SOLVAY

asking more from chemistry®

First nine months 2018

Financial report

Inside / regulated information

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Forenote

Following the announcement in September 2017 of plans to divest the Polyamide business, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the first nine months income statement has been restated.

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 10 are on an underlying basis, unless otherwise stated.

9M 2018 UNDERLYING BUSINESS REVIEW [1]

- Sales and underlying EBITDA grew 6% organically, driven by higher volumes in each operating segment and pricing power.
- Underlying EBITDA fell 1% overall due to forex conversion headwinds and a small reduction in scope.
- Third quarter volume growth was softer in Advanced Materials in specific end-markets.
- EBITDA margin was down slightly at 22%.

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- The 19% reduction of net financial charges reflected continued deleveraging and optimization of Solvay's capital structure.
- Underlying tax rate was 2.5 percentage points lower at 25%.

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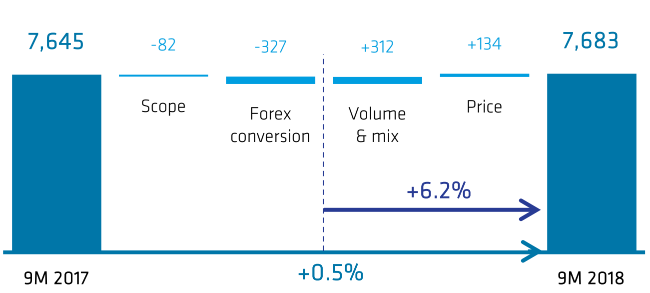
- Free cash flow from continuing operations was lower than in 2017 due to higher working capital needs.
- Free cash flow to Solvay shareholders increased 7% to €271 million on a strong contribution from discontinued operations and lower financial payments.
- Interim dividend of €1.44 gross per share, a 4.3% increase [3], will be payable on January 17, 2019.

9M key figures	IFRS			Underlying		
(in € million)	9M 2018	9M 2017	*% yoy*	9M 2018	9M 2017	*% yoy*
Net sales	7,683	7,645	*+0.5%*	7,683	7,645	*+0.5%*
EBITDA	1,469	1,572	*-6.6%*	1,725	1,737	*-0.7%*
EBITDA margin				*22.4%*	*22.7%*	*-0.3pp*
EBIT	752	771	*-2.5%*	1,224	1,220	*+0.3%*
Net financial charges	(138)	(211)	*+35%*	(247)	(304)	*+19%*
Income tax expenses	(132)	(9)	*n.m.*	(232)	(239)	*+2.9%*
Tax rate				*24.6%*	*27.0%*	*-2.5pp*
Profit from discontinued operations	158	280	*-44%*	169	157	*+7.4%*
(Profit) loss attributable to non-controlling interests	(30)	(39)	*-24%*	(30)	(40)	*-24%*
Profit attributable to Solvay shareholders	611	792	*-23%*	883	794	*+11%*
Basic earnings per share (in €)	5.91	7.67	*-23%*	8.54	7.68	*+11%*
of which from continuing operations	4.38	4.99	*-12%*	6.91	6.20	*+11%*
Capex				(558)	(535)	*-4.3%*
of which from continuing operations				(488)	(473)	*-3.1%*
Free cash flow				418	484	*-14%*
of which from continuing operations				*275*	*446*	*-38%*
Free cash flow to Solvay shareholders				271	253	*+7.3%*
Net financial debt [2]	(3,325)			(5,525)		

[1] A full reconciliation of IFRS and underlying income statement data can be found on page 13 of this report.
[2] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.
[3] As in previous years, the interim dividend corresponds to 40% of the full year dividend of the prior year.

Net sales

(in € million)



Net sales were stable overall. Organic growth of 6%, from both volumes and prices, offset scope and forex conversion effects.

The reduction in **scope** [1] had a 1.1% effect and comprised the divestments of the polyolefin cross-linkable compounds and formulated resins businesses in June 2017, as well as part of the phosphorous business in February 2018.

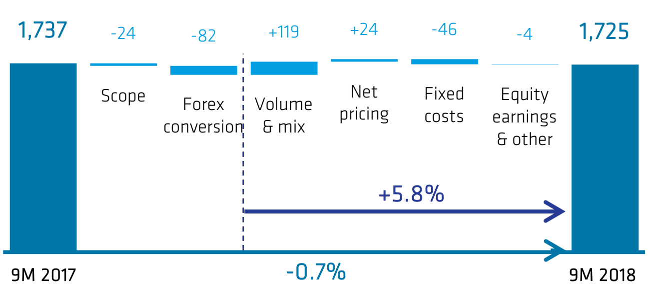
Foreign exchange conversion had an adverse effect of 4%, mainly related to the depreciation of the U.S. dollar in the first half of the year, as well as that of the Brazilian real.

Volumes rose 4%, although the growth slowed over the period from 5% in the first half to 3% in the third quarter of the year. In Advanced Materials strong growth for Solvay's polymers and composites technologies in aeronautics, automotive and healthcare, was tempered by lower demand in smart devices and fluorinated gases used in insulation, especially in the third quarter, as anticipated. Volumes in Advanced Formulations were up across applications, although growth in the North American shale oil & gas market is gradually stabilizing. In Performance Chemicals, higher demand for peroxides and recovery in Coatis' domestic Latin American market supported volume growth.

Prices were up 2% overall. In Advanced Formulations, recovery continued in Novecare's activities and prices strengthened in Aroma Performance as well. Prices also rose in Performance Chemicals due to tight market conditions in peroxides and in Solvay's Latin American Coatis business.

Underlying EBITDA

(in € million)



Underlying EBITDA dropped 0.7% in the first nine months. Excluding forex conversion and scope effects, it grew 6% organically, attributable to strong volume growth and pricing power. The underlying **EBITDA margin** was slightly lower at 22%.

Volume growth had a 7% positive impact on EBITDA.

Net pricing was up 1.4%, demonstrating Solvay's pricing power amid higher raw materials and energy prices.

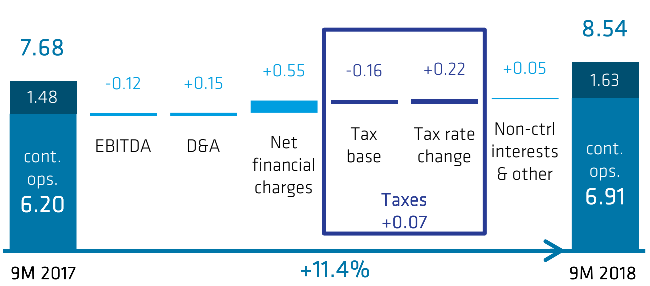
Fixed costs were up, reflecting investments to better support continued volume growth, particularly in Composite Materials. Operational excellence and synergies partly offset inflation.

Other elements included the net impact of the one-off synergy gain on post-retirement benefits in the second quarter.

In the **third quarter**, Underlying EBITDA grew 5% organically. As expected, this is slightly lower than the 6% in the first half, due to the anticipated lower volumes in smart devices and insulation. Higher pricing offset the increase in raw materials costs and higher fixed costs.

Earnings per share

(in € million)



Underlying **earnings per share** [3] grew 11% to €8.54 year on year, including a €1.63 contribution from discontinued operations. On a continuing basis, underlying earnings per share grew 11% to €6.91, mainly thanks to lower financial charges and the lower tax rate.

Underlying **EBIT** was stable at €1,224 million, due to slightly lower depreciation charges.

Underlying **net financial charges** [2] were €(247) million, 19% lower, reflecting the impacts of ongoing deleveraging and optimization of the debt structure.

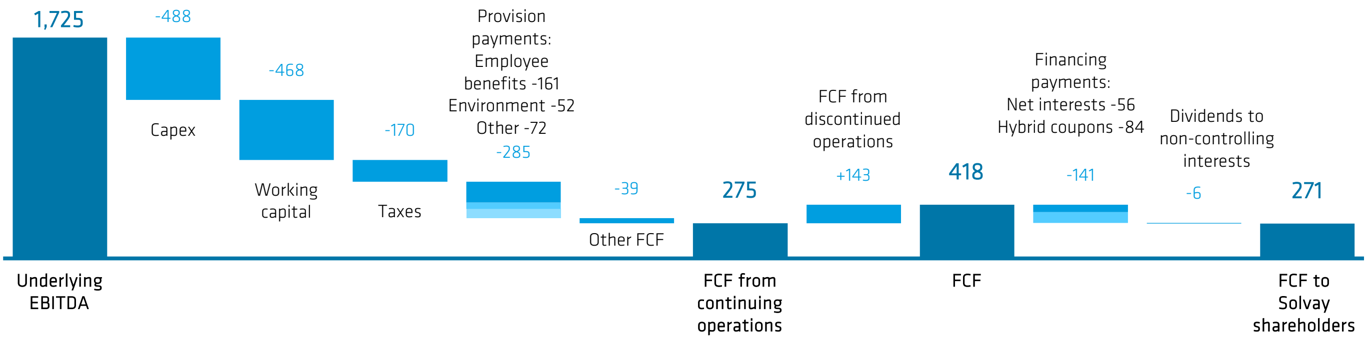
Underlying **taxes** were lower than last year at €(232) million, with a tax rate of 25% compared to 27% in the first nine months of 2017.

The underlying contribution from **discontinued operations** was €169 million, up versus 2017 thanks to the strong performance of the polyamide activities that are planned to be sold to BASF. This compensated for the absence of contributions from Acetow, which was sold at the end of May 2017.

