

A photograph of several white wind turbines on a grassy hill under a blue sky with scattered white clouds. The image has a semi-transparent blue overlay on the left side where the text is located.

Essential Chemicals

Essentials for life

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*Group General Manager,
Chemicals Sector*



April 24, 2012

AGENDA

- 1 • **A sound business**
- 2 • **A well-defined strategy**
- 3 • **A sustainable profitability growth ambition**



1. A sound business



Essential Chemicals at a glance

Global footprint, close to customers

2011 Net Sales

€ 2,237m

2011 REBITDA

€ 419m

Closer to customers

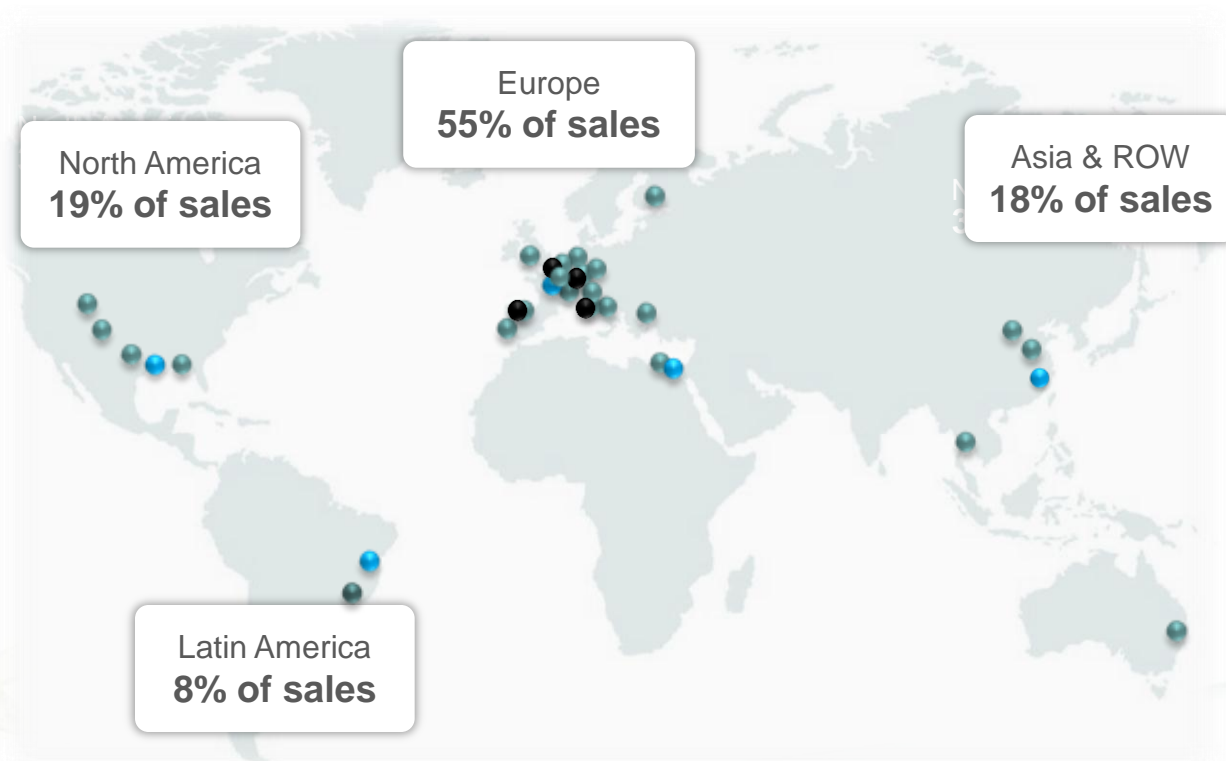
5 Regional Business units

26 Industrial sites

4 RD&T centers

Business Strengths

- Global leadership in flagship products
- Resilient products portfolio
- Worldwide-scale plants
- Secured low-cost feedstock positions
- Proprietary technologies



