Q1 2020
Financial report

SOLVAY
PROGRESS BEYOND

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Forenote

Besides IFRS accounts, Solvay also presents alternative performance indicators to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, position or cash flows. These indicators are generally used in the sector it operates in and therefore serve as a useful aid for investors to compare the Group's performance with its peers. 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 6 are on an underlying basis, unless otherwise stated.

UNDERLYING BUSINESS REVIEW

Highlights

- Strong performance with underlying **EBITDA** of €569m, similar to Q1 2019 level, despite a €-20m impact from COVID-19 in China.
- Good demand across many markets including healthcare, home and personal care, agro, food, automotive, and military sectors helped to mitigate the challenging oil and gas market.
- Positive pricing and cost mitigation actions improved **EBITDA margin** 0.8pp to 23%.
- Strong **cash generation** of €202 million, up significantly versus Q1 2019.
- Confirmed **dividend** recommendation, highlighting the strength of cash flow generation, balance sheet, and liquidity.
- Launched Solvay Solidarity Fund to primarily support employees and dependents who experience hardship as a direct result of COVID-19.

Underlying, (in € million)	Q1 2020	Q1 2019	*% yoy*	*% organic*
Net sales	2,474	2,571	*-3.8%*	*-4.3%*
EBITDA	569	571	*-0.4%*	*-1.2%*
EBITDA margin	23.0%	22.2%	*+0.8pp*	-
FCF to shareholders from continuing operations	202	(91)	*n.m.*	-
FCF conversion ratio	40.4%	17.7%	*+22.7pp*	-

CEO Quote

"Our highest priority is to protect the health and safety of our employees during these unprecedented times, while remaining focused on safely serving our customers. The actions we took in particular on costs and cash supported our strong performance, protected our industry-leading margins and exceeded our profit and cash expectations. Looking forward, headwinds are increasing and we expect second quarter results to be substantially lower. That said, our decisive measures will set us on the path to rebound and resume our growth commitments at the right time," said Ilham Kadri, Solvay CEO.

Outlook for 2020

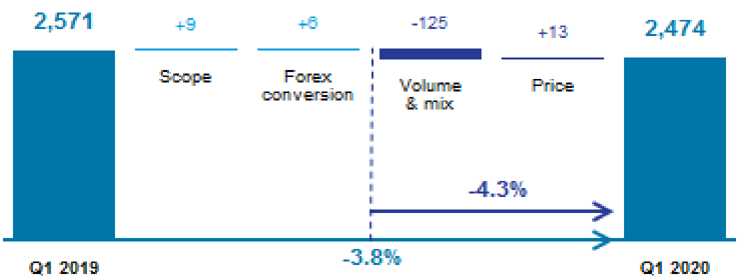
On April 9, Solvay withdrew its full year guidance for 2020 due to the effects of the heightened uncertainty of the COVID-19 pandemic on key end markets.

Key figures

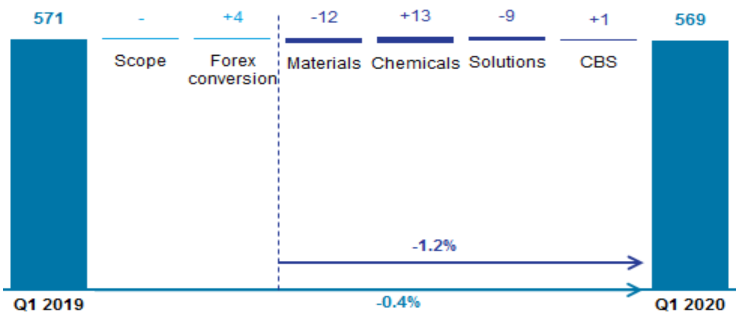
Underlying, in € million	Q1 2020	Q1 2019	% yoy
Net sales	**2,474**	**2,571**	***-3.8%***
EBITDA	**569**	**571**	***-0.4%***
EBITDA margin	*23.0%*	*22.2%*	*+0.8pp*
EBIT	**371**	**376**	***-1.4%***
Net financial charges	(68)	(88)	*+22%*
Income tax expenses	(76)	(72)	*-5.6%*
Tax rate	*26.4%*	*26.1%*	*+0.3pp*
Profit / (loss) attributable to Solvay shareholders	**236**	**289**	***-18%***
Basic EPS from continuing operations (in €)	**2.08**	**2.01**	***+3.7%***
Capex in continuing operations	**(163)**	**(179)**	***+8.8%***
FCF to Solvay shareholders from continuing operations	**202**	**(91)**	***n.m.***
FCF to Solvay shareholders (total)	197	(32)	*n.m.*
FCF conversion ratio	40.4%	17.7%	*+22.7pp*
Net financial debt	**(4,673)**		

Group performance

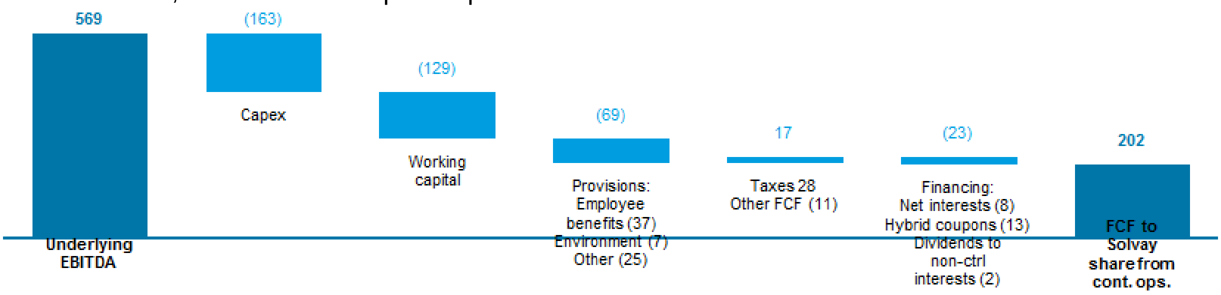
Net sales were down -3.8% including changes in scope and forex, or -4.3% organically due to low volumes (-4.9%) mainly in oil and gas and from the 737MAX program, partially offset by pricing (+0.5%) primarily in the Chemicals segment.



