



ARKEMA PRESS CONFERENCE

OCTOBER 11TH, 2011
SHANGHAI - HYATT HOTEL

 **ARKEMA**
The world is our inspiration



**BUILDING
A WORLD
OF SPECIALTIES
THROUGH ASIA
AND INNOVATION**

THIERRY LE HÉNAFF
Chairman and Chief Executive Officer, Arkema

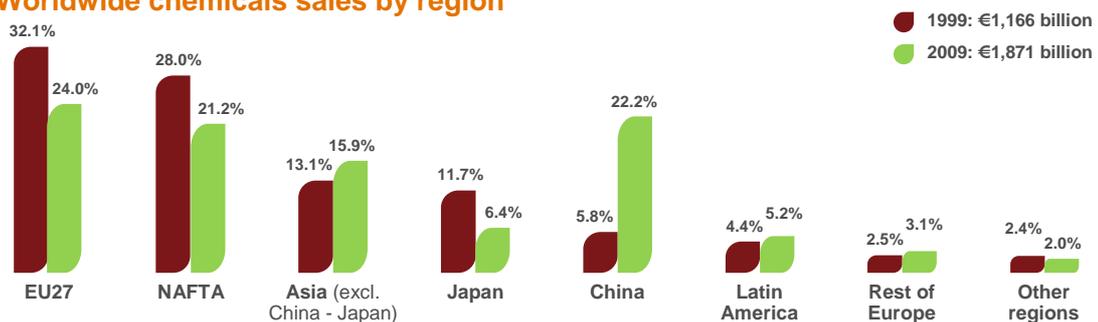


**Spotlight on
the sector**

The World Chemical Industry

- Approx €2,000 bn
- Large number of players, several hundreds at least, with very different sizes and profiles

Worldwide chemicals sales by region*



- Average growth close to GDP
- Strong regulatory framework (climate change, product regulations, etc.)
- Undisputable for sustainable development

* 2010 CEFIC Facts and figures

4 - Arkema - 2011 Press conference - Spotlight on the sector





2006-2010
In-depth
transformation
of Arkema

Arkema's spin-off: a true success story

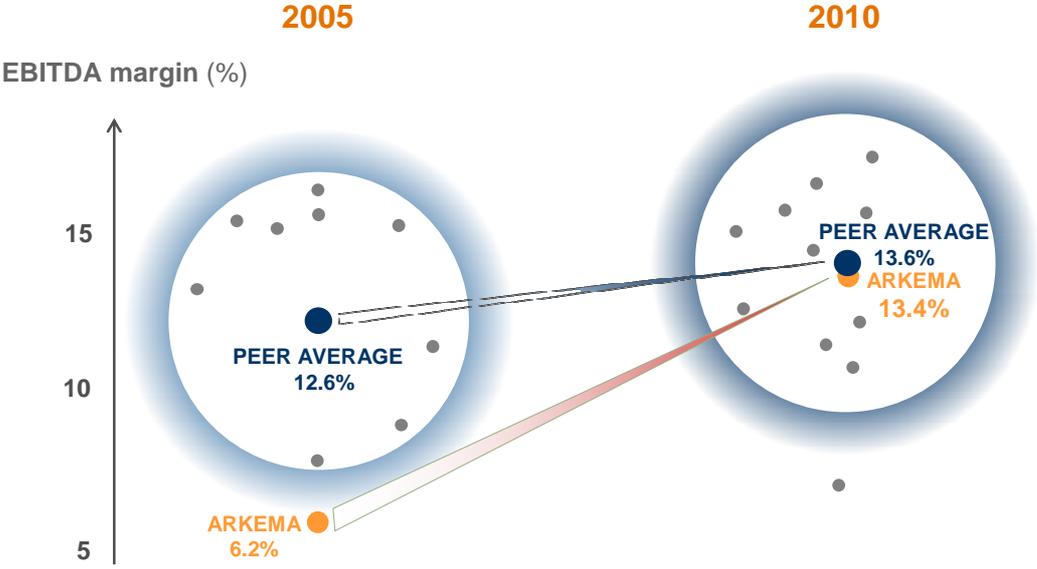
● ● ● ● ● 2007 ● ● ● ● ● 2008 ● ● ● ● ● 2009 ● ● ● ● ● 2010

2006

- **Portfolio refocused on higher margin businesses**
 - Bolt-on acquisitions (€1.5bn)*
Coatex, Dow assets and Total's specialty resins...
 - Divestments (~€500m) of non-core lines
 - New plants started in specialties
(thiochemicals, fluorogas, fluorinated polymers...)
- **Strong fixed costs reductions (~€550m)**
- **Far better balanced geographical footprint**
(Asia from 13% to 20% of sales)
- **Strong balance sheet**
- **Profitability now at peer level**

* After integration of Total's resins the 1st July 2011

Profitability gap filled with the industry



Peers: Akzo Nobel (Specialty Chemicals), BASF (excl. Oil & Gas), Celanese, Chemtura, Clariant, Dow, Dupont, Lanxess, Rhodia (excl. CER), Solvay, Tessenderlo

7 - Arkema - 2011 Press conference - 2006-2010: In-depth transformation of Arkema



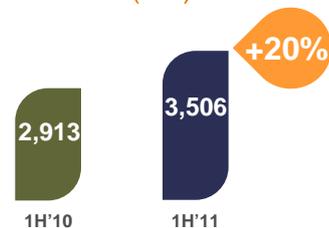


2011 Outlook

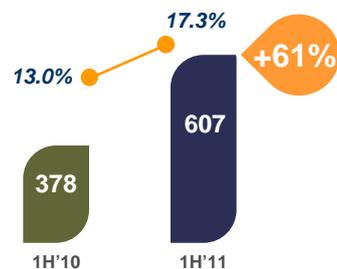
H1 2011: full set of record figures

- **+20% net sales**
- **+61% EBITDA at €607m**
- **17.3% EBITDA margin**
- **Net result (group share) at €335m**
 - x 2.1
- **Strong financial situation**
 - Gearing maintained low (11%)
 - Refinancing of syndicated credit line mid July 2011 (€700m)

