



SOLVAY
asking more from chemistry®

First quarter 2019
Financial report

Inside / regulated information

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Forenote

IFRS 16 has been implemented in the Group's financial statements since January 1, 2019. Comparative information for the first quarter of 2018 in the business review is presented on an unaudited pro forma basis as if the implementation had taken place on January 1, 2018. This information is labelled "pro forma" or "PF". The balance sheet evolution is compared with January 1, 2019, which includes the IFRS 16 impact versus December 31, 2018.

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. The comments on the results made on pages 3 to 9 are on an underlying basis, unless otherwise stated.

Q1 2019 UNDERLYING BUSINESS REVIEW ^[1]

- Underlying EBITDA up 2% benefiting from forex conversion and largely stable organically ^[2].
 - Positive net pricing offset lower volumes in automotive, electronics and oil & gas markets, as well as fixed cost inflation.
 - Underlying EBITDA margin remained solid at 22%.
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- Underlying EPS ^[3] from continuing operations largely flat.
 - Total underlying EPS ^[3] up 18%, at €2.80, including strong contribution from discontinued polyamide activities.
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- Free cash flow to Solvay shareholders turned negative due to working capital phasing as well as higher inventories given the weaker market conditions.
 - Underlying net financial debt ^[4] rose to €(5.8) billion, from €(5.5) billion at the start of the year, while the underlying leverage ratio remained stable at 2.1x.

Q1 key figures

(in € million)	IFRS			Underlying		
	Q1 2019	Q1 2018 PF	% yoy	Q1 2019	Q1 2018 PF	% yoy
Net sales	2,571	2,492	+3.2%	2,571	2,492	+3.2%
EBITDA	530	414	+28%	571	558	+2.4%
<i>EBITDA margin</i>				22.2%	22.4%	-0.2pp
EBIT	278	146	n.m.	376	372	+1.1%
Net financial charges ^[5]	(54)	(55)	+3.0%	(88)	(90)	+2.9%
Income tax expenses	(53)	(11)	n.m.	(72)	(67)	-8.0%
<i>Tax rate</i>				26.1%	24.6%	+1.5pp
Profit from discontinued operations	65	37	+74%	82	40	n.m.
(Profit) loss attributable to non-controlling interests	(9)	(10)	-6.4%	(9)	(10)	-5.2%
Profit attributable to Solvay shareholders	228	107	n.m.	289	246	+18%
Basic earnings per share (in €)	2.21	1.03	n.m.	2.80	2.38	+18%
of which from continuing operations	1.58	0.67	n.m.	2.01	1.99	+1.0%
Capex in continuing operations				(179)	(180)	+0.3%
FCF to Solvay shareholders from continuing operations				(91)	100	n.m.
FCF to Solvay shareholders				(32)	141	n.m.
Net financial debt ^[4]	(3,297)			(5,797)		
<i>Underlying leverage ratio</i>				2.1		

[1] A full reconciliation of IFRS and underlying income statement data can be found on page 12 of this report.

[2] Organic growth excludes forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

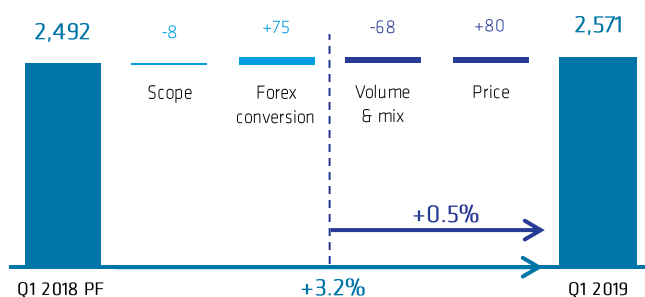
[3] Earnings per share, basic calculation

[4] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

[5] Underlying net financial charges include the coupons on perpetual hybrid bonds (accounted as dividends under IFRS, and thereby excluded from the P&L), as well as the financial charges and realized foreign exchange losses from the RusVinyl joint venture (part of earnings from associates under IFRS, and thereby included in the IFRS EBITDA).

Net sales

(in € million)



Net sales were up +3.2% on the basis of positive forex conversion effects. On an organic basis^[1], sales were mostly flat at +0.5%, with lower volumes offset by higher prices.

The minor effect of reduction in scope^[2] is mainly related to the divestment of some remaining soda ash related activities in Egypt in October 2018.

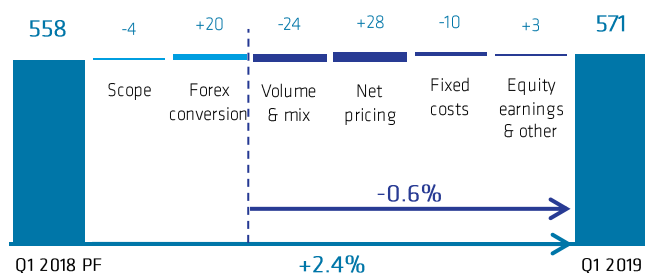
Forex conversion had a positive effect of +3.6%, related to the appreciation of the U.S. dollar and some other currencies, slightly eroded by the further depreciation of the Brazilian real.

Volumes were down -2.7% overall, as a result of the significant decline in demand from the automotive, electronics and oil & gas markets. Advanced Materials, which has a 40% exposure to automotive and electronics, was especially impacted, and customer destocking accentuated the result. The volume drop of the segment was compensated by the continuing double-digit growth in aerospace. Volumes in Advanced Formulations decreased year on year on the back of the lower activity in the shale oil & gas stimulation market in North America. In Performance Chemicals volumes were slightly up, building on solid demand for soda ash primarily.

Prices rose +3.2% across segments, benefiting from transactional forex effects and partly reflecting higher raw material costs. Sales prices rose especially in Performance Chemicals, both for soda ash and peroxides.

Underlying EBITDA

(in € million)



Underlying EBITDA was up +2.4% year on year, benefiting from forex conversion effects, and remained largely flat organically^[1]. Positive net pricing effects offset lower volumes and fixed cost inflation.

The underlying EBITDA margin remained solid at 22%.

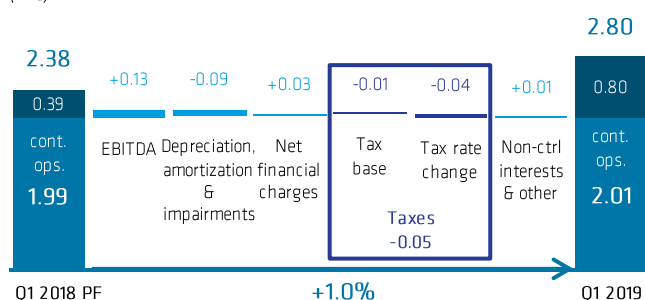
The lower volumes had a -4.3% effect on EBITDA.

Net pricing was up +5.0%, offsetting higher raw material and energy prices incurred in the period and before, especially in Advanced Formulations and Performance Chemicals. Transactional forex effects were slightly positive.

Fixed cost increases had a -1.8% effect. These reflected the expanded production capabilities in Composite Materials, responding to the surging aerospace demand. Wage inflation was partly compensated by excellence programs. The fixed cost increase was also mitigated by the increase in inventories.

