

asking *more*  
from chemistry®



**SOLVAY**

asking more from chemistry®

# Transforming the present Sustaining the future

**Capital Markets Day**  
June 10-11 2015

**Jean-Pierre Clamadieu**  
*Chief Executive Officer*  
*President of the Executive Committee*

# Agenda

**Changing landscape of chemical industry**

**Transforming the present**

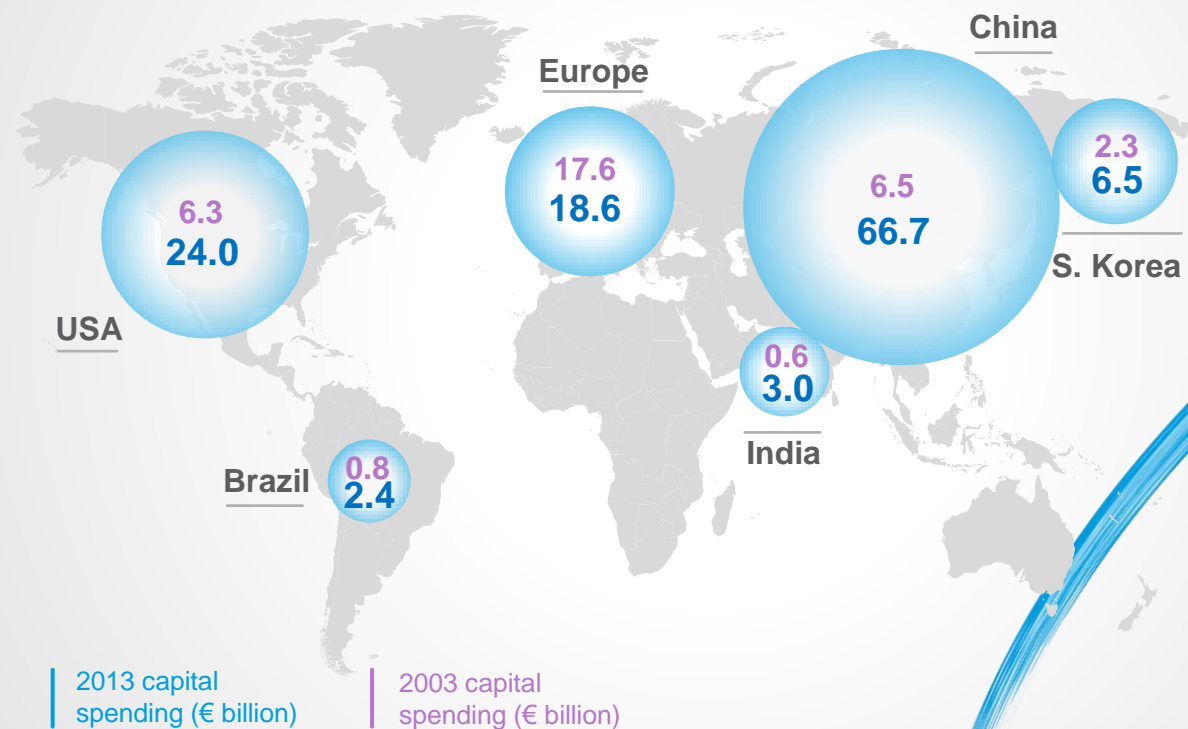
**SOLVAY**

**Sustaining the future**

**Creating sustainable value**

# Global chemical industry: unprecedented shift in capital allocation

## Capital spending by region



ENERGY &  
FEEDSTOCKS

Strong divergence  
in access costs

**NORTH AMERICA**

Chemical Renaissance

**EUROPE**

Industrial rationalization

**ASIA**

Scale matters, ...  
Innovation as well

Source: Cefic Chemdata International (2014)

# Transforming the present



# Ongoing in-depth transformation

## Strategic vision

Participate in reshaping the global chemical industry  
Develop a model of chemistry that addresses society's challenges  
Drive sustainable value creation and profitable growth

