

# **NOVA Chemicals**

**Jeff Lipton**

President and CEO

**Third Quarter Earnings Conference Call**

October 19, 2005



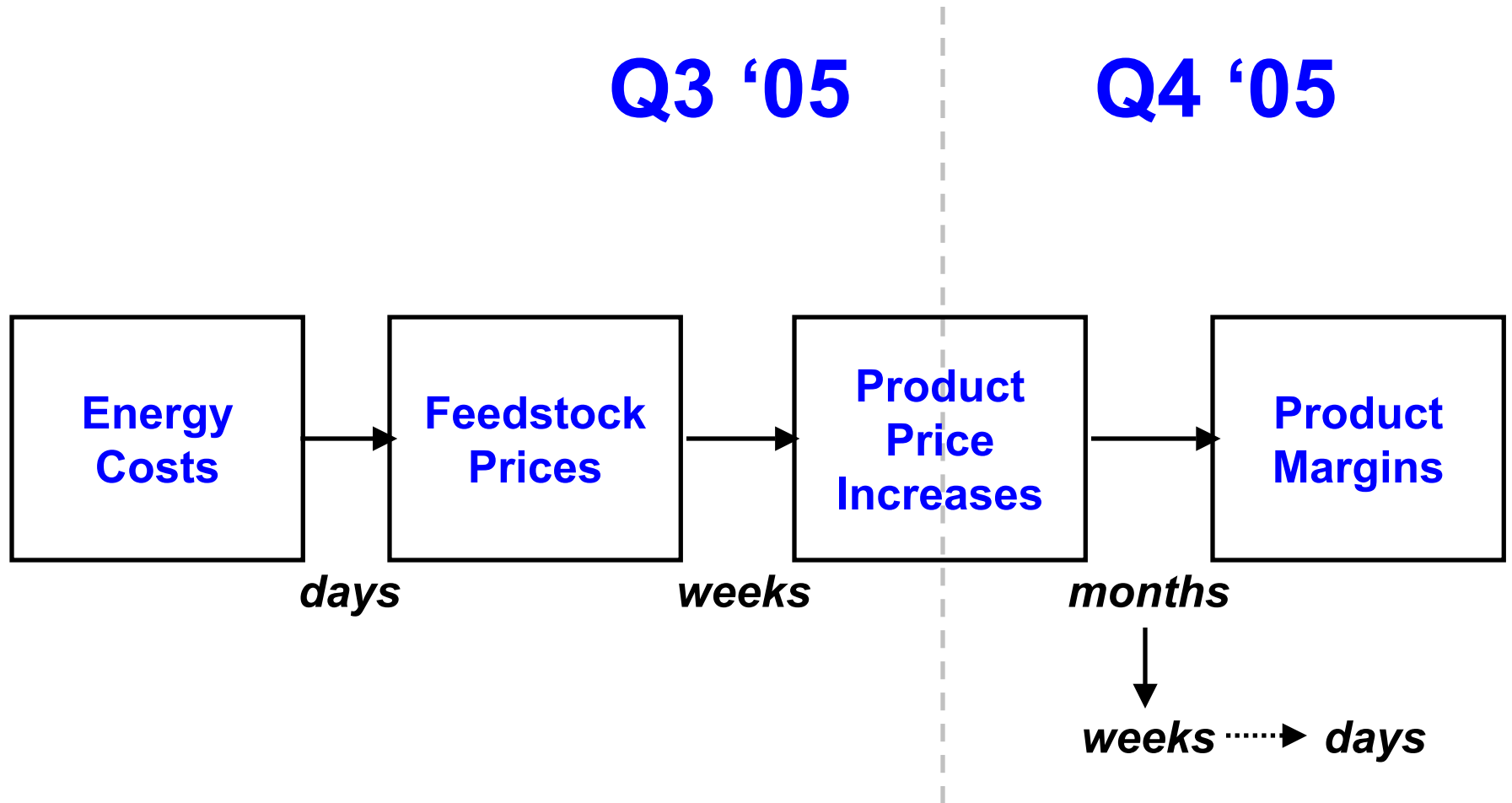
# Forward-Looking Information

The information in this material contains forward-looking statements with respect to NOVA Chemicals Corporation (NOVA Chemicals), its subsidiaries and affiliated companies. By their nature, these forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. These risks and uncertainties include: commodity chemicals price levels (which depend, among other things, on supply and demand for these products, capacity utilization and substitution rates between these products and competing products); the realization of announced price increases; feedstock availability and prices; operating costs; terms and availability of financing; technology developments; currency exchange rate fluctuations; starting up and operating facilities using new technology; realizing synergy and cost savings targets; meeting time and budget targets for significant capital investments; avoiding unplanned facility shutdowns; safety, health and environmental risks associated with the operation of chemical plants and marketing of chemical products, including transportation of these products; public perception of chemicals and chemical end-use products; the impact of competition; changes in customer demand; changes in, or the introduction of, new laws and regulations relating to our business, including environmental, competition and employment laws; loss of the services of any of our executive officers; uncertainties associated with the North American, European, and Asian economies; and other risks detailed from time to time in the publicly filed disclosure documents and securities commissions reports of NOVA Chemicals and its subsidiaries or affiliated companies. Implementation of announced price increases depends on many factors including market conditions, the supply/demand balance for each particular product and feedstock costs. Price increases have varying degrees of success. They are typically phased in and can differ by product or market. There can be no assurances that any announced price increases will be successful or will be realized within the anticipated time frame. In addition, benchmark price indices sometimes lag price increase announcements due to the timing of publication.



NOVA  
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# Panel 1 – Market Momentum



