Corporate Report

a report by
Solvay Pharmaceuticals

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Solvay Pharmaceuticals is one of the world's 40 leading pharmaceutical companies. It is particularly well placed in its selected therapeutic fields:

- Cardiometabolics
- Neuroscience
- Influenza vaccines
- Pancreatic enzymes
- Gastroenterology
- Women's and men's health

Research and development (R&D) activities are divided selectively between these different fields. In the first two, Solvay Pharmaceuticals shall continue to invest in every aspect, from R&D through to worldwide marketing. Influenza vaccines and pancreatic enzymes will be the subject of targeted investments, including R&D and licensing agreements. Gastroenterology and women's and men's health will be a downstream activity, focused on marketing.

In July 2005, Solvay Pharmaceuticals completed its acquisition of Fournier Pharma. In October it presented the new combined performance objectives for the future 'Solvay Pharmaceuticals' by 2010:

- recurrent earnings before interest and tax (REBIT)/sales in excess of 20%;
- annual sales growth above 7%; and
- improving efficiency by €300 million a year.

The company is already on the road to achieving these objectives.

Various significant and simultaneous changes in the pharmaceuticals environment have led to adaptations within its business. Among these changes we would mention:

- un-met medical needs;
- risk/benefit ratios and safety and compliance requirements that are becoming important criteria in gaining approvals; and
- significantly rising costs of development. Post-registration clinical work and the need to police safe and effective product use all add to the overall development costs. These costs require companies to redefine their methods of working and their development plans to get their molecules registered.

Three priority directions have been selected in response to these changes:

Portfolio Orientation

Cardiometabolic specialities and neuroscience are now the company's main areas of therapeutic interest. The company shall continue to invest in every aspect of them, from R&D through to global marketing. It is also actively seeking licensing agreements with which to balance out and increase its coverage of this area. Influenza vaccines and pancreatic enzymes directly linked to un-met medical needs will be the subject of targeted investments, including R&D and licensing agreements. It shall be progressively de-emphasising research in women's and men's health products. These will constitute a downstream activity, concentrated on marketing and supported by licence buy-ins and acquisitions.

Performance Objectives

Solvay Pharmaceuticals has clearly defined the changes it needs to make and the timetables it needs to adhere to in order to achieve its 2010 objectives. Clearly specified targets will enable it to develop a long-term product line which meets the needs of the medical world and of external players like the financial community.

A Global Organisation

To attain these performance goals, the organisation has been redefined with a global vision, aimed at achieving or exceeding reference values for efficiency and effectiveness in each functional area. The organisation will be optimised to take it past the critical size threshold, whilst remaining light and flexible in order to adapt and change faster and better than many other players.

Flagship Products in 2005

With the acquisition of Fournier Pharma in 2005, the Group's flagship product is now fenofibrate, sold as Tricor® in the US and primarily as Lipanthyl® elsewhere in the world. AndroGel®, a male hormone product, is the second best-performing product after fenofibrate. Marinol®, Influvac®, Serc®, Teveten® and CREON® have all seen remarkable growth rates of between 25% and 33%. Today they have become Solvay Pharmaceuticals' largest line and have already attained blockbuster status (annual sales above US$1 billion).

Cardiometablics

Fenofibrate is used to treat lipid disorders like mixed dyslipidemia, characterised by abnormal fat levels, including cholesterol and triglycerides, in the bloodstream. The year 2005 saw the completion of the key Fenofibrate Intervention and Event Lowering in Diabetes (FIELD) study of fenofibrate in a population of type 2 diabetes patients, that had a 2–4 times higher risk of developing cardiovascular disease than non-diabetics. The post-heart-attack mortality rate in this group is high and reduces average life expectancy by five to 10 years. This study is the largest research effort ever aimed at preventing cardiovascular disease among diabetics. Nearly 10,000 patients received either fenofibrate or a placebo over an average five-year period. Initial results were presented in November 2005 at the annual American Heart Association (AHA) congress at Dallas, Texas. FIELD demonstrated favourable clinical effects among type 2 diabetes sufferers without prior histories of cardiovascular disease, among whom fenofibrate reduces by 25% the risk of coronary disease. Fenofibrate intake has lowered by 30% the number of cases where patients have had to undergo laser retina treatment. Even though the study's main end-point was not met it nonetheless demonstrated generally good fenofibrate tolerance when administered alone or in combination with other agents including statins. In addition, the combined favourable microvascular effects (retinal and other) and macrovascular effects (such as reducing heart attacks) that were observed for the first time open the way to new uses, alone or in combination with other medicines.

