Managing Challenges

Good resilience of the HY09 operating result

July 30, 2009

SOLVAY

Good resilience in HY09

- **NET SALES** : -14% to EUR 4.1bn
- **REBIT** : EUR 306m (REBIT margin: 7.6%)
  - Pharmaceuticals: improved against HY08 excluding miscellaneous income (EUR 71m in HY08)
  - Chemicals and Plastics: lower than HY08 due to the global economic downturn; in progress compared with 1Q09
- **Operating result by SECTOR**

REBIT (MEUR)	HY08	HY09	% change
Pharma	246	206	-16%
Chemicals	136	122	-10%
Plastics	187	8	-96%
Group	548	306	-44%

Financial Highlights HY09

- **GROUP NET PROFIT**: EUR 181m (versus EUR 351m in HY08)
  - ✓ Non recurring items: EUR -34m
  - ✓ Net financial debt covered for 100% at fixed average coupon rate of 5.1%
  - ✓ Financial charges include EUR 11m currency hedging expenses for pharma sales in emerging markets
  - ✓ Effective tax rate: 8% (a.o. due to tax credits related to R&D)
- **STRONG FINANCIAL POSITION**
  - ✓ Net debt to equity: 39.5% (36.4% at HY08)
  - ✓ Focus on cash (strict cost controls, dynamic working capital management, significantly reduced capital expenditures, ...)

Managing challenges

(1) Diversified activities

(2) Strong balance sheet

- Working capital management (EUR -438m vs June 08)
- No major debt reimbursement before 2014
- Retail bond issue of EUR 500m at 5% on 6 year

(3) Competitiveness

- Strict cost control — SG&A+fixed prod. costs HY09: EUR -75m(1)
- Restructuring — headcount reduction HY09: 1,000(2)
- Temporarily reduced production where needed

(4) Selectivity in 09 CAPEX

- Budget confirmed at EUR 638m

(1): At constant scope & USD exchange rate
(2): At constant scope

Pharma in HY09
REBIT : EUR 206m (-16%)

Net sales +4% (+1% at constant exchange rates)

- Sustained growth of Androgel® and Creon®
- Growth of fenofibrate sales with Abott in the USA: +6% in HY09
- Continued sales growth in emerging markets
- Sales drop of Marinol® (EUR -38m), generic since June 2008
- Fenofibrates: EUR 39m of revenues booked in December 08 on Trilipix™ sales to supply the distribution network

REBIT -16% (but up, excl. miscellaneous income of HY08)

- HY09 REBIT (EUR 206m) up by 18% versus HY08 excluding EUR 71m miscellaneous income
- R&D: EUR 221m or 17.1% of revenues (HY08: EUR 227m or 18.2% of revenues)
- « INSPIRE » on track for EUR 300m annual cost savings in 2010

FDA approval of Creon® in April

Generic challenge for Androgel

Major products sales

Net sales (EUR m)		2008	**HY09**	*HY09 vs HY08*	*HY09 vs HY08 (constant exchange rates)*
PHARMACEUTICALS		2,699	**1,292**	***+4%***	***1%***
Cardiometabolic	Fenofibrates	511	**214**	*-3%*	*-8%*
TriCor®/Trilipix™ sales booked by Abbott in the US in HY09 : USD 588m (+6%)					
Women's & Men's health	Androgel®	337	**214**	*+44%*	*+26%*
Pancreatic enzymes	Creon®	217	**123**	*+19%*	*+17%*
Neuroscience	Serc®	165	**70**	*-14%*	*-9%*
Influenza vaccines	Influvac®	116	**9**	*-15%*	*-10%*
Cardiometabolic	Teveten®	116	**56**	*-11%*	*-9%*
Gastroenterology	Duphalac®	104	**54**	*+5%*	*+8%*
Women's & Men's health	Duphaston®	96	**53**	*+17%*	*+24%*
Neuroscience	Luvox®	89	**46**	*+13%*	*+2%*
Women's & Men's health	Prometrium®	82	**51**	*+38%*	*+20%*
Neuroscience	Duodopa®	42	**27**	*+40%*	*+43%*

Pharma R&D developments

- **Cardiometabolic:**
  - **treatment of dyslipidemia: fenofibrate franchise expansion:**
    - TriLipix™: US approval and launch in December 08
    - Fixed dose combinations: submission in Q2 09 by Abbott & AstraZeneca of Certriad™
  - Phase II: **SLV306** (pulmonary hypertension) and **SLV320** (acute heartfailure) ongoing
- **Neuroscience:**
  - **pardoprunox** (SLV308): phase III ongoing
  - **Duodopa®**: Phase III clinical studies ongoing in the US; orphan drug status obtained in Japan and start preparation of development
  - **Gabapentin ER® :** phase III ongoing
  - **Bifeprunox**: development stopped based on interim analysis phase 3 trials
- **Pancreatic enzymes**
  - **Creon ® approved** by FDA
  - **SLV339, SLV340**: development stopped
- **Influenza vaccines**
  - Ongoing validation of **cell culture based facility** with first commercial output in Russia for season 2009/2010
  - Production of first vH1N1 batch for clinical studies will start early August

Pharmaceuticals Sector: Current strategic evaluation

- The strategic study continues and assesses the following options :
  - Keep the status quo ;
  - Seek new acquisitions (companies or products) ;
  - Divest ;
  - Float on the stock exchange ;
  - Partner with another company.
- Process continues: no comments before the assessment is completed.

