SOLVAY

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FIRST QUARTER 2017 FINANCIAL REPORT

Regulated information

03/05/2017
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Forenote

Following the announcements in late 2016 of plans to divest the Acetow and Vinythai businesses, these have been reclassified as discontinued operations and as assets held for sale. For comparative purposes, the first quarter 2016 income statement has been restated. The Vinythai transaction was meanwhile completed in February 2017

Besides IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of the Group's financial performance. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 2 to 14 are on an underlying basis, unless otherwise stated.

HIGHLIGHTS

- **Strong start to the year, with 12% EBITDA growth and margin at 21%**
- **Cash improvement continues, with free cash flow at € 160 million [1]**
- **On track to meet or exceed full year 2017 outlook**

First quarter 2017 results

- **Net sales** totaled € 2.97 billion, up 9.7%, with a 7.5% increase in volume & mix supported by positive currency effects.

- **Underlying EBITDA** grew 12% to € 616 million, with volume-driven growth across each of the operating segments. Overall EBITDA margin was 21%. Operational excellence measures offset most of the raw material headwinds and higher fixed cost base from organic growth.
  - **Advanced Materials:** € 292 million, up 9% year on year with good volume growth in automotive, batteries and industrial;
  - **Advanced Formulations:** € 127 million, up 4% year on year with good growth in agro and industrial applications;
  - **Performance Chemicals:** € 184 million, up 12% year on year with solid soda ash and bicarbonate demand and the supply contract of the new HPPO unit in Saudi Arabia taking effect;
  - **Functional Polymers:** € 71 million, up 34% year on year driven by robust polyamide performance;
  - **Corporate & Business Services:** € (58) million versus € (56) million in the first quarter of 2016.

- **Profit attributable to Solvay share** on IFRS basis was € 235 million. On underlying basis it was € 256 million, 33% up versus € 192 million in 2016, reflecting higher earnings and lower financial charges.

- **Free cash flow** from continuing operations improved significantly to € 160 million versus € (13) million in the first quarter of 2016, with higher EBITDA supplemented by lower capex and maintained working capital discipline.

- **Underlying net debt [2]** fell to € (6.4) billion from € (6.6) billion at end-December, following the completion of the Vinythai divestment. Net debt on an IFRS basis ended at € (4.2) billion.

CEO Jean-Pierre Clamadieu's comment

"Our results reflect a strong start to the year, with all operating segments delivering volume growth in the first quarter. We will continue on the growth path we defined in our mid-term objectives."

2017 Outlook [3]

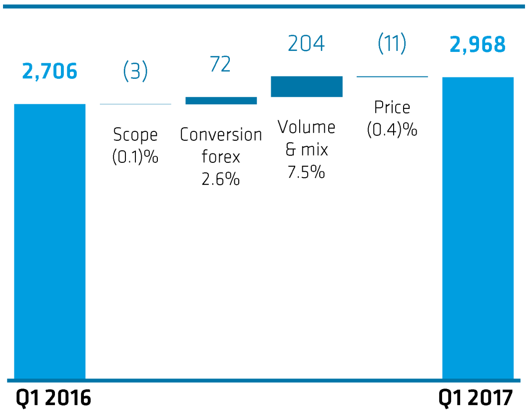
Based on the strong start to 2017 and improving market conditions, Solvay expects to meet or exceed its previously given guidance of mid-single digit underlying EBITDA growth and more than € 800 million of free cash flow from continuing operations.

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

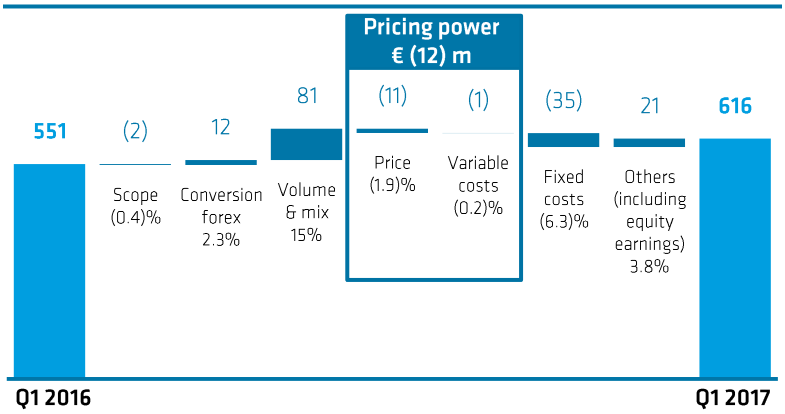
BUSINESS REVIEW
FIRST QUARTER 2017 UNDERLYING RESULTS [1]

Q1 key figures	IFRS			Underlying		
(in € million)	Q1 2017	Q1 2016	% yoy	Q1 2017	Q1 2016	% yoy
Net sales	**2,968**	**2,706**	***9.7%***	**2,968**	**2,706**	***9.7%***
EBITDA	**590**	**442**	***33%***	**616**	**551**	***12%***
EBITDA margin				*21%*	*20%*	*0.4pp*
EBIT	**337**	**72**	***n.m.***	**429**	**371**	***16%***
Net financial charges	(81)	(93)	*13%*	(112)	(124)	*10%*
Income taxes	(42)	7	*n.m.*	(75)	(73)	*(3.4)%*
Tax rate				*25%*	*30%*	*(5.5)pp*
Profit for the period from discontinued operations	36	31	*17%*	30	28	*6.1%*
Profit for the period attributable to non-controlling interests (-)	(16)	(1)	*n.m.*	(16)	(10)	*64%*
Profit for the period attributable to Solvay share	**235**	**15**	***n.m.***	**256**	**192**	***33%***
Basic earnings per share (in €)	**2.28**	**0.15**	***n.m.***	**2.48**	**1.85**	***34%***
Capex	**(185)**	**(218)**	***15%***	**(185)**	**(218)**	***15%***
Capex from continuing operations	(177)	(205)	*14%*	(177)	(205)	*14%*
Cash conversion				*71%*	*63%*	*8.5%*
Free cash flow	**164**	**9**	***n.m.***	**164**	**9**	***n.m.***
Free cash flow from continuing operations	160	(13)	*n.m.*	160	(13)	*n.m.*
Net debt [2]	**(4,168)**			**(6,368)**		

