Arkema

Cheuvreux
Autumn Conference

ARKEMA
The world is our inspiration

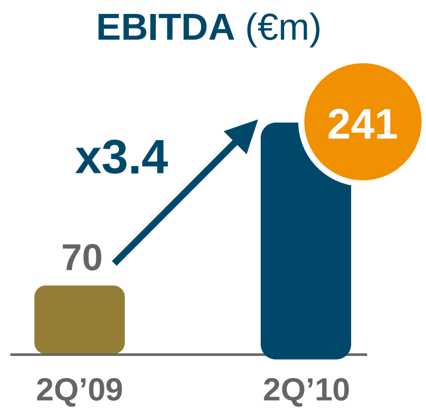
Paris,September 28th, 2010

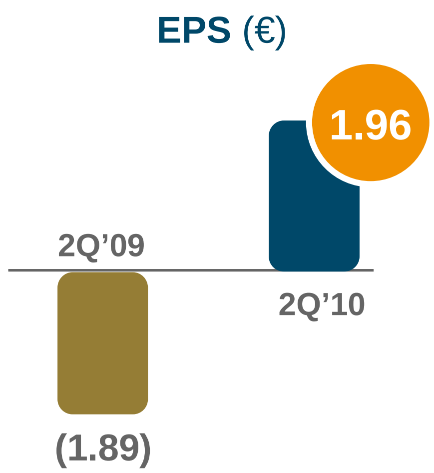
2Q'10 results

A record performance

2Q'10 performance: a new milestone in Arkema's transformation

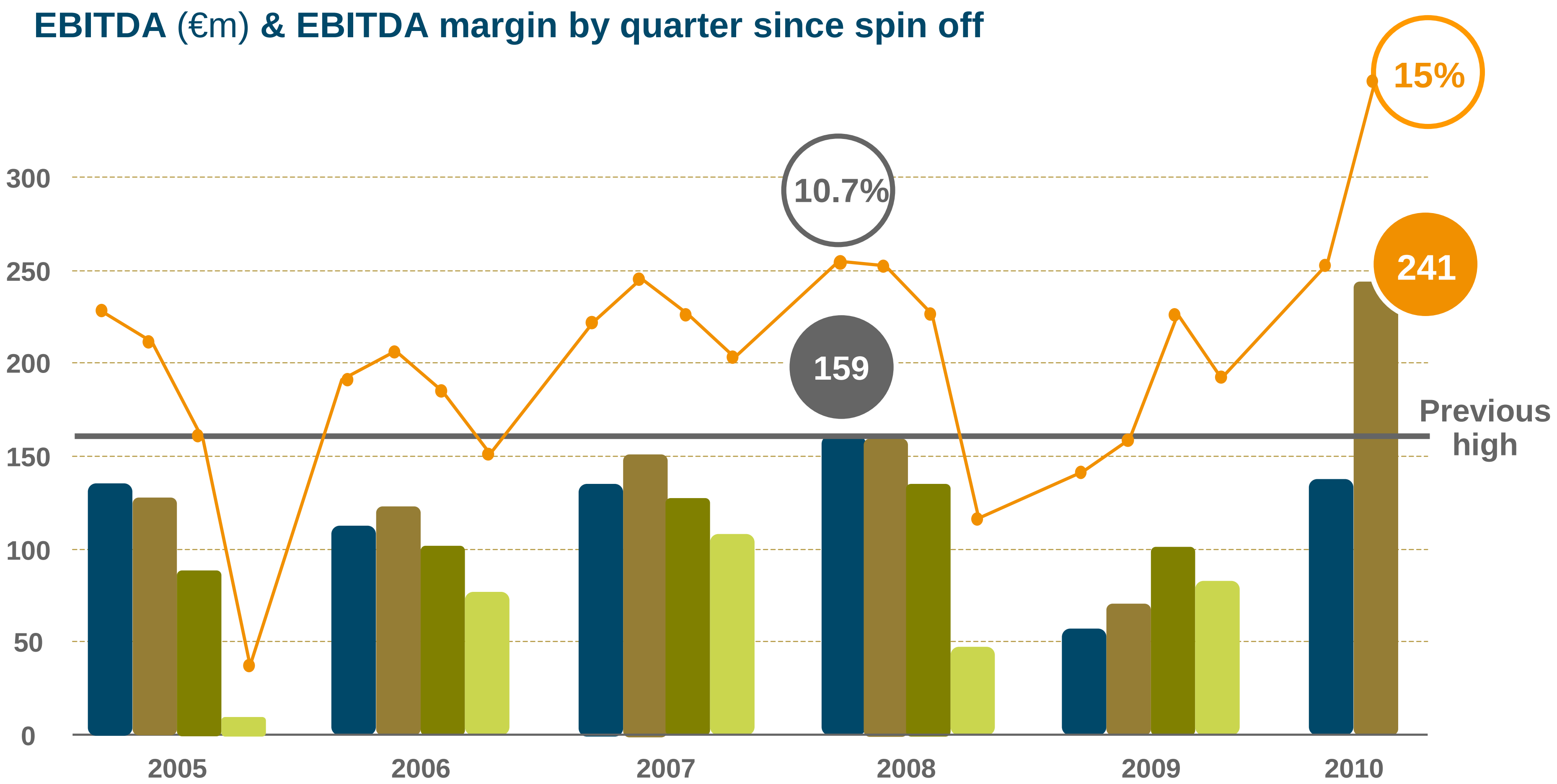
- **+38% sales versus 2Q'09**
  (former Dow acrylic assets accounting for +11%)
- **Highest EBITDA in Arkema's history at €241m**
  - x 3.4 versus 2Q'09
  - +76% versus 1Q'10
- **All segments contributed to EBITDA growth**
- **15% EBITDA margin versus 6% in 2Q'09**
  (19% excluding Vinyls)
- **€119m net income representing 7.4% of sales**
- **+€51m free cash flow***
- **Low net debt at €367m and gearing at 18%**





** Free cash flow = cash flow including non-recurring items and excluding impact from M&A*

2nd quarter 2010 at record level



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Highlights of the quarter

- **Successful start-up of HFC-125 production unit in Changshu (China)**
- **Registration of the Paladin® for soil fumigation by the Environmental Protection Agency (EPA) in the US**
- **Approval received from the EPA to market Arkema's carbon nanotubes in the US (Graphistrength®)**
- **Subscription to Exeltium's share capital for €15m after finalization of the consortium financing**
- **Dividend of €0.60 per share paid in June for a total of €37m**
- **Success of the 2nd share capital increase reserved for employees**
  - €17m subscribed
  - Employee holdings in Arkema's share capital represent 5% end of June 2010

