SOLVAY

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THIRD QUARTER & FIRST 9 MONTHS 2017 FINANCIAL REPORT

Regulated information

November 8, 2017
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Forenote

Following the announcements in December 2016 of the divestment of the Acetow and Vinythai businesses and in September 2017 of plans to divest the Polyamide business, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the third quarter and first 9 months of the 2016 income statement have been restated. The Vinythai transaction was completed end of February 2017 and the Acetow transaction end of May 2017.

Besides IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of the Group's financial performance. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 3 to 9 are on an underlying basis, unless otherwise stated.

HIGHLIGHTS

→ Volumes up across all operating segments, resulting in 9% increase in Q3

→ Underlying EBITDA growth of 1% in Q3 and 9% year to date

→ On track to achieve full year 2017 EBITDA and free cash flow outlook

Third quarter 2017 results

Net sales totaled €2.5 billion, with 9% volume growth offsetting foreign exchange conversion, leading to 4% growth overall.

Underlying EBITDA was up 1% at €553 million. Higher volumes, net of higher raw material, energy and fixed costs, delivered organic growth of 5%. Conversion of foreign exchange had a (3)% adverse effect. EBITDA margin was 22%.

- **Advanced Materials:** €294 million, with growing demand for high-performance polymers in automotive, batteries and smart device markets. Volumes of composites used in aeronautics were overall stable, but fell in industrial applications.
- **Advanced Formulations:** €129 million, with strong recovery continuing for shale oil & gas exploration formulations, and volumes were up in technology solutions for polymer additives and specialties.
- **Performance Chemicals:** €178 million with increasing energy costs more than offsetting the strong volume growth in soda ash and the contribution from the new peroxide plant.
- **Corporate & Business Services:** €(47) million, largely stable year on year, reflecting continued cost discipline offsetting inflation.

Profit attributable to Solvay share on an IFRS basis was €179 million, and includes a €(91) million impairment on the retained polyamide assets in Latin America. On an underlying basis it was €229 million, down from €247 million in 2016, reflecting a lower contribution from discontinued operations following the sale of Vinythai and Acetow in the first half of the year.

Free cash flow from continuing operations was €195 million in the quarter, resulting in an equivalent reduction in net debt.

Interim gross dividend at €1.38 per share, payable on January 18, 2018.

First 9 months 2017 results

Net sales totaled €7.6 billion, up 7%, driven by volume growth across all operating segments.

Underlying EBITDA grew 9% to €1,737 million, primarily reflecting volume growth and including the one-time synergy benefit announced in the second quarter. The underlying EBITDA margin over the nine month period reached a record 23%.

Profit attributable to Solvay share on an IFRS basis was €792 million. On an underlying basis it grew 20% to €794 million, reflecting higher earnings and lower financial charges.

Free cash flow from continuing operations rose to €446 million, up 33% compared to the same period in 2016.

Underlying net debt [1] decreased to €5.5 billion from €6.6 billion at the start of the year, following the completion of divestments. Net debt on an IFRS basis ended at €3.3 billion.

CEO Jean-Pierre Clamadieu's comment

EBITDA progressed in organic terms, as strong volume growth across operating segments offset fixed cost increases and helped to maintain leading margins. The recently announced polyamide divestment will conclude the profound transformation of our business portfolio that we initiated 5 years ago. Going forward, our multi-specialty businesses are well-positioned to deliver a continued strong financial performance in 2017 and beyond.

2017 Outlook [2]

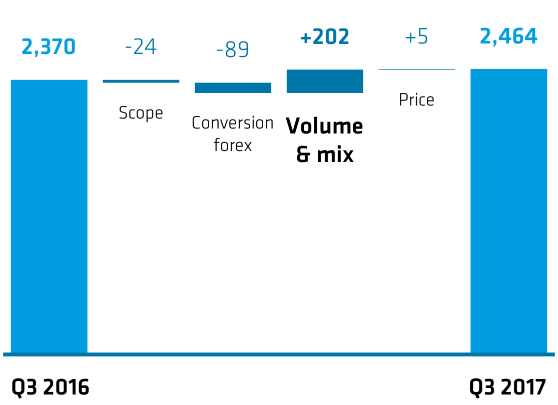
Solvay reaffirms its full year outlook for underlying EBITDA to grow in the range of 6% to 8%, and expects to generate more than €800 million of free cash flow.

[1] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.
[2] Outlook based on constant scope and foreign exchange.

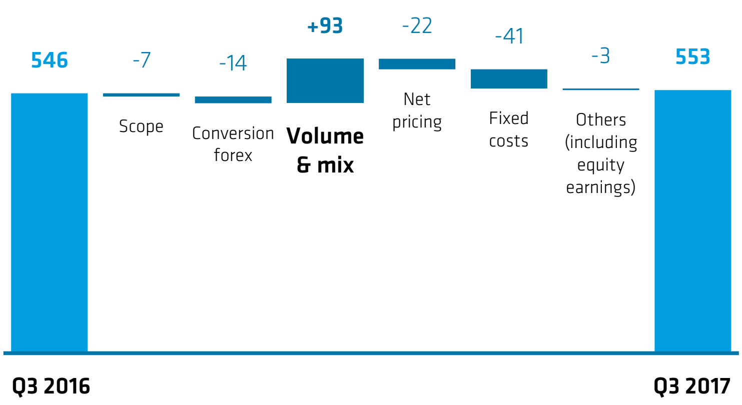
BUSINESS REVIEW
THIRD QUARTER 2017 UNDERLYING RESULTS [1]

Q3 key figures	IFRS			Underlying		
(in € million)	Q3 2017	Q3 2016	*% yoy*	Q3 2017	Q3 2016	*% yoy*
Net sales	**2,464**	**2,370**	***+4.0%***	**2,464**	**2,370**	***+4.0%***
EBITDA	**499**	**516**	***-3.4%***	**553**	**546**	***+1.3%***
EBITDA margin				*22%*	*23%*	*-0.6pp*
EBIT	**169**	**290**	***-42%***	**372**	**386**	***-3.7%***
Net financial charges	(61)	(80)	*+23%*	(98)	(116)	*+16%*
Income taxes	91	(22)	*n.m.*	(63)	(72)	*+13%*
Tax rate (over 9M)				*27%*	*31%*	*-3.7pp*
Profit (loss) from discontinued operations	(6)	1	*n.m.*	30	64	*-53%*
(Profit) loss attributable to non-controlling interests	(13)	(13)	*-1.7%*	(12)	(14)	*-15%*
Profit attributable to Solvay share	**179**	**176**	***+1.6%***	**229**	**247**	***-7.4%***
Basic earnings per share (in €)	**1.73**	**1.71**	***+1.4%***	**2.22**	**2.40**	***-7.7%***
Capex	**(173)**	**(242)**	***+28%***	**(173)**	**(242)**	***+28%***
Capex from continuing operations	(153)	(202)	*+24%*	(153)	(202)	*+24%*
Cash conversion				*72%*	*63%*	*+9.4pp*
Free cash flow	**227**	**280**	***-19%***	**227**	**280**	***-19%***
Free cash flow from continuing operations	195	219	*-11%*	195	219	*-11%*
Net debt [2]	**(3,338)**			**(5,538)**		

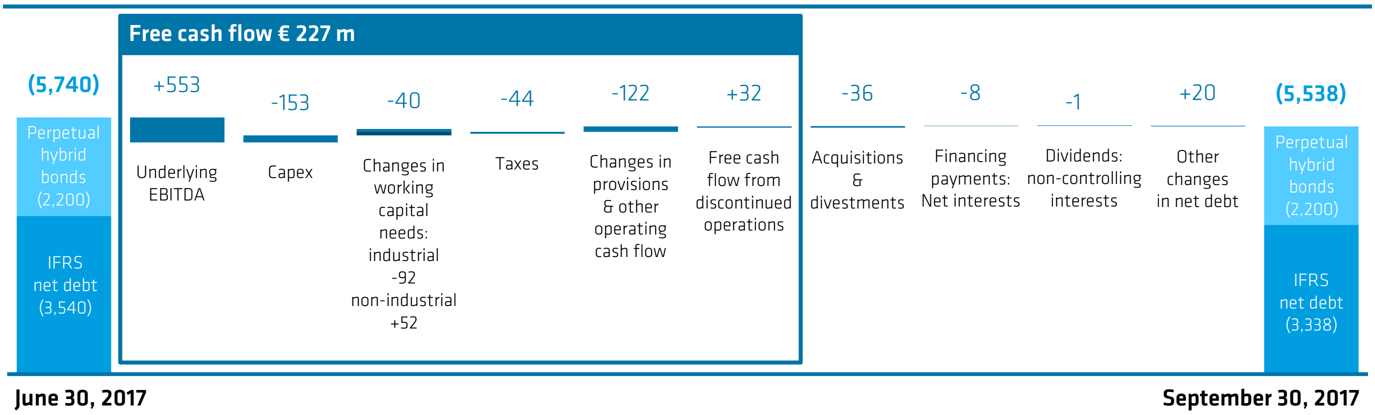
Q3 yoy net sales bridge *(in €million)*



Q3 yoy underlying EBITDA bridge *(in €million)*



Q3 2017 underlying net debt [2] bridge *(in €million)*



[1] A full reconciliation of IFRS and underlying income statement data can be found on page 12 of this report.
[2] Underlying net debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

Net sales totaled €2.5 billion, with 9% volume growth significantly offset by conversion of foreign exchange and a small business scope reduction, leading to 4% growth overall.