Sales (€m)

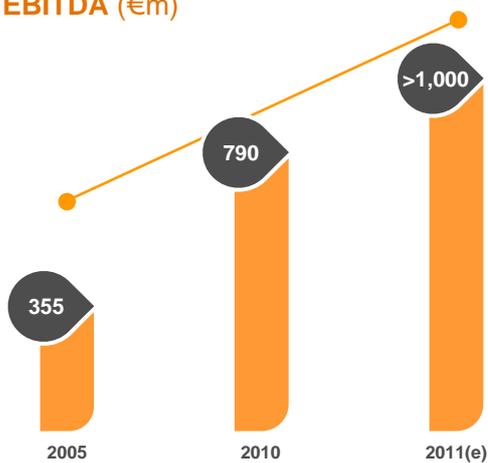


EBITDA (€m) EBITDA margin (%)



2011 guidance

EBITDA (€m)



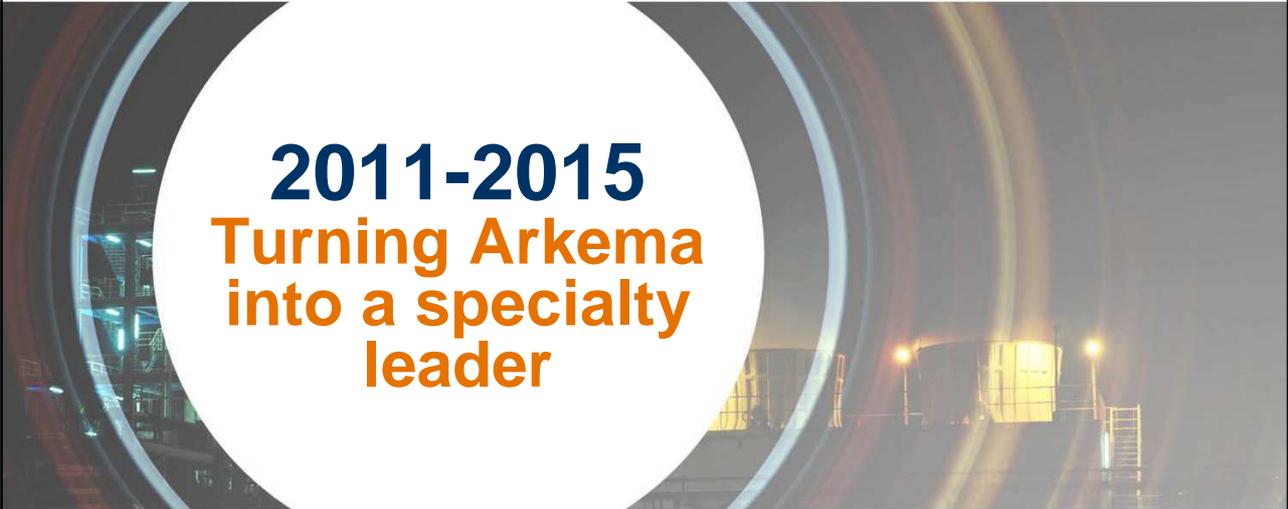
- Exceeding for the first time the symbolic €1bn milestone
- In a volatile environment
- Taking into account the traditional seasonality in 2nd half of the year

Confirm FY 2011 guidance of a very strong year

The new face of Arkema

- **Entrepreneurial and innovative culture**
- **Successful track record**
- **Global and leadership positions**
- **84% of sales* among highest margins within the industry**
(Industrial Chemicals and Performance Products)
- **Competitive asset base**
- **Strong platform for future growth in main chemical lines**
- **Financial flexibility maintained**

* Pro forma sales after acquisition of Total's resins



2011-2015
Turning Arkema
into a specialty
leader

A strategy focused on growth

Accelerate growth in emerging countries

- New plants at Changshu in China at full stream
- Reinforce presence in other high-growth countries (India, Brazil, Malaysia...)



Innovation centered on megatrends

- Strong emphasis on innovative solutions for sustainable development
- New R&D center in China
- Technology partnerships with major customers



Selective acquisitions

- Reinforce downstream integration
- Implement strong synergies
- Satisfy strict financial criteria



Combining three areas of excellence

Global leadership in coating materials

- Acrylic monomers
- Latex and polymer emulsions
- Photocure
- Rheological additives

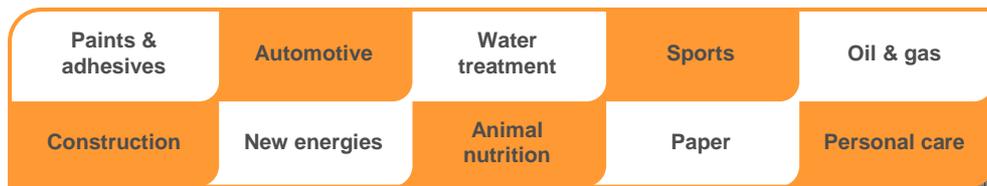
Leadership and integrated positions in industrial specialties

- Fluorogas
- Thiochemicals
- PMMA
- H₂O₂
- ...

