SOLVAY

Q3 2019 Results

November 7, 2019

FORENOTE

IFRS 16 has been implemented in the Group's financial statements since January 1, 2019. Comparative information for the first quarter of 2018 in the business review is presented on an unaudited pro forma basis as if the implementation had taken place on January 1, 2018. This information is labelled "pro forma" or "PF". The balance sheet evolution is compared with January 1, 2019, which includes the IFRS 16 impact versus December 31, 2018.

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.

FINANCIAL RESULTS

Focus on cost, cash and customers in a challenging macro environment

	Net Sales	Underlying EBITDA	Free Cash Flow to Solvay shareholders
9 months	**€7.8B** -0.7% Y/Y organically +1.6% including forex & scope Volumes impacted by headwinds in automotive, electronics and oil & gas	**€1,796M** -2.6% Y/Y organically -0.2% including forex & scope Positive net pricing and forex offset lower volumes, higher raw materials and fixed costs Sustained margin at **23%**	**€345M** +€217M Y/Y from continued operations Disciplined working capital management
Q3	**€2.6B** -2.7% Y/Y organically -0.5% including forex & scope	**€601M** -1.8% Y/Y organically +0.4% including forex & scope	**€313M** +€167M Y/Y from continued operations

ADVANCED MATERIALS

9M 2019 PERFORMANCE

Net Sales	EBITDA	EBITDA Margin
+1.8%	**-8.4%**	**26%**
Y/Y organic	Y/Y organic	

MARKET DRIVERS

- **Aerospace market** growth trends continue
- **Automotive market** headwinds continue
- **Electronics market** down, but improving sequentially in Q3

PERFORMANCE HIGHLIGHTS

- Double-digit aerospace volume growth offset continued weakness in auto & electronics
- Cost discipline and efficiency measures offset by higher production costs and accounting impact of lower inventories

ADVANCED FORMULATIONS

9M 2019 PERFORMANCE

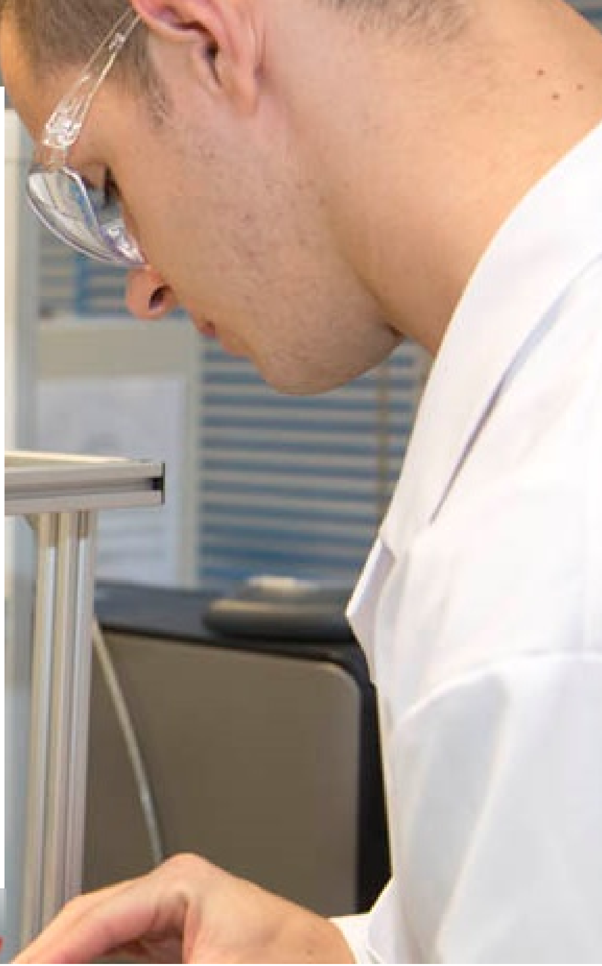
Net Sales	EBITDA	EBITDA Margin
-7.9%	**-10%**	**18%**
Y/Y organic	Y/Y organic	

MARKET DRIVERS

- Shale oil and gas significantly deteriorating
- Overall resilient demand dynamics in key markets, including mining, flavors and consumer care

PERFORMANCE HIGHLIGHTS

- Oil & gas materially impacted by market conditions and erosion of competitiveness
- Profitability sustained and margins improved in other key businesses
- Margins sustained



