



# General Meeting

*5 june 2007, Paris*

## Arkema - Recent History

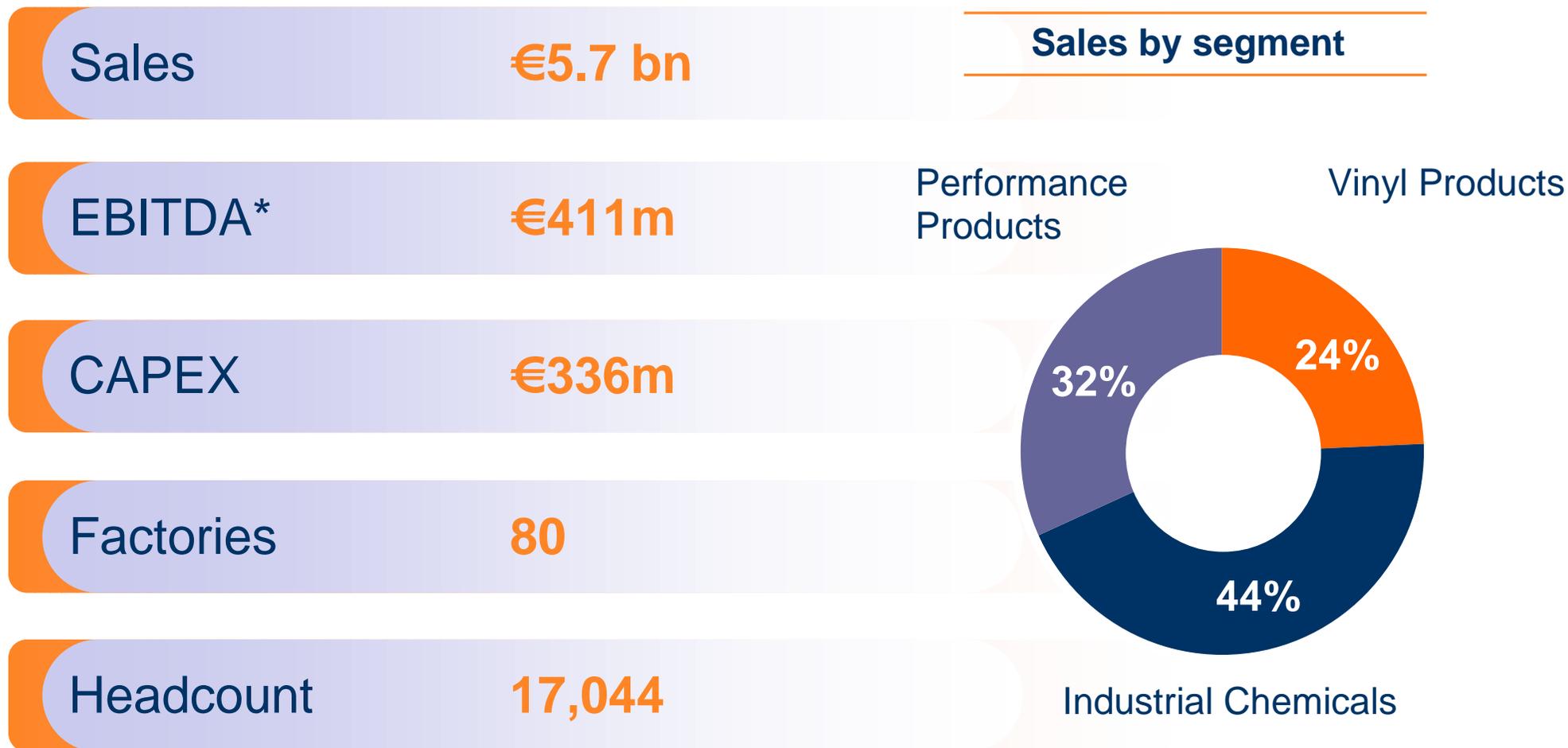
Creation of Arkema, **1 October 2004**

Initial Public Offering, **18 May 2006**

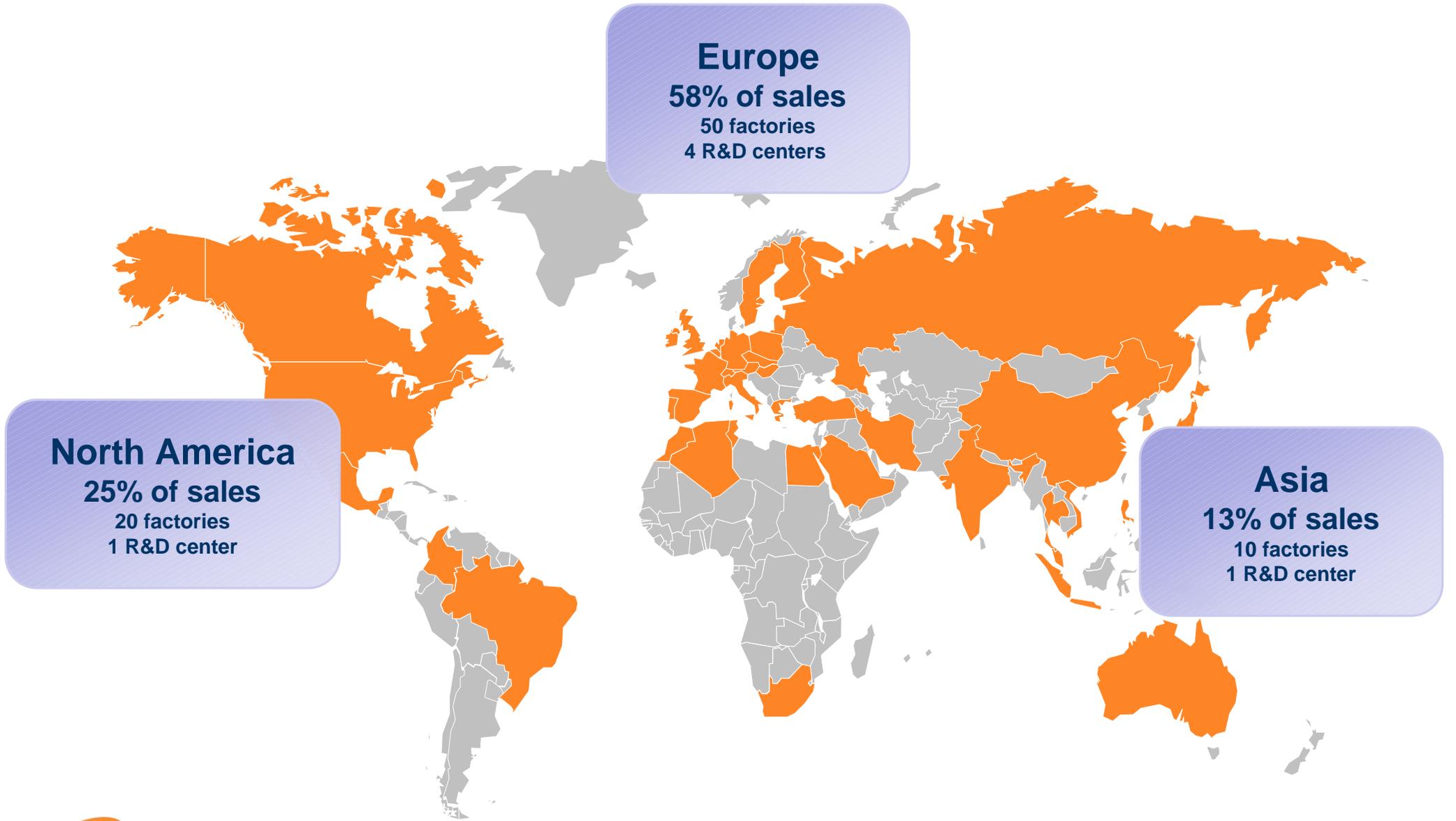
Eligibility for SRD, **27 March 2007**

First General Meeting of Shareholders, **5 June 2007**

# ▶ A major player in the global chemical industry



 **Active in more than 40 countries**



# ▶ Vinyl Products

▶ **Highly integrated business from chlorine to the production of PVC**

▶ **N°3 in Europe**

▶ Improving competitiveness

▶ Moving towards the diversification of PVC products



# ▶ Industrial Chemicals

- ▶ Five major chemical intermediates
- ▶ Leading global positions

➤ Growth in Asia

➤ Expansion of the best production facilities



# ▶ Performance Products

- ▶ Technologically sophisticated products for specific applications

- ▶ Brands internationally recognised

↳ Innovative R&D

↳ Cost reductions

↳ Management of the business portfolio



# Review of 2006

A strong dynamic of change

## Economic environment in 2006

Rising raw material and energy prices

Strong growth in Asia

Slower US growth during the 2nd semester

Satisfactory demand level in Europe

Reduction in unit margins in acrylics

## ▶ Results ahead of our targets

	Objectives 2006		Actual 2006 performance
EBITDA growth	10% to 15%	➔	+18.4%
Net income, group share	> 0	➔	€ 45m
Cash flow (before pre-spin off NR items)	> 0 from 2007	➔	€79m from 2006
Gearing	30% to 40%	➔	28%*

