



Arkema

9th MIDCAP FORUM – EXANE BNP PARIBAS

London – 20 November 2012

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CFO

ARKEMA
INNOVATIVE CHEMISTRY



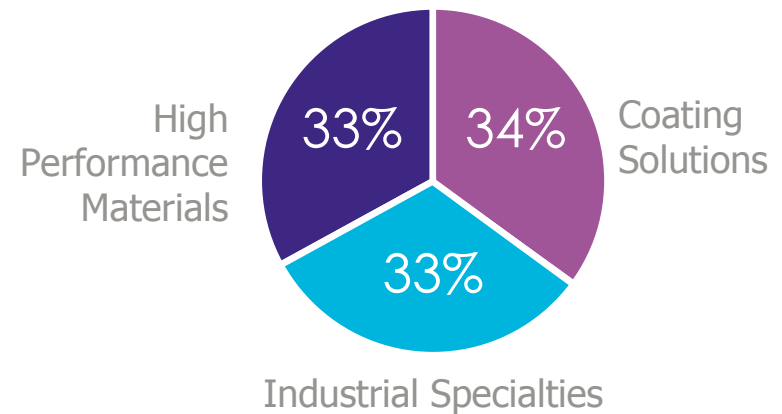
The new Arkema
**Well positioned for
profitable growth**

ARKEMA
INNOVATIVE CHEMISTRY

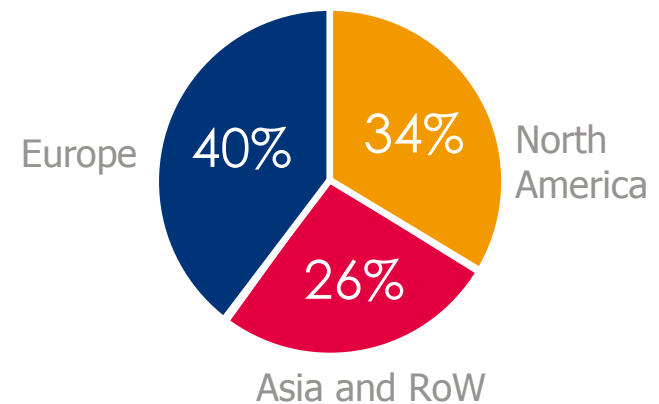
The new Arkema

- Sales of **€6.5 bn**
- EBITDA close to **€1bn**
- Industry-leading margin **~ 15%**
- 14,000** employees in 40 countries
- Strong balance sheet

