



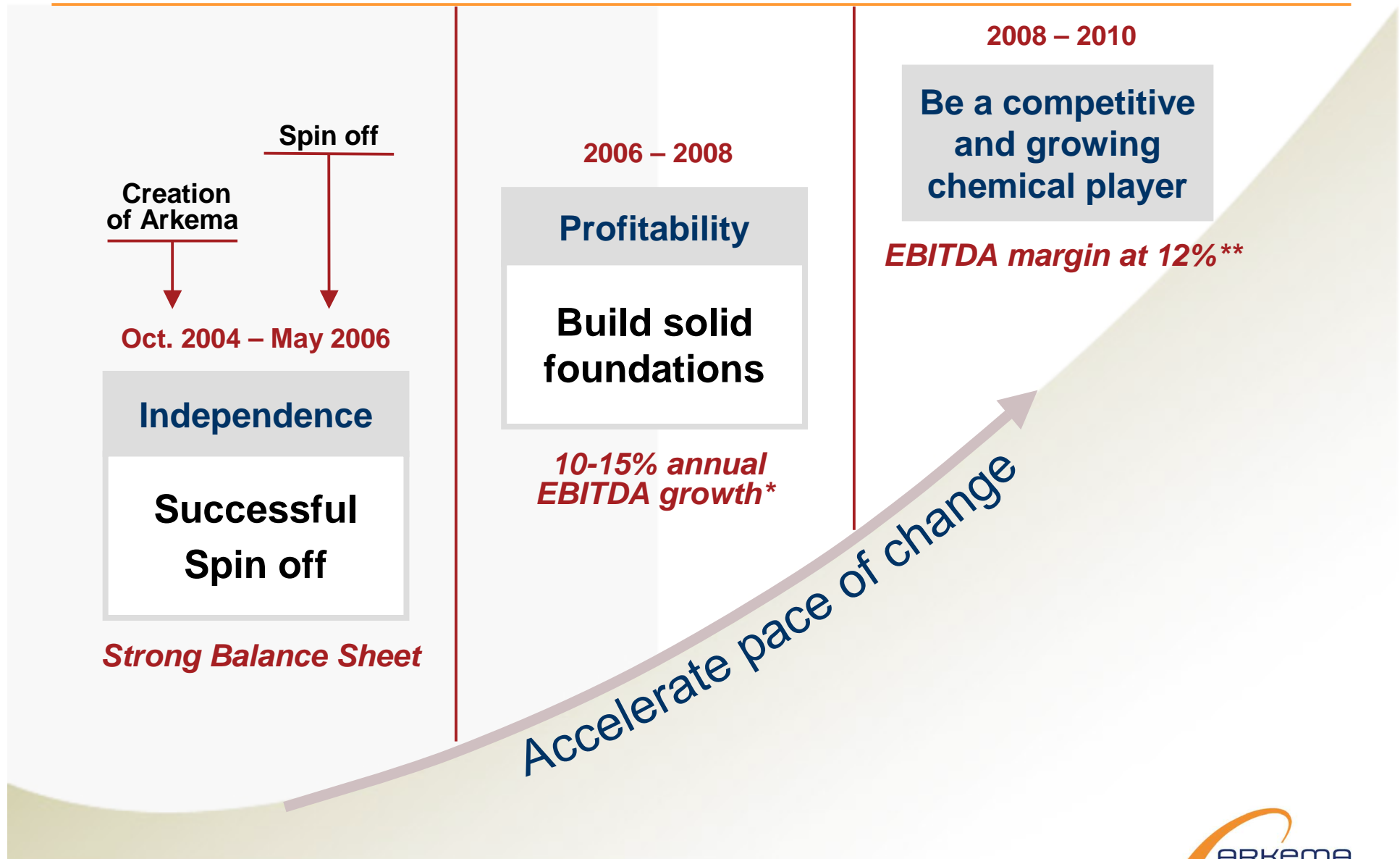
Arkema, a transformation story

Taking advantage of repositioning and emerging opportunities

Thierry Le Hénaff, Chairman and CEO

**UBS Global Basic Materials Conference
June 2007**

Build step by step a strong company



* Calculated as an average annual growth for 2006-2008 compared to 2005

** In mid-cycle conditions under a normalized environment

Three business segments

Vinyl Products

- A well integrated sector from chlorine production to PVC converting
- # 3 in Europe in PVC