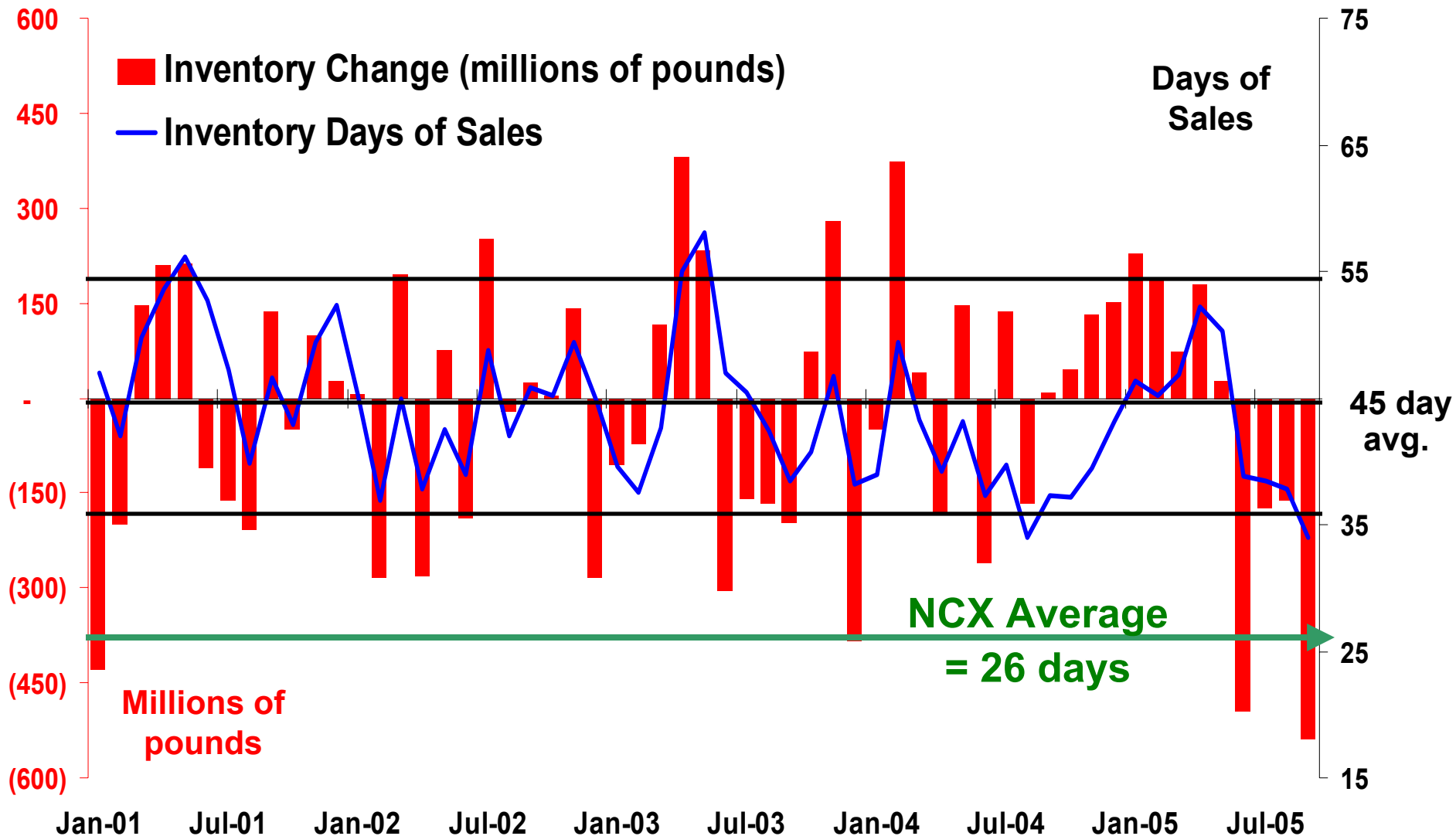
# Panel 2 – Three Key Messages

**1/ Market has turned the corner**

**2/ NCX is particularly well-positioned**

**3/ Executing on NCX-specific value creation**

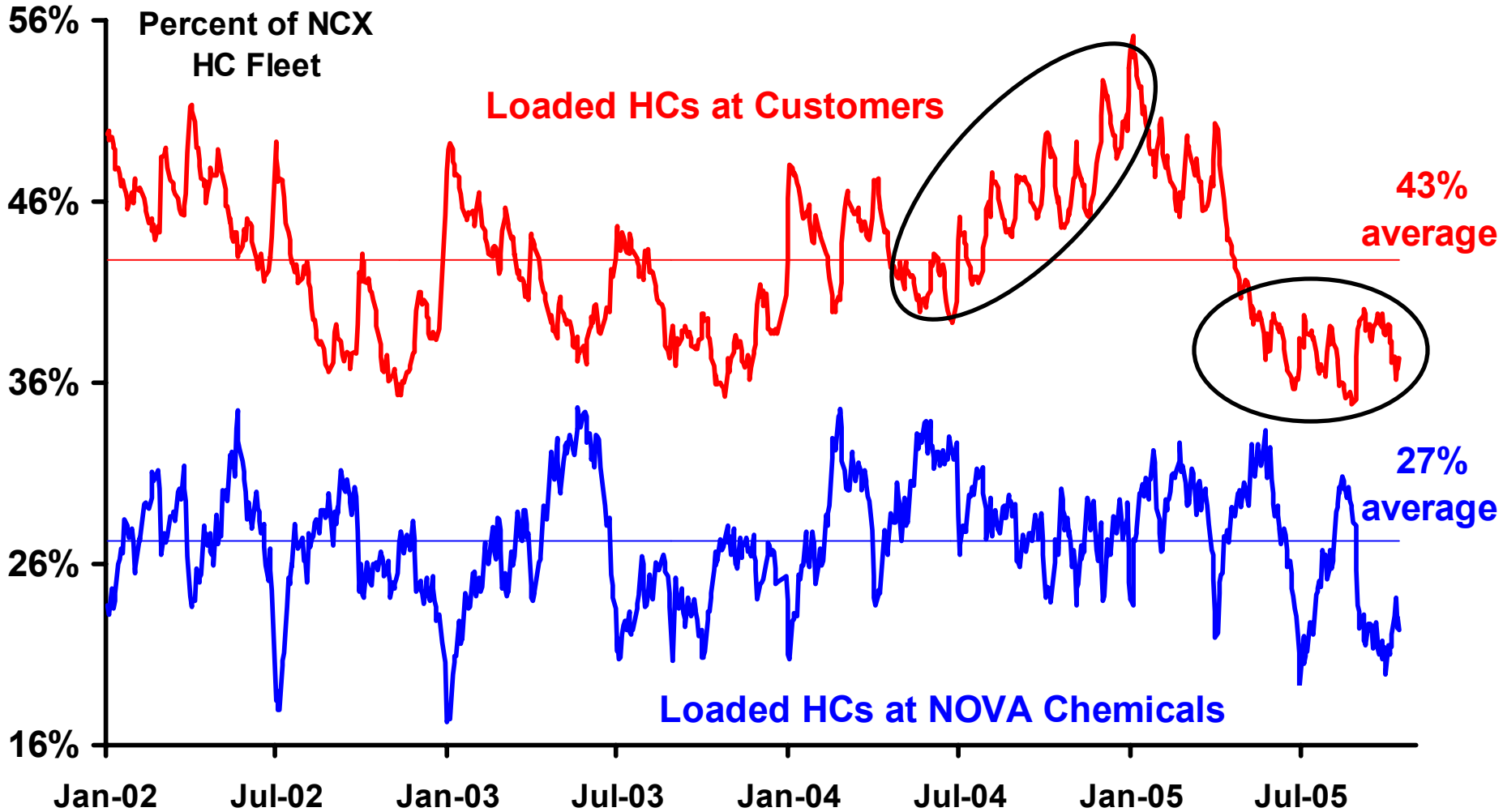
