

# Arkema Presentation

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CFO

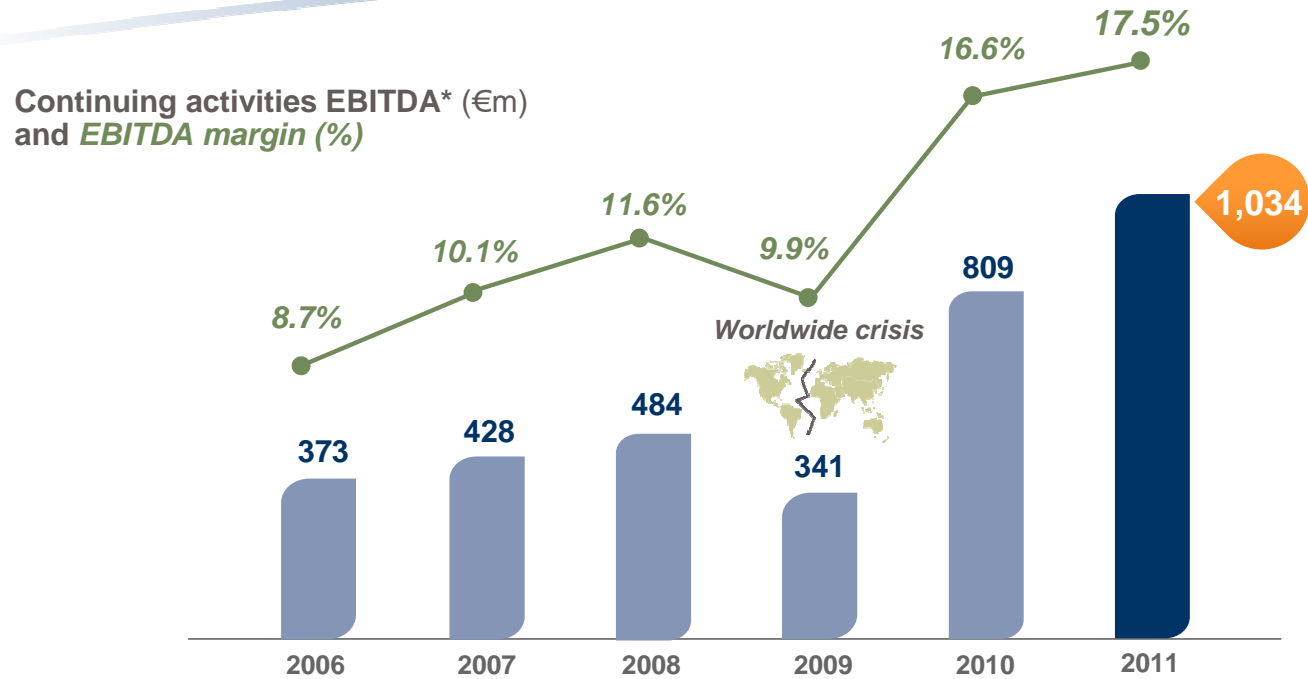
***Goldman Sachs European Chemicals  
Vision 2020 Conference***

