



SOLVAY

asking more from chemistry®

FIRST HALF 2018 RESULTS PRESENTATION

July 31, 2018

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.

Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update or revise any forward-looking statements

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FORENOTE

Following the announcement in September 2017 of plans to divest the Polyamide business, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the first quarter of the 2017 income statement has been restated.

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.

OVERVIEW

Executing our plan

Financial highlights

Priorities and outlook

Appendices



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Strong volume growth counters forex headwinds

Sustained EBITDA margin



H1 2018

- Organic EBITDA growth of 6%
- Foreign exchange headwinds
- EBITDA margin sustained at 23%

2018 first half results

Strong volume growth counters adverse forex

EBITDA -3%
Organic growth +6%

- **Volume/Mix**
 - Strong volumes across Advanced Materials and Advanced Formulations
- **Pricing power**
 - Net pricing stable amid higher raw materials and energy prices
- **Fixed costs**
 - Operational excellence and synergies partly offset inflation

EBITDA margin
sustained at 23%

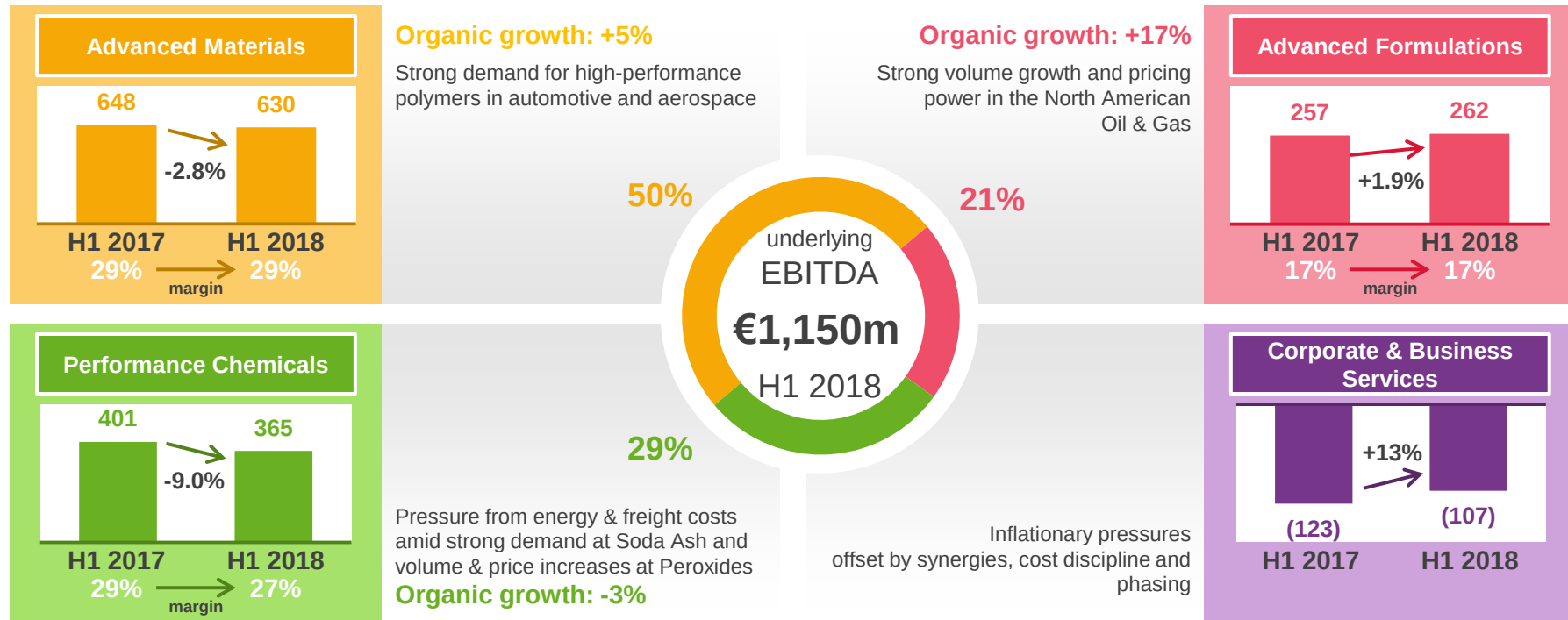
Free cash flow^[1]
€123 million

- **Resulting from**
 - Lower EBITDA
 - Phasing in working capital
 - Capex discipline maintained
- **Underlying net debt at €5.7 billion**
 - Seasonally up on dividend payments to shareholders

FCF to Solvay shareholders^{[1][2]}
€77 million

Organic EBITDA growth

Driven by volumes in Advanced businesses



Corporate & Business Services included in €1,150 m EBITDA, but excluded from the pie chart as the contribution is negative

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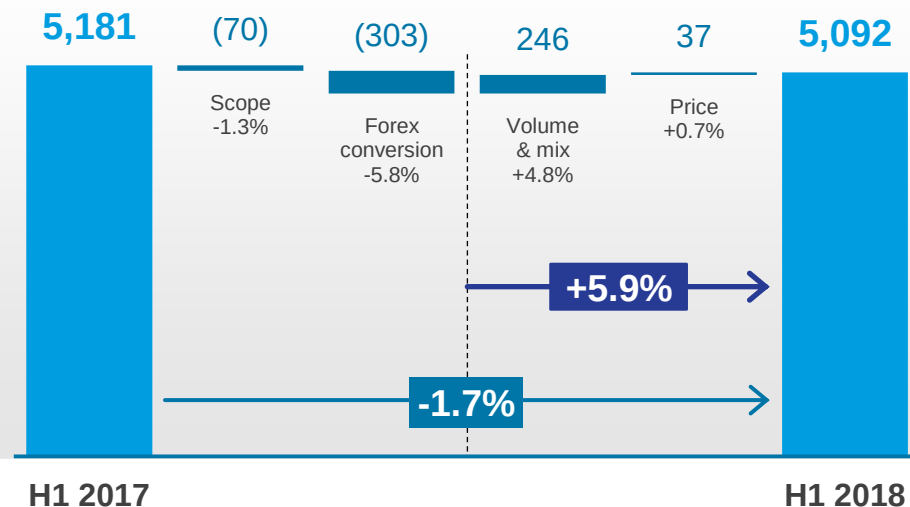
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Sales impacted by forex & scope

Strong organic growth

Net sales

in € million



Volume growth

- Advanced Materials: sustainable mobility remained a solid growth driver (automotive & aeronautics)
- Advanced Formulations: continued recovery in the North American shale Oil & Gas market

