

# Managing Challenges

*Good resilience of the  
operating result in Q1  
2009*

May 12, 2009



# Financial Highlights Q1 2009

- **NET SALES** : -16% to EUR 2.0bn
- **REBIT** : EUR 142m (REBIT margin: 7.2%)
  - Pharmaceuticals: Comparable to last year excluding miscellaneous income (EUR 41m in Q1/08),
  - Chemicals and Plastics: In progress compared with Q4/08; lower than Q1/08 due to the global economic downturn
- **Operating result by SECTOR**

REBIT (MEUR)	Q1/08	Q4/08	Q1/09
Pharma	136	138	91
Chemicals	83	31	56
Plastics	90	-26	3
Group	300	125	142

# Financial Highlights Q1 2009 (cont'ed)

- **GROUP NET PROFIT:** EUR 98m

(EUR 220m in Q1/08; in progress compared with Q4/08)

- ✓ Non recurring items: EUR -3m
- ✓ Net financial debt covered up to 99% at fixed average coupon rate of 5.1%
- ✓ Effective tax rate: 13%

- **STRONG FINANCIAL POSITION**

- ✓ Net debt to equity: 37% (33% in March 2008), after acquisition of Innogenetics and Alexandria Sodium Carbonate Cy in H2/08
- ✓ 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
- No major debt reimbursement before 2014

## (3) Competitiveness

- Strict cost control
  - Restructuring
  - Temporarily reduced production where needed
- } Headcount reduction in Q1 09: 350<sup>(1)</sup>

## (4) Selectivity in 09 CAPEX

1: At constant scope

# Pharma in Q1 2009

## REBIT : EUR 91m (-33%)

### **Net sales -3%** (-6% at constant exchange rates)

- Sales drop of Marinol<sup>®</sup> (EUR -23m), generic since June 2008
- Sustained growth of Androgel<sup>®</sup> and Creon<sup>®</sup>
- Fenofibrate: EUR 39m of revenues booked in December 08 on Trilipix<sup>™</sup> sales to supply the distribution network

### **REBIT -33%** (-4% excl. miscellaneous income of Q1/08)

- Q1 09 REBIT (EUR 91m) comparable to Q1 08 REBIT (EUR 95m excluding EUR 41m of miscellaneous income)
- R&D: EUR 111m or 17.6% of revenues (Q1/08: EUR 117m, 17.9% of revenues)
- « INSPIRE » on track for EUR 300m annual cost savings in 2010

In April 09: FDA approval of Creon<sup>®</sup>

# Growth in major products

Net sales (EUR m)		2008	Q1/09	Q1/09 vs Q1/08	Q1/09 vs Q1/08 (constant exchange rates)
<b>PHARMACEUTICALS</b>		2,699	<b>632</b>	<b>-3%</b>	<b>-6%</b>
Cardiometabolic	Fenofibrates	511	<b>113</b>	-8%	-12%
<i>TriCor®/Trilipix™ sales booked by Abbott in the US in Q1/09 : USD 253m (+3%)</i>					
Women's & Men's health	Androgel®	337	<b>102</b>	+31%	+15%
Pancreatic enzymes	Creon®	217	<b>59</b>	+12%	+12%
Neuroscience	Serc®	165	<b>34</b>	-8%	-2%
Influenza vaccines	Influvac®	116	<b>4</b>	-37%	-30%
Cardiometabolic	Teveten®	116	<b>27</b>	-21%	-18%
Gastroenterology	Duphalac®	104	<b>27</b>	+3%	+7%
Women's & Men's health	Duphaston®	96	<b>23</b>	+1%	+7%
Neuroscience	Luvox®	89	<b>20</b>	+2%	-7%
Neuroscience	Duodopa®	42	<b>12</b>	+36%	+38%

# Pharma R&D developments

## ■ **Cardiometabolic:**

### → **treatment of dyslipidemia: fenofibrate franchise expansion:**

- TriLipix™: US approval and launch in December 08
- Fixed dose combinations : focus on TriLipix™/Crestor, SLV285 (Zolip)

