

Volume growth sustained

PROFIT	<p>Underlying EBITDA €1,725 million -1% +6% organically^[1]</p>	<ul style="list-style-type: none"> Sales and underlying EBITDA grew 6% organically, driven by higher volumes in each operating segment and pricing power. Underlying EBITDA fell 1% overall due to forex conversion headwinds and a small reduction in scope. Third quarter volume growth was softer in Advanced Materials in specific end-markets. EBITDA margin was down slightly at 22%.
	<p>Advanced Materials €922 million -2% +3% organically^[1]</p>	<ul style="list-style-type: none"> Volume growth continued in polymers and composites technologies for aeronautics, automotive and healthcare. Sales dipped in smart devices and fluorinated gases used in insulation, mainly in the third quarter, as anticipated.
	<p>Advanced Formulations €403 million +4% +16% organically^[1]</p>	<ul style="list-style-type: none"> Volume growth was strong across end-markets, although the growth rate in the North American shale oil & gas market is stabilizing. Pricing power more than compensated for higher raw material prices.
	<p>Performance Chemicals €557 million -4% +2% organically^[1]</p>	<ul style="list-style-type: none"> Solid demand and improving soda ash prices limited margin erosion. Peroxides volumes and prices rose in tight market conditions.
	<p>Underlying EPS from continuing operations €6.91 +11%</p>	<ul style="list-style-type: none"> The 19% reduction of net financial charges reflected continued deleveraging and optimization of Solvay's capital structure. Underlying tax rate was 2.5 percentage points lower at 25%.
CASH	<p>Free cash flow from continuing operations €275 million vs €446 million in 2017</p>	<ul style="list-style-type: none"> Free cash flow from continuing operations was lower than in 2017 due to higher working capital needs. Free cash flow to Solvay shareholders increased 7% to €271 million on a strong contribution from discontinued operations and lower financial payments. Interim dividend of €1.44 gross per share, a 4.3% increase^[2], will be payable on January 17, 2019.
OUTLOOK	<p>2018 outlook confirmed</p>	<ul style="list-style-type: none"> Under current circumstances, Solvay expects underlying EBITDA to grow organically at around 5% to 6%, within the range of its initial guidance. Free cash flow from continuing operations is still expected above the 2017 level.

CEO Jean-Pierre Clamadieu: "Volumes continued to increase throughout the nine-month period, resulting in 6% organic growth of sales and EBITDA. Advanced Formulations generated strong growth, Performance Chemicals proved resilient, and in Advanced Materials, robust growth in the aerospace and automotive markets compensated for the anticipated softness in smart devices toward the end of the period. While attentive to heightened macro-economic volatility, we expect EBITDA growth and free cash flow generation to range within our initial forecast."



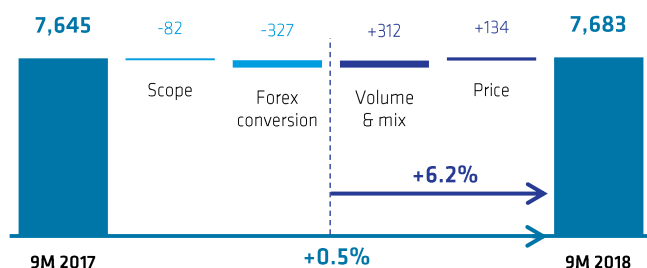
[1] Excluding forex conversion and scope effects

[2] As in previous years, the interim dividend corresponds to 40% of the full year dividend of the prior year. All comparisons are made with the equivalent period of the year before, except where mentioned explicitly otherwise.

The full financial report is available on: <https://www.solvay.com/en/investors/financial-reporting/solvay-earnings#Earnings-material>. An analyst call will be held at 14:00 p.m. Details can be found on <https://www.solvay.com/en/event/nine-months-2018-earnings>.

Net sales

(in € million)



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

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

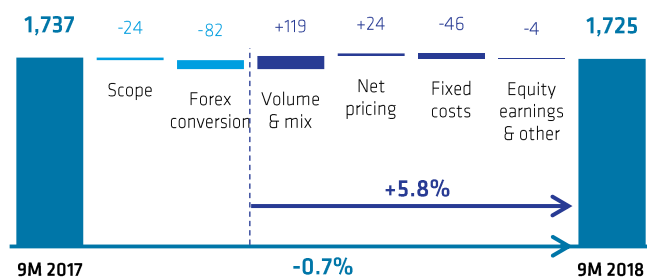
Foreign exchange conversion had an adverse effect of 4%, mainly related to the depreciation of the U.S. dollar in the first half of the year, as well as that of the Brazilian real.