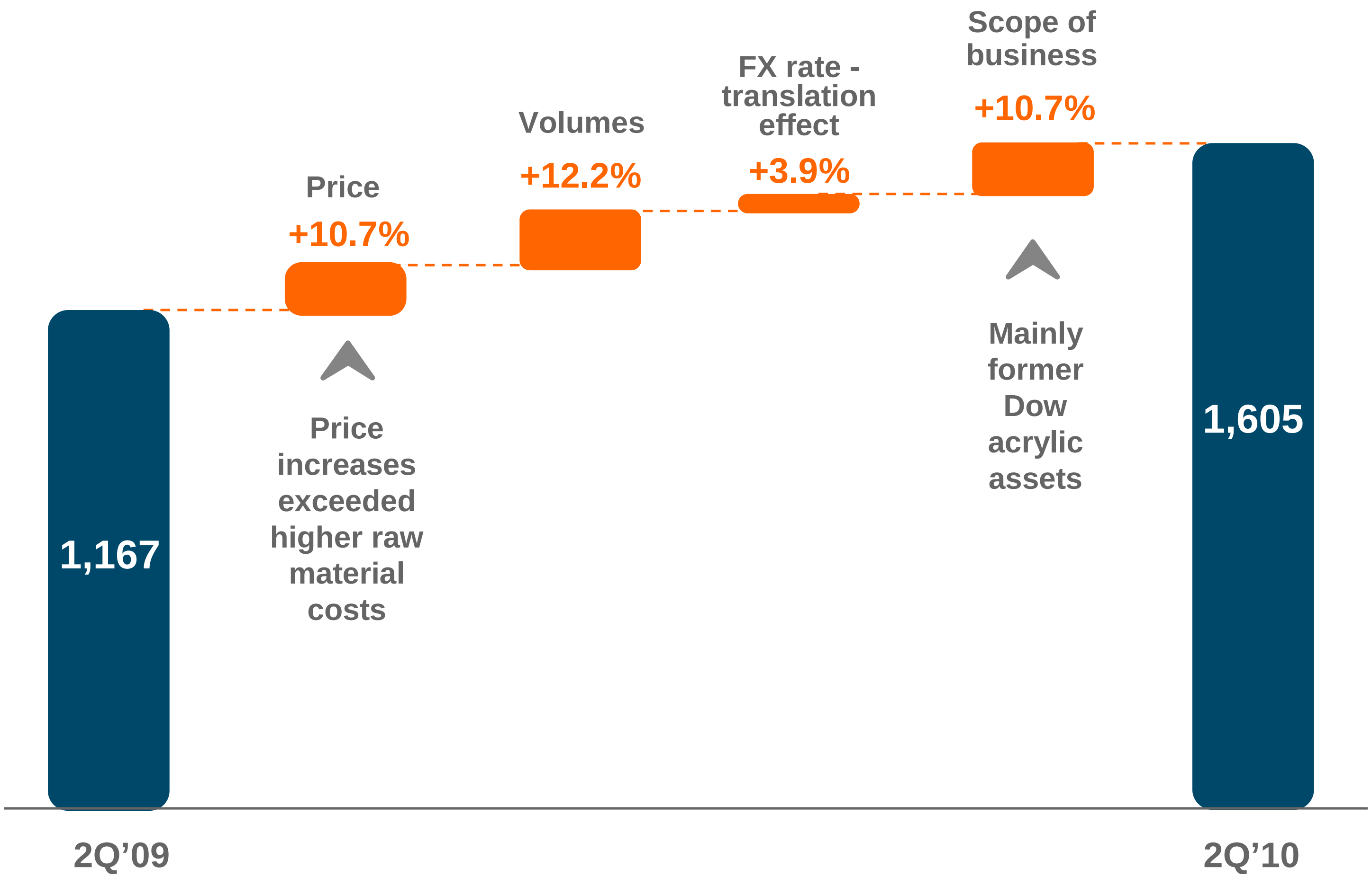
2Q'10 key figures

in €m (except EPS)	2Q'09	2Q'10	*2Q'10 vs 2Q'09*	1Q'10
Sales	**1,167**	**1,605**	*+38%*	**1,308**
EBITDA	**70**	**241**	*x 3.4*	**137**
EBITDA margin	***6.0%***	***15.0%***		**10.5%**
Recurring operating income	**2**	**169**	*x 85*	**67**
Net income (group share)	**(114)**	**119**	*na*	**40**
Adjusted EPS (diluted)	**(0.41)**	**1.92**	*na*	**0.68**

Net income of 2nd quarter 2010 = Net income of full year 2007
(all-time highest FY performance at €122m)

+38% sales versus 2Q'09

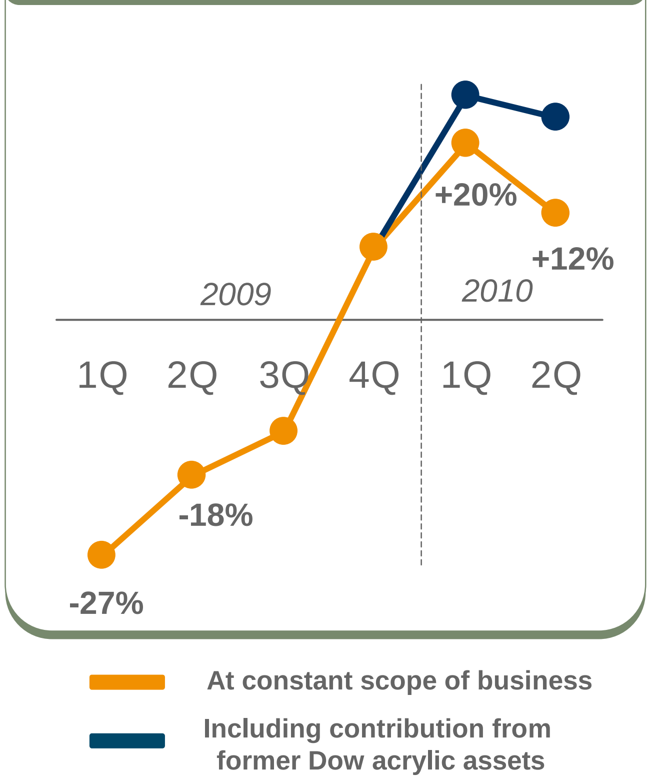
Sales in €m



Key factors for 2Q'10 performance

- **Favorable market conditions**
  - Strong demand in Asia
  - Improving volumes in North America
  - Acrylic monomer margins above mid-cycle
  - *However:*
    - Volumes still below pre-crisis level
    - Challenging market conditions in Vinyls
- **Significant benefits from internal achievements**
- **Price increases exceeding higher raw material costs**
- **Traditional stronger seasonality of 2Q**

YoY volume development



Strong internal progress in a better economic environment

Strong contribution from 4 years of company transformation

- **Significant positive effect on bottom line from new businesses**
  (high performance polymers, renewables, photovoltaic, alternative energies, etc.)