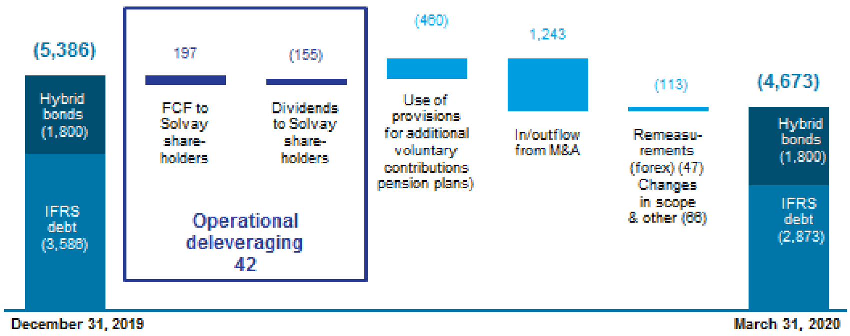
Underlying EBITDA was down -0.4% including forex, and -1.2% organically, driven by the resilient performance of the Chemicals segment, which partially offset lower volumes in Solutions due to the oil and gas industry and in Materials due to commercial aerospace.



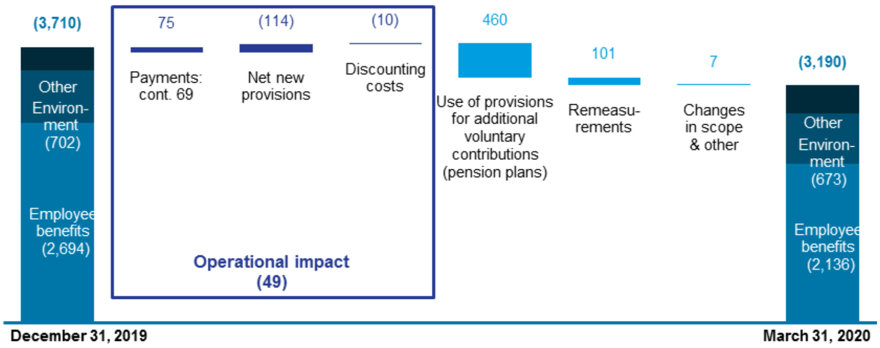
Free cash flow to Solvay shareholders from continuing operations rose strongly to reach €202 million in the first quarter of 2020 (€197 million including discontinued operations) versus -€91 million last year. Drivers of strong performance included continued discipline in working capital management, lower costs from group-wide programs, one-off tax deductions for €65 million in continuing operations associated with the use of the proceeds of the polyamide divestment, and 9% lower capital expenditures.



Underlying net financial debt decreased €0.7 billion to €(4.7) billion at the end of March 2020, thanks to the proceeds from the sale of the Polyamide assets (partially used for additional voluntary contributions to pension plans). In addition, the free cash flow to Solvay shareholders was strong at €197 million and fully covered the interim dividend payment to shareholders.



Provisions decreased €0.5 billion to €(3.2) billion as a result of €460 million of additional voluntary pension contributions in France and the United States, more than offsetting an operational increase related mainly to the ongoing restructuring program.



Performance by segments

Net sales bridges

(in € million)	Q1 2019	Scope	Forex	Volume	Price	Q1 2020	Yoy %	Organic %
Materials	801	-	12	(27)	3	789	-1.5%	-2.9%
Chemicals	831	9	(13)	(38)	12	800	-3.7%	-3.2%
Solutions	938	-	7	(59)	(2)	883	-5.8%	-6.5%
Corporate	2	-	-	-	-	1	-	-
Solvay	**2,571**	**9**	**6**	**(125)**	**13**	**2,474**	**-3.8%**	**-4.3%**

Materials

First quarter net sales were down -1.5%, including forex, and down -2.9% organically due to lower volumes.

Specialty Polymers sales were in line with first quarter 2019 levels and up sequentially versus the fourth quarter due to solid demand in core markets, including automotive, healthcare, and consumer goods, while electronics showed mixed results.

Composite Materials sales were down -3.9% due primarily to the anticipated production stoppage of the 737MAX program, partially offset by increased demand for military aircraft while other commercial aircraft were stable.

First quarter underlying EBITDA decreased -3.3% (-5.0% organically), with price and strict cost reduction measures offsetting a significant part of the volume decline. Margins year on year declined -0.5% to 28.9% but are up on a sequential basis.

Chemicals

First quarter net sales were down -3.7% including forex and scope changes, and down -3.2% organically due to lower volumes, partially offset by higher prices.

In Soda Ash, sales were down -4.2% due to volume declines in building and construction partially offset by good demand in consumer goods and container glass in addition to stable pricing.

Peroxides sales were resilient as demand remained solid amid a supportive pricing environment.

First quarter underlying EBITDA increased +5.4% (+5.9% organically) due to higher prices and fixed cost reductions across the segment, and margin increased +2.5pp to 29.8%.

Solutions

First quarter net sales were down -5.8% including forex, and down -6.5% organically.

Sales in Novecare were down -12%, with significantly lower demand in the oil and gas industry outweighing the good performance in other markets including home and personal care, agro, and coatings.