Adverse forex & scope^[1]

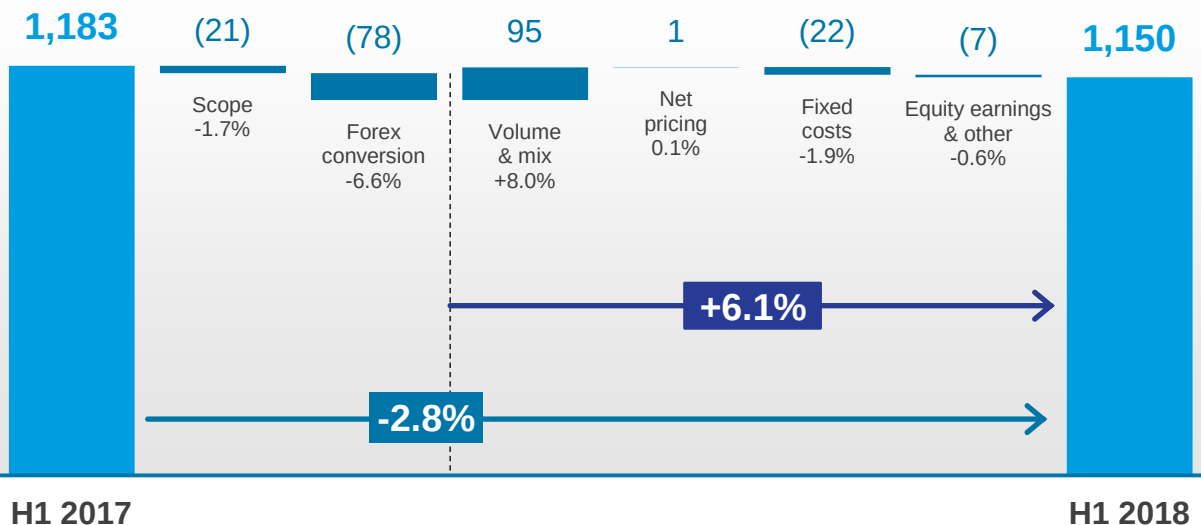
- US dollar depreciation
- Scope reduction from smaller divestments^[1]

EBITDA margin sustained

Driven by strong volume growth

Underlying EBITDA

in € million



➤ **Volume & mix**
Led by Advanced Materials and Advanced Formulations

➔ **Net pricing**
Stable despite higher raw materials and energy prices

➤ **Fixed costs**
Excellence and synergy benefits partly offset inflation

H1 2017

23%
margin

H1 2018

23%
margin

Underlying profit from continuing operations up

EBITDA reduction more than offset by lower financial charges

Underlying P&L

in € million	H1 2018	H1 2017	% yoy
Net sales	5,092	5,181	-2%
EBITDA	1,150	1,183	-3%
<i>EBITDA margin</i>	23%	23%	-
Depreciation & amortization	(332)	(335)	+1%
EBIT	818	848	-4%
<i>EBIT margin</i>	16%	16%	-
Net financial charges	(163)	(207)	+21%
Income taxes	(155)	(176)	+12%
<i>Tax rate (ytd)</i>	25%	29%	-4pp
Profit, continuing operations	500	466	+7%
Discontinued operations	106	127	-17%
Non-controlling interests (-)	(19)	(28)	+31%
Profit, Solvay share	586	565	+4%
EPS	5.67	5.47	+3.8%
EPS, continuing operations	4.65	4.28	+8.7%

Underlying profit from continuing operations up 7%

- Lower net financial charges reflecting capital structure optimizations implemented in 2017
- Lower tax rate of 25%

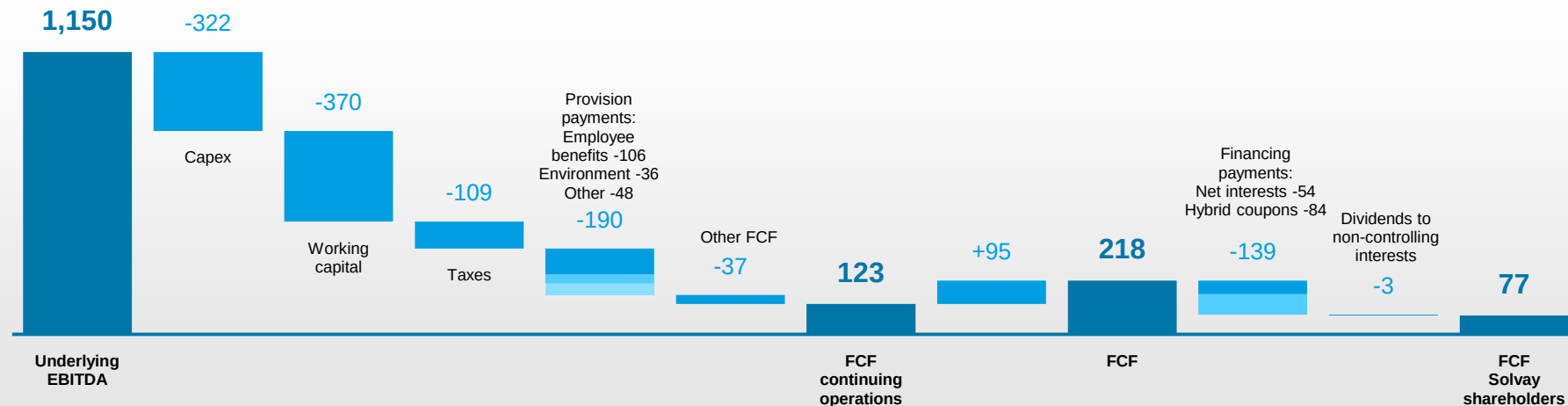
Underlying profit (Solvay share) up 4%

- Lower payments to non-controlling interests
- Lower contribution from discontinued operations (Acetow divestment end of May 2017)

