Full Year 2020 Results
Financial report

Progress beyond

SOLVAY

Forenote

Besides IFRS accounts, Solvay also presents alternative performance indicators to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, position or cash flows. These indicators are generally used in the sector it operates in and therefore serve as a useful aid for investors to compare the Group's performance with its peers. 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, for impairments 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 13 are on an underlying basis, unless otherwise stated.

Underlying business review

Highlights

- **Net Sales** for the full year 2020 were down 10% organically, due to the impact from Covid on civil aero and oil & gas volumes, which were moderated by resilient demand in healthcare, consumer goods, personal care, and electronics. In the fourth quarter, net sales increased 5% sequentially versus Q3 driven by strong demand in automotive and electronics markets. Full year and fourth quarter sales, excluding civil aero and oil & gas, were down 5% and up 6% respectively, as a result of strong demand in automotive and electronics markets in Q4.
- **Cost savings** of €332 million were delivered in 2020, of which €175 million were structural savings. This result reflects the decisive nature of the Group's response as it also accelerated and deepened the delivery of its strategic cost reduction programs.
- **Underlying EBITDA margin** for 2020 was 21.7%, and the EBITDA reduction was contained to 13.9% organically versus 2019 due to the volume impact from the Covid-19 pandemic. These results illustrate both the quality and resilience of the portfolio, and the delivery of cost mitigation actions.
- **Underlying Net Profit** was €618 million in 2020, with €96 million in the fourth quarter.
- In the face of a challenging 2020, Solvay delivered a **record Free Cash Flow** of €963 million including around €260 million of one time benefits, reflecting swift actions taken, including disciplined working capital and effective capex management.
- The balance sheet was strengthened in 2020 with the significant reduction in **net debt and provisions** of €1.2 billion and €0.6 billion respectively, following the strong delivery in FCF.
- **Total proposed dividend** of €3.75 per share, subject to shareholders' approval

Q4 2020	Q4 2019	% yoy	% organic	*Underlying, (in € million)*	FY 2020	FY 2019	% yoy	% organic
2,214	2,440	-9.3%	-4.1%	**Net sales**	8,965	10,244	-12.5%	-10.1%
464	525	-11.7%	-6.4%	**EBITDA**	1,945	2,322	-16.2%	-13.9%
21.0%	21.5%	-0.6pp	-	**EBITDA margin**	21.7%	22.7%	-1.0pp	-
161	261	-38.3%	-	**FCF to shareholders from continuing operations**	963	606	+58.8%	-
-	-	-	-	**FCF conversion ratio (LTM)**	51.1%	27.8%	+23.4pp	-

CEO Quote

"I'm proud of the significant progress we made in 2020. We launched our Group's Purpose and progressed on our ambitious ONE Planet roadmap as we deliver our G.R.O.W. strategy. As the crisis unfolded, we quickly adapted priorities to accelerate our cost and cash delivery, demonstrated the resilience of our business, while supporting our people through the launch of a Solidarity fund. I want to thank our employees for their perseverance, our customers for their valued partnerships, and our investors for their continued support. Building on the Q4 momentum and the strategic foundation now in place, we will emerge leaner and stronger, with innovation fueling our return to top-line growth."

New Strategic Initiatives

Cost Savings Target Raised to €500 million

In January, Solvay launched a new chapter of its strategic transformation aimed to further align its structure to its G.R.O.W. strategy. This builds on previous plans announced in 2020, and represents a profound simplification of all support functions to serve the business more effectively. The plan will lead to an additional net reduction of approximately 500 roles by the end of 2022 and incremental cost savings of €75 million. Subject to discussions with social partners, this plan together with previously announced plans will increase the mid-term cost savings target from €300 million announced in November 2019 to €500 million by 2024, of which €175 million has been delivered in 2020. As a consequence of the new restructuring plan, a non-cash restructuring provision of around €170 million will be recognized in Q1 2021.

Portfolio and Business Update

As part of the G.R.O.W. strategy, the Materials, Chemicals and Solutions segments were given distinct mandates reflecting different paths to value creation. Building upon this strategy, Solvay is taking steps to organize its Soda Ash & Derivatives business into a separate and fully controlled legal structure. These steps will reinforce internal financial and operational transparency and accountability, in line with its mandate of optimizing cash flow generation and returns, while increasing future strategic flexibility.

Also aligned with its strategic simplification, and following the optimization of several businesses, Solvay has reached agreements[1] to sell its interests in six commodity business lines. To date, these include the recent transactions for barium and strontium products (part of Special Chem), the European sodium percarbonate business (part of Peroxides), and the commodity amphoterics business (part of Novecare), the sodium chlorate business and related assets in Portugal (part of Peroxides), certain fluorine chemicals and its site in Korea (part of Special Chem) and the process materials product line (part of Composites). The Group expects completion of these transactions, which collectively represent annual sales of around €300 million, in the first half of 2021. Solvay will continue to explore other opportunities to further simplify its portfolio.

Solvay also reached an agreement to purchase a seed coating technology to bolt-on to its existing agro products within the Novecare business. This is a natural extension to Solvay's own AgRHO® family of sustainable seed boosting solutions and supports the drive toward more bio-based, sustainable technologies.

Outlook

First quarter 2021 EBITDA is estimated to be between €520 million and €550 million, and Free Cash Flow is expected to be between €600 and €650 million for full year 2021. Free cash flow indications reflect the benefits of reduced pension and financial charges, higher restructuring costs, reinvestment in working capital and capex to support innovation and growth.

Additional structural cost savings are estimated at €150 million in 2021, more than offsetting fixed cost inflation, expected at around €75 million. This would take cumulative cost reductions over 2 years (2020-2021) to €325 million.

[1] The completion of the transaction would remain subject to prior consultation with employee representatives and/or approval by the relevant regulatory authorities.

Solvay ONE Planet Progress Update

Solvay increased and broadened its [ESG commitments in 2020](). This is an integral element of the G.R.O.W. strategy and is directly aligned with its Purpose of bonding people, ideas, and elements to reinvent progress. Solvay's ambitions center around three main pillars, including climate change, resource scarcity and promoting a better life. These are fully embedded into Solvay's key decisions. Performance is measured and assessed regularly, and the extent of progress affects Short Term Incentive Plans for both leaders and employees. Solvay made good progress on many of these initiatives during 2020, though results reflect the combination of structural improvements and the temporary decline in economic activity levels.

		2018 baseline	2019	2020	Progress vs 2018	2030 targets vs 2018
Climate	**Align greenhouse gas emissions** with Paris Agreement and SBTi	12.6 Mt *	12.0 Mt	10.1 Mt	-20% (-8% structural)	**Reduce by 26% (-2%/yr)**
Climate	**Phase out coal** wherever renewable alternatives exist (PJ = Petajoule)	33 PJ	32 PJ	27 PJ	-18%	**Achieve 100%**
Climate	Reduce negative pressure on **Biodiversity ****	121.9	116.2	107	-12%	**Reduce by 30%**
Resources	**Increase sustainable solutions** % of Group sales	50%	53%	52%	+2pp	**Achieve 65%**
Resources	**Increase circular economy ***** % of Group sales	NA	4%	5%	+1pp	**More than double**
Resources	**Reduce non-recoverable industrial waste**	96 kt	96 kt	70 kt	-27%	**Reduce by 30%**
Resources	**Reduce intake of freshwater**	330 Mm³	327 Mm³	313 Mm³	-5%	**Reduce by 25%**
Better life	**Safety** with a zero accident policy (MTAR indicator)	0.54	0.44	0.40	-26%	**Aim for zero**
Better life	**Accelerate inclusion & diversity** parity in mid & senior management	23.7%	24.3%	24.6%	+0.9pp	**Achieve 50%** by 2035
Better life	**Gender equality** extend maternity leave to				☑	**16 weeks** open to all co-parents

* Restated from 12.3 Mt due to IFRS change in scope
** ReCiPe method for biodiversity impact assessment (under development)
*** Circular economy indicators have been adapted to align with the Circulytics® developed by the Ellen MacArthur Foundation.

Climate

Solvay committed to reduce its greenhouse gas emissions in alignment with the Paris agreement (well-below 2°C) In addition, under SBTi, Solvay is developing plans to further reduce emissions with its customers and suppliers (scope 3) throughout the value chain. Approximately 40% of the improvement in GHG emissions between 2018 and 2020 is related to structural improvements from energy transition projects, the balance reflecting temporarily lower activity levels.

As part of its transition to cleaner energy sources, Solvay initiated 28 emission reduction projects that represent an annual reduction of 1.8 million tons of CO_2 per year, which is the equivalent of taking 1 million cars off the road. Nineteen of these projects are already operational today. The remaining nine projects will be implemented within the next three years. For example, Solvay's soda ash plant in Rheinberg, Germany, is switching from coal to biomass, reducing the site's CO2 emissions by more than 30%, and will be operational in Q2 2021. Such projects are both value-accretive and further de-risk our operations.

Resources

Solvay is committed to shift its portfolio toward opportunities that increase the amount of sustainable solutions. Growth of sustainable solutions on average are three percent higher than the average growth of the portfolio. In 2020, the evolution of sustainable solutions was affected by the temporary impacts of reduced activity levels in specific markets due to the Covid-19 crisis. Yet, new innovations were launched that include Actizone™ antimicrobial cleaning technology, Aquivion® for hydrogen fuel cell membranes, and Rhodasurf® 6 NAT, a natural-based nonionic surfactant. Solvay will continue to leverage its investments in innovation to develop more sustainable solutions, which is directly aligned with customer requests.

Enabling circularity is a key part of Solvay's resource ambition, including working collaboratively with customers, suppliers and organizations such as the Ellen MacArthur Foundation, amongst others. In 2020, Solvay has established a partnership with Veolia to enable the recycling of battery materials by developing new chemical recycling processes. Solvay also established a partnership with Mitsubishi Chemical to find solutions for recycling advanced materials, such as Polyetheretherketone (PEEK), which are used in many long-term implantable medical devices.

Another example of circularity is within the Aroma business, where Solvay's natural Rhovanil® brand is derived from rice bran oil by extracting ferulic acid and fermenting it to obtain vanillin, a natural alternative to beans which are limited in supply. The high demand for this ingredient from the food and flavor industry supports our decision to expand production in France (St Fons) by doubling our capacity for the second time.

Better Life

One of the immediate measures taken to adapt to the crisis was a teleworking plan involving more than 10,000 people working remotely to promote a safe working environment. Further, stringent safety protocols were implemented to secure the health of all operatives on industrial sites. More importantly, and in the spirit of Better Life, the Covid-19 pandemic brought out the best of Solvay, as many of its technologies were deemed to be essential during 2020. In addition to supplying critical supplies to communities, Solvay launched a Solidarity Fund with the financial support of shareholders, directors, CEO and Executive managers, management and employees to support Solvay employees and dependents who experienced hardship due to the impact of the coronavirus pandemic. Together, €15 million was raised. To date, support has been provided to over 1,600 families, including donations to communities in Bulgaria, educational support to women and children, and Guar farmers in India. Solvay uses Guar, a biofriendly ingredient, to develop solutions for the personal care market.

