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Press Release

SOLVAY

Embargo: April 1, 2009 at 1:30 PM (Brussels Time)

**SOLVAY CONFIRMS IT IS PROCEEDING WITH AN ANALYSIS OF VARIOUS  
OPTIONS FOR ITS PHARMACEUTICAL ACTIVITIES**

Solvay Group wishes to react to the rumours reported today in a press article.

Within the framework of its strategy, it is Solvay's policy to constantly review its activities with a view to validate the ability of these activities to contribute to the realization of the Group's objectives.

In particular, Solvay confirms it is proceeding with an analysis of various options for its pharmaceutical activities.

Conducting this analysis involves various contacts and discussions with third parties.

At this stage, this does not involve any other decision in this respect.

**SOLVAY GROUP** is an international chemical and pharmaceutical Group with headquarters in Brussels. It employs more than 29,000 people in 50 countries. In 2008, its consolidated sales amounted to EUR 9.5 billion, generated by its three sectors of activity: Chemicals, Plastics and Pharmaceuticals. Solvay is listed on the NYSE Euronext stock exchange in Brussels (NYSE Euronext: SOLB.BE - Bloomberg: SOLB.BB - Reuters: SOLBt.BR). Details are available at [www.solvay.com](http://www.solvay.com).

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Ce communiqué de presse est également disponible en français – Dit persbericht is ook in het Nederlands beschikbaar

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## Here is a copy of the note that has been sent today to our employees

### 1. Historical Background

Solvay entered into pharmaceutical activities in the aftermath of the 1972 energy crisis. This translated into initial acquisitions carried out by our subsidiary Kali Chemie, followed by investments in animal health (Salsbury) and eventually in pharmaceuticals through the acquisition of Duphar in 1980.

The Group divested its animal health activities in 1997, after having reached the conclusion that we did not possess the required size to ensure the development of those technologies beyond vaccines. The proceeds of the sale were reinvested in human health (cardiovascular products, among others). Important investments were made, including Reid Rowell in 1985 and Unimed. Additionally, companies were purchased in Brazil and Mexico. Other subsidiaries were incorporated with our own resources such as in Russia and China. More recent investments (Fournier in 2005 and Innogenetics in 2008) represent significant financial commitments.

### 2. Strategic Intent

- In response to the energy crisis in the 70s and 80s, our Group sought to diversify into activities...
  - with a high added value,
  - neither linked to, nor dependent on energy costs
  - and which are non-cyclical or less susceptible to cyclical changes.Pharmaceuticals met those criteria and justified the efforts that were made.
- Pulling out of polyolefins – in particular polyethylene where we had an enviable position – to refocus on specialty polymers employed the same logic.
- In conclusion, the hybrid structure of the Group is not an inheritance of the past but results from a deliberate policy aimed at increasing the added value of our portfolio and reducing our cyclicity – all within the framework of the Group's strategy of sustainable and profitable growth.

### 3. Appraisal of the implemented Strategy

- This strategy has paid off. Especially over the past two years with the implementation of INSPIRE, the optimization program which allowed the Pharmaceuticals Sector to improve its structure, focus its priorities and to reallocate its resources.
- The benefits realized from our pharmaceuticals sector strategy has enabled us to better withstand the effects of the current crisis and validate our working hypothesis.
- Today, Pharmaceuticals account for approximately one quarter of our turnover and half of the REBIT.
- As a consequence, we can say that we are happy to be a hybrid company today.

### 4. But what about tomorrow?

- To manage is also to foresee and we believe it is our duty to continuously reevaluate the relevance of our decisions. Opting for comfort would imply that we stay with our positions and withdraw into our shell until the present crisis blows over. We would ignore that the world is in upheaval and that our complacency becomes a problem tomorrow. Instead, we need to ask ourselves the following questions, and for all of our activities:
  - What are the changes that can be foreseen?

- Are we well armed to respond to tomorrow's challenges?
- Will we have the means to carry out these changes successfully and simultaneously?

5. For Pharmaceuticals

- Increased priority will be given to innovative therapies with optimized costs for paying agents.
- More personalized therapies will emerge, optimizing once again the cost/benefit ratio.
- The approval process for new drugs will become increasingly complex and onerous, which implies a sufficient size of operation.
- In times of budgetary crisis, governments will exert increasing pressure on the cost of public health policies, which implies:
  - Price cuts
  - Promoting generic drugs

<p>This is a world which has already changed and will continue to change faster and faster</p>
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- In this context, what have we done? What more can we do?
  - Our Pharma's Transformation 2015 program seeks to address these challenges.
  - We have adapted our structure and brought more focus to our business, with the INSPIRE program.
  - We have also just carried out a profound reorganization of our R&D, which moves our projects and products closer to the market.
  - We are preparing our business for new, more personalized therapies. We have acquired Innogenetics, which gives us access to essential biomarkers technologies.
  - We have entered into growth markets. Today, emerging countries account for 20% of Pharmaceuticals' turnover
  - Finally, we continue acquiring new compounds: (recently: Simcor co-promotion, Gabapentin ER™).
- We must be aware of the fact that continuing this approach will require considerable effort and important resources.

6. For Chemicals/Plastics

- The crisis is severely affecting our downstream markets, while energy costs (that remain the most important exposure for our Group) are affecting us upstream.
- Regulatory pressure is intensifying, be it in the framework of global warming, product regulation or other environmental requirements.

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- In this context, what have we done and what more can we do?
  - We have cut our energy consumption and costs. We are developing a network of cogeneration units that already account for annual savings of EUR 200 million. New initiatives in this area have also been announced.
  - We continue to optimize our business structures. In nearly all of our activities, the size of our production units is twice the average, allowing us to better weather difficult times.
  - We have designed and implemented a comprehensive sustainable development policy with quantified objectives.
- We must be aware of the fact that continuing in this direction will require considerable effort and important resources.

## 7. Current Strategic Evaluation

- In anticipation of the profound changes that the future promises, it is the duty of the Executive Committee and of the Board of Directors to examine and assess the situations described above for not only Pharmaceuticals but for all of the Group's activities. This is even more important as consolidation is under way in all areas of our business. If we want to participate in that trend, how will we? If not, what will we do instead?
- The assessment is most important in the Pharmaceuticals sector, as opportunities are scarce and the required financial resources are significant. Subject to all of these challenges, Pharmaceuticals remains the priority in our current evaluations.
- Strategic considerations for Pharmaceuticals include the following options:
  - Keep the status quo
  - Seek new acquisitions (companies or products)
  - Divest
  - Float on the stock exchange
  - Partner with another company.
- To date, no decision has been made and could not possibly be made in a professional manner. Each option must first be tested; this supposes a strategic assessment and a detailed valuation.
- In this context, we have asked specialists to assist us with the process. They will enable us to evaluate the potential of our pharmaceuticals activity and its true value – which is an important element in determining any strategic move.
- Let us underscore the following:
  - In the case of divestment, the proceeds to be reinvested will also require careful consideration. This is another fundamental element of the decision-making process, as a new entity should have – at least partially – characteristics comparable to those which pharmaceuticals possesses.
  - Preserving the status quo would also require careful thinking. This consideration has begun in the framework of the new Transformation 2015 program, which extends INSPIRE into the future.

The evaluation process is under way. No conclusion can be drawn before the current assessment is completed. It is unfortunate that speculation in the media created distraction during this process. We will continue our assessment in a professional manner, calmly and objectively with only the long-term interests of the Group and its people in mind. In the mean time, we will continue to do our jobs and manage our activities to ensure success for all of them.

[End of note]