*London, June 18<sup>th</sup>, 2012*





## Higher profitability and greater resilience

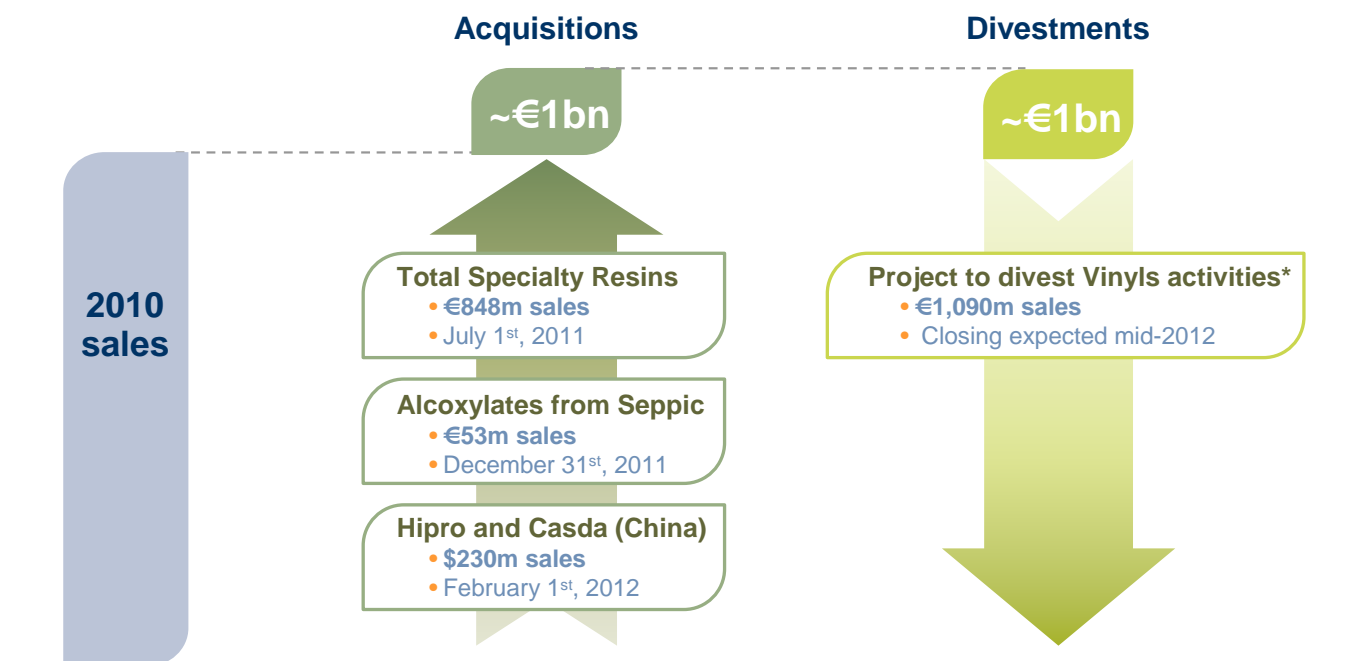


Net debt unchanged at ~ € 600 m

\* From 2006 to 2009, figures exclude results of the whole Vinyl Products segment. For 2010 and 2011, figures exclude Vinyls business subject to a divestment project  
Project to divest Vinyls remains subject to the approval of antitrust authorities

## A year of major portfolio change

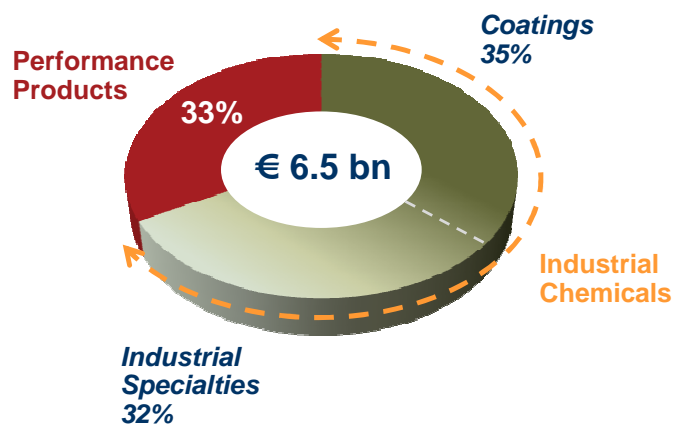
FY'11 proforma sales  
(€m)



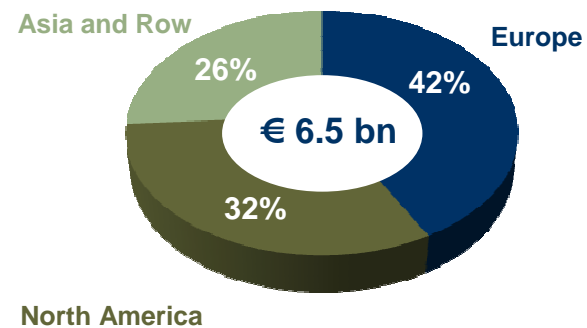
\* Project remains subject to the approval of antitrust authorities

