The world is our inspiration

Arkema's first half 2009 results

Thierry Le Hénaff, Chairman and CEO

August 3rd, 2009

1H’09 highlights

- ✓ **Adapt successfully to a very difficult environment**
  - ✓ +€135m free cash flow*
  - ✓ +€86m fixed costs savings
  - ✓ €420m net debt
- ✓ **Maintain a strong focus on cash generation and fixed cost savings for the next 6 months**
- ✓ **Continue to transform Arkema and prepare the company for the medium-term**
  - ✓ Two new major restructuring initiatives announced
  - ✓ Further €70m sales divested in Vinyl Products
- ✓ **An outstanding opportunity:**
  acquisition of parts of Dow’s acrylic assets in the US

**** Free cash flow before M&A and dividend***

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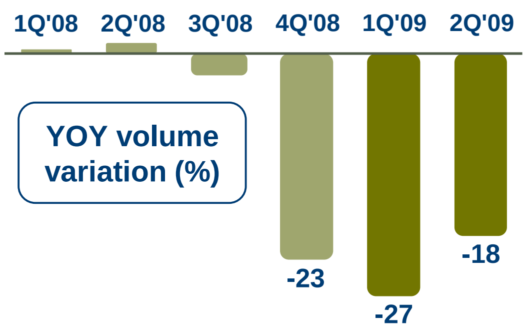
1st half 2009

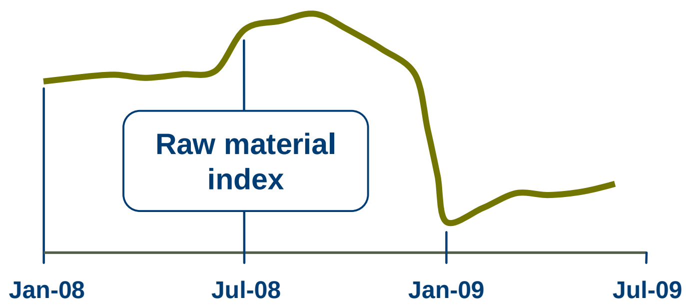
> *Strong cash generation*

Quickly adjusting to a challenging environment

> Un-precedent economic environment

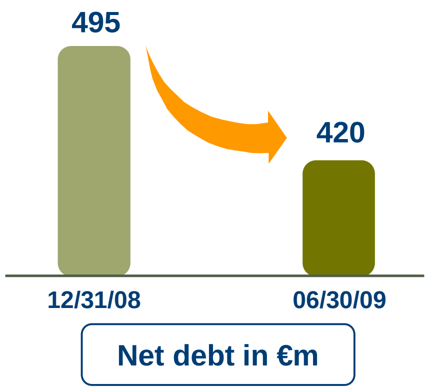
- Collapse of demand amplified by massive de-stocking
- Sharp decrease of raw material prices





> Quick adaptation with a strong priority on cash generation

- Adjustment of production to low demand
- Sharp reduction of SG&A
- New major productivity initiatives
- +€135m free cash flow in 1H'09



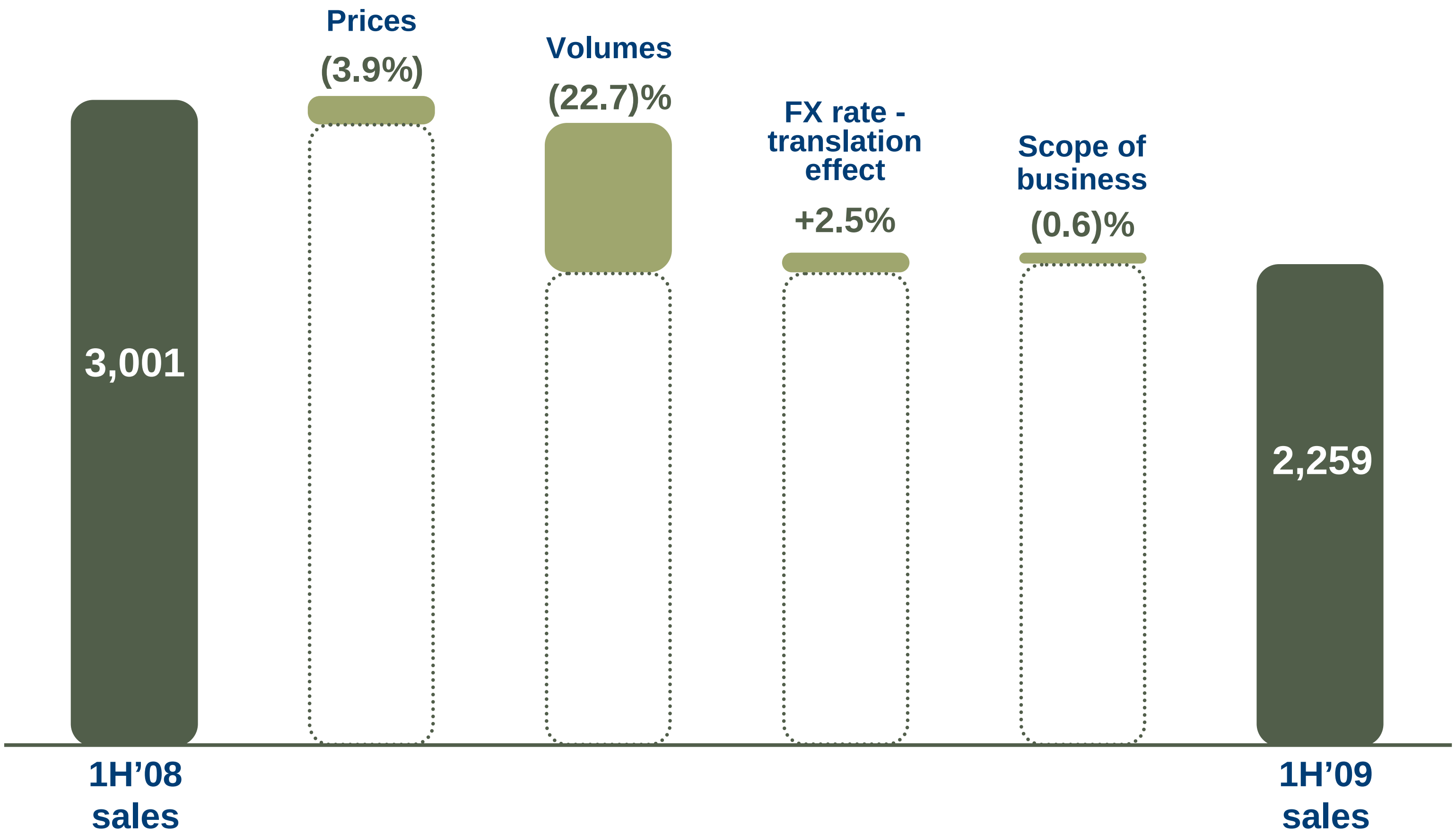
First half 2009 key figures

in €m (except EPS)

	1H'08	1H'09	Variation	1Q'09	2Q'09
Sales	**3,001**	**2,259**	*(24.7)%*	**1,092**	**1,167**
EBITDA	**317**	**127**	*(60)%*	**57**	**70**
EBITDA margin	***10.6%***	***5.6%***		***5.2%***	***6.0%***
Recurring operating income	**197**	**(10)**	*n.m.*	**(12)**	**2**
Net income (group share)	**132**	**(149)**	*n.m*	**(35)**	**(114)**
Adjusted EPS (diluted)	**2.31**	**(0.91)**	*n.m*	**(0.50)**	**(0.41)**