- **Benefits from new plants in Asia**

- **Lower cost base leveraging higher sales volumes**

- **Integration from former Dow acrylic assets**

Acrylic assets from Dow

Start up of HFC-125 in Changshu (China)

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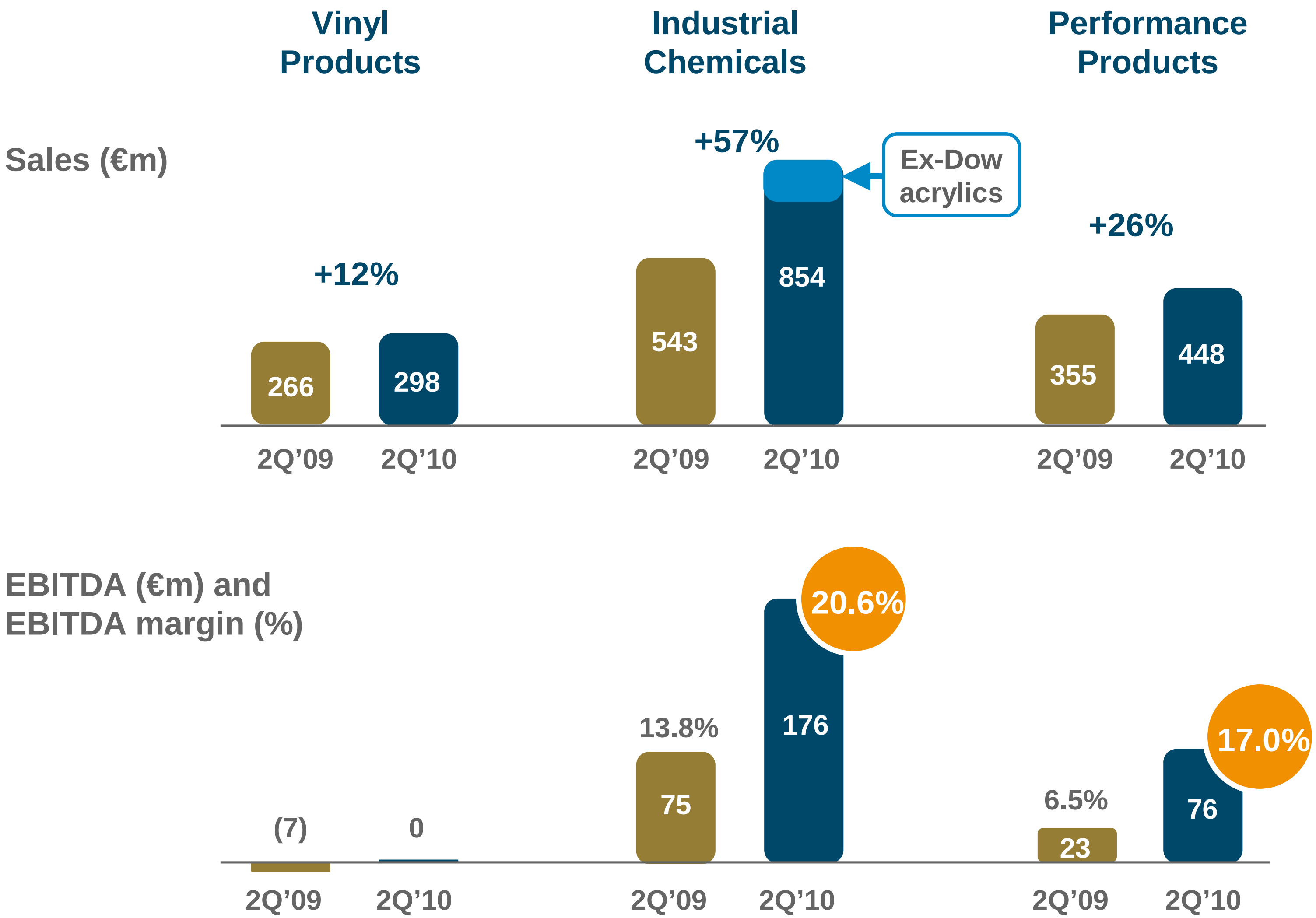
Contribution by segment



Vinyl Products: Market conditions remain challenging

in €m	2Q'09	2Q'10	*2Q'10 vs 2Q'09*	1Q'10
Sales	266	298	*+12.0%*	271
EBITDA	(7)	0	*na*	(8)
EBITDA margin	*(2.6)%*	*0%*		(3.0)%
Rec. op. income	(19)	(13)	*na*	(22)

- **Break-even EBITDA**
- **Construction market still weak in Europe**
- **Low unit margins**
  - PVC price increase offset higher ethylene costs
  - Caustic soda price ~30% below 2Q'09 but slight improvement compared to 1Q'10
- **Strong performance of QVC (Qatar Vinyl Company)**
- **Simplification of the industrial organization with Solvin in France and Spain**
- **Strong improvement of competitiveness remains the priority of the segment for the coming months**

Industrial Chemicals: Above 20% EBITDA margin

in €m	2Q'09	2Q'10	*2Q'10 vs 2Q'09*	1Q'10
Sales	543	854	*+57.3%*	661
EBITDA	75	176	*x 2.3*	96
EBITDA margin	*13.8%*	*20.6%*		14.5%
Rec. op. income	43	140	*x 3.3*	62

- **+33% sales at constant scope of business vs 2Q'09**
  - ~50% price effect and ~50% volume effect
- **Traditional stronger seasonality in Fluorochemicals and Coatings in 2Q**
- **Notable improvement of acrylic monomer unit margins versus low-cycle conditions in 2Q'09**
- **Successful start up of new HFC-125 fluorogas production unit in Changshu (China)**
- **Benefits from restructuring in Methacrylates in France**
- **Good performance of former Dow acrylic assets with €132m sales**

