



SOLVAY

asking more from chemistry®

FIRST NINE MONTHS 2018 RESULTS PRESENTATION

November 8, 2018

SAFE HARBOR

This presentation may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties relating to 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.

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FORENOTE

Following the announcement in September 2017 of plans to divest the Polyamide business, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the first quarter of the 2017 income statement has been restated.

Besides IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of the Group's financial performance. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, and for other elements that would distort the analysis of the Group's underlying performance.

OVERVIEW

Executing our plan

Financial highlights

Priorities and outlook

Appendix



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Volume growth sustained



9M 2018

- Organic Sales & EBITDA growth of 6%
- Higher volumes and pricing
- EBITDA margin at 22%

2018 first nine months results

Volume growth sustained complemented by pricing power

EBITDA -1%
Organic growth +6%

- **Volume/Mix**
 - 4% higher volumes across segments
- **Pricing power**
 - Positive net pricing despite higher raw materials and energy prices
- **Fixed costs**
 - Higher costs reflect investments to support growth

EBITDA margin
at 22%

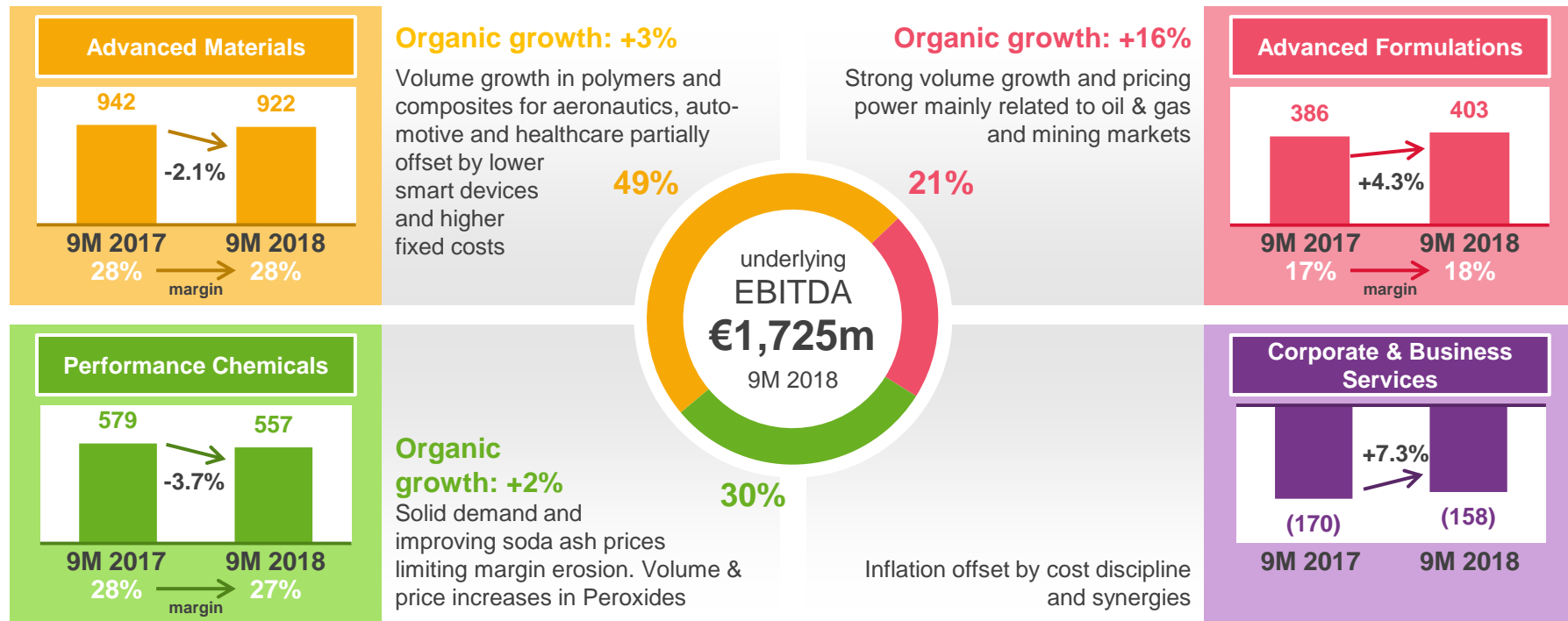
Free cash flow ^[1]
€275 million

- **Resulting from**
 - Phasing in working capital
 - Higher inventories and variable remuneration
 - Capex discipline maintained
- **Underlying net debt at €5.5 billion**
 - Seasonally up on dividend payments to shareholders, concentrated in H1

FCF to Solvay shareholders ^[2]
€271 million

Organic EBITDA growth

Driven by higher volumes in each segment



Corporate & Business Services included in €1,725 m EBITDA, but excluded from the pie chart as the contribution is negative

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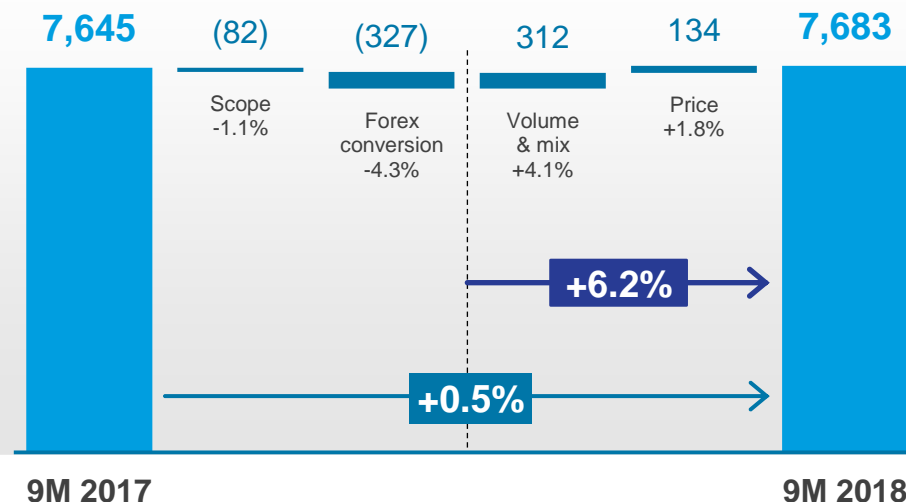
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Sales impacted by forex & scope