# Panel 3 - PE Producer Inventory



Source: American Plastics Council US producer inventory, adjusted by NOVA to represent North American producers; Data through September 2005.



# Panel 4 - PE Hopper Car Inventory



Source: NOVA Chemicals HC fleet, data through October 14, 2005



# Panel 5 – Announced PE Price Increases

## Effective Date

## Amount

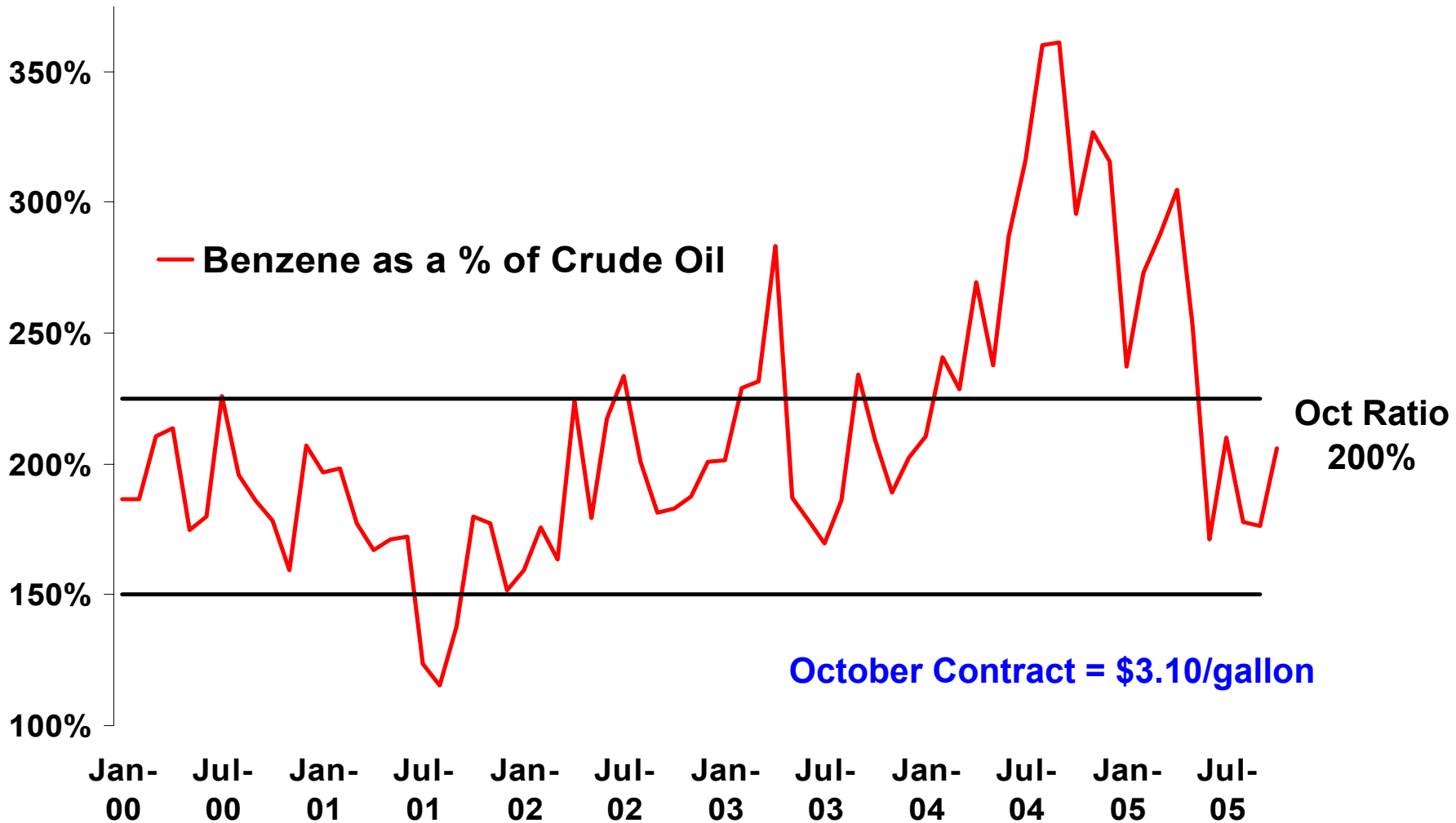
- Aug 1 + 6 cpp
- Sep 1 + 6 cpp
- Sep 15 + 7 cpp / 9 cpp
- Oct 1 + 5 cpp
- Nov 1 + 8 cpp
- Nov 15 + 7 cpp

