



SOLVAY

asking more from chemistry®

Value Growth

March 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.

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FORENOTE

Following the announcements in December 2016 of the divestment of the Acetow and Vinythai businesses and 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 fourth quarter and the full year 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

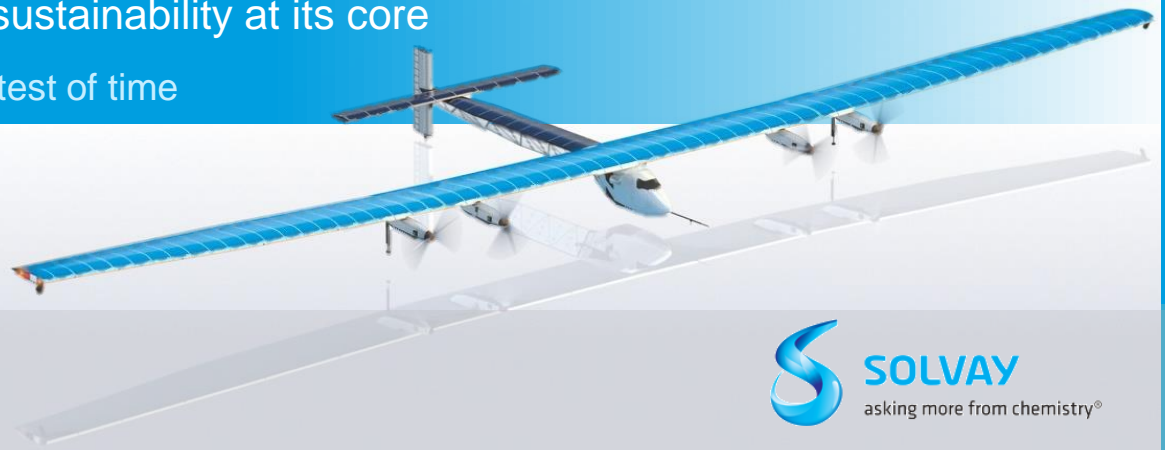
→ Propelled by volumes, underpinned by efficiency

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



WE ARE A WORLD LEADER IN THE CHEMICAL INDUSTRY



~24,500
employees



61
countries



124
Industrial sites



21
Major R&I sites



SOLVAY

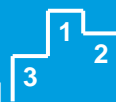
asking more from chemistry®



2017

Top 3

Market position ^[1]