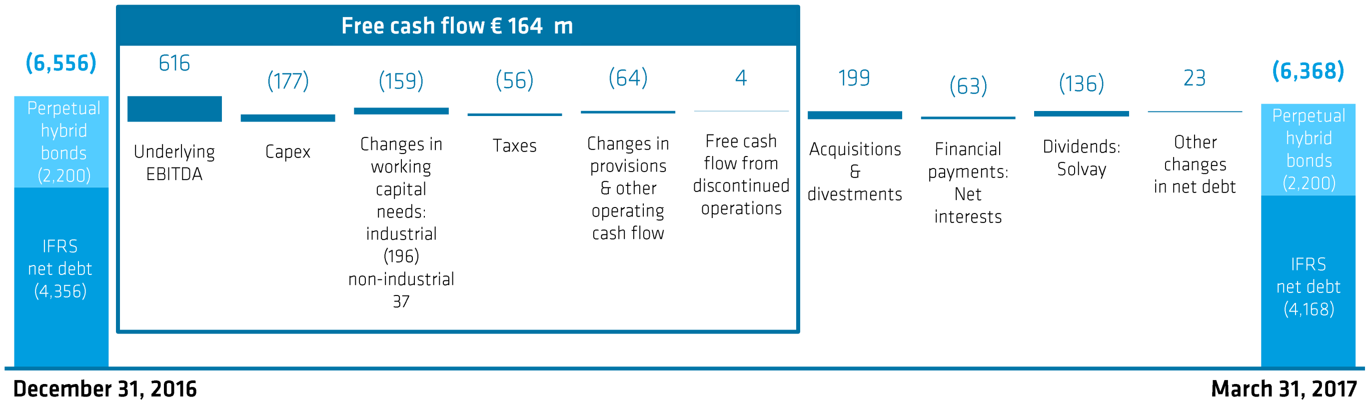
Q1 yoy net sales bridge *(in € million)*



Q1 yoy underlying EBITDA bridge *(in € million)*



Q1 2017 underlying net debt [2] bridge *(in € million)*



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

Net sales totaled € 2,968 million, up 9.7%, fuelled by growing volumes and aided by positive currency effects.

- The 7.5% **volume** increase came across all segments. In Advanced Materials, higher volumes of high-performance polymers used in automotive, batteries and smart devices more than offset weaker year-on-year sales in aerospace markets. Advanced Formulations volumes were up, driven mainly by demand in agro and industrial applications, while mining was able to offset short-term disruptions with new business developments. Performance Chemicals' volumes grew in soda ash, bicarbonates and peroxides, mainly in Asia. In Functional Polymers, sales of both polyamide 6.6 intermediates and engineered materials continued to grow, driven by healthy market conditions.
- **Foreign exchange** positively impacted sales by 2.6%, largely due to the appreciation of the US dollar and especially the Brazilian real.

Underlying EBITDA grew 12% to € 616 million, with volume-driven growth across each of the operating segments and supportive foreign exchange. Operational excellence measures offset most of the raw material headwinds and higher fixed cost base. The underlying **EBITDA margin** was slightly up at 21%.

- The higher **volumes** had a 15% impact on EBITDA, reflecting growth across all business segments, including the kick-in of the supply contract of the new HPPO plant.
- **Pricing power** turned slightly negative, impacting EBITDA by (2.1)%. Higher raw material costs in Advanced Formulations and lower average prices in Performance Chemicals were partially compensated by operational excellence delivery.
- **Fixed costs** went up, lowering the EBITDA by (6.3)%. Although operational excellence and synergy benefits compensated for inflation to a large extent, the volume increase and new capacities expanded the cost base.
- The **foreign exchange** impact on conversion was 2.3%, explained by the appreciation of the US dollar and Brazilian real mainly.
- **Other elements** lifted EBITDA 3.8% higher and consist of a higher contribution from several associated companies and the sale of small surplus assets.

Underlying EBIT was € 429 million, a 16% increase, after deduction of underlying amortization and depreciation charges of € (186) million, which were up slightly following the start-up of new capacities.

Underlying net financial charges [1] were € (112) million, 10% lower year on year, as net cost of borrowings fell due to some higher rate debt that came to maturity since the first quarter of 2016, and as discounting costs on pensions dropped on higher discount rates.

Underlying income taxes were € (75) million, benefiting from a lower underlying tax rate of 25%, linked to the geographical mix of earnings.

Discontinued operations added € 30 million to profit on an underlying basis and included the contribution of the Asian PVC activity, Vinythai, until the completion of the transaction at the end of February, and of the acetate tow business, Acetow. The divestment of the latter is expected to be finalized in the second quarter.

Underlying profit attributable to Solvay share was € 256 million, up 33%, reflecting the higher EBITDA and lower financial charges. The underlying basic earnings per share thereby rose to € 2.48 per share.

Free cash flow from continuing operations was € 160 million, well above € (13) million in the first quarter of 2016, due to the rise in EBITDA, lower capex and maintained working capital discipline. Including the € 4 million contribution from discontinued operations, the total free cash flow was € 164 million.

- **Capex** from continuing operations was € (177) million, € 28 million lower than in 2016, in line with the planned reduction in capex intensity. Combined with higher underlying EBITDA, cash conversion thereby rose further to 71%, from 63% in 2016.
- **Working capital** outflow was € (159) million, lower than in 2016, reflecting the results of working capital discipline measures. This brought the net working capital over sales ratio to 12.6%, well below the ratio at the end of March in previous years.

