

## Q1 PROFIT

Underlying EBITDA  
€571 million +2.4%  
-0.6% organically<sup>[1]</sup>

- Underlying EBITDA up +2% benefiting from forex conversion and largely stable organically.
- Positive net pricing offset lower volumes in automotive, electronics and oil & gas markets, as well as fixed cost inflation.
- Underlying EBITDA margin remained solid at 22%.

Advanced Materials  
€290 million -1.8%  
-5.7% organically<sup>[1]</sup>

- Underlying EBITDA down due to volume and mix effects and higher raw material costs.
- The drop in demand in automotive and electronics markets was exacerbated by customer destocking. This was mitigated by the double-digit volume growth in aerospace, driven by commercial and military program.

Advanced Formulations  
€126 million +4.2%  
-1.7% organically<sup>[1]</sup>

- Underlying EBITDA slightly down organically due to lower oil & gas volumes, partly offset by positive net pricing.
- Demand from the oil & gas stimulation market in North America was down year on year, but stabilized versus the fourth quarter of 2018. Other markets, including mining, remained overall supportive.

Performance Chemicals  
€206 million +11%  
+9.9% organically<sup>[1]</sup>

- Strong growth of underlying EBITDA thanks to higher prices, which more than compensated higher raw material and energy costs.
- Volumes remained solid in the soda ash and peroxides businesses.

Underlying EPS<sup>[2]</sup>  
from continuing operations  
€2.01 +1.0%

- Underlying EPS<sup>[2]</sup> from continuing operations largely flat.
- Total underlying EPS<sup>[2]</sup> up +18%, at €2.80, including strong contribution from discontinued polyamide activities.

## Q1 CASH

FCF to Solvay shareholders  
from continuing operations  
€(91) million  
vs €100 million in 2018

- Free cash flow to Solvay shareholders turned negative due to working capital phasing as well as higher inventories given the weaker market conditions.
- Underlying net financial debt<sup>[3]</sup> rose to €(5.8) billion, from €(5.5) billion at the start of the year, while the underlying leverage ratio remained stable at 2.1x.

## FY OUTLOOK

2019 full year  
outlook

- The economic context has worsened since February, and we expect that this will continue into the second quarter. Solvay therefore now expects:
- Underlying EBITDA for 2019 to be flat to modestly down organically<sup>[4]</sup>;
  - Free Cash Flow to shareholders from continuing operations to be around €490 million<sup>[5]</sup>, exceeding dividend payout and enabling net debt deleveraging by some €100 million.

**CEO Ilham Kadri commented:** "Solvay's first quarter results were in-line with our expectations, as macro-economic conditions weighed on automotive, electronics and oil & gas markets, while others, including aerospace, experienced strong growth.

Since my start-day on March 1, we have been focused on responding to the challenging market conditions, in particular on cost management and cash delivery. Together with our realigned executive team, I also have initiated a comprehensive strategic review with a clear objective to unleash and accelerate value creation. With a legacy of innovation, strong customer relationships and commitment to sustainability, we are excited about the opportunities ahead."

All year-on-year comparisons are made with 2018 pro forma figures, as if IFRS 16 had already been implemented in 2018.

The full financial report can be found on: <https://www.solvay.com/en/investors/financial-reporting>  
An analyst call will be held at 14:00, please see: <https://www.solvay.com/en/event/solvay-first-quarter-2019-earnings>.

[1] Organic growth excludes forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

[2] Underlying earnings per share, basic calculation.

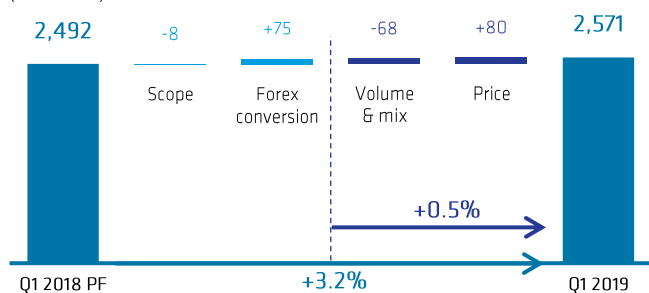
[3] Underlying net financial debt includes the perpetual hybrid bonds, accounted for as equity under IFRS.

[4] Organic growth excludes forex conversion and scope effects, and compares to €2.330 pro forma in 2018, which already includes the €100 million IFRS 16 effect.

[5] Free cash flow to Solvay shareholders is free cash flow post financing payments and dividends to non-controlling interests, and compares to €566 million in 2018. Free cash flow from continuing operations (before financing) is expected at around €770 million in 2019, compared to €846 million pro forma in 2018.