Strong organic growth

Net sales

in € million



Volume growth

- **Advanced Materials:** solid growth in sustainable mobility and healthcare, but tempered by lower demand in smart devices and fluorinated gases used in insulation in the third quarter
- **Advanced Formulations:** strong volume growth in shale oil & gas market and new business in mining

Adverse forex & scope ^[1]

- US dollar depreciation impact on conversion
- Scope reduction from smaller divestments^[1]

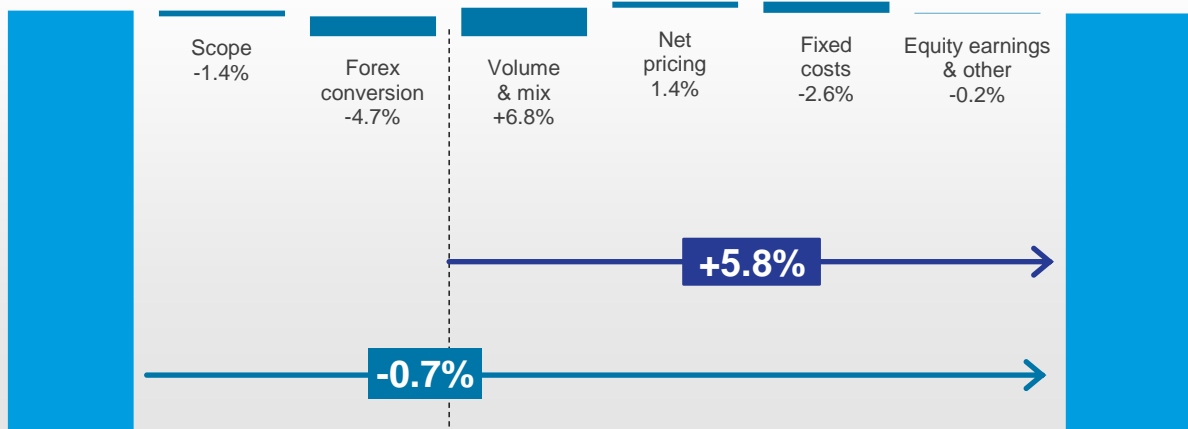
EBITDA margin sustained

Driven by strong volume growth and pricing power

Underlying EBITDA

in € million

1,737 (24) (82) 119 24 (46) (4) 1,725



➤ **Volume & mix**
Led by Advanced Formulations and Advanced Materials

➤ **Net pricing**
Positive despite higher raw materials and energy prices

➤ **Fixed costs**
Mainly due to investments in composites to support continued growth

9M 2017

22%
margin

9M 2018

22%
margin

Higher underlying profit from continuing operations

EBITDA reduction more than offset by lower financial charges

Underlying P&L

in € million	9M 2018	9M 2017	% yoy
Net sales	7,683	7,645	-
EBITDA	1,725	1,737	-1%
<i>EBITDA margin</i>	22%	23%	-
Depreciation & amortization	(501)	(517)	+3%
EBIT	1,224	1,220	-
<i>EBIT margin</i>	16%	16%	-
Net financial charges	(247)	(304)	+19%
Income tax expenses	(232)	(239)	+3%
<i>Tax rate (ytd)</i>	25%	27%	-2pp
Profit, continuing operations	744	677	+10%
Discontinued operations	169	157	+7%
Non-controlling interests (-)	(30)	(40)	+24%
Profit, Solvay share	883	794	+11%
EPS	8.54	7.68	+11%
EPS, continuing operations	6.91	6.20	+11%

Underlying profit from continuing operations up 10%

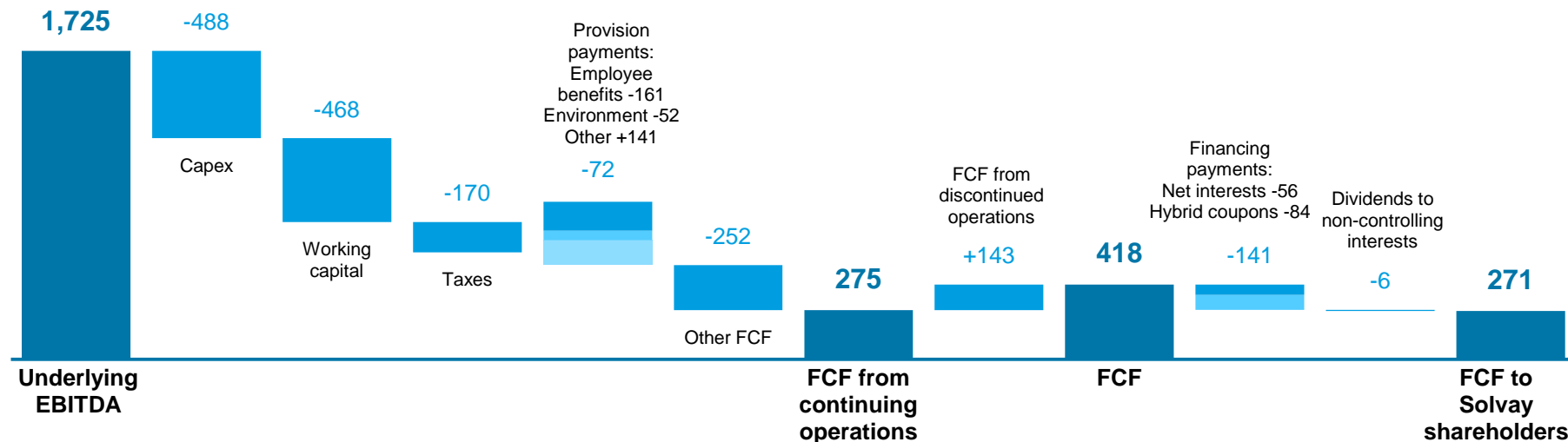
- Lower net financial charges reflecting capital structure optimizations implemented in 2017
- Lower tax rate of 25%

