SOLVAY

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First half 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 half and second quarter income statement have 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.

H1 2018 UNDERLYING BUSINESS REVIEW [1]

- Solid volume increase across Advanced Materials and Advanced Formulations led to organic sales and EBITDA growth of 6%
- Underlying EBITDA fell 3%, mainly due to significant forex conversion impact of 7%, principally as a result of the US dollar
- EBITDA margin remained at a record 23%

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- Underlying EPS from continuing operations up 9%
- The €43 million reduction of net financial charges, a 21% drop, reflects the deleveraging and optimization of Solvay's capital structure
- The tax rate of 25% was down from 29% in 2017

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- Sustained cash generation led to €218 million of free cash flow, including €123 million from continuing operations, but this was lower than in 2017 due to working capital fluctuations
- Free cash flow to Solvay shareholders increased to €77 million from €33 million in 2017, thanks to the strong contribution from discontinued operations and lower financial payments

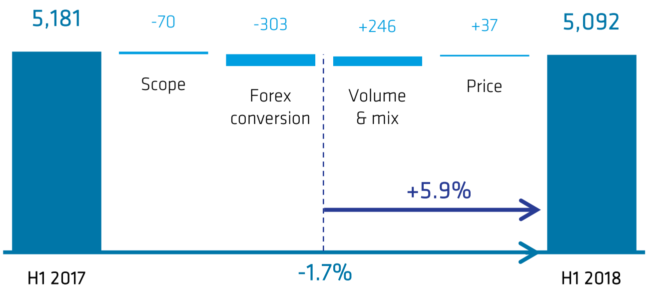
H1 key figures

(in € million)	IFRS H1 2018	IFRS H1 2017	IFRS % yoy	Underlying H1 2018	Underlying H1 2017	Underlying % yoy
Net sales	5,092	5,181	*-1.7%*	5,092	5,181	*-1.7%*
EBITDA	925	1,074	*-14%*	1,150	1,183	*-2.8%*
EBITDA margin				*23%*	*23%*	*-0.2pp*
EBIT	443	603	*-27%*	818	848	*-3.5%*
Net financial charges	(90)	(150)	*+40%*	(163)	(207)	*+21%*
Income tax expenses	(89)	(99)	*+11%*	(155)	(176)	*+12%*
Tax rate				*25%*	*29%*	*-4.0pp*
Profit from discontinued operations	89	286	*-69%*	106	127	*-17%*
(Profit) loss attributable to non-controlling interests	(19)	(26)	*-28%*	(19)	(28)	*-31%*
Profit attributable to Solvay shareholders	334	613	*-46%*	586	565	*+3.8%*
Basic earnings per share (in €)	3.23	5.94	*-46%*	5.67	5.47	*+3.8%*
of which from continuing operations	2.37	3.21	*-26%*	4.65	4.28	*+8.7%*
Capex	(371)	(361)	*-2.5%*	(371)	(361)	*-2.5%*
of which from continuing operations	(322)	(321)	*-0.3%*	(322)	(321)	*-0.3%*
Free cash flow	218	256	*-15%*	218	256	*-15%*
of which from continuing operations	123	251	*-51%*	123	251	*-51%*
Free cash flow to Solvay shareholders	77	33	*n.m.*	77	33	*n.m.*
Net financial debt [2]	(3,475)			(5,675)		

[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.

Net sales

(in € million)



Net sales were down 2%. Excluding scope and forex, they grew 6% organically on higher volumes.

The reduction in **scope** [1] affected net sales negatively by 1% and follows the divestment of the polyolefin cross-linkable compounds and formulated resins businesses in June 2017, as well as part of the phosphorous derviatives business in February 2018.

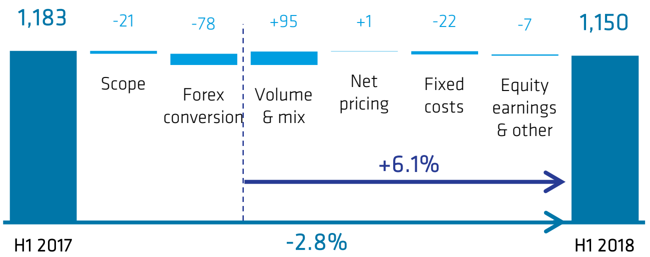
Foreign exchange conversion had an adverse effect of 6%, mainly related to the US dollar, which lost 11% in value against the euro year on year, and the Brazilian real, which lost 17%.

The overall increase in **volume** of 5% was delivered equally by Advanced Materials and Advanced Formulations. Sustainable mobility remained a solid driver for growth, as Solvay's polymers and composites technologies were in high demand in both automotive and aeronautic applications. The continued recovery in the North American shale oil & gas market supported the increase in the formulations business, complemented by home & personal care, coatings, mining and phosphorous specialties. In Performance Chemicals volumes grew thanks to increased demand for peroxides and the market recovery in Latin America.

Prices were up 1%. Prices in Advanced Materials were largely stable. In Advanced Formulations, previously incurred raw material price increases were successfully passed through, demonstrating Solvay's pricing power. Prices were raised in Performance Chemicals due to tight market conditions, especially for peroxides. This more than compensated for the anticipated price reduction in soda ash.

Underlying EBITDA

(in € million)



Underlying EBITDA fell 3% in the first half. Excluding forex conversion and scope effects, it grew 6% organically, fully attributable to the strong volume growth. The underlying **EBITDA margin** was sustained at 23%.

Volume growth and a positive mix increased EBITDA by 8%.

Net pricing was overall stable, demonstrating Solvay's resilience to maintain its overall pricing power amid higher raw materials and energy prices.

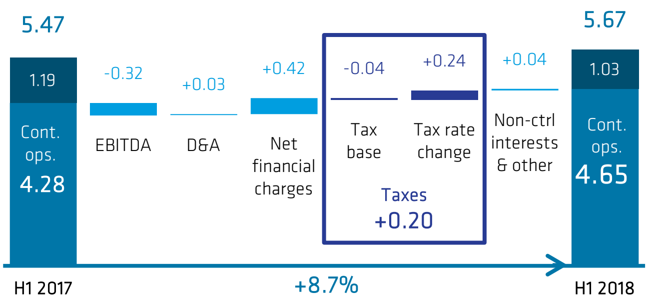
Fixed costs were up slightly, resulting in a 2% negative effect. Operational excellence and synergy benefits partly compensated for inflation.

Other elements included the €(12) million net impact of the one-off synergy gain on post-retirement benefits. These represented €23 million in the second quarter of 2018, compared to €35 million in 2017 (after adjustment for forex conversion effects).

Organic growth in the second quarter was 4%, compared to 9% in the first quarter due to the one-off effect of synergy gains on post-retirement benefits in the second quarter and the phasing of Corporate & Business Services costs over the consecutive periods.

Earnings per share

(in € million)



Underlying **earnings per share** [3] grew 4% to €5.67 year on year. On a continuing basis they grew 9% to €4.65.

Underlying **EBIT** fell 4% to €818 million.

Underlying **net financial charges** [2] were €(163) million, a €43 million reduction or 21% improvement as planned, reflecting the capital structure optimizations implemented in 2017.