# ▶ A year of significant achievements



**ACRYLICS**



**HYDROGEN PEROXIDE**



**SULFUR CHEMICALS**



**NEW HEADQUARTERS**



**CHLORO CHEMICALS**



**ALTUGLAS/PLEXIGLAS\***



**AGROCHEMICALS**

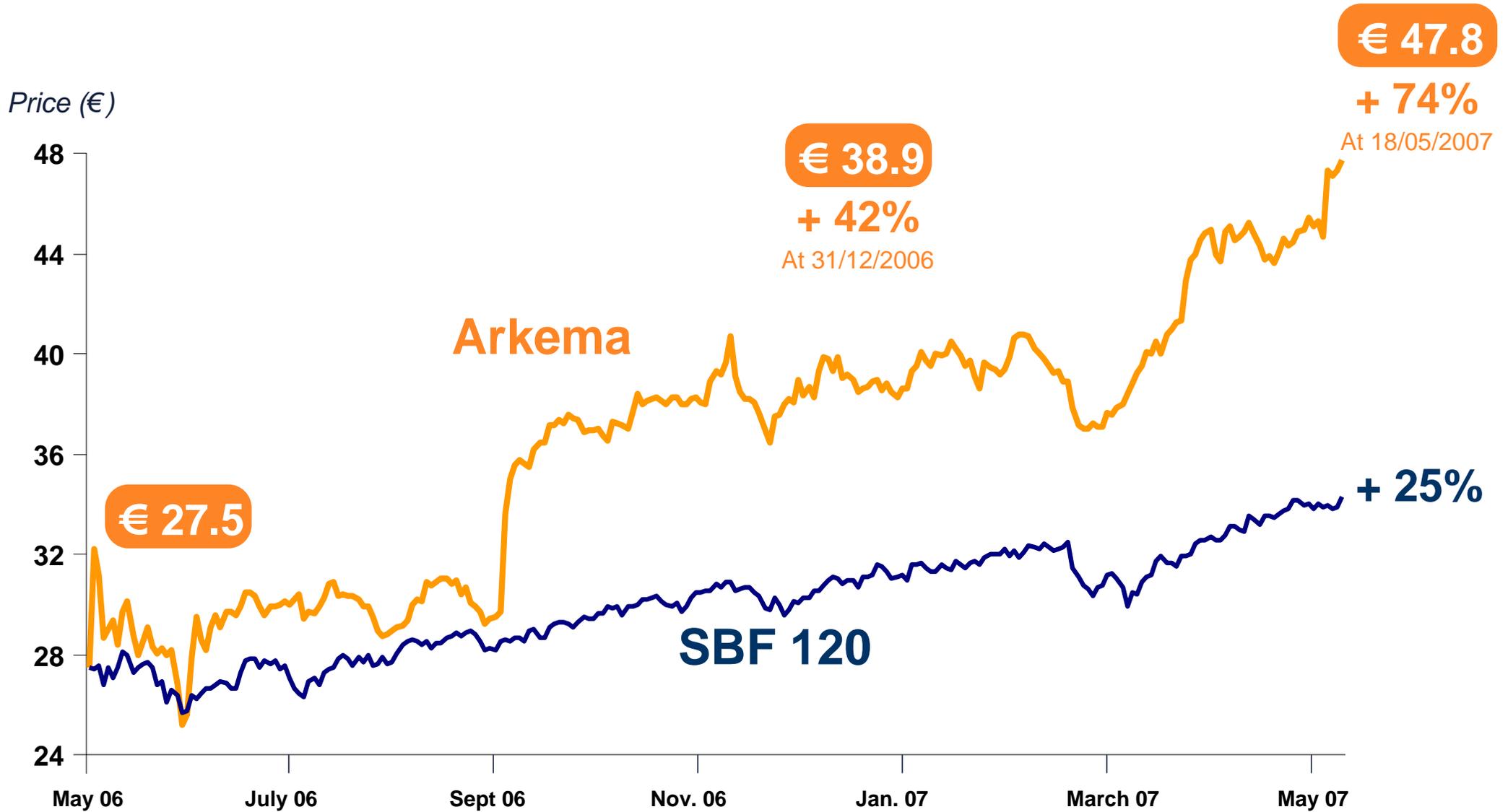


**RILSAN CLEAR**



**MOLECULAR SIEVES**

# ▶ Strong share price performance



 **End-2006:** a different company, showing significant progress

A successful spin-off

