



SOLVAY

asking more from chemistry®

Motivating Sustainable Value Creation

An insight from a CFO

Karim Hajjar

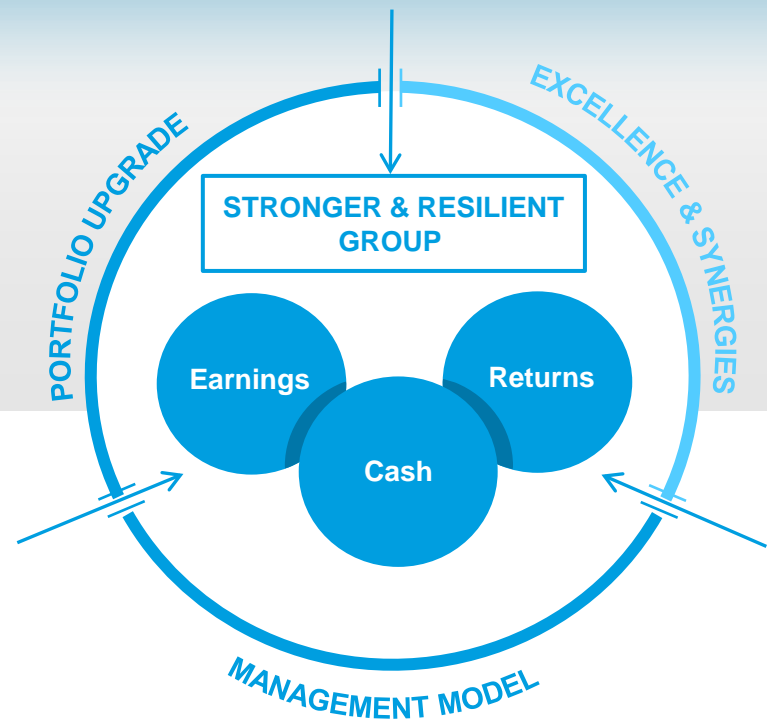
June 2017

CREATING A FUTURE WITH *MORE* POTENTIAL THROUGH AN IN-DEPTH TRANSFORMATION

Building a new model of
sustainable chemistry
to help answer some of society's
challenges