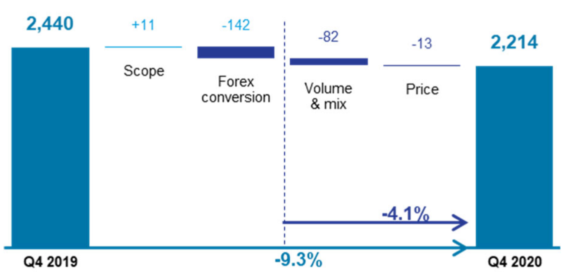
Investing in human capital is a clear priority for Solvay, as it supports all of its stakeholders and as such is one of its greatest investments.

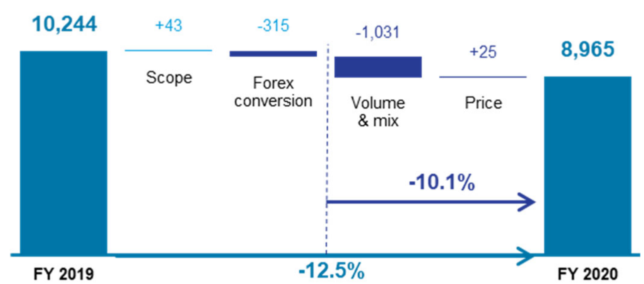
Key figures

Underlying key figures *(in € million)*	Q4 2020	Q4 2019	% yoy	FY 2020	FY 2019	% yoy
Net sales	**2,214**	**2,440**	***-9.3%***	**8,965**	**10,244**	***-12.5%***
EBITDA	**464**	**525**	***-11.7%***	**1,945**	**2,322**	***-16.2%***
EBITDA margin	*21.0%*	*21.5%*	*-0.6pp*	*21.7%*	*22.7%*	*-1.0pp*
EBIT	**260**	**306**	***-15.1%***	**1,110**	**1,503**	***-26.1%***
Net financial charges	-79	-86	*+7.3%*	-284	-332	*+14.5%*
Income tax expenses	-76	-74	*-3.0%*	-195	-305	*+36.0%*
Tax rate				*26%*	*28%*	*-2.2pp*
Profit (loss) from discontinued operations	-1	24	*n.m.*	19	247	*n.m.*
(Profit) / loss attributable to non-controlling interests	-7	-8	*-10.9%*	-33	-39	*-15.7%*
Profit / (loss) attributable to Solvay shareholders	**96**	**163**	***-41.0%***	**618**	**1,075**	***-42.5%***
Basic earnings per share (in €)	**0.93**	**1.58**	***-41.0%***	**5.99**	**10.40**	***-42.4%***
of which from continuing operations	0.95	1.34	*-29.6%*	5.81	8.02	*-27.5%*
Capex in continuing operations	**200**	**255**	***-21.6%***	**611**	**826**	***-26.1%***
FCF to Solvay shareholders from continuing operations	**161**	**261**	***-38.3%***	**963**	**606**	***+58.8%***
FCF to Solvay shareholders	155	274	*-43.2%*	951	801	*+18.8%*
FCF conversion ratio (LTM)				51.1%	27.8%	*+23.4pp*
Net financial debt				**4,198**	**5,386**	***-22.0%***
Underlying leverage ratio				*2.2*	*2.0*	*+7.7%*
CFROI				***5.5%***	***6.5%***	***-1.0pp***
ROCE				***6.9%***	***8.1%***	***-1.2pp***
Research & innovation				291	336	*-13.4%*
Research & innovation intensity				***3.2%***	***3.3%***	**-**

Group performance

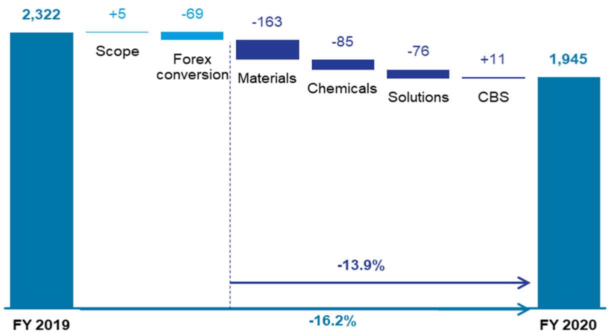
Net sales

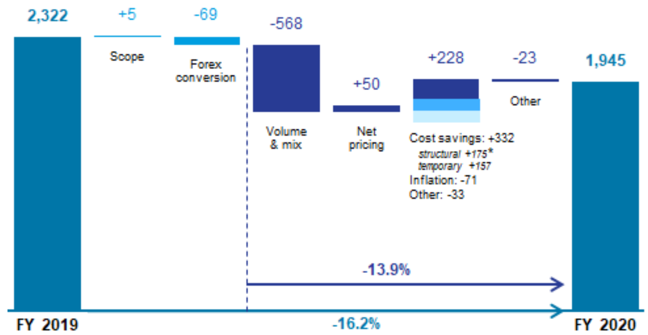




Net sales of €8,965 in 2020 were down 12.5% (10.1% organically) driven mainly by volumes, while pricing was modestly positive. Sales in the fourth quarter improved 5.3% sequentially versus the third quarter as demand improved in certain markets including automotive and electronics. Top line organic growth turned positive in Specialty Polymers, Peroxides, Coatis, Silica, and Special Chem. Sales to China in the fourth quarter increased 5% versus Q4 2019, and for the full year were up by 3%.

Underlying EBITDA





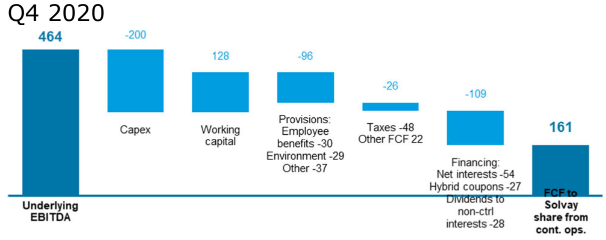
* includes €19 million of variable costs savings

Cost savings reached €330 million for full year 2020, of which €175 million are structural savings. In the fourth quarter, a total of €70 million of cost savings were realized, and the majority were structural. Within the structural savings, approximately 50% are related to restructuring initiatives, 35% from indirect spend, and 15% from productivity and efficiency improvements.

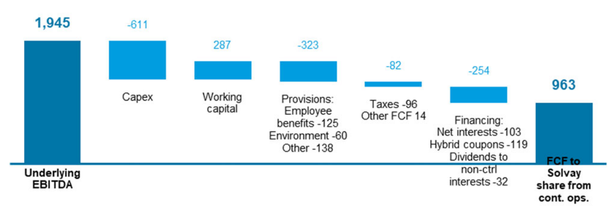
Underlying EBITDA of €1,945 million was down 16.2% (14% organically) for the full year 2020 as a result of the lower sales volumes. Underlying EBITDA in the fourth quarter of €464 million declined by 11.7% (6.4% organically) versus the fourth quarter 2019 due mainly to volumes and foreign exchange impact. The EBITDA margin was 21.7% for the year thanks to sustained pricing and delivery of cost measures. The total net impact of COVID-19 on full year 2020 EBITDA is estimated at € (434) million, after mitigation actions related to labor costs (including furloughs) and indirect spend (COVID-19 has triggered some impacts and actions that are described in detail in the quarterly financial reports).

Free cash flow

Q4 2020



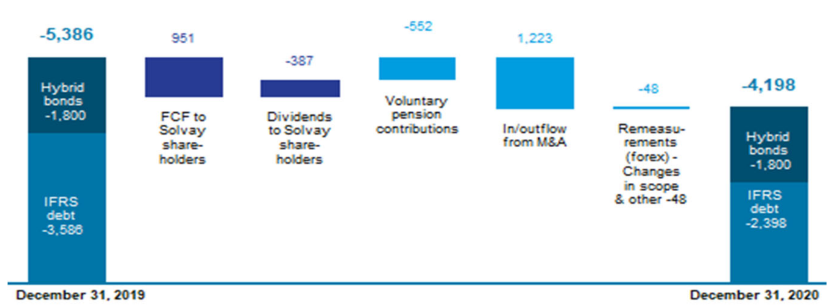
FY 2020



Free cash flow to shareholders from continuing operations reached a record €963 million, a €360 million increase versus 2019, an outstanding performance when considering the €377 million lower EBITDA. Results reflect significant structural improvement and continued discipline in working capital management, reduced cash taxes (including a €78 million one-off reduction), lower capex and pension cash costs of €292 million.

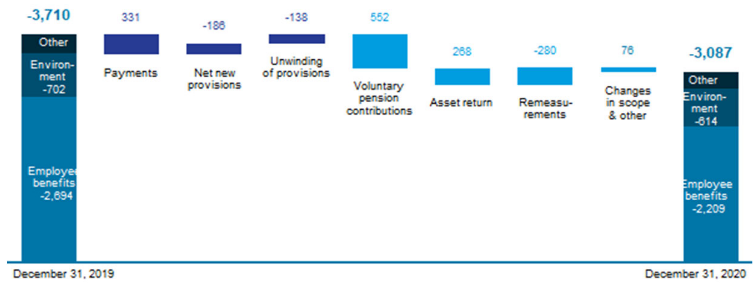
Underlying net debt

Underlying net financial debt decreased by €1.2 billion in 2020 to €4.2 billion, driven by the closing of the Polyamides sale in the first quarter (€1.3 billion proceeds less voluntary pension contributions of €0.6 billion) and a record free cash flow. Leverage at the end of 2020 was 2.2x versus 2.0x at the end of 2019.



Provisions

Provisions are down by €623 million to €3.1 billion thanks primarily to the €552 million voluntary pension contributions made in 2020 (in addition to the €114m contributions made in December 2019) and to a lesser extent the reduction of environmental liabilities driven mainly by foreign exchange. The €552 million voluntary pension contributions include €95 million contribution to the German plans at the end of December 2020.