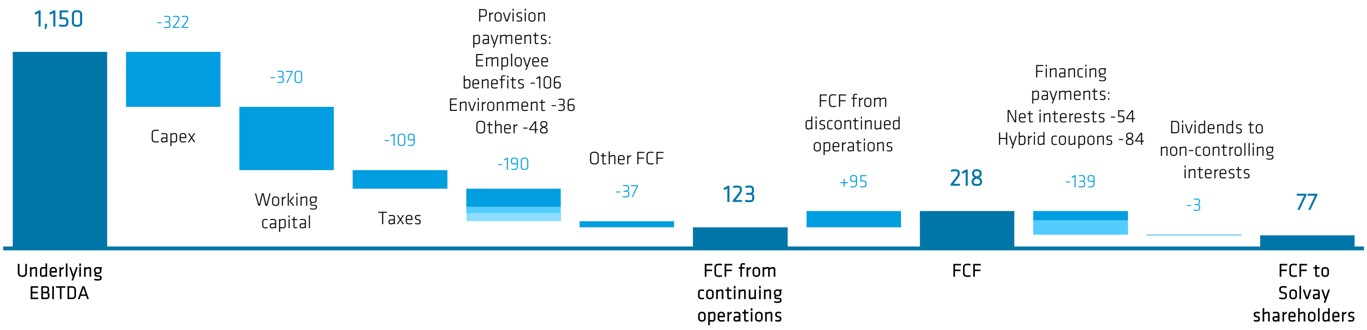
Underlying **taxes** were lower than last year at €(155) million, as a result of the lower tax rate of 25% compared to 29% in the same period of 2017.

The underlying contribution from **discontinued operations** was lower than in 2017 at €106 million, mainly due to the absence of contributions from Acetow, which was divested at the end of May 2017. In 2018 discontinued operations only consist of the polyamide activities that are planned to be sold to BASF.

[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)

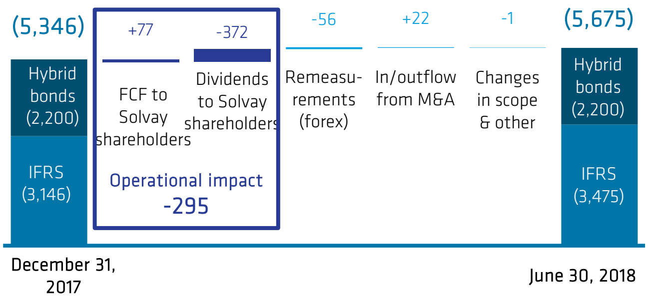


Free cash flow from continuing operations fell to €123 million from €251 million in 2017, reflecting the lower EBITDA and higher non-industrial working capital payments. These were due to the increase in variable remuneration following last year's performance. Capex discipline was maintained, leading to €(322) million on a continuing basis, in line with last year. Provision payments also remained stable at €(190) million. Total free cash flow was €218 million, including €95 million from discontinued operations.

Free cash flow to Solvay shareholders was €77 million. Financing payments totaled €(139) million, significantly lower than €(220) million in the first half of 2017, as in the interim Solvay has deleveraged and optimized its capital structure.

Net financial debt

(in € million)



Underlying **net financial debt** [2] increased to €(5.7) billion, including €(2.2) billion of perpetual hybrid bonds.

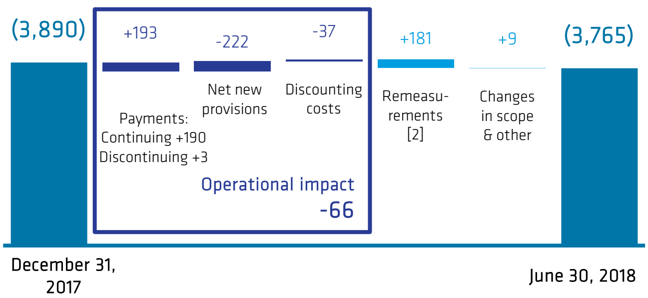
The increase is largely attributable to dividends paid out to Solvay shareholders, which are concentrated in the first half of the year. The total pay-out was €(372) million, representing a 4.3% increase compared to the pay-out in 2017.

The appreciation of the US dollar by 3% over the period had a negative effect on the valuation of the US$(2) billion in Solvay's debt, leading to a €(56) million remeasurement impact.

M&A activities contributed €22 million, consisting mainly of the proceeds on the sales of the phosphorous derivatives plant received in February, netted with payments related to historic and current divestments.

Provisions

(in € million)



Provisions came down from €(3.9) billion to €(3.8) billion, mainly as a result of remeasurements of the liabilities, following an increase in discount rate changes and other actuarial assumptions.

The impact from operations was €(66) million, mainly due to new provisions of €(170) million for the announced simplification plan.

[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

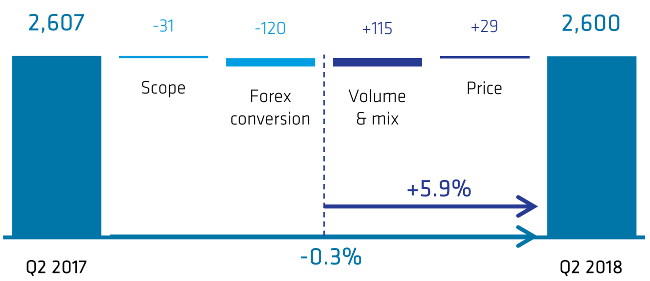
Q2 2018
UNDERLYING KEY FIGURES [1]

Q2 key figures

(in € million)	IFRS			Underlying		
	Q2 2018	Q2 2017	% yoy	Q2 2018	Q2 2017	% yoy
Net sales	2,600	2,607	*-0.3%*	2,600	2,607	*-0.3%*
EBITDA	536	551	*-2.7%*	618	637	*-3.0%*
EBITDA margin				*24%*	*24%*	*-0.7pp*
EBIT	299	309	*-3.1%*	448	469	*-4.4%*
Net financial charges	(39)	(70)	*+45%*	(77)	(96)	*+19%*
Income tax expenses	(77)	(63)	*-22%*	(88)	(107)	*+18%*
Profit from discontinued operations	51	213	*-76%*	65	55	*+20%*
(Profit) loss attributable to non-controlling interests	(9)	(10)	*-7.6%*	(10)	(12)	*-18%*
Profit attributable to Solvay shareholders	225	378	*-40%*	339	309	*+9.8%*
Basic earnings per share (in €)	2.18	3.66	*-40%*	3.28	2.99	*+9.8%*
of which from continuing operations	1.68	1.60	*+5.2%*	2.65	2.46	*+7.7%*
Capex	(187)	(177)	*-6.1%*	(187)	(177)	*-6.1%*
of which from continuing operations	(163)	(159)	*-2.3%*	(163)	(159)	*-2.3%*
Free cash flow	71	92	*-22%*	71	92	*-22%*
of which from continuing operations	18	83	*-79%*	18	83	*-79%*
Free cash flow to Solvay shareholders	(65)	(69)	*+6.3%*	(65)	(69)	*+6.3%*
Net financial debt [2]	(3,475)			(5,675)		

