Q4 & FY 2013 results

February 26, 2014
2013 overview

• Acceleration of Solvay’s transformation
• Delivery in a challenging economic context
• Strong fundamentals to create value

Forenote

All references to 2012 Income Statement data are restated for:
• the Group’s new business organization effective as from January 1, 2013;
• the application of IAS 19 revised;
• the Group’s European Chlorovinyls activities planned to be contributed to the JV with Ineos.

The European Chlorovinyls business activities are reflected as "Assets Held For Sale" on the balance sheet (in one single line) and as discontinued operations in the Income Statement as required by IFRS.

As from December 31, 2013, Benvic (the PVC compounding business) is reflected in the Balance Sheet as "Assets Held for Sale", but as continued operations in the Income Statement.

Chemlogics is consolidated in the financial statements from November 1, 2013.

Furthermore, Solvay is presenting Adjusted Income Statement performance indicators that exclude non-cash Purchase Price Allocation (PPA) accounting impacts related to the Rhodia acquisition.
2013 overview

• Acceleration of Solvay’s transformation
• Delivery in a challenging economic context
• Strong fundamentals to create value
An in-depth transformation

Our Vision

- Build a **strong global leader** in the chemical industry
- Be a model of **sustainable chemistry**
- Become a **high growth, less capital intensive & high return** Group

Our Strategy

- Reinforcing business profile through **strategic portfolio upgrades**
- Striving for **excellence** across businesses
- Innovating to create **sustainable solutions**
- Transforming **company culture** with a focus on performance
Business profile enhanced through strategic portfolio upgrades

2013

Reduced cyclicality through phased disposals
- **European Chlorovinyls** activities to be contributed to JV with Ineos
- **Indupa** to be sold to Braskem
- **Benvic** divestment in progress

Extended customer solutions offering
- **Chemlogics** acquisition: Strong start to synergies delivery
- Investing in **growth engines** and innovation capabilities

Portfolio upgrade to continue
Footprint enhanced, poised for more growth

Rebalanced geographic exposure*

- North America 25% (+5%)
- Europe 33% (-9%)
- Latin America 11% (+1%)
- Asia Pacific & RoW 31% (+3%)

Enhanced exposure to higher growth end-markets*

- Aeronautics & Automotive 17% (+2%)
- Consumer Goods & Healthcare 25% (+2%)
- Agro Food 12% (+1%)
- Energy & Environment 11% (-4%)
- Building & Construction 10% (-1%)
- Electrical & Electronics 6% (-1%)
- Industrial Applications 19%

*Figures represent % of 2013 net sales (pro-forma Chemlogics)
% evolution vs 2012
Excellence initiatives embedded in the organization

Manufacturing excellence
- Variable & fixed cost reductions
- Overall Equipment Efficiency

Purchasing, supply chain & logistical excellence

Commercial excellence

Innovation excellence

>120 major programs initiated

Energy efficiency
- Reducing 2020 energy consumption by 10% vs 2012
- > €100 m by YE 2016

Soda ash and Polyamide improvement plans
- Reinforcing Soda Ash global leadership and competitiveness in Europe: €100 m by YE 2015
- Restoring Polyamide profitability and regaining strategic flexibility: €100 m by YE 2014

Building best-in-class global business services

Unlocking value growth: €670 m by YE 2016
Innovative sustainable solutions launched

Main 2013 achievements

Innovative products launch
- Bio-based products: Ocalio, Starguar, Kalix®, ...
- High performance products: Technyl® One, Kalix® HFFR, ...

Open innovation initiatives
- Participation in AONIX (Canada): Accelerate development & commercialization of mass-produced thermoplastic composites
- Partnership with Granbio (Brazil): Development of bio-based n-butanol for use in green solvents

New R&I facility in Shanghai
- 130 researchers
- Supporting all businesses in Asia
Focus on performance

Executive Committee

Strategic priorities

Growth engines

Resilient cash flow generation

Restoring profitability

Efficient Support

Customer-centric

Empowered

Entrepreneurial

Result-oriented
2013 overview

• Acceleration of Solvay’s transformation

• Delivery in a challenging economic context

• Strong fundamentals to create value
FY 2013 financial highlights

- Forex headwinds
- Raw materials deflation
- Volume decrease primarily related to CER phase-out

