

Arkema

**Nomura Global Chemical
Industry Leaders Conference**

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CFO



Rome, 23rd March, 2012

Principles applied for FY'11 and 4Q' consolidated accounts

Consolidated statements were prepared in accordance with IFRS 5 rules following the announcement on November 23rd, 2011 of a project to divest Vinyls.*

Income statement excludes Vinyls for both 2011 and 2010

- Vinyls are accounted for as discontinued operations

Balance sheet excludes Vinyls only in 2011

- Vinyls are accounted for as assets or liabilities held for sale

Cash flow statement includes Vinyls for both 2011 and 2010

- Cash flow from Vinyls are mentioned as cash flow from discontinued operations for both 2011 and 2010

* Project subject to the legal information and consultation process involving the workers councils in the various entities and countries concerned, and to the approval of antitrust authorities



Full year 2011 overview*

* In application of IFRS 5 rules, Vinyls activities subject to a divestment project are accounted as discontinued operations



Full year 2011 highlights

Arkema delivers record full year earnings with 28% EBITDA growth

- € 1,034m EBITDA continuing operations
 - € 1,010m EBITDA including Vinyls
- } fully in line with guidance
- Globally favorable market conditions
 - Strong benefits from expansions in China and growth from innovation in specialty polymers
 - Solid 4th quarter despite significant and temporary destocking at customers
 - 27% gearing including large acquisitions

➤ **High-range profitability**

Accelerate transformation momentum

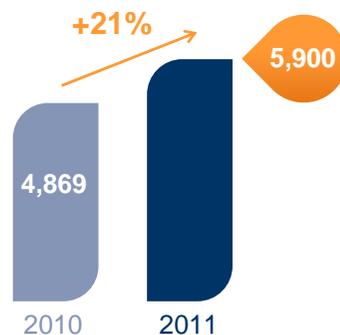
- Acquisition of Total specialty resins and Seppic specialty chemicals
- Acquisition of Hipro and Casda in China closed February 1st, 2012
- Project to divest Vinyls*

➤ **Group profile strengthened**

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Record EBITDA above € 1 bn

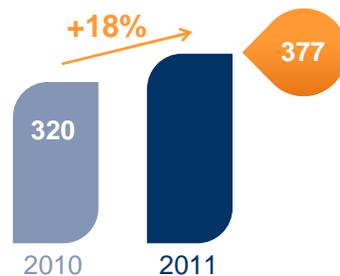
Sales (€m)



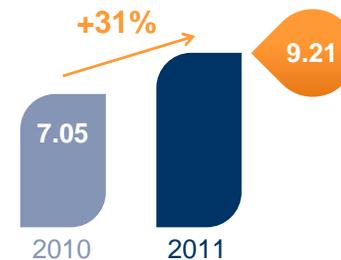
EBITDA (€m) & *EBITDA margin (%)*



Free cash flow* (€m)
of continuing operations



Adjusted EPS (€)
diluted



* Free cash flow = cash flow including non-recurring items and excluding impact from M&A

A year of major portfolio change

FY'11 proforma sales
(€m)



* Project remains subject to the legal information and consultation process involving the workers councils in the various entities and countries concerned, and to the approval of antitrust authorities

Acquisition of Total specialty resins

Highlights

- Closing on July 1st, 2011 and successful integration
- +€ 408m net sales in 2H'11
- Our ambition: build a global leader in specialty coating materials
- Benefit from upstream acrylic acid



Main developments



- **A unique comprehensive offer combining** *Arkema coating resins, Coatex additives, Sartomer UV-curing resins, Kynar[®], Aquatec[®], etc.*
- **Innovation:**
 - Launch of global ENCOR[™] emulsion range
 - New Celacor[™] opaque polymer for partial replacement of TiO₂
 - Innovation award to waterborne bio-sourced alkyd Synaqua[®] resin
- **Capacity expanded in Malaysia and future new unit in Changshu**
- **Synergies from integration** (*manufacturing, SG&A*)

Acquisition of Specialty Chemicals from SEPPIC

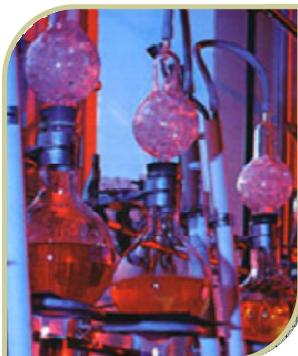
Highlights

- Closing on December 31st, 2011
- € 53m sales in 2011
- World class industrial site in Antwerp (Belgium)
- Strong growth potential (+5% / year)
- Excellent profitability (similar to Arkema level)