- The 9% **volume & mix** increase was supported by all operating segments. Advanced Materials volume growth was driven by demand for high-performance polymers used to improve the energy-efficiency of cars, including batteries, complemented by new smart device applications. The recovery continued in the North American shale oil & gas exploration market, supporting volume growth in Advanced Formulations in combination with growth in technology solutions for polymer additives and specialties. In Performance Chemicals, volumes grew in soda ash and peroxides.
- **Foreign exchange** fluctuations impacted organic growth by (4)%, reflecting the depreciation of the US dollar in particular and to a lesser extent the Chinese yuan and the Japanese yen.
- The (1)% **scope** [1] effect reflects the sale of the smaller polyolefin cross-linkable compounds and formulated resins businesses in June.

Underlying EBITDA was up 1% at €553 million. Higher volumes, net of higher raw material, energy and fixed costs, delivered organic growth of 5%. Conversion of foreign exchange and a small scope change had a (4)% adverse effect. Overall, the **EBITDA margin** was 22%.

- The higher **volumes** had a 17% effect on EBITDA, representing an upward trend from the first half.
- **Fixed costs** growth reflects inflationary pressure, increases in variable remuneration provisions, and costs associated with new capacities to support volume growth. These were partially offset by operational excellence delivery and synergies, affecting EBITDA by (7)%.
- **Net pricing** was negative for (4)%. The increase in energy costs versus the low point in the third quarter of 2016 led to a margin contraction in the soda ash business.
- **Foreign exchange** fluctuations brought organic growth down by (3)% and are almost entirely due to the depreciation of the US dollar.

Underlying EBIT was €372 million, following deduction of underlying amortization and depreciation charges of €(182) million. These were higher than in 2016, as a result of the new capacities started in the last 12 months.

Underlying net financial charges [2] were €(98) million, 16% lower year on year, reflecting the optimization of Solvay's financial structure. Continuing this effort, in early October the Group finalized a bond repurchase as part of its outstanding US dollar and euro debt for a total amount of €365 million.

Underlying income taxes were €(63) million, lower than in 2016, linked to the geographical spread of its earnings, resulting in an underlying tax rate of 27% in 2017 so far.

Discontinued operations added €30 million to profit on an underlying basis, lower than in 2016, as the sale of the Acetow and Vinythai businesses were completed earlier in the year, and thereby these operations are no longer contributing. These discontinued operations now only contain the Polyamide activity, which is planned to be sold to BASF for an enterprise value of €1.6 billion. This divestment was announced in September 2017, and is expected to be finalized in the third quarter of 2018.

Free cash flow from continuing operations, which now excludes the discontinued polyamide business, amounted to €195 million compared to €219 million in the same quarter of 2016. Including the €32 million contribution from discontinued operations, total free cash flow was €227 million. This followed a strong delivery in the first quarter of 2017, which brings the year-to-date figure to €484 million.

- **Capex** from continuing operations was €(153) million, well below the €(202) million in 2016, resulting in an increase in cash conversion to 72%, from 63% a year earlier. This reflects the planned reduction in capex intensity, while continuing to invest in future growth as illustrated by recent capacity expansions in high-performance polymers.
- **Working capital** outflow from continuing operations was €(40) million. The net working capital to sales ratio rose slightly to 15.5% in the quarter, partially linked to the discontinuation of the polyamide business.

Interim gross dividend of €1.38 gross per share, will be payable to shareholders on January 18, 2018. As in previous years the interim dividend corresponds to 40% of the full year dividend of the prior year.

Underlying net debt [2] reduced to €(5,538) million from €(5,740) million at the start of the quarter, an improvement of €202 million. This resulted in an underlying leverage ratio of 2.3x on an adjusted basis [3], maintaining the improvement versus the 2.6x at the beginning of the year.

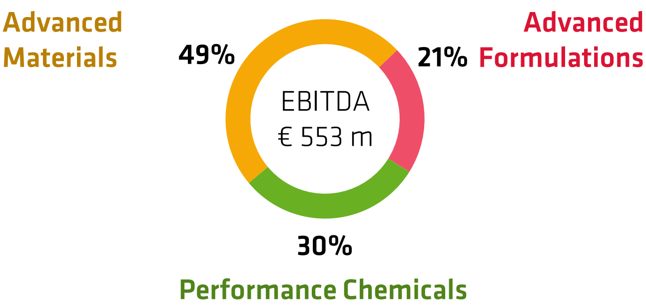
- The outflow from **acquisitions and divestments** was €(36) million and mainly consisted of remaining fees on recent divestments.
- **Financing payments** were €(8) million. No senior or hybrid bonds were paid in the third quarter.
- **Other changes** impacted net debt positively by €20 million and include the devaluation of the US dollar-denominated debt, following the currency's depreciation over the quarter.

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

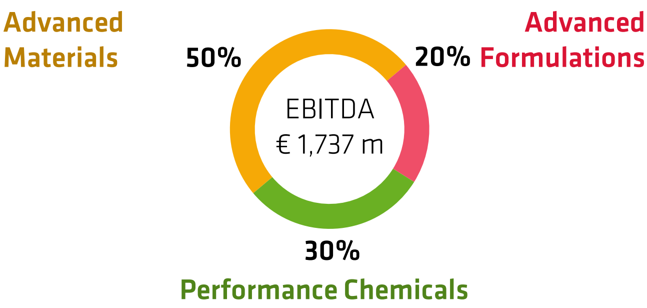
[2] Underlying net debt includes the perpetual hybrid bonds, treated as equity under IFRS. Underlying net financial charges include the coupons on perpetual hybrid bonds, which are accounted as dividends under IFRS, and thereby excluded from the P&L, as well as the financial charges and realized foreign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

[3] EBITDA of the discontinued Polyamide business to the denominator, to adjust for the fact net debt in the numerator does not yet reflect the proceeds to be received on the divestment.

Q3 2017 by segment [1]



9M 2017 by segment [1]



Segment review

(in € million)	Underlying					
	Q3 2017	Q3 2016	*% yoy*	9M 2017	9M 2016	*% yoy*
Net sales	**2,464**	**2,370**	***+4.0%***	**7,645**	**7,138**	***+7.1%***
Advanced Materials	1,052	1,072	*-1.9%*	3,323	3,237	*+2.7%*
Advanced Formulations	721	648	*+11%*	2,219	1,960	*+13%*
Performance Chemicals	684	649	*+5.4%*	2,087	1,936	*+7.8%*
Corporate & Business Services	7	1	*n.m.*	17	6	*n.m.*
EBITDA	**553**	**546**	***+1.3%***	**1,737**	**1,595**	***+8.9%***
Advanced Materials	294	292	*+0.8%*	942	852	*+11%*
Advanced Formulations	129	114	*+13%*	386	360	*+7.2%*
Performance Chemicals	178	185	*-4.0%*	579	549	*+5.5%*
Corporate & Business Services	(47)	(45)	*-5.2%*	(170)	(165)	*-2.9%*
EBIT	**372**	**386**	***-3.7%***	**1,220**	**1,107**	***+10%***
Advanced Materials	206	227	*-9.2%*	714	649	*+10%*
Advanced Formulations	94	78	*+20%*	280	247	*+13%*
Performance Chemicals	133	142	*-5.8%*	442	423	*+4.4%*
Corporate & Business Services	(61)	(60)	*-1.7%*	(216)	(212)	*-1.8%*

CORPORATE & BUSINESS SERVICES

Q3 2017 underlying EBITDA costs were €(47) million, slightly higher than in 2016, with improved contribution from **Energy Services** which delivered €14 million on various opportunities in the market.

