ARKEMA
The world is our inspiration

2008 full year results

Thierry Le Hénaff, Chairman and CEO

March 5th 2009

2008

> *A solid set of results*

Solid results in a challenging environment

Delivering solid results

- **€498m EBITDA including**
  - - €17m FX rate translation impact
  - - €23m inventory write-downs in 4Q'08
- **€100m net income**

Rigorously guard financial strength

- **+€68m free cash flow***
- **Credit line maturity in 2013**
  - €495m net debt = 1x EBITDA (covenant at 3x)
  - €690m undrawn syndicated credit line

Quick response to demand collapse in 4Q'08

- **Adaptation of production to demand level**
- **Actions taken to prioritize cash**
  - Reduce inventory
  - Reinforce cost control of any expenses
  - Further productivity initiatives announced

Challenging environment

- **In the first 3 quarters 2008**
  - Solid demand
  - Historically high raw material & energy costs
  - Unfavorable US$/€ exchange rate
- **In the 4th quarter 2008**
  - Unprecedented decline in demand
  - Customer de-stocking across supply chains
  - Resilience of several product lines (Fluorochemicals, Thiochemicals, Specialty Chemicals)

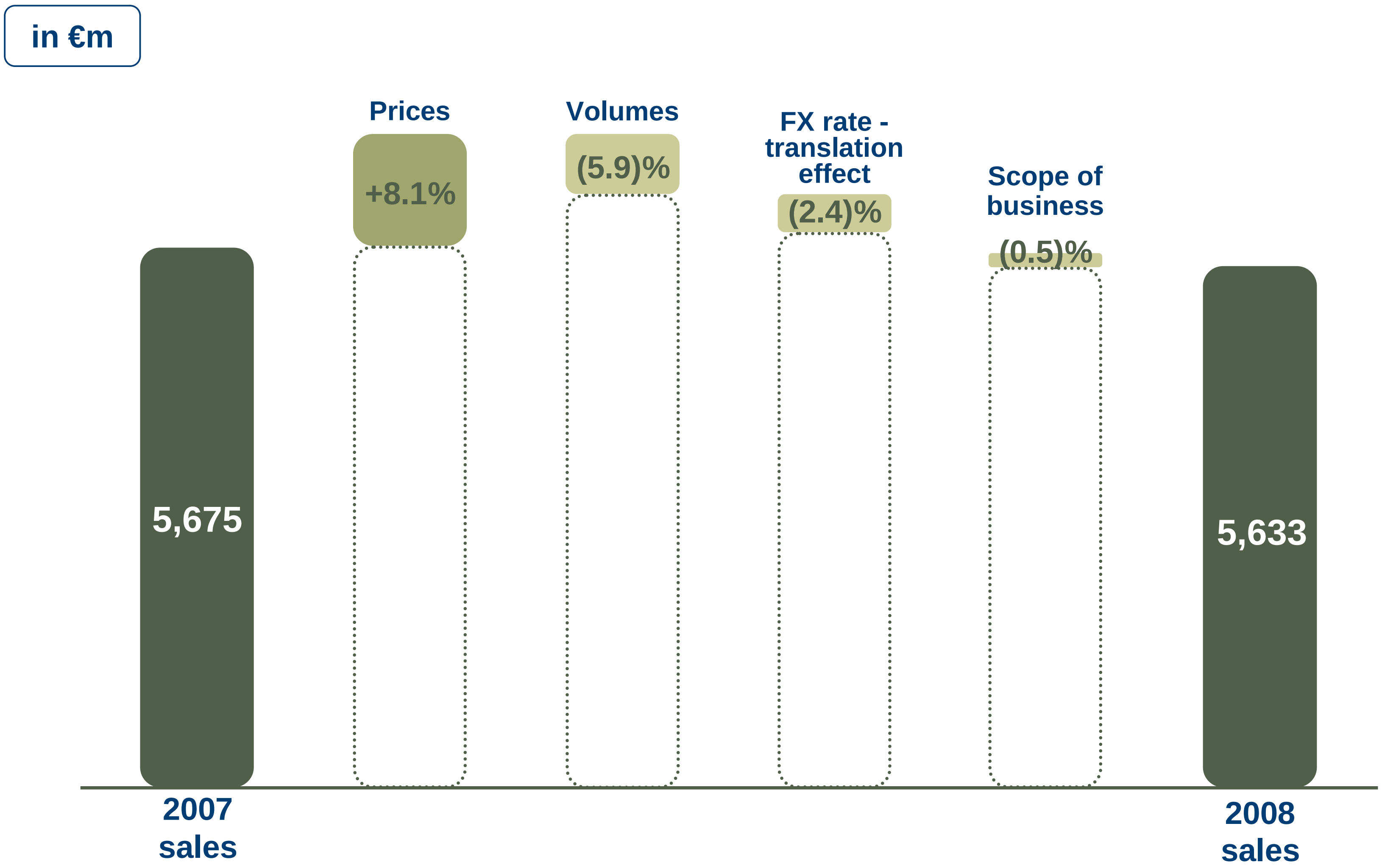
** Free cash flow before -€54m non-recurring pre-spin off items (included in net debt at spin off) and -€25m M&A*

Full year 2008 key figures

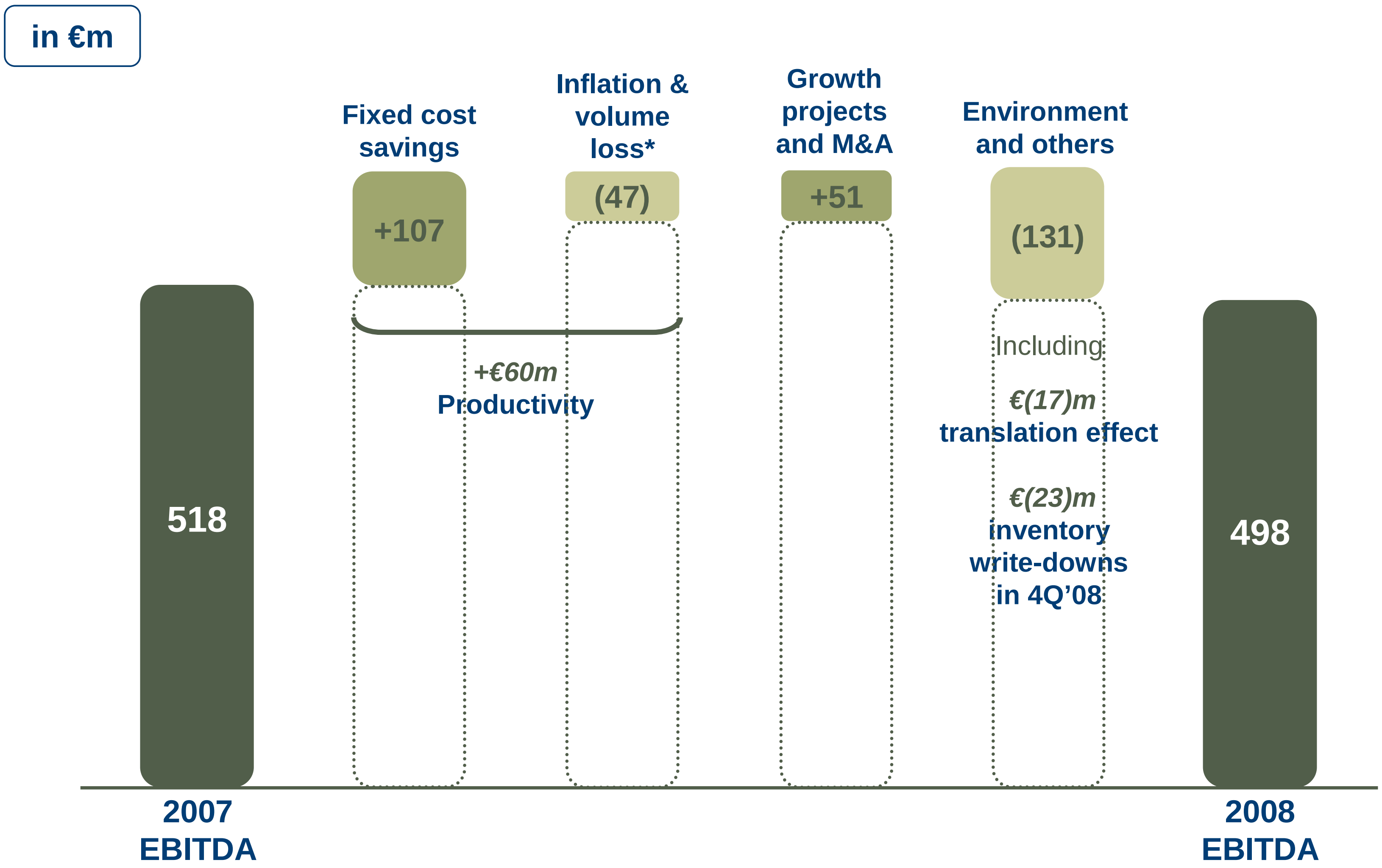
in €m (except EPS)	2007	2008	Variation
Sales	**5,675**	**5,633**	***(0.7)%***
EBITDA	**518**	**498**	***(3.9)%***
EBITDA margin	***9.1%***	***8.8%***	
Recurring operating income	**293**	**250**	***(14.7)%***
Net income (group share)	**122**	**100**	***(18.0)%***
Adjusted EPS (diluted)	**3.06**	**2.41**	***(21.2)%***

