

INVESTOR DAYS

Creating our future

September 24th, 2007

Thierry Le Hénaff
Chairman and CEO



1H'07 overview

**Strong performance attained,
while future being prepared**

Transformation pace drives results

Cost saving plans on track

- €40m fixed cost savings (1H'07 vs 1H'06)
- €75m additional savings announced in 1H'07

Active portfolio management

- Divestiture of:
 - Cerexagri, Amines of Riverview
 - UF resins of Leuna, Water treatment - *Under closing process*
- First acquisition in acrylic polymers - *"The perfect fit"*

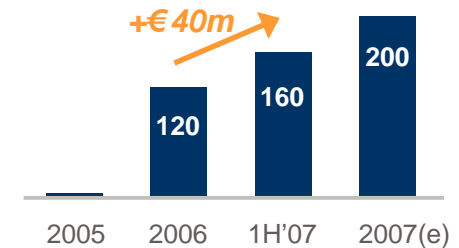
Building growth for the future

- MOU with ESSAR to produce acrylics in India
- Expansion of molecular sieve production at Inowroclaw (Poland)
- Start-up of HFC32 unit at Calvert-City (US)

Organisational and cultural changes

- Strong senior management in place
- Corporate streamlined and transfer of headquarters
- Compensation tied to performance

Cumulative fixed cost savings (in €m)






1H'07 environment

POSITIVE

-  **Solid demand in Europe**
-  **Strong market conditions in PVC and caustic soda**
-  **Sustained growth in Asia**

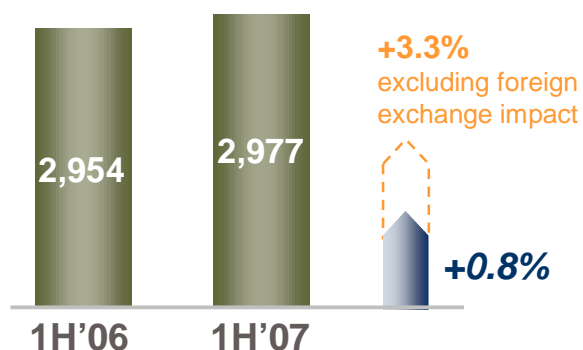
NEGATIVE

-  ***Low margins in Acrylics and Fluorogas 134a***
-  ***Weaker US dollar***
-  ***Slowdown of US economy***

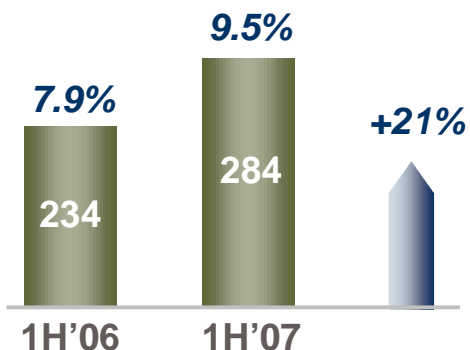
***Favorable market conditions overall
with some variable factors***

Excellent set of results

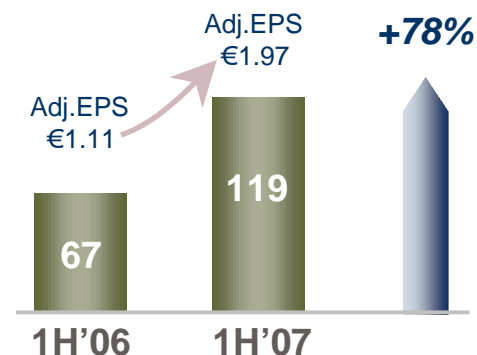
Sales (€m)



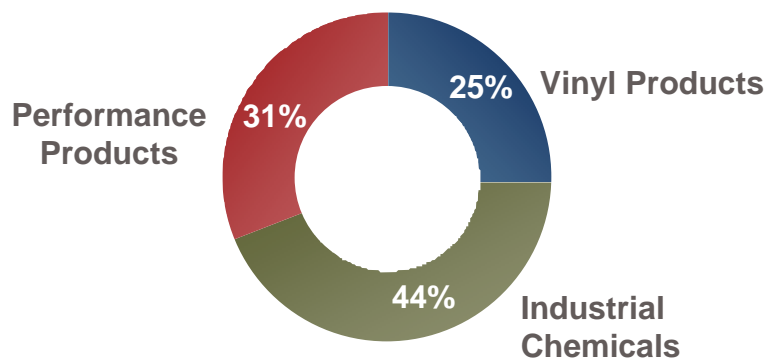
EBITDA (€m) & EBITDA margin



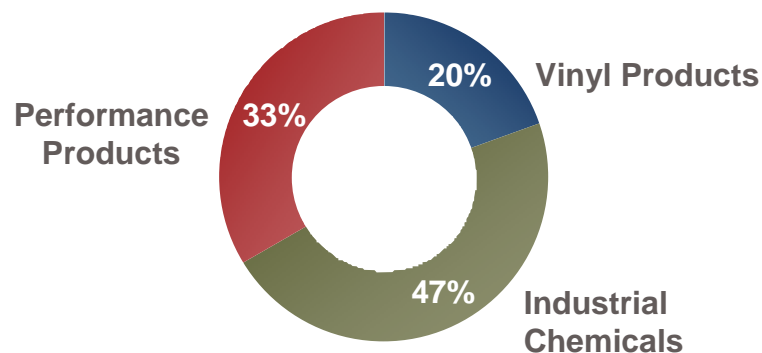
Adjusted net income (€m)