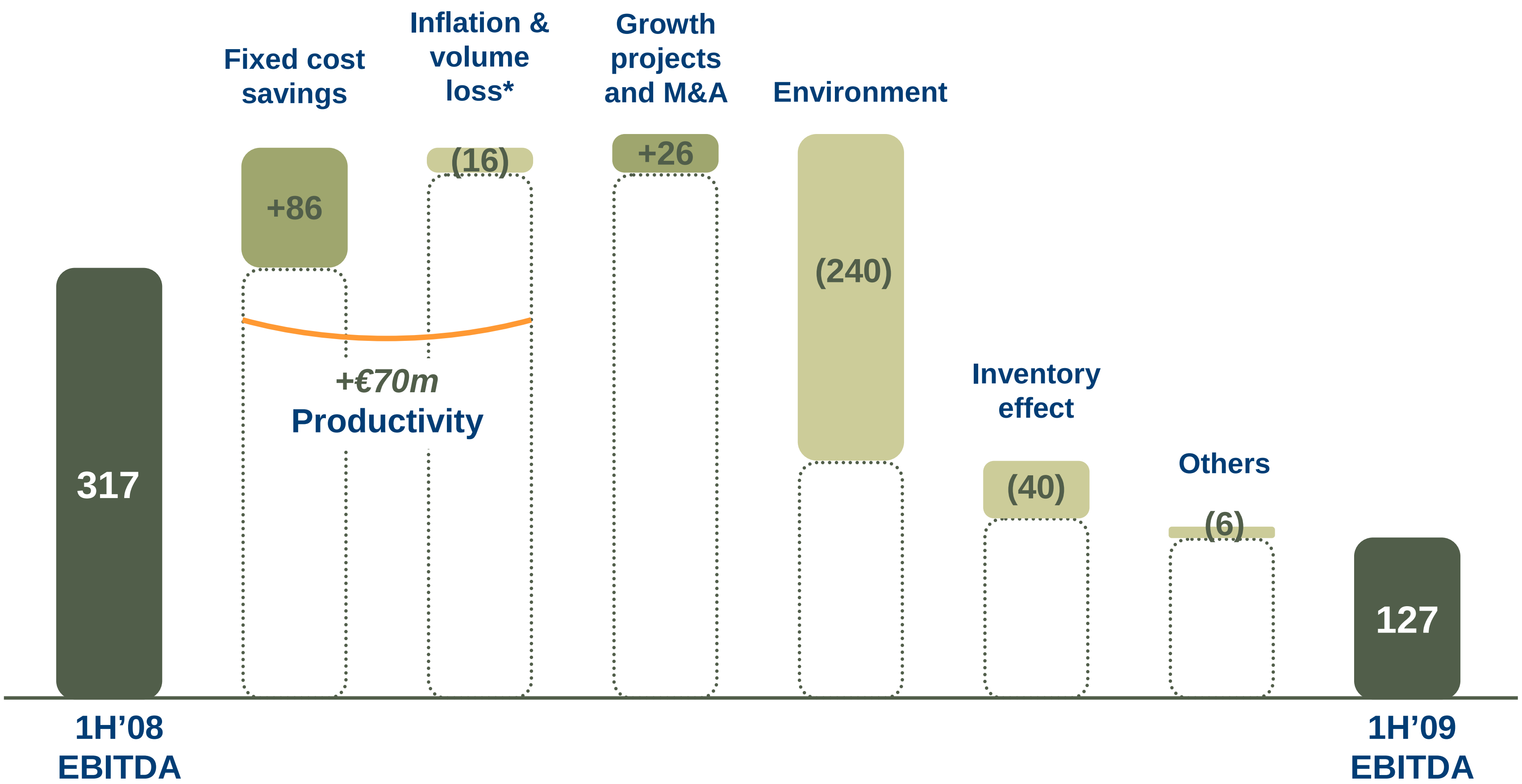
-25% sales on a low demand

in €m



Strong contribution of fixed cost savings

in €m



** Inflation of fixed costs and volume losses from restructuring initiatives*

€86m fixed cost savings

in €m

Fixed cost savings: linked to current conjuncture

- **Reduction of G&A:** -40% expenses at headquarters in 1H'09 vs 1H'08
- **Reduction of variable compensation**
- **Tight control of all type of fixed costs**

Fixed cost savings: structural projects

- **Full benefit from restructuring plans under implementation**
- **2 new major projects announced in 2Q'09**
  - MMA/PMMA production in Europe
  - US organization

FY09 : +€170m fixed costs savings

Vinyl Products

in €m	1H'08	1H'09	Variation	1Q'09	2Q'09
Sales	**784**	**523**	*(33.3)%*	**257**	**266**
EBITDA	**31**	**(5)**	*n.m.*	**2**	**(7)**
EBITDA margin	***4.0%***	***(1.0)%***		***0.8%***	***(2.6)%***
Recurring operating income	**12**	**(29)**	*n.m.*	**(10)**	**(19)**

- **Sharp contraction of demand and de-stocking at customers**
- **Better PVC volumes and prices in 2Q'09 vs 1Q'09**
- **Sharp decrease of caustic soda prices between 2Q'09 and 1Q'09**
- **Strong benefits from productivity initiatives especially in PVC downstream**
- **Divestment of ~€70m sales**
  - Heating & Sanitary Pipes (~€25m annual sales)
  - Vinyl Compound business at Vanzaghello (Italy) (~€22m annual sales)
  - Aluminum chloride European going-concern and Indian subsidiary (~€24m annual sales)

Industrial Chemicals

in €m	1H'08	1H'09	Variation	1Q'09	2Q'09
Sales	1,357	1,052	*(22.5)%*	509	543
EBITDA	190	148	*(22.1)%*	73	75
EBITDA margin	*14.0%*	*14.1%*		*14.3%*	*13.8%*
Recurring operating income	131	83		40	43

- Strong resilience of the segment's results
- Weak demand in several end-markets (automotive, construction, paper)
- Benefits from decrease in raw material costs and productivity measures
- Good resilience of Thiochemicals and Fluorochemicals
- Low acrylic and PMMA unit margins
- New restructuring plan announced in MMA/PMMA end of 2Q'09*

** Subject to the legal information/consultation process of Central Works Councils*

Performance Products

in €m	1H'08	1H'09	Variation	1Q'09	2Q'09
Sales	857	678	*(20.9)%*	323	355
EBITDA	119	40	*(66.4)%*	17	23
EBITDA margin	*13.9%*	*5.9%*		*5.3%*	*6.5%*
Recurring operating income	77	(7)		(7)	0

- Weak demand in end markets particularly construction and automotive related segments
- Good resilience of prices in most business units
- Significant contribution of fixed cost savings in Functional Additives and Technical Polymers
- Satisfactory performance of Specialty Chemicals