PERFORMANCE CHEMICALS

9M 2019 PERFORMANCE

Net Sales	EBITDA	EBITDA Margin
+3.4%	**+8.7%**	**30%**
Y/Y organic	Y/Y organic	

MARKET DRIVERS

- Resilient demand in soda ash and peroxides markets

PERFORMANCE HIGHLIGHTS

- Pricing up in soda ash and peroxides on stable volumes
- Operational efficiency and higher prices more than offset higher raw material and energy costs
- Margins progressed

SIGNIFICANT FREE CASH FLOW GENERATION & YOY GROWTH

Free Cash Flow to Solvay Shareholders

€345M

+€217M Y/Y
Continuing operations, 9M 2019

- Strong Q3 delivery with €313M
- Strict focus on costs and working capital
- Maintained Capex discipline

Delevered [1] by €140M in 9M 2019
+€241M Y/Y

[1] Operational deleveraging of net financial debt by €140 million, after payment of the dividends in the first half, a improvement of €241 million compared to the same period in 2018. Operational deleveraging is free cash flow to Solvay shareholders after dividend payments, but before forex and scope changes on net debt.

FULL YEAR GUIDANCE

Underlying EBITDA

-2% to -3%

organically

~€2,330M

Flat Y/Y, at current forex

Free Cash Flow

to Solvay shareholders

~€490M

from continued operations

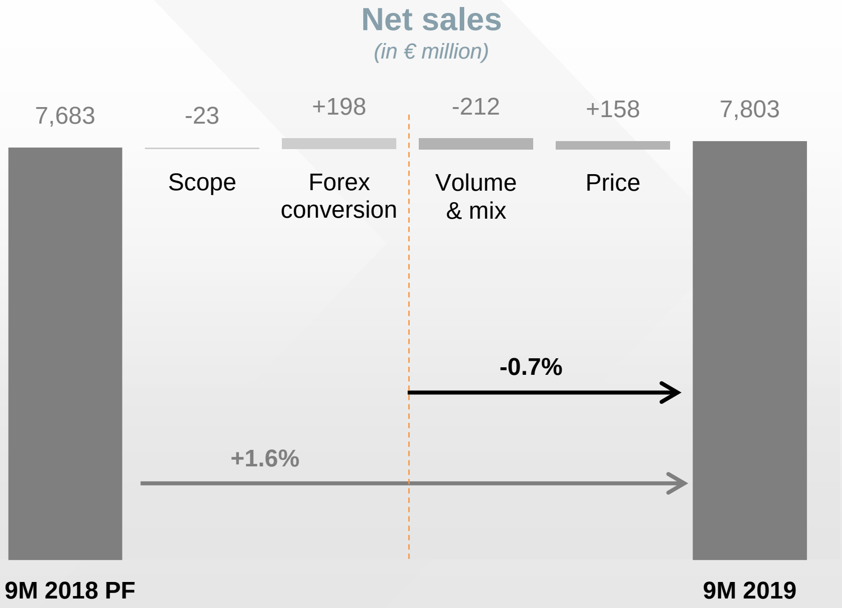
~€300M

total operational cash deleveraging [1]

[1] Operational deleveraging is free cash flow to Solvay shareholders after dividend payments, but before forex and scope changes on net debt.