Sales by segment*



EBITDA by segment*

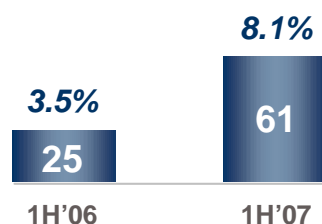


Financial targets exceeded

	1H'07 results	07 targets
EBITDA growth	+21%	+10 to 15%
Net income <i>(group share)</i>	€67m <i>(including €79m of NR items)</i> +81% vs 1H'06	> 0
Cash flow <i>(excluding proceeds from disposals and pre-spin off non-recurring items)</i>	€31m	> 0
Gearing	19%*	< 40%

Better contribution of segments

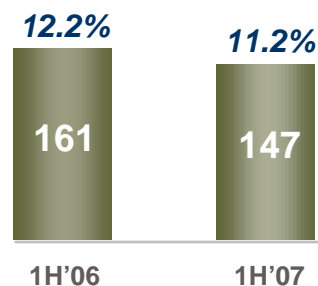
Vinyl Products



Dramatic improvement of results

- Strong demand in PVC and caustic soda in Europe
- Savings from chlorochemicals consolidation plan
- Restructuring initiatives launched in profiles and compounds
- 2/3 environment – 1/3 self-help

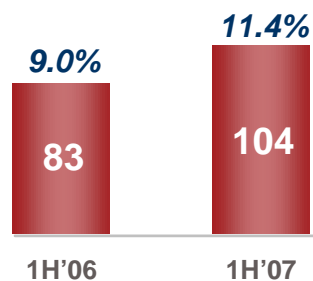
Industrial Chemicals



Better balance of business unit results

- Favorable demand in MMA, H₂O₂ and Thiochemicals
- Challenging market conditions in Acrylics and Fluorochemicals
- First impact of restructuring plans (Thiochemicals, PMMA)
- Additional restructuring initiatives

Performance Products



EBITDA growth above 25%

- Emphasis on costs: benefits from VSP, merger of BUs, Mobile/Carrollton and new actions launched
- Good demand overall despite tougher market conditions in Functional Additives
- Divestment of Cerexagri and UF resins: from 6 to 3 BUs
- Negative impact from USD exchange rate

EBITDA (€m) & EBITDA margin



16-month share performance



Maintaining cost reductions

Benefits from prior plans > **€25m savings in 1H'07 vs 1H'06**

Full impact in 1H'07 | *Thiochemicals France, Riverview, PMMA, VSP, Mobile/Carrollton, Merger of Additives and Organic Peroxides*

Ongoing implementation

| *Chlorochemicals, closure of Pierrefitte, Serquigny reorganization, headquarters evolution, closure of Loison*

New initiatives announced in 1H'07 > **€75m additional savings**

Vinyl Products

| *Chantonay – 28 p.
(Pipes & Profiles)*

| *Dorlyl – 76 p.
(Vinyl Compounds)*

Industrial Chemicals

| *Lacq – 48 p.
(Thiochemicals)*

| *Carling – 58 p.
(Acrylics)*

| *Pierre-Bénite – 196 p.
(Fluorochemicals)*

Performance Products

| *Bonn - 83 p.
(Technical Polymers)*

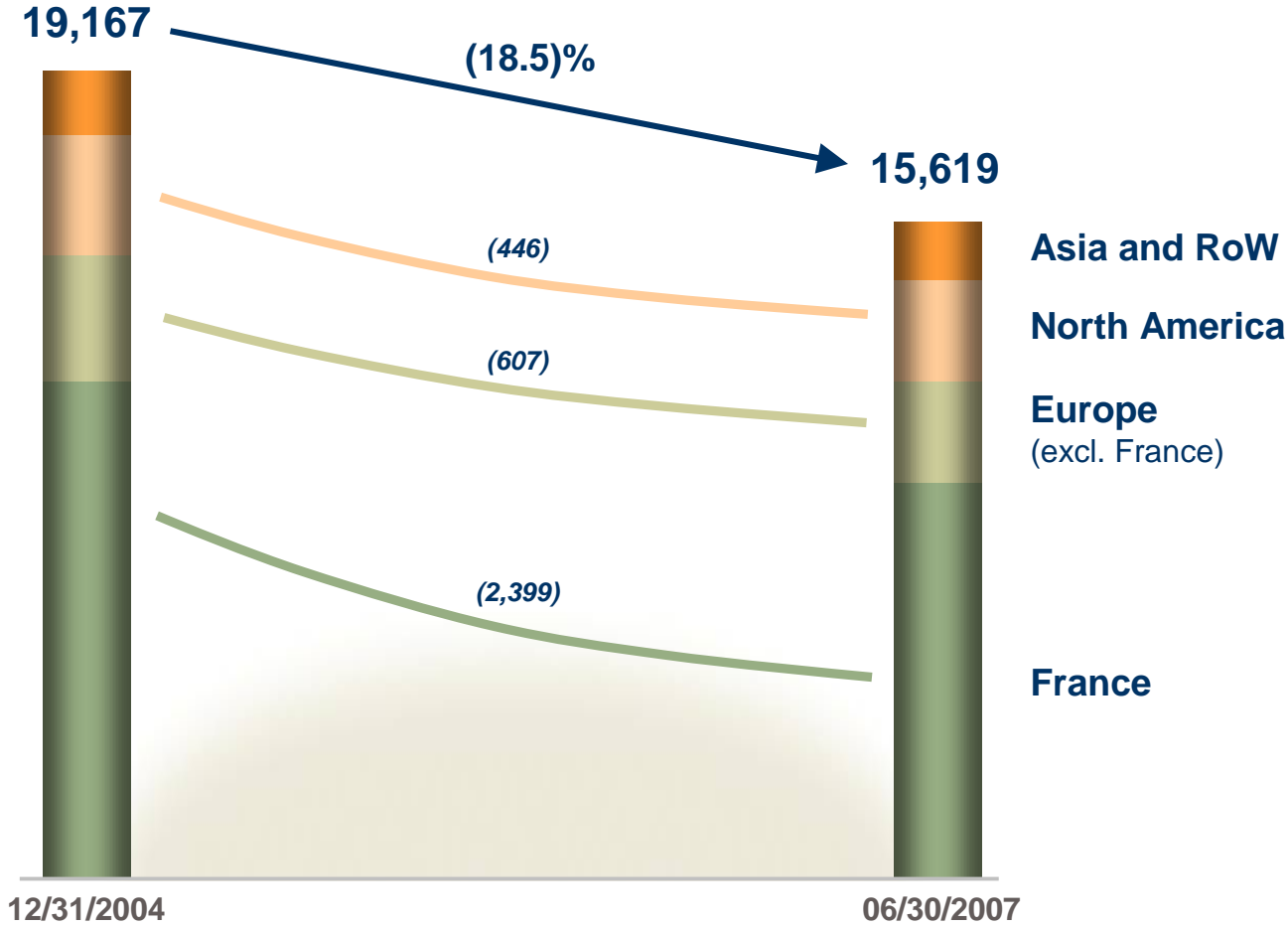
| *Vlissingen – 57 p.
(Functionnal Additives)*

