



PRESS RELEASE



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New records for Solvay in 2005, after excellent results in 2004

- ♦ Group net income up 51%, with cash flow of EUR 1.28 billion
- ♦ Sales (+18 %) and operating earnings (+23%) up strongly in all three sectors
- ♦ Proposed net dividend of EUR 2, up 5.3%

Sales reached EUR 8,562 million in 2005, up 18% compared to 2004 (+25% in the 4th quarter). Sales increased in all three sectors: Pharmaceuticals +30%, Chemicals +14% and Plastics +13%.

REBIT (EUR 912 million) increased 23% compared to 2004 (+20% for the 4th quarter) and operating margin (REBIT on sales) was nearly 11%. Increases were recorded in all three sectors: Pharmaceuticals +28%, Chemicals +58% and Plastics +4%.

Group net income reached EUR 816 million in 2005, surpassing by 51% the 2004 results (EUR 541 million). For the 4th quarter of 2005, it increased 4% compared to the same period of 2004.

Beyond the increase in operating results (REBIT, +23% in 2005), Group net income included the net capital gain on the sale of interests in the polyethylene activities to BP (EUR 472 million) and a negative balance of non-recurring items of EUR 357 million primarily for gains on the sales of buildings (EUR 135 million) and provisions of EUR 432 million.

Cash flow¹ for the year 2005 was EUR 1.28 billion and the **net debt to equity ratio** was 43% at the end of 2005.

The Board of Directors decided to propose to the General Shareholders Meeting of May 9, 2006 the payment of a **net dividend** of EUR 2 per share, increased by 5.3% compared to that for 2004. This is in line with the dividend policy of the Group, namely to increase the dividend whenever possible, and, if possible, not to reduce it. For 24 years, the dividend has progressively been increased and has never been reduced.

The results of the **Chemicals Sector** (REBIT of EUR 285 million) in 2005 were up 58% compared to 2004. Favorable markets throughout 2005 allowed the confirmation of price increases. This factor, together with strict cost control, allowed the sector to restore its operating margin to 10% for the whole of 2005. Results improved 15% in the 4th quarter of 2005.

The **Plastics Sector** results (REBIT of EUR 389 million) were up 4% compared to 2004 and reflected an operating margin of 11%. Results declined 19% in the fourth quarter of 2005 from the very high level of the 4th quarter of 2004, level that was particularly high for vinyls, which peaked at the end of 2004. After gradual decline in the 2nd quarter of 2005, vinyls chain margins improved beginning in September. Specialty Polymers, another major contributor to the Group's results, recorded 7% growth in sales despite weakness of the automotive and semiconductor markets. This increase in sales did not translate into an increase in results, due to the start-up costs for new units and the increase in raw material prices.

The results of the **Pharmaceuticals Sector** included since August 1, 2005 the results of Fournier Pharma, amounting for the 5 months to sales of EUR 265 million and operating results (REBIT) of EUR 64 million. The performance of fenofibrate, Fournier Pharma's "blockbuster," was remarkable and above our expectations. The sector's 2005 sales increased 30% from 2004 (+62% in the 4th quarter). Sales were up in all therapeutic areas and developed well in North America as well as emerging countries. Operational earnings increased to EUR 302 million. Operating earnings for the 4th quarter of 2005 amounted to 108 million EUR, more than doubling those of the 4th quarter of 2004.

¹ Net income plus all depreciation and amortization

The record results achieved in 2005 and the structural improvement of operating margins are the fruit of our strategy of innovation, leadership and competitiveness as well as the more rapid development of Pharmaceuticals and Specialties. The Group began 2006 in favorable conditions despite the significant increases in energy costs.