Appendix

NET SALES DOWN -0.7% ORGANICALLY IN 9M HIGHER PRICES COULDN'T OFFSET LOWER VOLUMES



→ **Volumes down -2.8%**

- Further to the automotive, electronics and oil & gas markets deterioration

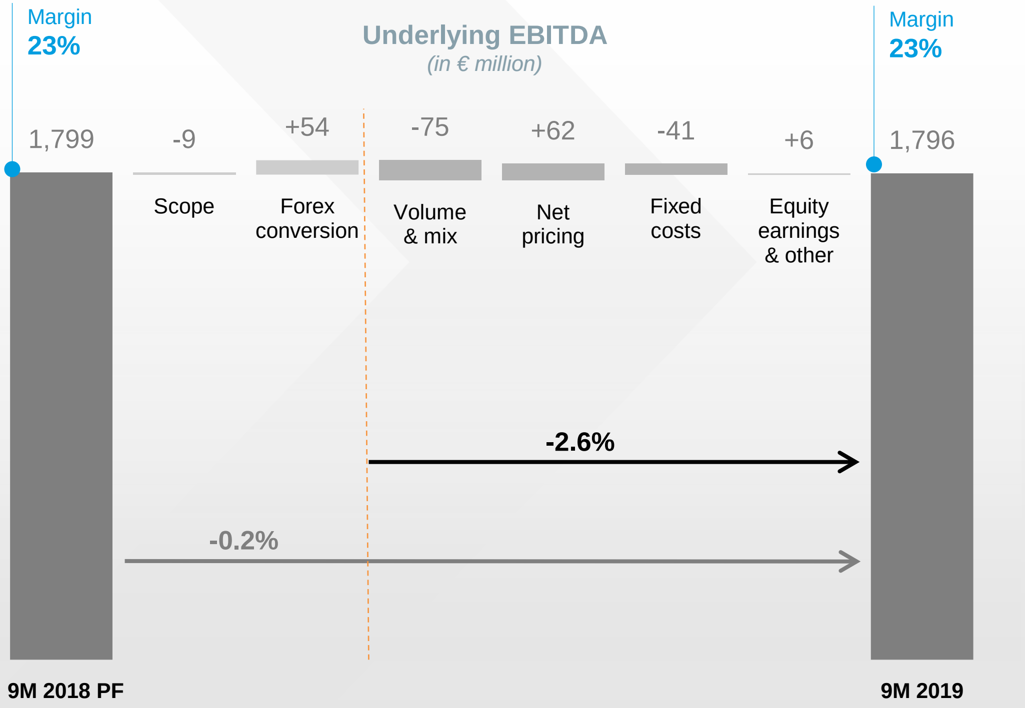
→ **Prices up +2.1%**

- Benefiting from transactional forex effects
- Supported by prices in Soda Ash and Peroxides

→ **Forex supportive**

- Stronger US dollar mainly

UNDERLYING EBITDA DOWN -2.6% ORGANICALLY AT 9M NET PRICING COULDN'T OFFSETS VOLUME DECREASE



→ **Volume impact of -4.2%**

→ **Net pricing impact +3.4%**
- Benefiting from transactional forex effects
- Price increases helped compensating for higher raw material and energy and destocking effects

→ **Fixed cost impact of -2.3%**
- Investments to support growth
- Stable fixed costs in Q3 thanks to efficiency measures

→ **Net effect from one-time events of -0.6%**

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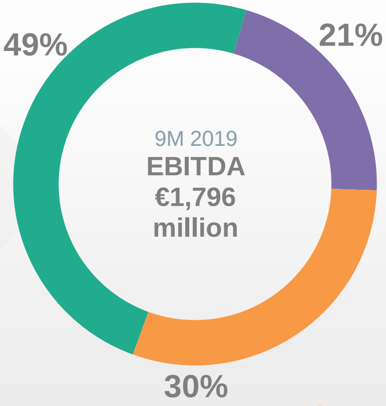
PERFORMANCE CHEMICALS GROWTH PARTLY COMPENSATES DECLINE IN ADVANCED SEGMENTS

organic growth **-8%**

Advanced Materials

- Aerospace volumes grew firmly in the double digits while Automotive sales down
- Electronics sales down on lack of investments in the semiconductor fabs and softness of smart devices
- Excellence measures only partially offset higher variable costs (Fluorspar)
- Fixed costs up to support future growth



organic growth **-10%**

Advanced Formulations

- Higher prices at Aroma Performance
- Oil & gas business down on lower demand and customer pressure on costs
- Lower mining volumes despite slightly higher prices
- Net pricing positive