Sales by segment

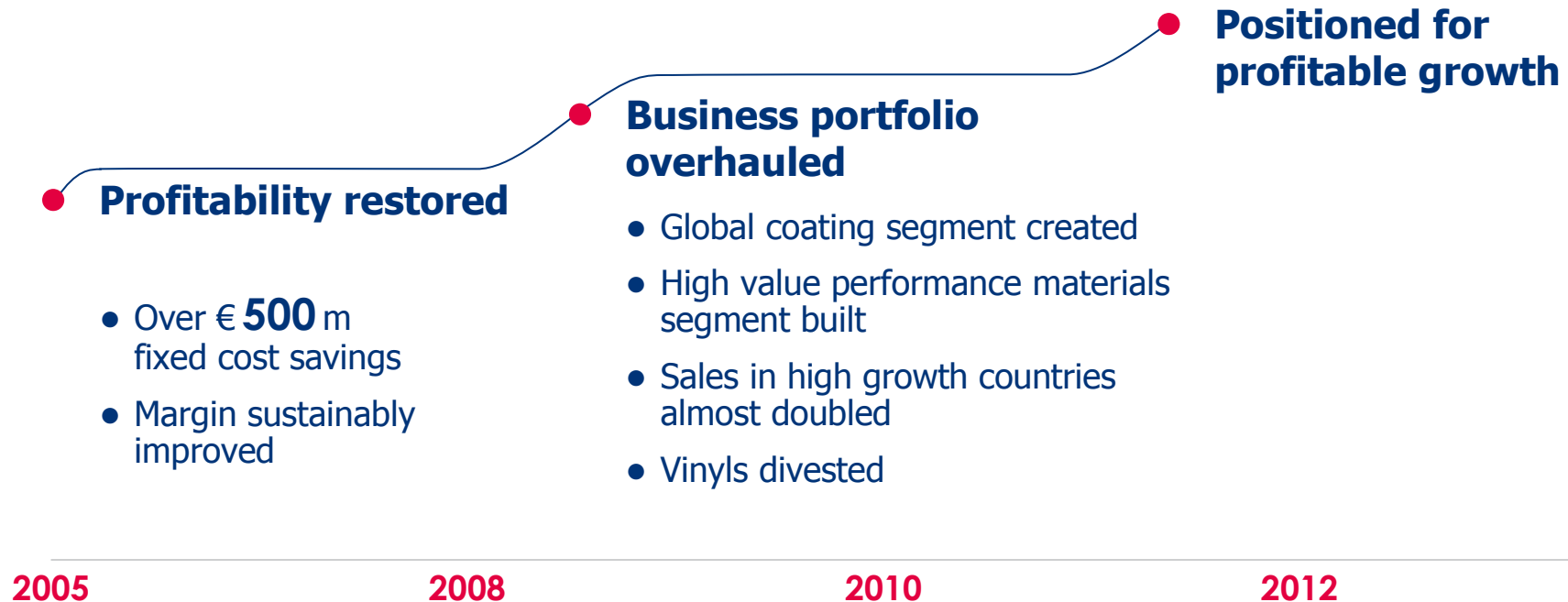


Sales by region



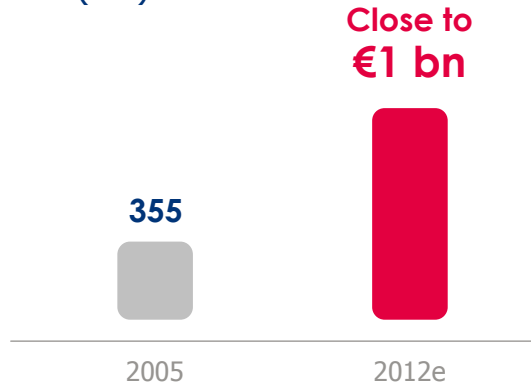


Rapid and deep transformation executed

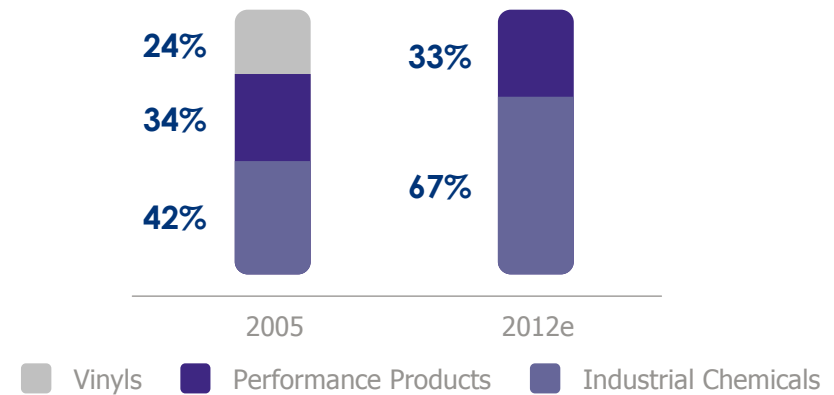


More focused, more profitable, more resilient

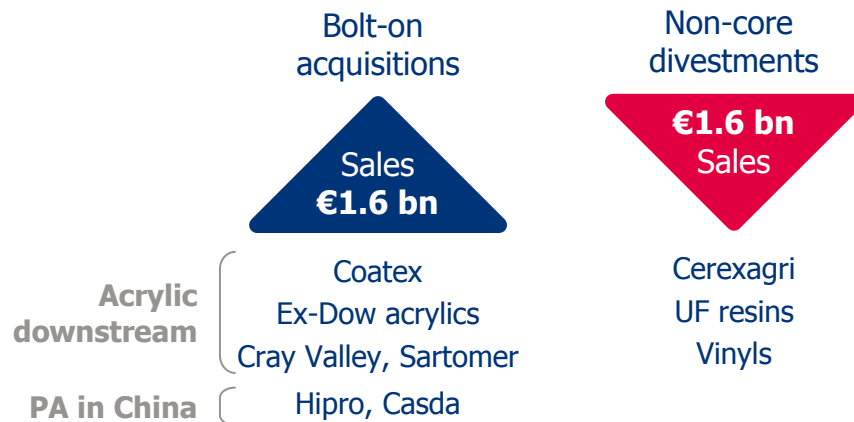
EBITDA (€m)



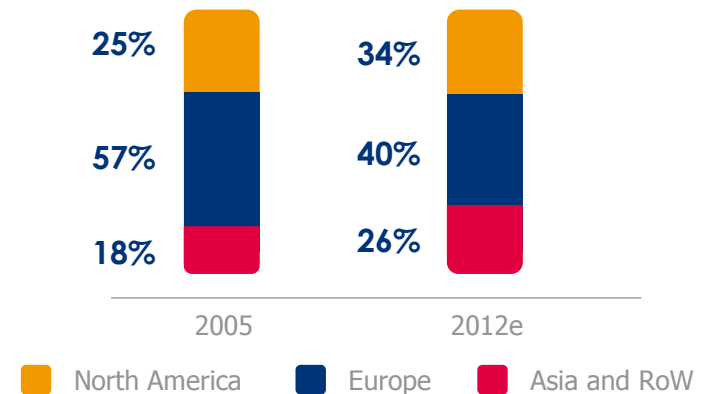
Sales by segment



Portfolio changes



Sales by region





Strong competitive advantages

- **Leading** positions in **specialty** niches
- **Global** and **balanced** geographical coverage
- Interacting with the leaders (customers, suppliers, partners)
- Strong **technology** base
 - Broad base of proprietary technologies
 - Rich pipeline of innovation across businesses
- **Ability to manage** complex projects
- **Superior track record** of value creation and ability to deliver
- **Commitment** and **entrepreneurial** spirit

Three new reporting segments

High Performance Materials

World of high value and innovative solutions

- Specialty polyamides
- Fluoropolymers
- Filtration and adsorption
- Organic peroxides



Industrial Specialties

Global and integrated industrial niches

- Thiochemicals
- Fluorogases
- PMMA
- Hydrogen peroxide



Coating Solutions

Solutions for decorative paints, industrial coatings and high-growth acrylic applications

- Acrylic monomers
 - Coating resins
 - UV-curing (Sartomer)
 - Coatex
- Downstream