Performance Products: EBITDA multiplied by 3 versus 2Q'09

in €m	2Q'09	2Q'10	*2Q'10 vs 2Q'09*	1Q'10
Sales	355	448	*+26.2%*	372
EBITDA	23	76	*x 3.3*	54
EBITDA margin	*6.5%*	*17.0%*		14.5%
Rec. op. income	0	53	*na*	32

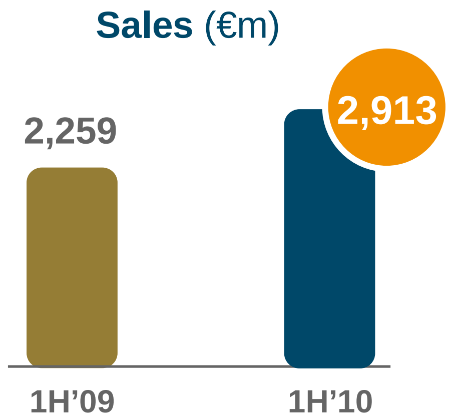
- **+19% volumes versus 2Q'09**
  - Strong demand in Asia
  - Reasonable growth in Europe and North America
  - Benefits from new businesses in fast-growing applications (high performance polymers, new energies, bio-based polymers, etc.)
- **Strong raw material increases offset by higher sale prices**
- **Lower cost base in Technical Polymers and Functional Additives**

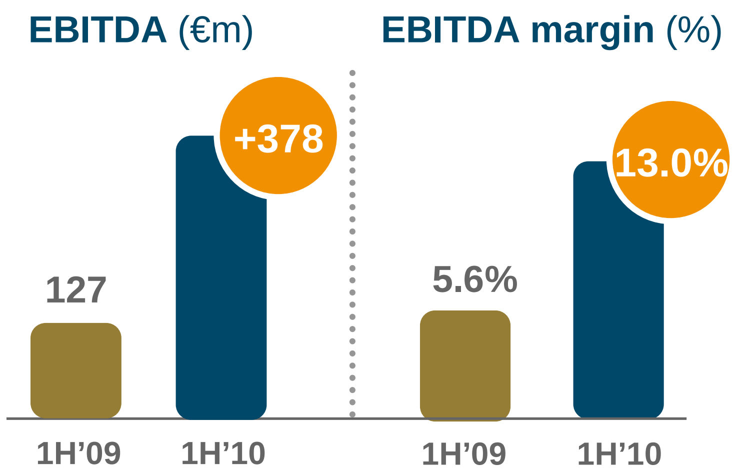
1st half 2010 results

Reflecting the magnitude of transformation

1H'10 highlights

- **+29% sales versus 1H'09**
  (former Dow acrylic assets accounting for +8%)
- **EBITDA at €378m**
  - x 3 versus 1H'09
  - +22% above FY'09 EBITDA
- **13% EBITDA margin versus 5.6% in 1H'09**
  - 17% excluding Vinyls
  - Versus 10.6% in 1H'08 (previous high)
- **€159m net income representing 5.5% of sales**
- **+€14m free cash flow***
- **Low net debt at €367m and gearing at 18%**





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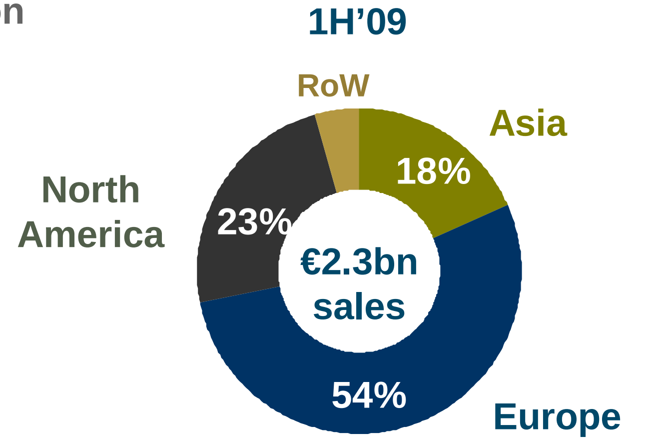
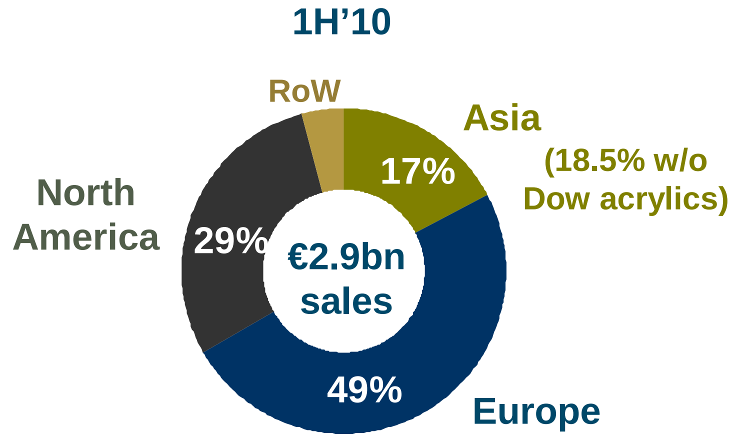
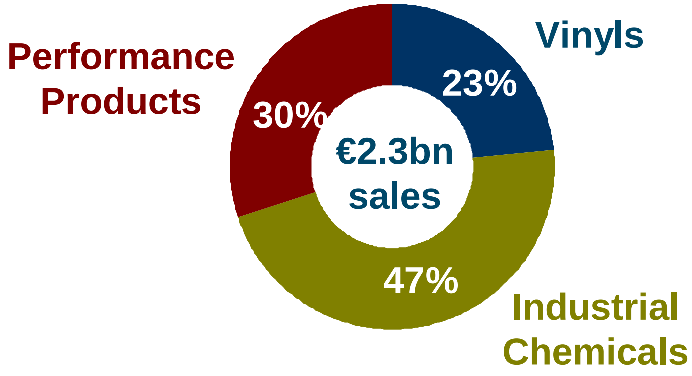
Repositioning Arkema