| *Feuchy – 22 p.
(Specialty Chemicals)*

+€60m EBITDA - full impact in 2009 - €81m NR charges



Headcount



Of which 660 related to the disposal of Cerexagri



Raised company guidance for 2007

2H'07 in line with 1H'07 environment

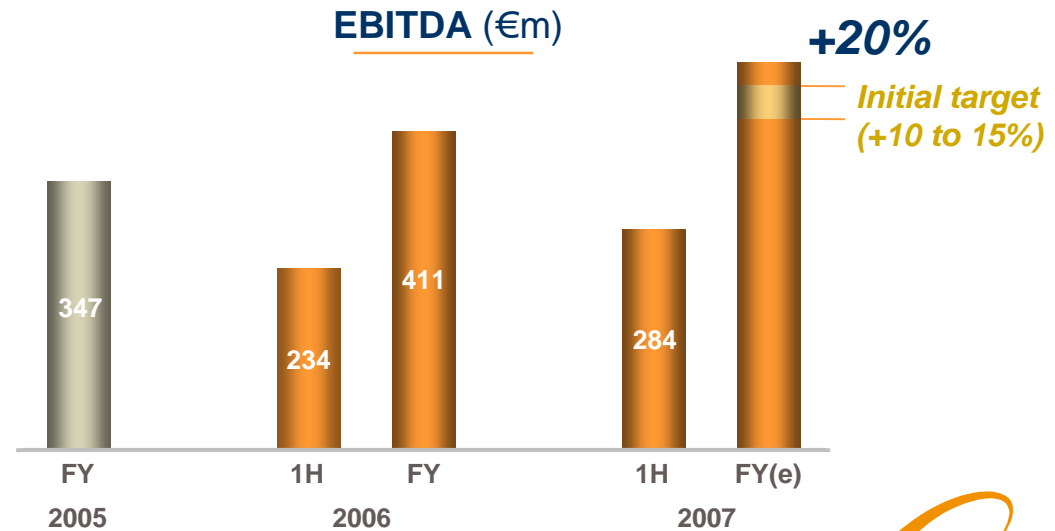
1H'07 market conditions to prevail overall

- Chlorochemicals → Tight market
- Acrylics → Comparable to 2H'06
- Fluorochemicals → Slight improvement compared to 2H'06

Major turnarounds in Fos (3Q) and Lacq (4Q)