In the other global business units, good demand in semiconductors, mining, and food offset weakness in thermal insulation and other industrial markets.

First quarter underlying EBITDA was down -4.3% (-5.5% organically) due primarily to lower volume in the oil and gas sector. Margins Increased by +0.2pp to 17.4% as a result of the continuous cost control measures.

Key segment figures

	Underlying		
(in € million)	Q1 2020	Q1 2019	% yoy
Net sales	**2,474**	**2,571**	***-3.8%***
Materials	789	801	*-1.5%*
Specialty Polymers	481	480	*+0.1%*
Composite Materials	308	321	*-3.9%*
Chemicals	800	831	*-3.7%*
Soda Ash & Derivatives	390	408	*-4.2%*
Peroxides	172	172	*-0.1%*
Coatis	127	138	*-8.1%*
Silica	111	113	*-1.8%*
Solutions	883	938	*-5.8%*
Novecare	421	478	*-12%*
Special Chem	206	210	*-2.0%*
Technology Solutions	140	144	*-2.2%*
Aroma Performance	116	106	*+9.0%*
Corporate	1	2	*-27%*
EBITDA	**569**	**571**	***-0.4%***
Materials	228	236	*-3.3%*
Chemicals	239	226	*+5.4%*
Solutions	154	161	*-4.3%*
Corporate	-52	-52	*+0.8%*
EBITDA margin	***23.0%***	***22.2%***	***+0.8pp***
Materials	*28.9%*	*29.4%*	*-0.5pp*
Chemicals	*29.8%*	*27.3%*	*+2.5pp*
Solutions	*17.4%*	*17.2%*	*+0.2pp*

Key IFRS figures

Q1 key figures	IFRS			Underlying		
(in € million)	Q1 2020	Q1 2019	% yoy	Q1 2020	Q1 2019	% yoy
Net sales	**2,474**	**2,571**	***-3.8%***	**2,474**	**2,571**	***-3.8%***
EBITDA	**485**	**530**	***-8.4%***	**569**	**571**	***-0.4%***
EBITDA margin				*23.0%*	*22.2%*	*+0.8pp*
EBIT	**233**	**278**	***-16%***	**371**	**376**	***-1.4%***
Net financial charges	(27)	(54)	+49%	(68)	(88)	*+22%*
Income tax expenses	(47)	(53)	+10%	(76)	(72)	*-5.6%*
Tax rate				*26.4%*	*26.1%*	*+0.3pp*
Profit / (loss) attributable to Solvay shareholders	**249**	**228**	***+9.3%***	**236**	**289**	***-18%***
Basic EPS, from continuing operations (in €)	**1.43**	**1.58**	***-10%***	**2.08**	**2.01**	***+3.7%***
Capex in continuing operations				**(163)**	**(179)**	***+8.8%***
FCF to Solvay shareholders, continuing operations				**202**	**(91)**	***n.m.***
FCF to Solvay shareholders				197	(32)	*n.m.*
FCF conversion ratio				40.4%	17.7%	*+22.7pp*
Net financial debt	**(2,873)**			**(4,673)**		

SUPPLEMENTARY INFORMATION

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which can be found below. Solvay believes that these measurements are useful for analyzing and explaining changes and trends in its historical results of operations, as they allow performance to be compared on a consistent basis. Definitions of the different metrics presented here are included in the glossary at the end of this financial report.

Tax rate

(in € million)		Underlying Q1 2020	Underlying Q1 2019
Profit / (loss) for the period before taxes	a	302	288
Earnings from associates & joint ventures	b	21	19
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(8)	(7)
Income taxes	d	(76)	(72)
Tax rate	e = -d/(a-b-c)	**26.4%**	**26.1%**

Free cash flow (FCF)

(in € million)		Q1 2020	Q1 2019
Cash flow from operating activities	a	(58)	172
of which additional voluntary contribution related to pension plans	b	(460)	-
Cash flow from investing activities	c	1,095	(192)
of which capital expenditures required by share sale agreement	d	(14)	(14)
Acquisition (-) of subsidiaries	e	(9)	(2)
Acquisition (-) of investments - Other	f	(24)	(2)
Loans to associates and non-consolidated companies	g	7	2
Sale (+) of subsidiaries and investments	h	1,292	(2)
Recognition of factored receivables	i	-	-
Increase/decrease of borrowings related to environmental remediation	j	5	-
Payment of lease liabilities	k	(28)	(21)
FCF	l = a-b+c-d-e-f-g-h-i+j+k	**220**	**(24)**
FCF from discontinued operations	m	(4)	59
FCF from continuing operations	n = l-m	**225**	**(83)**
Net interests paid	o	(8)	(3)
Coupons paid on perpetual hybrid bonds	p	(13)	(3)
Dividends paid to non-controlling interests	q	(2)	(2)
FCF to Solvay shareholders	r = l+o+p+q	**197**	**(32)**
FCF to Solvay shareholders from discontinued operations	s	(4)	59
FCF to Solvay shareholders from continuing operations	t = r-s	**202**	**(91)**
FCF to Solvay shareholders from continuing operations (LTM)	u	**898**	**375**
Dividends paid to non-controlling interests from continuing operations (LTM)	v	(39)	(40)
Underlying EBITDA (LTM)	w	2,319	2,344
FCF conversion ratio (LTM)	x = (u-v)/w	**40.4%**	**17.7%**

Capital expenditure (capex)