Proposed dividend at €0.60 per share

Sales growth of +2.2% at constant perimeter and exchange rate



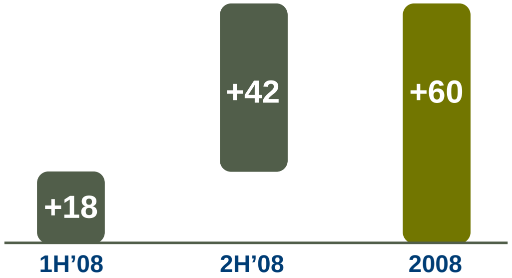
Structural projects almost compensated for negative environment impact



*** Inflation of fixed costs and volume losses from restructuring initiatives**

Structural projects: +€111m vs +€80m initial target

+€60m EBITDA
from increased focus on fixed costs



EBITDA impact (€m)

> **Benefits from restructuring plans in:**
- Chlorochemicals and PVC downstream (France)
- Fluorochemicals at Pierre-Bénite (France)
- Thiochemicals at Lacq (France)
- Polyamides at Serquigny and Marseille (France) and Bonn (Germany)
- Functional Additives in the US
- Shared services centers in HR & Accounting

> **Tight control of all types of fixed cost**

> **Quick reaction to collapse of demand in 4Q'08.**

+€51m EBITDA
from new business and M&A

Photovoltaic

Coatex

Calvert-City (US)

4Q'08 highlights

> **Unprecedented decline in demand magnified by customer de-stocking**

- Sales down -10% *(vs 4Q'07)*
- Volumes down -23% *(vs 4Q'07)*
- Prices up +9% *(vs 4Q'07)*

> **EBITDA at €47m** *(vs €107m in 4Q'07)*

- Including -€23m of inventory write-downs
- Strong resilience of Industrial chemicals
- EBITDA by segment in €m

EBITDA by segment in €m	**4Q'08**	*4Q'07*
Vinyl Products	**-24**	*11*
Industrial Chemicals	**+65**	*67*
Performance Products	**+14**	*36*

> **Quick response to demand collapse**

- Production adjusted to demand level: temporary shut-downs
- Strict control of fixed costs: 10% lower in 4Q'08 vs 4Q'07
- Significant decrease of working capital: +€147m cash generation in 4Q'08

> **+€61m generation of free cash flow* in 4Q'08** *(vs +€14m in 4Q'07)*

**** Before M&A***

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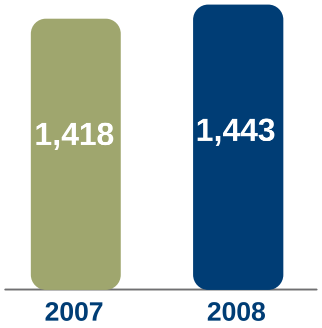
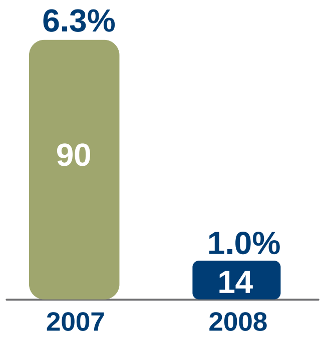
Vinyl Products: margin squeeze in PVC

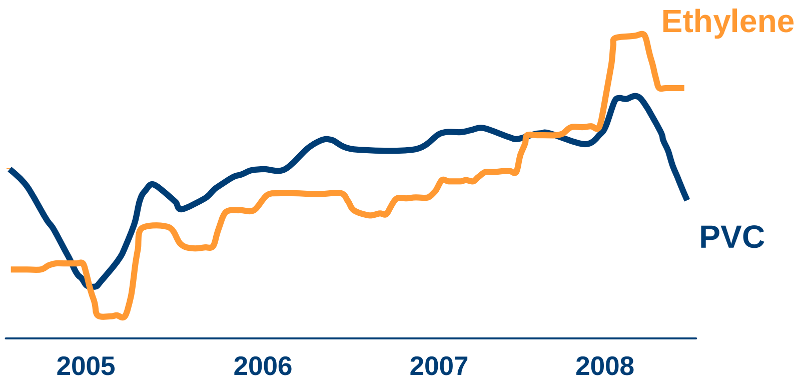
2008 Performance



Sales (€m)



EBITDA (€m) & EBITDA margin



Source: Harriman

**** Subject to information/consultation of the work council***

Pursue reorganization in market adversity

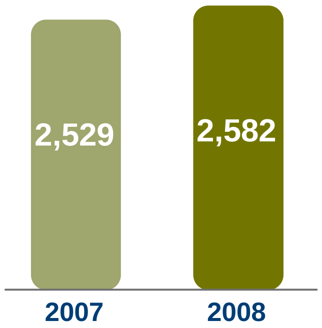
> **Positive**
- Good demand and prices in caustic soda
- Benefits from restructuring initiatives
- Strong focus on manufacturing efficiency

> **Negative**
- Significant margin squeeze in PVC due to historically high increase of ethylene cost
- In 4Q'08, sharp contraction of demand combined with PVC price decline

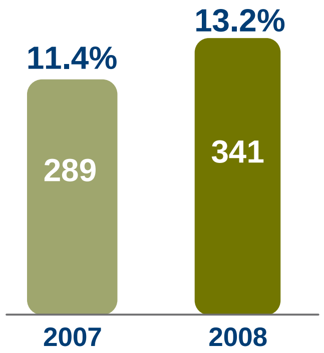
> **Further restructuring plans announced end 2008**
- > 350 positions*
- Progressive impact up to 2011

Industrial Chemicals: +18% EBITDA growth

2008 Performance



Sales (€m)



