



SOLVAY GROUP
HY08 Results

Press conference
July 31, 2008



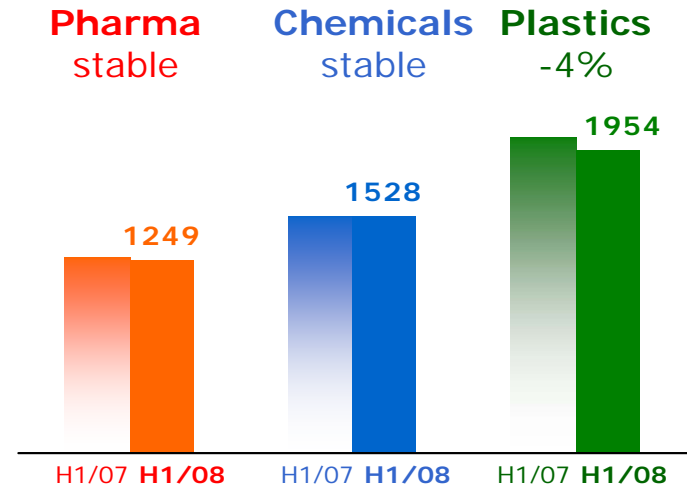


Financial highlights HY08 (1)

■ NET SALES (EUR 4.7bn)

-2% (+4% at constant scope & exchange rates)

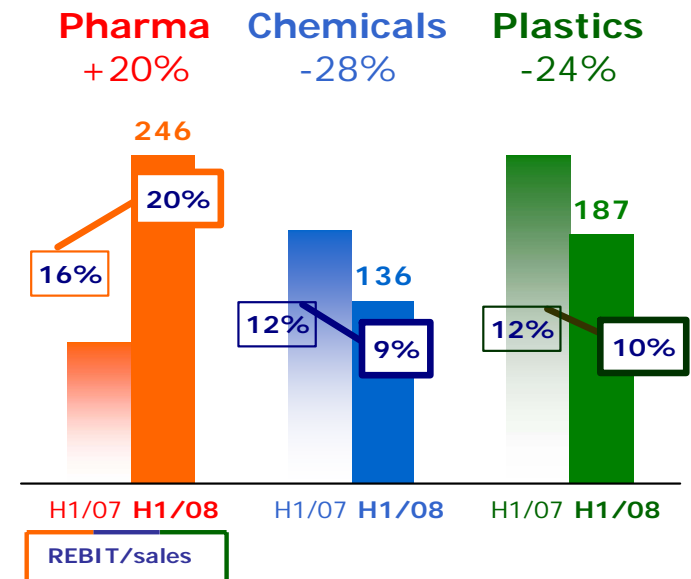
- generally good demand
- unfavorable exchange rates
- sale of Solvay Engineered Polymers (SEP) & caprolactones



■ REBIT (EUR 548m)

-11%

- Growth in Pharmaceuticals
- Chemicals & Plastics margins impacted by continued increase of energy, coal, coke & ethylene prices



Financial highlights HY08 (2)



■ **GROUP NET PROFIT : EUR 351m** (-15%)

- Non recurring items: EUR -34m
 - capital gain of EUR 29m on the sale of SEP
 - restructuring charges (Inspire & Molecular Solutions)
- Higher net debt charges: EUR 10m one-off in Q1/08
- Effective tax rate of 26%, in line with HY07

■ **SOUND FINANCIAL SITUATION**

- Net debt to equity ratio of 36%
in line with the target of not durably exceeding 45%
- Consistent implementation of
our strategy & our dividend policy

Pharma in HY08



Stable net sales (+5% at constant exchange rates)

Sustained growth

- in major products
- USA (+8% in USD; -6% in EUR)
- emerging markets and Europe developing well
- one-time revenues

offsetting

- currency fluctuations (*sales impact: -5%, EUR 68m*)
- decreasing prescriptions of Marinol® (*sales impact: -1%, EUR 14m*)
- generic competition in Europe, particularly in France (*sales impact: -1%; EUR 12m*)

