

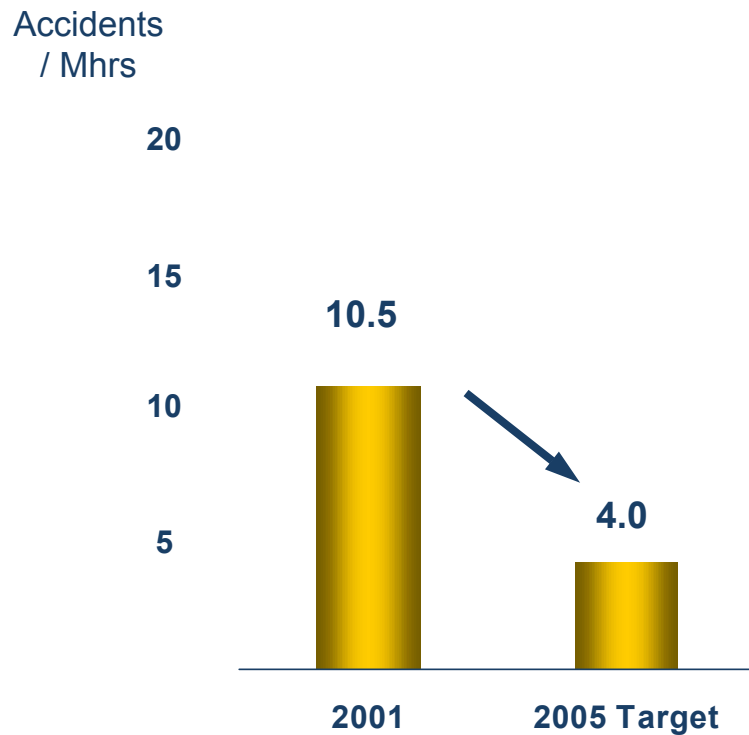
Chemicals

François Cornélis

Brussels - December 16, 2002

Priority to further improve industrial safety

Lost-time accidents



Recordable accidents



Selective growth to increase competitiveness

Focus growth on leadership positions

**Base chemicals
& polymers**

- increase capacity on existing platforms
 - ➔ unit cost reduction
- develop in fast growing markets and benefit from competitive feedstock price

**Intermediates
and Specialties**

- active portfolio management
- expand business lines that have leading positions

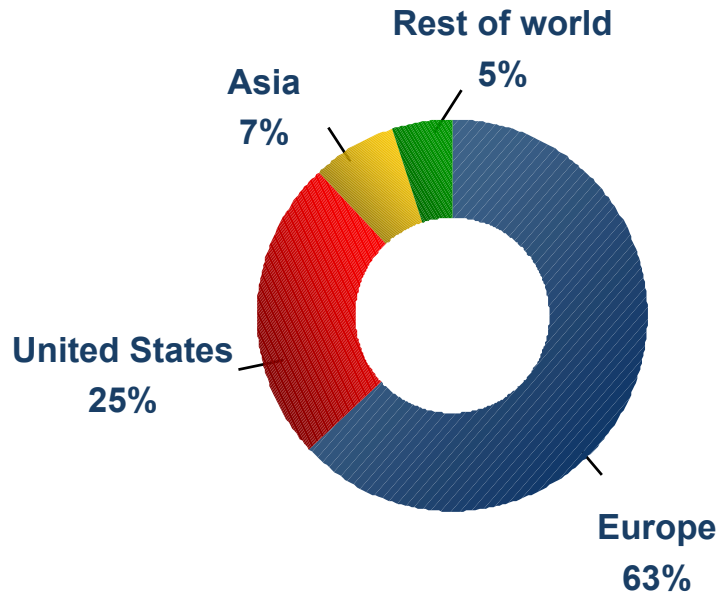
Ongoing productivity plans

continue to implement self-help programs: e.g. number of positions in France* reduced by 10% between 2003 and 2005