[1] Scope effects include acquisitions and divestments of smaller businesses not leading to the restatement of previous periods.
[2] 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 in the RusVinyl joint venture (under IFRS are part of the earnings from associates & joint ventures and thereby included in the IFRS EBITDA).
[3] Earnings per share, basic calculation

Free cash flow (FCF)

(in € million)

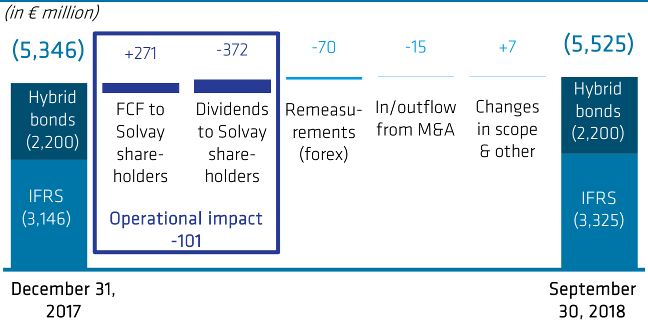


Free cash flow from continuing operations fell to €275 million from €446 million in 2017. The decrease is largely attributable to working capital needs, which were €(138) million higher than in 2017. Inventory levels were up at the end of September, anticipating planned maintenance shutdowns in the fourth quarter, and earlier this year more variable remuneration was paid following a better prior year performance. Total free cash flow was €418 million, which includes a strong contribution from discontinued operations.

Free cash flow to Solvay shareholders was €271 million, up 7%, benefiting from lower financing payments as a result of continued deleveraging.

Net financial debt

(in € million)



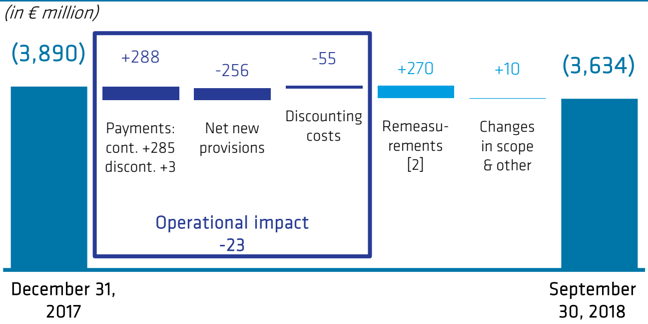
Underlying net financial debt [1] increased to €(5.5) billion, from €(5.3) billion at the start of the year, including €(2.2) billion perpetual hybrid bonds,

Dividend payments to the Solvay shareholders for the financial year 2017 were €(372) million, paid out in the first half.

Remeasurements of €(70) million follow the appreciation of the U.S. dollar by 4% over the first nine months.

Provisions

(in € million)



Provisions came down from €(3.9) billion to €(3.6) billion, mainly as a result of remeasurements of the liabilities, following an increase in discount rate changes and changes in other actuarial assumptions.

The **operational impact** was €(23) million. New provisions, primarily the €(168) million for the announced simplification plan, offset discounting costs and down-payments. The latter consisted chiefly of €148 million for pensions.

[1] Underlying net financial debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.
[2] Impact of index, mortality, forex & discount rate changes

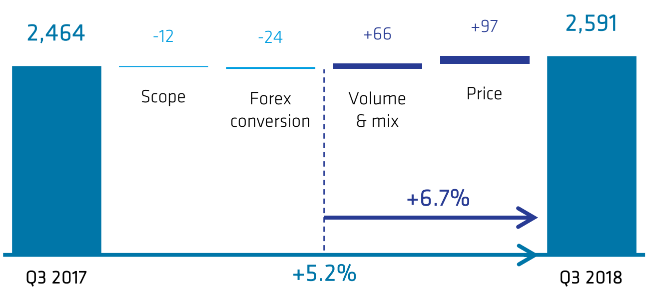
Q3 2018
UNDERLYING KEY FIGURES [1]

Q3 key figures

(in € million)	IFRS Q3 2018	IFRS Q3 2017	IFRS % yoy	Underlying Q3 2018	Underlying Q3 2017	Underlying % yoy
Net sales	2,591	2,464	*+5.2%*	2,591	2,464	*+5.2%*
EBITDA	544	499	*+9.1%*	574	553	*+3.8%*
EBITDA margin				*22.2%*	*22.5%*	*-0.3pp*
EBIT	309	169	*+83%*	405	372	*+9.0%*
Net financial charges	(48)	(61)	*+22%*	(84)	(98)	*+14%*
Income tax expenses	(43)	91	*n.m.*	(77)	(63)	*-21%*
Profit from discontinued operations	69	(6)	*n.m.*	63	30	*n.m.*
(Profit) loss attributable to non-controlling interests	(11)	(13)	*-16%*	(11)	(12)	*-8.1%*
Profit attributable to Solvay shareholders	277	179	*+55%*	297	229	*+29%*
Basic earnings per share (in €)	2.68	1.73	*+55%*	2.87	2.22	*+30%*
of which from continuing operations	2.01	1.79	*+13%*	2.26	1.93	*+18%*
Capex				(188)	(174)	*-7.8%*
of which from continuing operations				(166)	(153)	*-8.7%*
Free cash flow				200	227	*-12%*
of which from continuing operations				151	195	*-23%*
Free cash flow to Solvay shareholders				195	218	*-11%*
Net financial debt [2]	(3,325)			(5,525)		

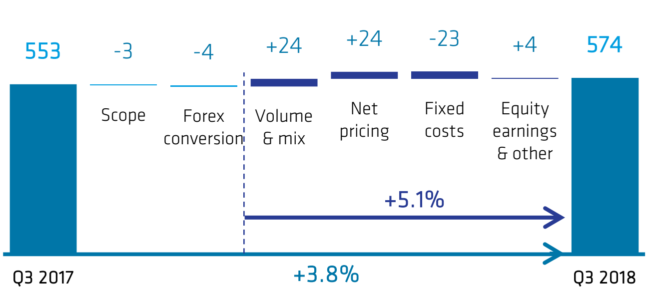
Yoy net sales bridge

(in € million)



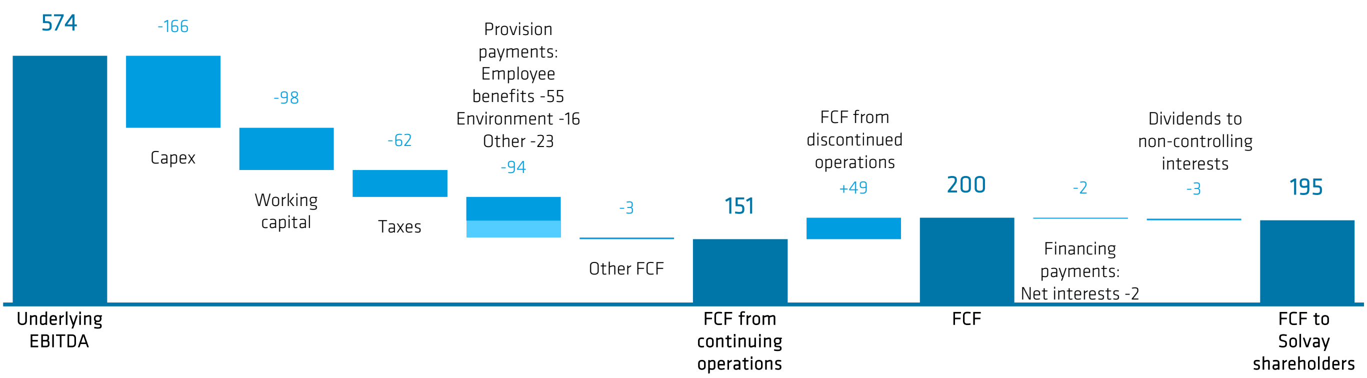
Yoy underlying EBITDA bridge

(in € million)



Cash generation

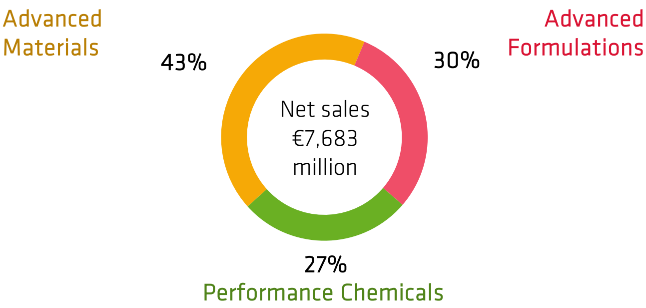
(in € million)

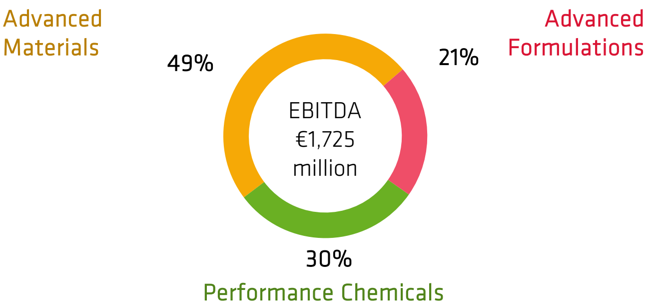


[1] A full reconciliation of IFRS and underlying income statement data can be found on page 13 of this report.
[2] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

