



SOLVAY

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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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FORENOTE

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

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RESILIENT MULTI-SPECIALTY PORTFOLIO

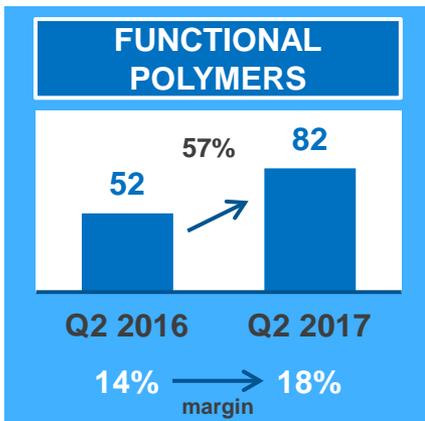
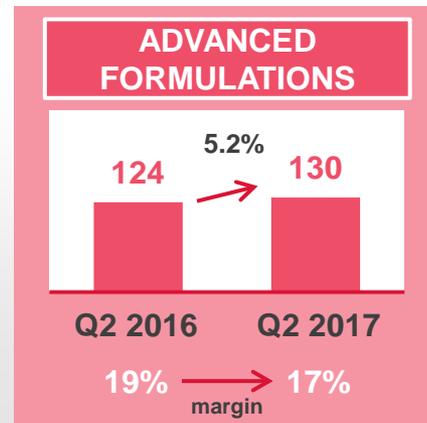
VOLUME-DRIVEN GROWTH ACROSS EACH OPERATING SEGMENT

in € million



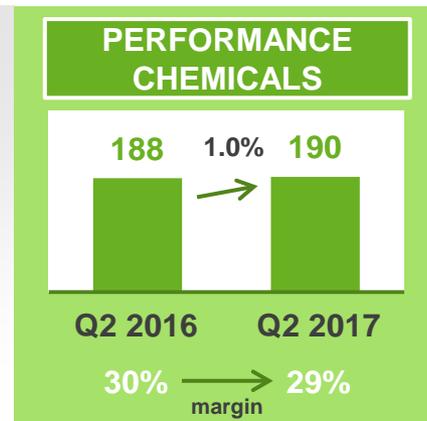
Strong volume growth in automotive & smart devices; sequential improvement in aerospace

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



Strong Polyamide performance related to price and auto demand

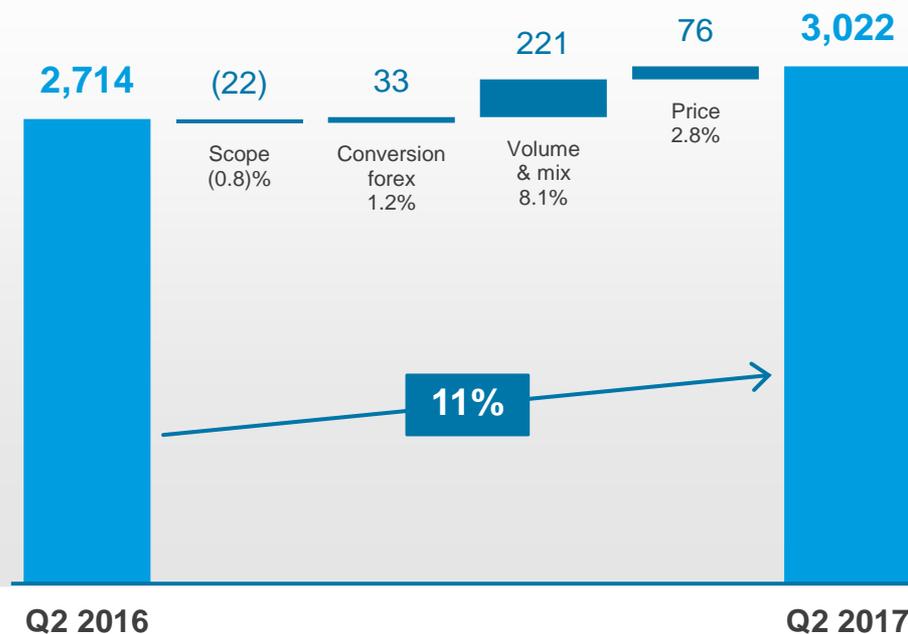
Benefit of the HPPO contract at Sadara and resilient Soda Ash Seaborne demand



