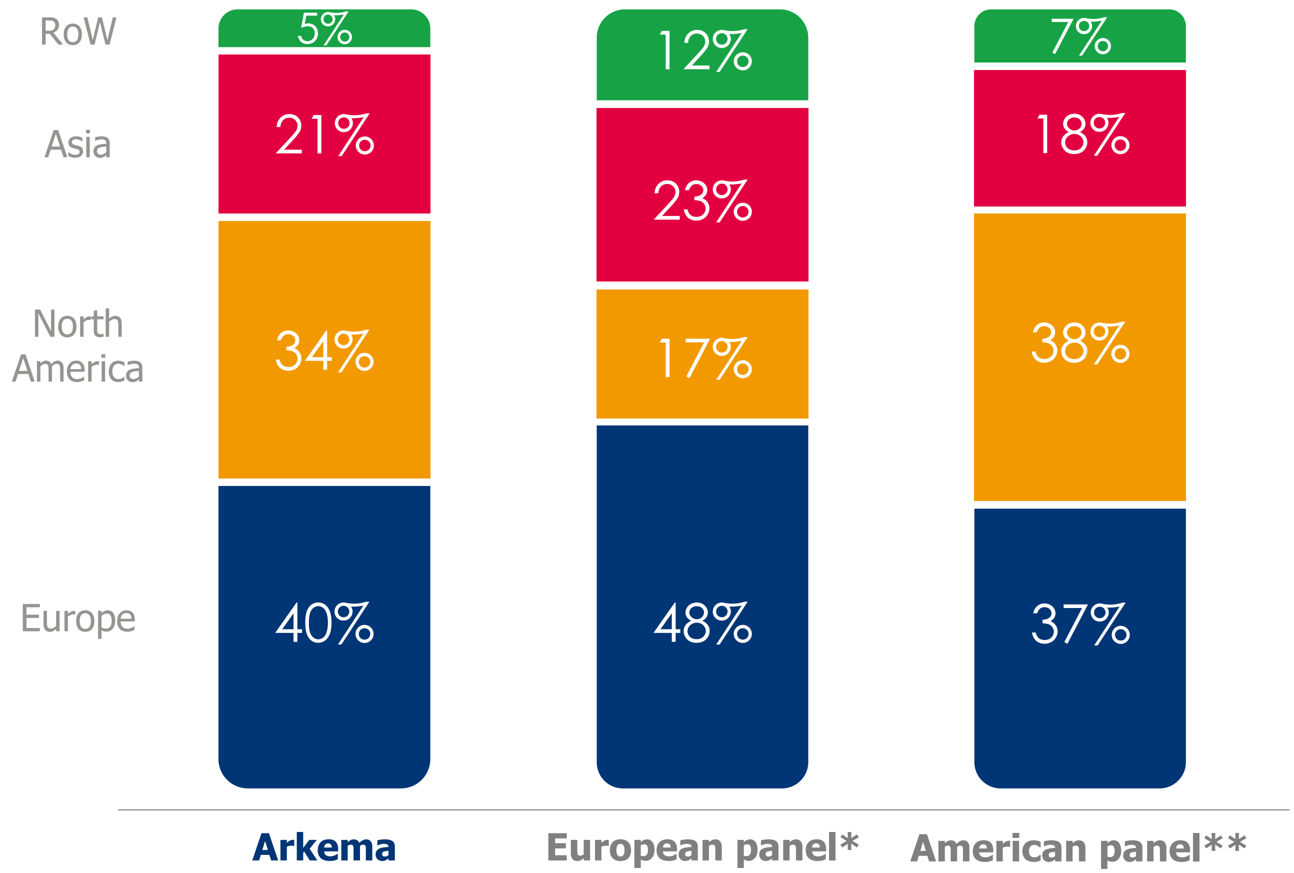
Diversified end markets



Balanced geographical reach

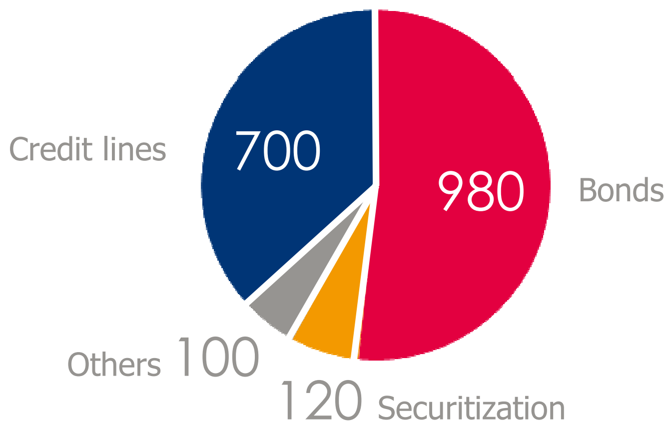


* Akzo Nobel, BASF, Clariant, Lanxess, Solvay
** Dow, Celanese, Chemtura

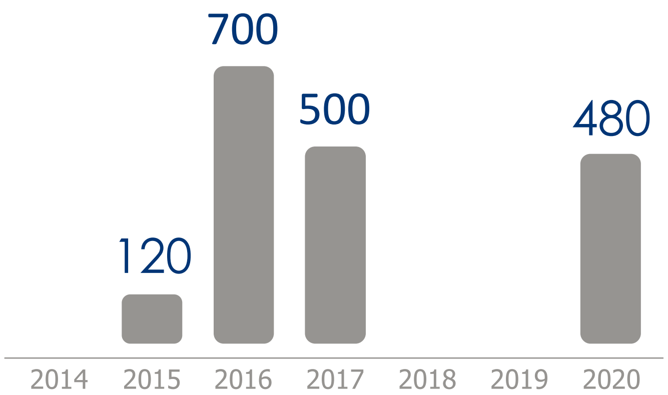
Solid balance sheet and financing

- **€900m net debt at 31 December 2012**
  - 39% gearing
  - 0.9x net debt/EBITDA
- **€480m bond issued in 2012 with maturity in April 2020**
  - First tranche of €230m with 3.85% interest rate
  - Second tranche of €250m with an annual yield slightly below 3%

€1.9bn financing resources (€m)



Average maturity > 4 years (€m)