EBITDA (€m) & EBITDA margin

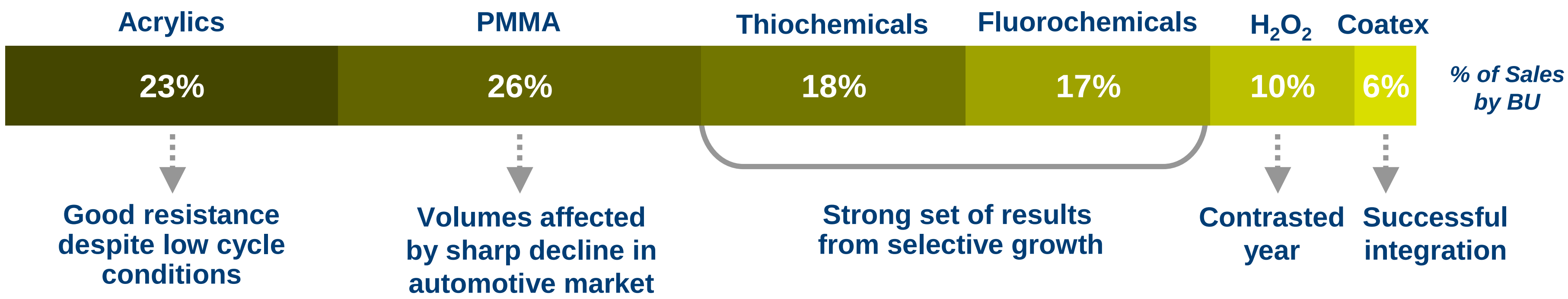
Quality of portfolio has been confirmed

> **Positive**

- Price increases in each BU to compensate for higher raw materials
- Strong contribution from restructuring and tight control of fixed costs
- Benefits from capacity extensions and new products

> **Negative**

- Sharp decline of volumes in 4Q'08 in several sectors
- Impact from FX rate



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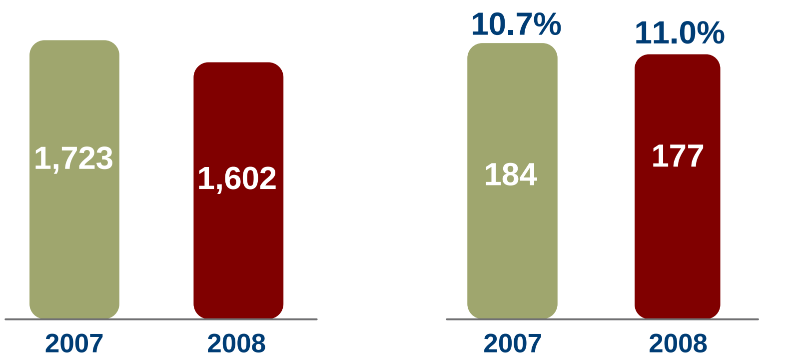
Performance Products: 11% EBITDA margin

2008 Performance



Sales (€m) *EBITDA (€m) & EBITDA margin*

Support from new developments

> **Positive**

- Price increases in each BU to compensate for higher raw materials
- Strict cost control
- New business introduction

> **Negative**

- Weak US construction all along the year
- Sharp decline of volumes in 4Q'08 in several sectors
- Perimeter effect (divestment of UF resins)
- Impact from FX rate

% of Sales by BU

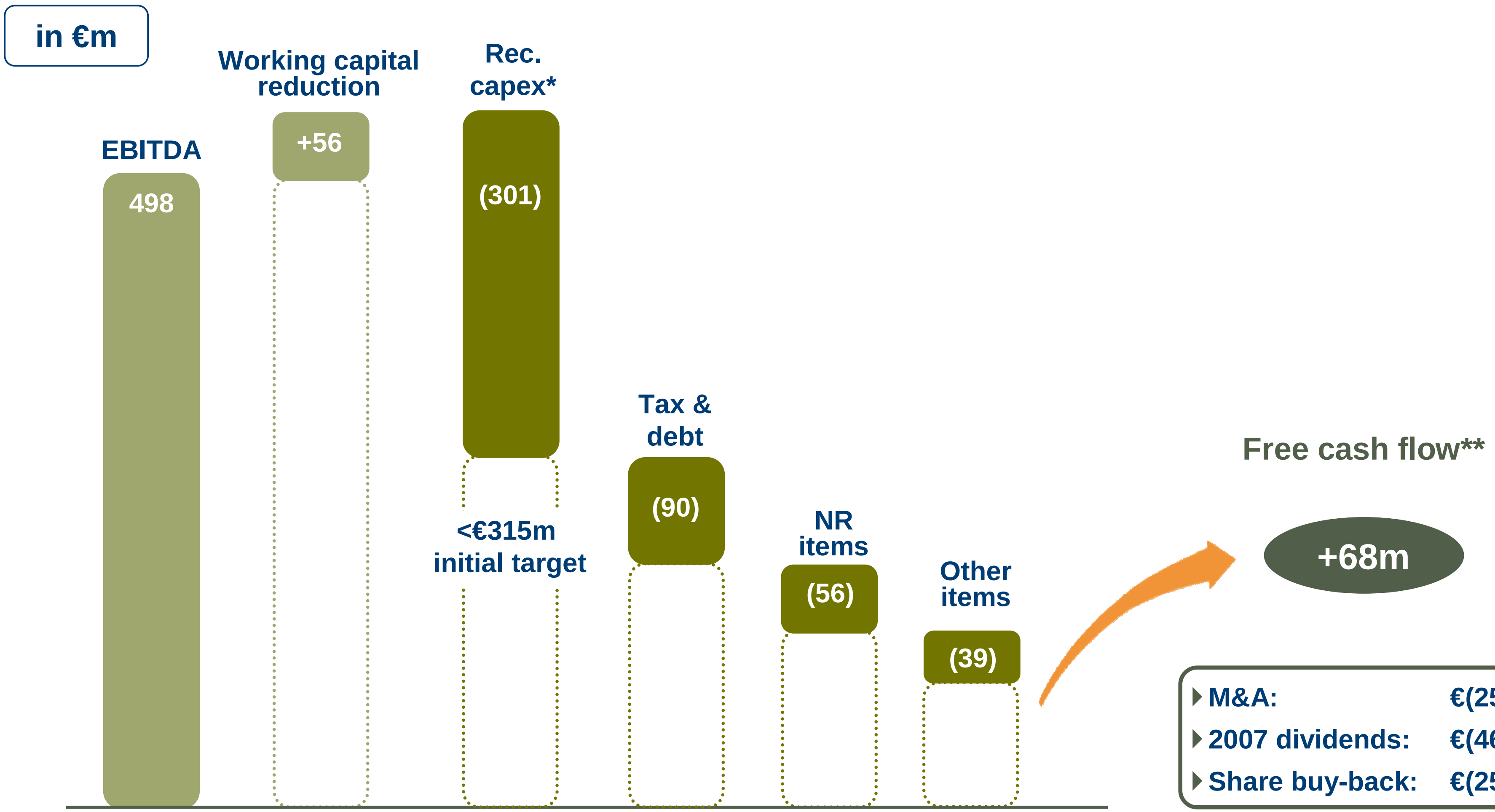
Technical Polymers	Specialty Chemicals	Functional Additives
47%	21%	32%

Technical Polymers
- New specialty applications for PVDF & PA
- Restructuring in polyamides
- Tough market conditions in 4Q'08

Specialty Chemicals
- New applications in molecular sieves
- Portfolio management

Functional Additives
- Weak demand in US construction
- High tin price
- Benefits from restructuring