## Transformation levers

1

Portfolio

2

Excellence

Group  
profile



Growth



Resilience



Returns

# Distinct strategic intent for our businesses

**HARVEST;  
SELECTIVELY  
INVEST &  
DIVEST**

**Performance  
Chemicals**

**Advanced  
Materials**

**INNOVATE  
& INVEST**

**BREAK-  
THROUGH  
PROFITABILITY  
IMPROVEMENT  
INITIATIVES**

**Functional  
Polymers**

**Advanced  
Formulations**



# Unmatched customized-solution offering

GROWTH ENGINES

## Advanced Materials



Portfolio upgraded:  
Ryton® PPS; Flux

Innovation  
breakthroughs

Unmatched  
customer-led solutions  
along the value chain

Outpacing market  
growth, taking share

## INNOVATE & INVEST



## Advanced Formulations

Investment phase completed: Chemlogics;  
Brazilian assets and competitive EO investments  
(USA, Asia, Europe)

Strengthened innovation

NA Oil & Gas market: short-term volatility,  
long-term value opportunities

EO : Ethylene Oxide



**Innovation-driven  
growth**

**2013-2016: 2-digit REBITDA  
growth, margin expansion > 150 bp**

**Value  
creation**

# Excellence-driven value improvement

Excellence driving value creation, eg. Soda Ash

Selective investments for productivity (Soda Ash) and growth (Peroxide)

Divestments for value, eg. Eco Services



2013-2016

Mid-single digit REBITDA growth, margin expansion > 150bp



**BREAK-THROUGH PROFITABILITY IMPROVEMENT INITIATIVES**



**Functional Polymers**



Excellence driving profitability restoration at Polyamide

Rusvinyls JV: state-of-the-art facility ramping-up

2013-2016

Profit restoration: c. 2x REBITDA increase



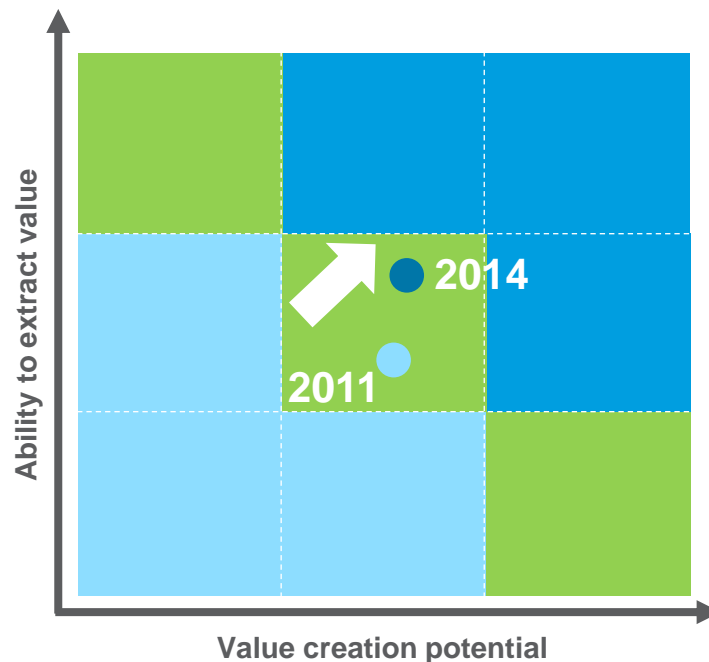
# Improving strategic positioning Upgrading portfolio

## Divestments

Strategic Divestitures	Portfolio refocussing	Monetizing for value
Chlorvinyls Europe & Latam	Special Chem LifeScience Refrigerants PCC	Eco Services

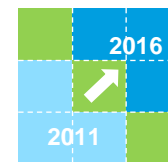
## Re-investments for value creation

ADVANCED MATERIALS	ADVANCED FORMULATIONS
Ryton	Chemlogics
Flux GmbH	Erca & Dhaymers Brazil
Aonix	Erca Emery B.V