## Net sales

(in € million)



Net sales were up +3.2% on the basis of positive forex conversion effects. On an organic basis<sup>[1]</sup>, sales were mostly flat at +0.5%, with lower volumes offset by higher prices.

The minor effect of reduction in scope<sup>[2]</sup> is mainly related to the divestment of some remaining soda ash related activities in Egypt in October 2018.

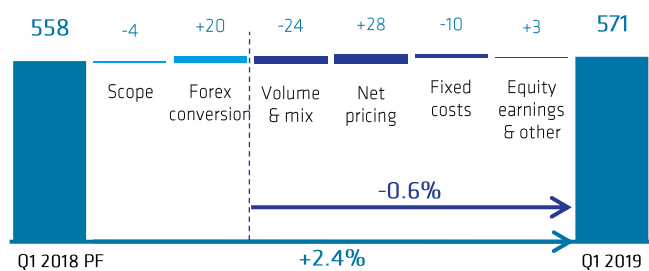
Forex conversion had a positive effect of +3.6%, related to the appreciation of the U.S. dollar and some other currencies, slightly eroded by the further depreciation of the Brazilian real.

Volumes were down -2.7% overall, as a result of the significant decline in demand from the automotive, electronics and oil & gas markets. Advanced Materials, which has a 40% exposure to automotive and electronics, was especially impacted, and customer destocking accentuated the result. The volume drop of the segment was compensated by the continuing double-digit growth in aerospace. Volumes in Advanced Formulations decreased year on year on the back of the lower activity in the shale oil & gas stimulation market in North America. In Performance Chemicals volumes were slightly up, building on solid demand for soda ash primarily.

Prices rose +3.2% across segments, benefiting from transactional forex effects and partly reflecting higher raw material costs. Sales prices rose especially in Performance Chemicals, both for soda ash and peroxides.

## Underlying EBITDA

(in € million)



Underlying EBITDA was up +2.4% year on year, benefiting from forex conversion effects, and remained largely flat organically<sup>[1]</sup>. Positive net pricing effects offset lower volumes and fixed cost inflation.

The underlying EBITDA margin remained solid at 22%.

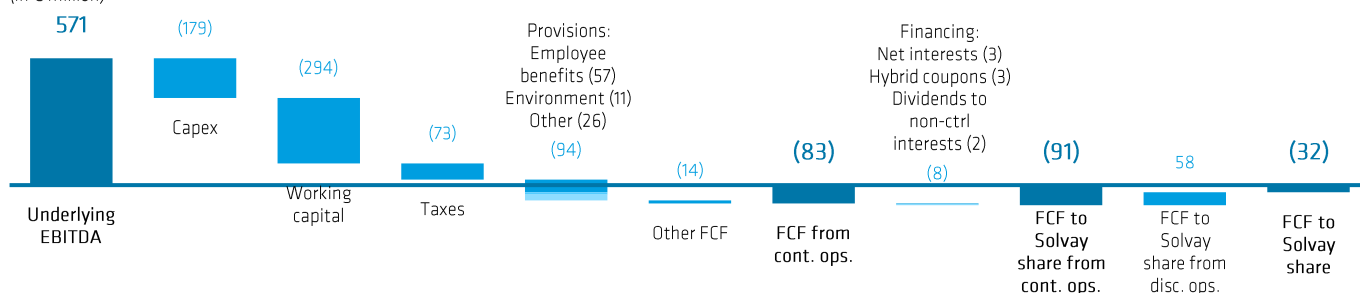
The lower volumes had a -4.3% effect on EBITDA.

Net pricing was up +5.0%, offsetting higher raw material and energy prices incurred in the period and before, especially in Advanced Formulations and Performance Chemicals. Transactional forex effects were slightly positive.

Fixed cost increases had a -1.8% effect. These reflected the expanded production capabilities in Composite Materials, responding to the surging aerospace demand. Wage inflation was partly compensated by excellence programs. The fixed cost increase was also mitigated by the increase in inventories.

## Free cash flow (FCF)

(in € million)



Free cash flow to Solvay shareholders from continuing operations was €(91) million versus €100 million in the first quarter of 2018. The decrease is largely attributable to working capital. Total free cash flow to Solvay shareholders was €(32) million, including a strong contribution from discontinued operations.

Free cash flow from discontinued operations was €57 million, compared to €42 million in 2018, reflecting the strong operational performance of the Polyamide business.

Capex from continuing operations was €(179) million, in line with €(180) million in the first quarter of 2018 on a pro forma basis.