Positive cashflow despite adverse economic environment



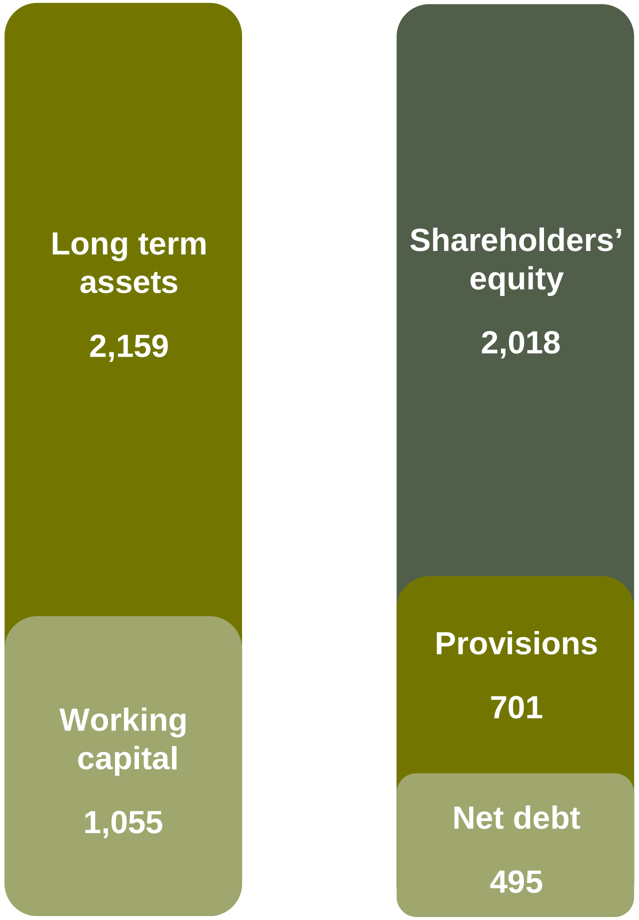
- M&A: €(25)m
- 2007 dividends: €(46)m
- Share buy-back: €(25)m

* *Excluding CAPEX related to the chlorochemical consolidation plan (included in NR pre spin off items) and acquisition of assets (including in M&A)*

** *Free cash flow before -€54m non-recurring pre-spin off items (included in net debt at spin off) and -€25m M&A*

Maintain a strong balance sheet

in €m



No impairment booked in 2008

18.7% working capital/ sales ratio vs 19.3% end 2007

Provisions include:
- €109m restructuring
- €233m pensions
- €143m environment
- €216m others

€359m out of €701m provisions are booked through EBITDA

Net debt/EBITDA ratio = 1

€1.1bn syndicated credit line
- bears short term interests
- at 32.5 basis points
- maturity*: March 2013

** €1,100m end of March 2011, €1,094m end of March 2012 and €1,049m end of March 2013*

2005 to 2008

> *First step: fully achieved*
> *Spin off targets: delivered*

Spin off targets achieved

	Initial targets*	2008 achievements
EBITDA growth (2006-2008)	+10 to 15% per year on average	+12% per year
Working capital	20% of sales in 2008	18.7%
Free Cash Flow (FCF)**	Positive	+€68m
Gearing	30 to 40%	25%
Divestments	€300 to 400m of revenues in 3 years	€400m divested

** Set in 2006*

*** Excluding M&A and NR pre-spin off items*

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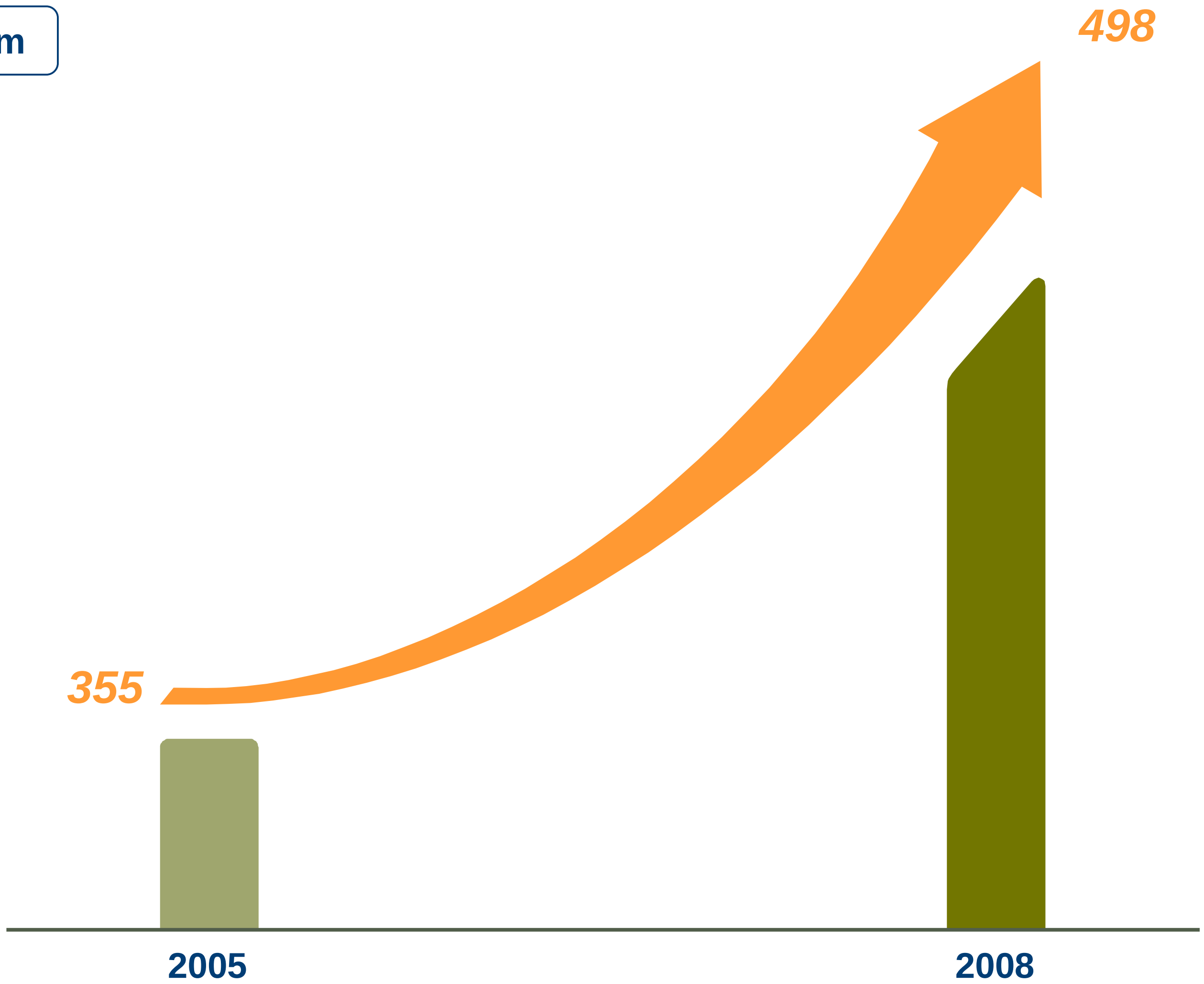
Annual EBITDA growth on average: +12%

