

asking *more*
from chemistry®



SOLVAY

asking more from chemistry®

Acquisition of Cytec

July 29, 2015



To the extent that statements made in these presentations contain information that is not historical, these statements are essentially forward-looking. The achievement of forward-looking statements contained in these presentations are subject to risks and uncertainties because of 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, restructurings, products withdrawals; regulatory approval processes, all-in scenario of R&D projects and other unusual items. Consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements can be identified by the use of words such as “expects,” “plans,” “will,” “believes,” “may,” “could,” “estimates,” “intends,” “goals,” “targets,” “objectives,” “potential,” and other words of similar meaning. Should known or unknown risks or uncertainties materialize, or should our assumption prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update any forward-looking statements.

Contents

Cytec, perfect fit with Solvay's strategy focused on sustainability and value

Overview and strategic rationale

Market opportunities and business case

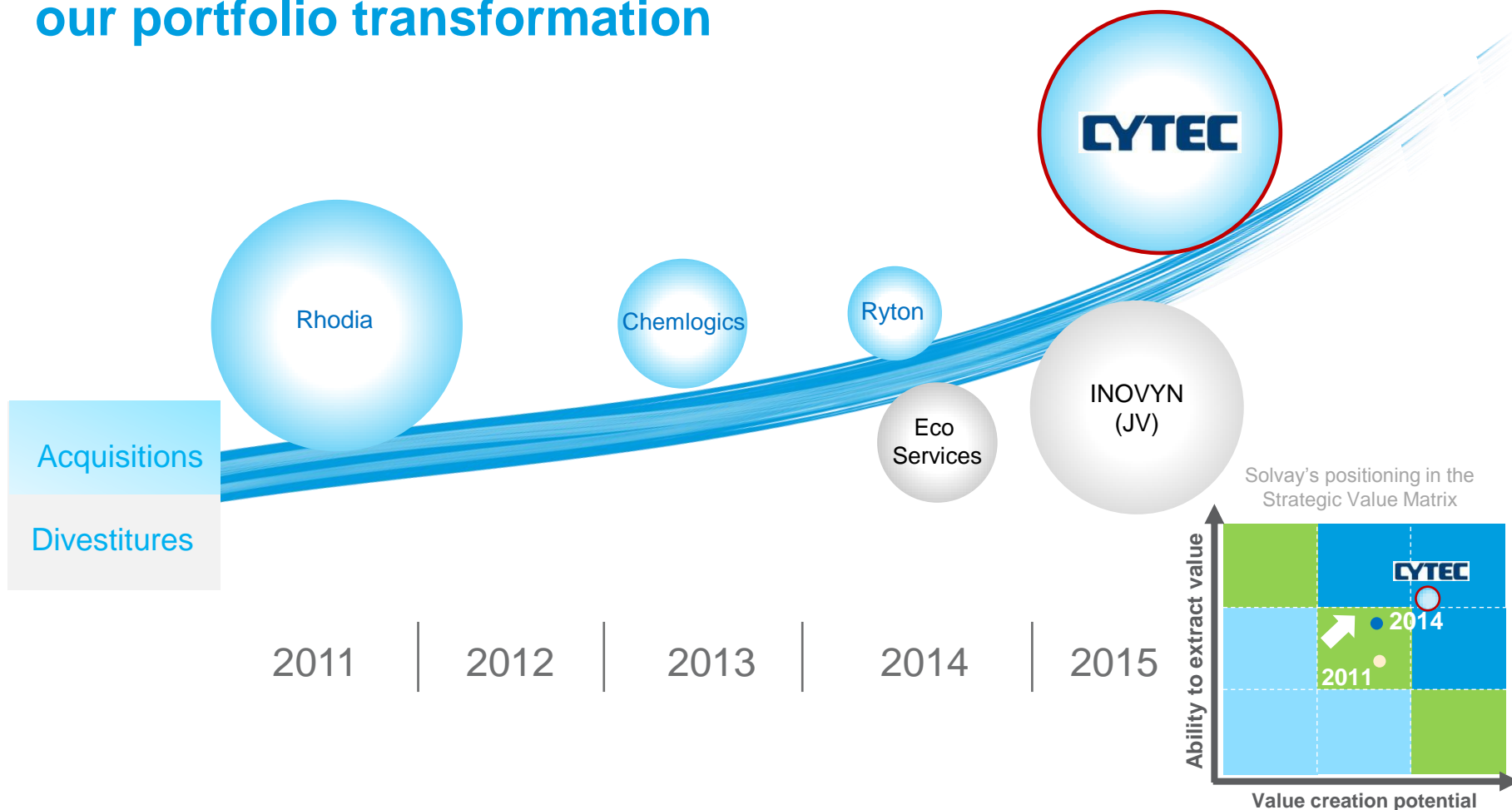
Transaction details and financial impact

Takeaways

Overview & Strategic rationale



Acquisition of Cytec represents a step-change in our portfolio transformation



... and will further accelerate portfolio changes

Cytec offers an excellent strategic fit with Solvay

- Propels Solvay's to world # 2 largest player in aerospace composite materials
- Accelerates growth for Advanced Materials in Lightweighting
- Reinforces Advanced Formulations with world's #1 mining chemical business
- Provides innovation-led solutions for customers' sustainability challenges
- Strengthens earnings momentum
- Pre-tax synergies targeted at more than € 100 m per year
- Adjusted EPS accretive after year one

**Group
Profile
upgraded**



Growth



Resilience



Returns

Cytec provides compelling solutions for sustainability challenges facing consumers

