SOLVAY
Solvay's cash acquisition of Cytec and Second Quarter Earnings Webcast.
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Thank you for standing by and welcome to Solvay's cash acquisition of Cytec and Second Quarter Earnings Webcast. Please ensure that you are logged in to the webcast session in order to view the slides presentation.

At this time, all participants are in a listen-only mode, there will be a presentation followed by a question and answer session, at which time, if you would like to ask a question, then you will need to press star one on your telephone.

On today's call we have with us Jean-Pierre Clamadieu, CEO; Karim Hajjar, CFO; and Roger Kearns, Member of the Executive Committee.

I would now like to hand the webcast over to your speaker today, Mr. Jean-Pierre Clamadieu, CEO. Please go ahead, sir.

Jean-Pierre Clamadieu: Thank you very much. Thanks, everyone, for joining this call, sorry for the change of schedule but we had the feeling that with all the news we have to share with you today it was better to organize it as early as possible in the morning. So I’m here with Karim Hajjar, our CFO, and Roger Kearns who is Member of the Executive Committee who is currently supervising the Advanced Materials cluster and who is playing a key role in the Cytec integration project.

So what I suggest is to spend a few minutes to go over the Q2 results, which by the way are pretty simple and straightforward, in my view at least. And then moving to a full presentation of the Cytec project, which by the way, for me, is a major milestone in the transformation of Solvay. And then we'll open the Q&A session.

So a quick overview of our results. Q2 is very similar to Q1. We were able to post a solid 8 percent REBITDA increase versus last year which means EUR500 million of REBITDA. Sales up 4 percent. Margin at 19 percent, 66 basis points of improvement. So overall solid.

When we look at the components, clearly we've benefited very much from ForEx, EUR55 million of impact in this quarter, EUR100 million positive impact from ForEx for the first half of the year.

Volumes were down, slightly but down. In fact, when we look across the board we see three different situations: two specific issues, businesses where we have significant volume shortfalls. No surprises, Novecare oil and gas still at a very low level. Information there is not always simple to put together. We continue to see strong production of tight oil and shale gas in the US but little exploration activities. We see transformation in the supply chain. We think that we are strengthening our positions but in a market where volumes are minimal.
Acetow is still feeling the impact of the destocking that started last year in China, although a slight improvement at the end of the quarter. Which gives us a bit a hope that the situation will improve during the second half of the year.

We have businesses which are doing very well, mostly the Advanced Materials cluster where we have a strong volume dynamic which is based on innovation.

And then very strong pricing power across the board. EUR57 million of impact in Q2, EUR90 million for the first half. Which means that even in markets where we are suffering from low volumes we are able to defend prices and margins. And this by the way has been a feature for Solvay for many years. We put clearly price before volume and I think that strategy is paying off.

If you look at our segments, three of our four segments are showing very solid REBITDA improvement. Advanced Formulations is the only one which is down, 12 percent, mostly linked to the oil and gas situation in Novecare that I was mentioning, unfortunately not helped by Coatis. Brazil is really the only region of the world where we see a very challenging macro environment. Aroma being a bit more positive.

Advanced Materials is really the star segment, if I may say so. 18 percent REBITDA improvement, another record. 9 percent volume dynamic and this is really based on innovation, smart devices, lightweighting of various sorts. Ryton integration is also going well.

Performance Chemicals, up 9 percent, which is a very good performance despite the Acetow situation I was referring to. Solid pricing in soda ash and peroxide allowed us to achieve this result. And excellence initiatives are continuing to be the strong performance driver in this cluster.

And then Functional Polymers, up 23 percent. Market fundamentals are improving for our Polyamides business, both on the raw material and energy cost side, but also on the market. And on top of this the excellence initiatives that we have aggressively developed within this cluster are also paying off.

Significant cash flow generation, EUR167 million for the quarter, so it shows that we are still very much focused on cash.

So overall, solid results for Q2 which allow us to confirm our previous guidance which called for strong growth of our REBITDA in 2015 versus 2014.

We’ve made also some progress in the portfolio during this second quarter. Obviously we are also expecting the finalization of our PVC Europe deal. INOVYN was indeed created July 1. It really has been a very long, very painful project, but we’ve stayed very committed to it and we are very pleased to see that the divestiture of this European PVC business is now becoming a reality. You know that we have already an exit which is very well defined three years down the road and for us this was really the best possible way to exit from this European PVC business while maximizing the positive impact for various stakeholders.

But, again talking about portfolio, the key issue today is the presentation of the Cytec project which, in our view, is an incredibly powerful opportunity to continue our portfolio transformation.
I suggest that you follow this presentation using the documents that we've made available, so you've seen the conference details link which will allow you to follow this presentation and I will try to refer to the slides I'm using to make it as clear as possible.

So after some careful consideration we considered that Cytec was, indeed, a perfect fit with Solvay's strategy. And we will try to explain you why. I will give you another view of the strategic rationale presentation, Roger will develop the business case and the very significant opportunities we see in the two markets where Cytec will help us become a very significant player. And obviously Karim will come on the transactions details and the financial impact.

So starting on slide 5. Since I took over as the CEO of Solvay I told you that we would be transforming our portfolio, quite aggressively. So 2011 the Rhodia acquisition, 2013 Chemlogics, 2014 Ryton. We started also some divesture: Eco Services in 2014 and INOVYN JV I just referred to it, in 2015, we are still working to finalize the exit of our Latin American PVC business.

And today we think that Cytec is again a major milestone, very much aligned by the way with what I was telling you in the conclusion of our Capital Markets Day a few weeks ago. I was mentioning that our objective in 2015 was to accelerate the transformation and I'm very pleased to see that a few weeks after we are indeed coming to share with you this very important project.

You've seen on slide 5 the small matrix we are using to present our portfolio with value creation potential and ability to extract values of our various businesses. Clearly for us Cytec for us is on the upper right end corner and this is the direction in which we are driving Solvay's portfolio.

And by the way Cytec is not the final transaction regarding our portfolio. We think we need to continue portfolio adjustment, portfolio changes. And Cytec is probably a great opportunity for us to continue to look at what can be done to improve the quality of our portfolio.

The strategic fit for us is excellent. Just by this acquisition Solvay will become the world number two largest player in aerospace composite materials. This acquisition strengthens very much our Advanced Materials approach. You've heard us saying that lightweighting is a key driver for the growth of Advanced Materials. We lacked a position in composites. Thanks to Cytec we are becoming immediately a leader in composites.

On the Advanced Formulations segment, same impact. Cytec is a global leader in the mining chemical business. And we'll explain you later on why we think this mining chemical business is a great business. And thanks to Cytec and the integration of Cytec activities with Novecare we will strengthen very significantly our position in mining and oil and gas.

Cytec is a company which is very much innovation driven, very close to customers. Lightweighting but also mining chemicals allow customers to meet more effectively the sustainability challenges And this is for is a very important driver in our strategy too.

From a financial standpoint we will be able to strengthen our earnings momentum. We are very determined to extract pre-tax synergies of more than EUR100 million per year. And this acquisition will be adjusted EPS accretive after year one.
And when we look at the objectives we had in the transformation of Solvay that we have stated several times, I think we tick all the boxes. Cytec will bring us growth, Cytec will bring us resilience and Cytec will bring us improved returns.