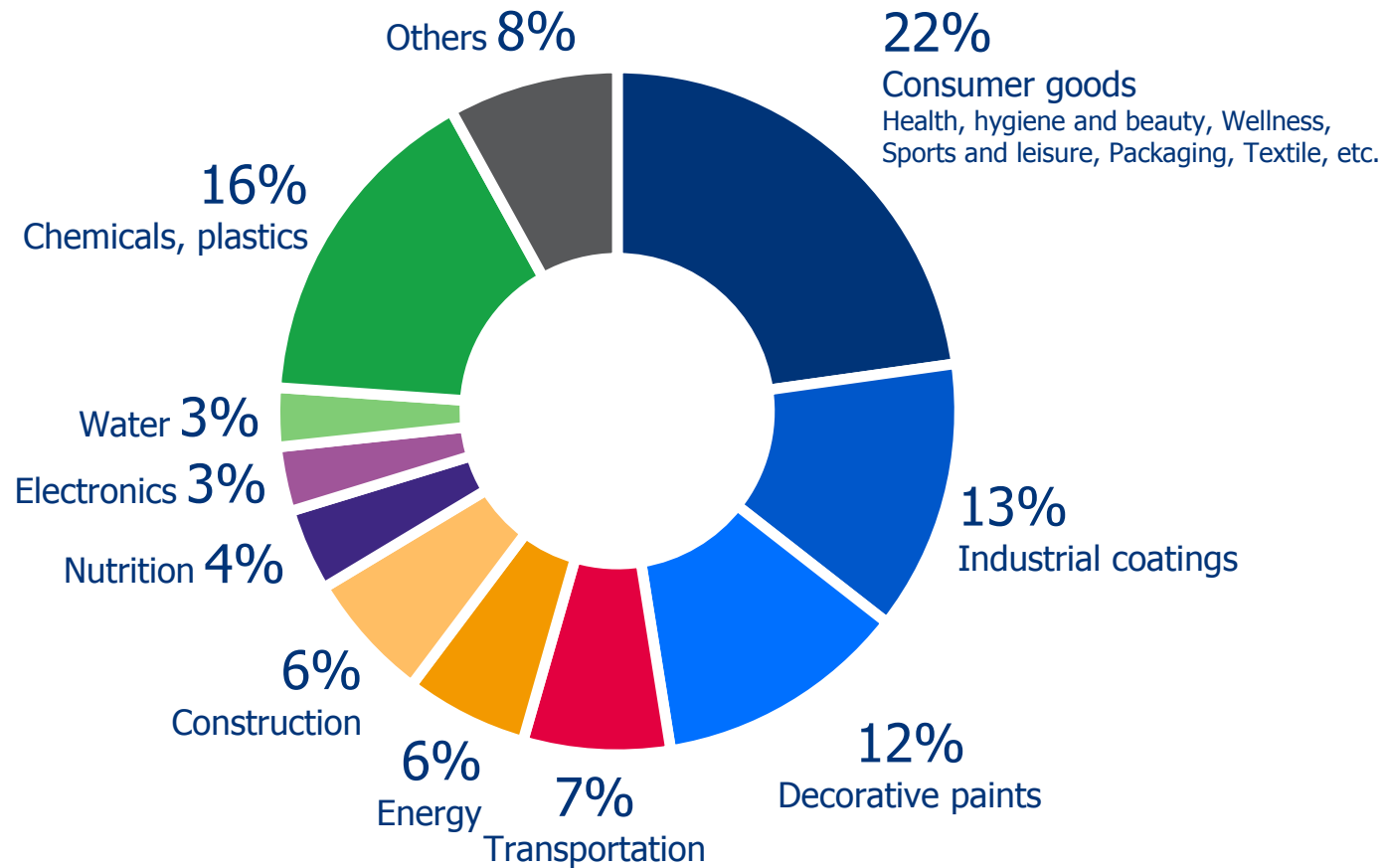
Among top players on 90% of our sales

POSITION		MARKET SIZE (mT)	MAIN PLAYERS	% GROUP SALES
#1	Specialty polyamides	0.2	<ul style="list-style-type: none"> Evonik Ems 	14%
#1	PVDF		<ul style="list-style-type: none"> Solvay 	
#2	Organic peroxides	0.2	<ul style="list-style-type: none"> Akzo Nobel United Initiators 	4%
#1	Thiochemicals	0.7	<ul style="list-style-type: none"> Chevron Phillips 	9%
#1/2	Fluorogases	1.6	<ul style="list-style-type: none"> Dupont Honeywell 	10%
#2	PMMA	1.6	<ul style="list-style-type: none"> Evonik Mitsubishi Chemical 	10%
#3	Hydrogen peroxide	3.2	<ul style="list-style-type: none"> Solvay Evonik 	3%
#4	Acrylic monomers	4.2	<ul style="list-style-type: none"> BASF Dow Nippon Shokubai 	13%
#3	Coatings	4.0	<ul style="list-style-type: none"> BASF Dow 	21%