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

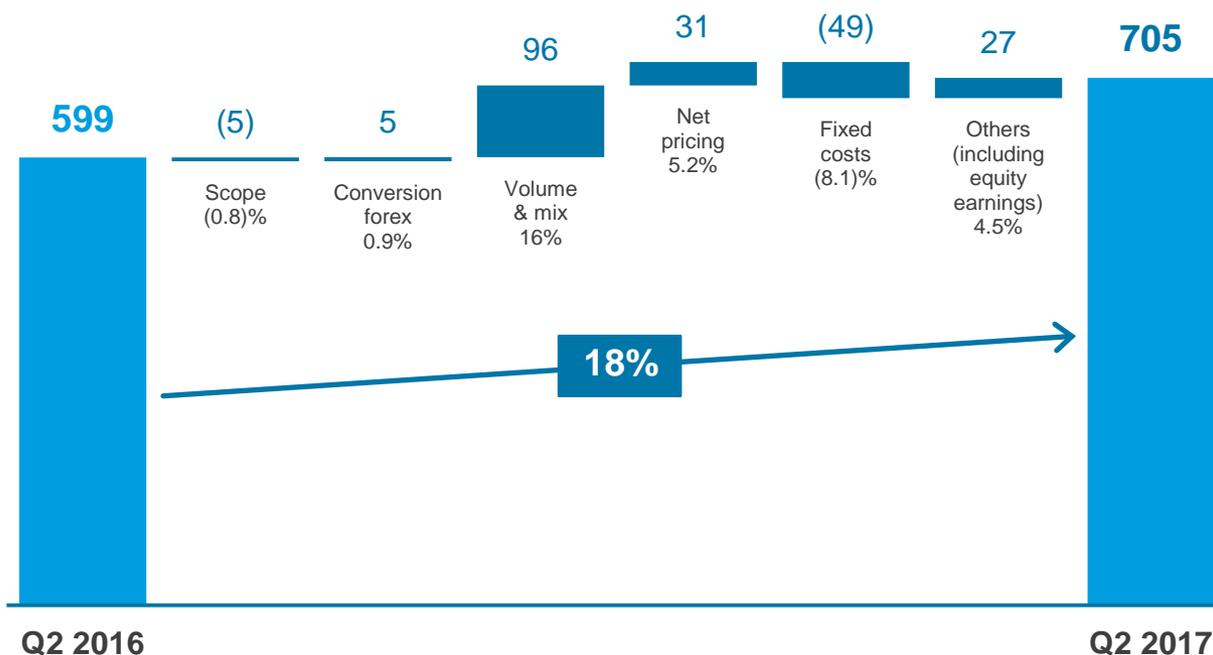
Price

- Higher pricing in polyamide 6.6 intermediates and polymers

RECORD EBITDA MARGIN DRIVEN BY VOLUME GROWTH

Underlying EBITDA

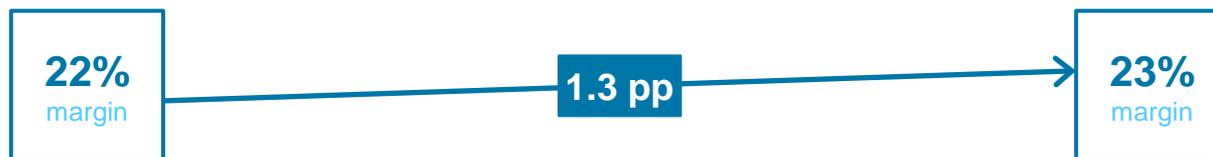
in € m



□ **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%

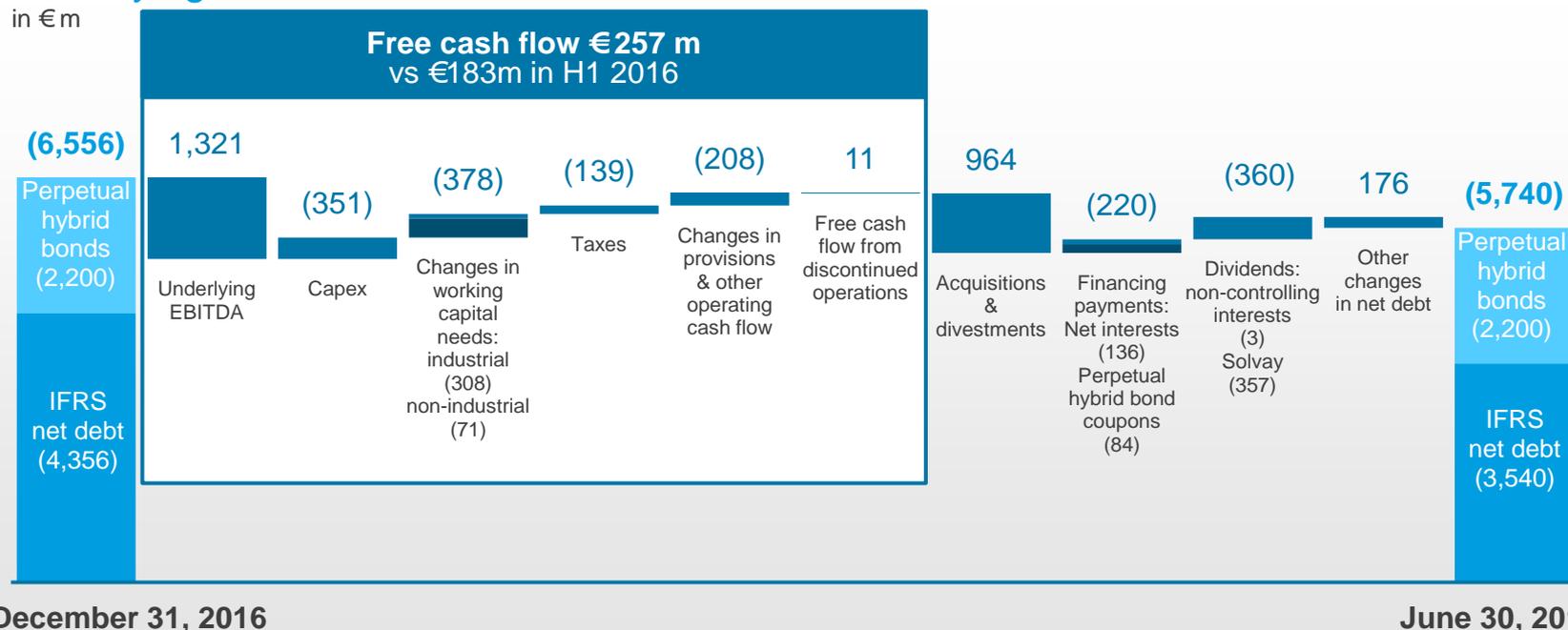