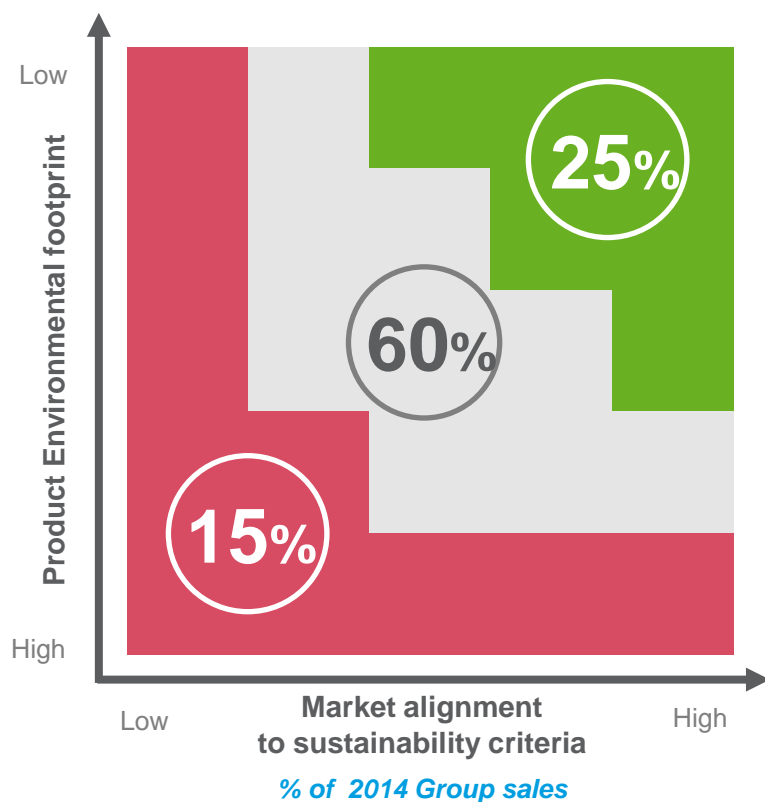
Solvay's positioning in the Strategic Value Matrix

# Strategically coherent capital allocation



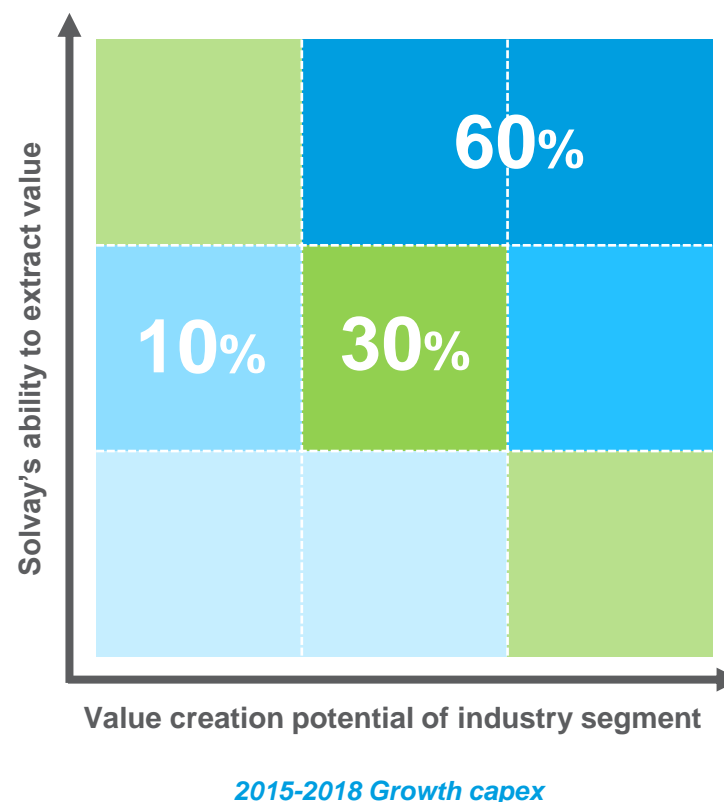
## Sustainability Assessment

*Sustainable Portfolio Management (SPM) tool  
informing strategic choices*



## Capex allocation

*Solvay's business matrix positioning GBUs,  
based on value generation potential*



# Innovating effectively

## Our main thrusts

### RESPONSIBILITY

#### SPM methodology to assessing & prioritize projects

- Sustainable solutions
- Products with improved environmental footprint
- Energy efficient processes

### OPEN INNOVATION

#### Large Ecosystem for faster & wider progress

- Partnership with key clients
- Collaboration with Academia
- Participation in start-up & venture capital funds

### EFFECTIVENESS

#### Customer focus

- 82% of Group's R&I managed by the businesses



21% of net sales realized with products < 5 years

# Delivering strongly Excellence scope expanded



Impact on 2016 REBITDA (vs 2013 base)



## Excellence underpinned by management model

# Sustaining the future



# Strengthening our sustainability strategy





# Our strategic choices respond to megatrends

<b>Resource constraints &amp; increased sustainability demand</b> 	<b>Evolving demography &amp; consumers behaviors</b> 	<b>Innovation acceleration</b> 
Fight for talents 	Growing world population 	Digitalization & mobility 
Ecosystem at risk 	Urbanization 	Miniaturization 
Competition for space, lands 	Aging society 	Life sciences booming 
Climate change 	Health and wellness 	Information age 
Competition of resource usage 	Changing balance of economic power 	Acceleration of cycles 