(in € million)		Q1 2020	Q1 2019
Acquisition (-) of tangible assets	a	(146)	(155)
Acquisition (-) of intangible assets	b	(22)	(27)
Payment of lease liabilities	c	(28)	(21)
Capex	d = a+b+c	**(196)**	**(203)**
Capex in discontinued operations	e	(33)	(24)
Capex in continuing operations	f = d-e	**(163)**	**(179)**
Underlying EBITDA	g	**569**	**571**
Cash conversion	h = (f+g)/g	**71.3%**	**68.7%**

Net working capital		2020	2019
(in € million)		**March 31**	**December 31**
Inventories	a	1,665	1,587
Trade receivables	b	1,584	1,414
Other current receivables	c	765	628
Trade payables	d	(1,309)	(1,277)
Other current liabilities	e	(1,000)	(792)
Net working capital	f = a+b+c+d+e	**1,705**	**1,560**
Sales	g	2,687	2,710
Annualized quarterly total sales	h = 4*g	10,747	10,841
Net working capital / sales	i = f / h	**15.9%**	**14.4%**

Net financial debt		2020	2019
(in € million)		**March 31**	**December 31**
Non-current financial debt	a	(3,418)	(3,382)
Current financial debt	b	(491)	(1,132)
IFRS gross debt	c = a+b	(3,908)	(4,513)
Underlying gross debt	d = c+h	(5,708)	(6,313)
Other financial instruments	e	147	119
Cash & cash equivalents	f	889	809
Total cash and cash equivalents	g = e+f	1,035	928
IFRS net debt	i = c+g	**(2,873)**	**(3,586)**
Perpetual hybrid bonds	h	(1,800)	(1,800)
Underlying net debt	j = i+h	**(4,673)**	**(5,386)**
Underlying EBITDA (last 12 months)	k	2,319	2,322
Adjustment for discontinued operations	l	-	366
Adjusted underlying EBITDA for leverage calculation	m = k+l	2,319	2,688
Underlying leverage ratio		**2.0**	**2.0**

As net debt at the end of 2019 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.

Q1 consolidated income statement	Q1 2020			Q1 2019		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**2,687**	**-**	**2,687**	**2,859**	**-**	**2,859**
of which revenues from non-core activities	213	-	213	288	-	288
of which net sales	2,474	-	2,474	2,571	-	2,571
Cost of goods sold	(1,944)	-	(1,943)	(2,088)	-	(2,088)
Gross margin	**743**	**-**	**744**	**771**	**-**	**772**
Commercial costs	(87)	-	(87)	(96)	-	(96)
Administrative costs	(244)	6	(238)	(246)	8	(238)
Research & development costs	(78)	1	(78)	(79)	1	(78)
Other operating gains & losses	(36)	44	8	(48)	46	(3)
Earnings from associates & joint ventures	4	17	21	26	(7)	19
Result from portfolio management & reassessments	(58)	58	-	(36)	36	-
Result from legacy remediation & major litigations	(12)	12	-	(15)	15	-
EBITDA	**485**	**83**	**569**	**530**	**41**	**571**
Depreciation, amortization & impairments	(252)	54	(198)	(251)	56	(195)
EBIT	**233**	**138**	**371**	**278**	**98**	**376**
Net cost of borrowings	(26)	-	(26)	(31)	-	(31)
Coupons on perpetual hybrid bonds	-	(24)	(24)	-	(31)	(31)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(8)	(8)	-	(7)	(7)
Cost of discounting provisions	(1)	(10)	(11)	(23)	4	(20)
Profit / (loss) for the period before taxes	**206**	**96**	**302**	**225**	**63**	**288**
Income taxes	(47)	(29)	(76)	(53)	(20)	(72)
Profit / (loss) for the period from continuing operations	**159**	**67**	**226**	**172**	**44**	**216**
Profit / (loss) for the period from discontinued operations	102	(81)	21	65	18	82
Profit / (loss) for the period	**261**	**(13)**	**247**	**237**	**61**	**298**
attributable to Solvay shareholders	249	(13)	236	228	61	289
attributable to non-controlling interests	11	-	11	9	-	9
Basic earnings per share (in €)	2.41	(0.13)	2.28	2.21	0.59	2.80
of which from continuing operations	1.43	0.65	2.08	1.58	0.42	2.01
Diluted earnings per share (in €)	2.41	(0.13)	2.28	2.20	0.59	2.79
of which from continuing operations	1.43	0.65	2.08	1.58	0.42	2.00

EBITDA on an IFRS basis totaled €485 million, versus €569 million on an underlying basis. The difference of €83 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €17 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 23% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €55 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises mainly the €59 million net accrual for the new restructuring plan announced on February 26.
- €12 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €233 million, versus €371 million on an underlying basis. The difference of €138 million is explained by the above-mentioned €83 million adjustments at the EBITDA level and €54 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €51 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Administrative costs*" for €6 million, in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €44 million.
- €3 million to adjust for the impact of impairments reported in "*Result from portfolio management and reassessments*".

Net financial charges on an IFRS basis were €(27) million versus €(68) million on an underlying basis. The €(41) million adjustment made to IFRS net financial charges consists of:

- €(24) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(8) million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €(10) 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 €(47) million, versus €(76) million on an underlying basis. The €(29) million adjustment includes mainly the tax effect of the adjustments of profit before taxes.

Discontinued operations generated a profit of €102 million on an IFRS basis and €21 million on an underlying basis. The €(80) million adjustment to the IFRS profit relates to the expected capital gain after taxes (subject to customary post-closing purchase price adjustments) on the divestment of the polyamide activities.