Performance ahead of targets

Simplified and more efficient structure

Many value-creating projects

Very solid balance sheet

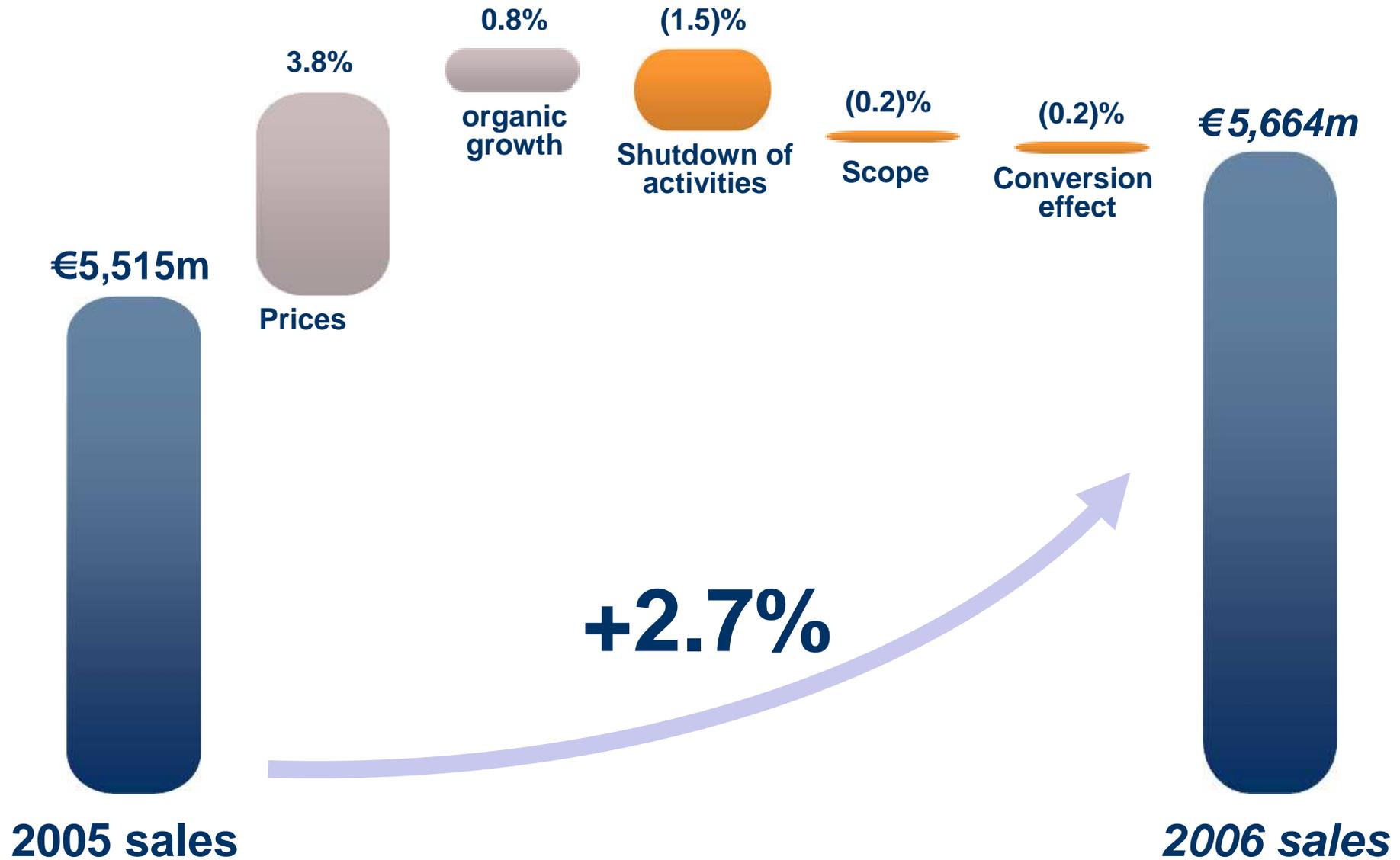
 The foundations for strong performance

# 2006 Results

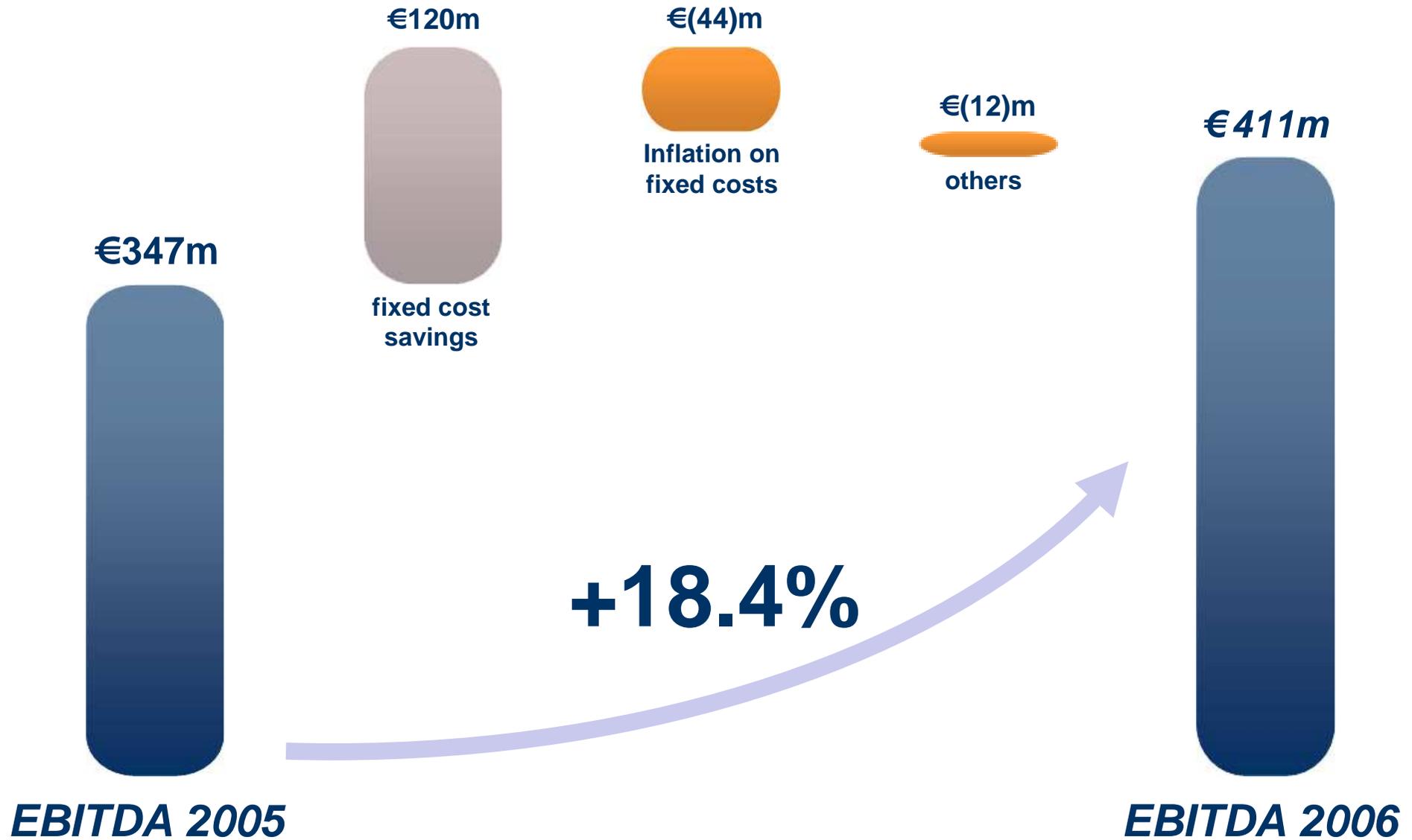
## ▶ Strong improvement in earnings

€m	2004*	2005*	2006	Change 2005-2006
Sales	5,137	5,515	<b>5,664</b>	<b>+2.7%</b>
EBITDA	295	347	<b>411</b>	<b>+18.4%</b>