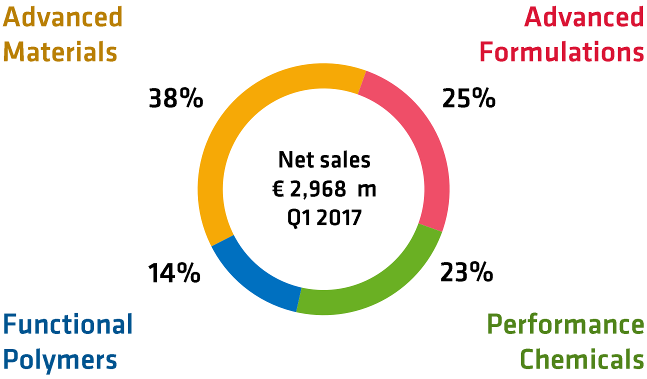
Underlying net debt reduced to € (6,368) million from € (6,556) million at the start of the quarter, an improvement of € 188 million. Free cash flow came in at € 164 million. Net interest payments were € (63) million, while the interim dividends to Solvay shareholders totaled € (136) million. The inflow from acquisitions and divestments was € 199 million and consisted of the net proceeds on the sale of the Vinythai shares, netted with post-closing payments on the Indupa, Cytec and Chemlogics transactions, as well as taxes due on the Inovyn sale. Other changes in net debt were € 23 million and resulted mainly from the devaluation of the US dollar-denominated debt, following the depreciation of the US dollar over the quarter. Net debt on an IFRS basis was € (4,168) million at the end of the period and excludes 100% of the € (2,200) million hybrid perpetual bonds considered as equity under IFRS.

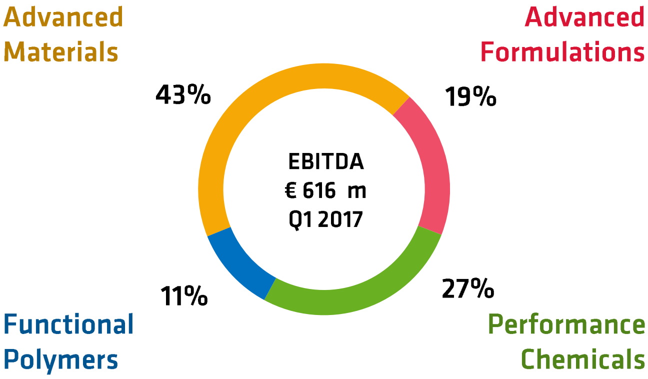
[1] Underlying net financial charges include the coupons on perpetual hybrid bonds, which are accounted as dividends under IFRS, and thereby excluded from the P&L, as well as the financial charges and realized foreign exchange losses in the RusVinyl joint venture, which under IFRS are part of the earnings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

[2] 2016 net working capital ratios are on a non-restated basis.

SEGMENT REVIEW
FIRST QUARTER 2017 UNDERLYING RESULTS

Q1 2017 by segment [1]





Segment review

(in € million)	Underlying Q1 2017	Q1 2016	% yoy
Net sales	**2,968**	**2,706**	***9.7%***
Advanced Materials	1,126	1,082	*4.0%*
Advanced Formulations	741	662	*12%*
Performance Chemicals	668	597	*12%*
Functional Polymers	430	361	*19%*
Corporate & Business Services	3	4	*(33)%*
EBITDA	**616**	**551**	***12%***
Advanced Materials	292	267	*9.3%*
Advanced Formulations	127	122	*3.9%*
Performance Chemicals	184	165	*12%*
Functional Polymers	71	53	*34%*
Corporate & Business Services	(58)	(56)	*(3.5)%*
EBIT	**429**	**371**	***16%***
Advanced Materials	222	199	*12%*
Advanced Formulations	91	84	*7.4%*
Performance Chemicals	140	127	*11%*
Functional Polymers	50	34	*48%*
Corporate & Business Services	(74)	(73)	*(1.0)%*

CORPORATE & BUSINESS SERVICES Q1 2017 performance

Net **underlying EBITDA** costs were € (58) million, roughly in line with the previous year.

Energy Services' EBITDA was € 4 million, compared to € (2) million in 2016, returning to positive territory as it did in the previous quarter. While business conditions for energy and carbon management services were largely stable, the business unit benefited from the restructuring of its renewable energy projects implemented in 2016.

Costs in **Other Corporate & Business Services** were € (62) million, € (7) million higher than in 2016, largely linked to phasing impacts.

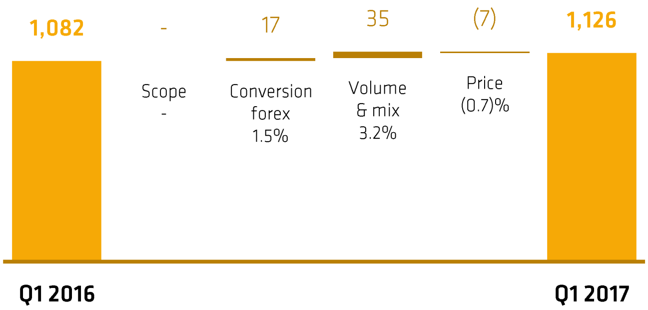
[1] The EBITDA pie chart excludes Corporate & Business Services, as their contribution to EBITDA is negative, and therefore cannot be depicted. Corporate & Business Services had no material contribution to net sales.

- Underlying EBITDA up 9.3%;
- Strong volume growth in automotive, driven by clean mobility aspects;
- EBITDA margin up 1.2pp to 26%.

Key figures

(in € million)	Underlying Q1 2017	Q1 2016	% yoy
Net sales	**1,126**	**1,082**	***4.0%***
Specialty Polymers	513	469	*9.3%*
Composite Materials	273	282	*(3.1)%*
Special Chem	225	218	*3.2%*
Silica	115	113	*1.5%*
EBITDA	**292**	**267**	***9.3%***
EBITDA margin	*26%*	*25%*	*1.2pp*

Q1 yoy net sales bridge *(in € million)*



Q1 2017 performance

Net sales totaled €1,126 million, an increase of 4%, reflecting a 3% volume growth and supportive foreign exchange effect of 2% more than offsetting a (1)% decline in prices.

In **Specialty Polymers**, volume growth pushed net sales up 9%, and was chiefly underpinned by increased demand from the automotive sector, as well as by growth from batteries for the developing electric vehicle market. Sales to the smart device market recovered from inventory destocking a year ago.

Composite Materials sales were down 3% year on year. The business began to benefit from F-35 rate increases, which drove growth in the military sector but were moderated by declines in rotorcraft and business jets. Demand for single-aisle aircraft is growing but continued to be offset by declining wide-body volumes.

