



# Cheuvreux conference

**Thierry LEMONNIER**  
CFO

**ARKEMA**  
INNOVATIVE CHEMISTRY



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2012 / DAY

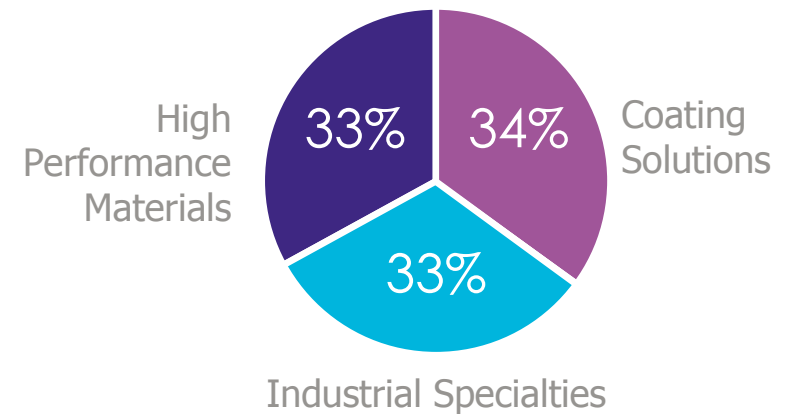
The new Arkema  
**Well positioned for  
profitable growth**

