Transforming the present
Sustaining the future

Capital Markets Day
June 10-11 2015

Jean-Pierre Clamadieu
Chief Executive Officer
President of the Executive Committee
Agenda

Changing landscape of chemical industry

Transforming the present
Sustaining the future
Creating sustainable value
Global chemical industry: unprecedented shift in capital allocation

Capital spending by region

<table>
<thead>
<tr>
<th>Region</th>
<th>2013 Capital Spending (€ billion)</th>
<th>2003 Capital Spending (€ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>6.3</td>
<td>24.0</td>
</tr>
<tr>
<td>Brazil</td>
<td>0.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Europe</td>
<td>17.6</td>
<td>18.6</td>
</tr>
<tr>
<td>China</td>
<td>6.5</td>
<td>66.7</td>
</tr>
<tr>
<td>S. Korea</td>
<td>0.6</td>
<td>3.0</td>
</tr>
<tr>
<td>India</td>
<td>6.5</td>
<td>66.7</td>
</tr>
<tr>
<td>USA</td>
<td>2.3</td>
<td>6.5</td>
</tr>
</tbody>
</table>

Source: Cefic Chemdata International (2014)
Transforming the present
Ongoing in-depth transformation

Strategic vision

Participate in reshaping the global chemical industry
Develop a model of chemistry that addresses society’s challenges
Drive sustainable value creation and profitable growth

Transformation levers

1 | Portfolio

Group profile

Growth

2 | Excellence

Resilience

Returns
Distinct strategic intent for our businesses

- Performance Chemicals
  - H ARVEST; S ELECTIVELY I NVEST & D IVEST
- Functional Polymers
  - B REAK-T HROUGH P ROFITABILITY I MPROVEMENT I NITIATIVES
- Advanced Materials
  - ADVANCED M ATERIALS
- Advanced Formulations
  - I NNOVATE & I NVEST

Distinct strategic intent for our businesses
Unmatched customized-solution offering

Advanced Materials
- Portfolio upgraded: Ryton® PPS; Flux
- Innovation breakthroughs
- Unmatched customer-led solutions along the value chain
- Outpacing market growth, taking share

Advanced Formulations
- Investment phase completed: Chemlogics; Brazilian assets and competitive EO investments (USA, Asia, Europe)
- Strengthened innovation
- NA Oil & Gas market: short-term volatility, long-term value opportunities

INNOVATE & INVEST

GROWTH ENGINES

Innovation-driven growth
- 2013-2016: 2-digit REBITDA growth, margin expansion > 150 bp
- Value creation

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Excellence-driven value improvement

Excellence driving value creation, eg. Soda Ash

Selective investments for productivity (Soda Ash) and growth (Peroxide)

Divestments for value, eg. Eco Services

2013-2016

Mid-single digit REBITDA growth, margin expansion > 150bp

Excellence driving profitability restoration at Polyamide Rusvinyls JV: state-of-the-art facility ramping-up

2013-2016

Profit restoration: c. 2x REBITDA increase
## Improving strategic positioning

**Upgrading portfolio**

### Divestments

<table>
<thead>
<tr>
<th>Strategic Divestitures</th>
<th>Portfolio refocussing</th>
<th>Monetizing for value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chlorvinyls Europe &amp; Latam</td>
<td>Special Chem LifeScience Refrigerants PCC</td>
<td>Eco Services</td>
</tr>
</tbody>
</table>

### Re-investments for value creation

<table>
<thead>
<tr>
<th>ADVANCED MATERIALS</th>
<th>ADVANCED FORMULATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ryton</td>
<td>Chemlogics</td>
</tr>
<tr>
<td>Flux GmbH</td>
<td>Erca &amp; Dhaymers Brazil</td>
</tr>
<tr>
<td>Aonix</td>
<td>Erca Emery B.V</td>
</tr>
</tbody>
</table>

Solvay’s positioning in the Strategic Value Matrix

- **2011**
- **2014**

- **Value creation potential**
- **Ability to extract value**
Strategically coherent capital allocation

**Sustainability Assessment**

*Sustainable Portfolio Management (SPM) tool informing strategic choices*

- Low Product Environmental footprint (25%)
- High Market alignment to sustainability criteria (60%)
- Low 
- High

**Capex allocation**

*Solvay’s business matrix positioning GBU’s, based on value generation potential*

- Solvay’s ability to extract value
  - 2015-2018 Growth capex (60%)
  - 2015-2018 Growth capex (10%)

- Value creation potential of industry segment
  - 2015-2018 Growth capex (30%)

- % of 2014 Group sales

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Innovating effectively

Our main thrusts

**RESPONSIBILITY**
- SPM methodology to assessing & prioritize projects
  - Sustainable solutions
  - Products with improved environmental footprint
  - Energy efficient processes

**OPEN INNOVATION**
- Large Ecosystem for faster & wider progress
  - Partnership with key clients
  - Collaboration with Academia
  - Participation in start-up & venture capital funds