2014

\$2.0bn

Sales



20%

REBITDA
margin*



4,600

Employees



29

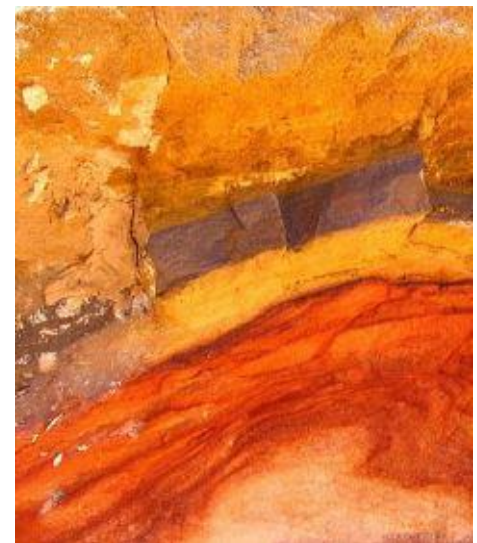
Manufacturing
& R&D sites



- Shift toward greater composite usage to **reduce weight** and **improve efficiency**
- Positive outlook for long-term growth in air travel
- High order backlog




- Expansion of composite use in more industrial applications to **reduce weight** and **improve fuel efficiency**
- Regulatory drivers, including lower CO2 emissions, support adoption of composites



- Declining ore grades and more stringent regulations require more complex and innovative solutions
- Growth in emerging economies drives greater consumption of metals
- New mine startups and require more metal recovery

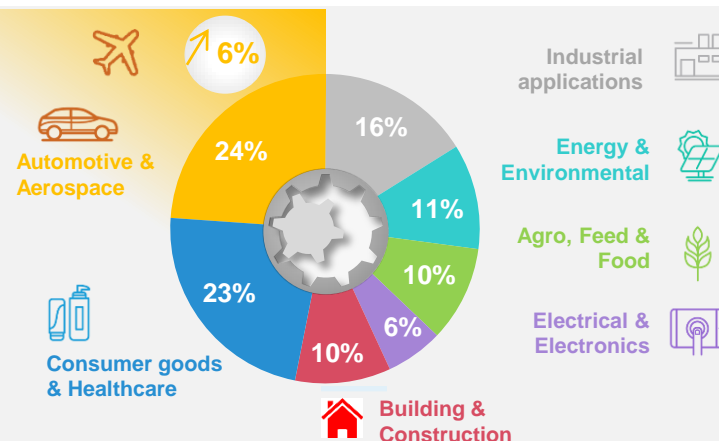
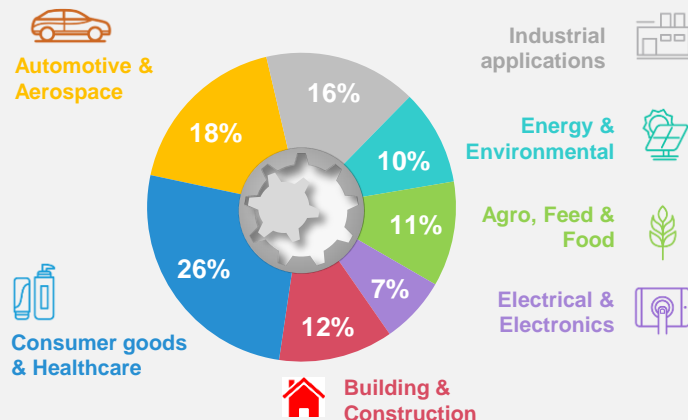
Cytec is a leader in composites and mining chemicals

	Composites		Mining & Specialty Chemicals	
	Aerospace Materials	Industrial Materials	In Process Separation	Additive Technologies
Global positions	# 2	# 2	# 1	-
Market Commentary	3 large players High barriers to entry Limited substitution risk	> 6 large players Barriers to entry vary by application	Niche markets Limited number of global suppliers Limited substitution risk Customized services business model	
Leading products	  Advanced Materials for Aerospace  	  Automotive Wind   Process Materials Sports Materials	  Copper Alumina   Phosphine Gas Pharma	 Automotive  Emulsion Polymerization
End markets	Aircrafts <ul style="list-style-type: none"> - Wings - Fuselage components - Interior parts - Engine parts 	Supercars Wind Power (blades) Aerospace process materials Recreation	Mining Pharmaceutical Electronic manufacturing Fumigation	Plastics Paints Coating & printing inks
	GROWTH ENGINES			RESILIENT CASH GENERATOR

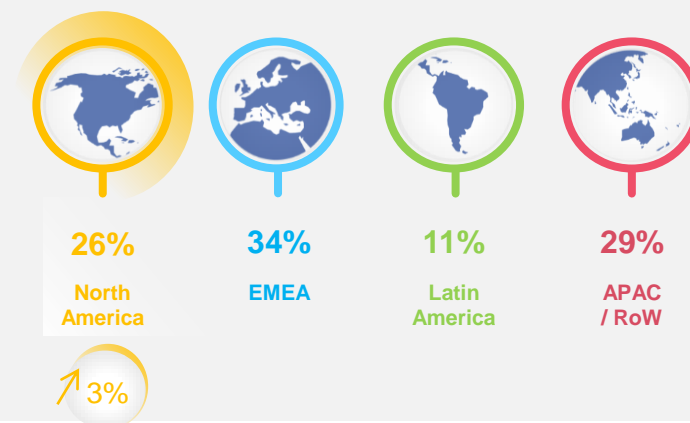
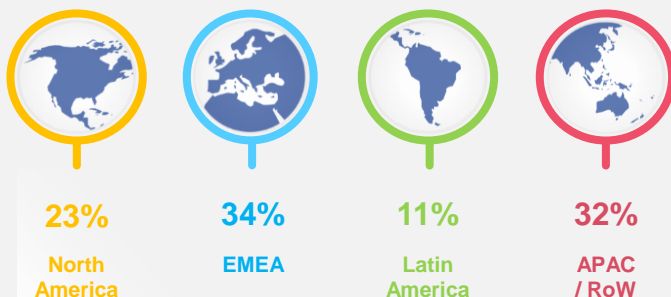
Cytec enhances growth and resilience