Costs at EBITDA level in **Other Corporate & Business Services** were €(61) million, consistent with the run rate in 2017, but more than in the third quarter of 2016, which had benefited from phasing effects. Excellence programs offset inflation and were complemented by synergies on the Cytec acquisition.

[1] The EBITDA pie chart excludes Corporate & Business Services, as their contribution to EBITDA is negative, and therefore cannot be depicted. Corporate & Business Services had no material contribution to net sales.

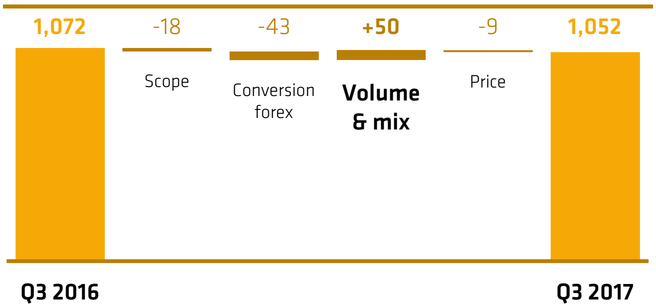
ADVANCED MATERIALS

- → Q3 underlying EBITDA up 1%: 6% organic growth affected by foreign exchange and scope
- → Continued strong demand in the automotive sector, and improved sales to smart device applications
- → Composites sales to aeronautics stable, but down for industrial applications

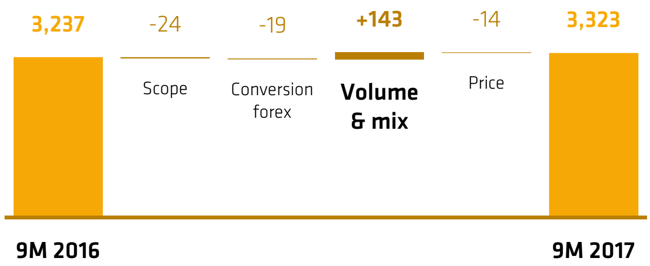
Key figures

(in € million)	Underlying Q3 2017	Q3 2016	% yoy	9M 2017	9M 2016	% yoy
Net sales	**1,052**	**1,072**	***-1.9%***	**3,323**	**3,237**	***+2.7%***
Specialty Polymers	509	497	*+2.6%*	1,550	1,441	*+7.6%*
Composite Materials	232	253	*-8.1%*	788	812	*-2.9%*
Special Chem	204	211	*-3.2%*	649	644	*+0.8%*
Silica	106	112	*-5.0%*	336	340	*-1.4%*
EBITDA	**294**	**292**	***+0.8%***	**942**	**852**	***+11%***
EBITDA margin	*28%*	*27%*	*0.7pp*	*28%*	*26%*	*2.0pp*

Q3 yoy net sales bridge *(in €million)*



9M yoy net sales bridge *(in €million)*



Q3 2017 performance

Net sales were down (2)% as the 5% volume growth was affected by the depreciation of most foreign currencies and a small change in the business scope. The scope change follows the sale of the polyolefin cross-linkable compounds business in June.

Specialty Polymers sales rose 3%, despite the afore-mentioned adverse effects, boosted by continued demand for energy-efficiency in the automotive sector, including for Li-ion batteries, and improved demand for smart device applications, albeit with a less pronounced seasonal uptick. On top of the recently completed PEEK plant in the US and the new PVDF plant in China, new sulfone and PEKK polymer lines were recently announced to further support growing markets in medical applications, water purification, 3D-printing and thermoplastic composites.

Composite Materials sales were down, as low demand for industrial composites weighed on the business, triggered by the end of certain supercar programs. Sales volumes to the aeronautics sector were stable, with the production ramp-up of the F-35 and the LEAP engine compensating for the continuing decline in wide-body aircrafts.

Special Chem sales volumes were largely stable, as new contracts for semiconductor cleaning agents offset lower demand for rare earth formulations used in automotive catalysis.

Silica sales volumes were stable overall, with demand from the energy-efficient tire market in line with last year, albeit at lower prices.

Underlying EBITDA was up 1%. The strong volumes in Specialty Polymers drove organic growth up 6%, despite higher fixed costs from the expanded production base. The combined effects of reduced business scope and foreign exchange fluctuations resulted in total EBITDA impact of (5)%. The change in business mix carried the underlying **EBITDA margin** slightly up to 28%, at par with the record level in the second quarter.

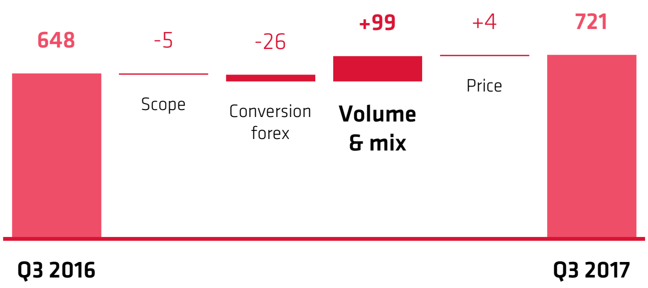
ADVANCED FORMULATIONS

- → Q3 underlying EBITDA grew 13% overall on strong volume growth
- → Maintained solid recovery in North American oil and gas industry, complemented by growth in technology solutions for non-mining applications
- → Excellence programs supported margins against higher raw material prices

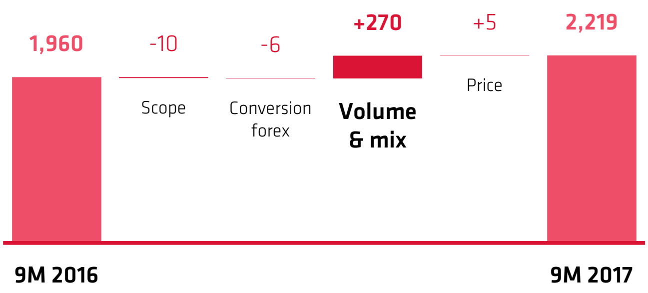
Key figures

(in € million)	Underlying					
	Q3 2017	Q3 2016	% yoy	9M 2017	9M 2016	% yoy
Net sales	**721**	**648**	***+11%***	**2,219**	**1,960**	***+13%***
Novecare	475	403	*+18%*	1,457	1,224	*+19%*
Technology Solutions	161	162	*-0.7%*	489	486	*+0.5%*
Aroma Performance	84	83	*+1.8%*	273	250	*+9.4%*
EBITDA	**129**	**114**	***+13%***	**386**	**360**	***+7.2%***
EBITDA margin	*18%*	*18%*	*0.3pp*	*17%*	*18%*	*(1.0)pp*

Q3 yoy net sales bridge *(in €million)*



9M yoy net sales bridge *(in €million)*



Q3 2017 performance

Net sales rose 11%, on strong volume growth of 15%, complemented by price increases. Lower foreign exchange rates reduced the progression by (4)%.

Novecare sales grew 18%, driven by the strong recovery in the North American shale oil & gas exploration industry in recent quarters and a slight improvement of the product mix. Prices were up overall, reflecting the successful pass-through of some raw material price increases.

Technology Solutions sales volumes were also well up, with solid demand on the phosphines and polymer additive markets. As Solvay's polymer additives production has reached maximum capacity and demand continues to grow, the production capacity will be expanded. The mining business was overall stable, gradually recovering from the production issues at some customers' mines earlier in the year.

Aroma Performance sales grew slightly on volumes with increased demand for vanillin aroma ingredients from the flavors and fragrances industry.

Underlying EBITDA was up 13% driven by higher volumes across business units, more than compensating for the adverse foreign exchange conversion impact. Higher raw material and fixed costs were partly offset by operational and commercial excellence initiatives, resulting in an underlying **EBITDA margin** of 18%.

