

Shaping our future



The strength to change



FY09 results

February 18 2010



Strategic refocus – Pharmaceuticals divestment

- Sale of the entire Pharmaceuticals Business to Abbott for an EV of EUR 5.2 billion
- Transfer of all employees of the Pharmaceuticals Sector at closing
- Closing of the transaction on February 15, 2010
 - ✓ After-tax capital gain of EUR 1.7 billion¹ to be booked in the Group results of the 1st quarter 2010
 - ✓ Cash-in at closing of EUR 4.5 billion
 - ✓ Temporarily invested in short duration government (Germany, France, The Netherlands, Belgium) and highest rated treasury instruments and in treasury shares of maximum 5.1 million shares (6% of the issued capital of Solvay).

¹ As estimated on January 1st, 2010; subject to adjustment for variations in net asset value of the activities from January 1, 2010 up to the closing date.

Financial highlights 2009

- **NET SALES:** -11% to EUR 8.5bn
- **REBIT:** EUR 905m, down by only 6% (REBIT margin: 10.7%)
 - ✓ **Pharmaceuticals** (EUR 649m) – “Discontinued Operations”: record result thanks to strong growth of main drugs; in 4Q09, lower costs, no depreciation (EUR 28m) and sale of Flammazine® (EUR 17m)
 - ✓ **Chemicals** (EUR 246m): 3% up thanks to lower fixed and energy costs, in spite of decline in demand
 - ✓ **Plastics** (EUR 73m): sharply down due to the crisis; strong resistance thanks to comprehensive cash and cost reduction program
- **4Q09 REBIT:** EUR 313m, significantly up in each Sector

REBIT (MEUR)	4Q08	4Q09	Delta
Pharma - Discontinued	138	238	+73%
Chemicals	31	68	+116%
Plastics	-26	27	ns

Financial highlights 2009 (2)

- **GROUP NET PROFIT:** EUR 553m (versus EUR 449m in 2008)
 - ✓ **Non recurring items:** EUR -105m (impairments (in HY09), restructurings and provision for litigation on a contract)
 - ✓ **Financial charges** (EUR -151m) impacted by funding cost in local currencies of our developments in Eastern Europe (Bulgaria & Russia: EUR -17m) and by low yield on cash (1.0%)
 - ✓ **Effective tax rate:** 14% (a/o. due to EUR 37m R&D tax credits)
- **STABLE DIVIDEND** : EUR 2.9333/share before withholding taxes ; dividend yield(*): 4.1%

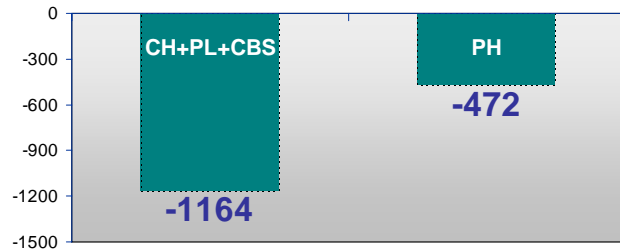
(*): Based on closing price of February 16, 2010

Cost reduction & cash generation measures in 2009



- Headcount reduction

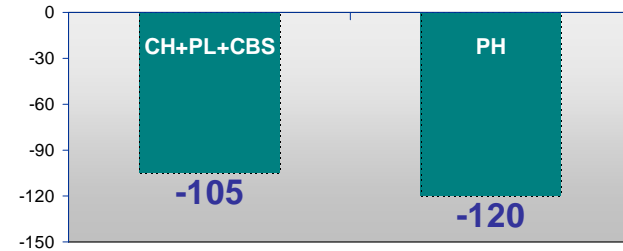
Headcount evolution 2009 - 2008 ⁽¹⁾



⁽¹⁾ At constant scope

- Fixed production cost and SG&A reduction

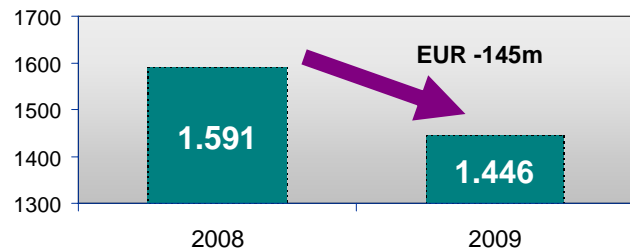
Fixed production cost and SG&A evolution 2009 - 2008 ⁽¹⁾



