



**SOLVAY**

asking more from chemistry®

# Value Growth

from a Multi-Specialty Offering



November 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. 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

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any securities.

## 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

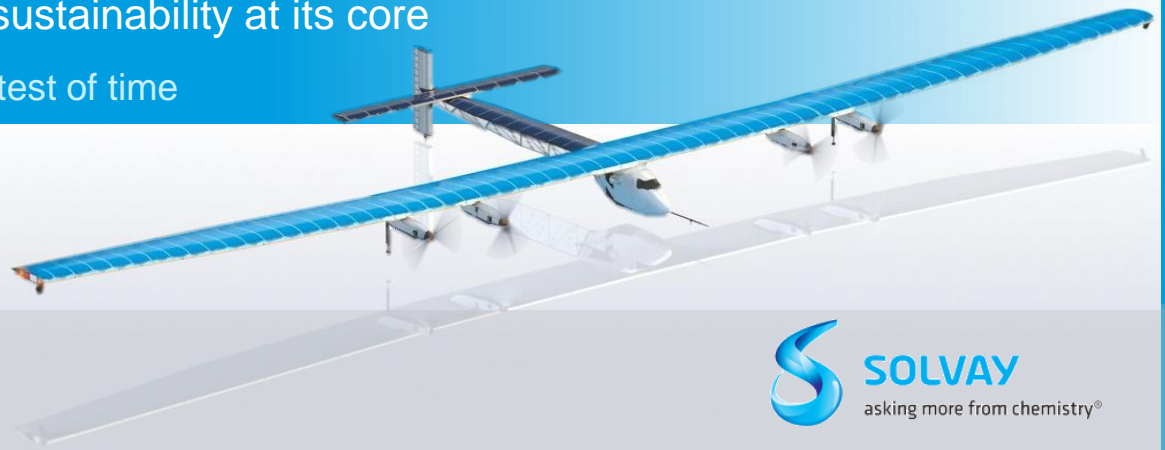
→ Propelled by volumes, underpinned by efficiency

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

VALUE CREATION MODEL

CORPORATE SOCIAL RESPONSIBILITY

ADDITIONAL SUSTAINABILITY DATA

2017 FINANCIALS & OUTLOOK





# SOLVAY'S STRATEGIC CHOICES RESPOND TO MEGATRENDS

## Resource constraints & increased sustainability demand



Fight for talents



Ecosystem at risk



Competition for space, lands



Climate change



Competition of resource usage



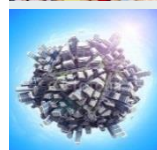
## Evolving demography & consumers behaviors



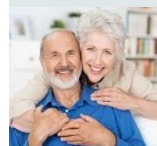
Growing world population



Urbanization



Aging society



Health and wellness



Changing balance of economic power



## Innovation acceleration



Digitalization & mobility



Miniaturization



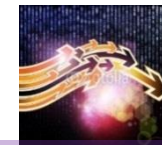
Life sciences booming



Information age



Acceleration of cycles



# 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<sup>bn</sup>  
net sales



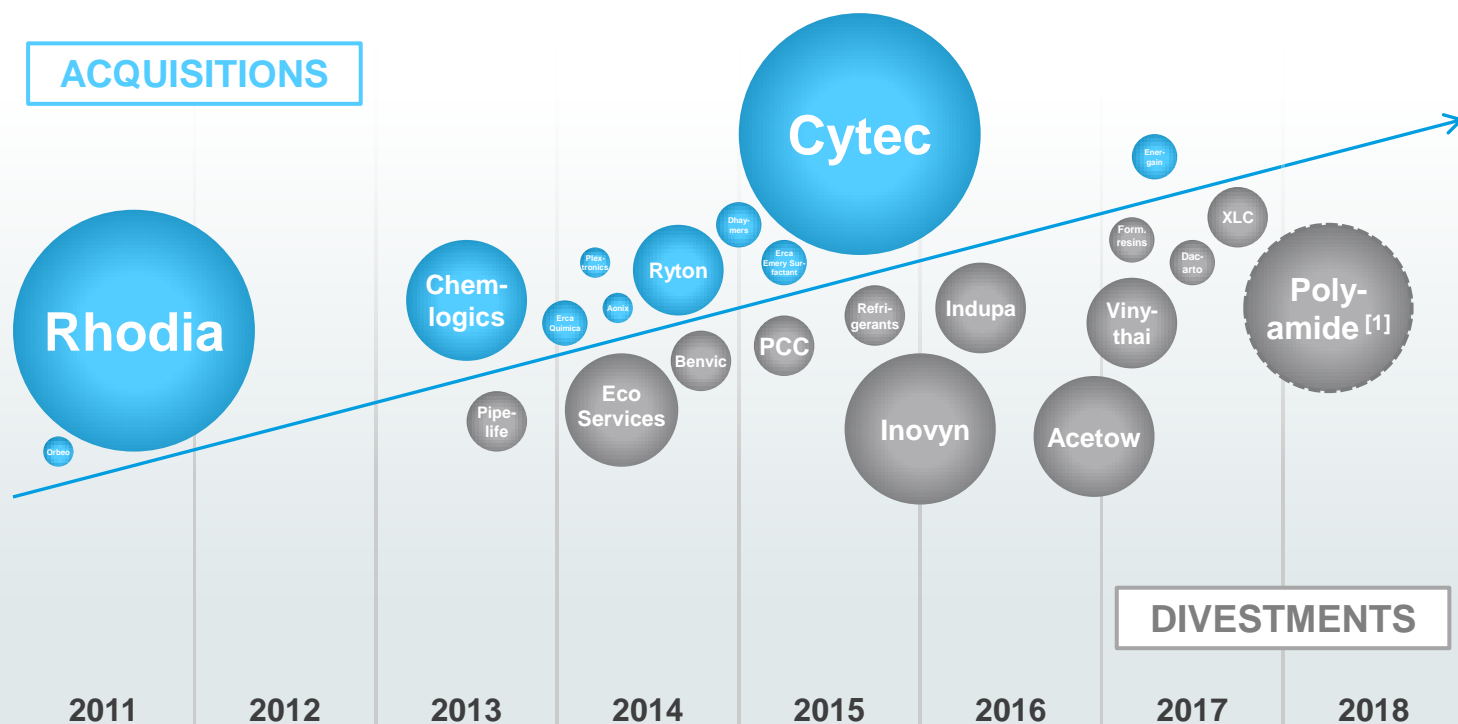
€2.1<sup>bn</sup>  
underlying EBITDA



22%  
EBITDA margin



# IN-DEPTH TRANSFORMATION UPGRADING THE PORTFOLIO



[1] Closing aimed for Q3 2018

# A GLOBAL MULTI-SPECIALTY WITH A SUSTAINABLE SOLUTION PORTFOLIO

NET  
SALES

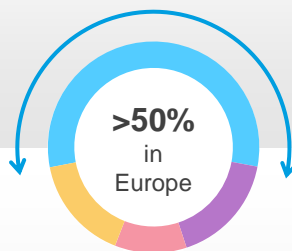
MORE  
SPECIALTY

MORE  
GLOBAL

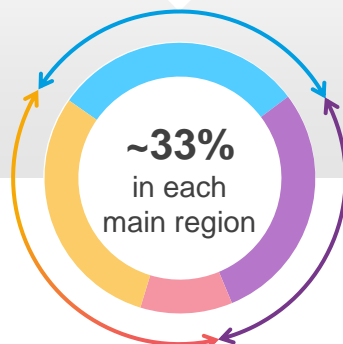
MORE  
DIVERSIFIED

MORE  
SUSTAINABLE

2010  
€6.5 bn



2016<sub>rs</sub> [1]  
€9.6 bn



[1] Restated for  
Polyamide  
discontinuation

Advanced Materials  
Advanced Formulations  
Performance Chemicals  
Functional Polymers