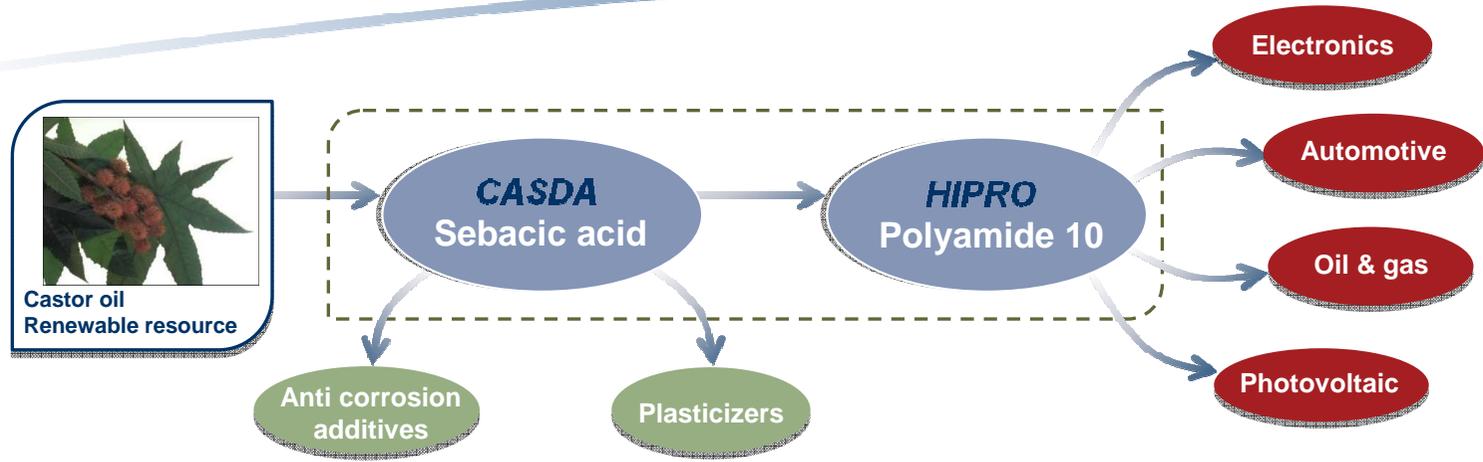


Expected developments

- Complementary products for Specialty Chemicals business unit
- Support growth of new rheology additives offered by Coatex
 - Thickeners or pigment dispersants for coatings
 - Concrete additives for high-tech civil engineering
- Possible expansion of production capacity in Antwerp



Acquisition of Hipro Polymers and Casda Biomaterials (China)



Highlights

- \$ 230m sales (2011 proforma)
- 750 employees, 2 plants
- Enterprise value of \$ 365m
- Closing on February 1st, 2012

Perfect fit with our strategy

- Asia
- Bio-sourced
- Innovation
- High performance

Update on Vinyls divestment project

■ Project to sell the Vinyl Products segment to Klesch Group

- Project announced on November 23rd, 2011
- #3 European PVC player behind Ineos and SolVin
- 2,630 employees
- € 1,090m sales