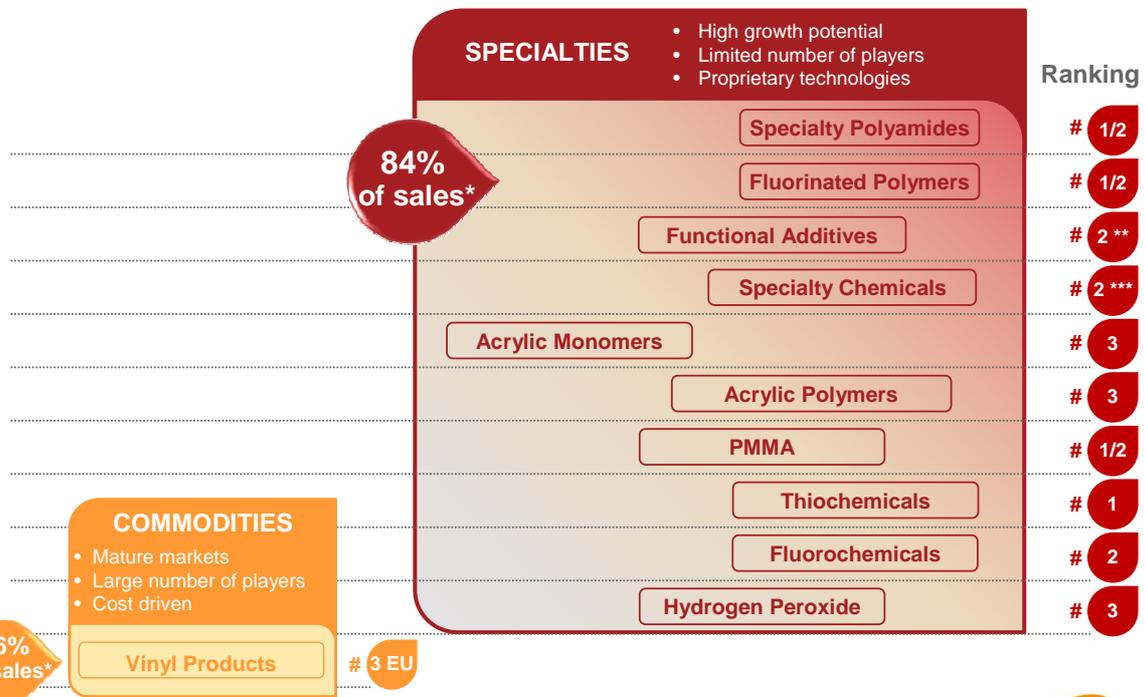
Innovative range of advanced technologies

- Fluorinated polymers
- Specialty polyamides
- Molecular sieves
- Organic peroxides
- ...

Diversified end markets



Global leadership positions



* Based on pro forma sales after acquisition of Total's resins ** Organic Peroxide *** Molecular sieves

15 - Arkema - 2011 Press conference - 2011-2015: Taking Arkema into a specialty leader



A solutions provider for key growth drivers

Growing trends

- More environmentally friendly coatings
- Need for water purification and access to drinking water
- Increasing poultry consumption in emerging countries

Arkema solutions



Emulsions and rheological additives for paints
Fluoropolymers for architectural coatings



Kynar® PVDF membranes for water treatment



Molecular sieves for water filtration (CECA)



Sulfur derivatives (thiochemicals for animal nutrition)

