

investor 
2010

**A vision for
sustainable growth**

Thierry LE HENAFF
Chairman and CEO



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2010

2005-2010 :
Now
a recognized
player

 **ARKEMA**
The world is our inspiration

Arkema's transformation project at the time of the spin off

Spin off in May 2006

Challenge

Transform Arkema into a profitable company with growth momentum

Financial targets

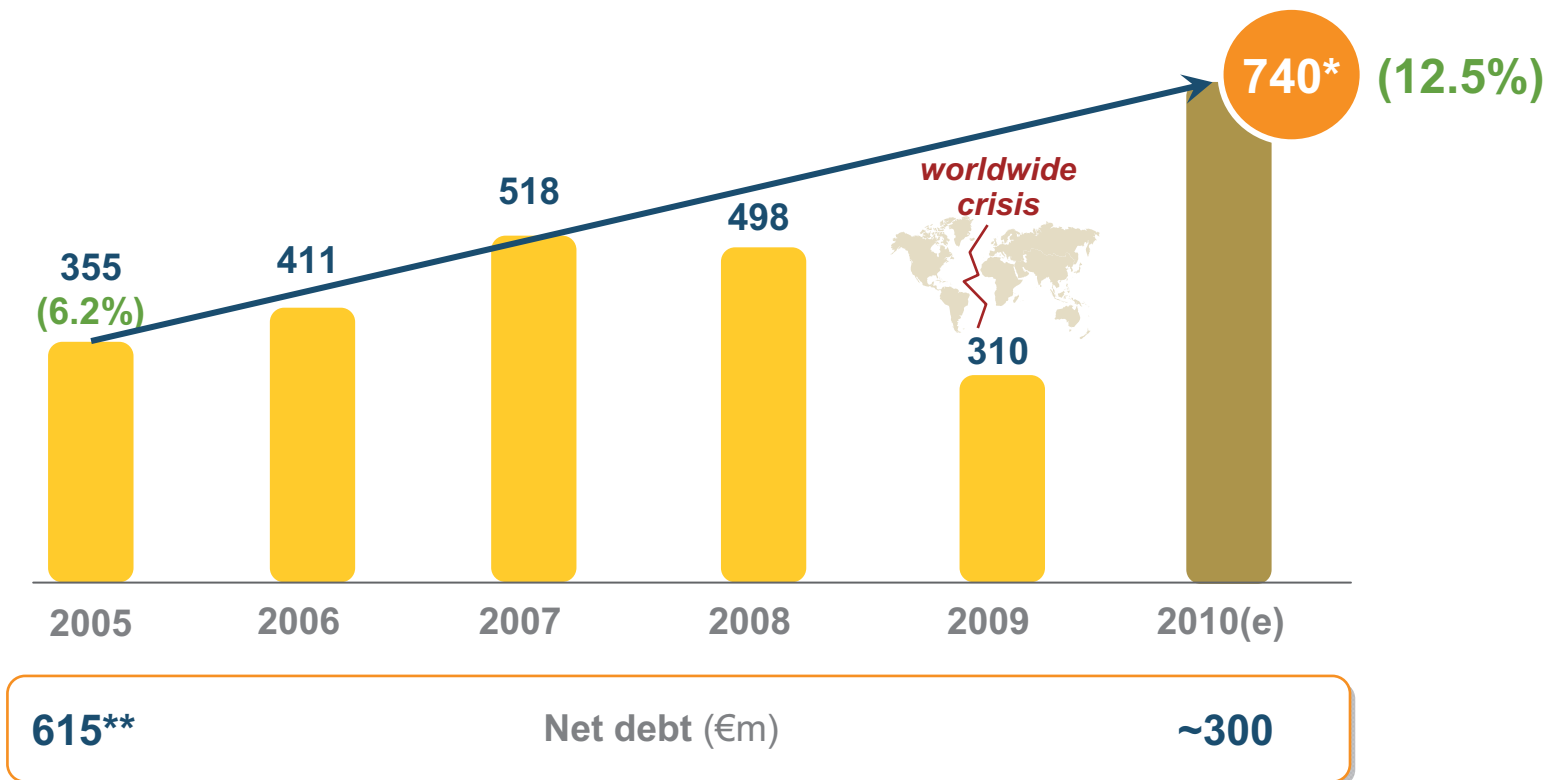
- **12% EBITDA margin in 2010**
- **Gearing below 40%**

4 strategic axes

- **Strong cost reductions**
- **Increase presence in Asia**
- **Innovation based on sustainable development**
- **Focused M&A**