*As a comparison,
a market like PVC is 40mt*

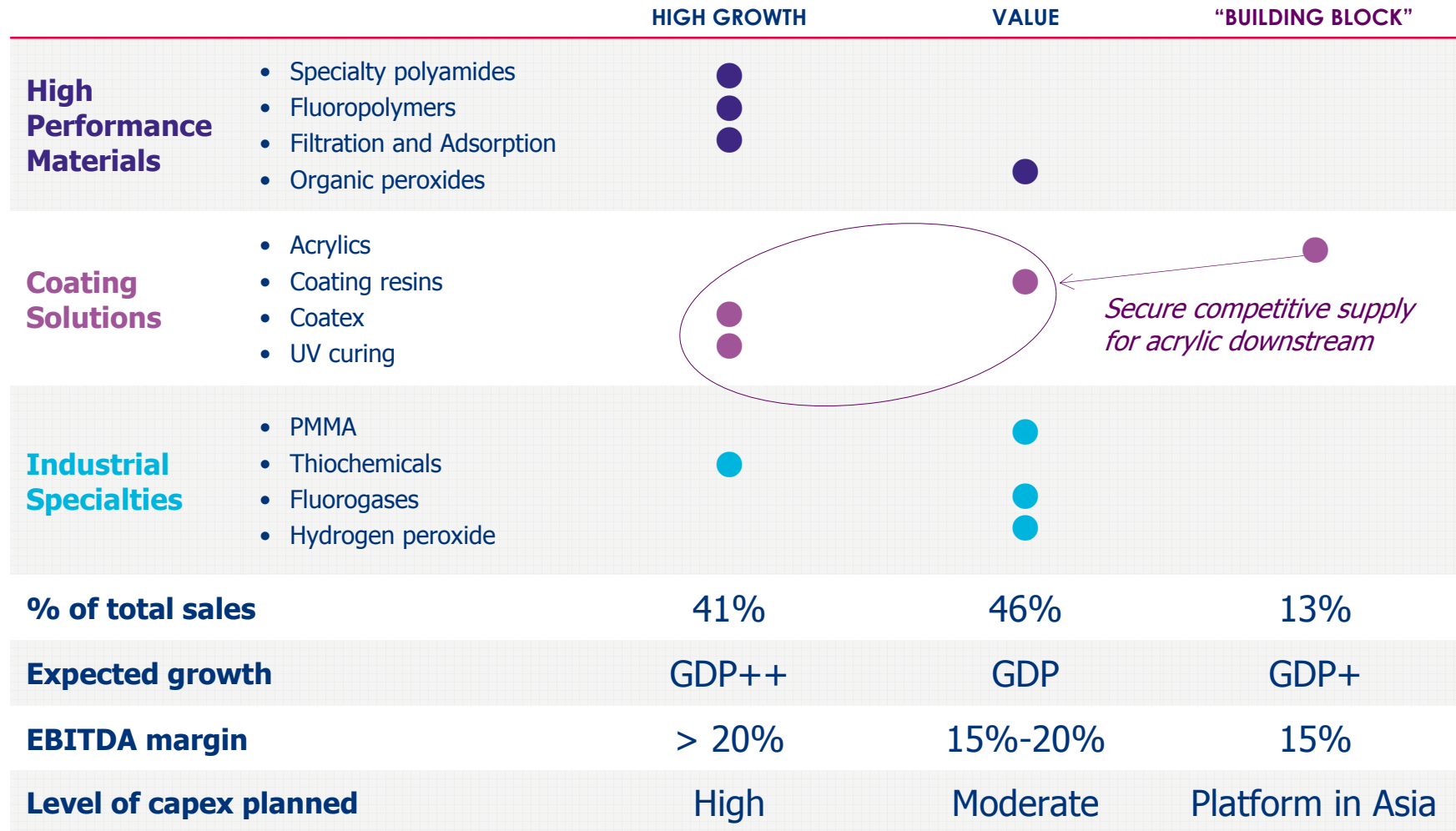


Diversified end markets with long term growth



- Largest customer represents **less than 3%** of Group sales
- Top 15 customers represent **less than 20%** of Group sales

Differentiated approach to manage our portfolio



High Performance Materials
 Industrial Specialties
 Coating Solutions



Results and outlook

3Q'12 results and FY'12 outlook

A strong performance reflecting Arkema's robustness

➤ **€ 1,606m sales, +1% vs 3Q'11**

➤ **€ 266m EBITDA and 16.6% EBITDA margin**

- Same level as 3Q'11 in a less favorable economic environment
- 19.5% in Performance Products with record EBITDA in a third quarter (€107m)
- 16.7% in Industrial Chemicals

➤ **€ 116m net income, group share**

- +6% vs 3Q'11
- 7.2% of sales

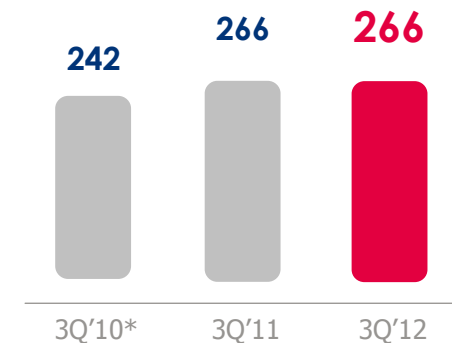
➤ **€1,002m net debt**

- 43% gearing

Sales (€m)



EBITDA (€m)



* 3Q'10 EBITDA excludes the EBITDA of the whole Vinyl Products segment



FY'2012 outlook confirmed

➤ Contrasted macro-economic conditions

- Soft demand observed in certain end markets should continue until year end
- Challenges remain in several European countries
- Volatility of raw material costs
- Customers should cautiously manage their inventories at year-end

➤ Traditional year-end seasonality expected in 4th quarter

- Low season for both Coating and Fluorogases
- Specificity of December month

➤ Continued focus on internal momentum to reinforce positions in niche markets and faster growing product lines and regions

➤ Strict control of fixed costs, working capital and capex

➤ Arkema remains confident in its ability to deliver a very solid year and confirms its target to achieve in 2012 an EBITDA close to 1 billion euros



2016 ambition
**A world leader
in specialty chemicals
and advanced materials**

ARKEMA
INNOVATIVE CHEMISTRY



Our roadmap to 2016

- **Deliver** consistent **profitable growth** and **solid cash flow**
- **Accelerate** expansion in **High Performance Materials** through innovation in sustainability (oil and gas, automotive, new energies) and bolt-on acquisitions
- **Broaden** reach in **higher growth countries** beyond China
- **Increase** further **acrylic downstream** integration
- **Enhance market-driven** approach through long-term partnerships with leaders, differentiation from innovation and broadened range of products
- **Reinforce** operational excellence