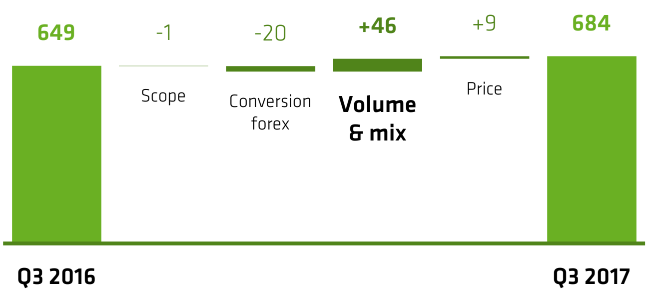
PERFORMANCE CHEMICALS [1]

- Q3 underlying EBITDA down 4%, on higher raw material costs
- Soda ash volumes up , but margins affected by higher energy costs
- Contribution from new HPPO plant in Peroxides

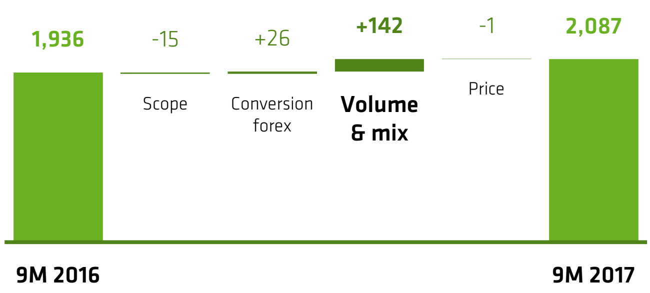
Key figures

(in € million)	Underlying					
	Q3 2017	Q3 2016	% yoy	9M 2017	9M 2016	% yoy
Net sales	**684**	**649**	***+5.4%***	**2,087**	**1,936**	***+7.8%***
Soda Ash & Derivatives	405	398	*+1.8%*	1,232	1,169	*+5.4%*
Peroxides	148	134	*+10%*	450	406	*+11%*
Coatis	101	87	*+16%*	304	254	*+20%*
Functional Polymers	31	30	*+2.3%*	100	106	*-5.3%*
EBITDA	**178**	**185**	***-4.0%***	**579**	**549**	***+5.5%***
EBITDA margin	*26%*	*29%*	*(2.6)pp*	*28%*	*28%*	*(0.6)pp*

Q3 yoy net sales bridge *(in €million)*



9M yoy net sales bridge *(in €million)*



Q3 2017 performance

Net sales grew 5% organically, carried by higher volumes. A 7% volume growth was eroded by foreign exchange conversion.

Soda Ash & Derivatives sales volumes remained strong, mainly due to increased demand in the seaborne market. Prices have been slightly down since the start of the year. Sales of bicarbonate also continued to grow.

Peroxides sales growth reflects the continuing supply contract for the new HPPO plant in Saudi Arabia.

Coatis sales were up 16% thanks to higher prices, more than compensating raw material price increases. Volumes improved as the domestic Latin American market recovered.

In **Functional Polymers,** the contribution of the polyamide business in Latin America remained low. The sale of Solvay's stake in the Brazilian PVC compounder Dacarto Benvic was completed in September.

Underlying EBITDA was down (4)% due mainly to the higher energy costs that more than offset the volume growth in the quarter. The contribution from the 50% stake in the Russian PVC joint-venture Rusvinyl was affected by lower spreads on the PVC market. The underlying **EBITDA margin** decreased (2.6) percentage points to 26%.

[1] Following the discontinuation of the Polyamide activities planned to be sold to BASF, the remaining activities in the operating segment Functional Polymers were integrated in the operating segment Performance Chemicals as a separate business unit. The financial figures were restated accordingly.

SUPPLEMENTARY INFORMATION

Reconciliation of alternative performance metrics

Solvay uses alternative performance metrics to measure its financial performance, which can be found below. Unless otherwise stated, 2016 data are presented on a restated basis, after discontinuation of Acetow, Vinythai and Polyamide. Solvay believes that these measurements are useful for analyzing and explaining changes and trends in its historical results of operations, as they allow performance to be compared on a consistent basis.

Tax rate

(in € million)		Underlying Q3 2017	Q3 2016	9M 2017	9M 2016
Profit for the period before taxes	a	274	270	916	751
Earnings from associates & joint ventures	b	15	18	52	50
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(8)	(9)	(20)	(21)
Income taxes	d	(63)	(72)	(239)	(222)
Tax rate	e = -d/(a-b-c)	**24%**	**28%**	**27%**	**31%**

Tax rate = Income taxes / (Result before taxes – Earnings from associates & joint ventures – Interests & realized foreign exchange results on RusVinyl joint venture). The adjustment of the denominator regarding associates and joint ventures is made as these contributions are already net of income taxes.

Free cash flow

(in € million)		Q3 2017	Q3 2016	9M 2017	9M 2016
Cash flow from operating activities	a	406	522	955	1,128
of which cash flow related to acquisition of subsidiaries, excluded from free cash flow	b	-	-	(23)	15
Cash flow from investing activities	c	(214)	37	360	(385)
Acquisition (-) of subsidiaries	d	(4)	(39)	(29)	(18)
Acquisition (-) of investments - Other	e	(3)	-	(13)	(2)
Loans to associates and non-consolidated companies	f	1	10	(10)	(23)
Sale (+) of subsidiaries and investments	g	(30)	309	920	307
Income taxes paid on sale of investments	h	-	-	(14)	-
Free cash flow	i = a-b+c-d-e-f-g-h	**227**	**280**	**484**	**464**
Free cash flow from discontinued operations	j	32	61	38	129
Free cash flow from continuing operations	k = i-j	**195**	**219**	**446**	**335**

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

Capital expenditure (capex)

(in € million)		Q3 2017	Q3 2016	9M 2017	9M 2016
Acquisition (-) of tangible assets	a	(147)	(219)	(455)	(611)
Acquisition (-) of intangible assets	b	(26)	(23)	(80)	(68)
Capex	c = a+b	**(173)**	**(242)**	**(535)**	**(679)**
Capex flow from discontinued operations	d	(21)	(40)	(61)	(93)
Capex from continuing operations	e = c-d	**(153)**	**(202)**	**(473)**	**(586)**

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

Cash conversion

(in € million)		Q3 2017	Q3 2016	9M 2017	9M 2016
Capex from continuing operations	a	**(153)**	**(202)**	**(473)**	**(586)**
Underlying EBITDA	b	553	546	1,737	1,595
Cash conversion	c = (a+b)/b	**72%**	**63%**	**73%**	**63%**

Cash conversion is a ratio used to measure the conversion of EBITDA into cash. It is defined as (Underlying EBITDA + Capex from continuing operations) / Underlying EBITDA.

Net working capital

		2017			2016
(in € million)		September 30	June 30	March 31	December 31
Inventories	a	1,507	1,732	1,747	1,672
Trade receivables	b	1,505	1,719	1,781	1,621
Other current receivables	c	693	671	705	736
Trade payables	d	(1,206)	(1,475)	(1,563)	(1,547)
Other current liabilities	e	(882)	(804)	(1,078)	(1,085)
Net working capital	f = a+b+c+d+e	**1,617**	**1,843**	**1,592**	**1,396**
Sales [1]	g	2,609	3,188	3,159	2,933
Annualized quarterly total sales [1]	h = 4*g	10,436	12,753	12,638	11,731
Net working capital / sales [1]	i = f / h	**15.5%**	**14.5%**	**12.6%**	**11.9%**
Year average	j = µ(Q1,Q2,Q3,Q4)		14.2%		15.3%

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

Net debt

		2017			2016
(in € million)		September 30	June 30	March 31	December 31
Non-current financial debt	a	(3,190)	(3,512)	(4,039)	(4,087)
Current financial debt	b	(2,004)	(1,820)	(1,322)	(1,338)
Gross debt	c = a+b	(5,194)	(5,332)	(5,361)	(5,426)
Other financial instrument receivables	d	498	637	99	101
Cash & cash equivalents	e	1,358	1,156	1,094	969
Total cash and cash equivalents	f = d+e	1,856	1,792	1,193	1,070
IFRS net debt	g = c+f	**(3,338)**	**(3,540)**	**(4,168)**	**(4,356)**
Perpetual hybrid bonds	h	(2,200)	(2,200)	(2,200)	(2,200)
Underlying net debt	i = g+h	**(5,538)**	**(5,740)**	**(6,368)**	**(6,556)**
Underlying EBITDA (last 12 months) [2]	j	2,217	2,455	2,348	2,283
Adjustment for discontinued operations [3]	k	235	-	158	236
Adjusted underlying EBITDA for leverage calculation [3]	l = j+k	2,453	2,455	2,506	2,519
Underlying leverage ratio [3]	m = -i/l	**2.3**	**2.3**	**2.5**	**2.6**

(IFRS) net debt = Non-current financial debt + Current financial debt – Cash & cash equivalents – Other financial instrument receivables. Underlying net debt represents the Solvay share view of debt, reclassifying as debt 100% of the hybrid perpetual bonds, classified as equity under IFRS. Leverage ratio = Net debt / Underlying EBITDA of last 12 months. Underlying leverage ratio = Underlying net debt / Underlying EBITDA of last 12 months.

