



SOLVAY

asking more from chemistry®

Industrial, Infrastructure and Utilities Credit Seminar

Crédit Agricole Corporate & Investment Bank

Paris,
December 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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FORENOTE

Following the announcements in December 2016 of the divestment of the Acetow and Vinythai businesses and in September 2017 and plans to divest the Polyamide business, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the third quarter and first 9 months of the 2016 income statement have 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.

SOLVAY

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

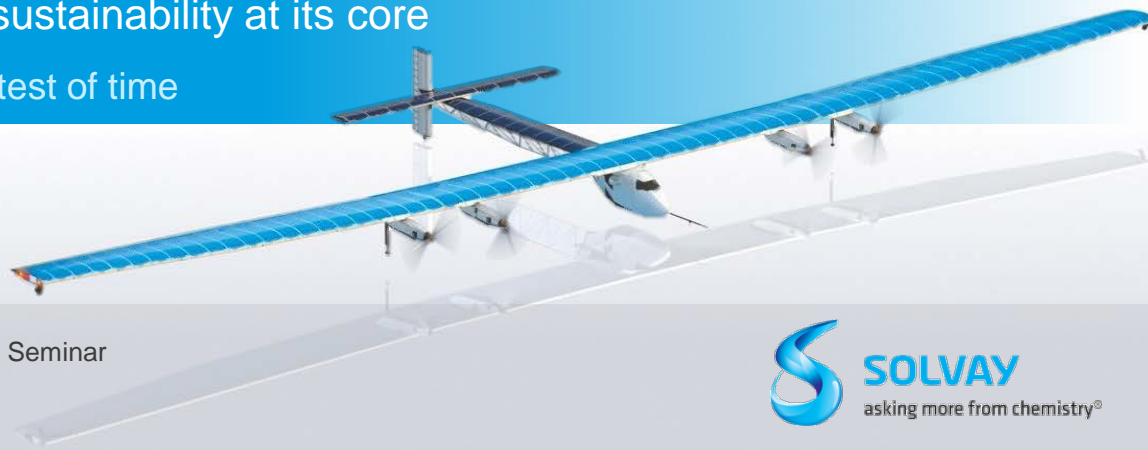
→ Propelled by volumes, underpinned by efficiency

Dividend growth over 30 years and strong cash generation

→ Driven by focus on cash returns

Futureproofing the business with sustainability at its core

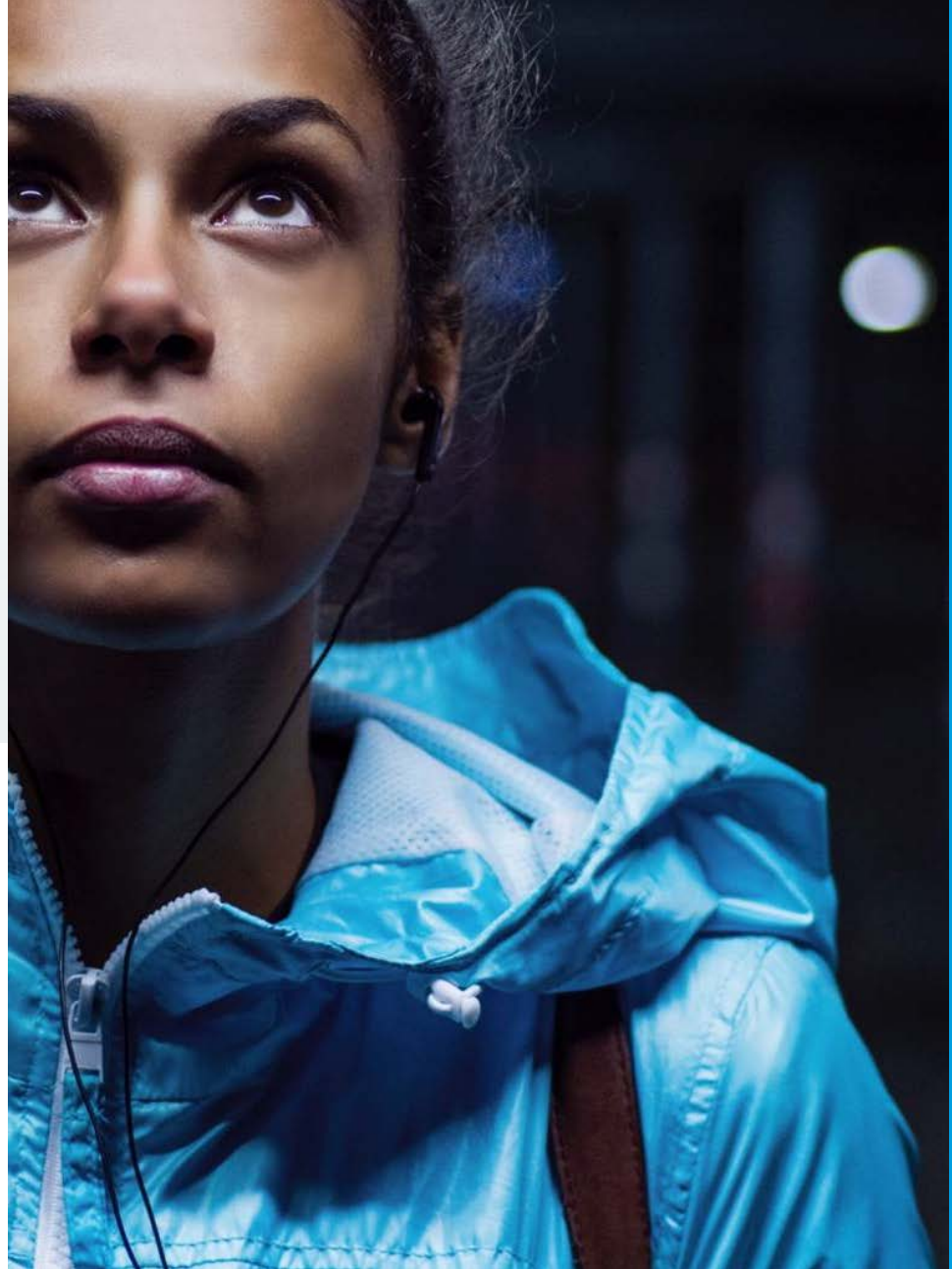
→ Deliver more value that stands the test of time



STRATEGIC OVERVIEW

SOLID 3-YEAR PERFORMANCE

2017 FINANCIALS & OUTLOOK



WE ARE A WORLD LEADER IN THE CHEMICAL INDUSTRY



~24,500
employees



58
countries



135
Industrial sites

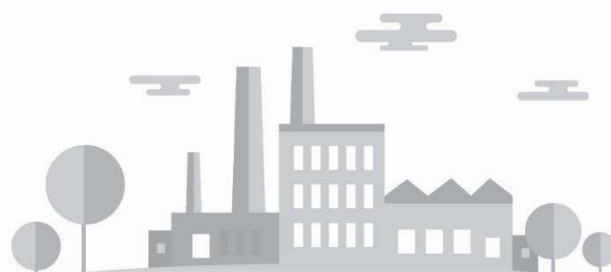


21
Major R&I sites



SOLVAY

asking more from chemistry®



2016 [2]