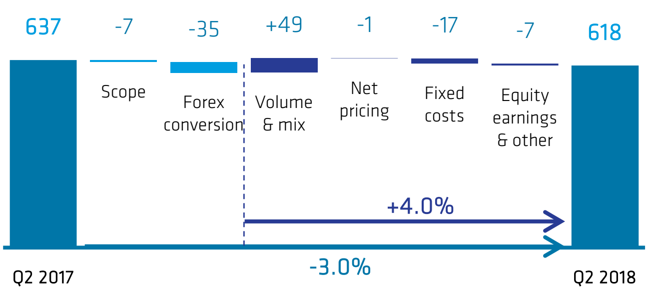
Yoy net sales bridge

(in € million)



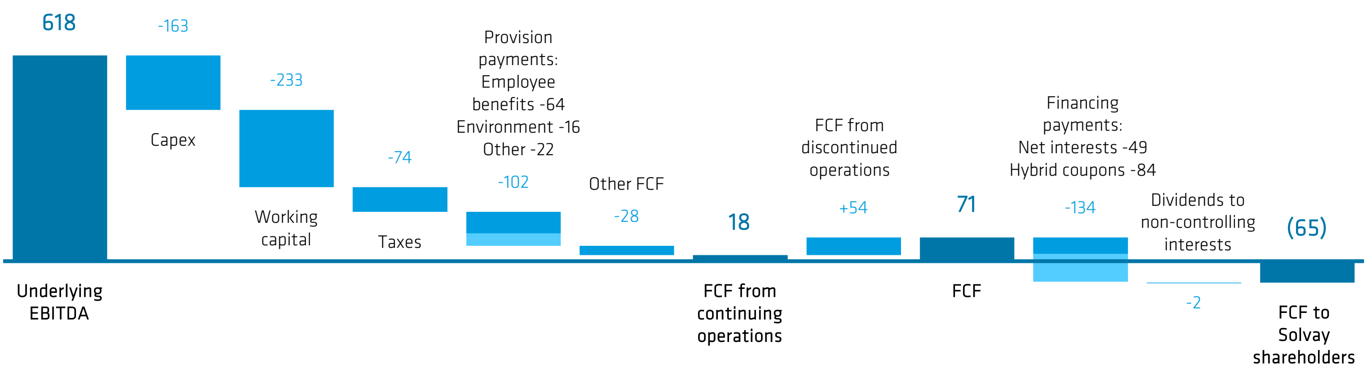
Yoy underlying EBITDA bridge

(in € million)



Cash generation

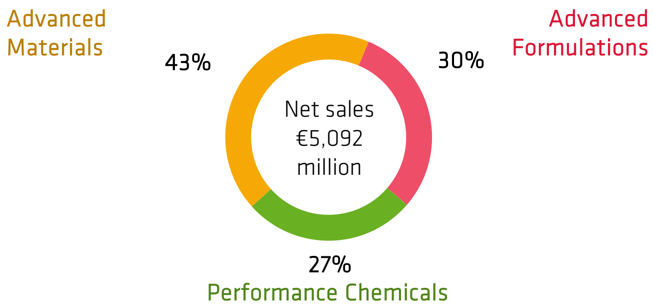
(in € million)

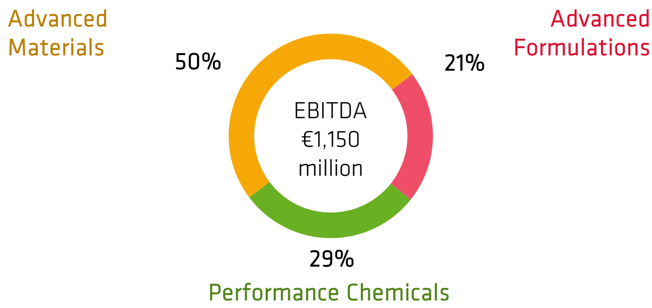


[1] A full reconciliation of IFRS and underlying income statement data can be found on page 13 of this report.
[2] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

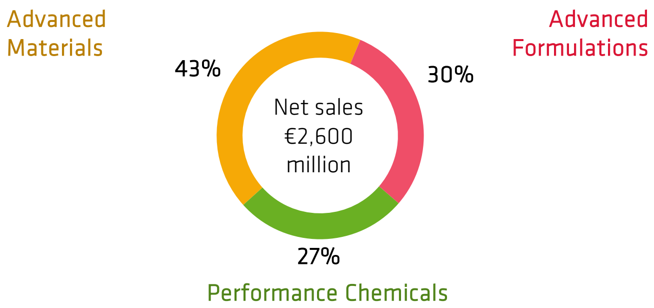
SEGMENT REVIEW [1]

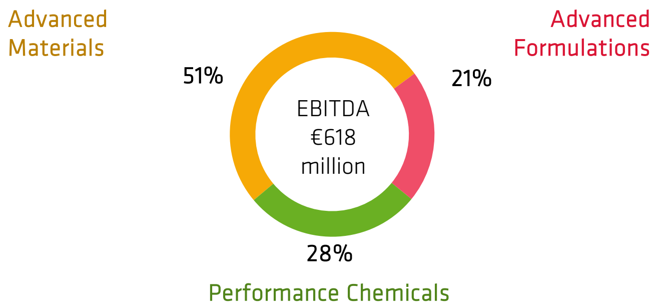
H1 2018





Q2 2018





Segment review

	Underlying					
(in € million)	Q2 2018	Q2 2017	*% yoy*	H1 2018	H1 2017	*% yoy*
Net sales	2,600	2,607	*-0.3%*	5,092	5,181	*-1.7%*
Advanced Materials	1,123	1,144	*-1.8%*	2,210	2,270	*-2.7%*
Advanced Formulations	775	757	*+2.4%*	1,505	1,498	*+0.5%*
Performance Chemicals	701	699	*+0.2%*	1,372	1,403	*-2.2%*
Corporate & Business Services	1	7	*-83%*	5	10	*-50%*
EBITDA	618	637	*-3.0%*	1,150	1,183	*-2.8%*
Advanced Materials	342	356	*-3.9%*	630	648	*-2.8%*
Advanced Formulations	144	130	*+11%*	262	257	*+1.9%*
Performance Chemicals	188	208	*-9.7%*	365	401	*-9.0%*
Corporate & Business Services	(56)	(57)	*+2.5%*	(107)	(123)	*+13%*
EBIT	448	469	*-4.4%*	818	848	*-3.5%*
Advanced Materials	267	285	*-6.4%*	486	508	*-4.3%*
Advanced Formulations	109	95	*+14%*	193	186	*+4.0%*
Performance Chemicals	143	162	*-11%*	276	309	*-10%*
Corporate & Business Services	(71)	(74)	*+3.7%*	(138)	(155)	*+11%*

CORPORATE & BUSINESS SERVICES

Underlying EBITDA costs were €(107) million, substantially lower than in the first half of 2017. While inflation was offset by cost discipline, Solvay benefitted from synergies and phasing of costs.

