

Solvay applies new IFRS reporting standards in 2014 and restates 2013 financials accordingly

Highlights:

- ✓ IFRS 10, 11 and 12 adopted since January 1st 2014
- ✓ Accordingly, restated figures for 2013 for comparison purposes
- ✓ Outlook for 2014 and financial objectives for 2016 unchanged

Brussels, April 7, 2014 --- Solvay publishes today restated financial figures for 2013 due to the application of the new International Financial Reporting Standards (IFRS) 10 (Consolidated Financial Statements), 11 (Joint Arrangements) and 12 (Disclosures of Interests in Other Entities). The Group is applying these new standards effective since January 1, 2014.

Solvay's restated figures for 2013 provide a basis for comparison for its upcoming first quarter results for 2014, which will be published on May 6, and for subsequent periods.

Furthermore, the restated figures reflect the changes in the Group Segment information consisting in the split of Solvay's Global Business Unit (GBU) Essential Chemicals into two GBUs: Soda Ash & Derivatives and Peroxides also effective since January 1, 2014.

The application of IFRS 10 does not lead to a change in scope of fully consolidated entities for the Solvay Group.

Application of IFRS 11 has led to a change in consolidation scope of some joint arrangements that qualify as joint operations, and therefore will now be proportionally consolidated, which previously were accounted for by using the equity method. The change in consolidation scope impacts the following activities:

Soda Ash & Derivatives operations/interests in Devnya (Bulgaria), 75% held by Solvay and comprising the following legal entities:

- ✓ Deven AD;
- ✓ Solvay Sodi AD;
- ✓ Solvay Sisecam Holding AG;

Hydrogen Peroxide Propylene Oxide (HPPO) operations/interests in Zandvliet (Belgium), Map Ta Put (Thailand) and the HPPO plant that is being constructed in the Kingdom of Saudi Arabia, all 50% held by the Solvay Group and comprising the following legal entities:

- ✓ BASF Interlox H2O2 Production NV;
- ✓ MTP HPJV C.V.;
- ✓ MTP HPJV Management B.V.;
- ✓ MTP HPJV (Thailand) Ltd.;
- ✓ Saudi Hydrogen Peroxide Co.;

Overall, the application of IFRS 11 does not impact reported 2013 Solvay Group Net Income but, there are impacts at the following levels:

On the Full Year 2013 Income Statement (fully ascribed to the Essential Chemicals GBU):

- ✓ net sales: + € 65 million
- ✓ REBITDA: + € 41 million
- ✓ underlying tax rate: 34% vs 36% before restatement

On the Full Year 2013 Cash Flow Statement

- ✓ Capex: + € 57 million
- ✓ Free Cash Flow: - € 37 million

On the Balance Sheet as of December 31, 2013

- ✓ Net Debt: increase of € 40 million

Outlook for 2014 and financial objectives for 2016 unchanged

These accounting restatements had been taken into account in the formulation of Solvay's previous profit outlook statements for 2014 and 2016

Further information and 2013 restated figures can be found on our website under the following link:

[HTTP://WWW.SOLVAY.COM/EN/INVESTORS/INDEX.HTML](http://www.solvay.com/en/investors/index.html)

Solvay seeks to give, as much as possible, advance notice of future restatements. Apart from further changes in IFRS, the Group only anticipates significant future portfolio changes to impact the presentation of the results.

The first quarter 2014 earnings will be released on May 6, 2014.

As an international chemical group, Solvay assists industries in finding and implementing ever more responsible and value-creating solutions. Solvay generates 90% of its net sales in activities where it is among the world's top three players. It serves many markets, varying from energy and the environment to automotive and aerospace or electricity and electronics, with one goal: to raise the performance of its clients and improve society's quality of life. The group is headquartered in Brussels, employs about 29,400 people in 55 countries and generated 9.9 billion euros in net sales in 2013. Solvay SA SOLB.BE is listed on NYSE Euronext in Brussels and Paris (Bloomberg: SOLB.BB - Reuters: SOLBt.BR).