Regional Headquarters

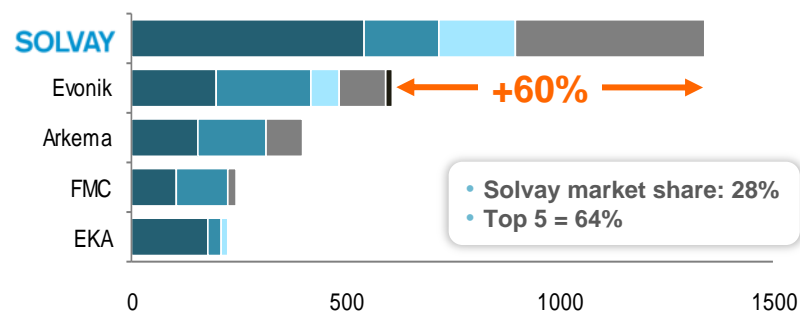
Manufacturing sites

26

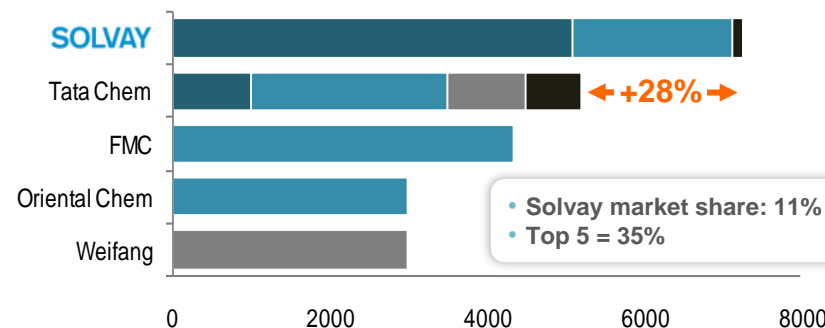
RD&T centers

Global scale, cost and technological leadership

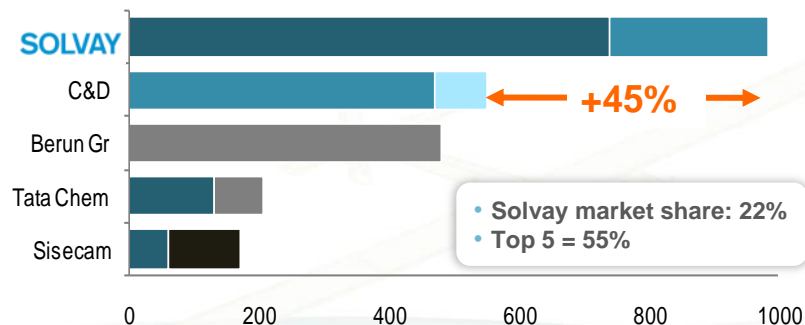
Hydrogen Peroxide

Nameplate capacities as of 1 Jan 2012 in **thousand tonnes**

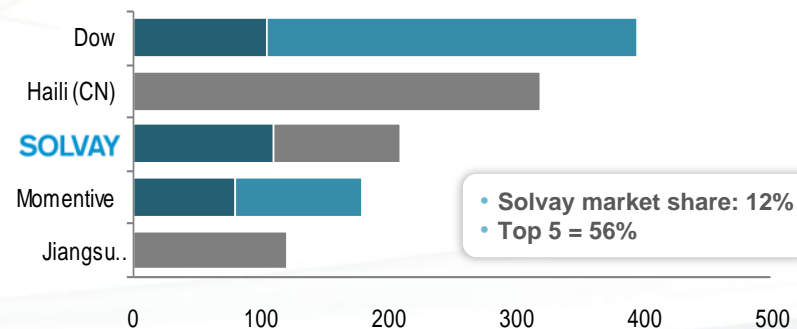
Soda Ash

Nameplate capacities as of 1 Jan 2012 in **thousand tonnes**

Sodium Bicarbonate

Nameplate capacities as of 1 Jan 2012 in **million tonnes**

Epichlorohydrin

Nameplate capacities as of 1 April 2012 in **thousand tonnes**

Europe

NAFTA

Mercosur

Asia-Pacific

Africa-Middle East

Top 5 : 5 largest producers

Source: Solvay, calculations based on information publicly available in external publications, in particular IMS, Harriman Chemsult, CMAI, SRI

Leading portfolio breadth serving resilient diversified markets

Sales breakdown in 2011

Epichlorohydrin & derivatives : 11%
Soda ash derivatives 11%
NaOH & derivatives 15%
H2O2 & derivatives 18%
Soda Ash 45%