Net Sales
€ 9.9 bn
(5)% yoy

- CER phase-out and guar effect exceptionals
- Pricing power preserved
- Excellence programs delivering

REBITDA
€ 1,663 m
(12)% yoy
Stable allowing for exceptionals & Chemlogics

- Significant non-recurring costs € (239) m
  (e.g. restructuring for integration and excellence)

Net Income
€ 378 m
Adjusted, Group Share

- Strong Free Cash Flow
- Industrial working capital of 12.4%

FCF
€ 524 m

Stable dividend proposed at € 3.20 gross / share
Stable underlying results allowing for exceptionals

Net Sales in € m
- 2012: 10,515
- 2013: 9,938

REBITDA in € m
- 2012: 1,896
- 2013: 1,663

Conversion effects primarily from USD, JPY and BRL devaluations vs EUR

Exceptional elements impacted REBITDA by ~€ (240) m
- ~ € (90) m of CER anticipated phase-out
- ~ € (100) m from native guar peak prices in 2012
- ~ € (50) m from guar derivatives margin impact

Pricing power preserved thanks to portfolio quality and excellence initiatives

Fixed cost inflation partially mitigated

Net pricing € 3 m
- 2012: 17
- 2013: 27

Price: 11%
Volume & mix: (11)%
Conversion: (7)%
Scope: 1%
Net contribution from associates: (4)%
Variable costs: (11)%
Fixed costs: (4)%
Net contribution from associates: (4)%
Others: 1%
Underlying operational performance flat, growth engine impacted by exceptionals

**REBITDA 2013**

### Advanced Formulations

**Essentially flat, allowing for exceptionals**

- Successful integration of Chemlogics, with strong start to synergies delivery
- Guar conditions stabilized
- Resilience in Coatis and Aroma Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>518</td>
<td></td>
<td>(29)%</td>
</tr>
<tr>
<td>2013</td>
<td>369</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Functional Polymers

**Restoring profitability**

- Challenging trading conditions persisted in Polyamide & Intermediates
- Structural repositioning at Engineering Plastics
- Divestment process for European Chlorovinyls activities on-going

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>100</td>
<td></td>
<td>(7)%</td>
</tr>
<tr>
<td>2013</td>
<td>93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Record performance

- Record performance at Specialty Polymers and Silica
- Performance stabilization at Rare Earths with an end to previous margin squeeze
- Special Chemicals’ refocused portfolio enhancing profitability

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>627</td>
<td></td>
<td>3%</td>
</tr>
<tr>
<td>2013</td>
<td>646</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Overall resilience

- Essential Chemicals’ resilient results proving sustainability
- Record performance at Acetow
- Eco Services resilient; strategic options being explored
- Poor demand at Emerging Biochemicals

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>750</td>
<td></td>
<td>(3)%</td>
</tr>
<tr>
<td>2013</td>
<td>724</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Energy Services in purple, excluding Corporate costs
Non-cash one-offs reduce net income

In € m

<table>
<thead>
<tr>
<th>Adjusted* P&amp;L</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>10,515</td>
<td>9,938</td>
</tr>
<tr>
<td>REBITDA</td>
<td>1,896</td>
<td>1,663</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization + other elements</td>
<td>(593)</td>
<td>(628)</td>
</tr>
<tr>
<td>REBIT</td>
<td>1,303</td>
<td>1,035</td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>55</td>
<td>(239)</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,357</td>
<td>796</td>
</tr>
<tr>
<td>Net financial charges</td>
<td>(362)</td>
<td>(210)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(291)</td>
<td>(229)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>Net Income</td>
<td>707</td>
<td>422</td>
</tr>
<tr>
<td>of which Solvay share</td>
<td>690</td>
<td>378</td>
</tr>
</tbody>
</table>

Depreciation & Amortization and other elements

- Recurring Depreciation & Amortization of € (603) m
- Other elements relate to pre-operational forex effect on Rusvinyl debt and temporary Chemlogics inventory step-up and retention plan

Non-recurring rose due to non-cash elements

- Restructuring costs largely flat at € (115) m, primarily linked to integration and Soda Ash restructuring
- Non-cash elements include impairments € (65) m on Plextronics and Benvic

