

**INVESTOR DAYS**

A circular background image showing a scientist in a white lab coat and glasses on the left, and an industrial worker in a yellow hard hat on the right. The center of the image is filled with a stack of yellow plastic components.

## **Delivering now and tomorrow**

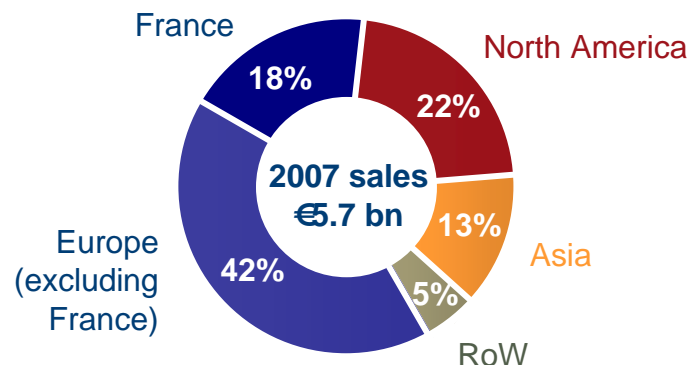
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Thierry Le Hénaff, Chairman and CEO

➔ September 22<sup>nd</sup> 2008

# Arkema at a glance

## Diversified geographic base



## Diversified end markets

### % of Arkema sales

15 to 20%  
for each

- Chemical industry

- Construction

5 to 10%  
for each

- Electronics
- Coating & adhesives
- Automotive

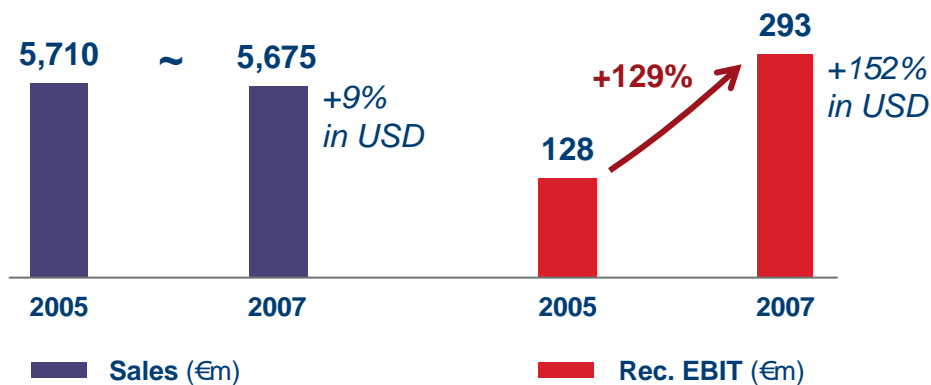
- Packaging
- General industry

<5%  
for each

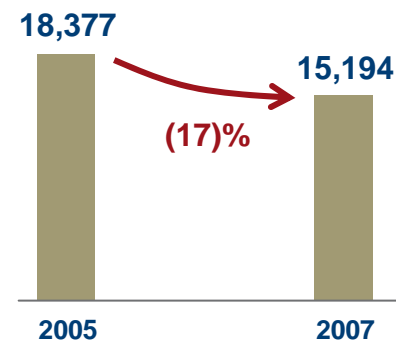
- Oil & Gas
- Energy
- Paper
- Environment sector

- Animal nutrition
- Health & hygiene
- Sport & leisure
- Infrastructure

## Performance turnaround



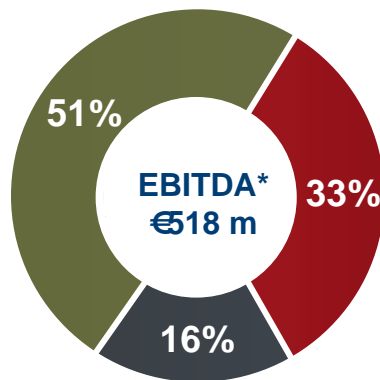
## Headcount



# Business segments

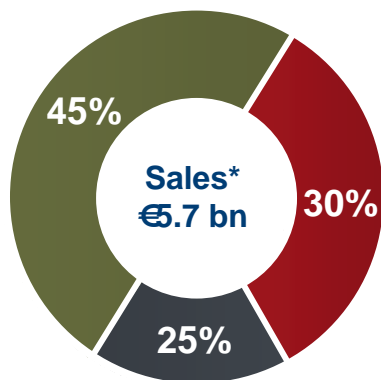
## Industrial Chemicals

- World leading positions on integrated chemical lines
- Growing end markets



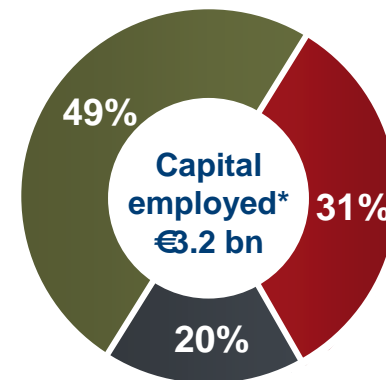
## Performance Products

- Innovative solutions
- World leadership in niche segments



## Vinyl Products

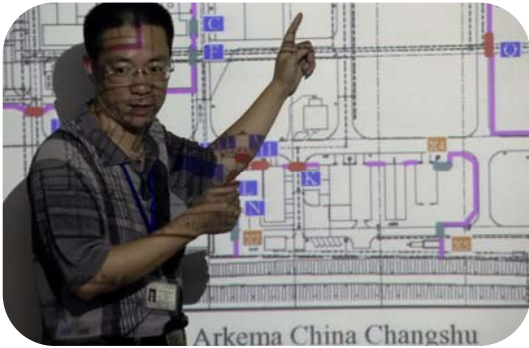
- Well integrated caustic soda and PVC producer
- # 3 in Europe in PVC



# A clear path forward



Reduce fixed costs



Accelerate business development in Asia



R&D focused on new markets

*Portfolio management to speed up transformation*

# Clear targets, quick implementation

Fixed costs

€500m fixed cost savings in 2010 vs. 2005



- Saint-Auban
- Pierre-Bénite
- Headquarters

Asia

20% sales in Asia in 2012



- H<sub>2</sub>O<sub>2</sub> in Shanghai
- JV with Daikin in fluorogas
- PVDF in Changshu

R&D

New Products\*: 20% in 2010 of Performance Products sales



- Renewable polymers (Pebax<sup>®</sup>)
- Photovoltaic (Kynar<sup>®</sup>)
- Nanomaterials (Nanostrength<sup>®</sup>)
- Low global warming fluorogas (Forane<sup>®</sup>)

M&A

€300 to 400m to be divested  
€500 to 800m to be acquired



- Cerexagri (*sold*)
- Urea formaldehyde resins (*sold*)
- Coatex (*acquired*)