Total

+39 cpp

# Panel 6 - Benzene Price

## Six Year Price Trend



# Panel 7 – Supply Chain Differences

## Ethylene versus Styrene

	<u>Ethylene</u>	<u>Styrene</u>
Markets	Regional	Global
Customers	Adjacent	Remote
Supply via...	Pipeline	<ul style="list-style-type: none"><li>Ocean Vessel</li><li>River Barge</li><li>Rail Car</li></ul>
Transit Time	2-3 days	2-4 weeks
Site Storage	1 week	2-4 weeks

# Panel 8 – Announced PS Price Increases

## North America

Effective Date

Amount

Solid PS

EPS

- Sept 1 +5 cpp
- Oct 1 +5 cpp
- Nov 1 +6 cpp +5 cpp
- Nov 15 +5 cpp

# Panel 9 – Announced PS Price Increases

## Europe

Effective Date

Amount

Solid PS

EPS

- Sept 1

+4 cpp

+3 cpp

- Oct 1

+5 cpp

+6 cpp

# Panel 10 – Causal Analysis

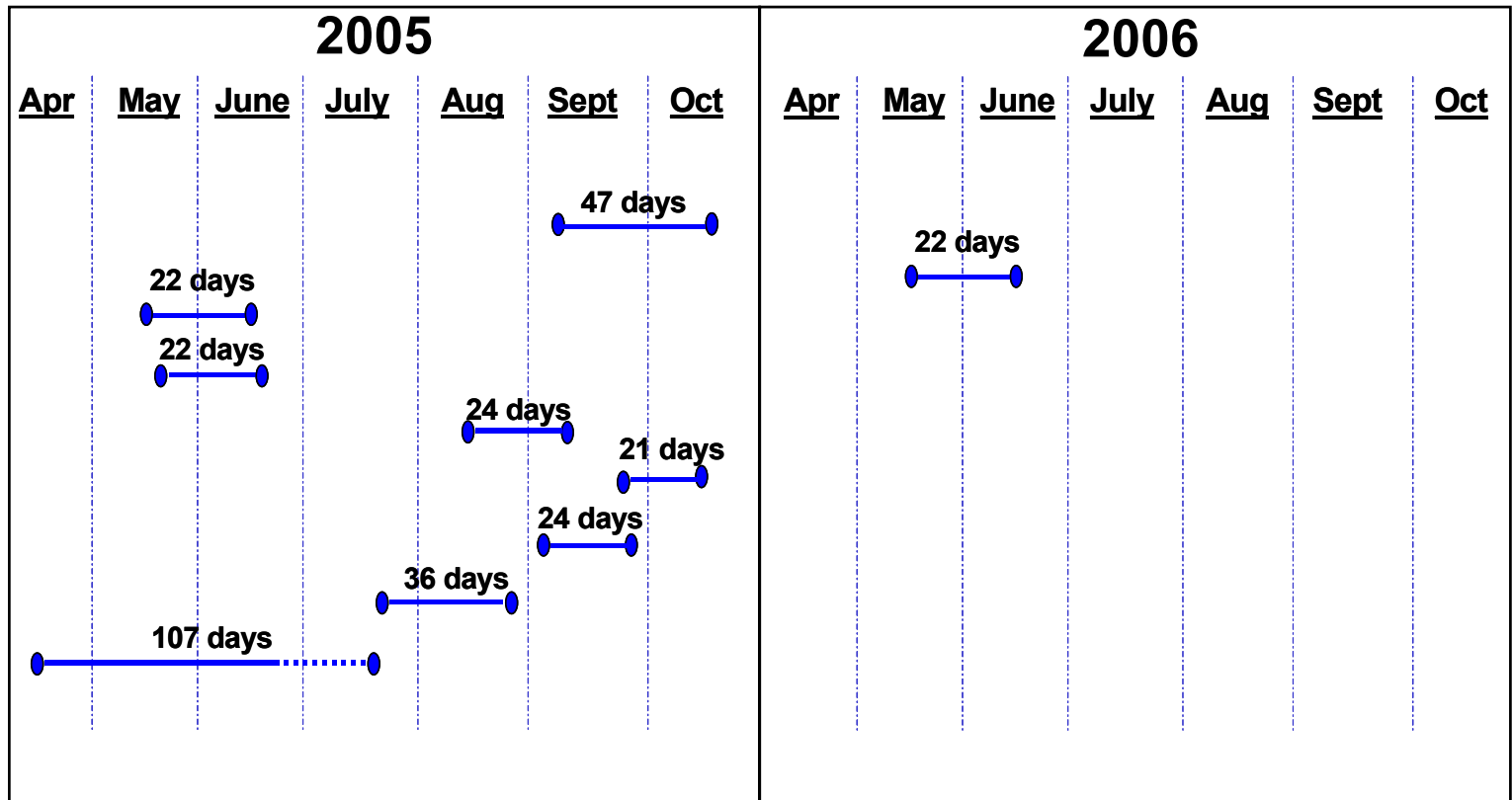
## Q2 '05 to Q3 '05 Variance

<b>Q2 '05 Net Loss</b>		<b>\$(25)</b>
<b>Margin Erosion - LIFO accounting</b>	<b>(29)</b>	
<b>Margin Contribution – FIFO</b>	<b><u>36</u></b>	<b><u>7</u></b>
<b>Joffre ethane interruption – Jun 21</b>	<b>(16)</b>	
<b>Corunna power outage – Apr 16</b>	<b>19</b>	
<b>Insurance accrual from Q2</b>	<b><u>15</u></b>	<b><u>18</u></b>
<b>Non-cash asset write-downs</b>		<b>(75)</b>
<b>Profit Sharing</b>	<b>9</b>	
<b>Stock-based Compensation</b>	<b>(40)</b>	
<b>Other</b>	<b><u>1</u></b>	<b><u>(30)</u></b>
<b>Q3 '05 Net Loss</b>		<b><u><u>(\$105)</u></u></b>