[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

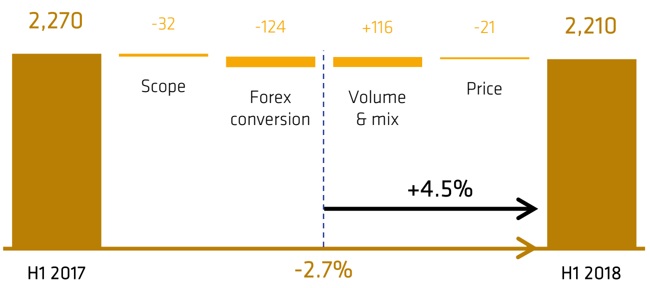
- Sustained demand for high-performance polymers across applications, particularly in automotive, led to strong volume growth
- Increased demand for aerospace composites, including commercial, rotorcraft and military, supported solid volume growth

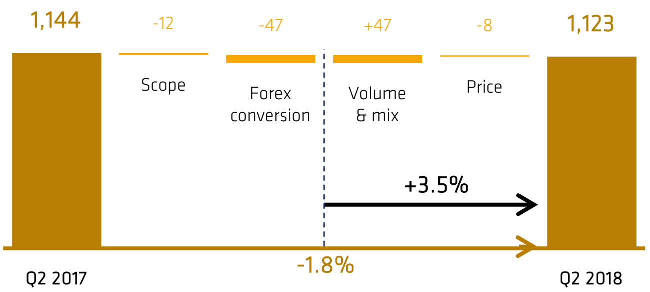
Key figures

(in € million)	Underlying					
	Q2 2018	Q2 2017	% yoy	H1 2018	H1 2017	% yoy
Net sales	1,123	1,144	*-1.8%*	2,210	2,270	*-2.7%*
Specialty Polymers	514	527	*-2.6%*	1,025	1,040	*-1.5%*
Composite Materials	277	283	*-2.1%*	532	556	*-4.3%*
Special Chem	219	219	*-0.2%*	429	444	*-3.3%*
Silica	114	114	*-0.7%*	223	229	*-2.7%*
EBITDA	342	356	*-3.9%*	630	648	*-2.8%*
EBITDA margin	*30%*	*31%*	*-0.7pp*	*29%*	*29%*	-
EBIT	267	285	*-6.4%*	486	508	*-4.3%*

Yoy net sales bridge

(in €million)





[1] Excluding forex conversion and scope effects.

H1 2018 performance

Net sales were 3% lower, as a result of forex conversion and a small reduction in scope from the divestment of the polyolefin cross-linkable compounds business in June 2017. Excluding these two elements, segment sales rose 5% organically, with volume growth across business units. Prices came out slightly lower due to forex transactional effects. **Specialty Polymers** was the strongest contributor to volume growth. In automotive, fuel-efficiency and electrification programs continued to drive demand for Solvay's high-performance polymers. This includes strong growth in battery applications, as the new PVDF plant in China is ramping up. Volumes also grew in other markets, including healthcare and consumer goods. Sales for electronic applications were largely flat as growth in semiconductor was offset by lower demand in smart devices in the second quarter. **Composite Materials** volumes grew strongly as well, reaching a high historical level in the period. The ramp-up of the F-35 military aircraft continued strongly while demand by the helicopter and business jet sectors continued to improve, as did industrial applications. Solvay order levels in the commercial passenger aircraft were overall stable, with recently launched programs, such as the 787 and 737MAX aircraft, offsetting the lower production rate for some larger planes. Volumes rose slightly in **Special Chem**, as robust demand from the electronics sector could build on recent capacity additions. This more than compensated for the planned gradual phase-out in insulation and the negative mix impact in automotive catalysts from the shift to gasoline from diesel. **Silica** volumes grew in North-America and in Europe, as overall demand from the energy-efficient tire market remains strong. Brazilian and Chinese operations were affected by force majeure in those countries.

Underlying EBITDA was down 3% year on year. Excluding scope effects and forex conversion, EBITDA grew 5%, driven by volumes. The segment was successful in raising prices and optimizing variable costs, thereby mitigating transactional forex effects and the sharp price increase of fluorspar. Fixed costs rose mainly as a result of temporary destocking effects at the new carbon fiber plant in the US during the first quarter. A one-off synergy gain of €19 million was booked on post-retirement benefits, less than in 2017, resulting in a net negative impact of €(9) million. The underlying **EBITDA margin** was stable at 29%.

ADVANCED FORMULATIONS

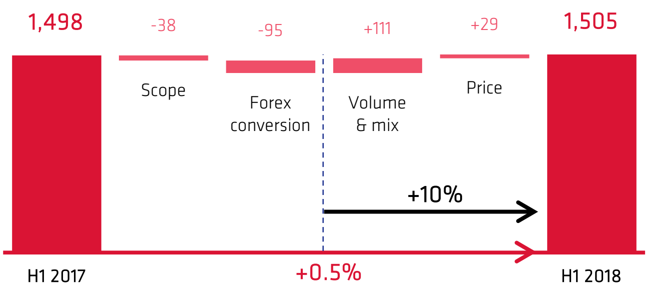
→ Strong volume growth across end-markets and especially in the North American oil & gas market
→ Pricing power more than compensating for higher raw material price

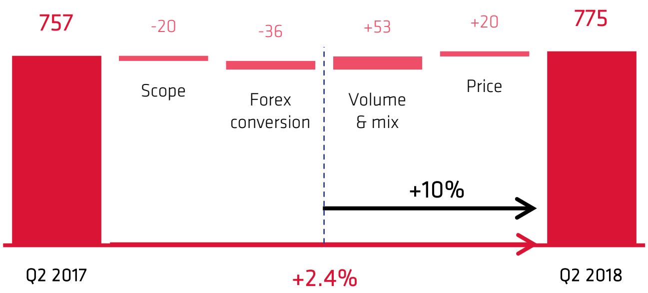
Key figures

(in € million)	Underlying					
	Q2 2018	Q2 2017	*% yoy*	H1 2018	H1 2017	*% yoy*
Net sales	775	757	*+2.4%*	1,505	1,498	*+0.5%*
Novecare	517	496	*+4.4%*	1,012	982	*+3.1%*
Technology Solutions	156	165	*-5.8%*	298	327	*-8.8%*
Aroma Performance	102	96	*+6.3%*	194	189	*+2.8%*
EBITDA	144	130	*+11%*	262	257	*+1.9%*
EBITDA margin	*19%*	*17%*	*+1.4pp*	*17%*	*17%*	*+0.2pp*
EBIT	109	95	*+14%*	193	186	*+4.0%*

Yoy net sales bridge

(in €million)





H1 2018 performance

Net sales were slightly up year on year. Volume increased 7%, across business units, and price increased 2%, offsetting the adverse forex effect and scope reduction from the divestment of formulated resins and part of the phosphorous derivatives businesses. Volumes in **Novecare** were still driven by continued strong demand in the North American shale oil and gas market. Other markets, including home & personal care and coatings, were also supportive, though demand from the agricultural sector remained soft. The business was successful in passing through raw material prices which had risen in the previous periods. Volumes in **Technology Solutions** were well up, thanks to strong demand for phosphorous specialties and growth in mining after the temporary phasing effect at the beginning of the year. Demand for UV-blocking polymer additives remained high as well. **Aroma Performance** sales volumes and prices were up in vanillin ingredients and especially in chemical applications.