REBIT + 20%

- « Inspire » project on track
- Sale of non strategic products: EUR +71m (HY07 : EUR +19m)

more than compensate higher investments in R&D and co-promotion

- R&D: EUR 227m, 18,2% of revenues (HY07: EUR 203m, 16.2% of revenues)
- Costs (EUR -22m) related to the co-promotion of Simcor®* with Abbott

Growth in major products



Net sales (EUR m)		2007	HY08	HY08 vs HY07	HY08 vs HY07 (constant exchange rates)
PHARMACEUTICALS		2,591	1,249	0%	+5%
Cardiometabolic	Fenofibrates	433	221	+6%	+15%
<i>TriCor sales booked by Abbott in the US in HY08 : USD 553m (+5%)</i>					
Women's & Men's health	Androgel®	308	149	-7%	+7%
Pancreatic enzymes	Creon®	198	103	+7%	+14%
Neuroscience	Serc®	150	81	+3%	+3%
Influenza vaccines	Influvac®	127	mainly in H2	+57%	+49%
Cardiometabolic	Teveten®	106	63	+21%	+21%
Gastroenterology	Duphalac®	99	51	+4%	+7%
Women's & Men's health	Duphaston®	90	45	+7%	+8%
Neuroscience	Marinol®	105	43	-25%	-14%
Neuroscience	Luvox®	83	40	-9%	-7%

Pharma R&D developments



■ **Cardiometabolic:**

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

- TriLipix™ (SLV348) (*): US regulatory submission in Q4/07
- Fixed dose combinations :
 - focus on TriLipix™ /Crestor, Zolip
 - discontinuation of Synordia

→ **SLV319** (obesity, developed with BMS) : Phase II ongoing

→ **PULZIUM® intravenous** : approved in EU (UK, Spain, Sweden)

■ **Neuroscience:**

→ **bifeprunox:**

- US : further actions to be defined
- Europe with Lundbeck : development ongoing

→ **pardoprunox** (SLV308): phase III ongoing

→ **Duodopa®** in the US: 1st Phase III clinical study started in Q1/08

■ **Pancreatic enzymes:** Creon®:

answers to the « approvable » letter (received in August 2007) submitted to the FDA; Phase III studies ongoing in Japan with Eisai

■ **Influenza vaccines:**

→ validation of **cell based production** throughout 2008; commercialization from season 09 onwards;

→ 1st clinical study **in the US** completed in Q4/07

Increase of initial tender offer for Innogenetics (on July 9, 2008)



- **Transaction value** for 100% of the outstanding shares of EUR 200.7m (EUR 6.50 per share)
- **Offer period planned** from August 12 to September 5, 2008
- **Financed by available resources** of the Solvay group (at end of HY08 : net debt to equity of 36%)
- **An opportunity for Solvay Pharmaceuticals :**
 - **Accelerate** the development of Solvay's therapeutic pipeline
 - Expand biomarker technologies and enter progressively into the field of personalized medicine
 - **Expand** the diagnostic activities
 - Reinforce existing commercial operations
 - Continue the development of Innogenetics' diagnostics pipeline

Chemicals in HY08



m EUR	NET SALES ^[1]			REBIT	Comments
	2007	HY08	HY08 vs HY07		
CHEMICALS	3,031	1,528	0%	-28%	<ul style="list-style-type: none"> → Generally good demand → Continued increase of energy, coal, coke and distribution costs; one-time production and start-up costs → « Minerals » : sales growth but results under pressure → « Electrochemistry & fluor chemicals » : good demand for caustic soda and positive effects of restructuring in fluor commodities but lower chlorinated derivatives → « Oxygen » : price pressure in Europe and sale of caprolactones in 2007 (HY08 sales : +2% excluding caprolactones in HY07)
Minerals cluster ^[2]	1,336	705	+7%	↘	
Electrochemicals and Fluor chemicals cluster	1,103	554	-3%	↘	
Oxygen cluster ^[3]	528	227	-13%	↘	