A solutions provider for key growth drivers

Growing trends

- Aging population in mature market & baby diapers in China and India

Arkema solutions

Acrylic for superabsorbent polymers



- Emerging LED TV market



PMMA for LED flat screens

- Next generation products and lower VOC products in air-conditioning

Fluorogas of 3rd and 4th generation



A solutions provider for key growth drivers

Growing trends

- Need for new energies: development of PV and lithium-ion batteries



- Lightweight vehicles



- Bioplastic demand

Arkema solutions



High performance materials for solar panels and batteries



High temperature polyamide for under the hood engine parts



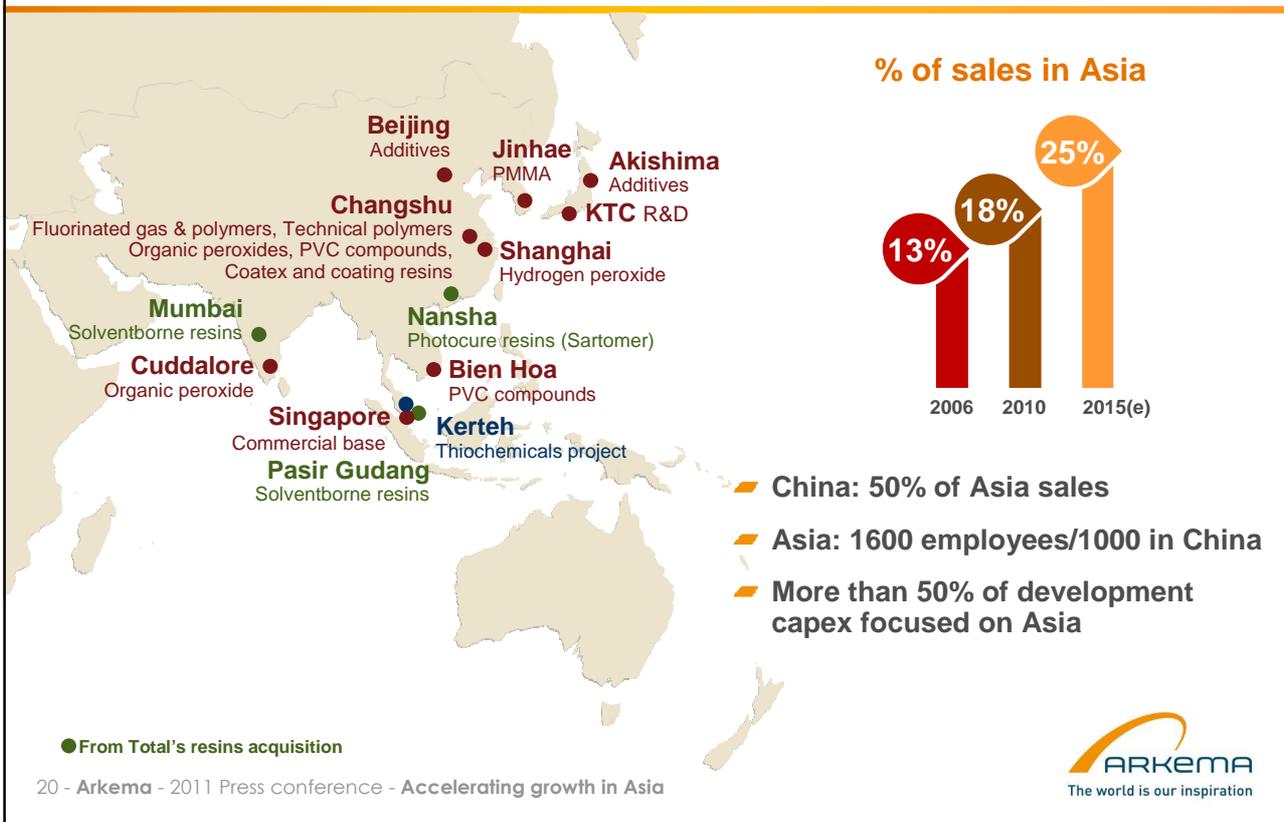
Biosourced polyamide for sports



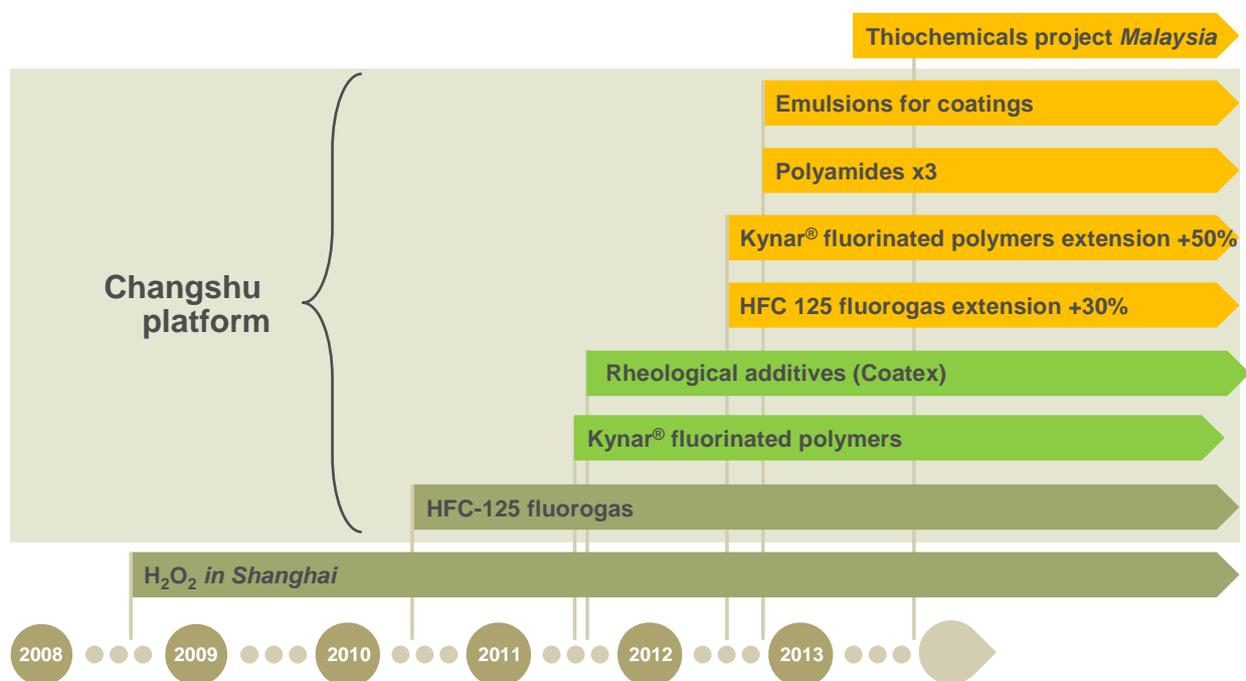


Accelerating growth in Asia

Asia: a key vector of our strategy



Take advantage of fast-growing Asian markets



Changshu, Arkema's largest industrial platform

Changshu at a glance

- Around 500 employees
- €300m capex invested since the spin off
- New production units starting in 2011:
Kynar® PVDF and rheological additives (Coatex)