€10.1 billion
net sales



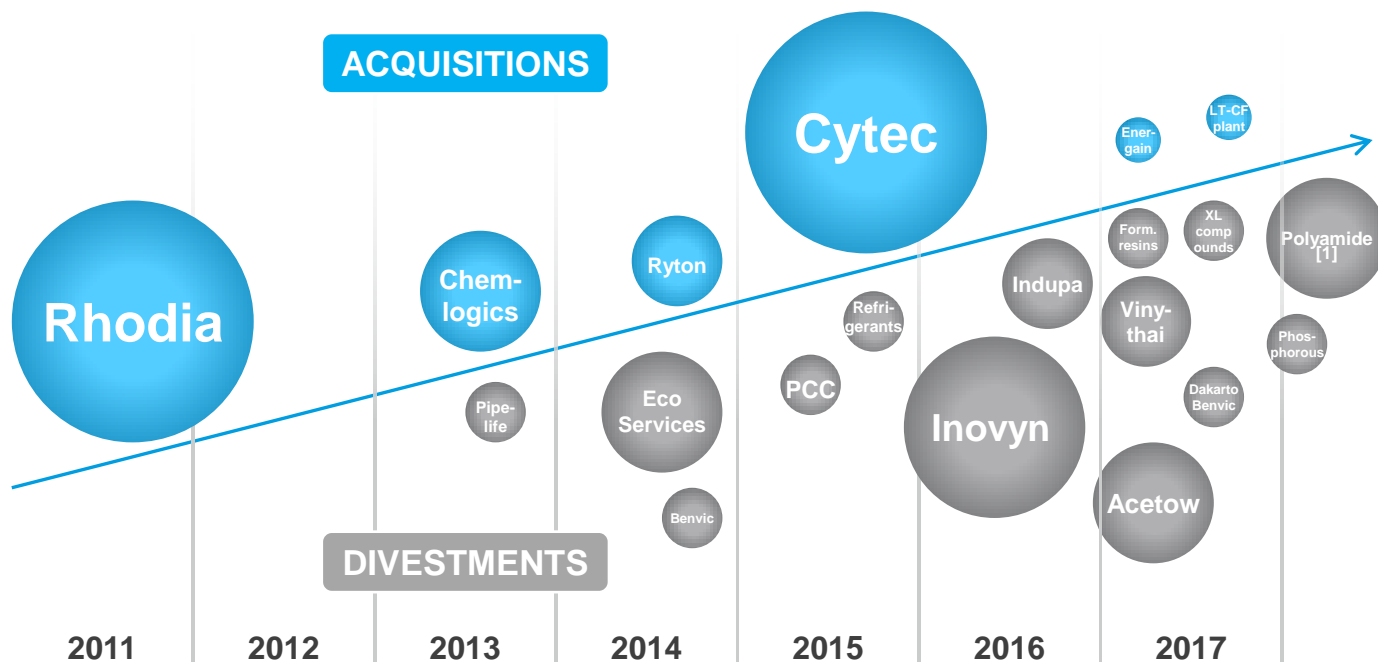
€2.2 billion
underlying EBITDA



22%
EBITDA margin



UPGRADED PORTFOLIO



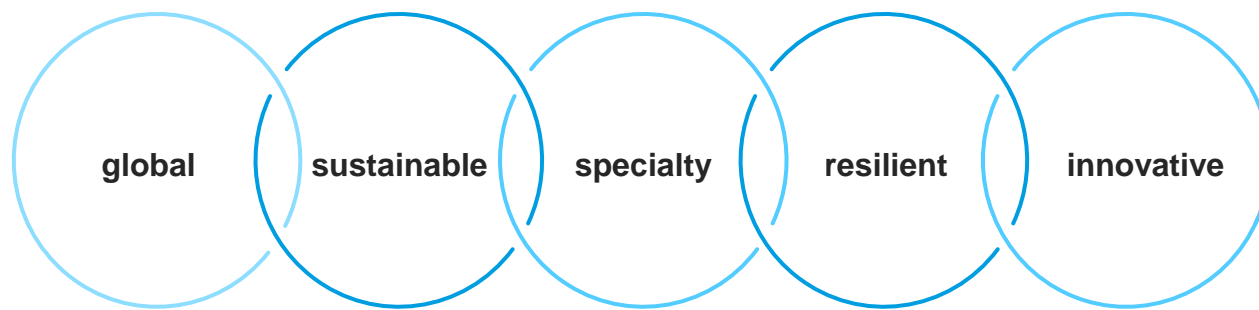
+

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

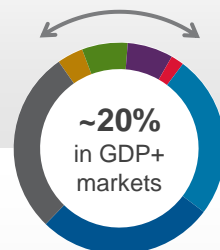
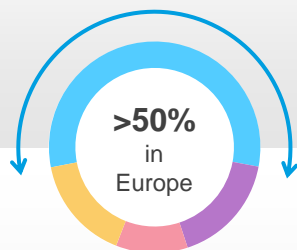
MORE
GLOBAL

MORE
DIVERSIFIED

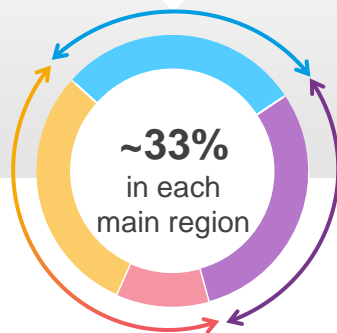
MORE
SPECIALTY

MORE
SUSTAINABLE

2010
€6.5 billion



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)

ENABLING TOMORROW ATTRACTIVE GROWTH MARKETS



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

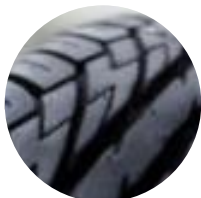
- Chemical Solutions: improve yield of mining and Oil & Gas exploration
- Energy storage and photovoltaic panels



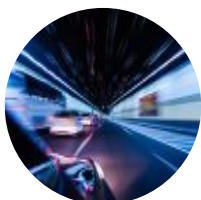
Strategic & Superior Growth Markets

DEVELOPING INNOVATIVE SOLUTIONS TO CREATE VALUE FOR OUR CUSTOMERS

SUSTAINABLE MOBILITY



Silica for
fuel efficient
performance tires
Premium SW



Thermoset prepreg
resin system for
automotive
applications
Solvalite™ 730



Batteries separator
Binder coating
Solef® PVDF
High voltage
Li-Ion batteries

QUALITY OF LIFE



Next generation
guar polymers
& derivatives
Hair Care platform



Innovative material to
replace metal in
removable partial
denture frames
Solvay
Dental 360™



