

Solvac: First interim gross dividend 2020 at €3.26

1. The cash revenue¹, driven by dividends from the investment in Solvay amounts to €121.9 million compared to €121.9 million in 2019, and is stable from one year to another as indicated in the table below:

	1 st Half 2019	1 st Half 2020
Solvay dividend per share – January (in €)	1.44	1.50
Number of Solvay shares held by Solvac (in million)	32.5	32.5
Solvay dividend received in January (in million €) (a)	46.8	48.8
Solvay dividend per share – May (in €)	2.31	2.25
Number of Solvay shares held by Solvac (in million)	32.5	32.5
Solvay dividend received in May (in million €) (b)	75.1	73.1
Cash revenue (a) + (b)¹ (in million €)	121.9	121.9
Operating expenses (in million €)	-0.8	-0.9
Cost of borrowing (in million €)	-1.8	-1.8
Cash income¹ (in million €)	119.3	119.2

Solvac holds 30.81% in Solvay as of the end of June 2020, a slight increase compared to December 31st, 2019 (30.71%) resulting from the purchase of 110,458 shares during the first half of 2020. Insofar the company's statutory accounts authorise, it is on the basis of cash income, after covering expenses (primarily financial charges), that the Board of Directors determines the amounts proposed for distribution by Solvac.

2. The Board of Directors has prepared the Solvac consolidated financial statements on June 30th, 2020. These accounts have been approved by the Board of Directors on July 30th, 2020. These accounts have been submitted to the Statutory Auditor. They are presented according to IFRS standards as adopted in the European Union.

Consolidated income statement

€ million	1 st Half 2019	1 st Half 2020
Income from investments accounted for under the equity method	156.7	-408.4
Operating expenses	-0.8	-0.9
Cost of borrowings	-1.8	-1.8
Net income	154.1	-411.1
Net income and diluted earnings per share (€)²	7.2	-19.2

¹ Solvac uses certain non-IFRS performance indicators that are defined here:

- Cash revenue refers to income received during the period. It is defined as the cash flow obtained by the payment of dividends received from Solvay.
- Cash income means the cash revenue reduced by the interest charges and other income and expenses (financial/operational). It is on the basis of this indicator that the Board of Directors determines the amounts proposed for distribution by Solvac. See detail of calculation in note 8, page 11 of current press release.

² The net income per share and the net diluted income per share are identical. The average weighted number of shares used for the calculation per share was 21,375,033 in June 2020 and in 2019

On June 30th, 2020 Solvac recorded net consolidated income of €-411.1 million (namely, €-19.2 per share) versus €154.1 million (namely, €7.2 per share) in the same period in 2019, as a result of the evolution in the equity method applied to Solvay's results.

The 1st half 2020 net result of the participation calculated by the equity method (a loss of €-408 million) is lower than the gain of €157 million obtained in the same period 2019, reflecting the evolution of Solvay's net result in the first half of 2020, as published this 29th of July 2020. The decrease in Solvay's net results mainly originates from an asset impairment of €1.5 billion.

3. The Board of Directors reports the figures of the statutory accounts relating to Solvac SA (Belgian GAAP) for the 1st half of 2020 :

€ million	1 st Half 2019	1 st Half 2020
Financial result	73.3	71.3
Operating result	-0.8	-0.9
Profit before tax	72.5	70.4
Profit after tax	72.5	70.4

The net income after tax is € 70.4 million, down by 3.0% compared to the result at the 1st half 2019 (€ 72.5 million) attributable to the slight decrease in dividends per share paid by Solvay.

4. In accordance with the dividend distribution policy of the company, the Board of Directors decided to set the first interim dividend at €3.26 gross, an increase of 4.2% compared to the first interim dividend of 2019. This amount represents 60% of the total dividend of the previous year.

The net amount of the first interim dividend settles at €2.282, after deduction of a withholding tax of 30%. This first interim dividend will be paid on August 17, 2020 and will lead to a gross distribution of €69.7 million. The Solvac shares will trade ex-dividend on Euronext Brussels, from August 4, 2020 and transactions must be notified to us on Friday August 7, 2020. Any transaction not registered on this date must be recovered (purchase) or returned (sale) by the financial intermediary who executed the transaction.