Underlying profit (Solvay share) up 38%

- 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

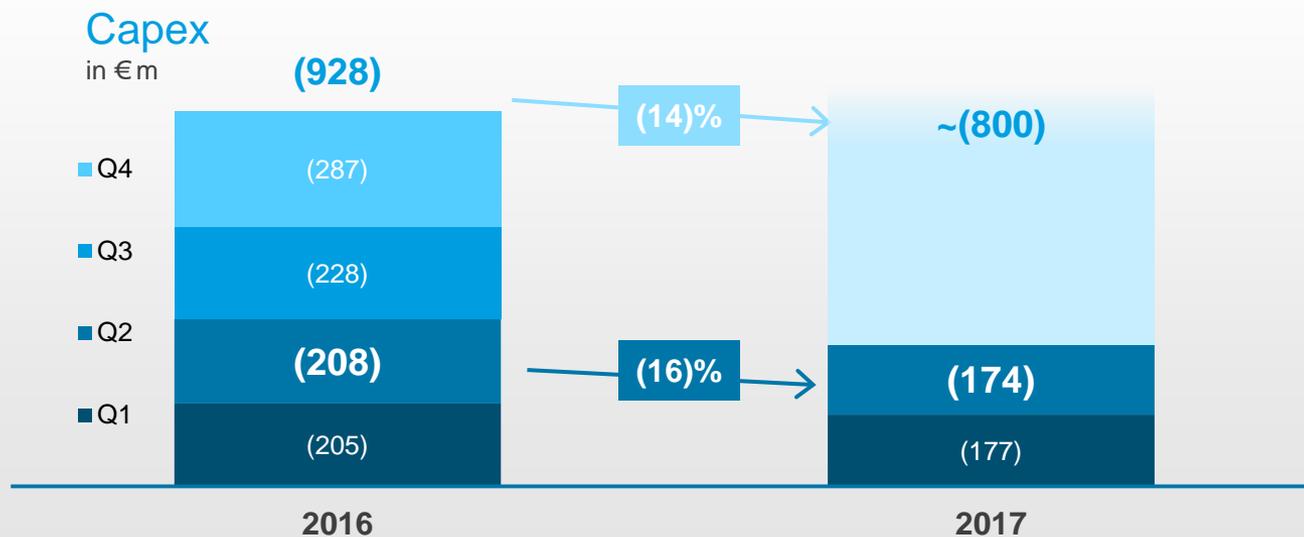
M&A inflow

- 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)

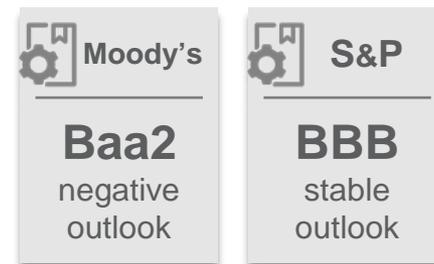
Underlying debt^[1] evolution

in € billion

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



Underlying



INVESTMENT GRADE

[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

OVERVIEW

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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**



INVESTOR RELATIONS CONTACTS



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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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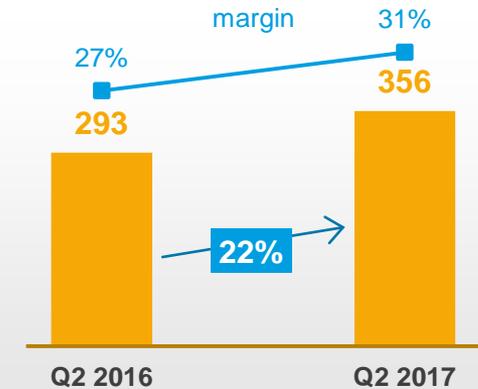
ADVANCED MATERIALS Q2 2017