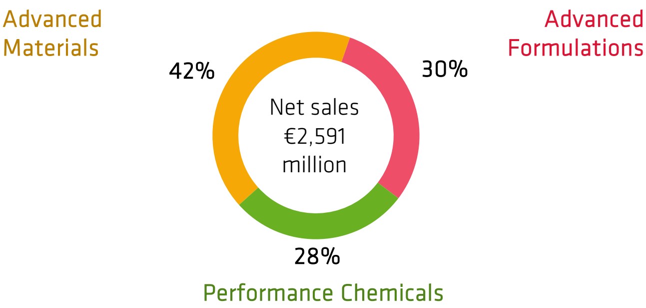
SEGMENT REVIEW [1]

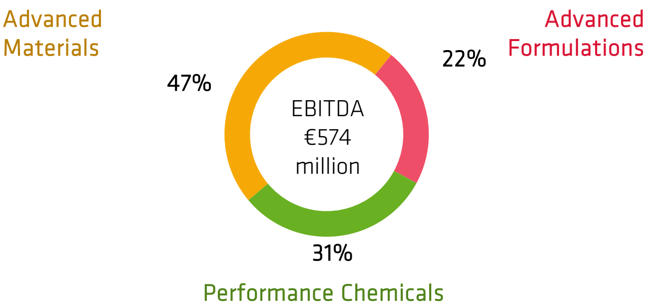
9M 2018





Q3 2018





Segment review

	Underlying					
(in € million)	Q3 2018	Q3 2017	*% yoy*	9M 2018	9M 2017	*% yoy*
Net sales	2,591	2,464	*+5.2%*	7,683	7,645	*+0.5%*
Advanced Materials	1,082	1,052	*+2.9%*	3,292	3,323	*-0.9%*
Advanced Formulations	788	721	*+9.3%*	2,293	2,219	*+3.3%*
Performance Chemicals	720	684	*+5.2%*	2,091	2,087	*+0.2%*
Corporate & Business Services	1	7	*-84%*	6	17	*-64%*
EBITDA	574	553	*+3.8%*	1,725	1,737	*-0.7%*
Advanced Materials	292	294	*-0.6%*	922	942	*-2.1%*
Advanced Formulations	141	129	*+9.0%*	403	386	*+4.3%*
Performance Chemicals	192	178	*+8.2%*	557	579	*-3.7%*
Corporate & Business Services	(51)	(47)	*-7.9%*	(158)	(170)	*+7.3%*
EBIT	405	372	*+9.0%*	1,224	1,220	*+0.3%*
Advanced Materials	218	206	*+5.6%*	704	714	*-1.4%*
Advanced Formulations	106	94	*+13%*	299	280	*+7.0%*
Performance Chemicals	149	133	*+12%*	425	442	*-3.8%*
Corporate & Business Services	(67)	(61)	*-9.4%*	(205)	(216)	*+5.1%*

CORPORATE & BUSINESS SERVICES

Underlying EBITDA costs at €(158) million were lower than in the first nine months of 2017. While inflation was offset by cost discipline and delivery on synergies, Solvay benefitted from phasing of costs over the year. The contribution from Energy Services was lower, compared to the first nine months of 2017, which benefited from one-time opportunities on the energy market.

[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

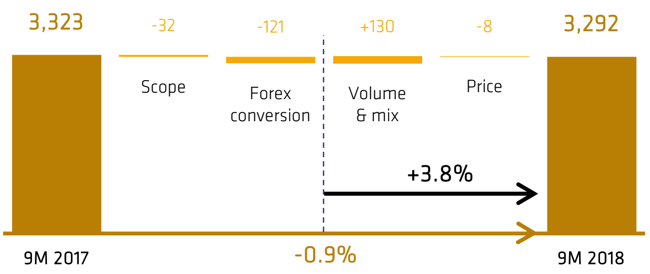
- Underlying EBITDA down 2% overall, and up 3% organically [1] over the first nine months.
- Volume growth continued in polymers and composites technologies for aeronautics, automotive and healthcare.
- Sales dipped in smart devices and fluorinated gases used in insulation, mainly in the third quarter, as anticipated.

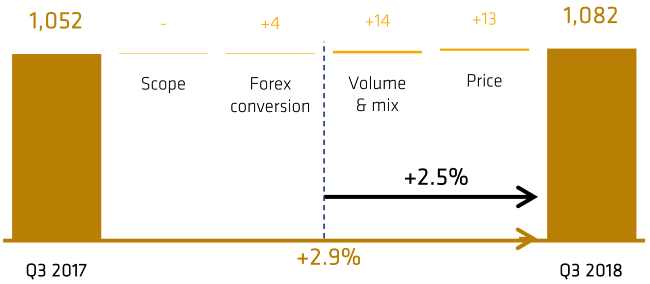
Key figures

(in € million)	Underlying					
	Q3 2018	Q3 2017	% yoy	9M 2018	9M 2017	% yoy
Net sales	1,082	1,052	*+2.9%*	3,292	3,323	*-0.9%*
Specialty Polymers	509	509	*-0.1%*	1,534	1,550	*-1.0%*
Composite Materials	262	232	*+13%*	794	788	*+0.7%*
Special Chem	202	204	*-1.1%*	631	649	*-2.7%*
Silica	109	106	*+2.8%*	333	336	*-0.9%*
EBITDA	292	294	*-0.6%*	922	942	*-2.1%*
EBITDA margin	*27.0%*	*27.9%*	*-0.9pp*	*28.0%*	*28.4%*	*-0.3pp*
EBIT	218	206	*+5.6%*	704	714	*-1.4%*

Yoy net sales bridge

(in €million)





9M 2018 performance

Net sales fell 0.9% due to foreign exchange rate conversion and a reduction in scope (divestment of the polyolefin cross-linkable compounds business) in the first half of the year. Excluding these, sales rose 4% organically, supported by volume growth in Specialty Polymers and Composite Materials. The rise in nominal prices was offset by transactional forex effects.

Specialty Polymers delivered strong volume growth in the nine-month period, driven by healthcare as well as automotive, where fuel-efficiency and electrification trends offer superior growth compared to car production in general. Third quarter sales were down, however, as the impact from the anticipated lower demand for smart devices offset growth in other end-markets.

Composite Materials volumes grew at a high single-digit rate throughout the nine- month period. The ramp-up of the F-35 military aircraft accelerated and the helicopter and business jet sectors improved. Demand from newer passenger aircraft programs (mainly the 787 and 737MAX families) continued to grow, while the headwinds on larger legacy planes (mainly the 777 and A380) are gradually easing. Industrial applications grew as well, albeit from an easy comparable quarter last year.

Volumes were flat in **Special Chem**, as robust demand from electronics was offset by the foreseen ongoing phase-out of fluorinated insulation blowing agents, a trend which began earlier this year and accelerated in the third quarter. In addition, the shift from diesel to gasoline in automotive catalysts continued to pressure the business.

Silica sales for use in fuel-efficient tires were up in North America and Europe. The force majeure's in Brazil and China in the second quarter have been resolved.

Underlying EBITDA was down 2% overall and up 3% organically, excluding scope effects and forex conversion. Volume growth, higher prices and variable cost optimization nearly compensated for the transactional forex effects and the sharp price increase of fluorspar. Fixed costs rose in support of investments made in Composite Materials, to increase productivity and enhance customer service levels, as the business prepares for continued volume growth. Consequently, the underlying EBITDA margin was slightly down at 28%.

[1] Excluding forex conversion and scope effects.

ADVANCED FORMULATIONS

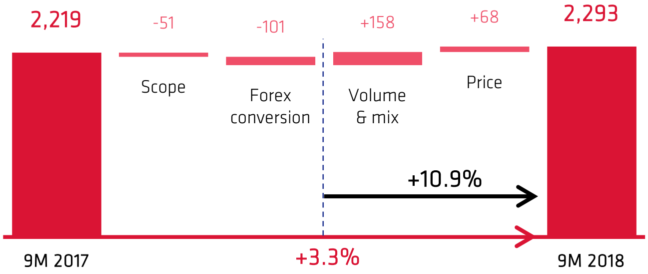
- Underlying EBITDA up 4% overall, and up 16% organically [1] over the first nine months.
- Volume growth was strong across end-markets, although the growth rate in the North American shale oil & gas market is stabilizing.
- Pricing power more than compensated for higher raw materials prices.

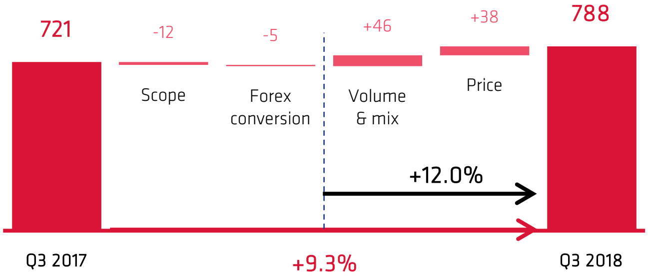
Key figures

(in € million)	Q3 2018	Q3 2017	% yoy	Underlying 9M 2018	9M 2017	% yoy
Net sales	788	721	*+9.3%*	2,293	2,219	*+3.3%*
Novecare	509	475	*+7.2%*	1,522	1,457	*+4.4%*
Technology Solutions	175	161	*+8.7%*	474	489	*-3.0%*
Aroma Performance	103	84	*+23%*	298	273	*+8.9%*
EBITDA	141	129	*+9.0%*	403	386	*+4.3%*
EBITDA margin	*17.8%*	*17.9%*	*-0.1pp*	*17.6%*	*17.4%*	*+0.2pp*
EBIT	106	94	*+13%*	299	280	*+7.0%*

Yoy net sales bridge

(in €million)





9M 2018 performance

Net sales were up year on year. Volumes increased 7% across the businesses, and prices rose 3%, amply offsetting the impact from foreign exchange rates and scope reduction (formulated resins and part of the phosphorous business).