Seed treatment
to secure crop
potential
GSB®
Seed boosting

RESOURCE EFFICIENCY



Lithium extraction

- process speed & efficiency
- extraction costs reduction



NaSH replacement technology

- better environmental profile for customers
- safety

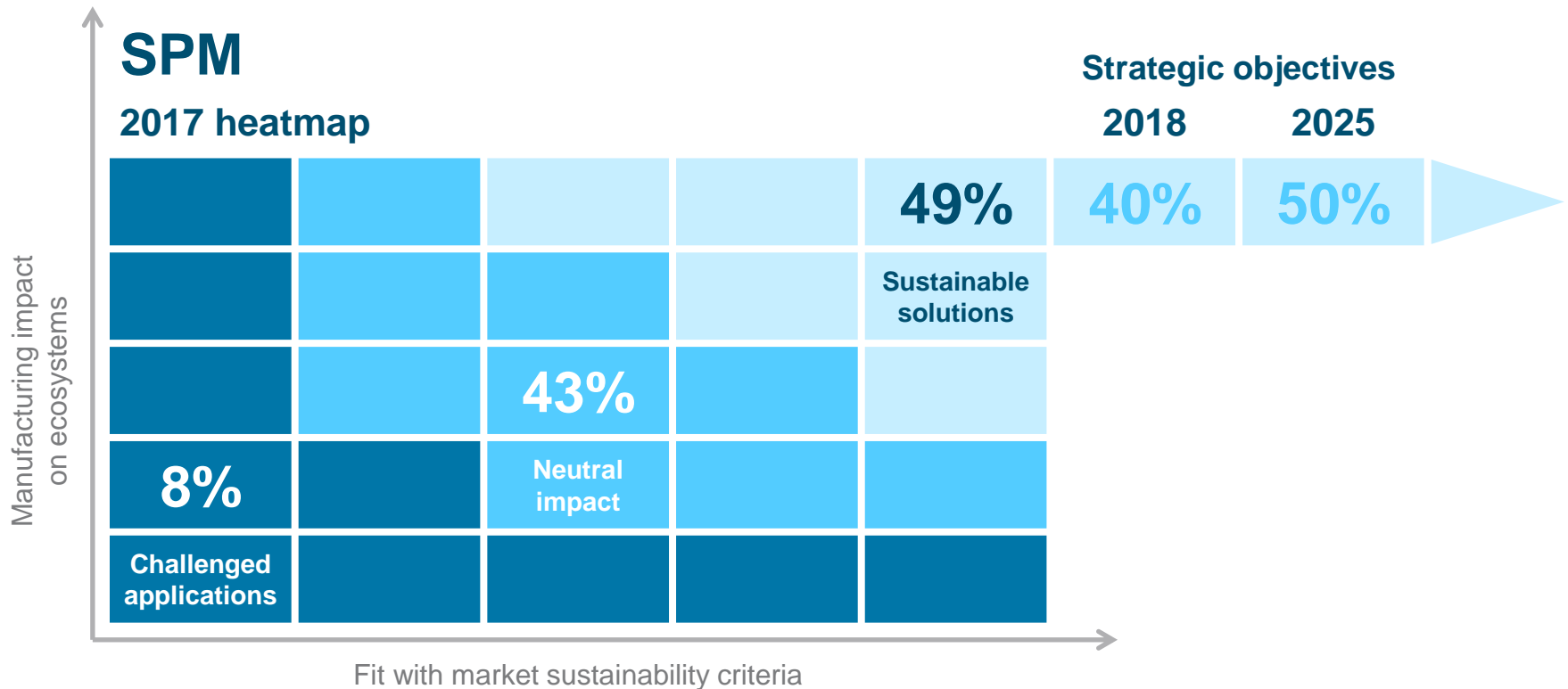
OUR STRATEGIC COMMITMENT

DOUBLE REVENUE SHARE FROM SUSTAINABLE SOLUTIONS^[1]

(FROM 25% IN 2014, BASELINE)



MORE SUSTAINABLE SOLUTIONS TO DRIVE SUPERIOR RETURNS OVER TIME



KEY LEVERS

✓ Portfolio ✓ Capex ✓ R&I priorities

KEY IMPACTS

✓ Part of the solution ✓ Enhanced profitability

SOLID FULL YEAR PERFORMANCE

EBITDA +7.5%
(9.7% organic^[1])

- Volume/mix impact of 16%
- Fixed costs effect -6.5% linked to business growth
- EBITDA margin sustained at 22%
- Positive contribution from lower financial charges and reduced tax rate