## Well balanced portfolio and geographical coverage\*

2011 sales by business line\*



2011 sales by region\*














\* Proforma sales including full year contribution of Total Resins, Seppic, HiPro and Casda and excluding Vinyls  
Project to divest Vinyls remains subject to the legal information and consultation process involving the workers councils in the various entities and countries concerned, and to the approval of antitrust authorities

## High quality portfolio















- Six main product lines of specialty chemicals
- Market positions between n°1 and n°3 in the world
- Limited number of players on small to mid-size segments
- Proprietary technologies and know-how
- Attractive development opportunities in emerging countries
- Portfolio well positioned to benefit from mega-trends

# Global leadership positions

	<i>Arkema</i>	<i>BASF</i>	<i>Dow</i>	<i>Chevron Phillips</i>	<i>Evonik</i>	<i>EMS</i>	<i>Dupont</i>	<i>Solvay</i>	<i>Honeywell</i>	<i>Mitsubishi Chemicals</i>
Coatings	#3									
PMMA	#2									
Thio-chemicals	#1									
Fluoro-chemicals	#2									
PVDF	#1/2									
Specialty Polyamides	#1									

## Well positioned on mega-trends

	New energies / Energy efficiency	Renewable	Water management	Lightweight materials
Coatings				
PMMA				
Thiochemicals				
Fluorochemicals PVDF				
Specialty Polyamides				



# A solution provider for key growth drivers

## Growing trends

- More environmentally friendly coatings



- Need for water purification and access to drinking water



- Increasing poultry consumption in emerging countries

## Arkema solutions



Emulsions and rheological additives for paints  
Fluoropolymers for architectural coatings



Kynar® PVDF membranes for water treatment



Molecular sieves for water filtration (CECA)



Sulfur derivatives (thiochemicals for animal nutrition)



# A solution provider for key growth drivers

## Growing trends

- Need for new energies: development of PV and lithium-ion batteries

- Lightweight vehicles

- Bioplastic demand

## Arkema solutions



High performance materials for solar panels and batteries

High temperature polyamides for under the hood engine parts



Biosourced polyamides for sports

## Strong underlying growth drivers

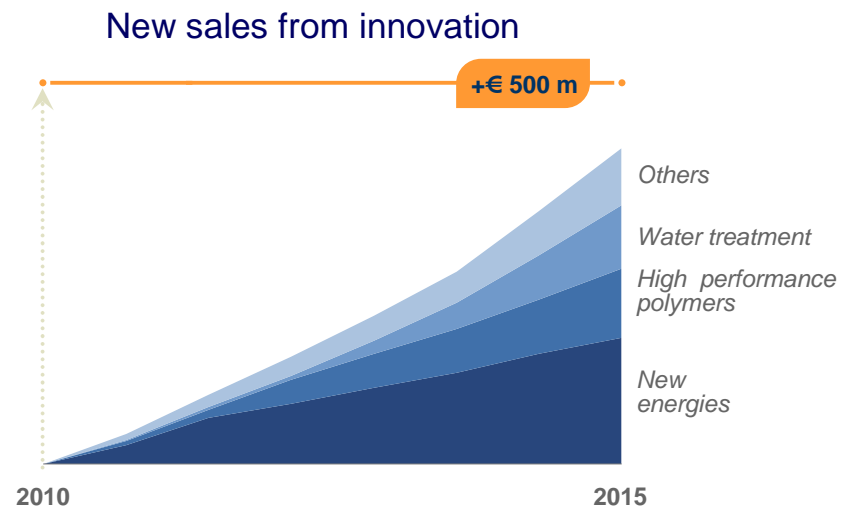
	End-markets	Growth drivers	Estimated growth
<b>Coatings</b>	<ul style="list-style-type: none"> <li>• Paints and adhesives</li> <li>• Super-absorbents</li> <li>• Water treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Low VOC requirements</li> <li>• Growing and ageing population</li> <li>• Access to drinkable water</li> </ul>	<b>+3.5%</b> /year
<b>PMMA</b>	<ul style="list-style-type: none"> <li>• Automotive</li> <li>• Signs and displays</li> <li>• Electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Lighter cars</li> <li>• Increasing standard of living</li> <li>• LED TV</li> </ul>	<b>+3.5%</b> /year
<b>Thiochemicals</b>	<ul style="list-style-type: none"> <li>• Oil &amp; gas</li> <li>• Animal nutrition</li> <li>• Soil fumigation</li> </ul>	<ul style="list-style-type: none"> <li>• Middle East and Asian developments</li> <li>• Increasing white meat consumption</li> <li>• Substitution of banned methyl bromide</li> </ul>	<b>+4.5%</b> /year