Novecare volumes and prices grew across end- markets. Demand from oil & gas remained high, but the growth rate eased towards the end of the nine-month period as the recovery in the North American shale oil & gas market stabilized. Other end-markets, including coatings and home & personal care, showed growth throughout the period, while demand uplift in the agricultural sector in the third quarter more than offset a softer first half of the year.

Volumes in Technology Solutions were up by double digits, especially in mining, following the temporary phasing effect at the beginning of the year and including the start-up of some new mines. Demand for phosphorous specialties and for UV-blocking polymer additives grew as well.

Aroma Performance sales volumes and prices were up throughout the period, both in polymerization inhibitors and in vanillin ingredients, which benefited from the launch of new natural vanillin products.

Underlying EBITDA grew 4%, and 16% organically, excluding scope effects and forex conversion, thanks to volume and price increases across businesses. These increases more than compensated for higher raw material costs. As a result, the underlying EBITDA margin improved slightly to 18%.

[1] Excluding forex conversion and scope effects.

PERFORMANCE CHEMICALS

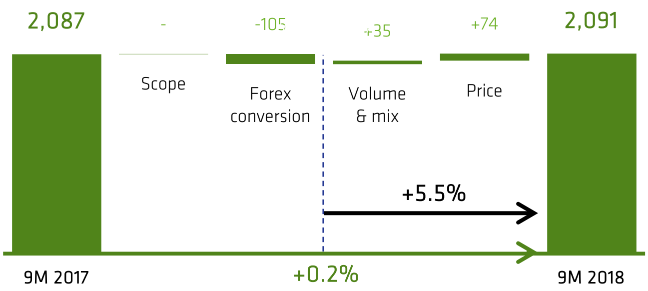
- Underlying EBITDA down 4% overall, and up 2% organically [1] over the first nine months.
- Solid demand and improving soda ash prices limited margin erosion.
- Peroxides volumes and prices rose in tight market conditions.

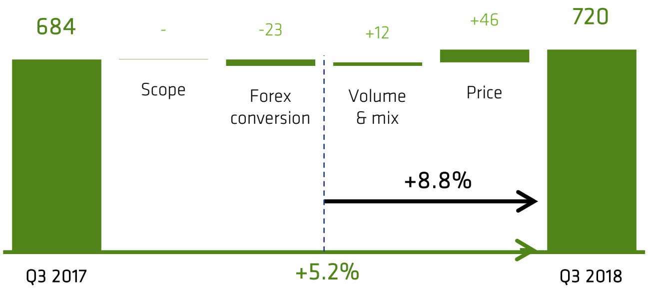
Key figures

(in € million)	Underlying					
	Q3 2018	Q3 2017	*% yoy*	9M 2018	9M 2017	*% yoy*
Net sales	720	684	*+5.2%*	2,091	2,087	*+0.2%*
Soda Ash & Derivatives	399	405	*-1.4%*	1,163	1,232	*-5.6%*
Peroxides	165	148	*+11%*	484	450	*+7.6%*
Coatis	135	101	*+34%*	379	304	*+25%*
Functional Polymers	21	31	*-32%*	64	100	*-36%*
EBITDA	192	178	*+8.2%*	557	579	*-3.7%*
EBITDA margin	*26.7%*	*26.0%*	*+0.7pp*	*26.6%*	*27.7%*	*-1.1pp*
EBIT	149	133	*+12%*	425	442	*-3.8%*

Yoy net sales bridge

(in €million)





9M 2018 performance

Net sales were stable year on year. Volumes increased 2% and prices 4%, making up for the foreign exchange conversion effect.

Demand remained solid in **Soda Ash & Derivatives**. Soda ash volumes, though slightly below 2017 levels, improved from a slow start to the year (due to lack of railcar availability in the U.S.) and plants operated at high capacity rates. Average soda ash prices were slightly lower year on year, but improved in the third quarter, as tight market conditions pushed spot prices up. Bicarbonate volumes continued to grow on strong demand, mainly for flue gas treatment in the U.S.

Peroxides sales volumes grew in North and Latin America, while in Asia prices rose on strong demand dynamics, particularly in China and in South-East Asia. The contribution from the HPPO plants was stable.

Coatis delivered double-digit sales growth, driven by higher volumes and prices. In Latin America, both domestic demand and exports improved, benefiting from Brazilian real deprecation.

Functional Polymers volumes were stable overall.

Underlying EBITDA dropped 4% due to forex conversion, but rose 2% excluding the latter, returning to positive growth thanks to strong performance in the third quarter. Volumes grew in Coatis and Peroxides and net pricing was positive. This amply compensated for the anticipated margin erosion in soda ash, which had been impacted in the first half by higher energy and freight costs. The contribution from the RusVinyl PVC joint venture increased on volume ramp-up. The underlying EBITDA margin narrowed 1.1 percentage points to 27%.

[1] Excluding forex conversion and scope effects.

SUPPLEMENTARY INFORMATION

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which can be found below. Unless otherwise stated, 2017 data are presented on a restated basis, after discontinuation of the Polyamide activities. 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.

Tax rate

(in € million)		Underlying Q3 2018	Q3 2017	9M 2018	9M 2017
Profit for the period before taxes	a	321	274	976	916
Earnings from associates & joint ventures	b	19	15	51	52
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(8)	(8)	(18)	(21)
Income tax expenses [2]	d	(77)	(63)	(232)	(239)
Tax rate	e = -d/(a-b-c)	**24.7%**	**23.7%**	**24.6%**	**27.0%**

Tax rate = Income taxes / (Result before taxes – Earnings from associates & joint ventures – Interests & realized foreign exchange results on the RusVinyl joint venture). 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

(in € million)		Q3 2018	Q3 2017	9M 2018	9M 2017
Cash flow from operating activities	a	365	406	934	942
of which cash flow related to acquisition or sale of subsidiaries	b	-	-	-	(37)
Cash flow from investing activities	c	(223)	(214)	(553)	374
of which capital expenditures required by share sale agreement	d	(8)	-	(25)	-
Acquisition (-) of subsidiaries	e	(2)	(4)	(12)	(29)
Acquisition (-) of investments - Other	f	1	(3)	(1)	(13)
Loans to associates and non-consolidated companies	g	-	2	-	(10)
Sale (+) of subsidiaries and investments	h	(28)	(30)	22	920
Recognition of factored receivables	j	(21)	-	(21)	1
Free cash flow	k = a-b+c-d-e-f-g-h-j	**200**	**227**	**418**	**484**
Free cash flow from discontinued operations	l	49	32	143	38
Free cash flow from continuing operations	m = k-l	**151**	**195**	**275**	**446**
Net interests paid	n	(2)	(8)	(56)	(144)
Coupons paid on perpetual hybrid bonds	o	-	-	(84)	(84)
Dividends paid to non-controlling interests	p	(3)	(1)	(6)	(3)
Free cash flow to Solvay shareholders	q = k+n+o+p	**195**	**218**	**271**	**253**

Free cash flow measures cash flow from operating activities, net of investments. It excludes any M&A or financing related activities, but includes elements like dividends from associates and joint-ventures, pensions, restructuring costs, etc. It is defined as cash flow from operating activities (excluding cash flows from expenses incurred in connection with acquisitions of subsidiaries) and cash flow 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).

Capital expenditure (capex)

(in € million)		Q3 2018	Q3 2017	9M 2018	9M 2017
Acquisition (-) of tangible assets	a	(160)	(148)	(458)	(455)
Acquisition (-) of intangible assets	b	(28)	(26)	(100)	(80)
Capex	c = a+b	**(188)**	**(174)**	**(558)**	**(535)**
Capex from discontinued operations	d	(22)	(21)	(70)	(62)
Capex from continuing operations	e = c-d	**(166)**	**(153)**	**(488)**	**(473)**
Underlying EBITDA	f	574	553	1,725	1,737
Cash conversion	g = (f+e)/f	**71.1%**	**72.4%**	**71.7%**	**72.7%**

Capital expenditure (capex) is cash paid for the acquisition of tangible and intangible assets.

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)		2018 September 30	2017 December 31
Inventories	a	1,744	1,504
Trade receivables	b	1,565	1,462
Other current receivables	c	1,123	627
Trade payables	d	(1,312)	(1,330)
Other current liabilities	e	(1,140)	(848)
Net working capital	f = a+b+c+d+e	**1,980**	**1,414**
Sales	g	2,840	2,765
Annualized quarterly total sales	h = 4*g	11,359	11,060
Net working capital / sales	i = f / h	**17.4%**	**12.8%**
Year average	j = μ(Q1,Q2,Q3,Q4)	15.8%	13.8%

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

Net financial debt

(in € million)		2018 September 30	2017 December 31
Non-current financial debt	a	(3,194)	(3,182)
Current financial debt	b	(1,506)	(1,044)
Gross debt	c = a+b	(4,700)	(4,226)
Other financial instrument receivables	d	157	89
Cash & cash equivalents	e	1,218	992
Total cash and cash equivalents	f = d+e	1,375	1,080
IFRS net debt	g = c+f	**(3,325)**	**(3,146)**
Perpetual hybrid bonds	h	(2,200)	(2,200)
Underlying net debt	i = g+h	**(5,525)**	**(5,346)**
Underlying EBITDA (last 12 months)	j	2,218	2,230
Adjustment for discontinued operations [1]	k	294	236
Adjusted underlying EBITDA for leverage calculation [1]	l = j+k	2,512	2,466
Underlying leverage ratio [1]	m = -i/l	**2.2**	**2.2**

(IFRS) net debt = Non-current financial debt + Current financial debt – Cash & cash equivalents – Other financial instrument receivables. 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.