Europe  
North America  
Latin America  
Asia & RoW

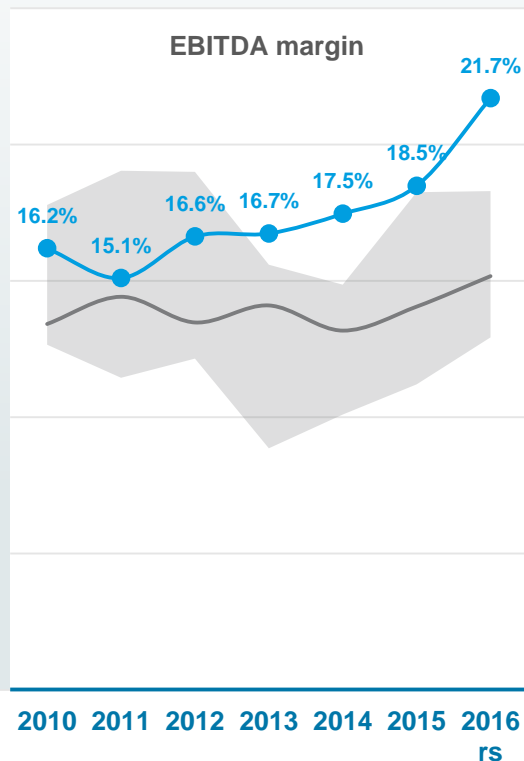
Automotive & aerospace  
Resources & environment  
Electrical & electronics  
Agro, feed & food  
Consumer goods & healthcare  
Building & construction  
Industrial applications

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

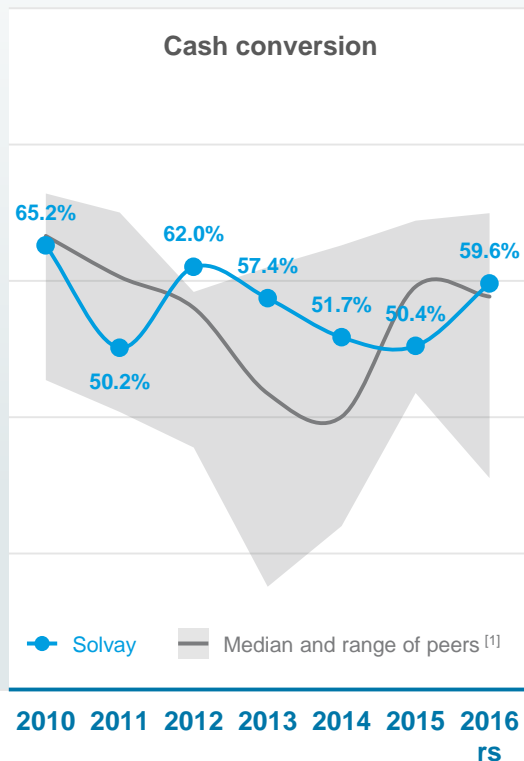


# RESULTING IN STRONG FINANCIAL DELIVERY

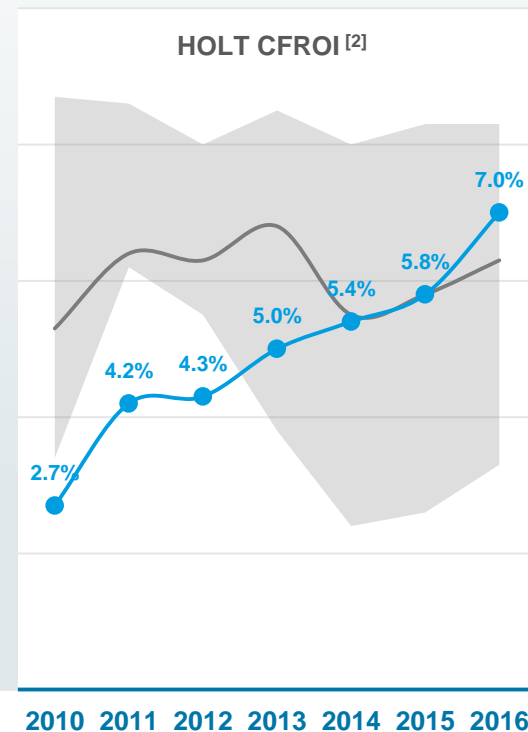
## PROFIT



## 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).

# 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

STRATEGIC OVERVIEW

## VALUE CREATION MODEL

CORPORATE SOCIAL RESPONSIBILITY

ADDITIONAL SUSTAINABILITY DATA

2017 FINANCIALS & OUTLOOK



# OUR MODEL FOR CREATING VALUE



# CREATING ECONOMIC VALUE

## THE RESOURCES WE USE



## THE VALUE WE CREATE



 Strategic objective

### ECONOMIC INPUT

Equity attributable to Solvay share

€ 7.5 billion

Capex from continuing operations

€ 929 million

Underlying Net debt

€ 6.6 billion

R&I effort

€ 350 million

Underlying EBITDA

€ 2.3 billion

CFROI

6.3%

Patent applications

240

Underlying profit to Solvay share

€ 846 million

Dividend related to 2016

€ 356 million

Sales of products released in < 5 years

15%

### ECONOMIC OUTPUT

Free cash flow

€ 876 million

Cash conversion

59%

Group Net Promoter Score

27%

# CREATING ENVIRONMENTAL VALUE

## THE RESOURCES WE USE



## THE VALUE WE CREATE



Strategic objective

### ENVIRONMENTAL INPUT

Energy consumption

**138**  
petajoules

Total water intake

**580**  
million m<sup>3</sup>

Groundwater

**165**  
million m<sup>3</sup>

Greenhouse gas intensity

**5.86**  
Kg CO<sub>2</sub> equ. per € EBITDA

Industrial hazardous waste not disposed of in a sustainable way

**50.30**  
1,000 tons

Sustainable solutions (SPM)

