



SOLVAY
asking more from chemistry®

**MORE VALUE THAT STANDS
THE TEST OF TIME**

September 29, 2016
London

**CAPITAL
MARKETS
DAY 2016**



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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**MORE
VALUE**

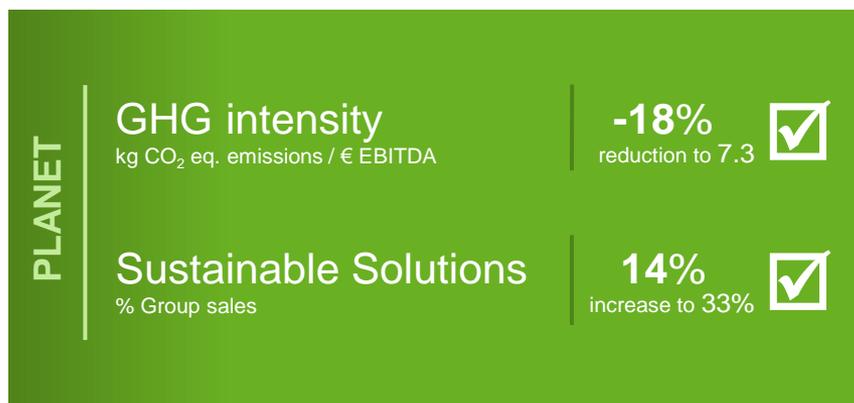
**THAT STANDS
THE TEST OF TIME**

Karim Hajjar

Member of the Executive Committee & CFO

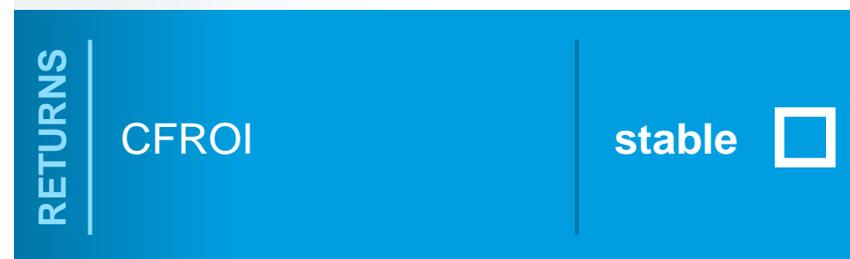
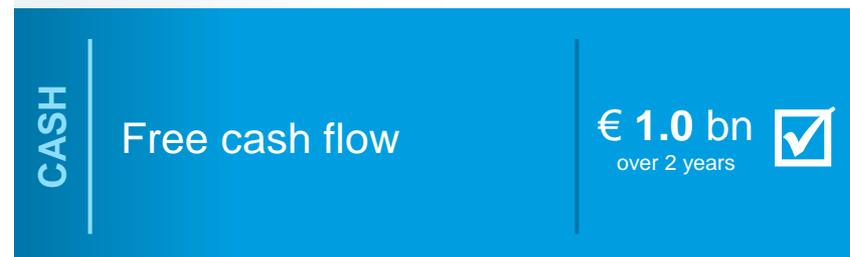
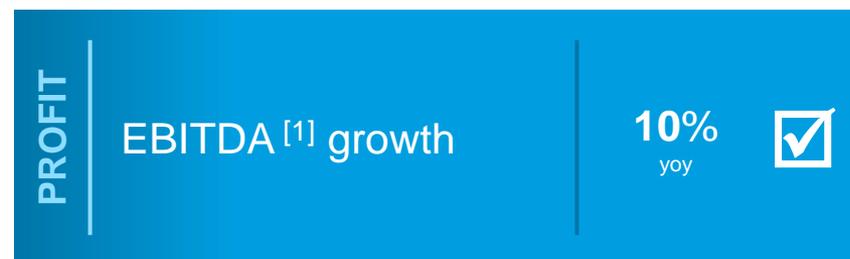
LOOKING BACK VALUE DELIVERY

2 years
2014 - 2015



All figures excluding Cytec

2 years
2014 - 2015



[1] Underlying EBITDA

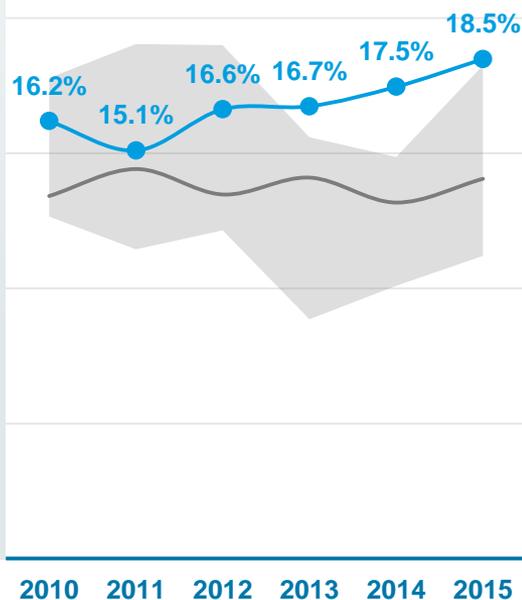
FINANCIAL VALUE DELIVERY IMPROVED VS BENCHMARKS

PROFIT

CASH

RETURNS

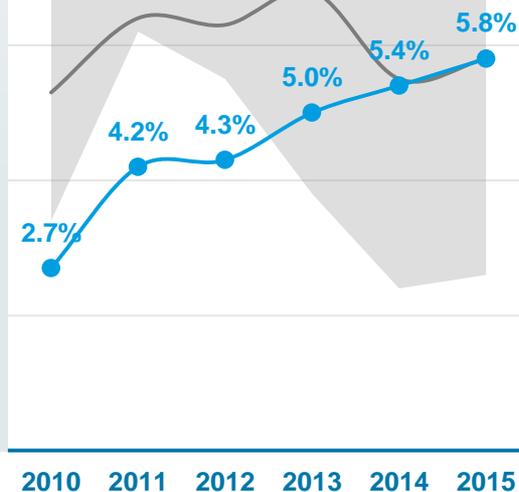
EBITDA margin



Cash conversion



HOLT CFROI^[2]