# Step by step transformation

2004-2005

Prepare  
spin off

2006-2008

Restore  
profitability

2009-2010

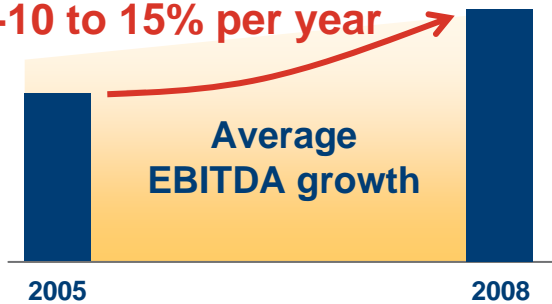
Positioned  
for growth

Beyond 2010

Reaching  
best in class

## Our two targets

+10 to 15% per year



12% EBITDA  
margin



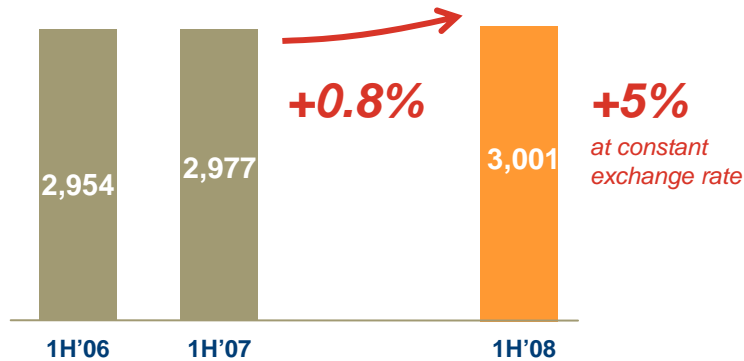
Ability to deliver

**1<sup>st</sup> half 2008**

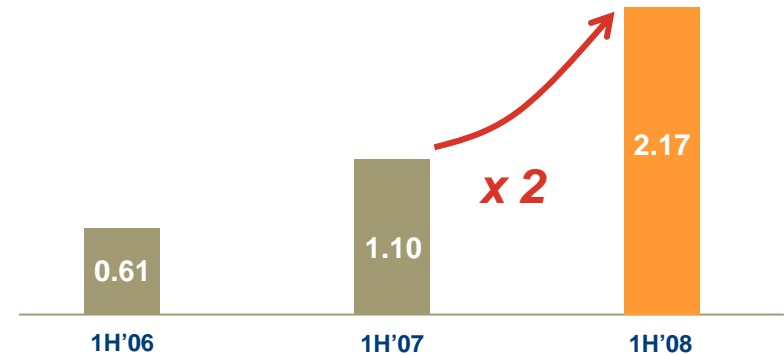
 ***Strong results***

# Robust progression delivered despite a complex environment

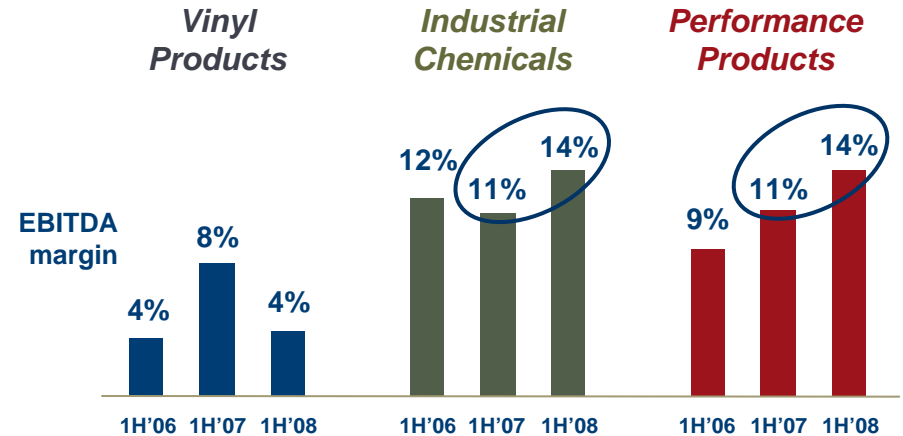
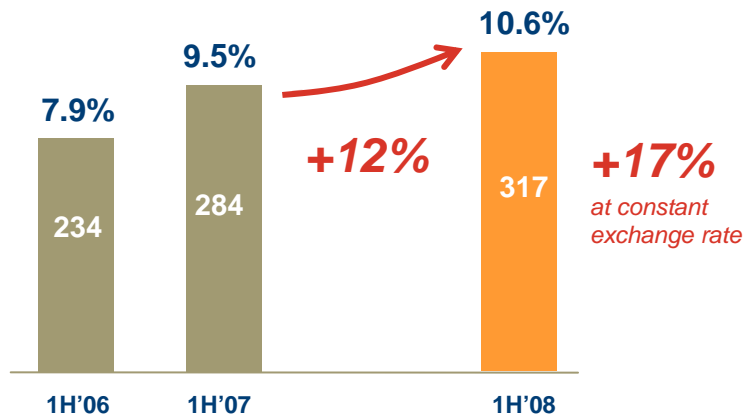
## Sales (€m)



