



## Vinyl Products

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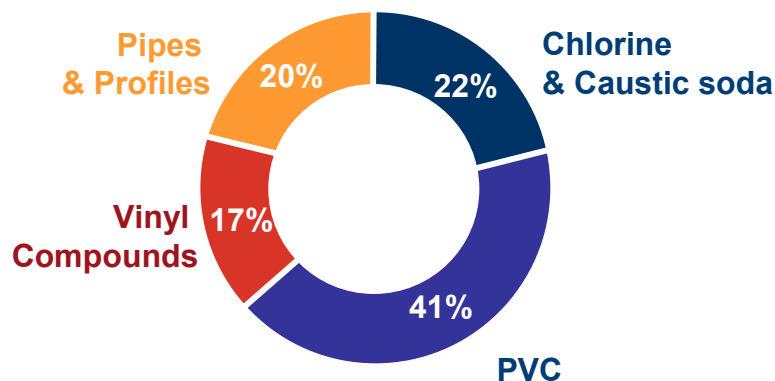
 September 23<sup>rd</sup>, 2008

# Vinyl Products segment overview

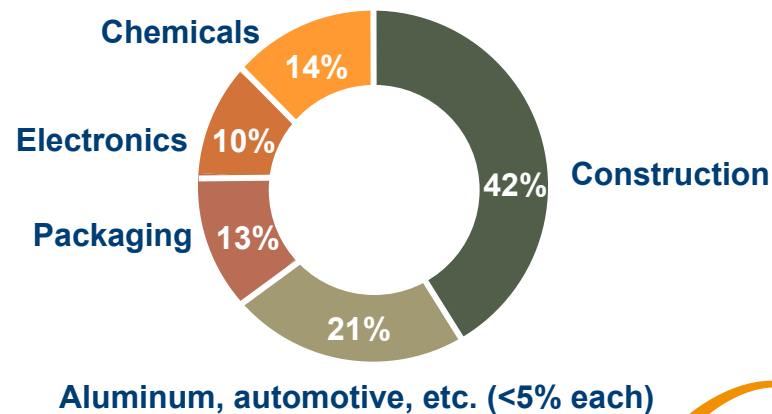
- Well integrated chain from chlorine to PVC conversion
- #3 European player in PVC
- Mature market in Western Europe
- Unique market position in Southern Europe
- Clear focus on improving cost structure

(€m)	2006	2007
Sales	1,379	1,418
EBITDA	38	90
EBITDA margin	2.8%	6.3%
Rec. operating income	21	65
Capital employed	483	632
Capex	76	111
Employees	4,330	4,000