# Putting our customers' sustainability challenges at the heart of our strategy



## Electrical & Electronics

### Mobility, Connectivity

*Thinner, lighter, bendable, foldable, unbreakable*

### Immersive viewing experience

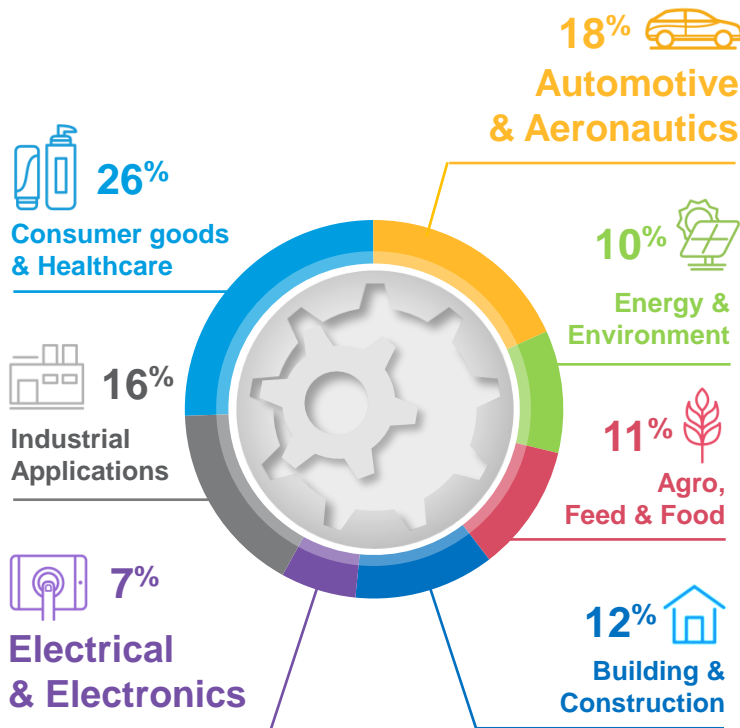
*Touch, resolution, comfort, transparency*

### Energy efficiency

*Enhanced autonomy*

### Digitalization

Shift in the world economic center ...