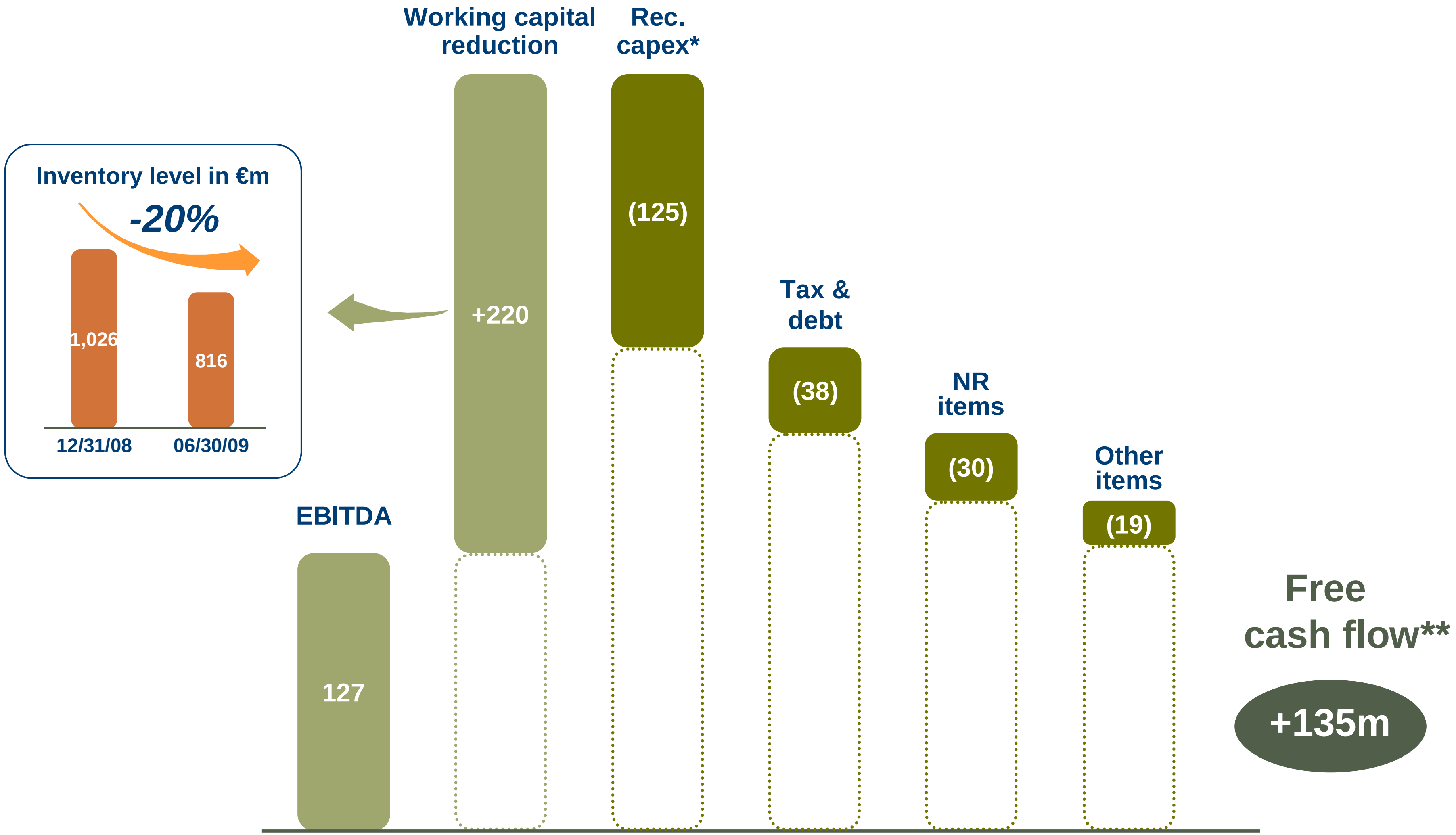
2Q'09 highlights

- **+23% EBITDA in 2Q'09 versus 1Q'09**
- **Weak demand despite sequential improvement of volumes**
  - (18)% volumes in 2Q'09 versus 2Q'08
  - Notable improvement of volumes in June
- **Sharp decrease of caustic soda prices**
- **Significant contribution of fixed cost saving initiatives**
- **Two new major initiatives announced**
  - US reorganization
  - Methacrylates in Europe
- **+€39m positive free cash flow***

	2Q'08	2Q'09	Variation	1Q'09
Sales	**1,509**	**1,167**	*(23)%*	**1,092**
EBITDA.........	**158**	**70**	*(56)%*	**57**
EBITDA margin	***10.5%***	***6.0%***	-	***5.2%***
Recurring operating income..........	**97**	**2**	*(98)%*	**(12)**

**** Free cash flow before M&A and dividend***

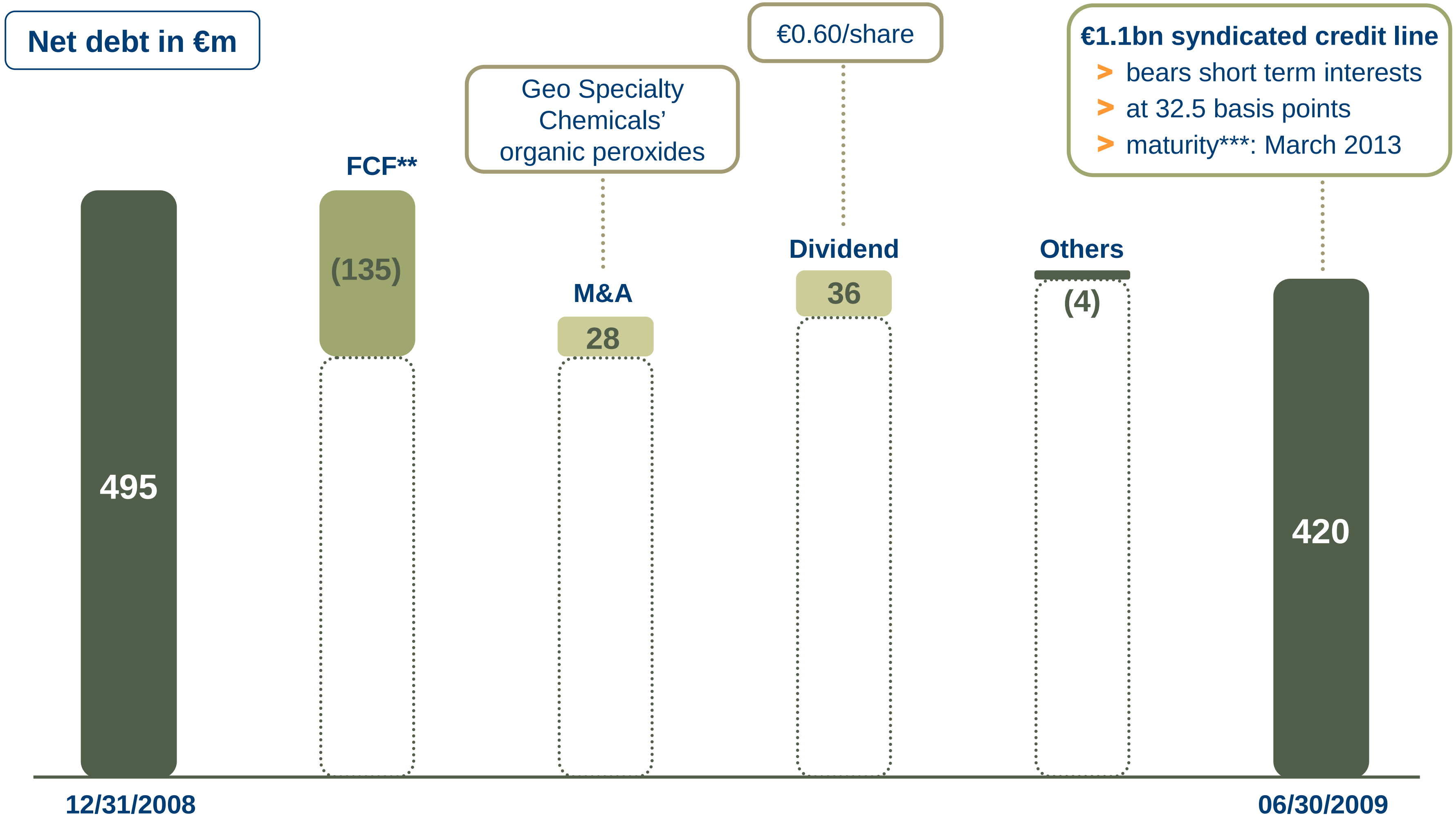
+€135m free cash flow on 1H'09



* Excluding capex related to the acquisition of assets (included in M&A)

** Free cash flow before -€28m M&A

Net debt less than 1.5xEBITDA*



** EBITDA over 12 previous months* *** Free cash flow before M&A and dividend*
**** €1,100m end of March 2011, €1,094m end of March 2012 and €1,049m end of March 2013*

2009 outlook

> **Worst quarters in volumes behind us**

- Decreasing de-stocking effects
- Improving market conditions in China

> **Maintain cautious approach of economic environment for 2H'09**

- Confirm priority on cash generation
- Continue to improve aggressively fixed cost position

