

Building the new Solvay: a value creative transformation

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Chief Executive Officer



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AGENDA

- 1 • **Strong fundamentals**
- 2 • **A well defined strategy**
- 3 • **A transformation already underway**



1. Strong fundamentals



A major player in chemicals with compelling strengths

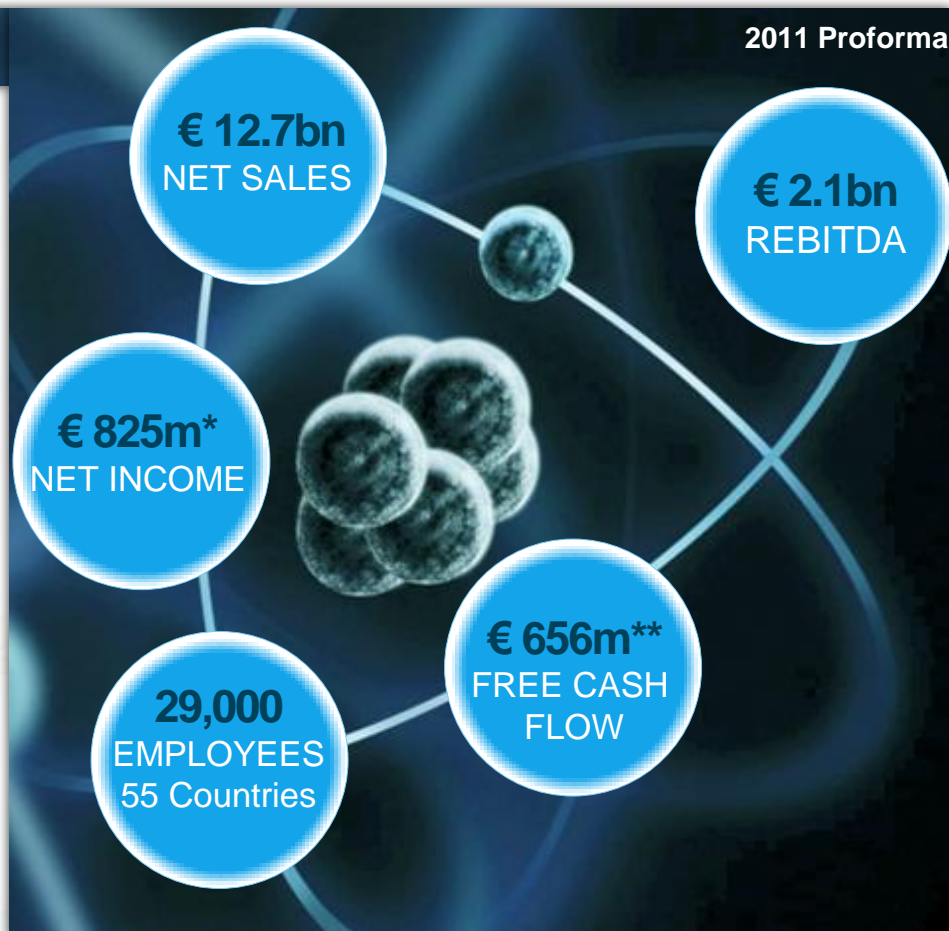
Our strengths

- **Within top 10 worldwide** largest chemical players from developed markets
- **90%** of sales in businesses ranking among the **top 3 global leaders**
- Global presence with **40% of sales in fast growing countries**
- **Diversified end-markets** creating resilience through cycles
- Differentiated innovation focused on **sustainable development**
- Committed to **operational excellence** targeting best-in-class process efficiency

REBITDA: operating result before amortization, non recurring elements, financial charges and taxes