## EPS (diluted in €)



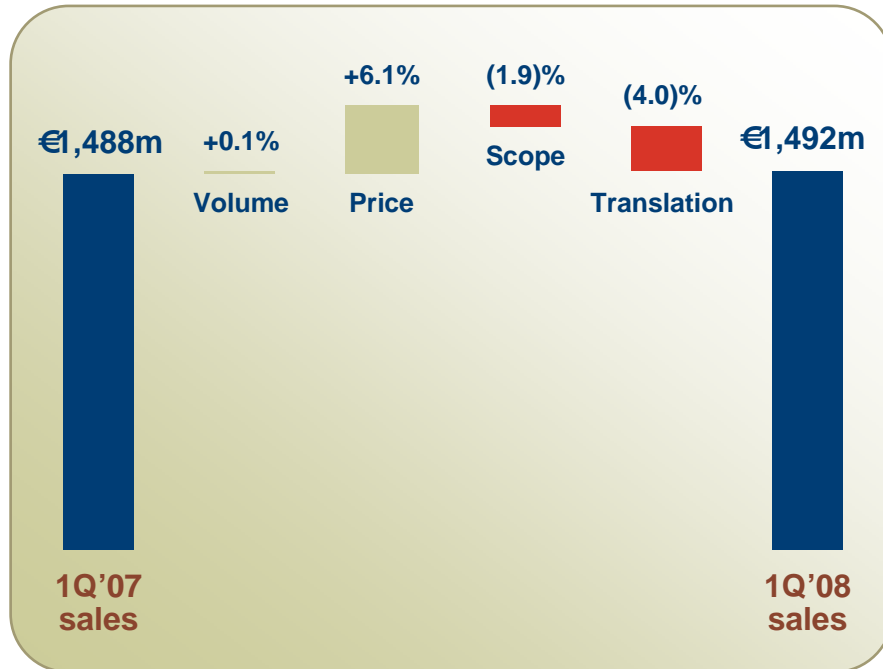
## EBITDA (€m) & EBITDA margin



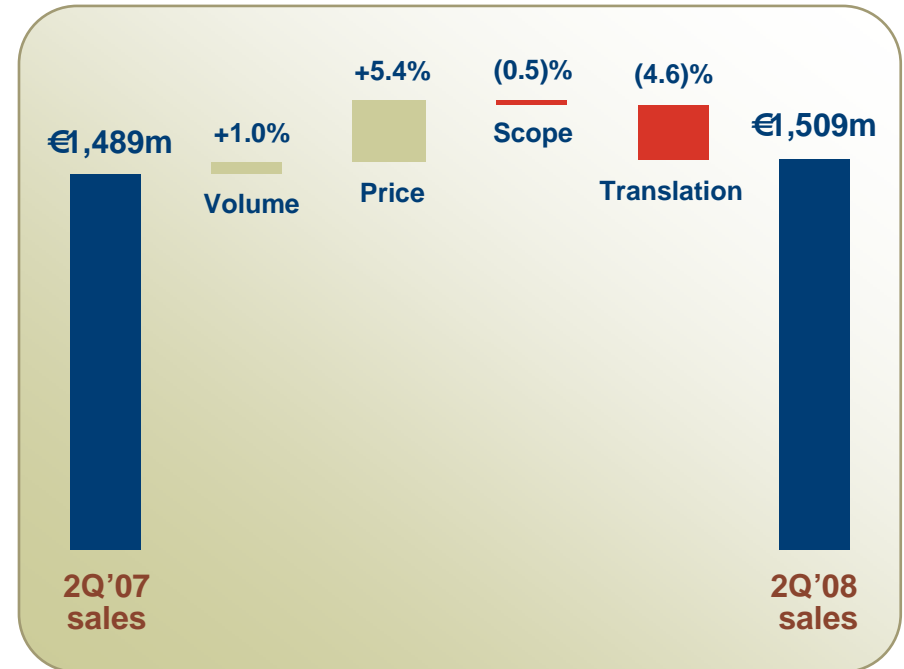


# Firm action on price increases

## First quarter

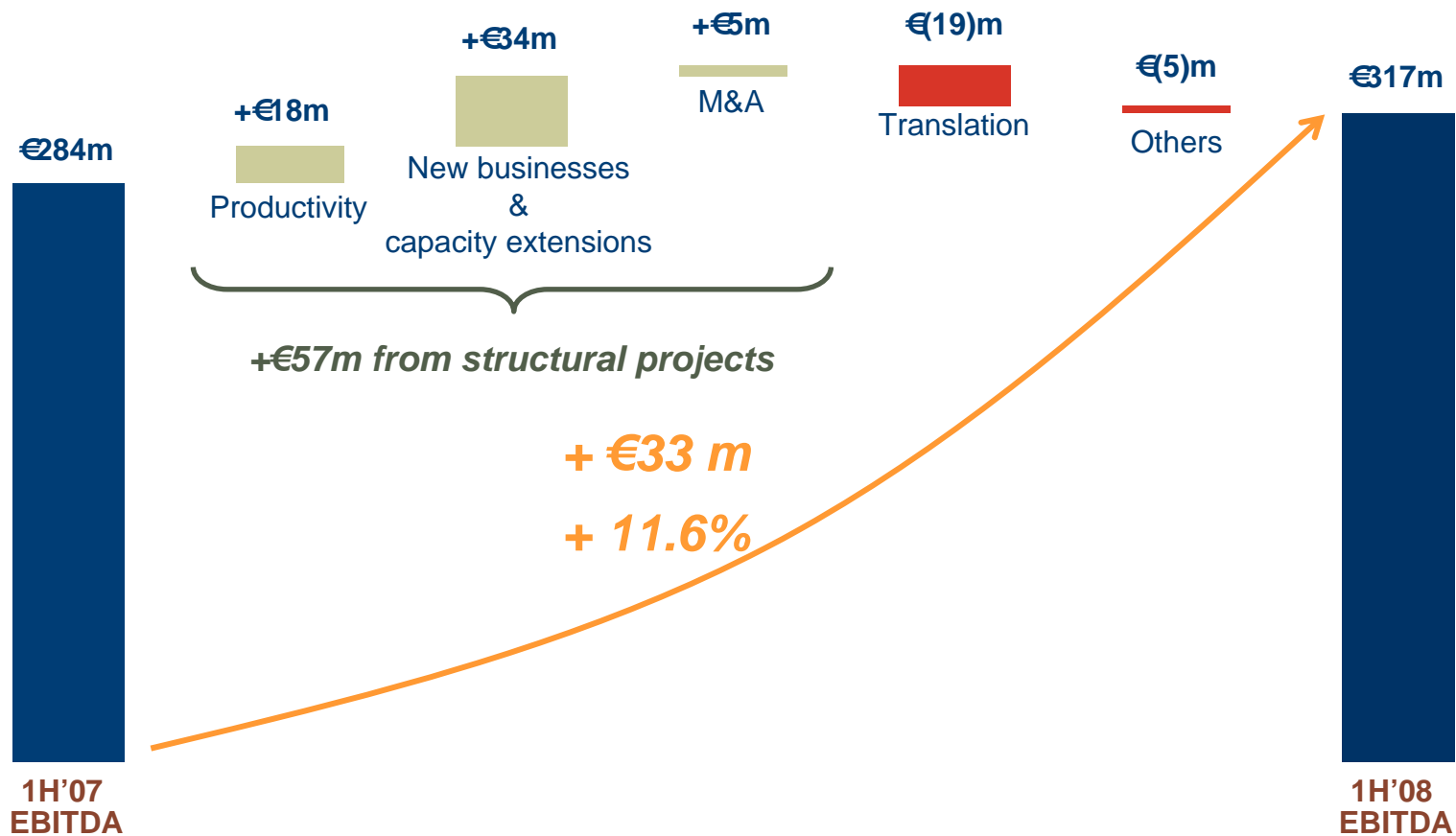


## Second quarter



**2008 sales expected to be level**  
(price increases offset by currency)

# Structural projects increase EBITDA



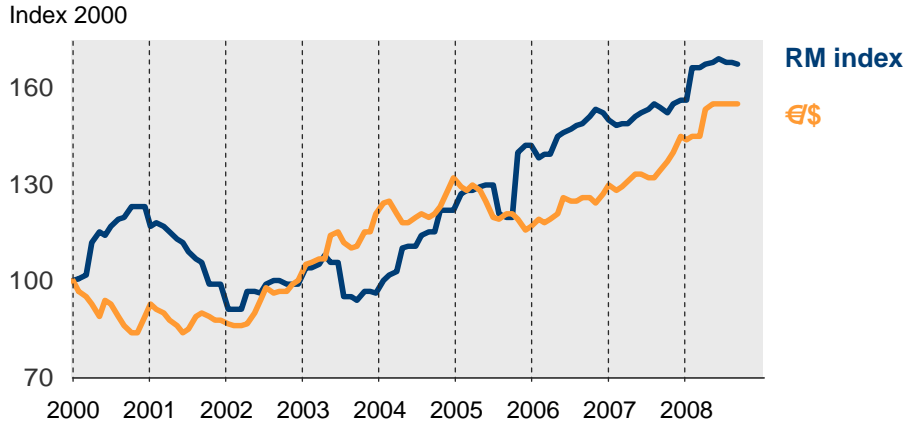
**10% EBITDA margin target confirmed**



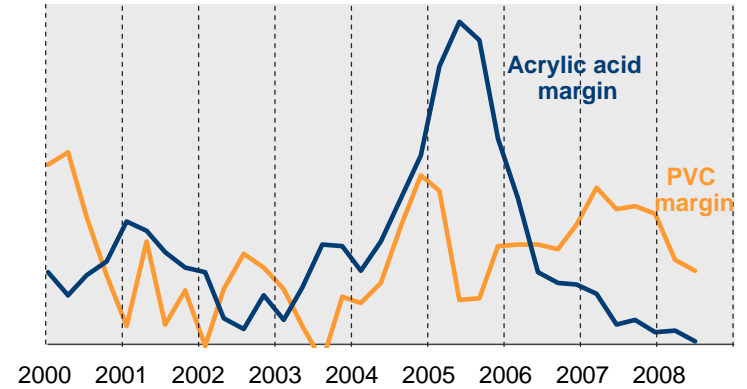
 ***What's behind our success***

# Little support from macro environment

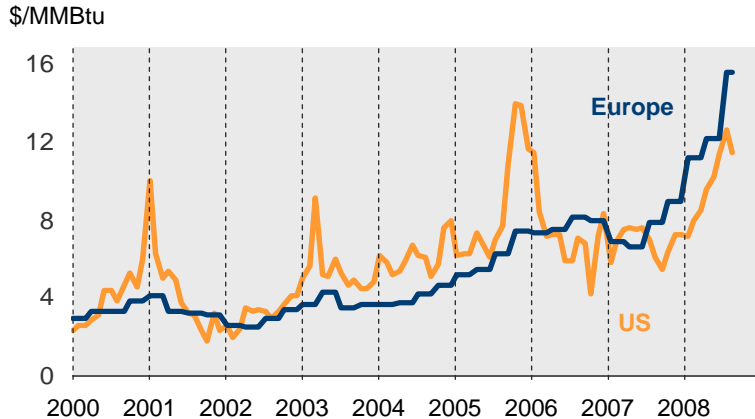
