



SOLVAY

asking more from chemistry®

SECOND QUARTER & FIRST HALF 2017 RESULTS

August 1, 2017

SAFE HARBOR

This presentation may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this presentation is subject to risks and uncertainties relating to a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations, changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals, regulatory approval processes, all-in scenario of R&D projects and other unusual items.

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Following the announcements in late 2016 of plans to divest the Acetow and Vinythai businesses, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the second quarter and first half year of 2016 income statement has been restated. The Vinythai transaction was completed end of February 2017 and the Acetow transaction end of May 2017.

Besides IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of the Group's financial performance. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 2 to 18 are on an underlying basis, unless otherwise stated.

OVERVIEW

- **Executing our Plan**
- Financial highlights
- Outlook and summary
- Annexes



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STRONG EARNINGS GROWTH AND CASH GENERATION



Q2 2017

- **Significant volume and profit growth**
- **Record margin**
- **Sustained cash flow generation**
- **Full year outlook raised**



2017 SECOND QUARTER RESULTS

MOMENTUM CONTINUES INTO Q2

EBITDA
up +18%

- Volume Growth
- Positive pricing power
- Strong excellence and synergy delivery
- EBITDA up +11% excluding one-time €38m synergy

EBITDA margin
Record at 23%

Free cash flow
€85m

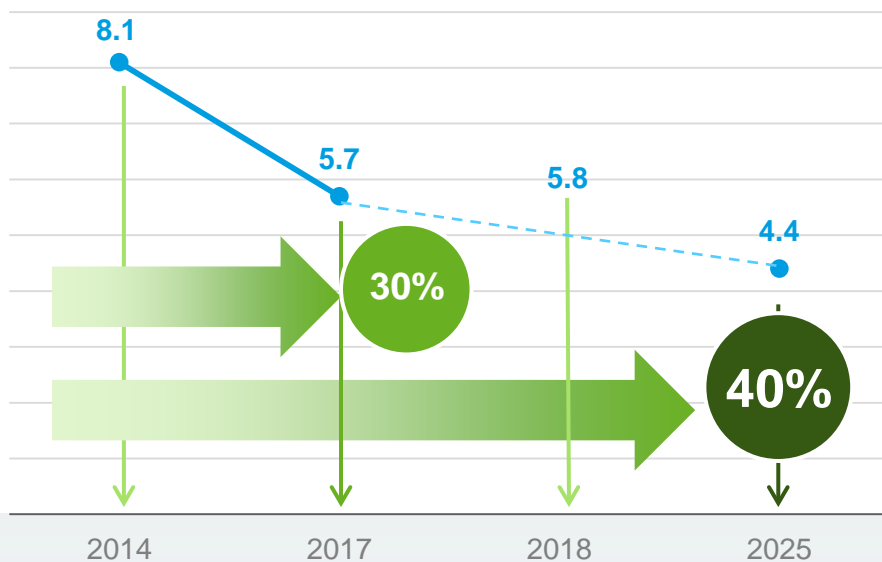
- Lower Capex
- Working capital discipline
- Lower underlying net debt

Improved Credit Rating

GREEN HOUSE GAS REDUCTION TO REDUCE CLIMATE CHANGE IMPACT

GHG INTENSITY

(in kg CO₂ eq. / € EBITDA)



KEY LEVERS

- **Portfolio**
- **SOLWATT®**
 - Energy efficiency
 - Manufacturing Excellence
- **Capex**
 - Internal carbon price
€25 / ton CO₂
- **R&I priorities**

Performance exceeds targets

OVERVIEW

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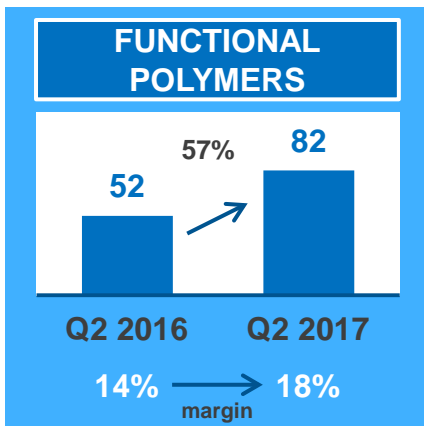
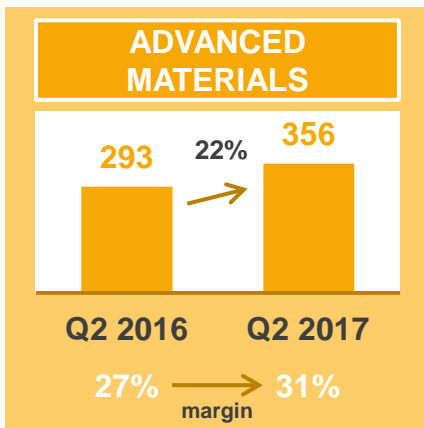
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RESILIENT MULTI-SPECIALTY PORTFOLIO

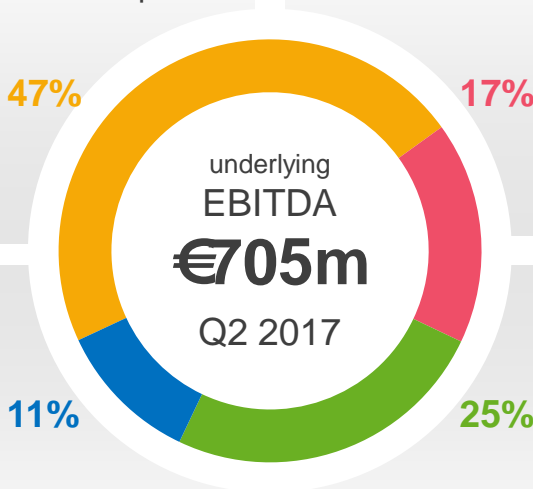
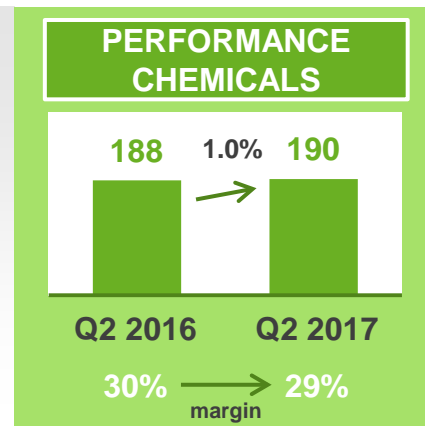
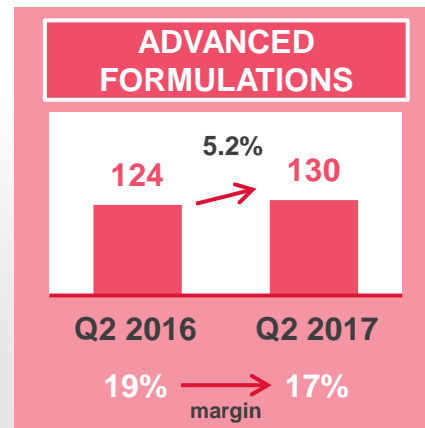
VOLUME-DRIVEN GROWTH ACROSS EACH OPERATING SEGMENT

in € million



Strong volume growth in automotive & smart devices; sequential improvement in aerospace