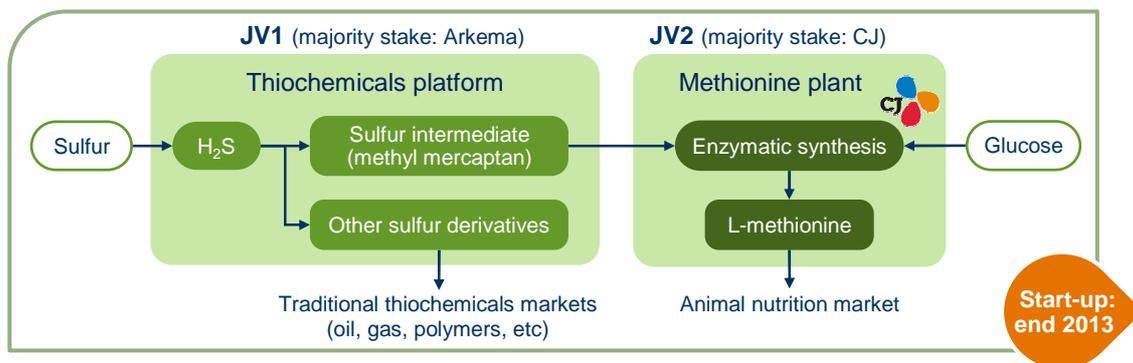


HFC 125 extension
PVDF extension
New Coating unit
Polyamides extension

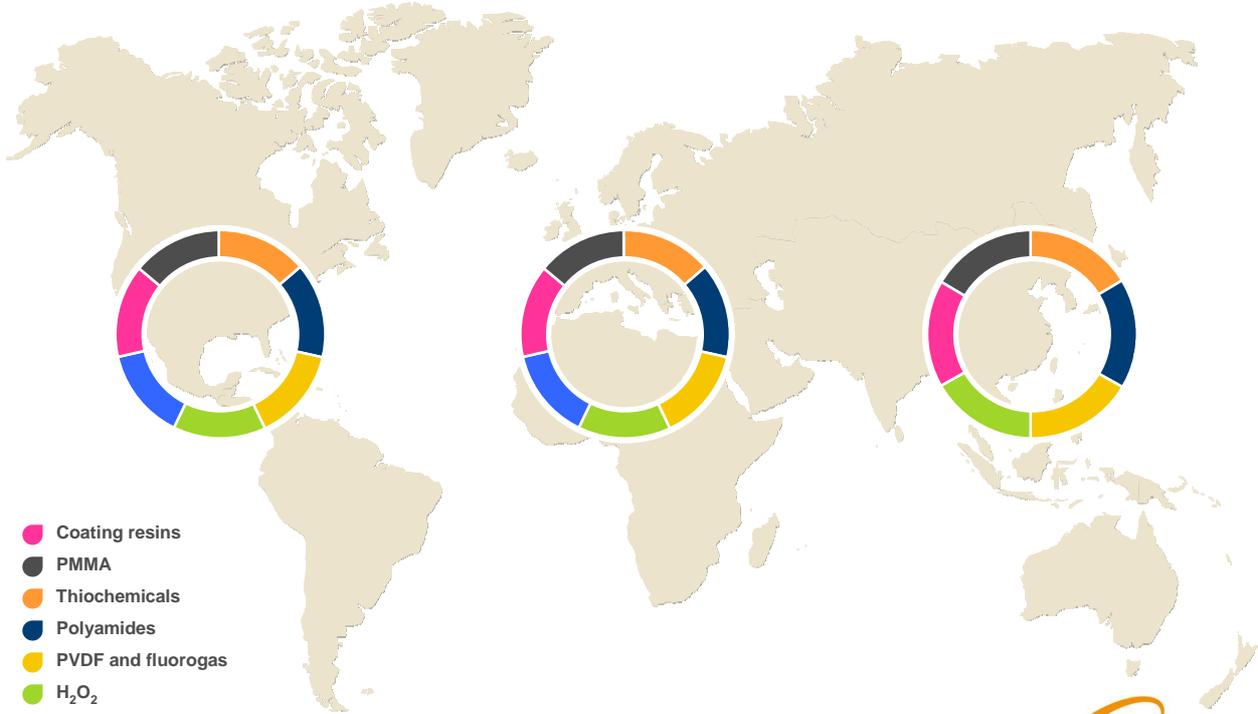


A world-class Thiochemicals platform in Malaysia

- First industrial thiochemicals platform in Asia for Arkema
- Methionine production for the fast growing animal nutrition market
- Partnership with CJ Cheil-Jedang on a unique bio-technology process
- Total capex: \$400m (50/50 – Arkema/CJ)