SOLVAY Group – Summary Financial Information ²

<i>In millions of EUR (except for per share figures, in EUR)</i>	2004 ³	2005	2005/2004 in %	4 th quarter 2004 ³	4 th quarter 2005	4 th quarter 2005/ 4 th quarter 2004 %
Sales	7,271	8,562	+18%	1,865	2,324	+25%
REBIT	741	912	+23%	196	236	+20%
Non-recurring items	-67	-357	n.s.	-5	-62	n.s.
EBIT	674	555	-18%	191	174	-9%
Charges on net indebtedness	-89	-85	-4%	-20	-25	+25%
Income taxes	-125	-153	+22%	-42	-38	-10%
“Discontinued operations”	+66	+476	n.s.	-4	+22	n.s.
Income from investments	+15	+23	+53%	-	-	-
Net income of the Group	541	816	+51%	126	131	+4%
Net income (Solvay share)	489	789	+61%	110	124	+13%
Depreciation and amortization	449	464	+3%	113	129	+14%
REBITDA ⁴	1,145	1,339	+17%	298	360	+21%
Cash flow ⁵	990	1,280	+29%	239	260	+9%
<i>(per share, in EUR)</i>						
Earnings per share ⁶	5.92	9.51	+61%	1.32	1.50	+14%
Net debt to equity ratio	21%	43%	-	-	-	-

² Financial statements audited by Deloitte & Touche

³ Financial information restated after the effectiveness of IFRS 5 (“discontinued activities”) on 1 January 2005.

⁴ REBITDA : REBIT, before recurring depreciation and amortization.

⁵ Cash flow is the sum of Group net earnings plus depreciation and amortization.

⁶ Calculated on the basis of the weighted average of the number of shares for the period, after deducting shares purchased to cover stock option programs, or a total of 82,520,997 shares at the end of 2004 and 83,021,167 at the end of 2005.

Notes on Solvay Group summary financial information

Non-recurring items for 2005 showed a negative balance of EUR 357 million, of which EUR -62 million in the 4th quarter 2005. For the full year 2005, they included in particular capital gains of EUR 135 million on the sale of buildings and provisions of EUR 432 million, of which EUR 356 million were for various risks in the pharmaceuticals area which were revised downward and the potential consequences of ongoing regulatory proceedings concerning competition in peroxides, as well as EUR 76 million for restructuring at various European and US sites.

Charges on net indebtedness amounted to EUR 85 million, down 4% from 2004, despite the payment at the end of July 2005 of EUR 1.2 billion to acquire Fournier Pharma.

Income taxes were EUR 153 million in 2005. This tax amount is not comparable with that of the previous year, given the significant provisions recorded in 2005, partly non-deductible, and the recording in the 3rd quarter of 2004 of a tax credit (of EUR 63 million) in Germany.

With IFRS standard 5 becoming effective on 1 January 2005, results of **discontinued operations** are not reflected in a separate segment but are recorded as a net entry, below EBIT, with restatement of the year 2004. These results represent:

- In 2004, the net income related to high-density polyethylene activities, salt activities (transferred to Kali und Salz in July 2004), and the industrial foils activities, the divestiture of which the Group announced in 2005, with rigid sheets being transferred to Ineos and other industrial film activities to Renolit (for an amount of EUR 330 million).
- In 2005, the net capital gain (EUR 472 million) on the sale, on January 6, 2005, of the Group's American and European shares in high-density polyethylene activities to BP after reversal of reserves no longer required, and the net income from the industrial films activities.

Income from investments represented the annual dividends paid by Fortis and Sofina. In 2005, in addition to dividends from 2004 paid in the 2nd quarter, this result was favorably influenced by the payment by Fortis of an interim dividend in the 3rd quarter.

The **net income of the Group** amounted to EUR 816 million. **Net income per share** in 2005 was EUR 9.51, compared to EUR 5.92 in 2004.

Depreciation and amortization amounted to EUR 464 million, up 3% compared to that of 2004. **Cash flow** was EUR 1.28 billion.

Shareholders' equity amounted to EUR 3,920 million at the end of the year, up EUR 128 million compared to the end of 2004, after redemption of preferred shares in the amount of EUR 800 million issued by Solvay Finance Jersey and net income of EUR 816 million.

The net indebtedness of the Group at the end of 2005 (EUR 1,680 million) was up EUR 885 million compared to December 31, 2004, following payment of EUR 1.2 billion for the acquisition of Fournier Pharma. **The net debt to equity ratio** thus became 43%, compared to 46% at the end of the 3rd quarter of 2005, in line with the objective of not exceeding durably 45%. Moody's and S&P confirmed the long- and short-term ratings for Solvay (respectively A/A2 and A1/P1) after the acquisition of Fournier Pharma.

INVESTMENTS AND RESEARCH & DEVELOPMENT

2005 **Investments** amounted to EUR 1,930 million, including EUR 1.2 billion for the acquisition of Fournier Pharma. **Research and Development** expenditures amounted to EUR 472 million, 70% of which were in the Pharmaceuticals Sector. That sector's research effort in 2005, including Fournier Pharma's from August 1, 2005, amounted to EUR 351 million EUR (15% of sales).