Underlying profit (Solvay share) up 11%

- Lower payments to non-controlling interests
- Higher contribution from discontinued operations (good performance of the polyamide activities that are planned to be sold to BASF)

Focus on cash maintained

Amid higher working capital needs



FCF from continuing operations at €275 million

- Phasing in working capital
- Higher cash variable remuneration for strong 2017 performance
- Capex discipline maintained

FCF to Solvay shareholders up 7% at €271 million

- Financing payments significantly lower than in the first half of 2017
- FCF from discontinued operations at €143 millions

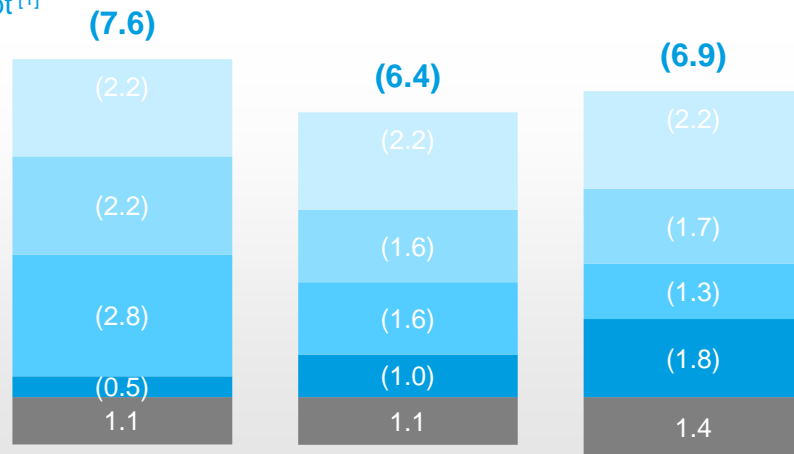
Efficient capital structure

Leading to reduced cost of debt

Underlying financial debt^[1]
evolution

in € billion

- EUR perpetual hybrid bonds
- USD bonds
- EU bonds & major debt
- Other debt
- Cash



Pro forma impact from announced Polyamide divestment

- Underlying net debt €4.4 bn
- Underlying leverage 2.0x

Underlying

	31/12/2016	31/12/2017	30/09/2018
Net debt^[1]	€6.6 bn	€5.3 bn	€5.5 bn
Leverage^[2]	2.6x	2.2x	2.2x

Significant deleveraging by
divestments and operations

Seasonally up with
Dividend payments

INVESTMENT GRADE



Moody's

Baa2

Stable outlook



S&P

BBB

Stable outlook

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Our priorities

Deliver and prepare the future



Organic volume growth

Earnings and cash flow growth

Optimize organization

Leadership transition

Outlook

Full year 2018



Underlying Organic EBITDA growth around 5% to 6%

Free cash flow^[2] to exceed 2017 level

APPENDICES

Additional 2018 financial data

General information

Other financial considerations for 2018

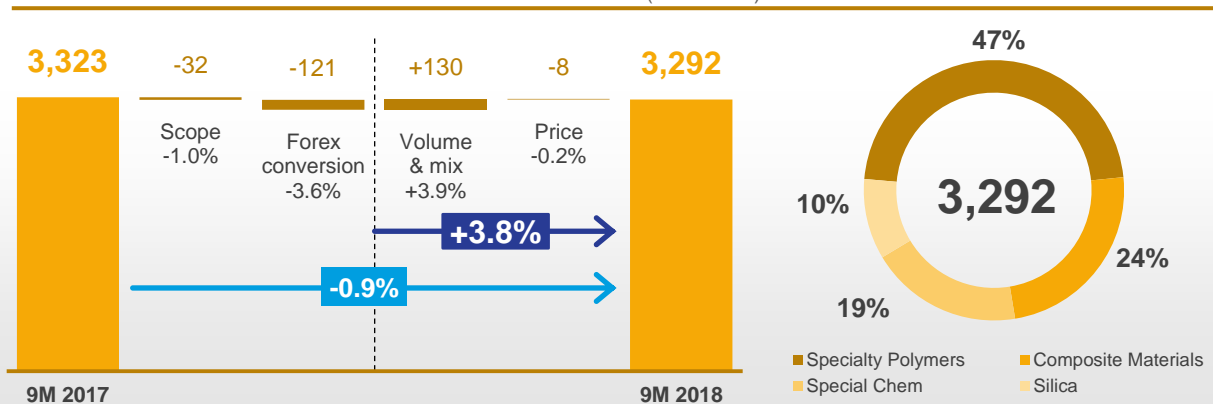


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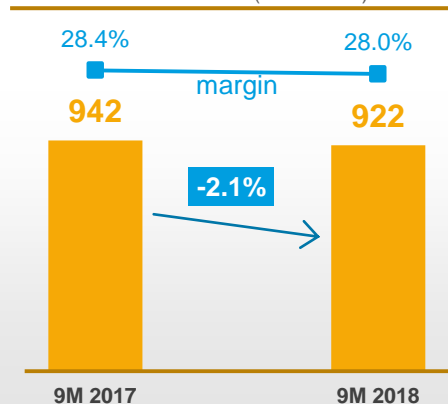
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Advanced Materials first nine months 2018

Net sales (in € million)



EBITDA (in € million)



Specialty Polymers

- Strong performance from sustainable mobility and healthcare
- Lower demand for smart devices as anticipated

Composite Materials

- High single-digit rate volume growth, driven by military aircrafts, and newer commercial programs
- Higher fixed costs related to productivity initiatives