Good innovation-related growth in agro & continued improvement in Oil & Gas



Strong Polyamide performance related to price and auto demand

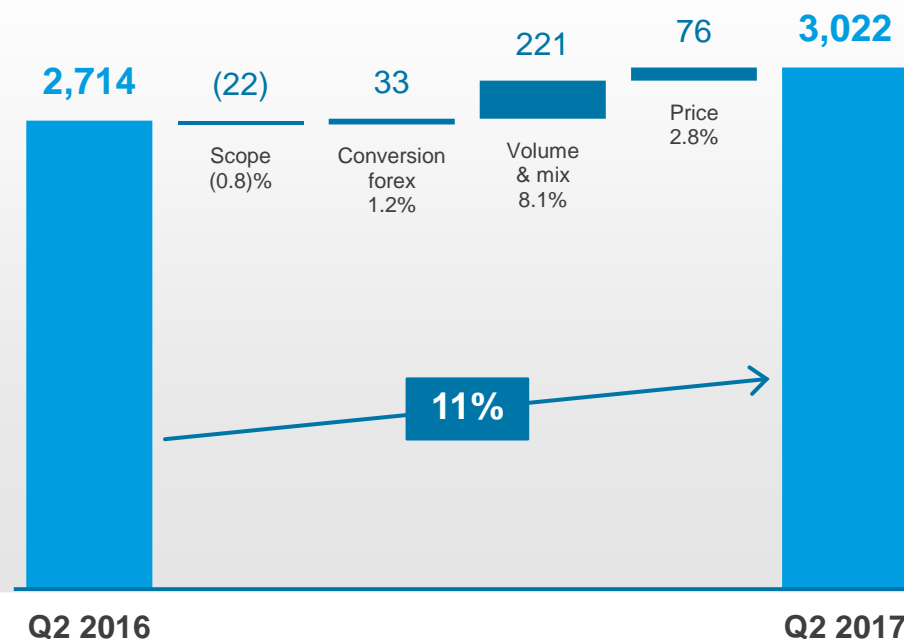
Benefit of the HPPO contract at Sadara and resilient Soda Ash Seaborne demand

Q2 2016 Q2 2017
€(58)m → €(53)m

DOUBLE-DIGIT SALES GROWTH DRIVEN BY VOLUME & PRICE

Net sales

in € m



Volume growth

- Volume growth in all four segments
- Good demand from end markets: smart devices, automotive, aerospace, oil & gas

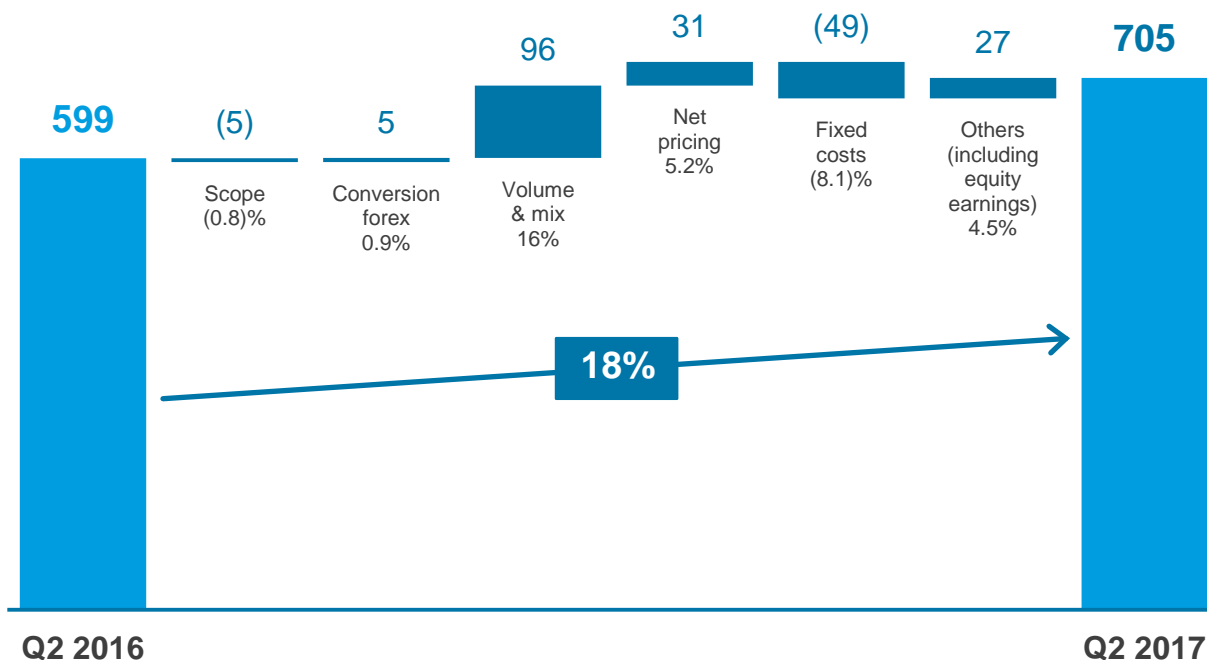
Price

- Higher pricing in polyamide 6.6 intermediates and polymers

RECORD EBITDA MARGIN DRIVEN BY VOLUME GROWTH

Underlying EBITDA

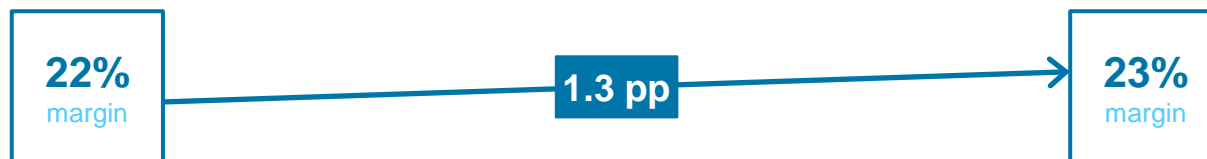
in € m



☐ **Volume & mix**
Growth across all segments

☐ **Pricing power**
Positive again thanks to excellence initiatives and price increases