Top 3

Market position [1]



€9.6 billion
net sales



€2.1 billion
underlying EBITDA



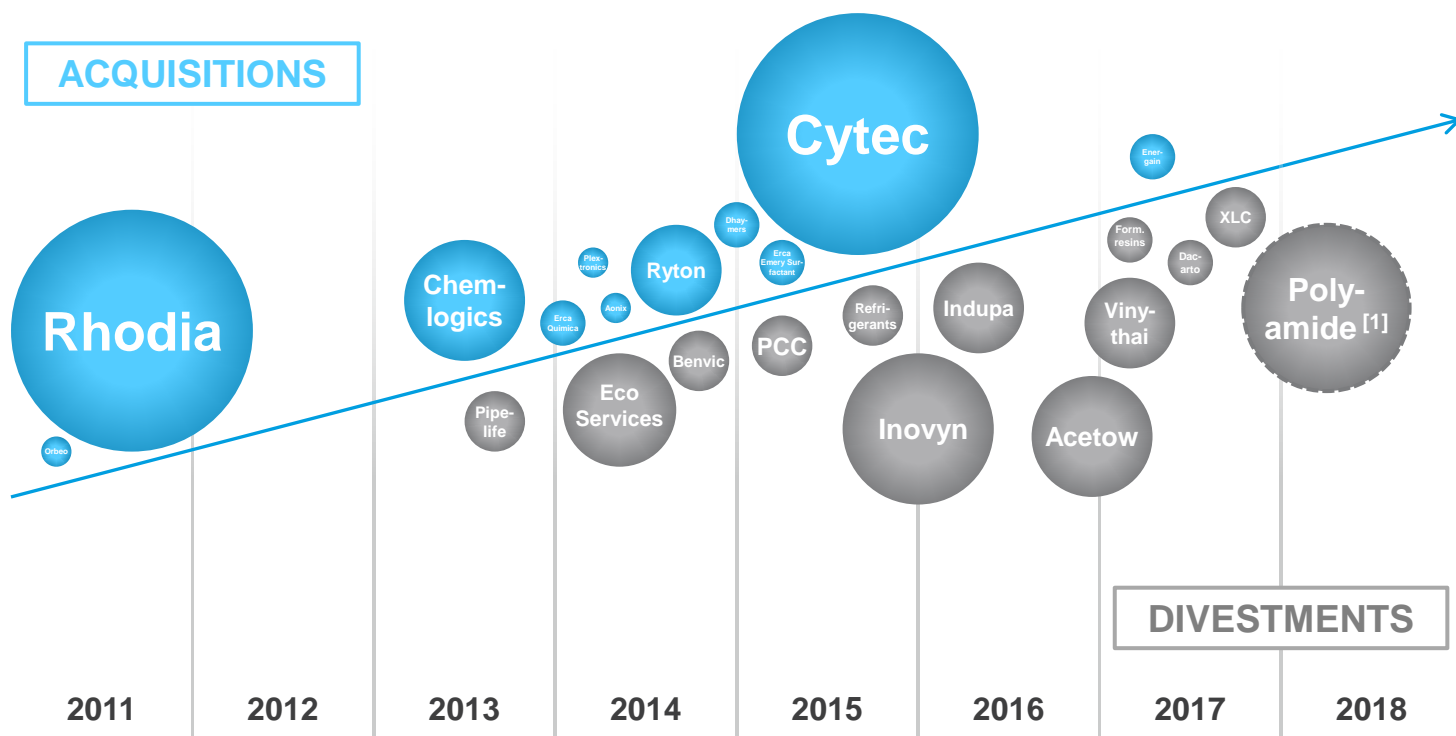
22%
EBITDA margin



[1] Applicable to ~90% of portfolio

[2] Figures reflect Solvay before Polyamides discontinuation

IN-DEPTH TRANSFORMATION UPGRADING THE PORTFOLIO



[1] Closing estimated Q3 2018

A GLOBAL MULTI-SPECIALTY WITH A SUSTAINABLE SOLUTION PORTFOLIO

NET
SALES

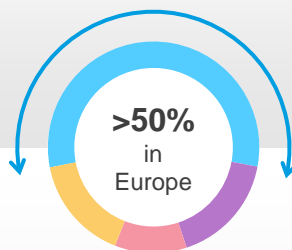
MORE
SPECIALTY

MORE
GLOBAL

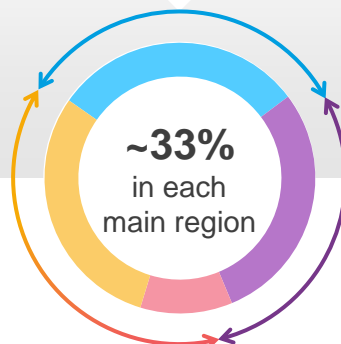
MORE
DIVERSIFIED

MORE
SUSTAINABLE

2010
€6.5 billion



2016_{rs} [1]
€9.6 billion



[1] Restated for
Polyamide
discontinuation

Advanced Materials
Advanced Formulations
Performance Chemicals
Functional Polymers

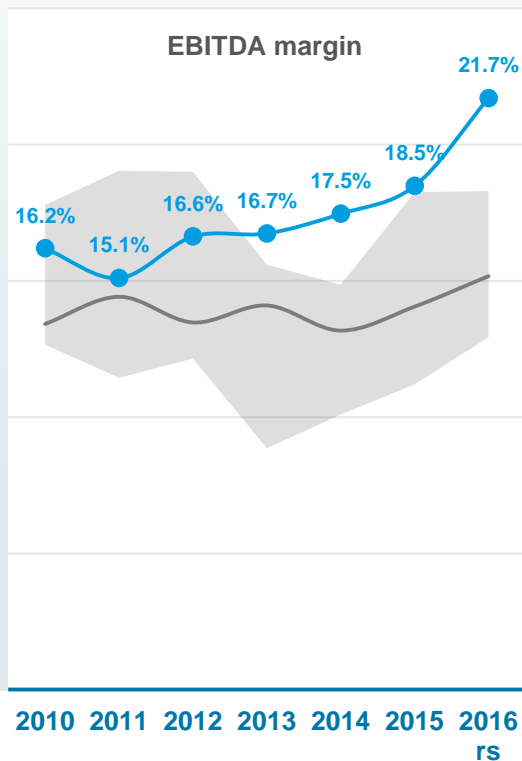
Europe
North America
Latin America
Asia & RoW

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

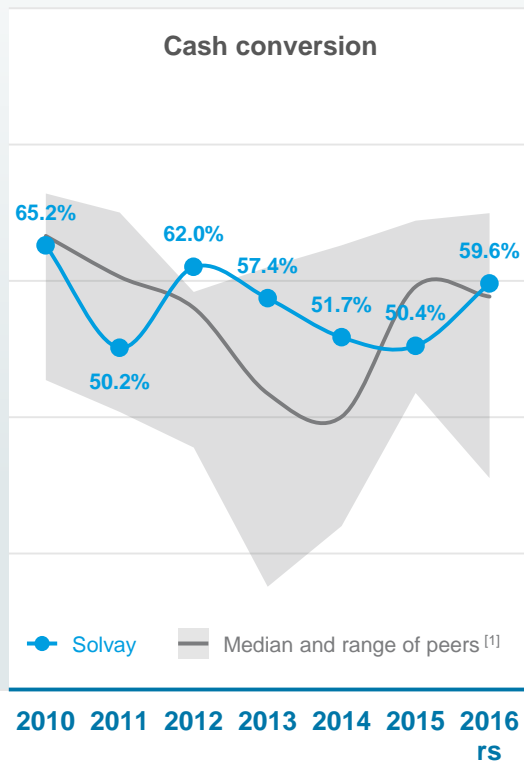
Sustainable solutions
Neutral impact
Challenged applications
(according to SPM methodology)