⁽²⁾ At constant perimeter and EUR/USD exchange rates

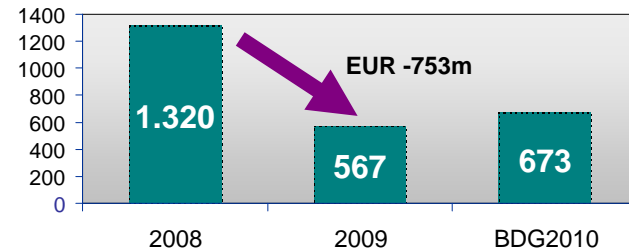
- Reduction in working capital

Industrial working capital evolution



- Significant decrease of CAPEX

Capital expenditures evolution

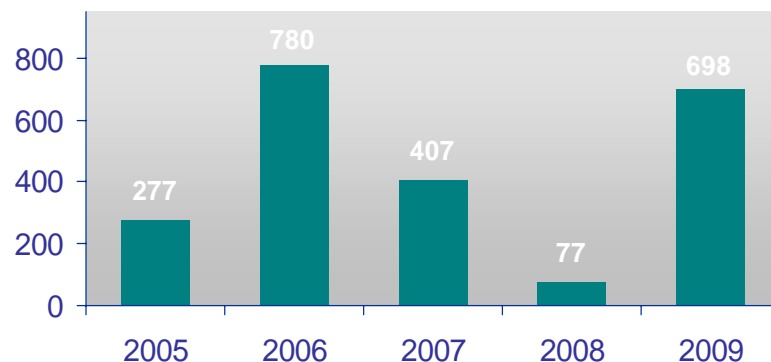


A sound balance sheet

Significant impact of the cash and cost discipline on the operating cash flow and on the balance sheet

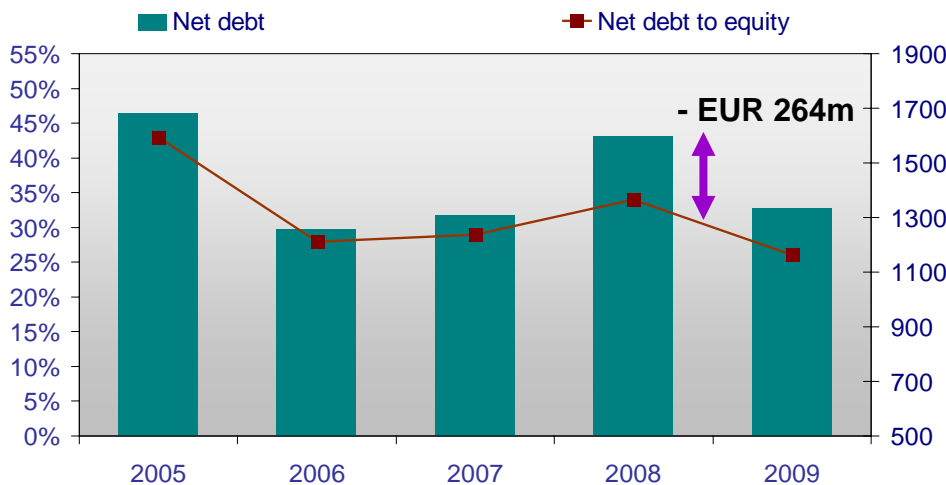
- ✓ Fixed costs reduction
- ✓ Significantly reduced CAPEX
- ✓ Working capital management