4 business units

“Strong emphasis on productivity”

Industrial Chemicals

- Intermediates for a large number of industrial sectors
- World leading positions

5 business units

“Focus on profitable growth”

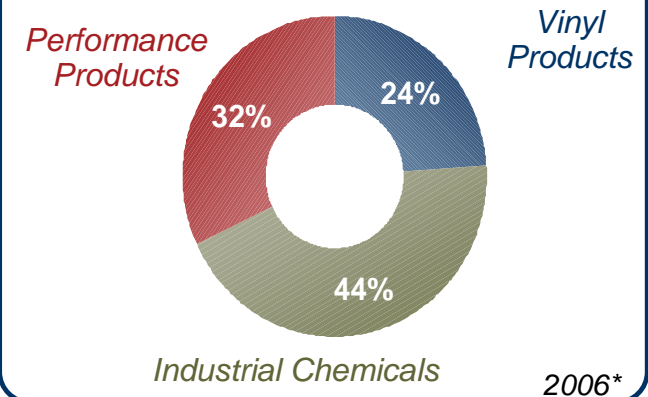
Performance Products

- Innovative chemical solutions partly integrated with Industrial Chemicals segment
- Among the world leaders in most product lines

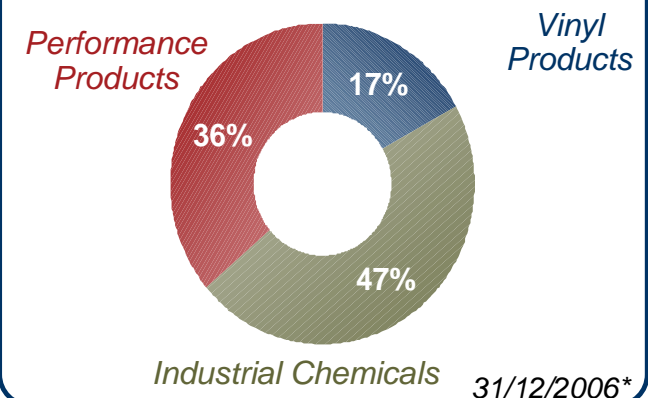
3 business units

“Reshape the segment”

Sales by segment



Capital employed by segment



A worldwide presence

NORTH AMERICA

25% of sales



20 plants

1 R&D center

16% of the workforce

EUROPE

58% of sales



50 plants

4 R&D centers

76% of the workforce

ASIA

13% of sales



10 plants

1 R&D center

8% of the workforce

2006: a year of significant achievements

Chlorochemicals



Lavéra / Fos (France)

Headquarters



Paris (France)

Cerexagri



Disposal

Fluorochemicals



Calvert-City (USA)

Technical Polymers



Balan (France)

Thiochemicals



Beaumont (USA)

H₂O₂



Bécancour (Canada)