**43%**  
Of Group Sales

Nitrogen oxides

**11.10**  
1,000 tons

### ENVIRONMENTAL OUTPUT

Sulfur oxides

**5.40**  
1,000 tons

Non-methane volatile organic compounds

**4.97**  
1,000 tons



# CREATING SOCIAL VALUE

## THE RESOURCES WE USE



## THE VALUE WE CREATE




 Strategic objective

### SOCIAL INPUT

27,000 employees  
23% of woman  
9% of R&I staff

### SOCIAL OUTPUT

Occupational accidents at group sites  
**0.77**  
Per million hours worked 

Employee engagement index  
**77%** 

Employees involved in societal actions  
**23%** 

Income taxes paid  
**€ 212** million

# MORE AND FASTER INNOVATION

# 6



## MID-TERM GROWTH INITIATIVES

New supramolecular  
materials



*New polymers for composites*

Functionalized  
biomolecules



*More efficient surfactants*

Surface  
modification



*Anti-soil coatings*

Sulfide  
chemistry



*New generation batteries*

Electro-active hybrid  
formulations



*Sensor based solutions*

Breakthrough  
process



*New generation of plants*



# 21

R&I centers

# 2,340

R&I employees

# € 350 m

R&I efforts

# € 80 m

Invested in funds and start-ups

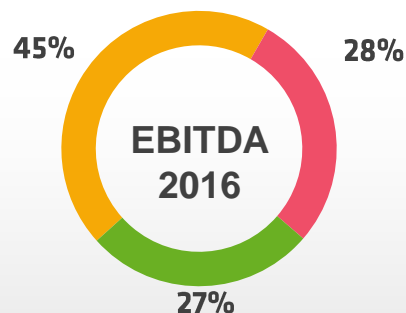
# 240

Patents application

# >100

Collaborative projects

# STRONG DELIVERY IN 2016



	2016	GROUP	GROWTH ENGINES		RESILIENT CASH CONTRIBUTOR
			ADVANCED MATERIALS	ADVANCED FORMULATIONS	PERFORMANCE CHEMICALS
			Providing solutions for <b>sustainable mobility</b> , lightweighting, CO2 and energy efficiency	Customized specialty formulations for surface chemistry & liquid behavior, <b>maximizing yield</b> & efficiency & <b>minimizing eco-impact</b>	<b>Leading positions</b> in chemical intermediates through <b>scale &amp; technology</b> , developing applications & industrial innovation for optimized costs
Net sales		€9,569 m	€4,313 m	€2,668 m	€2,581 m
EBITDA		€2,075 m	€1,110 m	€484 m	€718 m
EBITDA growth		+7.1%	+2.9%	-7.2%	+17%
Margin		22%	26%	18%	28%

Restated for Polyamide discontinuation

STRATEGIC OVERVIEW

VALUE CREATION MODEL

CORPORATE SOCIAL  
RESPONSIBILITY

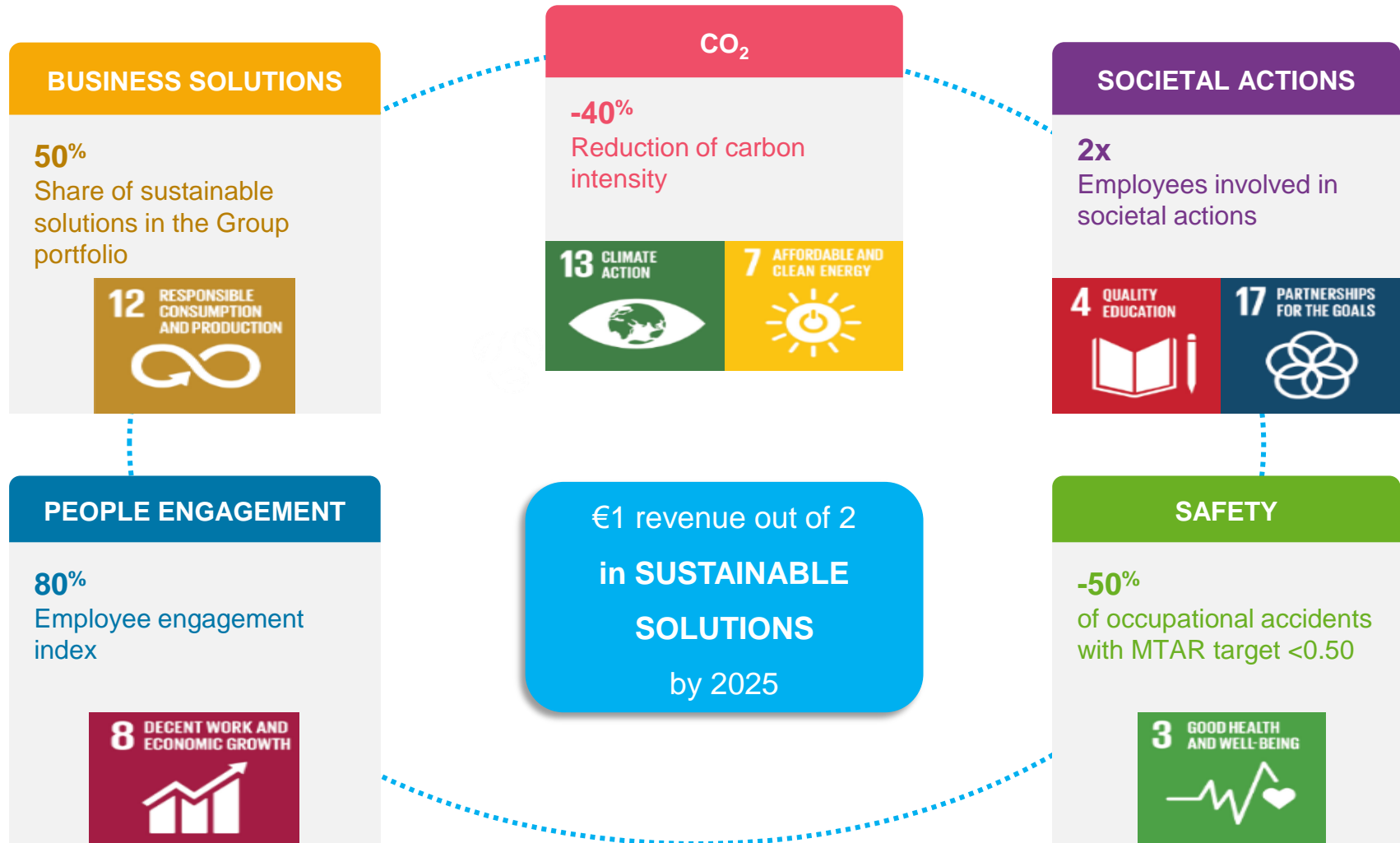
ADDITIONAL SUSTAINABILITY DATA

2017 FINANCIALS & OUTLOOK



# AMBITION

DOUBLE REVENUE SHARE FROM SUSTAINABLE SOLUTIONS<sup>[1]</sup> (FROM 25% IN 2014, BASELINE)

