

Managing Challenges

9M09 and 3Q09 results

October 29, 2009



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Financial highlights 9M09 (1)

- **NET SALES** : -13% to EUR 6.3bn
- **3Q09 REBIT** : EUR 285m, in line with 3Q08
- **9M09 REBIT** : EUR 592m (REBIT margin: 9.4%)
 - Pharmaceuticals: much higher (+36%) excluding 9M08 misc. income (EUR 71m)
 - Chemicals and Plastics: lower than 9M08 due to the global economic downturn; in Plastics, progress in 3Q09 compared with 1Q09 and 2Q09

● Operating result by SECTOR

REBIT (MEUR)	9M08	9M09	% change	1Q09	2Q09	3Q09
Pharma - Discontinued	372	410	+10%	91	115	204
Chemicals	206	178	-14%	56	66	56
Plastics	291	46	-84%	3	4	39
Group	840	592	-30%	142	164	285

Financial highlights 9M09 (2)

- **GROUP NET PROFIT:** EUR 354m (versus EUR 426m in 9M08)
 - ✓ Non recurring items: EUR -64m (impairments (HY09) and restructurings)
 - ✓ Financial charges (-117m) impacted by funding cost in local currencies of our development in Eastern Europe and by low yield on cash
 - ✓ Effective tax rate: 13% (a.o. due to tax credits related to R&D)
- **STRONG FINANCIAL POSITION**
 - ✓ Net debt to equity: 36% (39% at 9M08)
 - ✓ Focus on cash (strict cost control, dynamic working capital management, significantly reduced CAPEX, ...)
- **INTERIM DIVIDEND:** EUR 1.2/share before withholding taxes

Managing challenges

(1) Diversified activities

(2) Strong balance sheet

- Working capital management (EUR -759m vs Sept. 08)
- No major debt reimbursement before 2014
- Financial debt covered for 80% at fixed average rate of 5.1%

(3) Competitiveness

- Strict cost control
 - Restructuring
 - Temporarily reduced production where needed
- } SG&A+fixed prod. costs 9M09: EUR -140m⁽¹⁾
headcount reduction 9M09: 1,200⁽²⁾

(4) Selectivity in 09 CAPEX

- Budget confirmed at EUR 638m

(1): At constant scope & USD exchange rate

(2): At constant scope

Pharma in 9M09 – Discontinued operations

REBIT : EUR 410m (+10%)

Net sales +5% (+3% at constant exchange rates)

- Sustained growth of Androgel[®], Creon[®] and Influvac[®]
- Growth of fenofibrate sales with Abott in the USA: +4% in 9M09
- Continued sales growth in emerging markets
- Sales drop of Marinol[®] (EUR -37m), generic since June 2008
- Fenofibrates: EUR 39m of revenues booked in December 08 on Trilipix[™] sales to supply the distribution network

REBIT +10%

- 9M09 REBIT (EUR 410m) up by 36% excluding 9M08 miscellaneous income (EUR 71m)
- 3Q09 REBIT (EUR 204m) up by 63% versus 3Q08
- R&D: EUR 316m or 15.5% of revenues

Major products sales

Net sales (EUR m)		2008	9M09	9M09 vs 9M08	9M09 vs 9M08 (constant exchange rates)
PHARMACEUTICALS		2,699	2,043	+5%	+3%
Cardiometabolic	Fenofibrates	511	324	-6%	-10%
<i>TriCor®/Trilipix™ sales booked by Abbott in the US in 9m09 : USD 919m (+4%)</i>					
Women's & Men's health	Androgel®	337	327	+37%	+24%
Pancreatic enzymes	Creon®	217	193	+22%	+21%
Neuroscience	Serc®	165	105	-15%	-10%
Influenza vaccines	Influvac®	116	112	+43%	+47%
Cardiometabolic	Teveten®	116	82	-8%	-6%
Gastroenterology	Duphalac®	104	77	0%	+3%
Women's & Men's health	Duphaston®	96	75	+6%	+13%
Neuroscience	Luvox®	89	67	+6%	-4%
Women's & Men's health	Prometrium®	82	75	+29%	+16%
Neuroscience	Duodopa®	42	42	+40%	+42%

Chemicals in 9M09

REBIT : EUR 178m (-14%)



m EUR	NET SALES ^[1]			REBIT	Comments
	2008	9M09	9M09 vs 9M08		
CHEMICALS	3,096	2,064	-11%	-14%	<p>→ In 3Q09, slight demand improvement; in the first 9M09, lower year on year volumes (-17%) due to the global crisis</p> <p>→ Strong price decrease in 3Q09 for caustic soda. Some price recovery in 4Q09.</p> <p>→ REBIT resilience thanks to lower fixed costs and lower energy costs</p>
Minerals cluster ^[2]	1,426	955	-10%	↘	
Electrochemicals & Fluor chemicals cluster	1,154	763	-13%	↘	
Oxygen cluster ^[3]	448	329	-4%	↘	