9M consolidated income statement	9M 2018			9M 2017		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales [1]	**8,469**	-	**8,469**	**8,266**	-	**8,266**
of which revenues from non-core activities [1]	786	-	786	622	-	622
of which net sales	7,683	-	7,683	7,645	-	7,645
Cost of goods sold [1]	(6,129)	1	(6,128)	(5,912)	1	(5,910)
Gross margin	**2,340**	**1**	**2,341**	**2,355**	**1**	**2,356**
Commercial & administrative costs	(1,023)	26	(997)	(1,062)	32	(1,030)
Research & development costs	(217)	2	(215)	(209)	2	(207)
Other operating gains & losses	(104)	147	43	(108)	156	48
Earnings from associates & joint ventures	29	22	51	31	21	52
Result from portfolio management & reassessments	(200)	200	-	(178)	178	-
Result from legacy remediation & major litigations	(72)	72	-	(58)	58	-
EBITDA	**1,469**	**256**	**1,725**	**1,572**	**164**	**1,737**
Depreciation, amortization & impairments	(717)	216	(501)	(801)	284	(517)
EBIT	**752**	**472**	**1,224**	**771**	**448**	**1,220**
Net cost of borrowings	(90)	-	(90)	(142)	6	(136)
Coupons on perpetual hybrid bonds	-	(83)	(83)	-	(84)	(84)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(18)	(18)	-	(21)	(21)
Cost of discounting provisions	(47)	(8)	(55)	(69)	5	(64)
Profit for the period before taxes	**614**	**362**	**976**	**560**	**355**	**916**
Income tax expenses [2]	(132)	(100)	(232)	(9)	(230)	(239)
Profit for the period from continuing operations	**483**	**261**	**744**	**551**	**125**	**677**
Profit (loss) for the period from discontinued operations	158	11	169	280	(123)	157
Profit for the period	**641**	**272**	**913**	**832**	**2**	**834**
attributable to Solvay shareholders	611	272	883	792	1	794
attributable to non-controlling interests	30	-	30	39	-	40
Basic earnings per share (in €)	5.91		8.54	7.67		7.68
of which from continuing operations	4.38		6.91	4.99		6.20
Diluted earnings per share (in €)	5.88		8.50	7.61		7.63
of which from continuing operations	4.36		6.88	4.96		6.16

[1] The comparative figures of non-core revenues and costs of goods sold have been restated for an amount of €141 million, following a change in presentation of revenues from non-core activities.

EBITDA on an IFRS basis totaled €1,469 million, versus €1,725 million on an underlying basis. The difference of €256 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €22 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, following the 9% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €161 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises €(177) million of restructuring costs, almost entirely related to the cost booked for the Group simplification plan of €(176) million. These impacts were mitigated by €16 million net gains on M&A activities, mainly the capital gain on the divestment of the phosphorous plant in Charleston, US.
- €72 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €752 million, versus €1,224 million on an underlying basis. The difference of €472 million is explained by the above-mentioned €256 million adjustments at the EBITDA level and €216 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €177 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Costs of goods sold*" for €1 million, "*Commercial & administrative costs*" for €26 million, in "*Research & development costs*" for €2 million, and in "*Other operating gains & losses*" for €147 million.
- €39 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*", mainly related to the divestment of the hydrofluoric acid plant in Porto Marghera, Italy.

Net financial charges on an IFRS basis were €(138) million versus €(247) million on an underlying basis. The €(110) million adjustment made to IFRS net financial charges consists of:

- €(83) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(18) million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges. The €4 million delta with the adjustment made to EBITDA is attributed to unrealized foreign exchange losses.
- €(8) million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €(132) million, versus €(232) million on an underlying basis. The €(100) million adjustment includes mainly:

- €(78) million to adjust for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €(22) million to adjust for tax elements related to prior periods.

Discontinued operations generated a profit of €158 million on an IFRS basis and €169 million on an underlying basis. The €11 million adjustment to the IFRS profit is made for M&A costs related to the planned divestment of the polyamide activities.

Profit attributable to Solvay share was €611 million on an IFRS basis and €883 million on an underlying basis. The delta of €272 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

Q3 consolidated income statement

(in € million)	Q3 2018 IFRS	Q3 2018 Adjust-ments	Q3 2018 Under-lying	Q3 2017 IFRS	Q3 2017 Adjust-ments	Q3 2017 Under-lying
Sales [1]	**2,840**	-	**2,840**	**2,640**	-	**2,640**
of which revenues from non-core activities [1]	249	-	249	176	-	176
of which net sales	2,591	-	2,591	2,464	-	2,464
Cost of goods sold [1]	(2,051)	-	(2,051)	(1,880)	-	(1,880)
Gross margin	**789**	-	**789**	**760**	-	**761**
Commercial & administrative costs	(340)	10	(330)	(339)	10	(329)
Research & development costs	(76)	1	(75)	(66)	1	(65)
Other operating gains & losses	(47)	50	2	(60)	50	(10)
Earnings from associates & joint ventures	10	8	19	10	6	15
Result from portfolio management & reassessments	2	(2)	-	(113)	113	-
Result from legacy remediation & major litigations	(29)	29	-	(23)	23	-
EBITDA	**544**	**30**	**574**	**499**	**55**	**553**
Depreciation, amortization & impairments	(235)	66	(169)	(330)	149	(182)
EBIT	**309**	**96**	**405**	**169**	**203**	**372**
Net cost of borrowings	(29)	-	(29)	(40)	-	(40)
Coupons on perpetual hybrid bonds	-	(28)	(28)	-	(28)	(28)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(8)	(8)	-	(8)	(8)
Cost of discounting provisions	(18)	-	(19)	(21)	-	(21)
Profit for the period before taxes	**262**	**60**	**321**	**107**	**167**	**274**
Income tax expenses [2]	(43)	(34)	(77)	91	(154)	(63)
Profit for the period from continuing operations	**219**	**26**	**245**	**198**	**13**	**211**
Profit (loss) for the period from discontinued operations	69	(6)	63	(6)	36	30
Profit for the period	**288**	**20**	**307**	**192**	**49**	**241**
attributable to Solvay shareholders	277	20	297	179	50	229
attributable to non-controlling interests	11	-	11	13	(1)	12
Basic earnings per share (in €)	2.68		2.87	1.73		2.22
of which from continuing operations	2.01		2.26	1.79		1.93
Diluted earnings per share (in €)	2.67		2.86	1.72		2.20
of which from continuing operations	2.00		2.25	1.77		1.91

[1] The comparative figures of non-core revenues and costs of goods sold have been restated for an amount of €31 million, following a change in presentation of revenues from non-core activities.

EBITDA on an IFRS basis totaled €544 million, versus €574 million on an underlying basis. The difference of €30 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €8 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, following the 4% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €(7) million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises primarily net gains on smaller M&A activities.
- €29 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €309 million, versus €405 million on an underlying basis. The difference of €96 million is explained by the above-mentioned €30 million adjustments at the EBITDA level and €66 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €62 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Commercial & administrative costs*" for €10 million, in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €50 million.
- €5 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*", related to some non-performing assets.

Net financial charges on an IFRS basis were €(48) million versus €(84) million on an underlying basis. The €(36) million adjustment made to IFRS net financial charges consists of:

- €(28) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(8) million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.

Income taxes on an IFRS basis were €(43) million, versus €(77) million on an underlying basis. The €(34) million adjustment includes mainly:

- €(3) million to adjust for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €(31) million to adjust for tax elements related to prior periods.

Discontinued operations generated a profit of €69 million on an IFRS basis and €63 million on an underlying basis. The €(6) million adjustment to the IFRS profit is made for changes in M&A costs related to the planned divestment of the polyamide activities.

Profit attributable to Solvay share was €277 million on an IFRS basis and €297 million on an underlying basis. The delta of €20 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 (REVIEWED [4])

Consolidated income statement

(in € million) IFRS	Q3 2018	Q3 2017	9M 2018	9M 2017
Sales [1]	**2,840**	**2,640**	**8,469**	**8,266**
of which revenues from non-core activities [1]	249	176	786	622
of which net sales	2,591	2,464	7,683	7,645
Cost of goods sold [1]	(2,051)	(1,880)	(6,129)	(5,912)
Gross margin	**789**	**760**	**2,340**	**2,355**
Commercial & administrative costs	(340)	(339)	(1,023)	(1,062)
Research & development costs	(76)	(66)	(217)	(209)
Other operating gains & losses	(47)	(60)	(104)	(108)
Earnings from associates & joint ventures	10	10	29	31
Result from portfolio management & reassessments	2	(113)	(200)	(178)
Result from legacy remediation & major litigations	(29)	(23)	(72)	(58)
EBIT	**309**	**169**	**752**	**771**
Cost of borrowings	(31)	(41)	(100)	(125)
Interest on lendings & deposits	4	3	10	11
Other gains & losses on net indebtedness	(2)	(2)	-	(29)
Cost of discounting provisions	(18)	(21)	(47)	(69)
Profit for the period before taxes	**262**	**107**	**614**	**560**
Income tax expenses [2]	(43)	91	(132)	(9)
Profit for the period from continuing operations	**219**	**198**	**483**	**551**
attributable to Solvay shareholders	208	185	453	516
attributable to non-controlling interests	11	13	30	35
Profit (loss) for the period from discontinued operations	69	(6)	158	280
Profit for the period	**288**	**192**	**641**	**832**
attributable to Solvay shareholders	277	179	611	792
attributable to non-controlling interests	11	13	30	39
Weighted average of number of outstanding shares, basic	103,277,950	103,414,363	103,302,604	103,331,526
Weighted average of number of outstanding shares, diluted	103,775,603	104,223,779	103,835,812	104,065,995
Basic earnings per share (in €)	2.68	1.73	5.91	7.67
of which from continuing operations	2.01	1.79	4.38	4.99
Diluted earnings per share (in €)	2.67	1.72	5.88	7.61
of which from continuing operations	2.00	1.77	4.36	4.96