Focus on cash maintained

Cash generation

in € million



Free cash flow from continuing operations at €123 million

- ⬇ Lower EBITDA
- ⬇ Phasing in working capital
- ⬆ Capex discipline maintained

Free cash flow to Solvay shareholders at €77 million, from €33 million

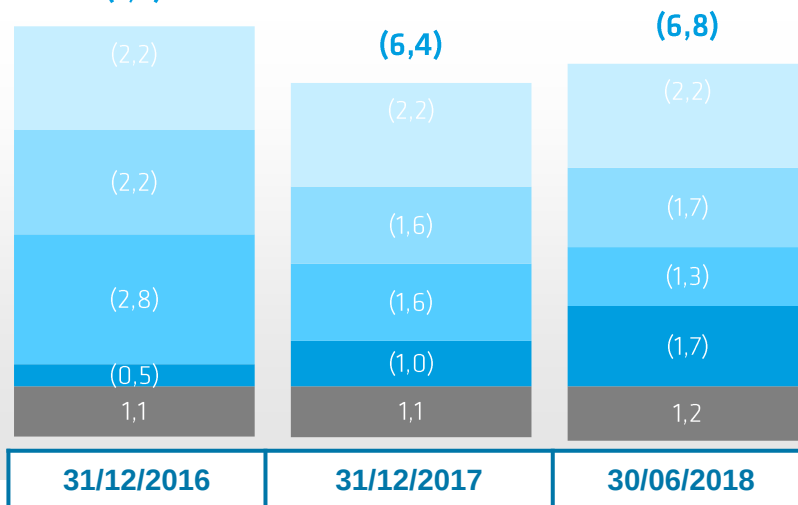
- ⬆ Financing payments significantly lower than in the first half of 2017

Efficient capital structure

Leading to reduced cost of debt

Underlying financial debt ^[1] evolution
in € billion

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



Pro forma impact from announced Polyamide divestment

- Underlying net debt €4.6 bn
- Underlying leverage 1.9x

Underlying

	31/12/2016	31/12/2017	30/06/2018
Net debt ^[1]	€6.6 bn	€5.3 bn	€5.7 bn
Leverage ^[2]	2.6x	2.2x	2.3x

Significant deleveraging by divestments and operations

Seasonally up with Dividend payments

INVESTMENT GRADE



Moody's

Baa2

Stable outlook



S&P

BBB

Stable outlook

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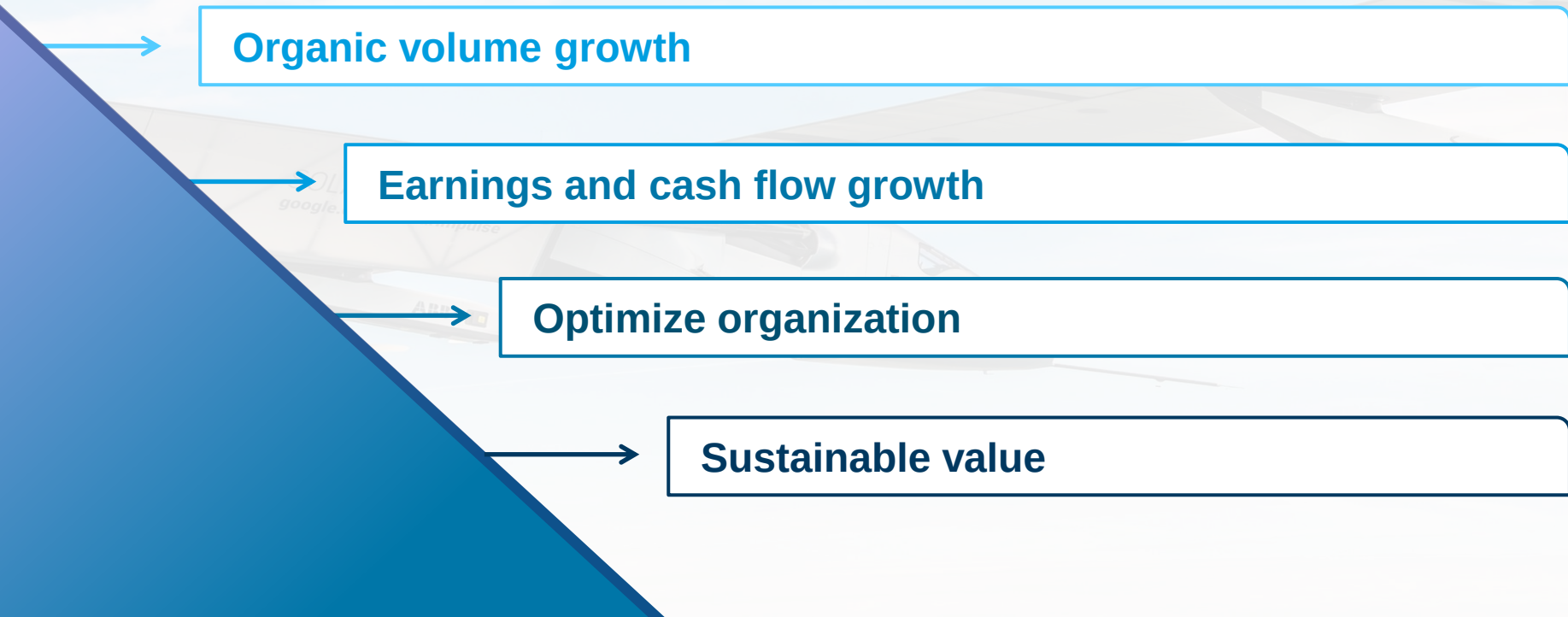