EBITDA growth
+ 20%

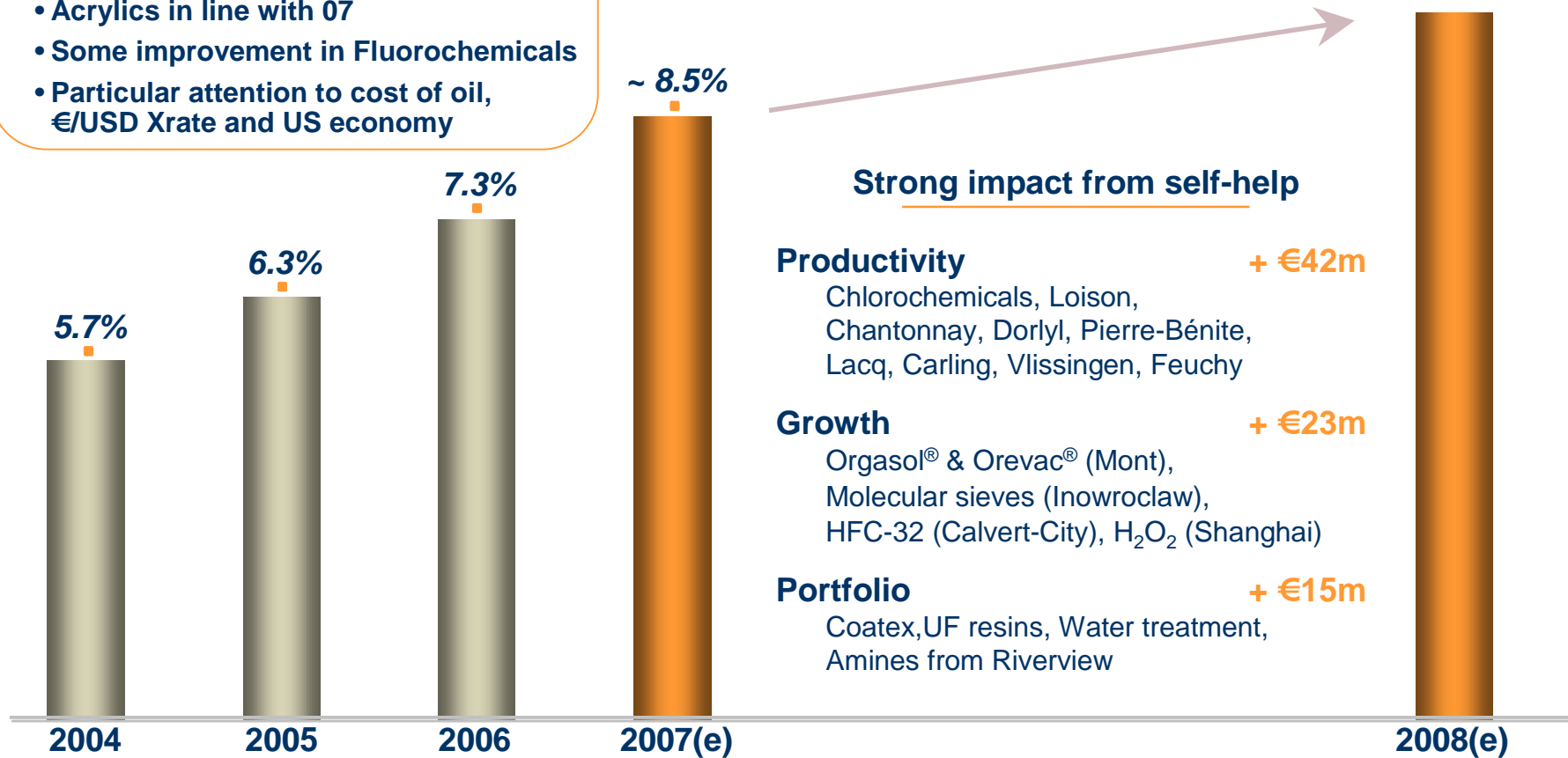
*Exceed
financial
targets*



Confident in 2008 financial performance

2008 market conditions outlook

- Comparable to 07 overall with some variations
- Rather tight European PVC market
- Acrylics in line with 07
- Some improvement in Fluorochemicals
- Particular attention to cost of oil, €/USD Xrate and US economy



2005 - 2010

A clear path forward



Confident in our strategy from day One

Restore profitability



Reducing fixed costs

Prepare for the long term



Building growth

Reduce cyclical



Developing downstream integration

Improve free cash generation



Keeping a sound balance sheet

Performance driven and long term oriented



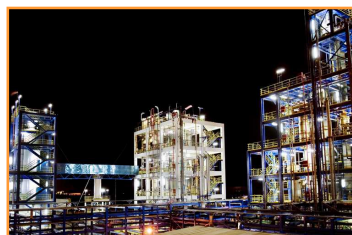
Industrial assets as industry standards

Optimize cost structures

- Reduce fixed cost base
- Improve yields and reliability
- Redefine asset base

Expand best industrial sites

- Targeted debottlenecks
- New production units in best product lines
- Production in 3 regions to limit impact of foreign exchange rates



Changshu (China)

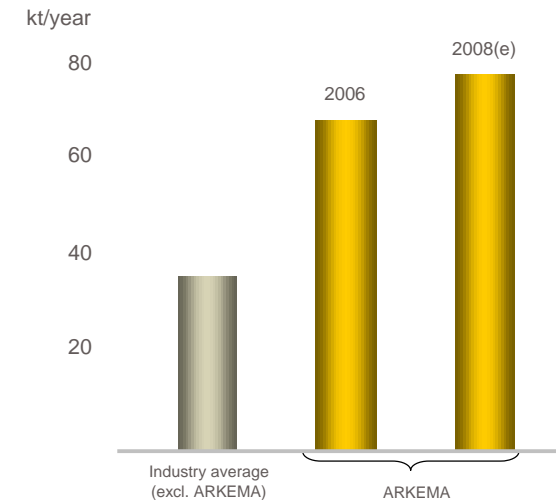


Beaumont (US)

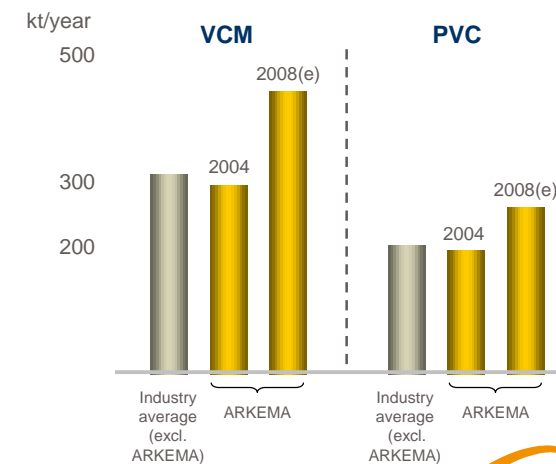


Jarrie – H₂O₂ (France)

