

## Solvay makes a step-change in its transformation with the acquisition of Cytec

*Perfect fit with Solvay's strategy focused on sustainability and value*

- Propels Solvay to world's second largest player in aerospace composite materials
- Accelerates growth of Advanced Materials with major push into composites
- Reinforces Advanced Formulations with the world's number one mining chemical business
- Strengthens Solvay's earnings momentum
- Pre-tax synergies targeted at more than € 100 million a year
- Adjusted EPS accretive after year one
- Transaction unanimously recommended by Cytec's and Solvay's boards of directors
- Financing to consist of € 1.5 billion capital increase, € 1.0 billion of hybrid instruments and senior debt issuance

**Brussels, July 29, 2015** --- Solvay has entered into a definitive merger agreement with U.S.-based Cytec to acquire 100% of its share capital for US\$ 75.25 per share in cash. The total cash consideration will amount to US\$5.5 billion, corresponding to an enterprise value of US\$ 6.4 billion and representing a 2015 estimated EBITDA multiple of 14.7x and of 11.7x when considering synergies potential linked to the transaction. The transaction price per share represents a premium of 28.9% compared to the closing price of Cytec on 28<sup>th</sup> July 2015 and a premium of 26.9% compared to the volume weighted average closing share price over the last three months. Cytec's and Solvay's boards of directors have unanimously recommended the transaction.

*"The proposed acquisition of Cytec marks a major step change in Solvay's portfolio upgrade. It is a unique opportunity for Solvay to boost its customer offerings in lightweighting with advanced materials in aerospace and automotive, as well as to strengthen its know-how with activities in mining chemicals,"* said Jean-Pierre Clamadiou, CEO of Solvay. *"Cytec is a high-growth, high-quality group with leading market positions. We are looking forward to working with its excellent teams. This acquisition will create value for our stakeholders and will support our ambition to become a leader in sustainable chemistry. This transaction will lead us to further accelerate our transformation."*

*"We are excited to be joining with Solvay, a leading player in the chemical industry with over 150 years of success. Their strategic focus is perfectly aligned with our businesses, while the technology synergies with their specialty polymers and formulations expertise should accelerate our growth. Our customers and our employees should expect to see continuity and strong support of our current strategy,"* said Shane Fleming, CEO of Cytec.

Headquartered in New Jersey with 4,600 employees across the globe, Cytec generated sales of US\$ 2.0 billion and a 20% REBITDA\* margin in 2014. It sources almost half of its sales from North America, nearly a third from EMEA and the remainder from Asia Pacific and Latin America.

Cytec is among the world leaders in composite materials and in mining chemicals, recognized by its customers as a consistently successful innovator and provider of high-performance and value-added solutions. In the fast-growing composite materials sector, which represents two thirds of its sales, its principal market is primary and secondary structures for aircrafts. It is also developing new technological applications for composites in automotive. Cytec is the leader in tailored specialty chemical formulations to enhance mining separation processes.

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Through the acquisition of Cytec, Solvay will gain critical scale and immediate customer intimacy in aerospace. In the automotive market, Solvay's strong positions with original equipment manufacturers and tier-one suppliers will help bolster Cytec's growth.

Moreover, Cytec will significantly reinforce Solvay's sustainability profile as its offerings are addressing planet's challenges. With Cytec, Solvay will stand out stronger in reducing CO2 emissions through its lightweighting solutions and in dealing with the increasing scarcity of resources through more efficient and cleaner mining technologies.

Cytec's composites businesses will be integrated into Solvay's Advanced Materials operating segment. Its mining chemicals as well as its niche additives and phosphine specialty chemical businesses will become part of Solvay's Advanced Formulations segment.

This transaction will underpin Solvay's REBITDA growth momentum, by driving top line growth and margin expansion. Solvay expects annual synergies of more than € 100 million, to be substantially realized within three years chiefly through cost savings and excellence. Significant cross-selling opportunities have been identified with Specialty Polymers, both in aerospace and automotive, as well as with Novecare in oil & gas, agrochemicals and electronics. The non-recurring implementation costs are estimated at €75 million. The acquisition of Cytec will be accretive to Adjusted EPS after the first year and to CFROI in the mid-term.

Solvay has arranged committed bridge financing for the transaction which it plans to fund with a € 1.5 billion rights issue, € 1.0 billion of additional hybrid instruments and a senior debt issuance. The intended financing structure will help Solvay maintain its financial flexibility and strengthen its capital structure. This will allow the Group to sustain its long-standing policy of growing its dividend over time, while preserving its investment grade credit rating.

Solvay will convene, in due course, an extraordinary general meeting of its shareholders to vote on the proposed rights issue. The Board of Directors of Solvac, Solvay's main shareholder, has unanimously confirmed its support for the transaction and its intention to vote in favor of the capital increase. It plans to exercise its rights as part of the capital increase to maintain its 30% stake in Solvay's shareholding structure.

This acquisition is structured as a cash merger between Cytec and a subsidiary of Solvay. The merger is subject to customary closing conditions, including regulatory approvals and Cytec shareholders' approval. The transaction is expected to close in the fourth quarter of 2015.

\* Cytec REBITDA has been determined based on company's reporting of earnings from operation plus depreciation and amortization, and exclusion of special items.

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## Definitions

- ❖ REBITDA: Operating result before depreciation and amortization, non-recurring items and Purchase Price Allocation (PPA) accounting impacts related to the transaction
- ❖ Adjusted EPS: Earnings Per Share before PPA impacts
- ❖ CFROI: Cash Flow Return on Investment is defined as (REBITDA-Recurring Capex-Tax) / (Gross Assets incl. goodwill + working capital)

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As an international chemical group, [SOLVAY](#) assists industries in finding and implementing ever more responsible and value-creating solutions. Solvay generates 90% of its net sales in activities where it is among the world's top three players. It serves many markets, varying from energy and the environment to automotive and aerospace or electricity and electronics, with one goal: to raise the performance of its clients and improve society's quality of life. The group is headquartered in Brussels, employs about 26,000 people in 52 countries and generated 10.2 billion euros in net sales in 2014. Solvay SA [SOLB.BE](#) is listed on [EURONEXT](#) in Brussels and Paris (Bloomberg: [SOLB.BB](#) - Reuters: [SOLB.BR](#)).

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