EBITDA in €m

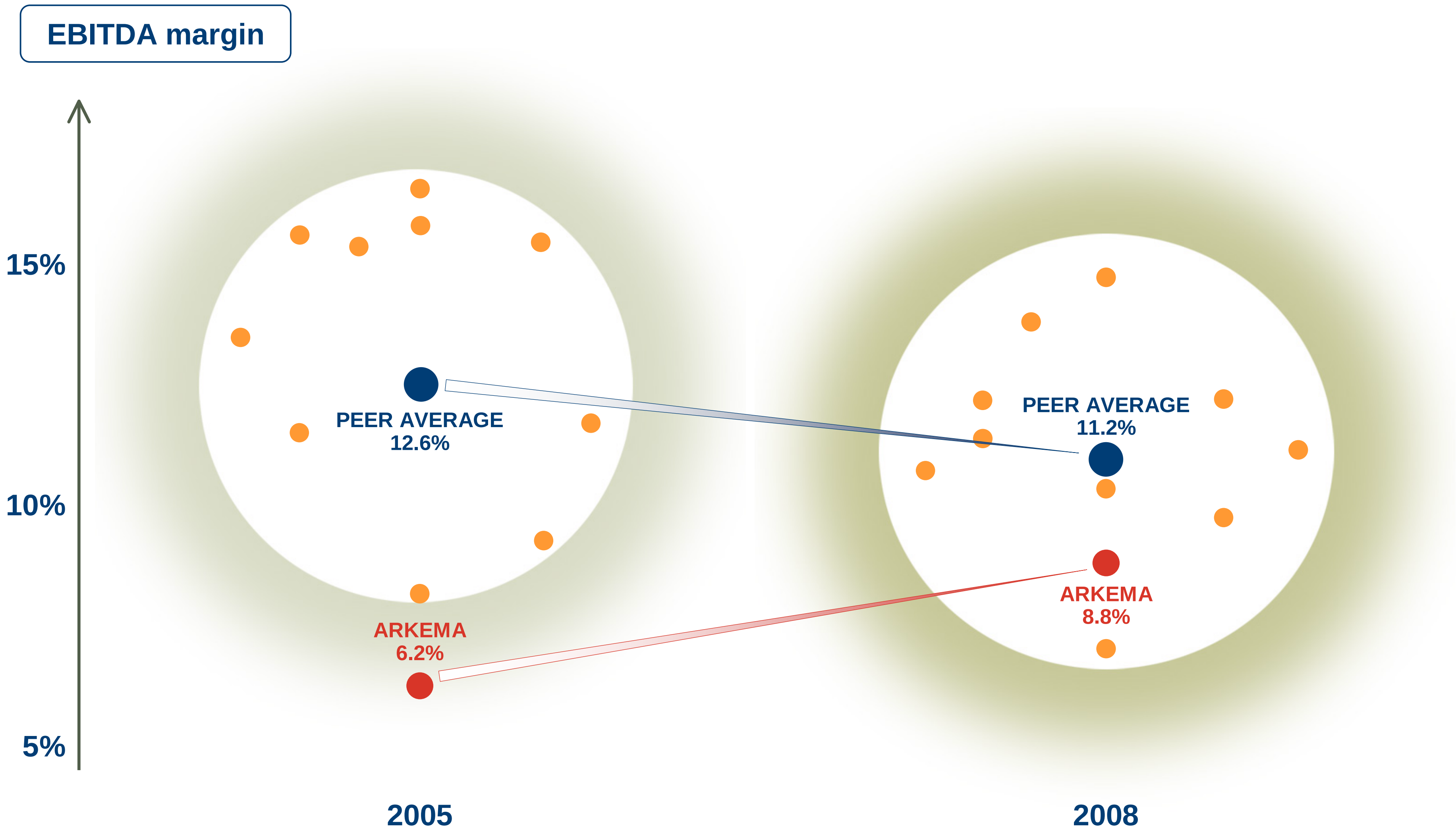


Unfavorable macroeconomic environment

	2005	2008
€/$ exchange rate	1.24	1.47
Raw Material Index	140	190
PVC cycle	Mid	Low
Acrylic acid cycle	High	Low
Global demand	Average	Unprecedented customer de-stocking in 4Q'08

-€120m cumulative impact from economic environment over 3 years

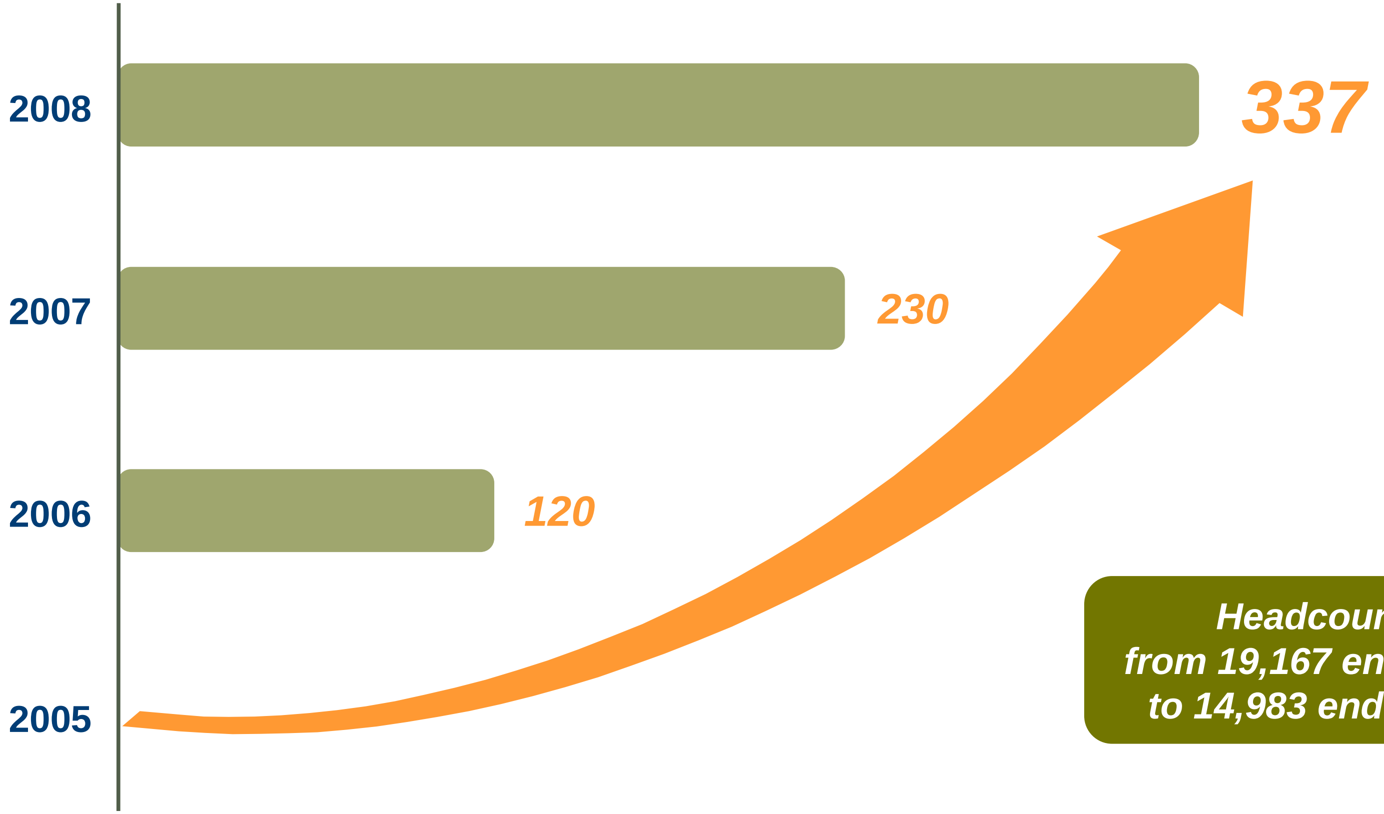
Gap halved vs industry in 3 years



Peer average includes: Akzo Nobel (excluding Pharmaceutical), BASF (excluding oil&gas), Celanese, Ciba, Clariant, Dow, Lanxess, Rhodia (excluding CER), Rohm & Haas and Solvay (excluding Pharmaceutical)