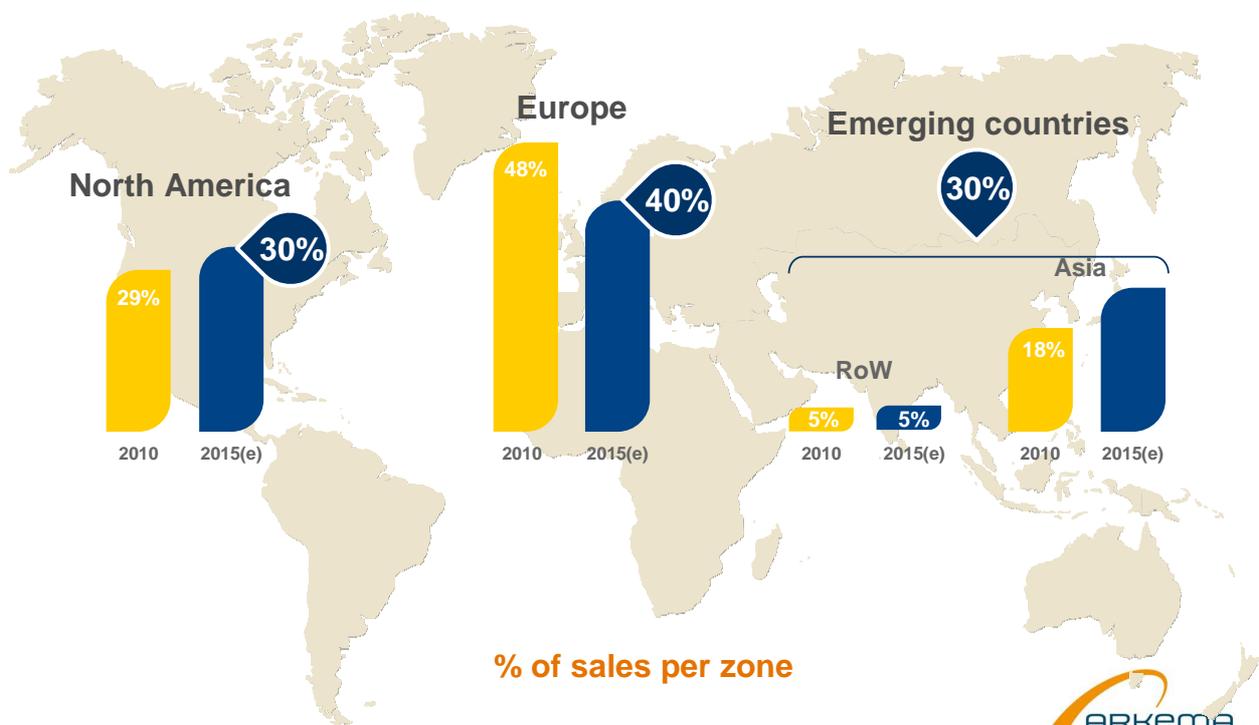


Developing a global manufacturing base



- Coating resins
- PMMA
- Thiochemicals
- Polyamides
- PVDF and fluorogas
- H₂O₂
- Acrylics

A well balanced geographical footprint





**A strong pipeline
of innovations**

Megatrends create tremendous opportunities for Arkema

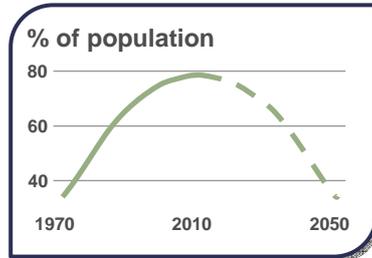
New energies



The solar radiation that reaches the earth represents between **6,000 and 10,000 times** as much energy as the entire planet now consumes

World energy demand will more than **double by 2050**

Access to drinking water



Over one billion people in the world today do not have access to drinking water

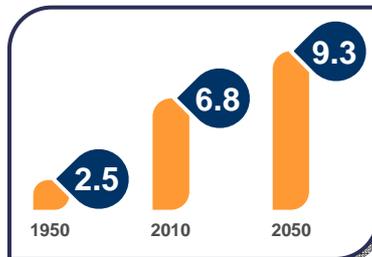
CO₂ emissions reduction

- 100 kg - 0.40 L/100 km - 10 g/km



Weight saving challenge

World Population (in bn)



Around 10 billion people by 2050

Fully positioned to address these megatrends



Our customers

- Water management
- Automotive
- Construction
- Coating & adhesive
- Energy
- Health & cosmetics
- Electronics
- Packaging
- Paper
- Animal nutrition & agrochemicals
- Sports and leisure
- ...

Sustainability issues

- **Water treatment**
- **Mobility and communication**
- **LED lighting**
- **Biofuels**
- **New energies**
- **Energy storage**
- **CO₂ emission reduction**
- **Lighter materials**
- **Solvent-free paints**
- **Energy savings**
- **Arid soil cultivation**
- **Biotechnologies**
- **Biobased materials**
- **Urbanization**
- **Energy efficient houses**
- **Healthy food**
- **Crop protection products**

4 innovation platforms

▬ Membranes



**New
energies**

▬ Photovoltaic
▬ Li-ion batteries

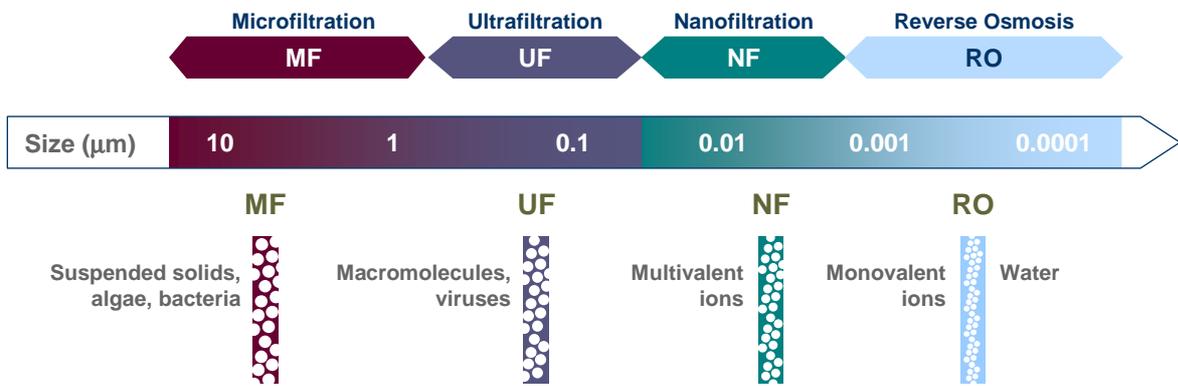
▬ Thermoplastic
composites
for glass &
metal
substitution