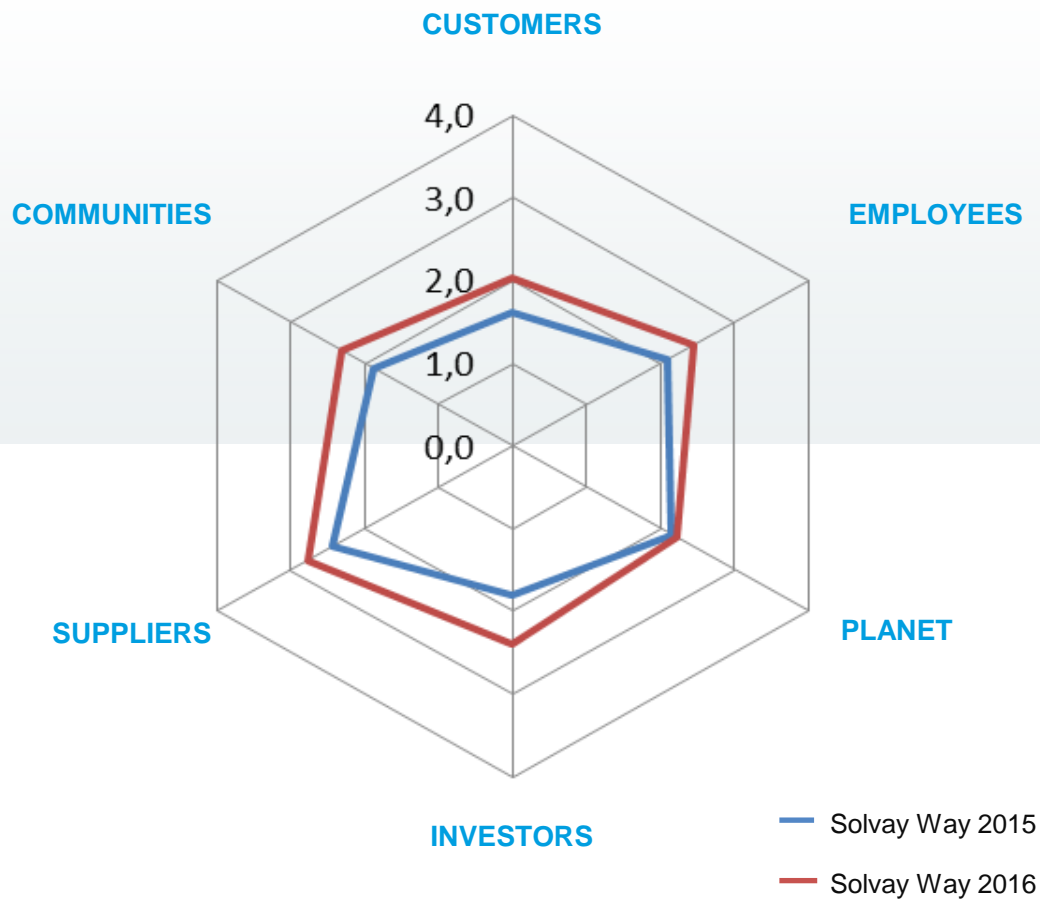


# 22 COMMITMENTS TOWARDS OUR STAKEHOLDERS

<b>Customers</b>	<ul style="list-style-type: none"> <li>• Integrating our CSR commitments into our customer relationships</li> <li>• Controlling product-related risks</li> <li>• CSR-integrating innovation &amp; investment</li> <li>• Analyzing and developing our markets, while integrating</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Ensuring employees health and safety</li> <li>• Respecting employees' fundamental human rights and guaranteeing their social rights</li> <li>• Ensuring quality social dialogue</li> <li>• Motivating employees and developing their employability</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Promoting environmental management</li> <li>• Preserving natural resources</li> <li>• Limiting environmental impact, preserving biodiversity</li> <li>• Exercising responsible influence</li> </ul>
<b>Planet</b>	<ul style="list-style-type: none"> <li>• Creating value responsibly</li> <li>• Ensuring risk management</li> <li>• Ensuring dissemination of and compliance with good management and governance practices</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Defining prerequisites and integrating them into the supplier selection process</li> <li>• Evaluating buyers' CSR performance.</li> <li>• Managing and assessing suppliers' CSR performance, optimizing relationships</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Ensuring the integration of entities within their territories</li> <li>• Controlling industrial risks related to entities' presence in their territories</li> <li>• Controlling supply chain risks and preventing accidents</li> </ul>



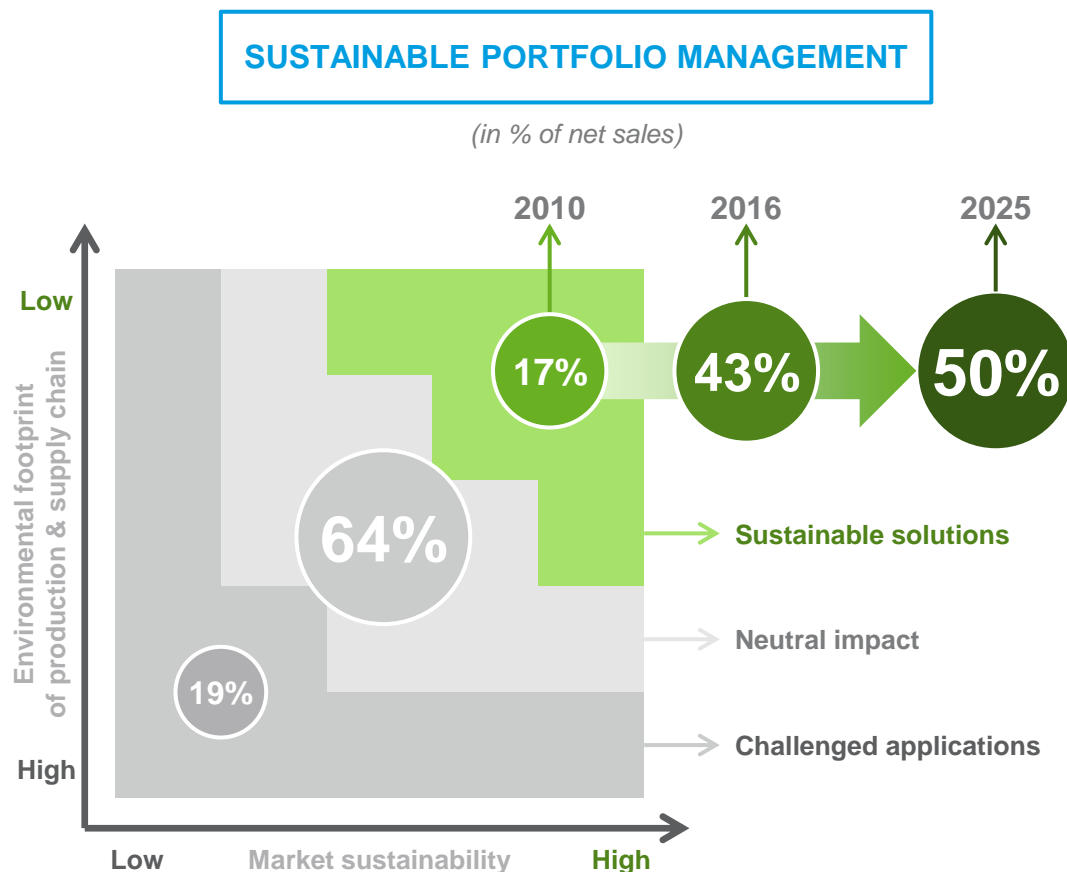
# SOLVAY way IN 2016



## Continuous improvement

- **+19%** at the **Group** level
- **+17%** at the **GBU<sup>[1]</sup>** level

# MORE SUSTAINABLE SOLUTIONS TO DRIVE SUPERIOR RETURNS OVER TIME



## KEY LEVERS

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

## KEY IMPACTS

- ✓ Part of the solution
- ✓ Enhanced profitability

# CORPORATE GOVERNANCE

## AN EXPERIENCED, DIVERSIFIED AND PROACTIVE BOARD OF DIRECTORS



- 1 Chairman
- 10 Independent Directors
- 1 Executive Director
- 3 Non-Independent Directors

7  
Nationalities

5  
Women

8  
Meetings

96%  
Attendance rate

Committed to good governance practices that add sustainable value and promote a transparent dialog with key all stakeholders