Focusing on productivity

Cumulated gross fixed cost savings in €m



Headcount
from 19,167 end 2004
to 14,983 end 2008

Selective growth: +€82m EBITDA

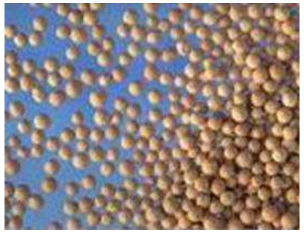
Calvert-City (US)

Clear polyamides

Changshu (China)

Glass coating

Oil fields additives



Molecular sieves

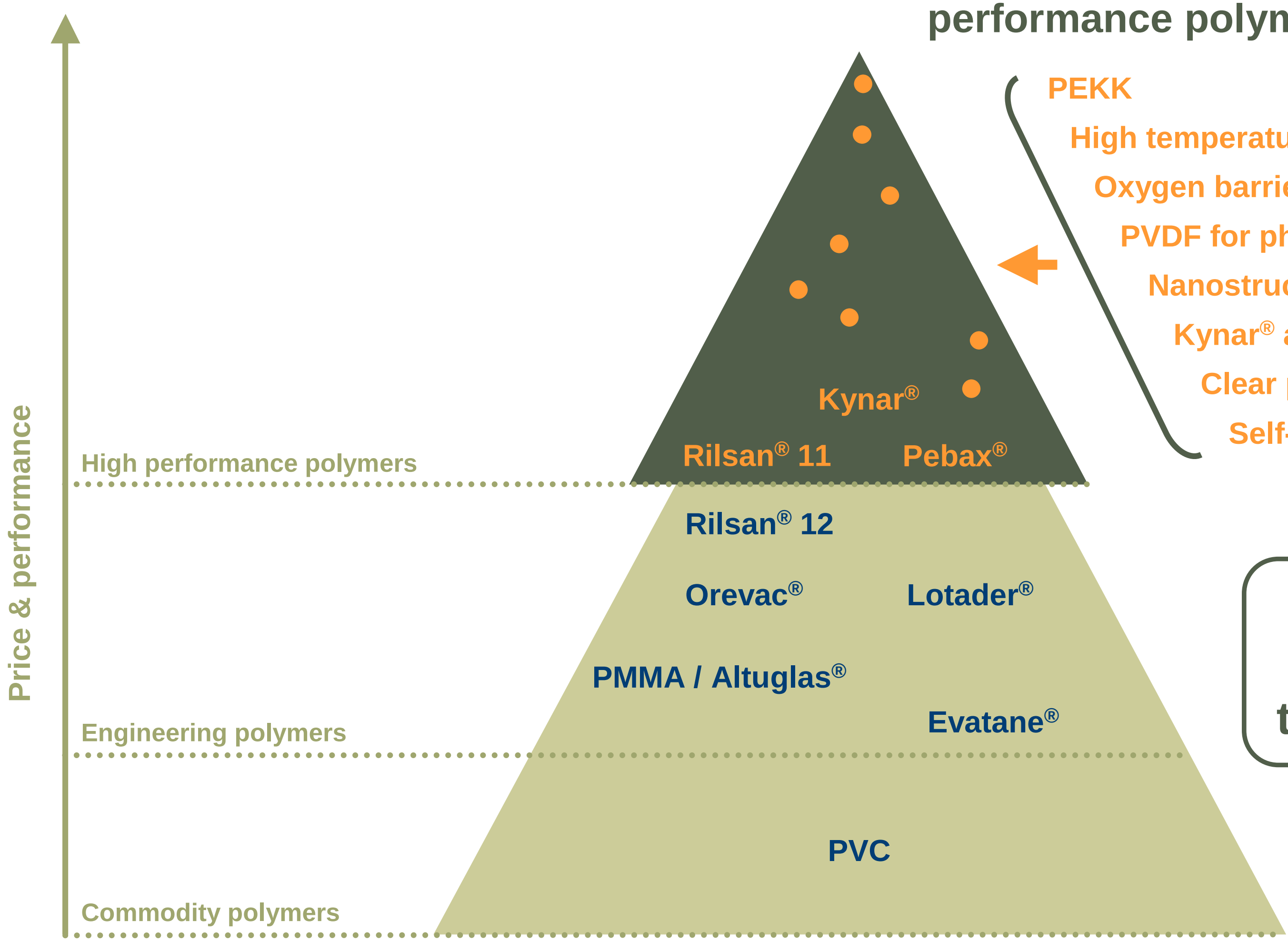
Beaumont (US)

Photovoltaic panels

Balan (France)

+€82m

Stepping up the number of high performance materials



Introduction of new high performance polymers in 2008-2010

- PEKK
- High temperature polyamides
- Oxygen barrier polymers
- PVDF for photovoltaic
- Nanostructured materials
- Kynar® acrylic emulsions
- Clear polyamides
- Self-healing elastomer

Over €250m of new sales in the next five years

More focused portfolio

€200m sales acquired

- Coatex
- Repsol PMMA
- Odor-Tech

€400m sales divested

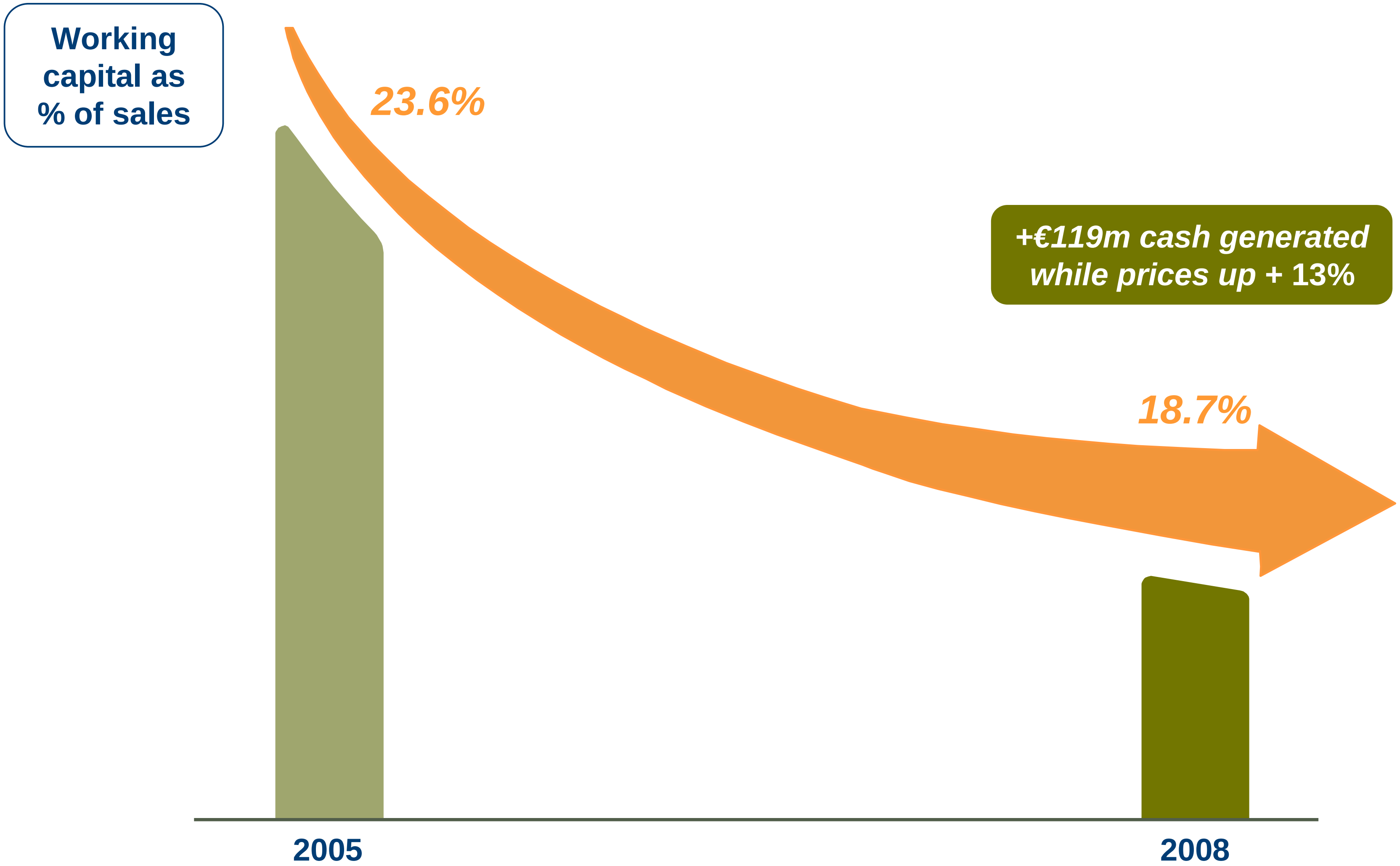
- Cerexagri
- Urea formaldehyde resins
- Specialty amines
- Water treatment
- Superabsorbents