Increased Exposure to High-End Markets¹



More global geographic balance¹

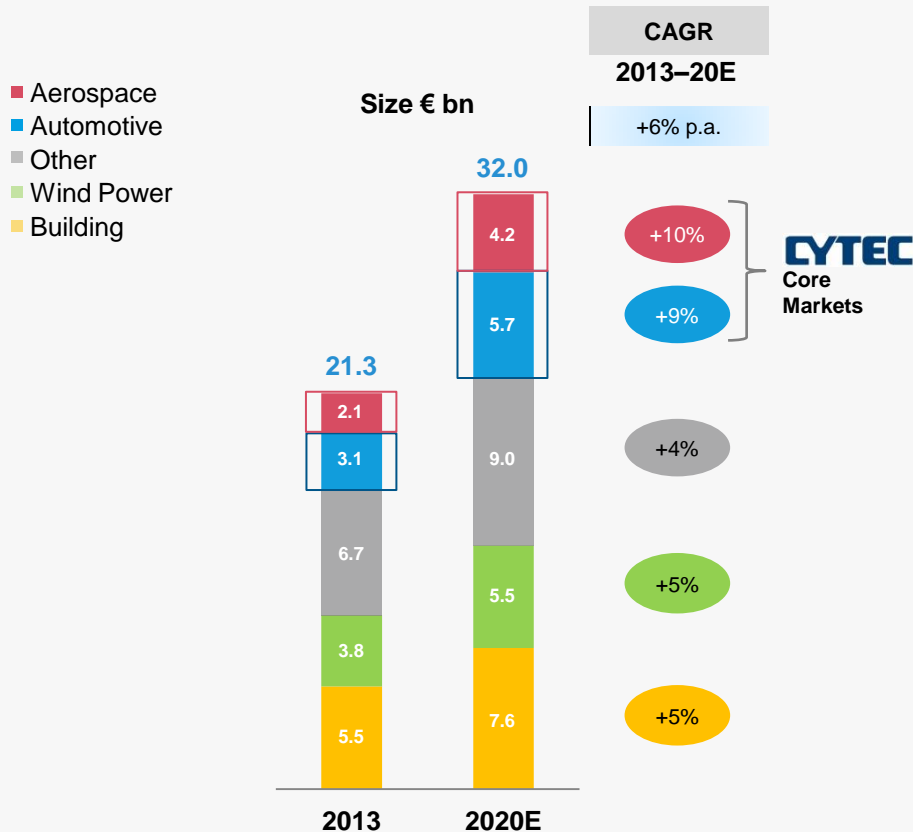


Market opportunities and business case



Attractive opportunity in composites

Total Composites Segment: Market Size & Growth



Market Drivers

Aerospace

- Increasing demand for air transport
- Higher penetration of composite into new airplane programs (e.g. Airbus 350, Boeing 787) for lightweighting and fuel efficiency

Automotive

- Lightweight material substitution
- Adoption and development of carbon-fiber based structural parts

Cytec Growth Drivers

Aerospace

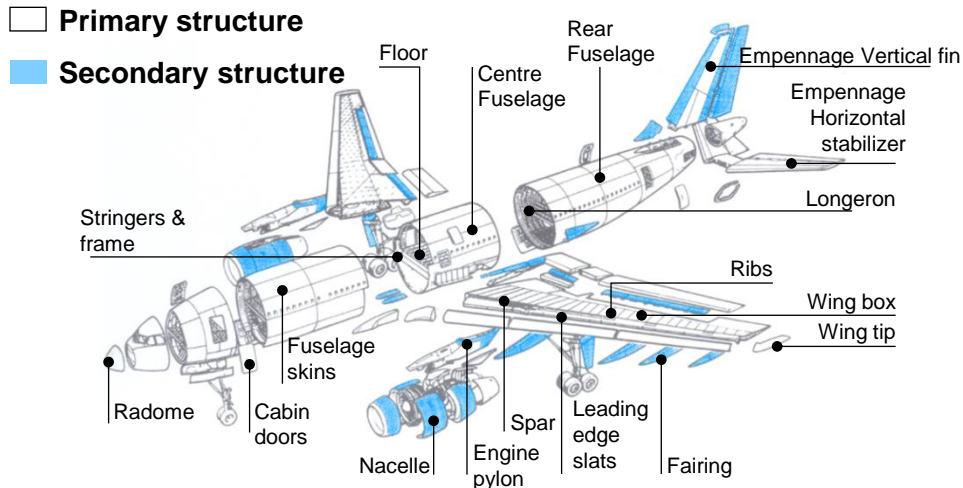
- Focus on increased production rates
- Gain share through new platforms

Automotive

- Leverage developments with OEMs & engineering houses to prepare for serial automotive

Leveraging Cytec's strength in aerospace composites

Aerospace Primary and Secondary Market Structures



Cytec's Aerospace Credentials

- Established **#2** player in the **fast-growing** composites segment
 - Growing presence in Primary Structures**
- Strong **technology focus** and close **customer collaboration**
- High **visibility** from order backlog and new aircraft programs
- Strong client base** with relationships both in commercial and defense sectors

Accelerating Solvay's Lightweighting Strategy

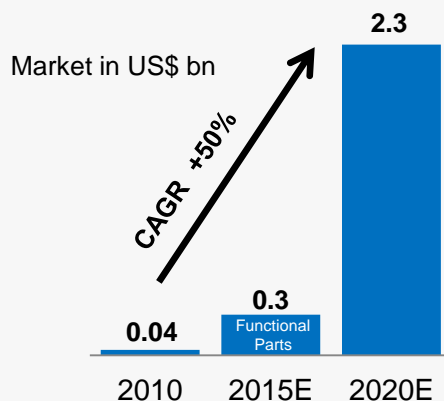
Leveraging Cytec's scale, technology and customer intimacy

Superior portfolio of new lightweight materials => only player with significant Thermoset & Thermoplastic solutions

Potential for cross-selling with Specialty Polymers : Tegralite™, Tegracore™...

