

**Solvay Webevent**  
**Wednesday, 11th May 2011**  
**14:00 Hrs UK time**  
Chaired by Bernard de Laguiche

**Bernard de Laguiche**

Good afternoon Ladies and Gentlemen, and welcome to this conference call on Solvay's 1Q11 results. I am Bernard de Laguiche, CFO. I am joined here by my colleagues Jacques van Rijckevorsel, Group General Manager of the Plastics Sector and Vincent De Cuyper, Group General Manager of the Chemicals Sector.

I will briefly comment our excellent 1Q11 results and continue with some details on the financials. After that, we will take your questions. But I would like to start with reminding you about our three main priorities. There is first of all the reinvestment process on which you received significantly more clarity last month with the friendly cash offer on Rhodia. Secondly, we roll out the Horizon reorganization that will improve efficiency and facilitate the integration of Rhodia. And thirdly, we keep on improving our current business. Our confidence in the success of these three work streams justified the dividend increase we proposed for 2010.

Turning to the excellent 1Q11 results, sales are up by 23% to EUR 1,670 million on the back of 10% volume growth and 12% higher sales prices. Combined sales, i.e. sales including the joint ventures which starting this year are consolidated by the equity method, rise to EUR 1.8 billion. REBITDA increases by 46% to EUR 285 million and REBIT by 79% to EUR 197 million. REBIT-margin rises to 11.8%, compared with 8.1% in 1Q10 and 9.5% in 4Q10. This strong improvement reflects higher quantities and consequently better capacity utilization rates and increased sales prices which together compensated for the higher input costs.

In the Chemicals Sector sales volumes remains high at the start of the year; they increase by 7% compared to the first quarter of last year. The sustained level of demand contributes to on average 15% higher sales prices. Sales improve by 23% compared to 1Q10. REBIT improves by 55% compared to 1Q10 and reaches a new record level at EUR 101 million. The significant increase is broad based across all activities.

In the Plastics Sector, sales rise by 24% to EUR 870 million. The sales growth is evenly split between the Specialty Polymers and the Vinyls activities and mainly driven by volume growth (+13%).

Specialty Polymers continue to benefit from very strong demand at the start of the year. The sales improvement comes from continued volume increases, better product mix and to a lesser extent sales price increases. This explains the higher operating result from this line of business. Importantly, the probability weighted value of the R&D pipeline which includes more than 1,300 active projects represents 30% additional sales in the next three years. The improvement in sales and operating result in Vinyls comes from sales growth in

Europe and South America and continued good performance in Asia. Compared to 1Q10 REBIT of the Plastics activities more than doubles to EUR 116 million.

In the segment New Business Development we report REBIT of minus 7 million EUR. As you know this represents mainly research costs using leading edge technologies which go beyond those applied in our existing businesses.

In the segment Corporate and Business Support we report REBIT of minus 13 million EUR. The main items here have been on the one hand orphan costs related to the Pharma sale and on the other hand some additional provisions for health safety and environment. The orphan costs related to Pharma will disappear with the implementation of Horizon by the end of 2012.

With respect to some additional financial items I want to mention the following three points:

- First: as a consequence of our strict operations management, industrial working capital increased by only 12% while sales rose by 23%.

- Second: charges on net indebtedness amounted to 41 million EUR. Interest income on cash deposits yielded close to 0.6%.

- Third: our effective tax rate came in at 30%. We stick to our medium term tax guidance with a tax rate below 30%.

Let me conclude with our outlook statement for 2011:

“The Solvay Group is attentive to the macro-economic developments and the evolution of energy and ethylene costs.

In the context of the globally favorable business climate and based on its strategy of sustainable and profitable growth, Solvay expects to improve its annual operating result, both in Chemicals and Plastics activities in 2011.”

I want to open it up for questions. Operator, can we have the first question?