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INNOVATIVE CHEMISTRY

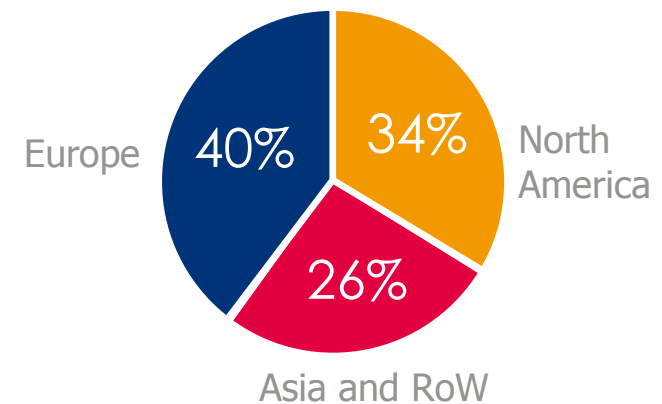
# The new Arkema

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

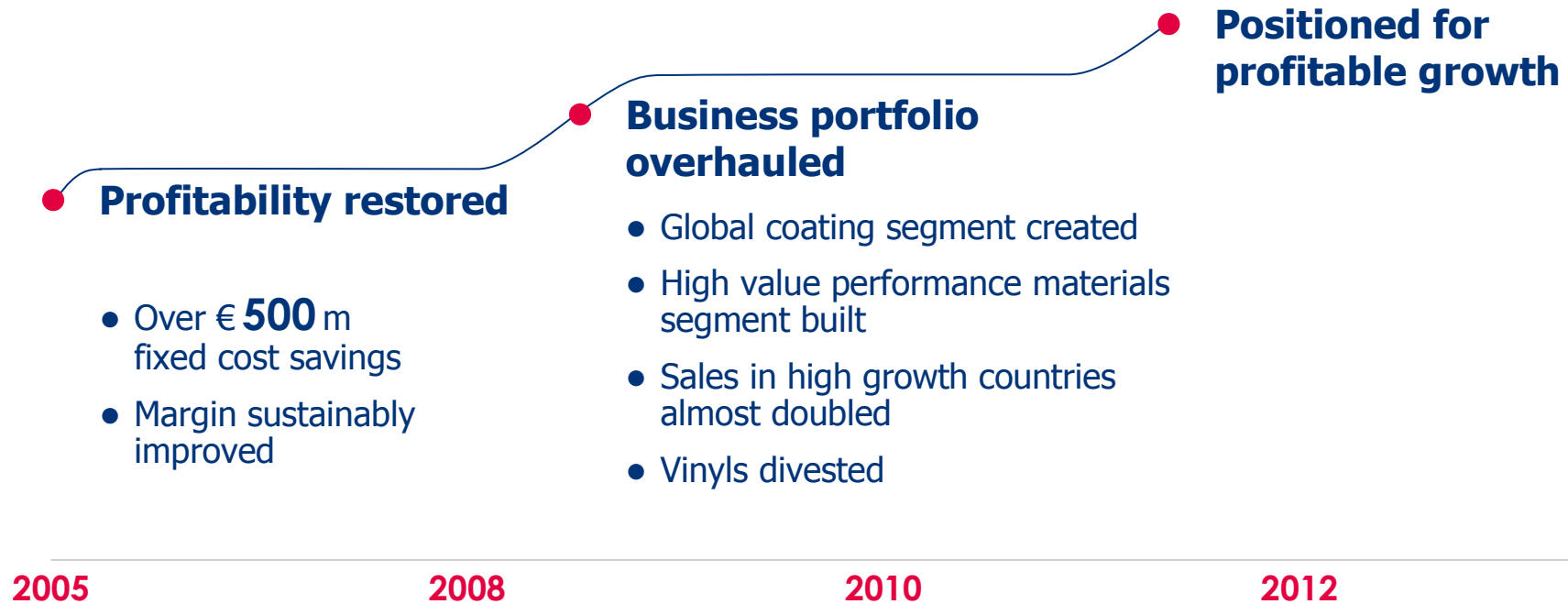
Sales by segment



Sales by region

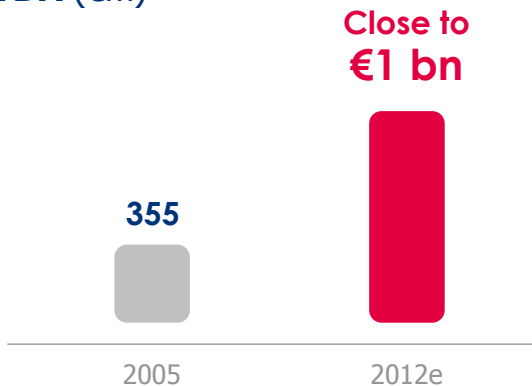


# Rapid and deep transformation executed

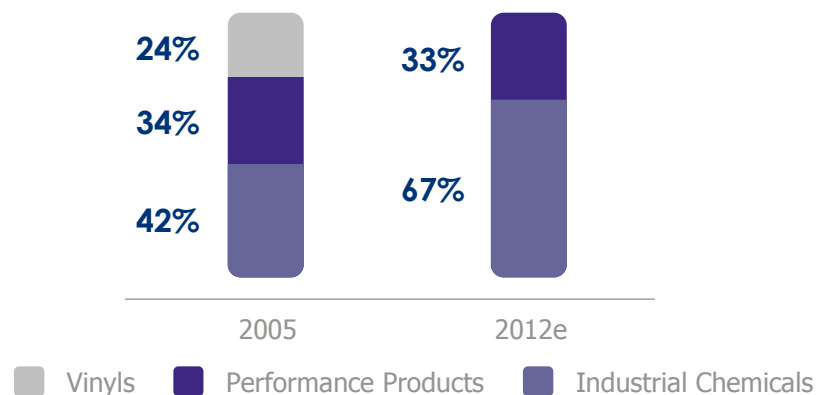


# More focused, more profitable, more resilient

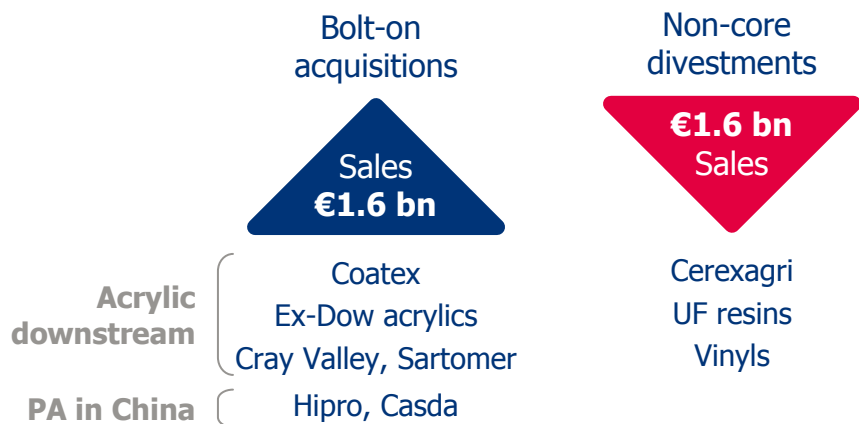