Net financial charges lower

- Higher discount rates reduced environmental provisions
- Capital gain on disposal of a non-core financial investment

Higher contribution from discontinued operations

- Last milestone payment from divested pharma business more than offset impairment on Indupa

* Adjusted: Excluding non-cash PPA accounting impacts related to the Rhodia acquisition
Strong Free Cash Flow generation

Net debt evolution in € m

YE 2012
REBITDA, provisions & other operating cash flow
Capex
Change in industrial working capital
(708)
Free Cash Flow from discontinued operations
234
(978)
YE 2013
FCF € 524 m
1,200
Aquisitions & divestments
17
Hybrid bond
(198)
(343)
Dividends
(147)
(35)
Changes in net debt attributable to assets held for sale
(1,102)
Other changes in net debt
(1,125)
Other changes in net debt attributable to assets held for sale
(708)
(17)
(234)
YE 2013
(1,102)

Focus on cash generation
Selective investments for value growth

Capex (in € m)

- Discontinued operations: 144, 641
- Continued operations: 785, 708
- Average 2013-2016: 700-800

Focused on superior growth areas

- Resilient & cyclical businesses
- Growth engines

Q4 & FY 2013 results
26/02/2014
Sustained performance in Working Capital efficiency

Industrial Working Capital / Total Sales

14.6% 13.9% 13.8%
13.5% 12.5%

TARGET

12.4%
FY 13.8%

14.2% 14.5%
13.9%

TARGET

13.5%

12.5%

2011* 2012* 2013 2016

Q1 2013 Q2 2013 Q3 2013 Q4 2013

* Restated to exclude discontinued operations
A sound balance sheet

Capital structure
YE 2013
in € bn

Assets
Cash & cash equivalents 2.4

Liabilities
Net financial debt 1.1
Bilateral 0.4
Rhodia bonds 0.8
Solvay bonds 2.3

Equity
Hybrid bond 1.2
Equity 6.3

Strong credit ratios
YE 2013

Gearing (Net debt / Equity)
49%
15%
Including pension provisions

Leverage (Net debt / REBITDA)
2.19x
0.66x
Including pension provisions

Significant upcoming debt repayments to bolster efficiency
Repayments in 2014-2015 → over € 1.5 bn
Cost of carry to be halved by 2015
Stable total dividend proposed

Solvay’s gross dividend
in €/share

2013

€ 3.20 / share
(gross) dividend proposed

• € 1.33 interim dividend paid in January 2014
• € 1.87 balance to be paid in May 2014

Over more than 30 years
40% average pay out

Committed to stable / growing dividend
2013 overview

- Acceleration of Solvay’s transformation
- Delivery in a challenging economic context
- **Strong fundamentals to create value**
Transformation will continue

2014 Priorities

- Complete initiated portfolio upgrades
- Explore further strategic options
- Grow with our customers
- Sustain focus on excellence

Asking more from chemistry
2014 outlook

Some end-markets show early signs of improvement

Solvay well-placed to benefit from an upswing in macroeconomic conditions

Excellence programs will deliver in coming years

Although cautious, Solvay is confident that 2014 will show REBITDA growth
Take-aways

Progress on many fronts |
Poised for growth |
On track towards 2016 targets

**REBITDA to reach € 2.3 – 2.5 bn**

REBITDA margin to reach 18%

**CFROI to increase by > 100 bp vs 2013***

2/3 of businesses in value-creation zone

---

* Prior to discontinued operations
Safe harbour

To the extent that any statements made in this presentation contain information that is not historical, these statements are essentially forward-looking. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties because of 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.

Consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "believes," "may," "could," "estimates," "intends", "goals", "targets", "objectives", "potential", and other words of similar meaning. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update any forward-looking statements.
## Calendar

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2014</td>
<td>Annual report (on website)</td>
</tr>
<tr>
<td>May 6, 2014</td>
<td>Q1 results publication</td>
</tr>
<tr>
<td>May 13, 2014</td>
<td>AGM</td>
</tr>
<tr>
<td>May 15, 2014</td>
<td>Ex-dividend trading date</td>
</tr>
<tr>
<td>May 20, 2014</td>
<td>Dividend payment (balance)</td>
</tr>
<tr>
<td>July 31, 2014</td>
<td>Q2 results publication</td>
</tr>
<tr>
<td>November 13, 2014</td>
<td>Q3 results publication</td>
</tr>
</tbody>
</table>
Annexes