* From continuing operations

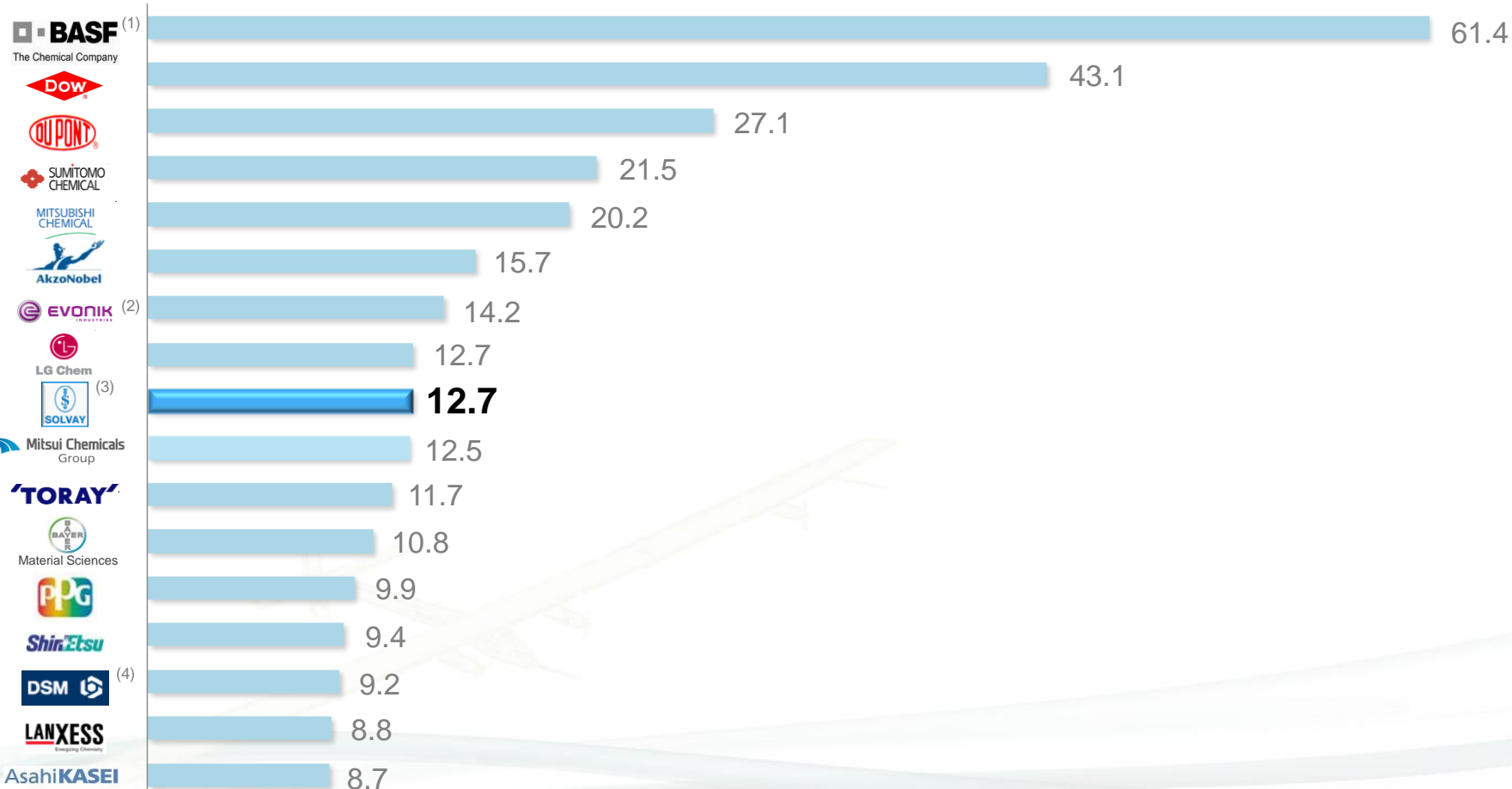
** Cash flow from operating activities + cash flow from investing activities, excluding acquisitions and sales of subsidiaries and other investments + dividends from associates and JVs.



Solvay in the global top league

Largest chemical players from developed markets

2011 Revenue, EUR billions



SOURCE: Reuters; Chemical & Engineering News; Annual reports

1) BASF excluding Oil and Gas activities

2) Evonik excluding Real Estate activities

3) Proforma 2011

4) Consolidated revenues

Strong global leadership positions

World leader with **90%** of its sales in businesses in which it is in the **top 3**

Specialty Polymers

#1

High Barrier Polymers,
High-Performance Engineering Polymers & Compounds, Fluorinated Polymers