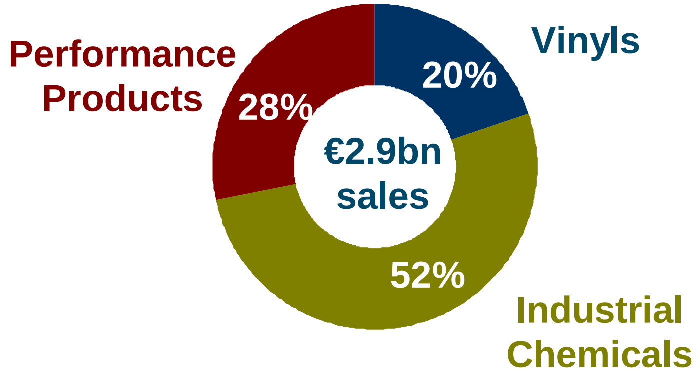
Sales by region



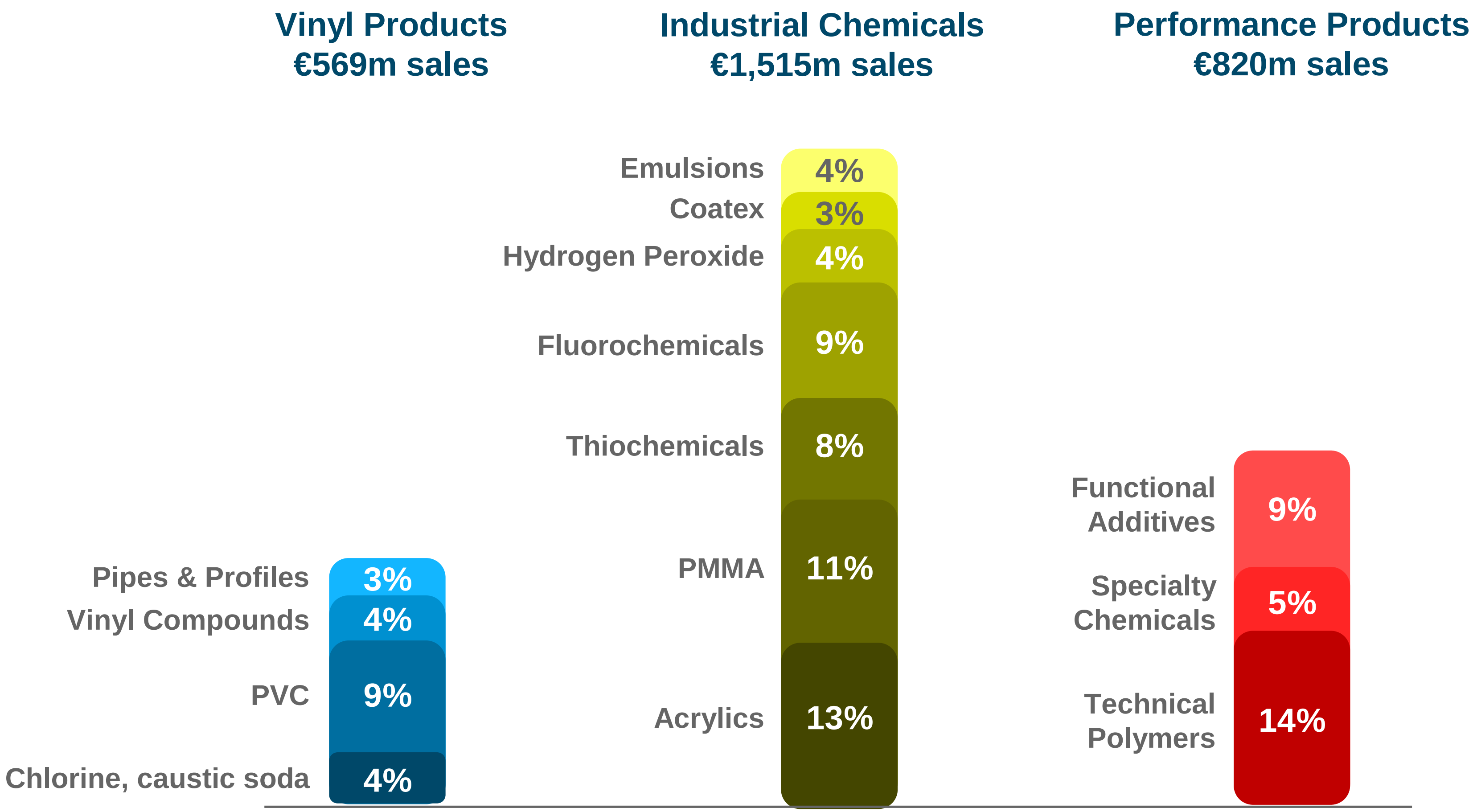


Sales by segment





Sales by business unit in 1H'10

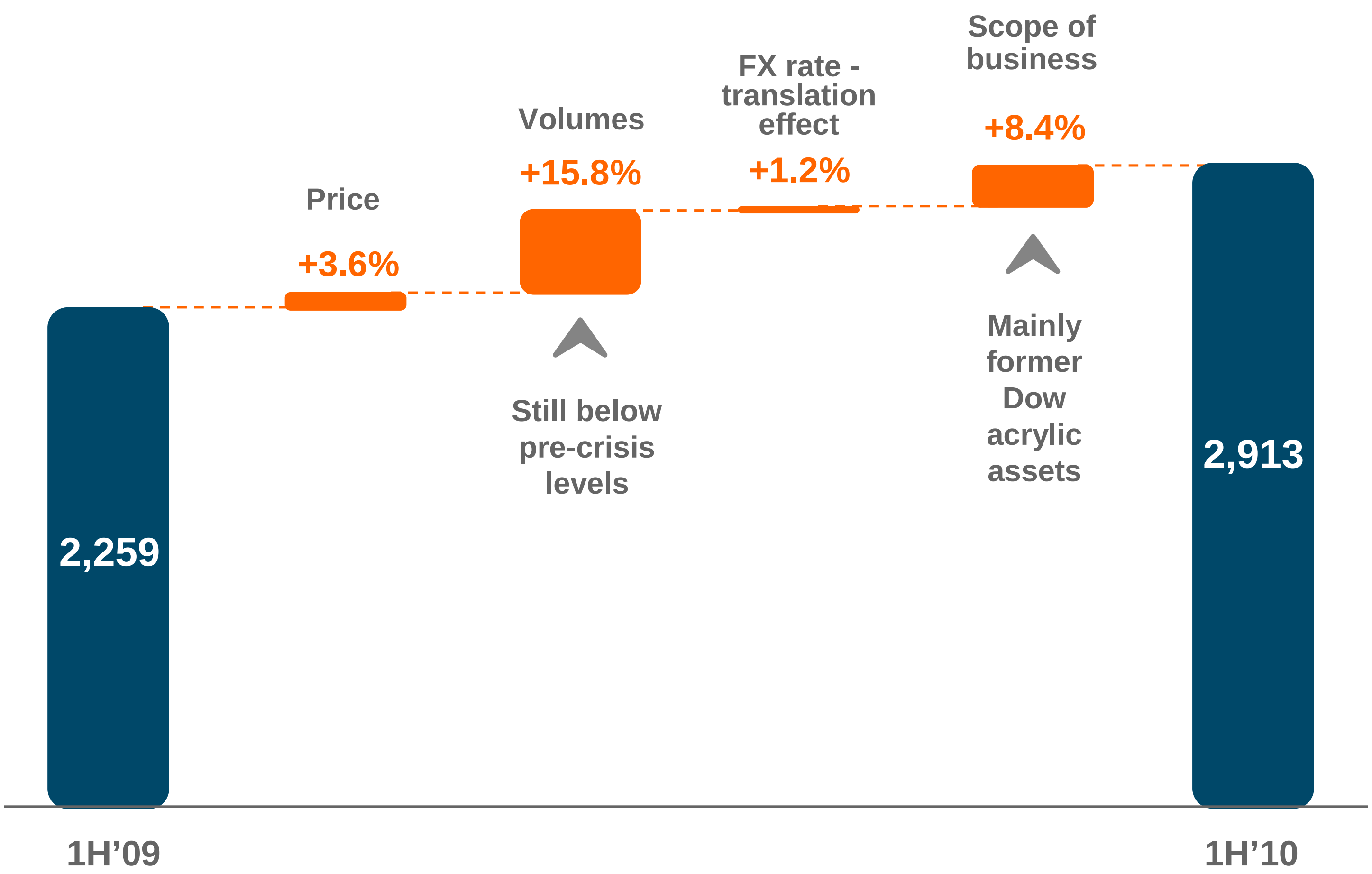


1H'10 key figures

in €m (except EPS)	1H'09	1H'10	*1H'10 vs 1H'09*
Sales	**2,259**	**2,913**	***+29%***
EBITDA	**127**	**378**	***x 3.0***
EBITDA margin	**5.6%**	**13.0%**	
Recurring operating income	**(10)**	**236**	***na***
Net income (group share)	**(149)**	**159**	***na***
Adjusted EPS (diluted)	**(0.91)**	**2.60**	***na***