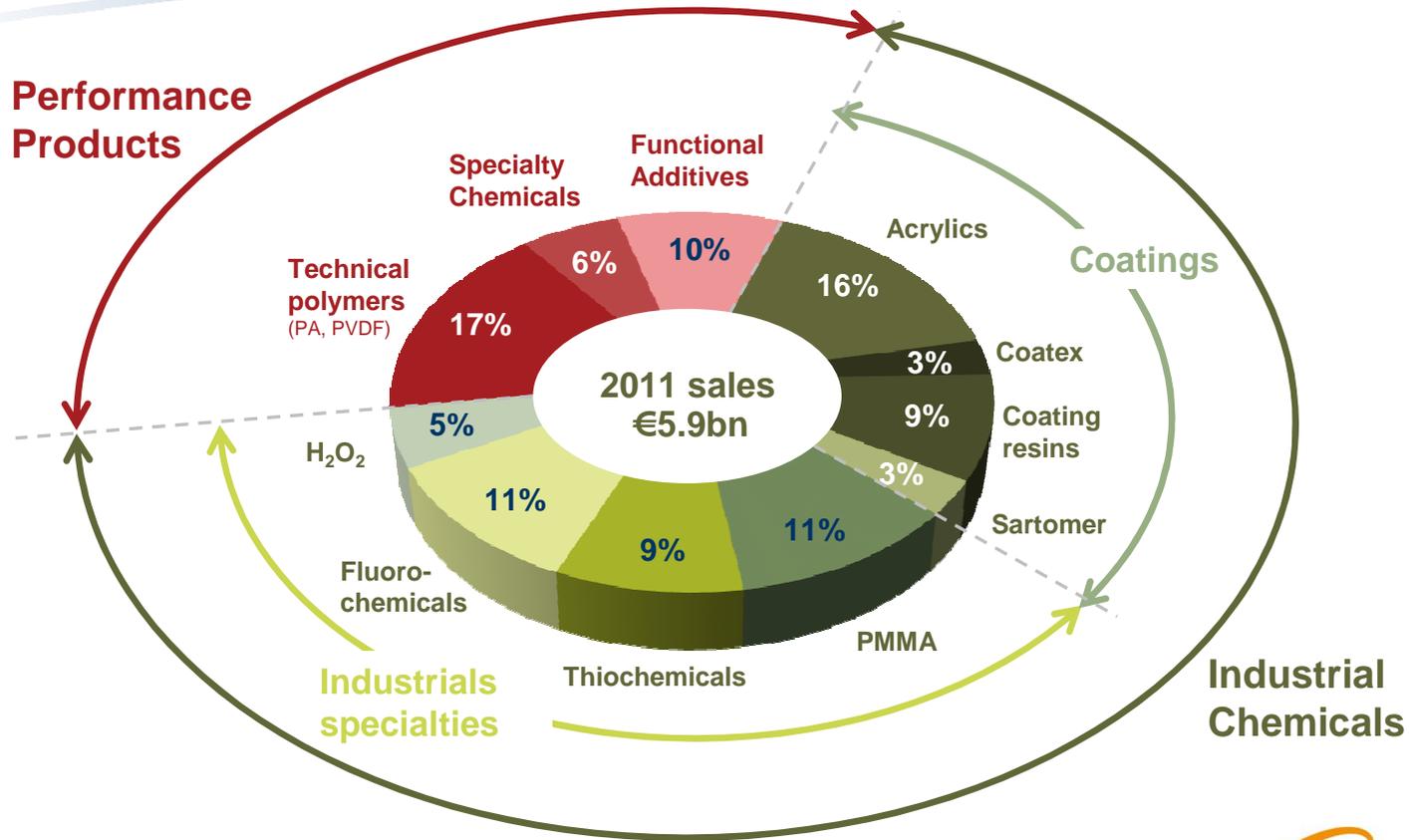
■ Closing expected mid 2012 subject to:

- Ongoing information / consultation of relevant workers councils
- Approval by relevant antitrust authorities

■ Impact on 2011 financial statements

- € (587) m in P&L
- € 264 m PPE fully written off
- € (73) m net liabilities held for sale including € (61) m provisions to be transferred, € 139 m working capital and € (151) m provisions mainly relating to working capital
- € 22 m deferred tax assets recognized

Sales breakdown





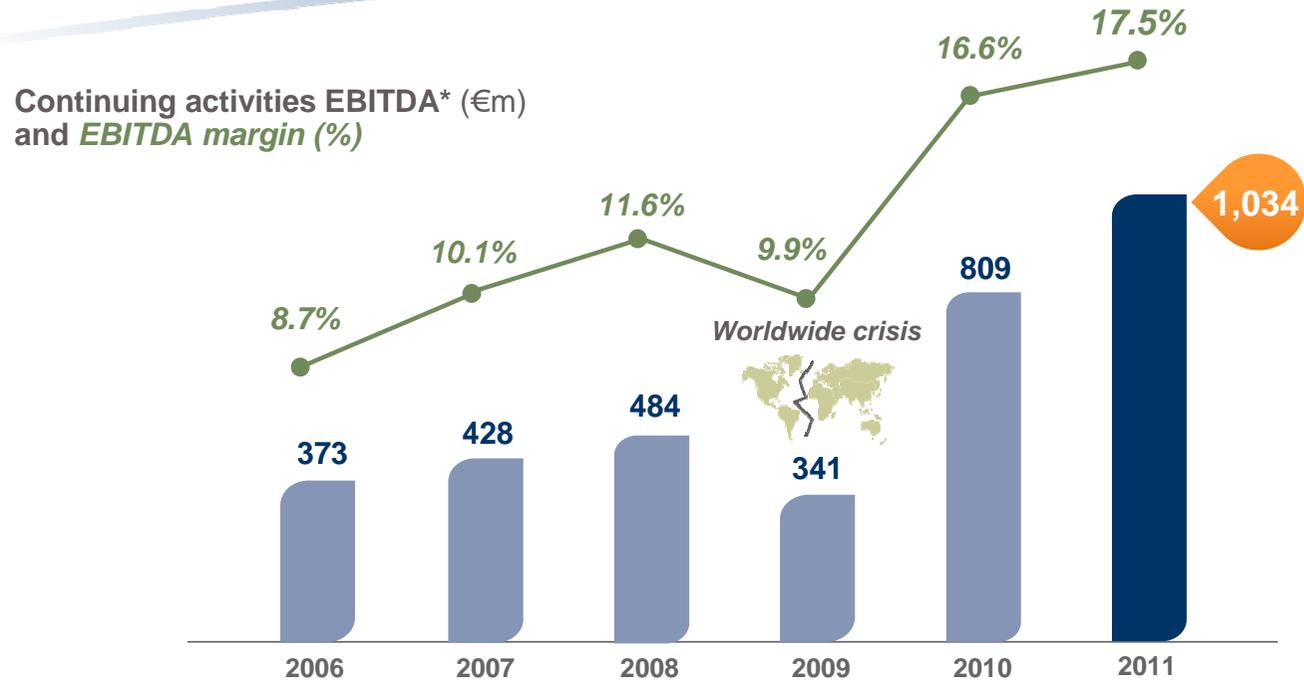
Financials performance*

* In application of IFRS 5 rules, Vinyls activities subject to a divestment project are accounted as discontinued operations