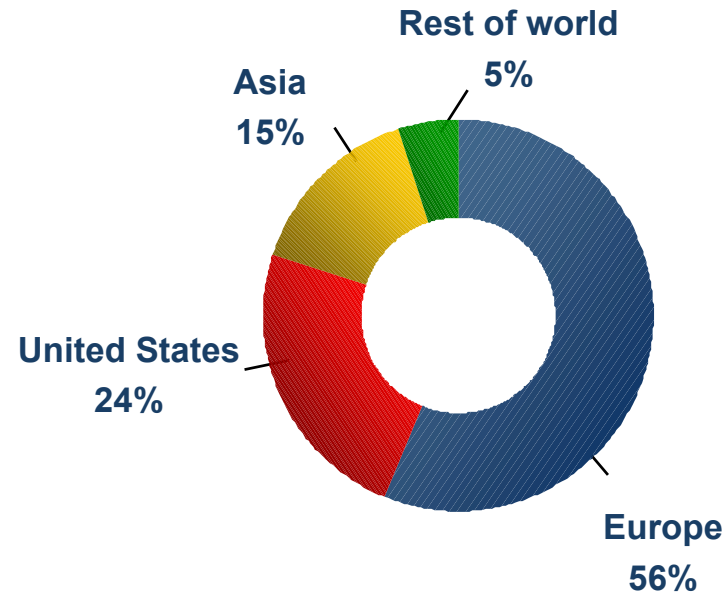
* Base chemicals and Intermediates

Improving geographical diversification of portfolio

Sales 2001



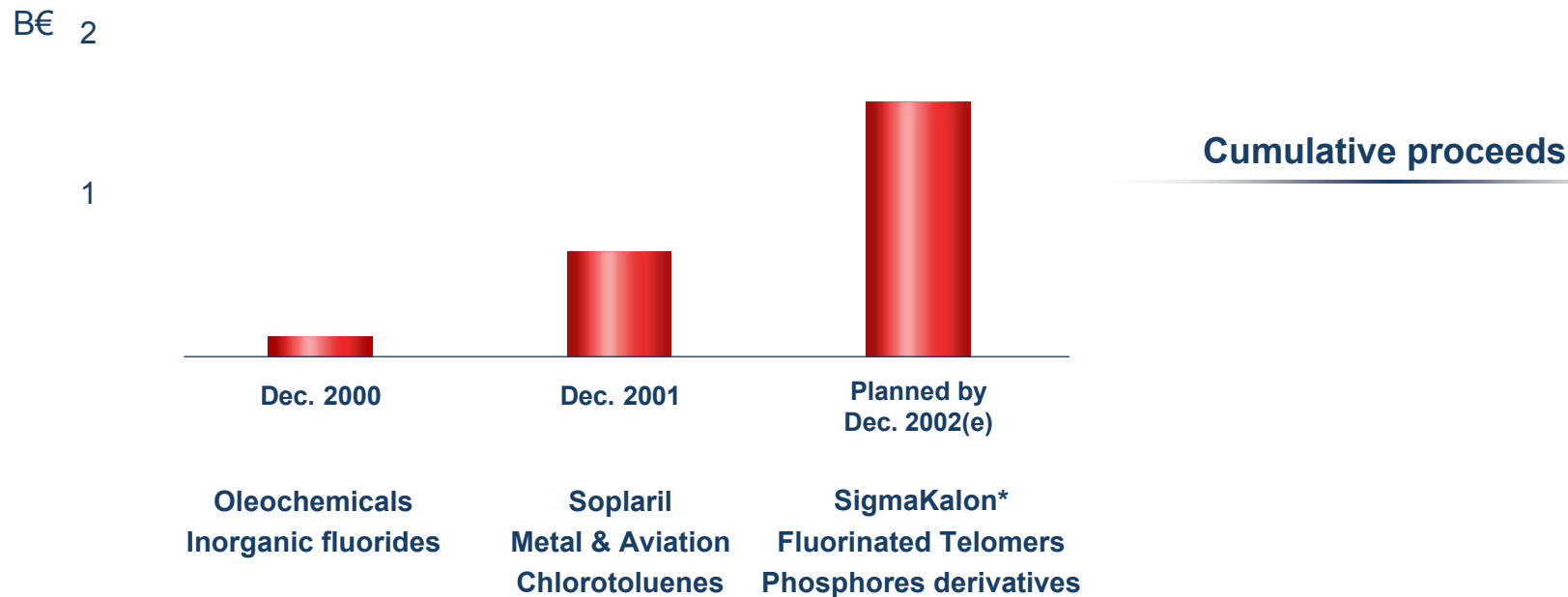
Sales 2007(e)



- **Capitalizing on strong positions in Europe and US**
- **Expanding in the Asian market**