## Raw materials and €\$ exchange rate



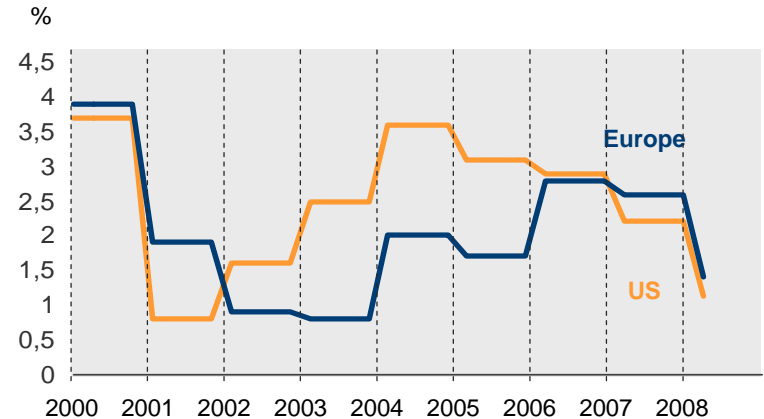
## PVC and acrylic margin



## Energy (natural gas)

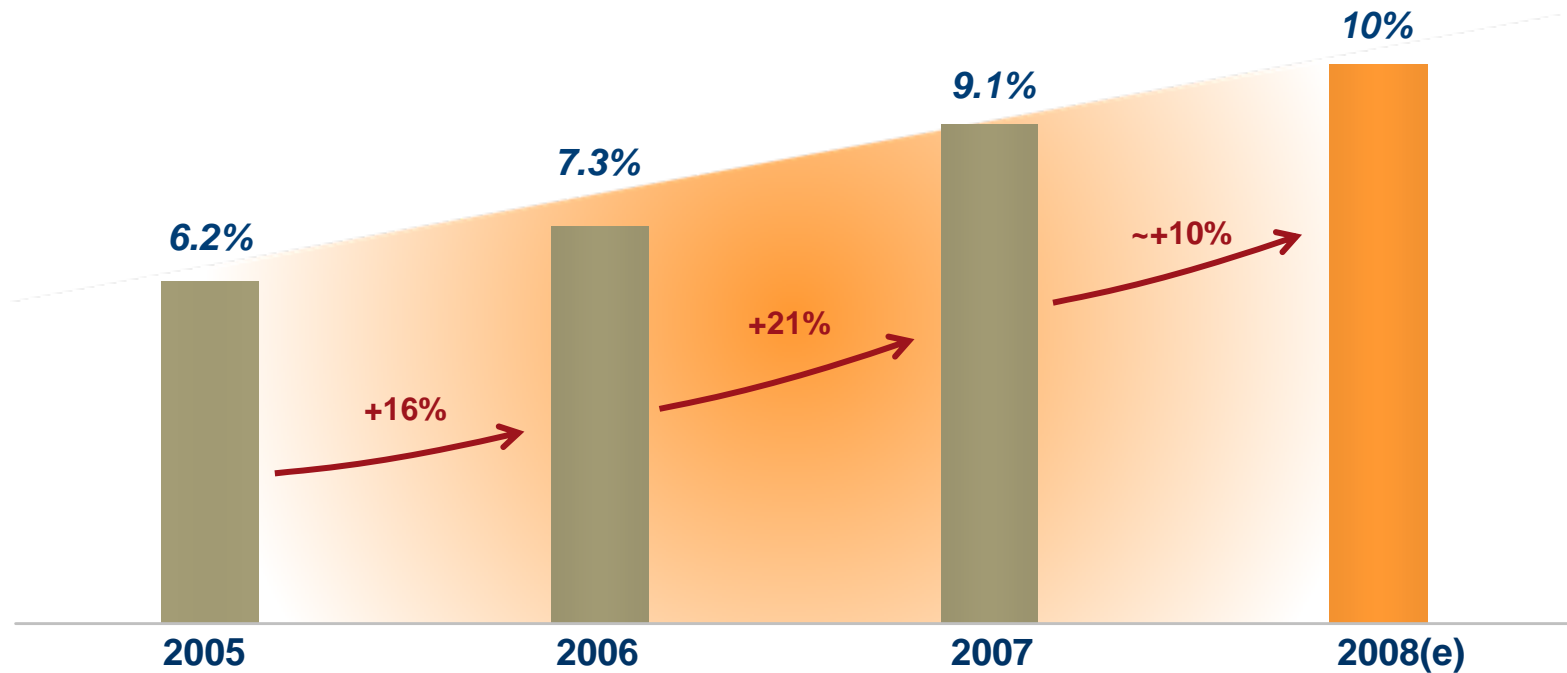


## GDP



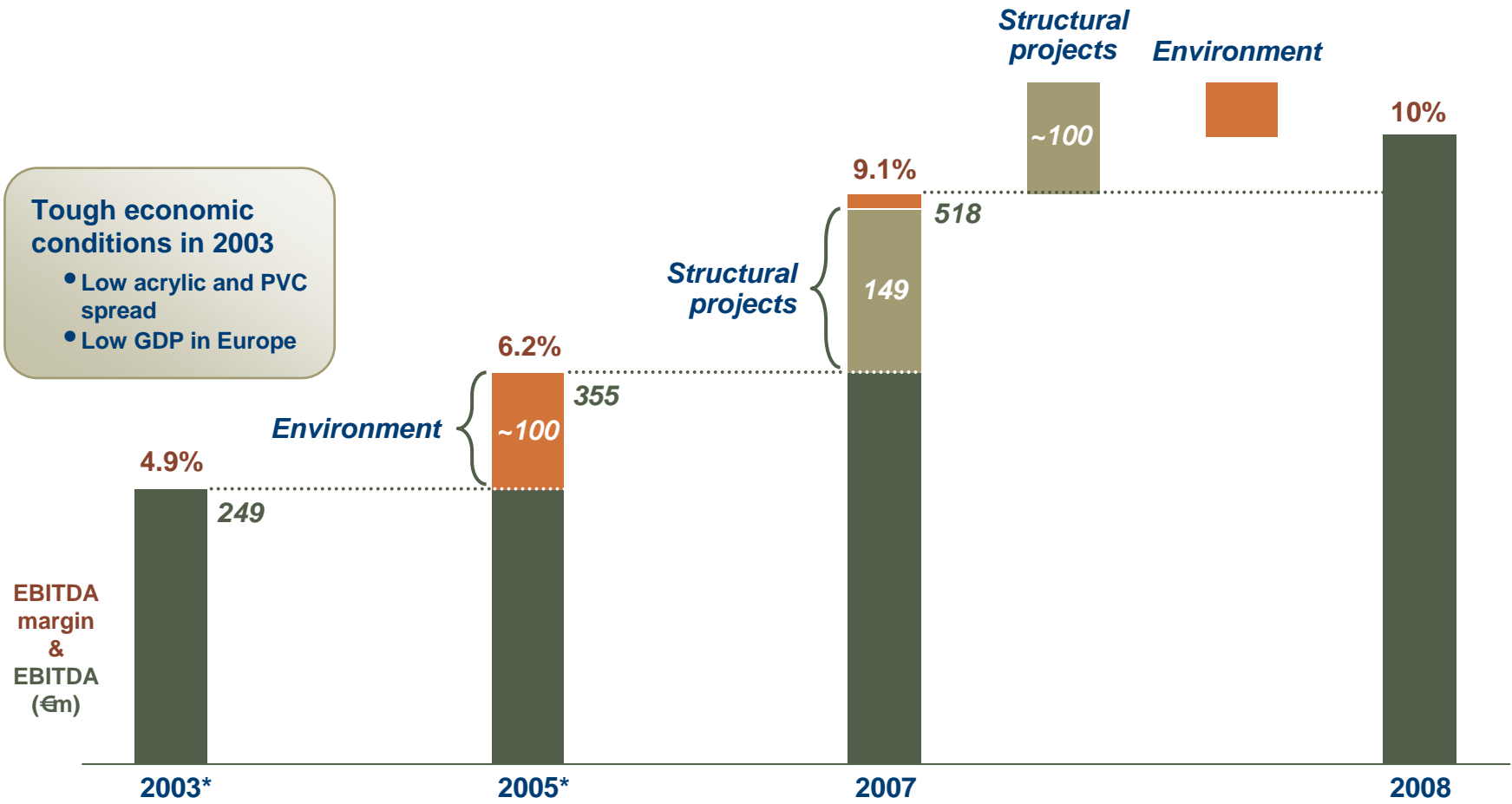
# Arkema outperformed targets

*Target set in May 2006: +10 to 15% per year EBITDA growth on average between 2005 and 2008*



**> +15% per year EBITDA growth on average**

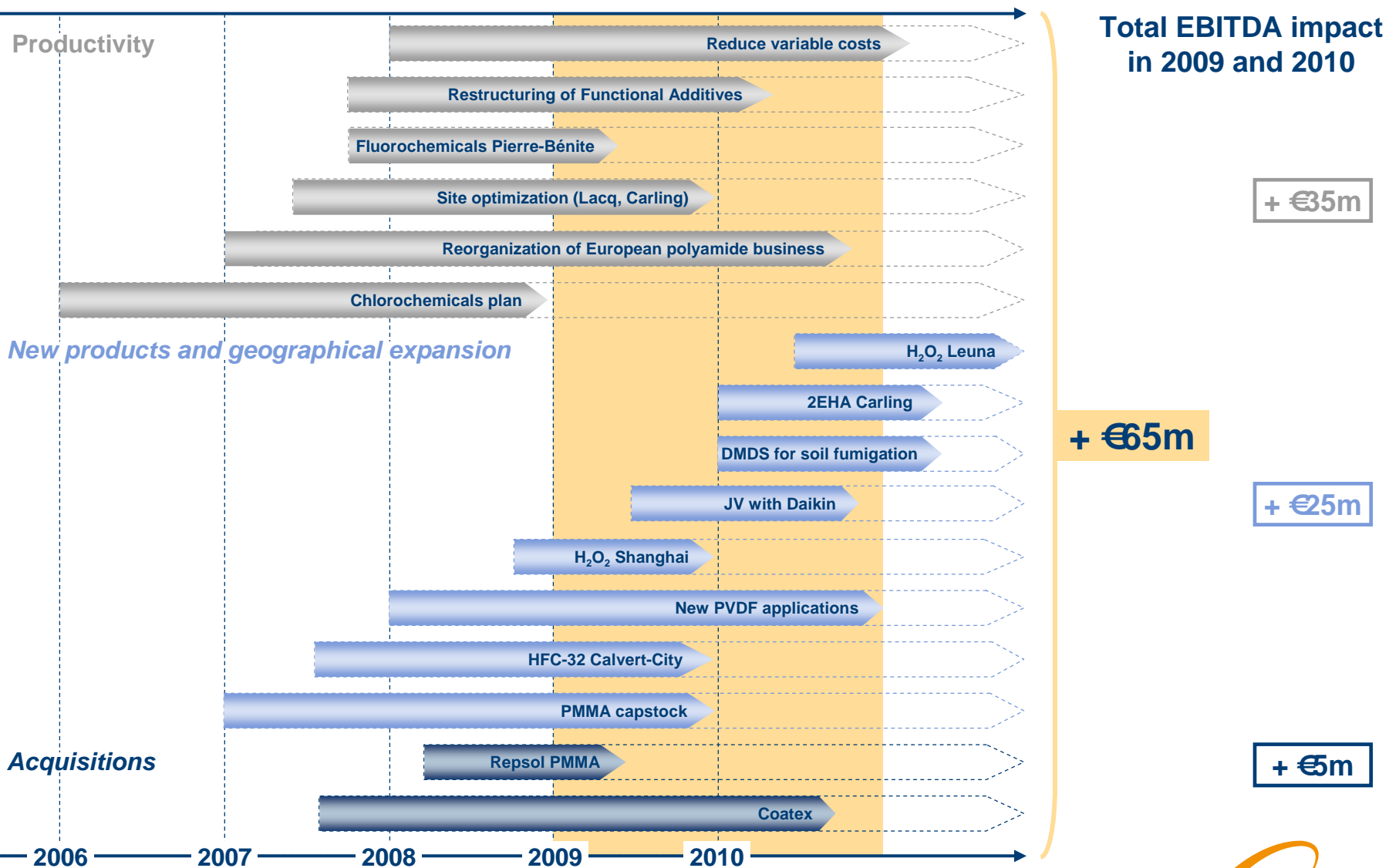
# 2003 to 2008: resilience significantly increased