Fluorochemicals



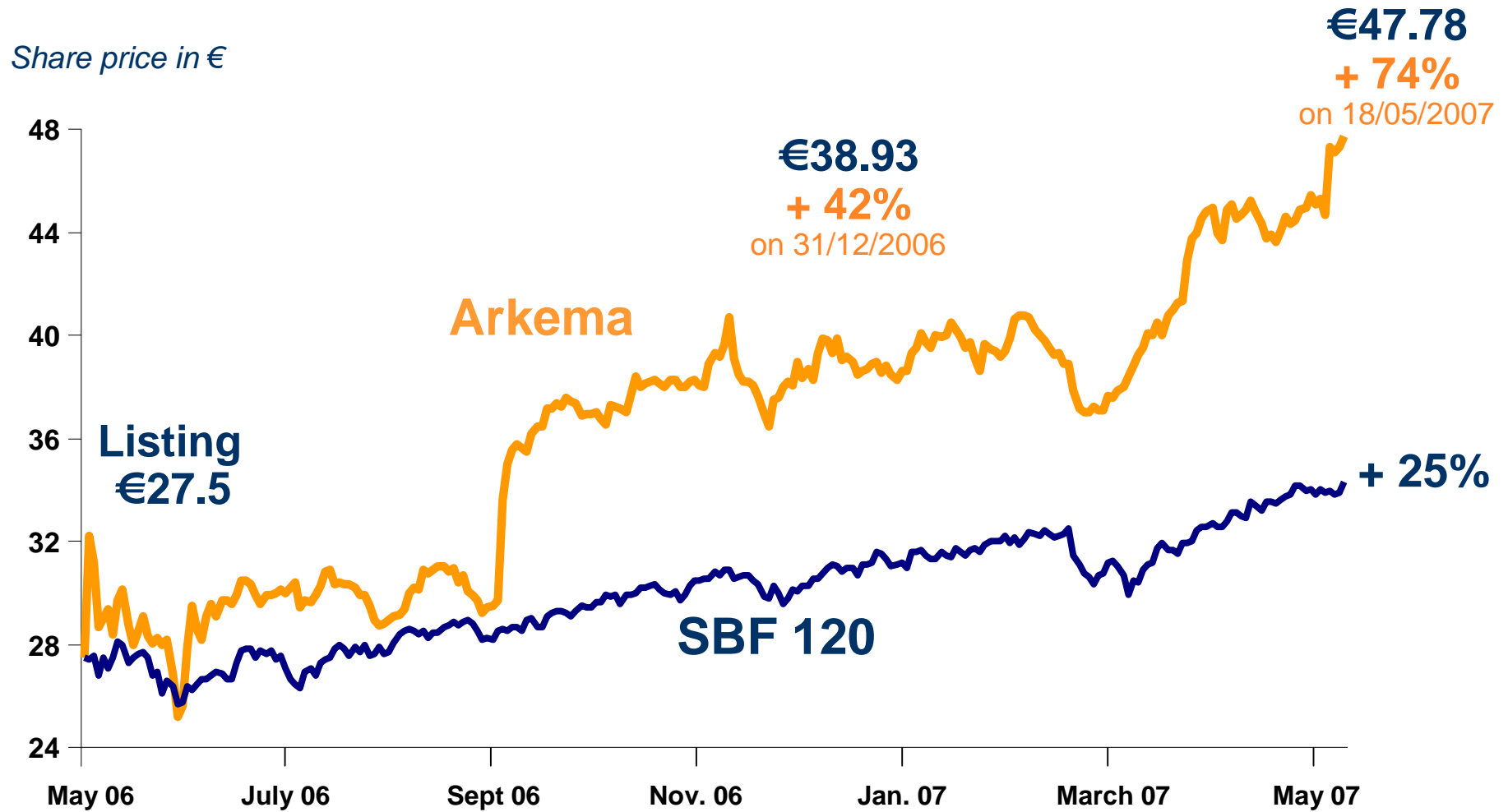
Changshu (China)

Acrylics



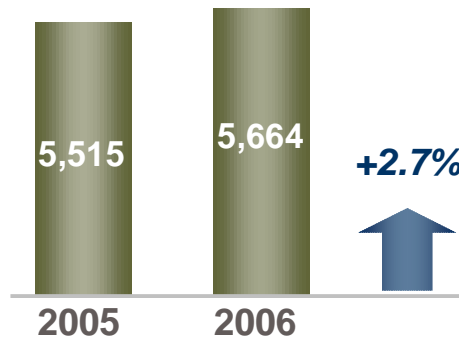
Carling (France)

Creating value to shareholders

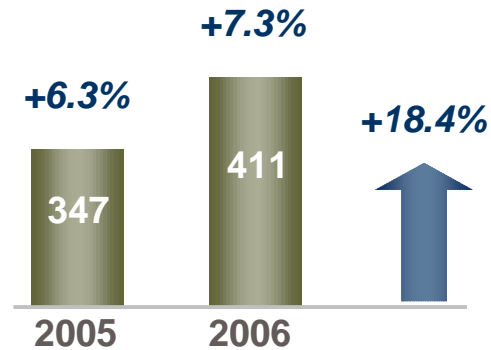


2006 results well above targets

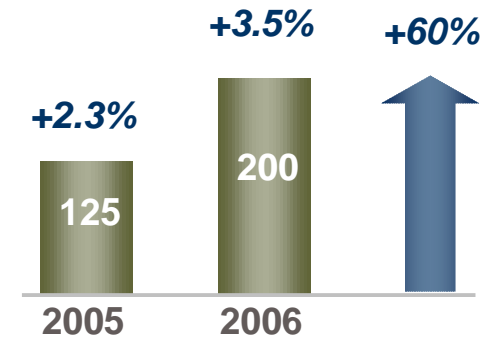
Sales (€m)



