ARKEMA
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Press release

Communiqué de presse

INVESTOR AND ANALYST FACTSHEET – 3Q'10 RESULTS

	3Q'10 in €m	3Q'09 in €m	3Q'10/ 3Q'09	9m'10 in €m	9m'09 in €m	9m'10/ 9m'09
Sales	***1,559***	***1,103***	**41.3%**	***4,472***	***3,362***	**33.0%**
Vinyl Products	*284*	*248*	14.5%	*853*	*771*	10.6%
Industrial Chemicals	*800*	*528*	51.5%	*2,315*	*1,580*	46.5%
Performance Products	*470*	*324*	45.1%	*1,290*	*1,002*	28.7%
Corporate	*5*	*3*		*14*	*9*	
EBITDA	***246***	***101***	**x 2.4**	***624***	***228***	**x 2.7**
Vinyl Products	*4*	*(8)*	n.a.	*(4)*	*(13)*	n.a.
Industrial Chemicals	*159*	*81*	96.3%	*431*	*229*	88.2%
Performance Products	*92*	*33*	x 2.8	*222*	*73*	x 3.0
Corporate	*(9)*	*(5)*		*(25)*	*(61)*	
EBITDA margin	***15.8%***	***9.2%***		***14.0%***	***6.8%***	
Vinyl Products	*1.4%*	*(3.2)%*		*(0.5)%*	*(1.7)%*	
Industrial Chemicals	*19.9%*	*15.3%*		*18.6%*	*14.5%*	
Performance Products	*19.6%*	*10.2%*		*17.2%*	*7.3%*	
Depreciation and amortization	*(74)*	*(65)*	13.8%	*(216)*	*(202)*	6.9%
Recurring EBIT	***172***	***36***	**x 4.8**	***408***	***26***	**x 15.7**
Vinyl Products	*(10)*	*(21)*	n.a.	*(45)*	*(50)*	n.a.
Industrial Chemicals	*122*	*50*	x 2.4	*325*	*133*	x 2.4
Performance Products	*70*	*12*	x 5.8	*155*	*5*	x 31.0
Corporate	*(10)*	*(5)*		*(27)*	*(62)*	
NR items	***1***	***(8)***		***(3)***	***(106)***	
Equity in income of affiliates	*4*	*2*		*11*	*7*	
Financial results	*(6)*	*(6)*		*(18)*	*(21)*	
Income taxes	*(40)*	*(27)*		*(107)*	*(57)*	
Net income - continuing operations	*131*	*(3)*		*291*	*(151)*	
Net income - discontinued operations	-	-		-	-	
Net income – Group share	***130***	***(3)***	**n.a.**	***289***	***(152)***	**n.a.**
EPS (diluted)	***2.13***	***(0.05)***	**n.a.**	***4.74***	***(2.52)***	**n.a.**
Adjusted EPS (diluted)	*2.09*	*0.13*		*4.69*	*(0.78)*	
Adjusted net income	*128*	*8*	x 16.0	*286*	*(47)*	n.a.
Capital expenditures	***62***	***58***	**6.9%**	***185***	***214***	**(13.6)%**
Vinyl Products	*9*	*11*		*29*	*33*	
Industrial Chemicals	*28*	*31*		*85*	*86*	
Performance Products	*24*	*14*		*67*	*92*	
Net cash flow[1]				***70***	***179***	**(60.9)%**
Working capital (vs 12/31/09)				*934*	*720*	29.7%
WC as % of sales[2] *(vs 12/31/09)*				***15.0%***	***16.2%***	
Net debt *(12/31/09)*				***250***	***341***	**(26.7)%**
Gearing[3] *(12/31/09)*				***12%***	***19%***	

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

THIRD QUARTER 2010 PERFORMANCE

BEST HISTORICAL PERFORMANCE IN THIRD QUARTER
€130 MILLION NET INCOME
FULL-YEAR TARGET SIGNIFICANTLY REVISED UPWARD

+41% SALES AT €1,559M VS €1,103M IN 3Q'09

- +10.5% volumes versus 3Q'09 supported by:
  - Strong demand in Asia (Asia representing now 20% of Group sales)
  - Rapid growth of emerging markets (new energies, bio-based polymers, etc)
- +11.1% variation from the changes in the scope of business resulting from the integration of the acrylic assets acquired from Dow.
- +13.4% price effect. Successful implementation of price increase policy.
- +6.5% translation effect (FX rate).