[1] including SBU Molecular Solutions

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

[3] including SBUs Hydrogen peroxide, Detergent and Caprolactones (until December 31, 2007 for this latter; 2007 sales : EUR 79m)

Chemicals in HY08



■ Minerals: **soda ash**

- Good demand (Europe and exports)
- Results under pressure (Q2): 2008 annual price increase no longer compensates rising costs
- Growth in bicarbonate

■ Electrochemicals and Fluor chemicals

Electrochemistry (caustic soda / epichlorhydrin)

- Good demand for caustic soda
- Lower chlorinated derivatives
- Results affected by increasing energy costs
- Strong price increase in Q3/08

Fluor commodities

- Favorable evolution of fluor specialties
- First results of the ongoing restructuring program
- Still difficult market conditions for fluor commodities

■ Oxygen : **hydrogen Peroxide**

- Good demand and prices, except in Europe
- Results impacted by the increase of energy costs

Plastics in HY08



m EUR	NET SALES			REBIT	Comments
	2007	H1/08	H1/08 vs H1/07		
PLASTICS	3,950	1,954	-4%	-24%	<ul style="list-style-type: none"> → Generally good demand; volume growth (+8%) in specialty polymers → Q2/08 results : +8% vs Q1/08 → Impact of strong EUR
Specialties cluster ^[1]	1,737	799	-11%	↘	<ul style="list-style-type: none"> → Sale of SEP⁽¹⁾ (HY08 sales of Specialties cluster : -4% excluding SEP in HY07)
Vinyls cluster ^[2]	2,213	1,155	+2%	↘	<ul style="list-style-type: none"> → Good situation in Asia & Mercosur. Price increase in Vinyls in Q3/08 in Europe to compensate higher ethylene prices.

[1] Including SBUs Specialty Polymers and Inergy Automotive Systems (fuel systems). Sale of Solvay Engineered Polymers in February 2008 (2007 sales : EUR 168m)

[2] Including SBUs Vinyls and Pipelife (pipes & fittings)

Plastics in HY08



■ Specialty Polymers

- Volume growth (+8% vs HY07) + some price increases
- Good global demand but slowdown in automotive industry
- Gradual improvement of results & margins during Q2
- Sustained R&D efforts (5% of sales)

■ **Inergy**: results affected by cost pressures and slowdown in automotive industry

■ Vinyls

- ✓ Good overall demand
- ✓ Europe : impact of higher costs & US competition (weak USD); price increase in Q3/08 to compensate higher ethylene price
- ✓ Mercosur: strong growth and good margins
- ✓ Asia: improving market conditions and results