The 2006 investment and R&D budgets were set at EUR 872 million and EUR 555 million respectively. In 2006, the Pharmaceuticals Sector research budget will be set at EUR 413 million EUR (74% of R&D expenses).

This evidences the Group's determination to continue its strategy of profitable and sustainable growth

RESULTS BY SECTOR

<i>In millions of EUR</i>	2004 ³	2005	2005/2004 %	4 th quarter		
				4 th quarter 2004 ³	4 th quarter 2005	2005/ 4 th quarter 2004 %

GROUP SALES	7,271	8,562	+18%	1,866	2,324	+25%
Pharmaceuticals	1,745	2,270 ⁷	+30%	441	714	+62%
Chemicals	2,433	2,785	+14%	629	708	+13%
Plastics ⁸	3,093	3,507	+13%	795	902	+13%
Non-allocated items	-	-	-	-	-	-

GROUP REBIT	741	912	+23%	196	236	+20%
Pharmaceuticals	236	302 ⁷	+28%	49	108	+120%
Chemicals	180	285	+58%	46	53	+15%
Plastics ⁸	373	389	+4%	115	93	-19%
Non-allocated items	-49	-63	+29%	-15	-17	+13%

GROUP REBITDA	1,145	1,339	+17%	298	360	+21%
Pharmaceuticals	299	376	+26%	65	135	+108%
Chemicals	339	448	+32%	85	99	+16%
Plastics ⁸	540	565	+5%	159	140	-12%
Non-allocated items	-33	-50	+52%	-11	-14	+27%

⁷ Including 5 months of Fournier Pharma : sales of EUR 265 million and REBIT of EUR 64 million.

⁸ Following combination of the Plastics and Processing sectors as of June 1, 2004, results from these two former sectors are presented under a single new Plastics sector as for the years 2004 and 2005.

IFRS FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

<i>In millions of EUR (except for per share figures, in EUR)</i>	2004*	2005	4 th quarter 2004*	4 th quarter 2005
Sales	7,271	8,562	1,865	2,324
Cost of goods sold	-4,777	-5,724	-1,251	-1,525
Gross margin	2,494	2,838	614	799
Commercial and administrative costs	-1,252	-1,417	-312	-427
Research and development costs	-408	-472	-83	-147
Other operating gains & losses	-52	-4	-15	+16
Other financial gains & losses	-41	-33	-8	-5
REBIT	741	912	196	236
Non-recurring items	-67	-357	-5	-62
EBIT	674	555	191	174
Charges on net indebtedness	-89	-85	-20	-25
Income taxes	-125	-153	-42	-38
Discontinued operations	+66	+476	-4	+22
Income from investments	+15	+23	0	0
Net income of the Group	541	816	126	131
Minority interests	-52	-27	-16	-7
Net income (Solvay share)	489	789	110	124
Earnings per share <i>(in EUR)</i>	5.92	9.51	1.32	1.50
Diluted income per share ^(**) <i>(in EUR)</i>	5.90	9.46	1.31	1.49

(*) Financial figures adjusted after IFRS 5 standard went into effect on January 1, 2005.

(**) calculated on the number of shares diluted by awarded stock options

CONSOLIDATED CASH FLOW STATEMENT

<i>In millions of EUR</i>	2004*	2005
Cash flow from operating activities	970	969
EBIT	674	555
Depreciation and amortization	449	464
Changes in working capital	-131	59
Changes in provisions	154	310
Income taxes paid	-114	-236
Others	-62	-183
Cash flow from investing activities	-310	-692
Acquisition/sale of investments	100	-211
Acquisition/sale of assets	-431	-505
Income from investments	15	23
Changes in financial receivables	16	-7
Effect of changes in method of consolidation	-10	8
Cash flow from financing activities	-445	-1262
Increase/decrease of capital	-4	-803
Acquisition/sale of own shares	-3	-9
Changes in borrowings	-123	-144
Charges on net indebtedness	-91	-89
Dividends	-224	-217
Net change in cash and cash equivalents	215	-985
Currency translation differences	-15	36
Opening cash balance	1,206	1,406
Ending cash balance	1,406	457^(**)

(*) Financial figures adjusted after IFRS 5 standard went into effect on January 1, 2005

(**) of which cash for discontinued operations of EUR 3 million and EUR 8 million respectively in 2004 and 2005; i.e. cash of EUR 1,403 million and EUR 449 million in the balance sheet.