Full year 2012 **results**

2012 key figures

***In €m** (except EPS)*	**2011**	**2012**	variation
Sales	**5,900**	**6,395**	+8.4%
EBITDA	**1,034**	**996**	-3.7%
EBITDA margin	**17.5%**	**15.6%**	
Recurring operating income	**762**	**678**	-11.0%
Adjusted net income (continuing operations)	**574**	**441**	-23.2%
Net income (discontinued operations)	**(587)**	**(200)**	-
Net income (Group share)	**(19)**	**220**	-
Diluted adjusted EPS (continuing operations)	**9.21**	**7.00**	-24.0%

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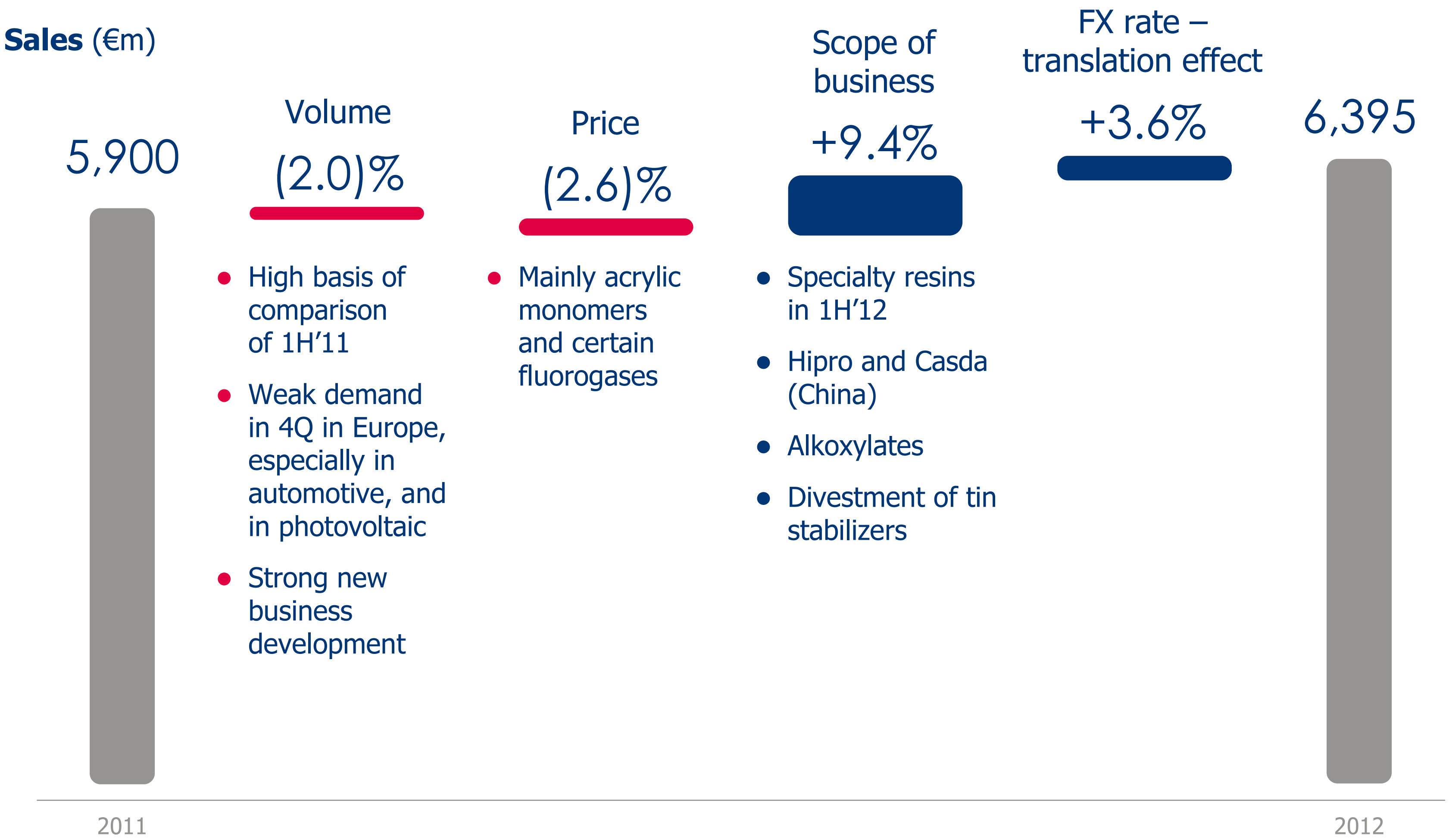
+8.4% sales versus 2011