To our non-resident shareholders, Belgium has entered into international tax treaties with a certain number of foreign countries, which generally limit the burden of this withholding tax to 15% or even 10% (<https://www.solvac.be/actualites/communications-de-dividende/>). The first part of the form 276 DIV-UAT, duly completed, stamped by the foreign service of taxation on which the applicant depends and signed must arrive at Solvac on August 27, 2020.

Shareholders wishing to contribute to the Solvay Solidarity Fund at €1.14 gross per share will receive an interim dividend of €2.12 gross per share or €1.484 net per share, after deduction of 30% withholding tax.

Shareholders wishing to contribute on a partial basis, at €0.57 gross per share will receive an interim dividend of €2.69 gross per share of €1.883 net per share, after deduction of 30% withholding tax.

The second interim dividend which will be decided by the Board, will be released on December 11, 2020 and will be paid on December 29, 2020.

In line with its policy of distributing almost all the Solvay dividends and considering Solvay is not increasing its ex-dividend by 4.2%, the Board should decide in December 2020 to maintain the dividend at €5.44 per share. This distribution would result in a cash outflow of €116.3 million in 2020.

The second interim dividend should settle at €2.18 gross per share, or €1.526 net per share (after deduction of a withholding tax of 30%).

5. Limited review opinion on the financial accounts

Report on the review of the consolidated interim financial information of Solvac SA/NV for the six-month period ended 30 June 2020

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 condensed statement of financial position as at 30 June 2020, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 8.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Solvac 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 condensed statement of financial position shows total assets of 2 784 million EUR and the consolidated condensed income statement shows a consolidated loss (group share) for the period then ended of 411 million EUR.

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 Solvac 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, 30 July 2020

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL

Represented by

Michel Denayer

Corine Magnin

6. Remarks

Content

This press release contains regulated information and is prepared in accordance with the IAS 34 standard "Interim Financial Statements". The analysis of risk management is presented in the annual report, available on the Internet (www.solvac.be). Exception made for the impact of the pandemic Covid, there are no changes in the identification of risks on June 30th 2020 compared to December 31st, 2019. The impact of Covid on the company Solvac is limited to the impact registered within the Solvay Group and is explained in the communications published by the Solvay Group.

Solvac Shares

	<i>December 2019</i>	<i>June 2020</i>
Number of shares outstanding at end of period	21,375,033	21,375,033
Average number of shares for calculating results per share according to IFRS	21,375,033	21,375,033
Average number of shares for calculating diluted results per share according to IFRS	21,375,033	21,375,033

7. Statement of the accountable persons

Mr JP. Delwart, Chairman of the Board of Directors, and Mr B. de Laguiche, Managing Director of Solvac, declare that to their knowledge :

- the condensed financial statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, of the financial position and the results of the issuer and the business included in the consolidation;
- the interim report includes a faithful statement on the development of the business, the results and the situation of the issuer and the business included in the consolidation, as well as a description of the main risks and uncertainties they face.
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvac 2019 Annual Report, taking into account the current economic and financial environment. The risks relating to COVID-19, mainly present at Solvay level and which appeared in 2020, are explained in the note 1, on page 16 of their half-year financial report.

Key financial reporting dates

- August 17th, 2020: Payment of the first interim dividend for the 2020 financial year
- December 11th, 2020: 6:00 pm Press Release "Second interim dividend"
- December 29th, 2020: Payment of the second interim dividend for the 2020 financial year.

For more information, please contact:

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Solvac is a public limited company under the Belgian law founded in 1983 and listed on Euronext Brussels under the ISIN code BE0003545531 (**SOLV**). Its assets exclusively consist of a stake of more than 30 % in the capital of Solvay SA. Its titles are exclusively nominative. They may be freely held by natural persons, or subject to the approval of the Board of Directors, by legal persons or assimilated to the conditions set out in its accreditation policy. As of June 30th, 2020 its market capitalization was €1.9 billion.