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

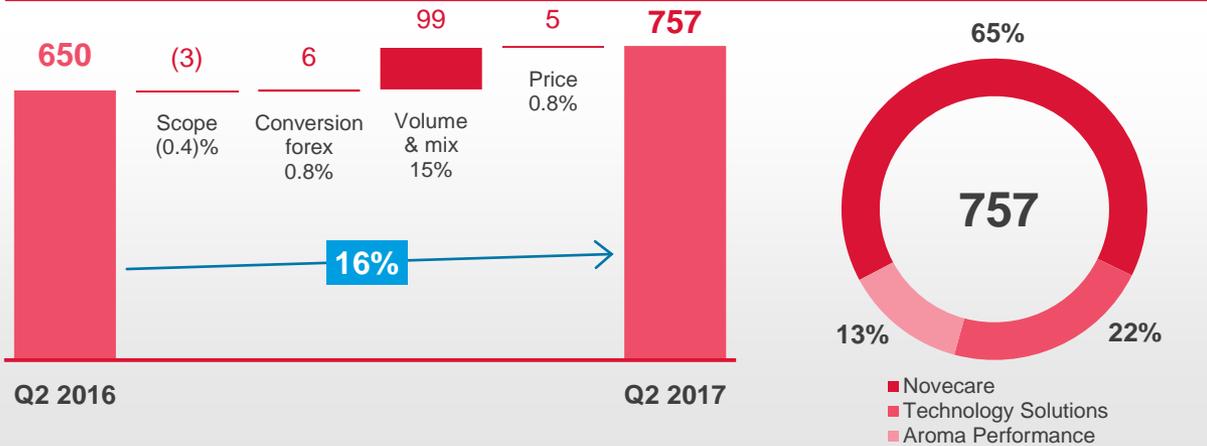
Sales down 1%

- 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

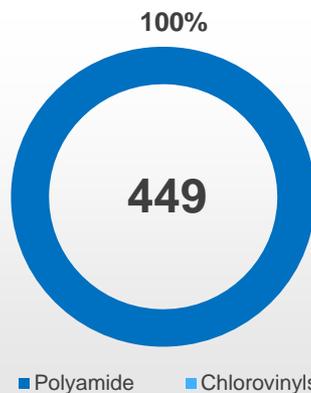
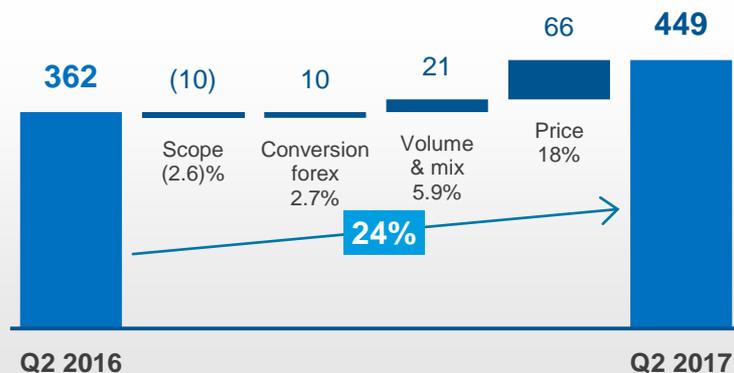
Sales up 21%

- 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

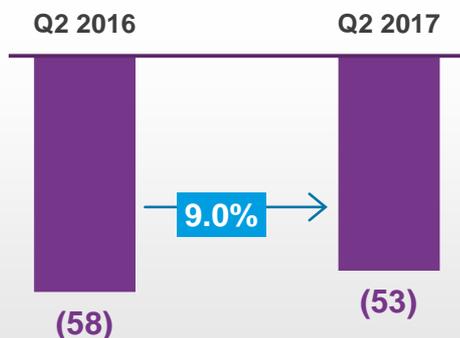
Largely stable

- 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

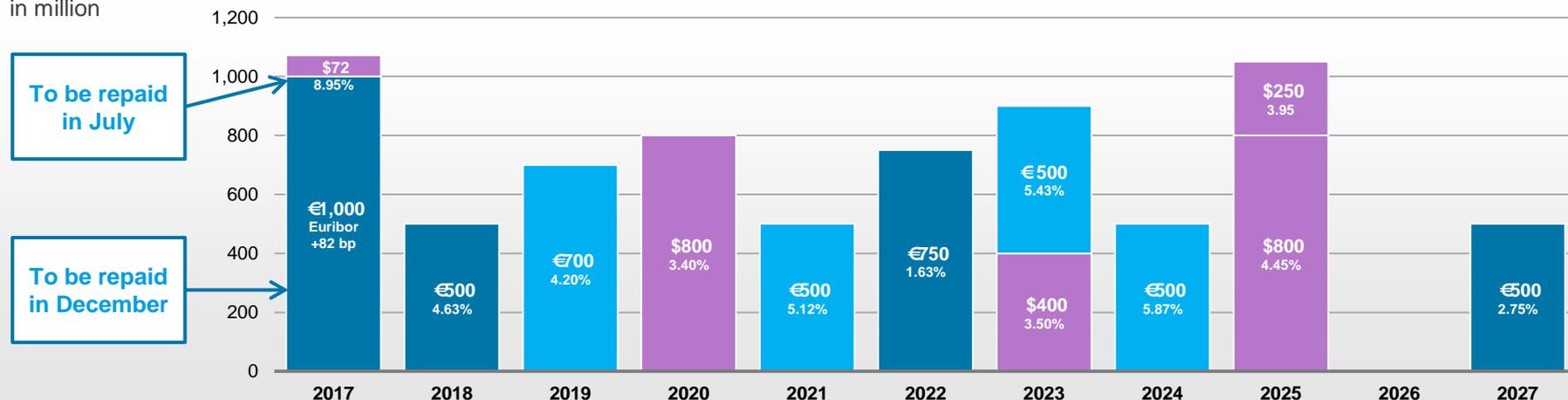
- Operational excellence offset fixed cost inflation