Key drivers of FY'12 performance

- **More challenging market conditions than in 2011**
  - Solid economic environment in North America supported by cheap energy cost
  - Difficult macro in Europe
  - Lower growth in Asia than expected
  - Volatile and high raw material costs
  - Positive impact of foreign exchange rate (€/US dollar)
- **Well positioned on resilient niche markets**
  - Increasing demand for sustainability (lightweight materials, bio-based products, water treatment, etc.)
  - Growing niches benefiting from population growth and increasing standard of living (superabsorbent for diapers, graphic arts, animal nutrition, etc.)
- **Benefits from strong position built in North America (34% of sales)**
- **Gradual contribution from acquisitions in High Performance Materials with progressive implementation of synergies**
  - Hipro and Casda in China in bio-based specialty polyamide 10
  - Alkoxylates (Filtration and adsorption)

Strengthening our industrial footprint

United States

$110m capex program in acrylics

Start-up in 2012

2-EHA: New line

Under construction

Acrylic acid: +30 kt

Methyl acrylate: +45 kt

China

Start-up in 2012

PVDF Kynar®: +50% capacity

Fluorogas HFC-125: +30% capacity

Under construction

PA10: x3 capacity

Coating resins: new emulsion unit

France

Start-up in 2012

Acrylics: New ADAME™ line in Carling

Under construction

Thiochemicals: Lacq transformation

Jarrie: conversion to membrane technology

Malaysia

Under construction

Thiochemicals platform

Performance Products

(High Performance Materials)

In €m	2011	2012	variation
Sales	1,952	2,101	+7.6%
EBITDA	337	361	+7.1%
EBITDA margin	17.3%	17.2%	
Recurring operating income	238	252	+5.9%

- **17.2% EBITDA margin, maintained at historical high**
- **+7.6% sales at €2,101m**
  - Benefits from acquisitions (+7%) in bio-based polyamide 10 in China and alkoxylates and from positive FX rate (+3%)
  - -3% volumes impacted by weak demand in Europe and, in 4th quarter, by destocking in automotive and photovoltaic and delays in new oil and gas projects
- **Improved product mix**
- **Strong performance of Technical Polymers despite slowdown in 4Q specifically in Europe**
  - Solid positions in niche markets (bio-based polymers, oil and gas, lightweight materials)
  - Benefits of having full Specialty Polyamides product range (PA 10, 11 and 12)
  - Force majeure declared on polyamide 12 following accident at Evonik's CDT plant in Marl (Germany)
- **Further improvement in Organic Peroxides**
  - Portfolio optimization with divestment of tin stabilizers business beginning of October
- **Benefit from alkoxylates acquisition in Filtration and Adsorption**

Industrial Chemicals

(Industrial Specialties and Coating Solutions)

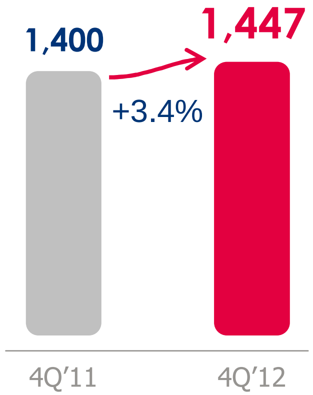
In €m	2011	2012	variation
Sales	3,928	4,271	+8.7%
EBITDA	725	678	-6.5%
EBITDA margin	18.5%	15.9%	
Recurring operating income	553	477	-13.7%