Leveraging Cytec's lightweight materials for automotive

Carbon Composites Technology in Automotive



Market drivers

- Lower vehicle weight
- **US regulations:** CAFE⁽¹⁾ for improved fuel efficiency mandated
- **EU regulations:** Further CO₂ emissions reduction targets by 2020

Key Success Factors

Technical Expertise & Leadership



Access to OEMs & Established Development Programs



Carbon Fiber Expertise in structural parts



Established Engineering Network for Process Solutions



Cytec Positioning

- Strength in polymer synthesis and prepregging
- Development of solutions to reduce production cycle time



Prepregging Facility



Fast Cure HP-RTM

Solvay will support Cytec in creating a new market with serial production in luxury cars

Composite Content	\$100,000+			\$5,000
Process Time	400 hours	100-400 hours	3-5 mins	3 mins
Manufacture	Highly customized, high labour, high cost fiber	Customized, high labour, lower cost fiber	Increasing automation levels	Full automation
Annual Production Volume	~ 100	5,000 – 10,000	400,000	4 million
Category	Formula 1	Super Car	High End Luxury	Luxury Serial



Penetration taking-off



5 to 10 years time horizon

CYTEC presence by category

Leveraging Cytec's tailored specialty chemical formulations

Mining market drivers

- Global economic growth
- Separation chemicals volumes increase while ore quality decreases
- Innovation to improve yields

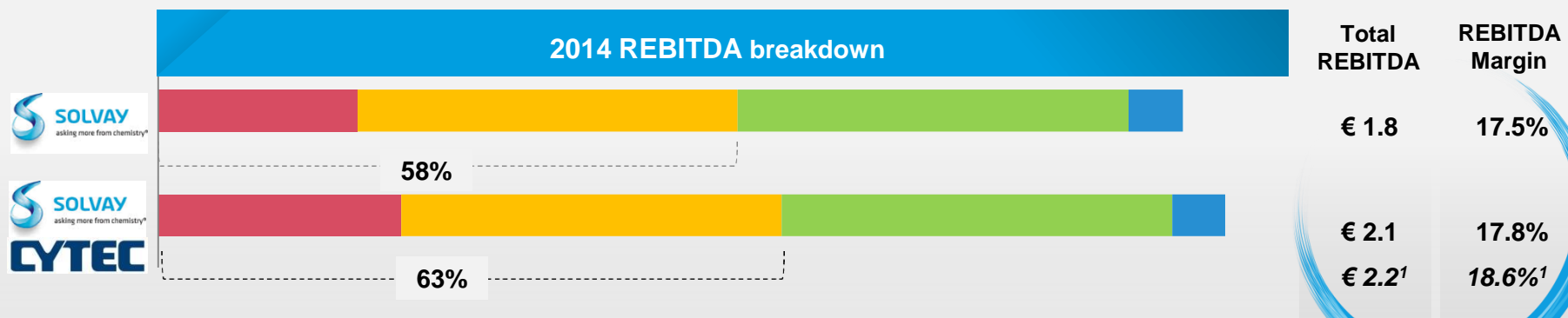
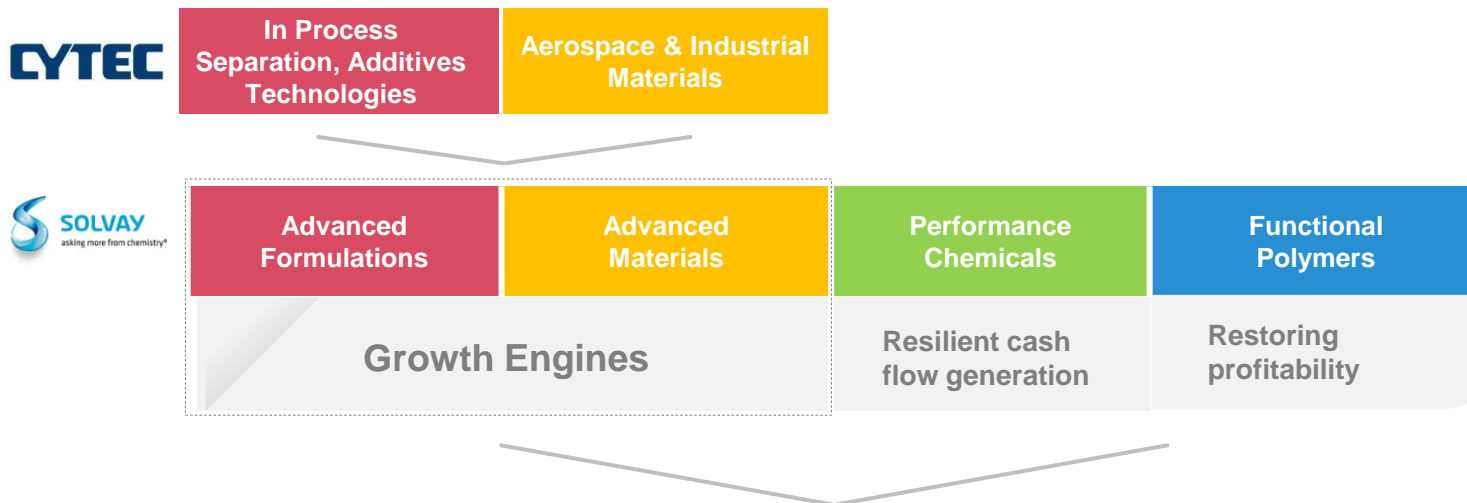
Cytec's key credentials

- Global leader in specialty mining chemicals
- World class portfolio, leading edge technology
- Unrivalled on site technical service and applications expertise combined with strong customer relationships
- Reduced environmental footprint (improved yields, waste reduction, ...)