Profit / (loss) attributable to Solvay shareholders was €249 million on an IFRS basis and €236 million on an underlying basis. The delta of €(13) million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Consolidated income statement

(in € million)	IFRS Q1 2020	IFRS Q1 2019
Sales	**2,687**	**2,859**
of which revenues from non-core activities	213	288
of which net sales	2,474	2,571
Cost of goods sold	(1,944)	(2,088)
Gross margin	**743**	**771**
Commercial costs	(87)	(96)
Administrative costs	(244)	(246)
Research & development costs	(78)	(79)
Other operating gains & losses	(36)	(48)
Earnings from associates & joint ventures	4	26
Result from portfolio management & reassessments	(58)	(36)
Result from legacy remediation & major litigations	(12)	(15)
EBIT	**233**	**278**
Cost of borrowings	(29)	(36)
Interest on lendings & deposits	3	3
Other gains & losses on net indebtedness	-	2
Cost of discounting provisions	(1)	(23)
Profit / (loss) for the period before taxes	**206**	**225**
Income taxes	(47)	(53)
Profit / (loss) for the period from continuing operations	**159**	**172**
attributable to Solvay shareholders	148	163
attributable to non-controlling interests	11	9
Profit / (loss) for the period from discontinued operations	102	65
Profit / (loss) for the period	**261**	**237**
attributable to Solvay shareholders	249	228
attributable to non-controlling interests	11	9
Weighted average of number of outstanding shares, basic	103,313,847	103,223,084
Weighted average of number of outstanding shares, diluted	103,418,888	103,536,638
Basic earnings per share (in €)	2.41	2.21
of which from continuing operations	1.43	1.58
Diluted earnings per share (in €)	2.41	2.20
of which from continuing operations	1.43	1.58

Consolidated statement of comprehensive income

(in € million)	IFRS Q1 2020	IFRS Q1 2019
Profit / (loss) for the period	**261**	**237**
Gains and losses on hedging instruments in a cash flow hedge	(48)	-
Currency translation differences from subsidiaries & joint operations	(2)	174
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	(72)	23
Recyclable components	(122)	197
Gains and losses on equity instruments measured at fair value through other comprehensive income	1	1
Remeasurement of the net defined benefit liability	35	(74)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	1	-
Non-recyclable components	37	(73)
Income tax relating to components of other comprehensive income	(5)	22
Other comprehensive income, net of related tax effects	**(90)**	**147**
Total comprehensive income	**170**	**384**
attributed to Solvay share	157	372
attributed to non-controlling interests	13	12

Consolidated statement of cash flows

(in € million)	IFRS Q1 2020	IFRS Q1 2019
Profit / (loss) for the period	261	237
Adjustments to profit / (loss) for the period	324	432
Depreciation, amortization & impairments (-)	252	251
Earnings from associates & joint ventures (-)	(4)	(26)
Additions & reversals on provisions (-)	114	71
Other non-operating and non-cash items	(312)	15
Net financial charges (-)	27	54
Income tax expenses (-)	246	67
Changes in working capital	(137)	(332)
Uses of provisions	(75)	(96)
Use of provisions for additional voluntary contributions (pension plans)	(460)	-
Dividends received from associates & joint ventures	3	6
Income taxes paid (excluding income taxes paid on sale of investments)	26	(75)
Cash flow from operating activities	**(58)**	**172**
Acquisition (-) of subsidiaries	(9)	(2)
Acquisition (-) of investments - Other	(24)	(2)
Loans to associates and non-consolidated companies	7	2
Sale (+) of subsidiaries and investments	1,292	(2)
Acquisition (-) of tangible and intangible assets (capex)	(168)	(182)
of which tangible assets	(146)	(155)
of which capital expenditures required by share sale agreement	(14)	(14)
of which intangible assets	(22)	(27)
Sale (+) of tangible & intangible assets	5	1
of which cash flow related to the sale of real estate in the context of restructuring, dismantling or remediation	2	-
Changes in non-current financial assets	(8)	(8)
Cash flow from investing activities	**1,095**	**(192)**
Sale (acquisition) of treasury shares	(26)	6
Increase in borrowings	249	390
Repayment of borrowings	(845)	(13)
Changes in other current financial assets	(22)	4
Payment of lease liabilities	(28)	(21)
Net interests paid	(8)	(3)
Coupons paid on perpetual hybrid bonds	(13)	(3)
Dividends paid	(157)	(150)
of which to Solvay shareholders	(155)	(148)
of which to non-controlling interests	(2)	(2)
Other	(62)	(43)
Cash flow from financing activities	**(913)**	**167**
of which increase/decrease of borrowings related to environmental remediation	5	-
Net change in cash and cash equivalents	124	147
Currency translation differences	(44)	11
Opening cash balance	809	1,103
Closing cash balance	**889**	**1,261**

1. Other non-operating and non-cash items of €(312)m mainly related to Polyamide capital gain before taxes and provisions
2. Repayment of borrowings of €(845)m mainly relates to the reimbursement of commercial paper after the cash proceeds on Polyamide disposal.
3. Other cash flow from financing activities of €(62)m mainly relate to margin calls.

Statement of cash flow from discontinued operations

(in € million)	IFRS Q1 2020	IFRS Q1 2019
Cash flow from operating activities	15	68
Cash flow from investing activities	(33)	(24)
Cash flow from financing activities	5	(3)
Net change in cash and cash equivalents	**(13)**	**41**

The cash flow from investing activities of discontinued operations excludes the proceeds received on the divestment of Polyamide.