Net impact

Sales	**€(200)m**
FY EBITDA*	**+€30m**
Cash outflow	**€(160)m**

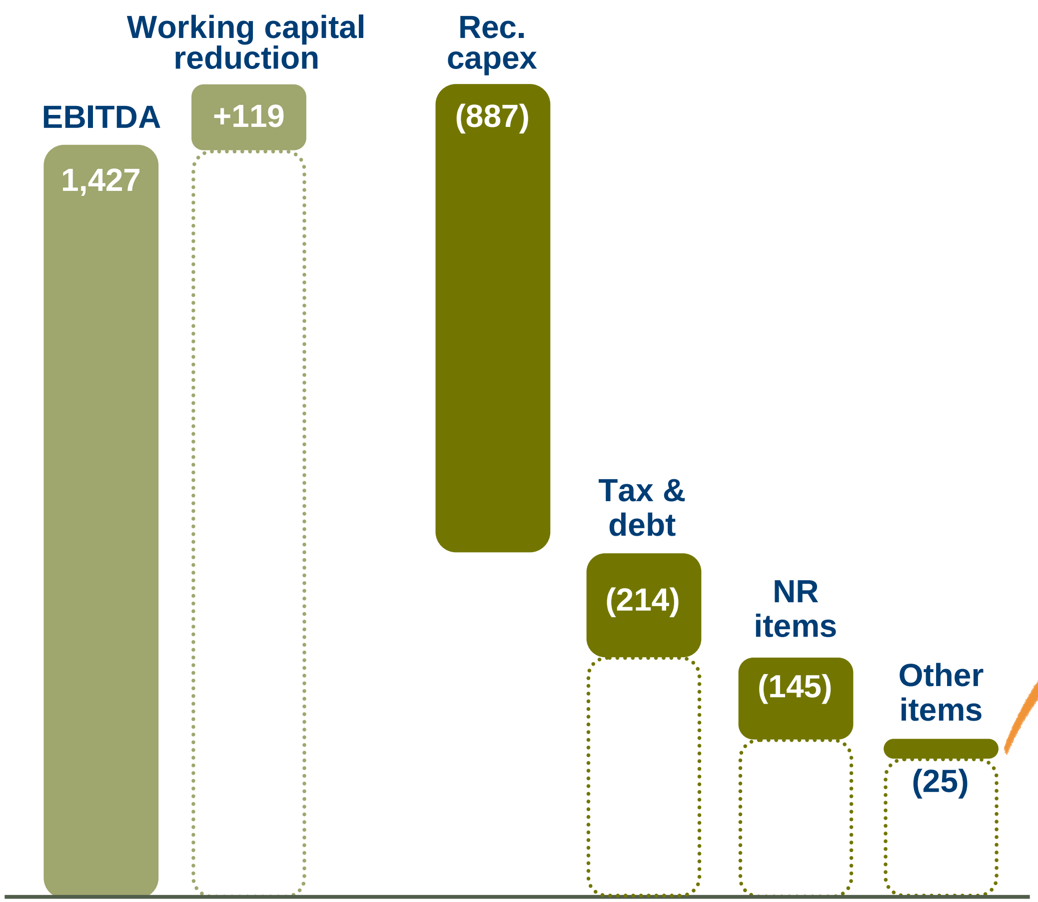
After implementation of synergies

Working capital optimization



Cumulated free cash flow: +€275m

FCF* 2006-2008 in €m



Cumulated free cash flow*

+€275m

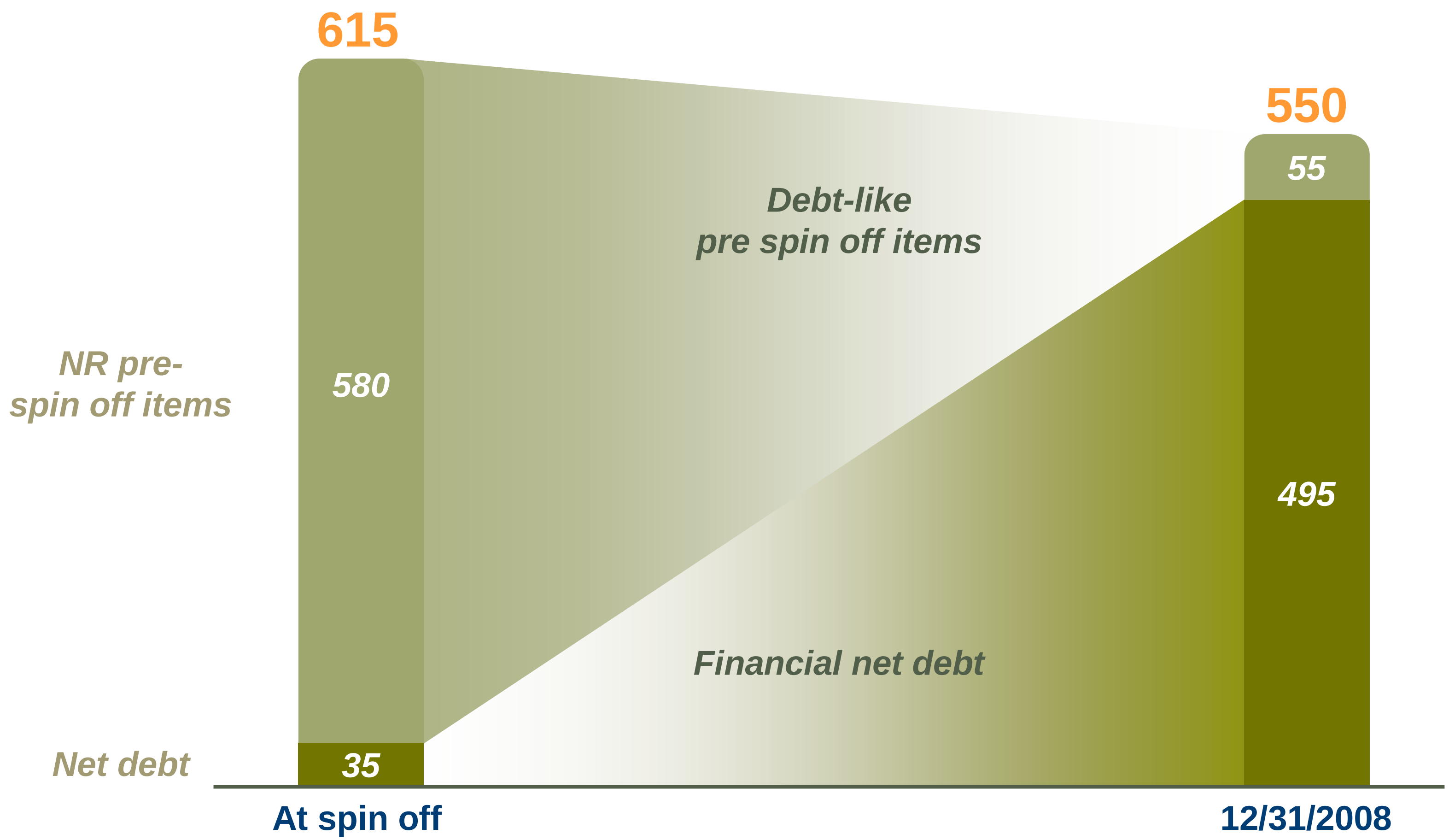
- 2007 dividends: €(46)m
- M&A: €(160)m
- Share buy-back: €(25)m