EBITDA more than doubled in 5 years

EBITDA (€m) and **EBITDA margin (%)**

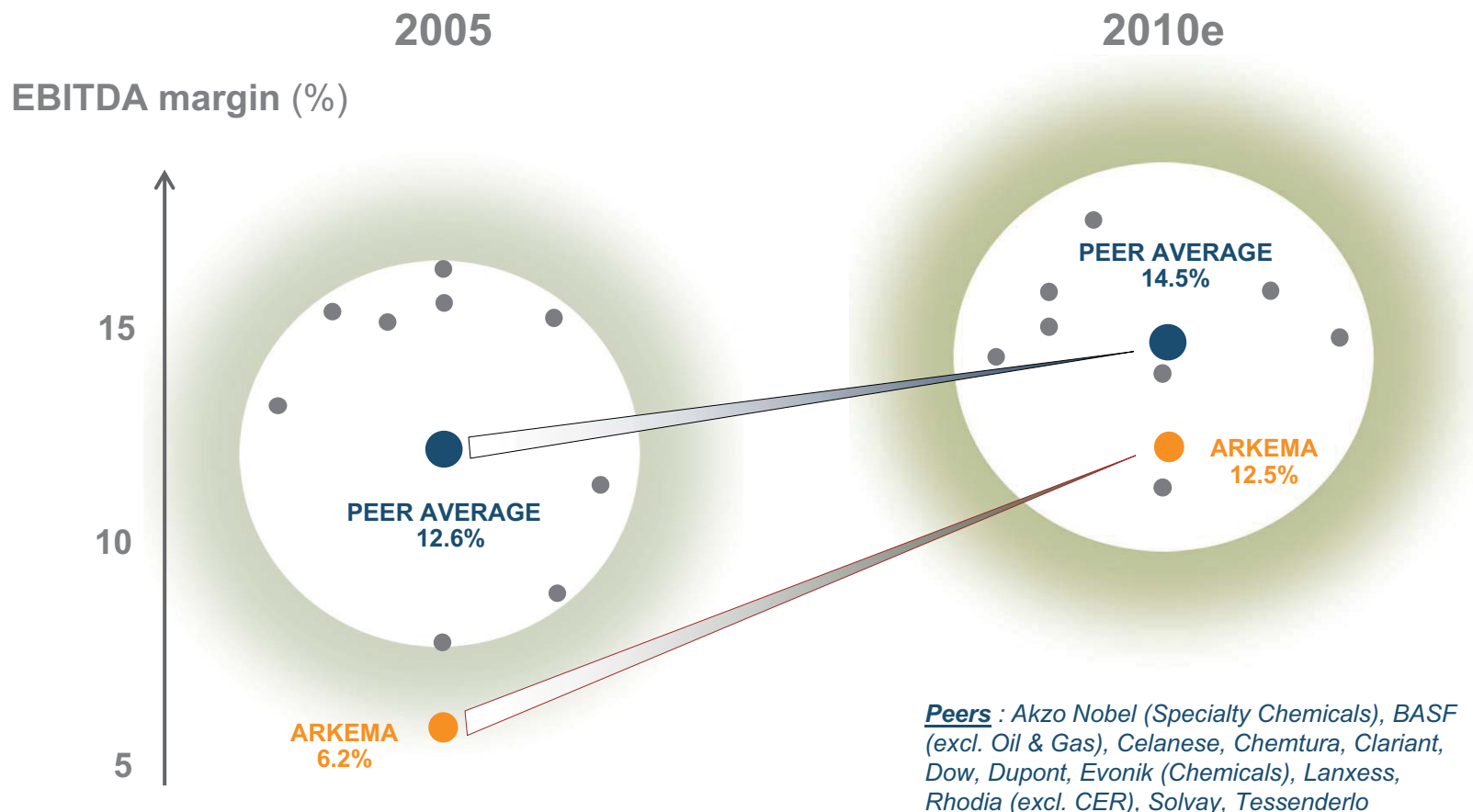


* Including - €20m negative impact from national external strikes related to pension reform in France

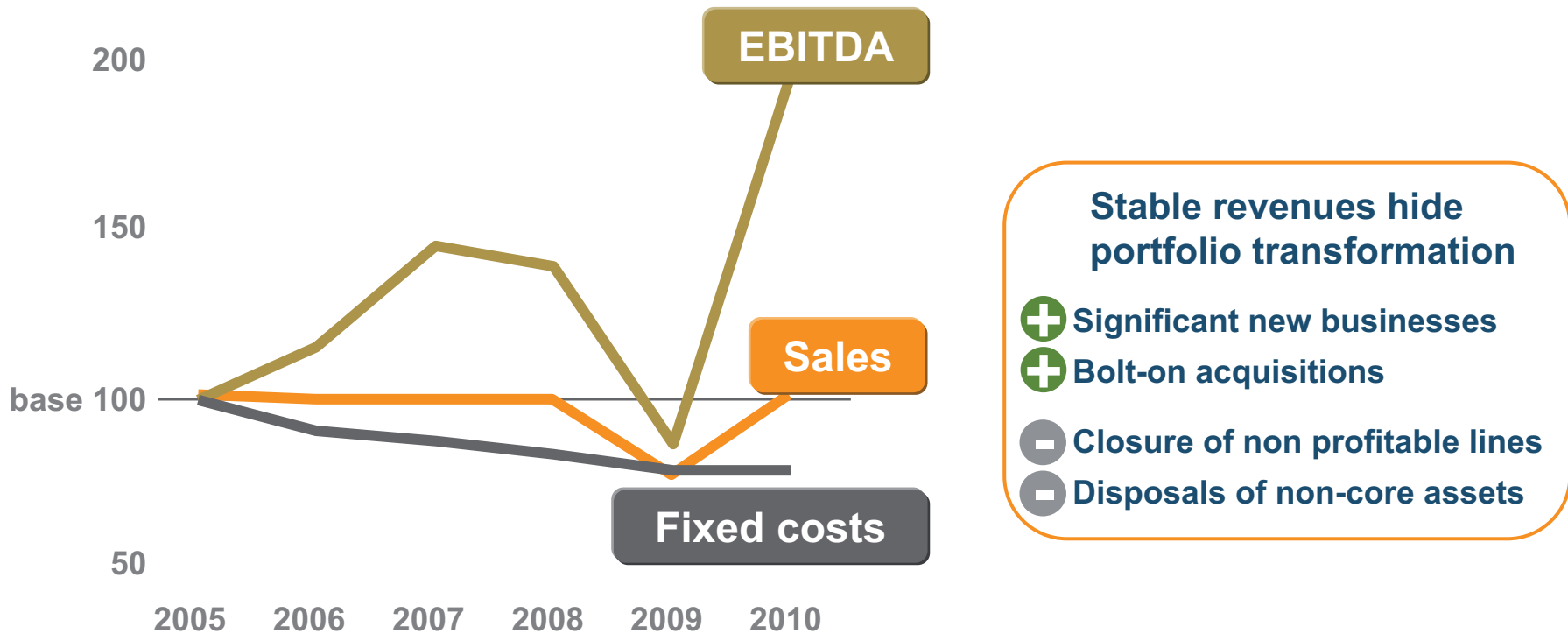
** Net financial debt end 2005 - €532m capital increase by Total + €580m non-recurring pre spin off items



Gap versus industry divided by 3 in 5 years



Increased operational leverage

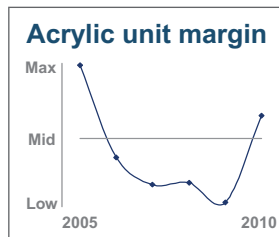
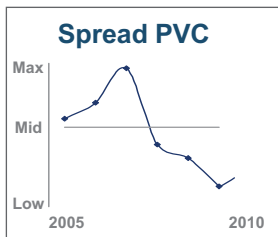
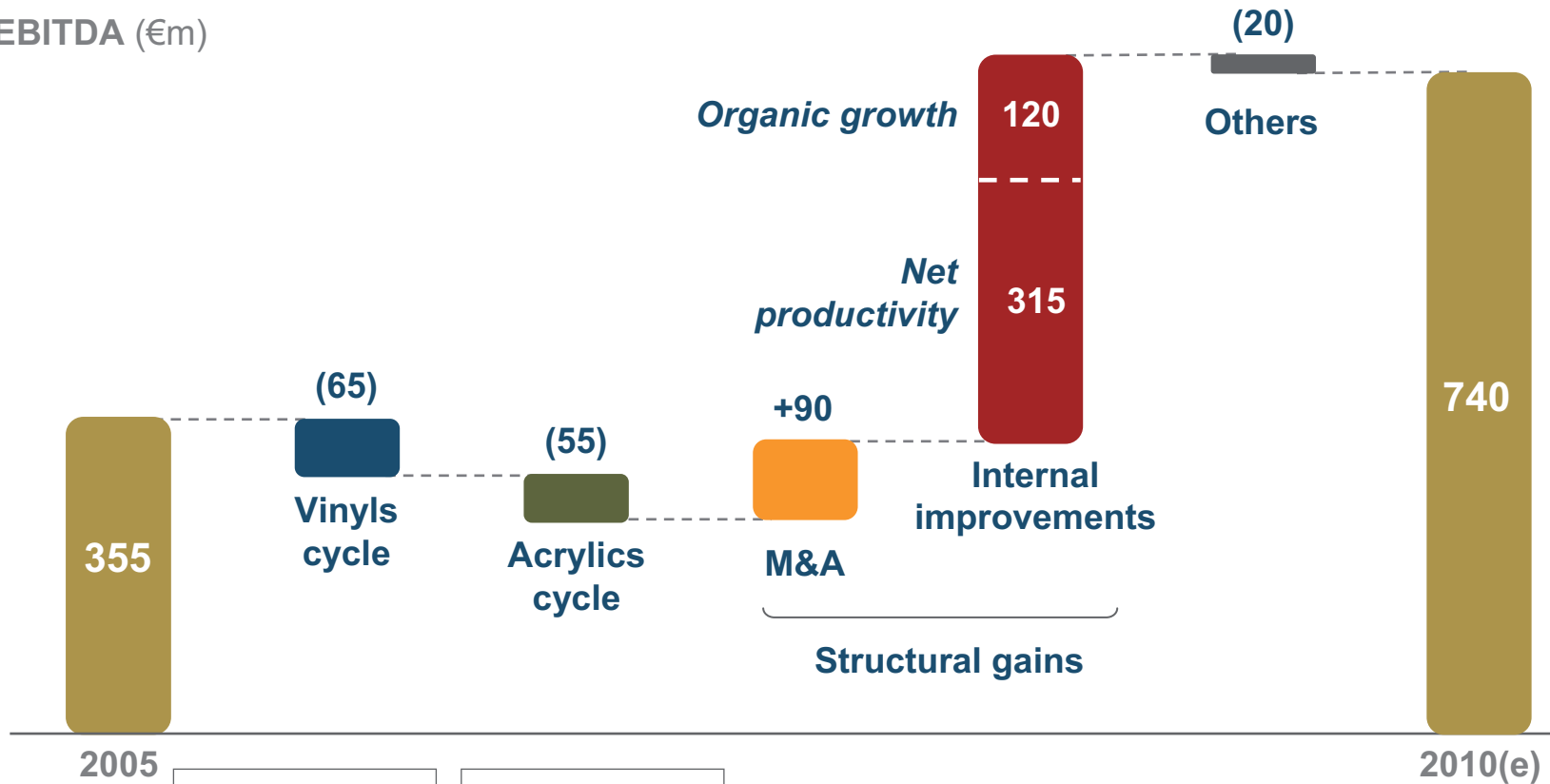