In **Special Chem** sales were up 3% as demand in the automotive catalyst and electronic sectors grew.

In **Silica** strong volume growth to the energy-efficient tire market in Europe and Asia was partially offset by negative price developments, resulting in a 2% sales increase.

Underlying EBITDA grew 9% to €292 million, with volume growth and positive mix effects complemented by supportive foreign exchange. Operational excellence across the segment mitigated the impact of lower prices and higher raw material costs in some businesses, and synergy delivery in Composite Materials had a positive impact on fixed costs, more than offsetting inflation throughout the segment. The underlying **EBITDA margin** thereby increased by 1.2 pp to 26% in the quarter.

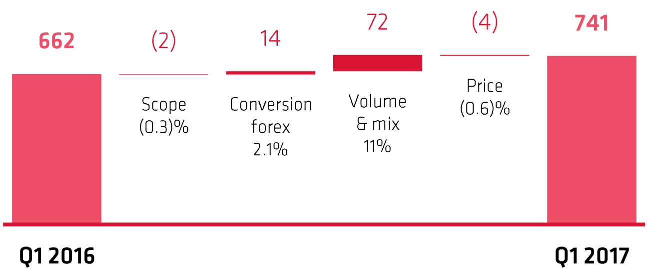
ADVANCED FORMULATIONS

- Underlying EBITDA up 3.9%;
- Strong volume growth in agro and industrial markets;
- Lower prices and higher variable and fixed costs weigh on result.

Key figures

(in € million)	Underlying Q1 2017	Underlying Q1 2016	Underlying *% yoy*
Net sales	**741**	**662**	***12%***
Novecare	486	421	*15%*
Technology Solutions	162	158	*2.3%*
Aroma Performance	93	82	*13%*
EBITDA	**127**	**122**	***3.9%***
EBITDA margin	*17%*	*18%*	*(1.3)pp*

Q1 yoy net sales bridge *(in € million)*



Q1 2017 performance

Net sales rose 12% to € 741 million, thanks to volume growth of 11%. The foreign exchange effect was supportive, adding 2%, and prices were slightly down by (0.6)%.

The recovery in **Novecare** continued with sales growth of 15%. Volumes were up, driven by innovation in agro and increased demand in industrial applications. Activity levels within the oil & gas market showed progressive improvement versus the prior-year period.

Sales in **Technology Solutions** were up 2% in the quarter. Mining sales were modestly higher, despite certain short-term production issues at customers' copper mines, while demand remained strong for polymer additives.

Aroma Performance sales grew 13%, with the new vanillin plant in China ramping up, while competitive price pressure continued.

Underlying EBITDA increased by 3.9% to € 127 million in the quarter. The volume increase was partly offset by a combination of lower pricing as well as higher raw material and fixed costs. These were only partly offset by operational excellence initiatives and some additional synergies. Consequently, the underlying **EBITDA margin** decreased slightly to 17%.

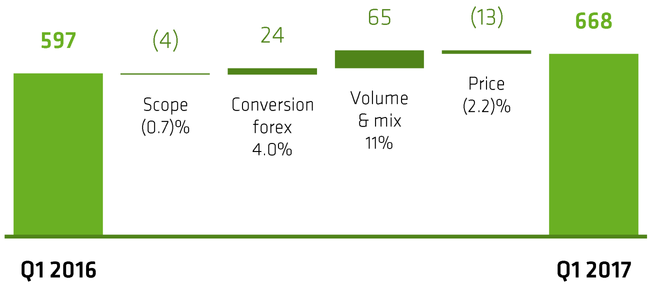
PERFORMANCE CHEMICALS

- Underlying EBITDA increased by 12%;
- Volume-driven growth across business activities; Contract for new HPPO plant in effect;
- Positive mix effects and operational excellence offset higher costs, enabling sustained margin.

Key figures

(in € million)	Underlying Q1 2017	Underlying Q1 2016	% yoy
Net sales [1]	**668**	**597**	***12%***
Soda Ash & Derivatives	415	374	*11%*
Peroxides	152	137	*11%*
Coatis	101	82	*23%*
EBITDA	**184**	**165**	***12%***
EBITDA margin	*28%*	*28%*	-

Q1 yoy net sales bridge *(in € million)*



Q1 2017 performance

Net sales grew 12% to € 668 million on 11% higher volumes across business units. Foreign exchange further supported sales, by 4%, more than compensating for (2.2)% lower prices.

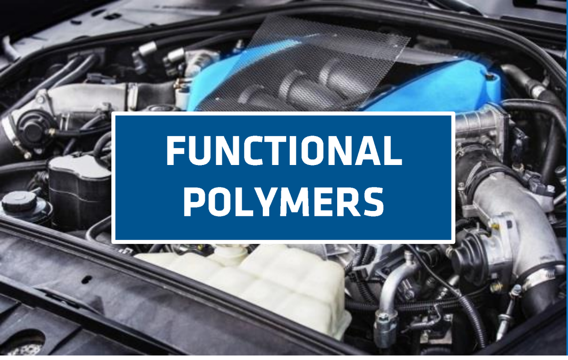
In **Soda Ash & Derivatives** sales grew 11%. Soda ash volumes were up mainly on the Asian seaborne market. Prices were down slightly. Bicarbonate sales continued to grow by double digits in specialty applications, supported by the new plant in Thailand.

Peroxides sales were up 11%, as the supply contract for the new HPPO plant in Saudi Arabia took effect. The facility is in gradual start-up mode since this month. The peroxide merchant market was stable overall.

The appreciation of the Brazilian real and modest demand growth in **Coatis**' domestic Latin-American market drove sales up 23%.

Underlying EBITDA rose 12% as well, to € 184 million, fully reflecting the sales growth. Positive mix effects and relentless focus on cost optimization through operational excellence initiatives made it possible to offset the increased raw material costs as well as increased fixed costs from the wider production base. The underlying **EBITDA margin** remained stable at 28%.

[1] Following the discontinuation of Acetow, some residual business was still reported under Performance Chemicals' net sales in Q1 2016 for € 3 million. There was no material contribution to EBITDA.