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Our priorities

Deliver and prepare the future



Organic volume growth

Earnings and cash flow growth

Optimize organization

Sustainable value

Outlook

Full year 2018



Underlying Organic EBITDA growth 5% to 7%

**Free cash flow^[2] to exceed 2017 level of
€782 million**

APPENDICES

Additional first half 2018 financial data

General information

Other financial considerations for 2018

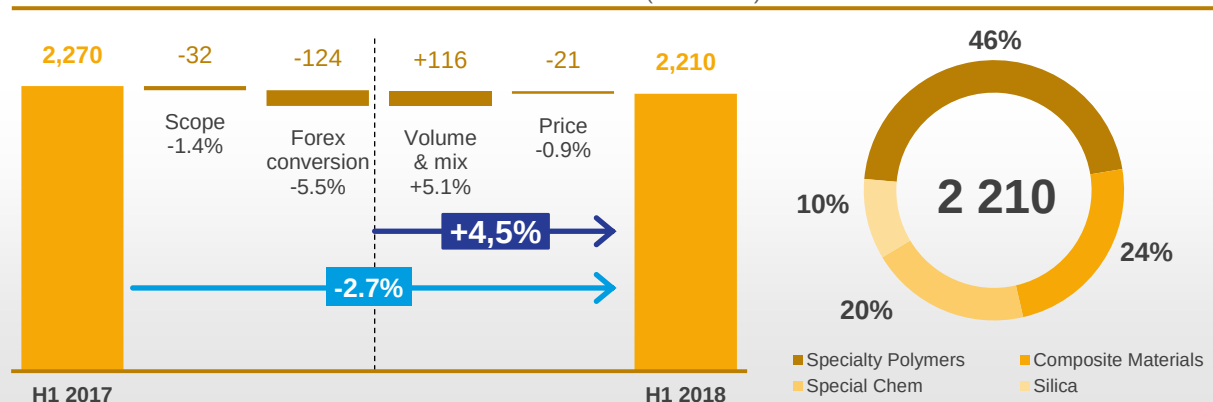


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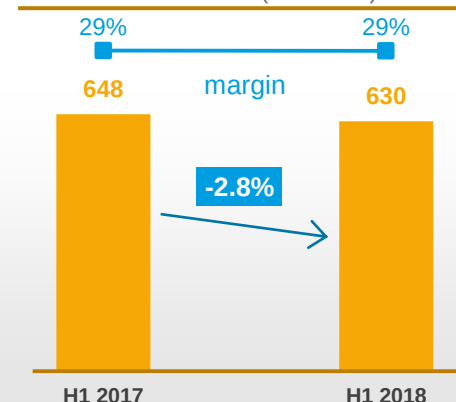
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Advanced Materials first half 2018

Net sales (in € million)



EBITDA (in € million)



Specialty Polymers

- Strongest contributor to volume growth
- Strong performance across key markets in sustainable mobility, healthcare and consumer goods and semiconductors
- Smart devices relatively flat

Composite Materials

- Strong volume growth across commercial and military aircraft
- Continuing improvement in rotorcrafts, business jets and industrial applications

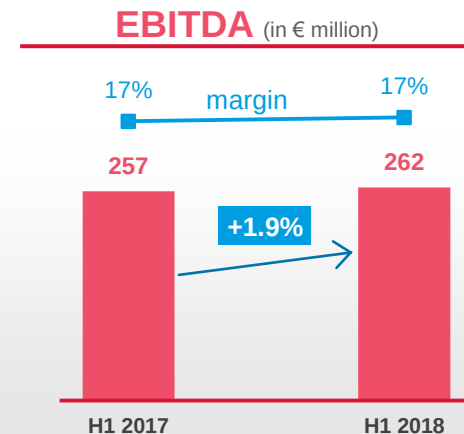
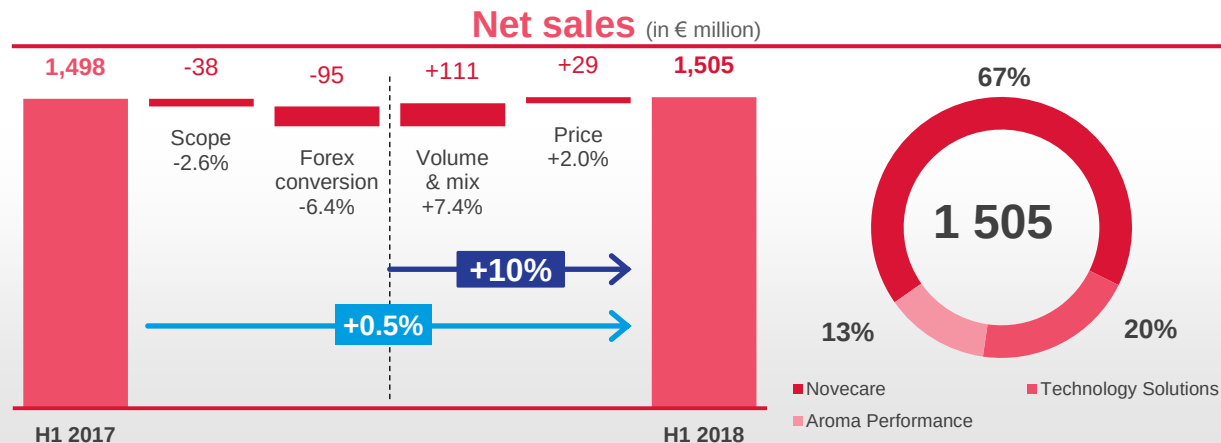
Special Chem

- Robust demand in electronics supported by recent capacity expansions
- Compensated by the gradual phase-out in insulation and the automotive catalysts shift from diesel to gasoline

Silica

- Energy-efficient tire demand remains strong in Europe and North America
- But **outages** affected Brazilian and Chinese operations

Advanced Formulations first half 2018



Novecare

- Strong volumes led by the North American Oil & Gas market
- Home & personal care and coatings were supportive while demand from the agricultural sector was soft
- Prices were up on pass-through of previous raw materials costs

Technology Solutions

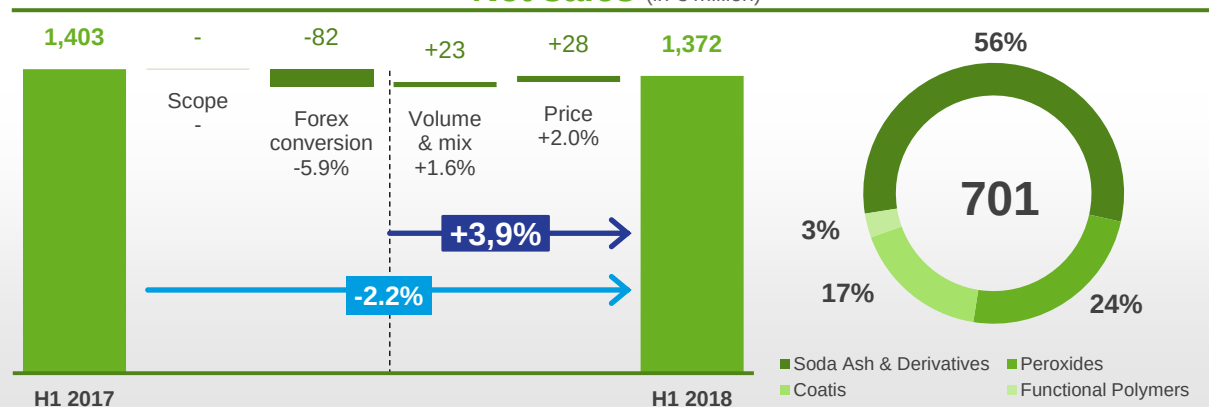
- Growth in mining after the temporary phasing effect at the beginning of the year
- Demand for polymer additives remained high