## Questions and Answers

### **Investor 1**

*Good afternoon, gentlemen. I've got two, both of them on volumes. Maybe to start off with the minerals cluster – you talk about a sustained... or a recovery in the container glass and detergent sectors versus 2010 the first quarter. To my knowledge, however, there's not been a significant downturn in either of the two in 2010, also not from data I have from the largest glass manufacturer in Europe. And the second one is specialty polymers – you've seen the amount improve as of the end of 2009; some very nice double digit volume growth, nearly 40% in 2010, and I've been under the distinct impression that you're running close to full capacity as of Q2 last year in specialty polymers, and I understand there's been some debottlenecking product mix improvement, but still about 20% volume growth seems like a lot to be achieved just with debottlenecking. Thank you.*

### **Bernard de Laguiche**

Thank you for your questions. I will pass the line on to my colleagues, Vincent, for the minerals, and then Jacques for the specialty polymers, but let me make maybe an

introductory remark. And your question is very good. What we see on the volume side is very good development in the first quarter, and I must say that we don't see any change for the coming months. So, the volume situation is very sustained compared to last year. In addition to that, as you yourself pointed out, and we see that across the board, not only for speciality polymers, there is a good and solid equilibrium between demand and supply, and so given the fact that there are no major capacity expansions reported in our areas of activities, we do see this situation, this solid equilibrium, as being maintained during the coming quarters. This allows us to, let's say, pass through part of the input factors increase over the quarters, taking also into account the fact that we are partly bound by contract pricing, and so these input cost increases are passed through in a timely manner. But Vincent, you want maybe to comment on the minerals capacity side and volumes.

### **Vincent De Cuyper**

Yes, I do agree with your remark in the sense that container glass and detergent businesses have been less affected during the crisis than the flat glass industry; that's true. What we wanted to say is that we continue to see progressive recovery of all our markets including this container glass activity. What we have been surprised in Europe is by the stronger than forecasted domestic demand on European markets in the mineral industry, which is reflecting not only good export markets but also strong domestic demand. But I agree with your comment, in 2010 these activities were not so affected by the crisis.

### **Bernard de Laguiche**

Jacques, on specialty polymers.

### **Jacques van Rijckevorsel**

Thank you, Bernard, and thank you for the question. We had indeed at first a very solid demand in quasi all our product in the specialty polymers. And we are running at full capacity everywhere, but as you just very rightly stressed, we have debottleneckings; we have worked and we are still working a lot on manufacturing excellence, the supply chain optimisation, and we have currently eight projects of capacity expansions between 2011 and 2012. Some of them are coming progressively on stream already now, for instance, in the PVDF we already could increase the capacity during the Q1 and that is going on, and also for other products... that means that together with a very strict supply chain management, manufacturing excellence and CAPEX.

A last point is the decision that we took during the crisis. We were in the worst of the crisis in the trough, and we kept investing of course on very focused projects, and now those plants are there and you have the normal ramp-up efficiency improvements with those new plants, and that gives progressively more capacity. So, that was my answer.

### ***Investor 1***

*That's clear. Maybe one follow-up question, if I may. If I look at the margins, especially chemicals, because in plastics the composition of your activities have changed somewhat, but if I look at the chemicals margins, I have not any data that shows a margin ever to be as high over the last 15 years or so. Could you perhaps give a comment on that?*

### **Jacques van Rijckevorsel**

For what product, for chemicals, I understand?

**Investor 1**

*Yes, for the chemicals question as a whole.*

**Vincent De Cuyper**

What is specifically your point?