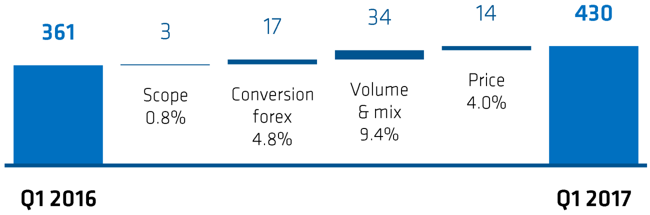
FUNCTIONAL POLYMERS

- → Underlying EBITDA up 34%;
- → Strong volume growth in automotive applications;
- → Margins expanded underpinned by excellence initiatives

Key figures

(in € million)	Underlying Q1 2017	Q1 2016	*% yoy*
Net sales	**430**	**361**	***19%***
Polyamide	429	351	*22%*
Chlorovinyls [1]	-	10	*n.m.*
EBITDA	**71**	**53**	***34%***
EBITDA margin	*17%*	*15%*	*1.8pp*

Q1 yoy net sales bridge *(in € million)*



Q1 2017 performance

Net sales grew 19% to € 430 million as a result of 9% higher volumes and 4% higher prices. The foreign exchange impact on conversion added 5%.

Polyamide sales grew 22%, with volumes up for PA6.6 intermediates and polymers, as well as for engineered plastics, mainly driven by increased demand in automotive in Europe and Asia. Higher average prices reflect the pass-through of higher raw material costs to customers in the upstream PA6.6 intermediates and polymers part of the business. The Latin-American textile business benefited from prudent recovery on the domestic market.

Production rates in the PVC joint venture **Rusvinyl** remained at a high level and business conditions in the Russian home market were stable.

Underlying EBITDA was € 71 million, up 34% reflecting the volume increase in polyamide, while the pass-through of raw material costs and operational excellence contributed positively in the upstream PA6.6 intermediates and polymers business. The segment also benefited from inventory revaluations following sharp price increases on raw materials, mainly butadiene. The underlying **EBITDA margin** widened by 1.8 pp to 17% compared to the same period in 2016.

[1] Following the discontinuation of Vinythai, the only businesses reporting net sales in Chlorovinyls are residual trading and research activities in PVC, following the discontinuation of the European, Latin American and Asian chlorovinyl activities. These residual activities had no material impact on EBITDA, but it includes the net contribution from the RusVinyl joint venture, the Russian PVC activity, adjusted for financial charges.

SUPPLEMENTARY INFORMATION

Reconciliation of alternative performance metrics

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

Tax rate

(in € million)		Underlying Q1 2017	Underlying Q1 2016
Profit for the period before taxes	a	318	247
Earnings from associates & joint ventures	b	17	12
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	(8)	(8)
Income taxes	d	(75)	(73)
Tax rate	e = -d/(a-b-c)	**25%**	**30%**

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

Free cash flow

(in € million)		Q1 2017	Q1 2016
Cash flow from operating activities	a	274	249
of which cash flow related to acquisition of subsidiaries, excluded from free cash flow	b	(33)	21
Cash flow from investing activities	c	-	(249)
Acquisition (-) of subsidiaries	d	(12)	(3)
Acquisition (-) of investments - Other	e	(6)	(2)
Loans to associates and non-consolidated companies	f	(4)	(27)
Sale (+) of subsidiaries and investments	g	179	2
Income taxes paid on sale of investments	h	(13)	-
Free cash flow	i = a-b+c-d-e-f-g-h	**164**	**9**
Free cash flow from discontinued operations	j	4	22
Free cash flow from continuing operations	k = i-j	**160**	**(13)**

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

Capital expenditure (capex)

(in € million)		Q1 2017	Q1 2016
Acquisition (-) of tangible assets	a	(161)	(21)
Acquisition (-) of intangible assets	b	(23)	(197)
Capex	c = a+b	**(185)**	**(218)**
Capex flow from discontinued operations	d	(8)	(13)
Capex from continuing operations	e = c-d	**(177)**	**(205)**

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

Cash conversion

(in € million)		Q1 2017	Q1 2016
Capex from continuing operations	a	**(177)**	**(205)**
Underlying EBITDA	b	616	551
Cash conversion	c = (a+b)/b	**71%**	**63%**

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

Net working capital

		2017	2016
(in € million)		March 31	December 31
Inventories	a	1,747	1,672
Trade receivables	b	1,781	1,621
Other current receivables	c	705	736
Trade payables	d	(1,563)	(1,547)
Other current liabilities	e	(1,078)	(1,085)
Net working capital	f = a+b+c+d+e	**1,592**	**1,396**
Sales	g	3,159	2,933
Annualized quarterly total sales	h = 4*g	12,638	11,731
Net working capital / sales	i = f / h	**12.6%**	**11.9%**
Year average	j = μ(Q1,Q2,Q3,Q4)	12.6%	15.3%

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

Net debt

		2017	2016
(in € million)		March 31	December 31
Non-current financial debt	a	(4,039)	(4,087)
Current financial debt	b	(1,322)	(1,338)
Gross debt	c = a+b	(5,361)	(5,426)
Other financial instrument receivables	d	99	101
Cash & cash equivalents	e	1,094	969
Total cash and cash equivalents	f = d+e	1,193	1,070
IFRS net debt	g = c+f	**(4,168)**	**(4,356)**
Perpetual hybrid bonds	h	(2,200)	(2,200)
Underlying net debt	i = g+h	**(6,368)**	**(6,556)**
Underlying EBITDA (last 12 months)	j	2,349	2,284
Adjustment for discontinued operations [1]	k	158	235
Adjusted underlying EBITDA for leverage calculation [1]	l = j+k	2,506	2,519
Underlying leverage ratio [1]	m = -i/l	**2.5**	**2.6**

[1] As net debt at the end of the period does not yet reflect the net proceeds to be received on the divestment of discontinued operations, whereas the underlying EBITDA excludes the contribution of discontinued operations, the underlying EBITDA is adjusted for the purpose of calculating the leverage ratio. For March 2017 the underlying EBITDA of Acetow was added; for December 2016 the underlying EBITDA of Acetow and Vinythai was added.

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

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.