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Annexes

As from January 1, 2014 and in accordance with International Financial Reporting Standards, the Solvay Group adopted IFRS 10 (Consolidated Financial Statements), 11 (Joint Arrangements) and 12 (Disclosures of Interests in Other Entities).

- ✓ IFRS 10 prescribes a new definition of control. Such did not lead to a change in scope of fully consolidated entities for the Solvay Group.
- ✓ IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and prescribes that a joint arrangement (i.e. an arrangement under which Solvay has joint control together with one or several other parties) can either be classified as a joint venture or as a joint operation. In the latter case, Solvay has direct rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Accordingly, Solvay's interests in joint operations are treated under a method similar to the proportionate consolidation. In absence of clear guidance by IFRS 11 about the proportion of recognition relative to the assets, liabilities, revenues and expenses of a Joint Operation, especially when the parties' rights to the assets and obligations for the liabilities differ from their respective ownership interest in the joint operation, Solvay's accounting policy takes into account the ownership interest of the Joint Operation.
- ✓ IFRS 12 will be applied only in the disclosures to the Year-End Financial Statements.

In this framework, Solvay published today restated financial figures for 2013.

2013 NET SALES & REBITDA RESTATED FOR IFRS 11

Net Sales	Restated for IFRS 11					As Published	Change
	Q1	Q2	Q3	Q4	FY		
Million EUR							
Advanced Formulations	609	599	581	644	2,432	2,432	-
Novecare	398	378	367	438	1,581	1,581	-
Coatis	122	128	123	114	486	486	-
Aroma Performance	89	93	91	92	365	365	-
Advanced Materials	639	659	651	603	2,551	2,551	-
Specialty Polymers	312	333	334	308	1,288	1,288	-
Silica	104	108	102	101	416	416	-
Rare Earth Systems	82	77	70	70	298	298	-
Special Chemicals	139	141	144	124	549	549	-
Performance Chemicals	783	803	805	798	3,189	3,125	65
Soda Ash	322	338	342	349	1,351		
Peroxides	118	116	120	116	470		
<i>Essential</i>					1,821	1,756	65
Acetow	163	167	163	164	658	658	-
Eco-Services	67	74	79	67	288	288	-
Emerging Biochemicals	114	108	101	101	424	424	-
Functional Polymers	468	483	428	384	1,763	1,763	-
Polyamide	413	427	380	336	1,557	1,557	-
Chlorovinyls	55	55	48	48	206	206	-
Corporate & Business Services	17	38	10	2	67	67	-
Energy Services	17	38	10	2	67	67	-
Other Corporate and Business Services	1	0	0	0	0	0	-
Group Total	2,516	2,582	2,475	2,431	10,003	9,938	65

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REBITDA		Restated for IFRS 11					As Published	Change
Million EUR		Q1	Q2	Q3	Q4	FY		
Advanced Formulations		113	92	77	87	369	369	-
	<i>Margin</i>	19%	15%	13%	14%	15%	15%	-
Advanced Materials		156	161	170	160	646	646	-
	<i>Margin</i>	24%	24%	26%	27%	25%	25%	-
Performance Chemicals		166	191	212	197	766	724	41
	<i>Margin</i>	21%	24%	26%	25%	24%	23%	1%
Functional Polymers		34	27	19	14	93	93	-
	<i>Margin</i>	7%	6%	4%	4%	5%	5%	-
Corporate & Business Services		(46)	(30)	(29)	(64)	(169)	(169)	-
Group Total		422	440	449	395	1,704	1,663	41
	<i>Margin</i>	17.0%	17.0%	18.0%	16.0%	17.0%	16.7%	0.3%