Consolidated statement of comprehensive income

(in € million) IFRS	Q3 2018	Q3 2017	9M 2018	9M 2017
Profit for the period	**288**	**192**	**641**	**832**
Gains and losses on hedging instruments in a cash flow hedge	21	12	4	25
Currency translation differences from subsidiaries & joint operations	31	(220)	180	(689)
Currency translation differences from associates & joint ventures	(17)	(10)	(38)	(33)
Recyclable components	35	(218)	146	(697)
Gains and losses on equity instruments measured at fair value through other comprehensive income	2	1	1	(1)
Remeasurement of the net defined benefit liability [3]	88	33	265	207
Non-recyclable components	90	34	266	206
Income tax relating to components of other comprehensive income	(24)	(8)	(61)	(41)
Other comprehensive income, net of related tax effects	**100**	**(192)**	**350**	**(531)**
Total comprehensive income	**388**	**-**	**991**	**301**
attributed to Solvay share	378	(9)	959	298
attributed to non-controlling interests	10	9	33	3

[1] The comparative figures of non-core revenues and costs of goods sold have been restated for an amount of €141 million in 9M and €31 million in Q3, following a change in presentation of revenues from non-core activities.
[2] The positive result on income taxes in Q3 2017 was linked to one-time recognition of deferred tax assets in Belgium.
[3] The net defined benefit liability remeasurement of €265 million in 9M 2018 mainly related to an increase in discount rates for the U.S., the Euro-zone and the U.K.
[4] Review by auditor of 9M figures only

Consolidated statement of cash flows

(in € million)	IFRS Q3 2018	IFRS Q3 2017	IFRS 9M 2018	IFRS 9M 2017
Profit for the period	288	192	641	832
Adjustments to profit for the period	383	411	1,278	1,052
Depreciation, amortization & impairments (-)	235	353	717	899
Earnings from associates & joint ventures (-)	(10)	(10)	(29)	(31)
Additions & reversals on provisions (-)	34	67	256	133
Net financial charges (-)	49	61	140	214
Income tax expenses (-)	69	(90)	200	26
Other non-operating and non-cash items [1]	6	30	(4)	(189)
Changes in working capital	(150)	(33)	(534)	(443)
Uses of provisions	(95)	(122)	(288)	(305)
Dividends received from associates & joint ventures	4	4	17	14
Income taxes paid (including income taxes paid on sale of investments)	(65)	(46)	(180)	(208)
Cash flow from operating activities	**365**	**406**	**934**	**942**
of which cash flow related to acquisition or sale of subsidiaries	-	-	-	(37)
Acquisition (-) of subsidiaries	(2)	(4)	(12)	(29)
Acquisition (-) of investments - Other	1	(3)	(1)	(13)
Loans to associates and non-consolidated companies	-	2	-	(10)
Sale (+) of subsidiaries and investments	(28)	(30)	22	920
Acquisition (-) of tangible and intangible assets (capex)	(188)	(174)	(558)	(535)
of which tangible assets	(160)	(148)	(458)	(455)
of which capital expenditures required by share sale agreement	(8)		(25)	
of which intangible assets	(28)	(26)	(100)	(80)
Sale (+) of tangible & intangible assets	3	2	19	65
of which cash flow related to the sale of real estate in the context of restructuring, dismantling or remediation	-	-	-	4
Dividends from financial assets measured at fair value through other comprehensive income	-	2	-	2
Changes in non-current financial assets	(10)	(9)	(23)	(26)
Cash flow from investing activities	**(223)**	**(214)**	**(553)**	**374**
Sale (acquisition) of treasury shares	23	2	1	5
Increase in borrowings	966	12	2,053	758
Repayment of borrowings	(1,010)	(98)	(1,819)	(733)
Changes in other current financial assets	(3)	129	10	(417)
Net interests paid	(2)	(8)	(56)	(144)
Coupons paid on perpetual hybrid bonds	-	-	(84)	(84)
Dividends paid	(3)	(1)	(378)	(361)
of which to Solvay shareholders			(372)	(358)
of which to non-controlling interests	(3)	(1)	(6)	(3)
Other [2]	78	27	134	12
Cash flow from financing activities	**48**	**63**	**(140)**	**(965)**
Net change in cash and cash equivalents	**190**	**255**	**242**	**351**
Currency translation differences	(7)	(53)	(15)	(47)
Opening cash balance	1,036	1,156	992	1,054
Closing cash balance	**1,218**	**1,358**	**1,218**	**1,358**

Statement of cash flow from discontinued operations

(in € million)	IFRS Q3 2018	IFRS Q3 2017	IFRS 9M 2018	IFRS 9M 2017
Cash flow from operating activities	63	53	189	99
Cash flow from investing activities	(21)	(20)	(70)	(61)
Cash flow from financing activities	(1)	-	(1)	(1)
Net change in cash and cash equivalents	**41**	**32**	**118**	**37**

[1] Other non-operating and non-cash items for 9M 2018 include the capital gain on the sale of the Phosphorus site in Charleston, U.S., for €22 million, offset by some other smaller transactions.
[2] Other cash flow from financing activities were positively impacted by cash-in related to margin calls in 2018.

Consolidated statement of financial position

(in € million)	IFRS September 30, 2018	IFRS December 31, 2017
Intangible assets	2,879	2,940
Goodwill	5,138	5,042
Tangible assets	5,367	5,433
Equity instruments measured at fair value through other comprehensive income	47	44
Investments in associates & joint ventures	430	466
Other investments	42	47
Deferred tax assets	1,025	1,076
Loans & other assets	379	346
Non-current assets	**15,306**	**15,394**
Inventories	1,744	1,504
Trade receivables	1,565	1,462
Income tax receivables	143	100
Other financial instrument receivables	157	89
Other receivables [1]	1,123	627
Cash & cash equivalents	1,218	992
Assets held for sale	1,375	1,284
Current assets	**7,325**	**6,057**
Total assets	**22,631**	**21,451**
Share capital	1,588	1,588
Reserves	8,714	8,051
Non-controlling interests	140	113
Total equity	**10,442**	**9,752**
Provisions for employee benefits	2,463	2,816
Other provisions	772	793
Deferred tax liabilities	671	600
Financial debt	3,194	3,182
Other liabilities	170	180
Non-current liabilities	**7,270**	**7,571**
Other provisions	399	281
Financial debt	1,506	1,044
Trade payables	1,312	1,330
Income tax payables	149	129
Dividends payable	4	147
Other liabilities [1]	1,140	848
Liabilities associated with assets held for sale	409	349
Current liabilities	**4,919**	**4,128**
Total equity & liabilities	**22,631**	**21,451**

[1] The increase in other current receivables and liabilities compared to the start of the year, is mainly related to the financial instruments on trading of electricity and CO_2 following the evolution of their prices and volumes traded.

Consolidated statement of changes in equity

IFRS

							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, 2016	1,588	1,169	(274)	2,188	5,899	(39)	8	(5)	(828)	8,118	250	9,956
Profit for the period	-	-	-	-	792	-	-	-	-	792	39	832
Items of other comprehensive income	-	1	-	-	-	(686)	(1)	26	166	(494)	(36)	(531)
Comprehensive income	-	1	-	-	792	(686)	(1)	26	166	298	3	301
Cost of stock options	-	-	-	-	7	-	-	-	-	7	-	7
Dividends	-	-	-	-	(220)	-	-	-	-	(220)	(6)	(226)
Coupons of perpetual hybrid bonds	-	-	-	-	(84)	-	-	-	-	(84)	-	(84)
Sale (acquisition) of treasury shares	-	-	5	-	-	-	-	-	-	5	-	5
Other [1]	-	-	-	-	(35)	-	-	-	34	-	(119)	(119)
Balance on September 30, 2017	1,588	1,170	(269)	2,188	6,359	(725)	7	21	(628)	8,123	129	9,840
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	-	-	-	-	611	-	-	-	-	611	30	641
Items of other comprehensive income [2]	-	-	-	-	-	139	3	(5)	210	348	3	350
Comprehensive income	-	-	-	-	611	139	3	(5)	210	959	33	991
Cost of stock options	-	-	-	-	7	-	-	-	-	7	-	7
Dividends	-	-	-	-	(229)	-	-	-	-	(229)	(6)	(235)
Coupons of perpetual hybrid bonds	-	-	-	-	(84)	-	-	-	-	(84)	-	(84)
Sale (acquisition) of treasury shares	-	-	1	-	-	-	-	-	-	1	-	1
Other	-	-	-	-	12	-	-	-	3	15	-	15
Balance on September 30, 2018	1,588	1,170	(280)	2,188	6,765	(695)	9	11	(453)	8,714	140	10,442

[1] The €(119) million reduction in equity related to non-controlling interest follows the completion of the Vinythai divestment in Q1 2017.
[2] The €139 million increase in equity related to currency translation differences is mainly related to the US$ increase versus the €.