Working capital needs were €(294) million, well up versus 2018. The net working capital over sales ratio rose to 16.5% from 13.8% at the start of the year, when the business activity was at a low point. Inventories rose significantly in those businesses mostly affected by the slowdown in automotive, electronics and oil & gas, as customer destocking took its toll.

Underlying net financial debt<sup>[3]</sup> rose to €(5.8) billion, from €(5.5) billion at the start of the year, as a result of the free cash flow, the €(148) million payment of the interim dividend and the effect of the appreciated U.S. dollar. The leverage ratio remained flat at 2.1x compared to the start of the year.

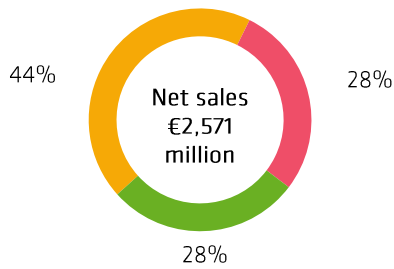
[1] Organic growth excludes forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

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

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

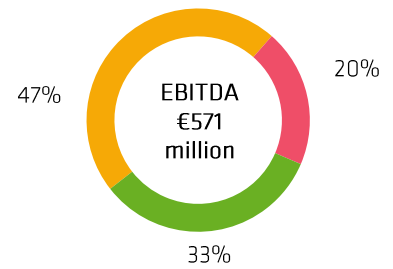


# Segment review of the first quarter 2019



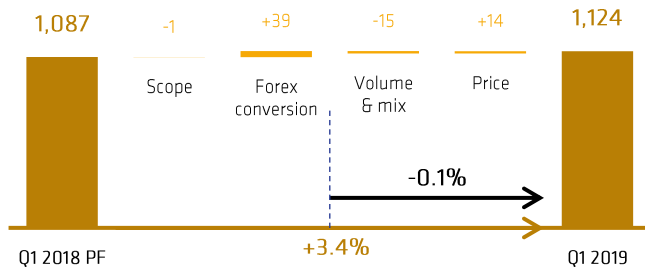
Advanced Materials  
Advanced Formulations  
Performance Chemicals

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



## Advanced Materials

Net sales (in € million)



(in € million)	Q1 2019	Q1 2018 PF	% yoy
Net sales	1,124	1,087	+3.4%
EBITDA	290	295	-1.8%
EBITDA margin	25.8%	27.1%	-1.4pp

**i** **Advanced Materials** offers a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO<sub>2</sub> and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.

**Net sales** were up +3.4% due to forex conversion effects and remained largely flat organically<sup>[1]</sup>. Double digits growth in Composite Materials was not sufficient to overcome the impact of lower demand from the automotive and electronics sector on Specialty Polymers and Special Chem.

**Specialty Polymers** volumes were down about -10% year on year, partly compensated by better prices. The largest impact came from the electronics applications as investments in the semiconductor industry have significantly reduced and sales for smart device components have declined further. In the automotive market, production figures continued to come down since mid-2018, leading to lower year on year sales beginning in the first quarter, exacerbated by temporary destocking effects. The trend toward fuel-efficiency and electrification supported volume growth in battery materials, albeit from a small base, and demand for healthcare applications remained strong.

**Composite Materials** volumes grew by some +20%, firmly in the double digits range, as in the second half of 2018. Growth was broad-based in commercial aircraft platforms, including the new single-aisle aircrafts utilizing the LEAP engine technology and the 787 Dreamliner. Initial sales were also realized for the upcoming 777X program. The ramp-up of the military F-35 Joint Strike Fighter also continued at high pace.

The volume decrease in **Special Chem** follows weak automotive demand. Moreover, demand for diesel cars remained low, negatively impacting the catalyst sales mix. In electronics, market share gains helped offset slower overall demand in the sector.

**Silica** sales were slightly up, benefiting from robust demand from the fuel-efficient tire market in the year and a better mix.

**Underlying EBITDA** was down -1.8% including forex conversion effects, and -5.7% organically<sup>[1]</sup>, largely attributable to the lower volumes and mix effects. Excellence measures to improve production yield and optimize the supply chain were not sufficient to compensate higher variable costs, mainly the cost of Fluorspar affecting Special Chem. The underlying EBITDA margin remained solid at 26%, but 1.4 percentage point lower than in the first quarter of 2018.

## Corporate & Business Services

(in € million)	Q1 2019	Q1 2018 PF	% yoy
Net sales	2	4	-49%
EBITDA	(51)	(44)	-17%

**i** **Corporate & Business Services** includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO<sub>2</sub> emissions.

**Underlying EBITDA** costs were €(51) million, €(7) million more than in 2018, of which €(5) million is linked to scope and forex conversion.