Aroma Performance

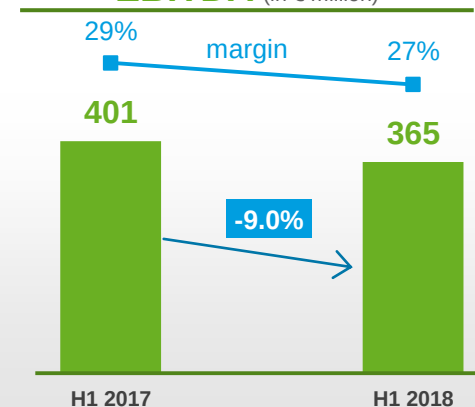
- Both volumes and prices were up in vanillin ingredients and especially in chemical applications

Performance Chemicals first half 2018

Net sales (in € million)



EBITDA (in € million)



Soda Ash & Derivatives

- Continued strong demand for soda ash amid limited margin erosion
- Bicarbonate volumes continued to grow on strong demand

Peroxides

- Higher volumes and prices
- The new plant in China ramped up to full capacity in a positive local market context

Coatis

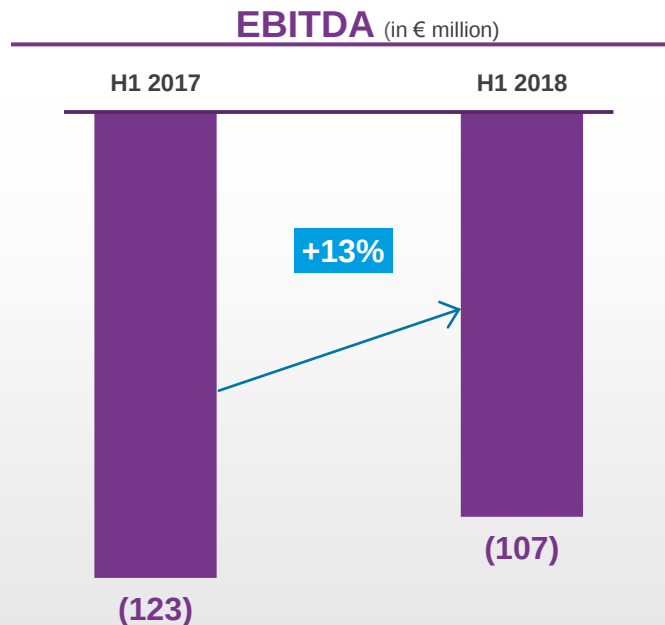
- Double-digit growth thanks to improved demand
- Better domestic and export market conditions

Functional Polymers

- Stable environment, both in the Latin American polyamide textile business and Russian PVC activity

Corporate & Business Services first half 2018

Stable conditions



Other Corporate & Business Services

- Costs were substantially lower versus last year
- Benefitted from synergies and phasing of costs
- Inflation was offset by cost discipline

Energy Services

- Stable market environment

ANNEXES

Additional first half 2018 financial data

General information

Other financial considerations for 2018



SOLVAY

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A sustainable investment

Providing mission critical solutions in fast-growth end-markets

→ Supporting blue chip manufacturers & brands globally

Technology focused in Advanced Materials & Advanced Formulations

→ Powered by innovation & market leadership positions

Highest EBITDA margin within diversified chemical companies

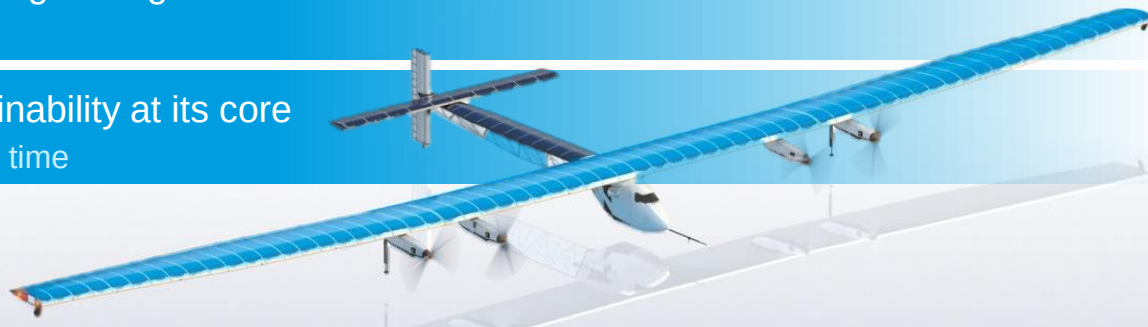
→ Propelled by volumes, underpinned by efficiency

Dividend growth over 30 years and strong cash generation

→ Driven by focus on cash returns

Futureproofing the business with sustainability at its core

→ Deliver more value that stands the test of time



We are a world leader

In the chemical industry



~26,800
Employees^[2]



61
countries



135
Industrial sites



21
Major R&I sites



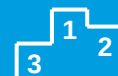
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Top 3

Market position ^[1]