RESULTING IN STRONG FINANCIAL DELIVERY

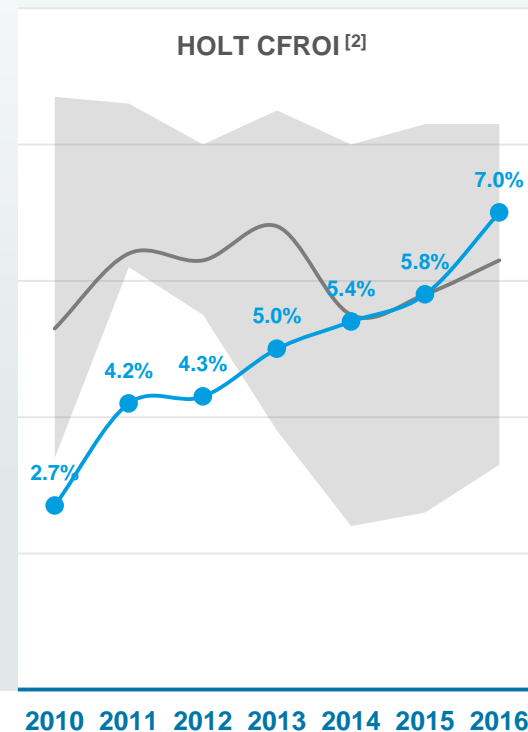
PROFIT



CASH



RETURNS



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

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

COMMITTED TO CREATING MORE SUSTAINABLE VALUE... ...AND WE ARE WELL ADVANCED

3 years
2016 - 2018

PLANET

GHG intensity
kg CO₂ eq. emissions / € EBITDA
**Sustainable
Solutions**
% Group sales

20%
reduction to 5.8
7%
increase to 40%

PEOPLE

Accident rate
with medical treatment / million hours

10%
reduction to 0.69

Employee engagement
index

Maintain
at 75%

SOCIETY

Societal actions
% employees involved

5%
increase to 25%

3 years
2016 - 2018

PROFIT

EBITDA growth

**Mid-to-high
single digit**
% yoy

CASH

Free cash flow

> € 2.4 bn
cumulative

Cash conversion

> 60%
each year

RETURNS

CFROI

50-100 bp
increase

ENABLING TOMORROW DRIVING SUSTAINABLE INNOVATION



20% CAGR*
**Electric & Hybrid
vehicles on the road by
2030***

- High-performance polymers: vehicle bodies
- Silica technology: more durable tires
- Various active materials: longer-life EV batteries

* 30 million by 2030 source: BCG



**4.5% annual growth
in aircraft passengers to
2025**

- Lightweight composites: aircraft exteriors & interiors
- Specialty polymers: aircraft exteriors & interiors, onboard electronics
- Functional materials: engine and fuel systems



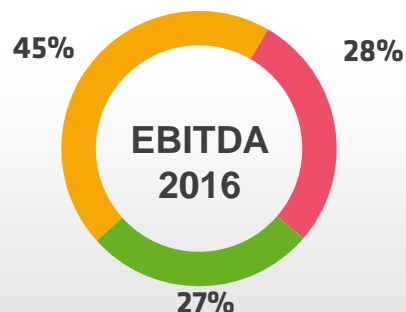
**Resource efficiencies
constraints**

- Chemical Solutions: improve yield of mining and Oil & Gas exploration
- Energy storage and photovoltaic panels



Strategic & Superior Growth Markets

STRONG DELIVERY IN 2016

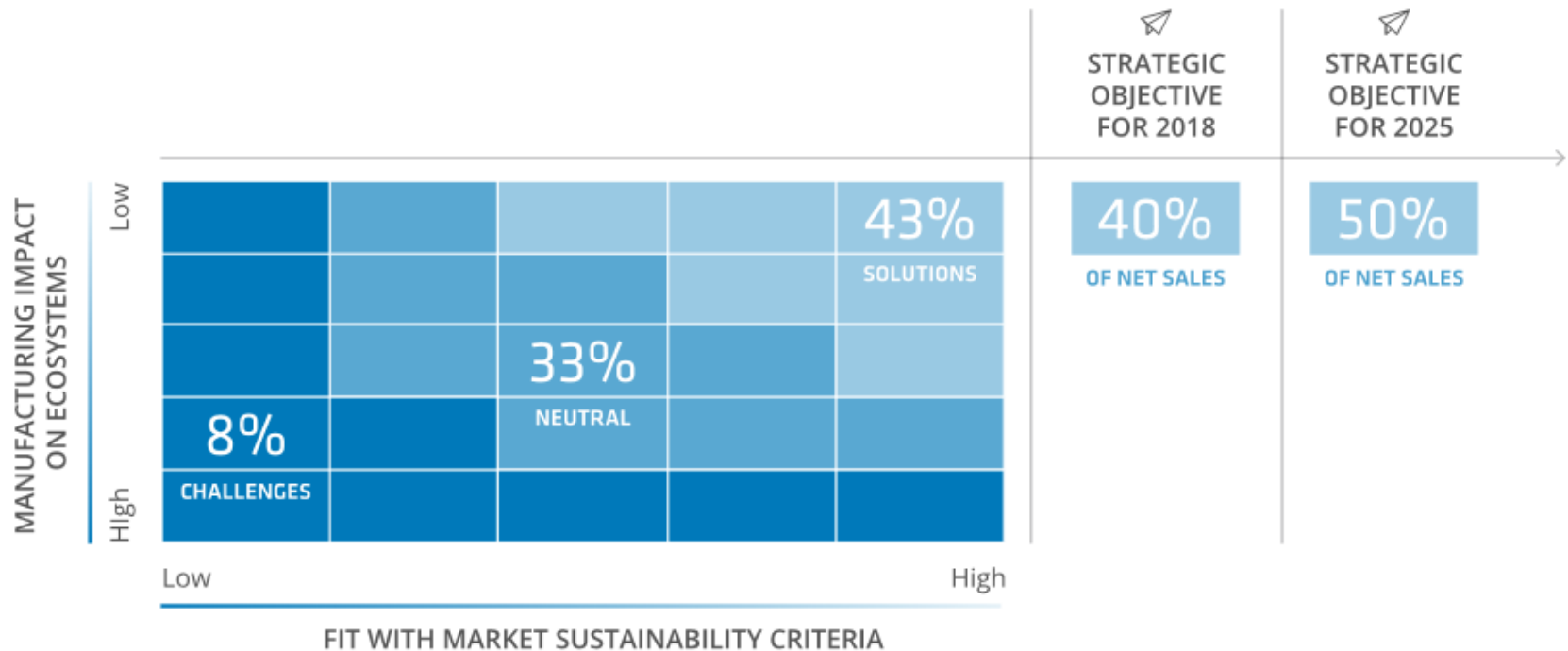


GROWTH ENGINES		RESILIENT CASH CONTRIBUTOR
ADVANCED MATERIALS	ADVANCED FORMULATIONS	PERFORMANCE CHEMICALS
Providing solutions for sustainable mobility , lightweighting, CO2 and energy efficiency	Customized specialty formulations for surface chemistry & liquid behavior, maximizing yield & efficiency & minimizing eco-impact	Leading positions in chemical intermediates through scale & technology , developing applications & industrial innovation for optimized costs
2016	2016	2016
Net sales	€4,313 m	€2,581 m
EBITDA	€1,110 m	€718 m
EBITDA growth	+2.9%	+17%
Margin	26%	28%