Sets the general strategies and policies and ensures their implementation, and appoints the top executives

Four specialized committees which provide advisory opinions in their area of competence

# CORPORATE GOVERNANCE

## FOUR SPECIALIZED COMMITTEES

### AUDIT COMMITTEE

6

Members



6

Meetings



100%

Attendance  
rate



### NOMINATION COMMITTEE

6

Members



3

Meetings



100%

Attendance  
rate



### FINANCE COMMITTEE

6

Members



4

Meetings



100%

Attendance  
rate



### COMPENSATION COMMITTEE

6

Members



2

Meetings



100%

Attendance  
rate



# BALANCED REMUNERATION

SUSTAINABLE VALUE CREATION CLOSELY LINKED TO THE SUCCESS OF SOLVAY'S STRATEGY

STI (Short-term incentives)

29%

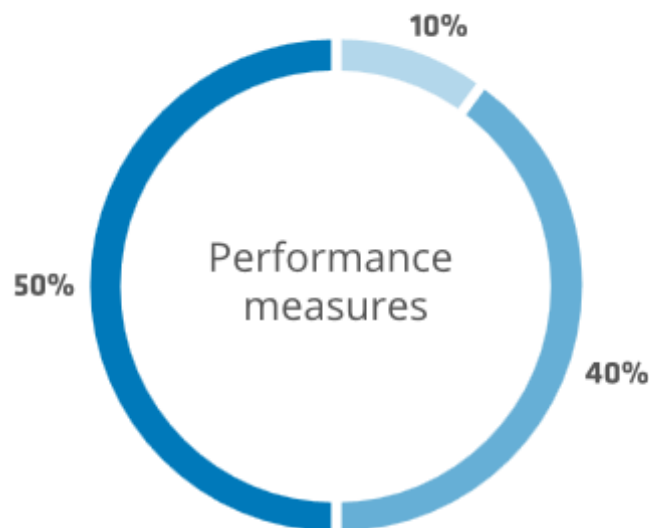
+

LTI (Long-term incentives)

43%

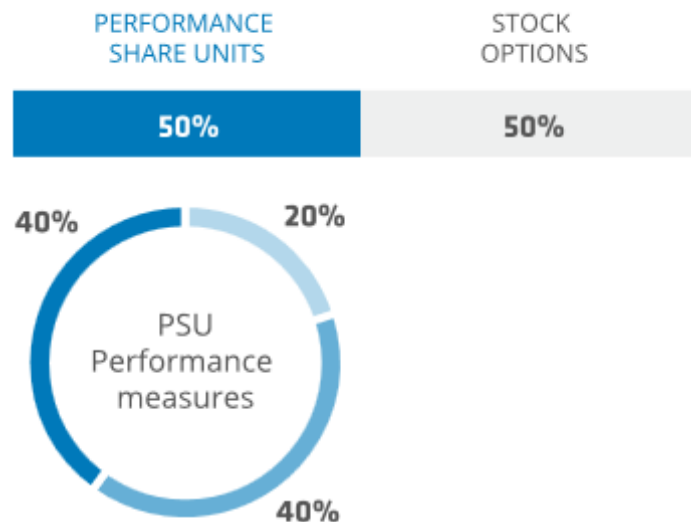
[1]

Target STI: 100% of Base Salary



- Group performance - Underlying EBITDA under cash constraint
- Individual objectives
- Sustainable development

Target LTI: 150% of Base Salary



- Underlying EBITDA growth
- CFROI improvement
- Greenhouse gas emissions<sup>1</sup>

<sup>1</sup> new metric introduced in 2017

SHORT TERM (THIS YEAR)

LONG TERM



# DEVELOPING COMMITTED & INNOVATIVE TALENTS

## TALENT ACQUISITION & DEVELOPMENT

- **Talent Days:** develop our people, encourage networking to facilitate mobility
- **International Management Seminar:** fostering a collaborative culture among our teams

## DIVERSITY & INCLUSION

- By 2020, **20% of senior executive positions** to be **women** and
- Number of senior managers from the Americas & Asia to double

## CARING ABOUT EMPLOYEES & CONSTRUCTIVE DIALOGUE WITH SOCIAL PARTNERS

- 2017 **SOLVAY Cares** program: universal minimum benefits package for all employees
- Renewal of the global social framework agreement with **IndustriALL Global Union**



STRATEGIC OVERVIEW

VALUE CREATION MODEL

CORPORATE SOCIAL RESPONSIBILITY  
DRIVERS

ADDITIONAL SUSTAINABILITY  
DATA

2017 FINANCIALS & OUTLOOK



# SVHC<sup>[1]</sup> MANAGEMENT

## Solvay HSE Policy approved by COMEX

Business Unit's and industrial sites must:

- Identify Substances of Very High Concern (SVHC) in their activities
- Update risk studies and strive to substitute them with safer alternatives technologically equivalent and socio-economically sustainable
- Handle Substance of Very High Concern under strictly controlled or equivalent conditions

## SOLVAY *way*

- Manage risks from substances of very high concern (SVHCs)
- Control Industrial Hygiene risks
- Reduce impact of processes on air, water and soil quality
- Define prerequisites, select suppliers accordingly

## Specific organization

- Dedicated working Group: the SVHC advisory team (SVHC-AT)
- Roadmap on SVHC management in the framework of Industrial function projects

# INVENTORIES OF SOLVAY IN MARKETED PRODUCTS

SUBSTANCES OF VERY HIGH CONCERN (SVHC)

SUBSTANCES REQUIRING ATTENTION (SRA)

**Products containing S-SVHC and SRA are managed at the world-wide level according to three substance categories:**   

- ☐ **SVHCs** already in regulatory process of phasing-out or restriction with a known deadline in at least a country or zone
- ☐ **SVHCs** currently included in legal or regulatory lists of SVHC which can be introduced into a process of authorization or restriction in the medium term
- ☐ **SRAs** require specific attention considering the community's analysis with regards to their hazardous properties or potential effects. (e.g. substances belonging to SIN<sup>[1]</sup> & ETUC<sup>[2]</sup> list which are not SVHC and self classification CMR 2)
- ✓ The three categories are aiming at alerting Global Business Units on the regulatory status of substances and applying an appropriate risk management
- ✓ Analysis of Safe Alternatives (ASA) should be performed for marketed products containing SVHC of **black & red**-labeled substances (Solvay Way requirement)
- ✓ **Yellow** substances allow an anticipated management of SRA within R&I projects

STRATEGIC OVERVIEW

VALUE CREATION MODEL

CORPORATE SOCIAL RESPONSIBILITY

ADDITIONAL SUSTAINABILITY DATA

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<sup>[1]</sup>**  
**€484m**