☐ **Fixed costs**
New capacity expansions supporting volume increase



UNDERLYING NET INCOME REFLECTING HIGHER OPERATING PROFIT

Underlying P&L

| <i>in € m</i> | Q2 2017 | Q2 2016 | % yoy |
|-------------------------------|----------------|----------------|--------------|
| Net sales | 3,022 | 2,714 | 11% |
| EBITDA | 705 | 599 | 18% |
| <i>EBITDA margin</i> | <i>23%</i> | <i>22%</i> | <i>1pp</i> |
| Depreciation & amortization | (186) | (184) | (1)% |
| EBIT | 519 | 415 | 25% |
| <i>EBIT margin</i> | <i>17%</i> | <i>15%</i> | <i>2pp</i> |
| Net financial charges | (96) | (117) | 18% |
| Income taxes | (110) | (87) | (27)% |
| <i>Tax rate (ytd)</i> | <i>26%</i> | <i>30%</i> | <i>(5)pp</i> |
| Discontinued operations | 7 | 29 | (74)% |
| Non-controlling interests (-) | (12) | (16) | 27% |
| Profit, Solvay share | 309 | 223 | 38% |

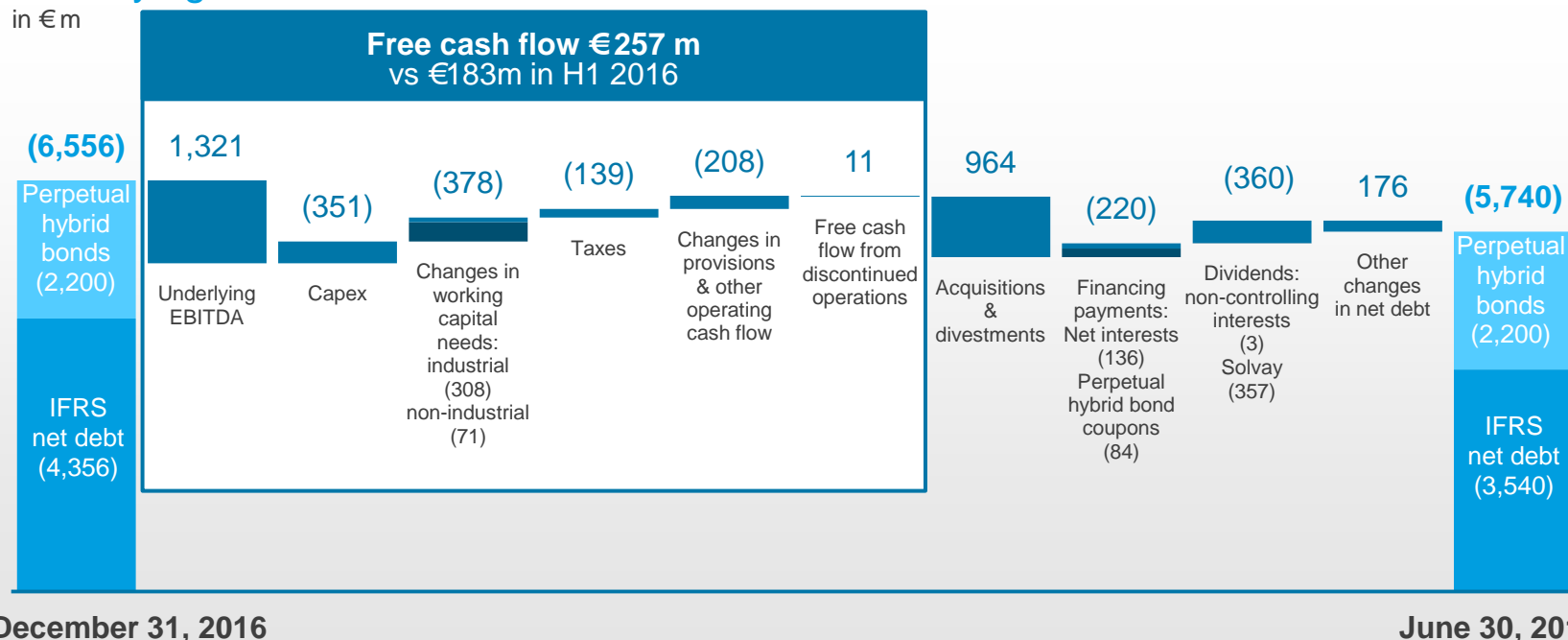
Underlying profit (Solvay share) up 38%

- Good EBIT growth versus prior year
- Lower underlying tax rate due to change in geographical mix

FOCUS ON CASH MAINTAINED REDUCTION IN NET DEBT

Underlying net debt^[1] evolution

in € m



Improved free cash flow (continuing operations)