Neuroscience

Fluvoxamine is the first speciality approved for treating social anxiety disorder in Japan. In October 2005, Meiji Seika Kaisha Ltd, and Solvay Seiyaku K. K., both in Tokyo received approval from the Japanese Health Ministry for a new indication for fluvoxamine, for the treatment of social anxiety disorder. This drug, developed in Japan by Meiji Seika and Solvay Seiyaku, was the first selective serotonin reuptake inhibitor (SSRI) launched on the Japanese market, in 1999. It is marketed as Depromel® by Meiji Seika and as Luvox® by Astellas Pharma Inc., Solvay Seiyaku's designated distributor for treating depression, depressive states and obsessive compulsive disorder.

DUODOPA®

Since September 2005, Solvay Pharmaceuticals have been marketing Duodopa® for treating patients with late stage Parkinson's disease in European countries such as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, The Netherlands, Portugal and Spain. The company already had approvals in Sweden and Norway and is also launching the product in the United Kingdom. Duodopa entered Solvay's product portfolio when it acquired Swedish pharmaceuticals company Neopharma AB in early 2005. Duodopa is a new and unique treatment based on a combination of levodopa and carbidopa dispersed in a viscous gel. Using a portable pump controlled by the patient via a microprocessor, the medication is administered permanently by a tube directly to the upper part of the small intestine, where it is rapidly absorbed.

Apart from Duodopa, Solvay's R&D department is working to develop promising compounds for treating early stage Parkinson's disease. These include the SLV308 compound, which is now at clinical phase III.

Bifeprunox

Bifeprunox is a new compound for treating psychosis and mood disorders such as schizophrenia and bipolar disorders. Schizophrenia is a chronic and highly handicapping form of psychosis, characterised by severe mental and perception disorders. The onset of this disorder, which affects around 1% of the world's population, is generally observed in late adolescence or early adulthood.

Solvay Pharmaceuticals Inc., and Wyeth Pharmaceuticals, a division of Wyeth (NYSE:WYE), announced Ocober 11, 2006 that a New Drug Application (NDA) was submitted to the US Food and Drug Administration (FDA) for bifeprunox. The NDA submission is based on safety and efficacy studies that evaluated bifeprunox for the treatment of schizophrenia in approximately 2,550 patients. Patients were evaluated with acute exacerbations for six weeks, and stable patients were evaluated for six months.

For Europe, Solvay Pharmaceuticals and H. Lundbeck A/S will begin a supplementary phase III

comparative clinical-research programme in order to make a filing in 2008.

It is hoped that bifeprunox will be a long-term treatment for schizophrenia with a very comprehensive side effect profile and efficacy characteristics that allow the patients to live a more satisfactory and productive life than do present therapies.

Flu Vaccines

With face the threat of bird flu, Solvay Pharmaceuticals is helping the world improve its armoury against a possible pandemic with its new cell culture methodology for vaccine production. The possible proliferation of the H5N1 strain of bird flu is producing uncertainty and fear amongst the general public and the public authorities. Whilst the virus in its present form is not considered a major threat to human health, many experts agree that it is only a matter of time before it mutates and is transmitted from one human being to another, resulting in a pandemic that can produce many victims. With over 50 years of experience of vaccine production, Solvay Pharmaceuticals is currently concentrating its full technological resources and knowledge on creating safe and effective vaccines. Over 50 influenza experts are researching full-time in its laboratories. In all, more than 300 employees are involved in this project.

AndroGel

In 2005, Solvay Pharmaceuticals negotiated additional rights to AndroGel on a number of new markets from its owner, Besins International. AndroGel is an odour-free, locally-applied gel. Applied once a day, it provides an ideal response to unsatisfied clinical needs in the treatment of hypogonadism (testosterone deficiency), a particularly unpleasant male ailment. This product has already proved its success in North America (2005 sales reached €239 million). They now have sales rights for the whole of Africa, Central and Eastern Europe, key Western European countries and the Middle East, Asia and Latin America. ■