Special Chem

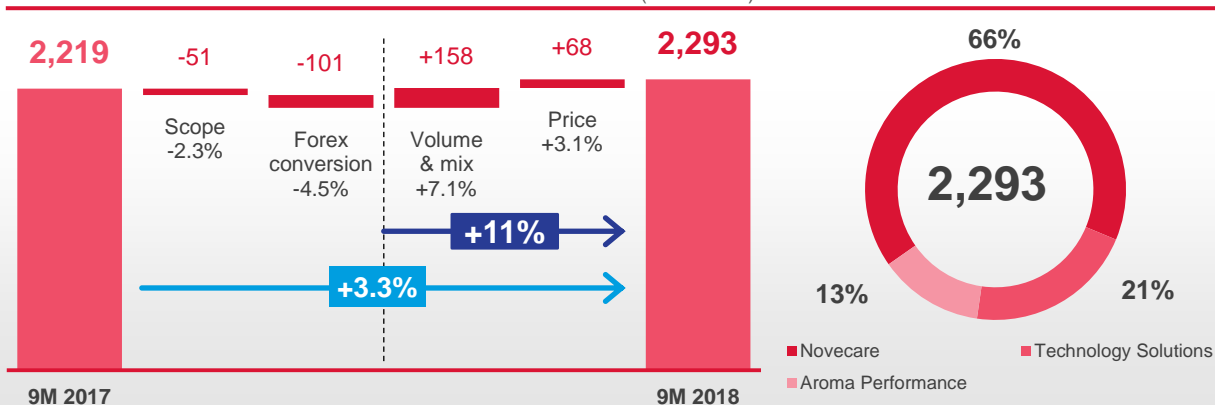
- Robust demand from electronics offset by:
 - ...the planned gradual phase-out in insulation gases
 - ...the shift from diesel to gasoline in automotive catalysts

Silica

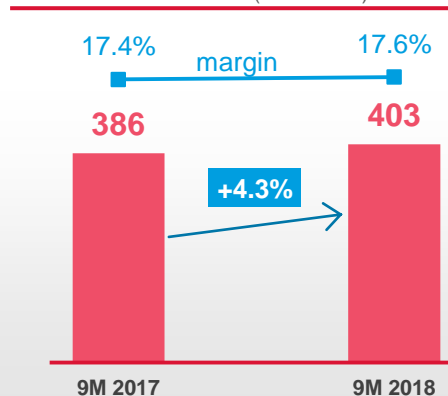
- Good demand for energy-efficient tires in Europe and North America
- Q2 2018 outages in Brazil and China are behind us

Advanced Formulations nine months 2018

Net sales (in € million)



EBITDA (in € million)



Novecare

- Strong volumes led by the North American Oil & Gas market, albeit growth rate eased towards the end of the period
- Coatings and agricultural sector veered up after a soft first half of the year
- Prices increased on pass-through of previous raw materials costs

Technology Solutions

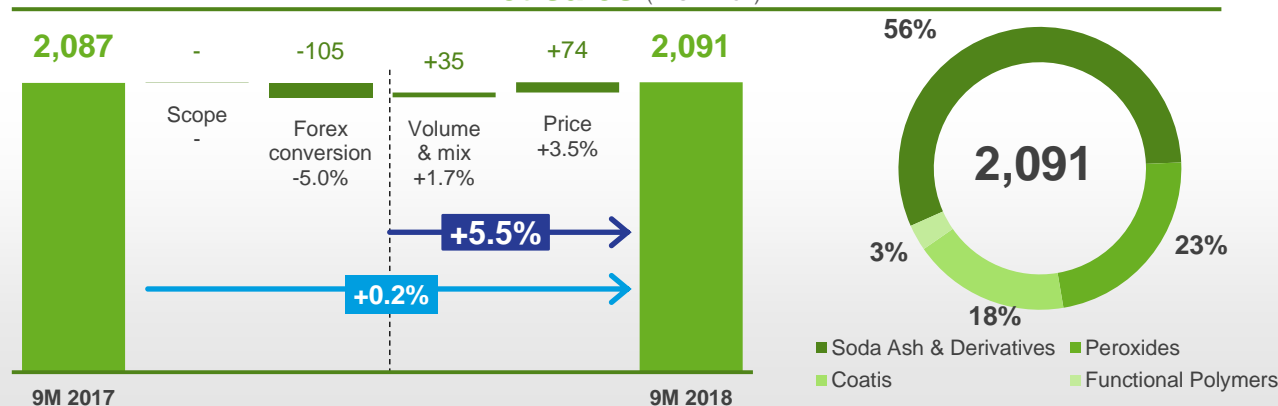
- Growth in mining as a result of new mine starts
- Higher demand for phosphorous specialties and for UV-blocking polymer additives

Aroma Performance

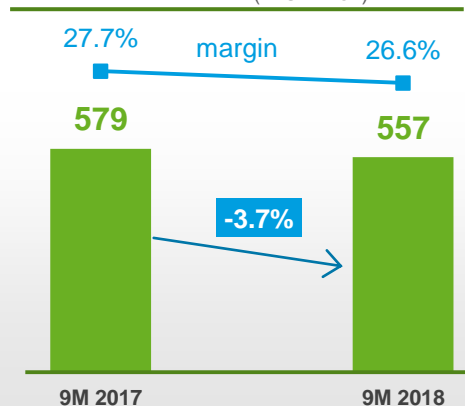
- Both volumes and prices were up in vanillin ingredients
- Benefitted from the launch of new natural vanillin products

Performance Chemicals nine months 2018

Net sales (in € million)



EBITDA (in € million)



Soda Ash & Derivatives

- Continued strong demand for soda ash
- Bicarbonate volumes continued to grow on strong demand
- Spot pricing increased in Q3 as result of tighter market conditions

Peroxides

- Higher volumes in the Americas
- Strong demand in Asia pushed prices higher
- HPPO plants contribution remained stable