**EBITDA (€m)**



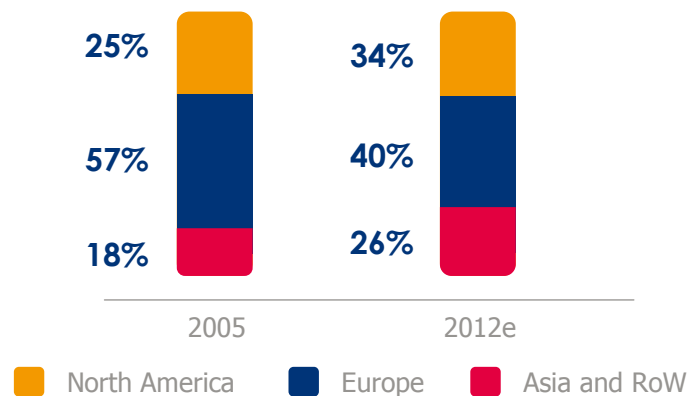
**Sales by segment**



**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

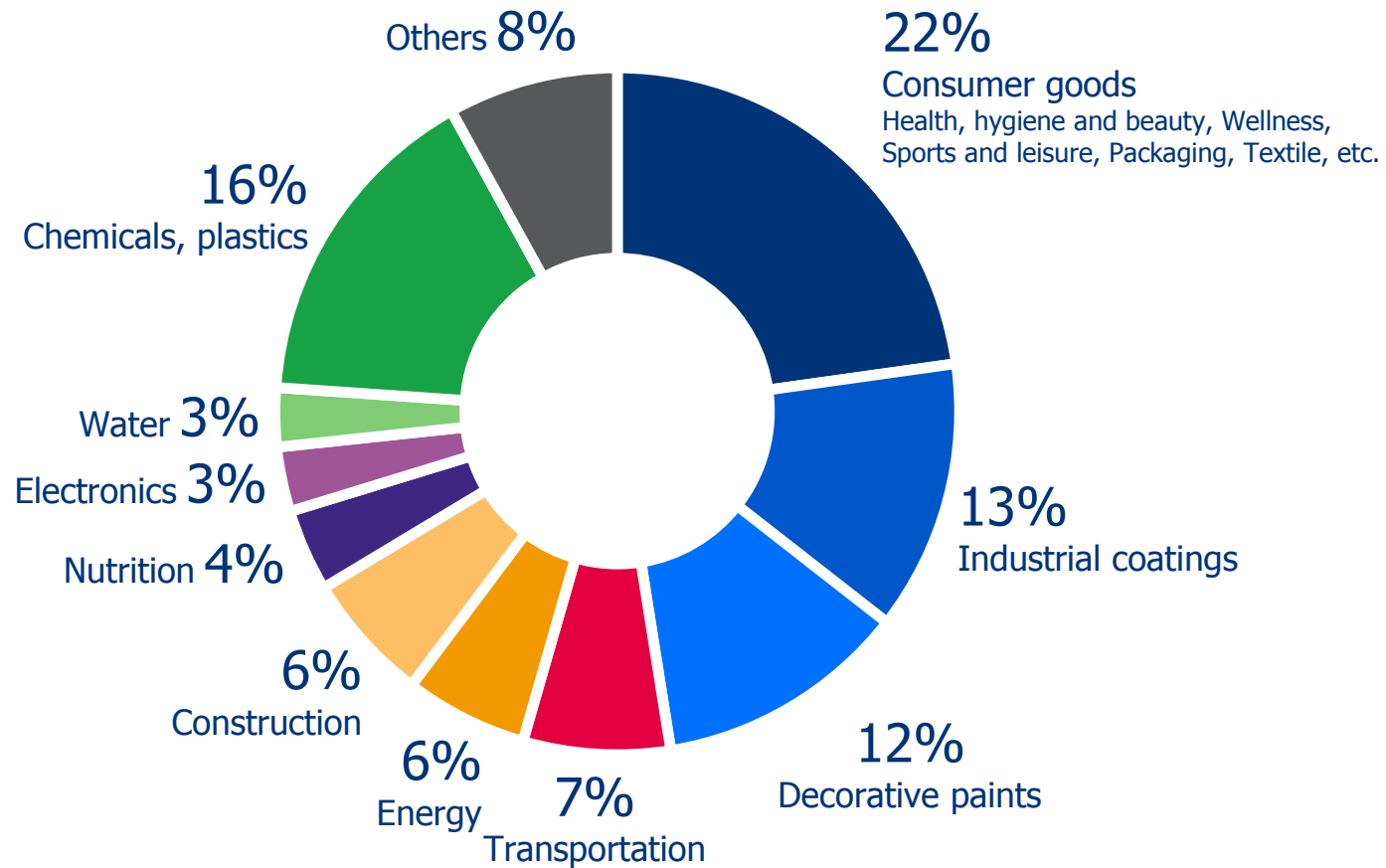
| POSITION |                      | MARKET SIZE (mT) | MAIN PLAYERS   | % GROUP SALES |
|----------|----------------------|------------------|--|---------------|
| #1       | Specialty polyamides | 0.2              | <ul style="list-style-type: none"> <li>Evonik</li> <li>Ems</li> </ul>              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

