



1st quarter 2008 results

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Q1'08 highlights

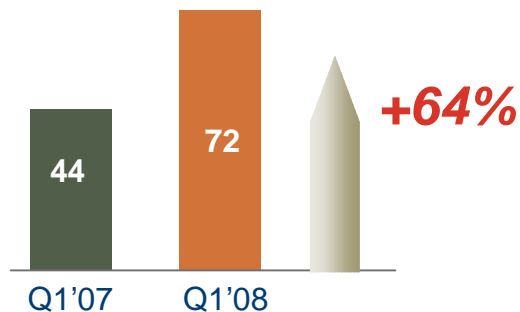
• An excellent set of results which demonstrates clearly our ability to resist in a more challenging environment

• EBITDA margin of Industrial Chemicals & Performance Products > 13.5%

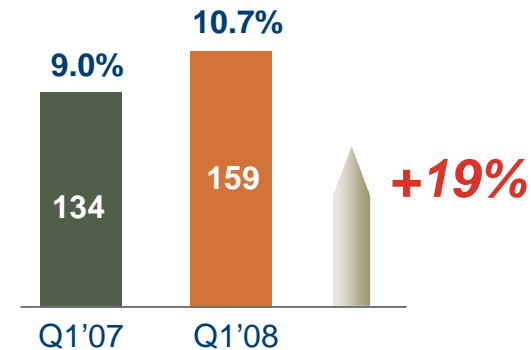
• Benefits from a quick and in-depth transformation

• Confirm our 10% EBITDA margin target for 2008

• Net income – group share (€m)



• EBITDA (€m) & EBITDA margin



• New initiatives since January 1st 2008

↳ Productivity improvement

➔ 2 new shared services centers for HR & accounting

↳ Growth projects

➔ H₂O₂ capacity in Leuna x2

↳ M&A

➔ Acquisition: PMMA (ex Repsol)