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

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

Underlying EBITDA

(in € million)



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

Volume growth had a 7% positive impact on EBITDA.

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

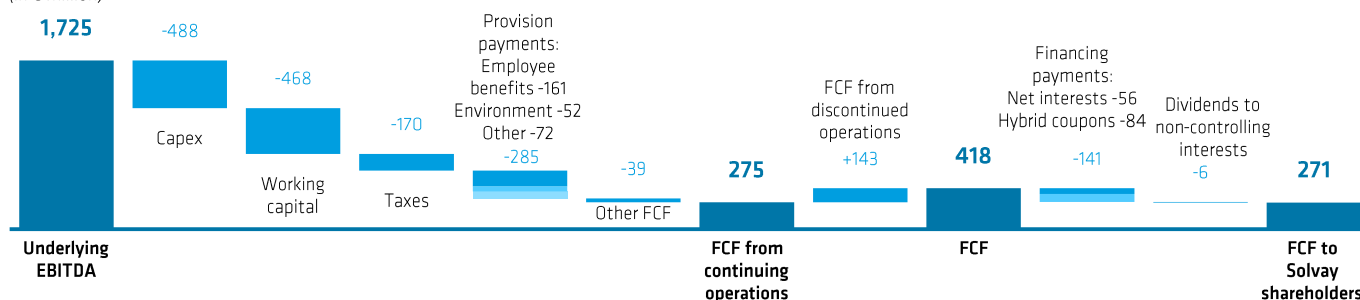
Fixed costs were up, reflecting investments to better support continued volume growth, particularly in Composite Materials. Operational excellence and synergies partly offset inflation.

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

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

Free cash flow (FCF)

(in € million)



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

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

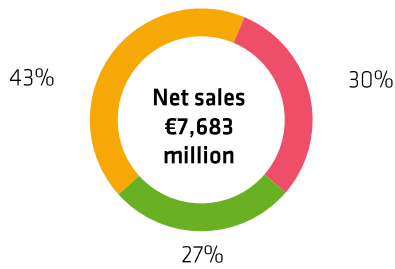
Underlying net financial debt^[2] increased to €(5.5) billion, from €(5.3) billion at the start of the year and includes the dividend payments to Solvay shareholders of €372 million, which are concentrated in the first half.

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

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

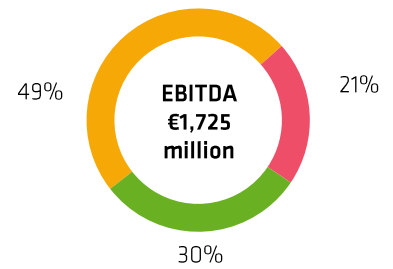


Segment review of the first nine months of 2018



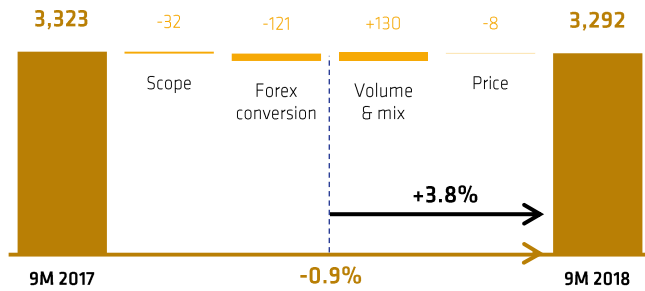
Advanced Materials
Advanced Formulations
Performance Chemicals

Corporate & Business Services net sales was not material, and EBITDA is negative, thus is not depicted.



Advanced Materials

Net sales (in € million)



(in € million)	9M 2018	9M 2017	% yoy
Net sales	3,292	3,323	-0.9%
EBITDA	922	942	-2.1%
EBITDA margin	28.0%	28.4%	-0.3pp

Advanced Materials is a leader in markets with high barriers to entry and strong returns on investment. It offers high-performance materials for multiple applications, primarily in the automotive, aerospace, electronics, and health markets. In particular, it provides sustainable mobility solutions, reducing weight and CO₂ emissions and improving energy efficiency.

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

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

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

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

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

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

Corporate & Business Services

(in € million)	9M 2018	9M 2017	% yoy
Net sales	6	17	-64%
EBITDA	(158)	(170)	+7.3%

Corporate & Business Services includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO₂ emissions.