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



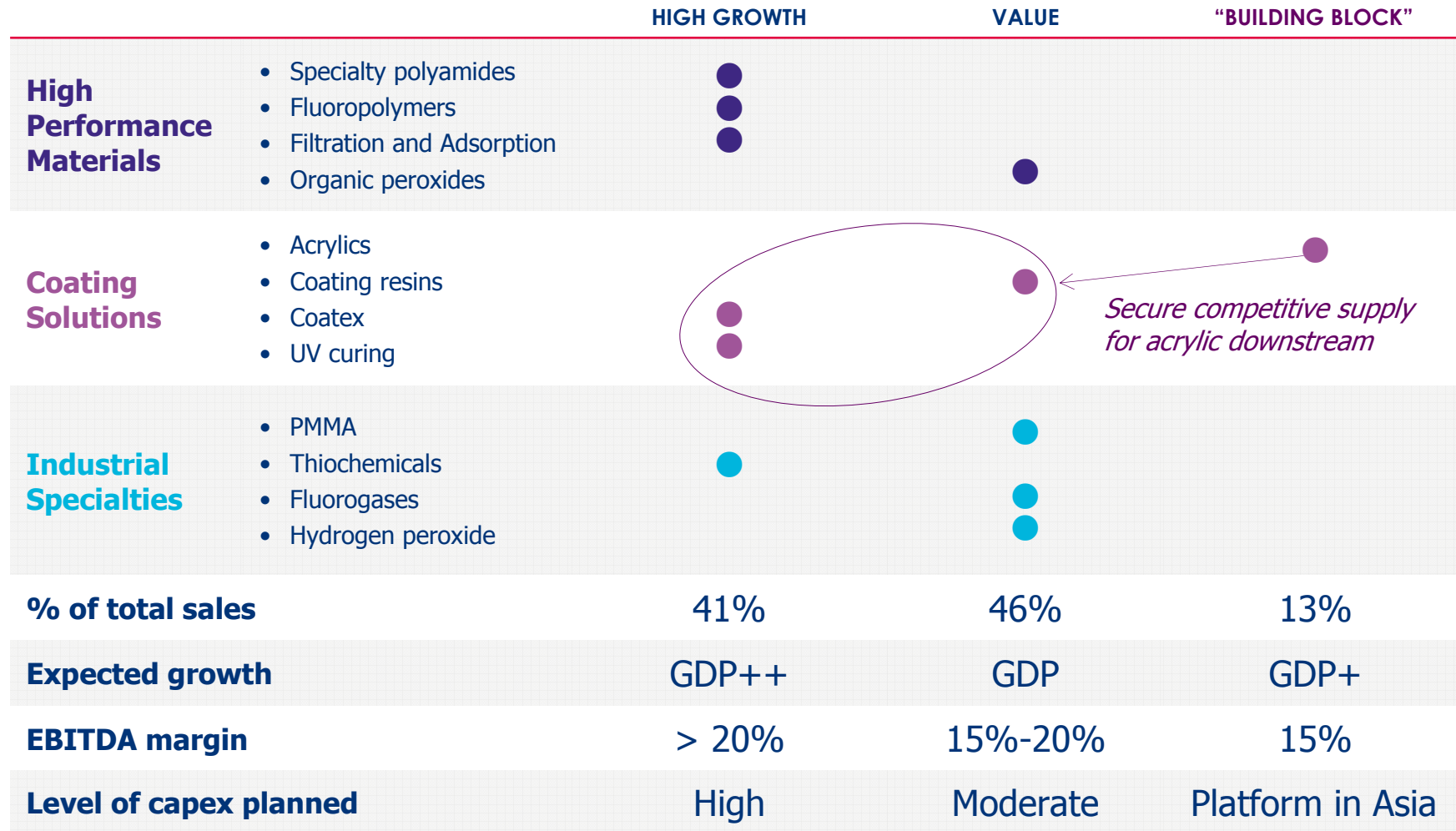


## Diversified end markets with long term growth



- 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



## FY'12 outlook confirmed

- **Global macro-economic conditions remain contrasted**
- **Raw materials still volatile and at high level**
- **July and August in line with expectations**
- **Arkema's ongoing initiatives support strong internal momentum**
  - Integration of Hipro-Casda (specialty polyamides) on February 1<sup>st</sup>
  - Closing of Vinyls divestment beginning of July
  - Start-up of +50% Kynar<sup>®</sup> PVDF expansion in Changshu (China) in 2Q
  - Start-up of ADAME new production line in Carling (France) and of 2EHA in Bayport (US) in 2Q
- **While remaining cautious on macro-economic developments, Arkema confirms its 2012 outlook**
  - EBITDA close to €1 billion
  - Gearing target confirmed at ~40%



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

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## 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

|                   |                  |                         |                    |               |                        |
|-------------------|------------------|-------------------------|--------------------|---------------|------------------------|
| Profitable growth | High Performance | Higher growth countries | Acrylic downstream | Market-driven | Operational excellence |
|-------------------|------------------|-------------------------|--------------------|---------------|------------------------|