Moving on slide 7, just to give you a bit more the flavor of who Cytec is. Cytec is a $2 billion company, 20 percent REBITDA margin, 4,600 employees, 29 sites, with a strong focus on composites which represent two-thirds of Cytec's activities, one-third being their position in mining chemicals.

And when we look at composites, a strong position in aerospace. Composites today are a key element in the design of the newest generation of planes. But composite is also an important element in the secondary structure of all currently produced airplanes. And Cytec was able to take a number two global position in this market.

The second important market for composites is automotive. Today it's still a bit of a niche market for custom, very high end vehicles, or niche vehicles, Ferraris, LamborghiniS or a very innovative vehicles like the BMW i3, these are made of composites. But there is really an opportunity to introduce composites in larger volume vehicles and this is something on which Cytec has been working and we do believe that Solvay and Cytec's knowledge about the OEM market will allow us to be an effective partner in the introduction of these new technologies in larger volume vehicles.

When it comes to mining chemicals, what Cytec does is bring the chemicals which allow to optimize the extraction of ore from the minerals which are being mined. And this is a very important element in the mining process, something which allows to improve our recovery, something which allows to limit the environmental impact.

And whatever I would say the price of these commodities are Cytec business is very much linked to volumes of production and we are very confident if we look at copper, if we look at alumina, that indeed the needs are growing and Cytec's position in this business will benefit from this.

And by the way, this is a very service-oriented business. Cytec people are on the mine sites working hand in hand with the engineers who are working on ore extraction and treatment and this is a business model which is very close to what we do in other similar segments within Novecare.

So moving to slide 8, just to give you a bit more color. I told you too for the Cytec business in composites, aerospace materials representing EUR 1 billion of sales, so 50 percent of Cytec sales. Cytec is selling to all the big names in commercial aircraft with a stronger focus on Boeing but presence with Airbus and the players in regional and smaller jets. Cytec has made an entry into engines with the Safran LEAP engine. And Cytec has also a presence in military aircrafts and helicopters.

Industrial materials, using Cytec terminology, this is really the automotive market with a position in supercars plus a few other smaller segments. And there clearly the challenge is to participate in the development of composites as a new technology being used to develop lighter, more fuel efficient vehicles.

In-process separation, this is the name of the mining chemical business, as I was describing, a strong focus on copper and alumina, with technologies which allow us to optimize the output of ore. And again, a very close link with customers which creates very significant barriers of entry.
So moving to how Solvay will look post the Cytec transaction, you see that in terms of exposure to different markets, we will significantly increase our exposure to automotive and aerospace. And this is something which is important because we consider that these two markets offer very interesting opportunities. And in terms of geography we will refocus a bit more in North America which post-transaction will represent 26 percent of our sales which means that Solvay will become indeed an even more global chemical company than we were before.

So these were really the headlines in terms of strategy and I would like now to turn to Roger so he can lead us through the market opportunities and the business case.

Roger Kearns:

Good morning, everyone. Yes, I'm going to try to take the overview that Jean-Pierre just gave and then go into a bit more detail on the key markets they serve, give you a little bit more color on where they sit today and we'll make a comment on where the Solvay plus Cytec mix leads us into these positions.

So if we look over on slide 11, we start with an attractive opportunity in composites. And just in general what are we talking about when we talk about composites? This is a very lightweight yet very strong material. And so this is actually something fundamentally tied to what we do already in specialty polymers. The idea of replacing metal with very high technology plastics is something we do every day in specialty polymers. And this composites piece fits very, very well in that mindset and in that way of working.

So we believe that this is a trend that's going to continue for quite a long time in this continual push to replace metals with lighter weight materials.

When we look at this market we see really double-digit growth rates in two key areas. And that is in aerospace and in automotive which happens to be the two areas that Cytec is focused on. Still good growth in things like wind power and that is a market they serve but we're going to focus today on aerospace today and automotive as the market of tomorrow.

So if we take a little bit of a deep-dive into aerospace for a minute, I'll move over to page 12. What you're seeing here on this drawing, as Jean-Pierre mentioned, the parts in blue are what are called secondary structures. Those are parts that have been on planes and yet growing on planes for many, many years.

As we look at the new developments that are coming on, new projects like the A350 from Airbus or the 787 from Boeing, we are starting to move from airplanes with 5 to 10 percent composite structure up to the new designs which now have 50 percent-plus composites in the structure. So this is an absolute step-change in the way in which planes are built and the materials that are used inside these planes.

And so this is one of the key drivers that we see and the growth of aerospace for the coming years, even decades, with this move to airplanes with a significantly higher percentage of composites in their construction.

The other thing we see here a little bit on this slide is that Cytec today has a clear number two position in this market. They have been extremely strong in secondary structures for many, many years and they are now moving to become a real player in the primary structures. And today they have a position already in military aircraft, in commercial aircraft, in primary structures. They've
mentioned before in their press releases they believe they are very well-situated to get a primary structure position on the Boeing 777X that continues to move them into a new area with future growth potential.

Two drivers of growth in aerospace: one is the more composites per plane, but the second piece that we need clearly is that there is a huge backlog of orders today in aerospace. There is a nearly eight-year backlog at current production rates from simply Boeing and Airbus of the world. Their focus today is on the trying to determine how can they make more planes per year because if you look at the production rate that is planned today all the way out to 2020 they would be able to deliver less than half of the planes in the backlog today.

So this is a key need of this market, which is to determine how to make planes faster and this mix of needing more planes, making them faster and more composites per plane lead us to believe very strongly in this double-digit growth in the aerospace market.

Cytec is very well-placed with all the major customers in aerospace. And we believe this is actually a very strong point that will help us, and when I mention here a little bit, what does Solvay plus Cytec bring, this is going to be very helpful for developing our sales in specialty polymers.

We have introduced and showed a little bit at the Capital Markets Day, several new products aimed at aerospace using thermoplastic composites, using foams. And we believe having the credibility, the client intimacy, the ability to sit down with designers and decision-makers in these large aerospace customers, to show them not only what we can do from a thermoset point of view of Cytec but also a thermoplastic point of view of Solvay, is going to be a very strong position and a very key component of becoming more of a driver and more of a partner with the development.

So overall we see double-digit growth in automotive (sic) lasting a very long time.

If you look at a little bit the barriers to entry, this is a market where it takes significant work to get specified. But once you're specified normally you're in there for the life of the platform. And when we talk about life of a platform, just as an example, the Boeing 737 was launched in 1967 and the single aisle planes are still the bread and butter of a Boeing and Airbus. So we see these as very long life, very resilient types of markets.

We did quite a bit of study and looking over the last 20 years of what's gone on in this industry and, if I take back even to a period in the crisis of 2009 what you see is the backlog slows down or drops but the production rate in fact continues on because the amount of need far exceeds the ability to supply.

So, all that to said we believe that the aerospace business is very attractive, very resilient. And this will help us develop not only, continue the Cytec strength, but develop also our specialty polymers.

So if I take aerospace as really the market of today, I'll shift gears a little bit and let's talk about automotive as what we see is the market of tomorrow.