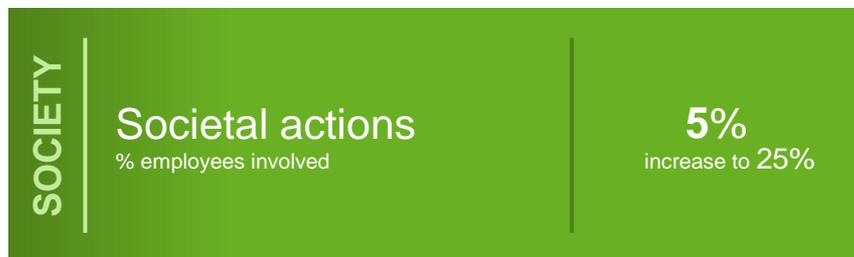


[1] Akzo Nobel, Arkema, BASF, Clariant, DSM, Evonik, Lanxess (metrics as could be deducted from reporting)

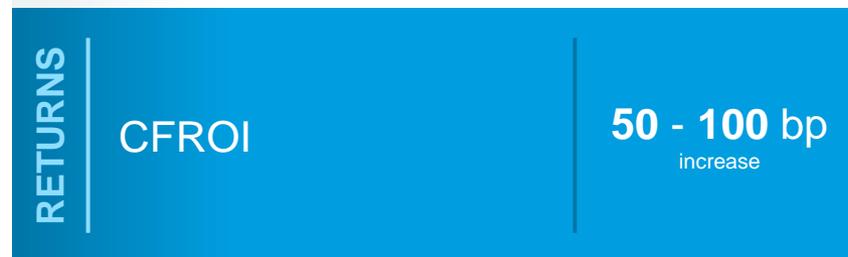
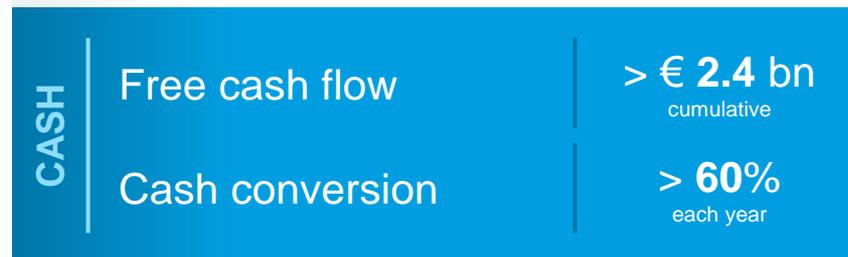
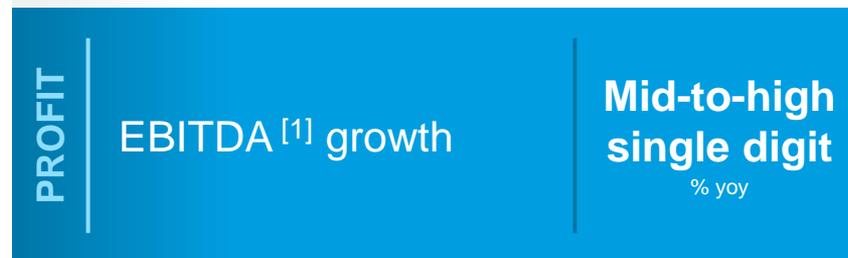
[2] HOLT CFROI is a proprietary cash flow return on investment metric of Credit Suisse calculated as an IRR taking into account i) the cash flow generated by a company in the past and prospectively and ii) the amount and estimated lifespan of its operating assets. The metric does not include goodwill and is expressed in real terms (i.e. real returns and not nominal ones).