Average capacity of H₂O₂ Plants



Vinyl production capacities

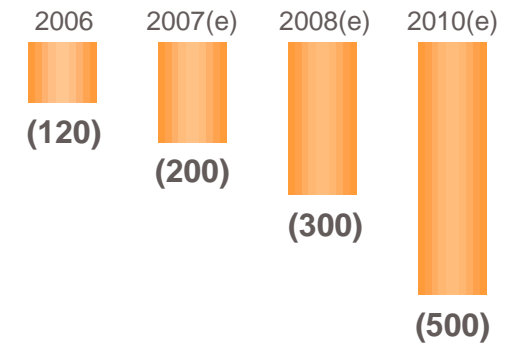


Confirm our 2010 fixed cost savings

Impact from restructuring initiatives

	Fixed cost savings	EBITDA	Positions	Full impact
Pre-spin off plans	€125m	€80m	1,080	2008
Plans launched in 2006 after spin off	€40m	€30m	278	2008
Plans launched in 2007	€75m	€60m	568	2009
TOTAL	€240m	€170m		

Cumulative fixed cost reductions in €m vs 2005



Ongoing productivity measures

Offsetting around three quarters of inflation on fixed costs each year

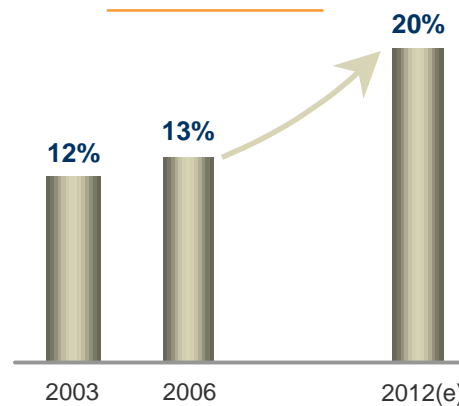


Net EBITDA impact +€200m

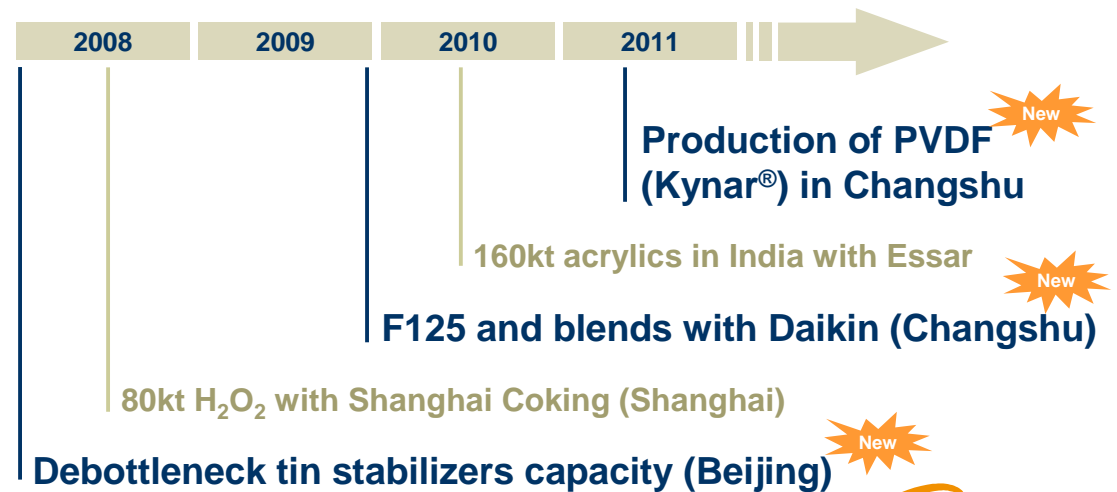
Asia: a top priority

- **A focused approach:**
 - 6 product lines identified
- **Develop world-class sites**
 - Proprietary technologies
 - Competitive access to raw materials
 - Increase scale of sites
- **Strategic partnerships**
- **Over €50m capex per year**
- **IRR at least 15%**

% sales in Asia



Planned start-up dates of projects launched since spin off



R&D: a catalyst for growing specialties

New products

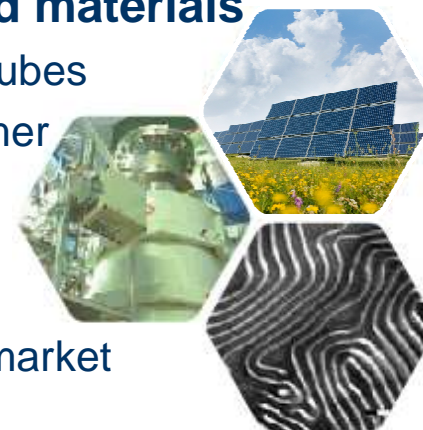
- 📦 Rilsan® clear
- 📦 Biofuel lines
- 📦 Molecular sieves
- 📦 PMMA Capstocks
- 📦 Glass coating



› *EBITDA growth*

Sustainable development

- 📦 **Nanostructured materials**
 - Carbon nanotubes
 - Block copolymer
- 📦 **Energy**
 - Fuel cells
 - Photovoltaic market
- 📦 **Renewable resources**



› *Long term opportunities*

Proprietary technologies

- 📦 HFC 32&125
- 📦 MMP in Beaumont

› *New industrial platforms*



Vinyl Products

Fixed cost reduction



Asia



Innovation



Portfolio management



Low cost, regional and integrated producer

salt, ethylene, electricity	CVM → PVC	pipes, profiles, compounds
Secure long term and competitive supply	Fos Lavéra & Balan Berre Martorell Develop first quartile plants	Move to higher added value products

Industrial Chemicals

Fixed cost reduction



Asia



Innovation



Portfolio management



Reinforce our global leadership positions

TRANSFORMATION OF
FLUOROCHEMICALS

WORLD-CLASS
PLANTS

PRESENCE IN
ASIA

DOWNSTREAM INTEGRATIONS
ACRYLICS POLYMERS, DMDS...