	Q1 2017			Q1 2016		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**3,159**	**-**	**3,159**	**2,827**	**-**	**2,827**
of which revenues from non-core activities	192	-	192	121	-	121
of which net sales	2,968	-	2,968	2,706	-	2,706
Cost of goods sold	(2,305)	-	(2,304)	(2,112)	82	(2,030)
Gross margin	**855**	**-**	**855**	**715**	**82**	**797**
Commercial & administrative costs	(379)	10	(368)	(357)	14	(342)
Research & development costs	(76)	1	(75)	(77)	-	(77)
Other operating gains & losses	(58)	59	1	(80)	60	(19)
Earnings from associates & joint ventures	22	(5)	17	16	(4)	12
Result from portfolio management & reassessments	(16)	16	-	(135)	135	-
Result from legacy remediation & major litigations	(11)	11	-	(11)	11	-
EBITDA	**590**	**26**	**616**	**442**	**109**	**551**
Depreciation, amortization & impairments	(253)	66	(186)	(370)	190	(180)
EBIT	**337**	**92**	**429**	**72**	**299**	**371**
Net financial charges	(81)	(31)	(112)	(93)	(31)	(124)
Net cost of borrowings	(54)	-	(54)	(62)	-	(62)
Coupons on perpetual hybrid bonds	-	(28)	(28)	-	(28)	(28)
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	(8)	(8)	-	(8)	(8)
Cost of discounting provisions	(27)	5	(22)	(31)	4	(27)
Profit for the period before taxes	**256**	**61**	**318**	**(21)**	**268**	**247**
Income taxes	(42)	(34)	(75)	7	(80)	(73)
Profit for the period from continuing operations	**215**	**28**	**242**	**(14)**	**188**	**174**
Profit for the period from discontinued operations	36	(7)	30	31	(3)	28
Profit for the period	**251**	**21**	**272**	**17**	**185**	**202**
attributable to Solvay share	235	21	256	15	177	192
attributable to non-controlling interests	16	-	16	1	9	10
Basic earnings per share (in €)	2.28		2.48	0.15		1.85
of which from continuing operations	1.96		2.23	(0.16)		1.60
Diluted earnings per share (in €)	2.26		2.46	0.15		1.85
of which from continuing operations	1.95		2.22	(0.16)		1.60

EBITDA on an IFRS basis totaled € 590 million versus € 616 million on an underlying basis. The difference of € 26 million is explained by the following adjustments to IFRS results, in order to improve the comparability of underlying results:

- € (5) million in "*Earnings from associates & joint ventures*" for Solvay's share in the foreign exchange gains on the euro-denominated debt of the RusVinyl joint venture, following the revaluation of the Russian ruble in the quarter, netted with the financial charges of the joint venture. These elements are reclassified in "*Net financial charges*".
- € 20 million to adjust for the "*Result from portfolio management and reassessments*", excluding depreciation, amortization and impairment elements. This result comprise € (13) million of restructuring costs and € (20) million of acquisition and divestment costs, partially offset by € 13 million of capital gains on the sale of some smaller participations.
- € 11 million to adjust for the "*Result from legacy remediation and major litigations*".

EBIT on an IFRS basis totaled € 337 million versus € 429 million on an underlying basis. The difference of € 92 million is explained by the above-mentioned € 26 million adjustments at the EBITDA level and € 66 million of "*Depreciation, amortization & impairments*". The latter consist of:

- € 70 million for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Commercial & administrative costs*" for € 10 million, in "*Research & development costs*" for € 1 million and in "*Other operating gains & losses*" for € 59 million.
- € (4) million for the net impact of impairments, which are non-cash in nature and are reported in "*Result from portfolio management and reassessments*". This is much lower than in the first quarter of 2016 when large impairments on the soda ash plant in Egypt and some renewable energy assets brought the figure above € (100) million.

Net financial charges on an IFRS basis were € (81) million versus € (112) million on an underlying basis. The € (31) million adjustment made to IFRS net financial charges consists of:

- € (8) million reclassification of financial charges and realized foreign exchange result on the euro-denominated debt of RusVinyl as net financial charges. The € 12 million delta with the adjustment made to EBITDA is attributed to unrealized foreign exchange gains.
- € (28) million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- € 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 € (42) million versus € (75) million on an underlying basis. The € (34) million adjustment represents the tax impacts of the adjustments made to the underlying result before taxes (as described above).

Discontinued operations generated a profit of € 36 million on an IFRS basis and € 30 million on an underlying basis. The € (7) million adjustment made to the IFRS profit adjusts mainly for:

- € 24 million capital gain on the divestment of Vinythai.
- € (14) million price adjustments on prior divestments, mainly on Indupa.

Profit attributable to Solvay share on an IFRS basis was € 235 million after subtracting the € 16 million profit attributable to non-controlling interests. No adjustment was made to the latter, which resulted in an underlying profit attributable to Solvay share of € 256 million.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Consolidated income statement

(in € million)	IFRS Q1 2017	IFRS Q1 2016
Sales	**3,159**	**2,827**
of which revenues from non-core activities	192	121
of which net sales	2,968	2,706
Cost of goods sold	(2,305)	(2,112)
Gross margin	**855**	**715**
Commercial & administrative costs	(379)	(357)
Research & development costs	(76)	(77)
Other operating gains & losses	(58)	(80)
Earnings from associates & joint ventures	22	16
Result from portfolio management & reassessments	(16)	(135)
Result from legacy remediation & major litigations	(11)	(11)
EBIT	**337**	**72**
Cost of borrowings	(43)	(52)
Interest on lendings & deposits	5	3
Other gains & losses on net indebtedness	(16)	(13)
Cost of discounting provisions	(27)	(31)
Profit for the period before taxes	**256**	**(21)**
Income taxes	(42)	7
Profit for the period from continuing operations	**215**	**(14)**
Profit for the period from discontinued operations	36	31
Profit for the period	**251**	**17**
attributable to Solvay share	235	15
attributable to non-controlling interests	16	1
Basic earnings per share (in €)	2.28	0.15
of which from continuing operations	1.96	(0.16)
Diluted earnings per share (in €)	2.26	0.15
of which from continuing operations	1.95	(0.16)