2013 ADJUSTED PROFIT & LOSS RESTATED FOR IFRS 11

Million EUR (except for per-share figures in EUR)		Restated for IFRS 11					As Published	Change
		Q1	Q2	Q3	Q4	FY		
Sales		2,664	2,655	2,565	2,558	10,442	10,367	75
	Other non-core revenues	148	74	91	127	439	429	10
Net sales		2,516	2,582	2,475	2,431	10,003	9,938	65
	Cost of goods sold	(2,049)	(2,017)	(1,975)	(2,013)	(8,054)	(8,043)	(10)
Gross margin		614	639	591	545	2,388	2,324	64
	Commercial and administrative costs	(310)	(291)	(294)	(308)	(1,204)	(1,199)	(4)
	Research and development costs	(55)	(66)	(61)	(57)	(238)	(237)	(1)
	Other operating gains and losses	2	(9)	50	19	62	55	7
	Earnings from associates and joint ventures accounted for using the equity method	16	12	3	3	34	92	(58)
Adjusted REBIT		268	284	288	202	1,043	1,035	8
	Non-recurring items	(40)	(97)	(33)	(69)	(239)	(239)	-
Adjusted EBIT		228	187	255	133	803	796	8
	Cost of borrowings	(46)	(45)	(45)	(53)	(190)	(187)	(3)
	Interest on lendings and short-term deposits	4	4	4	12	25	25	-
	Other gains and losses on net indebtedness	(4)	1	(3)	5	(2)	(2)	-
	Cost of discounting provisions	(37)	(13)	(16)	(21)	(87)	(87)	-
	Income/loss from available-for-sale investments	0	2	0	38	40	40	-
Adjusted Result before taxes		145	135	195	114	589	585	4
	Adjusted Income taxes	(56)	(20)	(70)	(86)	(233)	(229)	(4)
Adjusted Result from continuing operations		89	115	125	28	357	357	-
	Result from discontinued operations	12	48	5	1	65	65	-
Adjusted Net income		101	163	129	29	422	422	-
	Non-controlling interests	(16)	(14)	(11)	(4)	(44)	(44)	-
Adjusted Net income Solvay share		86	148	118	25	378	378	-
	Adjusted Basic EPS from continuing operations	0.87	1.23	1.35	0.33	3.76	3.76	-
Adjusted Basic EPS		1.03	1.79	1.43	0.30	4.54	4.54	-
	Adjusted Diluted EPS from continuing operations	0.86	1.21	1.33	0.33	3.73	3.73	-
Adjusted Diluted EPS		1.02	1.76	1.41	0.30	4.50	4.50	-

Adjusted figures exclude depreciation PPA accounting impacts related to Rhodia acquisition.

Million EUR		Restated for IFRS 11					As Published	Change
		Q1	Q2	Q3	Q4	FY		
EBIT IFRS		194	138	218	105	655	647	7
	Non recurring items (-)	40	97	33	69	239	239	-
REBIT IFRS		234	235	251	173	894	886	8
	PPA Rhodia: Amortization	33	50	37	29	148	148	-
Adjusted REBIT		268	284	288	202	1,043	1,035	8
	PPA ChemLogics inventories at FV and retention bonus				14	14	14	-
	Depreciation and amortization (recurring) without PPA Rhodia	154	155	156	172	637	603	34
	Equity Earnings Rusvinyl (pre-operational stage)			5	6	11	11	-
REBITDA (key performance indicator monitored by Management)		422	440	449	395	1,704	1,663	41

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2013 CASHFLOW STATEMENT RESTATED FOR IFRS 11