## Strong underlying growth drivers

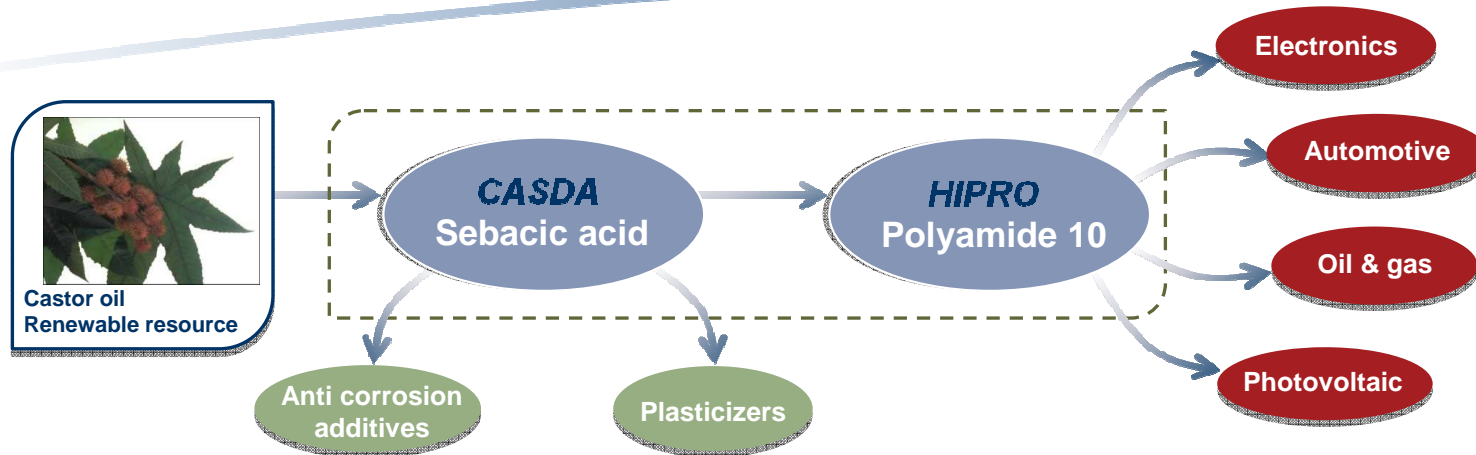
	End-markets	Growth drivers 	Estimated growth
<b>Fluorochemicals</b>	<ul style="list-style-type: none"> <li>• Refrigeration</li> <li>• Fluoropolymers</li> </ul>	<ul style="list-style-type: none"> <li>• New regulations in air-conditioning</li> <li>• Increasing standard of living</li> <li>• Unique polymers with outstanding growth</li> </ul>	<b>+3.5%</b> /year
<b>PVDF Kynar®</b>	<ul style="list-style-type: none"> <li>• Industrial paints</li> <li>• Oil &amp; gas</li> <li>• New energies</li> <li>• Water filtration</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in Asia</li> <li>• Deep off shore</li> <li>• Photovoltaic, li-ion batteries</li> <li>• Access to drinkable water</li> </ul>	<b>+7%</b> /year
<b>Specialty Polyamides</b>	<ul style="list-style-type: none"> <li>• Automotive</li> <li>• Oil &amp; gas</li> <li>• New energies</li> <li>• Consumer goods</li> </ul>	<ul style="list-style-type: none"> <li>• Metal replacement and lighter cars</li> <li>• Deep off shore</li> <li>• Photovoltaic</li> <li>• Increasing standard of living</li> </ul>	<b>+5%</b> /year