ARKEMA
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Higher profitability and greater resilience

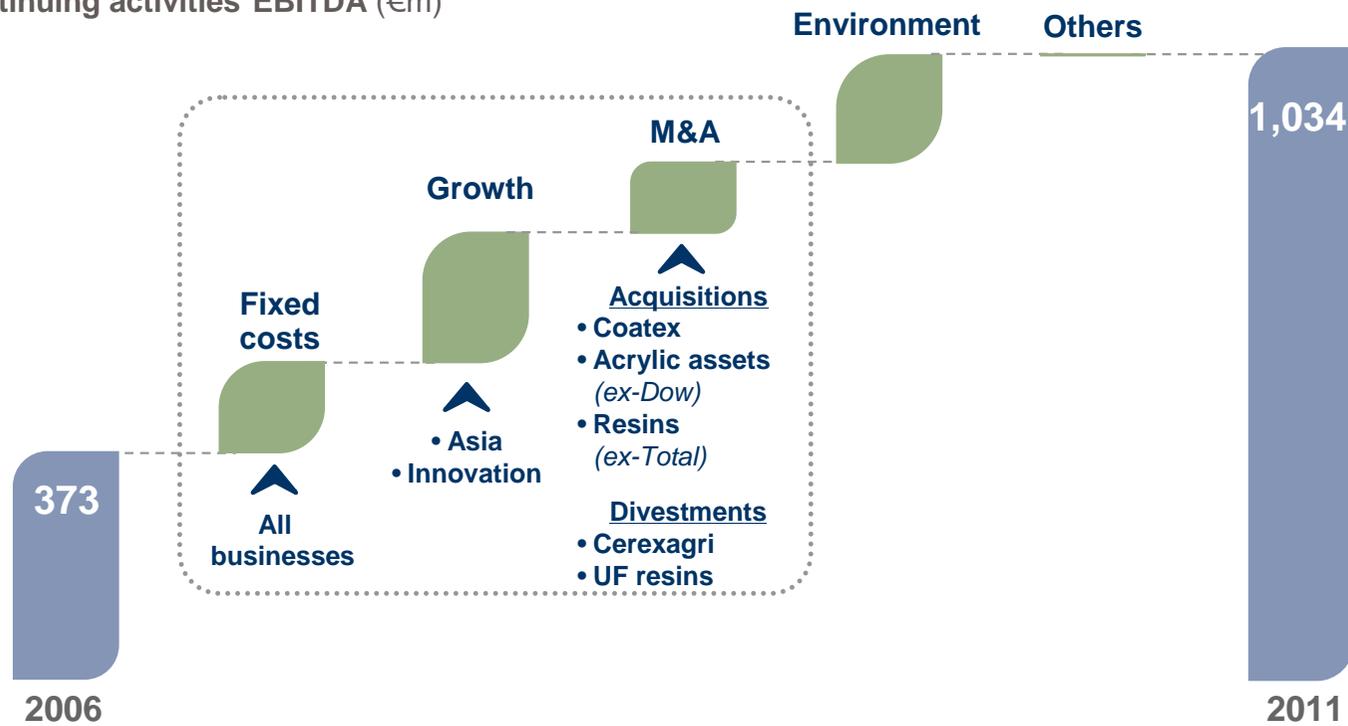


Net debt unchanged at ~ € 600 m

* From 2006 to 2009, figures exclude results of the whole Vinyl Products segment. For 2010 and 2011, figures exclude Vinyls business subject to a divestment project
Project to divest Vinyls remains subject to the legal information and consultation process involving the workers councils in the various entities and countries concerned, and to the approval of antitrust authorities

3/4 of EBITDA growth comes from structural strengthening

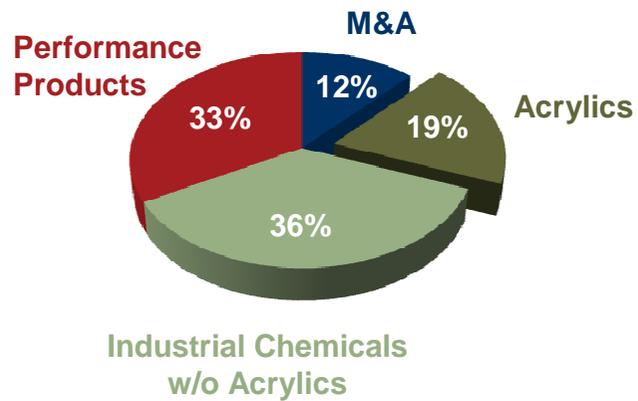
Continuing activities EBITDA (€m)