€10.1 billion
net sales



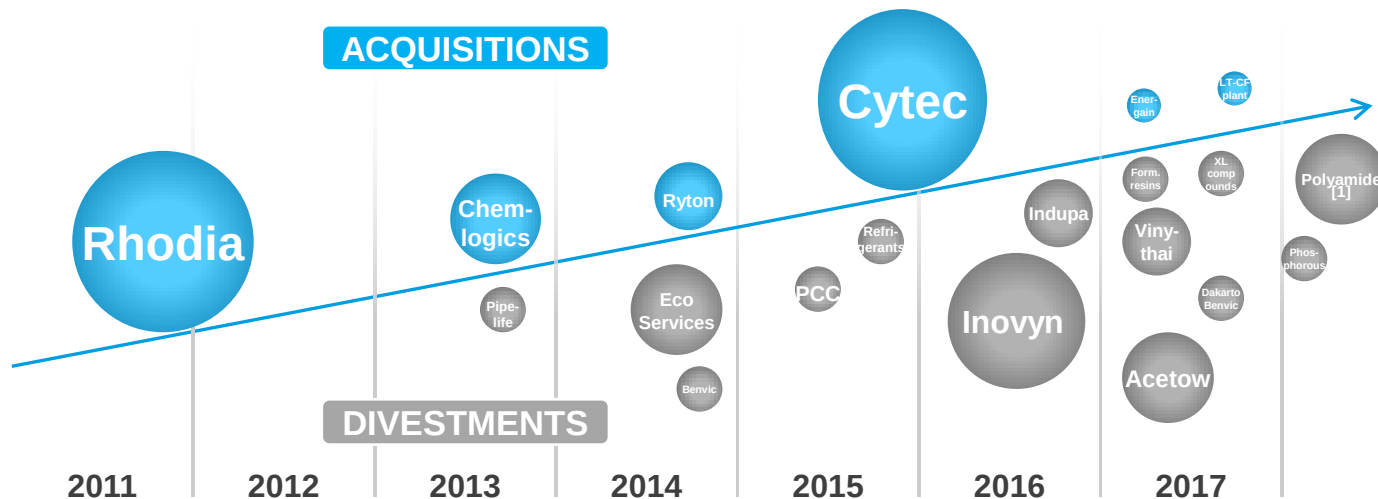
€2.2 billion
underlying EBITDA



22%
EBITDA margin



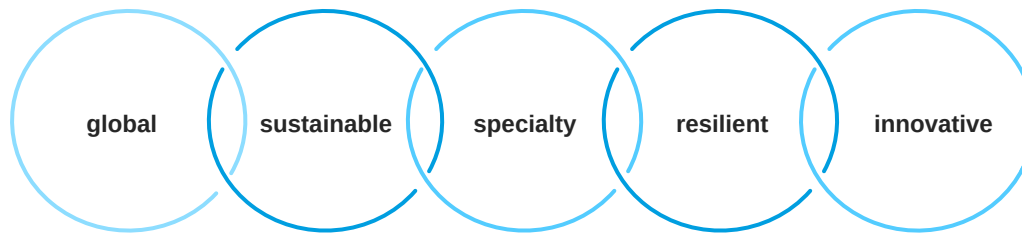
Upgraded portfolio



Enhancing
customized
solution
offerings

Reducing
cyclical &
low-growth
businesses
exposure

MORE →



[1] Divestment in progress, expected to be finalized by the end of 2018

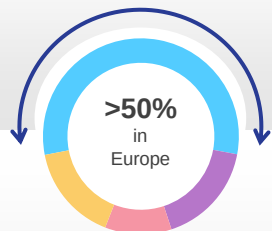
Significantly enhanced portfolio

More global, more specialty

Net
Sales

2010
€6.5 billion

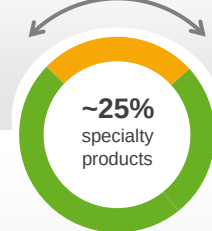
MORE
GLOBAL



MORE
DIVERSIFIED



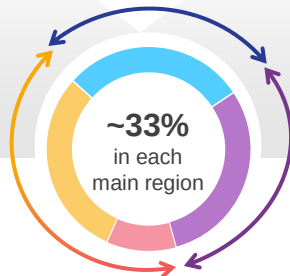
MORE
SPECIALTY



MORE
SUSTAINABLE



2017
€10.1 billion



Europe
Asia & RoW
Latin America
North America



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



Advanced Materials
Advanced Formulations
Performance Chemicals



Sustainable solutions
Neutral impact
Challenged applications

(according to SPM methodology)

Exceeding mid-term targets

Creating more value

2 years
2016 - 2017

Sustainable Solutions

Increase to 40% of net sales by 2018

49% 

GHG intensity

Reduce by -20% over 3 years

-24% 

Occupational Accidents

Reduce by -10% over 3 years

-16% 

2 years
2016 - 2017

PROFIT

EBITDA^[1] growth

Mid-to-high single-digit

+8.6% 
over 2 years

CASH

Free cash flow

Exceed €2.4 billion over 3 years

€1.75 bn 
over 2 years

RETURNS

CFROI

Increase by 0.5pp-1.0pp over 3 years

+0.8pp 

Our strategic commitment

Double revenue share from sustainable solutions^[1]

(From 25% in 2014, baseline)



50%
**SUSTAINABLE
SOLUTIONS IN GROUP'S
SALES**



-40%
**OF
GREENHOUSE
GAS INTENSITY**



By 2025, €1 revenue out of €2
in sustainable solutions



-50%
NUMBER OF ACCIDENTS
Goal MTAR <0.50



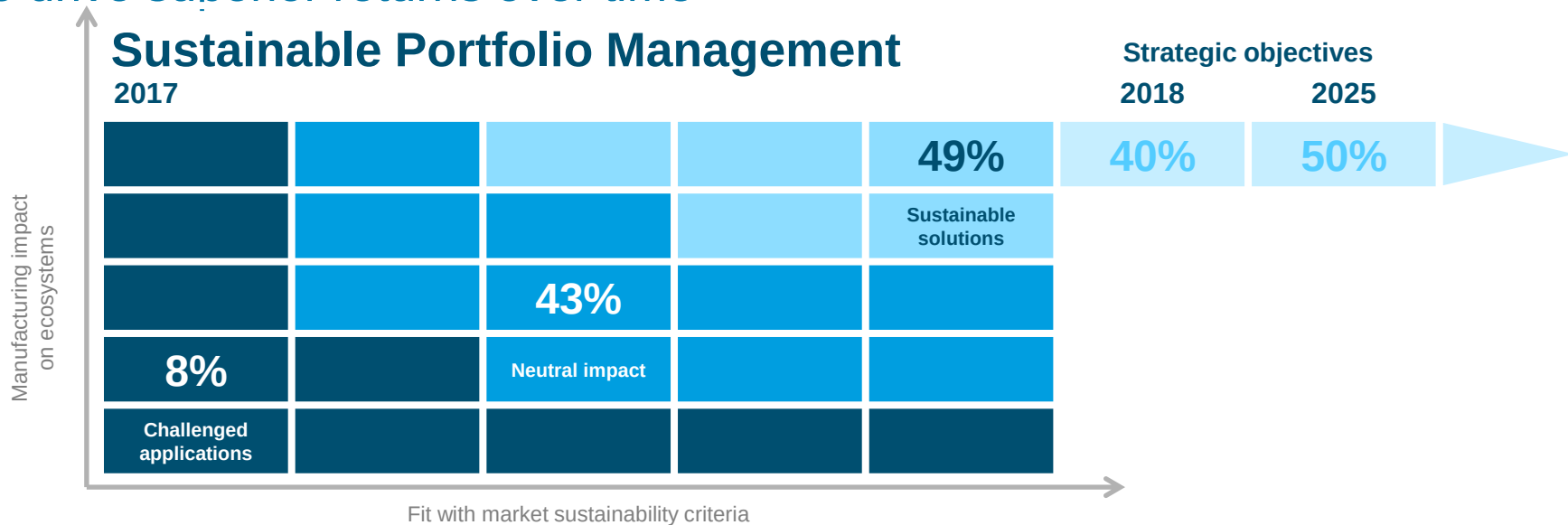
40%
**OF EMPLOYEES
INVOLVED IN SOCIETAL
ACTIONS**