●●● **First phase of Arkema: restructuring story to increase profitability**



Transformation drives performance turnaround

EBITDA (€m)

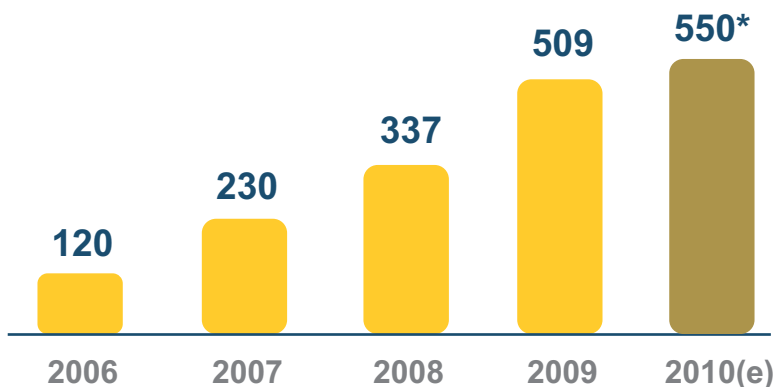


Negative impact from the cycle over the period



Strong fixed cost reductions

Cumulated fixed cost savings (€m)

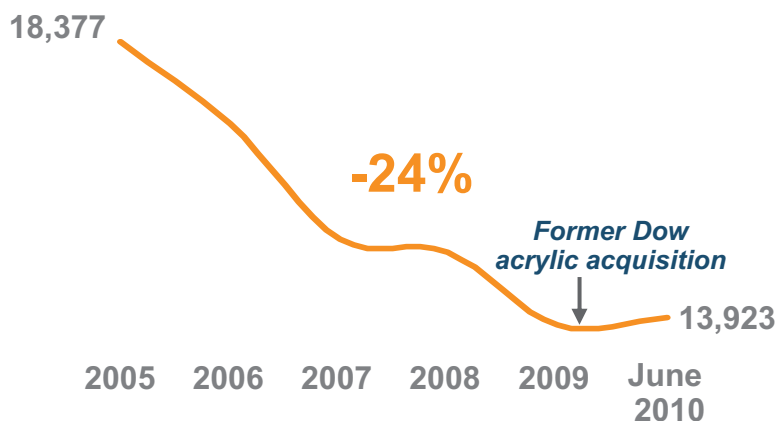


- **Restructuring of production units in Europe**

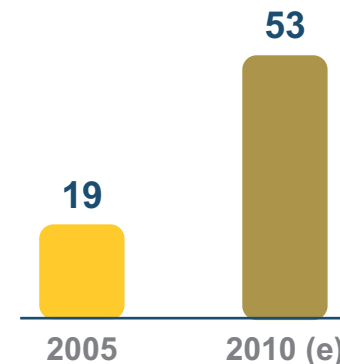
- Bernouville (Fr)
- Bonn (Ger)
- Carling (Fr)
- Loison (Fr)
- Pierre-Bénite (Fr)
- Saint-Auban (Fr)
- Villers-Saint-Paul (Fr)