Consolidated statement of financial position

(in € million)	2020 March 31	2019 December 31
Intangible assets	2,635	2,642
Goodwill	4,527	4,468
Tangible assets	5,396	5,472
Right-of-use assets	451	447
Equity instruments measured at fair value through other comprehensive income	59	56
Investments in associates & joint ventures	499	555
Other investments	47	38
Deferred tax assets	915	1,069
Loans & other assets	309	289
Non-current assets	**14,837**	**15,035**
Inventories	1,665	1,587
Trade receivables	1,584	1,414
Income tax receivables	116	129
Dividends receivable	-	1
Other financial instruments	147	119
Other receivables	765	628
Cash & cash equivalents	889	809
Assets held for sale	-	1,586
Current assets	**5,166**	**6,272**
Total assets	**20,003**	**21,307**
Share capital	1,588	1,588
Issue premiums	1,170	1,170
Other reserves	6,875	6,757
Non-controlling interests	122	110
Total equity	**9,754**	**9,625**
Provisions for employee benefits	2,136	2,694
Other provisions	835	825
Deferred tax liabilities	559	531
Financial debt	3,418	3,382
Other liabilities	146	159
Non-current liabilities	**7,094**	**7,592**
Other provisions	219	190
Financial debt	491	1,132
Trade payables	1,309	1,277
Income tax payables	130	102
Dividends payable	5	161
Other liabilities	1,000	792
Liabilities associated with assets held for sale	-	437
Current liabilities	**3,155**	**4,091**
Total equity & liabilities	**20,003**	**21,307**

The current financial debt (€491 million at the end of March 2020) is composed of €75 million of commercial paper and €416 million of other short term financing (which include €171 million of short term portion of long term financing and leases).

Consolidated statement of changes in equity

							Revaluation reserve (fair value)					
(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value through other comprehensive income	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2018	**1,588**	**1,170**	**(299)**	**2,486**	**6,834**	**(618)**	**9**	**(26)**	**(636)**	**7,750**	**117**	**10,624**
Adoption IFRS 16	-	-	-	-	8	-	-	-	-	8	-	8
Balance on January 1, 2019	**1,588**	**1,170**	**(299)**	**2,486**	**6,842**	**(618)**	**9**	**(26)**	**(636)**	**7,758**	**117**	**10,632**
Profit / (loss) for the period	-				228					228	9	237
Items of other comprehensive income	-	-	-	-	-	194	-	2	(53)	144	3	147
Comprehensive income	**-**	**-**			**228**	**194**	**-**	**2**	**(53)**	**372**	**12**	**384**
Cost of stock options	-	-			5					5		5
Coupons of perpetual hybrid bonds	-	-			(3)					(3)		(3)
Sale (acquisition) of treasury shares	-	-	6							6		6
Other	-	-	-	-	(2)	-	1	-	-	(1)	-	(1)
Balance on March 31, 2019	**1,588**	**1,170**	**(293)**	**2,486**	**7,070**	**(423)**	**10**	**(24)**	**(689)**	**8,137**	**128**	**11,022**
Balance on December 31, 2019	**1,588**	**1,170**	**(274)**	**1,789**	**6,462**	**(454)**	**10**	**(20)**	**(756)**	**6,757**	**110**	**9,625**
Profit / (loss) for the period	-	-			249					249	11	261
Items of other comprehensive income	-	-	-	-	-	(76)	1	(33)	15	(93)	2	(90)
Comprehensive income	**-**	**-**			**249**	**(76)**	**1**	**(33)**	**15**	**157**	**13**	**170**
Cost of stock options	-	-			1					1		1
Dividends	-	-									(2)	(2)
Coupons of perpetual hybrid bonds	-	-			(13)					(13)		(13)
Sale (acquisition) of treasury shares	-	-	(26)							(26)		(26)
Other	-		-	-	(6)	-	-	-	5	(1)	-	(1)
Balance on March 31, 2020	**1,588**	**1,170**	**(300)**	**1,789**	**6,694**	**(530)**	**11**	**(53)**	**(736)**	**6,875**	**122**	**9,754**

Q1 2020 Equity is reduced by €(76)m due to currency translation differences as the revaluation of the USD was more than offset by the devaluation of other currencies (mainly BRL, RUB, MXN and KRW).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on May 5, 2020.

On January 31, 2020, Solvay announced it had formally completed the divestment of its Performance Polyamides activities to BASF and Domo Chemicals. The transaction is based on an enterprise value of €1.6 billion and the expected selling proceeds net of costs of disposals on the combined transaction are estimated to be around €1.2 billion (selling proceeds of €1.5 billion received on January 31, 2020). The expected capital gain after taxes, subject to customary post-closing purchase price adjustments, is around €80 million.

Solvay has used a portion of the polyamide sale proceeds to prefund a part of the pension liabilities in France. This additional voluntary contribution amounts to approximately €380 million.

In Q1 2020, Solvay also voluntarily contributed for an approximate amount of €80 million to the US pension plans.

On February 26, 2020, Solvay announced a restructuring plan. A provision of €59 million has been recognized in Q1 2020.

COVID-19 impact

Solvay estimates that the COVID-19 financial impact on EBITDA in Q1 2020 was around €-20 million, in China. Management also recognizes the exceptional nature of current market conditions and considers that the combination of higher uncertainty and forward visibility is poor, factors which motivated the withdrawal of previous guidance as announced in the Press release of April 9. Management also understands that such developments could constitute "trigger events" for impairment in the context of IAS 36 "*Impairment of Assets"* and it will carefully monitor the evolution of the situation in the next quarters for its Cash Generating Units.

2. Accounting policies

General

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 "*Interim Financial Reporting*", with the exception of requirements in respect of impairment tests and using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2019. 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, 2019.