**Investor 1**

*If I look at the margin you're currently at, without any horizons project benefit coming in yet probably, it's never been at these levels before, at least not as far as I can track your company. How do you feel about the sustainability, about that margin going forward?*

**Vincent De Cuyper**

Basically what we have seen in the last years is that in the chemicals we resisted very well to the crisis, maintaining our margins, and we are now in phase of recovery of the industry where we clearly do see that some overcapacities have been removed from the market, demand is improving, which is leading to a far better balance of supply and demand, and this is reflected by margins which are up in the last quarter. Especially what we have seen if we look at the quarters since 2010 we are progressively leaving the crisis behind us. The first part of the improvement of the reserves last year, the top line was mostly sustained by improvement of volumes and partly by improvement of price. And this has progressively switched to the improvement of the volumes with today the biggest part of the improvement of the top line coming from a price improvement rather than volume improvements. So if you compare Q on Q when we announced the chemicals 23% improvement of sales, two thirds is coming from improvement of price and one third from the volume, which is clearly indicating first of all that the recovery is there, the demand is better, and on the other side the supply/demand balance is far better than before which is enabling us to increase prices. All in all this is leading to progressively better margins.

**Bernard de Laguiche**

I would add, Vincent, that when you look at the REBIT margin and also when you take into account the fact that we are now consolidating by the equity method which improves slightly the margin by, let's say, maximum in the case of chemicals one percentage point, we cannot say that margins are at a level that is totally out of our trend. We are at a good level but we still believe that with the Horizon project, etcetera, there is margin for improvement. So don't think it is a figure that is out of the trend of the past years.

**Investor 2**

*Good afternoon. I wonder if you could... going back to the topic of margins but this time in the plastics segment, I wonder if you could try to give us some of your thoughts on the contribution in the year-on-year margin improvement between better operating rates in the vinyls side and better mix in specialties. Which of those two was the greater contributor to the year-on-year margin improvement? Following on from that if you could just give us an indication of where you think your overall operating rates in the vinyls sector are at the end of the quarter. And then if you're able to run through the... you mentioned all of these projects; if you could perhaps give a little bit more cover on the ramp-up, the timing of the ramp-up of the new capacities over the coming 18 months, please.*

**Bernard de Laguiche**

Before giving the word to Jacques on these questions, please note that the capacities that Jacques mentioned when he described the evolution were all capacity expansions related to specialties. In our large, more commodity or essential-oriented areas there was no capacity increase, not on our side and not in the industry. Jacques, maybe...

**Jacques van Rijckevorsel**

When you ask what is the improvement year-on-year between Q1 2010 and Q1 2011, between specialty polymers and vinyls I would say that it is about 50/50. Now margin improvement in absolute terms, I mean in Euros, not in REBIT on sales and so on. And now when we look at the operating rate in vinyls, the answer is very, very simple. We are running at full capacity everywhere in vinyls. What we do is a constant optimisation of our customer and market mix playing with export, playing with different markets that can be one application... another one, and of course respecting the contracts with our customers, and the art today of the three operations that we have in Asia, in South America and in Europe is to optimise constantly the value produces by the plants.

The third question is operating rates in vinyls. I gave the answer. The third question was ramp-up.

**Investor 2**

*Yes, could just help me thinking about the ramp-ups across all business and how and when the most significant of those should appear in your volumes over the next 18 months, please.*

**Jacques van Rijckevorsel**

I can say that what has been announced... it was in 2008 if I remember, PVDC and PVDF capacity expansion. The ramp-up is now done, and then we have the last effects during the Q1 2011. For the other improvements we have in North America, in polysulfone activity we are still there improving month after month the manufacturing yields, and I don't know where it will come to an end, but anyway, currently we are seeing results constantly. For the investments that we have planned, I would say that the first part of investments of new capacities is more for the end of this year or the beginning of next year.

**Investor 3**

*Hi, good afternoon. If you could... a little bit more colour on what you're saying overall with European construction. Clearly we're hearing from other areas that there's a split between North and South, and certainly from the vinyls market side. And then just with... certainly from a US perspective, if there's any sort of pickup there in refurbishment type activity which is also maybe starting to impact some of the US domestic consumption and whether that would maybe then impact the amount of exports coming out of the US. Thank you.*

**Bernard de Laguiche**

I think on construction, Vincent, it is more on your side with soda ash. And PVC then for Europe, Jacques.

