



**SOLVAY**

asking more from chemistry®



# 1<sup>st</sup> Quarter 2019 Results HIGHLIGHTS

Organic growth excludes scope and forex conversion effects



Ilham Kadri, CEO



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.



Performance in-line with expectations



Net pricing offsets lower volumes

vs Q1 2018

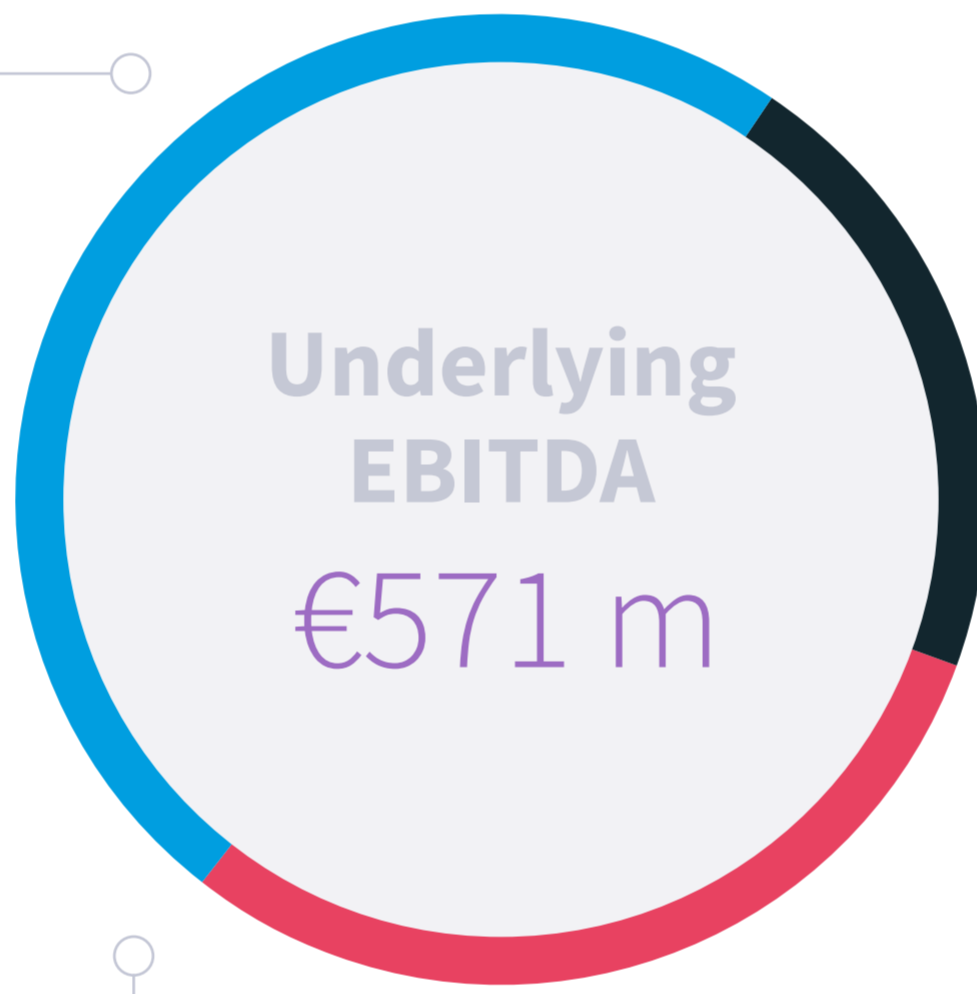
UNDERLYING FIGURES

<b>+3.2%</b> Net Sales €2,571 m	<b>-0.6%</b> organic growth EBITDA €571 m	<b>+1%</b> Earnings per share continuing operations €2.01	<b>↘</b> Free Cash Flow to Shareholders continuing operations €(91) m
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**47%**

### Advanced materials

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.



**20%**

### Advanced Formulations

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.

**33%**

### Performance Chemicals

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.



## 2019 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;
- Free Cash Flow to shareholders from continuing operations to be around €490 million\*, exceeding dividend payout and enabling net debt deleveraging by some €100 million.

\* 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.

## Latest news



Solvay announced the realignment of its Executive Committee to support the operational success and growth of each business. Each member will now have direct responsibility for the P&L of the Global Business Units they oversee. This will support executives' ability to more efficiently allocate resources to drive growth and innovation across the businesses, with a focus on value creation for the enterprise as a whole. The Executive Committee will comprise six members once a new head of Human Relations is appointed.



Solvay Ventures invested in the venture capital fund Longwater Advanced Materials Fund managed by Longwater Investment, a pioneer in investment in advanced materials and chemistry-related technologies in China. This collaboration will generate partnership and co-investment opportunities with local Venture Capital ecosystems and speed-up Solvay's innovation delivery.



Solvay exercises the first call option on a €700 million hybrid bond, following the successful issuance of a perpetual hybrid bond on December 2018. This will lead to a further reduction in financial charges. These steps reflect the ongoing focus on value creation through an efficient and cost effective capital structure and are an integral part of our prudent, investment grade, funding strategy.