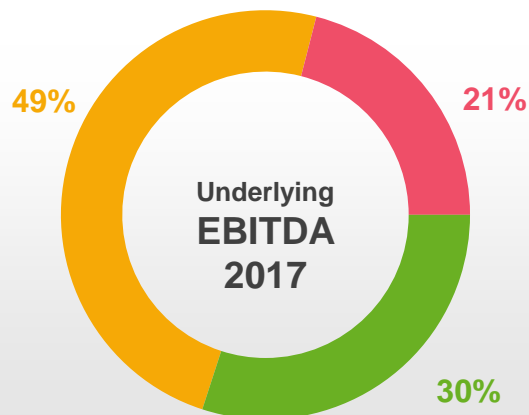
Underlying EPS^[2] up 26%

Free cash flow
€871m (+19%)

- Resulting from EBITDA growth and capex discipline
- Underlying net debt reduced to €5.3 billion
- Leverage 2.6x → 2.2x

Cash conversion
up 8pp to 68%

GROWTH ENGINES DELIVER 70% OF EBITDA



Market positions:



Global market position in main markets addressed



Regional market position in main markets addressed

GROWTH ENGINES

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)

RESILIENT CASH CONTRIBUTOR

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

€4,370m

€2,966m

€2,766m

Underlying EBITDA €2,230m

€1,202m

€524m

€749m

EBITDA growth +7.5%

+8.2%

+8.1%

+4.3%

EBITDA margin 22%

27%

18%

27%

CFROI 6.9%

10.3%

6.7%

8.4%

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

€1.75bn 
over 2 years

RETURNS

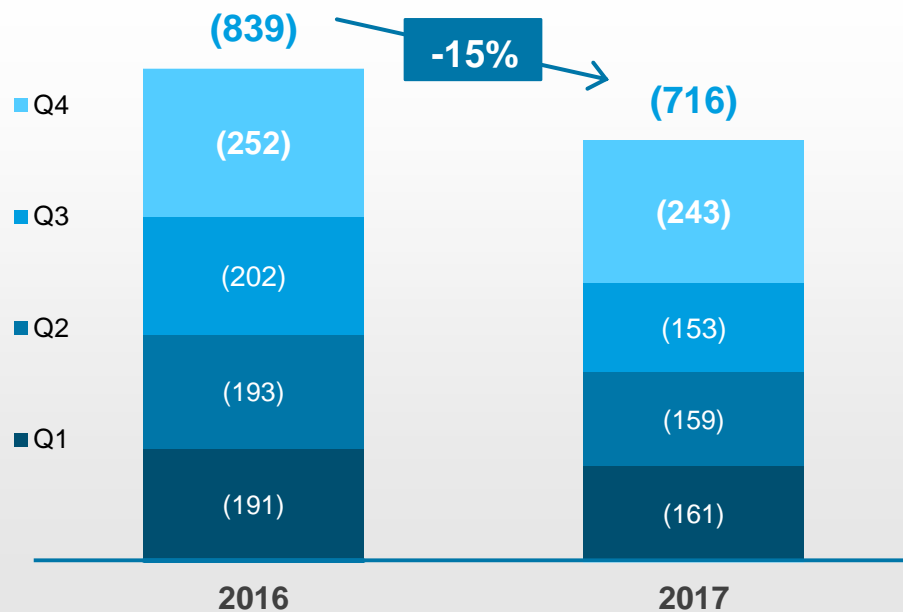
CFROI

Increase by 0.5pp-1.0pp over 3 years

+0.8pp 

IMPROVEMENT IN CASH CONVERSION DRIVEN BY LOWER CAPEX AND HIGHER EBITDA

Capex
in € million



New production in 2017

- PVDF for batteries in China (Specialty Polymers)
- High-purity H₂O₂ in Italy (Special Chem)
- Silica plant in South Korea
- Composites/Resins in Germany
- HPPO in Saudi Arabia (Peroxides)
- PEEK in the US (Specialty Polymers)