Underlying earnings per share^[3]

(in €)



Underlying earnings per share^[3] were largely flat at €2.01, on a continuing operations basis. Including the contribution from discontinued operations, they were up 18%, at €2.80.

Underlying net financial charges^[4] were 3% lower, reflecting the impacts of ongoing deleveraging and optimization of the debt structure. Solvay repaid a €0.38 billion bond at 4.63% in June last year, only partly offset by a new €0.30 billion hybrid bond at 4.25%. The optimization will continue in the rest of the year as Solvay will call a €0.70 billion hybrid bond at 4.20% in May 2019.

The underlying tax rate was 26%, slightly higher than in the first quarter of 2018, but in line with the average underlying tax rate in 2018.

The underlying contribution from discontinued operations doubled to €82 million. The polyamide activity, which is due to be sold to BASF, benefitted from strong prices.

[1] Organic growth excludes forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

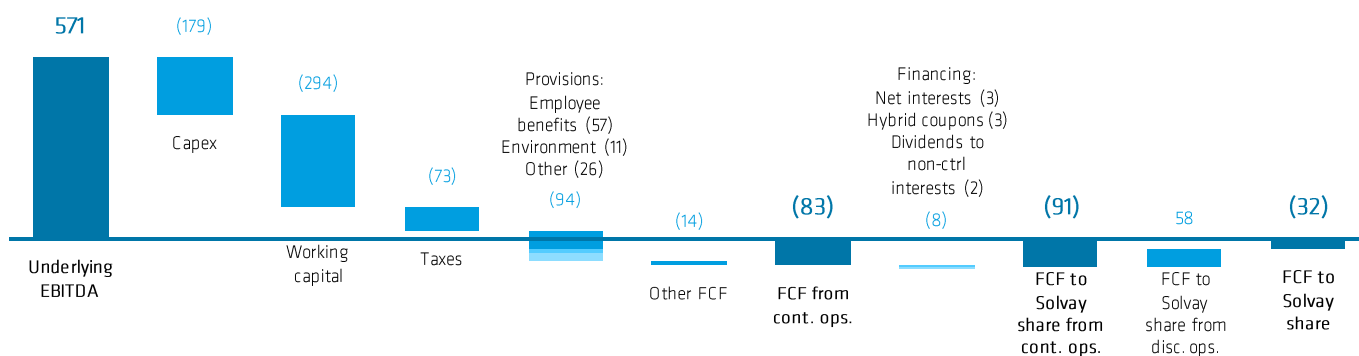
[2] Scope effects include acquisitions and divestments of smaller businesses not leading to the restatement of previous periods.

[3] Underlying earnings per share, basic calculation.

[4] Underlying net financial charges include the coupons on perpetual hybrid bonds (accounted as dividends under IFRS, and thereby excluded from the P&L), as well as the financial charges and realized foreign exchange losses from the RusVinyl joint venture (part of earnings from associates under IFRS, and thereby included in the IFRS EBITDA).

Free cash flow (FCF)

(in € million)



Free cash flow to Solvay shareholders from continuing operations was €(91) million versus €100 million in the first quarter of 2018. The decrease is largely attributable to working capital. Total free cash flow to Solvay shareholders was €(32) million, including a strong contribution from discontinued operations.

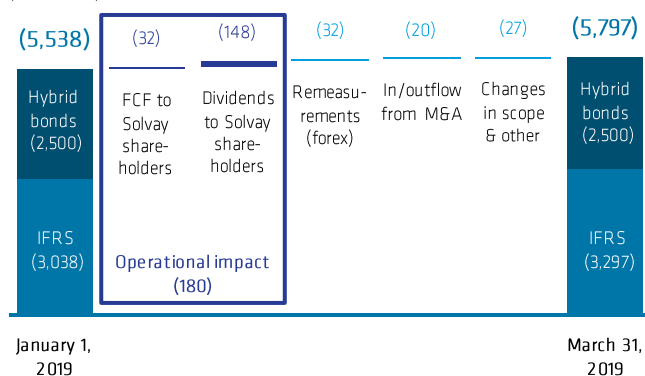
Free cash flow from discontinued operations was €57 million, compared to €42 million in 2018, reflecting the strong operational performance of the Polyamide business.

Capex from continuing operations was €(179) million, in line with €(180) million in the first quarter of 2018 on a pro forma basis.

Working capital needs were €(294) million, well up versus 2018. The net working capital over sales ratio rose to 16.5% from 13.8% at the start of the year, when the business activity was at a low point. Inventories rose significantly in those businesses mostly affected by the slowdown in automotive, electronics and oil & gas, as customer destocking took its toll.

Net financial debt

(in € million)

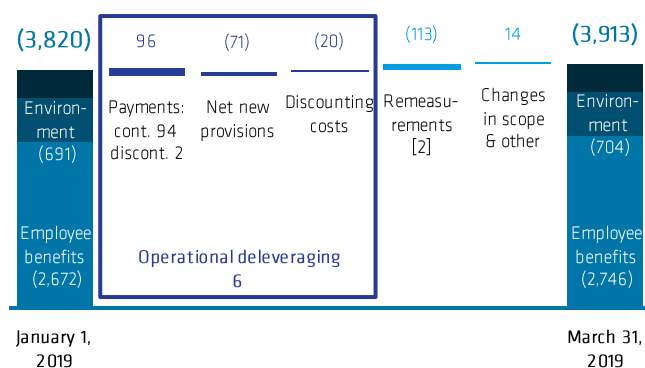


Underlying net financial debt^[1] rose to €(5.8) billion, from €(5.5) billion at the start of the year, bringing the underlying leverage ratio at 2.1x. The payment of the interim dividend in January totaled €(148) million. Remeasurements were €(32) million, attributable to the appreciation of the U.S. dollar by 1.9% over the quarter affecting the conversion of U.S. dollar-denominated debt. M&A activities had a net €(20) million impact.

Underlying gross financial debt was €(7.1) billion, including €(2.5) billion perpetual hybrid bonds. In November 2018 Solvay successfully placed a perpetual hybrid bond for €(300) million, which will allow to call the existing €(700) million hybrid bond in May 2019.

Provisions

(in € million)



Provisions rose from €(3.8) billion to €(3.9) billion due to remeasurement impacts on the liabilities.

The **operational deleveraging** was €6 million. The net deleveraging on employee benefits, mostly pensions was €26 million. Other provisions were up, mainly due to an additional provision of €(24) million for the simplification plan.

Remeasurements led to an increase in liabilities and are mainly due to the decrease of discount rates by 0.50 percentage point in both the euro and the U.S. dollar zone, partly offset by the return of plan assets.

[1] Underlying net financial debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

[2] Impact of inflation, mortality, forex & discount rate changes

SEGMENT REVIEW ^[1]



Segment review

(in € million)	Underlying		
	Q1 2019	Q1 2018 PF	% yoy
Net sales	2,571	2,492	+3.2%
Advanced Materials	1,124	1,087	+3.4%
Advanced Formulations	728	730	-0.4%
Performance Chemicals	718	671	+7.0%
Corporate & Business Services	2	4	-49%
EBITDA	571	558	+2.4%
Advanced Materials	290	295	-1.8%
Advanced Formulations	126	121	+4.2%
Performance Chemicals	206	185	+11%
Corporate & Business Services	(51)	(44)	-17%
EBIT	376	372	+1.1%
Advanced Materials	209	219	-4.8%
Advanced Formulations	87	85	+2.7%
Performance Chemicals	153	134	+14%
Corporate & Business Services	(73)	(66)	-11%

CORPORATE & BUSINESS SERVICES

Underlying EBITDA costs were €(51) million, €(7) million more than in 2018, of which €(5) million is linked to scope and forex conversion.

