



# Solvay group

## *9M07 results*

October 26, 2007



# 9M07 highlights



## ■ FURTHER GROWTH

■ **IMPLEMENTATION** of our strategy for sustainable and profitable growth : acceleration of geographic expansion

## ■ OUTLOOK



## ■ FURTHER GROWTH

■ IMPLEMENTATION of our strategy for sustainable and profitable growth :  
acceleration of geographic expansion

■ OUTLOOK



## 9M07 : further growth in operating results

■ **REVENUE** : +2% to EUR 7.2bn  
(+4% in Q3/07)

✓ negative impact from currencies  
(9M07 sales : +4% at constant exchange rates)

■ **REBIT** : +5% to EUR 925m  
(+8% in Q3/07)

✓ continued growth in Chemicals and Plastics;  
improved results in Pharma: +7% in Q3/07  
partly compensating the weak results in Q2



margin of  
**12.8%**  
(vs 12.5% in 9M06)

■ **GROUP NET PROFIT** : EUR 646m (Q3/07 : EUR 233m; +23%)

✓ on balance EUR 34m additional non operating items

✓ but more taxes (+EUR 111m) compared to 9M06

■ **NET DEBT TO EQUITY RATIO** : 33% (= 9M06)

■ **NET INTERIM DIVIDEND** : 0.85 EUR / share

# Pharma 9M07 results

*Stable revenue, REBIT -8% (EUR 336m)*



## Revenues

- Expiration of Pantoloc® marketing rights (*sales impact : -4%; EUR -70m*)
- Lower USD/EUR rate impacting US revenues (*-3%; EUR -59m*)
- Sustained underlying growth of TriCor® sales (in the US\*)  
= USD 826 m (+14%)
- Strong growth of flu vaccines (+60%) : earlier sales than in 2006
- Price pressure in Europe, in particular in France (*-2%; EUR -33m*)

## Results recovering : Q3/07 : +7% partly compensating the weak results in Q2

- R&D efforts : increase in Q3/07 (up by 28% to 17% of sales)
  - ✓ Projects in neuroscience / cardiometabolic (including fenofibrate)
  - ✓ 16% of sales in 9M07 (as expected for FY07)

## « Inspire » project on track

(\*) booked by Abbott



# Growth in major products

Revenue (EUR m)		2006	9M/07	9M/07 vs 9M/06	9M07 vs 9M06 (constant exchange rates)
<b>PHARMACEUTICALS</b>		<b>2,601</b>	<b>1,935</b>	<b>-</b>	<b>+3%</b>
Cardiometabolic	Fenofibrates	413	322	-	+4%
Women's and Men's health	Androgel®	275	234	+10%	+19%
Pancreatic enzymes	Creon®	191	144	+2%	+4%
Neuroscience	Serc®	146	114	+2%	+3%
Influenza vaccines	Influvac®	118	93	+60%	+60%
Neuroscience	Marinol®	106	80	+10%	+18%
Cardiometabolic	Teveten®	95	78	+11%	+12%
Gastroenterology	Duphalac®	85	73	+11%	+12%
Neuroscience	Luvox®	81	60	-6%	+4%
Gastroenterology	Pantoloc®	71 <sup>(2)</sup>			-

<sup>(1)</sup> TriCor sales in the US in 9M07 : USD ...m (+...%)

<sup>(2)</sup> 5 months only



# Pharma R&D developments

## ■ **Cardiometabolic :**

### ✓ **treatment of dyslipidemia :**

#### ◆ fenofibrate franchise expansion :

- SLV348<sup>1</sup> in Phase III; US regulatory submission expected in Q4/07;
- fixed dose combinations (Abbott/Astra-Zeneca collaboration, Synordia<sup>®</sup>, zolip)

#### ◆ US co-promotion agreement with Abbott on Simcor<sup>®2</sup>

- ✓ **Pulzium<sup>®</sup>** : PDUFA date extended by 3 months (January 2008)
- ✓ **SLV 319** (developed with BMS); **SLV320** : Phase II ongoing

## ■ **Neuroscience :**

- ✓ **bifeprunox** : (US with Wyeth) interaction with FDA after the « action letter » (Aug. 2007); (Europe with Lundbeck) development ongoing
- ✓ **pardoprunox** (SLV308) : phase III ongoing

## ■ **Pancreatic enzymes :** Creon<sup>®</sup> : FDA « approvable » letter (Aug. 2007)

## ■ **Influenza vaccines :**

- ✓ validation of **cell culture based production** throughout 2008; commercialization from season 09 onwards;
- ✓ clinical trials in preparation **in the US** (in the framework of the milestone-based award from the US Department of HHS<sup>3</sup>)

\* developed with Abbott (ABT 335)

\*\*Abbott's investigational fixed-dose combination lipid therapy (Niaspan<sup>®</sup>/simvastatin), currently awaiting U.S. FDA approval

\*\*\* HHS : Health and Human Services

# Outlook Pharma for 2007 confirmed



*The outlook for FY07 for the Pharmaceuticals Sector remains consistent with the one presented in the first half of 2007.*

*Solvay Pharmaceuticals is anticipating operating results in line with those of 2006, because of the impact of the USD on conversion to EUR in American sales, the loss of marketing rights for Pantoloc® and pressures on the European pharmaceutical market.*

*Press release of October 26, 2007*

# Growth in Chemicals

Revenue +2%, REBIT +8% (to EUR 276m)