<i>EBITDA margin</i>	5.7%	6.3%	7.3%	
Recurring operating income	11	125	<b>200</b>	<b>+60.0%</b>
<i>Recurring operating income/sales</i>	0.2%	2.3%	3.5%	
Other income and expenses	(596)	(496)	(92)	
Cost of debt	(2)	(7)	(10)	
Tax	(30)	(39)	(59)	
Other	(1)	(10)	6	
Net income (group share)	<b>(618)</b>	<b>(427)</b>	<b>45</b>	

# ▶ Increase in selling prices



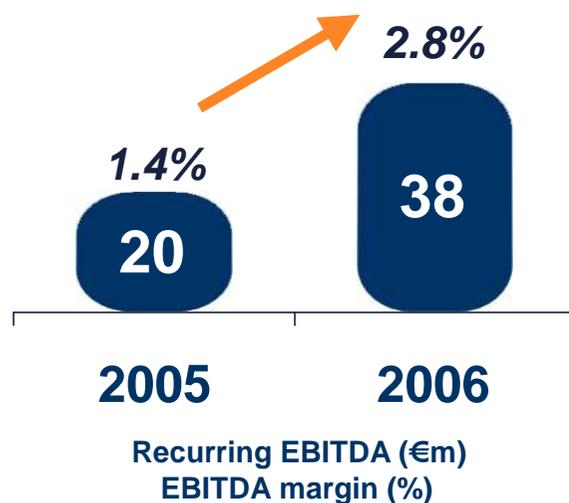
# High impact of productivity initiatives