## Sustained innovation momentum

- **New range of opaque polymers (Celocor™) for partial replacement of titanium dioxide in water-based coatings**
- **DMDS (Paladin®) soil fumigation agent: development and distribution agreement in Europe and the US**
- **Ultra flexible high-temperature Rilsan® to replace metal and rubber in auto parts**
- **Nanostructured acrylic glass Altuglas Shield-up®, light and resistant to replace glass in car sun-roof**
- **Nano filtration membranes for water treatment and PVDF membrane for lithium-ion batteries**



# Acquisition of Hipro Polymers and Casda Biomaterials (China)



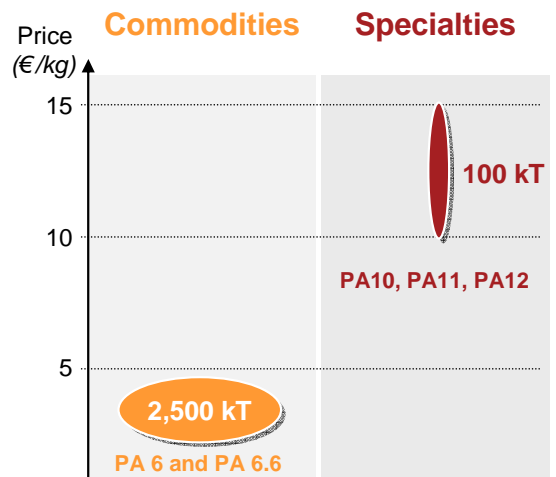
## Highlights

- \$ 230m sales (2011 proforma)
- 750 employees, 2 plants
- Enterprise value of \$ 365m
- Closing on February 1<sup>st</sup>, 2012

## Perfect fit with our strategy

- Asia
- Bio-sourced
- Innovation
- High performance

# Arkema, a worldwide leader in specialty polyamides



- BASF
- DSM
- Dupont
- Invista
- Solvay/Rhodia
- Lanxess

### Arkema

- Evonik
- Ems
- Ube

## ■ Growing markets: +5% / year



*Flexible pipes for oil & gas extraction*



*Photovoltaic panels*



*Metal replacement in automotive*



*Electronic frames*

## ■ Unique range of PA 10, 11 and 12

## ■ Strong expertise in bio-sourced materials

## ■ Unique presence in Asia

## ■ High performance and light-weight materials

## Strong balance sheet maintained

<i>in €m</i>	31 Dec. 2010	31 Dec. 2011
<b>Net debt</b>	94	603
<b>Shareholders' equity</b>	2,240	2,217
<b>Net provisions*</b>	702	686
<b>Non-current assets**</b>	2,370	2,693
<b>Net working capital</b>	785	960
<b>Capital employed</b>	3,164	3,653

*Balance sheet items include Vinyls in 2010 and excludes Vinyls business subject to a divestment project in 2011. This project remains subject to the approval of antitrust authorities*

\* Provisions net of non-current assets.

\*\* Excluding deferred income tax assets

- **27% gearing**
- **0.6x net debt / EBITDA**
- **Provisions include:**
  - € 261m pensions
  - € 72 m restructuring
  - € 127m environment
- **€347m unrecognized DTA end 2011**
- **2011 dividend at €1.30 / share**
- **15% proforma working capital / sales**
  - Including Total Resins and Seppic, excluding Vinyls