- **+8.7% sales at €4,271m supported by acquisitions of Specialty Resins (+11%) and strengthening of US dollar versus euro (+4%)**
- **Industrial Specialties: €399m EBITDA, 19.0% EBITDA margin**
  - Solid performance of all businesses in North America (PMMA for automotive, Fluorogases for air conditioning and refrigeration, Thiochemicals for animal nutrition, Hydrogen Peroxide)
  - Decrease, as expected, of the margin of certain fluorogases (especially HFC-125) after very strong 2011
  - Lower demand in electronics for PMMA
- **Coating Solutions: €279m EBITDA, 12.8% EBITDA margin**
  - In line with our assumption of acrylics back to mid cycle conditions versus peak conditions in 2011
  - Dilutive impact on EBITDA margin of Specialty Resins acquired from Total but increase of margin in this business by 2 points versus 2011
  - Low demand in decorative paints in Europe and North America but gradual improvement expected in North America in 2013
  - Good performance of Coatex and Sartomer on innovation and geographic expansion

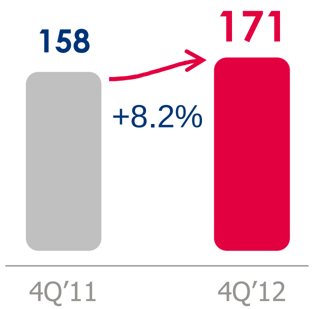
4Q'12 highlights and key figures

- **2nd best performance in a 4Q at € 171m EBITDA**
  - 11.8% EBITDA margin (11.3% in 4Q'11)
- **Traditional year-end seasonality and cautious management of inventory by customers**
- **+3% volumes versus 4Q'11**
- **Good support from Industrial Specialties on healthy market conditions in North America**
- **Low season in Coating Solutions with improving volumes versus 4Q'11**
- **Performance Products, especially Technical Polymers impacted by destocking at year-end in Europe and low photovoltaic**
- **M&A: positive sales contribution from Hipro and Casda and alkoxylates offset by divestment of tin stabilizers**

Sales (€m)



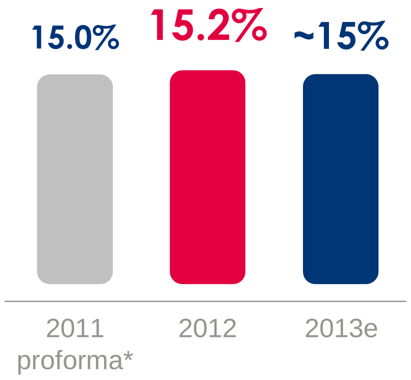
EBITDA (€m)



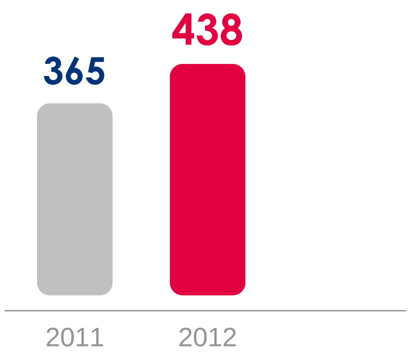
Growth ambition reflected in FY'12 cash flow

- **+€656m operating cash flow from continuing operations**
  - Strict control of working capital (-€13m working capital variation)
- **€438m total capex to fuel growth ambition**
  - €351m recurring capex in line with guidance (5% to 5.5% recurring capex/sales)
  - €75m "exceptional" capex for large industrial projects (thiochemicals in Malaysia, Lacq 2014, Jarrie)
  - €12m capex for Hipro capacity expansion (included in M&A)
- **€231m cash outflow for M&A**
  - Acquisition of Hipro and Casda in China and of an acrylic additives and emulsions production site in Brazil
  - Divestment of tin stabilizers

Working capital /sales (%)



Capex (€m)



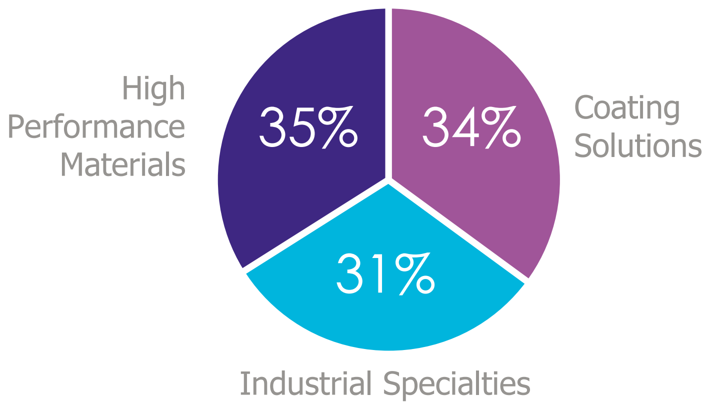
* 2011 proforma working capital includes Specialty Resins and Alkoxylates and excludes Vinyls