2016 financial objectives

Profitable growth

High Performance

Higher growth countries

Acrylic downstream

Market-driven

Operational excellence

€8 bn

Sales

Organic growth

+ €0.9 bn

M&A

+ €0.6 bn

16%

EBITDA margin

High Performance Materials

18%

Industrial Specialties

17%

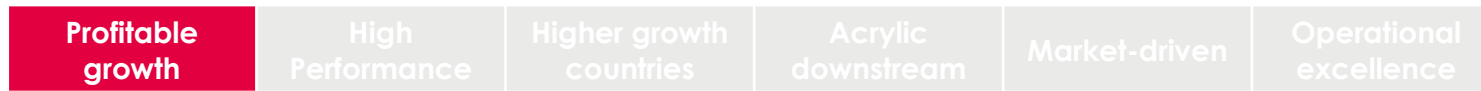
Coating Solutions

15%

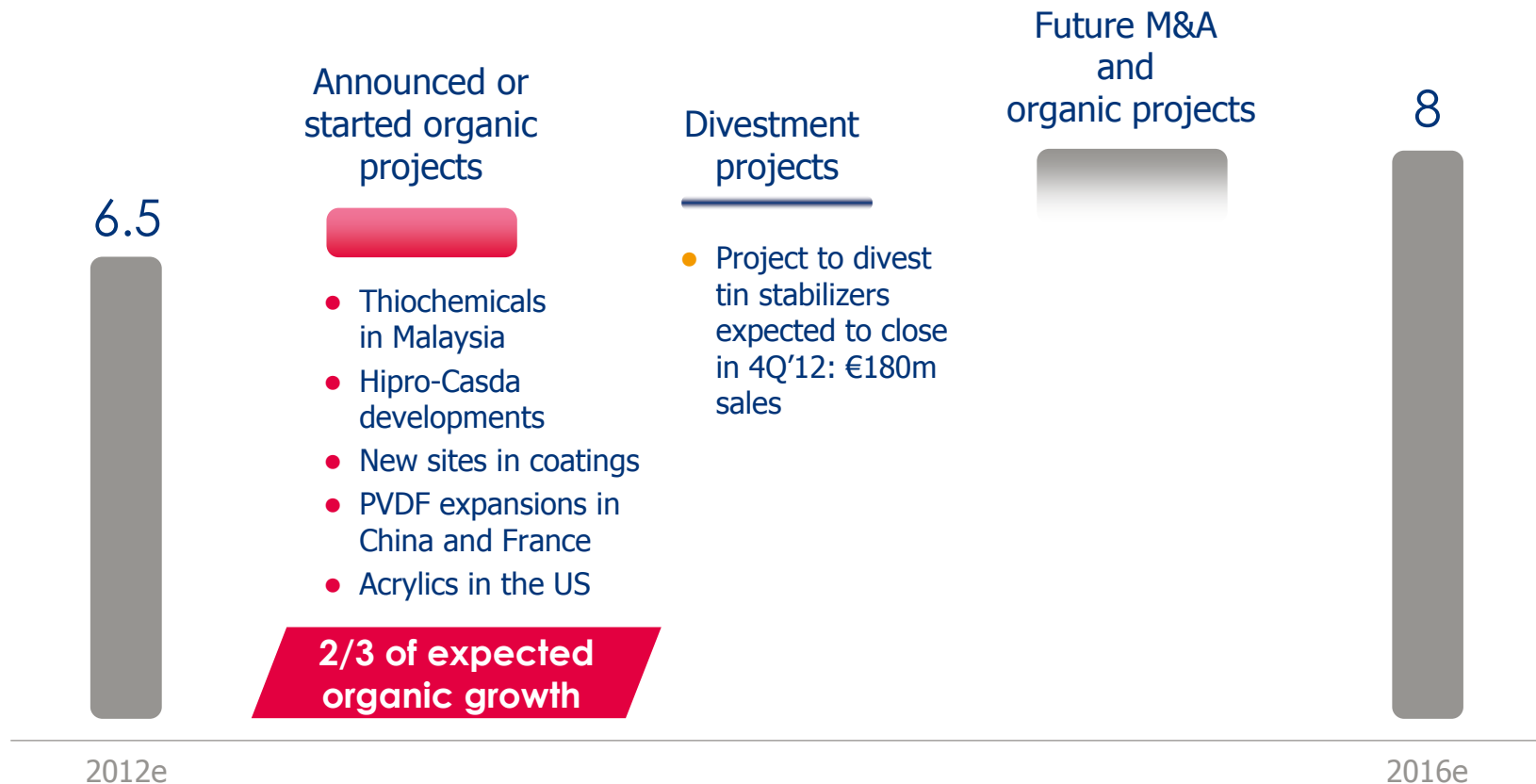
< 40%

Gearing

Contribution from organic growth well underway



Sales (€bn)

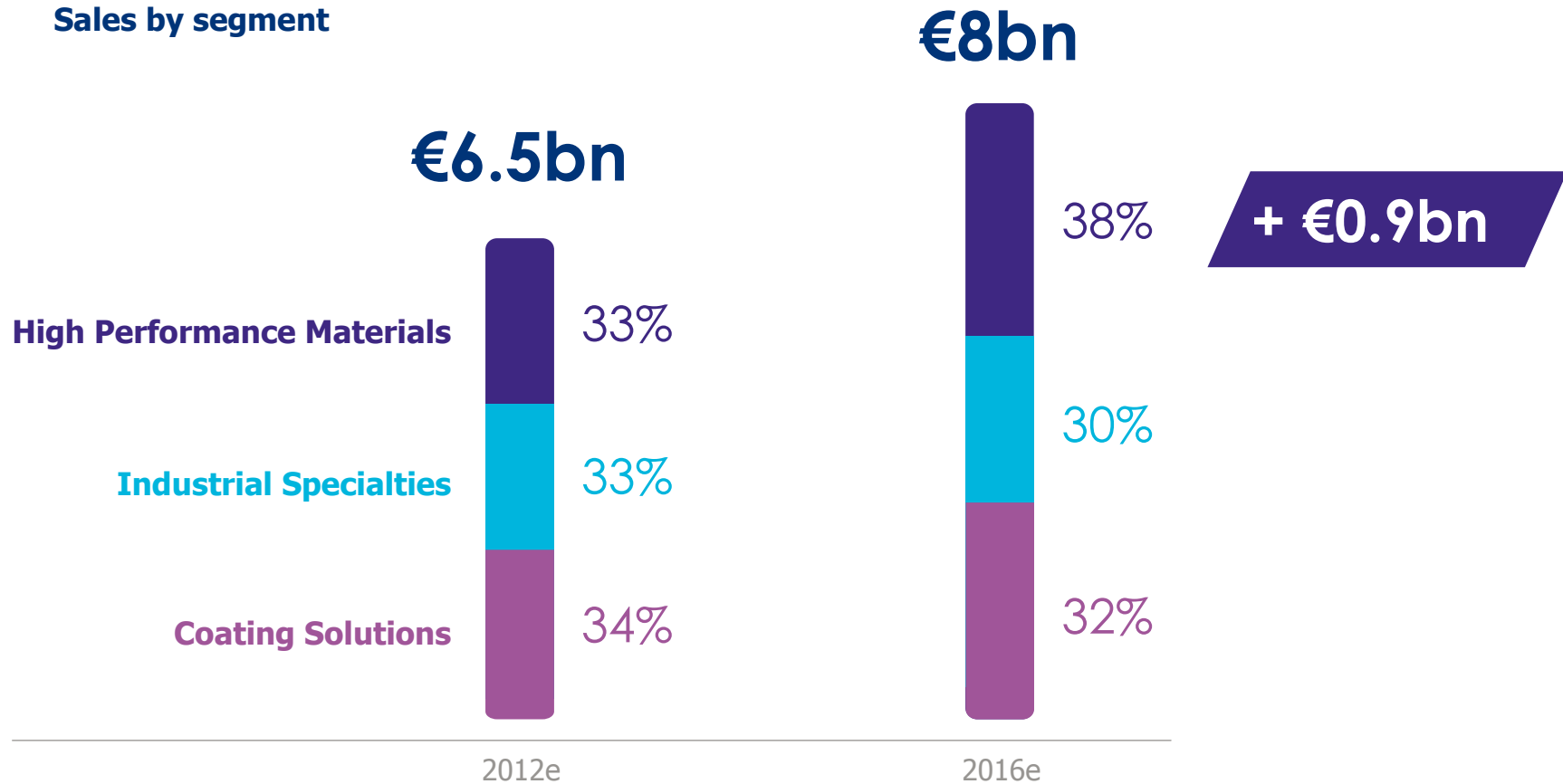




Accelerate expansion in High Performance Materials

Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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Sales by segment