[1] The net sales and EBITDA pie charts exclude Corporate & Business Services, Corporate & Business Services had no material contribution to net sales and their contribution to EBITDA is negative, and therefore cannot be depicted

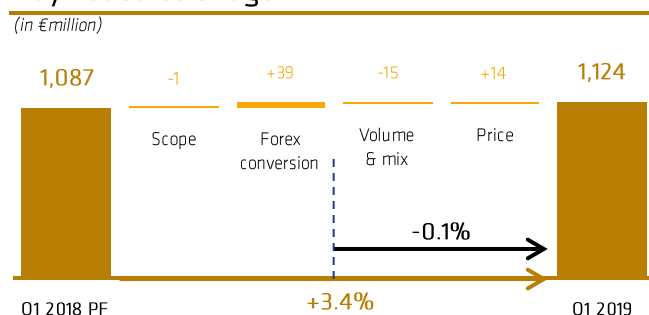
ADVANCED MATERIALS

- Underlying EBITDA down -1.8% overall, and -5.7% organically^[1], due to volume and mix effects and higher raw material costs.
- The drop in demand in automotive and electronics markets was exacerbated by customer destocking. This was mitigated by the double-digit volume growth in aerospace driven by commercial and military program.

Key figures

(in € million)	Underlying		
	Q1 2019	Q1 2018 PF	% yoy
Net sales	1,124	1,087	+3.4%
Specialty Polymers	480	511	-6.1%
Composite Materials	321	255	+26%
Special Chem	210	211	-0.3%
Silica	113	110	+3.0%
EBITDA	290	295	-1.8%
<i>EBITDA margin</i>	25.8%	27.1%	-1.4pp
EBIT	209	219	-4.8%

Yoy net sales bridge



Composite Materials volumes grew by some +20%, firmly in the double digits range, as in the second half of 2018. Growth was broad-based in commercial aircraft platforms, including the new single-aisle aircrafts utilizing the LEAP engine technology and the 787 Dreamliner. Initial sales were also realized for the upcoming 777X program. The ramp-up of the military F-35 Joint Strike Fighter also continued at high pace.

The volume decrease in **Special Chem** follows weak automotive demand. Moreover, demand for diesel cars remained low, negatively impacting the catalyst sales mix. In electronics, market share gains helped offset slower overall demand in the sector.

Silica sales were slightly up, benefiting from robust demand from the fuel-efficient tire market in the year and a better mix.

Q1 2019 performance

Net sales were up +3.4% due to forex conversion effects and remained largely flat organically^[1]. Double digits growth in Composite Materials was not sufficient to overcome the impact of lower demand from the automotive and electronics sector on Specialty Polymers and Special Chem.

Specialty Polymers volumes were down about -10% year on year, partly compensated by better prices. The largest impact came from the electronics applications as investments in the semiconductor industry have significantly reduced and sales for smart device components have declined further. In the automotive market, production figures continued to come down since mid-2018, leading to lower year on year sales beginning in the first quarter, exacerbated by temporary destocking effects. The trend toward fuel-efficiency and electrification supported volume growth in battery materials, albeit from a small base, and demand for healthcare applications remained strong.

Underlying EBITDA was down -1.8% including forex conversion effects, and -5.7% organically^[1], largely attributable to the lower volumes and mix effects. Excellence measures to improve production yield and optimize the supply chain were not sufficient to compensate higher variable costs, mainly the cost of Fluorspar affecting Special Chem. The underlying EBITDA margin remained solid at 26%, but 1.4 percentage point lower than in the first quarter of 2018.

[1] Excluding forex conversion and scope effects, as well as the effect from the implementation of IFRS 16

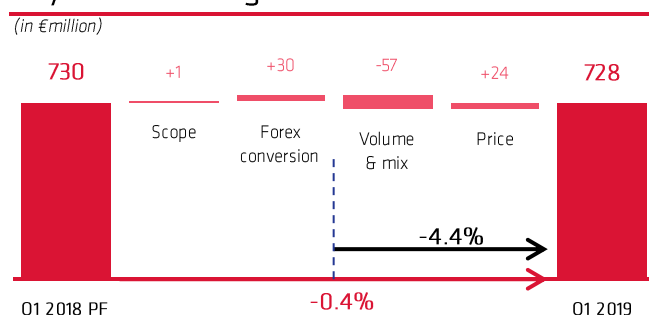
ADVANCED FORMULATIONS

- Underlying EBITDA up +4.2% overall, and down -1.7% organically^[1], due to lower oil & gas volumes, partly offset by positive net pricing.
- Demand from the oil & gas stimulation market in North America was down year on year, but stabilized versus the fourth quarter of 2018. Other markets, including mining, remained overall supportive.

Key figures

(in € million)	Underlying		
	Q1 2019	Q1 2018 PF	% yoy
Net sales	728	730	-0.4%
Novecare	478	495	-3.6%
Technology Solutions	144	143	+0.6%
Aroma Performance	106	92	+15%
EBITDA	126	121	+4.2%
<i>EBITDA margin</i>	17.3%	16.6%	+0.8pp
EBIT	87	85	+2.7%

Yoy net sales bridge



Q1 2019 performance

Net sales were flat year on year, supported by forex conversion effects and down -0.4% organically^[1], due to lower volumes in oil & gas, mitigated by higher prices.

In **Novecare**, volumes were down year on year as a result of lower activity levels in the shale oil & gas stimulation market in North America since September 2018. Market conditions have overall stabilized to slightly improved compared to the fourth quarter of 2018, but are down compared to a strong first quarter in 2018 on a year-on-year basis. Volumes in other end-markets were lower as well, mainly due to weaker agro and industrial markets, but were compensated by better pricing.

Technology Solutions delivered sales in line with 2018 with higher prices compensating for slightly lower volumes. While the mining sector remained supportive, demand for polymer additives from the automotive sector was down.

In **Aroma Performance**, sales were well up, thanks to volumes and prices, both in polymerization inhibitors and in vanillin ingredients.

Underlying EBITDA was up +4.2% thanks to forex conversion effects, and was -1.7% down organically^[1], as a result of lower volumes. These were partly offset by higher net pricing, with the price increases more than compensating for higher raw materials and energy costs. The underlying EBITDA margin thereby remained at 17%.

[1] Excluding forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

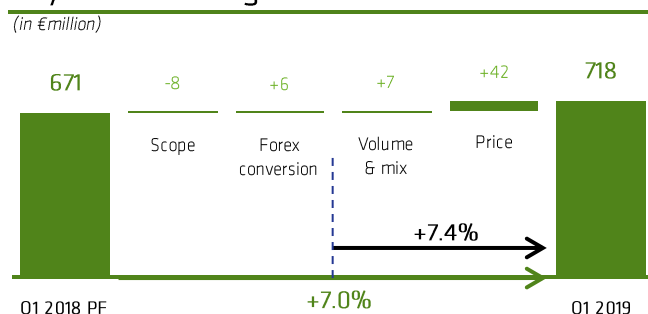
PERFORMANCE CHEMICALS

- Underlying EBITDA up +11% overall, and up +9.9% organically^[1], thanks to higher prices, which more than compensated higher raw material and energy costs.
- Volumes remained solid in the soda ash and peroxides businesses.