3. Segment information

Solvay is organized in the following operating segments:

- **Materials** offer a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO_2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Chemicals** host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. Its Silica, Coatis and RusVinyl businesses are also high quality assets with strong positions in their markets. This segment provides resilient cash flows and the company selectively invests in these businesses to become the #1 cash conversion chemical player.
- **Solutions** offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novecare, Technology Solutions, Aroma and Special Chem focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
- **Corporate & Business Services** includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q1 2020	Q1 2019
Net sales	**2,474**	**2,571**
Materials	789	801
Chemicals	800	831
Solutions	883	938
Corporate & Business Services	1	2
Underlying EBITDA	**569**	**571**
Materials	228	236
Chemicals	239	226
Solutions	154	161
Corporate & Business Services	(52)	(52)
Underlying depreciation, amortization & impairments	(198)	(195)
Underlying EBIT	**371**	**376**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	(51)	(54)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	(17)	7
Result from portfolio management & reassessments	(58)	(36)
Result from legacy remediation & major litigations	(12)	(15)
EBIT	**233**	**278**
Net financial charges	(27)	(54)
Profit / (loss) for the period before taxes	**206**	**225**
Income taxes	(47)	(53)
Profit / (loss) for the period from continuing operations	**159**	**172**
Profit / (loss) for the period from discontinued operations	102	65
Profit / (loss) for the period	**261**	**237**
attributable to non-controlling interests	11	9
attributable to Solvay shareholders	**249**	**228**

The non-cash PPA impacts can be found in the reconciliation table on pages 9 and 10.

4. Financial Instruments

Valuation techniques

Compared to December 31, 2019, there are no changes in valuation techniques.

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of March 31, 2020, is not significantly different from the ones published in Note F35 of the consolidated financial statements for the year ended December 31, 2019.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of March 31, 2020, is not significantly different from the ones as published in the Note F35 of the consolidated financial statements for the year ended December 31, 2019.

5. Events after the reporting period

In the context of the COVID-19 pandemic, our global operations were running in the first quarter, with the exception of the temporary shutdowns in China. At the end of March, we started to reduce operating rates in a number of sites to match demand. In April we have stopped (or reduced) production in some sites to adapt fast to reducing patterns in demand. At the end of April, around 10% of our sites were closed.

6. Declaration by responsible persons

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

- The condensed consolidated financial information, prepared in accordance with IAS 34 "*Interim Financial Reporting*" as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Solvay Group;
- The management report contains a faithful presentation of significant events occurring during the first quarter of 2020, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2019 Annual Integrated Report, taking into account the current economic and financial environment. The risk relating to COVID-19, which appeared in 2020, is explained in the note 1, on page 15 of this financial report.

GLOSSARY

Additional voluntary contributions related to employee benefits plans: contributions to plan assets in excess of Mandatory Contributions to employee benefits plans. These payments are discretionary and are driven by the objective of value creation.

Adjustments: Each of these adjustments made to IFRS results is considered to be significant in nature and/or value. Excluding these items from profit metrics provides readers with relevant additional information on the Group's underlying performance over time because it is consistent with how the business' performance is reported to the Board of Directors and the Executive Committee. These adjustments consist of:
- Results from portfolio management and reassessments,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses and unrealized foreign exchange gains or losses on debt,
- Results from equity instruments measured at fair value though other comprehensive income,
- Tax effects related to the items listed above and tax expense or income of prior years
- All adjustments listed above apply to both continuing and discontinuing operations, and include the impacts on non-controlling interests

Basic earnings per share: Net income (Solvay's share) divided by the weighted average number of shares, after deducting own shares purchased to cover stock option programs.

Capital expenditure (capex): Cash paid for the acquisition of tangible and intangible assets presented in cash flows from investing activities, and cash paid on the lease liabilities (excluding interests paid), presented in cash flows from financing activities. This indicator is used to manage capital employed in the Group.

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.

CFROI: Cash Flow Return On Investment measures the cash returns of Solvay's business activities. Movements in CFROI levels are relevant indicators for showing whether economic value is being added, though it is accepted that this measure cannot be benchmarked or compared with industry peers. The definition uses a reasonable estimate (management estimate) of the replacement cost of assets and avoids accounting distortions, e.g. for impairments. It is calculated as the ratio between recurring cash flow and invested capital, where:
- Recurring cash flow = Underlying EBITDA + (Dividends from associates and joint ventures – Underlying Earnings from associates and joint ventures) + Recurring capex + Recurring income taxes;
- Invested capital = Replacement value of goodwill & fixed assets + Net working capital + Carrying amount of associates and joint ventures;
- Recurring capex is normalized at 2,3% of the Replacement value of fixed assets net of Goodwill values;
- Recurring income taxes are normalized at 28% of (Underlying EBIT – Underlying Earnings from associates and joint ventures);

CTA: Currency Translation Adjustment

Diluted earnings per share: Net income (Solvay's share) divided by the weighted average number of shares adjusted for the effects of dilution.

Discontinued operations: Component of the Group which the Group has disposed of or which is classified as held for sale, and:
- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

EBIT: Earnings before interest and taxes. Performance indicator that is a measure of the Group's operating profitability irrespective of the funding's structure.

EBITDA: earnings before interest and taxes, depreciation and amortization. The Group has included EBITDA as an alternative performance indicator because management believes that the measure provides useful information to assess the Group's operating profitability as well as the Group's ability to generate operating cash flows.

Extra-financial indicators: Indicators used that measure the sustainability performance of the company in complement to financial indicators. Based on a materiality analysis, Solvay has selected five indicators on which it has set mid- and long-term targets. These are:
- Greenhouse gas intensity, expressed in kg CO_2 equivalents per € Underlying EBITDA;
- Sustainable solutions, expressed in % of the Group's net sales, based on the SPM methodology;

- MTAR or Medical Treatment Accident Rate, expressed in number of accidents with medical treatment per million working hours;
- Employee engagement, which is an index based on a regular employee poll;
- Societal actions, expressed as % of employees involved.