### **Vincent De Cuyper**

I think we see a clear difference between Europe and US for the time-being, as far as the soda ash business is concerned. On the domestic market we see clearly a recovery of the demand in Europe, and it's more pronounced in the northern part than in the southern part, but globally in Europe there is a clear improvement of the demand. While in US clearly the domestic market and its link to the construction activities still remains very, I would say, mute and with no significant improvement of the soda ash demand in US. Now, both European and US markets continue to be sustained by the export demand from Latin America and Asia, and this is why in Europe we see the operating rate of the soda ash industry, which is improving progressively, approaching now the upper part of the 80s percent, even closer to the 90%, which is a high level for the soda ash industry. And this is sustaining the pricing power of that industry in the future. In US mostly the industry is running well, close to high... close to maximum capacity, but it's only linked to the very strong export markets rather than a strong construction demand in US.

### **Jacques van Rijckevorsel**

For the vinyls it is obvious that in South America you have Olympic Games and football cups – all that is giving an impulse to the market. If you go to Europe I fear also the statistics of Pipelife and we see very clearly that today the demand in Europe in the construction... but I would say more than construction – specific segments of the construction... I will explain why... water distribution and window frames. And behind that you have two very strong drivers. Water distribution, that is for the cities and for the water networks where you have a lot of water leakages, which you can eliminate with PVC water distribution network... and that is a strong driver. And a second one is window frames, with the oil price and heat costs and so on going up, of course you have a very strong incentive for insulation of the houses, and you have the PVC which is an excellent material. That can explain why we see Q1 to Q1 in pipe life in Europe double digit growth.

If we now consolidate that on the total PVC market, the year-on-year growth Q1-Q1 was about 7% versus last year. You see it on the global market, 7%, but in specific applications it is double digit.

### **Investor 4**

*Good afternoon. I've got three questions, please: one on specialty polymers and two on soda ash. On specialty polymers you talked about mix improving sequentially. Could you tell us a bit more in terms of end markets or specific applications, and whether you think that this positive mix impact can continue going into the rest of the year. And then two questions on soda ash: first, Vincent, on the North American market, could you talk about your exit from the National Soda Ash Corp, and whether you've seen some, I guess, positive impact from that strategic move, or you think that will come later in the year. And I guess the second point on soda ash is, you just talked about higher utilisation rates. I guess it's too early to talk about pricing for Europe and for the contracts there, but could you talk about how you see pricing for the rest of the year in the export market in North America? Thank you.*

### **Bernard de Laguiche**

Jacques, do you want to start with specialty polymers?

### **Jacques van Rijckevorsel**

Yes, with pleasure. That mix optimisation, it is a little bit like in the vinyls. Of course, here we are talking with specialty polymers. Then we are constantly improving the mix of our applications also for customers. We're playing with the end markets. And here again we see that there are, what we call, mega trends; then there are really drivers that are there whatever the circumstances, and growing so fast that pricing power is higher, that is photovoltaics, lithium-ion that is batteries, that is water filtration, that is some very, very specific applications in the automotive, and yes, all that we are with our same plans and of course working in the right way we can increase the properties and the specifications of our products going upwards in the value chain and in the value scale. That is again a daily work.

We also have experienced great success in PEEK, the product that we have in India. The plant is there and now we are getting formal approval from customers for medical implants, and yes, the story is there... starting well. Also, because we anticipated that, we will further increase the capacity of PEEK around the end of this year.

### **Investor 4**

*Would you be talking about significant capacity additions in PEEK?*

### **Jacques van Rijckevorsel**

It will be significant for us, but you will understand that I will not disclose numbers because it is a very, very closed market with very few players and it is too sensitive. But it is significant for us.