MORE VALUE THAT STANDS THE TEST OF TIME

3 years
2016 - 2018



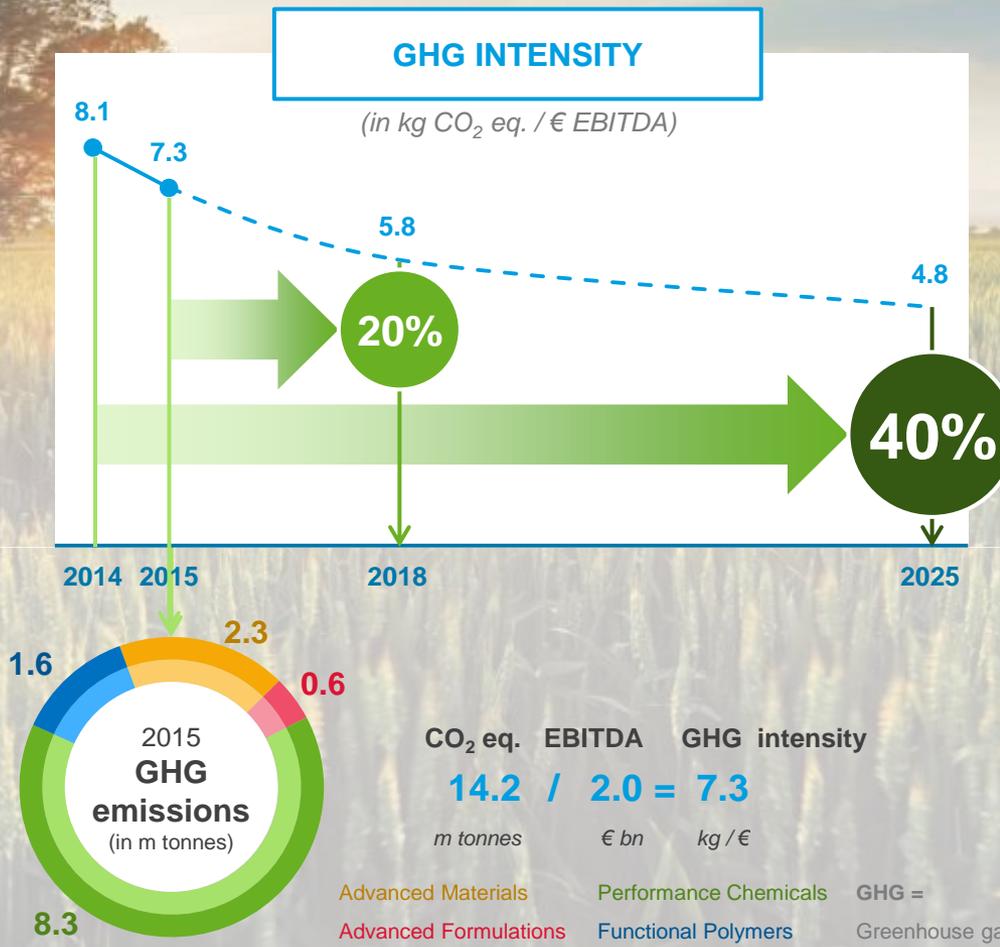
3 years
2016 - 2018



At constant forex & scope

[1] underlying EBITDA

REDUCING GREENHOUSE GAS EMISSIONS TO REDUCE CLIMATE CHANGE IMPACT



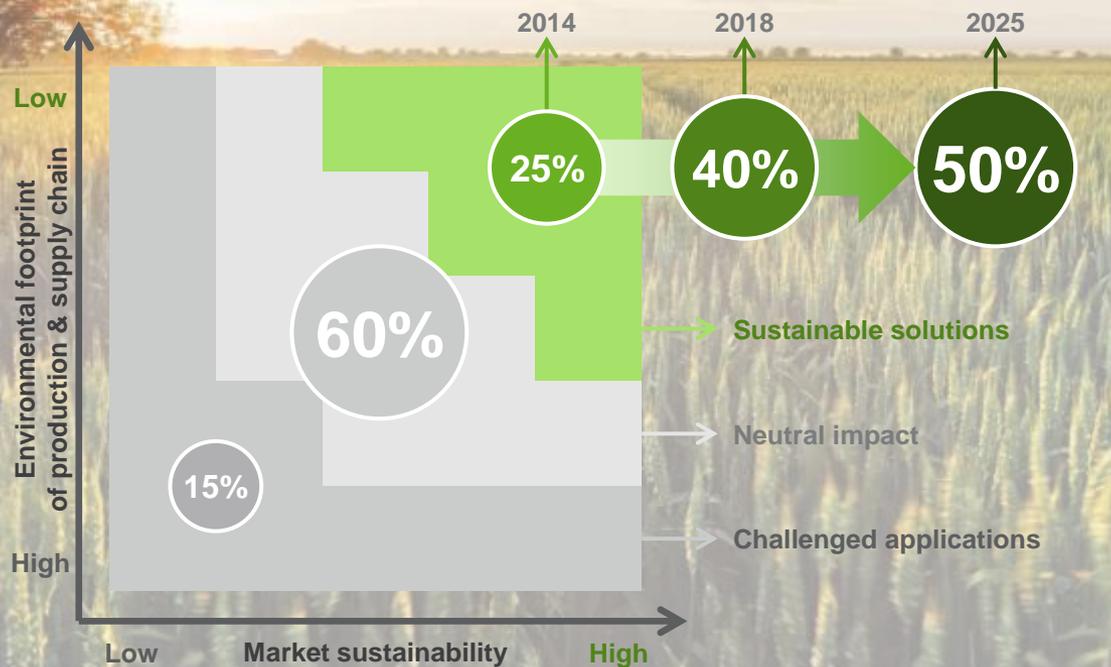
KEY LEVERS

- **Portfolio**
- **SolWatt excellence**
 - Energy efficiency
 - Energy mix
- **Capex challenge**
 - Internal carbon price
€ 25 / tonne CO₂

BUILDING AN UPGRADED PORTFOLIO WITH MORE SUSTAINABLE SOLUTIONS

SUSTAINABLE PORTFOLIO MANAGEMENT

(in % of net sales)