\*Figures represent % of 2014 net sales

## Automotive



### CO2 emission reduction

*WW Regulation trends  
Europe: from 260g CO2 /Km to 95g CO2 /Km*

### Energy consumption

### Green technology Incentives

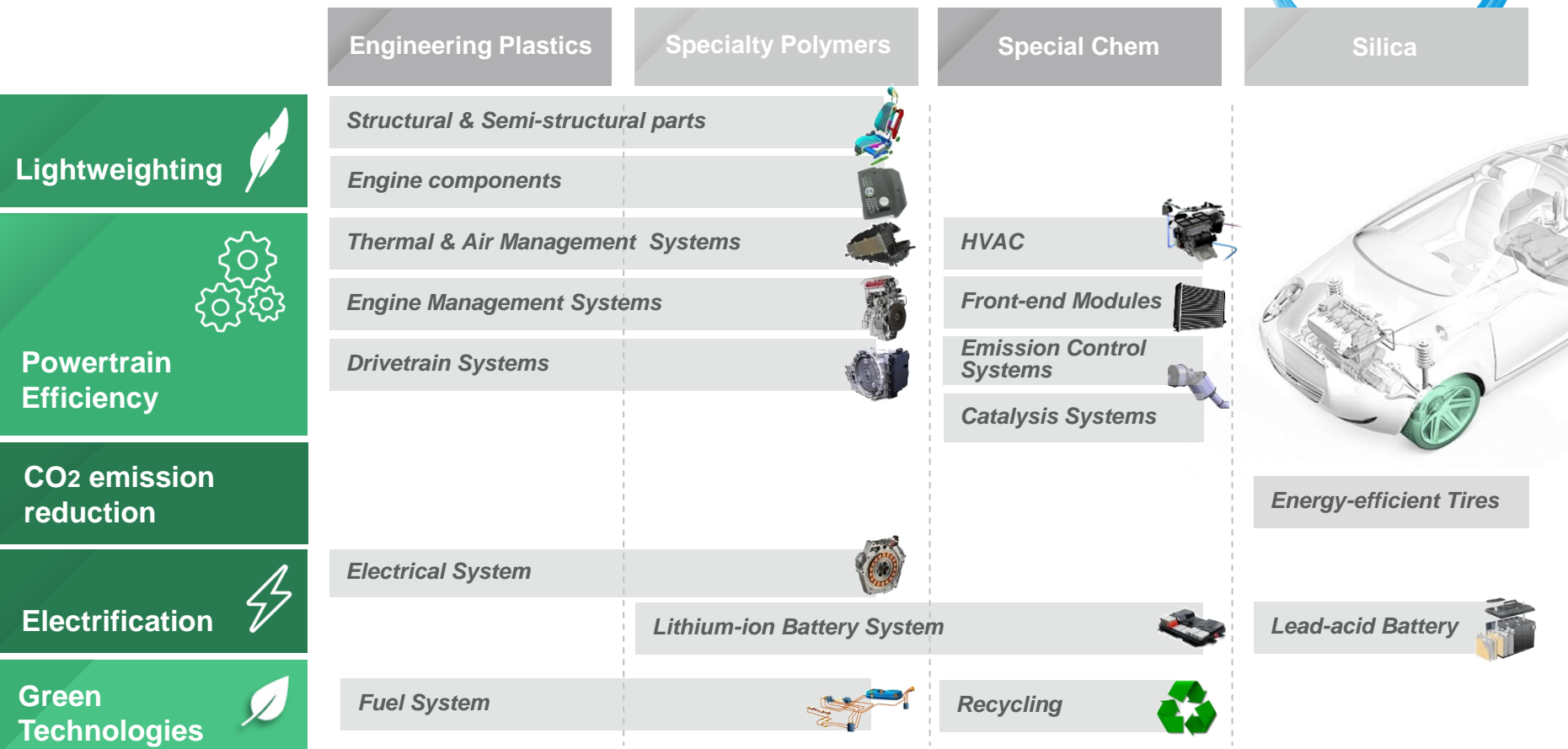
### Connectivity

### Hypermobility

### Customization

New technologies...

# Enabling customers to reduce CO2 emissions



## Outpacing market growth

# Creating sustainable value



# Confirming 2016 targets

**2016**

On  
track

**>10% REBITDA growth**

REBITDA to reach  
€ 2.3 - 2.5 bn \*



**CFROI to increase  
by  $\geq 100$  bp\*\***



\* At current scope and conditions

\*\* vs 2012






**Current investment pipeline will drive  
further growth after 2016**

# Remuneration aligned to value creation



## Scheme

VARIABLE	 Long term incentives	35%	REBITDA*	✓
			CFROI*	✓
			Share-price	✓
	 Short term incentives	30%	REBITDA	✓
			Cash	✓
			Sustainability	✓
FIXED	 Base salary	35%		

**Applicable to Executive Committee  
& Business General Managers**

*(\*) Targets and KPIs aligned  
to 2016 ambitions*





# Our transformation is well underway ...

# and we are committed to accelerate

**TRANSFORMING  
THE PRESENT,  
SUSTAINING  
THE FUTURE**

**CREATING  
SUSTAINABLE  
VALUE**





# SPEAKER'S RESUME





## Jean-Pierre Clamadiou

*Chief Executive Officer,  
Chairman of the Executive Committee*

### Jean-Pierre Clamadiou

began his career in France in the Ministry of Industry, as a technical advisor to the Minister of Labor. He joined Rhône-Poulenc in 1993 where he held several positions, including President of Rhodia Chemicals Latin America, President of Rhodia Eco Services, Senior Vice-President Corporate Purchasing, and President of the Pharmaceuticals & Agrochemicals Division. He was appointed CEO of the Rhodia Group in 2003 and Chairman & CEO in 2008. After the merger with Solvay, he became member of the Executive Committee in September 2011 and Chairman of the Executive Committee and CEO in 2012.

Jean-Pierre Clamadiou holds seats on the Board of Directors of Faurecia and Axa. He also serves as president of the CEFIC and member of the executive committee of the WBCSD.

Jean-Pierre Clamadiou, a French national, holds a degree in engineering awarded by the Ecole Nationale Supérieure des Mines de Paris.

*CEFIC: European Chemical Industry Council*

*WBCSD: World Business Council for Sustainable Development*

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