■ **Pipelife**: Volumes growth in Europe and resilient results

Measures to support industrial margins

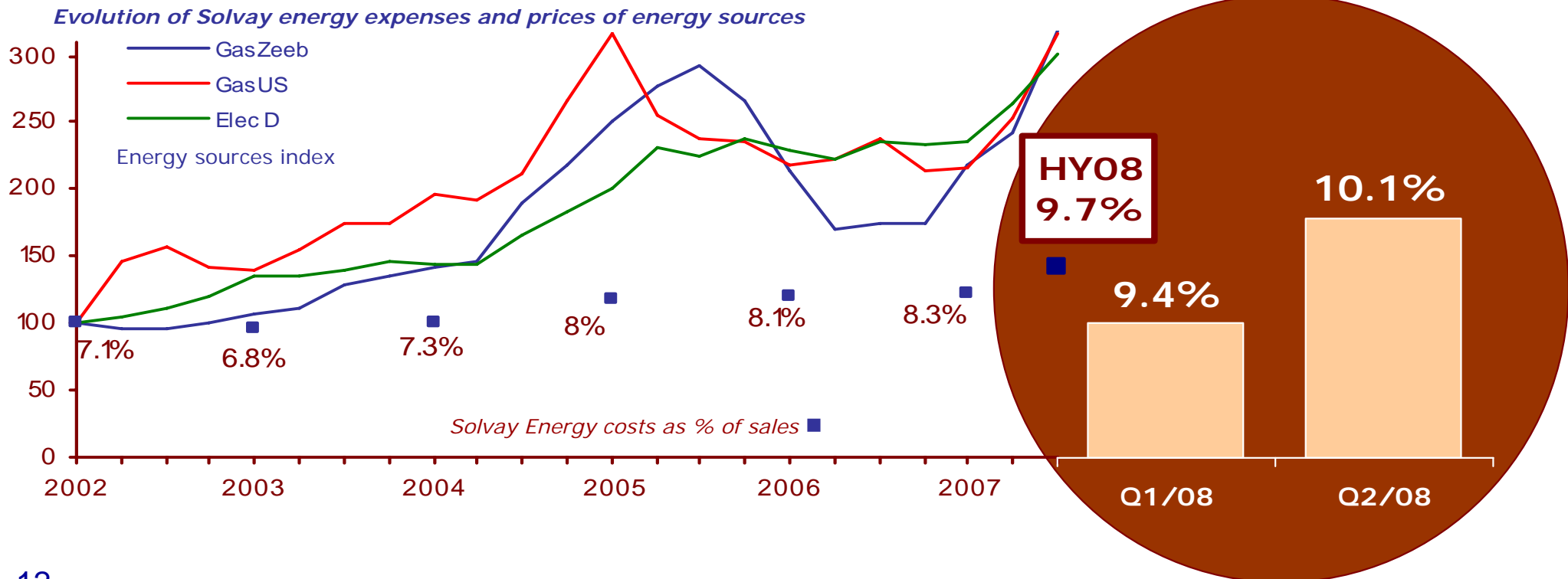


■ Price increase from 10% to 50%

- To reflect continued increase of energy, coal, coke and ethylene costs
- Implemented as markets & contracts permit
 - some increases already implemented / additional increases under negotiation

■ Strict cost control + effects of ongoing restructuring

- to maximize competitiveness



Consistent implementation of our strategy



- **Growth through expansions and acquisitions**
 - ➔ Innogenetics (offer), Simcor®, Specialty Polymers, Vinyls, H₂O₂, Soda ash, ...
- **Dynamic portfolio restructuring**
 - ➔ Sale of caprolactones business (end 2007) & Solvay Engineered Polymers (March 2008)
 - ➔ Sale process of Precipitated Calcium Carbonate activities under way
- **Focus on competitiveness**



Highly competitive positions

- **World-class plants**
 - Large integrated plants in Europe, Americas and Asia
 - New mega-plants in H₂O₂ (Belgium, Thailand)
- **Vertical integration**
 - Full control of main raw materials for our main industrial processes
- **Long term efficient energy management**
 - Significant benefits from cogeneration (~1000 MW)
 - New projects : Argentina, Germany (2010), France (Exeltium, Biomass; 2010)
- **Optimization and selective restructuring**
 - Upgrading Vinyl technology in Brazil
 - Restructuring in fluorinated commodities, organic chemistry, INSPIRE project in Pharma, ...

Outlook 2008



« As previously announced, taking into account the current level of the USD as well as the continued high level of energy, coal, coke and ethylene prices, results of the Solvay group for the year 2008 will remain at a sustained level but will not reach the record results of the year 2007. The operating result of the Pharmaceuticals sector should exceed the record level of 2007. »

Press release of July 31, 2008

“To the extent that any statements made in this presentation contain information that is not historical, these statements are essentially forward-looking. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties because of a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations; changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals; regulatory approval processes, all-in scenario of R&D projects and other unusual items. Consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "believes," "may," "could" "estimates," "intends", "goals", "targets", "objectives", "potential", and other words of similar meaning. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update any forward-looking statements”



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