KEY LEVERS

- Portfolio
- Capex
- R&I priorities

MID-TO-HIGH SINGLE DIGIT PROFIT GROWTH

OPERATIONAL EXCELLENCE

→ € 450 m by 2018

CYTEC SYNERGIES

→ € 150 m by 2018

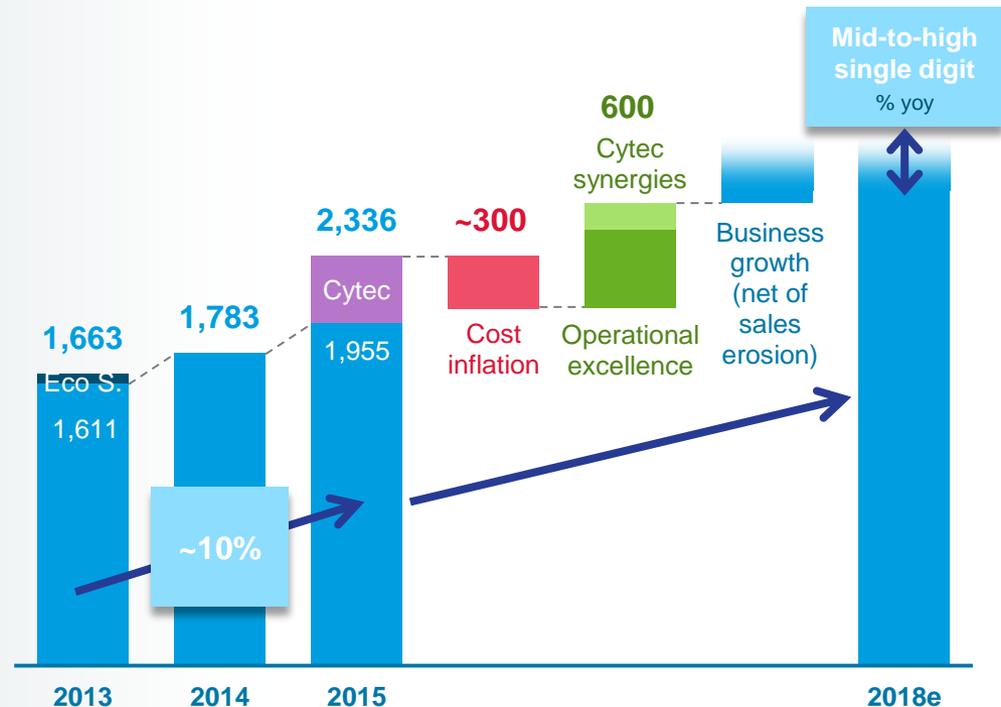
BUSINESS GROWTH

Supported by

- Innovation
- Commercial excellence
- New capacity
- Debottlenecking

UNDERLYING EBITDA

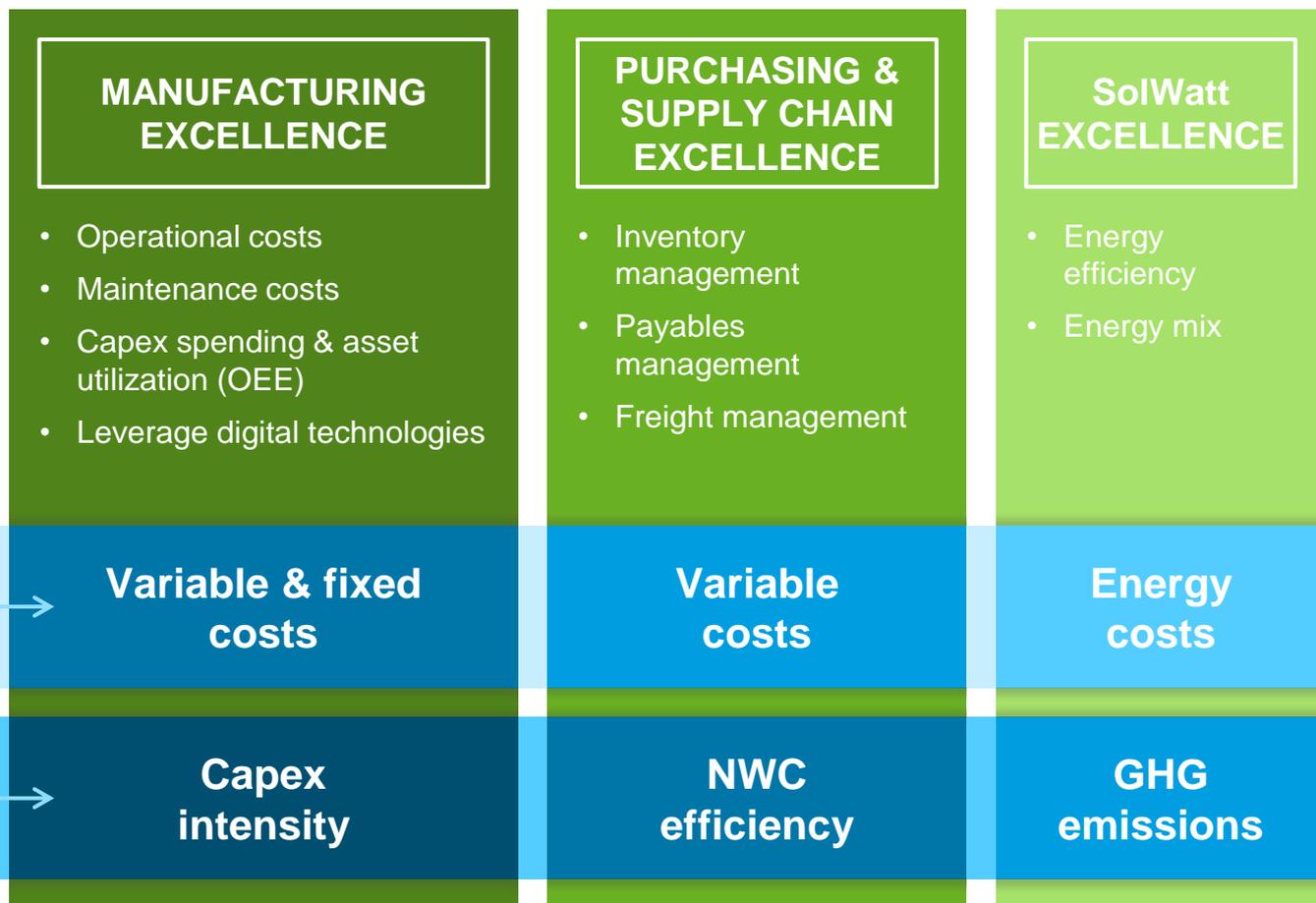
(in € m)