Leading to long-term value **GROWTH**
for our stakeholders



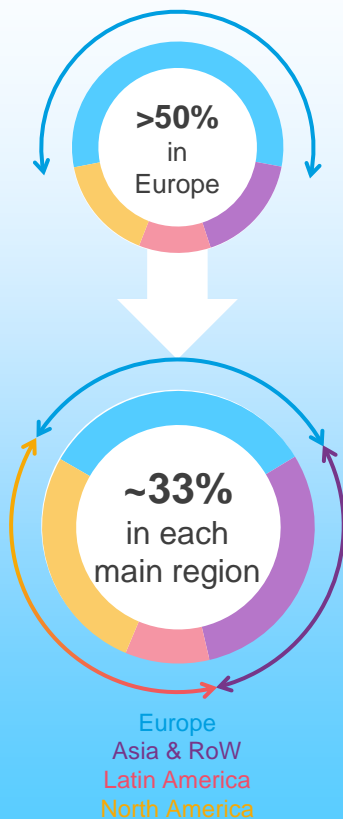
LEADING TO A CHANGE IN PROFILE

NET SALES

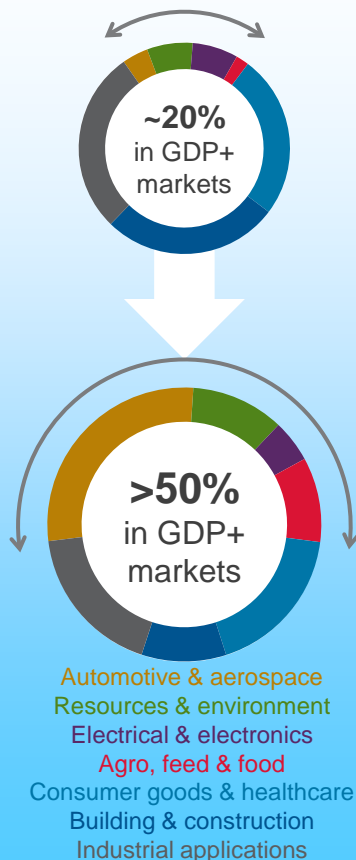
2010
net sales
€6.5 bn

2016
net sales
€10.9 bn

MORE GLOBAL



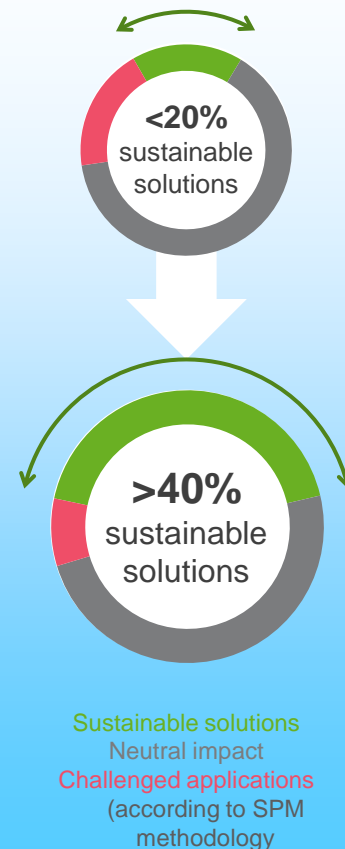
MORE DIVERSIFIED



MORE SPECIALTY



MORE SUSTAINABLE



PORTFOLIO ACTIONS SINCE 2013 RESHAPE SOLVAY TOWARDS MULTI-SPECIALTY



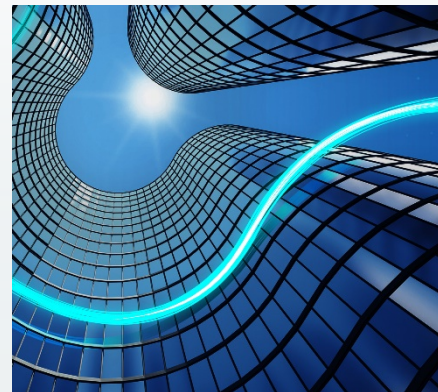
ADVANCED MATERIALS

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



ADVANCED FORMULATIONS

Customized specialty formulations in surface chemistry and liquid behaviour, maximizing yield & efficiency, minimizing eco impact



PERFORMANCE CHEMICALS & FUNCTIONAL POLYMERS

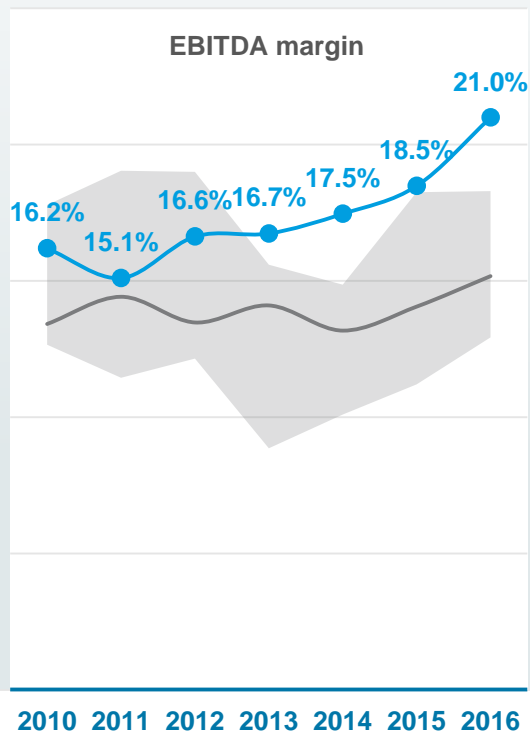
Leading positions in chemical intermediates through scale and technology, developing innovative application and industrial innovation for optimized costs