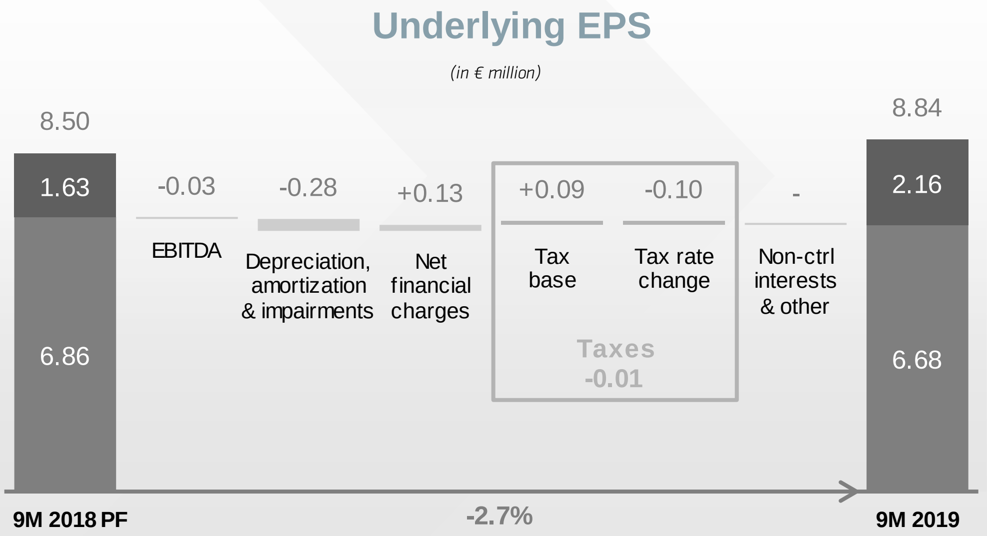
organic growth **+9%**

Performance Chemicals

- Higher pricing & healthy demand
- Pricing up in soda ash and peroxides
- Coatis sales down
- Prices more than offset higher raw material and energy costs
- Strong contribution Rusvinyl

Corporate & Business Services included in EBITDA and excluded from the pie chart as the contribution is negative

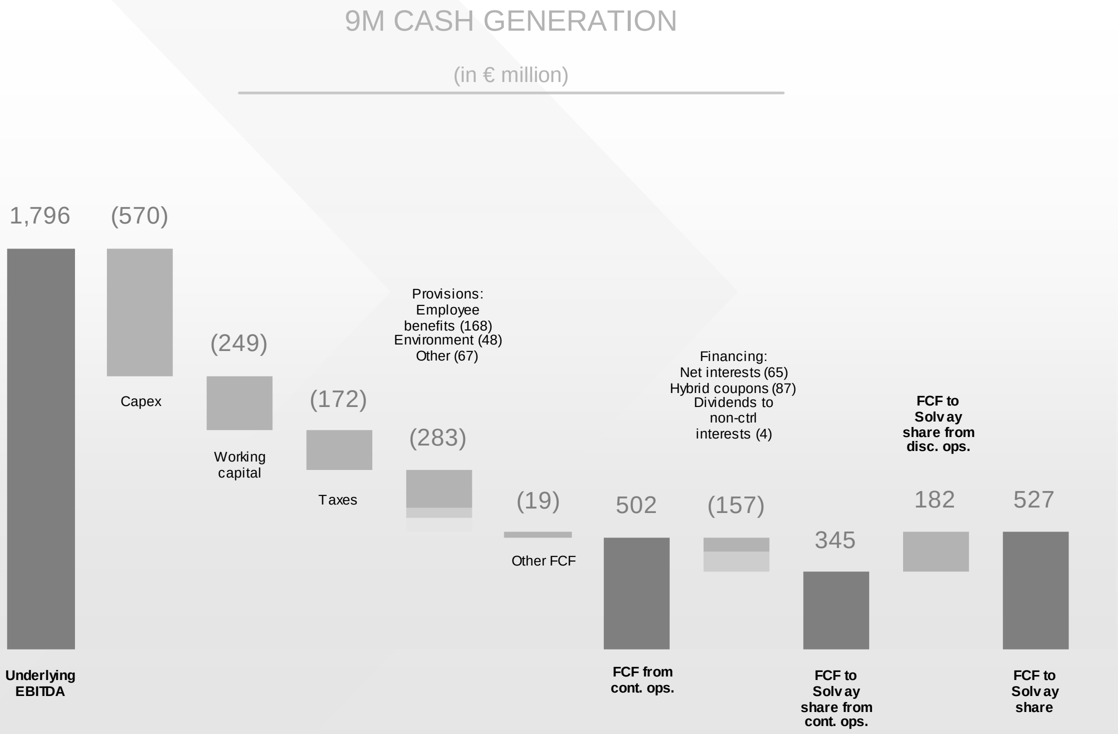
9M EPS SUPPORTED BY HIGHER CONTRIBUTION FROM DISCONTINUED OPERATIONS



→ **Underlying EPS from continuing operations down -2.7% in 9M**
- Stable EBITDA
- Lower net financial charges
- Higher depreciation & amortization

→ **Total underlying EPS up 4%**
- Strong contribution form discontinued operations
- One-time sale of carbon credits for ~€30 million