At constant forex & scope,
based on slow to moderate markets growth

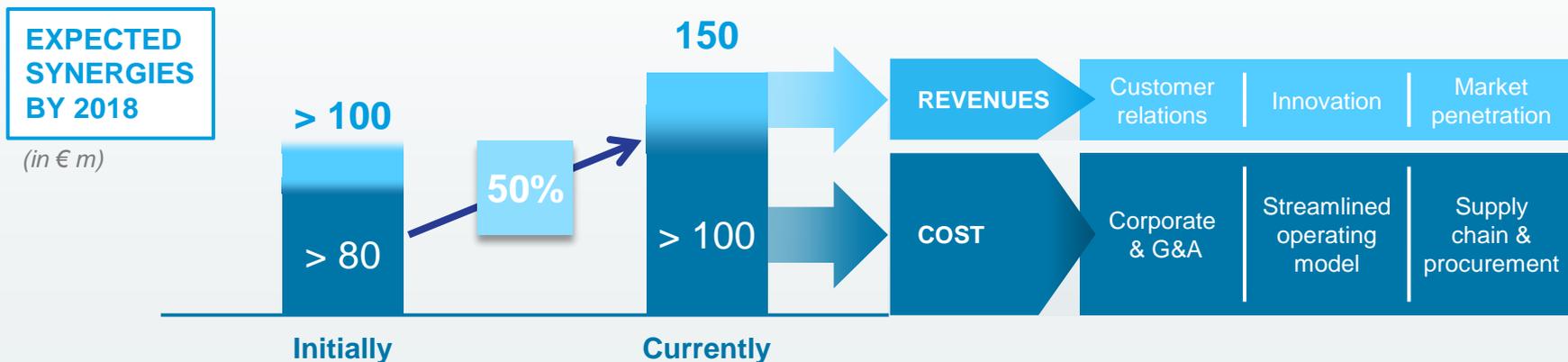
MORE OPERATIONAL EXCELLENCE

€ 450 m BY 2018



MORE & FASTER SYNERGIES FROM CYTEC

50% INCREASE TO € 150 m BY 2018



2016

- > € 50 m in 2016
- Cash accretive in 1st year

FASTER

2018

- € 150 m EBITDA yearly from 2018
- Cost synergies ahead of plan

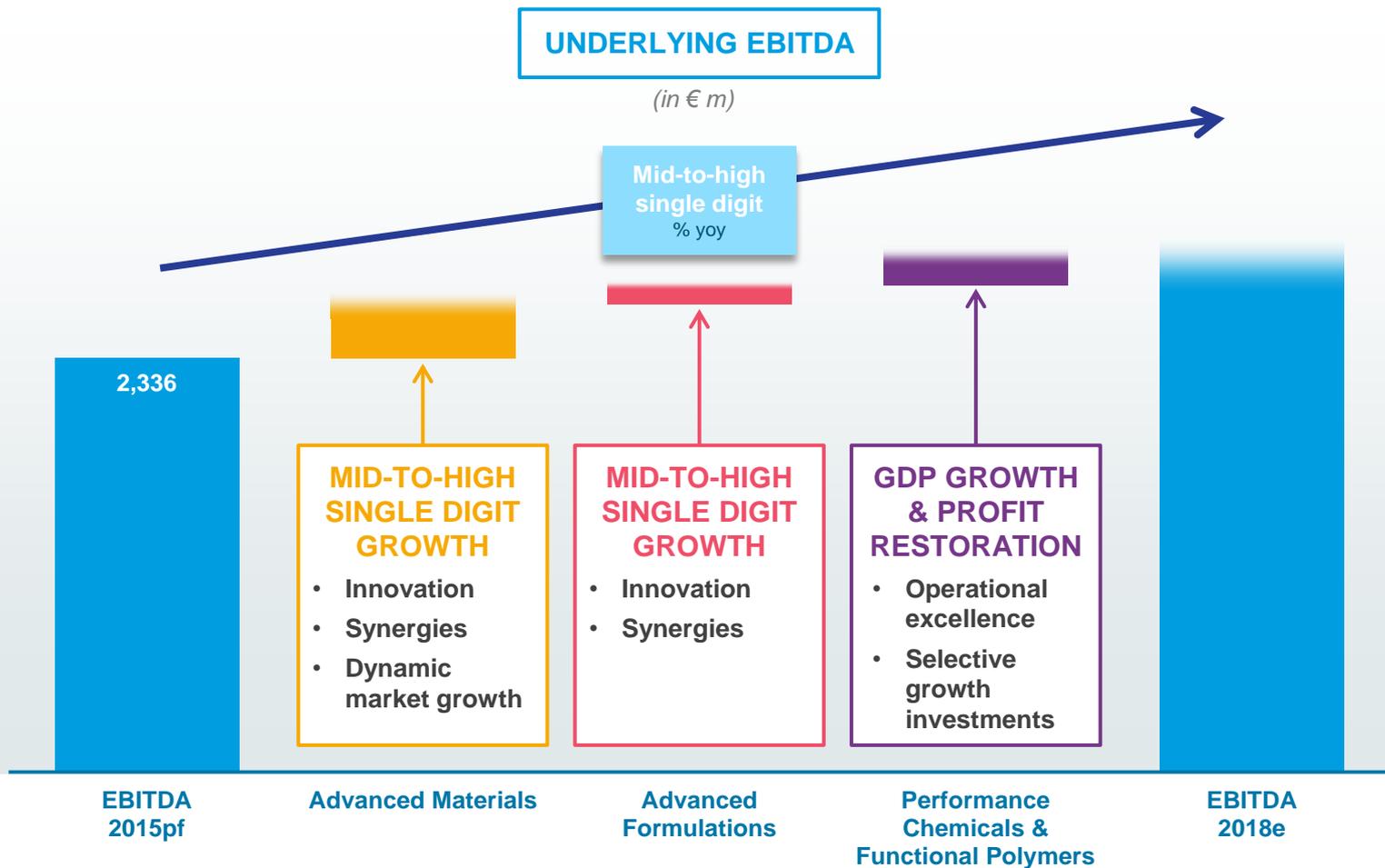
MORE

2018+

- More revenue synergies to come

EVEN MORE

ALL SEGMENTS TO CONTRIBUTE GROWTH

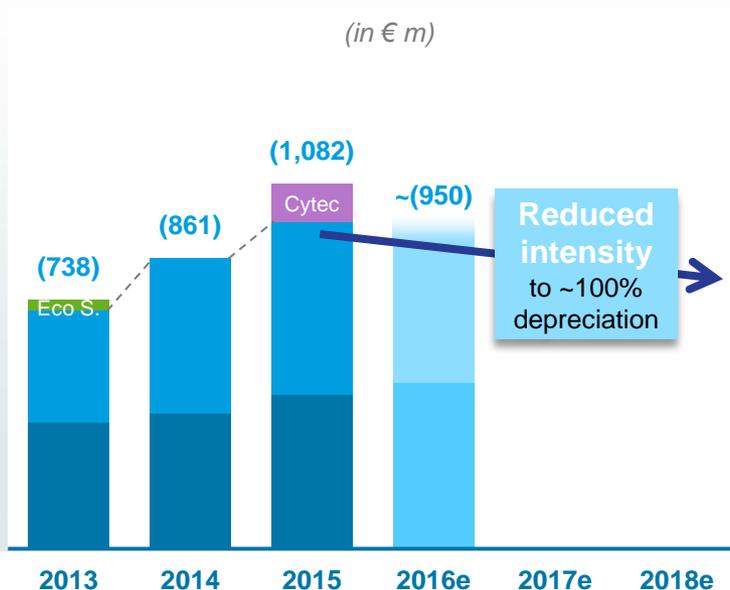


At constant forex & scope, based on slow to moderate markets growth

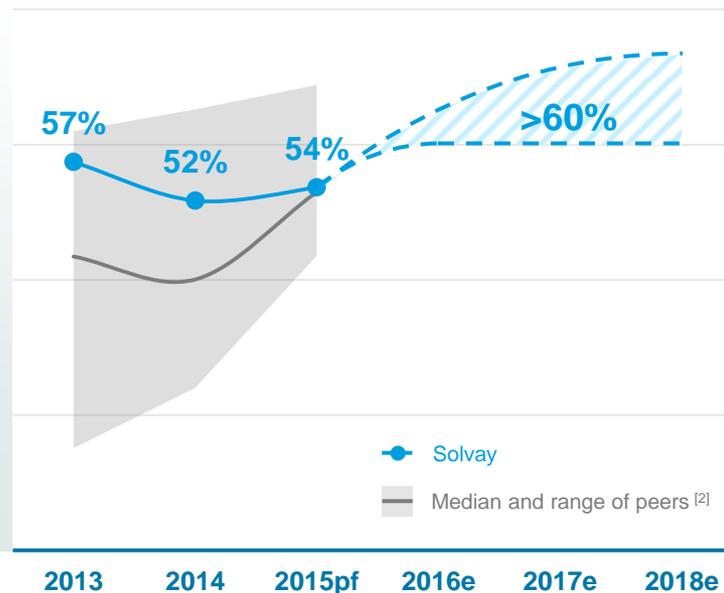