Strong balance sheet maintained

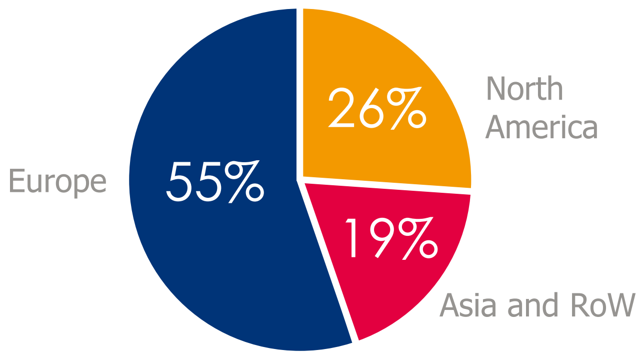
In €m	31 Dec 2011	31 Dec 2012
Net debt	**603**	**900**
Shareholders' equity	**2,217**	**2,311**
Net provisions*	**686**	**774**
Non current assets	**2,693**	**3,068**
Net working capital	**960**	**971**
Capital employed	**3,653**	**4,039**

- **39% gearing in line with guidance**
  - Includes the impact of the acquisition of Hipro and Casda in China and of the divestment of Vinyls
- **0.9x net debt / EBITDA**
- **Net provisions include:**
  - € 324 m pensions (€261m in 2011) on lower discount rates
  - € 50 m restructuring (€72m in 2011)
  - € 123 m environment (stable YoY)
- **€600m unrecognized deferred tax assets end 2012**

Capital employed by segment



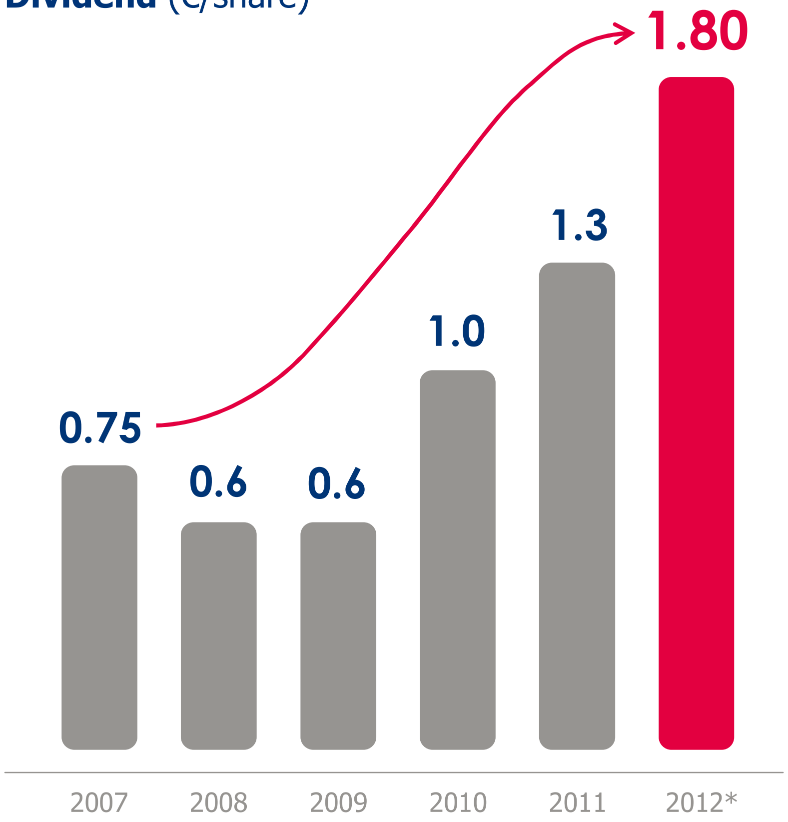
Capital employed by region



* Provisions net of non-current assets

Dividend increase reflects strong confidence in Arkema's potential

Dividend (€/share)



- **Payout: 25% of adjusted net income**
- **2.3% dividend yield (based on share price at year end)**
- **Arkema confirms its target to reach a 30% payout ratio on adjusted net income**

* Dividend proposed to the Shareholder Annual General Meeting of June 4th, 2013

2013 assumptions

- **Market conditions expected to remain contrasted**
  - Solid environment in North America supported by improved GDP and low energy costs
  - Europe to remain challenging with continuing cautiousness of customers
  - Growth should gradually improve in Asia with early signs of recovery in China
  - Expected weak demand in photovoltaic in 1H'13 and in automotive in Europe and delays in some oil and gas projects
  - Signs of improvement in decorative paints in the USA

- **Mid-cycle conditions in acrylic monomers**

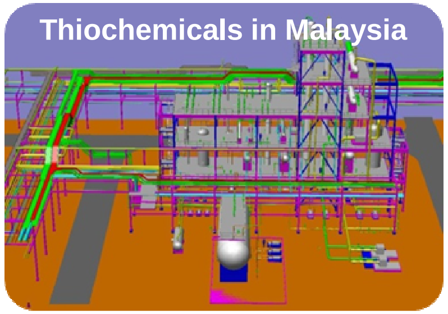
- **Strong focus on pricing to follow high raw materials**