Silica & Rare Earth Systems

#1

High-Performance Silicas,
Rare Earth Systems

Consumer Chemicals

#1

Specialty Surfactants,
Phosphorus Chemistry & Diphenols

Essential Chemicals

#1

Hydrogen Peroxide,
Soda Ash & Sodium Bicarbonate

Polyamide & Intermediates

#2

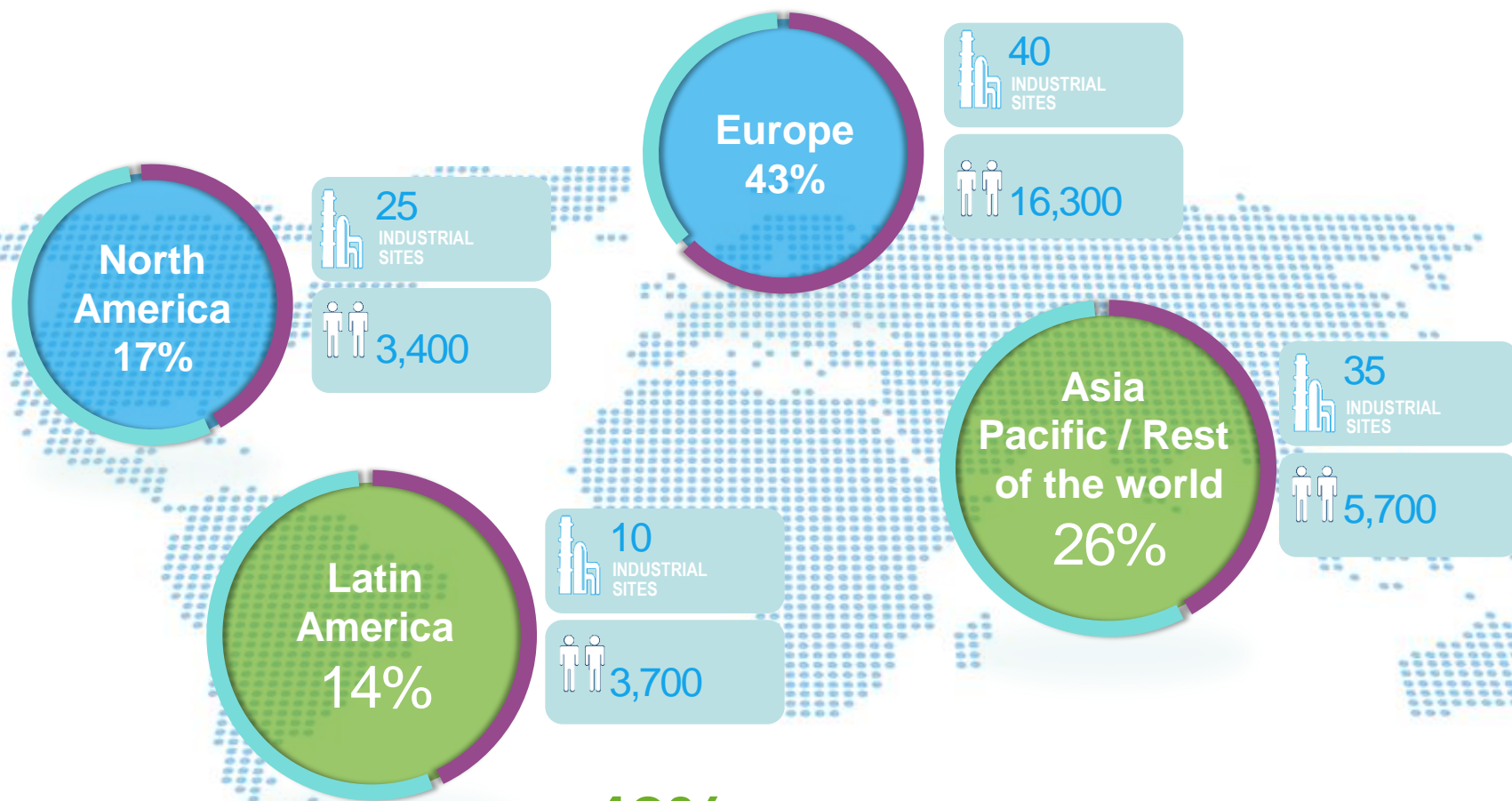
PA 6.6 Polymers,
Intermediates & Engineering Plastics