	FY 2019	Payments	Net new liabilities	Unwinding of provisions	Additional pension contributions	Asset return	Remea-surements	Changes in scope & other	FY 2020
Employee benefits	-2,694	126	-58	-112	552	268	-329	38	-2,209
Environment	-702	67	-15	-25	-	-	36	26	-614
Restructuring and other provisions	-313	138	-113	-1	-	-	13	11	-264
Total	**-3,710**	**331**	**-186**	**-138**	**552**	**268**	**-280**	**75**	**-3,087**

Performance by segments

Net sales bridges

Net sales FY			Underlying			
(in € million)	FY 2019	Scope	Forex conversion	Volume & mix	Price	FY 2020
Solvay	**10,244**	**43**	**-315**	**-1,031**	**25**	**8,965**
Materials	3,199	-	-44	-459	-1	2,695
Chemicals	3,328	43	-176	-295	48	2,948
Solutions	3,710	-	-95	-277	-22	3,316
CBS	6	-	-	-	-	6

Net sales Q4			Underlying			
(in € million)	Q4 2019	Scope	Forex conversion	Volume & mix	Price	Q4 2020
Solvay	**2,440**	**11**	**-142**	**-82**	**-13**	**2,214**
Materials	747	-	-34	-86	-8	620
Chemicals	816	11	-62	-14	13	764
Solutions	876	-	-46	17	-18	829
CBS	1	-	-	1	-	2

Materials

Sales in full year 2020 were down 15.8% (14.6% organically) as a result of volume declines in civil aerospace and automotive markets. Full year EBITDA was down 19.3% (18.7% organically), while swift cost actions and sustained pricing protected the segment's 26.4% margins.

In the fourth quarter, segment sales improved by 2.3% versus the third quarter driven by strong demand in the automotive industry. Specialty Polymers sales were up 8% sequentially versus Q3 and up 1.5% year on year. Automotive sales were up 17% versus Q4 2019, led by 50% growth in batteries for hybrid and electric vehicles. Other markets including healthcare, consumer goods, and electronics, continued their solid performance.

Composite Materials sales were down 45.1% in the fourth quarter year on year, marking the low point in civil aerospace demand, while the defense sector remained resilient. The business successfully delivered its cost savings plan, which included the shutdown of two manufacturing facilities and annual cost savings run rate of €70 million beginning in 2021, €10 million higher than planned.

Fourth quarter EBITDA for the segment decreased 15.1% (11.4% organically) as growth in Specialty Polymers could not offset the demand weakness in civil aircraft. Despite the volume reduction, EBITDA margins were up slightly to 26.4% thanks to the significant cost actions and sustained pricing.

Chemicals

Full year 2020 sales in the segment were down 11.4% (7.7% organically) due to lower volumes and currency fluctuations, offset partly by price. EBITDA in 2020 was down 13.7% (9.4% organically), as cost mitigation measures supported a large part of the volume decline and preserved 27.7% EBITDA margin.

Fourth quarter net sales were down 6.3% in the segment including forex and scope, and flat organically due mainly to impact from currency fluctuations.

In Soda Ash, sales improved by 2.6% in Q4 versus Q3 as demand for flat glass used in construction improved in the quarter, while demand for container glass used in the hospitality industry remained weak.

Peroxides sales were up 4.0% in Q4 versus Q3 reflecting improvement in HPPO used in construction, while volumes in pulp and paper markets remain depressed.

Silica sales increased by 11% sequentially versus Q3 and by 1.1% year on year, thanks to the strong rebound in the automotive sector.

Coatis sales also increased sequentially by 11% versus Q3 2020 due to a strong rebound in volumes across all product lines.

Fourth quarter EBITDA in the segment increased sequentially by 4.5% versus the third quarter, but declined 9.8% (2.2% organically) versus Q4 2019 as a result of the lower volumes. Fixed cost reductions and price support across all businesses mitigated much of the impact, leading to 27.4% EBITDA margin in the quarter.

Solutions

Full year 2020 sales were down 10.6% (8.3% organically) due mainly to lower volumes. EBITDA was down by 14.5% (11.8% organically) as cost mitigation offset most of the impact, leading to 17.1% EBITDA margin for the year.

Fourth quarter net sales in the segment were down 5.5% (0.2% organically) with volume growth in the quarter more than offset by currency fluctuations.

Fourth quarter sales in Novecare, excluding oil and gas, increased organically by 8% year on year, with growth in agro, home & personal care and coatings markets. Including oil & gas, Novecare grew organically by 2.7% year on year.

Technology Solutions sales in Q4 increased by 6.8% sequentially versus Q3 driven mainly by mining, yet key customers remain impacted by Covid-related shutdowns.

Special Chem sales increased 19% sequentially versus Q3 thanks to strong demand in the automotive and electronics markets and share gain in China.

Aroma Performance sales decreased by 2.0% in Q4 versus Q3 following several quarters of strong growth, due to phasing for vanillin demand and weakness in other industrial markets.

Fourth quarter EBITDA in the segment was down 2.8% organically, reflecting the improvements across most markets, and most notably in automotive and electronics. Continued cost mitigation measures supported EBITDA margin of 16.6% in the segment.

Net sales by region and end-market

(in € million)	FY 2020	FY 2019	% yoy
Europe	2,586	2,860	-9.6%
North America	2,482	3,062	-18.9%
Latin America	975	1,169	-16.6%
Asia and Rest of the world	2,922	3,153	-7.3%
Solvay	**8,965**	**10,244**	**-12.5%**

2019 sales by end-markets

(in %)	Materials	Chemicals	Solutions	*Solvay*
Aeronautics and Automotive	55%	9%	15%	26%
Electricals and electronics	11%	0%	6%	6%
Resources and environment	7%	8%	24%	14%
Agro, feed and food	3%	18%	14%	12%
Consumer goods and healthcare	10%	26%	16%	17%
Building and construction	4%	14%	8%	8%
Industrial applications	10%	19%	23%	18%
Solvay	**100%**	**100%**	**100%**	**100%**

2020 sales by end-markets

(in %)	Materials	Chemicals	Solutions	*Solvay*
Aeronautics and Automotive	48%	14%	8%	22%
Electrical and electronics	13%	0%	7%	7%
Resources and environment	8%	9%	19%	12%
Agro, feed and food	3%	19%	16%	13%
Consumer goods and healthcare	12%	23%	17%	18%
Building and construction	4%	11%	9%	8%
Industrial applications	11%	23%	24%	20%
Solvay	**100%**	**100%**	**100%**	**100%**

Key segment figures

Segment review	Underlying							
(in € million)	Q4 2020	Q4 2019	% yoy	% organic	FY 2020	FY 2019	% yoy	% organic
Net sales	**2,214**	**2,440**	***-9.3%***	***-4.1%***	**8,965**	**10,244**	***-12.5%***	***-10.1%***
Materials	620	747	*-17.1%*	*-13.1%*	2,695	3,199	*-15.8%*	*-14.6%*
Specialty Polymers	456	449	*+1.5%*	-	1,820	1,927	*-5.5%*	-
Composite Materials	164	298	*-45.1%*		875	1,272	*-31.2%*	-
Chemicals	764	816	*-6.3%*	*-0.1%*	2,948	3,328	*-11.4%*	*-7.7%*
Soda Ash & Derivatives	359	412	*-12.7%*	-	1,450	1,661	*-12.7%*	-
Peroxides	164	168	*-2.6%*	-	642	683	*-6.0%*	-
Coatis	132	128	*+3.1%*	-	470	535	*-12.1%*	-
Silica	110	109	*+1.1%*	-	386	449	*-13.9%*	-
Solutions	829	876	*-5.5%*	*-0.2%*	3,316	3,710	*-10.6%*	*-8.3%*
Novecare	382	399	*-4.3%*	-	1,566	1,789	*-12.5%*	-
Special Chem	207	213	*-2.9%*	-	761	864	*-11.9%*	-
Technology Solutions	141	158	*-10.9%*	-	555	632	*-12.2%*	-
Aroma Performance	99	106	*-6.8%*	-	435	425	*+2.2%*	-
Corporate & Business Services	2	1	*+53.2%*	-	6	6	*-0.3%*	-
EBITDA	**464**	**525**	***-11.7%***	***-6.4%***	**1,945**	**2,322**	***-16.2%***	***-13.9%***
Materials	153	180	*-15.1%*	*-11.4%*	712	883	*-19.3%*	*-18.7%*
Chemicals	209	232	*-9.8%*	*-2.2%*	816	945	*-13.7%*	*-9.4%*
Solutions	137	150	*-8.5%*	*-2.8%*	566	663	*-14.5%*	*-11.8%*
Corporate & Business Services	-36	-37	*+2.6%*	-	-149	-169	*+11.4%*	-
EBITDA margin	***21.0%***	***21.5%***	***-0.6pp***	**-**	***21.7%***	***22.7%***	***-1.0pp***	**-**
Materials	*24.6%*	*24.1%*	*+0.6pp*	-	*26.4%*	*27.6%*	*-1.2pp*	-
Chemicals	*27.4%*	*28.5%*	*-1.1pp*	-	*27.7%*	*28.4%*	*-0.7pp*	-
Solutions	*16.6%*	*17.1%*	*-0.6pp*	-	*17.1%*	*17.9%*	*-0.8pp*	-
EBIT	**260**	**306**	***-15.1%***	**-**	**1,110**	**1,503**	***-26.1%***	**-**
Materials	92	112	*-18.0%*	-	460	627	*-26.7%*	-
Chemicals	149	167	*-10.5%*	-	552	693	*-20.3%*	-
Solutions	82	90	*-8.5%*	-	350	448	*-21.9%*	-
Corporate & Business Services	-63	-63	*-1.1%*	-	-252	-265	*+5.0%*	-
Capex in continuing operations	**200**	**255**	***-21.6%***	**-**	**611**	**826**	***-26.1%***	**-**
Materials					193	300	*-35.7%*	
Chemicals					184	204	*-9.6%*	
Solutions					144	203	*-29.2%*	
Corporate & Business Services					90	119	*-24.3%*	
Cash conversion	***56.9%***	***51.5%***	***+5.4pp***	**-**	***68.6%***	***64.4%***	***+4.2pp***	**-**
Materials					*72.9%*	*66.0%*	*+6.9pp*	
Chemicals					*77.4%*	*78.4%*	*-1.0pp*	
Solutions					*74.6%*	*69.3%*	*+5.3pp*	
CFROI					***5.5%***	***6.5%***	***-1.0pp***	
Materials					*7.3%*	*9.1%*	*-1.8pp*	
Chemicals					*7.7%*	*8.5%*	*-0.8pp*	
Solutions					*5.5%*	*6.5%*	*-0.9pp*	
Research & innovation					**291**	**336**	***-13.4%***	
Materials					126	131	*-3.8%*	
Chemicals					32	43	*-25.6%*	
Solutions					103	115	*-10.4%*	
Corporate & Business Services					30	47	*-36.2%*	
Research & innovation intensity					***3.2%***	***3.3%***	**-**	
Materials					*4.7%*	*4.1%*	*+0.6pp*	
Chemicals					*1.1%*	*1.3%*	*-0.2pp*	
Solutions					*3.1%*	*3.1%*	-	

Key IFRS figures

As announced on June 24, 2020, a non-cash impairment charge of €1.46 billion was recorded in Q2 2020. As a result, the underlying profit/(loss) attributable to Solvay shareholders for FY 2020 was €618 million, whereas it totaled €-962 million on an IFRS basis.