### **Vincent De Cuyper**

Maybe there are a few questions about the soda ash, no? Yes, so first of all the exit of the export operator, ANSAC from the US, the first comment is that it is a very successful exit. Since 1<sup>st</sup> January, we are out. We put in place the global logistics, first of all in the US, to the railway operations and also the port logistics operations, as well as in the various parts of the world to receive materials. That has been very successful, no disruption and everything is running very smoothly. Of course, for me, there is no significant impact on the business itself. We did get out of the ANSAC because of strategic reasons and for me the main strategic reason is we want really to move to be a global supplier by knowing the end markets, particularly in the emerging regions, which was not the case when we were exporting through the ANSAC. Today we are taking our business activities in hand in all these emerging regions. We can select the customers; we can select the markets where we want to sell in Asia, in Africa and then Latin America. So it's more a strategic reason than a short term operational reason.

As far as utilisation rates are concerned, so as I mentioned, in the US it's close to full capacity. It is sustained by the export. The spot export market prices are still in a positive trend and in Europe the operating rate has been up as well, as I mentioned. We were in the 80s; we are now close to the 90s percent, and also we see the trend price being up on the export prices.

Now the demand... maybe you would like I make a comment on the demand in Asia and particularly in China? We do see a demand in 2011, for the first part of this year, which is quite flat compared to last year, so we see a slowdown of the demand of soda ash in China. Now this being said, it is accompanied by even stronger constraints from the Chinese government on the soda ash industry. There are even rumours now that no new

soda ash production unit could be allowed for the time being. In the past, there were some constraints on too small capacities, putting a place on the market, but now they even do consider to forbid any further capacity increase on the Chinese market in line with their energy policy. So, all in all, we should remain comfortable with the evolution of the price of soda ash in the months to come.

**Investor 5**

*Good afternoon, gentlemen. Three questions – first on PVC . Can you tell me what your long term outlook is for this business, taking into account that there has been talk about building a new ethylene cracker in the US and with the US dollar almost at 1.50? Secondly, on PVC you talked about recovering in north and east Europe. If I'm not mistaken, you were actually quite cautious in a previous conference call about any recovery infrastructure in Europe. Can you tell us if your outlook has changed for this business? And then, thirdly, on specialty polymers, I understand that the increase in sales is mainly driven by higher volumes and a better product mix. In other words, the price increase is limited. Can you tell us what the development of raw materials was and how the unit margin developed?*

**Bernard de Laguiche - Solvay**

Jacques, I think these are all questions for you.

**Jacques van Rijckevorsel - Solvay**

Yes, thank you. I guess that the first question is for me because you were talking about a cracker in North America, but I did not get it. Could you repeat it please?

**Investor 5**

*Yes. I was wondering what that does to your long term outlook for the business? Would you expect more US exports on the back of that?*

**Jacques van Rijckevorsel - Solvay**

Now, let's start with the PVC in North America. Okay, as you know, maybe there are some producers that are currently in hardship and they've stopped production and so the market is tighter than it used to be and we see that also on the export market, and the prices are going up in North America. Now, your question about the ethylene, I presume that you are referring to the Shell Gas and so, yes, it is clear that North America has a competitive advantage - at least the ethylene producers have a competitive advantage versus the Nafta, but that does not mean that the PVC producers have the same advantage because you can understand ethylene producers are more willing to keep that margin for them and that is, by the way, what we see currently. So that was for the US. Then, okay, exports, yes maybe, but not that much. Again that question of hardship from some supplier and demand starting to bottom out very, very prudently.

Now, if we look in Europe, the PVC, as I said, is up about 6%, 7% Q to Q and in some applications, I talked about double digit, and we try, of course, to be in those applications because sometimes you need special grades and so on. What is the situation today? It's still much below what it used to be before the crisis. The point now is to navigate in those streams and that is what we are trying to do and I think that some of our colleagues, but I will not comment on that, some of our colleagues are in less good shape than we are. So this is for PVC the situation and the outlook.