Restated for Polyamide discontinuation

MORE SUSTAINABLE SOLUTIONS
TO DRIVE SUPERIOR RETURNS OVER TIME

2016 SPM Heat Map^[1]



KEY LEVERS

✓ Portfolio ✓ Capex ✓ R&I priorities

KEY IMPACTS

- ✓ Part of the solution
- ✓ Enhanced profitability

STRATEGIC OVERVIEW

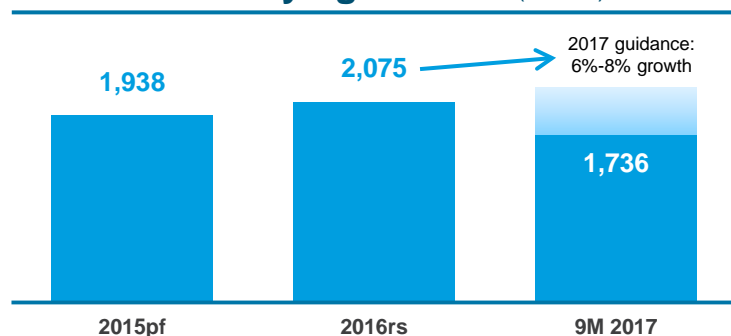
SOLID 3-YEAR PERFORMANCE

2017 FINANCIALS & OUTLOOK

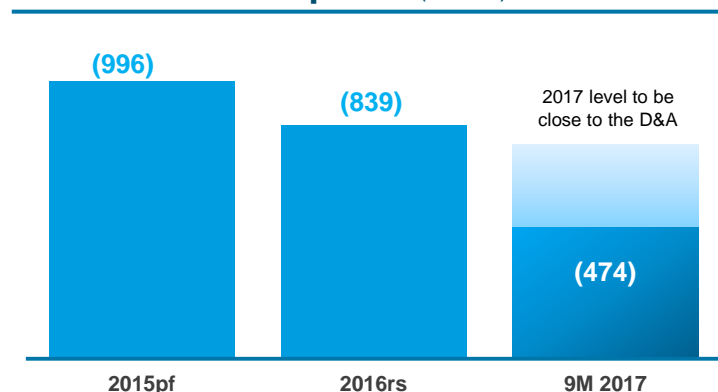


COMMITTED TO STRONGER CASH FLOW GENERATION

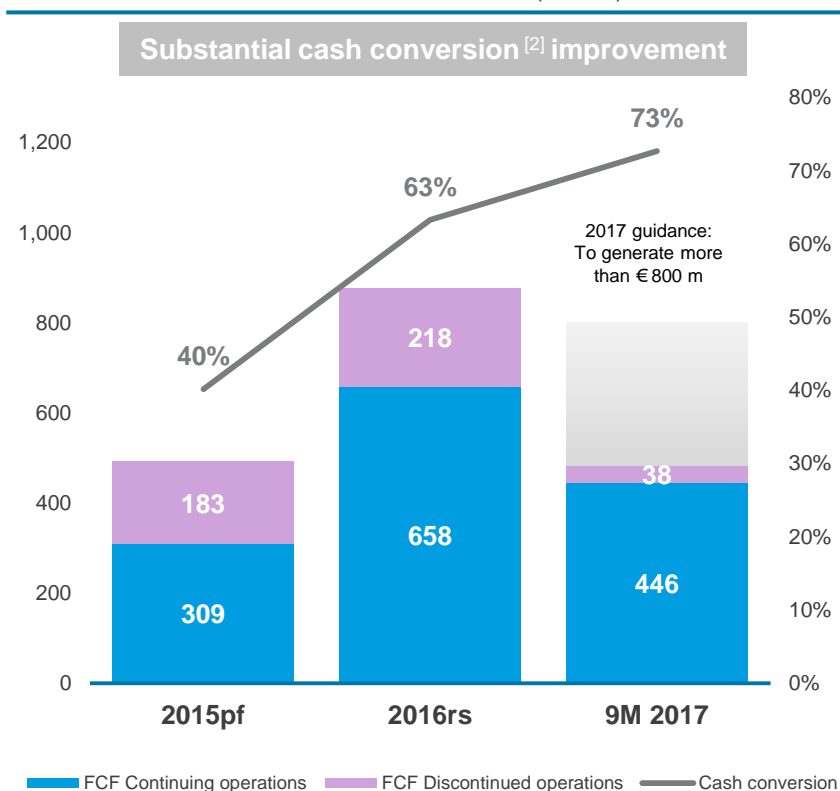
Underlying EBITDA (in € m)



Capex^[1] (in € m)



Free cash flow (in € m)



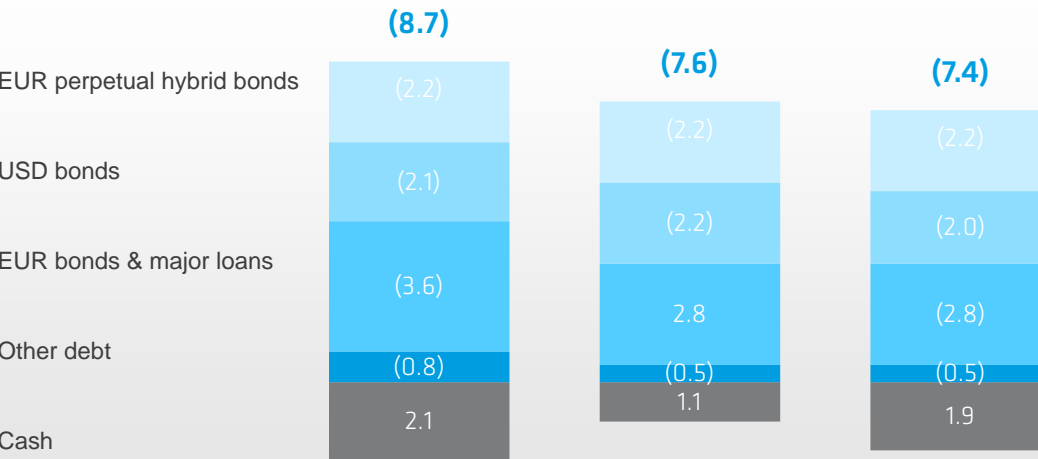
- Lower Capex
- Working capital discipline
- Inflow from divestments
- Net debt reduction