A natural and value-creative integration with Solvay

- Adjacent leg to Solvay's specialty formulations in mining and oil and gas chemicals
- Similar service-oriented business model

The combination strengthens Solvay's growth engines



Complementary culture of innovation and performance

Complementary technological know-how

CYTEC

Aerospace thermoplastics



LEAP high-bypass turbofan engine program



Lockheed Martin: ACCA Fuselage



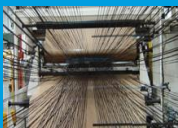
Airbus twin aisle spoiler



Innovation goals :

Low weight, longlife, corrosion resistance, aerodynamics

Automotive



Prepregging Facility



Fast Cure HP-RTM



Decrease processing time



Innovation goals :

Reduce part costs, reduce vehicle weight

Mining and phosphine chemicals



Scale Inhibitors



Flotation Collectors



New Mines



Innovation goals : Improve recovery and yield, increase efficiencies, reduce process variability

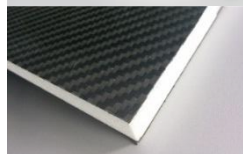


Specialty Polymers



Tegracore™ PPSU Foams

Thermoformable



PVDF Foams

Injection moldable / direct part production



UltraMaterials™ Composites

Semi-continuous process / suitable for mass production

Novecare

Phosphine-based formulations for oil & gas, agro and electronics



Innovation synergies accelerating future growth

Perfect fit with Solvay's sustainability strategy

Resource Constraints & Increased Sustainability Demand



Evolving Demographics & Consumer Behaviours



Innovation acceleration



Enhanced offering for

Customers' sustainability challenges

- Responds to more stringent regulatory environment
- Broadens lightweighting solutions for aerospace and automotive industries
 - › Improves Energy efficiency improvement
 - › Reduces CO₂ emission
- Addresses scarcity of resources through more efficient and cleaner mining technologies
 - › Increases Yield
 - › Waste reduction

Improves Group environmental profile

- Reduces CO₂ emissions per added value

Over € 100 m of recurring synergies identified

Costs

- General and Administrative
- Supply chain and Procurement
- Excellence practices & culture, leveraging Cytec's Six-Sigma & Solvay's OEE¹ expertise

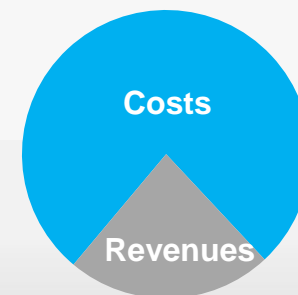
Revenues

- Acceleration of Specialty Polymers lightweight positioning in aerospace
- Acceleration of Cytec's penetration in automotive
- Cross-selling opportunities with Advanced Formulations

Implementation costs

- ~ € (75) m over 2 years

Pre-tax synergies*
> €100m p.a.



Substantially
realised by Year 3

* EBITDA impact

Transaction details and financial impact

Cash offer at \$ 75.25 per Share

Offer value	<ul style="list-style-type: none">• 28.9% premium to closing price on 28 July 2015• Enterprise value of US\$ 6.4bn• Multiple of 14.7x 2015 estimated EBITDA¹ excluding synergies; 11.7x including synergies²
Transaction Structure	<ul style="list-style-type: none">• Cash merger requiring Cytec's shareholder majority vote• Customary closing conditions, include regulatory approvals (e.g. antitrust, CFIUS³)• Solvac supportive and will take up its rights in capital increase
Impact on Solvay	<ul style="list-style-type: none">• Improves REBITDA margin and growth• Accretive to Adjusted EPS⁴ after year one• Enhances FCF⁵ from 2017• CFROI accretive in medium-term
Cytec Board support	<ul style="list-style-type: none">• Unanimous recommendation by Cytec board
Timing	<ul style="list-style-type: none">• Expected closing Q4 2015

(1): Based on broker consensus 2015 EBITDA of US\$433 million for Cytec

(2): Based on US\$110 million run-rate synergies

(3): CFIUS: Committee on Foreign Investments in the United States

(4): Adjusted EPS excludes non-cash Purchase Price Allocation impacts relative to the transaction

(5): Free Cash Flow before interests

Financing framework – strength and value

Short Term: Secure Funding & Protect Pricing

- US\$ 5.8 bn Bridge financing arranged for 100% of needs
- Contingent hedges for equity part of long term financing

- *Secure*
- *Protect*

Permanent Financing: Balance Caution & Value

Target Financing Structure:

- € 1.5 bn new equity and € 1.0 bn hybrid debt
- Remaining financing to come from US dollar-denominated bond issuances
- Credit rating agencies expected to confirm **Investment Grade Ratings**