Key figures

(in € million)	Underlying		
	Q1 2019	Q1 2018 PF	% yoy
Net sales	718	671	+7.0%
Soda Ash & Derivatives	408	371	+9.9%
Peroxides	172	154	+12%
Coatis ^[2]	138	146	-5.4%
EBITDA	206	185	+11%
<i>EBITDA margin</i>	28.8%	27.6%	+1.1pp
EBIT	153	134	+14%

Yoy net sales bridge



Q1 2019 performance

Net sales in the segment were up 7.0% overall and 7.4% organically^[1]. The scope reduction from the sale of the remaining soda ash assets in Egypt was offset by forex conversion. Volumes and especially prices increased in Soda Ash & Derivatives and in Peroxides, more than compensating for weaker market conditions in Coatis.

In **Soda Ash & Derivatives**, demand remained strong, and soda ash volumes rose slightly, mainly in the seaborne market. Average soda ash prices were well up, as expected, following the price negotiations concluded at the end of 2018. Sales of bicarbonate, used in more specialized applications, were flat.

Peroxides volumes held on firmly, driven by good demand in the PO markets, while demand in the wood pulp market remained largely stable. Prices were globally up, with a significant increase in Europe more than compensating for the high volatility in Asia. Prices in the region came down from 2018, when these had benefitted from supply constraints.

Coatis sales were down, mostly on lower export volumes of nylon salt, phenol and acetics from its Latin-American home base. Prices were down in local currency.

Underlying EBITDA rose +11%, of which 9.9% organically^[1] excluding forex conversion. Higher prices and excellence programs more than compensated higher raw material and energy costs. Volumes were supportive and the contribution of PVC joint venture Rusvinyl increased. Thanks to higher pricing, the EBITDA margin grew +1.1 percentage point to 29% in the quarter.

[1] Excluding forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

[2] Since 2019, Coatis incorporates the Fibras activities, formerly in Functional Polymers. As a result Functional Polymers only consists of the PVC joint venture Rusvinyl, which does not contribute to net sales.

SUPPLEMENTARY INFORMATION

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which can be found below. Solvay believes that these measurements are useful for analyzing and explaining changes and trends in its historical results of operations, as they allow performance to be compared on a consistent basis. For comparability purposes the 2018 reference figures are on a pro forma basis, as if IFRS 16 had been implemented in 2018. The balance sheet evolution is compared with January 1, 2019, which includes the IFRS 16 impact versus December 31, 2018.

Tax rate		Underlying	
		Q1 2019	Q1 2018 PF
(in € million)			
Profit for the period before taxes	a	288	282
Earnings from associates & joint ventures	b	19	17
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(7)	(7)
Income taxes	d	(72)	(67)
Tax rate	e = -d/(a-b-c)	26.1%	24.6%

Underlying tax rate = Income taxes / (Result before taxes – Earnings from associates & joint ventures – Interests & realized foreign exchange results on the RusVinyl joint venture) – all determined on an underlying basis. The adjustment made to the denominator regarding associates and joint ventures is done because these contributions are already net of income taxes.

Free cash flow (FCF)

(in € million)		Q1 2019	Q1 2018 PF
Cash flow from operating activities	a	172	347
Cash flow from investing activities	b	(192)	(142)
of which capital expenditures required by share sale agreement	c	(14)	(9)
Acquisition (-) of subsidiaries	d	(2)	(10)
Acquisition (-) of investments - Other	e	(2)	(1)
Loans to associates and non-consolidated companies	f	2	1
Sale (+) of subsidiaries and investments	g	(2)	50
Payment of lease liabilities	i	(21)	(23)
FCF	k = a+b-c-d-e-f-g+i	(24)	152
FCF from discontinued operations	l	58	42
FCF from continuing operations	m = k-l	(83)	110
Net interests paid	n	(3)	(9)
Coupons paid on perpetual hybrid bonds	o	(3)	-
Dividends paid to non-controlling interests	p	(2)	(1)
FCF to Solvay shareholders	q = k+n+o+p	(32)	141
FCF to Solvay shareholders from discontinued operations	r	58	42
FCF to Solvay shareholders from continuing operations	s = q-r	(91)	100

Free cash flow is calculated as cash flows from operating activities (excluding cash flows linked to acquisitions or disposals of subsidiaries), cash flows from investing activities (excluding cash flows from or related to acquisitions and disposals of subsidiaries and other investments, and excluding loans to associates and non-consolidated investments, as well as related tax elements and recognition of factored receivables) and payment of lease liabilities. Prior to the adoption of IFRS 16, operating lease payments were included in the free cash flow. Following the application of IFRS 16, because leases are generally considered to be operating in nature, the free cash flow incorporates the payment of the lease liability (excluding the interest expense). Not including this item in the free cash flow would result in a significant improvement of the free cash flow compared to prior periods, whereas the operations themselves have not been affected by the implementation of IFRS 16.

Free cash flow to Solvay shareholders is calculated as free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.

Capital expenditure (capex)

(in € million)		Q1 2019	Q1 2018 PF
Acquisition (-) of tangible assets	a	(155)	(158)
Acquisition (-) of intangible assets	b	(27)	(26)
Payment of lease liabilities	c	(21)	(23)
Capex	d = a+b+c	(202)	(207)
Capex in discontinued operations	e	(23)	(27)
Capex in continuing operations	f = d-e	(179)	(180)
Underlying EBITDA	g	571	533
Cash conversion	h = (f+g)/g	68.7%	66.3%

Capex is defined as cash paid for the acquisition of tangible and intangible assets presented in cash flows from investing activities, and cash paid on the lease liabilities (excluding interests paid), presented in cash flows from financing activities.

Cash conversion is a ratio used to measure the conversion of EBITDA into cash. It is defined as (Underlying EBITDA + Capex from continuing operations) / Underlying EBITDA.

Net working capital

(in € million)		2019		2018
		March 31	January 1	December 31
Inventories	a	1,827	1,685	1,685
Trade receivables	b	1,612	1,434	1,434
Other current receivables	c	683	718	719
Trade payables	d	(1,337)	(1,431)	(1,439)
Other current liabilities	e	(901)	(850)	(850)
Net working capital	f = a+b+c+d+e	1,884	1,557	1,550
Sales	g	2,859	2,830	2,830
Annualized quarterly total sales	h = 4*g	11,437	11,321	11,321
Net working capital / sales	i = f / h	16.5%	13.8%	13.7%

Net working capital includes inventories, trade receivables and other current receivables, netted with trade payables and other current liabilities.

