Arkema

Exane BNP Paribas MidCap Forum 2011

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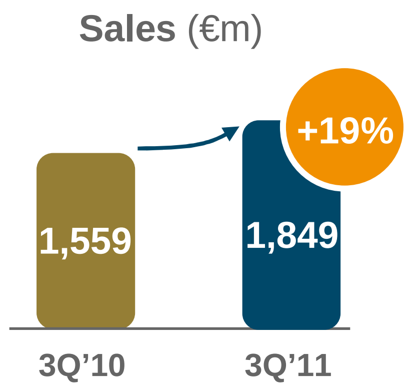
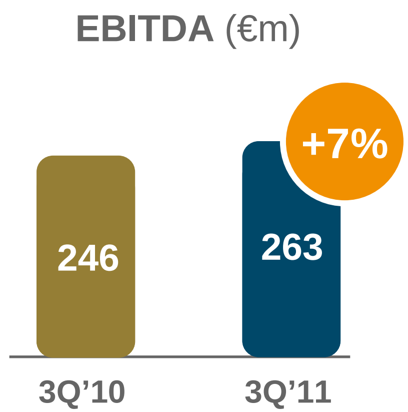
The world is our inspiration

London, November 15th, 2011

Another strong set of results

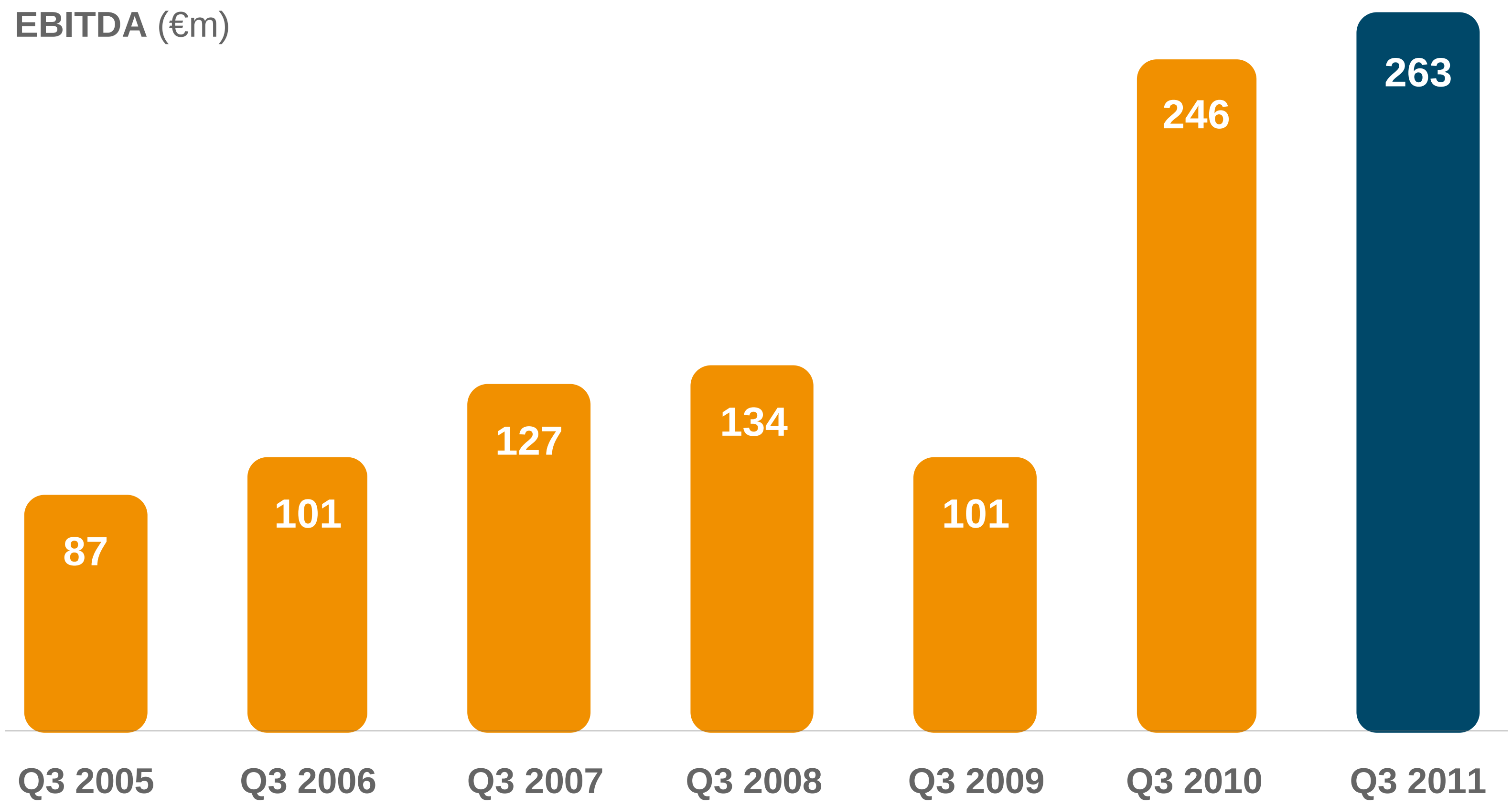
- **+19% sales vs 3Q'10**
  - Strong pricing
  - Contribution of Total specialty resins
- **+7% EBITDA at €263m**
  - Record EBITDA in a 3rd quarter
- **€130m adjusted net income, 7% of sales**
- **+€193m free cash flow(*) in 3Q'11**
- **€653m net debt and 25% gearing after acquisition of Total specialty resins**