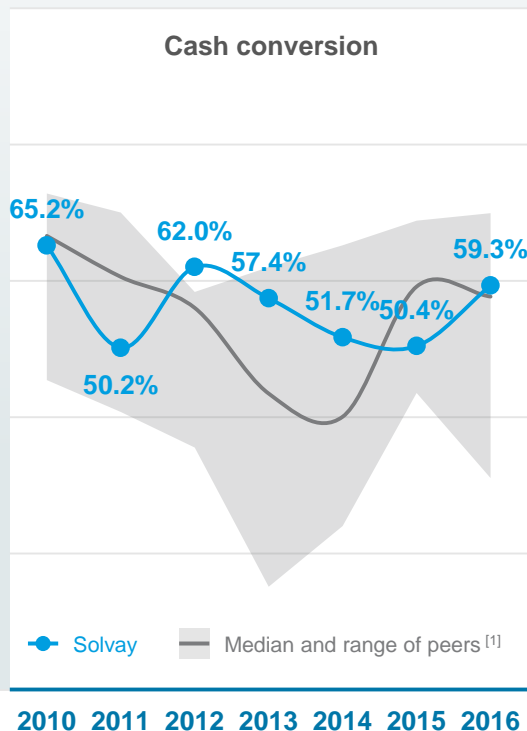
MORE Growth, Returns & Resilience

FINANCIAL VALUE DELIVERY

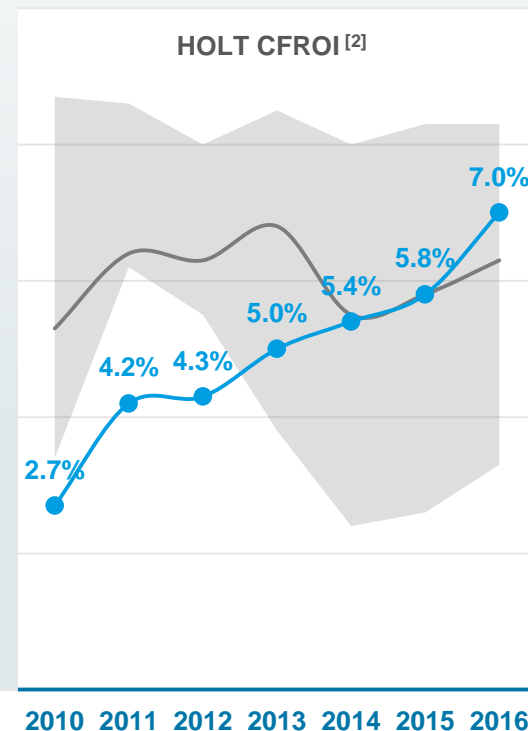
PROFIT



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).

... HAS VALUE BEEN CREATED?

IS THE MEASUREMENT OF VALUE CREATION CHANGING?



#1 in 2012,2013
#1 in 2014
#87 in 2015
#76 in 2016

Annual ranking of best
performing CEOs



#20 in 2013
#6 in 2014
#1 in 2015
#1 in 2016

... WHAT HAPPENED?

IS THE MEASUREMENT OF VALUE CREATION CHANGING?



2015

“ HBR’s ranking of CEOs is meant to be a measure of enduring success. We track and analyze each CEO’s performance starting from day one of his or her tenure. Our goal is to create a list that gets beyond the most recent quarterly or even annual results and **truly evaluates long-term performance.**

In the past, **our ranking was based exclusively on hard stock market numbers.**
We looked at total shareholder return, as well as the change in each company’s market capitalization.

We liked the fact that the ranking was based solidly on data and not on reputation or anecdote. Yet it also felt incomplete, because it failed to account for the
many aspects of leadership that go beyond mere market performance.

And so this year we’ve tweaked things. We’ve added to the mix a measurement of each company’s environmental, social, and governance (ESG) performance. For this we relied on the calculations of the investment research firm Sustainalytics.