CONSOLIDATED BALANCE SHEET

<i>In millions of EUR</i>	At 31 December 2004*	At 31 December 2005
Non-current assets	4,979	7,051
Intangible assets	219	770
Consolidation differences	142	1,079
Tangible assets	3,331	3,784
Other investments	590	706
Deferred tax assets	556	510
Financial receivables and other non-current assets	141	202
Current assets	5,058	4,189
Inventories	1,057	1,162
Trade receivables	1,369	1,703
Income tax receivables	115	143
Other receivables	359	427
Cash and cash equivalents	1,403	449
Assets to be sold	755	305
TOTAL ASSETS	10,037	11,240
Total Shareholders' equity	3,792	3,920
Capital and reserves	2,882	3,774
Minority interests	910	146
Non-current liabilities	3,785	3,496
Long-term provisions	1,769	2,310
Deferred tax liabilities	131	154
Long-term financial debt	1,849	984
Other non-current liabilities	36	48
Current liabilities	2,460	3,824
Short-term provisions	180	209
Short-term financial debt	349	1,145
Trade liabilities	991	1,278
Income tax payable	141	161
Other current liabilities	636	883
Liabilities linked to assets to be sold	163	148
TOTAL EQUITY AND LIABILITIES	10,037	11,240

(*) Financial figures adjusted after IFRS 5 standard went into effect on January 1, 2005.

STATEMENT OF CHANGES IN EQUITY

<i>in millions of EUR</i>	Capital	Issue premiums	Reserves	Own shares	Exchange differences	Direct charges to shareholders' equity	Shareholders' equity	Minority interests	Total equity
Book value at the end of the previous period (12/31/2004)	1,269	14	2,147	-122	-507	81	2,882	910	3,792
Income for the period			+789				789	+27	816
Cost of stock options			+4				4		4
Dividends			-210				-210	-7	-217
Changes in exchange rates					+224		224	+19	243
Acquisition/sale of own shares				-9			-9		-9
Net gains and losses not recorded in the income statement						+98	98		98
Increase of capital	+1	+4					5		5
Other			-9				-9	-803	-812
Book value at the end of the period (12/31/2005)	1,270	18	2,721	-131	-283	179	3,774	146	3,920

RESULTS BY SEGMENT⁹

The following table indicates sales without elimination of sales between sectors as well as results by segment including non-recurring items (EBIT).

<i>In millions of EUR</i>	2004 ³	2005	2005/2004 %	4 th quarter 2004 ³	4 th quarter 2005	4 th quarter 2005/ 4 th quarter 2004 %
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GROUP SALES	7,755	9,152	+18%	1,993	2,484	+25%
Pharmaceuticals	1,745	2,270 ⁷	+30%	441	714	+62%
Chemicals	2,692	3,034	+13%	699	773	+11%
Plastics ⁸	3,318	3,848	+16%	853	997	+17%
Non-allocated items	-	-	-	-	-	-

EBIT GROUPE	674	555	-18%	191	174	-9%
Pharmaceuticals	227	224 ⁷	-1%	41	75	+83%
Chemicals	135	255	+89%	54	38	-30%
Plastics ⁸	357	388	+9%	109	90	-17%
Non-allocated items	-46	-313	n.s.	-13	-30	+131%

⁹ Results by segment include results from the three Group sectors as well as non-allocated items.

ATTACHMENT TO THE PRESS RELEASE COMMENTS ON SOLVAY GROUP RESULTS FOR THE YEAR 2005

PHARMACEUTICALS SECTOR

Strategic developments

- ***Acceleration of the strategic transformation of the Pharmaceuticals Sector: integration of Fournier Pharma and Solvay Pharmaceuticals***

The acquisition of Fournier Pharma for a price of EUR 1.2 billion, which closed on July 28, 2005, marked an important step in acceleration of the growth of the pharmaceuticals activities. Since August 1, 2005, the sector has benefited from Fournier Pharma's results. This transaction added an important product line for treatment of dyslipidemia to Solvay's commercial activities and cardiological research, making this new cardio-metabolic area the primary therapeutic axis for Solvay. Fournier's key drug, fenofibrate, sold under the names TriCor® in the US and Lipanthyl® elsewhere in the world, is already a "blockbuster" and is above our expectations.