Group's free cash flow ⁽¹⁾



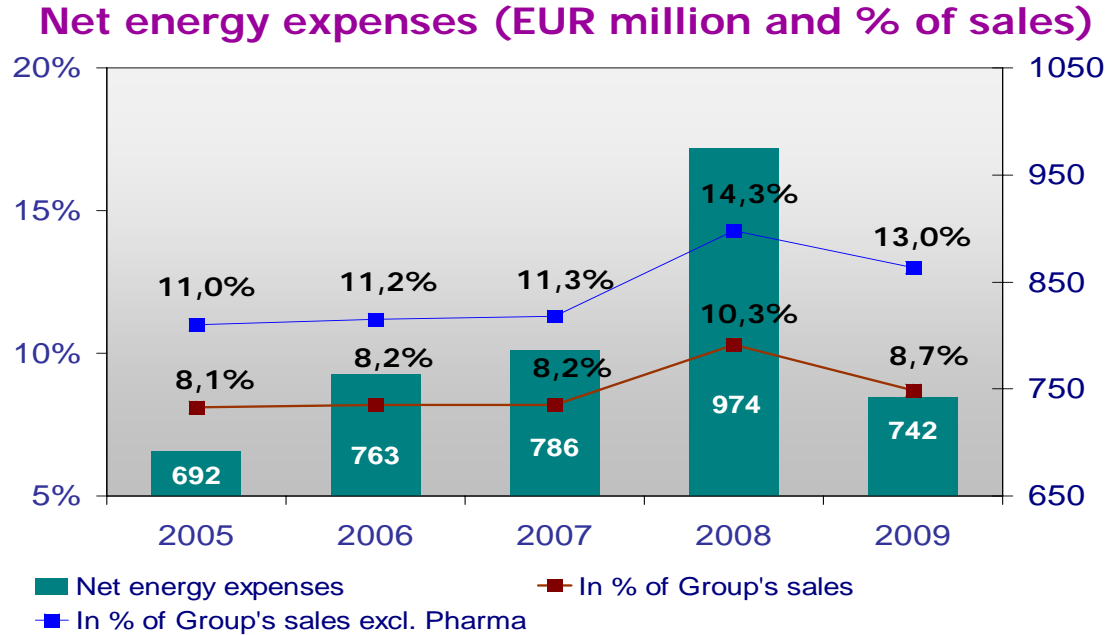
⁽¹⁾ operating cash flow - investment cash flow

Group's financial structure



Net debt / Equity = 26%

End of 2009 net debt = EUR 1.3bn



- Energy efficiency of the industrial processes
- Improve reliability of energy supply
- Develop synergies with partners and integrate upstream
- Set up of a dedicated company : SOLVAY ENERGY

Pharma in 2009 (Disc. operations)

REBIT: EUR 649m



Net sales +3% (+3% at constant exchange rates)

- Sustained growth of Androgel[®], Creon[®] and Influvac[®]
- Continued sales growth in emerging markets
- Sales drop of Marinol[®] (EUR -41m), generic since June 2008
- End of distribution of Estratest[®] since April 2009 (EUR -31m)
- Fenofibrates: EUR 39m of revenues booked in December 08 on Trilipix[™] sales to supply the distribution network