Chemicals in HY09
REBIT : EUR 122m (-10%)

m EUR	NET SALES [1]			REBIT
	2008	HY09	HY09 vs HY08	
CHEMICALS	3,096	1,406	-8%	-10%
Minerals cluster [2]	1,426	647	-8%	↘
Electrochemicals & Fluor chemicals cluster	1,154	534	-4%	↗
Oxygen cluster [3]	448	211	-7%	↘

Comments

- ➔ **Lower volumes (-20% versus HY08)** due to the global crisis
- ➔ **Sharp price decrease** in 2Q09 for caustic soda; increasing price pressure on the other products (incl. soda ash)
- ➔ **Energy costs on a downward trend**
- ➔ **Continued strict fixed cost control**

[1] including SBU Molecular Solutions
[2] including SBUs Soda ash and related specialties and Advanced Functional Minerals.
[3] including SBUs Hydrogen peroxide and Detergent

Chemicals: strategic developments

- **Continued focus on competitiveness**
  - Mothballing of hydrogen peroxide plant at Bitterfeld (Germany)
  - Closure of fluorinated products plant at Catoosa (USA)
  - Building a Refuse Derived Fuel cogeneration plant at Bernburg (Germany)
  - Restructuration at Bussi (Italy)
- **Innovation & geographic expansion**
  - HPPO technology: new H_2O_2 plants in partnership with BASF/Dow in Antwerp and with Dow in Thailand
  - Epicerol® plant in Thailand
  - Soda ash : capacity extension in Bulgaria, recent acquisition in Egypt
- **Growth in specialties**
  - Bicarbonate: new plant start-up in Italy & construction in USA
  - Fluor specialty production for rechargeable cells optimized to be introduced in South Korea

Plastics in HY09

REBIT : EUR 8m (-96%)

m EUR	NET SALES			REBIT
	2008	HY09	HY09 vs HY08	
PLASTICS	**3,695**	**1,353**	**-31%**	**-96%**
Specialties cluster [1]	1,512	578	-28%	↘
Vinyls cluster [2]	2,183	775	-33%	↘

Comments

➔ **Focus on cash generation and optimization measures**

➔ **Specialty Polymers:**

- Volumes -30%, partly due to de-stocking
- Stable sales prices and improved cost structure

➔ **Vinyls:**

- Sharp demand reduction, especially in Europe
- Good demand in Asia & improving demand in Mercosur

[1] Including SBUs Specialty Polymers and Inergy Automotive Systems (fuel systems) Sale of Solvay Engineered Polymers in February 2008.
[2] Including SBUs Vinyls and Pipelife (pipes & fittings)

Plastics : strategic developments

- **Continued focus on competitiveness**
  - Closure of compounds unit (Belgium)
  - Integrated vinyls plant in Russia delayed
  - Inergy: cost containment, combined with expansion in China and India, "Selective Catalytic Reduction" innovation
- **Innovation & geographic expansion**
  - New pvc technology & capacity expansion realized in Brazil
  - Major cogeneration unit in Argentina (120MW)
  - Capacity expansion in Thailand in 2008
- **Growth in specialties**
  - Growth of specialty polymers in Asia: micronized PFTE plant in China and PEEK in India
  - Start of new DIOFAN® unit (France)
  - Capacity extensions of SOLEF® (France) & FLUORLINK® (Italy)

Outlook

"As announced, the Pharmaceuticals Sector will achieve in 2009 a higher operating result than last year.
The Chemicals and Plastics Sector show good resilience thanks to their competitive positions and to the measures taken, but the market conditions remain difficult.
Full year operating result of the Group will be lower than last year."

Press release of July 30, 2009

Chemical industry brings solutions to reduce greenhouse gas emissions

New ICCA report by Mc Kinsey and Öko-Institut:

- Chemicals **reduce** greenhouse gas emissions
- **Positive** carbon life cycle analysis of chemicals

Source: McKinsey in ICCA report
ICCA: International Council of Chemical Associations

Chemical industry brings solutions to reduce greenhouse gas emissions (2)

Carbon life cycle analysis (cradle to grave):

Analysis of total CO_2 emissions chemicals during

extraction of feedstock and fuel → production and use chemicals → disposal

compared to carbon life cycle analysis of best non-chemical industry alternatives

- **Current positive contribution of the chemicals industry:**
  2.6 tons CO_2 saved per ton CO_2 produced
- **Expected further improvements by 2030:**
  4.6 tons CO_2 saved per ton CO_2 produced

Source : McKinsey in ICCA report

Chemical industry brings solutions for greenhouse gas emissions (3)