- **Restructuring of headquarters in France and in North America**

Headcount



Productivity (k€)
EBITDA per employee

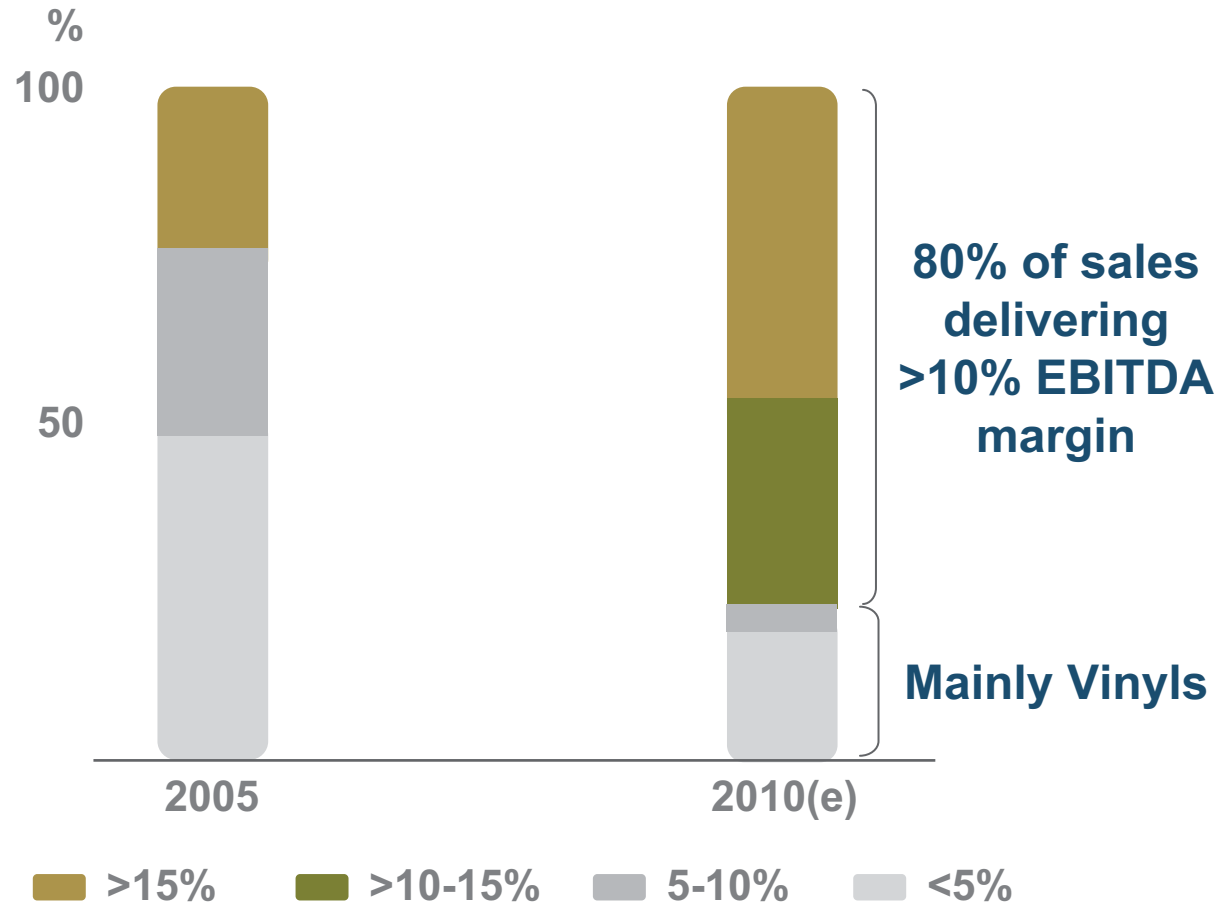


* €600m target revised in 2009 - €50m impact from volume recovery in 2010 vs 2009



Improved and more uniform performance

EBITDA margin distribution (% of total sales excluding corporate)



Main development capex focused on fast growing end-markets

Calvert City

2007 - HFC-32

New generation blends

2009 - PVDF

Photovoltaic

Carling

2010 - 2EHA

Pressure sensitive adhesives

Shanghai

2008 - H₂O₂

Paper and detergents

Balan

2005 - EVA

Packaging - Photovoltaic

Beaumont

2005 - MMP - Thiochemicals

Animal nutrition

Lacq

2008 - DMDS

Oil & Gas

Changshu

2010 - HFC-125

New generation blends

2007 - Slush molding compounds

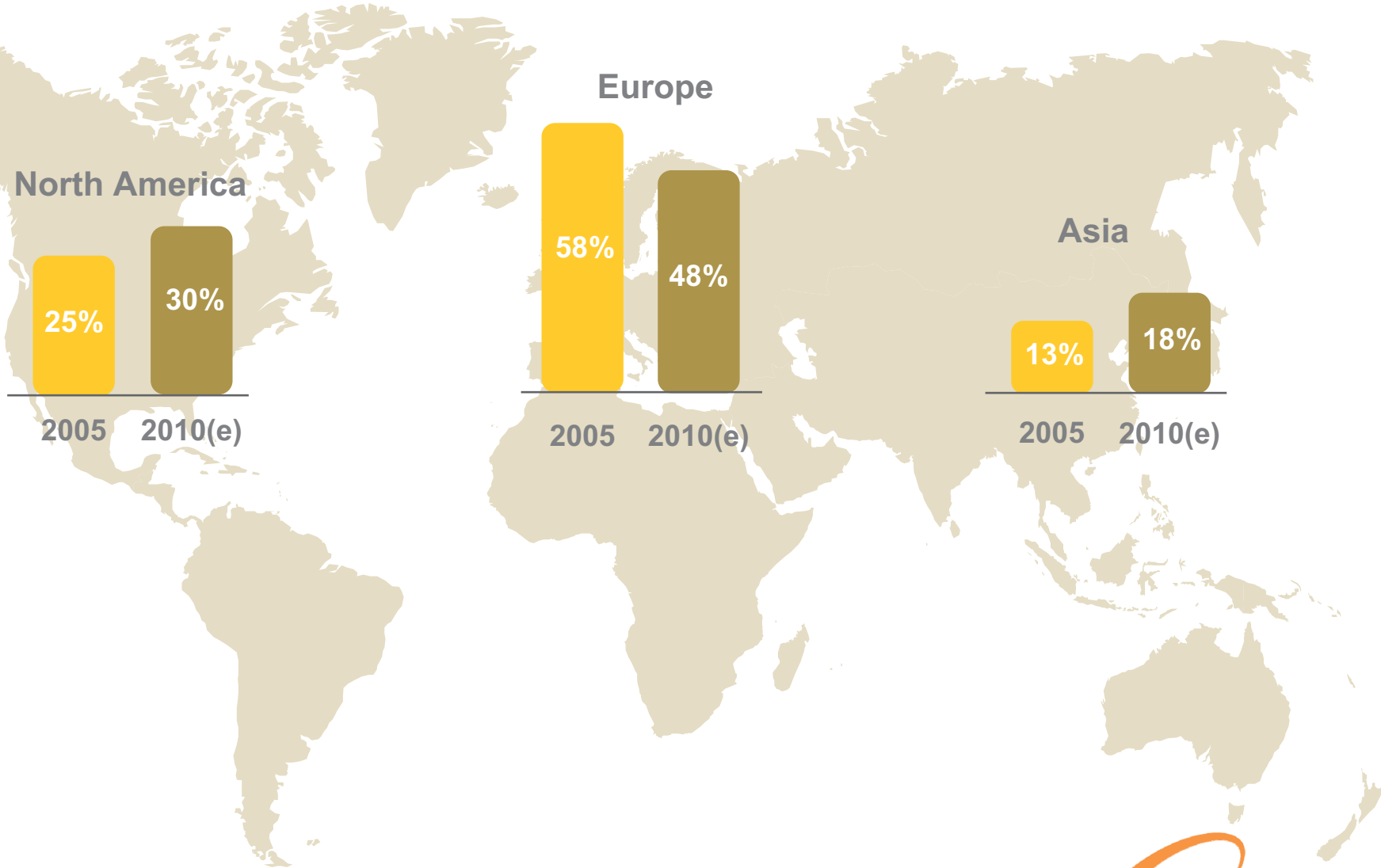
Automotive

2005 - Organic Peroxides

Polymers



Better balanced geographical footprint



Portfolio refocused on higher margin businesses

Acquisitions

Reinforce strongest product lines

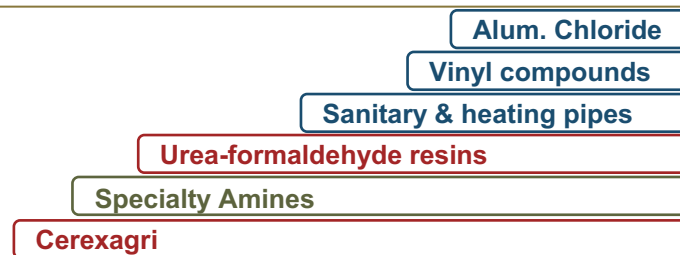


2010(e)
 €650m sales
 16% EBITDA



Divestments

Divest non core businesses



2005
 €480m sales
 3% EBITDA

●●● Net cash out: - € 230m
 Net EBITDA impact: + € 90m



Spin off target exceeded

	Spin off target 2005-2010	2010(e)	
EBITDA margin	12% in 2010	12.5%	✓
Fixed cost savings	€500m	€550m*	✓
Working capital / sales	18%	16%	✓
Gearing	<40%	<15%	✓
Portfolio management	Acquisitions €500m to €800m sales	€650m	✓
	Divestments €300m to €400m sales	€480m	