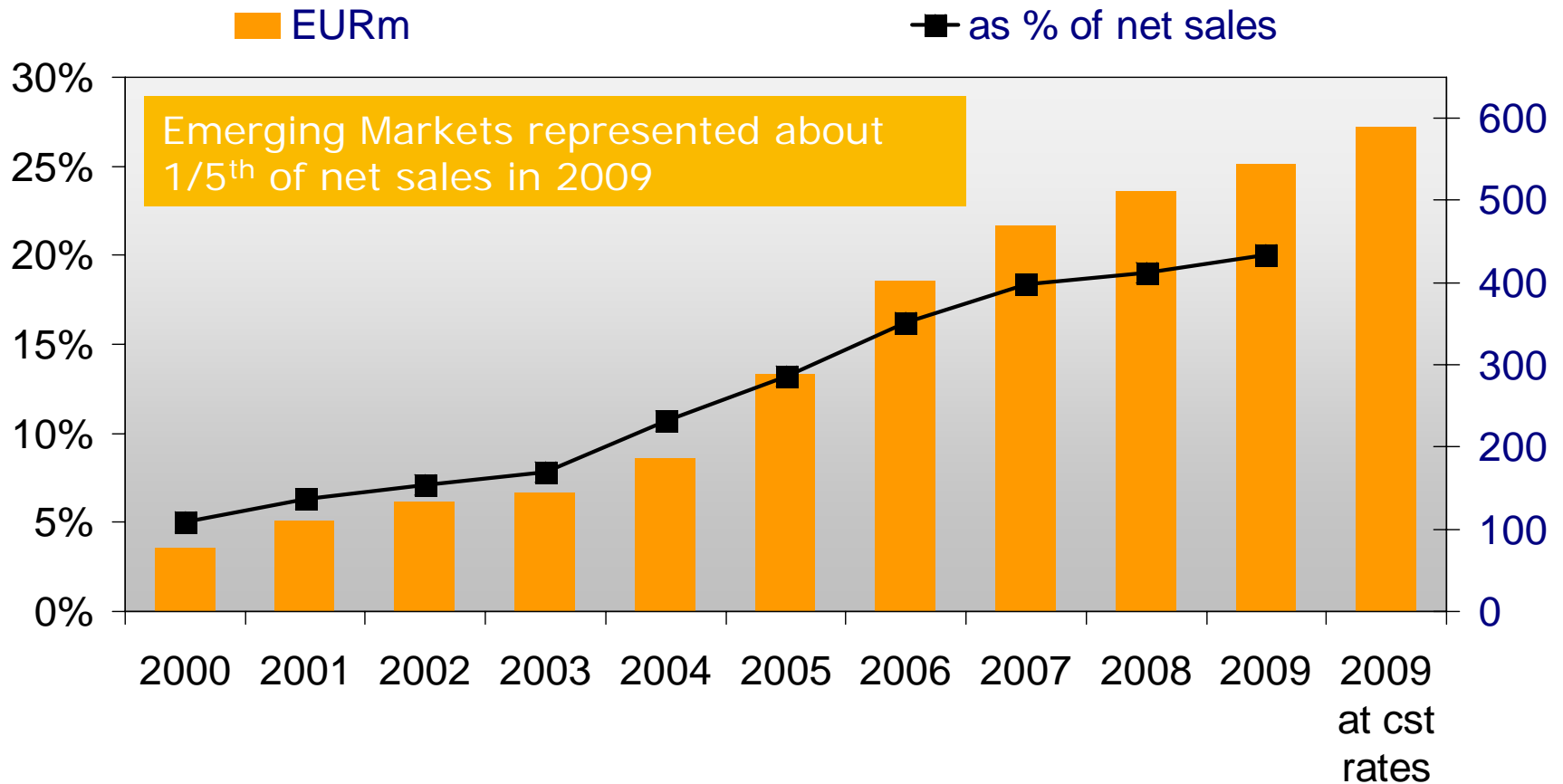
REBIT +27%

- Record REBIT in 2009 (EUR 649m)
- 4Q09 REBIT (EUR 238m) benefited from lower costs, no depreciation charges (EUR 28m; Pharma = discontinued operations) and from sale of Flammazine[®] (EUR 17m)
- R&D: EUR 416m or 14.9% of revenues

Growth in Emerging Markets



Net sales in emerging markets



Chemicals in 2009

REBIT : EUR 246m



m EUR	NET SALES ^[1]			REBIT	Comments
	2008	2009	2009 vs 2008		
CHEMICALS	3,096	2,713	-12%	+3%	<ul style="list-style-type: none"> ✓ Despite lower volumes (-13%), REBIT up by 3% thanks to lower fixed and energy costs ✓ Slight sales volumes improvement in 2H09 versus 1H09 ✓ In 4Q09, further price pressure on soda ash and H₂O₂; some price recovery in caustic soda.
Minerals cluster ^[2]	1,426	1,263	-11%	↗	
Electrochemicals & Fluor chemicals cluster	1,154	986	-15%	↘	
Oxygen cluster	448	441	-2%	↗	