## A well balanced maturity profile

### Diversified financing sources

Revolving credit facility: €300m

Securitization program: €240m

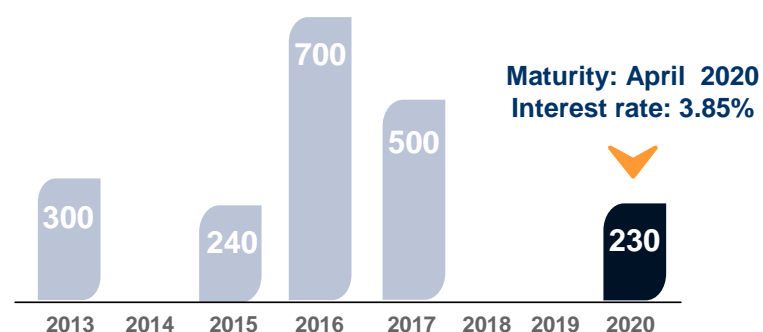
Revolving credit facility: €700m

Bond issue: €500m

Bond issue: €230m

Local bank loans

### Maturity of financial debt (€m)



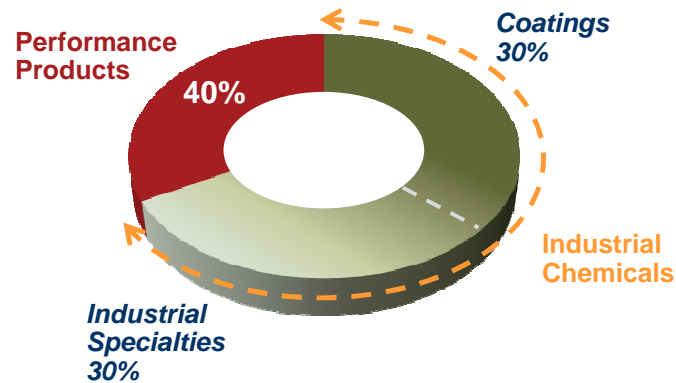
- Average maturity > 5 years
- More than € 1.4 bn available after 2015

S&P rating upgraded to BBB in May 2012

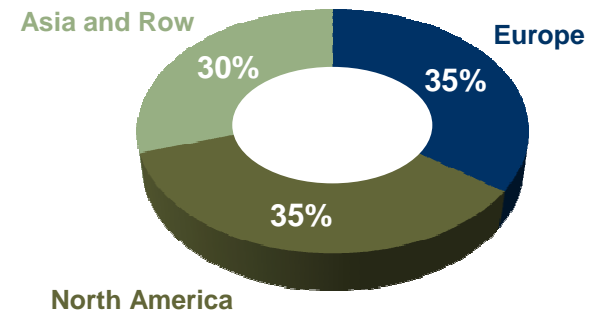
## Long-term targets (2016)

- 5-year targets\* (2016) at € 8 bn sales and € 1,250 m EBITDA
- Previous long-term target\*: € 1,050 m EBITDA in 2015
- Growth coming half from organic developments and half from bolt-on acquisitions
- Gearing maintained at around 40%

2016e sales by business line



2016e sales by region



\* In a normalized environment

## Conclusion

- Outstanding value creation over the past five years and profitability now at best-in-class levels
- High quality portfolio of specialty chemicals built over years
- 2Q'12 expected to be above 1Q'12 but below very high 2Q'11
- Confident in achieving a very solid 2012 while remaining attentive to macro-economic developments
- Strong pipeline of projects and well positioned to capture future growth
- Long term targets\* of € 8 bn sales and € 1,250 m EBITDA in 2016