- Profit growth
- Lower capex
- Working capital discipline

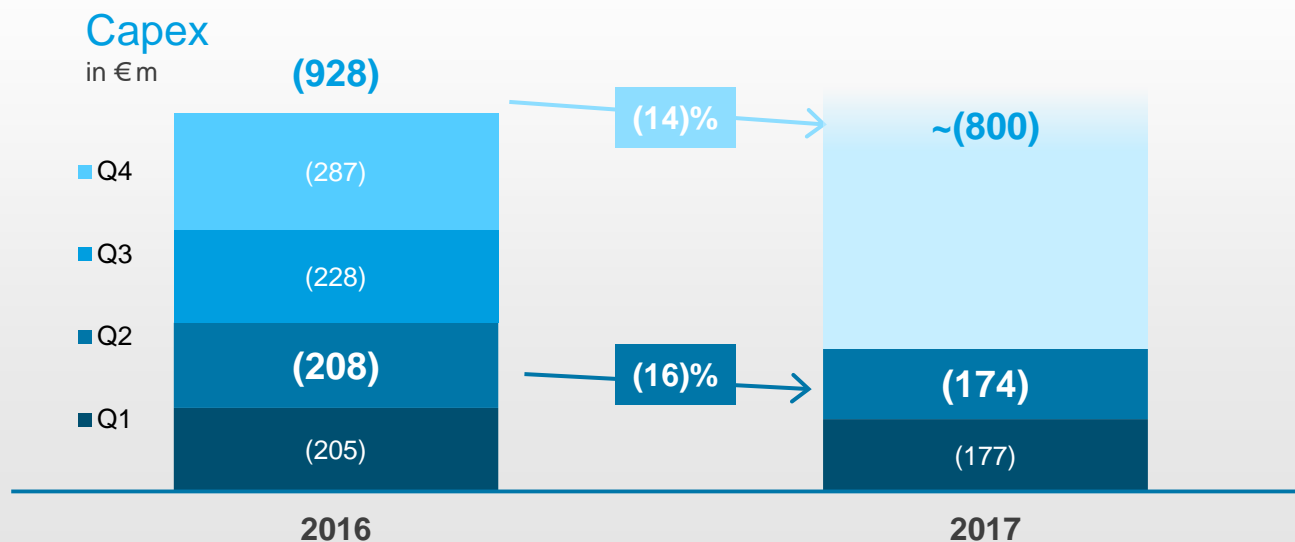
M&A inflow

- Net proceeds primarily from divestitures

Dividends to shareholders

- ➔ Interim dividend to Solvay shareholders

LOWER CAPEX IN LINE WITH STRATEGY



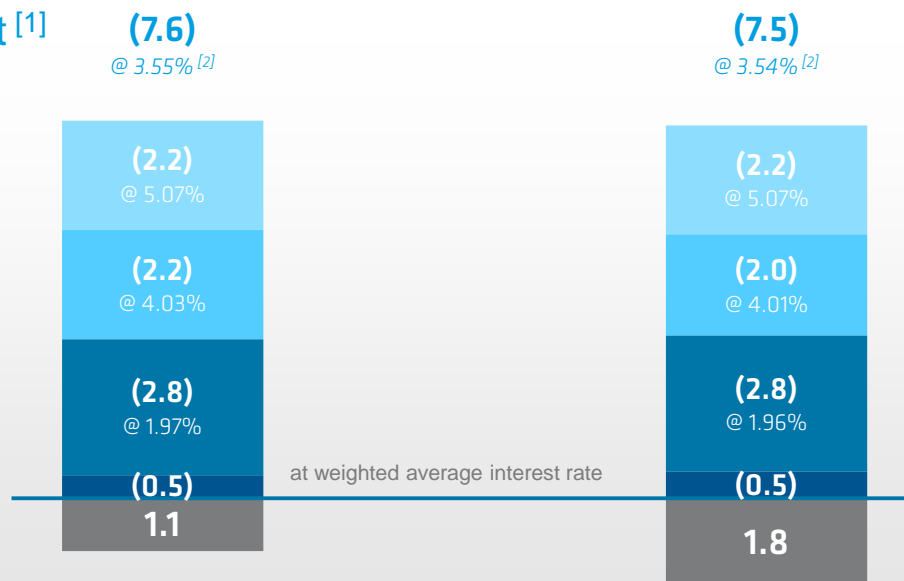
ENHANCED CREDIT STRENGTH

UPGRADE BY S&P TO BBB (May 8, 2017)

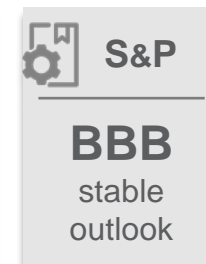
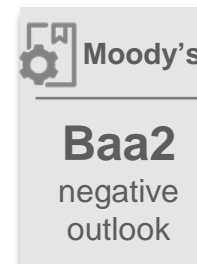
Underlying debt^[1] evolution

in € billion

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



Underlying



INVESTMENT GRADE

OVERVIEW

- Executing our plan
- Financial highlights
- **Outlook and summary**
- Annexes



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RAISING OUTLOOK FULL YEAR 2017



**High-single digit
EBITDA growth**

**Free cash flow
from continuing operations
more than €800 million**

ON TRACK TO DELIVER



Portfolio optimization

Volume growth

Earnings and cash flow growth

Sustainable progress



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NEXT EVENTS

**November 8
2017**

Q3 2017
results

**February 28
2018**

Q4 & FY 2017
results

**May 3
2018**

Q1 2018
results

ANNEXES

- **Additional 2017 financial data**
- General information
- Other financial considerations for 2017



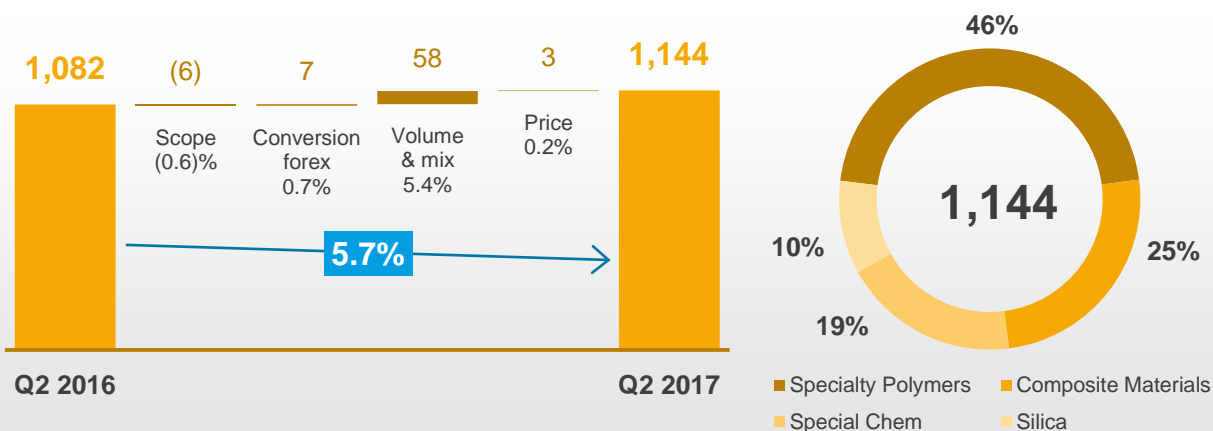
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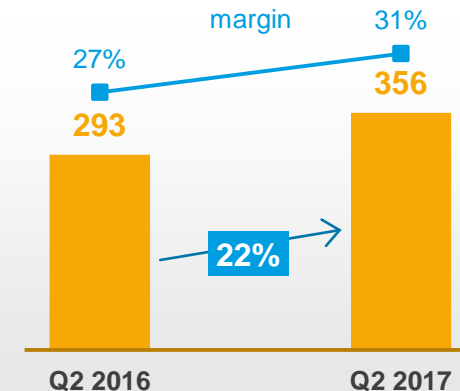
ADVANCED MATERIALS Q2 2017

SOLID EBITDA GROWTH ACROSS DIVERSIFIED MARKETS

Net sales (in € million)



EBITDA (in € million)



Specialty Polymers

Sales up 11%

- Strong growth in automotive & smart devices
- Solid demand across a broad-base of markets

Composite Materials

Sales up 2%

- F-35 build rate increase
- Single-aisle growth offset wide-body declines
- Composites deliver higher sales for the first time since 2015