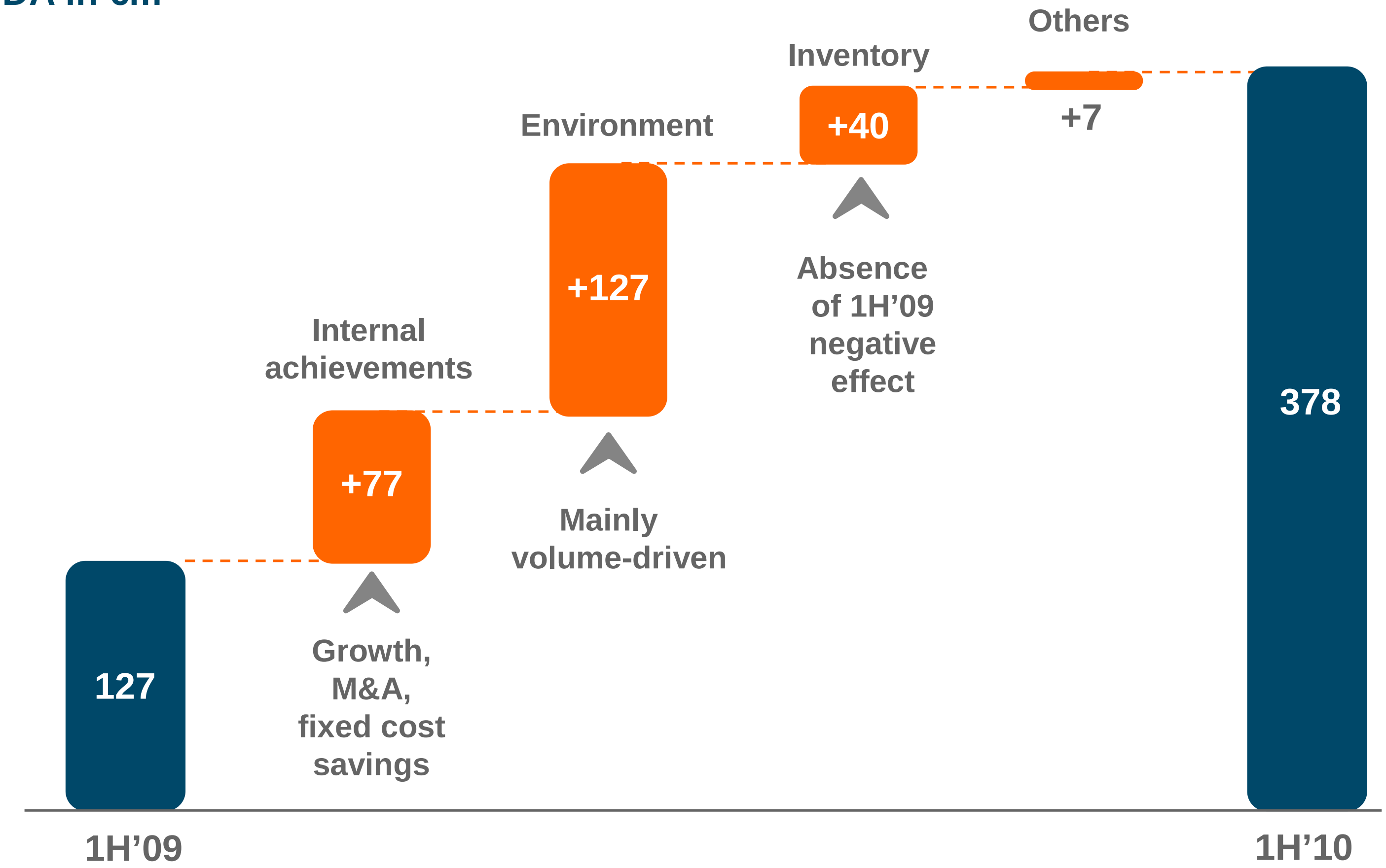
+29% sales versus 1H'09

Sales in €m



EBITDA bridge

EBITDA in €m

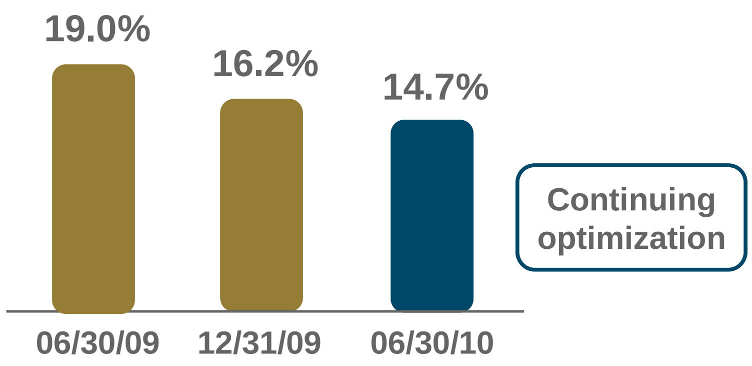


Strong contribution from internal achievements

Positive free cash flow despite strong sales increase

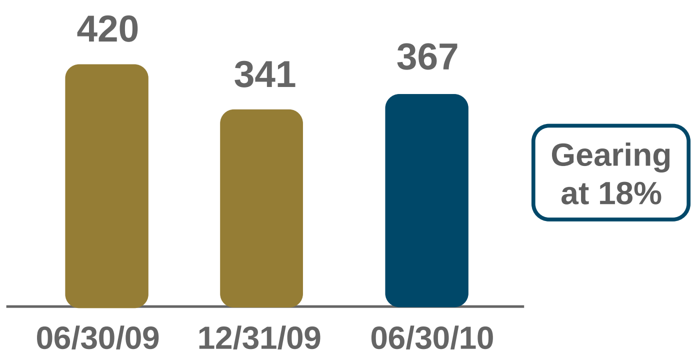
in €m	
EBITDA	**378**
Working capital variation	**(131)**
Recurring capex	**(113)**
Tax & cost of debt	(71)
Restructuring outflows	(33)
Others	(16)
Free cash flow*	**+14**

Working capital as % of sales**



- **€367m net debt end of June 2010 includes €80m cash outflows related to:**
  - Payment of a dividend of €0.60 per share
  - Acquisition of former Dow acrylic assets
  - Subscription to Exeltium share capital

Net debt (€m)



* *Free cash flow = cash flow including non-recurring items and excluding impact from M&A*

** *At 30 June = (working capital end of June) / (4x 2nd quarter sales)*

Outlook

Increased target

- **Market conditions in July in line with 2Q'10**
- **Traditional seasonality of our businesses**