DEBT PROFILE

BALANCED MATURITIES ALLOWING FLEXIBILITY

Major debt

in million



Major debt ^[1]

December 31, 2016

June 30, 2017

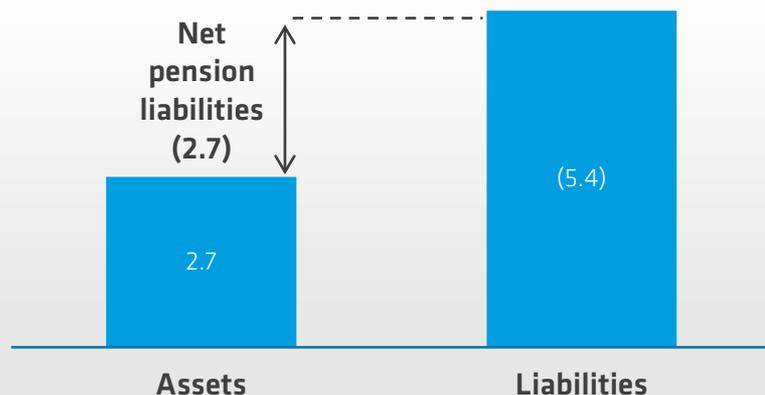
	Face value	Average maturity	Average cost	Face value	Average maturity	Average cost
EUR bonds	2,750	4.3	1.97%	2,750	3.8	1.96%
EUR perpetual hybrid bonds ^[2]	2,200	5.1	5.07%	2,200	4.6	5.07%
USD bonds	2,212 ^[3]	6.5	4.03%	2,045 ^[3]	6.0	4.03%
Total major debt	7,162	5.2	3.55%	6,995	4.7	3.54%

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

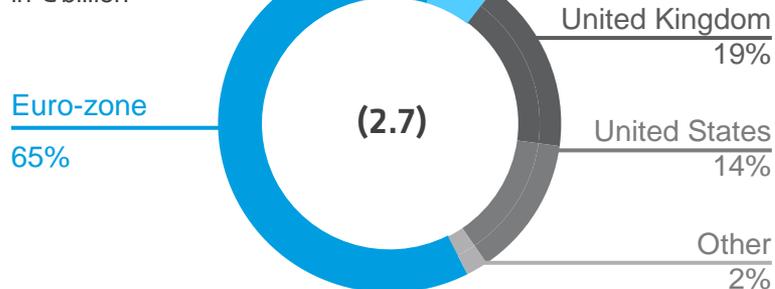
Cash contribution of €(82) m in H1 2017

- 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)%

[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

ANNEXES

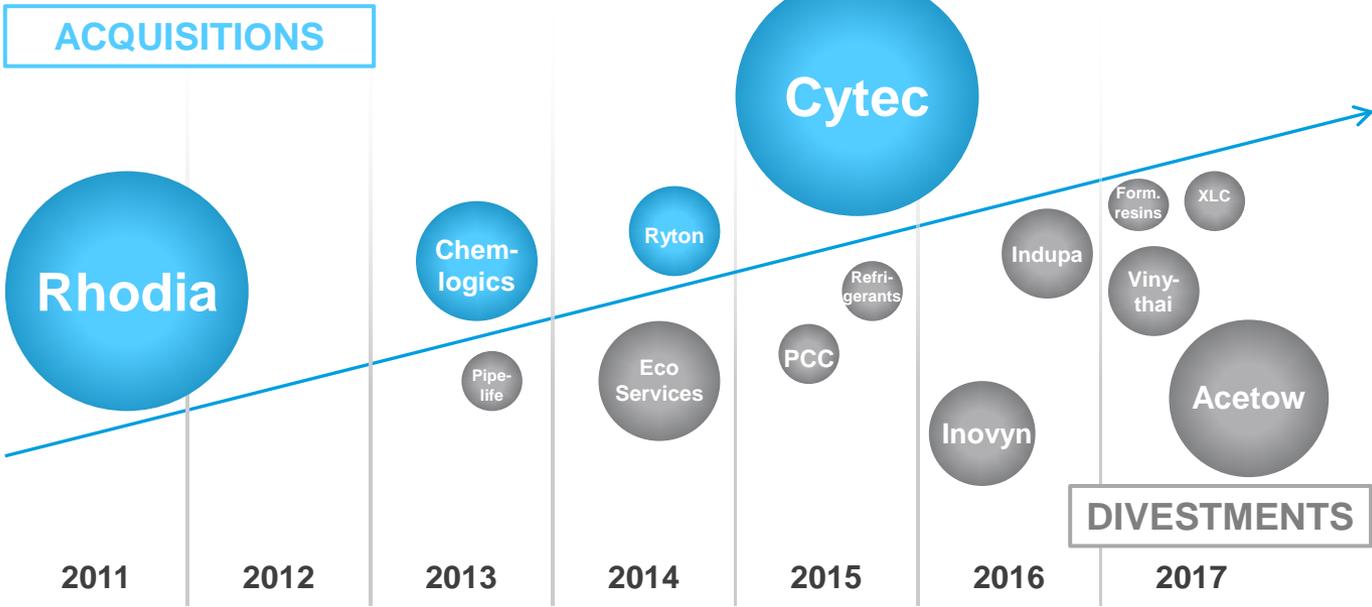
- Additional 2017 financial data
- **General information**
- Other financial considerations