- **Volatile exchange rates**

- **2013 should be another strong year with a slower start of the year in the High Performance Materials segment**

2013 priorities

- **Finalize $110m investment plan in acrylics in the US**
  - Start-up of 30kt acrylic acid expansion (mid 2013)
  - Start-up of 45kt methyl acrylate unit (2H'13)
- **Maintain pace of development in China**
  - Start-up of Hipro capacity expansion (x3) end 1Q'13
  - New emulsion units in Changshu (4Q'13)
- **Further synergies in coating resins**
- **Execute on the construction of the Thiochemicals platform in Malaysia**
- **Implement project to secure sulfur supply over next 30 years for Thiochemicals in Lacq**
  - Turnaround expected in 4Q'13
- **Finalize investment in Jarrie in the next generation of electrolysis (membrane technology)**
- **€ 500 million capex in 2013e to support targeted growth ambition**
  - In line with the mid-term capex guidance of € 1.7 bn capex over 4 years (2013-2016)



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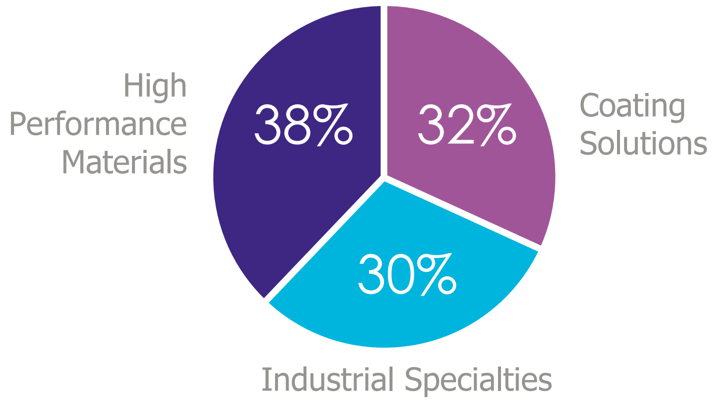
On track to
2016 targets

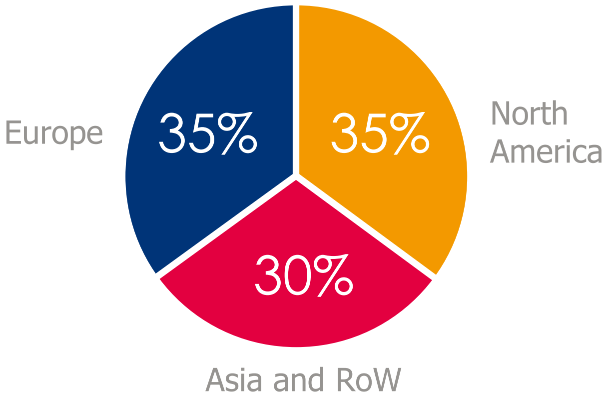
Confident to deliver our long-term targets

- **€ 8bn sales and 16% EBITDA margin in 2016**
- **Gearing to be maintained below 40%**
- **Portfolio increasingly focused on specialties**
- **Very balanced geographic presence**

Sales by segment (2016e)



Sales by region (2016e)