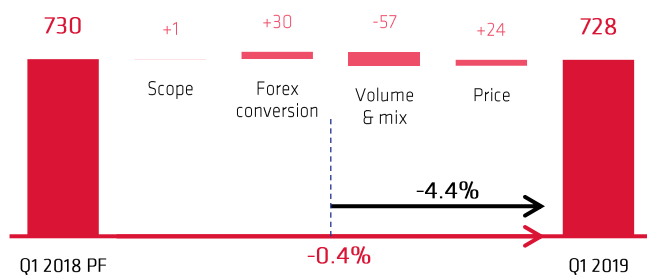
[1] Organic growth excludes forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.



# Segment review of the first quarter 2019

## Advanced Formulations

Net sales (in € million)



(in € million)	Q1 2019	Q1 2018 PF	% yoy
Net sales	728	730	-0.4%
EBITDA	126	121	+4.2%
EBITDA margin	17.3%	16.6%	+0.8pp

**Advanced Formulations** includes a broad-based portfolio of surface chemistries focused on improving the world's resource efficiency. The segment offers customized formulations that alter fluids behavior to optimize yield while reducing environmental impact. Major markets include resource efficiency in oil & gas, mining and agriculture, as well as consumer goods, and food.

**Net sales** were flat year on year, supported by forex conversion effects and down -4.4% organically<sup>[1]</sup>, due to lower volumes in oil & gas, mitigated by higher prices.

In **Novecare**, volumes were down year on year as a result of lower activity levels in the shale oil & gas stimulation market in North America since September 2018. Market conditions have overall stabilized to slightly improved compared to the fourth quarter of 2018, but are down compared to a strong first quarter in 2018 on a year-on-year basis. Volumes in other end-markets were lower as well, mainly due to weaker agro and industrial markets, but were compensated by better pricing.

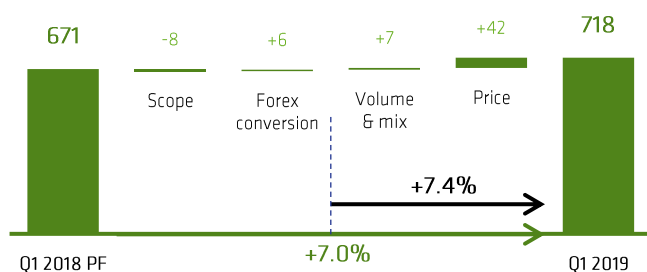
**Technology Solutions** delivered sales in line with 2018 with higher prices compensating for slightly lower volumes. While the mining sector remained supportive, demand for polymer additives from the automotive sector was down.

In **Aroma Performance**, sales were well up, thanks to volumes and prices, both in polymerization inhibitors and in vanillin ingredients.

**Underlying EBITDA** was up +4.2% thanks to forex conversion effects, and was -1.7% down organically<sup>[1]</sup>, as a result of lower volumes. These were partly offset by higher net pricing, with the price increases more than compensating for higher raw materials and energy costs. The underlying EBITDA margin thereby remained at 17%.

## Performance Chemicals

Net sales (in € million)



(in € million)	Q1 2019	Q1 2018 PF	% yoy
Net sales	718	671	+7.0%
EBITDA	206	185	+11%
EBITDA margin	28.8%	27.6%	+1.1pp

**Performance Chemicals** hosts chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. It provides resilient profitability thanks to good pricing and market dynamics, underpinned by high quality assets.

**Net sales** in the segment were up +7.0% overall and +7.4% organically<sup>[1]</sup>. The scope reduction from the sale of the remaining soda ash assets in Egypt was offset by forex conversion. Volumes and especially prices increased in Soda Ash & Derivatives and in Peroxides, more than compensating for weaker market conditions in Coatis.

In **Soda Ash & Derivatives**, demand remained strong, and soda ash volumes rose slightly, mainly in the seaborne market. Average soda ash prices were well up, as expected, following the price negotiations concluded at the end of 2018. Sales of bicarbonate, used in more specialized applications, were flat.

**Peroxides** volumes held on firmly, driven by good demand in the PO markets, while demand in the wood pulp market remained largely stable. Prices were globally up, with a significant increase in Europe more than compensating for the high volatility in Asia. Prices in the region came down from 2018, when these had benefitted from supply constraints.

**Coatis** sales were down, mostly on lower export volumes of nylon salt, phenol and acetics from its Latin-American home base. Prices were down in local currency.