Underlying EBITDA grew 2% year on year. Excluding scope effects and forex conversion, EBITDA grew 17% in the segment, reflecting the strong volume growth across business units. Price increases recouped some previous raw material price increases, while operational excellence initiatives helped contain fixed costs. The net effect of the one-off synergy benefit had a €(3) million negative impact. The underlying **EBITDA margin** remained at 17%.

[1] Excluding forex conversion and scope effects.

PERFORMANCE CHEMICALS

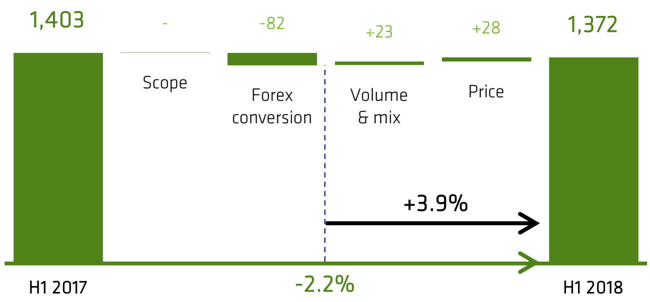
- → Solid demand for soda ash continued in a context of limited margin erosion
- → Peroxides volume and price increased on solid demand

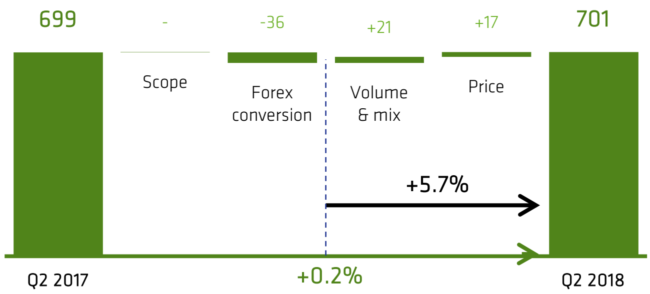
Key figures

(in € million)	Underlying					
	Q2 2018	Q2 2017	% yoy	H1 2018	H1 2017	% yoy
Net sales	701	699	*+0.2%*	1,372	1,403	*-2.2%*
Soda Ash & Derivatives	393	412	*-4.6%*	764	827	*-7.6%*
Peroxides	166	151	*+10%*	320	302	*+5.8%*
Coatis	120	103	*+16%*	244	204	*+20%*
Functional Polymers	22	34	*-36%*	43	69	*-37%*
EBITDA	188	208	*-9.7%*	365	401	*-9.0%*
EBITDA margin	*27%*	*30%*	*-2.9pp*	*27%*	*29%*	*-2.0pp*
EBIT	143	162	*-11%*	276	309	*-10%*

Yoy net sales bridge

(in €million)





H1 2018 performance

Net sales were 2% lower year on year, as a result of the 6% adverse forex conversion effect. Both volumes and prices rose 2%. Demand remained solid in **Soda Ash & Derivatives**. The plants operated at high capacity levels, after starting the year slowly due to railcar availability issues in the US. Prices were slightly lower versus 2017 reflecting the announced capacity additions on the market. Bicarbonate volumes continued to grow on strong demand, including for flue gas treatment. **Peroxides** sales volumes increased in North and Latin America, and prices increased in Asia on strong demand dynamics. **Coatis** sales grew by double digits, on both pricing and volumes, thanks to improved domestic demand in Latin-America, complemented by exports. **Functional Polymers** volumes were stable overall.

Underlying EBITDA dropped 9% due to forex conversion, or 3% excluding forex. As anticipated, soda ash margins eroded, as higher energy and freight costs could not be passed through the current market conditions. Growth in Coatis and Peroxides, combined with operational excellence delivery, mitigated some of the cost pressure and resulted in a better performance than expected at the start of the year. The underlying **EBITDA margin** was 2 percentage points lower at 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 Q2 2018	Q2 2017	H1 2018	H1 2017
Profit for the period before taxes	a	371	373	655	641
Earnings from associates & joint ventures	b	15	20	32	37
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(3)	(4)	(10)	(12)
Income taxes	d	(88)	(107)	(155)	(176)
Tax rate	e = -d/(a-b-c)	**24%**	**30%**	**25%**	**29%**

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)		Q2 2018	Q2 2017	H1 2018	H1 2017
Cash flow from operating activities	a	249	265	569	536
of which cash flow related to acquisition or sale of subsidiaries	b	-	-	-	(37)
Cash flow from investing activities	c	(187)	585	(329)	588
of which capital expenditures required by share sale agreement	d	(8)	-	(17)	-
Acquisition (-) of subsidiaries	e	-	(2)	(10)	(25)
Acquisition (-) of investments - Other	f	-	(4)	(2)	(10)
Loans to associates and non-consolidated companies	g	(2)	(7)	-	(12)
Sale (+) of subsidiaries and investments	h	1	772	50	950
Free cash flow	k = a-b+c-d-e-f-g-h	**71**	**92**	**218**	**256**
Free cash flow from discontinued operations	l	54	9	95	6
Free cash flow from continuing operations	m = k-l	**18**	**83**	**123**	**251**
Net interests paid	n	(49)	(73)	(54)	(136)
Coupons paid on perpetual hybrid bonds	o	(84)	(84)	(84)	(84)
Dividends paid to non-controlling interests	p	(2)	(3)	(3)	(3)
Free cash flow to Solvay shareholders	q = k+n+o+p	**(65)**	**(69)**	**77**	**33**

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)		Q2 2018	Q2 2017	H1 2018	H1 2017
Acquisition (-) of tangible assets	a	(140)	(146)	(298)	(308)
Acquisition (-) of intangible assets	b	(47)	(30)	(72)	(54)
Capex	c = a+b	**(187)**	**(177)**	**(371)**	**(361)**
Capex flow from discontinued operations	d	(24)	(17)	(49)	(41)
Capex from continuing operations	e = c-d	**(163)**	**(159)**	**(322)**	**(321)**
Underlying EBITDA	f	618	637	1,150	1,183
Cash conversion	g = (f+e)/f	**74%**	**75%**	**72%**	**73%**

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 June 30	2017 December 31
Inventories	a	1,624	1,504
Trade receivables	b	1,541	1,462
Other current receivables	c	820	627
Trade payables	d	(1,289)	(1,330)
Other current liabilities	e	(889)	(848)
Net working capital	f = a+b+c+d+e	**1,808**	**1,414**
Sales	g	2,820	2,765
Annualized quarterly total sales	h = 4*g	11,281	11,060
Net working capital / sales	i = f / h	**16.0%**	**12.8%**
Year average	j = µ(Q1,Q2,Q3,Q4)	15.0%	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 June 30	2017 December 31
Non-current financial debt	a	(3,207)	(3,182)
Current financial debt	b	(1,422)	(1,044)
Gross debt	c = a+b	(4,628)	(4,226)
Other financial instrument receivables	d	118	89
Cash & cash equivalents	e	1,036	992
Total cash and cash equivalents	f = d+e	1,153	1,080
IFRS net debt	g = c+f	**(3,475)**	**(3,146)**
Perpetual hybrid bonds	h	(2,200)	(2,200)
Underlying net debt	i = g+h	**(5,675)**	**(5,346)**
Underlying EBITDA (last 12 months)	j	2,197	2,230
Adjustment for discontinued operations [1]	k	253	236
Adjusted underlying EBITDA for leverage calculation [1]	l = j+k	2,450	2,466
Underlying leverage ratio [1]	m = -i/l	**2.3**	**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.