### → Phase II: **SLV306** (pulmonary hypertension) and **SLV320** (acute heartfailure) ongoing

## ■ **Neuroscience:**

### → **bifeprunox**: US : on-hold ; Europe: development ongoing with Lundbeck

### → **pardoprunox** (SLV308): phase III ongoing (submission targeted in 2012)

### → **Duodopa**®: Phase III clinical studies started in the US; orphan drug status obtained in Japan and start preparation of development

### → **GabapentinER**® : phase III ongoing

# Pharma R&D developments *(cont'ed)*

## ■ Pancreatic enzymes:

### → **Creon®**:

- In the US: FDA approval in April 2009, first and only FDA approved pancreatic enzymes replacement product
- In Japan: Phase III studies ongoing with Eisai

## ■ Influenza vaccines:

- Ongoing contacts with governmental organizations and authorities on Mexican flu outbreak
- Activation of pandemic preparedness program at corporate level
- Validation of **cell based production** throughout 1H09 commercialization from season 09 onwards
- Stop work notice from the US Department of Health and Human Services for the contract to develop a cell-based pandemic influenza vaccine
- Development program of the cell culture vaccine for Europe and the US is continuing



# Chemicals in Q1/09

REBIT : EUR 56m (-33%)



m EUR	NET SALES <sup>[1]</sup>			REBIT	Comments
	2008	Q1/09	Q1/09 vs Q1/08		
<b>CHEMICALS</b>	<b>3,096</b>	<b>723</b>	<b>-5%</b>	<b>-33%</b>	<p>→ <b>Lower volumes (-20% versus Q1/08)</b> due to the global crisis</p> <p>→ <b>Higher sale prices</b> for soda ash and caustic soda</p> <p>→ <b>Continued high energy and raw material costs</b> – significantly higher than in Q1/08, only marginally lower than in Q4/08</p> <p>→ <b>Strict fixed costs control ; reduction of production ; Fluor restructuring</b></p>
<b>Minerals cluster <sup>[2]</sup></b>	<b>1,426</b>	<b>338</b>	<b>-3%</b>	↘	
<b>Electrochemicals &amp; Fluor chemicals cluster</b>	<b>1,154</b>	<b>272</b>	<b>0%</b>	≈	
<b>Oxygen cluster <sup>[3]</sup></b>	<b>448</b>	<b>100</b>	<b>-12%</b>	↘	

[1] including SBU Molecular Solutions

[2] including SBUs Soda ash and related specialties and Advanced Functional Minerals.

[3] including SBUs Hydrogen peroxide and Detergent

# Plastics in Q1/09

## REBIT : EUR 3m (-96%)



m EUR	NET SALES			REBIT	Comments
	2008	Q1/09	Q1/09 vs Q1/08		
<b>PLASTICS</b>	<b>3,695</b>	<b>629</b>	<b>-34%</b>	<b>-96%</b>	<p>→ <b>Specialty Polymers:</b></p> <ul style="list-style-type: none"> <li>Volumes -32% partly due to de-stocking</li> <li>Stable sales prices and improved structure should help for the future</li> </ul> <p>→ <b>Vinyls:</b></p> <ul style="list-style-type: none"> <li>Very difficult market conditions, especially in Europe: sharp demand reduction and sale prices decreases</li> <li>Focus on cash generation and optimization measures</li> </ul>
Specialties cluster <sup>[1]</sup>	1,512	278	-32%	↘	
Vinyls cluster <sup>[2]</sup>	2,183	351	-36%	↘	

[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)

# Outlook

**«Thanks to the strong competitive positions of its industrial activities, the Group is well equipped to continue to cope with the global crisis. The Pharmaceuticals Sector will achieve in 2009 a higher operating result than last year. Market conditions remain difficult for Chemicals and Plastics and visibility is limited. Full year operating result of the Group will be lower than last year.»**

*Press release of May 12, 2009*

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