We are really excited to look at what Cytec has been doing to prepare an ecosystem. I would say, to be able to serve this automotive market. And currently today automotive is a key part of the Solvay portfolio, especially in specialty polymers and engineering plastics where we work every day developing solutions in automobiles to make them light and more fuel efficient.
This market is being driven by, I would say, basically by planetary need. Our need to move the world's population around but to have less impact from CO2 and it's certainly supported by regulations. The United States CAFE standards that have been put in place that mandate much more fuel efficient cars, if you want to sell cars in the United States, is a major driver for this.

In the European Union we see continued push for further CO2 emission reductions by 2020. Just to give you an example: in 2002 the regulations were at 260 grams of CO2 per kilometer, they're moving to 90 grams of CO2 per kilometer, so we really are cutting to almost, to a one-third level of where we can be in emissions regulations.

These regulations are driving the automotive manufacturers to look for solutions to make the cars still strong but very light. And that's where this mix of composites comes in to be a real solution provider for that automotive industry. And it's this mix of very lightweight materials, yet maintaining very good strength, which makes this product, I would say, technically capable of becoming used in larger cars, larger serial cars.

What we need to do today is to really work on the manufacturing process to make these products available at higher speeds, at higher outputs and reduce the system cost. That is a need of the industry and there are many people working on it, but we really believe that the mix of Cytec plus Solvay puts us in a very good position to be a partner of choice for that.

We show on the graph a little bit the growth rate: 50 percent compounded growth a year from 2010 to 2020. Clearly that's starting from a small base. But what we can say so far is from 2010 to 2015 we're seeing this, so this is real, we're seeing this kind of growth and we believe we're really coming up to a tipping point, and a tipping point by which this growth would be much, much larger in the future.

So we see automotive as a key market for the future. I would say today we don't have a tremendous amount of this in the business plan. This is really an upside position for us, but we believe the world is going there and this puts us in a very good position to be credible and bring solutions.

So on slide 14 you'll see a bit what Jean-Pierre mentioned. These materials are used today in very high end cars. If you happen to own a Formula 1 or a Lamborghini you're driving this every day. For the rest of us, we believe that there's work to do to help this move to first serial production of quite high end cars, and we believe that's really the next step up in which we'll be going and this market and this industry will be moving to.

As I mentioned, we need to change the manufacturing processes and this will take, not only a material but it will take links with those who are designing and those who are creating the processes. And the ecosystem that Cytec has been working on with, not only the automotive companies, but with engineering design houses, even taking equity positions in engineering design houses, sets them up well to succeed in this.

So we look forward for Solvay and Cytec together taking the extremely strong position we have in automotive, the relationship throughout the value chain in automotive, the creditability that Solvay has in the automotive industry and bringing in and introducing Cytec's products.
So automotive, the market of tomorrow is an upside in this deal that we'll work very hard to make sure we deliver.

The third main market that Jean-Pierre mentioned that we'll talk about is this idea of mining chemicals. When we put this, maybe to be more clear on what this is, we have a bit of addiction today as a world on our smart devices, on our technology that ties us together and these require mined elements.

And so the business that Cytec has is it's creating surfactants and materials which allow the separation of the metal from the rest of the waste that you get when you mine. And this is a market that's heavily focused first on copper, so they have about 45 percent of their business in copper, and second in alumina, 25 percent of their market is in alumina.

Both of these elements are extremely needed today and what we see in the last several years is a demand that is increasing for the chemicals needed to produce these. There are two drivers of the demand on chemicals, one is clearly the volume of material that's needed in the world. So as the volumes increase certainly that drives a demand for increased chemicals.

But a second demand which actually we're seeing may be even more important today, is as the quality of the ore slowly deteriorates and as we mine around the world we take the nice ore first and over time it gets more and more difficult to find good mines. As the quality of the ore deteriorates, this idea of being more effective and more efficient in getting the material out of the mix becomes even more important. So what we're seeing is a demand that is increasing over time for these innovative materials which allow the efficiency and the effectiveness to increase.

And, in fact, it allows a mine to stay in life longer, so that rather than needing to create a brand new greenfield mine, which is extremely important, our customers can continue to push and squeeze out more from existing mines using these materials and this technology.

It's a business model that we're well aware of and it's a business model in which you have people at the mines, technical service, helping to solve the problems, watching how it works day-to-day. And so it's very much a customer touching, business focused, we call it a service business model, that leverages the use of the chemicals that you're making in your sites on site with the users of the materials.

So we believe this is a good business for us, we believe it reinforces our Advanced Formulations and our Novecare business quite strongly. And in fact this mix of Solvay plus Cytec really enhances our leadership globally and what I would say, natural resources chemicals. And so as we continue to drive natural resources out of the ground it will become more and more rigorous, more and more environmentally sensitive and we believe this is a place where we can add value and the mix of Novecare plus what Cytec is a very strong, powerful mix.

So I mentioned a little bit the three main markets that we're focused on, aerospace today, automotive tomorrow and the mining mix with our energy resources at Novecare. But there's an intangible also when I look at this deal, is how do these businesses fit together?

As Jean-Pierre mentioned we started already 18 months ago when we were discussing the transformation of Solvay of what type of businesses we would want to bring into our portfolio. We screened hundreds of chemical and advance materials companies from around the world and as we
narrowed this down to just a very small handful Cytec started to rise above the crowd, and for two reasons for us.

One, it's a very unique opportunity for us to reinforce both of our growth engines. So from making one single acquisition and one single integration to buy a company that reinforces very strongly our Advanced Materials cluster with the aerospace focus with the composites. And yet at the same time have a sister business that perfectly fits inside our Advanced Formulations business.

So for us this was a perfect fit to bring in to reinforce both growth engines and, quite honestly, there's little to nothing of Cytec today we would say we have to get rid of because in fact it fits very well in our portfolio. And this was a differentiator on this business, both in terms of fit inside the company and in terms of creation of synergies. We believe that this fit allows us to have a stronger lever on synergy potential than many of the other companies we looked at.

From a culture point of view we've been able to have some significant discussions with Cytec in the past few weeks. What we've found is people of a culture that would be very similar to Solvay. People of a culture who understand the way to do business in taking intimacy with our customers, understanding their needs and replacing metal with very lightweight combinations, we understand that very well. So I think they're going to fit extremely well into our business.

As we mentioned on slide 16, we will take the aerospace composite piece and put it in the Advanced Materials segment and we will take the in-process separation, additive technologies piece and put it into the formulations segment. So they will be housed in a structure in which they have very similar businesses around them.

What I would say a little bit on the culture as well, that's a little bit of the intangible, one of the items that is extremely important in a Cytec type business is a focus on quality and minimization of waste and making sure that it's right the first time. So we have found in Cytec an extremely strong 6-Sigma culture and extremely strong focus on quality that actually we believe will be very good to help stretch us in, I would say, Solvay legacy businesses.

On the other side, over the last few years we have been developing an extremely strong focus on manufacturing excellence, on operational excellence, on commercial excellence And we believe the focus of Solvay on excellence blended with the focus of Cytec from a 6-Sigma quality point of view will be a very strong lever in continuing to drive the performance in this combined business.