## Sales (€bn)

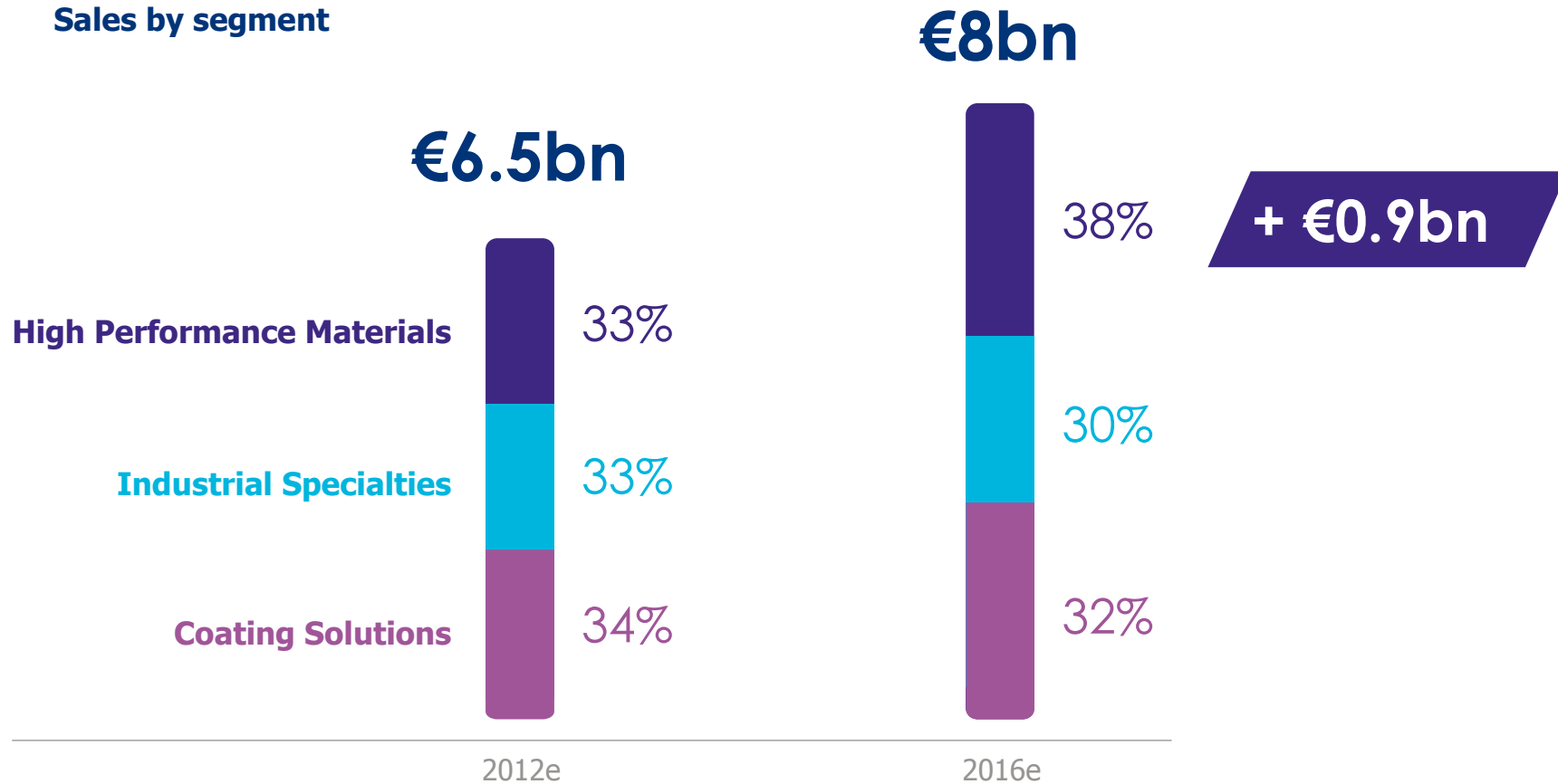




# Accelerate expansion in High Performance Materials

|                   |                         |                         |                    |               |                        |
|-------------------|-------------------------|-------------------------|--------------------|---------------|------------------------|
| Profitable growth | <b>High Performance</b> | Higher growth countries | Acrylic downstream | Market-driven | Operational excellence |
|-------------------|-------------------------|-------------------------|--------------------|---------------|------------------------|