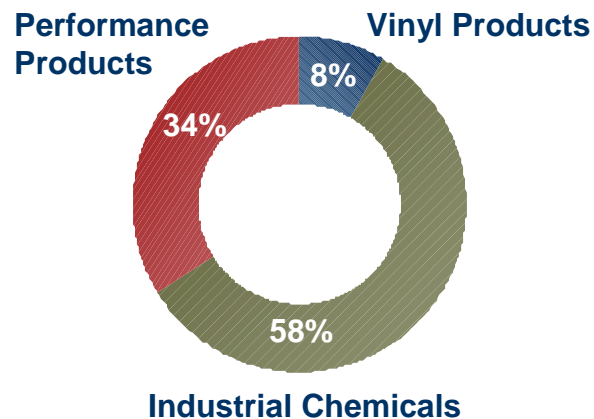
EBITDA (€m) & EBITDA margin



Rec. operating income (€m) & Rec. operating income margin



EBITDA by segment*

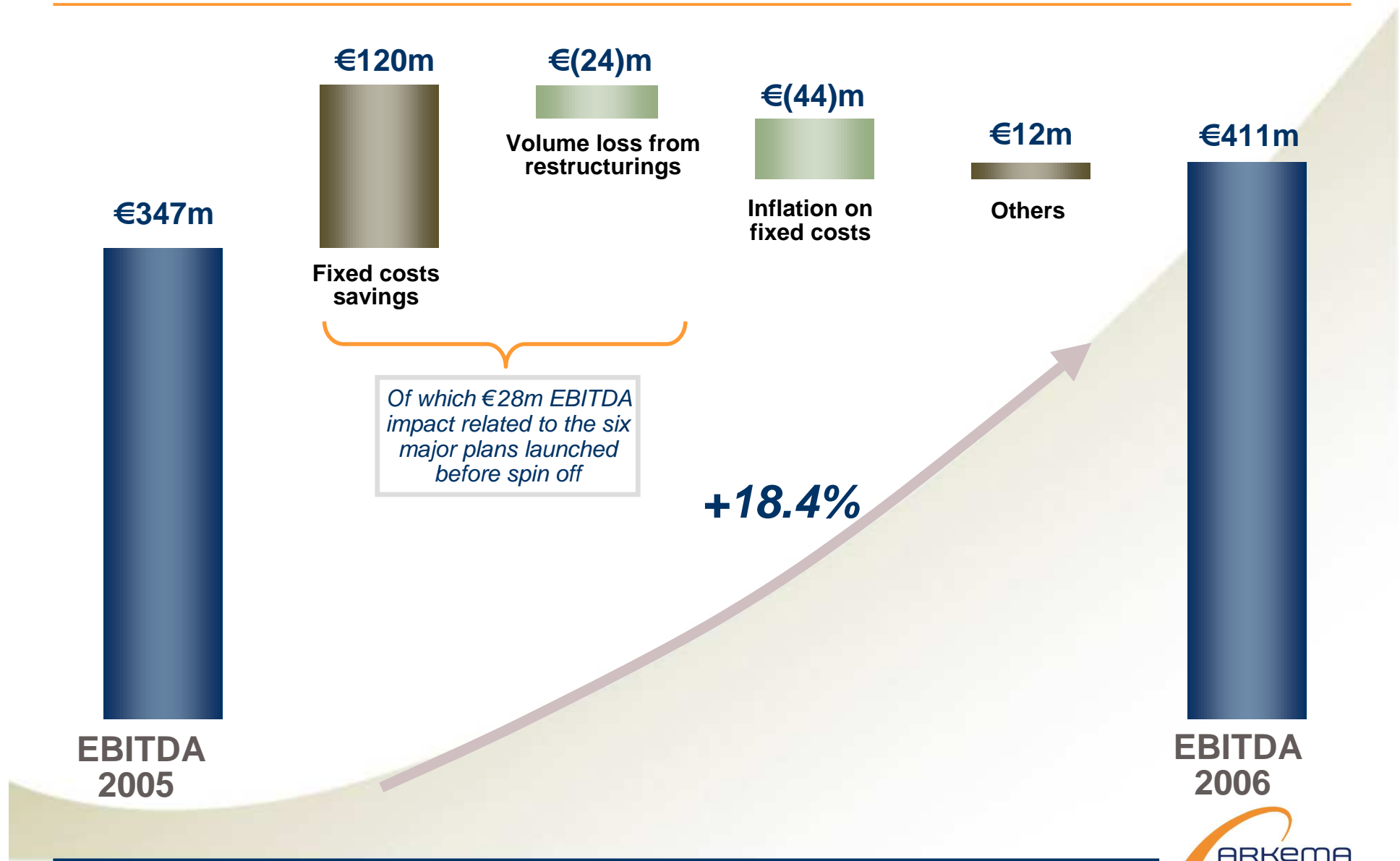


2006 targets