With this acquisition, Solvay Pharmaceuticals has defined a strategy for integration and transformation of its organization. As such, the Pharmaceuticals sector has ambitions to achieve an average growth in its sales¹⁰ of more than 7%¹¹ per year and an operating margin of 20% by 2010. To do this, in allocating its resources the sector will give priority to research and development to a limited number of selected therapeutic areas: cardiometabolic, neuroscience, influenza vaccines and pancreatic enzymes; in gastroenterology and women's and men's health, the priority will now focus on the market presence, especially for existing and well-established drugs. The sector has also set the goal of gradually realizing annual cost savings of 300 million EUR in 2010, by optimizing the global structure of its organization, both geographically and functionally. The first steps in implementing this cost-reduction plan were taken in the 4th quarter of 2005 and are continuing as announced. They will result in rationalization of commercial activities (medical detailing) and support functions and are accompanied by the implementation of social plans.

In terms of R&D, important steps are under way:

- Bifeprunox, a schizophrenia treatment, has entered an important phase of its development. As previously announced, Solvay and its US partner, Wyeth Pharmaceuticals, continue to evaluate and analyze the results of Phase III studies, towards submission in 2006. For Europe, Solvay Pharmaceuticals and H. Lundbeck A/S will begin a supplementary phase III comparative clinical-research program in order to make a filing in 2008.
- As to cilansetron, a treatment for irritable bowel syndrome, Solvay Pharmaceuticals is pursuing contacts with MHRA¹² in the United Kingdom, the reference for registration at the European level.
- In the field of fenofibrates, the announced results of the FIELD¹³ study demonstrated favorable clinical benefits for type 2 diabetics without prior cardiovascular disease. It also demonstrated that fenofibrate is generally well-tolerated when used alone or in combination with statins, and showed favorable combined micro-vascular effects (eye and kidney) and macro-vascular effects, opening the way to new uses for fenofibrate, alone or in combination.
- DUODOPA®, for treatment of late-stage Parkinson's disease, is registered in 28 European countries, and Phase III trials are in progress on SLV308 for treatment of earlier stages.
- In the area of social anxiety disorder, fluvoxamine maleate (Luvox®/Depromel®) was launched for this indication on the Japanese market.
- In addition, the validation of the new influenza cell-culture manufacturing unit is scheduled for the end of the 1st quarter of 2006. This new unit will also be capable of making a vaccine against avian flu.

10 Based on the proforma figures of 2004, including Fournier Pharma, or 2,338 million EUR

11 Above the industry average estimated at 7%

12 MHRA : the UK's Medicines and Healthcare products Regulatory Agency

13 "Fenofibrate Intervention and Event Lowering in Diabetes," the largest study to date on prevention of cardiovascular disease among diabetics.

Key figures

Sales by principal product

<i>In millions of EUR</i>	2004	2005 ¹⁴	2005/2004 <i>(in millions of EUR)</i>
PHARMACEUTICALS SECTOR	1,745	2,270	+30%
CARDIOMETABOLIC	205	434	+111%
Fenofibrate	-	185	n.s.
Teveten®	72	91	+26%
Physiotens®	58	52	-10%
Aceon®	19	19	-
Omacor®	8	16	+100%
NEUROSCIENCE	319	376	+19%
Serc®	96	122	+27%
Marinol®	63	84	+33%
Luvox®	77	80	+4%
INFLUENZA VACCINES	102	128	+25%
Influvac®	76	100	+32%
PANCREATIC ENZYMES (Creon®)	130	162	+25%
GASTROENTEROLOGY	395	401	+2%
Pantoloc®	139	166	+19%
Duspatal®	55	58	+5%
WOMEN'S AND MEN'S HEALTH	493	517	+5%
Androgel®	231	239	+3%
Estratest®	100	91	-9%
Prometrium®	59	71	+20%

Comments

Since August 1, 2005, results from the **Pharmaceuticals** sector have included results from Fournier Pharma, or for 5 months, sales of EUR 265 million and an operating result (REBIT) of EUR 64 million. The remarkable performance of fenofibrate, Fournier Pharma's "blockbuster," is above our expectations.