So overall we see this fitting really hand-in-glove with our business, a perfect strategic fit, really a unique opportunity. We did not find others that brought this, to strengthen our growth engines and to deliver for us a level of performance that exceeds where we have been in the past. So putting all that together we believe this is a very strong project for us.

There is one more intangible that really came to us more as we got deeper into the business and understood much more about the business in our presentations and discussions with the management is an idea of the technical know-how and extremely strong complementarity in technology.

Cytec's aerospace thermoset materials are their bread and butter and they have been working to try to develop new thermoplastics for aerospace. This is a perfect complementarity to specialty
polymers and by putting these teams together we believe that technology basis we have in these two businesses will drive future growth that is not at all in our business plan.

I mentioned this technology in automotive that we need to change and develop a new process, falls very well with the strong position of specialty polymers, we will drive that together.

And the mining and phosphine chemicals, we specifically mentioned mining, there are other parts of the Cytec business that are very nice businesses, very nice value added, very nice margins, in the use of phosphine chemicals that leverage very well with Novecare’s current existing phosphine-based formulations. So we believe there’re technology synergies that will drive new products and innovation and growth in the future that, once again, is an upside, that is not in our business plan today.

So one of the designs of our strategy in Solvay has been very clear, to focus on sustainability. And why do we want to talk about sustainability? We’ve made a very strong decision to say that if we are going to be investing, whether that is in CapEx, whether that is in new markets, whether that is in new acquisitions, we want to make sure that those investments are in markets that will be there long term and that have very strong growth drivers long term, thus they need to be sustainable.

So when we find markets that are desperately needed by the planet, that offer solutions that support these changes and regulations to help drive that, we believe that’s a very long range, resilient, sustainable market and we believe we’ve found that with Cytec.

And so when we really look at the solutions that Cytec is bringing, it’s really responding to the stringent regulatory environment, we believe that’s only going in one direction, the environmental regulations will become more and more stringent. And so this is a key area of ours that we believe is a very long-term driver.

So let’s talk a moment on synergies. Synergies is a key aspect of this deal and in fact we have been working on this, as I mentioned, for 18 months. And the question of what kind of deal can we create where we can be confident and deliver the synergies was key.

When we did looking at Cytec we’ve done really an in-depth analysis. We’ve worked for months with several consultants who know Cytec extremely well, with industry consultants. We’ve worked with our own experts, we have tested this with banks, we’ve tested it with others to see. We have great confidence in our ability to deliver these synergies.

This is a line-by-line synergy plan, this is not a percent of sales, we’ve gone into great detail with this and the main part of this is clearly cost synergies. We’ve identified over EUR100 million of annual recurring synergies. This is really on the low side of our range but this is identified, heavily focused on certainly general and administrative, simply delisting a company in the US, simplifying the corporate structure, those are all very big pieces.

We see certainly advantages in purchasing, glass fiber. These are products that we use every day in many of our businesses.

We believe that the excellence practices that I mentioned earlier will allow us to drive still significant gains. And we take simply the experience we’ve had in specialty polymers in the last three years it gives us tremendous confidence to deliver those.
So cost synergies are by far the largest part of what we're talking about here. We have identified line by line and we believe that we can realize a substantial part of these by year three. We do have implementation costs of about EUR75 million over the first two years to drive this.

On top of the cost synergies, which is by far what we have here in the main part, we do see revenue synergies, as I mentioned, in this complementarity between specialty polymers lightweight positioning in aerospace, moving Cytec faster into automotive and the cross-selling opportunities with Novecare.

So all in all we have a very strong belief we will deliver these synergies.

The last piece is that Cytec is just finalizing their ERP process which for the first time will give us the data to really put in place as well our commercial excellence synergies, our more sophisticated pricing mechanisms and that will be a key driver of growth as well.

So overall, we love the deal, we think it's very good and unique.

Jean-Pierre Clamadieu: Thank you very much, Roger, indeed we love this deal. So Karim tell us how we'll finance it and what's the impact on Solvay.

Karim Hajjar: Indeed I will. Good morning, everybody. Let me start by just stating to you that yesterday's share price for Cytec closed at $58.39. Our cash offer of $75.25 equates to a premium of just under 29 percent based on yesterday's price, 26.9 percent if we look at the three-month average. That's the fact.

Now if you look at that and you see the enterprise value of $6.4 billion, it's actually worthwhile taking a step back and remembering that companies that have a predictable, sustainable, high sales growth, high earnings growth trajectory, typically trade at a much higher multiple than the companies that don't, that is a fact. Why? Because we like resilience and growth combined together.

This is why the offer that we're putting on the table equates to 14.7 times the consensus 2015 EBITDA excluding synergies. Including, as Roger said, our conservative view of the synergies it's 11.7 times.

This is cash merger that only requires a simple majority vote by Cytec shareholders. The closing conditions are very standard and customary and we have high confidence this will be achieved. I'd like to highlight one thing in particular as well. And that is that our reference shareholder, Solvac, that owns 30.2 percent of our shares, are very supportive of this deal and for the first time ever they've confirmed this morning that they will take up their rights in our eventual capital increase.

What's the impact on Solvay going to be? I'd like to remind you, just as Jean-Pierre did, in June we talked about value. Value we look at with three lenses, earnings growth, cash conversion and returns. I'll take them in turn. This deal will improve our REBITDA margin. This transaction will improve our capacity to grow the REBITDA. That momentum will be much more sustainable and will really enhance what we have.

Adjusted EPS will be positive after year one.
It will enhance our free cash flow and our returns will be accretive though in the medium term, which is very normal given the significant goodwill that, as you know, we conservatively add into our CFROI calculation.

So the blend of high returns, cash conversion and returns absolutely give us the conviction this is a very strong and value creating deal.

And, as you’re aware, this deal has obviously been recommended unanimously by Cytec's Board as well.

So how are we going to fund this? Well, first and foremost we've secured $5.8 billion of bridge financing for 100 percent of the needs to buy the equity. That bridge financing is available for two years. We've also secured contingent hedges to really ensure that we can protect the euro cost essentially, the dollar cost of this acquisition as well through hedges. So, again, what we've tried to do is to make sure that we've secured the funding and protected the pricing. Security at low cost has also driven that particularly strategy.

On closing, we are looking clearly at a capital structure. And, as you can see in front of you, EUR1.5 billion of equity, EUR1 billion of hybrid and the balance will come with senior debt which will be US-dollar denominated. It will be a blend of US native bonds and Eurobonds swapped into dollars. We’ll decide and we'll find the precise blend and the tenors nearer the time given the market conditions.

Now why do you see that capital structure? Essentially we have one simple goal: absolutely committed to maintaining our investment grade. And also to do so knowing that we remain efficient and cautious and that requires us to almost optimize and minimize the equity and maximize the use of debt once we’re achieving that balance between caution and value.

The dollar debt costs a little more obviously than euro-denominated debt but it makes a lot of sense because it gives us a natural hedge by blending basically the funding costs with the other debt, the cash flows are bound to our dollar debt as well.

We fully expect rating agencies to confirm during the course of the next day that we'll maintain our investment grade ratings on close. And in fact we also anticipate some very, very positive comments on how they see the enhancement of this deal on our business profile.

