3rd quarter 2010 results

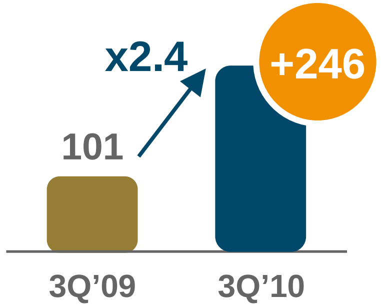
ARKEMA
The world is our inspiration

Paris, November 9th, 2010

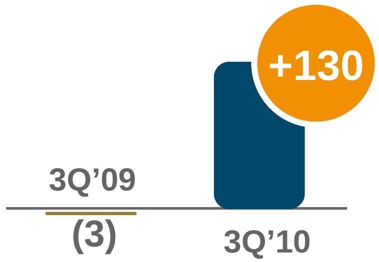
3Q'10 : another record performance

- **Very strong increase of sales: +41% versus 3Q'09**
  - Including +11% effect from former Dow acrylic assets
- **€246m EBITDA, x2.4 versus 3Q'09**
- **15.8% EBITDA margin**
  - versus 9.2% in 3Q'09 and 15.0% in 2Q'10
  - 20% EBITDA margin in Industrial Chemicals and Performance Products
- **Stronger financial structure**
  - +€96m free cash flow* in 3Q'10
  - €500m bond issue with 4% interest rate and an October 2017 maturity
- **€130m net income, at 8.3% of sales**

EBITDA (€m)



Net result (Group share) (€m)



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

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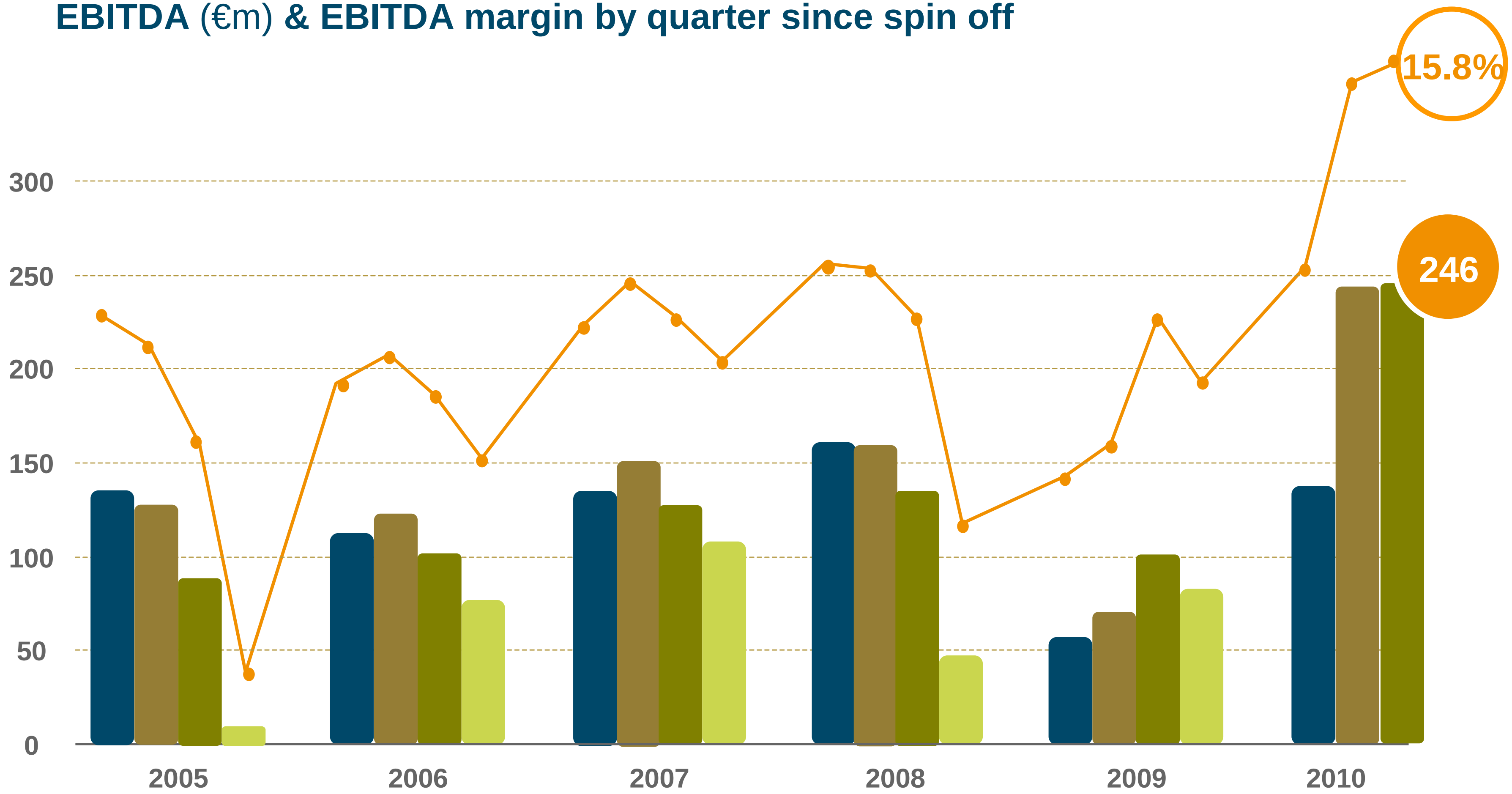
Another quarter at record level