Pursue active portfolio management

2000-2003 1.5 B€ divestment target surpassed*



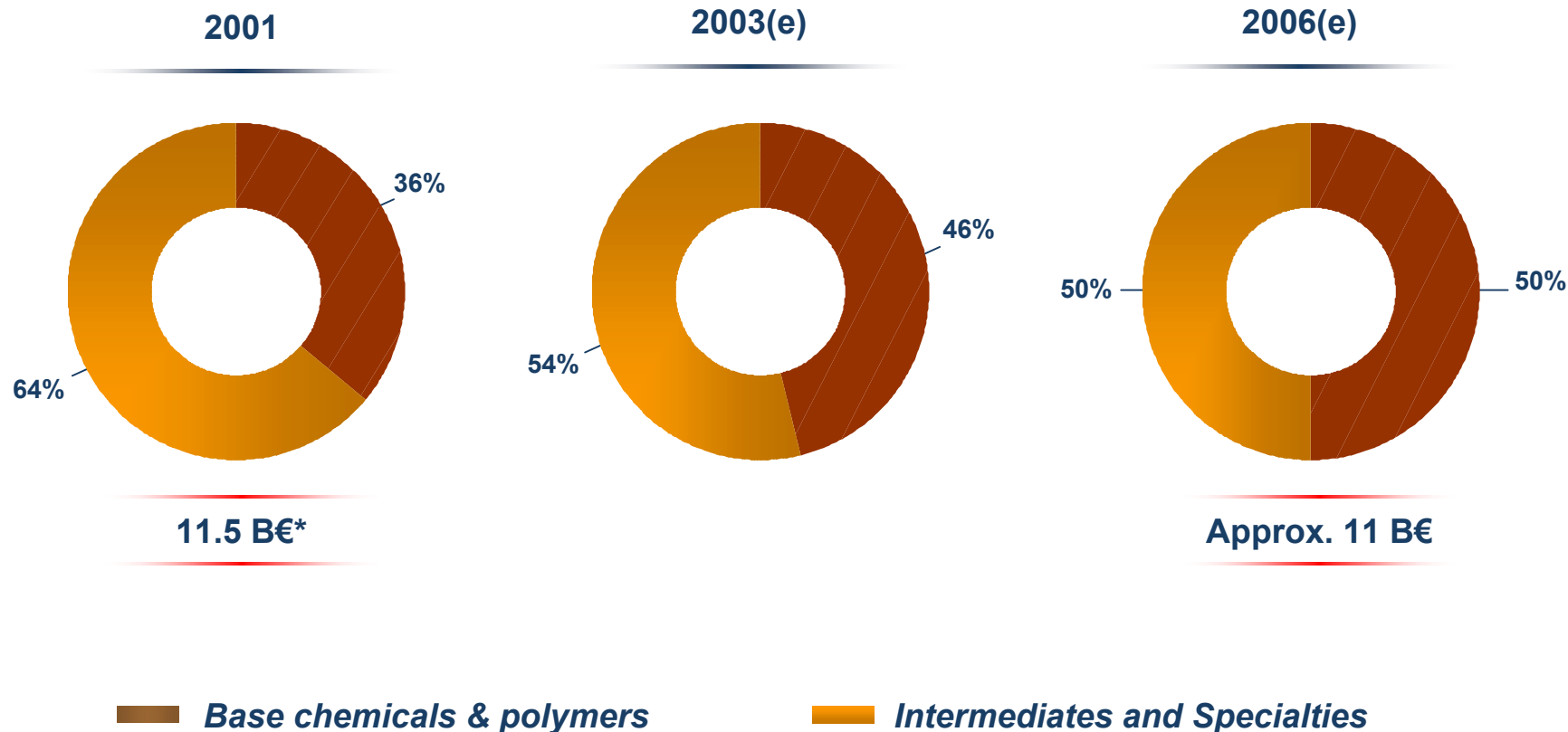
Close unprofitable activities

Additional disposal program 2003-2005

* subject to completion of the sale of SigmaKalon expected in Q1 03

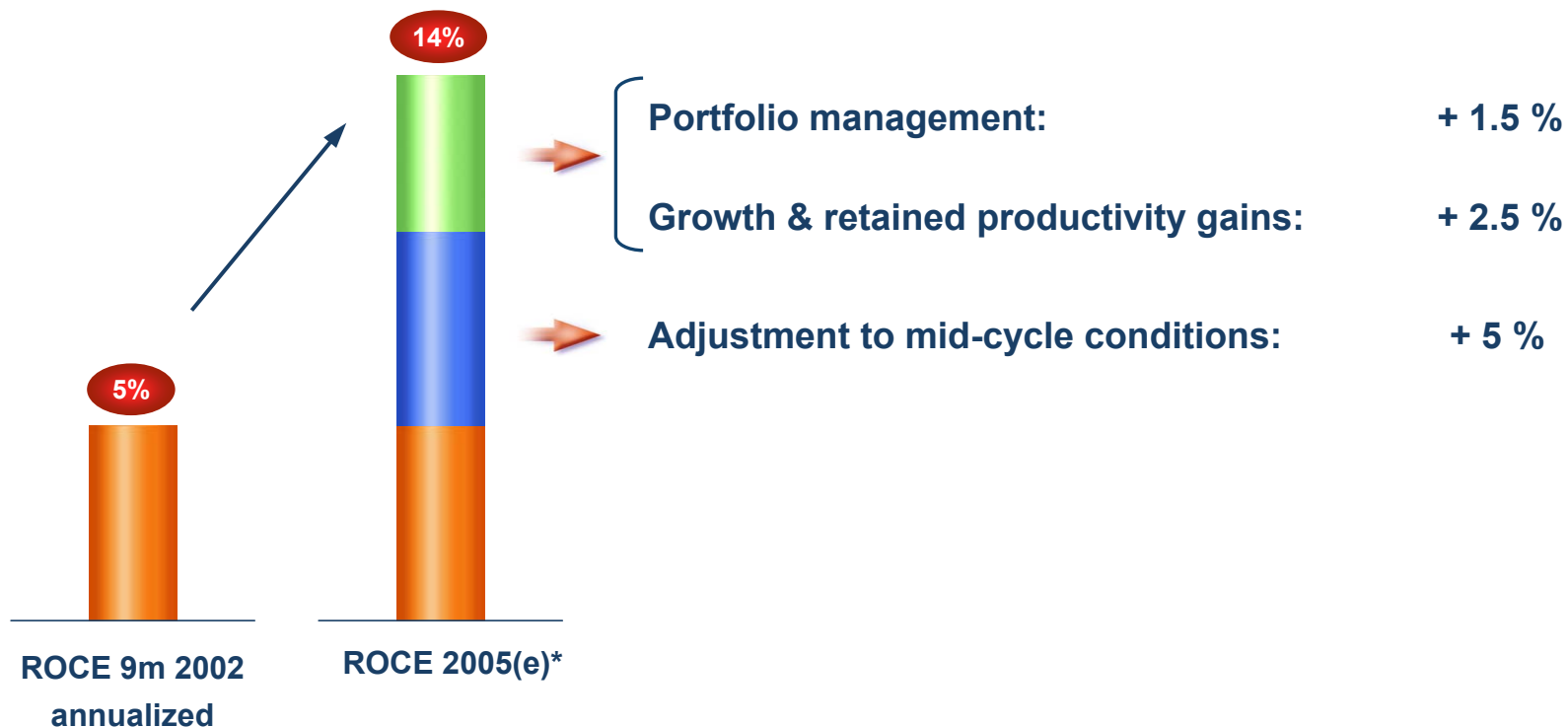
Rebalancing and upgrading portfolio

Year-end capital employed - Chemicals segment