**EFFECTIVENESS**
- Customer focus
  - 82% of Group’s R&I managed by the businesses

21% of net sales realized with products < 5 years
Delivering strongly Excellence scope expanded

Excellence

Operational
Innovation
Commercial

€ 800 m
vs € 670m initially foreseen

Impact on 2016 REBITDA (vs 2013 base)

Excellence underpinned by management model

Entrepreneurial Empowerment Accountability

Management Model

Performance Sustainable value oriented
Collaborative innovation
Customer focus

Excellence
Sustaining the future
Strengthening our sustainability strategy
Our strategic choices respond to megatrends

<table>
<thead>
<tr>
<th>Resource constraints &amp; increased sustainability demand</th>
<th>Evolving demography &amp; consumers behaviors</th>
<th>Innovation acceleration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fight for talents</td>
<td>Growing world population</td>
<td>Digitalization &amp; mobility</td>
</tr>
<tr>
<td>Ecosystem at risk</td>
<td>Urbanization</td>
<td>Miniaturization</td>
</tr>
<tr>
<td>Competition for space, lands</td>
<td>Aging society</td>
<td>Life sciences booming</td>
</tr>
<tr>
<td>Climate change</td>
<td>Health and wellness</td>
<td>Information age</td>
</tr>
<tr>
<td>Competition of resource usage</td>
<td>Changing balance of economic power</td>
<td>Acceleration of cycles</td>
</tr>
</tbody>
</table>
Putting our customers’ sustainability challenges at the heart of our strategy

- Mobility, Connectivity
  - Thinner, lighter, bendable, foldable, unbreakable
- Immersive viewing experience
  - Touch, resolution, comfort, transparency
- Energy efficiency
  - Enhanced autonomy
- Digitalization
- Shift in the world economic center …

*Figures represent % of 2014 net sales

**Electrical & Electronics**

26% Consumer goods & Healthcare

16% Industrial Applications

7% Electrical & Electronics

18% Automotive & Aeronautics

10% Energy & Environment

11% Agro, Feed & Food

12% Building & Construction

**Automotive**

- CO2 emission reduction
  - WW Regulation trends
    - Europe: from 260g CO2 /Km to 95g CO2 /Km
- Energy consumption
- Green technology incentives
- Connectivity
- Hypermobility
- Customization
- New technologies…
Enabling customers to reduce CO2 emissions

Outpacing market growth
Confirming 2016 targets

2016

>10% REBITDA growth
REBITDA to reach € 2.3 - 2.5 bn *

CFROI to increase by ≥ 100 bp**

* At current scope and conditions
** vs 2012

Current investment pipeline will drive further growth after 2016
### Remuneration aligned to value creation

**长期激励** (35%)
- Long term incentives
- REBITDA*
- Share-price
- REBITDA
- Cash
- Sustainability

**短期激励** (30%)
- Short term incentives
- CFROI*
- REBITDA
- Cash
- Sustainability

**固定薪酬** (35%)
- Base salary
- ReBITDA
- Share-price
- Sustainability

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Applicable to Executive Committee & Business General Managers

(*) Targets and KPIs aligned to 2016 ambitions
Our transformation is well underway ...
TRANSFORMING THE PRESENT, SUSTAINING THE FUTURE

CREATING SUSTAINABLE VALUE
Jean-Pierre Clamadieu began his career in France in the Ministry of Industry, as a technical advisor to the Minister of Labor. He joined Rhône-Poulenc in 1993 where he held several positions, including President of Rhodia Chemicals Latin America, President of Rhodia Eco Services, Senior Vice-President Corporate Purchasing, and President of the Pharmaceuticals & Agrochemicals Division. He was appointed CEO of the Rhodia Group in 2003 and Chairman & CEO in 2008. After the merger with Solvay, he became member of the Executive Committee in September 2011 and Chairman of the Executive Committee and CEO in 2012.

Jean-Pierre Clamadieu holds seats on the Board of Directors of Faurecia and Axa. He also serves as president of the CEFIC and member of the executive committee of the WBCSD.

Jean-Pierre Clamadieu, a French national, holds a degree in engineering awarded by the Ecole Nationale Supérieure des Mines de Paris.

CEFIC: European Chemical Industry Council
WBCSD: World Business Council for Sustainable Development
CONTACT INFORMATION

Maria Alcón-Hidaglo
Head of Investor Relations
+32 2 264 1984
E-mail: maria.alconhidalgo@solvay.com

Geoffroy Raskin
Investor Relations, Senior Manager
+32 2 264 1540
E-mail: geoffroy.raskin@solvay.com

Bisser Alexandrov
Investor Relations, Manager
+32 2 264 2142
E-mail:isser.alexandrov@solvay.com

Catherine Jouvèt
Retail shareholder relations Manager
+32 2 264 2732
E-mail: catherine.jouvèt@solvay.com

Laetitia Van Minnenbruggen
Events Coordinator
+32 2 264 3025
E-mail: Laetitia.vanminnenbruggen@solvay.com
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