H1 consolidated income statement

(in € million)	H1 2018 IFRS	H1 2018 Adjustments	H1 2018 Underlying	H1 2017 IFRS	H1 2017 Adjustments	H1 2017 Underlying
Sales [1]	**5,629**	-	**5,629**	**5,626**	-	**5,626**
of which revenues from non-core activities [1]	537	-	537	445	-	445
of which net sales	5,092	-	5,092	5,181	-	5,181
Cost of goods sold [1]	(4,078)	1	(4,077)	(4,032)	1	(4,031)
Gross margin	**1,551**	**1**	**1,552**	**1,595**	**1**	**1,596**
Commercial & administrative costs	(683)	16	(667)	(723)	22	(702)
Research & development costs	(141)	1	(140)	(143)	1	(142)
Other operating gains & losses	(57)	97	41	(47)	106	59
Earnings from associates & joint ventures	19	14	32	21	15	37
Result from portfolio management & reassessments	(203)	203	-	(65)	65	-
Result from legacy remediation & major litigations	(44)	44	-	(35)	35	-
EBITDA	**925**	**226**	**1,150**	**1,074**	**109**	**1,183**
Depreciation, amortization & impairments	(482)	150	(332)	(471)	136	(335)
EBIT	**443**	**375**	**818**	**603**	**245**	**848**
Net cost of borrowings	(61)	-	(61)	(102)	6	(96)
Coupons on perpetual hybrid bonds	-	(55)	(55)	-	(56)	(56)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(10)	(10)	-	(12)	(12)
Cost of discounting provisions	(29)	(8)	(36)	(48)	5	(43)
Profit for the period before taxes	**353**	**302**	**655**	**453**	**189**	**641**
Income tax expenses	(89)	(67)	(155)	(99)	(76)	(176)
Profit for the period from continuing operations	**264**	**235**	**500**	**353**	**112**	**466**
Profit (loss) for the period from discontinued operations	89	17	106	286	(159)	127
Profit for the period	**353**	**253**	**605**	**640**	**(47)**	**593**
attributable to Solvay shareholders	334	252	586	613	(49)	565
attributable to non-controlling interests	19	-	19	26	2	28
Basic earnings per share (in €)	3.23		5.67	5.94		5.47
of which from continuing operations	2.37		4.65	3.21		4.28
Diluted earnings per share (in €)	3.21		5.64	5.90		5.43
of which from continuing operations	2.36		4.62	3.19		4.25

[1] The comparative figures of non-core revenues and costs of goods sold have been restated for an amount of €109 million, following a change in presentation of revenues from non-core activities.

EBITDA on an IFRS basis totaled €925 million, versus €1.150 million on an underlying basis. The difference of €226 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €14 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 5% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €168 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises €(180) million of restructuring costs, almost entirely related to the cost booked for the Group simplification plan of €(178) million. These impacts were mitigated by €12 million net gains on M&A activities, mainly the capital gain on the divestment of the phosphorous plant in Charleston, US.
- €44 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €443 million, versus €818 million on an underlying basis. The difference of €375 million is explained by the above-mentioned €226 million adjustments at the EBITDA level and €150 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €116 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 €16 million, in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €97 million.
- €34 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 €(90) million versus €(163) million on an underlying basis. The €(73) million adjustment made to IFRS net financial charges consists of:

- €(55) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(10) 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 €(89) million, versus €(155) million on an underlying basis. The €(67) million adjustment includes mainly:

- €(76) million to adjust for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €9 million to adjust for tax elements related to prior periods.

Discontinued operations generated a profit of €89 million on an IFRS basis and €106 million on an underlying basis. The €17 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 €334 million on an IFRS basis and €586 million on an underlying basis. The delta of €252 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was almost no impact from non-controlling interests.

Q2 consolidated income statement

(in € million)	Q2 2018 IFRS	Q2 2018 Adjust-ments	Q2 2018 Under-lying	Q2 2017 IFRS	Q2 2017 Adjust-ments	Q2 2017 Under-lying
Sales [1]	**2,820**	**-**	**2,820**	**2,786**	**-**	**2,786**
of which revenues from non-core activities [1]	221	-	221	179	-	179
of which net sales	2,600	-	2,600	2,607	-	2,607
Cost of goods sold [1]	(2,014)	-	(2,013)	(1,963)	-	(1,963)
Gross margin	**807**	**-**	**807**	**823**	**-**	**823**
Commercial & administrative costs	(354)	8	(346)	(370)	11	(359)
Research & development costs	(71)	1	(71)	(71)	1	(70)
Other operating gains & losses	(7)	49	42	3	52	55
Earnings from associates & joint ventures	8	7	15	-	20	20
Result from portfolio management & reassessments	(58)	58	-	(52)	52	-
Result from legacy remediation & major litigations	(26)	26	-	(25)	25	-
EBITDA	**536**	**82**	**618**	**551**	**86**	**637**
Depreciation, amortization & impairments	(237)	68	(170)	(242)	74	(168)
EBIT	**299**	**149**	**448**	**309**	**160**	**469**
Net cost of borrowings	(29)	-	(29)	(48)	6	(42)
Coupons on perpetual hybrid bonds	-	(28)	(28)	-	(28)	(28)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(3)	(3)	-	(4)	(4)
Cost of discounting provisions	(10)	(7)	(17)	(21)	-	(21)
Profit for the period before taxes	**260**	**111**	**371**	**239**	**135**	**373**
Income tax expenses	(77)	(11)	(88)	(63)	(44)	(107)
Profit for the period from continuing operations	**183**	**100**	**283**	**176**	**90**	**266**
Profit (loss) for the period from discontinued operations	51	14	65	213	(158)	55
Profit for the period	**235**	**114**	**349**	**389**	**(68)**	**321**
attributable to Solvay shareholders	225	114	339	378	(70)	309
attributable to non-controlling interests	9	-	10	10	2	12
Basic earnings per share (in €)	2.18		3.28	3.66		2.99
of which from continuing operations	1.68		2.65	1.60		2.46
Diluted earnings per share (in €)	2.17		3.26	3.64		2.97
of which from continuing operations	1.68		2.63	1.59		2.44

[1] The comparative figures of non-core revenues and costs of goods sold have been restated for an amount of €24 million, following a change in presentation of revenues from non-core activities.

EBITDA on an IFRS basis totaled €536 million, versus €618 million on an underlying basis. The difference of €82 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €7 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, following the 2.1% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €49 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises €(43) million of restructuring costs, almost entirely related to the cost booked for the Group simplification plan and €(6) million net losses on on M&A activities.
- €26 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €299 million, versus €448 million on an underlying basis. The difference of €149 million is explained by the above-mentioned €82 million adjustments at the EBITDA level and €68 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €58 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 €8 million, in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €49 million.
- €9 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 the divestment of the hydrofluoric acid plant in Porto Marghera, Italy, and some other non-performing assets.