• Q4 & FY 2013 Group results
• Q4 & FY 2013 segment results
• Considerations for 2014
• 2016 ambition
• Segment presentation
Annexes

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• Q4 & FY 2013 segment results
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### Q4 2013 financial highlights

- **Net Sales**
  - € 2.4 bn
  - (5)% yoy

- **REBITDA**
  - € 384 m
  - (6)% yoy
  - Up 8% allowing for exceptionals & Chemlogics

- **Net Income**
  - € 25 m
  - Adjusted, Group Share

- **FCF**
  - € 246 m

- **Key Highlights**
  - Forex headwinds
  - Raw materials deflation
  - Chemlogics 2 months contribution
  - Strong Free Cash Flow
  - Industrial working capital of 12.4%
  - CER phase-out and guar effect exceptionals
  - Pricing power preserved
  - Excellence programs delivering
  - Significant non-recurring costs € (68) m related to non-cash impairments (portfolio upgrade)
  - Forex headwinds
  - Raw materials deflation
Q4 2013 Net sales and REBITDA

Net Sales in € m

<table>
<thead>
<tr>
<th>Q4 2012</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,541</td>
<td>2,417</td>
</tr>
</tbody>
</table>

- Net Sales decreased primarily due to forex headwinds and raw materials deflation
- Volume decreased fully due to CER phase-out
- Chemlogics 2 months contribution added 3% to net sales and 4% to REBITDA

REBITDA in € m

<table>
<thead>
<tr>
<th>Q4 2012</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>407</td>
<td>384</td>
</tr>
</tbody>
</table>

- REBITDA decreased by (6)%; Underlying REBITDA grew by 8% allowing for CER phase-out, guar exceptionals and Chemlogics
- Pricing power and REBITDA margin largely stable
## Q4 2013 net income

In € m

<table>
<thead>
<tr>
<th>Adjusted* P&amp;L</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,541</td>
<td>2,417</td>
</tr>
<tr>
<td>REBITDA</td>
<td>407</td>
<td>384</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization + other elements</td>
<td>(157)</td>
<td>(184)</td>
</tr>
<tr>
<td>REBIT</td>
<td>250</td>
<td>200</td>
</tr>
<tr>
<td>Non-recurring items</td>
<td>92</td>
<td>(68)</td>
</tr>
<tr>
<td>EBIT</td>
<td>342</td>
<td>131</td>
</tr>
<tr>
<td>Net financial charges</td>
<td>(86)</td>
<td>(18)</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(77)</td>
<td>(84)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(4)</td>
<td>1</td>
</tr>
<tr>
<td>Net Income</td>
<td>176</td>
<td>29</td>
</tr>
<tr>
<td>of which Solvay share</td>
<td>198</td>
<td>25</td>
</tr>
</tbody>
</table>

### Depreciation & Amortization and other elements
- Recurring Depreciation & Amortization of € (164) m
- Other elements relate to pre-operational forex effect on Rusvinyl debt and temporary Chemlogics inventory step-up and retention plan

### Non-recurring rose due to non-cash elements
- Restructuring costs at € (14) m
- Non-cash elements include impairment € (32) m on Benvic
- 2012 included € 139 m positive impairment reversal in Soda Ash

### Net financial charges lower
- Higher discount rates in 2013 reduced NPV environmental provisions; the reverse was true in 2012
- Capital gain of € 40 m on disposal of a non-core financial investment in 2013

### Higher contribution from discontinued operations
- Last milestone payment from divested pharma business of € 100 m more than offset impairment on Indupa

* Adjusted: Excluding non-cash PPA accounting impacts related to the Rhodia acquisition
Q4 2013 Net Debt evolution

Net Debt evolution in € m

<table>
<thead>
<tr>
<th>Sep 2013</th>
<th>Dec 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1,475)</td>
<td>(1,102)</td>
</tr>
<tr>
<td>296</td>
<td></td>
</tr>
<tr>
<td>(267)</td>
<td></td>
</tr>
<tr>
<td>206</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td></td>
</tr>
<tr>
<td>FCF € 246 m</td>
<td>1,200</td>
</tr>
</tbody>
</table>