[1] The scope covered by sales corresponds with the scope of the net working capital, i.e. including Polyamide for June 30, 2017, March 31, 2017 and December 31 2016.
[2] The scope covered by underlying EBITDA corresponds with the scope of the net debt, i.e. including Polyamide for June 30, 2017, March 31, 2017 and December 31 2016.
[3] As net debt at the end of the period does not yet reflect the net proceeds to be received on the divestment of discontinued operations, whereas the underlying EBITDA excludes the contribution of discontinued operations, the underlying EBITDA is adjusted for the purpose of calculating the leverage ratio. For September 2017 the underlying EBITDA of Polyamide was added, for March 2017 the Acetow one, and for December 2016 the Acetow and Vinythai ones.

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.

Q3 consolidated income statement	Q3 2017			Q3 2016		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**2,609**	**-**	**2,609**	**2,483**	**-**	**2,483**
of which revenues from non-core activities	145	-	145	112	-	112
of which net sales	2,464	-	2,464	2,370	-	2,370
Cost of goods sold	(1,849)	-	(1,849)	(1,734)	1	(1,734)
Gross margin	**760**	**-**	**760**	**748**	**1**	**749**
Commercial & administrative costs	(339)	10	(329)	(332)	13	(319)
Research & development costs	(66)	1	(65)	(68)	1	(67)
Other operating gains & losses	(60)	51	(10)	(48)	53	6
Earnings from associates & joint ventures	10	6	15	16	2	18
Result from portfolio management & reassessments	(113)	113	-	(17)	17	-
Result from legacy remediation & major litigations	(23)	23	-	(10)	10	-
EBITDA	**499**	**55**	**553**	**516**	**30**	**546**
Depreciation, amortization & impairments	(330)	149	(182)	(226)	66	(160)
EBIT	**169**	**203**	**372**	**290**	**96**	**386**
Net financial charges	(61)	(36)	(98)	(80)	(37)	(116)
Net cost of borrowings	(40)	-	(40)	(55)	-	(55)
Coupons on perpetual hybrid bonds	-	(28)	(28)	-	(28)	(28)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(8)	(8)	-	(9)	(9)
Cost of discounting provisions	(21)	-	(21)	(27)	2	(24)
Result from available-for-sale financial assets	-	-	-	2	(2)	-
Profit for the period before taxes	**107**	**167**	**274**	**210**	**60**	**270**
Income taxes	91	(154)	(63)	(22)	(51)	(72)
Profit for the period from continuing operations	**198**	**13**	**211**	**188**	**9**	**198**
Profit for the period from discontinued operations	(6)	36	30	1	63	64
Profit for the period	**192**	**49**	**241**	**189**	**72**	**261**
attributable to Solvay share	179	50	229	176	71	247
attributable to non-controlling interests	13	(1)	12	13	1	14
Basic earnings per share (in €)	1.73		2.22	1.71		2.40
of which from continuing operations	1.79		1.93	1.72		1.80
Diluted earnings per share (in €)	1.72		2.20	1.70		2.39
of which from continuing operations	1.77		1.91	1.71		1.79

EBITDA on an IFRS basis totaled €499 million versus €553 million on an underlying basis. The difference of €55 million is explained by the following adjustments to IFRS results, in order to improve the comparability of underlying results:

- €1 million for legacy acquisition costs, in this case the Chemlogics retention premiums, which are adjusted in "*Commercial & administrative costs*".
- €6 million in "*Earnings from associates & joint ventures*" for Solvay's share in the foreign exchange losses on the euro-denominated debt of the RusVinyl joint venture, following the devaluation of the Russian ruble over the period, as well as the financial charges of the joint venture. These elements are reclassified in "*Net financial charges*".
- €25 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises €(11) million of restructuring costs, mainly on obsolete capacity in Asia, and €(14) million related to M&A expenses and the recycling of CTAs on the divestment of Solvay's stake in Dacarto Benvic.
- €23 million to adjust for the "*Result from legacy remediation and major litigations*".

EBIT on an IFRS basis totaled €169 million versus €372 million on an underlying basis. The difference of €203 million is explained by the above-mentioned €55 million adjustments at the EBITDA level and €149 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €61 million for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Commercial & administrative costs*" for €10 million, in "*Research & development costs*" for €1 million and in "*Other operating gains & losses*" for €51 million.
- €88 million for the net impact of impairments, which are non-cash in nature and are reported in "*Result from portfolio management and reassessments*". It mainly includes the €(91) million impairment taken on the retained polyamide assets in Latin America, following the discontinuation of most of the polyamide business that is planned to be sold to BASF.

Net financial charges on an IFRS basis were €(61) million versus €(98) million on an underlying basis. The €(36) million adjustment made to IFRS net financial charges consists of:

- €(28) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(8) million reclassification of financial charges and realized foreign exchange result on the euro-denominated debt of RusVinyl as net financial charges. The €2 million delta with the adjustment made to EBITDA is attributed to unrealized foreign exchange gains.

Income taxes on an IFRS basis represented a gain of €91 million versus a charge of €(63) million on an underlying basis. The €(154) million adjustment consists of:

- €(59) million for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €(94) million for tax elements related to prior periods.

Discontinued operations generated a loss of €(6) million on an IFRS basis and a profit of €30 million on an underlying basis. The €36 million adjustment made to the IFRS profit adjusts mainly for:

- €(28) million M&A expenses related to the discontinued polyamide operations.
- €(8) million other costs to sell related to prior divestments.

Profit attributable to Solvay share on an IFRS basis was €179 million and €229 million on an underlying basis. The delta of €50 million reflects the above-mentioned adjustments EBIT, net financial charges and discontinued operations, totaling €49 million, and the impact of €(1) million these had on the profit attributable to non-controlling interests.

9M consolidated income statement

(in € million)	9M 2017 IFRS	9M 2017 Adjustments	9M 2017 Underlying	9M 2016 IFRS	9M 2016 Adjustments	9M 2016 Underlying
Sales	**8,126**	**-**	**8,126**	**7,459**	**-**	**7,459**
of which revenues from non-core activities	481	-	481	321	-	321
of which net sales	7,645	-	7,645	7,138	-	7,138
Cost of goods sold	(5,771)	1	(5,770)	(5,322)	82	(5,239)
Gross margin	**2,355**	**1**	**2,356**	**2,137**	**82**	**2,219**
Commercial & administrative costs	(1,062)	32	(1,030)	(1,009)	40	(969)
Research & development costs	(209)	2	(207)	(210)	1	(208)
Other operating gains & losses	(108)	156	48	(145)	160	15
Earnings from associates & joint ventures	31	21	52	58	(7)	50
Result from portfolio management & reassessments	(178)	178	-	(156)	156	-
Result from legacy remediation & major litigations	(57)	57	-	(35)	35	-
EBITDA	**1,572**	**164**	**1,737**	**1,451**	**144**	**1,595**
Depreciation, amortization & impairments	(801)	284	(517)	(811)	323	(488)
EBIT	**771**	**448**	**1,220**	**640**	**467**	**1,107**
Net financial charges	(211)	(93)	(304)	(254)	(102)	(356)
Net cost of borrowings	(142)	6	(136)	(174)	-	(174)
Coupons on perpetual hybrid bonds		(84)	(84)	-	(84)	(84)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture		(20)	(20)	-	(21)	(21)
Cost of discounting provisions	(69)	5	(64)	(84)	6	(77)
Result from available-for-sale financial assets	-	-	-	3	(3)	-
Profit for the period before taxes	**560**	**355**	**916**	**386**	**365**	**751**
Income taxes	(9)	(230)	(239)	(77)	(145)	(222)
Profit for the period from continuing operations	**551**	**125**	**677**	**309**	**221**	**529**
Profit for the period from discontinued operations	280	(123)	157	96	78	173
Profit for the period	**832**	**2**	**834**	**405**	**298**	**703**
attributable to Solvay share	792	1	794	376	287	663
attributable to non-controlling interests	39	-	40	28	12	40
Basic earnings per share (in €)	7.67		7.68	3.65		6.43
of which from continuing operations	4.99		6.20	2.71		4.80
Diluted earnings per share (in €)	7.61		7.63	3.63		6.40
of which from continuing operations	4.96		6.16	2.70		4.79

EBITDA on an IFRS basis totaled €1,572 million versus €1,737 million on an underlying basis. The difference of €164 million is explained by the following adjustments to IFRS results, in order to improve the comparability of underlying results:

- €1 million for legacy acquisition costs, in this case the Chemlogics retention premiums, which are adjusted in "*Commercial & administrative costs*".
- €21 million in "*Earnings from associates & joint ventures*" for Solvay's share in the foreign exchange losses on the euro-denominated debt of the RusVinyl joint venture, following the devaluation of the Russian ruble over the period, as well as the financial charges of the joint venture. These elements are reclassified in "*Net financial charges*".
- €84 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprises €(38) million of restructuring costs and the €(72) million impact from the deconsolidation of the Venezuelan silica plant, of which €(60) million came from the recycling through the P&L of currency translation adjustments. These impacts were mitigated by €35 million net capital gains on multiple smaller divestments.
- €57 million to adjust for the "*Result from legacy remediation and major litigations*".