Vinyls & Acetow

#3

PVC, Cellulose Acetate Fiber

Strong footprint in fast growing regions



Plastics & Chemicals
Rhodia

40% OF NET SALES AND INDUSTRIAL ASSETS
32% OF HUMAN RESOURCES

R&D capabilities boosted by open innovation network

2011 proforma figures

12 major worldwide
R&D centers

1,700 R&D
employees

€ 218m
net R&D investment

€ 54m
in venturing

322
new patents

North America
222
people

Atlanta

Bristol

Europe
1,219
people

Paris

Brussels

Hannover

Dombasle

Milano

Lyon

Asia
188
people

Seoul

Vadodara

Shanghai

Latin America
82
people

Paulinia

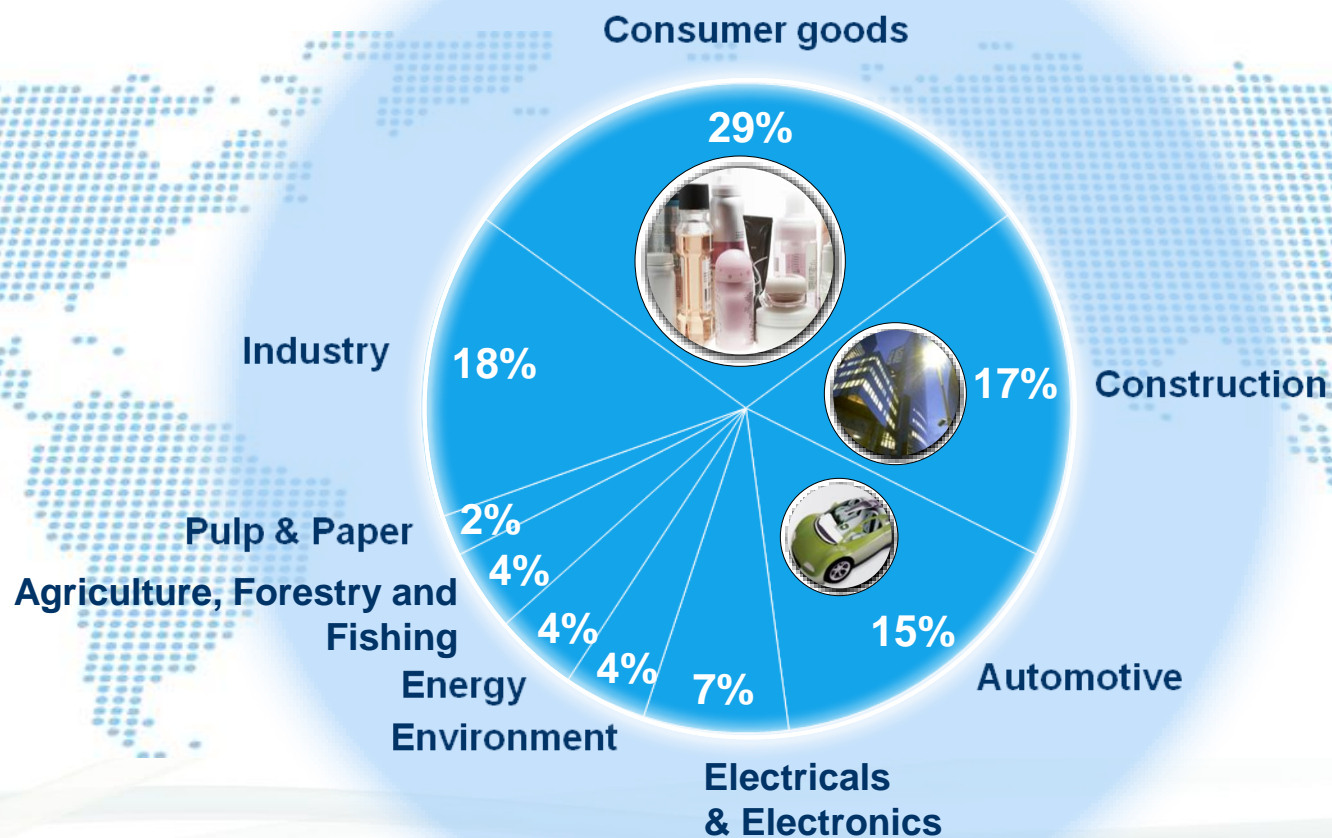
Major worldwide R&D centers

Collaboration with major
academic institutions

Venture Capital investments

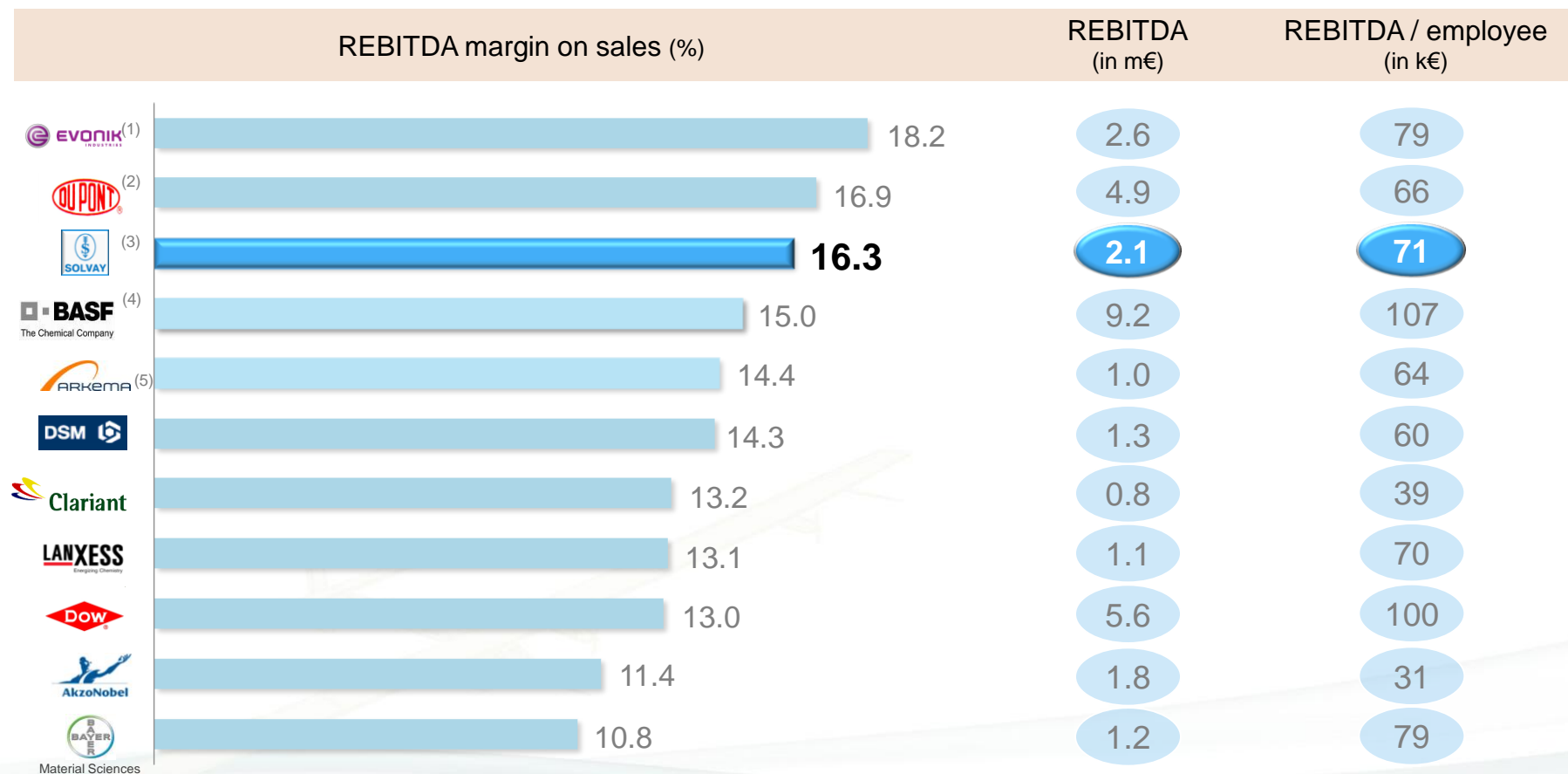


Resilience to cycles resulting from diversified end-markets



Best-in-class profitability

2011 REBITDA margin ranking



¹ Excl. Real Estate

² Excl. Pharma

³ Proforma FY 11, assuming Rhodia was consolidated into Solvay's accounts from 1 January 2011