- REBITDA, provisions & other operating cash flow
- Capex
- Change in industrial working capital
- Free Cash Flow from discontinued operations
- Acquisitions & divestments
- Hybrid bond
- Net financial charges
- Dividends
- Other changes in net debt
- Changes in net debt attributable to assets held for sale

25%
Portfolio actions and excellence delivery overcome exceptionals

Raising the CFROI towards WACC by 2016

CFROI = \frac{\text{REBITDA} - \text{Rec. Capex} - \text{Tax}}{\text{Gross assets} + \text{Working Capital}}

- Demanding value-based framework for strategic decision making
- Provides insight on capital allocation
- Based on actualised investment costs rather than historic ones
- Key metric to determine real economic value creation
## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>YE 2012</th>
<th>YE 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>9,572</td>
<td>9,395</td>
</tr>
<tr>
<td>Investment &amp; shares</td>
<td>1,057</td>
<td>1,036</td>
</tr>
<tr>
<td>Loans and other non current financial receivables / payables</td>
<td>209</td>
<td>91</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>425</td>
<td>1,621</td>
</tr>
<tr>
<td>Taxes payable/receivable + Others</td>
<td>3</td>
<td>51</td>
</tr>
<tr>
<td>Working capital</td>
<td>1,379</td>
<td>1,216</td>
</tr>
<tr>
<td><strong>Total invested capital</strong></td>
<td><strong>12,645</strong></td>
<td><strong>13,411</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>6,573</td>
<td>7,453</td>
</tr>
<tr>
<td>Provisions</td>
<td>4,507</td>
<td>3,796</td>
</tr>
<tr>
<td>Dividends</td>
<td>103</td>
<td>111</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>1,125</td>
<td>1,102</td>
</tr>
<tr>
<td>Liabilities related to assets held for sale</td>
<td>337</td>
<td>949</td>
</tr>
<tr>
<td><strong>Total financing</strong></td>
<td><strong>12,645</strong></td>
<td><strong>13,411</strong></td>
</tr>
</tbody>
</table>
Pension liabilities

• Net pension liability
  75% denominated in EUR

• Stable cash contribution in 2013 of € (186) m

• Discount rate used at YE 2013 of 3.88% weighted average*
  - EUR: 3.25%
  - GBP: 4.50%
  - USD: 4.75%

• Pension assets of € 1,925 m at YE
  - 50% Equities / Diversified alternative funds
  - 50% Bonds / Real estate

* Versus 3.63% weighted average at YE 2012
Annexes

• Q4 & FY 2013 Group results
• Q4 & FY 2013 segment results
• Considerations for 2014
• 2016 ambition
• Segment presentation
Advanced Formulations impacted by guar price developments

**Net sales**

- **FY 2013**: €2,432 m (5)% yoy
- **Q4 2013**: €644 m (0)% yoy

**REBITDA**

- **FY 2013**: €369 m (29)% YoY
- **Q4 2013**: €87 m (16)% YoY

**Novecare**
- Successful integration of Chemlogics and strong start to synergies delivery
- Back to stable guar demand conditions at YE, after significant setbacks
- Encouraging demand growth in Agro and Coatings
- Impact from exceptionals 2013 vs 2012 of ~€ (150) m

**Coatis**
- Positive pricing power supported by BRL devaluation and sales indexed in USD

**Aroma Performance**
- Resilient food and pharma markets
**Strong results at Advanced Materials**

**Net sales**

**FY 2013**
- € 2,551 m
  - (7)% yoy

**Q4 2013**
- € 603 m
  - (4)% yoy

**REBITDA**

**FY 2013**
- € 646 m
  - 3% yoy

**Q4 2013**
- € 160 m
  - 18% yoy

**Specialty Polymers**
- Record performance

**Silica**
- Record performance

**Rare Earth Systems**
- Performance stabilization as market price declines slowed by YE

**Special Chemicals**
- Refocused portfolio enhancing profitability with successful Life Science strategic exit
Resilient cash generation by Performance Chemicals

Essential Chemicals
- Resilience of results proving sustainability

Acetow
- Record performance

Eco Services
- Resilient performance
- Strategic options being explored

Emerging Biochemicals
- Poor demand in both Chlorovinyls and Epichlorohydrin
Challenging conditions for Functional Polymers