Million EUR	Restated for IFRS 11					As Published	Change
	Q1	Q2	Q3	Q4	FY		
Net income	78	123	103	11	315	315	-
Depreciation, amortization and impairments (-)	208	228	221	306	963	929	34
Equity earnings (-)	(16)	(12)	(3)	(3)	(35)	(93)	58
Net financial charges and income / loss from available-for-sale investments (-)	92	59	67	31	248	245	3
Income tax (-)	56	26	67	87	236	232	4
Changes in working capital	(179)	(64)	125	139	20	54	(34)
Changes in provisions	(51)	(90)	(104)	0	(245)	(245)	-
Dividends received from associates and joint ventures accounted for using equity method	3	3	5	34	44	83	(39)
Income taxes paid	(61)	(96)	(64)	(47)	(268)	(262)	(6)
Others	16	36	4	(36)	20	20	-
Cash flow from operating activities	145	212	420	522	1,299	1,278	21
Acquisition (-) of subsidiaries	0	1	2	(881)	(878)	(878)	-
Acquisition (-) of investments - Other	(12)	(1)	(55)	(35)	(103)	(121)	18
Loans to associates and non consolidated subsidiaries	0	(9)	5	8	4	(23)	27
Sale (+) of subsidiaries and investments	0	(6)	0	50	44	44	-
Acquisition (-) of tangible and intangible assets	(158)	(175)	(183)	(351)	(867)	(810)	(57)
Sale (+) of tangible and intangible assets	15	3	7	8	33	33	-
Income from available-for-sale investments	0	2	0	2	4	4	-
Changes in non-current financial assets	(13)	22	(6)	16	18	18	-
Cash flow from investing activities	(169)	(163)	(230)	(1,183)	(1,745)	(1,732)	(13)
Proceeds from bond issuance classified as equity				1,191	1,191	1,191	-
Capital increase (+) / redemption (-)						0	-
Acquisition (-) / sale (+) of treasury shares	30	(41)	4	6	(1)	(1)	-
Changes in borrowings	62	51	(72)	(144)	(104)	(120)	17
Changes in other current financial assets	(80)	(62)	(35)	381	205	205	-
Net cash out related to cost of borrowings and interest on lendings and term deposits	(48)	(110)	(17)	(26)	(201)	(198)	(3)
Other	(27)	6	(46)	6	(61)	(61)	-
Dividends paid	(104)	(204)	(4)	(31)	(343)	(343)	-
Cash flow from financing activities	(167)	(359)	(169)	1,382	686	672	14
Net change in cash and cash equivalents	(190)	(311)	20	721	240	218	22
Currency translation differences	18	(46)	(26)	0	(55)	(53)	(2)
Opening cash balance	1,787	1,614	1,258	1,252	1,787	1,778	9
Ending cash balance	1,614	1,258	1,252	1,972	1,972	1,943	29
FREE CASH FLOW	(11)	64	237	197	487	524	(37)
From continuing operations	(131)	10	189	186	253	290	(37)
From discontinued operations	120	54	48	12	235	235	-
Total free cash flow	(11)	64	237	197	487	524	(37)

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2013 BALANCE SHEET ACCOUNT RESTATED FOR IFRS 11

Million EUR	December 31, 2013 Restated	December 31, 2013	Change
Non-current assets	11,217	11,191	26
Intangible assets	1,621	1,620	1
Goodwill	3,096	3,096	-
Tangible assets	5,015	4,679	336
Available-for-sale investments	38	38	-
Investments in joint ventures and associates – equity method	582	889	(307)
Other investments	114	110	4
Deferred tax assets	501	502	(1)
Loans and other non-current assets	251	257	(6)
Current assets	7,306	7,242	64
Inventories	1,300	1,267	33
Trade receivables	1,331	1,322	9
Income tax receivables	38	35	3
Dividends receivable	1	1	-
Other current receivables - Financial instruments	481	481	-
Other current receivables – Other	572	582	(10)
Cash and cash equivalents	1,961	1,932	29
Assets held for sale	1,621	1,621	-
TOTAL ASSETS	18,523	18,433	90
Total equity	7,453	7,453	-
Share capital	1,271	1,271	-
Reserves	5,804	5,804	-
Non-controlling interests	378	378	-
Non-current liabilities	6,927	6,838	89
Long-term provisions: employees benefits	2,685	2,684	1
Other long-term provisions	793	773	20
Deferred tax liabilities	473	469	4
Long-term financial debt	2,809	2,745	64
Other non-current liabilities	166	166	-
Current liabilities	4,144	4,142	2
Short-term provisions: employees benefits	0	0	-
Other short-term provisions	342	339	3
Short-term financial debt	775	769	6
Trade liabilities	1,340	1,353	(13)
Income tax payable	21	17	4
Dividends payable	113	112	1
Other current liabilities	604	602	2
Liabilities linked to assets held for sale	949	949	-
TOTAL EQUITY & LIABILITIES	18,523	18,433	90

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