FREE CASH FLOW GENERATION IMPROVED



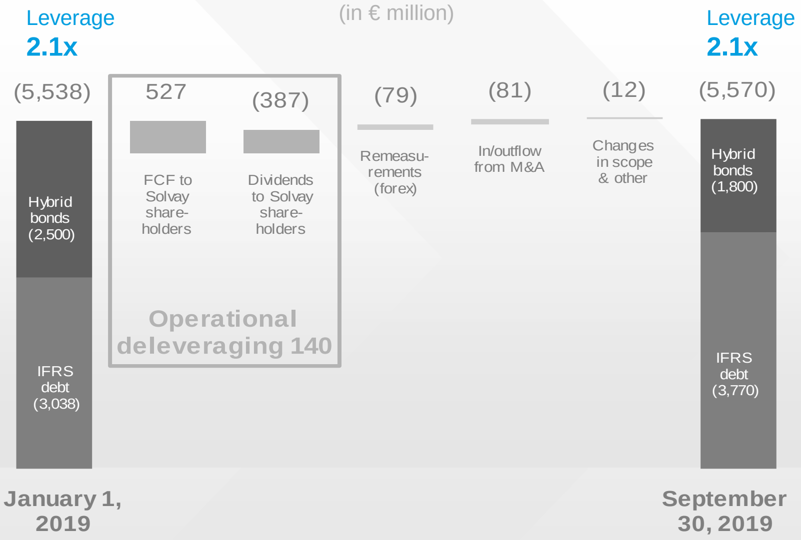
→ **FCF to Solvay shareholders from continuing operations in 9M at €345 million**

- Strong Q3 delivery with €313 million
- Focus on strict working capital management.
- Capex discipline maintained

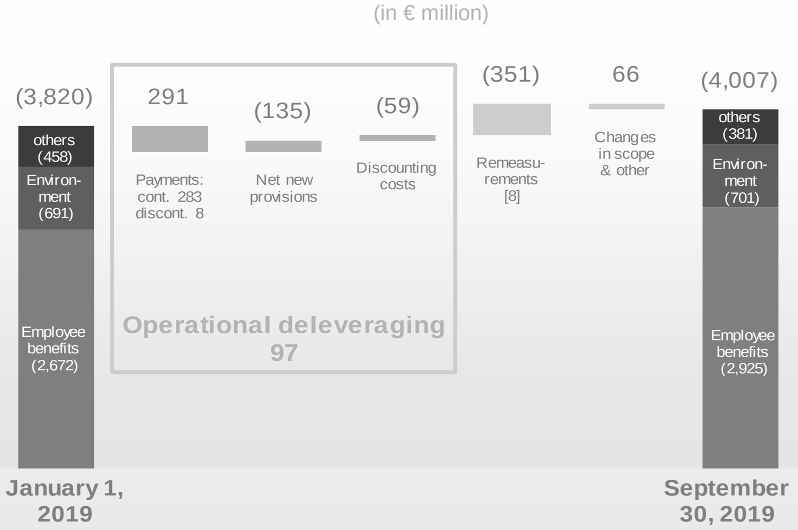
→ **Total FCF to Solvay shareholders in 9M at €527 million**, with €182 million from discontinued operations

UNDERLYING LEVERAGE RATIO MAINTAINED AT 2.1X

UNDERLYING NET FINANCIAL DEBT



PROVISIONS



→ **Underlying net financial debt** slightly up at year-to-date on stronger US$ and €(81) M&A outflows

→ **Operational deleveraging** of €140m

→ **Underlying leverage ratio stable at 2.1x**

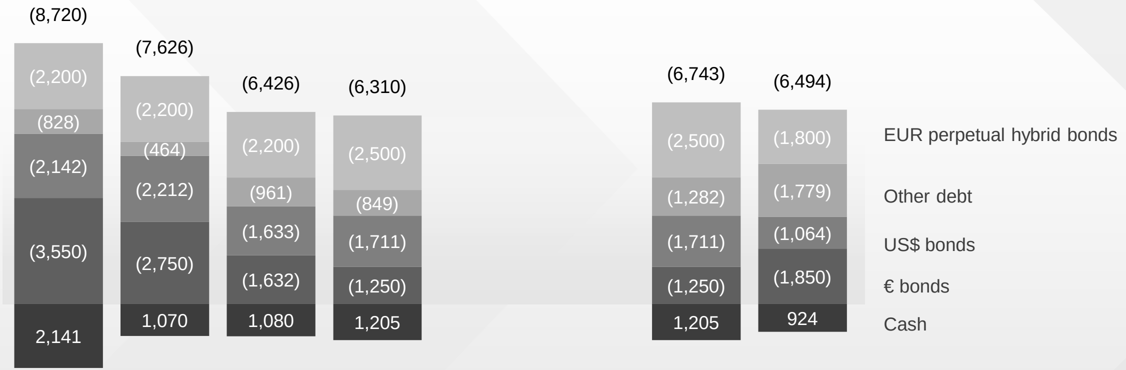
→ Negative impact from **remeasurements** due to decrease of discount rates, partly offset by the return of plan assets