- *Value & Efficiency*
- *Natural Hedge*
- *Strength*

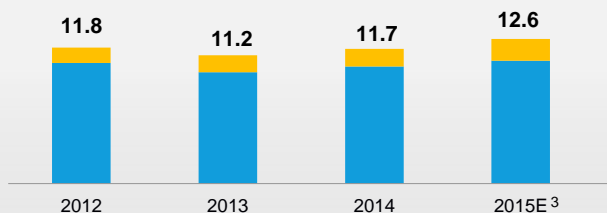
Shareholder Rewards: Sustainability Key

Solvay to maintain longstanding policy of **stable to growing** dividend

Pro-forma financial highlights

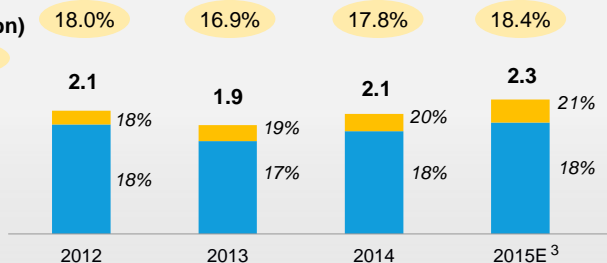
■ Solvay Contribution¹
■ Cytec Contribution¹

Sales (€ bn)



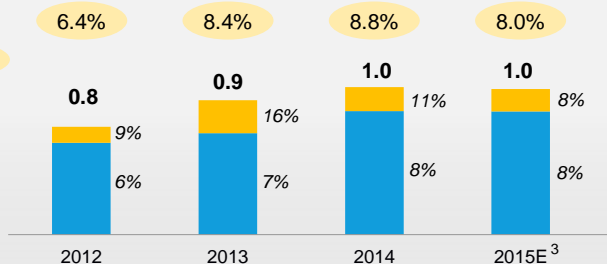
REBITDA² (€ bn)

% Margin



Capex (€ m)

% of Sales



Improved growth potential

- Portfolio further geared towards high growth markets
- Established track record
- Significant long term opportunity

Margin enhancing

- Industry leading margins
- Synergies realization improves margin further

High cash generation potential

- Significant capacity growth capex completed
- High quality, well invested asset base

Note: For indicative purposes only, illustrative historical pro forma data based on different accounting referentials

Source: Company filings

(1): EUR/USD FX rate based on historical average of each financial year. Pro forma financials not assuming synergies, historical data based on reported company financials, forward-looking data based on broker consensus

(2): Recurring Earnings from operations excl. net special items plus depreciation and amortization

(3): Based on broker consensus 2015 Sales of US\$ 2,088 million, EBITDA of US\$ 433 million and Capex of US\$ 171 million

Takeaways



Takeaways

Propels Solvay to global #2 largest player in aerospace advanced composite materials

Strengthens Solvay's growth engines

Improves Solvay's sustainability offering & environmental profile

Provides earnings momentum

Creates Value

Perfect fit with Solvay's strategy

Focused on sustainability & value

The CYTEC logo consists of the word 'CYTEC' in a bold, blue, sans-serif font.