And then speciality polymers, yes, there is a volume effect, there is a price effect. You are right to underline that the price effect is not the first driver for the improvement of our results, but what we see is that we can keep, and somewhere also playing with the mix, we are increasing the contribution margin of our activities. That means that our pricing power can compensate, and even more than compensate, the possible increase of some raw materials.

**Investor 5**

*Can I just follow up; have you announced any price increases that still need to land in the coming quarters?*

**Jacques van Rijckevorsel - Solvay**

Yes, we are constantly working on price increases, I can tell you. Of course, I will not give you figures because, again, it is sensitive, but we are increasing our prices currently.

**Investor 5**

*Okay, and if I can push my luck, one final question on plastics? Obviously there have been some changes in the whole set up of the business due to the sale of Inergy and now also to the different reporting. Could you give us what you feel are peak to trough months for the current set up of the business?*

**Jacques van Rijckevorsel - Solvay**

Yes. Okay, then you are talking about the cyclical nature of the business. I would not say that the sale of Inergy changed dramatically the spectrum, I would say, of our cyclical nature – a little bit, of course, because the contributions to the results were not very, very material. Now the point is we believe that with having operations in South America - I'm talking for PVC which is the most cyclical - any operations in South America, in South East Asia, and even in Europe, in Northern Europe, in Southern Europe, because also there you have differences, that is reducing the global cyclical nature of the activity, also because the sourcing is different and the economies are different, and so on.

For the specialty polymers, I think that when there was a crisis and all industry was stuck, obviously we suffered. We cannot deny that. But the fact that we are now focussing on what we call mega trends, photovoltaics, water filtration and so on, that gives us a comfort, a protection against possible cyclical nature because batteries and water filtration, photovoltaics, all that is fundamentally growing.

**Investor 6**

*Hi there. Good afternoon all. Congratulations on a strong set of results. Just a quick question regarding the contribution margin and I think you alluded to the fact that the improvement in contribution margin was largely down to change in product mix. Could you perhaps just explain what's driving that shift in product mix? Is it that your sales force are being incentivised and encouraged to protect margins rather than absolute profits in an environment of rising energy costs and when do you expect that that might reverse? What sort of catalyst would you need to see for all this to go back to perhaps what could be classified as a more normal pattern?*

**Bernard de Laguiche**

I think the answer to your question is actually what drives our results of today. First of all, as mentioned, the good equilibrium between supply and demand, so with very strong

volumes in the first quarter that we do not expect to see declining in the coming quarters. And if you look at the supply side now, except some key investments in order to improve geographic and product mix in specialty polymers we see no major capacity expansion in our commodities, nor on our side, nor in the industry, and so the contribution margin structurally that you are seeing now is driven by that very sound and durable situation on the balance supply/demand.

Jacques, you wanted to add something?

**Jacques van Rijckevorsel**

Yes. you were asking about the triggering and what was incentivising the people and so on, and I will tell you the crisis that we had two years ago has been a wonderful trigger because there everybody has been mobilised and everybody has been invited to contribute – the sales force with the sales, the production manager with the production, the supply chain manager with the supply chain, and so on, and it has created an impetus of which we see the fruit today. And people are really very proud of their achievements and that gives a lot of courage and motivation.

**Investor 6**

*I see your point entirely about there being a positive or beneficial flow/demand balance and clearly demand is based on a number of your products, but, for example, in the specialty polymers business where you were more or less sold out towards the end of last year, are you therefore announcing a huge amount of incremental volume being sold or are you able to reposition the business so that you are actually selling higher value products and the incremental margin out of that business is higher? I just want to get a feel for how much of this is actually different product being sold and how much of it is just being able to get more margin out of the same product.*

**Bernard de Laguiche**

Now there are two elements. We improve the mix, so the average margin per ton sold improves and on the other products we improve the price.