# Stronger business segments

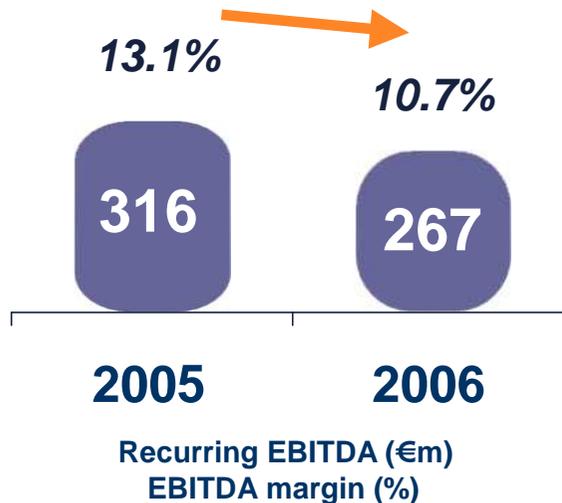
## Vinyl Products

Implementation of consolidation plan



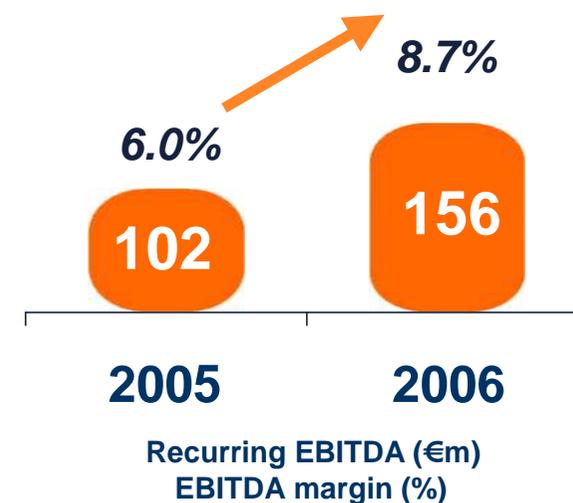
## Industrial Chemicals

Good resistance under a less favourable environment

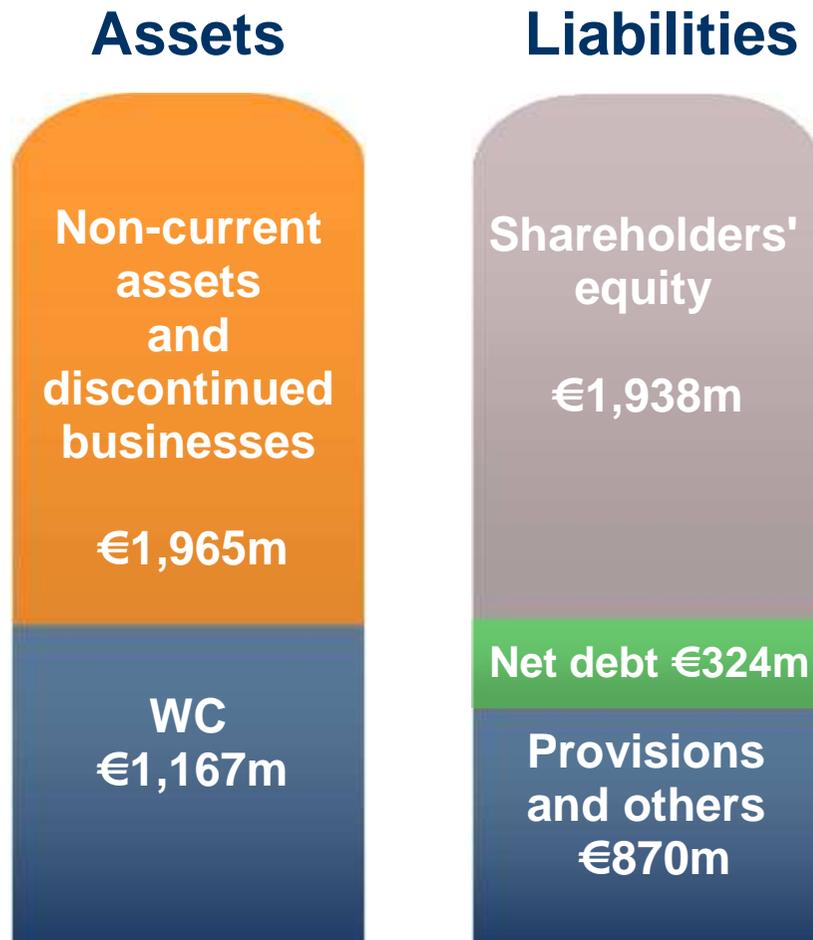


## Performance Products

Strong improvement of margin



# ▶ A solid balance sheet



Ratio: **17%\***

## ▶ Positive cash flow

€m	Reference position	Position at 31/12/2006
Net debt	567	324
Pre-spin off capital issue	(532)	-
Pre-spin off NR items	580	212
Net debt + pre-spin off NR items	615	536

Positive cash flow\* of €79m

# 2010 prospects

Strong ambition

## Our challenges

Reaching margin levels that are close to the best

Capture growth in emerging economies

Develop the products of the future

Make sustainable development into an opportunity

Improve ability to withstand economic cycles

 Permanent evolution in a changing world

## ▶ Stepping up the pace of strategy implementation

### Strategic focus

- ▶ **Strengthen manufacturing excellence**
- ▶ **Enhance our presence in Asia**
- ▶ **Develop market-driven innovation**