CAPEX INTENSITY DOWN & CASH CONVERSION UP

CAPEX [1]

(in € m)



CASH CONVERSION



CAPEX down

- Strategic prioritization
- Capex excellence

CAPEX discipline

- Thresholds & discipline maintained

[1] Continuing operations

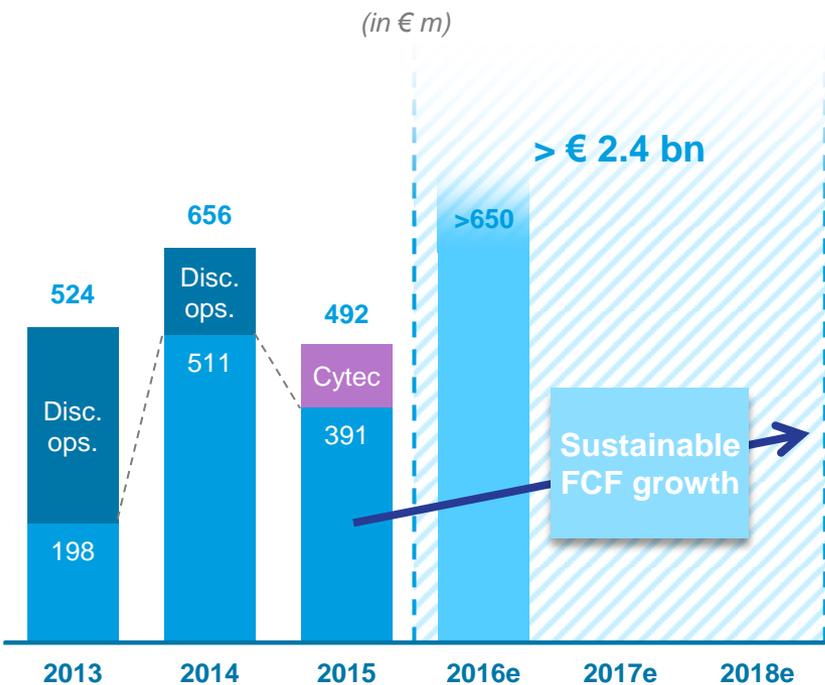
[2] Akzo Nobel, Arkema, BASF, Clariant, DSM, Evonik, Lanxess (metrics as could be deduced from reporting)

MORE CASH

FCF > € 2.4 bn OVER 3 YEARS TO 2018

- Underlying EBITDA
mid-to-high single digit growth
- Capex intensity
to reduce
- Net working capital intensity
stable
- Pensions & other provisions
net cash-out ~ € 360 m ^[1]
- Tax rate
at ~30%