QUALITY OF
PARTNERSHIPS



Performance Products

Fixed cost
reduction



Asia



Innovation



Portfolio
management



Drive profit by innovation and cost reduction

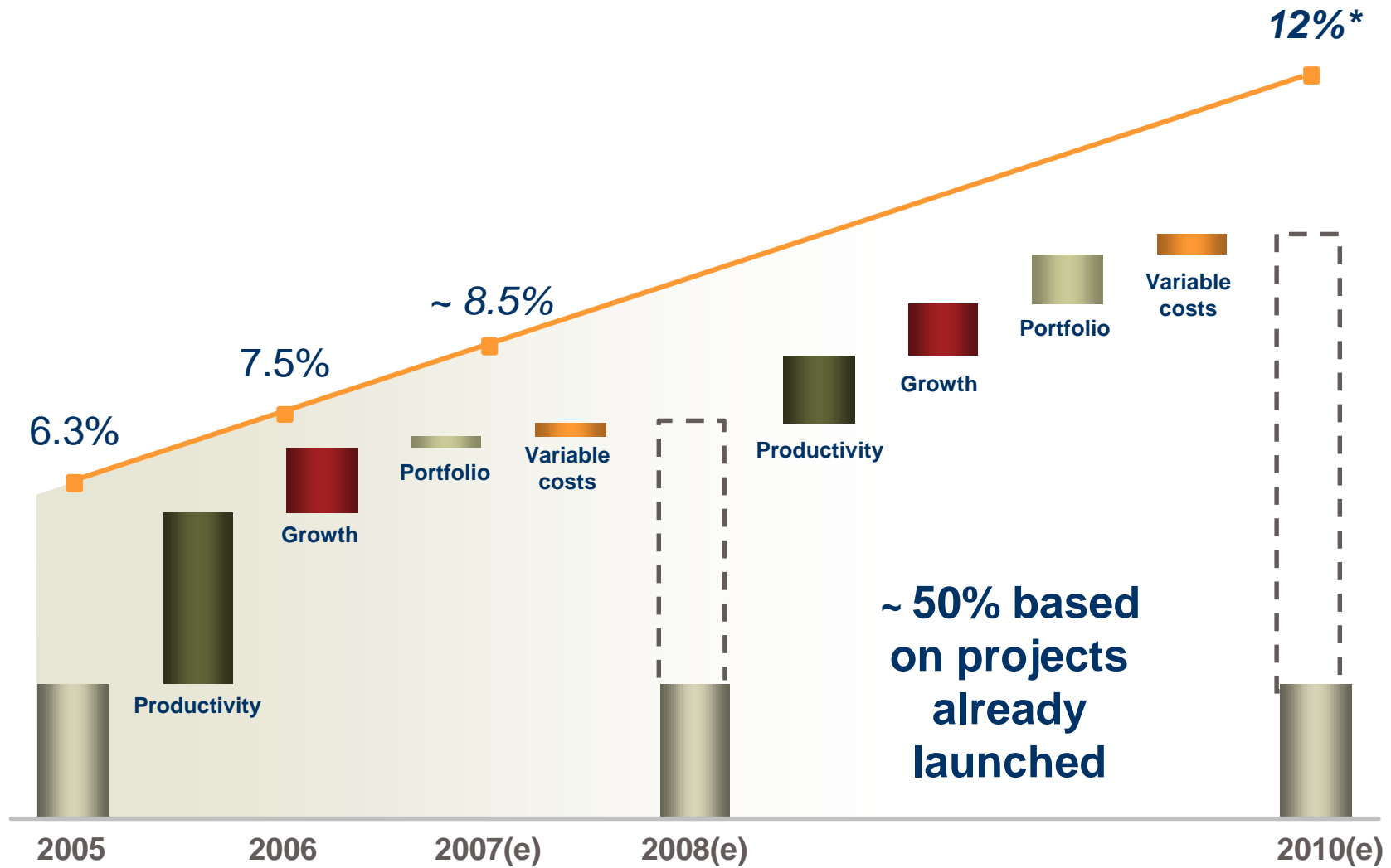
〔 DIVEST LOW PROFIT
BUSINESSES 〕

〔 20% SALES FROM R&D
IN 2010 〕

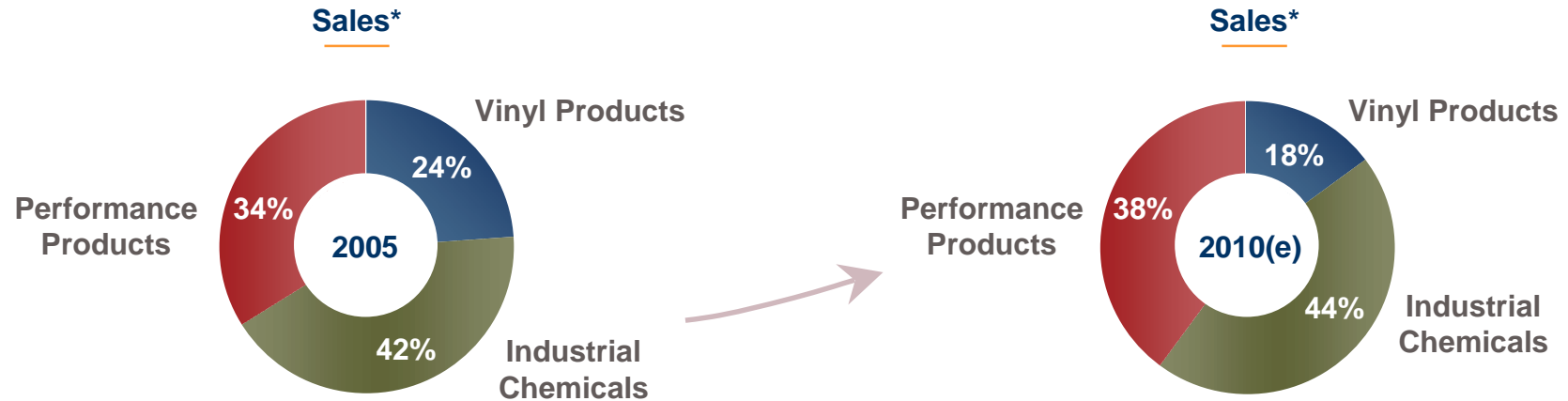
〔 INCREASE POLYMERS
MANUFACTURING IN ASIA 〕