80%
OF PEOPLE ENGAGEMENT

More sustainable solutions

To drive superior returns over time



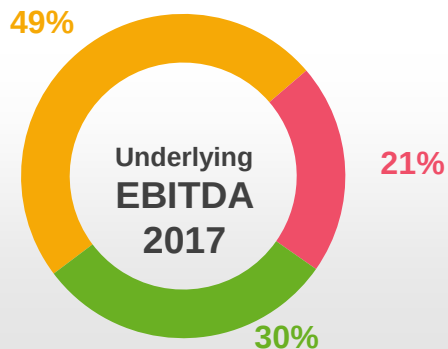
Key levers

✓ Portfolio ✓ Capex ✓ R&I priorities

Key impacts

✓ Part of the solution ✓ Enhanced profitability

Growth engines deliver 70% of EBITDA



Market positions:



Global market position in main markets addressed



Regional market position in main markets addressed

Advanced Materials

Providing solutions for **sustainable mobility**, lightweighting, CO₂ and energy efficiency

Specialty Polymers (#1)

Composite Materials (#2)

Special Chem (#1)

Silica (#1)

Advanced Formulations

Customized specialty formulations for surface chemistry & liquid behavior, **maximizing yield** & efficiency & **minimizing eco-impact**

Novecare (#1)

Technology Solutions (#1)

Aroma Performance (#1)

Performance Chemicals

Leading positions in chemical intermediates through **scale & technology**, developing applications & industrial innovation for optimized costs

Soda Ash & Derivatives (#1)

Peroxides (#1)

Coatis (#1)

Functional Polymers (#1)

Net sales €10,125m

Underlying EBITDA €2,230m

EBITDA growth +7.5%

EBITDA margin 22%

CFROI 6.9%

€4,370m

€1,202m

+8.2%

27%

10.3%

€2,966m

€524m

+8.1%

18%

6.7%

€2,766m

€749m

+4.3%

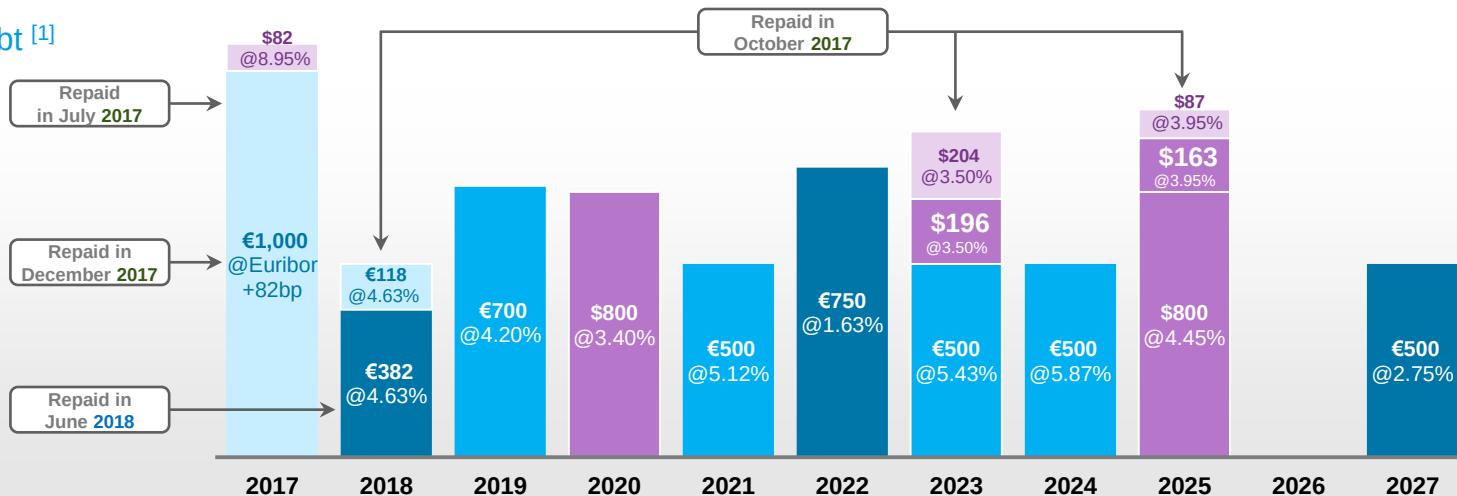
27%

8.4%

Debt profile

Balanced maturities allowing flexibility

Major financial debt ^[1]
in million



Major financial debt ^[1]

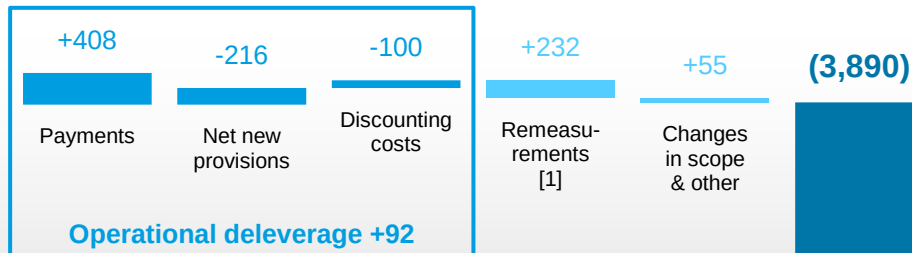
	December 31, 2017			June 30, 2018		
	Face value	Average maturity	Average cost	Face value	Average maturity	Average cost
EUR bonds	1,632	5.5	2.67%	1,250	6.5	2.08%
EUR perpetual hybrid bonds ^[2]	2,200	4.1	5.07%	2,200	3.6	5.07%
USD bonds	1,634 ^[3]	5.7	3.88%	1,682 ^[3]	5.1	3.88%
Total major debt	5,465	5.0	4.00%	5,132	4.8	3.95%
	in € million	in years		in € million	in years	

Provisions

Gradual operational deleveraging

Movements
in provisions
in € million

(4,269)