Renewable

▬ Biobased
polymers

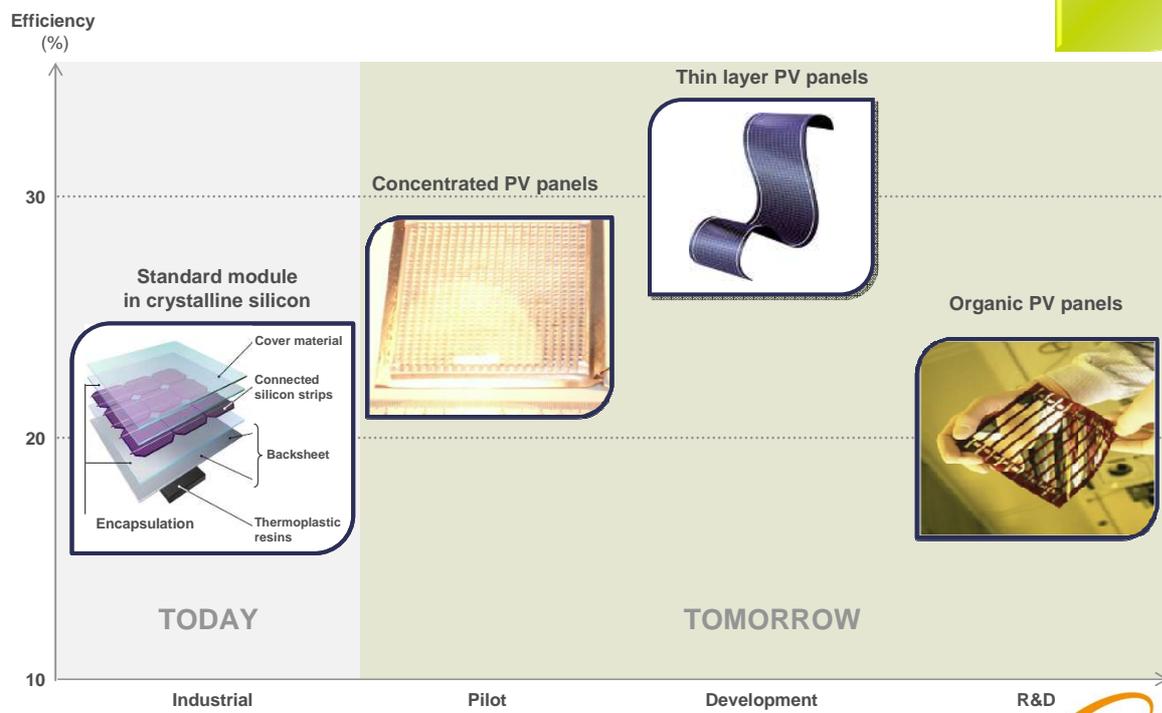
Membranes



Example of Ultrafiltration membranes

A global approach to the Photovoltaic market

New energies

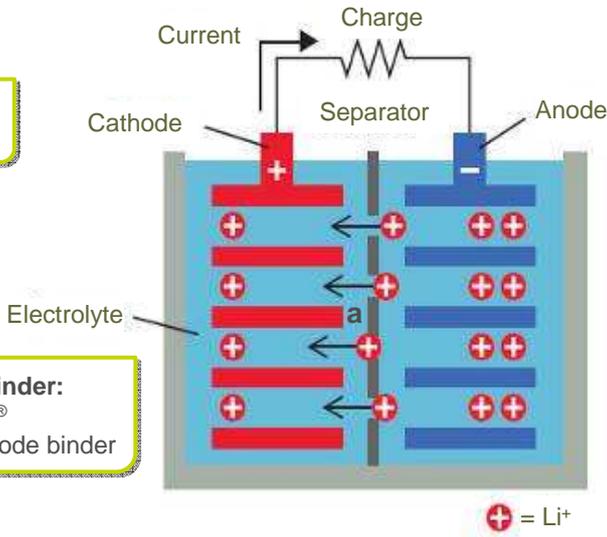


Materials in Li-ion batteries

New energies

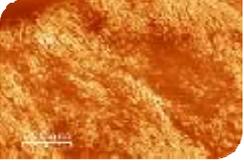
Active matter:
Activated carbon

Cathode binder:
Kynar®
Cathode and anode binder



Electrolyte

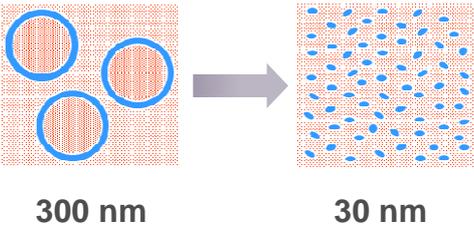
Conductive additive for cathodes:
Carbon Nanotubes
Graphistrength®

Separator:
Kynar® membrane

Block copolymers system

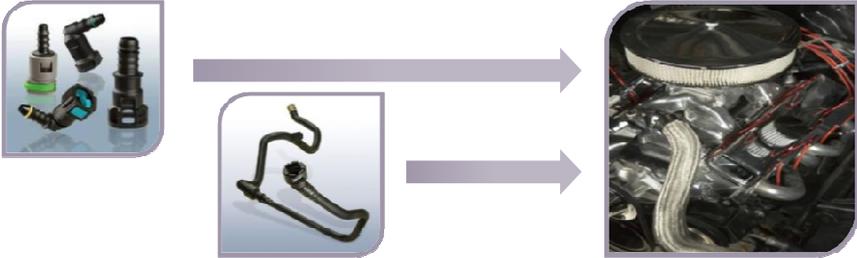
Glass & metal substitution

Lightweight materials

■ Nanostructured PMMA in car manufacture



■ Rilsan® HT, a High Temperature polyamide to replace metal components in under-hood applications



Biobased polymers



Acrylics for coatings



High temperature polyamide



Plants



Additives for "greener roads"