> **Pursue in-depth transformation of the company**

> **Increased targets for FY'09**

- €170m fixed cost savings (vs €+110m initial target)
- ~ €260m capex (vs €270m initial target)
- ~+€80m free cash flow* (vs 0+ initial target)

**** Free cash flow before M&A and dividend including restructuring charges***

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Mid-term strategy

> *A far better company after the crisis*

A step by step transformation

2005

Prepare Arkema for independence

Strong assets but a significant profitability gap with peers

2008

First step fully achieved

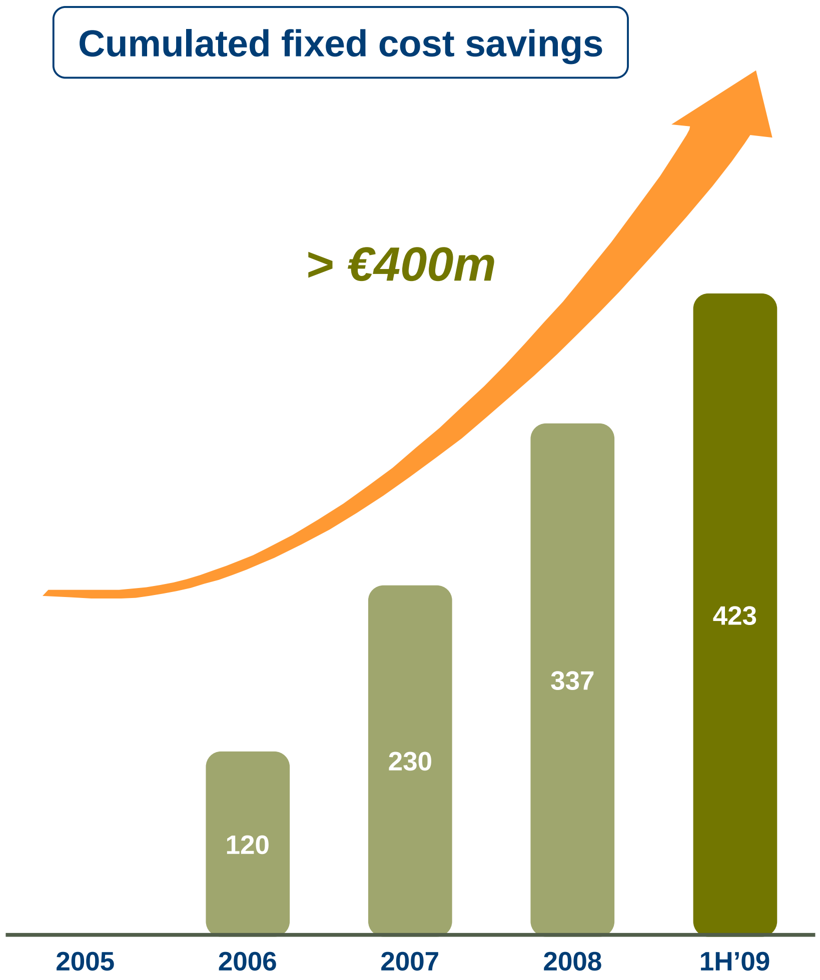
A more solid and focused Group initiating a targeted growth

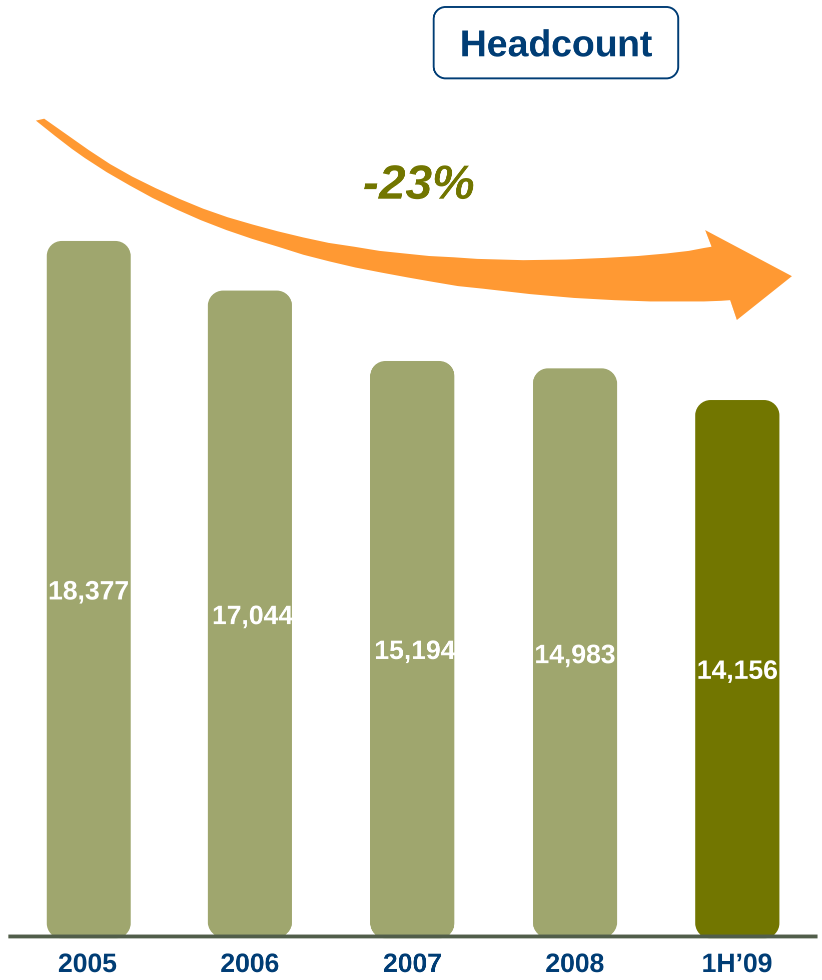
2011

A leading chemical player

Growth and performance

Lowering the breakeven point: a strong track record





New initiatives announced in 1H'09

> Disposals in Vinyl Products

- Vanzaghello (It) site in Vinyl Compounds
- Aluminum chloride marketing assets in Europe and Indian subsidiary
- Heating & Sanitary pipes