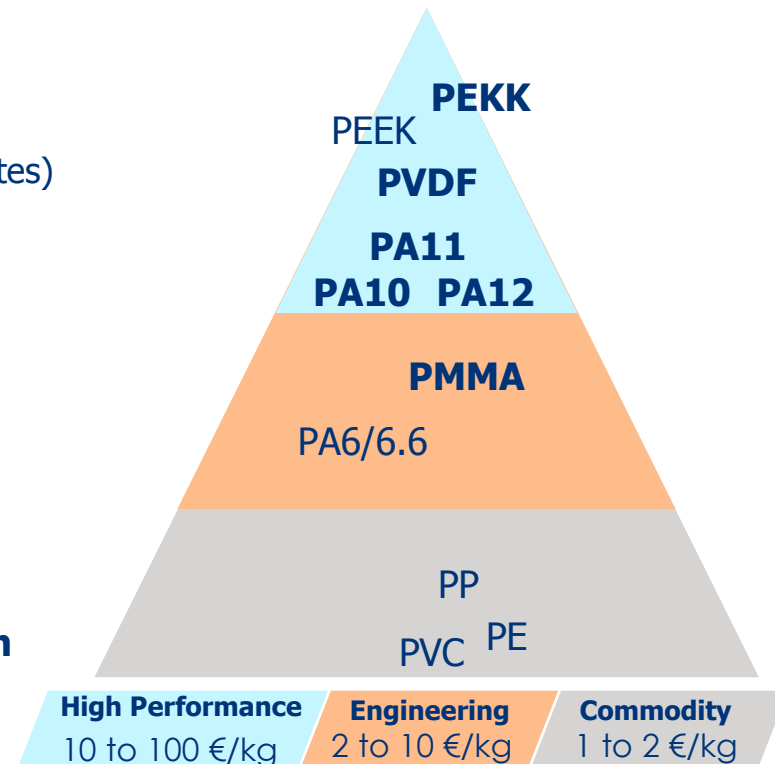


Sales growth of 40% in High Performance Materials



- **Balance between organic developments and bolt-on acquisitions**
- **Leverage megatrends through innovation**
 - Lightweight materials (specialty polyamides and composites)
 - New energies (photovoltaic, lithium-ion batteries, etc.)
 - Energy efficiency (glass coating, medical oxygen, etc.)
 - Oil and gas (oil and gas enhanced production, etc.)
 - Renewables
- **Tailor products to regional needs (worldwide R&D centers, new Chinese lab)**
- **Remaining development potential in high growth countries (China, Middle East, Brazil, India, etc.) still huge**