EBITDA (€m) **& EBITDA margin by quarter since spin off**



3Q'10 highlights

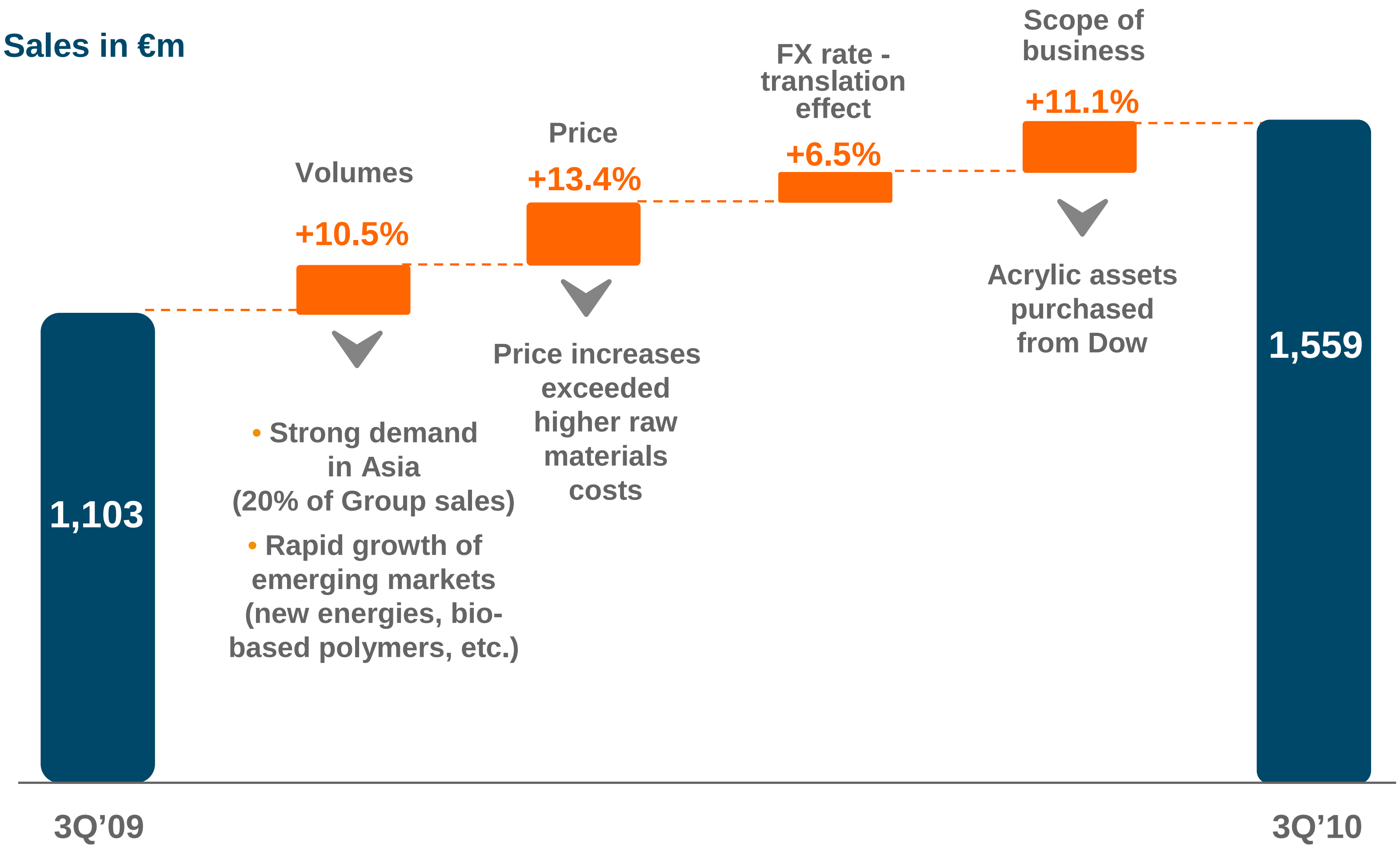
- **Announcement of a new emulsion polymers plant on the Changshu platform (China)**
  - Targeted markets : coatings and adhesives markets.
  - Capex : ~$30 million
  - Start-up : late 2012
- **Successful registration by US Environmental Protection Agency (EPA) of Paladin®, an innovative pre-plant soil fumigant**
- **Acquisition of PIEZOTECH, a French startup specialized in the development of ultra high performance fluorinated polymers**
- **Pierre Potier prize for Kynar Aquatec®, a solvent-free paint resin that reflects sunlight and therefore reduces air-conditioning costs**
- **Successful launch of Arkema's first bond issue**
  - Amount : €500m
  - Interest rate : 4%
  - Maturity : October 2017