€70m sales

> Reorganize North American operations

- -10% headcounts
(headquarters and production sites)
- Processes optimization

> Restructure MMA/PMMA assets in Europe*

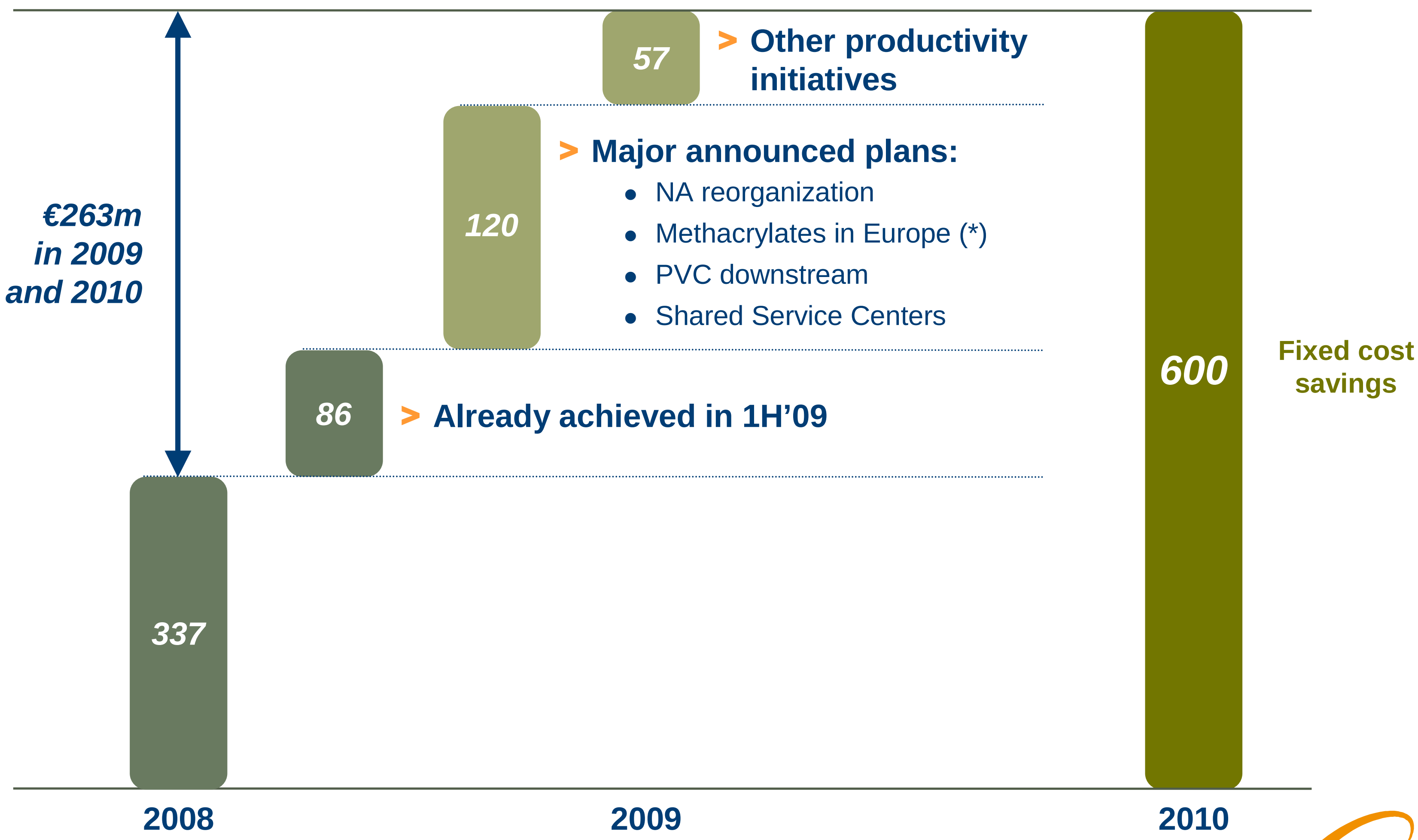
- Shut down Carling (Fr)
MMA monomer production
- Focus Bernouville (Fr)
on high value-added PMMA

+€80m
FY annual savings

*** Subject to the legal information/consultation process of Central Works Councils***

€600m fixed cost savings in 2006-2010

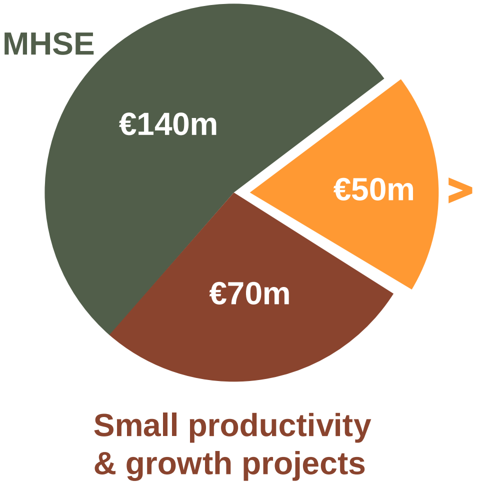
Cumulated fixed cost savings (in €m)



(*) Subject to the legal information/consultation process of Central Works Councils

Maintain capex efforts in China

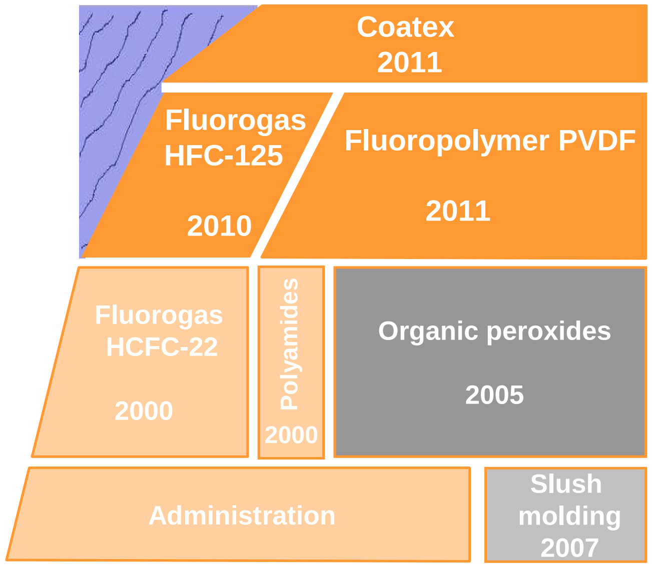
€260m CAPEX in 2009 (€330m in 2008)



3 major projects in Changshu (China)

- 3rd generation of fluorogases (HFC125): partnership with Daikin starting 1H2010
- Fluoropolymers starting 1H2011
- Coatex starting mid-2011

Changshu: Arkema's future 3rd worldwide industrial site



18% of total sales in Asia in 2009(e) and 20 % in 2012(e)

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Continue to leverage R&D unique opportunities

> **Over 2.5% of sales invested in R&D**
- >40% in Performance Products
- 10% in corporate R&D for breakthrough projects

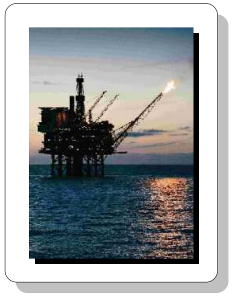
> **Two main R&D long term orientations**
- Sustainable developments
- Very High Performance Polymers

> **Selectivity in R&D projects**

> **High quality partnerships**

Acquisition of Oxford Performance Materials

- Founded in 2000
- Based in Enfield (USA)
- Development and marketing of high end of the range performance polymers (PEKK)



Over €400m of new sales in next 5 years

Building a leading chemical player

Mid-term % of total sales	**Vinyl Products ~ 15%**	**Five core technology platforms ~ 55%**	**Specialty niches ~ 30%**
Key product lines	Caustic soda, PVC	Acrylics, Methacrylates, Thiochemicals, Fluorochemicals, Polyamides	Organic peroxides, molecular sieves, glass coatings, H_2O_2, etc.
Key assets	> Integrated chain > 1st quartile sites	> Leadership positions with proprietary technologies > High value added downstream	> Unique R&D pipeline > Strong customer relationships
*2011 EBITDA margin **	7 to 9%	14 to 15%	14 to 15%

12% EBITDA margin target in 2011

** In normalized conditions*

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A clear path forward

Vinyl Products	*A more competitive & focused segment*	• Reduce weight to 15% of total sales • Improve efficiency and reliability • Be attentive to evolution of the competitive landscape
Technology platforms	*Growing from a very solid basis*	• Consolidation of MMA / PMMA • Leverage positions of Fluorochemicals and Thiochemicals • Increased downstream integration in Acrylics • Develop geographical footprint
Specialty niches	*Develop a real portfolio of specialties*	• M&A to simplify and complete portfolio • Develop new innovative products using sustainable development and high performance polymers as major drivers