FY key figures	IFRS			Underlying		
(in € million)	FY 2020	FY 2019	% yoy	FY 2020	FY 2019	% yoy
Net sales	**8,965**	**10,244**	***-12.5%***	**8,965**	**10,244**	***-12.5%***
EBITDA	**1,751**	**2,222**	***-21.2%***	**1,945**	**2,322**	***-16.2%***
EBITDA margin				*21.7%*	*22.7%*	*-1.0pp*
EBIT	**-665**	**316**	***n.m.***	**1,110**	**1,503**	***-26.1%***
Net financial charges	-179	-242	*+26.3%*	-284	-332	*+14.5%*
Income tax expenses	-248	-153	*-61.5%*	-195	-305	*+36.0%*
Tax rate				*26%*	*28%*	*-2.2pp*
Profit (loss) from discontinued operations	163	236	*-31.1%*	19	247	*n.m.*
(Profit) / loss attributable to non-controlling interests	-33	-38	*-14.6%*	-33	-39	*-15.7%*
Profit / (loss) attributable to Solvay shareholders	**-962**	**118**	***n.m.***	**618**	**1,075**	***-42.5%***
Basic earnings per share (in €)	**-9.32**	**1.15**	***n.m.***	**5.99**	**10.40**	***-42.4%***
of which from continuing operations	-10.90	-1.14	*n.m.*	5.81	8.02	*-27.5%*
Dividend	**3.75**	**3.75**	**-**	**3.75**	**3.75**	**-**
Capex in continuing operations				**611**	**826**	***-26.1%***
FCF to Solvay shareholders from continuing operations				**963**	**606**	***+58.8%***
FCF to Solvay shareholders				951	801	*+18.8%*
FCF conversion ratio (LTM)				51.1%	27.8%	*+23.4pp*
Net financial debt				**4,198**	**5,386**	***-22.0%***
Underlying leverage ratio				*2.2*	*2.0*	*+7.7%*
CFROI				***5.5%***	***6.5%***	***-1.0pp***
ROCE				***6.9%***	***8.1%***	***-1.2pp***
Research & innovation				291	336	*-13.4%*
Research & innovation intensity				***3.2%***	***3.3%***	**-**

Q4 key figures	IFRS			Underlying		
(in € million)	Q4 2020	Q4 2019	% yoy	Q4 2020	Q4 2019	% yoy
Net sales	**2,214**	**2,440**	***-9.3%***	**2,214**	**2,440**	***-9.3%***
EBITDA	**416**	**516**	***-19.3%***	**464**	**525**	***-11.7%***
EBITDA margin				*21.0%*	*21.5%*	*-0.6pp*
EBIT	**187**	**202**	***-7.6%***	**260**	**306**	***-15.1%***
Net financial charges	-67	-67	*+0.5%*	-79	-86	*+7.3%*
Income tax expenses	-41	-146	*+72.3%*	-76	-74	*-3.0%*
Profit (loss) from discontinued operations	4	28	*-84.5%*	-1	24	*n.m.*
(Profit) / loss attributable to non-controlling interests	-7	-7	*-7.3%*	-7	-8	*-10.9%*
Profit / (loss) attributable to Solvay shareholders	**77**	**9**	***n.m.***	**96**	**163**	***-41.0%***
Basic earnings per share (in €)	**0.75**	**0.08**	***n.m.***	**0.93**	**1.58**	***-41.0%***
of which from continuing operations	0.70	-0.18	*n.m.*	0.95	1.34	*-29.6%*
Capex in continuing operations				**200**	**255**	***-21.6%***
FCF to Solvay shareholders from continuing operations				**161**	**261**	***-38.3%***
FCF to Solvay shareholders				155	274	*-43.2%*

Supplementary information

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which can be found below. 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. Definitions of the different metrics presented here are included in the glossary at the end of this financial report.

Tax rate		Underlying	
(in € million)		FY 2020	FY 2019
Profit / (loss) for the period before taxes	a	827	1,171
Earnings from associates & joint ventures	b	83	92
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-19	-18
Income taxes	d	-195	-305
Tax rate	e = -d/(a-b-c)	**26%**	**28%**

Free cash flow (FCF)					
(in € million)		Q4 2020	Q4 2019	FY 2020	FY 2019
Cash flow from operating activities	a	354	521	1,242	1,815
of which voluntary pension contributions	b	-92	-114	-552	-114
Cash flow from investing activities	c	-169	-249	711	-880
of which capital expenditures required by share sale agreement	d	-	-15	-14	-59
Acquisition (-) of subsidiaries	e	-1	-2	-12	-6
Acquisition (-) of investments - Other	f	-7	-1	-46	-16
Loans to associates and non-consolidated companies	g	-4	6	-6	10
Sale (+) of subsidiaries and investments	h	-5	-13	1,297	-31
Recognition of factored receivables	i	-	-	-22	-23
Increase/decrease of borrowings related to environmental remediation	j	-2	8	6	8
Payment of lease liabilities	k	-28	-31	-108	-110
FCF	l = a-b+c-d-e-f-g-h-i+j+k	**264**	**388**	**1,206**	**1,072**
FCF from discontinued operations	m	-6	13	-11	195
FCF from continuing operations	n = l-m	**270**	**376**	**1,217**	**878**
Net interests paid	o	-54	-53	-103	-118
Coupons paid on perpetual hybrid bonds	p	-27	-27	-119	-115
Dividends paid to non-controlling interests	q	-27	-34	-32	-39
FCF to Solvay shareholders	r = l+o+p+q	**155**	**274**	**951**	**801**
FCF to Solvay shareholders from discontinued operations	s	-6	13	-11	195
FCF to Solvay shareholders from continuing operations	t = r-s	**161**	**261**	**963**	**606**
FCF to Solvay shareholders from continuing operations (LTM)	u			**963**	**606**
Dividends paid to non-controlling interests from continuing operations (LTM)	v			-32	-39
Underlying EBITDA (LTM)	w			1,945	2,322
FCF conversion ratio (LTM)	x = (u-v)/w			**51.1%**	**27.8%**

Net working capital		2020	2019
(in € million)		December 31	December 31
Inventories	a	1,241	1,587
Trade receivables	b	1,264	1,414
Other current receivables	c	519	628
Trade payables	d	-1,197	-1,277
Other current liabilities	e	-720	-792
Net working capital	f = a+b+c+d+e	**1,108**	**1,560**
Sales	g	2,418	2,710
Annualized quarterly total sales	h = 4*g	9,673	10,841
Net working capital / sales	i = f / h	**11.5%**	**14.4%**
Year-to-date average	j = μ(Q1,Q2,Q3,Q4)	14.7%	15.3%

Capital expenditure (capex)

(in € million)		Q4 2020	Q4 2019	FY 2020	FY 2019
Acquisition (-) of tangible assets	a	-152	-249	-454	-751
Acquisition (-) of intangible assets	b	-20	-25	-81	-106
Payment of lease liabilities	c	-28	-31	-108	-110
Capex	d = a+b+c	**-200**	**-305**	**-643**	**-967**
Capex in discontinued operations	e	-	-50	-33	-141
Capex in continuing operations	f = d-e	**-200**	**-255**	**-611**	**-826**
Materials				-193	-300
Chemicals				-184	-204
Solutions				-144	-203
Corporate & Business Services				-90	-119
Underlying EBITDA	g	**464**	**525**	**1,945**	**2,322**
Materials		153	180	712	883
Chemicals		209	232	816	945
Solutions		137	150	566	663
Corporate & Business Services		-36	-37	-149	-169
Cash conversion	h = (f+g)/g	**56.9%**	**51.5%**	**68.6%**	**64.4%**
Materials				72.9%	66.0%
Chemicals				77.4%	78.4%
Solutions				74.6%	69.3%

Research & innovation

(in € million)		FY 2020	FY 2019
IFRS research & development costs	a	-300	-323
Grants netted in research & development costs	b	26	26
Depreciation, amortization & impairments included in research & development costs	c	-89	-83
Capex in research & innovation	d	-54	-70
Research & innovation	e = a-b-c+d	**-291**	**-336**
Materials		-126	-131
Chemicals		-32	-43
Solutions		-103	-115
Corporate & Business Services		-30	-47
Net sales	f	**8,965**	**10,244**
Materials		2,695	3,199
Chemicals		2,948	3,328
Solutions		3,316	3,710
Corporate & Business Services		6	6
Research & innovation intensity	g = -e/f	**3.2%**	**3.3%**
Materials		4.7%	4.1%
Chemicals		1.1%	1.3%
Solutions		3.1%	3.1%

Net financial debt

(in € million)		2020 December 31	2019 December 31
Non-current financial debt	a	-3,233	-3,382
Current financial debt	b	-287	-1,132
IFRS gross debt	c = a+b	-3,519	-4,513
Underlying gross debt	d = c+h	-5,319	-6,313
Other financial instruments	e	119	119
Cash & cash equivalents	f	1,002	809
Total cash and cash equivalents	g = e+f	1,121	928
IFRS net debt	i = c+g	**-2,398**	**-3,586**
Perpetual hybrid bonds	h	-1,800	-1,800
Underlying net debt	j = i+h	**-4,198**	**-5,386**
Underlying EBITDA (LTM)	k	1,945	2,322
Adjustment for discontinued operations	l	-	366
Adjusted underlying EBITDA for leverage calculation	m = k+l	1,945	2,688
Underlying leverage ratio		**2.2**	**2.0**

As net debt at the end of 2019 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 to calculate the leverage ratio. Polyamide's underlying EBITDA was added.

ROCE		FY 2020	FY 2019
(in € million)		As calculated	As calculated
EBIT	a	1,110	1,503
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-181	-214
Numerator	c = a+b	**929**	**1,289**
WC industrial	d	1,674	1,932
WC Other	e	-242	-139
Tangible assets	f	4,997	5,470
Intangible assets	g	2,361	2,753
Right-of-use assets	h	422	462
Investments in associates & joint ventures	i	499	519
Other investments	j	46	40
Goodwill	k	3,621	4,864
Denominator	l = d+e+f+g+h+i+j+k	**13,379**	**15,901**
ROCE	***m = c/l***	***6.9%***	***8.1%***

CFROI		FY 2020			FY 2019		
(in € million)		As published	Adjustment	As calculated	As published	Adjustment	As calculated
Underlying EBIT	a	1,110		1,110	1,503		1,503
Underlying EBITDA	b	1,945		1,945	2,322		2,322
Underlying earnings from associates & joint ventures	c	83		83	92		92
Dividends received from associates & joint ventures [1]	d	25	-	25	25	-	25
Recurring capex [2]	e = -2.3%*m			-408			-409
Recurring income taxes [3]	f = -28%*(a-c)			-288			-395
Recurring "CFROI" cash flow data	g = b-c+d+e+f			**1,191**			**1,450**
Materials				456			581
Chemicals				497			573
Solutions				353			426
Corporate & Business Services				-115			-130
Tangible assets	h	4,717			5,472		
Intangible assets	i	2,141			2,642		
Right-of-use assets	j	405			447		
Goodwill	k	3,265			4,468		
Replacement value of goodwill & fixed assets [4]	l = h+i+j+k	10,528	9,369	19,897	13,028	7,007	20,035
of which fixed assets	m	6,858	10,870	17,728	8,114	9,685	17,799
Investments in associates & joint ventures [5]	n	495	4	499	555	-36	519
Net working capital [5]	o	1,108	346	1,454	1,560	233	1,793
"CFROI" invested capital	p = l+n+o			**21,850**			**22,347**
Materials				6,260			6,396
Chemicals				6,492			6,747
Solutions				6,376			6,587
Corporate & Business Services				2,964			2,870
CFROI	q = g/p			**5.5%**			**6.5%**
Materials				7.3%			9.1%
Chemicals				7.7%			8.5%
Solutions				5.5%			6.5%

[1] Excluding discontinued operations
[2] Currently estimated at 2.3% of replacement value of fixed assets
[3] Currently estimated at 28% of underlying EBIT
[4] The adjustment reflects the quarterly average over the year.
[5] The adjustment reflects the difference between the estimated replacement value of goodwill and fixed assets, and the accounting value. The changes over time come from foreign exchange variations, new investments and portfolio moves. It also reflects the quarterly average over the year.