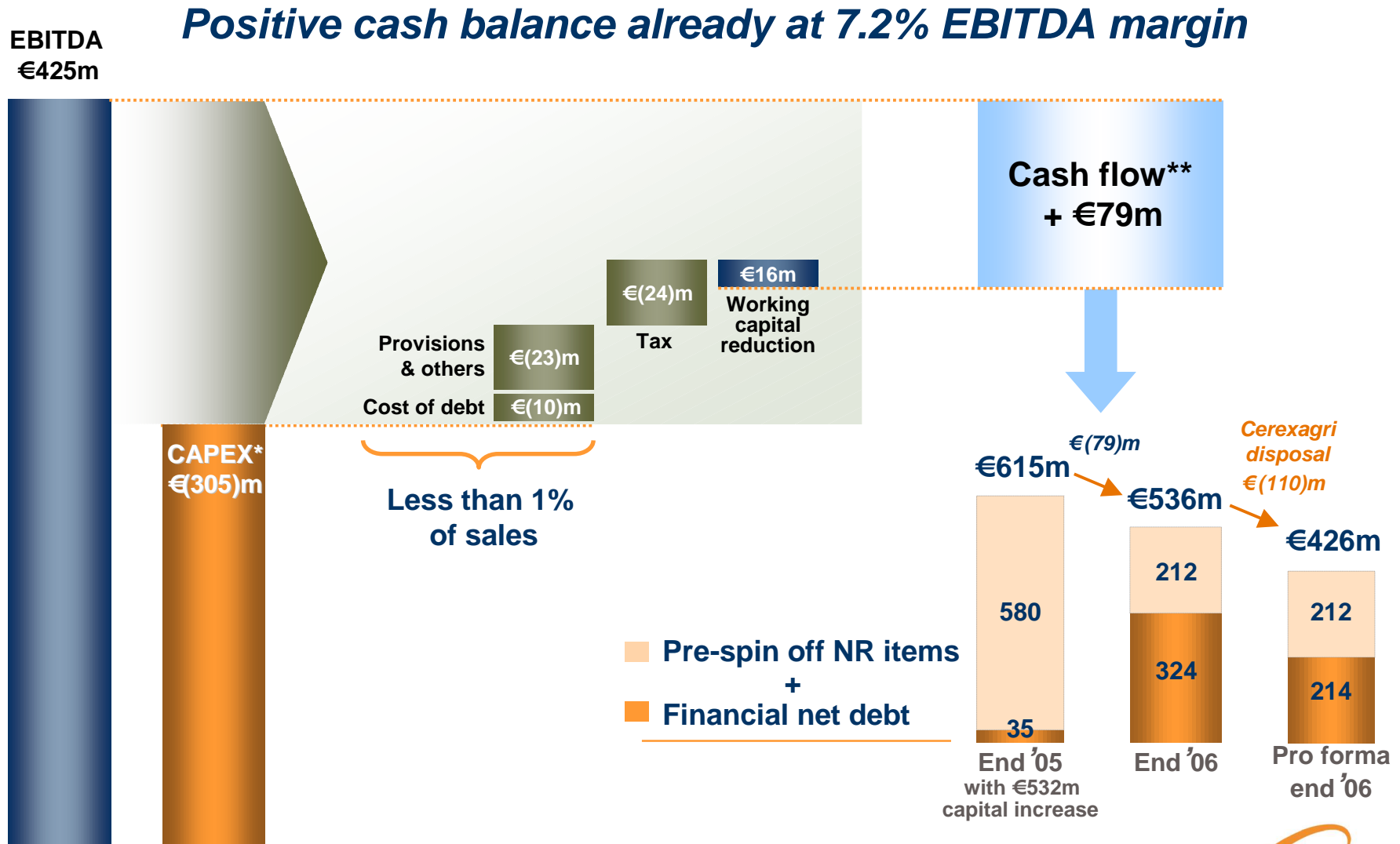
	Targets	Achieved
EBITDA growth	+10 to 15% →	+18.4%
Net income (group share)	> 0 →	€45m
Cash flow (before pre-spin off NR items**)	> 0 from 2007 →	€79m in 2006
Gearing	30 to 40% →	28%***