Polyamide
- Persistent challenging trading conditions in Polyamide & Intermediates
- Improved performance at Engineering Plastics following structural repositioning

Chlorovinyls
- Classification of “Discontinued Operations” of European activities related to JV project with Ineos
- Classification of Benvic PVC compounds as “Assets Held for Sale” with advanced stage in the divestment process. Results stable, reported in continued operations
Annexes

- Q4 & FY 2013 Group results
- Q4 & FY 2013 segment results
- Considerations for 2014
- 2016 ambition
- Segment presentation
REBITDA considerations for 2014

• **Carbon emission rights**
  • Carbon Emission Rights (CER) scheme came to an end in 2013
  • Total sales of CERS: € 58 m in H1 2013

• **Rusvinyl** ramp-up
  • PVC plant in Russia, JV with Sibur
  • Planned commissioning and subsequent ramp-up in H2
Financial charges considerations for 2014

- **Debt repayments** for € 1 bn in the year, € 1.5 bn by 2015
  - € 500 m in January 2014
  - € 500 m in May 2014 (call option on high-yield bond 2018)
  - € 500 m in 2015

Lead to a reduction of **net interest charges**

⇒ Average gross interest rate to reduce by 40 bp to 4.9%
⇒ Cost of carry on cash to decrease following reduced cash position

- **Discounting costs** on provisions, at YE 2013 rates
  - Environmental provisions: ~ € 30 m
  - Pensions: ~ € 100 m
Hybrid bond

- Nominal value of €1.2 bn, at initial average dividend yield of 4.7%
  - €0.5 bn at 5.425%
  - €0.7 bn at 4.199%
- Dividends from hybrid bond will be accounted for in equity
  - Income statement: No impact
  - Statement of financial position: Treated under Equity
  - Statement of cash flows: Treated as dividend in Cash flow from financing activities
Other considerations for 2014

• **Depreciation & Amortization**
  - Recurring Depreciation & Amortization: ~€ 650 m
  - Rhodia PPA impact: ~€ 120 m

• **Restructuring costs** expected to be lower

• Recurring **tax rate** mid to low 30s over 2014-2016

• **Discontinued operations**, expected to reach completion in 2014
  - **Indupa sale to Braskem** to add negative result of currency translation adjustments for ~ € 50 m (situation YE 2013) at deal closing
  - **Chlorovinyls JV with Ineos** will be treated as equity associate upon JV effectiveness
Annexes

- Q4 & FY 2013 Group results
- Q4 & FY 2013 segment results
- Considerations for 2014
- **2016 ambition**
- Segment presentation
Solvay, a major global chemical player

**Based on strengths**

- **€ 9.9 bn** Net Sales
- **€ 1.7 bn** REBITDA
- **16.7%** REBITDA margin
- **€ 378 m** Adjusted Net Income, Group share

- Well-balanced geographical spread and end-user markets
- Leading player in 90% of our businesses
- Strong R&I portfolio

**And with ambition**

- 117 Industrial sites
- 15 Major R&I centers
- 29,400 Employees (EFTEs)
- 56 Country presence

All figures excluding discontinued operations, except for employees
Well-balanced geographical spread and end-user markets

Balanced geographic exposure*

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>25%</td>
</tr>
<tr>
<td>Europe</td>
<td>33%</td>
</tr>
<tr>
<td>Latin America</td>
<td>11%</td>
</tr>
<tr>
<td>Asia Pacific &amp; RoW</td>
<td>31%</td>
</tr>
</tbody>
</table>

Exposure to higher growth end-markets*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aeronautics &amp; Automotive</td>
<td>17%</td>
</tr>
<tr>
<td>Consumer Goods &amp; Healthcare</td>
<td>25%</td>
</tr>
<tr>
<td>Agro Food</td>
<td>12%</td>
</tr>
<tr>
<td>Energy &amp; Environment</td>
<td>11%</td>
</tr>
<tr>
<td>Building &amp; Construction</td>
<td>10%</td>
</tr>
<tr>
<td>Electrical &amp; Electronics</td>
<td>6%</td>
</tr>
<tr>
<td>Industrial Applications</td>
<td>19%</td>
</tr>
</tbody>
</table>

* Figures represent % of 2013 net sales (pro-forma Chemlogics)
90% of our business ranking among top 3 players