* excluding the -941 M€ pre-tax contingency reserve related to AZF

ROCE target confirmed at 14% in 2005



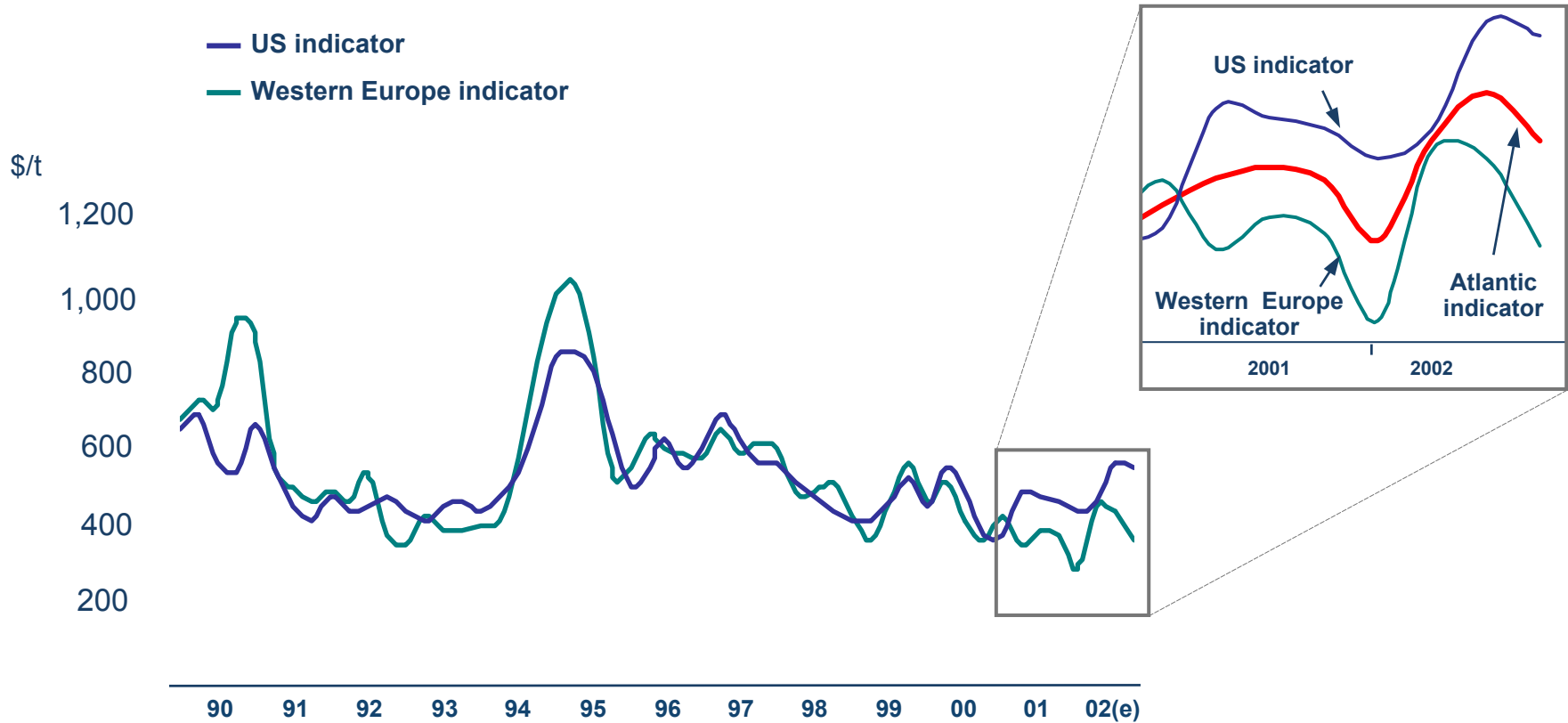
* Chemicals in mid-cycle conditions

Petrochemicals

François Cornélis

Brussels - December 16, 2002

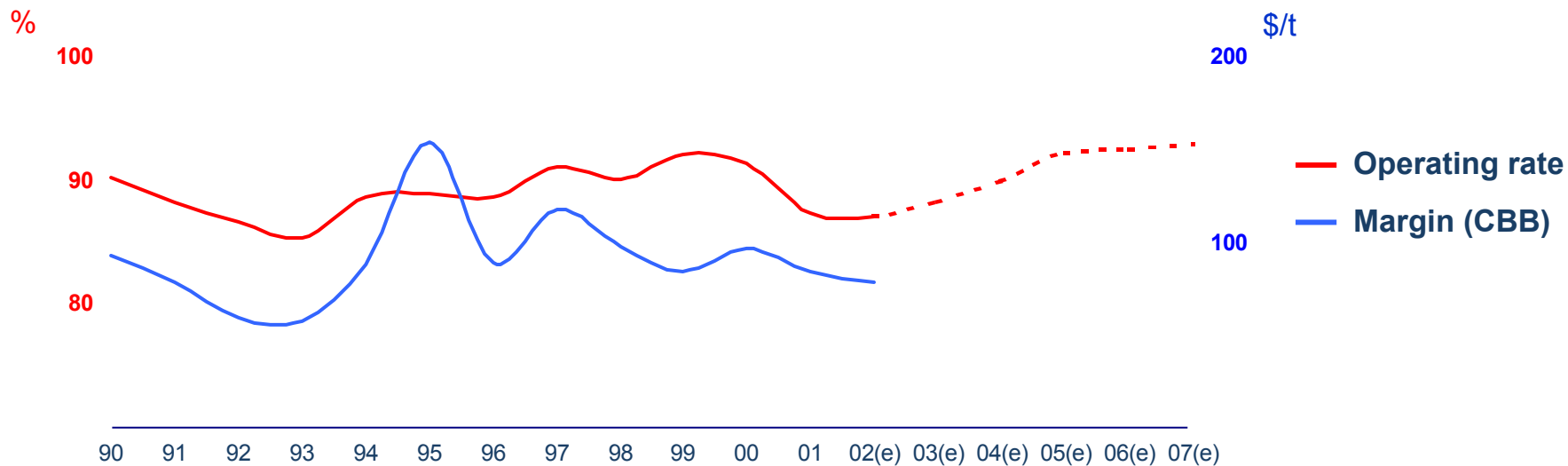
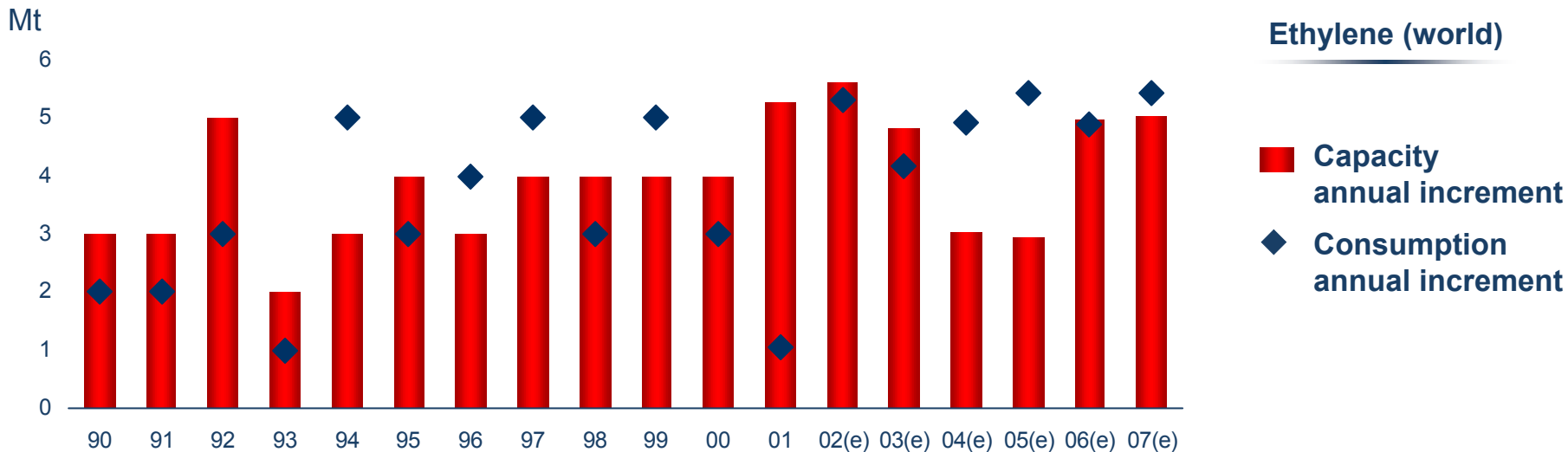
Atlantic petrochemical indicator