* €600m target revised in 2009 - €50m impact from volume recovery in 2010 vs 2009



Arkema share evolution since spin-off



SBF 120: 120 first market caps on Euronext Paris stock exchange



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End 2010:
A strong platform
for growth

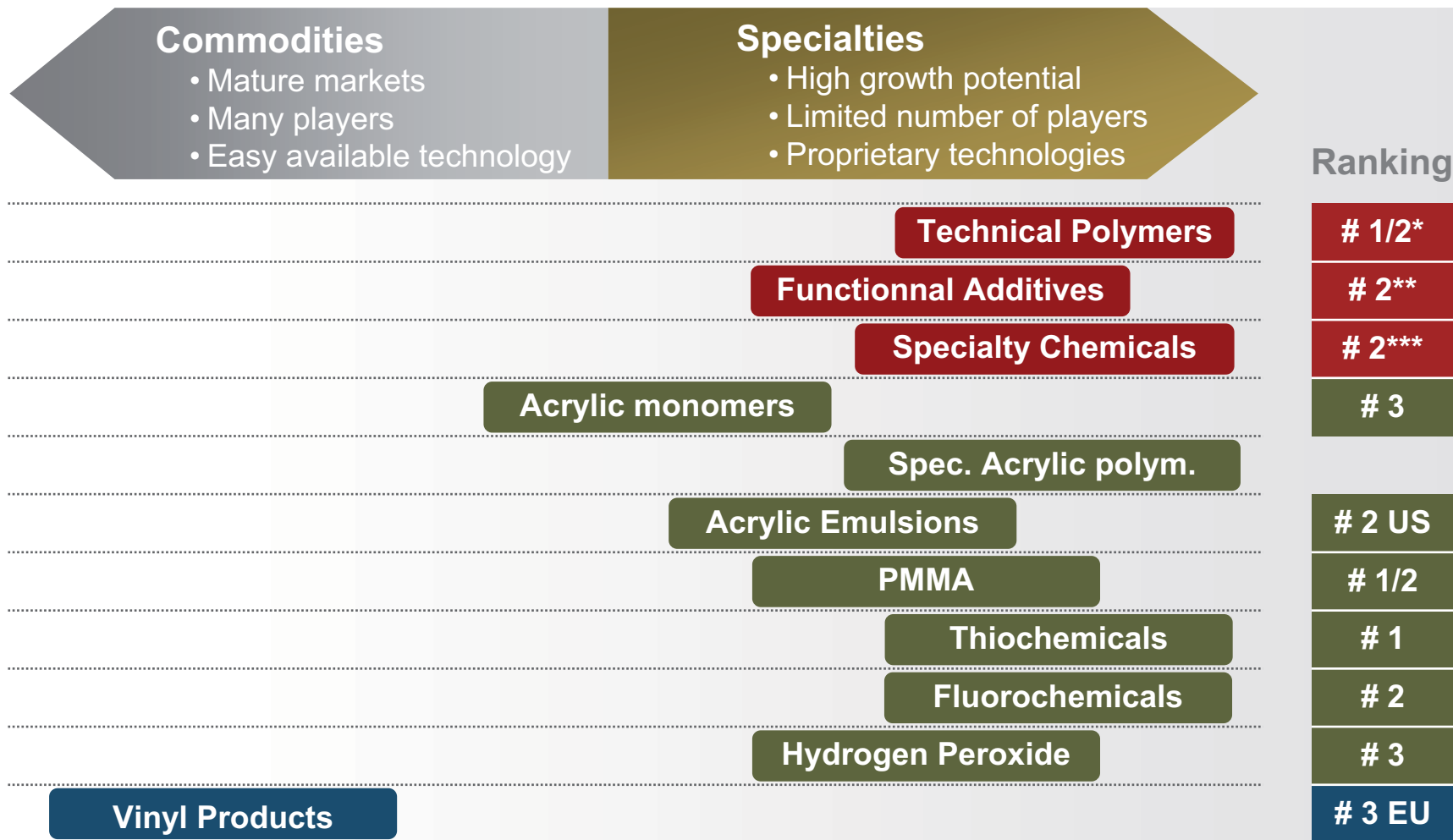
 **ARKEMA**
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The new Arkema

- **Global leadership positions**
- **Competitive asset base**
- **Strong growth potential of main chemical lines**
- **80% of sales among highest margins within the industry (Industrial Chemicals and Performance Products)**
- **Very solid balance sheet**
- **Entrepreneurial and innovative culture**
- **Successful track-record**



Leadership positions in many niche markets



Commodities

- Mature markets
- Many players
- Easy available technology

Specialties

- High growth potential
- Limited number of players
- Proprietary technologies

Ranking

* Specialty Polyamide and PVDF

** Organic Peroxide

*** Molecular sieves



Performance Products and Industrial Chemicals repositioned in a high-value playing field

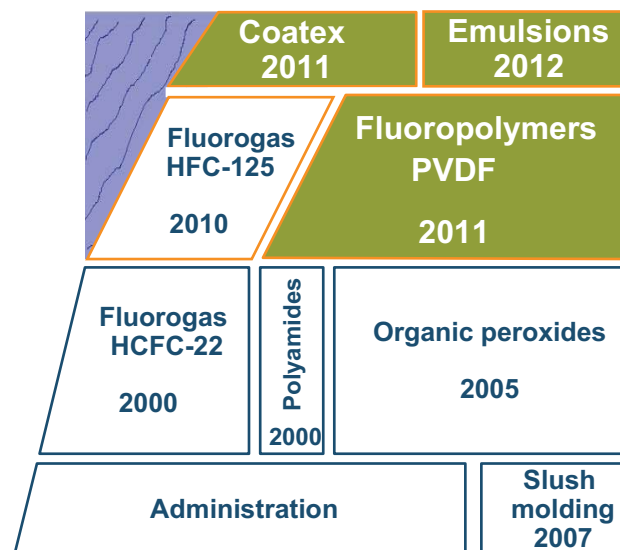
Business line	Main competitors
High Performance Polyamides	EMS, Evonik
Fluoropolymers	Solvay
Functional Additives	Akzo, Dow (ex R&H)
Acrylics	BASF, Dow
PMMA	Evonik, Mitsubishi Rayon
Thiochemicals	Chevron Phillips
Fluorochemicals	Dupont, Honeywell, Solvay
H ₂ O ₂	Solvay, Evonik



A better footprint in China



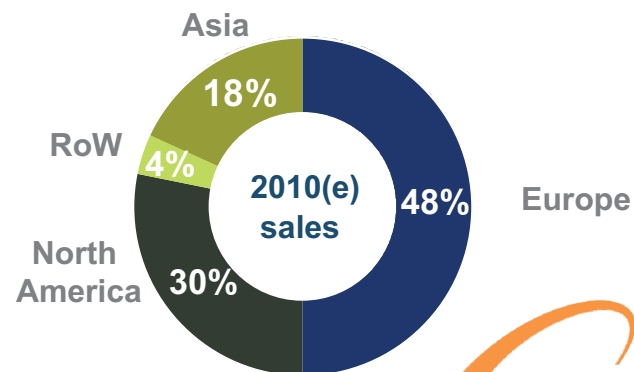
Changshu manufacturing platform



Changshu at a glance

- Around 500 employees in 2010
- 11 manufacturing units in 2011
- Arkema's 3rd worldwide platform in 2011