<table>
<thead>
<tr>
<th>ADVANCED FORMULATIONS</th>
<th>Specialty surfactants</th>
<th>Diphenols</th>
<th>Phosphorus chemistry</th>
<th>PERFORMANCE CHEMICALS</th>
<th>Hydrogen peroxide</th>
<th>Soda ash</th>
<th>Bicarbonate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADVANCED MATERIALS</td>
<td>High-performance</td>
<td>Fluorinated polymers</td>
<td>Rare earth formulations</td>
<td>High-dispersible silica</td>
<td>Engineering polymers &amp; compounds</td>
<td>High-barrier polymers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>PA 6.6 polymers &amp;</td>
<td></td>
<td></td>
<td></td>
<td>intermediates</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>intermediates</td>
<td></td>
<td></td>
<td></td>
<td>PA 6.6 engineering plastics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PA 6.6 engineering</td>
<td></td>
<td></td>
<td></td>
<td>PERFORMANCE CHEMICALS</td>
<td>Cellulose acetate fiber</td>
<td></td>
</tr>
</tbody>
</table>
Strong innovation portfolio aligned with global megatrends

Focused innovation fields

Climate change

Resource scarcity

Advanced materials

Health & well being

Next billion consumers

Renewable chemistry

Eco-processes

Organic electronics

Sustainable energy

2013

15
Major R&I sites worldwide

1,950
R&I staff

€ 280 m
R&I efforts

22%
New sales ratio

252
Patents filed

Q4 & FY 2013 results
26/02/2014
Converting vision into value

Our strategy
- Reinforcing business profile through strategic portfolio changes
- Striving for excellence across businesses
- Innovating to create sustainable solutions
- Transforming company culture with a focus on performance

Our 2016 ambition
- REBITDA to reach €2.3 - 2.5 bn
  → REBITDA margin to reach 18%
- CFROI to increase by >100 bp vs 2013
  → 2/3rd of businesses in value-creation zone
- Being a model of sustainability
  → Reducing our impact on environment

Q4 & FY 2013 results
26/02/2014
A business portfolio change

Executing our strategic action plan

2010
Pharma divestiture

2011
Rhodia acquisition

2012
Integration & definition of new strategic priorities

Alignment of corporate & business structure

Renew management and people model

2013
Chlorovinyls Europe JV announcement

Solvay Indupa divestiture

Chemlogics acquisition

LAUNCHING EXCELLENCE INITIATIVES

Polyamide breakthrough performance improvement plan

Soda Ash breakthrough performance improvement plan

To enhance our business profile

Solvay businesses of industry segment

Value creation potential of industry segment

GROW

ENHANCE

RESTORE

EXIT

Solvay's ability to extract value

Solvay YE 2013

Chemlogics

Solvay YE 2012

Chemical industry

Value creation potential of industry segment

SOLVAY

asking more from chemistry®

Q4 & FY 2013 results
26/02/2014

51
REBITDA growth supported by strong operational levers

**REBITDA** in € m

- **2013:** 1,663* (Chemlogics consolidated for 2 months)
- **2016e:** 2,300-2,500

**REBITDA margin**
- **2013:** 16.7%
- **2016e:** 18%

**Inflation**
- (260)

**Operational excellence**
- 300

**Organic growth**
- 280

**Innovation**
- 250

**Portfolio**

**Manufacturing Excellence**
- 230

**Excellence programs**
- 670

**Variable & fixed cost reductions**

**Overall Equipment Efficiency**

**Purchasing, supply & other efficiencies**

**Commercial Excellence**

**Market growth**

* Chemlogics consolidated for 2 months
Enhanced quality of earnings across segments with differentiated levers throughout our businesses

REBITDA in € m

Chemlogics (10 months)
Advanced Formulations
Advanced Materials
Performance Chemicals
Functional Polymers
Corporate & Energy

> 10% CAGR

Restoring profitability
Mid-single digit growth
Enhancing sustainable cash generation
Double digit growth
Delivering high capital returns
Double digit growth
Maintaining low capital intensity

2013
54%

“Growth engines” to increase size in portfolio

2016e
>60%
Unlocking value by increasing CFROI and REBITDA margin

2012

<table>
<thead>
<tr>
<th>CFROI</th>
<th>REBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>18%</td>
<td>30%</td>
</tr>
</tbody>
</table>