- ♦ **Sales** of the Pharmaceuticals Sector increased by 30% in EUR compared to 2004 (+62% in the 4th quarter). Since 2005, it has included the revenue linked to the Barr compensation and co-promotion agreements and contributions of research partners, as well as revenue from Fournier Pharma.

In a context of price pressure, sales in Europe increased, primarily as a result of the integration of Fournier Pharma. Sales experienced very marked growth in Asia (Japan, China and India), the Middle East and Latin America. North American revenues grew 40% in 2005 compared to 2004.

All therapeutic areas are improving. Sales in cardiometabolics doubled with the integration of fenofibrates (TriCor® and Lipanthyl®) from Fournier Pharma (EUR 185 million) from August 1, 2005. Of particular note were Abbott's US TriCor® 145mg sales of USD 927 million, an increase of nearly 20% in 2005, confirming the excellent performance of this product. Sales of Teveten® grew by 26%. Neuroscience improved 19% due to the marked growth of Serc® (treatment of vertigo ; +27%) and Marinol® (anti-emetic ; +33%). Influenza vaccines grew 25% thanks to strong growth in Influvac® sales (+32%), which reached EUR 100 million. Pancreatic enzymes (Creon®, for pancreatic disorders) were up 25%.

- ♦ Operating results for the 4th quarter of 2005 amounted to EUR 108 million, more than doubling those of the 4th quarter of 2004. Operating results for 2005 increased to EUR 302 million, including Fournier Pharma's results, compensation from Barr (EUR 31 million), gains on the sales of minor products (EUR 12 million) and the positive impact, in the 4th quarter 2005, on modifications in social benefits in the Netherlands (EUR 20 million). It should be recalled that results for 2004

¹⁴ Including five months of sales by Fournier Pharma (EUR 265 million). Excluding Fournier Pharma, Solvay Pharmaceuticals' sales would have increased by 15%.

included a series of positive non-recurring elements, primarily an amount of EUR 88 million linked to partnership agreements with Wyeth and Bristol-Myers-Squibb and the first two Barr payments (EUR 23 million).

R&D expenditures for 2005 amounted to EUR 351 million (15% of sales), after deducting contributions from partners to research costs in this sector (EUR 53 million). In 2006, the Pharmaceuticals Sector's research expenditures should increase to EUR 413 million (74% of the Group's R&D expenditures), after deducting contributions from partners to research costs in this sector (estimated at EUR 52 million).

The US litigations concerning hormone therapies are declining; a non-negligible number of plaintiffs have dropped their claims against Solvay before any decision on the merits. There has been no development in the discussions with the American Food and Drug Administration on the administrative status of Estratest®.

CHEMICALS SECTOR

Strategic Developments

- ♦ ***In parallel with the consolidation in Essentials, creation of new opportunities to support growth through development of Specialties and geographic expansion.***

The decision to develop activities in Asia took concrete form with the announcement of construction of a fluorinated specialties plant in Korea intended to serve strongly growing markets in this region of the world, such as semiconductors and liquid-crystal displays (LCDs), and the creation of a joint venture in China for ultra-pure hydrogen peroxide. In addition, the negotiations with NCI/Sinopec concerning soda ash in China are being actively pursued.

Also worthy of mention are: in hydrogen peroxide, the start of construction of a mega-plant (230 kt/year) at Antwerp in partnership with BASF and Dow, to supply propylene oxide production, the capacity expansion in the United States in the 2nd quarter of 2005 and a project of a new site in Chile; in bicarbonate, a specialty supplying a wide range of strongly growing applications (environmental protection, pharmaceuticals, ...) and the announced German capacity expansion; and in barium and strontium carbonates, the creation of a joint venture with CPC (US) for technical grades.

The August 2005 acquisition of a majority (74%) stake in the German company Girindus reinforced the Group's strengths in the area of organic molecules for leading-edge markets. Following this acquisition, the sector created a new Strategic Business Unit, "Molecular Solutions," combining Peptisyntha (peptide synthesis), the fluorides organic chemistry business and Solvay Specialties France's fine chemicals production units. This new SBU should quickly become financially self-sufficient and achieve the critical mass necessary for such activities.