Coatis

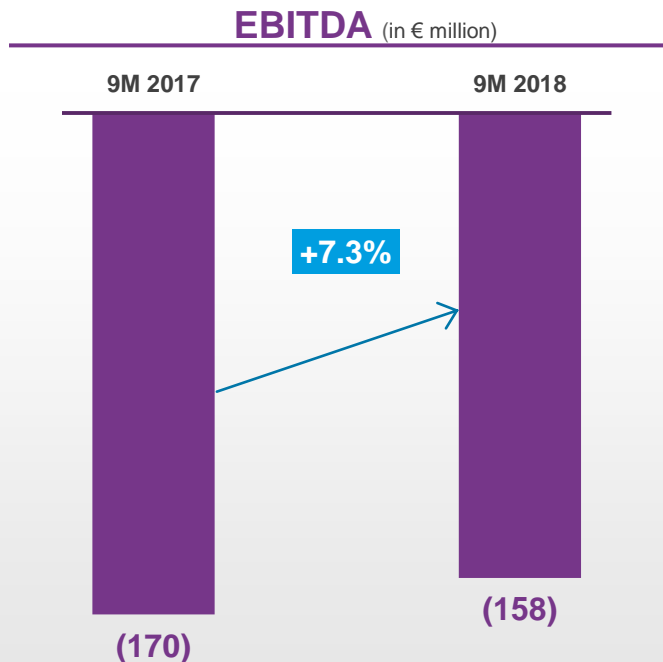
- Double-digit growth driven by higher volumes and prices
- Domestic and export market demand continued improving on Brazilian real depreciation

Functional Polymers

- Stable environment, both in the Latin American polyamide textile business
- Higher contribution from the RusVinyl PVC joint venture on volume ramp-up

Corporate & Business Services nine months 2018

Continued cost discipline



Other Corporate & Business Services

- Costs were substantially lower versus last year
- Benefitted from phasing of costs over the year
- Inflation was offset by cost discipline and delivery on synergies

Energy Services

- Stable market environment

APPENDIX

Additional first half 2018 financial data

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SOLVAY

A more resilient, more streamlined & more profitable group

Providing mission critical solutions in fast-growth end-markets

→ Supporting blue chip manufacturers & brands globally

Technology focused in Advanced Materials & Advanced Formulations

→ Powered by innovation & market leadership positions

Outgrowing diversified peers^[1] and moving toward specialty^[2]

→ Propelled by volumes, underpinned by synergies and efficiency

Futureproofing the business with sustainability & customer centricity at its core

→ Deliver more value that stands the test of time

Dividend growth over 30 years and strong cash generation

→ Driven by focus on cash returns



We are a world leader

In the chemical industry



~26,800
Employees^[2]



61
countries



135
Industrial sites

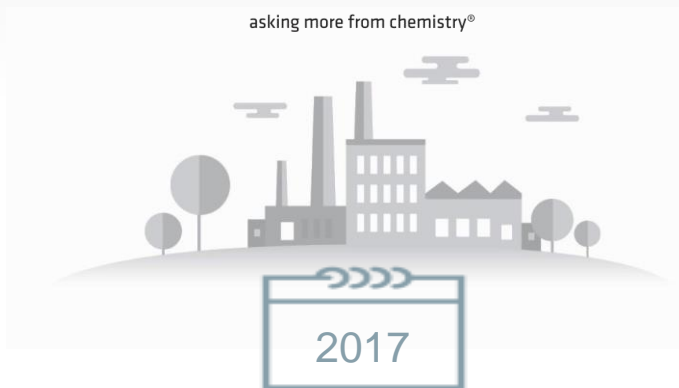


21
Major R&I sites



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Top 3

Market position ^[1]