WACC 1

Premium return

1/3rd of total assets

CFROI to increase by 100bp

REBITDA margin to reach 18%

2016

<table>
<thead>
<tr>
<th>CFROI</th>
<th>REBITDA margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
</tr>
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<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>18%</td>
<td>30%</td>
</tr>
</tbody>
</table>

WACC 1

Premium return

2/3rd of total assets

CFROI = \( \frac{REBITDA - \text{Rec. Capex} - \text{Tax}}{\text{Gross assets} + \text{Working Capital}} \)

Premium return = WACC + 150bp

GBUs Solvay

Bubble Size indicates REBITDA (in € bn)
Focused on being a model of sustainability taking commitments

- Reach excellence in safety & health
- Deploy unmatched sustainable portfolio management
- Reduce our impact on environment by 2020

Providing sustainable solutions

- Manage risk
- Develop rich & balanced social dialogue
Executing a clear value creation strategy

Towards a higher growth, improved cash generation & enhanced returns
Chemical Group

Targeting Sustainable Value Growth
Annexes

• Q4 & FY 2013 Group results
• Q4 & FY 2013 segment results
• Considerations for 2014
• 2016 ambition
• **Segment presentation**
### New organisation set-up

<table>
<thead>
<tr>
<th>Advanced Formulations</th>
<th>Advanced Materials</th>
<th>Performance Chemicals</th>
<th>Functional Polymers</th>
<th>Corporate &amp; Business Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novecare</td>
<td>Specialty Polymers</td>
<td>Soda Ash &amp; Derivatives*</td>
<td>Polyamide</td>
<td>Solvay Energy Services</td>
</tr>
<tr>
<td>Aroma Performance</td>
<td>Silica</td>
<td>Peroxide*</td>
<td>P&amp;I</td>
<td>Corporate Functions</td>
</tr>
<tr>
<td>Coatis</td>
<td>Rare Earth Systems</td>
<td>Acetow*</td>
<td>Engineering Plastics</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special Chemicals</td>
<td>Eco-Services</td>
<td>Fibras</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Emerging Biochemicals</td>
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</tbody>
</table>

### Key Figures 2013

<table>
<thead>
<tr>
<th></th>
<th>€ 2,432 m</th>
<th>€ 2,551 m</th>
<th>€ 3,125 m</th>
<th>€ 1,763 m</th>
<th>€ 67 m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REBITDA</td>
<td>€ 369 m</td>
<td>€ 646 m</td>
<td>€ 724 m</td>
<td>€ 93 m</td>
<td>(169) m</td>
</tr>
<tr>
<td>REBITDA margin</td>
<td>15%</td>
<td>25%</td>
<td>23%</td>
<td>5%</td>
<td>n.m.</td>
</tr>
</tbody>
</table>
As growth engines for Solvay, the **Advanced Formulations** activities are characterized by their strong capacity for innovation and their low capital intensity.

In line with the major trends in society, their offerings contribute to advances in mass consumer markets, the environment and energy.
A leader in markets with high entry barriers and high returns on investment, the **Advanced Materials** segment is a major contributor to the Group's performance and growth.

The innovation capacities of its various activities, their global presence and the long-term partnerships they have forged with customers give them a clear competitive edge with industries that are seeking ever less energy-consuming and polluting functionalities.
Performance Chemicals operates in specific, highly resilient and mature markets whose key success factors are principally economies of scale, competitiveness and quality of service.

Solidly cash-generating, its activities of the are engaged in new programs of excellence to create sustainable value.
As part of its portfolio optimization strategy, the Group has refocused **Functional Polymers** on the polyamide chain. Solvay is one of the few players to control the entire polyamide 6-6 chain.

Given the cyclical nature of its markets, the GBUs in this segment have launched major competitiveness enhancement programs. They have also opened new markets with by launching innovative solutions.
Corporate & Business Services

Corporate & Business Services includes the GBU Energy Services offering of energy optimization programs for the Group and for third parties.

It also includes the "Corporate" functions that are responsible with GBUs for defining and deploying transversal policies that guarantee consistency within the Group. Further, Solvay Business Services, handles all the Group's IT and business processes.