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

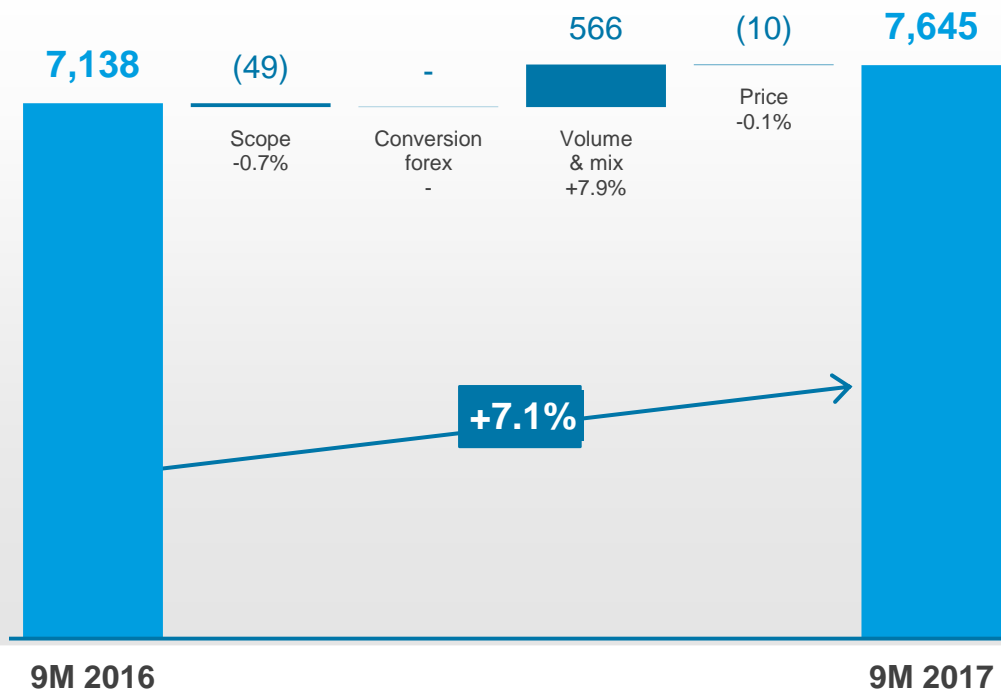
**Leverage ratio**  
**2.6x → 2.3x**



# 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

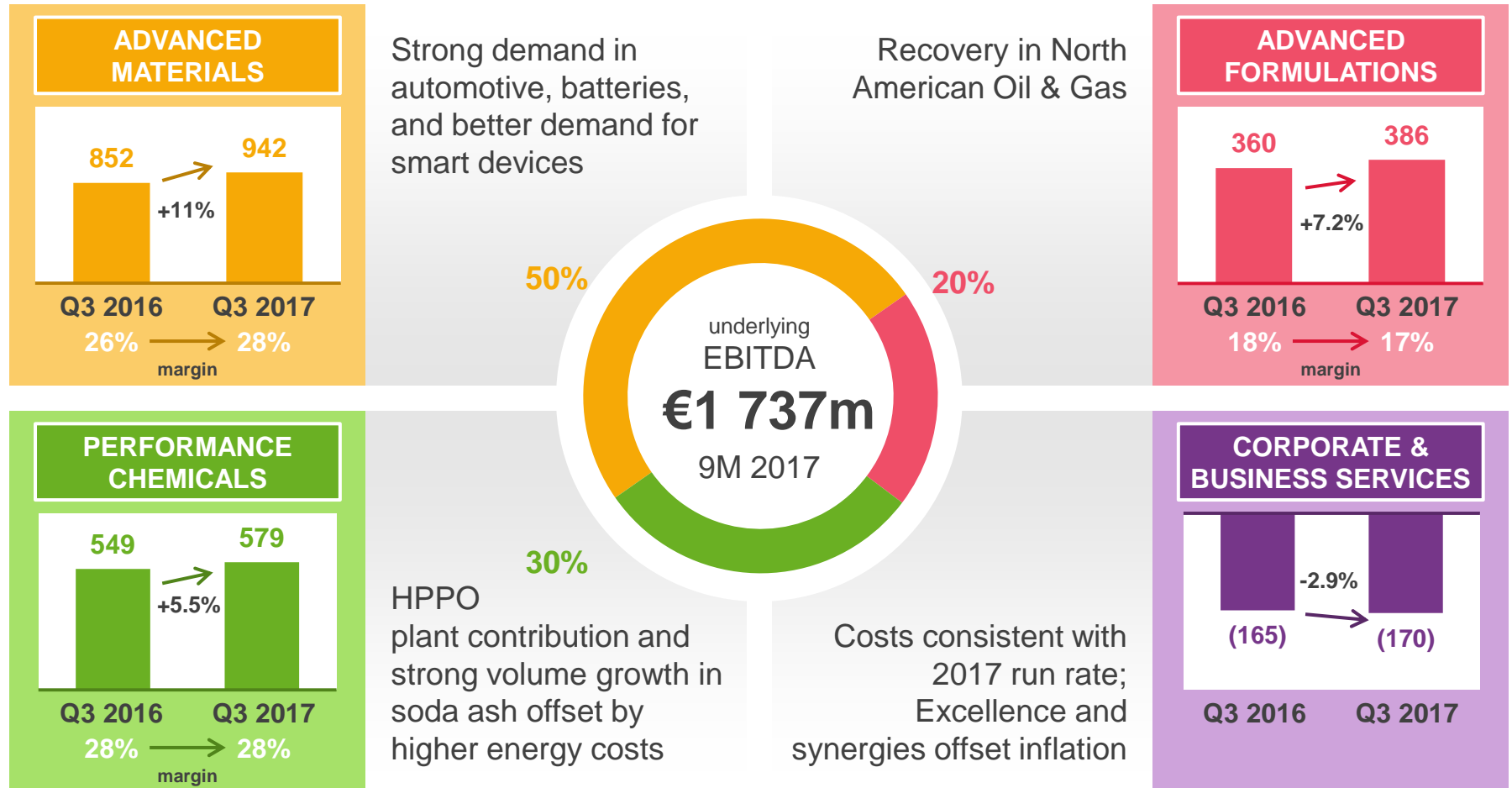
### Foreign exchange

- First half forex tailwinds turned headwinds during the third quarter



# RESILIENT MULTI-SPECIALTY PORTFOLIO

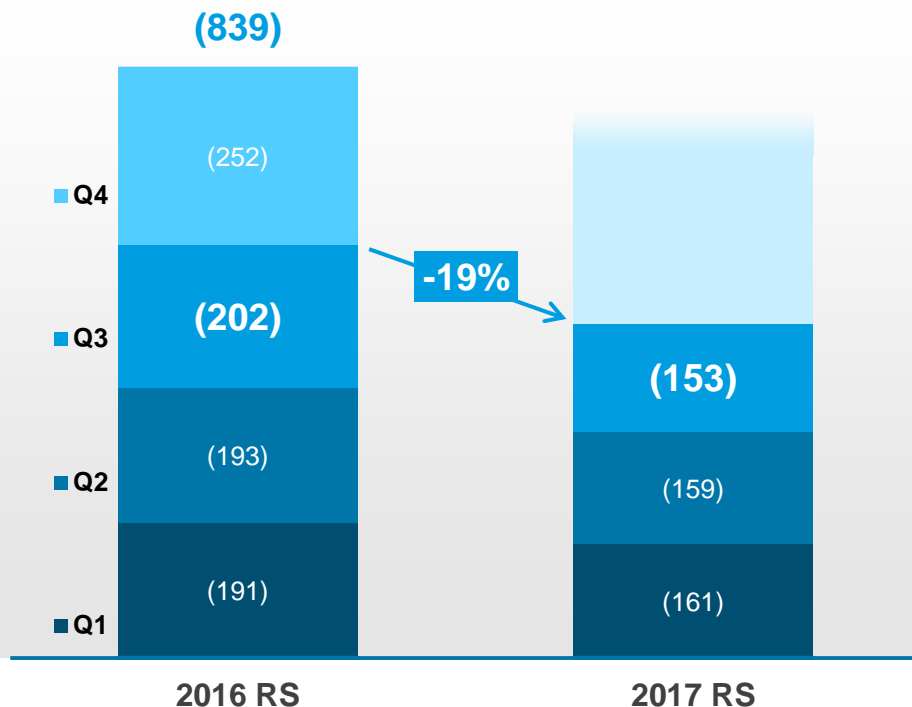
## VOLUME-DRIVEN GROWTH ACROSS BUSINESS SEGMENT