This is how we're going to pay for it. Fundamentally the value we expect to generate will enable us to maintain a longstanding policy of stable to growing dividends. That is really important to us, rewarding our shareholders has always been a strong driver for Solvay.

Now I talked about, or we've talked about, we have a very strong track record. I'd like to add one or two facts to those you see on page 23. Historically Cytec has grown, over the period 2012 to 2015, it has grown its sales by 12.6 percent compound annual growth rate. Its REBITDA has grown by 18 percent, 18.4 percent to be precise. If we look at the market expectations, the analysts that follow that company they also predict very strong double-digit earnings growth and I think 9 percent sales growth looking forward. This is very, very attractive.
What we anticipate on a pro forma basis clearly if you consider that history will have a tendency to repeat itself, we expect improvement potential absolutely our confidence of the margin announcement with an eventual, I'm going to come back to the eventual, high cash generation.

I'd like to focus for a moment or two on the CapEx. There are times if you look at 2013 where there was quite a significant jump in CapEx relative to Cytec. This is a feature of this business whereby where there are strong contractual demands by customers, particularly in aeronautics, you invest in that. There's a very strong quality and predictability of the earnings that come from these investments. We'll absolutely ensure that we can accompany the needs of the customers of Cytec to grow that value. And fundamentally this will result in a very strong cash conversion.

With that I hand you back to Jean-Pierre.

Jean-Pierre Clamadieu: Thank you very much, Karim, so maybe just a few words before we open to questions. So for us clearly the key headline is that with this acquisition we immediately get the $1b position as a key supplier of Advanced Materials to the aerospace industry. And for us this is clearly a major step in a market where we see a lot of potentials with composites but also with our specialty polymers businesses. We strengthen both of Solvay growth engines. We improve our sustainability offering and our environmental profile. And indeed this provides very significant earnings momentum and this creates value for our shareholders. And by the way, just to insist on the fact that our reference shareholder Solvac has just announced that they will be supporting the project and that they will participate in the rights issue.

So for us I think that the combination of Solvay and Cytec creates a platform which will allow us to continue and to accelerate our portfolio reshaping and indeed in the next couple of years the Group profile will demonstrate that we have the ability to grow significantly, that we have improved our resilience tremendously and that we can indeed generate higher returns. And with this I will open to questions.

Investor A: Yes, morning guys. Thanks a lot for the questions. Three if I can. The first why not around the second quarter briefly, Novecare and assets so to what extent do you guys think that the weakness in oil and gas is now sort of fully reflected in the Q2 run rate? And a similar question around Acetow, you talked about it getting better in the second half.

As it relates to the Cytec deal, how do you think about that acquisition within the context of returns on invested capital, in what kind of timeframe do you think over which you'll be able to deliver returns on that business that starts to be accretive to the rest of the Group?

And then just final question, around the targets, Jean-Pierre, how should we think about the integration of this business against the backdrop of the 2016 target? Thanks very much.

Jean-Pierre Clamadieu: Well, on the Q2 I think the situation is very different between Novecare and Acetow. On Acetow we do indeed start to see, as we expected, a bit of an improvement in the demand which was visible at the end of Q2. And when we look at our order book we see this is what we see. Moving forward I'm not saying that it's back to normal in the next few weeks, I'm saying that we are seeing demand picking up again very much in line with the expectations we had.

On Novecare we'll be more prudent. I think oil prices have continued to be quite volatile. Again we have a complex situation in North America where production is holding up quite nicely but soon
there will be a need for companies in order to refrack or to drill more oil to continue with this production. We think that we are gaining market share in a supply chain which is transforming itself. We have adjusted our product offering to the fact that customers today are very focused on competitiveness.

All of this being said I will be prudent on regarding any statement on the next quarter. I think the situation is probably too complex and too volatile to make a clear statement. Overall you see that despite this challenge in oil and gas and I could probably say despite this challenge on Acetow, we are able to produce solid results. And yes, our outlook for the second half of the year is consistent also.

On Cytec, and I will let Karim answer on the return on capital, regarding 2016 I think clearly our objectives were at constant perimeter so it's not changing the way we look at the delivery of the current Solvay portfolio for 2016. Give us a bit of time to move forward in the integration and, yes, we will need to give you more color on how we see the new combined Group look a little bit further down the road. But for 2016, we'll continue to strive to make sure that the current portfolio we do indeed achieve our targets.

Karim, the return on capital?

Karim Hajjar: On the returns, Paul, I'd like to offer these in two ways. Now that we've had an opportunity to look at the inside of the company in our due diligence we absolutely intend to let's say follow the investment opportunity to create value in the first two years so that's quite important. Now, despite that, this transaction will be cash positive for us from the second year after all financing costs, after all dividend and I'm including there an implied dividend growth on our equity and the hybrid etc. So despite all of that we should be cash positive towards year two.

From a CFROI point of view, I've said in the statement and you can see in the slide, it will be mid-term. It will take about four years, three years if we're up the curve in terms of the rate of synergies, but four years is what we've cautiously assumed.

Investor A: That's great guys, thank you.

Investor B: Yes, good morning, all. Two questions as well actually on the deal not on the numbers. The number one is on synergies and, Roger, you've said about 10 times that is a conservative assessment. I'm just wondering which part of the 75 or the 25 is, is that conservative. And especially on the cost side, I'm just wondering if you could add some, let's say, asset rationalization or capacity rationalization given that you already have some composites capacity? And whether or not that is possible to be done given the military exposure of Cytec and maybe that you have some constraints on that side.

And then the second question for Jean-Pierre or Karim is on the financing, I'm just wondering given that we talked a lot about potential disposals at some point in time back in Italy in June, could you talk about how we should think about those assets like Polyamides or like Acetow where you flagged that the question was more timing rather than if in terms of disposal process? Thank you.

Jean-Pierre Clamadieu: On the second question I will let Karim detail how we feel about synergies. But on the second question while we didn't want or we don't want to make the financing of Cytec dependent on divestiture. This being said, as I've mentioned a few weeks ago and as I've mentioned also as of today, we think that the portfolio transformation will continue with the objective to strengthen and
to improve the quality of our portfolio. And, yes, I think after this transaction will make us look at opportunities to transform the portfolio probably with a feeling that we should act rather sooner than later. But no, probably not the right time to make any commitment on this, but just to say that I see this even more important to look at than I did a few weeks ago.

Roger Kearns:
A quick comment on your question on capacities. No, I don't see any rationalization capacities. These two technologies are very complementary, but quite separate. So we will continue to drive more the growth by merging the two ways of working as opposed to cutting any capacity.

Second piece on synergies just from an organizational point of view, this is a listed company in US. So as we haven't had a lot of time to discuss in great detail how we integrate their organization into ours. So we believe we've taken a relatively conservative view on that. As we get deeper into this we think the closer we can bring the organization together the more opportunities we're going to have to really create synergies both from a cost side but also from an upside on revenue.

Investor B: OK, thank you.

Roger Kearns: Thank you.

Investor C: Yes, hi, thanks for taking my questions. A couple of questions about the acquisition. Firstly auto and aero are end uses where it's very well known that they have very long development time periods. I'd be interested to hear your thoughts on when you'd expect to see really a meaningful change in revenues from let's say Solvay legacy projects into those applications now that you're working with Cytec.