For further definitions, we refer to the last available integrated annual report available on www.solvay.com

Free cash flow: Cash flows from operating activities (excluding cash flows linked to acquisitions or disposals of subsidiaries and cash outflows of Additional Voluntary Contributions related to pension plans, as they are of deleveraging nature as reimbursement of debt), cash flows from investing activities (excluding cash flows from or related to acquisitions and disposals of subsidiaries and other investments, and excluding loans to associates and non-consolidated investments, and recognition of factored receivables), payment of lease liabilities, and increase/decrease of borrowings related to environmental remediation. Prior to the adoption of IFRS 16, operating lease payments were included in the free cash flow. Following the application of IFRS 16, because leases are generally considered to be operating in nature, the free cash flow incorporates the payment of the lease liability (excluding the interest expense). Not including this item in the free cash flow would result in a significant improvement of the free cash flow compared to prior periods, whereas the operations themselves have not been affected by the implementation of IFRS 16. It is a measure of cash generation, working capital efficiency and capital discipline of the Group.

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

Free cash flow conversion: Calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and underlying EBITDA of the last rolling 12 months.

GBU: Global business unit.

HPPO: Hydrogen peroxide propylene oxide, new technology to produce propylene oxide using hydrogen peroxide.

IFRS: International Financial Reporting Standards.

Leverage ratio: Net debt / underlying EBITDA of last 12 months. Underlying leverage ratio = underlying net debt / underlying EBITDA of last 12 months.

Mandatory contributions to employee benefits plans: for funded plans, contributions to plan assets corresponding to amounts required to be paid during the respective period, in accordance with agreements with trustees or regulation, as well as, for unfunded plans, benefits paid to beneficiaries.

Net cost of borrowings: cost of borrowings netted with interest on loans and short-term deposits, as well as other gains (losses) on net indebtedness.

Net financial debt: Non-current financial debt + current financial debt – cash & cash equivalents – other financial instruments. Underlying net debt reclassifies as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS. It is a key measure of the strength of the Group's financial position and is widely used by credit rating agencies.

Net financial charges: Net cost of borrowings, and costs of discounting provisions (namely, related to post-employment benefits and HSE liabilities).

Net pricing: The difference between the change in sales prices versus the change in variable costs.

Net sales: Sales of goods and value added services corresponding to Solvay's know-how and core business. Net sales exclude Revenue from non-core activities.

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

OCI: Other Comprehensive Income.

Operational deleveraging: Reduction of liabilities (net debt or provisions) through operational performance only, i.e. excluding impacts from M&A and scope, as well as remeasurement impacts (changes of foreign exchange, inflation, mortality and discount rates).

Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

PA: Polyamide, polymer type.

pp: Unit of percentage points, used to express the evolution of ratios.

PPA: Purchase Price Allocation (PPA) accounting impacts related to acquisitions, primarily for Rhodia and Cytec.

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

Research & innovation: Research & development costs recognized in the income statement and as capital expenditure before deduction of related subsidies, royalties and depreciation and amortization expense. It measures the total cash effort in research & innovation, regardless of whether the costs were expensed or capitalized.

Research & innovation intensity: ratio of Research & innovation / net sales

Result from legacy remediation and major litigations: It includes:
- The remediation costs not generated by on-going production facilities (shut-down of sites, discontinued productions, previous years' pollution), and
- The impact of significant litigations

Results from portfolio management and reassessments: It includes:
- Gains and losses on the sale of subsidiaries, joint operations, joint ventures, and associates that do not qualify as discontinued operations;
- Acquisition costs of new businesses;
- Gains and losses on the sale of real estate not directly linked to an operating activity;
- Restructuring charges driven by portfolio management and reassessment, including impairment losses resulting from the shutdown of an activity or a plant;
- Impairment losses resulting from testing of CGUs;
- It excludes non-cash accounting impact from amortization and depreciation resulting from the purchase price allocation (PPA) from acquisitions

Revenue from non-core activities: Revenues primarily comprising commodity and utility trading transactions and other revenue, considered to not correspond to Solvay's know-how and core business.

ROCE: Return on Capital employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.

SOP: Stock Option Plan.

SPM: The Sustainable Portfolio Management tool is integrated into the Solvay Way framework (linked to five practices). It serves as a strategic tool for developing information on our portfolio and analyzing the impacts of sustainability megatrends on our businesses.

Underlying: Underlying results are deemed to provide a more comparable indication of Solvay's fundamental performance over the reference periods. They are defined as the IFRS figures adjusted for the "Adjustments" as defined above. They provide readers with additional information on the Group's underlying performance over time as well as the financial position and they are consistent with how the business' performance and financial position are reported to the Board of Directors and the Executive Committee.

Underlying Tax rate: Income taxes / (Result before taxes – Earnings from associates & joint ventures – interests & realized foreign exchange results on RusVinyl joint venture) – all determined on an Underlying basis. The adjustment of the denominator regarding associates and joint ventures is made as these contributions are already net of income taxes. This provides an indication of the tax rate across the Group.

yoy: Year on year comparison.

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Safe harbor

This press release may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this press release is subject to risks and uncertainties relating to a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations, changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals, regulatory approval processes, all-in scenario of R&I projects and other unusual items. Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 24,100 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €10.2 billion in 2019. Solvay is listed on Euronext Brussels (SOLB) and Paris and in the United States, where its shares (SOLVY) are traded through a Level I ADR program. Learn more at www.solvay.com.

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Results' documentation
G.R.O.W. Strategy
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Credit information
ESG information
Annual report
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