** Free cash flow before -€500m NR pre spin off items (included in net debt at spin off) and -€160m M&A*

Strong balance sheet maintained

Net debt and debt-like items in €m

Gearing < 30%



12/31/2005 proforma after
€532m capital increase

Outlook

> *Fast acting in a very challenging environment*

Prepared for a tough 2009 economic environment

> **Global recession and very weak demand expected in 2009 with low visibility**

> **1Q'09 shows no improvement compared to the unprecedented 4Q'08 economic conditions**
>
> - No sign of improvement in demand and further customer de-stocking
> - No relief yet from raw material cost decrease
> - Similar impact on inventory valuation

Addressing challenges with the right sense of urgency

> **Priority 1: generate cash and preserve quality of balance sheet**

> **Priority 2: reinforce cost saving program**

> **Priority 3: continue to prepare for the long term**

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Strengthened cash generation

> Further improvement of working capital

- Accelerate optimization of inventory
- Careful look at receivables
- Benefits from lower raw material costs

+€100 to 150m cash

> Selective spending on high-growth high-margin projects

- 2009 budget: <€270m vs €335m* in 2008
- Growth capex reviewed under cautious assumptions
  - Resilient projects maintained: eg Fluorogases & PVDF in Asia
  - Other projects postponed: eg Acrylic in Asia, H_2O_2 in Leuna

< €270m

Positive free cash flow in 2009**

** Including CAPEX related to the chlorochemical consolidation plan (included in NR pre spin off items) and acquisition of assets (including in M&A)*

*** before M&A*

Close tracking of productivity

> Reinforced cost savings program

- €500m cost savings target increased to €550m*
- Implement announced projects
  - New productivity plans** in Vinyl Products (> 350p.)
  - Optimization of purchasing services: +€35m savings (FY basis)
  - Realignment of PMMA business
- New initiatives to adapt to current economic conditions

> €55m EBITDA impact

> New business and M&A

- New generation of fluorogases
- New development for PVDF and polyamides
- Increase market penetration in oil & gas related businesses
- Successful integration of bolt-on acquisitions in 2008

> €30m EBITDA impact

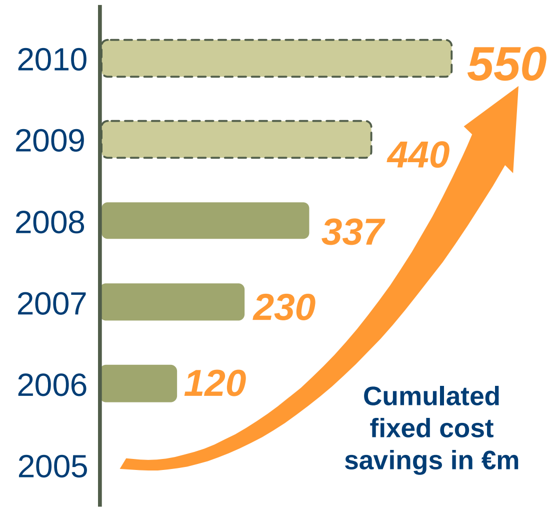
> +€85m of new structural EBITDA

** In 2010 vs. 2005*

*** Subject to information/consultation of the work council*

Long term strategic orientation maintained

- 12% EBITDA margin target in 2010 under normalized conditions
  - **Normalized conditions rather expected in 2011**
- €500m cost savings target in 2010 vs 2005
  - **Increased to €550m**
  - **€220m in 2009 and 2010**



- Cumulated structural gains over 2005-2010 from internal projects
  - **€400m EBITDA gain**
  - **€250m improvement of working capital**

Long term ambition unchanged: reach best-in class level

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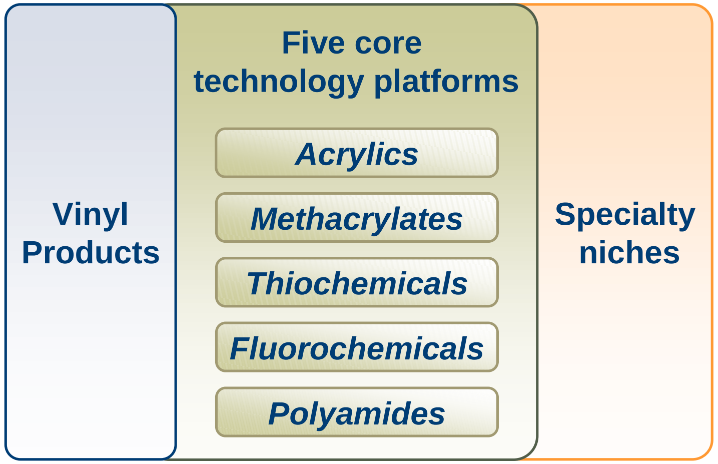
Remained focused on Arkema transformation: towards a higher growth portfolio

- Build on five core technology platforms
  - Strong integration monomers / polymers
- Reduce relative weight of Vinyls
  - ~ 15% of total sales
- Build a real portfolio of specialties
  - Small size divestments of non core lines
  - Small bolt-on acquisitions if financial flexibility allows
  - R&D commitment to sustainable development and high performance materials
- Reinforce presence in Asia
  - 20% of sales in 2012 target confirmed
  - Changshu to be in 2011 the 3rd largest site worldwide




Changshu platform (China)

Facing the current economic crisis, while preparing for the recovery

Conclusion

> **Solid results in 2008**

> **3 years on, all spin off commitments delivered**

> **2009 economic environment expected to be very challenging**

> **Quick and strong response to the current economic crisis**
- First priority: control cash and preserve solid balance sheet
- Reinforce cost saving program
- Positive free cash flow* in 2009

> **Long term ambition maintained**

> **Dividend at €0.60 per share in line with results**

****before M&A***

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- The business segment information is presented in accordance with Arkema's internal reporting system used by the management.
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