Finally, the Chemicals Sector pays particular attention to the evolution of energy costs linked to a general increase in gas and electricity prices. Process technology leadership, strong industrial infrastructure, cogeneration units and a strategy of utilizing medium- to long-term contracts has the effect of attenuating the impact of these factors. As permitted by the market conditions for each SBU, price increases are negotiated to offset these impacts.

Key figures

(in millions of EUR)	Sales			REBIT changes
	2004	2005	2005 / 2004 %	2005 / 2004
CHEMICALS	2,433	2,785¹⁵	+14%	+58%
Minerals cluster ¹⁶	1,105	1,223	+11%	↗
Electrochemistry and Fluor chemicals cluster	892	1,099	+23%	↗
Oxygens cluster ¹⁷	436	453	+4%	↗

Comments

- **Significant progress in Chemicals activities thanks to firming markets in an environment of marked increases in energy costs.**

Results from the **Chemicals sector** (REBIT of EUR 285 million) in 2005 increased by 58% compared to 2004. Markets were generally favorable throughout 2005, which permitted price increases. This factor, along with strict cost control, permitted restoration of operating margins, which reached 10% for the full year. The improvement in earnings (+15%) in the 4th quarter of 2005 was curbed by seasonable weakness in demand for fluor products, by increased maintenance charges and by the increases in prices of gas and electricity, which had already begun in the previous quarter. At the beginning of 2006, market conditions are globally favorable and prices are up.

- **Soda ash** activities improved thanks to sustained demand in all regions of the world and to the Group's actions to restore margins. Demand remained strong at the beginning of 2006 and prices are upwards in the context of very high energy costs. Specialized derivatives of soda ash, in particular bicarbonate, experienced an acceleration in their growth thanks to the development of the product portfolio and to geographic expansion. The 100 kt/year sodium bicarbonate expansion at Bernburg (Germany), started up at the end of 2005, is in support of this growth.
- After a significant recovery during the 2nd half of 2004, **caustic soda** prices were maintained at a good level in 2005 thanks to strong worldwide demand, in particular in the paper and aluminum sectors. The beginning of 2006 is generally in line with the end of 2005.
- **Fluorinated products** experienced a 4th quarter of 2005 marked by seasonal weakness in sales. Nevertheless, the fully year 2005 was a good one, with significantly improved results compared to previous years thanks to sales of Solkane® 365mfc, a product used in insulation, and the good performance of other products such as Solkane® 134a, a refrigeration agent, which performed excellently during the summer months.
- The **hydrogen peroxide** market generally experienced good growth thanks to the strength of the pulp and paper industry. Earnings benefited from this situation.

The American and European proceedings concerning pre-2001 compliance with competition law in the area of peroxides are approaching their close. Decisions are expected in the coming weeks and could bring sanctions for which provisions have been recorded on the basis of the estimate of their financial consequences.

¹⁵ Including the Molecular Solutions SBU

¹⁶ Including the Soda Ash and Derivatives, Barium and Strontium Carbonates, and Advanced Functional Materials SBUs

¹⁷ Including the Hydrogen peroxide, Detergents and Caprolactones SBUs

PLASTICS SECTOR

Strategic Developments

♦ *Enrichment of portfolio and capitalization of our forces :*

The Plastics sector was characterized in part by the development of Specialties: Specialty Polymers and Inergy Automotive Systems, a 50/50 joint venture with Plastic Omnium in fuel systems. These growing and high-added-value activities have become among the principal contributors to the Group's results.

The year 2005 was decisive for the growth of Specialty Polymers. In order to respond to growing demand for these high-added-value products, the Group reinforced its research efforts and embarked on production-capacity expansions. It implemented projects in the United States and Asia, with the opening of a new Technical Center in Shanghai, China, and recent agreements to acquire two businesses: the plastics division of Gharda in India, which will, among other things, give access to PEEK, a very-high-performance polymer, and Mississippi Polymer Technologies, a startup that launched PARMAX®, a new family of specialty materials with unique characteristics. These products are intended for markets such as electronics, aerospace, medical and automotive.

As well, strong leadership, targeted growth and continued improvement in competitiveness remained the priorities for the Vinyls pole. In this context, the Thai affiliate Vinythai doubles its capacities (for salt, chlorine, EDC and VCM) and VCM and PVC capacity expansions were started up in Brazil. Asia and Mercosur constitute, together with Europe, poles of growth contributing more and more substantially to the results of the vinyls activities.