**Jacques van Rijckevorsel**

It is, as I said, a constant exercise of optimising the value that we can take from the plants and that means that we are also working on recipes, in fact, all the cards that we have at our disposal are used. And another one that I would like also... that we did not mention until now is that by April 1<sup>st</sup>, we have launched the new organisation with the Horizon Project and there, by April 1<sup>st</sup>, all the specialty polymers activities of the Group are under one single company - of course, a subsidiary, but one single company – and the name of that single company is Solvay Specialty Polymers, with a CEO, with a management team, and with fully integrated management. Then it started maybe by April 1<sup>st</sup>, but they have been working for months for the preparation of that, the organisation and so on, and all that has also created an impetus, motivation and enthusiasm that we maybe can see already partially in the Q1, but for sure the big effect will come in the future.

**Investor 6**

*Thanks, that's very interesting. Thank you very much.*

**Investor 7**

*You just mentioned the Horizon program. I think you did say in the release that you would start to see the impact in the second half. I was just wondering if you could maybe*

*quantify how much of the 120 might fall in the second half. Are we talking a small number or could it be nicely double digit? Thank you.*

### **Bernard de Laguiche**

On Horizon, we will see a progressive impact in 2011, a positive impact, cost reduction, but keep in mind that we always said that the timeframe of Horizon was until 2012. And so you will see the full effect hitting in 2012 and progressively so in 2011.

### **Investor 8**

*The question on the Solvin, you brought in the press release prices, partially compensated for rising ethylene costs. Okay, there was volume leverage, but did this compensate for the rest of the margins? Also are we in a Solvin margins below Q4, 2010? So this is my first question. The second one, again in the press release you write you are dynamically managing the increase in energy and ethylene costs. What does it mean exactly? Did you have some hedging wins in Q1 or something like that?*

### **Jacques van Rijckevorsel**

So your first question is about the difference in the margins. For Q4, globally, the margins in Q1 were kept about at the same level as Q4, as margins, yes. And that means that all the ethylene price increases that we had could be compensated by price increases and again other product mix. That is one.

Another thing that I would like to stress also with Solvin is that last year we announced that we have untied the joint venture with Arkema in France and in Spain. We were very happy with that joint venture. I insist that it was absolutely not due to difficulties with the partner, but we found that it was better for each of us to get back its freedom, and we have got back our freedom. With that we could optimise, and again optimisation, we could optimise much better our industrial system and that has contributed also to the improvement of the results.

### **Investor 8**

*Okay, so the Solvin margin is in Q1 up on Q4 2010?*

### **Jacques van Rijckevorsel**

I think we can say that.

### **Bernard de Laguiche - Solvay**

On the energy side, when we say we are dynamically managing our energy situation, we don't mean only hedging. Yes, we are hedging part of our energy exposure in a very limited way and that has an effect in the first quarter, mainly on coal. What we are managing in a dynamic way is our energy mix, our diversification, with an investment for example in Bernburg in energy production through recycled material, with our participation in Exeltium consortium in France, with our intent to participate in Blue Sky in Belgium, with our fuel cell in Antwerp in a limited way with a private plant. So this is what we call dynamic management of our energy situation in order to maintain our net energy expenses to the level they are in the first quarter of 12.7% of sales.

Vincent, you want to add something?

### **Vincent De Cuyper - Solvay**

I think it is interesting too, as you mentioned, that our energy on sales ratio is now around 12.7% for Q1 which is not very far from the level we had in 2009. It decreased down to 11% in 2010 and is back close to the 13% level today. But, in the meantime, you can see that our margins are there and they are far higher than the one we had in 2009 and I think it's again reflecting that today the better supply/demand balance is enabling us to get some pricing power.

**Investor 8**

*ging went in those numbers?*

**Bernard de Laguiche - Solvay**

A limited and usual impact of hedging, I would say.

**Investor 8**

*Fine. Thank you.*

### **Closing Comments**

Well, thank you very much for your questions and goodbye. Thank you for your attention.