€10.1 billion
net sales



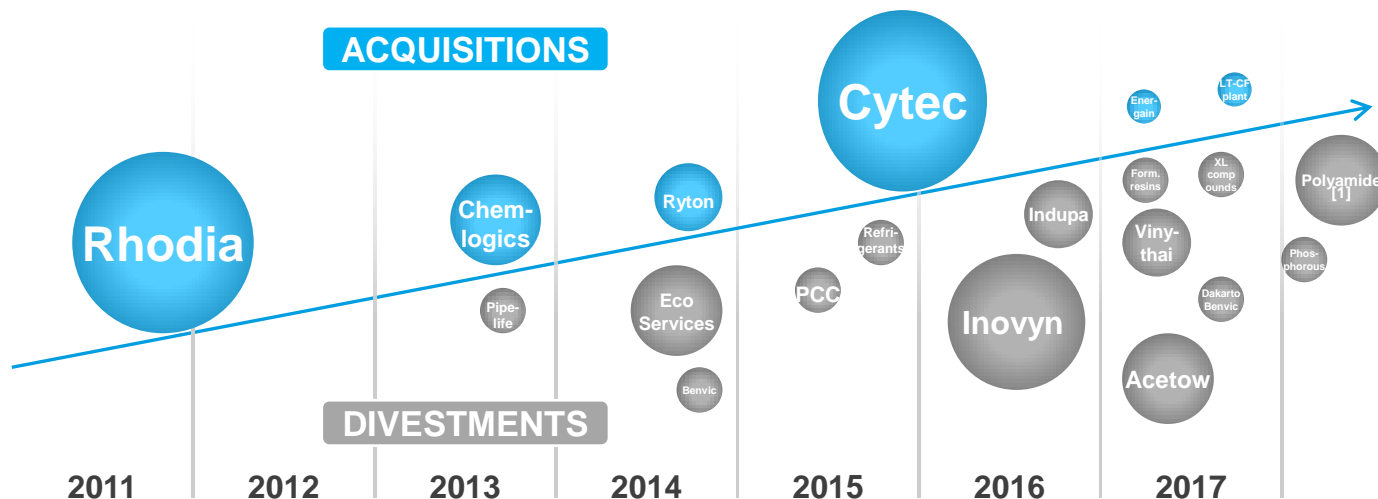
€2.2 billion
underlying EBITDA



22%
EBITDA margin



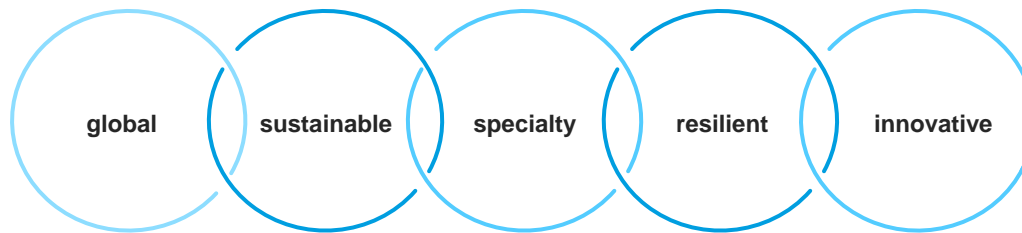
Upgraded portfolio



Enhancing
customized
solution
offerings

Reducing
cyclical &
low-growth
businesses
exposure

MORE →



Significantly enhanced portfolio

More specialty and more resilient

NET
SALES

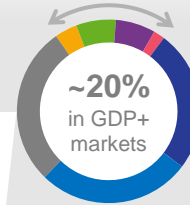
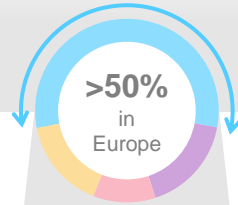
MORE
SPECIALTY

MORE
GLOBAL

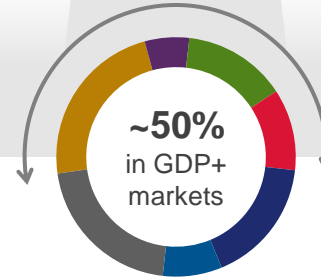
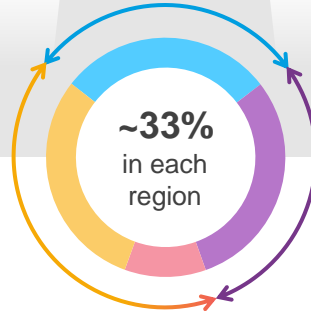
MORE
DIVERSIFIED

MORE
SUSTAINABLE

2010
€6.5 billion



2017
€10.1 billion



Advanced Materials
Advanced Formulations
Performance Chemicals

Europe
Asia & RoW
Latin America
North America

Automotive & aerospace
Resources & environment
Electrical & electronics
Agro, feed & food
Consumer goods & healthcare
Building & construction
Industrial applications

Sustainable solutions
Neutral impact
Challenged applications
(according to SPM methodology)

Exceeding mid-term targets

Creating more value

2 years
2016 - 2017

Sustainable Solutions
Increase to 40% of net sales by 2018

49% 

GHG intensity
Reduce by -20% over 3 years

-24% 

Occupational Accidents
Reduce by -10% over 3 years

-16% 

2 years
2016 - 2017

PROFIT

EBITDA^[1] growth
Mid-to-high single-digit

+8.6% 
over 2 years

CASH

Free cash flow
Exceed €2.4 billion over 3 years

€1.75 bn 
over 2 years

RETURNS

CFROI
Increase by 0.5pp-1.0pp over 3 years

+0.8pp 

Our strategic commitment

Double revenue share from sustainable solutions^[1]

(From 25% in 2014, baseline)



50%
**SUSTAINABLE
SOLUTIONS IN GROUP'S
SALES**



-40%
**OF
GREENHOUSE
GAS INTENSITY**




By 2025, €1 revenue out of €2
in sustainable solutions



-50%
NUMBER OF ACCIDENTS
Goal MTAR <0.50



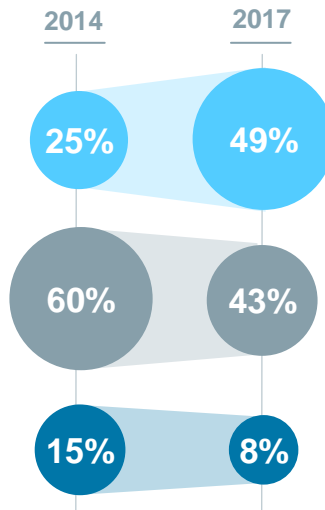
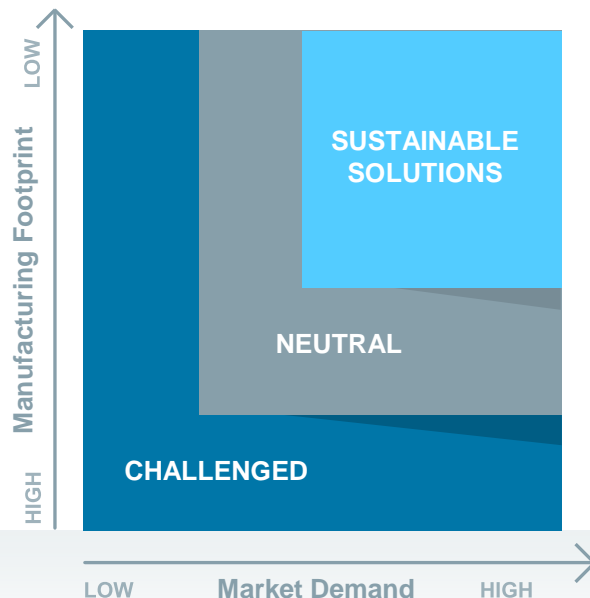
40%
**OF EMPLOYEES
INVOLVED IN SOCIETAL
ACTIONS**