3Q'10 key figures

in €m (except EPS)	3Q'09	3Q'10	Variation
Sales	**1,103**	**1,559**	***+41.3%***
EBITDA	**101**	**246**	***x 2.4***
EBITDA margin	***9.2%***	***15.8%***	
Recurring operating income	**36**	**172**	***x 4.8***
Net income (group share)	**(3)**	**130**	-
Adjusted EPS (diluted)	**0.13**	**2.09**	-

+41% sales versus 3Q'09

Sales in €m



Key factors of 3Q'10 performance

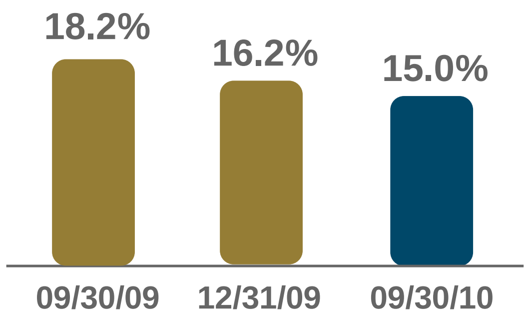
- **Favorable market conditions**
  - Strong demand in Asia in all business lines
  - Lower than usual summer seasonality
  - Benefits from fast-growing emerging applications in Performance Products
- **Successful implementation of price increase policy**
- **Strong contribution from internal growth projects**
  - Plants in China ran at full capacity (Fluorogas, H_2O_2)
  - Increasing contribution from new developments (photovoltaic, high performance polymers,etc)
- **Tight management of fixed costs leveraging higher volumes**
- **Former Dow acrylic assets delivering a good performance**