Profit growth
Improved cash conversion

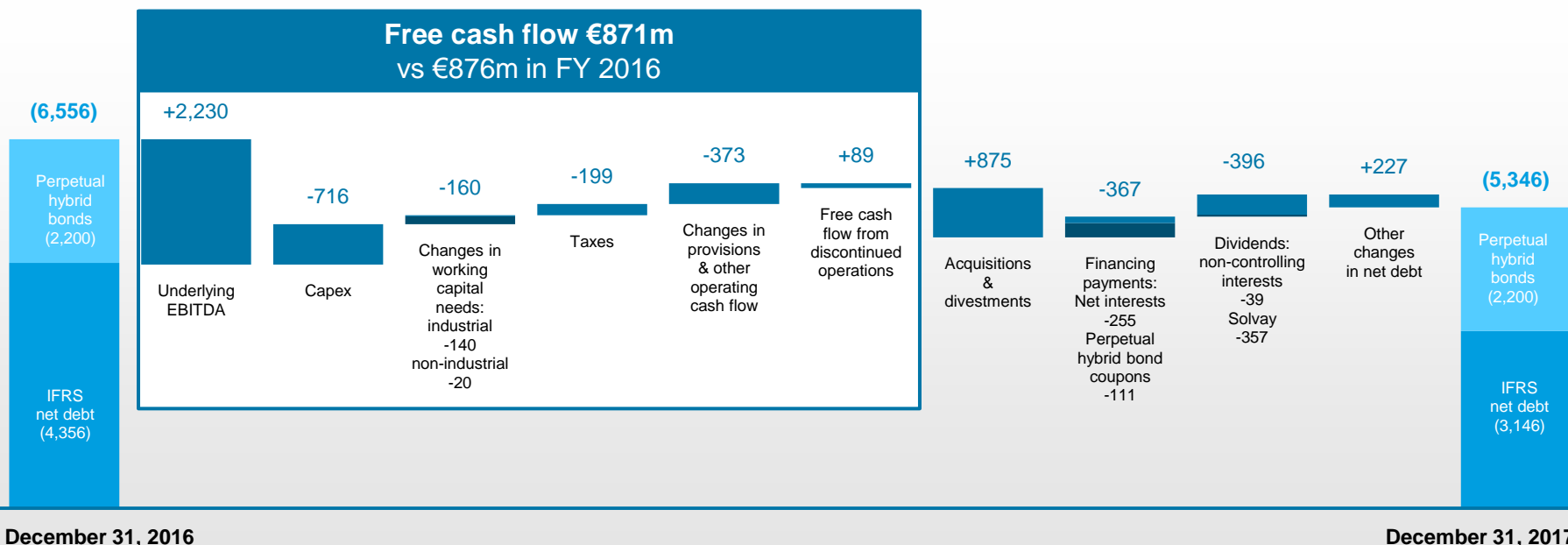
Free cash flow
Sustainable improvement

FOCUS ON CASH MAINTAINED

€1.2 BILLION REDUCTION IN NET DEBT

Underlying net debt ^[1] evolution

in € million



Free cash flow of €871 million

- Profit growth
- Capex €716m, 15% lower versus last year
- Working capital discipline maintained

M&A inflow

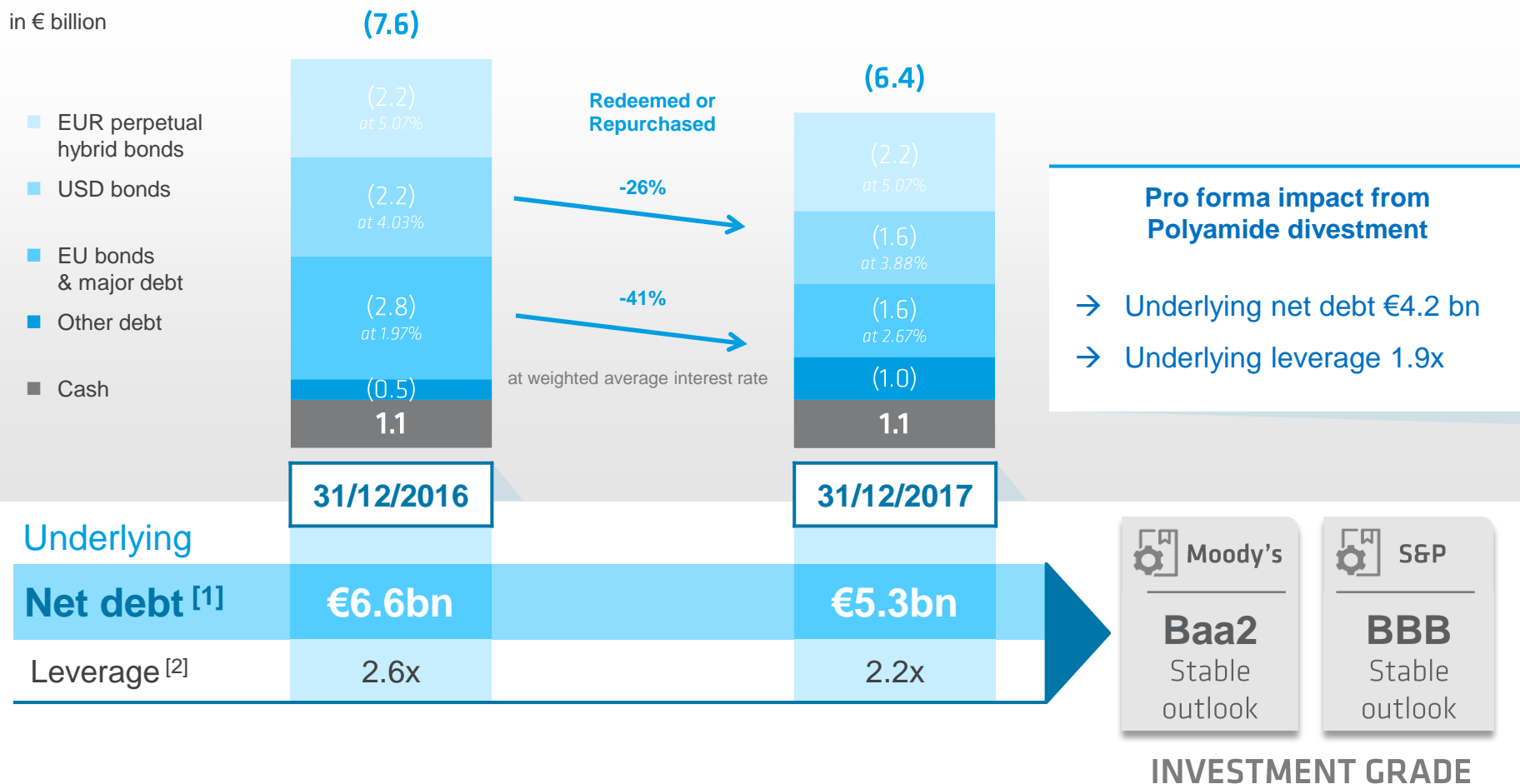
- Net proceeds related to recent divestments (Vinythai, Acetow and other smaller operations)