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

Q3'11 EBITDA reflects Arkema transformation



Key factors of 3Q'11 performance

- Strong pricing offsetting higher raw material and energy costs
- After unusually high 3Q'10, return as expected to more traditional seasonality
- High level of results in Performance Products supported by Asia and new solutions for sustainable development
- Solid performance in Industrial Chemicals, close to 2010 at constant scope of business, despite slower demand in architectural coatings and refrigeration primarily induced by customers strict inventory management
- Successful integration of Total specialty resins
- Quite challenging conditions in Vinyls

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3Q'11 highlights

- **Closing of Total specialty resins acquisition on July 1st**
  - Arkema now positioned as a leader in coating materials
- **Buoyant newsflow in Changshu (China)**
  - Successful start up of Coatex unit (Specialty Acrylic Polymers) in August
  - Announced 30% increase in HFC-125 fluorogas production capacity and construction of a new refrigerant blend unit (effective respectively late 2012 and mid-2012)
  - Construction of a new R&D center (opening in 2012)
- **Refinancing of syndicated credit facility for an amount of €700m**
  - Maturity : 26 July 2016
  - Current syndicated facility signed in 2006 reduced to €300m
- **Planned acquisition of Specialty Chemicals activities from SEPPIC**
  - Closing expected end 2011

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3Q'11 key figures

in €m (except EPS)	3Q'10	3Q'11	Variation
Sales	**1,559**	**1,849**	***+18.6%***
EBITDA	**246**	**263**	***+6.9%***
EBITDA margin	***15.8%***	***14.2%***	
Recurring operating income	**172**	**184**	***+7.0%***
Recurring operating margin	***11.0%***	***10.0%***	
Net income (group share)	**130**	**109**	***-16.2%***
Adjusted EPS (diluted)	**2.09**	**2.09**	**-**