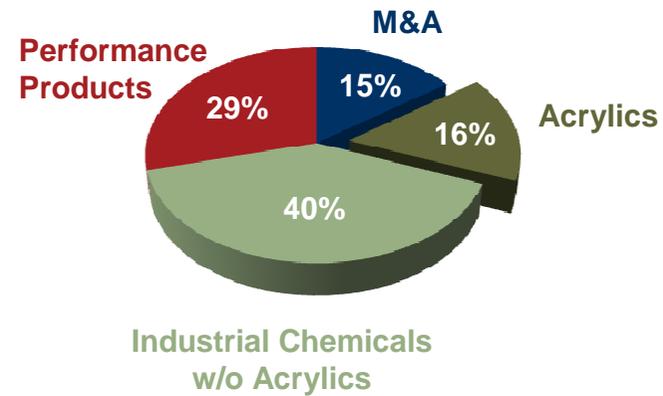
Contribution of product lines to EBITDA growth

Continuing activities (excluding corporate)

2011 vs 2010 : +€240m



2011 vs 2006 : +€648m



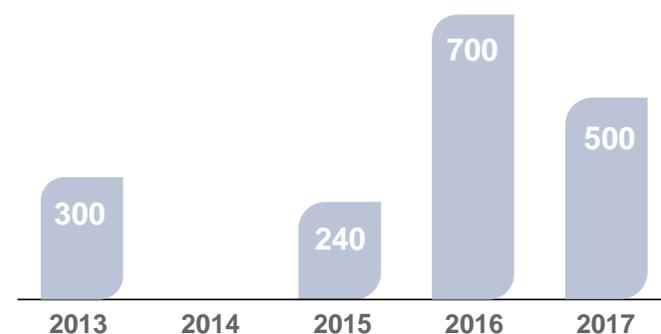
80% EBITDA growth in other lines than Acrylics

Strong balance sheet maintained

<i>in €m</i>	31 Dec. 2010	31 Dec. 2011
Net debt	94	603
Shareholders' equity	2,240	2,217
Net provisions*	702	686
Non-current assets**	2,379	2,693
Net working capital	785	960
Capital employed	3,164	3,653

- 27% gearing
- 0.6x net debt / EBITDA
- Provisions include:
 - € 261m pensions
 - € 72 m restructuring
 - € 127m environment
- €347m unrecognized DTA end 2011

Maturity of financial debt (€m)



- New € 700 m syndicated credit line signed in July 2011 with 2016 maturity
- Average maturity > 4 years
- More than € 1.2 bn available after 5 years

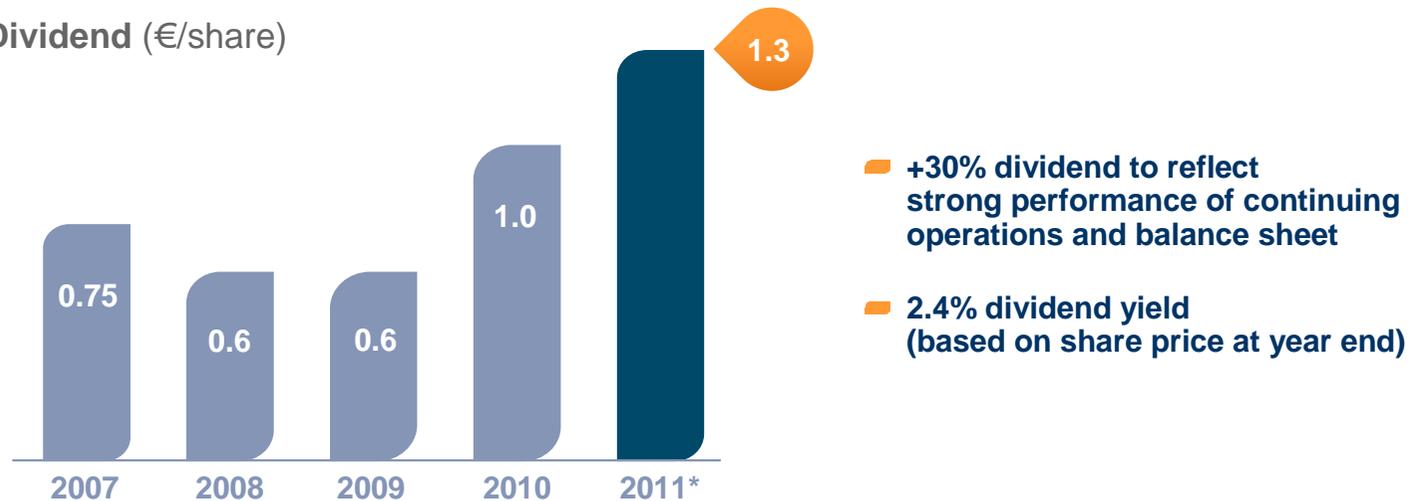
Balance sheet items include Vinyls in 2010 and excludes Vinyls business subject to a divestment project in 2011

* Provisions net of non-current assets.