drive

**STRONG
FREE CASH FLOW
GENERATION**

EFFICIENT CAPITAL STRUCTURE LEADING TO REDUCED COST OF DEBT

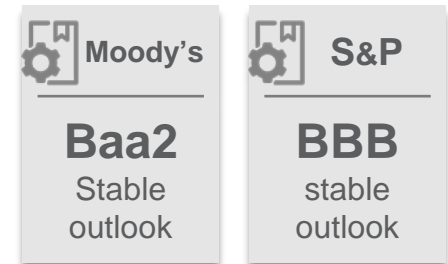
Underlying debt^[1]
evolution
in € bn



Pro forma impact from Polyamide divestment

- Underlying net debt **€4.4 bn**^[5]
- Underlying leverage **2.0x**

		31/12/2015	31/12/2016	30/09/2017
Underlying	Net debt^[1]	€6.6 bn	€6.6 bn	€5.5 bn
	Leverage ^[3]	2.8x	2.6x	2.3x
IFRS	Leverage	1.9x	1.9x	1.5x



INVESTMENT GRADE

^[1] Underlying debt includes perpetual hybrid bonds (considered as equity under IFRS)

^[2] Weighted average interest rate of major debt, excluding other debt

^[3] Net debt / underlying EBITDA of last 12 months, adjusted for discontinuation of Polyamide, with EBITDA of Polyamide added to the denominator, to adjust for the fact net debt in the numerator does not yet reflect the proceeds to be received on the divestment

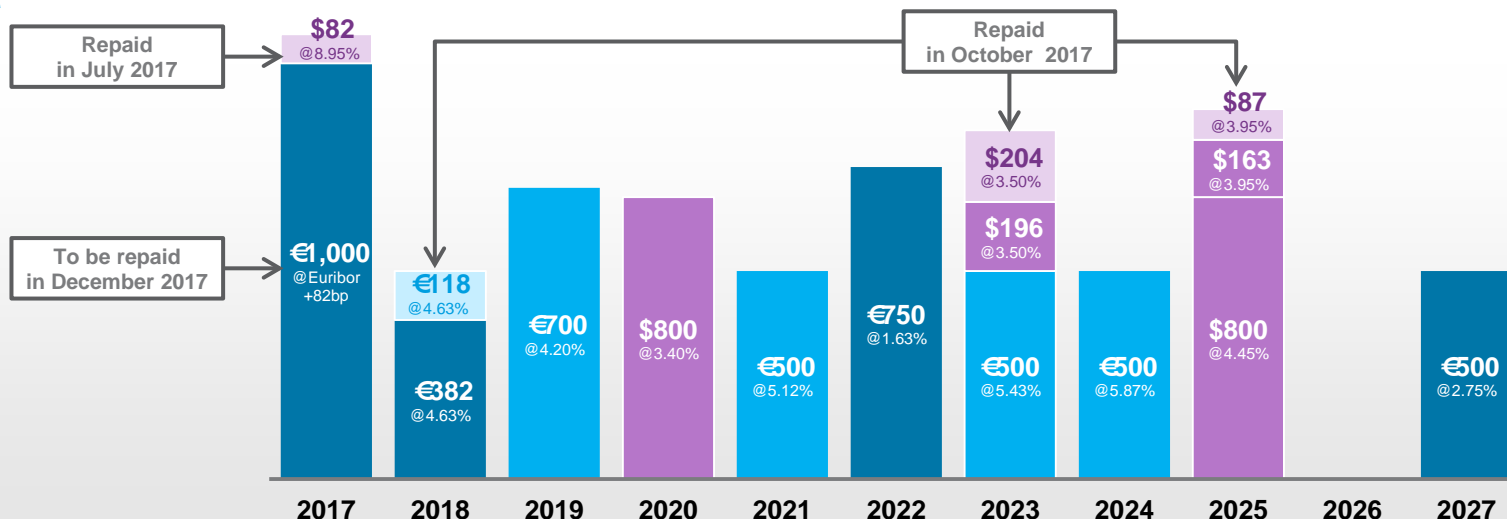
^[5] Including €365m anticipated bond redemption completed Oct 2nd 2017 effective as of October 2, 2017

DEBT PROFILE

BALANCED MATURITIES ALLOWING FLEXIBILITY

Major debt

in million



Major debt ^[1]

December 31, 2016

September 30, 2017 ^[5]

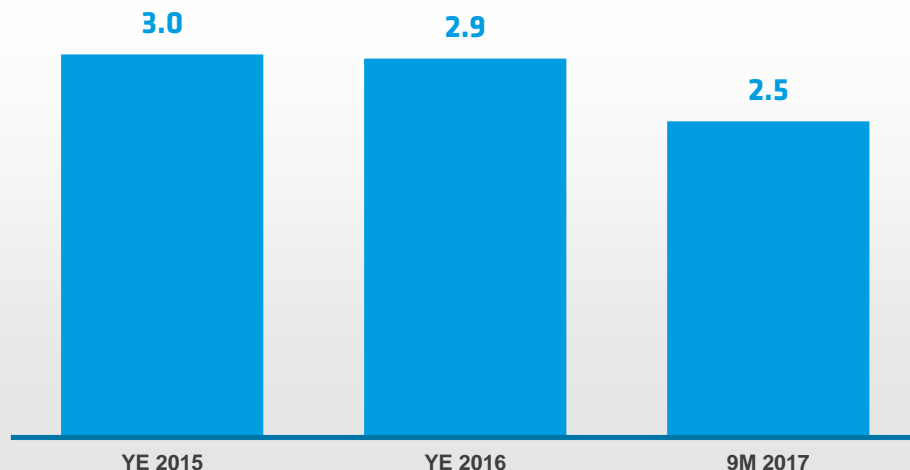
	Face value	Average maturity	Average cost	Face value	Average maturity	Average cost
EUR bonds	2,750	4.3	1.97%	2,632	3.6	1.84%
EUR perpetual hybrid bonds ^[2]	2,200	5.1	5.07%	2,200	4.3	5.07%
USD bonds	2,212 ^[3]	6.5	4.03%	1,659 ^[4]	5.9	3.88%
Total major debt	7,162	5.2	3.55%	6,491	4.4	3.46%
	in € m	in years		in € m	in years	

LOW DISCOUNT RATES DISTORTING PENSION LIABILITIES

CASH COSTS REMAIN BROADLY STABLE

Net pension liabilities ^[1]

in € bn



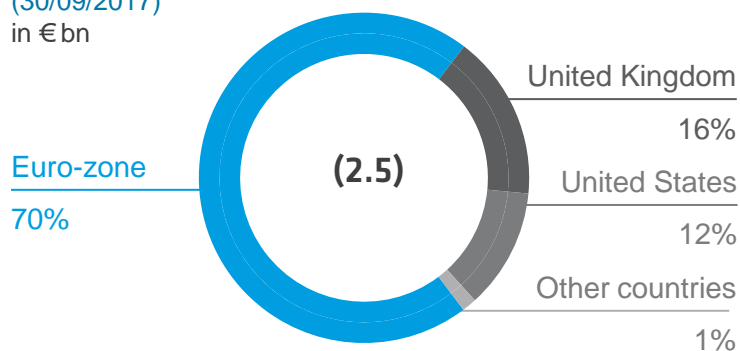
Discount rate evolution ^[2]