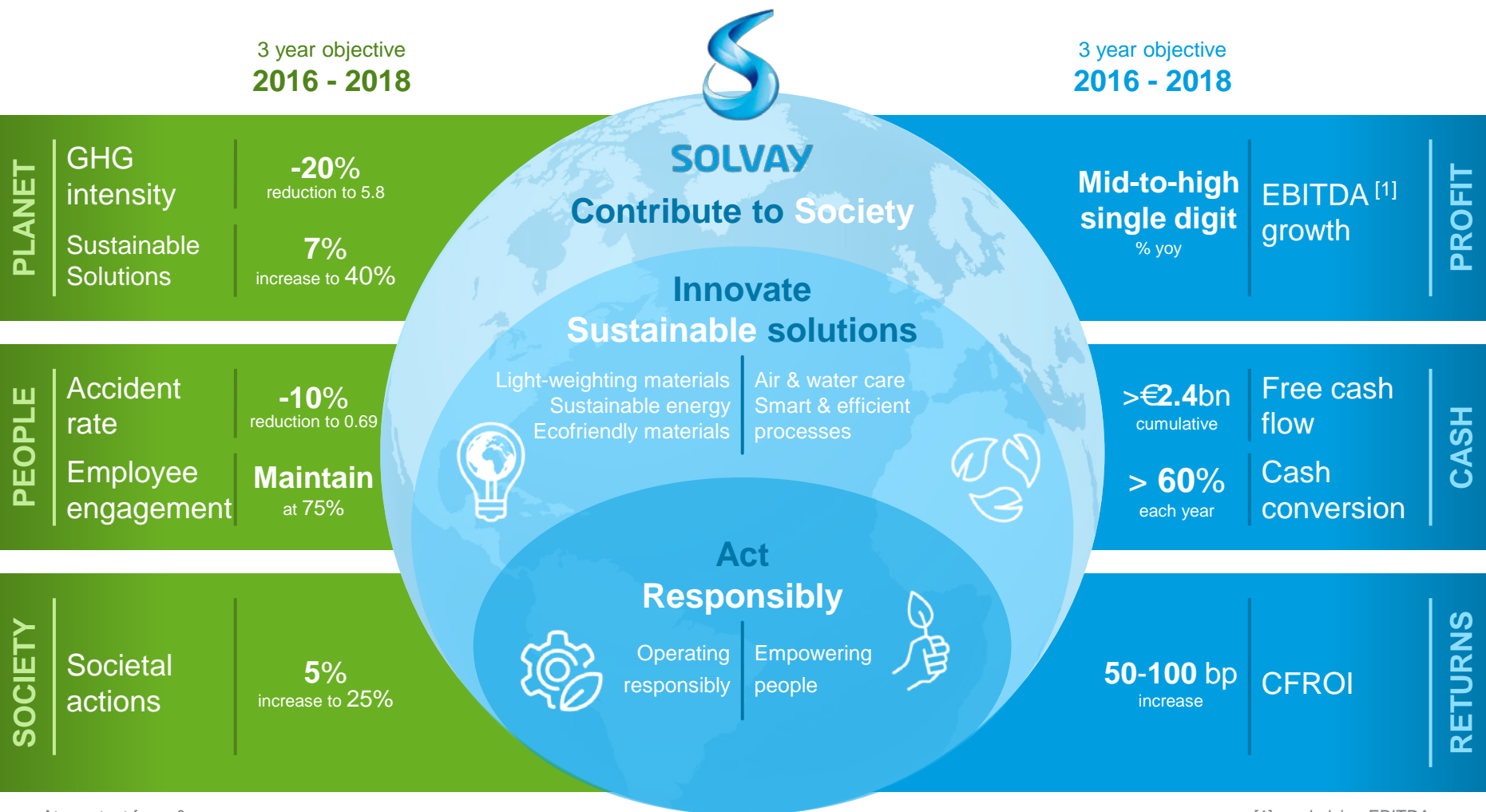
We now weight long-term financial results at 80% and ESG performance at 20%.