Margins rebounded recently but remain fragile

*Atlantic indicator = 50% of Western Europe indicator + 50% of US indicator

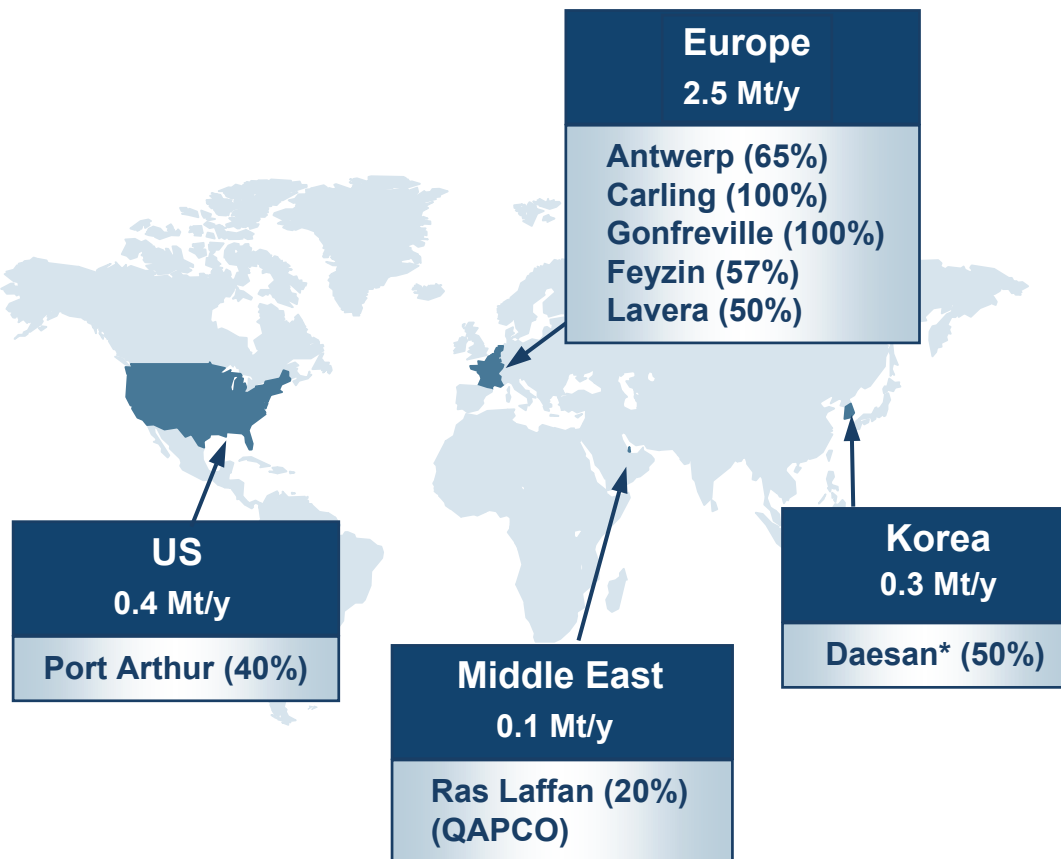
Improving market conditions in the coming years



source PTM 02Q3

Specificities of TotalFinaElf Petrochemicals

Cracking capacity (Group's share)



- **High level of integration between Petrochemicals and Refining**
- **Strong positions in large-scale platforms allow more efficient capital use**
- **Access to Middle East feedstock as a result of good integration with Upstream activity**
- **Development in Asia**

* subject to completion of the deal

Specificities of TotalFinaElf Petrochemicals

Jean-Bernard Lartigue

Brussels - December 16, 2002

High level of integration between Petrochemicals and Refining

● A solid and well integrated industrial base in Western Europe

- 59% of Petrochemicals feedstock comes from Group's refineries

➔ High level of integration

- 43% of Propylene produced comes from Group's refineries

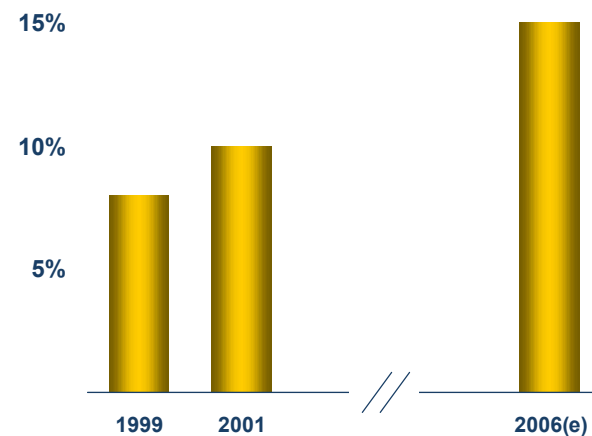
➔ Strong position of the Group on fast growing Propylene / Polypropylene markets