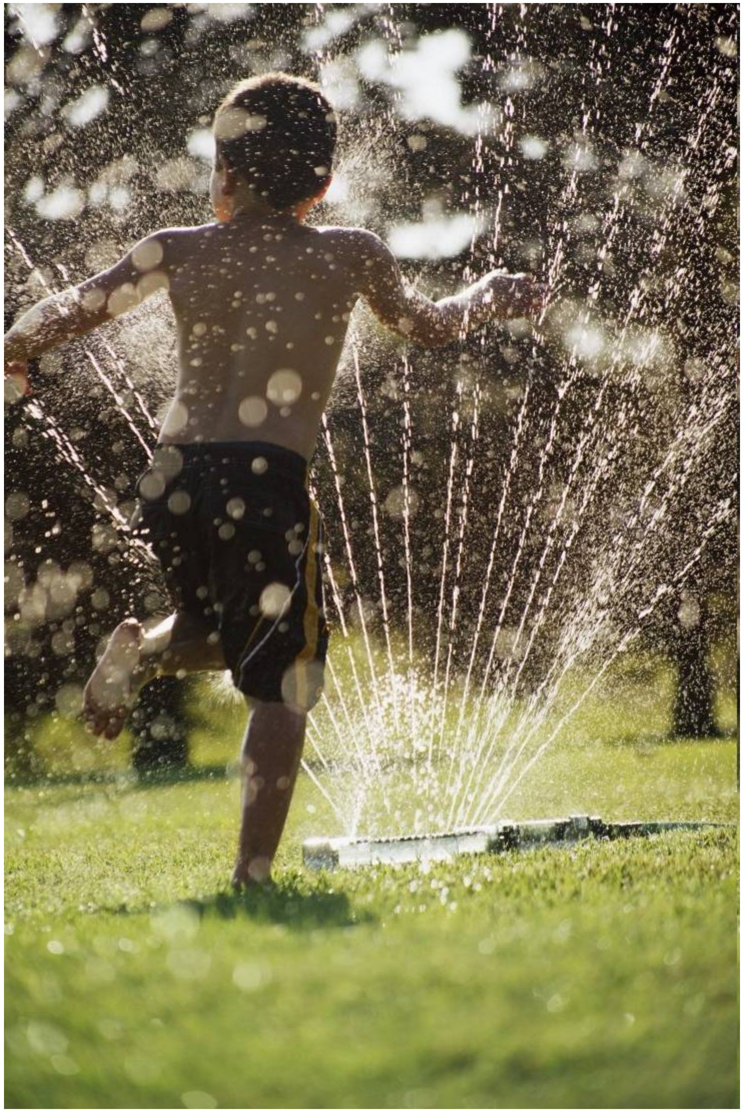
- Insulation materials: Fluorinated gases as foam blowing agent in insulating foam

Chemical industry brings solutions for greenhouse gas emissions (4)

- Automotive and aerospace: plastics replacing metal, reducing weight and consumption

Chemical industry brings solutions for greenhouse gas emissions (5)

- Pipes: plastic pipes for water transport and irrigation



Chemical industry brings solutions for greenhouse gas emissions (6)

- Renewable energy: Epicerol™ used in wind turbine blades

Solvay's environmental commitments

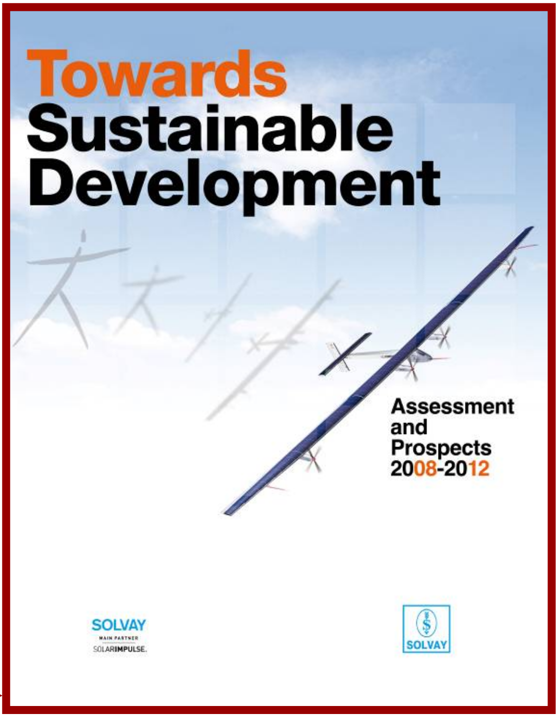
➔ 2008: Positive impact on global CO_2 emissions from our existing cogeneration plants: more than 4 Mt each year

2020 Group targets(1)

- Energy consumption -20%
- Transportation -20%
- GHG (CO_2 equivalent) -20%
- Air/water emission index -20%

Safety policy (zero accident) FR1 = 0

Update of Sustainability targets 2008-2012 : report available on www.solvay.com



(1): Compared to 2006

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