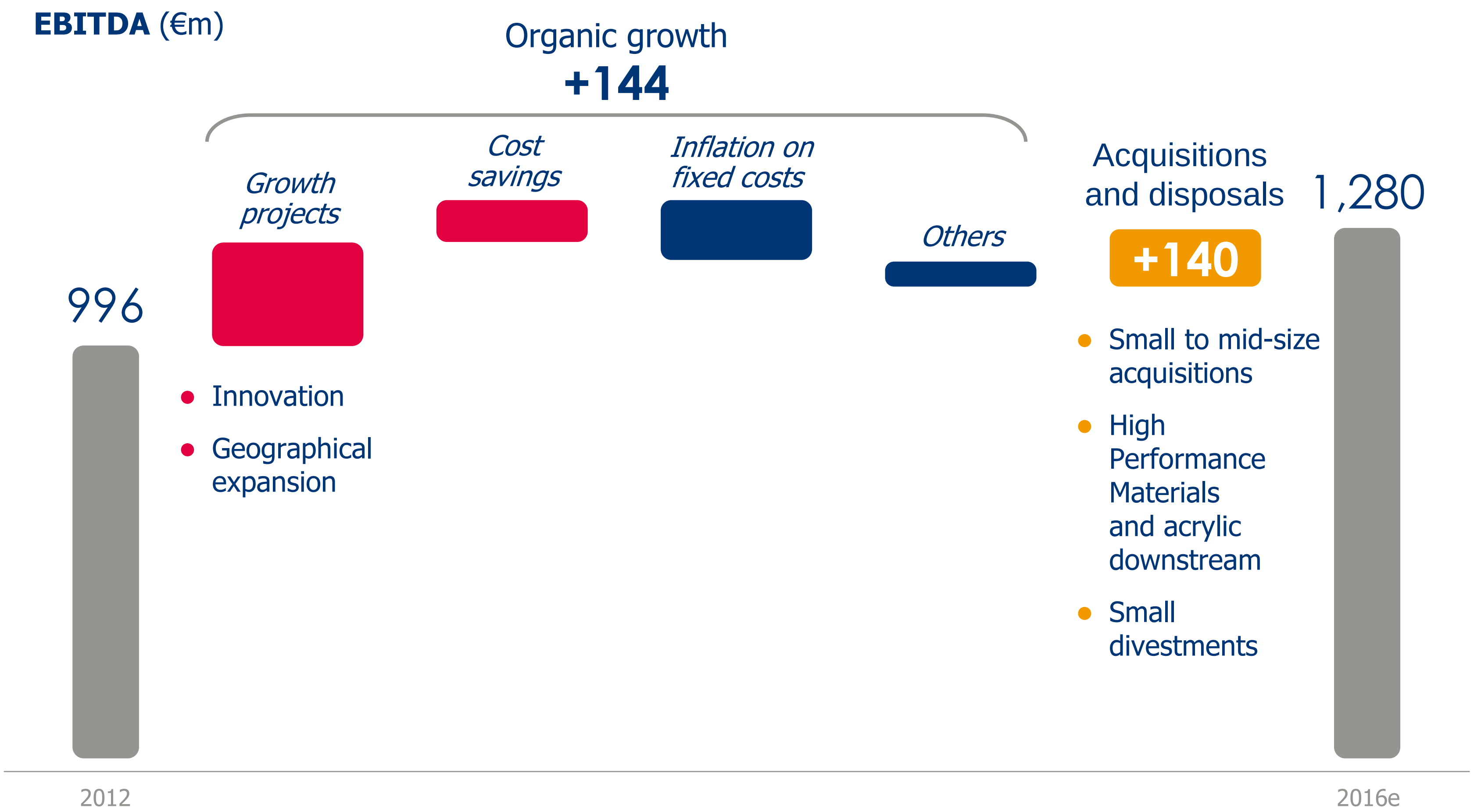


Strategic priorities for 2013 - 2016

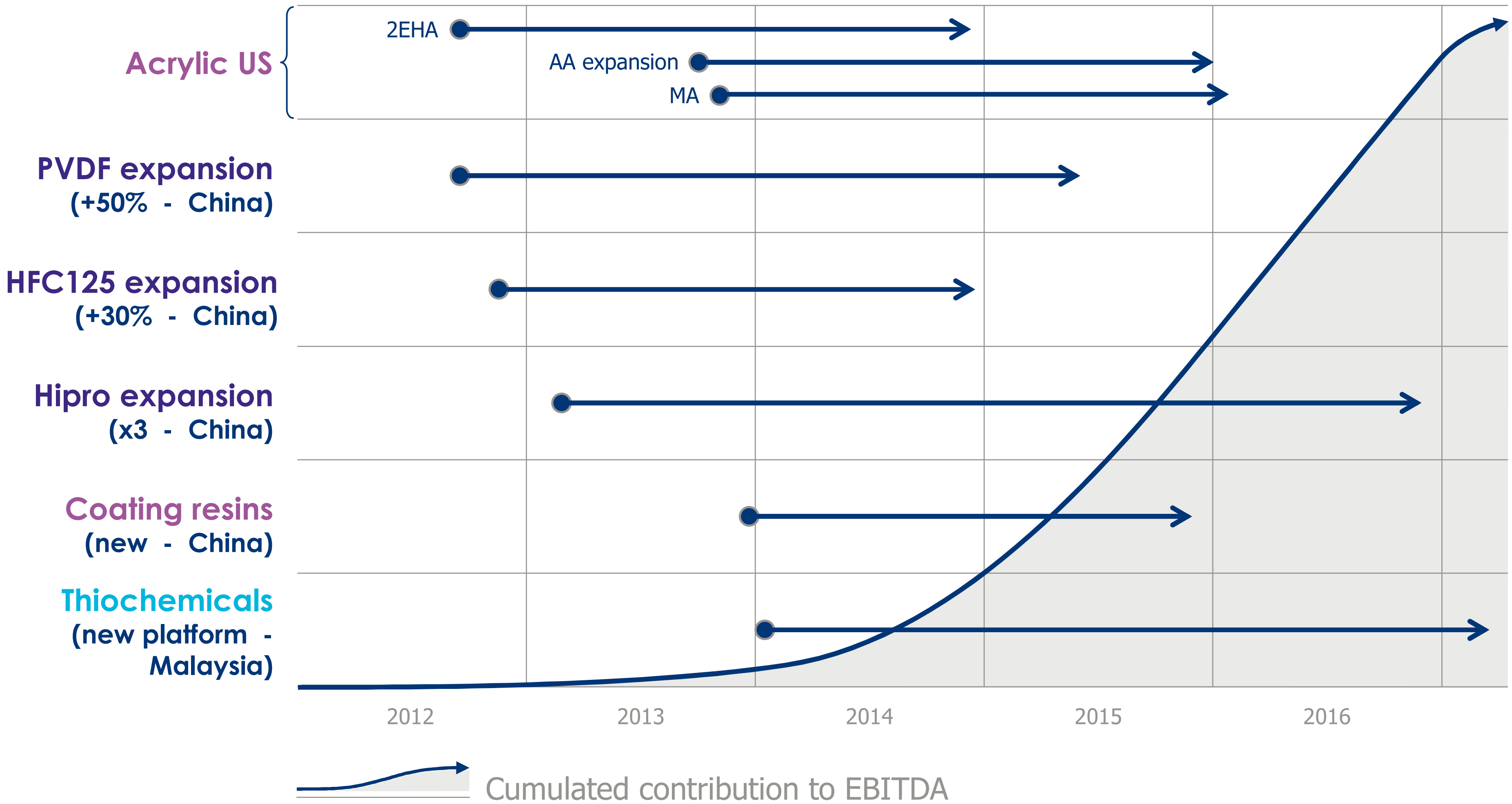
- **Ramp-up of internal growth projects (innovation and higher growth countries)**
- **Bolt-on acquisitions in High Performance Materials and acrylic downstream**
- **Operational excellence**
- **Access to strategic raw materials**
- **Breakthrough projects with effects beyond 2016**
- **Global integration of information systems (one more step in the control of working capital and pricing)**