  - 2Q>3Q>4Q and 1H>2H
  - Impact of August and December in Europe
- **Strong benefits from internal projects**
- **EBITDA target significantly increased for full year 2010 with an EBITDA that should exceed €600m, i.e. around 2x 2009 EBITDA**
  - Previous high: €518m EBITDA in 2007
  - 2005 (reference year): €355m EBITDA in a better economic environment than in 2010
  - 2010 EBITDA target exceeds cost of capital

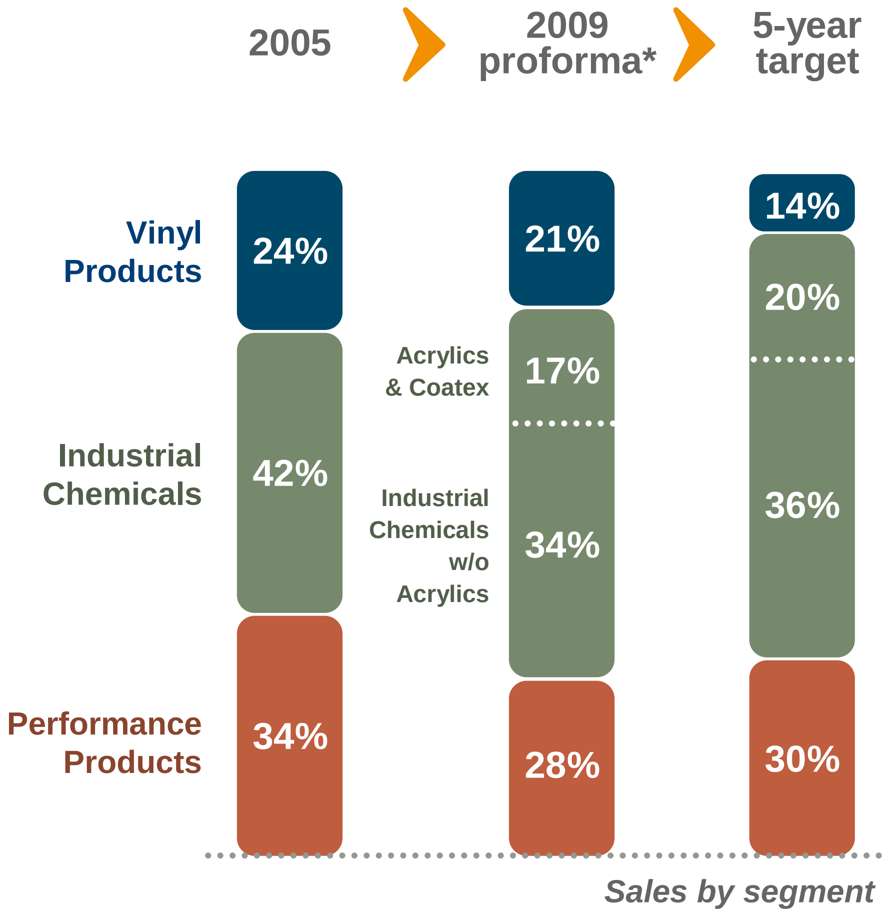
On track to deliver 2014 targets

- **Further reducing fixed costs**
  - Lowering break-even in Vinyls by an additional €50m
  - Offsetting most part of inflation on fixed costs
- **Growing our presence in Asia**
  - 22% sales in 2014(e)
- **Developing new high-value added products**
  - €400m sales in 2014(e) from new products
- **Enhancing our portfolio of businesses**
  - Reducing our exposure to Vinyls to 14% of total sales in 2014(e)
  - Increasing downstream integration in Acrylics
  - Building a true portfolio of specialties in Performance Products