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.

Consolidated income statement Q4	Q4 2020			Q4 2019		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**2,418**	**-**	**2,418**	**2,710**	**-**	**2,710**
of which revenues from non-core activities	204	-	204	270	-	270
of which net sales	2,214	-	2,214	2,440	-	2,440
Cost of goods sold	-1,789	-	-1,789	-2,030	-	-2,029
Gross margin	**629**	**-**	**629**	**680**	**-**	**681**
Commercial costs	-78	-	-78	-96	-	-96
Administrative costs	-241	-	-242	-237	4	-232
Research & development costs	-78	1	-77	-87	1	-87
Other operating gains & losses	-41	40	-1	-25	44	19
Earnings from associates & joint ventures	27	1	28	19	2	21
Result from portfolio management & major restructuring	-20	20	-	-23	23	-
Result from legacy remediation & major litigations	-11	11	-	-30	30	-
EBITDA	**416**	**48**	**464**	**516**	**10**	**525**
Depreciation, amortization & impairments	-230	26	-204	-314	94	-219
EBIT	**187**	**73**	**260**	**202**	**104**	**306**
Net cost of borrowings	-29	-	-29	-33	-	-33
Coupons on perpetual hybrid bonds	-	-21	-21	-	-24	-24
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-1	-1	-	-2	-2
Cost of discounting provisions	-38	9	-29	-34	7	-27
Result from equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-
Profit / (loss) for the period before taxes	**120**	**60**	**180**	**135**	**85**	**220**
Income taxes	-41	-35	-76	-146	73	-74
Profit / (loss) for the period from continuing operations	**79**	**25**	**105**	**-11**	**158**	**147**
Profit / (loss) for the period from discontinued operations	4	-6	-1	28	-3	24
Profit / (loss) for the period	**84**	**19**	**103**	**16**	**155**	**171**
attributable to Solvay shareholders	77	19	96	9	155	163
attributable to non-controlling interests	7	-	7	7	-	8
Basic earnings per share (in €)	0.75	0.19	0.93	0.08	1.50	1.58
of which from continuing operations	0.70	0.24	0.95	-0.18	1.53	1.34
Diluted earnings per share (in €)	0.74	0.19	0.93	0.08	1.49	1.58
of which from continuing operations	0.70	0.24	0.95	-0.18	1.52	1.34

EBITDA on an IFRS basis totaled €416 million, versus €464 million on an underlying basis. The difference of €48 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €1 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, the Russian ruble being stable vs EUR over the period. These elements are reclassified in "*Net financial charges*".
- €35 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements, related to restructuring costs and net expenses related to disposals of subsidiaries.
- €12 million to adjust for the "*Result from legacy remediation and major litigations*", primarily indemnities for environmental remediation.

EBIT on an IFRS basis totaled €187 million, versus €260 million on an underlying basis. The difference of €73 million is explained by the above-mentioned €48 million adjustments at the EBITDA level and €26 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €41 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €40 million.
- €-15 million to adjust for the impact of impairments reported in "*Result from portfolio management and major restructuring*" resulting primarily from favorable exchange rate conversion effects (€-19 million) and impairment of assets booked in Q4 (€4 million).

Net financial charges on an IFRS basis were €-67 million versus €-80 million on an underlying basis. The €-13 million adjustment made to IFRS net financial charges consists of:

- €-21 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-1 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €9 million for the net impact of decreasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-41 million, versus €-76 million on an underlying basis. The €-35 million adjustment mainly relates to changes in the recognition of deferred taxes on losses in Q4.

Discontinued operations generated a profit of €4 million on an IFRS basis and a loss of €-1 million on an underlying basis. This mainly relates to the divestment of the polyamide activities.

Profit / (loss) attributable to Solvay shareholders was €77 million on an IFRS basis and €96 million on an underlying basis. The delta of €19 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

FY consolidated income statement

(in € million)	FY 2020 IFRS	FY 2020 Adjust-ments	FY 2020 Under-lying	FY 2019 IFRS	FY 2019 Adjust-ments	FY 2019 Under-lying
Sales	**9,714**	**-**	**9,714**	**11,227**	**-**	**11,227**
of which revenues from non-core activities	749	-	749	983	-	983
of which net sales	8,965	-	8,965	10,244	-	10,244
Cost of goods sold	-7,207	1	-7,206	-8,244	2	-8,242
Gross margin	**2,507**	**1**	**2,508**	**2,983**	**2**	**2,985**
Commercial costs	-312	-	-312	-381	-	-381
Administrative costs	-900	11	-889	-950	28	-922
Research & development costs	-300	3	-297	-323	3	-321
Other operating gains & losses	-149	166	17	-131	182	51
Earnings from associates & joint ventures	58	26	83	95	-3	92
Result from portfolio management & major restructuring	-1,549	1,549	-	-914	914	-
Result from legacy remediation & major litigations	-20	20	-	-61	61	-
EBITDA	**1,751**	**194**	**1,945**	**2,222**	**99**	**2,322**
Depreciation, amortization & impairments [1]	-2,416	1,582	-835	-1,906	1,087	-818
EBIT	**-665**	**1,776**	**1,110**	**316**	**1,187**	**1,503**
Net cost of borrowings	-113	-	-113	-141	13	-128
Coupons on perpetual hybrid bonds	-	-91	-91	-	-105	-105
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-19	-19	-	-18	-18
Cost of discounting provisions	-68	5	-64	-105	20	-85
Result from equity instruments measured at fair value through other comprehensive income	3	-	3	4	-	4
Profit / (loss) for the period before taxes	**-844**	**1,671**	**827**	**74**	**1,097**	**1,171**
Income taxes	-248	53	-195	-153	-151	-305
Profit / (loss) for the period from continuing operations	**-1,092**	**1,723**	**632**	**-79**	**946**	**866**
Profit / (loss) for the period from discontinued operations	163	-144	19	236	11	247
Profit / (loss) for the period	**-929**	**1,579**	**650**	**157**	**957**	**1,113**
attributable to Solvay shareholders	-962	1,579	618	118	956	1,075
attributable to non-controlling interests	33	-	33	38	1	39
Basic earnings per share (in €)	-9.32	15.31	5.99	1.15	9.26	10.40
of which from continuing operations	-10.90	16.71	5.81	-1.14	9.15	8.02
Diluted earnings per share (in €)	-9.32	15.31	5.99	1.14	9.22	10.36
of which from continuing operations	-10.90	16.70	5.81	-1.13	9.11	7.98

[1] The IFRS depreciation, amortization and impairments for FY 2019 of €-1,906 million included an impairment of €-822 million for the Oil & Gas goodwill and intangible assets. In FY 2020, it included an impairment of €-1,401 million for various businesses.

EBITDA on an IFRS basis totaled €1,751 million, versus €1,945 million on an underlying basis. The difference of €194 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €26 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, following the 30% devaluation of the Russian ruble over the period. These elements are reclassified in "*Net financial charges*".
- €148 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements. This result comprises €122 million restructuring charges for the efficiency measures announced on February 26, 2020 and the Composites restructuring plan announced on May 15, 2020 and net expenses for €26 million related to disposals of subsidiaries.
- €20 million to adjust for the "*Result from legacy remediation and major litigations*", primarily environmental expenses.

EBIT on an IFRS basis totaled €-665 million, versus €1,110 million on an underlying basis. The difference of €1,776 million is explained by the above-mentioned €194 million adjustments at the EBITDA level and €1,582 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €181 million to adjust 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, in "*Administrative costs*" for €11 million, in "*Research & development costs*" for €3 million, and in "*Other operating gains & losses*" for €166 million.
- €1,401 million to adjust for the impact of impairments reported in "*Result from portfolio management and major restructuring*" as a result of the impairment tests undertaken during Q2 2020 to assess the consequences of the COVID-19 crisis on the Composite Materials, Technology Solutions and Oil & gas assets – See Q2 Financial Report for further details.

Net financial charges on an IFRS basis were €-178 million versus €-284 million on an underlying basis. The €-105 million adjustment made to IFRS net financial charges consists of:

- €-91 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-19 million reclassification of financial charges and realized foreign exchange result on the €-denominated debt of RusVinyl as net financial charges.
- €5 million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-248 million, versus €-195 million on an underlying basis. The €53 million adjustment includes mainly the tax effect of the adjustments of profit before taxes and valuation allowances on deferred tax assets on losses and other temporary differences.

Discontinued operations generated a profit of €163 million on an IFRS basis and €19 million on an underlying basis. The €-144 million adjustment to the IFRS profit relates mainly to the expected capital gain after taxes (subject to customary post-closing purchase price adjustments) on the divestment of the polyamide activities.

Profit / (loss) attributable to Solvay shareholders was €-962 million on an IFRS basis and €618 million on an underlying basis. The delta of €1,579 million reflects the above-mentioned adjustments to EBIT, net financial charges, income taxes and discontinued operations. There was no impact from non-controlling interests.