A clear roadmap to achieve 2016 targets

Organic growth and acquisitions to support EBITDA growth



Contribution of organic growth projects to EBITDA



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A rich pipeline of R&D projects

	Today	Short-medium term	Longer term
New energies	PVDF for Li-ion batteries PVDF film for solar pannel	Electrolytes for Li-ion batteries LGWP Fluorogases Thin layer photovoltaic	Li-sulfur batteries (Oxis)
Renewable	PA11/ PA10	PMMA RNew®	Metathesis process Acrylic acid from Glycerol
Light-weight materials	HT Polyamides	Nanostructured PMMA PVDF foam PMMA composites	PEKK composites
Water management	PVDF membranes	Hydrophilic membranes	
Organic electronic			Lithography Piezo electric sensors

High Performance Materials roadmap to 2016

2016 ambition

- 38% of Group sales
- 18% EBITDA margin

Strategic drivers

- Leverage megatrends through innovation in lightweight materials, new energies and renewable raw materials
- Reinforce portfolio of specialty polymers through bolt-on acquisitions and breakthrough technological projects
- Execute on Hipro-Casda business development
- Strengthen leadership position in PVDF through geographic expansions and extend range of fluoropolymers
- Expand in high growth countries (Middle-East, India, Brazil, etc.)

Major current projects

- Capacity expansion at Hipro (x3)
- PVDF expansion in China
- High-temperature polyamides
- New capacity in molecular sieves

World of high value and innovative solutions

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

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Industrial Specialties roadmap to 2016

2016 ambition

- 30% of Group sales
- 17% EBITDA margin

Strategic drivers

- Reinforce global industrial footprint
- Secure strategic supplies
- Expand in higher growth countries
- Develop new applications through innovation (Paladin® for soil fumigation, new generation of fluorogases, lightweight materials)

Major current projects

- Thiochemicals platform in Malaysia
- Investments to secure sulfur supply in Lacq for next 30 years (project Lacq 2014)
- Investment to move Jarrie site to next generation of electrolysis (membrane technology)

Global and integrated industrial niches

- Thiochemicals
- Fluorogases
- PMMA
- Hydrogen peroxide

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Coating Solutions roadmap to 2016

2016 ambition

- 32% of Group sales
- 15% EBITDA margin

Strategic drivers

- Increase downstream integration
- Further acquisition synergies in coating resins
- Expand in Asia and Latin America
- Bolt-on acquisition of new specialties
- Benefit from US decorative paints recovery

Major current projects

- US$ 110 m investment plan in acrylics in US (Clear Lake and Bayport expansions)
- New emulsion unit in China
- Leverage Brazilian acquisition in coating resins and rheological additives

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

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

Down-stream

Conclusion

- Strong FY'12 performance in a volatile and challenging macro-environment
- High quality portfolio of profitable niche chemical businesses
- Dividend increase to reflect confidence in our mid-term outlook
- High density of organic growth projects supporting targeted growth strategy
- Confident for 2013 while remaining cautious about the macro-environment

Clear roadmap to achieve 2016 ambition

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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 2012, 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

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Thierry Lemonnier
CFO

Investor Relations
420, rue d'Estienne d'Orves
F-92705 Colombes Cedex