NOTES

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 interim financial statements were authorized for issue by the Board of Directors on November 7, 2018.

On February 7, 2018, Solvay completed the sale of its U.S. facility in Charleston, South Carolina, and the phosphorus derivatives-based products made at the plant, to German specialty chemicals company Lanxess for US$68 million, leading to a net capital gain before tax of €22 million.

On March 15, 2018, Solvay announced it has agreed to sell its Porto Marghera plant, which produces hydrofluoric acid, to Alkeemia, part of the Italian Fluorsid Group. The hydrofluoric acid is utilized by Solvay as a base chemical for the production of selected specialty polymers. This divestment is in line with Solvay Specialty Polymers' strategy to focus on specialties, where technology and innovation make the difference, to improve the sustainability of its productions. Fluorsid Group is one of the key players in the hydrofluoric acid and derivatives market at an international level. Alkeemia acquired Solvay Specialty Polymers' Porto Marghera branch of activities, and the employees at the site have been transferred. The sale closed on June 1, 2018. In connection with the disposal, an impairment loss of €(23) million had been recognized in the first quarter of 2018.

On March 29, 2018, Solvay announced it is taking a new step in its transformation, putting its customers at the core of its organization to enhance its long-term growth as an advanced materials and specialty chemicals company. Solvay announced plans to simplify its organization that needs to be adapted to its portfolio which is now strongly focused on high-performance materials and tailored solutions, as well as to its changing customer base. The Group launched the relevant information/consultation procedures with employee representatives. These procedures were completed at the end of June. The Group is committed to supporting employees throughout this transformation while limiting job losses as much as possible. The simplification of the organization should lead to about 636 net redundancies, mainly in functional activities. The concentration of the R&I and support activities would involve the transfer to Lyon and Brussels, over four years, of about 500 employees who can rely on comprehensive support from the Group to help them relocate. In connection with the announced transformation, a restructuring provision has been recognized in the amount of €(168) million [1].

2. Accounting policies

General

Solvay prepares its 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, 2017.

The consolidated financial statements for the nine months ended September 30, 2018, were prepared using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018, 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

As of January 1, 2018, the Group applied, for the first time, IFRS 15 "*Revenue from Contracts with Customers*" and IFRS 9 "*Financial Instruments*". As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and Interpretations apply for the first time in 2018, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 "*Financial Instruments: Recognition and Measurement*" for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. Except for hedge accounting, retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group adopted IFRS 9 on January 1, 2018, and did not restate comparative information.

During 2017, the Group finalized the impact assessment of all three aspects of IFRS 9. Overall, there is no significant impact on the Group's statement of financial position and equity. The Group observed an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group has implemented changes in classification of certain financial instruments.

[1] On top of this provision, other costs were already incurred as of September 30, 2018, for an amount of €(8) million.

- **Impairment:** IFRS 9 requires the Group to recognize expected credit losses on all of its trade receivables: the Group applies the simplified approach and recognizes lifetime expected losses on all trade receivables, using the provision matrix in order to calculate the lifetime expected credit losses for trade receivables as required by IFRS 9, using historical information on defaults adjusted for the forward looking information. Impacts related to debt securities, loans, financial guarantees, and loan commitments provided to third parties, as well as cash and cash equivalents, are immaterial. The impact on the trade receivable allowances is as follows, while the impact on the Group's equity (net of deferred taxes) amounts to €(5) million:

(in € million)	Allowances on trade receivable
Carrying amount as of December 31, 2017 - IAS 39	(49)
Remeasurement - From incurred to expected loss model	(6)
Carrying amount as of January 1, 2018 - IFRS 9	(55)

- **Classification and measurement:** the application of the classification and measurement requirements of IFRS 9 does not have a significant impact on the Group's consolidated statement of financial position or equity. It will continue measuring at fair value all financial assets previously held at fair value. The equity shares in non-listed companies, previously presented as available for sale, are intended to be held for the foreseeable future. The Group applies the option to present fair value changes in OCI, and therefore the application of IFRS 9 does not have a significant impact. The fair value gains or losses accumulated in the other comprehensive income will no longer be subsequently reclassified to profit or loss, which is different from the previous treatment. Loans as well as trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, the Group will continue to measure those financial assets at amortized cost under IFRS 9. The effect of applying IFRS 9's classification and measurement requirements on financial assets is as follows:

Financial assets	IAS 39 December 31, 2017	Transition to IFRS 9		IFRS 9 January 1, 2018	At date of transition
(in € million)	Carrying amount	Reclassifications	Remeasurements	Carrying amount	Impact on retained earnings [1]
Loans and receivables (including cash & cash equivalents, trade receivables, loans and other current and non-current assets except pension fund surpluses)	2,870	(2,870)	-	-	-
Financial assets measured at amortized cost	-	2,870	(6)	2,864	(5)
Available-for-sale financial assets	44	(44)	-	-	-
Equity instruments measured at fair value through comprehensive income	-	44		44	

[1] Net of deferred tax assets

Regarding financial liabilities, the Group didn't make any reclassifications or remeasurements.

- **Hedge accounting:** In accordance with IFRS 9's transition provisions for hedge accounting, the Group applies the IFRS 9 hedge accounting requirements prospectively from the date of initial application on January 1, 2018. The Group's qualifying hedging relationships in accordance with IAS 39 in place as at January 1, 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on January 1, 2018.

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 "*Construction Contracts*", IAS 18 "*Revenue*" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other Standards. The new Standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted IFRS 15 on January 1, 2018, using the modified retrospective approach.

- **Sale of goods:** As the Group is in the business of selling chemicals, contracts with customers generally concern the sale of goods. As a result, revenue recognition generally occurs at a point in time when control of the chemicals is transferred to the customer, generally on delivery of the goods.
- **Distinct elements:** the revenue of the Group consists mainly of sales of chemicals, which qualify as separate performance obligations. Value-added services – mainly customer assistance services – corresponding to Solvay's know-how are rendered predominantly over the period that the corresponding goods are sold to the customer. At transition date, the Group did not have a more than insignificant adjustment compared to its previous practice.
- **Variable consideration:** some contracts with customers provide trade discounts or volume rebates. In accordance with IAS 18, the Group recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, and volume rebates. Trade discounts and volume rebates give rise to variable consideration under IFRS 15, and are required to be estimated at contract inception. IFRS 15 requires the estimated variable consideration to be constrained to prevent overstatement of revenue. The Group assessed individual contracts to determine the estimated variable consideration and related

constraints. At transition date, the Group did not have a more than insignificant adjustment compared to its previous practice on its retained earnings.

- Moment of recognition of revenue: the Group sells its chemicals to its customers, (a) directly, (b) through distributors, and (c) with the assistance of agents. The Group analyzed whether the moment control of the goods passes, as described in IFRS 15, would result in a different moment to recognize the revenue. At transition date, the Group did not have a more than insignificant adjustment compared to its previous practice.

New accounting policies

IFRS 9 – Financial Instruments

General

Financial assets and liabilities are first recognized when Solvay becomes a party to the contractual provisions of the instrument.

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Financial assets

Trade receivables are initially measured at their transaction price, if they do not contain a significant financing component, which is the case for substantially all trade receivables. Other financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

A financial asset is classified as current when the cash flows expected to flow from the instrument mature within one year.

All recognized financial assets will subsequently be measured at either amortized cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding is measured at amortized cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option;
- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, is measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option;
- all other debt instruments are measured at FVTPL;
- all equity investments are measured in the consolidated statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognized by an acquirer in a business combination, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss.

For instruments quoted in an active market, the fair value corresponds to a market price (level 1). For instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3). However, in limited circumstances, cost of equity instruments may be an appropriate estimate of their fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Impairment of financial assets

The impairment loss of a financial asset measured at amortized cost is calculated based on the expected loss model, representing the weighted average of credit losses with the respective risks of a default occurring as the weights.

For trade receivables that do not contain a significant financing component (i.e. substantially all trade receivables), the loss allowance is measured at an amount equal to lifetime expected credit losses. Those are the expected credit losses that result from all possible default events over the expected life of those trade receivables, using a provision matrix that takes into account historical information on defaults adjusted for the forward looking information.

Impairment losses are recognized in the consolidated income statement, except for debt instruments measured at fair value through other comprehensive income. In this case, the allowance is recognized in other comprehensive income.

Financial liabilities

Financial liabilities are initially measured at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Subsequently, they are measured at amortized cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial guarantee contracts. After initial recognition, guarantees are subsequently measured at the higher of the expected losses and the amount initially recognized.

Derivative financial instruments

A derivative financial instrument is a financial instrument or other contract within the scope of IFRS 9 with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- it is settled at a future date.

The Group enters into a variety of derivative financial instruments (forward, future, option, collars and swap contracts) to manage its exposure to interest rate risk, foreign exchange rate risk, and commodity risk (mainly energy and CO_2 emission rights price risks).

As explained above, derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in income or expense, unless the derivative is designated and effective as a hedging instrument. The Group designates certain derivatives as hedging instruments of the exposure to variability in cash flows with respect to a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss (cash flow hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivative instruments (or portions of them) are presented as non-current assets or non-current liabilities if the remaining maturity of the underlying settlements is more than twelve months after the reporting period. Other derivative instruments (or portions of them) are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives and embedded derivatives, in respect of interest rate risk, foreign exchange rate risk, and commodity risk (mainly energy and CO_2 emission rights price risk), as hedging instruments in a cash flow hedge relationship.