** Excluding deferred income tax assets

Dividend

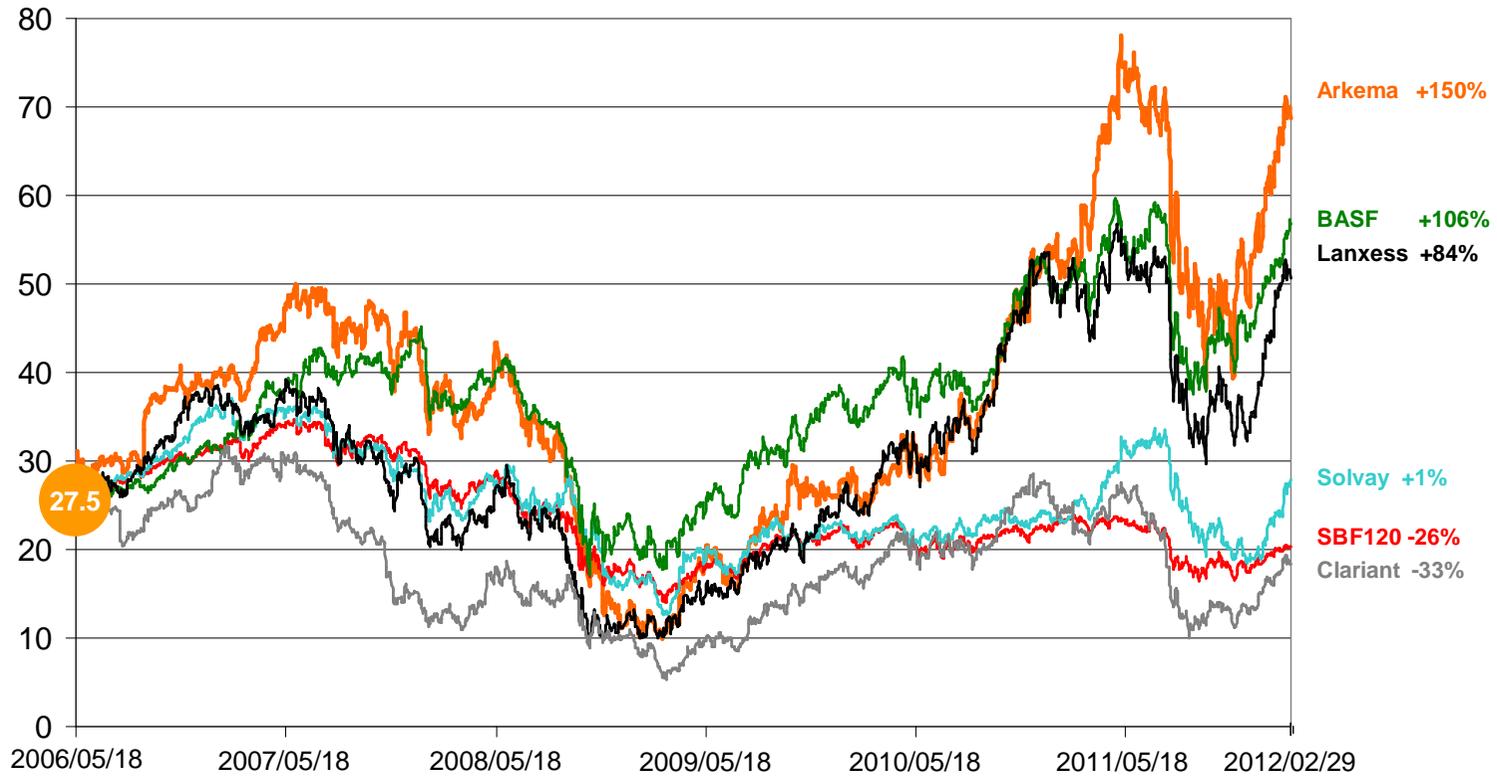
Dividend (€/share)



Arkema confirms its dividend policy:
“Arkema intends to pay a stable
to reasonably rising dividend each year.”