→ **Operational deleveraging** of €97 million, mostly on employee benefits, for €70 million

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

EFFICIENT CAPITAL STRUCTURE DELEVERAGING CONTINUES

Underlying financial debt [1] evolution in € billion



	End Dec. 2015	End Dec. 2016	End Dec. 2017	End Dec. 2018	Impact IFRS16	Start Jan. 2019	End Sep. 2019
Net debt [1]	€(6.6)bn	€(6.6)bn	€(5.3)bn	€(5.1)bn	€(0.4)bn [3] →	€(5.5)bn [3]	€(5.6)bn [3]
Leverage [2]	2.8x	2.6x	2.2x	2.0x		2.1x	2.1x

Significant deleveraging by divestments and operations

INVESTMENT GRADE

S&P	Moody's
BBB Stable outlook	**Baa2** Stable outlook

[1] Underlying debt includes perpetual hybrid bonds (considered as equity under IFRS)
[2] Net debt / underlying EBITDA of last 12 months
[3] Impact from IFRS16 implementation

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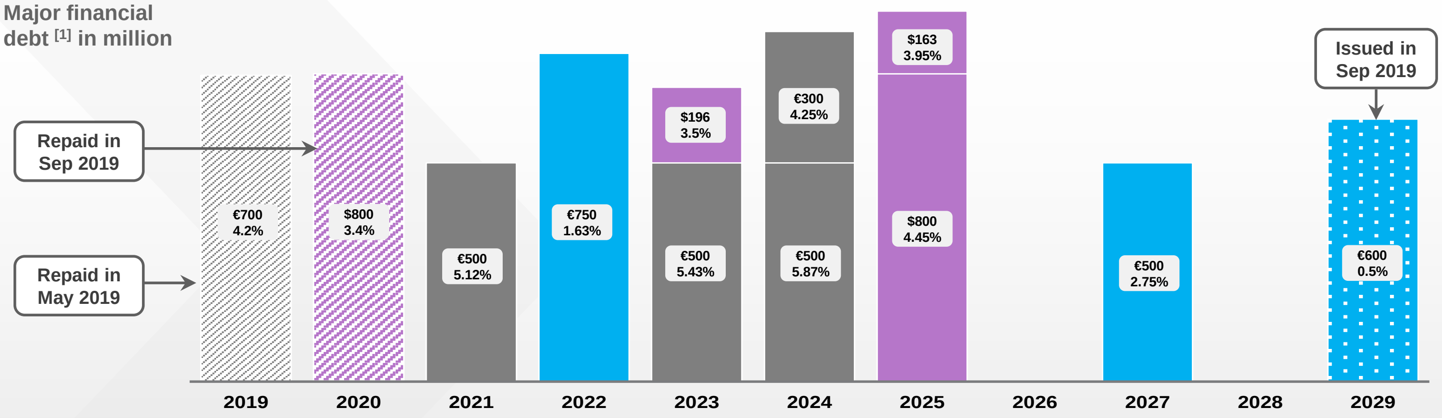
BALANCED MATURITIES ALLOWING FLEXIBILITY DELEVERAGING AND REDUCED OF COST OF DEBT



Period	December 31, 2018			September 30, 2019			Variation over the period		
	Face value	Avg maturity	Avg cost	Face value	Avg maturity	Avg cost	Face value	Avg maturity	Avg cost
EUR bonds	1,250	6.0	2.08%	1,850	6.8	1.56%	↑ +600	↑ +0.8	↓ -0.5
EUR perpetual hybrid bonds[2]	2,500	3.3	4.97%	1,800[4]	4.0	5.27%	↓ -700	↑ +0.7	↑ +0.3
USD bonds	1,714[3]	4.6	3.88%	1,063[3]	5.7	4.22%	↓ -651	↑ +1.1	↑ +0.3
Total major debt	**5,464**	**4.3**	**3.97%**	**4,713**	**5.4**	**3.58%**	**↓ -751**	**↑ +1.1**	**↓ -0.4**
	in € million	in years	in %	in € million	in years	in %	in € million	in years	in % points