### Solid foundations

**culture and  
organization**

**strong  
balance sheet**

**lean  
corporate**

**sustainable  
development**

# ▶ Strengthen manufacturing excellence

Industrial safety

Costs  
optimisation

World-  
scale  
sites



*Calvert City Site - USA*

Energy  
efficiency

**Modern competitive factories**

# ▶ Enhance our presence in Asia

Hydrogen peroxide

Targeted investment

Acrylics

Improved customer support

Industrial and commercial partnerships

PMMA

Additives

Polyamides

Fluorochemicals



*Changshu Platform - China*

**Increase investment levels (€50m per year)**

# R&D: a source of growth for Arkema

**KING OF PRUSSIA**

**SERQUIGNY**

**CARLING**

**LACQ**

**PIERRE-BÉNITE**

**KYOTO**



***6 centers***

***160 patents per year***

***3% of sales***

***1,350 researchers***

# ▶ Develop market-driven innovation

Pebax<sup>®</sup>, Orgasol<sup>®</sup>, Siliporite<sup>®</sup>, Nanostrength<sup>®</sup>, Altuglas<sup>®\*</sup>, Plexiglas<sup>®\*</sup>, Orevac<sup>®</sup>, Blockbuilder<sup>®</sup>, Rilsan<sup>®</sup>, Graphistrength<sup>®</sup>...



Projects for long-term change

Developing new applications for the Industrial Chemicals' products

Increasing the share of new products in Performance Products

**Research success prepares for the future**

## Dynamic development of the business portfolio

Sale of non-strategic assets generating €400m in sales

-  Disposal of Cerexagri (agrochemicals)
-  Disposal of specialty amines (Riverview, USA)
-  Disposal of urea-formaldehyde resins (Leuna, Germany)

Acquisitions in our core businesses generating €500m to €800m in sales

 **Sustainable development at the core of our projects**

 **Contribute to energy savings**

 **Take advantage of new regulations**

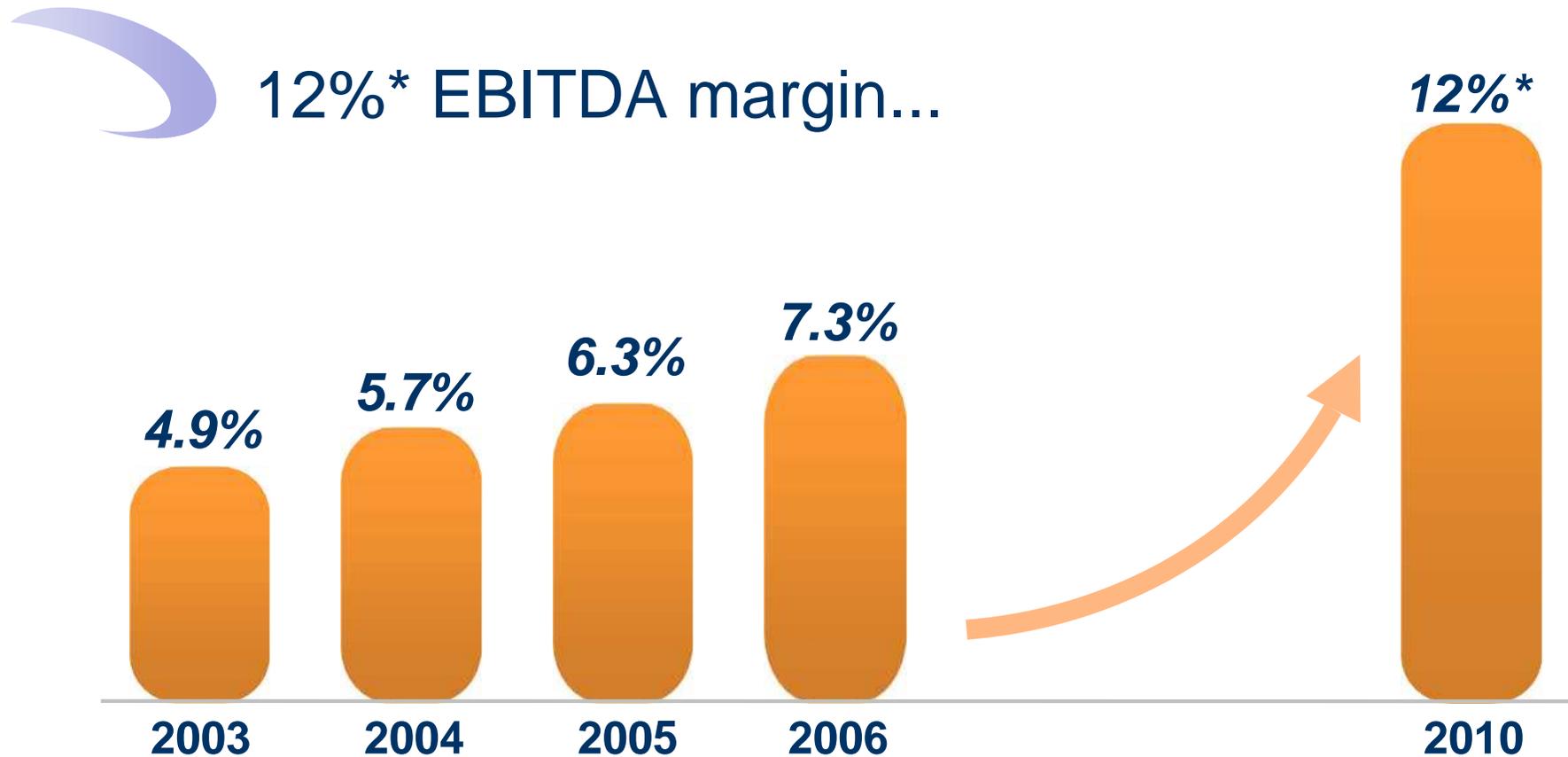
 **Reduce our greenhouse gas emissions**