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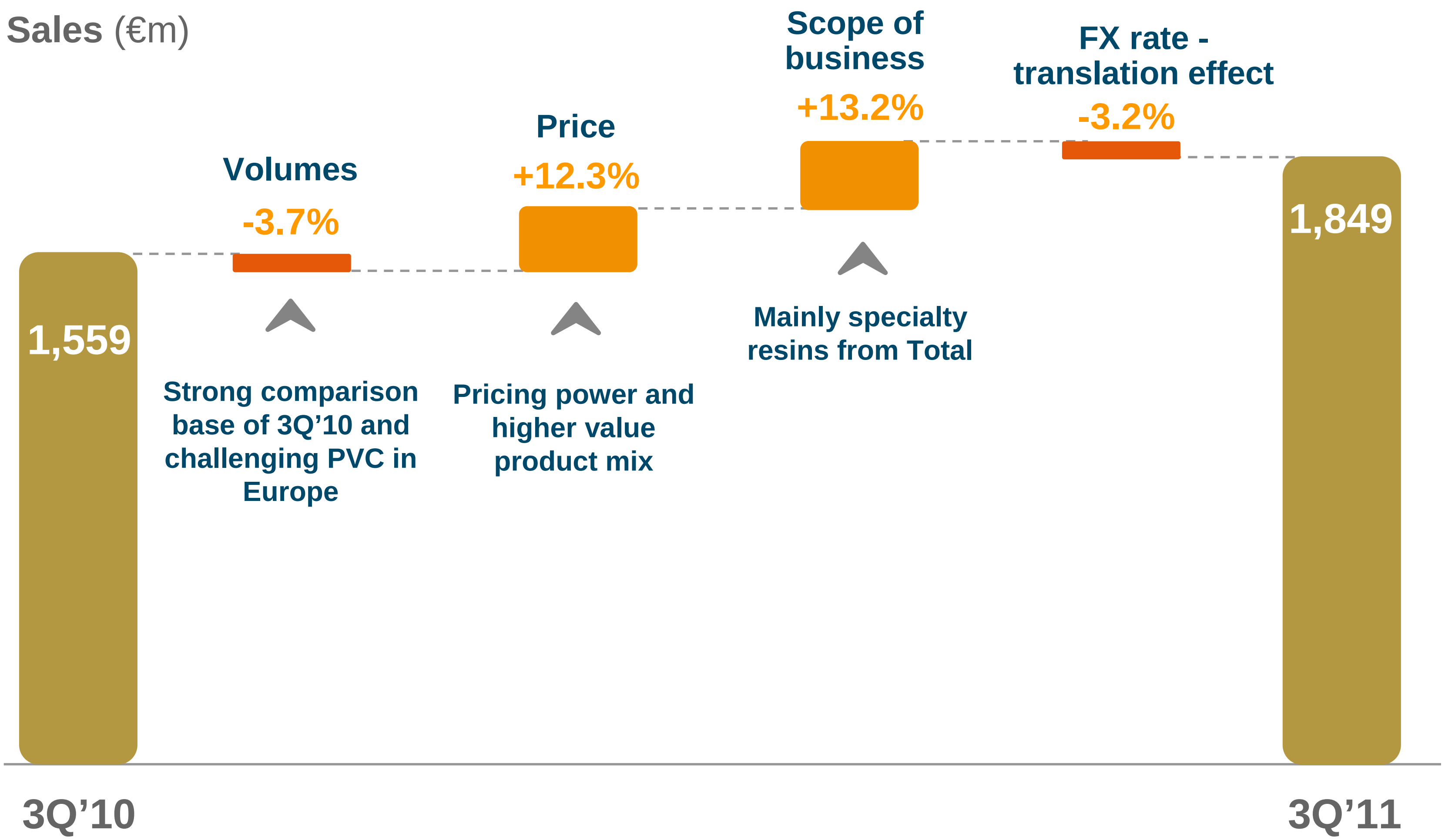
+19% sales versus 3Q'10



Industrial Chemicals: delivering a solid performance

in €m	3Q'10	3Q'11	Variation
Sales	**800**	**1,047**	***+30.9%***
EBITDA	**159**	**172**	***+8.2%***
EBITDA margin	***19.9%***	***16.4%***	
Recurring operating income	**122**	**131**	***+7.4%***

- **Positive price effect on higher raw material costs**
- **After untypical 2010 summer, return to more traditional seasonality**
- **Integration of Total specialty resins as of July 1st**
  - +€218m net sales
  - Dilutive effect on EBITDA margin
- **Excluding M&A, EBITDA close to 3Q'10 level**
  - Solid contribution of all businesses
  - Slower demand in architectural coatings and refrigeration (seasonality increased by inventory adjustment at customers)
- **Negative impact from foreign exchange rate (€/$)**

Smooth integration of Total specialty resins

- **Integration on July 1st, 2011**
- **+€218m net contribution on Group sales in 3Q'11**
- **€535m cash outflow (including €31m cash acquired)**
- **Preliminary Purchase Price Allocation**
  - Goodwill: €136 m
- **In 3Q'11, ~€(35)m non recurring items booked**
  - Including €(29)m inventory valuation at market price (part of PPA)
- **Should be EPS accretive on first twelve months of integration**

Performance Products: excellent growth momentum

in €m	3Q'10	3Q'11	Variation
Sales	**470**	**519**	***+10.4%***
EBITDA	**92**	**102**	***+10.9%***
EBITDA margin	***19.6%***	***19.7%***	
Recurring operating income	**70**	**79**	***+12.9%***

- **3Q EBITDA at record high**
- **Strong performance of all Technical Polymers**
  - Steady demand in Asia (31% of segment sales in 3Q'11)
  - Continuous growth of solutions to sustainable development
  - Contribution from PVDF Kynar® new unit in China
- **Positive effect from price increases and higher value product mix**
- **Negative impact from foreign exchange rate (€/US$)**
- **Project to acquire a complete range of specialty chemicals from SEPPIC consistent with our strategy in Performance Products to grow on high value niche markets**