Currency	End Q3 2017	End 2016	End 2015
EUR	1.75%	1.50%	2.25%
GBP	2.75%	2.75%	3.75%
USD	3.75%	4.00%	4.25%
Average	2.63%	2.62%	3.30%

Net pension liabilities

(30/09/2017)

in € bn



All presented figures are for continuing operations only

^[1] Continuing operations only

^[2] Average discount rate on post employment benefit related liabilities applicable to high quality corporate bonds in EUR, GBP and USD zones

STRONG CREDIT PROFILE & CAUTIOUS FINANCIAL POLICY



Focus on deleveraging & strengthening of credit profile

- **Deleveraging** : over €2.0 bn over 2016- 2018
- **Flexibility** : balanced debt maturities (not exceeding €1 bn p.a.)
- **De-risking**: fixed interest rates and mix of currencies
- **Portfolio management** further strengthening business profile
- **Balanced stakeholder focus**: FCF / (Dividend + Interest) >1x



Strong liquidity reserves

- **Available cash** €1.9 bn at as of the end of the third quarter 2017
- **Revolving Credit Facilities** ~ €3 bn



Pensions liabilities

- Net liabilities (~ €2.5 bn), but at **historically low interest levels**
- **Reduced by divestments**
- **Stable cash outflows**: ~ €0.2 bn per year

STRATEGIC OVERVIEW

SOLID 3-YEAR PERFORMANCE

2017 FINANCIALS & OUTLOOK



STRONG EARNINGS GROWTH AND CASH GENERATION



9M 2017

- **Portfolio upgraded**
- **Strong volume growth**
- **Disciplined cash management**



2017 9 MONTHS RESULTS

ON TRACK TO ACHIEVE FULL YEAR OUTLOOK

EBITDA
+9%

- Strong volume growth of 8%, supported by all operating segments
- Raw material price increases largely contained
- Benefit from €38m one-off linked to pensions

EBITDA margin
22% → 23%

Free cash flow^[1]
€484m

- Lower Capex
- Working capital discipline
- Inflow from divestments
- Net debt reduction

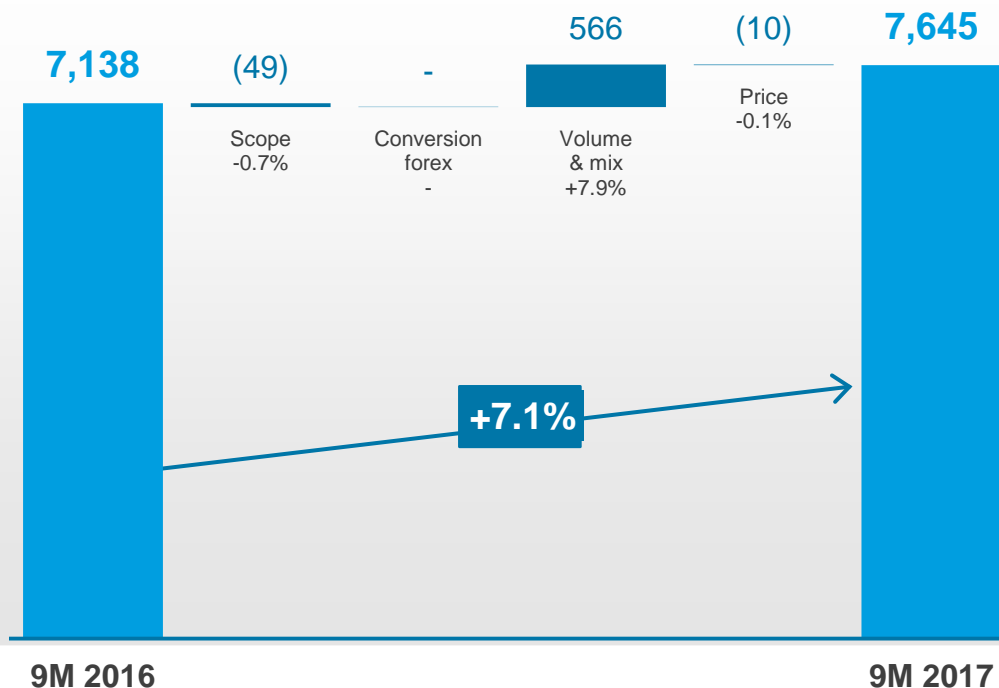
Leverage ratio
2.6x → 2.3x

[1] From continuing operations

HIGHER SALES DRIVEN BY VOLUME & MIX

Net sales

in € m



Volume growth

- Volume growth across all segments
- Good demand from end markets including automotive, batteries and smart devices

