ARKEMA
The world is our inspiration

Press release

Communiqué de presse

INVESTOR AND ANALYST FACTSHEET

	2Q'11 in €m	2Q'10 in €m	2Q'11/ 2Q'10	1H'11 in €m	1H'10 in €m	1H'11/ 1H'10
Sales	**1,773**	**1,605**	**10.5%**	**3,506**	**2,913**	**20.4%**
Vinyl Products	303	298	1.7%	631	569	10.9%
Industrial Chemicals	961	854	12.5%	1,889	1,515	24.7%
Performance Products	504	448	12.5%	976	820	19.0%
Corporate	5	5		10	9	
EBITDA	**320**	**241**	**32.8%**	**607**	**378**	60.6%
Vinyl Products	1	0	na	2	(8)	na
Industrial Chemicals	229	176	30.1%	454	272	66.9%
Performance Products	96	76	26.3%	172	130	32.3%
Corporate	(6)	(11)		(21)	(16)	
EBITDA margin	**18.0%**	**15.0%**		**17.3%**	**13.0%**	
Vinyl Products	0.3%	0%		0.3%	(1.4)%	
Industrial Chemicals	23.8%	20.6%		24.0%	18.0%	
Performance Products	19.0%	17.0%		17.6%	15.9%	
Depreciation and amortization	**(72)**	**(72)**		**(143)**	**(142)**	
Recurring EBIT	**248**	**169**	**46.7%**	**464**	**236**	96.6%
Vinyl Products	(14)	(13)	na	(27)	(35)	na
Industrial Chemicals	195	140	39.3%	385	202	90.6%
Performance Products	73	53	37.7%	128	85	50.6%
Corporate	(6)	(11)		(22)	(16)	
NR items	**(5)**	**3**		**(10)**	**(4)**	
Equity in income of affiliates	4	4		10	7	
Financial results	(4)	(7)		(13)	(12)	
Income taxes	(57)	(49)		(113)	(67)	
Net income of continuing operations	186	120	55.0%	338	160	2.1x
Net income of discontinued operations	-	-		-	-	
Net income – Group share	**184**	**119**	**54.6%**	**335**	**159**	**2.1x**
EPS (diluted)	**2.95**	**1.95**	**51.3%**	**5.38**	**2.61**	**2.1x**
Adjusted EPS (diluted)	3.01	1.92	56.8%	5.52	2.60	2.1x
Adjusted net income	188	117	60.7%	344	158	2.2x
Capital expenditures (recurring)	**75**	**63**	**19.0%**	**128**	**113**	**13.3%**
Vinyl Products	20	12		31	20	
Industrial Chemicals	30	25		48	50	
Performance Products	21	23		42	40	
Corporate	4	3		8	3	
Net cash flow[1]				**(147)**	**(29)**	
Working capital (vs. 12/31/10)				1,216	**785**	54.9%
WC as % of sales[2] (vs. 12/31/10)				**17.1%**	**13.3%**	
Net debt (12/31/10)				**265**	**94**	
Gearing[3] (12/31/10)				**10.6%**	**4.2%**	

[1] Calculated as cash flow from operating activities plus cash flow from investing activities
[2] At June 30th: calculated as working capital end of period divided by 4 times quarterly sales
[3] Calculated as net financial debt divided by shareholders' equity

SECOND QUARTER 2011 PERFORMANCE

HIGHEST HISTORICAL NET INCOME AT €184M
+55% OVER LAST YEAR

BEST QUARTER EVER

+10.5% SALES AT €1,773M VERSUS €1,605M IN 2Q'10

- +15.8% price effect:
  Strong price increases offsetting higher raw material costs
- -0.5% volumes:
  +2.1% for Industrial Chemicals and Performance Products
- -0.2% scope of business:
  Divestment of Vinyls pipe business in France in June 2011
- -4.6% translation effect *(FX rate)*

+33% EBITDA AT €320M

- Contribution from internal projects
- Elevated industry utilization rate (except Vinyls)
- 80% EBITDA improvement outside Acrylic Monomers and Vinyls

18% EBITDA MARGIN

- Industrial Chemicals + Performance Products *(82% of Group sales)* at 22% EBITDA margin
- Vinyls *(18% of Group sales)* break-even, still challenging