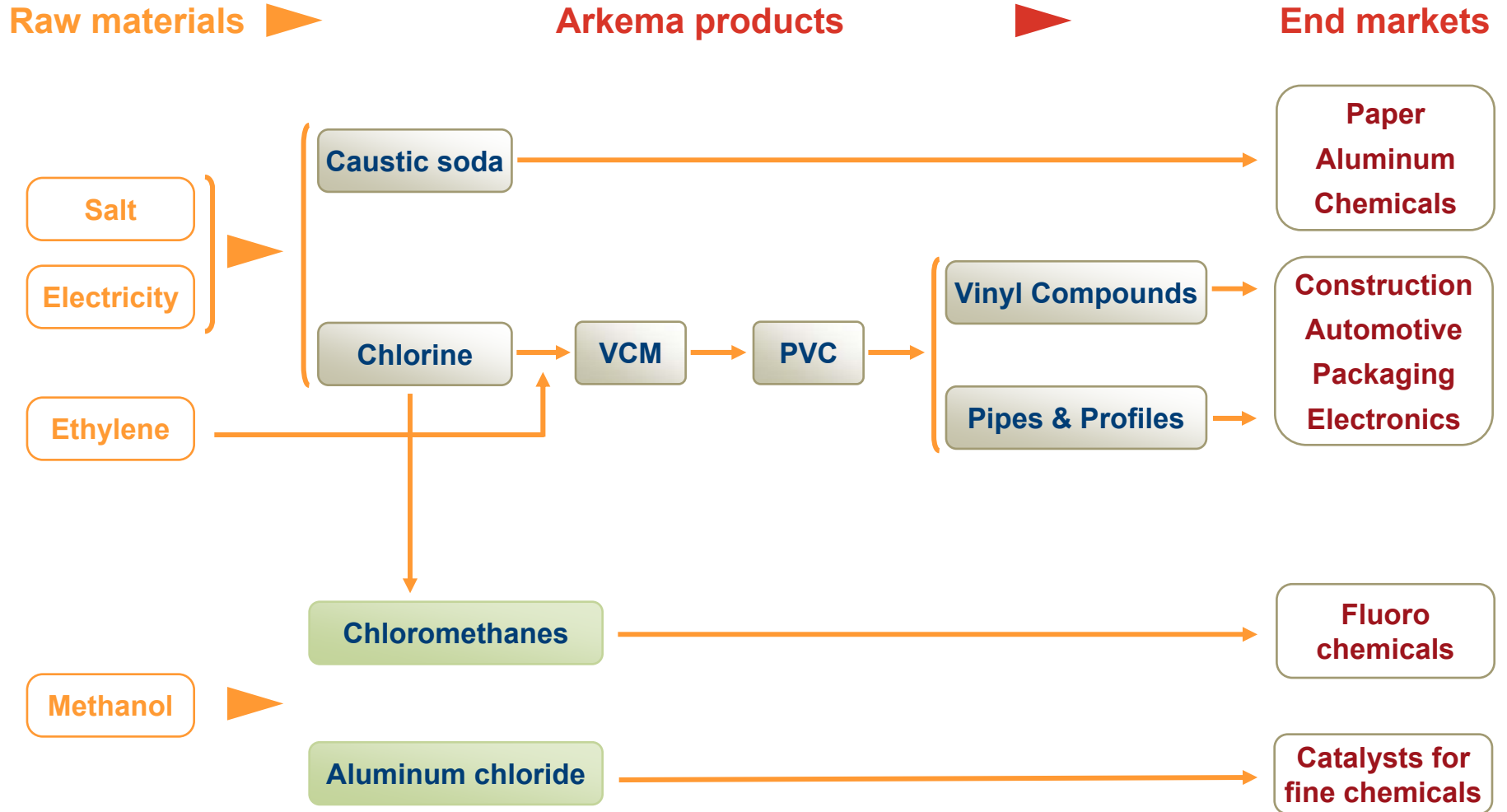
## Sales by business unit



## Sales by end markets



# An integrated chain



# Building a competitive European Vinyl business

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# Optimize integrated chain from chlorine to PVC downstream



## *Improve cost structure*

- ▤ Implement Chlorochemicals plan
  - Focus on best performing sites & shutdown loss-making units
  - Full EBITDA impact: +€40m
- ▤ Streamline organization
- ▤ Improve reliability
- ▤ Optimize processes

## *Strengthen downstream*

- ▤ Streamline organizations & shutdown loss-making units
  - -133 positions
  - Full year impact in 2009
- ▤ Towards higher added value products
  - Accelerate growth of slush molding (automotive) and PVC profiles
  - Reduce volumes of commodities

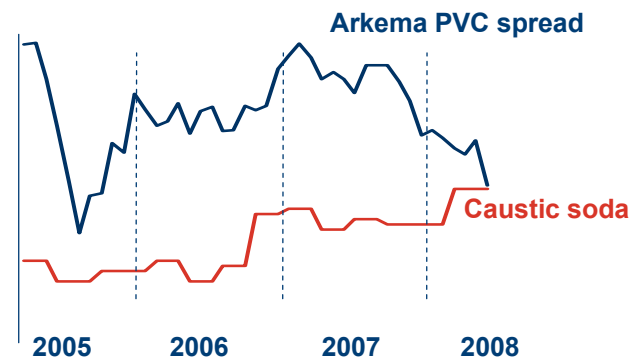
**REBIT break-even in low cycle conditions**

# Margin squeeze affected results in 1H'08

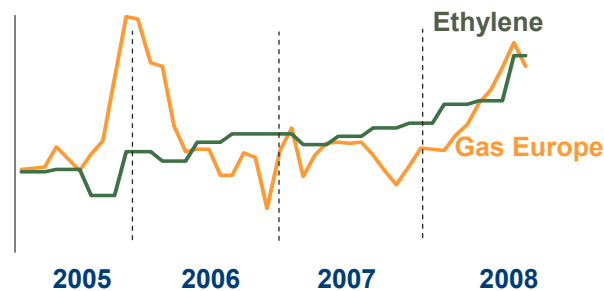
(€m)	1H'06	1H'07	1H'08	Δ*
Sales	710	750	784	+4.5%
EBITDA	25	61	31	(49.2)%
EBITDA margin	3.5%	8.1%	4.0%	-
Rec. operating income	17	49	12	(75.5)%

- Good volumes and high prices in caustic soda
- Margin squeeze in PVC coming from rising ethylene and natural gas prices
- Heterogeneous demand situation in Europe
- Contribution of restructurings

## PVC & caustic soda



## Ethylene & natural gas



# Necessary adaptation to current environment

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## Challenging environment in 2008

- Volatile ethylene and natural gas costs
- Slowdown of construction in certain European countries
- Good demand growth in Eastern and Central Europe

## Necessary additional productivity measures to further improve cost structure and adapt to current environment

- Continued efforts on fixed cost reductions
- Further optimization of variable costs
- Process and manufacturing reliability optimization

 **7 to 9% EBITDA margin in 2010 in mid-cycle** 