M EUR	REVENUE <sup>[1]</sup>			REBIT evolution	Comments	
	2006	9M06	9M07	9M07 vs 9M06		
<b>CHEMICALS</b>	<b>2,998</b>	<b>2,255</b>	<b>2,289</b>	<b>+2%</b>	<b>+8%</b>	<ul style="list-style-type: none"> <li>✓ Continued favorable conditions</li> <li>✓ High energy costs</li> <li>✓ Excellent results in « <b>Minerals</b> », in « <b>Oxygens</b> » and in « Electrochemistry » (<b>caustic soda</b>)</li> <li>✓ Lower results in <b>fluor chemical commodities</b> (restructuring ongoing)</li> </ul>
Minerals cluster <sup>[2]</sup>	1,304	979	999	+2%	↗	
Electrochemistry and Fluor chemicals cluster	1,130	861	841	-2%	↘	
Oxygen cluster <sup>[3]</sup>	494	369	398	+8%	↗	

<sup>[1]</sup> including SBU Molecular Solutions

<sup>[2]</sup> including SBUs Soda ash and related specialties and Advanced Functional Minerals. As of January 1, 2007, SBUs Barium Strontium and Advanced Functional Minerals were regrouped in one SBU « Advanced Functional Minerals ».

<sup>[3]</sup> including SBUs Hydrogen peroxide, Detergent and Caprolactones

# Growth in Chemicals in 9M07

*Revenue +2%, REBIT +8% (to EUR 276m)*



- **Growth in Soda ash**
  - ✓ Global market conditions and prices remain favorable
  - ✓ Steady growth in bicarbonate : product mix/geographic expansion
- **Good volumes and price in caustic soda**
  - ✓ Sustained global demand and low inventories
  - ✓ Stable prices expected by the end of the year after Q3 increase
- **Fluor commodities under pressure**
  - ✓ Difficult year for refrigerants (Solkane® 134a)
  - ✓ More favorable evolution of specialties
  - ✓ Global improvement study in progress
- **Good results in Hydrogen Peroxide**
  - ✓ Volume growth in all regions
  - ✓ Energy costs under control

# Strong growth in Plastics

Revenue +4%, REBIT +11% (EUR 349m)



M EUR	REVENUE				REBIT evolution	Comments
	2006	9M06	9M07	9M07 vs 9M06		
<b>PLASTICS</b>	<b>3,800</b>	<b>2,860</b>	<b>2,983</b>	<b>+4%</b>	<b>+11%</b>	✓ 9M07 results <b>outperform</b> excellent 9M06 results
Specialties cluster <sup>[1]</sup>	<b>1,712</b>	<b>1,300</b>	<b>1,304</b>	-	↗	✓ <b>Growth in « Specialties »</b>
Vinyls cluster <sup>[2]</sup>	<b>2,088</b>	<b>1,560</b>	<b>1,679</b>	<b>+8%</b>	↗	✓ <b>Continued strong growth in « Vinyls » cluster</b>

[1] Including SBUs Specialty Polymers and Inergy Automotive Systems (fuel systems)

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

# Strong growth in Plastics in 9M07

Revenue +4%, REBIT +11% (EUR 349m)



## ■ Growth in Specialties

### ✓ Specialty Polymers :

- ◆ Continued growth in market segments with higher added value and in Asia
- ◆ Results increase despite significant R&D investments and unfavorable USD & JPY

### ✓ Inergy Automotive Systems

- ◆ Lower volumes (-3%)
- ◆ Higher results thanks to cost savings

## ■ Continued strong growth of the world demand in Vinyls

### ✓ Vinyls :

- ◆ Higher spreads overall
- ◆ Europe : increase in results; Q3 price increase to match higher ethylene prices; sustained demand despite seasonal slowdown
- ◆ Mercosur : strong growth of demand (+10% on average); energy costs
- ◆ Asia : improving market conditions and results

### ✓ Pipelife : very good performance



## ■ FURTHER GROWTH

- **IMPLEMENTATION** of our strategy for sustainable and profitable growth : acceleration of geographic expansion

## ■ OUTLOOK

# Industrial bridgeheads in emerging regions to deploy expansion (Asia, Mercosur, Russia)



## Asia



### THAILAND :

- **fully integrated & competitive position in Essentials**
- **further expansion in Vinyls**
- **new developments**  
(Inergy, Epicerol®, Hydrogen peroxide for Propylene Oxide)
- **Progress in the region : specialties**  
India (Specialty Polymers, Pharma), China (Ultra pure H<sub>2</sub>O<sub>2</sub>, specialty polymers, Pharma), South Korea (Fluor)

## Mercosur



### BRAZIL/ARGENTINA :

- **fully integrated & competitive position in Essentials**
- **further expansion in Vinyls**
- **development of Pharmaceuticals**
- **development of specialties** (Inergy, specialty polymers)

## Russia



### GROWING PRESENCE : Industrial projects in Vinyls and Inergy

- **Representative office since 1997**
- **Commercial entities Pharma (2000), Chemicals & Plastics (2005)**
- **Pharma : >500 staff, sales X3 over past 5 years**
- **JV in Vinyl compounds**
- **Pipelife : production plant** (pipe systems for water distribution, sewer networks and domestic applications)



## ■ FURTHER GROWTH

- **IMPLEMENTATION** of our strategy for sustainable and profitable growth :  
acceleration of geographic expansion

## ■ **OUTLOOK**

## Outlook 2007



*«Overall for 2007, we confirm that we can achieve the excellent operating results of last year. Obviously, we remain attentive to the evolution of global macroeconomic conditions, energy costs and the EUR/USD exchange rate.»*

*Press release of October 26, 2007*

*“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”*



a Passion for Progress®