[1] Underlying net debt reclassifies hybrid perpetual bonds (considered as equity under IFRS) as debt

EFFICIENT CAPITAL STRUCTURE DELEVERAGING CONTINUES

Underlying debt ^[1] evolution

in € billion

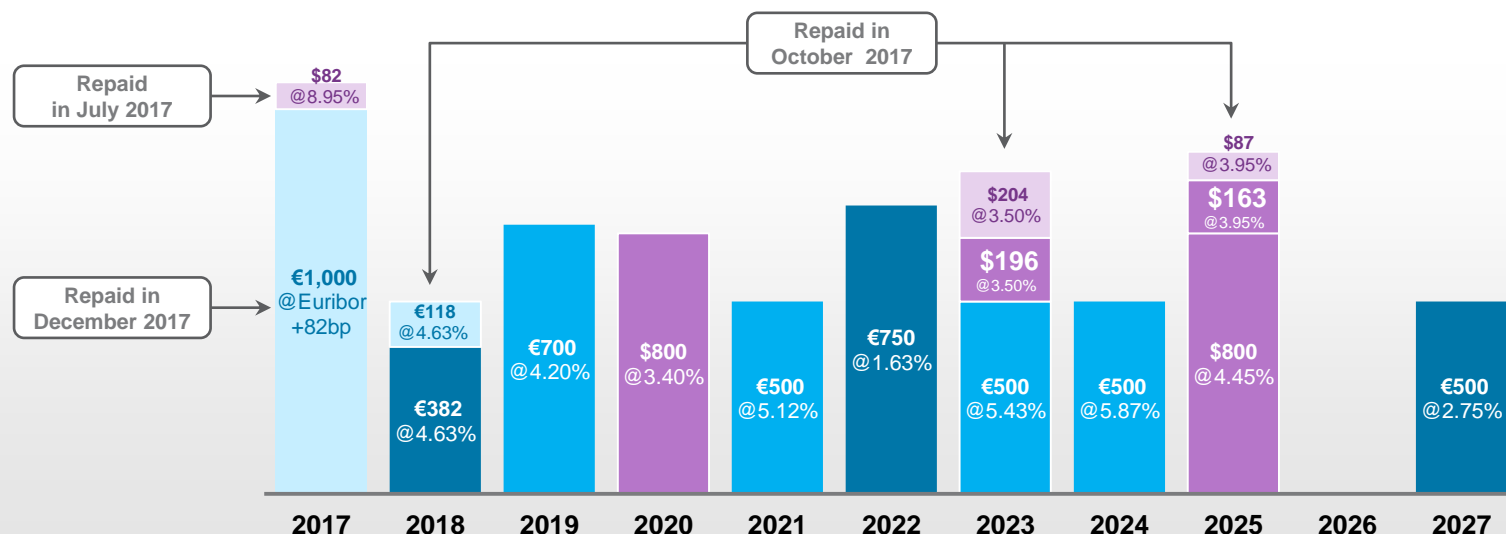


DEBT PROFILE

BALANCED MATURITIES ALLOWING FLEXIBILITY

Major debt

in million



Major debt^[1]