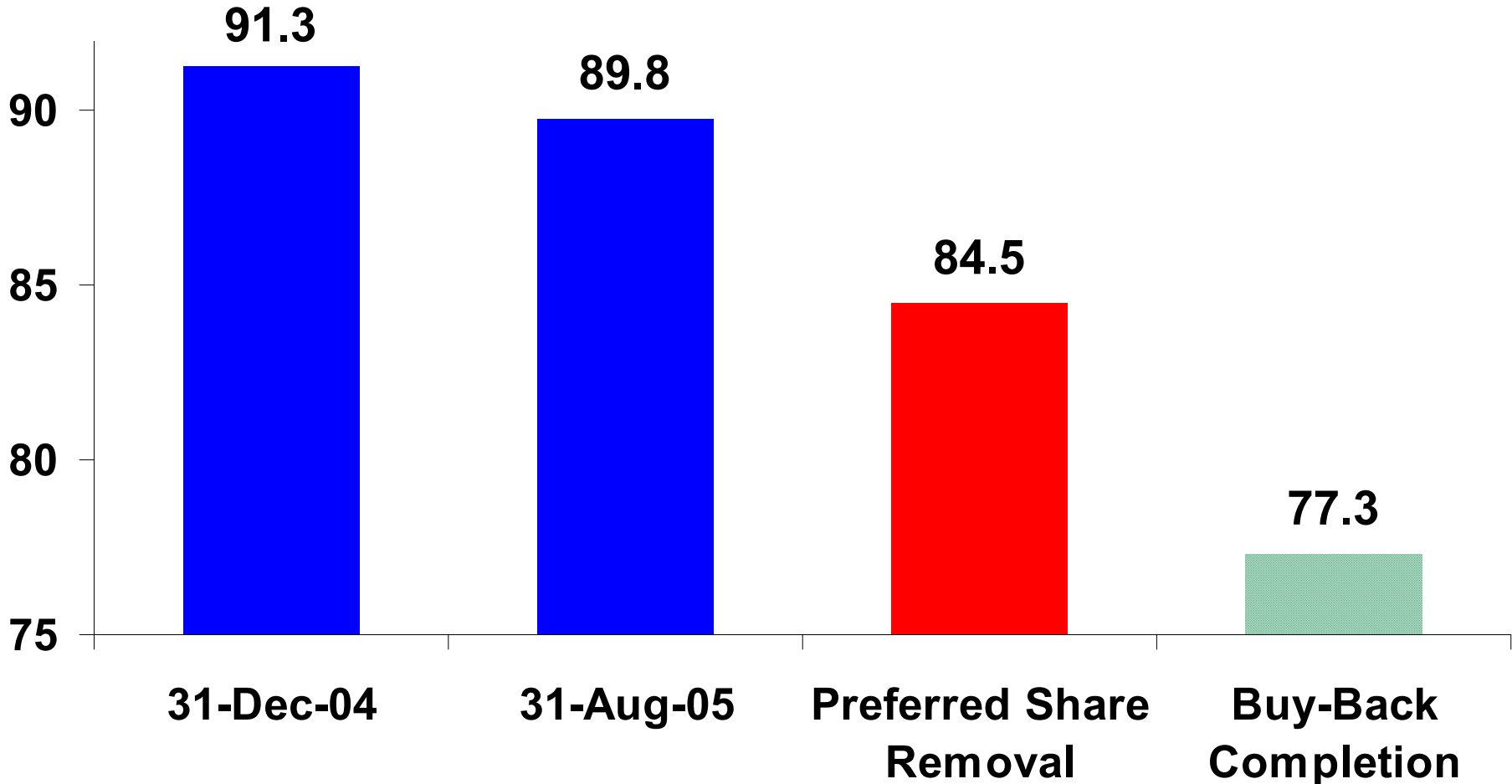
(millions of U.S. dollars, all amounts are after-tax)