Net financial debt

(in € million)		2019		2018
		March 31	January 1	December 31
Non-current financial debt	a	(3,561)	(3,520)	(3,180)
Current financial debt	b	(1,091)	(723)	(630)
IFRS gross debt	c = a+b	(4,652)	(4,243)	(3,810)
Other financial instruments	d	94	101	101
Cash & cash equivalents	e	1,261	1,103	1,103
Total cash and cash equivalents	f = d+e	1,354	1,205	1,205
IFRS net debt	g = c+f	(3,297)	(3,038)	(2,605)
Perpetual hybrid bonds	h	(2,500)	(2,500)	(2,500)
Underlying net debt	i = g+h	(5,797)	(5,538)	(5,105)
Underlying EBITDA (last 12 months)	j	2,344	2,330	2,230
Adjustment for discontinued operations ^[1]	k	357	315	305
Adjusted underlying EBITDA for leverage calculation ^[1]	l = j+k	2,700	2,645	2,536
Underlying leverage ratio^[1]	m = -i/l	2.1	2.1	2.0

(IFRS) net debt = Non-current financial debt + Current financial debt – Cash & cash equivalents – Other financial instruments. Underlying net debt represents the Solvay share view of debt, reclassifying as debt 100% of the hybrid perpetual bonds, classified as equity under IFRS. Leverage ratio = Net debt / Underlying EBITDA of last 12 months. Underlying leverage ratio = Underlying net debt / Underlying EBITDA of last 12 months.

[1] As net debt at the end of the period does not yet reflect the net proceeds to be received on the divestment of discontinued operations, whereas the underlying EBITDA excludes the contribution of discontinued operations, the underlying EBITDA is adjusted to calculate the leverage ratio. Polyamide's underlying EBITDA was added

Reconciliation of underlying income statement indicators

Besides IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of Solvay's economic performance. These figures 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 to generate a measure that avoids distortion and facilitates the appreciation of performance and comparability of results over time. For comparability purposes the 2018 reference figures are on a pro forma basis, as if IFRS 16 had been implemented in 2018.

Q1 consolidated income statement

(in € million)	Q1 2019			Q1 2018 PF		
	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	2,859	-	2,859	2,809	-	2,809
of which revenues from non-core activities	288	-	288	317	-	317
of which net sales	2,571	-	2,571	2,492	-	2,492
Cost of goods sold	(2,088)	-	(2,088)	(2,062)	-	(2,062)
Gross margin	771	-	772	746	-	746
Commercial costs	(96)	-	(96)	(91)	-	(91)
Administrative costs	(246)	8	(238)	(238)	8	(230)
Research & development costs	(79)	1	(78)	(70)	1	(69)
Other operating gains & losses	(48)	46	(3)	(50)	49	(1)
Earnings from associates & joint ventures	26	(7)	19	11	6	17
Result from portfolio management & reassessments	(35)	35	-	(145)	145	-
Result from legacy remediation & major litigations	(16)	16	-	(18)	18	-
EBITDA	530	41	571	414	144	558
Depreciation, amortization & impairments	(251)	56	(195)	(268)	82	(186)
EBIT	278	98	376	146	226	372
Net cost of borrowings	(31)	-	(31)	(36)	-	(36)
Coupons on perpetual hybrid bonds	-	(31)	(31)	-	(27)	(27)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(7)	(7)	-	(7)	(7)
Cost of discounting provisions	(23)	4	(20)	(19)	-	(19)
Profit for the period before taxes	225	63	288	91	191	282
Income taxes	(53)	(20)	(72)	(11)	(56)	(67)
Profit for the period from continuing operations	172	44	216	79	136	215
Profit (loss) for the period from discontinued operations	65	18	82	37	3	40
Profit for the period	237	61	298	117	139	255
attributable to Solvay shareholders	228	61	289	107	139	246
attributable to non-controlling interests	9	-	9	10	-	10
Basic earnings per share (in €)	2.21		2.80	1.03		2.38
of which from continuing operations	1.58		2.01	0.67		1.99
Diluted earnings per share (in €)	2.20		2.79	1.03		2.36
of which from continuing operations	1.58		2.00	0.67		1.98

EBITDA on an IFRS basis totaled €530 million, versus €571 million on an underlying basis. The difference of €41 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €(7) million in *"Earnings from associates & joint ventures"* for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange gains on the €-denominated debt of the joint venture, following the 8% revaluation of the Russian ruble over the period. These elements are reclassified in *"Net financial charges"*.
- €33 million to adjust for the *"Result from portfolio management and reassessments"*, excluding depreciation, amortization and impairment elements. This result comprises €(30) million of restructuring costs, almost entirely related to the cost booked for the Group simplification plan of €(24) million.
- €16 million to adjust for the *"Result from legacy remediation and major litigations"*, primarily environmental expenses.

EBIT on an IFRS basis totaled €278 million, versus €376 million on an underlying basis. The difference of €98 million is explained by the above-mentioned €41 million adjustments at the EBITDA level and €56 million of *"Depreciation, amortization & impairments"*. The latter consist of:

- €54 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in *"Administrative costs"* for €8 million, in *"Research & development costs"* for €1 million, and in *"Other operating gains & losses"* for €46 million.
- €2 million to adjust for the net impact of impairments, which are non-cash in nature and are reported in *"Result from portfolio management and reassessments"*.

Net financial charges on an IFRS basis were €(53) million versus €(88) million on an underlying basis. The €(34) million adjustment made to IFRS net financial charges consists of:

- €(31) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(7) million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges. The €14 million delta with the adjustment made to EBITDA is attributed to unrealized foreign exchange gains.
- €4 million for the net impact of decreasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €(53) million, versus €(72) million on an underlying basis. The €(20) million adjustment includes mainly:

- €(11) million to adjust for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €(9) million to adjust for tax elements related to prior periods.

Discontinued operations generated a profit of €65 million on an IFRS basis and €82 million on an underlying basis. The €18 million adjustment to the IFRS profit is made for costs related to the planned divestment of the polyamide activities.

Profit attributable to Solvay share was €228 million on an IFRS basis and €289 million on an underlying basis. The delta of €61 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Consolidated income statement

(in € million)	IFRS	
	Q1 2019	Q1 2018
Sales	2,859	2,809
of which revenues from non-core activities	288	317
of which net sales	2,571	2,492
Cost of goods sold	(2,088)	(2,064)
Gross margin	771	744
Commercial costs	(96)	(91)
Administrative costs	(246)	(238)
Research & development costs	(79)	(70)
Other operating gains & losses	(48)	(50)
Earnings from associates & joint ventures	26	11
Result from portfolio management & reassessments	(35)	(145)
Result from legacy remediation & major litigations	(16)	(18)
EBIT	278	144
Cost of borrowings	(36)	(34)
Interest on lendings & deposits	3	3
Other gains & losses on net indebtedness	2	(1)
Cost of discounting provisions	(23)	(19)
Profit for the period before taxes	225	93
Income taxes	(53)	(12)
Profit for the period from continuing operations	172	81
attributable to Solvay shareholders	163	71
attributable to non-controlling interests	9	10
Profit (loss) for the period from discontinued operations	65	37
Profit for the period	237	118
attributable to Solvay shareholders	228	109
attributable to non-controlling interests	9	10
Weighted average of number of outstanding shares, basic	103,223,084	103,354,210
Weighted average of number of outstanding shares, diluted	103,536,638	103,917,063
Basic earnings per share (in €)	2.21	1.05
of which from continuing operations	1.58	0.69
Diluted earnings per share (in €)	2.20	1.04
of which from continuing operations	1.58	0.68