Net financial charges on an IFRS basis were €(39) million versus €(77) million on an underlying basis. The €(38) 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.
- €(3) 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.
- €(7) 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 €(77) million, versus €(88) million on an underlying basis. The €(11) million adjustment includes mainly:

- €(16) million to adjust for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €5 million to adjust for tax elements related to prior periods.

Discontinued operations generated a profit of €51 million on an IFRS basis and €65 million on an underlying basis. The €14 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 €225 million on an IFRS basis and €339 million on an underlying basis. The delta of €114 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 [3])

Consolidated income statement

(in € million)	Q2 2018	Q2 2017	H1 2018	H1 2017
	IFRS			
Sales [1]	**2,820**	**2,786**	**5,629**	**5,626**
of which revenues from non-core activities [1]	221	179	537	445
of which net sales	2,600	2,607	5,092	5,181
Cost of goods sold [1]	(2,014)	(1,963)	(4,078)	(4,032)
Gross margin	**807**	**823**	**1,551**	**1,595**
Commercial & administrative costs	(354)	(370)	(683)	(723)
Research & development costs	(71)	(71)	(141)	(143)
Other operating gains & losses	(7)	3	(57)	(47)
Earnings from associates & joint ventures	8	-	19	21
Result from portfolio management & reassessments	(58)	(52)	(203)	(65)
Result from legacy remediation & major litigations	(26)	(25)	(44)	(35)
EBIT	**299**	**309**	**443**	**603**
Cost of borrowings	(35)	(41)	(69)	(84)
Interest on lendings & deposits	3	3	6	8
Other gains & losses on net indebtedness	3	(11)	2	(27)
Cost of discounting provisions	(10)	(21)	(29)	(48)
Profit for the period before taxes	**260**	**239**	**353**	**453**
Income tax expenses	(77)	(63)	(89)	(99)
Profit for the period from continuing operations	**183**	**176**	**264**	**353**
attributable to Solvay shareholders	174	165	245	331
attributable to non-controlling interests	9	10	19	22
Profit (loss) for the period from discontinued operations	51	213	89	286
Profit for the period	**235**	**389**	**353**	**640**
attributable to Solvay shareholders	225	378	334	613
attributable to non-controlling interests	9	10	19	26
Weighted average of number of outstanding shares, basic	103,275,653	103,343,444	103,314,931	103,290,107
Weighted average of number of outstanding shares, diluted	103,814,533	104,089,449	103,866,015	103,981,906
Basic earnings per share (in €)	2.18	3.66	3.23	5.94
of which from continuing operations	1.68	1.60	2.37	3.21
Diluted earnings per share (in €)	2.17	3.64	3.21	5.90
of which from continuing operations	1.68	1.59	2.36	3.19

Consolidated statement of comprehensive income

(in € million)	Q2 2018	Q2 2017	H1 2018	H1 2017
	IFRS			
Profit for the period	**235**	**389**	**353**	**640**
Gains and losses on hedging instruments in a cash flow hedge	(25)	21	(17)	13
Currency translation differences from subsidiaries & joint operations	316	(438)	150	(469)
Currency translation differences from associates & joint ventures	(10)	(44)	(22)	(23)
Recyclable components	280	(461)	111	(478)
Gains and losses on equity instruments measured at fair value through other comprehensive income	-	(3)	-	(2)
Remeasurement of the net defined benefit liability [2]	152	36	177	174
Non-recyclable components	152	33	177	172
Income tax relating to components of other comprehensive income	(32)	(6)	(37)	(32)
Other comprehensive income, net of related tax effects	**400**	**(434)**	**250**	**(339)**
Total comprehensive income	**635**	**(45)**	**603**	**301**
attributed to Solvay share	621	(48)	581	307
attributed to non-controlling interests	14	3	22	(6)

[1] The comparative figures of non-core revenues and costs of goods sold have been restated for an amount of €109 million in H1 and €24 million in Q2, following a change in presentation of revenues from non-core activities.
[2] The net defined benefit liability remeasurement of €177 million in H1 2018 mainly related to an increase in discount rates for the US and UK and lower inflation rate in the UK.
[3] Review by auditor of H1 figures only

Consolidated statement of cash flows

(in € million)	IFRS Q2 2018	Q2 2017	H1 2018	H1 2017
Profit for the period	235	389	353	640
Adjustments to profit for the period	433	262	896	641
Depreciation, amortization & impairments (-)	237	292	482	546
Earnings from associates & joint ventures (-)	(8)	-	(19)	(21)
Additions & reversals on provisions (-)	54	27	222	66
Net financial charges	39	71	91	153
Income tax expenses (-)	101	70	131	116
Other non-operating and non-cash items [1]	10	(198)	(11)	(219)
Changes in working capital	(243)	(216)	(385)	(410)
Uses of provisions	(103)	(87)	(193)	(183)
Dividends received from associates & joint ventures	8	5	13	10
Income taxes paid (including income taxes paid on sale of investments)	(80)	(88)	(115)	(162)
Cash flow from operating activities	**249**	**265**	**569**	**536**
of which cash flow related to acquisition or sale of subsidiaries	-	-	-	(37)
Acquisition (-) of subsidiaries	-	(2)	(10)	(25)
Acquisition (-) of investments - Other	-	(4)	(2)	(10)
Loans to associates and non-consolidated companies	(2)	(7)	-	(12)
Sale (+) of subsidiaries and investments	1	772	50	950
Acquisition (-) of tangible and intangible assets (capex)	(187)	(177)	(371)	(361)
of which tangible assets	(140)	(146)	(298)	(308)
of which capital expenditures required by share sale agreement	(8)	-	(17)	-
of which intangible assets	(47)	(30)	(72)	(54)
Sale (+) of tangible & intangible assets	10	11	16	63
of which cash flow related to the sale of real estate in the context of restructuring, dismantling or remediation	-	-	-	4
Changes in non-current financial assets	(8)	(7)	(14)	(17)
Cash flow from investing activities	**(187)**	**585**	**(329)**	**588**
Sale (acquisition) of treasury shares	(24)	4	(21)	3
Increase in borrowings	713	442	1,087	746
Repayment of borrowings	(399)	(308)	(809)	(635)
Changes in other current financial assets	20	(534)	13	(546)
Net interests paid	(49)	(73)	(54)	(136)
Coupons paid on perpetual hybrid bonds	(84)	(84)	(84)	(84)
Dividends paid	(231)	(224)	(375)	(360)
of which to Solvay shareholders	(229)	(221)	(372)	(357)
of which to non-controlling interests	(2)	(3)	(3)	(3)
Other	32	1	56	(15)
Cash flow from financing activities	**(22)**	**(775)**	**(188)**	**(1,028)**
Net change in cash and cash equivalents	**40**	**74**	**52**	**96**
Currency translation differences	6	(13)	(8)	5
Opening cash balance	990	1,094	992	1,054
Closing cash balance	**1,036**	**1,156**	**1,036**	**1,156**

Statement of cash flow from discontinued operations

(in € million)	IFRS Q2 2018	Q2 2017	H1 2018	H1 2017
Cash flow from operating activities	69	26	126	46
Cash flow from investing activities	(24)	(17)	(49)	(40)
Net change in cash and cash equivalents	**45**	**9**	**77**	**5**

[1] Other non-operating and non-cash items for H1 2018 include the capital gain on the sale of the Phosphorus site in Charleston, US, for €22 million, compensated by some other smaller transactions.