* Dividend proposed to the Shareholders' Annual General Meeting of May 23th, 2012

Share price since spin off multiplied by 2.5





**Strong
growth platform
for the future**



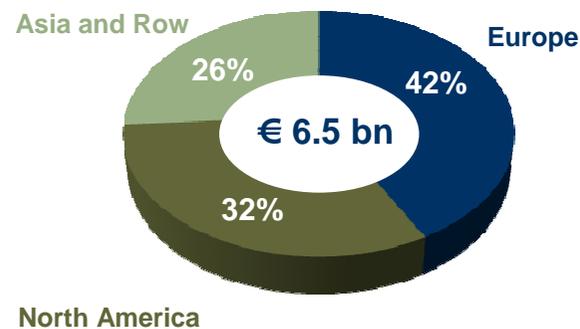
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Well balanced portfolio and geographical coverage*

2011 sales by business line*



2011 sales by region*



* Proforma sales including full year contribution of Total Resins, Seppic, HiPro and Casda and excluding Vinyls
Project to divest Vinyls remains subject to the legal information and consultation process involving the workers councils in the various entities and countries concerned, and to the approval of antitrust authorities

High quality portfolio

- Six main product lines of specialty chemicals
- Market positions between n°1 and n°3 in the world
- Limited number of players on small to mid-size segments
- Proprietary technologies and know-how
- Attractive development opportunities in emerging countries
- Portfolio well positioned to benefit from mega-trends

Global leadership positions

	<i>Arkema</i>	<i>BASF</i>	<i>Dow</i>	<i>Chevron Phillips</i>	<i>Evonik</i>	<i>EMS</i>	<i>Dupont</i>	<i>Solvay</i>	<i>Honeywell</i>	<i>Mitsubishi Chemicals</i>
Coatings	#3									
PMMA	#2									
Thio-chemicals	#1									
Fluoro-chemicals	#2									
PVDF	#1/2									
Specialty Polyamides	#1									

Well positioned on mega-trends

	New energies / Energy efficiency	Renewable	Water management	Lightweight materials
Coatings				
PMMA				
Thiochemicals				
Fluorochemicals PVDF				
Specialty Polyamides				

Strong underlying growth drivers

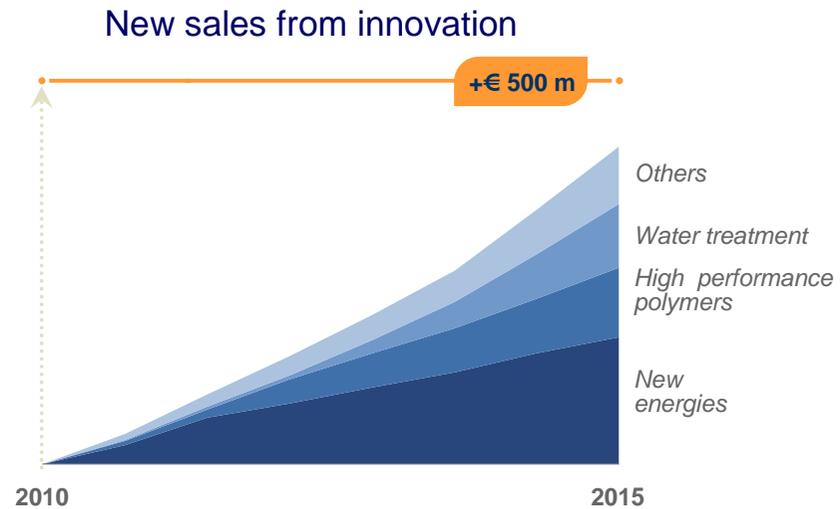
	End-markets	Growth drivers	Estimated growth
Coatings	<ul style="list-style-type: none"> • Paints and adhesives • Super-absorbents • Water treatment 	<ul style="list-style-type: none"> • Low VOC requirements • Growing and ageing population • Access to drinkable water 	+3.5% /year
PMMA	<ul style="list-style-type: none"> • Automotive • Signs and displays • Electronics 	<ul style="list-style-type: none"> • Lighter cars • Increasing standard of living • LED TV 	+3.5% /year
Thiochemicals	<ul style="list-style-type: none"> • Oil & gas • Animal nutrition • Soil fumigation 	<ul style="list-style-type: none"> • Middle East and Asian developments • Increasing white meat consumption • Substitution of banned methyl bromide 	+4.5% /year

Strong underlying growth drivers

	End-markets	Growth drivers 	Estimated growth
Fluorochemicals	<ul style="list-style-type: none"> • Refrigeration • Fluoropolymers 	<ul style="list-style-type: none"> • New regulations in air-conditioning • Increasing standard of living • Unique polymers with outstanding growth 	+3.5% /year
PVDF Kynar®	<ul style="list-style-type: none"> • Industrial paints • Oil & gas • New energies • Water filtration 	<ul style="list-style-type: none"> • Growth in Asia • Deep off shore • Photovoltaic, li-ion batteries • Access to drinkable water 	+7% /year
Specialty Polyamides	<ul style="list-style-type: none"> • Automotive • Oil & gas • New energies • Consumer goods 	<ul style="list-style-type: none"> • Metal replacement and lighter cars • Deep off shore • Photovoltaic • Increasing standard of living 	+5% /year