”

VALUE THAT STANDS THE TEST OF TIME



SOLVAY'S SUSTAINABLE VALUE CREATION GUIDED BY FINANCIAL & EXTRA-FINANCIAL TARGETS



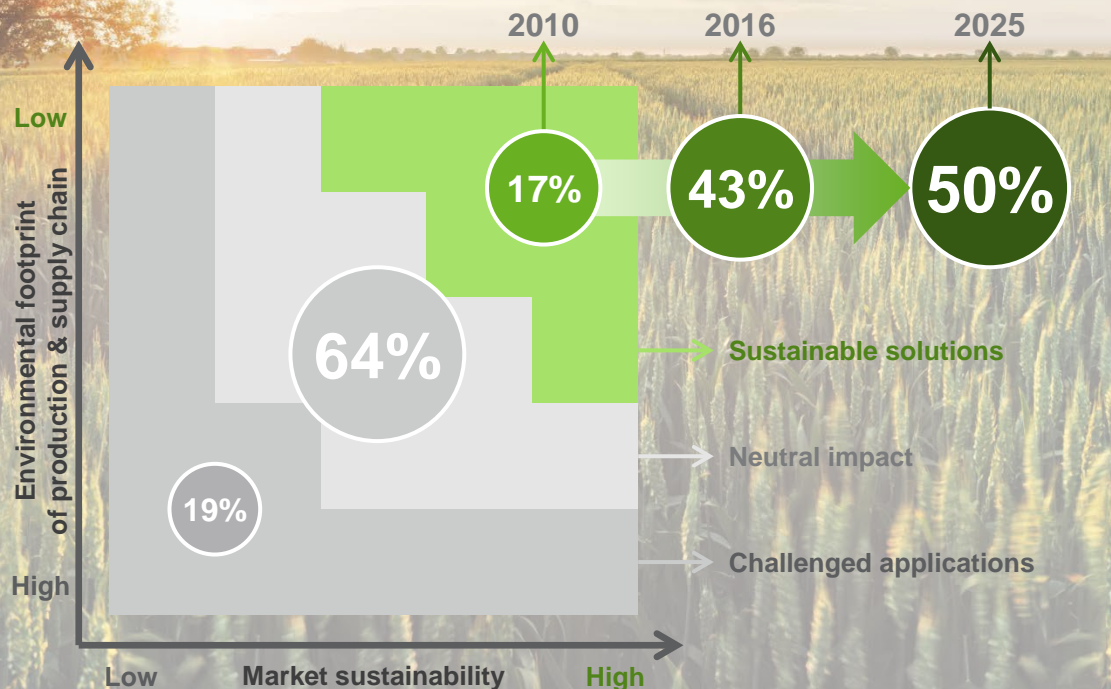
At constant forex & scope

[1] underlying EBITDA

MORE SUSTAINABLE SOLUTIONS TO DRIVE SUPERIOR RETURNS OVER TIME

SUSTAINABLE PORTFOLIO MANAGEMENT

(in % of net sales)



KEY LEVERS

- ✓ Portfolio
- ✓ Capex
- ✓ R&I priorities



KEY IMPACTS

- ✓ Part of the solution
- ✓ Enhanced profitability

PILOTING TOWARDS SUSTAINABLE MOBILITY

Fundamental Value of Composites

Lightweighting

Aerodynamics

Fatigue life

Corrosion resistance

Lean manufacturing
lower part cost

Increased
passenger comfort

Life-of-program
maintenance costs



SOLVAY
ENABLING SOLUTIONS

DRIVING SUSTAINABLE MOBILITY ON THE ROAD

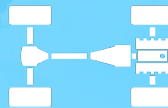
New Industry Paradigm:

- Sustainability
 - Shared Mobility
 - Connectivity
- Regulations driving CO₂ emissions reductions
 - Car sharing services and self-driving cars
 - Safety: Zero casualties