EBIT on an IFRS basis totaled €771 million versus €1,220 million on an underlying basis. The difference of €448 million is explained by the above-mentioned €164 million adjustments at the EBITDA level and €284 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €190 million for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Cost of goods sold*" for €1 million, "*Commercial & administrative costs*" for €30 million, in "*Research & development costs*" for €2 million and in "*Other operating gains & losses*" for €156 million.
- €94 million for the net impact of impairments, which are non-cash in nature and are reported in "*Result from portfolio management and reassessments*", mainly related to the impairment taken on the retained polyamide assets in Latin America.

Net financial charges on an IFRS basis were €(211) million versus €(304) million on an underlying basis. The €(93) million adjustment made to IFRS net financial charges consists of:

- €6 million on net cost of borrowings related to a one-time net debt management cost.
- €(84) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €(20) million reclassification of financial charges and realized foreign exchange result on the euro-denominated debt of RusVinyl as net financial charges.
- €5 million for the net impact of decreasing discount rates on the valuation of environmental liabilities over the period.

Income taxes on an IFRS basis were €(9) million versus €(239) million on an underlying basis. The €(230) million adjustment consists of:

- €(125) million for the tax impacts of the adjustments made to the underlying result before taxes (as described above).
- €(105) million for tax elements related to prior periods.

Discontinued operations generated a profit of €280 million on an IFRS basis and €157 million on an underlying basis. The €(123) million adjustment made to the IFRS profit adjusts for:

- €(52) million M&A expenses related to the discontinued polyamide operations.
- €204 million capital gain on the divestment of Acetow and Vinythai.
- €(29) million other costs to sell related to prior divestments.

Profit attributable to Solvay share on an IFRS basis was €792 million and €794 million on an underlying basis. The delta of €1 million reflects the above-mentioned adjustments to EBIT, net financial charges and discontinued operations.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (REVIEWED [1])

Consolidated income statement

(in € million) IFRS	Q3 2017	Q3 2016	9M 2017	9M 2016
Sales	**2,609**	**2,483**	**8,126**	**7,459**
of which revenues from non-core activities	145	112	481	321
of which net sales	2,464	2,370	7,645	7,138
Cost of goods sold	(1,849)	(1,734)	(5,771)	(5,322)
Gross margin	**760**	**748**	**2,355**	**2,137**
Commercial & administrative costs	(339)	(332)	(1,062)	(1,009)
Research & development costs	(66)	(68)	(209)	(210)
Other operating gains & losses	(60)	(48)	(108)	(145)
Earnings from associates & joint ventures	10	16	31	58
Result from portfolio management & reassessments	(113)	(17)	(178)	(156)
Result from legacy remediation & major litigations	(23)	(10)	(57)	(35)
EBIT	**169**	**290**	**771**	**640**
Cost of borrowings	(41)	(42)	(125)	(143)
Interest on lendings & deposits	3	2	11	8
Other gains & losses on net indebtedness	(2)	(15)	(29)	(39)
Cost of discounting provisions	(21)	(27)	(69)	(84)
Result from available-for-sale financial assets	-	2	-	3
Profit for the period before taxes	**107**	**210**	**560**	**386**
Income taxes	91	(22)	(9)	(77)
Profit for the period from continuing operations	**198**	**188**	**551**	**309**
Profit (loss) for the period from discontinued operations	(6)	1	280	96
Profit for the period	**192**	**189**	**832**	**405**
attributable to Solvay share	179	176	792	376
attributable to non-controlling interests	13	13	39	28
Weighted average of number of outstanding shares, basic	103,414,363	103,160,972	103,331,526	103,160,972
Weighted average of number of outstanding shares, diluted	104,223,779	103,541,621	104,065,995	103,541,621
Basic earnings per share (in €)	1.73	1.71	7.67	3.65
of which from continuing operations	1.79	1.72	4.99	2.71
Diluted earnings per share (in €)	1.72	1.70	7.61	3.63
of which from continuing operations	1.77	1.71	4.96	2.70

Consolidated statement of comprehensive income

(in € million) IFRS	Q3 2017	Q3 2016	9M 2017	9M 2016
Profit for the period	**192**	**189**	**832**	**405**
Other comprehensive income, net of related tax effects	**(192)**	**(188)**	**(531)**	**(564)**
Recyclable components	(217)	2	(697)	(54)
Gains and losses on available-for-sale financial assets	1	2	(1)	11
Gains and losses on hedging instruments in a cash flow hedge	12	15	25	22
Currency translation differences from subsidiaries & joint operations	(220)	(16)	(689)	(109)
Currency translation differences from associates & joint ventures	(10)	1	(33)	22
Non-recyclable components	33	(207)	207	(548)
Remeasurement of the net defined benefit liability [2]	33	(207)	207	(548)
Income tax relating to components of other comprehensive income	(8)	17	(41)	37
Total comprehensive income	**-**	**1**	**301**	**(160)**
attributed to Solvay share	(9)	(10)	298	(185)
attributed to non-controlling interests	9	11	3	26

[1] Review of the 9M period only
[2] The remeasurement of the net defined benefit liability of €207 million in 9M 2017 mainly related to the increase of discount rates in Q1 and assets performance.

Consolidated statement of cash flows

(in € million)	IFRS Q3 2017	Q3 2016	9M 2017	9M 2016
Profit for the period	192	189	832	405
Adjustments to profit for the period	344	472	919	1,339
Depreciation, amortization & impairments (-)	353	333	899	1,006
Earnings from associates & joint ventures (-)	(10)	(16)	(31)	(57)
Net financial charges & result from available-for-sale financial assets (-)	62	91	214	287
Income tax expenses (-)	(90)	30	26	111
Other non-operating and non-cash items [1]	30	34	(189)	(8)
Changes in working capital	(34)	27	(443)	(298)
Changes in provisions	(55)	(104)	(172)	(155)
Dividends received from associates & joint ventures	4	3	14	17
Income taxes paid (excluding income taxes paid on sale of investments)	(46)	(66)	(194)	(179)
Cash flow from operating activities	**406**	**522**	**955**	**1,128**
of which cash flow related to acquisition of subsidiaries	-	-	(23)	15
Acquisition (-) of subsidiaries	(4)	(39)	(29)	(18)
Acquisition (-) of investments - Other	(3)	-	(13)	(2)
Loans to associates and non-consolidated companies	1	10	(10)	(23)
Sale (+) of subsidiaries and investments	(30)	309	920	307
Income taxes paid on sale of investments	-	-	(14)	-
Acquisition (-) of tangible and intangible assets (capex)	(173)	(242)	(535)	(679)
of which tangible assets	(147)	(219)	(455)	(611)
of which intangible assets	(26)	(23)	(80)	(68)
Sale (+) of tangible & intangible assets	2	10	65	58
of which cash flow related to the sales of real estate in the context of restructuring, dismantling or remediation	-	2	4	30
Dividends from available-for-sale financial assets	2	-	2	-
Changes in non-current financial assets	(10)	(10)	(27)	(28)
Cash flow from investing activities	**(214)**	**37**	**360**	**(385)**
Sale (acquisition) of treasury shares	2	(17)	5	(65)
Increase in borrowings	12	-	758	603
Repayment of borrowings	(98)	(541)	(733)	(1,602)
Changes in other current financial assets	129	(14)	(417)	(4)
Net interests paid	(8)	(19)	(144)	(167)
Coupons paid on perpetual hybrid bonds	-	-	(84)	(58)
Dividends paid	(1)	-	(361)	(349)
of which to Solvay shareholders	-	-	(358)	(337)
of which to non-controlling interests	(1)	-	(4)	(11)
Other	27	3	12	(18)
Cash flow from financing activities	**63**	**(588)**	**(965)**	**(1,660)**
Net change in cash and cash equivalents	**255**	**(28)**	**351**	**(917)**
Currency translation differences	(52)	(3)	(47)	(39)
Opening cash balance	1,156	1,113	1,054	2,037
Closing cash balance	**1,358**	**1,081**	**1,358**	**1,081**
of which cash in assets held for sale	-	21	-	21