Consolidated statement of comprehensive income

(in € million)	IFRS	
	Q1 2019	Q1 2018
Profit for the period	237	118
Gains and losses on hedging instruments in a cash flow hedge	-	8
Currency translation differences from subsidiaries & joint operations	174	(166)
Currency translation differences from associates & joint ventures	23	(12)
Recyclable components	197	(170)
Gains and losses on equity instruments measured at fair value through other comprehensive income	1	(1)
Remeasurement of the net defined benefit liability ^[1]	(74)	25
Non-recyclable components	(73)	24
Income tax relating to components of other comprehensive income	22	(4)
Other comprehensive income, net of related tax effects	147	(150)
Total comprehensive income	384	(32)
attributed to Solvay share	372	(40)
attributed to non-controlling interests	12	9

[1] The remeasurement of the net defined benefit liability of €(74) million in Q1 2019 mainly relates to the decrease of discount rates by 0.50 percentage point in both the euro and the U.S. dollar zone, partly offset by the return of plan assets.

Consolidated statement of cash flows

(in € million)	Q1 2019	Q1 2018
Profit for the period	237	118
Adjustments to profit for the period	433	463
Depreciation, amortization & impairments (-)	251	245
Earnings from associates & joint ventures (-)	(26)	(11)
Additions & reversals on provisions (-)	71	168
Other non-operating and non-cash items	16	(21)
Net financial charges (-)	54	52
Income tax expenses (-)	67	30
Changes in working capital	(332)	(141)
Uses of provisions	(96)	(90)
Dividends received from associates & joint ventures	6	5
Income taxes paid (including income taxes paid on sale of investments)	(75)	(35)
Cash flow from operating activities	172	320
Acquisition (-) of subsidiaries	(2)	(10)
Acquisition (-) of investments - Other	(2)	(1)
Loans to associates and non-consolidated companies	2	1
Sale (+) of subsidiaries and investments	(2)	50
Acquisition (-) of tangible and intangible assets (capex)	(181)	(184)
of which tangible assets	(155)	(158)
of which capital expenditures required by share sale agreement	(14)	(9)
of which intangible assets	(27)	(26)
Sale (+) of tangible & intangible assets	1	7
Changes in non-current financial assets	(9)	(5)
Cash flow from investing activities	(192)	(142)
Sale (acquisition) of treasury shares	6	2
Increase in borrowings	390	374
Repayment of borrowings	(13)	(410)
Changes in other current financial assets	4	(7)
Payment of lease liabilities	(21)	-
Net interests paid	(3)	(5)
Coupons paid on perpetual hybrid bonds	(3)	-
Dividends paid	(150)	(144)
of which to Solvay shareholders	(148)	(143)
of which to non-controlling interests	(2)	(1)
Other ^[1]	(42)	24
Cash flow from financing activities	168	(166)
Net change in cash and cash equivalents	147	12
Currency translation differences	10	(14)
Opening cash balance	1,103	992
Closing cash balance	1,261	990

Statement of cash flow from discontinued operations

(in € million)	Q1 2019	Q1 2018
Cash flow from operating activities	68	66
Cash flow from investing activities	(24)	(24)
Cash flow from financing activities	(3)	-
Net change in cash and cash equivalents	41	42

[1] Other cash flow from financing activities was positively impacted in 2018 and negatively in 2019 by cash flows related to margin calls.

Consolidated statement of financial position

	2019		2018
	March 31	January 1	December 31
(in € million)			
Intangible assets	2,856	2,861	2,861
Goodwill	5,236	5,173	5,173
Tangible assets	5,479	5,454	5,454
Rights-of-use assets ^[1]	470	428	-
Equity instruments measured at fair value through other comprehensive income	54	51	51
Investments in associates & joint ventures	484	441	441
Other investments	40	41	41
Deferred tax assets	1,142	1,123	1,123
Loans & other assets ^[2]	289	272	282
Non-current assets	16,050	15,844	15,427
Inventories	1,827	1,685	1,685
Trade receivables	1,612	1,434	1,434
Income tax receivables	136	97	97
Other financial instruments	94	101	101
Other receivables ^[3]	683	718	719
Cash & cash equivalents	1,261	1,103	1,103
Assets held for sale ^[4]	1,517	1,453	1,434
Current assets	7,130	6,592	6,574
Total assets	23,180	22,436	22,000
Share capital	1,588	1,588	1,588
Reserves ^[5]	9,306	8,927	8,920
Non-controlling interests	128	117	117
Total equity	11,023	10,632	10,624
Provisions for employee benefits	2,746	2,672	2,672
Other provisions ^[6]	861	868	883
Deferred tax liabilities	616	618	618
Financial debt ^[7]	3,561	3,520	3,180
Other liabilities	126	121	121
Non-current liabilities	7,909	7,798	7,474
Other provisions ^[6]	307	281	281
Financial debt ^[7]	1,091	723	630
Trade payables ^[8]	1,337	1,431	1,439
Income tax payables	134	114	114
Dividends payable	4	154	154
Other liabilities	901	850	850
Liabilities associated with assets held for sale ^[4]	475	454	435
Current liabilities	4,249	4,006	3,902
Total equity & liabilities	23,180	22,436	22,000

Impact of implementation of IFRS 16 from January 1, 2019:

[1] Inclusion of "Rights-of-use assets" in "Non-current assets" for €428 million;

[2] Decrease of "Loans & other assets" by €(10) million;

[3] Decrease of "Other receivables" by €(1) million;

[4] Assets and liabilities associated with assets held for sale increased by €19 million for the right-of-use assets and lease liabilities related to the polyamide activities;

[5] Increase of "Reserves" by €8 million;

[6] Decrease of "Provisions" by €(16) million, of which €(16) million in "Non-current liabilities" and €(1) million in "Current liabilities";

[7] Increase of "Financial debt" by €433 million, of which €340 million in "Non-current liabilities" and €93 million in "Current liabilities";

[8] Decrease of "Trade payables" by €(8) million.