Sales by segment



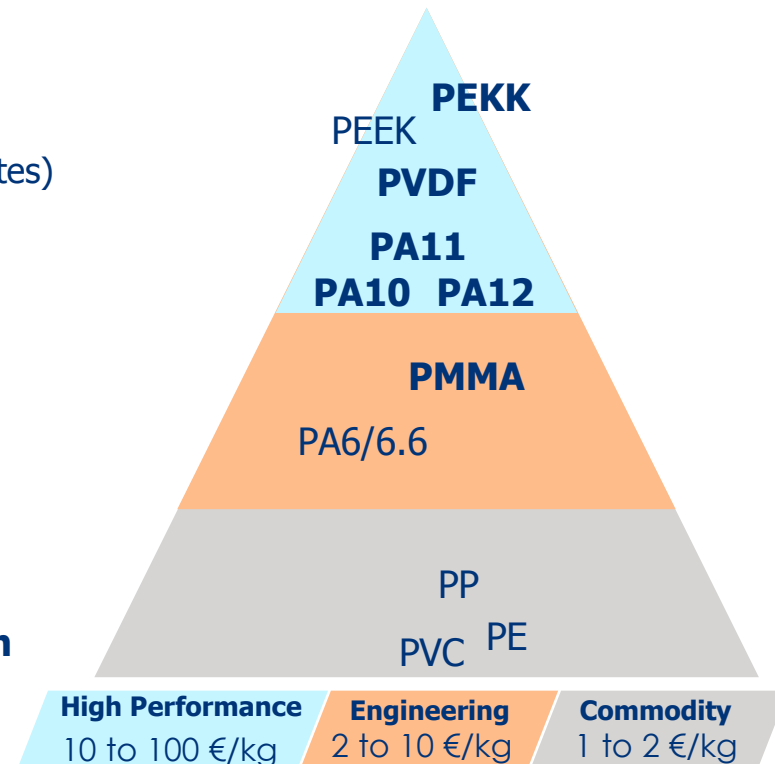


# Sales growth of 40% in High Performance Materials



- **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**

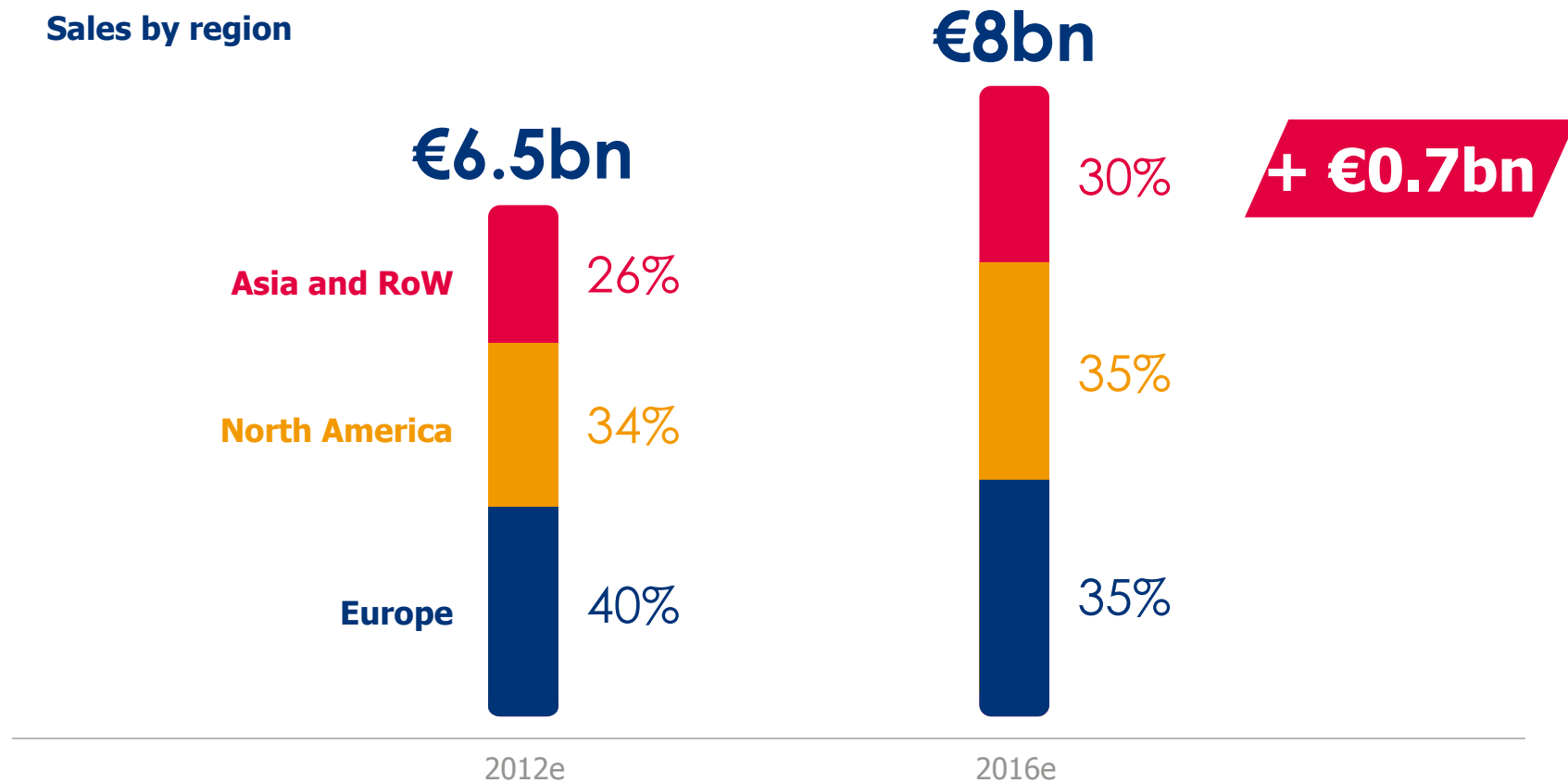
**Polymer pyramid**  
Arkema focused on the high end of the range