Statement of cash flow from discontinued operations

(in € million)	IFRS Q3 2017	Q3 2016	9M 2017	9M 2016
Cash flow from operating activities	53	102	99	216
Cash flow from investing activities [2]	(20)	(41)	(61)	(120)
Cash flow from financing activities	-	(13)	(1)	(62)
Net change in cash and cash equivalents	**32**	**48**	**37**	**34**

[1] The increase in 9M 2017 is largely related to movements in Q2, including the capital gain on the Acetow divestment of €180 million and the €(72) million deconsolidation impact on the Venezuelan plant.
[2] The cash flow from investing activities of discontinued operations excludes the proceeds received on the divestment of Acetow and Vinythai

Consolidated statement of financial position

(in € million)	IFRS September 30, 2017	IFRS December 31, 2016
Non-current assets	**15,450**	**17,548**
Intangible assets	3,028	3,600
Goodwill	5,097	5,679
Tangible assets	5,417	6,472
Available-for-sale financial assets	48	44
Investments in associates & joint ventures	461	497
Other investments	53	55
Deferred tax assets	961	890
Loans & other assets	385	312
Current assets	**6,908**	**6,597**
Inventories	1,507	1,672
Trade receivables	1,505	1,621
Income tax receivables	140	166
Dividends receivable	1	2
Other financial instrument receivables	498	101
Other receivables	693	736
Cash & cash equivalents	1,358	969
Assets held for sale	1,206	1,331
Total assets	**22,358**	**24,145**
Total equity	**9,840**	**9,956**
Share capital	1,588	1,588
Reserves	8,123	8,118
Non-controlling interests	129	250
Non-current liabilities	**7,649**	**9,188**
Provisions for employee benefits	2,707	3,118
Other provisions	801	860
Deferred tax liabilities	760	909
Financial debt	3,190	4,087
Other liabilities	190	214
Current liabilities	**4,870**	**5,001**
Other provisions	303	291
Financial debt	2,004	1,338
Trade payables	1,206	1,547
Income tax payables	181	197
Dividends payable	3	139
Other liabilities	882	1,085
Liabilities associated with assets held for sale	289	403
Total equity & liabilities	**22,358**	**24,145**

Consolidated statement of changes in equity

IFRS

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value): Available-for-sale financial assets	Revaluation reserve (fair value): Cash flow hedges	Defined benefit pension plans	Total reserves	Non-controlling interests	Total equity
Balance on December 31, 2015	**1,588**	**1,170**	**(230)**	**2,188**	**5,720**	**(353)**	**(2)**	**(28)**	**(630)**	**7,835**	**245**	**9,668**
Profit for the period	-	-	-	-	376	-	-	-	-	376	28	405
Items of OCI	-	-	-	-	-	(86)	11	10	(497)	(562)	(2)	(564)
Comprehensive income	**-**	**-**	**-**	**-**	**376**	**(86)**	**11**	**10**	**(497)**	**(185)**	**26**	**(160)**
Cost of stock options	-	-	-	-	7	-	-	-	-	7	-	7
Dividends	-	-	-	-	(199)	-	-	-	-	(199)	(9)	(208)
Coupons of perpetual hybrid bonds	-	-	-	-	(58)	-	-	-	-	(58)	-	(58)
Sale (acquisition) of treasury shares	-	-	(54)	-	(11)	-	-	-	-	(65)	-	(65)
Other	-	-	-	-	(12)	15	-	-	-	3	11	14
Balance on September 30, 2016	**1,588**	**1,170**	**(285)**	**2,188**	**5,823**	**(424)**	**10**	**(18)**	**(1,127)**	**7,337**	**273**	**9,198**
Balance on December 31, 2016	**1,588**	**1,170**	**(274)**	**2,188**	**5,899**	**(39)**	**8**	**(5)**	**(828)**	**8,118**	**250**	**9,956**
Profit for the period	-	-	-	-	792	-	-	-	-	792	39	832
Items of OCI [1]	-	-	-	-	-	(686)	(1)	26	166	(495)	(36)	(531)
Comprehensive income	**-**	**-**	**-**	**-**	**792**	**(686)**	**(1)**	**26**	**166**	**298**	**3**	**301**
Cost of stock options	-	-	-	-	7	-	-	-	-	7		7
Dividends	-	-	-	-	(220)	-	-	-	-	(220)	(6)	(226)
Coupons of perpetual hybrid bonds	-	-	-	-	(84)	-	-	-	-	(84)	-	(84)
Result on sales of treasury shares	-	-	5	-	-	-	-	-	-	5	-	5
Other [2]	-	-	-	-	(35)	-	-	-	34	-	(119)	(119)
Balance on September 30, 2017	**1,588**	**1,170**	**(269)**	**2,188**	**6,359**	**(725)**	**7**	**21**	**(628)**	**8,123**	**129**	**9,840**

[1] The €(686) million reduction in equity related to currency translation differences is the result of €(812) million translation differences (mainly USD decrease versus EUR), partly offset by €126 million recycling of CTAs, following the closing of several divestments and the deconsolidation of the Venezuelan plant.

[2] The €(119) million reduction in equity related to non-controlling interest follows the completion of the Vinythai divestment in Q1 2017.

NOTES TO THE IFRS ACCOUNTS

1. General information

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 7, 2017.

On January 4, 2017, Solvay agreed to sell its formulated resins business to Altana AG's Elantas PDG Inc. Under the agreement, Solvay's global business unit Technology Solutions has divested the business line, which generated sales of $20 million (USD) in 2015. The divestment includes the formulated resins product portfolio, the manufacturing and R&D facility based in Olean, New York, US, and all associated technical, commercial and administrative staff. Completion of the transaction was subject to customary closing conditions, including antitrust approvals, and occurred on June 1, 2017. The assets of the business were presented as assets held for sale until completion of the transaction, which had no material impact on the result in the period.

On February 1, 2017, Solvay announced the acquisition of Energain™ Li-Ion high voltage technology from DuPont for €13 million. Energain™ technology and formulations enlarge Solvay Special Chem Global Business Unit's existing portfolio of high performance salts and additives for electrolytes and strengthen its capabilities to develop further innovative high-voltage solutions for Li-ion batteries.

On February 23, 2017, Solvay completed the divestment of its 58.77% stake in its Thai subsidiary, Vinythai PCL, to Japanese company AGC Asahi Glass. The assets and liabilities of the business were presented as assets held for sale and associated liabilities in December 2016, following the announcement of the intended divestment. The transaction was based on a total enterprise value of 16.5 billion Thai baht (€435 million), and triggered a capital gain of €24 million, recognized in discontinued operations.

On March 24, 2017, Solvay signed a definitive agreement to sell its 25.1% shares in National Peroxide Limited (BOM:500298) to the Wadia Group, a conglomerate of corporate India and promoter shareholder of National Peroxide Limited. The transaction was closed in March with a capital gain of €11 million.

On March 30, 2017, Solvay signed a definitive agreement to sell its polyolefin cross-linkable compounds business in Italy to family-owned group Finproject SpA. Based in Roccabianca, Parma, the business makes compounds that are used in applications in the wire and cable, as well as pipe industries, generating sales of €82 million in 2016. Finproject is a leading manufacturer of injection molded foam, polyolefin-based compounds and PVC compounds. The transaction was subject to customary closing conditions and closed on June 8, 2017. The assets of the business were presented as assets held for sale until completion of the transaction, which triggered a capital gain of €43 million.

On May 31, 2017, Solvay has completed the divestment of its cellulose acetate tow business, Acetow, to private equity funds managed by Blackstone. The assets and liabilities of the business were presented as assets held for sale and associated liabilities in December 2016, following the announcement of the intended divestment. The transaction was based on an enterprise value of around €1 billion, resulting in net financial debt reduction of some €0.7 billion and capital gain of €180 million recognized in discontinued operations, subject to potential post-closing adjustments.