Polymer pyramid
Arkema focused on the high end of the range

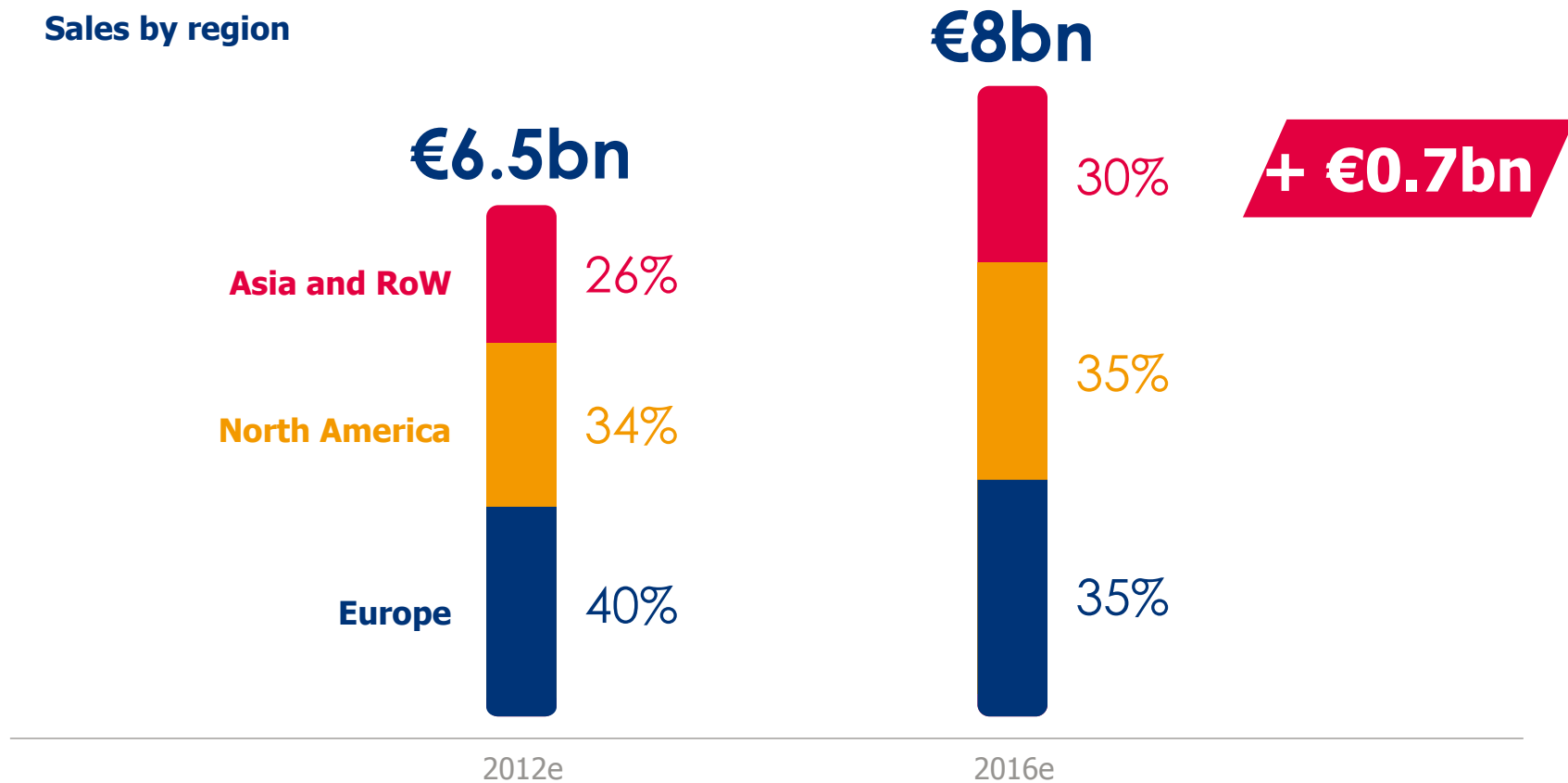




Expansion in higher growth countries

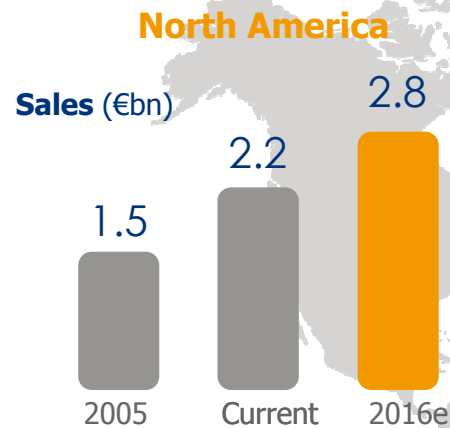
Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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Sales by region

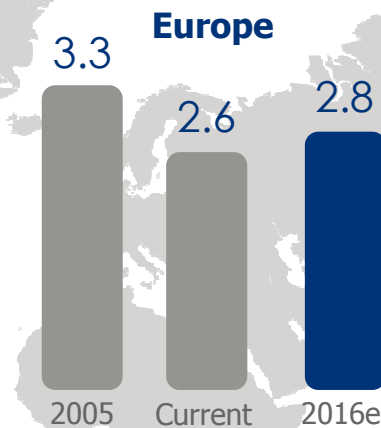


Differentiated development pace across regions

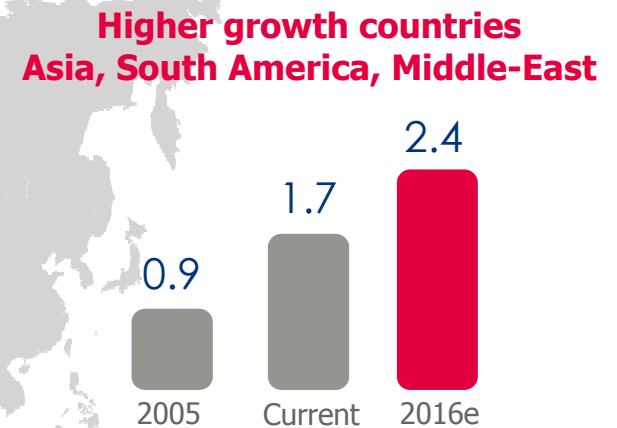
Profitable growth	High Performance	Higher growth countries	Acrylic downstream	Market-driven	Operational excellence
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- Major player in the USA
- Shale gas will support long term competitiveness of the economy
- Anticipated rebound in housing
- Recovery underway in automotive

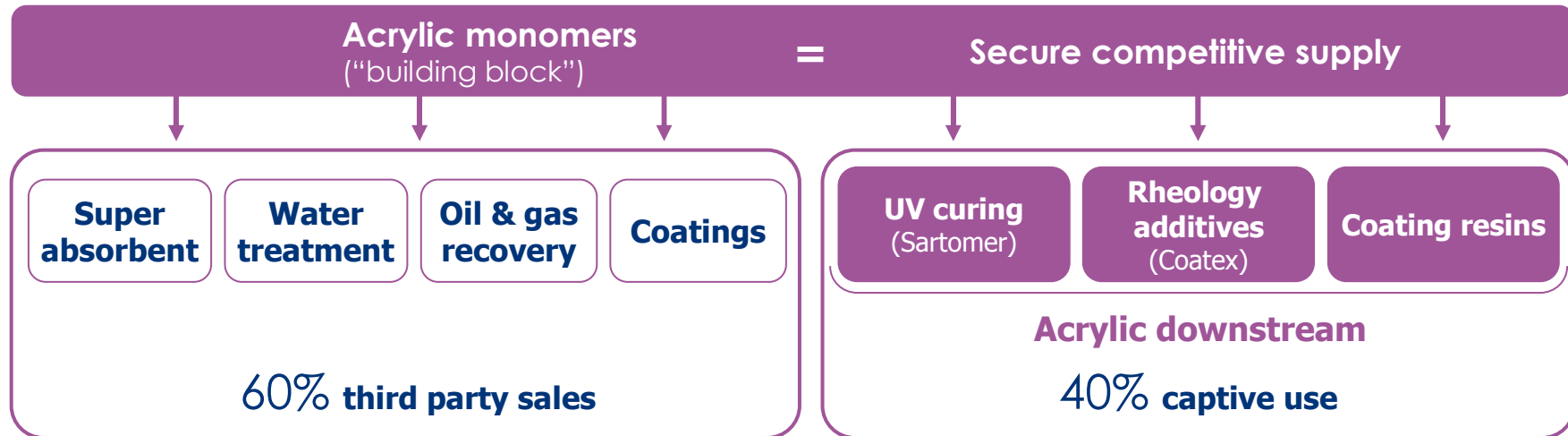


- Focus on high value products
- Pursue efforts in competitiveness
- Divest small non-core businesses



- +40% sales growth
- From a mainly Chinese focus to a more balanced approach: China, Middle East, India, Brazil
- Continue to develop local capabilities
- Promising pipeline of projects
 - PVDF expansion in China
 - Thiochemicals in Malaysia
 - Hipro-Casda in China
 - Acrylic emulsions in Brazil

Increase further acrylic downstream integration



- Long term partnerships with leading customers
- Focus on high growth applications (4% cagr in 2012-2016)

- From 40% to 45% downstream integration to increase further earning stability
- Innovative solutions
 - Coating resins: low VOC coatings
 - Sartomer: ink jet and 3D printing
 - Coatex: bumper technology™ for improved TiO₂ efficiency