Special Chem

Sales up 2%

- Growth from electronics continued
- Support from price increases

Silica

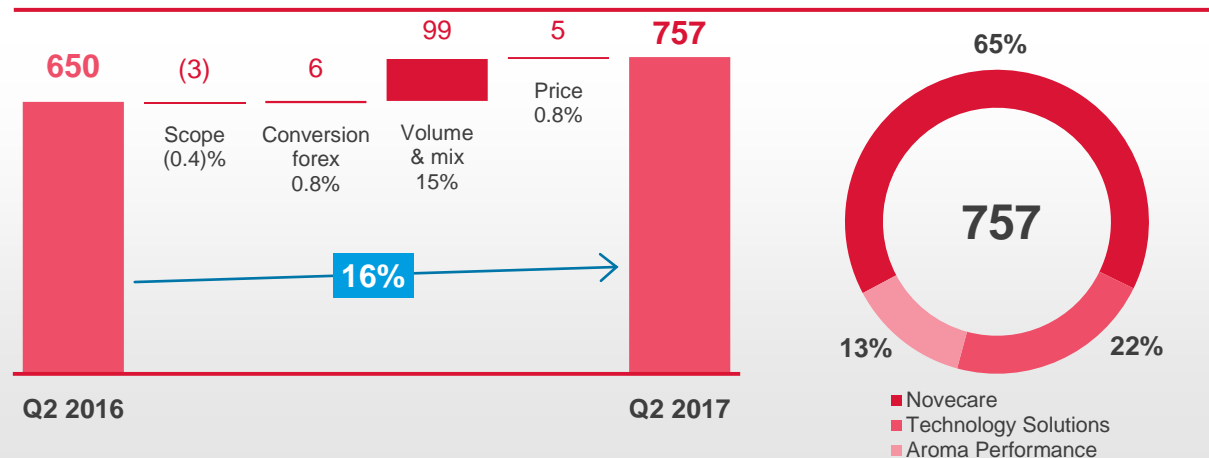
Sales down 1%

- Stable demand in energy-efficient tires market

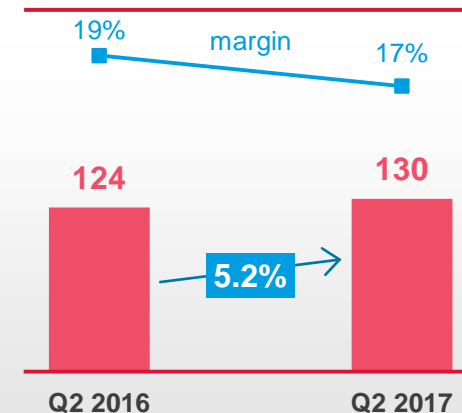
ADVANCED FORMULATIONS Q2 2017

SALES AND EBITDA GROWTH RETURN

Net sales (in € million)



EBITDA (in € million)



Novecare

Recovery continues

- Oil & Gas market showed progressive improvement year on year
- Innovation-driven growth in Agricultural applications continued

Technology Solutions

Stable

- Production issues at some large customers still weighed on the business

Aroma Performance

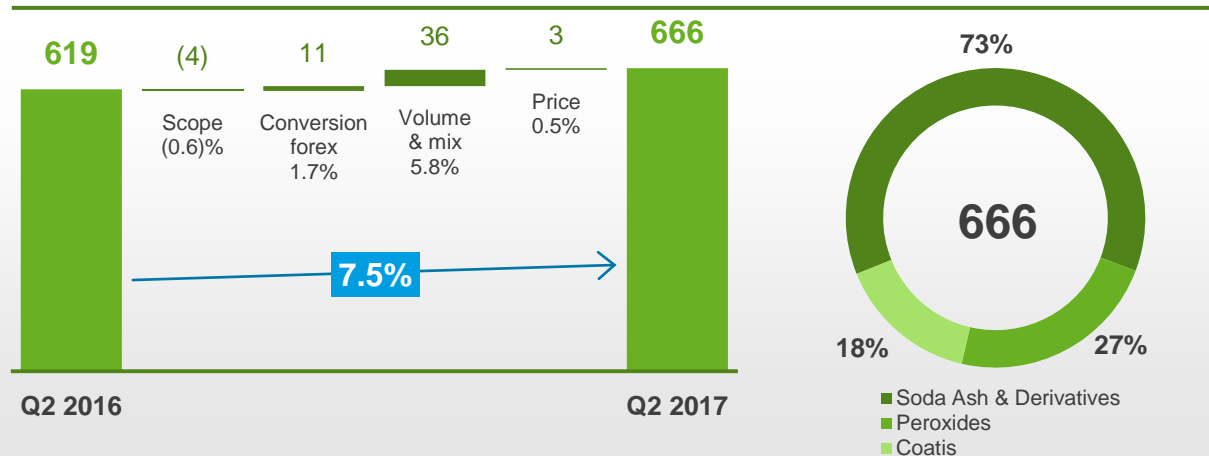
Sales growth

- Volume growth related to new China production
- Competitive price pressure remained

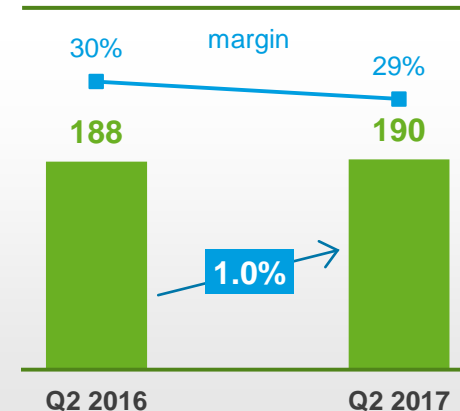
PERFORMANCE CHEMICALS Q2 2017

SOLID PERFORMANCE CONTINUES

Net sales (in € million)



EBITDA (in € million)



Soda Ash & Derivatives

Sales up 4%

- Soda ash seaborne volumes up again
- Growth in Bicarbonates continues

Peroxides

Sales up 12%

- Growth due to contractual benefits at Sadara HPPO plant
- Stable conditions across the markets

Coatis

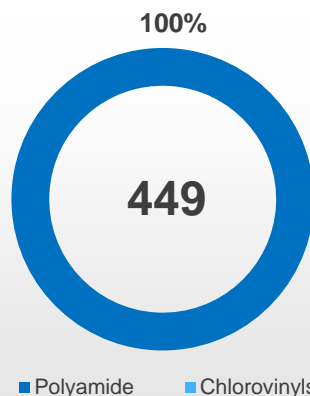
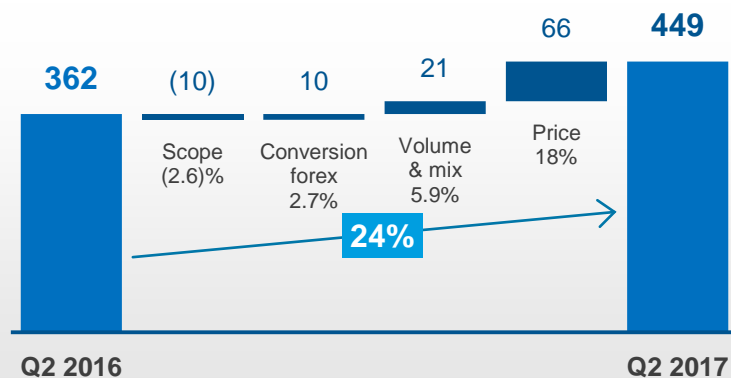
Sales up 21%