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UPGRADED PORTFOLIO



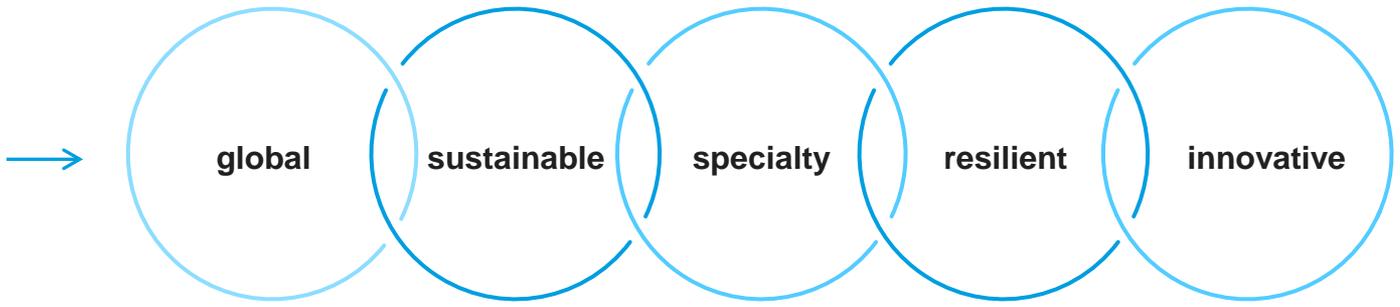
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Enhancing customized solution offerings

v

Reducing cyclical & low-growth businesses exposure

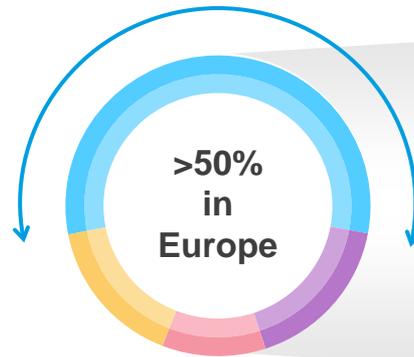
MORE →



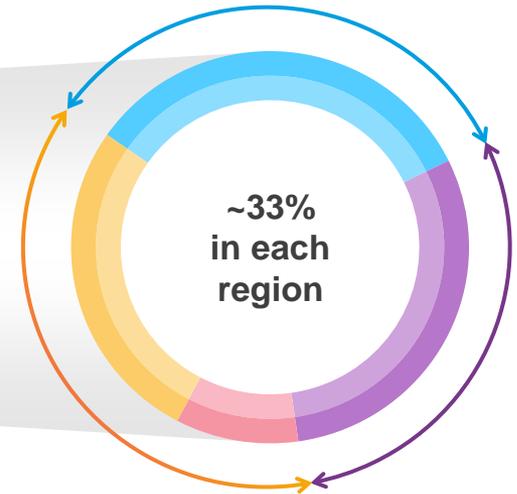
OUR GLOBAL PROFILE

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



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 depreciatin, 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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