Positive cash generation on strong EBITDA

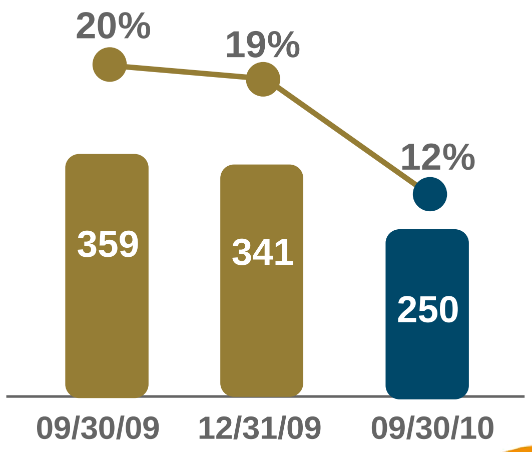
in €m	9m'10
EBITDA	**624**
Working capital variation	**(154)**
Capex	**(185)**
Tax & cost of debt	(116)
Restructuring outflows	(51)
Others	(8)
Free cash flow*	**+110**

- **3Q'10 free cash flow : +€96m**
- **9m'10 net cash flow*** : +€70m**

Working capital as % of sales**



Net debt (€m) **and gearing** (%)



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

*** At 30 September = (working capital end of September) / (4x 3rd quarter sales)*

**** Net cash flow = Cash flow from operating activities - cash flow from investing activities*

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Vinyl Products: slight improvement in a challenging environment

in €m	3Q'09	3Q'10	*3Q'10 vs 3Q'09*
Sales	248	284	*+14.5%*
EBITDA	(8)	+4	*n.a.*
EBITDA margin	*(3.2)%*	*+1.4%*	
Rec. op. income	(21)	(10)	*n.a.*

- **Vinyls share in Group sales further decreased to 18%**
- **Market conditions in construction in Europe remain difficult**
- **PVC prices and margins increased versus 3Q'09 and 2Q'10**
- **Increase of caustic soda prices**
- **High performance of Qatar Vinyl Company, in which Arkema holds 13%**
- **Priorities in the coming months and years remain the refocus of the segment and the improvement of its competitiveness**

Industrial Chemicals: Excellent growth and profitability

in €m	3Q'09	3Q'10	*3Q'10 vs 3Q'09*
Sales	528	800	*+51.5%*
EBITDA	81	159	*+96.3%*
EBITDA margin	*15.3%*	*19.9%*	
Rec. op. income	50	122	*x 2.4*

- **+29% sales at constant scope of business versus 3Q'09**
- **Favorable market conditions**
  - Successful price increase policy
  - Strong increase in acrylic monomer unit margins versus low cycle conditions in 3Q'09
  - Emergent LED TV market
- **Good contribution from the former Dow acrylic assets**
- **Improved competitiveness in Methacrylates in Europe**
- **Good performance of Thiochemicals and Fluorochemicals**
- **Production units in Asia ran at full capacity**
- **Positive impact from foreign currency translation effect**

Performance Products: Record EBITDA with EBITDA margin at 20%

in €m	3Q'09	3Q'10	*3Q'10 vs 3Q'09*
Sales	324	470	*+45.1%*
EBITDA	33	92	*x 2.8*
EBITDA margin	*10.2%*	*19.6%*	
Rec. op. income	12	70	*x 5.8*

- **EBITDA and EBITDA margin at record level**
- **Steady and continuous improvement since 4Q'09**
- **+22% volume versus 3Q'09 supported by :**
  - Strong demand in Asia, especially in Technical Polymers
  - Several developments on fast growing markets (new energies, bio-based polymers,etc)
- **Successful price increase policy**
- **Positive impact from foreign currency translation effect**

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2010 outlook

- **FY'10 EBITDA target increased to around €740m**
  - Prior target: "2010 EBITDA should exceed €600m"

- **FY'10 target takes into account:**
  - Market conditions which remain well oriented
  - Traditional far lower seasonality of certain markets in 4Q'
    - Refrigeration, coatings, PVC
    - "Short" month of December in Europe
  - Impact of the external strikes (refineries and Marseille harbor) related to the national pension reform in France estimated at around -€20m (this will mainly concern Vinyls)

- **FY'10 EBITDA target should result in a 12.5% EBITDA margin**
  - Previous high in 2007 with 9.1% EBITDA margin
  - Above the 12% target set at the spin off, 5 years ago

- **2010 EBITDA target largely exceeds cost of capital**

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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

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