Consolidated statement of changes in equity

	Revaluation reserve (fair value)											
(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value through other comprehensive income	Cash flow hedges	Defined benefit pension plans	Total reserves	Non-controlling interests	Total equity
Balance on December 31, 2017	1,588	1,170	(281)	2,188	6,454	(834)	5	16	(666)	8,051	113	9,752
Adoption IFRS 9	-	-	-	-	(5)	-	-	-	-	(5)	-	(5)
Balance on January 1, 2018	1,588	1,170	(281)	2,188	6,449	(834)	5	16	(666)	8,046	113	9,747
Profit for the period	-	-	-	-	109	-	-	-	-	109	10	118
Items of other comprehensive income ^[1]	-	-	-	-	-	(795)	(3)	22	128	(649)	(1)	(150)
Comprehensive income	-	-	-	-	109	(177)	(1)	8	21	(40)	9	(32)
Cost of stock options	-	-	-	-	3	-	-	-	-	3	-	3
Sale (acquisition) of treasury shares	-	-	2	-	-	-	-	-	-	2	-	2
Balance on March 31, 2018	1,588	1,170	(279)	2,188	6,560	(1,011)	5	24	(645)	8,011	121	9,720
Balance on December 31, 2018	1,588	1,170	(299)	2,486	6,834	(618)	9	(26)	(636)	8,920	117	10,624
Adoption IFRS 16	-	-	-	-	8	-	-	-	-	8	-	8
Balance on January 1, 2019	1,588	1,170	(299)	2,486	6,842	(618)	9	(26)	(636)	8,928	117	10,632
Profit for the period	-	-	-	-	228	-	-	-	-	228	9	237
Items of other comprehensive income ^[1]	-	-	-	-	-	194	-	2	(53)	144	3	147
Comprehensive income	-	-	-	-	228	194	-	2	(53)	372	12	384
Cost of stock options	-	-	-	-	5	-	-	-	-	5	-	5
Coupons of perpetual hybrid bonds	-	-	-	-	(3)	-	-	-	-	(3)	-	(3)
Sale (acquisition) of treasury shares	-	-	6	-	-	-	-	-	-	6	-	6
Other	-	-	-	-	(2)	-	1	-	-	(1)	-	(1)
Balance on March 31, 2019	1,588	1,170	(293)	2,486	7,070	(423)	10	(24)	(689)	9,306	128	11,023

[1] The decrease in 2018 and increase in 2019 in equity related to currency translation differences is mainly related to changes in the U.S. dollar to euro exchange rate.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on May 6, 2019.

On January 18, 2019, the European Commission cleared the divestment of Solvay's Polyamides activities to BASF, a key milestone in the completion of Solvay's transformation into an advanced materials and specialty chemicals company. The closing of the transaction is expected in the second part of 2019 after all remaining closing conditions will have been fulfilled. These conditions include the divestment of a remedy package to a third-party buyer to address the European Commission's competition concerns. BASF has offered remedies involving part of the assets originally in the scope of the acquisition. These entail among others the manufacturing assets of Solvay's polyamide intermediates, technical fibers, and engineering plastics business as well as its innovation capabilities in Europe.

2. Accounting policies

General

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 "*Interim Financial Reporting*". They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

The condensed consolidated interim financial statements for the three months ended March 31, 2019, were prepared using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards and amendments effective as of January 1, 2019, that are discussed hereafter. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Impacts of new Standards and amendments

As of January 1, 2019, the Group applied, for the first time, IFRS 16 "*Leases*", and the amendments to IAS 12 "*Income Taxes*" as part of the annual improvements to IFRS standards 2015–2017 cycle. As required by IAS 34 for condensed consolidated interim financial statements, the nature and effect of these changes are disclosed below.

Several other amendments and Interpretations apply for the first time in 2019, but do not have a more than insignificant impact on the condensed consolidated interim financial statements of the Group.

IFRS 16 "*Leases*"

As from January 1, 2019, the Group no longer applies IAS 17 "*Leases*", IFRIC 4 "*Determining whether an Arrangement contains a Lease*", SIC-15 "*Operating Leases – Incentives*" and SIC-27 "*Evaluating the Substance of Transactions Involving a Legal Form of a Lease*". IFRS 16 is applicable for annual periods beginning on or after January 1, 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model, similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, lessees recognize a lease liability (i.e. a liability to make lease payments), and a right-of-use asset (i.e. an asset representing the right to use the underlying asset over the lease term).

The Group's leased assets relate mainly to buildings, transportation equipment, and industrial equipment.

The right-of-use assets are presented separately in the consolidated statement of financial position, and the lease liabilities are presented as part of financial debt.

On January 1, 2019, the Group:

- adopted IFRS 16, using the modified retrospective approach and did not restate comparative information. The Group did publish pro forma comparative information outside its IFRS financial statements, that was included in the fourth quarter 2018 Financial Report;
- measured the lease liability for leases previously classified as an operating lease at the present value of the remaining lease payments, discounted using the respective Group entity's incremental borrowing rate as of January 1, 2019. The lease liability amounted to €433 million, as further detailed in the table below. The weighted average incremental borrowing rate was 3.73%;
- measured the right-of-use assets for leases previously classified as an operating lease at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position at December 31, 2018. The right-of-use assets amounted to €428 million;
- used the practical expedient available on transition to IFRS 16 related to onerous contracts, adjusting the right-of-use assets at January 1, 2019 by the amount of any provision for onerous leases recognized in the statement of financial position immediately before January 1, 2019. Such positively impacted the retained earnings as of January 1, 2019 by €8 million.

The following reconciliation to the opening balance for the lease liability as at January 1, 2019 is based upon the operating lease obligations as at December 31, 2018:

(in € million)	January 1, 2019
Total of future minimum lease payments under non-cancellable operating leases (undiscounted) at December 31, 2018	491
Minimum lease payments of finance leases (undiscounted) at December 31, 2018	90
Other	24
Lease liabilities (undiscounted) at January 1, 2019	606
Discounting	(137)
Present value of minimum lease payments of finance leases at December 31, 2018	(36)
Additional lease liabilities as a result of the initial application of IFRS 16 as at January 1, 2019	433

“Other” mainly includes onerous lease contracts, previously recognized in “Other provisions” for €16 million, and accrued lease payments, previously included in “Trade payables” for €8 million.

As a result of the adoption of IFRS 16, for the first quarter of 2019, depreciation and finance expense increased by €25 million and €4 million, respectively, and operating expenses decreased by €(26) million. In addition, the operating cash flows increased by €26 million, against a decrease of financing cash flows.

Amendments to IAS 12 “Income Taxes” as part of the annual improvements to IFRS standards 2015–2017 cycle

As from January 1, 2019, the Group applies the amendments to IAS 12, that apply to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period, i.e. January 1, 2018.

In 2018, the income tax consequences of the coupons on perpetual hybrid bonds classified as equity were recognized in equity. As a result of the adoption of the amendment, those income tax consequences will be recognized in profit or loss.

(in € million)		Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Profit for the period, IFRS as published	a	118	235	288	257	897
Tax on hybrids in equity	b	-	15	-	5	19
Profit for the period, IFRS restated	c = a+b	118	249	288	261	917
Profit for the period attributable to non-controlling interests, IFRS restated	d	10	9	11	9	39
Profit for the period attributable to Solvay shareholders, IFRS restated	e = c-d	109	240	277	252	877
Weighted average of number of outstanding shares, basic	f	103,354,210	103,275,653	103,277,950	103,198,714	103,276,632
Basic earnings per share (in €), IFRS restated	g = e/f	1.05	2.32	2.68	2.44	8.49

In the cash flow statement, increase in “Profit for the period” is offset by lower “Income tax expenses”;

In the statement of changes in equity, increase in “Profit for the period” is offset by lower “Other” changes in “Retained Earnings”.

New accounting policies

IFRS 16 “Leases”

Definition of a lease

At inception of a contract, which generally coincides with the date the contract is signed, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

An asset is typically *identified* by being explicitly specified in a contract. However, an asset can also be identified by being implicitly specified at the time that the asset is made available for use by the customer. If the supplier has a substantive substitution right, then the asset is not identified.

To assess whether a contract conveys *the right to control the use* of an identified asset, the Group assesses whether, throughout the period of use, it has:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset. This is generally the case when the Group has the decision-making rights regarding how and for what purpose the asset is used.