〔 SELECTED ACQUISITIONS
IN SPECIALTY POLYMERS 〕

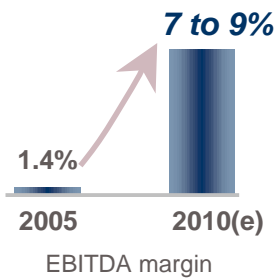
Clear path to reaching 2010 target



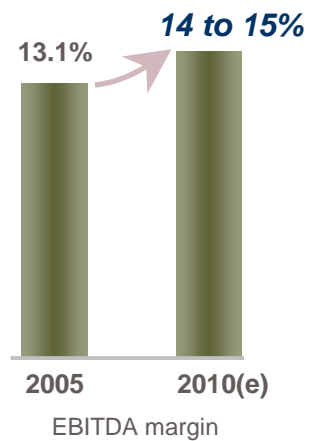
Contribution by segment



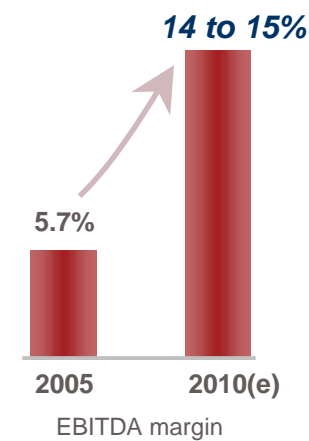
Vinyl Products



Industrial Chemicals



Performance Products



2010

A different company with a new face



The new chemical environment

Trends

- › Growth of Asia
- › Cost of energy
- › Global warming
- › Renewable materials



Arkema's strengths

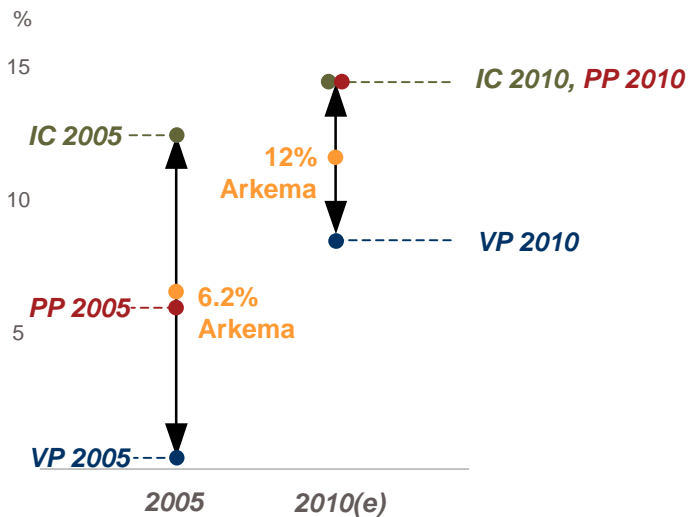
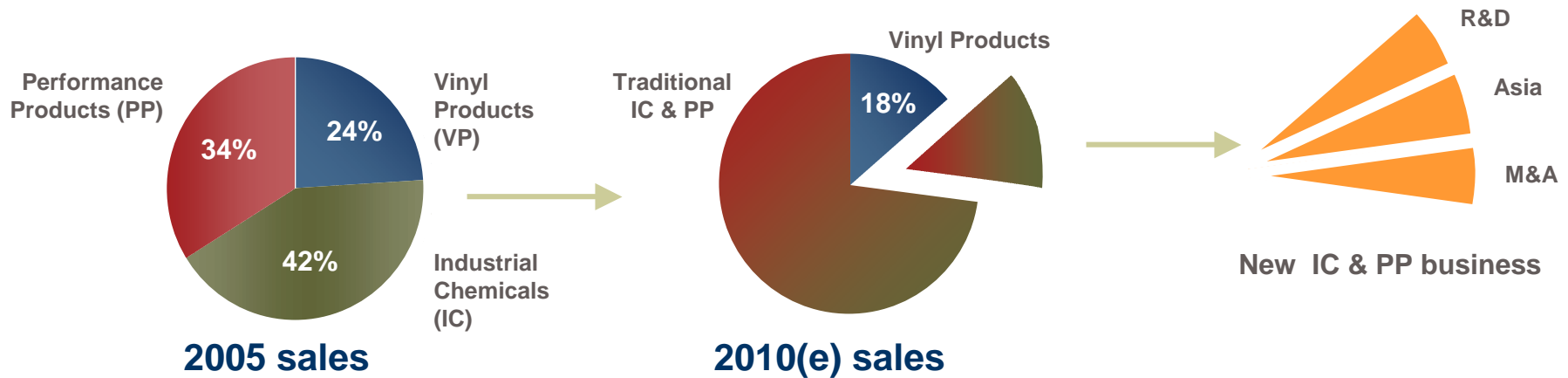
- › R&D and process know how
- › Expertise in managing complex projects
- › Flexible and reactive organization
- › Strong balance sheet