 **Expanding use of renewable raw materials**

 **Improve the integration of our businesses in their local context**

## Ambitious targets for 2010



 ... with gearing held at below 40%



*Continuing the transformation  
and development of Arkema to pave  
the way to tomorrow's chemicals  
industry: responsible, innovative,  
competitive and value creating.*

# Governance

# ▶ Constitution of the Board of Directors

Created for the spin-off on 18 May 2006

Six of the eight directors are independent

A wide range of high-level expertise

Creation of 2 committees:

- ▶ The Nominating and Compensation Committee
- ▶ The Audit and Accounts Committee

# ▶ Experienced management team



2 meetings per month

6 meetings per year

# ▶ Nominating and Compensation Committee

Proposes the composition and organization of the Board of Directors

Assesses the independence of directors

Sets directors' attendance fees

Approves remuneration policy

Sets remuneration for the Chairman and members of the Executive Committee

Prepares the Board's self-assessment review



B. Kasriel

F. Enaud

T. Morin  
Chairman

# ▶ The Audit and Accounts Committee

Proposes the appointment of Auditors

Examines accounts and accounting principles and methods

Reviews internal control procedures

Approves remuneration policy

Examines the work of auditors



**P. Vassor**  
**Chairman**

**JP. Seeuws**

**L. Mignon**

# Voting

## Resolution n°1, ordinary

APPROVAL OF THE ARKEMA S.A. PARENT COMPANY  
FINANCIAL STATEMENTS FOR YEAR ENDED  
DECEMBER 31, 2006

 Parent company net income €18.1 million

## Resolution n°2, ordinary

APPROVAL OF THE CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
ON DECEMBER 31, 2006

 **Net income, Group share: €45 million**

## Resolution n°3, ordinary

### ALLOCATION OF EARNINGS

-  Net income for the year: 18,124,589.06 euros
-  To be allocated in its entirety to "Retained earnings"

## Resolution n°4, ordinary

### AGREEMENTS COVERED BY ARTICLE L.225-38 of the French Commercial Code

-  **Auditors' special report on agreements covered by article L.225-38 of the French Commercial Code concluded or continued during the year of 2006**

## Resolution n°5, ordinary

### RATIFICATION OF TRANSFER OF THE COMPANY'S REGISTERED OFFICE

-  **420, rue d'Estienne d'Orves  
92700 Colombes  
FRANCE**

## Resolution n°6, ordinary

### APPROVAL OF THE CO-OPTATION OF M. TIDJANE THIAM

-  **Duration of Mandat: To the conclusion of the Annual General Meeting held in 2009 to approve the 2008 financial statements**

## Resolution n°7, ordinary

### AUTHORIZATION FOR THE BOARD OF DIRECTORS TO IMPLEMENT A SHARE BUYBACK

-  **Minimum purchase price €60 per share**
-  **Maximum number of shares held: 10% of shares comprising the share capital**
-  **Maximum authorized amount: €200 million**
-  **Period of authorization: 18 months**

## Resolution n°8, extraordinary

**AUTHORIZATION FOR THE BOARD OF DIRECTORS  
TO REDUCE THE SHARE CAPITAL BY CANCELLING  
SHARES**

-  **Authorized maximum: 10% of the Company's capital**
-  **Period of authorization: 24 months**

## Resolution n°9, extraordinary

### POWERS FOR FORMALITIES

## 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 materials 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 related to 2005 are extracted from pro forma financial statements presented in the 2006 reference document. Financial information for 2006 are extracted from the consolidated financial statements of ARKEMA. Quarterly financial information are not audited.

The business segment information is presented in accordance with ARKEMA's internal reporting system used by the management.

A global chemical player, ARKEMA consists of 3 coherent and related business segments: Vinyl Products, Industrial Chemicals, and Performance Products. Present in over 40 countries with 17,000 employees, ARKEMA achieves sales of 5.7 billion euros. With its 6 research centers in France, the United States and Japan, and internationally recognized brands, ARKEMA holds leadership positions in its principal markets