Condensed consolidated financial statements[1]

Consolidated income statement (in € million)	IFRS Q4 2020	Q4 2019	FY 2020	FY 2019
Sales	**2,418**	**2,710**	**9,714**	**11,227**
of which revenues from non-core activities	204	270	749	983
of which net sales	2,214	2,440	8,965	10,244
Cost of goods sold	-1,789	-2,030	-7,207	-8,244
Gross margin	**629**	**680**	**2,507**	**2,983**
Commercial costs	-78	-96	-312	-381
Administrative costs	-241	-237	-900	-950
Research & development costs	-78	-87	-300	-323
Other operating gains & losses	-41	-25	-149	-131
Earnings from associates & joint ventures	27	19	58	95
Result from portfolio management & major restructuring [2]	-20	-23	-1,549	-914
Result from legacy remediation & major litigations	-11	-30	-20	-61
EBIT	**187**	**202**	**-665**	**316**
Cost of borrowings	-27	-30	-114	-140
Interest on loans & short term deposits	2	3	8	15
Other gains & losses on net indebtedness	-4	-6	-8	-16
Cost of discounting provisions	-38	-34	-68	-105
Result from equity instruments measured at fair value through other comprehensive income	-	-	3	4
Profit / (loss) for the period before taxes	**120**	**135**	**-844**	**74**
Income taxes	-41	-146	-248	-153
Profit / (loss) for the period from continuing operations	**79**	**-11**	**-1,092**	**-79**
attributable to Solvay shareholders	73	-19	-1,124	-118
attributable to non-controlling interests	7	7	33	38
Profit / (loss) for the period from discontinued operations	4	28	163	236
Profit / (loss) for the period	**84**	**16**	**-929**	**157**
attributable to Solvay shareholders	77	9	-962	118
attributable to non-controlling interests	7	7	33	38
Weighted average of number of outstanding shares, basic	103,097,627	103,253,946	103,139,855	103,276,632
Weighted average of number of outstanding shares, diluted	103,179,569	103,558,333	103,170,042	103,735,303
Basic earnings per share (in €)	0.75	0.08	-9.32	1.15
of which from continuing operations	0.70	-0.18	-10.90	-1.14
Diluted earnings per share (in €)	0.74	0.08	-9.32	1.14
of which from continuing operations	0.70	-0.18	-10.90	-1.13

Consolidated statement of comprehensive income (in € million)	IFRS Q4 2020	Q4 2019	FY 2020	FY 2019
Profit / (loss) for the period	**84**	**16**	**-929**	**157**
Gains and losses on hedging instruments in a cash flow hedge	36	23	44	5
Currency translation differences from subsidiaries & joint operations	-210	-199	-605	140
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	-1	-2	-99	24
Recyclable components	-175	-178	-661	169
Gains and losses on equity instruments measured at fair value through other comprehensive income	3	-	2	3
Remeasurement of the net defined benefit liability [3]	29	125	-174	-163
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss	-1	-	-1	-2
Non-recyclable components	31	125	-174	-162
Income tax relating to components of other comprehensive income	-12	-42	-3	48
Other comprehensive income, net of related tax effects	**-156**	**-95**	**-837**	**55**
Total comprehensive income	**-73**	**-79**	**-1,766**	**211**
attributed to Solvay share	-78	-82	-1,793	174
attributed to non-controlling interests	5	3	27	37

[1] Audited for FY only.
[2] FY 2020 Result from portfolio management & major restructuring mainly relates to the €1.5 billion impairment taken in Q2 2020 largely attributable to goodwill at Composite Materials (€0.8 billion) and Technology Solutions (€0.3 billion). An additional impairment was recorded on Oil & Gas and some specific assets within Special Chem.
[3] The remeasurement of the net defined benefit liability of €-174 million in FY 2020 were mainly due to decrease of discount rates applicable to post-employment provisions in the Euro-zone, the UK and US, partly offset by the return of plan assets.

Consolidated statement of cash flows

(in € million)	Q4 2020	Q4 2019	FY 2020	FY 2019
	IFRS			
Profit / (loss) for the period	84	16	-929	157
Adjustments to profit / (loss) for the period	379	530	2,876	2,496
Depreciation, amortization & impairments (-)	230	313	2,416	1,906
Earnings from associates & joint ventures (-)	-27	-19	-58	-95
Additions & reversals on provisions (-)	30	20	186	154
Other non-operating and non-cash items [1]	38	-13	-294	23
Net financial charges (-)	68	69	182	245
Income tax expenses (-)	40	160	444	262
Changes in working capital	123	261	249	-86
Uses of provisions	-94	-107	-331	-399
Voluntary pension contributions	-92	-114	-552	-114
Dividends received from associates & joint ventures	2	4	25	25
Income taxes paid (excluding income taxes paid on sale of investments)	-48	-70	-97	-263
Cash flow from operating activities	**354**	**521**	**1,242**	**1,815**
Acquisition (-) of subsidiaries	-1	-2	-12	-6
Acquisition (-) of investments - Other	-7	-1	-46	-16
Loans to associates and non-consolidated companies	-4	6	-6	10
Sale (+) of subsidiaries and investments	-5	-13	1,297	-31
Acquisition (-) of tangible and intangible assets (capex)	-172	-274	-535	-857
of which tangible assets	-152	-249	-454	-751
of which capital expenditures required by share sale agreement	-	-15	-14	-59
of which intangible assets	-20	-25	-81	-106
Sale (+) of tangible & intangible assets	1	10	8	18
Dividends from financial assets measured at fair value through other comprehensive income	-	-	4	4
Changes in non-current financial assets	20	25	2	-1
Cash flow from investing activities	**-169**	**-249**	**711**	**-880**
Issuance of perpetual hybrid bond	-	-	493	-
Repayment of perpetual hybrid bond	-	-	-499	-701
Sale (acquisition) of treasury shares	7	26	-19	23
Increase in borrowings	26	1,303	557	3,044
Repayment of borrowings [2]	-77	-1,426	-1,368	-2,776
Changes in other current financial assets	38	15	-5	-32
Payment of lease liabilities	-28	-31	-108	-110
Net interests paid	-54	-53	-103	-118
Coupons paid on perpetual hybrid bonds	-27	-27	-119	-115
Dividends paid	-28	-34	-419	-426
of which to Solvay shareholders	-	-	-387	-387
of which to non-controlling interests	-27	-34	-32	-39
Other [3]	-132	-17	-101	-19
Cash flow from financing activities	**-274**	**-244**	**-1,692**	**-1,230**
of which increase/decrease of borrowings related to environmental remediation	-2	8	6	8
Net change in cash and cash equivalents	-89	28	261	-295
Currency translation differences	-6	-3	-61	1
Opening cash balance	1,104	784	809	1,103
Closing cash balance	**1,009**	**809**	**1,009**	**809**
of which cash in assets held for sale	7	-	7	-

[1] Other non-operating and non-cash items of €-294 million in FY 2020 mainly related to Polyamide capital gain before taxes and provisions
[2] Repayment of borrowings of €-1,368 million in FY 2020 mainly relates to the reimbursement of commercial paper after the cash proceeds on Polyamide disposal.
[3] Other cash flow from financing activities of €-101 million mainly relate to margin calls.

Statement of cash flow from discontinued operations

(in € million)	Q4 2020	Q4 2019	FY 2020	FY 2019
	IFRS			
Cash flow from operating activities	4	49	10	276
Cash flow from investing activities	-	-45	-34	-130
Cash flow from financing activities	-	-	6	-5
Net change in cash and cash equivalents	**4**	**4**	**-17**	**141**

[1] The cash flow from investing activities of discontinued operations excludes the proceeds received on the divestment of Polyamide. The sale of Polyamide was completed on January 31, 2020.

Consolidated statement of financial position

(in € million)	2020 December 31	2019 December 31
Intangible assets	2,141	2,642
Goodwill	3,265	4,468
Tangible assets	4,717	5,472
Right-of-use assets	405	447
Equity instruments measured at fair value through other comprehensive income	66	56
Investments in associates & joint ventures	495	555
Other investments	42	38
Deferred tax assets	788	1,069
Loans & other assets	390	289
Non-current assets	**12,308**	**15,035**
Inventories	1,241	1,587
Trade receivables	1,264	1,414
Income tax receivables	109	129
Other financial instruments	119	119
Other receivables	519	628
Cash & cash equivalents	1,002	809
Assets held for sale	229	1,586
Current assets	**4,484**	**6,272**
Total assets	**16,792**	**21,307**
Share capital	1,588	1,588
Issue premiums	1,170	1,170
Other reserves	4,439	6,757
Non-controlling interests	106	110
Total equity	**7,304**	**9,625**
Provisions for employee benefits	2,209	2,694
Other provisions	689	825
Deferred tax liabilities	487	531
Financial debt	3,233	3,382
Other liabilities	95	159
Non-current liabilities	**6,713**	**7,592**
Other provisions	190	190
Financial debt [1]	287	1,132
Trade payables	1,197	1,277
Income tax payables	113	102
Dividends payable	159	161
Other liabilities	720	792
Liabilities associated with assets held for sale	110	437
Current liabilities	**2,775**	**4,091**
Total equity & liabilities	**16,792**	**21,307**

[1] The current financial debt (€287 million at the end of 2020) is composed of short term financing (which include €92 million of short term portion of leases and excludes any commercial paper, fully reimbursed).

Consolidated statement of changes in equity

							Revaluation reserve (fair value)					
(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value through other comprehensive income	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2018	**1,588**	**1,170**	**-299**	**2,486**	**6,834**	**-618**	**9**	**-26**	**-636**	**7,750**	**117**	**10,624**
Adoption IFRS 16	-	-	-	-	8	-	-	-	-	8	-	8
Balance on January 1, 2019	**1,588**	**1,170**	**-299**	**2,486**	**6,842**	**-618**	**9**	**-26**	**-636**	**7,758**	**117**	**10,632**
Profit / (loss) for the period	-	-	-	-	118		-	-	-	118	38	157
Items of other comprehensive income	-	-	-	-	-	164	1	5	-114	55	-1	55
Comprehensive income	**-**	**-**	**-**	**-**	**118**	**164**	**1**	**5**	**-114**	**174**	**37**	**211**
Perpetual hybrid bond repayment	-	-	-	-697	-3	-	-	-	-	-701	-	-701
Cost of stock options	-	-	-	-	11	-	-	-	-	11	-	11
Dividends	-	-	-	-	-394	-	-	-	-	-394	-39	-432
Coupons of perpetual hybrid bonds	-	-	-	-	-115	-	-	-	-	-115	-	-115
Sale (acquisition) of treasury shares	-	-	25	-	-2	-	-	-	-	23	-	23
Reclassification	-	-	-	-	5	-	-	1	-6	-	-5	-5
Balance on December 31, 2019	**1,588**	**1,170**	**-274**	**1,789**	**6,462**	**-454**	**10**	**-20**	**-756**	**6,757**	**110**	**9,625**
Balance on December 31, 2019	**1,588**	**1,170**	**-274**	**1,789**	**6,462**	**-454**	**10**	**-20**	**-756**	**6,757**	**110**	**9,625**
Profit / (loss) for the period	-				-962					-962	33	-929
Items of other comprehensive income	-		-	-	-	-699	2	35	-169	-831	-6	-837
Comprehensive income	**-**				**-962**	**-699**	**2**	**35**	**-169**	**-1,793**	**27**	**-1,766**
Perpetual hybrid bond issuance	-			494	-3					490		490
Perpetual hybrid bond repayment	-			-497						-497		-497
Cost of stock options	-				7					7		7
Dividends	-				-387					-387	-31	-417
Coupons of perpetual hybrid bonds	-				-119					-119		-119
Sale (acquisition) of treasury shares	-		-12		-7					-19		-19
Other	-		-	-	-6	-	-	-	6	-	-	-
Balance on December 31, 2020	**1,588**	**1,170**	**-286**	**1,786**	**4,985**	**-1,153**	**12**	**14**	**-919**	**4,439**	**106**	**7,304**

FY 2020 Equity is reduced by €699 million due to currency translation differences mainly due to USD, BRL and RUB devaluation against EUR.