Looking ahead

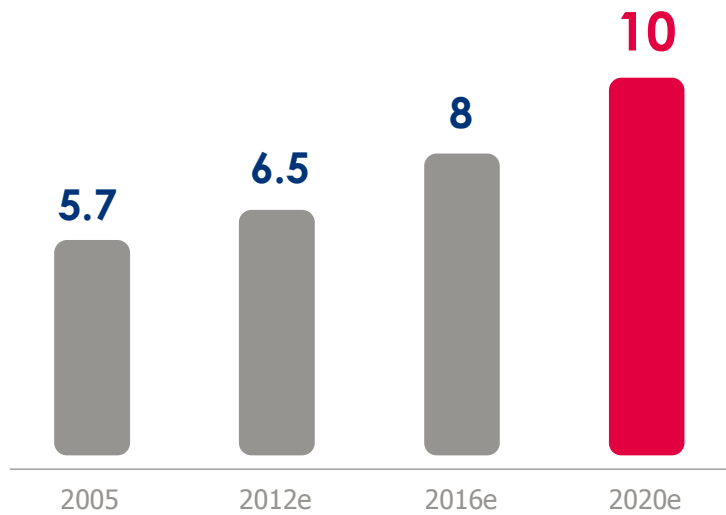


Strong confidence in our long term potential

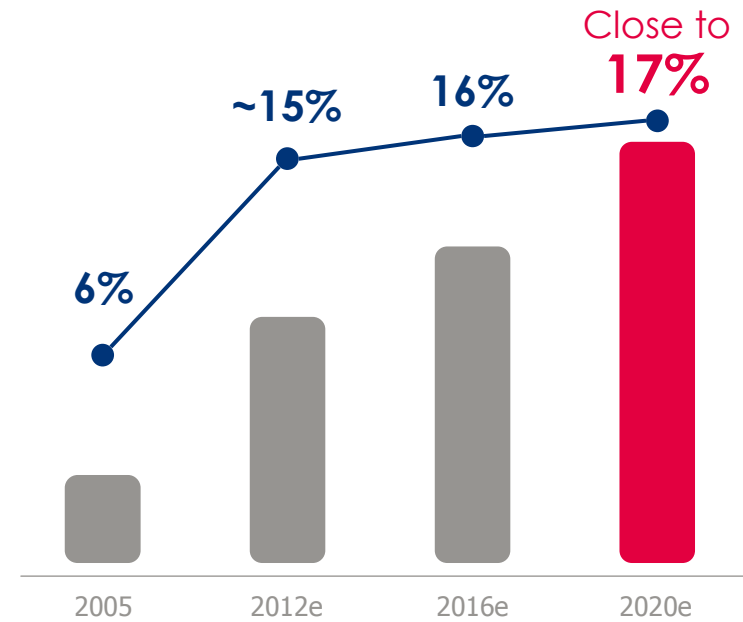
- **Several major current projects will start delivering only full speed after 2016**
 - Thiochemicals in Malaysia
 - PVDF expansion in Pierre-Bénite
 - Ramp-up of Clear Lake expansion in acrylic
- **Other long term thoughts could materialize over 2016-2020**
 - Acrylic monomers in Asia
 - Metathesis project with Elevance
 - PEKK development
- **Combination of technology leadership and enhanced end-market approach will continue to generate significant opportunities in sustainability**
- **Growth potential remains considerable for Arkema in developing economies (still low to moderate market shares)**

Main objectives 2020

Sales (€bn)



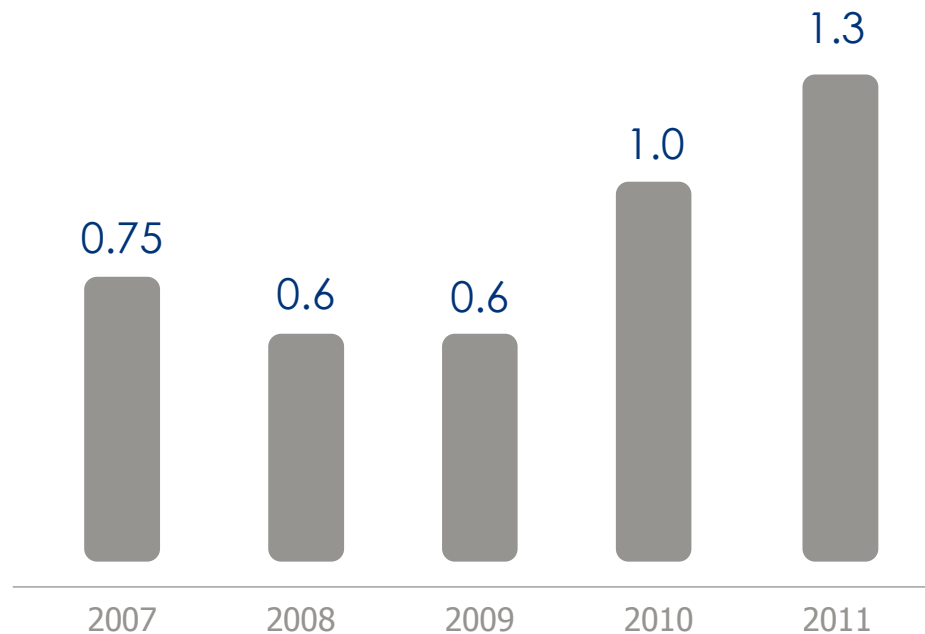
EBITDA and EBITDA margin (%)



Gearing < 40%

Dividend increase reflects confidence in our long term prospects

Dividend (€/share)



*Reminder of Arkema general policy
"Arkema intends to pay a stable to
reasonably rising dividend each year"*

- Arkema targets a **30% payout** ratio on adjusted net income
- For 2012, dividend per share will already show a **significant step-up**

14% payout ratio
on adjusted net income
of continuing operations



Arkema key take-aways

- **Strong portfolio of profitable niche chemical businesses**
- **Powerful operating model with superior track record of value creation**
- **Innovation pipeline and technology leadership combined with enhanced market-driven approach driving our margins up**
- **Selective and profitable growth**
 - Targeted approach of fast-growing segments
 - Increase presence in rapidly developing economies
 - Greater earning stability
- **Disciplined cash allocation**
 - Solid cash generation
 - Strict return criteria for capex and acquisitions
 - Rising dividend
 - Committed to BBB rating



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 reference document filed with the French Autorité des Marchés Financiers and available on www.finance.arkema.com