SOLVAY ENABLING SOLUTIONS



Lightweighting

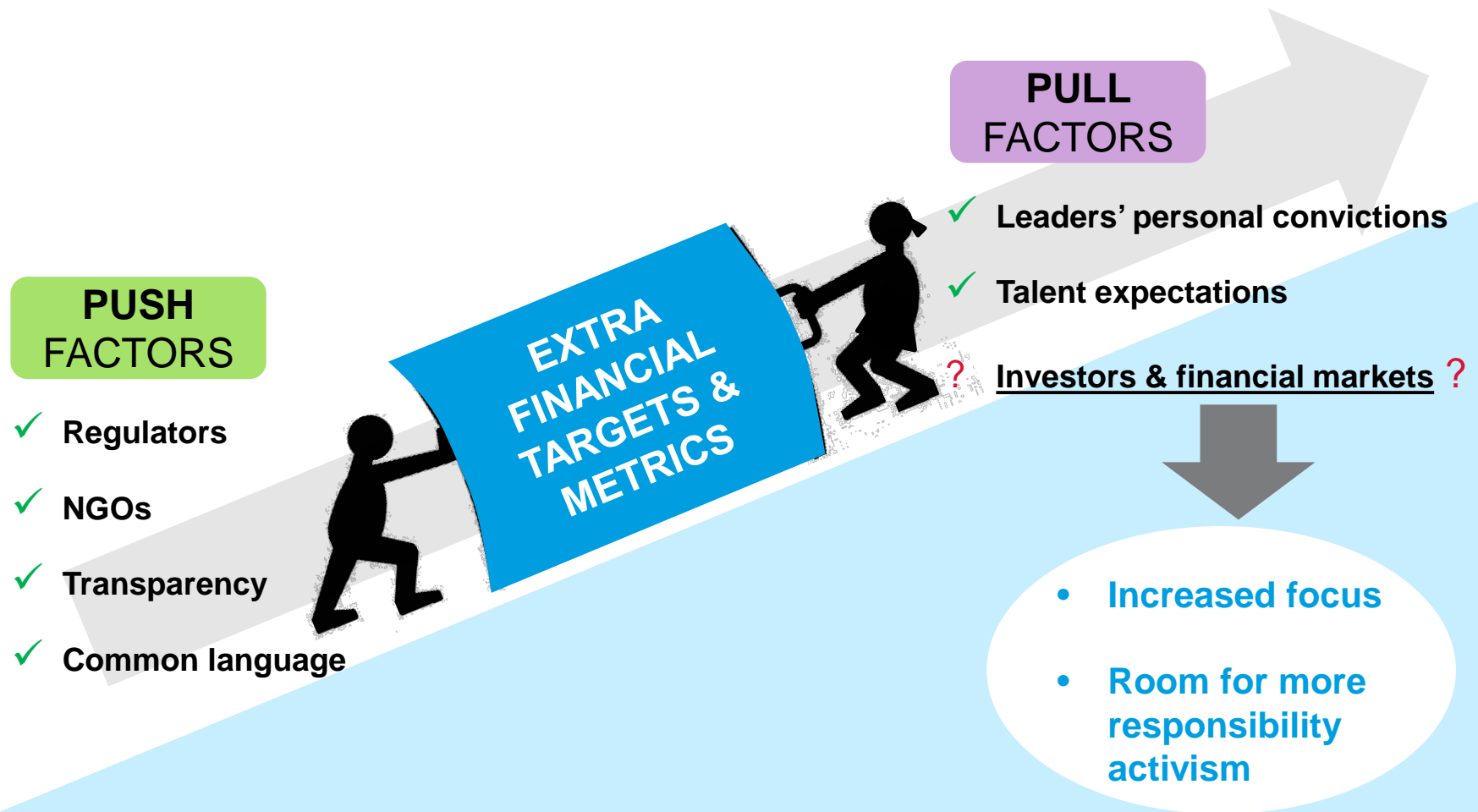


**Powertrain
Efficiency**



Electrification

HOW CAN WE MOTIVATE THE CREATION OF SUSTAINABLE VALUE?



A Solar Impulse solar plane is shown in flight against a blue sky with scattered white clouds. The plane's long, thin wingspan is a prominent feature. Various sponsor logos are visible on the fuselage, including 'SOLARIMPULSE', 'google.com/+s', 'ABB', 'SOLVAY', and 'Schindler'.

PLANET

PROFIT

PEOPLE

CASH

SOCIETY

RETURNS

MORE
Sustainable
VALUE