● Integration between petrochemicals and refining is increasingly critical

- to meet tighter gasoline specifications (aromatics extraction used in Petrochemicals)
- to deal with the continuing decrease of gasoline demand (more heavy naphtha and light FCC gasoline cracking)

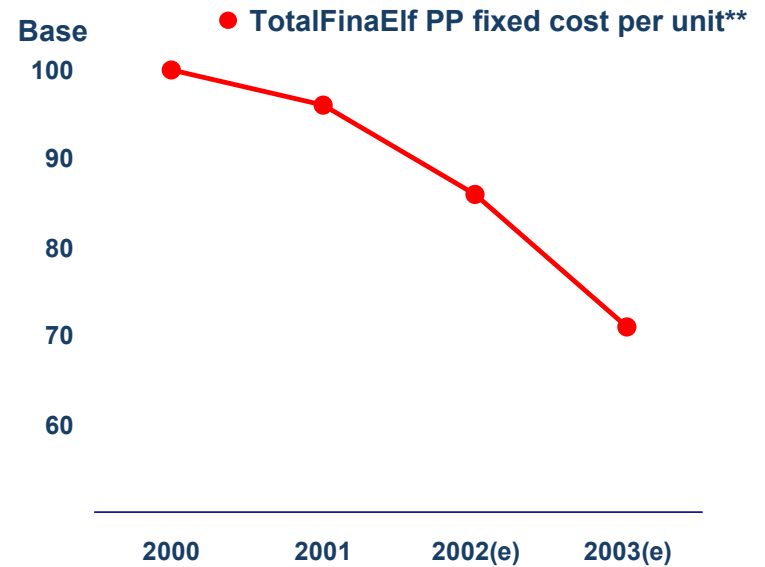
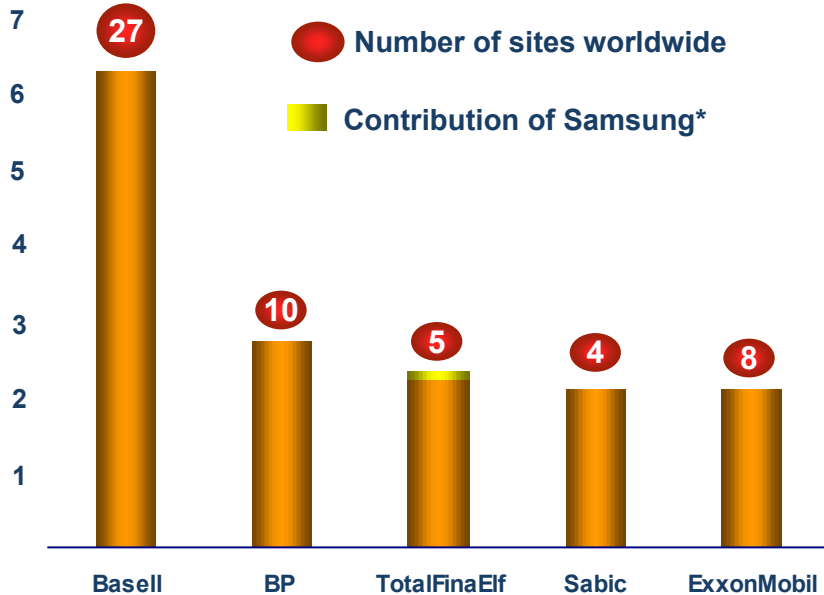
➔ Arbitrage gasoline/naphtha permitted by integration

Share of refining flow to steam cracker



Polypropylene: capitalize on large-scale platforms

Capacity PP
Mt/y 2002(e)



- Third largest global player in polypropylene, concentrated on 5 integrated sites
- Average capacity per site of 450 kt/y: more than 70% above the average of the 4 major competitors