 ***2010 outlook***

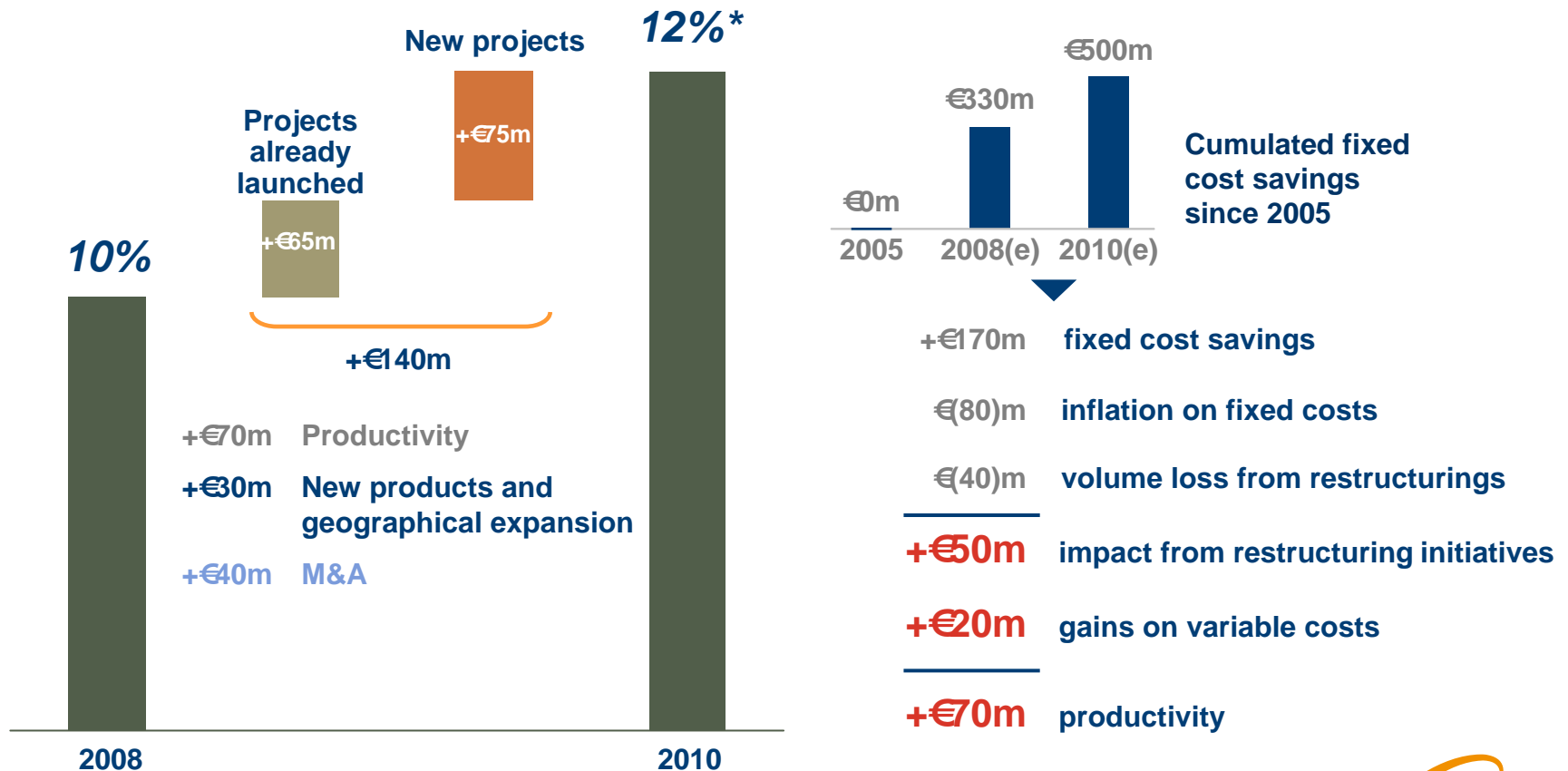
# Half EBITDA growth for next two years (2009/2010) supported by projects already launched



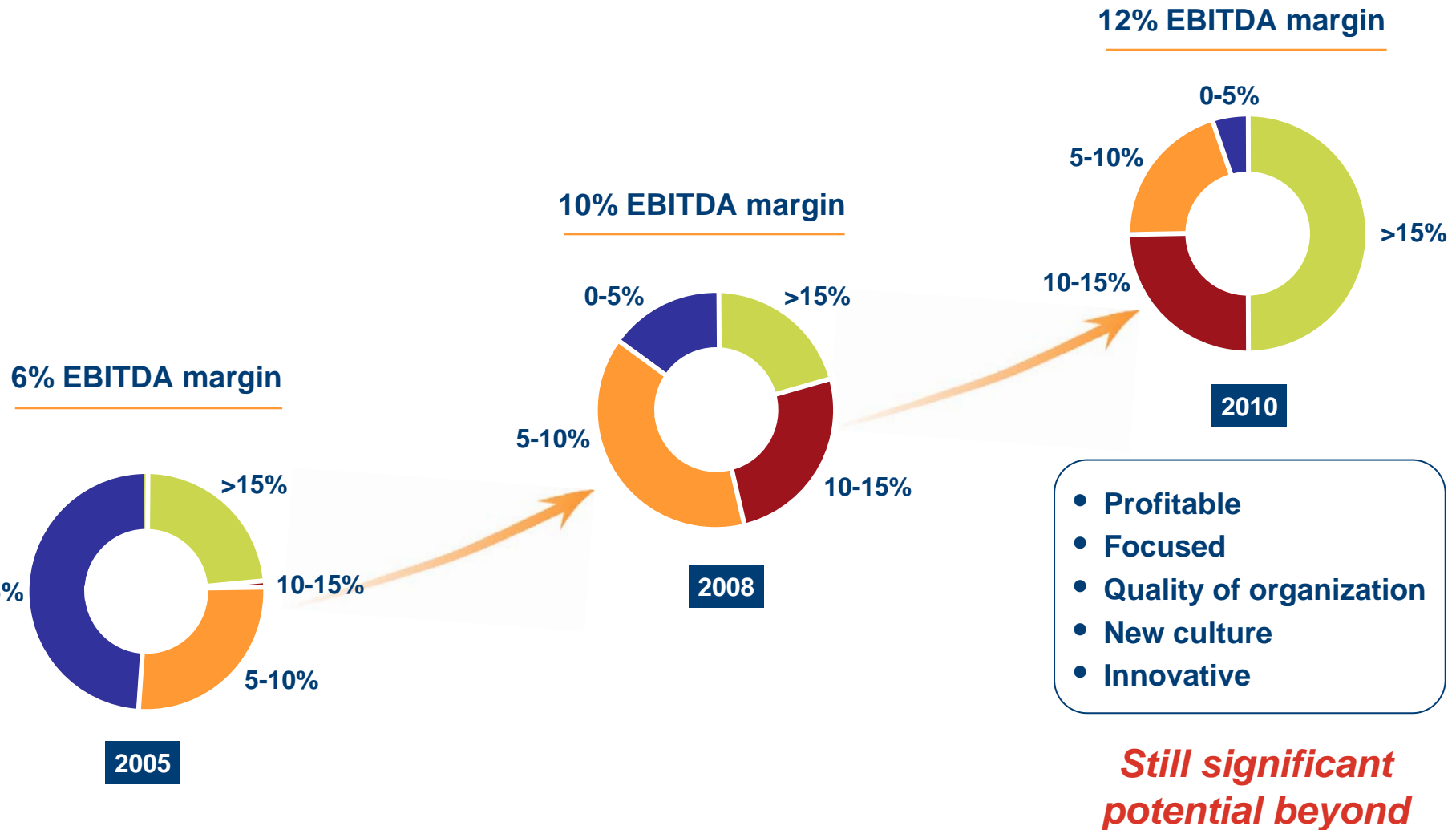


# 2010 target confirmed

Confidence in our ability to continue to grow EBITDA margin and reach 12% EBITDA margin target in 2010