The Plastics Sector also decided to simplify its structure, effective January 1, 2006, by consolidating its Performance Compounds SBU into other SBUs as follows:

- ♦ "PVC compounds" have been incorporated into the Vinyls SBU ;
- ♦ "Polyolefin compounds" have been incorporated into the Specialty Polymers SBU.

It should also be noted that the divestiture of industrial films to Renolit, now under way, and the final sale of the rigid foils activities to Ineos, resulted in these activities being reflected under the heading "discontinued operations" in 2004 and 2005.

Key figures

<i>(in millions of EUR)</i>	Sales			Evolution REBIT
	2004 ¹⁸	2005	2005/2004 en %	2005 / 2004
PLASTICS	3,093	3,507	+13%	+4%
Specialty polymers and Inergy Automotive System cluster	1,294	1,393	+8%	↘
Vinyls cluster ¹⁹	1,799	2,114	+18%	↗

Comments

♦ *Resilience of Specialty Polymers and growth of Vinyls.*

Plastics Sector results (REBIT of EUR 389 million) were up 4% compared to 2004 and achieved an operating margin of 11%. They declined 19% in the fourth quarter of 2005 compared to the very high levels of the 4th quarter of 2004, in particular in vinyls, which peaked at the end of 2004.

- With 7% growth in sales, 2005 was a good year in **Specialty Polymers**, a major contributor to the Group's results. Sales grew particularly well in certain markets such as oil exploration, wire and cables and medical applications.

¹⁸ restated without industrial films (now under "discontinued operations" following announcement of their divestiture in 2005)

¹⁹ Including the Vinyls, Performance compounds and Pipelife (pipes & fittings) SBUs

Sales grew equally strongly in Asia where the commercial presence was reinforced. Results remained at a level very close to that of 2004, despite costs associated with the startup of new production capacity and the significant increase in raw material costs. R&D efforts (6% of sales in 2005) were sustained in order to continue to respond to the growing demand for new high-performance polymers.

Inergy Automotive Systems' volumes (13.3 million fuel systems in 2005) were up 6% from 2004, an increase greater than the growth in the automotive market, thanks to the success of certain models and to favorable geographic diversification, notably in Asia, Mercosur and Eastern Europe. Globally, results were under pressure from raw material costs, in particular in the United States after the Gulf Coast hurricanes, as well as pressure on selling prices.

- **Vynyls'** results for 2005 grew from the very high levels of 2004. After weakening of markets and margins observed in Europe in the 2nd quarter of 2005 (under the effect, among other factors, of inventory destockings by customers), a recovery of demand took place at the end of the 3rd quarter, which permitted price increases and an improvement in margins beginning in September. Following the significant increase in ethylene prices in the 4th quarter of 2005, sales prices for PVC increased appreciably in a context of a tightened market. In Mercosur and Asia, sales generally remained high. At the beginning of 2006, seasonal weakening of demand temporarily weighed on prices, but with demand now turning out to be stronger for the season, price increases have been announced. It should be noted that the results will benefit from, among other factors, savings linked to the closure of the Ludwigshafen unit at the end of 2005.

Pipeline (pipes and fittings) also experienced very good volumes thanks to geographic diversification and development of the product mix, with certain innovative specialties. These, combined with numerous cost-reduction measures, permitted appreciable improvement in the SBU's results.

COMMENTS

Deloitte & Touche issued an unqualified opinion on the annual consolidated statements as of December 31, 2005 and confirmed that the accounting information shown in this press release does not call for any comments on its part.

Key dates for financial communications

- ◆ End of March: publication of the 2005 Annual Report on the Internet : www.solvay-investors.com
- ◆ Tuesday, 9 May 2006 : publication of 1st quarter 2006 results (at 1:00 p.m.), Annual Shareholders' Meeting at 2:30 p.m.
- ◆ Tuesday, 16 May 2006: payment of the balance of the dividend in respect of 2005
- ◆ Friday, 28 July 2006 (at 8:00 a.m.) : publication of results for the first 6 months of 2006
- ◆ Friday, 27 October 2006 (at 8:00 a.m.) : publication of results for the first 9 months of 2006
- ◆ Friday, 15 December 2006 (at 8:00 a.m.): announcement of the interim dividend relating to 2006

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