At the inception of the hedge relationship, there is a formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. So to apply hedge accounting: (a) there is an economic relationship between the hedged item and the hedging instrument, (b) the effect of credit risk does not dominate the value changes that result from that economic relationship, and (c) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of changes in the fair value of hedging instruments that are designated in a cash flow hedge is recognized in other comprehensive income.

The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

As long as cash flow hedge qualifies, the hedging relationship is accounted for as follows:

a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):
    i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
    ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.
b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)) is recognized in other comprehensive income.
c) any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with (a)) is hedge ineffectiveness that is recognized in profit or loss.

d) the amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:
  i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income.
  ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, in the periods that interest income or interest expense is recognized or when a forecast sale occurs).
  iii) however, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

Hedge accounting is discontinued prospectively when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after taking into account any rebalancing of the hedging relationship, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

When the Group discontinues hedge accounting for a cash flow hedge it accounts for the amount that has been accumulated in the cash flow hedge reserve as follows:

- if the hedged future cash flows are still expected to occur, that amount remains in the cash flow hedge reserve until the future cash flows occur. However, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.
- if the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers:

- Identify the contract
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the Group satisfies a performance obligation

Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Sale of goods: Contracts can be short term (including based only on a purchase order) or long term, some have minimum off-take requirements. As the Group is in the business of selling chemicals, contracts with customers generally concern the sale of goods. As a result, revenue recognition generally occurs at a point in time when control of the chemicals is transferred to the customer, generally on delivery of the goods.

Distinct elements: a good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

The revenue of the Group consists mainly of sales of chemicals, which qualify as separate performance obligations. Value-added services – mainly customer assistance services – corresponding to Solvay's know-how are rendered predominantly over the period that the corresponding goods are sold to the customer.

Variable consideration: some contracts with customers provide trade discounts or volume rebates. Trade discounts and volume rebates give rise to variable consideration under IFRS 15, and are required to be estimated at contract inception and subsequently at each reporting date. IFRS 15 requires the estimated variable consideration to be constrained to prevent overstatement of revenue.

Moment of recognition of revenue: revenue is recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Substantially all revenue stems from performance obligations satisfied at a point in time, i.e. the sale of goods. Revenue recognition for those takes into account the following:

- The Group has a present right to payment for the asset;
- The customer has legal title to the asset;
- The Group has transferred physical possession of the asset;
- The customer has the significant risks and rewards of ownership of the asset (in this respect, incoterms are considered); and
- The customer has accepted the asset.

The Group sells its chemicals to its customers, (a) directly, (b) through distributors, and (c) with the assistance of agents. When the Group delivers a product to distributors for sale to end customers, the Group evaluates whether that distributor has obtained control of the product at that point in time. No revenue is recognized upon delivery of a product to a customer or distributor if the delivered product is held on consignment. Indicators of consignment inventory include

- the product is controlled by the Group until a specified event occurs, such as the sale of the product to a customer of the distributor or until a specified period expires;
- the Group is able to require the return of the product or transfer the product to a third party (such as another distributor); and
- the distributor does not have an unconditional obligation to pay for the product (although he might be required to pay a deposit).

Agents facilitate sales and do not purchase and resell the goods to the end customer.

Products sold to customers generally cannot be returned, other than for performance deficiencies. Customer acceptance clauses are in many cases a formality that would not affect the Group's determination of when the customer has obtained control of the goods.

Revenue from services is recognized in the period those services have been rendered.

Warranties: warranties provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. Substantially all warranties do not provide the customer with a service in addition to the assurance that the product complies with agreed-upon specifications, and are hence accounted for in accordance with IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*".

3. Segment information

Solvay is organized in the following operating segments:

- Advanced Materials offers high-performance materials for multiple applications primarily in the automotive, aerospace, electronics, and health markets. It particularly provides sustainable mobility solutions, reducing weight and improving CO_2 and energy efficiency.
- Advanced Formulations primarily serves the consumer goods, agro and food, as well as energy markets. It offers customized specialty formulations that impact surface chemistry and alter liquid behavior to optimize efficiency and yield, while minimizing environmental impact.
- Performance Chemicals operates in mature and resilient markets and has leading positions in chemical intermediates. Success is based on economies of scale and state-of-the-art production technology. It mainly serves the consumer goods and food markets.
- Corporate & Business Services includes corporate and other business services, such as the Research & Innovation Center, and energy services.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q3 2018	Q3 2017	9M 2018	9M 2017
Net sales	**2,591**	**2,464**	**7,683**	**7,645**
Advanced Materials	1,082	1,052	3,292	3,323
Advanced Formulations	788	721	2,293	2,219
Performance Chemicals	720	684	2,091	2,087
Corporate & Business Services	1	7	6	17
Underlying EBITDA	**574**	**553**	**1,725**	**1,737**
Advanced Materials	292	294	922	942
Advanced Formulations	141	129	403	386
Performance Chemicals	192	178	557	579
Corporate & Business Services	(51)	(47)	(158)	(170)
Underlying depreciation, amortization & impairments	(169)	(182)	(501)	(517)
Underlying EBIT	**405**	**372**	**1,224**	**1,220**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions [1]	(62)	(61)	(177)	(190)
Other legacy costs related to changes in portfolio (e.g. retention premiums)	-	(1)	-	(2)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	(8)	(6)	(22)	(21)
Result from portfolio management & reassessments	2	(113)	(200)	(178)
Result from legacy remediation & major litigations	(29)	(23)	(72)	(58)
EBIT	**309**	**169**	**752**	**771**
Net financial charges	(48)	(61)	(138)	(211)
Profit for the period before taxes	**262**	**107**	**614**	**560**
Income tax expenses [2]	(43)	91	(132)	(9)
Profit for the period from continuing operations	**219**	**198**	**483**	**551**
Profit (loss) for the period from discontinued operations	69	(6)	158	280
Profit for the period	**288**	**192**	**641**	**832**
attributable to non-controlling interests	11	13	30	39
attributable to Solvay shareholders	**277**	**179**	**611**	**792**

The disaggregation of revenue by region and market is not significantly different from that published in Note F1 of the consolidated financial statements for the year ended December 31, 2017. Detailed disclosures have been provided in the Business Review section.

[1] The non-cash PPA impacts can be found in the reconciliation table on pages 13 to 16. For Q3 2018 these consist of €(62) million of amortization of intangible assets, which are adjusted in "*Commercial & administrative costs*" for €10 million, in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €50 million. For 9M 2018 these consist of €(177) million of amortization of intangible assets, which are adjusted in "*Cost of goods sold*" for €1 million, in "*Commercial & administrative costs*" for €26 million, in "Research & development costs" for €2 million, and in "*Other operating gains & losses*" for €147 million.

4. Financial Instruments

Valuation techniques

Compared to December 31, 2017, 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 September 30, 2018, is not significantly different from the ones published in Note F32 of the consolidated financial statements for the year ended December 31, 2017.

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 September 30, 2018, is not significantly different from the ones as published in the Note F32 of the consolidated financial statements for the year ended December 31, 2017.

5. Events after the reporting period

On October 16, 2018, Solvay announced that the divestment of Solvay's polyamide business to BASF is moving forward, as BASF has offered remedies involving part of the assets originally included in the scope of the acquisition, to address the competition concerns the European Commission has raised following an in-depth Phase II investigation. The European Commission is now examining these remedies and submitting them to market testing before completing its review procedure. The assets concerned by the remedies include innovation capabilities and manufacturing assets of Solvay's polyamide intermediate and engineering plastics business in Europe. The activities included in the proposed remedy scope are able to compete as successful stand-alone businesses under third party ownership. For BASF and Solvay this is a further step towards obtaining European Commission clearance for their agreement, which is now expected early in 2019. Both companies will continue to run their businesses separately until completion of the transaction, which also involves consultation with employee representatives.

6. Declaration by responsible persons

Jean-Pierre Clamadieu, Chief Executive Officer, and Karim Hajjar, Chief Financial Officer, of the Solvay Group, declare that to the best of their knowledge:

- The consolidated interim 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 nine months of 2018, and their impact on the consolidated interim financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2017 Annual Report, taking into account the current economic and financial environment.

7. Report on the review of the consolidated interim financial information of Solvay SA/NV for the nine-month period ended September 30, 2018

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated statement of financial position as at September 30, 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of nine months then ended, as well as selective notes 1 to 6.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Solvay SA/NV ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting*" as adopted by the European Union.

The consolidated statement of financial position shows total assets of €22,631 million and the consolidated income statement shows a consolidated profit (Group share) for the period then ended of €611 million.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "*Review of interim financial information performed by the independent auditor of the entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Solvay SA/NV has not been prepared, in all material respects, in accordance with IAS 34, "*Interim Financial Reporting*" as adopted by the European Union.

Zaventem, November 8, 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Michel Denayer

▪ January 15, 2019	Interim dividend ex-coupon date
▪ January 16, 2019	Interim dividend record date
▪ January 17, 2019	Interim dividend payment date
▪ February 27, 2019	Full year 2018 results
▪ May 7, 2019	First quarter 2019 results
▪ May 14, 2019	Annual general meeting
▪ July 31, 2019	First half 2019 results
▪ November 7, 2018	Nine months 2019 results

- Press release / French / Dutch
- Financial report / French / Dutch
- News corner
- Conference call details
- Excel version of the tables
- Investor presentation
- Financial & extra-financial glossary
- Annual integrated report

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Safe harbor

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 26,800 employees in 61 countries. Net sales were €10.1 billion in 2017, 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. *(Financial figures take into account the announced divestment of Polyamides.)*

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