Lease term

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

In its assessment, the Group considers the impact of the following factors (non-exhaustive):

- contractual terms and conditions for the optional periods, compared with market rates;
- significant leasehold improvements undertaken (or expected to be undertaken) over the term of the contract;
- costs relating to the termination of the lease, including relocation costs, costs of identifying another underlying asset suitable for the Group's needs, costs of integrating a new asset into the Group's operations, and termination penalties;
- the importance of that underlying asset to the Group's operations, including the availability of suitable alternatives;
- conditionality associated with exercising the option (i.e. when the option can be exercised only if one or more conditions are met), and the likelihood that those conditions will exist; and
- past practice.

Right-of-use asset and lease liability

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, which is the date that the lessor makes the asset available for use by the Group.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received; and
- any initial direct costs incurred by the Group.

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated using the straight-line depreciation method, from the commencement date to (a) the end of the useful life of the underlying asset, in case the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or the lease contains a purchase option that the Group is reasonably certain to exercise, or (b) the earlier of the end of the useful life and the end of the lease term, in all other cases.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entity's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for early terminating the lease, if the Group is reasonably certain to exercise an option to early terminate the lease.

Service components (e.g. utilities, maintenance, insurance, ...) are excluded from the measurement of the lease liability.

After the commencement date, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect the impact from a revised index or rate.

Amendments to IAS 12 "Income Taxes" as part of the annual improvements to IFRS standards 2015–2017 cycle

Tax impacts relating to the coupons of perpetual hybrid bonds classified as equity are recognized in profit or loss, to the extent that they are considered to stem from past transactions or events that generated distributable profits.

3. Segment information

Solvay is organized in the following operating segments:

- **Advanced Materials** offers a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO₂ and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Advanced Formulations** includes a broad-based portfolio of surface chemistries focused on improving the world's resource efficiency. The segment offers customized formulations that alter fluids behavior to optimize yield while reducing environmental impact. Major markets include resource efficiency in oil & gas, mining and agriculture, as well as consumer goods, and food.
- **Performance Chemicals** hosts chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. It provides resilient profitability thanks to good pricing and market dynamics, underpinned by high quality assets.
- **Corporate & Business Services** includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO₂ emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q1 2019	Q1 2018
Net sales	2,571	2,492
Advanced Materials	1,124	1,087
Advanced Formulations	728	730
Performance Chemicals	718	671
Corporate & Business Services	2	4
Underlying EBITDA	571	533
Advanced Materials	290	288
Advanced Formulations	126	118
Performance Chemicals	206	177
Corporate & Business Services	(51)	(51)
Underlying depreciation, amortization & impairments	(195)	(163)
Underlying EBIT	376	370
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions [1]	(54)	(57)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	7	(6)
Result from portfolio management & reassessments	(35)	(145)
Result from legacy remediation & major litigations	(16)	(18)
EBIT	278	144
Net financial charges	(54)	(51)
Profit for the period before taxes	225	93
Income taxes	(53)	(12)
Profit for the period from continuing operations	172	81
Profit (loss) for the period from discontinued operations	65	37
Profit for the period	237	118
attributable to non-controlling interests	9	10
attributable to Solvay shareholders	228	109

The Q1 2018 figures have been prepared using IAS 17. The pro forma Q1 2018 figures, prepared using IFRS 16 have been published outside the IFRS financial statements, and were included in the fourth quarter 2018 Financial Report.

[1] The non-cash PPA impacts can be found in the reconciliation table on page 12. For Q1 2019 these consist of €(54) million of amortization of intangible assets, which are adjusted in "Administrative costs" for €8 million, in "Research & development costs" for €1 million, and in "Other operating gains & losses" for €46 million.

4. Financial Instruments

Valuation techniques

Compared to December 31, 2018, there are no changes in valuation techniques.

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of March 31, 2019, is not significantly different from the ones published in Note F35 of the consolidated financial statements for the year ended December 31, 2018.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of March 31, 2019, is not significantly different from the ones as published in the Note F35 of the consolidated financial statements for the year ended December 31, 2018.

5. Events after the reporting period

On April 3, 2019, Solvay announced that its subsidiary Solvay Finance SA will exercise its first call option on its €700 million hybrid bond (ISIN XS0992293570 / Common Code 099229357). This perpetual deeply subordinated bond, bearing an annual interest rate of 4.199%, is treated as equity under IFRS rules. Its repayment is due on May 12, 2019 at the end of the first 5.5 years. This operation follows the successful issuance of €300 million perpetual hybrid bond with a coupon of 4.25% on December 4, 2018. As a result, the overall quantum of hybrid bonds in Solvay's balance sheet, which rose from €2.2 billion to €2.5 billion at the end of 2018, will decrease to €1.8 billion by mid-2019.

6. Declaration by responsible persons

Ilham Kadri, Chief Executive Officer, and Karim Hajjar, Chief Financial Officer, of the Solvay Group, declare that to the best of their knowledge:

- The condensed consolidated financial information, prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Solvay Group;
- The management report contains a faithful presentation of significant events occurring during the first quarter of 2019, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2018 Annual Integrated Report, taking into account the current economic and financial environment.



- **May 7, 2019** First quarter 2019 results
- **May 14, 2019** Annual general meeting
- **May 21, 2019** Final dividend ex-coupon date
- **May 22, 2019** Final dividend record date
- **May 23, 2019** Final dividend payment date
- **July 31, 2019** First half 2019 results
- **November 7, 2019** Nine months 2019 results
- **February 26, 2020** Full year 2019 results



- **Press release**
- **News corner**
- **Investors corner**
- **Earnings toolkit:** financial report, presentation, excel tables, financial & extra-financial glossary
- **Analysts & Investors conference call (9:30am CET)**
- **Annual integrated report**



Investor relations

Geoffroy Raskin
+32 2 264 1540
geoffroy.raskin@solvay.com

Jodi Allen
+1 609 860 4608
jodi.allen@solvay.com

Bisser Alexandrov
+32 2 264 3687
bisser.alexandrov@solvay.com

Media relations

Caroline Jacobs
+32 2 264 1530
caroline.jacobs@solvay.com

Victoria Binoche
+33 1 44 94 86 72
vbinoche@apcoworldwide.com



Safe harbor

This press release 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 press release 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&I 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.



Solvay is an advanced materials and specialty chemicals company, committed to developing chemistry that addresses key societal challenges. Solvay innovates and partners with customers worldwide in many diverse end markets. Its products are used in planes, cars, batteries, smart and medical devices, as well as in mineral and oil & gas extraction, enhancing efficiency and sustainability. Its lightweighting materials promote cleaner mobility, its formulations optimize the use of resources and its performance chemicals improve air and water quality.

Solvay is headquartered in Brussels with around 24,500 employees in 62 countries. Net sales were €10.3 billion in 2018, with 90% from activities where Solvay ranks among the world's top 3 leaders, resulting in an EBITDA margin of 22%. Solvay SA (**SOLB.BE**) is listed on Euronext Brussels and Paris Bloomberg: **SOLB.BB** - Reuters: **SOLB.BR** and in the United States its shares (**SOLVY**) are traded through a level-1 ADR program. *(Figures take into account the announced divestment of Polyamides.)*



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Contact us
investor.relations@solvay.com