

Solvay and INEOS join forces to create a world-class PVC producer

Signature of a letter of intent to create a 50-50 joint venture with combined sales of EUR 4.3 bn

Brussels, May 7th, 2013 – Solvay and INEOS today announce that they have signed a Letter of Intent (LOI) to combine their European chlorvinyls activities in a proposed 50-50 joint venture. The combination would form a polyvinyl chloride (PVC) producer ranking among the top three worldwide. It would build on the strengths of both our companies' industrial assets, the skills of our teams and the complementarity of our geographical presence in order to enhance competitiveness.

The joint venture would have pro-forma net sales of EUR 4.3 billion and REBITDA⁽¹⁾ of EUR 257 million, based on 2012 figures. The combined business would have around 5,650 employees in 9 countries and would pool each company's assets across the entire chlorvinyls chain. This includes PVC, which is the third most-used plastic in the world, caustic soda and chlorine derivatives. RusVinyl, Solvay's Russian joint venture in chlorvinyls with Sibur, is excluded from the transaction.

"This proposed partnership is an ambitious and value-creating industrial project. We want to create a world-class player that will benefit from the high-quality assets of both companies. The joint venture will improve the competitiveness of its operations in a very challenging environment regarding feedstock and energy costs in Europe. We are convinced that this is the right project to secure, for the long term, the development of Solvay's European chlorvinyls activities, of its employees and its plants," says Jean-Pierre Clamadieu, CEO of Solvay. *"Furthermore, this transaction would substantially change our portfolio of activities and allow us to accelerate Solvay's transformation into a chemical group focused on growth and high-margin businesses."*

"This agreement will result in the creation of a truly competitive and sustainable business that will provide significant benefit to customers such as reliable access to PVC," said Jim Ratcliffe, Chairman, INEOS AG. *"The newly combined business, which will be of world scale, will be able to better respond to rapidly changing European markets and to match increasing competition from global producers."*

The joint venture would generate significant synergies thanks to:

- shared best practices that improve production processes, particularly to optimize energy consumption;
- streamlined product mix and increased specialization of plants;
- optimized raw material and energy purchases and usage;
- reduced logistics and transport costs;
- and combined marketing and sales forces.

Solvay would contribute its vinyl activities, which are part of Solvin⁽²⁾, as well as its Chlor Chemicals business, spread across seven fully integrated production sites in Europe. These sites include five electrolysis units converted into more energy efficient membrane technology, which supports sustainable production of PVC.

Kerling, the subsidiary of INEOS and the largest PVC producer in Europe, would contribute its chlorvinyls and related businesses that include three modern and large-scale membrane electrolysis units. These assets are based on ten sites in seven European countries.

The LOI provides exit mechanisms under which INEOS would acquire Solvay's 50% interest in the joint venture for a value based on a mid-cycle REBITDA⁽¹⁾ multiple of 5.5x. The exit arrangements would have to be exercised between four and six years from the joint venture's formation, after which INEOS would be the sole owner of the business. Solvay would be entitled to receive upfront cash payments of EUR 250 million upon completion of the transaction.

Ce communiqué de presse est également disponible en français. - Dit persbericht is ook in het Nederlands beschikbaar.

The proposed transaction is subject to the applicable information/consultation procedures with employee representatives in the countries involved. After completion of such procedures, the parties would enter into legally-binding agreements that would contain customary closing conditions, including anti-trust approval from the relevant authorities. Until completion of the transaction, the occurrence and timing of which is dependent on such approval and procedures, Solvay and INEOS will continue to run their PVC businesses separately.

- (1) Recurring EBITDA
- (2) Solvin is a joint-venture between Solvay (75%) and BASF (25%)

As an international chemical group, [SOLVAY](#) assists industries in finding and implementing ever more responsible and value-creating solutions. The Group is firmly committed to sustainable development and focused on innovation and operational excellence. Solvay serves diversified markets, generating 90% of its turnover in activities where it is one of the top three worldwide. The group is headquartered in Brussels, employs about 29,000 people in 55 countries and generated 12.4 billion euros in net sales in 2012. Solvay SA [SOLB.BE](#) is listed on [Nyse Euronext](#) in Brussels and Paris (Bloomberg: [SOLB.BB](#) - Reuters: [SOLbt.BR](#)).

[INEOS](#) is a global manufacturer of petrochemicals, speciality chemicals and oil products. It comprises 15 businesses each with a major chemical company heritage. Its production network spans 51 manufacturing facilities in 11 countries throughout the world. INEOS products make a significant contribution to saving life, improving health and enhancing standards of living for people around the world. Its businesses produce the raw materials that are essential in the manufacture of a wide variety of goods: from paints to plastics, textiles to technology, medicines to mobile phones - chemicals manufactured by INEOS enhance almost every aspect of modern life.

CONTACTS AT SOLVAY

[LAMIA NARCISSE](#)

Media Relations
+ 33 1 53 56 59 62

[CAROLINE JACOBS](#)

Media Relations
+ 32 2 264 1530

[MARIA ALCON-HIDALGO](#)

Investor Relations
+ 32 2 264 1984

[EDWARD MACKAY](#)

Investor Relations
+ 32 2 264 36 87

CONTACTS AT INEOS

[RICHARD LONGDEN](#)

Media Relations
+ 41 216 277 063

[CRAIG WELSH](#)

Media Relations
+ 44 19 28 511 528

[LOUISE CALVIUO](#)

Investor Relations
+ 44 1928 516 644

Ce communiqué de presse est également disponible en français. - Dit persbericht is ook in het Nederlands beschikbaar.