# A new profile is emerging

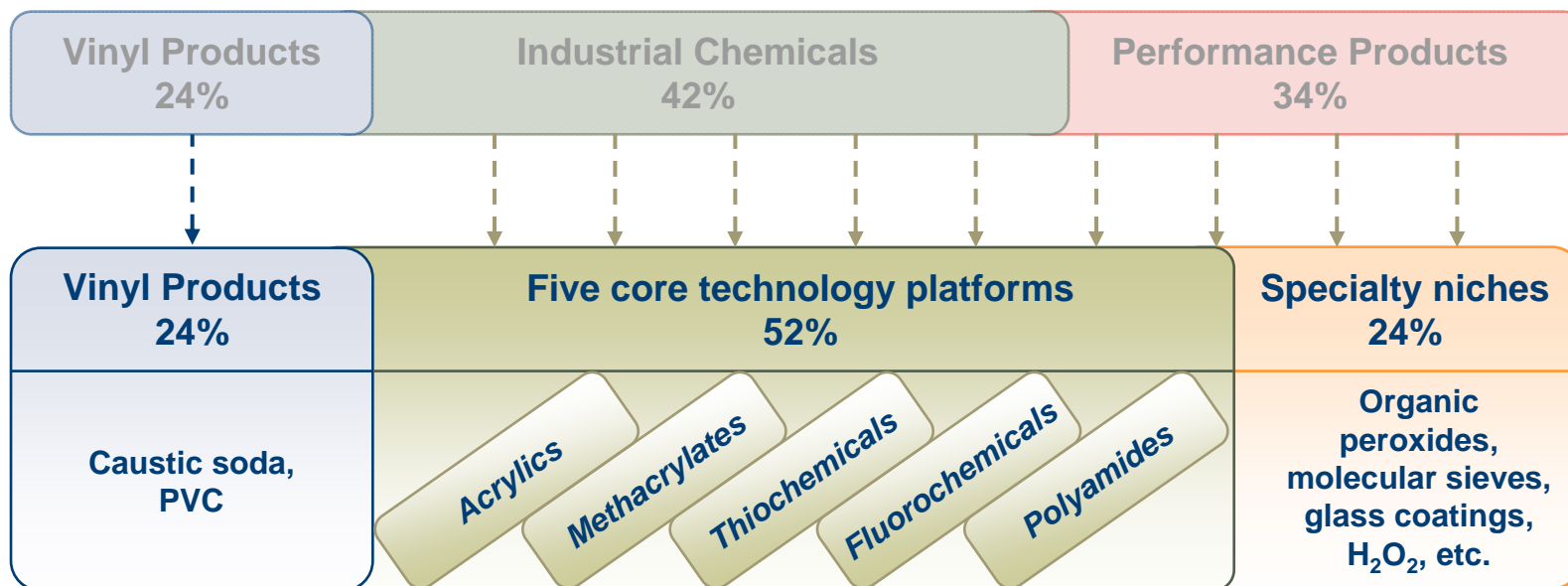


Profitability distribution (sales share)



 ***An attractive portfolio:  
sustainable long term prospects***

# Quality of the portfolio



# Vinyl Products

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## **2005: Launch of Chlorochemicals consolidation plan**

- 15% headcount reduction
- Significant increase in production reliability
- Additional savings in G&A (streamlined organization)

 **From 2008: break-even in low-cycle conditions**

## **2008-2010: Further improvement**

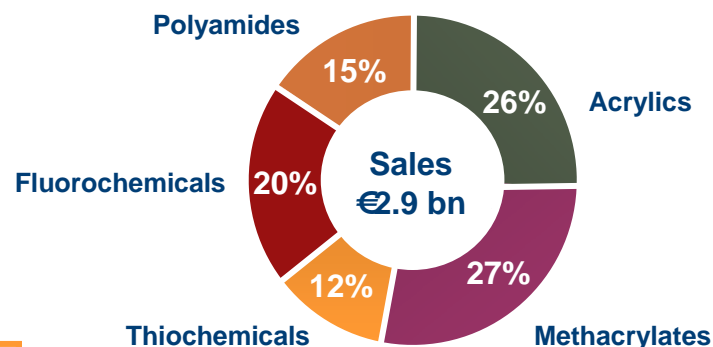
- High energy and raw material costs
- Additional improvement of fixed and variable costs
- Close attention to structural changes in the sector (consolidation, Eastern Europe growth, new energy context)

 **7 to 9% EBITDA margin in mid-cycle conditions in 2010**

# Five core technology platforms

Strategic raw materials		Integrated chain	
		Monomers / intermediates	Polymers / downstream
Acrylics	Propylene	Acrylic acid	Coatex / impact modifiers
Methacrylates	Propylene / methanol	MMA	PMMA (Altuglas®, Plexiglas®)
Thiochemicals	Sulfur	Methylmercaptan	DMDS
Fluorochemicals	Fluor spar	HCFC 140 / VF2	PVDF Kynar®
Polyamides	Castor oil / Butadiene	Amino 11 / Lactame 12	Rilsan® / Pebax®

- Leadership positions
- Small number of competitors
- Growth > GDP
- Proprietary technologies
- High value added downstream



EBITDA margin potential: 15 to 20%\*

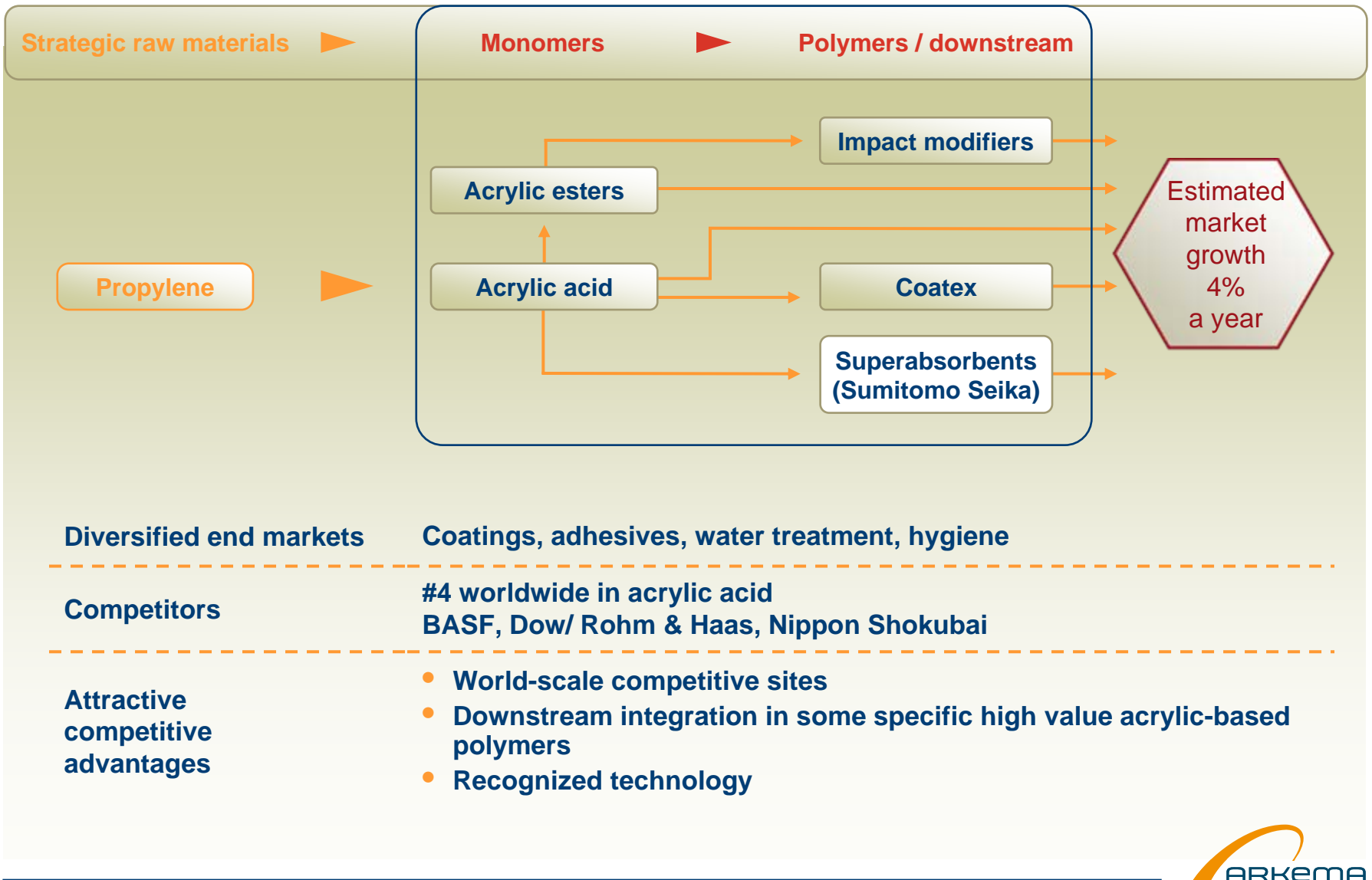
# Successful model for the long term

- ✦ Securing competitive long term access to strategic raw materials
- ✦ Building manufacturing footprint in each major geographical zone
- ✦ Increasing downstream through M&A and organic growth