Platform to accelerate Solvay's portfolio reshaping

Group
profile



Growth



Resilience



Returns

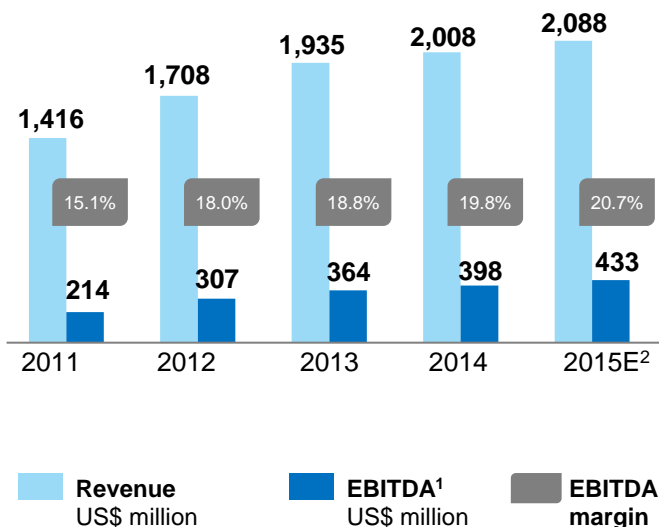
Annexes



Cytec – a leader in composites & specialty chemicals

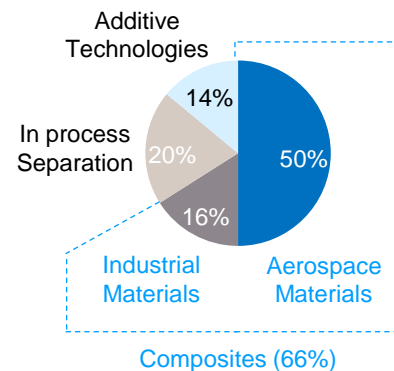
Key financials

2011-2015E CAGR
Revenue: +10%; EBITDA: +20%

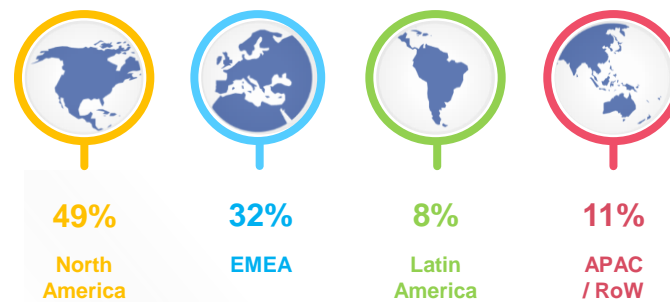


2014 Revenues breakdown

By segment

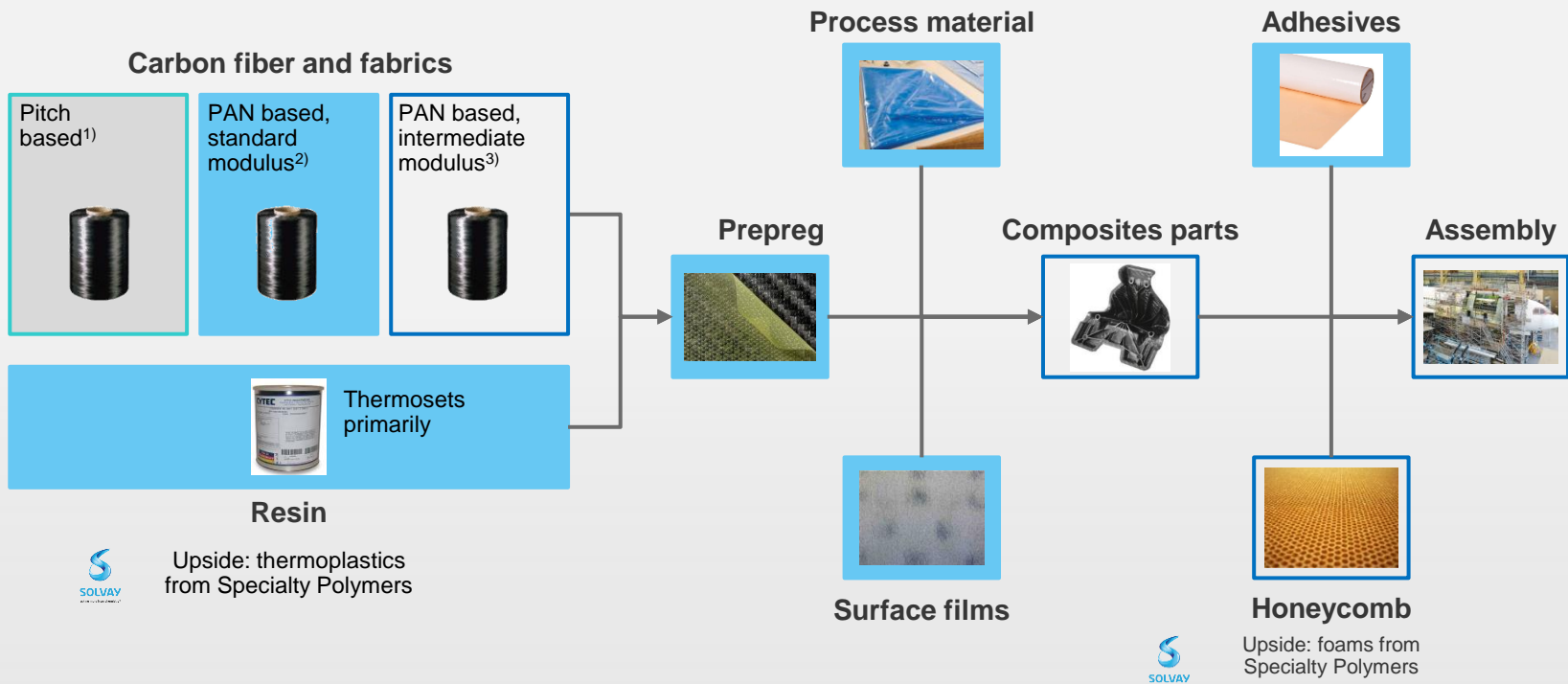


By geography



Cytec supplies everything needed to manufacture a carbon fiber reinforced thermoset composites part from prepregs

Manufacturing of carbon fiber composites parts, using pre-impregnated sheets (prepregs)



Exclusive position of Cytec (in the US)

Cytec and competitors

Competitors only

Cytec offers raw carbon fibers and various kinds of fabrics

Common carbon fibers and carbon fiber fabric products

Continuous tow carbon fiber



- Standard modulus (PAN)
- High modulus (pitch)
- Intermediate modulus (PAN)

Chopped carbon fiber



- Long fiber
- Short fiber

Milled carbon fiber

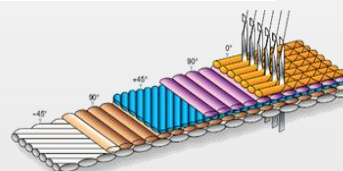


Woven fabric



- Plain weave
(low drapeability, high crimp)
- Twill weave
(average drapeability and crimp)
- Satin weave
(good drapeability, low crimp)

Non-woven fabric



- Unidirectional fabric
- Knitted or stitched with
 - Polyester
 - Aramid
 - Thermoplastics
- Average drapeability, no crimp

Other fabrics



- Multi axial
- 3D preforms
- Braid

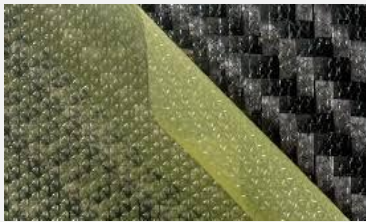
☐ Cytec ☐ Competitors

High drapeability (easier to distort) is easier to lay up over complex forms. Low crimp (straighter fibers) gives better mechanical performance

Cytec offers prepregs (sheets, slit tape or single tow tape) and resin infusion systems

Composites products

Prepregs sheets



Woven fabric: strength and stiffness in two directions; with good drapeability



Unidirectional fabric: predominant strength and stiffness in one direction



Slit tapes prepreg



Prepregged carbon fiber tape (in black) backed with a carrier (in blue) and wound around a spool

Single tow prepreg



Resin infusion systems

Resin



Fabrics

- Binder-coated fabrics
- Low resin content fabric

Cytec offers adhesives and surfacing films used by parts

Composites products

Adhesives



- Epoxy, phenolic and bismaleimide adhesives
 - Metal-to-metal bonding
 - Metal-to-composite bonding
 - Composite-to-composite bonding
 - Honeycomb sandwich bonding
 - Cosmetic surfacing
- Supplied in film form or roll, supported or unsupported film
- Needs curing