80%
OF PEOPLE ENGAGEMENT

Integrating sustainability into decision-making

Drives superior financial value growth



Fully embedded into our decision-making processes



M&A



60% CAPEX



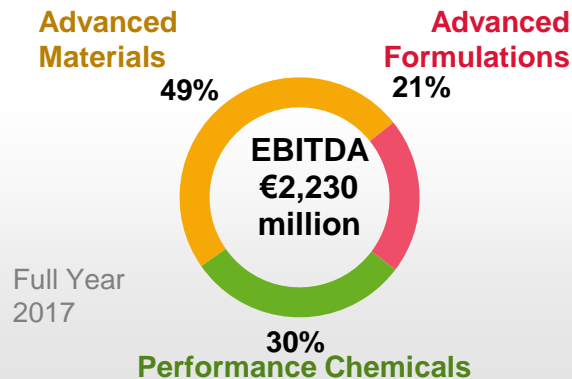
80% R&I

Higher volume growth
on average from
sustainable solutions



Good for our customers,
our planet and our bottom line

Growth engines deliver 70% of EBITDA



Market positions:

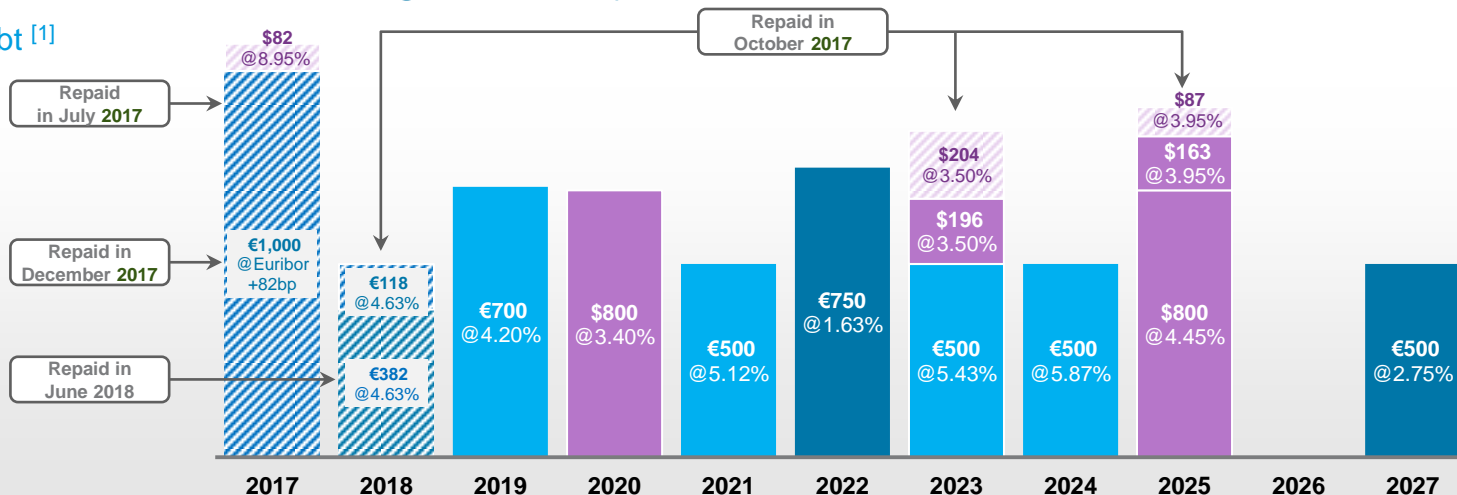
- Global market position in main markets addressed
- Regional market position in main markets addressed

Advanced Materials	Advanced Formulations	Performance Chemicals
Providing solutions for sustainable mobility , lightweighting, CO ₂ and energy efficiency	Customized specialty formulations for surface chemistry & liquid behavior, maximizing yield & efficiency & minimizing eco-impact	Leading positions in chemical intermediates through scale & technology , developing applications & industrial innovation for optimized costs
Specialty Polymers #1	Novecare #1	Soda Ash & Derivatives #1
Composite Materials #2	Technology Solutions #1	Peroxides #1
Special Chem #1	Aroma Performance #1	Coatis #1
Silica #1		Functional Polymers #1
Net sales	€2,966m	€2,766m
Underlying EBITDA	€524m	€749m
EBITDA growth	+8.1%	+4.3%
EBITDA margin	18%	27%
CFROI	6.7%	8.4%

Debt profile

Balanced maturities allowing flexibility

Major financial debt ^[1]
in million



Major financial debt ^[1]

	December 31, 2017			September 30, 2018		
	Face value	Average maturity	Average cost	Face value	Average maturity	Average cost
EUR bonds	1,632	5.5	2.67%	1,250	6.3	2.08%
EUR perpetual hybrid bonds ^[2]	2,200	4.1	5.07%	2,200	3.3	5.07%
USD bonds	1,634 ^[3]	5.7	3.88%	1,692 ^[3]	4.9	3.88%
Total major debt	5,465	5.0	4.00%	5,142	4.5	3.95%
	in € million	in years		in € million	in years	

Provisions

Gradual operational deleveraging

Movements
in provisions
in € million

(4,269)

+408

Payments

-216

Net new
provisions

-100

Discounting
costs

Operational deleverage +92

+232

Remeasu-
rements
[1]

+55

Changes
in scope
& other

(3,890)

[1] Impact of index, mortality, forex & discount rate changes

	December 31, 2016	Payments	Net new provisions	Discounting costs	Remeasu- rements [1]	Changes in scope & other	December 31, 2017
Employee benefits	(3,118)	217	(51)	(64)	174	26	(2,816)
Environment	(737)	81	(54)	(33)	36	5	(702)
Other	(414)	110	(111)	(3)	22	24	(372)
Total	(4,269)	408	(216)	(100)	232	55	(3,890)