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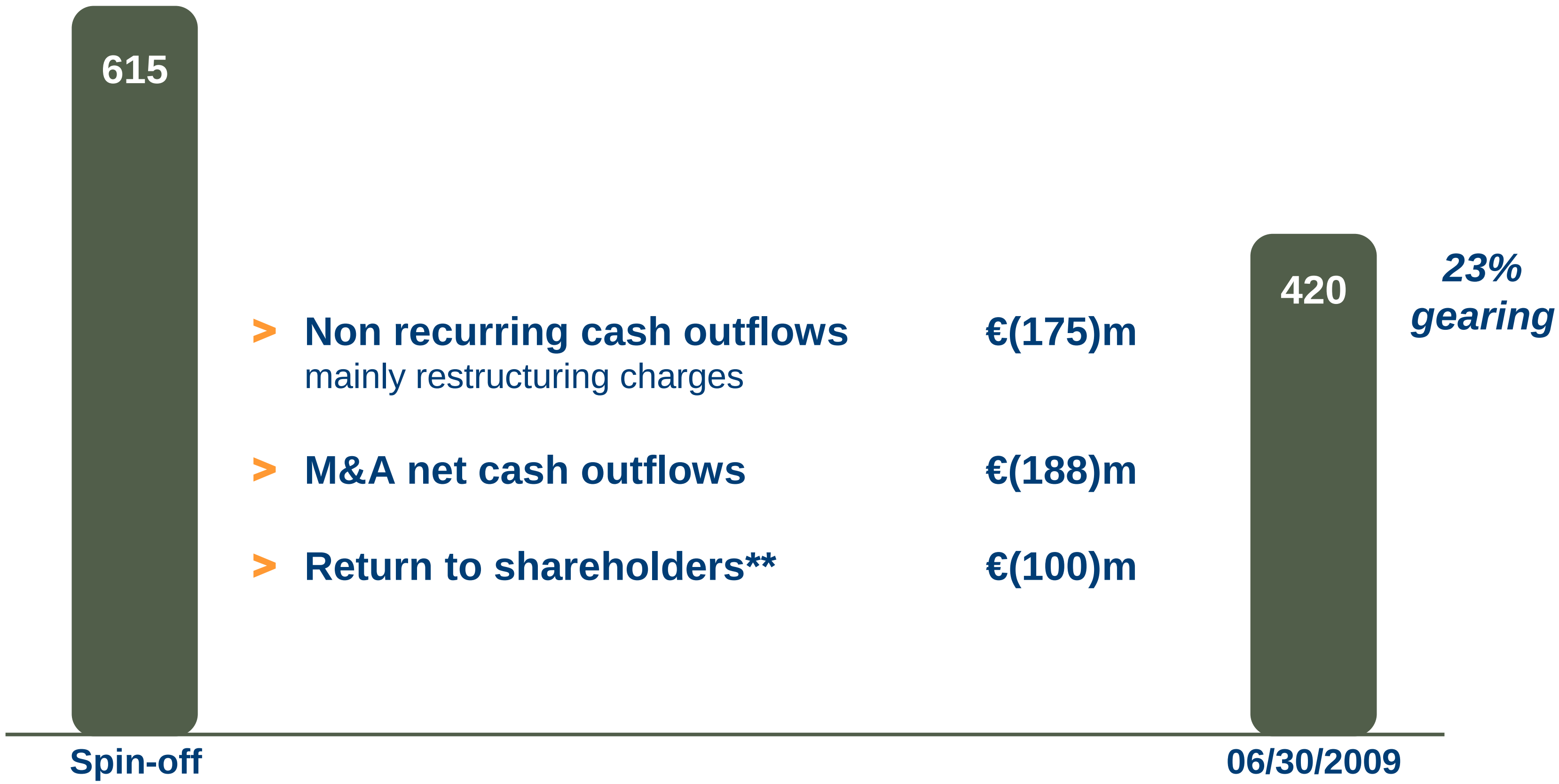
Keeping a very healthy balance sheet

Net debt* in €m



- **Non recurring cash outflows** — **€(175)m**
  mainly restructuring charges
- **M&A net cash outflows** — **€(188)m**
- **Return to shareholders**** — **€(100)m**

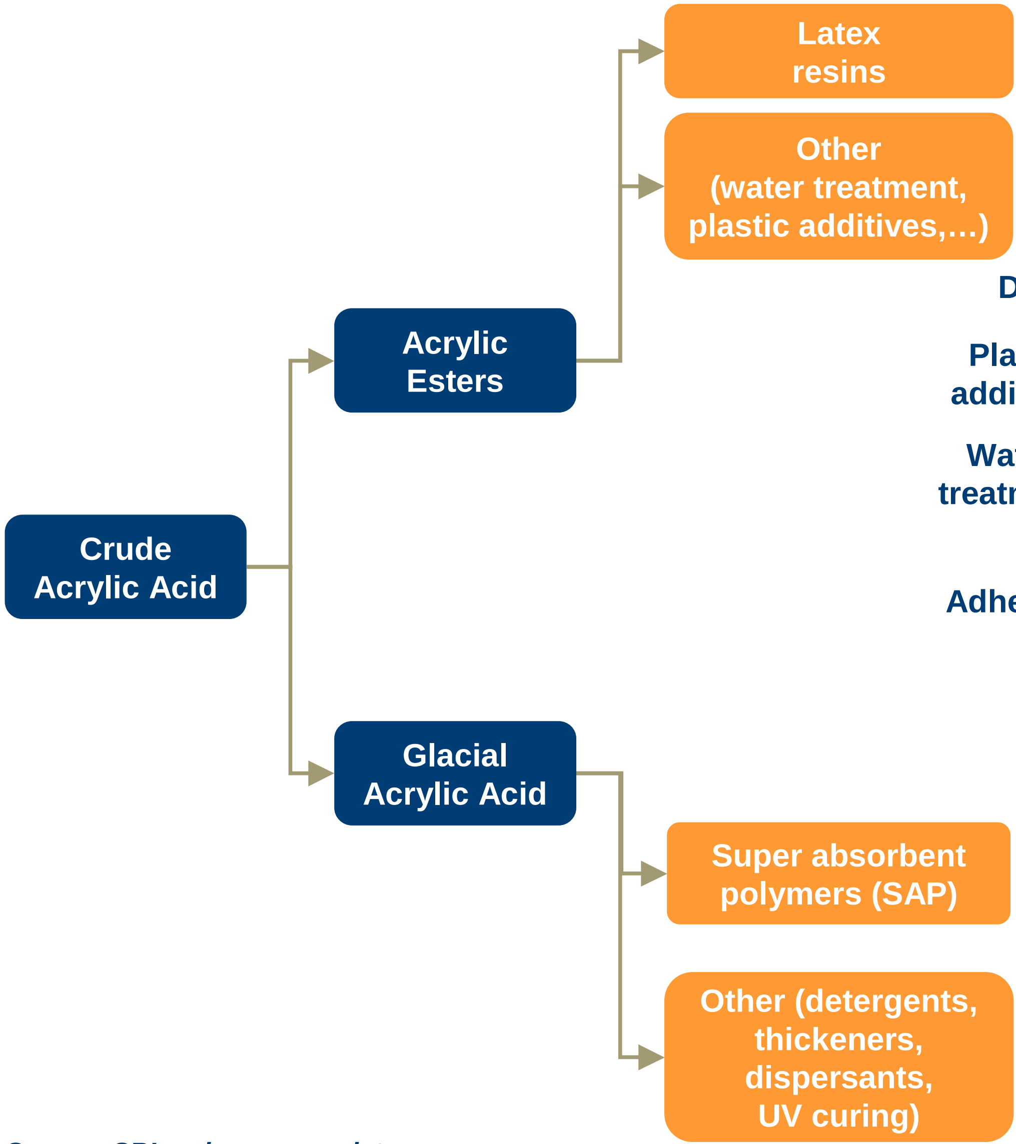
** Net debt = net debt + NR pre spin-off items*