High impact of productivity initiatives



A positive cash flow *(before pre-spin off NR items)*



All figures include Cerexagri

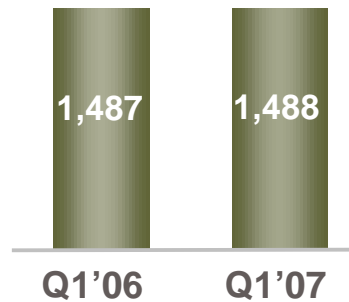


* Excluding €31m CAPEX related to Vinyl Products restructuring plan (included in pre-spin off NR items)

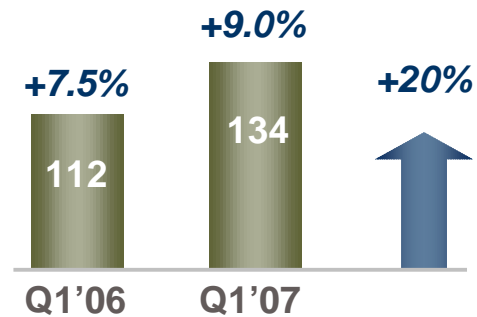
** Calculated as cash flows before pre-spin off NR items

Strong Q1'07 results

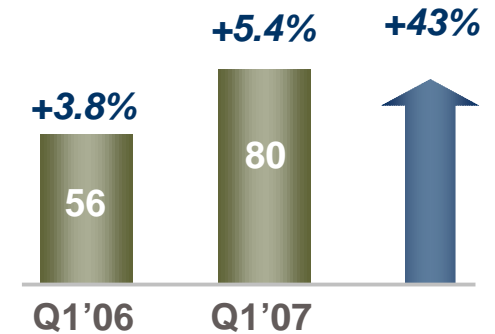
Sales (€m)



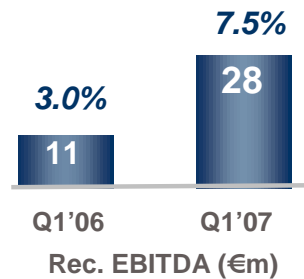
EBITDA (€m) & EBITDA margin*



Operating income (€m) & Operating income margin*

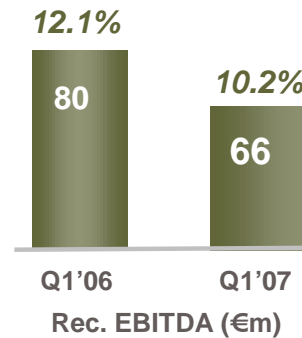


Vinyl Products



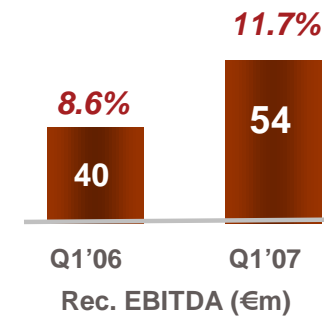
- Good market conditions
- Implementation of Vinyl restructuring plan launched in 2005