Corporate & Business Services included in € 616 m 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

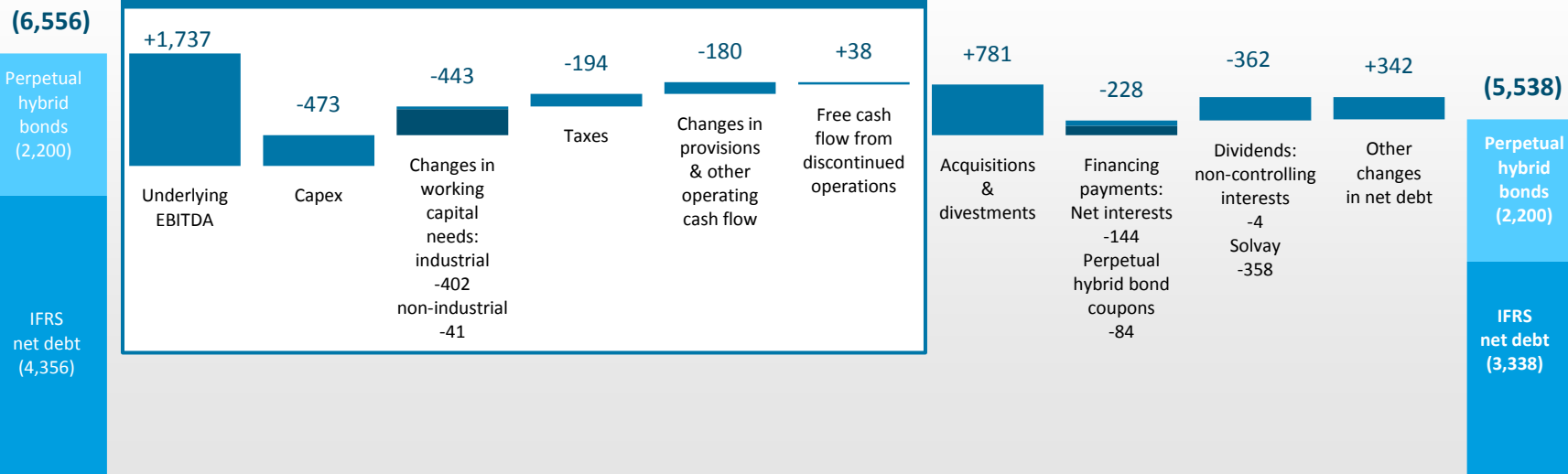
Sustainable improvement  
in free cash flow

# FOCUS ON CASH MAINTAINED REDUCTION IN NET DEBT

## Underlying net debt<sup>[1]</sup> 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

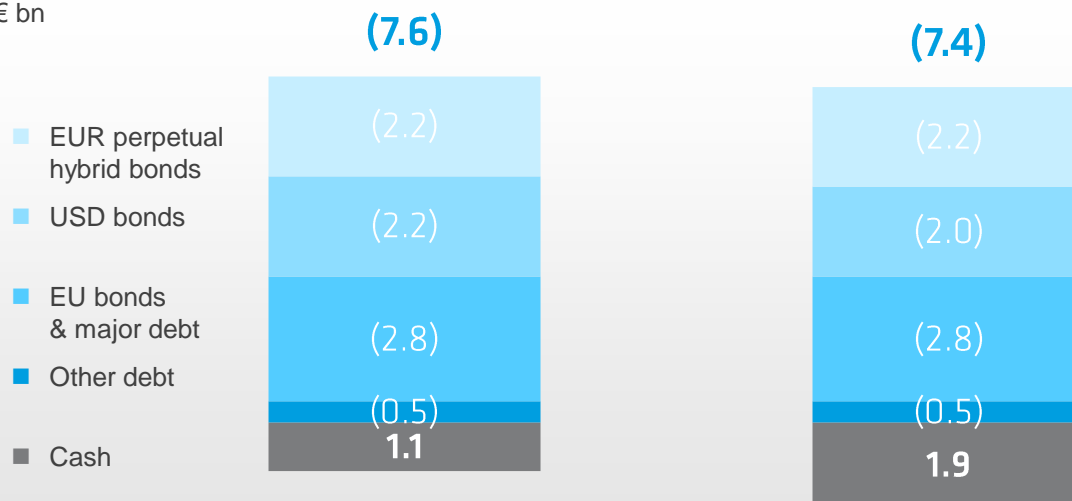
### M&A inflow

- Net proceeds from recent businesses divestment

# EFFICIENT CAPITAL STRUCTURE LEADING TO REDUCED COST OF DEBT

## Underlying debt<sup>[1]</sup> evolution

in € bn



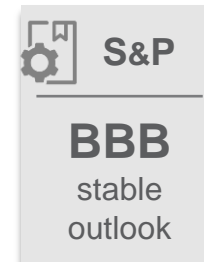
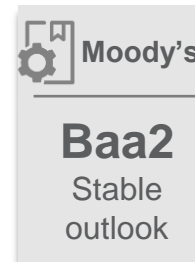
### Pro forma impact from Polyamide divestment

→ Underlying net debt **€4.4 bn**

→ Underlying leverage **2.0x**

## Underlying

	31/12/2016	30/09/2017
<b>Net debt<sup>[1]</sup></b>	<b>€ 6.6 bn</b>	<b>€ 5.5 bn</b>
<b>Leverage<sup>[2]</sup></b>	<b>2.6x</b>	<b>2.3x</b>