Other Industry

Mining & Metallurgy

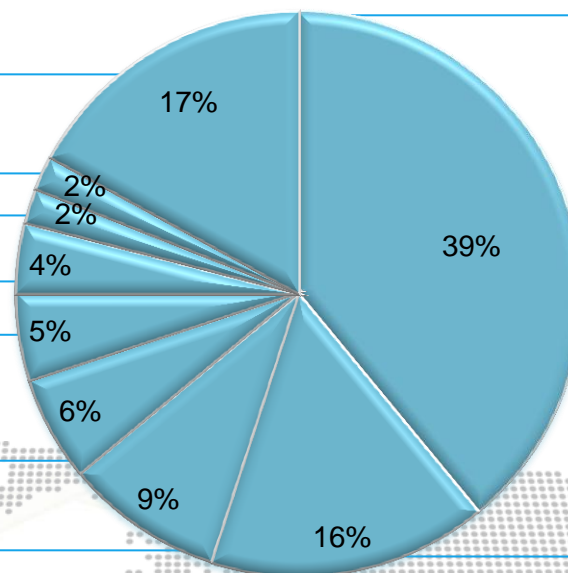
Energy

Automotive

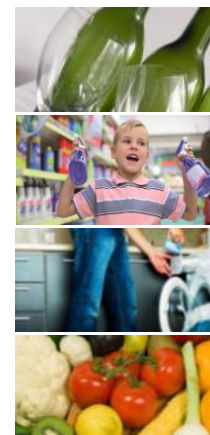
Agriculture, Forestry
and Fishing

Pulp&Paper

Environment



Consumer goods



Construction

Demographics

Sustainability

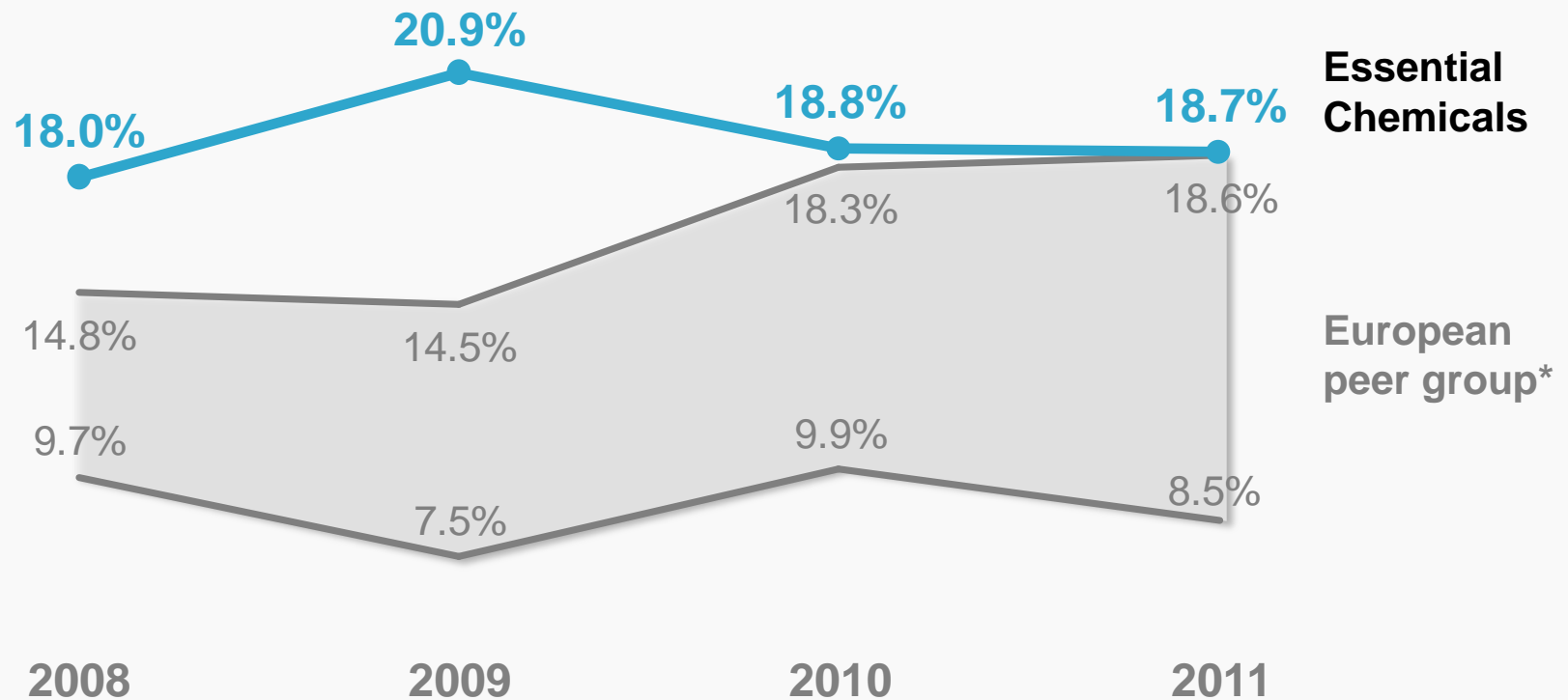
Providing strong resilience in profitability