Solvac – Condensed Half Year Financial Statements IFRS

Condensed Consolidated Statement of Financial Position

€ million	Notes	December 31 st , 2019	June 30 th , 2020
ASSETS			
Tangible fixed assets		0	0
Non-current assets : investment accounted for under the equity method	2	3,334	2,726
Goodwill		343	343
Participation accounted for under the equity method excluding goodwill		2,991	2,383
Current assets : short-term receivables		49	0
Cash and cash equivalents	3	0	58
Total assets		3,383	2,784
EQUITY AND LIABILITIES			
Equity	4	3,175	2,630
Capital		192	192
Reserves		2,983	2,438
Non-current liabilities : long term financial debt	5	150	150
Current liabilities		58	4
Short-term financial debt		40	0
Tax liabilities		14	0
Other current liabilities	6	4	4
Total equity and liabilities		3,383	2,784

Condensed Consolidated Income Statement

€ million	Notes	1 st Half 2019	1 st Half 2020
Income from investment accounted for under the equity method	2	156.7	-408.4
Operating expenses		-0.8	-0.9
Cost of borrowings	5	-1.8	-1.8
Net income		154.1	-411.1
Net income and diluted income per share (€)¹		7.2	-19.2

¹ The net income per share and the net diluted income per share are identical. The average weighted number of shares used for the calculation per share is 21,375,033 in June 2020 and June 2019.

Condensed Consolidated Statement of Total Comprehensive Income

<i>€ million</i>	<i>1st Half 2019</i>	<i>1st Half 2020</i>
Net income (a)	154	-411
Other elements of comprehensive income ¹		
Recyclable components		
Gains and losses on hedging instruments in a cash-flow hedge	-2	-12
Currency translation differences (activities abroad)	33	-57
Non-recyclable components		
Fair value adjustments	0	-1
Remeasurement of the net defined benefit liability	-68	-52
Income tax relating to recyclable and non-recyclable elements		
Income tax relating to components of other comprehensive income.	22	5
Other elements of comprehensive income net of related tax effects (b)	-15	-117
Comprehensive income (a) + (b)	139	-528

¹ Other elements of the comprehensive income come from the statement of changes in equity of Solvay S.A. More information is available in the latter's press release.

Condensed Consolidated Statement of Changes in Equity

<i>€ million</i>	<i>Capital</i>	<i>Share premiums</i>	<i>Coupon of Perpetual Hybrid Bond</i>	<i>Retained earnings</i>	<i>Currency translation and fair value adjustments, and defined benefit pension plans</i>	<i>Total equity</i>
Carrying amount as of 12/31/2018	192	568	763	2,369	-396	3,496
Net income for the first half				154		154
Other elements of comprehensive income					-15	-15
<i>Comprehensive income</i>				154	-15	139
Coupon of Perpetual Hybrid bond			-220	-1		-221
Changes in scope and other				-25		-25
Carrying amount as of 06/30/2019	192	568	543	2,497	-411	3,389
Net income for the second half				-122		-122
Other elements of comprehensive income					32	32
<i>Comprehensive income</i>				-122	32	90
Dividends				-116		-116
Coupon of Perpetual Hybrid bond			1			1
Changes in scope and other				-9		-9
Carrying amount as of 12/31/2019	192	568	544	2,250	-379	3,175
Net income for the first half				-411		-411
Other elements of comprehensive income					-117	-117
<i>Comprehensive income</i>				-411	-117	-528
Coupon of Perpetual Hybrid bond			-21			-21
Changes in scope and other				4		4
Carrying amount as of 06/30/2020	192	568	523	1,843	-496	2,630

More information about the changes related to Solvay are available in Solvay's press release issued July 29th, 2020.

Condensed Consolidated Statement of Cash Flows

<i>€ million</i>	<i>1st Half of 2019</i>	<i>1st Half of 2020</i>
Operational expenses	-1	-1
Change in working capital	1	1
Dividends received from Solvay	122	122
Cash flows from operational activities (a)	122	122
Acquisition of Solvay securities	0	-8
Sale of Solvay securities	0	0
Cash flows from investment activities (b)	0	-8
Acquisition of Own Shares	0	0
New Borrowings	0	0
Refund of borrowings	-42	-40
Interest paid	-2	-2
Changes in taxes linked to dividends paid	-13	-14
Cash flows from financing activities (c)	-57	-56
Net change in cash (a) + (b) + (c)	65	58
Cash and cash equivalent at opening	1	0
Cash and cash equivalent at closing	66	58

Notes sur les états financiers consolidés

1. Conformity Declaration and Accounting Principles

The condensed consolidated financial statements have been prepared in conformity with the IAS 34 *Interim Financial Statements* as adopted by the European Union.

No modification has been brought to the accounting principles as compared to those utilized for the setup of the latest consolidated accounts set at December 31st, 2019, at the exception of the following standards applicable for the annual period open as from January 1st, 2020 and detailed as below :

Standards applicable for the annual period beginning on January 1st, 2020

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to references to the Conceptual Framework in IFRS standards

There is no significant impact on Solvac's accounts following the implementation of the new standards on January 1st, 2020.