Secondly, just looking back at Cytec's financials over the last decade or so, you see a lot of volatility here, you see a lot of volatility in EBIT, you see a lot of volatility in cash generation as well. Just could you guys talk us through kind of the comfort you get or how do you see that fitting in so that you can perhaps mitigate that volatility and the performance going forward looks more like you desire and less like Cytec's delivered historically. Thanks.

Jean-Pierre Clamadieu: On the first point I think we have to look differently at aerospace and auto. What we have in aerospace is a situation where Cytec has already the right composition and a number of programs, so there visibility is very good. And they're in the process of developing position in new programs so these are the upsides. And in some cases it's upsides which are very well advanced, in other cases it will take some time for this project to materialize.

When I look at our own project in aerospace, the ones we've presented when we were in Bollate a few weeks ago. The deal with interior of airplanes and the development time is much shorter than it is for structural parts, either primary or secondary structure. So, yes, I see potential for some upside, I would say, starting in a couple of years. So it's not something which we'll need to wait for 10 years to have an entry.

On automotive the situation is a bit different where too Cytec has position in some super cars. The challenge is to move into vehicles which are produced at a larger number and there too I think we should get some visibility probably in a couple of years. And then it might take another couple of years for this to develop into very large volumes application. So it's not very long term but it's not immediate.
On the second question, Roger?

Roger Kearns: Just commenting on volatility, Cytec made a pretty significant change in their portfolio 2011/2012, selling a large coatings business that was much more commodity based, buying the Umeco business that quite honestly they’re still in the process of integrating. So we believe less volatility certainly in the earnings going forward, much more predictable because of that portfolio change.

The second piece on cash, there are projects here in which there are some quite significant CapEx. They’ve recently installed their large carbon-fiber line which won’t really become qualified until early 2017. But those kinds of projects they only start after they have a signed commercial contract that lasts for years if not generations. So it is an aspect of the business that once they launch something there can be a CapEx but it has a very long payback. So we expect that to be – quite honestly – the CapEx they’ve put in place already we would expect this cash generation to improve and we certainly say by 2017.

Investor C: Just to follow up on the first question, I heard you say the interior of airplanes perhaps in a couple of years and then for the structural components?

Roger Kearns: The structural components are going to stay really, I would say Cytec domain as opposed to our specialty polymers. Our specialty polymers will be much more in interiors or small mechanical pieces but it’s a different aspect, different market.

Investor C: OK, thank you very much.

Investor D: Good morning, gentlemen. Thanks for taking three questions and they’re all around slide 13, 14 of the Cytec pack. First, just checking on the numbers, you’re saying that the market for composites in cars is expanding by $2 billion out to 2020. That’s a pretty concrete timeline. And you’re also saying there is around about 400,000 cars. Is that the math, 400,000 cars is the market, $5,000 per composite that gives you the $2 billion? And what kind of share do you think Cytec can grab? That’s the first question on the math.

The second question on the feasibility isn’t the bottleneck really this recyclability or the non-recyclability of the material? Isn’t that what’s going to hinder the market expansion?

And the third question is a bit more generic, if I owned a business that was about to have a huge market takeoff, why would I sell that business?

Roger Kearns: On the automotive I would say, I don’t want to be too granular, because the slides we show on 13 are coming from multiple consultant reports showing what the development of this market should be. And so the $2 billion is not exactly a multiplication of $5,000 times 400,000 cars. The second slide comes mostly from Cytec and how they see the progression moving over time. The first slide is from external consultants looking at this industry, they’re all pushing in this same direction.

What we see today is I would say slow down or we need to make sure that the mass adoption comes is an increase in production process speed to make this online, fast, so that the solution cost is compatible with the cars. It’s much less about recyclability quite honestly in this. These products can be recycled by grinding, by putting in as fillers and things – it’s not the high valued added recycling but it’s possible to do. So the limit is changing the product processes.
Can I ask about the share that Cytec is expected to take, has that been quantified?

Roger Kearns: No, today it's a race; quite honestly there's a race between multiple people looking at this market. This is an upside that we don't really have in our plan today and that's why I say we believe us plus Cytec together is better positioned than Cytec alone to win.

Jean-Pierre Clamadieu: And then again on your last question, it's clear that for, both for Cytec but also for us looking at this acquisition from the outside, automotive or launch of significant volume automotive application is an upside. It’s not something that we have factored in our valuation that we have factored in our business plan. From Cytec's standpoint they are very much an aerospace company. When they bought Umeco a few years ago, a couple of years ago, to enter into the automotive market. I think the integration was a little bit difficult as Roger hinted. Clearly it's an area where we think we can bring significant support to this type of approach. We are already a very significant player in engineering plastics.

In automotive, we have a position in lightweighting materials thanks to our specialty polymers business. So clearly we organize ourselves to maximize the potential of this opportunity, but, yes, there are opportunities. As I mentioned when I was answering the previous question, probably a couple of years until we see some larger volumes program taking off and probably another couple of years until we see that coming into actual production. Hence the 2020 objective that you see in this slide. But we look at this as an opportunity as an upside, sorry, which comes on top of the aerospace business where the visibility is much, much bigger.

Investor D: Thank you, Jean-Pierre, Karim and Roger, thank you.

Investor E: Yes, good morning. I've got two actually. The first one is -- I hear what you're saying on the disposals, you don't want to tie yourself to a disposal program, fully understandable. But obviously I'm just wondering how comfortable you are with what this does for the debt level going forward to even including the hybrid 50/50 you're looking at about $5 billion or so and obviously we're in a pretty slow-growth industrial world at the moment. And then obviously reflecting Cytec and the aerospace industry clearly comes in with very low Asian exposure and I'm not fully up to speed with the aerospace industry, but I understand that obviously these Chinese potential producers are going to be an important element potentially of growth going forward, just the scope in Asia going forward.

And if I can just ask one trading question on the Chemlogics business, you allude to the fact in this statement that the pricing has held up better. I just want to confirm that the margin in that business is also holding up as you said with the Q1 numbers? Thank you.

Jean-Pierre Clamadieu: OK, so taking them in reverse and Karim will take the question on financing. Yes, Chemlogics, I would say oil and gas at Novecare in general I think the issue is volume it's not margin. We have some pressure on prices, obviously, but in the current context of raw materials it's really a volume challenge that we have.

Asia, currently there is no Chinese production of commercial aircraft but Cytec is very well positioned there without being too specific. But they are the guys who would benefit from an actual development of Chinese production which is material, I mean it's still a challenge for the Chinese
aircraft producers to certify a new plane. But if they are successful there will be a very significant benefit for Cytec.

Karim Hajjar: Let me explain to you, essentially what this is going to do, and I’m going to for this purpose look at the hybrid almost from an economic point of view of debt. It's going to take the debt to EBITDA multiple about 1.4 last year to just over 3 times. As I mentioned earlier in the presentation we expect the rating agencies to confirm our investment grade. Fundamentally, this balance sheet is sustainable. We can absolutely service the debt at the high levels and eventually also pay down debt if we choose to. So, absolutely a lot of fire power that we continue to generate over time.