Reiterating 2014 target of an EBITDA margin above 13.5% in mid-cycle conditions

2010-2014
A new roadmap

Enhanced portfolio

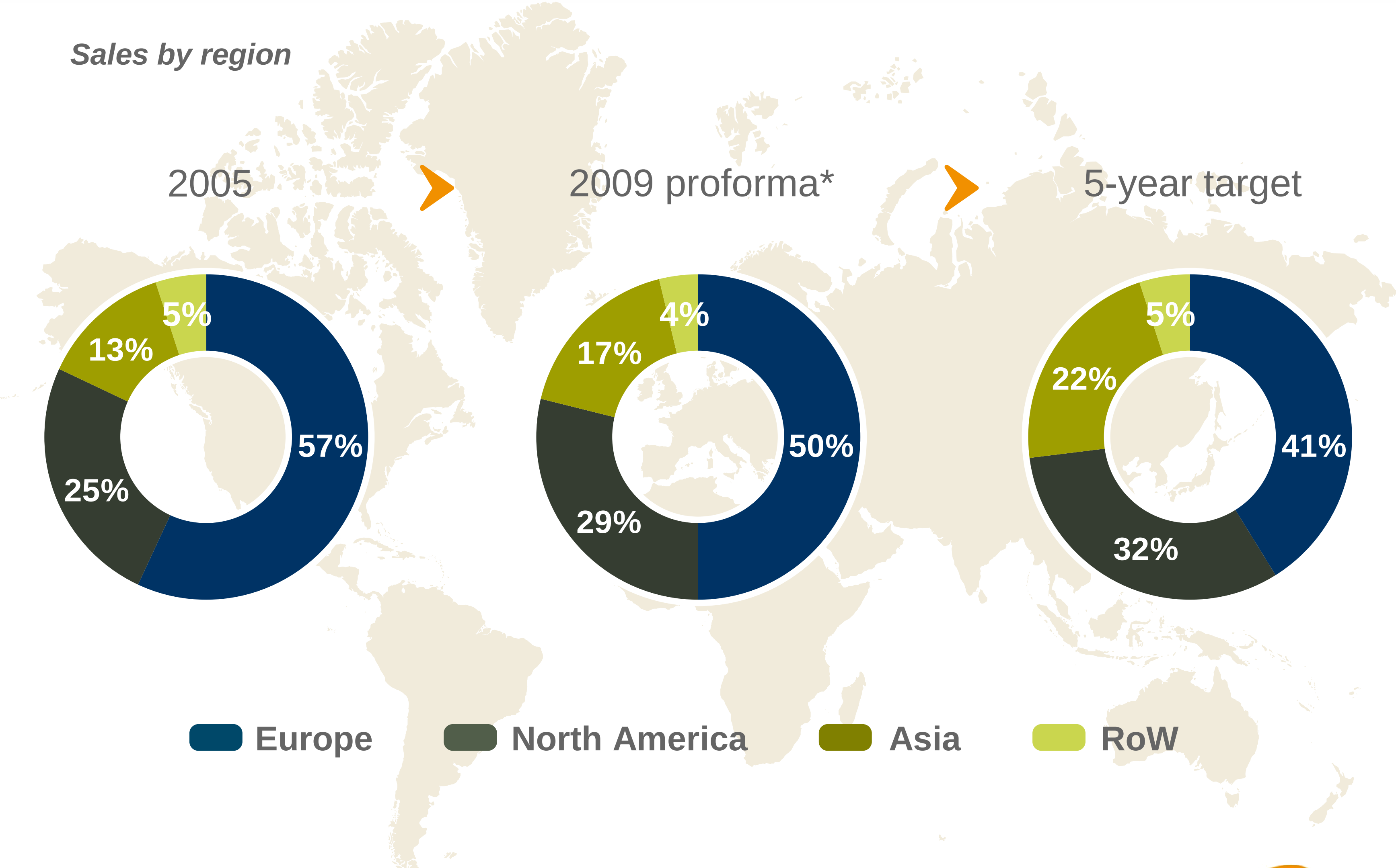


Strategy	Contributors
Cost and partnerships	Focus on competitive assets
Emergence of a global integrated player	New acrylic assets acquired from Dow
4 first-class growth platforms • Thiochemicals • Fluorochemicals • Methacrylates • Hydrogen Peroxide	Innovation and Asia
Building a true portfolio of specialties	Innovation and bolt-on M&A

** Including the acrylic assets acquired from Dow*

Balanced geographic position

Sales by region



 ** Including the acrylic assets acquired from Dow*

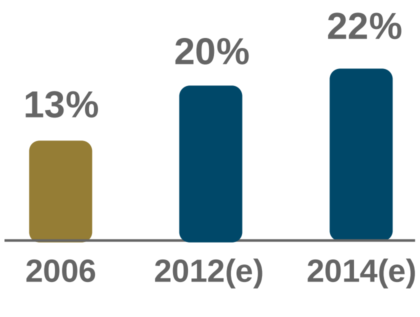
Capitalizing on Asia and innovation

Reinforce presence in Asia

Target 22% of sales in Asia in 2014

- **Successfully achieve current projects in China**
  - HFC-125 successful start up in 2Q'10
  - Kynar® / Coatex
- **Longer-term thoughts in Asia**
  - Acrylic monomers / Polyamides / Thiochemicals
- **1/3 to 50% of development capex in next 3 years**

Sales in Asia (as % of total sales)



Fuelling the innovation pipe

€400m sales from new high-margin products by 2014

- **Keep strong momentum on**
  - Solutions for sustainable development
    - *Bio-resourced materials*
    - *New energies (photovoltaic, Li-ion batteries)*
    - *Solution to reduce CO_2 emissions of end-users*
  - High performance polymers
    - *High temperature polymers*
    - *Thermoplastic composites as light-weight materials & high mechanical resistance polymers*
- **15% of R&D efforts allocated to long-term breakthrough projects**

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5-year (2014) mid-cycle targets

EBITDA margin	**5 year (2014) mid-cycle target***
Performance Products	**15%**
Industrial Chemicals w/o Acrylics	**17%**
Acrylics	**14 to 15%**
Vinyls	**8 to 9%**
Corporate	**(1)%**
Arkema	**>13.5%**

** Normalized environment*

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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 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

- Arkema is a global chemical player consisting of three business segments: Vinyl Products, Industrial Chemicals, and Performance Products. Established in over 40 countries with 13,800 employees, Arkema achieved sales of 4.4 billion euros in 2009. With its 7 research centers in France, the United States and Japan, and internationally recognized brands, Arkema holds leadership positions in its principal markets.