[1] including SBU Molecular Solutions

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



● Sustainable development and environmental footprint

- ✓ Building of Epicerol® (epichlorohydrin based on natural glycerin) plant in Thailand (2012)
- ✓ Production of bicarbonate for treatment of flue gases based on unutilized soda ash by-products in USA (2010).
- ✓ Fluor specialty production for Li-ion rechargeable batteries introduced in South Korea (end of 2009)
- ✓ Building a Refuse Derived Fuel cogeneration plant at Bernburg, Germany (2010)
- ✓ Building a cogeneration unit supplied by biomass at Tavaux, France (2012)

● Innovation and geographic expansion

- ✓ Soda ash : agreement to acquire majority in Berezniki (Russia) (closing: 2Q10), recent acquisition in Egypt (2H08).
- ✓ HPPO technology: new H₂O₂ plants in partnership with BASF/Dow in Antwerp (operational since Mar. 09) and with Dow in Thailand (2011)
- ✓ Agreement with Huatai Group to build a H₂O₂ plant in China (2011)

● Growth in specialties with lower cyclicity

- ✓ Mainly in bicarbonate and fluorinated and organic specialties

● Continued focus on competitiveness

- ✓ Closure of fluorinated products plant at Catoosa, USA (2Q09)
- ✓ Mothballing of hydrogen peroxide plant at Bitterfeld, Germany (3Q09)
- ✓ Targeted restructurings in Belgium, Egypt and Italy (ongoing)

Plastics in 2009

REBIT : EUR 73m



m EUR	NET SALES			REBIT	Comments
	2008	2009	2009 vs 2008		
PLASTICS	3,695	2,982	-19%	-72%	<ul style="list-style-type: none"> ✓ REBIT down by 72% due to the global crisis; volumes down by 19% in Specialty Polymers and by 1% in Vinyls ✓ In 4Q09: <ul style="list-style-type: none"> ✓ Confirmation of demand improvement in Specialty Polymers and for Inergy ✓ Vinyls' result impacted by lower activity level at year-end and margin pressure in Europe and South-America ✓ Very strong cash & cost discipline across the board
Specialties cluster ^[1]	1,512	1,251	-17%	↘	
Vinyls cluster ^[2]	2,183	1,731	-21%	↘	

[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)



● Sustainable development and environmental footprint

- ✓ Specialty Polymers: launch of a new series of PVDF for use in Lithium-ion batteries (3Q09)
- ✓ Inergy: "Selective Catalytic Reduction" system to reduce NOx emissions from diesel engines (2Q09)
- ✓ Vinyls: Major power unit of 120MW in Argentina (3Q09); project to produce ethylene based on bioethanol

● Innovation & geographic expansion

- ✓ Growth of Specialty Polymers in Asia : micronized PTFE plant in China (2008) and PEEK in India (2008)
- ✓ Full benefit from capacity expansion in Thailand (Vinythai) (2008)
- ✓ PVC: modernization & capacity expansion realized in Brazil (early 2009)
- ✓ Integrated vinyls plant in Russia: start-up in line with expected recovery scheduled for 2013
- ✓ Inergy: expansion in Russia (3Q09), China and India (2010)

● Growth in specialties with lower cyclicality

- ✓ Start of new DIOFAN[®] unit, France (1Q09)
- ✓ Capacity extensions of SOLEF[®], France & FLUOROLINK[®], Italy (2Q09)

● Continued focus on competitiveness

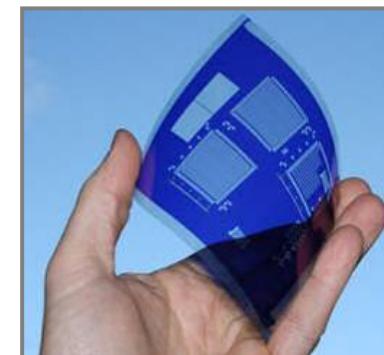
- ✓ Closure of PVC compounds unit, Belgium (3Q09)
- ✓ Inergy: closure of Nucourt, France (3Q09)
- ✓ Very strong cost and cash control across the board

Creation of new reporting segment as of Jan 1st 2010

- ✓ Create innovative materials and systems using leading edge technologies **which go beyond those applied in current Solvay's existing businesses.**

Supplement current activities or help create new entities which will later be integrated into the existing Sectors.