FREE CASH FLOW



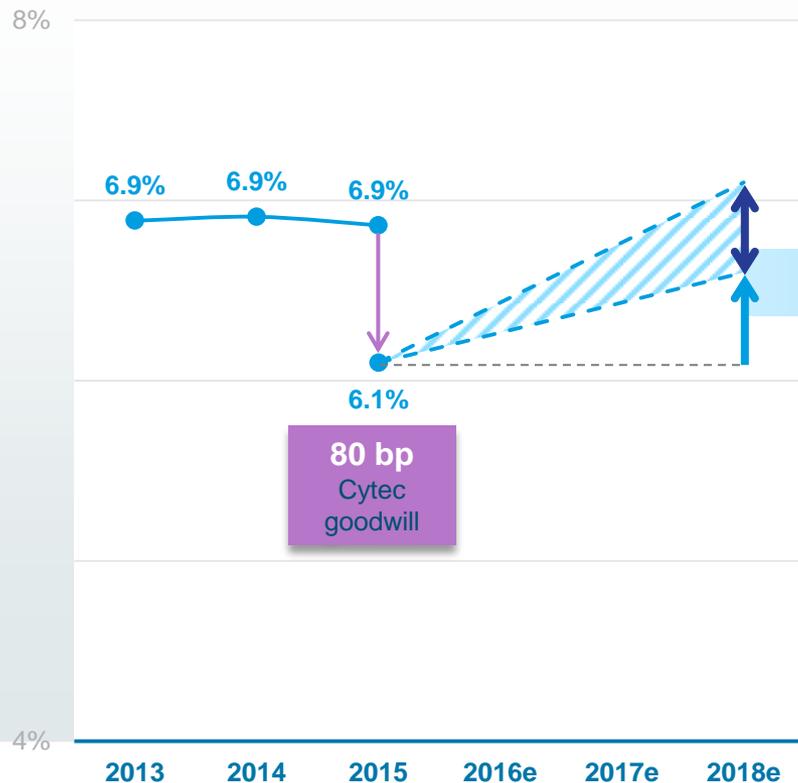
At constant forex & scope

[1] Primarily and on average

- ~ 50% annual cash-outs for pensions & other personnel benefits (excl. service costs in EBITDA)
- ~ 50% of portfolio management and reassessments (including restructuring) and legacy HSE remediation and major litigations

CASH RETURNS TO IMPROVE 50-100 bp

SOLVAY BASIS CFROI



50-100 bp

Driven by

- Growth in profit & cash generation
- Reduction in capital intensity

At constant forex and scope

MAINTAINING A SOLID FINANCIAL PROFILE BALANCING VALUE & RISK MANAGEMENT

Robust & efficient capital structure



- Underlying net debt ^[1] € 7 bn
- Average maturity ^[2] 5.7 years
- Unused credit facilities € 2.4 bn

Deleveraging over medium-term



- 2.9x net debt / EBITDA ^[3]
to decrease, supported by:
 - EBITDA
 - FCF growth

→ **Committed to investment grade**

[1] Underlying net debt at June 30, 2016

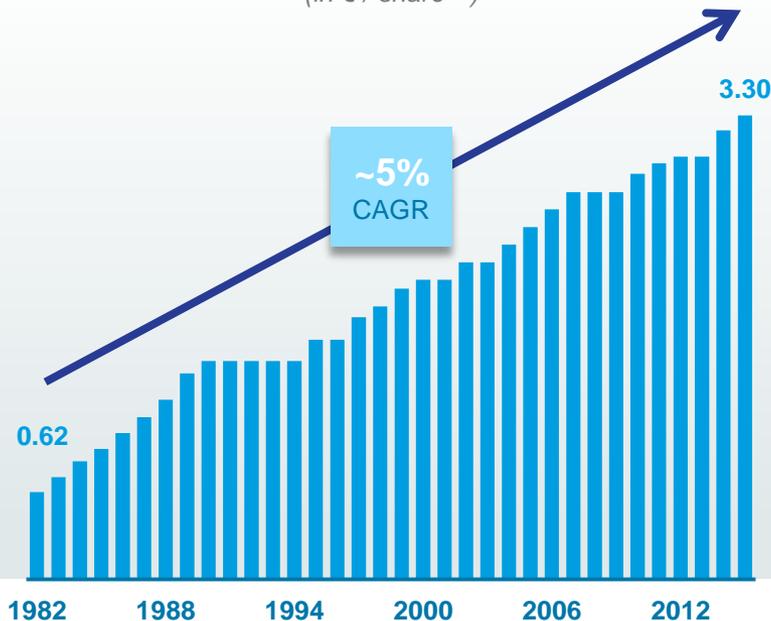
[2] At June 30, 2016 for major debt, including hybrids

[3] Underlying net debt at June 30, 2016 / underlying pro forma EBITDA (trailing 12 months)

ENDURING POLICY TO MAINTAIN OR GROW DIVIDEND

DIVIDEND GROWTH

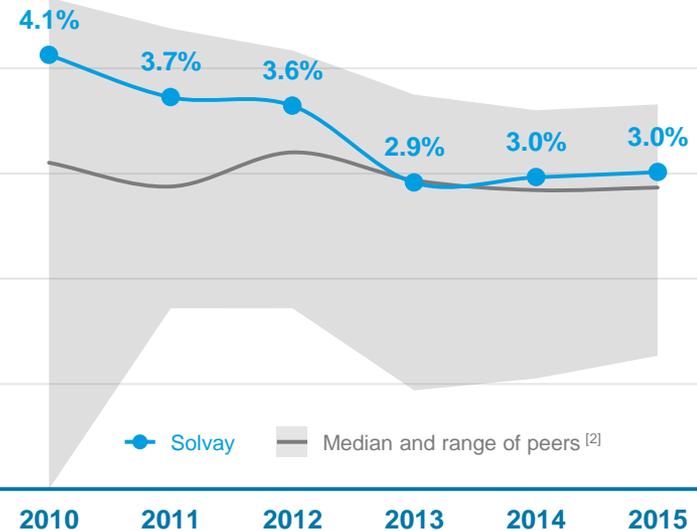
(in € / share^[1])



**Track record of
DEPENDABLE REWARD
for shareholders**

[1] Adjusted for 2015 rights issue

DIVIDEND YIELD



**DIVIDEND YIELD
in line with peers**

[2] Akzo Nobel, Arkema, BASF, Clariant, DSM, Evonik, Lanxess (metrics as could be deducted from reporting)