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

	December 31, 2016	Payments	Net new provisions	Discounting costs	Remeasurements [1]	Changes in scope & other	December 31, 2017
Employee benefits	(3,118)	217	(51)	(64)	174	26	(2,816)
Environment	(737)	81	(54)	(33)	36	5	(702)
Other	(414)	110	(111)	(3)	22	24	(372)
Total	(4,269)	408	(216)	(100)	232	55	(3,890)

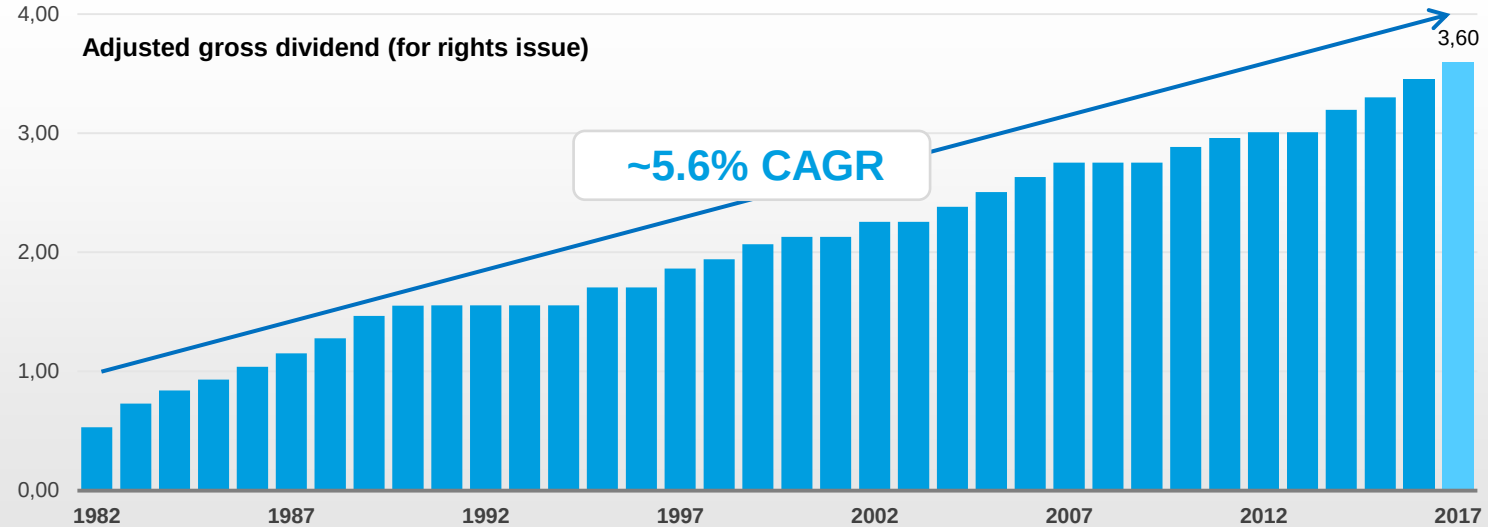
Complemented by positive impact of discount rate changes

Rewarding shareholders

Delivery on commitments over 35 years

Gross dividend

in €/share



Committed to stable / growing dividend

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2018 P&L Considerations

Underlying EBITDA

EBITDA to grow 5% to 7% organically, excluding forex conversion and scope effects

- Forex conversion impact estimated at €(125) million based on rates prevailing in H1 2018 (and US\$/€ 1.25)
- Scope impact expected of €(30) million

Scope effects

Discontinued operations consist of Polyamide

- planned to be sold to BASF
- expected to be completed in H2 2018

Scope effects include acquisitions and divestments of smaller businesses not leading to the restatement of previous periods, mainly:

- Polyolefin cross-linkable compounds in June 2017
- Formulated resins businesses in June 2017
- Phosphorous business in February 2018.

Depreciation/Amortization

Underlying D&A expected at ~€(700)m, in line with 2017

- Excludes ~€(240)m PPA amortization
- PPA impacts related to Rhodia, Cytec and other smaller acquisitions (e.g. Chemlogics, Ryton)

Underlying net financial charges

Underlying net financial charges expected at ~€(350)m, excluding forex impact

- Underlying net cost of borrowings at ~€(150)m
- Coupons from perpetual hybrid bonds of €(111)m
 - considered as dividends under IFRS
 - €(84)m in H1 and €(27)m in Q4
- Non-cash recurring discounting costs at ~€(80)m

Tax rate

Underlying tax rate expected at ~26% versus 27.5% in 2017

2018 Sensitivities

EBITDA sensitivity

Forex sensitivity on conversion and transaction:

- Immediate impact on conversion exposure
- Deferred transactional impact due to hedging (~6-12 month rolling basis)

Mainly linked to USD Sensitivity in 2018:

- ~€120m underlying EBITDA per (0.10) \$/€
- ~2/3 conversion & ~1/3% transactional

Other forex exposures: CNY, BRL, JPY, RUB, KRW, THB

Financials sensitivity

Net debt sensitivity

- ~€140m per US\$/€ 0.10 change

Net financial charges sensitivity

- ~€5m per US\$/€ 0.10 change

/€	BRL	CNY	JPY	KRW	RUB	THB	USD
Q2 2018	4,29	8	130	1 287	74	38	1,19
Q2 2017	3,54	8	122	1 245	63	38	1,10
(d)evaluation FC in %	-18%	-1%	-6%	-3%	-15%	-0,7%	-8%

2018 Cash Considerations

Free cash flow

Free cash flow from continuing operations expected to exceed 2017 level of €782m, including:

- Capital expenditure from continuing operations at ~€(700)m
- Total net cash-out for provisions at ~€(390)m, including mainly:
 - Higher pensions and related payments of ~€(235)m
 - Environmental provision payments of ~ €(80)m
 - Restructuring payments of ~ €(80)m

Cash financing payments

Net cash financing payments at ~€(250)m
Reduction by more than €100m

Net financial debt

Net financial debt to reduce from €(5.3)bn at year start to €(4.1)bn at year end

- Including expected net proceeds from Polyamide divestment of ~€1.1bn
- Leading to expected leverage ratio of 1.9x (from 2.2x at year start)

Solvay's ADR program

ADRs Details

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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NEXT EVENTS

July 31, 2018

**H1 2018
results**

September 24, 2018

**Investor
Update**

November 8, 2018

**9M 2018
results**

February 27, 2019

**Full-year 2018
results**

May 7, 2019

**Q1 2019
results**