Surfacing films



Surface without surfacing film



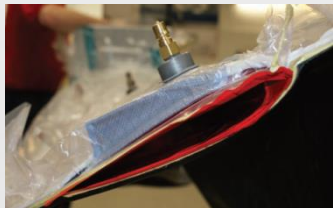
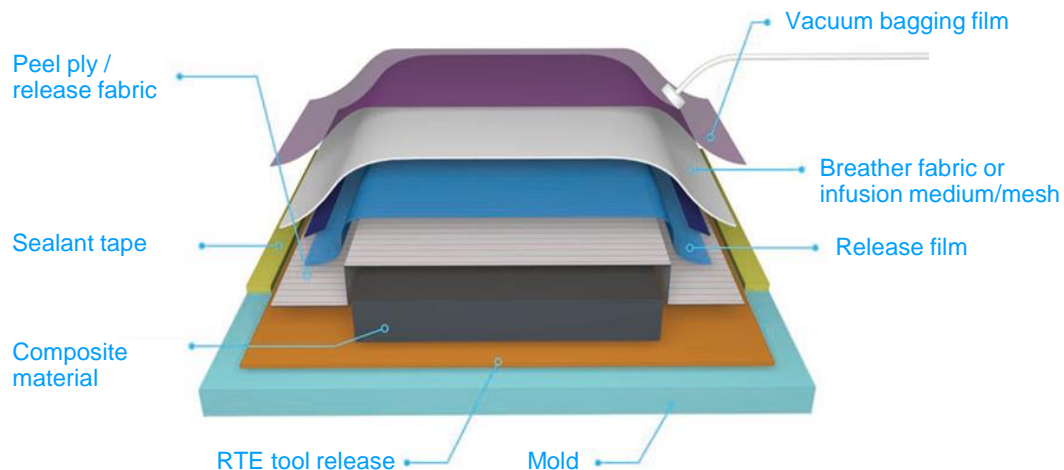
Surface when surfacing film used

- Epoxy films, ultra-low in volatiles
- Film is put between mold and structural preregs (as the resins used in structural preregs often do not provide a sufficiently blemish-free surface)
- It eliminates surface porosity and imperfections
 - Mold containing surface damage
 - Pinholes, caused by tiny pockets of gas released during the curing process
- Allows for painting
- May embed aluminum mesh for lightning protection

Cytec offers process materials for vacuum bagging and resin infusion

Process materials products

Typical vacuum bagging lay-up

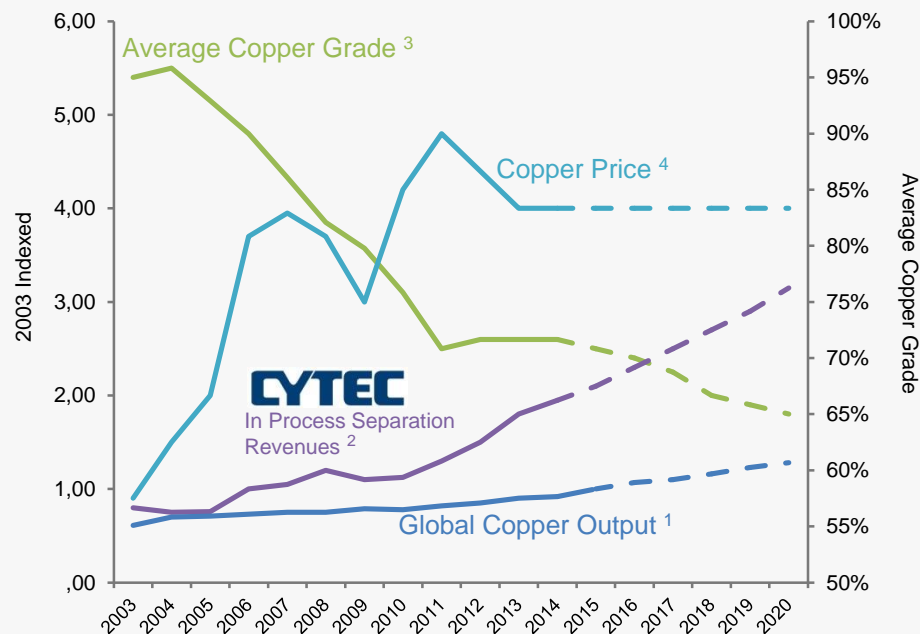


Process materials















Adding the #1 Mining Chemicals Business to Novecare

A de-risked play on demand and declining grade ore



Novecare and Cytec have a similar phosphorus-based product portfolio, covering different applications

Main products		End applications									
		Flame retardants	Corrosion and scale inhibitors for water treatment	Compounds for surface treatment	Merchant halides	Thermal desalination antiscalants	Water treatment biocides for O&G	Promoters and solvent extractors for mining	Fumigant for agricultural use	Reagents for pharmaceuticals	Dopant for silicon semiconductor
	<ul style="list-style-type: none">Phosphine OxidesPhosphonic and phosphinic AcidsPhosphonium ionic liquidsPhosphonium saltsMono-di-tri Alkylphosphines										
	<ul style="list-style-type: none">Phosphinic and phosphonicHypophosphitesPhosphite / Phosphate estersPhosphorus HalidesPhosphonium saltsPhosphorus Polymers										

**REBITDA**

REBITDA is defined as operating result before depreciation and amortization, non-recurring items and non-cash Purchase Price Allocation (PPA) accounting impacts related to the transaction,

Purchase price allocation (PPA) is an application of [goodwill accounting](#) whereby the acquiring company, when purchasing a target company, allocates the purchase price into various assets and liabilities acquired from the transaction.

Adjusted EPS

Earnings per Share excluding PPA

**CFROI
(Cash Flow Return on Investment)**

$$\frac{\text{REBITDA} - \text{Rec. CAPEX} - \text{Tax}}{\text{Gross Assets} + \text{Working Capital}}$$

Solvay is computing the goodwill emerging from the transaction to determine the accretive nature of the acquisition in respect of its CFROI core value metric

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