Sustained profitability, even during 2008/2009 crisis

	2008	2009	2010	2011
Sales (€m)	2,205	1,972	2,034	2,175
REBITDA (€m)	398	412	383	419
REBITDA margin	18.0%	20.9%	18.8%	18.7%

...and continued best-in-class performance

Our REBITDA margin vs our European peer group*



*European peer group : BASF - Performance Products, ARKEMA - Industrial chemicals, Lanxess - Performance Chemicals, Kemira, Clariant, Ciech (only 9 month results for Ciech)

2. A well-defined strategy



A four pillars strategy with strengthened focus on operational excellence

SUSTAINABLE PROFITABILITY GROWTH

COMPETITIVENESS

**GEOGRAPHIC
EXPANSION**

MEGATRENDS

INNOVATION

A COMMITTED TEAM

EMBEDDED SUSTAINABILITY

Operational excellence and strategic repositioning to enhance profitability

Operational excellence

■ Manufacturing excellence

OVERALL EQUIPMENT EFFECTIVENESS (OEE)

- Unlock capacities at Trona (+250kt/y in US) and Bicarbonate (+100kt/y in EU)

ENERGY EFFICIENCY

- Consumption reduction
- Assets optimization
- 5-10% savings on selected sites

MAINTENANCE

- Maintenance effectiveness
- Equipment reliability
- 5-10% savings on selected sites

■ **Purchasing excellence** (Solvay Energy Services)

■ **Commercial excellence** (value pricing and pricing power)

Strategic positioning improvement

■ Industrial footprint optimization

Geographic expansion aligned with demographic shift

Flagship capital investments in fast growing regions

1/3rd

**of our sales in 2016
from fast growing
countries**

Brazil

**H₂O₂ expansion
(2012/ 2014)
Bicar project**

**Saudi
Arabia**

**HPPO3 project
(H2'15)**

China

**Epicerol project
(100 kt, Q4'14)
H₂O₂ plant project**

Thailand

**HPPO
(Q4'11),
Epicerol
(Q1'12)**

Megatrends driving growth

Epicerol® growth driven by megatrends



Increasing demand from customers to switch to Greener products

- **Bio-based:** epichlorohydrin from glycerin (vegetable oils)
- **Eco-efficient:** 60 % GHG emissions reduction vs traditional epichlorohydrin



End-markets driven by sustainability and demographics

- **Sustainability**  **Double digit growth***

Alternative energy
Windmills



Lighter material
Composites



- **Demographics**  **High single digit growth***

Care
Bio-based Surfactants
Synergies with Novecare



Digital lifestyle
Electronics



*CAGR 2011/2016

Strengthening leadership through innovation

Leverage unique breakthrough & patented technologies in H₂O₂

Mega plants
(> 200 kt/y)



CUSTOMERS



Mini AO plants
(5 to 15 kt/y)

- Large plant, downstream integrated with major chemical companies for the production of propylene oxide
- Long term contracts with reduced exposure to market dynamics and energy costs
- **By 2016, more than 50% of global H₂O₂ production capacities**
- On-site small plant for customers in remote locations, like the fast growing South American pulp and paper mills
- Cost competitive & safe solution requiring limited daily intervention
- 1st industrial application anticipated in 2015
- **New avenue for long term growth**



Increasing resilience by industrial integration with customers

3 . A sustainable profitability growth ambition



A sustainable profitability growth ambition

Essentials Chemicals **is a highly resilient business**

focused on

increased
cash
generation



strategic
positioning
improvement

Our ambition:

» » » **step-up in profitability profile** « « «

Mid to high-single digit REBITDA growth CAGR over 2011/16

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