**Arkema Investor Day - September 18<sup>th</sup>, 2012**

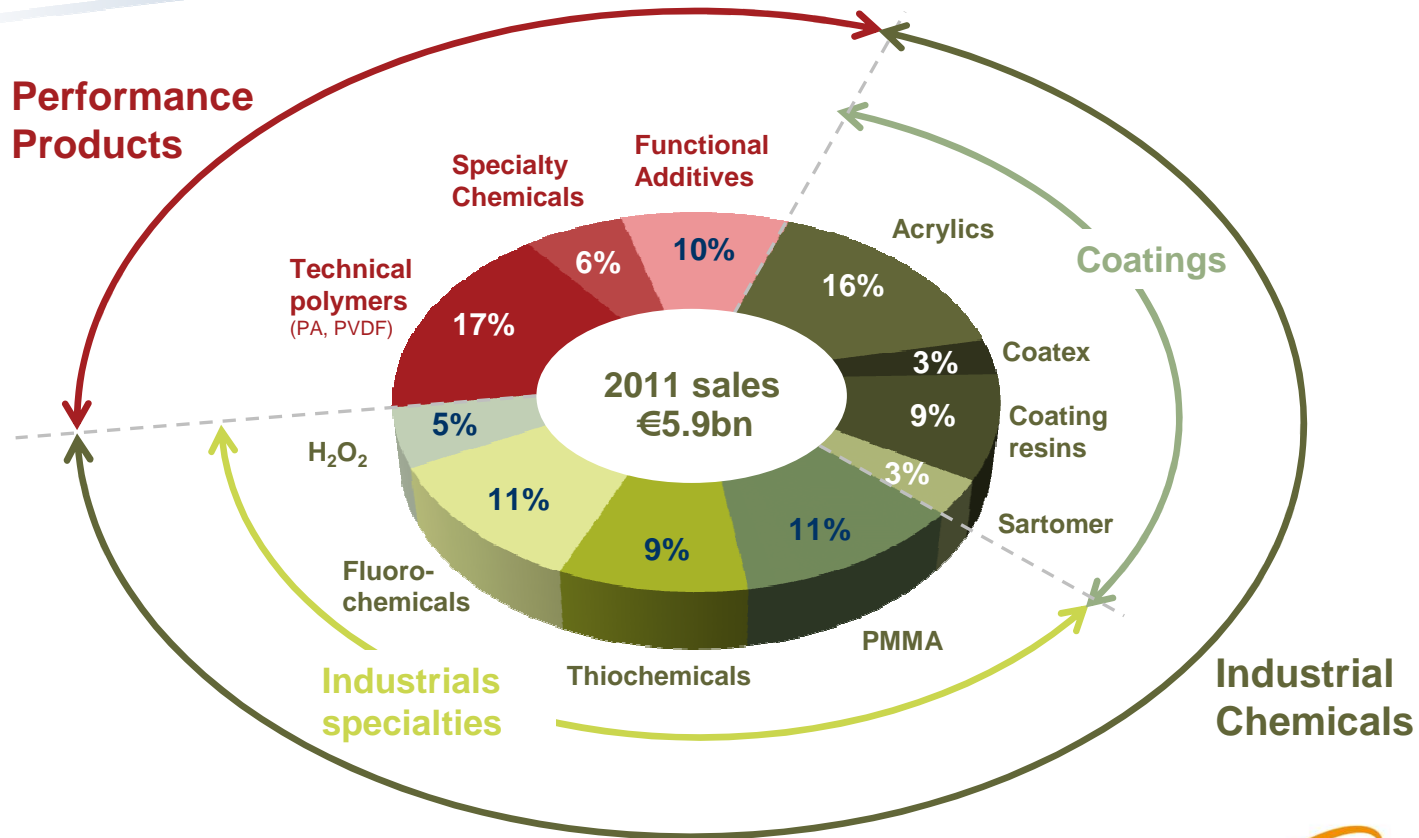
\* In a normalized environment



# Appendix



# Sales breakdown



## 2012 priorities

### Benefits from acquisitions

- FY contribution of Specialty Resins
- Development of Seppic alcoxylates
- Integration of Hipro and Casda Biomaterials (China)



### Close project to divest Vinyls\*

### Continue strong pace of development in Asia

- FY contribution of units started in 2011 (Kynar®, Coatex)
- Start-ups expected in 2012 in China
- Start construction of Thiochemicals platform in Malaysia



### Accelerate growth from innovation

- Specialty Polyamides in automotive, oil and gas, sport, etc.
- Fluoropolymers in sustainable development
- Celacor™ opaque polymer in partial replacement of TiO<sub>2</sub>



\* Project remains subject to the approval of antitrust authorities

## 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 press release available on [www.finance.arkema.com](http://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, 15,700 employees and 9 research centers, Arkema generates annual revenue of €5.9 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands. **The world is our inspiration.**