And remember as well what I said earlier which is this transaction will be cash accretive after all financing and dividend as well in the second year. So for all of these reasons this is a sustainable balance sheet. Sustainable balance sheet that meets our needs and gives us the capacity, the confidence we can both sustain the dividend and grow it as well over time. So all of that said it's very, very well optimized for our needs. Clearly if there are further portfolio moves later on in time we'll do it for value, for strategy not for deleveraging reasons it's important to make that point.

Investor E: OK. Obviously this is going to take quite a lot of management resource as you bed it in, one of the reasons for the lack of disposal announcements in the last 12 months potentially was the fact that the tight management resource time in your steel etc. Just wondering is that something we should consider, or just leave it out of the equation?

Jean-Pierre Clamadieu: I think I have been as clear as I can. And, yes, in fact once INOVYN is moving on it gives us a little bit more plan to focus on other subjects. But so far I think I’ve been as clear as I can be, we’ll continue to manage actively our portfolio and the Cytec acquisition gives us even better reasons to be looking at what we can do to continue to improve the quality of the portfolio.

Investor E: Thank you.
Investor F: Yes, thanks for taking three questions from my side. On page 8 can you walk us through the competitive landscape where Cytec is in, please? I mean aerospace composites as well as mining chemicals, who are the competitors, what is their ranking, what is their market share et cetera?

The second question is basically a clarification question regarding page 23, you say that the EBITDA of the combined business will be EUR2.3 billion in 2015. When I make the math I use the consensus for Solvay this year it's EUR2 billion and the consensus for Cytec which is $433 million which is around about EUR400 million, so I come up to EUR2.4 billion. So why you take a lower figure than consensus has published?

And finally, just a clarification question on the financing. Is the reason why you use the capital increase, and also the hybrid, not only that you want to keep the investment rate but also that you are then enabled to do further major deals in near-term future?

Jean-Pierre Clamadieu: Well, I will talk to your last one to say, no, I mean clearly the focus we have is to stay investment grade which is something that our main shareholder is very attentive to so that's really the basis of when we have built financing of this project and clearly we're not thinking of making any major or even significant acquisition in the next few years. The challenge will be to integrate Cytec, make sure that we deliver synergy as quickly as possible.

Cost side I think it's pretty straightforward, on the top line synergies we think that there is a lot of potential. But it takes a bit of time for it to materialize so don't expect us to be making significant moves in terms of portfolio on the acquisition part of the equation.

Competitive landscape, starting with aerospace it's relatively easy, three players, Hexcel and Toray, Toray much more focused on primary structure and Hexcel are in a position both on primary and secondary. When you go into interior materials we see a larger number of players: people like SGL Carbon for example which are currently supplying BMW and a few others. I don't know if I can give a bit more granularity, Roger?

Roger Kearns: No, the main other players there are in wind systems which would be very similar players, SGL Carbon, Zoltek, Toray, Hexcel.

Jean-Pierre Clamadieu: And then in mining chemical, Cytec is really the guy who has the strong and dedicated team on these activities and then we will see the usual suspects, BASF has a position there and a few others Solvay has also a position, a small one in mining chemicals. So clearly Cytec is a dominant player there with an organization which fits very well, which is very much focused on this market.

Karim Hajjar: And your second question, Martin, the REBITDA figure on page 24, the EUR2.3 billion merely is a rounding, it's actually midway between the two, we've used an exchange rate of 1.1, that's what we're talking about.

Roger Kearns: 1.15.

Karim Hajjar: 1.15, I'm sorry, to clarify.

Investor F: Thank you.
Investor G: I think all the questions have already been answered on the acquisition. I have just one more, which would be actually with regard to the financing structure. So if I understand correctly you would pay something like $5.5 billion, part of it being financed with $1.5 billion capital increase and $1 billion hybrid debt. So if I understand correctly the remainder will be financed with a senior debt so that would be $3 billion, am I correct in USD denominated?

Karim Hajjar: That is correct, it depends on the eventual exchange rate but, yes, that is a good ballpark. But remember it’s $5.8 billion as a total financing including essentially the deal costs and the other adjustments on the acquisition so it’s $5.8 billion.

Investor G: OK and I guess you don't have any idea yet of the maturity of that debt?

Karim Hajjar: No, this part of the optimization we'll do nearer the time.

Investor G: OK.

Karim Hajjar: We will clearly need the opportunity to let optimize term out but also keep a short profile as well.

Investor G: OK, I just wanted confirmation on that and then I have actually two additional questions. I was just looking at the acquisition multiple and can you just confirm because I'm looking at companies like Victrex etc. to have an idea of the multiple at which specialty polymers would be listed as standalone. Am I correct to think that the multiple that you're paying is more or less in line with the multiple for specialty polymers around 14?

Karim Hajjar: Yes, that's a ballpark, correct assumption.

Investor G: OK, great. And then an additional question if I may on the results. For Advanced Materials just looking at REBITDA margin I see a slight deterioration in margin actually. I was wondering where that would be coming from, year on year I mean not quarter on quarter.

Karim Hajjar: Nathalie, that's coming essentially from Ryton PPS.

Investor G: From the integration of Ryton PPS, OK, and that's the only thing? Is that supposed to remain longer term or is it just a temporary impact?

Karim Hajjar: No, it's just part of the ramp up, the acquisitions going really well. We're ahead in terms of synergy delivery, but completely in line with what we expected. And it's absolutely the majority of that is all Ryton and it will improve.

Investor G: All right, perfect. Now you've answered all my questions, thank you.

Jean-Pierre Clamadieu: Maybe we should probably take another two questions for time constraints, so next question.

Investor H: Hi team, my questions have been answered actually I thought I'd cancelled it, sorry about that.

Jean-Pierre Clamadieu: Good. Next question.

Investor I: Yes, hi there, good morning, thanks for taking my questions. The first one is on Acetow actually. One of your competitors hinted that the destocking cycle is coming to an end. You are saying that
you could keep pricing there. Are you expecting some restocking in the second half, is that the implied message here?

Secondly on Cytec, am I right that they were trying to get into the polymers universe for aerospace and were working on getting their own PEEK capacity?

Then thirdly also on Cytec, can you name the major competitors in PAN? I think there was originally a DuPont invention if I’m not mistaken. Are they still in that business? Who are the competitors there?

And then also on Cytec, is there is any oil and gas exposure at all and what their industrial sales are? Thank you.

Jean-Pierre Clamadieu: Well, you know well Cytec. On Acetow, no I think, we should just think of the normalization of the market as the significant destocking it is not coming from China and yes, just to restate that as already said, pricing is holding up well there. What we had in the first half was a volume problem. We are seeing some improvement, again not necessarily back to normal if you think normal was the best performance we had in the first half of 2014. But, yes, things are going in the right direction. But frankly speaking I don't expect players to start to restock I'm expecting just normalization of the situation.

So, Roger, on the Cytec questions?

Roger Kearns: Yes, John, just your question on thermoplastics, Cytec also I would say sold thermoplastics as under development. Yes, so they have some very early stage products that are more PEKK as opposed to PEEK, so polyether ketone ketone that they actually have made for them outside. So they buy the materials and then they were working on trying to develop some from outside, so it's another proof of why those synergies between specialty polymers and Cytec will be very, very strong.