# Panel 11 – Planned Maintenance 2005 versus 2006



# Panel 12 – Fully Diluted Shares Outstanding



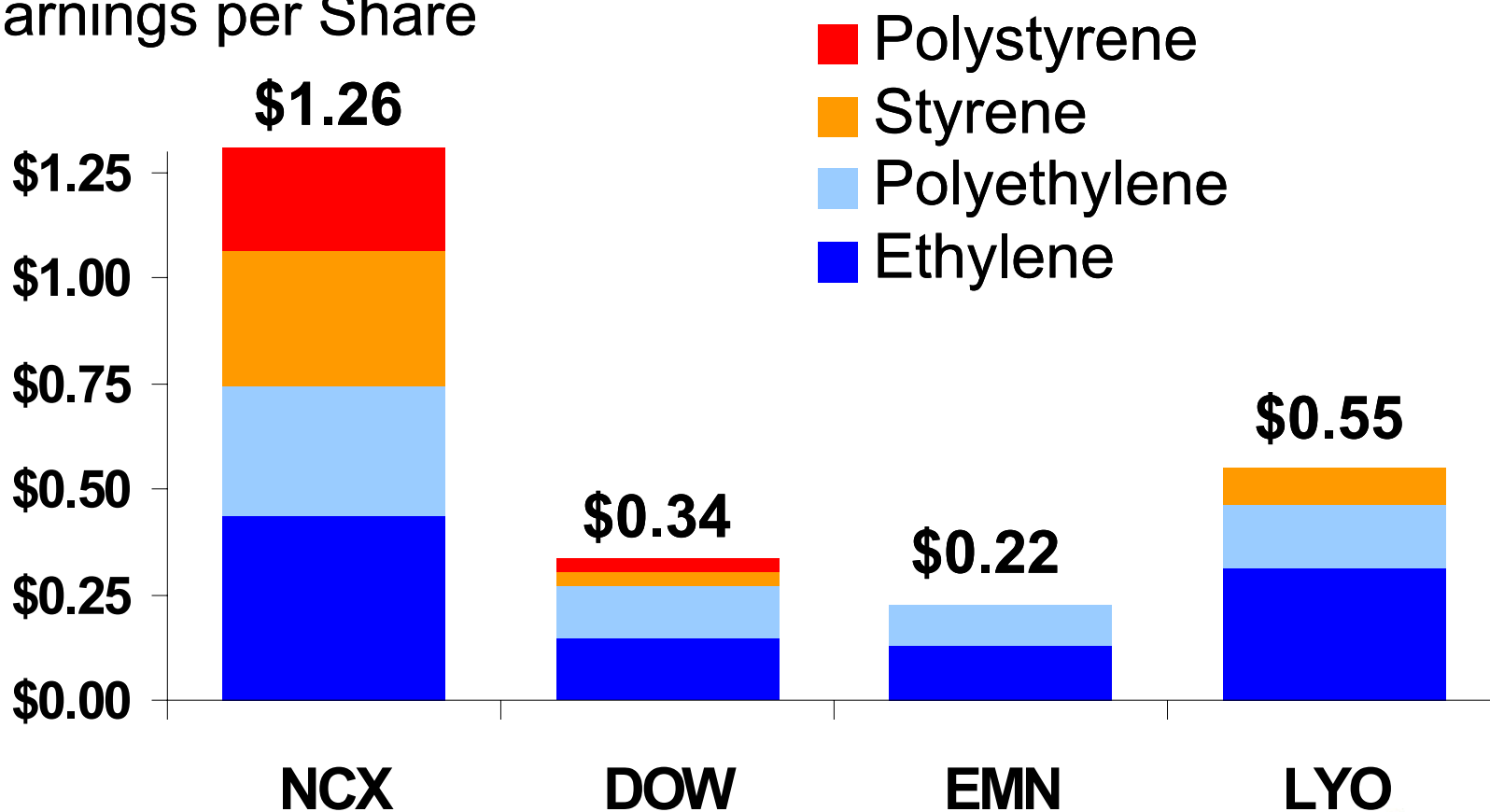
Millions of Shares



# Panel 13 - Annual Earnings Leverage

## Each 1 Cent/lb Increase in Profit Margin

Impact on Fully Diluted Earnings per Share



Estimates based on publicly available data for production capacity as of Dec 31, 2004. Fully diluted share count of 77.3 million (proforma basis) for NCX, and as of Dec 31, 2004 for peers.



# Panel 14 – Three Key Messages

**1/ Market has turned the corner**

**2/ NCX is particularly well-positioned**

**3/ Executing on NCX-specific value creation**

# Panel 15 – NCX Value Creation

**1/ European Styrenics JV – off to fast start**

**2/ Paid down \$81M (net) in debt**

**3/ Reduced share dilution – pref share deal**

**4/ Performance Products – good progress**



**NCX**