	December 31, 2016			December 31, 2017		
	Face value	Average maturity	Average cost	Face value	Average maturity	Average cost
EUR bonds	2,750	4.3	1.97%	1,632	5.5	2.67%
EUR perpetual hybrid bonds ^[2]	2,200	5.1	5.07%	2,200	4.1	5.07%
USD bonds	2,212 ^[3]	6.5	4.03%	1,634 ^[4]	5.7	3.88%
Total major debt	7,162	5.2	3.55%	5,465	5.0	4.00%
	in € m	in years		in € m	in years	

[1] Major debt only, excluding cost of currency swaps

[2] At first call date

[3] USD 2,332m

[4] USD 1,960m

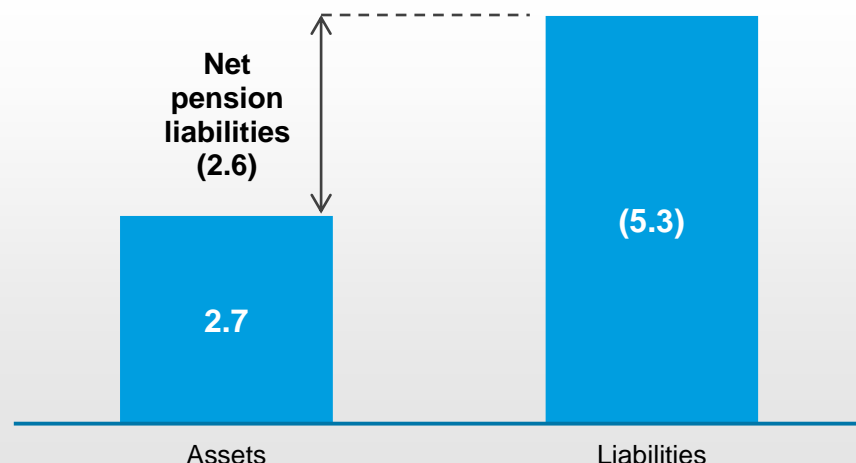
NET PENSION LIABILITIES ^[1]

DOWN ON CASH CONTRIBUTION AND SCOPE EFFECT

Pensions

(31/12/2017)

in € billion



Net pension liabilities decreased by € 0.3bn over the year

- Pension liabilities improved € 0.4bn to € (5.3)bn following mainly currency translation gain and polyamide divestment
- Pension assets down € 0.1bn to € 2.7 at year end

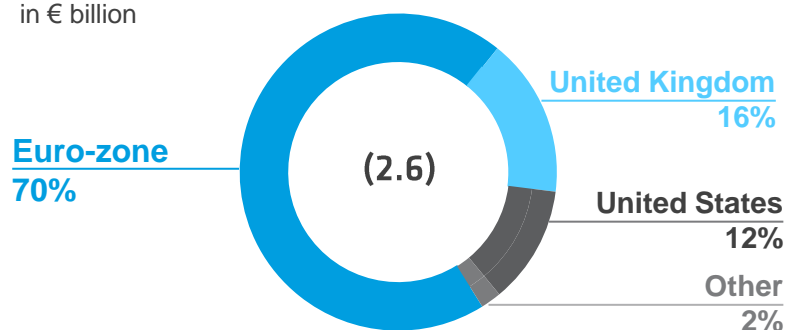
Cash contribution from continuing operations at € (193)m over the year

- Due to US cash contribution increase
- Versus € (172)m in 2016

Net pension liabilities

(31/12/2017)

in € billion



All presented figures are for continuing operations only

Discount rate evolution ^[2]

Currency	December 31, 2017	December 31, 2016	% since year start
Average	2.4%	2.6%	(0.3)%
EUR	1.5%	1.5%	-
GBP	2.5%	2.8%	(0.2)%
USD	3.5%	4.0%	(0.5)%