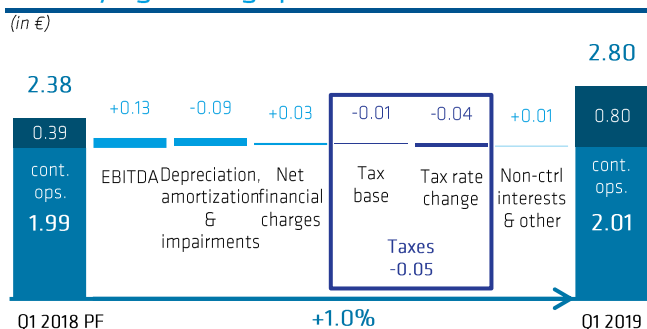
**Underlying EBITDA** rose +11%, of which +9.9% organically<sup>[1]</sup> excluding forex conversion. Higher prices and excellence programs more than compensated higher raw material and energy costs. Volumes were supportive and the contribution of PVC joint venture Rusvinyl increased. Thanks to higher pricing, the EBITDA margin grew +1.1 percentage point to 29% in the quarter.

[1] Organic growth excludes forex conversion and scope effects, as well as the effect from the implementation of IFRS 16.

## Q1 key figures

(in € million)	IFRS			Underlying		
	Q1 2019	Q1 2018 PF	% yoy	Q1 2019	Q1 2018 PF	% yoy
Net sales	2,571	2,492	+3.2%	2,571	2,492	+3.2%
EBITDA	530	414	+28%	571	558	+2.4%
EBITDA margin				22.2%	22.4%	-0.2pp
EBIT	278	146	n.m.	376	372	+1.1%
Net financial charges <sup>[1]</sup>	(54)	(55)	+3.0%	(88)	(90)	+2.9%
Income tax expenses	(53)	(11)	n.m.	(72)	(67)	-8.0%
Tax rate				26.1%	24.6%	+1.5pp
Profit from discontinued operations	65	37	+74%	82	40	n.m.
(Profit) loss attributable to non-controlling interests	(9)	(10)	-6.4%	(9)	(10)	-5.2%
<b>Profit attributable to Solvay shareholders</b>	<b>228</b>	<b>107</b>	<b>n.m.</b>	<b>289</b>	<b>246</b>	<b>+18%</b>
<b>Basic earnings per share (in €)</b>	<b>2.21</b>	<b>1.03</b>	<b>n.m.</b>	<b>2.80</b>	<b>2.38</b>	<b>+18%</b>
of which from continuing operations	1.58	0.67	n.m.	2.01	1.99	+1.0%
Capex in continuing operations				(179)	(180)	+0.3%
FCF to Solvay shareholders from continuing operations				(91)	100	n.m.
FCF to Solvay shareholders				(32)	141	n.m.
<b>Net financial debt<sup>[2]</sup></b>	<b>(3,297)</b>			<b>(5,797)</b>		
Underlying leverage ratio				2.1		

## Underlying earnings per share



Underlying earnings per share<sup>[3]</sup> from continuing operations were largely flat at €2.01.

The underlying contribution from **discontinued operations** doubled to €82 million. The polyamide activity, which is due to be sold to BASF, benefitted from strong prices.

## IFRS results

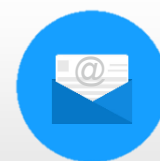
IFRS profit attributable to Solvay share was €228 million, €(61) million lower than the underlying profit. The adjustments to IFRS results were made primarily for the following elements:

- €(30) million restructuring costs, mostly relating to the simplification plan;
- €(16) million for legacy remediation and major litigations;
- €(54) million of amortization charges on intangible assets linked to the impact of purchase price allocation;
- €31 million coupons of hybrid bonds, which are treated as dividends under IFRS;
- €20 million of income tax, of which about half relate to tax impacts of the above adjustments and half adjustments related to prior years.
- €(18) million M&A costs related to the remedy package for the divestment of the Polyamide activities.

[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 (part of earnings from associates under IFRS, and thereby included in the IFRS EBITDA).

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

[3] Underlying earnings per share, basic calculation.



## UPCOMING EVENTS

- **May 14, 2019** Annual general meeting
- **May 21, 2019** Final dividend ex-coupon date
- **May 22, 2019** Final dividend record date
- **May 23, 2019** Final dividend payment date
- **July 31, 2019** First half 2019 results
- **November 7, 2019** Nine months 2019 results
- **February 26, 2020** Full year 2019 results



## USEFUL LINKS

- **Press release**
- **Earnings toolkit:** financial report, presentation, excel tables, financial & extra-financial glossary
- **News corner**
- **Investors corner**
- **Analysts & Investors conference call (14:00 CET)**
- **2018 annual integrated report**



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## Safe harbor

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



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 24,500 employees in 62 countries. Net sales were €10.3 billion in 2018, 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. *(Figures take into account the planned divestment of Polyamides.)*

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