Consolidated statement of financial position

(in € million)	IFRS June 30, 2018	IFRS December 31, 2017
Intangible assets	2,918	2,940
Goodwill	5,120	5,042
Tangible assets	5,378	5,433
Equity instruments measured at fair value through other comprehensive income	46	44
Investments in associates & joint ventures	440	466
Other investments	43	47
Deferred tax assets	1,082	1,076
Loans & other assets	388	346
Non-current assets	**15,415**	**15,394**
Inventories	1,624	1,504
Trade receivables	1,541	1,462
Income tax receivables	120	100
Other financial instrument receivables	118	89
Other receivables	820	627
Cash & cash equivalents	1,036	992
Assets held for sale	1,309	1,284
Current assets	**6,568**	**6,057**
Total assets	**21,983**	**21,451**
Share capital	1,588	1,588
Reserves	8,310	8,051
Non-controlling interests	129	113
Total equity	**10,028**	**9,752**
Provisions for employee benefits	2,574	2,816
Other provisions	782	793
Deferred tax liabilities	668	600
Financial debt	3,207	3,182
Other liabilities	195	180
Non-current liabilities	**7,426**	**7,571**
Other provisions	409	281
Financial debt	1,422	1,044
Trade payables	1,289	1,330
Income tax payables	128	129
Dividends payable	7	147
Other liabilities	889	848
Liabilities associated with assets held for sale	385	349
Current liabilities	**4,529**	**4,128**
Total equity & liabilities	**21,983**	**21,451**

Consolidated statement of changes in equity

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value)		Defined benefit pension plans	Total reserves	Non-controlling interests	IFRS Total equity
							Equity instruments measured at fair value through other comprehensive income	Cash flow hedges				
Balance on December 31, 2016	1,588	1,170	(274)	2,188	5,899	(39)	8	(5)	(828)	8,118	250	9,956
Profit for the period	-	-	-	-	613	-	-	-	-	613	26	640
Items of other comprehensive income	-	-	-	-	-	(459)	(2)	15	140	(306)	(33)	(339)
Comprehensive income	-	-	-		613	(459)	(2)	15	140	307	(6)	301
Cost of stock options	-	-	-	-	5	-	-	-	-	5		5
Dividends	-	-	-	-	(220)	-	-	-	-	(220)	(5)	(225)
Coupons of perpetual hybrid bonds	-	-	-	-	(84)	-	-	-	-	(84)		(84)
Sale (acquisition) of treasury shares	-	-	3	-	-	-	-	-	-	3		3
Other [1]	-	-	-	-	(33)	-	-	-	34	1	(119)	(117)
Balance on June 30, 2017	1,588	1,170	(271)	2,188	6,179	(498)	6	9	(654)	8,129	121	9,838
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	-	-	-	-	334	-	-	-	-	334	19	353
Items of other comprehensive income [2]	-	-	-	-	-	124	1	(21)	142	247	3	250
Comprehensive income	-	-	-	-	334	124	1	(21)	142	581	22	603
Cost of stock options	-	-	-	-	4	-	-	-	-	4	-	4
Dividends	-	-	-	-	(229)	-	-	-	-	(229)	(6)	(235)
Coupons of perpetual hybrid bonds	-	-	-	-	(84)	-	-	-	-	(84)	-	(84)
Sale (acquisition) of treasury shares	-	-	(21)	-	-	-	-	-	-	(21)	-	(21)
Other	-	-	-	-	14	-	-	-	-	14	-	14
Balance on June 30, 2018	1,588	1,170	(303)	2,188	6,488	(710)	6	(4)	(524)	8,310	129	10,028

[1] The €(119) million reduction in equity related to non-controlling interest follows the completion of the Vinythai divestment in Q1 2017.
[2] The €124 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 July 30, 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 675 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 €170 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 six months ended June 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 1 January 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 in H1 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. As from the third quarter of 2017, Performance Chemicals also encompasses the remaining business activities previously included in the Functional Polymers segment: following the signing of the binding agreement with German chemical company BASF for the sale of its Polyamides business in September 2017, those polyamide activities, which constituted the major part of Functional Polymers, were reclassified to discontinued operations. Comparative periods have been reworked accordingly: second quarter 2017 net sales increased by €34 million and underlying EBITDA by €18 million. First half 2017 net sales increased by €70 million and underlying EBITDA by €27 million.
- 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)	Q2 2018	Q2 2017	H1 2018	H1 2017
Net sales	**2,600**	**2,607**	**5,092**	**5,181**
Advanced Materials	1,123	1,144	2,210	2,270
Advanced Formulations	775	757	1,505	1,498
Performance Chemicals	701	699	1,372	1,403
Corporate & Business Services	1	7	5	10
Underlying EBITDA	**618**	**637**	**1,150**	**1,183**
Advanced Materials	342	356	630	648
Advanced Formulations	144	130	262	257
Performance Chemicals	188	208	365	401
Corporate & Business Services	(56)	(57)	(107)	(123)
Underlying depreciation, amortization & impairments	(170)	(168)	(332)	(335)
Underlying EBIT	**448**	**469**	**818**	**848**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions [1]	(58)	(64)	(116)	(130)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	(7)	(20)	(14)	(15)
Result from portfolio management & reassessments	(58)	(52)	(203)	(65)
Result from legacy remediation & major litigations	(26)	(25)	(44)	(35)
EBIT	**299**	**309**	**443**	**603**
Net financial charges	(39)	(70)	(90)	(150)
Profit for the period before taxes	**260**	**239**	**353**	**453**
Income taxes	(77)	(63)	(89)	(99)
Profit for the period from continuing operations	**183**	**176**	**264**	**353**
Profit (loss) for the period from discontinued operations	51	213	89	286
Profit for the period	**235**	**389**	**353**	**640**
attributable to non-controlling interests	9	10	19	26
attributable to Solvay shareholders	**225**	**378**	**334**	**613**

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 Q2 2018 these consist of €(58) million of amortization of intangible assets, which are adjusted in "Commercial & administrative costs" for €8 million, in "Research & development costs" for €1 million, and in "Other operating gains & losses" for €49 million. For H1 2018 these consist of €(116) million of amortization of intangible assets, which are adjusted in "Cost of goods sold" for €1 million, in "Commercial & administrative costs" for €16 million, in "Research & development costs" for €1 million, and in "Other operating gains & losses" for €97 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 June 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 June 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. 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 six 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.

6. Report on the review of the consolidated interim financial information of Solvay SA/NV for the six-month period ended June 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 June 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 six months then ended, as well as selective notes 1 to 5.

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 €21,983 million and the consolidated income statement shows a consolidated profit (Group share) for the period then ended of €334 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, July 31, 2018

The statutory auditor

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Represented by Michel Denayer

- September 24, 2018 Investor update, London
- November 8, 2018 Nine months 2018 results
- February 27, 2019 Full year 2018 results
- May 7, 2019 First quarter 2019 results
- July 31, 2019 First half 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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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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