Standards and interpretations published, but not yet applicable for the annual period beginning on January 1st, 2020

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after January 1st, 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after January 1st, 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after January 1st, 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (applicable for annual periods beginning on or after January 1st, 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after January 1st, 2022, but not yet endorsed in the EU)
- Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions (applicable for annual periods beginning on or after June 1st, 2020, but not yet endorsed in the EU)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after January 1st, 2022, but not yet endorsed in the EU)

The impact of future application of these standards and interpretations on the financial statements of Solvay Group is set out in detail in its half-year report. Their application at the level of Solvac should not have any significant impact on the consolidated financial statements.

The revenues perceived as dividends are generally higher in the first semester of the financial year than in the second semester.

There are no significant events after the half-year closing.

2. Participation accounted for using the equity method

Solvac holds a participation of 31.65 % in Solvay SA (after deduction of the own shares held by Solvay).

The value of the participation equity amounts to €2,726 million (of which €343 million of goodwill and €2,383 non-goodwill), or €83.57 per held Solvay share compared to the share price of €71.26 on June 30th. At closing date, Solvac has considered, by applying the IFRS norms, that there is an indication of depreciation on its participation in Solvay because the stock market price at closing date is lower than the value of the participation in the consolidated accounts. Solvac took notice of the impairment tests realized at Solvay in the framework of the closing on June 30th, 2020, and the depreciations accounted for in the accounts of Solvay for a total amount of €1.5 billion. These depreciations negatively impact the value of the participation obtained by the equity method of the Solvay's results. Solvac does not know any other element which could lead to account for an additional impairment at its level. Based on these elements Solvac concluded that there was no need to account for a depreciation on Solvay's participation.

The changes in equity method, goodwill excepted, are as follows:

€ million	2019	1 st Half 2020
Value at January 1st	3,312	2,991
Acquisitions of Solvay shares	0	8
Retained Earnings	37	-408
Distribution	-124	-73
Currency Translation	51	-57
Fair Value Adjustments	-34	-60
Changes in perimeter and others	-31	4
Perpetual Hybrid Bond Coupons	-220	-21
Value at December 31st / June 30th	2,991	2,383

For the first half of 2020, the Solvac share in the net result of the Solvay Group, excluding non – controlling participations, amounts to €-408 million (2019 : €37 million and first half of 2019 : €157 million).

3. Cash and Cash equivalents

Due to the low interest rates at the financial markets, Solvac has not invested the dividend cashed in May 2020 in cash notes. This amount is posted on the Solvac bank accounts. From the 1st of July negative interests are charged by the banks on the amounts deposited by Solvac.

4. Equity

At the end of June 2020 the equity amounts to €2,630 million and includes the direct imputations and the own capital (other elements of the comprehensive income). The latter are mainly derived from the currency translations, the fair value adjustments of financial instruments from Solvay and the defined benefit pension plans.

5. Long term borrowings

At the end of June 2020, the non – current liabilities (€150 million) are stable compared to 2019.

The structural long term financial debt is still composed as follows:

- A loan of €50 million at an interest rate of 2.90% - maturing in 2022
- A loan of €50 million at an interest rate of 1.50% - maturing in 2023
- A loan of €50 million at an interest rate of 2.75% - maturing in 2025

6. Other short term liabilities

It mainly concerns the interests paid, the debts to suppliers and the residual amounts to pay back to the shareholders.

7. Fair Value of financial instruments valued at their amortised cost

At the Statement of Financial Position of Solvac on June 30th, 2020 the fair value of its financial instruments does not represent a significant difference with the bookvalue in the consolidated statement of Financial Position at December 31st, 2019.

8. Reconciliation between the cash revenue and the consolidated income statement for the first semesters 2020 and 2019

€ million	1 st Half 2019	1 st Half 2020
Cash Income	122	122
<i>Operational Result</i>	-1	-1
<i>Finance Costs</i>	-2	-2
Cash Result	119	119
<i>Minus the Solvay dividends paid in January 2019 et 2020, accounted for in the net result of 2018 et 2019, respectively</i>	-47	-49
<i>Cancelation of Solvay dividends, retrenched in consolidation</i>	-75	-73
<i>Share of the Solvay net result in the year</i>	157	-408
Solvac Net Income - consolidated accounts	154	-411