Industrial Chemicals



- Good resistance
- Acrylics and Fluorochemicals margins down

Performance Products



- Strong activity
- Positive impact of cost initiatives



2007: a very active start

January	Pipes & Profiles Chantonnay (France)	⇒	Restore competitiveness	28 positions
	Thiochemicals Lacq (France)	⇒	Site optimization	48 positions +30% DMDS capacity
	Acrylics India	⇒	MOU with Essar (JV 50/50)	World-scale plant in Asia
	Exeltium	⇒	Access to electricity based on nuclear power (MOU signed)	LT supply of electricity
February	Cerexagri	⇒	Closing of Cerexagri disposal	€110m proceeds
	Technical Polymers Mont (France)	⇒	Start-up of Orgasol® expansion	Capacity +40%
	Vinyl Compounds Dorlyl (France) & Novellara (Italy)	⇒	Closure of non-profitable sites	76 positions
March	Acrylics* , Carling (France)	⇒	Site optimization*	58 positions
	H₂O₂ , Jarrie (France)	⇒	Expansion of the site	Capacity +10%
	Fluorochemicals* Pierre-Bénite (France)	⇒	Site optimization*	196 positions
May	Thiochemicals (Riverview, USA)	⇒	Sale of specialty amines business	\$72m sales
	Technical Polymers Bonn (Germany)	⇒	Site optimization	83 positions
	Urea Formaldehyde Resins Leuna (Germany)	⇒	Project of disposal to Hexion	€100m sales



Arkema in 2010

“ A competitive player of the chemical industry ”

Accelerate the implementation of strategy



Achieve manufacturing excellence

Develop world-scale sites

- Carling: Acrylics 240KT → 275KT
- Lavéra: VCM 475KT → 525KT
- Jarrie: H₂O₂ 105KT → 115KT
- Shanghai: H₂O₂ 38KT → 77KT

Production efficiency

- Safety performance (-15% per year)
- Strong momentum of productivity initiatives
- Increase operating reliability

Shutdown of non-profitable product lines

- Analysis of profitability site by site
- Closure of Loison and Villers-Saint-Paul (France)
- Closure of sulfonyls in Riverview (US)

Better focus on variable costs

- Reinforce interface between R&D and process
- Projects coming on-stream for energy savings

Amongst the largest sites worldwide



Acrylics, Carling (France)

Increase production of polyamide monomers through better operating reliability: + 10% in 3 years



Technical Polymers, Mont/Marseille (France)

Increase presence in Asia

13% of Arkema's sales
8% of Arkema's workforce



High value of LT industrial partnerships

- Daikin (Japan): Fluorochemicals development
- Shanghai Cooking (China): H₂O₂ expansion
- Essar (India): MOU to produce Acrylics in India

Focused approach

Example of the platform of Changshu (China)

Fluorochemicals :
+50% of HCFC 22 capacity

Organic Peroxides:
new unit started end 2005

Polyamides: capacity **x2**



Increase pace of development

- CAPEX : >€50m in average for the next 3 years

Local R&D support

- R&D center in Kyoto (Japan)
- Increase progressively technical support in China
- Regional approach: LCD screen, flat glass CVD technology, Pebax® in sport...



Enhance market-driven innovation



50% of R&D spent in Performance Products))

Corporate Research	4 main cornerstones	⇒	<ul style="list-style-type: none"> • Nanostructured materials • Products from renewable resources • Materials for energy/environment applications • Process intensification
Industrial Chemicals	Develop downstream	⇒	<ul style="list-style-type: none"> • DMDS for fumigation of soils • PMMA for signs and displays • H₂O₂ for detergents
Performance Products	Increase generation of new business	⇒	<ul style="list-style-type: none"> • Orevac® extension in 2006 • Orgasol® extension in 2007 • Molecular sieves extension in 2007 • CVD technology for flat glass

20% of sales coming from new products*



A more focused, less cyclical portfolio

Disposals of non core assets

~ €400m of sales

- | | | |
|--------------------|---------------|-------------|
| • Cerexagri | Agrochemicals | €202m sales |
| • Leuna | UF resins | €100m sales |
| • Specialty Amines | Thiochemicals | \$72m sales |