⁴ Excl. Oil and Gas activities

⁵ Incl. Vinyls

SOURCE: Annual reports 2011

2. A well defined strategy

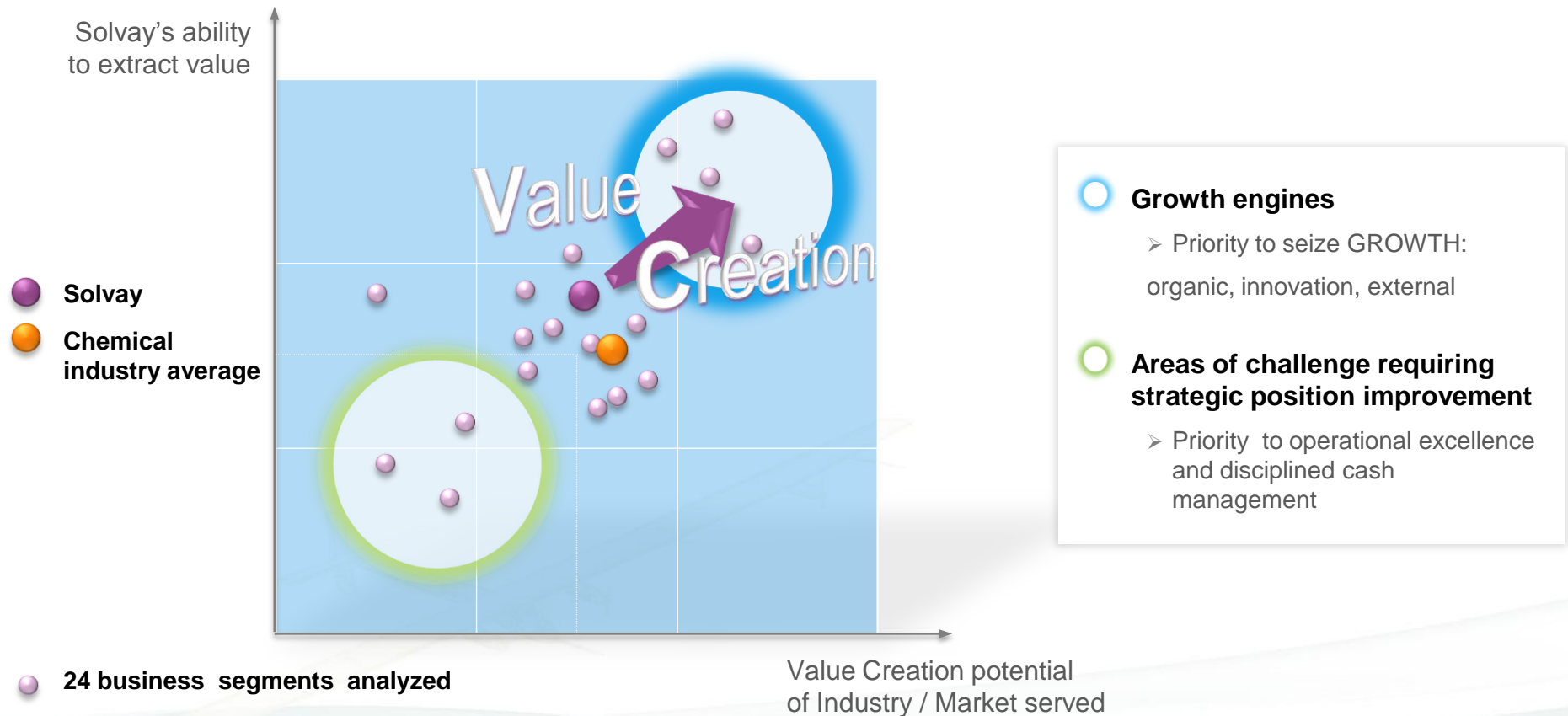


Our ambition

- Build a strong leader participating in the reshaping of the global chemical industry
- Be a model of sustainable chemistry, attracting and growing the people who will imagine, engineer and make the solutions that meet the global challenges society faces, creating value for all our stakeholders

A transformation geared towards value creation

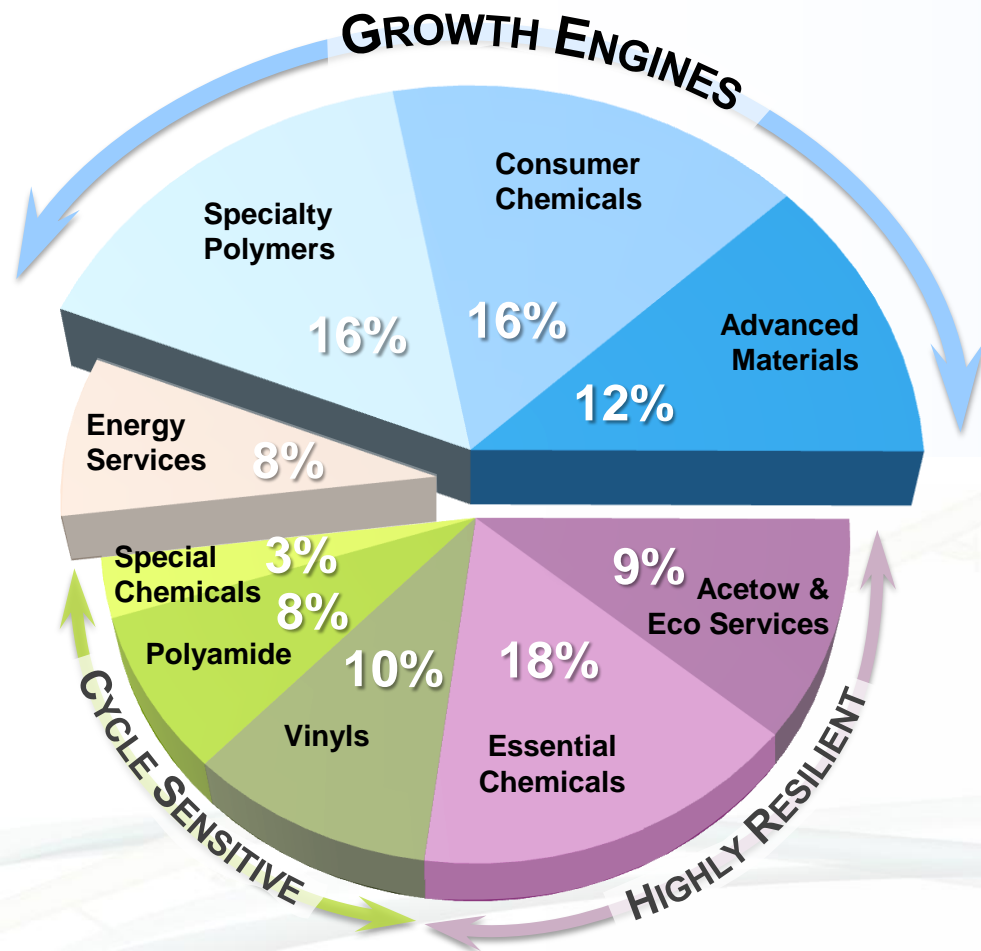
Portfolio thorough strategic analysis performed early 2012