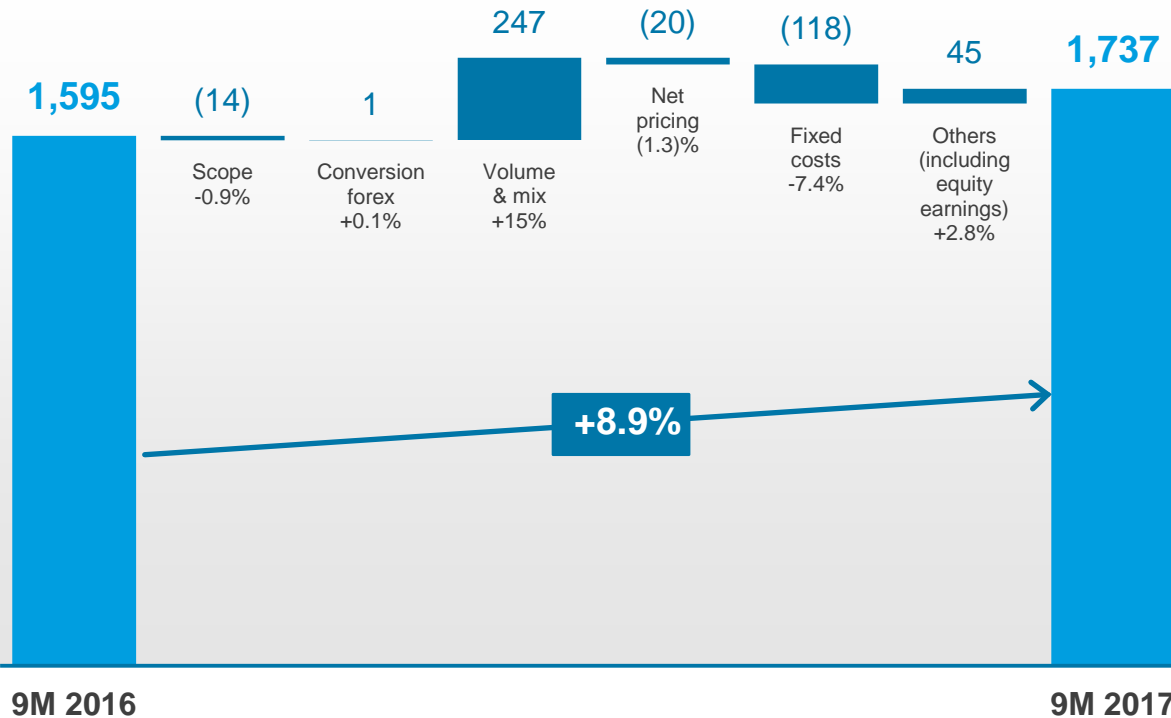
Foreign exchange

- First half forex tailwinds turned headwinds during the third quarter

RECORD EBITDA MARGIN SUSTAINED DRIVEN BY VOLUME

Underlying EBITDA

in € m



☒ **Volume & mix**
Growth across all business segments

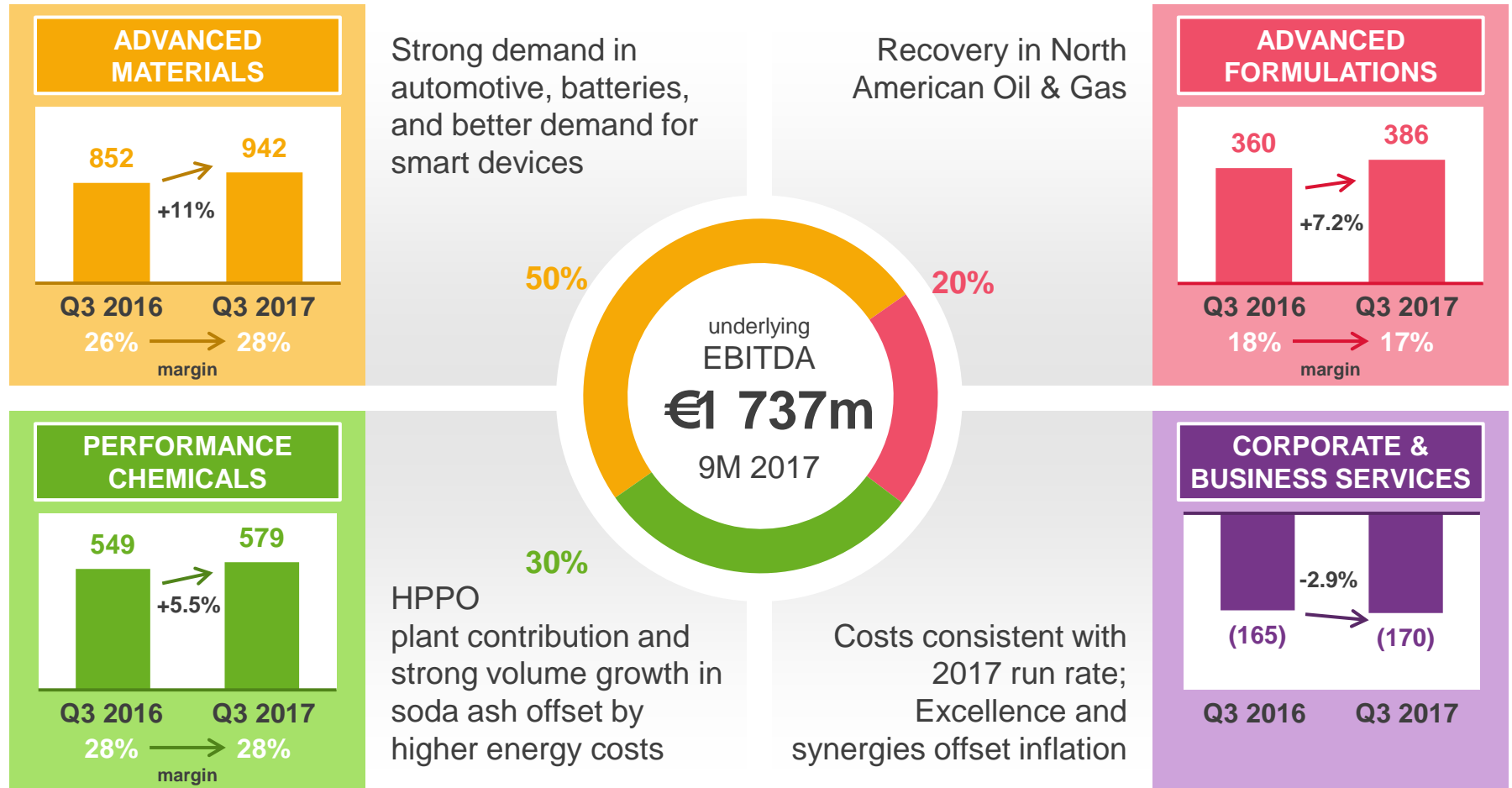
☐ **Pricing power**
Higher raw material costs in Advanced Formulations and lower average prices in Performance Chemicals

☐ **Fixed costs**
Higher fixed costs related to volume and earnings increase



RESILIENT MULTI-SPECIALTY PORTFOLIO

VOLUME-DRIVEN GROWTH ACROSS BUSINESS SEGMENT

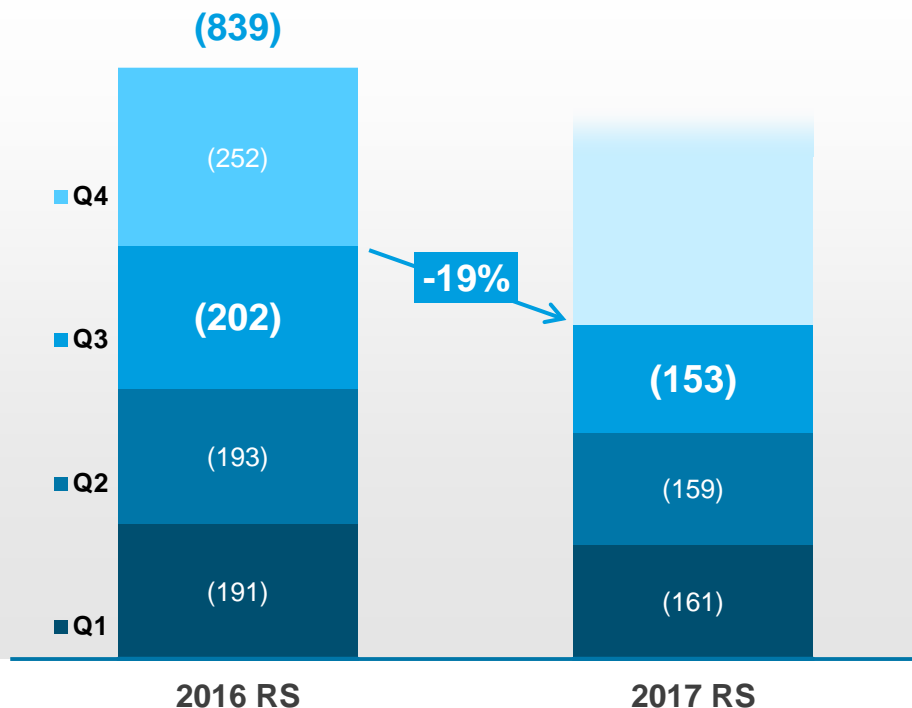


Corporate & Business Services is included in EBITDA and is excluded from the pie chart as the contribution is negative