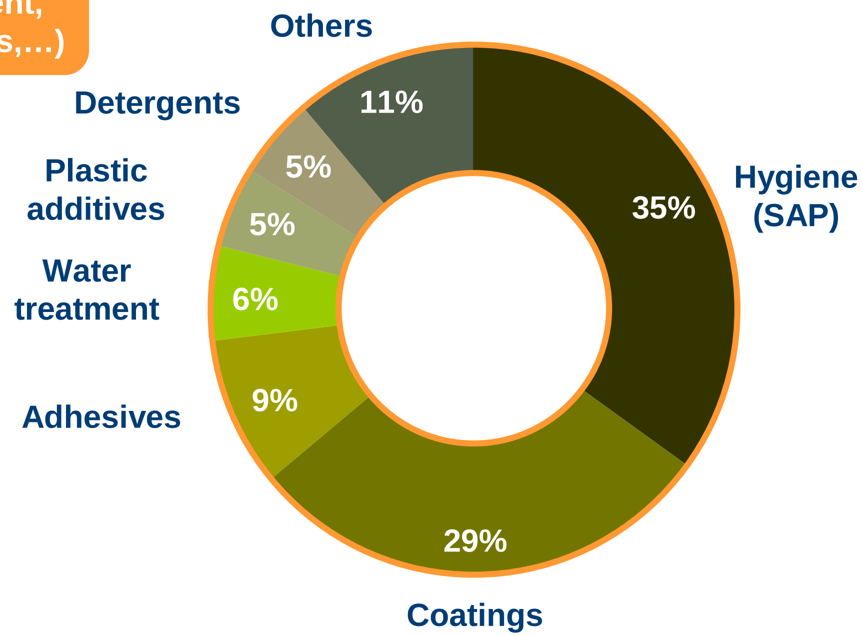
*** Dividends (€82m) and share buy-back*

Acquisition of part of Dow Chemical acrylic assets

> *A major milestone in Arkema's transformation*

Acrylic chain



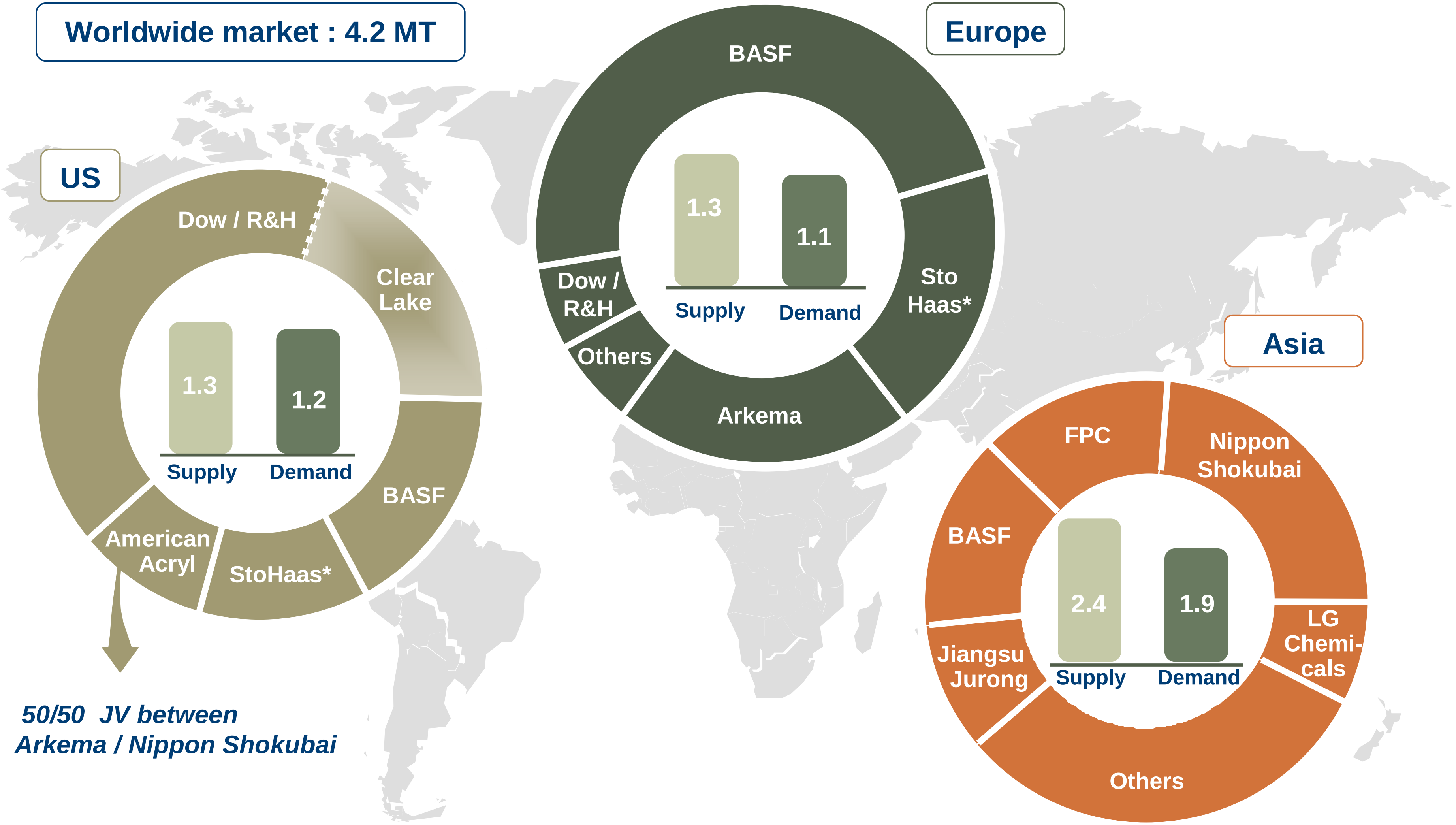


Long term growth prospect: ~4% per year worldwide

Source: SRI and company data

Acrylic monomers

Worldwide market : 4.2 MT



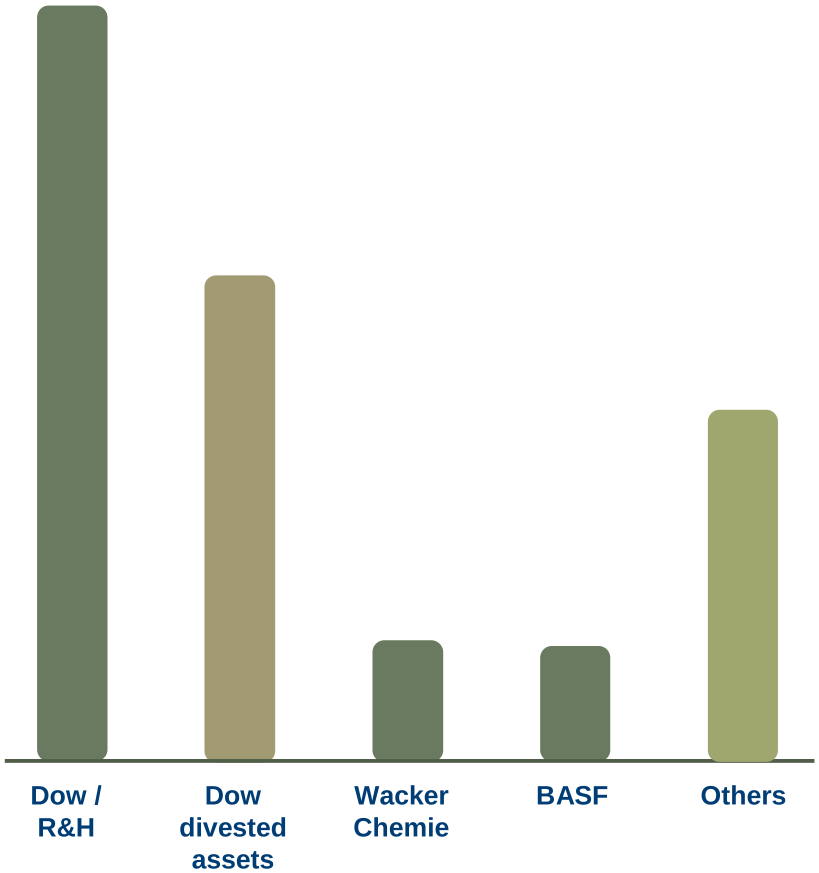
50/50 JV between Arkema / Nippon Shokubai