Clear strategic intent for each portfolio component

Value creation through differentiated strategic priorities

Portfolio Strategic Management



Focus on growth opportunities

- Organic growth
- Innovation
- External growth

- › Double-digit profit growth
- › Outperforming the market

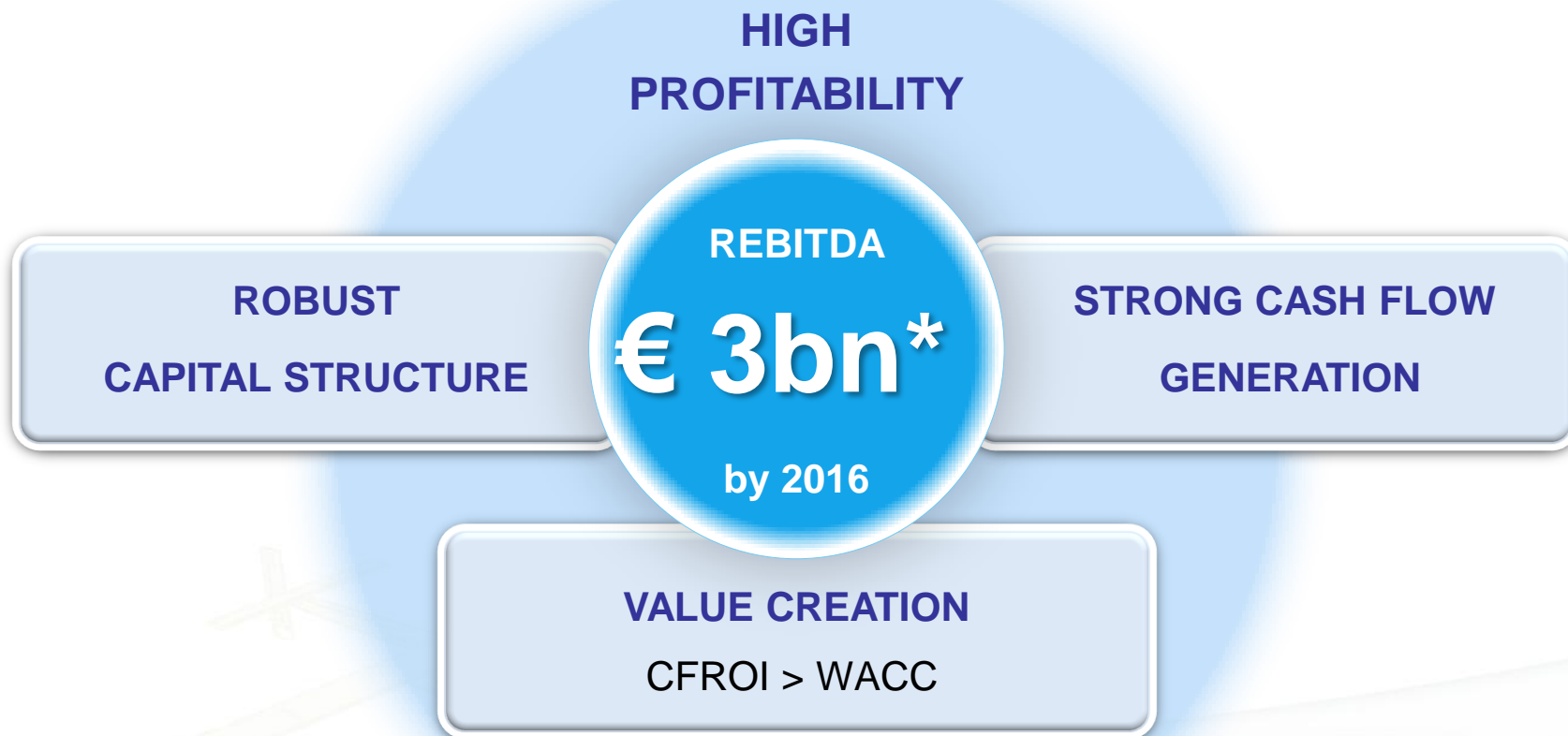
Focus on cash management and strategic positioning improvement

- Improve contribution margin
- Reduce costs
- Enhance cash generation

- › Regain strategic flexibility
- › Secure sustained cash generation

Focused on value creation

Culture of Excellence



Leveraging on strong track record

** At constant scope and assuming no major macroeconomic crisis*

3 • A major transformation underway



Building a strong leader

- **Integration** well **advanced**
 - Most workstreams completed by year-end
- Focus now on building the **new Solvay**
- **Key levers**
 - Operational excellence
 - Growth
 - Innovation aligned with megatrends
 - Geographical footprint
 - External growth