Long term opportunities

Arkema prepares itself as a world player of tomorrow



The new face of Arkema in 2010



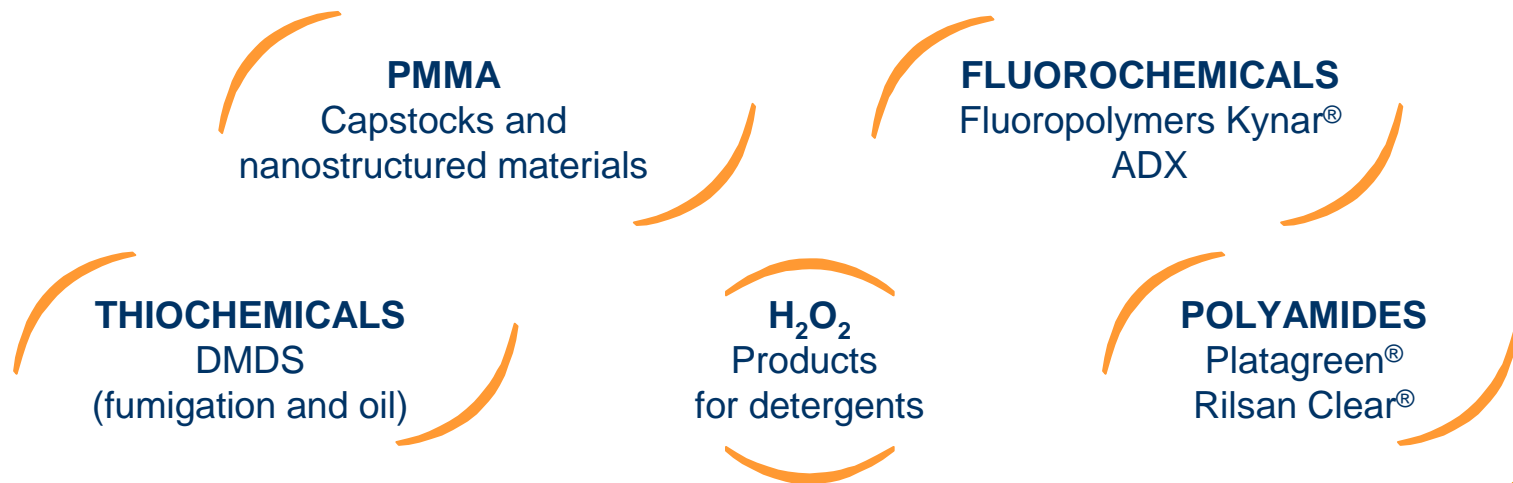
-  **EBITDA x2**
-  **Better resilience to cycle**
-  **Stronger footprint in Asia**
-  **Demand growth for IC & PP: + 4 to 5% per year from 2010**

Better resilience to cycle

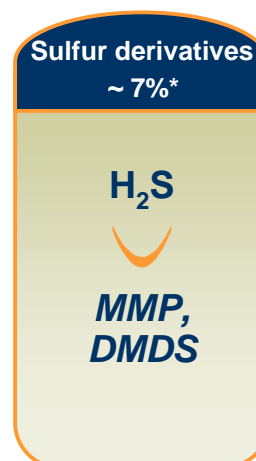
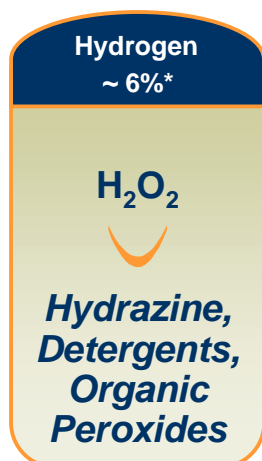
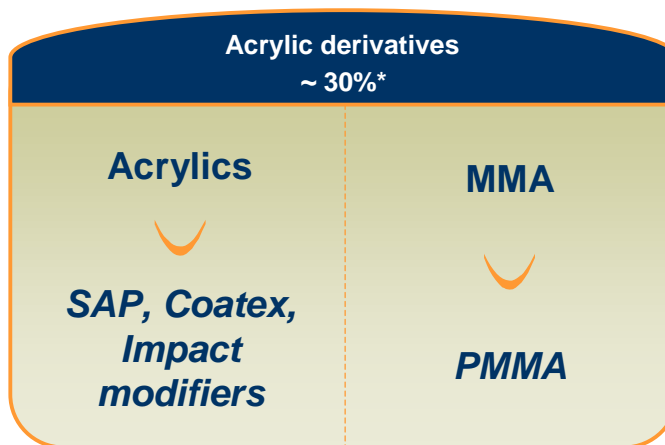
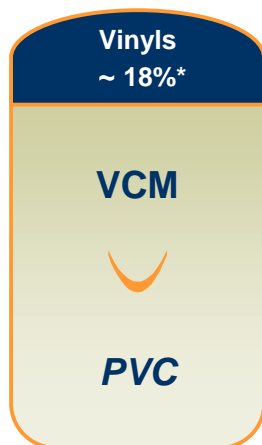
📊 Vinyl Products share down from 24% of sales in 2005 to 18% in 2010

📊 Increase downstream integration

- **Divestiture of non core and cyclical businesses**
UF resins, Cerexagri, Amines
- **Acquisitions of higher margin specialty businesses**
First step: acquisition of Coatex acrylic polymers
- **Organic growth of non cyclical specialties**



More focused, more resilient, fairly integrated portfolio



The new face of Arkema

*A solid platform for further value creation
beyond 2010*

- **Streamlined and efficient organization**
- **Ability to fulfill commitments**
- **In-depth transformation of the company**
- **More focused and more resilient portfolio with organic growth potential**
- **Confidence in 12% EBITDA margin target**
- **Strong balance sheet maintained**