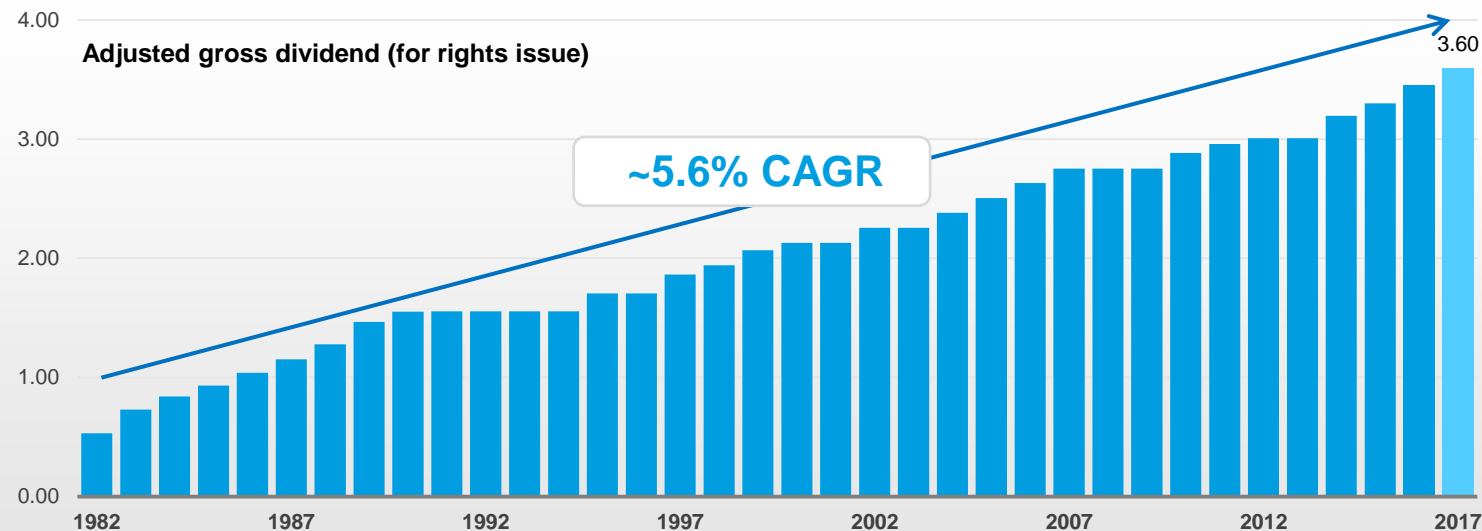
Complemented by positive impact of discount rate changes

Rewarding shareholders

Strong track record of continued shareholders' distribution

Gross dividend

in €/share



Committed to stable / growing dividend

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2018 P&L Considerations

Underlying EBITDA

EBITDA to grow 5% to 6% organically, excluding forex conversion and scope effects

- Forex conversion impact estimated at €(125) million based on rates prevailing in H1 2018 (and US\$/€ 1.25)
- Scope impact expected of €(30) million

Scope effects

Discontinued operations consist of Polyamide

- Planned to be sold to BASF
- Divestment in progress. European Commission clearance is now expected early in 2019.

Scope effects include acquisitions and divestments of smaller businesses not leading to the restatement of previous periods, mainly:

- Polyolefin cross-linkable compounds in June 2017
- Formulated resins businesses in June 2017
- Phosphorous business in February 2018.

Depreciation/Amortization

Underlying D&A expected at ~€(700)m, in line with 2017

- Excludes ~€(240)m PPA amortization
- PPA impacts related to Rhodia, Cytec and other smaller acquisitions (e.g. Chemlogics, Ryton)

Underlying net financial charges

Underlying net financial charges expected at ~€(350)m, excluding forex impact

- Underlying net cost of borrowings at ~€(150)m
- Coupons from perpetual hybrid bonds of €(111)m
 - considered as dividends under IFRS
 - €(84)m in H1 and €(27)m in Q4
- Non-cash recurring discounting costs at ~€(80)m

Tax rate

Underlying tax rate expected at ~26% versus 27.5% in 2017

2018 Sensitivities

EBITDA sensitivity

Forex sensitivity on conversion and transaction:

- Immediate impact on conversion exposure
- Deferred transactional impact due to hedging (~6-12 month rolling basis)

Mainly linked to USD Sensitivity in 2018:

- ~€120m underlying EBITDA per (0.10) \$/€
- ~2/3 conversion & ~1/3% transactional

Other forex exposures: CNY, BRL, JPY, RUB, KRW, THB

Financials sensitivity

Net debt sensitivity

- ~€140m per US\$/€ 0.10 change

Net financial charges sensitivity

- ~€5m per US\$/€ 0.10 change

/€	BRL	CNY	JPY	KRW	RUB	THB	USD
9M 2018	4.30	8	131	1,303	73	38	1.19
9M 2017	3.54	8	125	1,268	65	38	1.11
(d)evaluation FC in %	-18%	-3%	-5%	-3%	-11%	-0.7%	-7%

2018 Cash Considerations

Free cash flow

Free cash flow from continuing operations expected to exceed 2017 level of €782m, including:

- Capital expenditure from continuing operations at ~€(700)m
- Total net cash-out for provisions at ~€(390)m, including mainly:
 - Higher pensions and related payments of ~€(235)m
 - Environmental provision payments of ~ €(80)m
 - Restructuring payments of ~ €(80)m

Cash financing payments

Net cash financing payments at ~€(250)m
Reduction by more than €100m

Net financial debt

Net financial debt to reduce from €(5.5)bn to ~€(4.4)bn following completion of Polyamide divestment

- Including expected net proceeds from Polyamide divestment of ~€1.1bn
- Leading to expected leverage ratio of 2.0x (from 2.2x)

Solvay's ADR program

ADRs Details

ADR Symbol	SOLVY
Platform	OTC
CUSIP	834437303
DR ISIN	US834437305
Underlying ISIN	BE0003470755
SEDOL	BD87R68
Depository bank	Citi
ADR ratio	1 ORD : 10 ADR

Benefits of ADRs

- Clear and settle according to US standards
- Convenience of stock quotes and dividend payments in US dollars
- Purchase in the same way as other US stocks via a US broker
- Cost effective means of building an international portfolio

For questions about creating Solvay ADRs, please contact Citi

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NEXT EVENTS

November 8, 2018

**9M 2018
results**

February 27, 2019

**Full-year 2018
results**

May 7, 2019

**Q1 2019
results**

July 31, 2019

**H1 2019
results**