EBITDA AT € 246M, ANOTHER RECORD PERFORMANCE

- Favorable market conditions
  - Strong demand in Asia in all business lines
  - Lower than usual summer seasonality
  - Benefits from fast-growing emerging applications in Performance Products
- Successful implementation of price increase policy
- Strong contribution from internal growth projects
  - Plants in China ran at full capacity (Fluorogas, H_2O_2)
  - Increasing contribution from new developments (photovoltaic, high performance polymers,etc)
- Tight management of fixed costs leveraging higher volumes
- Former Dow acrylic assets delivering a good performance

VINYL PRODUCTS: SLIGHT IMPROVEMENT IN A CHALLENGING ENVIRONMENT

- Vinyls share in Group sales further decreased to 18%
- Market conditions in construction in Europe remain difficult
- PVC prices and margins increased versus 3Q'09 and 2Q'10
- Increase of caustic soda prices
- High performance of Qatar Vinyl Company, in which Arkema holds 13%
- Priorities in the coming months and years remain the refocus of the segment and the improvement of its competitiveness

INDUSTRIAL CHEMICALS: EXCELLENT GROWTH AND PROFITABILITY

- +29% sales at constant scope of business versus 3Q'09
- Favorable market conditions
  - Successful price increase policy
  - Strong increase in acrylic monomer unit margins versus low cycle conditions in 3Q'09
  - Emergent LED TV market
- Good contribution from the former Dow acrylic assets
- Improved competitiveness in Methacrylates in Europe
- Good performance of Thiochemicals and Fluorochemicals
- Production units in Asia ran at full capacity
- Positive impact from foreign currency translation effect

PERFORMANCE PRODUCTS: RECORD EBITDA WITH EBITDA MARGIN AT 20%

- EBITDA and EBITDA margin at record level
- Steady and continuous improvement since 4Q'09
- +22% volume versus 3Q'09 supported by :
  - o Strong demand in Asia, especially in Technical Polymers
  - o Several developments on fast growing markets (new energies, bio-based polymers,etc)
- Successful price increase policy
- Positive impact from foreign currency translation effect

CASH FLOWS AND NET DEBT

POSITIVE CASH GENERATION ON STRONG EBITDA

Items	*9 months 2010*
EBITDA	**624**
Variation in working capital	(154)
Capex	(185)
Tax & cost of debt	(116)
Restructuring outflows	(51)
Others	(8)
Free cash flow[4]	**+110**

- - € 154m variation in working capital reflecting strong sales increase
- Net cash flow[5] for first 9 months 2010: +€70m
- Free cash flow in 3Q'10: +€96m
- Working capital on sales ratio at 15.0% at the end of September 2010 vs 16.2% at the end of 2009 and 18.2% at the end of September 2009

€ 250M NET DEBT AT THE END OF SEPTEMBER 2010 VERSUS € 341M AT THE END OF DECEMBER 2009

SUCCESSFUL LAUNCH OF ARKEMA'S FIRST BOND ISSUE

- Amount: € 500 m
- Interest rate: 4%
- Maturity: October 2017

OUTLOOK:

- FY'10 EBITDA target increased to around €740m
  - Prior target: "2010 EBITDA should exceed €600m"
- FY'10 target takes into account:
  - Market conditions which remain well oriented
  - Traditional far lower seasonality of certain markets in 4Q'
    - Refrigeration, coatings, PVC
    - "Short" month of December in Europe
  - Impact of the external strikes (refineries and Marseille harbor) related to the national pension reform in France estimated at around -€20m (this will mainly concern Vinyls)
- FY'10 EBITDA target should result in a 12.5% EBITDA margin
  - Previous high in 2007 with 9.1% EBITDA margin
  - Above the 12% target set at the spin off, 5 years ago
- 2010 EBITDA target largely exceeds cost of capital

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[4] Cash flow from operating and investment activities excluding the impact of portfolio management.
[5] Net cash flow = Cash flow from operating activities - cash flow from investing activities

HIGHLIGHTS SINCE JULY 1ST:

- Announcement of a latex plant in China to produce a range of emulsion polymers for primarily use in the coatings and adhesives markets. Arkema will invest $30 million in the new plant, due to come on stream late 2012.

- Successful registration by US Environmental Protection Agency of Paladin®, an innovative sulfur-based pre-plant soil fumigant.

- Pierre Potier prize awarded to Kynar® Aquatec, a solvent-free paint resin used to manufacture roof coatings that reflect sunlight and hence reduce air-conditioning costs.