[1] Major debt only, excluding cost of currency swaps, including a new issuance of €600 million on Sep 6, 2019
[2] At first call date
[3] US$1,160 million, after early repayment of US$800 million on Sep 30, 2019
[4] Solvay exercised the first call option on the €700 million hybrid bond on May 12, 2019

2019 P&L CONSIDERATIONS

UNDERLYING EBITDA

EBITDA expected at -2% to -3% organically compared to €2,330 million pro forma in 2018

- Except for discontinued operations, business scope effects are expected to be small in 2019
- One-time gains in 2018 consisted mainly of €23 million synergies on Cytec post-retirement benefits, booked in Q2 2018 (mostly in Advanced Materials)

FCF TO SOLVAY SHAREHOLDERS

To be at around €490 million from continuing operations

- Total FCF generation will drive minimum €300 million net financial debt deleveraging
- Capex discipline maintained, close to depreciation
- Cash-out for provisions are expected temporarily higher than the €400 million run rate, with higher restructuring cash-out as the simplification plan unfolds. Provisions cash-out includes continued deleveraging of pension liabilities
- Tax cash-out expected to increase, linked to phasing
- Cash financial expenses expected largely flat
- Working capital needs will depend on demand conditions at year end 2019, compared to a softer market conditions at year end 2018

FOREX SENSITIVITY

Mostly exposed to the U.S. dollar, with the main sensitivities per US$/€0.10 change:

- EBITDA sensitivity of ~€(120) million based on average 2018 rate in 2018 of US$/€1.18
  - ~2/3 on conversion
  - ~1/3 on transaction, the latter being mostly hedged.
- Net debt sensitivity of ~€120 million based on the end 2018 rate of US$/€1.15

IFRS 16 AFFECTS EBITDA, P&L & DEBT COMPARABLES

- IFRS 16 implementation
  - → Capitalizes leases, previously considered as operating leases
  - → Taking effect for 2019 accounts
  - → Solvay is opting for a modified retrospective implementation of 2018, instead of a full restatement
- Previous year figures to be presented pro forma
  - → EBITDA, depreciation, financial charges, capex and net financial debt increase
  - → Profit for the period decreases slightly
  - → Free cash flow to Solvay shareholders remains unchanged

2018 key figures *(in € m)*	**published**	**IFRS 16**	**pro forma**
EBITDA	**2,230**	**+100**	**2,330**
Advanced Materials	1,197	+28	1,225
Advanced Formulations	521	+12	533
Performance Chemicals	729	+32	761
Corporate & Business Services	(218)	+29	(189)
EBITDA margin	***22%***		***23%***
Depreciation, amortization & impairments	(684)	-92	(777)
Net financial charges	(326)	-16	(342)
Profit for the period before taxes	1,220	-8	1,212
Income taxes	(305)	+2	(303)
Profit for the period from continuing operations	**915**	**-6**	**909**
Basic earnings per share (in €)	10.57		10.51
Capex from continuing operations	**(711)**	**-83**	**(794)**
Free cash flow from continuing operations	830	+16	846
Free cash flow to Solvay shareholders from continuing operations	**566**	**-**	**566**
Net working capital	1,550	+7	1,557
Net financial debt	**(5,105)**	**-433**	**(5,538)**
Leverage ratio	*2.0*		*2.4*
CFROI	***6.9%***		***6.8%***

IMPAIRMENT ON NOVECARE'S OIL AND GAS ASSETS

Novecare Oil & Gas

- Comprises the Chemlogics and Rhodia businesses
- Operates in the unconventional oil & gas industry in North America, primarily used in the hydrofracking process

Position impacted by two developments

- A marked decline in more sustainable and higher-value guar-based formulations as customers opted for lower cost solutions over Solvay's high-performing solutions
- Higher pricing pressure and loss of market share as competitors entered the space. The lower oil and natural gas prices put more pressure on the value chain.

Actions taken

- Management changes
- Adapting cost structures to new environment
- Recovery plans to operate in the more competitive landscape

Outcome of review

- Impairment of €822 million pre-tax and €656 million after-tax has been taken in the Advanced Formulations segment
    - € 756 million for Goodwill
    - € 66 million for Intangible assets

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