Notes to the condensed consolidated financial statements

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2021.

On January 31, 2020, Solvay announced it had formally completed the divestment of its Performance Polyamides activities to BASF and Domo Chemicals. The transaction is based on an enterprise value of € 1.6 billion and the selling proceeds net of costs of disposals on the combined transaction were €1.3 billion (selling proceeds of €1.5 billion received on January 31, 2020). The capital gain after taxes was €140 million after the agreement on the final purchase price with DOMO Chemicals, finalized in Q4 2020 while the final agreement with BASF is pending and is expected to be finalized in Q1 2021 without significant changes.

Solvay has used a portion of the Performance Polyamides sale proceeds to prefund a part of the pension liabilities in France. This additional voluntary contribution amounts to approximately €380 million. Solvay also voluntarily contributed approximately €80 million to the US pension plans in Q1 2020 and €95 million to the German pension plans in Q4 2020.

Solvay has launched since the beginning of the year restructuring plans, hence accelerating the alignment of its worldwide organization with its G.R.O.W. strategy and responding to the challenging economic environment. The plans are leading to approximately 1,300 net redundancies, including 620 for the Composite Materials launched in Q2 2020. A provision has been accrued for €123 million during 2020.

On August 25, 2020, Solvay announced it successfully issued a perpetual hybrid bond for an aggregate nominal amount of €500 million, to be used for general corporate purposes, including the possible repayment of other indebtedness. The new €500 million hybrid bond has a perpetual maturity with a first call date on December 2, 2025 and will pay a fixed coupon of 2.5% (with corresponding yield of 2.625%) until March 2, 2026 (first reset date) with a reset every five years thereafter. The notes will rank junior to all senior debt and will be recorded as equity (and coupons will be recorded as dividends) in accordance with IFRS requirements.

On August 25, 2020, Solvay Finance SA (subsidiary of Solvay) announced it had launched a cash tender offer to holders of its outstanding €500 million 5.118% deeply subordinated fixed to reset rate perp-NC5.5 bonds which are irrevocably guaranteed on a subordinated basis (ISIN: XS1323897485).

On September 2, 2020, Solvay published the final results of the repurchase operation related to the €500 million 5.118% deeply subordinated perpetual hybrid bonds (ISIN: XS1323897485) which led to the full reimbursement.

On November 5, 2020, Solvay and Composites One LLC, entered into an exclusive negotiation period for the acquisition of Solvay’s Process Materials (PM) business by Composites One. The PM business provides a broad array of vacuum bagging materials including bagging films, breather fabrics, release films and fabrics, peel plies, sealant tapes plus valves and hoses. Additionally, the business is a leader in the manufacture of tailored consumable kits and hard and soft tooling. An agreement (subject to applicable legal and social consultation in the respective countries) has been signed for the sale of the process materials product line (part of Composites). This business line has sales of approximately €80 million in 2020 and operates 6 production sites in the US, France, Italy and the UK. The transaction is expected to be completed in Q1 2021.

On November 23, 2020, Solvay reached an agreement with Latour Capital to sell its technical-grade barium and strontium business in Germany, Spain and Mexico as well as its sodium per carbonate business in Germany. Solvay’s barium and strontium business includes a joint venture with Chemical Products Corporation (CPC), which is part of the transaction. The agreement is a key step towards streamlining Solvay’s portfolio while reducing the Group’s footprint by exiting its position in niche technical-grade chemicals markets. The divestment also aligns with Solvay’s G.R.O.W. strategy, announced last year. The transaction is expected to be completed in Q1 2021.

On December 22, 2020, Solvay signed an agreement to sell its North American and European amphoteric surfactant business to OpenGate Capital, a private equity firm with headquarters in Los Angeles, California (USA). The sale includes three production sites supporting the amphoteric product lines located in University Park, Illinois (USA), Genthin, Germany, Halifax, United Kingdom, and a tolling business in Turkey. The agreement also includes tolling and service agreements between Solvay and OpenGate to ensure a seamless transition and minimal customer disruption. Solvay expects to close the sale by the end of March 2021 pending completion of all required social dialogues and regulatory approvals.

Asset held for sale
At the end of December 2020, the assets and liabilities related to some businesses have been reclassified as "held for sale" (assets for a total amount of €229 million and liabilities for a total amount of €110 million):
- the Peroxides sodium chlorate business line and related assets in Povoa (Portugal),
- the various fluorine chemicals assets in Onsan, South Korea, part of Special Chem,
- the commodity amphoterics surfactants activities in Novecare,
- the Peroxides sodium percarbonate business line and related assets in Bad Hönningen (Germany),
- the Barium Strontium business and the joint venture with Chemical Products Corporation (CPC) and
- the Process Materials business (part of Composites)

COVID-19 impact

The total net impact of COVID-19 on full year 2020 EBITDA is estimated at €-434 million, after short term mitigation actions related to labor costs (including furloughs) and indirect spend. COVID-19 has triggered some impacts and actions that have been described in detail in the Q2 and Q3 financial report. The updated impacts in Q4 are summarized below:

A. Underactivity
During Q4 2020 Solvay had most of its production plants running fully to support the recovery of the business. Industrial activity was however still lower by about 5% compared to 2019. Administrative sites in Europe, USA and Brazil remained closed to protect employees from the COVID pandemic while locations in Asia (Shanghai, Seoul, Tokyo) reopened. For FY 2020, industrial activity was on average lower by about 10% compared to 2019.

During Q4 2020, approximately 450 employees were impacted by furlough (equivalent to approximately 87 Full Time Equivalents). During 2020, approximately 6,370 employees were impacted by furlough (equivalent to approximately 426 Full Time Equivalents). Solvay has guaranteed to all employees, regardless of their country of employment, 70% of their gross monthly base pay for up to 3 months. To mitigate the impacts of underactivity, Management has ensured that the unit costs in inventory have not been artificially increased by abnormally low levels of production. This analysis was included as part of the global assessment of the COVID-19 impact on EBITDA as mentioned above.

B. Impairment tests (IAS 36)
A review was undertaken during Q2, 2020, to assess whether the consequences of COVID-19 indicated that some assets could be impaired. The review confirmed that there was an indication of impairment for CGUs with the lowest impairment headroom at December 31, 2019 (see Note F27 in 2019 Annual report).

During Q4 an impairment test for Goodwill was performed based on budget 2021 and the Mid Term Plan 2022-2024, and did not lead to any additional impairment. The methodology utilized for the review is the same as the one used in Q2.
Main assumptions include the following:

- Expected future cash flows were calculated taking into account the budgeted allocation of shared costs;
- Tax rate applied (27%) is higher than 2020 Underlying tax rate, which benefits of very low taxable results and it is consistent with Mid Term Plan assumptions;
- A WACC of 6.4% was utilized for the initial five years, computed consistently with previous years based on prevailing discount rates;
- A WACC of 7.2% was utilized for the Terminal Value, based on historical observations over the last years. This refinement increases this discount rate by 0.5% as compared to the discount rate used in the Terminal Value during 2019 (6.7%).
- One of the main changes in methodology is the use of a long-term weighted average cost of capital in 2020 (in Q2 and at year-end) compared to short-term used in 2019. The new Mid Term Plan assumptions used for the testing of goodwill, do not have a significant negative impact on the expected values of Composite Materials and Technology Solutions during June. The latter are the two CGUs showing the lowest current headroom in relation to their book values, standing at 8% and 6%, respectively, while remaining Groups of CGUs have sufficient headroom.

The impairment tests performed at the CGU level at December 31, 2020 did not lead to any additional impairment of assets, as the recoverable amounts of the (groups of) CGUs were higher than their carrying amounts.

2. Accounting policies

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 "*Interim Financial Reporting*" using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2019. 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, 2019. The consolidated financial statements for 2020 will be published in the annual report due in April 2021.

The critical accounting judgments and key sources of estimation uncertainty included in the 2019 annual report remain applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2019 annual report.

3. Segment information

Solvay is organized in the following operating segments:

- **Materials** offer 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_2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
- **Chemicals** host 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. Its Silica, Coatis and RusVinyl businesses are also high quality assets with strong positions in their markets. This segment provides resilient cash flows and the company selectively invests in these businesses to become the #1 cash conversion chemical player.
- **Solutions** offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novecare, Technology Solutions, Aroma and Special Chem focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
- **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_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q4 2020	Q4 2019	FY 2020	FY 2019
Net sales	**2,214**	**2,440**	**8,965**	**10,244**
Materials	620	747	2,695	3,199
Chemicals	764	816	2,948	3,328
Solutions	829	876	3,316	3,710
Corporate & Business Services	2	1	6	6
Underlying EBITDA	**464**	**525**	**1,945**	**2,322**
Materials	153	180	712	883
Chemicals	209	232	816	945
Solutions	137	150	566	663
Corporate & Business Services	-36	-37	-149	-169
Underlying depreciation, amortization & impairments [1]	-204	-219	-835	-818
Underlying EBIT	**260**	**306**	**1,110**	**1,503**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	-40	-50	-181	-214
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	-1	-2	-26	3
Result from portfolio management & major restructuring	-20	-23	-1,549	-914
Result from legacy remediation & major litigations	-11	-30	-20	-61
EBIT	**187**	**202**	**-665**	**316**
Net financial charges	-67	-67	-179	-242
Profit / (loss) for the period before taxes	**120**	**135**	**-844**	**74**
Income taxes	-41	-146	-248	-153
Profit / (loss) for the period from continuing operations	**79**	**-11**	**-1,092**	**-79**
Profit / (loss) for the period from discontinued operations	4	28	163	236
Profit / (loss) for the period	**84**	**16**	**-929**	**157**
attributable to non-controlling interests	7	7	33	38
attributable to Solvay shareholders	**77**	**9**	**-962**	**118**

The non-cash PPA impacts can be found in the reconciliation table on pages 17 and 19.

4. Financial Instruments

Valuation techniques

Compared to December 31, 2020, there are no changes in valuation techniques.

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 December 31, 2020, is not significantly different from the ones published in Note F35 of the consolidated financial statements for the year ended December 31, 2019.