Sales by region

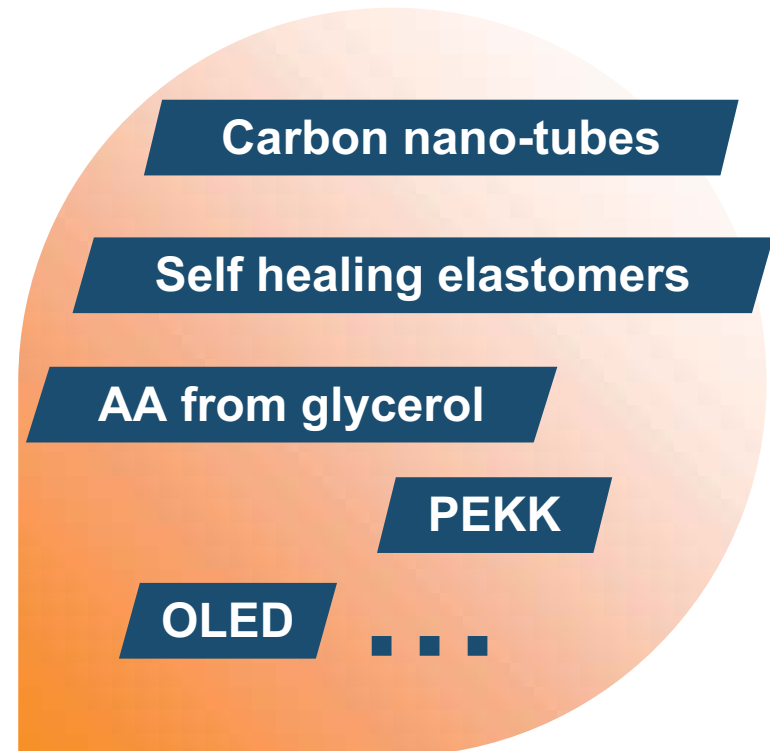


Strong pipeline of innovation

Already on track

- **Paladin[®] DMDS for soil fumigation**
- **Photovoltaic range**
- **New H₂O₂ cleaning grades**
- **PMMA used in LED TVs**
- **High temperature polyamides**
- **Kynar[®] Aquatec for cool roofing**
- **...**

Longer term



Entering 2011 with confidence

● Assumptions for 2011 market conditions

- Similar market conditions expected in acrylic acid and MMA (2010 average = 2011 average)
- €/ \$ exchange rate at 1.35
- Raw material costs to remain at current high levels
- Some improvement of PVC spread on higher caustic soda prices
- Increased cost of electricity (France)
- Market conditions to remain well oriented in Asia

● Internal projects to deliver in 2011

- Full-year benefit of HFC-125 in China (1 quarter more)
- Full integration of former Dow acrylic assets (1 month more and synergies)
- 2 new plants in China in Kynar[®] PVDF (1Q'11) and for Coatex (mid-2011)
- Short-term benefits from innovation projects started 4 years ago including:
 - Paladin[®], DMDS for soil fumigation
 - Fast emerging LED TV market for PMMA
 - Continuous growth of Photovoltaics
 - Bio-based high performance polymers (Rilsan[®] and Pebax[®] Rnew for sport, electronics...)
- Maintain tight fixed cost management with an obvious priority on Chlorochemicals

● Recurring capex at ~€330m

● Working capital on sales at ~16%



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Our ambition
for 2015

 **ARKEMA**
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Significant potential for long-term value creation

Achieving industry excellence

Accelerating growth

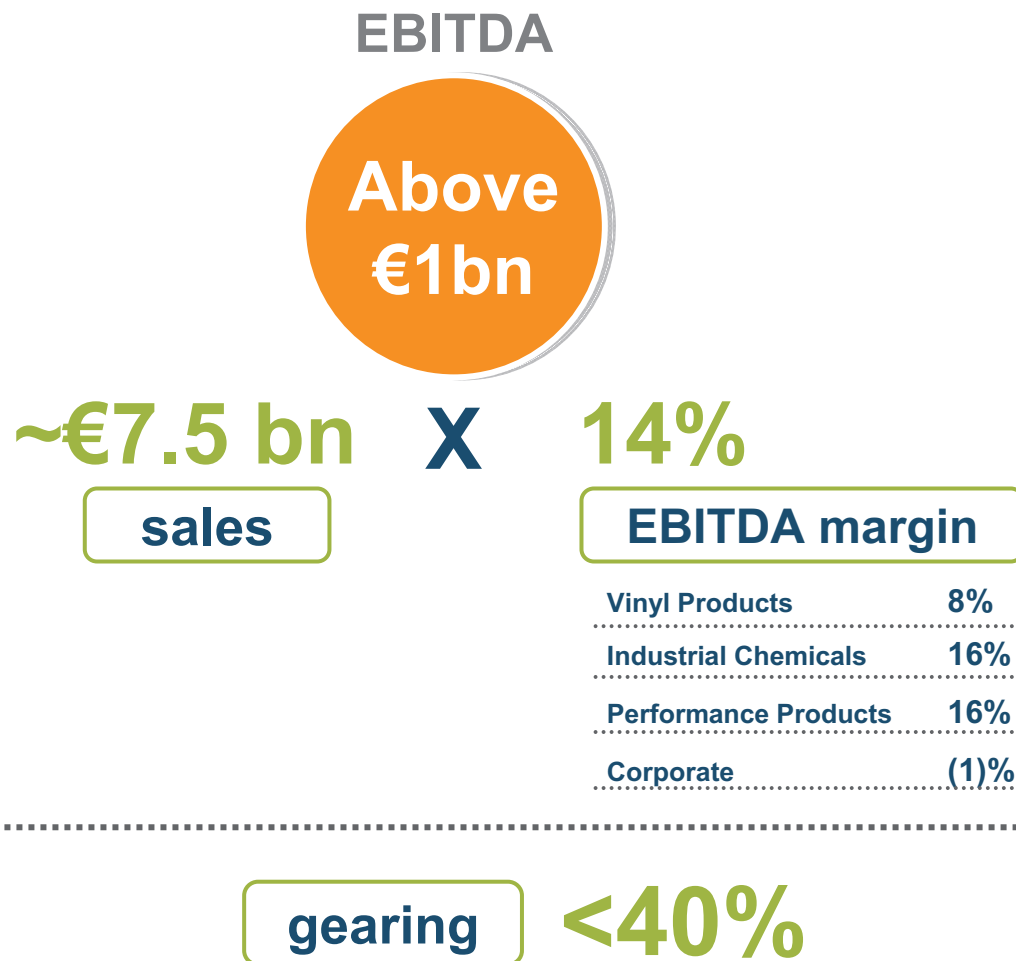
- Increase presence in emerging countries
- Strong emphasis on innovation from sustainable development

Maintaining strict cost control and strong balance sheet

Promoting an entrepreneurial culture



Our ambition for 2015: a new breakthrough



Assumptions:

- Mid-cycle conditions in a normalized environment
- Worldwide GDP growth at 3% / yr over the period
- Oil price and raw material index at current levels
- €/\$ exchange rate at 1.35



Continuity of strategy but acceleration of growth component

Competitiveness



- Strict control of fixed and variable costs
- On Vinyls, - €50m net cost reductions

Emerging countries



+60% sales

Innovation



€400m new sales

Selective M&A

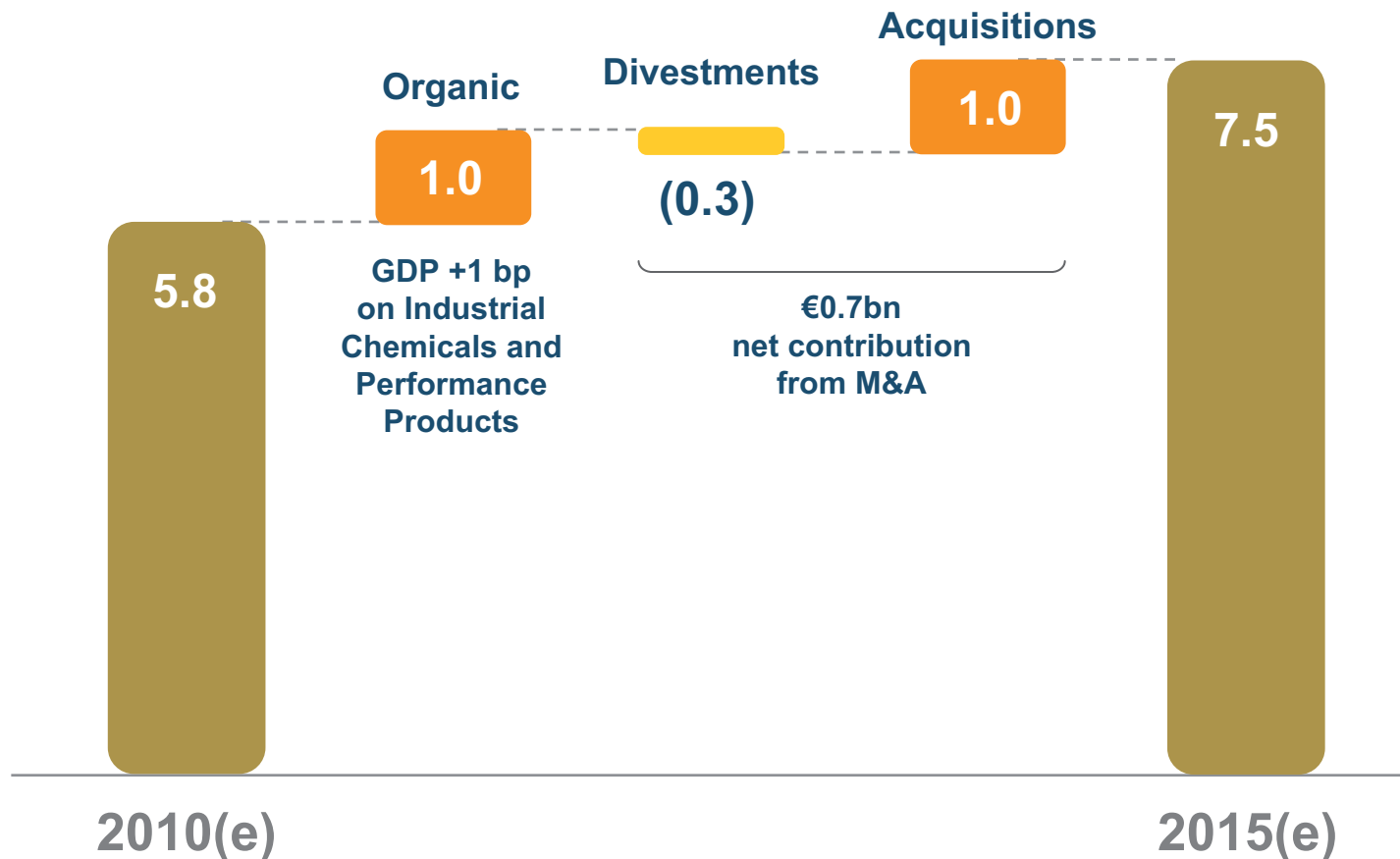


€700m net additional sales

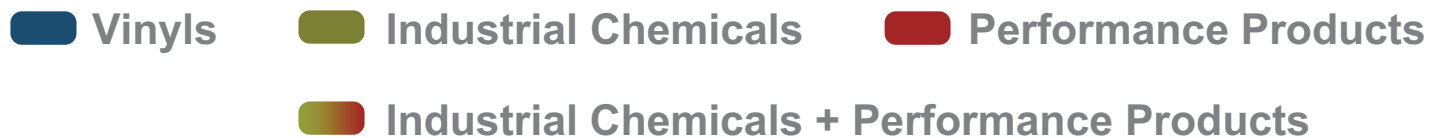
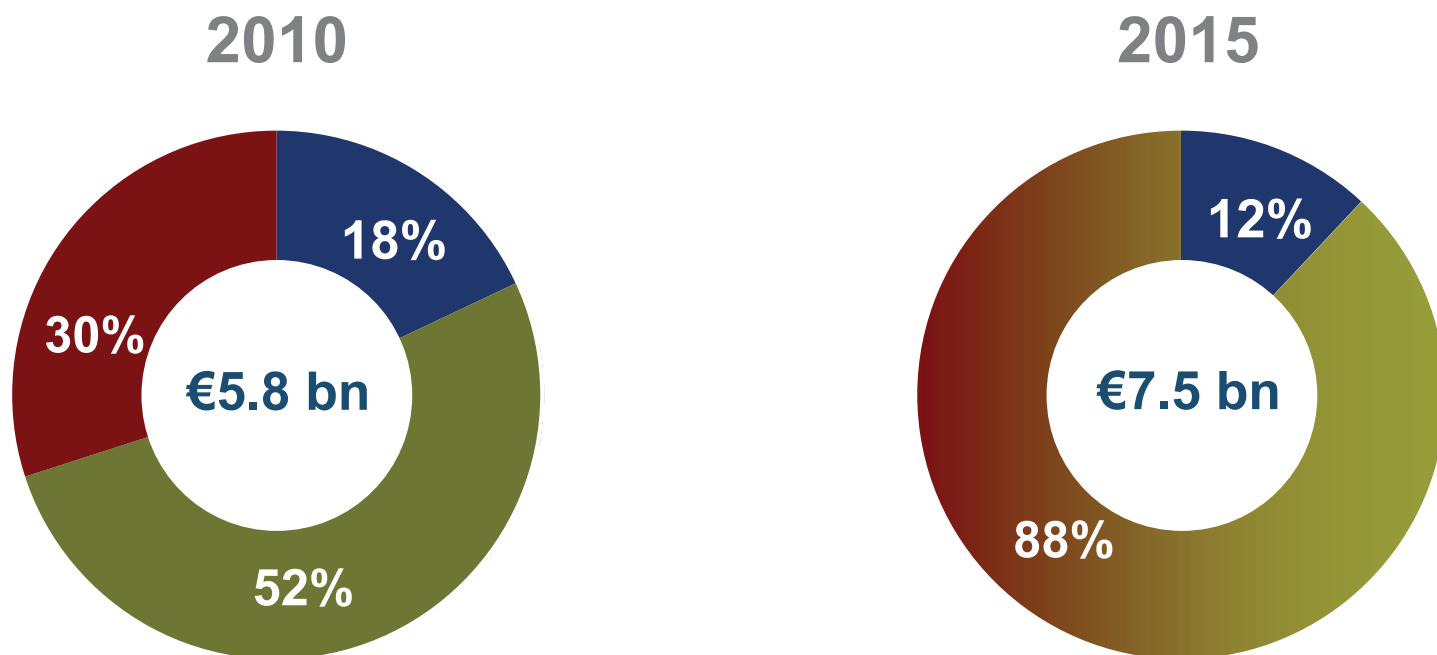
In 2015 versus 2010