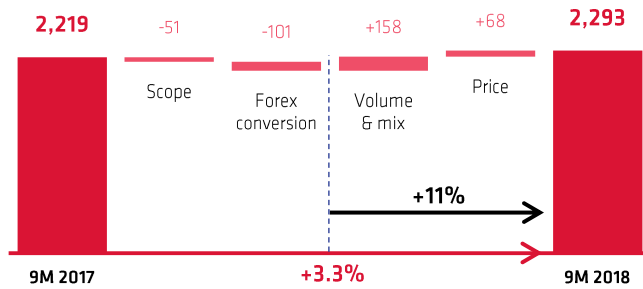
Underlying EBITDA costs at €(158) million were lower than in the first nine months of 2017. While inflation was offset by cost discipline and delivery on synergies, Solvay benefitted from phasing of costs over the year. The contribution from Energy Services was lower, compared to the first nine months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



Segment review of the first nine months of 2018

Advanced Formulations

Net sales (in € million)



(in € million)	9M 2018	9M 2017	% yoy
Net sales	2,293	2,219	+3.3%
EBITDA	403	386	+4.3%
EBITDA margin	17.6%	17.4%	+0.2pp

Advanced Formulations serves the resources and environment, agro and food, and consumer goods markets. It offers customized specialty formulations that influence surface chemistry and alter liquid behavior to optimize efficiency and yield, while minimizing environmental impact.

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

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

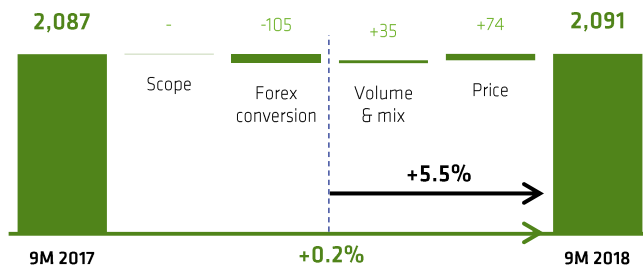
Volumes in **Technology Solutions** were up by double digits, especially in mining, following the temporary phasing effect at the beginning of the year and including the start-up of some new mines. Demand for phosphorous specialties and for UV-blocking polymer additives grew as well.

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

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

Performance Chemicals

Net sales (in € million)



(in € million)	9M 2018	9M 2017	% yoy
Net sales	2,091	2,087	+0.2%
EBITDA	557	579	-3.7%
EBITDA margin	26.6%	27.7%	-1.1pp

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.

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

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

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

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

Functional Polymers volumes were stable overall.

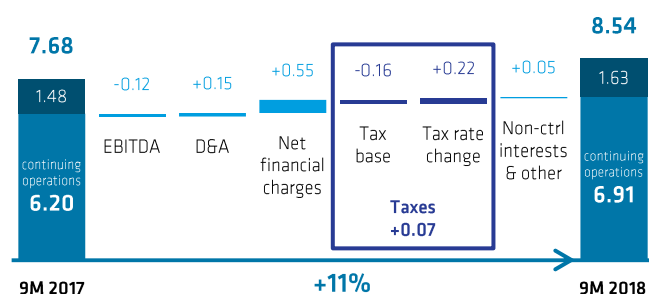
Underlying EBITDA dropped 4% due to forex conversion, but rose 2% excluding the latter, returning to positive growth thanks to strong performance in the third quarter. Volumes grew in Coatis and Peroxides and net pricing was positive. This amply compensated for the anticipated margin erosion in soda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

9M key figures

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

Earnings per share

(in € million)



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

IFRS results

IFRS profit attributable to Solvay share was €611 million, €(272) million lower than the underlying profit. The adjustments to IFRS results were made primarily for the following elements:

- €(177) million restructuring cost for the recently announced simplification plan, taken in the first half of the year;
- €(39) million of impairments, partly offset by €16 million net gains on M&A activities, mainly a capital gain on the divestment of the phosphorous plant in Charleston, US;

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

Underlying **net financial charges**^[1] were €(247) million, 19% lower, reflecting the impacts of ongoing deleveraging and optimization of the debt structure.

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

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

- €(72) million for legacy remediation and major litigations;
- €(177) million of amortization charges on intangible assets linked to the impact of purchase price allocation;
- €83 million coupons of hybrid bonds, which are treated as dividends under IFRS;
- €100 million of income tax, mainly resulting from the tax impacts of the above adjustments.

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

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

[3] Earnings per share, basic calculation

Q3 key figures

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

Segment review

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



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



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Safe harbor

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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 and 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 planned divestment of Polyamides.)*

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