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 December 31, 2020, is not significantly different from the ones as published in the Note F35 of the consolidated financial statements for the year ended December 31, 2019.

5. Events after the reporting period

On January 18, 2021 Solvay sent a Call option Notice to the European Bank for Reconstruction and Development (EBRD) to purchase the EBRD shares in the Solvay holding of the Rusvinyl Joint Venture. The expected option price is €52 million and is booked as an Other current liability at the end of 2020.

An additional voluntary contribution of approximately €100 million was made in January 2021 to the Belgian pension plans.

In January, Solvay launched a new chapter of its strategic transformation aimed to further align its structure to its G.R.O.W. strategy. This builds on previous plans announced in 2020, and represents a profound simplification of all support functions to serve the business more effectively. The plan will lead to an additional net reduction of approximately 500 roles by the end of 2022 and incremental cost savings of €75 million. As a consequence of the new restructuring plan, a non-cash restructuring provision of around €170 million will be recognized in Q1 2021.

Solvay also reached an agreement to purchase a seed coating technology to bolt-on to its existing agro products within the Novecare business. This is a natural extension to Solvay's own AgRHO® family of sustainable seed boosting solutions and supports the drive toward more bio-based, sustainable technologies.

6. Declaration by responsible persons

Ilham Kadri, Chief Executive Officer, and Karim Hajjar, Chief Financial Officer, of the Solvay Group, declare that to the best of their knowledge:

- The condensed consolidated 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 year 2020, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2019 Annual Integrated Report, taking into account the current economic and financial environment. The main impacts relating to COVID-19, which appeared in 2020, are explained in the note 1, on page 25 of this financial report.

7. Auditor report

Deloitte confirmed that the fieldwork related to the audit of the consolidated financial statements of Solvay SA/NV (‘‘the company’’) and its subsidiaries (jointly ‘‘the Group’’), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, is substantially completed. Deloitte confirmed that the financial information shown in this press release requires no comments on its part and is in agreement with the consolidated financial statements of the Group.

Deloitte also confirmed that it has reviewed the compliance with the definitions as included in the glossary, in all material aspects, of the alternative performance indicators as included in the Supplementary Information section.

Deloitte confirmed that it will issue an unqualified reasonable assurance opinion on the information shown in the press release on 10 extra-financial priority domains aligned with the new ONE Planet domains announced by Solvay in 2020, except for:

- Biodiversity for which Deloitte confirmed it will issue an unqualified limited assurance opinion and
- Circular economy, which was not in scope of the 2020 audit.

The complete audit report related to the audit of the consolidated financial statements and of the social, environmental and other sustainable development information will be shown in the 2020 Annual Report that will be published on the Internet (www.solvay.com) in April, 2021.

Glossary

Adjustments: Each of these adjustments made to the IFRS results is considered to be significant in nature and/or value. Excluding these items from the profit metrics provides readers with relevant additional information on the Group's underlying performance over time because it is consistent with how the business' performance is reported to the Board of Directors and the Executive Committee. These adjustments consist of:

- Results from portfolio management and major restructurings,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses and unrealized foreign exchange gains or losses on debt,
- Results from equity instruments measured at fair value through other comprehensive income,
- Tax effects related to the items listed above and tax expense or income of prior years
- All adjustments listed above apply to both continuing and discontinuing operations, and include the impacts on non-controlling interests

Basic earnings per share: Net income (Solvay's share) divided by the weighted average number of shares, after deducting own shares purchased to cover stock option programs.

Capital expenditure (capex): Cash paid for the acquisition of tangible and intangible assets presented in cash flows from investing activities, and cash paid on the lease liabilities (excluding interests paid), presented in cash flows from financing activities. This indicator is used to manage capital employed in the Group.

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.

CFROI: Cash Flow Return On Investment measures the cash returns of Solvay's business activities. Movements in CFROI levels are relevant indicators for showing whether economic value is being added, though it is accepted that this measure cannot be benchmarked or compared with industry peers. The definition uses a reasonable estimate (management estimate) of the replacement cost of assets and avoids accounting distortions, e.g. for impairments. It is calculated as the ratio between recurring cash flow and invested capital, where:

- Recurring cash flow = Underlying EBITDA + (Dividends from associates and joint ventures – Underlying Earnings from associates and joint ventures) + Recurring capex + Recurring income taxes;
- Invested capital = Replacement value of goodwill & fixed assets + Net working capital + Carrying amount of associates and joint ventures;
- Recurring capex is normalized at 2,3% of the Replacement value of fixed assets net of Goodwill;
- Recurring income taxes are normalized at 28% of (Underlying EBIT – Underlying Earnings from associates and joint ventures);

CTA: Currency Translation Adjustment

Diluted earnings per share: Net income (Solvay's share) divided by the weighted average number of shares adjusted for the effects of dilution.

Discontinued operations: Component of the Group which the Group has disposed of or which is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

EBIT: Earnings before interest and taxes. Performance indicator that is a measure of the Group's operating profitability irrespective of the funding's structure.

EBITDA: Earnings before interest and taxes, depreciation and amortization. The Group has included EBITDA as an alternative performance indicator because management believes that the measure provides useful information to assess the Group's operating profitability as well as the Group's ability to generate operating cash flows.

Extra-financial indicators: Indicators used that measure the sustainability performance of the company in complement to financial indicators. Solvay has selected 10 indicators that are included in the ONE Planet initiative. For more information, we refer to the last available annual report available on www.solvay.com

Free cash flow: Cash flows from operating activities (excluding cash flows linked to acquisitions or disposals of subsidiaries and cash outflows of Voluntary Pension Contributions, as they are deleveraging in nature as a reimbursement of debt), cash flows from investing activities (excluding cash flows from or related to acquisitions and disposals of subsidiaries and other investments, and excluding loans to associates and non-consolidated investments, and recognition of factored receivables), payment of lease liabilities, and increase/decrease of borrowings related to environmental remediation. Prior to the adoption of IFRS 16, operating lease payments were included within free cash flow. Following the application of IFRS 16, because leases are generally considered to be operating in nature, free cash flow incorporates the payment of the lease liability (excluding the interest expense). Excluding this item in the free cash flow would result in a significant improvement of free cash flow compared to prior periods, whereas the operations themselves have not been affected by the implementation of IFRS 16. It is a measure of cash generation, working capital efficiency and capital discipline of the Group.

Free cash flow to Solvay shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.

Free cash flow conversion: Calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and underlying EBITDA of the last rolling 12 months.

GBU: Global business unit.

HPPO: Hydrogen peroxide propylene oxide, new technology to produce propylene oxide using hydrogen peroxide.

IFRS: International Financial Reporting Standards.

LTM: Last twelve months

Leverage ratio: Net debt / underlying EBITDA of last 12 months. Underlying leverage ratio = underlying net debt / underlying EBITDA of last 12 months.

Mandatory contributions to employee benefits plans: For funded plans, contributions to plan assets corresponding to amounts required to be paid during the respective period, in accordance with agreements with trustees or regulation, as well as, for unfunded plans, benefits paid to beneficiaries.

Net cost of borrowings: cost of borrowings netted with interest on loans and short-term deposits, as well as other gains (losses) on net indebtedness.

Net financial debt: Non-current financial debt + current financial debt – cash & cash equivalents – other financial instruments. Underlying net debt reclassifies as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS. It is a key measure of the strength of the Group's financial position and is widely used by credit rating agencies.

Net financial charges: Net cost of borrowings, and costs of discounting provisions (namely, related to post-employment benefits and Health Safety and Environmental liabilities).

Net pricing: The difference between the change in sales prices versus the change in variable costs.

Net sales: Sales of goods and value added services corresponding to Solvay's know-how and core business. Net sales exclude Revenue from non-core activities.

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

OCI: Other Comprehensive Income.

Operational deleveraging: Reduction of liabilities (net debt or provisions) through operational performance only, i.e. excluding impacts from acquisitions and divestitures, as well as remeasurement impacts (changes of foreign exchange, inflation, mortality and discount rates).

Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

PA: Polyamide, polymer type.

pp: Unit of percentage points, used to express the evolution of ratios.

PPA: Purchase Price Allocation (PPA) accounting impacts related to acquisitions, primarily for Rhodia and Cytec.

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

Research & innovation: Research & development costs recognized in the income statement and as capital expenditure before deduction of related subsidies, royalties and depreciation and amortization expense. It measures the total cash effort in research & innovation, regardless of whether the costs were expensed or capitalized.

Research & innovation intensity: Ratio of Research & innovation / net sales

Result from legacy remediation and major litigations: It includes:

- The remediation costs not generated by on-going production facilities (shut-down of sites, discontinued productions, previous years' pollution), and
- The impact of significant litigations

Results from portfolio management and major restructuring: It includes:

- Gains and losses on the sale of subsidiaries, joint operations, joint ventures, and associates that do not qualify as discontinued operations;
- Acquisition costs of new businesses;
- Gains and losses on the sale of real estate not directly linked to an operating activity;
- Restructuring charges driven by portfolio management and by major reorganization of business activities, including impairment losses resulting from the shutdown of an activity or a plant;
- Impairment losses resulting from testing of CGUs;
- It excludes non-cash accounting impact from amortization and depreciation resulting from the purchase price allocation (PPA) from acquisitions

Revenue from non-core activities: Revenues primarily comprising commodity and utility trading transactions and other revenue, considered to not correspond to Solvay's know-how and core business.

ROCE: Return on Capital Employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.

SBTi: Science-based target initiative

SOP: Stock Option Plan.

SPM: The Sustainable Portfolio Management tool is integrated into the Solvay Way framework (linked to five practices). It serves as a strategic tool for developing information on our portfolio and analyzing the impacts of sustainability megatrends on our businesses.

Underlying: Underlying results are deemed to provide a more comparable indication of Solvay's fundamental performance over the reference periods. They are defined as the IFRS figures adjusted for the "Adjustments" as defined above. They provide readers with additional information on the Group's underlying performance over time as well as the financial position and they are consistent with how the business' performance and financial position are reported to the Board of Directors and the Executive Committee.

Underlying Tax rate: Income taxes / (Result before taxes – Earnings from associates & joint ventures – interests & realized foreign exchange results on RusVinyl joint venture) – all determined on an Underlying basis. The adjustment of the denominator regarding associates and joint ventures is made as these contributions are already net of income taxes. This provides an indication of the tax rate across the Group.

Voluntary pension contributions: Contributions to plan assets in excess of Mandatory Contributions to employee benefits plans. These payments are discretionary and are driven by the objective of value creation. These voluntary contributions are excluded from free cash flow as they are deleveraging in nature as a reimbursement of debt.

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

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About Solvay
Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 23,000 employees in 64 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €9.0 billion in 2020. Solvay is listed on Euronext Brussels (SOLB) and Paris and in the United States, where its shares (SOLVY) are traded through a Level I ADR program. Learn more at www.solvay.com.

About Solvay Investor Relations

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