+55% NET RESULT *(GROUP SHARE)* AT €184M

- First time above 10% of sales
- 23% tax rate, significantly below guidance

INDUSTRIAL CHEMICALS*: OUTSTANDING PROFITABILITY SUSTAINED BY ROBUST END MARKETS*

- Second quarter in a row at 24% EBITDA margin
- Fluorochemicals driven by strong positions in new generation of gases (HFCs, blends, etc) and increased presence in Asia
- Acrylics: high margins supported by tight supply/demand balance
- Methacrylates: benefits from new development in LED TV applications
- Thiochemicals: buoyant performance supported by strong demand in animal nutrition and new developments in oil & gas

PERFORMANCE PRODUCTS: *VOLUMES AND PRICES SUPPORT RECORD EBITDA*

- All Business Units contributing to strong financial performance
- Benefit from growth momentum in Asia including rapid ramp up of the new PVDF Kynar® plant started in March in Changshu (China)
- Significant contribution from new businesses in sustainable development solutions (photovoltaics, glass coating, high performance polyamides for automotive, filtration, etc)

VINYL PRODUCTS: *EBITDA AT BREAK-EVEN*

- Challenging construction market in Europe
- +15% price increase vs 2Q'10 offsetting higher energy and raw material costs
  - Higher caustic soda prices vs 2Q'10
  - Increased PVC prices but unit margins still low
- PVC volumes limited by 5-year planned maintenance turnaround in Lavera and weak June attributed to ethylene cost decrease
- Excellent performance of Qatar Vinyl Company (€3m equity income)
- Divestment of pipe business in France completed (€45m sales)

STRONG FINANCIAL SITUATION

- Net debt maintained low despite negative impact on working capital of:
  - seasonality (stronger sales in 2Q'11 vs end 2010)
  - increase of selling prices and raw material costs
- Target for working capital at year end confirmed below 15%
- Net debt of June 2011 includes:
  - Payment of a dividend of €1.0 per share
  - Participation in CFI for CDN$15m (~€11m)
  - Total resins acquisition costs (€6m)
- Gearing maintained low (11%)

2011 OUTLOOK: QUITE CONFIDENT IN AN EXCELLENT 2011

- In 2H'11, Arkema will continue to implement its internal projects:
  - Further growth in Asia
    - PVDF Kynar® unit running at full capacity
    - Start up of Coatex unit in 3Q'11
  - Innovative solutions to sustainable development
  - Integration of Total specialty resins (€35m contribution to group EBITDA in 2H'11)
- Arkema will remain attentive to macro-economic and political environment around the globe
- Arkema will continue to adapt to raw material and energy cost variations
- After an atypical 2010, back to more traditional seasonality
  - 1H>2H (60% / 40%) with usual seasonality of some businesses (fluorogases, coatings, PVC)
  - Large maintenance turnarounds in Acrylics (Carling and Clear Lake) and Fluorochemicals (Pierre Benite) in 2H
- Arkema anticipates an annual EBITDA increase around 30%, thereby exceeding for the first time in its history the symbolic €1 billion EBITDA milestone

2Q'11 HIGHLIGHTS:

- Rapid ramp up of the fluoropolymer Kynar® production unit started in March in China giving Arkema a strong production base in Asia
- Participation in Canada Fluorspar Inc to secure long term competitive access to fluorspar, key raw material for Fluorochemicals
- Announcement of a major Thiochemicals project in Asia in partnership with CJ CheilJedang for the production of bio-methionine
- Vinyls: divestment of pipe business in France (€45m), another milestone in the focus on higher value added PVC derivates

MAJOR EVENTS SINCE JULY 1ST:

- Closing of Total specialty resins acquisition in line with planned timetable on July 1st, making Arkema a global leader in the coating materials market:
    - Enterprise value: €550m
    - Sales at €750m in 2010
    - 1H'11: estimated sales at €490m
        - +13% vs 1H'10 supported by strong price increase
        - Impact on Arkema sales: €440m (after elimination of intra-group sales)
    - Preliminary FY'11 EBITDA forecast: €82m of which €35m in 2H'11

- July 26th: refinancing of syndicated credit line for an amount of €700m
    - Deadline: 26 July 2016
    - €300m reduction of current syndicated credit line established in 2006