Our analysis on... sales bridge

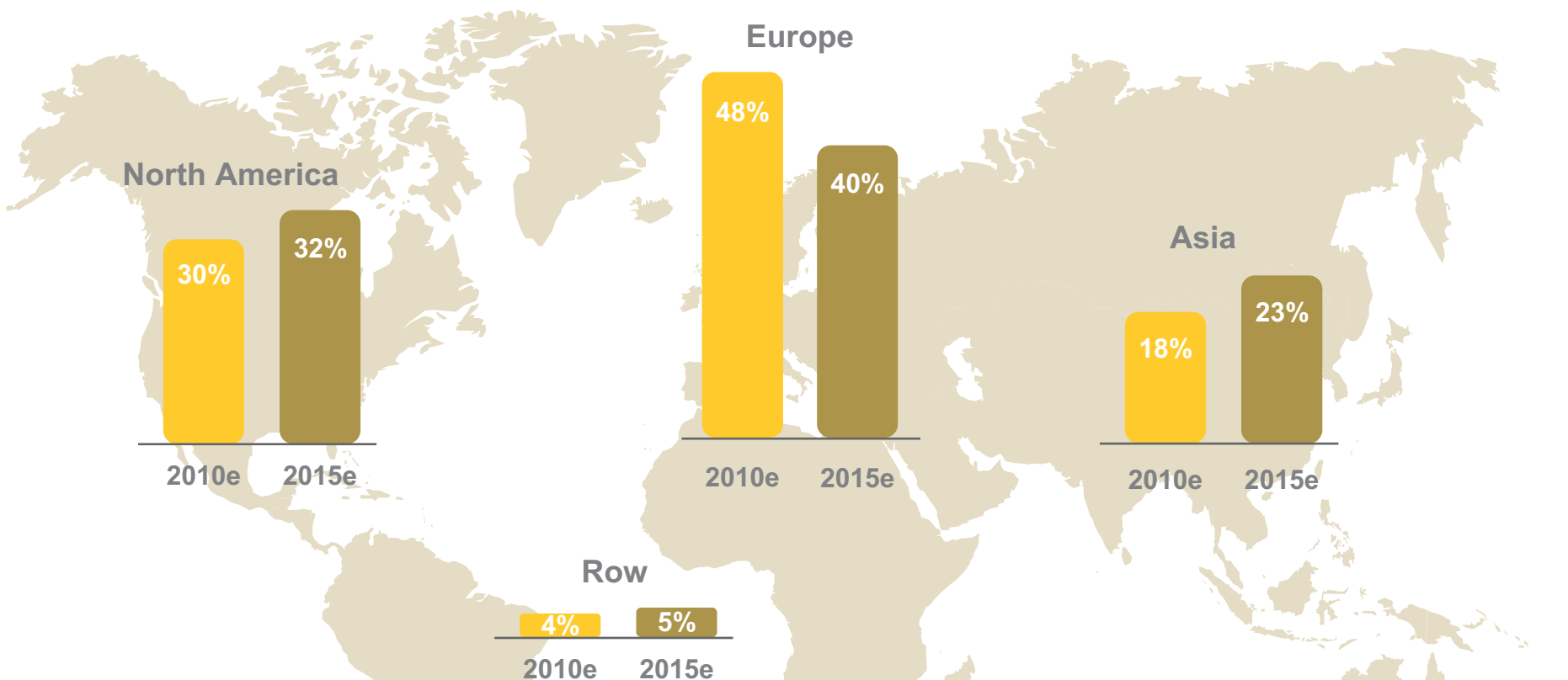
Sales (€bn)



Our analysis on... sales by segment



Our analysis on...sales by region



● Emerging countries

- +60% sales in next five years
- 1/3 to 1/2 of growth capex
- On track: HFC-125, PVDF, Coatex, Acrylic emulsions, Polyamides
- Under thoughts: Acrylics and methacrylates monomers, Thiochemicals



Superior underlying growth

Business	Main end-markets	Growth drivers
Thiochemicals	Animal nutrition Refineries / Petrochemicals	Increasing poultry consumption Projects in Asia and Middle-East Stronger regulations on sulfur content
Acrylics	Coatings Superabsorbants (hygiene) Water treatment Enhanced O&G recovery	Substitution to higher performance formulations Aging population in mature markets Baby diapers in China / India Need for water purification Shale gas
Methacrylates	Electronics	Emerging LED TV market
Fluorochemicals/ Fluoropolymers	Air-conditioning New energies Water treatment	Next-generation products, lower VOC products Development of photovoltaic, lithium-ion batteries Acces to drinking water in developing countries
Hydrogen Peroxide	Detergents Water treatment	Increasing green cleaning Increasing waste-water treatment
Polyamides	Automotive Oil & Gas Renewables	Lightweight vehicles Increasing deep offshore fields and natural gas distribution pipelines Booming bio-plastic demand
Specialty Chemicals	Filtration and adsorption	Gas separation



Strategic priorities by segment

Vinyl Products

- Continue to refocus on best sites and reinforce competitiveness
- Open to partnerships

Industrial Chemicals

- Develop acrylic downstream
- Increase manufacturing presence in Asia
- Strengthen partnerships with customers on a multi-region and multi-BU approach
- Selective investment on mega-trends

Performance Products

- Innovate on sustainability
- Support strong Asian development through local manufacturing
- Balanced external and organic growth
- Pursue acquisitions of small start-ups for tomorrow's chemicals



Conclusion

- **We deliver constantly on our targets**
- **Very promising platform for future growth**
- **Successfully repositioned on higher value markets with strong potential on sustainability**
- **Confident on 2011 both on acrylic momentum and benefits from internal projects**
- **Ambitious target for 2015 leading to significant further value creation**
- **Cautious acquisition strategy with strict financial criteria**

Turning Arkema into an industry leader



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- 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 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 3Q'10 results press release available on www.finance.arkema.com
- A global chemical company and France's leading chemicals producer, Arkema is building the future of the chemical industry every day. Deploying a responsible, innovation-based approach, we produce state-of-the-art specialty chemicals that provide customers with practical solutions to such challenges as climate change, access to drinking water, the future of energy, fossil fuel preservation and the need for lighter materials. With operations in more than 40 countries, 14,000 employees and seven research centers, Arkema generates annual revenue of around €5.8 billion and holds leadership positions in all its markets with a portfolio of internationally recognized brands. The world is our inspiration.