- Positive effect from the appreciation of the Brazilian real
- Higher prices

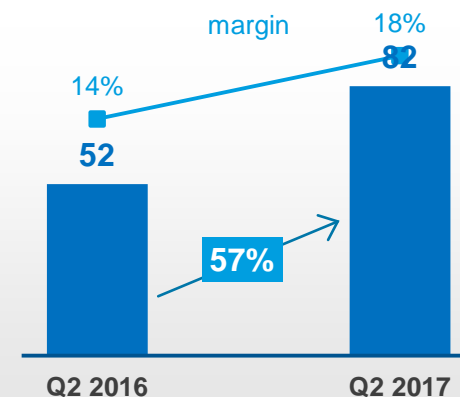
FUNCTIONAL POLYMERS Q2 2017

STRONG EBITDA GROWTH

Net sales (in € million)



EBITDA (in € million)



Polyamide

Sales up 28%

- Higher average prices reflect the pass-through of higher raw material costs
- Growth driven by higher volumes in intermediates & polymers used in automotive

Chlorovinyls

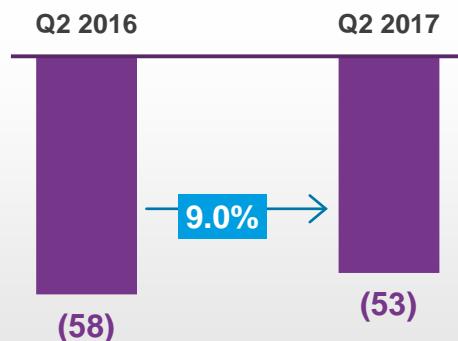
Largely stable

- Positive contribution from RusVinyl JV (Russia)
- Market demand remains stable

CORPORATE & BUSINESS SERVICES Q2 2017

STABLE CONDITIONS

EBITDA (in € million)



Key figures

(in € million)

| | Underlying | | |
|-------------------------------------|------------|---------|-------|
| | Q2 2017 | Q2 2016 | % yoy |
| Net sales | 7 | 1 | n.m. |
| Energy Services | - | - | n.m. |
| Other Corporate & Business Services | 7 | 1 | n.m. |
| EBITDA | (53) | (58) | - |
| Energy Services | 3 | (2) | n.m. |
| Other Corporate & Business Services | (56) | (56) | - |

Energy Services

- Stable business conditions
- Benefited from prior restructuring of renewable energy assets

Other Corporate & Business Services

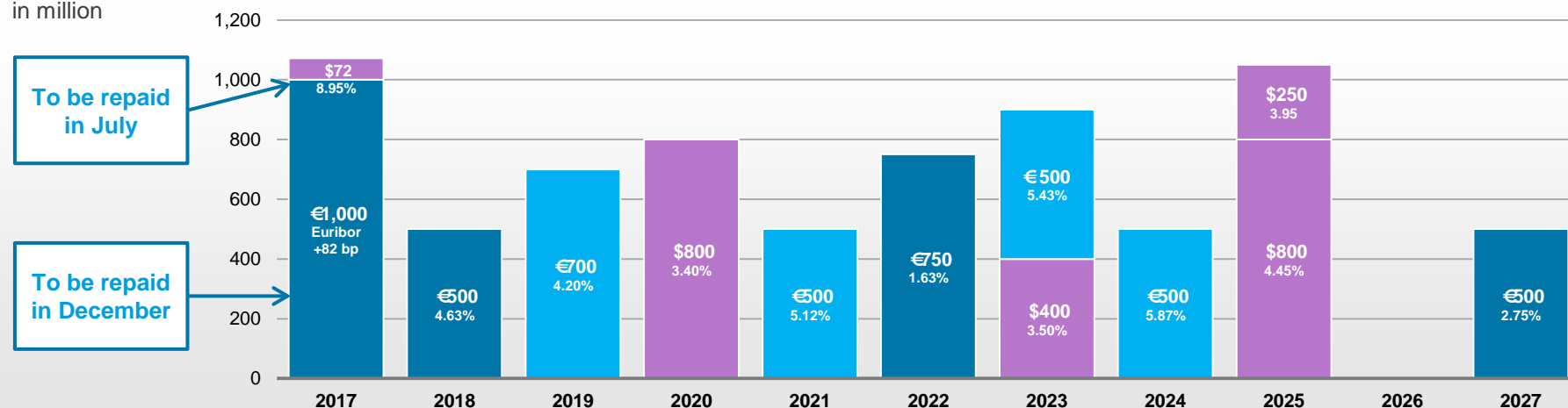
- Operational excellence offset fixed cost inflation

DEBT PROFILE

BALANCED MATURITIES ALLOWING FLEXIBILITY

Major debt

in million



Major debt ^[1]

December 31, 2016

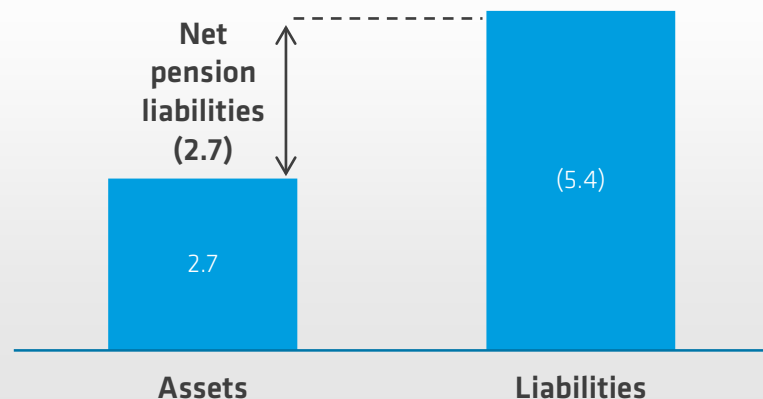
June 30, 2017

| | Face value | Average maturity | Average cost | Face value | Average maturity | Average cost |
|---|----------------------|------------------|--------------|----------------------|------------------|--------------|
| EUR bonds | 2,750 | 4.3 | 1.97% | 2,750 | 3.8 | 1.96% |
| EUR perpetual hybrid bonds ^[2] | 2,200 | 5.1 | 5.07% | 2,200 | 4.6 | 5.07% |
| USD bonds | 2,212 ^[3] | 6.5 | 4.03% | 2,045 ^[3] | 6.0 | 4.03% |
| Total major debt | 7,162 | 5.2 | 3.55% | 6,995 | 4.7 | 3.54% |
| | in € m | in years | | in € m | in years | |