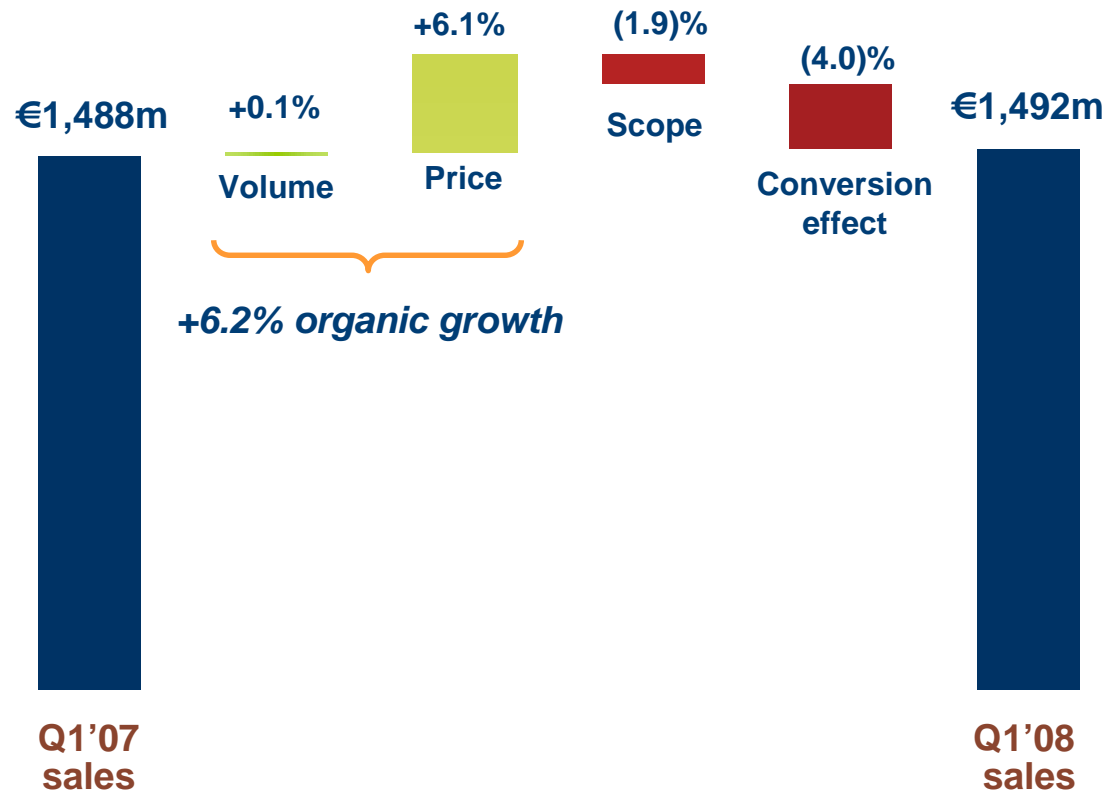
➔ Disposal: SAP business



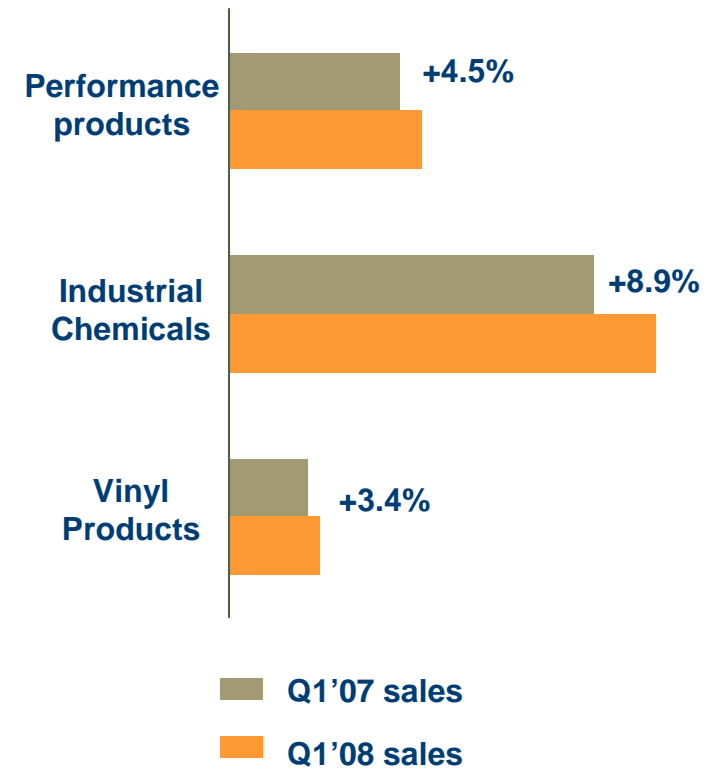
Excellent set of results in Q1'08

	Q1'07	Q1'08	Variation
Sales	1,488	1,492	+0.3%
EBITDA	134	159	+19%
<i>EBITDA margin</i>	9.0%	10.7%	
Operating income (recurring)	80	100	+25%
Non recurring items	(27)	5	
Adjusted net income	52	67	
Net income (group share)	44	72	+64%
Net debt (end of year)	459	576	

+6.2% organic growth



Organic growth by segment



+19% EBITDA in a more challenging environment

• Another quarter with very significant EBITDA improvement

- +19% EBITDA growth in Q1'08 vs Q1'07
- 10.7% EBITDA margin in Q1'08 (9.0% in Q1'07)
- 6.1% increase of average unit prices

• Thanks mainly to the benefits of self help initiatives

- Positive impact from restructuring plans in Fluorochemicals at Pierre-Bénite (Fr), Functional Additives and polyamides
- Contribution from new product developments
- Successful integration of Coatex which reinforces the acrylic downstream

• In a more challenging environment

- Satisfactory demand in Europe
- Sustained demand in Asia
- US dollar vs. euro exchange rate
- Increasing raw material and energy costs
- Margin squeeze in Vinyls

10% EBITDA margin target for 2008 confirmed



Vinyl Products: Pressure on PVC margins

1st quarter performance

(€m)	Q1'07	Q1'08	Δ
Sales	374	389	+4.0%
EBITDA	28	17	(39.3%)
EBITDA margin	7.5%	4.4%	-
Recurring operating income	22	8	(63.6%)

- ⇒ Sales increase sustained by good volumes in caustic soda
- ⇒ High comparison basis in Q1'07 for PVC in Europe
- ⇒ Increase in ethylene prices which resulted in pressure on PVC margins

Industrial Chemicals: 13.9% EBITDA margin

1st quarter performance

(€m)	Q1'07	Q1'08	Δ
Sales	650	675	+3.8%
EBITDA	66	94	+42.4%
EBITDA margin	10.2%	13.9%	-
Recurring operating income	40	65	+62.5%

- +8.9% sales increase excluding scope and conversion effects
- Satisfactory global demand
- Increase in sales prices in each of the business unit of the segment
- Benefits from restructuring initiatives in Fluorochemicals in Pierre-Bénite (Fr)
- Successful integration of Coatex
- Acrylic margins remained at levels similar to end of 2007

Performance Products: Impact from self-help

1st quarter performance

(€m)	Q1'07	Q1'08	Δ
Sales	463	427	(7.8%)
EBITDA	54	58	+7.4%
EBITDA margin	11.7%	13.6%	-
Recurring operating income	33	37	+12.1%

- +4.5% sales excl. scope (sale of UF resins in Leuna) and conversion effects
- Increase in sales prices in each of the business unit of the segment to offset increase in raw material costs
- Strong contribution from restructuring initiatives in Functional Additives and polyamides in Technical Polymers
- Impact of new products/projects
- Negative impact from US dollar vs. euro exchange rate
- Slowdown of the US construction business and increase of tin affected Functional Additives performance

Confirm 2008 target

A more challenging environment in 2008

- High raw material and energy costs
- Unfavorable euro/US dollar exchange rate
- Remaining pressure on Vinyl Products margins as C₂ price continue to increase

In-depth transformation continues

- Implementation of self-help initiatives in line with expectations
- Significant decrease of fixed costs
- Quality of the new businesses launched
- New initiatives to be taken to adapt to the evolution of environment
- Industrial Chemicals and Performance Products will support EBITDA growth

➔ **+€80m EBITDA in 2008 from self-help initiatives**

Confirm confidence for 2008

➔ **10% EBITDA margin target**

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Financial information for 2006 and 2007 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.

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