- Lowering unit cost
- High potential for low cost debottlenecking

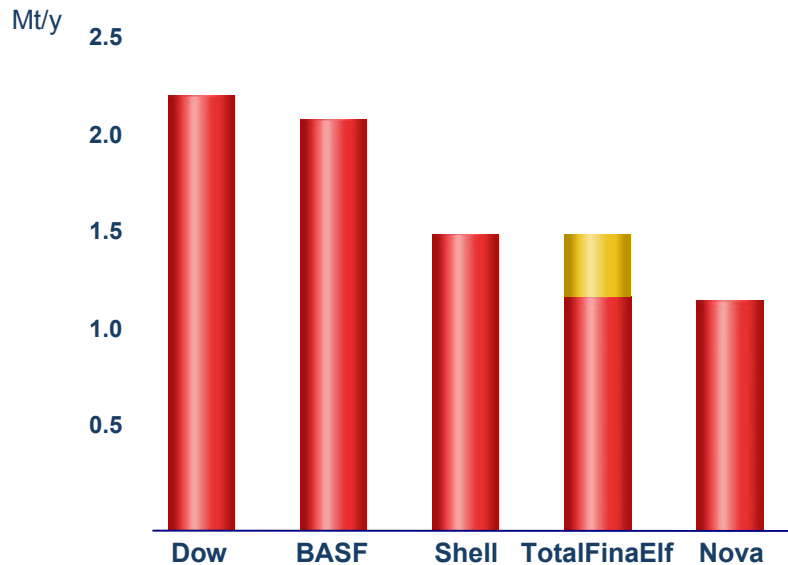
source: Chem data, CMAI, company data

* subject to completion of the deal expected Q1 03

** base 100 in 2000

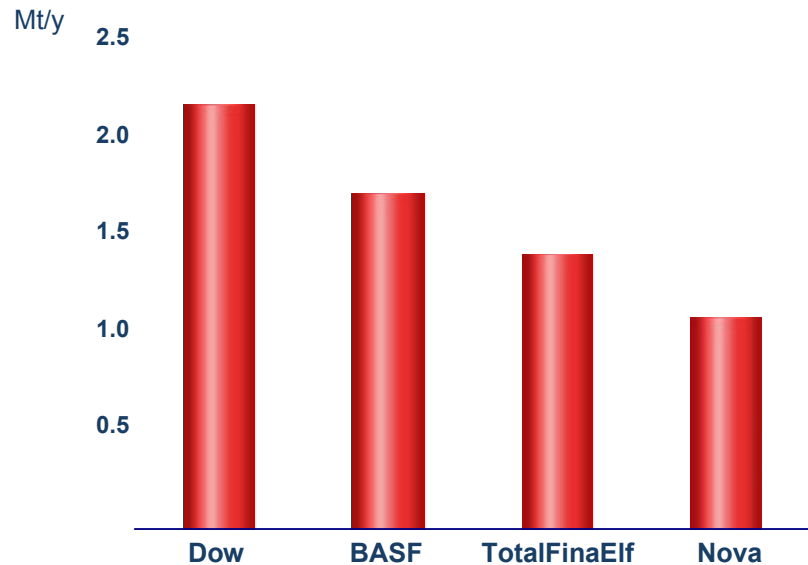
Styrenics: a major integrated player

Styrene producers



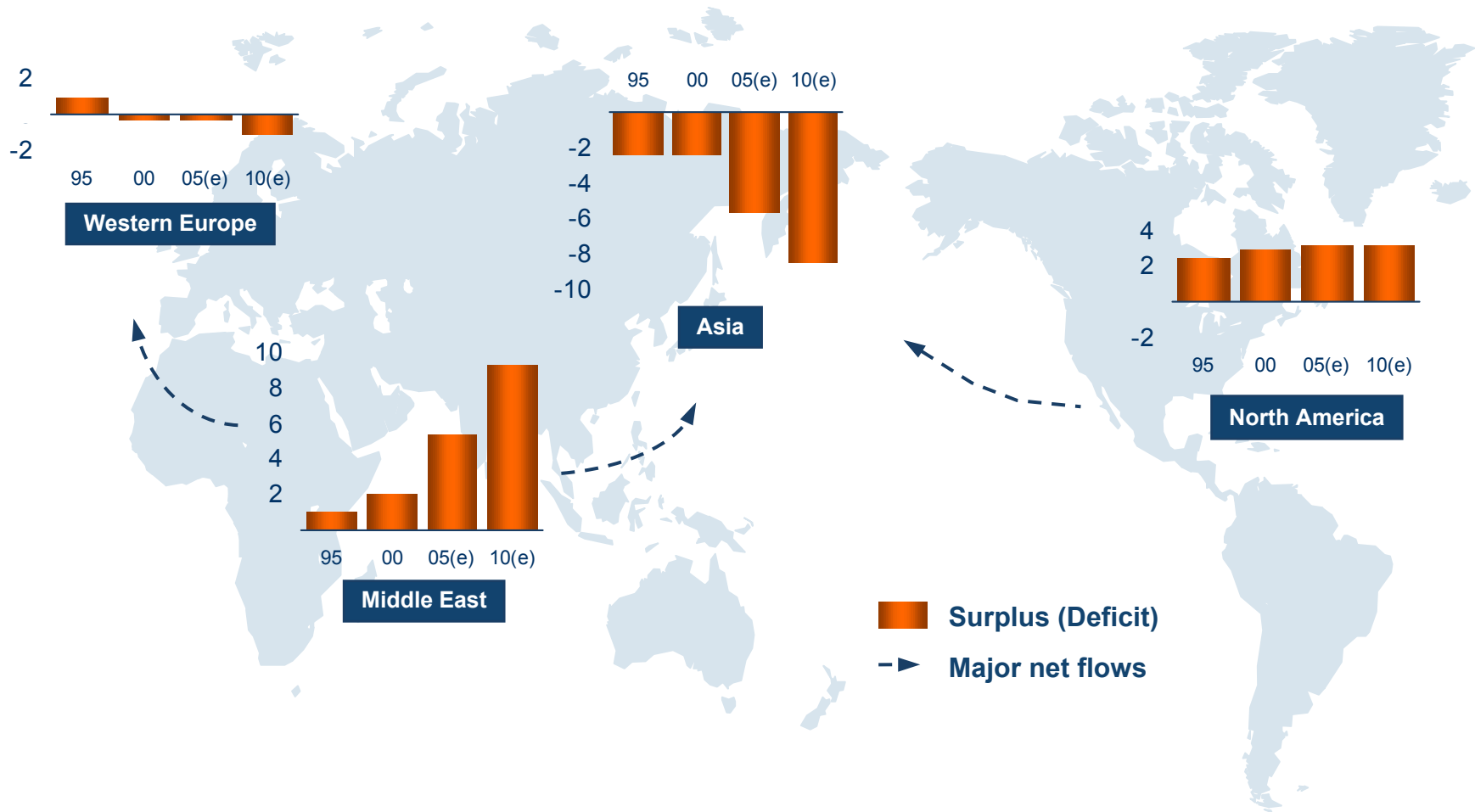
■ Contribution of Samsung

Polystyrene producers



- **Leadership position in both Styrene and Polystyrene**
- **Targeted expansion of the largest integrated styrenic site in the world (Carville)**
- **Positioning in Asia through JV with Samsung**