[1] including SBU Molecular Solutions

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

[3] including SBUs Hydrogen Peroxide and Detergents

● Continued focus on competitiveness

- Closure of fluorinated products plant at Catoosa (USA) in 2Q09
- Mothballing of hydrogen peroxide plant at Bitterfeld (Germany) in 3Q09
- Closure of PCC production unit at Angera (Italy) 3Q09
- Reconfiguration of the activity of Peptisyntha (Belgium) - ongoing
- Building a Refuse Derived Fuel cogeneration plant at Bernburg (Germany) – start-up 1Q10

● Innovation & geographic expansion

- Soda ash : agreement to acquire majority in Berezniki (Russia) (closing expected in early 2010), recent acquisition in Egypt (in 2H08).
- HPPO technology: new H_2O_2 plants in partnership with BASF/Dow in Antwerp (operational since 03/09) and with Dow in Thailand (expected in 2011)
- Agreement with Huatai Group to jointly build a H_2O_2 plant in China (expected in 2011)
- Building of Epicerol[®] plant in Thailand (expected in 2012)

● Growth in specialties

- Bicarbonate and derivatives : new plant in Italy (operational since 2Q09) & in USA (expected in 2010).
- Fluor specialty production for Li-ion rechargeable batteries to be introduced in South Korea (before end of 2009)

Plastics in 9M09

REBIT : EUR 46m (-84%)



m EUR	NET SALES			REBIT	Comments
	2008	9M09	9M09 vs 9M08		
PLASTICS	3,695	2,180	-26%	-84%	<p>→ REBIT up vs. 1Q09 and 2Q09:</p> <ul style="list-style-type: none"> ▪ Demand improvement in all activities ▪ Lower cost structure <p>→ In the first 9M09, lower volumes (Specialty Polymers: -25%; Vinyls: -5%) and REBIT due to the global crisis</p> <p>→ Improved demand confirmed in early 4Q09; but margin pressure on European PVC producers due to US imports</p> <p>→ Very strong cash & cost discipline</p>
Specialties cluster ^[1]	1,512	897	-23%	↘	
Vinyls cluster ^[2]	2,183	1,283	-28%	↘	

[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

PLASTICS



● Continued focus on competitiveness

- Closure of PVC compounds unit (Belgium) in 3Q09
- Inergy: closure of Nucourt (3Q09)
- Major cogeneration unit in Argentina (120MW) – operational since 3Q09
- Very strong cost and cash control across the board

● Innovation & geographic expansion

- Full benefit from capacity expansion in Thailand (Vinythai) realized in 2008
- PVC: modernization & capacity expansion realized in Brazil in early 2009
- Integrated vinyls plant in Russia: start-up scheduled for 2013 in line with expected recovery
- Inergy: expansion in Russia (3Q09), China and India (expected in 2010) and "Selective Catalytic Reduction" innovation

● Growth in specialties

- Growth of specialty polymers in Asia : micronized PTFE plant in China and PEEK in India
- Start of new DIOFAN[®] unit (France) in 1Q09
- Capacity extensions of SOLEF[®] (France) & FLUOROLINK[®] (Italy) in 2Q09

Outlook

“The decision to sell its entire pharmaceutical business, as announced on September 28, will not impact 2009 Group’s operating performance. As announced, the Pharmaceuticals Sector will achieve in 2009 a higher operating result than last year.

The Chemicals and Plastics Sector showed good resilience against the crisis 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 October 29, 2009

Strategic refocus; Pharmaceuticals divestment

- **Decision in September 09 to sell the entire Pharmaceuticals Business**
- **Signed sale & purchase agreement with Abbott**
- **Enterprise Value of the transaction for Solvay: about EUR 5.2 billion**
- **Closing of the transaction expected by 1Q10 pending approval by the relevant competition authorities**

Strategic refocus; Use of proceeds

- Excluding Pharmaceuticals, Solvay is a EUR 6.8 billion sales Group with EUR 819 million REBITDA (2008) and EUR 4.5 billion additional cash at closing
- Strategic refocus of Solvay will accelerate implementation of sustainable and profitable growth strategy
- Investment in sizeable external growth, focused on long term value creation
- Reinvestment in internal growth, however tight capital management for existing activities will be maintained
- Opportunity evaluations are ongoing, with objective to create long term shareholder value

Strategic refocus; The new Solvay

- **A new industrial benchmark based on**
 - Two existing strong pillars with clear leadership positions
 - World scale facilities
 - Global presence with significant Asian and Latin American exposure
 - Strong product development culture
 - Very strong financial structure
- **With global ambition, aimed at improving Solvay's sustainability profile by focusing on**
 - High value added activities
 - Low energy footprint
 - Significant reduction of the cyclicity of the portfolio
 - Contribution to the geographic expansion
 - Sustainability targets of the Group
- **Unchanged philosophy :**
sustained growth with leading positions;
commitment to a conservative financial structure

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