**JV 50/50 Evonik / Dow-R&H*

Source: 2008 profile – CMAI, SRI and company data

US acrylic polymer market

US architectural coating latex market



Latex industry landscape

Producer	Latex chemistries offered						
	SB	PVAc	VA	VAE	VV	SA	AA
Dow/ R&H	✓	✓	✓			✓	✓
Dow divested assets	✓		✓	✓	✓	✓	✓
Wacker-Chemie				✓			
BASF	✓					✓	✓

Source: Kline and company data

Arkema's current position in Acrylics

A strong monomer production asset base

- #4 worldwide in acrylic acid
- ~€600m sales in 2008
- A first-quartile site in Europe
- 50% stake in American Acryl (Texas) with Nippon Shokubai
- Recognized technology
- Strong know-how

** Arkema's stake in American Acryl, 50/50 JV with Nippon Shokubai*

Downstream integration in specific acrylic-based polymers

- Specialty Acrylic Polymers BU
  - Dispersants and thickeners
  - ~€150m sales
  - Acquisition of Coatex in October 2007
- LT supply agreement with Sumitomo Seika for super absorbent polymers
- Impact modifiers
  - #2 in the US
  - #4 in Europe

A solid position to build on

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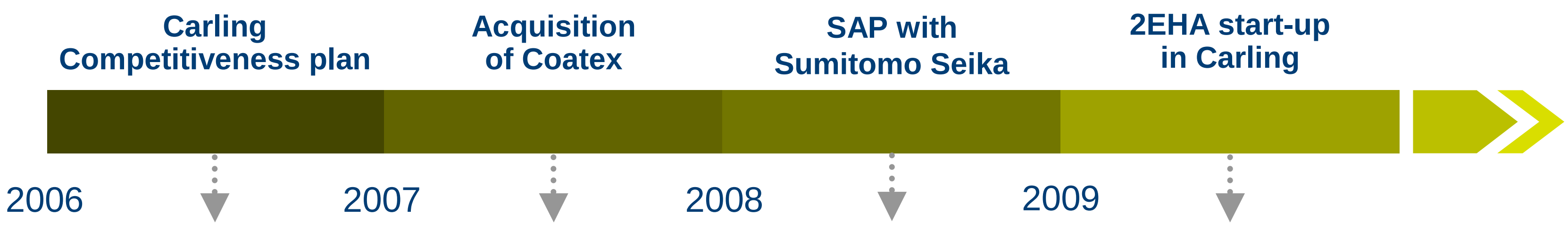
Arkema long term strategy in acrylics

> **Secure competitive and world-scale monomer production base in each geographical area**

- Permanent optimization of Carling (Fr), first quartile site
- Expand in North America
- Secure capacities in Asia

> **Strengthen downstream integration**

- Bolt-on acquisitions
- LT partnerships
- New product developments



Long term EBITDA margin: ~15%

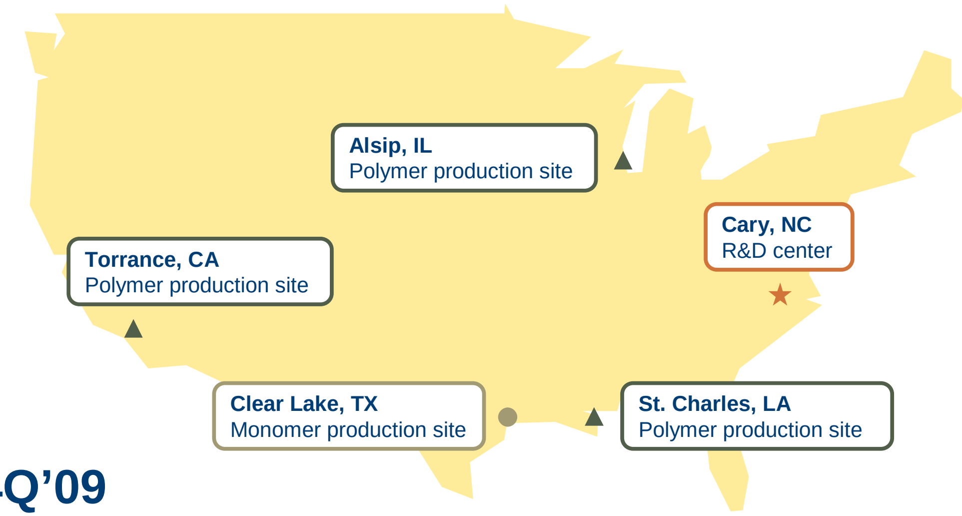
Highlights of the deal

> **Monomer and polymer businesses: an integrated chain**

- 2009 Monomer sales: ~US$ 225m*
- 2009 Polymer sales: ~US$ 290m*

Consolidated Sales: ~US$ 450m*
(historical level >US$ 700m)

- 270 employees



> **Asset deal**

- Enterprise value = US$ 50m
- No transfer of past liabilities

> **Closing due to take place in 4Q'09**

- After approval by FTC

Arkema's estimated figures

Dow acrylic assets included in the deal

Monomers

- **1 world-scale production site in Clear Lake (Texas)**
- **~ 280kt/year production capacity (eq. cAA)**
- **A solid position in North and Latin American markets in acrylic acid**

Latex

- **3 production sites close to customers**
  - Alsip (Illinois)
  - Torrance (California)
  - St. Charles (Louisiana)
- **Well-recognized brand name: UCAR®***
- **Strong position in architectural coating**
  - #1 in vinyl acrylic based latex in the US
  - #2 latex supplier in the US

**** For latex products in the United States, Canada, Mexico and Puerto-Rico***

Benefits from the deal

> **Strengthening Arkema's worldwide position in acrylic monomers**

- becoming #3 worldwide
- becoming #2 in the US

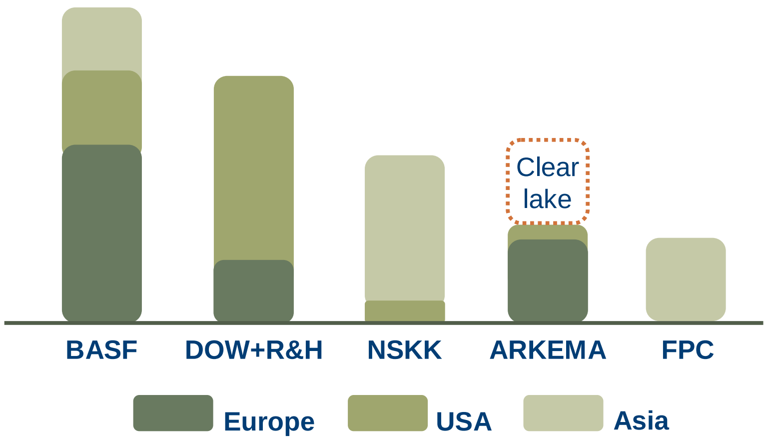
> **Increasing downstream integration**

- Grow a position in a new polymer chain
- 30% downstream integration after this acquisition

> **A platform for future development**

- Expand and upgrade Arkema's portfolio of polymers
- Cooperation with Coatex in coating business

Acrylic Acid capacity



Source: CMAI, SRI and company data

Significant potential for EBITDA margin

> **Acquisition in low cycle conditions**

> **Leverage on manufacturing best practices**
- Process efficiency
- Production costs optimization
- Yield and logistic

> **Optimize production and maintenance fixed costs**

> **Synergies in R&D and SG&A**

> **Positive contribution to net income the first year**

> **EBITDA margin targets:**
- 12% after 3 years
- 14 to 15 % after 5 years

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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.
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- Financial information related to 2003, 2004 and 2005 are extracted from pro forma financial statements presented in the 2006 prospectus for the listing of Arkema shares. Financial information for 2006, 2007 and 2008 are 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.

- Arkema is a global chemical player consisting of three business segments: Vinyl Products, Industrial Chemicals, and Performance Products. Established in over 40 countries and having 15,000 employees, Arkema achieves sales of 5.6 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.