NET PENSION LIABILITIES ^[1] UP ON LOWER DISCOUNT RATES

Pensions (June 20, 2017)

in € billion



Net pension liabilities decreased by €0.1 bn

- Pension liabilities down to €(5.4) bn
- Pension assets widely stable at €2.8 bn

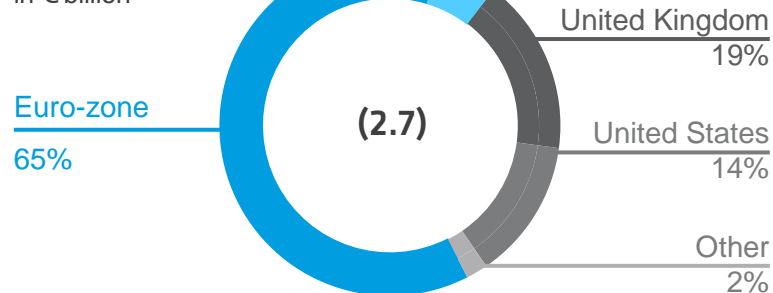
Cash contribution of €(82) m in H1 2017

- vs €(88) m in H1 2016

Net pension liabilities

June 30, 2017

in € billion



All presented figures are for continuing operations only

Discount rate evolution ^[2]

| Currency | June 30, 2017 | December 31, 2016 | % since year start |
|----------|---------------|-------------------|--------------------|
| Average | 2.6% | 2.6% | - |
| EUR | 1.8% | 1.5% | 0.3% |
| GBP | 2.8% | 2.8% | - |
| USD | 3.8% | 4.0% | (0.3)% |

ANNEXES

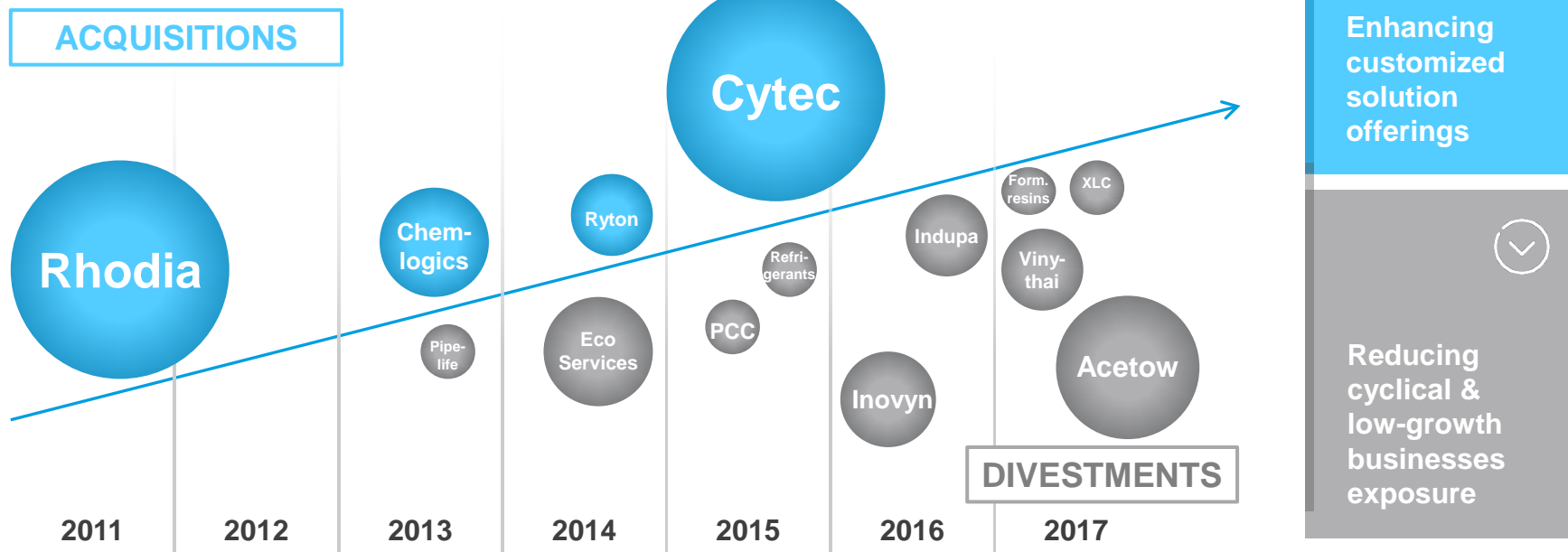
- Additional 2017 financial data
- **General information**
- Other financial considerations



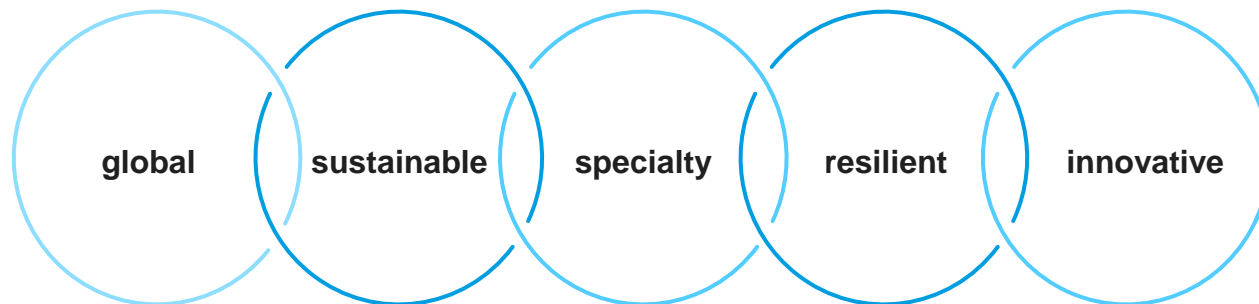
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UPGRADED PORTFOLIO