# Expansion in higher growth countries

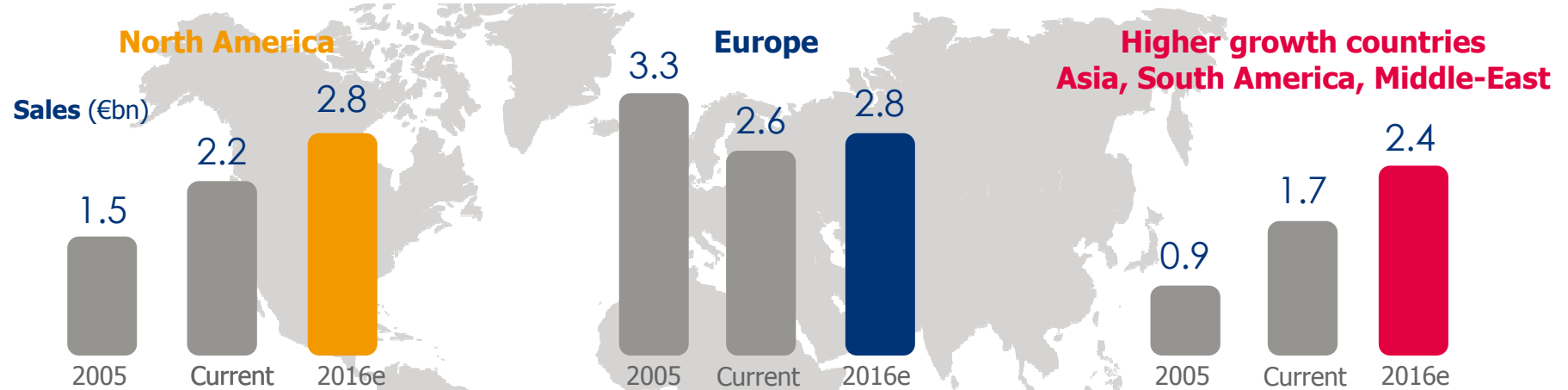
|                   |                  |                                |                    |               |                        |
|-------------------|------------------|--------------------------------|--------------------|---------------|------------------------|
| Profitable growth | High Performance | <b>Higher growth countries</b> | Acrylic downstream | Market-driven | Operational excellence |
|-------------------|------------------|--------------------------------|--------------------|---------------|------------------------|

Sales by region



# Differentiated development pace across regions

|                   |                  |                                |                    |               |                        |
|-------------------|------------------|--------------------------------|--------------------|---------------|------------------------|
| Profitable growth | High Performance | <b>Higher growth countries</b> | Acrylic downstream | Market-driven | Operational excellence |
|-------------------|------------------|--------------------------------|--------------------|---------------|------------------------|

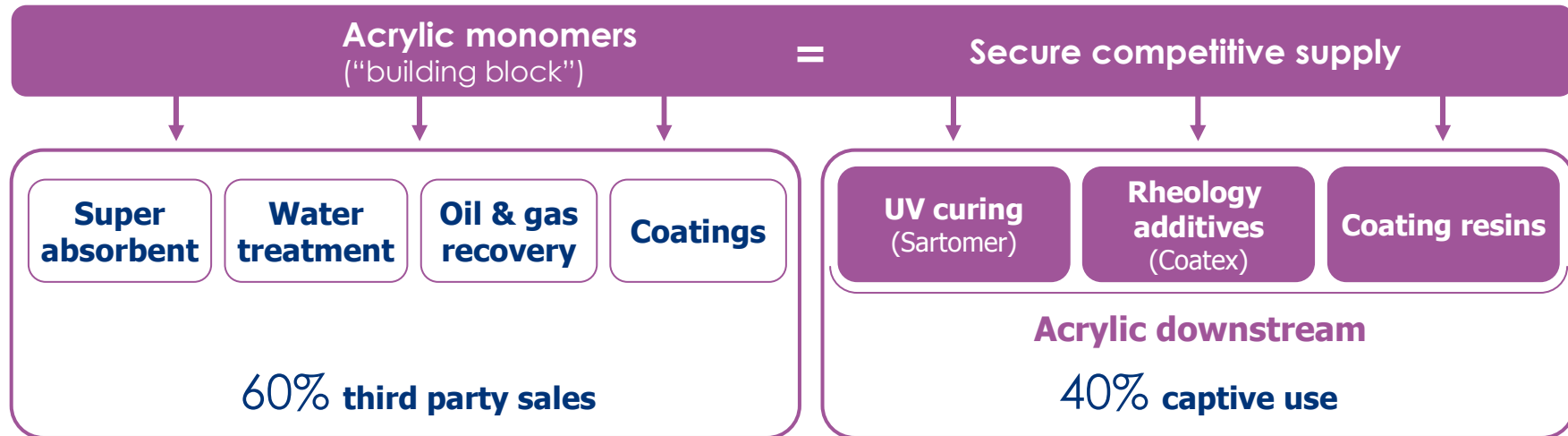


- Major player in the USA
- Shale gas will support long term competitiveness of the economy
- Anticipated rebound in housing
- Recovery underway in automotive