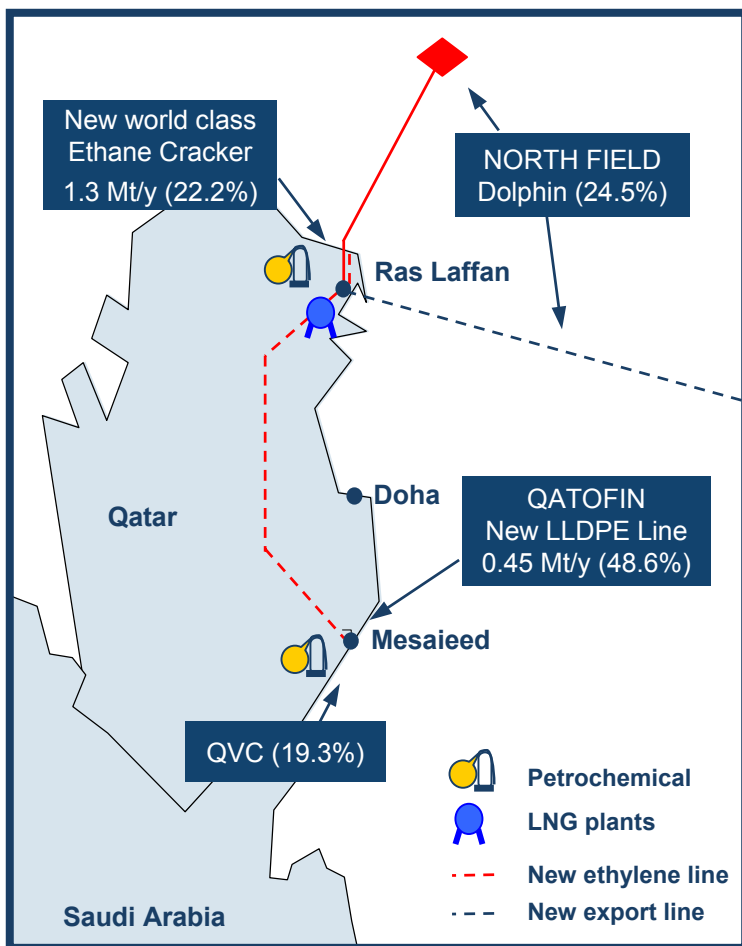
PE + PP geographical flows 1995-2010(e)



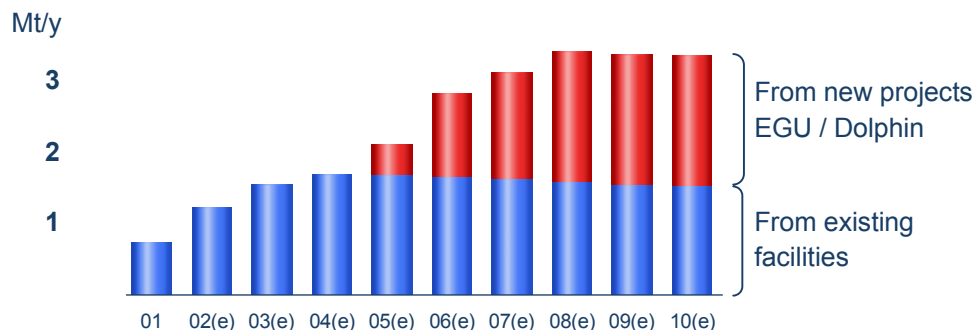
Worldwide consumption to increase faster than GDP
Fast growing Asian market should be supplied by Middle East surplus

Source PTM, assuming world average growth rate of 5%/y

Access to Middle East feedstock thanks to integration with Upstream



Ethane availability in Qatar



Leading position on the development of the world's largest gas field, North Dome

➔ **Access to low-cost feedstock**

Two grass root projects (Capex ≈ 300 M\$*)

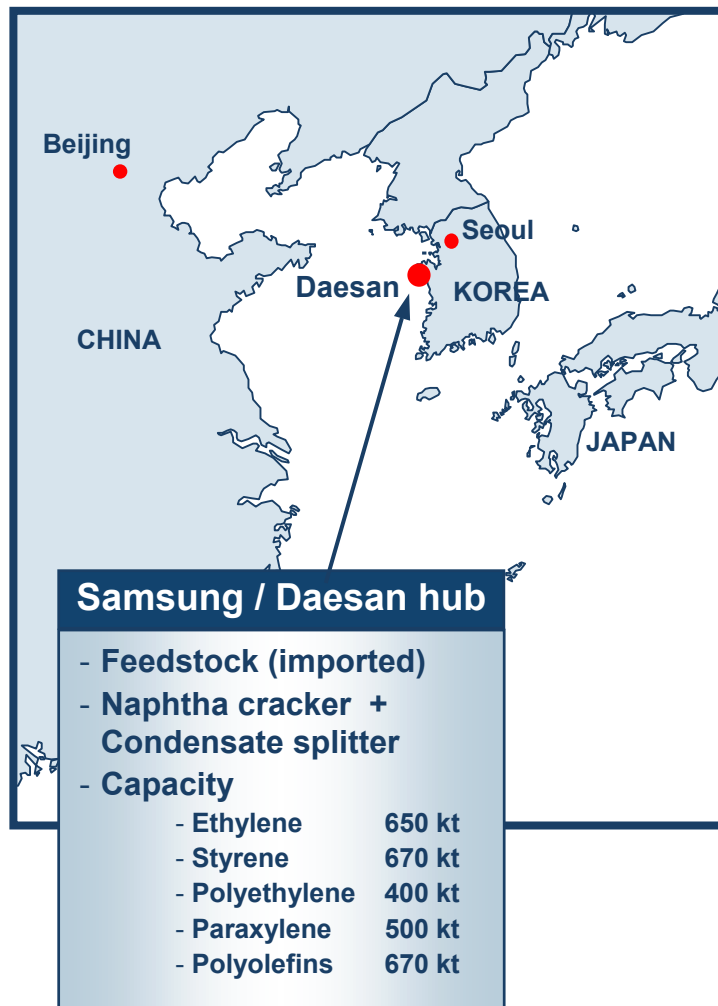
- World class ethane cracker - 2007(e)
- World class LLDPE plant - 2007(e)

➔ **Profitability in line with Group's target**

Attractive opportunity to increase capacity in Middle East and to develop sales to Asian market

* Group share

JV in Korea with Samsung



Asia is the biggest market with the highest growth rate

- 37% of global demand for PE, PP and PS in 2002
- 45% of worldwide growth 2002-2010(e)

50/50 JV project with Samsung on Daesan platform

- highly competitive, recent assets
- low fixed costs
- 750 M\$ investment for the assets* including working capital
- due diligence underway
- currently profitable business
- 14-15% ROCE in mid-cycle

*Low cycle investment
Seizing growth opportunity in Asia*

* Group share

JV in Korea with Samsung

SAMSUNG

Simplified manufacturing diagram