**INVESTMENT GRADE**

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

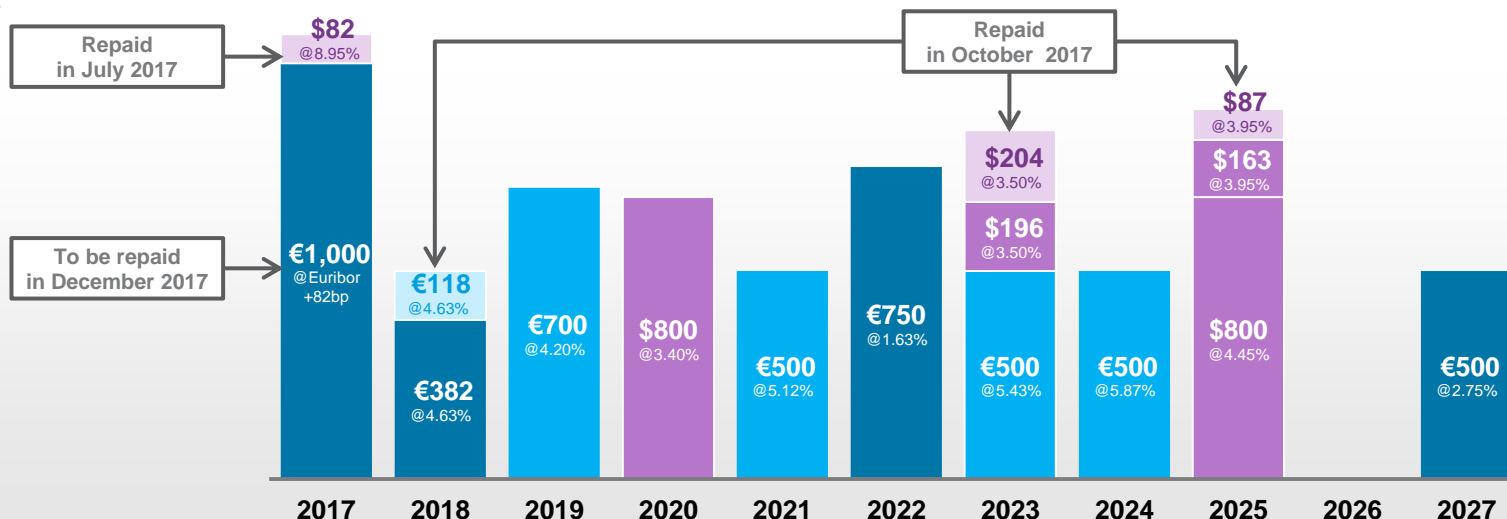
[2] Net debt / underlying EBITDA of last 12 months, adjusted for discontinuation of Polyamide, with EBITDA of Polyamide added to the denominator, to adjust for the fact net debt in the numerator does not yet reflect the proceeds to be received on the divestment.

# DEBT PROFILE

## BALANCED MATURITIES ALLOWING FLEXIBILITY

### Major debt

in million



### Major debt <sup>[1]</sup>

#### December 31, 2016

#### September 30, 2017 <sup>[5]</sup>

	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 <sup>[2]</sup>	2,200	5.1	5.07%	2,200	4.3	5.07%
USD bonds	2,212 <sup>[3]</sup>	6.5	4.03%	1,659 <sup>[4]</sup>	5.9	3.88%
<b>Total major debt</b>	<b>7,162</b>	<b>5.2</b>	<b>3.55%</b>	<b>6,491</b>	<b>4.4</b>	<b>3.46%</b>
	in € m	in years		in € m	in years	

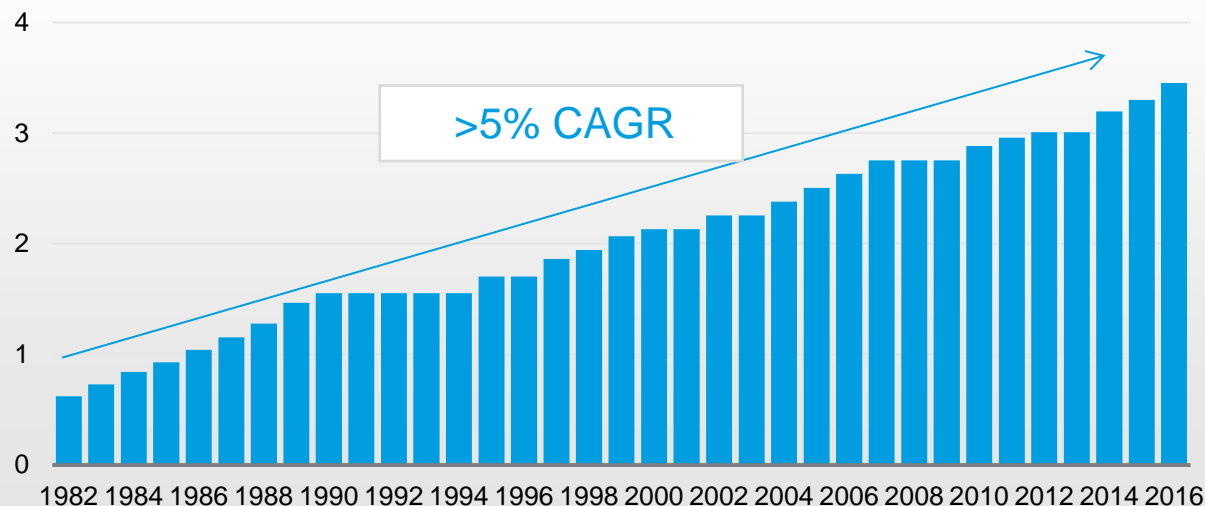


# REWARDING SHAREHOLDERS

DELIVERY ON COMMITMENTS over 30 years

Gross dividend <sup>[1]</sup>

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



**Kimberly Stewart**

+32 2 264 3694

kimberly.stewart@solvay.com



**Jodi Allen**

+1 609 860 4608

jodi.allen@solvay.com



**Geoffroy Raskin**

+32 2 264 1540

geoffroy.raskin@solvay.com



**Bisser Alexandrov**

+32 2 264 3687

bisser.alexandrov@solvay.com



## 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:

#### New York

Michael O'Leary

[michael.oleary@citi.com](mailto:michael.oleary@citi.com)

Tel: +1 212 723 4483

#### London

Mike Woods

[michael.woods@citi.com](mailto:michael.woods@citi.com)

Tel: +44 20 7500 2030

# 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%

# Glossary

Adjusted performance indicators exclusively exclude non-cash Purchase Price Allocation (PPA) accounting impacts related to the Rhodia acquisition

## **Adjusted net income (Solvay share)**

Net income (Solvay share) excluding non-cash Purchase Price Allocation (PPA) accounting impacts related to the Rhodia acquisition

**CFROI**  
(Cash Flow Return on Investment) =  $\frac{\text{REBITDA} - \text{Rec. CAPEX} - \text{Tax}}{\text{Gross Assets} + \text{Working Capital}}$

## **Free cash flow**

Cash flow from operating activities (including dividends from associates and joint ventures) + Cash flow from investing activities (excluding acquisitions and sales of subsidiaries and other investments)

## **Net Sales**

Sales of goods and value added services corresponding to Solvay's know-how and core business. Net sales exclude other revenues primarily comprising commodity and utility trading transactions and other revenue deemed as incidental by the Group

## **REBITDA**

REBITDA is defined as operating result before depreciation and amortization, non-recurring items, temporary step-up of inventories related to the Rhodia and Chemlogics acquisitions and pre-operational gain/(losses) of Rusvinyl resulting from financial expenses (not capitalized)

## **BoD**

Board of Directors

## **bp**

Basis point (0.01%)

## **R&I**

Research & Innovation

## **BTU**

British Thermal Unit : unit of measurement of energy

## **MTAR**

Medical Treatment Accident Rate

Number of working accidents leading to medical treatment other than first aid

## **Petajoule**

Unit of measurement of energy equal to 1015 joules

## **SPM**

Sustainable Portfolio Management

## **ILO**

Industrial Labor Organization

## **CMR**

Carcinogenic, Mutagenic and Reprotoxic

## **STI & LTI**

Short-Term Incentives & Long-Term Incentives

## **CSR & SRI**

Corporate Social Responsibility & Socially Responsible Investment

## **PAC**

Product-Application Combination