Strategy		Recent initiatives
<b>Acrylics</b>	<i>bolt-on acquisition of high value polymers</i>	<b>acquisition of Coatex</b>
<b>Methacrylates</b>	<i>better focus on growing segments</i>	<b>reorganization in Europe</b>
<b>Thiochemicals</b>	<i>leveraging our leadership position</i>	<b>Beaumont/Novus, fumigation</b>
<b>Fluorochemicals</b>	<i>taking advantage of new regulations</i>	<b>HFC-32, HFC-125, LGWP</b>
<b>Polyamides</b>	<i>building on unique technical properties</i>	<b>high temp., clear and Rnew®</b>

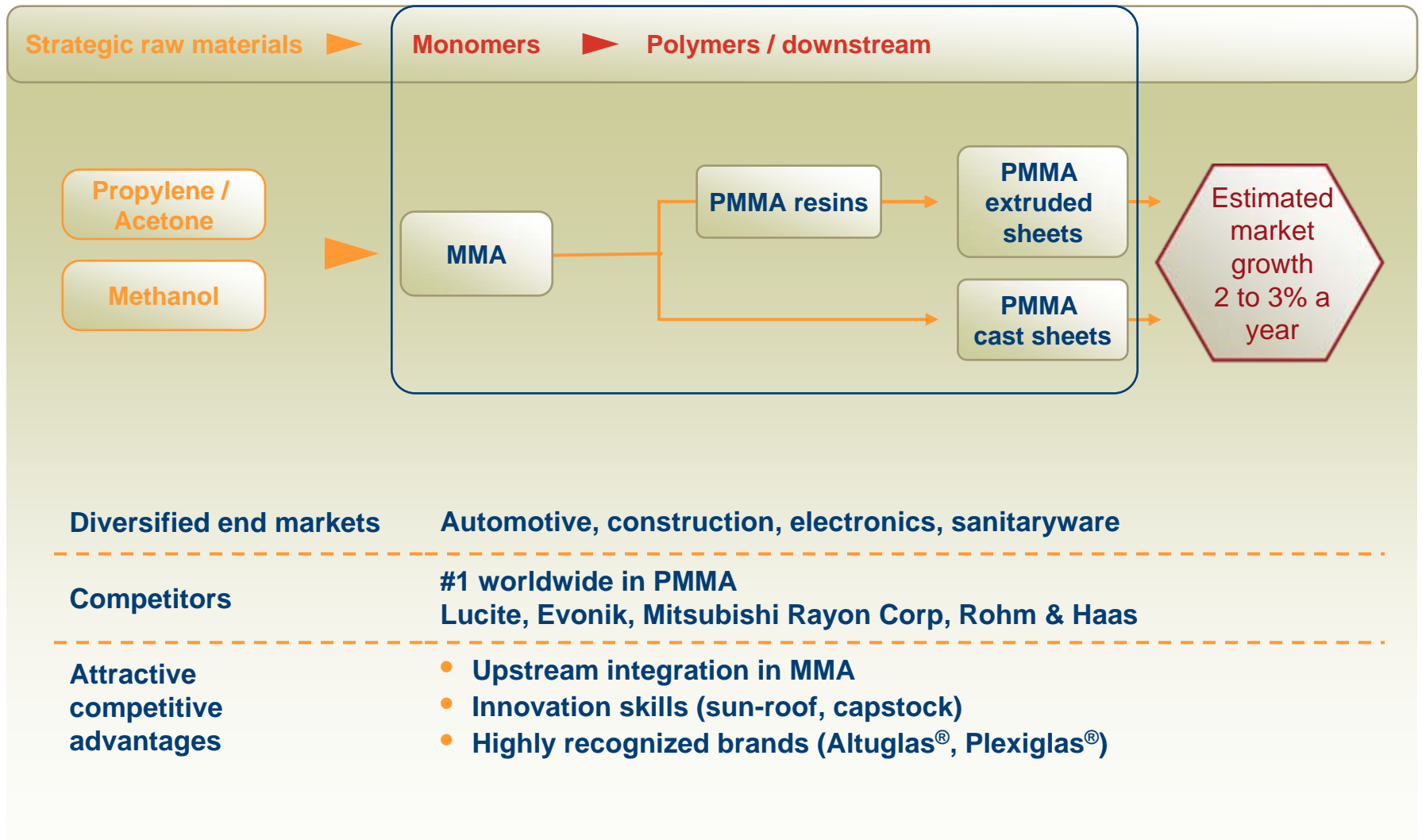
**Eventually reaching best in class**

# Acrylics

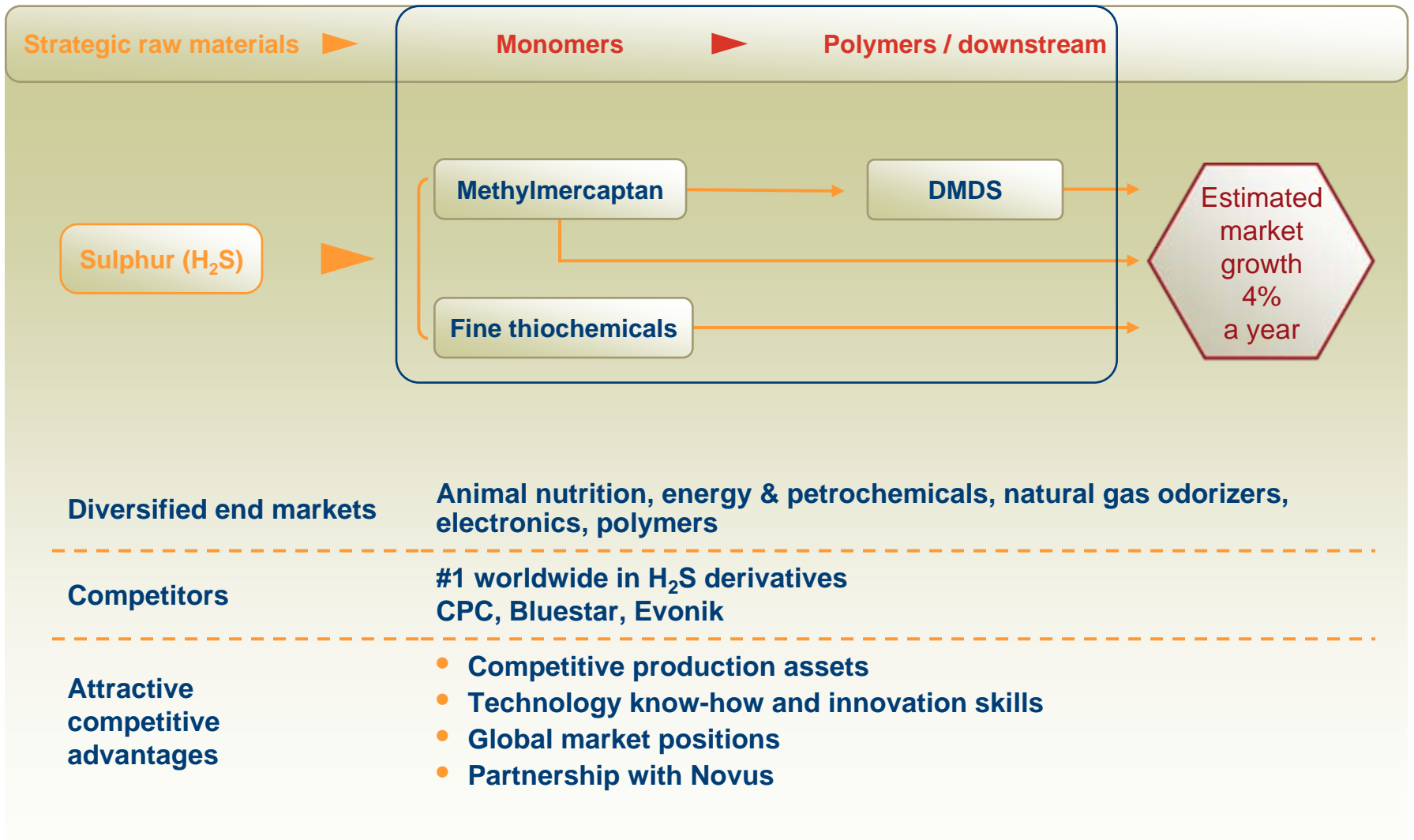




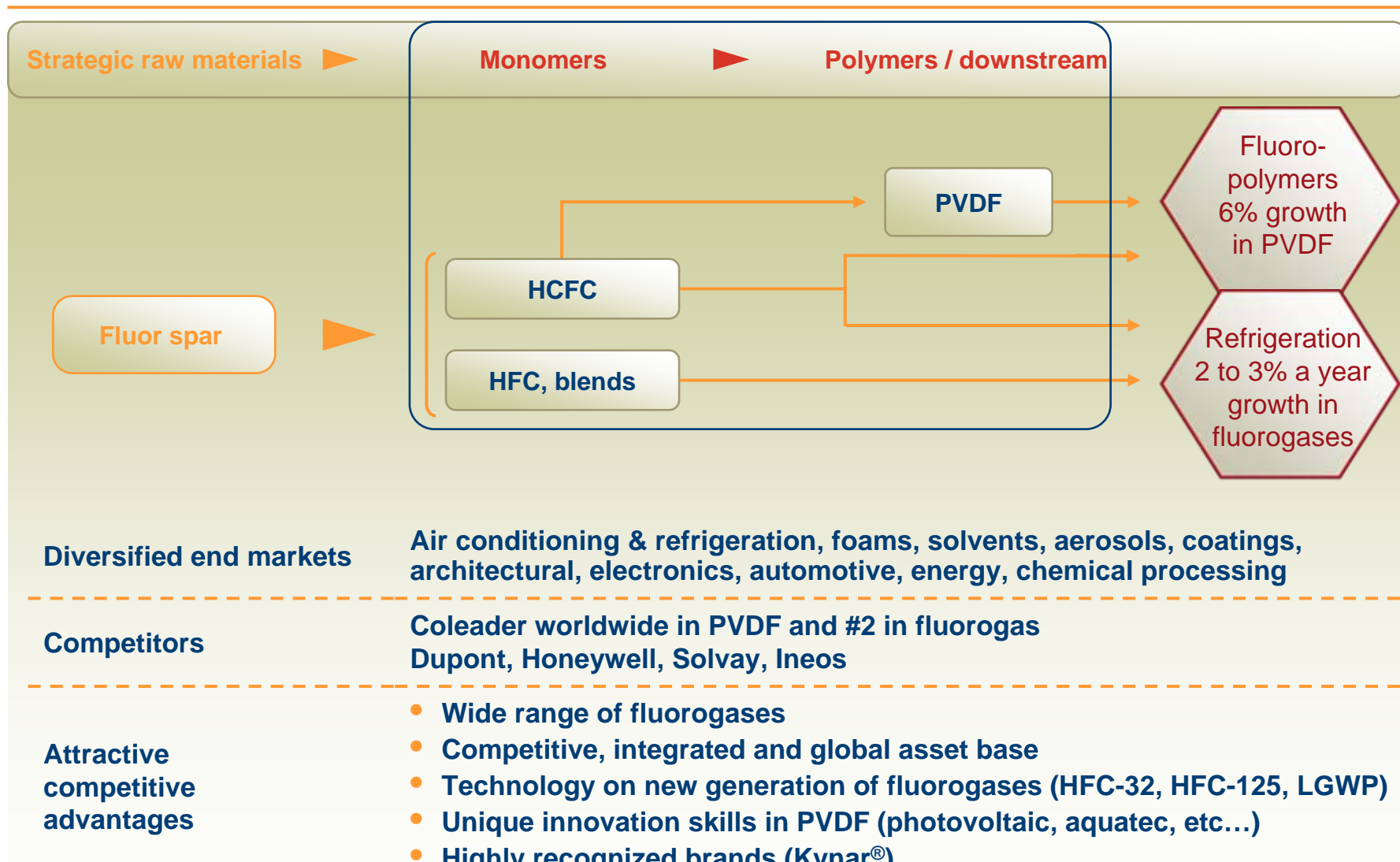
# Methacrylates



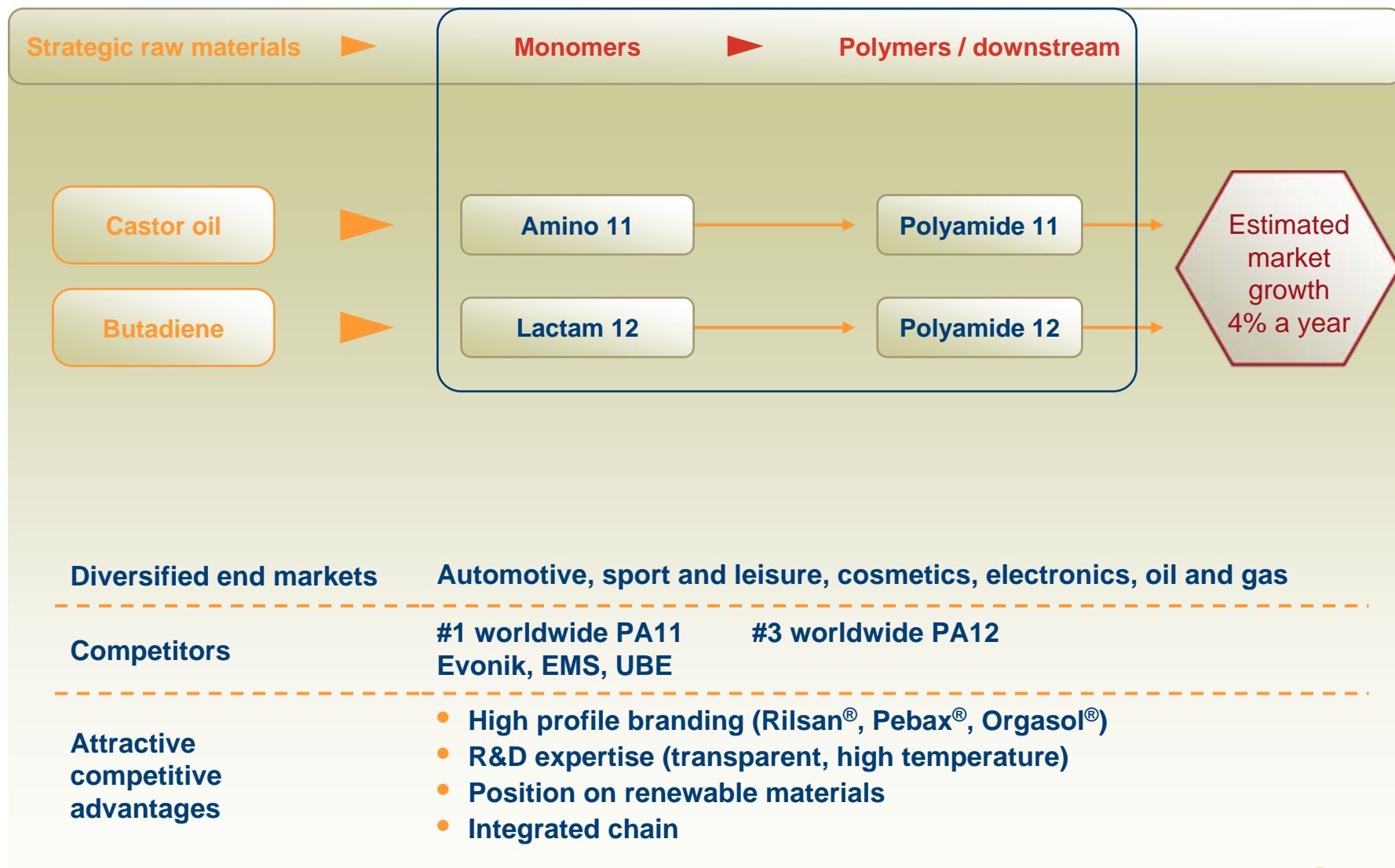
# Thiochemicals



# Fluorochemicals



# Polyamides



# Specialty niches

Organic peroxides, surfactants, molecular sieves, glass coatings, oil additives, hydrogen peroxide, etc.

Diversified end markets

Paper, polymers, packaging, petrochemicals, oil & gas, construction, food and beverage, detergents, cosmetics, automotive, glass

Competitors

Evonik, Akzo Nobel, Chemtura, Rohm & Haas, Solvay, etc.

- Focused portfolio
- Growing niche end markets
- Unique R&D pipeline
- Leadership positions
- Customized grades
- Bolt-on acquisitions



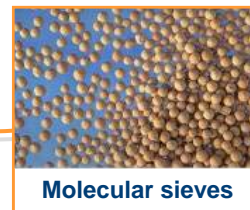
Photovoltaic



Glass coating



Oil fields additives



Molecular sieves



Green bitumen

EBITDA margin potential > 15%

# Emergence of a new profile

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- **Deliver our targets**
- **Top priorities:**
  - **transformation of the company**
  - **quick adaptation to change of macro economic environment**
- **Convinced of potential to reach best in class**

**Committed to sustainable value**

# Disclaimer

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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 materials 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 related to 2003, 2004 and 2005 is extracted from pro forma financial statements presented in the 2006 prospectus for the listing of Arkema shares. Financial information for 2006, 2007 and 2008 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.

A global chemical player, Arkema consists of 3 coherent and related business segments: Vinyl Products, Industrial Chemicals, and Performance Products. Present in over 40 countries with 15,200 employees, Arkema achieves sales of 5.7 billion euros. With its 6 research centers in France, the United States and Japan, and internationally recognized brands, Arkema holds leadership positions in its principal markets