Consolidated statement of comprehensive income

(in € million)	IFRS Q1 2017	IFRS Q1 2016
Profit for the period	**251**	**17**
Other comprehensive income, net of related tax effects	**95**	**(395)**
Recyclable components	(17)	(274)
Gains and losses on available-for-sale financial assets	-	6
Gains and losses on hedging instruments in a cash flow hedge	(8)	6
Currency translation differences from subsidiaries & joint operations	(30)	(288)
Currency translation differences from associates & joint ventures	21	1
Non-recyclable components	139	(119)
Remeasurement of the net defined benefit liability	139	(119)
Income tax relating to components of other comprehensive income	(26)	(2)
Total comprehensive income	**346**	**(378)**
attributed to Solvay share	356	(374)
attributed to non-controlling interests	(9)	(4)

Consolidated statement of cash flows

(in € million)	IFRS Q1 2017	IFRS Q1 2016
Profit for the period	251	17
Adjustments to profit for the period	340	504
Depreciation, amortization & impairments (-)	254	407
Earnings from associates & joint ventures (-)	(22)	(16)
Net financial charges & result from available-for-sale financial assets (-)	82	103
Income tax expenses (-)	47	8
Other non-operating and non-cash items	(21)	2
Changes in working capital	(204)	(246)
Changes in provisions	(57)	(8)
Dividends received from associates & joint ventures	5	7
Income taxes paid (excluding income taxes paid on sale of investments)	(60)	(25)
Cash flow from operating activities	**274**	**249**
of which cash flow related to acquisition of subsidiaries, excluded from free cash flow	(33)	21
Acquisition (-) of subsidiaries	(12)	(3)
Acquisition (-) of investments - Other	(6)	(2)
Loans to associates and non-consolidated companies	(4)	(27)
Sale (+) of subsidiaries and investments	179	2
Income taxes paid on sale of investments	(13)	-
Acquisition (-) of tangible and intangible assets (capex)	(185)	(218)
of which tangible assets	(161)	(197)
of which intangible assets	(23)	(21)
Sale (+) of tangible & intangible assets	51	8
of which cash flow related to the sales of real estate in the context of restructuring, dismantling or remediation	4	2
Changes in non-current financial assets	(10)	(9)
Cash flow from investing activities	**-**	**(249)**
Sale (acquisition) of treasury shares	(2)	(23)
Increase in borrowings	4	179
Repayment of borrowings	(28)	(316)
Changes in other current financial assets	(12)	(23)
Net interests paid	(63)	(40)
Dividends paid	(136)	(141)
of which to Solvay shareholders	(136)	(138)
of which to non-controlling interests	-	(3)
Other	(17)	(20)
Cash flow from financing activities	**(252)**	**(383)**
Net change in cash and cash equivalents	**22**	**(383)**
Currency translation differences	18	(58)
Opening cash balance	1,054	2,037
Closing cash balance	**1,094**	**1,596**
of which cash in assets held for sale	-	40

Statement of cash flow from discontinued operations

(in € million)	IFRS Q1 2017	IFRS Q1 2016
Cash flow from operating activities	12	35
Cash flow from investing activities	(8)	(12)
Cash flow from financing activities	-	(22)
Net change in cash and cash equivalents	**4**	**1**

Consolidated statement of financial position

(in € million) IFRS	March 31, 2017	December 31, 2016
Non-current assets	**17,414**	**17,548**
Intangible assets	3,508	3,600
Goodwill	5,633	5,679
Tangible assets	6,420	6,472
Available-for-sale financial assets	46	44
Investments in associates & joint ventures	535	497
Other investments	54	55
Deferred tax assets	864	890
Loans & other assets	353	312
Current assets	**6,489**	**6,597**
Inventories	1,747	1,672
Trade receivables	1,781	1,621
Income tax receivables	157	166
Dividends receivable	1	2
Other financial instrument receivables	99	101
Other receivables	705	736
Cash & cash equivalents	1,094	969
Assets held for sale	906	1,331
Total assets	**23,902**	**24,145**
Total equity	**10,185**	**9,956**
Share capital	1,588	1,588
Reserves	8,475	8,118
Non-controlling interests	122	250
Non-current liabilities	**8,941**	**9,188**
Provisions for employee benefits	2,983	3,118
Other provisions	826	860
Deferred tax liabilities	867	909
Financial debt	4,039	4,087
Other liabilities	226	214
Current liabilities	**4,775**	**5,001**
Other provisions	297	291
Financial debt	1,322	1,338
Trade payables	1,563	1,547
Income tax payables	186	197
Dividends payable	3	139
Other liabilities	1,078	1,085
Liabilities associated with assets held for sale	327	403
Total equity & liabilities	**23,902**	**24,145**

Consolidated statement of changes in equity

							Revaluation reserve (fair value)					IFRS
(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Available-for-sale financial assets	Cash flow hedges	Defined benefit pension plans	Total reserves	Non-controlling interests [1]	Total equity
Balance on December 31, 2015	**1,588**	**1,170**	**(230)**	**2,188**	**5,720**	**(353)**	**(2)**	**(28)**	**(630)**	**7,835**	**245**	**9,668**
Profit for the period	-	-	-	-	15	-	-	-	-	15	1	17
Items of OCI	-	-	-	-	-	(283)	6	4	(117)	(389)	(6)	(395)
Comprehensive income	**-**	**-**	**-**	**-**	**15**	**(283)**	**6**	**4**	**(117)**	**(374)**	**(4)**	**(378)**
Cost of stock options	-	-	-	-	2	-	-	-	-	2	-	2
Sale (acquisition) of treasury shares	-	-	(12)	-	(11)	-	-	-	-	(23)	-	(23)
Other	-	-	-	-	(6)	-	-	-	-	(6)	8	2
Balance on March 31, 2016	**1,588**	**1,170**	**(242)**	**2,188**	**5,720**	**(636)**	**5**	**(24)**	**(747)**	**7,434**	**249**	**9,271**
Balance on December 31, 2016	**1,588**	**1,170**	**(274)**	**2,188**	**5,899**	**(39)**	**8**	**(5)**	**(828)**	**8,118**	**250**	**9,956**
Profit for the period	-	-	-	-	235	-	-	-	-	235	16	251
Items of OCI	-	-	-	-	-	16	-	(8)	112	121	(26)	95
Comprehensive income	**-**	**-**	**-**	**-**	**235**	**16**	**-**	**(8)**	**112**	**356**	**(9)**	**346**
Cost of stock options	-	-	-	-	2	-	-	-	-	2		2
Sale (acquisition) of treasury shares	-	-	(2)	-	-	-	-	-	-	(2)		(2)
Other	-	-	-	-	2	-	-	-	-	2	(119)	(117)
Balance on March 31, 2017	**1,588**	**1,169**	**(276)**	**2,188**	**6,137**	**(23)**	**8**	**(13)**	**(716)**	**8,475**	**122**	**10,185**

[1] The reduction in equity related to non-controlling interest follows the completion of the Vinythai divestment in Q1 2017.