Solvay has deconsolidated its investment in Venezuela triggered by the political situation in the country, and consequently a loss of €72 million, mainly related to the €(60) million recycling of CTAs, has been recognized in the second quarter.

On July 5, 2017, Solvay agreed to sell its 50% stake in Dacarto Benvic to its joint venture partner which will become the sole owner of the Brazilian PVC compounder. The transaction led to an impairment of €(5) million in the second quarter and €(8) million of CTA recycling and has been completed on September 14, 2017.

On September 19, 2017, Solvay announced that it entered into a binding agreement with German chemical company BASF for the sale of its Polyamides business. Under the proposed terms of the agreement, the transaction is based on an enterprise value of €1.6 billion. The expected net cash proceeds are estimated to be around €1.1 billion. The polyamide business planned to be divested has been reclassified to assets and liabilities held for sale and discontinued operations at the end of the third quarter. As a result of the discontinuation, the retained Latin American polyamide business incurred an impairment of €(91) million recognized at the end of September. This impairment is expected to be more than compensated by the capital gain on the transaction at the closing. The execution of definitive agreements between Solvay and BASF is expected in the coming months following consultation with the relevant social bodies. Solvay and BASF aim to close the transaction in the third quarter of 2018, after customary regulatory approvals have been obtained and the formal consent of a Joint Venture partner has been received. The partner has already committed to grant its consent subject to the delivery of definitive documents with BASF.

On September 21, 2017, Solvay launched a cash tender offer to repurchase bonds on the following issuances:

- Senior USD 400 million debt at 3.5%, due in 2023;
- Senior USD 250 million debt at 3.95%, due in 2025;
- Senior €500 million debt at 4.625% due in 2018.

On September 28, 2017, Solvay published the final results of the repurchase operation related to the aforementioned issuances. It committed to repurchase 51% of the outstanding aggregate principal amount of the USD 400 million senior bonds due in 2023 for a total amount of USD 204 million, 34.6% of the outstanding aggregate principal amount of the USD 250 million senior bonds due in 2025 for a total amount of USD 87 million, and 23.6% of the outstanding aggregate principal amount of the €500 million senior bonds due in 2018 for a total amount of €118 million. The repurchase closed on October 2.

2. Accounting policies

Solvay prepares its consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2016.

The consolidated interim financial statements for the nine months ended September 30, 2017, were prepared using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2016.

3. Segment information

Solvay is organized into operating segments, which are as follows:

- **Advanced Materials** offers high-performance materials for multiple applications primarily in the automotive, aerospace, electronics, and health markets. It particularly provides sustainable mobility solutions, reducing weight and improving CO_2 and energy efficiency.
- **Advanced Formulations** primarily serves the consumer goods, agro and food, as well as energy markets. It offers customized specialty formulations that impact surface chemistry and alter liquid behavior to optimize efficiency and yield, while minimizing environmental impact.
- **Performance Chemicals** operates in mature and resilient markets and has leading positions in chemical intermediates. Success is based on economies of scale and state-of-the-art production technology. It mainly serves the consumer goods and food markets. As from Q3 2017, Performance Chemicals also encompass the remaining business activities previously included in the segment Functional Polymers: following the signing of the binding agreement with German chemical company BASF for the sale of its Polyamides business in September, 2017, those polyamide activities, which constituted the major part of Functional Polymers, were reclassified to discontinued operations. Comparative periods have been reworked accordingly: third quarter 2016 net sales increased by €28 million and underlying EBITDA by €11 million; first nine months net sales went up €99 million and underlying EBITDA €21 million.
- **Corporate & Business Services** includes corporate and other business services, such as the Research & Innovation Center. It also incorporates the Energy Services GBU, whose mission is to optimize energy consumption and reduce CO_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q3 2017	Q3 2016	9M 2017	9M 2016
Net sales	**2,464**	**2,370**	**7,645**	**7,138**
Advanced Materials	1,052	1,072	3,323	3,237
Advanced Formulations	721	648	2,219	1,960
Performance Chemicals	684	649	2,087	1,936
Corporate & Business Services	7	1	17	6
Underlying EBITDA	**553**	**546**	**1,737**	**1,595**
Advanced Materials	294	292	942	852
Advanced Formulations	129	114	386	360
Performance Chemicals	178	185	579	549
Corporate & Business Services	(47)	(45)	(170)	(165)
Underlying depreciation, amortization & impairments	(182)	(160)	(517)	(488)
Underlying EBIT	**372**	**386**	**1,220**	**1,107**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions [1]	(61)	(65)	(190)	(275)
Other legacy costs related to changes in portfolio (e.g. retention premiums)	(1)	(3)	(2)	(8)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	(6)	(2)	(21)	7
Result from portfolio management & reassessments	(113)	(17)	(178)	(156)
Result from legacy remediation & major litigations	(23)	(10)	(57)	(35)

[1] The non-cash PPA impacts can be found in the reconciliation table on pages 12-15. For Q3 2017 these consist of €(61) million of amortization of intangible assets, which are adjusted in "Commercial & administrative costs" for €10 million, in "Research & development costs" for €1 million, and in "Other operating gains & losses" for €51 million. For 9M 2017 these consist of €(190) million of amortization of intangible assets, which are adjusted in "Cost of goods sold" for €1 million, in "Commercial & administrative costs" for €30 million, in "Research & development costs" for €2 million, and in "Other operating gains & losses" for €156 million.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q3 2017	Q3 2016	9M 2017	9M 2016
EBIT	**169**	**290**	**771**	**640**
Net financial charges	(61)	(80)	(211)	(254)
Profit for the period before taxes	**107**	**210**	**560**	**386**
Income taxes	91	(22)	(9)	(77)
Profit for the period from continuing operations	**198**	**188**	**551**	**309**
Profit (loss) for the period from discontinued operations	(6)	1	280	96
Profit for the period	**192**	**189**	**832**	**405**
attributable to non-controlling interests	13	13	39	28
attributable to Solvay share	**179**	**176**	**792**	**376**

4. Financial Instruments

a) Valuation techniques

Compared to December 31, 2016, there are no changes in valuation techniques.

b) Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of September 30, 2017, is not significantly different from the ones published in Note F32 of the consolidated financial statements for the year ended December 31, 2016.

c) Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of September 30, 2017, is not significantly different from the ones as published in the Note F32 of the consolidated financial statements for the year ended December 31, 2016.

5. Events after the reporting period

On October 2, 2017 Solvay repurchased the bonds, following the tender offer launched on September 21, as described in *section 1. General Information*. The repurchase resulted in a loss of €(25) million.

6. Declaration by responsible persons

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

- The consolidated interim financial information, prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Solvay Group;
- The management report contains a faithful presentation of significant events occurring during the first nine months of 2017, and their impact on the consolidated interim financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the section Risk Management in the Solvay 2016 Annual Report, taking into account the current economic and financial environment.

7. Auditor report on review of the consolidated interim financial information for the nine-month period ended September 30, 2017

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated statement of financial position as at September 30, 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of nine months then ended, as well as selective notes 1 to 5.

Report on the consolidated interim financial information

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

The consolidated statement of financial position shows total assets of €22,358 million and the consolidated income statement shows a consolidated profit (group share) for the period then ended of €792 million.

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

Scope of review

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

Conclusion

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

Zaventem, November 7, 2017

The statutory auditor

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

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.

Key dates for investors

- **January 16, 2018** Ex-coupon date of interim dividend
- **January 17, 2018** Record date of interim dividend
- **January 18, 2018** Payment date of interim dividend
- **February 28, 2018** 4th quarter and full year 2017 results
- **May 3, 2018** 1st quarter 2018 results
- **May 8, 2018** Annual general assembly
- **August 1, 2018** 2nd quarter and 1st half 2018 results
- **November 8, 2018** 3rd quarter 2018 results

Useful links

- **News corner**
- **Conference call details**
- **Excel version of the tables**
- **Investor presentation**
- **Financial & extra-financial glossary**
- **Annual integrated report**

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Solvay is a multi-specialty chemical company, committed to developing chemistry that addresses key societal challenges. Solvay innovates and partners with customers in diverse global end markets. Its products and solutions are used in planes, cars, smart and medical devices, batteries, in mineral and oil extraction, among many other applications promoting sustainability. Its lightweighting materials enhance 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 24,500 employees in 58 countries. Net sales were €9.7 billion in 2016, with 90% from activities where Solvay ranks among the world's top 3 leaders. 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.

Dit verslag is ook in het Nederlands beschikbaar. - *Ce rapport est aussi disponible en français.*