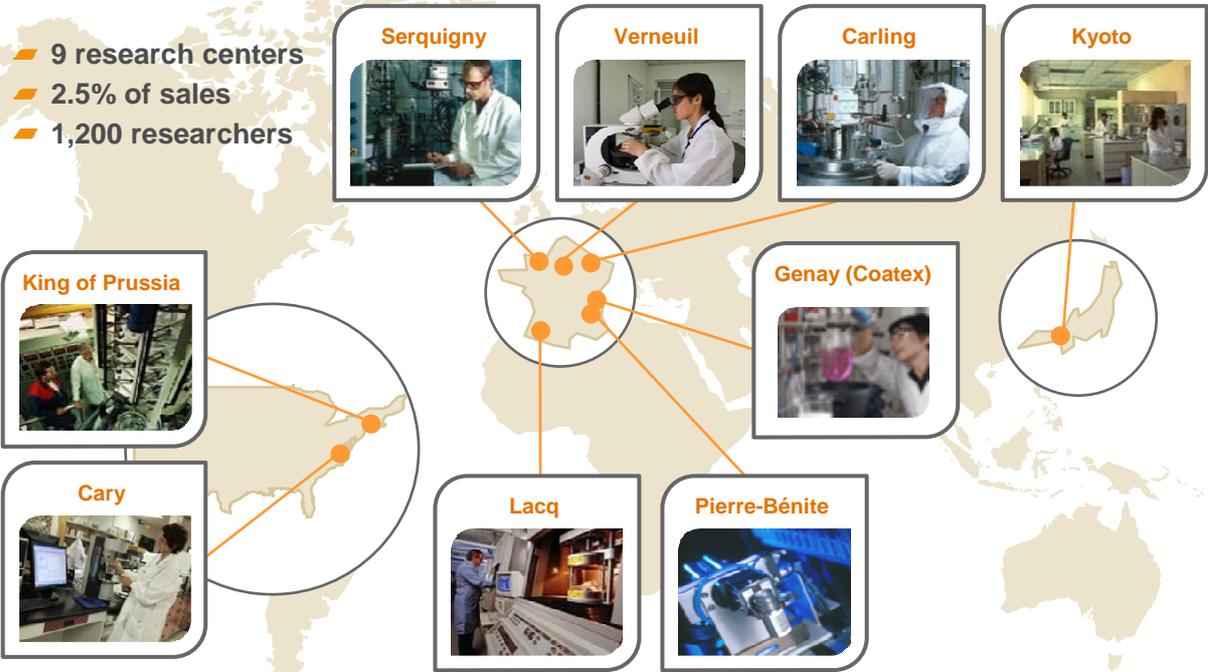


Thermoplastic elastomer



Innovation is the heart of Arkema's strategy

- 9 research centers
- 2.5% of sales
- 1,200 researchers



R&D center in Changshu « CRDC »

**NEW
ANNOUNCEMENT**

- Arkema's 10th R&D Center
- Ground-breaking event on October 12, 2011
- Geographic and technical complementary with the other R&D centers in France, Japan and the US
- Industrial proximity: housed on Changshu platform
- Commercial proximity: close to our Chinese customers
- Opening expected in 2012



New R&D center in Changshu

■ Areas of expertise:

- Performance polymer processing
- Technical Support for our customers in China and South-East Asia, in particular in sports, electronic packaging, renewable energies, automotive and cable manufacture
- Polymerization
- Development of clean, reliable and cost-effective processes
- Process support for Arkema plants in Asia

■ 30 researchers in the first year, 50 within the next 2 years

■ Investment: approx €10 M

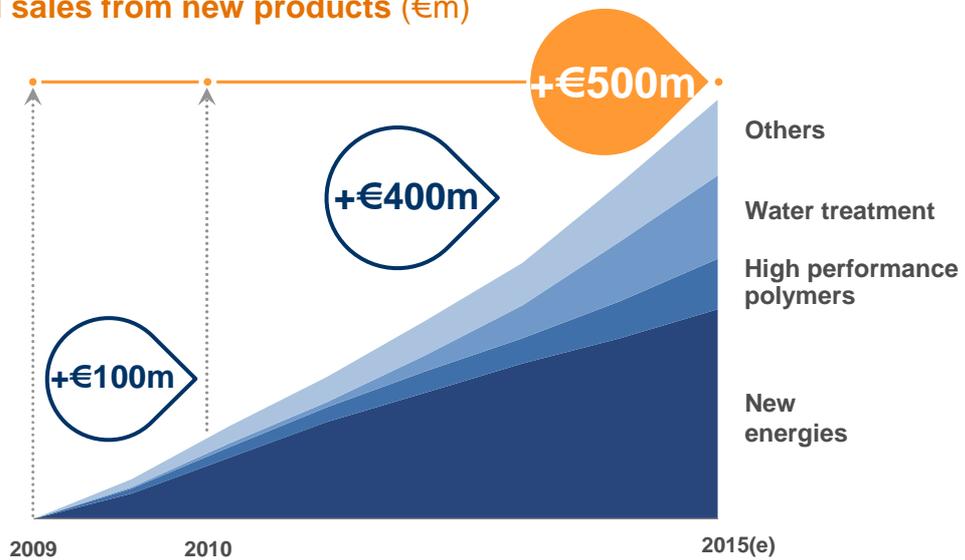
■ Equipment:

- Process hall: pilot reactors, filtration, distillation
- Converting hall: multilayer extrusion, injection, etc.
- 3000m² expandable to 5200m² very quickly within next 2 years



€500m new sales from innovation

Additional sales from new products (€m)



€500m of new sales with an EBITDA margin > 20%

Conclusion

- **Spin off: a true success story**
- **2011, confident in achieving an excellent year with an EBITDA > €1bn**
- **Remain attentive to the macro-economic environment**
- **Acceleration of growth:**
 - 50% organic / 50% by acquisition
 - Emerging countries and innovation in megatrends
 - Strong focus on Asia, notably China
- **Successfully repositioned on higher value markets**
- **Fully on track to achieve 2015 objectives**

 **Become a global and innovative leader** 
in specialty chemicals with first rate profitability

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 on www.finance.arkema.com