NOTES
TO THE IFRS ACCOUNTS

1. General information

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These consolidated interim financial statements were authorized for issue by the Board of Directors on May 2, 2017.

On January 4, 2017, Solvay agreed to sell its formulated resins business to ALTANA AG's ELANTAS PDG Inc. Under the agreement, Solvay's global business unit Technology Solutions will divest the business line, which generated sales of $ 20 million (USD) in 2015. The divestment includes the formulated resins product portfolio, the manufacturing and R&D facility based in Olean, New York, US, and all associated technical, commercial and administrative staff. Completion of the transaction is subject to customary closing conditions, including antitrust approvals, and is expected in the second quarter of 2017. The assets of the business are presented as assets held for sale.

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

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

On March 24, 2017, Solvay signed a definitive agreement to sell its 25,1% shares in National Peroxide Limited (BOM:500298) to the Wadia Group, a conglomerate of corporate India and promoter shareholder of National Peroxide Limited. The transaction was closed in March.

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

2. Accounting policies

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

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

3. Segment information

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

- **Advanced Materials** offers high-performance materials for multiple applications primarily in the automotive, aerospace, electronics, and health markets. It particularly provides sustainable mobility solutions, reducing weight and improving CO_2 and energy efficiency.
- **Advanced Formulations** primarily serves the consumer goods, agro and food, as well as energy markets. It offers customized specialty formulations that impact surface chemistry and alter liquid behavior to optimize efficiency and yield, while minimizing environmental impact.
- **Performance Chemicals** operates in mature and resilient markets and has leading positions in chemical intermediates. Success is based on economies of scale and state-of-the-art production technology. It mainly serves the consumer goods and food markets.
- **Functional Polymers** produces and sells polyamide and PVC polymers and compounds and has leading regional positions in different geographies, with a focus on excellence initiatives. It mainly serves the automotive, construction, consumer goods and building markets.
- **Corporate & Business Services** includes corporate and other business services, such as the Research & Innovation Center. It also incorporates the Energy Services GBU, whose mission is to optimize energy consumption and reduce CO_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q1 2017	Q1 2016
Underlying EBITDA	**616**	**551**
Advanced Materials	292	267
Advanced Formulations	127	122
Performance Chemicals	184	165
Functional Polymers	71	53
Corporate & Business Services	(58)	(56)
Underlying depreciation, amortization & impairments	(186)	(180)
Underlying EBIT	**429**	**371**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions [1]	(70)	(154)
Other legacy costs related to changes in portfolio (e.g. retention premiums)	-	(3)
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	5	4
Result from portfolio management & reassessments	(16)	(135)
Result from legacy remediation & major litigations	(11)	(11)
EBIT	**337**	**72**
Net financial charges	(81)	(93)
Profit for the period before taxes	**256**	**(21)**
Income taxes	(42)	7
Profit for the period from continuing operations	**215**	**(14)**
Profit for the period from discontinued operations	36	31
Profit for the period	**251**	**17**
attributable to non-controlling interests	16	1
attributable to Solvay share	235	15

[1] The non-cash PPA impacts can be found in the reconciliation table on pages 12-13.
For Q1 2017 these consist of € (70) million of amortization of intangible assets, which are adjusted in "Commercial & administrative costs" for € 10 million, in "Research & development costs" for € 1 million, and in "Other operating gains & losses" for € 59 million.

4. Financial Instruments

a) Valuation techniques

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

b) Fair value of financial instruments measured at amortized cost

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

c) Financial instruments measured at fair value

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

During the three months ended March 31, 2017, there were neither reclassifications between fair value levels, nor significant changes in the fair value of financial assets and liabilities measured based on level 3 inputs, except as mentioned above.

5. Declaration by responsible persons

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

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

Safe harbor

This press release may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this press release is subject to risks and uncertainties relating to a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations, changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals, regulatory approval processes, all-in scenario of R&I projects and other unusual items.

Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. The Company undertakes no obligation to publicly update or revise any forward-looking statements.

Key dates for investors

- **May 9, 2017** Annual general meeting
- **May 12, 2017** Final dividend ex-coupon date
- **May 15, 2017** Final dividend record date
- **May 16, 2017** Final dividend payment date
- **August 1, 2017** 2nd quarter and 1st half year 2017 results
- **November 8, 2017** 3rd quarter 2017 results
- **February 28, 2018** 4th quarter and full year 2017 results
- **May 3, 2018** 1st quarter 2018 results

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- **News corner**
- **Financial & business glossary**
- **Excel version of the tables**
- **Annual integrated report**

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Solvay is a multi-specialty chemical company, committed to developing chemistry that addresses key societal challenges. Solvay innovates and partners with customers in diverse global end markets. Its products and solutions are used in planes, cars, smart and medical devices, batteries, in mineral and oil extraction, among many other applications promoting sustainability. Its lightweighting materials enhance cleaner mobility, its formulations optimize the use of resources and its performance chemicals improve air and water quality. Solvay is headquartered in Brussels with around 27,000 employees in 58 countries. Pro forma net sales were € 10.9 billion in 2016, with 90% from activities where Solvay ranks among the world's top 3 leaders. Solvay SA (**SOLB.BE**) is listed on Euronext Brussels and Paris (Bloomberg: **SOLB.BB** - Reuters: **SOLB.BR**) and in the United States its shares (**SOLVY**) are traded through a level-1 ADR program.

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