- ✓ Two Competence Centers: **Future Businesses and Advanced Technologies** and four platforms

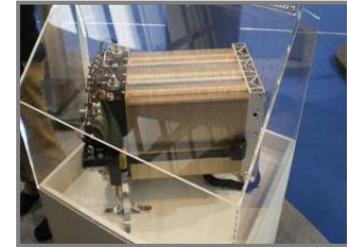


New Business Development - Future Businesses

Sustainable Energies Platform

■ Fuel cells

- Best energy & environmental balance by converting hydrogen into electrical power
- Will be developed for large range of applications, from portable and stationary segments to automotive



■ Organic photovoltaic cells

- Low-cost solution to renewable energy based on organic materials printed on flexible supports
- In medium term: should prove more competitive than silicon-base cells



■ New generation of batteries

■ Hydrogen storage

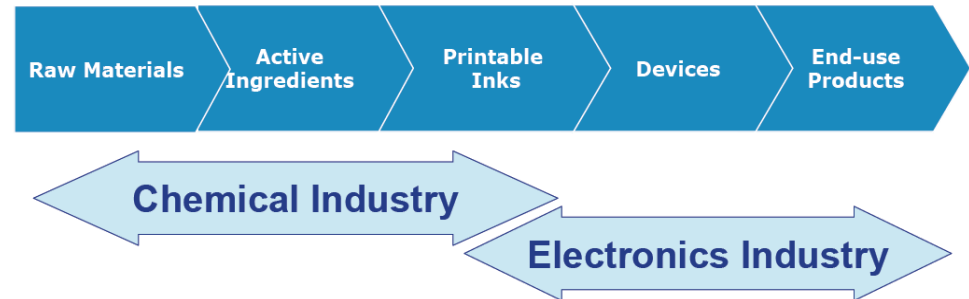


New Business Development - Future Businesses

Organic Electronics Platform

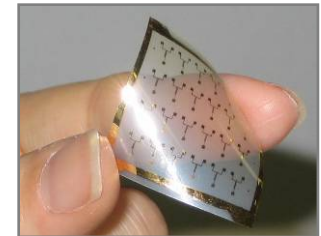
Organic (printed) electronics will develop as a complement to silicon-based technologies opening up a wide range of new mass market applications

- Solvay positioned as supplier of very high added value materials for these applications
- Prospects are very promising: revenues of the organic components industry set to run into EUR billions by 2015



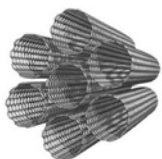
Focus on three segments:

- Organic light emitting diodes (OLEDs)
- Organic field effect transistors (OFETs)
- Organic Memories



● Platform Nanotechnologies

- Supports the Group and its businesses to increase its use of nanotechnologies



↪ Two concrete applications:

- ↪ FLUOROLINK[®] : Soft lithography for micro lenses, microfluidic, ...
- ↪ NanoVin: Plastisols for thick coating, soft grip for tooling, ...

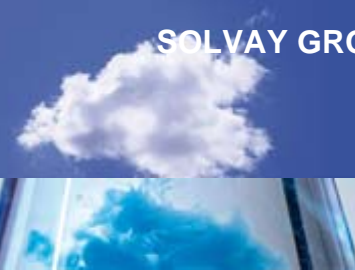
● Platform Renewable Based Materials and White Biotechnologies

- Develops business opportunities based on sustainable use of renewable resources or industrial biotechnologies.



↪ Two concrete applications:

- ↪ EPICEROL[®] to produce epichlorohydrin
- ↪ Project of a first ethanol-based ethylene unit for PVC in Brazil



“In 2010, the focus will go to the optimal reinvestment after the disposal of the pharmaceutical activities. Thanks to its growth initiatives, its competitive positions and the measures taken in the last two years, Solvay is prepared in case of a longer crisis. Market conditions remain challenging.”

Press release of February 18, 2010

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