CAPEX DISCIPLINE MAINTAINED WHILE INVESTING IN FUTURE GROWTH

Capex

in € m



→ Capex discipline maintained

- YTD cash conversion at 73%

→ Investing in future growth

- Ramp-up of the PEEK capacity in US
- Start-up of PVDF plant in China
- Announced polysulfone and PEKK expansions

Profit growth
Improved cash conversion

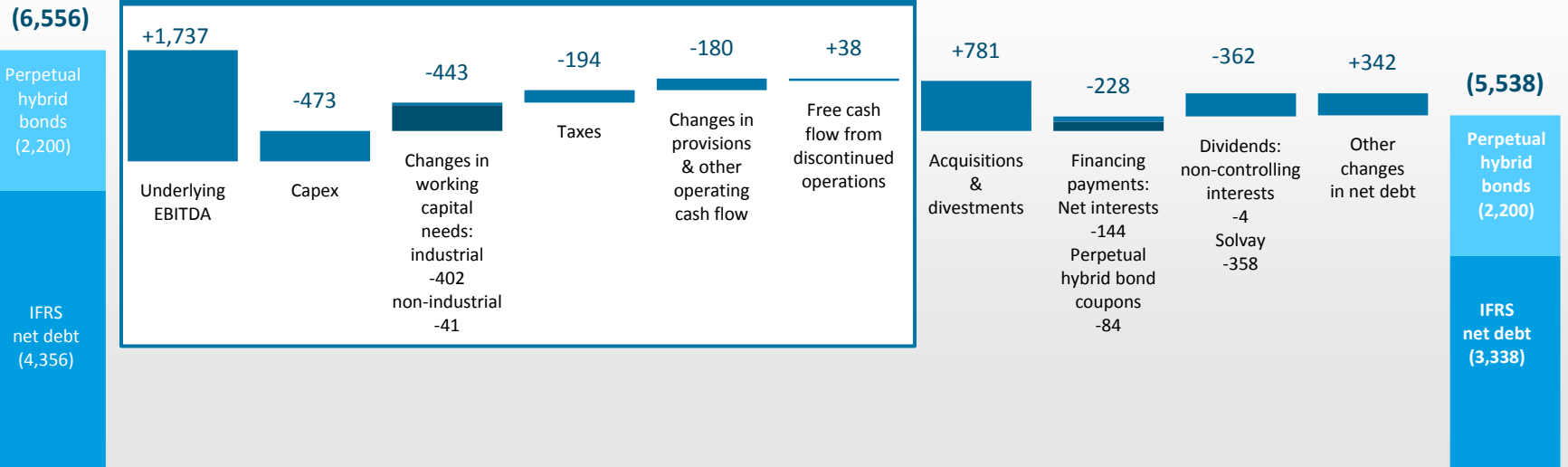
Sustainable improvement
in free cash flow

FOCUS ON CASH MAINTAINED REDUCTION IN NET DEBT

Underlying net debt^[1] evolution

in € m

Free cash flow € 484 m
vs €464m in 9M 2016



December 31, 2016

September 30, 2017

Higher Free cash flow

- Profit growth
- Lower capex
- Working capital discipline

M&A inflow

- Net proceeds from recent businesses divestment

OUTLOOK FULL YEAR 2017



**Underlying EBITDA on track
to grow 6% to 8% for full year**

**Free cash flow projected to
exceed €800 million**

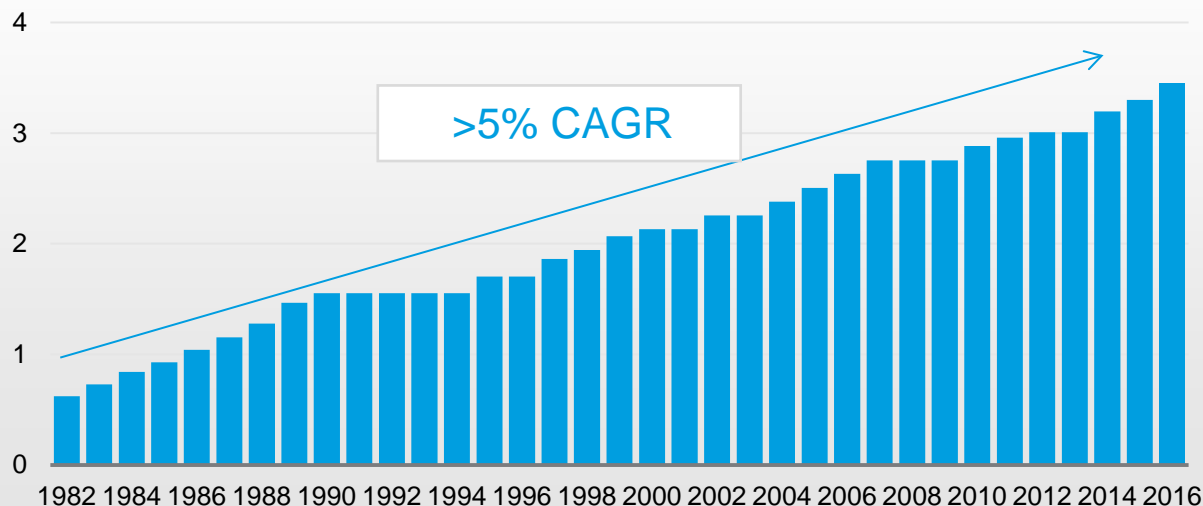
At constant forex & scope

REWARDING SHAREHOLDERS

DELIVERY ON COMMITMENTS over 30 years

Gross dividend ^[1]

in €/share



Interim dividend 2017
€1.38/share to be paid
January 18, 2018

Final 2017 dividend
to be determined
beginning of 2018



Committed to stable / growing dividend



INVESTOR RELATIONS CONTACTS



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NEXT EVENTS

**January 18
2018**

Interim dividend
payment

**February 28
2018**

Q4 & FY 2017
results

**May 3
2018**

Q1 2018
results

**May 3
2018**

Annual general
meeting

**August 1
2018**

Q2 & H1 2018
results

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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UNDERLYING EBIT(DA) CONSIDERATIONS FOR 2017

Scope effects

- Divestments having led to restatements in 2016 and 2017
 - Latin American PVC activity Indupa sold end 2016
 - Asian PVC activity Vinythai sold in February 2017
 - Acetow acetate tow activity sold in June 2017
 - Polyamide to be sold to BASF (aimed for Q3 2018)

Depreciation & amortization

- Underlying D&A of ~€(680)m
 - Excludes PPA amortization
- PPA amortization of ~€(250)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
 - CNY, BRL, JPY, RUB, KRW, THB
- Evolution of main currencies Solvay is exposed to:

/€	USD	JPY	KRW	CNY	BRL	RUB	THB
Q3 2017	1.17	130	1,330	7.83	3.72	69.29	39.20
Q3 2016	1.12	114	1,251	7.44	3.62	72.12	38.88
(d)evaluation FC in %	-4.9%	-12%	-6.0%	-5%	-2.5%	+4%	-0.8%

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, including discontinued Polyamide activities
- Capital expenditure from continuing operations is expected at ~€(800)m, including discontinued Polyamide activities

➤ Tax rate

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