Planned acquisition of a complete range of Specialty Chemicals from SEPPIC

- **Acquisition of a world class industrial site in Antwerp (Belgium)**

- **Excellent fit with Arkema's strategy**
  - Complement existing range of Specialty Chemicals
    - Specialty surfactants of Specialty Chemicals BU – Ceca
    - Extended offer on high added value niche markets (warm asphalt mix, oil & gas)
  - Key component for fast growing range of high performance additives offered by Coatex (Specialty Acrylic Polymers)
    - Thickeners or pigment dispersants for coatings
    - Concrete additives for high-tech civil engineering structures
- **Sales: €47m (2010 figures) with strong growth potential**
- **Closing expected end 2011**
- **Excellent profitability in line with current Performance Products level**

Vinyl Products: break-even in challenging environment

in €m	3Q'10	3Q'11	Variation
Sales	**284**	**278**	***-2.1%***
EBITDA	**4**	**0**	***na***
Recurring operating income	**(10)**	**(14)**	***na***

- **Lower volumes in a challenging construction market in Europe**
- **Price increases vs 3Q'10 offsetting higher energy and raw material costs**
  - Higher caustic soda prices
  - Increased PVC prices but unit margins still low
- **-€11m impact on sales from divestment of PVC pipe business in France**
- **4Q'11 outlook**
  - Impact from recent strike in LyondellBasell Berre refinery and expected low PVC seasonality in Europe for the end of the year should drive negative EBITDA in 4Q
- **Excellent performance of Qatar Vinyl Company in which Arkema owns 13% stake**

Significant cash generation

in €m	**3Q'11**
EBITDA	**263**
Working capital variation	**66**
Recurring capex	**(89)**
Tax & cost of debt	(50)
Non recurring outflows**	(10)
Others	13
Free cash flow*	**193**

Net debt at €653m

- Gearing at 25% after acquisition of Total specialty resins

Working capital excluding Total resins: -7% vs end of June 2011

- Despite inventory build up related to planned maintenance turnarounds of 4Q

Full year end targets

- Working capital/sales: ~15%
- Recurring capex: €360m

4Q'11 cash flows will include:

- Cash outs related to an investment in a fluorspar mine (between -€25m and -€30m)
- Acquisition of some Seppic activities

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

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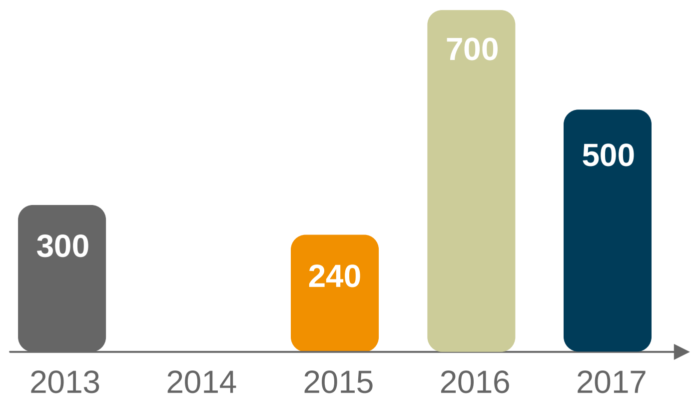
Successful diversification of financing sources

Diversified financing sources

- **Revolving credit facility: €300m**
- **Securitization program: €240m**
- **Revolving credit facility: €700m**
- **Bond issue: €500m**
- **Local bank loans**

Maturity of financial debt (m€)



Average maturity > 4 years
More than €1.2bn available after 5 years

A well balanced maturity profile

2011 outlook

- 4th quarter will reflect the traditional seasonal weakness of year-end (exception in 2010)
- In the current uncertain macro-economic environment, we anticipate a growing caution of customers on their year-end inventory level, particularly in PVC, architectural coatings and refrigeration.
- 4th quarter will also include a few planned large maintenance turnarounds in acrylics, fluorogas and fluoropolymers.
- The Group confirms that 2011 will be an excellent year, very significantly above 2010, and confirms its objective to exceed the symbolic €1 billion EBITDA milestone
- Arkema remains attentive and proactive to the changes in the macro-economic conditions

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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.
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- Financial information for 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, 14,000 employees and eight research centers, Arkema has generated revenues of €5.9 billion in 2010 and holds leadership positions in all its markets with a portfolio of internationally recognized brands. The world is our inspiration.

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