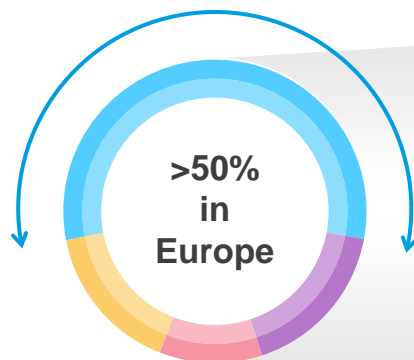
MORE →



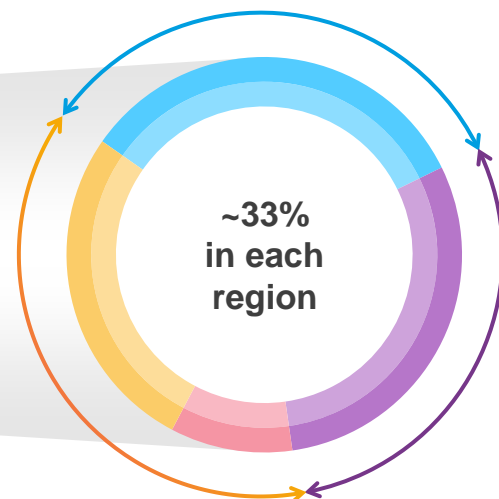
OUR GLOBAL PROFILE

GEOGRAPHIES

- Europe
- Asia & RoW
- Latin America
- North America



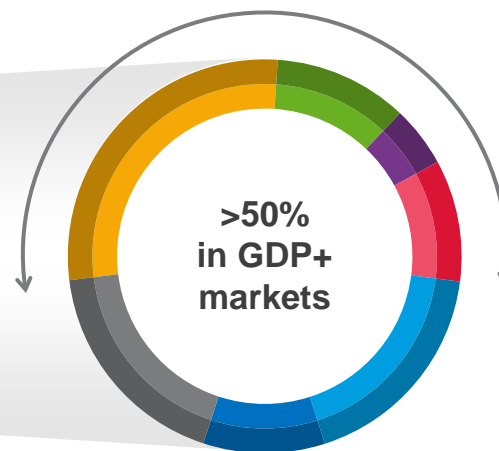
2010 net sales
€6.5 billion



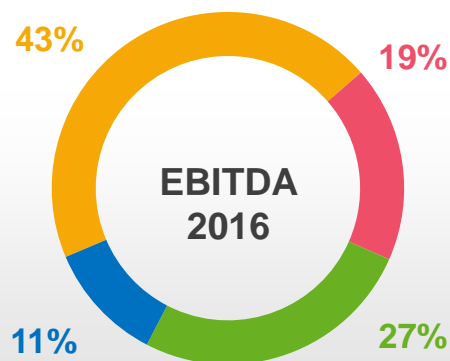
2016 net sales
€10.9 billion

MARKETS

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



ALIGNED BUSINESS SEGMENTS STRATEGICALLY COHERENT TO DRIVE RESULTS



Market positions:



Global market position
in main markets addressed



Regional market
position in main markets addressed

2016

GROUP

| | |
|-----------|-----------|
| Net sales | €10,884 m |
| EBITDA | €2,284 m |
| margin | 21% |
| CFROI | 6.3% |

GROWTH ENGINES

ADVANCED MATERIALS

High performance materials, providing solutions for sustainable mobility: **light-weighting**, CO₂ and energy efficiency

Specialty Polymers **#1**

Composite Materials **#2**

Special Chem **#1**

Silica **#1**

ADVANCED FORMULATIONS

Customized specialty formulations in **surface chemistry**, optimizing efficiency, minimizing environmental impact

Novecare **#1**

Technology Solutions **#1**

Aroma Performance **#1**

RESILIENT CASH CONTRIBUTOR

PERFORMANCE CHEMICALS

Leading positions in chemical intermediates, through scale and technology

Soda Ash & Derivatives **#1**

Peroxides **#1**

Coatis **#1**

FUNCTIONAL POLYMERS

Leading regional positions in functional polymers, with focus on excellence

Polyamide **#3**

Chlorovinyls **#2**

| | | | | | |
|-----------|-----------|----------|----------|----------|----------|
| Net sales | €10,884 m | €4,313 m | €2,668 m | €2,460 m | €1,436 m |
| EBITDA | €2,284 m | €1,110 m | €484 m | €695 m | €222 m |
| margin | 21% | 26% | 18% | 28% | 15% |
| CFROI | 6.3% | 9.4% | 6.1% | 8.9% | 5.1% |

ANNEXES

- Additional Q2 & H1 2017 financial data
- General information
- **Other financial considerations**



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UNDERLYING EBIT(DA) CONSIDERATIONS FOR 2017

Scope effects

- Divestments having led to restatements in 2016
 - Latin American PVC activity Indupa sold end 2016
 - Asian PVC activity Vinythai sold in February 2017
 - Acetow acetate tow activity sold in May 2017

Depreciation & amortization

- Underlying D&A of ~€(750) m
 - Excludes PPA amortization
- PPA amortization of ~€(290) m
 - Includes PPA impacts from Rhodia, Cytec and other smaller acquisitions (e.g. Chemlogics, Ryton)

Forex sensitivity

- Immediate impact on conversion exposure
- Deferred transactional impact due to hedging (6-12 month rolling basis)
- Mainly linked to USD
 - Sensitivity in 2017:
 - ~ €120 m underlying EBITDA per (0.10) \$/€
 - ~60% conversion / ~40% transactional
- Other forex exposures
 - GBP, CNY, BRL, JPY, RUB, KRW, THB
- Evolution of main currencies Solvay is exposed to:

| Quarterly averages | | | | | | | | |
|--------------------------------|-------|------|-------|--------|--|------|-------|-------|
| /€ | USD | JPY | GBP | BRL | RUB | CNY | KRW | THB |
| Q2 2016 | 1.129 | 122 | 0.787 | 3.96 | 74.33 | 7.21 | 1324 | 39.28 |
| Q2 2017 | 1.102 | 123 | 0.861 | 3.54 | 63.10 | 7.34 | 1227 | 37.39 |
| YoY Change | -2.4% | 0.5% | 9.4% | -10.6% | -15.1% | 1.7% | -7.3% | -4.8% |
| As of Jun 30, 2017 Source: ECB | | | | | Red=EUR depreciatoin, Green=EUR appreciation | | | |

UNDERLYING FINANCIAL, CASH & TAX CONSIDERATIONS FOR 2017

Underlying net financial charges

Underlying net financial charges expected at ~€(425) m, excluding foreign exchange fluctuations impact

- **Underlying net cost of borrowings** at expected at ~€(230) m
- **Coupons from perpetual hybrid bonds** expected at ~€(112) m (considered as dividend & equity under IFRS)
 - €(84) m in Q2 and €(27) m in Q4
 - Average cost: 5.1%
- **Non cash recurring discounting provisions** expected at ~€(80) m
- Net debt sensitivity to US dollar is approximately €(200) m per US\$(0.10) change

Other elements

➤ Cash flow

- Cash expenses for pensions projected at €(210) m
- Capital expenditure from continuing operations is expected at ~€(800) m

➤ Tax rate

- Underlying tax rate (adjusted for PPA and other factors) expected at ~30%

Solvay's ADR program

Convenience of investing in American Depositary Receipts (ADRs) through a sponsored Level 1 program

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

Benefits of ADRs:

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

For questions about creating Solvay ADRs, please contact Citi:

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