- 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

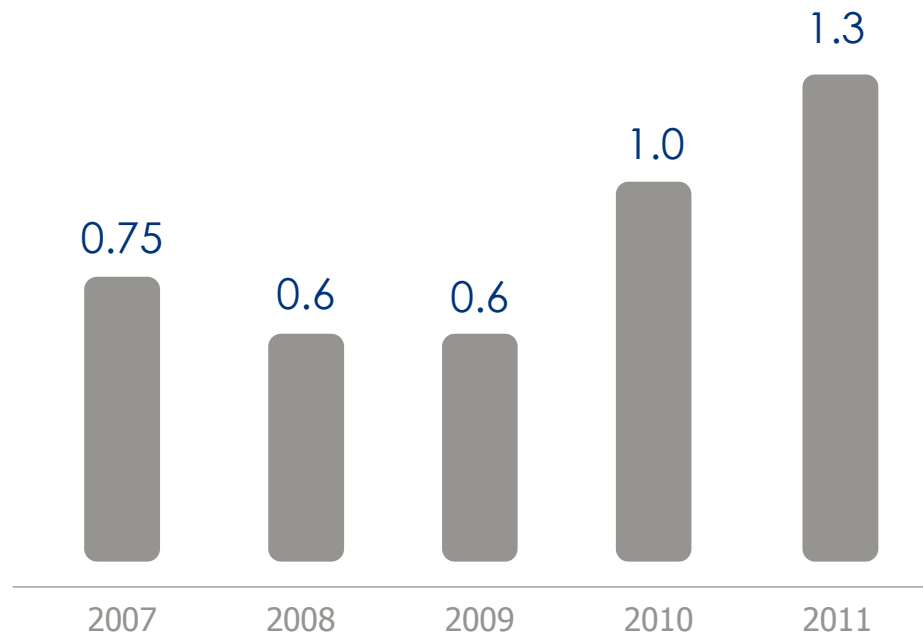


- Long term partnerships with leading customers
- Focus on high growth applications (4% cagr in 2012-2016)

- 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 TiO<sub>2</sub> efficiency

# 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



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# Looking ahead

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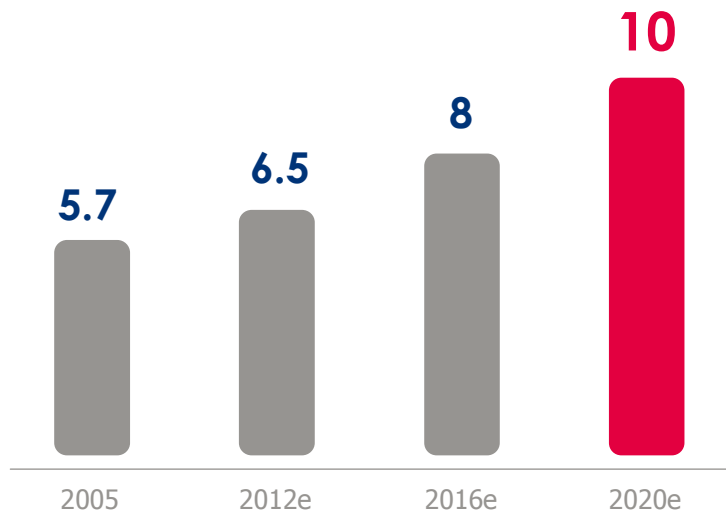


# Strong confidence in our long term potential

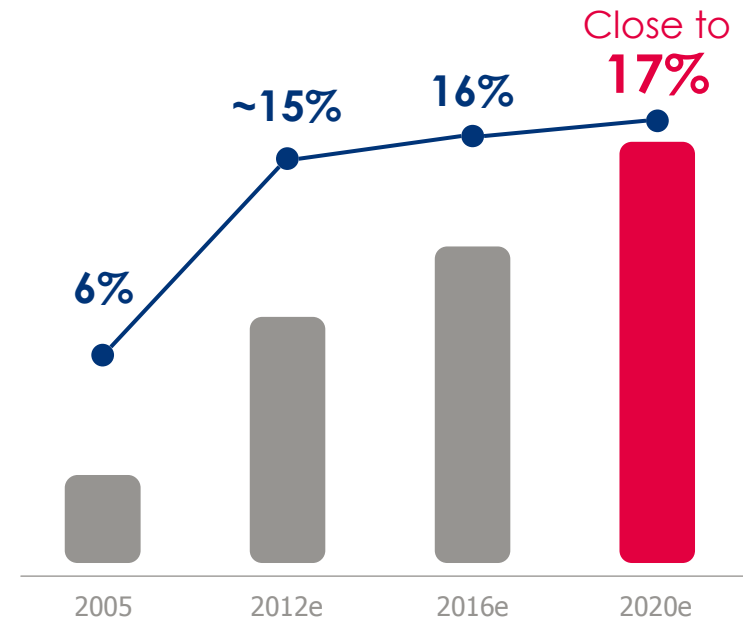
- **Several major current projects will start delivering only full speed after 2016**
  - Thiochemicals in Malaysia
  - PVDF expansion in Pierre-Bénite
  - Ramp-up of Clear Lake expansion in acrylic
- **Other long term thoughts could materialize over 2016-2020**
  - Acrylic monomers in Asia
  - Metathesis 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%





# 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

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**Q & A**

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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 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](http://www.finance.arkema.com)