As far as the polyacrylonitrile, yes, there're different steps in the process obviously for making carbon fiber and different layers go further upstream. So if you look at a polyacrylonitrile fiber you'll have certainly a Toray, a DowAksa JV and maybe (Femosa). Cytec has a pitch base production. In fact they have the only one in the United States which makes them a sole store supplier for many of the applications that must stay in the United States. So that's maybe where I'd go. There is polyacrylonitrile PAN fibers, a number of people who make that that is not a real play of Cytec.

Jean-Pierre Clamadieu: So, clearly in our view there is really a good fit between the polymers position we have and the composites from Cytec. And as part of the discovery to do on both sides to see how much synergies we can build, but clearly in the aerospace world I think the two technologies will certainly allow us to make significant entry in some applications where we are not today.

Next question.

Investor I: Sorry, there was the oil and gas exposure left.

Jean-Pierre Clamadieu: Oh yes, to oil and gas exposure, simple answer.
Roger Kearns:  No, in fact we see very low – the individual price of their materials versus the cost of raw materials we see very little impact from I'd say oil or negative. It's more on the demand of aerospace that might come in as opposed to raw material costs.

Investor I:  Right, thank you.

Jean-Pierre Clamadieu:  OK, maybe one more question or two more questions, in fact we are limited to 10.30 so go ahead.

Investor J:  Yes, good morning, gentlemen, I have a further three questions as well. First on your Q2 reporting can you also give more light on your electro-chemicals i.e. chlorine and caustic soda and the environment here? And also what do you expect mid-term for this business?

Then secondly on your CFROI we have said medium term it would be also accretive, maybe more light what medium term means? And what would be the effect if you would exclude the goodwill, would it be then accretive as in the first two years?

And then lastly on the raw materials purchasing: are the potential synergies already included in this EUR100 million synergies number? Or is this kind of upside potential you have?

Jean-Pierre Clamadieu:  No, the synergies - the raw material purchasing synergies are included in this EUR100 million and as part of the cost synergies. I'm not sure I understood your second question, to which business were you referring to?

Investor J:  To basically to the caustic soda business, the CFROI of course was on Cytec on the deal.

Jean-Pierre Clamadieu:  CFROI – caustic soda our exposure now is with INOVYN so I would say we are not impacted but we're going on there. In Europe we've some exposure remaining in Russia. And in Europe the situation has improved. So we think INOVYN is starting in the best possible condition and as a party which has an interest in the economic performance which could create an upside for us at the exit this is good.

Our exposure today to caustic soda is very minimal. Karim, on CFROI?

Karim Hajjar:  The answer's quite straightforward. If you exclude the goodwill year two is when we see the positive impact. If you keep it in which is what we do conservatively it really is year four unless we're really delivering at the higher end of the synergies which is what we target, obviously, and that's cash as you know, cash returns.

Investor J:  OK, perfect.

Jean-Pierre Clamadieu:  So maybe we have the last question now.

Investor K:  I snuck in just finally there with three hopefully very short questions. Regarding Novecare and the oil and gas exposure you've talked – you've mentioned several times about production holding up well. I wonder if you could put a number on the production volume performance in the second quarter year on year.
On Performance Chemicals could you just explain given the sort of stability of that business between Q1 and Q2 why the EBITDA was down quarter on quarter?

And then finally in the Functional Polymers in Polyamides do you see there being any temporary benefits from the sort of raw materials environment at the moment? In other words, to what extent should we extrapolate Q2’s performance give or take seasonality? Thanks very much.

Jean-Pierre Clamadieu: OK, trying to answer all of your questions quickly. On Polyamides, no, we don’t see any specific short-term benefits which will disappear next quarter. There were temporary negative impacts in Q1 due to stock reevaluation. But today we think that the business is doing well for the reasons I’ve mentioned. And both more favorable environment in terms of raw materials and energy costs. Quite a solid level of demand on the various applications and the impact of the cost reduction measures that we put in place, we expect Polyamides to continue to perform well.

On soda ash in Performance Chemicals there were some effects linked to seaborne activities which created a bit of volatility but still a very, very strong overall performance.

On Novecare volumes overall were down 22 percent. I’m not sure when you asked your question were you’re referring to oil and gas production volumes or were you referring to Novecare volume?

Investor K: Sorry, I was actually referring – you've obviously had the impact, the significant impact on the exploration and drilling side and stimulation side, I'm just trying to get separate, we know we can sort of monitor the rig count effect on that front, but I'm thinking on the production element of your oil and gas exposure.

Jean-Pierre Clamadieu: Still it's a very complex analysis to make. If you look at the headlines, today production of tight oil in the US continues at a very significant level. In fact there was minimal reduction. But we know that this production will start to reduce if there is no more exploration and stimulation. And the challenge or the challenging question is when will we see new or more activities and stimulation and drilling and there I don't want to give you an answer. I have some opinion but it's probably not better than the one you can find if you are looking around to some of your colleagues who analyze North American oil and gas. So the only thing I can tell you that we are working very hard to make sure that we strengthen our position. Market share, we've seen a number of small players disappearing. We've seen people fighting very hard to improve the competitiveness of these overall operations, we are there. I think we have increased our market share but we need to see volumes picking up to see the benefit of this.

Investor K: Sorry, just to come back on that, are you suggesting then, and is this why you’re a little bit sort of cagey earlier on in the Q&A session about saying that we’ve reached the nadir in Novecare, are you suggesting that the production element of that business could be impacted due to the lack of exploration activity?

Jean-Pierre Clamadieu: This is a fact, when it comes to tight oil you know that you need to work on the field and when I say work it's the drilling and stimulating and refracturing to maintain production level. Now the oil price is a bit volatile these days. And I will be very careful to draw any conclusion on what this means for Novecare in the next couple of quarters. Again I think our results this quarter demonstrate that despite this situation we are able to generate solid results, EUR500 million and a total for H1 of EUR1 billion, we are signaling that we are confident that for the whole year 2015 we
will show a solid growth versus last year. In a nutshell we are very much in line with our 2016 objectives and this leaving the Cytec acquisition on the side.

So, maybe a time just to bring this call to a conclusion, thank you very much for your time. I think we are very pleased with the Cytec acquisition to come up with what I think is a great strategic opportunity for Solvay. It's really a milestone in the transformation of a portfolio of the Company, but this is not the end game. I do believe, I’ve said it several times in several ways, but on the contrary this is really a trigger for us to continue and to accelerate the portfolio reshaping with really the view to turn as we will conclude the integration of Cytec to turn Solvay into indeed a Group with a very different profile than the one it had a few years ago, much more focused around growth, much more resilient and with significantly higher returns for its shareholders.

So with that thank you very much. We'll be in London, Karim, Roger and myself tonight, we'll be in London tomorrow and certainly willing to interact with you. So you can, if there is an opportunity for you to meet with us, just let Maria and our IR team know and we'll try to make sure we can find space in our schedule to discuss with you. We understand that this is a very important operation and it takes some time for people to understand what it means. And we are certainly not enthusiastic but absolutely ready to spend some time to share our enthusiasm with you. Thank you very much.

Operator: This concludes today's webcast. Thank you all for participating. You may now disconnect.