~ €375m
of sales
achieved

Acquisitions in our core activities

€500 to 800m of sales

- Small to mid-size acquisitions
- Increase part of non-cyclical businesses

End 2009

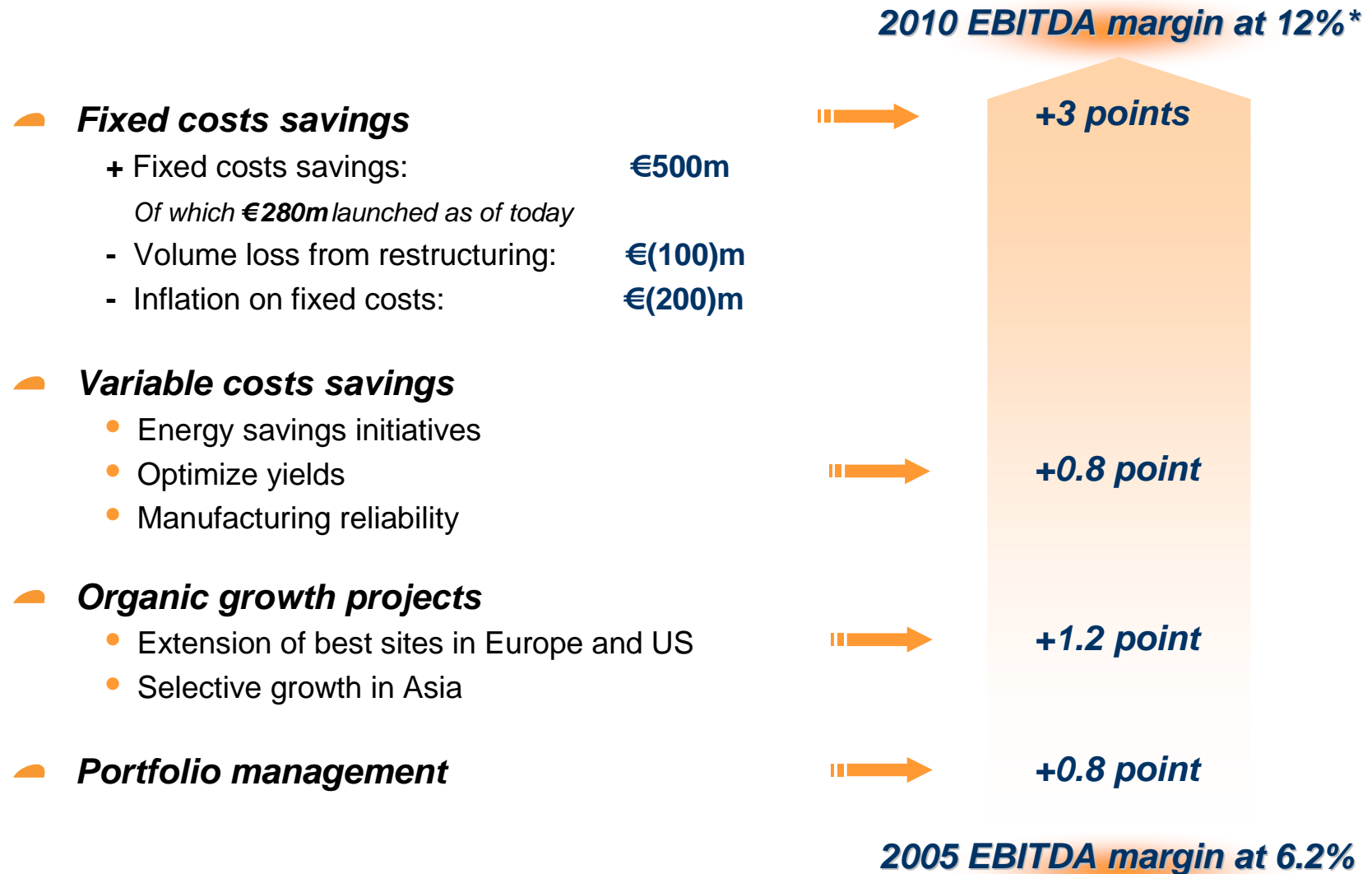
Financial flexibility

- Gearing at 28% (31/12/2006)*
- ~ €200m: proceeds from disposals
- > €200m: working capital decrease

Maintain
low gearing



2005-2010 EBITDA evolution



Our ambition

3 strategic priorities

- Achieve manufacturing excellence
- Increase presence in Asia
- Enhance market-driven innovation

Strong foundations

- Entrepreneurial culture
- Pro-active organization
- Strong balance sheet
- Sustainable development

2010 targets

- EBITDA margin at 12%*
- Working capital down to 18% of sales
- Gearing below 40%

“ **Committed
to value creation** ”



Q&A session

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 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 2005 are extracted from pro forma financial statements presented in the 2006 reference document. Financial information for 2006 are extracted from the consolidated financial statements of ARKEMA. Quarterly financial information are 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 17,000 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