[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

OUR PRIORITIES

DELIVER MID-TERM OBJECTIVES & PREPARE THE FUTURE



Organic volume growth

Earnings and cashflow growth

Optimize our organization

Sustainable value

OUTLOOK

FULL YEAR 2018

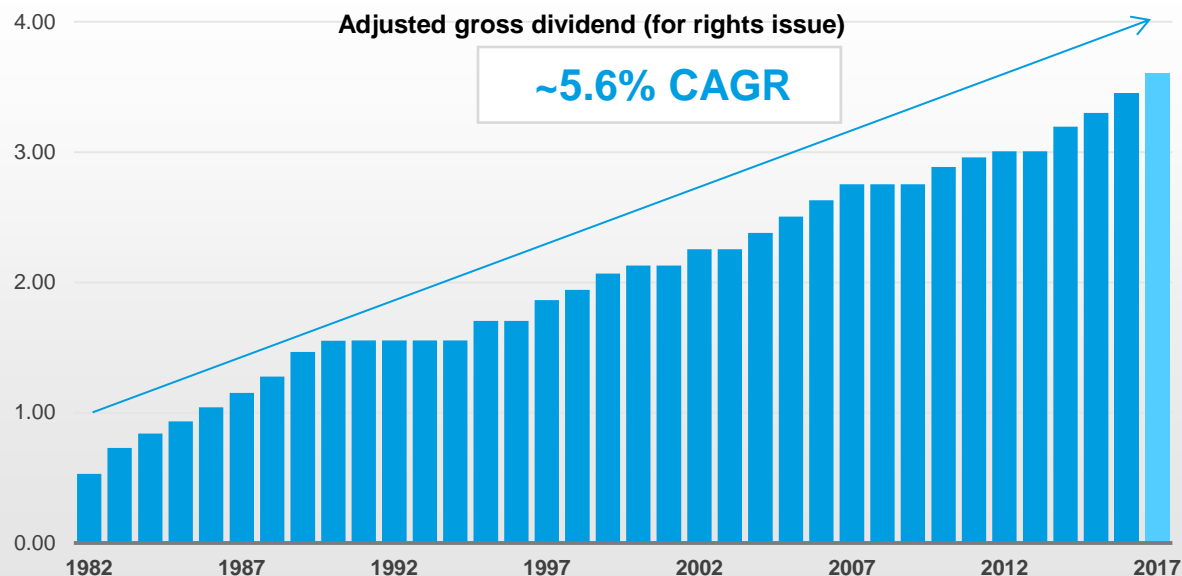


**Underlying EBITDA to grow
5% to 7% organically ^[1]**

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

REWARDING SHAREHOLDERS DELIVERY ON COMMITMENTS OVER 35 YEARS

Gross dividend
in €/share



Full year dividend
recommendation of
€3.60 per share payable
May 23, 2018



Committed to stable / growing dividend

UNDERLYING EBIT(DA) CONSIDERATIONS FOR 2018

Depreciation/Amortization & Capex

- D&A expected at ~€(700)m, in line with 2017
 - Excludes PPA amortization
- PPA amortization of ~€(240)m
 - Includes PPA impacts from Rhodia, Cytec and other smaller acquisitions (e.g. Chemlogics, Ryton)
- Capital expenditure from continuing operations expected at ~€(700)m

Scope effects

- Divestments having led to restatements in 2017
- Polyamide planned to be sold to BASF, expected to be completed in the second half of 2018

Forex sensitivity

- 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
- Evolution of main currencies Solvay is exposed to:

/€	USD	GBP	JPY	BRL	RUB	CNY	KRW	THB
2016	1.107	0.819	120	3.86	74.14	7.35	1284	39.04
2017	1.130	0.877	127	3.61	65.94	7.63	1277	38.30
(d)evaluation FC in %	2%	7%	5%	-7%	-11%	4%	-1%	-2%

UNDERLYING FINANCIAL, CASH, TAX CONSIDERATIONS FOR 2018

Underlying net financial charges

Underlying net financial charges expected at ~€(350)m, excluding foreign exchange fluctuations impact

- **Underlying net cost of borrowings** at expected at ~€(150)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: 5.07%
- **Non cash recurring discounting provisions** expected at ~€(80)m
- **Net cash financing payments** at ~€(250)m
- **Net debt sensitivity** of ~€140m, and net financial charges of ~€5m

Cash flow elements

- Total net cash-out for provisions is expected to be some €(390) million and includes mainly:
 - Higher pensions and related payments of €(235)m
 - Environmental provision payments of ~ €(80)m
 - Restructuring payments of ~ €(80)m

Tax rate

- Underlying tax rate (adjusted for PPA and other factors) expected at ~26% versus 27.5% in 2017



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NEXT EVENTS

**May 3,
2018**

Q1 2018
results

**May 8,
2018**

Annual general
meeting

**May 23,
2018**

Final dividend
payment

**July 31,
2018**

Q2 & H1 2018
results

**November 8,
2018**

Q3 2018
results

SOLVAY'S ADR PROGRAM

CONVENIENCE OF INVESTING IN AMERICAN DEPOSITARY RECEIPTS (ADRS) THROUGH A SPONSORED LEVEL 1 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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