Sustained innovation momentum

- **New range of opaque polymers (Celocor™) for partial replacement of titanium dioxide in water-based coatings**
- **DMDS (Paladin®) soil fumigation agent: development and distribution agreement in Europe and the US**
- **Ultra flexible high-temperature Rilsan® to replace metal and rubber in auto parts**
- **Nanostructured acrylic glass Altuglas Shield-up®, light and resistant to replace glass in car sun-roof**
- **Nano filtration membranes for water treatment and PVDF membrane for lithium-ion batteries**





Outlook

2012 priorities

Benefits from acquisitions

- FY contribution of Specialty Resins
- Development of Seppic alcoxylates
- Integration of Hipro and Casda Biomaterials (China)



Finalize information / consultation process in France and close project to divest Vinyls*

Continue strong pace of development in Asia

- FY contribution of units started in 2011 (Kynar®, Coatex)
- 4 start-ups expected in China
- Start construction of Thiochemicals platform in Malaysia



Accelerate growth from innovation

- Specialty Polyamides in automotive, oil and gas, sport, etc.
- Fluoropolymers in sustainable development
- Celacor™ opaque polymer in partial replacement of TiO₂



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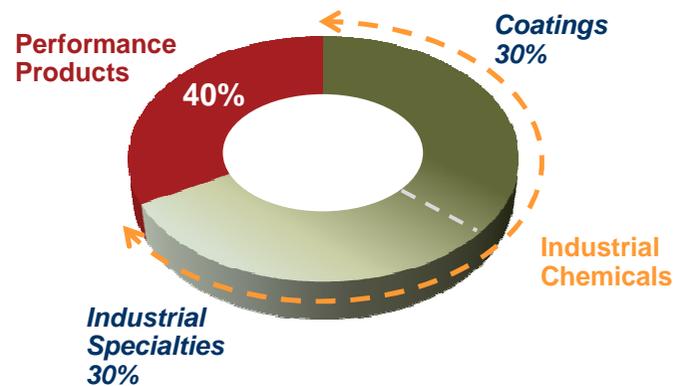
2012 assumptions and outlook

- **Macro-environment: contrasted growth expectations by region**
 - Perceivable improvement of demand in North America
 - Europe to remain globally challenging especially in construction
 - Growth to remain well oriented in Asia, notably in China
- **Maintain strong focus on pricing to follow high and volatile raw materials**
- **More balanced results between 1H and 2H**
 - Improvement of demand in 1Q'12 compared to 4Q'11
 - Recovery expected to continue during 2Q
- **1Q'12 should show a real improvement versus 4Q'11 while remaining below a very high 1Q'11**
- **Arkema's growth to be driven by:**
 - Developments in Asia
 - Innovation momentum
 - Full benefit of recent acquisitions
 - Strong position in North America

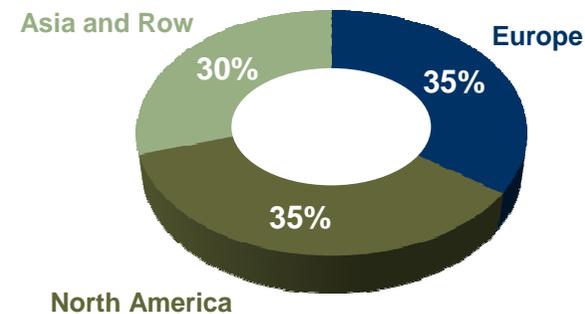
Upgrade our long-term targets

- Current long-term target*: € 1,050 m EBITDA in 2015
- New 5-year targets* (2016) set at € 8 bn sales and € 1,250 m EBITDA
- Growth coming half from organic developments and half from bolt-on acquisitions
- Gearing maintained at around 40%
- Very balanced portfolio

2016e sales by business line



2016e sales by region



* In a normalized environment

Conclusion

- Outstanding value creation over the past five years and profitability now at best-in-class levels
- High quality portfolio of specialty chemicals built over years
- Confident for 2012 while remaining cautious about the macro-environment
- Strong pipeline of projects and well positioned to capture future growth
- Arkema upgrades its long term targets* to € 8 bn sales and € 1,250 m EBITDA in 2016

Save the date

Arkema Investor Day - September 18th, 2012

* In a normalized environment

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 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 2011, 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 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, 15,700 employees and 9 research centers, Arkema generates annual revenue of €5.9 billion, and holds leadership positions in all its markets with a portfolio of internationally recognized brands. **The world is our inspiration.**