Focus on value creation

Solvay & Rhodia combination: a powerful catalyst to unlock value



(*) Vs. 2010 Cost base

Purchasing & Logistics excellence

Buy Cheaper, Buy Better, Buy Less

Volume bundling

Prices and contractual
terms benchmarking

Supplier rationalization

Standardization

Specification best practices

Make-or-Buy

PURCHASES

- Raw materials
- Energy
- Logistics & packaging
- Technical goods & services
- General expenses / IT / Insurance

€ 250m

by 2014

€ 75m

in 2012

Team in place since Nov 11, led by J. Matias: 250 people mobilized in over 40 workgroups

Administrative & process efficiencies

Streamlined organization

Horizon

- Processes redesigned to improve productivity
- 800 full-time employees
- Deployment completed by YE 12

€ 65m annual savings

€ 150m*
by 2014

~ € 55m*
in 2012

Integration synergies

- Streamlined global organization
- Unified corporate functions
- Deployment of "best in class" Global Business Services organisation

€ 85m annual savings

Primarily impacting support functions

(*) Vs. 2010 Cost base

Industrial & supply chain excellence

Developing the best tools to support excellence initiatives

**Overall Equipment
Efficiency**

**Excellence in
Maintenance**

**Yield
Improvement**

**Reduction
of Fixed Costs**

**Working Capital
Management**

**Improve
competitiveness**

**Reduce
Capital intensity**

**Maximize
Free Cash Flow**

Marketing and Commercial excellence

- **Value pricing** for innovative solutions
- **Pricing power**
- **Revenue synergies** through cross-selling opportunities and faster project developments across markets and geographies

Innovation focused on growth megatrends

SUSTAINABILITY

GEOGRAPHIC SHIFT & NEW DEMAND PATTERNS

MEGATRENDS DRIVING GROWTH IN CHEMICALS



SOLVAY'S 6 INNOVATION PLATFORMS

Renewable
Chemistry



Eco-Efficient
Processes



Sustainable
Energy Solutions



Organic
Electronics



Nanotechnologies &
Advanced Materials



Consumer
Chemicals



Cornerstone of Solvay's competitive differentiation

Innovation fueling sustainable growth

Sustainable Energy

Generation

- Fuel cells: membranes & Membrane Electrode Assembly
- Photovoltaic materials
- Organic Photovoltaic



Storage

- Li-Ion battery offering
- New batteries (e.g. Li-Air)
- Energy storage through H₂



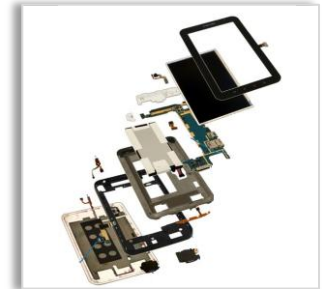
Driving megatrends

- Fossil fuel replacement
- GHG emissions reduction

Digitalization

Smart devices

- High mechanical performance polymers for complex parts



- High performance chemicals in semicon fab's

- Organic Light Emitting Diodes materials for emerging displays



Driving megatrends

- Electronic everywhere
- Information everywhere

Expanding industrial & human footprint in fast growing regions

~50% of Solvay
investments
over 2010/11

Russia

Rusvinyl (330 kt/y, 2013)
& Surfactants JV with



Korea

Joint R&D with
Ewha University

Middle East

HPPO with
(2015) **صدارة Sadara**

China

- Feixiang
- Specialty Polymers in Changshu
- Soda Ash JV in Tianjin
- Hydrogen Peroxide (50 kt/y) in partnership with
- Rare Earths Automotive Catalysis line in Liyang
- Surfactants (50 kt in Q1 12) in Zuhai



India

- Vadodara R&D center
- Savil R&D (Q2 12)

Brazil

Hydrogen Peroxide (180 kt/y)

Thailand

- HPPO JV with **Dow** (330kt/y, YE 11)
- Epichlorhydrine (100 kt in Q1 12)

Growth investments aligned with geographic dynamics and strategic priorities

Pursuing strategic bolt-on acquisition opportunities

Spotless track record

USA

McIntyre 2009:
Specialty surfactants

Ajedium Film US 2008:
Conversion of high
performance resins into
high value films

Mississippi **Polymers**
Technologies 2006:
PARMAX®

Targeted



Successfully
integrated



Outperforming
initial expectations



CHINA

Feixiang 2010: **Specialty amines**

INDIA

Gharda's PEEK division 2006:
Specialty grades of ultra-performance **polymers**

PI industries Ltd's **Technical Plastics** 2011

Going forward, targeted bolt-on acquisitions aimed at:

- Strengthening positions in attractive business segments and regions
 - ➔ Expansion into high value added downstream
 - Market share gains
- Participating in the industry consolidation

Financial flexibility allowing to be proactive

Building the new Solvay: A value creative journey

Strong fundamentals

Clear strategic vision

Strong and highly motivated teams

A culture of excellence

Execution track record



www.solvay.com



a Passion for Progress®

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