MORE VALUE

PLANET	PROFIT
PEOPLE	CASH
SOCIETY	RETURNS



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APPENDIX

EXTRA-FINANCIAL INDICATORS DELIVERY & TARGETS

		2013	2014	2015	2018	2025	improvement		
							2014-2015 vs 2013	2016-2018 vs 2015	2015-2025 Vs 2014
PLANET	GHG intensity kg CO ₂ eq. emissions / € EBITDA	8.8	8.1	7.3	5.8	4.8	18% reduction	20% reduction	40% reduction
	Sustainable Solutions % Group sales	19%	25%	33%	40%	50%	14pp increase	7pp increase	25pp increase
PEOPLE	Accident rate with medical treatment / million hours	1.06	0.97	0.77	0.69	0.50	27% reduction	10% reduction	48% reduction
	Employee engagement index ^[1]	72%		75%	75%	80%	3pp increase	maintain	8pp increase
SOCIETY	Societal actions % employees involved ^[2]			20%	25%	40%		5pp increase	20pp increase

[1] Biennial measurement

[2] Newly introduced since 2015

At constant scope & forex

GLOSSARY

Accident rate

Expressed in Medical Treatment Accident Rate (MTAR) or number of accidents requiring medical treatment / million working hours

Capital expenditure (Capex)

Cash paid for the acquisition of tangible and intangible assets

Cash conversion

(Underlying EBITDA – Capex) / underlying EBITDA

CFROI (Solvay definition)

Cash flow return on investment, calculated as the ratio between recurring cash flow and invested capital, where

- Recurring cash flow = underlying EBITDA + (dividends from associates and joint ventures – earnings from associates and joint ventures) – recurring capex – tax;
- Invested capital = replacement value of fixed assets + working capital + carrying amount of associates and joint ventures;
- Recurring capex is normalized at 2% of the replacement value of fixed assets net of goodwill values;
- Tax is normalized at 30% of (underlying EBIT – earnings from associates and joint ventures)

Dividend yield

Gross dividend for the year / average shareprice in the year

EBITDA margin

Underlying EBITDA / net sales

Employee engagement index

Index (0%-100%) probing the engagement of Solvay employees based on a questionnaire; Index measured biennially

Free cash flow (FCF)

Cash flow from operating activities (including dividends from associates and joint ventures and excluding cash flow related to acquisitions of subsidiaries) and Cash flow from investing activities (excluding acquisitions and disposals of subsidiaries and other investments and excluding loans to associates and non-consolidated investments)

Greenhouse gas (GHG) intensity

Expressed as CO₂ equivalent emissions / EBITDA (in kg/€); The scope of CO₂ equivalent emissions is further defined in the annual report

Net sales

Sales of goods and value added services corresponding to Solvay's know-how and core business. Net sales exclude other revenues primarily comprising commodity and utility trading transactions and other revenue deemed as incidental by the Group

GLOSSARY

Net working capital (NWC) intensity

Includes inventories, trade receivables and other current receivables, netted with trade payables and other current liabilities; NWC intensity defined as NWC / total sales

Overall Equipment Efficiency (OEE)

Excellence measures to improve asset efficiency, allowing higher production volumes on existing investments

Pro forma (pf)

Including Cytec as if it had been acquired on January 1, 2015

Societal actions

Expressed as % of Solvay employees involved in societal actions

Sustainable Portfolio Management (SPM)

Expressed as the % of Group net sales assessed as sustainable solutions with the SPM methodology. This methodology assesses Solvay's product/application combinations on 2 axes:

- Environmental footprint of production and supply chain
- Alignment of market with sustainability

Underlying EBITDA

Earnings before interest and taxes, depreciation and amortization (EBITDA), with IFRS figures adjusted to provide a more comparable indication of Solvay's fundamental performance over the reference periods. The adjustments to the IFRS definition are for:

- Results from portfolio management and reassessments,
- Results from legacy remediation and major litigations,
- M&A related impacts, mainly including non-cash Purchase Price Acquisition impacts (e.g. inventory step-up) and retention bonuses relative to Chemlogics and other acquisitions
- Adjustments of equity earnings for impairment gains or losses and unrealized foreign exchange gains or losses on debt,

Underlying net debt

Non-current financial debt + current financial debt – cash & cash equivalents – other financial instruments receivables, reclassifying as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS.

Yoy

Year on year

More info can be found in the annual report



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MORE FUTURE

SPEAKER'S RESUME



Karim Hajjar

began his career in 1984 at Grant Thornton Chartered Accountants and became a partner in 1993. He moved to Royal Dutch/Shell in 1995 and undertook a number of roles, the last of which was as Deputy Global CFO of Shell Chemicals. Karim Hajjar held the CFO position of Tarmac Group from 2005 to 2009 and its Group Managing Director until 2010.

Karim Hajjar

*Chief Financial Officer,
Member of the Executive Committee*



Before joining Solvay in September 2013, Karim Hajjar was Director Finance and Planning at Imperial Tobacco Group Plc.

Karim Hajjar, a British national, is an Economics graduate from the City University in London and is a member of the Institute of Chartered Accountants in England & Wales.

CONTACT INFORMATION

**Maria Alcon Hidalgo**

Head of Investor Relations

+32 2 264 3694

E-mail : maria.alconhidalgo@solvay.com

Kimberly Stewart

Head of Investor Relations (effective October 1, 2016)

+32 2 264 3694

E-mail : kimberly.stewart@solvay.com

Jodi Allen

Investor Relations, Senior Manager

+1 973 357 3283

E-mail : jodi.allen@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 3687

E-mail : bisser.alexandrov@solvay.com

Valérie-Anne Barriat

Retail shareholder relations Manager

+32 2 264 1622

E-mail : valerie-anne.barriat@solvay.com

Laetitia Van Minnenbruggen

Events Coordinator

+32 2 264 3025

E-mail : laetitia.vanminnenbruggen@solvay.com

Gwendoline Ribeyron

Events Coordinator

+32 2 264 3025

E-mail : gwendoline.ribeyron@solvay.com

www.solvay.com



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